
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number **000-55778**

MOODY NATIONAL REIT II, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of Incorporation or Organization)

47-1436295
(I.R.S. Employer Identification No.)

9655 Katy Freeway, Suite 600 Houston, Texas
(Address of Principal Executive Offices)

77024
(Zip Code)

(713) 977-7500
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
None	None	None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 8, 2025, there were 13,640,429 shares of the registrant's common stock issued and outstanding, consisting of 13,000,645 shares of Class A common stock, 159,092 shares of Class I common stock, and 480,692 shares of Class T common stock.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

**MOODY NATIONAL REIT II, INC.
CONSOLIDATED STATEMENT OF NET LIABILITIES
(Liquidation Basis)
(in thousands)
(unaudited)**

	September 30, 2025
ASSETS	
Investment in hotel properties	\$ 145,426
Cash, cash equivalents and restricted cash	16,347
Accounts receivable	723
Total Assets	\$ 162,496
LIABILITIES	
Liabilities for estimated costs in excess of receipts during liquidation	\$ 7,723
Notes payable	120,169
Notes payable to related party	28,000
Accounts payable and accrued expenses	7,582
Due to related parties	13,122
Total Liabilities	176,596
Commitments and contingencies	
Net Liabilities in Liquidation:	\$ (14,100)

See accompanying notes to unaudited consolidated financial statements.

MOODY NATIONAL REIT II, INC.
CONSOLIDATED BALANCE SHEETS
(Going Concern Basis)
(in thousands, except per share amounts)

	September 30, 2025	December 31, 2024
	(unaudited)	(audited)
ASSETS		
Investment in hotel properties, net	\$ 40,055	\$ 174,712
Real estate assets held for sale	96,571	115,346
Cash and cash equivalents	6,215	9,305
Restricted cash	10,132	19,886
Accounts receivable, net of allowance of \$23 and \$34 as of September 30, 2025 and December 31, 2024	723	744
Prepaid expenses and other assets	746	932
Deferred franchise costs, net of accumulated amortization of \$405 and \$567 at September 30, 2025 and December 31, 2024, respectively	237	479
Total Assets	<u>\$ 154,679</u>	<u>\$ 321,404</u>
LIABILITIES AND EQUITY		
Liabilities:		
Notes payable, net of unamortized debt issuance costs of \$467 and \$702 as of September 30, 2025 and December 31, 2024	\$ 119,702	\$ 218,764
Notes payable to related party	28,000	50,000
Accounts payable and accrued expenses	7,582	14,855
Due to related parties, net	13,122	23,213
Dividends payable	70	70
Total Liabilities	<u>168,476</u>	<u>306,902</u>
Special Limited Partnership Interests	1	1
Equity:		
Stockholders' (deficit) equity:		
Preferred stock, \$0.01 par value per share; 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value per share; 1,000,000 shares authorized, 13,640 shares issued and outstanding at September 30, 2025 and December 31, 2024	136	136
Additional paid-in capital	305,641	305,641
Accumulated deficit	(318,547)	(290,890)
Total stockholders' (deficit) equity	(12,770)	14,887
Noncontrolling interests deficit in Operating Partnership	(1,028)	(386)
Total (Deficit) Equity	<u>(13,798)</u>	<u>14,501</u>
Total Liabilities and Equity	<u>\$ 154,679</u>	<u>\$ 321,404</u>

See accompanying notes to unaudited consolidated financial statements.

MOODY NATIONAL REIT II, INC.
CONSOLIDATED STATEMENT OF CHANGES IN NET LIABILITIES
(Liquidation Basis)
(in thousands)
(unaudited)

	Period ended September 30, 2025
Net liabilities in liquidation, beginning of period	\$ (14,100)
Change in net liabilities in liquidation	<u>—</u>
Net liabilities in liquidation, end of period	<u><u>\$ (14,100)</u></u>

See accompanying notes to unaudited consolidated financial statements.

MOODY NATIONAL REIT II, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Going Concern Basis)
(in thousands, except per share amounts)
(unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Revenues				
Room revenues	\$ 10,527	\$ 19,421	\$ 35,690	\$ 57,666
Other hotel revenues	482	1,240	2,126	3,923
Total hotel revenues	11,009	20,661	37,816	61,589
Expenses				
Hotel operating expenses	7,778	14,540	26,414	41,653
Property taxes, insurance and other	1,129	1,822	3,878	5,359
Depreciation and amortization	1,415	3,986	5,425	12,044
Corporate general and administrative	962	1,594	4,211	5,210
Loss on impairment of hotel properties	14,720	18,000	21,720	39,833
Total expenses	26,004	39,942	61,648	104,099
Operating loss	(14,995)	(19,281)	(23,832)	(42,510)
Other expenses (income)				
Interest expense and amortization of debt issuance costs	2,883	4,776	11,526	14,161
Gain on sale of hotel properties	—	—	(7,285)	—
Total other expenses	2,883	4,776	4,241	14,161
Loss before income taxes	(17,878)	(24,057)	(28,073)	(56,671)
Income tax (benefit) expense	(12)	30	226	126
Net loss	(17,866)	(24,087)	(28,299)	(56,797)
Loss attributable to noncontrolling interests in Operating Partnership	405	545	642	1,286
Net loss attributable to common stockholders	<u>\$ (17,461)</u>	<u>\$ (23,542)</u>	<u>\$ (27,657)</u>	<u>\$ (55,511)</u>
Per-share information – basic and diluted:				
Net loss attributable to common stockholders	<u>\$ (1.28)</u>	<u>\$ (1.73)</u>	<u>\$ (2.03)</u>	<u>\$ (4.07)</u>
Weighted average common shares outstanding	<u>13,640</u>	<u>13,640</u>	<u>13,640</u>	<u>13,640</u>

See accompanying notes to unaudited consolidated financial statements.

MOODY NATIONAL REIT II, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
Three and nine months ended September 30, 2025 and 2024
(Going Concern Basis)
(in thousands) (unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interests in Operating Partnership		Total Equity (Deficit)
	Number of Shares	Par Value	Number of Shares	Par Value			Number of Units	Value	
Balance at June 30, 2024.....	—	\$ —	13,640	\$ 136	\$ 305,641	\$ (225,216)	316	\$ 1,135	\$ 81,696
Net loss	—	—	—	—	—	(23,542)	—	(545)	(24,087)
Balance at September 30, 2024.....	—	\$ —	13,640	\$ 136	\$ 305,641	\$ (248,758)	316	\$ 590	\$ 57,609
Balance at June 30, 2025 .	—	\$ —	13,640	\$ 136	\$ 305,641	\$ (301,086)	316	\$ (623)	\$ 4,068
Net loss	—	—	—	—	—	(17,461)	—	(405)	(17,866)
Balance at September 30, 2025.....	—	\$ —	13,640	\$ 136	\$ 305,641	\$ (318,547)	316	\$ (1,028)	\$ (13,798)
Balance at December 31, 2023.....	—	\$ —	13,640	\$ 136	\$ 305,641	\$ (193,247)	316	\$ 1,876	\$ 114,406
Net loss	—	—	—	—	—	(55,511)	—	(1,286)	(56,797)
Balance at September 30, 2024.....	—	\$ —	13,640	\$ 136	\$ 305,641	\$ (248,758)	316	\$ 590	\$ 57,609
Balance at December 31, 2024.....	—	\$ —	13,640	\$ 136	\$ 305,641	\$ (290,890)	316	\$ (386)	\$ 14,501
Net loss	—	—	—	—	—	(27,657)	—	(642)	(28,299)
Balance at September 30, 2025.....	—	\$ —	13,640	\$ 136	\$ 305,641	\$ (318,547)	316	\$ (1,028)	\$ (13,798)

See accompanying notes to unaudited consolidated financial statements.

MOODY NATIONAL REIT II, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Going Concern Basis)
(in thousands) (unaudited)

	Nine months ended September 30,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (28,299)	\$ (56,797)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	5,425	12,044
Amortization of debt issuance costs	235	424
Loss on impairment of hotel properties	21,720	39,833
Gain on sale of hotel properties	(7,285)	—
Changes in operating assets and liabilities:		
Accounts receivable	21	(219)
Prepaid expenses and other assets	186	(6)
Accounts payable and accrued expenses	(7,273)	1,796
Due to related parties	(10,091)	3,733
Net cash (used in) provided by operating activities	(25,361)	808
Cash flows from investing activities		
Proceeds from sale of hotel properties	121,750	—
Improvements and additions to hotel properties	(673)	(1,167)
Payment of hotel property selling costs	(3,108)	—
Net cash provided by (used in) investing activities	117,969	(1,167)
Cash flows from financing activities		
Repayment of notes payable	(83,452)	(3,850)
Proceeds of notes payable to related party	—	10,000
Repayment of notes payable to related party	(22,000)	—
Payment of debt issuance costs	—	(115)
Net cash (used in) provided by financing activities	(105,452)	6,035
Net change in cash and cash equivalents and restricted cash	(12,844)	5,676
Cash and cash equivalents and restricted cash at beginning of period	29,191	25,064
Cash and cash equivalents and restricted cash at end of period	<u>\$ 16,347</u>	<u>\$ 30,740</u>
Supplemental Disclosure of Cash Flow Activity		
Cash paid for interest	<u>\$ 13,867</u>	<u>\$ 8,280</u>
Cash paid for income taxes	<u>\$ 132</u>	<u>\$ —</u>
Supplemental Disclosure of Non-Cash Investing Activity		
Non-cash proceeds from foreclosure of hotel property	<u>\$ 15,844</u>	<u>\$ —</u>

See accompanying notes to unaudited consolidated financial statements.

MOODY NATIONAL REIT II, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025
(unaudited)

1. Organization

As discussed in Note 7, “Equity,” Moody National REIT II, Inc. (the “Company”) was initially capitalized by Moody National REIT Sponsor, LLC (the “Sponsor”). The Company’s fiscal year end is December 31.

As of September 30, 2025, the Company owned interests in nine hotel properties located in five states comprising a total of 1,210 rooms. For more information on the Company’s real estate investments, see Note 5, “Investment in Hotel Properties, Real Estate Assets Held for Sale, and Dispositions.”

On January 20, 2015, the Securities and Exchange Commission (the “SEC”) declared the Company’s registration statement on Form S-11 effective, and the Company commenced its initial public offering of up to \$1.1 billion in shares of common stock consisting of up to \$1.0 billion in shares of the Company’s common stock offered to the public, and up to \$100.0 million in shares offered to the Company’s stockholders pursuant to its distribution reinvestment plan (the “DRP”).

On June 26, 2017, the Company reallocated the Company’s shares of common stock as Class A common stock, \$0.01 par value per share (“Class A Shares”), Class D common stock, \$0.01 par value per share (“Class D Shares”), Class I common stock, \$0.01 par value per share (“Class I Shares”), and Class T common stock, \$0.01 par value per share (“Class T Shares” and, together with the Class A Shares, the Class D Shares and the Class I Shares, the “Shares”). On January 16, 2018, the Advisor (as defined below) assumed responsibility for the payment of all selling commissions, dealer manager fees and stockholder servicing fees paid in connection with the Company’s public offering; *provided, however*, that the Advisor intended to recoup the selling commissions, dealer manager fees and stockholder servicing fees that it funds through an increased acquisition fee, or “Contingent Advisor Payment,” as described in Note 8, “Related Party Arrangements.”

On January 18, 2018, the Company filed a registration statement on Form S-11 (Registration No. 333-222610) registering \$990.0 million in any combination of the Shares to be sold on a “best efforts” basis in the Company’s follow-on public offering. The SEC declared the registration statement with respect to the follow-on public offering effective on July 19, 2018.

The Company’s follow-on public offering was terminated (including pursuant to the DRP) effective as of March 25, 2020 due to the impact that the spread of COVID-19, a disease caused by a novel strain of coronavirus, had on the Company’s hotel properties. The Company accepted investors’ subscriptions for and issued an aggregate of 10.2 million shares in the Company’s initial public offering and follow-on offering, excluding shares issued in connection with the Company’s merger with Moody National REIT I, Inc. and including 567,000 shares pursuant to the DRP, resulting in gross offering proceeds of \$234.6 million. The Company accepted investors’ subscriptions for and issued 4.1 million shares in the follow-on offering, including 352,000 shares pursuant to the DRP, resulting in gross offering proceeds of \$87.2 million for the follow-on offering.

The Company’s advisor is Moody National Advisor II, LLC (the “Advisor”), a Delaware limited liability company and an affiliate of the Sponsor. Pursuant to an advisory agreement among the Company, the OP (defined below) and the Advisor (the “Advisory Agreement”), and subject to certain restrictions and limitations therein, the Advisor is responsible for managing the Company’s affairs on a day-to-day basis and for identifying and making acquisitions and investments on behalf of the Company.

Substantially all of the Company’s business is conducted through Moody National Operating Partnership II, LP, a Delaware limited partnership (the “OP”). The Company is the sole general partner of the OP. The initial limited partners of the OP were Moody OP Holdings II, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (“Moody Holdings II”), and Moody National LPOP II, LLC (“Moody LPOP II”), an affiliate of the Advisor. Moody Holdings II initially invested \$1,000 in the OP in exchange for limited partnership interests, and Moody LPOP II invested \$1,000 in the OP in exchange for a separate class of limited partnership interests (the “Special Limited Partnership Interests”). As the Company accepted subscriptions for shares of common stock, it transferred substantially all of the net proceeds from such sales to the OP as a capital contribution. The limited partnership agreement of the OP provides that the OP will be operated in a manner that will enable the Company to (1) satisfy the requirements for being classified as a REIT for tax purposes, (2) avoid any federal income or excise tax liability and (3) ensure that the OP will not be classified as a “publicly traded partnership” for purposes of Section 7704 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), which classification could result in the OP being taxed as a corporation, rather than as a partnership. In addition to the administrative and operating costs and expenses incurred by the OP in acquiring and operating real properties, the OP pays all of the Company’s administrative costs and expenses, and such expenses are treated as expenses of the OP.

Plan of Liquidation

On April 15, 2025, the Company's board of directors (the "Board") unanimously approved the sale of all the Company's assets and the Company's dissolution pursuant to a plan of complete liquidation and dissolution (the "Plan of Liquidation") and recommended that the Plan of Liquidation be submitted to the Company's stockholders for approval. The principal purpose of the Plan of Liquidation is to attempt to provide liquidity to the Company's stockholders by selling the Company's assets, paying its debts and distributing any net proceeds from the Company's liquidation to its stockholders. The Plan of Liquidation became effective upon the approval of the Plan of Liquidation by the Company's stockholders on September 30, 2025.

The Plan of Liquidation authorizes the Company to undertake an orderly liquidation. In an orderly liquidation, the Company intends to sell or otherwise dispose of its remaining properties, pay or otherwise settle all of its known liabilities, provide for the payment of its unknown or contingent liabilities, distribute any remaining cash to its stockholders, wind up its operations and dissolve. The Company is authorized to provide for the payment of any unascertained or contingent liabilities and may do so by purchasing insurance, by establishing a reserve fund or in other ways.

The Plan of Liquidation enables the Company to sell any and all of its assets without further approval of its stockholders and provides that the amounts and timing of liquidating distributions will be determined by the Board or, if a liquidating trust is formed, by the trustees of the liquidating trust, in their discretion. Pursuant to applicable REIT rules, liquidating distributions the Company pays pursuant to the Plan of Liquidation will qualify for the dividends paid deduction, provided that they are paid within 24 months of the September 30, 2025 approval of the plan by the Company's stockholders. However, if the Company cannot sell its properties and pay its debts within such time period, or if the Board determines that it is otherwise advisable to do so, the Company may transfer and assign its remaining assets to a liquidating trust. Upon such transfer and assignment, the Company's stockholders would receive beneficial interests in the liquidating trust. The liquidating trust would pay or provide for all of the Company's liabilities and distribute any remaining net proceeds from liquidation to the holders of beneficial interests in the liquidating trust. If the Company is not able to sell its properties and pay its debt within the 24-month period and the remaining assets are not transferred to a liquidating trust, any distributions made during the 24 months may not qualify for the dividends paid deduction and may increase the Company's tax liability.

The Company's expectations about the implementation of the Plan of Liquidation and the amount of any liquidating distributions that the Company pays to its stockholders and when the Company will pay them are subject to risks and uncertainties and are based on certain estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of any liquidating distributions the Company pays to its stockholders may be more or less than the Company estimates and the liquidating distributions may be paid later than the Company predicts. There are many factors that may affect the amount of liquidating distributions, if any, the Company will ultimately pay to its stockholders. If the Company underestimates its existing obligations and liabilities or the amount of taxes, transaction fees and expenses relating to the liquidation and dissolution or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to the Company's stockholders could be less than estimated. Moreover, the liquidation value will fluctuate over time in response to developments related to individual assets in the Company's portfolio and the management of those assets, in response to the real estate and finance markets, based on the amount of net proceeds received from the disposition of the remaining assets and due to other factors. Accordingly, it is not possible to precisely predict the timing of any liquidating distributions the Company pays to its stockholders or the aggregate amount, if any, of liquidating distributions that the Company will ultimately pay to its stockholders. No assurance can be given that any liquidating distributions the Company pays to its stockholders will equal or exceed the estimate of net liabilities in liquidation presented on the unaudited consolidated statement of net liabilities as of September 30, 2025.

The Company expects to comply with the requirements necessary to continue to qualify as a REIT through the completion of the liquidation process, or until such time as any remaining assets are transferred into a liquidating trust. The Board shall use commercially reasonable efforts to continue to cause the Company to maintain its REIT status; provided, however, that the Board may elect to terminate the Company's status as a REIT if it determines that such termination would be in the best interest of the stockholders.

COVID-19 Pandemic

The global COVID-19 pandemic had a significant adverse effect on the Company's financial condition and operating results.

The COVID-19 pandemic dramatically reduced travel, which had an unprecedented adverse impact on the hotel industry. As a result, the COVID-19 pandemic had a significant adverse effect on the operating results of the Company's hotel properties, which depend primarily upon revenues driven by business and leisure travel, and on the Company's business, financial performance and operating results. Since March 2020, the Company has experienced a significant decline in bookings, occupancy and revenues across the Company's hotel properties. The Company's hotel properties have operated at a property net operating loss since the outbreak of COVID-19, which had an adverse impact on the Company's results of operations and cash flow from operations. In addition, the Company reduced certain services and amenities at the Company's hotel properties due to the COVID-19 pandemic.

Each of the Company's hotel properties is subject to a mortgage loan secured by the Company's ownership interest in the property. If the Company is unable to service the mortgage loan secured by a hotel property due to decreased revenues generated by such property, the lender with respect to such mortgage loan may initiate foreclosure procedures with respect to the property or initiate other available remedies. As of the date of this Quarterly Report, the Company is current with respect to the payments due under the mortgage loans secured by the Company's hotel properties or is in compliance with the modified terms of certain mortgage loans as agreed to with the lenders and other accommodations. Certain lenders have agreed to limited loan modifications, including temporary deferrals of interest and principal payments and agreements to forebear the enforcement of default remedies available under the terms of the loan documents. As of the date of this Quarterly Report, no lenders have accelerated the maturity of any of the loans secured by the Company's properties or initiated foreclosure procedures with respect to any of the Company's properties, except for the lender for the Hilton Garden Inn Austin which foreclosed on the property in satisfaction of the mortgage note in the principal amount of \$16.2 million on May 2, 2025. The mortgage note payable secured by the Homewood Suites Woodlands matured on April 11, 2025. Hotel revenue has been deposited to lockbox accounts controlled by the lenders for these properties and no foreclosure proceedings have been initiated for either property.

In response to the COVID-19 pandemic, the Company terminated its follow-on public offering of common stock (including pursuant to the DRP), effective as of March 2020. The Company is not currently raising capital through the sale of its securities and the Company does not expect to resume raising capital. The Company has also indefinitely suspended the payment of distributions to stockholders effective as of March 2020 and the operation of its share repurchase program effective as of April 2020. The Company does not expect to resume repurchasing shares pursuant to its share repurchase program or the payment of distributions, other than any liquidating distributions paid to its stockholders from the net proceeds (if any) of the Company's liquidation pursuant to the Plan of Liquidation.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The accompanying interim unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information as contained within the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"), including Subtopic 205-30, "Liquidation Basis of Accounting", as indicated, and the rules and regulations of the Securities and Exchange Commission (the "SEC"), including the instructions to Form 10-Q and Regulation S-X. Accordingly, the unaudited consolidated financial statements do not include all of the information and footnotes required by GAAP for audited financial statements.

Pursuant to the Company's stockholders' approval of the Plan of Liquidation, the Company adopted the liquidation basis of accounting as of and for the periods subsequent to September 30, 2025 (as the Plan of Liquidation was approved by the Company's stockholders on September 30, 2025). Accordingly, on September 30, 2025, assets were adjusted to their estimated net realizable value, or liquidation value, which represents the estimated amount of cash or other consideration that the Company expects to realize through the disposal of assets as it carries out the Plan of Liquidation. The liquidation values of the Company's remaining real estate properties are presented on an undiscounted basis. Liabilities are carried at their contractual amounts due or estimated settlement amounts.

The Company accrues costs and income that it expects to incur and earn through the completion of its liquidation, including the estimated amount of cash or other consideration that the Company expects to realize through the disposal of its assets and the estimated costs to dispose of its assets, to the extent it has a reasonable basis for estimation. These amounts are classified as a liability for estimated costs in excess of estimated receipts during liquidation on the consolidated statement of net liabilities. Actual costs and income may differ from amounts reflected in the financial statements because of the inherent uncertainty in estimating future events. These differences may be material. See Note 1, "Plan of Liquidation" and Note 3, "Liabilities for Estimated Costs in Excess of Estimated Receipts During Liquidation" for further discussion.

Net liabilities in liquidation represents the remaining estimated liquidation value available to stockholders upon liquidation. Due to the uncertainty in the timing of the sale or transfer of the Company's remaining real estate properties and the estimated cash flows from operations, actual liquidation costs and sale proceeds may differ materially from the amounts estimated.

All financial results and disclosures through September 30, 2025, prior to the adoption of the liquidation basis of accounting, are presented on a GAAP historical basis, which contemplates the realization of assets and liabilities in the normal course of business. As a result, the unaudited balance sheets as of September 30, 2025 and the statements of operations, the statements of stockholders' equity and the statements of cash flows for three and nine months September 30, 2025 and the comparative three and nine months ended September 30, 2024 are presented using the GAAP historical basis of accounting.

The interim unaudited consolidated financial statements include the accounts of the Company. All intercompany balances and transactions are eliminated in consolidation. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the Company's unaudited consolidated financial position, results of operations and cash flows have been included.

Use of Estimates - Liquidation Basis of Accounting

Certain of the Company's accounting estimates are particularly important for an understanding of the Company's financial position and results of operations and require the application of significant judgment by management. As a result, these estimates are subject to a degree of uncertainty. The Company is required to estimate all costs and revenue it expects to incur and earn through the end of liquidation including the estimated amount of cash it expects to collect on the disposal of its assets and the estimated costs to dispose of its assets. All of the estimates and evaluations are susceptible to change and actual results could differ materially from the estimates and evaluations.

Real Estate - Liquidation Basis of Accounting

As of September 30, 2025 the Company's investments in real estate were adjusted to their estimated net realizable value, or liquidation value, to reflect the change to the liquidation basis of accounting. The liquidation value represents the estimated amount of cash or other consideration the Company expects to realize through the disposal of its assets as it carries out the Plan of Liquidation. The liquidation value of investments in real estate was based on a number of factors including discounted cash flow and direct capitalization analyses, detailed analysis of current market comparables and broker opinions of value. The liquidation values of the Company's investments in real estate are presented on an undiscounted basis and investments in real estate are no longer depreciated. Subsequent to September 30, 2025, all changes in the estimated liquidation value of the investments in real estate are reflected as a change to the Company's net assets in liquidation.

Revenue Recognition - Liquidation Basis of Accounting

Under the liquidation basis of accounting, the Company has accrued all income that it expects to earn through the completion of its liquidation to the extent it has a reasonable basis for estimation. Based on historical information and current market conditions, estimated revenue from hotels is projected through the anticipated disposition dates of the properties in the fourth quarter of 2025 and the first quarter of 2026. These amounts are presented net of estimated expenses and other liquidation costs and are classified in liabilities for estimated costs in excess of estimated receipts during liquidation on the unaudited consolidated statement of net liabilities.

Accrued Liquidation Costs - Liquidation Basis of Accounting

In accordance with the liquidation basis of accounting, the Company accrues for certain estimated liquidation costs to the extent it has a reasonable basis for estimation. These consist of legal fees, dissolution costs, final audit/tax costs, insurance, and transfer agent related costs and are included in liabilities for estimated costs in excess of receipts during liquidation in the consolidated statement of net liabilities.

Use of Estimates – Going Concern Basis

The preparation of consolidated financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Segment Information – Going Concern Basis

Management evaluates the Company's hotels as a single reportable segment as a result of aggregating multiple operating segments, because all of the Company's hotels have similar economic characteristics and provide similar services to similar types of customers. Our single reportable segment comprises the structure used by our Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, who collectively have been determined to be our Chief Operations Decision Maker ("CODM"), to make key operating decisions and assess performance. Our CODM evaluates our single reportable segment's operating performance based on individual hotel property net income (loss) before interest expense, income tax expense, depreciation and amortization, corporate general and administrative expense, loss on impairment of hotel properties, loss on early extinguishment of debt, other charges, interest and other income, and gains or losses on sales of hotel properties ("Adjusted Hotel EBITDA"). One single reportable segment's assets are consistent with total assets included in the Company's consolidated balance sheets.

The following table includes revenues, significant hotel operating expenses, and Adjusted Hotel EBITDA for the Company's hotels, reconciled to the consolidated amounts included the Company's unaudited consolidated statements of operations (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenues				
Room revenues	\$ 10,527	\$ 19,421	\$ 35,690	\$ 57,666
Other hotel revenues	482	1,240	2,126	3,923
Total hotel revenues	11,009	20,661	37,816	61,589
Expenses				
Room	3,651	6,792	11,724	18,966
Administrative	1,213	1,945	4,154	5,930
Franchise fee	1,001	1,823	3,334	5,395
Marketing	369	833	1,596	2,533
Repairs and maintenance	603	1,404	2,385	3,997
Utilities	501	917	1,707	2,368
Management fees	440	826	1,514	2,464
Insurance	601	605	1,605	1,800
Property taxes	528	1,217	2,273	3,559
Total hotel expenses	8,907	16,362	30,292	47,012
Adjusted Hotel EBITDA	2,102	4,299	7,524	14,577
Reconciliation of Adjusted Hotel EBITDA to net loss:				
Other expenses (income)				
Interest expense and amortization of debt issuance costs	2,883	4,776	11,526	14,161
Depreciation and amortization	1,415	3,986	5,425	12,044
Corporate general and administrative	962	1,594	4,211	5,210
Loss on impairment of hotel properties	14,720	18,000	21,720	39,833
Gain on sale of hotel properties	—	—	(7,285)	—
Income tax (benefit) expense	(12)	30	226	126
	19,968	28,386	35,823	71,374
Net loss	\$ (17,866)	\$ (24,087)	\$ (28,299)	\$ (56,797)

Organization and Offering Costs – Going Concern Basis

Organization and offering costs of the Company are paid directly by the Company or incurred by the Advisor on behalf of the Company. Pursuant to the Advisory Agreement between the Company and the Advisor, the Company is obligated to reimburse the Advisor or its affiliates, as applicable, for organization and offering costs incurred by the Advisor associated with each of the Company's public offerings, provided that within 60 days of the last day of the month in which a public offering ends, the Advisor is obligated to reimburse the Company to the extent aggregate organization and offering costs incurred by the Company in connection with the completed public offering exceed 15.0% of the gross offering proceeds from the sale of the Company's shares of common stock in the completed public offering. Such organization and offering costs include selling commissions and dealer manager fees paid to a dealer manager, legal, accounting, printing and other offering expenses, including marketing, salaries and direct expenses of the Advisor's employees and employees of the Advisor's affiliates and others. Any reimbursement of the Advisor or its affiliates for organization and offering costs will not exceed actual expenses incurred by the Advisor. The Company's organization and offering costs incurred in connection with the Company's initial public offering did not exceed 15% of the gross offering proceeds from the sale of shares of common stock in such offering.

All offering costs, including selling commissions and dealer manager fees, are recorded as an offset to additional paid-in-capital, and all organization costs are recorded as an expense when the Company has an obligation to reimburse the Advisor.

As of September 30, 2025, total offering costs for the initial public offering and the follow-on offering were \$21.1 million, comprised of \$12.3 million of offering costs incurred directly by the Company and \$8.8 million in offering costs incurred by and reimbursable to the Advisor. Total offering costs for the initial public offering were \$18.4 million, comprised of \$12.3 million of offering costs incurred directly by the Company and \$6.1 million in offering costs incurred by and reimbursable to the Advisor. As of September 30, 2025, total offering costs for the follow-on offering were \$2.7 million, comprised of \$0 of offering costs incurred directly by the Company and \$2.7 million in offering costs incurred by and reimbursable to the Advisor. As of September 30, 2025, the Company had \$0 due to the Advisor for reimbursable offering costs.

Income Taxes – Going Concern Basis

The Company elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code commencing with the taxable year ended December 31, 2016. The Company did not meet all of the qualifications to be a REIT under the Internal Revenue Code for the years ended December 31, 2015 and 2014, including not having 100 shareholders for a sufficient number of days in 2015. Prior to qualifying to be taxed as a REIT, the Company was subject to normal federal and state corporation income taxes.

Provided that the Company continues to qualify as a REIT, it generally will not be subject to federal corporate income tax to the extent it distributes its REIT taxable income to its stockholders, so long as it distributes at least 90% of its REIT taxable income (which is computed without regard to the dividends paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP) and satisfies the other organizational and operational requirements for qualification as a REIT. Even if the Company qualifies for taxation as a REIT, it may be subject to certain state and local taxes on its income and property, and federal income and excise taxes on its undistributed income. The Company leases the hotels it acquires to a wholly-owned taxable REIT subsidiary ("TRS") that is subject to federal, state and local income taxes.

The Company accounts for income taxes of its TRS using the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in earnings in the period prior to when the new rates become effective. The Company records a valuation allowance for net deferred tax assets that are not expected to be realized.

The Company has reviewed tax positions under GAAP guidance that clarify the relevant criteria and approach for the recognition and measurement of uncertain tax positions. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition of a tax position taken, or expected to be taken, in a tax return. A tax position may only be recognized in the consolidated financial statements if it is more likely than not that the tax position will be sustained upon examination. The Company had no material uncertain tax positions as of September 30, 2025.

The preparation of the Company's various tax returns requires the use of estimates for federal and state income tax purposes. These estimates may be subjected to review by the respective taxing authorities. A revision to an estimate may result in an assessment of additional taxes, penalties and interest. At this time, a range in which the Company's estimates may change is not expected to be material. The Company will account for interest and penalties relating to uncertain tax positions in the current period results of operations, if necessary. The Company has tax years 2020 through 2024 remaining subject to examination by various federal and state tax jurisdictions. For more information, see Note 12, "Income Taxes."

Fair Value Measurement – Going Concern Basis

Fair value measures are classified into a three-tiered fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Directly or indirectly observable inputs, other than quoted prices in active markets.

Level 3: Unobservable inputs in which there is little or no market data, which require a reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of the following valuation techniques:

Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach: Amount required to replace the service capacity of an asset (replacement cost).

The Company's estimates of fair value were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts. The Company classifies assets and liabilities in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement.

With the exception of the Company's fixed-rate notes payable, the carrying amounts of other financial instruments, which include cash and cash equivalents, restricted cash, accounts receivable, notes payable, and accounts payable and accrued expenses, approximate their fair values due to their short-term nature. For the fair value of the Company's notes payable, see Note 6, "Debt."

Concentration of Risk – Going Concern Basis

As of September 30, 2025, the Company had cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. The Company diversifies its cash and cash equivalents with several banking institutions in an attempt to minimize exposure to any one of these institutions. The Company regularly monitors the financial stability of these financial institutions along with the balances on deposit at such institutions to minimize the Company's potential risk and believes that it is not exposed to any significant credit risk in cash and cash equivalents or restricted cash.

The Company holds cash accounts at several institutions in excess of the Federal Deposit Insurance Corporations (the "FDIC") protection limits of \$250,000. The Company's exposure to credit loss in the event of the failure of these institutions is represented by the difference between the FDIC protection limit and the total amounts on deposit. At September 30, 2025, the Company's cash accounts exceeded federally insured limits by approximately \$3.6 million and the Company's restricted cash accounts exceeded federally insured limits by approximately \$8.0 million.

The Company is exposed to geographic risk in that five of its nine hotel properties are located in one state, Texas.

Valuation and Allocation of Hotel Properties — Acquisition – Going Concern Basis

Upon acquisition, the purchase price of hotel properties is allocated to the tangible assets acquired, consisting of land, buildings and furniture, fixtures and equipment, any assumed debt, identified intangible assets and asset retirement obligations, if any, based on their fair values. Acquisition costs are charged to expense as incurred. Initial valuations are subject to change during the measurement period, but the measurement period ends as soon as the information is available. The measurement period shall not exceed one year from the acquisition date.

Land values are derived from appraisals and building values are calculated as replacement cost less depreciation or estimates of the relative fair value of these assets using discounted cash flow analyses or similar methods. The value of furniture, fixtures and equipment is based on their fair value using replacement costs less depreciation. Any difference between the fair value of the hotel property acquired and the purchase price of the hotel property is recorded as goodwill or gain on acquisition of hotel property.

The Company determines the fair value of any assumed debt by calculating the net present value of the scheduled mortgage payments using interest rates for debt with similar terms and remaining maturities that the Company believes it could obtain at the date of acquisition. Any difference between the fair value and stated value of the assumed debt is recorded as a discount or premium and amortized over the remaining life of the loan as a component of interest expense.

In allocating the purchase price of each of the Company's properties, the Company makes assumptions and uses various estimates, including, but not limited to, the estimated useful lives of the assets, the cost of replacing certain assets and discount rates used to determine present values. The Company uses Level 3 inputs to value acquired properties. Many of these estimates are obtained from independent third-party appraisals. However, the Company is responsible for the source and use of these estimates. These estimates require judgment and are subject to being imprecise; accordingly, if different estimates and assumptions were derived, the valuation of the various categories of the Company's hotel properties or related intangibles could in turn result in a difference in the depreciation or amortization expense recorded in the Company's consolidated financial statements. These variances could be material to the Company's results of operations and financial condition.

Valuation and Allocation of Hotel Properties — Ownership – Going Concern Basis

Investment in hotel properties is recorded at cost less accumulated depreciation. Major improvements that extend the life of an asset are capitalized and depreciated over a period equal to the shorter of the life of the improvement or the remaining useful life of the asset. The costs of ordinary repairs and maintenance are charged to expense when incurred.

Depreciation expense is computed using the straight-line method based upon the following estimated useful lives:

	Estimated Useful Lives (years)
Buildings and improvements	39-40
Exterior improvements	10-20
Furniture, fixture and equipment	5-10

Real Estate Assets Held for Sale – Going Concern Basis

A long-lived asset (or disposal group) to be disposed of by sale (including an asset group considered a component of an entity) is considered held for sale when all of the following criteria for a qualifying plan of sale are met: 1) management, having the authority to approve the action, commits to a plan to sell the asset or disposal group; 2) the asset or disposal group is available for immediate sale (i.e., a seller currently has the intent and ability to transfer the asset (group) to a buyer) in its present condition, subject only to conditions that are usual and customary for sales of such assets or disposal groups; 3) an active program to locate a buyer and other actions required to complete the plan to sell have been initiated; 4) the sale of the asset or disposal group is probable (i.e., likely to occur) and the transfer is expected to qualify for recognition as a completed sale within one year; 5) the long-lived asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and 6) actions necessary to complete the plan indicate that it is unlikely significant changes to the plan will be made or that the plan will be withdrawn. An exception to the one-year requirement (in point 4) above) is permitted if events or circumstances beyond an entity's control extend the period of time required to sell the assets beyond one year. No depreciation is recorded for real estate assets held for sale.

Impairments of Hotel Properties – Going Concern Basis

The Company monitors events and changes in circumstances indicating that the carrying amount of a hotel property may not be recoverable. When such events or changes in circumstances are present, the Company assesses potential impairment by comparing estimated future undiscounted cash flows expected to be generated over the life of the asset from operating activities and from its eventual disposition, to the carrying amount of the asset. In the event that the carrying amount exceeds the estimated future undiscounted cash flows, the Company recognizes an impairment loss to adjust the carrying amount of the asset to estimated fair value for assets held for use and fair value less costs to sell for assets held for sale. Losses on impairment of hotel properties were \$14.7 million and \$18.0 million for the three months ended September 30, 2025 and 2024, respectively, and \$21.7 million and \$39.8 million for the nine months ended September 30, 2025 and 2024, respectively.

In evaluating a hotel property for impairment, the Company makes several estimates and assumptions, including, but not limited to, the projected date of disposition of the property, the estimated future cash flows of the property during the Company's ownership and the projected sales price of the property. A change in these estimates and assumptions could result in a change in the estimated undiscounted cash flows or fair value of the Company's hotel property which could then result in different conclusions regarding impairment and material changes to the Company's consolidated financial statements.

Revenue Recognition – Going Concern Basis

Hotel revenues, including room, food, beverage and other ancillary revenues, are recognized as the related services are delivered. Revenue is recorded net of any sales and other taxes collected from customers. Amounts received prior to guest arrival are recorded as advances from the customer and are recognized at the time of occupancy.

Cash, Cash Equivalents and Restricted Cash – Going Concern Basis

Cash and cash equivalents represent current bank accounts and other bank deposits free of encumbrances and having maturity dates of three months or less from the respective dates of deposit. The Company limits cash investments to financial institutions with high credit standing; therefore, the Company believes it is not exposed to any significant credit risk in cash.

Restricted cash includes escrow accounts for real property taxes, insurance, capital expenditures and tenant improvements, debt service and leasing costs held by lenders.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the unaudited consolidated balance sheets that sum to the total of the same such amounts shown on the consolidated statement of cash flows as of September 30, 2025 and 2024 (in thousands):

	September 30,	
	2025	2024
Cash and cash equivalents	\$ 6,215	\$ 11,491
Restricted cash	10,132	19,249
Total cash and cash equivalents and restricted cash	<u>\$ 16,347</u>	<u>\$ 30,740</u>

Accounts Receivable – Going Concern Basis

The Company takes into consideration certain factors that require judgments to be made as to the collectability of receivables. Collectability factors taken into consideration are the amounts outstanding, payment history and financial strength of the customer, which, taken as a whole, determines the valuation. Ongoing credit evaluations are performed and an allowance for potential credit losses is provided against the portion of accounts receivable that is estimated to be uncollectible.

Deferred Franchise Costs – Going Concern Basis

Deferred franchise costs are recorded at cost and amortized over the term of the respective franchise contract on a straight-line basis. Accumulated amortization of deferred franchise costs was \$405,000 and \$567,000 as of September 30, 2025 and December 31, 2024, respectively.

Expected future amortization of deferred franchise costs as of September 30, 2025 is as follows (in thousands):

Years Ending December 31,

2025.....	\$ 13
2026.....	53
2027.....	44
2028.....	44
2029.....	36
Thereafter.....	47
Total	<u>\$ 237</u>

Debt Issuance Costs – Going Concern Basis

Debt issuance costs are presented as a direct deduction from the carrying value of the notes payable on the consolidated balance sheets. Debt issuance costs are amortized as a component of interest expense over the term of the related debt using the straight-line method, which approximates the interest method.

Years Ending December 31,

2025.....	\$ 43
2026.....	158
2027.....	123
2028.....	97
2029.....	46
Total	<u>\$ 467</u>

Earnings (Loss) per Share – Going Concern Basis

Earnings (loss) per share (“EPS”) is calculated based on the weighted average number of shares outstanding during each period. Basic and diluted EPS are the same for all periods presented. There were no non-vested shares of restricted common stock as of September 30, 2025 and December 31, 2024 held by the Company’s independent directors.

Recently Issued Accounting Standards – Going Concern Basis

In December 2023, the FASB issued ASU 2023-09 “Income Taxes (Topics 740): Improvements to Income Tax Disclosures” which requires entities to expand disclosures regarding the reconciliation of income tax rate and the amount of income taxes paid, net of refunds received, disaggregated by federal, state and foreign jurisdiction.

In December 2023, the FASB issued ASU 2023-07 “Segment Reporting” which requires entities to disclose additional and more detailed information about a reportable segment’s expenses.

Other recently issued accounting standards or pronouncements not disclosed in the foregoing paragraphs have been excluded because they are either not relevant to, or are not expected to have, or did not have, a material effect on the Company’s consolidated financial statements.

3. Liabilities for Estimated Costs in Excess of Estimated Receipts During Liquidation

The liquidation basis of accounting requires the Company to estimate net cash flows from operations and to accrue all costs associated with implementing and completing the Plan of Liquidation. As of September 30, 2025, the Company estimated that it will have costs in excess of estimated receipts during the liquidation process. These amounts can vary significantly due to, among other things, the timing and estimates for hotel revenue, hotel operating expenses and capital expenditures, the timing of property sales, direct costs incurred to complete the sales, the timing and amounts associated with discharging known and contingent liabilities and the costs associated with the winding down of operations. These costs are estimated and are anticipated to be paid out over the liquidation period.

Upon transition to the liquidation basis of accounting on September 30, 2025, the Company accrued the following revenues and expenses expected to be incurred during liquidation (amounts in thousands):

	September 30, 2025
Revenue	
Hotel revenues	\$ 12,292
Expenses	
Hotel operating expenses, property taxes and insurance.....	10,193
Interest expense	3,294
Corporate general and administrative	1,070
Payment of hotel property selling costs.....	5,458
	<u>20,015</u>
Liabilities for estimated costs in excess of receipts during liquidation ..	<u>\$ (7,723)</u>

4. Net Liabilities in Liquidation

The net liabilities in liquidation as of September 30, 2025 would result in the payment of estimated liquidating distributions of approximately \$0 per share of common stock to the Company's stockholders of record as of September 30, 2025. This estimate of liquidating distributions includes projections of costs and expenses to be incurred during the estimated period required to complete the Plan of Liquidation. There is inherent uncertainty with these estimates and projections, and they could change materially based on the timing of the disposition or transfer of the Company's remaining real estate properties, the performance of the Company's remaining assets and any changes in the underlying assumptions of the projected cash flows from such properties. See Note 1, Organization, "Plan of Liquidation."

A reconciliation of total deficit of \$(13,798) as of September 30, 2025 on a going concern basis to net liabilities in liquidation of \$(14,100) as of September 30, 2025 on a liquidation basis is as follows (amounts in thousands):

Total deficit, September 30, 2025, going concern basis.....	\$ (13,798)
Investment in hotel properties adjustment to fair value.....	8,800
Prepaid expenses and other assets.....	(746)
Deferred franchise costs.....	(237)
Debt issuance costs.....	(467)
Liabilities for estimated costs in excess of receipts during liquidation	(7,723)
Dividends payable.....	70
Special Limited Partnership Interests	1
Net liabilities in liquidation, September 30, 2025	<u>\$ (14,100)</u>

5. Investment in Hotel Properties, Real Estate Assets Held for Sale, and Dispositions

The following table sets forth summary information regarding the Company's investment in hotel properties and real estate assets held for sale as of September 30, 2025 (all \$ amounts in thousands):

Property Name	Date Acquired	Location	Ownership Interest	Original Purchase Price ⁽¹⁾	Rooms	Mortgage Debt Outstanding ⁽²⁾
Springhill Suites Seattle ⁽⁴⁾	May 24, 2016	Seattle, Washington	100%	\$ 74,100	234	\$ 39,364
Homewood Suites Woodlands	September 27, 2017 ⁽³⁾	The Woodlands, Texas	100%	17,356	91	7,933
Hyatt Place Germantown ⁽⁵⁾	September 27, 2017 ⁽³⁾	Germantown, Tennessee North	100%	16,074	127	5,583
Hyatt Place North Charleston.....	September 27, 2017 ⁽³⁾	Charleston, South Carolina	100%	13,806	113	5,263
Hampton Inn Austin.....	September 27, 2017 ⁽³⁾	Austin, Texas	100%	19,328	123	9,326
Hampton Inn Great Valley ⁽⁶⁾	September 27, 2017 ⁽³⁾	Frazer, Pennsylvania	100%	15,285	125	6,971
Homewood Suites Austin	September 27, 2017 ⁽³⁾	Austin, Texas	100%	18,835	96	9,451
Hampton Inn Houston	September 27, 2017 ⁽³⁾	Houston, Texas	100%	9,958	119	3,617
Residence Inn Houston Medical Center ⁽⁷⁾	April 29, 2019	Houston, Texas	100%	52,000	182	26,675
Totals.....				<u>\$ 236,742</u>	<u>1,210</u>	<u>\$ 114,183</u>

(1) Excludes closing costs.

(2) As of September 30, 2025.

(3) Property acquired on September 27, 2017 as a result of the merger of Moody National REIT I, Inc. ("Moody I") with and into the Company (the "Merger") and the merger of Moody National Operating Partnership I, L.P., the operating partnership of Moody I ("Moody I OP"), with and into the OP (the "Partnership Merger," and together with the Merger, the "Mergers").

(4) On September 15, 2025, the Company entered into a purchase and sale agreement to sell the Springhill Suites Seattle to an unaffiliated purchaser for an aggregate purchase price of \$51.0 million.

(5) On September 15, 2025, the Company entered into a purchase and sale agreement to sell the Hyatt Place Germantown to an unaffiliated purchaser for an aggregate purchase price of \$11.0 million.

(6) On September 26, 2025, the Company entered into a purchase and sale agreement to sell the Hampton Inn Great Valley to an unaffiliated purchaser for an aggregate purchase price of \$10.4 million.

(7) On April 21, 2025, the Company entered into a purchase and sale agreement to sell the Residence Inn Houston Medical Center to an affiliated purchaser for an aggregate purchase price of \$33.0 million.

As a result of adopting the liquidation basis of accounting on September 30, 2025, real estate properties were recorded at their estimated liquidation value, which represents the estimated gross amount of cash or other consideration the Company expects to realize through the disposition or transfer of its real estate properties as it carries out its Plan of Liquidation.

Investment in hotel properties on a going concern basis consisted of the following at September 30, 2025 and December 31, 2024 (all amounts in thousands):

	September 30, 2025	December 31, 2024
Land.....	\$ 9,863	\$ 40,084
Buildings and improvements	39,875	164,139
Furniture, fixtures and equipment	14,478	36,408
Total cost.....	64,216	240,631
Accumulated depreciation.....	(24,161)	(65,919)
Investment in hotel properties, net	<u>\$ 40,055</u>	<u>\$ 174,712</u>

Dispositions of Hotel Properties

On December 10, 2024, the Company sold the Townplace Suites Fort Worth property to an unaffiliated purchaser for \$9.1 million.

On February 6, 2025, the Company sold the Residence Inn Grapevine property to an unaffiliated purchaser for \$22.5 million.

On February 6, 2025, the Company sold the Residence Inn Austin property to an unaffiliated purchaser for \$20.5 million.

On March 21, 2025, the Company sold the Marriott Courtyard Lyndhurst property to an unaffiliated purchaser for \$21.3 million.

On April 11, 2025, the Company sold the Embassy Suites Nashville property to an unaffiliated purchaser for \$57.5 million.

Effective May 6, 2025, following a default under the loan documents related to a missed debt service payment, the borrower under the mortgage loan secured by the Hilton Garden Inn Austin relinquished ownership of the property to the lender in a foreclosure transaction. The mortgage loan secured by the Hilton Garden Inn Austin matured in December 2024.

Real Estate Assets Held for Sale

The carrying value of real estate assets held for sale on a going concern basis as of September 30, 2025 and December 31, 2024 is as follows (all \$ amounts in thousands):

	September 30, 2025	December 31, 2024
Residence Inn Austin	\$ —	\$ 19,645
Residence Inn Grapevine	—	20,019
Marriott Courtyard Lyndhurst	—	19,523
Embassy Suites Nashville	—	56,159
Springhill Suites Seattle	44,841	—
Hyatt Place Germantown	10,960	—
Hampton Inn Great Valley	10,402	—
Residence Inn Houston Medical Center	30,368	—
Total.....	<u>\$ 96,571</u>	<u>\$ 115,346</u>

6. Debt

The Company's aggregate borrowings are reviewed by the Board at least quarterly. Under the Company's Articles of Amendment and Restatement (as amended, the "Charter"), the Company is prohibited from borrowing in excess of 300% of the value of the Company's net assets. "Net assets," for purposes of this calculation, is defined to be the Company's total assets (other than intangibles), valued at cost prior to deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities. However, the Company may temporarily borrow in excess of 300% of the value of the Company's net assets if such excess is approved by a majority of the Company's independent directors and disclosed to stockholders in the Company's next quarterly report, along with an explanation for such excess. As of September 30, 2025, the Company's debt levels did not exceed 300% of the value of the Company's net assets, as defined above.

