

Report Type: Hybrid Appraisal - Commercial - Multi Family

Subject Property: 1100 Interstate Dr, Winchester, KY

Requested By: -----

Institution: Individual Order

Request Date: 6/21/2024

Evaluation ID: 2024-07405

**1100 Interstate Dr
Winchester, KY 40391**

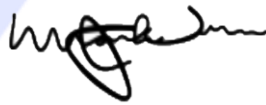


APPRAISAL SUMMARY

This report is for:	-----
Effective Date:	6/22/2024
Report Date:	6/28/2024
Subject Photos:	Photos taken 6/22/2024. Author reviewed photos taken by third-party contractor.

Approach	Value Indication	Value per room
Sales Comparison	\$1,950,000	\$33,043
Reconciled Market Value		
As Is	\$1,950,000	\$33,043

Valued As: Fee Simple
 Author: Mark Olson



Subject Information

Property Type:	Commercial - Multi Family
Address:	1100 Interstate Dr, Winchester, KY
Parcel ID(s):	053-0000-034-00
Legal Description:	LOT 1 UNIT 3 PLAT 436B
Zoning (if available):	B-3
Assessment:	\$1,497,900 (2023)

Surrounding Area:	stable	Market Trend:	stable
Real Estate Values:	stable	Area Vacancy:	0% - 5%
FEMA Panel # (Date)	21049C0043C (-)	In a Flood Plain:	No

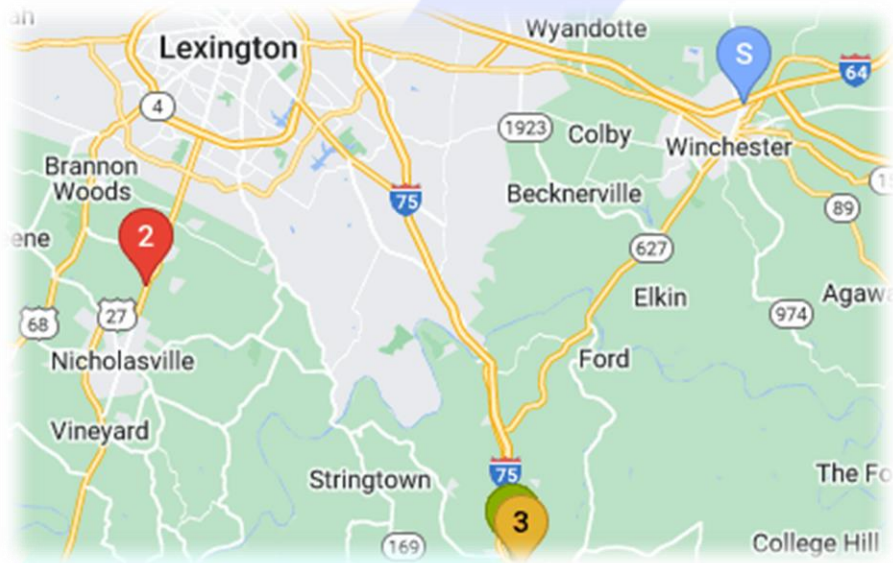
Sales in the past 3 years:	0
Offer to Purchase	Offer for \$1,900,000 on 6/20/2024
Sale History	The subject property is not currently listed for sale and has not sold in the past 3 years. An accepted offer to purchase, which was signed on 6/20/2024, is currently in place for \$1,900,000. This offer price is within a probable range of market value.

Extraordinary Assumptions and Hypothetical Conditions	
Extraordinary Assumptions:	Extraordinary assumptions must be made that all of the subject interiors, including each of the units, are in average condition and that electrical, mechanical and plumbing systems are in good working order. The value derived in this appraisal may differ if any of these conditions are found to be false.
Hypothetical Conditions:	There are no hypothetical conditions made in this appraisal.
Marketing Period:	9-18 months
Exposure Time:	9-18 months

MAPS

Comparable Sales Map

Property	Pin	Address	Approx. Distance to Subject
Subject	S	1100 Interstate Dr, Winchester, KY 40391	N/A
Comp 1	1	2109 Belmont Dr, Richmond, KY 40475	20.6 miles
Comp 2	2	2149 Lexington Rd, Nicholasville, KY 40356	28.3 miles
Comp 3	3	1698 Northgate Dr, Richmond, KY 40475	21.9 miles



