GENTRY MILLS CAPITAL, LLC
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

SAVILLE®

INDEPENDENT AUDITORS' REPORT

To the Members of
Gentry Mills Capital, LLC and Subsidiaries
Irving, Texas

We have audited the accompanying consolidated financial statements of Gentry Mills Capital, LLC and Subsidiaries, a Texas limited liability company (the "Company"), which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Saville, Dodgen & Company, P.L.L.C.
Certified Public Accountants & Advisors
700 North Pearl Street, Suite 1100
Dallas, Texas 75201
214-922-9727 Tel
214-740-1726 Fax
www.savillecpa.com

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with GAAP.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of income are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAP. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Saville, Dodgen & Co.

Saville, Dodgen & Company, P.L.L.C.
Dallas, Texas

August 27, 2018

GENTRY MILLS CAPITAL, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2017

ASSETS

ASSETS		
Investment in real estate, net	$	26,104,783
Investments in unconsolidated entities		56,258,517
Cash and cash equivalents		5,758,839
Restricted cash		791,861
Receivables		439,058
Related party receivable		560,000
Interest rate swap		34,298
Other assets		95,607
TOTAL ASSETS	$	90,042,963

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES		
Long-term debt	$	19,035,956
Bridge loans		535,057
Accounts payable		50,858
Accrued liabilities		1,149,371
Related party payable		35,004
TOTAL LIABILITIES		20,806,246
MEMBERS' EQUITY		
Parent's equity		1,975,926
Noncontrolling interest		67,260,791
Total members' equity		69,236,717
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	90,042,963

See accompanying independent auditors’ report and notes.

GENTRY MILLS CAPITAL, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUE	
Hotel room rental revenue	$ 7,475,888
Other hotel revenue	971,489
Fee income	853,000
Total revenue	9,300,377
OPERATING EXPENSES	
Salaries, wages, and benefits	2,215,898
Advertising and marketing	681,081
Real estate operating expenses	3,123,779
General and administrative expenses	1,310,597
Consulting and advisory expenses	2,393,622
Depreciation	1,460,029
Total operating expenses	11,185,006
OTHER INCOME (EXPENSE)	
Acquisition costs	(304,893)
Interest expense	(2,203,953)
Loss on disposal of property	(34,667)
Realized/unrealized gain(loss) on swap	(18,317)
Total other income (expense)	(2,561,830)
NET LOSS BEFORE EQUITY IN EARNINGS OF UNCONSOLIDATED ENTITIES	(4,446,459)
EQUITY IN EARNINGS OF UNCONSOLIDATED ENTITIES	3,512,161
NET LOSS	(934,298)
Less: Net loss attributable to the noncontrolling interest	(3,902,512)
NET INCOME ATTRIBUTABLE TO PARENT	$ 2,968,214

See accompanying independent auditors' report and notes.

GENTRY MILLS CAPITAL, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Parent	Noncontrolling Interest	Total
Balance, January 1, 2017	$ 1,290,835	$ 47,180,066	$ 48,470,901
Contributions, net of offering expenses of $3,528,477	-	41,323,643	41,323,643
Distributions	(2,283,123)	(17,340,406)	(19,623,529)
Net income (loss)	2,968,214	(3,902,512)	(934,298)
Balance, December 31, 2017	$ 1,975,926	$ 67,260,791	$ 69,236,717

See accompanying independent auditors’ report and notes.

GENTRY MILLS CAPITAL, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (934,298)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	1,460,029
Amortization of deferred loan origination fees	612,207
Provision for doubtful accounts	27,340
Unrealized (gain)/loss on interest rate swap	(34,298)
Equity in earnings of unconsolidated entities	(3,512,161)
Loss on disposal of property	34,667
Changes in operating assets and liabilities:	
Receivables	(423,586)
Other assets	(44,172)
Accounts payable	1,832
Accrued liabilities	250,304
Net cash used in operating activities	(2,562,136)
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in restricted cash	(256,120)
Additions to real estate assets	(15,093,875)
Contributions to unconsolidated entities	(23,372,826)
Distributions from unconsolidated entities	20,280,351
Net cash used in investing activities	(18,442,470)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on line of credit	(265,000)
Proceeds from bridge loans	27,107,000
Principal payments on bridge loans	(33,112,100)
Proceeds from long-term debt	9,525,000
Principal payments on long-term debt	(175,167)
Loan origination fees	(522,085)
Equity contributions	41,323,643
Equity distributions	(19,623,529)
Net cash provided by financing activities	24,257,762
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,253,156
CASH AND CASH EQUIVALENTS, beginning of year	2,505,683
CASH AND CASH EQUIVALENTS, end of year	$ 5,758,839
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$ 1,427,418

See accompanying independent auditors' report and notes.

