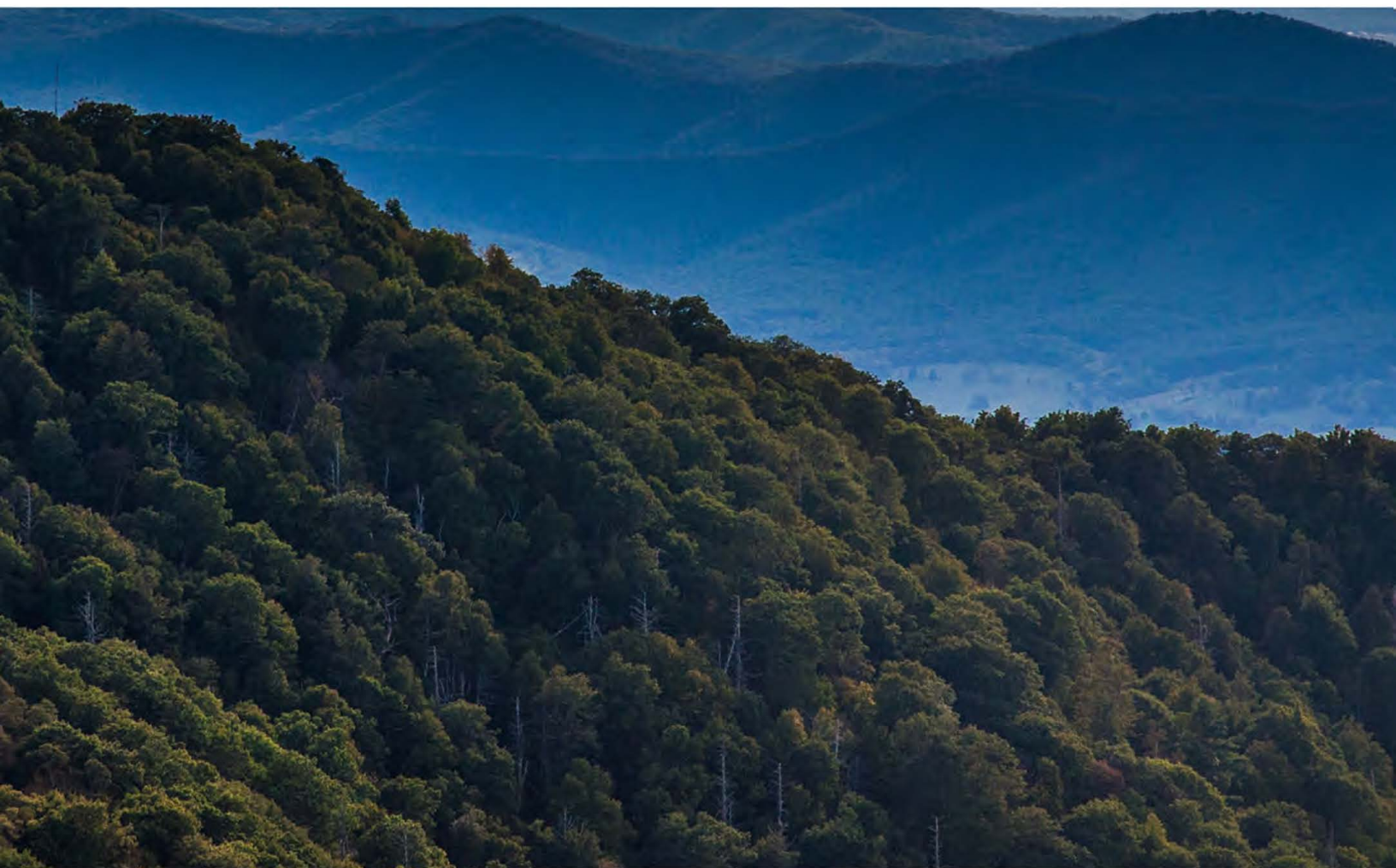


Martinsville

HENRY COUNTY VIRGINIA

Martinsville-Henry County Investor Prospectus





01



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Introduction to Martinsville - Henry County

