Memphis K&U, LLC
185 Union Avenue, Memphis, TN
PILOT Application

July 2026

BEFORE RENOVATION

AFTER RENOVATION

1. APPLICANT BACKGROUND

- **Applicant**
  - **Entity:** Memphis K&U, LLC (“Owner”), through its development agent Continental Hospitality Group, LLC
  - **Contact Information**
    - C/O Continental Hospitality Group
    - 150 E. Broad Street, Columbus, OH 43215
    - Attn: Mark Damante | Phone: 614-883-1036
  - **Corporate Structure:** Limited liability company
- **Continental Hospitality Group Development Experience:**
  - Columbus, OH-based real estate firm specializing in hotel investment and development
  - Continental Hospitality Group (“CHG”) began as the hotel affiliate of Columbus, OH-based Continental Real Estate Companies, which invested over $3 billion in various real estate asset classes over the past 45 years
  - 175+ hotel transactions in experience (CHG principals)
  - Current portfolio comprises 16 hotels totaling 2,200 keys spanning 7 states | $650+ million in hotels currently under management
  - Integrated development team with expertise in design, construction, finance, and investment management
  - Strong industry relationships
  - Focused owners who balance community and investor objectives to deliver high quality lodging properties
  - See website link below for additional information on CHG principals
  - www.continental-hospitality.com

2. PROPOSED PROJECT

- **Property Address:** 185 Union Ave, Memphis, TN 38103 | Foreclosure deed can be found in **Exhibit B**
- **Transaction & Asset History**
  - The original hotel structure at the corner of BB King/Union was constructed as the "Hotel Tennessee" in 1927 with 100 guestrooms. The property was expanded in 1986 to 280 hotel rooms - the number of keys it has today. From 2007 until April 2018, the Doubletree Memphis Downtown (the "Hotel") was owned by a publicly-traded real estate investment company. The Hotel did not receive adequate reinvestment during that time and began falling into disrepair, relying on equipment original to the late 1980s expansion timeframe that is beyond its useful life.
  - CHG purchased the Property in April 2018 and originally intended to convert the Hotel to a 4.0-star positioned, soft-branded asset
    - The Property includes a separate, 0.9-acre parcel, improved with a 152-stall parking structure used exclusively by the Hotel
  - The project redevelopment capitalization was on track to close in July 2020; however, COVID disrupted this execution
  - Since COVID, declining lodging fundamentals in Memphis have created a prohibitively challenging environment to recapitalize the redevelopment, culminating in the lender foreclosing on and closing the asset in Q4 2025
  - CHG has been engaged by the lender to asset manage the Property and oversee the project capitalization, execution, and reopening
- **Intended Usage:** Full-service hotel, with meeting space and food and beverage venues. The redevelopment of the project will be transformative to what is currently a closed, economically unviable hotel without significant capital investment.
- **Redevelopment Impact**
  - The redevelopment will:
    - Allow the property to reopen as a high-quality hotel
    - Preserve the historic structure
    - Increase employment during and after the redevelopment, with the Project expected to support 75+ full-time jobs upon Hotel stabilization
    - Result in a materially higher-quality property than the previous DoubleTree Hotel
    - Increase and substantially improve the meeting and food & beverage spaces, resulting in a greater number of guests and visitors to the area
    - Generate strong economic impact, including higher revenues at the hotel and to area businesses
    - Materially increase revenues from hotel/bed taxes and sales taxes generated
    - Assist the Memphis Cook Convention Center to attract and accommodate events and attendees

2. PROPOSED PROJECT

- **Renovation Summary**
  - The scope of the project includes a transformative renovation of the Hotel.
  - The **exterior scope** includes $4-5 million principally to address:
    - New roofs and select façade enhancements, window replacements, and exterior finish repairs
    - Repainting the building
    - Significant investment in enhanced architectural lighting to highlight historical façade and key architectural features of redevelopment
    - Construction of a new, attractive parking canopy
    - Modernization of roofline
    - Construction of an attractive trellis-type structure on the current low-rise exterior pool building behind the main guestroom tower that will become a new, covered, 2,200 SF event patio space

Property Overview		
Address	185 Union Ave, Memphis, TN 38103	
Year Opened	1986	
Property & Project Investment	2018-2025: ~$6.0 million invested Redevelopment: $55 million ($194K/key) of incremental capital investment to renovate and reposition the Hotel	
Keys	**Current:** 280 keys | **Post Renovation:** 284 keys	
Food & Beverage	**Current:** - King & Union Bar (primary restaurant; ±130 seats) - Main Bar (±20 seats)	**Post Renovation:** - Full-service bar and restaurant (100 seats) - Backyard event and social space (~2,200 SF) - Lobby bar connected to bar and lounge for social activation - Grab n' go market in the lobby
Amenities	- 1,200 SF fitness center (current fitness center is <500 SF) - Highly programmed lobby area - Complimentary high-speed WiFi	- Market & sundry shop - Room service
Meeting/Event Space	**Current:** ±6,000 SF **Post-Renovation:** ±7,200 SF	
Parking	152-stall parking garage (adjacent to Hotel; 0.9 acres)	
Building Area	192,431 gross building square feet / 69,600-square-foot parking deck	

2. PROPOSED PROJECT

- **<u>Renovation Summary</u>**
  - The **interior scope** will total $30.0 million and feature a complete demo with not only a full renovation of all finishes throughout, but also a significant investment of over $7.0 million to upgrade all mechanical, electrical, HVAC, plumbing, and fire and life safety systems.
    - The front desk area will be gutted and opened up with smaller pods for a modern welcome and check-in experience.
    - The large wall between the current atrium lobby and the restaurant space will be removed and the floor leveled (there is significant concrete removal required) to create contiguous, approximately 5,000 SF of soft seating, informal meeting, and F&B space. This “Great Room” space will be unique to Memphis and a hallmark for the Hotel.
    - The kitchen will be gutted and mostly all-new and the restaurant will be fully gutted and renovated to a very high-quality and attractive finish level.
    - A large fitness center will be constructed across from the elevators on the first floor, where windows will be added and walls will be removed to open up an approximately 1,200 SF, high-end fitness experience for guests.
    - Guest corridors, guest rooms and guest bathrooms will be fully renovated. There will be a moderate amount of drywall tear out and replacement and roughly 25% of guest bathrooms will be enlarged. The ceilings will be scraped and painted for a clean, modern appearance. All lighting throughout will be new, energy efficient and attractive. All new artwork and state of the art technology. The finished product will be consistent with a like-new, boutique, lifestyle full-service hotel.
- **<u>Economic / Environmental Impact</u>**
  - The Project is conservatively estimated to generate approximately **$25 million in cumulative incremental property taxes for state, local, and municipal entities over a 20-year PILOT period**, as shown on Page 23. See **Exhibit A** for the PILOT valuation sheet in CCRFC’s typical format.
    - 75% PILOT Retained by Applicant during PILOT Term: $18.7 million
    - 25% Non-Capture Retained by Public Entities During PILOT Term: $6.2 million
  - The property’s energy efficiency and environmental impact is significantly improved.
  - Historic preservation is an important component of the project. The historic structure will receive a new roof, new mechanicals, select window replacements, and tuck pointing as necessary.

