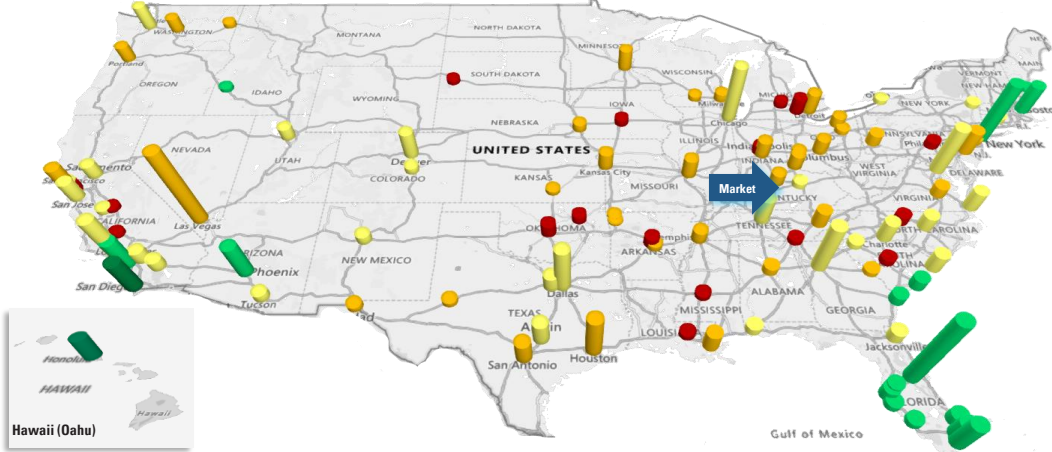


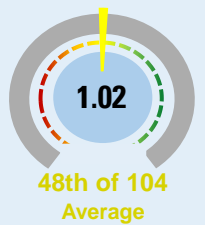
2Q 2023 LEXINGTON, KY



Lodging Performance Index Snapshot



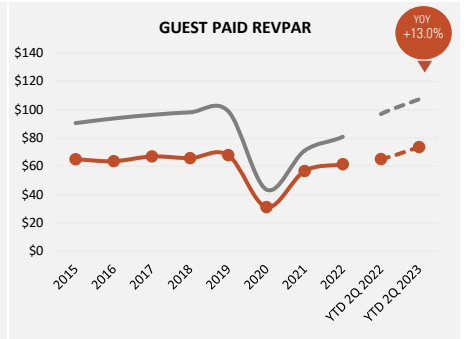
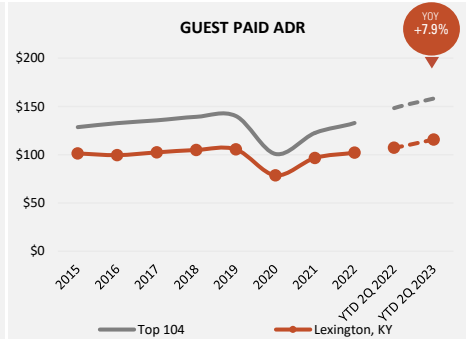
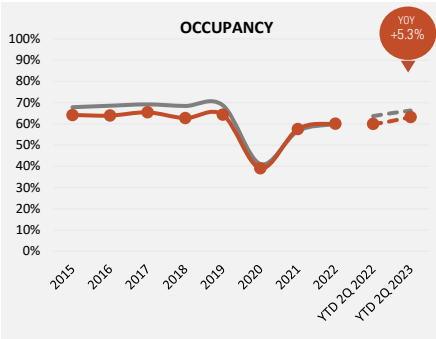
LODGING PERFORMANCE INDEX
Lexington, KY



Ranking of overall '2Q 2023 LPI' performance (1.02) against all 104 surveyed markets.