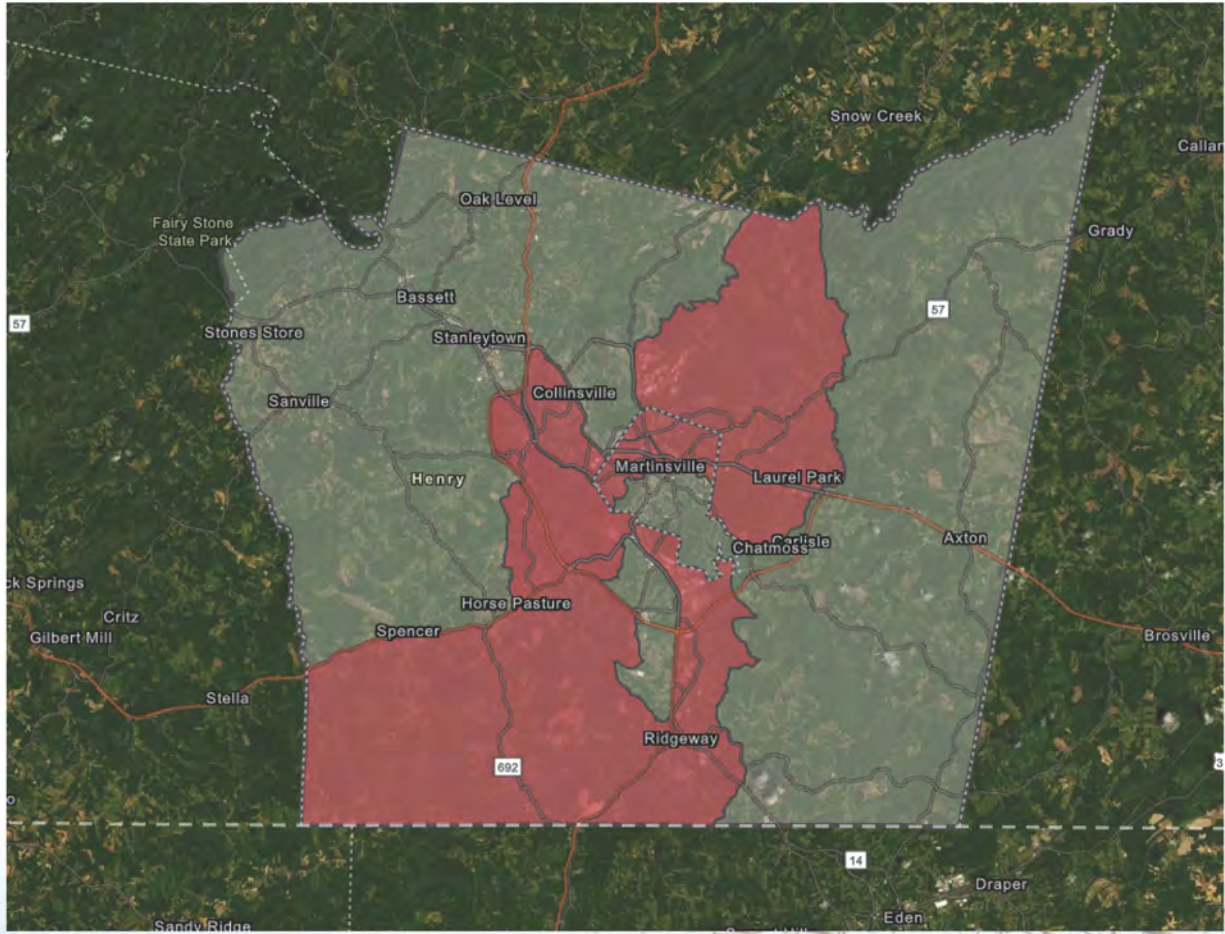
Located in south central Virginia on the border with North Carolina, Henry County is a hidden gem. Its natural beauty stands out against a backdrop of rich, classic American history. Henry County is home to Philpott Lake, multiple art and history museums, renowned manufacturers, and opportunities for building development.

Established in 1777 and named after the sitting Governor of Virginia at the time, Patrick Henry, the county had many notable early settlers such as George Waller, Captain George Hairston, and Major John Redd who were all present at the British surrender at Yorktown during the Revolutionary War.

In 1928, Martinsville became an independent city surrounded by Henry County. Though separate entities, the City of Martinsville and Henry County work very closely on planning and economic development efforts. In addition to furniture and textile manufacturing, Martinsville is home to one of the most famous racetracks in the United States, Martinsville Speedway. Martinsville Speedway opened its doors in 1947 and became a charter member of NASCAR the following year.



Martinsville-Henry County Region Map



About Opportunity Zones

Recent estimates suggest that U.S. investors hold upwards of \$6.1 trillion in unrealized capital gains. Opportunity Zones leverage this pool of money to promote economic development by providing federal capital gains tax advantages for investments made in these areas. Investors can realize deferral and reduction of capital gains taxes in investments held for at least 5 years with additional incentives available for investments maintained in Opportunity Zones 10 years.

For the Martinsville-Henry County area, differentiating factors include a strong local economy, robust community assets that foster quality of life and tourism, an artistic and creative culture, and a variety of anchor businesses. Martinsville-Henry County offers a favorable business environment, business friendly local leadership, and numerous local and state incentives.

Currently, well-vetted prospective developments include hotel and Uptown residential opportunities.



“The typical profile of an OZ real estate investor is someone who is interested in tax savings, wealth-building, and preservation with a medium- to long-term hold period.”

- Meg Epstein, Forbes Council

The 3 Main Benefits of OPPORTUNITY FUND INVESTING



Defer Payment

Opportunity Funds allow investors to defer payment of the capital gains until December 31st, 2026.



Reduce Owed Taxes

Opportunity Fund investing reduces the tax investors owe by up to 10% after seven years.



Pay Zero Tax On Gains

Investors can enjoy tax free capital gains earned from investments through the Opportunity Fund.

Community Assets

LIFESTYLE, LOCATION, EDUCATION,
TECH-ORIENTED INNOVATION, CULTURE

RECREATION

Henry County offers a plethora of options for people who are on-the-go and looking for outdoor activities. Fun options such as fishing, hiking, golfing, hunting, motorsports and other sports can all be found within the county.