As of September 30, 2025 and December 31, 2024, the Company's mortgage notes payable secured by the respective assets, consisted of the following (all \$ amounts in thousands):

Loan	Principal as of September 30, 2025	Principal as of December 31, 2024	Interest Rate at September 30, 2025	Maturity Date
Residence Inn Austin ⁽¹⁾	\$ —	\$ 14,842	—	—
Springhill Suites Seattle	39,364	40,062	4.380%	October 1, 2026
Homewood Suites Woodlands ⁽⁶⁾	7,933	8,049	4.690%	April 11, 2025
Hyatt Place Germantown	5,583	5,696	7.250%	June 29, 2028
				November 29, 2028
Hyatt Place North Charleston	5,263	5,354	9.000%	2028
Hampton Inn Austin	9,326	9,461	9.000%	November 6, 2029
Residence Inn Grapevine ⁽²⁾	—	10,836	—	—
Marriott Courtyard Lyndhurst ⁽³⁾	—	17,058	—	—
Hilton Garden Inn Austin ⁽⁴⁾	—	16,240	—	—
Hampton Inn Great Valley ⁽⁶⁾	6,971	7,102	4.700%	January 11, 2026
Embassy Suites Nashville ⁽⁵⁾	—	37,003	—	—
Homewood Suites Austin	9,451	9,587	4.650%	August 11, 2025
Hampton Inn Houston	3,617	3,762	9.500%	April 28, 2028
Residence Inn Houston Medical Center	26,675	26,920	10.000%	December 1, 2025
U.S. Small Business Administration Economic Injury Disaster Loans	5,986	7,494	3.750%	November 2051
Total notes payable	120,169	219,466		
Less unamortized debt issuance costs	(467)	(702)		
Total notes payable, net of unamortized debt issuance costs	\$ 119,702	\$ 218,764		

- (1) Property sold on February 6, 2025 to an unaffiliated purchaser for \$20.5 million. The proceeds of such sale were used to repay the mortgage loan secured by this property.
- (2) Property sold on February 6, 2025 to an unaffiliated purchaser for \$22.5 million. The proceeds of such sale were used to repay the mortgage loan secured by this property.
- (3) Property sold on March 21, 2025 to an unaffiliated purchaser for \$21.3 million. The proceeds of such sale were used to repay the mortgage loan secured by this property.
- (4) On May 6, 2025, the lender for the Hilton Garden Inn Austin foreclosed on the property in satisfaction of the mortgage loan secured by the property.
- (5) Property sold on April 11, 2025 to an unaffiliated purchaser for \$57.5 million. The proceeds of such sale were used to repay the mortgage loan secured by this property.
- (6) The current lenders for the mortgage loans on the Homewood Suites Woodlands and the Hampton Inn Great Valley, which matured April 11, 2025, have temporarily forbore on any of their remedies while the Company finalizes the sale of the properties.

Monthly payments of principal and interest are due and payable until the maturity date.

Each of the Company's hotel properties are subject to a mortgage loan bearing interest at a fixed rate secured by the Company's ownership interest in the property, except for Hyatt Place North Charleston, the Hampton Inn Austin and the Hampton Inn Houston mortgage loans which bear interest at floating rates.

Scheduled maturities of the Company's notes payable for each of the next five calendar years and collectively thereafter, as of September 30, 2025, are as follows (all amounts in thousands):

Years ending December 31,

2025.....	\$ 51,449
2026.....	39,881
2027.....	919
2028.....	13,652
2029.....	8,708
Thereafter.....	5,560
Total	<u>\$ 120,169</u>

Loan Maturities

The Company is considering various alternatives to extend or refinance loans maturing in 2025 and thereafter. This is expected to include the sale of additional properties.

Economic Injury Disaster Loans

The Company obtained fifteen loans (collectively, the "Loans") of \$500,000 each from the U.S. Small Business Administration. The Loans will be due in monthly installments of principal and interest beginning two years from the dates of the Loans with balances due November 2051. The monthly installments are applied to accrued interest first, then to principal. The Loans bear interest at the rate of 3.75% per annum and are secured by the Company's tangible and intangible personal property. The aggregate balance of the Loans was \$6.0 million and \$7.5 million, respectively, as of September 30, 2025 and December 31, 2024.

Notes Payable to Related Party

On March 30, 2021, Moody National Capital, LLC ("Moody Capital"), an affiliate of the Company, loaned the Company \$8.0 million pursuant to a promissory note (the "Related Party Note"). The Related Party Note provides that the Company may borrow up to an additional \$2.0 million from Moody Capital, for a maximum aggregate loan amount of \$10.0 million. All amounts borrowed under the Related Party Note plus all accrued interest thereon, was originally due and payable in full on March 29, 2024, provided that the Company had the right to extend such maturity date for up to two years at the Company's discretion. The Company has elected to fully extend such maturity date to March 29, 2026. Interest on the Related Party Note began to accrue effective March 30, 2021. The principal amount of the loan under the Related Party Note bears interest at a rate per annum equal SOFR plus 4.75%; provided, however, that such interest rate will be increased to a rate per annum equal to SOFR plus 6.75% if the Related Party Note is subordinated to another lender. The effective interest rate for the Related Party Note was 9.00% as of September 30, 2025. The balance of the Related Party Note was \$10.0 million as of September 30, 2025 and December 31, 2024.

From April 2021 to August 16, 2021, Moody Capital made a series of advances to the Company to meet specific cash flow needs of the Company. Effective June 30, 2021, these advances were memorialized in a promissory note ("Second Related Party Note") with a total maximum aggregate loan amount of \$10.0 million. All amounts borrowed under the Second Related Party Note plus all accrued interest thereon, was originally due and payable in full on June 30, 2024, provided that the Company had the right to extend such maturity date for up to two years at the Company's discretion. The Company has elected to fully extend such maturity date to June 30, 2026. Interest on the Second Related Party Note began to accrue effective June 30, 2021. The principal amount of the loan under the Second Related Party Note bears interest at a rate per annum equal SOFR plus 6.75%; provided, however, that such interest rate will be increased to a rate per annum equal to SOFR plus 8.75% if the Second Related Party Note is subordinated to another lender. The effective interest rate for the Second Related Party Note was 11.00% as of September 30, 2025. The balance of the Second Related Party Note was \$10.0 million as of September 30, 2025 and December 31, 2024.

From August 20, 2021 to September 30, 2021, Moody Capital made a series of advances to the Company to meet specific cash flow needs. These advances were memorialized in a promissory note ("Third Related Party Note") with a total maximum aggregate loan amount of \$10.0 million. All amounts borrowed under the Third Related Party Note plus all accrued interest thereon, was originally due and payable in full on August 20, 2024, provided that the Company had the right to extend such maturity date for up to two years at the Company's discretion. The Company has elected to fully extend such maturity date to August 20, 2026. Interest on the Third Related Party Note began to accrue effective August 20, 2021. The principal amount of the loan under the Third Related Party Note bears interest at a rate per annum equal SOFR plus 7.75%; provided, however, that such interest rate will be increased to a rate per annum equal to SOFR plus 9.75% if the Third Related Party Note is subordinated to another lender. The effective interest rate for the Third Related Party Note was 12.00% as of September 30, 2025. The balance of the Third Related Party Note was \$8.0 million and \$10 million as of September 30, 2025 and December 31, 2024, respectively.

From April 13, 2022 to September 30, 2023, Moody Capital made a series of advances to the Company to meet specific cash flow needs. These advances were memorialized in a promissory note (“Fourth Related Party Note”) with a total maximum aggregate loan amount of \$10.0 million. All amounts borrowed under the Fourth Related Party Note plus all accrued interest thereon, was originally due and payable in full on April 13, 2025, provided that the Company had the option to extend such maturity date for up to two years at the Company’s discretion. Interest on the Fourth Related Party Note began to accrue effective April 13, 2022. The principal amount of the loan under the Fourth Related Party Note bears interest at a rate per annum equal to one-year SOFR plus 8.75%; provided, however, that such interest rate will be increased to a rate per annum equal to one-year SOFR plus 9.75% if the Fourth Related Party Note is subordinated to another lender. The Fourth Related Party Note was repaid in full on April 11, 2025. The balance of the Fourth Related Party Note was \$0 million and \$10 million as of September 30, 2025 and December 31, 2024, respectively.

From January 1, 2024 to June 30, 2024, Moody Capital made a series of advances to the Company to meet specific cash flow needs. These advances were memorialized in a promissory note (“Fifth Related Party Note”) with a total maximum aggregate loan amount of \$10.0 million. All amounts borrowed under the Fifth Related Party Note plus all accrued interest thereon, will be due and payable in full on January 1, 2026, provided that the Company had the right to extend such maturity date for up to two years at the Company’s discretion. Interest on the Fifth Related Party Note began to accrue effective January 1, 2024. The principal amount of the loan under the Fifth Related Party Note bears interest at a rate per annum equal to one-year SOFR plus 8.75%; provided, however, that such interest rate will be increased to a rate per annum equal to one-year SOFR plus 9.75% if the Fifth Related Party Note is subordinated to another lender. The Fifth Related Party Note was repaid in full on February 7, 2025. The balance of the Fifth Related Party Note was \$0 million and \$10 million as of September 30, 2025 and December 31, 2024, respectively.

Interest will be paid on any outstanding principal amounts under the Related Party Note, the Second Related Party Note, and the Third Related Party Note as permitted by available cash flow of the Company, or from the excess proceeds following a sale of a property after the payment of expenses and amounts due to any senior lender, if applicable, and will be compounded semi-annually. The Company expects to enter into a mutually agreeable subordination agreement with any such senior lender. The Company may prepay any amounts due under the Related Party Note, the Second Related Party Note, and the Third Related Party Note without any prepayment penalty. Accrued interest on notes payable to related party was \$12.6 million and \$14.5 million as of September 30, 2025 and December 31, 2024, respectively.

The estimated fair value of the Company’s notes payable as of September 30, 2025 and December 31, 2024, was \$120 million and \$219 million, respectively. The fair value of the notes payable was estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowing arrangements as of the respective reporting dates. The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

7. Equity

Capitalization

Under its Charter, the Company has the authority to issue 1.0 billion shares of common stock and 100.0 million shares of preferred stock. All shares of such stock have a par value of \$0.01 per share. On August 15, 2014, the Company sold 8,000 shares of common stock to the Sponsor at a purchase price of \$25.00 per share for an aggregate purchase price of \$200,000, which was paid in cash. As of September 30, 2025, there were a total of 13.6 million shares of the Company’s common stock issued and outstanding, including 10.2 million shares, net of redemptions, issued in the Company’s public offerings, 3.3 million shares, net of redemptions, issued in connection with the Mergers, the 8,000 shares sold to Sponsor and 65,000 shares of restricted stock issued to the Company’s directors, as discussed in Note 9 “Incentive Award Plan,” as follows (in thousands):

Class	Shares Outstanding as of September 30, 2025
Class A Shares	13,000
Class T Shares.....	481
Class I Shares	159
Total	13,640

The Board is authorized to amend the Charter without the approval of the stockholders to increase the aggregate number of authorized shares of capital stock or the number of shares of any class or series that the Company has authority to issue.

Distributions

The Company first paid distributions on September 15, 2015. On March 24, 2020, the Board unanimously approved the suspension of (i) the payment of distributions to the Company's stockholders, effective immediately, and (ii) the operation of the DRP, effective as of April 6, 2020, due to the impact that the COVID-19 pandemic had on the Company's hotel properties. The payment of distributions and the operation of the DRP will remain suspended until such time as the Board approves their resumption, which is not expected to occur.

Noncontrolling Interest Deficit in Operating Partnership

Noncontrolling interest deficit in the OP as of September 30, 2025 and December 31, 2024 was \$1.0 million and \$386,000, respectively, which represented 316,037 common units in the OP issued in connection with the acquisition of the Springhill Suites Seattle and the Partnership Merger, and is reported in equity in the consolidated balance sheets. Loss from the OP attributable to these noncontrolling interests was \$405,000 and \$545,000 for the three months ended September 30, 2025 and 2024, respectively, and \$642,000 and \$1.3 million for the nine months ended September 30, 2025 and 2024, respectively.

8. Related Party Arrangements

Pursuant to the Advisory Agreement, the Advisor and certain affiliates of Advisor receive fees and compensation in connection with the Company's public offerings and the acquisition, management and sale of the Company's real estate investments. In addition, in exchange for \$1,000 and in consideration of services to be provided by the Advisor, the OP has issued an affiliate of the Advisor, Moody LPOP II, a separate, special limited partnership interest, in the form of Special Limited Partnership Interests. For further detail, please see Note 10, "Subordinated Participation Interest."

Sales Commissions and Dealer Manager Fees

From January 1, 2017 through June 12, 2017, the Company paid Moody Securities an up-front selling commission of up to 7.0% of the gross proceeds of what are now the Class A Shares sold in the primary offering and a dealer manager fee of up to 3.0% of the gross proceeds of what are now the Class A Shares sold in the primary offering. Beginning on June 12, 2017, the Company reallocated its common shares into four separate share classes, Class A Shares, Class T Shares, Class I Shares and Class D Shares, with differing fees for each class of shares.

Beginning January 16, 2018, the Advisor assumed responsibility for the payment of all selling commissions, dealer manager fees and stockholder servicing fees paid in connection with the Company's public offering; *provided, however*, that the Advisor intends to recoup the funding of such amounts through the Contingent Advisor Payment (described below). In connection with the implementation of the Contingent Advisor Payment, the Company reduced the up-front selling commission paid with respect to the Class A Shares from up to 7.0% to up to 6.0% of the gross proceeds of the Class A Shares sold in the primary offering and reduced the dealer manager fee paid with respect to the Class A Shares from up to 3.0% to up to 2.5% of the gross proceeds of the Class A Shares sold in the primary offering. As of September 30, 2025, Advisor had paid Moody Securities \$9.7 million in selling commissions, trailing stockholder servicing fees, and dealer manager fees related to the Company's public offering, of which \$8.5 million could potentially be recouped by the Advisor at a later date through the Contingent Advisor Payment.

Organization and Offering Expenses

The Advisor will receive reimbursement for organizational and offering expenses incurred on the Company's behalf, but only to the extent that such reimbursements do not exceed actual expenses incurred by Advisor and do not cause the cumulative selling commissions, dealer manager fees, stockholder servicing fees and other organization and offering expenses borne by the Company to exceed 15.0% of gross offering proceeds from the sale of shares in the Company's follow-on offering as of the date of reimbursement.

As of September 30, 2025, total offering costs for the initial public offering and the follow-on offering were \$21.1 million, comprised of \$12.3 million of offering costs incurred directly by the Company and \$8.8 million in offering costs incurred by and reimbursable to the Advisor. As of September 30, 2025, total offering costs for the initial public offering were \$18.4 million, comprised of \$12.3 million of offering costs incurred directly by the Company and \$6.1 million in offering costs incurred by and reimbursable to the Advisor. As of September 30, 2025, total offering costs for the follow-on offering were \$2.7 million, comprised of \$0 of offering costs incurred directly by the Company and \$2.7 million in offering costs incurred by and reimbursable to the Advisor. As of September 30, 2025, the Company had \$0 due to the Advisor for reimbursable offering costs.

Acquisition Fees

As of January 16, 2018, the Advisor assumed responsibility for the payment of all selling commissions, dealer manager fees and stockholder servicing fees in connection with the Company's public offering. In connection therewith, as of January 16, 2018, the acquisition fee payable to the Advisor was increased from 1.5% to up to a maximum of 3.85% of (1) the cost of all investments the Company acquires (including the Company's pro rata share of any indebtedness assumed or incurred in respect of the investment and exclusive of acquisition and financing coordination fees), (2) the Company's allocable cost of investments acquired in a joint venture (including the Company's pro rata share of the purchase price and the Company's pro rata share of any indebtedness assumed or incurred in respect of that investment and exclusive of acquisition fees and financing coordination fees) or (3) the amount funded by the Company to acquire or originate a loan or other investment, including mortgage, mezzanine or bridge loans (including any third-party expenses related to such investment and exclusive of acquisition fees and financing coordination fees). The up to 3.85% acquisition fee consists of (i) a 1.5% base acquisition fee and (ii) up to an additional 2.35% contingent acquisition fee (the "Contingent Advisor Payment"). The 1.5% base acquisition fee will always be payable upon the acquisition of an investment by the Company, unless the receipt thereof is waived by the Advisor. The amount of the Contingent Advisor Payment to be paid in connection with the closing of an acquisition will be reviewed on an acquisition-by-acquisition basis and such payment shall not exceed the then-outstanding amounts paid by the Advisor for dealer manager fees, selling commissions or stockholder servicing fees at the time of such closing. For purposes of determining the amount of Contingent Advisor Payment payable, the amounts paid by the Advisor for dealer manager fees, selling commissions or stockholder servicing fees and considered "outstanding" will be reduced by the amount of the Contingent Advisor Payment previously paid and taking into account the amount of the Contingent Advisor Holdback. The Advisor may waive or defer all or a portion of the acquisition fee at any time and from time to time, in the Advisor's sole discretion. The Company did not incur any acquisition fees payable to Advisor for the three and nine months ended September 30, 2025 and 2024, and does not expect to incur any such fees in the future.

Reimbursement of Acquisition Expenses

The Advisor may also be reimbursed by the Company for actual expenses related to the evaluation, selection and acquisition of real estate investments, regardless of whether the Company actually acquires the related assets. The Company did not reimburse the Advisor for any acquisition expenses during the three and nine months ended September 30, 2025 and 2024.

Financing Coordination Fee

The Advisor also receives financing coordination fees of 1% of the amount available under any loan or line of credit made available to the Company and 0.75% of the amount available or outstanding under any refinanced loan or line of credit. The Advisor will pay some or all of these fees to third parties with whom it subcontracts to coordinate financing for the Company. The Company did not incur financing coordination fees payable to the Advisor during each of the three and nine months ended September 30, 2025 and 2024.

Property Management Fee

The Company pays Moody National Hospitality Management, LLC ("Property Manager") a monthly hotel management fee equal to 4.0% of the monthly gross operating revenues from the properties managed by Property Manager for services it provides in connection with operating and managing properties. The hotel management agreements between the Company and the Property Manager generally have initial terms of ten years. Property Manager may pay some or all of the compensation it receives from the Company to a third-party property manager for management or leasing services. In the event that the Company contracts directly with a non-affiliated third-party property manager, the Company will pay Property Manager a market-based oversight fee. The Company will reimburse the costs and expenses incurred by Property Manager on the Company's behalf, including legal, travel and other out-of-pocket expenses that are directly related to the management of specific properties, but the Company will not reimburse Property Manager for general overhead costs or personnel costs other than employees or subcontractors who are engaged in the on-site operation, management, maintenance or access control of the properties. The Company incurred property management fees of \$440,000 and \$826,000 for the three months ended September 30, 2025 and 2024, respectively, and \$1.5 million and \$2.5 million for the nine months ended September 30, 2025, respectively. The Company incurred accounting fees of \$68,000 and \$113,000 for the three months ended September 30, 2025 and 2024, respectively, and \$218,000 and \$337,000 for the nine months ended September 30, 2025 and 2024, respectively. Property management fees and accounting fees are included in hotel operating expense in the accompanying unaudited consolidated statements of operations.

The Company pays an annual incentive fee to Property Manager. Such annual incentive fee is equal to 15% of the amount by which the operating profit from the properties managed by Property Manager for such fiscal year (or partial fiscal year) exceeds 8.5% of the total investment of such properties. Property Manager may pay some or all of this annual incentive fee to third-party sub-property managers for management services. For purposes of this annual incentive fee, “total investment” means the sum of (i) the price paid to acquire a property, including closing costs, conversion costs, and transaction costs; (ii) additional invested capital and (iii) any other costs paid in connection with the acquisition of the property, whether incurred pre- or post-acquisition. As of September 30, 2025, the Company had not paid any annual incentive fees to Property Manager.

Asset Management Fee

The Company pays the Advisor a monthly asset management fee of one-twelfth of 1.0% of the cost of investment of all real estate investments the Company acquires. The Company incurred asset management fees of \$539,000 and \$1.2 million for the three months ended September 30, 2025 and 2024, respectively, and \$2.3 million and \$3.6 million for the nine months ended September 30, 2025 and 2024, respectively. Asset management fees are recorded in corporate general and administrative expenses in the accompanying unaudited consolidated statements of operations.

Disposition Fee

The Company may also pay the Advisor or its affiliates a disposition fee in an amount of up to one-half of the brokerage commission paid on the sale of an asset, but in no event greater than 3% of the contract sales price of each property or other investment sold; provided, however, in no event may the aggregate disposition fees paid to the Advisor and any real estate commissions paid to unaffiliated third parties exceed 6% of the contract sales price. The Company incurred disposition fees payable to the Advisor of \$0 for the three months ended September 30, 2025 and 2024 and \$1.0 million and \$0 for the nine months ended September 30, 2025 and 2024, respectively.

Operating Expense Reimbursement

The Company will reimburse the Advisor for all expenses paid or incurred by the Advisor in connection with the services provided to the Company, subject to the limitation that the Company will not reimburse the Advisor for any amount by which the Company’s aggregate operating expenses (including the asset management fee payable to the Advisor) at the end of the four preceding fiscal quarters exceeds the greater of: (1) 2% of the Company’s average invested assets, or (2) 25% of the Company’s net income determined without reduction for any additions to reserves for depreciation, bad debts or other similar non-cash reserves and excluding any gain from the sale of the Company’s assets for that period (the “2%/25% Limitation”). Notwithstanding the above, the Company may reimburse the Advisor for expenses in excess of the 2%/25% Limitation if a majority of the Company’s independent directors determines that such excess expenses are justified based on unusual and non-recurring factors. For the four fiscal quarters ended September 30, 2025, total operating expenses of the Company were \$6.0 million, which included \$3.8 million in operating expenses incurred directly by the Company and \$2.2 million incurred by the Advisor on behalf of the Company. Of the \$6.0 million in total operating expenses incurred during the four fiscal quarters ended September 30, 2025, \$0 exceeded the 2%/25% Limitation. The Company reimbursed the Advisor \$2.2 million during the four fiscal quarters ended September 30, 2025. As of September 30, 2025, the Company had \$400,000 due to the Advisor for operating expense reimbursement.

Notes Payable to Related Party

See Note 6, “Debt” to the consolidated financial statements for a description of notes payable to related party. The balance of notes payable to related party was \$28.0 million and \$50.0 million as of September 30, 2025 and December 31, 2024, respectively.

Due to Related Parties, Net

The composition of the amounts due to related parties, net as of September 30, 2025 and December 31, 2024, is as follows (all \$ amounts in thousands):

	September 30, 2025	December 31, 2024
Operating expense reimbursement	\$ 400	\$ 267
Asset management fee	—	4,819
Accounts payable to Property Manager	75	3,127
Accounts payable to Moody Capital	—	525
Accrued interest on related party notes	12,647	14,475
Total due to related parties, net	<u>\$ 13,122</u>	<u>\$ 23,213</u>

9. Incentive Award Plan

The Company has adopted an incentive plan (the “Incentive Award Plan”) that provides for the grant of equity awards to its employees, directors and consultants and those of the Company’s affiliates. The Incentive Award Plan authorizes the grant of non-qualified and incentive stock options, restricted stock awards, restricted stock units, stock appreciation rights, dividend equivalents and other stock-based awards or cash-based awards. Shares of common stock will be authorized and reserved for issuance under the Incentive Award Plan. The Company has also adopted an independent directors compensation plan (the “Independent Directors Compensation Plan”) pursuant to which each of the Company’s independent directors was entitled, subject to the Independent Directors Compensation Plan’s conditions and restrictions, to receive an initial grant of 5,000 shares of restricted stock when the Company raised the minimum offering amount of \$2,000,000 in the Company’s initial public offering. Each new independent director who subsequently joins the Board will receive a grant of 5,000 shares of restricted stock upon his or her election to the Board. In addition, on the date of each of the first four annual meetings of the Company’s stockholders at which an independent director is re-elected to the Board, he or she will receive an additional grant of 2,500 shares of restricted stock. Subject to certain conditions, the non-vested shares of restricted stock granted pursuant to the Independent Directors Compensation Plan will vest and become non-forfeitable in four equal quarterly installments beginning on the first day of the first quarter following the date of grant; provided, however, that the restricted stock will become fully vested on the earlier to occur of (1) the termination of the independent director’s service as a director due to his or her death or disability or (2) a change in control of the Company. As of September 30, 2025, there were 1,935,000 common shares remaining available for future issuance under the Incentive Award Plan and the Independent Directors Compensation Plan.

For the three and nine months ended September 30, 2025 and 2024, no compensation expense was recorded by the Company related to such shares of restricted stock. As of September 30, 2025, there were no non-vested shares of restricted common stock granted pursuant to the Independent Directors Compensation Plan.

10. Subordinated Participation Interest

Pursuant to the limited partnership agreement for the OP, Moody LPOP II, the holder of the Special Limited Partnership Interests, is entitled to receive distributions equal to 15.0% of the OP’s net cash flows, whether from continuing operations, the repayment of loans, the disposition of assets or otherwise, but only after the Company’s stockholders (and current and future limited partnership interest holders of the OP other than the former limited partners of Moody I OP) have received, in the aggregate, cumulative distributions equal to their total invested capital plus a 6.0% cumulative, non-compounded annual pre-tax return on such aggregated invested capital. Former limited partners of Moody I OP must have received a cumulative annual return of 8.0%, which is equal to the same return to which such holders were entitled before distributions to the special limited partner of Moody I OP could have been paid under the limited partnership agreement of Moody I OP. In addition, Moody LPOP II is entitled to a separate payment if it redeems its Special Limited Partnership Interests. The Special Limited Partnership Interests may be redeemed upon: (1) the listing of the Company’s common stock on a national securities exchange or (2) the occurrence of certain events that result in the termination or non-renewal of the Advisory Agreement, in each case for an amount that Moody LPOP II would have been entitled to receive had the OP disposed of all of its assets at the enterprise valuation as of the date of the event triggering the redemption.

11. Commitments and Contingencies

Restricted Cash

Under certain management and debt agreements existing at September 30, 2025, the Company escrows payments required for real estate taxes, insurance, replacement of hotel furniture and fixtures, debt service and property improvement plans. The composition of the Company’s restricted cash as of September 30, 2025 and December 31, 2024 are as follows (all \$ amounts in thousands):

	September 30, 2025	December 31, 2024
Real estate taxes	\$ 2,322	\$ 4,934
Hotel furniture and fixtures	4,065	7,649
Debt service	2,242	5,645
Property improvement plan	1,503	1,658
Total restricted cash	<u>\$ 10,132</u>	<u>\$ 19,886</u>

Franchise Agreements

As September 30, 2025, all of the Company's hotel properties, including those acquired as part of the Moody I Portfolio, are operated under franchise agreements with initial terms ranging from 10 to 20 years. The franchise agreements allow the properties to operate under the franchisor's brand. Pursuant to the franchise agreements, the Company pays a royalty fee generally between 3.0% and 6.0% of room revenue, plus additional fees for marketing, central reservation systems and other franchisor costs that amount to between 1.5% and 4.3% of room revenue. The Company incurred franchise fee expense of \$1.0 million and \$1.8 million for the three months ended September 30, 2025 and 2024, respectively, and \$3.3 million and \$5.4 million for the nine months ended September 30, 2025 and 2024, respectively. Franchise fee expense amounts are included in hotel operating expenses in the accompanying unaudited consolidated statements of operations.

12. Income Taxes

The Company has formed a TRS that is treated as a C-corporation for federal income tax purposes and uses the asset and liability method of accounting for income taxes. Tax return positions are recognized in the consolidated financial statements when they are "more-likely-than-not" to be sustained upon examination by the taxing authority. Deferred income tax assets and liabilities result from temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements that will result in taxable or deductible amounts in future periods. A valuation allowance may be placed on deferred income tax assets, if it is determined that it is more likely than not that a deferred tax asset may not be realized.

As of September 30, 2025, the Company had operating loss and capital loss carry-forwards of \$29.3 million and \$534,000, respectively.

The Company had deferred tax assets of \$0 as September 30, 2025 and December 31, 2024, net of a valuation allowance of \$27.3 million and \$25.4 million as of September 30, 2025 and December 30, 2024, respectively, related to net operating loss carry forwards of the TRS which are included in prepaid expenses and other assets on the consolidated balance sheets. As of September 30, 2025, the TRS had a net operating loss carry-forward of \$130.2 million, of which \$8.3 million was transferred from Moody I's taxable REIT subsidiaries when they were merged into the Company's TRS on the date of the closing of the Mergers.

Below is a reconciliation between the provision for income taxes and the amounts computed by applying the federal income tax rate to the loss before taxes (all \$ amounts in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Statutory federal tax benefit	\$ (3,752)	\$ (5,058)	\$ (5,943)	\$ (11,927)
Federal tax impact of REIT election.....	3,283	4,302	4,085	9,920
Statutory federal tax benefit at TRS	(469)	(756)	(1,858)	(2,007)
State Income tax expense, net of federal benefit.....	(12)	30	226	126
Change in valuation allowance	469	756	1,858	2,007
Income tax (benefit) expense.....	<u>\$ (12)</u>	<u>\$ 30</u>	<u>\$ 226</u>	<u>\$ 126</u>

The difference between income tax expense and the amount computed by applying the statutory federal income tax rate to the combined income of the Company's TRS before taxes were as follows:

	Three months ended September 30,		Nine months ended September 30	
	2025	2024	2025	2024
Book loss before income taxes of the TRS.....	\$ (2,234)	\$ (3,602)	\$ (8,850)	\$ (9,559)
Statutory rate at 21%	\$ (469)	\$ (756)	\$ (1,858)	\$ (2,007)
Effect of state and local income taxes, net of federal tax benefit	(12)	30	226	126
Change in valuation allowance	469	756	1,858	2,007
Income tax (benefit) expense.....	<u>\$ (12)</u>	<u>\$ 30</u>	<u>\$ 226</u>	<u>\$ 126</u>

On September 30, 2025, the Company had net deferred tax assets of \$0. The Company has past years' federal and state tax operating loss carryforwards of the TRS that will generally expire in 2034 through 2039 if not utilized by then. The Company analyzes state loss carryforwards on a state-by-state basis and records a valuation allowance when management deems it more likely than not that future results will not generate sufficient taxable income in the respective state to realize the deferred tax asset prior to the expiration of the loss carryforwards. Management believes that it is more likely than not that the results of future operations of the TRS will not generate sufficient taxable income to realize the deferred tax assets, in excess of the valuation allowance, related to federal and state loss carryforwards prior to the expiration of the loss carryforwards and has determined previously recognized deferred income tax benefits would not be recognized and recorded an additional \$2.3 million of valuation allowance during the year ended December 31, 2024. From time to time, the Company may be subjected to federal, state or local tax audits in the normal course of business.

13. Liquidity and Going Concern

As of September 30, 2025, the mortgage loans secured by four of the Company's nine remaining hotel properties, representing approximately \$51.0 million in maturing indebtedness, mature during the remainder of 2025 and notes payable to related parties of \$28.0 million mature within one year. The Company's liquidity position raises substantial doubt about the Company's ability to continue as a going concern and its ability to pay the mortgage loans maturing for a period of one year following the issue date of these unaudited consolidated financial statements.

The timing and amount of proceeds from the sales of hotel properties and the Company's ability to extend or to refinance maturing loans is difficult to predict and may not be sufficient to cover the Company's working capital and liquidity needs for the next twelve months.

Plan of Liquidation

On April 15, 2025, the Board unanimously approved the sale of all the Company's assets and the Company's dissolution pursuant to the Plan of Liquidation and recommended that the Plan of Liquidation be submitted to the Company's stockholders for approval. The principal purpose of the Plan of Liquidation is to attempt to provide liquidity to the Company's stockholders by selling the Company's assets, paying its debts and distributing any net proceeds from the Company's liquidation to its stockholders.

The Plan of Liquidation became effective upon the approval of the Plan of Liquidation by the Company's stockholders on September 30, 2025. The Company can provide no assurances as to the timing of the liquidation of the Company's assets in accordance with the Plan of Liquidation, or the amount of liquidating distributions (if any) that the Company may pay to the Company's stockholders pursuant to the Plan of Liquidation.

Pursuant to the Plan of Liquidation, the Company intends to pursue an orderly liquidation of the Company by selling all of the Company's remaining assets, paying the Company's debts and known liabilities, providing for the payment of the Company's unknown or contingent liabilities, distributing the net proceeds (if any) from the liquidation to the Company's stockholders and winding up the Company's operations and dissolving the Company. While pursuing the Company's liquidation pursuant to the Plan of Liquidation the Company intends to (i) continue to manage its portfolio of properties to maintain and, if possible, improve the quality, income-producing ability and stability of the properties and better position the properties for sale, and (ii) identify purchasers for the Company's properties.

14. Subsequent Events

In preparing the consolidated financial statements, the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through November 14, 2025, the date the unaudited consolidated financial statements were available for issuance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements of Moody National REIT II, Inc. and the notes thereto. As used herein, the terms "we," "our," "us" and "our company" refer to Moody National REIT II, Inc. and, as required by context, Moody National Operating Partnership II, LP, a Delaware limited partnership, which we refer to as our "operating partnership," and to their respective subsidiaries. References to "shares" and "our common stock" refer to the shares of our common stock.

Cautionary Note Regarding Forward-Looking Statements

Certain statements included in this quarterly report on Form 10-Q, or this Quarterly Report, that are not historical facts (including any statements concerning the Plan of Liquidation, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These include statements about our plans, strategies and prospects, including the Plan of Liquidation (as defined below). These statements are only predictions. We caution that forward-looking statements are not guarantees. Actual events or our investments and results of operations could differ materially from those expressed or implied in any forward-looking statements. Forward-looking statements are typically identified by the use of terms such as “may,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “potential” or the negative of such terms and other comparable terms.

The forward-looking statements included herein are based upon our current expectations, plans, estimates, assumptions and beliefs, which involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements.

Any of the assumptions underlying the forward-looking statements included herein could be inaccurate, and undue reliance should not be placed upon any forward-looking statements included herein. All forward-looking statements are made as of the date of this Quarterly Report and the risk that actual results will differ materially from the expectations expressed herein will increase with the passage of time. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements made after the date of this Quarterly Report, whether as a result of new information, future events, changed circumstances or any other reason. In light of the significant uncertainties inherent in the forward-looking statements included in this Quarterly Report, including, without limitation, the risks described under “Risk Factors” of this Quarterly Report, the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this Quarterly Report will be achieved.

Factors that could have a material adverse effect on our operations and prospects include, but are not limited to:

- Although our board of directors and our stockholders have approved the sale of all of our assets and our dissolution pursuant to the terms of a plan of complete liquidation and dissolution (the “Plan of Liquidation”), we can give no assurances whether we will be able to successfully implement the Plan of Liquidation and sell our remaining assets, pay our debts and distribute the net proceeds from our liquidation (if any) to our stockholders as we intend. We can give no assurance regarding the timing of asset dispositions, the sale prices we will receive for our assets or the amount and timing of liquidating distributions (if any) that we may pay to our stockholders in accordance with the Plan of Liquidation.
- We may face unanticipated difficulties, delays or expenditures relating to our implementation of the Plan of Liquidation, which may reduce or delay our payment of any liquidating distributions to our stockholders. If we underestimated our existing obligations and liabilities or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to our stockholders, if any, could be less than estimated.
- There is no public trading market for shares of our common stock and we are not required to effectuate a liquidity event by a certain date. Because no public trading market for our shares currently exists and because our share repurchase program has been terminated, our stockholders may not realize any cash value for their shares until we complete our liquidation pursuant to the Plan of Liquidation.
- Our ability to obtain financing or refinancing on acceptable terms, satisfy our existing debt service obligations and negotiate extensions or other modifications to the terms of our existing financing arrangements to the extent necessary. Our liquidity position raises substantial doubt about our ability to continue as a going concern and its capability to pay the mortgage loans secured by our properties maturing during the year ending December 31, 2025.

- Foreclosure or other actions initiated by lenders in response to our default on loans secured by our properties. If we are unable to obtain stockholder approval of the Plan of Liquidation, we may be unable to meet our maturing debt obligations in the near term, which may result in the initiation of foreclosure proceedings by lenders. On May 2, 2025, the lender for the Hilton Garden Inn Austin foreclosed on the property in satisfaction of the mortgage loan secured by the property.
- We pay substantial fees and expenses to our advisor and its affiliates, which were not negotiated at arm's-length, and may be higher than fees payable to unaffiliated third parties. Payment of these fees will be made prior to any liquidating distributions are paid to our stockholders.
- We have a limited portfolio of nine remaining hotel properties, the majority of which are located in the state of Texas. As a result, market or economic downturns, extreme weather events or other natural disasters with a disproportionate adverse impact on Texas will have a more significant adverse impact on our financial condition than if we possessed a larger and more diversified investment portfolio. In addition, due to the small size of our remaining portfolio, our fixed costs associated with managing our company and our portfolio of hotels are a large percentage of our net operating income.
- Our success depends on the performance of our sponsor and affiliates of our sponsor.
- We suspended the payment of distributions in March 2020 and have not resumed distribution payments. We do not expect to resume the payment of distributions, other than any liquidating distributions paid to our stockholders from the net proceeds (if any) of our liquidation.
- We have incurred net losses in the past and may incur net losses in the future, and we have an accumulated deficit and may continue to have an accumulated deficit in the future.
- Stockholders should not rely on any prior estimates of our net asset value ("NAV") per share as being an accurate measure of the current value of shares of our common stock. We did not determine an estimated NAV per share as of December 31, 2024.
- Our investments in real estate may be affected by unfavorable real estate market conditions and general economic conditions, which could decrease the value of those assets. Such events would make it more difficult for us to meet our debt service obligations and successfully implement the Plan of Liquidation, which could in turn reduce the amount of any liquidating distributions that we may pay to our stockholders pursuant to the Plan of Liquidation.
- The return on an investment in our common stock may be reduced if we are required to register as an investment company under the Investment Company Act of 1940, as amended.
- Changes in national, regional or local economic, demographic or real estate market conditions, including actual or perceived instability in the U.S. banking system, may adversely affect our results of operations and returns to our stockholders.
- Our concentration of investments in the hospitality sector leaves our profitability vulnerable to a downturn or slowdown in the sector.
- If our investments are concentrated in a geographic area that experiences adverse economic conditions, our investments may lose value and we may experience losses.
- If we do not successfully attract and retain franchise flagships for premier-brand, select-service hotel properties, our business will suffer.
- We may have difficulty selling our properties, which may limit our ability to pay liquidating distributions, and we may be forced to dispose of properties at a time or upon terms that we would not otherwise choose in order to repay the financing secured by such properties.
- Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on the financial condition of co-venturers and disputes between us and our co-venturers.
- The inability of hotel managers to effectively operate our properties may hurt our financial performance.
- Our properties face significant competition.
- We may change our operational policies without stockholder consent.

- We have incurred mortgage indebtedness and other borrowings, which may increase our business risks, could hinder our ability to make distributions and could decrease the value of our shares.
- Volatility in the financial markets and challenging economic conditions could adversely affect our ability to secure debt financing on attractive terms and our ability to service any future indebtedness that we may incur.
- Increases in interest rates could increase the amount of our debt payments and negatively impact our operating results.
- Lenders may require us to enter into restrictive covenants relating to our operations.
- The time and resources that affiliates of our sponsor devote to us may be diverted, and we may face additional competition due to the fact that affiliates of our sponsor are not prohibited from raising money for, or managing, other business entities.
- We depend on our advisor to select our investments and otherwise conduct our business, and any material adverse change in its financial condition or our relationship with our advisor could have a material adverse effect on our business and ability to achieve our investment objectives.
- If we fail to qualify as a real estate investment trust (“REIT”), and no relief provisions apply, we will face serious tax consequences that will substantially reduce the funds available to satisfy our obligations and to implement our business strategy.
- Compliance with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

Overview

We are a Maryland corporation formed on July 25, 2014, to invest in a portfolio of select-service hospitality properties with premier brands including, but not limited to, Marriott, Hilton and Hyatt. We have elected to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, beginning with our taxable year ended December 31, 2016. We own substantially all of our assets and conduct our operations through Moody National Operating Partnership II, LP, or our operating partnership. We are the sole general partner of our operating partnership, and the initial limited partners of our operating partnership were our subsidiary, Moody OP Holdings II, LLC, or Moody Holdings II, and Moody National LPOP II, LLC, or Moody LPOP II, an affiliate of our advisor (as defined below). Moody Holdings II invested \$1,000 in our operating partnership in exchange for limited partnership interests in our operating partnership, and Moody LPOP II invested \$1,000 in our operating partnership in exchange for special limited partnership interests in our operating partnership.

We are externally managed by Moody National Advisor II, LLC, a related party, which we refer to as our advisor, pursuant to an advisory agreement among us, our operating partnership and our advisor, or the advisory agreement. Our advisor was formed in July 2014. Moody National REIT Sponsor, LLC, which we refer to as our sponsor, is owned and managed by Brett C. Moody, who also serves as our Chief Executive Officer and President and the Chief Executive Officer and President of our advisor.

On January 20, 2015, we commenced our initial public offering of up to \$1.1 billion in shares of common stock, consisting of up to \$1.0 billion in shares of our common stock offered to the public and up to \$100 million in shares offered to our stockholders pursuant to our distribution reinvestment plan, or the DRP. On June 26, 2017, we reallocated the shares of our common stock being sold in our initial public offering as Class A common stock, \$0.01 par value per share, or the Class A Shares, Class I common stock, \$0.01 par value per share, or the Class I Shares, and Class T common stock, \$0.01 par value per share, or the Class T Shares. We collectively refer to the Class A Shares, Class I Shares and Class T Shares as our “shares.” On July 19, 2018, we commenced our follow-on public offering of up to \$990 million in any combination of the three classes of our shares, consisting of up to \$895 million in shares of our common stock offered to the public and up to \$95 million in shares of our common stock offered to our stockholders pursuant to the DRP.

Our follow-on public offering was terminated (including pursuant to the DRP) effective as of March 25, 2020. We accepted investors’ subscriptions for and issued an aggregate of 10.2 million shares in our initial public offering and our follow-on public offering, excluding shares issued in connection with the Mergers (as defined below) and including 567,000 shares pursuant to the DRP, resulting in aggregate gross offering proceeds of \$234.6 million. We accepted investors’ subscriptions for and issued 4.1 million shares in the follow-on offering, including 352,000 shares pursuant to the DRP, resulting in gross offering proceeds of \$87.2 million for the follow-on public offering.

Effective January 16, 2018, our advisor assumed responsibility for the payment of all selling commissions, dealer manager fees and stockholder servicing fees paid in connection with our public offering; *provided, however*, that our advisor intends to recoup the selling commissions, dealer manager fees and stockholder servicing fees that it funded through receipt of an increased acquisition fee (as discussed in Note 8, “Related Party Agreements-Acquisition Fees,” in the accompanying consolidated financial statements).

Moody Securities, LLC, an affiliate of our advisor, which we refer to as the “dealer manager” or “Moody Securities,” is our dealer manager and was responsible for the distribution of our common stock in our public offerings.

As of September 30, 2025, our portfolio consisted of ownership interests in nine hotel properties located in five states, comprising a total of 1,210 rooms. Our principle executive offices are located at 9655 Katy Freeway, Suite 600, Houston, Texas 77024, and our main telephone number is (713) 977-7500.

COVID-19 Pandemic

The global COVID-19 pandemic had a significant adverse effect on our financial condition and operating results.

The COVID-19 pandemic dramatically reduced travel, which had an unprecedented adverse impact on the hotel industry. As a result, the COVID-19 pandemic had a significant adverse effect on the operating results of our hotel properties, which depend primarily upon revenues driven by business and leisure travel, and on our business, financial performance and operating results. Since March 2020, we experienced a significant decline in bookings, occupancy and revenues across our hotel properties. Our hotel properties have operated at a property net operating loss since the outbreak of COVID-19, which had an adverse impact on our results of operations and cash flow from operations. In addition, we reduced certain services and amenities at our hotel properties as a result of the COVID-19 pandemic.

Each of our hotel properties is subject to a mortgage loan secured by our ownership interest in the property. If we are unable to service the mortgage loan secured by a hotel property due to decreased revenues generated by such property, the lender with respect to such mortgage loan may initiate foreclosure procedures with respect to the property or initiate other available remedies. As of the date of this Quarterly Report, we are current with respect to the payments due under the mortgage loans secured by our hotel properties or are in compliance with the modified terms of certain mortgage loans and other accommodations as agreed to with the lenders, such as extending the maturity date or paying default interest. As discussed in Note 4, “Debt,” to the consolidated financial statements included in the Quarterly Report, certain lenders have agreed to limited loan modifications, including temporary deferrals of interest and principal payments and agreements to forebear the enforcement of default remedies available under the terms of the loan documents. As of the date of this Quarterly Report, no lenders accelerated the maturity of any of the loans secured by our properties or initiated foreclosure procedures with respect to any of our properties, except for the lender for the Hilton Garden Inn Austin which foreclosed on the property in satisfaction of the mortgage note in the principal amount of \$16.2 million on May 2, 2025. The mortgage notes payable secured by the Homewood Suites Woodlands and the Hampton Inn Great Valley matured on April 11, 2025. Hotel revenue has been deposited to lockbox accounts controlled by the lenders for these properties and no foreclosure proceedings have been initiated for either property. However, there can be no guarantee that the lenders will continue to agree to further loan modifications or accommodations and will not elect to exercise the remedies available to them under the loan documents, including acceleration or foreclosure actions. The exercise of any such remedies by a lender will have an adverse effect on our financial condition and results of operations and will impair our ability to pay any liquidating distributions to our stockholders.

In response to the COVID-19 pandemic, we terminated our public offering of common stock (including pursuant to the DRP), effective as of March 2020. We are not currently raising capital through the sale of our securities, and we do not expect to resume raising capital. We also indefinitely suspended the payment of distributions to our stockholders effective as of March 2020 and the operation of our share repurchase program effective as of April 2020. We do not expect to resume repurchasing shares pursuant to our share repurchase program or the payment of distributions, other than any liquidating distributions paid to our stockholders from the net proceeds of our liquidation.

Plan of Liquidation

On April 15, 2025, our board of directors unanimously approved the sale of all of our remaining assets and our dissolution pursuant to the Plan of Liquidation and recommended that the Plan of Liquidation be submitted to our stockholders for approval. The principal purpose of the Plan of Liquidation is to attempt to provide liquidity to our stockholders by selling our assets, paying our debts and distributing any net proceeds from our liquidation to our stockholders.

The Plan of Liquidation became effective upon the approval of the Plan of Liquidation by our stockholders on September 30, 2025. We can provide no assurances as to the timing of the liquidation of our assets pursuant to the Plan of Liquidation, or the amount of liquidating distributions (if any) that we may pay to our stockholders pursuant to the Plan of Liquidation.

Pursuant to our approved Plan of Liquidation, we intend to pursue an orderly liquidation of our company by selling all of our remaining assets, paying our debts and known liabilities, providing for the payment of our unknown or contingent liabilities, distributing the net proceeds (if any) from the liquidation to our stockholders and winding up our operations and dissolving. While pursuing our liquidation pursuant to the Plan of Liquidation, we intend to (i) continue to manage our portfolio of properties to maintain and, if possible, improve the quality, income-producing ability and stability of the properties and better position the properties for a sale, and (ii) identify purchasers for our properties.

For more information, see the Plan of Liquidation, which is included as an exhibit to this Quarterly Report on Form 10-Q.

Merger with Moody National REIT I, Inc.

On September 27, 2017, the merger of Moody National REIT I, Inc., or Moody I, with and into our company, and the merger of Moody National Operating Partnership I, L.P., or Moody I OP, the operating partnership of Moody I, with and into our operating partnership, which we collectively refer to herein as the Mergers were completed. For additional discussion of the Mergers, see the notes to the unaudited consolidated financial statements included in this Quarterly Report.

Factors Which May Influence Results of Operations

Economic Conditions Affecting Our Portfolio

Adverse economic conditions affecting the hospitality sector, the geographic regions in which we have invested or the real estate market generally may have a material impact on our capital resources and the revenue or income to be derived from the operation of our hospitality investments. As discussed above, the COVID-19 pandemic had a significant adverse effect on our hotel properties.

Results of Operations

We were formed on July 25, 2014. As of September 30, 2025, we owned interests in nine hotel properties located in five states, comprising a total of 1,210 rooms. As of September 30, 2024, we owned interests in fifteen hotel properties located in six states, comprising a total of 2,123 rooms. During the nine months ended September 30, 2025, we sold or disposed of five hotel properties: the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, Embassy Suites Nashville and Hilton Garden Inn Austin, for an aggregate sales price of \$138.3 million. The proceeds of such sales were used to repay the mortgage loans secured by such properties.

Beginning in March 2020, COVID-19 caused widespread cancellations of both business and leisure travel throughout the United States, resulting in significant decreases in bookings, occupancy and revenues throughout our hotel portfolio and the hospitality industry as a whole. Due to the COVID-19 pandemic in the United States, the revenue and operating results declined below 2019 levels for the years after 2019.

Comparison of the three months ended September 30, 2025 versus the three months ended September 30, 2024

Revenue

Hotel revenue decreased to \$11.0 million for the three months ended September 30, 2025 from \$20.7 million for the three months ended September 30, 2024 due to the sale of the Townplace Suites Fort Worth property in December 2024 and the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, Embassy Suites Nashville and Hilton Garden Inn Austin properties during the nine months ended September 30, 2025.

The table below sets forth a comparison of hotel revenues for the hotels owned continuously for the three months ended September 30, 2025 and 2024 (all \$ amounts in thousands).

	Three months ended September 30,		Increase (Decrease)
	2025	2024	
Springhill Suites Seattle	\$ 3,935	\$ 4,113	\$ (178)
Homewood Suites Woodlands	688	803	(115)
Hyatt Place Germantown	1,094	1,140	(46)
Hyatt Place North Charleston	715	821	(106)
Hampton Inn Austin	684	682	2
Hampton Inn Great Valley	921	944	(23)
Homewood Suites Austin	808	901	(93)
Hampton Inn Houston	469	822	(353)
Residence Inn Houston Medical Center	1,695	2,185	(490)
TOTAL	<u>\$ 11,009</u>	<u>\$ 12,411</u>	<u>\$ (1,402)</u>

Revenues decreased for all hotel properties except the Hampton Inn Austin for the three months ended September 30, 2025 compared to the three months ended September 30, 2024.

Hotel Operating Expenses

Hotel operating expenses decreased to \$7.8 million for the three months ended September 30, 2025 from \$14.5 million for the three months ended September 30, 2024. Such decrease was primarily due to the sale of the Townplace Suites Fort Worth property in December 2024 and the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, Embassy Suites Nashville and Hilton Garden Inn Austin properties during the nine months ended September 30, 2025.

Property Taxes, Insurance and Other

Property taxes, insurance and other expenses decreased to \$1.1 million for the three months ended September 30, 2025 from \$1.8 million for the three months ended September 30, 2024. The decrease in property taxes, insurance and other expenses was primarily due to the sale of the Townplace Suites Fort Worth property in December 2024 and the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, Embassy Suites Nashville and Hilton Garden Inn Austin properties during the nine months ended September 30, 2025.