2. PROPOSED PROJECT

- **Marketing Plans**
  - Redevelopment will result in a 4-star quality, “soft-brand”, boutique/lifestyle, full-service hotel. The selling points of the property will be first-class guestrooms, attractive and state-of-the-art meeting spaces, a unique atrium / “Great Room” experience, and highly-desirable food & beverage venues.
  - Hotel will serve as a great complement to the new and improved Memphis Marriott Convention Center Hotel.
  - Prior to closing, the Doubletree competed with other local full- and select-service hotels. Post-redevelopment, the Hotel will compete, at least in part, with Nashville properties and other desirable full-service hotels throughout the State of Tennessee and the Southeast Region.
- **Architectural Plans:** N/A
- **Engineer Letter:** N/A

2. PROPOSED PROJECT – HOTEL LOBBY

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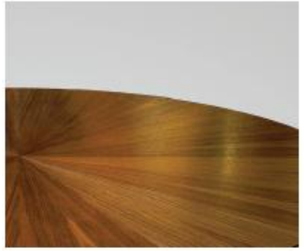
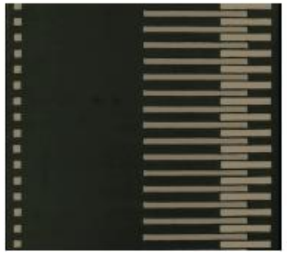
2. PROPOSED PROJECT – HOTEL BAR

2. PROPOSED PROJECT – HOTEL RESTAURANT

2. PROPOSED PROJECT – HOTEL GUESTROOMS



2. PROPOSED PROJECT – HOTEL CORRIDORS



3. SITE CONTROL

- **Property Owner:** Memphis K&U, LLC – a West Virginia Limited Liability Company
- **Existing Financing, Options, or Liens:** None

4. FINANCIAL ITEMS

- **Historical Operating Results for DoubleTree Memphis Downtown**

	Actual Performance 2019	Actual Performance 2020	Actual Performance 2021	Actual Performance 2022	Actual Performance 2023	Actual Performance 2024	Actual Performance TTM October 2025
Key Count	280	280	280	280	280	280	280
Rooms Available	102,200	102,480	102,200	102,200	102,200	102,480	102,480
Rooms Sold	78,465	21,775	44,992	62,662	61,488	51,529	41,284
Occupancy	77%	21%	44%	61%	60%	50%	40%
ADR	$ 142	$ 119	$ 126	$ 135	$ 144	$ 148	$ 146
RevPAR	109	25	56	83	86	75	59

	2019 Amount	Ratio	PAR	POR	2020 Amount	Ratio	PAR	POR
Revenues								
Rooms	$11,159,110	72.9%	$ 39,854	$ 142.22	$ 2,588,275	68.9%	$ 9,244	$ 118.86
Food & Beverage	2,989,733	19.5%	10,678	38.10	806,652	21.5%	2,881	37.04
Other Operated Departments[1]	1,019,634	6.7%	3,642	12.99	286,798	7.6%	1,024	13.17
Miscellaneous Income	130,983	0.9%	468	1.67	74,526	2.0%	266	3.42
Total Revenue	**15,299,460**	**100.0%**	**54,641**	**194.98**	**3,756,251**	**100.0%**	**13,415**	**172.50**
Departmental Expenses								
Rooms	2,503,346	22.4%	8,941	31.90	916,310	35.4%	3,273	42.08
Food & Beverage	2,942,779	98.4%	10,510	37.50	988,787	122.6%	3,531	45.41
Other Operated Departments	442,937	43.4%	1,582	5.65	169,351	59.0%	605	7.78
Miscellaneous Income	-	0.0%	-	-	-	0.0%	-	-
Total Expenses	**5,889,062**	**38.5%**	**21,032**	**75.05**	**2,074,448**	**55.2%**	**7,409**	**95.27**
Total Departmental Profit	**9,410,398**	**61.5%**	**33,609**	**119.93**	**1,681,803**	**44.8%**	**6,006**	**77.24**
Undistributed Operating Expenses								
Administration & General	970,524	6.3%	3,466	12.37	645,791	17.2%	2,306	29.66
Credit Card Commissions	390,874	2.6%	1,396	4.98	109,740	2.9%	392	5.04
Information & Telecom Systems	180,917	1.2%	646	2.31	142,084	3.8%	507	6.53
Sales & Marketing	1,280,170	8.4%	4,572	16.32	450,913	12.0%	1,610	20.71
Franchise Royalty Fees[2]	557,956	5.0%	1,993	7.11	129,414	5.0%	462	5.94
Property Operation and Maintenance	683,616	4.5%	2,441	8.71	394,998	10.5%	1,411	18.14
Utilities	439,148	2.9%	1,568	5.60	295,101	7.9%	1,054	13.55
Total Undistributed Expenses	**4,503,204**	**29.4%**	**16,083**	**57.39**	**2,168,041**	**57.7%**	**7,743**	**99.57**
Gross Operating Profits	**4,907,194**	**32.1%**	**17,526**	**62.54**	**(486,238)**	**-12.9%**	**(1,737)**	**(22.33)**
Management Fee	458,984	3.0%	1,639	5.85	112,688	3.0%	402	5.18
Income before Non-Operating	**4,448,210**	**29.1%**	**15,886**	**56.69**	**(598,926)**	**-15.9%**	**(2,139)**	**(27.51)**
Non-Operating Income and Expenses								
Property and Other Taxes	686,683	4.5%	2,452	8.75	656,012	17.5%	2,343	30.13
Insurance	248,427	1.6%	887	3.17	279,399	7.4%	998	12.83
Other	-	0.0%	-	-	(119)	0.0%	(0)	(0.01)
Total Non-Operating Income and Expenses	**935,110**	**6.1%**	**3,340**	**11.92**	**935,292**	**24.9%**	**3,340**	**42.95**
Net Operating Income before FF&E Reserves	**3,513,100**	**23.0%**	**12,547**	**44.77**	**(1,534,218)**	**-40.8%**	**(5,479)**	**(70.46)**
FF&E Reserves	611,978	4.0%	2,186	7.80	150,250	4.0%	537	6.90
NOI (net of FF&E Reserves)	**2,901,122**	**19.0%**	**10,361**	**36.97**	**(1,684,468)**	**-44.8%**	**(6,016)**	**(77.36)**
Debt Service	1,497,585				1,044,088			
Cash Flow after Debt Service	**1,403,537**				**(2,728,555)**			

	2021 Amount	Ratio	PAR	POR	2022 Amount	Ratio	PAR	POR
Revenues								
Rooms	$ 5,688,797	73.4%	$ 20,317	$ 126.44	$ 8,438,831	75.5%	$ 30,139	$ 134.67
Food & Beverage	1,411,937	18.2%	5,043	31.38	1,893,640	16.9%	6,763	30.22
Other Operated Departments[1]	570,720	7.4%	2,038	12.68	744,793	6.7%	2,660	11.89
Miscellaneous Income	79,893	1.0%	285	1.78	106,825	1.0%	382	1.70
Total Revenue	**7,751,347**	**100.0%**	**27,683**	**172.28**	**11,184,089**	**100.0%**	**39,943**	**178.48**
Departmental Expenses								
Rooms	1,708,704	30.0%	6,103	37.98	2,326,974	27.6%	8,311	37.14
Food & Beverage	1,244,208	88.1%	4,444	27.65	1,805,168	95.3%	6,447	28.81
Other Operated Departments	298,550	52.3%	1,066	6.64	463,799	62.3%	1,656	7.40
Miscellaneous Income	-	0.0%	-	-	-	0.0%	-	-
Total Expenses	**3,251,462**	**41.9%**	**11,612**	**72.27**	**4,595,941**	**41.1%**	**16,414**	**73.34**
Total Departmental Profit	**4,499,885**	**58.1%**	**16,071**	**100.02**	**6,588,148**	**58.9%**	**23,529**	**105.14**
Undistributed Operating Expenses								
Administration & General	568,020	7.3%	2,029	12.62	645,064	5.8%	2,304	10.29
Credit Card Commissions	183,246	2.4%	654	4.07	276,537	2.5%	988	4.41
Information & Telecom Systems	145,983	1.9%	521	3.24	129,557	1.2%	463	2.07
Sales & Marketing	602,776	7.8%	2,153	13.40	877,952	7.9%	3,136	14.01
Franchise Royalty Fees[2]	284,440	5.0%	1,016	6.32	421,942	5.0%	1,507	6.73
Property Operation and Maintenance	454,787	5.9%	1,624	10.11	449,672	4.0%	1,606	7.18
Utilities	377,952	4.9%	1,350	8.40	443,093	4.0%	1,582	7.07
Total Undistributed Expenses	**2,617,204**	**33.8%**	**9,347**	**58.17**	**3,243,817**	**29.0%**	**11,585**	**51.77**
Gross Operating Profits	**1,882,681**	**24.3%**	**6,724**	**41.84**	**3,344,331**	**29.9%**	**11,944**	**53.37**
Management Fee	232,540	3.0%	831	5.17	335,523	3.0%	1,198	5.35
Income before Non-Operating	**1,650,141**	**21.3%**	**5,893**	**36.68**	**3,008,808**	**26.9%**	**10,746**	**48.02**
Non-Operating Income and Expenses								
Property and Other Taxes	614,875	7.9%	2,196	13.67	614,128	5.5%	2,193	9.80
Insurance	296,847	3.8%	1,060	6.60	293,574	2.6%	1,048	4.69
Other	-	0.0%	-	-	(941)	0.0%	(3)	(0.02)
Total Non-Operating Income and Expenses	**911,722**	**11.8%**	**3,256**	**20.26**	**906,761**	**8.1%**	**3,238**	**14.47**
Net Operating Income before FF&E Reserves	**738,419**	**9.5%**	**2,637**	**16.41**	**2,102,047**	**18.8%**	**7,507**	**33.55**
FF&E Reserves	310,054	4.0%	1,107	6.89	447,364	4.0%	1,598	7.14
NOI (net of FF&E Reserves)	**428,365**	**5.5%**	**1,530**	**9.52**	**1,654,684**	**14.8%**	**5,910**	**26.41**
Debt Service	999,175				1,341,570			
Cash Flow after Debt Service	**(570,810)**				**313,114**			