Aerial View of Subject



SALES COMPARISON APPROACH

Subject and Comparable Photos

Subject Property

1100 Interstate Dr
Winchester, KY
37,198 SF / 4.10 acres



Comparable 1

2109 Belmont Dr
Richmond, KY
16,000 SF / 2.51 acres



Comparable 2

2149 Lexington Rd
Nicholasville, KY
16,968 SF / 1.48 acres



Comparable 3

1698 Northgate Dr
Richmond, KY
13,200 SF / 1.40 acres



Additional Subject Photos





Sales Comparison Approach Grid

	Subject	Comparable 1	Adj.	Comparable 2	Adj.	Comparable 3	Adj.
Address	1100 Interstate Dr	2109 Belmont Dr		2149 Lexington Rd		1698 Northgate Dr	
Current Use	Hotel	Hotel		Hotel		Hotel	
Sale Date	-	3/8/2023	4%	5/10/2024	-	3/6/2024	1%
Sale Price	-	\$1,800,000		\$1,200,000		\$1,575,000	
Time-Adj Sale Price	-	\$1,869,735		\$1,204,230		\$1,588,943	
Adj \$ per room	-	\$28,765.15		\$30,105.75		\$25,221.32	
Location	-	comparable	-	inferior	5%	comparable	-
Site Acres	4.10	2.51	7%	1.48	18%	1.40	14%
Water Frontage	-	-	-	-	-	-	-
Year Built	1974	1990	-8%	1998	-12%	1972 and remodeled in 2006	-3%
Const. Quality	Average	average	-	average	-	average	-
Prop. Condition	Average	average	-	average	-	average	-
Building SF							
Above Grade	37,198	16,000	10%	16,968	10%	13,200	12%
Below Grade (Finished)	-	-	-	-	-	-	-
Below Grade Finish	-	-		-		-	
Outbuilding Value	-	-	-	-	-	-	-
Other Attributes	-	-	-	-	-	-	-
Units	59	65	-	40	-	63	-
Adjusted Value	-	\$31,420		\$36,576		\$31,134	
Gross Adjustments	-		29%		45%		30%
Net Adjustments	-		13%		21%		24%
Weight	-	33%		33%		33%	

Sales Approach Indicated Value:	\$1,950,000
\$ per room	\$33,043

Sales Comparison Approach Dissertation

The subject property is a 59-unit economy hotel property plus a manager's apartment located at 1100 Interstate Drive in Winchester, Kentucky. Three economy hotel sales with similar features were discovered in the southeast Lexington suburbs and have been analyzed in comparison with the subject property. Adjustments have been made for differences in attributes toward the attributes of the subject property. An adjustment is first made for changes in market conditions since the time of each sale at 3.0% per year. Additional adjustments were made for differences in location, site size, year built and building area.

PROPERTY TAX BILLS

Bill Status

Due

Pay Bill Online

Close and return to Search

Taxpayer

SHIV SAI HOSPITALITY INC A KEN

1100 INTERSTATE DR

WINCHESTER KY 40391

Property Class

Assessment

REAL ESTATE

1497900

This information is believed to be up-to-date and accurate as of close-of-business on the previous business day, but is not warranted.

Bill Number

13930

Bill Date

10/1/2023

Dist

01

Map Number

053-0000-034-00

Description

LOT 1 UNIT 3 PLAT 436B

Location

1100 INTERSTATE DR

If Paid

Amount

by 11/01/23

14664.74

by 12/31/23

14964.02

by 01/31/24

15712.22

after 01/31/24

18106.47

The last record in this database was saved on 04/15/24 at 3:55:25 PM

TaxViewer v1 .13 by Custom Solutions Inc. All rights reserved. Session from 47.232.18.191

CONCLUSION

The subject is a commercial property that is currently being used as a hotel. It is located in an urban area at 1100 Interstate Dr in Winchester, KY. We consider the property to be in Average condition and of Average quality of construction. The subject's site is 4.10 acres and has 37,198 square feet of building area. Traffic in the subject's area is high, and in general the subject's area is stable. A third-party contractor took photos of the subject property on June 22, 2024, which the author later reviewed for this report. The subject property has not sold in the past three years. The information for the subject property was obtained from assessor records, professional resources (e.g. CoStar or MLS), and general research.

We identified three (3) comparable properties in similar locations that have sold. These sales took place between March 2023 and May 2024. We used these three properties as comparable sales to help determine the estimated market value of the subject. For more substance regarding the comparable property selection, please refer to the discussion below the Sales Comparison Grid.

"MARKET VALUE" means 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.

