22167

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

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SC Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Shirley C. Robinson, Administrative Law Judge

Appellate Case No. 2015-001106

Charleston County Assessor, ... Appellant,

v.

University Ventures, LLC, ... Respondent.

RECORD ON APPEAL

Volume II of II

Joseph Dawson, III, County Attorney
Bernard E. Ferrara, Jr., Deputy County Attorney
Austin A. Bruner, Assistant County Attorney
Johanna S. Gardner, Assistant County Attorney
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Attorneys for Appellant

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William T. Dawson, Esquire
Post Office Box 999
Charleston, South Carolina 29402
(843) 722-3400
Attorneys for Respondent

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5. Transcript of Hearing before the Honorable Shirley C. Robinson dated January 21, 2015, including Appellant's and Respondent's Exhibits 0047-0584

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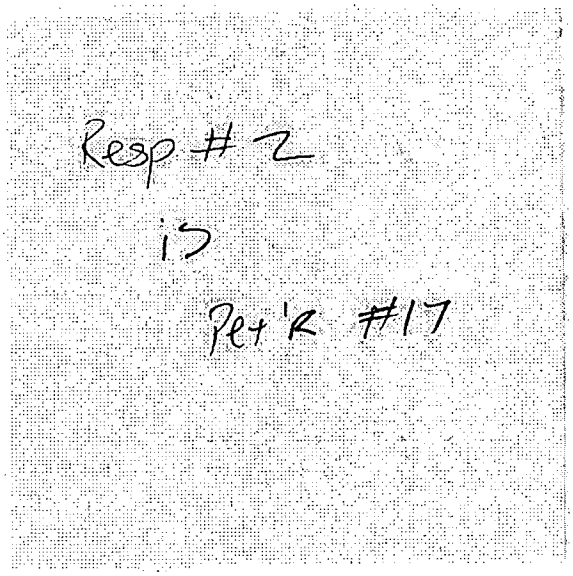
Caption:	Charleston County Assessor v. University Ventures, LLC	Date/Time:	1/21/2015 at 10:00 a.m.
Docket No:	14-ALJ-17-0150-CC	Judge:	Robinson

Petitioner's:	Description	Marked	Admitted	Proffered
#1	University Ventures Purchase of Vacant Land 12-5-2006	Yes	Yes	
#2	North Charleston Building Permit for Building 4-17-2008	Yes	Yes	
#3	National Bank of SC Mortgage for 10,000,000.00 7-11-2008	Yes	Yes	
#4	North Charleston Building Permit for Pool $64,450.00 9-22-2008	Yes	Yes	
#5	2008 Tax bill to University for $5,845.07 11-1-2008	Yes	Yes	
#6	Certificate of Occupancy issued to University Ventures 4-22-2009	Yes	Yes	
#7	2009 Tax bill to University Ventures for $6,022.84 11-1-2009	Yes	Yes	
#8	12-243-217(a)		No	
#9	2010 Notice of Classification based on $8,180,000.00 5-14-2010	Yes	Yes	
#10	2010 Tax Bill sent to University Ventures for $122,356.44 11-1-2010	Yes	Yes	
#11	2011 Reassessment Notice to University Ventures for market value of $9,630,000.00 and capped value of $9,407,000.00 6-30-2011	Yes	Yes	
#12	University Ventures Protest of 2011 Reassessment Notice 9-19-2011	Yes	Yes	
#13	2011 Tax bill sent to University Ventures for market value of $9,630,000.00 and capped value of $9,407,000.00 11-12-2011	Yes	Yes	
#14	2011 Notice of Classification, Appraisal and Assessment (repeat of 2011 Reassessment Notice) 5-23-2012	Yes	Yes	
#15	2012 Tax bill sent to University Ventures for market value of $9,630,000.00 and capped value of $9,407,000.00 10-1-2012	Yes	Yes	
#16	BAA Decision – improvements not taxable for 2011 since they were not complete by 12-31-2008 (2-18-2014)	Yes	Yes	
#17	Appraisal Report of Mr. Pope	Yes	Yes	
#18	Title to Real Estate	Yes	Yes	

Caption:	Charleston County Assessor v. University Ventures, LLC	Date/Time:	1/21/2015 at 10:00 a.m.
Docket No:	14-ALJ-17-0150-CC	Judge:	Robinson

Respondent's:	Description	Marked	Admitted	Proffered
#1	7/24/14 David Popes Engagement letter	Yes	Yes	
#2	9/8/14 Appraisal Report by David Pope	Yes	No	
#3	11/2/14 Appraisal Report by Rosen	Yes	Yes	
#4	Rosen updated CV	Yes	Yes	
#5	Corporate Bond Rate	Yes	Yes	
#6	Document on county website re: reassessment	Yes	Yes	



BK R 607PG071

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS, that **UNIVERSITY BOULEVARD, LLC,** a South Carolina limited liability company, as Grantor, in consideration of **One Million Two Hundred Fifty-Three Thousand Two Hundred Twenty-Four and No/100 ($1,253,224.00) Dollars,** the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and released, and by these presents, does hereby grant, bargain, sell and release unto **UNIVERSITY VENTURES, LLC,** a South Carolina limited liability company, as Grantee, its successors, heirs and assigns forever, the following described property,

SEE EXHIBIT "A" ATTACHED HERETO AND
INCORPORATED HEREIN BY REFERENCE

The Grantee's mailing address is: c/o Michael R. Bennett
The Rice Mill Building
17 Lockwood Blvd, Suite 400
Charleston, SC 29401

This conveyance is made subject to any restrictions, rights-of-way, reservations, zoning ordinances or easements that may appear of record, on the recorded plat(s), or on the premises.

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the above described premises belonging and in any wise incident or appertaining.

TO HAVE AND TO HOLD all and singular the premises before mentioned unto the said Grantee, its successors, heirs and assigns forever

AND THE GRANTOR does hereby bind itself and its successors, heirs and assigns to warrant and forever defend all and singular the said premises unto the said Grantee, its successors, heirs and assigns, against the Grantor and the Grantor's successors, heirs and assigns and all others lawfully claiming, or to claim, the same or any part thereof

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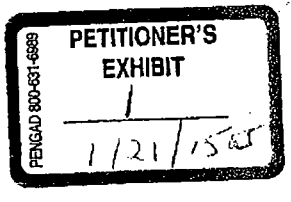
WCSR 3488540v1



WITNESS the hand and seal of the Grantor this 5th day of December, 2006.

IN THE PRESENCE OF:

UNIVERSITY BOULEVARD, LLC,
a South Carolina limited liability company

Witness

Witness

By:
Name: K. Wayne Nix
Title: Manager

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

The undersigned, a Notary Public in and for the County and State aforesaid, certifies that K. Wayne Nix, the Manager of UNIVERSITY BOULEVARD, LLC, a South Carolina limited liability company, personally appeared before me this 5 of December, 2006, and acknowledged the execution of the foregoing instrument on behalf of the company, as Manager of the company.

Notary Public for the State of South Carolina
My Commission Expires: 2/11/2008

EXHIBIT "A"

Legal Description

ALL that certain piece, parcel or tract of land, situate, lying and being in the City of North Charleston, Charleston County, South Carolina, known as Tract EF, measuring and containing 2.055 acres, more or less, as shown on a plat thereof entitled **"Plat Showing the Combination of Tract E, TMS No. 486-06-00-131 (1.594 acres) and Tract F, TMS No. 486-86-00-130 (0.461 acres) to Form Tract EF Containing 2.055 Acres, Property of University Blvd., LLC, located in the City of North Charleston, Charleston County, South Carolina"** dated November 7, 2006, prepared by HLA, Inc., said plat being recorded in the RMC Office for Charleston County in Plat Book EK, at Page 256; said Tract EF containing such size, shape, dimensions, buttings and boundings as will by reference to said plat more fully appear.

DERIVATION: Grantor received the Property, together with other property, from CBOA, LLC by General Warranty Deed filed in the Charleston County RMC Office on February 8, 2006 in Deed Book G-572 at page 322 and by Corrective General Warranty Deed filed on June 23, 2006 in Deed Book P-588 at page 652.

TMS No. 486-06-00-130

BK R 607PG074

STATE OF SOUTH CAROLINA)
) AFFIDAVIT
COUNTY OF CHARLESTON)

Date of transfer of title
Closing Date: December 05, 2006

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says:

1. I have read the information on this Affidavit and I understand such information.
2. The Property is being transferred by University Boulevard, LLC* to University Ventures, LLC, a South Carolina limited liability company on December 05, 2006; and
3. Check one of the following: The DEED is
   (a) __X__ subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth
   (b) _____ subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner or owner of the entity, or is a transfer to a trust or as a distribution to a trust beneficiary.
   (c) _____ EXEMPT from the deed recording fee because Exemption No ___ Explanation, if required _____ (If exempt, please skip items 4-7, and go to item 7 of this affidavit)
4. Check one of the following if either item 3(a) or item 3(b) has been checked
   (a) __X__ The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of $1,253,224 00
   (b) _____ The fee is computed on the fair market value of the realty which is $_____
   (c) _____ The fee is computed on the fair market value of the realty as established for property tax purposes which is $_____
5. Check YES _____ or NO __X__ to the following. A lien or encumbrance existed on the land, tenement, or realty before the transfer and remained on the land, tenement or realty after the transfer. If "Yes", the amount of the outstanding balance of this lien or encumbrance is $_____
6. The Deed recording fee is computed as follows
   (a) $1,253,224 00 the amount listed in item 4 above
   (b) $_____ the amount listed in Item 5 above (no amount place zero)
   (c) $1,253,224 00 Subtract Line 6(b) from Line 6(a) and place the result.
7. As required by Code Section 12-24-70, I state that I am a responsible person who was connected with this transaction as Legal representative
8. Check if Property other than Real Property is being transferred on this Deed
   (a) _____ Mobile Home
   (b) _____ Other
9. _____ DEED OF DISTRIBUTION - ATTORNEY'S AFFIDAVIT: Estate of _____, deceased, CASE NUMBER _____. Personally appeared before me the undersigned attorney who, being duly sworn, certifies that (s)he is licensed to practice law in the State of South Carolina, that (s)he has prepared the Deed of Distribution for the Personal Representative in this Estate and that the grantee(s) therein are correct and conform tot he estate file for the above named decedent
10. I understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both

SWORN to this 5th December, 2006

Melissa K. Weaver
Notary Public for South Carolina
My Commission Expires 2/11/2008

W. Foster Gaillard
Grantor, Grantee or Attorney that prepared this form

W. FOSTER GAILLARD
Type or Print Name here

{00881009 }

BK R 607PG075

RECORDER'S PAGE

NOTE: **This page MUST remain with the original document**

FILED

December 5, 2006

1:03:46 PM

BK R 607PG071

Charlie Lybrand, Register
Charleston County, SC

Filed By:

Buist, Moore, Smythe & McGee P.A.
Attorneys at Law
Post Office Box 999
Charleston SC 29402

RECEIVED FROM RMC
AUDITOR'S STAMP HERE
DEC - 7 2006
PEGGY A MOSELEY
CHARLESTON COUNTY AUDITOR

PID VERIFIED BY ASSESSOR
REP
DATE DEC 07 2006

DESCRIPTION	AMOUNT
Recording Fee	$ 10.00
State Fee	$ 3,259.10
County Fee	$ 1,378.85
Postage	
TOTAL	$ 4,647.95

$ Amount (in thousands): 1253.5

DRAWER: B - ECP

DO NOT STAMP BELOW THIS LINE

PETITIONER'S EXHIBIT
2
1/21/15 [illegible]

PENGAD 800-631-6989

Check

DOCKET NO. 13-ALJ-17-0150-CC
UNIVERSITY VENTURES LLC
486-06-00-130

6/12/2008: CITY OF NORTH CHARLESTON BUILDING PERMITS

Across from Atlanta Bread? HOLD 2010

CITY OF NORTH CHARL
BUILDING PERMIT

12/17/08

PERMIT# 0802585 TAX MAP# 486-06-00-130

OWNER Data Unavailable,

Call 740-2565 for Inspections
8:00 am - 9:00 am and 3:30 pm - 4:30 pm

LOCATION OF BUILDING 2688 Fernwood Dr

50% WIF

SUBDIVISION

ZONING B-2

FLOOD ZONE X

CONTRACTOR Construction Professionals

STATE LICENSE G-10977-STATE OCCUPANCY TYPE Residential Hotel (Good)

LOCAL LICENSE CONSTRUCTION TYPE IA

NUMBER OF UNITS 1 NUM. OF STORIES 5 SQ. FT. 70912

SPECIAL INSPECTIONS

EST. COST OF CONSTRUCTION $ 7952998.00	TOTAL FEE $ 24894.00
PERMIT FEES: _____ CONTR LIC: 321.2 _____	MISC REVENUE: 396.6 _____

PROPOSED USE hotel

DESCRIBE WORK new construction *SPECIAL INSPECTIONS********

BUSINESS LICENSE AND CERTIFICATE OF OCCUPANCY WILL NOT BE ISSUED UNTIL LANDSCAPE, BUFFERING PLAN AND FIRE APPROVAL HAS BEEN SUBMITTED TO BUILDING DEPARTMENT. FINAL CO'S HAVE TO BE PICKED UP FROM BUILDING DEPT. BEFORE POWER CAN BE RELEASED.

SPECIAL INSPECTIONS

UPDATED
JUN 1 2 2008
AST PTB

***** NOTICE *****

THE OWNER OF THIS BUILDING AND THE UNDERSIGNED DO HEREBY COVENANT AND AGREE TO COMPLY WITH THE ORDINANCES OF THIS JURISDICTION, PERTAINING TO BUILDINGS AND TO CONSTRUCT THE PROPOSED BUILDING OR STRUCTURE OR TO MAKE THE PROPOSED CHANGE OR ALTERATION IN ACCORDANCE WITH THE PLANS AND SPECIFICATIONS SUBMITTED HEREWITH, AND CERTIFY THAT THE INFORMATION AND STATEMENTS GI SPECIFICATIONS ARE TO THE BEST OF THEIR KNOWLEC AND AGREED BY THE APPLICANT THAT ANY ERROR, MIS EITHER WITH OR WITHOUT INTENTION ON HIS PART, SU THIS APPLICATION OR ANY ALTERATION OR CHANGE IN BUILDING INSPECTOR SUBSEQUENT TO THE ISSUANCE SUFFICIENT GROUNDS FOR REVOCATION OF SUCH PER WITHIN SIX MONTHS OF DATE OF ISSUE OR IF WORK ST

APPRAISER: THIS PERMIT WAS COMPUTERIZED ON THIS PARCEL IN AN EFFORT TO REDUCE LOSS PLEASE VERIFY PID OR CHANGE IF NECESSARY, THEN **REMOVE THIS NOTE.**

I HEREBY CERTIFY THAT I HAVE READ AND EXAMINED T TRUE AND CORRECT. ALL PROVISIONS OF LAWS AND E WILL BE COMPLIED WITH.

UPDATE
JAN 1 2 2009
ASTMJN

[signature] 4/17/08 [signature] 4/17/08

APPROVED BY DATE SIGNATURE OF APPLICANT DATE

RECEIPT#: 1594

VCC SA
486.6.0.130

PETITIONER'S EXHIBIT 3 1/21/15 ac
PENGAD 800-631-6989

ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE SETTLED BY ARBITRATION IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AND THE FEDERAL ARBITRATION ACT, 9 U.S.C. § 1, *et seq.*, OR IF SUCH ACT IS DEEMED NOT TO APPLY, THEN IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION PURSUANT TO SOUTH CAROLINA CODE OF LAWS (1976, AS AMENDED) §15-48-10, *et seq.*

COMMERCIAL MORTGAGE OF REAL PROPERTY AND SECURITY AGREEMENT

This **COMMERCIAL MORTGAGE OF REAL PROPERTY AND SECURITY AGREEMENT** (this "Mortgage") made this 11TH day of July, 2008, by **UNIVERSITY VENTURES, LLC**, a South Carolina limited liability company ("Mortgagor"), whose address is 17 Lockwood Drive, Charleston, South Carolina, 29401, to **THE NATIONAL BANK OF SOUTH CAROLINA** ("Mortgagee"), whose address is 158 Meeting Street, Charleston, South Carolina, 29401.

WITNESSETH:

WHEREAS, Mortgagor is indebted to Mortgagee in the principal sum of Ten Million and no/00 Dollars ($10,000,000.00), together with interest thereon, as evidenced by that certain promissory note of even date herewith, executed by Mortgagor and delivered to Mortgagee, the final payment of which is due on or before the third (3rd) anniversary of the date hereof, which by reference is made a part hereof to the same extent as though set out in full herein (the "Note");

NOW, THEREFORE, (a) to secure the performance and observance by Mortgagor of all covenants and conditions contained in the Note, in any renewal, extension or modification thereof, in this Mortgage and in all other instruments securing the Note; and (b) also to secure in accordance with Section 29-3-50, Code of Laws of South Carolina (1976) as amended: all future advances and re-advances that may subsequently be made to Mortgagor by Mortgagee, evidenced by the aforesaid Note, or any other promissory notes, and all modifications, renewals and extensions thereof (provided, however, that nothing contained herein shall create an obligation on the part of Mortgagee to make future advances or re-advances to Mortgagor) the maximum amount of all indebtedness outstanding at any one time secured hereby not to exceed twice the face amount of the Note, plus interest thereon, all charges and expenses of collection incurred by Mortgagee, including court costs, and reasonable attorneys' fees; and (c) also in order to charge the properties, interests and rights hereinafter described with such payment, performance and observance; and (d) for and in consideration of the sum of One and no/100 ($1.00) Dollar paid by Mortgagee to Mortgagor this date, and for other valuable consideration, the receipt of which is acknowledged, Mortgagor does hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, deliver, set over, warrant and confirm unto Mortgagee, its successors and assigns forever all right, title and interest of Mortgagor in and to:

THE MORTGAGED PROPERTY

(A) THE LAND. All the land located in the County of Charleston, State of South Carolina (the "Land"), described in Exhibit "A" attached hereto and made a part hereof.

(B) THE IMPROVEMENTS. TOGETHER WITH all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all fixtures, machinery, appliances, equipment, furniture, and personal property of every nature whatsoever now or hereafter owned by Mortgagor and located in or on, or attached to, or used or intended to be used in connection with or with the operation of, the Land, buildings, structures or other improvements, including all extensions, additions, improvements, betterments, renewals and replacements to any of the foregoing and all of the right, title and interest of Mortgagor in and to any such personal property or fixtures subject to any lien, security interest or claim together with the benefit of any deposits or payments now or hereafter made by Mortgagor or on its behalf (the "Improvements").

(C) EASEMENTS OR OTHER INTERESTS. TOGETHER WITH all easements, rights of way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to any of the property hereinabove described, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Mortgagor, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity, of Mortgagor of, in and to the same, including but not limited to all judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the property described in paragraphs (A), (B) and (C) hereof or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the property described in paragraphs (A), (B), and (C) hereof or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the property described in paragraphs (A), (B) and (C) hereof or any part thereof.

(D) ASSIGNMENTS OF RENTS. TOGETHER WITH all rents, royalties, issues, profits, revenue, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof to be applied against the indebtedness and other sums secured hereby, provided however, that permission is hereby given to Mortgagor so long as no default has occurred hereunder, to collect, receive, take, use and enjoy such rents, royalties, issues, profits, revenue, income and other benefits as they become due and payable, but not in advance thereof. The foregoing assignment shall be fully operative without any further action on the part of either party and specifically Mortgagee shall be entitled, at its option upon the occurrence of a default hereunder, to all rents, royalties, issues, profits, revenue, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof whether or not Mortgagee takes possession of the property described in paragraphs (A), (B) and (C) hereof. Upon any such default hereunder, the permission hereby given to Mortgagor to collect such rents, royalties, issues, profits, revenue, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof shall terminate and such permission shall not be reinstated upon a cure of the default without Mortgagee's specific consent. Neither the exercise of any rights under this

paragraph by Mortgagee nor the application of any such rents, royalties, issues, profits, revenue, income or other benefits to the indebtedness and other sums secured hereby, shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant hereto or to any such notice, but shall be cumulative of all other rights and remedies.

(E) ASSIGNMENT OF LEASES. TOGETHER WITH all right, title and interest of Mortgagor in and to any and all leases now or hereafter on or affecting the property described in paragraphs (A), (B) and (C) hereof, together with all security therefor and all monies payable thereunder, subject, however, to the conditional permission hereinabove given to Mortgagor to collect the rentals under any such lease. The foregoing assignment of any lease shall not be deemed to impose upon Mortgagee any of the obligations or duties of Mortgagor provided in any such lease, and Mortgagor agrees to fully perform all obligations of the lessor under all such leases. Upon Mortgagee's request, Mortgagor agrees to send to Mortgagee a list of all leases covered by the foregoing assignment and as any such lease shall expire or terminate or as any new lease shall be made, Mortgagor shall so notify Mortgagee in order that at all times Mortgagee shall have a current list of all leases affecting the property described in paragraphs (A), (B) and (C) hereof. Mortgagee shall have the right, at any time and from time to time, to notify any lessee of the rights of Mortgagee as provided by this paragraph. From time to time, upon request of Mortgagee, Mortgagor shall specifically assign to Mortgagee as additional security hereunder, by an instrument in writing in such form as may be approved by Mortgagee, all right, title and interest of Mortgagor in and to any and all leases now or hereafter on or affecting the Mortgaged Property, together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Mortgagor to collect the rentals under any such lease. Mortgagor shall also execute and deliver to Mortgagee any notification, financing statement or other document reasonably required by Mortgagee to perfect the foregoing assignment as to any such lease.

This instrument constitutes an absolute and present assignment of the rents, royalties, issues, profits, revenue, income and other benefits from the Mortgaged Property to Mortgagee, subject to the right of the Mortgagor to collect, receive, take, use and enjoy the same as provided hereinabove; provided, further, that the existence or exercise of such right of Mortgagor shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Mortgagor, and such subsequent assignment by Mortgagor shall be subject to the rights of Mortgagee hereunder.

(F) FIXTURES AND PERSONAL PROPERTY. TOGETHER WITH a security interest in: (i) all personal property and fixtures now or hereafter acquired and affixed to or located on the property described in paragraphs (A), (B) and (C) hereof which, to the fullest extent permitted by law shall be deemed fixtures and a part of the real property; (ii) all articles of personal property now or hereafter acquired and all materials delivered to the property described in paragraphs (A), (B) and (C) hereof (including such property for use in any construction being conducted thereon) and owned or leased by Mortgagor, including, but not limited to, all equipment, furniture, furnishings, inventory, apparatus, machinery, motors, elevators, fittings, radiators, ranges, refrigerators, awnings, shades, screens, blinds, carpeting, office equipment and other furnishings and all plumbing, heating, lighting, cooking, laundry, ventilating, refrigerating, incinerating, air conditioning and sprinkler equipment and fixtures and appurtenances thereto, telephone systems, television and television systems, computer systems and fixtures and

appurtenances thereto, and all renewals or replacements thereof or articles in substitution thereof, whether or not the same are or shall be attached to said Land and Improvements in any manner; (iii) all leases of personal property, contract rights, general intangibles, permits, approvals, management contracts, trade names, trademarks, service marks, patents pending, goodwill, utility service bonds and/or cash deposits, site improvement bonds and/or cash deposits, building permits, sewer and water connection and/or tap-in permits, curb-cut permits, utility service agreements, actions and rights in action now or hereafter acquired pertaining to the Mortgaged Property, including all rights to insurance proceeds and condemnation proceeds; (iv) all warranties and guaranties covering any appliances and fixtures now or hereafter located upon the Land or used in connection with the Improvements including without limitation, air-conditioning, heating and other appliances and equipment; (v) all sales agreements, reservation agreements, deposit receipts, escrow agreements, and other ancillary documents and agreements entered into with respect to the sale to any purchasers of any part of the Land, together with all deposits and other proceeds of the sale thereof; (vi) all of the water, sanitary and storm sewer systems now or hereafter owned by Mortgagor which are now or hereafter located by, over and/or upon the Land or the Improvements or any part and parcel thereof, including all water and sewer lines, equipment and appurtenances; (vii) any and all materials (stored on-site or off-site), reserves, deferred payments, deposits or advance payments for materials (stored on-site or off-site), undisbursed loan proceeds, insurance refunds, insurance proceeds, impound accounts, refunds for overpayment of any kind to the extent the same arise out of or occur in connection with the construction of the Improvements; (viii) all existing and future choses in action and claims of every nature whatsoever related to the Land or the Improvements, including without limitation claims related to design or construction defects or otherwise concerning the condition of the Land or the Improvements, claims arising from damage to the Land or the Improvements caused by the acts of third parties, and claims for injury to the operation of the Land or the Improvements or diminution of the revenues derived therefrom arising from the act of third parties; (ix) all building and engineering plans and specifications, construction contracts, architect's contracts and other plans, drawings and contracts and all licenses and permits related to the past or future improvement of the Land; and (x) all proceeds, products, replacements, additions, substitutions, renewals and accessions of any of the foregoing. Mortgagor (Debtor) hereby grants to Mortgagee (Secured Party) a security interest in all fixtures, rights in action and personal property described herein. This Mortgage is a self-operative security agreement with respect to such property, but Mortgagor agrees to execute and deliver on demand such other security agreements, financing statements and other instruments as Mortgagee may reasonably request in order to perfect its security interest or to impose the lien hereof more specifically upon any of such property. Mortgagor agrees to pay Mortgagee's charge, to the maximum amount permitted by law, for any statement by Mortgagee regarding the obligations secured by this Mortgage requested by Mortgagor or on behalf of Mortgagor. On demand, Mortgagor will promptly pay all costs and expenses of filing financing statements, continuation statements, partial releases, and termination statements deemed necessary or appropriate by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee, or any modification thereof, and all costs and expenses of any searches reasonably required by Mortgagee. Mortgagee may exercise any or all of the remedies of a secured party available to it under the Uniform Commercial Code (South Carolina) with respect to such property, and it is expressly agreed in accordance with the provisions of the Uniform Commercial Code (South Carolina), that 10 days notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the Uniform Commercial Code (South Carolina) requiring such

notice; provided, however, that the Mortgagee may at its option dispose of the collateral in accordance with Mortgagee's rights and remedies in respect to the real property pursuant to the provisions of this Mortgage, in lieu of proceeding under the Uniform Commercial Code (South Carolina).

Some of the items of property described herein are goods that are or are to become fixtures related to the real estate described herein, and it is intended that, as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Land is located. Information concerning the security interest created by this instrument may be obtained from the Mortgagee, as Secured Party, or the Mortgagor, as Debtor, at the address first shown above.

Everything referred to in paragraphs (A), (B), (C), (D), (E), and (F) hereof and any additional property hereafter acquired by Mortgagor and subject to the lien of this Mortgage or intended to be so is herein referred to as the "Mortgaged Property".

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Mortgagee, its successors and assigns, to its own proper use and benefit forever, subject, however, to the terms and conditions herein:

PROVIDED, HOWEVER, that if Mortgagor shall promptly pay or cause to be paid to Mortgagee the principal and interest payable under the Note, at the times and in the manner stipulated therein, herein, and in all other instruments securing the Note, all without any deduction or credit for taxes or other similar charges paid by Mortgagor, and shall keep, perform and observe all the covenants and promises in the Note, and any renewal, extension or modification thereof, and in this Mortgage and in all other instruments securing the Note, to be kept, performed or observed by Mortgagor, then this Mortgage, and all the properties, interest and rights hereby granted, conveyed and assigned shall cease and be void, but shall otherwise remain in full force and effect.

Mortgagor covenants and agrees with Mortgagee as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF MORTGAGOR

Mortgagor represents and warrants to Mortgagee as follows (which warranties and representations survive the delivery of the Note and shall be continuing until the Note is paid in full):

1.01 No Litigation Against Mortgagor or Guarantors. There is no litigation or proceeding pending against the Mortgagor or any guarantors of the Note (the "Guarantors"), nor to the knowledge of the Mortgagor threatened which, if decided adversely to the Mortgagor or Guarantors, would have a material adverse effect upon the financial condition or business of Mortgagor or the Guarantors.

1.02 Mortgagor's Financial Statements. The most recent financial statements of the Mortgagor and Guarantors as delivered to Mortgagee (hereinafter collectively referred to as "Mortgagor's Financial Statements"), fairly reflect, to the best knowledge of the Mortgagor, the financial condition of the Mortgagor and the Guarantors as of the date of the Mortgagor's Financial Statements, and show all known liabilities, direct and contingent, of the Mortgagor and the Guarantors as of the date stated. There have been no material changes in the financial conditions of the Mortgagor and the Guarantors since the date of the Mortgagor's Financial Statements. The Mortgagor and Guarantors have made no investments in, have no interest in, loans to, advances to, or guarantees of the obligations of any company, individual or other entity except as disclosed in the Mortgagor's Financial Statements.

1.03 Tax Returns and Payment of Taxes. The Mortgagor and the Guarantors have filed or caused to have been filed all required federal, state, local and foreign tax returns and have paid or have caused to have been paid all taxes as shown on such returns or on any assessments received by them to the extent that such taxes have become due.

1.04 Binding Effect of Obligation. The Note, this Mortgage, the guarantees of Guarantors, and all other instruments securing the Note constitute legal, valid and binding obligations of the Mortgagor or the Guarantors, as applicable, and each of them are enforceable against the Mortgagor or the Guarantors, as applicable, in accordance with their respective terms.

1.05 Injury to Properties. Neither the business nor the properties of Mortgagor are affected by any prior or existing fire, explosion, accident, strike, lock-out or other labor disputes, storm, act of God or other casualty (whether or not covered by insurance), adversely affecting such business or the properties or operations of the Mortgagor.

1.06 Inducement for Loan. No information, exhibit or report furnished by the Mortgagor or the Guarantors to the Mortgagee in connection with the negotiation of the loan evidenced by the Note contains any material misstatement of fact or omits to state any material fact or facts necessary to make the statements contained therein not misleading.

1.07 Validity and Enforceability of Documents; No Conflicts; No Defaults.

(a) The execution, delivery and performance by the Mortgagor of the Note, this Mortgage, the borrowings hereunder, and delivery of the guarantees and other instruments securing the Note have been duly authorized by all requisite corporate, partnership or other action, and do not and will not: (1) require any further consent or approval of the directors or shareholders, partners or members (as applicable) of the Mortgagor; (2) violate any provision of law, rule, regulations, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Mortgagor or the Guarantors; (3) result in a breach or constitute default under any indenture, loan or credit agreement, or any other agreement to which the Mortgagor or the Guarantors is a party or by which they or the properties or entities with which they are involved may be bound or affected; or (4) result in or require the creation or imposition of any mortgage, deed of trust, pledge or liens, security interest or other charge or encumbrance of any nature other than that contemplated hereunder. To the extent approvals of any kind are required, the Mortgagor has obtained: (i) all governmental approvals and authorizations, together with any required registrations or filings with the appropriate

governmental authorities; and (ii) all necessary consents, approvals, waivers, notifications of tenants, creditors, lessors, and other nongovernmental persons required in connection with the indebtedness secured hereby.

(b) The Mortgagor and the Guarantors are not in material default under any law, rule, regulation or writ, judgment, injunction, decree, determination or warrant or any indenture agreement, lease or instrument.

(c) Except as provided above, no authorization, consent, approval, license, exemption of or filing or a registration with any court, governmental department, commission, board, bureau, agency or instrumentality, is or will be necessary for the valid execution, delivery or performance by the Mortgagor of the Note, this Mortgage, and all other instruments and documents securing the Note.

ARTICLE II

COVENANTS OF MORTGAGOR

2.01 Performance of Note, Mortgage, Etc. Mortgagor shall perform, observe and comply with all provisions hereof, of the Note and of every other instrument securing the Note, and will promptly pay to Mortgagee the principal with interest thereon and all other sums required to be paid by Mortgagor under the Note and pursuant to the provisions of this Mortgage and of every other instrument securing the Note when payment shall become due, all without deduction or credit for taxes or other similar charges paid by Mortgagor.

2.02 Performance of Loan Agreement. Mortgagor shall perform, observe and comply with all provisions of that certain Construction Loan Agreement by and between Mortgagor and Mortgagee of even date herewith (the "Loan Agreement"), which Loan Agreement is by this reference herein incorporated to the same extent and effect as thought it were set forth in full herein.

2.03 Warranty of Title. Mortgagor covenants and warrants that it is seized of an indefeasible estate in fee simple in the Land and real property hereby mortgaged, has good and absolute title to all existing personal property hereby mortgaged or made subject to the security interest hereby created and has good right, full power and lawful authority to convey, mortgage and encumber the same as provided herein; that Mortgagee may at all times peaceably and quietly enter upon, hold, occupy and enjoy the Land and real property hereby mortgaged and every part thereof; that the Land, real property and all existing personal property hereby mortgaged or made subject to the security interest hereby created is free and clear of all liens, security interests, charges and encumbrances whatsoever, except for the lien for the property taxes not yet due and payable and those permitted encumbrances, if any, described in Schedule B of the final loan title insurance policy accepted by Lender. Mortgagor shall and will make such further assurances to perfect Mortgagee's fee simple title to the Land and the real property hereby mortgaged, and the title to the personal property hereby mortgaged or made subject to the security interest hereby created as may reasonably be required. Mortgagor fully warrants the title to the Land, real property and all existing personal property hereby mortgaged or made subject to

the security interest hereby created and every part thereof, and will forever defend the same against the claims of all persons whomsoever.

2.04 Zoning and Environmental Laws.

(a) Mortgagor covenants and warrants that to Mortgagor's knowledge, all applicable zoning laws, ordinances and regulations affecting the Land permit the use and occupancy of the Improvements and further covenants and warrants to comply with all such laws, ordinances and regulations, including, but not limited to, all environmental and ecological laws, ordinances and regulations affecting the Mortgaged Property or the use thereof. Without limiting the generality of the foregoing, Mortgagor warrants and represents to Mortgagee after thorough investigation that: (a) to the best of Mortgagor's knowledge, and except as provided in the Phase I Environmental Site Assessment prepared by SCS Engineers, dated July 6, 2006, and bearing SCS Engineers Project No. 022066625.00, the Mortgaged Property described herein is now and at all times hereafter will continue to be in full compliance with all federal, state and local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No.96-510,94 Stat. 2767, 42 USC 9601 et seq., and the Superfund Amendments and Reauthorization Act of 1986 (SARA), Public Law No.99-499, 100 Stat. 1613, and any amendments thereto; and (b)(i) as of the date hereof there are no hazardous materials, substances, wastes or other environmentally regulated substances (including without limitation, any materials containing asbestos) located on, in or under the Mortgaged Property or used in connection therewith; or (ii) Mortgagor has fully disclosed to Mortgagee in writing the existence, extent and nature of any such hazardous materials, substances, wastes or other environmentally regulated substances, which Mortgagor is legally authorized and empowered to maintain on, in or under the Mortgaged Property or use in connection therewith, and Mortgagor has obtained and will maintain all licenses, permits and approvals required with respect thereto, and is in full compliance with all of the terms, conditions and requirements of such licenses, permits and approvals. Mortgagor further warrants and represents that it will promptly notify Mortgagee of any change in the nature or extent of any hazardous materials, substances or wastes maintained on, in or under the Mortgaged Property or used in connection therewith, and will transmit to Mortgagee copies of any citations, orders, notices or other material governmental or other communication received with respect to any other hazardous materials, substances, wastes or other environmentally regulated substances affecting the Mortgaged Property.

(b) Mortgagor shall indemnify and hold Mortgagee harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys', consultants' or experts' fees and expenses) of every kind and nature suffered by or asserted against Mortgagee as a direct or indirect result of any warranty or representation made by Mortgagor in the preceding paragraph being false or untrue in any material respect or any requirement under any law, regulation or ordinance, local, state or federal, which requires the elimination or removal of any hazardous materials, substances, wastes or other environmentally regulated substances by Mortgagee, Mortgagor or any transferee of Mortgagor or Mortgagee.

(c) Mortgagor's obligations hereunder shall not be limited to any extent by the term of the Note secured hereby, and, as to any act or occurrence prior to payment in full and

satisfaction of said Note which gives rise to liability hereunder shall continue, survive and remain in full force and effect notwithstanding payment in full and satisfaction of said Note and this Mortgage or foreclosure under this Mortgage, or delivery of a deed in lieu of foreclosure.

2.05 Taxes and Liens.

(a) Mortgagor shall pay or bond promptly, when and as due, and shall promptly exhibit to Mortgagee receipts for the payment of all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations and encumbrances of every kind whatsoever now or hereafter imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, or upon or against this Mortgage or the indebtedness or other sums secured hereby, or upon or against the interest of Mortgagee in the Mortgaged Property, as well as all income taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality, borough or other taxing authority upon or against Mortgagor or in respect of the Mortgaged Property or any part thereof, and any charge which, if unpaid, would become a lien or charge upon the Mortgaged Property prior to or equal to the lien of this Mortgage before they become delinquent and before any interest attaches or any penalty is incurred.

(b) Mortgagor shall not permit or suffer more than thirty (30) days any mechanics', laborers', materialmen's, statutory or other lien upon any of the Mortgaged Property.

(c) Mortgagee may, if it deems in its reasonable judgment that its security for the Note is impaired, require Mortgagor to deposit with Mortgagee on the first day of each month, in addition to making any required payments of principal and interest, until the Note is fully paid, an amount equal to one-twelfth (1/12) of the yearly taxes and assessments as estimated by Mortgagee to be sufficient to enable Mortgagee to pay at least thirty (30) days before they become due all taxes, assessments and other similar charges against the Mortgaged Property or any part thereof. Such deposits shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of the Mortgagee, and no interest shall be payable in respect thereof. Upon demand by Mortgagee, Mortgagor shall deliver to Mortgagee such additional monies as are required to make up any deficiencies in the amounts necessary to enable Mortgagee to pay such taxes, assessments and similar charges. In the event of a default under any of the terms, covenants and conditions of the Note, this Mortgage or any other instruments security the Note to be kept, performed or observed by Mortgagor, Mortgagee may apply to the reduction of the sums secured hereby, in such manner as Mortgagee shall determine, any amount under this paragraph remaining to Mortgagor's credit.

(d) In the event of the enactment of any law by the State of South Carolina or any federal law, except for a change only in income tax rates applicable to Mortgagee generally, after the date of this Mortgage, deducting from the value of the Mortgaged Property for the purpose of taxation any lien thereon, or imposing any liability upon Mortgagee, in respect of the indebtedness secured hereby, or changing in any way the laws now in force for the taxation of mortgages, or debts secured by mortgages, or the manner of collection of any such taxes, so as to affect this Mortgage, Mortgagor shall pay any such obligation imposed on Mortgagee thereby (unless payment of such by Mortgagor is prohibited by law), and in the event Mortgagor fails to pay such obligation within thirty (30) days after written notice by Mortgagee, the whole of the

indebtedness secured by this mortgage, together with the interest due thereon, shall, at the option of Mortgagee, become immediately due and payable.

2.06 Insurance.

(a) Mortgagor shall at its sole expense obtain for, deliver to and maintain for the benefit of Mortgagee, during the life of this Mortgage, insurance policies with replacement cost endorsements, for the full insurable value, insuring the Mortgaged Property against fire, extended coverage and such other insurable hazards, casualties and contingencies as Mortgagee may require including flood damage, and business interruption or loss of rental income protection, and shall pay promptly, when due, any premiums on such insurance policies and on any renewals thereof. The form of such policies, the coverages provided, and the companies issuing them, and the coverages provided shall be acceptable to Mortgagee. Mortgagee shall be listed as a mortgagee on all such policies. The coverage under such policies shall be limited to the improvements now or hereafter located on the Mortgaged Property. At least thirty (30) days prior to the expiration date of all such policies, Mortgagor shall obtain renewals thereof satisfactory to Mortgagee and shall deliver to Mortgagee receipts evidencing the payment of all premiums on such insurance policies and renewals. Delivery of the insurance policies and renewals thereof shall constitute an assignment to Mortgagee, as further security, of all unearned premiums. In the event of loss, Mortgagor will give immediate written notice to Mortgagee and Mortgagee may make proof of loss if not made promptly by Mortgagor. In the event of the foreclosure of this Mortgage or any other transfer of title to the Mortgaged property in extinguishment of the indebtedness and other sums secured hereby, all right, title and interest of Mortgagor in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee. Mortgagee may at any time at its own discretion procure and substitute for any and all of the insurance so held as aforesaid, such other policy or policies of insurance, in like amount, as it may determine without prejudice to its right to foreclose hereunder should Mortgagor fail or refuse to keep said premises so insured.

(b) Mortgagor hereby assigns to Mortgagee all proceeds from any insurance policies and Mortgagee is authorized to collect and receive the proceeds from any such policy or policies. Mortgagor shall have the right to adjust or compromise any loss under any insurance policies on the Mortgaged Property, subject, however, to the approval and consent of Mortgagee. In the event the Mortgaged Property is entirely destroyed or is partially destroyed to the extent that restoration will in the opinion of Mortgagee cost in excess of Two Hundred Fifty Thousand and no/100 ($250,000.00) Dollars, or in the event restoration costs will not exceed said amount but the conditions of the next sentence are not satisfied, all insurance proceeds shall, at the option of Mortgagee, be applied to the Note (first to expenses, then interest, and then principal) and the Note and all other amounts secured hereby shall, at the option of Mortgagee, become immediately due and payable. Notwithstanding any provisions of this Section to the contrary: (i) if in the opinion of the Mortgagee the Mortgaged Property as restored will produce sufficient revenue to repay the Note; (ii) if rental insurance or business interruption insurance is available in amounts sufficient to pay all payments due on the Note during restoration, or if Mortgagor makes some other provision satisfactory to Mortgagee for making all payments due on the Note during restoration; (iii) if all tenants agree in writing to remain on the Mortgaged Property under their leases and, if applicable, any purchasers of the Mortgaged Property or portions thereof agree in writing that their purchase contracts shall remain in effect; (iv) if the Mortgagee receives

evidence satisfactory to it and its counsel that the Mortgaged Property as restored will comply with all local zoning ordinances and building restrictions; and (v) if the Mortgagor covenants to make the necessary repairs and restoration and provides all additional funds necessary therefor, the Mortgagee will make the insurance proceeds (less expenses incurred in collecting the same) available to the Mortgagor for the purpose of such repair and restoration, disbursement procedures. If Mortgagee elects to restore the improvements, any balance of such monies after restoration shall, at the option of Mortgagee, either be applied toward the reduction of indebtedness and other sums secured hereby or be paid to Mortgagor. Mortgagee shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

(c) Mortgagor shall at its sole expense obtain for, deliver to and maintain for the benefit of Mortgagee, during the life of this Mortgage, liability insurance policies relating to the Mortgaged Property, in such amounts, with such companies and in such form as may be reasonably required by Mortgagee. Mortgagee may require such policies to contain an endorsement, in form satisfactory to Mortgagee, naming Mortgagee as an additional insured thereunder. Mortgagor shall pay promptly, when due, any premiums on such insurance policies and renewals.

(d) Mortgagee may, in its sole discretion, require Mortgagor to deposit with Mortgagee on the first day of each month, in addition to making payments of regular installments of principal and interest, until the Note is fully paid, an amount equal to one-twelfth (1/12) of the yearly premiums for all insurance. Such deposits shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Mortgagee, and no interest shall be payable in respect thereof. Upon demand by Mortgagee, Mortgagor shall deliver to Mortgagee such additional monies as are necessary to enable Mortgagee to pay such premiums when due. In the event of a default under any of the terms, covenants and conditions in the Note, this Mortgage or any other instrument securing the Note to be kept, performed or observed by Mortgagor, Mortgagee may apply to the reduction of the sums secured hereby, in such manner as Mortgagee shall determine, any amount under this paragraph remaining to Mortgagor's credit and any refund of premium received from cancellation of any insurance policy by Mortgagee upon foreclosure of this Mortgage.

2.07 Condemnation. In the event that by, or pursuant to, proper authority there is taken or condemned the entire Mortgaged Property or any part thereof, under power of eminent domain exercised by any actual or quasi governmental authority or public utility, the Mortgagor hereby assigns to the Mortgagee any and all awards that may be given, made or due the Mortgagor in any proceedings in connection therewith, and the amounts of such awards shall be applied by the Mortgagee to the reduction of the indebtedness secured hereby, and the Mortgagor agrees to execute any and all such further instruments of assignment of any and all such condemnation awards as may be required by the Mortgagee to carry out the purposes of this Section. The Mortgagor shall give written notice of such condemnation proceeding within ten (10) days of receipt of any service or process in connection therewith. In any condemnation proceedings against the Mortgaged Property, the Mortgagee hereby reserves, and the Mortgagor hereby acknowledges, the Mortgagee's right to institute or intervene in any such condemnation proceedings to assert said interest. In the event the entire Mortgaged Property is taken or so much thereof that restoration will in the opinion of Mortgagee cost in excess of Two Hundred

Fifty Thousand and no/100 ($250,000.00) Dollars, or in the event restoration costs will not exceed said amount but the conditions of the next sentence are not satisfied, all condemnation proceeds shall, at the option of the Mortgagee, be applied to the Note (first to expenses, then interest, and then principal) and the Note and all other amounts secured hereby shall, at the option of Mortgagee, become immediately due and payable. Notwithstanding any provisions of this Section to the contrary, (i) if in the opinion of Mortgagee the Mortgaged Property as restored will produce sufficient revenue to repay the Note; (ii) if provision satisfactory to Mortgagee is made for making all payments due on the Note during restoration; (iii) if all tenants agree in writing to remain on the Mortgaged Property under their leases and, if applicable, any purchasers of the Mortgaged Property or portions thereof agree in writing that their purchase contracts shall remain in effect; (iv) if the Mortgagee receives evidence satisfactory to it and its counsel that the Mortgaged Property as restored will comply with all local zoning ordinances and building restrictions; and (v) if the Mortgagor covenants to make the necessary repairs and restoration and provides all additional funds necessary therefor, the Mortgagee will make said award (less expenses incurred in collecting the same) available to the Mortgagor for the purpose of such repair and restoration, disbursement of proceeds to be in accordance with Mortgagee's standard construction disbursement procedures. Any excess of the proceeds of the award over the cost of repair and restoration shall be applied to reduce the principal amount of the Note and accrued interest thereon.

2.08 Care of Property.

(a) Mortgagor shall preserve and maintain the Mortgaged Property in good condition and repair. Mortgagor shall not remove, demolish, materially alter or materially change the use of any building, structure or other improvement presently or hereafter on the Land without the prior written consent of Mortgagee, except as provided in the Loan Agreement. Mortgagor shall not permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or of any part thereof, and will not take any action which will increase the risk of fire or other hazard to the Mortgaged Property or to any part thereof.

(b) Except as otherwise provided in this Mortgage, or the Loan Agreement, no fixture, personal property or other part of the Mortgaged Property shall be removed, demolished or altered, with the prior written consent of the Mortgagee. Mortgagor may sell or otherwise dispose of, free from lien of this Mortgage, furniture, furnishings, equipment, tools, appliances, machinery, fixtures or appurtenances, subject to the lien hereof, which may become worn out, undesirable or obsolete only if they are replaced immediately with similar items of at least equal value which shall, without further action, become subject to the lien of this Mortgage, except as otherwise provided in this Mortgage.

(c) Mortgagee may enter upon and inspect the Mortgaged Property at any reasonable time during the life of this Mortgage.

(d) Mortgagor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Mortgaged Property or any part thereof.

(e) If all or any part of the Mortgaged Property shall be lost, damaged or destroyed by fire or any other cause, Mortgagor will give immediate written notice thereof to Mortgagee and, unless Mortgagee elects to apply available insurance proceeds to the Note instead of to restoration as permitted in Section 2.06(b) hereof, Mortgagor shall promptly restore the Mortgaged Property to the equivalent of its original condition regardless of whether or not there shall be sufficient insurance proceeds therefor. If a part of the Mortgaged Property shall be lost, physically damaged or destroyed through condemnation, unless Mortgagee elects to apply condemnation proceeds to the Note instead of to restoration as permitted in Section 2.07 hereof, Mortgagor will promptly restore, repair or alter the remaining property in a manner satisfactory to Mortgagee, regardless of whether condemnation proceeds are sufficient to pay for such restoration.

2.09 Transfer of Property. Mortgagor shall not sell, convey, transfer, mortgage, lease or further encumber any interest in or any part of the Mortgaged Property, without the prior written consent of Mortgagee in its sole discretion. If any person should obtain any interest in all or any part of the Mortgaged Property pursuant to the execution or enforcement of any lien, security interest or other right, whether superior, equal or subordinate to this Mortgage or the lien hereof, such event shall be deemed to be a transfer by Mortgagor. Mortgagor shall not, without the prior written consent of Mortgagee in its sole discretion, further assign the rents from the Mortgaged Property, nor enter into any agreement or do any act to amend, modify, extend, terminate or cancel, accept the surrender, subordinate, accelerate the payment of rent, or change the terms of any renewal option of any lease now or hereafter covering such property or any part thereof. If Mortgagor is a corporation, limited liability company, or a general or limited partnership, Mortgagor further covenants that no shareholder, member or general partner, as applicable (but excluding any limited partners), shall transfer any stock, membership interest or partnership interest in the Mortgagor without the prior written consent of Mortgagee in its sole discretion. This prohibition also applies to any transfer of interest by any member of the Mortgagor or any member, shareholder or partner (excluding any limited partner) owning an interest in an entity that owns an interest, as member, shareholder or as a general partner, in Mortgagor. Any such transfer shall be an Event of Default hereunder. Notwithstanding anything contained herein to the contrary, either Member of the Mortgagor shall have the right to assign up to 49% interest in such Member's interest in the Mortgagor to any spouse or child of such Member, or to any family limited liability company of such Member, or to any trust for the benefit of any spouse or child of such Member (all such transfers being deemed "Permitted Transfers" hereunder).

2.10 Further Assurances. At any time and from time to time, upon Mortgagee's request Mortgagor shall make, execute and deliver or cause to be made, executed and delivered to Mortgagee and, where appropriate, shall cause to be recorded or filed and from time to time thereafter to be re-recorded or refiled at such time and in such offices and places as shall be deemed desirable by Mortgagee any and all such further mortgages, instruments of further assurance, certificates and other documents as Mortgagee may consider necessary or desirable in order to effectuate, complete, enlarge in accordance with the Loan Agreement or perfect, or to continue and preserve the obligations of Mortgagor under the Note and this Mortgage, and the lien of this Mortgage as a first and prior lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by Mortgagor. Upon any failure by Mortgagor to do so, Mortgagee may make, execute, record, file, re-record or refile any and all such mortgages, instruments,

financing statements, certificates and documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee the agent and attorney-in-fact of Mortgagor to do so.

2.11 After Acquired Property. The lien of this Commercial Mortgage of Real Property and Security Agreement will automatically attach, without further act, to all after acquired property located in or on, or attached to, or used or intended to be used in connection with or with the operation of, the Mortgaged Property or any part thereof.

2.12 Leases Affecting Mortgaged Property. Mortgagor shall comply with and observe its obligations as landlord under all leases affecting the Mortgaged Property or any part thereof, if any. Mortgagor, if required by Mortgagee, shall furnish promptly to Mortgagee executed copies of all such leases now existing or hereafter created, all of which shall be in form and substance subject to the approval of Mortgagee. Mortgagor shall not, without the express written consent of Mortgagee, modify, surrender, terminate or extend any such lease now existing or hereafter created, or permit or suffer an assignment or sublease. Mortgagor shall not accept payment of rent more than one (1) month in advance without the prior written consent of Mortgagee.

2.13 Expenses. Mortgagor shall pay or reimburse Mortgagee for all costs, charges and expenses, including reasonable attorney's fees and disbursements, and costs incurred or paid by Mortgagee in any action which is threatened, pending or completed or proceeding or in dispute in which Mortgagee is or might be made a party or appears as a party plaintiff or party defendant and which affects or might affect the Note, or the Mortgaged Property or any part thereof, or the interests of Mortgagor or Mortgagee therein, including but not limited to the foreclosure of this Mortgage, condemnation involving all or part of the Mortgaged Property or any action to protect the security hereof. All costs, charges and expenses so incurred or paid by Mortgagee shall become due and payable immediately, whether or note there be notice, demand, attempt to collect or suit pending. The amounts so incurred or paid by Mortgagee, together with interest thereon at the Default Rate as hereinafter defined from the date incurred until paid by Mortgagor, shall be added to the indebtedness and secured by the lien of this Mortgage.

2.14 Mortgagee's Performance of Defaults. If Mortgagor defaults in the payment of any tax, assessments, encumbrance or other imposition, in its obligation to furnish insurance hereunder or in the performance or observance of any other covenant, condition or term in this Mortgage or in any other instrument securing the Note, Mortgagee may at its option perform or observe the same, and all payments made (whether such payments are regular or accelerated payments) and costs and expenses incurred or paid by Mortgagee in connection therewith shall become due and payable immediately by Mortgagor. The amounts so incurred or paid by Mortgagee, together with the interest thereon at the Default Rate as hereinafter defined from the date incurred until paid by Mortgagor, shall be added to the indebtedness and secured by the lien of this Mortgage. Nothing contained herein shall be construed as requiring Mortgagee to advance or expend monies for any purposes mentioned in this paragraph, or for any other purpose. Mortgagee is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or terms, without thereby becoming liable to Mortgagor or any person in possession holding under Mortgagor.

2.15 Books and Records. Mortgagor shall keep and maintain at all times complete, true and accurate books of accounts and records reflecting the results of the operation of the Mortgaged Property. Mortgagor shall furnish to Mortgagee a balance sheet and a statement of income and expenses. Mortgagor shall permit Mortgagee to inspect said books and records upon request. In addition, Mortgagor will deliver or cause to be delivered to Mortgagee with respect to the Mortgaged Property the financial statements required under the Loan Agreement.

2.16 Estoppel Affidavits. Mortgagor, within ten (10) days after written request from Mortgagee, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the Note, and any other unpaid sums secured hereby, and whether or not any offsets or defenses exist against such principal and interest or other sums.

2.17 Use of Mortgaged Property. The Mortgaged Property shall be used by Mortgagor only as a hotel as permitted under existing zoning laws, which use shall not change without the prior written consent of Mortgagee.

ARTICLE III

DEFAULTS

3.01 Event of Default. The term Event of Default, wherever used in this Mortgage, shall mean an "Event of Default" as such term is defined in the Loan Agreement.

3.02 Acceleration of Maturity. If an Event of Default shall have occurred, Mortgagee may declare the outstanding principal amount of the Note and the interest accrued thereon, and all other sums secured hereby, to be due and payable immediately, and upon such declaration such principal and interest and other sums shall immediately become and be due and payable without demand or notice.

3.03 Mortgagee's Power of Enforcement. If an Event of Default shall have occurred, Mortgagee may, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy: (a) to enforce payment of the Note or the performance of any term hereof or any other right; (b) to foreclose this Mortgage and to sell, as an entirety or in separate lots or parcels, the Mortgaged Property, under the judgment or decree of a court or courts of competent jurisdiction; and (c) to pursue any other remedy available to it at law or in equity. Mortgagee shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, or both, as the Mortgagee may determine.

3.04 Mortgagee's Right to Enter and Take Possession. Operate and Apply Income.

(a) If an Event of Default shall have occurred, Mortgagor, upon demand of Mortgagee, shall forthwith surrender to Mortgagee the actual possession, and if and to the extent permitted by law, Mortgagee itself, or by such officers or agents as it may appoint, may enter and take possession of all the Mortgaged Property, and may exclude Mortgagor and its agent and employees wholly therefrom, and may have joint access with Mortgagor to the books, papers and accounts of Mortgagor.

(b) If Mortgagor shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after Mortgagee's demand, Mortgagee may obtain a judgment or decree conferring on Mortgagee the right to immediate possession or requiring Mortgagor to deliver immediate possession of all or part of the Mortgaged Property to Mortgagee along with all books, papers and accounts of Mortgagor, to the entry of which judgment or decree Mortgagor hereby specifically consents.

(c) Mortgagor shall pay to Mortgagee, upon demand, all reasonable costs and expenses of obtaining such judgment or decree and reasonable compensation to Mortgagee, its attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Mortgage.

(d) Upon every such entering upon or taking of possession, Mortgagee may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time:

(i) make all necessary and proper maintenance, repairs, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property;

(ii) insure or keep the Mortgaged Property insured;

(iii) manage and operate the Mortgaged Property and exercise all the rights and powers of Mortgagor in its name or otherwise, with respect to the same; and

(iv) enter into agreements with others to exercise the powers herein granted Mortgagee:

all as Mortgagee in its reasonable judgment from time to time may determine; and Mortgagee may collect and receive all the income, revenues, rents, issues and profits of the same, including those past due as well as those accruing thereafter; and shall apply the monies so received by Mortgagee in such priority as Mortgagee may determine to: (1) the reasonable compensation, expenses and disbursements of the agents and attorneys; (2) the cost of insurance, taxes, assessments and other proper charges upon the Mortgaged Property or any part thereof; (3) the deposits for taxes and assessments and insurance premiums due; and (4) the payment of accrued interest and principal on the Note.

Mortgagee shall surrender possession of the Mortgaged Property to Mortgagor only when all that is due upon such interest, tax and insurance deposits and principal installments, and under any of the terms of this Mortgage, shall have been paid and all defaults made good. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

3.05 Leases. Mortgagee, at its option, is authorized to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property, and the failure to make any such tenants parties defendant to any such foreclosure proceedings and to foreclose their rights will not be, nor

be asserted by Mortgagor to be, a defense to any proceedings instituted by Mortgagee to collect the sums secured hereby or to collect any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

3.06 Purchase by Mortgagee. Upon any such foreclosure sale, Mortgagee may bid for and purchase the Mortgaged Property and, upon compliance with the terms of sale, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

3.07 Application of Indebtedness Toward Purchase Price. Upon any such foreclosure sale, Mortgagee may, if permitted by law, after allowing for the proportion of the total purchase price required to be paid in cash and for the costs and expenses of the sale, compensation and other charges, in paying the purchase price apply any portion of or all sums due to Mortgagee under the Note, this Mortgage or any other instrument securing the Note, in lieu of cash, to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon.

3.08 Waiver of Appraisement, Valuation, Stay, Extension, and Redemption Laws. Mortgagor agrees to the full extent permitted by law that in case of a default on its part hereunder, neither Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the Mortgaged Property or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and Mortgagor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising the Mortgaged Property marshaled upon any foreclosure of the lien hereof or appraised for the purpose of reducing any deficiency judgment obtained by Mortgagee against Mortgagor and agrees that Mortgagee or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property in part or as an entirety. Mortgagor further waives, to the full extent permitted by law, the right to petition for the appointment of appraisers following foreclosure for the purpose of seeking to reduce a deficiency judgment or for any other reason.

3.09 Receiver. If an Event of Default shall have occurred, Mortgagee, to the extent permitted by law and without regard to the value or occupancy of the security, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Mortgaged Property and to collect all rents, revenues, issues, income, products and profits thereof and apply the same as the court may direct. The receiver shall have all rights and powers permitted under the laws of the state where the Land is located and such other powers as the court making such appointment shall confer. The expenses, including receiver's fees, attorney's fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Mortgage. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Mortgagee shall be liable to account only for such rents, issues and profits actually received by Mortgagee, whether received pursuant to this paragraph or otherwise. Notwithstanding the appointment of any receiver or other custodian, Mortgagee shall be entitled as secured party hereunder to the possession and

control of any cash, deposits, or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to, Mortgagee.

3.10 Suits to Protect the Mortgaged Property. Mortgagee shall have the power and authority to institute and maintain any suits and proceedings as Mortgagee may deem advisable: (a) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or any violation of this Mortgage; (b) to preserve or protect its interest in the Mortgaged Property; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to Mortgagee's interest.

3.11 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting Mortgagor, any person, partnership or corporation guaranteeing or endorsing any of Mortgagor's obligations, its creditors or its property, Mortgagee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claims allowed in such proceedings for the entire amount due and payable by Mortgagor under the Note, this Mortgage and any other instrument securing the Note, at the date of the institution of such proceedings, and for any additional amounts which may become due and payable by Mortgagor after such date.

3.12 Mortgagor to Pay the Note on Any Default in Payment: Application of Monies by Mortgagee.

(a) If default shall be made in the payment of any amount due under the Note, this Mortgage or any other instrument securing the Note, then, upon Mortgagee's demand, Mortgagor will pay to Mortgagee the whole amount due and payable under the Note and all other sums secured hereby; and if Mortgagor shall fail to pay the same forthwith upon such demand, Mortgagee shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid together with costs and expenses including the reasonable compensation, expenses and disbursements of Mortgagee's agents and attorneys incurred in connection with such suit and any appeal in connection therewith. Mortgagee shall be entitled to sue and recover judgment as aforesaid either before, after or during the pendency of any proceedings for the enforcement of this Mortgage, and the right of Mortgagee to recover such judgment shall not be affected by any taking, possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Mortgage, or the foreclosure of the lien hereof.

(b) In case of a foreclosure sale of all or any part of the Mortgaged Property and of the application of the proceeds of sale to the payment of the sums secured hereby, Mortgagee shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid and to recover judgment for any portion thereof remaining unpaid, with interest.

(c) Mortgagor hereby agrees, to the extent permitted by law, that no recovery of any such judgment by Mortgagee and no attachment or levy of any execution upon any of the Mortgaged Property or any other property shall in any way affect the lien of this Mortgage upon

the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of Mortgagee hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before.

(d) Any monies collected or received by Mortgagee under this paragraph shall be applied as follows:

(i) First, to the payment of reasonable compensation, expenses and disbursements of the agents and attorneys; and

(ii) Second, to payment of amounts due and unpaid under the Note, this Mortgage and all other instruments securing the Note.

3.13 Delay or Omission No Waiver. No delay or omission of Mortgagee or of any holder of the Note to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to Mortgagee may be exercised from time to time arid as often as may be deemed expedient by Mortgagee.

3.14 No Waiver of One Default to Affect Another. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default than existing, or impair any rights, powers or remedies consequent thereon. If Mortgagee: (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted in the Note, this Mortgage or any other instrument securing the Note; (d) releases any part of the Mortgaged Property from the lien of this Mortgage or any other instrument securing the Note; (e) consents to the filing of any map, plat or replat of the Land; (f) consents to the granting of any easement on the Land; or (g) makes or consents to any agreement changing the terms of this Mortgage or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under the Note, this Mortgage or otherwise of Mortgagor, or any subsequent purchaser of the Mortgaged property or any part thereof or any maker, cosigner, endorser, surety or guarantor. No such act or omission shall preclude Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default nor, except as otherwise expressly provided in an instrument or instruments executed by Mortgagee, shall the lien of this Mortgage be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property, Mortgagee, without notice to any person, firm or corporation, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

3.15 Discontinuance of Proceedings: Position of Parties Restored. If Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Mortgagee, then and in every such case Mortgagor and

Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Mortgagee shall continue as if no such proceeding had occurred or had been taken.

3.16 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Mortgagee by the Note, this Mortgage or any other instrument securing the Note is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Note or any other instrument securing the Note, or now or hereafter existing at law, in equity or by statute.

ARTICLE IV

MISCELLANEOUS PROVISIONS

4.01 Heirs, Successors, and Assigns Included in Parties. Whenever one of the parties hereto is named or referred to herein, the heirs, successors and assigns of such party shall be included and all covenants and agreements contained in this Mortgage, by or on behalf of Mortgagor or Mortgagee, shall bind and inure to the benefit of their respective heirs, successors and assigns, whether so expressed or not.

4.02 Addresses for Notices, Etc. Any notice, report, demand or other instrument authorized or required to be given or furnished under this Mortgage to Mortgagor or Mortgagee shall be deemed given or furnished when mailed, postage prepaid, to that party at the address first shown above. Any party hereto may change the address for said notice by appropriately notifying the other parties in writing.

4.03 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for the convenience of reference only, are not to be considered a part hereof, and shall not limit or expand or otherwise affect any of the terms hereof.

4.04 Invalid Provisions to Affect No Others. In the event that any of the covenants, agreements, terms or provisions contained in the Note, this Mortgage or any other instrument securing the Note shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein and in the Note and any other instrument securing the Note shall be in no way affected, prejudiced or disturbed thereby.

4.05 Changes, Etc. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement hereafter made by Mortgagor and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

4.06 Governing Law. This Mortgage is made by Mortgagor and accepted by Mortgagee in the State of South Carolina, with reference to the laws of such State, and shall be construed, interpreted, enforced and governed by and in accordance with such laws (excluding the principles thereof governing conflicts of law).

ARTICLE V

LENDING PROVISIONS

5.01 Breach of Loan Agreement and Other Documents. Notwithstanding anything to the contrary contained in this Mortgage or in the Note, or in any other instrument securing the loan evidenced by such Note, upon an Event of Default, Mortgagee may at its option declare the entire indebtedness secured hereby, and all interest thereon and all advances made by Mortgagee hereunder, immediately due and payable and/or exercise all additional rights accruing to it under this Mortgage in the event of a breach by Mortgagor of any covenant contained in this Mortgage, the Note, or in the Loan Agreement. The proceeds of the loan secured hereby are to be disbursed by Mortgagee to Mortgagor in accordance with the provisions contained in the Loan Agreement. All advances and indebtedness arising and accruing under the Loan Agreement from time to time shall be secured hereby.

5.02 Partial Foreclosure. In the event the Mortgaged Property is comprised of more than one parcel of real property, Mortgagor hereby waives any right to require Mortgagee to foreclose or exercise any of its other remedies against all of the Mortgaged Property as a whole or to require Mortgagee to foreclose or exercise such remedies against one portion of the Mortgaged Property prior to the foreclosure of exercise of said remedies against other portions of the Mortgaged Property.

5.03 Future Advances. Mortgagee, at its option, may make future advances to Mortgagor, provided, however, that nothing contained herein shall constitute an obligation to do so. Such future advances, with interest at the rate payable from time to time on the outstanding principal under the Note, shall be secured by this Mortgage when evidenced by the Note or by any other instrument indicating that such advances are secured by this Mortgage or when advanced under the terms of this Mortgage. Mortgagee may make such future advances: (a) at the request of Mortgagor, whether or not there is any obligation to make future advances; or (b) to pay, with or without the consent or request of Mortgagor, any amounts which may be due under this Mortgage or under any other mortgage or lien affecting the Mortgaged property.

5.04 Covenants of Guarantors. As a part of the inducement to Mortgagee to make the loan evidenced by the Note, Mortgagor may have caused certain other persons, firms or corporations to enter into certain guaranty agreements with Mortgagee pertaining to the financing and payment for construction of improvements on the Land. In such event, Mortgagor covenants and agrees that such persons, firms or corporations shall fully perform, comply with and abide by such agreements. It is further understood and agreed by Mortgagor that such representations and agreements by the other persons shall constitute, for the purpose of its obligations hereunder, covenants on behalf of Mortgagor.

5.05 Instrument Under Seal. This Mortgage is intended to be and shall be construed as an instrument under seal.

5.06 Protective Advancements. Lender is authorized by this Mortgage to make advancements or disbursements to protect Lender's interest in the Mortgaged Property, including, without limitation, advancements or disbursements for taxes, insurance premiums, public assessments, and repairs (collectively, "Protective Advancements"). This mortgage secures any and all Protective Advancements made by Lender. The foregoing is intended to provide Lender with the full benefit of S.C. Code §29-3-40.

5.07 Modifications. This Mortgage shall secure any and all renewals or extensions of the whole or any part of the indebtedness hereby secured however evidenced, with interest at such lawful rate as may be agreed upon and such renewals and extensions or any change in the terms or rate of interest shall not impair in any manner the validity or priority of this mortgage, nor release the mortgagor from personal liability for the indebtedness hereby secured, nor release any guarantor, surety or other party secondarily liable from personal liability for the indebtedness hereby secured.

5.08 Arbitration: Jurisdiction. ANY PROVISION HEREOF TO THE CONTRARY NOTWITHSTANDING, THIS DOCUMENT IS SUBJECT TO THE PROVISIONS OF THE LOAN AGREEMENT CONCERNING ARBITRATION OF DISPUTES (AS SUCH TERM IS DEFINED IN THE LOAN AGREEMENT). Subject to the foregoing, Borrower submits to the jurisdiction of any court of competent jurisdiction within the State of South Carolina. Borrower further agrees to comply with all requirements necessary to give such court in personam jurisdiction and agrees that service of process may be accomplished by, in addition to any other lawful means, certified mail, return receipt requested, to Borrower at Borrower's address set forth above or any new address of which Lender has been notified by Borrower in writing.