	2023 Amount	Ratio	PAR	POR	2024 Amount	Ratio	PAR	POR
Revenues								
Rooms	$ 8,829,682	75.4%	$ 31,535	$ 143.60	$ 7,642,332	75.2%	$ 27,294	$ 148.31
Food & Beverage	1,909,290	16.3%	6,819	31.05	2,006,838	19.7%	7,167	38.95
Other Operated Departments[1]	822,364	7.0%	2,937	13.37	365,767	3.6%	1,306	7.10
Miscellaneous Income	154,265	1.3%	551	2.51	148,350	1.5%	530	2.88
Total Revenue	**11,715,601**	**100.0%**	**41,841**	**190.53**	**10,163,287**	**100.0%**	**36,297**	**197.23**
Departmental Expenses								
Rooms	2,317,732	26.2%	8,278	37.69	1,999,287	26.2%	7,140	38.80
Food & Beverage	1,868,905	97.9%	6,675	30.39	1,937,310	96.5%	6,919	37.60
Other Operated Departments	462,600	56.3%	1,652	7.52	49,077	13.4%	175	0.95
Miscellaneous Income	-	0.0%	-	-	-	0.0%	-	-
Total Expenses	**4,649,237**	**39.7%**	**16,604**	**75.61**	**3,985,674**	**39.2%**	**14,235**	**77.35**
Total Departmental Profit	**7,066,364**	**60.3%**	**25,237**	**114.92**	**6,177,613**	**60.8%**	**22,063**	**119.89**
Undistributed Operating Expenses								
Administration & General	695,045	5.9%	2,482	11.30	642,041	6.3%	2,293	12.46
Credit Card Commissions	292,386	2.5%	1,044	4.76	292,364	2.9%	1,044	5.67
Information & Telecom Systems	137,642	1.2%	492	2.24	148,094	1.5%	529	2.87
Sales & Marketing	939,717	8.0%	3,356	15.28	871,131	8.6%	3,111	16.91
Franchise Royalty Fees[2]	441,484	5.0%	1,577	7.18	382,117	5.0%	1,365	7.42
Property Operation and Maintenance	478,493	4.1%	1,709	7.78	508,207	5.0%	1,815	9.86
Utilities	433,202	3.7%	1,547	7.05	426,743	4.2%	1,524	8.28
Total Undistributed Expenses	**3,417,969**	**29.2%**	**12,207**	**55.59**	**3,270,697**	**32.2%**	**11,681**	**63.47**
Gross Operating Profits	**3,648,395**	**31.1%**	**13,030**	**59.34**	**2,906,916**	**28.6%**	**10,382**	**56.41**
Management Fee	351,468	3.0%	1,255	5.72	304,899	3.0%	1,089	5.92
Income before Non-Operating	**3,296,927**	**28.1%**	**11,775**	**53.62**	**2,602,017**	**25.6%**	**9,293**	**50.50**
Non-Operating Income and Expenses								
Property and Other Taxes	587,178	5.0%	2,097	9.55	620,291	6.1%	2,215	12.04
Insurance	275,550	2.4%	984	4.48	335,763	3.3%	1,199	6.52
Other	(33,548)	-0.3%	(120)	(0.55)	(58,481)	-0.6%	(209)	(1.13)
Total Non-Operating Income and Expenses	**829,180**	**7.1%**	**2,961**	**13.49**	**897,573**	**8.8%**	**3,206**	**17.42**
Net Operating Income before FF&E Reserves	**2,467,747**	**21.1%**	**8,813**	**40.13**	**1,704,444**	**16.8%**	**6,087**	**33.08**
FF&E Reserves	468,624	4.0%	1,674	7.62	406,531	4.0%	1,452	7.89
NOI (net of FF&E Reserves)	**1,999,123**	**17.1%**	**7,140**	**32.51**	**1,297,913**	**12.8%**	**4,635**	**25.19**
Debt Service	2,474,933				2,295,227			
Cash Flow after Debt Service	**(475,810)**				**(997,314)**			

	TTM October 2025 Amount	Ratio	PAR	POR
Revenues				
Rooms	$ 6,033,762	77.6%	$ 21,549	$ 146.15
Food & Beverage	1,363,761	17.6%	4,871	33.03
Other Operated Departments[1]	281,444	3.6%	1,005	6.82
Miscellaneous Income	91,629	1.2%	327	2.22
Total Revenue	**7,770,596**	**100.0%**	**27,752**	**188.22**
Departmental Expenses				
Rooms	1,764,207	29.2%	6,301	42.73
Food & Beverage	1,606,101	117.8%	5,736	38.90
Other Operated Departments	31,993	11.4%	114	0.77
Miscellaneous Income	-	0.0%	-	-
Total Expenses	**3,402,301**	**43.8%**	**12,151**	**82.41**
Total Departmental Profit	**4,368,295**	**56.2%**	**15,601**	**105.81**
Undistributed Operating Expenses				
Administration & General	599,754	7.7%	2,142	14.53
Credit Card Commissions	222,248	2.9%	794	5.38
Information & Telecom Systems	160,206	2.1%	572	3.88
Sales & Marketing	839,304	10.8%	2,998	20.33
Franchise Royalty Fees[2]	301,688	5.0%	1,077	7.31
Property Operation and Maintenance	474,882	6.1%	1,696	11.50
Utilities	424,390	5.5%	1,516	10.28
Total Undistributed Expenses	**3,022,472**	**38.9%**	**10,795**	**73.21**
Gross Operating Profits	**1,345,823**	**17.3%**	**4,807**	**32.60**
Management Fee	233,118	3.0%	833	5.65
Income before Non-Operating	**1,112,705**	**14.3%**	**3,974**	**26.95**
Non-Operating Income and Expenses				
Property and Other Taxes	610,784	7.9%	2,181	14.79
Insurance	387,717	5.0%	1,385	9.39
Other	(42,121)	-0.5%	(150)	(1.02)
Total Non-Operating Income and Expenses	**956,380**	**12.3%**	**3,416**	**23.17**
Net Operating Income before FF&E Reserves	**156,325**	**2.0%**	**558**	**3.79**
FF&E Reserves	310,824	4.0%	1,110	7.53
NOI (net of FF&E Reserves)	**(154,499)**	**-2.0%**	**(552)**	**(3.74)**
Debt Service	1,361,616			
Cash Flow after Debt Service	**(1,516,115)**			

Footnotes:
(1) Minor Operating Departments revenue primarily captures parking revenue; until YE 2023, valet parking was operated in house; beginning 2024, valet parking was out sourced to a third-party operator whereby the Hotel earns commission
(2) Franchise Royalty Fee captures DoubleTree's rooms royalty fee equal to 5.0% of rooms revenue; % based on rooms revenue only
(3) Other Fixed Expenses captures antenna lease income