Located in the northwest corner of Henry County, Philpott Lake offers pleasure boating, where paddlers can explore unique sites such as hidden waterfalls, scenic rock outcrops and three large islands. On the largest island, Deer Island, a camping site is also available. The lake has a variety of fish to catch including walleye, smallmouth bass, carp and largemouth bass.

If hiking is more your speed, the Smith River Trail System is a 44.5-mile section of the Smith River that stretches across 10 river access points and more than 20 miles of open greenway. One way to spice up your Henry County adventure is with the "Dirty Dozen" challenge. Hike, bike, and/or paddle at least 12 miles of combined trail in gorgeous Martinsville-Henry



RECREATION

County. Golf away at two local golf courses nestled nicely in the foothills of the Blue Ridge Mountains. Hunting is also available in 6 different recreation areas making up over 10,000 acres of public land.

If motorsports are calling you, check out historic Martinsville Speedway. The Speedway is the only track in the NASCAR Cup Series which has hosted a race every year since the founding in 1948. The track was voted best view of the action by fans and hosts three major race event weekends per year.

Henry County is also home to amazing travel sports. The Smith River Sports Complex hosts not only youth matches, but high school and college tournaments. With two synthetic FieldTurf championship fields and three more tournament quality, Bermuda-grass fields, the Complex has been designed with quality and care. The Complex can host soccer, lacrosse, football, field hockey, Ultimate Frisbee, T-ball and other sporting events.

If you're missing out on America's two favorite pastimes, Football and Baseball, fear not, Henry County has you covered. The Martinsville Mayhem Semi-Pro Football Team play each spring while the Martinsville Mustangs play baseball each summer at Hooker Field.



EDUCATION

EDUCATION

Patrick Henry Community College, founded in Martinsville in 1962, provides associate degree programs, certificate programs, and career and technical programs, including industry-recognized certifications and short-term workforce credential programs for high-demand occupations.

The Racing College of Virginia, home to Patrick Henry Community College's Motorsports Technology program, is a premier educational facility for students to build skills for the motorsports industry. Graduates receiving an associate degree from PHCC work in industry and may transfer to a baccalaureate level program to earn a bachelor's degree in engineering technology.

New College Institute of Virginia is a state-funded higher educational entity that provides access to bachelor, master, and doctorate programs through a partnership with Virginia colleges. The college offers students of southern Virginia access to pursuing post-secondary education.





ARTS & CULTURE

Located in the heart of Martinsville's Art & Cultural District, Piedmont Arts is an award-winning museum that curates' exhibitions from regional, national, and international artists. The museum also includes a schedule of art classes meant for all ages, an impressive outdoor art garden and a public walking art tour experience through Uptown Martinsville.

The Little Post Office stands at just 275 square feet and is the last free-standing Star Route Delivery Post Office in the United States. The facility and surrounding grounds can be rented for weddings, parties, and other events in coordination with Piedmont Arts.

The Smithsonian affiliated Virginia Museum of Natural History serves as the center for the collection on ground-breaking scientific research specific to Virginia. The Museum's mission is to interpret Virginia's natural heritage within a global context. The institution has been doing this through their outreach programs and traveling exhibits and displays.

The Fayette Area Historical Initiative African American Museum and Cultural Center tells the African American experience of the Martinsville-Henry County through collected, preserved, and interpreted documents. The exhibits highlight more than 100 years of African American history. The displays include photos and descriptions of black-owned businesses, retail stores, doctor's offices, and historic buildings.

The Martinsville-Henry County Heritage Center and Museum is housed in the Historic Henry County Courthouse. Featuring a timeline of the history of Martinsville and Henry County, the museum also houses artifacts, photographs, and articles on subjects from Native American fish weirs to the local industries specific to the region.

The Bassett Historical Center is the repository for all genealogical research and local history for the counties of Henry and Patrick and the City of Martinsville, VA. Patrons have come from all over the U.S. and 9 foreign countries to view the files housed here.

TRANSPORTATION

Martinsville-Henry County can be found at the crossroads of US Route 220 running north-south and US Route 58 running east-west. Both are major, well-maintained, 4-lane highways. Approximately 14,000 cars pass through Martinsville Henry County each day on US 58. Approximately 19,000 cars travel through the region on US 220.

Martinsville-Henry County is well connected by rail as the region is served by Norfolk Southern Railways, one of the nation's premier transportation companies. Norfolk Southern operates approximately 21,000 route miles in 22 states and the District of Columbia, serves every major container port in the eastern United States, and provides superior connections to western rail carriers.

Only a 30-minute drive from the southern border of Henry County, the Piedmont Triad International Airport located in Greensboro, North Carolina makes air travel convenient. Martinsville-Henry County also offers a regional, executive airport -Blue Ridge Regional Airport -which features a 5,000 foot runway, which can support smaller jets.

PART: The Piedmont Area Regional Transit system (part) is a public bus system that serves Henry County and the City of Martinsville. PART helps connect residents to places of employment and quality of life amenities.

Virginia Breeze Bus Lines: The Virginia Breeze Bus Lines is an intercity bus service that connects communities across the Commonwealth. This service serves the New River Valley, the Shenandoah Valley, the Piedmont Region, the Southern Racing Region, and Northern Virginia.

With affordable fares, accessible buses, and multiple routes, Virginia Breeze buses make it easier for Virginians to travel the state to visit friends and family, explore the Commonwealth's cities and towns, and get things done.