5.09 **WAIVER OF JURY TRIAL. BORROWER AND LENDER WAIVE, TO THE FULL EXTENT PERMITTED BY LAW, THE RIGHT TO A JURY TRIAL IN ANY LITIGATION CONCERNING THIS MORTGAGE AND IN ANY LITIGATION CONCERNING ANY DEFENSE, CLAIM, COUNTERCLAIM, CLAIM OF SET-OFF OR SIMILAR CLAIM OF ANY NATURE THAT BORROWER MAY ASSERT AGAINST LENDER.**

[Remainder of Page Intentionally Left Blank]

5.10 **WAIVER OF APPRAISAL RIGHTS**. Borrower understands that upon the occurrence of an Event of Default hereunder, among the other remedies set out herein or in the other Loan Documents, Lender may foreclose upon the Property and proceed for a deficiency judgment pursuant to South Carolina law. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **BORROWER HEREBY EXPRESSLY WAIVES AND RELINQUISHES ANY APPRAISAL RIGHTS WHICH BORROWER MAY HAVE UNDER SECTION 29-3-680 THROUGH SECTION 29-3-770 OF THE SOUTH CAROLINA CODE OF LAWS (1976), AS SUCH MAY BE AMENDED, AND UNDERSTANDS AND AGREES THAT A DEFICIENCY JUDGMENT, IF PURSUED BY LENDER, SHALL BE DETERMINED BY THE HIGHEST PRICE BID AT THE JUDICIAL SALE OF THE PROPERTY REGARDLESS OF ANY APPRAISED VALUE OF THE PROPERTY.**

IN WITNESS WHEREOF, the undersigned have executed this instrument the day and year above first written.

WITNESSES:

BORROWER:

UNIVERSITY VENTURES, LLC, a South Carolina limited liability company
By: University Ventures Management, Inc.
Its: Manager

By: _____
Name: Michael R. Bennett
Title: President

BK L 664PG518

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 11th day of July, 2008, by Michael R. Bennett, President of University Ventures Management, Inc., Manager of **UNIVERSITY VENTURES, LLC**, a South Carolina limited liability company.

Notary Public South Carolina

My commission expires: 5/6/2015

[Notarial Seal]

BK L 664PG519

Exhibit A
Property Description

ALL that certain piece, parcel or tract of land, situate, lying and being in the City of North Charleston, Charleston County, South Carolina, known as Tract EF, measuring and containing 2.055 acres, more or less, as shown on a plat thereof entitled **"Plat Showing the Combination of Tract E, TMS No. 486-06-00-131 (1.594 acres) and Tract F, TMS No. 486-86-00-130 (0.461 acres) to Form Tract EF Containing 2.055 Acres, Property of University Blvd., LLC, located in the City of North Charleston, Charleston County, South Carolina"** dated November 7, 2006, prepared by HLA, Inc., said plat being recorded in the RMC Office for Charleston County in Plat Book EK, at Page 257; said Tract EF containing such size, shape, dimensions, buttings and boundings as will by reference to said plat more fully appear.

BEING the same property conveyed to University Ventures, LLC, a South Carolina limited liability company, by deed of University Boulevard, LLC, a South Carolina limited liability company, dated December 5, 2006 and recorded December 5, 2006, in Book R607, Page 071 in the RMC Office for Charleston County, South Carolina and by Corrective Deed dated June 18, 2008, and recorded June 26, 2008, in Book E-633, Page 167, in the RMC Office for Charleston County, South Carolina.

TMS No. 486-06-00-130

BK L 664PG520

RECORDER'S PAGE

***NOTE*: This page MUST remain with the original document**

FILED

July 11, 2008

1:58:15 PM

BK L 664PG495

Charlie Lybrand, Register
Charleston County, SC

Filed By:

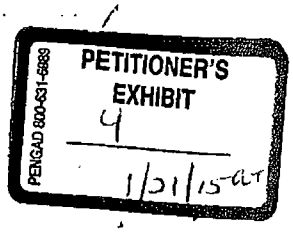
Buist, Moore, Smythe & McGee P.A.
Attorneys at Law
Post Office Box 999
Charleston SC 29402

Number of Pages: 26

DESCRIPTION	AMOUNT
	$ 31.00
Postage	
TOTAL	$ 31.00

DRAWER: C - slw

DO NOT STAMP BELOW THIS LINE



HOLD 2010
#22
12/17/08

CITY OF NORTH CHARLESTON
BUILDING PERMIT

PERMIT# 0805825 TAX MAP# 486-06-00-130

OWNER Hampton Inn,

Call 740-2565 for inspections
8:00 am - 9:00 am and 3:30 pm - 4:30 pm

LOCATION OF BUILDING 2688 Fernwood Dr

SUBDIVISION ZONING B-2

FLOOD ZONE X

UPDATED
JAN 12 2009
ASTMJN

CONTRACTOR Hot Springs Pools Llc

STATE LICENSE B2079-LOCAL-SP4 OCCUPANCY TYPE

LOCAL LICENSE CONSTRUCTION TYPE

NUMBER OF UNITS NUM. OF STORIES SQ. FT.

EST. COST OF CONSTRUCTION $ 64450.00	TOTAL FEE $ 525.00
PERMIT FEES: _____ CONTR LIC: 321.2 _____	MISC REVENUE: 396.6 _____

PROPOSED USE Commercial

DESCRIBE WORK New Pool

BUSINESS LICENSE AND CERTIFICATE OF OCCUPANCY WILL NOT BE ISSUED UNTIL LANDSCAPE, BUFFERING PLAN AND FIRE APPROVAL HAS BEEN SUBMITTED TO BUILDING DEPARTMENT. FINAL CO'S HAVE TO BE PICKED UP FROM BUILDING DEPT. BEFORE POWER CAN BE RELEASED.

BR OCT 22 2008

******* NOTICE *******

THE OWNER OF THIS BUILDING AND THE UNDERSIGNED DO HEREBY COVENANT AND AGREE TO COMPLY WITH THE ORDINANCES OF THIS JURISDICTION PERTAINING TO BUILDING AND [illegible] CONSTRUCT THE PROPOSED BUILDING OR STRUCTU ALTERATION IN ACCORDANCE WITH THE PLANS AND CERTIFY THAT THE INFORMATION AND STATEMENTS SPECIFICATIONS ARE TO THE BEST OF THEIR KNOWI AND AGREED BY THE APPLICANT THAT ANY ERROR, EITHER WITH OR WITHOUT INTENTION ON HIS PART, THIS APPLICATION OR ANY ALTERATION OR CHANGE BUILDING INSPECTOR SUBSEQUENT TO THE ISSUANC SUFFICIENT GROUNDS FOR REVOCATION OF SUCH P WITHIN SIX MONTHS OF DATE OF ISSUE OR IF WORK

APPRAISER: THIS PERMIT WAS COMPUTERIZED ON THIS PARCEL IN AN EFFORT TO REDUCE LOSS. PLEASE VERIFY PID OR CHANGE IF NECESSARY, THEN REMOVE THIS NOTE.

I HEREBY CERTIFY THAT I HAVE READ AND EXAMINED [illegible] KNOW THE SAME TO BE TRUE AND CORRECT. ALL PROVISIONS OF LAWS AND ORDINANCES GOVERNING THIS TYPE OF WORK WILL BE COMPLIED WITH.

JSimmons 9/22/08 [signature] 9/22

APPROVED BY DATE SIGNATURE OF APPLICANT DATE

RECEIPT#: 28495

VCC/SA
486.6.0.130

PENGAD 800-631-6989

PETITIONER'S EXHIBIT

5

1/21/15 CT

THIS TAX BILL DOES NOT REFLECT ANY TAXES YOU MIGHT OWE FOR PREVIOUS YEARS

COMBINED TAXES FOR 4-3 CITY OF NORTH CHARLESTON

MOTOR VEHICLE TAXES FOR PERIOD COMMENCING FOR MONTHS

TAX YEAR	BILL DATE	BILL NUMBER	DISTRICT	ASSESSMENT RATIO	APPRAISAL	ASSESSMENT	MILLAGE	TOTAL TAX
2008	11-01-2008	154607	4-3	0.0	404,000	24,240	269.8	6,539.95

PROPERTY DESCRIPTION	ACCOUNT NUMBER
	4860600130

COUNTY SALES TAX CREDIT	-347.44
MUNICIPAL SALES TAX CREDIT	-347.44
PAY THIS AMOUNT ON OR BEFORE 01-15-2009	5,845.07

AVOID DECAL DELAY-IF FOLLOWING ADDRESS IS DIFFERENT FROM DMV ADDRESS ON PAYMENT COUPON BELOW, CALL 958-4200 BEFORE YOU PAY.

UNIVERSITY VENTURES LLC
THE RICE MILL BLDG
17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155

YOU CAN PAY YOUR TAXES ONLINE AT www.charlestoncounty.org

IMPORTANT INFORMATION ON BACK OF THIS BILL

MILLS	TAX AMOUNT	DISTRIBUTION BY GOVERNMENT AGENCY	PERCENTAGE OF TAX
40.20	627.01	COUNTY GOVERNMENT OPERATING	
6.60	159.98	COUNTY GOVERNMENT BONDS (958-4641)	13.5%
98.70	2,392.49	SCHOOL BOARD OPERATING	
23.90	579.34	SCHOOL BOARD BONDS (566-1829)	50.8%
3.60	87.26	PARKS & RECREATION OPERATING	
2.00	48.48	PARKS & RECREATION BONDS (762-2172)	2.3%
2.00	48.48	TRIDENT TECHNICAL COLLEGE OPERATING (574-6111)	0.8%
92.80	1,902.03	CITY OF NORTH CHARLESTON (740-2630)	32.5%
269.80	**5,845.07**	**TOTAL TAXES**	100.0%
	5,845.07	PAY THIS AMOUNT	

NO MORE WAITING IN LINE AT DMV. BOTH TAXES AND REGISTRATION RENEWAL FEE ARE INCLUDED IN TOTAL AMOUNT DUE. ONCE PAID, THE DMV WILL MAIL YOUR DECAL.

TEAR AT PERFORATION AND RETURN BOTTOM PORTION WITH PAYMENT

PROPERTY DESCRIPTION

ACCOUNT NUMBER
4860600130

BILL NUMBER 154607

PAY YOUR TAXES ONLINE AT: www.charlestoncounty.org

AMOUNT 5,845.07

U.S. DOLLARS ONLY

MAKE PAYMENTS TO:
CHARLESTON COUNTY TREASURER
PO BOX 878
CHARLESTON, SC 29402

DMV INFORMATION

TAG# VIN:

MAKE DL#:

YEAR: Vehicle Renewal Fee $ 0.00

INSURANCE CERTIFICATION IS NOT REQUIRED

DECAL WILL BE MAILED TO THE FOLLOWING ADDRESS

Mailing address: (make corrections on back)

17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155

Resident Address:

PETITIONER'S EXHIBIT
6
1/21/15 ac
PENGAD 800-631-6989

DOCKET NO. 13-ALJ-17-0150-CC
UNIVERSITY VENTURES LLC
486-06-00-130

4/22/209: CERTIFICATE OF OCCUPANCY

CERTIFICATE OF OCCUPANCY / COMPLETION

CITY OF NORTH CHARLESTON

Date Completed: 04/22/2009

This Certificate issued pursuant to the requirements of the Building Code certifying that at the time of issuance this structure was in compliance with the various ordinances of North Charleston regulating building construction or use.

PERMIT #: 0802585 CONSTRUCTION TYPE: I-A

PROPOSED USE: new construction *SPECIAL INSPECTIONS********

OCCUPANCY TYPE: Residential Hotel (Good)

CONTRACTOR: Construction Professionals

PROPERTY OWNER: Data Unavailable

PROJECT ADDRESS: 2688 Fernwood Dr

TMS#: 486-06-00-130

NOTES:

UPDATED
JUN 12 2009
AST

BUILDING OFFICIAL

04/22/2009
DATE

***** POST IN A CONSPICUOUS PLACE *****

SA
486-06-00-130

PENGAD 800-631-6989

PETITIONER'S EXHIBIT

7

1/21/15 GF

THIS TAX BILL DOES NOT REFLECT ANY TAXES YOU MIGHT OWE FOR PREVIOUS YEARS

COMBINED TAXES FOR 4-3 CITY OF NORTH CHARLESTON

MOTOR VEHICLE TAXES FOR PERIOD COMMENCING FOR MONTHS

TAX YEAR	BILL DATE	BILL NUMBER	DISTRICT	ASSESSMENT RATIO	APPRAISAL	ASSESSMENT	MILLAGE	TOTAL TAX
2009	11-01-2009	156823	4-3	0.0	404,000	24,240	273.8	6,636.92

PROPERTY DESCRIPTION	ACCOUNT NUMBER
	4860600130

COUNTY SALES TAX CREDIT	-286.84
MUNICIPAL SALES TAX CREDIT	-327.24
PAY THIS AMOUNT ON OR BEFORE 01-15-2010	6,022.84

AVOID DECAL DELAY-IF FOLLOWING ADDRESS IS DIFFERENT FROM DMV ADDRESS ON PAYMENT COUPON BELOW, CALL 958-4200 BEFORE YOU PAY.

UNIVERSITY VENTURES LLC
THE RICE MILL BLDG
17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155

YOU CAN PAY YOUR TAXES ONLINE AT www.charlestoncounty.org

IMPORTANT INFORMATION ON BACK OF THIS BILL

MILLS	TAX AMOUNT	DISTRIBUTION BY GOVERNMENT AGENCY	PERCENTAGE OF TAX
40.20	687.61	COUNTY GOVERNMENT OPERATING	
6.60	159.98	COUNTY GOVERNMENT BONDS (958-4641)	14.1%
98.70	2,392.49	SCHOOL BOARD OPERATING	
27.90	676.30	SCHOOL BOARD BONDS (566-1829)	51.0%
3.70	89.69	PARKS & RECREATION OPERATING	
1.90	46.06	PARKS & RECREATION BONDS (762-2172)	2.3%
2.00	48.48	TRIDENT TECHNICAL COLLEGE OPERATING (574-6111)	0.8%
92.80	1,922.23	CITY OF NORTH CHARLESTON (740-2630)	31.9%
273.80	**6,022.84**	**TOTAL TAXES**	100.0%
	6,022.84	PAY THIS AMOUNT	

NO MORE WAITING IN LINE AT DMV. BOTH TAXES AND REGISTRATION RENEWAL FEE ARE INCLUDED IN TOTAL AMOUNT DUE. ONCE PAID, THE DMV WILL MAIL YOUR DECAL.

TEAR AT PERFORATION AND RETURN BOTTOM PORTION WITH PAYMENT

PROPERTY DESCRIPTION

ACCOUNT NUMBER
4860600130

BILL NUMBER 156823

PAY YOUR TAXES ONLINE AT: www.charlestoncounty.org

AMOUNT 6,022.84

U.S. DOLLARS ONLY

MAKE PAYMENTS TO:

CHARLESTON COUNTY TREASURER
PO BOX 878
CHARLESTON, SC 29402

DMV INFORMATION

TAG# VIN:

MAKE: DL#:

YEAR: Vehicle Renewal Fee $ 0.00

INSURANCE CERTIFICATION IS NOT REQUIRED

DECAL WILL BE MAILED TO THE FOLLOWING ADDRESS

Mailing address: (make corrections on back)

17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155

Resident Address:

Charleston County
ASSESSOR'S OFFICE
P.O. BOX 427
CHARLESTON, SC 29402-0427

TEMPORARY RETURN SERVICE REQUESTED

(843) 958-4100 8:30-5:00 M-F
www.charlestoncounty.org

THIS IS NOT A TAX BILL

3559

UNIVERSITY VENTURES LLC
C/O THE RICE MILL BLDG
17 LOCKWOOD DR STE 400
CHARLESTON SC 29401-1155

NOTICE OF CLASSIFICATION, APPRAISAL, & ASSESSMENT OF REAL ESTATE 2010 TAX YEAR

PROPERTY CLASSIFICATION	BLDG	VALUE	X	RATIO	=	ASSESSMENT *
OWNER OCCUPIED RESIDENCE			X		=	
OTHER REAL PROPERTY	2	8,180,000	X	0.06	=	490,800
AGRICULTURAL USE VALUE			X		=	
TOTAL TAXABLE VALUE/ASSESSMENT		8,180,000				490,800

PARCEL ID NO.
486-06-00-130-
FOR INFORMATION ONLY
AGRICULTURAL MARKET VALUE

* THE ASSESSMENT IS NOT THE AMOUNT OF YOUR FUTURE TAXES.

PROPERTY LOCATION-SUBDIVISION-LEGAL DESCRIPTION
2688 FERNWOOD

TRACT EF
TOTAL ACREAGE IS 2.06

OFFICE USE
32 / 22

TAX DISTRICT
4-3

NOTICE DATE
05/14/2010

If you disagree with the Appraisal / Assessment, you ***must*** file ***written objection*** with the Assessor on or before **08/12/2010**. SEE INFORMATION ON BACK OF THIS NOTICE.

REASON FOR CHANGE: NEW BUILDING COMPLETED PRIOR YEAR

If this property is your **primary legal residence**, it is not necessary to file an objection to apply for the 4% legal residence assessment ratio. If you believe your property qualifies for the **Agricultural Use Special Assessment**, you do not need to file an objection. In both cases you need to initially file an application to see IF your property qualifies. You may appeal if denied.

Both applications can be found on our website (www.charlestoncounty.org), OR you may call our office at 843-958-4100, OR you may check the box(es) on the Notice of Objection form attached and we will mail you the application(s). The applications contain details about qualifications.

NOTE: Legal deadlines apply to applications. Applying as soon as possible and early in the year is highly recommended. High volumes of applications are received later in the year. **IMPORTANT:** If your bill is due and an application has been filed, you **must** pay your bill as issued and await a response and a refund if approved. Penalties will apply and will not be waived if you do not pay your bill on time. Applications cannot be accepted by facsimile or electronic transmission.

PETITIONER'S EXHIBIT
9
1/21/15 CT
PENGAD 800-631-6989

PARCEL ID# 486-06-00-130-

1820602.20100506068801.03559

THIS TAX BILL DOES NOT REFLECT ANY TAXES YOU MIGHT OWE FOR PREVIOUS YEARS

COMBINED TAXES FOR 4-3 CITY OF NORTH CHARLESTON

MOTOR VEHICLE TAXES FOR PERIOD COMMENCING FOR MONTHS

TAX YEAR	BILL DATE	BILL NUMBER	DISTRICT	ASSESSMENT RATIO	APPRAISAL	ASSESSMENT	MILLAGE	TOTAL TAX
2010	11-01-2010	157520	4-3	0.0	8,180,000	490,800	273.8	134,381.04

PROPERTY DESCRIPTION	ACCOUNT NUMBER
	4860600130

COUNTY SALES TAX CREDIT	-5,807.80
MUNICIPAL SALES TAX CREDIT	-6,216.80
PAY THIS AMOUNT ON OR BEFORE 01-15-2011	122,356.44

AVOID DECAL DELAY-IF FOLLOWING ADDRESS IS DIFFERENT FROM DMV ADDRESS ON PAYMENT COUPON BELOW, CALL 958-4200 BEFORE YOU PAY.

UNIVERSITY VENTURES LLC
THE RICE MILL BLDG
17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155

YOU CAN PAY YOUR TAXES ONLINE AT www.charlestoncounty.org

IMPORTANT INFORMATION ON BACK OF THIS BILL

MILLS	TAX AMOUNT	DISTRIBUTION BY GOVERNMENT AGENCY	PERCENTAGE OF TAX
40.20	13,922.36	COUNTY GOVERNMENT OPERATING	
6.60	3,239.28	COUNTY GOVERNMENT BONDS (958-4641)	14.0%
98.70	48,441.96	SCHOOL BOARD OPERATING	
27.90	13,693.32	SCHOOL BOARD BONDS (566-1829)	50.8%
3.70	1,815.96	PARKS & RECREATION OPERATING	
1.90	932.52	PARKS & RECREATION BONDS (762-2172)	2.2%
2.00	981.60	TRIDENT TECHNICAL COLLEGE OPERATING (574-6111)	0.8%
92.80	39,329.44	CITY OF NORTH CHARLESTON (740-2630)	32.1%
273.80	122,356.44	TOTAL TAXES	100.0%
	122,356.44	PAY THIS AMOUNT	

NO MORE WAITING IN LINE AT DMV. BOTH TAXES AND REGISTRATION RENEWAL FEE ARE INCLUDED IN TOTAL AMOUNT DUE. ONCE PAID, THE DMV WILL MAIL YOUR DECAL.

TEAR AT PERFORATION AND RETURN BOTTOM PORTION WITH PAYMENT

PROPERTY DESCRIPTION

ACCOUNT NUMBER
4860600130

BILL NUMBER 157520

PAY YOUR TAXES ONLINE AT: www.charlestoncounty.org

AMOUNT 122,356.44
U.S. DOLLARS ONLY

MAKE PAYMENTS TO:
CHARLESTON COUNTY TREASURER
PO BOX 878
CHARLESTON, SC 29402

DMV INFORMATION
TAG# VIN:
MAKE: DL#:
YEAR: Vehicle Renewal Fee $ 0.00

INSURANCE CERTIFICATION IS NOT REQUIRED

PENGAD 800-631-6989

PETITIONER'S EXHIBIT
10
1/21/15

DECAL WILL BE MAILED TO THE FOLLOWING ADDRESS
Mailing address: (make corrections on back)
17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155
Resident Address:

Charleston County
ASSESSOR'S OFFICE
P.O. BOX 427
CHARLESTON, SC 29402-0427

TEMPORARY RETURN SERVICE REQUESTED

DOCKET NO. 13-ALJ-17-0150-CC
UNIVERSITY VENTURES LLC
486-06-00-130

6/30/2011: NOTICE OF CLASSIFICATION, APPRAISAL & ASSESSMENT OF REAL ESTATE 2011 TAX YEAR (REASSESSMENT) SENT TO TAXPAYER

THIS IS NOT A TAX BILL

15493

UNIVERSITY VENTURES LLC
C/O THE RICE MILL BLDG
17 LOCKWOOD DR STE 400
CHARLESTON SC 29401-1155

NOTICE OF CLASSIFICATION, APPRAISAL, & ASSESSMENT OF REAL ESTATE 2011 TAX YEAR

PROPERTY CLASSIFICATION	BLDG	VALUE	X	RATIO	=	ASSESSMENT *
OWNER OCCUPIED RESIDENCE			X		=	
OTHER REAL PROPERTY	2	9,407,000	X	0.06	=	564,420
AGRICULTURAL USE VALUE			X		=	
TOTAL TAXABLE (CAPPED) VALUE/ASSESSMENT		9,407,000				564,420

PARCEL ID NO.
486-06-00-130-

FOR INFORMATION ONLY
MARKET VALUE WITHOUT 15% CAP
9,630,000

AGRICULTURAL MARKET VALUE

* THE ASSESSMENT IS NOT THE AMOUNT OF YOUR FUTURE TAXES.

PROPERTY LOCATION-SUBDIVISION-LEGAL DESCRIPTION	OFFICE USE	
2688 FERNWOOD TRACT EF TOTAL ACREAGE IS 2.06	32	
	TAX DISTRICT 4-3	NOTICE DATE 06/30/2011

If you disagree with the Appraisal / Assessment, you ***must*** file ***written objection*** with the Assessor on or before **09/28/2011**. SEE INFORMATION ON BACK OF THIS NOTICE.

REASON FOR CHANGE: COUNTYWIDE EQUALIZATION OF ASSESSMENTS BASED ON CURRENT MARKET VALUE

CHARLESTON COUNTY IS REQUIRED BY STATE LAW TO IMPLEMENT A REASSESSMENT IN 2011. FOR THIS REASSESSMENT, BY LAW, PROPERTIES MUST BE VALUED AS OF 12/31/2008. THIS NOTICE ADVISES YOU OF THE NEW APPRAISED VALUE AND ASSESSMENT. PLEASE EXAMINE THE NOTICE CAREFULLY. PROPERTIES THAT EXPERIENCED AN ASSESSABLE TRANSFER OF INTEREST (ATI) IN 2010 DO NOT QUALIFY FOR THE 15% CAP ON INCREASES IN VALUE. FOR APPEAL INFORMATION, MORE INFORMATION ON THE 15% CAP AND GENERAL REASSESSMENT INFORMATION GO TO WWW.CHARLESTONCOUNTY.ORG AND LOOK FOR REASSESSMENT 2011 OR SEE THE INSERT INCLUDED WITH THIS NOTICE.

If this property is your primary legal residence, and it is not assessed at the 4% ratio (above), OR if you believe the property qualifies for the Agricultural Use Special Assessment, and it is not assessed at Agricultural Use Value (above), file an application. If you *have already filed an application*, and Legal Residence or Agricultural Use has been denied, revoked, removed or is not indicated above, file an Objection if you believe the property qualifies. Applications can be found at www.charlestoncounty.org, OR call our office at the main number noted above, OR you may check the box(es) on the Notice of Objection to request we mail you the application(s).

IMPORTANT NOTE: Applications have legal deadlines. Backlogs develop after bills are mailed. If the bill is due and an application has been filed, you must pay your bill as issued or penalties will be applied. If your application(s) is approved, you will receive a refund.

PETITIONER'S EXHIBIT
11
1/21/15 cr
PENGAD 800-631-6989

PARCEL ID# 486-06-00-130-

020602.20110611771(01,16493

DOCKET NO. 13-ALJ-17-0150-CC
UNIVERSITY VENTURES LLC
486-06-00-130

9/28/2011: RECEIVED LETTER OF OBJECTION FROM OWNER

Sched Conf BY 10/26/11
Error Corr OR Not Enough Info

UPDATED
DEC 6 2011
ASTWLZ

RH
#32
12/15/11
K. Brown
DCW

University Ventures, LLC

07
#32
12/15/11

UPDATED
DEC 15 2011
ASTWLZ

UPDATED
OCT 04 2011
ASTSEW

RECEIVED
2011 SEP 28 PM 1:41
CHARLESTON COUNTY
ASSESSOR'S OFFICE

September 19, 2011

Hand Delivery
Charleston County Assessor's Office
O.T. Wallace County Office Building
101 Meeting Street, Suite 300
Charleston, South Carolina 29401

RE: *Written Notice of Objection*
University Ventures, LLC
2688 Fernwood
TMS 486-06-00-130
Tax Year 2011

Dear Charleston County Assessor:

University Ventures, LLC (the "**Taxpayer**") owns the real property located at 2688 Fernwood and identified as TMS Number 486-06-00-130 (the "**Property**"), and is in receipt of enclosed reassessment notice issued by the Charleston County Assessor's Office. Please find enclosed the South Carolina Department of Revenue SC2848 Form Power of Attorney and Declaration of Representative authorizing Kimberly Bennett Brown, a family member and agent of the Taxpayer, and Will Dawson and Morris Ellison, attorneys of the Taxpayer, to represent the Taxpayer.

Please consider this letter as a formal appeal and notice of objection to the fair market value, special use value, assessment ratio and property tax assessment of the Property. On behalf of the Taxpayer and in accordance with the South Carolina Revenue Procedures Act, we hereby request a meeting with the Charleston County Assessor's Office to discuss the enclosed mailing. This letter shall in no way be interpreted or construed as a waiver of the Taxpayer's rights, at law or in equity, with regards to matters related to the enclosed mailings.

We look forward to meeting with you to discuss the above.

Yours very truly,

University Ventures, LLC

PETITIONER'S EXHIBIT
12
1/21/15 dx
PENGAD 800-631-6989

32

THIS TAX BILL DOES NOT REFLECT ANY TAXES YOU MIGHT OWE FOR PREVIOUS YEARS

COMBINED TAXES FOR 4-3 CITY OF NORTH CHARLESTON

MOTOR VEHICLE TAXES FOR PERIOD COMMENCING FOR MONTHS

TAX YEAR	BILL DATE	BILL NUMBER	DISTRICT	ASSESSMENT RATIO	APPRAISAL	ASSESSMENT	MILLAGE	TOTAL TAX
2011	11-12-2011	1344133	4-3	6.0	9,630,000	564,420	269.5	152,111.19

PROPERTY DESCRIPTION	ACCOUNT NUMBER
	4860600130

COUNTY SALES TAX CREDIT	-6,584.90
MUNICIPAL SALES TAX CREDIT	-6,678.97
PAY THIS AMOUNT ON OR BEFORE 01-17-2012	138,847.32

AVOID DECAL DELAY-IF FOLLOWING ADDRESS IS DIFFERENT FROM DMV ADDRESS ON PAYMENT COUPON BELOW, CALL 958-4200 BEFORE YOU PAY.

UNIVERSITY VENTURES LLC
THE RICE MILL BLDG
17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155

YOU CAN PAY YOUR TAXES ONLINE AT www.charlestoncounty.org

IMPORTANT INFORMATION ON BACK OF THIS BILL

MILLS	TAX AMOUNT	DISTRIBUTION BY GOVERNMENT AGENCY	PERCENTAGE OF TAX
39.10	15,483.92	COUNTY GOVERNMENT OPERATING	
6.10	3,442.96	COUNTY GOVERNMENT BONDS (958-4641)	13.6%
98.60	55,651.81	SCHOOL BOARD OPERATING	
27.90	15,747.32	SCHOOL BOARD BONDS (566-1829)	51.4%
3.60	2,031.91	PARKS & RECREATION OPERATING	
1.80	1,015.96	PARKS & RECREATION BONDS (762-2172)	2.2%
1.90	1,072.40	TRIDENT TECHNICAL COLLEGE OPERATING (574-6111)	
0.50	282.21	TRIDENT TECHNICAL COLLEGE BONDS	1.0%
90.00	44,118.83	CITY OF NORTH CHARLESTON (740-2630)	31.8%
269.50	138,847.32	TOTAL TAXES	100.0%
	138,847.32	PAY THIS AMOUNT	

PETITIONER'S EXHIBIT 13 1/21/15 cw

PENGAD 800-631-6989

NO MORE WAITING IN LINE AT DMV. BOTH TAXES AND REGISTRATION RENEWAL FEE ARE INCLUDED IN TOTAL AMOUNT DUE. ONCE PAID, THE DMV WILL MAIL YOUR DECAL.

TEAR AT PERFORATION AND RETURN BOTTOM PORTION WITH PAYMENT

PROPERTY DESCRIPTION

ACCOUNT NUMBER 4860600130

BILL NUMBER 1344133

PAY YOUR TAXES ONLINE AT: www.charlestoncounty.org

AMOUNT 138,847.32

U.S. DOLLARS ONLY

MAKE PAYMENTS TO:
CHARLESTON COUNTY TREASURER
PO BOX 878
CHARLESTON, SC 29402

DMV INFORMATION
TAG# VIN:
MAKE: DL#:
YEAR: Vehicle Renewal Fee $ 0.00

INSURANCE CERTIFICATION IS NOT REQUIRED

DECAL WILL BE MAILED TO THE FOLLOWING ADDRESS
Mailing address: (make corrections on back)
17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155
Resident Address:

Charleston County
ASSESSOR'S OFFICE
P.O. BOX 427
CHARLESTON, SC 29402-0427

TEMPORARY RETURN SERVICE REQUESTED

DOCKET NO. 13-ALJ-17-0150-CC
UNIVERSITY VENTURES LLC
466-06-00-130

5/23/2012: ASSESSOR'S RESPONSE: NOTICES OF CLASSIFICATION, APPRAISAL, & ASSESSMENT OF REAL ESTATE 2011 TAX YEAR SENT TO TAXPAYER

THIS IS NOT A TAX BILL

MR MORRIS ELLISON
5 EXCHANGE ST
CHARLESTON SC 29401

NOTICE OF CLASSIFICATION, APPRAISAL, & ASSESSMENT OF REAL ESTATE 2011 TAX YEAR

PROPERTY CLASSIFICATION	VALUE	X	RATIO	=	ASSESSMENT*
OWNER OCCUPIED RESIDENCE		X		=	
OTHER REAL PROPERTY	9,407,000	X	0.06	=	564,420
AGRICULTURAL USE VALUE		X		=	
TOTAL TAXABLE (CAPPED) VALUE/ASSESSMENT	9,407,000				564,420

PARCEL ID NO.
4860600130

FOR INFORMATION ONLY
MARKET VALUE WITHOUT 15% CAP
9,630,000

AGRICULTURAL MARKET VALUE
WITH 15% CAP (CAPPED VALUE)

*** THE ASSESSMENT IS NOT THE AMOUNT OF YOUR FUTURE TAXES.**

PRIOR VALUE WAS 9,630,000

PROPERTY LOCATION-SUBDIVISION-LEGAL DESCRIPTION
2688 FERNWOOD
NORTH CHARLESTON
TRACT EF TRACT F HAMPTON INN AND SUITES
TOTAL ACREAGE IS 2.06

OFFICE USE

TAX DISTRICT	NOTICE DATE
4-3	05/23/2012

If you disagree with the Appraisal / Assessment, you ***must*** file ***written objection*** with the Assessor on or before **06/22/2012**. SEE INFORMATION ON BACK OF THIS NOTICE.

REASON FOR CHANGE: Request For Review - No Change In Assessors Value

PETITIONER'S EXHIBIT
14
1/21/15 cue
PENGAD 800-631-6989

If this property is your **primary legal residence**, and it is not assessed at the 4% ratio (above), OR if you believe the property qualifies for the **Agricultural Use Special Assessment**, and it is not assessed at Agricultural Use Value (above), file an application. If you *have already filed an application*, and Legal Residence or Agricultural Use has been denied, revoked, removed or is not indicated above, file an Objection if you believe the property qualifies. Applications can be found at www.charlestoncounty.org, OR call our office at the main number noted above, OR you may check the box(es) on the Notice of Objection to request we mail you the application(s).

IMPORTANT NOTE: Applications have legal deadlines. Backlogs develop after bills are mailed. If the bill is due and an application has been filed, you **must** pay your bill as issued or penalties will be applied. If your application(s) is approved, you will receive a refund.

PARCEL ID NO. 4860600130

1820602.20120510081010.00002

THIS TAX BILL DOES NOT REFLECT ANY TAXES YOU MIGHT OWE FOR PREVIOUS YEARS

COMBINED TAXES FOR 4-3 CITY OF NORTH CHARLESTON

MOTOR VEHICLE TAXES FOR PERIOD COMMENCING FOR MONTHS

TAX YEAR	BILL DATE	BILL NUMBER	DISTRICT	ASSESSMENT RATIO	APPRAISAL	ASSESSMENT	MILLAGE	TOTAL TAX
2012	10-01-2012	2619952	4-3	6.0	9,630,004	564,420	274.3	154,820.41

PROPERTY DESCRIPTION	ACCOUNT NUMBER
	4860600130

COUNTY SALES TAX CREDIT	-7,337.46
MUNICIPAL SALES TAX CREDIT	-7,055.25
PAY THIS AMOUNT ON OR BEFORE 01-15-2013	140,427.70

AVOID DECAL DELAY-IF FOLLOWING ADDRESS IS DIFFERENT FROM DMV ADDRESS ON PAYMENT COUPON BELOW, CALL 958-4200 BEFORE YOU PAY.

UNIVERSITY VENTURES LLC
THE RICE MILL BLDG
17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155

YOU CAN PAY YOUR TAXES ONLINE AT www.charlestoncounty.org

IMPORTANT INFORMATION ON BACK OF THIS BILL

MILLS	TAX AMOUNT	DISTRIBUTION BY GOVERNMENT AGENCY	PERCENTAGE OF TAX
39.90	15,182.90	COUNTY GOVERNMENT OPERATING	
6.10	3,442.96	COUNTY GOVERNMENT BONDS (958-4641)	13.3%
100.50	56,724.21	SCHOOL BOARD OPERATING	
26.00	14,674.92	SCHOOL BOARD BONDS (566-1829)	50.8%
4.00	2,257.68	PARKS & RECREATION OPERATING	
1.40	790.19	PARKS & RECREATION BONDS (762-2172)	2.2%
1.90	1,072.40	TRIDENT TECHNICAL COLLEGE OPERATING (574-6111)	
0.50	282.21	TRIDENT TECHNICAL COLLEGE BONDS	1.0%
94.00	46,000.23	CITY OF NORTH CHARLESTON (740-2630)	32.8%
274.30	**140,427.70**	**TOTAL TAXES**	100.0%
	140,427.70	PAY THIS AMOUNT	

PETITIONER'S EXHIBIT
15
1/21/15 CLK
PENGAD 800-631-6989

NO MORE WAITING IN LINE AT DMV. BOTH TAXES AND REGISTRATION RENEWAL FEE ARE INCLUDED IN TOTAL AMOUNT DUE. ONCE PAID, THE DMV WILL MAIL YOUR DECAL.

TEAR AT PERFORATION AND RETURN BOTTOM PORTION WITH PAYMENT

PROPERTY DESCRIPTION

ACCOUNT NUMBER
4860600130

BILL NUMBER 2619952

PAY YOUR TAXES ONLINE AT: www.charlestoncounty.org

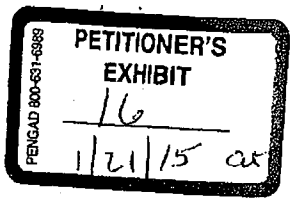
AMOUNT 140,427.70
U.S. DOLLARS ONLY

MAKE PAYMENTS TO:
CHARLESTON COUNTY TREASURER
PO BOX 878
CHARLESTON, SC 29402

DMV INFORMATION
TAG# VIN:
MAKE: DL#:
YEAR: Vehicle Renewal Fee $ 0.00

INSURANCE CERTIFICATION IS NOT REQUIRED

DECAL WILL BE MAILED TO THE FOLLOWING ADDRESS
Mailing address: (make corrections on back)
17 LOCKWOOD DR STE 400 STE 400
CHARLESTON SC 29401-1155
Resident Address:



CHARLESTON COUNTY
BOARD OF ASSESSMENT APPEALS
DECISION

OWNER:	**UNIVERSITY VENTURES LLC**
PID#:	**11/486-06-00-130**
BAA#:	**11-0336**
Date of Decision:	**2/18/2014**
Deadline for ALC:	**3/18/2014**

The subject property is a 2.06 acre lot with a limited service hotel located at 2688 Fernwood Drive. The Assessor's Office was represented by Walter Ziegler, Commercial Specialist. The appellant was represented by Morris Ellison.

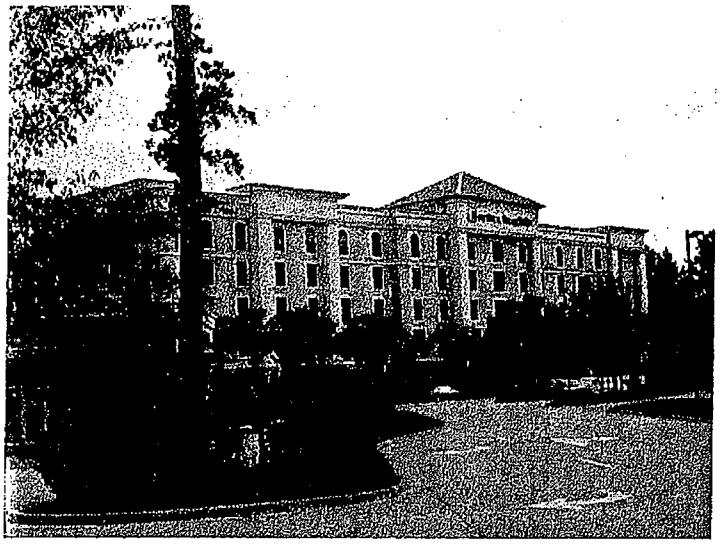
Mr. Ziegler began by stating the subject property is a five-story, 115 room limited service hotel, built in 2008/2009. He stated the subject property is zoned B-2-General Business and has a fitness and business center, as well as a guest laundry area and pool. Mr. Ziegler stated that the trends showed that there were available mortgages in Charleston County during the Date of Value in question. He stated the appellant's issues with the value were the lack of financing at the time and the subject property was over appraised. Mr. Ziegler utilized the Sales Comparison Approach and the Income Approach to determine the value. He stated the subject property was viewed as a midscale hotel without food and breakfast. With the Sales Comparison Approach, Mr. Ziegler utilized 16 comparable sales, where the unadjusted range on a per room basis was $62,000 to $130,000. The indicated value for the subject property was $90,000 per room with a room revenue multiplier of 3.63. The estimated value using this approach was $10,350,000, subtracting for the FF&E, making it $9,750,000. With the Income Approach, he made adjustments for occupancy, REVPar, Room Revenue, and telephone. With this, he determined the total expenses were $2,008,856, though he did not have any of the actual income and expense data because the appellant did not provide this when asked. He set a 9.75% CAP Rate, 68% Occupancy Rate, and a NOI of $902,530. With this the estimated value was $9,250,000. Mr. Ziegler also stated that the owner did take a mortgage out on the property in 2008. Based on this, Mr. Ziegler determined the subject property to be valued at $9,500,000 as of December 31, 2008.

Mr. Ellison began by stating that the subject property was vacant land at the end of 2008, and that only 70% of the hotel was complete. He stated the Assessor's Office assumed the state of credit and real estate markets in 2008 did not impact the values as of December 31, 2008. He asked the Board to only consider land value and improvements as of December 31, 2008, and not to view it as if it were completely finished. Mr. Ellison stated the best use of the subject property was that of vacant land, due to the hotel only being at 70% completion at the time of Date of Value. Based on comparable sales, giving a $7.00 a square foot average, and multiplying that with the total vacant land, Mr. Ellison requested the Board set a value of $628,439 for land value only.

Board members asked why the Assessor's Office was valuing the subject property as if the hotel was finished, when at the end of 2008, it was only 70% complete. Toy Glennon, Charleston County Assessor, explained that if they viewed it as not complete, then it would be omitted property, in which is not how the law is written. She stated that the Office is tied by law and statute to the Date of Value and that due to an ATI not occurring then the Date of Value is 2008, and that the Office must view it as the hotel being complete. Ms. Glennon stated the statute states that when completing Date of Value, you must view the parcel as it were, completed or not, on that date.

After carefully considering the information presented, the Charleston County Board of Assessment Appeals agrees with the Appellant's value of $628,439 as of December 31, 2008. The Board rendered this decision based on the land value of the parcel and the building being incomplete at the end of 2008.

SCANNED



Appraisal Report of
Hampton Inn & Suites

2688 Fernwood Drive
North Charleston, South Carolina 29406

Prepared For
Ms. Austin Bruner
Assistant County Attorney
Charleston County Attorney's Office
Lonnie Hamilton, III Public Services Building
4045 Bridge View Drive
North Charleston, South Carolina 29405-7464

Date of Retrospective Value Opinion
December 31, 2008

Date of Report
September 8, 2014

Report Prepared By
Hotel and Club Associates, Inc.
3717-D West Market Street
Greensboro, NC 27403
Phone: 336-379-1400 Fax: 336-379-8980
Website: www.hotelandclub.com

PENGAD 800-631-6989
PETITIONER'S EXHIBIT
17
1/21/15

HOTEL &CLUB

APPRAISAL AND CONSULTING SERVICE

September 8, 2014

Ms. Austin Bruner
Assistant County Attorney
Charleston County Attorney's Office
Lonnie Hamilton, III Public Services Building
4045 Bridge View Drive
North Charleston, South Carolina 29405-7464

Property Appraised: ***Hampton Inn & Suites North Charleston-University Blvd.***
2688 Fernwood Drive
North Charleston, South Carolina 29406

Dear Ms. Bruner:

In accordance with your letter of engagement, we have prepared an appraisal report of the Hampton Inn & Suites North Charleston-University Blvd. The subject is a 115-room limited-service Hampton Inn & Suites hotel that opened in April 2009. We have reported our opinion of the retrospective value as of December 31, 2008, which coincides with the most recent revaluation in Charleston County. The appraisal is subject to a hypothetical condition that assumes the hotel was completed, open, and fully stabilized in the market as of December 31, 2008. We physically inspected the property on August 14, 2014. To analyze the local market, the appraisers have reviewed retrospective market data relative to "competitive" hotels and the market in general. Further, we visited the hotels considered most directly competitive with the subject in an attempt to better understand the market. The market value opinions expressed within this appraisal are for the fee simple interest in the property.

The attached report is subject to the assumptions and limiting conditions set forth. The report presents the most pertinent data assembled, our analysis, and conclusions. It is prepared in conformance with the requirements of the Uniform Standards of Professional Practice (USPAP).

The appraisal is based on the hypothetical assumption that the subject property was completed and operating at a stabilized level of operations as a Hampton Inn & Suites on the date of appraisal. Our opinion of the retrospective market value for the total going concern hotel as of December 31, 2008 based on this hypothetical condition is as follows:

Market Value Opinion for Total Going Concern	
Retrospective Value*	$10,200,000

*Subject to Hypothetical Condition that the property was completed and fully stabilized as of December 31, 2008

The preceding value opinion is for the total going concern hotel operation. The chart to follow summarizes our allocation of the total going concern value between real property, FF&E, and business enterprise value (BEV). **The real property allocation is derived by subtracting the FF&E allocation and intangible business value allocation from the value opinion for the total going concern. The allocation for FF&E in this particular case is based on the actual reported value of the FF&E for the subject in 2011. The assessor's office indicates the reported value of FF&E for tax years 2010 and 2012 were significantly less than in 2011. We believe the 2011 listing more accurately represents the value of the FF&E and have used this amount in the allocation. Any change in this amount would affect the allocation to the real property.**

Allocation of Value Opinion	
Market Value Opinion for Total Going Concern	$10,200,000
Less FF&E Allocation	$1,338,650
Less Business Enterprise	$0
Allocation to Real Property	**$8,861,350**

*The value opinion is subject to the Assumptions and Limiting Conditions presented at the beginning of this appraisal

Respectfully submitted,

David G. Pope, MAI, SRA, SGA®

Brian S. Long

Executive Summary

Owned By:	University Ventures LLC
Property Location:	2688 Fernwood Drive, North Charleston, South Carolina, 29406
Property Type:	115-room, interior-corridor hotel classified within the upper-midscale, limited-service segment.
Property Rights Appraised:	Fee simple
Land Size:	2.06 acres
Main Improvements:	Five-story building that contains 115 guest rooms, breakfast area and approximately 1,100 square feet of meeting space per the hotel's website. Amenities include an outdoor pool and fitness room.
Highest and Best Use:	Continued use as a limited-service hotel.
As-Is Retrospective Valuation Date:	December 31, 2008
Zoning Districts:	B-2 – General Business District, University Boulevard Overlay District

Retrospective Value Opinions:

Summary of Retrospective Value Opinions	
	As Is
Income Capitalization Approach	$10,200,000
Sales Comparison Approach	$10,600,000
Cost Approach	$12,030,000

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ADDENDA

Accommodate and Occupancy Trends for Charleston SC – December 2008 report by College of Charleston
Appraiser Qualifications

Assumptions and Limiting Conditions

1. The appraisers certify that, to the best of their knowledge and belief, the statements contained in this appraisal, subject to the limiting conditions set forth below are correct; also that this appraisal has been made in conformity with the accepted practices of the Appraisal Institute.

2. This property has been analyzed as though free of all liens and encumbrances, unless otherwise stated herein. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered herewith. Good title is assumed.

3. The appraisers herein, by reason of this report, are not required to give testimony in court, with reference to the property herein appraised, unless arrangements have been previously made therefore.

4. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.

   Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or the MAI or SRA Designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.

5. Certain information in this report was furnished from sources believed to be reliable; however, such information is not guaranteed to be correct, although it has been checked insofar as possible and is believed to be correct.

6. We are not familiar with any engineering or geological studies made to determine the bearing capacity of the land or that indicate any mineral contents of a significant nature. Because improvements in the area appear to be structurally sound, we assume that soil and subsoil conditions are stable.

7. Plats, maps, and other exhibits in this report are used merely to help the reader visualize the property and its surroundings. No responsibility is assumed for their cartographic accuracy.

8. The value opinions reported herein are under the purpose and land-use premise stated. They are not valid for any other purpose or premise and must not be used in conjunction with any other appraisal or intended use.

9. Full compliance with all applicable federal, state, and local environmental regulations is assumed, as well as all applicable zoning, use, and occupancy regulations and restrictions as stated and considered in this report.

10. In this assignment, the existence of any hazardous or potentially hazardous material possibly located on the site thereon, such as urea formaldehyde foam insulation, asbestos, or toxic waste, etc., was not observed by the inspecting appraiser(s) and has not been considered. The appraiser(s) has no knowledge of any such materials on or in the property, but is not qualified to detect such substances. The presence of such materials may have an effect on the value or use of the property. It is assumed that there are no hazardous material spills, etc., resulting from underground storage tanks or other causes associated with the subject property. Full compliance with all environmental laws is assumed. The client is urged to retain an expert in this field, if desired.

11. Any projections, forecasts, etc., regarding future patterns of income and/or expenses, prices/values, etc. represent the analysts' best estimates of investor anticipation with respect to these items, based on information available at the date of appraisal or analysis. Such information includes forecasts/projections published by recognized sources such as economists, financial publications, investor surveys, etc.

    Economic trends can affect future behavior of income, expenses, values, etc. Changes in these items caused by future occurrences could result in values different from those established in this report. We cannot accept responsibility for economic variables in the future, which could not have been known or anticipated at the date of analysis (inflation rates, economic upswings or downturns, fiscal policy changes, etc.).

12. All mechanical electrical and plumbing equipment along with structural/non-structural components of the building are assumed to be in good working order as of the effective date of the appraisal, unless otherwise stated and treated elsewhere in the report. .

13. The Americans with Disabilities Act (ADA) became effective January 26, 1992 setting strict and specific standards for disabled access to and within most commercial and public buildings. We have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property will not be in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.

14. The estimated income and expense results are based upon competent, efficient management, responsible ownership, and presume no significant change in the competitive position of the competitive facilities (supply) in the area, other than as set forth in this appraisal report.

15. 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, which include the Uniform Standards of Professional Appraisal Practice.

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

17. This appraisal is prepared for the exclusive use of Charleston County Attorney's Office and their legal counsel for in conjunction with a tax appeal case. The appraisal is not valid for any other party or use. The appraisers are not qualified to detect construction defects, environmental hazards, or title defects and we assume none are present.

18. When and if we have used the word(s) "inspect, inspection or inspected" in this appraisal in regard to our site visit and observation, we have not intended to imply that we are experts with respect to the structural and/or mechanical engineering aspects of the proposed subject property or any potential environmental conditions. As referenced in other "assumptions and limiting conditions" herein, we are not experts in these areas. We have not "inspected" all guest rooms, but have only viewed a representation sample of rooms. It is assumed that the rooms inspected and photographed are representative of the overall condition of the hotel.

Extraordinary Assumption and Hypothetical Condition

1. This is a retrospective appraisal and the effective date of appraisal is December 31, 2008, prior to the actual completion of the hotel. This appraisal is subject to a hypothetical condition that provides an opinion of value as if the subject property was completed and fully stabilized as of December 31, 2008 even though the hotel did not open until April of 2009. Construction was underway at the hotel in December of 2008.

Introduction to the Subject Property

Identification and Ownership of the Property

Property Name:	Hampton Inn & Suites
Address:	2688 Fernwood Drive, North Charleston, South Carolina, 29406
Ownership:	University Ventures LLC
Property Type:	Upper-Midscale Hotel
Legal Description:	Deed Book R607, Page 071
Parcel ID Number:	4860600130

Client(s) and Intended User(s)

Client(s):	Ms. Austin Bruner, Charleston County Attorney's Office
Intended User(s):	Ms. Austin Bruner, Charleston County Attorney's Office

Purpose and Intended Use of the Appraisal

Purpose:	Develop an opinion of market value for the going-concern subject hotel retrospective as of December 31, 2008 based on the hypothetical condition that the subject was complete and fully stabilized as of that date.
Intended Use:	The intended use of this appraisal is to provide an opinion of market value for a pending real property tax appeal. For this purpose, the appraisal provides an allocation of the value of the going concern hotel property between real property, business personal property, and intangible business value.

Appraisal Disclosure

Disclosure:	The appraisers have not performed as an appraiser or in any capacity, any services regarding the subject property within the three-year period immediately preceding acceptance of this assignment.

Type of Appraisal Report

Report Type:	Appraisal Report

PROPERTY INTERESTS APPRAISED

Property Interest:	Fee Simple
Title:	We assume that the title is clear.

IMPORTANT DATES

Date of Inspection:	August, 14, 2014
Date of Retrospective Value Opinion:	December 31, 2008
Date Report Completed:	September 8, 2014

OWNERSHIP HISTORY OF THE PROPERTY

Most Recent Transaction

Current Ownership Name:	University Ventures LLC
Date Acquired:	December 5, 2006
Acquired From (Grantor):	University Boulevard LLC
Sale Price:	$1,253,224 (land only)
Deed of Record:	Deed Book R607, Page 071
Jurisdictional Location:	Charleston County Register of Deed's office

Analysis:

The most recent transaction indicated above was for the vacant site only. The hotel was constructed in 2008/2009. It opened for business in April of 2009. Building permits filed by the developer indicate construction costs of $8,017,448 for the building improvements. Land and building cost would have been approximately $9.3 million exclusive of FF&E. Based on typical FF&E costs for a project of this quality, the appraiser estimates a total project cost of more than $11.0 million when considering hard construction costs, land, soft costs, and FF&E. The value opinions developed within the accompanying appraisal are less than the projected cost of construction due primarily to declining economic conditions in late 2008.

Current Listing/Contract Information

Currently Listed For Sale:	No
Pending Contract For Sale:	No
Leased:	No

Scope of Appraisal

- The scope of this appraisal includes the investigations necessary to gather sufficient data from which to derive an opinion of value and encompasses the necessary research and analysis to prepare a report in accordance with its intended use, the Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice.

- The appraisers gathered data from governmental records, regulations of the planning department, and ownership data.

- The appraisers visited the subject property and surrounding market area, making observations about the various factors that could potentially impact the value opinion of the property.

- The appraisers visited competitive properties in the market and have attempted to interview personnel at these competitive properties in an effort to gain further understanding of the marketplace and the subject's competitive position within the marketplace.

- We have reviewed information from Business License User Fee Accommodations Report on room revenues from hotels throughout the Charleston County market area prior to and after the effective date of value. We have analyzed this data in effort to project revenues for the subject assuming it was open and operating at a stabilized level of revenues as of the retrospective date of appraisal.

- Revenues and expenses of competitive properties, supply/demand and property marketability issues, comparable sales, etc. have been researched and used in the development of this appraisal.

- The report develops the income approach, sales comparison approach, and cost approach.

Definitions

Market Value

The South Carolina Code of Laws section 12-37-930 states:

"....all property shall be valued for taxation at its true value in money which in all cases shall be held to be the price which the property would bring following reasonable exposure to the market, where both the seller and buyer are willing, are not acting under compulsion, and are reasonably well informed as to the uses and purposes for which it is adapted and for which it is capable of being used."

This definition of market value is very similar in its intent and purpose to definition of market value below. For purposes of this appraisal, the definition adopted in the SC Code of Laws section above is used.

Market Value, as used in this report, is defined as:

> "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus.
>
> Implicit in this definition 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."[1]

[1] Chapter 12, Code of Federal Regulation, Part 34.42(f).

Retrospective Value Opinion

"A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." 2

Market Value "As Is"

"The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date." 3

As of the effective date of appraisal, December 31, 2008, the subject property consisted of a partially constructed hotel. However, the December 31, 2008 market values were not implemented by Charleston County until January 2011 and by that time, the subject property had been completed and operational for more than 1.5 years. Therefore, this appraisal is based on the hypothetical premise that it would have been completed as of the date of value.

Fee simple Interest

*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.*4

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; more accurately termed the market value of the going-concern."

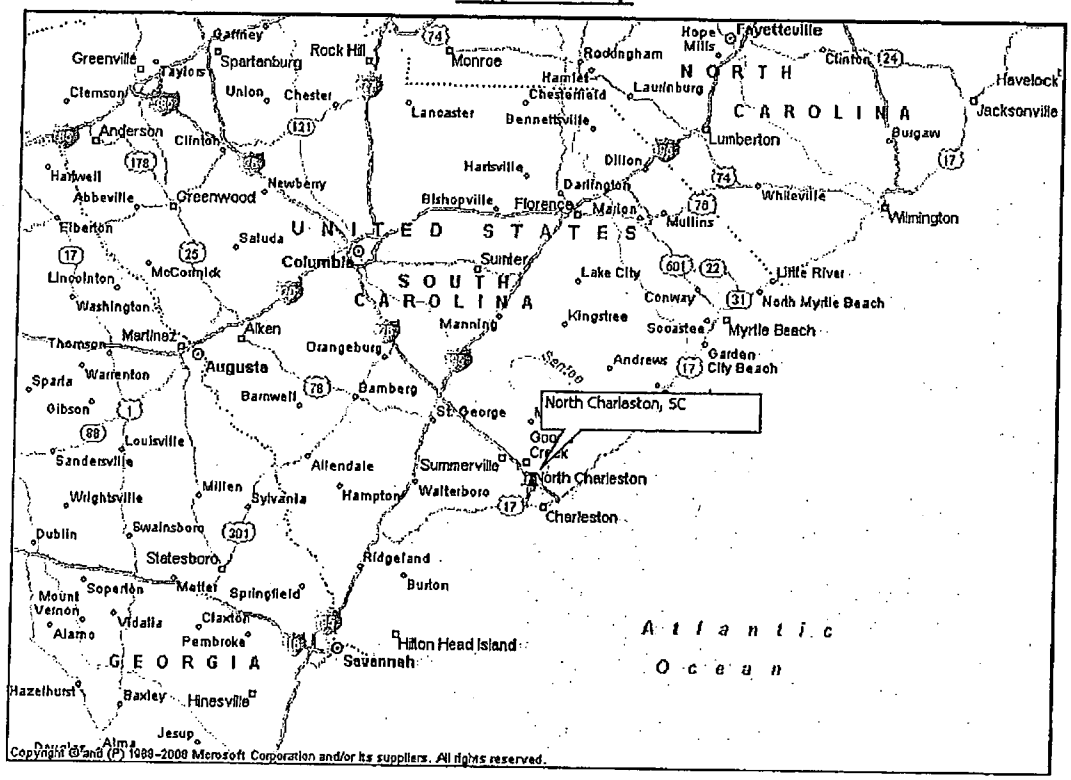
1. The value of an operating business enterprise. Good will may be separately measured but is an integral component of going-concern value when it exists and is recognizable." 5

2Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago, 2010), Page 171.
3Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago, 2010), Page 12.
4Appraisal Institute, The Dictionary of Real Estate Appraisal, Fourth Edition (Chicago, 2002), Page 127.
5Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago, 2010), Page 88.

North Charleston/Charleston County Overview

The purpose of this section of the report is to summarize demographic and economic factors in the local market area, which may influence and/or create value for real estate.

Regional Map



The subject hotel is in the City of North Charleston, near the coast of the Atlantic Ocean in South Carolina. It is on the I-26 corridor at interchange #205, near Charleston Southern University. North Charleston is located approximately two hours southwest of Myrtle Beach, and is part of the Charleston-North Charleston-Summerville Metropolitan Statistical Area (MSA).

North Charleston is located along the coastline of South Carolina in an area commonly referred to as the Lowcountry. Charleston County is bordered by Berkeley County to the northeast, Dorchester County to the north/northwest and Colleton County to the north and west.

The Charleston-North Charleston MSA (Metropolitan Statistical Area) includes Berkeley, Charleston and Dorchester Counties. The area stretches along the central South Carolina coast and includes over 90 miles of Atlantic Ocean coastline and reaches some 50 miles inland. The three-county area encompasses about 3,200 square miles. Dorchester County is the smallest of the three counties, covering 576.74 square miles.

Population Characteristics

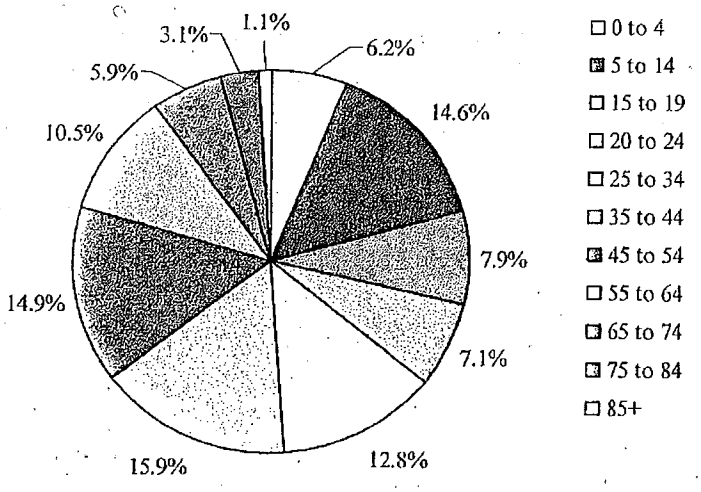
As it is by far the largest in terms of land area, Charleston County is the most populous of the three counties in the Charleston MSA. Based on current estimates, Charleston County accounts for approximately 56% of the area's estimated 586,695 full-time residents. The population of Charleston County grew at an annual growth rate of 0.5% from the 1990 census through 2000. Charleston County's population is projected to increase to an estimated 344,452 by 2010. The City of North Charleston's population decreased by 0.9% per year from 1990 to 2000, and has since rebounded, growing at an estimated rate of 0.8% per year from 2000 to 2005. The current population estimate for North Charleston is 82,800 residents. The North Charleston population is expected to continue to increase through 2010, at a rate of 0.8% per year.

	1990	2000	CAGR	2005 Est.	CAGR	2010 Proj.	CAGR
City of N. Charleston	**87,891**	**79,642**	**-0.9%**	**82,800**	**0.8%**	**85,922**	**0.8%**
Berkeley County	128,713	142,651	1.1%	150,095	1.0%	157,083	0.9%
Charleston County	**295,103**	**309,969**	**0.5%**	**330,368**	**1.3%**	**344,452**	**0.8%**
Dorchester County	83,061	96,413	1.6%	109,065	2.6%	121,396	2.3%
Charleston MSA	**506,837**	**548,986**	**0.8%**	**586,695**	**1.4%**	**622,881**	**1.2%**
South Carolina	3,486,708	4,012,012	1.5%	4,230,879	1.1%	4,438,211	1.0%

Source: CCIM Site to Do Business / US Census Bureau

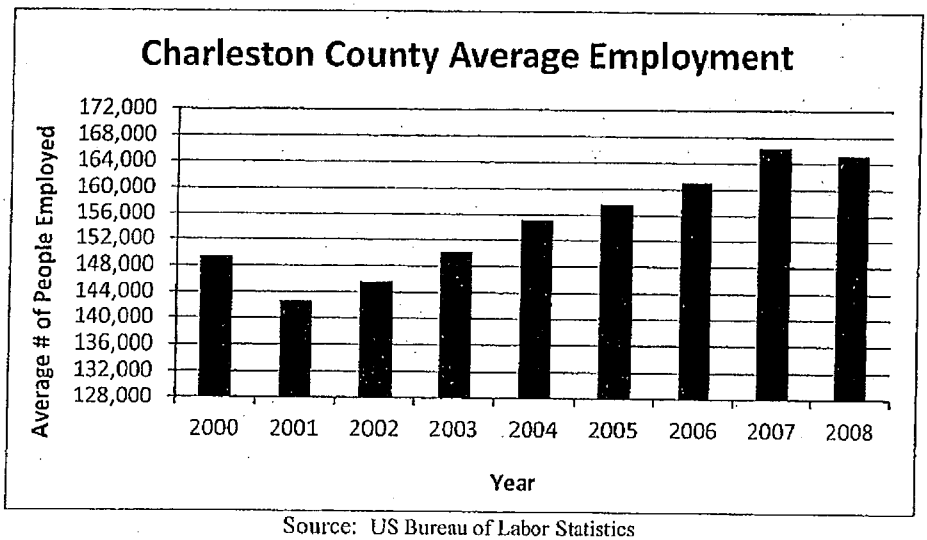
The following chart shows the age distribution for the Charleston MSA population. Roughly 61% of the population is of the typical working age, between 20 and 65 years old. The median age is about 35 years.

Charleston MSA Age Distribution



Source: CCIM Site to Do Business

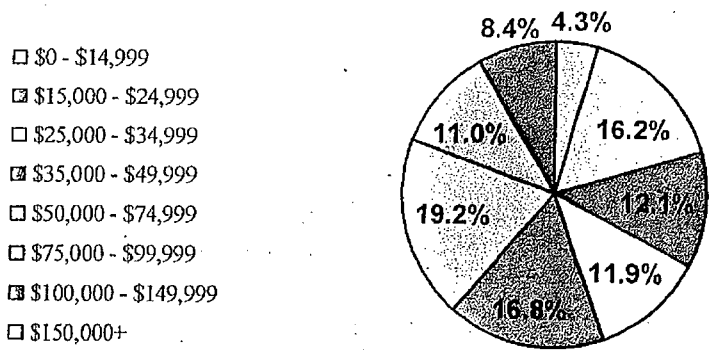
unemployment rates, with unemployment rising steadily since 2000. The following chart illustrates a history of the total number of people employed within Charleston County from 2000 through year end 2008.



Source: US Bureau of Labor Statistics

The following chart shows the distribution of household income for the Charleston County MSA. Approximately 57% of the Charleston MSA households earn under $50,000 per year, and nearly 12.7% earn more than $100,000 per year.

Household Income Distribution
Charleston MSA

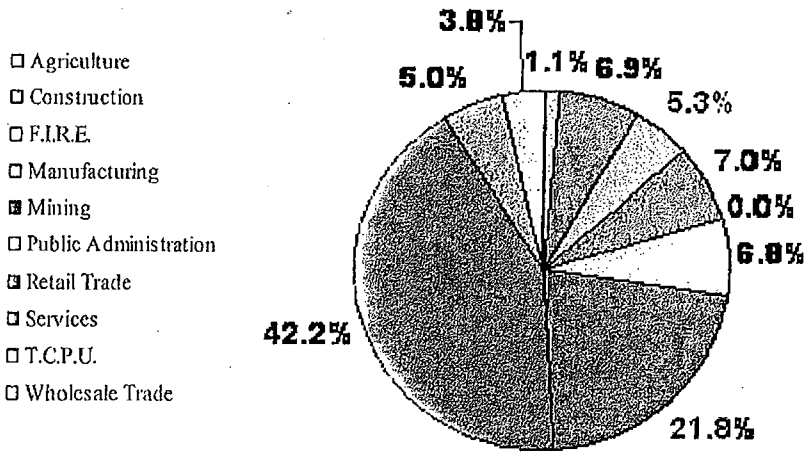


Source: CCIM Site to Do Business

Economic Characteristics

Charleston is more than just an historic city. It is also a port city, manufacturing center and home to the Charleston Air Force Base. However, due to the significance of tourism, the services and trade industry segments are the largest economic components, based on number of persons employed. Though still a factor, the manufacturing presence in the area has declined in recent years. While total employment in manufacturing has remained steady, the growth of other sectors has resulted in a decreasing share of total employment. The strength of the construction segment points to healthy residential and commercial development ongoing throughout the area.

Employment by Industry Segment
Charleston MSA



Source: CCIM Site to Do Business

The following table shows the top ten employers in the Charleston MSA.

Employer	Product/Service	Employees
US Navy	Military Defense	16,200
Medical University of South Carolina	Health Care, Research, & Education	7,550
Charleston Air Force Base	Military Defense	5,600
Charleston County School District	Primary and Secondary Education	5,150
Berkeley County School District	Primary and Secondary Education	3,400
Roper St. Francis Healthcare	Healthcare, Hospitals	2,900
Charleston County	County Government	2,300
Dorchester County School District II	Education / Public Schools	2,200
Wal-Mart Stores	Retail General Merchandise Stores	2,150

Source: Charleston Metro Chamber of Commerce

Charleston County, like many communities that are at least partially dependent on manufacturing jobs, has been experiencing difficult times over the past few years when it comes to

Tourism Industry

The tourism industry is a vital aspect of the Charleston region's economy. According to the Center for Business Research, an estimated 4.6 million individuals visit the Charleston area annually. The total economic impact of the visitor industry is estimated at approximately $5.1 billion each year.

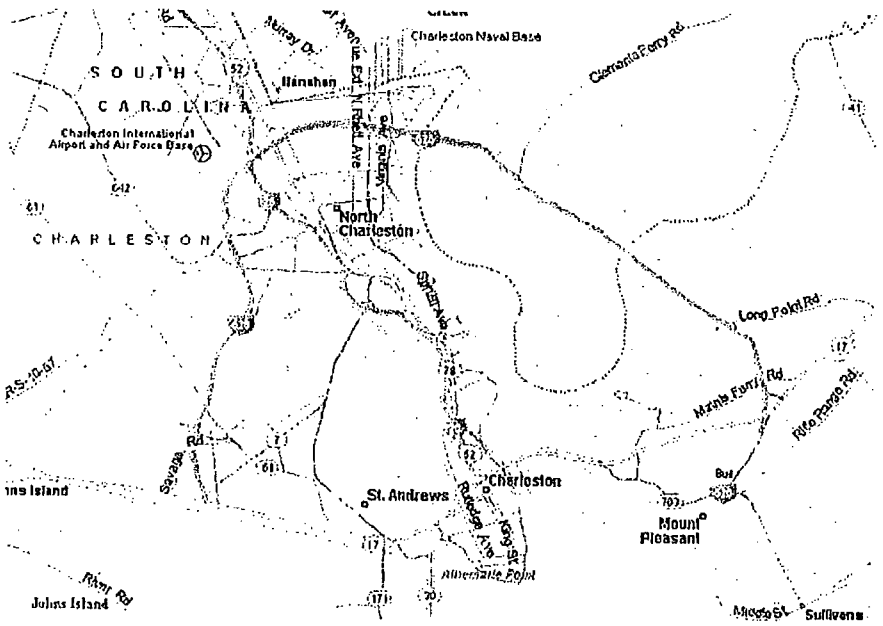
Visitors rank Charleston's downtown historic district as the area's number one asset, followed by the area's restaurants, beach climate and friendly people. With world-class golf destination resorts, including Kiawah Island Golf & Tennis resort and Wild Dunes, and a number of championship-caliber public access golf courses, Charleston is a popular golf destination.