4. FINANCIAL ITEMS

- **Accounting Relationships:** Deloitte, CBIZ, and Cannon Wright Blount
- **Financing:** The redevelopment project will be financed with a senior construction loan and possible PACE financing
- **PILOT Requirement**
  - Project capitalization, redevelopment execution, and Hotel reopening is not viable without PILOT support.
  - The Hotel requires $55.0 million of capital expenditures to reopen as a high-quality, 4-star property, resulting in a total development basis of $63.0 million after accounting for the Hotel's current as-closed market value of $8.25 million.
  - A customary amount of first mortgage leverage and PACE financing is required to make the project feasible. Otherwise, without the PILOT, loan proceeds would be prohibitively low, requiring more equity than our investors are comfortable risking and at lower-than-market investment returns. The combination of substantially more equity risk and below-market investment returns renders the project infeasible.
  - Based on (i) a total development basis of $63.0 million, (ii) market debt assumptions assuming no PILOT support, and (iii) a reasonable pro forma accounting for current lodging fundamentals(1) in Downtown Memphis, the project yields an expected internal rate of return ("IRR") to the equity of 10.1% – well below "market" returns for equity risk in hotel development.
  - "Market" IRRs for a project of this type are typically 18% - 20%+. Consequently, the PILOT is required to enable the project to proceed as it adds predictable cash flow that is necessary for the lender to take comfort funding the project; without PILOT assistance, the project fails to cover debt service and achieve a 1.0x debt service coverage ratio in Yr 1 assuming market leverage of 68.0% loan to cost.
  - The appropriate amount of loan proceeds allows there to be a normal and acceptable amount of at-risk cash equity invested in the project. Additionally, with the PILOT, along with other public incentives, the corresponding IRR to the equity reaches an acceptable level: PILOT support improves the expected IRR from 10.1% to 16.0%. See Page 24 and 25 for the supporting projections and resulting returns with and without PILOT assistance.

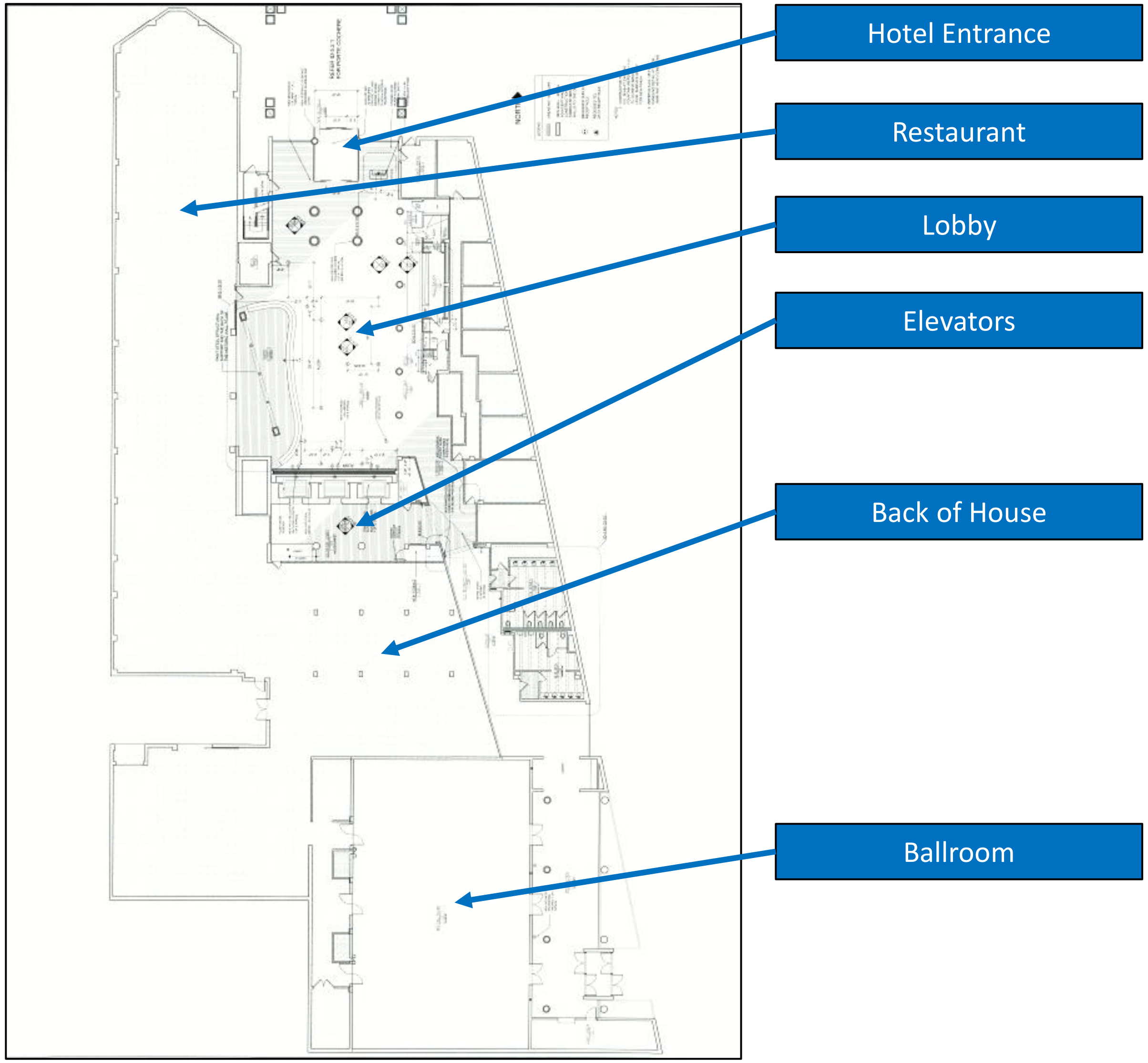
Footnotes:

"(1) Oversupply and a lack of market recovery post COVID has created a prohibitively challenging environment for Hotel reinvestment in the Memphis CBD Submarket ("Submarket"). Between YE 2017 and YE 2025, hotel supply in the Submarket grew 25% while RevPAR declined 14%. Operating costs increased 27% (3% annually) during this period, translating to a 40% gap between revenue and costs as of YE 2025. Market outlook is further challenged by recent Submarket RevPAR deterioration, with year-over-year Submarket RevPAR down 8.0% in 2024 and 9.8% in 2025.

5. ECONOMIC IMPACT PLAN

- **Project Area Boundary:** Boxed in red below

- **Hotel Ground Floor**



5. ECONOMIC IMPACT PLAN

- **Hotel Tax Parcel:**
  - 002066-00001C
- **Current Hotel Zoning:**
  - Commercial

Hotel

5. ECONOMIC IMPACT PLAN

- **Development Budget***

284 keys

DESCRIPTION	$ / ROOMS $ / ACRE $ /SF	BUDGET
HOTEL VALUE	$29,049	8,250,000
PROJECT COSTS		
HARD COSTS		28,162,120
KITCHEN (CONSTRUCTION & FFE)		750,000
FF&E	**$33,169**	9,420,000
OS&E	**$10,563**	3,000,000
APPRAISAL		12,500
THIRD PARTIES (ESA / PCA / ZONING)		25,000
SURVEY & MISC. CLOSING COSTS		25,000
LOAN FEES		
CONSTRUCTION LOAN	0.75%	282,750
C PACE Lender	1.00%	50,000
LEGAL FEES AND MISC CLOSING COSTS		
LENDERS LEGAL FEES		75,000
BORROWER LEGAL - FORMATION EXPENSE, LOAN & MGT. FEE		100,000
TITLE INSURANCE & MISC. CLOSING COSTS		50,000
BUILDERS RISK INSURANCE	0.85%	239,378
ARCHITECT, ENGINEERING, & OTHER CONSULTANTS		650,000
INTERIOR DESIGN		250,000
BRANDING CONSULTANT		150,000
DEVELOPMENT FEE		2,950,000
FRANCHISE APPLICATION FEE		113,600
TECHNICAL SERVICES FEE		300,000
PRE-OPENING COSTS		3,000,000
PROJECT MANAGER		350,000
TRAVEL/MEALS/LODGING		100,000
WORKING CAPITAL	$1,000	284,000
TRANSACTION CONTINGENCY	0.3%	561,000

		59,150,000
DEVELOPMENT COSTS BEFORE CAPITAL RESERVES		=============
INTEREST RESERVES		
FIRST MORTGAGE + PACE LOAN		3,850,000
TOTAL DEVELOPMENT COSTS		63,000,000

* Development budget omits the PILOT application fee as this cost is separately captured within the sources and uses of the bond issuance; PILOT + Hotel Surcharge proceeds summarized on the following page are **net** of bond issuance closing costs **including the PILOT application fee**