In addition to major transportation access, Martinsville-Henry County maintains an extensive system of trails. The Smith River Trail System provides that ease of travel by foot or bike. Walking through the region showcases its nature beauty and character. The rural areas can be accessed by 44.5 miles of trails for recreational use.




BUSINESS ENVIRONMENT

Martinsville-Henry County Virginia is the optimal location for business to thrive. Profitability stems from low operational and start-up costs. Plus, Martinsville-Henry County works with businesses to create proactive solutions to make doing business easier. Regional success is driven by commitment to business focused on:

- **Listening to industry and responding strategically**
- **Packaging resources for one-stop service delivery**
- **Investing in world-class sites, buildings, and infrastructure to speed your development**
- **Tailoring industry-led, innovative workforce training**
- **Closing deals with incentives relevant to business needs**

Martinsville Henry County is undergoing an impressive economic resurgence with local companies in the aerospace, plastics and polymers, metal working, and food processing industries.



Local Economic Dynamics: economic niches, state and local development/finance incentives

State Incentives



Commonwealth Opportunity Fund:

A discretionary incentive available to the Governor to secure a business location or expansion project for Virginia. Grants are awarded to localities on a matching basis, with the expectation that the grant will result in a favorable location decision for the Commonwealth. Grants are determined by using an ROI analysis that evaluates the project's capital investment, number of new jobs, and average wage over a 3-year period.



Tobacco Region Opportunity Fund:

Provides loans to localities in Virginia's tobacco producing regions to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion. Grants are determined by using an ROI analysis that evaluates the project's capital investment, number of new jobs, and average wage over a 3-year period.



Virginia Jobs Investment Program:

Provides services and funding to companies creating new jobs. The program targets expansions of existing companies or new facility locations. Cash grants are paid per job and are determined by project's capital investment, number of new jobs, average wage, and the area's unemployment rate. VJIP services include custom-designed recruiting, training, and retraining programs to meet the company's start-up, expansion, or retraining needs.



Virginia Enterprise Zone Real Property Grant:

The Virginia Enterprise Zone program assist with business development and expansion in specially targeted areas throughout the state called "Enterprise Zones." Real Property Enterprise Zone Grants are cash grants are determined by the type and amounts of real property investment.



Virginia Enterprise Zone Job Creation Grant:

The Virginia Enterprise Zone program assist with business development and expansion in specially targeted areas throughout the state called "Enterprise Zones." Enterprise Zone Job Creation Grants are cash grants paid in annual installments per new qualifying job created over five years. Grants are determined by number of new qualifying jobs and current federal minimum wage rates.



Manufacturing Sales and Use Tax Exemptions:

Sales and use tax exemptions in Virginia include tangible personal property used directly in the product production. Other tax-exempt production expenses include machinery, tools, repair parts, fuel, power, energy, materials, or supplies that used directly in manufacturing or processing products for sale or resale.



Corporate Income Tax Credits:

Major Business Facility Job tax credit, Recycling Equipment tax credit, Day Care Facility Investment tax credit, Worker Retraining tax credit, Virginia Port tax credit programs, Research and Development tax credit, Green Job Creation tax credit.

Other State Advantages

- A notable low 6% corporate income tax rate that has not increased in 30 years
- Worker's compensation insurance cost: 50% of the national average, 3rd lowest in the nation
- Unemployment insurance tax: 40% of the national average, 6th lowest in the nation
- Right-to-Work State

Local Incentives



Henry County Enterprise Zone Real Property Improvement IDA Tax Grant:

The local Real Property Tax Grant has been developed to complement the state enterprise zone incentives. This property tax grant is aimed at assisting business development and expansion in specially targeted areas throughout the state called "Enterprise Zones." The grant requires a \$50,000 minimum real property investment and is based on real property improvements assessed value. Tax grants are 100% the first year, and 50% tax grants for years two through five.



Henry County Enterprise Zone Machinery & Tools Investment IDA Tax Grant:

The local Machine and Tools Tax Grant has been developed to complement the state enterprise zone incentives. This machine and tools tax grant is aimed at assisting business development and expansion in specially targeted areas throughout the state called "Enterprise Zones." The grant requires a \$50,000 minimum machinery & tools investment and is based on the equipment's assessed value. Tax grants are 100% the first year, and 50% tax grants for years two through five.



Building Permit Fee Waivers:

Fee waivers may be offered for projects located in a designated Enterprise Zone and are based on the type of permit and value of the project.



Water and Sewer Connection & Availability:

Fee waivers are based on meter size and consumption.



Aviation/Aerospace, Plastics/Polymers Manufacturing, Automotive Parts Manufacturing, and Food Processing

Since 1902, furniture manufacturing has played an important role in Martinsville – Henry County, Virginia. The rise of these furniture giants sparked a whole host of other companies forming to support the furniture industry - from mirror plants to tool companies and textiles. In the late 1990s to early 2000s, changing global economic conditions and new trade treaties forced many of Martinsville-Henry County's major employers to close up shop and lay off thousands of workers. Though this had a devastating short-term effect on the local economy, over the past two decades, Martinsville-Henry County has been repositioning itself as a leader in advanced manufacturing and is undergoing an impressive economic resurgence.