Military Presence

The military is one of the area's largest employers of both active-duty and civilian personnel, employed in a number of Department of Defense facilities. Navy personnel are located in the region at installations such as the Charleston Naval Weapons Station, Naval Hospital and Naval Command, Control and Ocean Surveillance Center and National In Service Engineering, East Coast Division (or NISE East). The Charleston Air Force Base is the home for the United States Air Force 437th Airlift Wing.

Transportation

Transportation and accessibility factors are key to an area's economic growth and prosperity. In general, the Charleston area has adequate access to most major markets via highway, air or water. In addition, the area's predominantly warm climate minimizes wintertime interruptions of transportation.



Highway

Major transportation arteries serving the metro region include: 1-26, an east-west artery connecting the south-central Atlantic coastal region with the western regions of South and North Carolina, where it intersects 1-40; 1-95, a major north-south artery that runs along the eastern seaboard from northern Maine to Miami; and I-526, a 19-mile perimeter highway encircling the western half of the city of Charleston and connecting southern and northern communities. Further, there are five US Highways, including 17, 52, 78, 176 and 701, and fourteen state highways that serve the area.

Air

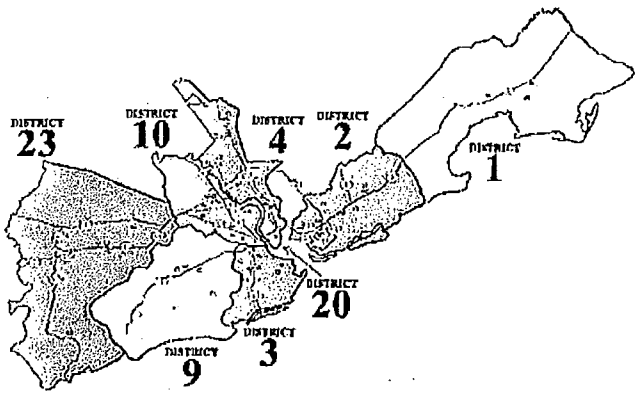
The Charleston International Airport is centrally located near 1-26 and I-526 in North Charleston. This international facility provides commercial and military air service for the region with over 90 flights per day to various destinations. There are also several private airports situated throughout the region, including Dorchester County.

Water

The Port of Charleston provides the area with water-based transportation for commercial shipping and civilian use alike. In 2003, the Port handled over 700,000 tons of bulk break cargo, making it the fourth largest cargo port in the nation. Carnival Cruise line uses the port as a starting/ending point and this generates room night demand in the market. Currently, the Charleston Harbor is being deepened to allow larger ships to travel further, towards the North Charleston area. In addition to the Port, there are numerous marinas and boat slips located along both the Ashley and Cooper Rivers.

Other

Additional transportation modes include approximately 100 motor freight carriers and the Norfolk-Southern, CSX and SC Railway Commission providing rail service.



Education

There are a number of institutions of higher learning in the Charleston area. These include:

College/University	Enrollment
Charleston Southern University	2,500
The Citadel	3:968
College of Charleston/University of Charleston	11,764
Medical University of South Carolina	2,883
Trident Technical College	9,100
Webster University	430

Health Care

Charleston is a regional medical center. The center of the healthcare industry is located in an eight-block area in downtown Charleston. Four hospitals (Bon Secours/St. Francis Xavier, Roper, Charleston Memorial and the Veterans Administration Medical Center), along with the Medical University of South Carolina Medical Campus form this medical center.

Recreation

The Performing Arts Theater, the Exhibit Hall and the North Charleston Coliseum make up the Charleston Area Convention Center Complex, located in North Charleston and built in 1999. The Performing Arts Theater contains 2300 seats and has full production capabilities. There is typically a full season of Broadway caliber shows at the Performing Arts Theater each year. The Exhibit Hall contains nearly 135,000 square feet of exhibit space, a 25,000 square foot ballroom, 20 meeting rooms, pre-function and registration areas and kitchen and concession areas. The North Charleston Coliseum is used for concerts and sporting events such as college basketball tournaments,

Other recreational opportunities abound in the area. Outdoor activities include golf at numerous nationally renowned facilities, tennis and water activities, including swimming, boating, fishing, kayaking and sailing. There are a number of tours in the Charleston Historic District, including those by carriage, candlelight and foot, through the area's historic homes, plantations and natural areas. Museums, festivals, antique shops, fine dining and spas are plentiful.

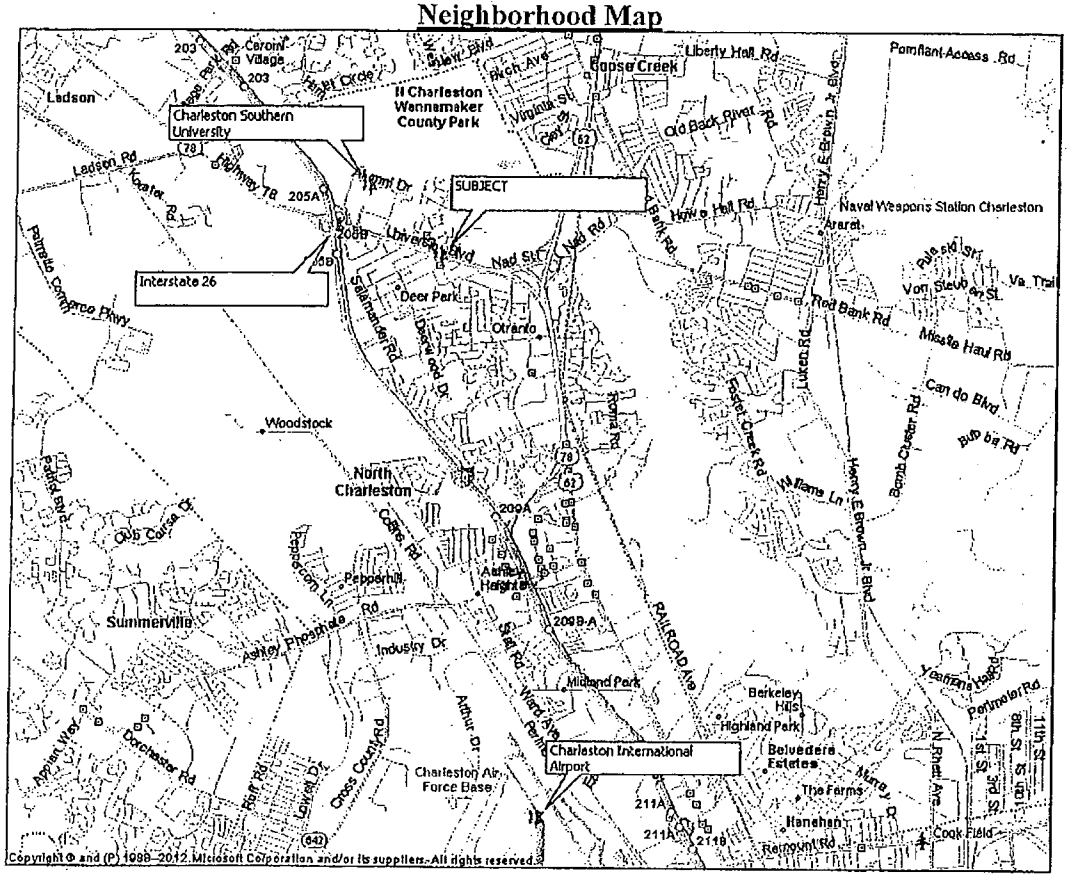
Conclusion

North Charleston enjoys a healthy economy that thrives on the impact of tourists drawn to the historic sites that proliferate throughout the Charleston area. The strength of both the services and wholesale/retail trade industry segments testify to this. The general Charleston area has been in a long term growth pattern and even though impact by the recession beginning in 2008, it is expected to recover and resume its growth as the national economy improves.

Description of the Subject Market Area

Real estate is an immobile asset greatly affected by its surrounding environment. Within a community, there is a marked tendency toward the grouping of land uses. The areas devoted to these particular uses are termed physical neighborhoods. Properties within a given neighborhood are affected by shifts or changes in the neighboring environment.

Neighborhood Map

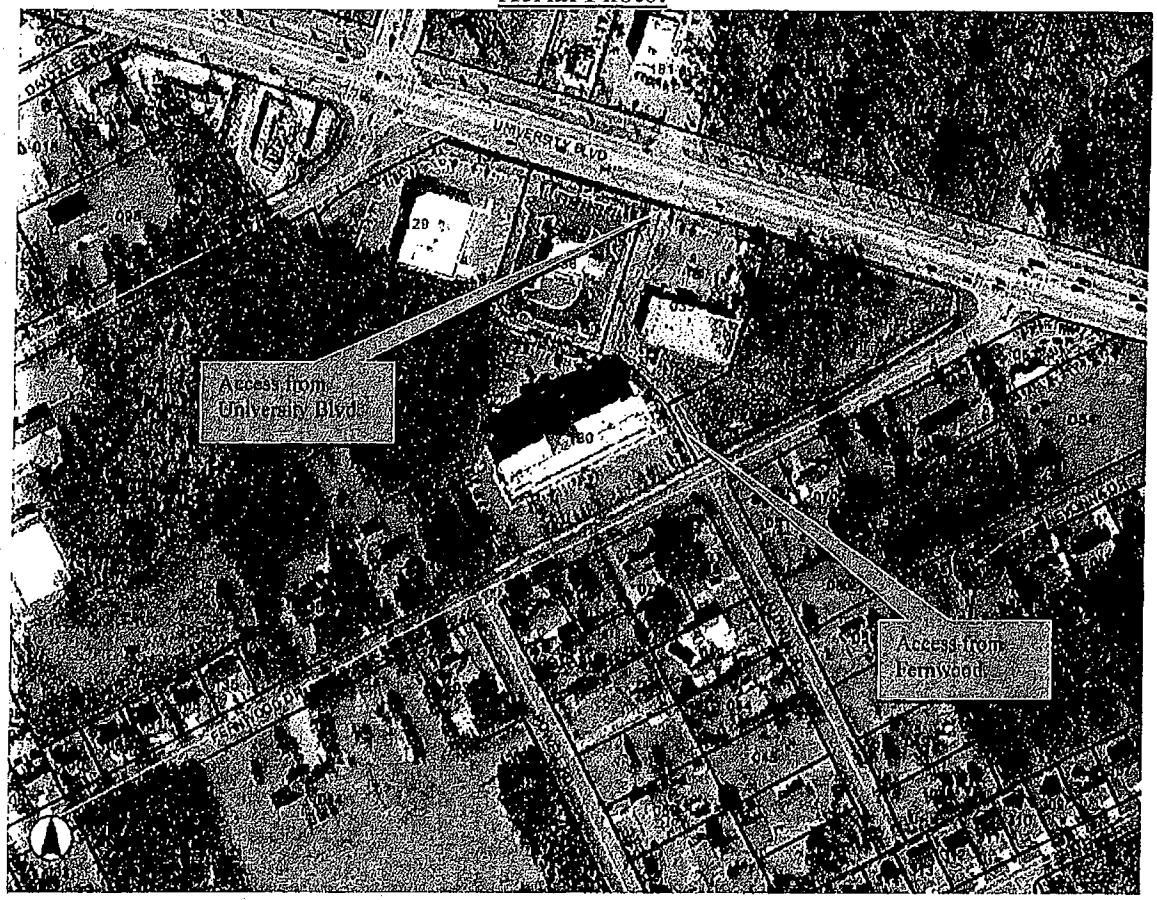


The subject is located on the Interstate 26 (I-26) corridor, at interchange #205 (University Blvd.) in North Charleston. Charleston Southern University is located at this interchange and is adjacent to I-26. Other development at the subject's includes the Trident Medical Center, various retail, restaurants, convenience stores, and the Whirling Waters Adventure Waterpark. The secondary streets surrounding University Blvd. are primarily comprised of residential. Franchised lodging facilities at the subject's interchange include the subject Hampton Inn & Suites, Fairfield Inn & Suites, Holiday Inn Express & Suites, and Wingate by Wyndham (the Wingate opened June 2008). Other franchised hotels are located at interchange #203 to the north, and #209 to the south.

Description of the Subject Property

The site overview is based upon a physical inspection. In addition, maps and government records were used in preparing the site description. A property survey and photographs of the property follow this section.

Aerial Photo:



- *Location:* 2688 Fernwood Drive, North Charleston, South Carolina, 29406
- *Site Size:* 2.06 acres according to tax records
- *Shape:* Irregular – see aerial GIS photograph above.
- *Frontage/Access:* The subject property has frontage along Fernwood Drive. There is a cross-access easement that provides access to the subject site from both University Blvd. and

Fernwood Drive. The variable public access easement is indicated and recorded in Plat Book DF Page 986. A copy of the plat map is provided on the pages to follow.

- ***Topography/Drainage:*** Generally level.

- ***Easements:*** Typical utility easements. Cross-access easement to and from the subject site across the two adjacent sites to the north and University Blvd.

- ***Utilities:*** Access to all public utilities

- ***Flood Zone:*** The subject is located in an area shown by FloodSource Flood Map. The subject is located in flood zone X, which is not classified as a flood hazard area.

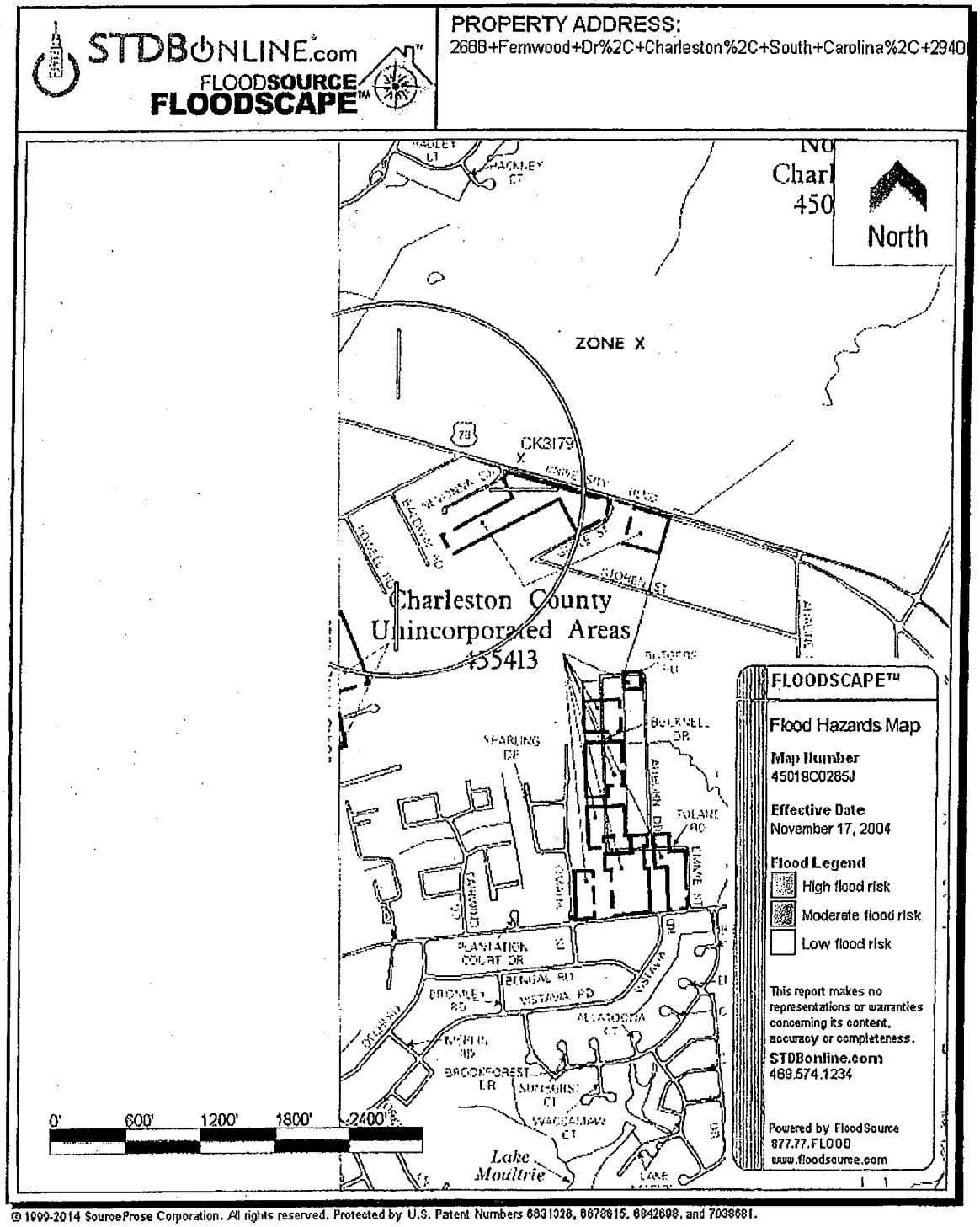
  Map Number: 45019C0285J
  Map Date: November 17, 2004

- ***Environmental Assessment:*** No environmental assessment is available. We are not aware of any environmental issues with the property, and no obvious environmental issues were noted during the site visit.

- ***Zoning***:

Jurisdiction:	City of North Charleston
Zoning District:	B-2
Intention of District:	General Business District, University Boulevard Overlay District
Permitted Use:	Hotels and Motels, Residential, Offices, Fast-food, etc.
Remarks:	The subject property appears to meet the requirements of its zoning district; however, the planning department must be consulted for an official determination of compliancy.

Flood Zone Map:



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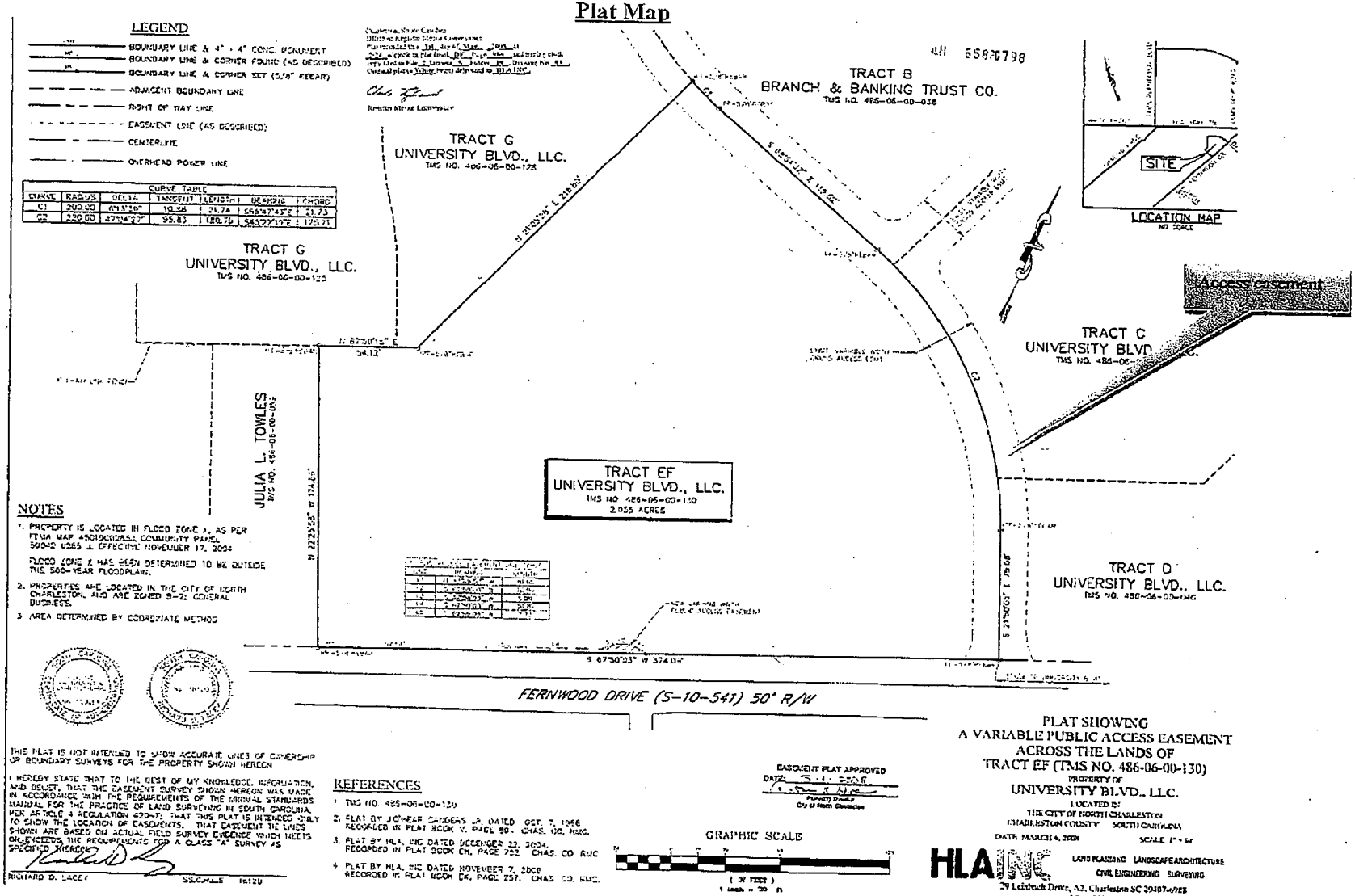
Plat Map



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Improvement Analysis

The following summarizes some of the more pertinent information relative to the hotel building.

Hotel Name:	Hampton Inn & Suites
Built:	Apr-09
# of Rooms:	115
Corridors:	Interior
# of Floors:	Five
Building Square Feet:	73,925
Elevator(s):	Two
Market Segment:	Classified as upper-midscale, limited-service.
Key Mix:	Single King, Single Queen, Double/Queen, Suites
Franchise:	The subject hotel was built as a Hampton Inn & Suites. It opened for business in Apr-09. We did not have access to a copy of the franchise agreement. **The appraisal assumes the continuation of the Hampton Inn & Suites franchise affiliation into the foreseeable future.**

Construction:

Building Structure:	Masonry
Interior Walls:	Painted Knockdown - Drywall
Exterior Walls:	EIFS and brick veneer with architectural accents
Roof Structure:	Masonry
Roof Covering:	Rubber Membrane

Interior:

Guest Room Floors:	Carpet
Guest Room Bathroom Floor:	Ceramic Tile
Public Area Floor:	Hardwood Flooring

HVAC:	PTACs in guest rooms and forced air heating/cooling for office/guest registration area
Fire Protection:	Smoke detectors and sprinkler system.
Recreational Amenities:	Fitness Center, Outdoor Pool
Public Spaces/Accessory Uses:	Public areas include breakfast area, lobby, and 1,100 square feet of meeting space (based on hotel website).
Parking Lot:	Asphalt paving

Property Improvement Plan (PIP)/Condition:

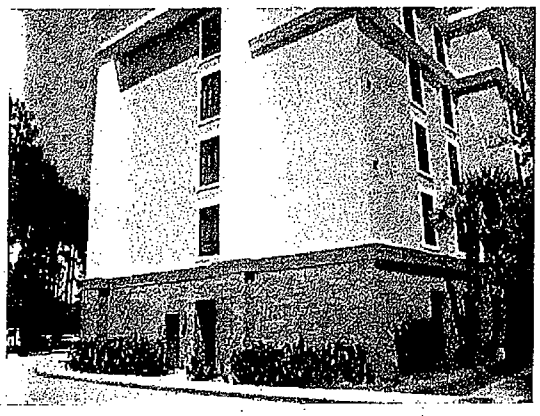
The subject property was under construction in late 2008 and opened for business in April of 2009. This appraisal is based on the hypothetical assumption that the property was 100% complete as of the December 31, 2008 date of appraisal.

The subject property was constructed to a higher level than a typical new Hampton Inn & Suites hotel based on our experience with other Hampton Inn & Suites hotels. The lobby includes expansive ceiling heights, wide-plank hardwood floors (appear to be cherry), wood shutters on the windows, extra architectural accents on the building exterior, and upgraded landscaping.

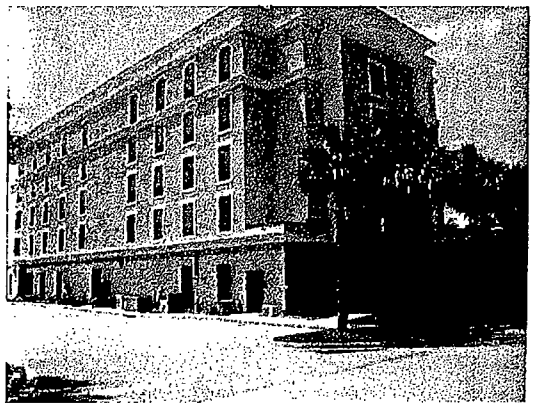
During the property visit in August of 2014, the appraiser was allowed to view a couple of representative guest rooms (balance of rooms were occupied), along with public spaces and the exterior of the property. It is assumed that guest rooms that were available for inspection are representative of the remainder of the hotel's guest rooms.

Front view of hotel exterior

Front view of hotel exterior



Side view of hotel exterior



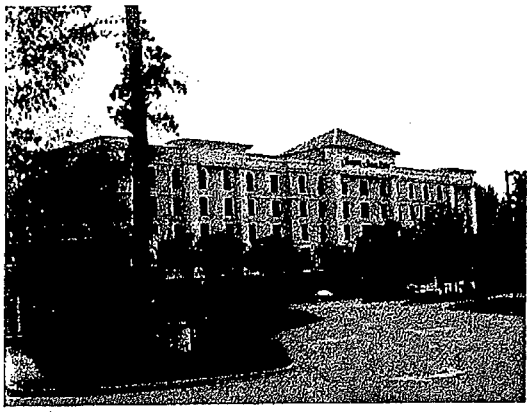
Rear view of hotel exterior

View from University Blvd. entrance looking north across University Blvd.

View East on University Blvd.

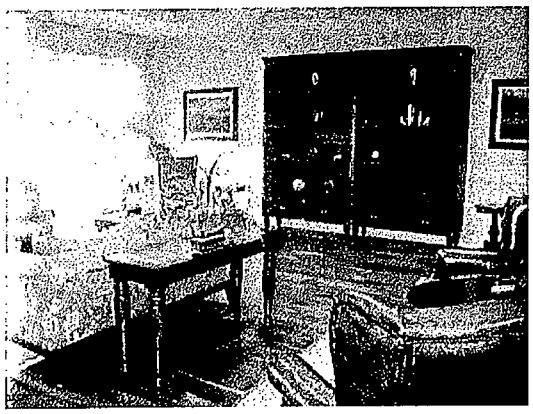
View north on Fernwood Drive

View south on Fernwood Drive



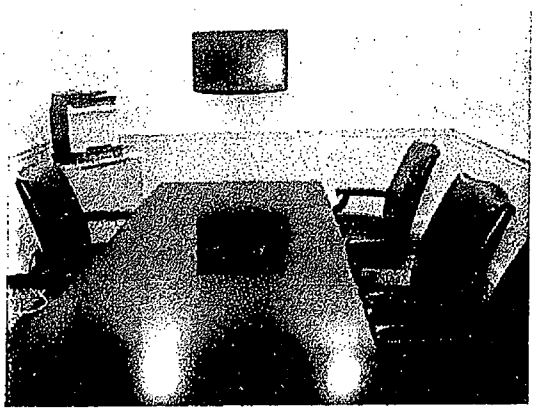
View to subject hotel from University Blvd. Entrance

Breakfast area



Lobby/Sitting area

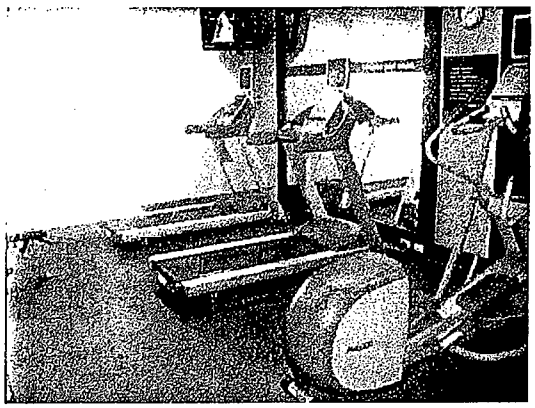
Interior corridor



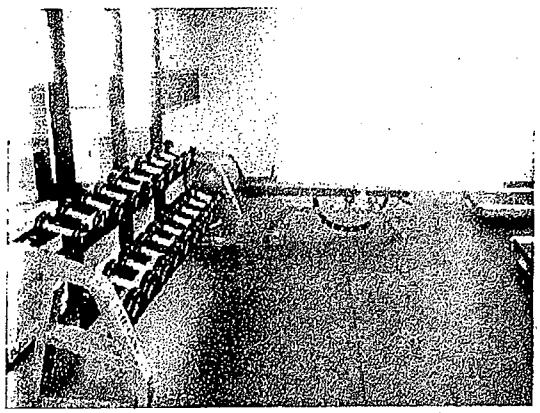
Meeting Space

Suite Shop

Breakfast area



Fitness Center

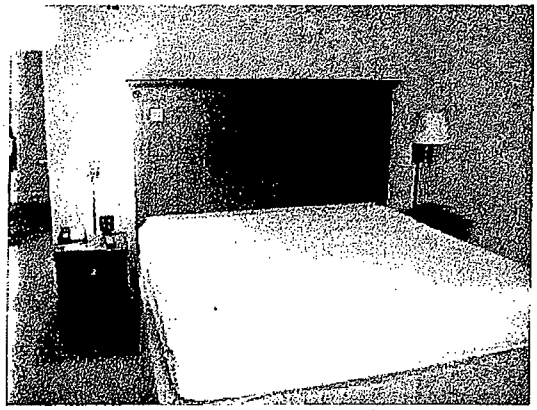


Fitness Center

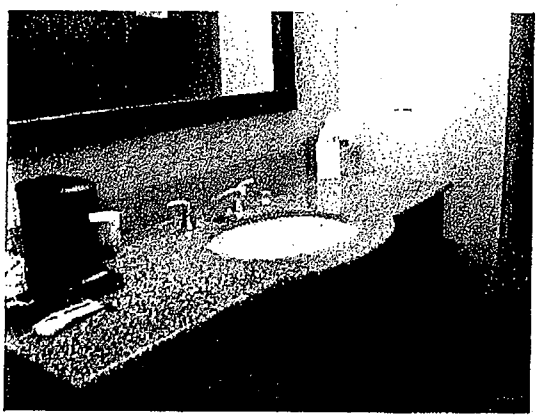
Hotel Laundry Room

Room #111

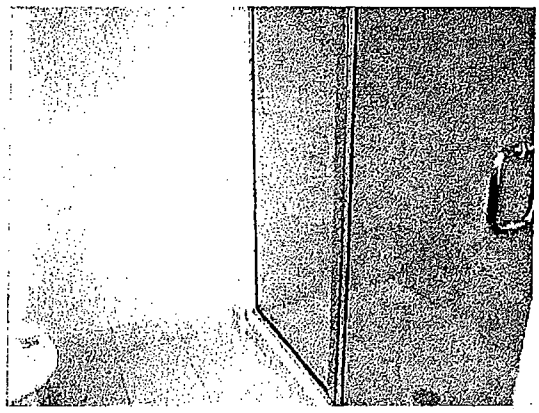
Room #111



Room #111



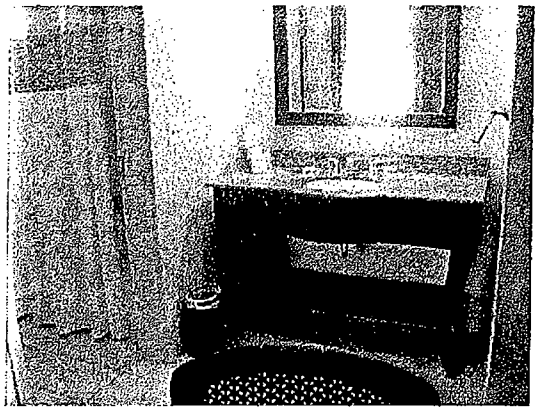
Room #111



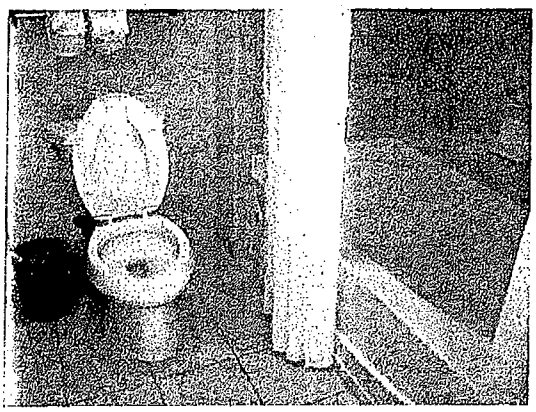
Room #111

Room #129

Room #129

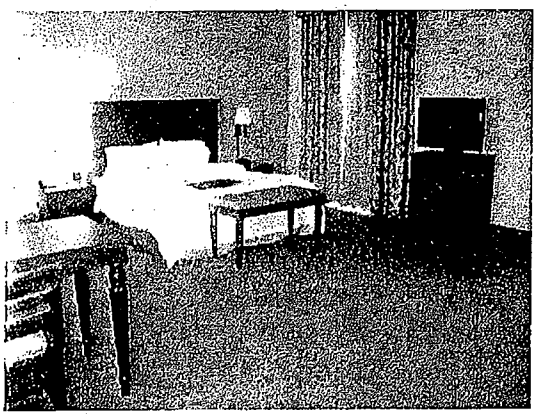


Room #129

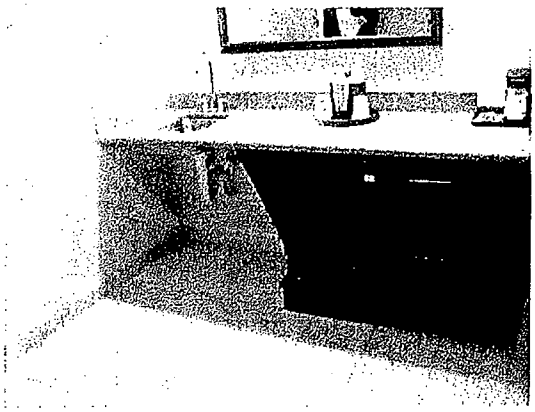


Room #129

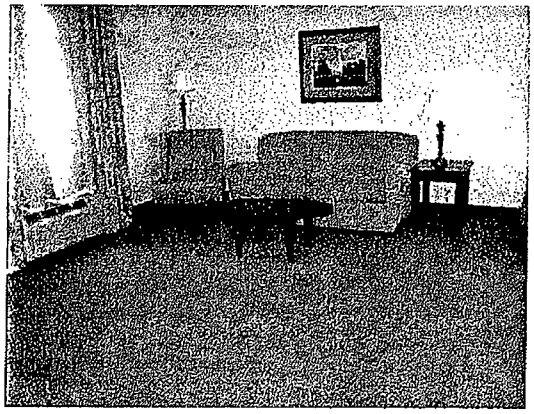
Room #129



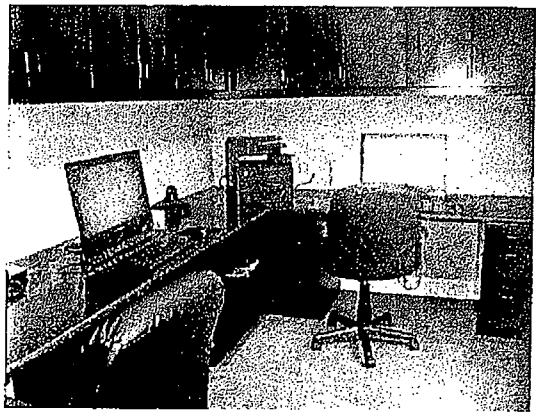
Room #127
(Handicap Room)



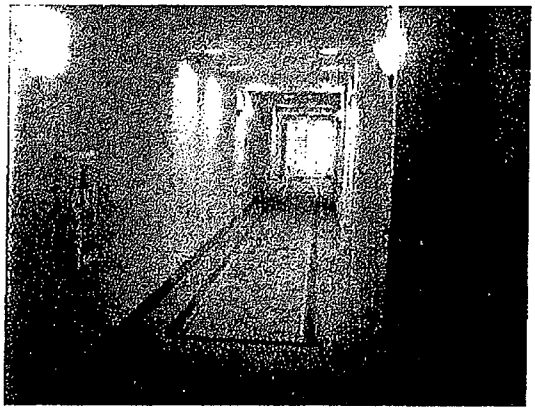
Room #127
(Handicap Room)



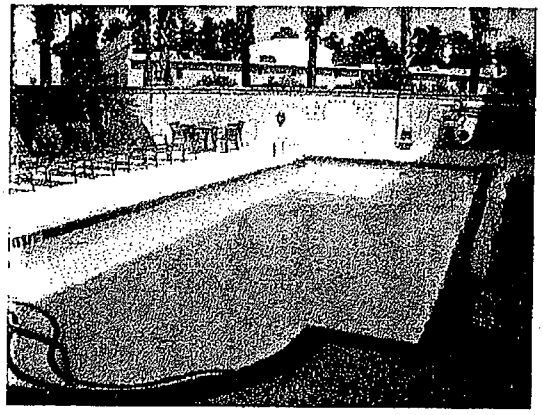
Room #127



Business Center

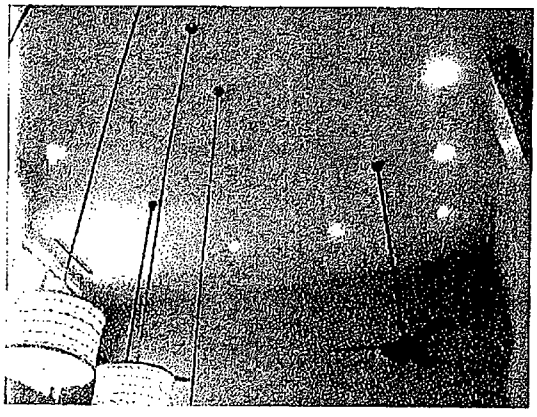


Interior Corridor



Outdoor Pool

Pool House

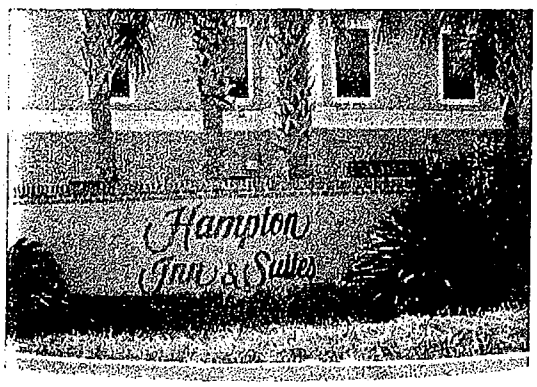


Vaulted Ceiling in Lobby

Front Desk

View of landscaping

Main hotel entrance underneath Porte Cochere



Sign at Entrance to Hotel

Real Estate and Personal Property Tax Assessments

Jurisdiction(s):	Charleston County, City of North Charleston
Parcel #s:	4860600130
Assessment Basis:	6% of market value for real estate and 10.5% for business personal property.
Revaluation:	Revaluations are completed every five years. A county-wide revaluation was conducted with an effective date of value of December 31, 2008. The December 2008 valuation was implemented for the 2011 tax year.

The December 2008 values were implemented for the 2011 tax year. Millage rates for 2011 were $269.5 and sales tax credits were $0.00141. The following chart summarizes the 2011 calculation of taxes based on the assessed values that were established by the tax assessor's office. This information is presented for illustration purposes only because the purpose of this appraisal is to independently develop an opinion of market value for the real property.

The subject's 2011 real and personal property taxes are shown below.

Real Property Tax Assessment		
	Market Value	Assessment*
Land	$1,279,000	**$76,740**
Improvements	$8,351,004	**$501,060**
Total Real Estate	$9,630,004	**$577,800**
Capped Value (15% higher than 2010)	**$9,407,000**	**$564,420**
x Millage Rate (Per $1000)		$269.5000
Total Real Estate Tax Prior to Credits		**$152,111**
Less Sales Tax Credits (.00141)		$13,264
Total Real Property Taxes		**$138,847**
*Assessment based on 6% of market value		

Personal Property Tax Assessment		
	Market Value	Assessment*
Total Personal Property	$1,338,650	**$140,558**
x Millage Rate (Per $1000)		$269.5000
Personal Property Tax Prior to Credit		**$37,880**
Less Sales Tax Credits (.00141)		$1,887
Total Personal Property Taxes		**$35,993**
*Assessment based on 10.5% of market value		

Lodging Trends and Market Analysis

This section provides an overview of the lodging market as of December 31, 2008. The ultimate purpose of this section is to develop a projection of annual room revenues for the subject assuming that it were open and operating at a stabilized level of revenue as of this date. "Stabilized" for purposes of this analysis means the property was operating at its expected penetration rate of occupancy, average daily rate (ADR), and revenue per available room (RevPar) relative to its competitive market. When new hotels open, it generally takes 1-3 years for them to "ramp up" to their expected market penetration rate. Stronger properties and better markets tend to experience shorter ramp up periods. The basic premise in this appraisal assumes that the subject would have gone through the ramp up phase and it was operating at its expected penetration rates relative to the competitive market.

The national economy was obviously in period of economic decline in late 2008 as the nation was in the midst of the Great Recession and financial markets were in turmoil. Relative to a "market value" opinion for the subject hotel, it is important to reflect market conditions as of that date and to make projections of revenue for the subject hotel that would have been reflective of market conditions for the subject hotel at that time.

In valuing hospitality properties, we find that buyers and sellers frequently price properties based on actual revenues based on the trailing 12 months and/or some combination of future projections. Typically, appraisers tend to value properties based on anticipated revenues. Regardless of methodology, market participants do not price properties in a vacuum. December 2008 was a transitional time period due to the onslaught of the national recession and obviously we know after the fact that many hospitality markets experienced a pronounced downturn in 2009 and 2010 as compared with 2008. Given the uncertainties in the marketplace and the eroding financial situation, we believe by late 2008 buyers of hotels (more so than sellers) would have been more conservative in underwriting purchases. Sellers are generally slower to recognize and accept downward changes in market conditions. The focus of the following Trends section is to provide a background for the time period and develop a projection of occupancy, ADR, and RevPar for the subject that would have been reflective of how market participants would have been underwriting/pricing hotel deals in late 2008.

National Lodging Trends

Typically, the health of a lodging market is reflected in occupancy, average daily rates (ADR), and RevPar (Revenue per available room). Price Waterhouse Coopers (PWC) performs a lodging survey two times a year which is released in the 1st and 3rd quarters. The following pages were included in the 3rd quarter survey. PWC included information from Smith Travel Research in the survey, which is one of the leading suppliers of data on hotel markets. The next three pages give an indication of the national hotel market as of the third quarter 2008, as well as more detailed information on the limited-service hotel segment. The report on the pages to follow was published in August of 2008. In September of 2008, Lehman Brothers Holdings, Inc. failed escalating the onset of the recession that is discussed in the articles on the pages to follow. Within the accompanying sections, there is discussion of market conditions through the last quarter of 2008 up to the date of appraisal.

National Lodging Highlights

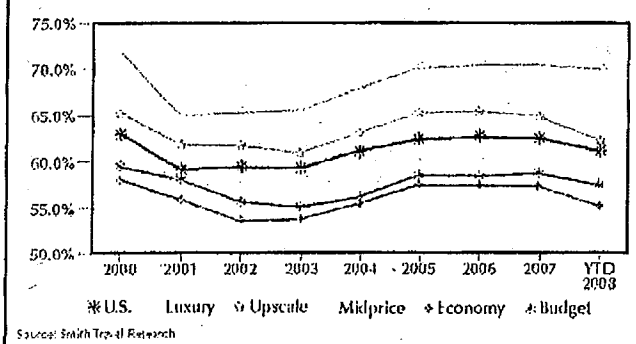
THE FOLLOWING INTRODUCTION IS EXTRACTED FROM SECTIONS OF "PRICEWATERHOUSECOOPERS HOSPITALITY DIRECTIONS – U.S. EDITION" DATED AUGUST 2008.

During the first half of 2008, the U.S. economy experienced multiple challenges, including volatile financial markets, rising energy prices, and declining consumer sentiment. Economic uncertainty, coupled with rising fuel costs and moves by airlines to reduce domestic capacity, has negatively impacted demand for lodging. Furthermore, lower levels of room night demand, combined with supply growth, caused occupancy declines that offset gains in ADR (Average Daily Rates). In comparison to 2007, revenue per available room (RevPAR) increased 1.9% in the first quarter of 2008 and 1.2% in the second quarter of 2008. The most important positive contribution to RevPAR through the remainder of 2008 is expected to come from continued gains in ADR. Overall, ADR is forecast to increase 3.8% in 2008, building on top of a 6.0% gain in 2007.

As of August 7, 2008, Macroeconomic Advisers (MFA), a private company that provides U.S. economic outlooks, believes that the economy is on the edge of a recession, with weakness in the second half of 2008 closer to a recessionary outcome than the pattern of growth seen to date. Real growth is expected to be restrained by large declines in equity prices to date, declining home prices, higher energy prices, continued softening in the labor market, and tight credit conditions. Despite this projected weakness in the second half, MFA continues to anticipate a sustained recovery beginning in 2009 as current drags on the economy moderate.

Weak economic conditions in the second half of 2008 will cause further slowing in the U.S. lodging industry. Consumers are weighed down by significant factors that will take time to dissipate, and businesses are uncertain about the future state of the economy. The overall economy and the lodging industry will pause until the second half of 2009 and then slowly begin to recover.

Exhibit I-1
OCCUPANCY RATES



Source: Smith Travel Research

OUTLOOK

PricewaterhouseCoopers' Hospitality & Leisure Consulting Practice anticipates lodging demand to weaken further in the third and fourth quarters of 2008, reaching a seasonally adjusted trough in the fourth quarter, before resuming growth and progressively strengthening in 2009. The forecast calls for the largest occupancy decline since 1980 (excluding 2001), offset by continued growth in ADR, resulting in 2008 RevPAR that is only slightly higher than last year.

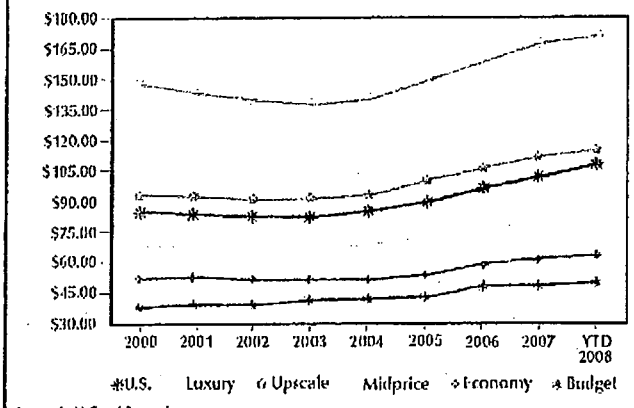
Overall, the outlook anticipates stagnant RevPAR for the next four quarters, due to declines in demand through the end of 2008, coupled with increased supply. RevPAR in 2008 is expected to increase 0.4%, followed by a 1.5% gain in 2009. Growth in both years is well below the 3.5% average for the period 1988 to 2007.

ROOM STARTS

Though the volume of room starts has begun to slow, the pace through the second quarter of 2008 remained relatively strong. Even as PwC anticipates the pace of room starts to decelerate in the second half of 2008, projects under construction are expected to reach completion and result in 2008 end-of-year supply growth of 2.1%, the fastest annual growth since 2000.

In 2007, average room supply grew the most in the upscale and midscale without-food-and beverage (F&B) lodging segments, which each posted a year-over-year increase of 4.1%. The luxury segment trailed them with a 3.0% average increase in room supply, while the upper upscale segment reported a growth rate of 1.5%. Only the

Exhibit L-2
AVERAGE DAILY RATE (ADR)



Source: Smith Travel Research

midscale with F&B segment experienced a decrease in room supply in 2007, declining by 2.6%.

INVESTMENT ACTIVITY

Sales activity in the lodging industry has dropped dramatically over the past year due to tighter lending requirements, a fragile U.S. economy, and an expected deceleration in ADR and RevPAR growth. "We are not pursuing any new hotel deals right now," shares a participant. After back-to-back years of record breaking transaction volumes and huge mega deals, U.S. hotel sales volume plummeted 79.0% in the first half of 2008 compared to the first half of 2007, according to Real Capital Analytics, Inc.

In the 12 months ending June 2008, the largest number of hotel properties traded in the Southeast region of the country (260 assets), followed by the West (190 assets) and the Southwest (150 assets). On a price-per-room basis, the highest average sale price was in the Northeast region during that time frame ($168,016 per room), followed closely by the West region at $161,331 per room. Top buyers over the past 12 months included The Blackstone Group, Goldman Sachs, and JER Partners. Top sellers included Hilton Hotels Corp., Equity Inns, and Highland Hospitality.

PERFORMANCE TRENDS

Occupancy

Overall occupancy for the lodging industry was 61.4% for the first half of 2008, a 2.6% decrease from the same period in 2007, according to STR (see Exhibit L-1). Occupancy levels declined in each chain scale segment over this time period with the mid scale with F&B posting the large loss of 4.1%. The upper-upscale chain-scale segment posted the smallest shift in occupancy between year to date 2007 and year to-date 2008, moving down 1.7%.

Geographically, the nine regions of the country experienced declines in occupancy for the first half of 2008 compared to 2007 with the exception of the New England region – the states of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island – where occupancy held steady at 56.4%. Within the New England region, Boston reported an occupancy gain of 0.6%. Even though this increase is minimal, Boston was one of only six of the top 25 markets tracked by STR that reported a year-over-year gain in occupancy for the first half of 2008.

Average Daily Rate (ADR)

The overall ADR for the lodging industry was $107.64 for the first half of 2008, a 4.2% increase from the same period in 2007, according to STR (see Exhibit L-2). Improvement in ADR was reported in all chain scale segments over the past year. The midprice-without F&B segment posted the highest annual ADR increase at 4.6% with midscale with F&B close behind at 4.2%. The economy chain-scale segment posted the lowest gain at 2.0%.

Within the United States, the Middle Atlantic region realized the greatest increase in ADR at 5.7% between midyear 2007 and midyear in 2007. The top-performing market in the Middle Atlantic region in terms of year-over-year ADR growth was New York, which recorded an increase of 7.3%, the fourth highest increase reported for the top 25 individual markets tracked by STR. ✦

Various trends and forecasts have been extracted from *PricewaterhouseCoopers Hospitality Directions – U.S. Edition*, a quarterly research journal published by PricewaterhouseCoopers Hospitality & Leisure Consulting Practice, which provides historical data and forecasts for the U.S. lodging industry and each of the six chain-scale segments with respect to ADR, occupancy, RevPAR, demand, supply, and revenue. For more information, please call Abhishek Jain at 646-471-2016 or email contact.hospitality@us.pwc.com.

National Economy/ Limited-Service Lodging Segment

THE TWO CHAIN SCALES THAT COMPRISE THE ECONOMY/LIMITED-SERVICE LODGING SEGMENT CONTINUE TO PERFORM VERY DIFFERENTLY. On one side, the mid scale-without-food-and-beverage (F&B) segment remains one of the top-performing chain scales within the lodging industry, posting solid gains in both ADR and RevPAR growth during the first six months of 2008 compared with the same period in 2007. Specifically, ADR grew by 4.6% in the midscale-without-F&B segment during that time frame, while RevPAR grew by 6.5%, according to Smith Travel Research. In sharp contrast, the economy chain scale's performance continued to lag, recording ADR growth of 2.0% and a RevPAR loss of 1.6% during that time period.

According to the August 2008 edition of *PricewaterhouseCoopers Hospitality Directions - U.S. Edition*, occupancy in the economy segment continues to post quarter-over-quarter declines on a seasonally adjusted basis. When combined with additions to supply and limited increases in ADR, this segment is expected to experience a 2.6% decrease in RevPAR for 2008 (see Table EL-1). On the other hand, strong gains in ADR and positive demand trends will allow the mid-scale-without F&B segment to hold RevPAR quite steady in 2008 and then experience an increase in 2009.

A weak economic climate, lingering uncertainty about the near-term performance of this lodging segment, and tighter debt markets have stalled the acquisition pace of many investors. As a result, the number of trades involving limited-service assets has fallen considerably over the past year. In the 12 months ending June 2008, a total of 566 limited-service assets sold, according to Real Capital Analytics, Inc. This figure is down 60.0% from the same period last year. The average sale price for these assets was down 3.0% for that time period.

Limited-service properties that recently traded include the Hampton Inn Commack Hotel on Long Island, New York; the Holiday Inn Express in Camp Springs, Maryland; the Comfort Inn in Richmond, Virginia; and the Holiday Inn Express in Englewood, Colorado. ✦

Table EL-1
LODGING FORECASTS

	2008	2009
Midprice without F&B		
Occupancy	63.2%	62.1%
ADR	$90.73	$94.35
RevPAR Growth	+ 0.6%	+ 2.1%
Economy		
Occupancy	54.6%	53.9%
ADR	$54.70	$55.72
RevPAR Growth	– 2.6%	+ 0.6%

Source: Hospitality Directions – U.S. Edition, published by PricewaterhouseCoopers LLP, August 2008

Table 30
NATIONAL ECONOMY/LIMITED-SERVICE LODGING SEGMENT
Third Quarter 2008

	CURRENT QUARTER	FIRST QUARTER 2008	YEAR AGO
DISCOUNT RATE (IRR)[a]			
Range	10.00% – 18.00%	10.00% – 18.00%	10.00% – 18.00%
Average	12.35%	12.35%	12.35%
Change (Basis Points)		0	0
OVERALL CAP RATE (OAR)[a]			
Range	6.50% – 14.00%	6.50% – 14.00%	6.50% – 14.00%
Average	9.83%	9.58%	9.58%
Change (Basis Points)		+ 25	+ 25
RESIDUAL CAP RATE			
Range	7.00% – 14.00%	7.00% – 14.00%	7.00% – 14.00%
Average	10.29%	10.04%	10.04%
Change (Basis Points)		+ 25	+ 25
AVERAGE DAILY RATE CHG. RATE[b]			
Range	(4.00%) – 9.00%	1.00% – 9.00%	1.00% – 9.00%
Average	2.83%	4.00%	4.00%
Change (Basis Points)		– 125	– 117
OPERATING EXPENSE CHG. RATE[b]			
Range	2.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%
Average	3.10%	3.10%	3.10%
Change (Basis Points)		0	0
AVERAGE MARKETING TIME[c]			
Range	3.00 – 10.00	3.00 – 10.00	3.00 – 10.00
Average	6.40	6.40	6.40
Change (%)		0	0

a. Rate on unleveraged, all cash transaction b. Initial rate of change c. In months

Analysis of Most Competitive Properties

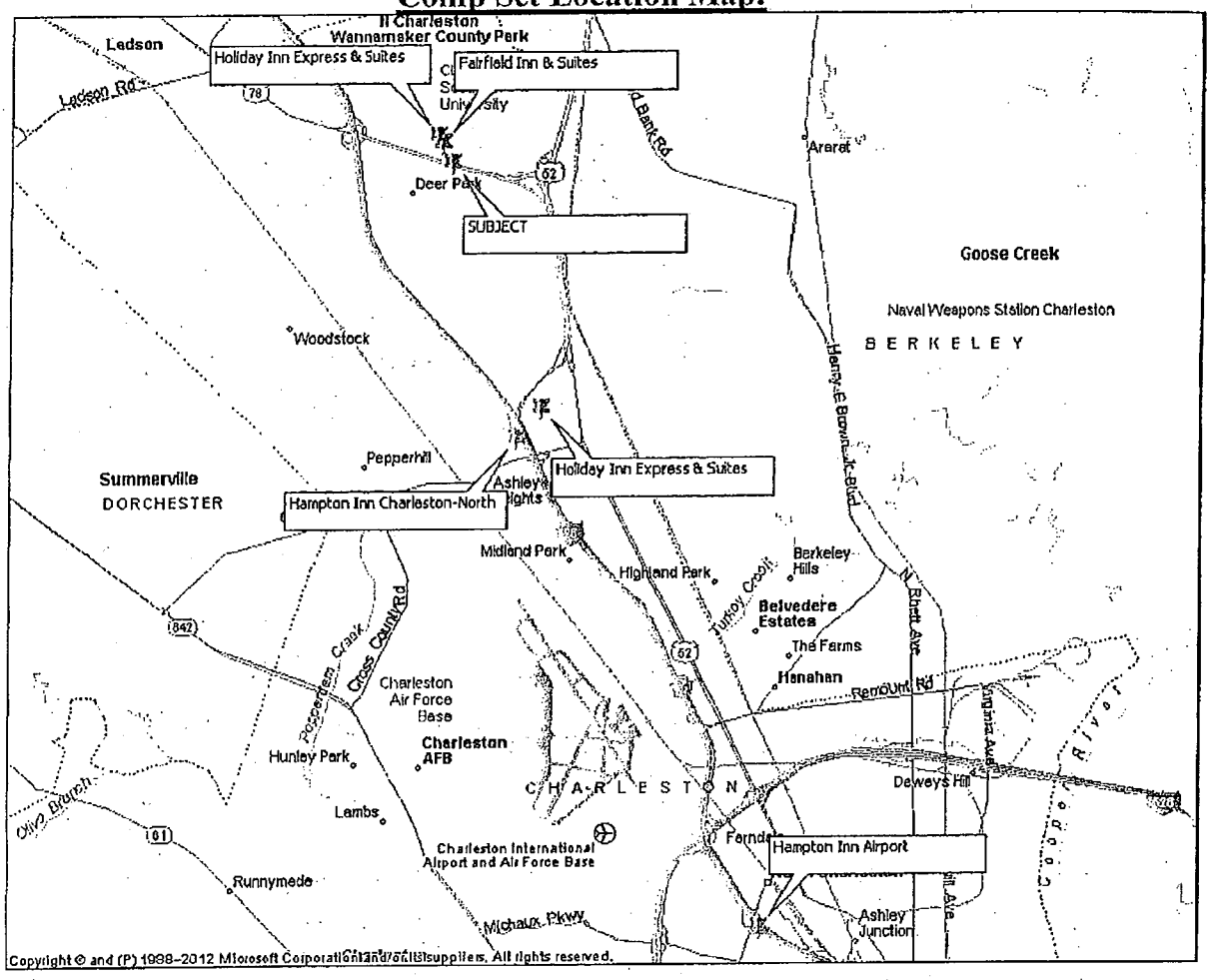
The next sections of this report focus on analyzing the subject and properties most competitive with the subject, referred to as the "comp set." The subject is a franchised limited-service hotel located in North Charleston, South Carolina. It competes primarily with other limited-service hotels in the midscale to upper-midscale segments. There is a Wingate by Wyndham hotel at the subject interchange that opened June of 2008. Because it was not in operation for a full year prior to the date of appraisal it is not included in the comp set properties.

In preparing this assignment (August of 2014), we visited the hotels that would have been considered most competitive with the subject property (had it been in operation) on the date of appraisal. We have reviewed room revenues for each of these hotels from for several years prior to and after the date of appraisal. The room revenue numbers for the "competitive" set properties was derived from Business License User Fee Accommodations Report occupancy tax reports. These room revenues have been converted to indications of Revenue per Available Room (RevPar).

A map showing the location of the competitive properties followed by detailed information sheets for each of the competitive properties is included on the following pages.

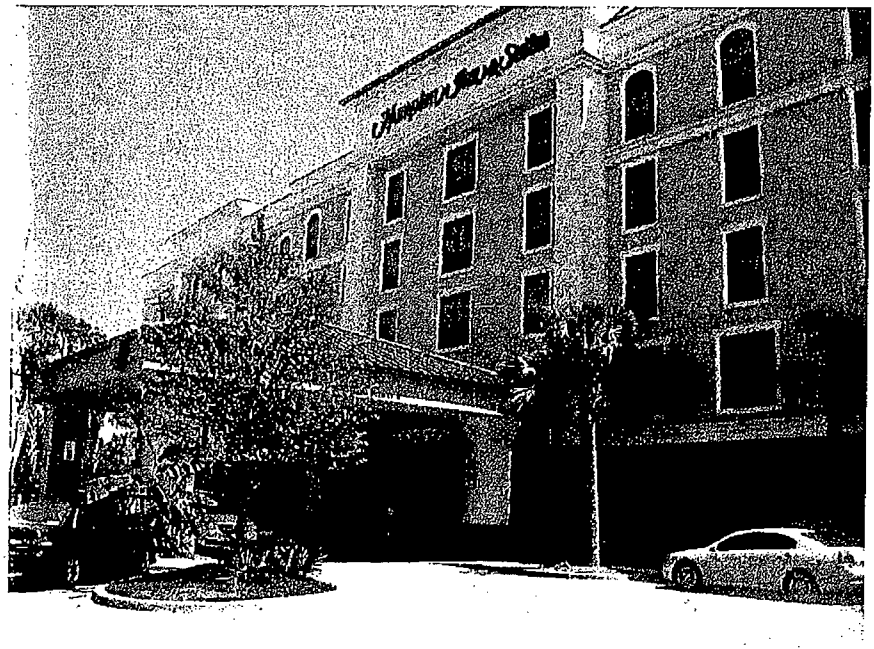
Summary of Competitive Set		
Hotel Name	Opened	# Rooms
Hampton Inn & Suites (Subject)	Apr-09	115
Fairfield Inn & Suites	2002	76
Holiday Inn Express & Suites Charleston North	May-07	86
Hampton Inn Charleston Airport/Coliseum	1985	124
Holiday Inn Express & Suites Ashley-Phosphate	1999	98
Hampton Inn Charleston-North	1999	102
Total # Rooms		**601**
Average # of Rooms		**100**

Comp Set Location Map:



Primary Competitive Supply Comparable 1 (SUBJECT)

Hampton Inn & Suites

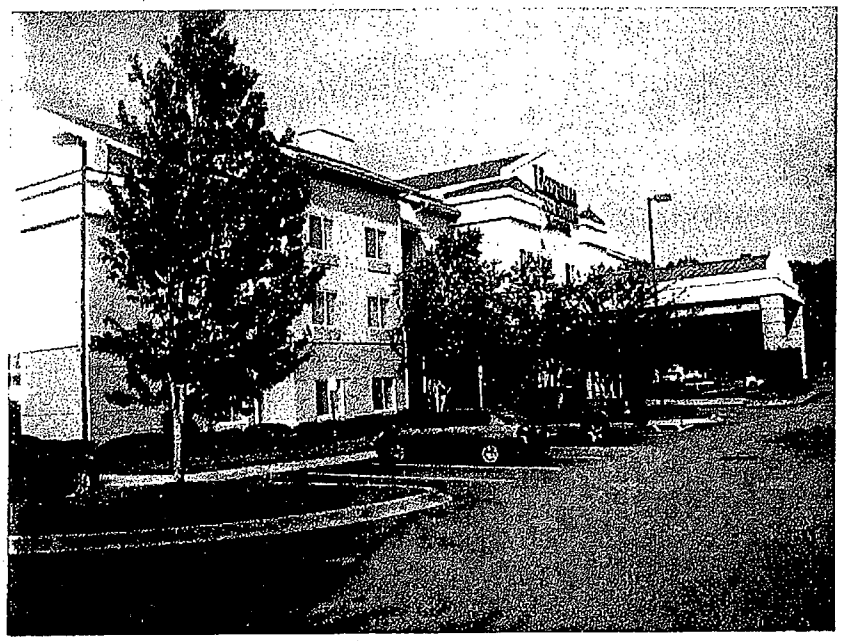


Property Summary			
Property	Hampton Inn & Suites	**Condition**	Average
Address	2688 Fernwood Drive	**Corridors**	Interior
Location	North Charleston, SC	**Rooms**	115
Classification	Upper-Midscale	**Rack Rates**	$119-$159
Year Built	Apr-09	**Room Mix**	Single King, Single Queen, Double/Queen, Suites

Amenities		
Complimentary Breakfast	Fitness Center	
Outdoor Pool	Meeting Space	
Business Center	Guest Laundry	

Primary Competitive Supply Comparable 2

Fairfield Inn & Suites



Property Summary			
Property	Fairfield Inn & Suites	**Condition**	Average
Address	2600 Elms Center Rd.	**Corridors**	Interior
Location	North Charleston	**Rooms**	76
Classification	Upper-Midscale	**Rack Rates**	$119-$159
Year Built	2002	**Room Mix**	Single King, Double/Double, Suites

Amenities		
Complimentary Breakfast	Outdoor Pool	
Guest Laundry	Fitness Center	
Business Center	Evening Social	

Operating Summary			
Period	**2006**	**2007**	**2008**
Room Revenue	$1,894,232	$2,071,080	$1,986,822
RevPar	**$68.29**	**$74.66**	**$71.62**

Primary Competitive Supply Comparable 3

Holiday Inn Express & Suites Charleston North

Property Summary			
Property	Holiday Inn Express & Suites Charleston North	Condition	Average
Address	2435 Elms Center Road	Corridors	Interior
Location	North Charleston	Rooms	86
Classification	Upper-Midscale	Rack Rates	$114-$234
Year Built	May-07	Room Mix	Single King, Double/Queen, Suites

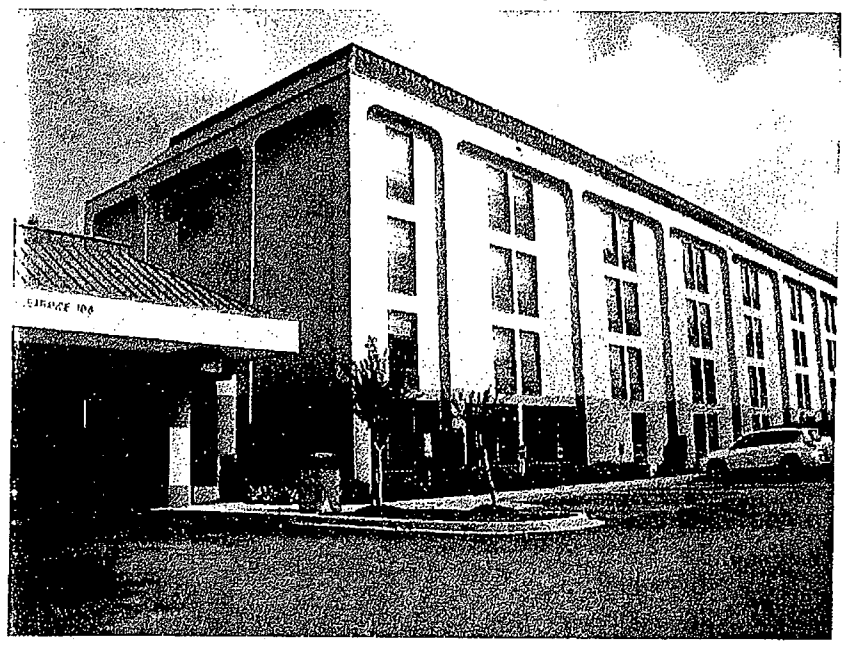
Amenities		
Complimentary Breakfast	Outdoor Pool	
Business Center	Fitness Center	
Guest Laundry	Meeting space (725 sf)	

Operating Summary		
Period	2007*	2008
Room Revenue	$1,109,424	$1,869,376
RevPar	$52.65	$59.55

*Opened May 2007

Primary Competitive Supply Comparable 4

Hampton Inn Charleston Airport/Coliseum



Property Summary			
Property	Hampton Inn Charleston Airport/Coliseum	**Condition**	Average
Address	4701 Saul White Blvd.	**Corridors**	Interior
Location	North Charleston	**Rooms**	124
Classification	Upper-Midscale	**Rack Rates**	$109-$129
Year Built	1985	**Room Mix**	Single King, Double/Double, King Suites

Amenities		
Complimentary Breakfast	Fitness Center	
Outdoor pool	Business Center	
Guest Laundry	Wireless Internet	

Operating Summary			
Period	**2006**	**2007**	**2008**
Room Revenue	$2,565,709	$2,847,923	$2,421,870
RevPar	**$56.69**	**$62.92**	**$53.51**

Primary Competitive Supply Comparable 5

Holiday Inn Express & Suites Ashley-Phosphate

Property Summary			
Property	Holiday Inn Express & Suites Ashley-Phosphate	**Condition**	Average
Address	7670 Northwoods Blvd.	**Corridors**	Interior
Location	North Charleston	**Rooms**	98
Classification	Upper-Midscale	**Rack Rates**	$114-$152
Year Built	1999	**Room Mix**	Single King, Double/Queen, Suites

Amenities		
Complimentary Breakfast	Business Center	
Outdoor Pool	Fitness Center	
Guest Laundry	Meeting Space (1,140 sf)	

Operating Summary			
Period	**2006**	**2007**	**2008**
Room Revenue	$2,561,711	$2,927,444	$2,659,647
Occupancy	78.0%	80.0%	N/A
RevPar	**$71.62**	**$81.84**	**$74.35**

Primary Competitive Supply Comparable 6

Hampton Inn Charleston-North

Property Summary			
Property	Hampton Inn Charleston-North	**Condition**	Average
Address	7424 Northside Drive	**Corridors**	Interior
Location	North Charleston	**Rooms**	102
Classification	Upper-Midscale	**Rack Rates**	$129-$229
Year Built	1999	**Room Mix**	Single King, Double/Queen, Whirlpool Rooms

Amenities		
Complimentary Breakfast	Outdoor Pool	
Fitness Center	Business Center	
Meeting Space (728 sf)	Guest Laundry	

Operating Summary			
Period	**2006**	**2007**	**2008**
Room Revenue	$2,689,903	$2,976,453	$2,675,706
Occupancy	74.0%	77.0%	N/A
RevPar	**$72.25**	**$79.95**	**$71.87**

The data from the preceding "comp" analysis is used to analyze the subject's operating position in the marketplace with respect revenue per available room (RevPar). RevPar is the combination of occupancy and average daily rate. The ultimate goal of this process is to produce a projection of RevPar for the subject going forward that would have been reflective of market conditions as of December 31, 2008. Because of the lag in time between the date of appraisal and date this report is being prepared, we have limited access to accurate occupancy and ADR numbers for the individual comp set properties. However, the data from Business License User Fee Accommodations Reports relative to total revenues from which RevPar is derived is considered reliable. Our valuation model includes inputs for occupancy and ADR, but the resulting RevPar projection is the most important consideration relative to the value opinions. These projections will be used within the valuation approaches in the sections to follow.