5. ECONOMIC IMPACT PLAN

- **PILOT Request**
  - 20-year, 75% PILOT
- **Hotel Surcharge Request**
  - Owner intends to separately request a 30-year, 5.0% hotel surcharge that the Hotel can levy against total revenues; Owner intends to monetize pledged revenues from PILOT and hotel surcharge via bond issuance; net bond proceeds shall be put towards project costs; PILOT and hotel surcharge incentives are necessary to enable the financial viability of the redevelopment
- **PILOT Financing Assumptions**
  - CHG intends to secure approximately $42.7 million of financing using a combination of senior debt and PACE
- **Sources & Uses:**

Sources	Amount	% of Total Cost	Cumulative $ / Key
First Mortgage	37,700,000	60%	132,746
C-PACE	5,000,000	8%	150,352
Total Debt	**42,700,000**	**68%**	**150,352**
Net PILOT + Hotel Surcharge Proceeds[1]	12,300,000		193,662
Other Incentives	5,000,000		211,268
Existing Cash Equity[2]	30,000,000		316,901
Total Equity	**47,300,000**		**316,901**
Subtotal	**90,000,000**		**316,901**
Foreclosure Event Equity Adjustment[2]	(27,000,000)		
Total	**63,000,000**	**100%**	**221,831**

Uses	Amount	% of Total Cost	$ / Key	Qualifying Dev't Costs	Qualifying PILOT Spend	Ratio
Hotel Value[3]	8,250,000	13%	29,049			
Hard Costs	28,912,120	46%	101,803	28,912,120	28,912,120	
FF&E	9,420,000	15%	33,169			
OS&E	3,000,000	5%	10,563			
Soft Costs	4,689,378	7%	16,512	4,689,378		
Loan Interest Reserves	3,850,000	6%	13,556	3,850,000		
Pre-Opening / Tech Services	3,300,000	5%	11,620	3,300,000		
Closing Costs	1,113,502	2%	3,921	1,113,502		
Working Capital	284,000	0%	1,000	284,000		
Owner Contingency	181,000	0%	637	181,000		
Total	**63,000,000**	**100%**	**221,831**	**42,330,000**	**28,912,120**	**68%**

Footnotes:

[1] PILOT + Hotel Surcharge Proceeds is **net** of bond issuance closing costs including the **PILOT application fee**

[2] In June 2023, Owner had loaned the previous owner $28.2 million to refinance the then-existing mortgage debt. At the time Owner foreclosed on the property in December 2025, the unpaid loan balance was approximately $30.0 million. For purposes of balancing the sources and uses, an accounting adjustment of -$27.0 million is necessary.

[3] 2026 tax assessment has been appealed by Owner; assessor has countered with a proposed Property assessment of $11.5 million, with final resolution pending; Owner is awaiting approval confirmation on a proposed allocation of $8.25 million allocated to the Hotel and $3.25 million allocated to the parking garage; valuation and allocation are further supported by a broker opinion of value received by Owner in May 2026 that concluded a current Property value of $8.0 million; **incremental tax benefit from Project is based on an as-closed market value of $8.25 million (as shown above)**, with $6.821 million attributable to the building and $1.429 million attributable to land (consistent with 2025 land assessment).

6. FINANCIAL PROJECTIONS

Value Summary

City + County	
Total Non-Property Taxes Generated for City + County	15,153,687
Incremental Property Taxes (25% PILOT Non Capture)	2,245,139
Total Value	**17,398,827**

Owner	
Incremental Property Taxes (75% PILOT Benefit)	6,735,418
Hotel Surcharge on Total Revenue	7,913,756
Total Value	**14,649,174**
Bond Issuance Fees, Closing Costs & Reserves	2,349,174
Net Bond Proceeds	**12,300,000**

Tax & Surcharge Projections

				Taxes Paid on Rooms Revenues				TID Fee Per	Total Non-	Incremental Property Taxes			Hotel
	Occupied	Rooms	Total	Sales Tax		Lodging Tax		Occupied	Property Taxes	25% PILOT	75% PILOT		Surcharge on
Yr	Room Nights	Revenue	Revenue	State	Local	City*	County	Room	Generated for	Non Capture	Benefit	Total	Total Revenue
				7.0%	2.75%	4.0%	5.0%	$2.00	City + County				5.0%
1	62,196	11,350,770	14,833,746		312,146	454,031	567,539	124,392	1,458,107	256,499	769,497	1,025,996	741,687
2	70,489	13,893,342	18,269,992		382,067	555,734	694,667	140,978	1,773,445	261,629	784,887	1,046,516	913,500
3	73,599	15,231,598	20,047,353		418,869	609,264	761,580	147,197	1,936,910	266,862	800,585	1,067,446	1,002,368
4	75,672	16,130,477	21,230,430		443,588	645,219	806,524	151,344	2,046,675	272,199	816,596	1,088,795	1,061,521
5	75,672	16,533,739	21,786,690		454,678	661,350	826,687	151,344	2,094,058	277,643	832,928	1,110,571	1,089,335
6	75,672	16,947,082	22,331,357		466,045	677,883	847,354	151,344	2,142,626	283,196	849,587	1,132,782	1,116,568
7	75,672	17,370,760	22,889,641		477,696	694,830	868,538	151,344	2,192,408	288,860	866,579	1,155,438	1,144,482
8	75,672	17,805,029	23,461,882		489,638	712,201	890,251	151,344	2,243,434	294,637	883,910	1,178,547	1,173,094
9	75,672	18,250,154	24,048,429		501,879	730,006	912,508	151,344	2,295,737	300,529	901,588	1,202,118	1,202,421
10	75,672	18,706,408	24,649,640		514,426	748,256	935,320	151,344	2,349,347	306,540	919,620	1,226,160	1,232,482
11	75,672	19,174,068	25,265,881		527,287	766,963	958,703	151,344	2,404,297	312,671	938,012	1,250,683	1,263,294
12	75,672	19,653,420	25,897,528		540,469	786,137	982,671	151,344	2,460,620	318,924	956,773	1,275,697	1,294,876
13	75,672	20,144,756	26,544,966		553,981	805,790	1,007,238	151,344	2,518,352	325,303	975,908	1,301,211	1,327,248
14	75,672	20,648,374	27,208,590		567,830	825,935	1,032,419	151,344	2,577,528	331,809	995,426	1,327,235	1,360,430
15	75,672	21,164,584	27,888,805		582,026	846,583	1,058,229	151,344	2,638,182	338,445	1,015,335	1,353,780	1,394,440
16	75,672	21,693,698	28,586,025		596,577	867,748	1,084,685	151,344	2,700,353	345,214	1,035,642	1,380,855	1,429,301
17	75,672	22,236,041	29,300,676		611,491	889,442	1,111,802	151,344	2,764,078	352,118	1,056,354	1,408,472	1,465,034
18	75,672	22,791,942	30,033,193		626,778	911,678	1,139,597	151,344	2,829,397	359,160	1,077,481	1,436,642	1,501,660
19	75,672	23,361,740	30,784,023		642,448	934,470	1,168,087	151,344	2,896,348	366,344	1,099,031	1,465,375	1,539,201
20	75,672	23,945,784	31,553,623		658,509	957,831	1,197,289	151,344	2,964,973	373,671	1,121,012	1,494,682	1,577,681
21	75,672	24,544,429	32,342,464		674,972	981,777	1,227,221	151,344	3,035,314				1,617,123
22	75,672	25,158,039	33,151,025		691,846	1,006,322	1,257,902	151,344	3,107,413				1,657,551
23	75,672	25,786,990	33,979,801		709,142	1,031,480	1,289,350	151,344	3,181,315				1,698,990
24	75,672	26,431,665	34,829,296		726,871	1,057,267	1,321,583	151,344	3,257,064				1,741,465
25	75,672	27,092,457	35,700,029		745,043	1,083,698	1,354,623	151,344	3,334,707				1,785,001
26	75,672	27,769,768	36,592,529		763,669	1,110,791	1,388,488	151,344	3,414,291				1,829,626
27	75,672	28,464,012	37,507,342		782,760	1,138,560	1,423,201	151,344	3,495,865				1,875,367
28	75,672	29,175,612	38,445,026		802,329	1,167,024	1,458,781	151,344	3,579,478				1,922,251
29	75,672	29,905,003	39,406,152		822,388	1,196,200	1,495,250	151,344	3,665,181				1,970,308
30	75,672	30,652,628	40,391,306		842,947	1,226,105	1,532,631	151,344	3,753,027				2,019,565
Total		**652,014,370**	**858,957,443**		**17,930,395**	**26,080,575**	**32,600,718**	**4,498,844**	**81,110,532**	**6,232,250**	**18,696,751**	**24,929,001**	**42,947,872**
								Discount Rate	**14.0%**	**11.5%**	**11.5%**	**11.5%**	**14.0%**
								Present Value	**15,153,687**	**2,245,139**	**6,735,418**	**8,980,557**	**7,913,756**