The current, vibrant economic climate in Martinsville - Henry County is the result of a well-thought-out holistic strategic plan to diversify and advance the local economy. As a result, the region has been successful in supplementing its existing manufacturing base with a strong mix of international companies from Canada, Germany, Israel, Poland, Sweden, and the United Kingdom.

Additionally, the economic development efforts have expanded tourism and quality of life offerings and launched new programs to advance second stage growth companies and entrepreneurial development.

The results have created the best economic climate in decades. More than \$671 million in capital investment and 4,900+ jobs have been added to the economic base since 2006. Martinsville – Henry County's economic development efforts continue to focus on expanding and diversifying our employment base, utilizing our strategic location, low cost of doing business and our regional labor force of 1.2 million within a 60-mile radius.

Hospitality Opportunities

Business, cultural, recreational, and educational strengths are driving travel and tourism to the Martinsville-Henry County region. This is creating new opportunities for hotel development within Martinsville-Henry County. A market study was completed to examine the potential for hotel development in the region. The study found that there is need for a new hotel in Martinsville Henry County. This includes opportunities for larger chain hotel and boutique hotel development. Key findings and metrics from this study are included in the following sections of this prospectus and the entirety of this study can be found as an appendix to this Opportunity Zone prospectus.

Key Findings

Sufficient evidence suggests an additional hotel in Henry County is needed and could be supported by demand present within the market. A hotel with an upper-midscale franchise affiliation would be best suited to meet the current demand and would be most feasible at this time. A site along the southern edge of the City of Martinsville would be ideal, located near the intersection of U.S. Highway 58 and U.S. Highway 220 Business. This forecast assumes that the property will open on May 1, 2022, and will feature 70 rooms, a breakfast dining area, an outdoor pool, a fitness room, a lobby workstation or business center, and a market pantry. The hotel is also assumed to contain the appropriate parking capacity and all necessary back-of-the-house space.

Historical Hotel Supply & Demand Trends in Martinsville-Henry County

Year	Avg. Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Avg. Rate
2010	534	194,910	—	71,475	—	36.7%	\$75.49
2011	534	194,910	0.0%	70,427	(1.5)%	36.1%	\$75.86
2012	534	194,910	0.0%	76,422	8.5%	39.2%	\$75.09
2013	534	194,910	0.0%	74,316	(2.8)%	38.1%	\$77.54
2014	537	195,890	0.5%	74,901	0.8%	38.2%	\$78.47
2015	533	194,545	(0.7)%	80,194	7.1%	41.2%	\$81.79
2016	533	194,545	0.0%	78,402	(2.2)%	40.3%	\$81.89
2017	533	194,423	(0.1)%	78,506	0.1%	40.4%	\$82.29
2018	512	186,836	(3.9)%	91,957	17.1%	49.2%	\$80.75
2019	484	176,660	(5.4)%	78,784	(14.3)%	44.6%	\$85.84

Year-to-Date Through June

Year	Avg. Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Avg. Rate
2019	484	87,604	—	38,558	—	44.0%	\$85.86
2020	484	87,604	0.0%	29,453	(23.6)%	33.6%	\$76.39

Average Annual Compounded Change

2010 - 2013	0.0%	1.3%
2013 - 2019	(1.6)%	1.0%

Hotels in Martinsville-Henry County

Property	Class	Competitor Type	Rooms	Renovated	Constructed
Econo Lodge Martinsville	Economy Class	Secondary	90	Jun 2009	Jun 1963
Travelodge Ridgeway Martinsville Area	Economy Class	Secondary	50	May 2014	Jan. 1965
Quality Inn Dutch Inn Collinsville	Midscale Class	Secondary	98	May 2003	Jun. 1970
Super 8 Martinsville	Economy Class	Secondary	54	May 1998	May 1988
Comfort Inn	Upper Midscale Class	Primary	70	Mar. 2010	Jun. 1990
Hampton Inn Martinsville	Upper Midscale Class	Primary	67	Apr. 1997	Apr. 1997
Baymont Inn & Suites Martinsville	Midscale Class	Primary	55	Dec. 2012	Nov. 2000

Total: 484

Change	RevPAR	Change
—	\$27.68	—
0.5%	\$27.41	(1.0)%
(1.0)%	\$29.44	7.4%
3.3%	\$29.57	0.4%
1.2%	\$30.00	1.5%
4.2%	\$33.71	12.4%
0.1%	\$33.00	(2.1)%
0.5%	\$33.23	0.7%
(1.9)%	\$39.74	19.6%
6.3%	\$38.28	(3.7)%

During the illustrated historical period, occupancy has followed a fluctuating trend, while ADR has generally strengthened. **RevPAR increased by roughly 38% between 2010 and 2020.**

This improvement in market conditions was driven largely by continued growth within the manufacturing and distribution industries. RevPAR reached its high point in early 2019. We note that much of the fluctuation in occupancy and demand is reportedly related to construction or project-oriented demand, which fluctuates as projects are begun and completed.

Year-to-Date Through June

Change	RevPAR	Change
—	\$37.79	—
(11.0)%	\$25.68	(32.0)%

Average Annual Compounded Change

0.9%	2.2%
(1.7)%	4.4%

Primary Competitors

The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors for a recommended proposed subject hotel.