LODGING PERFORMANCE INDEX

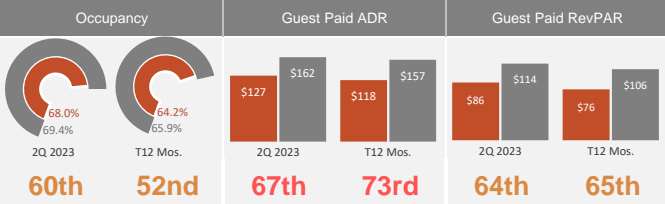
KEY PERFORMANCE METRICS



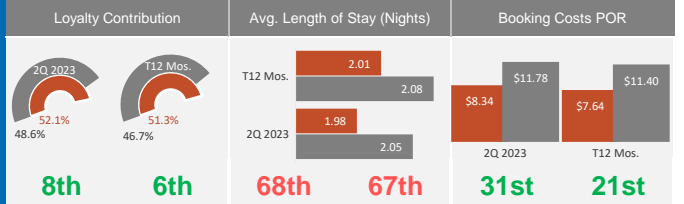
PERFORMANCE INDEXES

Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes



INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



Trends and Risks

Source: Kalibri Labs, Newmark

FUNDAMENTALS	Revenue Stability	Supplier Power Trend	Investment Yields
	42nd Average Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	6th Strong Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months	65th Average Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets
RISKS	3rd High Risk Assessment of market supply growth over past 12 months relative to Top 104 markets	86th Below Average Measure of current employment health over past two years relative to Top 104 markets	48th Average Risk Assessment of health and diversity of lodging demand generators relative to Top 104 markets

Location



Quick Facts

Jurisdictional Information
 Municipal Name: Lexington
 County: Fayette County
 State: Kentucky
 Geo Coordinates (market center): 38.0498, -84.4585

Source: US Census Bureau, Dept. of Labor Statistics

Major Hotel Demand Generators
 University of Kentucky | Toyota Motor Manufacturing | Xerox | St. Joseph Hospital | Conduent | Lexmark International | Wal-Mart Stores Inc. | Central Baptist Hospital | KentuckyOne Health | The Kroger Co. | Veterans Medical Center | Baptist Health | Amazon.com Inc. | Lockheed Martin | Lexington Clinic | Johnson Controls Inc. | Trane Co. | Alltel | Big Ass Solutions | Adient US LLC

Metrics and Ranking

Measurement	Rankings
Population (hotel market area)	394,623
Income per Capita	\$53,013
Feeder Group Size	56.1 Persons PSR
Feeder Group Earnings	\$2,972,670 PSR
Total Market COPE	\$302.1 million
	93rd of 104 (Small)
	35th of 104 (Average)
	29th of 104 (Above Average)
	35th of 104 (Average)
	83rd of 104 (Below Average)

Key Performance Metrics

YEAR ENDING	Occ %	Guest Paid		COPE	
		ADR	RevPAR	ADR	RevPAR
2015	64.2%	\$101.31	\$65.00	\$94.47	\$60.61
2016	63.9%	\$99.57	\$63.59	\$92.52	\$59.09
2017	65.4%	\$102.40	\$66.96	\$94.90	\$62.05
2018	62.7%	\$104.92	\$65.77	\$97.03	\$60.83
2019	64.3%	\$105.49	\$67.81	\$97.59	\$62.73
2020	39.0%	\$78.62	\$31.16	\$73.46	\$28.68
2021	57.5%	\$96.62	\$56.62	\$90.14	\$51.85
2022	60.0%	\$102.02	\$61.34	\$95.19	\$57.15
CAGR: 2015 thru 2022	-0.9%	0.1%	-0.8%	0.1%	-0.8%
YTD 2Q 2022	59.9%	\$107.21	\$65.06	\$100.21	\$60.81
YTD 2Q 2023	63.1%	\$115.88	\$73.54	\$108.02	\$68.67
% Change	5.3%	7.9%	13.0%	7.8%	12.9%