Depreciation and amortization

Depreciation and amortization was \$1.4 million and \$4.0 million for the three months ended September 30, 2025 and 2024, respectively. The decrease was due to no depreciation being recorded for real estate assets held for sale. The decrease was also due to the sale of the Townplace Suites Fort Worth property in December 2024 and the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, Embassy Suites Nashville and Hilton Garden Inn Austin properties during the nine months ended September 30, 2025.

Corporate General and Administrative Expenses

Corporate general and administrative expenses decreased to \$1.0 million for the three months ended September 30, 2025 from \$1.6 million for the three months ended September 30, 2024. These general and administrative expenses consisted primarily of asset management fees, professional fees and directors' fees.

Loss on Impairment of Hotel Properties

Loss on impairment of hotel properties was \$14.7 million and \$18.0 million for the three months ended September 30, 2025 and 2024, respectively. We recognized loss on impairment of hotel properties to adjust the carrying amount to estimated fair value of the Homewood Suites Woodlands, Hyatt Place Germantown, Hyatt Place North Charleston, Hampton Inn Austin, Hampton Inn Great Valley, Homewood Suites Austin, and Hampton Inn Houston during the three months ended September 30, 2025 and the Embassy Suites Nashville, Residence Inn Austin, and Residence Inn Houston Medical Center during the three months ended September 30, 2024.

Interest Expense and Amortization of Debt Issuance Costs

Interest expense and amortization of debt issuance costs decreased to \$2.9 million for the three months ended September 30, 2025 from \$4.8 million for the three months ended September 30, 2024. In future periods our interest expense will vary based on the amount of our borrowings, which will depend on the availability and cost of borrowings and our ability to identify and acquire assets that meet our investment objectives.

Income Tax (Benefit) Expense

Our income tax benefit was \$(12,000) for the three months ended September 30, 2025 compared to our income tax expense of \$30,000 for the three months ended September 30, 2024. The decrease was due to an decrease in state taxable income for the three months ended September 30, 2025 compared to the three months ended September 30, 2024.

Comparison of the nine months ended September 30, 2025 versus the nine months ended September 30, 2024

Revenue

Hotel revenue was \$37.8 million and \$61.6 million for the nine months ended September 30, 2025 and 2024, respectively.

The table below sets forth a comparison of hotel revenues for the hotels we owned continuously for the nine months ended September 30, 2025 and 2024 (all \$ amounts in thousands):

	Nine months ended September 30,		(Decrease)
	2025	2024	
Springhill Suites Seattle	\$ 9,115	\$ 9,419	\$ (304)
Homewood Suites Woodlands.....	2,174	2,407	(233)
Hyatt Place Germantown	3,088	3,336	(248)
Hyatt Place North Charleston.....	2,196	2,478	(282)
Hampton Inn Austin	2,286	2,647	(361)
Hampton Inn Great Valley	2,510	2,638	(128)
Homewood Suites Austin.....	2,748	3,168	(420)
Hampton Inn Houston	1,744	2,243	(499)
Residence Inn Houston Medical Center...	5,953	6,517	(564)
Total	<u>\$ 31,814</u>	<u>\$ 34,853</u>	<u>\$ (3,039)</u>

Revenues decreased for all hotel properties for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024.

Hotel Operating Expenses

Hotel operating expenses decreased to \$26.4 million for the nine months ended September 30, 2025 from \$41.7 million for the nine months ended September 30, 2024. Such decrease was primarily due to the sale of the Townplace Suites Fort Worth property in December 2024 and the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, Embassy Suites Nashville and Hilton Garden Inn Austin properties during the nine months ended September 30, 2025.

Property Taxes, Insurance and Other

Property taxes, insurance and other expenses decreased to \$3.9 million for the nine months ended September 30, 2025 from \$5.4 million for the nine months ended September 30, 2024. The decrease in property taxes, insurance and other expenses was primarily due the sale of the Townplace Suites Fort Worth property in December 2024 and the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, Embassy Suites Nashville and Hilton Garden Inn Austin properties during the nine months ended September 30, 2025.

Depreciation and Amortization

Depreciation and amortization decreased to \$5.4 million for the nine months ended September 30, 2025 from \$12.0 million for the nine months ended September 30, 2024. The decrease was due to no depreciation being recorded for real estate assets held for sale. The decrease was also due to the sale of the Townplace Suites Fort Worth property in December 2024 and the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, Embassy Suites Nashville and Hilton Garden Inn Austin properties during the nine months ended September 30, 2025.

Corporate General and Administrative Expenses

Corporate general and administrative expenses decreased to \$4.2 million for the nine months ended September 30, 2025 from \$5.2 million for the nine months ended September 30, 2024. These general and administrative expenses consisted primarily of asset management fees, professional fees and directors' fees.

Loss on Impairment of Hotel Properties

Loss on impairment of hotel properties was \$21.7 million and \$39.8 million for the nine months ended September 30, 2025 and 2024, respectively. We recognized loss on impairment of hotel properties to adjust the carrying amount to estimated fair value of the Homewood Suites Woodlands, Hyatt Place Germantown, Hyatt Place North Charleston, Hampton Inn Austin, Hampton Inn Great Valley, Homewood Suites Austin, and Hampton Inn Houston during the nine months ended September 30, 2025 and the Residence Inn Austin, Marriott Courtyard Lyndhurst, Embassy Suites Nashville, Townplace Suites Fort Worth and Residence Inn Houston Medical Center during the nine months ended September 30, 2024.

Interest Expense and Amortization of Debt Issuance Costs

Interest expense and amortization of debt issuance costs decreased to \$11.5 million for the nine months ended September 30, 2025 from \$14.2 million for the nine months ended September 30, 2024. The decrease in interest expense and amortization of debt issuance costs was primarily due to a decrease in the balance of notes payable related to properties sold offset by an increase in interest rates for matured loans and loan renewals, extensions and refinancings. In future periods our interest expense will vary based on the amount of our borrowings, which will depend on the availability and cost of borrowings and our ability to identify and acquire assets that meet our investment objectives.

Gain on Sale of Hotel Properties

Gain on sale of hotel properties was \$7.3 million for the nine months ended September 30, 2025 compared to \$0 for the nine months ended September 30, 2024. During the nine months ended September 30, 2025, we sold the Residence Inn Austin, Residence Inn Grapevine, Courtyard Marriott Lyndhurst, and Embassy Suites Nashville properties, and, following a default under the loan documents related to a missed debt service payment, we relinquished ownership of the Hilton Garden Inn Austin property to the lender in a foreclosure transaction.

Income Tax Expense

Our income tax expense was \$226,000 for the nine months ended September 30, 2025 compared to \$126,000 for the nine months ended September 30, 2024. The increase was due to an increase in state taxable income for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024.

Liquidity and Capital Resources

Our principal demand for funds is for the payment of operating expenses, principal and interest payments on our outstanding indebtedness and the payment of any liquidating distributions to our stockholders. However, we can give no assurance regarding the amount and timing of any liquidating distributions that we may pay to our stockholders pursuant to the Plan of Liquidation.

Our principal short-term source of liquidity is the operating cash flows generated from our hotel properties. Historically, proceeds from our public offering supplied a significant portion of our available cash. However, our public offering has been terminated and we do not expect to resume raising capital pursuant to the sale of our securities. Since 2020, we have taken measures to preserve capital and increase liquidity, including suspending our monthly distribution and postponing non-essential capital improvements. We anticipate funding our near-term cash needs with operating cash flows generated from our properties.

We may, but are not required to, establish working capital reserves out of cash flow generated by our real estate assets or out of proceeds from the sale of our real estate assets. We do not anticipate establishing a general working capital reserve; however, we may establish working capital reserves with respect to particular investments. We also may, but are not required to, establish reserves out of cash flow generated by our real estate assets or out of net sale proceeds in non-liquidating sale transactions. Working capital reserves are typically used to fund tenant improvements, leasing commissions and major capital expenditures. We also escrow funds for property improvements. Our lenders also may require working capital reserves. Financing agreements that we enter into may also contain various customary covenants, including but not limited to financial covenants, covenants requiring monthly deposits in respect of certain property costs, covenants imposing restrictions on indebtedness and liens, and restrictions on investments and participation in other asset disposition, merger or business combination or dissolution transactions.

Although there can be no assurances, we anticipate that available cash will be adequate to meet our near-term potential operating cash flow deficits, debt service and capital expenditures. If we are unable to satisfy our near-term anticipated cash requirements as currently planned, we may raise capital through the continued disposition of assets or short-term borrowing, all of which may be more costly to us in the current economic environment.

During 2024, we placed six of our then-fifteen hotel properties on the market for sale: (1) the Residence Inn Austin, (2) the Residence Inn Grapevine, (3) the Marriott Courtyard Lyndhurst, (4) the Embassy Suites Nashville, (5) the Townplace Suites Fort Worth, and (6) the Residence Inn Houston Medical Center. On December 10, 2024, we sold the Townplace Suites Fort Worth property to an unaffiliated purchaser for \$9.1 million. On February 6, 2025, we sold the Residence Inn Grapevine property to an unaffiliated purchaser for \$22.5 million. On February 6, 2025, we sold the Residence Inn Austin property to an unaffiliated purchaser for \$20.5 million. On March 21, 2025, we sold the Marriott Courtyard Lyndhurst property to an unaffiliated purchaser for \$21.3 million. On April 11, 2025, we sold the Embassy Suites Nashville property to an unaffiliated purchaser for \$57.5 million. On April 21, 2025, we entered into a purchase and sale agreement to sell the Residence Inn Houston Medical Center to an affiliated purchaser for an aggregate purchase price of \$33.0 million.

As described in Note 1, “Plan of Liquidation,” our board of directors and our stockholders have approved the sale of all of our assets and our dissolution pursuant to the terms of the Plan of Liquidation. The principal purpose of the Plan of Liquidation is to provide liquidity to our stockholders by selling our assets, paying our debts and distributing the net proceeds from liquidation to our stockholders. We intend to continue the orderly sale of our remaining properties in accordance with the Plan of Liquidation. Our properties may be sold individually or as one or more multi-property portfolios. We can give no assurance regarding the timing of property dispositions or the sale prices we will receive for our properties. A number of our properties are subject to mortgage loans which have or will mature and become due and payable in full during 2025. We may be forced to dispose of such properties on terms that are less advantageous to us than we would otherwise prefer, including for sales prices lower than the purchase price we paid for such properties. If we are unable to dispose of a property prior to the maturity date of the loan secured by such property, successfully refinance such loan or negotiate a maturity date extension or other accommodations for such loan, the lender may initiate foreclosure proceedings or exercise other remedies available to them under the loan documents, as occurred in May 2025 with respect to the Hilton Garden Inn Austin property. The exercise of any such remedies by a lender will have an adverse effect on our financial condition and results of operations and will adversely impact the value of an investment in our shares.

We expect our principal demands for funds during the short and long-term are and will be for the payment of operating expenses, interest on our outstanding indebtedness, general and administrative expenses, including expenses in connection with the Plan of Liquidation, and payments of distributions to stockholders pursuant to the Plan of Liquidation. We expect to use our cash on hand as our primary source of liquidity. To the extent available, we also intend to use cash flow generated by our real estate investments; however, asset sales will further reduce cash flow from these sources.

Our investments in real estate generate cash flow in the form of rental revenues and tenant reimbursements, which are reduced by operating expenditures, capital expenditures, debt service payments, the payment of asset management fees and corporate general and administrative expenses. Cash flow from operations from real estate investments is primarily dependent upon the occupancy level of our portfolio, the net effective rental rates on our leases, the collectibility of rent and operating recoveries from our tenants and how well we manage our expenditures, all of which may be adversely affected by the general market conditions impacting commercial real estate and our tenants as discussed above.

As of September 30, 2025, our cash and cash equivalents were approximately \$6.2 million and we had \$10.1 million of restricted cash (funds held by the lenders for property taxes, insurance, tenant improvements, leasing commissions, capital expenditures, rollover reserves and other financing needs).

We believe that our cash on hand, along with other potential sources of liquidity that we may be able to obtain, may not be sufficient to fund our working capital needs and debt obligations through the completion of the Plan of Liquidation. The fixed costs associated with managing a public REIT, including the significant cost of corporate compliance with all federal, state and local regulatory requirements applicable to us with respect to our business activities, are substantial. Such costs include, without limitation, the cost of preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports, documents and filings required under the Exchange Act, or other federal or state laws for the general maintenance of our status as a REIT, under the applicable provisions of the Code, or otherwise. Given the size of our portfolio of properties, these costs constitute a significant percentage of our gross income, reducing our net income and cash flow. Moreover, over the long term, if we are unsuccessful in implementing the Plan of Liquidation and our cash flow from operations does not increase from current levels, whether through increased occupancy or rent rates, we will have to address a liquidity deficiency as our cash flow is not sufficient to cover our current operating expenses over the long term. These forward-looking statements are subject to a number of uncertainties, including with respect to the current economic environment and there can be no guarantee that we will be successful with our plan.

Net Cash (Used in) Provided by Operating Activities

As of September 30, 2025 and 2024, we owned interests in nine and fifteen hotel properties, respectively. Net cash (used in) provided by operating activities for the nine months ended September 30, 2025 and 2024 was \$(25.4) million and \$808,000, respectively.

Net Cash Provided by (Used in) Investing Activities

For the nine months ended September 30, 2025 and 2024, net cash provided (used) by investing activities was \$118.0 million and \$(1.2) million, respectively.

Net Cash (Used in) Provided by Financing Activities

For the nine months ended September 30, 2025, our cash flows from financing activities consisted primarily of repayments of notes payable and repayment of notes payable to related party. Net cash (used in) provided by financing activities was \$(105.5) million and \$6.0 million for the nine months ended September 30, 2025 and 2024, respectively.

Cash and Cash Equivalents and Restricted Cash

As of September 30, 2025, we had cash, cash equivalents and restricted cash of \$16.3 million.

Debt

We have used secured and unsecured debt as a means of providing additional funds for the acquisition of real property. By operating on a leveraged basis, we expected that we would have more funds available for investments and would be able to make more investments than would otherwise be possible, which would potentially result in enhanced investment returns and a more diversified portfolio. However, our use of leverage increases the risk of default on loan payments and the resulting foreclosure on a particular asset. In addition, lenders may have recourse to assets other than those specifically securing the repayment of the indebtedness.

Each of our hotel properties is subject to a mortgage secured by our ownership interest in the property. The COVID-19 pandemic resulted in a significant decline in the revenues generated by our hotel properties and increased the risk that we will be unable to satisfy our debt service obligations. If we are unable to service the mortgage loan secured by a hotel property, the lender may initiate foreclosure procedures with respect to the property or initiate other available remedies. As of September 30, 2025, we were current with respect to the payments due under the mortgage loans secured by our hotel properties or are in compliance with the modified terms of certain mortgage loans as agreed to with the lenders and other accommodations. As discussed in Note 6, "Debt," to the unaudited consolidated financial statements included in this Quarterly Report, certain lenders have agreed to limited loan modifications, including temporary deferrals of interest and principal payments. As of the date of this Quarterly Report, no lenders have accelerated the maturity of any of the loans secured by our properties or initiated foreclosure procedures with respect to any of our properties except for the lender for the Hilton Garden Inn Austin which foreclosed on the property in satisfaction of the mortgage note in the principal amount of \$16.2 million on May 2, 2025. However, there can be no guarantee that our lenders will continue to agree to further loan modifications or accommodations and will not elect to exercise the remedies available to them under the loan documents, including acceleration or foreclosure actions. The exercise of any such remedies by a lender will have an adverse effect on our financial condition and results of operations and will impair our ability to pay any liquidating distributions to our stockholders. As of September 30, 2025, the mortgage loans secured by four of our nine remaining hotel properties, representing approximately \$51.0 million in maturing indebtedness, mature during the remainder of 2025. We will use the proceeds of the sale of our remaining properties to repay the mortgage loans secured by such properties. Our liquidity position raises substantial doubt about our ability to continue as a going concern and our capability to pay the mortgage loans maturing during the year ending December 31, 2025.

The U.S. Federal Reserve raised interest rates repeatedly during 2023 while reducing rates in 2024 and 2025. Any change in the fiscal policies or stated target interest rates of the U.S. Federal Reserve or other central banking institutions, or market expectations of such change, are difficult to predict and may result in significantly higher long-term interest rates. Such a transition may be abrupt and may, among other things, reduce the availability or increase the costs of obtaining new debt and refinancing existing indebtedness. In the event that the interest rate on any of our outstanding mortgage loans or other indebtedness increases significantly, we may not have sufficient funds to pay the required interest payments.

Notes Payable to Related Party

On March 30, 2021, Moody National Capital, LLC (“Moody Capital”), an affiliate of our sponsor, loaned us \$8 million pursuant to a promissory note (the “Related Party Note”). The Related Party Note provides that we may borrow up to an additional \$2.0 million from Moody Capital, for a maximum aggregate loan amount of \$10 million. All amounts borrowed under the Related Party Note plus all accrued interest thereon were due and payable in full on March 29, 2024, provided that we had the right to extend such maturity date for up to two years at our discretion. We have elected to fully extend such maturity date to March 29, 2026. Interest on the Related Party Note began to accrue effective March 30, 2021. The principal amount of the loan under the Related Party Note bears interest at a rate per annum equal to the Secured Overnight Financing Rate (“SOFR”) plus 4.75%; *provided, however*, that such interest rate will be increased to a rate per annum equal to SOFR plus 6.75% if the Related Party Note is subordinated to another lender. The effective interest rate for the Related Party Note was 9.00% as of September 30, 2025. The balance of the Related Party Note was \$10.0 million as of September 30, 2025 and December 31, 2024.

From April 2021 to August 16, 2021, Moody Capital made a series of advances to us to meet our specific cash flow needs. Effective June 30, 2021, these advances were memorialized in a promissory note (the “Second Related Party Note”) with a total maximum aggregate loan amount of \$10 million. All amounts borrowed under the Second Related Party Note plus all accrued interest thereon will be due and payable in full on June 30, 2024, provided that we had the right to extend such maturity date for up to two years at our discretion. We have elected to fully extend such maturity date to June 30, 2026. Interest on the Second Related Party Note began to accrue effective June 30, 2021. The principal amount of the loan under the Second Related Party Note bears interest at a rate per annum equal to SOFR plus 6.75%; *provided, however*, that such interest rate will be increased to a rate per annum equal to SOFR plus 8.75% if the Second Related Party Note is subordinated to another lender. The effective interest rate for the Second Related Party Note was 11.00% as of September 30, 2025. The balance of the Second Related Party Note was \$10.0 million as of September 30, 2025 and December 31, 2024.

From August 20, 2021, to December 31, 2021, Moody Capital made a series of advances to us to meet our specific cash flow needs. These advances were memorialized in a promissory note (the “Third Related Party Note”) with a total maximum aggregate loan amount of \$10 million. All amounts borrowed under the Third Related Party Note plus all accrued interest thereon were originally due and payable in full on August 20, 2024, provided that we had the right to extend such maturity date for up to two years at our discretion. We have elected to fully extend such maturity date to August 20, 2026. Interest on the Third Related Party Note began to accrue effective August 20, 2021. The principal amount of the loan under the Third Related Party Note bears interest at a rate per annum equal to SOFR plus 7.75%; *provided, however*, that such interest rate will be increased to a rate per annum equal to SOFR plus 9.75% if the Third Related Party Note is subordinated to another lender. The effective interest rate for the Third Related Party Note was 12.00% as of September 30, 2025. The balance of the Third Related Party Note was \$8.0 million and \$10 million as of September 30, 2025 and December 31, 2024, respectively.

From April 13, 2022, to September 30, 2023, Moody Capital made a series of advances to us to meet our specific cash flow needs. These advances were memorialized in a promissory note (the “Fourth Related Party Note”) with a total maximum aggregate loan amount of \$10.0 million. All amounts borrowed under the Fourth Related Party Note plus all accrued interest thereon were originally due and payable in full on April 13, 2025, provided that we had the right to extend such maturity date for up to two years at our discretion. Interest on the Fourth Related Party Note began to accrue effective April 13, 2022. The principal amount of the loan under the Fourth Related Party Note bears interest at a rate per annum equal to one-year SOFR plus 8.75%; *provided, however*, that such interest rate will be increased to a rate per annum equal to one-year SOFR plus 9.75% if the Fourth Related Party Note is subordinated to another lender. The Fourth Related Party Note was repaid in full on April 11, 2025. The balance of the Fourth Related Party Note was \$0 and \$10 million as of September 30, 2025 and December 31, 2024, respectively.

From January 1, 2024, to June 30, 2024 Moody Capital made a series of advances to us to meet our specific cash flow needs. These advances were memorialized in a promissory note (the “Fifth Related Party Note”) with a total maximum aggregate loan amount of \$10.0 million. All amounts borrowed under the Fifth Related Party Note plus all accrued interest thereon will be due and payable in full on January 1, 2026, provided that we had the right to extend such maturity date for up to two years at our discretion. Interest on the Fifth Related Party Note began to accrue effective January 1, 2024. The principal amount of the loan under the Fifth Related Party Note bears interest at a rate per annum equal to one-year SOFR plus 8.75%; *provided, however*, that such interest rate will be increased to a rate per annum equal to one-year SOFR plus 9.75% if the Fifth Related Party Note is subordinated to another lender. The Fifth Related Party Note was repaid in full on February 7, 2025. The balance of the Fifth Related Party Note was \$0 and \$10 million as of September 30, 2025 and December 31, 2024, respectively.

Interest will be paid on all amounts outstanding under the Related Party Note, the Second Related Party Note and the Third Related Party Note, as permitted by our available cash flow, or from the excess proceeds following a sale of a property after the payment of expenses and amounts due to any senior lender, if applicable, and will be compounded semi-annually. We expect to enter into a mutually agreeable subordination agreement with any such senior lender. We may prepay any amounts due under the Related Party Note, the Second Related Party Note, and the Third Related Party Note without any prepayment penalty. Accrued interest on notes payable to related party was \$12.6 million and \$14.5 million as of September 30, 2025 and December 31, 2024, respectively.

Pursuant to the Plan of Liquidation, the outstanding principal balance of the Related Party Note, the Second Related Party Note, and the Third Related Party Note, plus all accrued and unpaid interest due thereon, will be repaid in full prior to the payment of any liquidating distributions to our stockholders.

Economic Injury Disaster Loans

We have obtained fifteen loans of \$500,000 each (an aggregate of \$7.5 million) from the U.S. Small Business Administration. The U.S. Small Business Administration loans will be due in monthly installments of principal and interest beginning two years from the dates of the loans with balances due November 1951. The monthly installments are applied to accrued interest first, then to principal. The U.S. Small Business Administration loans bear interest at the rate of 3.75% per annum and are secured by our tangible and intangible personal property. The aggregate balance of the U.S. Small Business Administration was \$6.0 million and \$7.5 million, respectively, as of September 30, 2025 and December 31, 2024.

Pursuant to the Plan of Liquidation, the outstanding principal balance of the U.S. Small Business Administration loans, plus all accrued and unpaid interest due thereon, will be repaid in full prior to the payment of any liquidating distributions to our stockholders.

Aggregate Indebtedness

As of September 30, 2025, our outstanding indebtedness totaled \$148.2 million, which amount includes (i) the mortgage loans secured by each of our hotel properties (including debt associated with properties acquired in the Mergers) and the loans from the U.S. Small Business Administration in the aggregate principal amount of \$120.2 million, and (ii) the Related Party Note, the Second Related Party Note, and the Third Related Party Note, in the aggregate principal amount of \$28.0 million. Our aggregate borrowings are reviewed by our board of directors at least quarterly. Under our charter, we are prohibited from borrowing in excess of 300% of the value of our net assets. “Net assets” for purposes of this calculation is defined to be our total assets (other than intangibles), valued at cost prior to deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities. The preceding calculation is generally expected to approximate 75% of the aggregate cost of our assets before non-cash reserves and depreciation. However, we may temporarily borrow in excess of 300% of the value of our net assets if such excess is approved by a majority of our independent directors and disclosed to our stockholders in our next quarterly report, along with an explanation for such excess. As of September 30, 2025 and December 31, 2024, our debt levels did not exceed 300% of the value of our net assets.

For more information on our outstanding indebtedness, see Note 6, “Debt” to the consolidated financial statements included in this Quarterly Report.

Contractual Commitments and Contingencies

The following is a summary of our contractual obligations as of September 30, 2025 (all \$ amounts in thousands):

Contractual Obligations	Payments Due By Period				
	Total	2025	2026-2027	2028-2029	Thereafter
Long-term debt obligations ⁽¹⁾	\$ 120,169	\$ 51,449	\$ 40,800	\$ 22,360	\$ 5,560
Interest payments on outstanding debt obligations ⁽²⁾	13,574	2,293	5,947	2,576	2,758
Total	<u>\$ 133,743</u>	<u>\$ 53,742</u>	<u>\$ 46,747</u>	<u>\$ 24,936</u>	<u>\$ 8,318</u>

(1) Amounts include principal payments only.

(2) Projected interest payments are based on the outstanding principal amounts and weighted-average interest rates at September 30, 2025.

Organization and Offering Costs

Our organization and offering expenses may be incurred directly by us or may be incurred by our advisor on our behalf. Pursuant to the advisory agreement, we will reimburse our advisor for organizational and offering expenses associated with our public offerings incurred by our advisor on our behalf, provided that within 60 days of the last day of the month in which any public offering ends, our advisor is obligated to reimburse us to the extent that organization and offering costs we have incurred in connection with such public offering exceed 15% of the gross offering proceeds from the sale of shares of our common stock in such offering. As of January 16, 2018, our advisor assumed responsibility for the payment of all selling commissions, dealer manager fees and stockholder servicing fees paid in connection with our public offering. We will not reimburse our advisor for the selling commissions and fees it paid on our behalf, however our advisor intends to recoup all or a portion of such amounts over time through receipt of the contingent advisor payment, as discussed in Note 8, “Related Party Arrangements” to the consolidated financial statements included elsewhere in this Quarterly Report.

As of September 30, 2025, total organization and offering expenses for our initial public offering and follow-on offering were \$21.1 million, comprised of \$12.3 million of expenses incurred directly by us and \$8.8 million in expenses incurred by and reimbursable to our advisor (excluding the selling commissions, dealer manager fees and stockholder servicing fees paid on our behalf by our advisor effective as of January 16, 2018). Total organization and offering expenses for the initial public offering were \$18.4 million, comprised of \$12.3 million of expenses incurred directly by us and \$6.1 million in expenses incurred by and reimbursable to our advisor (excluding the selling commissions, dealer manager fees and stockholder servicing fees paid on our behalf by our advisor). As of September 30, 2025, total organization and offering expenses for the follow-on offering were \$2.7 million, comprised of \$0 of expenses incurred directly by us and \$2.7 million in expenses incurred by and reimbursable to our advisor (excluding the selling commissions, dealer manager fees and stockholder servicing fees paid on our behalf by our advisor). As of September 30, 2025, we had \$0 due to our advisor for reimbursable offering costs.

All offering costs, including selling commissions and dealer manager fees, are recorded as an offset to additional paid-in-capital, and all organization costs are recorded as an expense when we have an obligation to reimburse our advisor.

Operating Expenses

We will reimburse our advisor for all expenses paid or incurred by our advisor in connection with the services it provides to us, subject to the limitation that we will not reimburse our advisor for any amount by which our operating expenses (including the asset management fee we pay to our advisor) at the end of the four preceding fiscal quarters exceeds the greater of: (1) 2% of our average invested assets, or (2) 25% of our net income determined without reduction for any additions to reserves for depreciation, bad debts or other similar non-cash reserves and excluding any gain from the sale of our assets for that period, which we refer to as the “2%/25% Limitation.” Notwithstanding the above, we may reimburse our advisor for expenses in excess of the 2%/25% Limitation if a majority of our independent directors determine that such excess expenses are justified based on unusual and non-recurring factors. For the four fiscal quarters ended September 30, 2025, our total operating expenses were \$6.0 million, which included \$3.8 million in operating expenses incurred directly by us and \$2.2 million in operating expenses incurred by our advisor on our behalf. Of that \$6.0 million in total operating expenses incurred during the four fiscal quarters ended September 30, 2025, \$0 exceeded the 2%/25% Limitation. We reimbursed our advisor for \$2.2 million in operating expenses during the four fiscal quarters ended September 30, 2025. As of September 30, 2025, we had \$400,000 due to our advisor for operating expense reimbursements.

Critical Accounting Policies

General

We consider the accounting policies described below to be critical because they involve significant judgments and assumptions, require estimates about matters that are inherently uncertain and because they are important for understanding and evaluating our reported financial results. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If management’s judgment or interpretation of the facts and circumstances relating to various transactions is different, it is possible that different accounting policies will be applied or different amounts of assets, liabilities, revenues and expenses will be recorded, resulting in a different presentation of the consolidated financial statements or different amounts reported in the consolidated financial statements. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses.

Real Estate - Liquidation Basis of Accounting

As of September 30, 2025, our investments in real estate were adjusted to their estimated net realizable value, or liquidation value, to reflect the change to the liquidation basis of accounting. The liquidation value represents the estimated amount of cash or other consideration we expect to realize through the disposal of its assets, as it carries out the Plan of Liquidation. The liquidation value of investments in real estate was based on a number of factors including discounted cash flow and direct capitalization analyses, detailed analysis of current market comparables and broker opinions of value. The liquidation values of our investments in real estate are presented on an undiscounted basis and investments in real estate are no longer depreciated. Subsequent to September 30, 2025, all changes in the estimated liquidation value of the investments in real estate are reflected as a change to our net assets in liquidation.

Revenue Recognition - Liquidation Basis of Accounting

Under the liquidation basis of accounting, we have accrued all income that it expects to earn through the completion of its liquidation to the extent it has a reasonable basis for estimation. Revenue from hotels is estimated based on projections through the anticipated disposition date of the property. These amounts are presented net of estimated expenses and other liquidation costs and are classified in liabilities for estimated costs in excess of estimated receipts during liquidation on the unaudited Consolidated Statement of Net Assets.

Accrued Liquidation Costs - Liquidation Basis of Accounting

In accordance with the liquidation basis of accounting, we accrue for certain estimated liquidation costs to the extent it has a reasonable basis for estimation. These consist of legal fees, dissolution costs, final audit/tax costs, insurance, and transfer agent related costs.

Valuation and Allocation of Hotel Properties — Acquisitions – Going Concern Basis

Upon acquisition, the purchase price of hotel properties is allocated to the tangible assets acquired, consisting of land, buildings and furniture, fixtures and equipment, any assumed debt, identified intangible assets and asset retirement obligations, if any, based on their fair values. Acquisition costs are charged to expense as incurred. Initial valuations are subject to change during the measurement period, but the measurement period ends as soon as the information is available. The measurement period shall not exceed one year from the acquisition date.

Land fair values are derived from appraisals, and building fair values are calculated as replacement cost less depreciation or our estimates of the relative fair value of these assets using discounted cash flow analyses or similar methods. The fair value of furniture, fixtures and equipment is based on their fair value using replacement costs less depreciation.

We determine the fair value of any assumed debt by calculating the net present value of the scheduled mortgage payments using interest rates for debt with similar terms and remaining maturities that we believe we could obtain at the date of acquisition. Any difference between the fair value and stated value of the assumed debt is recorded as a discount or premium and amortized over the remaining life of the loan as interest expense.

In allocating the purchase price of each of our properties, we make assumptions and use various estimates, including, but not limited to, the estimated useful lives of the assets, the cost of replacing certain assets and discount rates used to determine present values. Many of these estimates are obtained from independent third-party appraisals. However, we are responsible for the source and use of these estimates. These estimates are based on judgment and subject to being imprecise; accordingly, if different estimates and assumptions were derived, the valuation of the various categories of our hotel properties or related intangibles could, in turn, result in a difference in the depreciation or amortization expense recorded in our consolidated financial statements. These variances could be material to our results of operations and financial condition.

Impairment of Hotel Properties – Going Concern Basis

We monitor events and changes in circumstances indicating that the carrying amounts of a hotel property may not be recoverable. When such events or changes in circumstances are present, we assess potential impairment by comparing estimated future undiscounted cash flows expected to be generated over the life of the asset from operating activities and from its eventual disposition, to the carrying amount of the asset. In the event that the carrying amount exceeds the estimated future undiscounted cash flows, we recognize an impairment loss to adjust the carrying amount of the asset to estimated fair value for assets held for use and fair value less costs to sell for assets held for sale. Loss on impairment of hotel properties were \$14.7 million and \$21.7 million for the three and nine months ended September 30, 2025

In evaluating a hotel property for impairment, we make several estimates and assumptions, including, but not limited to, the projected date of disposition of the property, the estimated future cash flows of the property during our ownership and the projected sales price of the property. A change in these estimates and assumptions could result in a change in the estimated undiscounted cash flows or fair value of our hotel properties which could then result in different conclusions regarding impairment and material changes to our consolidated financial statements. For further discussion of loss on impairment of our hotel properties, see Note 5, “Investment in Hotel Properties, Real Estate Assets Held for Sale, and Dispositions.”

Inflation

As of September 30, 2025, our investments consisted of ownership interests in nine hotel properties. Operators of hotels, in general, possess the ability to adjust room rates daily to reflect the effects of inflation. Competitive pressures may, however, limit the operators’ ability to raise room rates. As of September 30, 2025, we were not experiencing any material impact from inflation.

REIT Compliance

We elected to be taxed as a REIT commencing with the taxable year ended December 31, 2016. To qualify as a REIT for tax purposes, we are required to distribute at least 90% of our REIT taxable income (determined for this purpose without regard to the dividends-paid deduction and excluding net capital gain) to our stockholders. We must also meet certain asset and income tests, as well as other requirements. We will monitor the business and transactions that may potentially impact our REIT status. If we fail to qualify as a REIT in any taxable year following the taxable year in which we initially elect to be taxed as a REIT, we will be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which our REIT qualification is lost unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders. We did not meet all of the qualifications to be a REIT under the Internal Revenue Code for the year ended December 31, 2015 and the period from July 25, 2014 (inception) to December 31, 2014.

Distributions

On March 24, 2020, our board unanimously approved the indefinite suspension of the payment of distributions to our stockholders, effective immediately, and the operations of the DRP, effective as of April 6, 2020. We do not expect to resume the payment of distributions, other than any liquidating distributions paid to our stockholders from the net proceeds of our liquidation.

We did not make any distributions for the nine months ended September 30, 2025 and 2024. For the nine months ended September 30, 2025, we had cash used in operating activities of \$25.4 million, and \$(8.4) million in funds from operations. For the nine months ended September 30, 2024, we had cash provided by operating activities of \$808,000, and \$(4.9) million in funds from operations. Of the \$54.5 million in total distributions we have paid during the period from our inception through September 30, 2025, including shares issued pursuant to the DRP, 0% was funded from cash flow from operations and 100% was funded from offering proceeds.

Funds from Operations and Modified Funds from Operations

One of our objectives is to provide cash distributions to our stockholders from cash generated by operations. Cash generated from operations is not equivalent to net income as determined under GAAP. Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts, or NAREIT, an industry trade group, has promulgated a standard known as Funds from Operations, or FFO, which it believes more accurately reflects the operating performance of a REIT. As defined by NAREIT, FFO means net income computed in accordance with GAAP, excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures in which the REIT holds an interest. We have adopted the NAREIT definition for computing FFO because, in our view, FFO is a meaningful supplemental performance measure in conjunction with net income.

Changes in the accounting and reporting rules under GAAP that have been put into effect since the establishment of NAREIT's definition of FFO have prompted a significant increase in the magnitude of non-cash and non-operating items included in FFO, as defined. As a result, in addition to FFO, we also calculate modified funds from operations, or MFFO, a non-GAAP supplemental financial performance measure that our management uses in evaluating our operating performance. Similar to FFO, MFFO excludes items such as depreciation and amortization. However, MFFO excludes non-cash and non-operating items included in FFO, such as amortization of certain in-place lease intangible assets and liabilities and the amortization of certain tenant incentives. Our calculation of MFFO will exclude these items, as well as the effects of straight-line rent revenue recognition, fair value adjustments to derivative instruments that do not qualify for hedge accounting treatment, non-cash impairment charges and certain other items, when applicable. Our calculation of MFFO will also include, when applicable, items such as master lease rental receipts, which are excluded from net income (loss) and FFO, but which we consider in the evaluation of the operating performance of our real estate investments.

We believe that MFFO reflects the overall impact on the performance of our real estate investments of occupancy rates, rental rates, property operating costs and development activities, as well as general and administrative expenses and interest costs, which is not immediately apparent from net income (loss). As such, we believe MFFO, in addition to net income (loss) as defined by GAAP, is a meaningful supplemental performance measure which is used by our management to evaluate our operating performance and determine our operating, financing and dividend policies.

Please see the limitations listed below associated with the use of MFFO as compared to net income (loss):

- Our calculation of MFFO will exclude any gains (losses) related to changes in estimated values of derivative instruments related to any interest rate swaps which we hold. Although we expect to hold these instruments to maturity, if we were to settle these instruments prior to maturity, it would have an impact on our operations. We do not currently hold any such derivative instruments and thus our calculation of MFFO set forth in the table below does not reflect any such exclusion.
- Our calculation of MFFO will exclude any impairment charges related to long-lived assets that have been written down to current market valuations. Although these losses will be included in the calculation of net income (loss), we will exclude them from MFFO because we believe doing so will more appropriately present the operating performance of our real estate investments on a comparative basis. We have not recognized any such impairment charges and thus our calculation of MFFO set forth in the table below does not reflect any such exclusion.
- Our calculation of MFFO will exclude organizational and offering expenses and acquisition expenses. Although organizational and acquisition expenses reduce net income, we fund such costs with proceeds from our offering and acquisition-related indebtedness, and do not consider these expenses in the evaluation of our operating performance and determining MFFO. Offering expenses do not affect net income. Our calculation of MFFO set forth in the table below reflects the exclusion of acquisition expenses.

We believe MFFO is useful to investors in evaluating how our portfolio might perform after our offering and acquisition stage has been completed and, as a result, may provide an indication of the sustainability of our distributions in the future. However, as described in greater detail below, MFFO should not be considered as an alternative to net income (loss) or as an indication of our liquidity. Many of the adjustments to MFFO are similar to adjustments required by SEC rules for the presentation of pro forma business combination disclosures, particularly acquisition expenses, gains or losses recognized in business combinations and other activity not representative of future activities. MFFO is also more comparable in evaluating our performance over time and as compared to other real estate companies, which may not be as involved in acquisition activities or as affected by impairments and other non-operating charges.

MFFO is useful in assisting management and investors in assessing the sustainability of operating performance in future operating periods, and in particular, after the offering and acquisition stages are complete and net asset value is disclosed. However, MFFO is not a useful measure in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining MFFO. Investors are cautioned that, due to the fact that impairments are based on estimated future undiscounted cash flows and, given the relatively limited term of our operations, it could be difficult to recover any impairment charges.

The calculation of FFO and MFFO may vary from entity to entity because capitalization and expense policies tend to vary from entity to entity. Consequently, our presentation of FFO and MFFO may not be comparable to other similarly titled measures presented by other REITs. In addition, FFO and MFFO should not be considered as an alternative to net income (loss) or to cash flows from operating activities and are not intended to be used as a liquidity measure indicative of cash flow available to fund our cash needs. In particular, acquisition costs and other adjustments, which are increases to MFFO, may be a significant use of cash. MFFO also excludes impairment charges, rental revenue adjustments and unrealized gains and losses related to certain other fair value adjustments. Accordingly, both FFO and MFFO should be reviewed in connection with other GAAP measurements.

The table below summarizes our calculation of FFO and MFFO for the three and nine months ended September 30, 2025 and 2024 and a reconciliation of such non-GAAP financial performance measures to our net loss (all \$ amounts in thousands).

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net loss	\$ (17,866)	\$ (24,087)	\$ (28,299)	\$ (56,797)
Adjustments:				
Depreciation and amortization of real estate	1,415	3,986	5,425	12,044
Loss on impairment of hotel properties	14,720	18,000	21,720	39,833
Gain on sale of hotel properties	—	—	(7,285)	—
Funds from Operations	(1,731)	(2,101)	(8,439)	(4,920)
Adjustments:				
Amortization of debt issuance costs	43	138	235	424
Modified Funds from Operations	<u>\$ (1,688)</u>	<u>\$ (1,963)</u>	<u>\$ (8,204)</u>	<u>\$ (4,496)</u>

Off-Balance Sheet Arrangements

As of September 30, 2025 and December 31, 2024, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Related Party Transactions and Agreements

We have entered into agreements with our advisor and its affiliates whereby we have paid, and may continue to pay, certain fees to, or reimburse certain expenses of, our advisor or its affiliates in connection with the services our advisor and its affiliates provide to us. See Note 8, “Related Party Arrangements,” to the consolidated financial statements included in this Quarterly Report for a discussion of our related-party transactions, agreements and fees.

Subsequent Events

In preparing the consolidated financial statements included herein, we evaluated all subsequent events and transactions for potential recognition or disclosure through November 14, 2025, the date the unaudited consolidated financial statements were available for issuance.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market Risk

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. We may be exposed to interest rate changes primarily as a result of long-term debt used to maintain liquidity, fund capital expenditures and expand our real estate investment portfolio and operations. Market fluctuations in real estate financing may affect the availability and cost of funds needed to expand our investment portfolio. In addition, restrictions upon the availability of real estate financing or high interest rates for real estate loans could adversely affect our ability to dispose of real estate in the future. We will seek to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. We may use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our assets. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

With regard to variable rate financing, our advisor will assess our interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. Our advisor maintains risk management control systems to monitor interest rate cash flow risk attributable to both our outstanding and forecasted debt obligations as well as our potential offsetting hedge positions. While this hedging strategy will be designed to minimize the impact on our net income and funds from operations from changes in interest rates, the overall returns on an investment in our company may be reduced.

As of September 30, 2025, our indebtedness was comprised of notes secured by our hotel properties. All such notes accrue interest at a fixed rate, except for the Hyatt Place North Charleston, the Hampton Inn Austin and the Hampton Inn Houston mortgage loans which bear interest at floating rates, and, therefore, an increase or decrease in interest rates would not have a material effect on our interest expense with respect to such notes. Interest rate changes will affect the fair value of any fixed rate instruments that we hold. As we expect to hold our fixed rate instruments to maturity and the amounts due under such instruments would be limited to the outstanding principal balance and any accrued and unpaid interest, we do not expect that fluctuations in interest rates, and the resulting change in fair value of our fixed rate instruments, would have a significant impact on our operations.

Credit Risk

We are exposed to credit risk. Credit risk in our investments in debt and securities relates to each individual borrower's ability to make required interest and principal payments on scheduled due dates. We seek to manage credit risk through our advisor's comprehensive credit analysis prior to making an investment, actively monitoring our asset portfolio and the underlying credit quality of our holdings and subordination and diversification of our portfolio. Our analysis is based on a broad range of real estate, financial, economic and borrower-related factors which we believe are critical to the evaluation of credit risk inherent in a transaction.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report, management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act). Based upon, and as of the date of, the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file and submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of change in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based upon that evaluation, it was concluded that, as of September 30, 2025, the period covered in this report, our disclosure controls and procedures were not effective due to the material weakness in internal control over financial reporting further described below.

Despite the identified material weakness, management concluded that the unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, the financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. generally accepted accounting principles.

Management's Report on Internal Control Over Financial Reporting

Our management does not expect that our disclosure controls and procedures or the Company's internal control over financial reporting will prevent or detect all errors and all fraud. A control system, regardless of how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems will be met. These inherent limitations include the following: judgements in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes, controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its state goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitation in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instance of fraud, if any, have been detected.

In connection with the preparation of this Quarterly Report, our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2025. In making that assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on its assessment, it was determined that, as of September 30, 2025, our internal control over financial reporting was ineffective based on those criteria.

Management noted the following deficiency that was determined to be a material weakness:

- Lack of sufficient documentation over controls surrounding inputs and assumptions used in management's impairment analysis.

In response to the above identified weakness in our internal control over inputs and assumptions used in our analysis of properties for impairment, we plan to improve these weaknesses in our evaluation. We expect to conclude these remediation initiatives during the year ending December 31, 2025. We continue to evaluate testing of our internal control policies and procedures, including assessing internal and external resources that may be available to complete these tasks, but do not know when these tasks will be completed.

A material weakness (within the meaning of PCAOB Auditing Standard No. 5) is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting.

There were no changes in our internal control over financial reporting that occurred during the nine months ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may be party to legal proceedings that arise in the ordinary course of our business. Management is not aware of any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition, nor are we aware of any such legal proceedings contemplated by government agencies.

ITEM 1A. RISK FACTORS.

Except as set forth below, there have been no material changes to the risk factors contained in Part I, Item 1A set forth in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 31, 2025.

We can provide no assurances that we will be able to successfully implement the Plan of Liquidation.

Our board of directors and stockholders have approved the sale of all of our assets and our dissolution pursuant to the Plan of Liquidation. However, we can provide no assurances as to the timing of the liquidation of our company in accordance with the Plan of Liquidation, or the amount of liquidating distributions (if any) that we may pay to our stockholders pursuant to the Plan of Liquidation.

If any of the parties to our future sale agreements default thereunder, or if these sales do not otherwise close, our liquidating distributions may be delayed or reduced.

We will seek to enter into agreements for the sale of each of our remaining properties, which agreements will also provide for various closing conditions. If any of the transactions contemplated by the sale agreements we enter into do not close because of a buyer default, the failure of a closing condition to be satisfied or for any other reason, we will need to locate a new buyer for the properties subject to such agreements, which we may be unable to do promptly or at prices or on terms that are as favorable as the original sale agreement. We will also incur additional costs involved in locating a new buyer for, and negotiating a new sale agreement with respect to, any such properties. In the event that we incur such additional costs, the amount of our liquidating distributions, if any, may be delayed or reduced.

If we are unable to find buyers for some or all of our properties within our expected timeframe or at our expected sales prices, our liquidating distributions (if any) may be delayed or reduced.

We intend to sell all of our remaining properties in accordance with the Plan of Liquidation. However, there can be no assurance that any of our properties will sell within our expected timeframe or for their projected sales prices. Our ability to successfully implement the Plan of Liquidation and pay any liquidating distributions to our stockholders may be adversely affected by volatility experienced by the U.S. and global economies, the U.S. hospitality market as a whole and/or the local economies in the markets in which our properties are located. Such adverse economic conditions may be due to, among other issues, concerns over inflation and interest rates, volatility in the public equity and debt markets, pandemics and infectious disease outbreaks, geopolitical instability, tariffs imposed by the United States on certain foreign goods and retaliatory tariffs on certain U.S. goods imposed by other countries, social unrest and other economic and geopolitical conditions beyond our control. Such current conditions, or similar conditions existing in the future, may adversely affect our ability to locate buyers for our remaining properties or the price at which such properties may be sold and may delay the completion of the sales of such properties.

In order to find buyers for our properties in a timely manner, we may be required to lower our asking price below the low end of our current estimate of a property's market value. Further, due to our substantial amount of leverage as a result of decreased real estate values, the ultimate net proceeds from our liquidation paid to our stockholders (if any) may be significantly impacted by small changes in real estate value. If we are not able to find buyers for our properties in a timely manner or if we have overestimated the sales prices we will receive for our properties, any liquidating distributions we pay may be delayed or reduced. Furthermore, real estate market values are constantly changing and fluctuate with changes in interest rates, supply and demand dynamics, the availability of suitable buyers and financing, the perceived quality and dependability of cash flows from properties and a number of other factors, both local and national. In addition, higher than anticipated transactional fees and expenses, environmental liabilities of which we are unaware or other unknown liabilities, if any, may adversely impact the net liquidation proceeds to us from the sale of our properties. No assurance can be given as to the amount, if any, of liquidating distributions our stockholders will ultimately receive.

We have the authority to sell our assets under such terms as we deem appropriate without further stockholder approval.

In accordance with the Plan of Liquidation, we have the authority to sell all of our properties on such terms and to such parties as our Advisor determines in its sole discretion. Notably, our stockholders will have no subsequent opportunity to vote on such matters and will, therefore, have no right to approve or disapprove the terms of such property sales.

If our liquidation costs or unpaid liabilities are greater than we expect, any liquidating distributions may be delayed or reduced.

Before paying a final liquidating distribution (if any), we will need to pay or arrange for the payment of all of our transaction costs and expenses associated with the liquidation, all other costs and expenses and all valid claims of our creditors. Our board may also decide to establish one or more reserve funds or escrow accounts to meet our known liabilities and liquidating expenses and our estimated, unascertained or contingent liabilities and expenses. Our board may also decide to acquire one or more insurance policies covering unknown or contingent claims against us or our directors and officers, for which we would pay a premium that has not yet been determined. The amounts of the various transaction costs associated with our liquidation are not yet final and our estimates of such costs may prove to be inaccurate. To the extent that we have underestimated such costs, our actual net proceeds from liquidation per share may be lower than anticipated. If the claims of our creditors are greater than we have anticipated or we decide to acquire one or more insurance policies covering unknown or contingent claims against us or our directors and officers, our liquidating distributions (if any) may be delayed or reduced. Further, if we establish a reserve fund, the payment of any liquidating distributions to our stockholders may be delayed or reduced. No assurance can be given as to the amount, if any, of liquidating distributions our stockholders will ultimately receive. After the payment of all our liabilities and expenses and the establishment of applicable reserves, there may not be proceeds from our liquidation available for the payment of any liquidating distributions.

Our entity value may be adversely affected by adoption of the Plan of Liquidation.

In accordance with the Plan of Liquidation, we will be committed to winding-up our operations and dissolving. This may adversely affect the value that a potential acquirer might place on our company. It may also preclude other beneficial courses of action not yet identified by our board.

There can be no assurance that a planned liquidation pursuant to the Plan of Liquidation will maximize stockholder value to a greater extent at this time than would otherwise occur through other strategic alternatives.