6. FINANCIAL PROJECTIONS

Redevelopment WITH PILOT
Investment Pro Forma & Returns

						Refinance[2]															
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Equity Outflow[1]	(42,300,000)																				
Rooms Revenue		11,350,770	13,893,342	15,231,598	16,130,477	16,533,739	16,947,082	17,370,760	17,805,029	18,250,154	18,706,408	19,174,068	19,653,420	20,144,756	20,648,374	21,164,584	21,693,698	22,236,041	22,791,942	23,361,740	23,945,784
Total Revenue		**14,833,746**	**18,269,992**	**20,047,353**	**21,230,430**	**21,786,690**	**22,331,357**	**22,889,641**	**23,461,882**	**24,048,429**	**24,649,640**	**25,265,881**	**25,897,528**	**26,544,966**	**27,208,590**	**27,888,805**	**28,586,025**	**29,300,676**	**30,033,193**	**30,784,023**	**31,553,623**
Expenses		11,576,611	13,295,869	14,327,707	15,007,181	15,422,444	15,808,005	16,203,205	16,608,286	17,023,493	17,449,080	17,885,307	18,332,440	18,790,751	19,260,520	19,742,032	20,235,583	20,741,473	21,260,010	21,791,510	22,336,298
Net Operating Income		**3,257,135**	**4,974,124**	**5,719,646**	**6,223,248**	**6,364,246**	**6,523,352**	**6,686,436**	**6,853,597**	**7,024,937**	**7,200,560**	**7,380,574**	**7,565,088**	**7,754,216**	**7,948,071**	**8,146,773**	**8,350,442**	**8,559,203**	**8,773,183**	**8,992,513**	**9,217,326**
Senior Debt Service		(2,921,750)	(3,045,589)	(3,417,107)	(3,417,107)	(3,417,107)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)	(4,799,288)
PACE Debt Service		(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)
Net Cash Flow		**-105,632**	**1,487,517**	**1,861,522**	**2,365,124**	**2,506,122**	**1,283,047**	**1,446,131**	**1,613,292**	**1,784,632**	**1,960,255**	**2,140,269**	**2,324,784**	**2,513,911**	**2,707,766**	**2,906,468**	**3,110,137**	**3,318,898**	**3,532,878**	**3,752,208**	**3,977,021**
PILOT Benefit (75% of Incremental Taxes)		769,497	784,887	800,585	816,596	832,928	849,587	866,579	883,910	901,588	919,620	938,012	956,773	975,908	995,426	1,015,335	1,035,642	1,056,354	1,077,481	1,099,031	1,121,012
Hotel Surcharge (5% of Total Revenue)		741,687	913,500	1,002,368	1,061,521	1,089,335	1,116,568	1,144,482	1,173,094	1,202,421	1,232,482	1,263,294	1,294,876	1,327,248	1,360,430	1,394,440	1,429,301	1,465,034	1,501,660	1,539,201	1,577,681
City Local Sales & Lodging Tax Benefit (65% of Total City Taxes equal to 6.75% of Rooms Revenue)		498,015	609,570	668,286	707,725	725,418	743,553	762,142	781,196	800,726	820,744	841,262	862,294	883,851	905,947	928,596	951,811	975,606	999,996	1,024,996	1,050,621
Total Project Incentives		**2,009,199**	**2,307,957**	**2,471,239**	**2,585,842**	**2,647,681**	**2,709,708**	**2,773,203**	**2,838,200**	**2,904,735**	**2,972,846**	**3,042,569**	**3,113,943**	**3,187,008**	**3,261,803**	**3,338,371**	**3,416,754**	**3,496,994**	**3,579,138**	**3,663,229**	**3,749,314**
Key Money Proceeds[3]		1,500,000																			
Repay Senior Construction Loan						(35,216,006)															
New Senior Term Loan (Sized to 10% DY after PACE | Net of 2% Closing Costs)						58,047,645															
Gross Sale Proceeds (7.5% Exit Cap Rate)																					122,897,675
Net Sale Proceeds (2.5% Sale Costs)																					119,825,233
Repay Senior Term Loan																					(36,278,839)
Repay PACE Loan																					(1,963,566)
Net Equity Proceeds		**1,500,000**	**0**	**0**	**0**	**22,831,639**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**81,582,829**
Total Flows	**-42,300,000**	**3,403,567**	**3,795,474**	**4,332,760**	**4,950,967**	**27,985,442**	**3,992,755**	**4,219,334**	**4,451,492**	**4,689,367**	**4,933,101**	**5,182,838**	**5,438,726**	**5,700,918**	**5,969,569**	**6,244,839**	**6,526,891**	**6,815,893**	**7,112,016**	**7,415,437**	**89,309,164**

Internal Rate of Return	**16.0%**

[1] Equity outflow of $42.3 million at closing is equal to the $30.0 million of existing cash equity plus $12.3 million of Net PILOT + Hotel Surcharge Proceeds

[2] Refinance returns certain equity proceeds

[3] Key money represents a brand contribution towards the project issued at completion

6. FINANCIAL PROJECTIONS

Redevelopment WITHOUT PILOT
Investment Pro Forma & Returns

					Refinance[2]																
Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
Equity Outflow[1]	(42,300,000)																				
Rooms Revenue		11,350,770	13,893,342	15,231,598	16,130,477	16,533,739	16,947,082	17,370,760	17,805,029	18,250,154	18,706,408	19,174,068	19,653,420	20,144,756	20,648,374	21,164,584	21,693,698	22,236,041	22,791,942	23,361,740	23,945,784
Total Revenue		**14,833,746**	**18,269,992**	**20,047,353**	**21,230,430**	**21,786,690**	**22,331,357**	**22,889,641**	**23,461,882**	**24,048,429**	**24,649,640**	**25,265,881**	**25,897,528**	**26,544,966**	**27,208,590**	**27,888,805**	**28,586,025**	**29,300,676**	**30,033,193**	**30,784,023**	**31,553,623**
Expenses		11,576,611	13,295,869	14,327,707	15,007,181	15,422,444	15,808,005	16,203,205	16,608,286	17,023,493	17,449,080	17,885,307	18,332,440	18,790,751	19,260,520	19,742,032	20,235,583	20,741,473	21,260,010	21,791,510	22,336,298
Net Operating Income		**3,257,135**	**4,974,124**	**5,719,646**	**6,223,248**	**6,364,246**	**6,523,352**	**6,686,436**	**6,853,597**	**7,024,937**	**7,200,560**	**7,380,574**	**7,565,088**	**7,754,216**	**7,948,071**	**8,146,773**	**8,350,442**	**8,559,203**	**8,773,183**	**8,992,513**	**9,217,326**
Senior Debt Service		(2,921,750)	(3,045,589)	(3,417,107)	(3,417,107)	(3,417,107)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)	(3,999,407)
PACE Debt Service		(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)	(441,017)
Net Cash Flow		**-105,632**	**1,487,517**	**1,861,522**	**2,365,124**	**2,506,122**	**2,082,929**	**2,246,012**	**2,413,173**	**2,584,513**	**2,760,137**	**2,940,151**	**3,124,665**	**3,313,792**	**3,507,648**	**3,706,349**	**3,910,019**	**4,118,780**	**4,332,760**	**4,552,089**	**4,776,902**
PILOT Benefit (75% of Incremental Taxes)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hotel Surcharge (5% of Total Revenue)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City Local Sales & Lodging Tax Benefit (65% of Total City Taxes equal to 6.75% of Rooms Revenue)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Project Incentives		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Key Money Proceeds[3]		1,500,000																			
Repay Senior Construction Loan						(35,216,006)															
New Senior Term Loan (Sized to 12% DY after PACE | Net of 2% Closing Costs)						48,373,038															
Gross Sale Proceeds (7.5% Exit Cap Rate)																					122,897,675
Net Sale Proceeds (2.5% Sale Costs)																					119,825,233
Repay Senior Term Loan																					(30,232,366)
Repay PACE Loan																					(1,963,566)
Net Equity Proceeds		**1,500,000**	**0**	**0**	**0**	**13,157,032**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**87,629,302**
Total Flows	**-42,300,000**	**1,394,368**	**1,487,517**	**1,861,522**	**2,365,124**	**15,663,154**	**2,082,929**	**2,246,012**	**2,413,173**	**2,584,513**	**2,760,137**	**2,940,151**	**3,124,665**	**3,313,792**	**3,507,648**	**3,706,349**	**3,910,019**	**4,118,780**	**4,332,760**	**4,552,089**	**92,406,204**