Revenue Per Available Room (RevPar)

Revenue per available room is the most important indicator as to the performance of a hotel as it combines both occupancy and average daily rate. RevPar is calculated on a daily basis. It is calculated by dividing total annual room revenue by the total number of rooms in the hotel and dividing that number by 365 days in a year. It also can be calculated by multiplying the annual occupancy rate by the average daily rate (ADR).

The following chart indicates the 2007 and 2008 RevPar for the competitive set hotels.

Competitive Set RevPar			
	2007	2008	% Change
Fairfield Inn & Suites	$74.66	$71.62	-4.07%
HI Express & Suites Charleston North*	$52.65	$59.55	13.1%
Hampton Inn Charleston-Airport/Coliseum	$62.92	$53.51	-15.0%
HI Express & Suites Ashley-Phosphate	$81.84	$74.35	-9.2%
Hampton Inn Charleston-North	$79.95	$71.87	-10.1%

*HI Express & Suites Charleston North opened May 2007

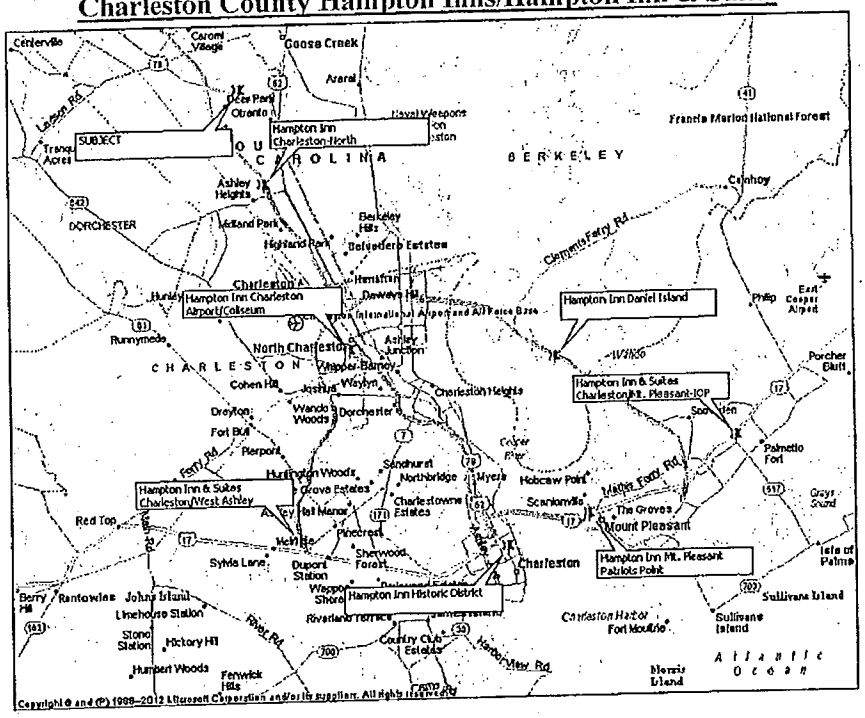
The preceding chart indicates RevPar for the competitive set properties. The two closest hotels in terms of proximity are the Fairfield Inn & Suites, and Holiday Inn Express & Suites Charleston North. Both of these hotels are located on the opposite side (north) side of University Boulevard several hundred yards from the subject. It has been our experience that a Hampton Inn and Suites will outperform a Fairfield Inn & Suites within a given market or competitive set. The Holiday Inn Express Inn and Suites is a good quality property and typically would be expected to perform more on par or at least closer to the Fairfield Inn & Suites. However, the Holiday Inn Express was still in a ramp up phase in 2008 as it opened mid 2007. The subject property is a superior property to both

of these hotels. Therefore, it is reasonable the subject would have had a 2008 RevPar higher than both of these hotels were it fully stabilized in the market.

We have worked in Charleston multiple times and visited the Hampton Inn Charleston-Airport on multiple occasions. This property was built in 1985 and was in need of significant updating as of the effective date of appraisal. The Hampton Inn Charleston-North is the closest Hampton property in terms of proximity. It is located at interchange #209 and achieved a 2008 RevPar of $71.87. However, this property was not a Hampton Inn & Suites like the subject. The national Hampton Inn data that we have included in the ADR section to follow indicates that a Hampton Inn & Suites will typically operate an ADR premium of $10 to $20 over a non-suites Hampton Inn property. Given occupancy levels of in the local market at the time, this would equate to a RevPar premium of $6 to $14 for suites versus non-suites Hampton Inn property.

In addition to the competitive set hotels, we have also looked at all of the Hampton Inn properties in the Charleston area. In 2008 there were six Hampton Inn/Hampton Inn & Suites hotels operating in Charleston County. The Hampton Inn Daniel Island, though not in Charleston County, is located in Berkeley County and approximately five miles from North Charleston. Following is a map of all of these hotels as well as a chart indicating the RevPar for each of these hotels. This appraisal does not specifically identify specific properties and their RevPar. Rather, the properties are labeled as Comps #1-7. Specific identities of these properties are retained in our appraisal files.

Charleston County Hampton Inns/Hampton Inn & Suites



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Hampton Inn RevPars in Charleston Area				
Comp #	Property	2007	2008	% Change
1	Hampton Inn & Suites	$91.37	$86.44	-5.4%
2	Hampton Inn	$82.66	$80.80	-2.2%
3	Hampton Inn & Suites	$84.95	$80.95	-4.7%
4	Hampton Inn	$79.95	$71.87	-10.1%
5	Hampton Inn	$62.92	$53.51	-15.0%
6	Hampton Inn	$83.12	$77.33	-7.0%
7	Hampton Inn	$114.84	$121.35	5.7%

The subject is a Hampton Inn & Suites which as demonstrated in the ADR section achieve significantly higher rates on average than a regular Hampton Inn. The two Hampton Inn & Suites in Charleston County both had a 2008 RevPar of over $80.00. Comparable #5 is an older Hampton Inn in an inferior setting and its RevPar is well below the indications by the other properties.

A January 2009 article published in Hotel News quoted Mark Lomanno of Smith Travel Research as saying at an ALIS Conference *"looking back on 2008, it was really a tale of two years. From January through August , the U.S. hotel industry recorded positive average daily rate growth (3.9%), positive revenue per available room growth (1.2%), and slight decrease in occupancy (-2.6%). During the last four months of the year, ADR dropped 0.8%, RevPar fell 8.2%, and occupancy declined by 7.5%."* The same article went on to indicate that Smith Travel Research was forecasting that RevPar would fall by 5.9% in 2009 while PKF Hospitality Research projected declines to be more pronounced.

Realizing the downward trend in the market as of late 2008 going into 2009, our 2009 projection for the subject property is approximately $72.00. This is reasonable given the performance of the seven Hampton Inn/Hampton Inn & Suites in the Charleston market area. The two Hampton Inn & Suites properties did $80.80 and $86.44 in RevPar in 2008 so the RevPar projection used in this appraisal is 10.9% and 16.7% less than these two properties. The $72.00 RevPar projection for the subject is made anticipating that 2009 would be a down year in the hospitality market, a reasonable assumption in December of 2008.

Occupancy Projection

Occupancy is a function of room nights available in the marketplace relative to room night demand. Further, occupancy for the subject is dependent on the property's position in the market and its ability to compete based on branding, location, amenities, service/management, and pricing.

Market Penetration

Market penetration is a reflection of how the subject or other properties are performing relative to the other properties in the comp set or the general market area as a whole. Penetration is a function of the quality of the property, the franchise affiliation, service/management, # of rooms, pricing, etc.

Given the retrospective date of the appraisal being December 2008 we were unable to obtain detailed occupancy information on the competitive set properties. We were able to find the occupancy information for the North Charleston/Airport submarket for the 2008 calendar year. Smith Travel Research indicated that occupancy in the North Charleston/Airport submarket in 2008 was 60.9%. The College of Charleston, Department of Hospitality and Tourism Analysis produces periodic reports on the Charleston hospitality market. Their December 2008 report indicated that 2008 occupancy for the overall Charleston market was 69.25% and was 65.46% for the North Charleston Area. A portion of the College of Charleston's 2008 report is included in the Addenda to this appraisal. Their data was reported to be based on the Smith Travel Research information so we assume the discrepancy in reported occupancy in these two reports was attributable to a different delineation of the sub-markets; i.e. North Charleston/Airport versus North Charleston Area. Regardless the reports suggest that overall market occupancy in the general area surrounding the subject was in the range of 60-65% for 2008.

The subject is a Hampton Inn & Suites licensed by Hilton, a strong product with a strong reservation system and loyalty program. Because the entire North Charleston/Airport submarket includes a number of inferior properties to the subject, it is reasonable to assume a strong property like the subject would have been operating at a higher occupancy rate than the entire submarket.

The Hampton Inn brand typically captures more than its fair share of room night demand. The following chart indicates the historical nationwide occupancy penetration index (relative to its primary competitors) for mature Hampton Inn and Hampton Inn & Suites as a brand.

Historical Penetration Index Hampton Inn/Hampton Inn & Suites Brand	
2005	100.8%
2006	111.5%
2007	111.8%

*Source: Hilton Worldwide

As the previous chart indicates, the penetration index for the brand was approximately 112% relative to its typical competitive set during 2006 and 2007. The typical comp set for a Hampton Inn or Hampton Inn & Suites property would be Fairfield Inn (& Suites), Holiday Inn Express (Inn & Suites), Comfort Suites, etc. The index/penetration level for a Hampton Inn & Suites property in relation to the entire North Charleston/Airport submarket would be higher than its index relative to its most direct competitors. The analysis to follow assumes a penetration rate of 113%.

The occupancy projection for the subject is a function of the amount of room night demand for the competitive set and the penetration or capture rate of the subject. On October 27, 2008 Smith Travel Research forecast 2009 occupancy to decline 3.5% from year end 2008. As indicated in the Trends section of this report, Price Waterhouse was projecting occupancy to decline 1.75% for 2009. However, by December 2008, it was apparent that the recession was going to be deeper than initially anticipated. We have projected room night demand to decline 4.0% for 2009. The chart to follow summarizes the projection of occupancy for the subject using the submarket occupancy level for 2008 as its base.

Occupancy Projection		
	History	Projection
	2008	Year 1
North Charleston/Airport Submarket*		
# of Rooms	6,899	6,899
Room Night Supply	2,518,135	2,518,135
% Change	N/A	0.0%
Occupied Nights	1,533,544	1,472,202
% Change	N/A	-4.0%
North Charleston/Airport Occup. Rate	60.9%	58.5%
Subject		
Rooms		115
Annual Room Supply		41,975
Fair Share		1.7%
Fair Share of Demand		24,540
Subject Occupied Nights		27,727
Subject Penetration		113.0%
Subject Occupancy		**66.06%**

*Source: Information for the North Charleston/Airport submarket obtained from Smith Travel Research

The preceding chart provides an estimated occupancy level of 66.06%. For support of this estimate, we have included the following chart indicating the occupancy levels for mature Hampton Inn hotels nationwide for the years 2005 through 2007. We were unable to obtain

information for 2008. Hilton Hotels was purchased by Blackstone and became a private company and this may be the reason for the lack of published information in 2008.

Historical Occupancy for Hampton Inn/Hampton Inn & Suites Brand	
2005	71.8%
2006	72.6%
2007	72.1%

*Source: Hilton Worldwide

As the chart above indicates, the Hampton Inn and Hampton Inn & Suites nationwide average was approximately 72% between 2005 and 2007. As the U.S. fell into recession in 2008, we would expect average occupancy levels to have declined over the reported levels for 2005-2007.

Average Daily Rate

The section that follows focuses on developing a projection of Average Daily Rate (ADR) for the subject property. The following chart indicates the historical ADR information for the Hampton Inn and Hampton Inn & Suites brand from 2005 through 2007.

Historical ADR for Hampton Inn/Hampton Inn & Suites Brand		
	Hampton Inn	Hampton Inn & Suites
2005	$85.32	$101.09
2006	$92.13	$109.72
2007	$100.26	$117.21

*Source: Hilton Worldwide

The preceding chart indicates the difference in ADR between a regular Hampton Inn and Hampton Inn & Suites. The subject is a Hampton Inn & Suites. We have selected an ADR of $109 for 2009 which is reasonable given the brand information for the nationwide average of all mature Hampton Inn & Suites hotels.

Summary of Conclusions

It is discussed at the outset of this Trends section, that the most important consideration relative to this appraisal is the projection of RevPar and room revenue. The preceding sections first develop a projection of RevPar for the subject of $72. For supplemental support and in order to facilitate our valuation model, the subsequent section produce projections of occupancy at 66.06% and ADR at $109. The following provides the calculation and mathematical proof for the RevPar projection.

66.06% (occupancy) x $109 ADR = $72 RevPar

$72 RevPar x 365 days/yr x 115 Rooms = $3,022,200 Annual Room Revenue

Highest and Best Use Analysis

Highest and best use may be defined as *the reasonably probable and legal use of vacant land or improved property, that is physically possible, appropriately supported, financially feasible and that results in the highest value.6*

Typically, highest and best use is a 3-step process; first, estimating the highest and best use of the property as though a vacant land tract, secondly estimating the highest and best use of the property as improved, and finally determining which use of the property (vacant vs. improved) results in the highest indication of value.

As Vacant

The subject land is 2.06 acres located on Fernwood Drive, a secondary street off of University Boulevard. The immediate area surrounding the subject on University Boulevard is primarily comprised of restaurants, convenience stores, retail, and a few lodging facilities. Charleston Southern University is also located at the subject's interchange. Interstate 26, a major north/south interstate is located approximately one mile west of the subject site. The size and physical characteristics of the subject property are supportive of a number of potential uses. The subject location, on a secondary street with no direct frontage to University Boulevard is more conducive to a secondary commercial use such as hotel. The subject's zoning district allows for a variety of commercial uses including hotels.

The final tests of highest and best use are financial feasibility and maximum productivity (value). Given the current state of the real estate market and economy as of December 2008, the appraisers are doubtful that development of the site with any use as of that date was financially feasible. The land development market came to an abrupt standstill with the onslaught of the recession during 2008.

Long term, the subject property by virtue of its location and surrounding influences, is desirable for hotel development. In the shorter term, the highest and best use is considered to be for speculative holding/future hotel development.

6Appraisal Institute, The Dictionary of Real Estate Appraisal, 4th Edition, (Chicago, 2010), Page 93.

As Improved

The subject was built as specifically as a Hampton Inn and Suites and was under construction as of December 31, 2008. The hotel opened April 2009 and based on building permits filed with North Charleston the total approximate cost of construction was $9.30 million inclusive of land, but exclusive of FF&E and, soft costs. Inclusive of all costs, we would estimate the total "all in" cost of the subject hotel project to be in excess of $11.5 million. Given the deteriorating economic conditions, it is our opinion that the value of the completed project would have been less than the cost to build as demonstrated further in the income approach section of the appraisal report. Regardless, by December 31, 2008, the subject hotel would have been well underway and to the point of making it difficult to stop. The subject hotel is better than the typical Hampton Inn & Suites property and is very functional for the use for which it was intended. Therefore, the highest and best use of the improved property is operation as a hotel.

Conclusion of Highest and Best Use

The highest and best use of the subject land as vacant is for speculative hold/future commercial development, while the highest and best use of the improved property is for continued operation as a Hampton Inn & Suites hotel. Further, the value of the going concern hotel is greater than the value of the underlying land for alternative development. Therefore, the overall highest and best use is for continued operation as a hotel.

Valuation Methodology

The traditional approaches to value are the income capitalization approach, sales comparison approach, and cost approach. This appraisal includes a retrospective value for the property as of December 31, 2008, subject to a hypothetical condition that the hotel was complete and fully stabilized in the market as of that date.

- The ***income capitalization approach*** is developed because most market participants consider this methodology very important since it examines revenue and expenses associated with operating a property. The direct capitalization method is used within this approach. In some situations, it is appropriate to also use a discounted cash flow analysis. However, because this appraisal is based on the hypothetical assumption that the subject was complete and operating at a stabilized level as of the date of valuation, direct capitalization is the more appropriate methodology.

- The ***sales comparison approach*** is developed because this methodology bases its value opinion on actual sales transactions. Primary emphasis is given to the (RRM) room revenue multiplier, which reflects the relationship between room revenue and sale price. Secondary consideration is given to price per room.

- The ***cost approach*** is developed based on the cost of constructing the subject hotel as of December 2008, plus the underlying land value. The cost approach is generally not given much emphasis in the pricing of a hotel property. The underlying land value is estimated through direct comparison with similar land sales. The final step is the addition of the costs and furniture, fixtures and equipment costs to the land value for a total value. The cost approach is developed primarily as an informational approach in this appraisal.

Income Capitalization Approach

The Dictionary of Real Estate Appraisal, 5th edition, 2010, published by the Appraisal Institute, defines the income capitalization approach as follows:

> *"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."*

The beginning point of the income capitalization approach is making a projection of revenue and expenses for the property. The projection is typically based on a combination of actual operating history of the subject property (if available) and analysis market comparables. Market comparables include the "competitive set" analysis developed with the Trends section of the report and expense comparables to be presented within this section of the report. These analyses are used to develop a projection of revenues, expenses, and net operating income (NOI) for the subject property. The income capitalization approach uses a direct capitalization approach as it best reflects how buyers analyze assets like the subject when fully stabilized.

Direct Capitalization Analysis

Direct capitalization is used to convert a property's stabilized income expectancy into a value indication. In direct capitalization, an overall capitalization rate is applied to a single year's net operating income projection to provide a value indication.

Revenue and Expense Projections

The next steps of the income capitalization approach are to make projections of revenues and operating expenses for the property. The projections would typically give consideration of the actual operating history of the subject property (if it were open) as well as expense levels for similar hotel properties (referred to herein as "*expense comparables*").

Operating History/Projections

The subject was not open and operating as of the effective date of the appraisal. The value opinions are subject to a hypothetical condition the hotel was open and stabilized as of December 31, 2008. Given this situation there were obviously no historical operating statements to analyze. Therefore, revenue and expense data has also been collected and analyzed on three Hampton Inn hotels for use as "expense comparables." Further, information from the 2008 Host Study published by Smith Travel Research is used to help benchmark and project "market" expenses for the subject property. Due to the confidential nature of the operating statements from the "expense comparables," the individual identifications of the comparable hotels are kept in the appraisers' files. An overview of each property is included below.

Summary of Expense Comparables:

Comparable	Type	Affiliation	Number of Rooms
A	Hampton Inn	Franchise	80 – 110
B	Hampton Inn & Suites	Franchise	90 – 120
C	Hampton Inn & Suites	Franchise	90 – 120
Host	Limited-Service South Atlantic	Franchise	125
Subject	Hampton Inn & Suites	Franchise	115

The three pages to follow include data on three comparable properties and The Host Report, followed by the Year 1 income projection for the subject.

COMPARABLE INCOME/EXPENSE DATA

	The 2008 Host Study Limited Service - South Atlantic			Expense Comparable A			Expense Comparable B			Expense Comparable C		
	%	(POR)	(PAR)	%	(POR)	(PAR)	%	(POR)	(PAR)	%	(POR)	(PAR)
Revenues												
Rooms	95.7%	$95.53	$23,130	99.8%	$95.86	$26,137	96.8%	$117.72	$29,949	100.0%	$97.45	$21,448
Other Operated Departments	4.3%	$4.34	$1,051	0.2%	$0.21	$57	3.2%	$3.85	$979	0.0%	$0.00	$0
Total Revenue	100.0%	$99.87	$24,181	100.0%	$96.07	$26,194	100.0%	$121.57	$30,928	100.0%	$97.45	$21,448
Departmental Expenses (B)												
Room Expense	21.8%	$20.78	$5,031	22.1%	$21.17	$5,772	26.1%	$30.78	$7,831	20.2%	$19.66	$4,327
Other Operated Departments	67.7%	$2.94	$712	57.1%	$0.12	$33	0.0%	$0.00	$0	0.0%	$0.39	$86
Total Departmental Expenses	23.8%	$23.72	$5,743	22.2%	$21.29	$5,805	25.3%	$30.78	$7,831	20.6%	$20.05	$4,413
Undistributed Expenses												
Administration & General	8.8%	$8.78	$2,126	14.2%	$13.60	$3,708	14.4%	$17.47	$4,444	6.0%	$5.87	$1,292
Sales and Marketing	7.6%	$7.57	$1,833	11.2%	$10.76	$2,934	8.5%	$10.35	$2,633	14.3%	$13.93	$3,066
Property Operation & Maintenance	5.3%	$5.31	$1,286	4.5%	$4.28	$1,167	6.2%	$7.56	$1,923	6.0%	$5.83	$1,283
Utilities	4.8%	$4.84	$1,172	3.4%	$3.31	$902	5.2%	$6.31	$1,605	5.9%	$5.73	$1,261
Total Undistributed Expenses	26.5%	$26.50	$6,416	33.3%	$31.95	$8,711	34.3%	$41.69	$10,606	32.2%	$31.36	$6,902
Management Fees	2.9%	$2.92	$707	4.8%	$4.58	$1,249	3.0%	$3.65	$929	6.1%	$5.93	$1,305
Fixed Charges												
Rent	0.0%	$0.00	$0	0.0%	$0.00	$0	0.0%	$0.00	$0	0.0%	$0.00	$0
Property and Other Taxes	3.3%	$3.31	$801	2.4%	$2.30	$627	2.2%	$2.72	$692	10.0%	$9.75	$2,146
Insurance	1.6%	$1.60	$387	1.5%	$1.41	$384	1.3%	$1.52	$387	0.8%	$0.76	$167
Total Fixed Charges	4.9%	$4.91	$1,189	3.9%	$3.71	$1,012	3.5%	$4.24	$1,079	10.8%	$10.51	$2,313
Replacement Reserves	1.6%	$1.60	$387	0.0%	$0.00	$0	6.6%	$8.05	$2,048	0.0%	$0.00	$0
Total Expenses	59.7%	$59.65	$14,443	64.0%	$61.53	$16,776	72.7%	$88.41	$22,492	69.6%	$67.85	$14,933
Income Before Other Fixed Charges: (C)	40.3%	$40.22	$9,738	36.0%	$34.54	$9,418	27.3%	$33.16	$8,436	30.4%	$29.60	$6,515

NOTES:

(A) Other income may be reported as net income.
(B) Departmental expense ratios shown as % of related department's revenues.
(C) Income before deducting depreciation, rent, interest, amortization and income taxes.

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Stabilized Operating Projection
Hampton Inn & Suites
North Charleston, SC

Number of Rooms	115
Available Room Nights	41,975
Occupancy Rate	66.1%
Occupied Room Nights	27,727
Average Daily Rate {ADR}	$109.00
Revenue Per Available Room (RevPar)	$72.00

	Total $	% Revenue	POR	PAR
Revenues				
Rooms	**$3,022,200**	99.6%	$109.00	$26,280
Other Operated Departments	**11,091**	0.4%	0.40	96
Total Revenues	**$3,033,291**	100.0%	$109.40	$26,376
Department Expenses				
Rooms	**$637,712**	21.1%	$23.00	$5,545
Other Operated Departments	**6,932**	62.5%	0.25	60
Total Department Expenses	**$644,644**	21.3%	$23.25	$5,606
Total Department Income	**$2,388,647**	78.7%	$86.15	$20,771
Undistributed Operating Expenses				
Administrative & General	**$288,163**	9.5%	$10.39	$2,506
Sales & Marketing	**347,830**	11.5%	12.55	3,025
Property Operation & Maintenance	**151,665**	5.0%	5.47	1,319
Utilities	**138,633**	4.6%	5.00	1,206
Total Undistributed Expenses	**$926,290**	30.5%	$33.41	$8,055
Gross Operating Profit	**$1,462,357**	48.2%	$52.74	$12,716
Management Fee	**121,332**	4.0%	4.38	1,055
Income Before Fixed Expenses	**$1,341,025**	44.2%	48.37	11,661
Fixed Expenses				
Business Personal Property Taxes	**35,993**	1.2%	1.30	313
Property Insurance	**43,125**	1.4%	1.56	375
Total Fixed Expenses	**$79,118**	2.6%	$2.85	$688
Replacement Reserve	**$121,332**	4.0%	$4.38	$1,055
Total Expenses	**$1,892,715**	62.4%	$68.26	$16,458
Net Operating Income	**$1,140,576**	**37.6%**	**$41.14**	**$9,918**

Analysis of Revenue

Revenue sources for limited service hotels are typically driven by room sales and also include a minimal amount of rentals and other income.

Rooms Revenue

Annual room revenue is best measured by RevPar as discussed in the Trends section. The income model used in this appraisal uses occupancy and ADR inputs to essentially back into the RevPar projection as developed in the Trends section. Various features of a particular hotel affect the rate and occupancy level that can be achieved. These include proximity to local demand generators, rate structure in relation to the competitive market, seasonality, supply of competitive properties, and the different hotel amenities that are offered.

As discussed in the Lodging Trends section of this report, we have estimated the annual occupancy at 66.06% and Average Daily Rate (ADR) at $109 resulting in a RevPar projection of $72.00 (66.06% x $109).

Other Operated Departmental Revenue

Other operated departmental revenue includes revenue from meeting room rentals, sundry shop and other services provided by the hotel. The following table summarizes the other departmental income generated from comparable hotels on a net basis.

Other Operated Departments	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	**$4.34**	$0.21	$3.85	$0.00	**$0.40**
$ PAR	**$1,051**	$57	$979	$0	**$96**

Other departmental revenue also tends to vary from property to property depending upon the market mix of guests and the nature of the individual property in terms of additional services. Other operated departmental revenue for the subject is estimated at $0.40 per occupied room night.

Total Revenue

The total revenue estimates for the subject in Year 1 of the cash flow projection is $3,033,291 . This includes a small amount of "other income". The stabilized room revenue projection is $3,022,200. Typically we would compare our projections with the historical range of the subject;

however, in this case we have no historical information for the subject hotel. Therefore, the following chart includes all of the Hampton Inn hotels in the Charleston area and includes their 2008 room revenue and indicated RevPars. We have retained specific identities of the individual properties in our appraisal files.

Hampton Inn/Hampton Inn & Suites RevPars in Charleston Area				
Comp #	Hampton Inns	2008 Revenue	# of Rooms	2008 RevPar
1	Hampton Inn & Suites	$3,817,526	121	$86.44
2	Hampton Inn	$3,539,221	120	$80.80
3	Hampton Inn & Suites	$3,575,045	121	$80.95
4	Hampton Inn	$2,675,707	102	$71.87
5	Hampton Inn	$2,421,871	124	$53.51
6	Hampton Inn	$3,612,905	128	$77.33
7	Hampton Inn	$7,529,726	170	$121.35
	Subject	Stabilized 2009 Projection	# of Rooms	2009 RevPar Projection
	Projections	$3,022,200	115	$72.00

Analysis of Operating Expenses

The following summarizes our line item expense projections for the subject.

Departmental Expenses

Departmental expenses consist of rooms and minor operated departments. Each applicable category will be analyzed below.

Rooms

Consistent with itemization of expenses in the HOST Study, room's department expenses will include front desk and housekeeping salaries/wages/benefits, satellite/cable television fees, cleaning supplies, guest supplies, linens and uniforms, front desk supplies/postage, reservations expenses, travel agent commissions and other expenses attributed to the rooms operation. These department costs are somewhat, but not totally, occupancy sensitive.

Rooms Expenses	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	$20.78	$21.17	$30.78	$19.66	$23.00
% of Dept Revenue	21.8%	22.1%	26.1%	20.2%	21.1%

The rooms expense indications range from $19.66 to $30.78 per occupied room with the HOST Study indicating $20.78 per occupied room. The subject's rooms expense is projected at $23.00 per occupied night.

Other Operated Departments

Expenses within this category typically are a function of department revenue, which is dependent upon the services offered at a given facility.

Other Operated Departments	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	**$2.94**	$0.12	$0.00	$0.39	**$0.25**
% of Dept Revenue	**67.7%**	57.1%	0.0%	0.0%	**62.5%**

Based a review of the expense comparables, this expense is estimated at $0.25 per occupied room.

Undistributed Operating Expenses

Undistributed operating expenses consist of administrative and general, sales and marketing, property operation/maintenance and utilities. Each of these categories will be analyzed in the following paragraphs.

Administrative and General

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

Administrative & General	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	**$8.78**	$13.60	$17.47	$5.87	**$10.39**
% of Total Revenue	**8.8%**	14.2%	14.4%	6.0%	**9.5%**

The expense comparables indicate administrative and general expenses between 6.0% to 14.4% of total revenue, while the HOST Study indicates 9.5% of total revenue. Based on a review of the comparables the administrative and general expenses are projected at 9.5% of total revenue.

Sales and Marketing/Franchise Fee

Marketing expenses include a broad spectrum of advertising and promotional expenses, brand royalty fees and national marketing fees charged by the franchisor. Typical local marketing

expenses include salaries for the sales and reservations staff, marketing employee benefits, media advertising, outdoor advertising, promotional expenses, directories, travel and entertainment, printing and stationery, postage and other smaller items.

Sales and Marketing	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	$7.57	$10.76	$10.35	$13.93	$12.55
% of Total Revenue	7.6%	11.2%	8.5%	14.3%	11.5%

The subject property operates as a Hampton Inn & Suites licensed by Hilton and a typical buyer would like retain the franchise rights to take advantage of a national reservation system and to satisfy lender requirements. Franchise fees typically consist of a royalty fee of 5.0% of room revenue and marketing fee of 4.0% of room revenue. The appraisal also forecasts a local marketing expense of 2.5% of total revenue. This results in a total sales and marketing expense of 11.5% of total revenue.

Property Operation and Maintenance

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

Property Operation & Maint.	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	$5.31	$4.28	$7.56	$5.83	$5.47
% of Total Revenue	5.3%	4.5%	6.2%	6.0%	5.0%

Considering we have forecast a replacement reserve later in this analysis and the condition of the subject, we have forecast a total operation and maintenance expense of 5.0% of total revenue.

Utilities

Energy expenses consist of electric, water and sewer service and other fuel charges.

Utilities	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	$4.84	$3.31	$6.31	$5.73	$5.00
% of Total Revenue	4.8%	3.4%	5.2%	5.9%	4.6%

Energy expenses at the comparables range from $3.31 to $6.31 per occupied room, while the HOST Study indicates $4.84 per occupied room. Based on this information, the subject's energy expenses are projected at $5.00 per occupied room.

Management Fees

In the hotel management industry, a management fee of 3.0% to 5.0% of total revenues is typical. Not all properties are managed by third party management companies and many do not report a management expense.

Management Fees	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	**$2.92**	$4.58	$3.65	$5.93	**$4.38**
% of Total Revenue	**2.9%**	4.8%	3.0%	6.1%	**4.0%**

Recognizing the size of the subject and the market in which the facility operates, we have forecast a management expense of 4.0% of total revenue.

Fixed Charges

The fixed expenses category includes rent, taxes (real and personal property) and insurance premiums.

Property and Other Taxes

As mentioned previously we will not be projecting property taxes but rather "loading" the cap rate to account for taxes. This will be discussed further in the Income Approach section.

Insurance

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

Insurance	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	**$1.60**	$1.41	$1.52	$0.76	**$1.56**
$ PAR	**$387**	$384	$387	$167	**$375**
% of Total Revenue	**1.6%**	1.5%	1.3%	0.8%	**1.4%**

Insurance expenses can vary significantly from one community to the next and from one property to the next depending upon a number of factors. A projection of $375 per available room is used herein.

Replacement Reserves

An expensive component of the operation of a property such as the subject is the replacement of quality case goods, public area furnishings, meeting room equipment and other short lived items. Many properties do not report a reserves expense on their operating statements. However, investors tend to recognize some level of reserves in their projections as it is a relevant factor for hotels. We have used a replacement reserve of 4.0% of total revenues.

Reserves for Replacements	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	$1.60	$0.00	$8.05	$0.00	$4.38
% of Total Revenue	1.6%	0.0%	6.6%	0.0%	4.0%

Expense Reconciliation

The following chart provides a comparison of the subject's historical expenses with the three comparable properties, HOST Study and the Year 1 projection. Comparisons are shown as a percentage of total revenue, per occupied room and per available room.

Expense Reconciliation	Host	Expense Comps.			Appraisal
	Study	A	B	C	Forecast
$ POR	$59.65	$61.53	$88.41	$67.85	$68.26
$ PAR	$14,443	$16,776	$22,492	$14,933	$16,458
% of Total Revenue	59.7%	64.0%	72.7%	69.6%	62.4%

The Year 1 total expenses for the subject are projected at 62.4% of total revenue which is lower than the provided expense comparables. However, our projection excludes real estate taxes. This will be handled within a loaded capitalization rate to be discussed on the following pages. If allowance is made for real estate taxes, the overall expense ratio as well as dollars per available room and per occupied room are within the parameters indicated by the expense comparables.

Direct Capitalization

This appraisal gives consideration to direct capitalization. We have collected sales of other hospitality properties in an effort to estimate an appropriate overall capitalization rate for the subject property. The following chart summarizes the more pertinent details of a number of limited-service sales. Primary emphasis is given to sales of the Hampton Inn/Hampton Inn & Suites brand occurring prior to the date of appraisal.

Hotel Sales Summary Chart

Property Information			Sale Information								Sales Ratios		
Name	City	State	Date	# Rms	Year Built	Adjusted Price	Adj. Price/ Room	Room Rev.	RevPar	NOI	Expense Ratio	RRM	OAR
Hampton Inn	Tampa	FL	Dec-08	80	1995	$7,350,000	$91,875	$1,924,240	$65.90			3.82	
Hampton Inn	Rock Hill	SC	Jul-08	162	1992	$19,400,000	$119,753	$4,148,146	$70.15	$2,010,764	52.1%	4.68	10.4%
Hampton Inn	Asheboro	NC	Jul-08	109	1995/2000	$7,110,000	$65,229	$2,360,485	$59.33	$849,473	64.5%	3.01	11.9%
Hampton Inn	Sanford	NC	May-08	86	1993	$7,500,000	$87,209						
Hampton Inn	Simpsonville	SC	Mar-08	84	1998	$6,000,000	$71,429						
Hampton Inn - Airport	Greensboro	NC	Nov-07	127	1995	$15,510,000	$122,126	$3,912,074	$84.39	$1,379,726	65.0%	3.96	8.9%
Hampton Inn & Suites	Charlotte	NC	Aug-07	100	2000	$9,375,000	$93,750	$2,794,480	$76.56	$903,000	67.7%	3.35	9.6%
Hampton Inn	Buckhannon	WV	Jan-07	62	2000	$4,125,000	$66,532	$1,156,393	$51.10	$406,393	64.9%	3.57	9.9%
Hampton Inn - Airport	Greensboro	NC	Apr-06	127	1995	$12,050,000	$94,882	$3,091,414	$66.69	$1,114,206	64.8%	3.90	9.2%
Hampton Inn	Chantilly	VA	Oct-05	137	1989	$13,524,000	$98,715	$3,832,883	$76.65	$1,250,528	67.4%	3.53	9.2%
Hampton Inn	Matthews	NC	Jan-08	92	1995	$11,300,000	$122,826						
Best Western Magnolia Inn & Suites	Ladson	SC	Dec-08	61	2003	$3,710,000	$60,820	$968,000	$43.48	$294,000	70.0%	3.83	7.9%
Springhill Suites	Charleston	SC	Jan-07	123	1999	$12,300,000	$100,000	$3,334,406	$74.27	$1,105,856	67.0%	3.69	9.0%
Summary Statistics													
Average (Mean)			Oct-07	104	1996	$9,942,615	$91,934	$2,752,252	$66.85	$1,034,883	64.8%	3.73	9.6%
Minimum			Oct-05	61	1989	$3,710,000	$60,820	$968,000	$43.48	$294,000	52.1%	3.01	7.9%
Maximum			Dec-08	162	2003	$19,400,000	$122,826	$4,148,146	$84.39	$2,010,764	70.0%	4.68	11.9%

The sales generally indicate average overall rates of approximately 9.6%: they range from 7.9%-11.9%. The most recent sale, and also the closest sale in terms of proximity to the subject is the Best Western Ladson SC. This hotel is located one interchange north of the subject property at interchange #203. This hotel sold in December 2008 with an implied cap rate of 7.9%. This property is inferior to the subject in terms of overall appeal and location. However, it is close in proximity to the subject and it closed in December of 2008. It supports a lower capitalization rate than the other sales. However, its reported expense ratio is also higher than the other sales so the buyer may have been anticipating operating at a lower level of expenses and thus may have been targeting a higher capitalization rate.

One other sale of particular note is the Hampton Inn Rock Hill which sold at an implied cap rate of 10.4% in July 2008. Rock Hill is considered an inferior market to North Charleston. Although this hotel sold at an implied cap rate of 10.4%, this is somewhat skewed due to the extremely low expense ratio. A "typical" expense ratio for a limited-service hotel is within the 65%-70% range. This is supported by the other sales provided in the chart. A more "typical" expense ratio for this sale would have implied a cap rate in the 6.5% to 7.5% range.

In late 2008, we discussed cap rates with several hotel broker specialists at Hunter Hotels and Mumford Company. These brokers indicated that cap rates had generally increased 50 to 100 basis points because of recessionary conditions at the end of 2008. Further, there were indications of an increasing spread between buyer and seller expectations. It has been our experience that sellers are slower to adjust their expectation during downturns in the market. In reviewing some old appraisals prepared by Hotel and Club Associates, Inc. in 2008, it appears that for a property like the subject we may have been using cap rates around 9.0%-9.25% at the beginning of the year and by year's end we were using cap rates of 9.5% to 9.75%.

Another basis of the comparison is the "going in" OARs indications in the investor surveys conducted by various real estate companies. Some consideration is also given to the most recent investor surveys in the selection of an overall capitalization rate.

Average Overall Cap Rates - Going In
Korpacz Real Estate Investor Survey

	2005		2006		2007		2008	
	1st Qtr	3rd Qtr	1st Qtr	3rd Qtr	1st Qtr	3rd Qtr	1st Qtr	3rd Qtr
Limited Service	**11.67%**	**11.17%**	**10.46%**	**9.83%**	**9.67%**	**9.58%**	**9.58%**	**9.83%**
Extended Stay	11.60%	11.05%	10.85%	10.75%	10.75%	10.75%	10.75%	10.85%
Full/Select Service	9.47%	9.22%	8.88%	8.81%	8.74%	8.30%	8.33%	8.50%
Full Service/Luxury	8.70%	8.32%	8.32%	7.86%	7.56%	7.53%	7.50%	7.67%

Source: Korpacz Real Estate Investor Survey published by PriceWaterhouseCoopers

The range of overall rates for limited-service properties in the third quarter 2008 survey was 6.50% to 14.00% with an average of 9.83%. After consideration of the comparable sales, investor surveys, and the previous discourse an overall capitalization rate of 9.75% is selected for the subject property.

Loaded Capitalization (Adjusted for Property Taxes)

Property taxes in most cases are included as a property expense reflected in the NOI projection and the resulting value conclusion is dependent on the tax expense that is a reflection of the tax valuation. To remove this "circular" calculation, this analysis uses a "loaded" or modified capitalization rate. The loaded capitalization rate is applied to net operating income modified to exclude property taxes.

The overall cap rate is adjusted to reflect the exclusion of a customary property expense; real estate taxes in this case. The investor survey and sales data used to develop the overall capitalization rate in the preceding section is based on net operating income inclusive of property

taxes as an operating expense. Therefore, it is necessary to adjust the capitalization rate to reflect the impact of property taxes on value.

In the preceding section, the unadjusted overall capitalization rate is adopted at 9.75%. The adjustment factor is based on the percentage of market value represented by property taxes. The following chart summarizes the calculation of this factor:

Tax Calculation	
Assumed Market Value for Calculation Purposes	$1,000,000
x 6%	6%
= Assessed Value	$60,000
Divided by 1000	$60
x 2009 Millage Rate	$269.50
Real Property Taxes before Sales Tax Credit	$16,170
Less Sales Tax Credit (.00141)	$1,410
Total Real Property Taxes	$14,760
Taxes as % of Market Value (Load Factor)	**1.476%**

The next step is to adjust the 9.75% overall cap rate up by 1.476% (the previously determined tax rate) to reflect the exclusion of the property taxes.

Retrospective Value Opinion by Direct Capitalization

The value indications by direct capitalization are summarized below:

Calculation of Loaded Capitalization Rate	
Projected Overall Capitalization Rate	9.75%
Add: Load Factor	1.476%
Adjusted Capitalization Rate	**11.226%**

The loaded or adjusted cap rate is applied to the NOI (excluding property taxes) to indicate a value estimate for the subject as follows:

Direct Capitalization with Loaded Capitalization Rate	
Year 1 NOI Estimate without Real Property Taxes	$1,140,576
Loaded Capitalization Rate	11.226%
Indicated Value	$10,160,124
Less PIP (if any)	$0
Indicated "As Is" Value	$10,160,124
Rounded to	**$10,200,000**

Sales Comparison Approach

While all of the approaches used in this appraisal report are market oriented, the sales comparison approach involves a comparison of the subject property with other hospitality properties, which have recently sold. In searching for comparable hotel sales, primary emphasis is given to recent sales of Hampton Inn properties in the subject region. Buyers of these types of these types of hotels tend to be more regional.

Since each sale involves the transfer of a unique hospitality property, including a business, attempting to compare prices per room or other physical units of comparison does not necessarily provide the most reliable indication of value. The sales comparison approach is based primarily on a room revenue multiplier analysis with supporting information given to prices per room.

Buyers and sellers are extremely guarded in their statements concerning the details of sales. We have made a concentrated effort to gather as much information as possible about each sale, but some information could not be obtained. These sales establish ratios between revenues and sale prices and demonstrate the lack of consistency in physical units of comparison such as prices per room.

Sale transactions began to decline rapidly in the market going through 2008. Prior to 2008, transactions and pricing had been at high levels. As the U.S. slid into recession in 2008 and market fundamentals began to erode, owners of hotels shifted to a "hold" strategy. Arthur de Haast, global CEO of Jones Lang LaSalle Hotels stated at the ALIS conference in January of 2009 that "*whereas the dominant strategy was to buy hotels in 2007, investors surveyed by Jones Lang LaSalle Hotels said their dominate strategy was to hold properties in 2008.*"

The chart to follow provides a list of primarily Hampton Inn sales that occurred in the 2-3 years prior to the date of appraisal. These sales are primarily Hampton Inn properties other than two Charleston area sales. The sales are used in this appraisal primarily to demonstrate ratios between sale prices and revenues/income and are not used for direct comparison. Details of the comparable properties are summarized in the following chart.

Hotel Sales Summary Chart

Property Information			Sale Information								Sales Ratios		
Name	City	State	Date	# Rms	Year Built	Adjusted Price	Adj. Price/ Room	Room Rev.	RevPar	NOI	Expense Ratio	RRM	OAR
Hampton Inn	Tampa	FL	Dec-08	80	1995	$7,350,000	$91,875	$1,924,240	$65.90			3.82	
Hampton Inn	Rock Hill	SC	Jul-08	162	1992	$19,400,000	$119,753	$4,148,146	$70.15	$2,010,764	52.1%	4.68	10.4%
Hampton Inn	Asheboro	NC	Jul-08	109	1995/2000	$7,110,000	$65,229	$2,360,485	$59.33	$849,473	64.5%	3.01	11.9%
Hampton Inn	Sanford	NC	May-08	86	1993	$7,500,000	$87,209						
Hampton Inn	Simpsonville	SC	Mar-08	84	1998	$6,000,000	$71,429						
Hampton Inn - Airport	Greensboro	NC	Nov-07	127	1995	$15,510,000	$122,126	$3,912,074	$84.39	$1,379,726	65.0%	3.96	8.9%
Hampton Inn & Suites	Charlotte	NC	Aug-07	100	2000	$9,375,000	$93,750	$2,794,480	$76.56	$903,000	67.7%	3.35	9.6%
Hampton Inn	Buckhannon	WV	Jan-07	62	2000	$4,125,000	$66,532	$1,156,393	$51.10	$406,393	64.9%	3.57	9.9%
Hampton Inn - Airport	Greensboro	NC	Apr-06	127	1995	$12,050,000	$94,882	$3,091,414	$66.69	$1,114,206	64.8%	3.90	9.2%
Hampton Inn	Chantilly	VA	Oct-05	137	1989	$13,524,000	$98,715	$3,832,883	$76.65	$1,250,528	67.4%	3.53	9.2%
Hampton Inn	Matthews	NC	Jan-08	92	1995	$11,300,000	$122,826						
Best Western Magnolia Inn & Suites	Ladson	SC	Dec-08	61	2003	$3,710,000	$60,820	$968,000	$43.48	$294,000	70.0%	3.83	7.9%
Springhill Suites	Charleston	SC	Jan-07	123	1999	$12,300,000	$100,000	$3,334,406	$74.27	$1,105,856	67.0%	3.69	9.0%
Summary Statistics													
Average (Mean)			Oct-07	104	1996	$9,942,615	$91,934	$2,752,252	$66.85	$1,034,883	64.8%	3.73	9.6%
Minimum			Oct-05	61	1989	$3,710,000	$60,820	$968,000	$43.48	$294,000	52.1%	3.01	7.9%
Maximum			Dec-08	162	2003	$19,400,000	$122,826	$4,148,146	$84.39	$2,010,764	70.0%	4.68	11.9%

Room Revenue Multiplier (RRM) Analysis

The primary unit of comparison considered in the sales comparison approach is the room revenue multiplier (RRM), which measures the relationship between room revenue and sales price. The RRM has been used as the primary unit of comparison because so much of the subject revenue is room income. Further, this is a very common unit of comparison used by buyers, sellers, and brokers of hotel properties. Since hotel revenues and hotel prices are adjusted in the marketplace by consumer and investor demands, room revenue multipliers do not require further adjustments.

The preceding chart indicates RRMs ranging from 3.01 to 4.68 and averaging 3.73. It is discussed previously that going into late 2008, capitalization rates were increasing in response to declining economic conditions. Conversely, it would follow that RRMs would have been declining. Given the location, branding and quality of the subject property, our conclusion of a 3.50 RRM is reasonable.

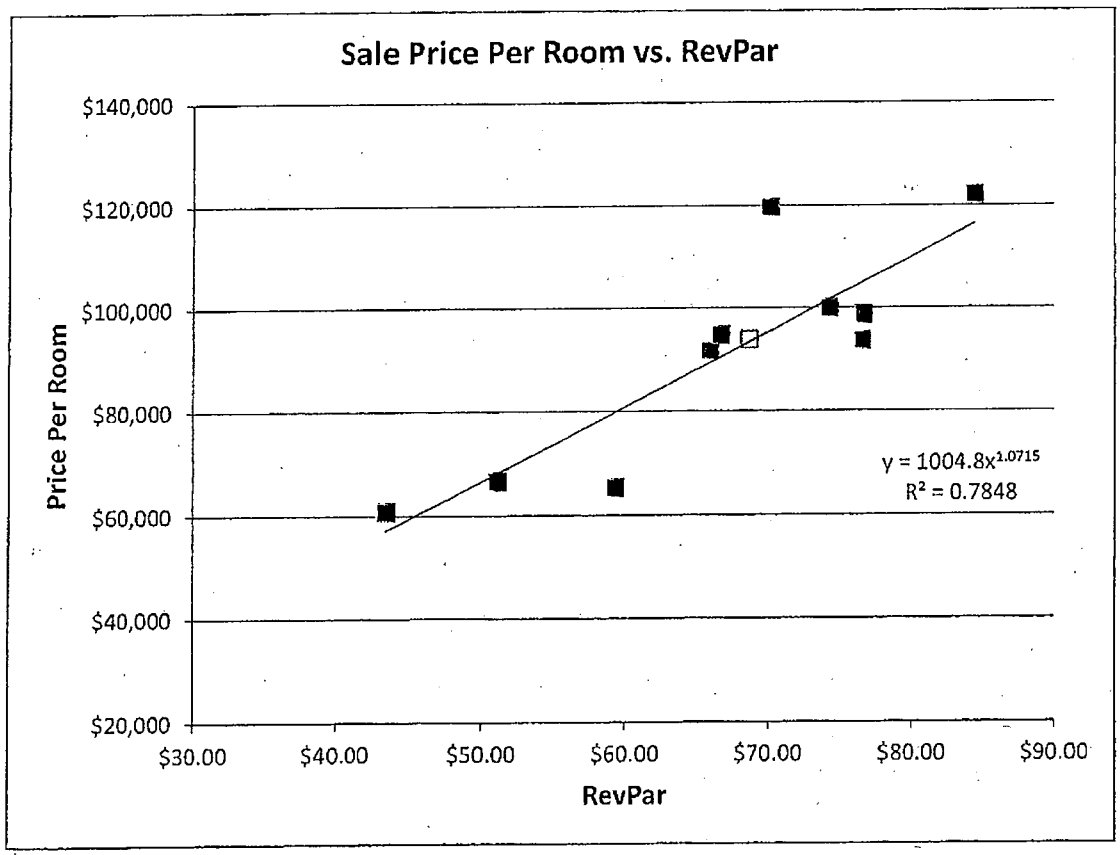
Value Opinion – RRM Analysis

The "retrospective" value opinion by the RRM analysis is summarized as follows:

Value Indication - RRM Analysis	
Projected Room Revenue for Subject	$3,022,200
x RRM	3.50
Indicated Value	$10,577,700
Less PIP (if any)	$0
Indicated "As Is" Value	$10,577,700
Round to	**$10,600,000**
Implied Value Per Room	$92,174

Value Per Room

The implied value per room in the preceding analysis is $92,174. Prices per room for the comparable sales range from $60,820 to $122,826 and average $91,934. Prices per room tend to be dictated by income per room, i.e. RevPar. Properties with higher RevPar tend to sell at higher prices per room. The comparable sales are presented on the graph to follow and are graphed by RevPar and sale price per room.



While the correlation between RevPar and price per room is not perfect, the general pattern is higher prices per room are generally associated with higher RevPar and vice versa. The correlation is not perfect because there are other factors that can disrupt the correlation; however, the general trend is the higher the RevPar, the higher the price per room. The subject represented by the "yellow" fits the general pattern of RevPar and price per room.

Supporting Information

The market for real estate, hotels included, was changing rapidly in late 2008 due to the recession and banking crisis. The markets in many cases were in a holding pattern and the level of transactions was decelerating. This process had begun in the first three quarters of 2008, but was exacerbated in the fourth quarter of the year. Nonetheless, there were still some transactions occurring for quality assets like the subject property. The paragraphs to follow provide a brief overview of several transactions from late 2008 and very beginning of 2009.

Apple REIT Seven, Inc. acquired the Homewood Suites (Hilton franchise) in Durham NC in December 4, 2008. Costar reported this property was in escrow for 60 days prior to the close. This is a good quality property in the Research Triangle Park area.

Apple REIT Seven also closed on a Hilton Garden Inn at the Savannah Airport in July of 2008 at $105,000 per room. Apple REIT was an active buyer of good quality hotel properties around the date of appraisal. They closed on a pre-construction purchase of Hampton Inn & Suites property in Panama City Beach, FL in March of 2009 (upon completion of the hotel). Even though the closing was post appraisal date, the property was under construction at the time of appraisal and would have been put under contract prior to closing. CBRE reported the marketing time as 7 months. This is a 95-room room property that sold for $11.6 million.

Apple REIT Nine closed on a 109-room Hampton Inn in Ft. Lauderdale in December 2008 for approximately $19.3 million according to information provided by CBRE. Apple REIT Nine also purchased a Courtyard by Marriott in Bristol VA for approximately $107,000 per room in November of 2008.

Sage Hospitality acquired a Holiday Inn Express in Ft. Lauderdale in January of 2009 at just under $98,000 per room. CBRE reported that Regent Bank financed approximately 73% of the purchase price and that the marketing time was 4 months.

The Hampton Inn on Horace Avenue in Tampa, FL closed on December 23, 2008 at $91,875 per room. This property is included in the sale chart on the preceding page. Costar reported that it

had been on the market for 175 days prior to closing. Costar does not report how long it was under contract prior to closing.

On September 30, 2008, the Hampton Inn & Suites at 7448 International Drive in Orlando, FL sold for $14.0 million or $129,630 per room. This property was built in 2003. Costar reported that it had been in escrow for 160 days so it clearly went under contract before the worst of the recession began in September of 2008.

Costar reports that a Holiday Inn Express in Canton Georgia sold November 2008 for $87,705 per room. Costar indicated that HRP Financial Services financed approximately 51% of the purchase price.

The Best Western in Ladson SC, one interchange west of the subject location sold in December of 2008 for $61,820 per room. This location is inferior to the subject and the property and is inferior to the subject. This sale would indicated that the subject value per room should be much higher than this sale. This is another sale of a property in the fourth quarter of 2008.

The preceding paragraphs provide examples of transactions that were occurring as the U.S. as the recession and financial crisis was unfolding in late 2008. Even though market dynamics were eroding, they were still transactions occurring. Some of the REITS such as Apple were well funded and were still in an acquisition mode. The subject property by virtue of its quality construction features, North Charleston location, and affiliation with a Hilton Hotels franchise would have been a strong acquisition candidate for a buyer like Apple REIT.

Reconciliation of Sales Comparison Approach – "Retrospective"

The sales comparison approach gives primary emphasis to the RRM analysis and a final value opinion of $10,600,000 is adopted for the subject property.

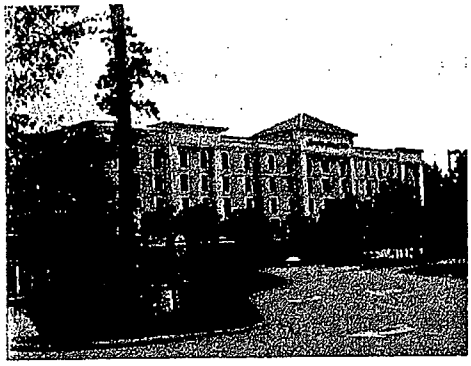
Cost Approach

The cost approach combines the value of the land and the cost of the improvements. The land is appraised as if available in the marketplace for development to its highest and best use. The cost of replacing the improvements (new) is then estimated. The cost approach is developed in this appraisal primarily as a mean of providing a land/improvement allocation rather than as a primary valuation tool. The cost approach is not a primary pricing mechanism used in the marketplace for operating hotel properties.

Land Value Estimate

The next sections of this appraisal focus on developing a land value estimate/allocation for the subject property as of the effective date of appraisal. The primary purpose of this analysis is to develop a reasonable land value allocation for the subject property. Primary emphasis has been given to land sales that occurred prior to the date of appraisal within the subject neighborhood. Because this is a retrospective appraisal, direct confirmation of all of the sales was not feasible. We have relied on information available through public records as well as some confirmed data through the assessor's office. Again, the purpose of this analysis is primarily to provide some value allocation between land and improvements and is not a primary valuation method used in determining the overall value of the subject hotel property. The pages to follow provide maps and descriptions of the land sales considered in this analysis.

Land Sale No. 1



Property Identification

Record ID	362
Property Type	Commercial, Hotel Site
Property Name	Hampton Inn & Suites North Charleston
Address	2688 Fernwood Dr., North Charleston, Charleston County, South Carolina 29406
Tax ID	486-06-00-130

Sale Data

Grantor	University Boulevard LLC
Grantee	University Ventures LLC
Sale Date	December 05, 2006
Deed Book/Page	R604/071
Verification	Public Records
Sale Price	$1,253,224
Cash Equivalent	$1,253,224
Adjusted Price	$1,253,224

Land Data

Zoning	B-2, University Boulevard Overlay
Utilities	All available

Land Size Information

Gross Land Size	2.060 Acres or 89,734 SF

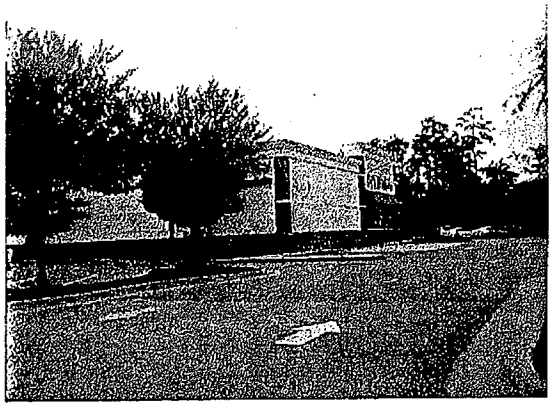
Indicators

Sale Price/Gross Acre	$608,361 Adjusted
Sale Price/Gross SF	$13.97 Adjusted

Remarks

Site acquired for construction of a 115-room Hampton Inn & Suites hotel. Cost per room based on acquisition price is $10,897 per room. Site located near Charleston Southern University on Fernwood Dr., a secondary street off of University Drive.

Land Sale No. 2



Property Identification

Record ID	363
Property Type	Commercial, Drug Store
Property Name	CVS Drug Store
Address	8995 University Blvd., North Charleston, Charleston County, South Carolina 29406

Sale Data

Grantor	University Boulevard LLC
Grantee	Carolina DH IV LLC
Sale Date	September 12, 2006
Deed Book/Page	E598/392
Verification	Public Records
Sale Price	$1,175,000
Cash Equivalent	$1,175,000
Adjusted Price	$1,175,000

Land Data

Zoning	General Commercial, B-2
Utilities	All available

Land Size Information

Gross Land Size	1.340 Acres or 58,370 SF

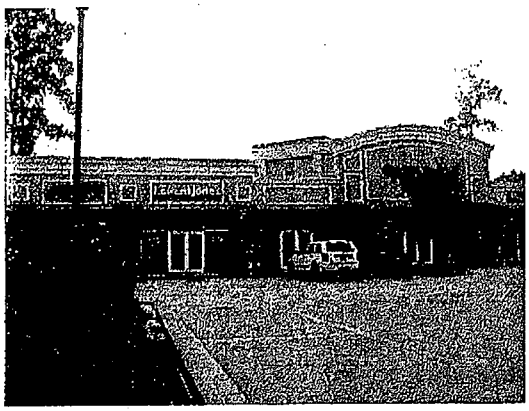
Indicators

Sale Price/Gross Acre	$876,866 Adjusted
Sale Price/Gross SF	$20.13 Adjusted

Remarks

Site acquired for construction of a CVS drug store. Located in North Charleston near Charleston Southern University. Frontage on University Blvd. This is a corner site along a primary commercial corridor.

Land Sale No. 3



Property Identification

Record ID	364
Property Type	Commercial, Retail Strip
Property Name	Retail Site
Address	8983 University Blvd., North Charleston, Charleston County, South Carolina 29406

Sale Data

Grantor	University Boulevard LLC
Grantee	Berkeley Circle
Sale Date	May 08, 2008
Deed Book/Page	S659/571
Verification	Public records
Sale Price	$825,000
Cash Equivalent	$825,000
Adjusted Price	$825,000

Land Data

Zoning	General Business, B-2
Utilities	All available

Land Size Information

Gross Land Size	1.310 Acres or 57,064 SF

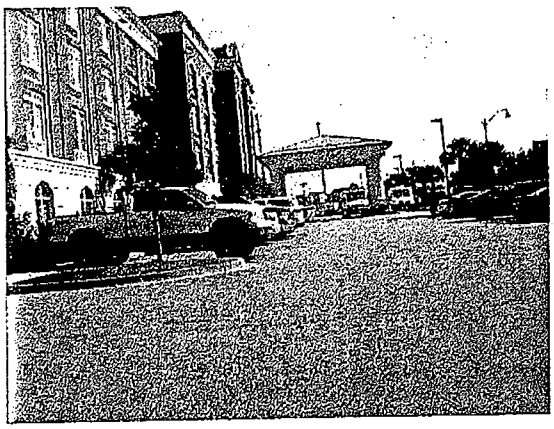
Indicators

Sale Price/Gross Acre	$629,771 Adjusted
Sale Price/Gross SF	$14.46 Adjusted

Remarks

Site purchased for construction of small retail strip center. Located in North Charleston near Charleston Southern University. Frontage on University Boulevard.

Land Sale No. 4



Property Identification

Record ID	365
Property Type	Commercial
Property Name	Holiday Inn Express
Address	3025 W. Montague Dr., North Charleston, Charleston County, South Carolina 29406

Sale Data

Grantor	Montbanco Associates LLC
Grantee	Lowcountry Hotels III LLC
Sale Date	December 19, 2008
Deed Book/Page	0025/915
Verification	Public records
Sale Price	$1,850,000
Cash Equivalent	$1,850,000
Upward Adjustment	$25,000 demolition expense
Adjusted Price	$1,875,000

Land Data

Zoning	Commercial Redevelopmnet District, CRD
Topography	Generally Level
Utilities	All available

Land Size Information

Gross Land Size	2.140 Acres or 93,218 SF

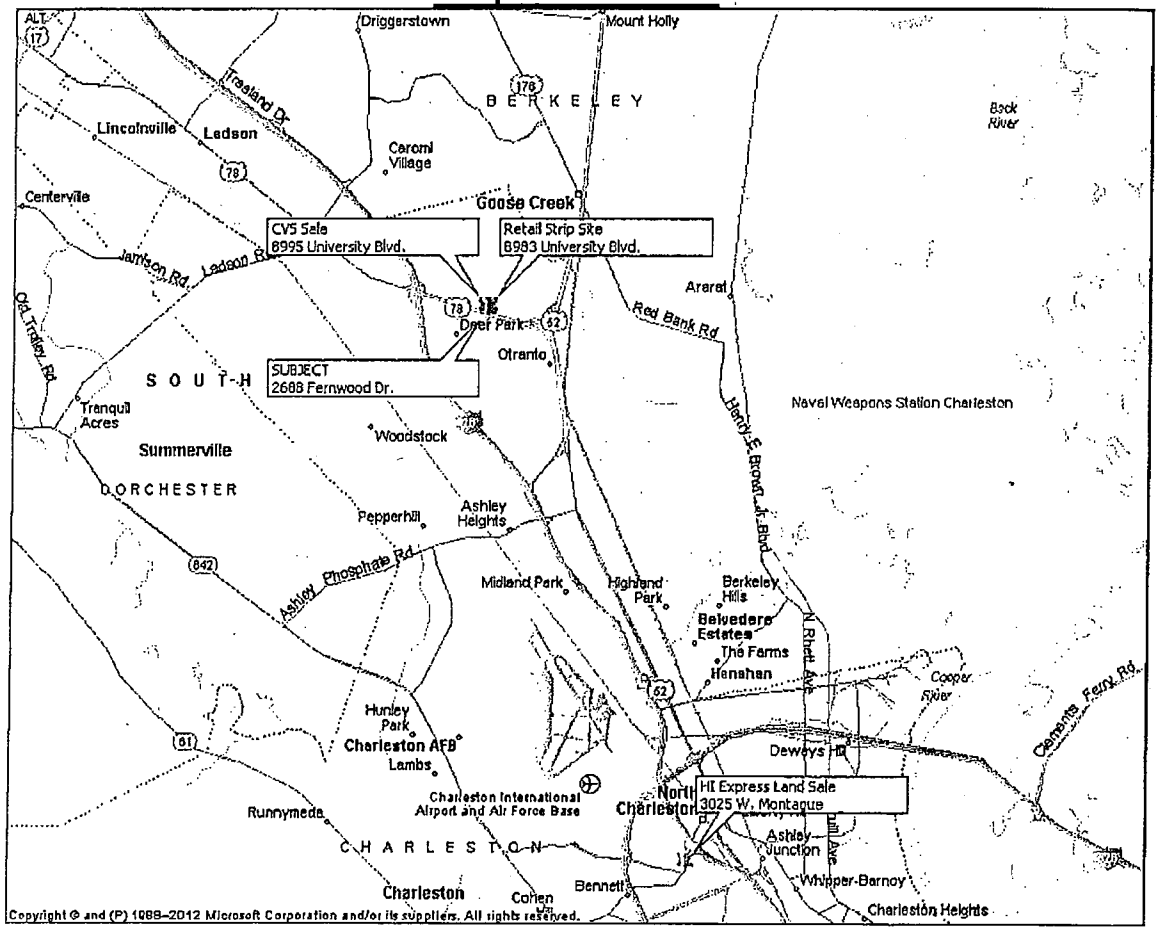
Indicators

Sale Price/Gross Acre	$876,168 Adjusted
Sale Price/Gross SF	$20.11 Adjusted

Remarks

Site purchased for construction of a Holiday Inn Express. Initial plans indicated the developers were going to build 124 rooms, but they ultimately built 127 rooms. Based on 127 rooms and the adjusted sales price, the price per room was $14,763. Located in the North Charleston airport submarket.

Map: Land Sales



Analysis of the Sales:

The chart to follow provides a brief overview of the comparable land sale presented in the preceding sections.

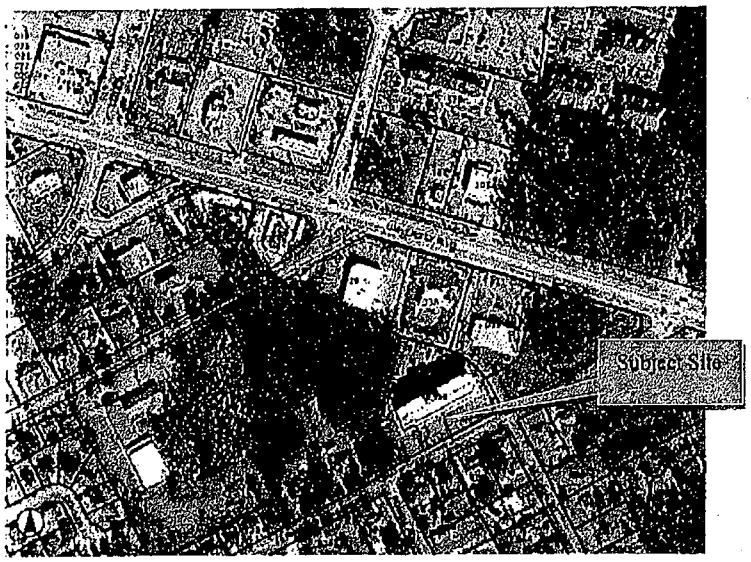
COMPARABLE LAND SALES SUMMARY

Location	Sale Date	Price	Size in SF	Price/ SF
1. 2688 Fernwood Dr. - subject	12/2006	$1,253,224	89,734	$13.97
2. 8995 University Blvd.	09/2006	$1,175,000	58,370	$20.13
3. 8983 University Blvd.	05/2008	$825,000	57,064	$14.46
4. 3025 W. Montague Dr.	12/2008	$1,875,000	93,218	$20.11

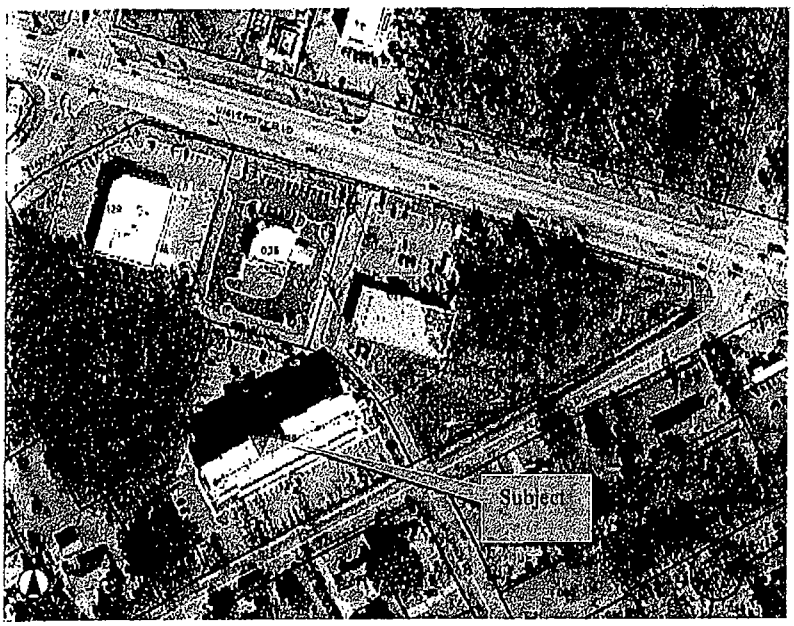
In many situations it is appropriate to use a "land sales adjustment" chart to assist in the analysis of the sales. However, in this particular case, we believe a more qualitative analysis would be appropriate.