Our stockholders will no longer participate in any future earnings or benefit from any increases in the value of our properties once such properties are sold. Although our board and management believe that our planned liquidation is in our best interest and the best interest of our stockholders, it is possible that pursuing one or more of the other alternatives, including those not identified by our board, would maximize stockholder value to a greater extent at this time. We will be foregoing those opportunities as we implement the Plan of Liquidation.

Approval of the Plan of Liquidation may lead to stockholder litigation, which could result in substantial costs and distract our management.

Extraordinary corporate actions by a company, such as the Plan of Liquidation, sometimes lead to lawsuits being filed against that company. We may become involved in this type of litigation in connection with the Plan of Liquidation. As of the date of this Quarterly Report, no such lawsuits relative to the Plan of Liquidation were pending or, to our knowledge, threatened. However, we could incur significant costs and expenses in connection with the litigation, which could reduce the amount of any liquidating distributions we pay. In addition, the litigation could divert management's attention from implementing the Plan of Liquidation.

In certain circumstances, our board of directors may terminate, amend, modify or delay implementation of the Plan of Liquidation.

Our board of directors and our stockholders have adopted and approved the Plan of Liquidation. Nevertheless, prior to the acceptance for record of our Articles of Dissolution by the state of Maryland, our board may terminate the Plan of Liquidation for any reason without stockholder approval. Further, notwithstanding approval of the Plan of Liquidation by our stockholders, our board of directors, or, if a liquidating trust is established, trustees of the liquidating trust, may make certain modifications or amendments to the Plan of Liquidation without further action by or approval of our stockholders to the extent permitted under law. Although our board has no present intention to pursue any alternative to the Plan of Liquidation, our board may conclude that terminating the Plan of Liquidation is in the best interest of us and our stockholders. If our board elects to pursue any alternative to the Plan of Liquidation, our stockholders would not receive any liquidating distributions pursuant to the Plan of Liquidation.

Our stockholders could, in some circumstances, be held liable for amounts they received from us in connection with the Plan of Liquidation

If we fail to create an adequate contingency reserve for payment of our expenses and liabilities, or if we transfer our assets to a liquidating trust and the contingency reserve and the assets held by the liquidating trust are less than the amount ultimately found payable in respect of expenses and liabilities, each of our stockholders could be held liable for the payment to our creditors of such stockholder's pro rata portion of the excess, limited to the amounts previously received by the stockholder in distributions from us or the liquidating trust, as applicable. If a court holds at any time that we failed to make adequate provision for our expenses and liabilities or if the amount ultimately required to be paid in respect of such liabilities exceeds the amount available from the contingency reserve and the assets of the liquidating trust, our creditors could seek an injunction to prevent us from paying distributions under the Plan of Liquidation on the grounds that the amounts to be distributed are needed to provide for the payment of such expenses and liabilities. Any such action could delay or substantially diminish the amount of any liquidating distributions to be paid to our stockholders or holders of beneficial interests of any liquidating trust.

We will continue to incur the expenses of complying with public company reporting requirements.

Until our liquidation and dissolution are complete, we will have an obligation to continue to comply with the applicable reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), even if compliance with these reporting requirements is economically burdensome. In order to curtail expenses, we may, after filing our Articles of Dissolution, seek relief from the SEC from certain reporting requirements under the Exchange Act. We anticipate that, if we seek such relief and it is granted, we would continue to file current reports on Form 8-K to disclose material events relating to our liquidation and dissolution, along with any other reports that the SEC might require, but would discontinue filing annual and quarterly reports on Forms 10-K and 10-Q. However, we may not seek such relief or the SEC may not grant any such relief. To the extent that we delay filing the Articles of Dissolution or if we do not obtain any reporting relief from the SEC, we will be obligated to continue complying with the applicable reporting requirements of the Exchange Act. The expenses we incur in complying with the applicable reporting requirements of the Exchange Act would reduce the amount of any liquidating distributions we pay to our stockholders.

Our directors and officers and the Advisor and its affiliates may have conflicts of interest that may influence their support of the Plan of Liquidation and may cause them to manage our liquidation in a manner not solely in the best interest of our stockholders.

Certain of our directors and officers and our Advisor and its affiliates have interests in our liquidation that may be different from the interests of our stockholders. Consequently, our directors and officers and the Advisor and its affiliates, in some instances, may be more motivated to support the Plan of Liquidation than might otherwise be the case if they did not have such interests. In addition, due to such interests, our directors and officers and our Advisor and its affiliates may be motivated to make decisions or take actions based on factors other than the best interest of our stockholders throughout the liquidation process. Our board considered the actual and potential conflicts of interest presented by such interests in approving the Plan of Liquidation and recommending that our stockholders approve the Plan of Liquidation (which was approved by our stockholders).

Pursuing the Plan of Liquidation may cause us to fail to qualify as a REIT, which would dramatically lower the amount of our liquidating distributions.

For so long as we qualify as a REIT and distribute all of our REIT taxable income, we generally are not subject to federal corporate income tax. Although our board does not presently intend to terminate our REIT status prior to paying the final liquidating distribution to our stockholders and our dissolution, our board may take actions pursuant to the Plan of Liquidation that would result in such a loss of REIT status. Upon payment of the final liquidating distribution and our dissolution, our legal existence and our REIT status will terminate. However, there is a risk that our actions during the liquidation process may cause us to fail to meet one or more of the requirements that must be met in order to qualify as a REIT prior to completion of the Plan of Liquidation. For example, to qualify as a REIT, generally at least 75% of our gross income in each taxable year must come from real estate sources and generally at least 95% of our gross income in each taxable year must come from real estate sources and certain other sources that are itemized in the REIT tax laws, mainly interest and dividends. We may encounter difficulties satisfying these requirements during the liquidation process. In addition, in connection with that process, we may recognize ordinary income in excess of the cash received. The REIT rules require us to pay out a large portion of our ordinary income in the form of a dividend to our stockholders. However, to the extent that we recognize ordinary income without any cash available for distribution, and if we were unable to borrow to fund the required dividend or find another way to meet the REIT distribution requirements, we may cease to qualify as a REIT. Although we expect to comply with the requirements necessary to qualify as a REIT in any taxable year, if we are unable to do so, we will, among other things (unless entitled to relief under certain statutory provisions):

- not be allowed a deduction for dividends paid to stockholders in computing our taxable income;

- be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income, including recognized gains, at regular corporate rates;
- be subject to increased state and local taxes; and
- be disqualified from treatment as a REIT for the taxable year in which we lose our qualification and for the four following taxable years.

As a result of these consequences, our failure to qualify as a REIT could substantially reduce the amount of liquidating distributions we pay to our stockholders.

Pursuing the Plan of Liquidation may cause us to be subject to federal corporate income tax, which would reduce the amount of our liquidating distributions.

We generally are not subject to federal income tax to the extent that we distribute to our stockholders during each taxable year (or, under certain circumstances, during the subsequent taxable year) dividends equal to our taxable income for the year. However, we are subject to federal corporate income tax to the extent that our taxable income exceeds the amount of dividends paid to our stockholders for the taxable year. In addition, we are subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by us with respect to any calendar year are less than the sum of 85% of our ordinary income for that year, plus 95% of our capital gain net income for that year, plus 100% of our undistributed taxable income from prior years. Although we intend to pay distributions to our stockholders sufficient to avoid the imposition of any federal income tax on our taxable income and the imposition of the excise tax, differences in timing between the actual receipt of income and actual payment of deductible expenses, and the inclusion of such income and deduction of such expenses in arriving at our taxable income, could cause us to have to either borrow funds on a short-term basis to meet the REIT distribution requirements, find another alternative for meeting the REIT distribution requirements, or pay federal income and excise taxes. The cost of borrowing or the payment of federal income and excise taxes would reduce the amount of liquidating distributions we pay to our stockholders.

So long as we continue to qualify as a REIT, any net gain from “prohibited transactions” will be subject to a 100% tax. “Prohibited transactions” are sales of property held primarily for sale to customers in the ordinary course of a trade or business. The prohibited transactions tax is intended to prevent a REIT from retaining any profit from the sales of properties held primarily for sale to customers in the ordinary course of business. The Internal Revenue Code provides for a “safe harbor” which, if all its conditions are met, would protect a REIT’s property sales from being considered prohibited transactions. Whether property is held primarily for sale to customers in the ordinary course of a trade or business is a highly factual determination. We believe that all of our properties are held for investment and the production of rental income, and that none of the sales of our properties will constitute a prohibited transaction. We do not believe that the sales of our properties pursuant to the Plan of Liquidation should be subject to the prohibited transactions tax. However, due to the anticipated sales volume and other factors, the contemplated sales may not qualify for the protective safe harbor. There can, however, be no assurances that the U.S. Internal Revenue Service will not successfully challenge the characterization of properties we hold for purposes of applying the prohibited transaction tax.

Distributing beneficial interests in a liquidating trust may trigger tax consequences to our stockholders.

The REIT provisions of the Internal Revenue Code generally require that each year we distribute as a dividend to our stockholders 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain). Any liquidating distributions that we pay pursuant to the Plan of Liquidation will qualify for the dividends paid deduction, provided that they are paid within 24 months of the adoption of such plan (on September 30, 2025). Conditions may arise which cause us not to be able to liquidate within such 24-month period. For instance, it may not be possible to sell our properties at acceptable prices during such period. In such event, rather than retain our properties and risk losing our status as a REIT, we may elect to transfer our remaining assets and liabilities to a liquidating trust in order to meet the 24-month requirement. Such a transfer would be treated as a distribution of our remaining assets to our stockholders, followed by a contribution of the assets to the liquidating trust. As a result, a stockholder would recognize gain to the extent such stockholder’s share of the cash and the fair market value of any assets received by the liquidating trust was greater than the stockholder’s basis in our stock, notwithstanding that the stockholder would not contemporaneously receive a distribution of cash or any other assets with which to satisfy the resulting tax liability. To the extent such stockholder’s share of the cash and the fair market value of any assets received by the liquidating trust is less than the stockholder’s basis in our stock, such loss is expected to be recognizable at the time of the transfer to the liquidating trust, but not before such time. In addition, it is possible that the fair market value of the assets received by the liquidating trust, as estimated for purposes of determining the extent of the stockholder’s gain at the time the beneficial interests in the liquidating trust are distributed to the stockholders, will exceed the cash or fair market value of property received by the liquidating trust on a sale of the assets. In this case, the stockholder would recognize a loss in a taxable year subsequent to the taxable year in which the gain was recognized, which loss may be limited under the Internal Revenue Code.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We did not issue any shares of our common stock or other securities that were not registered under the Securities Act during the quarter ended September 30, 2025.

Share Repurchase Program

In response to the COVID-19 pandemic, our board of directors suspended our share repurchase program effective as of April 6, 2020. We do not expect to resume the repurchase of shares of our common stock pursuant to our share repurchase program.

During the three and six months ended September 30, 2025, we did not repurchase any shares of our common stock pursuant to our share repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

<u>Exhibit No.</u>	<u>Description</u>
2.1	Plan of Complete Liquidation and Dissolution of the Company
<u>3.1</u>	<u>Articles of Amendment and Restatement of Moody National REIT II, Inc. (incorporated by reference to Exhibit 3.1 to Pre-Effective Amendment No. 3 to the Company's Registration Statement (File No. 333-198305) filed January 12, 2015)</u>
<u>3.2</u>	<u>Articles of Amendment to the Articles of Amendment and Restatement of Moody National REIT II, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June 13, 2017)</u>
<u>3.3</u>	<u>Articles Supplementary to the Articles of Amendment and Restatement of Moody National REIT II, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on June 13, 2017)</u>
<u>3.4</u>	<u>Bylaws of Moody National REIT II, Inc. (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-11 (File No. 333-198305) filed on August 22, 2014)</u>
<u>10.1*</u>	<u>Purchase and Sale Agreement, dated September 15, 2025, by and between Legacy DTS, LLC, Moody National Yale-Seattle Holding, LLC and Moody National Yale-Seattle MT, LLC</u>
<u>10.2*</u>	<u>Agreement of Purchase and Sale, dated September 15, 2025, by and among Moody National HP G-Town Holding, LLC, Moody National HP G-Town MT, LLC and United International Group, LLC</u>
<u>10.3*</u>	<u>Agreement of Purchase and Sale, dated September 15, 2025, by and among Moody National Lancaster-Frazer Holding, LLC, Moody National Lancaster-Frazer MT, LLC and BNS Associates, LLC</u>
<u>31.1*</u>	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2*</u>	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1*</u>	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
<u>32.2*</u>	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOODY NATIONAL REIT II, INC.

Date: November 14, 2025

By: /s/ Brett C. Moody
Brett C. Moody
Chairman of the Board, Chief Executive Officer and
President
(Principal Executive Officer)

Date: November 14, 2025

By: /s/ Robert W. Engel
Robert W. Engel
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

**Certification of Chief Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Brett C. Moody, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Moody National REIT II, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2025

/s/ Brett C. Moody

Brett C. Moody
Chairman of the Board, Chief Executive Officer and
President
(Principal Executive Officer)

**Certification of Chief Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert W. Engel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Moody National REIT II, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2025

/s/ Robert W. Engel

Robert W. Engel
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Moody National REIT II, Inc. (the “Company”) for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, the Chief Executive Officer and President of the Company, certifies, to his knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2025

/s/ Brett C. Moody

Brett C. Moody
Chairman of the Board, Chief Executive Officer and
President
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Moody National REIT II, Inc. (the “Company”) for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, the Chief Financial Officer and Treasurer of the Company, certifies, to his knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2025

/s/ Robert W. Engel

Robert W. Engel
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this “Agreement”) is made as of the Effective Date, by and between **MOODY NATIONAL YALE-SEATTLE HOLDING, LLC**, a Delaware limited liability company and **MOODY NATIONAL YALE-SEATTLE MT, LLC**, a Delaware limited liability company (collectively, the “Seller”), and **LEGACY DTS, LLC**, a Washington limited liability company (the “Purchaser”).

RECITALS

A. Seller is the owner of that certain tract of land located at 1800 Yale Avenue, Seattle, Washington 98101, as more particularly described on Exhibit A attached hereto and made a part hereof, and the improvements situated thereon, commonly known as the “Springhill Suites – Seattle” (the “Hotel”).

B. MOODY NATIONAL YALE-SEATTLE MT, LLC, a Delaware limited liability company, leases the Hotel from the MOODY NATIONAL YALE-SEATTLE HOLDING, LLC, a Delaware limited liability company, in accordance with the terms of that certain Master Lease dated on or about May 24, 2016 (as amended, modified or supplemented, the “Master Lease”) and is the owner of all Personal Property used in connection with the operation of the Hotel, which will expire and be of no further force and effect following the transfer of the Property in accordance with this Agreement.

C. Purchaser desires to purchase the above-described property from Seller, and Seller desires to sell the above-described property to Purchaser, for the Purchase Price (as defined below) and upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of premises and in consideration of the mutual covenants, promises and undertakings of the parties hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, it is agreed:

ARTICLE I DEFINITIONS

The following terms shall have the indicated meanings:

1.1 “Accounts Receivable” shall mean all accounts receivable of the Hotel which are shown on the records of the Hotel.

1.2 “Additional Earnest Money” shall have the meaning ascribed to such term in Section 2.3.

1.3 “Advance Bookings” shall mean reservations and agreements made or entered into by Seller or Manager prior to Closing and assumed by Purchaser for Hotel rooms or meeting rooms to be utilized after Closing, or for catering services or other Hotel services to be provided after Closing, in the ordinary course of business.

1.4 “Affiliate” shall mean any Person that is directly or indirectly (through one or more intermediaries) controlled by, under common control with, or controlling another Person. For the purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person or the power to veto major policy decisions of any Person, whether through the ownership of voting securities, by contract or otherwise.

1.5 “Assignment and Assumption Agreement” shall mean an assignment and assumption agreement between Seller and Purchaser in a form reasonably acceptable to Seller and Purchaser whereby Seller assigns and Purchaser assumes all of Seller’s rights, title and interest in and to the Hotel Agreements and the Advanced Bookings.

1.6 “Assumed Service Contracts” shall have the meaning ascribed to such term in Section 2.6(c).

1.7 “Authorizations” shall mean all certificates of occupancy, licenses, permits, authorizations and approvals required by any governmental or quasi-governmental agency, body, department, commission, board, bureau, instrumentality or officer, or otherwise appropriate with respect to the construction, ownership, operation, leasing, maintenance, or use of the Property or any part thereof.

1.8 “Bill of Sale and General Assignment” shall mean a bill of sale and general assignment between Seller and Purchaser in a form reasonably acceptable to Seller and Purchaser, conveying title to the Personal Property (other than Leased Property) from Seller to Purchaser, together with any Warranties and Guaranties related thereto.

1.9 “Closing” shall mean the consummation of the sale and purchase of the Property pursuant to this Agreement.

1.10 “Closing Date” shall mean on or before Tuesday, December 2, 2025, as may be extended in accordance with Section 7.1 hereof.

1.1 “Closing Extension Deposit” shall have the meaning ascribed to such term in Section 7.1.

1.2 “Closing Documents” shall mean the documents defined as such in Article VII.

1.3 “Contracts” shall mean Seller’s right, title, and interest, if any, in all written service, supply, trash removal, maintenance, construction, capital improvement and other similar contracts, including Leased Property Agreements and any agreements pertaining to facilities not located at the Property, but which are required and presently used for the operation of the Hotel) in effect with respect to the Property related to the construction, operation, or maintenance of the Hotel (but excluding those contracts that Purchaser timely “rejects” pursuant to, and to the extent permitted under, Section 2.6(c)), in each case, (a) to the extent assignable or transferable at no cost or expense to Seller, and, if consent is required, to the extent such consent is obtained, and (b) to the extent Seller has not terminated such Contract as provided in Section 2.6(c), and (c) specifically excluding any hotel operating leases, management agreements, hotel franchise agreements, trademark agreements, and any and all contracts or rights relating to the sale of liquor at the Hotel.

1.4 “Deed” shall mean a special warranty deed in a form reasonably acceptable to Seller and Purchaser, conveying fee title to the Real Property from Seller to Purchaser, subject to a mineral reservation and the Permitted Title Exceptions.

1.5 “Earnest Money” shall have the meaning ascribed to such term in Section 2.3.

1.6 “Effective Date” (or other similar phrases such as “date of this Agreement” or “date hereof”) shall mean the first date on which the Escrow Agent shall have acknowledged receipt of this Agreement fully executed by Seller and Purchaser.

1.7 “Escrow Agent” shall mean the Title Company.

1.8 “FIRPTA Certificate” shall mean the affidavit of Seller under Section 1445 of the Internal Revenue Code, as amended.

1.9 “Governmental Authority” shall mean any federal, state, county, municipal or other government or governmental or quasi-governmental agency, department, commission, board, bureau, office or instrumentality, foreign or domestic, or any of them.

1.10 “Hotel” shall have the definition ascribed to such term in the Recitals.

1.11 “Hotel Agreements” shall mean collectively the Operating Agreements, Leased Property Agreements, Off-Site Facility Agreements, and the Occupancy Agreements.

1.12 “Improvements” shall mean the Hotel and all other buildings, structures, improvements, and all fixtures, systems, facilities and all other items of real estate located on the Land.

1.13 “Independent Contract Consideration” shall mean One Hundred and No/100 Dollars (\$100.00) of the Earnest Money which shall be paid by the Escrow Agent to Seller in the event that Purchaser elects to terminate this Agreement.

1.14 “Initial Earnest Money” shall have the meaning ascribed to such term in Section 2.3.

1.15 “Insurance Policies” shall mean all policies of insurance maintained by or on behalf of Seller pertaining to the Property, its operation, or any part thereof.

1.16 “Intangible Personal Property” shall mean, to the extent assignable, Seller’s right, title and interest, if any, in and to all intangible personal property owned or possessed by Seller and used in connection with the ownership or operation of the Property, including, without limitation, (1) Authorizations, (2) utility and development rights and privileges, general intangibles, business records, plans and specifications pertaining to the Real Property and the Personal Property, (3) any unpaid award for taking by condemnation or any damage to the Land by reason of a change of grade or location of or access to any street or highway, (4) the share of the Rooms Ledger determined under Section 7.6(h) hereof, and (5) Advance Bookings, excluding Seller’s cash on hand, in the bank accounts and invested with financial or other institutions.

1.17 “Inventory” shall mean all inventories of food, beverage and consumable items in opened or unopened cases or cartons (the “Consumables”) and all in-use reserve stock of linens and towels and guest supplies (the “Linens and Towels”), paper goods, soaps, cleaning supplies, office supplies, engineering supplies, maintenance supplies, parts and tools, cleaning and housekeeping supplies, toiletries and other guest and customer amenities, stationery, menus, hotel services directories and other printed materials, and other “inventories of merchandise” and “inventories of supplies” as such terms are defined in the Uniform System of Accounts for Hotels used in connection with the operation and maintenance of the Hotel.

1.18 “Knowledge” shall mean the actual knowledge of Jan Burleson, without any duty of inquiry or investigation. For the purposes of this definition, the term “actual knowledge” means, with respect to any person, the conscious awareness of such person at the time in question and expressly excludes any constructive or implied knowledge of such person.

1.19 “Land” shall mean that certain parcel of real estate described on Exhibit A hereof, together with all rights, titles, benefits, easements, privileges, remainders, tenements, hereditaments, interests, reversions and appurtenances thereunto belonging or in any way appertaining, and all of the estate, right, title, interest, claim or demand whatsoever of Seller therein, in and to adjacent strips and gores, if any, between the Land and abutting properties, and in and to adjacent streets, highways, roads, alleys or rights-of-way, and the beds thereof, either at law or in equity, in possession or expectancy, now or hereafter acquired.

1.20 “Leased Property” shall mean all leased items of Tangible Personal Property, including items subject to any capital lease, operating lease, financing lease, or any similar agreement (if any).

1.21 “Leased Property Agreements” shall mean all lease agreements pertaining to the Leased Property (if any).

1.22 “License Agreement” shall mean the license or franchise agreement from Licensor with respect to the Hotel.

1.23 “Licensor” shall mean Marriott International, Inc.

1.24 “Management Agreement” shall mean the management agreement between Seller and the Manager for the management and operation of the Hotel.

1.25 “Manager” shall mean Moody National Hospitality Management, LLC.

1.26 “Occupancy Agreements” shall mean all leases, concession or occupancy agreements in effect with respect to the Real Property under which any tenants (other than Hotel guests) or concessionaires have the right to occupy space upon the Real Property.

1.27 “Off-Site Facility Agreements” shall mean any leases, contracts and agreements, if any, pertaining to facilities not located on the Property but which are required and presently used for the operation of the Hotel including, without limitation, use agreements for local golf courses, and parking or garage contracts or leases.

1.28 “Operating Agreements” shall mean all service, supply, maintenance and repair, and other similar contracts in effect with respect to the Property (other than the Occupancy Agreements, Leased Property Agreements, Management Agreement, Off-Site Facility Agreements and the Employee Agreements) related to construction, operation, or maintenance of the Property and the business conducted thereon.

1.29 “Owner’s Title Policy” shall mean an owner’s policy of title insurance issued to Purchaser by the Title Company, pursuant to which the Title Company (or any applicable underwriter) insures Purchaser’s ownership of fee simple title to the Real Property, subject only to Permitted Title Exceptions.

1.30 “Person” shall mean an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a Governmental Authority.

1.31 “Permitted Title Exceptions” shall mean those exceptions to title to the Real Property that are satisfactory or deemed satisfactory to Purchaser as determined pursuant to Section 2.6(f) hereof.

1.32 “Personal Property” shall mean collectively the Tangible Personal Property and the Intangible Personal Property.

1.33 “Property” shall mean collectively the Real Property and Personal Property; provided, however, that the Property shall specifically exclude (i) property of hotel guests, (ii) property of the Manager, (iii) all cash, cash equivalents on hand or in any bank account, operating account or other account maintained in connection with the ownership, management or operation of the Property, (iv) accounts receivable and any right to a refund or other payment relating to a period prior to the Closing, (v) any pre-paid deposits or accounts receivable related to the Hotel operation, (vi) the Management Agreement, (vii) the Master Lease, (viii) the existing License Agreement, and (ix) all insurance claims or proceeds arising out of or relating to events that occur prior to the Closing Date.

1.34 “Purchase Price” shall mean the amount of FIFTY-ONE MILLION AND NO/DOLLARS (\$51,000,000.00) payable in the manner described in Section 2.2 hereof, which amount shall include the Inventory.

1.35 “Purchaser Parties” shall mean Purchaser’s directors, officers, lenders, employees, agents, counsel, consultants or representatives.

1.36 “Purchaser’s Objections” shall mean the objections defined as such in Section 2.6(f).

1.37 “Real Property” shall mean the Land and the Improvements.

1.38 “Rooms Ledger” shall mean the final night’s room revenue (revenue from rooms occupied as of 12:01 a.m. on the Closing Date, exclusive of food, beverage, telephone and similar charges which shall be retained by Seller), including any sales taxes, room taxes or other taxes thereon.

1.39 “Seller’s Response” shall have the meaning ascribed to such term in Section 2.4(e).

1.40 “Seller’s Response Period” shall have the meaning ascribed to such term in Section 2.6(b).

1.41 “Study Period” shall mean the period ending at 5:00 p.m. Central Time on the date which is thirty (30) days from the Effective Date.

1.42 “Submission Matters” shall mean the definition ascribed to such term in Section 2.4(b) hereof.

1.43 “Tangible Personal Property” shall mean the items of tangible personal property consisting of all furniture, fixtures, equipment, machinery, Inventory, construction materials, all vehicles used in operation of Property and the Hotel and other Tangible Personal Property of every kind and nature (which does not include cash-on-hand and petty cash) located at the Hotel and owned or leased by Seller, and Seller’s interest as lessee with respect to any such leased Tangible Personal Property.

1.44 “Title Commitment” shall mean the title commitment and exception documents defined as such in Section 2.6(f).

1.45 “Title Company” shall mean Moody National Title Company, L.P., 9655 Katy Freeway, Suite 610, Houston, Texas 77024.

1.46 “Warranties and Guaranties” shall mean, to the extent assignable, all of Seller’s interest, if any, in any existing warranties and guaranties relating to the development, construction, ownership and operation of the Improvements, the Tangible Personal Property, the Hotel or any part thereof.

ARTICLE II PURCHASE AND SALE; DEPOSIT; PAYMENT OF PURCHASE PRICE; STUDY PERIOD

2.1 Purchase and Sale. Seller agrees to sell and Purchaser agrees to purchase the Property for the Purchase Price and in accordance with and subject to the other terms and conditions set forth herein.

2.2 Payment of Purchase Price. Purchaser shall pay the Purchase Price, as adjusted in the manner specified in Article VII and as set forth below, to Seller (or other party designated by Seller) at Closing by making a wire transfer of immediately available federal funds to the account of Seller (or other party designated by Seller). Such wire transfer shall be sent by Purchaser to the Escrow Agent for the account of Seller no later than 12:01 p.m. Central Time on the Closing Date.

2.3 Earnest Money. Within three (3) business days following the execution and delivery of this Agreement by both parties to the Escrow Agent, Purchaser will deliver to the Escrow Agent the sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) (the “Initial Earnest Money”) which shall be non-refundable upon deposit but shall be applicable to the Purchase Price at Closing. Within one (1) business day following the expiration of the Study Period, assuming Purchaser has not previously elected to terminate this Agreement, Purchaser shall deliver to the Escrow Agent the additional sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) (the “Additional Earnest Money”). Except as set forth in Sections 2.6(a) and (f), the Earnest Money shall be non-refundable upon deposit but shall be applicable to the Purchase Price at Closing (the Initial Earnest Money and the Additional Earnest Money, if any, and all interest earned thereon are hereinafter collectively referred to as the “Earnest Money”). The Earnest Money shall be invested by the Escrow Agent in short term interest bearing accounts at banks or other financial institutions, which accounts must be insured by the Federal Deposit Insurance Corporation. All interest earned on such deposits shall belong to the party (as between Seller and Purchaser) who is entitled to receive the Earnest Money under the applicable provisions of this Agreement. In the event the transactions contemplated herein are not closed in accordance with the provisions hereof, the Earnest Money shall be disbursed to either Seller or Purchaser as provided in this Agreement.

2.4 Limited Assumption of Liability. At Closing, Purchaser shall assume all liabilities, obligations, damages, losses, diminution in value, costs or expenses of any kind or nature whatsoever, whether accrued or unaccrued, actual or contingent, known or unknown, foreseen or unforeseen liabilities, including with respect to the Assumed Contracts (the “Liabilities”) with respect to (a) the Property or the Hotel arising or accruing on or after the Closing Date (and before the Closing Date to the extent Purchaser has received a credit for such Liabilities under this Agreement), and (b) the condition of the Property (regardless of whether such condition existed before the Closing), including the design, construction, engineering, maintenance and repair or environmental condition of the Property, whether arising or accruing before or after the Closing (the “Assumed Liabilities”). Purchaser shall not assume any other liability or obligation. This Section 2.4 shall survive the Closing.

2.5 Intentionally Omitted.

2.6 Due Diligence.

(a) Purchaser shall have the right, until 5:00 p.m. Central Time the last day of the Study Period, and thereafter if Purchaser does not notify Seller in writing prior to the expiration of the Study Period that Purchaser has elected to terminate this Agreement, to enter upon the Real Property upon not less than two (2) business days prior notice to Seller, and to perform at Purchaser’s expense, and subject to terms and conditions set forth in Section 2.6(d) below, such economic, surveying, engineering, topographic, environmental, marketing and other test, studies and investigations as Purchaser may deem appropriate, including a Phase I Environmental Site Assessment. If such tests, studies and investigations warrant, in Purchaser’s sole, absolute and unreviewable discretion, the purchase of the Property for the purposes contemplated by Purchaser, then Purchaser shall proceed with this transaction in accordance with and subject to the terms of this Agreement; provided, however, if, prior to the expiration of the Study Period, Purchaser provides written notice to Seller and Escrow Agent that it has determined in its sole, absolute and unreviewable discretion, to terminate this Agreement, this Agreement shall terminate, and Seller and Purchaser shall be released from all further liability or obligation hereunder except those which expressly survive a termination of this Agreement. In the event of such termination for any reason, the Earnest Money, including the Independent Contract Consideration, shall be released by the Escrow Agent to Seller; provided that, in the event that Purchaser obtains a Phase I Environmental Site Assessment which reveals any recognized environmental condition or recommends any additional testing, the circumstances of which were not revealed in Seller’s Phase I Environmental Site Assessment dated as of April 27, 2015, and, as a result thereof, Purchaser elects to terminate this Agreement prior to the expiration of the Study Period in accordance with this Section, then the Earnest Money, shall be released by the Escrow Agent to Purchaser.

(b) Within five (5) business days following the Effective Date, Seller shall deliver copies of the items described on Exhibit C to Purchaser, to the extent such items are in Seller’s possession (“Submission Matters”), including :

- (1) Seller’s existing Survey;
- (2) Hotel Agreements;
- (3) Financials for previous twenty-four (24) months;
- (4) STR Report for previous twenty-four (24) months and current;
- (5) Advanced Bookings;
- (6) Real Estate Tax Bills for current year and previous two (2) years; and

(7) Personal Property Tax Bills for current year and previous two (2) years.

(8) Proposals, estimates or contracts relating to renovations to the elevator, mechanical equipment and the washer and washer room, if any.

(c) Within five (5) business days following the Effective Date, Seller will provide a list of the Contracts to Purchaser. Prior to the last day of the Study Period, Purchaser will advise Seller in writing of which Contracts it wants Seller to assign to Purchaser (and thus, which Contracts it will assume) and for which Contracts Purchaser requests that Seller deliver written termination at or prior to Closing. Seller shall be entitled to terminate any Contracts unless Purchaser has notified Seller in writing prior to the Study Period Expiration that it wants Seller to assign the same to Purchaser at Closing. Seller shall deliver at Closing notices of termination of all Contracts that are not to be assumed by Purchaser. Notwithstanding anything to the contrary herein, Purchaser must assume the obligations arising from and after the Closing under those Contracts (i) that Purchaser has agreed to assume or is deemed to have agreed to assume, or that Purchaser is obligated to assume pursuant to this Section 2.6(c), and (ii) for which a termination notice is delivered as of or prior to Closing but for which termination is not effective until after Closing. Contracts which Purchaser elects or is required to assume at Closing are collectively referred to herein as “Assumed Contracts.”

(d) If for any reason whatsoever Purchaser does not purchase the Property, Purchaser shall promptly deliver to Seller, (i) copies of the due diligence materials delivered to or copied by Purchaser or Purchaser Parties, and (ii) copies of all third-party reports prepared by or for Purchaser or Purchaser Parties with respect to the Property; provided, however, that Purchaser shall not be obligated to deliver to Seller any materials of a proprietary nature (such as, for the purposes of example only, any financial forecast or market repositioning plans) prepared for Purchaser or Purchaser Parties in connection with the Property, and Seller acknowledges that any such materials delivered to Seller pursuant to the provisions of clause (ii) shall be without cost to Purchaser and without warranty, representation or recourse whatsoever other than that such materials have been fully paid for and may be delivered to Seller. The terms of this Section 2.6(d) shall survive the termination of this Agreement.

(e) Purchaser shall indemnify, hold harmless and defend Seller against any loss, damage, liability or claim for personal injury or property damage and any other loss, damage, liability, claim or lien to the extent arising from the acts upon the Real Property by Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties. Purchaser understands and accepts that any on-site inspections of the Property shall occur at reasonable times agreed upon by Seller and Purchaser after not less than one (1) business day prior notice to Seller and shall be conducted so as not to interfere unreasonably with the operation of the Property and the use of the Property by the tenants and the guests of the Hotel. Seller shall have the right to have a representative present during any such inspections. If Purchaser desires to do any invasive testing at the Property, Purchaser shall do so only after obtaining the prior written consent of Seller, which consent shall be within Seller's sole and absolute discretion. Purchaser shall not permit any liens to attach to the Property by reason of such inspections. Purchaser shall (i) restore the Property, at its own expense, to substantially the same condition which existed prior to any inspections or other activities of Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties thereon; and (ii) be responsible for and pay any and all liens by contractors, subcontractors, materialmen, or laborers performing the inspections or any work for Purchaser or Purchaser Parties on or related to the Property. Purchaser shall procure and continue in force from and after the date Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties first enters the Property, and continuing throughout the term of this Agreement, comprehensive general liability insurance with a combined single limit of not less than \$3,000,000 per occurrence, or commercial general liability insurance, with limits of not less than \$3,000,000 per occurrence and \$2,000,000 per event. Seller and its lender shall be included and named as an additional insured under such comprehensive general liability or commercial general liability coverage. Such insurance shall include: (i) personal injury liability with employee and contractual exclusions removed; and (ii) a waiver of subrogation in favor of Seller and its lender without exception for the negligence of any additional insured. Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties will not be permitted to come onto the Property unless and until Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties has provided to Seller a certificate of insurance evidencing such coverage, the additional insured status of Seller and its lender, and such waiver of subrogation. The provisions of this Section 2.6(d) shall survive any termination of this Agreement and a closing of the transaction contemplated hereby and are not subject to any liquidated damage limitation on remedies, notwithstanding anything to the contrary in this Agreement.

(f) Within ten (10) days following the Effective Date, Seller shall cause the Title Company to furnish to Purchaser, (i) a title insurance commitment bearing an effective date not earlier than thirty (30) days prior to the Effective Date issued by the Title Company covering the Real Property, binding the Title Company to issue the Owner's Title Policy together with copies of all documents identified in such title insurance commitment as exceptions to title (collectively, the "Title Commitment") with respect to the state of title to the Real Property. Within ten (10) days following the Effective Date, Purchaser shall cause to be delivered to Seller and the Title Company, at Purchaser's expense, a new survey or update of any existing survey with respect to the Real Property in form and substance acceptable to the Title Company for purposes of issuing the Title Policy (as hereinafter defined) with extended coverage (the "Updated Survey"). Upon five (5) business days following its receipt of the Title Commitment and Updated Survey, Purchaser shall notify Seller of any matters identified in the Title Commitment and Updated Survey that Purchaser is unwilling to accept (collectively, the "Purchaser's Objections"). Other than as specifically required in this Agreement, Seller shall not be obligated to incur any expenses or incur any liability to cure any Purchaser's Objections. Seller may notify Purchaser within five (5) business days after receipt of Purchaser's Objections (the "Seller's Response Period") whether Seller, in its sole discretion, agrees to cure any of such Purchaser's Objections (the "Seller's Response"). If Seller agrees in Seller's Response Period to attempt to cure any of such Purchaser's Objections, then Seller shall use good faith efforts (without the obligation to expend any money or incur any liability) to cure such Purchaser's Objections which Seller has agreed to attempt to cure on or before the Closing Date. If Seller is unable to cure such Purchaser's Objections on or before the Closing Date, then Purchaser shall, elect (1) to waive such Purchaser's Objections without any abatement in the Purchase Price and proceed to close, or (2) to terminate this Agreement in which case the parties hereto shall be released from all further obligations hereunder, except those which expressly survive a termination of this Agreement. In the event of Purchaser's termination, the Earnest Money shall be released by the Escrow Agent to Seller; provided that, if Purchaser delivers written notice to Seller that it has elected to terminate this Agreement based on an uncured Purchaser's Objections which would (a) require resolution based on a funding requirement of Purchaser's Lender, or (b) materially impair the operation of the Property as a hotel, then the Earnest Money shall be returned by the Escrow Agent to Purchaser. If Seller does not provide Seller's Response to Purchaser within Seller's Response Period, then Seller shall be deemed to have elected not to attempt to cure any Purchaser's Objections. If Seller elects in Seller's Response not to attempt to cure all or any number of Purchaser's Objections or if Seller is deemed to have elected not to attempt to cure Purchaser's Objections pursuant to the preceding sentence, upon three (3) days following expiration of Seller's Response Period, Purchaser shall elect either to (1) waive any Purchaser's Objections which Seller has elected or is deemed to have elected not to attempt to cure without any abatement in the Purchase Price and proceed to close, or (2) terminate this Agreement in which case the parties hereto shall be released from all further obligations hereunder, except those which expressly survive a termination of this Agreement. In the event Purchaser does not provide to Seller notice of Purchaser's election under the preceding sentence, then Purchaser shall be deemed to have elected clause (2) of the preceding sentence. In the event of Purchaser's termination, the Earnest Money shall be released by the Escrow Agent to Seller; provided that, if Purchaser delivers written notice to Seller that it has elected to terminate this Agreement based on an uncured Purchaser's Objections which would (a) require resolution based on a funding requirement of Purchaser's Lender, or (b) materially impair the operation of the Property as a hotel, then the Earnest Money shall be returned by the Escrow Agent to Purchaser.

(g) At Closing, the Title Company shall commit to issue a title insurance policy to Purchaser in accordance with the Title Commitment, dated as of the Closing Date, with gap coverage from Seller from the Closing through the date of recording (the "Title Policy").

2.7 Franchise Agreement. (a) Not later than five (5) days after the Effective Date, Purchaser shall submit its application and application fee to Licensor for approval of Purchaser as its new franchisee at the Hotel ("Franchise Approval") pursuant to a new franchise agreement for the operation of the Hotel under a hotel brand owned by Licensor (the "New Franchise Agreement") and promptly provide such evidence to Seller. Purchaser shall diligently pursue obtaining Franchise Approval and shall finalize the New Franchise Agreement prior to the Closing Date. If Franchise Approval is obtained, Purchaser agrees to execute at Closing the New Franchise Agreement in Licensor's customary form. Seller agrees to reasonably cooperate with Purchaser in its pursuit of Franchise Approval. Seller shall have the right at all times to contact Licensor in order to confirm that Purchaser is complying with its obligations under this Agreement, and Purchaser shall keep Seller advised with respect to the Franchise Approval process. Purchaser shall be responsible for any application and other fees incurred in connection with pursuing Franchise Approval.

(b) If Purchaser fails to obtain the New Franchise Agreement by Closing, then this Agreement shall terminate and the Earnest Money shall be delivered to Seller and neither party shall have any obligation to the other hereunder, other than (x) payment of any fee owing to Escrow Agent and (y) those which by their terms expressly survive termination of this Agreement.

ARTICLE III SELLER'S REPRESENTATIONS AND WARRANTIES

In order to induce Purchaser to enter into this Agreement and to purchase the Property, and to pay the Purchase Price therefore and except for and subject to the information contained in the Submission Matters, Seller hereby makes, to Seller's Knowledge, the representations and warranties set forth below. Each such representation shall be materially true and correct on the Effective Date and shall be materially true and correct on the Closing Date, provided that Seller shall have no liability if, as a result of any changes in facts or circumstances beyond Seller's reasonable control, such representations and warranties are not true as of the Closing Date.

3.1 Organization and Power. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to enter into and perform its obligations hereunder and under any document or instrument required to be executed and delivered on behalf of Seller hereunder.

3.2 Authorization and Execution. Subject to obtaining approval by the board of directors and shareholders of Moody National REIT II, Inc., this Agreement (and all documents contemplated hereby) has been duly authorized by all necessary action on the part of Seller, has been duly executed and delivered by Seller, constitutes the valid and binding agreement of Seller and is enforceable against Seller in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies. The Person executing this Agreement on behalf of Seller, for and on behalf of Seller, has the authority to do so. Failure to obtain the approval of the director's and shareholders of Moody National REIT II, Inc. is not a condition to Seller's obligations and if Seller is unable to close because such approvals have not been obtained, the Earnest Money shall be refunded to Purchaser.

3.3 Non-Contravention. Subject to any consent to the assignment of any particular Hotel Agreement required by the terms thereof or by applicable laws and to the payment in full at Closing of any Monetary Encumbrances, the execution and delivery of, and the performance by Seller of its obligations under, this Agreement do not and will not contravene, or constitute a default under, any provision of any Applicable Law or regulation, Seller's organizational documents or any agreement, judgment, injunction, order, decree or other instrument binding upon Seller or to which the Property is subject, or result in the creation of any lien or other encumbrance on any asset of Seller.

3.4 Litigation. There is no action, suit or proceeding, pending or known to be threatened, against or affecting Seller in any court or before any arbitrator or before any Governmental Authority which would materially and adversely affect the ability of Seller to perform its obligations hereunder, or under any document to be delivered pursuant hereto.

3.5 Taxes. (a) all Taxes which would be delinquent if unpaid have been or will be paid in full as of the Closing or prorated at Closing as part of the prorations, provided that if any Taxes are payable in installments, such representation and warranty shall apply only to such installments which would be delinquent if unpaid at Closing, (b) Seller has not received any written notice for an audit of any Taxes which has not been completed, and for any audits completed, all amounts due as a result of such audit (including all interest, penalties and fines) have been paid, and (c) Seller is not currently contesting any Taxes. (The term "Taxes" means any federal, state, local or foreign, real property, personal property, sales, use, room, occupancy, ad valorem or similar taxes, assessments, levies, charges or fees imposed by any Governmental Authority on Seller with respect to the Property or the Business, including any interest, penalty or fine with respect thereto, but expressly excluding any (i) federal, state, local or foreign income, capital gain, gross receipts, capital stock, franchise, profits, estate, gift or generation skipping tax, or (ii) transfer, documentary stamp, recording or similar tax, levy, charge or fee incurred with respect to the transaction described in this Agreement.)

3.6 Seller Is Not a "Foreign Person". No Seller is a "foreign person" or a "disregarded entity" within the meaning of Section 1445 of the Internal Revenue Code, as amended (i.e., Seller is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person as those terms are defined in the Internal Revenue code and regulations promulgated thereunder).

3.7 OFAC. Seller is not now nor shall it be at any time through Closing a Person with whom a United States citizen, entity organized under the laws of the United States or its territories or entity having its principal place of business within the United States or any of its territories (collectively, a "U.S. Person"), is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under United States law, regulation, executive orders and lists published by the Office of Foreign Assets Control, Department of the Treasury ("OFAC"), including those executive orders and lists published by OFAC with respect to Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC "Specially Designated Nationals and Blocked Persons" or otherwise.

3.8 Insurance. All insurance policies held with respect to the Property by Seller are valid and in full force and effect.

3.9 Right to Purchase. Seller has not granted to any Person other than Purchaser, any right to purchase the Property or any portion thereof or interest therein.

3.10 Condemnation. There is not any pending or threatened condemnation or similar proceedings affecting the Property.

The representations and warranties in this Article III shall survive the Closing for a period of six (6) months following the Closing Date ("Survival Period"). Notwithstanding anything to the contrary contained in this Agreement, any claim that Purchaser may have during the Survival Period against Seller for any breach of the representations and warranties contained in this Article III will not be valid or effective, and Seller shall have no liability with respect thereto, unless the aggregate of all valid claims exceed \$50,000.00. Seller's liability for damages resulting from valid claims during the Survival Period shall in no event exceed one percent (1%) of the Purchase Price in the aggregate. Purchaser agrees that, with respect to any alleged breach of representations in this Agreement discovered after the Survival Period, the maximum liability of Seller for all such alleged breaches is limited to \$100.00. In the event Purchaser obtains actual knowledge on or before Closing of any material inaccuracy in any of the representations and warranties contained in this Article III, Purchaser may as Purchaser's sole and exclusive remedy either: (i) terminate this Agreement whereupon the Earnest Money, including the Independent Contract Consideration, shall be released to Seller, and neither party shall have any further rights or obligations pursuant to this Agreement, other than as set forth herein with respect to rights or obligations that survive termination; or (ii) waive any and all claims against Seller on account of such inaccuracy and close the transaction. In the event Purchaser obtains knowledge on or before the expiration of the Study Period of any inaccuracy in any of the representations and warranties contained in this Article III, and Purchaser does not terminate this Agreement on or before the expiration of the Study Period, Purchaser shall be deemed to have waived any and all claims against Seller on account of such inaccuracy (including the right to terminate this Agreement following the expiration of the Study Period). The provisions of this Article III shall survive the Closing.

ARTICLE IV PURCHASER'S REPRESENTATIONS AND WARRANTIES

In order to induce Seller to enter into this Agreement and to sell the Property, Purchaser hereby makes the following representations and warranties, each of which is made to Purchaser's knowledge:

4.1 Organization and Power. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Washington and has all requisite power and authority to enter into and perform its obligations under this Agreement and any document or instrument required to be executed and delivered on behalf of Purchaser hereunder.

4.2 Authorization and Execution. This Agreement has been duly authorized by all necessary action on the part of Purchaser, has been duly executed and delivered by Purchaser, constitutes the valid and binding agreement of Purchaser and is enforceable against Purchaser in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies. The Person executing this Agreement on behalf of Purchaser has the authority to do so.

4.3 Non-Contravention. The execution and delivery of this Agreement and the performance by Purchaser of its obligations hereunder do not and will not contravene, or constitute a default under, any provisions of applicable law or regulation, Purchaser's organizational documents, or any agreement, judgment, injunction, order, decree or other instrument binding upon Purchaser or result in the creation of any lien or other encumbrance on any asset of Purchaser.

4.4 Litigation. There is no action, suit or proceeding, pending or known to be threatened, against or affecting Purchaser in any court or before any arbitrator or before any Governmental Authority which would materially and adversely affect the ability of Purchaser to perform its obligations hereunder, or under any document to be delivered pursuant hereto.

4.5 OFAC. Purchaser represents and warrants to Seller that neither Purchaser nor any affiliate of Purchaser is subject to sanctions of the United States government or in violation of any federal, state, municipal or local laws, statutes, codes, ordinances, orders, decrees, rules or regulations relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) (the “Terrorism Executive Order”) or is similarly designated under any related enabling legislation or any other similar Executive Orders (collectively with the Terrorism Executive Order, the “Executive Orders”), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the “Patriot Act”), any sanctions and regulations promulgated under authority granted by the Trading with the Enemy Act, 50 U.S.C. App. 1-44, as amended from time to time, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, as amended from time to time, the Iraqi Sanctions Act, Publ. L. No. 101-513; United Nations Participation Act, 22 U.S.C. § 287c, as amended from time to time, the International Security and Development Cooperation Act, 22 U.S.C. § 2349 aa-9, as amended from time to time, The Cuban Democracy Act, 22 U.S.C. §§ 6001-10, as amended from time to time, The Cuban Liberty and Democratic Solidarity Act, 18 U.S.C. §§ 2332d and 2339b, as amended from time to time, and The Foreign Narcotics Kingpin Designation Act, Publ. L. No. 106-120, as amended from time to time.

4.6 AS IS, WHERE IS. PURCHASER EXPRESSLY ACKNOWLEDGES AND AGREES THAT, AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, THE PROPERTY IS BEING SOLD TO PURCHASER AND PURCHASER AGREES TO PURCHASE AND ACCEPT THE PROPERTY, AND EACH AND EVERY PART AND COMPONENT THEREOF, IN AN “AS IS, WHERE IS” CONDITION AS OF THE CLOSING WITH NO REPRESENTATIONS OR WARRANTIES FROM SELLER, EITHER EXPRESS OR IMPLIED EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. PURCHASER AGREES THAT PURCHASER IS NOT RELYING UPON, AND HAS NOT RECEIVED OR BEEN GIVEN, ANY REPRESENTATIONS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT), STATEMENTS OR WARRANTIES (ORAL OR WRITTEN, IMPLIED OR EXPRESS) OF OR BY ANY OFFICER, EMPLOYEE, AGENT OR REPRESENTATIVE OF SELLER, OR ANY SALESPERSON OR BROKER (IF ANY) INVOLVED IN THIS TRANSACTION, AS TO THE PROPERTY OR ANY PART OR COMPONENT THEREOF IN ANY RESPECT, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATIONS, STATEMENTS OR WARRANTIES AS TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY, THE FITNESS OF THE PROPERTY FOR USE AS A HOTEL, THE FINANCIAL PERFORMANCE OR POTENTIAL OF THE PROPERTY, THE COMPLIANCE OF THE PROPERTY WITH APPLICABLE BUILDING, ZONING, SUBDIVISION, ENVIRONMENTAL, LIFE SAFETY OR LAND USE LAWS, CODES, ORDINANCES, RULES, ORDERS, OR REGULATIONS, OR THE STATE OF REPAIR OF THE PROPERTY, AND PURCHASER, FOR ITSELF AND ITS HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, WAIVES ANY RIGHT TO ASSERT ANY CLAIM OR DEMAND AGAINST SELLERS AT LAW OR IN EQUITY RELATING TO ANY SUCH MATTER, WHETHER LATENT OR PATENT, DISCLOSED OR UNDISCLOSED, KNOWN OR UNKNOWN, NOW EXISTING OR HEREAFTER ARISING. EXCEPT FOR ANY TITLE OR SURVEY MATTERS CREATED SOLELY BY SELLER IN VIOLATION OF THIS AGREEMENT, PURCHASER AGREES THAT IT SHALL HAVE NO RECOURSE WHATSOEVER AGAINST SELLER, AT LAW OR IN EQUITY, SHOULD THE SURVEY OR THE TITLE INSURANCE COMMITMENTS OR THE TITLE POLICIES FAIL TO DISCLOSE ANY MATTER AFFECTING THE PROPERTY OR REVEAL ANY SUCH MATTER IN AN INACCURATE, MISLEADING OR INCOMPLETE FASHION OR OTHERWISE BE IN ERROR. PURCHASER ACKNOWLEDGES THAT IT SHALL REVIEW THE SURVEY AND THE TITLE INSURANCE COMMITMENTS (AS SAME MAY BE MARKED AT CLOSING) AND TO DISCUSS THEIR CONTENTS WITH THE INDEPENDENT CONTRACTORS WHO PREPARED OR ISSUED EACH OF THEM. PURCHASER ACCORDINGLY AGREES TO LOOK SOLELY TO THE PREPARER OF THE SURVEY AND THE ISSUER OF THE TITLE INSURANCE COMMITMENTS AND TITLE POLICIES FOR ANY CLAIM ARISING OUT OF OR IN CONNECTION WITH SUCH INSTRUMENTS AND HEREBY RELEASES SELLERS FROM ANY SUCH CLAIM (EXCEPT FOR ANY CLAIM THAT SELLER AGREES TO CURE AS SET FORTH IN THIS AGREEMENT).