Source: 12 CFR § 34.42(h) (2022)

Comparable Sale Details

Comparable Sale #1 is a commercial property that sits on 2.51 acres of land, and we consider its location to be comparable to the subject's. It is currently being used as a hotel. The main structure was built in 1990 and has approximately 16,000 square feet of building area. We consider the property to be in average condition and the improvements are of average quality.

Comparable Sale #2 is a commercial property that sits on 1.48 acres of land, and we consider its location to be inferior to the subject's. It is currently being used as a hotel. The main structure was built in 1998 and has approximately 16,968 square feet of building area. We consider the property to be in average condition and the improvements are of average quality.

Comparable Sale #3 is a commercial property that sits on 1.40 acres of land, and we consider its location to be comparable to the subject's. It is currently being used as a hotel. The main structure was built in 1972 and remodeled in 2006 and has approximately 13,200 square feet of building area. We consider the property to be in average condition and the improvements are of average quality.

Akrivis Real Estate Valuation Services

There are three general approaches that can be considered during our evaluation process: the Sales Comparison Approach, the Income Approach, and the Cost Approach. For this appraisal, the approaches utilized were as follows:

Approach	Value Indication	Value per room
Sales Comparison	\$1,950,000	\$33,043
Reconciled Market Value		
As Is	\$1,950,000	\$33,043

Author's Final Dissertation

The subject property is a 59-unit economy hotel property plus a manager's apartment located at 1100 Interstate Drive in Winchester, Kentucky. Three economy hotel sales with similar features were discovered in the southeast Lexington suburbs and have been analyzed and have been adjusted for differences in attributes toward the attributes of the subject property. Probable value is concluded at \$1,950,000 with \$750 per unit, or \$45,000, allocated to personal property and \$1,905,000 allocated to real property. The potential value of any intangible assets is not included and is beyond the scope of this appraisal.

Highest and Best Use

The subject property's use as an economy hotel is most probable as highest and best use until such time that a more intense use becomes financially feasible. The subject property is expected to be purchased and converted for use into housing for the handicapped. This non-profit use will be subsidized and is an appropriate use but is not the most intense use for the subject property.

INTERNAL REVIEW

FIRREA COMPLIANCE

- | | Confirmed |
|---|-------------------------------------|
| 1. Property location was identified. | <input checked="" type="checkbox"/> |
| 2. Description of the property and its current & projected use. | <input checked="" type="checkbox"/> |
| 3. Estimate of the property's market value in its actual physical condition, use, and zoning designation as of the effective date. | <input checked="" type="checkbox"/> |
| 4. What method was used to confirm the property's actual physical condition? | |
| Exterior Inspection | <input checked="" type="checkbox"/> |
| Interior Inspection | <input type="checkbox"/> |
| Not Inspected – author obtained third-party image(s) of the subject. Client confirmed third-party images are sufficient to determine subject's condition. | <input type="checkbox"/> |
| 5. Substantial dissertation in regard to the analysis used in valuing the property. | <input checked="" type="checkbox"/> |
| 6. Preparer arrived at a reasonable estimate of "Market Value" | <input checked="" type="checkbox"/> |

External sources utilized in this analysis include local public data (e.g. assessors), professional resources (e.g. CoStar, MLS, SDS), contracted inspectors (e.g. WeGoLook, IVUEIT), third-party real estate market data (e.g. Zillow), and third-party map data (e.g. Google Maps).

Quality Review of the Report

- | | Confirmed |
|---|-------------------------------------|
| 1. Outbuildings, if applicable, accounted for. | <input checked="" type="checkbox"/> |
| 2. All photos are inserted and verified. | <input checked="" type="checkbox"/> |
| 3. Main page complete with signature. | <input checked="" type="checkbox"/> |
| 4. All requested approaches complete. | <input checked="" type="checkbox"/> |
| 5. Effective date verified. | <input checked="" type="checkbox"/> |
| 6. Dissertations accurate and complete. | <input checked="" type="checkbox"/> |
| 7. Current tax bill inserted. | <input checked="" type="checkbox"/> |
| 8. Conclusion is accurate and complete. | <input checked="" type="checkbox"/> |
| 9. Maps page is accurate and complete. | <input checked="" type="checkbox"/> |
| 10. Interior inspection, if applicable, reviewed. | <input checked="" type="checkbox"/> |

Reviewer's Notes

None

Review Completed By: Schuyler Van Dreef
Review Date: 6/28/2024



TERMS AND CONDITIONS

This report is written as a Restricted Appraisal of real property, meeting (or exceeding) USPAP Standard 2. This report is for exclusive use by its intended user(s): Individual Order. The intended use is for use to obtain a grant from the FHLB of Cincinnati. This Restricted Appraisal may not contain supporting rationale to fully understand the reasons for the opinions and conclusions set forth in this report. The Report contains only brief discussions or statements of the data and analysis used to estimate the market value of the subject property. The scope of the assignment and report content is specific to the needs of the client. The interest being appraised in this case is Fee Simple. Akrivis is not responsible for unauthorized use of this report.