Primary Competitors - Operating Performance

	Hampton by Hilton Martinsville	Comfort Inn Martinsville	Baymont Inn & Suites Martinsville	Sub-Totals/Averages	Secondary Competitors	Totals/Averages
# of Rooms	67	70	55	192	292	484
Commercial	65%	60%	60%	62%	40%	55%
Leisure	30%	35%	35%	33%	58%	40%
Group	5%	5%	5%	5%	2%	4%
Weighted Annual Room Count	67	70	55	192	191	383
Occupancy	75-80%	70-75%	65-70%	73.9%	34%	54%
Average Rate	\$130 - \$140	\$90 - \$95	\$90 - \$95	\$107.19	\$46.81	\$88.27
RevPAR	\$105 - \$110	\$65 - \$70	\$60 - \$65	\$79.25	\$15.90	\$47.69
Weighted Annual Room Count	67	70	55	192	171	363
Occupancy	75 - 80%	55 - 60%	55 - 60%	65.1%	31.3%	49.2%
Average Rate	\$130 - \$140	\$95 - \$100	\$90 - \$95	\$113.07	\$48.81	\$93.77
RevPAR	\$105 - \$110	\$55 - \$60	\$50 - \$55	\$74	\$15	\$46
Occupancy Penetration	150 - 160%	110 - 120%	110 - 120%	132%	64%	100%
Yield Penetration	230 - 240%	120 - 130%	110 - 120%	159.5%	33.2%	100%

* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranged in the above table for the purposes of confidentiality.

Primary Competitors - Facility Profiles

Property	Hampton by Hilton Martinsville 50 Hampton Drive	Comfort Inn Martinsville 1895 Virginia Avenue	Baymont Inn & Suites Martinsville 378 Commonwealth Blvd. W.
# of Rooms	67	70	55
Year Opened	1997	1990	2000
Last Major Renovation	2018	—	—
Food & Beverage Outlets	Breakfast Dining Area	Breakfast Dining Area	Breakfast Dining Area
Indoor Meeting Space (SF)	340 SF	0	300 SF
Meeting Space per Room	5.1	—	5.5
Facilities & Amenities	<ul style="list-style-type: none"> • Business Center • Outdoor Swimming Pool • Fitness Room • Market Pantry 	<ul style="list-style-type: none"> • Business Center • Outdoor Swimming Pool • Guest Laundry Facility 	<ul style="list-style-type: none"> • Outdoor Swimming Pool • Fitness Room • Outdoor Patio & Barbeque Area

Hotels identified in the tables above would be expected to compete with a proposed upper-midscale, limited-service hotel on a secondary level. The hotels are all economy or midscale properties that mostly feature exterior corridors, aside from the Super 8, Baymont Inn, and Hampton Inn. These hotels would not generally compete on a primary level with a brand-new hotel given their differences in age, configuration, and price point. However, in the event of sellouts within the primary competitive set in this small market, these hotels could be considered as alternative lodging options for travelers desiring to stay in Martinsville. Based on existing supply, the proposed hotel in Martinsville should enter a dynamic market of varying product types and price points.



Our Deal Flow

The Martinsville-Henry County region worked with local stakeholders to carefully craft our Deal-Flow which includes hospitality and residential development opportunities.

Though this prospectus primarily focuses on hospitality related development opportunities, this section includes a residential development opportunity in Uptown Martinsville intended to strengthen the market for new development including full service or boutique hotels in this area.

Potential projects in this section are positioned to provide investors with an understanding of the development opportunities in the region. These projects have been identified by engaging critical partners and stakeholders that are prepared to work with investors to activate these opportunities. These projects align well with the Opportunity Zone incentive as they are intended to be transformative in nature and will have significant community impact in these distressed census tracts if they are realized. Most potential projects have been framed in a way that should provide a return on investment creating a win-win for the community and potential investors.





HOTEL

MARTINSVILLE
HOTEL
PSI

TRUMP

CARDIO EQUIPMENT

FREE COMMUNITY MEAL
Every Saturday 5p.m. - 10p.m.
W.H.O.P.E. MINISTRY
The Community Fellowship 647-8291

Mixed-Use

U.S. Highway 220 Business & U.S. Highway 58/220 Hotel Site

Opportunity Description

The southern neighborhood of the intersection of U.S. Highway 220 Business and U.S. Highway 58/220 would be the best location for a developer to construct a new hotel in Henry County.

The area should continue to realize new growth, which would be supportive of a new hotel, while the neighborhood will continue to benefit from its location near a major intersection and proximate to several demand generators. A hotel located in this neighborhood would still compete with the primary hotels on the northwest side of town, but it would be more ideally situated to capture demand associated with motorists who are traveling through the area on one of



the major thoroughfares. This would result in less downward pressure on the existing hotels, as the new hotel can capture demand that would not have otherwise been captured within the market at all. A new hotel at this intersection should also allow the staff of the Smith River Sports Complex to bid on additional tournaments in the future, as they are often required to have a certain number of high-quality hotel rooms available within a certain distance of the facility.