Data provided by: kalibri LABS

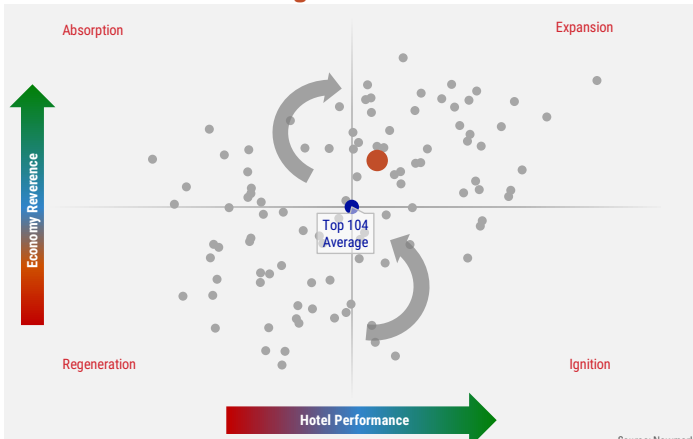
Notable Metrics

HIGHEST	T12-Month Loyalty Contribution	Latest-Quarter Loyalty Contribution	T12-Month COPE ADR Percentage
	6th Strong Lexington, KY exhibited strong T12-month loyalty contribution (51.3%)	8th Strong The market exhibited strong latest-quarter loyalty contribution (52.1%)	11th Above Average The market also benefited from strong T12-month COPE ADR percentage (93.5%)
LOWEST	Total Rooms Sold	Total Rooms Supply	OAR: Full-Service
	81st Below Average This market has been hindered by weak total rooms sold (2,568,685)	81st Below Average The market is burdened with a small and non-diverse hotel market (11,087)	78th Unfavorable Lexington, KY also posted unfavorable OAR metrics in the full-service segment (7.7%)

Notable Trends

FASTEST	Short-Term Historical Occupancy Growth	Short-Term Historical Average Length of Stay Growth	Short-Term Historical Supply Growth
	11th Above Average Lexington, KY has benefited from strong short-term historical occupancy growth (4.7%)	16th Above Average The market has benefited from strong short-term historical average length of stay growth (2.1%)	21st Above Average The market also has benefited from low short-term historical supply growth (2.1%)
SLOWEST	T12-Month Rooms Supply Growth	Short-Term Historical Loyalty Contribution Growth	Long-Term Historical Supply Growth
	102nd Soft The market has been hindered by high rooms supply growth over the last 12 months (4.5%)	78th Below Average We note this area has been hindered by weak short-term historical loyalty contribution growth (2.1%)	71st Below Average Lexington, KY also has been burdened by high long-term historical supply growth (1.8%)

Market Performance Stage



Lexington, KY: Expansion Stage

The Lexington, KY market is currently in the 'Expansion' stage of the performance cycle. In this stage, hotels perform adequately, contributing to a resilient economy that is approaching a 'post' pandemic environment. Displacement demand is high, new hotel supply is feasible (despite barriers normally being high), and the overall economy is expanding. Example markets in this stage include Anaheim, CA; Atlanta, GA; and Austin, TX.

Other Stages:

- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are challenged by lingering COVID-19 impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Detroit, MI; Houston, TX; and New Orleans, LA.
- Ignition:** In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Chicago, IL; Knoxville, TN; and Miami, FL.
- Absorption:** In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed lingering pandemic impacts, presenting upside for CRE. Barriers to entry are high and the market hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Columbus, OH; Kansas City, MO; and Las Vegas, NV.