Internal Rate of Return	**10.1%**

[1] Equity outflow of $42.3 million at closing is equal to the $30.0 million of existing cash equity plus $12.3 million of Net PILOT + Hotel Surcharge Proceeds

[2] Refinance returns certain equity proceeds

[3] Key money represents a brand contribution towards the project issued at completion

7. PROJECT TIMELINE

- **Funding of the Project:** Redevelopment financing anticipated to close before 1/1/27 in Q4 2026, with PILOT approval deemed to be a condition of such financing
- **First Expenditure of Funds:** Year end 2026 timing for physical construction. $500K to $1.0 million will be spent prior to that point to finalize project design and architectural plans.
- **Construction Commencement:** Year end 2026, or earlier if possible.
- **Completion:** January 2028, or earlier if possible.

8. PROJECT TEAM

- **Architect:** Meyers & Associates / Columbus, OH
- **Interior Design:** Parts & Labor Design / Brooklyn, NY
- **Branding Consultant:** T/B/D
- **Food & Beverage Consultant:** T/B/D
- **General Contractor:** T/B/D
- **Counsel:** Bass, Berry & Sims, PLC

9. PILOT LEASE PREPARATION

- **PILOT Lessee:** K&U Memphis, LLC, or its affiliate
- **Hotel Tax Parcel Number:** 002066-00001C
- **2026 Assessed Value**
  - Property: $11,500,000
    - Proposed Hotel Allocation: $8,250,000
    - Proposed Parking Garage Allocation: $3,250,000
  - 2026 tax assessment has been appealed by Owner; assessor has countered with a proposed Property assessment of $11.5 million, with final resolution pending; Owner is awaiting approval confirmation on a proposed allocation of $8.25 million allocated to the Hotel and $3.25 million allocated to the parking garage; valuation and allocation are further supported by a broker opinion of value received by Owner in May 2026 that concluded a current Property value of $8.0 million
- **Structure:** PILOT lessee intends to pay full taxes and use the PILOT payments as security for bonds to be issued by CCRFC with a term of 20 years

10. CREDIT REFERENCES

Credit References
Kelly Sousa Senior Vice President Huntington National Bank 41 South High Street, Columbus, Ohio 43215 (614) 480-5089 Kelly.L.Sousa@huntington.com
Dave Duncan Executive Vice President, Commercial Real Estate WesBanco Bank 1 Bank Plaza, Wheeling, WV 26003 (614) 904-7043 Duncan@wesbanco.com
Nick Markovich Senior Vice President, Commercial Real Estate Peoples Bank 250 E. Wilson Bridge Rd. Ste 230 Worthington, OH 43085 (614) 842-9863 Nick.Markovich@pebo.com

11. DISCLOSURES

- **Criminal Proceedings:** None
- **Felony Incidents:** None
- **Bankruptcy Filings:** None

12. APPLICANT AFFIRMATION

- This application is made in order to induce the Memphis Center City Revenue Finance Corporation (CCRFC) to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCRFC in its consideration of the application is included. The applicant expressly consents to the CCRFC's investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show a good faith effort with regard to the employment of M/WBE contractors. The applicant specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCRFC whether or not the incentive is granted or project is completed.

- Agreed and Affirmed: By: ______________________________

  Its Representative, Adam D. Valente

  On behalf of Memphis K&U, LLC

EXHIBIT A: PILOT VALUATION SHEET

PILOT Request	
Requested PILOT Term (years)	20.0
Project Type	Rehabilitation
Located in the CBID?	Yes
Current Amounts	
Base Appraisal	$8,250,000
Base Assessment	$3,300,000
Annual City Tax on Base Assessment	$85,167
Annual County Tax on Base Assessment	$89,179
Annual RE Taxes on Base Assessment	**$174,345**
Project Costs	
Acquisition Cost	$8,250,000
Hard Costs	$28,912,120
Soft Costs	$25,837,880
Total Project Costs w/o PILOT fee	**$63,000,000**
Hard Costs Investment Check - 45.9%	**NO**
Public grants eligible for PILOT fee basis reduction	$0
PILOT fee basis	$63,000,000
PILOT fee	**$945,000**
Total Project Costs w/ PILOT fee	**$63,945,000**
Valuation & CBID Assessment	
Base Appraisal	$56,800,000
Percentage of Hard Costs	$0
Estimated Appraisal after Improvements	$56,800,000
Estimated Assessment after Improvements	**$22,720,000**
Estimated Annual CBID Assessment after Improvements	**$147,615**
Annual RE Taxes	
*Hypothetical annual taxes without PILOT**	
Estimated Hypothetical Annual City Tax without PILOT*	$586,360
Estimated Hypothetical Annual County Tax without PILOT*	$613,981
Estimated Hypothetical Total Annual Taxes without PILOT*	**$1,200,341**
Estimated annual taxes with PILOT	
Estimated Annual City Tax with PILOT	$210,465
Estimated Annual County Tax with PILOT	$220,379
Estimated Total Annual Taxes with PILOT	**$430,844**
Estimated Annual Benefit	**$769,497**
Cumulative RE Taxes	
*Hypothetical cumulative taxes without PILOT**	
Estimated Hypothetical Cumulative City Tax without PILOT*	$11,727,201
Estimated Hypothetical Cumulative County Tax without PILOT*	$12,279,624
Estimated Hypothetical Total Cumulative Taxes without PILOT*	**$24,006,824**
Estimated cumulative taxes with PILOT	
Estimated Cumulative City Tax with PILOT	$4,209,301
Estimated Cumulative County Tax with PILOT	$4,407,585
Estimated Total Cumulative Taxes with PILOT	**$8,616,886**
Estimated Cumulative Benefit over 20-Year PILOT	**$15,389,938**
Estimated Cumulative Increase in Taxes due to PILOT	**$5,129,979**

*Staff has concluded that this project would not go forward without a PILOT. Hence, the "Estimated Hypothetical" amounts are fictional/moot numbers used to calculate the benefit of the PILOT to the project. The benefit figure does not represent lost tax revenue to the City or County. Without the PILOT, the property would remain unimproved and the tax assessment would continue to be based upon the unimproved value. With the PILOT, the amount listed above as "Estimated Cumulative Increase in Taxes due to PILOT" would be the approximate benefit over the PILOT term to the City and County from newly generated property tax revenue. That amount does not include any new sales taxes that will be generated by the construction and operation of the project. Furthermore, after the PILOT term has finished, it is expected that the annual taxes will be approximate to the amount listed as "Estimated Hypothetical Total Annual Taxes without PILOT".

EXHIBIT B: FORECLOSURE DEED

Shelby County Tennessee
Willie F. Brooks, Jr.
Shelby County Register

As evidenced by the instrument number shown below, this document has been recorded as a permanent record in the archives of the Office of the Shelby County Register.