Redevelopment of this site is estimated at a cost of \$7,700,000



Project Description

This project assumes a 70-room, upper-midscale, limited service hotel with a strong national brand affiliation. Within this chain scale, brands include the Holiday Inn Express, Hampton by Hilton, Best Western Plus, Comfort Inn, Comfort Suites, Country Inn & Suites by Radisson, and Fairfield by Marriott, among others. While this does not recommend a specific brand of hotel, the U.S. Highway 220 Business and U.S. Highway 58/220 Hotel Site is positioned for a hotel along the lines of a Holiday Inn Express or a Fairfield by Marriott for purposes of positioning this development scenario.

This project anticipates an opening date of May 1, 2022, which would allow for the attraction of a developer, pre-development work, and physical construction of the hotel. Guestrooms and amenities are recommended to be standard for this chain scale, inclusive of a breakfast dining room, a business center or lobby workstation, a market pantry, a fitness room, and an outdoor pool. Additional amenities, such as an outdoor patio and fire pit, could be considered by a developer, along with an indoor pool instead of an outdoor pool. Furthermore, the hotel should offer a modest amount of meeting space to accommodate small local meetings and/or small social events; 300 to 500 square feet of meeting space is typical for this chain scale of property.

(continued on next page)

Project Source & Uses Summary

Total Development Cost **\$7,700,000**

Uses

Project Development	\$230,000	3%
Acquisition	\$100,000	1%
Construction	\$6,600,000	86%
A/E/C/ Design	\$385,000	5%
Legal/Finance	\$385,000	5%
TOTAL:	\$7,700,000	100%

Sources

Developer Equity	\$1,500,000	19%
Conventional Debt	\$4,800,000	62%
OZ/Opportunity Fund Equity	\$1,200,000	16%
VA-EZ Real Property Investment Grant	\$200,000*	3%
Private Grant Assistance	\$0	0%
TOTAL:	\$7,700,000	100%

*Real Property Investment Grants may be subject to proration if grant requests exceed available funds.

This project anticipates an ADR of \$128.00, in base-year dollars, for the potential hotel scenario. Based on these considerations, the following table illustrates the projected average rate and the growth rates assumed. As a context for the ADR growth factors, note that underlying inflation rates of 1.0%, 2.0%, and 2.5% have been applied thereafter for each respective year following the base year of 2019.

Based on comparison of historical and projected occupancy, ADR, and RevPAR for the potential project, the following sources and uses has been completed to show how the project could be financed. This scenario is based on an NOI of \$700,000. Funding sources include developer equity, conventional debt, and Opportunity Zone Equity.



Comparison of Historical & Projected Occupancy, ADR, and RevPAR – Proposed Subject Property & Market

Proposed Hotel Martinsville

Projected

	2019	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Occupancy		—	—	59.9%	64.5%	66.1%	66.1%
Change in Points		—	—	—	4.6%	1.6%	0
Occupancy Penetration		—	—	130.5%	140.4%	142.8%	142.8%
Average Rate	\$128	\$118.23	\$126.05	\$128.06	\$133.03	\$137.95	\$141.40
Change		—	6.6%	1.6%	3.9%	3.7%	2.5%
Average Rate Penetration		136.5%	136.5%	133.8%	135.1%	136.7%	136.7%
RevPAR		—	—	\$76.72	\$85.83	\$91.15	\$93.43
Change		—	—	—	11.9%	6.2%	2.5%
RevPAR Penetration		—	—	174.6%	189.8%	195.3%	195.3%

Martinsville Submarket

Historical (Estimated)

Projected

	2017	2018	2019	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Occupancy	44.2%	54%	49.2%	41.5%	46.4%	45.9%	45.9%	46.3%	46.3%
Change in Points	—	9.8	(4.8)	(7.7)	4.9	(0.5)	0.0	0.3	0.0
Average Rate	\$89.57	\$88.27	\$93.77	\$86.62	\$92.35	\$95.73	\$98.44	\$100.90	\$103.42
Change	—	(1.4)%	6.2%	(7.6)%	6.6%	3.7%	2.8%	2.5%	2.5%
RevPAR	\$39.60	\$47.69	\$46.12	\$35.93	\$42.86	\$43.95	\$45.23	\$46.68	\$47.85
Change	—	20.4%	(3.3)%	(22.1)%	19.3%	2.5%	2.9%	3.2%	2.5%

Commercial Retail

Diamond Quads Project

Opportunity Description

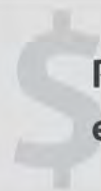
The Diamond Quads Project is located within Martinsville Opportunity Zone on the west edge of the downtown also known as "Uptown."

Recent housing studies for Martinsville indicate that there is demand for smaller square footage housing units for smaller households at the entry level market rent levels on a site of 0.95 acres. This would allow for the development of two single-level quadrangle housing buildings on the site.

The developer would be required to assemble properties to develop the entire diamond surrounded by Moss St, Townes Ave., and George St.



Each housing unit could be 1,000 SF with their own individual entry ways. These quad rental units may be rented at \$1.25 SF or \$1,250 per month



Redevelopment of this site is estimated at a cost of \$1,500,000

Project Source & Uses Summary

Total Development Cost **\$1,500,000**

Uses

Project Development	\$45,00	3%
Acquisition	\$200,000	13%
Construction	\$1,105,000	74%
A/E/C/ Design	\$75,000	5%
Legal/Finance	\$75,000	5%
TOTAL:	\$1,500,000	100%

Project Description

The project may have an estimated total development cost of \$1,500,000. This includes costs for property acquisition, project development, construction, A/E/C design costs, and legal and financial costs.