Industry Observations

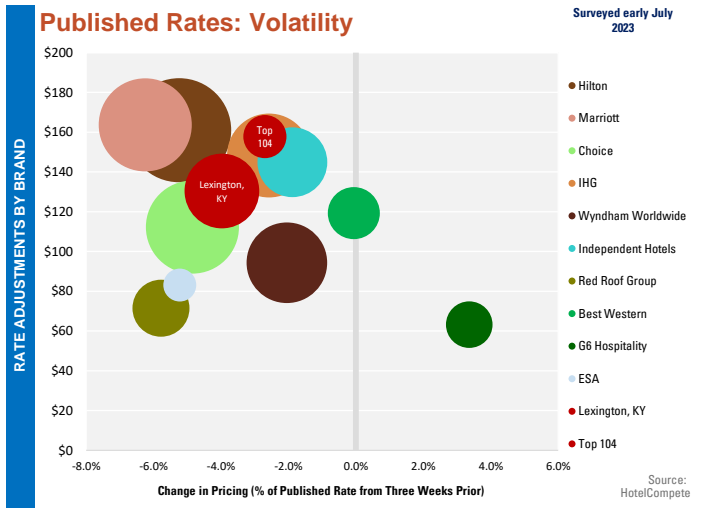
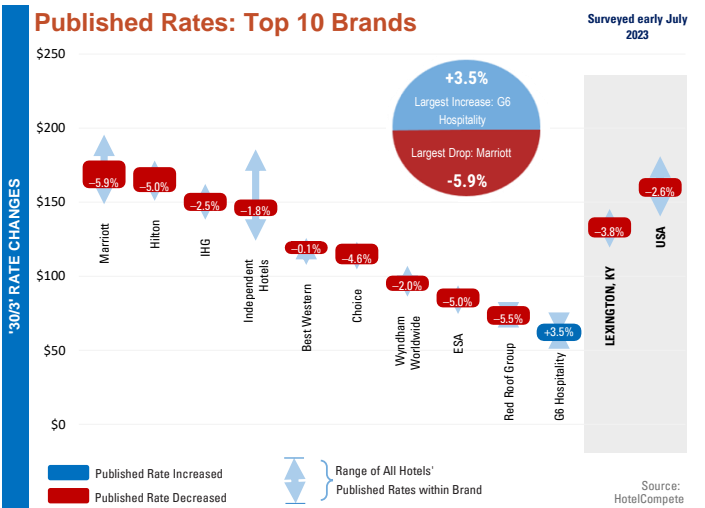
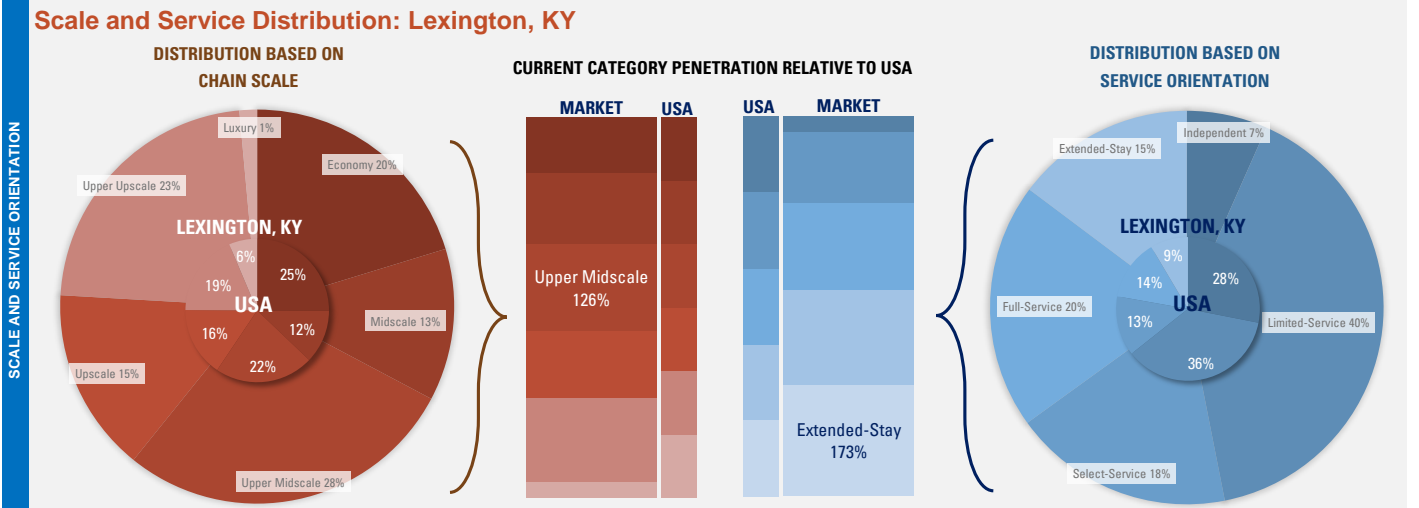
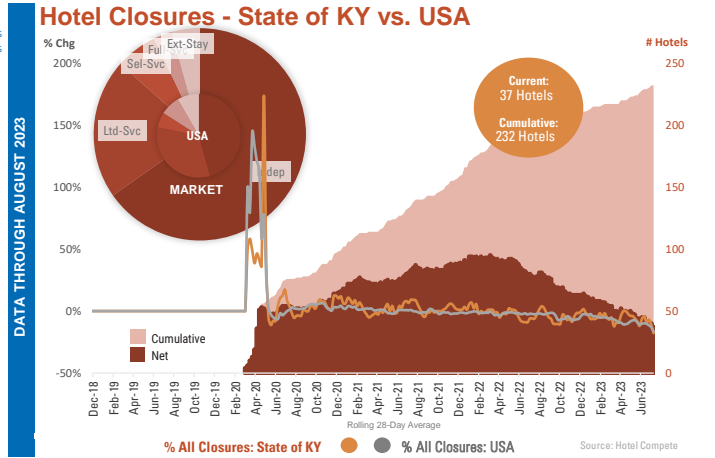
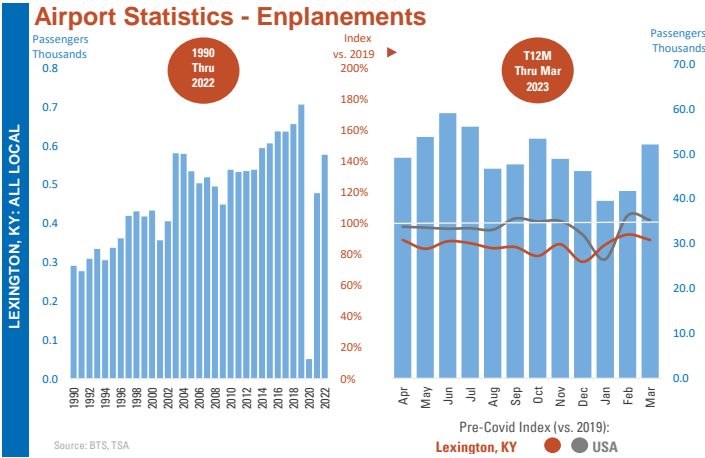
Business Cycle: In Expansion
Employment Growth (2 yr): 1.3%
Risk Exposure (402 US markets): 50th Percentile: Average Risk
Key Industry Notes: College town, manufacturing
 Low business costs
 Educated workforce
 Abundant developable land
 Slowing population growth