Purchaser recognizes that the Hotels and Personal Property are not new and that there exists a possibility that the Property is not in compliance with the requirements which would be imposed on a newly constructed hotel by presently effective federal, state and local building, plumbing, electrical, fire, health, handicap, environmental and life safety laws, codes, ordinances, rules, orders and/or regulations (collectively, the “building codes”). The Hotels and other improvements on the Land may contain substances or materials no longer permitted to be used in newly constructed buildings including, without limitation, asbestos or other insulation materials, lead or other paints, wiring, electrical, or plumbing materials and may not contain other materials or equipment required to be installed in a newly constructed building. Purchaser has had the opportunity, as set forth in Section 2.6, to review the results of such investigations and inspections of the Property as Purchaser deemed necessary with respect to all such matters. Purchaser agrees to accept and shall the Property in an “AS-IS, WHERE IS” condition and at Closing to accept and assume the risk of noncompliance of the Property with all such building codes. Except with respect to those representations set forth in Article III hereof, Purchaser waives any right to excuse (except as specifically set forth in this Agreement) or delay performance of its obligations under this Agreement or to assert any claim against Sellers (before or after Closing) arising out of any failure of the Property to comply with any such building codes.

Except with respect to those representations set forth in Article III, it is specifically understood and agreed by Seller and Purchaser that Seller does not make, and shall not be deemed to have made, any representation, warranty or covenant with respect to (i) any Environmental Laws that may affect any of the Property, or (ii) the presence or absence of any Hazardous or Toxic Substances in, on, above, under or about any of the Property ("Environmental Conditions"). From and after Closing, Purchaser agrees for itself and for its heirs, successors and assigns, to waive all of its rights under this Agreement, if any, and any Environmental Laws to require Seller to remediate or "clean up" the Property and releases Seller from any liability of any kind or nature arising with respect to any Environmental Conditions at the Property. As used in this Agreement, (A) the term "Environmental Laws" means all federal, State and local laws, codes, ordinances, rules, orders and regulations now or hereafter in effect relating to pollution or the protection of the environment, including without limitation, all laws, codes, ordinances, rules, orders and regulations governing the generation, use, collection, treatment, storage, transportation, recovery, removal, discharge, spill or disposal of any or all Hazardous or Toxic Substances, and (B) the term "Hazardous Substances" or "Toxic Substances" means materials and substances defined as "hazardous substances", "hazardous wastes", "toxic substances" or "toxic wastes" in (I) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601-9675, as amended by the Superfund Amendments and Reauthorization Act of 1988, and any further amendments thereto and rules, orders and regulations thereunder; (II) the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901-6992, as amended by the Hazardous and Solid Waste Amendments of 1984, and any further amendments thereto and rules, orders and regulations thereunder; or (III) any other Environmental Laws. Purchaser acknowledges and agrees that: (a) Purchaser is an experienced and sophisticated owner of real property; (b) Purchaser has expressly negotiated the limitations of liability contained in this Section; and (c) the limitations contained in this Section are reasonable. Purchaser acknowledges and agrees that Seller has agreed to enter into this Agreement in consideration for and in reliance upon the foregoing limitations of liability, and that the consideration under this Agreement is based in part on the limitations of liability.

It is understood and agreed by Seller and Purchaser that in the event of any conflict between the terms and provisions of this Section 4.6 and any other term or provision to this Agreement, the relevant term or provision of this Section 4.6 shall control and govern. The provisions of this Article IV shall survive Closing.

ARTICLE V CONDITIONS PRECEDENT

5.1 As to Purchaser's Obligations. Purchaser's obligations hereunder are subject to the timely satisfaction of the following conditions precedent on or before the Closing Date or such earlier date as is set forth below.

(a) Seller's Deliveries. Seller shall have delivered to or for the benefit of Purchaser, on or before the Closing Date, all of the documents required of Seller pursuant to Sections 7.2 and 7.4 hereof.

(b) Representations, Warranties and Covenants; Obligations of Seller; Certificate. All of Seller's representations and warranties made in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date as if then made; and Seller shall have performed in all material respects all of its covenants and other obligations under this Agreement. Further, a duly authorized officer of Seller shall have executed at Closing a "bring down certificate" with respect to the aforesaid representations and warranties.

Each of the conditions contained in this Section are intended for the benefit of Purchaser and may be waived in whole or in part, by Purchaser.

5.2 As to Seller's Obligations. Seller's obligations hereunder are subject to the satisfaction of the following conditions precedent:

(a) Purchaser's Deliveries. Purchaser shall have delivered to or for the benefit of Seller, on or before the Closing Date, all of the documents and payments required of Purchaser pursuant to Sections 7.3 and 7.4 hereof.

(b) Representations, Warranties and Covenants; Obligations of Purchaser; Certificate. All of Purchaser's representations and warranties made in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date as if then made; and Purchaser shall have performed in all material respects all of its covenants and other obligations under this Agreement. Further, a duly authorized officer of Purchaser shall have executed at Closing a "bring down certificate" with respect to the aforesaid representations and warranties.

(c) License Agreement. The License Agreement between Seller and Licensor shall have been terminated and Purchaser shall bear the cost of, and hereby agrees to pay, any and all fees and expenses related thereto, if any. Seller, Manager, if applicable, any guarantor, and each of their respective Affiliates, shall have been released from all future duties, liabilities and obligations under the License Agreement and any guarantee(s) thereof, in such form and to such an extent that Licensor customarily provides.

Each of the conditions contained in this Section are intended for the benefit of Seller and may be waived in whole or in part, by Seller.

ARTICLE VI PRE-CLOSING

6.1 Operation in Ordinary Course of Business. From the Effective Date until the Closing or earlier termination of this Agreement, Seller shall operate, manage and maintain the Hotel in a manner consistent with Seller's past custom and practice (the "Ordinary Course of Business"), including (i) maintaining the Inventories at levels maintained in the Ordinary Course of Business, (ii) maintaining linens, towels and guest supplies consistent with current inventory, (iii) keeping consumables adequately stocked in accordance with Ordinary Course of Business, (iv) performing maintenance and repairs for the Hotel in the Ordinary Course of Business, (v) intentionally omitted, (vi) using reasonable commercial efforts to keep a level of employment at the Hotel sufficient for the normal operations of the Hotel as currently conducted and to preserve its relations with guests, suppliers and other parties doing business with Seller with respect to the Property, (vii) using reasonable commercial efforts to solicit and accepting booking contracts for the use of the Hotel facilities on terms not less favorable than the terms typically arranged by Seller as of the date of this Agreement and using reasonable commercial efforts to retain such bookings, (viii) maintaining the current level of advertising and other promotional activities for the Hotel; (ix) making or causing to be made timely payment in full for all goods and services which have been provided in connection with the Hotel; and (x) maintaining insurance coverages consistent with Seller's risk management policies for its owned hotels. For the purposes of this Agreement, "current inventory" of linen, towels and guest supplies means the inventory taken by the parties within five (5) days of the Effective Date.

6.2 Contracts. From the expiration of the Study Period until the Closing or earlier termination of this Agreement, Seller shall not, without Purchaser's prior written consent which shall not be unreasonably withheld, conditioned or delayed, (i) amend, extend, renew or terminate any existing Hotel Agreements, except in the Ordinary Course of Business, or (ii) enter into any new Hotel Agreements, unless such new Hotel Agreements are terminable by Purchaser without any termination fee.

6.3 Employees. (a) Termination and Rehiring of Employees. Purchaser (or Purchaser's manager) shall have the right to interview any employees providing services on a full-time or part-time basis at the Hotel (the "Employees") for consideration of employment with the Purchaser (or Purchaser's Manager) at any time after the expiration of the Study Period. Seller shall terminate the employment of all Employees effective as of the Closing, and Purchaser shall (or shall cause Purchaser's Manager to) offer employment to such terminated Employees as Purchaser deems appropriate, provided that Purchaser (or Purchaser's Manager) shall offer employment to a sufficient number of terminated Employees as is necessary to prevent any Seller indemnitee from incurring any Indemnification Loss under the Worker's Adjustment and Retraining Notification Act, 29 U.S.C. 2101, et seq., or any similar state or local law, as amended from time to time, and any regulations, rules and guidance issued pursuant thereto (the "WARN Act") with respect to the Employees, and not terminate any such Employees who accept such offer of employment for a period of 180 days after the Closing, other than for cause. The terminated Employees who accept such offers of employment are referred to collectively as the "Rehired Employees"). Purchaser shall defend, indemnify and hold harmless the Seller from and against any obligation or liability incurred by any Seller Indemnitees under the WARN Act with respect to the Employees. Purchaser shall provide written notice to Seller not later than five (5) days after the Closing listing all Employees who did not accept offers of employment from Purchaser (or Purchaser's Manager).

(b) Paid Time Off. Seller shall pay to the Rehired Employees at or before the Closing all amounts due to such Rehired Employees for paid time off accrued but not taken as of the Closing, and Purchaser shall (or shall cause Purchaser's Manager to) permit the Rehired Employees to take time off on or after the Closing Date which such Rehired Employees have accrued but not taken as of the Closing Date in accordance with the terms of the paid time off policies in effect with respect to such Rehired Employees as of the Effective Date, provided that Purchaser shall not be required to pay such Rehired Employees any salary or wages for such paid time off accrued but not taken before the Closing, but Purchaser (or Purchaser Manager) shall be responsible for all amounts due to the Rehired Employees for paid time off accrued after the Closing pursuant to Purchaser's (or Purchaser's Manager's) personal time off policies.

(c) Healthcare Coverage. Purchaser shall (or shall cause Purchaser's Manager to) provide the Rehired Employees with the right to elect to participate in a health care plan effective as of the first day of the month following Closing which provides coverage to such Rehired Employees, and the respective qualified beneficiaries of such Employees, immediately upon employment with Purchaser (or Purchaser's Manager) with no waiting period prior to coverage and a waiver of pre-existing conditions, so that neither employer, Seller or any other Person is required to provide health care "COBRA" coverage to any of such Employees under Section 4980B of the Code.

(d) Survival. This Section 6.3 shall survive the Closing.

6.4 Intentionally Omitted.

6.5 Violations; Litigation. Between the Effective Date and Closing Date (a) Seller will promptly notify Purchaser of receipt by Seller of any written notice of any violations of zoning, building, fire, health environmental or other statutes, ordinances, regulations or order relating or referring to the Hotel or of any written claim or notice of dispute relating to or affecting the Property, and Seller will send a copy to Purchaser of any such notice within five (5) business days of receipt; and (b) promptly notify Purchaser of any action, suit or other proceedings pending or, to the knowledge of Seller, threatened against Seller in writing or affecting the Property or Hotel before any court or governmental authority.

6.6 Intentionally Omitted.

**ARTICLE VII
CLOSING**

7.1 Closing. The Closing shall occur on the Closing Date. So long as Purchaser has made submission for Franchise Approval in accordance with Section 2.7, but Franchise Approval has not been obtained, Purchaser shall have a one-time right to extend the Closing Date to December 11, 2025 by, no later than the date that is five (5) days prior to the then-scheduled Closing Date, (i) providing written notice to Seller and Title Company (“Closing Extension Notice”), and (ii) paying the sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) (the “Closing Extension Deposit”). As more particularly described below, at the Closing the parties hereto will (a) execute or cause to be executed (and acknowledged where appropriate) all of the documents required to be delivered in connection with the transactions contemplated hereby (the “Closing Documents”), (b) deliver or cause to be delivered the same to the Escrow Agent, and (c) take or cause to be taken all other action required to be taken in respect of the transactions contemplated hereby. The Closing will occur at the Title Company, or at any such other place as Seller and Purchaser may mutually agree. At the Closing, Purchaser shall deliver the balance of the Purchase Price to Escrow Agent as provided herein. As provided herein, the parties hereto will agree upon adjustments and prorations to certain items which cannot be exactly determined at the Closing and will make the appropriate adjustments with respect thereto. Possession of the Property shall be delivered to Purchaser at the Closing, subject to Permitted Title Exceptions and guests in possession.

7.2 Seller’s Deliveries. At the Closing, Seller shall deliver (or cause to be delivered) to the Escrow Agent all of the following instruments, each of which shall have been duly executed and, where applicable, acknowledged and/or sworn, on behalf of Seller, and shall be dated to be effective as of the Closing Date:

- (a) The Deed.
- (b) The Bill of Sale and General Assignment.
- (c) The Assignment and Assumption Agreement.
- (d) Certificate(s)/Registration of Title for any vehicle owned by Seller and used in connection with the Property (if any).
- (e) The FIRPTA Certificate.
- (f) The “bring-down certificate” specified in Section 5.1(b).
- (g) Any other document or instrument specifically required by this Agreement.

Seller shall also cause the Manager to deliver to Purchaser or make available to Purchaser at the Property:

- (h) all original Warranties, Guarantees, and Hotel Agreements to be assigned to and assumed by Purchaser and in Seller’s or the Manager’s possession,
- (i) information as to all Advance Bookings, in reasonable detail so as to enable Purchaser to honor Seller’s commitments in that regard,
- (j) information as to outstanding Accounts Receivable as of midnight on the date prior to the Closing, including the name of each account and the amount due, and
- (k) all keys, passwords, access cards, combinations, codes and other similar entry or control devices with respect to the Property.

7.3 Purchaser’s Deliveries. At the Closing, Purchaser shall deliver to Escrow Agent the following, duly executed and, where applicable, acknowledged and/or sworn on behalf of Purchaser, and dated as of the Closing Date:

- (a) The Assignment and Assumption Agreement.

- (b) The Bill of Sale and General Assignment.
- (c) The “bring-down certificate” specified in Section 5.2(b).
- (d) Any other document or instrument specifically required by this Agreement.
- (e) At the Closing, Purchaser shall deliver to Escrow Agent the Purchase Price (less the Earnest Money and any interest thereon) as described in Section 2.2 hereof.

7.4 Mutual Deliveries. At the Closing, Purchaser and Seller shall mutually execute and deliver each to the other:

- (a) A closing statement reflecting the Purchase Price and the adjustments and prorations required hereunder and the allocation of income and expenses required hereby.
- (b) Such other documents, instruments and undertakings as may be required by the liquor authorities of the State where the Property is located, or of any county or municipality or governmental entity having jurisdiction with respect to the transfer or issue of liquor licenses or alcoholic beverage licenses or permits for the Hotel, to the extent not theretofore executed and delivered.
- (c) Such other and further documents, papers and instruments as may be reasonably required by the Title Company to consummate the transactions contemplated by this Agreement and which are not inconsistent with the Agreement or the other Closing Documents.

7.5 Closing Costs. Seller and Purchaser shall equally divide any escrow fee other expenses or similar charges charged by the Title Company. Seller shall pay any deed transfer taxes incurred in connection with the conveyance of the Property. Seller shall pay the premium for the standard Owner’s Title Policy. Purchaser shall pay the premium for any endorsements and extended coverage thereunder, and the Updated Survey. Purchaser shall pay the costs of all inspections or tests undertaken by Purchaser. Purchaser shall pay all costs associated with financing the acquisition of the Property, including, without limitation, lender’s title policy together with any endorsements and extended coverage thereunder. Purchaser shall pay all costs associated with the issuance of a New Franchise Agreement, including, without limitation, all application fees, inspection fees, PIP fees, transfer fees, and all expenses of Manager or Franchisor, including, without limitation, legal fees and expenses, incurred in connection therewith. Unless the payment of any other cost is specifically provided for in this Agreement, all other costs shall be apportioned between the parties by the Title Company in the manner customary in the location of the Hotel, for properties of a similar nature. Except as otherwise provided in Section 9.3, each party shall be responsible for the payment of its own attorney’s fees incurred in connection with transaction which is the subject of this Agreement.

7.6 Revenue and Expense Allocations. All revenues and expenses with respect to the Property, and applicable to the period of time before and after Closing, determined in accordance with sound accounting principles consistently applied, shall be allocated between Seller and Purchaser as provided herein. Seller shall be entitled to all revenue and shall be responsible for all expenses for the period of time up to but not including the date of Closing, and Purchaser shall be entitled to all revenue and shall be responsible for all expenses for the period of time from, after and including the date of Closing provided that the housekeeping costs and the Rooms Ledger for the date of Closing shall be shared equally between Seller and Purchaser. Such adjustments shall be shown on the closing statement (with such supporting documentation as the parties hereto may reasonably require being attached as exhibits to the closing statements) and shall increase or decrease (as the case may be) the cash amount payable by Purchaser pursuant to Section 2.2 hereof. All prorations shall be made on the basis of the actual number of days in the year and month in which the Closing occurs or in the period of computation. Without limiting the generality of the foregoing, the following items of revenue and expense shall be allocated and prorated at Closing:

- (a) Current rents.
- (b) Real estate, hotel, and personal property taxes (with maximum allowable discounts for early or prompt payment).
- (c) Revenue and expenses under the Operating Agreements, Leased Property Agreements and Off-Site Facility Agreements to be assigned to and assumed by Purchaser.
- (d) Utility charges (including, but not limited to, charges for phone service, cable television, gas, water, sewer and electricity).

(e) Municipal or other governmental improvement liens and special assessments, which shall be paid by Seller at Closing where the work has been assessed, and which shall be assumed by Purchaser at Closing where the work has not been assessed; provided, however, that if such liens or assessments are payable in installments, then Seller shall be responsible for the payment of such installments relating to periods prior to the Closing Date and Purchaser shall be responsible for the payments of such installments relating to periods on and subsequent to the Closing Date.

(f) License and permit fees, where transferable.

(g) All other revenues and expenses of the Property, including, but not limited to, such things as restaurant, bar and meeting room income and expenses and the like.

(h) The Rooms Ledger and housekeeping costs for the date of Closing (to be apportioned equally between Seller and Purchaser).

(i) Such other items as are usually and customarily prorated between purchasers and sellers of hotel properties in the area where the Property is located.

Seller shall receive a credit for any prepaid expenses accruing to periods on or after the Closing Date. Purchaser shall receive a credit against the Purchase Price for the total of (a) prepaid rents, (b) prepaid room receipts and deposits, function receipts and deposits and other reservation receipts and deposits, and (c) unforfeited security deposits together with any interest payable to a tenant thereon held by Seller under Occupancy Agreements. At Closing, Seller shall sell to Purchaser in connection with the Hotel, and Purchaser shall purchase from Seller at face value: (a) all petty cash funds in connection with the hotel guest operations at the Property; and (b) the so-called "guest ledger" as mutually approved by Seller and Purchaser of guest accounts receivable payable to the Hotel as of the check out time for the Hotel on the Closing Date (based on guest and customers then using the Hotel) both (i) in occupancy from the preceding night through check out time the morning of the Closing Date, and (ii) previously in occupancy prior to check out time on the Closing Date. For purposes of this Agreement, transfer or sale at face value shall have the following meanings: (a) for petty cash, an amount equal to the total of all petty cash funds on hand and transferred to Purchaser; and (b) for the guest ledger, the total of all credit card accounts receivable as shown on the records of the Hotel, less actual collections (i.e. fees retained by credit card companies), less accounting charges for rooms furnished on a gratuity or complimentary basis to any hotel staff or as an accommodation to other parties and less Purchaser's one-half (1/2) share of Rooms Ledger. The purchase price of said petty cash fund and guest ledger shall be paid to Seller at Closing by a credit to Seller in the computation of adjustments and prorations on the Closing Date. The procedure and method of making the proration adjustments set forth in this Section 7.6 is attached to this Agreement as Exhibit B.

Purchaser shall receive a credit for all retail sales (as distinguished from any tax on the sale of any personal property effected pursuant to this Agreement), occupancy and liquor taxes and like impositions up to but not including the date of Closing. Any such taxes applicable to the Rooms Ledger shall be apportioned equally between Seller and Purchaser. Seller shall cooperate reasonably with Purchaser to permit Purchaser to obtain, if desired by Purchaser, sale and occupancy tax clearance certificates from the State in which the Real Property is located.

If accurate allocations cannot be made at Closing because current bills are not obtainable (as, for example, in the case of utility bills and/or real estate or personal property taxes), the parties shall allocate such revenue or expenses at Closing on the best available information, subject to adjustment upon receipt of the final bill or other evidence of the applicable revenue or expense. The obligation to make the adjustment shall survive the closing of the transaction contemplated by this Agreement. Any revenue received or expense incurred by Seller or by Purchaser with respect to the Property after the date of Closing shall be promptly allocated in the manner described herein and the parties shall promptly pay or reimburse any amount due. With respect to any closing statements amounts or issues relating to prorations that are not agreed upon at Closing, Seller and Purchaser shall thereafter work in good faith to resolve such amounts or issues; provided that if such amounts or issues are not fully agreed upon and paid within ten (10) days after the Closing, then, in such event, such amounts or issues shall be submitted to an independent certified public accountant with a hospitality practice reasonably acceptable to Seller and Purchaser for final resolution, and Seller and Purchaser agree to be bound by the determination of such accountant. The costs and expenses incurred in connection with the services of such accountant shall be borne equally by Seller and Purchaser. The provisions of this Section 7.6 shall survive the Closing.

7.7 Safe Deposit Boxes. On the Closing Date, Seller shall cause the Manager to make available to Purchaser at the Hotel all receipts and agreements in the Manager's possession relating to all safe deposit boxes in use at the Hotel, other than safes or lockboxes, if any, located inside individual guest rooms in Hotel. During the Study Period, Seller and Purchaser shall mutually agree upon a procedure to provide notice to each Hotel guest utilizing a safe deposit box on the Closing Date about the sale of the Property and to cause each such Hotel guest to adhere to the procedure set forth in the notice so that a proper inventory can be prepared and an orderly transition made. From and after the Closing, Seller and the Manager shall be relieved of any and all responsibility in connection with each said box, and Purchaser shall indemnify, defend and hold Seller and the Manager and harmless from and against any claim, liability, cost or expense (including reasonable attorneys' fees) with respect to such safety deposit box arising after the Closing. Seller hereby agrees to hold Purchaser harmless from any other liability or claims with respect to such safe deposit boxes arising prior to the Closing Date. The provisions of this Section 7.7 shall survive the Closing.

7.8 Inventory of Baggage. The representatives of Seller and/or Manager, and of Purchaser shall prepare an inventory of baggage at the Hotel as of 12:00 noon on the Closing Date (which inventory of baggage shall be binding on all parties thereto) of (a) all luggage, valises and trunks checked or left in the care of the Hotel by guests then or formerly in the Hotel, (b) parcels, laundry, valet packages and other property of guests checked or left in the care of the Hotel by guests then or formerly in the Hotel (excluding, however, property in Hotel safe deposit boxes), (c) all luggage or other property of guests retained by Seller as security for any unpaid accounts receivable, and (d) all items contained in the Hotel lost and found. Purchaser shall be responsible from and after the Closing Date for all baggage and other items listed in such inventory of baggage, and Purchaser shall indemnify, defend and hold Seller and the Manager harmless from and against any claim liability, cost or expense (including reasonable attorneys' fees) incurred by Seller or the Manager or any Affiliate thereof with respect thereto arising after the Closing Date. Seller hereby agrees to hold Purchaser harmless from any other liability or claims with respect to such inventory of baggage arising prior to the Closing Date. The provisions of this Section 6.8 shall survive the Closing.

7.9 Accounts Receivable. It is expressly agreed by and between Purchaser and Seller that Seller is not hereby agreeing to sell to Purchaser, and Purchaser is not hereby agreeing to purchase from Seller, any of Seller's accounts receivable. All of Seller's accounts receivable shall be and remain the property of Seller. At the Closing, Seller shall prepare a list of its outstanding accounts receivable as of midnight on the date prior to the Closing, specifying the name of each account and the amount due to Seller. Purchaser shall hold any funds received by Purchaser explicitly designated as payment of such accounts receivable, in trust, if Purchaser actually collects any such amounts, and shall pay the monies collected in respect thereof to Seller at the end of each calendar month, accompanied by a statement showing the amount collected on each such account. Other than the foregoing, Purchaser shall have no obligation with respect to any such account, and Purchaser shall not be required to take any legal proceeding or action to effect collection on behalf of Seller. It is generally the intention of Purchaser and Seller that although all of Seller's accounts receivable shall be and remain the property of Seller, if any such accounts are paid to Purchaser, then Purchaser shall collect same and remit to Seller in the manner above provided. Nothing herein contained shall be construed as requiring Purchaser to remit to Seller any funds collected by Purchaser on account of Purchaser's accounts receivable generated from Hotel operations after the Closing, even if the person or entity paying same is also indebted to Seller.

ARTICLE VIII GENERAL PROVISIONS

8.1 Fire or Other Casualty. Seller agrees to give Purchaser prompt notice of any fire or other casualty to the Property costing more than One Hundred Thousand Dollars (\$100,000.00) to repair and occurring between the Effective Date and the Closing Date of which Seller has knowledge. If, prior to Closing, the Property is damaged by fire or other casualty which is fully insured (without regard to deductibles) and would cost less than Five Hundred Thousand Dollars (\$500,000.00) and require less than 180 days to repair, then neither party shall have the right to terminate this Agreement by reason thereof and the Closing shall take place without abatement of the Purchase Price, but Seller shall assign to Purchaser at the Closing all of Seller's interest in any insurance proceeds (except use and occupancy insurance, rent loss and business interruption insurance, and any similar insurance, attributable to the period preceding the Closing Date) that may be payable to Seller on account of any such fire or other casualty, to the extent such proceeds have not been previously expended or are otherwise required to reimburse Seller for actual expenditures of restoration made prior to the Closing Date, plus Seller shall credit the amount of any deductibles under any policies related to such proceeds to the Purchase Price together with any amount not covered by insurance. If any such damage due to fire or other casualty is insured and would cost in excess of Five Hundred Thousand Dollars (\$500,000.00) or require more than 180 days to repair, then Purchaser may terminate this Agreement by written notice given to Seller within ten (10) days after Seller has given Purchaser the notice of damage or casualty referred to in this Section 8.1, or on the Closing Date, whichever is earlier, in which case the parties hereto shall be released of all further obligations hereunder with respect to the Property except those which expressly survive a termination of this Agreement. Should Purchaser elect to proceed to Closing notwithstanding the amount of the insured loss or the time required for repairs, the Closing shall take place without abatement of the Purchase Price and at Closing Seller shall assign to Purchaser the insurance proceeds and grant to Purchaser a credit against the Purchase Price equal to the amount of the applicable deductible plus any amount not covered by insurance. If, prior to Closing, any Property is damaged by fire or casualty which is uninsured and would cost Five Hundred Thousand Dollars (\$500,000.00) or more to repair, then Purchaser may terminate this Agreement by written notice given to Seller within ten (10) days after Seller has given Purchaser the notice of damage or casualty or on the Closing Date, whichever is earlier, in which case the parties hereto shall be released of all further obligations hereunder, except those which expressly survive a termination of this Agreement. If Purchaser does not elect to terminate its obligations under this Agreement pursuant to the immediately preceding sentence, or if any uninsured fire or casualty would cost less than Five Hundred Thousand Dollars (\$500,000.00) to repair, then the Closing shall take place as provided herein, and the Purchase Price shall be reduced by the estimated amount to repair such casualty, not to exceed Five Hundred Thousand Dollars (\$500,000.00).

8.2 Condemnation. After the Effective Date, Seller agrees to give Purchaser prompt written notice of any knowledge of or notice of any taking by condemnation of any part of the Real Property. If a taking will materially interfere with the operation or use of the Hotel which constitutes a part of such Real Property, Purchaser may terminate this Agreement by written notice to Seller within ten (10) days after Seller has given Purchaser the notice of taking referred to in this Section 8.2, or on the Closing Date, whichever is earlier. If Purchaser exercises its option to terminate its obligations to purchase the Property pursuant to this Section 8.2, the parties hereto shall be released from all further obligations hereunder with respect to the Property, except those which expressly survive a termination of the Agreement. If Purchaser does not so elect to terminate this Agreement, then the Closing shall take place as provided herein, and Seller shall assign to Purchaser at the Closing all of Seller's interest in any condemnation award which may be payable to Seller on account of any such condemnation and, at Closing, Seller shall credit to the amount of the Purchase Price payable by Purchaser the amount, if any, of condemnation proceeds received by Seller between the Effective Date and Closing less (a) any amounts reasonably expended by Seller in collecting such sums and (b) any amounts reasonably used by Seller to repair the Property as a result of such condemnation. If, prior to Closing, there shall occur a taking by condemnation of any part of or rights appurtenant to the Property that does not materially interfere with the operation or use of the Hotel which constitutes a part of the Property, Purchaser shall not have the right to terminate this Agreement by reason thereof and the Closing shall take place without abatement of the Purchase Price, but Seller shall assign to Purchaser at Closing all of Seller's interest in any condemnation award which may be payable to Seller on account of any such condemnation and, at Closing, Seller shall credit to the amount of the Purchase Price payable by Purchaser the amount, if any, of condemnation proceeds received by Seller between the Effective Date and Closing less (a) any amounts reasonably expended by Seller in collecting such sums and (b) any amounts reasonably used by Seller to repair the Property as a result of such condemnation. Provided Purchaser has not exercised its right to terminate this Agreement pursuant to Section 8.2, Seller shall notify Purchaser in advance regarding any proceeding or negotiation with respect to the condemnation and Purchaser shall have a reasonable right, at its own cost and expense, to appear and participate in any such proceeding or negotiation. For purposes of Sections 8.1 and 8.2 if this Agreement, estimates of costs and time required for restoration or repair shall be made by an architect or engineer, as appropriate, designated by Seller and reasonably acceptable to Purchaser.

8.3 Broker. Seller and Purchaser each represent and warrant to the other that they have not employed any real estate sales representatives or brokers regarding the transaction contemplated by this Agreement other than, in Seller's case, engagement of JLL Hotels and Hospitality in respect of which Seller shall be solely responsible for all related fees due under Seller's separate agreement with such broker. Seller shall indemnify, defend and hold Purchaser harmless from any commission or fee claimed to be owing due to the acts of Seller. Purchaser shall indemnify, defend and hold Seller harmless from any commission or fee claimed to be owing due to the acts of Purchaser. This Section relates solely to the transaction contemplated by this Agreement between Seller and Purchaser and shall not create any third party right or obligation in favor of either or any broker. The provisions of this Section 8.3 shall survive the Closing and any termination of this Agreement.

ARTICLE IX DEFAULT; TERMINATION RIGHTS

9.1 Default by Seller. If Seller shall fail to perform or comply with any of covenants, acts and agreements contained in this Agreement in any material respect when required to be performed hereunder and such failure shall continue for five (5) business days after Purchaser gives Seller written notice of such failure (but in no event shall such cure period extend beyond the Closing Date), Purchaser, as its sole and exclusive remedy shall elect either (a) to terminate this Agreement in which event Purchaser shall be entitled to recover from Seller reasonable, documented out-of-pocket expenses incurred to unaffiliated third parties in connection with its due diligence of the Property and the Hotel and the New Franchise in an amount not to exceed Seventy-Five Thousand Dollars (\$75,000), and all other rights and obligations of Seller and Purchaser hereunder (except those set forth herein which expressly survive a termination of this Agreement) shall terminate immediately; or (b) to waive such matter or condition and proceed to Closing, with no reduction in the Purchase Price. In the event of such termination, the Earnest Money shall be refunded by the Escrow Agent to Purchaser. Notwithstanding the preceding sentence, if, at Closing, Seller fails to comply in any material respect with any of its obligations contained in Section 7.2 or Section 7.4 (the "Closing Obligations"), and if all conditions precedent to Seller's obligations hereunder have been satisfied and Purchaser has fully performed all of its obligations under the Agreement, Purchaser shall have, in addition to Purchaser's remedies contained in the preceding sentence, the option to waive all other actions, rights, or claims for damages for such failure, other than costs and expenses incurred in enforcing this Agreement, and to bring an equitable action to enforce the Closing Obligations by specific performance; provided, (a) Purchaser shall provide written notice of Purchaser's intention to enforce the Closing Obligations by specific performance, and (b) Purchaser's suit for specific performance shall be filed against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before ninety (90) days following the Closing Date, failing which, Purchaser shall be barred from enforcing the Closing Obligations by specific performance and shall be deemed to have elected to terminate this Agreement as provided herein; provided, however, if specific performance is not available as a result of the sale of the Property by Seller to a third party or any other intentional affirmative action by Seller, Purchaser shall be entitled to recover from Seller reasonable, documented out-of-pocket expenses incurred to unaffiliated third parties in connection with its due diligence of the Property and the Hotel and the New Franchise in an amount not to exceed Seventy-Five Thousand Dollars (\$75,000).

9.2 Default by Purchaser. If Purchaser shall fail to perform or comply with any of covenants, acts and agreements contained in this Agreement in any material respect when required to be performed hereunder and such failure shall continue for five (5) business days after Seller gives Purchaser written notice of such failure (but in no event shall such cure period extend beyond the Closing Date), Seller, as its sole and exclusive remedy, shall be permitted to terminate this Agreement in which event the parties hereto shall be released from all further obligations hereunder except those which expressly survive a termination of this Agreement. In the event of such termination, Seller shall be entitled to receive the Earnest Money from the Escrow Agent as liquidated damages and not as penalty, in full satisfaction of its claims against Purchaser hereunder. Seller and Purchaser agree that Seller's damages resulting from Purchaser's default are difficult, if not impossible, to determine and the Earnest Money is a fair estimate of those damages which has been agreed to in an effort to cause the amount of said damages to be certain.

9.3 Costs and Attorneys' Fees. In the event of any litigation or dispute between the parties arising out of or in any way connected with this Agreement, resulting in any litigation, then the prevailing party in such shall be entitled to recover its costs of prosecuting and/or defending same, including, without limitation, reasonable attorneys' fees at trial and all appellate levels. The provisions of this Section 9.3 shall survive the termination of this Agreement.

9.4 Limitation of Liability. Notwithstanding anything herein to the contrary, the liability of each party hereto resulting from the breach or default by such party shall be limited to direct actual damages incurred by the injured party and each party hereto hereby waives its rights to recover from the other party consequential, punitive, exemplary, and speculative damages. The provisions of this Section 9.4 shall survive the termination of this Agreement.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.1 Completeness; Modification. This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior discussions, understandings, agreements and negotiations between the parties hereto. This Agreement may be modified only by a written instrument duly executed by the parties hereto.

10.2 Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their permitted respective successors and assigns.

10.3 Days. If any action is required to be performed, or if any notice, consent or other communication is given, on a day that is a Saturday or Sunday or a legal holiday in the jurisdiction in which the action is required to be performed or in which is located the intended recipient of such notice, consent or other communication, such performance shall be deemed to be required, and such notice, consent or other communication shall be deemed to be given, on the first business day following such Saturday, Sunday or legal holiday. Unless otherwise specified herein, all references herein to a "day" or "days" shall refer to calendar days and not business days.

10.4 Governing Law. This Agreement and all documents referred to herein shall be governed by and construed and interpreted in accordance with the laws of the state in which the Property is located without regard to its principle of conflicts of law.

10.5 Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. It shall not be necessary that the signature on behalf of both parties hereto appear on each counterpart hereof. All counterparts hereto shall collectively constitute a single agreement. Telecopied or other electronic signatures shall have the same valid and binding effect as original signatures.

10.6 Severability. If any term, covenant or condition of this Agreement, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to other persons or circumstances, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10.7 Costs. Regardless of whether Closing occurs hereunder, and except as otherwise expressly provided herein, each party hereto shall be responsible for its own costs in connection with this Agreement and the transactions contemplated hereby, including, without limitation, fees of attorneys, engineers and accountants.

10.8 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be delivered by electronic mail, hand, sent prepaid for next-day delivery by Federal Express (or a comparable overnight delivery service) or sent by the United States mail, certified, postage prepaid, return receipt requested, at the addresses and with such copies as designated below. Any notice, request, demand or other communication delivered or sent in the manner aforesaid may be given by the party required to give such notice, or its attorney, and shall be deemed given or made (as the case may be) when actually delivered to or refused by the intended recipient.

If to Seller:

c/o Moody National Companies
9655 Katy Freeway, Suite 600
Houston, Texas 77024
Attn: Alex Sims
Telephone: (713) 977-7500
asims@moodynational.com

and

Sneed, Vine & Perry, P.C.
2705 Bee Cave Road, Suite 160
Austin, TX 78746
Attn: Adam S. Wilk/Sheena Duke
Telephone: (512) 494-3126
Email: awilk@sneedvine.com
sduke@sneedvine.com

If to Purchaser:

c/o Legacy Development & Management, LLC
5150 Journal Center Blvd. NE, Suite 500
Albuquerque, NM 87109
Attn: Aleem M. Kassam
Telephone: (505) 205-1865
Email: akassam@legacydm.net

and:

Resnick & Louis, P.C.
5600 Eubank Blvd. NE, Suite 220
Albuquerque, NM 87111
Attn: John S. Campbell
Telephone: (505) 910-4781
Email: jcampbell@rlattorneys.com

If to Escrow Agent:

Moody National Title Company, LP
9655 Katy Freeway, Suite 610
Houston, Texas 77024
Telephone: (713) 273-6615
Attn: Sunny Finnigan
Email: sfinnigan@moodynational.com

or to such other address as the intended recipient may have specified in a notice to the other party. Any party hereto may change its address or designate different or other persons or entities to receive copies by notifying the other party and Escrow Agent in a manner described in this Section.

10.9 Escrow Agent. Escrow Agent has agreed to act as such for the convenience of the parties without fee or other charges for such services as Escrow Agent. Escrow Agent shall not be liable: (a) to any of the parties for any act or omission to act except for its own willful misconduct; (b) for any legal effect, insufficiency, or undesirability or any instrument deposited with or delivered by Escrow Agent or exchanged by the parties hereunder, whether or not Escrow Agent prepared such instrument; (c) for any loss or impairment of funds that have been deposited in escrow while those funds are in the course of collection, or while those funds are on deposit in a financial institution, if such loss or impairment results from the failure, insolvency or suspension of a financial institution; (d) for the expiration of any time limit or other consequences of delay, unless a properly executed written instruction, accepted by Escrow Agent, has instructed Escrow Agent to comply with said time limit; (e) for the default, error, action or omission of either party to the escrow. Escrow Agent, in its capacity as escrow agent, shall be entitled to rely on any document or paper received by it, believed by such Escrow Agent, in good faith, to be bona fide and genuine. In the event of any dispute as to the disposition of any monies held in escrow, or of any documents held in escrow, Escrow Agent may, if such Escrow Agent so elects, interplead the matter by filing an interpleader action in a court of competent jurisdiction in the county or circuit where the Real Property is located (to the jurisdiction of which both parties do hereby consent), and pay into the registry of the court such monies held by Escrow Agent, or deposit any such documents with respect to which there is a dispute in the registry of such court, whereupon such Escrow Agent shall be relieved and released from any further liability as Escrow Agent hereunder. Escrow Agent shall not be liable for Escrow Agent's compliance with any legal process, subpoena, writ, order, judgment and decree of any court, whether issued with or without jurisdiction, and whether or not subsequently vacated, modified, set aside or reversed.

10.10 Incorporation by Reference. All of the exhibits and schedules attached hereto are by this reference incorporated and made a part hereof.

10.11 Further Assurances. Seller and Purchaser each covenant and agree to sign, execute and deliver, or cause to be signed, executed and delivered, and to do or make, or cause to be done or made, upon the written request of the other party, any and all agreements, instruments, papers, deeds, acts or things, supplemental, confirmatory or otherwise, as may be reasonably required by either party hereto for the purpose of or in connection with consummating the transactions described herein provided that compliance with the provision of this Section shall not increase the liability of the complying party.

10.12 No Partnership. This Agreement does not and shall not be construed to create a partnership, joint venture or any other relationship between the parties hereto except the relationship of seller and purchaser specifically established hereby.

10.13 Time of Essence. Time is of the essence with respect to every provision hereof.

10.14 Signatory Exculpation. The signatory(ies) for Seller and Purchaser is/are executing this Agreement in his/her capacity as representative of such party and not individually and, therefore, shall have no personal or individual liability of any kind in connection with this Agreement and the transactions contemplated by it.

10.15 Rules of Construction. The following rules shall apply to the construction and interpretation of this Agreement:

(a) Singular words shall connote the plural number as well as the singular and vice versa, and the masculine shall include the feminine and the neuter.

(b) All references herein to particular articles, sections, subsections, clauses or exhibits are references to articles, sections, subsections, clauses or exhibits of this Agreement.

(c) The headings contained herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) Each party hereto and its counsel have reviewed and revised (or requested revisions of) this Agreement and have participated in the preparation of this Agreement, and therefore any usual rules of construction requiring that ambiguities are to be resolved against a particular party shall not be applicable in the construction and interpretation of this Agreement or any exhibits hereto.

10.16 No Recording. Neither this Agreement nor any memorandum hereof, or any other instrument intended to give notice hereof (or which actually gives notice hereof) shall be recorded.

10.17 Facsimile/Electronic Signatures. The execution of this Agreement and all notices given hereunder and all amendments hereto, may be effected by facsimile or electronic signatures, all of which shall be treated as originals.

10.18 Assignment by Purchaser. Other than to an Affiliate of Purchaser, Purchaser may not assign its rights hereunder without the prior consent of Seller; however, any such assignment (including one to Purchaser's Affiliate) shall not relieve Purchaser of its obligations under this Agreement.

10.19 Waiver. The excuse or waiver of the performance by a party of any obligation of the other party under this Agreement shall only be effective if evidenced by a written statement signed by the party so excusing or waiving. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by Seller or Purchaser of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

10.20 Section 1031 Exchange. Either party may consummate the purchase or sale of the Property as part of a so-called like kind exchange (an "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), provided that (i) the Closing shall not be delayed or affected by reason of an Exchange nor shall the consummation or accomplishment of any Exchange be a condition precedent or condition subsequent to a party's obligations under this Agreement; (ii) any party desiring an Exchange shall effect its Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary and the other party shall not be required to take an assignment of the purchase agreement for the relinquished or replacement property or be required to acquire or hold title to any real property for purposes of consummating such Exchange; and (iii) the party desiring an Exchange shall pay any additional costs that would not otherwise have been incurred by Purchaser or Seller had such party not consummated its purchase or sale through an Exchange. Neither party shall by this agreement or acquiescence to an Exchange desired by the other party (1) have its rights under this Agreement affected or diminished in any manner or (2) be responsible for compliance with or be deemed to have warranted to the other party that such party's Exchange in fact complies with Section 1031 of the Code.

10.21 Confidentiality. Purchaser acknowledges that the existence of the transaction described herein and any documents, materials, instruments, records or other information delivered by Seller to Purchaser pursuant to this Agreement, including, without limitation, the Submission Matters ("Information"), shall be kept confidential by Purchaser, will not be used for any purpose other than in connection with Purchaser's due diligence, and Purchaser shall neither disclose nor allow the disclosure of the Information or the existence of the transaction to anyone other than Purchaser's Parties as are appropriate in order to conduct its due diligence.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed in their names by their respective duly authorized representatives.

SELLER:

MOODY NATIONAL YALE-SEATTLE HOLDING, LLC, a Delaware limited liability company

By: /s/ Brett C. Moody

Name: Brett C. Moody

Title:

MOODY NATIONAL YALE-SEATTLE MT, LLC, a Delaware limited liability company

By: /s/ Brett C. Moody

Name: Brett C. Moody

Title:

PURCHASER:

LEGACY DTS, LLC,
a Washington limited liability company

By: /s/ Aleem M. Kassam

Name: Aleem M. Kassam

Title: Manager

RECEIPT OF THIS AGREEMENT IS ACKNOWLEDGED BY MOODY NATIONAL TITLE COMPANY,
L.P., EFFECTIVE AS OF SEPTEMBER _____, 2025.

MOODY NATIONAL TITLE COMPANY, L.P.

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION

Lots 1, 2 and 3, Block 60, SECOND ADDITION TO THE TOWN OF SEATTLE AS LAID OFF BY THE HEIRS OF SARAH A. BELL (DECEASED), (COMMONLY KNOWN AS HEIRS OF SARAH A. BELL'S SECOND ADDITION TO THE CITY OF SEATTLE), according to the plat thereof recorded in Volume 1 of Plats, page 121, records of King County, Washington, more particularly described as follows:

Beginning at the most Southerly corner of Lot 1, Block 60, SECOND ADDITION TO THE TOWN OF SEATTLE AS LAID OFF BY THE HEIRS OF SARAH A. BELL (DECEASED), (COMMONLY KNOWN AS HEIRS OF SARAH A. BELL'S SECOND ADDITION TO THE CITY OF SEATTLE), according to the plat thereof recorded in Volume 1 of Plats, page 121, records of King County, Washington;

THENCE North 42°22'49" East along the Southeasterly line of said Lot 1, a distance of 120.07 feet to the most Easterly corner of said Lot 1;

THENCE North 47°42'19" West along the Northeasterly line of Lots 1, 2 and 3 of said Block 60, a distance of 180.06 feet to the most Northerly corner of said Lot 3;

THENCE South 42°22'49" West along the Northwesterly line of said Lot 3, a distance of 120.06 feet to the most Westerly corner of said Lot 3;

THENCE South 47°42'11" East along the Southwesterly line of said Lots 1, 2 and 3, a distance of 180.06 feet to the most Southerly corner of said Lot 1 and the point of beginning.

EXHIBIT "A"

EXHIBIT B

PROCEDURE AND METHOD OF PRORATION AND OTHER ADJUSTMENTS

Prior to the Closing, Seller and Purchaser shall jointly prepare a proposed closing statement containing the parties' reasonable estimate of the items requiring proration and adjustment under Section 7.6 and other applicable Sections of this Agreement. Subsequent to the Closing, final adjustments and resulting payments between the parties ("true-ups") shall be made in cash or immediately available funds as soon as practical, but not later than ninety (90) days following the Closing Date.

EXHIBIT "B"

EXHIBIT C
SUBMISSION MATTERS

PROPERTY NAME: SpringHill Suites Seattle Downtown/SLU

Due Diligence:	
Financial:	
	YTD Operating Statements & Balance Sheet
	Prior 5 Years Detailed P&L's - year end and monthly
	Detailed Trailing 12 Month P&L
	Capital Expenditures related to All Renovations
	Most Recent 5 Years Capital Expenditures
	Schedule of Advance Deposits of Advance Reservations
	Current Inventories for Food, Beverage, linens and Guest Supplies
	Accounts Receivable Aging Report
	List of Outstanding Gift Certificates, Coupons, Promotions
	Utility bills (prior 12 months)
	Schedule of Utility Providers and Utility Deposits
Marketing:	
	STR Report (current and previous 3 year-end reports)
	Group Booking Pace Report
	Marketing Plan (current year & prior 2)
	Market Segmentation Report (current year & prior 2) (detailed)
	Top 20 Accounts (list of accounts with volume and rate)
	List of Room or Group Rate Contracts (room nights & rate - current & last 2 yrs)
Personnel & Employee Benefits	
	Organizational Chart
	Employee Data (DOH, Position, Rate of Pay)
	Employment Contracts/Bonus Programs
	Summary of Medical & Dental insurances provided and rates, percentage employees contribute Employee Benefits List detailing vacation policy, sick policy, holiday pay, 401(k), retirement, bonus programs, other benefits
	List of Employees on Leave or FMLA
	EEO-1 Report
	OSHA 300 Report
	List of any legal proceedings involving employees
Tax and Insurance Documents:	
	Current Insurance Certificates - all lines of coverage
	Prior 3 Years Insurance Loss Runs - all lines of coverage
	Real Estate Tax Bills (last 3 years)
	Personal Property Tax Bills (last 3 years)
	Tax Assessment Notices
	Tax abatement related status
	Status of Tax Appeals & Pending
	Most Recent 12 Months Rooms Occupancy, Meals, Sales & Use Tax returns
Contracts, Agreements & Leases	
	Service Contracts and Equipment Leases (summary/actual)
	Space Leases (gift shop, cell towers, etc.)
	Schedule of Security Deposits for Space Leases
Franchise, Permits and Licenses:	
	Franchise License Agreement
	Franchise Quality Inspection Reports (two most recent)
	Certificate of Occupancy
	All Licenses, Permits, and Approvals, including Liquor License

Facility	
	Vehicle list (make, model, year, VIN) & copy of registrations & title
	Health, Fire, Building and Elevator Inspection Reports
	Inventory of Supplies (e.g., chinaware, glassware, paper goods, office supplies, unopened food and beverage inventory)
	Detailed list of FF&E, Supplies & IT Equipment
	Guestroom Count & Breakdown by Room Type, and Sizes
	Warranty and Guarantee Schedule/Detail
	Meeting Room/Conference Space Breakdown/Floor Plans
	Construction, Mechanical, Structural, Electrical, Architectural and Landscaping Plans
	Appraisal (most recent)
	Government Agency Environment Audits/Correspondence
	Phase 1 Environmental Report (most recent)
	Elevator safety inspections
	Fire Alarm Inspection reports
	Fire Sprinkler Inspection reports
	Property Condition Report (most recent)
	Floor Plan / Property lay out
	Flood classification / Flood studies, reports
	Zoning Report (most recent)
	Certificates of Occupancy
	Photos: Aerials, Interior and Exterior
	Personal Property List (e.g., FF&E, office equipment) (to be provided prior to expiration of Study Period)
	Litigation (any pending or actual legal claim)
Title and Survey:	
	Current Title Insurance Policy
	ALTA Survey
	Existing Title Policies / Title Commitments
	UCC / Lien Searches
	Legal Description
	Outstanding Litigation
	New Preliminary title report (PTR)
Other Documents	
	Detailed Ground Lease Documents (If Applicable)
	Parking Lease or other related agreement
	Transferring Governmental Bond or related financing

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this “Agreement”) is made as of the Effective Date, by and between **MOODY NATIONAL HP G-TOWN HOLDING, LLC**, a Delaware limited liability company and **MOODY NATIONAL HP G-TOWN MT, LLC**, a Delaware limited liability company (collectively, the “Seller”), and **UNITED INTERNATIONAL GROUP LLC**, a Tennessee limited liability company (the “Purchaser”).