Sources of funding could come from project developer equity of \$300,000 or 20%, conventional debt of \$850,000 or 57%, and Opportunity Fund equity of \$350,000 or 23% of the funding sources.

Sources

Developer Equity	\$300,000	20%
Conventional Debt	\$850,000	57%
OZ/Opportunity Fund Equity	\$350,000	23%
Public/Institutional Investors	—	0%
TOTAL:	\$1,500,000	100%

Mixed-Use

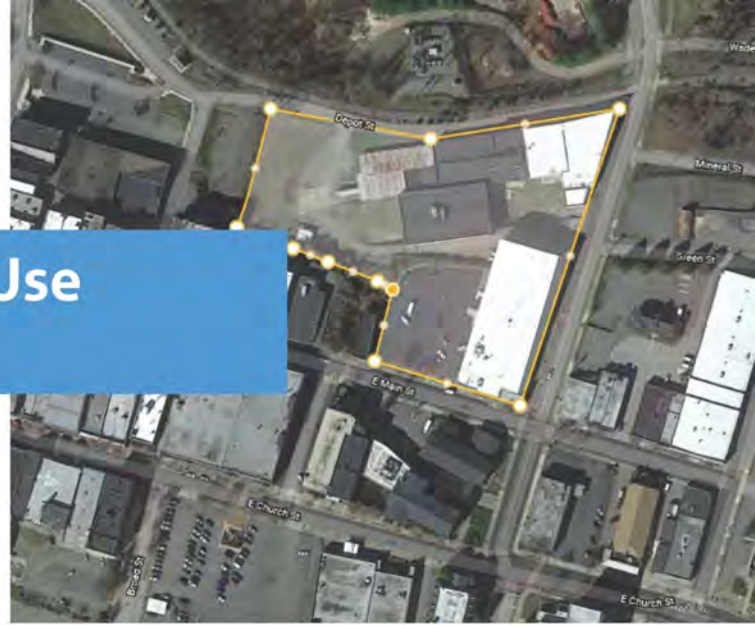
Methodist Building Mixed-Use Redevelopment Project

The Methodist Building located on the northeast side of Uptown, while not within the immediate Opportunity Zone of Martinsville, it is a catalytic project that could introduce a set of new market uses into Uptown.

The mix of uses are a boutique hotel, restaurant/retail, and historic loft apartments. The building sits on approximately 4.7 Acres, and there are 97,799 SF of historic industrial and commercial buildings from the early half of the 20th Century.

Project Description

The boutique hotel would consist of 16 historic loft style rooms that would be extremely unique in the Martinsville hospitality market. The boutique hotel would provide a destination experience in the Uptown. The rooms would be priced at the top of the hotel market around \$150/night which is about \$20-\$25 higher than mid-upper level hotels in the market such as Hampton Inn on the far west side of the City. The hotel would likely be located along Main Street. Along with the boutique hotel would be a restaurant in 4,200 SF. This would be a strong combination and boost the Uptown's unique set of hospitality and restaurant experiences. The hotel is located adjacent to one of Martinsville's rail-trails which runs along the north edge of the Uptown.



The balance of building space could also bring new and unique residential experiences to the Uptown. These would be the creation of 62 historic loft style apartments in the remaining buildings on the northern half of the site. The site is large enough at 4.7 acres to site a surface parking lot of 95 spaces for visitors and residents.

This project may be developed at a total development cost of \$18,000,000. Major uses would be project development of \$270,000, property acquisition of \$250,000, A/E/C design needs of \$900,000 and legal and finance of \$900,000.

The total cost of this project is estimated around \$18,000,000.

Major sources of funding include about \$3.1M of developer equity, conventional debt of \$7.3M or 41% and federal and state historic tax credits may generate around \$3.0M of equity or 17% of total project cost. This project is located within an Enterprise Zone and is eligible for the Virginia Enterprise Real Property Investment Grant. This could provide up to \$200,000 of funding for the development. Once again, while this project is just outside of Martinsville Opportunity Zone, it could generate Opportunity Fund investor equity from funds that are open to project investment within the 30% portion of the total fund portfolio that may be invested outside of an Opportunity Zone.

Project Source & Uses Summary

Total Development Cost **\$18,000,000**

Uses

Project Development	\$270,000	2%
Real Estate Acquisition	\$250,000	1%
Construction	\$15,680,000	87%
A/E/C/ Design	\$900,000	5%
Legal/Finance	\$900,000	5%
TOTAL:	\$18,000,000	100%

Sources

Developer Equity	\$3,100,000	17%
Conventional Debt	\$7,300,000	41%
Federal/State Historic Tax Credits	\$3,000,000	17%
OZ/Opportunity Fund Equity	\$2,300,000	13%
VA-EZ Real Property Investment Grant	\$200,000*	1%
Public/Institutional Investors	\$2,100,000	12%
TOTAL:	\$18,000,000	100%

*Real Property Investment Grants may be subject to proration if grant requests exceed available funds.

For more information on the content provided in this prospectus, please contact:

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