Moody's Rating

NR

This market is not rated by Moody's



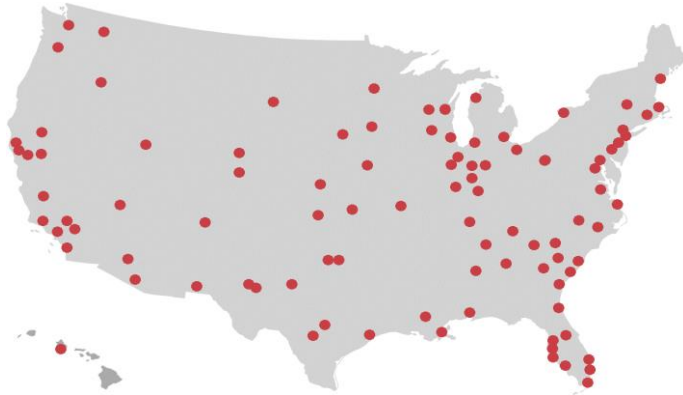


Published Rate Observations: 30-Day Advance

MARKET LEVEL	Published Rate Level	Rate Movement	Optimism
	77th Below Average	76th Below Average	67th Below Average
	The 30-day advanced published rate for the market was a somewhat conservative \$130.41, ranking 77th out of 104 markets. (Guest-Paid ADR ranked a somewhat conservative 67th at \$115.68 in 2Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 3.8% over three weeks going into early July 2023. By comparison, the T-104 average posted downward movement of 2.63%.	Published rates reported in early July 2023 were 3.1% higher than the market's Guest-Paid ADR in 2Q 2023. This optimism is below average. By comparison, the T-104 spread was -2.4%.

BRAND LEVEL	Published Rate Integrity	Coverage	Volatility
	39th Average	75th Below Average	62nd Moderate
	Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Lexington, KY has a below average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been contracting.	Lexington, KY's top 10 brands are exhibiting moderate volatility with respect to advanced booking pricing movements in the three weeks leading into early July 2023.