RECITALS

A. Seller is the owner of that certain tract of land located at 9161 Winchester Road, Germantown, Tennessee 38125, as more particularly described on Exhibit A attached hereto and made a part hereof, and the improvements situated thereon, commonly known as the “Hyatt Place Hotel – Germantown” (the “Hotel”).

B. MOODY NATIONAL HP G-TOWN MT, LLC, a Delaware limited liability company, leases the Hotel from the MOODY NATIONAL HP G-TOWN HOLDING, LLC, a Delaware limited liability company, in accordance with the terms of that certain Master Lease dated on or about April 9, 2013 (as amended, modified or restated, the “Master Lease”) and is the owner of all Personal Property used in connection with the operation of the Hotel, which will expire and be of no further force and effect following the transfer of the Property in accordance with this Agreement.

C. Purchaser desires to purchase the above-described property from Seller, and Seller desires to sell the above-described property to Purchaser, for the Purchase Price (as defined below) and upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of premises and in consideration of the mutual covenants, promises and undertakings of the parties hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, it is agreed:

ARTICLE I DEFINITIONS

The following terms shall have the indicated meanings:

1.1 “Accounts Receivable” shall mean all accounts receivable of the Hotel which are shown on the records of the Hotel.

1.2 “Additional Earnest Money” shall have the meaning ascribed to such term in Section 2.3.

1.3 “Advance Bookings” shall mean reservations and agreements made or entered into by Seller or Manager prior to Closing and assumed by Purchaser for Hotel rooms or meeting rooms to be utilized after Closing, or for catering services or other Hotel services to be provided after Closing, in the ordinary course of business.

1.4 “Affiliate” shall mean any Person that is directly or indirectly (through one or more intermediaries) controlled by, under common control with, or controlling another Person. For the purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person or the power to veto major policy decisions of any Person, whether through the ownership of voting securities, by contract or otherwise.

1.5 “Assignment and Assumption Agreement” shall mean an assignment and assumption agreement between Seller and Purchaser in a form reasonably acceptable to Seller and Purchaser whereby Seller assigns and Purchaser assumes all of Seller’s rights, title and interest in and to the Hotel Agreements and the Advanced Bookings.

1.6 “Authorizations” shall mean all certificates of occupancy, licenses, permits, authorizations and approvals required by any governmental or quasi-governmental agency, body, department, commission, board, bureau, instrumentality or officer, or otherwise appropriate with respect to the construction, ownership, operation, leasing, maintenance, or use of the Property or any part thereof.

1.7 “Bill of Sale and General Assignment” shall mean a bill of sale and general assignment between Seller and Purchaser in a form reasonably acceptable to Seller and Purchaser, conveying title to the Personal Property (other than Leased Property) from Seller to Purchaser, together with any Warranties and Guaranties related thereto.

1.8 “Closing” shall mean the consummation of the sale and purchase of the Property pursuant to this Agreement.

- 1.9 “Closing Date” shall mean thirty (30) days after the expiration of the Study Period, as may be extended in accordance with Section 6.1 hereof.
- 1.10 “Closing Documents” shall mean the documents defined as such in Article VI.
- 1.11 “Closing Extension Deposit” shall have the meaning ascribed to such term in Section 6.1.
- 1.12 “Deed” shall mean a special warranty deed in a form reasonably acceptable to Seller and Purchaser, conveying fee title to the Real Property from Seller to Purchaser, subject to a mineral reservation and the Permitted Title Exceptions.
- 1.13 “Earnest Money” shall have the meaning ascribed to such term in Section 2.3.
- 1.14 “Effective Date” (or other similar phrases such as “date of this Agreement” or “date hereof”) shall mean the first date on which the Escrow Agent shall have acknowledged receipt of this Agreement fully executed by Seller and Purchaser.
- 1.15 “Escrow Agent” shall mean the Old Republic Title Company.
- 1.16 “FIRPTA Certificate” shall mean the affidavit of Seller under Section 1445 of the Internal Revenue Code, as amended.
- 1.17 “Governmental Authority” shall mean any federal, state, county, municipal or other government or governmental or quasi-governmental agency, department, commission, board, bureau, office or instrumentality, foreign or domestic, or any of them.
- 1.18 “Hotel” shall have the definition ascribed to such term in the Recitals.
- 1.19 “Hotel Agreements” shall mean collectively the Operating Agreements, Leased Property Agreements, Off-Site Facility Agreements, and the Occupancy Agreements.
- 1.20 “Improvements” shall mean the Hotel and all other buildings, structures, improvements, and all fixtures, systems, facilities and all other items of real estate located on the Land.
- 1.21 “Independent Contract Consideration” shall mean One Hundred and No/100 Dollars (\$100.00) of the Earnest Money which shall be paid by the Escrow Agent to Seller in the event that Purchaser elects to terminate this Agreement.
- 1.22 “Initial Earnest Money” shall have the meaning ascribed to such term in Section 2.3.
- 1.23 “Insurance Policies” shall mean all policies of insurance maintained by or on behalf of Seller pertaining to the Property, its operation, or any part thereof.
- 1.24 “Intangible Personal Property” shall mean, to the extent assignable, Seller’s right, title and interest, if any, in and to all intangible personal property owned or possessed by Seller and used in connection with the ownership or operation of the Property, including, without limitation, (1) Authorizations, (2) utility and development rights and privileges, general intangibles, business records, plans and specifications pertaining to the Real Property and the Personal Property, (3) any unpaid award for taking by condemnation or any damage to the Land by reason of a change of grade or location of or access to any street or highway, (4) the share of the Rooms Ledger determined under Section 6.6(h) hereof, and (5) Advance Bookings, excluding Seller’s cash on hand, in the bank accounts and invested with financial or other institutions.
- 1.25 “Inventory” shall mean all inventories of food, beverage and consumable items in opened or unopened cases and all in-use reserve stock of linens, towels, paper goods, soaps, cleaning supplies, office supplies, engineering supplies, maintenance supplies, parts and tools and other “inventories of merchandise” and “inventories of supplies” as such terms are defined in the Uniform System of Accounts for Hotels used in connection with the operation and maintenance of the Hotel.
- 1.26 “Knowledge” shall mean the actual knowledge of Jan Burleson, without any duty of inquiry or investigation. For the purposes of this definition, the term “actual knowledge” means, with respect to any person, the conscious awareness of such person at the time in question and expressly excludes any constructive or implied knowledge of such person.

1.27 “Land” shall mean that certain parcel of real estate described on Exhibit A hereof, together with all rights, titles, benefits, easements, privileges, remainders, tenements, hereditaments, interests, reversions and appurtenances thereunto belonging or in any way appertaining, and all of the estate, right, title, interest, claim or demand whatsoever of Seller therein, in and to adjacent strips and gores, if any, between the Land and abutting properties, and in and to adjacent streets, highways, roads, alleys or rights-of-way, and the beds thereof, either at law or in equity, in possession or expectancy, now or hereafter acquired.

1.28 “Leased Property” shall mean all leased items of Tangible Personal Property, including items subject to any capital lease, operating lease, financing lease, or any similar agreement (if any).

1.29 “Leased Property Agreements” shall mean all lease agreements pertaining to the Leased Property (if any).

1.30 “License Agreement” shall mean the license or franchise agreement from Licensor with respect to the Hotel.

1.31 “Licensor” shall mean Hyatt Place Franchising, L.L.C.

1.32 “Management Agreement” shall mean the management agreement between Seller and the Manager for the management and operation of the Hotel.

1.33 “Manager” shall mean Moody National Hospitality Management, LLC.

1.34 “Occupancy Agreements” shall mean all leases, concession or occupancy agreements in effect with respect to the Real Property under which any tenants (other than Hotel guests) or concessionaires have the right to occupy space upon the Real Property.

1.35 “Off-Site Facility Agreements” shall mean any leases, contracts and agreements, if any, pertaining to facilities not located on the Property but which are required and presently used for the operation of the Hotel including, without limitation, use agreements for local golf courses, and parking or garage contracts or leases.

1.36 “Operating Agreements” shall mean all service, supply, maintenance and repair, and other similar contracts in effect with respect to the Property (other than the Occupancy Agreements, Leased Property Agreements, Management Agreement, Off-Site Facility Agreements and the Employee Agreements) related to construction, operation, or maintenance of the Property and the business conducted thereon.

1.37 “Owner’s Title Policy” shall mean an owner’s policy of title insurance issued to Purchaser by the Title Company, pursuant to which the Title Company (or any applicable underwriter) insures Purchaser’s ownership of fee simple title to the Real Property, subject only to Permitted Title Exceptions.

1.38 “Person” shall mean an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a Governmental Authority.

1.39 “Permitted Title Exceptions” shall mean those exceptions to title to the Real Property that are satisfactory or deemed satisfactory to Purchaser as determined pursuant to Section 2.4(e) hereof.

1.40 “Personal Property” shall mean collectively the Tangible Personal Property and the Intangible Personal Property.

1.41 “Property” shall mean collectively the Real Property and Personal Property; provided, however, that the Property shall specifically exclude (i) property of hotel guests, (ii) property of the Manager, (iii) all cash, cash equivalents on hand or in any bank account, operating account or other account maintained in connection with the ownership, management or operation of the Property, (iv) accounts receivable and any right to a refund or other payment relating to a period prior to the Closing, (v) any pre-paid deposits or accounts receivable related to the Hotel operation, (vi) the Management Agreement, (vii) the Master Lease, (viii) the existing License Agreement, and (viii) all insurance claims or proceeds arising out of or relating to events that occur prior to the Closing Date.

1.42 “Purchase Price” shall mean the amount of ELEVEN MILLION AND NO/DOLLARS (\$11,000,000.00) payable in the manner described in Section 2.2 hereof, which amount shall include the Inventory.

1.43 “Purchaser Parties” shall mean Purchaser’s directors, officers, lenders, employees, agents, counsel, consultants or representatives.

1.44 “Purchaser’s Objections” shall mean the objections defined as such in Section 2.4(e).

1.45 “Real Property” shall mean the Land and the Improvements.

1.46 “Rooms Ledger” shall mean the final night’s room revenue (revenue from rooms occupied as of 12:01 a.m. on the Closing Date, exclusive of food, beverage, telephone and similar charges which shall be retained by Seller), including any sales taxes, room taxes or other taxes thereon.

1.47 “Seller’s Response” shall have the meaning ascribed to such term in Section 2.4(e).

1.48 “Seller’s Response Period” shall have the meaning ascribed to such term in Section 2.4(e).

1.49 “Study Period” shall mean the period ending at 5:00 p.m. Central Time on the date which is thirty (30) days from the Effective Date.

1.50 “Submission Matters” shall mean the definition ascribed to such term in Section 2.4(b) hereof.

1.51 “Tangible Personal Property” shall mean the items of tangible personal property consisting of all furniture, fixtures, equipment, machinery, Inventory, all vehicles used in operation of Property and the Hotel and other Tangible Personal Property of every kind and nature (which does not include cash-on-hand and petty cash) located at the Hotel and owned or leased by Seller, including, without limitation, Seller’s interest as lessee with respect to any such leased Tangible Personal Property.

1.52 “Title Commitment” shall mean the title commitment and exception documents defined as such in Section 2.4(e).

1.53 “Title Company” shall mean Moody National Title Company, L.P., 9655 Katy Freeway, Suite 610, Houston, Texas 77024, as agent for Old Republic Title Company, Inc.

1.54 “Warranties and Guaranties” shall mean, to the extent assignable, all of Seller’s interest, if any, in any existing warranties and guaranties relating to the development, construction, ownership and operation of the Improvements, the Tangible Personal Property, the Hotel or any part thereof.

ARTICLE II PURCHASE AND SALE; DEPOSIT; PAYMENT OF PURCHASE PRICE; STUDY PERIOD

2.1 Purchase and Sale. Seller agrees to sell and Purchaser agrees to purchase the Property for the Purchase Price and in accordance with and subject to the other terms and conditions set forth herein.

2.2 Payment of Purchase Price. Purchaser shall pay the Purchase Price, as adjusted in the manner specified in Article VI and as set forth below, to Seller (or other party designated by Seller) at Closing by making a wire transfer of immediately available federal funds to the account of Seller (or other party designated by Seller). Such wire transfer shall be sent by Purchaser to the Escrow Agent for the account of Seller no later than 12:01 p.m. Central Time on the Closing Date.

2.3 Earnest Money. Within one (1) business day following the execution and delivery of this Agreement by both parties to the Escrow Agent, Purchaser will deliver to the Escrow Agent the sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) (the “Initial Earnest Money”) which shall be non-refundable upon deposit but shall be applicable to the Purchase Price at Closing. Within one (1) business day following the expiration of the Study Period, assuming Purchaser has not previously elected to terminate this Agreement, Purchaser shall deliver to the Escrow Agent the additional sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) (the “Additional Earnest Money”) which shall be non-refundable upon deposit but shall be applicable to the Purchase Price at Closing (the Initial Earnest Money, the Additional Earnest Money, if any, and the Closing Extension Deposit, if any, and all interest earned thereon are hereinafter collectively referred to as the “Earnest Money”). The Earnest Money shall be invested by the Escrow Agent in non-interest bearing accounts at banks or other financial institutions, which accounts must be insured by the Federal Deposit Insurance Corporation. In the event the transactions contemplated herein are not closed in accordance with the provisions hereof, the Earnest Money shall be disbursed to either Seller or Purchaser as provided in this Agreement.

2.4 Due Diligence.

(a) Purchaser shall have the right, until 5:00 p.m. Central Time the last day of the Study Period, and thereafter if Purchaser does not notify Seller in writing prior to the expiration of the Study Period that Purchaser has elected to terminate this Agreement, for any reason or no reason at all, to enter upon the Real Property upon not less than two (2) business days prior notice to Seller, and to perform at Purchaser's expense, and subject to terms and conditions set forth in Section 2.5(d) below, such economic, surveying, engineering, topographic, environmental, marketing and other test, studies and investigations as Purchaser may deem appropriate. If such tests, studies and investigations warrant, in Purchaser's sole, absolute and unreviewable discretion, the purchase of the Property for the purposes contemplated by Purchaser, then Purchaser shall proceed with this transaction in accordance with and subject to the terms of this Agreement; provided, however, if, prior to the expiration of the Study Period, Purchaser provides written notice to Seller and Escrow Agent that it has determined in its sole, absolute and unreviewable discretion, for any reason or no reason at all, to terminate this Agreement, this Agreement shall terminate, and Seller and Purchaser shall be released from all further liability or obligation hereunder except those which expressly survive a termination of this Agreement. In the event of such termination, the Earnest Money, including the Independent Contract Consideration, shall be released by the Escrow Agent to Seller.

(b) Within five (5) business days following the Effective Date, Seller shall deliver copies of the following items to Purchaser, to the extent such items are in Seller's possession ("Submission Matters"):

- (1) Seller's existing Survey;
- (2) Hotel Agreements;
- (3) Financials for previous twenty-four (24) months;
- (4) STR Report for previous twenty-four (24) months and current;
- (5) Advanced Bookings;
- (6) Real Estate Tax Bills for current year and previous two (2) years; and
- (7) Personal Property Tax Bills for current year and previous two (2) years.

(c) If for any reason whatsoever Purchaser does not purchase the Property, Purchaser shall promptly deliver to Seller, (i) copies of the due diligence materials delivered to or copied by Purchaser or Purchaser Parties, and (ii) copies of all third-party reports prepared by or for Purchaser or Purchaser Parties with respect to the Property; provided, however, that Purchaser shall not be obligated to deliver to Seller any materials of a proprietary nature (such as, for the purposes of example only, any financial forecast or market repositioning plans) prepared for Purchaser or Purchaser Parties in connection with the Property, and Seller acknowledges that any such materials delivered to Seller pursuant to the provisions of clause (ii) shall be without cost to Purchaser and without warranty, representation or recourse whatsoever other than that such materials have been fully paid for and may be delivered to Seller. The terms of this Section 2.4(c) shall survive the termination of this Agreement.

(d) Purchaser shall indemnify, hold harmless and defend Seller against any loss, damage, liability or claim for personal injury or property damage and any other loss, damage, liability, claim or lien to the extent arising from the acts upon the Real Property by Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties, except Purchaser shall have no liability to Seller should Seller or the agents of Seller, cause any damage to the Property as a result of any negligence or damage to the Property by Seller or the agents of Seller during the Study Period. Purchaser understands and accepts that any on-site inspections of the Property shall occur at reasonable times agreed upon by Seller and Purchaser after not less than one (1) business day prior notice to Seller and shall be conducted so as not to interfere unreasonably with the operation of the Property and the use of the Property by the tenants and the guests of the Hotel. Seller shall have the right to have a representative present during any such inspections. If Purchaser desires to do any invasive testing at the Property, Purchaser shall do so only after obtaining the prior written consent of Seller, which consent shall be within Seller's sole and absolute discretion. Purchaser shall not permit any liens to attach to the Property by reason of such inspections. Purchaser shall (i) restore the Property, at its own expense, to substantially the same condition which existed prior to any inspections or other activities of Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties thereon; and (ii) be responsible for and pay any and all liens by contractors, subcontractors, materialmen, or laborers performing the inspections or any work for Purchaser or Purchaser Parties on or related to the Property. Purchaser shall procure and continue in force from and after the date Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties first enters the Property, and continuing throughout the term of this Agreement, comprehensive general liability insurance with a combined single limit of not less than \$3,000,000 per occurrence, or commercial general liability insurance, with limits of not less than \$3,000,000 per occurrence and \$2,000,000 per event. Seller and its lender shall be included and named as an additional insured under such comprehensive general liability or commercial general liability coverage. Such insurance shall include: (i) personal injury liability with employee and contractual exclusions removed; and (ii) a waiver of subrogation in favor of Seller and its lender without exception for the negligence of any additional insured. Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties will not be permitted to come onto the Property unless and until Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties has provided to Seller a certificate of insurance evidencing such coverage, the additional insured status of Seller and its lender, and such waiver of subrogation. The provisions of this Section 2.4(d) shall survive any termination of this Agreement and a closing of the transaction contemplated hereby and are not subject to any liquidated damage limitation on remedies, notwithstanding anything to the contrary in this Agreement.

(e) Within ten (10) days following the Effective Date, Seller shall cause the Title Company to furnish to Purchaser, (i) a title insurance commitment bearing an effective date not earlier than thirty (30) days prior to the Effective Date issued by the Title Company covering the Real Property, binding the Title Company to issue the Owner's Title Policy together with copies of all documents identified in such title insurance commitment as exceptions to title (collectively, the "Title Commitment") with respect to the state of title to the Real Property. Upon five (5) business days following its receipt of the Title Commitment, Purchaser shall notify Seller of any matters identified in the Title Commitment that Purchaser is unwilling to accept (collectively, the "Purchaser's Objections"). Other than as specifically required in this Agreement, Seller shall not be obligated to incur any expenses or incur any liability to cure any Purchaser's Objections. Seller may notify Purchaser within five (5) business days after receipt of Purchaser's Objections (the "Seller's Response Period") whether Seller, in its sole discretion, agrees to cure any of such Purchaser's Objections (the "Seller's Response"). If Seller agrees in Seller's Response Period to attempt to cure any of such Purchaser's Objections, then Seller shall use good faith efforts (without the obligation to expend any money or incur any liability) to cure such Purchaser's Objections which Seller has agreed to attempt to cure on or before the Closing Date. If Seller is unable to cure such Purchaser's Objections on or before the Closing Date, then Purchaser shall, elect (1) to waive such Purchaser's Objections without any abatement in the Purchase Price and proceed to close, or (2) to terminate this Agreement in which case the parties hereto shall be released from all further obligations hereunder, except those which expressly survive a termination of this Agreement. If Seller does not provide Seller's Response to Purchaser within Seller's Response Period, then Seller shall be deemed to have elected not to attempt to cure any Purchaser's Objections. If Seller elects in Seller's Response not to attempt to cure all or any number of Purchaser's Objections or if Seller is deemed to have elected not to attempt to cure Purchaser's Objections pursuant to the preceding sentence, upon three (3) days following expiration of Seller's Response Period, Purchaser shall elect either to (1) waive any Purchaser's Objections which Seller has elected or is deemed to have elected not to attempt to cure without any abatement in the Purchase Price and proceed to close, or (2) terminate this Agreement in which case the parties hereto shall be released from all further obligations hereunder, except those which expressly survive a termination of this Agreement. In the event Purchaser does not provide to Seller notice of Purchaser's election under the preceding sentence, then Purchaser shall be deemed to have elected clause (1) of the preceding sentence. In the event of Purchaser's termination, the Earnest Money, including the Independent Contract Consideration, shall be released by the Escrow Agent to Seller.

(f) License Agreement. It is hereby agreed and acknowledged that the Property is currently subject to an existing License Agreement between Licensor and Moody National HP G-Town MT, LLC. Pursuant to the terms of the License Agreement, Seller is not authorized to sell the Property unless Purchaser has been approved by Licensor, and Purchaser and Licensor have entered into a new franchise agreement with Licensor with respect to the Property. As a material part of the consideration for this Agreement, Purchaser shall be responsible for entering into a new franchise agreement with Licensor, or otherwise reaching an agreement with Licensor to terminate the License Agreement, in a manner that results in Seller, Manager, if applicable, and any guarantor being released from all future duties, liabilities and obligations under the License Agreement and any guarantee(s) thereof, in such form and to such an extent that Licensor customarily provides. Purchaser shall bear the cost of, and hereby agrees to pay, when due, any and all fees and expenses related to the new franchise agreement (collectively, the “Franchise Costs”). Purchaser shall use diligent efforts to enter into a new franchise agreement with Licensor effective as of the Closing Date.

ARTICLE III SELLER’S REPRESENTATIONS AND WARRANTIES

In order to induce Purchaser to enter into this Agreement and to purchase the Property, and to pay the Purchase Price therefore and except for and subject to the information contained in the Submission Matters, Seller hereby makes, to Seller’s Knowledge, the representations and warranties set forth below. Each such representation shall be materially true and correct on the Effective Date and shall be materially true and correct on the Closing Date, provided that Seller shall have no liability if, as a result of any changes in facts or circumstances beyond Seller’s reasonable control, such representations and warranties are not true as of the Closing Date.

3.1 Organization and Power. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to enter into and perform its obligations hereunder and under any document or instrument required to be executed and delivered on behalf of Seller hereunder.

3.2 Authorization and Execution. Subject to obtaining approval by the board of directors and shareholders of Moody National REIT II, Inc., this Agreement (and all documents contemplated hereby) has been duly authorized by all necessary action on the part of Seller, has been duly executed and delivered by Seller, constitutes the valid and binding agreement of Seller and is enforceable against Seller in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors’ rights generally or by the principles governing the availability of equitable remedies. The Person executing this Agreement on behalf of Seller, for and on behalf of Seller, has the authority to do so.

3.3 Non-Contravention. Subject to any consent to the assignment of any particular Hotel Agreement required by the terms thereof or by applicable laws and to the payment in full at Closing of any monetary encumbrances, the execution and delivery of, and the performance by Seller of its obligations under, this Agreement do not and will not contravene, or constitute a default under, any provision of any applicable law or regulation, Seller’s organizational documents or any agreement, judgment, injunction, order, decree or other instrument binding upon Seller or to which the Property is subject, or result in the creation of any lien or other encumbrance on any asset of Seller.

3.4 Litigation. There is no action, suit or proceeding, pending or known to be threatened, against or affecting Seller in any court or before any arbitrator or before any Governmental Authority which would materially and adversely affect the ability of Seller to perform its obligations hereunder, or under any document to be delivered pursuant hereto.

3.5 Seller Is Not a “Foreign Person”. No Seller is a “foreign person” or a “disregarded entity” within the meaning of Section 1445 of the Internal Revenue Code, as amended (i.e., Seller is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person as those terms are defined in the Internal Revenue code and regulations promulgated thereunder).

3.6 Insurance. All insurance policies held with respect to the Property by Seller are valid and in full force and effect.

3.7 Right to Purchase. Seller has not granted to any Person other than Purchaser, any right to purchase the Property or any portion thereof or interest therein.

3.8 Condemnation. There is not any pending or threatened condemnation or similar proceedings affecting the Property.

The representations and warranties in this Article III shall survive the Closing for a period of six (6) months following the Closing Date ("Survival Period"). Notwithstanding anything to the contrary contained in this Agreement, any claim that Purchaser may have during the Survival Period against Seller for any breach of the representations and warranties contained in this Article III will not be valid or effective, and Seller shall have no liability with respect thereto, unless the aggregate of all valid claims exceed \$50,000.00. Seller's liability for damages resulting from valid claims during the Survival Period shall in no event exceed one percent (1%) of the Purchase Price in the aggregate. Purchaser agrees that, with respect to any alleged breach of representations in this Agreement discovered after the Survival Period, the maximum liability of Seller for all such alleged breaches is limited to \$100.00. In the event Purchaser obtains actual knowledge on or before Closing of any material inaccuracy in any of the representations and warranties contained in this Article III, Purchaser may as Purchaser's sole and exclusive remedy either: (i) terminate this Agreement whereupon the Earnest Money, including the Independent Contract Consideration, shall be released to Seller, and neither party shall have any further rights or obligations pursuant to this Agreement, other than as set forth herein with respect to rights or obligations that survive termination; or (ii) waive any and all claims against Seller on account of such inaccuracy and close the transaction. In the event Purchaser obtains knowledge on or before the expiration of the Study Period of any inaccuracy in any of the representations and warranties contained in this Article III, and Purchaser does not terminate this Agreement on or before the expiration of the Study Period, Purchaser shall be deemed to have waived any and all claims against Seller on account of such inaccuracy (including the right to terminate this Agreement following the expiration of the Study Period). The provisions of this Article III shall survive the Closing.

ARTICLE IV PURCHASER'S REPRESENTATIONS AND WARRANTIES

In order to induce Seller to enter into this Agreement and to sell the Property, Purchaser hereby makes the following representations and warranties, each of which is made to Purchaser's knowledge:

4.1 Organization and Power. Purchaser is a Tennessee limited liability company duly organized, validly existing and in good standing under the laws of the State of Tennessee and has all requisite power and authority to enter into and perform its obligations under this Agreement and any document or instrument required to be executed and delivered on behalf of Purchaser hereunder.

4.2 Authorization and Execution. This Agreement has been duly authorized by all necessary action on the part of Purchaser, has been duly executed and delivered by Purchaser, constitutes the valid and binding agreement of Purchaser and is enforceable against Purchaser in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies. The Person executing this Agreement on behalf of Purchaser has the authority to do so.

4.3 Non-Contravention. The execution and delivery of this Agreement and the performance by Purchaser of its obligations hereunder do not and will not contravene, or constitute a default under, any provisions of applicable law or regulation, Purchaser's organizational documents, or any agreement, judgment, injunction, order, decree or other instrument binding upon Purchaser or result in the creation of any lien or other encumbrance on any asset of Purchaser.

4.4 Litigation. There is no action, suit or proceeding, pending or known to be threatened, against or affecting Purchaser in any court or before any arbitrator or before any Governmental Authority which would materially and adversely affect the ability of Purchaser to perform its obligations hereunder, or under any document to be delivered pursuant hereto.

4.5 OFAC. Purchaser represents and warrants to Seller that neither Purchaser nor any affiliate of Purchaser is subject to sanctions of the United States government or in violation of any federal, state, municipal or local laws, statutes, codes, ordinances, orders, decrees, rules or regulations relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) (the "Terrorism Executive Order") or is similarly designated under any related enabling legislation or any other similar Executive Orders (collectively with the Terrorism Executive Order, the "Executive Orders"), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the "Patriot Act"), any sanctions and regulations promulgated under authority granted by the Trading with the Enemy Act, 50 U.S.C. App. 1-44, as amended from time to time, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, as amended from time to time, the Iraqi Sanctions Act, Publ. L. No. 101-513; United Nations Participation Act, 22 U.S.C. § 287c, as amended from time to time, the International Security and Development Cooperation Act, 22 U.S.C. § 2349 aa-9, as amended from time to time, The Cuban Democracy Act, 22 U.S.C. §§ 6001-10, as amended from time to time, The Cuban Liberty and Democratic Solidarity Act, 18 U.S.C. §§ 2332d and 2339b, as amended from time to time, and The Foreign Narcotics Kingpin Designation Act, Publ. L. No. 106-120, as amended from time to time.

4.6 AS IS, WHERE IS. PURCHASER EXPRESSLY ACKNOWLEDGES AND AGREES THAT, AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, THE PROPERTY IS BEING SOLD TO PURCHASER AND PURCHASER AGREES TO PURCHASE AND ACCEPT THE PROPERTY, AND EACH AND EVERY PART AND COMPONENT THEREOF, IN AN “AS IS, WHERE IS” CONDITION AS OF THE CLOSING WITH NO REPRESENTATIONS OR WARRANTIES FROM SELLER, EITHER EXPRESS OR IMPLIED EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. PURCHASER AGREES THAT PURCHASER IS NOT RELYING UPON, AND HAS NOT RECEIVED OR BEEN GIVEN, ANY REPRESENTATIONS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT), STATEMENTS OR WARRANTIES (ORAL OR WRITTEN, IMPLIED OR EXPRESS) OF OR BY ANY OFFICER, EMPLOYEE, AGENT OR REPRESENTATIVE OF SELLER, OR ANY SALESPERSON OR BROKER (IF ANY) INVOLVED IN THIS TRANSACTION, AS TO THE PROPERTY OR ANY PART OR COMPONENT THEREOF IN ANY RESPECT, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATIONS, STATEMENTS OR WARRANTIES AS TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY, THE FITNESS OF THE PROPERTY FOR USE AS A HOTEL, THE FINANCIAL PERFORMANCE OR POTENTIAL OF THE PROPERTY, THE COMPLIANCE OF THE PROPERTY WITH APPLICABLE BUILDING, ZONING, SUBDIVISION, ENVIRONMENTAL, LIFE SAFETY OR LAND USE LAWS, CODES, ORDINANCES, RULES, ORDERS, OR REGULATIONS, OR THE STATE OF REPAIR OF THE PROPERTY, AND PURCHASER, FOR ITSELF AND ITS HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, WAIVES ANY RIGHT TO ASSERT ANY CLAIM OR DEMAND AGAINST SELLERS AT LAW OR IN EQUITY RELATING TO ANY SUCH MATTER, WHETHER LATENT OR PATENT, DISCLOSED OR UNDISCLOSED, KNOWN OR UNKNOWN, NOW EXISTING OR HEREAFTER ARISING. EXCEPT FOR ANY TITLE OR SURVEY MATTERS CREATED SOLELY BY SELLER IN VIOLATION OF THIS AGREEMENT, PURCHASER AGREES THAT IT SHALL HAVE NO RECOURSE WHATSOEVER AGAINST SELLER, AT LAW OR IN EQUITY, SHOULD THE SURVEY OR THE TITLE INSURANCE COMMITMENTS OR THE TITLE POLICIES FAIL TO DISCLOSE ANY MATTER AFFECTING THE PROPERTY OR REVEAL ANY SUCH MATTER IN AN INACCURATE, MISLEADING OR INCOMPLETE FASHION OR OTHERWISE BE IN ERROR. PURCHASER ACKNOWLEDGES THAT IT SHALL REVIEW THE SURVEY AND THE TITLE INSURANCE COMMITMENTS (AS SAME MAY BE MARKED AT CLOSING) AND TO DISCUSS THEIR CONTENTS WITH THE INDEPENDENT CONTRACTORS WHO PREPARED OR ISSUED EACH OF THEM. PURCHASER ACCORDINGLY AGREES TO LOOK SOLELY TO THE PREPARER OF THE SURVEY AND THE ISSUER OF THE TITLE INSURANCE COMMITMENTS AND TITLE POLICIES FOR ANY CLAIM ARISING OUT OF OR IN CONNECTION WITH SUCH INSTRUMENTS AND HEREBY RELEASES SELLERS FROM ANY SUCH CLAIM (EXCEPT FOR ANY CLAIM THAT SELLER AGREES TO CURE AS SET FORTH IN THIS AGREEMENT).

Purchaser recognizes that the Hotels and Personal Property are not new and that there exists a possibility that the Property is not in compliance with the requirements which would be imposed on a newly constructed hotel by presently effective federal, state and local building, plumbing, electrical, fire, health, handicap, environmental and life safety laws, codes, ordinances, rules, orders and/or regulations (collectively, the “building codes”). The Hotels and other improvements on the Land may contain substances or materials no longer permitted to be used in newly constructed buildings including, without limitation, asbestos or other insulation materials, lead or other paints, wiring, electrical, or plumbing materials and may not contain other materials or equipment required to be installed in a newly constructed building. Purchaser has had the opportunity, as set forth in Section 2.4, to review the results of such investigations and inspections of the Property as Purchaser deemed necessary with respect to all such matters. Purchaser agrees to accept and shall the Property in an “AS-IS, WHERE IS” condition and at Closing to accept and assume the risk of noncompliance of the Property with all such building codes. Except with respect to those representations set forth in Article III hereof, Purchaser waives any right to excuse (except as specifically set forth in this Agreement) or delay performance of its obligations under this Agreement or to assert any claim against Sellers (before or after Closing) arising out of any failure of the Property to comply with any such building codes.

Except with respect to those representations set forth in Article III, it is specifically understood and agreed by Seller and Purchaser that Seller does not make, and shall not be deemed to have made, any representation, warranty or covenant with respect to (i) any Environmental Laws that may affect any of the Property, or (ii) the presence or absence of any Hazardous or Toxic Substances in, on, above, under or about any of the Property ("Environmental Conditions"). From and after Closing, Purchaser agrees for itself and for its heirs, successors and assigns, to waive all of its rights under this Agreement, if any, and any Environmental Laws to require Seller to remediate or "clean up" the Property and releases Seller from any liability of any kind or nature arising with respect to any Environmental Conditions at the Property. As used in this Agreement, (A) the term "Environmental Laws" means all federal, State and local laws, codes, ordinances, rules, orders and regulations now or hereafter in effect relating to pollution or the protection of the environment, including without limitation, all laws, codes, ordinances, rules, orders and regulations governing the generation, use, collection, treatment, storage, transportation, recovery, removal, discharge, spill or disposal of any or all Hazardous or Toxic Substances, and (B) the term "Hazardous Substances" or "Toxic Substances" means materials and substances defined as "hazardous substances", "hazardous wastes", "toxic substances" or "toxic wastes" in (I) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601-9675, as amended by the Superfund Amendments and Reauthorization Act of 1988, and any further amendments thereto and rules, orders and regulations thereunder; (II) the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901-6992, as amended by the Hazardous and Solid Waste Amendments of 1984, and any further amendments thereto and rules, orders and regulations thereunder; or (III) any other Environmental Laws. Purchaser acknowledges and agrees that: (a) Purchaser is an experienced and sophisticated owner of real property; (b) Purchaser has expressly negotiated the limitations of liability contained in this Section; and (c) the limitations contained in this Section are reasonable. Purchaser acknowledges and agrees that Seller has agreed to enter into this Agreement in consideration for and in reliance upon the foregoing limitations of liability, and that the consideration under this Agreement is based in part on the limitations of liability.

It is understood and agreed by Seller and Purchaser that in the event of any conflict between the terms and provisions of this Section 4.6 and any other term or provision to this Agreement, the relevant term or provision of this Section 4.6 shall control and govern. The provisions of this Article IV shall survive Closing.

ARTICLE V CONDITIONS PRECEDENT

5.1 As to Purchaser's Obligations. Purchaser's obligations hereunder are subject to the timely satisfaction of the following conditions precedent on or before the Closing Date or such earlier date as is set forth below.

(a) Seller's Deliveries. Seller shall have delivered to or for the benefit of Purchaser, on or before the Closing Date, all of the documents required of Seller pursuant to Sections 6.2 and 6.4 hereof.

(b) Representations, Warranties and Covenants; Obligations of Seller; Certificate. All of Seller's representations and warranties made in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date as if then made; and Seller shall have performed in all material respects all of its covenants and other obligations under this Agreement. Further, a duly authorized officer of Seller shall have executed at Closing a "bring down certificate" with respect to the aforesaid representations and warranties.

Each of the conditions contained in this Section are intended for the benefit of Purchaser and may be waived in whole or in part, by Purchaser.

5.2 As to Seller's Obligations. Seller's obligations hereunder are subject to the satisfaction of the following conditions precedent:

(a) Purchaser's Deliveries. Purchaser shall have delivered to or for the benefit of Seller, on or before the Closing Date, all of the documents and payments required of Purchaser pursuant to Sections 6.3 and 6.4 hereof.

(b) Representations, Warranties and Covenants; Obligations of Purchaser; Certificate. All of Purchaser's representations and warranties made in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date as if then made; and Purchaser shall have performed in all material respects all of its covenants and other obligations under this Agreement. Further, a duly authorized officer of Purchaser shall have executed at Closing a "bring down certificate" with respect to the aforesaid representations and warranties.

(c) License Agreement. The License Agreement between Seller and Licensor shall have been terminated and Seller, Manager, if applicable, any guarantor, and each of their respective Affiliates, shall have been released from all future duties, liabilities and obligations under the License Agreement and any guarantee(s) thereof, in such form and to such an extent that Licensor customarily provides.

Each of the conditions contained in this Section are intended for the benefit of Seller and may be waived in whole or in part, by Seller.

ARTICLE VI CLOSING

6.1 Closing. The Closing shall occur on the Closing Date. Purchaser shall have a one-time right to extend the Closing Date to December 2, 2025 by, no later than the date that is five (5) days prior to the then-scheduled Closing Date, (i) providing written notice to Seller and Title Company ("Closing Extension Notice"), and (ii) paying the sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) (the "Closing Extension Deposit"). As more particularly described below, at the Closing the parties hereto will (a) execute or cause to be executed (and acknowledged where appropriate) all of the documents required to be delivered in connection with the transactions contemplated hereby (the "Closing Documents"), (b) deliver or cause to be delivered the same to the Escrow Agent, and (c) take or cause to be taken all other action required to be taken in respect of the transactions contemplated hereby. The Closing will occur at the Title Company, or at any such other place as Seller and Purchaser may mutually agree. At the Closing, Purchaser shall deliver the balance of the Purchase Price to Escrow Agent as provided herein. As provided herein, the parties hereto will agree upon adjustments and prorations to certain items which cannot be exactly determined at the Closing and will make the appropriate adjustments with respect thereto. Possession of the Property shall be delivered to Purchaser at the Closing, subject to Permitted Title Exceptions and guests in possession.

6.2 Seller's Deliveries. At the Closing, Seller shall deliver (or cause to be delivered) to the Escrow Agent all of the following instruments, each of which shall have been duly executed and, where applicable, acknowledged and/or sworn, on behalf of Seller, and shall be dated to be effective as of the Closing Date:

- (a) The Deed.
- (b) The Bill of Sale and General Assignment.
- (c) The Assignment and Assumption Agreement.
- (d) Certificate(s)/Registration of Title for any vehicle owned by Seller and used in connection with the Property (if any).
- (e) The FIRPTA Certificate.
- (f) The "bring-down certificate" specified in Section 5.1(b).
- (g) Any other document or instrument specifically required by this Agreement.

Seller shall also cause the Manager to deliver to Purchaser or make available to Purchaser at the Property:

- (h) all original Warranties, Guarantees, and Hotel Agreements to be assigned to and assumed by Purchaser and in Seller's or the Manager's possession,
- (i) information as to all Advance Bookings, in reasonable detail so as to enable Purchaser to honor Seller's commitments in that regard,
- (j) information as to outstanding Accounts Receivable as of midnight on the date prior to the Closing, including the name of each account and the amount due, and
- (k) all keys, passwords, access cards, combinations, codes and other similar entry or control devices with respect to the Property.

6.3 Purchaser's Deliveries. At the Closing, Purchaser shall deliver to Escrow Agent the following, duly executed and, where applicable, acknowledged and/or sworn on behalf of Purchaser, and dated as of the Closing Date:

- (a) The Assignment and Assumption Agreement.
- (b) The Bill of Sale and General Assignment.
- (c) The "bring-down certificate" specified in Section 5.2(b).
- (d) Any other document or instrument specifically required by this Agreement.
- (e) At the Closing, Purchaser shall deliver to Escrow Agent the Purchase Price (less the Earnest Money and any interest thereon) as described in Section 2.2 hereof.

6.4 Mutual Deliveries. At the Closing, Purchaser and Seller shall mutually execute and deliver each to the other:

(a) A closing statement reflecting the Purchase Price and the adjustments and prorations required hereunder and the allocation of income and expenses required hereby.

(b) Such other documents, instruments and undertakings as may be required by the liquor authorities of the State where the Property is located, or of any county or municipality or governmental entity having jurisdiction with respect to the transfer or issue of liquor licenses or alcoholic beverage licenses or permits for the Hotel, to the extent not theretofore executed and delivered.

(c) Such other and further documents, papers and instruments as may be reasonably required by the Title Company to consummate the transactions contemplated by this Agreement and which are not inconsistent with the Agreement or the other Closing Documents.

6.5 Closing Costs. Seller and Purchaser shall equally divide any escrow fee other expenses or similar charges charged by the Title Company, not to exceed \$2,500.00. Seller shall pay any state transfer tax on the Deed incurred in connection with the conveyance of the Property, and one-half (1/2) the premium for the Owner's Title Policy. Purchaser shall be responsible for payment of all recording fees in connection with the conveyance of the Property. Purchaser shall pay one-half (1/2) the premium for the Owner's Title Policy (with agent premium being split 50/50 with Purchaser's counsel), including any title search fees, but with Purchaser solely responsible for the cost of any endorsements and extended coverage thereunder, and any updated survey. Purchaser shall pay the costs of all inspections or tests undertaken by Purchaser. Purchaser shall pay all costs associated with financing the acquisition of the Property, including, without limitation, lender's title policy together with any endorsements and extended coverage thereunder. Purchaser shall pay all Franchise Costs, including, without limitation, all application fees, inspection fees, PIP fees, transfer fees, and all expenses of Manager or Franchisor, including, without limitation, legal fees and expenses, incurred in connection therewith. Unless the payment of any other cost is specifically provided for in this Agreement, all other costs shall be apportioned between the parties by the Escrow Agent in the manner customary in the location of the Hotel, for properties of a similar nature. Except as otherwise provided in Section 8.3, each party shall be responsible for the payment of its own attorney's fees incurred in connection with transaction which is the subject of this Agreement.

6.6 Revenue and Expense Allocations. All revenues and expenses with respect to the Property, and applicable to the period of time before and after Closing, determined in accordance with sound accounting principles consistently applied, shall be allocated between Seller and Purchaser as provided herein. Seller shall be entitled to all revenue and shall be responsible for all expenses for the period of time up to but not including the date of Closing, and Purchaser shall be entitled to all revenue and shall be responsible for all expenses for the period of time from, after and including the date of Closing provided that the housekeeping costs and the Rooms Ledger for the date of Closing shall be shared equally between Seller and Purchaser. Such adjustments shall be shown on the closing statement (with such supporting documentation as the parties hereto may reasonably require being attached as exhibits to the closing statements) and shall increase or decrease (as the case may be) the cash amount payable by Purchaser pursuant to Section 2.2 hereof. All prorations shall be made on the basis of the actual number of days in the year and month in which the Closing occurs or in the period of computation. Without limiting the generality of the foregoing, the following items of revenue and expense shall be allocated and prorated at Closing:

(a) Current rents.

(b) Real estate, hotel, and personal property taxes (with maximum allowable discounts for early or prompt payment).

(c) Revenue and expenses under the Operating Agreements, Leased Property Agreements and Off-Site Facility Agreements to be assigned to and assumed by Purchaser.

(d) Utility charges (including, but not limited to, charges for phone service, cable television, gas, water, sewer and electricity).

(e) Municipal or other governmental improvement liens and special assessments, which shall be paid by Seller at Closing where the work has been assessed, and which shall be assumed by Purchaser at Closing where the work has not been assessed; provided, however, that if such liens or assessments are payable in installments, then Seller shall be responsible for the payment of such installments relating to periods prior to the Closing Date and Purchaser shall be responsible for the payments of such installments relating to periods on and subsequent to the Closing Date.

(f) License and permit fees, where transferable.

(g) All other revenues and expenses of the Property, including, but not limited to, such things as restaurant, bar and meeting room income and expenses and the like.

(h) The Rooms Ledger and housekeeping costs for the date of Closing (to be apportioned equally between Seller and Purchaser).

(i) Such other items as are usually and customarily prorated between purchasers and sellers of hotel properties in the area where the Property is located.

Seller shall receive a credit for any prepaid expenses accruing to periods on or after the Closing Date. Purchaser shall receive a credit against the Purchase Price for the total of (a) prepaid rents, (b) prepaid room receipts and deposits, function receipts and deposits and other reservation receipts and deposits, and (c) unforfeited security deposits together with any interest payable to a tenant thereon held by Seller under Occupancy Agreements. At Closing, Seller shall sell to Purchaser in connection with the Hotel, and Purchaser shall purchase from Seller at face value: (a) all petty cash funds in connection with the hotel guest operations at the Property; and (b) the so-called "guest ledger" as mutually approved by Seller and Purchaser of guest accounts receivable payable to the Hotel as of the check out time for the Hotel on the Closing Date (based on guest and customers then using the Hotel) both (i) in occupancy from the preceding night through check out time the morning of the Closing Date, and (ii) previously in occupancy prior to check out time on the Closing Date. For purposes of this Agreement, transfer or sale at face value shall have the following meanings: (a) for petty cash, an amount equal to the total of all petty cash funds on hand and transferred to Purchaser; and (b) for the guest ledger, the total of all credit card accounts receivable as shown on the records of the Hotel, less actual collections (i.e. fees retained by credit card companies), less accounting charges for rooms furnished on a gratuity or complimentary basis to any hotel staff or as an accommodation to other parties and less Purchaser's one-half (1/2) share of Rooms Ledger. The purchase price of said petty cash fund and guest ledger shall be paid to Seller at Closing by a credit to Seller in the computation of adjustments and prorations on the Closing Date. The procedure and method of making the proration adjustments set forth in this Section 6.6 is attached to this Agreement as Exhibit B.

Purchaser shall receive a credit for all retail sales (as distinguished from any tax on the sale of any personal property effected pursuant to this Agreement), occupancy and liquor taxes and like impositions up to but not including the date of Closing. Any such taxes applicable to the Rooms Ledger shall be apportioned equally between Seller and Purchaser. Seller shall cooperate reasonably with Purchaser to permit Purchaser to obtain, if desired by Purchaser, sale and occupancy tax clearance certificates from the State in which the Real Property is located.

If accurate allocations cannot be made at Closing because current bills are not obtainable (as, for example, in the case of utility bills and/or real estate or personal property taxes), the parties shall allocate such revenue or expenses at Closing on the best available information, subject to adjustment upon receipt of the final bill or other evidence of the applicable revenue or expense. The obligation to make the adjustment shall survive the closing of the transaction contemplated by this Agreement. Any revenue received or expense incurred by Seller or by Purchaser with respect to the Property after the date of Closing shall be promptly allocated in the manner described herein and the parties shall promptly pay or reimburse any amount due. With respect to any closing statements amounts or issues relating to prorations that are not agreed upon at Closing, Seller and Purchaser shall thereafter work in good faith to resolve such amounts or issues; provided that if such amounts or issues are not fully agreed upon and paid within ten (10) days after the Closing, then, in such event, such amounts or issues shall be submitted to an independent certified public accountant with a hospitality practice reasonably acceptable to Seller and Purchaser for final resolution, and Seller and Purchaser agree to be bound by the determination of such accountant. The costs and expenses incurred in connection with the services of such accountant shall be borne equally by Seller and Purchaser. The provisions of this Section 6.6 shall survive the Closing.

6.7 Safe Deposit Boxes. On the Closing Date, Seller shall cause the Manager to make available to Purchaser at the Hotel all receipts and agreements in the Manager's possession relating to all safe deposit boxes in use at the Hotel, other than safes or lockboxes, if any, located inside individual guest rooms in Hotel. During the Study Period, Seller and Purchaser shall mutually agree upon a procedure to provide notice to each Hotel guest utilizing a safe deposit box on the Closing Date about the sale of the Property and to cause each such Hotel guest to adhere to the procedure set forth in the notice so that a proper inventory can be prepared and an orderly transition made. From and after the Closing, Seller and the Manager shall be relieved of any and all responsibility in connection with each said box, and Purchaser shall indemnify, defend and hold Seller and the Manager and harmless from and against any claim, liability, cost or expense (including reasonable attorneys' fees) with respect to such safety deposit box arising after the Closing. Seller hereby agrees to hold Purchaser harmless from any other liability or claims with respect to such safe deposit boxes arising prior to the Closing Date. The provisions of this Section 6.7 shall survive the Closing.