Sale #1 is the 2006 purchase of the subject property. Based on available information, it sold for $13.97 per square foot or $10,897 per room. The property is positioned behind Sales #2 and #3 and does not have direct frontage along University Boulevard, the primary traffic artery through the immediate area.

Sale #2 is a 1.34-acre site purchased for construction of a CVS drug store. The property is located on University Boulevard very close to the subject property. It sold for $20.13 per gross square foot in 2006. This site is a corner site with frontage on University Boulevard, SR S-10-1226, and an interior development road. It has been the appraiser's experience that drug stores during this time period were willing to pay premium prices for sites that fit that criteria. This property sold at over $20 per square foot whereas Sale #3, just east of this property sold for $14.46 per square foot. This property also fronted University Boulevard, but was not a strong corner site like Sale #2. The value for the subject as of December 2008 would have been much lower than the $20 per square foot selling price of Sale #2 due to superior exposure/frontage and corner location. Further, land prices likely declined as the recession was getting underway in 2008. An aerial photograph of this sale is shown below highlighted in red.



Sale #3 is a 1.31-acre site located adjacent to the subject that was purchased for development of a small strip center. The site has frontage on University Boulevard. This site sold for $14.46 per square foot in mid 2008. Although this site is only two parcels over from Sale #2, it sold for lower on a per square foot basis. This is due to stronger corner location of Sale #2; further, it was common for national drug store chains to pay premium prices for corner sites that met their criteria. Sale #3 adjoins the subject but has superior exposure along University Boulevard and it sold for a similar price per square foot as the subject did more than 2 years earlier. A portion of the deeded acreage of this site is within an ingress/egress easement that serves this property and the subject. An aerial photograph of this site is shown below.



Sale #4 is a 2.10-acre site that sold for hotel development in late 2008. A 127-room Holiday Inn Express was ultimately constructed on the site, opening in March of 2012. It is located south of the subject site near the Charleston Airport and Convention Center. This site sold for $1.85 million in December 2008. At the time of sale there was a vacant structure on the site. Cost of demolishing the structure was approximately $25,000. When including the cost of demolition the adjusted sales price is $1.875 million or $20.11 per square foot.

The location of Sale #4 is south of I-526 is within a couple of blocks of the Tanger Outlet Center, in close proximity to the airport and is generally in an area where land prices would tend to be higher. Further, this site has direct frontage on the primary traffic corridor and is at the corner of Banco Road. Overall, Sale #4 is significantly superior to the subject with respect to location, exposure, etc.

Another way of looking at hotel sites is on a per-room basis. This site on a per-room basis sold for $14,763 per room. Given the superior location of this site, it is reasonable the subject would be less on a per square foot basis as well as a per room basis.

The subject site was purchased in 2006 for $13.97 per square foot. It was purchased for development of a 115-room Hampton Inn & Suites. On a per-room basis it sold for $10,897 per room. To our knowledge, the subject was a market sale and based on the sales presented its actual price as of December 2006 is considered indicative of market pricing. However, by December 2008, it is reasonable to anticipate that it would have declined in value by as much as 20% based on our observations. Based on the data presented, it is our opinion that the value of the subject hotel land as of December 31, 2008 was approximately $11.00 per square foot. Therefore, the total site value is calculated as follows:

2.06 Acres x 43,560 sf/acre x $11.00/sf = $987,074
Rounded to $990,000

The preceding value on a per-room basis is $8,609 per room for the 115-room subject. This is reasonable given the effective date of appraisal in December 2008.

Estimate of Replacement Cost

The replacement cost of the subject hotel is estimated in the section to follow using "cost comparables" from 2005 to 2008. The cost comparables included are hotels that were appraised by Hotel & Club Associates, Inc. and the cost data for the individual projects is considered confidential. For this reason, we have not specifically identified the individual properties and/or locations. We have reasonably shown each component cost, when available. The level of detail available for the cost comparables varies depending upon the source of the data. The detailed results of our study are shown as follows:

Recent Hotels Construction Costs

	Comp #1	Comp #2	Comp #3	Comp #4	Comp #5	Comp #6
FRANCHISE		Proposed	Proposed	Proposed	Proposed	Proposed
Exterior	Hilton Garden Inn Masonry/EIFS	Hampton Inn & Suites EIFS & Architectural Stone	Hampton Inn & Suites EIFS	Hilton Garden Inn Brick/EIFS	Hilton Garden Inn Brick/EIFS	Hampton Inn Brick
	Masonry	Wood Frame	Wood Frame	Wood Frame	Wood Frame	Metal Frame
BUILT IN	Jun-05	2006/2007	2007	2007/2008	2008	2008
SQUARE FEET	80,000	85,000	76,691	71,000	76,974	70,805
TOTAL ROOMS	120	140	125	112	137	125
AVE. ROOM SIZE(S) INCL. COM. AREA	667	607	614	634	562	566
TOTAL HARD COSTS:	$9,488,183	$8,175,000	$7,869,100	$6,742,000	$10,910,265	$10,013,698
Total Hard Costs/SF	$118.60	$96.18	$102.61	$94.96	$141.74	$141.43
Total Hard Costs/Room	$79,068	$58,393	$62,953	$60,196	$79,637	$80,110
TOTAL SOFT COSTS:	$3,293,500	$2,031,330	$832,500	$1,179,280	$4,097,640	$1,105,302
Total Soft Costs/SF	$41.17	$23.90	$10.86	$16.61	$53.23	$15.61
Total Soft Costs/Room	$27,446	$14,510	$6,660	$10,529	$29,910	$8,842
Total H&S Costs/SF	$159.77	$120.07	$113.46	$111.57	$194.97	$157.04
Total H&S Costs/Room	$106,514	$72,902	$69,613	$70,726	$109,547	$88,952
TOTAL FF & E	$1,998,055	$2,022,000	$1,450,000	$1,628,720	$2,167,354	$1,200,000
Total FF & E Costs/SF	$24.98	$23.79	$18.91	$22.94	$28.16	$16.95
Total FF&E Costs/Room	$16,650	$14,443	$11,600	$14,542	$15,820	$9,600
TOTAL COSTS	$14,779,738	$12,228,330	$10,151,600	$9,550,000	$17,175,259	$12,319,000
TOTAL COSTS/SF	$184.75	$143.86	$132.37	$134.51	$223.13	$173.98
TOTAL COSTS/ROOM	$123,164	$87,345	$81,213	$85,268	$125,367	$98,552

0442

The preceding "cost comparables" are used to develop an estimate of replacement cost for the subject hotel improvements. The subject was under construction at the time of appraisal, but the appraisers have not been provided with actual building costs, though we have been provided information from the building permits. Building permit data suggest a hard cost for the building improvements of $8,017,448 and the land was acquired for $1,253,224 according to deed recordings. If soft costs were $920,000 and FF&E cost were $1,495,000 as projected in the preceding analysis, this would indicate a total project cost of $11,685,672. The analysis to follow provides an independent analysis, projection of replacement cost based on the expense comparables presented on the preceding page.

Hard Costs

The cost comparables range from $94.96 to $141.74 per square foot. On a per room basis, hard costs for the comparables range from $58,393 to $80,110. The subject is a high quality property with better than average architectural design and features. We have not been provided with actual building cost for this project. However, the developer/builder of the subject filed for building permits in the amount of $8,017,448 or $69,716 per room. Generally, we would anticipate total hard costs of more than the cost of the building permits.

Because of its design features, we have estimated hard costs at the high end of the range or $75,000 per room. The total estimate of hard costs is $8,625,000. This equates to $116.67 per square foot and is within the range indicated by the comparables.

Soft Costs

Generally, soft cost include cost associated with procuring the franchise, architectural and engineering fees, permits/fees, project management, financing costs, pre-opening expenses, etc. Further, in some cases, developers will include development fees. The cost comparables indicate a wide range soft costs per room $6,600 to $29,910 per room. This appraisal uses an estimate of $8,000 per room. This indicates total soft costs of $920,000.

FF&E

FF&E includes guest room furniture, computer equipment, laundry equipment, telephone systems, etc. The cost comparables indicate a range of FF&E costs from $9,600 to $16,650 per room. We believe a projection of $13,000 per room or $1,495,000 is appropriate.

The following chart summarizes the reproduction cost approach for the subject as of the date of appraisal.

Reproduction Cost Estimate		
	$/Room	Total $
Hard Costs	$75,000	$8,625,000
Soft Costs	$8,000	$920,000
Total Building Costs	$83,000	$9,545,000
FF&E	$13,000	$1,495,000
Land Value	$8,609	$990,000
Total Reproduction Cost Estimate	**$104,609**	**$12,030,000**

Typically, the next step in the cost approach is to estimate and deduct depreciation. In this situation, the subject was not actually completed on the date of appraisal though there is a hypothetical assumption that it was completed, open for business, and operating at a stabilized level of operations. There are various arguments that could be made for or against recognizing physical depreciation under these assumptions. Further, it is evident that the value opinion by the income and sales comparison approaches are much lower than the reproduction cost. This would be an indication of external obsolescence due to soft market conditions. The primary method used to measure external obsolescence in this type of situation would be to compare the value opinions by the income approach with the cost approach (after deduction for physical depreciation). In essence the value opinion by the cost approach becomes the same as the value opinion by the income approach.

The cost approach is being developed only for informational purposes in this appraisal and not as a primary indicator of value. Given these considerations, this appraisal does not fully develop the cost approach, but rather adopts the estimated reproduction cost above as the "indication" by the cost approach.

Exposure Time

The definition of market value in this report assumes that a property is exposed on the open market for a reasonable amount of time and that both buyer and seller are acting prudently. In order to estimate a reasonable exposure time, we have examined the time necessary to market sales in the same region as the subject property.

Demand for performing hotel assets was very strong in the years leading into 2008 and there had been an accelerating pace of transactions. However, sales of hotel assets began to taper off significantly during the 4th quarter of 2008 due to the unfolding banking crisis and concern over the economy. Jones Lang LaSalle Hotels reported a total hotel transaction value in the U.S. of $8.2 billion in 2008, an 82% decline over 2007. Hotel Brokers International (HBI), the nation's largest hotel brokerage organization reported a 67% decline in hotel real estate transaction activity through the first three quarters of 2008.

Hotel brokers and lenders indicated that underwriting criteria had become more stringent (increased debt coverage ratios, equity requirements, etc.) and capitalization rates ticked up. Regardless of the softening, we found a reasonably active market for good quality assets.

PriceWaterhouseCoopers publishes a hotel investment report in the 1st and 3rd quarter of each year as part of their Korpacz Real Estate Investor Survey. Within these bi-annual reports, marketing times for various segments of the hotel market are tracked. The chart to follow summarizes this data.

Average Marketing Times (Months)

Quarter	Full Service	Economy/Ltd Service	Luxury	Extended Stay
1st Qtr 2004	6.0	8.5	7.1	7.9
3rd Qtr 2004	5.3	7.9	6.1	7.0
1st Qtr 2005	5.3	7.9	6.1	7.0
3rd Qtr 2005	5.3	7.9	6.1	7.0
1st Qtr 2006	5.1	7.3	6.1	8.0
3rd Qtr 2006	6.2	6.4	6.1	8.0
1st Qtr 2007	5.8	6.4	5.6	8.0
3rd Qtr 2007	5.6	6.4	5.6	8.0
1st Qtr 2008	5.9	6.4	5.5	8.4
3rd Qtr 2008	6.2	6.4	5.5	8.0

Source: Korpacz Real Estate Investor Survey published by PricewaterhouseCoopers

The preceding data indicates that average marketing times for all segments of hotels ranges from approximately 6 to 8 months.

Marketability Study

The data in the preceding Exposure Time section reflects largely on historical data. Within this section, consideration is given to anticipated market conditions immediately following the date of appraisal.

The market for good quality hotel assets appears was reasonably strong through the first 3 quarters of 2008 despite tightening conditions in the credit markets and uncertainty about the economy. The 4th quarter of 2008 saw a significant slowdown in hotel transaction. Regardless, buyers were still buying though there was more caution in the market. Financing for mid and lower market transactions (less than $15 million) was more readily available, though capital was more scarce for higher priced hotel assets (over $15 million). Brokers reported a widening gap between what buyers are willing to pay and what sellers are willing to accept, a strong contributor to the diminished level of transactions.

Hotel Brokers International (HBI), the nation's largest hotel brokerage organization reported a 67% decline in hotel real estate transaction activity through the first three quarters of 2008. During this time, HBI reported the average price per room fell to $108,000 from $120,000. Jones Lang LaSalle Hotel reported a total hotel transaction value in the U.S. of $8.2 billion in 2008, an 82% decline over 2007. They also forecasted the U.S.'s total transaction value to continue to decline in 2009 with the first half of 2009 equally as idle as late 2008.

Within the Sales Comparison Approach there is a discussion about a number of hotel sales from the 4th quarter of 2008 and 1st quarter of 2007. The subject property represents a strong product for investment consideration and it is our opinion would have been marketable at the date of appraisal despite a challenging economic situation.

Reconciliation and Final Value Opinion

The values of the property derived through the accompanying appraisal are summarized as follows:

Summary of Retrospective Value Opinions	
	As Is
Income Capitalization Approach	$10,200,000
Sales Comparison Approach	$10,600,000
Cost Approach	$12,030,000

This appraisal develops value opinions for the subject within the context of the income capitalization, sales comparison and cost approaches. Within the income approach a direct capitalization method is used since this appraisal is subject to hypothetical condition that the subject property was operating at a stabilized level as of the effective date. Within the sales comparison approach, an RRM and price per room analysis is used.

The value indications by the income capitalization and sales comparison approaches are both based on economic units of comparison and are considered good indicators of value. Primary emphasis is given to the income approach as it best represents how buyers analyze assets like the subject. The indicated value by the cost approach is higher than the indications by the income and sales comparison approaches. Given the economic situation that was present at the time of appraisal, it is reasonable to expect there may have been some external obsolescence. The cost approach as presented in this appraisal does not include a deduction for obsolescence; it is left un-adjusted to demonstrate the potential for it to exist. The cost approach is only developed as an informational valuation methodology and is given no weight in the final value opinion.

Based on the data presented, our retrospective market value opinion using the hypothetical assumption that the subject hotel was open and operating at a stabilized level as of December 31, 2008 is as follows:

Market Value Opinion for Total Going Concern	
Retrospective Value*	$10,200,000

*subject to the Assumptions and Limiting Conditions at the beginning of the report

Allocation of Value Opinion

The value opinion for the total going concern hotel developed in the preceding sections of this report potentially consists of three components. The primary component of value is real property, but personal property and business value components also exist. It is difficult to separate business value from the total value. The real property clearly consists of the land and improvements. The personal property consists of hotel furniture, fixtures, and equipment.

Tangible Business Personal Property

Tangible business personal property for hotels includes furniture and fixtures typically found in the guest rooms (bedding, furniture, televisions), common areas, kitchens, banquet/meeting spaces, administrative offices etc. Tangible business property could also include working capital, inventory, and supplies. However, it has been our experience that typical hospitality properties do not transfer with working capital (cash and receivables). Rather, the buyers provide their own working capital. Further, it is not uncommon for sellers to deplete inventories of supplies in anticipation of selling a property. Therefore, the inherent values of working capital and inventory are considered negligible.

The primary tangible business personal property to be considered in the case of the subject is furniture, fixtures, and equipment (FF&E). The FF&E in the case of the subject includes guest room furnishings, linens, furnishings for the common spaces, any equipment associated with food preparation, laundry areas, and "back of the house" operations. The value allocation for FF&E developed within this appraisal is for these items "in place" and is based on their contribution to the total value of the going concern hotel. The value opinions are not for liquidation separate from the going concern hotel. To the extent that there may be external obsolescence associated with the total going concern hotel, we would anticipate the same being factors in the value allocation for the FF&E.

The following chart summarizes new FF&E costs for a cross section of several hospitality properties. We have not specifically identified the individual properties because some of this data was provided to Hotel and Club Associates, Inc. by confidential sources.

Cost for Business Personal Property: FF&E				
Hotel	Type	Age	Year	FF&E $/Room
Microtel Inn & Suites	Budget Extended Stay	New Build	2001	$3,000
La Quinta	Midscale Select Service	New Build	2008	$7,000
Comfort Suites	Midscale Select Service	New Build	2007	$12,000
Comfort Suites	Midscale Select Service	New Build	2007	$6,250
Candlewood Suites	Midscale, Extended Stay	New Build	2008	$11,590
Country Inn & Suites	Midscale Select Service	New Build	2007	$7,231
Homewood Suites	Upscale, Extended Stay	New Build	2007	$13,293
Aloft	Upscale Select Service	New Build	2008	$13,051
Hampton Inn & Suites	Upper-Midscale Limited-Service	New Build	2007	$11,600
Hampton Inn & Suites	Upper-Midscale Limited-Service	New Build	2007	$14,443
Hilton Garden Inn	Upscale Select Service	New Build	2007	$10,627
Staybridge Suites	Upscale Ext.Stay/Select	New Build	2006	$13,000
Hilton Garden Inn	Upscale Select Service	New Build	2007	$10,627
Residence Inn	Upscale, Extended Stay	New Build	2007	$17,772
Hilton Garden Inn	Upscale Select Service	New Build	2005	$16,650
Westin	Upscale Full Service	New Build	2008	$19,459

The data indicates typical FF&E costs ranging from approximately $3,000 to $20,000 per room with most in the $10,000 to $15,000 range. The subject is an upper-midscale property and the cost new for FF&E is estimated at approximately $13,000 per room or $1,495,000 in the case of the subject.

The subject property owners reported a depreciated value of FF&E for taxation purposes in 2011 of $1,338,650 or $11,640 per room. This is considered a reasonable level of value relative to the allocation. The assessor's office reported that the property owners reported FF&E value of $208,000 in 2010 and $595,000 for 2012, highly inconsistent with 2011. Given the cost new of FF&E, we assume that the 2011 tax assessment is most accurate and it is used in this appraisal. The value of the real property allocation that is the focus of this appraisal is derived by subtracting the FF&E allocation from the value opinion for the total going concern. Therefore, if the taxpayer were reporting significantly different allocations for the FF&E than reported in 2011, it would be appropriate to adjust the real property allocation accordingly.

Intangible Business Enterprise Value

Business Enterprise Value is defined in The Appraisal of Real Estate published by the Appraisal Institute *as "a value enhancement that results from items of intangible personal property such as marketing and management skill, an assembled workforce, working capital, trade names, franchises, patents, trademarks, non-realty related contracts or leases, and some operating agreements."*

There is considerable debate around the topic of intangible BEV and appropriate methodologies for measuring it. With a hotel property, there are clearly elements of BEV. Generally, there is an assembled work force, trade names, contracts, franchise agreements, etc.

With more traditional real estate such as office and retail, the line between real property value and the value of the business enterprises that occupy the real estate are more clearly drawn. Generally, these types of real estate are either bought/sold or leased independently of the occupying business. Frequently, the distinction is defined in that the ownership of the real property is separate from the ownership of the business enterprise. Further, there is an active market for retail and office real property that is distinctly separate from the occupying business enterprises.

A hotel property is a more special purpose type of property and it is more common for the ownership of the real property and business enterprise to be the same. In years past, it was not uncommon for the hotels to be leased to operators of the business enterprise. The operator would assume the business risk associated with the hotel operations and the real property owner would assume the credit risk associated with the operator. In these cases, the allocation process would be more apparent. However, this business model is not commonly used in the current market environment. Rather, it is more common for the ownership to control the operations either directly or through use of a third party management. In either event, the owner of the real estate also incurs the business risk and potential profits from the operations. Further, the primary business of a hotel is the rental of the real estate, i.e. the rooms. In consideration of BEV, there are several components of the property to be considered.

Franchise - Often the debate over BEV is focused over the presence or lack of a franchise affiliation. A franchise affiliation can impact the total value of the going concern hotel. Not all franchises are equal in the marketplace. When a property is transferred to a new owner, the new owners pay an application fee to the franchisor. Franchise contracts are between the franchise company and the owner/operator of the hotel; they are not automatically transferrable with the real property. Further, franchise affiliation requires an investment in employee training, computer hardware/software, signage, operating supplies, special linens in some cases, etc. Further, the franchise affiliation requires ownership to maintain the property at some specified level of brand standards. This is particularly important because stronger franchises generally require more frequent and extensive renovaitons.

In addition to the one-time application fee, property owners agree to pay royalties and other fees that are generally billed as percentage of revenue. Franchise fees (royalties and marketing fees) are generally reflected in the pricing of hotel properties as an operating expense; typically allocated to sales and marketing expenses (royalties and national marketing fees) and to the

rooms department (reservation fees). Inclusion of franchise fees in the operating expense projections significantly diminishes the value of intangible value associated with a franchise.

Hotel owners are motivated to affiliate with a franchise because they anticipate generating enough additional revenue to more than offset the cost of the franchise affiliation. The franchise agreement is essentially an outsourcing of the marketing and distribution system that is necessary for any successful hotel operation. This is somewhat akin to an owner of a more general purpose property using third party brokerage firm for property leasing, a typical operating expense for most commercial real estate. Other than marketing/distribution, franchises, in many cases, provide a set of operational procedures and standards for hotels and, consequently, reduce some of the inherent business risks.

It has been our experience that certain franchises can produce as much as 15-30% more revenue than similar or lesser franchised properties. Franchise fees inclusive of royalties, national marketing, and reservation fees are typically 5-15% of room revenues. Franchise affiliation provides an efficient reservation/distribution system along with the benefits of advertising and brand recognition. Further, brand loyalty programs drive business to franchise affiliated hotel properties, though the expense of these loyalty programs are passed down to the property level (franchisee).

Franchise affiliation is essentially an outsourcing of the some aspects of the marketing/distribution necessary for the operation of a hotel property. A non-franchised property has to maintain reservation/distribution systems and may have to commit additional money to advertising. In some respects, the franchise serves a role similar to a leasing broker in a more traditional real estate investment.

To the extent that one particular franchise is able to drive more business to a specific property in relation to similar quality properties, there is some argument to be made for intangible business enterprise value. However, it would be appropriate to offset the additional revenue by the additional cost/expense of the franchise affiliation. Deduction of the franchise fee in the calculation of market value for the going concern, effectively minimizes the presence of intangible business enterprise value.

Excess Profit - One concept that is discussed relative to intangible BEV is that of "excess profits." In the valuation world, there is excess profits when the going concern produces income that is in excess of what is required to satisfy return requirements on the real property. In a more traditional real estate deal, the going concern businesses occupying office or retail spaces have to generate sufficient income to satisfy the real estate component (rent) plus provide a return to the going concern operation. Hotels are not generally leased on the open market like office and retail

properties so determining economic/market rent is not possible. However, a feasible hotel development should satisfy the return requirements for the real property, tangible personal property and, in theory, there should be excess profit attributable to the going concern business. It could be argued that a hotel that is not producing enough income to support a value that exceeds the depreciated replacement cost of the real property has no additional increment of business value. A hotel that produces income such that the total going concern is higher than the depreciated replacement cost of the tangible business property (real and personal) would have an increment of intangible value.

We find that for hotels, developers will build when there is "excess" profit in the marketplace to the point where the additional supply results in declining excess profits. A fairly typical scenario is for developers to overbuild when market conditions are good. In the case of the subject, the value of the total going concern as of the effective date of appraisal is less than the estimated replacement cost of the property such that there is clearly no "excess" profit being recognized in this appraisal.

Assembled Work Force /Other Issues – Generally there is some advantage to a prospective buyer in acquiring a property that is functioning with a work force in place as compared to a property that is not operational. However, employee turn-over at hotels tends to be high such that hotels are frequently in a hiring mode. Further, it is common for new ownership groups to bring in new management. It is our opinion that the human resource functions of an operating hotel ultimately are the responsibility of the property management. It is common the valuation and pricing of hotel properties to include a line item expense for management regardless of whether the property is being managed by a third party. Further, there is a line item expense for "administrative and general" expense that includes onsite management. Inclusion of management and A&G expenses effectively removes intangible value associated with an assembled work force and other issues.

Conclusion – The market value opinion for the total going concern hotel is based in part on a calculation of net operating income after deduction of franchise fees (in the rooms and sales and marketing expense categories). Further, line item expenses for A&G and management are deducted in the calculation of NOI. Consequently, most elements of intangible business enterprise value have been removed in the opinion of market value for the total going concern hotel. Additionally, it is our opinion that there is no indication of "excess profits" and in fact, the value of the total going concern is estimated to be less than the replacement cost of the property. Therefore, it is the appraiser's opinion there is no measurable intangible business value (BEV) and none is recognized in this appraisal.

Therefore, the allocation of values is summarized as follows:

Allocation of Value Opinion	
Market Value Opinion for Total Going Concern	$10,200,000
Less FF&E Allocation	$1,338,650
Less Business Enterprise	$0
Allocation to Real Property	**$8,861,350**

Appraiser's Certification

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

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.

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

6. 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. Analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

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

9. Brian Long provided significant real property appraisal assistance to the undersigned in the preparation of this report and the analysis herein.

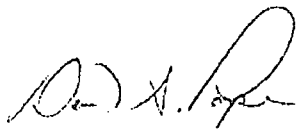
10. As of the date of this report, David G. Pope has completed the requirements under the continuing education program of the Appraisal Institute.

11. David G. Pope is currently a State Certified General Appraiser in the States of Virginia, North Carolina, South Carolina, West Virginia, Tennessee, Georgia, Alabama, and Arizona. He made an inspection of the subject property on August 14, 2014.

12. I have performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice.

13. This appraisal assignment was not based on a requested minimum valuation or a specific valuation.

14. **Appraisal Disclosure: The appraisers have not performed as an appraiser or in any capacity, any services regarding the subject property within the three-year period immediately preceding acceptance of this assignment.**



David G. Pope, MAI, SRA, SGA®
Certified General Real Estate Appraiser
SC # CG 5353

Appraiser's Certification

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

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

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

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

8. I have not made a personal inspection of the property that is the subject of this report. However, I assisted in the market research and preparation of this appraisal.

9. No one other than the undersigned appraisers provided significant real property appraisal assistance to the persons signing this appraisal report.

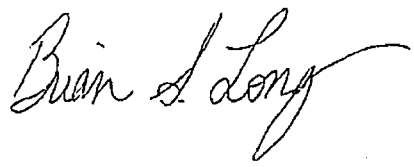
10. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

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

12. As of the date of this report Brian S. Long has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

13. Brian S. Long is currently a State Certified General Appraiser in the States of South Carolina, Virginia, North Carolina, and Georgia.

14. **Appraisal Disclosure: The appraisers have not performed as an appraiser or in any capacity, any services regarding the subject property within the three-year period immediately preceding acceptance of this assignment.**



Brian S. Long
General Real Estate Appraiser
SC # CG 7079

ADDENDA

Qualifications

Monthly Occupancy Reports-Charleston County

2008	Month	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	2008 Totals
Peninsula Area														
Room Inventory (supply)		4,455	4,455	4,455	4,455	4,455	4,455	4,455	4,455	4,459	4,459	4,459	4,459	4,457
Roomnights sold (demand)**		77,725	68,615	117,266	117,553	116,505	113,235	107,363	97,675	90,763	106,469	90,596	74,035	1,202,043
Changes in Roomnights from 07		*5.9%*	*6.6%*	*5.5%*	*3.2%*	*3.6%*	*1.4%*	*0.9%*	*2.4%*	*-4.7%*	*-3.3%*	*0.3%*	*4.2%*	*2.5%*
% Occupied*		56.28%	71.20%	84.93%	85.26%	83.93%	84.73%	77.74%	70.73%	67.65%	77.02%	67.73%	53.56%	73.37%
Changes in Occupancy from 07		*5.5%*	*6.2%*	*5.1%*	*2.8%*	*3.2%*	*1.0%*	*0.5%*	*2.0%*	*-5.1%*	*-3.8%*	*-0.2%*	*3.7%*	*1.3%*
Average Daily Rate		$137.25	$142.83	$166.55	$166.63	$174.56	$159.23	$145.24	$139.66	$143.16	$162.32	$141.02	$122.23	$150.55
Changes in ADR from 07		*7.5%*	*8.1%*	*4.4%*	*5.6%*	*5.9%*	*2.3%*	*5.0%*	*3.5%*	*-2.6%*	*-2.2%*	*-1.2%*	*-1.9%*	*2.7%*
Revenue per available Room		$71.62	$101.73	$141.76	$164.63	$148.53	$134.81	$112.91	$98.21	$97.14	$125.02	$95.50	$65.47	$112.91
West of the Ashley														
Room Inventory (supply)		1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,709	1,709	1,709	1,709	1,630
Roomnights sold (demand)*		33,239	33,524	41,205	39,085	38,508	37,874	36,357	33,636	34,556	37,553	29,608	26,783	413,139
Changes in Roomnights from 07		*3.5%*	*9.1%*	*4.8%*	*-5.1%*	*-4.3%*	*-0.5%*	*-2.7%*	*-0.8%*	*-0.9%*	*-1.5%*	*-2.4%*	*4.8%*	*-1.7%*
% Occupied		67.23%	75.20%	77.23%	81.94%	79.13%	79.40%	77.82%	72.10%	67.40%	70.86%	67.75%	60.45%	69.72%
Changes in Occupancy from 07		*2.6%*	*8.2%*	*-3.9%*	*-5.9%*	*-5.1%*	*-1.3%*	*-3.4%*	*-1.8%*	*-8.6%*	*-9.2%*	*-10.0%*	*-3.3%*	*-4.7%*
Average Daily Rate		$82.97	$95.67	$112.26	$120.43	$117.17	$112.30	$107.75	$100.10	$97.73	$103.22	$94.83	$81.65	$101.89
Changes in ADR from 07		*4.9%*	*7.1%*	*5.6%*	*5.0%*	*4.6%*	*3.5%*	*3.5%*	*0.7%*	*0.8%*	*-0.6%*	*1.6%*	*-1.7%*	*2.7%*
Revenue per available Room		$55.26	$68.21	$86.91	$98.68	$91.84	$89.17	$83.83	$72.17	$65.87	$73.16	$64.76	$49.30	$71.29
North Charleston Area														
Room Inventory (supply)		6,269	6,269	6,269	6,269	6,269	6,269	6,661	6,661	6,692	6,692	6,692	6,692	6,459
Roomnights sold (demand)*		103,622	122,697	136,457	147,661	147,163	151,621	144,043	135,656	115,959	131,438	114,433	95,282	1,555,646
Changes in Roomnights from 07		*-10.0%*	*-5.0%*	*-15.2%*	*-8.4%*	*-2.4%*	*-1.3%*	*-4.4%*	*-5.5%*	*-16.5%*	*-13.0%*	*-8.9%*	*-5.1%*	*-7.3%*
% Occupied		53.32%	69.90%	75.60%	78.83%	75.73%	75.63%	69.76%	65.56%	57.78%	63.36%	57.00%	45.92%	65.46%
Changes in Occupancy from 07		*-10.0%*	*-5.0%*	*-8.9%*	*-8.4%*	*-2.4%*	*-7.1%*	*-10.0%*	*-11.6%*	*-21.9%*	*-18.5%*	*-14.7%*	*-11.1%*	*-11.0%*
Average Daily Rate ($)		$91.79	$97.66	$99.65	$103.68	$103.85	$99.42	$95.08	$94.88	$94.21	$95.16	$90.97	$84.71	$95.62
Changes in ADR from 07		*10.5%*	*11.1%*	*5.9%*	*6.6%*	*6.9%*	*6.5%*	*4.2%*	*4.6%*	*1.5%*	*-0.4%*	*-1.6%*	*-2.2%*	*4.5%*
Revenue per available Room ($)		$49.47	$68.38	$74.91	$81.51	$78.37	$75.43	$67.01	$62.59	$54.43	$60.29	$51.86	$38.90	$63.87
East of the Cooper														
Room Inventory (supply)		2,654	2,654	2,654	2,654	2,654	2,654	2,654	2,654	2,793	2,793	2,793	2,793	2,701
Roomnights sold (demand)*		41,754	50,681	59,232	64,939	59,460	66,842	63,913	59,878	54,170	57,221	44,157	32,953	574,674
Changes in Roomnights from 07		*-3.9%*	*-3.2%*	*-14.0%*	*-9.4%*	*0.2%*	*-4.5%*	*-10.5%*	*-6.5%*	*-6.5%*	*-7.8%*	*-8.8%*	*-12.6%*	*-6.1%*
% Occupied		50.76%	68.20%	83.73%	81.56%	84.43%	83.70%	77.68%	72.76%	64.65%	68.05%	52.70%	33.05%	66.23%
Changes in Occupancy from 07		*-3.9%*	*-3.2%*	*0.0%*	*-9.4%*	*0.2%*	*-4.5%*	*-10.5%*	*-6.5%*	*-13.0%*	*-12.4%*	*-13.3%*	*-18.9%*	*-8.0%*
Average Daily Rate ($)		$91.11	$101.19	$113.35	$125.61	$123.04	$129.07	$126.62	$117.06	$103.47	$111.93	$96.70	$86.16	$111.05
Changes in ADR from 07		*11.8%*	*13.2%*	*5.7%*	*7.3%*	*6.2%*	*3.8%*	*5.0%*	*3.5%*	*-1.9%*	*0.2%*	*-5.3%*	*-6.4%*	*3.2%*
Revenue per available Room ($)		$45.30	$69.03	$95.09	$102.37	$103.09	$107.19	$98.35	$85.19	$70.13	$73.93	$50.98	$32.60	$77.79
County Total														
Room Inventory (supply)		14,968	14,968	14,968	14,968	14,968	14,968	15,360	15,360	15,653	15,653	15,653	15,553	15,252
Roomnights sold (demand)*		251,956	250,984	345,924	372,703	373,690	353,356	357,312	331,754	295,364	337,697	282,136	231,170	3,835,628
Changes in Roomnights from 07		*-1.9%*	*-0.3%*	*-3.9%*	*-4.2%*	*0.0%*	*-2.9%*	*-3.1%*	*-2.1%*	*-8.7%*	*-6.7%*	*-4.2%*	*-1.3%*	*-2.6%*
% Occupied		54.30%	69.43%	80.63%	83.00%	80.60%	82.93%	75.04%	69.66%	63.75%	69.55%	60.06%	47.64%	69.25%
Changes in Occupancy from 07		*-2.1%*	*-0.5%*	*-1.6%*	*-4.4%*	*-0.2%*	*-3.1%*	*-5.8%*	*-4.8%*	*-12.8%*	*-11.0%*	*-8.8%*	*-5.8%*	*-5.4%*
Average Daily Rate ($)**		$104.11	$114.90	$129.01	$141.25	$135.87	$128.87	$121.74	$115.92	$116.10	$123.71	$112.57	$99.64	$120.31
Changes in ADR from 07		*9.8%*	*11.0%*	*6.4%*	*7.3%*	*6.9%*	*4.1%*	*5.1%*	*4.3%*	*0.1%*	*0.1%*	*-0.8%*	*-1.5%*	*4.2%*
Revenue per available Room ($)		$56.53	$79.93	$104.25	$117.24	$109.27	$106.29	$91.35	$80.76	$74.01	$87.43	$67.62	$47.61	$84.60

Notes:
*% Occupied/Monthly ADR/RevPar are determined using an average of averages
**Roomnights sold was determined by Room Inventory X Total Days in That Month X % Occupied

Limitations/Disclaimer:
Preliminary daily performance statistics are produced from STR's DaySTAR program.
The information contained in this report is based upon independent surveys and research from sources considered reliable but no representation is made as to its completeness or accuracy.

Appraiser Qualifications

David G. Pope, MAI, SRA, SGA®
dpope@hotelandclub.com

PROFESSIONAL DESIGNATION:

MAI (Member, The Appraisal Institute)
SRA (Residential Member - The Appraisal Institute)
Conservation Valuation Easement Certificate from the Appraisal Institute
SGA (Member of the Society of Golf Appraisers)

STATE CERTIFICATIONS/LICENSES:

North Carolina Certified General Appraiser – A540
South Carolina Certified General Appraiser – CG 5353
West Virginia Certified General Appraiser - #217
Virginia Certified General Appraiser – 4001-004890
Georgia Certified General Appraiser – 251912
Tennessee Certified General Appraiser – 4436
Alabama Certified General Appraiser – G01009
Arizona Certified General Appraiser – 31672
Texas Certified General Appraiser – 1380199
NC Licensed Real Estate Broker - #75605

EMPLOYMENT:

May 2002 – Present:	Hotel and Club Associates, Inc. (Principal)
January 2005 – January 2006:	Taylor Pope & Herring, Inc. (Principal)
October 2001 –January 2005:	Pope & Herring Appraisals, Inc. (Principal)
June, 1983, to October 2001:	John McCracken & Associates, Inc.

ARTICLES PUBLISHED

"Understanding the Challenges of Golf Club Land Valuation & Allocation" SGA's *The Drive* Newsletter, Spring 2014

EDUCATION:

Appalachian State University - BS in Business Administration with majors in Real Estate and Finance (May, 1983).

GENERAL APPRAISAL EXPERIENCE:

Appraisal experience includes single family residences, hotels, multi-tenant office buildings, shopping centers, industrial properties, and apartments as well as several years of concentration in eminent domain appraisals for various governmental agencies and individual property owners.

HOTEL APPRAISAL EXPERIENCE:

Hotel appraisals and market studies completed across the country and the U.S Virgin Islands for various lending institutions, developers, and property owners. Markets include resort areas, urban markets, and various secondary markets with full service resort hotels, limited, select and full service properties, and small independent hotels.

GOLF COURSE APPRAISAL EXPERIENCE:

Public daily fee, semi-private, and private country clubs in resort and non-resort settings appraised in various states. Member of the Society of Golf Appraisers, a group of MAI designated appraisers from across the U.S. that specialize in the appraisal of golf properties.

RESORT RESIDENTIAL APPRAISAL EXPERIENCE:

Appraisals and market studies of residential developments in golf and non-golf communities including mountain, lake properties, and typical suburban locations.

PROFESSIONAL ACTIVITIES:

President - NC Chapter of the Appraisal Institute - 2012
President Elect – NC Chapter of the Appraisal Institute - 2011
Vice President – NC Chapter of the Appraisal Institute – 2010
Treasurer – NC Chapter of the Appraisal Institute – 2009
Chairman of Membership Development and Retention – NC Appraisal Institute
Regional Ethics and Counseling Panel – Appraisal Institute

APPRAISAL INSTITUTE COURSES:

Advanced Concepts and Case Studies (2014)
USPAP Update (2014)
Complex Litigation Appraisal Case Studies (2013)
Marketability Studies (2012)
Fundamentals of Separating Real, Personal Property, and Intangible Business Assets (2011)
Appraising Distressed Commercial Real Estate (2009)
Valuation of Conservation Easements (2008)
Standards and Ethics for Professionals, Course 400, September 2003.
Business Practices and Ethics, Course 420, September 2003.
Condemnation Appraising: Basic Principles and Applications, Greensboro, NC, August 2003.
Standards of Professional Practice, Part C, Greensboro, North Carolina, November 1997.
Standards of Professional Practice, Part B, Greensboro, North Carolina, November 1993.
Report Writing and Valuation Analysis, Chapel Hill, North Carolina, July 1989.
Case Studies in Real Estate Valuation, Chapel Hill, NC, July 1987.
Standards of Professional Practice, Chapel Hill, NC, July 1986.
Capitalization Theory and Techniques, Part B - Atlanta, Georgia, March 1986.
Capitalization Theory and Techniques, Part A - Cocoa, Florida, October 1985.
Residential Valuation, Chapel Hill, NC, July 1984.
Passed exam for "Real Estate Appraisal Principles" course (Exam #1A - 118-1).

APPRAISAL SEMINARS WITHIN LAST TEN YEARS:

Complex Litigation Appraisal Case Studies (Appraisal Institute – August 2013)
Marketability Studies: The Six-Step Process and Basic Applications (Appraisal Institute – August 2012)
The Discounted Cash Flow Model: Concepts, Issues, and Application (Appraisal Institute – January 2010)
USPAP Update 2008 - 2009 (NCREEI – November 2008)
Subdivision Analysis (Appraisal Institute – July 2008)
Forecasting Revenue (Appraisal Institute – October 2007)
USPAP Update 2006, December 2006
Highest and Best Use Applications (Appraisal Institute – October 2006)
Subdivision Valuation (Appraisal Institute – February 2006)
USPAP Update 2005 – (Dan Mohr Real Estate School – January 2006)
Appraising Conservation Easements & Case Studies (Appraisal Institute – March 2005)
Brownfield Valuation (City of Greensboro and Mundy Associates – January 2005)
Evaluating Residential Construction (Appraisal Institute – October 2004)
The Relocation Appraisal Training Program (Employee Relocation Council – June 2004)

APPRAISER QUALIFICATIONS

Brian S. Long
blong@hotelandclub.com

STATE CERTIFICATIONS/LICENSES:

North Carolina Certified General Appraiser – A7741
South Carolina Certified General Appraiser – CG 7079
Virginia Certified General Appraiser – 4001016955
Georgia Certified General Appraiser – 355325

EMPLOYMENT:

January 2010 – Present: Hotel and Club Associates, Inc.

EDUCATION:

University of North Carolina at Greensboro – B.S. in Business Administration (May, 1997)

HOTEL APPRAISAL EXPERIENCE:

Hotel appraisals and market studies have been completed in a number of markets throughout the US. Clients have included various lending institutions, developers, and property owners. Work has been completed in a variety of markets including resort areas, urban markets, and various secondary markets. Hotel assignments have included full service resort hotels, limited, select and full service properties, and small independent hotels.

APPRAISAL INSTITUTE COURSES:

Advanced Income Capitalization (2014)
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets (2012)
General Appraiser Report Writing & Case Studies (2012)
General Appraiser Site Valuation & Cost Approach (2012)
Online Analyzing Operating Expenses (2011)
Online Business Practice & Ethics (2011)
General Appraiser Market Analysis Highest and Best Use (2011)
General Appraiser Income Approach Part I (2011)
General Appraiser Income Approach Part II (2011)
General Appraiser Sales Comparison Approach (2011)
Real Estate Finance, Statistics and Valuation Modeling (2010)

NC REAL ESTATE EDUCATION INC.

Basic Appraisal Principles (2010)
Basic Appraisal Procedures (2010)
Residential Market Analysis & Highest and Best Use (2010)
15 Hour National USPAP (2010)

APPRAISAL INSTITUTE SEMINARS:

USPAP Update (2014)
USPAP Update (2012)
USPAP Update (2011)
Real Estate Valuation Conference (2011)
Real Estate Valuation Conference (2010)

BCD1099635

State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

DAVID GARDNER POPE

Is hereby entitled in practice as a:

Certified General Appraiser

License Number: **5353**

Expiration Date: 06/30/2016
POCKET CARD

Administrator

BCD1075479

State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

BRIAN SCOTT LONG

Is hereby entitled in practice as a:

Certified General Appraiser

License Number: **7079**

Expiration Date: 06/30/2016
POCKET CARD

Administrator

RE 13327

BK B 659PG558

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS, THAT **Highway 17 South Investments, LLC, a South Carolina limited liability company ("Grantor")** in the State aforesaid for/and in consideration of the sum of Three Million Three Hundred Eighty Four Thousand and no/100 Dollars ($3,384,000.00) to it, in hand paid at and before the sealing of these presents by **West Ashley Apartments, LLC, a Delaware limited liability company ("Grantee")** in the State aforesaid and the receipt whereof is hereby acknowledged, and subject to the restriction and easements of record and subject to the items set forth herein, have granted, bargained, sold and released, and by these Presents do grant, bargain, sell and release unto the said **Grantee**, its successors and assigns, the following described real property, to-wit:

See **Exhibit A** for legal description

This conveyance is made subject to all restrictions, covenants, conditions and easements of record pertaining to said property.

TOGETHER with all and singular, the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises before mentioned unto the said **Grantee,** its successors and assigns forever.

And **Grantor** does hereby bind itself, its successors and assigns, executors and administrators, to warrant and forever defend, all and singular, the said Premises unto the said **Grantee**, its successors and assigns, against itself, its successors and assigns, against all persons lawfully claiming, or to claim the same or any part thereof.

EXHIBIT "A"

All that certain piece, parcel or tract of land, situate, lying and being in the City of Charleston, County of Charleston, South Carolina, known and designated as Tract B, 682,735.29 sq.ft, 15.673 acres, as shown on a plat entitled, "PROPERTY LINE ABANDONMENT/ADJUSTMENT PLAT SHOWING THE PROPERTY ADJUSTMENT OF TMS 307-00-00-007, -008, & -092, TO MAKE NEW TRACT A (29.131 ACRES) AND TRACT B (15.673 ACRES), & SHOWING A PORTION OF TMS 307-00-00-007 (0.017 ACRE) BEING TRANSFERRED TO THE RIGHT-OF-WAY, PROPERTY OF HIGHWAY 17 SOUTH INVESTMENTS, LLC., ALONG WITH A TEMPORARY ACCESS EASEMENT, LOCATED IN THE CITY OF CHARLESTON, CHARLESTON COUNTY, SOUTH CAROLINA," by Tim Elmer RLS, LLC, dated December 10, 2007 and recorded on February 19, 2008 in the RMC Office for Charleston County in Plat Book EL at Page 367. Said tract having such size, shape, dimensions, buttings and boundings as will more fully appear by reference to said plat.

Together with that certain easement for ingress, egress, access and utilities over lands of The Charleston Corporation located in St. Andrews Parish, Charleston County, South Carolina, set forth in deed recorded in Book V305 at Page 503 in the RMC Office for Charleston County, said easement being more particularly shown and described on that certain plat entitled "Easement Survey for TMS 307-00-00-008 St. Andrews Parish, Charleston County, SC," dated June 3, 1998 and made by Forsberg Engineering & Surveying, Inc. by James Kelly Davis, SCRLS, which is attached to that certain deed recorded in Book V305 at Page 503 in the Charleston County RMC Office and incorporated herein by reference. Said easement having such size, shape, location, measurements, dimensions, buttings and boundings as will more fully appear by reference to said plat.

Together with those certain easement rights pursuant to Master Declaration of Covenants, Easements and Restrictions for Ponderosa Village Center dated April 16, 2008 and to be recorded simultaneously herewith in the RMC Office for Charleston County.

BK B 659PG564

RECORDER'S PAGE

NOTE: This page MUST remain with the original document

DWI

Filed By:

Dodds & Hennessy, L.L.P.
Attorneys at Law
P.O. Box 298
Charleston SC 29402

Number of Pages: 7

AUDITOR STAMP HERE

RECEIVED FROM RMC
MAY 15 2008
PEGGY A. MOSELEY
CHARLESTON COUNTY AUDITOR

PID VERIFIED BY ASSESSOR

REP

DATE MAY 15 2008

FILED

May 8, 2008
4:42:19 PM

BK B 659PG558

Charlie Lybrand, Register
Charleston County, SC

DESCRIPTION	AMOUNT
Recording Fee	$ 12.00
State Fee	$ 8,798.40
County Fee	$ 3,722.40
Postage	
TOTAL	$ 12,532.80

$ Amount (in thousands): 3384

DRAWER: A - cfb

DO NOT STAMP BELOW THIS LINE

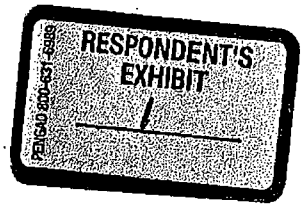
HOTEL &CLUB

APPRAISAL AND CONSULTING SERVICES

July 24, 2014

Ms. Toy Glennon
County Assessor
Charleston County
101 Meeting Street, Suite 135
Charleston, SC 29401
Via Email: tglennon@charlestoncounty.org

Re: Appraisal of
Hampton Inn & Suites
2688 Fernwood Drive
North Charleston, SC 29406



Dear Ms. Glennon:

We appreciate the opportunity to provide appraisal services for Charleston County in conjunction with a tax appeal for the Hampton Inn & Suites property referenced above. This engagement letter outlines our understanding of the scope of work as well as the terms of the engagement. If you are in agreement with the scope of services and the terms associated with this engagement, please signify by signing and returning a copy of this engagement letter.

Appraisal Type:

Hotel & Club Associates, Inc. will provide a narrative ***Appraisal*** report of the Hampton Inn and Suites property that is currently under a tax appeal. The appraisal will include an analysis of the factors influencing the value of the property as of the effective date of appraisal. We anticipate that our analysis of the property value will give primary emphasis to the Income Capitalization and Sales Comparison Approaches to value. Because of the age of the property, the appraisal will also develop a Cost Approach to value.

3717-D West Market Street, Greensboro, North Carolina 27403
Tel: 336 379-1400 Fax: 336 379-8980
www.hotelandclub.com

Purpose/Intended Use of the Appraisal:

It is our understanding that the appraisal will be used to determine a fair market value for ad valorem tax purposes. Further, it is our understanding that the effective date of appraisal should be December 31, 2008 based on the physical condition of the property as of December 31, 2010. Essentially, the effective date of the appraisal will be December 31, 2008, based on the hypothetical condition as if the subject hotel property were completed and open for business on that date even though the property did not open until April 2009.

Appraisal Client: Charleston County Legal Department

Appraisal Fee and Payment Terms:

Our fee is **$6,000 and is payable upon delivery of the completed appraisal report. Payment of the appraisal fee is not contingent upon a successful appeal of the tax valuation.**

Please remit the retainer to the address below:

Hotel and Club Associates, Inc.
3717-D West Market Street
Greensboro, NC 27403
Tax Payer ID #56-2275812

In the event the Client cancels this agreement before a report is tendered, then the Client agrees to pay the Appraiser, at the Appraiser's then existing billing rate, for all time and expenses expended on the assignment. If the retainer exceeds the billing amount, the balance will be returned to the Client.

The concluded valuation(s) and analysis in the report will be the opinion(s) of Hotel and Club Associates and the fee or the payment thereof is in no way contingent upon any particular conclusions. The fee for this appraisal or study is for the service rendered and not necessarily for the time spent on the physical report.

Expert Testimony/Preparation:

The appraiser understands that client may require expert testimony as part of the proceedings after submission of appraisal report. Appraiser has agreed to offer such testimony at standard hourly rates of $275/hour for time spent attending depositions, hearings, and mediations and $225/hour for conference, preparation, and travel time.

Appraisal Completion Date:

Hotel & Club Associates, Inc. agrees to have the appraisal completed within 21 days of your authorization to proceed as signified by your signature to this letter. Completion of the appraisal report within the specified time will be contingent upon our timely receipt of requested information and access to the property for an inspection.

Assumptions and Limiting Conditions/ Liability:

By the execution of this agreement, you acknowledge that you have read and agree to the terms and conditions of this engagement and agree to the inclusion of a standard set of general Assumptions and Limiting Conditions that includes among other things that the appraisers are not qualified to detect construction/structural defects and/or adverse environmental issues. Additional assumptions or limiting conditions prompted by the discovery of extraordinary or unusual circumstances uncovered during the course of investigation may be added to the appraisal assignment, if necessary. The Assumptions and Limiting Conditions will be summarized at the beginning of the appraisal document and should be reviewed upon receipt of the completed appraisal.

It is agreed that the liability of Hotel and Club Associates to the Client is limited to the amount of the fee paid for the completion of the appraisal assignment. Hotel and Club Associates limits their responsibility to the Client and any use of the appraisal by third parties shall be at the risk of the Client and/or said third parties.

ACCEPTANCE

If this proposal correctly states the nature of the work you wish undertaken and arrangements are satisfactory, please sign and fax or e-mail the proposal and send payment for the appraisal as our authorization to schedule the assignment. We appreciate the opportunity to submit this proposal, and look forward to working with you on this assignment.

By: _____

Name: Barrett J. Tolbert
Title: Contracts + Procurement Director
Address: 4045 Bridgeview Dr
N. Chas, SC 29406
Telephone: 843 958-4761
Fax: 843 958-4758
e-mail: btolbert@charlestoncounty.org

David G. Pope, MAI, SRA, SGA

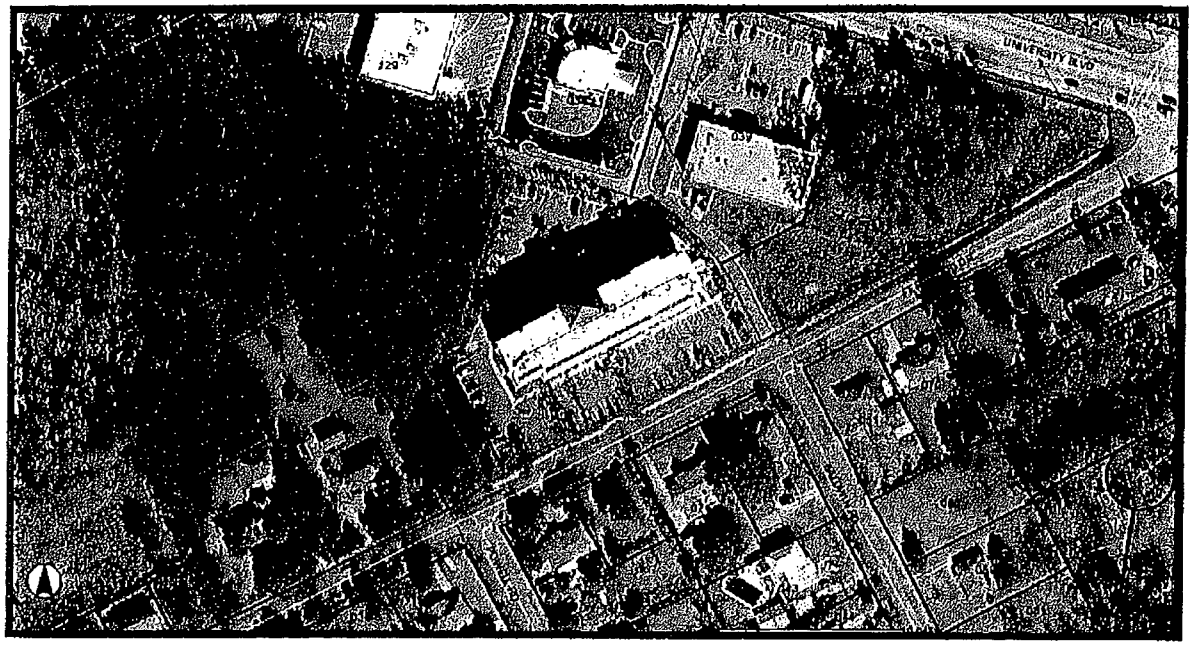
By: _____

Hotel and Club Associates, Inc.
Principal
3717 West Market Street, Suite D
Greensboro, North Carolina 27403
Tel. (336) 379-1400
Fax (336) 379-8980
dpope@hotelandclub.com

APPRAISAL REPORT

OF

HAMPTON INN & SUITES
2688 FERNWOOD DRIVE, NORTH CHARLESTON, CHARLESTON COUNTY, SOUTH CAROLINA



AS OF:

DECEMBER 31, 2008

BY:

JOSEPH B. ROSEN, MAI, SRA, ASA

ROSEN APPRAISAL ASSOCIATES

RESPONDENT'S EXHIBIT 3

PENCOD 800-631-6989

Rosen Appraisal Associates

1717 LAUREL STREET
COLUMBIA, SC 29201-2624

Real Estate Appraisers and Consultants - Serving the Public Since 1956

JOSEPH B. ROSEN, MAI, SRA
HARVEY J. ROSEN, SRA
TOBY M. BROOKS
STEPHANIE MASSEY
EDWARD L. CORLEY, RET.

MAIL ADDRESS: P.O. BOX 28
COLUMBIA, SC 29202-0028
PHONE: 803-252-9321
FAX: 803-765-9889
EMAIL: rosenappraisal28@bellsouth.net

November 20, 2014
File 14-209

University Ventures, LLC
The Rice Mill Building 4th Floor
17 Lockewood Drive, Suite 400
Charleston, SC 29401

Dear Sir/Madam:

At your request, I have inspected, investigated and compiled the appraisal facts, data and other materials necessary to complete the enclosed report. The property appraised is currently a Hampton Inn & Suites 115 guest room hotel located at 2688 Fernwood Drive, North Charleston, Charleston County, South Carolina. As of the effective date of the appraisal, the hotel located on the property was under construction. It is shown on Tax Map 486-06-00-130. No Certificate of Title was made available from which easements and other items could be recognized and analyzed.

This is an **Appraisal Report** and is intended to comply with the reporting requirements of Standard II of the Uniform Standards of Professional Appraisal Practice. The appraiser is not responsible for unauthorized use of this report. The purpose of the report is to provide the detailed, property-specific information that should be considered by a property appraiser in determining a "fair market value" or "market value" for ad valorem tax purposes as of December 31, 2008. Fair Market Value is general defined as the same as Market Value in appraisal literature.

As of December 31, 2008, subject was 65% complete for a Hampton Inn & Suites according to the developer's request for payment dated December 31, 2008. The land value was $734,000 and the market value of the Going Concern Value was $8,450,000 based on income projections and based on the hypothetical conditions and extraordinary assumptions outlined in this report. The subject building permit is dated April 12, 2008 and the date completed according to the certificate of occupancy is April 22, 2009. Therefore, as of December 31, 2008 the subject had been under construction for 8 ½ months.

The market value of the Going Concern of subject as of December 31, 2008 based on the hypothetical conditions that the subject property was 100% complete and fully stabilized as a hotel is:

	$8,450,000
Less the cost of completion ($8,450,000 less $734,000 land = $7,716,000 x 35%) =	($2,700,600)
Less – Lease – up cost	($440,000)
The estimated market value of the Going Concern as of December 31, 2008 (including f, f, & e)	$5,309,400

As a result of the investigation, the analysis of data collected and the appraiser's general knowledge and over 41 years of experience of real estate valuation, it is concluded that the market value of the Going Concern of the subject property as described in the report to follow, as of December 31, 2008 based on subject being 65% complete was:

FIVE MILLION THREE HUNDRED NINE THOUSAND FOUR HUNDRED DOLLARS
($5,309,400)

The market value of the Going Concern of the subject property excluding the furniture, fixtures and equipment, as described in the report to follow, as of December 31, 2008 based on subject being 65% complete was:

THREE MILLION NINE HUNDRED FIFTY NINE THOUSAND FOUR HUNDRED DOLLARS
($3,959,400)

Based on the hypothetical condition that the subject property was 100% complete as of December 31, 2008 the market value of the fee simple Going Concern interest of the subject property was:

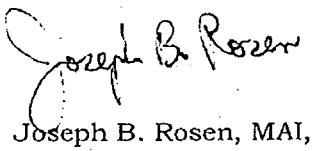
EIGHT MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS
($8,450,000)

A description of the property appraised and an explanation of the valuation procedures utilized are contained in the body of the attached report. Your attention is also directed to the Limiting Conditions and Assumptions upon which the value conclusions are contingent.

The appraiser did not deduct intangible personal property value since (i) the subject was constructed on December 31, 2008; and (ii) the appraisal is based on the hypothetical condition that the subject property was 100% complete and fully stabilized as of December 31, 2008.

When a hotel is built and open for business it takes from a few weeks to several years to stabilize and accumulate intangible value, therefore, there is no intangible personal property value at the completion of construction of the hotel. However, as time goes by and occupancy stabilizes at continually increasing ADR rates, intangible value will accumulate within the property.

Respectfully submitted,



Joseph B. Rosen, MAI, SRA, ASA
S.C. State Certified General Real Estate
Appraiser #CG177

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

LOCATION:	The subject property is located at 2688 Fernwood Drive, North Charleston, Charleston County, South Carolina
TAX MAP IDENTIFICATION:	TMS 486-06-00-130
PROPERTY SIZE & TYPE:	The subject consists of 89,516 square feet or 2.055 acres of land improved with a fully completed and stabilized five story hotel building with 70,689 square feet of gross building area and has a total of 115 guest rooms
DATE OF VALUATION:	December 31, 2008
DATE OF INSPECTION:	August 27, 2014
DATE OF REPORT:	November 20, 2014
OBJECTIVE:	Estimate the going concern value of the fee simple interest of the subject property as of December 31, 2008
ZONING:	B-2 – General Business (City of North Charleston)
HIGHEST & BEST USE:	If Vacant: Commercial Development As Being Improved: Hotel

VALUE CONCLUSIONS:

Land Value per Square Foot:	$8.20
Total Land Value:	$734,000
Income Approach of the Land, Improvements, and FF & E as of December 31, 2008 which is estimated to be 65% complete and deducting 35% of the cost of completion and time to achieve stabilization	$5,309,400 Hypothetical Going Concern
Income Approach of the Going Concern as of December 31, 2008 based on the hypothetical condition that the subject was 100% complete and stabilized as of December 31, 2008	$8,450,000 Hypothetical Going Concern
Estimated Market Value Upon Stabilization In 2010	$8,450,000 Going Concern
Real Property Value Only via The Income Approach as of December 31, 2008 (no ff&e)	$3,959,400 Real Property Only

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Final Value Estimate of the Real Property and FF&E Intangible Value (if any) of the market value of the subject as of December 31, 2008 which is estimated to be 65% complete

$5,309,400 Going Concern Interest

The furniture, fixtures and equipment cost would be $1,350,000, and would be included in both values, the "As Is" as of December 31, 2008 or the Hypothetical Value upon completion as of December 31, 2008.

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal:

1. Joseph B. Rosen, MAI, SRA, has personally inspected the property which is the subject of the report.

2. I have no present or contemplated future interest in the real estate that is the subject of this report.

3. I have no present interest or bias with respect to the subject matter of this report or the parties involved.

4. To the best of my knowledge and belief, the statements of facts contained in the report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct, and no pertinent facts affecting marketability have been knowingly withheld.

5. This report sets forth all the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analyses, conclusions and opinions of this report.

6. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

7. The compensation received for this report is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

8. No one other than Joseph B. Rosen, MAI, SRA, prepared the analyses, conclusions and opinions concerning the real estate that is set forth in the appraisal report.

9. This report has been developed and prepared in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and Appraisal Foundation.

10. As of the date of this report, Joseph B. Rosen, MAI, SRA, has completed the requirements of the continuing education program of the Appraisal Institute.

11. To the best of the appraiser's ability, the analyses, opinions, and conclusions were developed and the report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the regulations of the applicable federal regulatory authority (12 CFR Part 34 [Title XI of FIRREA]).

12. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Joseph B. Rosen

Joseph B. Rosen, MAI, SRA
S.C. State Certified General Real Estate Appraiser #CG177

11/20/14
Date

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PREFACE

An appraisal is a type of research into the law of probabilities with respect to real estate. Through the appraiser's education, training, experience, and integrity he is able to project sellers' and buyers' past activities into a forecast of real estate value. Because of the individuality and uniqueness of each property, comparison of like properties often entails adjustments in arriving at a conclusion. Financial consideration for similar properties sometimes reflects sentiment, compassion, bias, politics, specific needs, lack of understanding, and other factors not considered by the impartial appraiser. The appraiser cannot be an advocate else he belies the very reason for his profession.

An appraisal cannot be guaranteed; cannot be proved. However, the opinions of value can be substantiated and justified and the final conclusion is the result of professional analyses of a considerable quantity of physical and economic facts.

Rosen Appraisal Associates was started in May, 1956 by Harvey J. Rosen, SRA. His son, Joseph B. Rosen, MAI, SRA, ASA started working with his father in July, 1973. From 1956 to early 2008 there was sales data available in almost all areas of South Carolina. But late in the third quarter of 2008, financing became difficult, if not impossible, to obtain. The United States of America experienced a collapse of the financial and credit markets in mid-September of 2008.

THE ECONOMY

The following are some examples of the collapse of the financial and credit markets:

September, 2008: Failure of Freddie Mac and Fannie Mae

September, 2008: Failure of Lehman Brothers

September, 2008: Failure of AIG

September, 2008: Failure of Washington Mutual

October, 2008: Troubled Asset Relief Program (TARP). On October 3, 2008, President Bush signed TARP into law which authorized the federal government to purchase up to $700 billion in trouble loans.

December, 2008 Merrill Lynch acquired by Bank of America

December, 2008 Acquisition of Wachovia by Wells Fargo

STOCK MARKET HISTORY

	1/2/2008	12/31/2008
Freddie Mac (FMCC)	$32.74	$0.73
Fannie Mae (FNMA)	$37.46	$0.76
Lehman Brothers (LEHMA)	$62.19	$0.03
AIG (AIG)	$1,126.00	$31.40
Washington Mutual (WAMUQ)	$13.72	$0.02
Merrill Lynch	$52.76	$11.64
Bank of America (BAC)	$40.56	$14.08

Dow Jones Industrial Average

12/31/2007	12/31/2008
13,264.82	8,776.39

BANK FAILURES

The following is the number of bank failures from 2000 through 2010:

Year	Bank Failures
2000	2
2001	4
2002	11
2003	3
2004	4
2005	0
2006	0
2007	3
2008	25
2009	138
2010	156

The following are the banks that were taken over by FDIC located in Columbia, SC and along the coast:

Cooperative Bank, Wilmington, NC	June 19, 2009
Beach First, Myrtle Beach, SC	April 9, 2010
Atlantic Bank and Trust, Charleston, SC	June 3, 2011
Bank Meridian, Columbia, SC	July 29, 2011
Plantation Federal, Pawley's Island, SC	April 27, 2012
Carolina Federal Savings Bank, Charleston, SC	June 8, 2012
Waccamaw Bank, Whiteville, NC	June 8, 2012

These banks knew they were in trouble and made very few loans beginning in 2008 until the FDIC took them over.

In addition to these bank closures, many banks were operating under "regulatory consent orders" and regulators were closely monitoring and critiquing all lending practices, making loans on vacant parcels almost non-existent. In October, 2008, Congress had enacted TARP in which the overwhelming number of American bank participated. TARP severely limited real estate lending. In addition, record levels of bankruptcies and foreclosures further influenced banks' lending practices during this period.

UNEMPLOYMENT BY YEAR

U.S. Unemployment by Year

1/1/2007	4.6%
1/1/2008	5.0%
1/1/2009	7.7%
1/1/2010	9.7%

Charleston County Unemployment by Year

2007	4.4%
2008	5.5%
2009	9.5%
2010	9.2%

The Charleston County market was hit particularly hard during the recession. As you can see, the unemployment rate in Charleston County more than doubled between 2007 and 2009.

According to a national index of all properties as prepared by the MIT Center for Real Estate, investment activity on all real estate nationwide nearly bottomed out in the last quarter of 2009, down dramatically from its high index in January, 2008. The index declined from January of 2008 from 1.9 to 1.15 in December of 2009, a decline of 40% over a two-year period.

The following is a portion of a power point presentation by Ed Hughes, the Beaufort County Assessor dated October 8, 2012 showing paired sales in Beaufort County from 2007 and their resale.

Beaufort County Council Workshop

Reassessment Market Value Analysis Tax Year 2013 / Fiscal Year 2014

Analysis as of August 2012

Ed Hughes, Beaufort County Assessor

October 8, 2012

Market Values

Market Value for 2008* Reappraisal as of December 31, 2007 Market Value – 47,600,000,000**

Market Value Estimate for 2012 Reappraisal as of December 31, 2012 Market Value – 33,500,000,000

*Delayed 1 year by County Council Ordinance 2007/13
**Market Value Prior to Appeals

1

Paired Hotel Sales

1. Comfort Inn – 138 Keith Drive, Canton, Cherokee County, Georgia
   Sold January 1, 2002 for $2,500,000
   Resold June 7, 2011 for $1,675,000
   57% Drop in Value

2. America's Best Inn & Suites – 954 Fifth Street, Augusta, Richmond County, Georgia
   Sold July 31, 2006 for $1,264,000
   Resold June 10, 2010 for $745,000
   41% Drop in Value

3. Masters Inn – 300 Wingo Way, Mt. Pleasant, Charleston County, SC
   Sold May 10, 2007 for $4,300,000
   Resold July 27, 2011 for $3,750,000
   13% Drop in Value

The appraiser was unable to discern any paired sales in Charleston County other than Hotel Sale 3.

Financing

The appraiser consulted with the following commercial lenders regarding the availability of loans on hotels as of December 31, 2008.

First Community Bank – Columbia, SC – Drew Painter
Arthur State Bank – Columbia, SC – Rhonda Hughey
First Citizens Bank – Columbia, SC – Brian Blackwelder
Southern First – Columbia, SC – Blake Taylor
BB&T – Spartanburg, SC – Stan Parker

Beginning in October, 2008 these banks were no longer making loans on hotels:

The following article is from the Wall Street Journal Sunday Edition August 31, 2014. Ben Bernanke 2008 Federal Reserve Chain discusses the 2008 Economy.

2008 Economy worse than the Great Depression

Ben Bernanke
2008 Federal Reserve Chair

Like Old Times

Former Federal Reserve Chairman Ben Bernanke, a prominent student of the Great Depression, says the 2008 financial crisis was actually worse than its 1930s counterpart.

Mr. Bernanke is quoted making the statement in a document filed on Aug. 22 with the U.S. Court of Federal Claims as part of a lawsuit linked to the 2008 government bailout of American International Group.

"September and October of 2008 was the worst financial crisis in global history, including the Great Depression," Mr. Bernanke is quoted as saying. Of the 13 "most important financial institutions in the United States, 12 were at risk of failure within a period of a week or two."