Nsights Hotel Market Reports Coverage



Akron, OH	Dayton, OH	Louisville, KY	Portland, OR
Albany, NY	Denver, CO	Madison, WI	Raleigh, NC
Albuquerque, NM	Des Moines, IA	Memphis, TN	Rapid City, SD
Anaheim, CA	Detroit, MI	Miami, FL	Richmond, VA
Arkansas State Area, AR	El Paso, TX	Michigan North Area, MI	Sacramento, CA
Atlanta, GA	Fayetteville, AR	Michigan South Area, MI	Saint Louis, MO
Augusta, GA	Fort Lauderdale, FL	Milwaukee, WI	Saint Petersburg, FL
Austin, TX	Fort Myers, FL	Minneapolis, MN	Salt Lake City, UT
Bakersfield, CA	Fort Worth, TX	Mobile, AL	San Antonio, TX
Baltimore, MD	Fresno, CA	Myrtle Beach, SC	San Bernardino, CA
Baton Rouge, LA	Greensboro, NC	Nashville, TN	San Diego, CA
Bentonville, AR	Greenville, SC	New Brunswick, NJ	San Francisco, CA
Birmingham, AL	Harrisburg, PA	New Orleans, LA	San Joaquin Valley, CA
Boise City, ID	Hartford, CT	New York, NY	San Jose, CA
Boston, MA	Houston, TX	Newark, NJ	Sarasota, FL
Buffalo, NY	Indiana North Area, IN	Oahu Island, HI (Branded)	Savannah, GA
Charleston, SC	Indiana South Area, IN	Oakland, CA	Seattle, WA
Charlotte, NC	Indianapolis, IN	Odessa-Midland, TX	Spokane, WA
Chattanooga, TN	Jackson, MS	Oklahoma City, OK	Tampa, FL
Chicago, IL	Jacksonville, FL	Omaha, NE	Tucson, AZ
Cincinnati, OH	Kansas City, MO	Orlando, FL (Non-Disney)	Tulsa, OK
Cleveland, OH	Knoxville, TN	Palm Desert, CA	Virginia Beach, VA
Colorado Springs, CO	Las Vegas, NV (Non-Strip)	Philadelphia, PA	Washington State Area, WA
Columbia, SC	Lexington, KY	Phoenix, AZ	Washington, DC
Columbus, OH	Little Rock, AR	Pittsburgh, PA	West Palm Beach, FL
Dallas, TX	Los Angeles, CA	Portland, ME	Wichita, KS

*Customized market reports available upon request

Hospitality, Gaming & Leisure

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Our Hospitality, Gaming & Leisure platform has experience in valuation assignments and market analysis for properties including:

- Hotels and Resorts**
- Conference, Expo and Convention Centers**
- Ski and Village Resorts**
- Gaming Facilities**
- Water Parks, Amusement Parks and Attractions**
- Arenas, Stadiums and Sports Facilities**
- Golf Courses**
- Marinas**

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We empower owners and operators to maximize economic incentives and advise government entities on the impact of incentives on a community or development.

Feasibility
We take feasibility studies to the next level, combining market knowledge with expert economic impact analysis and acumen in cash-on-cash, ROI and other metrics.

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Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

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Our experts bring a strategic perspective and hands-on approach, exceeding the depth and scope of typical litigation services every time.

Portfolio Analytics
We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

Property Tax
We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

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FOR INFORMATION CONTACT:

Bryan Young MAI, ASA, FRICS

Executive Vice President, Valuation & Advisory,
Specialty Practice Leader – Hospitality, Gaming & Leisure
m 773-263-4544
bryan.young@nrmk.com

CONTACT: GREAT LAKES MARKETS

<p>FOR MORE INFORMATION</p> <p>Bryan Young, MAI, ASA, FRICS Senior Managing Director Practice Leader - Hospitality, Gaming & Leisure NEWMARK VALUATION & ADVISORY Americas m 773-263-4544 bryan.young@nrmk.com</p>	<p>Laurel Keller, MAI Executive Vice President Hospitality, Gaming & Leisure NEWMARK VALUATION & ADVISORY Great Lakes Markets t 216-453-3023 laurel.keller@nrmk.com</p>
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