6.8 Inventory of Baggage. The representatives of Seller and/or Manager, and of Purchaser shall prepare an inventory of baggage at the Hotel as of 12:00 noon on the Closing Date (which inventory of baggage shall be binding on all parties thereto) of (a) all luggage, valises and trunks checked or left in the care of the Hotel by guests then or formerly in the Hotel, (b) parcels, laundry, valet packages and other property of guests checked or left in the care of the Hotel by guests then or formerly in the Hotel (excluding, however, property in Hotel safe deposit boxes), (c) all luggage or other property of guests retained by Seller as security for any unpaid accounts receivable, and (d) all items contained in the Hotel lost and found. Purchaser shall be responsible from and after the Closing Date for all baggage and other items listed in such inventory of baggage, and Purchaser shall indemnify, defend and hold Seller and the Manager harmless from and against any claim liability, cost or expense (including reasonable attorneys' fees) incurred by Seller or the Manager or any Affiliate thereof with respect thereto arising after the Closing Date. Seller hereby agrees to hold Purchaser harmless from any other liability or claims with respect to such inventory of baggage arising prior to the Closing Date. The provisions of this Section 6.8 shall survive the Closing.

6.9 Accounts Receivable. It is expressly agreed by and between Purchaser and Seller that Seller is not hereby agreeing to sell to Purchaser, and Purchaser is not hereby agreeing to purchase from Seller, any of Seller's accounts receivable. All of Seller's accounts receivable shall be and remain the property of Seller. At the Closing, Seller shall prepare a list of its outstanding accounts receivable as of midnight on the date prior to the Closing, specifying the name of each account and the amount due to Seller. Purchaser shall hold any funds received by Purchaser explicitly designated as payment of such accounts receivable, in trust, if Purchaser actually collects any such amounts, and shall pay the monies collected in respect thereof to Seller at the end of each calendar month, accompanied by a statement showing the amount collected on each such account. Other than the foregoing, Purchaser shall have no obligation with respect to any such account, and Purchaser shall not be required to take any legal proceeding or action to effect collection on behalf of Seller. It is generally the intention of Purchaser and Seller that although all of Seller's accounts receivable shall be and remain the property of Seller, if any such accounts are paid to Purchaser, then Purchaser shall collect same and remit to Seller in the manner above provided. Nothing herein contained shall be construed as requiring Purchaser to remit to Seller any funds collected by Purchaser on account of Purchaser's accounts receivable generated from Hotel operations after the Closing, even if the person or entity paying same is also indebted to Seller.

ARTICLE VII GENERAL PROVISIONS

7.1 Fire or Other Casualty. Seller agrees to give Purchaser prompt notice of any fire or other casualty to the Property costing more than One Hundred Thousand Dollars (\$100,000.00) to repair and occurring between the Effective Date and the Closing Date of which Seller has knowledge. If, prior to Closing, the Property is damaged by fire or other casualty which is fully insured (without regard to deductibles) and would cost less than Five Hundred Thousand Dollars (\$500,000.00) and require less than 180 days to repair, then neither party shall have the right to terminate this Agreement by reason thereof and the Closing shall take place without abatement of the Purchase Price, but Seller shall assign to Purchaser at the Closing all of Seller's interest in any insurance proceeds (except use and occupancy insurance, rent loss and business interruption insurance, and any similar insurance, attributable to the period preceding the Closing Date) that may be payable to Seller on account of any such fire or other casualty, to the extent such proceeds have not been previously expended or are otherwise required to reimburse Seller for actual expenditures of restoration made prior to the Closing Date, plus Seller shall credit the amount of any deductibles under any policies related to such proceeds to the Purchase Price together with any amount not covered by insurance. If any such damage due to fire or other casualty is insured and would cost in excess of Five Hundred Thousand Dollars (\$500,000.00) or require more than 180 days to repair, then Purchaser may terminate this Agreement by written notice given to Seller within ten (10) days after Seller has given Purchaser the notice of damage or casualty referred to in this Section 7.1, or on the Closing Date, whichever is earlier, in which case the parties hereto shall be released of all further obligations hereunder, and all earnest money on deposit shall be refunded to Purchaser by the Escrow Agent, with respect to the Property except those which expressly survive a termination of this Agreement. Should Purchaser elect to proceed to Closing notwithstanding the amount of the insured loss or the time required for repairs, the Closing shall take place without abatement of the Purchase Price and at Closing Seller shall assign to Purchaser the insurance proceeds and grant to Purchaser a credit against the Purchase Price equal to the amount of the applicable deductible plus any amount not covered by insurance. If, prior to Closing, any Property is damaged by fire or casualty which is uninsured and would cost Five Hundred Thousand Dollars (\$500,000.00) or more to repair, then Purchaser may terminate this Agreement by written notice given to Seller within ten (10) days after Seller has given Purchaser the notice of damage or casualty or on the Closing Date, and receive a return of all earnest money on deposit with Escrow Agent, whichever is earlier, in which case the parties hereto shall be released of all further obligations hereunder, except those which expressly survive a termination of this Agreement. If Purchaser does not elect to terminate its obligations under this Agreement pursuant to the immediately preceding sentence, or if any uninsured fire or casualty would cost less than Five Hundred Thousand Dollars (\$500,000.00) to repair, then the Closing shall take place as provided herein, and the Purchase Price shall be reduced by the estimated amount to repair such casualty, not to exceed Five Hundred Thousand Dollars (\$500,000.00).

7.2 Condemnation. After the Effective Date, Seller agrees to give Purchaser prompt written notice of any knowledge of or notice of any taking by condemnation of any part of the Real Property. If a taking will materially interfere with the operation or use of the Hotel which constitutes a part of such Real Property, Purchaser may terminate this Agreement by written notice to Seller within ten (10) days after Seller has given Purchaser the notice of taking referred to in this Section 7.2, or on the Closing Date, whichever is earlier. If Purchaser exercises its option to terminate its obligations to purchase the Property pursuant to this Section 7.2, the parties hereto shall be released from all further obligations hereunder with respect to the Property, except those which expressly survive a termination of the Agreement. If Purchaser does not so elect to terminate this Agreement, then the Closing shall take place as provided herein, and Seller shall assign to Purchaser at the Closing all of Seller's interest in any condemnation award which may be payable to Seller on account of any such condemnation and, at Closing, Seller shall credit to the amount of the Purchase Price payable by Purchaser the amount, if any, of condemnation proceeds received by Seller between the Effective Date and Closing less (a) any amounts reasonably expended by Seller in collecting such sums and (b) any amounts reasonably used by Seller to repair the Property as a result of such condemnation. If, prior to Closing, there shall occur a taking by condemnation of any part of or rights appurtenant to the Property that does not materially interfere with the operation or use of the Hotel which constitutes a part of the Property, Purchaser shall not have the right to terminate this Agreement by reason thereof and the Closing shall take place without abatement of the Purchase Price, but Seller shall assign to Purchaser at Closing all of Seller's interest in any condemnation award which may be payable to Seller on account of any such condemnation and, at Closing, Seller shall credit to the amount of the Purchase Price payable by Purchaser the amount, if any, of condemnation proceeds received by Seller between the Effective Date and Closing less (a) any amounts reasonably expended by Seller in collecting such sums and (b) any amounts reasonably used by Seller to repair the Property as a result of such condemnation. Provided Purchaser has not exercised its right to terminate this Agreement pursuant to Section 7.2, Seller shall notify Purchaser in advance regarding any proceeding or negotiation with respect to the condemnation and Purchaser shall have a reasonable right, at its own cost and expense, to appear and participate in any such proceeding or negotiation. For purposes of Sections 7.1 and 7.2 if this Agreement, estimates of costs and time required for restoration or repair shall be made by an architect or engineer, as appropriate, designated by Seller and reasonably acceptable to Purchaser.

7.3 Broker. Seller and Purchaser each represent and warrant to the other that they have not employed any real estate sales representatives or brokers regarding the transaction contemplated by this Agreement other than, in Seller's case, engagement of JLL Hotels and Hospitality in respect of which Seller shall be solely responsible for all related fees due under Seller's separate agreement with such broker. Seller shall indemnify, defend and hold Purchaser harmless from any commission or fee claimed to be owing due to the acts of Seller. Purchaser shall indemnify, defend and hold Seller harmless from any commission or fee claimed to be owing due to the acts of Purchaser. This Section relates solely to the transaction contemplated by this Agreement between Seller and Purchaser and shall not create any third party right or obligation in favor of either or any broker. The provisions of this Section 7.3 shall survive the Closing and any termination of this Agreement.

ARTICLE VIII DEFAULT; TERMINATION RIGHTS

8.1 Default by Seller. If Seller shall fail to perform or comply with any of covenants, acts and agreements contained in this Agreement in any material respect when required to be performed hereunder and such failure shall continue for five (5) business days after Purchaser gives Seller written notice of such failure (but in no event shall such cure period extend beyond the Closing Date), Purchaser, as its sole and exclusive remedy shall elect either (a) to terminate this Agreement, in which event all other rights and obligations of Seller and Purchaser hereunder (except those set forth herein which expressly survive a termination of this Agreement) shall terminate immediately; or (b) to waive such matter or condition and proceed to Closing, with no reduction in the Purchase Price. In the event of such termination, the Earnest Money shall be refunded by the Escrow Agent to Purchaser. Notwithstanding the preceding sentence, if, at Closing, Seller fails to comply in any material respect with any of its obligations contained in Section 6.2 or Section 6.4 (the "Closing Obligations"), and if all conditions precedent to Seller's obligations hereunder have been satisfied and Purchaser has fully performed all of its obligations under the Agreement, Purchaser shall have, in addition to Purchaser's remedies contained in the preceding sentence, the option to waive all other actions, rights, or claims for damages for such failure, other than costs and expenses incurred in enforcing this Agreement, and to bring an equitable action to enforce the Closing Obligations by specific performance; provided, (a) Purchaser shall provide written notice of Purchaser's intention to enforce the Closing Obligations by specific performance, and (b) Purchaser's suit for specific performance shall be filed against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before thirty (30) days following the Closing Date, failing which, Purchaser shall be barred from enforcing the Closing Obligations by specific performance and shall be deemed to have elected to terminate this Agreement as provided herein.

8.2 Default by Purchaser. If Purchaser shall fail to perform or comply with any of covenants, acts and agreements contained in this Agreement in any material respect when required to be performed hereunder and such failure shall continue for five (5) business days after Seller gives Purchaser written notice of such failure (but in no event shall such cure period extend beyond the Closing Date), Seller, as its sole and exclusive remedy, shall be permitted to terminate this Agreement in which event the parties hereto shall be released from all further obligations hereunder except those which expressly survive a termination of this Agreement. In the event of such termination, Seller shall be entitled to receive the Earnest Money from the Escrow Agent as liquidated damages and not as penalty, in full satisfaction of its claims against Purchaser hereunder. Seller and Purchaser agree that Seller's damages resulting from Purchaser's default are difficult, if not impossible, to determine and the Earnest Money is a fair estimate of those damages which has been agreed to in an effort to cause the amount of said damages to be certain.

8.3 Costs and Attorneys' Fees. In the event of any litigation or dispute between the parties arising out of or in any way connected with this Agreement, resulting in any litigation, then the prevailing party in such shall be entitled to recover its costs of prosecuting and/or defending same, including, without limitation, reasonable attorneys' fees at trial and all appellate levels. The provisions of this Section 8.3 shall survive the termination of this Agreement.

8.4 Limitation of Liability. Notwithstanding anything herein to the contrary, the liability of each party hereto resulting from the breach or default by such party shall be limited to direct actual damages incurred by the injured party and each part hereto hereby waives its rights to recover from the other party consequential, punitive, exemplary, and speculative damages. The provisions of this Section 8.4 shall survive the termination of this Agreement.

ARTICLE IX MISCELLANEOUS PROVISIONS

9.1 Completeness; Modification. This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior discussions, understandings, agreements and negotiations between the parties hereto. This Agreement may be modified only by a written instrument duly executed by the parties hereto.

9.2 Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their permitted respective successors and assigns.

9.3 Days. If any action is required to be performed, or if any notice, consent or other communication is given, on a day that is a Saturday or Sunday or a legal holiday in the jurisdiction in which the action is required to be performed or in which is located the intended recipient of such notice, consent or other communication, such performance shall be deemed to be required, and such notice, consent or other communication shall be deemed to be given, on the first business day following such Saturday, Sunday or legal holiday. Unless otherwise specified herein, all references herein to a "day" or "days" shall refer to calendar days and not business days.

9.4 Governing Law. This Agreement and all documents referred to herein shall be governed by and construed and interpreted in accordance with the laws of the state in which the Property is located without regard to its principle of conflicts of law.

9.5 Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. It shall not be necessary that the signature on behalf of both parties hereto appear on each counterpart hereof. All counterparts hereto shall collectively constitute a single agreement. Telecopied or other electronic signatures shall have the same valid and binding effect as original signatures.

9.6 Severability. If any term, covenant or condition of this Agreement, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to other persons or circumstances, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

9.7 Costs. Regardless of whether Closing occurs hereunder, and except as otherwise expressly provided herein, each party hereto shall be responsible for its own costs in connection with this Agreement and the transactions contemplated hereby, including, without limitation, fees of attorneys, engineers and accountants.

9.8 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be delivered by electronic mail, hand, sent prepaid for next-day delivery by Federal Express (or a comparable overnight delivery service) or sent by the United States mail, certified, postage prepaid, return receipt requested, at the addresses and with such copies as designated below. Any notice, request, demand or other communication delivered or sent in the manner aforesaid may be given by the party required to give such notice, or its attorney, and shall be deemed given or made (as the case may be) when actually delivered to or refused by the intended recipient.

If to Seller:

c/o Moody National Companies
9655 Katy Freeway, Suite 600
Houston, Texas 77024
Attn: Alex Sims
Telephone: (713) 977-7500
asims@moodynational.com

and

Sneed, Vine & Perry, P.C.
2705 Bee Cave Road, Suite 160
Austin, TX 78746
Attn: Adam S. Wilk/Sheena Duke
Telephone: (512) 494-3126
Email: awilk@sneedvine.com
sduke@sneedvine.com

If to Purchaser:

c/o Faisal Jiواني
6819 Crumpler Blvd., Suite 100
Olive Branch, MIS 38654
Telephone: 901-438-5973
Facsimile: 662-895-1176
Email: ffjiawani@youraccountingadvisor.com

and:

Cary R Califf, Attorney
FC Law Firm, LLC
6389 Quail Hollow, Suite 201
Memphis, Tennessee 38120
Telephone: 901-335-6781
Email: ccaliff@fclawfirmllc.com

If to Escrow Agent:

Moody National Title Company, LP
9655 Katy Freeway, Suite 610
Houston, Texas 77024
Telephone: (713) 273-6615
Attn: Sunny Finnigan
Email: sfinnigan@moodynational.com

or to such other address as the intended recipient may have specified in a notice to the other party. Any party hereto may change its address or designate different or other persons or entities to receive copies by notifying the other party and Escrow Agent in a manner described in this Section.

9.9 Escrow Agent. Escrow Agent has agreed to act as such for the convenience of the parties without fee or other charges for such services as Escrow Agent. Escrow Agent shall not be liable: (a) to any of the parties for any act or omission to act except for its own willful misconduct; (b) for any legal effect, insufficiency, or undesirability or any instrument deposited with or delivered by Escrow Agent or exchanged by the parties hereunder, whether or not Escrow Agent prepared such instrument; (c) for any loss or impairment of funds that have been deposited in escrow while those funds are in the course of collection, or while those funds are on deposit in a financial institution, if such loss or impairment results from the failure, insolvency or suspension of a financial institution; (d) for the expiration of any time limit or other consequences of delay, unless a properly executed written instruction, accepted by Escrow Agent, has instructed Escrow Agent to comply with said time limit; (e) for the default, error, action or omission of either party to the escrow. Escrow Agent, in its capacity as escrow agent, shall be entitled to rely on any document or paper received by it, believed by such Escrow Agent, in good faith, to be bona fide and genuine. In the event of any dispute as to the disposition of any monies held in escrow, or of any documents held in escrow, Escrow Agent may, if such Escrow Agent so elects, interplead the matter by filing an interpleader action in a court of competent jurisdiction in the county or circuit where the Real Property is located (to the jurisdiction of which both parties do hereby consent), and pay into the registry of the court such monies held by Escrow Agent, or deposit any such documents with respect to which there is a dispute in the registry of such court, whereupon such Escrow Agent shall be relieved and released from any further liability as Escrow Agent hereunder. Escrow Agent shall not be liable for Escrow Agent's compliance with any legal process, subpoena, writ, order, judgment and decree of any court, whether issued with or without jurisdiction, and whether or not subsequently vacated, modified, set aside or reversed.

9.10 Incorporation by Reference. All of the exhibits and schedules attached hereto are by this reference incorporated and made a part hereof.

9.11 Further Assurances. Seller and Purchaser each covenant and agree to sign, execute and deliver, or cause to be signed, executed and delivered, and to do or make, or cause to be done or made, upon the written request of the other party, any and all agreements, instruments, papers, deeds, acts or things, supplemental, confirmatory or otherwise, as may be reasonably required by either party hereto for the purpose of or in connection with consummating the transactions described herein provided that compliance with the provision of this Section shall not increase the liability of the complying party.

9.12 No Partnership. This Agreement does not and shall not be construed to create a partnership, joint venture or any other relationship between the parties hereto except the relationship of seller and purchaser specifically established hereby.

9.13 Time of Essence. Time is of the essence with respect to every provision hereof.

9.14 Signatory Exculpation. The signatory(ies) for Seller and Purchaser is/are executing this Agreement in his/their capacity as representative of such party and not individually and, therefore, shall have no personal or individual liability of any kind in connection with this Agreement and the transactions contemplated by it.

9.15 Rules of Construction. The following rules shall apply to the construction and interpretation of this Agreement:

(a) Singular words shall connote the plural number as well as the singular and vice versa, and the masculine shall include the feminine and the neuter.

(b) All references herein to particular articles, sections, subsections, clauses or exhibits are references to articles, sections, subsections, clauses or exhibits of this Agreement.

(c) The headings contained herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) Each party hereto and its counsel have reviewed and revised (or requested revisions of) this Agreement and have participated in the preparation of this Agreement, and therefore any usual rules of construction requiring that ambiguities are to be resolved against a particular party shall not be applicable in the construction and interpretation of this Agreement or any exhibits hereto.

9.16 No Recording. Neither this Agreement nor any memorandum hereof, or any other instrument intended to give notice hereof (or which actually gives notice hereof) shall be recorded.

9.17 Facsimile/Electronic Signatures. The execution of this Agreement and all notices given hereunder and all amendments hereto, may be effected by facsimile or electronic signatures, all of which shall be treated as originals.

9.18 Assignment by Purchaser. Other than to an Affiliate of Purchaser, Purchaser may not assign its rights hereunder without the prior consent of Seller; however, any such assignment (including one to Purchaser's Affiliate) shall not relieve Purchaser of its obligations under this Agreement.

9.19 Waiver. The excuse or waiver of the performance by a party of any obligation of the other party under this Agreement shall only be effective if evidenced by a written statement signed by the party so excusing or waiving. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by Seller or Purchaser of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

9.20 Section 1031 Exchange. Either party may consummate the purchase or sale of the Property as part of a so-called like kind exchange (an “Exchange”) pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the “Code”), provided that (i) the Closing shall not be delayed or affected by reason of an Exchange nor shall the consummation or accomplishment of any Exchange be a condition precedent or condition subsequent to a party’s obligations under this Agreement; (ii) any party desiring an Exchange shall effect its Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary and the other party shall not be required to take an assignment of the purchase agreement for the relinquished or replacement property or be required to acquire or hold title to any real property for purposes of consummating such Exchange; and (iii) the party desiring an Exchange shall pay any additional costs that would not otherwise have been incurred by Purchaser or Seller had such party not consummated its purchase or sale through an Exchange. Neither party shall by this agreement or acquiescence to an Exchange desired by the other party (1) have its rights under this Agreement affected or diminished in any manner or (2) be responsible for compliance with or be deemed to have warranted to the other party that such party’s Exchange in fact complies with Section 1031 of the Code.

9.21 Confidentiality. Purchaser acknowledges that the existence of the transaction described herein and any documents, materials, instruments, records or other information delivered by Seller to Purchaser pursuant to this Agreement, including, without limitation, the Submission Matters (“Information”), shall be kept confidential by Purchaser, will not be used for any purpose other than in connection with Purchaser’s due diligence, and Purchaser shall neither disclose nor allow the disclosure of the Information or the existence of the transaction to anyone other than Purchaser’s Parties as are appropriate in order to conduct its due diligence.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed in their names by their respective duly authorized representatives.

SELLER:

MOODY NATIONAL HP G-TOWN HOLDING, LLC, a
Delaware limited liability company

By: /s/ Brett C Moody

Name: Brett C. Moody

Title: Authorized Signatory

MOODY NATIONAL HP G-TOWN MT, LLC,
a Delaware limited liability company

By: /s/ Brett C Moody

Name: Brett C. Moody

Title: Authorized Signatory

PURCHASER:

UNITED INTERNATIONAL GROUP LLC,
a Tennessee limited liability company

By: /s/ Faisal Jiwani

Name: Faisal Jiwani

Title: Authorized Signatory

The Escrow Agent and Title Company hereby acknowledges receipt of a fully executed copy of the Agreement as of September ____, 2025 and Escrow Agent agrees to accept, hold and disburse the Earnest Money in accordance with the provisions of the Agreement. The undersigned acknowledges that it is not a party to this Agreement and that it is executing below solely for the purpose of the foregoing acknowledgment and agreement.

ESCROW AGENT:

OLD REPUBLIC TITLE COMPANY

By: _____
Name: _____
Title: _____

Date: September ____, 2025

TITLE COMPANY:

MOODY NATIONAL TITLE COMPANY, L.P.

By: _____
Name: _____
Title: _____

Date: September ____, 2025

EXHIBIT A

LEGAL DESCRIPTION

BEING A SURVEY OF THE PROPERTY SHOWN ON THE FINAL PLAT FOR PHASE 18A OF THE FOREST HILL HEIGHTS AMENDED P.O. AS RECORDED IN PLAT BOOK 243, PAGE 45 AT THE SHELBY COUNTY REGISTER'S OFFICE , LOCATED IN GERMANTOWN, SHELBY COUNTY, TENNESSEE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF WINCHESTER ROAD (70.00 FEET SOUTH OF THE CENTERLINE), SAID POINT BEING S86°22'24"E A DISTANCE OF 582.76 FEET FROM THE INTERSECTION OF THE SOUTH LINE OF WINCHESTER ROAD WITH THE EAST LINE OF FOREST HILL-IRENE ROAD (57.00 FEET EAST OF THE CENTERLINE); THENCE S86°22'24"E ALONG THE SOUTH LINE OF SAID WINCHESTER ROAD A DISTANCE OF 50.02 FEET TO A POINT; THENCE S02°09'54"W A DISTANCE OF 31.07 FEET TO A POINT; THENCE N86°30'48"W A DISTANCE OF 30.01 FEET TO A POINT; THENCE S02°09'54"W A DISTANCE OF 166.29 FEET TO A POINT OF CURVATURE; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 30.00 FEET, AN ARC LENGTH OF 47.12 FEET (CHORD S42°49'40"E – 42.42 FEET) TO THE POINT OF TANGENCY; THENCE S87°49'13"E A DISTANCE OF 6.47 FEET TO A POINT OF CURVATURE; THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 60.00 FEET, AN ARC LENGTH OF 50.48 FEET (CHORD S63°42'57"E – 49.01 FEET) TO A POINT; THENCE S87°49'05"E A DISTANCE OF 19.18 FEET TO A POINT; THENCE S02°10'47"W A DISTANCE OF 24.11 FEET TO A POINT; THENCE S87°49'13"E A DISTANCE OF 194.99 FEET TO A FOUND MONUMENT AT THE NORTHWEST CORNER OF THE BETTER BUSINESS BUREAU OF THE MID-SOUTH, INC. PROPERTY AS RECORDED IN INSTRUMENT LK-3318 AT SAID REGISTER'S OFFICE; THENCE S02°10'17"W ALONG THE WEST LINE OF THE SAID BETTER BUSINESS BUREAU PROPERTY A DISTANCE OF 252.27 FEET TO A FOUND MONUMENT AT THE SOUTHWEST CORNER OF THE SAID BETTER BUSINESS BUREAU PROPERTY; THENCE N83°06'47"W A DISTANCE OF 67.94 FEET TO THE NORTHEAST CORNER OF LOT 2 OF THE CRESTWYN HILLS SUBDIVISION AS RECORDED IN PLAT BOOK 205, PAGE 37 AT SAID REGISTER'S OFFICE; THENCE N87°49'21"W ALONG THE NORTH LINE OF LOTS 2 AND 1 OF THE SAID CRESTWYN HILLS SUBDIVISION A DISTANCE OF 499.39 FEET TO A POINT; THENCE N02°03'51"E A DISTANCE OF 270.83 FEET TO A POINT; THENCE S87°49'13"E A DISTANCE OF 252.24 FEET TO A POINT; THENCE N02°09'54"E A DISTANCE OF 247.93 FEET TO THE POINT OF BEGINNING

Being the same property described in and conveyed to the Grantor herein by Quitclaim Deed of record at Instrument Number 08023659, as corrected by that Correction Quitclaim Deed of record in Instrument Number 08116346, in the Register's Office of Shelby County, Tennessee.

EXHIBIT "A"

EXHIBIT B

PROCEDURE AND METHOD OF PRORATION AND OTHER ADJUSTMENTS

Prior to the Closing, Seller and Purchaser shall jointly prepare a proposed closing statement containing the parties' reasonable estimate of the items requiring proration and adjustment under Section 6.6 and other applicable Sections of this Agreement. Subsequent to the Closing, final adjustments and resulting payments between the parties ("true-ups") shall be made in cash or immediately available funds as soon as practical, but not later than ninety (90) days following the Closing Date.

EXHIBIT "B"

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this "Agreement") is made as of the Effective Date, by and between **MOODY NATIONAL LANCASTER-FRAZER HOLDING, LLC**, a Delaware limited liability company and **MOODY NATIONAL LANCASTER-FRAZER MT, LLC**, a Delaware limited liability company (collectively, the "Seller"), and **BNS ASSOCIATES, LLC**, a Pennsylvania limited liability company (the "Purchaser").

RECITALS

A. Seller is the owner of that certain tract of land located at 635 Lancaster Avenue, Frazer, Pennsylvania, as more particularly described on Exhibit A attached hereto and made a part hereof, and the improvements situated thereon, commonly known as the "Hampton Inn Philadelphia/Great Valley" (the "Hotel").

B. MOODY NATIONAL LANCASTER-FRAZER MT, LLC, a Delaware limited liability company, leases the Hotel from the MOODY NATIONAL LANCASTER-FRAZER HOLDING, LLC, a Delaware limited liability company, in accordance with the terms of that certain Master Lease dated on or about March 25, 2015 (as amended, modified or supplemented, the "Master Lease") and is the owner of all Personal Property used in connection with the operation of the Hotel, which will expire and be of no further force and effect following the transfer of the Property in accordance with this Agreement.

C. Purchaser desires to purchase the above-described property from Seller, and Seller desires to sell the above-described property to Purchaser, for the Purchase Price (as defined below) and upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of premises and in consideration of the mutual covenants, promises and undertakings of the parties hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, it is agreed:

ARTICLE I DEFINITIONS

The following terms shall have the indicated meanings:

1.1 "Accounts Receivable" shall mean all accounts receivable of the Hotel which are shown on the records of the Hotel.

1.2 "Additional Earnest Money" shall have the meaning ascribed to such term in Section 2.3.

1.3 "Advance Bookings" shall mean reservations and agreements made or entered into by Seller or Manager prior to Closing and assumed by Purchaser for Hotel rooms or meeting rooms to be utilized after Closing, or for catering services or other Hotel services to be provided after Closing, in the ordinary course of business.

1.4 "Affiliate" shall mean any Person that is directly or indirectly (through one or more intermediaries) controlled by, under common control with, or controlling another Person. For the purposes of this definition, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person or the power to veto major policy decisions of any Person, whether through the ownership of voting securities, by contract or otherwise.

1.5 "Assignment and Assumption Agreement" shall mean an assignment and assumption agreement between Seller and Purchaser in a form reasonably acceptable to Seller and Purchaser whereby Seller assigns and Purchaser assumes all of Seller's rights, title and interest in and to the Hotel Agreements and the Advanced Bookings.

1.6 "Authorizations" shall mean all certificates of occupancy, licenses, permits, authorizations and approvals required by any governmental or quasi-governmental agency, body, department, commission, board, bureau, instrumentality or officer, or otherwise appropriate with respect to the construction, ownership, operation, leasing, maintenance, or use of the Property or any part thereof.

1.7 "Bill of Sale and General Assignment" shall mean a bill of sale and general assignment between Seller and Purchaser in a form reasonably acceptable to Seller and Purchaser, conveying title to the Personal Property (other than Leased Property) from Seller to Purchaser, together with any Warranties and Guaranties related thereto.

1.8 "Closing" shall mean the consummation of the sale and purchase of the Property pursuant to this Agreement.

- 1.9 “Closing Date” shall mean thirty (30) days after the expiration of the Study Period, as may be extended in accordance with Section 6.1 hereof.
- 1.10 “Closing Documents” shall mean the documents defined as such in Article VI.
- 1.11 “Closing Extension Deposit” shall have the meaning ascribed to such term in Section 6.1.
- 1.12 “Deed” shall mean a special warranty deed in a form reasonably acceptable to Seller and Purchaser, conveying fee title to the Real Property from Seller to Purchaser, subject to a mineral reservation and the Permitted Title Exceptions.
- 1.13 “Earnest Money” shall have the meaning ascribed to such term in Section 2.3.
- 1.14 “Effective Date” (or other similar phrases such as “date of this Agreement” or “date hereof”) shall mean Friday, September 26, 2025.
- 1.15 “Escrow Agent” shall mean Moody National Title Company, L.P., 9655 Katy Freeway, Suite 610, Houston, Texas 77024, as agent for Old Republic Title Company, Inc.
- 1.16 “FIRPTA Certificate” shall mean the affidavit of Seller under Section 1445 of the Internal Revenue Code, as amended.
- 1.17 “Governmental Authority” shall mean any federal, state, county, municipal or other government or governmental or quasi-governmental agency, department, commission, board, bureau, office or instrumentality, foreign or domestic, or any of them.
- 1.18 “Hotel” shall have the definition ascribed to such term in the Recitals.
- 1.19 “Hotel Agreements” shall mean collectively the Operating Agreements, Leased Property Agreements, Off-Site Facility Agreements, and the Occupancy Agreements.
- 1.20 “Improvements” shall mean the Hotel and all other buildings, structures, improvements, and all fixtures, systems, facilities and all other items of real estate located on the Land.
- 1.21 “Independent Contract Consideration” shall mean One Hundred and No/100 Dollars (\$100.00) of the Earnest Money which shall be paid by the Escrow Agent to Seller in the event that Purchaser elects to terminate this Agreement.
- 1.22 “Initial Earnest Money” shall have the meaning ascribed to such term in Section 2.3.
- 1.23 “Insurance Policies” shall mean all policies of insurance maintained by or on behalf of Seller pertaining to the Property, its operation, or any part thereof.
- 1.24 “Intangible Personal Property” shall mean, to the extent assignable, Seller’s right, title and interest, if any, in and to all intangible personal property owned or possessed by Seller and used in connection with the ownership or operation of the Property, including, without limitation, (1) Authorizations, (2) utility and development rights and privileges, general intangibles, business records, plans and specifications pertaining to the Real Property and the Personal Property, (3) any unpaid award for taking by condemnation or any damage to the Land by reason of a change of grade or location of or access to any street or highway, (4) the share of the Rooms Ledger determined under Section 6.6(h) hereof, and (5) Advance Bookings, excluding Seller’s cash on hand, in the bank accounts and invested with financial or other institutions.
- 1.25 “Inventory” shall mean all inventories of food, beverage and consumable items in opened or unopened cases and all in-use reserve stock of linens, towels, paper goods, soaps, cleaning supplies, office supplies, engineering supplies, maintenance supplies, parts and tools and other “inventories of merchandise” and “inventories of supplies” as such terms are defined in the Uniform System of Accounts for Hotels used in connection with the operation and maintenance of the Hotel.
- 1.26 “Knowledge” shall mean the actual knowledge of Jan Burleson, without any duty of inquiry or investigation. For the purposes of this definition, the term “actual knowledge” means, with respect to any person, the conscious awareness of such person at the time in question and expressly excludes any constructive or implied knowledge of such person.

1.27 “Land” shall mean that certain parcel of real estate described on Exhibit A hereof, together with all rights, titles, benefits, easements, privileges, remainders, tenements, hereditaments, interests, reversions and appurtenances thereunto belonging or in any way appertaining, and all of the estate, right, title, interest, claim or demand whatsoever of Seller therein, in and to adjacent strips and gores, if any, between the Land and abutting properties, and in and to adjacent streets, highways, roads, alleys or rights-of-way, and the beds thereof, either at law or in equity, in possession or expectancy, now or hereafter acquired.

1.28 “Leased Property” shall mean all leased items of Tangible Personal Property, including items subject to any capital lease, operating lease, financing lease, or any similar agreement (if any).

1.29 “Leased Property Agreements” shall mean all lease agreements pertaining to the Leased Property (if any).

1.30 “License Agreement” shall mean the license or franchise agreement from Licensor with respect to the Hotel.

1.31 “Licensor” shall mean Hilton Franchise Holdings, LLC.

1.32 “Management Agreement” shall mean the management agreement between Seller and the Manager for the management and operation of the Hotel.

1.33 “Manager” shall mean Moody National Hospitality Management, LLC.

1.34 “Occupancy Agreements” shall mean all leases, concession or occupancy agreements in effect with respect to the Real Property under which any tenants (other than Hotel guests) or concessionaires have the right to occupy space upon the Real Property.

1.35 “Off-Site Facility Agreements” shall mean any leases, contracts and agreements, if any, pertaining to facilities not located on the Property but which are required and presently used for the operation of the Hotel including, without limitation, use agreements for local golf courses, and parking or garage contracts or leases.

1.36 “Operating Agreements” shall mean all service, supply, maintenance and repair, and other similar contracts in effect with respect to the Property (other than the Occupancy Agreements, Leased Property Agreements, Management Agreement, Off-Site Facility Agreements and the Employee Agreements) related to construction, operation, or maintenance of the Property and the business conducted thereon.

1.37 “Owner’s Title Policy” shall mean an owner’s policy of title insurance issued to Purchaser by the Title Company, pursuant to which the Title Company (or any applicable underwriter) insures Purchaser’s ownership of fee simple title to the Real Property, subject only to Permitted Title Exceptions.

1.38 “Person” shall mean an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a Governmental Authority.

1.39 “Permitted Title Exceptions” shall mean those exceptions to title to the Real Property that are satisfactory or deemed satisfactory to Purchaser as determined pursuant to Section 2.4(e) hereof.

1.40 “Personal Property” shall mean collectively the Tangible Personal Property and the Intangible Personal Property.

1.41 “Property” shall mean collectively the Real Property and Personal Property; provided, however, that the Property shall specifically exclude (i) property of hotel guests, (ii) property of the Manager, (iii) all cash, cash equivalents on hand or in any bank account, operating account or other account maintained in connection with the ownership, management or operation of the Property, (iv) accounts receivable and any right to a refund or other payment relating to a period prior to the Closing, (v) any pre-paid deposits or accounts receivable related to the Hotel operation, (vi) the Management Agreement, (vii) the Master Lease, (viii) the existing License Agreement, and (viii) all insurance claims or proceeds arising out of or relating to events that occur prior to the Closing Date.

1.42 “Purchase Price” shall mean the amount of TEN MILLION FOUR HUNDRED THOUSAND AND NO/DOLLARS (\$10,400,000.00) payable in the manner described in Section 2.2 hereof, which amount shall include the Inventory.

1.43 “Purchaser Parties” shall mean Purchaser’s directors, officers, lenders, employees, agents, counsel, consultants or representatives.

1.44 “Purchaser’s Objections” shall mean the objections defined as such in Section 2.4(e).

1.45 “Real Property” shall mean the Land and the Improvements.

- 1.46 “Rooms Ledger” shall mean the final night’s room revenue (revenue from rooms occupied as of 12:01 a.m. on the Closing Date, exclusive of food, beverage, telephone and similar charges which shall be retained by Seller), including any sales taxes, room taxes or other taxes thereon.
- 1.47 “Seller’s Response” shall have the meaning ascribed to such term in Section 2.4(e).
- 1.48 “Seller’s Response Period” shall have the meaning ascribed to such term in Section 2.4(e).
- 1.49 “Study Period” shall mean the period ending at 5:00 p.m. Central Time on the date which is forty-five (45) days from the Effective Date.
- 1.50 “Submission Matters” shall mean the definition ascribed to such term in Section 2.4(b) hereof.
- 1.51 “Tangible Personal Property” shall mean the items of tangible personal property consisting of all furniture, fixtures, equipment, machinery, Inventory, all vehicles used in operation of Property and the Hotel and other Tangible Personal Property of every kind and nature (which does not include cash-on-hand and petty cash) located at the Hotel and owned or leased by Seller, including, without limitation, Seller’s interest as lessee with respect to any such leased Tangible Personal Property.
- 1.52 “Title Commitment” shall mean the title commitment and exception documents defined as such in Section 2.4(e).
- 1.53 “Title Company” shall mean Old Republic Title Company, Inc.
- 1.54 “Warranties and Guaranties” shall mean, to the extent assignable, all of Seller’s interest, if any, in any existing warranties and guaranties relating to the development, construction, ownership and operation of the Improvements, the Tangible Personal Property, the Hotel or any part thereof.

ARTICLE II PURCHASE AND SALE; DEPOSIT; PAYMENT OF PURCHASE PRICE; STUDY PERIOD

- 2.1 Purchase and Sale. Seller agrees to sell and Purchaser agrees to purchase the Property for the Purchase Price and in accordance with and subject to the other terms and conditions set forth herein.
- 2.2 Payment of Purchase Price. Purchaser shall pay the Purchase Price, as adjusted in the manner specified in Article VI and as set forth below, to Seller (or other party designated by Seller) at Closing by making a wire transfer of immediately available federal funds to the account of Seller (or other party designated by Seller). Such wire transfer shall be sent by Purchaser to the Escrow Agent for the account of Seller no later than 12:01 p.m. Central Time on the Closing Date.
- 2.3 Earnest Money. Within one (1) business day following the execution and delivery of this Agreement by both parties to the Escrow Agent, Purchaser will deliver to the Escrow Agent the sum of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$250,000.00) (the “Initial Earnest Money”) which shall be non-refundable upon deposit but shall be applicable to the Purchase Price at Closing. Within one (1) business day following the expiration of the Study Period, assuming Purchaser has not previously elected to terminate this Agreement, Purchaser shall deliver to the Escrow Agent the additional sum of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$250,000.00) (the “Additional Earnest Money”) which shall be non-refundable upon deposit but shall be applicable to the Purchase Price at Closing (the Initial Earnest Money, the Additional Earnest Money, if any, the Closing Extension Deposit, if any, and all interest earned thereon are hereinafter collectively referred to as the “Earnest Money”). The Earnest Money shall be invested by the Escrow Agent in non-interest bearing accounts at banks or other financial institutions, which accounts must be insured by the Federal Deposit Insurance Corporation. All interest earned on such deposits shall belong to the party (as between Seller and Purchaser) who is entitled to receive the Earnest Money under the applicable provisions of this Agreement. In the event the transactions contemplated herein are not closed in accordance with the provisions hereof, the Earnest Money shall be disbursed to either Seller or Purchaser as provided in this Agreement.

2.4 Due Diligence.

(a) Purchaser shall have the right, until 5:00 p.m. Central Time the last day of the Study Period, and thereafter if Purchaser does not notify Seller in writing prior to the expiration of the Study Period that Purchaser has elected to terminate this Agreement, to enter upon the Real Property upon not less than two (2) business days prior notice to Seller, and to perform at Purchaser's expense, and subject to terms and conditions set forth in Section 2.4(d) below, such economic, surveying, engineering, topographic, environmental, marketing and other test, studies and investigations as Purchaser may deem appropriate. If such tests, studies and investigations warrant, in Purchaser's sole, absolute and unreviewable discretion, the purchase of the Property for the purposes contemplated by Purchaser, then Purchaser shall proceed with this transaction in accordance with and subject to the terms of this Agreement; provided, however, if, prior to the expiration of the Study Period, Purchaser provides written notice to Seller and Escrow Agent that it has determined in its sole, absolute and unreviewable discretion, to terminate this Agreement, this Agreement shall terminate, and Seller and Purchaser shall be released from all further liability or obligation hereunder except those which expressly survive a termination of this Agreement. In the event of such termination, the Earnest Money, including the Independent Contract Consideration, shall be released by the Escrow Agent to Seller.

(b) Within five (5) business days following the Effective Date, Seller shall deliver copies of the following items to Purchaser, to the extent such items are in Seller's possession ("Submission Matters"):

- (1) Seller's existing Survey;
- (2) Hotel Agreements;
- (3) Financials for previous twenty-four (24) months;
- (4) STR Report for previous twenty-four (24) months and current;
- (5) Advanced Bookings;
- (6) Real Estate Tax Bills for current year and previous two (2) years; and
- (7) Personal Property Tax Bills for current year and previous two (2) years.
- (8) Most recent environmental studies, including any Phase I or Phase II, of the Property.
- (9) All existing licenses and permits of the Property.

(c) If for any reason whatsoever Purchaser does not purchase the Property, Purchaser shall promptly deliver to Seller, (i) copies of the due diligence materials delivered to or copied by Purchaser or Purchaser Parties, and (ii) copies of all third-party reports prepared by or for Purchaser or Purchaser Parties with respect to the Property; provided, however, that Purchaser shall not be obligated to deliver to Seller any materials of a proprietary nature (such as, for the purposes of example only, any financial forecast or market repositioning plans) prepared for Purchaser or Purchaser Parties in connection with the Property, and Seller acknowledges that any such materials delivered to Seller pursuant to the provisions of clause (ii) shall be without cost to Purchaser and without warranty, representation or recourse whatsoever other than that such materials have been fully paid for and may be delivered to Seller. The terms of this Section 2.4(c) shall survive the termination of this Agreement.

(d) Purchaser shall indemnify, hold harmless and defend Seller against any loss, damage, liability or claim for personal injury or property damage and any other loss, damage, liability, claim or lien to the extent arising from the acts upon the Real Property by Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties. Purchaser understands and accepts that any on-site inspections of the Property shall occur at reasonable times agreed upon by Seller and Purchaser after not less than one (1) business day prior notice to Seller and shall be conducted so as not to interfere unreasonably with the operation of the Property and the use of the Property by the tenants and the guests of the Hotel. Seller shall have the right to have a representative present during any such inspections. If Purchaser desires to do any invasive testing at the Property, Purchaser shall do so only after obtaining the prior written consent of Seller, which consent shall be within Seller's sole and absolute discretion. Purchaser shall not permit any liens to attach to the Property by reason of such inspections. Purchaser shall (i) restore the Property, at its own expense, to substantially the same condition which existed prior to any inspections or other activities of Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties thereon; and (ii) be responsible for and pay any and all liens by contractors, subcontractors, materialmen, or laborers performing the inspections or any work for Purchaser or Purchaser Parties on or related to the Property. Purchaser shall procure and continue in force from and after the date Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties first enters the Property, and continuing throughout the term of this Agreement, comprehensive general liability insurance with a combined single limit of not less than \$3,000,000 per occurrence, or commercial general liability insurance, with limits of not less than \$3,000,000 per occurrence and \$2,000,000 per event. Seller and its lender shall be included and named as an additional insured under such comprehensive general liability or commercial general liability coverage. Such insurance shall include: (i) personal injury liability with employee and contractual exclusions removed; and (ii) a waiver of subrogation in favor of Seller and its lender without exception for the negligence of any additional insured. Purchaser or Purchaser Parties or any agents, contractors or employees of Purchaser or Purchaser Parties will not be permitted to come onto the Property unless and until Purchaser or Purchaser Parties has provided to Seller a certificate of insurance evidencing such coverage, the additional insured status of Seller and its lender, and such waiver of subrogation. The provisions of this Section 2.4(d) shall survive any termination of this Agreement and a closing of the transaction contemplated hereby and are not subject to any liquidated damage limitation on remedies, notwithstanding anything to the contrary in this Agreement.

(e) Within ten (10) days following the Effective Date, Seller shall cause the Title Company to furnish to Purchaser, (i) a title insurance commitment bearing an effective date not earlier than thirty (30) days prior to the Effective Date issued by the Title Company covering the Real Property, binding the Title Company to issue the Owner's Title Policy together with copies of all documents identified in such title insurance commitment as exceptions to title (collectively, the "Title Commitment") with respect to the state of title to the Real Property. Upon five (5) business days following its receipt of the Title Commitment, Purchaser shall notify Seller of any matters identified in the Title Commitment that Purchaser is unwilling to accept (collectively, the "Purchaser's Objections"). Other than as specifically required in this Agreement, Seller shall not be obligated to incur any expenses or incur any liability to cure any Purchaser's Objections. Seller may notify Purchaser within five (5) business days after receipt of Purchaser's Objections (the "Seller's Response Period") whether Seller, in its sole discretion, agrees to cure any of such Purchaser's Objections (the "Seller's Response"). If Seller agrees in Seller's Response Period to attempt to cure any of such Purchaser's Objections, then Seller shall use good faith efforts (without the obligation to expend any money or incur any liability) to cure such Purchaser's Objections which Seller has agreed to attempt to cure on or before the Closing Date. If Seller is unable to cure such Purchaser's Objections on or before the Closing Date, then Purchaser shall, elect (1) to waive such Purchaser's Objections without any abatement in the Purchase Price and proceed to close, or (2) to terminate this Agreement in which case the parties hereto shall be released from all further obligations hereunder, except those which expressly survive a termination of this Agreement. If Seller does not provide Seller's Response to Purchaser within Seller's Response Period, then Seller shall be deemed to have elected not to attempt to cure any Purchaser's Objections. If Seller elects in Seller's Response not to attempt to cure all or any number of Purchaser's Objections or if Seller is deemed to have elected not to attempt to cure Purchaser's Objections pursuant to the preceding sentence, upon three (3) days following expiration of Seller's Response Period, Purchaser shall elect either to (1) waive any Purchaser's Objections which Seller has elected or is deemed to have elected not to attempt to cure without any abatement in the Purchase Price and proceed to close, or (2) terminate this Agreement in which case the parties hereto shall be released from all further obligations hereunder, except those which expressly survive a termination of this Agreement. In the event Purchaser does not provide to Seller notice of Purchaser's election under the preceding sentence, then Purchaser shall be deemed to have elected clause (1) of the preceding sentence. In the event of Purchaser's termination, the Earnest Money, including the Independent Contract Consideration, shall be released by the Escrow Agent to Seller.

(f) It is hereby agreed and acknowledged that the Property is currently subject to an existing License Agreement between Licensor and Moody National HP G-Town MT, LLC. Pursuant to the terms of the License Agreement, Seller is not authorized to sell the Property unless Purchaser has been approved by Licensor, and Purchaser and Licensor have entered into a new franchise agreement with Licensor with respect to the Property. As a material part of the consideration for this Agreement, Purchaser shall be responsible for entering into a new franchise agreement with Licensor, or otherwise reaching an agreement with Licensor to terminate the License Agreement, in a manner that results in Seller, Manager, if applicable, and any guarantor being released from all future duties, liabilities and obligations under the License Agreement and any guarantee(s) thereof, in such form and to such an extent that Licensor customarily provides. Purchaser shall bear the cost of, and hereby agrees to pay, when due, any and all fees and expenses related to the new franchise agreement (collectively, the “Franchise Costs”). Purchaser shall use diligent efforts to enter into a new franchise agreement with Licensor effective as of the Closing Date.

ARTICLE III SELLER’S REPRESENTATIONS AND WARRANTIES

In order to induce Purchaser to enter into this Agreement and to purchase the Property, and to pay the Purchase Price therefore and except for and subject to the information contained in the Submission Matters, Seller hereby makes, to Seller’s Knowledge, the representations and warranties set forth below. Each such representation shall be materially true and correct on the Effective Date and shall be materially true and correct on the Closing Date, provided that Seller shall have no liability if, as a result of any changes in facts or circumstances beyond Seller’s reasonable control, such representations and warranties are not true as of the Closing Date.

3.1 Organization and Power. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to enter into and perform its obligations hereunder and under any document or instrument required to be executed and delivered on behalf of Seller hereunder.

3.2 Authorization and Execution. Subject to obtaining approval by the board of directors and shareholders of Moody National REIT II, Inc., this Agreement (and all documents contemplated hereby) has been duly authorized by all necessary action on the part of Seller, has been duly executed and delivered by Seller, constitutes the valid and binding agreement of Seller and is enforceable against Seller in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors’ rights generally or by the principles governing the availability of equitable remedies. The Person executing this Agreement on behalf of Seller, for and on behalf of Seller, has the authority to do so.

3.3 Non-Contravention. Subject to any consent to the assignment of any particular Hotel Agreement required by the terms thereof or by applicable laws and to the payment in full at Closing of any monetary encumbrances, the execution and delivery of, and the performance by Seller of its obligations under, this Agreement do not and will not contravene, or constitute a default under, any provision of any applicable law or regulation, Seller’s organizational documents or any agreement, judgment, injunction, order, decree or other instrument binding upon Seller or to which the Property is subject, or result in the creation of any lien or other encumbrance on any asset of Seller.

3.4 Litigation. There is no action, suit or proceeding, pending or known to be threatened, against or affecting Seller in any court or before any arbitrator or before any Governmental Authority which would materially and adversely affect the ability of Seller to perform its obligations hereunder, or under any document to be delivered pursuant hereto.