—Pedro Nicolaci da Costa
Real Time Economics Blog
WSJ.com

Email: chris.gay@wsj.com

Wall Street Journal Sunday Edition
August 31, 2014

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STATEMENT AND AGREEMENT AS TO LIMITING CONDITIONS AND ASSUMPTIONS

The use of this appraisal report for any purpose signifies the reading and acceptance of all assumptions, attachments and limiting conditions. These conditions are a part of the appraisal report, they are a preface to any certification, definition, fact or analysis, and are intended to establish as a matter of record that the appraiser's function is to provide a present market value indication for the subject property based upon the appraiser's observations as to the subject property and the real estate market. This appraisal report is an economic study to estimate value as defined in the report. It is not an engineering, construction, environmental, legal or architectural study nor survey and no such expertise is implied. No testings of material, equipment, soils, water, air or vegetation were made on or off site.

The limiting conditions and assumptions, which follow, apply to each and every property identified for valuation in this report, unless otherwise indicated.

Assumptions relevant to the acceptance and completion of this appraisal assignment:

1. No responsibility is assumed for matters of a legal or technical nature which might affect the property being appraised or the title thereto. The title is assumed to be good and marketable unless stated otherwise.
2. The property is appraised as though free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans/floor plans and other illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the subject property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organizations have been or can be obtained or renewed for any use upon which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the

appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, ureaformaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

12. The presence of potentially dangerous or hazardous materials, gases, mold, mildew, or toxic substances may affect the value of the property and in this appraisal the value estimate is predicated on the assumption that there is no such element on, in or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.
13. Good structural and mechanical conditions are assumed to exist and no opinion as to these matters is to be inferred or construed from the attached report.
14. That certain opinions, data, and estimates furnished by others in the course of this investigation are correct.
15. That no recorded restriction or zoning ordinance would prohibit the use of the property for any purpose indicated to be the Highest and Best Use unless cited in the report.
16. That any legal instrument or engineering document, plat or report affecting or indicating an effect upon the use and utility of the property has been furnished to the appraiser's by the orderer or property owner and that if no such documents are presented (in original form or a copy) prior to or by the date of inspection of the property, it is a representation that no such documents exist.

Limiting conditions which apply to the acceptance and completion of this appraisal assignment:

1. The property is appraised as though owned in fee simple and free and clear of any existing lien or encumbrance, unless specifically noted in this report.
2. The appraiser(s) has (have) no responsibility for matters of a technical or legal nature, especially those affecting title to the property.
3. No obligation for court testimony with regard to this appraisal report exists, unless arrangements have been previously made therefore.
4. Value distributions as outlined in this report serve as a basis for distribution of total valuation and shall not be separately quoted or utilized.
5. Drawings, sketches, or maps as included in this report are for the sole purpose of assisting the reader in visualizing the property. Unless otherwise indicated, they are not engineering drawings.
6. The appraisal is based on there being no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser(s) has (have) no responsibility for such conditions, or for engineering studies which might be required to discover such factors.
7. Unless otherwise discussed in the body of this report, we assume that appropriate waste disposal facilities are either available from public or private sewer facilities.

8. Users of this appraisal report are directed to obtain the services of a professional engineer to determine the presence and/or absence of hazardous materials including but not limited to: asbestos and/or radon gas and/or urea formaldehyde foam insulation and/or mold.
9. The appraiser(s) has (have) not made any form of an environmental study, nor have any such studies been made available to the appraiser(s). The value reported herein assumes that the subject site is free and clear of any and all contamination, either on or underground, above ground, air borne, water borne, or within any improvements thereon. The appraiser(s) cannot assume liability for off site environmental problems, either unrevealed, unidentified, or in no way provided to the appraiser(s).
10. This appraisal report is an economic study for value, it is not an engineering, structural, mechanical, feasibility, or architectural study.
11. Possession of this report or any copy thereof does not carry with it right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser(s) for the use of the client, the fee being for the analytical services only. Use of this report is limited to the person, persons, agency or firm for whom it is prepared, and to the appraiser(s). The Bylaws and Regulations of the Appraisal Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate, except as hereinafter provided. The client may distribute copies of this appraisal report in its entirety to third parties, however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, there is no accountability, obligation, or liability to any third party. It is, however, the third parties' responsibility to assure itself that the information contained herein is accurate and complete. Any reliance on the contents shall be solely at the third parties' risk. This document when provided to third parties is without any warranty or representation, expressed or implied, as to its content, its suitability for any purpose, its accuracy or completeness. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser(s).
12. This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analyses as set forth in the report were prepared by the appraiser so indicated on the individual certifications, and as discussed in the Scope of the Appraisal Section. No change of any item in the report shall be made by anyone other than the appraiser(s) and/or officer of the firm. The appraiser(s) and firm shall have no responsibility if any such unauthorized change is made.
13. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraiser(s) is (are) affiliated.
14. This appraisal was obtained from Rosen Appraisal Associates or related companies and/or its individuals or related independent contractors and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C.

522(b)(4). Notify the appraiser(s) signing the report or an officer of Rosen Appraisal Associates of any request to reproduce this appraisal in whole or part.

15. An abundance of research and analysis was conducted in the preparation of this appraisal and/or appraisal report. All file data, research, and analysis, is incorporated herein by reference.
16. Appraisals are maintained in our office for five years or two years after final disposition in court.
17. For purposes of this appraisal, any masculine pronoun shall include the feminine, any feminine pronoun shall include the masculine, any plural pronoun shall include the singular, and any singular pronoun shall include the plural.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since I (we) have no direct evidence relating to this issue, I (we) did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
19. The subject property may or may not be located in or adjacent to a wetlands area. The appraisers are not qualified in the area of engineering pertaining to the determining of wetlands. Therefore, the appraisers are unable to determine the wetlands status of the subject property. The appraisers assume the appropriate permit, if required, can be or has been obtained from the U.S. Army Corps of Engineers. The appraisers also assume that the jurisdictional determination study and/or permit regarding construction in a wetlands area, if required, does not result in the alteration of the subject property description contained in this appraisal report.
20. The appraiser has examined flood maps provided by the Federal Emergency Management Agency (FEMA) and has noted whether the subject property is located in a special flood hazard area. We are not experts in Flood Zone delineation and make no guarantee regarding the determination since we are not surveyors. Final determination should be made by a licensed surveyor or engineer.
21. Unless otherwise noted in the appraisal report, the estimated market value does not include any personal property, fixtures or other non-real estate items.
22. If additional information is discovered that would alter the value conclusion for the subject, the appraiser retains the right to reconsider the value estimate reported in this appraisal.

EXTRAORDINARY ASSUMPTIONS

Extraordinary assumptions presume uncertain information to be factual. If at a later date these assumptions are proven to be false, this could alter the opinion of Market Value rendered by the Appraiser. The appraiser is assuming the existence as of the valuation date of a fully stabilized and operating hotel performing in accordance with the proforma provided to the appraiser by the owner.

HYPOTHETICAL CONDITIONS

Hypothetical conditions are contrary to what exists but are supposed for the purpose of analysis. Hypothetical conditions assume conditions that are contrary to known facts about the subject property or about conditions external to the subject property. As of December 31, 2008 subject was 65% completed, therefore, the hypothetical condition assumes subject is 100% completed and ready to be open as a hotel furnished.

IDENTIFICATION AND LOCATION

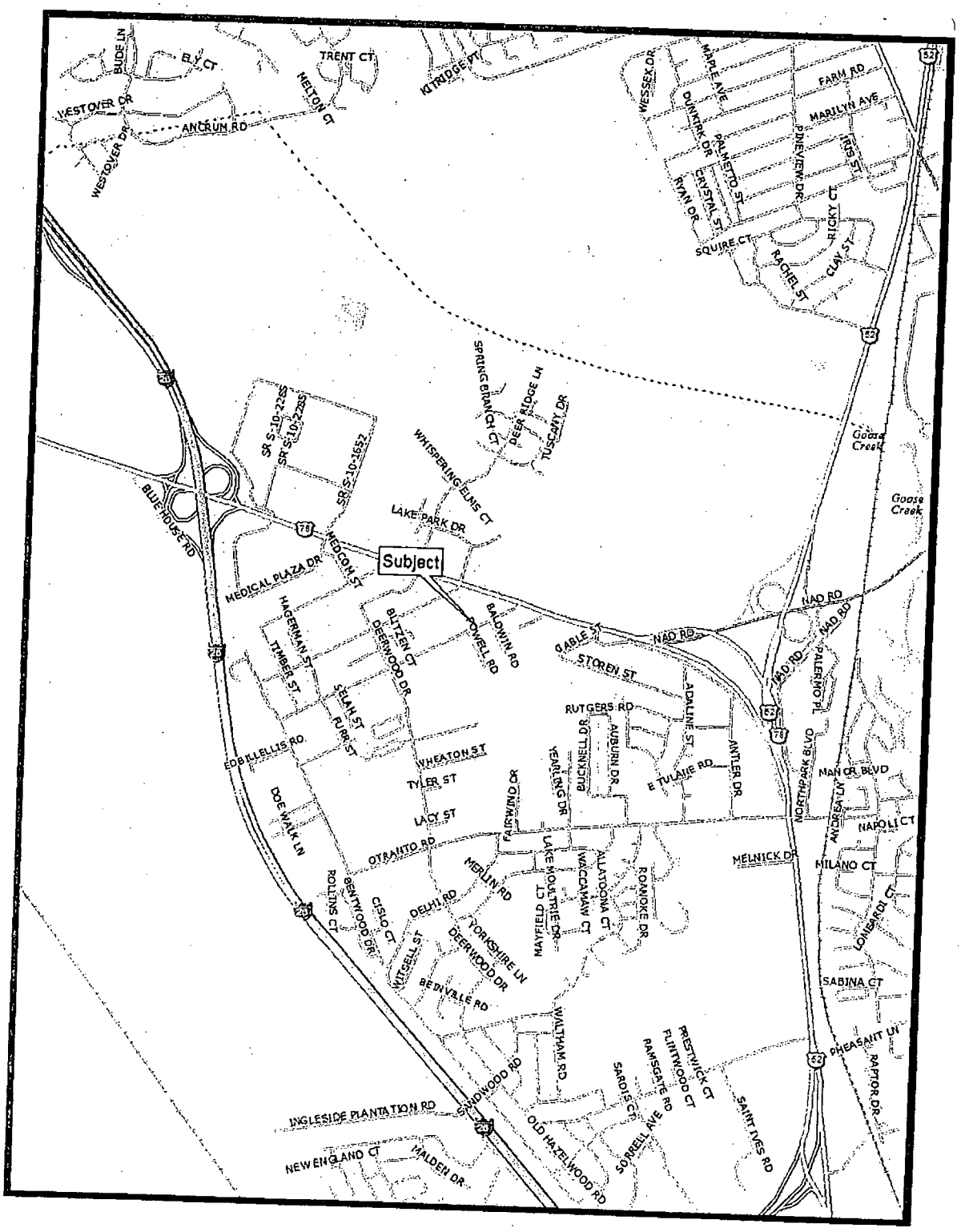
The subject is identified as a Hampton Inn & Suites under construction and is located on Fernwood Drive just off University Boulevard near Interstate 26 in the upper section of North Charleston. It is a second row property located at the rear of the properties that front University Boulevard. University Boulevard (Highway 78) is a major interchange on Interstate 26 and serves as one of the primary arteries to Summerville to the west and Goose Creek and North Charleston to the east. Subject is within the corporate limits of North Charleston and has the street address of 2688 Fernwood Drive, North Charleston, Charleston County, South Carolina 29406.

The property consists of 2.055 acres or 89,516 square feet of land and was improved with a five story interior corridor, limited service hotel. The building now has a total of 115 guest rooms and a total of 70,689 square feet of gross building area. When completed it will be operated as a Hampton Inn & Suites, which is a flag under the Hilton Corporation, and competes in the mid-priced segment of the market. Subject is shown on Tax Map 486-06-00-130.

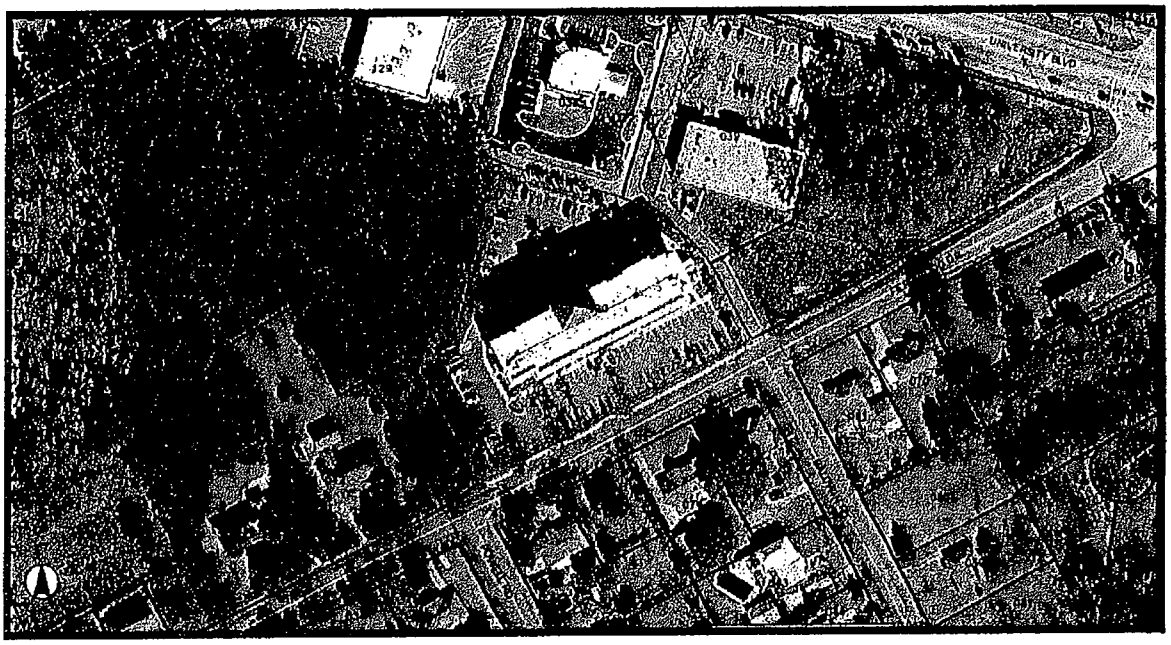
LEGAL DESCRIPTION

ALL that certain piece, parcel or tract of land, situate, lying and being in the City of North Charleston, Charleston County, South Carolina, known as Tract EF, measuring and containing 2.055 acres, more or less, as shown on a plat thereof entitled **"Plat Showing the Combination of Tract E, TMS No. 486-06-00-131 (1.594 acres) and Tract F, TMS No. 486-86-00-130 (0.461 acres) to Form Tract EF Containing 2.055 Acres, Property of University Blvd., LLC, located in the City of North Charleston, Charleston County, South Carolina"** dated November 7, 2006, prepared by HLA, Inc., said plat being recorded in the RMC Office for Charleston County in Plat Book EK, at Page 256; said Tract EF containing such size, shape, dimension, buttings and boundings as will by reference to said plat more fully appear.

LOCATION MAP



AERIAL TAX MAP



PURPOSE AND DATE OF APPRAISAL

The purpose of this **Appraisal Report** is to provide an estimate of the Market Valuation of the Fee Simple Interest of the subject property as of December 31, 2008, the date of the last reassessment in its as is "condition" which is 65% complete. The value reported is subject to the Limiting Conditions and Assumptions and Extraordinary Assumptions on pages 1 through 5 of this report.

INTENDED USE OF THE APPRAISAL

The intended use of this appraisal is to provide the client, University Ventures, LLC, with an estimate of the Market Value of the Going Concern based on the Fee Simple Interest of the subject property in connection with a pending tax appeal. This appraisal has been compiled and written to meet and comply with the Code of Professional Ethics and Standards of Appraisal Practice of the Appraisal Institute, the American Society of Appraisers, as well as the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this appraisal are the Fee Simple Interest of the subject property. The Fee Simple Estate is the 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. No current Certificate of Title was made available to ascertain restrictions or other encumbrances.

DEFINITION OF MARKET VALUE

Market Value is defined as: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. both 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 US 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."

(Source: (1) Uniform Standards of Professional Appraisal Practice, 2008-2009 Edition, the Appraisal Foundation, Page A-105, (2) Office of the Comptroller of the Currency, 12CFR, Part 34), (3) Federal Deposit Insurance Corporation & Regulation, Part 323.2(f).

PROBABILITY OF CHANGE

The market value of the property appraised in this report is estimated as of the specific effective date. Constantly changing economic, social, political and physical conditions have varying effects upon real property values. Even after the passage of a relatively short period of time, property values may change substantially and require a review based on differing market conditions.

SCOPE OF THE APPRAISAL

As of July 1, 2006, the Uniform Standards of Professional Appraisal Practice (USPAP) deletes the requirement to label the appraisal analysis as 'complete' or 'limited', as well as the requirement to label the type of report 'restricted use', summary' or 'self-contained'. Instead, an appraiser must provide a clear discussion of the Scope of the appraisal assignment.

The Scope of Work is the plan to solve the appraisal problem. The Scope of Work is specific to the intended use and the intended user of the appraisal and is defined by the effective date of the analysis, the type of value sought, characteristics of the subject property, the quantity and quality of the information regarding the relevant characteristics of the subject property, as well as any other conditions of the assignment. The Scope of Work may change during the course of the assignment as the appraiser discovers information about the subject property or its environs. For instance, the appraiser may make assumptions about the subject property because relevant information is not available at the time the appraisal is prepared. Alternatively, it may be necessary for the appraiser to assume a hypothetical condition if information is discovered about the subject property or its environs, but that information can not be considered and is therefore assumed to be false.

EXTENT OF THE APPRAISAL PROCESS

The estimation of a real property's market value involves a systematic process in which the appraiser defines the problem; plans the work necessary to solve the problem; and collects, analyzes and interprets the data relevant to the value estimate. Three traditional approaches to value are normally used in the appraisal process and are discussed in the Approaches to Value section of this report.

The subject property is located at 2688 Fernwood Drive, North Charleston, Charleston County, South Carolina. The site contains 2.055 acres and, as of the valuation date, was in the process of being improved with a five story, 115 guest room hotel which was completed in April, 2009. Subject was inspected on August 27, 2014, by Joseph B. Rosen, MAI, SRA, ASA. Detailed data was collected and confirmed for similar properties through the use of public records and recorded deeds, grantors, grantees, and/or real estate brokers and attorneys involved in the transactions. Market data was researched from 2007 to 2009. In addition the appraiser obtained a Star Report for occupancy and rack rates in the area.

Joseph B. Rosen, MAI, SRA, ASA, is a State Certified General Real Estate Appraiser and has been appraising real estate for over forty-one years. In that time, he has prepared appraisals for all types of commercial, industrial, institutional and residential property. Joseph B. Rosen, MAI, SRA, ASA, inspected the subject property on August 27, 2014, completed the research and analysis, and preparation of the appraisal report. Joseph B. Rosen, MAI, SRA, ASA, accepts full responsibility for the contents of this report.

COMPETENCY STATEMENT

The Office of the Comptroller of the Currency has issued a ruling that regulates lenders, to evaluate an appraiser's competency for each appraisal assignment.

Joseph B. Rosen, MAI, SRA, ASA, has over forty-one years of appraisal experience. In addition, he has owned and managed rental properties and bought and sold rental properties. He has appraised lots, acreage, lots and acreage on lakes, ocean front lots, office buildings, retail buildings, hotels, auto dealerships, auto repair facilities, churches, convenience stores, lube facilities, mini-warehouses, cemetery, funeral homes, hotels, auto salvage yards, manufactured home parks, apartment projects, medical office buildings, dental office buildings, communication towers, tower sites, and other types of improved properties. The appraiser has the qualification and experience to appraise the subject property.

ASSESSED VALUATION AND TAXES

The subject property is located in Charleston County and has been appraised for tax purposes by the Charleston County Assessor's Office. Agricultural land and owner occupied properties are assessed at 4% of their tax appraised value. Non-owner occupied residence, multi-family, commercial and industrial (not manufacturing) properties are assessed at 6% of their tax appraised value. The assessment ratio for manufacturing is 10.5%. The appraised value is multiplied by the appropriate assessment ratio, resulting in the assessed value. The assessed value is then

multiplied by the millage rate for the tax district in which the property is located resulting in the real property taxes. In some counties there is a solid waste charge added to the real property taxes and/or a storm drainage charge. There is a Local Option Sales Tax (LOST) credit in some counties.

The following three pages is the assessor's value and the real property taxes for

	Taxes	Assessor's Appraisal
2008	$5,845.07	$404,000
2009	$6,022.84	$404,000
2010	$122,356.44	$8,180,000

Charleston County Tax System - Real Property Detail

CHARLESTON COUNTY *Tax Related Information*

* MAIN MENU
* CONTACTS
* EXIT

- Billing Information -

Account (PID):	486-08-00-130	Appraised (FMV):	404,000
Tax Year:	2008	Assessment:	24240
Prior Year:	NA	Mills:	x 0.2698
Status:	Current (Paid)		
Receipt:	2008-154607	Base Tax:	6539.95
Previous Receipt:	NA	Penalties:	+ 0.00
Next Receipt:	NA	Interest:	+ 0.00
Billed:	09-30-2008	Credits:	- 694.88
Paid Date:	12-31-2008	User Fee:	+ 0.00
Actual Date:	01-02-2009	SW Fee:	+ 0.00
		Net Tax:	5845.07
Mortgage Co:	NA	Amount Paid:	-5845.07
		Nulla Bona Amount:	- 0.00
MLOD Factor:	No		
		Refund Amount:	- 0.00
		Transfer Amount:	- 0.00
		CURR Due:	0.00

- Property Information -

Legal Description:	HWY 78 - TRACT EF
Subdivision:	NA
Deed:	12-05-2006 R607-071
Plat:	DF-986
Land Use:	VACANT
General Use:	VCC
Parcel:	952

	Buildings	Appraisal	Assessment
Others (6%)		404,000	24,240
	Totals:	404,000	24,240

Acreage		Appraisal	
High:	2.06	Land:	404000
Marsh:	0.00	Improvements:	0
Swamp:	0.00	Buildings:	0
Total:	2.06	Total:	404000

- Owner Information -

Current Owner: UNIVERSITY VENTURES LLC
Current Co-Owner: NA
Care Of: THE RICE MILL BLDG
Tax District: 43
Jurisdiction: 01
Tax Address: HWY 78
Mail Address: 17 LOCKWOOD DR STE 400
City State Zip: CHARLESTON SC 29401

Selections | Tax Record | Graphics | Main Menu

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http://taxweb.charlestoncounty.org/surfer/form/PIDSearch/SelectRecord/2_igh563636390_... 8/28/2014

Charleston County Tax System - Real Property Detail

CHARLESTON COUNTY *Tax Related Information*

* MAIN MENU
* CONTACTS
* EXIT

- Billing Information -

Account (PID):	486-06-00-130	Appraised (FMV):	404,000
Tax Year:	2009	Assessment:	24240
Prior Year:	NA	Mills:	x 0.2738
Status:	Current (Paid)		
Receipt:	2009-156823	Base Tax:	6636.92
Previous Receipt:	NA	Penalties:	+ 0.00
Next Receipt:	NA	Interest:	+ 0.00
Billed:	09-30-2009	Credits:	- 614.08
Paid Date:	12-31-2009	User Fee:	+ 0.00
Actual Date:	01-05-2010	SW Fee:	+ 0.00
		Net Tax:	6022.84
Mortgage Co:	NA	Amount Paid:	-6022.84
		Nulla Bona Amount:	- 0.00
MLOD Factor:	No		
		Refund Amount:	- 0.00
		Transfer Amount:	- 0.00
		CURR Due:	0.00

- Property Information -

Legal Description:	HWY 78 - TRACT EF
Subdivision:	NA
Deed:	12-05-2006 R607-071
Plat:	DF-986
Land Use:	VACANT
General Use:	VCC
Parcel:	952

	Appraisal	Assessment
Buildings		
Others (6%)	404,000	24,240
Totals:	404,000	24,240

Acreage		Appraisal	
High:	2.06	Land:	404000
Marsh:	0.00	Improvements:	0
Swamp:	0.00	Buildings:	0
Total:	2.06	Total:	404000

- Owner Information -

Current Owner: UNIVERSITY VENTURES LLC
Current Co-Owner: NA
Care Of: THE RICE MILL BLDG
Tax District: 43
Jurisdiction: 01
Tax Address: HWY 78
Mail Address: 17 LOCKWOOD DR STE 400
City State Zip: CHARLESTON SC 29401

Selections | Taxes Owed | Credits | Main Menu

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http://taxweb.charlestoncounty.org/surfer/form/PIDSearch/SelectRecord/2_igh563636390_... 8/28/2014

Charleston County Tax System - Real Property Detail

CHARLESTON COUNTY *Online Tax System*

- MAIN MENU
- CONTACTS
- EXIT

- Billing Information -

Account (PID):	466-08-00-130	Appraised (FMV):		8,180,000
Tax Year:	2010	Assessment:		490800
Prior Year:	NA	Mills:	x	0.2738
Status:	Current (Paid)			
Receipt:	2010-157520	Base Tax:		134381.04
Previous Receipt:	NA	Penalties:	+	0.00
Next Receipt:	NA	Interest:	+	0.00
Billed:	09-30-2010	Credits:	-	12024.60
Paid Date:	12-29-2010	User Fee:	+	(Other)
Actual Date:	12-29-2010	SW Fee:	+	0.00
		Net Tax:		122356.44
Mortgage Co:	NA	Amount Paid:		-122356.44
		Nulla Bona Amount:	-	0.00
MLOD Factor:	No			
		Refund Amount:	-	0.00
		Transfer Amount:	-	0.00
		CURR Due:		0.00

- Property Information -

Legal Description:	2688 FERNWOOD - TRACT EF
Subdivision:	NA
Deed:	12-05-2006 R607-071
Plat:	DF-986
Land Use:	OTHER LAND USE
General Use:	IITL
Parcel:	150

Buildings	Appraisal	Assessment
Others (6%)	8,180,000	490,800
Totals:	8,180,000	490,800

Acreage		Appraisal	
High:	2.06	Land:	717000
Marsh:	0.00	Improvements:	0
Swamp:	0.00	Buildings:	7463000
Total:	2.06	Total:	8180000

- Owner Information -

Current Owner:	UNIVERSITY VENTURES LLC	Tax Address:	2688 FERNWOOD
Current Co-Owner:	NA		
Care Of:	THE RICE MILL BLDG		
Tax District:	43	Mail Address:	17 LOCKWOOD DR STE 400
Jurisdiction:	01	City State Zip:	CHARLESTON SC 29401

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ZONING AND RESTRICTIONS

The subject property is zoned B-2, General Business, by the City of North Charleston. This is the broadest commercial zoning designation available and allows virtually any commercial uses. It is the predominant zoning classification for properties fronting University Boulevard and is consistent with Charleston County's CG, General Commercial zoning.

Zoning requires 1 parking space per 3 guest room plus one space per three employees. Based on the 115 rooms plus four spaces for twelve employees, the total parking requirement is 42 spaces. The subject now has a total of 107 striped parking spaces indicating the development is within its parking requirement. Of the 107 spaces, 5 are handicap and 5 are Diamond Elite. According to Sean Emanuel with the City of North Charleston Zoning Office there is no height limitation of the subject site.

Conformance

The use of the property as a hotel is a use of right under the current zoning ordinance. According to the City of North Charleston Planning and Zoning office, the development is within the zoning requirements.

Possibility of Change in Zoning/Neighborhood Trends

In view of the history of the area and the established nature of the commercial properties in the vicinity of the subject site, it is not likely that a change in zoning or land use will occur in the near future.

CHARLESTON MSA REGIONAL ANALYSIS

The Charleston Metropolitan Statistical Area (Charleston MSA) is a three-county entity consisting of Berkeley, Dorchester and Charleston County. Berkeley County is bordered on the south by Charleston County and to the West by Dorchester County. These three counties make up what is known as the Trident Area or Tri-County Area. The Charleston Metropolitan Statistical Area (MSA) includes these three counties due to their close physical and economic relationships.

The Cities of Charleston, North Charleston and Goose Creek and the Towns of Summerville and Mount Pleasant are the five major urban areas in this region. These five areas comprise the majority of the residential base, economic growth and major centers of employment for the Charleston MSA. These areas have all experienced explosive growth in residential and commercial development over the past several years.

While the recessionary environment which has characterized the economy over the past three to five years has certainly taken its toll on the Charleston area, we have attempted to provide some indication of the impact these conditions have had on each of these five individual areas.

To follow is a brief summary of these areas.

The City of Charleston

The City of Charleston is the county seat for Charleston County. Charleston was founded in 1663 under a land grant from Charles II and named "Albemarle". The name was changed to "Charles Town" within a few years and the city was incorporated in 1783. The city of Charleston is located around Charleston Harbor, which is formed by the Ashley, Cooper, and Wando Rivers.

The historic City of Charleston is located on the peninsula of land between the Ashley and Cooper Rivers and is a relatively small geographic area. Charleston has traditionally been known as a seaport and agricultural center and has more recently become an internationally known resort and convention destination.

Charleston has a diverse economy incorporating the port-related industries, travel and leisure/hospitality, industrial development and a significant amount of retail, office and residential development. The City of Charleston has two cruise lines that call on the city including Carnival Cruises and Norwegian Cruise Lines. The City of Charleston is consistently ranked highly in annual surveys of best places to live and visit by countless travel and leisure publications.

Current population estimates for the City of Charleston are 123,723 inhabitants as of January 2009. This indicates a 28% increase over the past ten-year period from the census of 2000 which reported 96,650 residents. This represents enormous growth over the past decade.

The City of Charleston encompasses many diverse districts including the West Ashley area, Johns Island, James Island, the Downtown Historic District, the Downtown Business District, the "Charleston Neck" industrial area and through annexation has recently grown to include the areas of Daniel Island and several residential areas across the waterways of both the Ashley and Wando River in both Charleston and Berkeley County.

The Downtown Business District enjoys the stability of a relatively low amount of developable land with very little new product and a tenant mix that is stable and consists of many major, long-term tenants that have been occupying the same areas for several decades.

Tourism/Hospitality was a significant contributor to the overall economy of the City of Charleston but decreased 10.5% in 2008 (source – Center for Business Research). Hotel occupancies have been slightly increasing from 2001 to 2007 and decreased 4.09% in 2008.

New developments in the Downtown Charleston area are closely regulated by several historic/preservation societies as well as strict zoning regulations. There are several proposed mixed-use developments in the Downtown Charleston area which are located just north of Calhoun Street, which is the historical dividing line between downtown and midtown Charleston. Many of these developments were put on hold in 2008 and 2009 due to economic conditions.

Other developments include the proposed Concord Street waterfront park as well as the Marriott-anchored mixed-use development located on Calhoun Square at Calhoun Street and King Street.

The opposite corner of Calhoun and King Street is the location of the former Millennium Music retail facility. This property was purchased to redevelop into a mixed-use project in late 2006 but this project is also currently on hold.

Although these projects have been put on hold for now, it does appear that the outlook for this area is considered to be positive as growth continues outward from the traditional historic districts.

Since the Great Recession of 2008, the overall appeal of Charleston County has adversely been effected by the 10.5% decrease in attendance at area attractions and a 4.09% decrease in the average occupancy of Charleston County lodging.

City of North Charleston

The City of North Charleston was incorporated in 1972. North Charleston has become one of the largest cities in the State of South Carolina and has become a major player in both retail and industrial development in the area. The City of North Charleston is known as being one of the major employment centers for the Charleston MSA and is conveniently accessed via several major roadways including Interstates 26 and 526.

Current population estimates for the City of North Charleston are 94,010 residents, which represents an 18% growth from the Census of 2000.

North Charleston was negatively affected by the closing of the Navy base in the early 1990's. For the past several decades, there has been relatively higher unemployment and slower economic growth in the North Charleston area when compared to the rest of the Charleston MSA. However, the past decade has brought significant chage in the outlook for this area.

Major recent developments in the North Charleston area include Centre Pointe, which is a master planned, 300+ acre commercial development located along International Boulevard, just across from the North Charleston Coliseum. This is a regional shopping destination consisting of Tanger Outlet Center, a Super Wal-Mart, a Sam's Club Discount store, several new hotel facilities and restaurants, approximately 250,000 SF of new office space and over 500,000 SF of retail space. Centre Pointe has continued to be a successful development throughout the past two-year recessionary period.

Other major developments in North Charleston include the Noisette Project, which is master-planned redevelopment of the former Navy Base. This is a massive, mixed-use development which was projected to revitalize the entire Park Circle/Old North Charleston area. However, the majority of these developments were placed on hold or were never undertaken.

While there have been many successful developments within the Noisette Project including the waterfront park, the redevelopment or several large warehouse facilities into mixed-use projects and several residential developments, the most recent news from the Noisette Company was the impending foreclosure proceedings on the current owners of this development. The future for this project is unknown at this time.

Town of Summerville

The Town of Summerville has long been known as a "Bedroom Community" for the Charleston Area, as many downtown residents historically moved inland during the summertime to the Summerville area, retreating from the relatively hot weather and high humidity which were characteristic of the City of Charleston. In the past, Summerville was a small, relatively rural area which was characterized as being the location for 2nd homes of many residents.

Today, Summerville enjoys a well-balanced economy and is characterized as having exceptional schools, affordable cost of living, a small-town atmosphere and an overall high quality of life. Current population estimates are approximately 43,756 residents, which represents an increase of over 57% over the 2000 census of 27,752. This represents the fastest-growing area of the Charleston Metropolitan Statistical Area.

The majority of the new development in the Summerville area has consisted of relatively affordable single-family residences ranging in price from the low to mid $100,000 range to upwards of $450,000. As displayed above, the Summerville area

has experienced explosive levels of population growth over the past decade. This can be mainly attributable to the availability of the combination of relatively affordable housing and the high quality of life which has traditionally been associated with living within the Town of Summerville.

The growth of the subject area is also a result of the decreasing supply of developable land proximate to the suburban areas of the City of Charleston as well as the relatively high prices of developable land in close proximity to the more affluent areas of the Town of Mount Pleasant, the City of Charleston, Daniel Island and the beach/island areas of Kiawah Island, the Isle of Palms, Folly Beach and Sullivan's Island.

As the population of Summerville increased over the past decade, demand for housing increased as well. Many new residential developments were met with incredible success and the raw acreage had risen in price dramatically in the Summerville area over the past decade as well, with developable land being priced in the $10,000 per acre range at the beginning of the decade to upwards of $70,000 per acre during the height of the real estate market in 2006 and 2007.

Commercial development following these trends over the past decade as well. The major commercial development in the Summerville area from 2002 was the Azalea Square Mall (built 2003), a regional retail development located along Highway 17-A in close proximity to Interstate 26 within the Town of Summerville. This is a major retail destination which is anchored by Kohl's, Ross Dress for Less, Dick's Sporting Goods and Target. There are several local and national tenants located within this development and vacancies are still relatively low.

Other major retail and commercial developments have included several Publix-anchored retail centers which serve the new population centers in the Summerville area. The downtown Summerville area has been revitalized as an active area for local retailers, businesses and restaurants. Many banks have purchased sites and developed branches over the past several years in the Summerville area which resulted in a boom for commercial sites within the Down town area.

However, Summerville has felt a significant decline in both real estate values and new construction as a result of the recessionary environment. Several new subdivisions were never completed in the market area and many are currently in a state of disrepair, with landscaping and common areas having been neglected with no finished homes located in these areas. Prices have declined in excess of 25% to 35% in some areas, with large developable tracts only being sold at significant discounts. There is very little demand for developable land in the Summerville area.

It appears that this market area may be one of the last to turn around in the Charleston MSA. This is due to the relatively high amounts of inventory of both existing homes and vacant residential land in the subject area. A brief analysis seems to indicate that there is currently adequate inventory for approximately 5-10 years of vacant lots in the Summerville area.

Industrial development in the Summerville area also experienced a boom over the past decade. The areas just north of the Town of Summerville near the Jedburg area has been an area of high levels of speculation, with raw tracts of developable land

increasing in value from approximately $5,000 per acre in the beginning of the decade to upwards of $75,000 per acre in the current market.

This is due to the large size of the tracts coupled with the relative convenience of the subject area to both Interstate 26, Interstate 95 and the Port of Charleston. There are few opportunities in the Charleston MSA for large-scale industrial development in such a convenient location proximate to these major linkages. The prior owner of these relatively large tracts, MeadWestvaco, began releasing many of these large tracts of land for sale in the middle of the decade.

In summary, the Town of Summerville has experience unprecedented growth between 1998 to 2008. While residential development has stalled during the recent recessionary environment, it is important to note that there are several positive factors in play in the current environment. The industrial market appears to be healthy with significant growth projected in the Summerville/Jedburg areas over the next decade. This should provide an economic spark which may carry over into the residential market over the next several years.

City of Goose Creek

Goose Creek is located in the southernmost portion of Berkeley County adjacent to the City of Hanahan and the City of North Charleston. Goose Creek is a bedroom community for the City of Charleston and is part of the Charleston Metropolitan area.

The city encompasses an area of approximately 31 square miles and was incorporated on March 22, 1961.

The lower Berkeley County and Goose Creek area had been one of the fastest growing areas in the Tri-County Region. As of 2008, Berkeley County was the fastest growing county in South Carolina, and two-thirds of the county populations live in this area. The city has experienced significant growth between 1998 and 2008, becoming the state's 12th largest municipality and a major residential community for the Charleston area.

The 2000 population was 29,208, up from 25,869 in 1990. This represents a 12.9% increase over that decade. The most recent population estimates for the year 2009 were 36,466. This is a growth rate of 24.84%, which is an annual rate of just under 3% per year. This is one of the fastest growing areas of the Charleston MSA.

Crowfield Plantation features a golf course, an Olympic-size swimming pool, club house, lake, hiker-biker trail, churches, several public schools, recreational area, and commercial areas which are either completed or under construction. There are several residential developments located within Crowfield Plantation with homes ranging in price from the lower $100,000's to upwards of $750,000 for large, custom homes located on the golf course.

Most of the new commercial development over the last ten years has taken place on US Highway 176. This development includes several neighborhood shopping centers and a new Wal-Mart and Lowe's Home Improvement store located at the intersection of

highway 17A and 176. Other development on US Highways 52 and 176 include a variety of commercial utilizations such as offices, new retail development, branch bank offices, and restaurants.

Recent development on Highway 176 include a new Piggly Wiggly anchored retail center, a proposed Harris Teeter at the intersection of Highway 176 and Highway 17-A, a proposed Publix anchored shopping center at the entrance to Cane Bay, a Zaxby's, an Auto Zone, a Pit Stop Gas Station, a Sonic fast food restaurant, and a medical center. There has been a significant amount of new commercial and retail development at this intersection.

Industrial development in the City of Goose Creek is located in both Crowfield Village and in the Mount Holly Commerce Park. The Mt. Holly Commerce Park is located along U.S. Highway 52 on the south side of Cypress Gardens Road. This is a 1,044-acre, Class A industrial park that was developed by Berkeley County to attract industry to the area. The largest development within this area has been the new $600 million data center for Google, Inc. which has recently been constructed on a 520-acre site in the within the park.

The new Google data center has been providing a significant boost to the local economy. At full employment, the new data center is projected to employ upwards of 200 persons with an average annual salary of $48,000.

The central business district and primary commercial area in the City of Goose Creek is located on and between US Highways 52 and 176. There are three streets

connecting the highways, Brandywine Road, Central Avenue, and Thomason Boulevard.

The intersection of US Highways 52 and 176 is the focal point of development in the area. About 50% of the traffic continues on US Highway 52 and the other 50'% travels on US Highway 176 toward Crowfield Plantation and the residential development located proximate to Carnes Crossroads. The traffic continuing on US Highway 52 is largely traffic to Moncks Corner.

In summary, the City of Goose Creek experienced unprecedented growth prior to 2008. While residential development has stalled slightly during the recent recessionary environment, it is important to note that there are several positive factors in play in the current environment.

The relative convenience to the entire Charleston MSA as well as the affordability and quality of housing in the subject market provides incentive for future growth within the Goose Creek area.

The recent occupancy of Google within the Mount Holly Industrial Park and the development of several master-planned developments incorporating all levels of residential development, schools, churches, parks and other amenities is considered to be a significant asset to the subject area.

NEIGHBORHOOD ANALYSIS

The subject property is located in a new commercial development on University Boulevard near the Trident Medical Center and Charleston Southern University. The general neighborhood is the area around the intersection of U.S. Highway 78 (University Boulevard) and Interstate 26 in the City of North Charleston. Summerville is approximately 12 miles to the west and Goose Creek is about 5 miles to the east.

The intersection of U.S. Highway 78 (University Boulevard) and Interstate 26 has been developed with two major properties and several smaller ones. The two major anchors in the area are Charleston Southern University in the northeast quadrant of the intersection and Columbia Trident Medical Center (formerly North Trident Regional Hospital) complex in the southeast quadrant. Around the medical center are additional developments including The Elms of Charleston which is a residential semi-retirement facility. There are many small satellite office buildings surrounding the hospital and several small residential developments to the south and east.

The area originally developed approximately 25 years ago when Baptist College of Charleston (now Charleston Southern University) was first built. Most of the development occurred when Columbia Trident Medical Center was built in the mid 1970's. Since then, the area immediately surrounding the hospital has been improved with medical offices in support of the hospital. Most of this development was done on land with deed restrictions which restricted land use to that which would be compatible with the hospital.

The land area outside the hospital perimeter, which includes the subject, is being developed with a variety of commercial uses including fast food restaurants, a neighborhood retail center, C- stores, a branch bank, and service-oriented uses.

Nearby Rivers Avenue, or Highway 52 is a main north-south local traffic thoroughfare in the City of North Charleston and is second only to Interstate 26 as the primary traffic artery for north-south traffic. It originates in the industrial "neck area" of North Charleston and extends north through Goose Creek and further points north.

Toward the south, the area along Rivers Avenue is developed with a combination of heavy and light industrial uses, both single tenant and multi-tenant retail uses, offices, churches and lower to lower middle income housing. The Naval Hospital is also located in this stretch.

Once past Remount Road traveling north, the complexion of Rivers Avenue changes from middle to lower income properties to suburban retail. This is the stretch that has experienced perhaps some of the most significant commercial development in the Trident area over the past decade. Anchored by Northwoods Mall, several neighborhood and community shopping centers have been developed along this stretch, creating a retail synergism that is perhaps the largest pocket of retail development in the region.

The traffic counts summarized below highlight the ongoing volume in the area.

Traffic Counts

Station	Location	2006	2007	2008	2009
175	Highway 78 east of Interstate 26	38,400	38,500	35,700	38,800
165	Highway 52 at Highway 78	64,900	63,200	62,700	61,000

The Highway 78 at Interstate 26 interchange has been completely redone. Highway 78 has also been expanded from 4 lanes to 5 lanes, which includes a center turn lane. This will further add to the development of the neighborhood.

Just north of the subject is Goose Creek, a bedroom community for Charleston. It started developing about 30 years ago, and has experienced steady growth since then. The 2000 Census shows Goose Creek has a population of 29,208 persons and is the 12th largest city in the state. It was also the 12th largest city after the 1990 Census. It is primarily a middle-income bedroom community with strong support from the military establishments in the area. In addition, civilian Federal employees are strong in the area.

A recent development that will have a significant impact on Goose Creek is the Google Data Center just north of the city. The total investment in the center is estimated at roughly $600 million. Eventually, the center will employ approximately 200 people.

The surrounding area is poised for substantial development. Over 20,000 residential units have been or will be developed in the near future.

Below is a summary of the population and income in the subject's immediate area. As shown, the local population has slightly higher than average median household income levels compared to the State average of $44,695 and National average of $52,029.

Population and Income

	Within 1 mile	Within 3 miles	Within 5 miles
2000 Population	4,466	34,073	82,699
2010 Population	4,713	42,634	106,928
2015 Population	4,973	47,478	121,174
Median HH Income	$37,693	$51,908	$54,268
Average HH Income	$49,800	$60,540	$62,768

In summary, the subject property is located in an area in close proximity to employment centers, and is currently under a transformation given the new roadway system.

HISTORY OF THE PROPERTY

The subject site was sold on December 5, 2006 for $1,253,224. The grantor was University Boulevard, LLC and the grantee was University Ventures, LLC. The deed was recorded in Book R607 at page 71. The building permit is dated April 12, 2008 and the certificate of occupancy is dated April 22, 2009

SITE DESCRIPTION

Location

The subject property is located on Femwood Drive and a new road through the parent tract. It is about 250 feet south of University Boulevard (Highway 78). The intersection of Fernwood Drive and University Boulevard is signaled and creates a four point intersection with the entrance to Wannamaker County Park. The property is in the City of North Charleston, Charleston County, South Carolina.

Size and Shape

The subject is irregular in shape and consists of approximately 89,516 S.F. or 2.055 acres. Dimensions may be taken from the plat shown previously.

Road Frontage/Access

The subject is a second row property that is approximately 250 feet from University Boulevard. It has good access through the parent development and has good visibility from both directions of traffic on University Boulevard. Overall, access to the property is considered good.

Flood Insurance Rate Map (FIRM) - Census Tract

According to the Federal Emergency Management Agency's (FEMA) FIRM Map 45019C280J and Map 45019C285J, last revised November 17, 2004, the subject is in a Zone X area, which is not a flood hazard area. This was also confirmed by the survey. A copy of both flood maps containing the subject may be found at the end of this section.

The property is in Census Tract 31.04.

Topography/Drainage

The subject is level and at road grade with Fernwood Drive and University Boulevard. Drainage appears to be good with natural drainage toward the north. As developed, topography and drainage of the site are satisfactory. The property is presently heavily wooded with mostly pine trees and underbrush.

Potential Environmental Hazards

Phase 1 Environmental Assessment Report was not furnished. In the absence of a Phase I report, this appraisal assumes there are no potential environmental hazards present on the site that would adversely affect the value. Please note the Limiting Conditions regarding this matter.

Soils

The Charleston County Soil Survey shows that the predominant soils in the area surrounding the subject property are Dunbar and Ardilla fine sandy loam (DdA) and Myatt loam (My). Both soils allow for good drainage and are well suited for development.

Improvements in the neighborhood do not exhibit signs of unusual settling. It is assumed that proper engineering studies will be completed prior to the construction of the improvements and the subject soils have adequate bearing capacity for the improvements. This report assumes there are no unstable soil conditions that would adversely affect value.

Land/Building Ratio

The gross building area is approximately 70,689 S.F., and the site contains approximately 89,516 S.F. indicating the land to building ratio is 1.27:1. Given the shape of the site, this suggests about maximum utilization of the property for a hotel use.

Parking

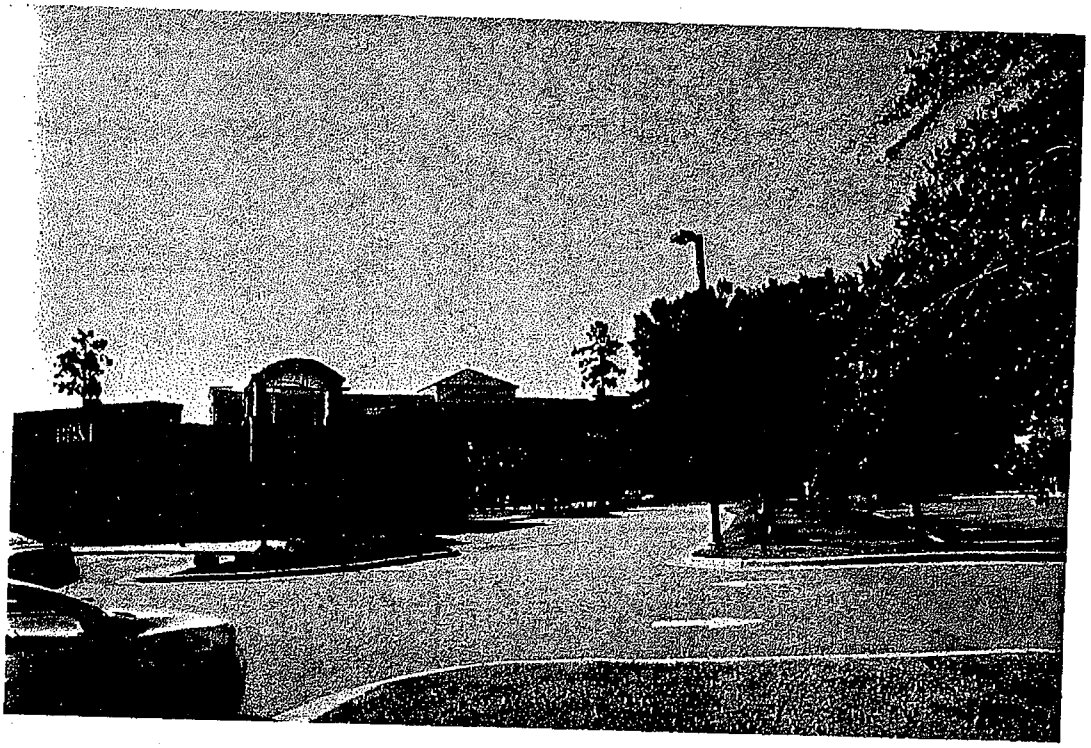
The majority of the site not under the building was to be paved for parking and traffic flow. When complete, there will be a total of 107 lined parking spaces, which will be adequate and will allow for good traffic flow.

Utilities

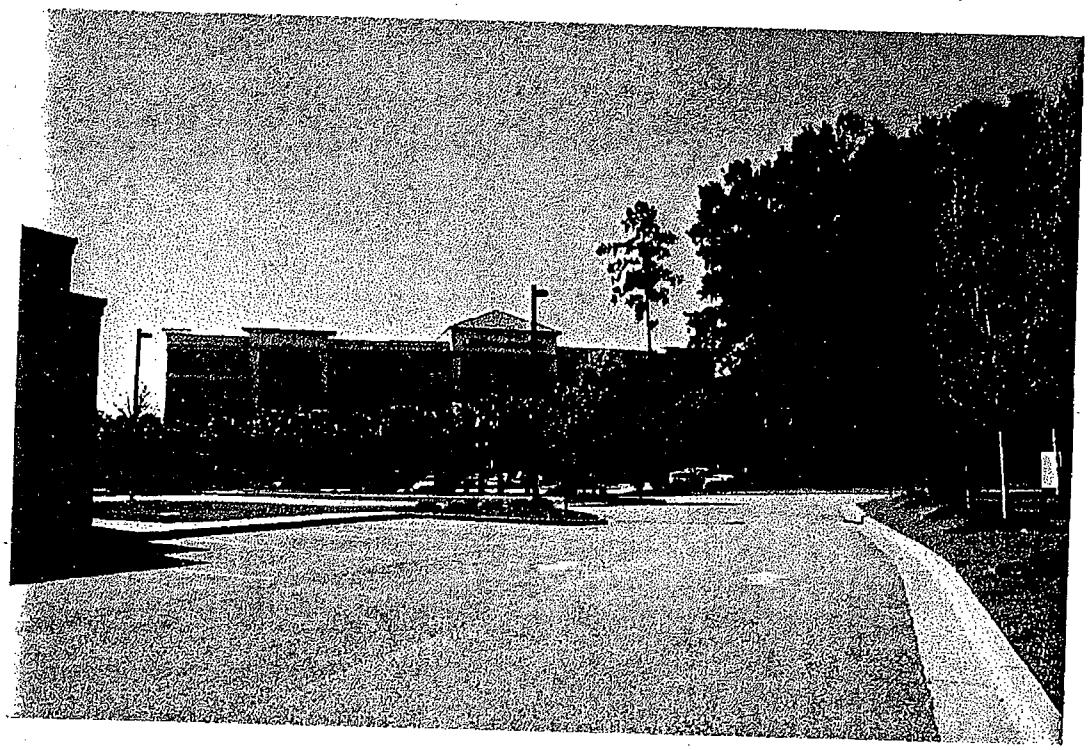
All utilities are available with power provided by South Carolina Electric & Gas Company. Water and sewer service is provided by the Commissioners of Public Works and telephone service is provided by AT&T. All other services are provided by the City of North Charleston.

Summary

The subject contains a total of 89,516 S.F. which is a typical size for hotel properties in the area. The surrounding land uses coupled with its location and visibility to University Boulevard and close proximity to Interstate 26 provides a good basis for a commercial use.



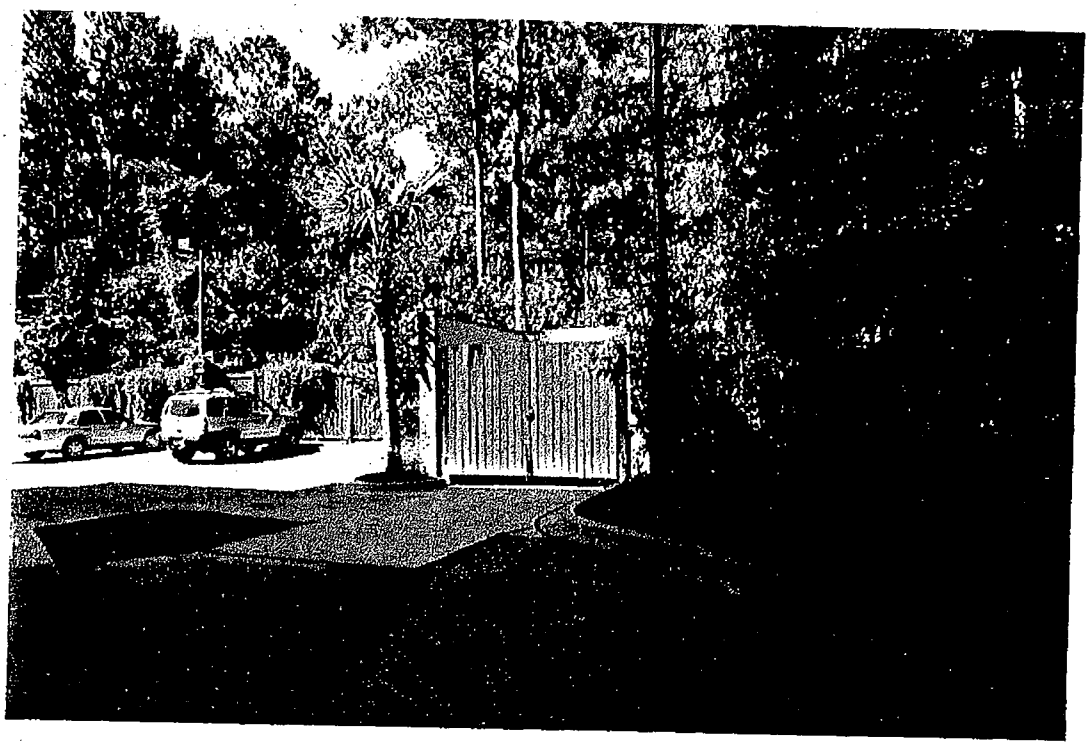
1. **FRONT VIEW OF SUBJECT FROM UNIVERSITY BOULEVARD (1568)**



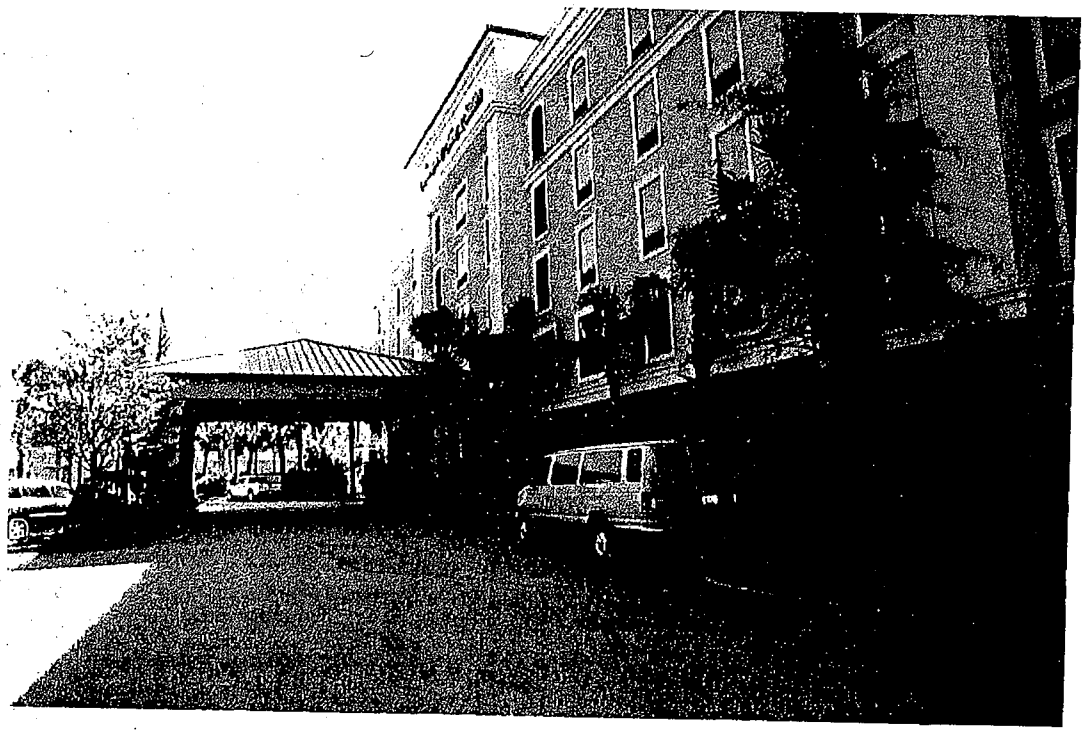
2. **FRONT VIEW OF SUBJECT (1569)**

3. **FRONT VIEW OF SUBJECT (1570)**

4. **FRONT VIEW OF SUBJECT (1571)**



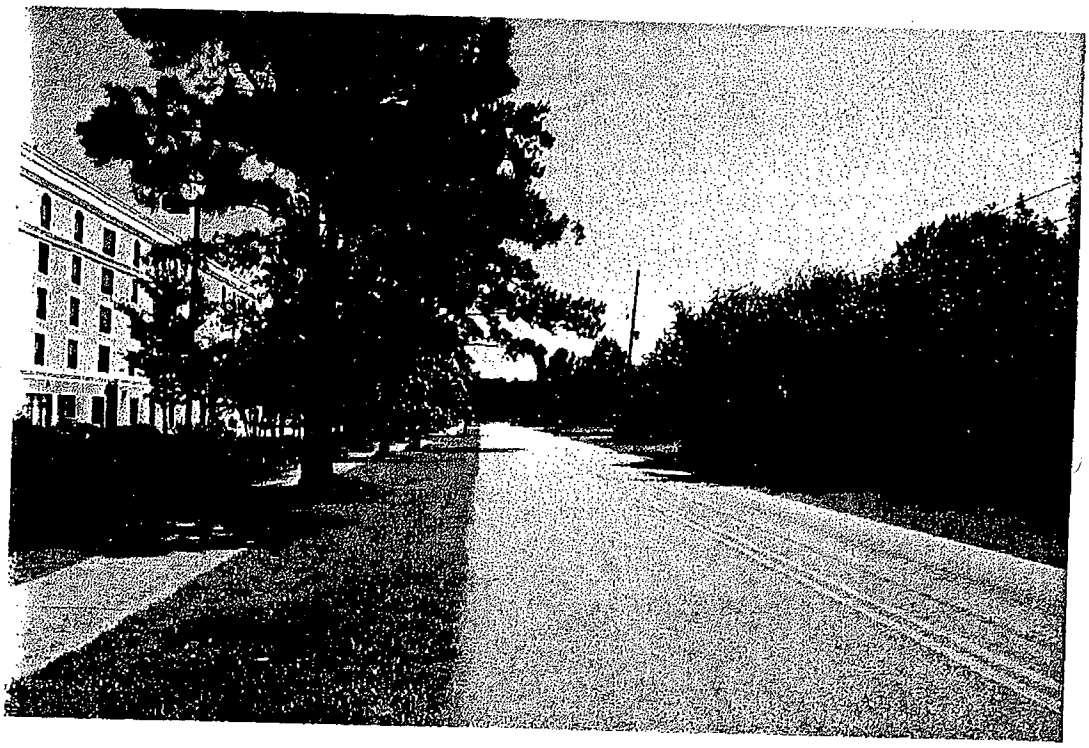
5. **VIEW OF DUMPSTER ENCLOSURE (1573)**



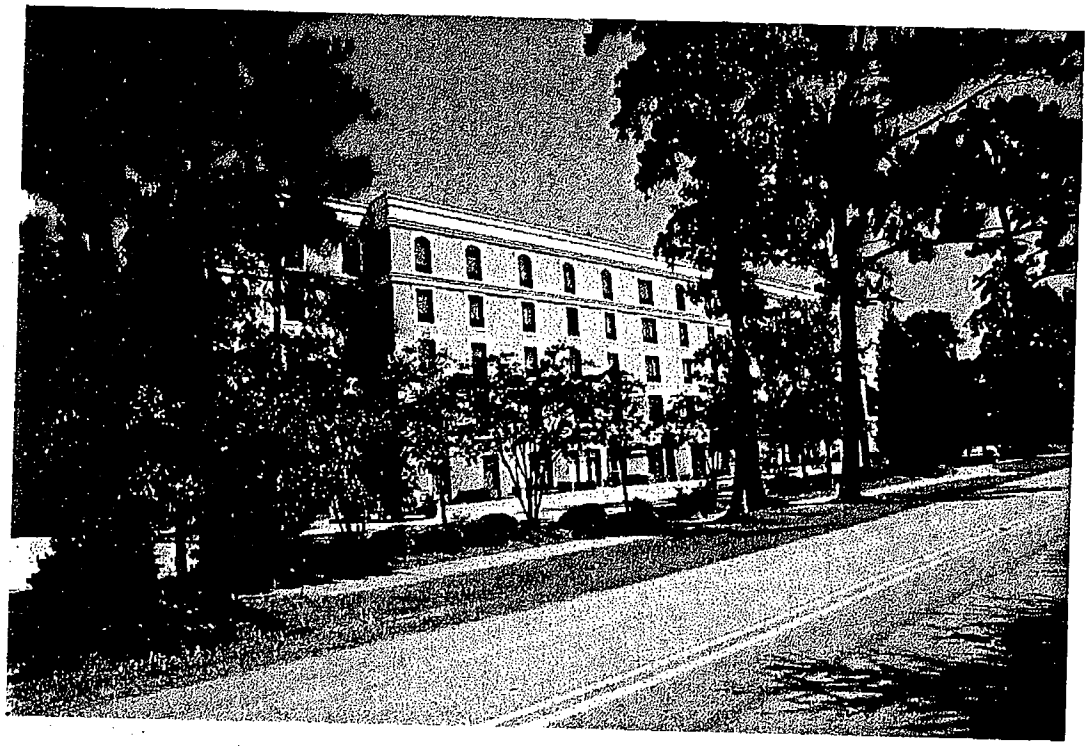
6. **VIEW FROM RIGHT FRONT TO LEFT FRONT (1574)**

7. **RIGHT SIDE OF SUBJECT (1575)**

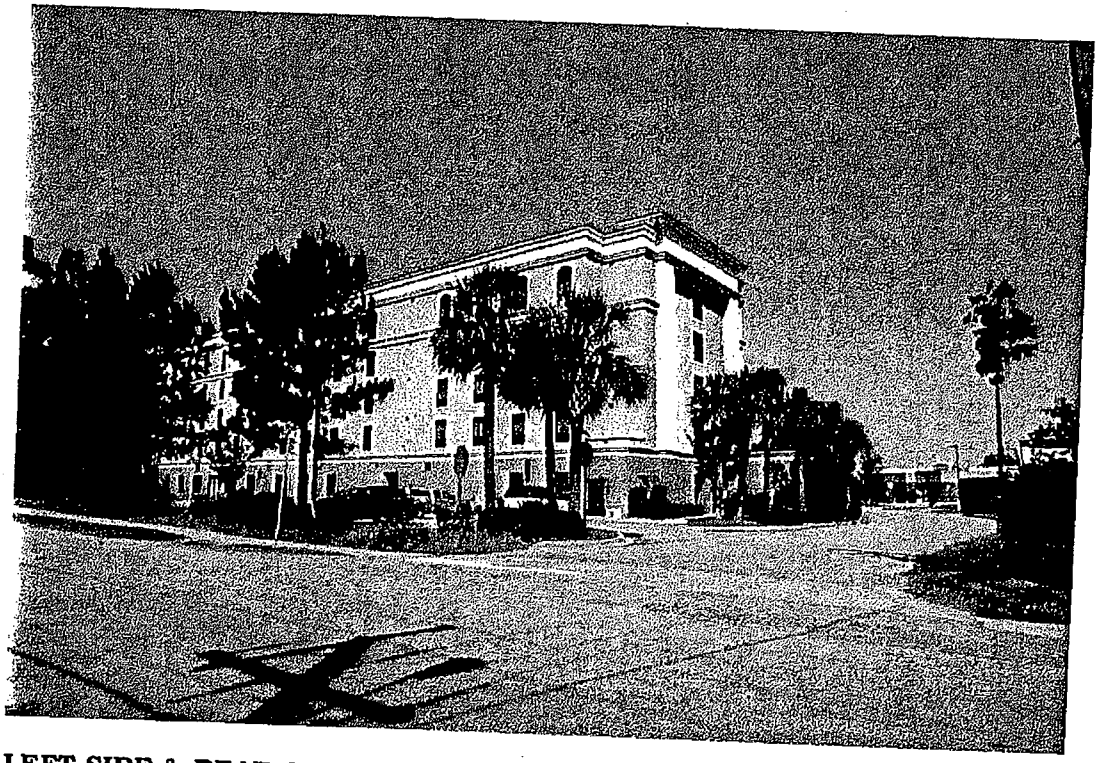
8. **RIGHT SIDE & REAR OF SUBJECT (1576)**



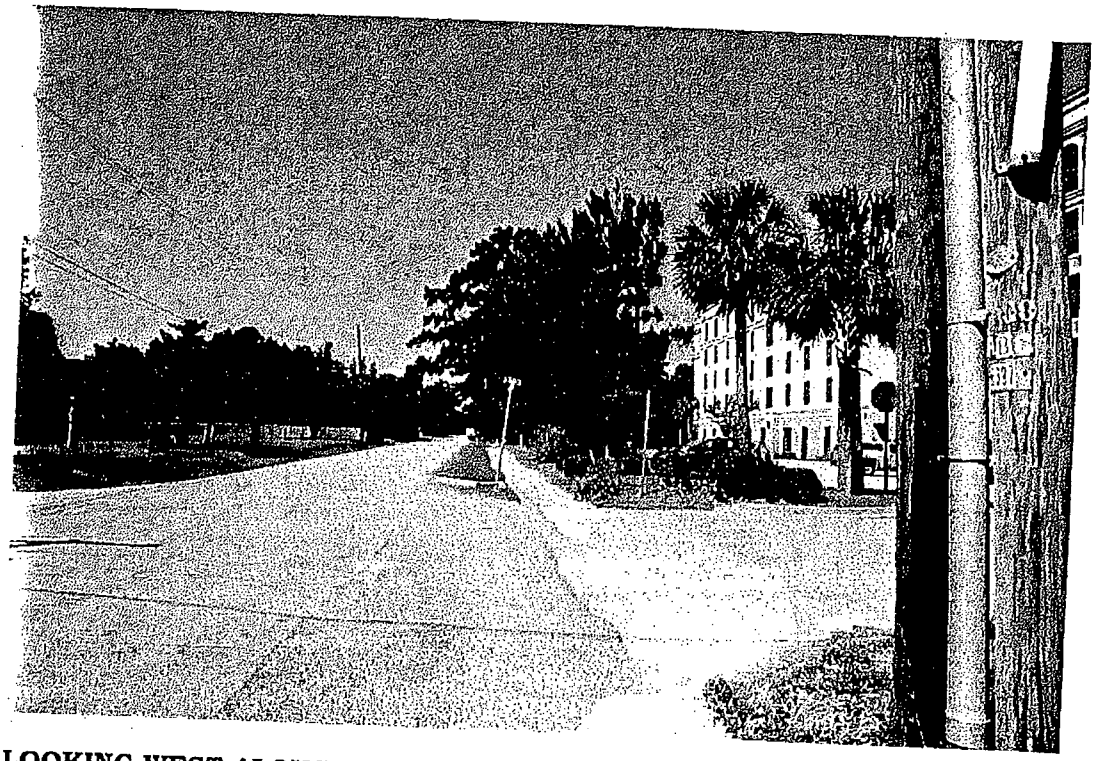
9. **LOOKING EAST ALONG FERNWOOD DRIVE, SUBJECT IS ON THE LEFT (1577)**



10. **VIEW FROM FERNWOOD DRIVE OF SUBJECT (1578)**



11. LEFT SIDE & REAR OF SUBJECT (1579)



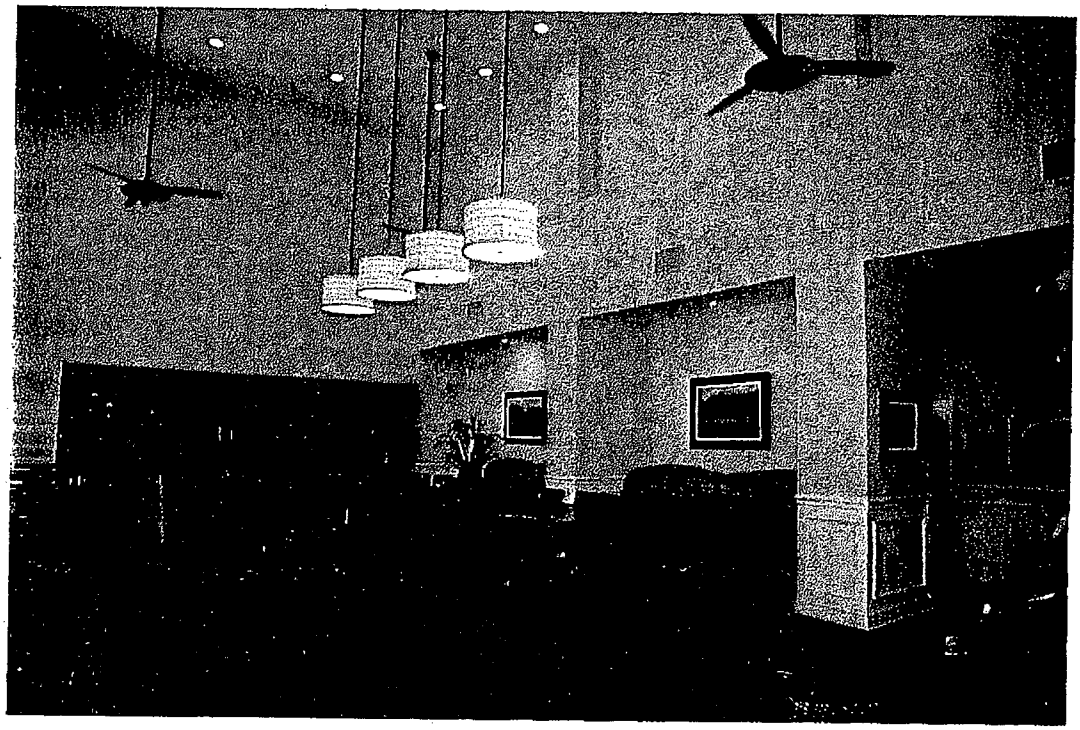
12. LOOKING WEST ALONG FERNWOOD DRIVE, SUBJECT IS ON THE RIGHT (1580)