25107681
12/17/2025 - 08:02:30 AM

5 PGS	
LACY 2915334-25107681	
VALUE	28761000.00
MORTGAGE TAX	0.00
TRANSFER TAX	106415.70
RECORDING FEE	30.00
DP FEE	2.00
REGISTER'S FEE	1.00
EFILE FEE	2.00
TOTAL AMOUNT	106450.70

WILLIE F. BROOKS JR
REGISTER OF DEEDS SHELBY COUNTY TENNESSEE

1075 Mullins Station, Suite W165 ~ Memphis, Tennessee 38134 (901) 222-8100
Website: http://register.shelby.tn.us Email: register@shelbycountytn.gov

SUCCESSOR TRUSTEE'S DEED

Address New Owner:	Map-Parcel Numbers:	Send Tax Bills To:
Memphis K&U, LLC 1500 Main Street Wheeling, WV 26003	002066 00001C 002065 00008	Same
This instrument prepared by: (CSS) Bradley Arant Boult Cummings LLP 1221 Broadway, Suite 2400 Nashville, TN 37203		

WHEREAS, King & Union Memphis Acquisitions, LLC, by Deed of Trust (the "**Deed of Trust**") dated June 30, 2023, transferred and conveyed to D. Matthew Foster, Trustee, the property described in Exhibit A hereto (the "**Property**") (the Deed of Trust being of record at Instrument No. 23063744, Register's Office for Shelby County, Tennessee); and

WHEREAS, a Successor Trustee has been appointed by the lawful owner and holder of the indebtedness secured by the Deed of Trust (said Appointment of Successor Trustee being of record in Instrument No. 25093292, said Register's Office); and

WHEREAS, the indebtedness secured by the Deed of Trust has become overdue and unpaid, and the lawful holder and owner of said debt has called upon the Successor Trustee to foreclose the Deed of Trust; and

WHEREAS, the Successor Trustee, after due advertisement as required by law and as required by the terms of the Deed of Trust, offered the Property for sale to the highest bidder for cash, at public outcry, at one-thirty o'clock in the afternoon (1:30 p.m.), December 4, 2025, at the Shelby County Courthouse, Memphis, Tennessee when and where **Memphis K&U, LLC** ("**Grantee**"), a Delaware limited liability company, became the last and highest bidder for cash, by assignment, at the price of Twenty Eight Million Seven Hundred Sixty-One Thousand and No/100 Dollars ($28,761,000.00).

NOW, THEREFORE, in his capacity as Successor Trustee, and not otherwise, and in consideration of the premises and payment of the sum stated above, the receipt and sufficiency of which are acknowledged, Charles S. Sanger, Successor Trustee hereby conveys the Property to the Grantee and the Grantee's heirs or successors and assigns.

TO HAVE AND TO HOLD the Property in as full and complete manner as the undersigned, in his capacity as Successor Trustee, and not otherwise, has the power to convey the same.

Charles S. Sanger, as Successor Trustee, and not otherwise, warrants the title to the Property to the Grantee and Grantee's heirs or successors and assigns, against the lawful claims of all persons claiming by, through or under him. The Property is sold, however, without any other warranty as to the quantity or quality thereof, and expressly subject to the following:

308067-401001
4919-4785-3181.1

- 1 -

EXHIBIT B: FORECLOSURE DEED

1. Any and all unpaid taxes and assessments, plus interest and penalty, if any.

2. Easement of record at Instrument No. G9 7216 (easement reserved in Quit Claim Deed), as appears on survey prepared by Partner Engineering and Science, Inc., dated December 8, 2017, last revised April 19, 2018, as to Parcel II only.

3. Easement of record at Instrument No. Y4 7053, as appear on aforesaid survey, as to Parcel II only.

4. Easement of record at Instrument No. Y4 7054, as appears on aforesaid survey, as to Parcel II only.

5. Terms and conditions of Encroachment Agreement by and between Memphis Plaza Hotel Partners, Ltd. and the City of Memphis, in which the canopies and overhang encroachments are permitted pursuant to said agreement recorded at Instrument No. Y6 1220, in the aforesaid Register's Office, as to Parcel I only.

6. Terms and conditions of Encroachment Agreement by and between Memphis Plaza Hotel Partners, Ltd. and the City of Memphis, of record at Instrument No. Y4 7055, in the aforesaid Register's Office, as to Parcel II.

7. Any and all other prior restrictions, encumbrances, or liens of any nature including without limitation the right(s) of redemption of any taxing authority.

Words used herein indicating number or gender shall be read as context may require.

Dated this 5TH day of December, 2025.

Charles S. Sanger, Successor Trustee
Charles S. Sanger, as Successor Trustee, and not otherwise

STATE OF TENNESSEE
COUNTY OF DAVIDSON

Personally appeared before me, Dolores Huff Roe, a Notary Public in and for said County and State, the within named Charles S. Sanger, Successor Trustee, the bargainor, with whom I am personally acquainted (or to me proved on the basis of satisfactory evidence), and who acknowledged that he executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal at Nashville, Tennessee, this 5th day of December, 2025.

DOLORES HUFF ROE STATE OF TENNESSEE NOTARY PUBLIC SUMNER COUNTY My Commission Expires JULY 21, 2026

Dolores Huff Roe
Notary Public

My Commission Expires: 7/21/2026

308067-401001
4919-4785-3181.1

The actual consideration for this transfer or value of the property transferred, whichever is greater, is $28,761,000.00.

Charles S. Sanger, Successor Trustee
AFFIANT

Subscribed and sworn to before me this 5TH day of December, 2025.

Dolores Huff Roe
Notary Public

My Commission Expires: 7/21/2026

DOLORES HUFF ROE STATE OF TENNESSEE NOTARY PUBLIC SUMNER COUNTY My Commission Expires JULY 21, 2026

308067-401001
4919-4785-3181.1

EXHIBIT B: FORECLOSURE DEED

EXHIBIT A

Parcel I – HOTEL

Parcel I of Memphis Plaza Hotel Partners, LTD-1 property described in Instrument Number V9 2782 and V6 1220 as recorded in the Shelby County Register's Office and more particularly described by metes and bounds as follows:

Beginning at the intersection of the east line of Third Street (66 feet wide) and the south line of Union Avenue (80 feet wide);

thence S69°51'48"E along the south line of Union Avenue a distance of 20.38 feet to a point; thence S33°14'32"E continuing along the south line of Union Avenue a distance of 20.61 feet to a point on the west line of Lot 1 of the Subdivision of the Washington Bolton property;

thence N20°28'39"E along the west line of Lot 1 a distance of 12.29 feet to a point on the south line of Union Avenue;

thence S69°51'48"E along the south line of Union Avenue a distance of 44.30 feet to a point of curvature, thence southeastwardly along a 20 foot radius curve to the right an arc distance of 27.55 feet to a point of tangency in the west line of Hernando Street (60 feet wide);

thence S09°04'15"W along the west line of Hernando Street a distance of 292.28 feet to a point, said point being on an extension of the line dividing Lots 36 and 37 of the Talbot Subdivision;

thence N69°13'02"W along a line dividing Lots 36 and 37 of said Talbot Subdivision a distance of 101.91 feet to a point;

thence N21°26'02"E a distance of 43.76 feet to a point; thence N69°28'56"W a distance of 58.80 feet (measured and called) to a crow's foot chisel mark (found) on the east line of Third Street;

thence N20°44'03"E along the east line of Third Street a distance of 257.74 feet to the POINT OF BEGINNING and containing 0.832 acres.

Parcel II – PARKING GARAGE

Parcel II of the Memphis Plaza Hotel Partners LTD-1 property described by Instrument Number V9 2782 as recorded in the Shelby County Register's Office and more particularly described by metes and bounds as follows:

Beginning at a point in the south line of Union Avenue (80 foot Right of Way), said point being 105.94 feet westward of the tangent intersection with the west line of Fourth Street (56 foot right of way), as measured along said south line;

thence S00°03'54"E a distance of 400.36 feet (call 399.99') to a point in the north line of Gayoso Avenue (40 foot Right of Way);

thence S89°57'37"W and with said north line, a distance of 95.64 feet to a point;

thence N09°37'07"W a distance of 126.53 feet to a point;

thence N02°52'48"E a distance of 62.16 feet to a point;

thence N01°29'45"E a distance of 20.01 feet to a point;

thence N89°50'16"E a distance of 28.02 feet to a point;

thence N00°22'43"W a distance of 193.26 feet (call 193.00 feet) to a point in the south line of Union Avenue;

thence N89°50'16"E, and along said south line, a distance of 85.95 feet to the POINT OF BEGINNING and containing 0.899 acres.

Being the same property conveyed to King & Union Memphis Acquisitions, LLC by Carey Watermark 1 LLC by that certain Special Warranty Deed dated April 19, 2018, and of record in Instrument No. 18038412, in the Register's Office of Shelby County, Tennessee.