3.5 Seller Is Not a “Foreign Person”. No Seller is a “foreign person” or a “disregarded entity” within the meaning of Section 1445 of the Internal Revenue Code, as amended (i.e., Seller is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person as those terms are defined in the Internal Revenue code and regulations promulgated thereunder).

3.6 Insurance. All insurance policies held with respect to the Property by Seller are valid and in full force and effect.

3.7 Right to Purchase. Seller has not granted to any Person other than Purchaser, any right to purchase the Property or any portion thereof or interest therein.

3.8 Condemnation. There is not any pending or threatened condemnation or similar proceedings affecting the Property.

The representations and warranties in this Article III shall survive the Closing for a period of six (6) months following the Closing Date ("Survival Period"). Notwithstanding anything to the contrary contained in this Agreement, any claim that Purchaser may have during the Survival Period against Seller for any breach of the representations and warranties contained in this Article III will not be valid or effective, and Seller shall have no liability with respect thereto, unless the aggregate of all valid claims exceed \$50,000.00. Seller's liability for damages resulting from valid claims during the Survival Period shall in no event exceed one percent (1%) of the Purchase Price in the aggregate. Purchaser agrees that, with respect to any alleged breach of representations in this Agreement discovered after the Survival Period, the maximum liability of Seller for all such alleged breaches is limited to \$100.00. In the event Purchaser obtains actual knowledge on or before Closing of any material inaccuracy in any of the representations and warranties contained in this Article III, Purchaser may as Purchaser's sole and exclusive remedy either: (i) terminate this Agreement whereupon the Earnest Money, including the Independent Contract Consideration, shall be released to Seller, and neither party shall have any further rights or obligations pursuant to this Agreement, other than as set forth herein with respect to rights or obligations that survive termination; or (ii) waive any and all claims against Seller on account of such inaccuracy and close the transaction. In the event Purchaser obtains knowledge on or before the expiration of the Study Period of any inaccuracy in any of the representations and warranties contained in this Article III, and Purchaser does not terminate this Agreement on or before the expiration of the Study Period, Purchaser shall be deemed to have waived any and all claims against Seller on account of such inaccuracy (including the right to terminate this Agreement following the expiration of the Study Period). The provisions of this Article III shall survive the Closing.

ARTICLE IV PURCHASER'S REPRESENTATIONS AND WARRANTIES

In order to induce Seller to enter into this Agreement and to sell the Property, Purchaser hereby makes the following representations and warranties, each of which is made to Purchaser's knowledge:

4.1 Organization and Power. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite power and authority to enter into and perform its obligations under this Agreement and any document or instrument required to be executed and delivered on behalf of Purchaser hereunder.

4.2 Authorization and Execution. This Agreement has been duly authorized by all necessary action on the part of Purchaser, has been duly executed and delivered by Purchaser, constitutes the valid and binding agreement of Purchaser and is enforceable against Purchaser in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies. The Person executing this Agreement on behalf of Purchaser has the authority to do so.

4.3 Non-Contravention. The execution and delivery of this Agreement and the performance by Purchaser of its obligations hereunder do not and will not contravene, or constitute a default under, any provisions of applicable law or regulation, Purchaser's organizational documents, or any agreement, judgment, injunction, order, decree or other instrument binding upon Purchaser or result in the creation of any lien or other encumbrance on any asset of Purchaser.

4.4 Litigation. There is no action, suit or proceeding, pending or known to be threatened, against or affecting Purchaser in any court or before any arbitrator or before any Governmental Authority which would materially and adversely affect the ability of Purchaser to perform its obligations hereunder, or under any document to be delivered pursuant hereto.

4.5 OFAC. Purchaser represents and warrants to Seller that neither Purchaser nor any affiliate of Purchaser is subject to sanctions of the United States government or in violation of any federal, state, municipal or local laws, statutes, codes, ordinances, orders, decrees, rules or regulations relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) (the "Terrorism Executive Order") or is similarly designated under any related enabling legislation or any other similar Executive Orders (collectively with the Terrorism Executive Order, the "Executive Orders"), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the "Patriot Act"), any sanctions and regulations promulgated under authority granted by the Trading with the Enemy Act, 50 U.S.C. App. 1-44, as amended from time to time, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, as amended from time to time, the Iraqi Sanctions Act, Publ. L. No. 101-513; United Nations Participation Act, 22 U.S.C. § 287c, as amended from time to time, the International Security and Development Cooperation Act, 22 U.S.C. § 2349 aa-9, as amended from time to time, The Cuban Democracy Act, 22 U.S.C. §§ 6001-10, as amended from time to time, The Cuban Liberty and Democratic Solidarity Act, 18 U.S.C. §§ 2332d and 2339b, as amended from time to time, and The Foreign Narcotics Kingpin Designation Act, Publ. L. No. 106-120, as amended from time to time.

4.6 AS IS, WHERE IS. PURCHASER EXPRESSLY ACKNOWLEDGES AND AGREES THAT, AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, THE PROPERTY IS BEING SOLD TO PURCHASER AND PURCHASER AGREES TO PURCHASE AND ACCEPT THE PROPERTY, AND EACH AND EVERY PART AND COMPONENT THEREOF, IN AN “AS IS, WHERE IS” CONDITION AS OF THE CLOSING WITH NO REPRESENTATIONS OR WARRANTIES FROM SELLER, EITHER EXPRESS OR IMPLIED EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. PURCHASER AGREES THAT PURCHASER IS NOT RELYING UPON, AND HAS NOT RECEIVED OR BEEN GIVEN, ANY REPRESENTATIONS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT), STATEMENTS OR WARRANTIES (ORAL OR WRITTEN, IMPLIED OR EXPRESS) OF OR BY ANY OFFICER, EMPLOYEE, AGENT OR REPRESENTATIVE OF SELLER, OR ANY SALESPERSON OR BROKER (IF ANY) INVOLVED IN THIS TRANSACTION, AS TO THE PROPERTY OR ANY PART OR COMPONENT THEREOF IN ANY RESPECT, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATIONS, STATEMENTS OR WARRANTIES AS TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY, THE FITNESS OF THE PROPERTY FOR USE AS A HOTEL, THE FINANCIAL PERFORMANCE OR POTENTIAL OF THE PROPERTY, THE COMPLIANCE OF THE PROPERTY WITH APPLICABLE BUILDING, ZONING, SUBDIVISION, ENVIRONMENTAL, LIFE SAFETY OR LAND USE LAWS, CODES, ORDINANCES, RULES, ORDERS, OR REGULATIONS, OR THE STATE OF REPAIR OF THE PROPERTY, AND PURCHASER, FOR ITSELF AND ITS HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, WAIVES ANY RIGHT TO ASSERT ANY CLAIM OR DEMAND AGAINST SELLERS AT LAW OR IN EQUITY RELATING TO ANY SUCH MATTER, WHETHER LATENT OR PATENT, DISCLOSED OR UNDISCLOSED, KNOWN OR UNKNOWN, NOW EXISTING OR HEREAFTER ARISING. EXCEPT FOR ANY TITLE OR SURVEY MATTERS CREATED SOLELY BY SELLER IN VIOLATION OF THIS AGREEMENT, PURCHASER AGREES THAT IT SHALL HAVE NO RECOURSE WHATSOEVER AGAINST SELLER, AT LAW OR IN EQUITY, SHOULD THE SURVEY OR THE TITLE INSURANCE COMMITMENTS OR THE TITLE POLICIES FAIL TO DISCLOSE ANY MATTER AFFECTING THE PROPERTY OR REVEAL ANY SUCH MATTER IN AN INACCURATE, MISLEADING OR INCOMPLETE FASHION OR OTHERWISE BE IN ERROR. PURCHASER ACKNOWLEDGES THAT IT SHALL REVIEW THE SURVEY AND THE TITLE INSURANCE COMMITMENTS (AS SAME MAY BE MARKED AT CLOSING) AND TO DISCUSS THEIR CONTENTS WITH THE INDEPENDENT CONTRACTORS WHO PREPARED OR ISSUED EACH OF THEM. PURCHASER ACCORDINGLY AGREES TO LOOK SOLELY TO THE PREPARER OF THE SURVEY AND THE ISSUER OF THE TITLE INSURANCE COMMITMENTS AND TITLE POLICIES FOR ANY CLAIM ARISING OUT OF OR IN CONNECTION WITH SUCH INSTRUMENTS AND HEREBY RELEASES SELLERS FROM ANY SUCH CLAIM (EXCEPT FOR ANY CLAIM THAT SELLER AGREES TO CURE AS SET FORTH IN THIS AGREEMENT).

Purchaser recognizes that the Hotels and Personal Property are not new and that there exists a possibility that the Property is not in compliance with the requirements which would be imposed on a newly constructed hotel by presently effective federal, state and local building, plumbing, electrical, fire, health, handicap, environmental and life safety laws, codes, ordinances, rules, orders and/or regulations (collectively, the “building codes”). The Hotels and other improvements on the Land may contain substances or materials no longer permitted to be used in newly constructed buildings including, without limitation, asbestos or other insulation materials, lead or other paints, wiring, electrical, or plumbing materials and may not contain other materials or equipment required to be installed in a newly constructed building. Purchaser has had the opportunity, as set forth in Section 2.4, to review the results of such investigations and inspections of the Property as Purchaser deemed necessary with respect to all such matters. Purchaser agrees to accept and shall the Property in an “AS-IS, WHERE IS” condition and at Closing to accept and assume the risk of noncompliance of the Property with all such building codes. Except with respect to those representations set forth in Article III hereof, Purchaser waives any right to excuse (except as specifically set forth in this Agreement) or delay performance of its obligations under this Agreement or to assert any claim against Sellers (before or after Closing) arising out of any failure of the Property to comply with any such building codes.

Except with respect to those representations set forth in Article III, it is specifically understood and agreed by Seller and Purchaser that Seller does not make, and shall not be deemed to have made, any representation, warranty or covenant with respect to (i) any Environmental Laws that may affect any of the Property, or (ii) the presence or absence of any Hazardous or Toxic Substances in, on, above, under or about any of the Property ("Environmental Conditions"). From and after Closing, Purchaser agrees for itself and for its heirs, successors and assigns, to waive all of its rights under this Agreement, if any, and any Environmental Laws to require Seller to remediate or "clean up" the Property and releases Seller from any liability of any kind or nature arising with respect to any Environmental Conditions at the Property. As used in this Agreement, (A) the term "Environmental Laws" means all federal, State and local laws, codes, ordinances, rules, orders and regulations now or hereafter in effect relating to pollution or the protection of the environment, including without limitation, all laws, codes, ordinances, rules, orders and regulations governing the generation, use, collection, treatment, storage, transportation, recovery, removal, discharge, spill or disposal of any or all Hazardous or Toxic Substances, and (B) the term "Hazardous Substances" or "Toxic Substances" means materials and substances defined as "hazardous substances", "hazardous wastes", "toxic substances" or "toxic wastes" in (I) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601-9675, as amended by the Superfund Amendments and Reauthorization Act of 1988, and any further amendments thereto and rules, orders and regulations thereunder; (II) the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901-6992, as amended by the Hazardous and Solid Waste Amendments of 1984, and any further amendments thereto and rules, orders and regulations thereunder; or (III) any other Environmental Laws. Purchaser acknowledges and agrees that: (a) Purchaser is an experienced and sophisticated owner of real property; (b) Purchaser has expressly negotiated the limitations of liability contained in this Section; and (c) the limitations contained in this Section are reasonable. Purchaser acknowledges and agrees that Seller has agreed to enter into this Agreement in consideration for and in reliance upon the foregoing limitations of liability, and that the consideration under this Agreement is based in part on the limitations of liability.

It is understood and agreed by Seller and Purchaser that in the event of any conflict between the terms and provisions of this Section 4.6 and any other term or provision to this Agreement, the relevant term or provision of this Section 4.6 shall control and govern. The provisions of this Article IV shall survive Closing.

ARTICLE V CONDITIONS PRECEDENT

5.1 As to Purchaser's Obligations. Purchaser's obligations hereunder are subject to the timely satisfaction of the following conditions precedent on or before the Closing Date or such earlier date as is set forth below.

(a) Seller's Deliveries. Seller shall have delivered to or for the benefit of Purchaser, on or before the Closing Date, all of the documents required of Seller pursuant to Sections 6.2 and 6.4 hereof.

(b) Representations, Warranties and Covenants; Obligations of Seller; Certificate. All of Seller's representations and warranties made in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date as if then made; and Seller shall have performed in all material respects all of its covenants and other obligations under this Agreement. Further, a duly authorized officer of Seller shall have executed at Closing a "bring down certificate" with respect to the aforesaid representations and warranties.

Each of the conditions contained in this Section are intended for the benefit of Purchaser and may be waived in whole or in part, by Purchaser.

5.2 As to Seller's Obligations. Seller's obligations hereunder are subject to the satisfaction of the following conditions precedent:

(a) Purchaser's Deliveries. Purchaser shall have delivered to or for the benefit of Seller, on or before the Closing Date, all of the documents and payments required of Purchaser pursuant to Sections 6.3 and 6.4 hereof.

(b) Representations, Warranties and Covenants; Obligations of Purchaser; Certificate. All of Purchaser's representations and warranties made in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date as if then made; and Purchaser shall have performed in all material respects all of its covenants and other obligations under this Agreement. Further, a duly authorized officer of Purchaser shall have executed at Closing a "bring down certificate" with respect to the aforesaid representations and warranties.

(c) License Agreement. The License Agreement between Seller and Licensor shall have been terminated and Seller, Manager, if applicable, any guarantor, and each of their respective Affiliates, shall have been released from all future duties, liabilities and obligations under the License Agreement and any guarantee(s) thereof, in such form and to such an extent that Licensor customarily provides, if any.

Each of the conditions contained in this Section are intended for the benefit of Seller and may be waived in whole or in part, by Seller.

ARTICLE VI CLOSING

6.1 Closing. The Closing shall occur on the Closing Date. Purchaser shall have a one-time right to extend the Closing Date to Monday, December 15, 2025 by, no later than the date that is five (5) days prior to the then-scheduled Closing Date, (i) providing written notice to Seller and Title Company (“Closing Extension Notice”), and (ii) paying the sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) (the “Closing Extension Deposit”). As more particularly described below, at the Closing the parties hereto will (a) execute or cause to be executed (and acknowledged where appropriate) all of the documents required to be delivered in connection with the transactions contemplated hereby (the “Closing Documents”), (b) deliver or cause to be delivered the same to the Escrow Agent, and (c) take or cause to be taken all other action required to be taken in respect of the transactions contemplated hereby. The Closing will occur at the Title Company, or at any such other place as Seller and Purchaser may mutually agree. At the Closing, Purchaser shall deliver the balance of the Purchase Price to Escrow Agent as provided herein. As provided herein, the parties hereto will agree upon adjustments and prorations to certain items which cannot be exactly determined at the Closing and will make the appropriate adjustments with respect thereto. Possession of the Property shall be delivered to Purchaser at the Closing, subject to Permitted Title Exceptions and guests in possession.

6.2 Seller’s Deliveries. At the Closing, Seller shall deliver (or cause to be delivered) to the Escrow Agent all of the following instruments, each of which shall have been duly executed and, where applicable, acknowledged and/or sworn, on behalf of Seller, and shall be dated to be effective as of the Closing Date:

- (a) The Deed.
- (b) The Bill of Sale and General Assignment.
- (c) The Assignment and Assumption Agreement.
- (d) Certificate(s)/Registration of Title for any vehicle owned by Seller and used in connection with the Property (if any).
- (e) The FIRPTA Certificate.
- (f) The “bring-down certificate” specified in Section 5.1(b).
- (g) Any other document or instrument specifically required by this Agreement.

Seller shall also cause the Manager to deliver to Purchaser or make available to Purchaser at the Property:

- (h) all original Warranties, Guarantees, and Hotel Agreements to be assigned to and assumed by Purchaser and in Seller’s or the Manager’s possession,
- (i) information as to all Advance Bookings, in reasonable detail so as to enable Purchaser to honor Seller’s commitments in that regard,
- (j) information as to outstanding Accounts Receivable as of midnight on the date prior to the Closing, including the name of each account and the amount due, and
- (k) all keys, passwords, access cards, combinations, codes and other similar entry or control devices with respect to the Property.

6.3 Purchaser’s Deliveries. At the Closing, Purchaser shall deliver to Escrow Agent the following, duly executed and, where applicable, acknowledged and/or sworn on behalf of Purchaser, and dated as of the Closing Date:

- (a) The Assignment and Assumption Agreement.
- (b) The Bill of Sale and General Assignment.
- (c) The “bring-down certificate” specified in Section 5.2(b).
- (d) Any other document or instrument specifically required by this Agreement.
- (e) At the Closing, Purchaser shall deliver to Escrow Agent the Purchase Price (less the Earnest Money and any interest thereon) as described in Section 2.2 hereof.

6.4 Mutual Deliveries. At the Closing, Purchaser and Seller shall mutually execute and deliver each to the other:

(a) A closing statement reflecting the Purchase Price and the adjustments and prorations required hereunder and the allocation of income and expenses required hereby.

(b) Intentionally Omitted.

(c) Such other and further documents, papers and instruments as may be reasonably required by the Title Company to consummate the transactions contemplated by this Agreement and which are not inconsistent with the Agreement or the other Closing Documents.

6.5 Closing Costs. Seller and Purchaser shall equally divide any escrow fee other expenses or similar charges charged by the Title Company, as well as any sales or transfer taxes incurred in connection with the conveyance of the Property. Purchaser shall pay the premium for the Owner's Title Policy, including any endorsements and extended coverage thereunder, and any updated survey. Purchaser shall pay the costs of all inspections or tests undertaken by Purchaser. Purchaser shall pay all costs associated with financing the acquisition of the Property, including, without limitation, lender's title policy together with any endorsements and extended coverage thereunder. Purchaser shall pay all Franchise Costs, including, without limitation, all application fees, inspection fees, PIP fees, transfer fees, and all expenses of Manager or Franchisor, including, without limitation, legal fees and expenses, incurred in connection therewith. Unless the payment of any other cost is specifically provided for in this Agreement, all other costs shall be apportioned between the parties by the Title Company in the manner customary in the location of the Hotel, for properties of a similar nature. Except as otherwise provided in Section 8.3, each party shall be responsible for the payment of its own attorney's fees incurred in connection with transaction which is the subject of this Agreement.

6.6 Revenue and Expense Allocations. All revenues and expenses with respect to the Property, and applicable to the period of time before and after Closing, determined in accordance with sound accounting principles consistently applied, shall be allocated between Seller and Purchaser as provided herein. Seller shall be entitled to all revenue and shall be responsible for all expenses for the period of time up to but not including the date of Closing, and Purchaser shall be entitled to all revenue and shall be responsible for all expenses for the period of time from, after and including the date of Closing provided that the housekeeping costs and the Rooms Ledger for the date of Closing shall be shared equally between Seller and Purchaser. Such adjustments shall be shown on the closing statement (with such supporting documentation as the parties hereto may reasonably require being attached as exhibits to the closing statements) and shall increase or decrease (as the case may be) the cash amount payable by Purchaser pursuant to Section 2.2 hereof. All prorations shall be made on the basis of the actual number of days in the year and month in which the Closing occurs or in the period of computation. Without limiting the generality of the foregoing, the following items of revenue and expense shall be allocated and prorated at Closing:

(a) Current rents.

(b) Real estate, hotel, and personal property taxes (with maximum allowable discounts for early or prompt payment).

(c) Revenue and expenses under the Operating Agreements, Leased Property Agreements and Off-Site Facility Agreements to be assigned to and assumed by Purchaser.

(d) Utility charges (including, but not limited to, charges for phone service, cable television, gas, water, sewer and electricity).

(e) Municipal or other governmental improvement liens and special assessments, which shall be paid by Seller at Closing where the work has been assessed, and which shall be assumed by Purchaser at Closing where the work has not been assessed; provided, however, that if such liens or assessments are payable in installments, then Seller shall be responsible for the payment of such installments relating to periods prior to the Closing Date and Purchaser shall be responsible for the payments of such installments relating to periods on and subsequent to the Closing Date.

(f) License and permit fees, where transferable.

(g) All other revenues and expenses of the Property, including, but not limited to, such things as restaurant, bar and meeting room income and expenses and the like.

(h) The Rooms Ledger and housekeeping costs for the date of Closing (to be apportioned equally between Seller and Purchaser).

(i) Such other items as are usually and customarily prorated between purchasers and sellers of hotel properties in the area where the Property is located.

Seller shall receive a credit for any prepaid expenses accruing to periods on or after the Closing Date. Purchaser shall receive a credit against the Purchase Price for the total of (a) prepaid rents, (b) prepaid room receipts and deposits, function receipts and deposits and other reservation receipts and deposits, and (c) unforfeited security deposits together with any interest payable to a tenant thereon held by Seller under Occupancy Agreements. At Closing, Seller shall sell to Purchaser in connection with the Hotel, and Purchaser shall purchase from Seller at face value: (a) all petty cash funds in connection with the hotel guest operations at the Property; and (b) the so-called "guest ledger" as mutually approved by Seller and Purchaser of guest accounts receivable payable to the Hotel as of the check out time for the Hotel on the Closing Date (based on guest and customers then using the Hotel) both (i) in occupancy from the preceding night through check out time the morning of the Closing Date, and (ii) previously in occupancy prior to check out time on the Closing Date. For purposes of this Agreement, transfer or sale at face value shall have the following meanings: (a) for petty cash, an amount equal to the total of all petty cash funds on hand and transferred to Purchaser; and (b) for the guest ledger, the total of all credit card accounts receivable as shown on the records of the Hotel, less actual collections (i.e. fees retained by credit card companies), less accounting charges for rooms furnished on a gratuity or complimentary basis to any hotel staff or as an accommodation to other parties and less Purchaser's one-half (1/2) share of Rooms Ledger. The purchase price of said petty cash fund and guest ledger shall be paid to Seller at Closing by a credit to Seller in the computation of adjustments and prorations on the Closing Date. The procedure and method of making the proration adjustments set forth in this Section 6.6 is attached to this Agreement as Exhibit B.

Purchaser shall receive a credit for all retail sales (as distinguished from any tax on the sale of any personal property effected pursuant to this Agreement), occupancy taxes and like impositions up to but not including the date of Closing. Any such taxes applicable to the Rooms Ledger shall be apportioned equally between Seller and Purchaser. Seller shall cooperate reasonably with Purchaser to permit Purchaser to obtain, if desired by Purchaser, sale and occupancy tax clearance certificates from the State in which the Real Property is located. If this sale disposes of more than 51% of the real property assets of Seller, without regard to any other related party, Seller will comply with 72 P.S. 1403, Bulk Sale Clearance and notify the Pa Department of Revenue and the Pa Department of Labor and Industry more than 10 days prior to closing and subsequent to closing do all things necessary to obtain the Bulk Sale Clearance Certificates from Pa Department of Revenue and the Pa Department of Labor and Industry within 6 months from the date of closing. Seller shall indemnify and hold harmless Purchaser from any claims made by either the Pa Department of Revenue or the Pa Department of Labor and Industry For failure to comply, including reasonable attorney fees and costs incurred by Purchaser in enforcing this paragraph which shall survive closing and shall be exempted from the 6 month limitation on claims under section 3,8, infra.

If accurate allocations cannot be made at Closing because current bills are not obtainable (as, for example, in the case of utility bills and/or real estate or personal property taxes), the parties shall allocate such revenue or expenses at Closing on the best available information, subject to adjustment upon receipt of the final bill or other evidence of the applicable revenue or expense. The obligation to make the adjustment shall survive the closing of the transaction contemplated by this Agreement. Any revenue received or expense incurred by Seller or by Purchaser with respect to the Property after the date of Closing shall be promptly allocated in the manner described herein and the parties shall promptly pay or reimburse any amount due. With respect to any closing statements amounts or issues relating to prorations that are not agreed upon at Closing, Seller and Purchaser shall thereafter work in good faith to resolve such amounts or issues; provided that if such amounts or issues are not fully agreed upon and paid within ten (10) days after the Closing, then, in such event, such amounts or issues shall be submitted to an independent certified public accountant with a hospitality practice reasonably acceptable to Seller and Purchaser for final resolution, and Seller and Purchaser agree to be bound by the determination of such accountant. The costs and expenses incurred in connection with the services of such accountant shall be borne equally by Seller and Purchaser. The provisions of this Section 6.6 shall survive the Closing.

6.7 Safe Deposit Boxes. On the Closing Date, Seller shall cause the Manager to make available to Purchaser at the Hotel all receipts and agreements in the Manager's possession relating to all safe deposit boxes in use at the Hotel, other than safes or lockboxes, if any, located inside individual guest rooms in Hotel. During the Study Period, Seller and Purchaser shall mutually agree upon a procedure to provide notice to each Hotel guest utilizing a safe deposit box on the Closing Date about the sale of the Property and to cause each such Hotel guest to adhere to the procedure set forth in the notice so that a proper inventory can be prepared and an orderly transition made. From and after the Closing, Seller and the Manager shall be relieved of any and all responsibility in connection with each said box, and Purchaser shall indemnify, defend and hold Seller and the Manager and harmless from and against any claim, liability, cost or expense (including reasonable attorneys' fees) with respect to such safety deposit box arising after the Closing. Seller hereby agrees to hold Purchaser harmless from any other liability or claims with respect to such safe deposit boxes arising prior to the Closing Date. The provisions of this Section 6.7 shall survive the Closing.

6.8 Inventory of Baggage. The representatives of Seller and/or Manager, and of Purchaser shall prepare an inventory of baggage at the Hotel as of 12:00 noon on the Closing Date (which inventory of baggage shall be binding on all parties thereto) of (a) all luggage, valises and trunks checked or left in the care of the Hotel by guests then or formerly in the Hotel, (b) parcels, laundry, valet packages and other property of guests checked or left in the care of the Hotel by guests then or formerly in the Hotel (excluding, however, property in Hotel safe deposit boxes), (c) all luggage or other property of guests retained by Seller as security for any unpaid accounts receivable, and (d) all items contained in the Hotel lost and found. Purchaser shall be responsible from and after the Closing Date for all baggage and other items listed in such inventory of baggage, and Purchaser shall indemnify, defend and hold Seller and the Manager harmless from and against any claim liability, cost or expense (including reasonable attorneys' fees) incurred by Seller or the Manager or any Affiliate thereof with respect thereto arising after the Closing Date. Seller hereby agrees to hold Purchaser harmless from any other liability or claims with respect to such inventory of baggage arising prior to the Closing Date. The provisions of this Section 6.8 shall survive the Closing.

6.9 Accounts Receivable. It is expressly agreed by and between Purchaser and Seller that Seller is not hereby agreeing to sell to Purchaser, and Purchaser is not hereby agreeing to purchase from Seller, any of Seller's accounts receivable. All of Seller's accounts receivable shall be and remain the property of Seller. At the Closing, Seller shall prepare a list of its outstanding accounts receivable as of midnight on the date prior to the Closing, specifying the name of each account and the amount due to Seller. Purchaser shall hold any funds received by Purchaser explicitly designated as payment of such accounts receivable, in trust, if Purchaser actually collects any such amounts, and shall pay the monies collected in respect thereof to Seller at the end of each calendar month, accompanied by a statement showing the amount collected on each such account. Other than the foregoing, Purchaser shall have no obligation with respect to any such account, and Purchaser shall not be required to take any legal proceeding or action to effect collection on behalf of Seller. It is generally the intention of Purchaser and Seller that although all of Seller's accounts receivable shall be and remain the property of Seller, if any such accounts are paid to Purchaser, then Purchaser shall collect same and remit to Seller in the manner above provided. Nothing herein contained shall be construed as requiring Purchaser to remit to Seller any funds collected by Purchaser on account of Purchaser's accounts receivable generated from Hotel operations after the Closing, even if the person or entity paying same is also indebted to Seller.

ARTICLE VII GENERAL PROVISIONS

7.1 Fire or Other Casualty. Seller agrees to give Purchaser prompt notice of any fire or other casualty to the Property costing more than One Hundred Thousand Dollars (\$100,000.00) to repair and occurring between the Effective Date and the Closing Date of which Seller has knowledge. If, prior to Closing, the Property is damaged by fire or other casualty which is fully insured (without regard to deductibles) and would cost less than Five Hundred Thousand Dollars (\$500,000.00) and require less than 180 days to repair, then neither party shall have the right to terminate this Agreement by reason thereof and the Closing shall take place without abatement of the Purchase Price, but Seller shall assign to Purchaser at the Closing all of Seller's interest in any insurance proceeds (except use and occupancy insurance, rent loss and business interruption insurance, and any similar insurance, attributable to the period preceding the Closing Date) that may be payable to Seller on account of any such fire or other casualty, to the extent such proceeds have not been previously expended or are otherwise required to reimburse Seller for actual expenditures of restoration made prior to the Closing Date, plus Seller shall credit the amount of any deductibles under any policies related to such proceeds to the Purchase Price together with any amount not covered by insurance. If any such damage due to fire or other casualty is insured and would cost in excess of Five Hundred Thousand Dollars (\$500,000.00) or require more than 180 days to repair, then Purchaser may terminate this Agreement by written notice given to Seller within ten (10) days after Seller has given Purchaser the notice of damage or casualty referred to in this Section 7.1, or on the Closing Date, whichever is earlier, in which case the parties hereto shall be released of all further obligations hereunder with respect to the Property except those which expressly survive a termination of this Agreement. Should Purchaser elect to proceed to Closing notwithstanding the amount of the insured loss or the time required for repairs, the Closing shall take place without abatement of the Purchase Price and at Closing Seller shall assign to Purchaser the insurance proceeds and grant to Purchaser a credit against the Purchase Price equal to the amount of the applicable deductible plus any amount not covered by insurance. If, prior to Closing, any Property is damaged by fire or casualty which is uninsured and would cost Five Hundred Thousand Dollars (\$500,000.00) or more to repair, then Purchaser may terminate this Agreement by written notice given to Seller within ten (10) days after Seller has given Purchaser the notice of damage or casualty or on the Closing Date, whichever is earlier, in which case the parties hereto shall be released of all further obligations hereunder, except those which expressly survive a termination of this Agreement. If Purchaser does not elect to terminate its obligations under this Agreement pursuant to the immediately preceding sentence, or if any uninsured fire or casualty would cost less than Five Hundred Thousand Dollars (\$500,000.00) to repair, then the Closing shall take place as provided herein, and the Purchase Price shall be reduced by the estimated amount to repair such casualty, not to exceed Five Hundred Thousand Dollars (\$500,000.00).

7.2 Condemnation. After the Effective Date, Seller agrees to give Purchaser prompt written notice of any knowledge of or notice of any taking by condemnation of any part of the Real Property. If a taking will materially interfere with the operation or use of the Hotel which constitutes a part of such Real Property, Purchaser may terminate this Agreement by written notice to Seller within ten (10) days after Seller has given Purchaser the notice of taking referred to in this Section 7.2, or on the Closing Date, whichever is earlier. If Purchaser exercises its option to terminate its obligations to purchase the Property pursuant to this Section 7.2, the parties hereto shall be released from all further obligations hereunder with respect to the Property, except those which expressly survive a termination of the Agreement. If Purchaser does not so elect to terminate this Agreement, then the Closing shall take place as provided herein, and Seller shall assign to Purchaser at the Closing all of Seller's interest in any condemnation award which may be payable to Seller on account of any such condemnation and, at Closing, Seller shall credit to the amount of the Purchase Price payable by Purchaser the amount, if any, of condemnation proceeds received by Seller between the Effective Date and Closing less (a) any amounts reasonably expended by Seller in collecting such sums and (b) any amounts reasonably used by Seller to repair the Property as a result of such condemnation. If, prior to Closing, there shall occur a taking by condemnation of any part of or rights appurtenant to the Property that does not materially interfere with the operation or use of the Hotel which constitutes a part of the Property, Purchaser shall not have the right to terminate this Agreement by reason thereof and the Closing shall take place without abatement of the Purchase Price, but Seller shall assign to Purchaser at Closing all of Seller's interest in any condemnation award which may be payable to Seller on account of any such condemnation and, at Closing, Seller shall credit to the amount of the Purchase Price payable by Purchaser the amount, if any, of condemnation proceeds received by Seller between the Effective Date and Closing less (a) any amounts reasonably expended by Seller in collecting such sums and (b) any amounts reasonably used by Seller to repair the Property as a result of such condemnation. Provided Purchaser has not exercised its right to terminate this Agreement pursuant to Section 7.2, Seller shall notify Purchaser in advance regarding any proceeding or negotiation with respect to the condemnation and Purchaser shall have a reasonable right, at its own cost and expense, to appear and participate in any such proceeding or negotiation. For purposes of Sections 7.1 and 7.2 if this Agreement, estimates of costs and time required for restoration or repair shall be made by an architect or engineer, as appropriate, designated by Seller and reasonably acceptable to Purchaser.

7.3 Broker. Seller and Purchaser each represent and warrant to the other that they have not employed any real estate sales representatives or brokers regarding the transaction contemplated by this Agreement other than, in Seller's case, engagement of JLL Hotels and Hospitality in respect of which Seller shall be solely responsible for all related fees due under Seller's separate agreement with such broker. Seller shall indemnify, defend and hold Purchaser harmless from any commission or fee claimed to be owing due to the acts of Seller. Purchaser shall indemnify, defend and hold Seller harmless from any commission or fee claimed to be owing due to the acts of Purchaser. This Section relates solely to the transaction contemplated by this Agreement between Seller and Purchaser and shall not create any third party right or obligation in favor of either or any broker. The provisions of this Section 7.3 shall survive the Closing and any termination of this Agreement.

ARTICLE VIII DEFAULT; TERMINATION RIGHTS

8.1 Default by Seller. If Seller shall fail to perform or comply with any of covenants, acts and agreements contained in this Agreement in any material respect when required to be performed hereunder and such failure shall continue for five (5) business days after Purchaser gives Seller written notice of such failure (but in no event shall such cure period extend beyond the Closing Date), Purchaser, as its sole and exclusive remedy shall elect either (a) to terminate this Agreement, in which event all other rights and obligations of Seller and Purchaser hereunder (except those set forth herein which expressly survive a termination of this Agreement) shall terminate immediately; or (b) to waive such matter or condition and proceed to Closing, with no reduction in the Purchase Price. In the event of such termination, the Earnest Money shall be refunded by the Escrow Agent to Purchaser. Notwithstanding the preceding sentence, if, at Closing, Seller fails to comply in any material respect with any of its obligations contained in Section 6.2 or Section 6.4 (the "Closing Obligations"), and if all conditions precedent to Seller's obligations hereunder have been satisfied and Purchaser has fully performed all of its obligations under the Agreement, Purchaser shall have, in addition to Purchaser's remedies contained in the preceding sentence, the option to waive all other actions, rights, or claims for damages for such failure, other than costs and expenses incurred in enforcing this Agreement, and to bring an equitable action to enforce the Closing Obligations by specific performance; provided, (a) Purchaser shall provide written notice of Purchaser's intention to enforce the Closing Obligations by specific performance, and (b) Purchaser's suit for specific performance shall be filed against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before thirty (30) days following the Closing Date, failing which, Purchaser shall be barred from enforcing the Closing Obligations by specific performance and shall be deemed to have elected to terminate this Agreement as provided herein.

8.2 Default by Purchaser. If Purchaser shall fail to perform or comply with any of covenants, acts and agreements contained in this Agreement in any material respect when required to be performed hereunder and such failure shall continue for five (5) business days after Seller gives Purchaser written notice of such failure (but in no event shall such cure period extend beyond the Closing Date), Seller, as its sole and exclusive remedy, shall be permitted to terminate this Agreement in which event the parties hereto shall be released from all further obligations hereunder except those which expressly survive a termination of this Agreement. In the event of such termination, Seller shall be entitled to receive the Earnest Money from the Escrow Agent as liquidated damages and not as penalty, in full satisfaction of its claims against Purchaser hereunder. Seller and Purchaser agree that Seller's damages resulting from Purchaser's default are difficult, if not impossible, to determine and the Earnest Money is a fair estimate of those damages which has been agreed to in an effort to cause the amount of said damages to be certain.

8.3 Costs and Attorneys' Fees. In the event of any litigation or dispute between the parties arising out of or in any way connected with this Agreement, resulting in any litigation, then the prevailing party in such shall be entitled to recover its costs of prosecuting and/or defending same, including, without limitation, reasonable attorneys' fees at trial and all appellate levels. The provisions of this Section 8.3 shall survive the termination of this Agreement.

8.4 Limitation of Liability. Notwithstanding anything herein to the contrary, the liability of each party hereto resulting from the breach or default by such party shall be limited to direct actual damages incurred by the injured party and each part hereto hereby waives its rights to recover from the other party consequential, punitive, exemplary, and speculative damages. The provisions of this Section 8.4 shall survive the termination of this Agreement.

ARTICLE IX MISCELLANEOUS PROVISIONS

9.1 Completeness; Modification. This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior discussions, understandings, agreements and negotiations between the parties hereto. This Agreement may be modified only by a written instrument duly executed by the parties hereto.

9.2 Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their permitted respective successors and assigns.

9.3 Days. If any action is required to be performed, or if any notice, consent or other communication is given, on a day that is a Saturday or Sunday or a legal holiday in the jurisdiction in which the action is required to be performed or in which is located the intended recipient of such notice, consent or other communication, such performance shall be deemed to be required, and such notice, consent or other communication shall be deemed to be given, on the first business day following such Saturday, Sunday or legal holiday. Unless otherwise specified herein, all references herein to a "day" or "days" shall refer to calendar days and not business days.

9.4 Governing Law. This Agreement and all documents referred to herein shall be governed by and construed and interpreted in accordance with the laws of the state in which the Property is located without regard to its principle of conflicts of law.

9.5 Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. It shall not be necessary that the signature on behalf of both parties hereto appear on each counterpart hereof. All counterparts hereto shall collectively constitute a single agreement. Telecopied or other electronic signatures shall have the same valid and binding effect as original signatures.

9.6 Severability. If any term, covenant or condition of this Agreement, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to other persons or circumstances, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

9.7 Costs. Regardless of whether Closing occurs hereunder, and except as otherwise expressly provided herein, each party hereto shall be responsible for its own costs in connection with this Agreement and the transactions contemplated hereby, including, without limitation, fees of attorneys, engineers and accountants.

9.8 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be delivered by electronic mail, hand, sent prepaid for next-day delivery by Federal Express (or a comparable overnight delivery service) or sent by the United States mail, certified, postage prepaid, return receipt requested, at the addresses and with such copies as designated below. Any notice, request, demand or other communication delivered or sent in the manner aforesaid may be given by the party required to give such notice, or its attorney, and shall be deemed given or made (as the case may be) when actually delivered to or refused by the intended recipient.

If to Seller:	c/o Moody National Companies 9655 Katy Freeway, Suite 600 Houston, Texas 77024 Attn: Alex Sims Telephone: (713) 977-7500 asims@moodynational.com
and	Sneed, Vine & Perry, P.C. 2705 Bee Cave Road, Suite 160 Austin, TX 78746 Attn: Adam S. Wilk/Sheena Duke Telephone: (512) 494-3126 Email: awilk@sneedvine.com sduke@sneedvine.com
If to Purchaser:	BNS Associates, LLC 1425 Stone Ridge Road Sinking Spring, PA 19608 Attn: Gary Sheth Telephone: 717-443-3912
and:	Serratelli Schiffman Shafer PC 2805 Old Post Road Suite 120 Harrisburg, PA 17110 Attn: Steven J. Schiffman, Esq. Telephone: 717-635-2914 Email: ssschiffman@ssbc-law.com
If to Escrow Agent/Title Company:	Moody National Title Company, LP 9655 Katy Freeway, Suite 610 Houston, Texas 77024 Telephone: (713) 273-6615 Attn: Sunny Finnigan Email: sfinnigan@moodynational.com

or to such other address as the intended recipient may have specified in a notice to the other party. Any party hereto may change its address or designate different or other persons or entities to receive copies by notifying the other party and Escrow Agent in a manner described in this Section.

9.9 Escrow Agent. Escrow Agent has agreed to act as such for the convenience of the parties without fee or other charges for such services as Escrow Agent. Escrow Agent shall not be liable: (a) to any of the parties for any act or omission to act except for its own willful misconduct; (b) for any legal effect, insufficiency, or undesirability or any instrument deposited with or delivered by Escrow Agent or exchanged by the parties hereunder, whether or not Escrow Agent prepared such instrument; (c) for any loss or impairment of funds that have been deposited in escrow while those funds are in the course of collection, or while those funds are on deposit in a financial institution, if such loss or impairment results from the failure, insolvency or suspension of a financial institution; (d) for the expiration of any time limit or other consequences of delay, unless a properly executed written instruction, accepted by Escrow Agent, has instructed Escrow Agent to comply with said time limit; (e) for the default, error, action or omission of either party to the escrow. Escrow Agent, in its capacity as escrow agent, shall be entitled to rely on any document or paper received by it, believed by such Escrow Agent, in good faith, to be bona fide and genuine. In the event of any dispute as to the disposition of any monies held in escrow, or of any documents held in escrow, Escrow Agent may, if such Escrow Agent so elects, interplead the matter by filing an interpleader action in a court of competent jurisdiction in the county or circuit where the Real Property is located (to the jurisdiction of which both parties do hereby consent), and pay into the registry of the court such monies held by Escrow Agent, or deposit any such documents with respect to which there is a dispute in the registry of such court, whereupon such Escrow Agent shall be relieved and released from any further liability as Escrow Agent hereunder. Escrow Agent shall not be liable for Escrow Agent's compliance with any legal process, subpoena, writ, order, judgment and decree of any court, whether issued with or without jurisdiction, and whether or not subsequently vacated, modified, set aside or reversed.

9.10 Incorporation by Reference. All of the exhibits and schedules attached hereto are by this reference incorporated and made a part hereof.

9.11 Further Assurances. Seller and Purchaser each covenant and agree to sign, execute and deliver, or cause to be signed, executed and delivered, and to do or make, or cause to be done or made, upon the written request of the other party, any and all agreements, instruments, papers, deeds, acts or things, supplemental, confirmatory or otherwise, as may be reasonably required by either party hereto for the purpose of or in connection with consummating the transactions described herein provided that compliance with the provision of this Section shall not increase the liability of the complying party.

9.12 No Partnership. This Agreement does not and shall not be construed to create a partnership, joint venture or any other relationship between the parties hereto except the relationship of seller and purchaser specifically established hereby.

9.13 Time of Essence. Time is of the essence with respect to every provision hereof.

9.14 Signatory Exculpation. The signatory(ies) for Seller and Purchaser is/are executing this Agreement in his/her capacity as representative of such party and not individually and, therefore, shall have no personal or individual liability of any kind in connection with this Agreement and the transactions contemplated by it.

9.15 Rules of Construction. The following rules shall apply to the construction and interpretation of this Agreement:

(a) Singular words shall connote the plural number as well as the singular and vice versa, and the masculine shall include the feminine and the neuter.

(b) All references herein to particular articles, sections, subsections, clauses or exhibits are references to articles, sections, subsections, clauses or exhibits of this Agreement.

(c) The headings contained herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) Each party hereto and its counsel have reviewed and revised (or requested revisions of) this Agreement and have participated in the preparation of this Agreement, and therefore any usual rules of construction requiring that ambiguities are to be resolved against a particular party shall not be applicable in the construction and interpretation of this Agreement or any exhibits hereto.

9.16 No Recording. Neither this Agreement nor any memorandum hereof, or any other instrument intended to give notice hereof (or which actually gives notice hereof) shall be recorded.

9.17 Facsimile/Electronic Signatures. The execution of this Agreement and all notices given hereunder and all amendments hereto, may be effected by facsimile or electronic signatures, all of which shall be treated as originals.

9.18 Assignment by Purchaser. Other than to an Affiliate of Purchaser, Purchaser may not assign its rights hereunder without the prior consent of Seller; however, any such assignment (including one to Purchaser's Affiliate) shall not relieve Purchaser of its obligations under this Agreement.

9.19 Waiver. The excuse or waiver of the performance by a party of any obligation of the other party under this Agreement shall only be effective if evidenced by a written statement signed by the party so excusing or waiving. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by Seller or Purchaser of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

9.20 Section 1031 Exchange. Either party may consummate the purchase or sale of the Property as part of a so-called like kind exchange (an "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), provided that (i) the Closing shall not be delayed or affected by reason of an Exchange nor shall the consummation or accomplishment of any Exchange be a condition precedent or condition subsequent to a party's obligations under this Agreement; (ii) any party desiring an Exchange shall effect its Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary and the other party shall not be required to take an assignment of the purchase agreement for the relinquished or replacement property or be required to acquire or hold title to any real property for purposes of consummating such Exchange; and (iii) the party desiring an Exchange shall pay any additional costs that would not otherwise have been incurred by Purchaser or Seller had such party not consummated its purchase or sale through an Exchange. Neither party shall by this agreement or acquiescence to an Exchange desired by the other party (1) have its rights under this Agreement affected or diminished in any manner or (2) be responsible for compliance with or be deemed to have warranted to the other party that such party's Exchange in fact complies with Section 1031 of the Code.

9.21 Confidentiality. Purchaser acknowledges that the existence of the transaction described herein and any documents, materials, instruments, records or other information delivered by Seller to Purchaser pursuant to this Agreement, including, without limitation, the Submission Matters ("Information"), shall be kept confidential by Purchaser, will not be used for any purpose other than in connection with Purchaser's due diligence, and Purchaser shall neither disclose nor allow the disclosure of the Information or the existence of the transaction to anyone other than Purchaser's Parties as are appropriate in order to conduct its due diligence.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed in their names by their respective duly authorized representatives.

SELLER:

**MOODY NATIONAL LANCASTER-FRAZER
HOLDING, LLC**, a Delaware limited liability company

By: /s/ Brett C. Moody

Name: Brett C. Moody

Title: Authorized Signatory

**MOODY NATIONAL LANCASTER-FRAZER MT,
LLC**, a Delaware limited liability company

By: /s/ Brett C. Moody

Name: Brett C. Moody

Title: Authorized Signatory

PURCHASER:

BNS ASSOCIATES, LLC,
a Pennsylvania limited liability company

By: /s/ Gary Sheth

Name: Gary Sheth

Title: Authorized Member

The Escrow Agent and Title Company hereby acknowledge receipt of a fully executed copy of the Agreement as of September ___, 2025 and Escrow Agent agrees to accept, hold and disburse the Earnest Money in accordance with the provisions of the Agreement. The undersigned acknowledges that it is not a party to this Agreement and that it is executing below solely for the purpose of the foregoing acknowledgment and agreement.

TITLE COMPANY:

OLD REPUBLIC TITLE COMPANY

By: _____
Name: _____
Title: _____

Date: September ___, 2025

ESCROW AGENT:

MOODY NATIONAL TITLE COMPANY, L.P.

By: _____
Name: _____
Title: _____

Date: September ___, 2025

EXHIBIT A

LEGAL DESCRIPTION

ALL THAT CERTAIN parcel or piece of ground, SITUATE In East Whiteland Township, Chester County, Commonwealth of Pennsylvania, shown on a "Boundary and Topography Land Development Plan for Blynn Hospitality" prepared by Edward B. Walsh and Associates Inc. Exton, Pennsylvania, dated October 31, 1996, last revised April 22, 1997, being Sheet 2 of 12, and being more fully described as follows, to wit:

BEGINNING at a point in the bed of the Lincoln Highway (also known as S.R. 0030), said point being common to the Southeasterly corner of the lands of the now or formerly Central and Western Chester County Industrial Development Authority (C. and W.C.C.I.D.A.) and the Southwesterly corner of this herein described parcel; thence from the point of beginning, along the Easterly line of lands of said C. and W.C.C.I.D.A., partly over the right-of-way of said Lincoln Highway, North 09 degrees, 49 minutes 00 seconds West, 500.00 feet to a point in the Southerly line of lands of said C. and W.C.C.I.D.A.; thence extending along the same, over a 30 feet wide Philadelphia Electric Company (PECO) Easement' partly over a 65 foot wide right-of-way of the Phoenixville Branch of the now or former Pennsylvania Railroad, North 79 degrees 55 minutes 30 seconds East, 268.18 feet to a point on a line, said line being 35 feet Northeast and parallel with the Southwesterly right-of-way line of the said Pennsylvania Railroad; thence leaving the lands of said C. and W.C.C.I.D.A. along the aforesaid line being 35 feet Northeast and parallel with the Southwesterly right-of-way of said Pennsylvania Railroad, South 46 degrees 49 minutes 00 seconds East, 274.75 feet to a point in the lands of the now or former Robert G. and Arlene J. Stevens; thence partly over said 65 foot wide right-of-way of said Pennsylvania Railroad, over aforesaid 30 foot wide PECO Easement, partly over a 10 foot wide right-of-way, along the Northwesterly line of lands of said Stevens, South 55 degrees 19 minutes 59 seconds West, 165.91 feet to a point; thence continuing along the Westerly line of lands of said Stevens partly over said 10 foot wide right-of-way, over a 20 foot wide sanitary sewer easement, partly over the right-of-way of aforesaid Lincoln Highway, South 10 degrees 53 minutes 00 seconds, 215.20 feet to a point in the bed of the Lincoln Highway; thence leaving the line of lands of said Stevens along the bed of the Lincoln Highway, the two (2) following courses to wit: (1) South 81 degrees 00 minutes 00 seconds West 227.73 feet to a point; (2) South 79 degrees 55 minutes 30 seconds West 53.28 feet to the point and place of beginning.

BEING Nos. 629-635 Lancaster Avenue, East Whiteland Township, Chester County, Pennsylvania.

EXHIBIT "A"

EXHIBIT B

PROCEDURE AND METHOD OF PRORATION AND OTHER ADJUSTMENTS

Prior to the Closing, Seller and Purchaser shall jointly prepare a proposed closing statement containing the parties' reasonable estimate of the items requiring proration and adjustment under Section 6.6 and other applicable Sections of this Agreement. Subsequent to the Closing, final adjustments and resulting payments between the parties ("true-ups") shall be made in cash or immediately available funds as soon as practical, but not later than ninety (90) days following the Closing Date.

EXHIBIT "B"