13. **LEFT SIDE OF SUBJECT (1581)**

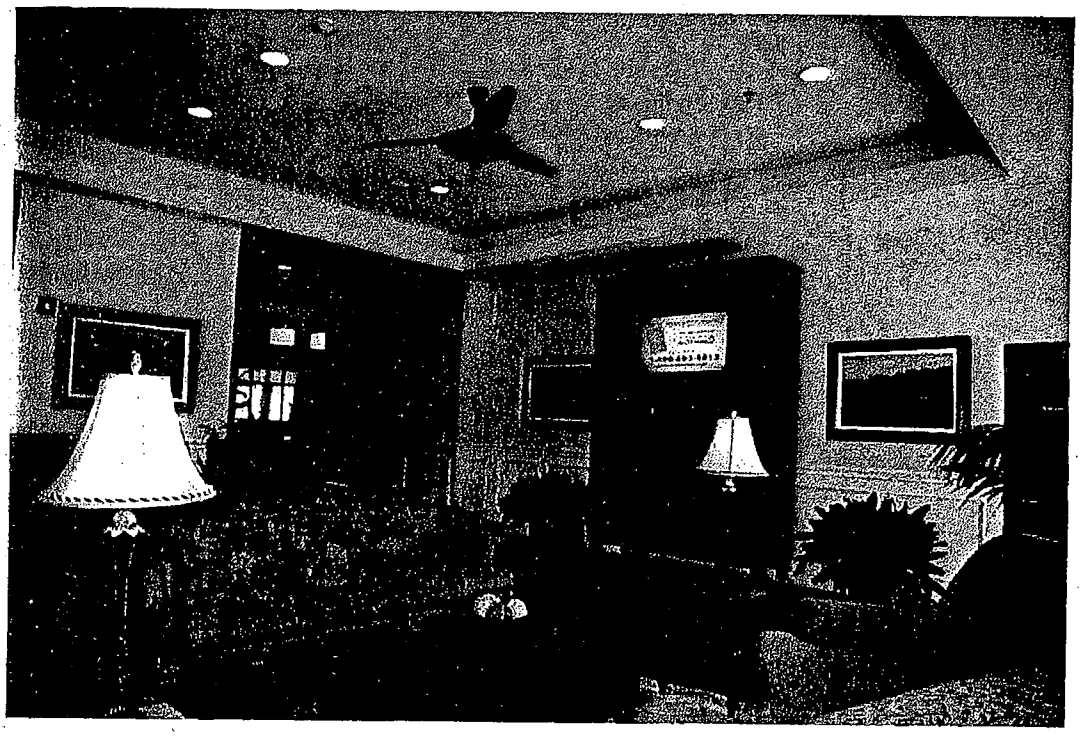
14. **LEFT FRONT VIEW OF SUBJECT (1583)**

15. **LEFT FRONT VIEW OF SUBJECT (1584)**

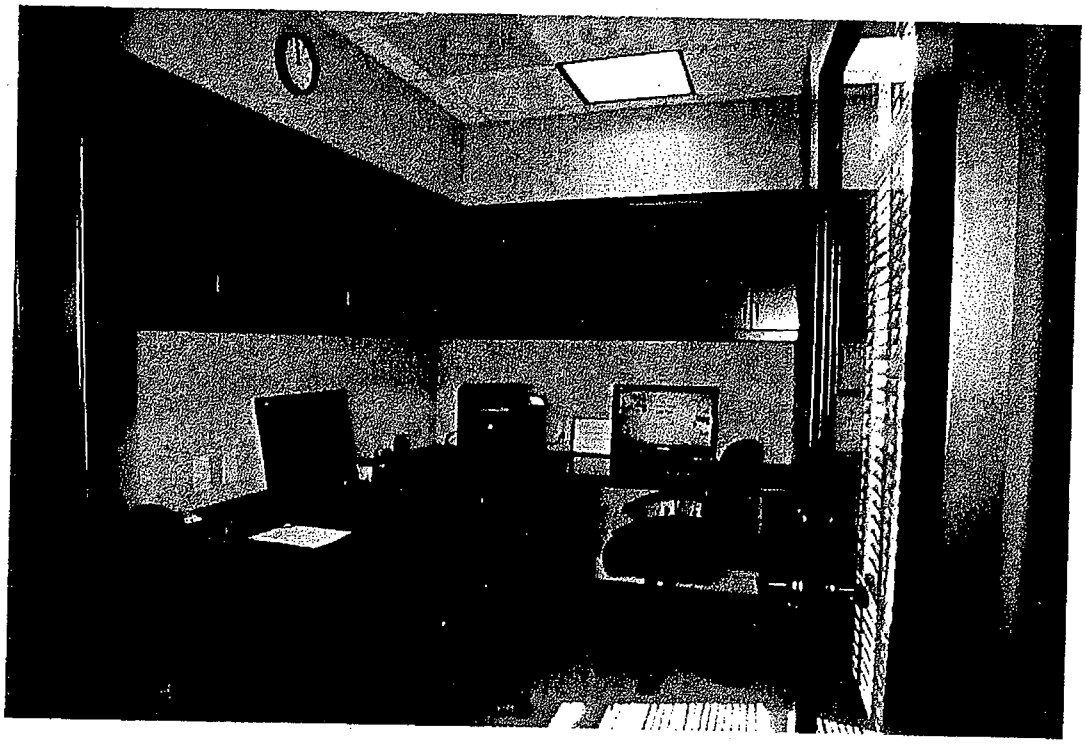
16. **SIGNAGE ON UNIVERSITY BOULEVARD (1611)**



17. BREAKFAST AREA (1585)

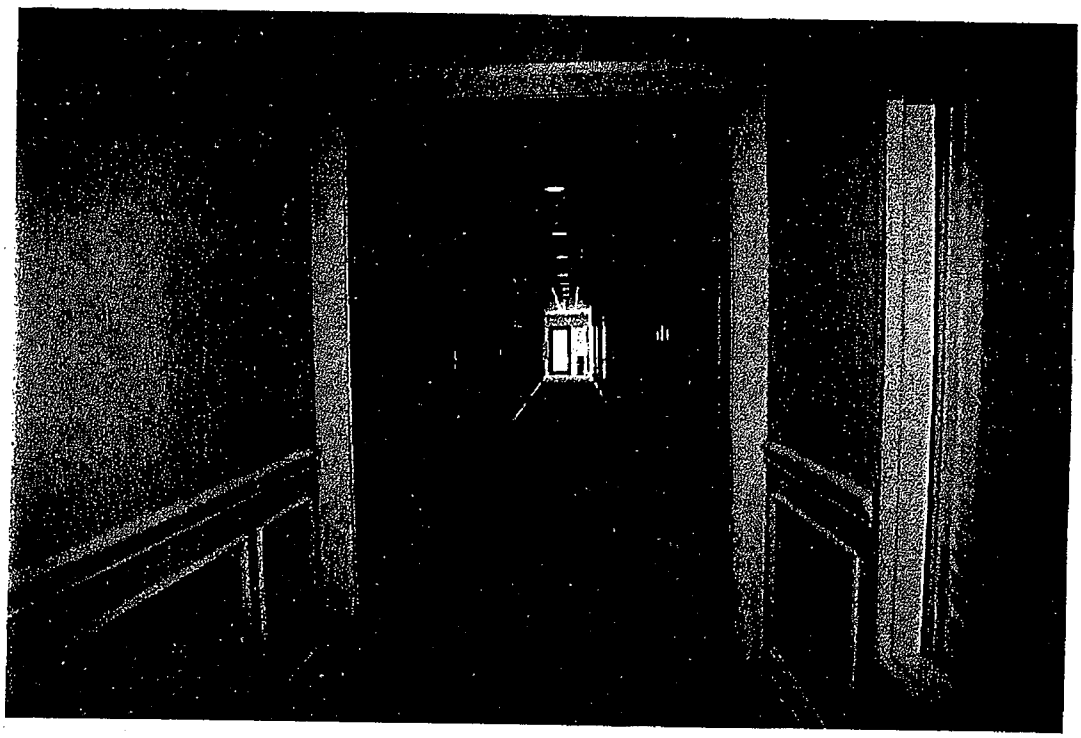


18. LOBBY SEATING (1586)

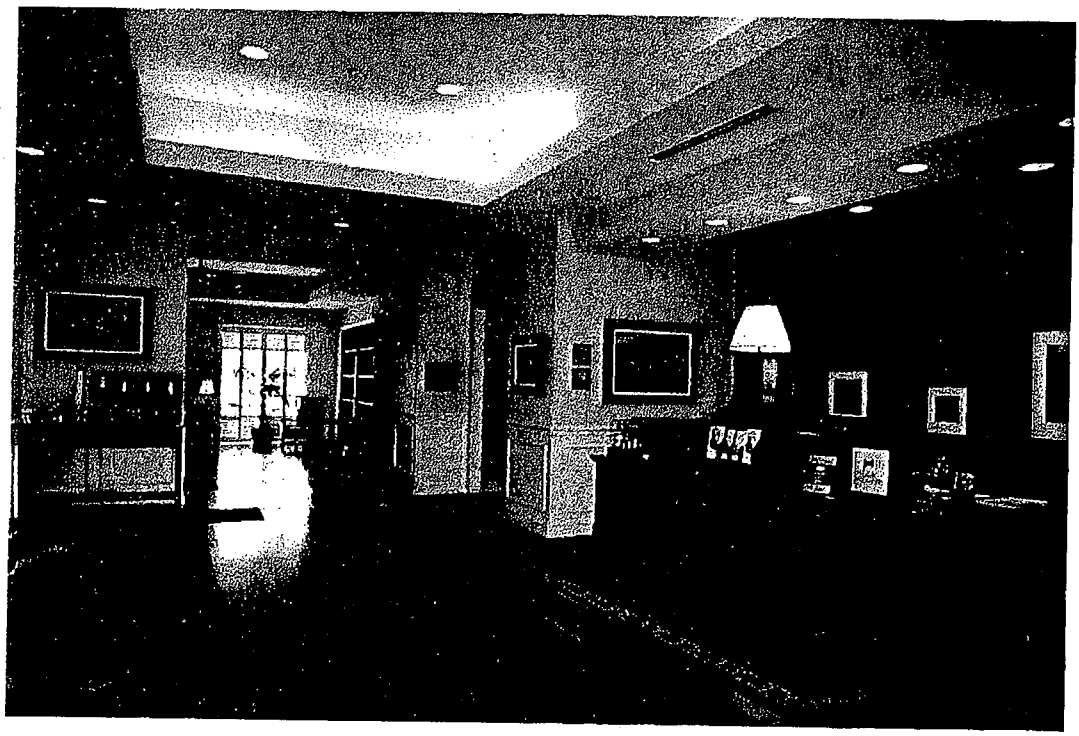


19. BUSINESS CENTER (1587)

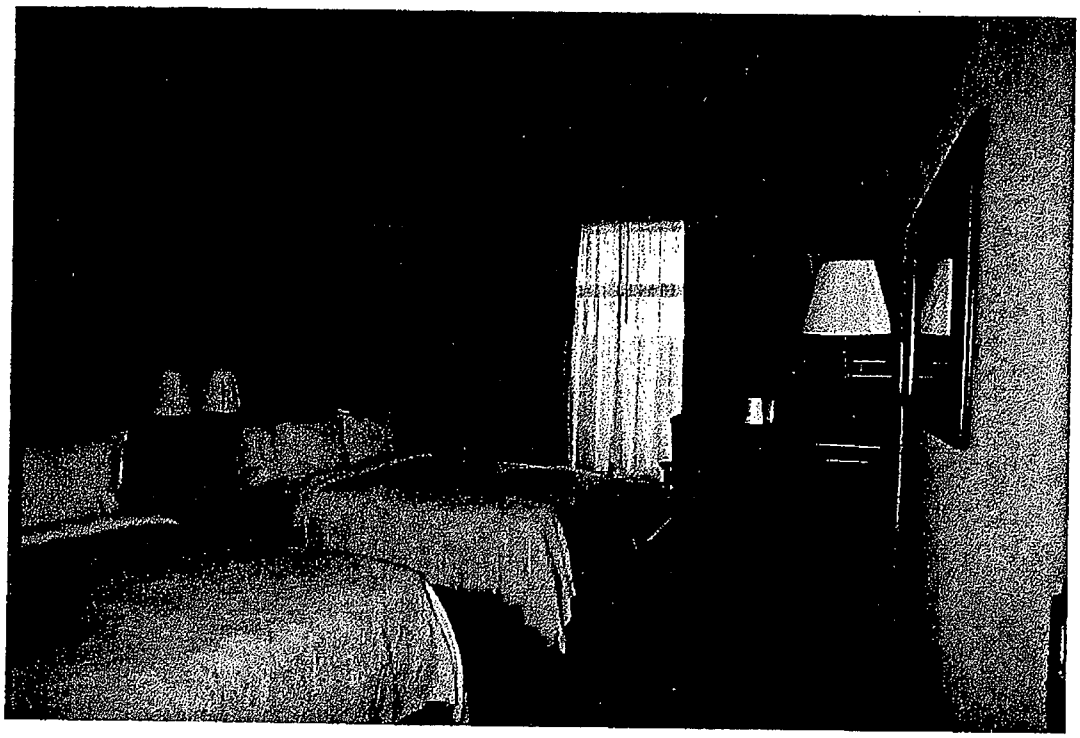
20. BOARD ROOM (1588)



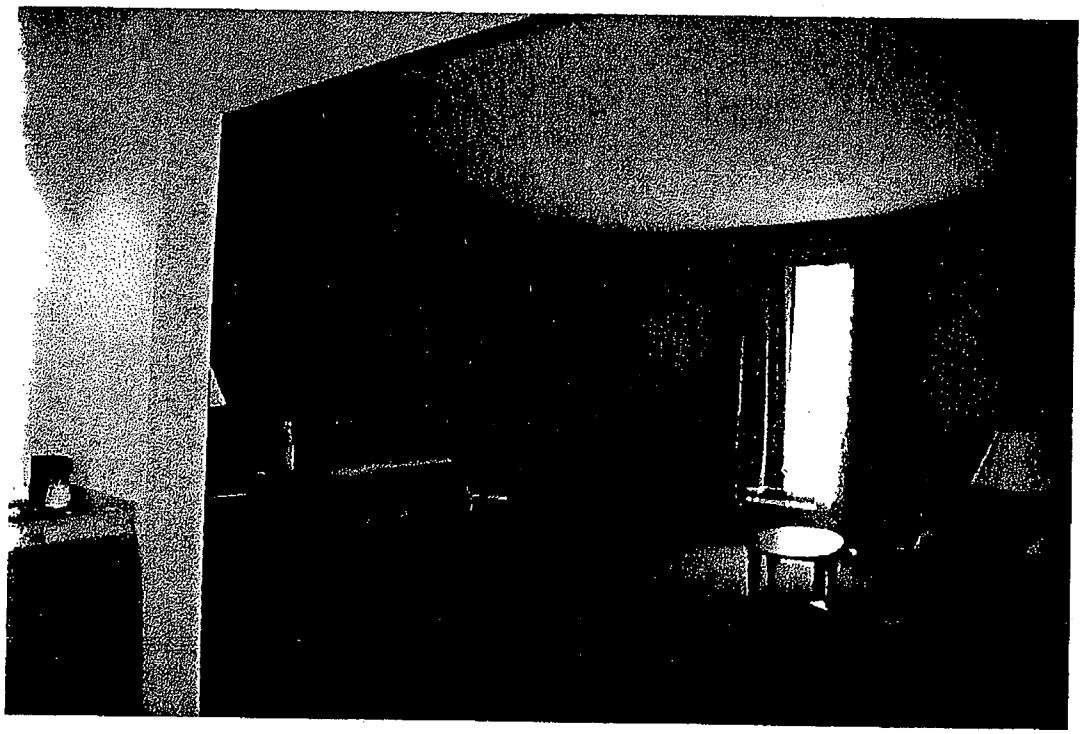
21. 1ST FLOOR HALL – LEFT SIDE (1589)



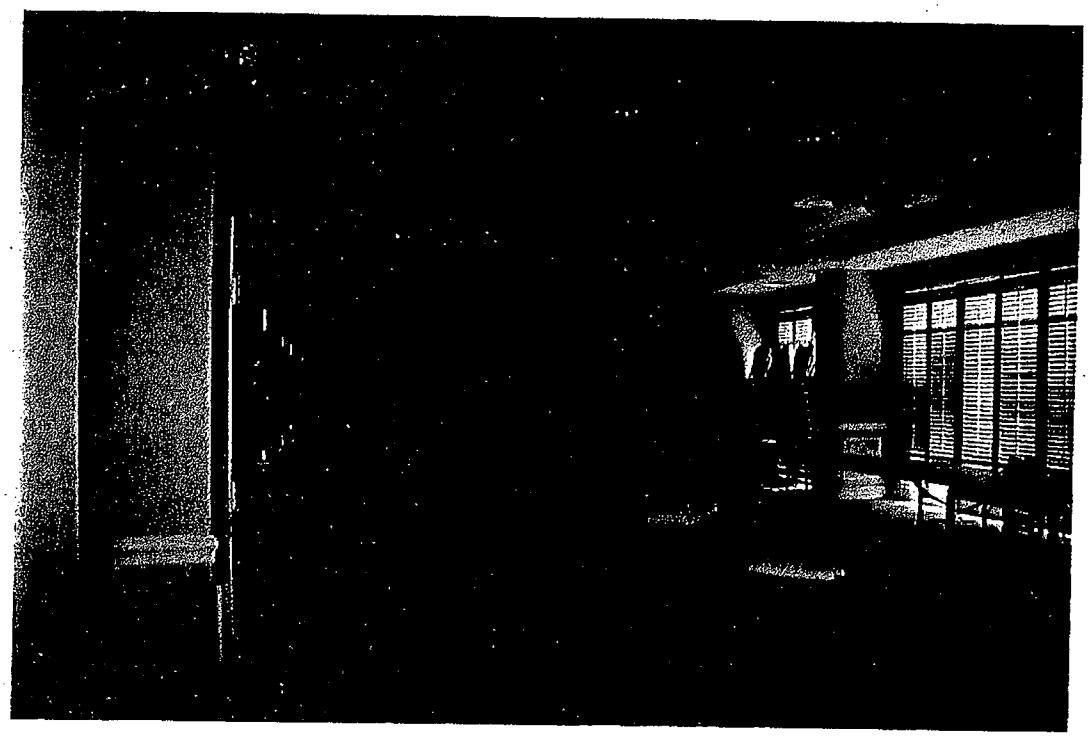
22. LOBBY (1591)



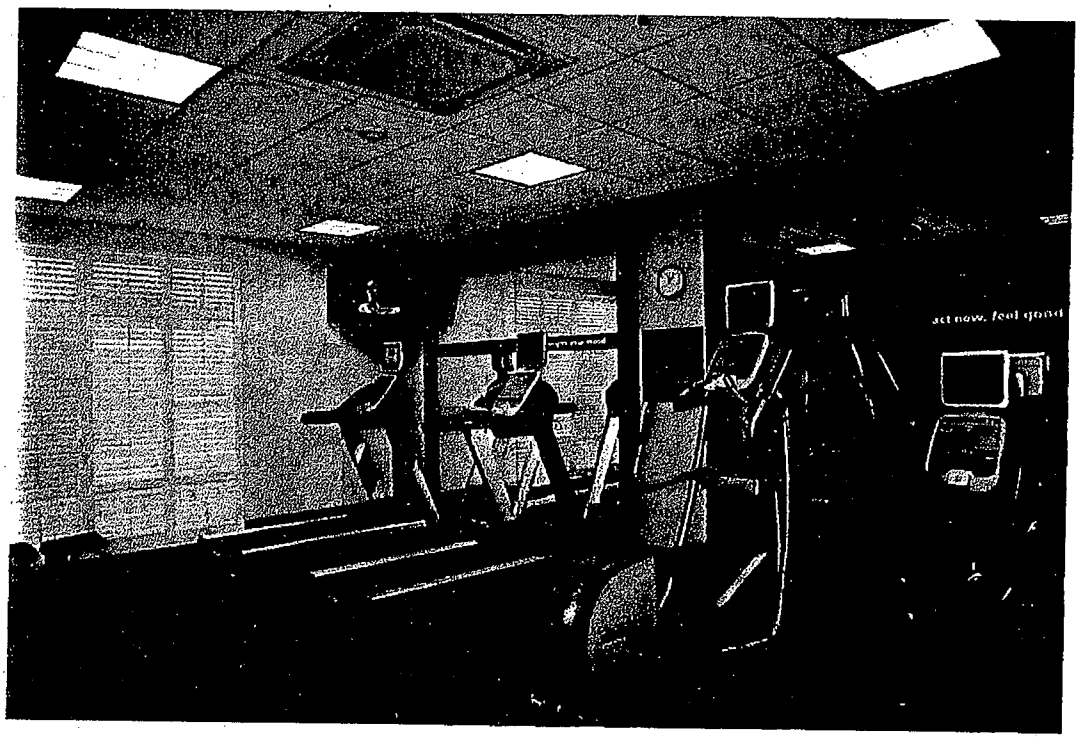
23. ROOM 124 (1592)



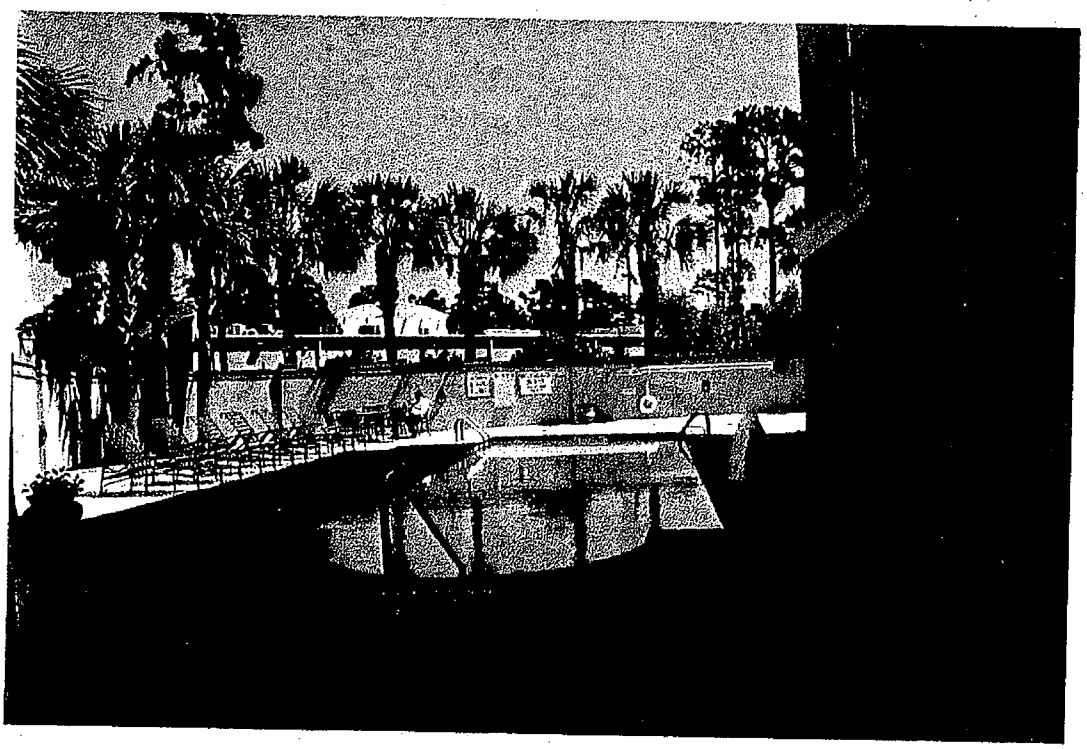
24. ROOM 127 – HANDICAP WITH ROLL IN SHOWER (1593)



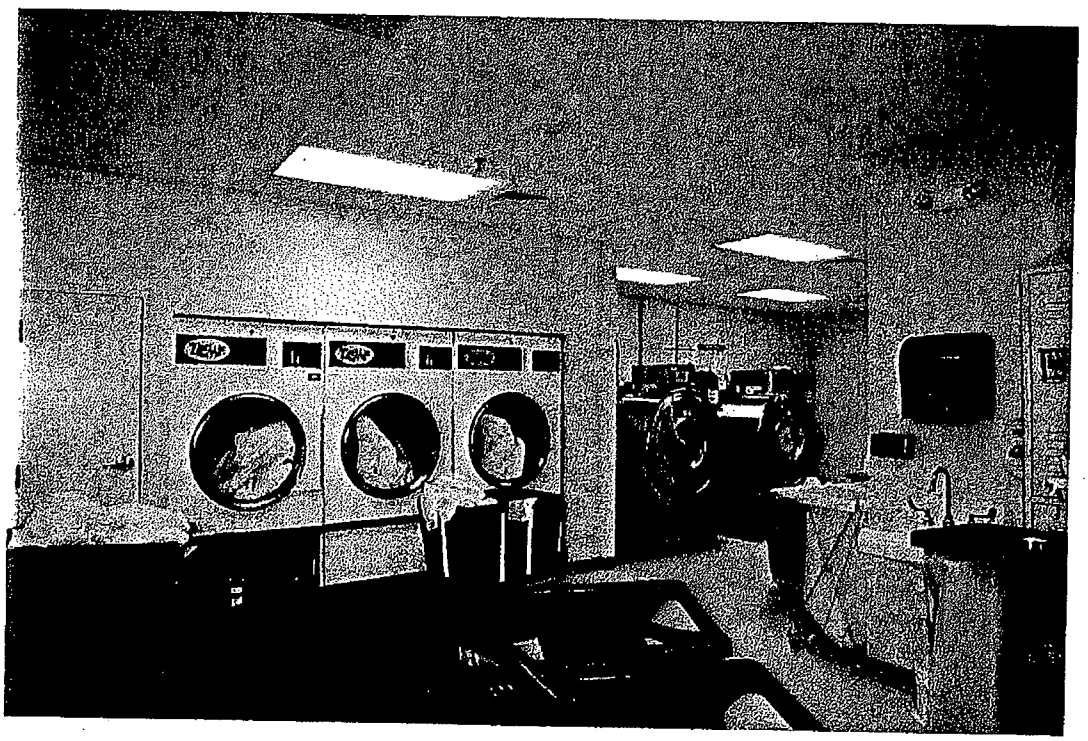
25. **UNIVERSITY MEETING ROOM (1594)**



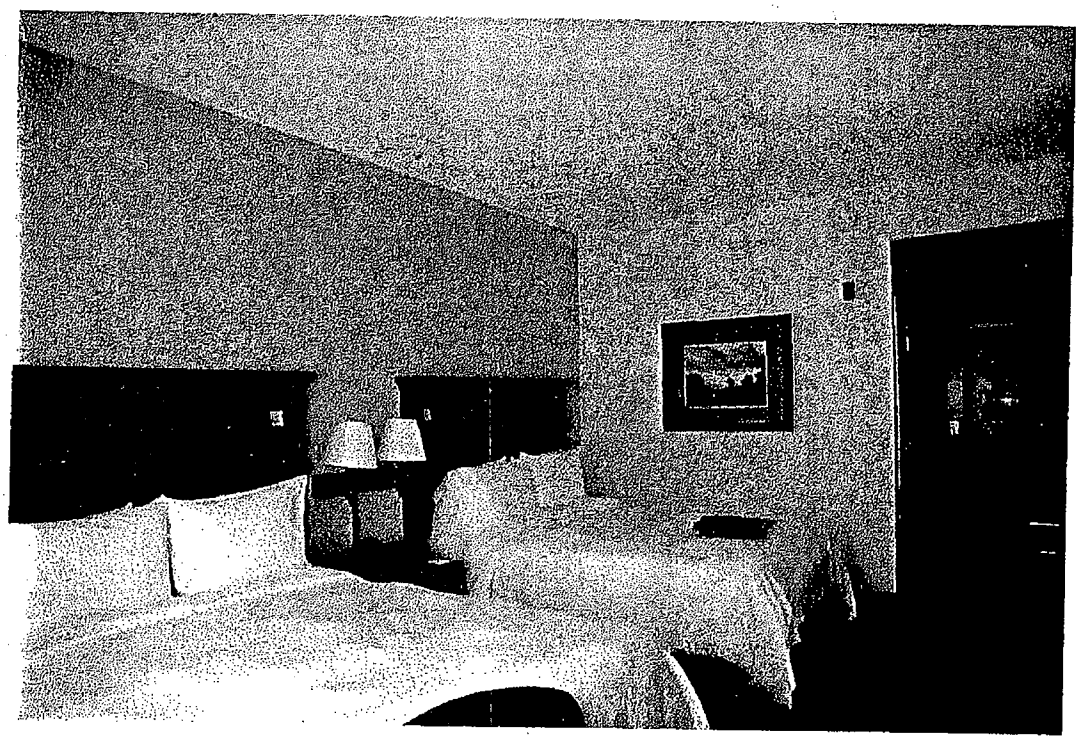
26. **FITNESS CENTER (1595)**



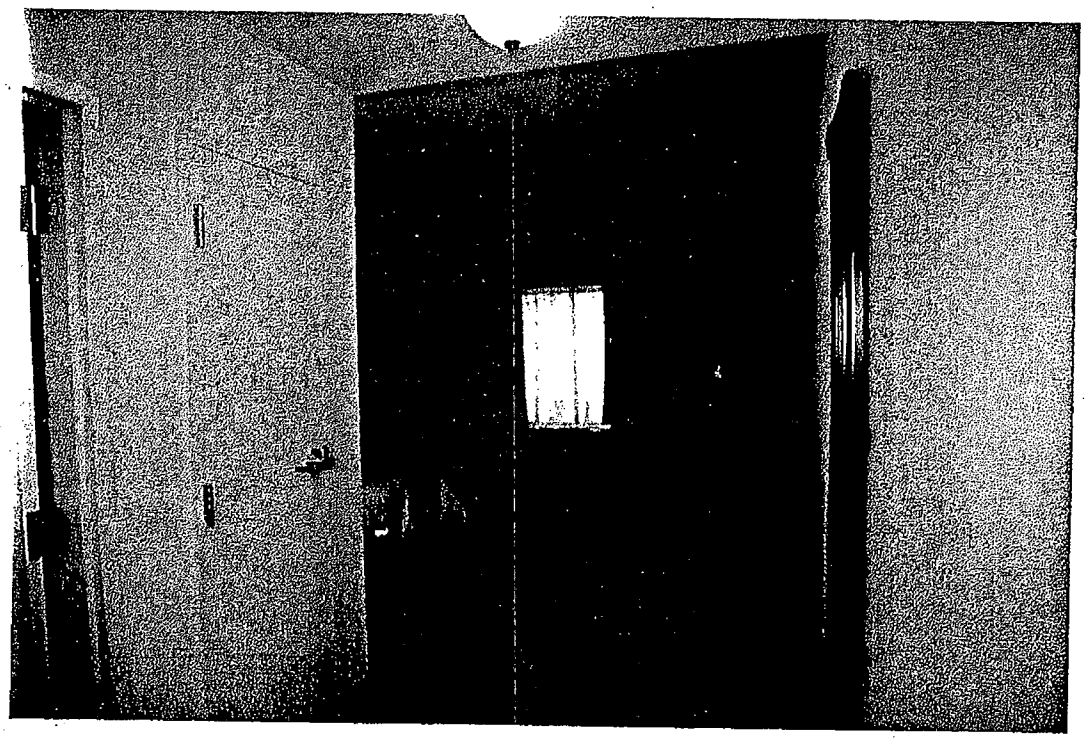
27. OUTDOOR POOL (1596)



28. HOTEL LAUNDRY (1598)

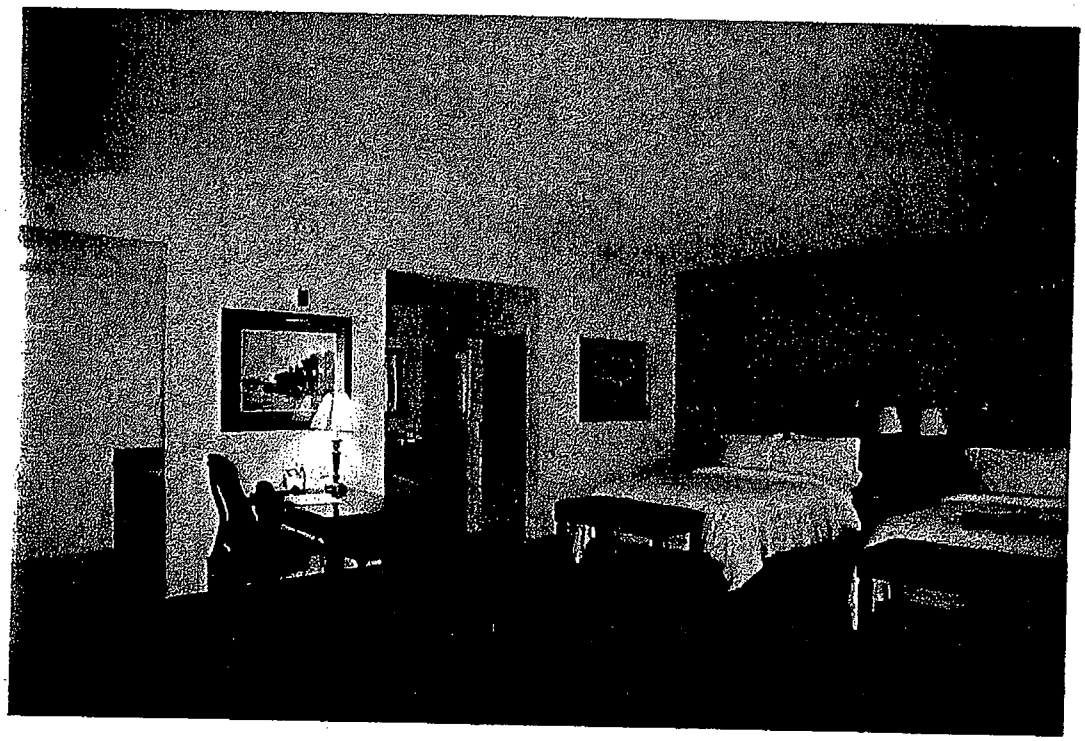


29. ROOM 205 (1599)

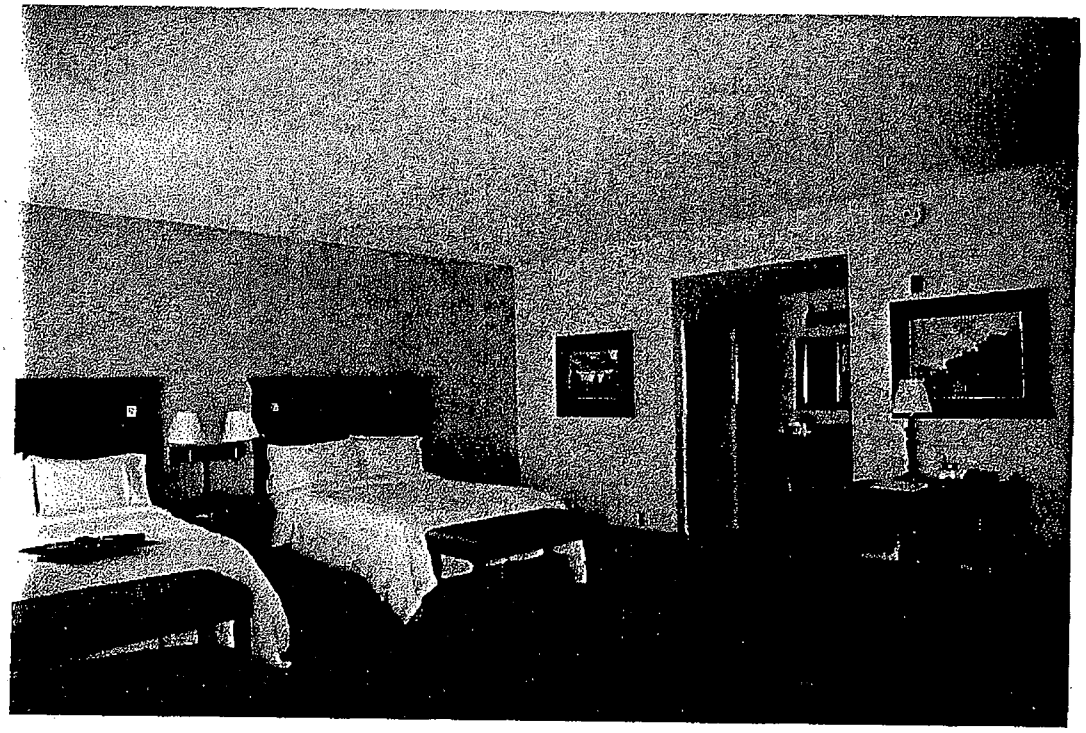


30. ROOM 214 (1600)

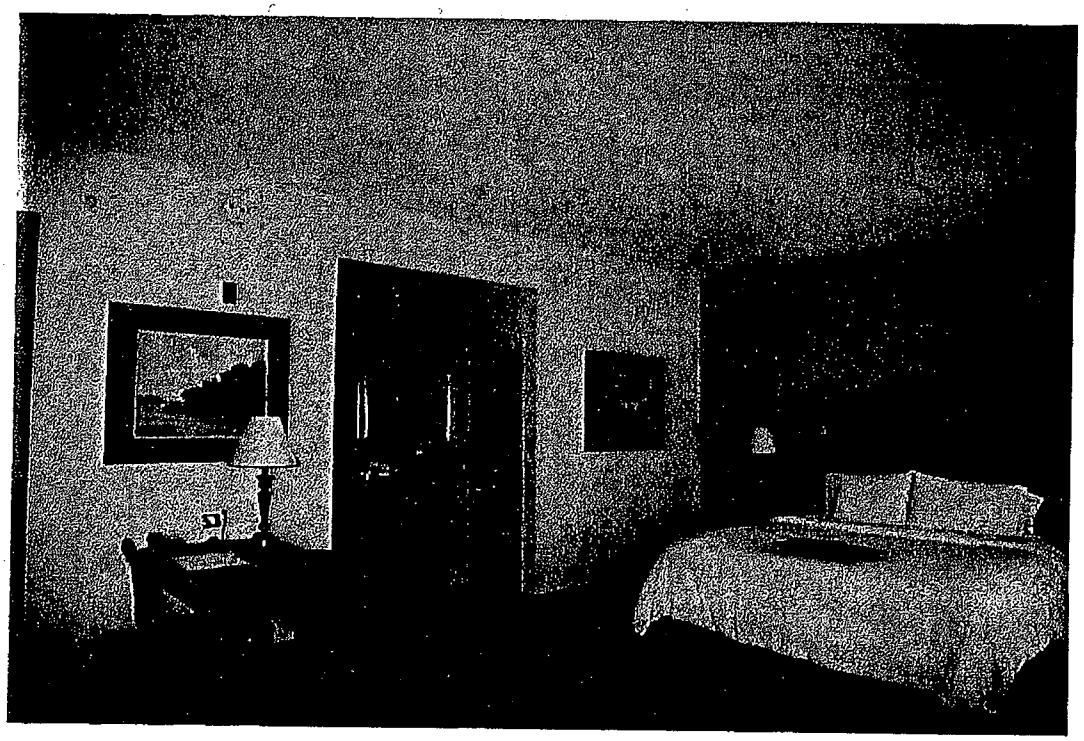
31. **2ND FLOOR HALL – RIGHT SIDE (1601)**



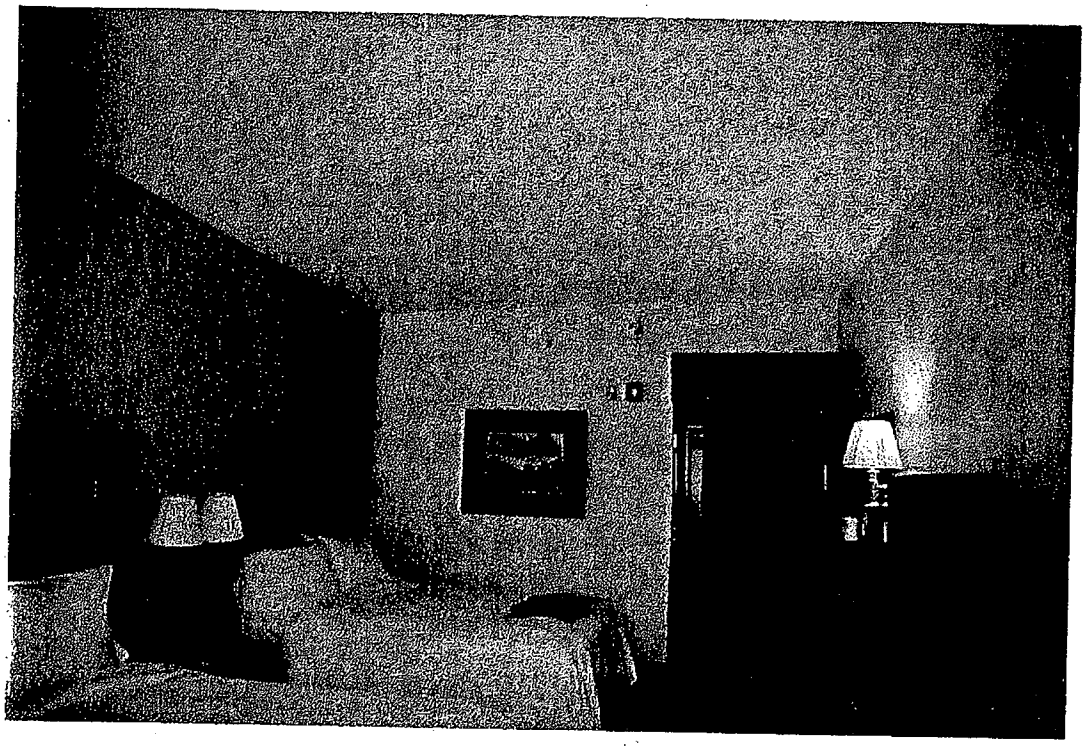
32. **ROOM 302 – SUITE (1602)**



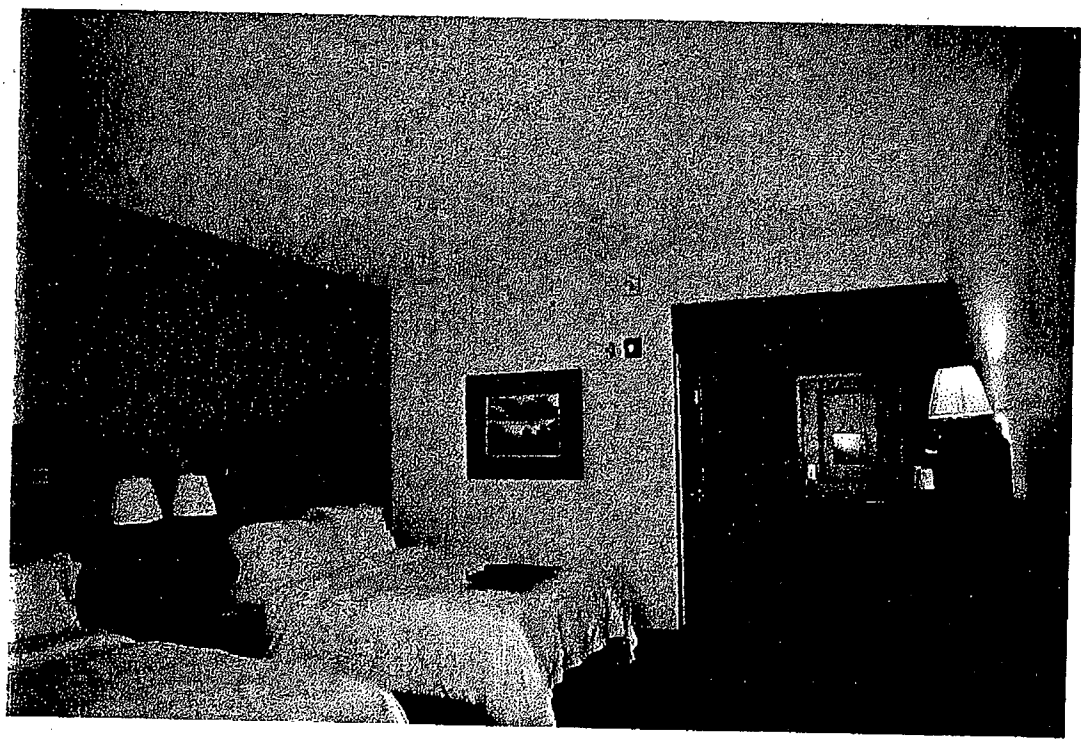
33. ROOM 301 – SUITE (1603)



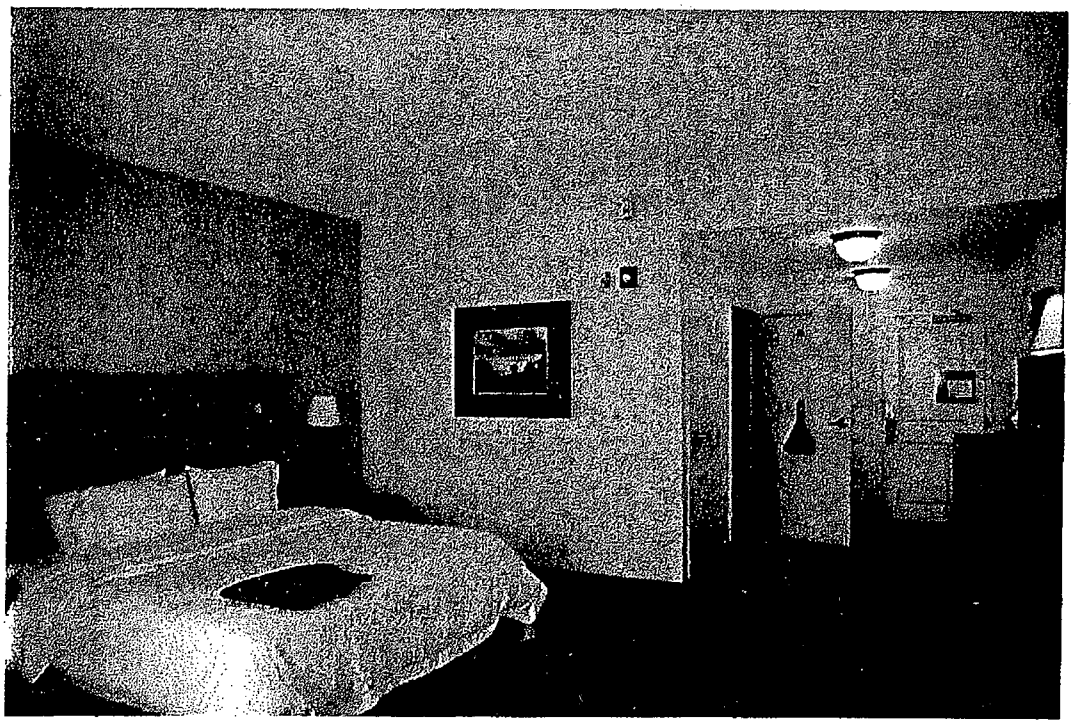
34. ROOM 400 – SUITE (1604)



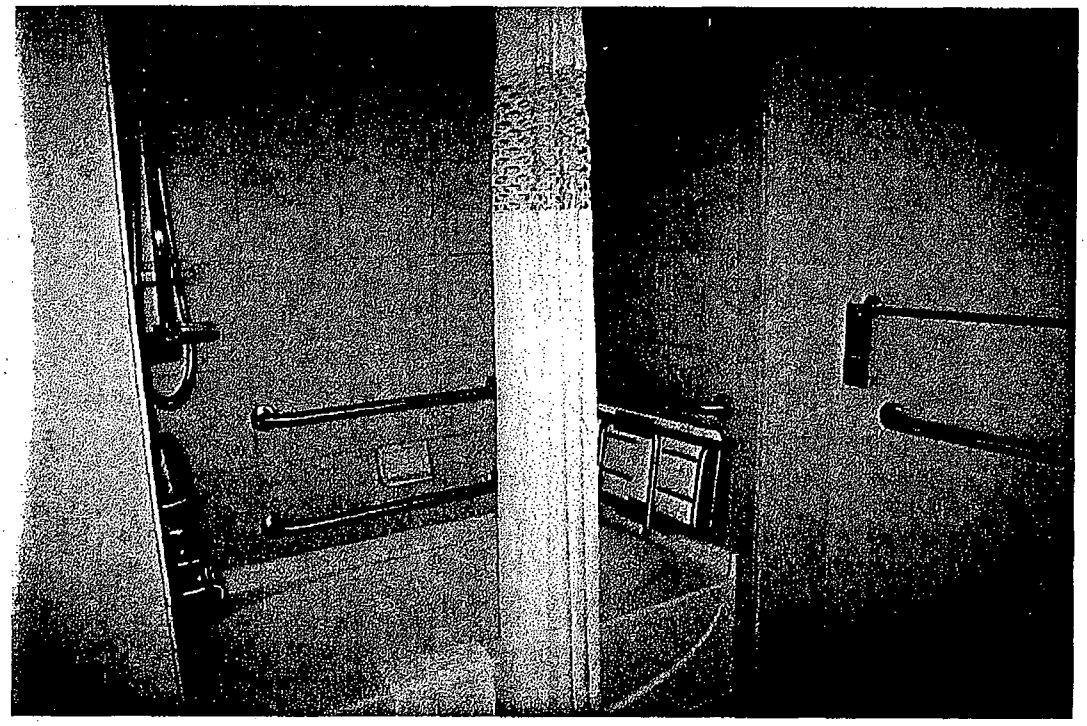
35. **ROOM 412 – HEARING IMPAIRED (1605)**



36. **ROOM 508 – HEARING IMPAIRED (1606)**



37. ROOM 517 – HEARING IMPAIRED (1607)



38. ROOM 517 – BATH (1608)

DESCRIPTION OF IMPROVEMENTS

As of the valuation date, the subject was being improved with a five-story, limited service hotel that was to contain a total of 72,061 S.F. of gross building area. The building is an interior corridor design and has a total of 115 guest rooms. Below is a breakdown of the building.

Floor	GBA, S.F.	Guest Rooms	Other Facilities
1	14,541	6	Lobby, Board Room, Meeting Room, Guest Services, laundry/guest laundry; fitness; business office; suite Shop, dining area, kitchen
2	13,008	25	Storage, vending, guest rooms
3	14,380	28	Storage, vending, guest rooms
4	14,380	28	Storage, vending, guest rooms
5	14,380	28	Storage, vending, guest rooms
Total	72,061	115	

Reference is made to the building plans shown at the end of this section.

The first floor has 6 guest rooms; the main lobby, breakfast area and kitchen, lounge, and suite shop, the front desk, the manager's office, the staff office, sales office, a fitness room, business office, a meeting room, a board room. The main laundry/guest laundry, housekeeping facilities and mechanical rooms are also on the first floor. The breakfast area has a two story ceiling which contains 1,372 square feet and therefore there is no 208, 210 and 212 rooms. See photos of breakfast area.

The second floor has 25 guest rooms, vending, and a storage area. The remaining three floors are exactly the same except there are 28 guest rooms.

There are two stairwells and landings that provide access to the upper floors. One stairwell is located on the east end of the building and the other is on the west end. In addition, the building has two elevators located in the center of the building near the front lobby.

The building is a standard Hampton Inn design built to their specifications, but has a higher level of interior finish. It has a total of 24 suites with the balance being a mixture of King and double Queen Bedrooms.

The mixture of rooms is summarized in a chart below.

Room Mix						
Room Type	1st Floor	2nd Floor	3rd Floor	4th Floor	5th Floor	Total
King Guest Room	1	6	6	6	6	25
Queen/Queen Guestroom	2	12	15	15	15	59
Accessible King Guestroom	0	1	1	1	1	4
Accessible Queen Guestroom	0	0	1	1	0	3
King Studio	2	3	3	3	3	14
Queen/Queen Studio	0	2	2	2	2	8
Accessible King Studio	0	1	0	0	0	1
	6	25	28	28	28	115

Construction Detail

The following is a breakdown of the building construction:

Foundation: Reinforced concrete over concrete footings.

Exterior Walls: Steel frame and concrete block base walls with metal studs on the upper floors. All exterior walls have a stucco finish.

Roof: Pre-engineered truss covered with plywood sheathing, felt, and a metal roof cover.

Windows: Insulated double pane thermo glazed glass in aluminum frames. Windows are of uniform design throughout building.

Doors:	Solid wood or hollow metal doors, depending on room. All are in metal frames.
Interior Walls:	Sheetrock with various finishes. Custom trim and wainscoting in lobby area.
Floor Covering:	Hardwood in lobby and front desk area; commercial grade carpet in balance of common areas; corridors; and guest rooms. Marble tile in guest bathrooms and public restrooms.
Ceiling:	Custom smooth ceiling in lobby and dining areas; Good grade acoustical tile in office areas; sheetrock with smooth finish in hallways and textured ceiling in guest rooms.
HVAC:	First floor and common areas have a dedicated zoned system. Guest rooms have GE thru wall reverse cycle heating and cooling units.
Electrical:	Adequate for motel use; custom light fixture in front area and meeting rooms.
Plumbing:	Three fixtures per room: toilet, tiled tub/shower, cultured marble sink.
Furniture Package:	A typical motel room: one king or two queen beds with wood bed frame(s), box springs and mattresses; cushioned chairs with table and/or love seat, 32" Flat LCD television, microwave/mini fridge in all but 7 rooms, business center with interactive connections to TV, and various wall mounted pictures.
Pool:	Outdoor pool.
Internet Access:	Each room has wireless internet access.
Fire Protection:	Entire building is sprinklered.

Site Improvements:

Site:	Approximately 45,000 S.F. of asphalt parking and driveways; approximately 4,500 S.F. of concrete sidewalks; exterior lighting includes security lighting and finished lights; Satellite dish; extensive landscaping.
Signage:	One onsite sign facing University Boulevard and one sign facing the east bound lane of University Boulevard.
Pool:	Rectangular-shaped pool with surrounding concrete deck and small building with two restrooms.
Landscaping:	The property has considerable landscaping throughout the site. Other: 1,900 S.F. covered drive-thru overhang at the entrance.

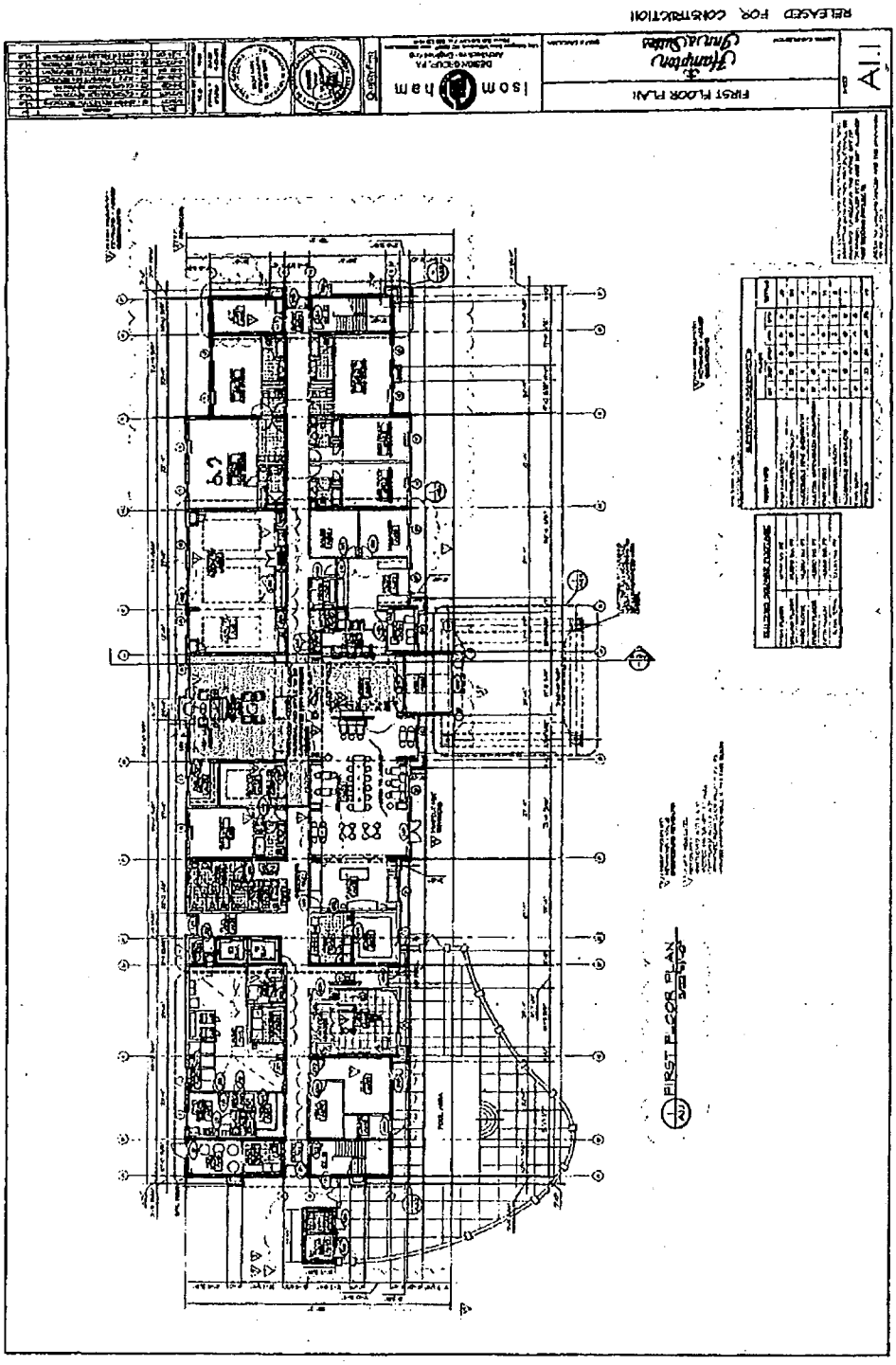
General

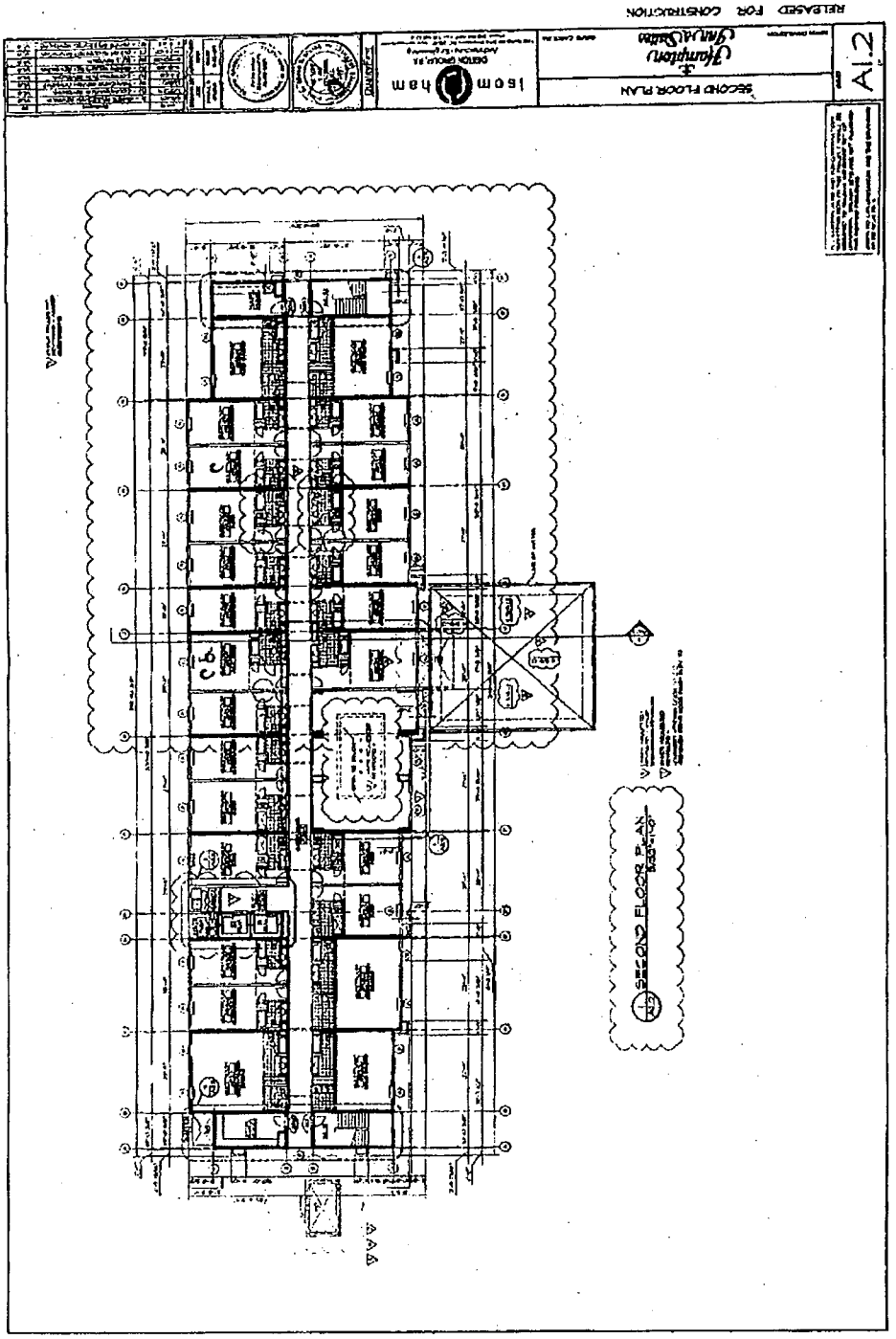
The subject is well designed and functional for its intended use. The overall finish is above a typical mid-priced motel property in the market and resembles a newer, high-priced facility.

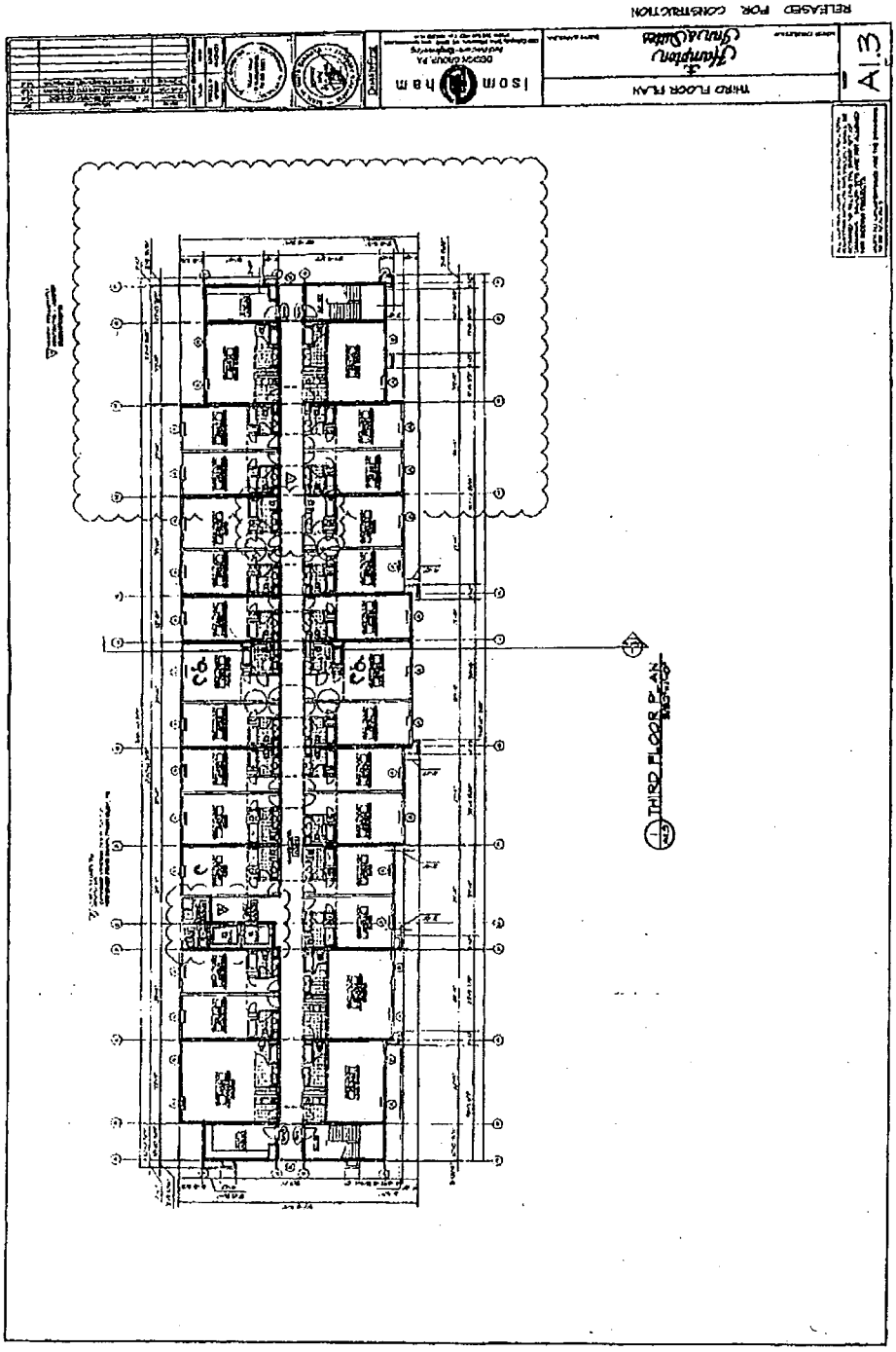
Condition

The improvements described were completed in April/May, 2009. The design is functional and as will be shown later, there are no external factors that adversely affect value.

The date of value of this appraisal report is December 31, 2008 based on the hypothetical condition that subject was completed and stabilized.


RELEASED FOR CONSTRUCTION
FIRST FLOOR PLAN
A1.1
FIRST FLOOR PLAN


RELEASED FOR CONSTRUCTION
SECOND FLOOR PLAN
A1.2
SECOND FLOOR PLAN


RELEASED FOR CONSTRUCTION
THIRD FLOOR PLAN
A1.3
THIRD FLOOR PLAN

HIGHEST AND BEST USE

The definition of Highest and Best Use according to The Dictionary of Real Estate Appraisal (5th Edition, 2010), by The Appraisal Institute is:

The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property specific with respect to the user and timing of the use that is adequately supported and results in the highest present value.

HIGHEST AND BEST USE AS THOUGH VACANT

Based on observation of land use in the area and the improvements that have been constructed in the neighborhood, it appears that the land could be improved with any legal use. There does not appear to be any soil problem that would prevent development.

The subject site is zoned B-2, General Business, which is considered a reasonable zoning district for the subject. It is consistent with the zoning of commercial properties in the neighborhood, and allows most types of commercial uses. I am not

aware of any encroachments or easements that would have a significant impact on development of the subject.

The location of the subject near the Interstate 26 and University Boulevard interchange, one of two primary commercial interchanges in the North Charleston area, is good for a variety of commercial uses, especially those catering to the motoring public. The site is of adequate size and has very good access and site visibility for the development of a motel/hotel, destination retail or office use. The property is less attractive for a high profile retail use given the surrounding land use patterns as well as the subject's lack of direct frontage on University Boulevard.

It appears that a hotel development would produce the maximum return to the land as it is a physically possible use: it would be a legally permissible use under the zoning; hotel use would be a conforming use in the neighborhood and because of the location of the land higher uses are not feasible.