A third-party contractor took photos of the subject property on June 22, 2024, which the author later reviewed for this report.

Three generally accepted approaches to value are usually considered:

- A Sales Comparison Approach is utilized and developed to derive a probable estimate of market value for the subject property because similar sales can be utilized in the market.
- The Income Approach was considered but was not necessary or applicable in this instance because of the difficulty in estimating stabilized net income.
- The Cost Approach was considered but was not necessary or applicable in this instance because of the difficulty in estimating accrued depreciation.
- In instances where multiple approaches are employed, Akrivis will consider all approaches performed and will reconcile to a final suggested property value for the subject.

Along with an inspection, Akrivis will utilize large commercial databases of comparable real property sales and other data from sources, all of which Akrivis reasonably believes to be reliable. However, no responsibility is assumed for the accuracy of any information supplied by third parties. Location, property condition, construction quality and building square footage will be researched and analyzed. All information will be verified with public records when possible or third party sources deemed to be reliable.

Main Data Source Listing (including, but not limited to)

- | | |
|-----------------------------|--------------------------------|
| 1. CoStar | 6. Assessor Data (.org) |
| 2. SDS (Sales Data Service) | 7. Municipality Assessor |
| 3. LoopNet | 8. Zillow (Residential citing) |
| 4. County Websites | 9. Google Earth |
| 5. ProxyPics | |

Competency Disclosure

The appraiser has the knowledge and appropriate experience to appraise an economy hotel such as the subject property, but is less familiar with the Lexington and Winchester, Kentucky submarkets. The appraiser took all steps necessary to produce a credible indication of value.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following underlying assumptions and limiting conditions:

1. The appraisal covers only that property legally described in this report, and the areas and dimensions as shown herein are assumed to be correct.
2. The appraisers have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for purposes of assisting the reader in visualizing the property.
3. The appraisers assume no responsibility for matters involving legal or title considerations.
4. It is assumed that the subject property has a marketable title.
5. The data as compiled and utilized in this report have been secured from sources considered to be reliable; however, no responsibility for the accuracy of this information is assumed.
6. Responsible ownership and competent management are assumed.
7. The removal or loss of any portion of this report invalidates the entire appraisal. Further, the allocation of total value to land or to improvements, as shown in this report, is invalidated if used separately in conjunction with any other appraisal.
8. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
9. Unless otherwise stated in this report, the existence of hazardous material, 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, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate 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 any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field if necessary.
10. The appraiser is held harmless from any liability arising from violations of or noncompliance with the Americans with Disabilities Act.
11. The appraisers are not required to give testimony or to attend court by reason of this appraisal unless prior arrangements have been made.
12. Values for various components of the subject parcel and improvements as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.
13. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant and, in any event, only in its entirety.
14. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser, particularly regarding the valuation conclusions and the identity of the appraiser, of the firm with which he is connected, or any of his associates.
15. This appraiser has no present or contemplated future interest in the property appraised. Neither the employment to make the appraisal, nor the compensation derived from it, is contingent upon the appraised value of the property.
16. This appraiser has no personal interest in or bias with respect to the subject matter of the appraisal report or the participants to the sale. The estimate of market value in the appraisal report is not based upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
17. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. Neither may engagement to make this appraisal (or any future appraisals for this client) nor any compensation thereof are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
18. This appraisal conforms to the Uniform Standards of Professional appraisal Practice (USPAP) adopted by the appraisal Standards Board of the appraisal Foundation in compliance with Title X1 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- 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.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.
- I have not provided services regarding the subject property within the prior 3 years as an appraiser or in any other capacity.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute and the State of Kentucky relating to review by its duly authorized representatives.
- I have not personally observed the property that is the subject of this report. An agent of the appraiser physically observed the subject property on 6/22/2024.
- As of the 6/22/2024 observation date, I have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
- Schuyler Van Dreel provided significant real property appraisal assistance to the appraiser to complete this appraisal.

Author: Mark Olson
marko@akrivisteam.com



Certification Number: 5646