Therefore, it is my opinion that the highest and best use of the subject, as though vacant, is for some type of destination commercial development that would benefit from the high traffic volumes generated in the area with the most likely use being motel development.

HIGHEST AND BEST USE AS IMPROVED

The purpose of this type of analysis is to identify the use that would provide the highest return. The improvements are discussed in terms of being physically possible, legally permissible, financially feasible, and maximally productive.

The improvements on the land consist of a five-story interior corridor hotel which began in April of 2008 and was anticipated to be completed by April or May of 2009. The existence of the improvement under construction indicates that hotel use is physically possible.

The present improvements on the land are functionally designed for hotel/motel use. The building has a sufficient remaining physical life so that it would be imprudent to demolish it for another land use. The improvements are legal; the project conforms to current zoning requirements; and the development is harmonious with surrounding land uses.

Economic feasibility can be related directly to supply and demand factors and cost versus value comparisons. The subject's location and ability to maintain market share are clearly two of the driving forces behind the feasibility of the development. As will be shown later, the building is an economic improvement to the site and is the maximally productive use of the property.

In conclusion, it is my opinion that the existing hotel represents the Highest and Best Use of the property.

MARKET ANALYSIS

Market Overview

The Charleston MSA lodging market is segmented both vertically by price point, and also by geographic region. As with other sectors of the real estate market, the sub-markets have traditionally been well defined by the natural barriers that exist in the area. As such, the respective price groups in Charleston do not necessarily compete directly with the same price group in North Charleston, Mt. Pleasant or West Ashley.

The subject's competitive market is comprised of the motels around the Interstate 26 and University Boulevard/Ashley Phosphate Road interchanges and to a lesser degree, the motels at the next interchange in Summerville. Both of these interchanges serve the Summerville and surrounding market while the Ashley Phosphate interchange serves North Charleston.

The market has a customer base divided into three main areas, 1) highway travelers along Interstate 26; 2) corporate guests with business in the Summerville and North Charleston areas; and 3) local traffic.

According to information from the City of North Charleston, the overall mix of accommodations business is about 25% commercial and 75% leisure. Commercial demand emanates from local businesses and larger corporate accounts domiciled in Charleston, while the leisure segment consists primarily of visitors to the area.

In order to properly analyze the subject's position in the market, it is incumbent to analyze the market on both a MACRO and a MICRO basis. To do this, I have consulted "The Host Study", compiled and published annually by Smith Travel Research (STR); the Charleston Chamber of Commerce Survey for the Charleston market; and conducted a survey of a sample of the local market.

The Host Study is compiled and published annually by Smith Travel Research (STR), and is a statistical review of financial data on hotels and motels. It is based on actual monthly operating statements from nearly 5,000 hotels and motels across the country. The statistics are then reported by geographic region and by lodging type. The statistics are then reported by geographic region and by lodging type. The subject is best categorized with the Mid-Price, Suburban, and under 75 room categories as defined by Smith Travel.

National Trends

According to the 2009 Host Report, (for the year 2008) the hotel industry began to feel the effects of the national economic slowdown in 2007, and then was hammered when the economy came to a virtual halt in the third quarter of 2008. As of December 31, 2008, one could reasonably anticipate that the occupancy, ADR, and Rev Par would dramatically decrease in 2009, which in fact turned out to be the worst year in modern history of U.S. hotel performance.

The number of guestrooms grew 3.0 percent in 2009 to 4.8 million; however, overall occupancy fell 8.8% to 54.7%. This was on the heels of a 4.2% decline in 2008.

Overall demand declined 6.0% to 944 million room nights, which was the first time it settled below 1 billion room nights since 2004.

The lodging industry continues to be very cyclical. After the building boom in the late 1980's profitability suffered significantly as a result of oversupply. It deserves noting that demand during this time period continued to increase, but not at a fast enough rate to offset the industry's overcapacity. Starting in 1990, the industry began a trend toward increased operating efficiency to offset lackluster pricing and anemic profits.

Through operating efficiencies, operators rebounded from losses in 1990-1991 to a breakeven year in 1992 to significant profits in 1997 - 1999. After a modest year in 2000 and a first quarter 2001, the trend reversed and began to decline, which was then accelerated by the events of September 11.

RevPar increased during 2000 as the rise in demand began to exceed the growth in supply, but this trend also changed with the cutback in commercial travel beginning in the first quarter of 2001. The years 2003 through 2006 represented some of the strongest, most profitable years in the industry.

Pre-Tax income continued to grow as the 2007 income grew to a record $28.0 billion, up from $26.6 billion in 2006. However, the rate of growth slowed in 2008 and was declining in the last quarter of 2008. The following is a historical summary of the GOP categorized by Full-Service and Limited Service hotels. The ratios are before management fees and franchise fees.

Gross Operating Profit (GOP)

Year	Full Service	Ltd Service	Year	Full Service	Ltd Service
1991	24.4%	41.3%	2001	35.1%	50.5%
1992	26.5%	43.1%	2002	33.6%	47.9%
1993	24.4%	42.8%	2003	30.8%	44.9%
1994	30.8%	45.2%	2004	31.3%	48.5%
1995	31.8%	46.6%	2005	33.0%	51.1%
1996	35.7%	48.4%	2006	34.4%	55.4%
1997	37.2%	53.4%	2007	35.7%	52.0%
1998	37.2%	52.2%	2008	34.3%	51.2%
1999	36.0%	49.7%			
2000	37.8%	50.4%			

STR reports that by year end 2007, there were over 37,000 hotels with 20 or more rooms and a total of 3.9 million hotel rooms linked to national franchise names. In addition, there were just under 752,843 rooms under construction. New construction continues to be dominated by smaller, mid-priced products. In 1992, the average size for a new hotel was 140 rooms while in 2008, the average was 114 rooms. The average size in 2005 was 119 rooms.

U.S. Lodging Statistics

Year	Occupancy	% Chg.	ADR	% Chg.	RevPar	%Chg.	GOB %
1992	62.6%		$59.17		$37.06		29.5%
1993	63.6%	1.4%	$60.83	2.7%	$38.67	4.3%	30.5%
1994	64.8%	1.9%	$63.24	3.0%	$40.95	5.9%	36.2%
1995	65.1%	0.6%	$66.26	4.8%	$43.15	5.4%	37.0%
1996	64.6%	(0.3%)	$70.80	6.4%	$45.75	6.1%	38.2%
1997	64.1%	(0.8%)	$74.78	5.6%	$47.91	4.7%	40.3%
1998	63.3%	(1.2%)	$78.16	4.5%	$49.49	3.3%	40.2%
1999	63.8%	(0.8%)	$80.88	3.5%	$50.81	2.7%	39.2%
2000	63.3%	0.7%	$85.23	5.4%	$53.93	6.1%	40.9%
2001	59.7%	-5.6%	$83.99	1.5%	$50.17	-7.0%	37.1%
2002	59.0%	-1.2%	$82.74	1.5%	$48.82	-2.7%	35.7%
2003	59.2%	0.3%	$82.86	0.1%	$49.04	0.5%	35.0%
2004	61.3%	3.6%	$86.23	4.1%	$52.89	7.8%	36.6%
2005	63.0%	2.9%	$90.10	5.5%	$57.37	8.5%	38.8%
2006	63.2%	0.2%	$97.96	7.6%	$61.87	7.8%	41.3%
2007	62.8%	-0.5%	$104.23	6.4%	$65.51	5.9%	41.3%
2008	60.0%	-4.6%	$107.15	2.8%	$64.24	-1.9%	38.2%

Outlook as of December 31, 2008

The economic environment in 2008 has had an impact on the hotel industry. Not since the 2001 downturn and 9/11 has the industry faced tougher market times. Much was learned from the 2001 period when operators resorted to drastic price discounts that crippled the industry. However, the recession, a slowdown in business travel, steep cuts in corporate America, and the collapse of the capital markets has had a deep impact on the industry with these effects expected to continue in the near term.

Regional Statistics

The South Carolina Department of Parks, Recreation, & Tourism track the lodging industry for the state under an exclusive agreement with Smith Travel Research. The report presents the data by month and also year to date. Below is a summary of the occupancy and average daily rate for 2008.

Lodging Outlook Survey
South Carolina Department Of Parks, Recreation, & Tourism

Segment	Occupancy 2008	Average Daily Rate 2008
Mt. Pleasant/IOP	61.3%	$129.50
Charleston/West Ashley	71.0%	$154.04
North	61.1%	$ 72.72
South Carolina	54.8%	$ 89.63
United States	60.4%	$106.55

It deserves noting that the averages include all segments of the market both on a vertical basis and also by market. In the case of the State, the averages are skewed by the stronger Hilton Head/Beaufort, Myrtle Beach and Charleston markets and the seasonal influences those markets experience.

Charleston MSA Trends

Smith Travel Research also supplies hotel statistics for the entire Charleston Area. The study trails back to 1987. As shown below, the peak year was 1990 at 75.9% occupancy while the bottom year was 1993 at 64.0% occupancy.

CHARLESTON LODGING MARKET

Year	Occupancy	ADR	Rev Par	Room Revenue	Rooms
1987	62.5%	$ 48.46	$30.28	$107,843,628	9,758
1988	63.7%	$ 49.85	$31.75	$115,042,143	9,927
1989	72.7%	$ 50.34	$36.59	$137,869,451	10,323
1990	75.9%	$ 51.44	$39.04	$147,464,977	10,377
1991	68.0%	$ 53.70	$36.52	$142,439,880	10,686
1992	64.7%	$ 55.15	$35.68	$141,510,050	10,866
1993	64.0%	$ 58.61	$37.51	$149,966,392	10,953
1994	67.0%	$ 59.58	$39.92	$159,852,300	10,971
1995	66.4%	$ 62.51	$41.52	$164,052,335	10,825
1996	65.7%	$ 66.82	$43.89	$179,976,318	11,204
1997	70.4%	$ 71.24	$47.97	$203,997,942	11,651
1998	71.1%	$ 75.12	$56.11	$248,711,027	12,143
1999	70.0%	$ 98.11	$68.66	$283,202,416	11,301
2000	70.1%	$109.59	$76.82	$333,005,953	11,876
2001	66.4%	$107.80	$71.58	$310,277,221	11,876
2002	67.3%	$109.75	$73.86	$320,171,482	11,876
2003	68.2%	$105.72	$72.10	$344,672,172	13,097
2004	67.8%	$112.67	$75.13	$367,613,254	13,405
2005	70.1%	$128.61	$72.97	$414,260,780	14,106
2006	72.5%	$138.89	$77.65		
2007	73.2%	$150.65	$86.78		
2008	71.8%	$120.45	$84.21		

Source: Smith Travel Research and Center for Business Research

Obviously, this study covers all segments of the market from the economy/budget class interstate motels to the Inn properties downtown. As shown, the market began to deteriorate in 2008 and is anticipated to declined sharply in 2009.

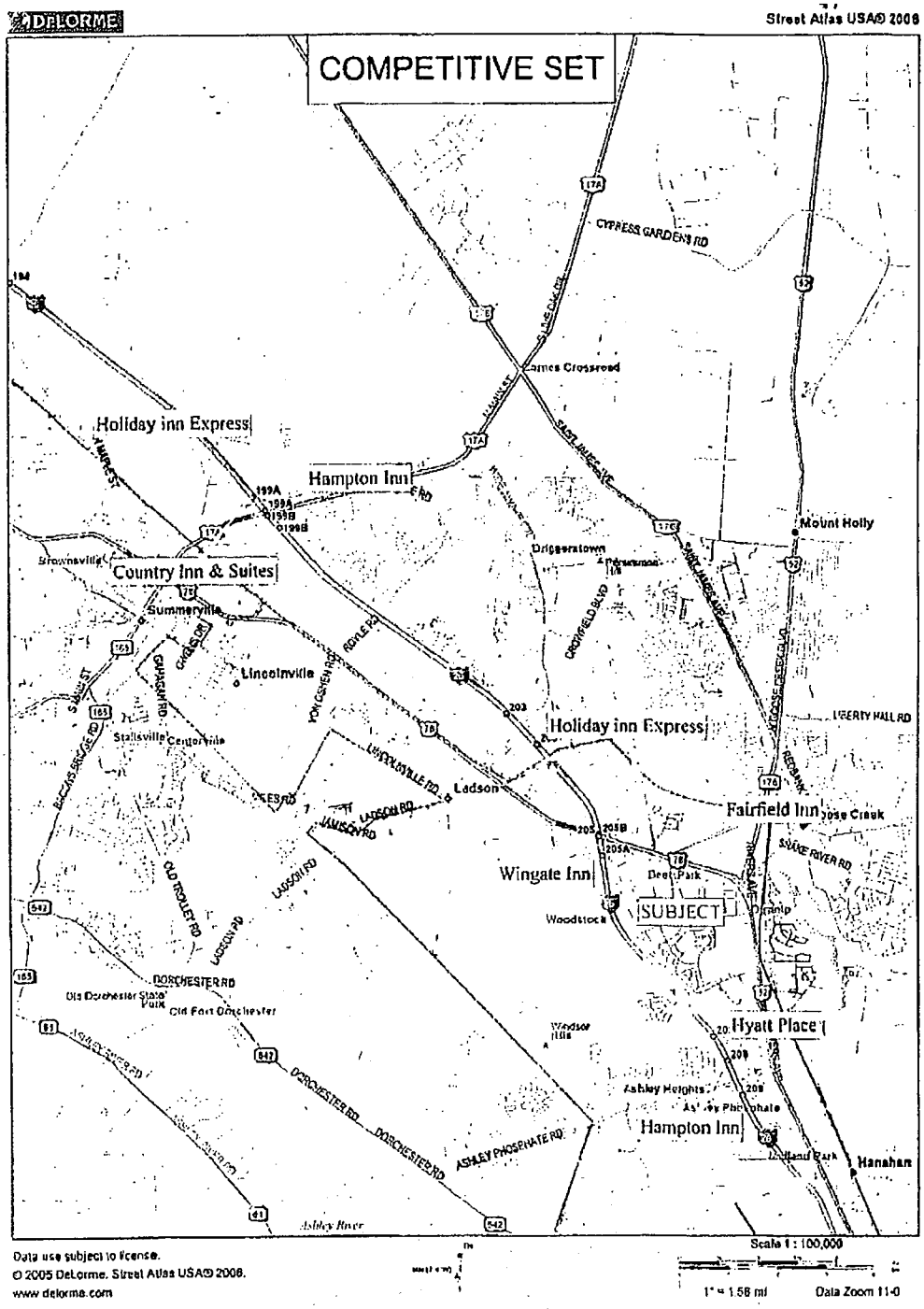
MICRO Analysis

A competitive Set by definition is a group of primary competitors that compete for the same customer. Therefore, to properly analyze the subject's position in the market, this sub-set of the overall market represents the truest market competition for the subject. These properties are presented below:

Competitive Set

Motel	I-26 Interchange	Rooms	Style	AAA Rating	Share
Hampton Inn	Highway 17-A	52	Interior	3	7.1%
Holiday Inn Express	Highway 17-A	123	Interior	3	16.7%
Country Inn & Suites	Highway 17-A	85	Interior	3	11.5%
Fairfield Inn	Highway 78	79	Interior	3	10.7%
Holiday Inn Express	Highway 78	86	Interior	3	11.7%
Wingate Inn	Highway 78	97	Interior	3	13.2%
Hampton Inn	Ashley Phosphate	102	Interior	3	13.8%
Hyatt Place	Ashley Phosphate	113	Interior	3	15.3%
Total Competitive Set		737			100.0%
Subject	Highway 78	115	Interior	3	
Total Competitive Set with Subject		852			

As shown, the subject's competitive set contains a total of 852 guest rooms. All of the properties have over 10% of the market except for the Hampton Inn in Summerville. The range is from 7.1% to 16.7%, with most within 10.7% to 13.8%. This reflects a relatively even distribution of the set.


DELORME
Street Atlas USA® 2008
COMPETITIVE SET
Holiday inn Express
Hampton Inn
Country Inn & Suites
Holiday inn Express
Fairfield Inn
Wingate Inn
SUBJECT
Hyatt Place
Hampton Inn
Mount Holly
Summerville
Lincolnville
Ladson
Woodstock
Hanahan
Ashley River
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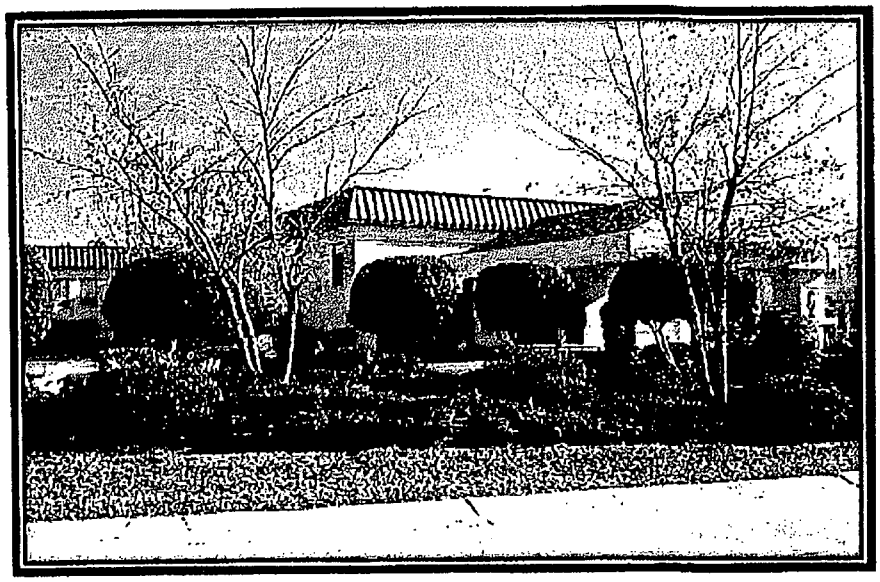
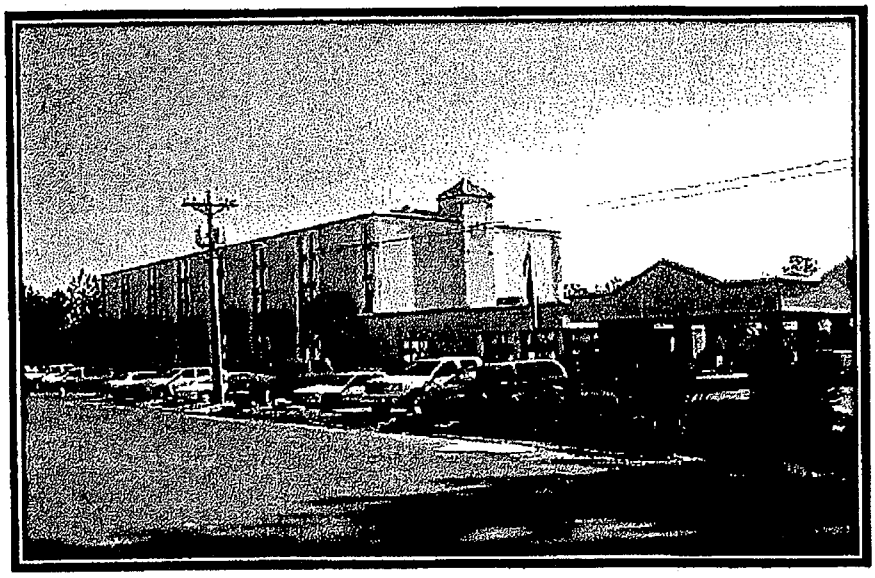
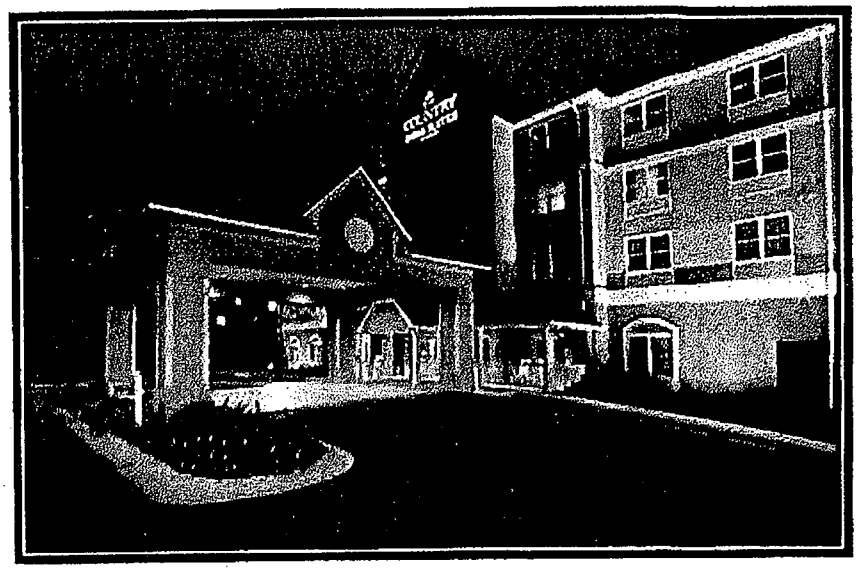
www.delorme.com
Scale 1 : 100,000
1" = 1.58 mi
Data Zoom 11-0



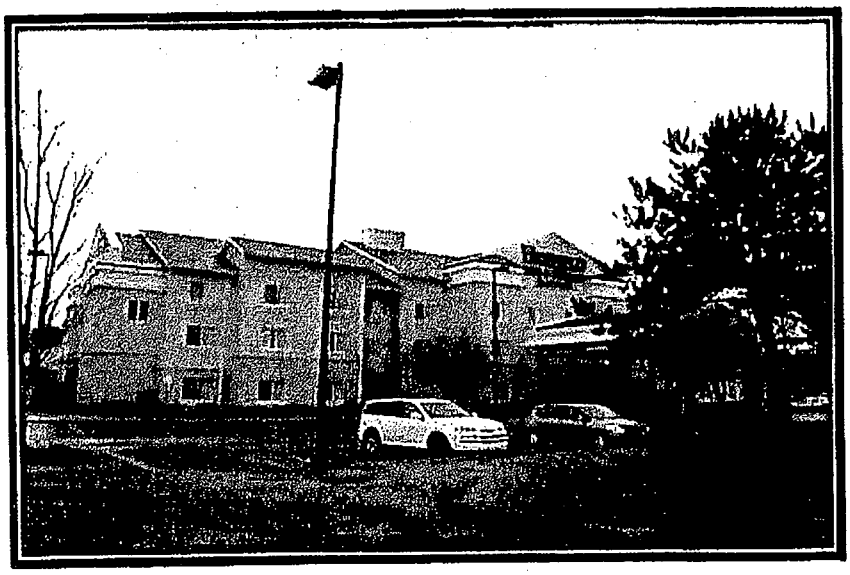
Hampton Inn, Summerville



Holiday Inn Express, Summerville



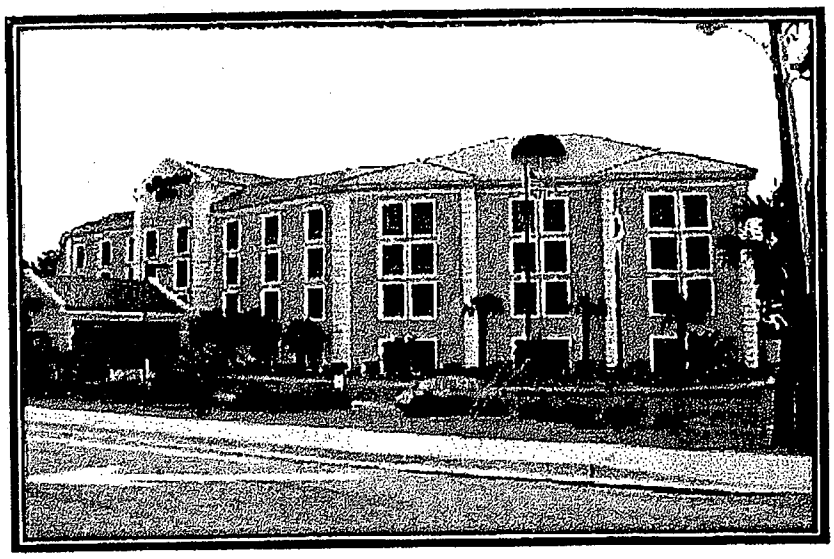
Country Inn & Suites, Summerville



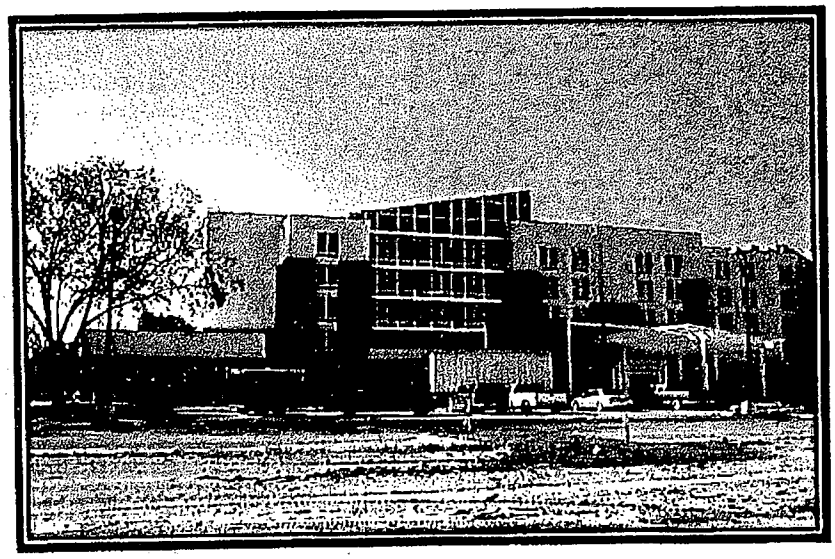
Fairfield Inn & Suites

Holiday Inn Express, North Charleston

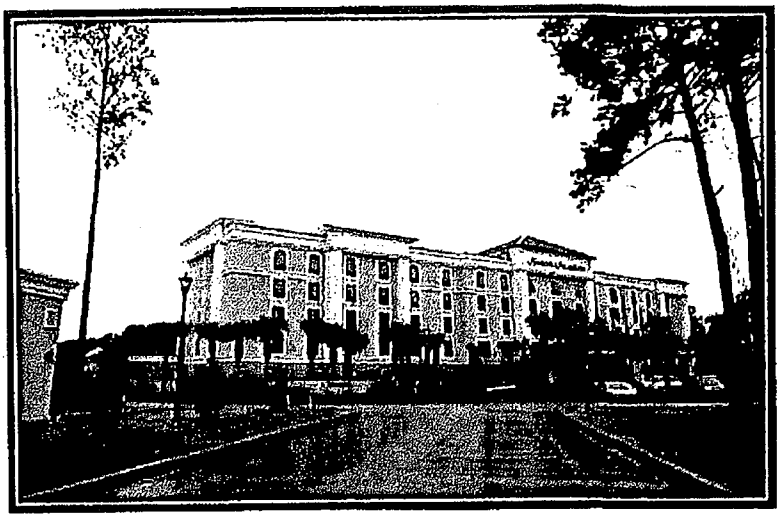
Wingate Inn, North Charleston



Hampton Inn, Ashley Phosphate



Hyatt Place, Ashley Phosphate



Hampton Inn & Suites

LOCAL MULTIPLIERS

Apply to costs brought up-to-date from preceding pages. Do not apply to Section 98 or any other indexes.

UNITED STATES

CLASS	A	B	C	D	S
RHODE ISLAND	1.08	1.07	1.11	1.11	1.07
Newport	1.07	1.06	1.10	1.10	1.06
Providence	1.13	1.12	1.16	1.18	1.14
Warwick	1.09	1.08	1.12	1.12	1.09
SOUTH CAROLINA	.88	.88	.87	.90	.88
Anderson	.88	.87	.87	.89	.88
Charleston	.88	.88	.88	.90	.88
Columbia	.89	.88	.89	.91	.89
Florence	.90	.91	.89	.89	.88
Greenville	.88	.87	.87	.88	.86
Myrtle Beach	.89	.89	.90	.90	.89
Rock Hill	.88	.88	.89	.92	.89
Spartanburg	.89	.87	.86	.89	.88
SOUTH DAKOTA	.97	.94	.95	.94	.96
Aberdeen	.97	.94	.95	.94	.96
Brookings	.97	.94	.94	.93	.96
Huron	.98	.95	.93	.93	.96
Mitchell	.98	.95	.95	.93	.96
Pierre	.96	.94	.95	.93	.97
Rapid City	.96	.95	.95	.94	.95
Sioux Falls	.96	.94	.95	.95	.96
Vermillion	.97	.94	.94	.93	.96
Watertown	.97	.94	.94	.93	.96
Yankton	.98	.94	.93	.93	.95
TENNESSEE	.92	.93	.92	.91	.92
Bristol	.92	.92	.90	.92	.90
Chattanooga	.96	.96	.93	.93	.96
Columbia	.92	.92	.92	.90	.88
Jackson	.91	.90	.92	.91	.93
Johnson City	.90	.89	.88	.89	.88
Kingsport	.97	.96	.94	.94	.96
Knoxville	.97	.98	.95	.95	.97
Memphis	.93	.93	.93	.92	.93
Nashville	.94	.95	.95	.95	.93
TEXAS	.87	.87	.87	.87	.87
Abilene	.89	.89	.89	.88	.90
Amarillo	.89	.88	.88	.86	.88
Austin	.89	.90	.87	.87	.87
Baytown	.89	.89	.88	.88	.89
Beaumont	.89	.89	.90	.90	.89
Cameron County	.82	.81	.81	.81	.81
Corpus Christi	.89	.88	.87	.83	.88
Dallas	.90	.91	.91	.90	.89
El Paso	.88	.88	.89	.89	.88
Fort Worth	.90	.91	.91	.90	.89
Galveston	.91	.90	.91	.89	.89
Hidalgo County	.82	.81	.81	.81	.81
Houston	.92	.92	.91	.90	.91
Laredo	.83	.83	.82	.82	.82

CLASS	A	B	C	D	S
TEXAS (Continued)					
Longview	.92	.93	.92	.91	.92
Lubbock	.87	.87	.87	.87	.85
Marshall	.90	.91	.91	.93	.90
Midland	.86	.87	.87	.88	.86
Odessa	.88	.88	.87	.85	.89
Port Arthur	.87	.87	.89	.90	.89
San Angelo	.84	.85	.85	.87	.85
San Antonio	.88	.88	.87	.86	.87
Texas City	.91	.90	.91	.90	.90
Tyler	.88	.89	.88	.88	.88
Victoria	.82	.82	.82	.84	.83
Waco	.88	.88	.86	.87	.88
Wichita Falls	.89	.90	.88	.89	.87
UTAH	.96	.97	.95	.95	.95
Cedar City	.94	.96	.94	.94	.94
Ogden	.99	.99	1.00	.99	.97
Orem	.98	.99	.98	.97	.96
Provo	.98	.98	.98	.97	.97
Salt Lake City	.99	.99	.99	.96	.97
St. George	.94	.96	.94	.94	.94
VERMONT	.99	.98	1.03	1.02	1.00
Barre	.98	.98	1.03	1.01	.99
Brattleboro	1.01	.99	1.01	1.02	.99
Burlington	1.00	.99	1.03	1.02	1.01
Montpelier	.98	.98	1.03	1.02	.99
Rutland	.98	.98	1.01	1.01	.98
VIRGINIA	.91	.90	.91	.91	.90
Alexandria	1.03	1.04	1.03	1.01	1.02
Arlington	1.04	1.04	1.04	1.01	1.02
Charlottesville	.89	.89	.91	.90	.89
Chesapeake	.93	.93	.92	.93	.90
Danville	.90	.88	.87	.89	.88
Fredericksburg	1.02	1.01	1.02	1.03	1.01
Hampton	.93	.93	.93	.94	.92
Lynchburg	.89	.87	.90	.91	.89
Newport News	.93	.93	.93	.94	.92
Norfolk	.94	.94	.93	.93	.92
Petersburg	.90	.89	.92	.92	.89
Portsmouth	.93	.93	.92	.93	.90
Richmond	.94	.93	.95	.96	.94
Roanoke	.93	.93	.93	.95	.93
Virginia Beach	.94	.94	.93	.84	.92
Winchester	.94	.92	.91	.92	.93

CLASS	A	B	C	D	S
WASHINGTON	1.09	1.09	1.09	1.09	1.08
Bellingham	1.10	1.10	1.11	1.10	1.07
Clallam County	1.10	1.11	1.11	1.10	1.08
Everett	1.16	1.17	1.15	1.16	1.14
Island County	1.14	1.15	1.15	1.15	1.13
Kitsap County	1.12	1.13	1.13	1.12	1.09
Longview	1.06	1.05	1.05	1.04	1.07
Olympia	1.14	1.14	1.17	1.17	1.13
Pasco (Tri-cities)	1.07	1.07	1.07	1.08	1.05
Seattle	1.17	1.18	1.18	1.17	1.15
Spokane	1.06	1.05	1.04	1.02	1.05
Tacoma	1.15	1.16	1.16	1.16	1.13
Vancouver	1.06	1.05	1.07	1.07	1.08
Walla Walla	1.06	1.05	1.05	1.07	1.05
Wenatchee	1.05	1.04	1.03	1.03	1.02
Yakima	1.06	1.05	1.06	1.07	1.04
WEST VIRGINIA	1.00	.98	.99	1.01	.99
Beckley	1.01	.99	1.00	1.02	1.00
Bluefield	1.01	.99	1.00	1.02	1.00
Charleston	1.02	1.00	1.01	1.03	1.01
Clarksburg	1.01	1.00	1.01	1.02	1.00
Fairmont	1.01	.99	1.01	1.01	1.00
Huntington	1.02	.99	1.00	1.02	1.02
Morgantown	1.00	.99	1.00	1.02	1.01
Parkersburg	1.00	.98	1.00	1.00	.99
Wheeling	1.06	1.05	1.08	1.06	1.04
WISCONSIN	1.06	1.04	1.05	1.06	1.03
Appleton	1.06	1.04	1.04	1.04	1.02
Beloit	1.06	1.06	1.07	1.08	1.04
Eau Claire	1.08	1.07	1.07	1.09	1.07
Fond du Lac	1.05	1.03	1.01	1.02	1.00
Green Bay	1.02	1.01	1.02	1.02	1.00
Janesville	1.07	1.07	1.06	1.07	1.05
Kenosha	1.11	1.10	1.11	1.10	1.10
La Crosse	1.08	1.04	1.05	1.07	1.05
Madison	1.09	1.09	1.08	1.09	1.07
Manitowoc	1.08	1.07	1.06	1.09	1.07
Milwaukee	1.11	1.10	1.10	1.10	1.09
Oshkosh	1.06	1.04	1.03	1.04	1.02
Racine	1.07	1.07	1.06	1.07	1.07
Sheboygan	1.09	1.07	1.07	1.07	1.06
Superior	1.09	1.08	1.08	1.07	1.08
Wausau	1.06	1.03	1.05	1.06	1.03
WYOMING	.95	.94	.94	.94	.94
Casper	.96	.95	.96	.96	.95
Cheyenne	.93	.91	.92	.92	.92
Cody	.93	.92	.92	.90	.91
Laramie	.95	.93	.94	.96	.95
Rock Springs	.99	1.00	.98	.99	1.00
Sheridan	.95	.94	.95	.94	.97

MARSHALL VALUATION SERVICE
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The data included on this page becomes obsolete after March 2009.

swiftestimator.com - building cost reports online
1/2009

CURRENT COST MULTIPLIERS

These multipliers bring costs from preceding pages up to date. Also apply Local Multipliers, Section 99, Pages 5 through 10.

CALCULATOR COST SECTIONS

(Effective Date of Cost Pages)		11 (11/08)	12 (8/08)	13 (5/08)	14 (2/08)	15 (11/07)	16 (8/07)	17 (5/07)	18 (2/07)
EASTERN	A	1.04	1.11	1.12	1.13	1.12	1.13	1.16	1.17
	B	1.06	1.09	1.10	1.11	1.10	1.11	1.14	1.16
	C	1.02	1.03	1.06	1.05	1.06	1.07	1.08	1.11
	D	1.03	1.01	1.02	1.04	1.02	1.03	1.04	1.07
	S	1.05	1.10	1.12	1.11	1.12	1.13	1.15	1.16
CENTRAL	A	1.01	1.06	1.10	1.10	1.09	1.11	1.12	1.13
	B	1.00	1.04	1.07	1.07	1.07	1.08	1.08	1.10
	C	1.00	1.03	1.03	1.04	1.03	1.04	1.05	1.08
	D	1.00	1.01	1.00	1.01	1.02	1.02	1.02	1.06
	S	1.00	1.06	1.08	1.08	1.09	1.10	1.12	1.13
WESTERN	A	1.00	1.08	1.12	1.12	1.11	1.12	1.14	1.13
	B	1.01	1.05	1.10	1.09	1.09	1.11	1.11	1.11
	C	1.00	1.02	1.04	1.04	1.03	1.05	1.06	1.09
	D	1.00	.99	1.01	1.02	1.01	1.01	1.03	1.05
	S	1.00	1.05	1.11	1.10	1.10	1.11	1.14	1.13

SEGREGATED COST SECTIONS

(Effective Date of Cost Pages)		41 (12/08)	42 (9/08)	43 (6/08)	44 (3/08)	45 (12/07)	46 (9/07)	47 (6/07)	48 (3/07)
EASTERN	A	1.04	1.11	1.12	1.13	1.12	1.13	1.16	1.17
	B	1.06	1.09	1.10	1.11	1.10	1.11	1.14	1.16
	C	1.02	1.03	1.06	1.05	1.06	1.07	1.08	1.11
	D	1.03	1.01	1.02	1.04	1.02	1.03	1.04	1.07
	S	1.05	1.10	1.12	1.11	1.12	1.13	1.15	1.16
CENTRAL	A	1.01	1.06	1.10	1.10	1.09	1.11	1.12	1.13
	B	1.00	1.04	1.07	1.07	1.07	1.08	1.08	1.10
	C	1.00	1.03	1.03	1.04	1.03	1.04	1.05	1.08
	D	1.00	1.01	1.00	1.01	1.02	1.02	1.02	1.06
	S	1.00	1.06	1.08	1.08	1.09	1.10	1.12	1.13
WESTERN	A	1.00	1.08	1.12	1.12	1.11	1.12	1.14	1.13
	B	1.01	1.05	1.10	1.09	1.09	1.11	1.11	1.11
	C	1.00	1.02	1.04	1.04	1.03	1.05	1.06	1.09
	D	1.00	.99	1.01	1.02	1.01	1.01	1.03	1.05
	S	1.00	1.05	1.11	1.10	1.10	1.11	1.14	1.13

UNIT-IN-PLACE COST SECTIONS (51 – 67)

Sec.	Page	Date		Eastern	Central	Western
51 -	2-3	(3/07)	Concrete Foundations	1.12	1.09	1.11
51 -	4	(3/07)	Pilings	1.10	1.07	1.08
51 -	7-8	(3/07)	Steel and Concrete Frame	1.13	1.09	1.11
51 -	3,7	(3/07)	Wood Foundations, Frame	1.05	1.03	1.04
52 -	1-4, 6	(3/07)	Interior Construction	1.13	1.10	1.10
52 -	5	(3/07)	Bank Vaults and Equipment	1.15	1.13	1.13
53 -	1-8	(6/07)	Heating, Cooling & Ventilating	1.10	1.08	1.10
53 -	9-12	(6/07)	Plumbing, Fire Protection, etc.	1.13	1.10	1.12
54 -	1-6	(6/07)	Electrical, Security	1.12	1.12	1.11
55 -	3-7	(8/07)	Wall Costs	1.08	1.07	1.09
56 -	1-2	(8/07)	Stained Glass	1.08	1.07	1.09
56 -	3-6	(8/07)	Storefronts	1.08	1.07	1.09
56 -	7	(8/07)	Stonework	1.07	1.06	1.08
56 -	8	(8/07)	Columns, Stone & Concrete	1.07	1.06	1.08
56 -	8	(8/07)	Columns, Wood & Aluminum	1.07	1.06	1.07
57 -	1-6	(9/07)	Roofs	1.11	1.08	1.10
58 -	1	(9/07)	Cold Storage	1.09	1.06	1.08
58 -	2-8	(9/07)	Elevators, Conveying Systems	1.12	1.10	1.11

Sec.	Page	Date		Eastern	Central	Western
61 -	1-8	(12/08)	Tanks	1.01	.98	1.00
62 -	1	(6/08)	Industrial Pumps & Boilers	1.10	1.07	1.10
62 -	2-3, 6	(6/08)	Piping	1.10	1.07	1.10
62 -	4	(6/08)	Electrical Motors	1.10	1.07	1.10
62 -	5	(6/08)	Steel Stacks, Chutes	1.10	1.07	1.10
62 -	5	(6/08)	Masonry & Concrete Chimneys	1.06	1.05	1.08
62 -	6	(6/08)	Compactors, Incinerators	1.10	1.07	1.10
63 -	1-4	(9/08)	Trailer and Mfg. Housing Parks	1.05	1.04	1.08
63 -	5-10	(9/08)	Manufactured Housing	1.05	1.04	1.08
64 -	1-6	(3/08)	Service Stations, Car Washes	1.09	1.06	1.08
64 -	7-9	(3/08)	Prefabricated Metal Structures	1.10	1.08	1.09
64 -	7-8	(3/08)	Prefab. Wood & Air Structures	1.09	1.08	1.07
65 -	1-12	(3/08)	Equipment Costs	1.08	1.07	1.06
66 -	1	(12/07)	Subdivision Costs	1.09	1.06	1.08
66 -	2-9	(12/07)	Yard Improvements	1.07	1.05	1.07
66 -	10-11	(12/07)	Demolition & Remediation	1.08	1.06	1.07
67 -	1-2	(12/07)	Golf Courses	1.09	1.08	1.08
67 -	3-7	(12/07)	Recreational Facilities	1.08	1.06	1.07

This page supercedes the December 2008 Green Supplement.

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The data included on this page becomes obsolete after January 2009.

DEFINITIONS/GLOSSARY

The following terminology is used throughout this report. All definitions cited were derived either from: The Dictionary of Real Estate Appraisal, Fifth Edition, published by the Appraisal Institute, 2010; by The Appraisal of Real Estate, Thirteenth Edition, the Appraisal Institute, 2013; or by the most recent edition of the Uniform Standards of Professional Appraisal Practice.

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

APPRAISAL APPROACH: A systematic way of developing a value indication using methods and techniques; examples are cost approach, income capitalization approach, and sales comparison approach.

APPRAISAL PROCEDURE: The act, manner, or technique of conducting the steps of an appraisal method.

APPRAISAL TECHNIQUE: A technical method to develop an opinion of value; a synonym for procedure.

CAPITALIZATION: The conversion of income into value.

CAPITALIZATION RATE: A rate used to convert income into value.

CASH FLOW ANALYSIS: A study of the anticipated movement of cash into or out of an investment.

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.

DATE OF THE REPORT: The date of the transmittal letter of a written report or the date a written report lacking a transmittal letter is prepared by the appraiser. The date of an oral report is the date it is communicated to or for the client. The date of the report may or may not be the same as the effective date of the appraisal.

DEPRECIATION: In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

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. Yield and value change are implied but not identified.

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 and the internal rate of return (IRR) or yield rate depending on how it is extracted from the market and/or used in the analysis.

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.

DISCOUNTING: A procedure used to convert periodic incomes, cash flows and reversions into present value; based on the assumption that benefits received in the future are worth less than the same benefits received now.

EFFECTIVE AGE: The age of property that is based on the amount of observed deterioration and obsolescence it has sustained which may be different from its chronological age.

EFFECTIVE DATE: The date at which the analyses, opinions and advice in an appraisal, review or consulting service apply.

EFFECTIVE DATE OF THE APPRAISAL: The date at which the value estimate in an appraisal applies which may or may not be the date of the inspection; the date of the market conditions that provide the context for the value estimate.

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.

HIGHEST AND BEST USE: The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

HIGHEST AND BEST USE OF LAND OR A SITE AS THOUGH VACANT: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that a parcel of land is vacant or can be made vacant by demolishing any improvements.

HIGHEST AND BEST USE OF PROPERTY AS IMPROVED: The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

INCOME CAPITALIZATION APPROACH: A set of procedures through which an appraiser derives a value indication for an income-producing property by converting anticipated benefits (cash flows and reversions) 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.

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

LEGAL DESCRIPTION: A description of land that identifies the real estate according to a system established or approved by law; an exact description that enables the real estate to be located and identified.

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 own 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 U.S. dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
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.

MARKET VALUE: "The most probable price, as of a specified date, in cash, or in terms equivalent to cash or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently and knowledgeably, and for self-interest and assuming that neither is under undue duress

Also:

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.

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.

REPORT: Any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment.

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, applying appropriate units of comparison, and making adjustments to the sales 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.

YIELD CAPITALIZATION: The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change and yield rate.

QUALIFICATIONS OF JOSEPH B. ROSEN, MAI, SRA, ASA

REAL ESTATE APPRAISER AND CONSULTANT
1717 Laurel Street, P.O. Box 28, Columbia, SC 29202-0028
Phone: 803/252-9321 Fax: 803/765-9889

PROFESSIONAL DESIGNATIONS AND AFFILIATIONS

MAI – Designation – Appraisal Institute (Certificate No. 8941)
SRPA – Senior Real Property Appraiser membership in the Appraisal Institute
SRA – Senior Residential Appraiser membership in the Appraisal Institute
ASA – Accredited Senior Appraiser, American Society of Appraisers
RM – Residential Member in the Appraisal Institute (Certificate No. 2252)
State Certified General Real Estate Appraiser – South Carolina, Cert. # CG177
State Certified General Real Estate Appraiser – North Carolina, Cert. # A1786
State Certified General Real Property Appraiser – Georgia, Cert. # 6888
Licensed as a Real Estate Broker by the State of South Carolina
Past President (1988-89) SREA Chapter #194 of the Society of Real Estate Appraisers
Realtor Member of Columbia, South Carolina and National Board of Realtors.
Member of The Appraisal Section of the National Association of Realtors

EDUCATION

Univ. of S. C. Graduate 1977 – Bachelor of Science in Finance – Real Estate.
Recent Seminars: (2005 to Present)
Contact the appraiser for seminar list from 1978 through 2004
Easement Valuation, Course 403 02/05
Appraisal of Commercial Properties in Declining Markets 04/05
Appraising Convenience Stores 06/05
Real Estate Investment and Development 01/06
Highest & Best Use Analysis 4/06
National USPAP Update 5/05 and 4/06
Fair Housing 5/06
Inverse Condemnation 1/07
Uniform Appraisal Standards for Federal Land Acquisitions (16 Hrs.) 1/07
The Valuation of Wetlands 7/07
Analyzing Distressed Real Estate 1/08
Legal Terminology & Non Tax Statutes that Affect the Assessor 4/08
Spotlight on USPAP: Common Errors and Issues 7/08
Valuation of Conservation Easements 8/08
SC Real Property Reform Act of 2006 1/09
Appraisal Challenges: Declining Markets and Sales Concessions 1/09
Appraisal Curriculum Overview 3/09
National USPAP Update 5/09
Business Practices and Ethics 5/09
Appraising Distressed Commercial Real Estate 1/10
Spotlight on USPAP – Agreement for Services-Instructions 1/10
Understanding and Testing DCF Valuation Models – Pt. 1, 7/10
Residential Appraisal Update 2010: Staying Competent in a New Decade 1/27/11
The Lending World in Crisis: What Clients need Their Appraisers to Know 1/28/11
Advanced Spreadsheet Modeling for Valuation Applications 4/29/11
USPAP Update 5/12/11
Analyzing the Effects of Contamination on Real Property 7/21/11
USPAP Update 1/18/12
Fundamentals of Separating Real Property, Personal Property, Intangible Business Assets 3/1-2/12
Understand and Applying Litigation Skills 7/19/12
Conservation Easements and Your Taxes 1/31/13
Marketability Studies: Advanced Considerations and Applications 2/1/13
USPAP Update 6/2014

Appraisal Institute Courses Completed and passed exams:
Basic Appraisal Principles Methods and Techniques, Course 1-A, 1979
Capitalization Theory and Techniques Part A and B, Course 1BA and 1BB, 1987
Residential Valuation Course 8-2, Standards of Professional Practice Part A, 1995; Part B, 1996; Part C, 1999
Report Writing and Valuation Analysis 2-2, 1989
Case Studies in Real Estate Valuation 2-1, 1990
Litigation Valuation Overview 700 – 1999
Condemnation Appraising: Advanced Topics & Applications 720 – 1999
Business Practices and Ethics, Course 420 – 2003

PROFESSIONAL EXPERIENCE

Real Estate Appraiser for Harvey J. Rosen, SRA, since July 1973. Assignments completed for banks, business firms, government agencies, corporations and individuals includes: lots, acreage, resort lots, condominiums, residences (560 SF to 12,000 SF), multi-family, office buildings, car washes, churches, medical buildings, radio towers, service stations, restaurants, convenience stores, warehouses, commercial properties, partial and total acquisitions, and easements.

Qualified and testified as Expert Witness on Real Estate Valuation before the Court of Common Pleas in Richland, Lexington and Kershaw Counties, Master's Court for Richland County, Family Court for Richland County and Lexington County and U.S. Bankruptcy Court in Columbia, South Carolina.

REPRESENTATIVE MAJOR CLIENTS SERVED

Arthur State Bank	Capital Bank	South Carolina Bank & Trust
Ameris Bank	First Citizens Bank	South Carolina Dept. Transportation
Bank of America	First Community Bank	University of South Carolina
BB&T	Lexington Medical Center	Wells Fargo Bank

CONTRACTOR'S APPLICATION FOR PAYMENT

From: Construction Professionals Inc.
765 Longpoint Rd.
Mt. Pleasant, SC 29464

To: University Ventures, LLC
17 Lockwood Drive
Charleston, SC 29401

Invoice: 80209
Draw: 08-0-02 -00009
Invoice date: 12/31/2008
Period ending date: 12/31/2008

Contract For: Hampton Inn & Suites N. Chart

Project: 08-0-02 Hampton Inn & Suites N. Chart Contract date: 3/17/2008

Request for payment:		
Original contract amount	$7,952,998.00	
Approved changes	$0.00	
Revised contract amount		$7,952,998.00
Contract completed to date		$5,486,195.06
Add-ons to date	$0.00	
Taxes to date	$0.00	
Less retainage	$274,309.84	
Total completed less retainage		$5,211,885.22
Less previous requests	$4,575,207.23	
Current request for payment		$636,677.99
Current billing		$670,187.35
Current additional charges	$0.00	
Current tax	$0.00	
Less current retainage	$33,509.36	
Current amount due		$636,677.99
Remaining contract to bill	$2,741,112.78	

recommends

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect to the Owner that to the best of the Architect's knowledge, information and belief, the Work has progressed as indicated, and the Contractor is entitled to payment of the Amount

AMOUNT 636,677.99

(Attach explanation if amount differs from the amount applied for.)

Architect:

By: Date Jan 8, 09

The AMOUNT is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Changes approved in previous months by Owner	0.00	0.00
Total approved this Month	0.00	0.00
TOTALS	0.00	0.00
NET CHANGES by Change Order		

I hereby certify that the work performed and the materials supplied to date, as shown on the above represent the actual value of the accomplishment under the terms of the Contract (and all authorized changes thereof) between the undersigned and the University Ventures, LLC relating to the above referenced project. I also certify that the contractor has paid all amounts previously billed and paid by the owner.

CONTRACTOR: Construction Professionals Inc.

By: [signature] Pres

Date: 12/31/2008

State Of SC County Of Charleston

Subscribed and sworn to before me this 31th day of December, 2008

Notary Public [signature]

My commission expires: 07/20/17

REQUEST FOR PAYMENT DETAIL

Project: 08-0-02 / Hampton Inn & Suites N. Chari Invoice: 80209 Draw: -00009 Period Ending Date: 12/31/2008 Detail Page 3 of 4 Pages

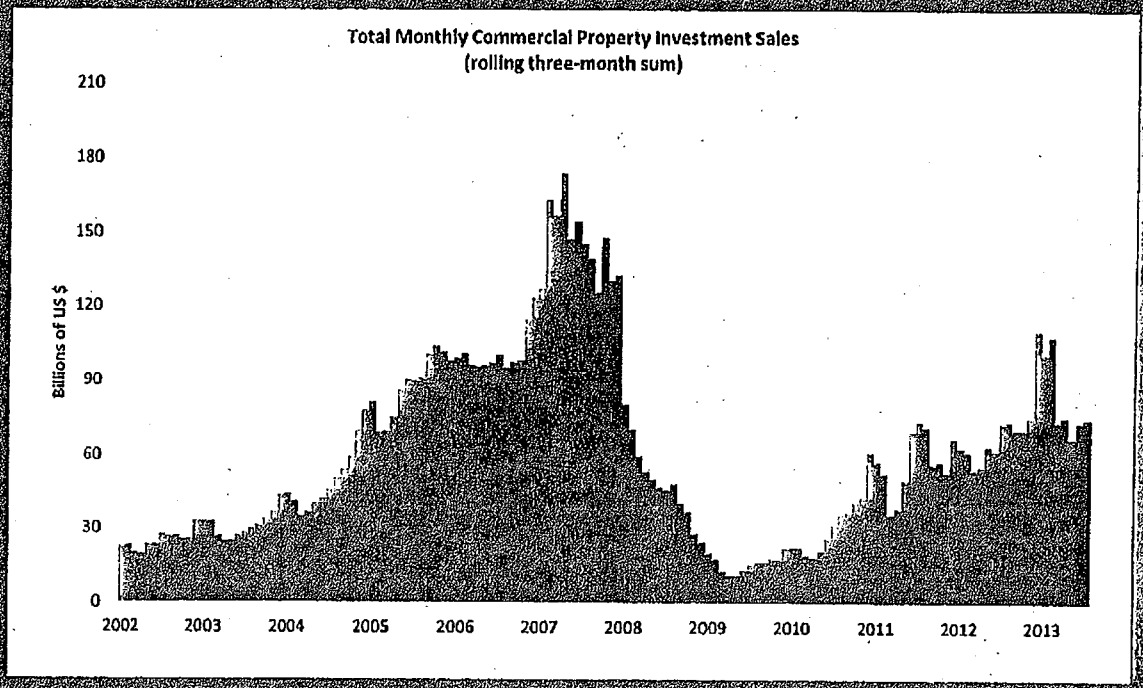
Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
034	Exterior Caulking	20,754.00						20,754.00	
035	Hollow Metal Frames	55,536.00	36,724.00			36,724.00	66.13	18,812.00	1,836.20
036	Wood Doors	79,489.00						79,489.00	
037	Finish Hardware	66,294.00						66,294.00	
038	Automatic Doors	9,850.00		9,357.50		9,357.50	95.00	492.50	467.88
039	Entry Locks	37,391.00						37,391.00	
040	Aluminum Windows	114,568.00	108,839.60	5,728.40		114,568.00	100.00		5,728.40
041	Aluminum Storefront	27,440.00	20,580.00	6,311.20		26,891.20	98.00	548.80	1,344.56
042	Wood Floors	22,266.00						22,266.00	
043	Acoustical Ceilings	32,798.00						32,798.00	
044	Drywall	219,680.00	142,792.00	50,525.40		193,318.40	88.00	26,361.60	9,665.92
045	Brick Veneer	112,263.00		14,032.88		14,032.88	12.50	98,230.12	701.64
046	Gyocrete	42,055.00		42,055.00		42,055.00	100.00		2,102.75
047	Stucco	207,000.00						207,000.00	
048	Granite Vanity Tops	48,276.00			9,487.00	9,487.00	19.65	38,789.00	474.35
049	Ceramic Tile	142,121.00			43,478.00	43,478.00	30.59	98,643.00	2,173.90
050	Carpet Installation	39,395.00						39,395.00	
051	Vinyl Tile & Base	18,066.00						18,066.00	
052	Painting & Wall Finish	157,203.00		23,108.84		23,108.84	14.70	134,094.16	1,155.44
053	Install VWC	29,156.00						29,156.00	
054	Folding, Tlt Partions	10,053.00						10,053.00	
055	Louvers, Fire Ext	7,588.00						7,588.00	
056	Misc Accessories	22,527.00						22,527.00	
057	Tub Surrounds	58,607.00			28,723.00	28,723.00	49.01	29,884.00	1,436.15
058	Shower, Mirror Doors	22,535.00						22,535.00	
059	Toilet Accessories	26,494.00						26,494.00	
060	Ste Appliances, Lndry Chute	14,504.00	4,351.20			4,351.20	30.00	10,152.80	217.56
061	Elevator	127,785.00	109,895.10	6,389.25		116,284.35	91.00	11,500.65	5,814.22
062	FF&E Installation	32,300.00						32,300.00	
063	Plumbing	643,010.00	437,246.80	38,580.60		475,827.40	74.00	167,182.60	23,791.38
064	HVAC	399,000.00	231,420.00	55,860.00		287,280.00	72.00	111,720.00	14,364.00
065	PTAC Units	103,604.00	18,648.72		55,479.00	74,127.72	71.55	29,476.28	3,706.38
066	Fire Sprinkler	86,235.00	57,778.12	6,036.52		63,814.64	74.00	22,421.36	3,190.74

REQUEST FOR PAYMENT DETAIL

Project: 08-0-02 / Hampton Inn & Suites N. Cheri Invoice: 80209 Draw: -00009 Period Ending Date: 12/31/2008 Detail Page 4 of 4 Pages

Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
067	Electrical	822,302.00	575,611.40	32,892.08		608,503.48	74.00	213,798.52	30,425.16
068	Overhead & Profit	554,860.00	336,023.22	46,719.21		382,742.43	68.98	172,117.57	19,137.12
	Totals	7,952,998.00	4,816,007.71	533,020.35	137,167.00	5,486,195.06	68.98	2,466,802.94	274,309.84

Monthly Commercial Property Investment Sales



Transaction of properties selling for $2.5 million and above. Data through Q2/July 2013
Source: Cornerstone, Real Capital Analytics, September 23rd, 2013

Moody's/Real Capital Analytics Commercial Property Price Indices

	Peak-to-Trough	Peak-to-Current	% Recovered	Peak Month	Trough Month
Apartment – Gateway	-24%	13%	[illegible]	Jan-08	Aug-09
Apartment	-39%	-1%	[illegible]	Dec-07	Dec-09
CBD Office – Gateway	-47%	-1%	[illegible]	May-08	Sep-09
Office CBD	-50%	-7%	[illegible]	Dec-07	Sep-09
Gateway Markets Aggregate	-38%	-6%	[illegible]	Dec-07	Nov-09
Apartments – Non Gateway	-47%	-9%	80%	Sep-07	Dec-09
National All Property	-40%	-15%	[illegible]	Dec-07	Dec-09
Office	-46%	-18%	[illegible]	Dec-07	Nov-09
Retail – Gateway	-39%	-16%	58%	Sep-07	Jun-10
CBD Office – Non Gateway	-57%	-26%	55%	Dec-07	Oct-09
Suburban Office – Gateway	-47%	-23%	52%	Oct-07	May-10
Core Commercial	-41%	-20%	51%	Nov-07	Dec-09
Non Gateway Markets Aggregate	-42%	-23%	47%	Oct-07	Dec-09
Retail	-42%	-24%	45%	Aug-07	Sep-10
Industrial – Gateway	-35%	-20%	42%	Aug-07	Feb-10
Retail – Non Gateway	-45%	-27%	39%	Jul-07	Oct-10
Office Suburban	-45%	-30%	32%	Oct-07	Jul-10
Industrial	-33%	-26%	22%	Jan-08	Jan-10
Suburban Office – Non Gateway	-44%	-37%	[illegible]	Oct-07	Dec-09
Industrial – Non Gateway	-36%	-31%	[illegible]	Mar-08	Apr-11

Data through July 2013

Sources: Moody's Investor Services, Real Capital Analytics (RCA), Cornerstone Research (Updated September 23, 2013)

QUALIFICATIONS OF JOSEPH B. ROSEN, MAI, SRA, ASA

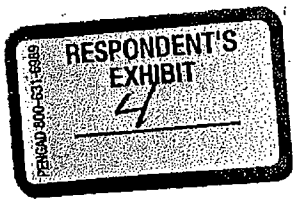
REAL ESTATE APPRAISER AND CONSULTANT
1717 Laurel Street, P.O. Box 28, Columbia, SC 29202-0028
Phone: 803/252-9321 Fax: 803/765-9889

PROFESSIONAL DESIGNATIONS AND AFFILIATIONS

MAI – Designation – Appraisal Institute (Certificate No. 8941)
SRPA – Senior Real Property Appraiser membership in the Appraisal Institute
SRA – Senior Residential Appraiser membership in the Appraisal Institute
ASA – Accredited Senior Appraiser, American Society of Appraisers
RM – Residential Member in the Appraisal Institute (Certificate No. 2252)
State Certified General Real Estate Appraiser – South Carolina, Cert. # CG177
State Certified General Real Estate Appraiser – North Carolina, Cert. # A1786
State Certified General Real Property Appraiser – Georgia, Cert. # 6888
Licensed as a Real Estate Broker by the State of South Carolina
Past President (1988-89) SREA Chapter #194 of the Society of Real Estate Appraisers
Realtor Member of Columbia, South Carolina and National Board of Realtors.
President of Chapter #112 the American Society of Appraisers covering South Carolina

EDUCATION

Univ. of S. C. Graduate 1977 – Bachelor of Science in Finance – Real Estate.
Recent Seminars: (2005 to Present)
Contact the appraiser for seminar list from 1978 through 2004
Easement Valuation, Course 403 02/05
Appraisal of Commercial Properties in Declining Markets 04/05
Appraising Convenience Stores 06/05
Real Estate Investment and Development 01/06
Highest & Best Use Analysis 4/06
National USPAP Update 5/05 and 4/06
Fair Housing 5/06
Inverse Condemnation 1/07
Uniform Appraisal Standards for Federal Land Acquisitions (16 Hrs.) 1/07
The Valuation of Wetlands 7/07
Analyzing Distressed Real Estate 1/08
Legal Terminology & Non Tax Statutes that Affect the Assessor 4/08
Spotlight on USPAP: Common Errors and Issues 7/08
Valuation of Conservation Easements 8/08
SC Real Property Reform Act of 2006 1/09
Appraisal Challenges: Declining Markets and Sales Concessions 1/09
Appraisal Curriculum Overview 3/09
National USPAP Update 5/09
Business Practices and Ethics 5/09
Appraising Distressed Commercial Real Estate 1/10
Spotlight on USPAP – Agreement for Services-Instructions 1/10
Understanding and Testing DCF Valuation Models – Pt. 1, 7/10
Residential Appraisal Update 2010: Staying Competent in a New Decade 1/27/11
The Lending World in Crisis: What Clients need Their Appraisers to Know 1/28/11
Advanced Spreadsheet Modeling for Valuation Applications 4/29/11
USPAP Update 5/12/11
Analyzing the Effects of Contamination on Real Property 7/21/11
USPAP Update 1/18/12
Fundamentals of Separating Real Property, Personal Property, Intangible Business Assets 3/1-2/12
Understand and Applying Litigation Skills 7/19/12
Conservation Easements and Your Taxes 1/31/13
Marketability Studies: Advanced Considerations and Applications 2/1/13
USPAP Update 6/2014
Forest Valuation for Non-Foresters 7/24/14
Best Practice for Appraisers and Appraisal Firms 9/15/14
Real Property Appraisal Report Review 9/15/14
Allocating Components in Going Concern Appraisals 9/16/14
Contemporary Ad Valorem Property Tax Issues 9/17/14
Drone Technology & Its Impact on the Appraisal Industry 11/7/14



Appraisal Institute Courses Completed and passed exams:
Basic Appraisal Principles Methods and Techniques, Course 1-A, 1979
Capitalization Theory and Techniques Part A and B, Course 1BA and 1BB, 1987
Residential Valuation Course 8-2, Standards of Professional Practice Part A, 1995; Part B, 1996; Part C, 1999
Report Writing and Valuation Analysis 2-2, 1989
Case Studies in Real Estate Valuation 2-1, 1990
Litigation Valuation Overview 700 – 1999
Condemnation Appraising: Advanced Topics & Applications 720 – 1999
Business Practices and Ethics, Course 420 – 2003

PROFESSIONAL EXPERIENCE

Real Estate Appraiser for Harvey J. Rosen, SRA, since July 1973. Assignments completed for banks, business firms, government agencies, corporations and individuals includes: lots, acreage, resort lots, condominiums, residences (560 SF to 12,000 SF), multi-family, office buildings, car washes, churches, medical buildings, radio towers, service stations, restaurants, convenience stores, cemeteries, funeral homes, hotels/motels, warehouses, commercial properties, partial and total acquisitions, and easements.

Qualified and testified as Expert Witness on Real Estate Valuation before the Court of Common Pleas in Richland, Lexington and Kershaw Counties, Master's Court for Richland County, Family Court for Richland County and Lexington County and U.S. Bankruptcy Court in Columbia, South Carolina.

REPRESENTATIVE MAJOR CLIENTS SERVED

Arthur State Bank	Capital Bank	South State Bank
Ameris Bank	First Citizens Bank	South Carolina Dept. Transportation
Bank of America	First Community Bank	University of South Carolina
BB&T	Lexington Medical Center	Wells Fargo Bank
SC Community Bank		

RESPONDENT'S EXHIBIT 5

CALCULATING CAPITALIZATION RATE

Calculating a "Return On" Investment

The Corporation Bond "Baa" rate in December 2008 was 8.46%.

Market Rates and Bond Yields—%

	Jun. 2009	Dec. 2008	Jun. 2008	Dec. 2007	Jun. 2007	Jun. 2006
Reserve Bank Discount Rate	0.50	0.86	2.25	4.83	6.25	6.02
Prime Rate (monthly average)	3.25	3.61	5.00	7.33	8.25	8.02
Federal Funds Rate	0.21	0.16	2.00	4.24	5.25	4.99
3-Month Treasury Bills	0.18	0.03	1.86	3.00	4.61	4.79
6-Month Treasury Bills	0.31	0.26	2.13	3.23	4.76	4.97
3-Month Certificates of Deposit	0.39	1.77	2.76	5.02	5.33	5.35
LIBOR-3 month rate	1.13	2.47	2.95	5.17	5.35	5.38
U.S. 5-Year Bond	2.71	1.52	4.37	3.49	5.03	5.07
U.S. 10-Year Bond	3.72	2.42	4.78	4.10	5.10	5.11
U.S. 30-Year Bond*	4.52*	2.87*	5.12*	4.53*	5.20*	5.15*
Municipal Tax Exempts (Aaa) †	4.56	5.17	4.50	4.23	4.34	4.36
Municipal Tax Exempts (A) †	4.84	6.15	4.92	4.58	4.65	4.88
Corporate Bonds (Aaa)	5.61	5.08	5.68	5.49	5.79	5.89
Corporate Bonds (A) †	6.39	6.70	6.43	6.19	6.33	6.39
Corporate Bonds (Baa)	7.50	8.46	7.07	6.65	6.70	6.78

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Ord. #1586

Adopted 5/21/09

AN ORDINANCE
PROVIDING FOR POSTPONING THE IMPLEMENTATION OF THE REVISED VALUES RESULTING FROM THE NEXT COUNTY-WIDE EQUALIZATION PROGRAM

WHEREAS, Act No. 93 of 1999 provides authorization for County Council to postpone for not more than one property tax year the implementation of revised values resulting from a county-wide equalization program pursuant to S.C. Code Ann. Section 12-43-217; and

WHEREAS, after careful review, County Council has determined that it is in the best interest of the citizens of Charleston County and the provision of good government that the implementation of the next scheduled county-wide appraisal and equalization program be postponed for one property tax year.

NOW, THEREFORE, be it ordained by Charleston County Council, in meetings duly assembled, as follows:

SECTION I. FINDINGS INCORPORATED

The above recitals and findings are incorporated herein by reference and made a part of this Ordinance.

SECTION II. POSTPONEMENT OF IMPLEMENTATION OF REVISED VALUES

The implementation of revised values from the 2010 county-wide appraisal and equalization program are hereby directed to be postponed for one property year. The postponement directed applies to all revised values, including values for State appraised property. In accordance with Act No. 93 of 1999, the postponement directed by this Ordinance shall not affect the schedule of the appraisal and equalization program required pursuant to S.C. Code Ann. Section 12-43-217.

SECTION III. SEVERABILITY

If, for any reason, any part of this Ordinance is invalidated by a court of competent jurisdiction, the remaining portions of this Ordinance shall remain in full force and effect.

SECTION IV. EFFECTIVE DATE

This Ordinance shall become effective immediately upon approval.

RECEIVED
OCT 12 2015
SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Shirley C. Robinson, Administrative Law Judge

Appellate Case No. 2015-001106

Charleston County Assessor, ... Appellant,

v.

University Ventures, LLC, ... Respondent.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

Joseph Dawson, III, County Attorney
Bernard E. Ferrara, Jr., Deputy County Attorney
Austin A. Bruner, Assistant County Attorney
Johanna S. Gardner, Assistant County Attorney
Charleston County Attorney's Office
Lonnie Hamilton, III Public Services Building
4045 Bridge View Drive
North Charleston, South Carolina 29405
(843) 958-4010

Attorneys for Appellant

Charleston, South Carolina
October 7, 2015