1) NATURE OF BUSINESS

Gentry Mills Capital, LLC, a Texas limited liability company (the "Company"), was formed in 1998. The Company principally provides investment offerings in existing and developmental real estate projects. The Company's real estate projects are located throughout the United States and the Company's primary operations are located in Irving, Texas.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements of the Company are prepared using accounting principles generally accepted in the United States of America (GAAP). These consolidated financial statements include the accounts of the Company and its interests in the related parties listed below, collectively referred to as "Investment Level Partnerships."

Investment Level Partnerships	
GMI-108 Mission, LP	GMI-Overland Park, LP
GMI-192 Mission, LP	GMI-Lake Mary 125, LP
GMI-Mueller Hospitality, LP	GMI-Shiloh/O'Fallon, LP
GMI-ALH 20, LP	GMI-Palmdale Hospitality, LP
GMI-Bay Vista Apartments I, LP	GMI-Long Island 154, LP
GMI-164 Corpus, LP	GMI-Lakeway 109, LP
GMI-Camp Creek, LP	GMI-BWI, LP
GMI-Pine Hill Crossing, LP	GMI-Long Island HWS
GMI-AF, LP	GMI-TPS Irving, LP
GMI-Broomfield 139, LP	GMI-NOMA, LP
GMI-Orlando, LP	GMI-Portland 121, LP

The Company has 100% ownership of the entities that are the general partner of the above listed Investment Level Partnerships. The Company has determined that the Investment Level Partnerships are *variable interest entities* as defined in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidation.* Under ASC 810, an entity is a variable interest entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. As the primary beneficiary of the Investment Level Partnerships, the Company is required to consolidate the Investment Level Partnerships. Refer to Note 6 for further details.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The consolidated financial statements also include the results of Broomfield 139, LLC which owns the aLoft Hotel in Broomfield, Colorado and Portland 121 Hospitality, LLC which owns the TownPlace Suites in Portland, Texas. These hotels are consolidated as they are wholly-owned subsidiaries of GMI-Broomfield 139, LP ("Broomfield") and GMI-Portland 121, LP ("Portland"), respectively. All significant intercompany transactions have been eliminated in consolidation.

Fair Value of Financial Assets and Liabilities

The Company measures and discloses certain financial assets and liabilities at fair value. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

For disclosure purposes, assets and liabilities are classified in their entirety in the fair value hierarchy level based on the lowest level of input that is significant to the overall fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

The fair value of Portland's interest rate swap was determined based on "Level 2" inputs. The valuation techniques used to measure the fair value of the "Level 2" instruments were valued based on model-driven valuations using significant inputs derived from or corroborated by observable market data. The Company does not have any marketable securities in the "Level 1" or "Level 3" category.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers all instruments with an original maturity of three months or less to be cash equivalents. The Company has a concentration of credit risk for cash deposits maintained at certain financial institutions which, at times, may exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

Restricted Cash

Restricted cash is from Broomfield and Portland and includes money held by the mortgage holder in escrow for taxes, insurance, and other expenses.

Receivables

Receivables include both individual and corporate accounts at Broomfield and Portland, and asset management fees due to the Company from the other operating properties. The Company estimates an allowance for doubtful accounts based on its historical collection experience. Portland maintains an allowance for doubtful accounts based on 50% of the receivable balances greater than 90 days based on collection history. The allowance amount at December 31, 2017 is $27,340. During the year, Portland wrote off approximately $3,000 in receivables. Receivables are considered past due based on the due date determined by contractual terms. No other receivables were written off during the year.

Investments in Real Estate

Real estate is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Building	39 years
Building improvements	15 years
Furniture, fixtures, and equipment	5-7 years
Computer equipment	5-7 years

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Unconsolidated Entities

The Investment Level Partnerships account for the interests in the Property Level Partnerships using the equity method of accounting. The investment balances are measured using the hypothetical liquidation at book value method as of December 31, 2017. This method uses the contractual waterfall schedule outlined in the partnership agreements and determines the hypothetical proceeds that would be received by the reporting entity if the underlying partnership was liquidated at book value as of the balance sheet date.

Interest Rate Swap

Portland uses an interest rate swap to manage the impact of variable interest debt on its cash flows. At December 31, 2017, Portland has one swap outstanding, which matures in May 2022, with a notional value of $9,525,000 and an interest rate of 4.76% annually.

The fair value of derivative financial instruments are recognized as assets or liabilities at each balance sheet date, with changes in fair value affecting net income. Portland's interest rate swap did not qualify for hedge accounting. Accordingly, changes in the fair value of the interest rate swap is presented as a gain/loss on swap in the accompanying consolidated statement of income. The net loss on the swap for the period from inception (May 17, 2017) to December 31, 2017, of $18,317 consists of a realized loss of $52,615 and unrealized gain of $34,298.

Non-Controlling Interest

Multiple outside investors also hold interests in the Investment Level Partnerships. The portion of equity attributed to the outside investors is shown as the non-controlling interest on the face of the consolidated financial statements. The non-controlling interest is measured using the hypothetical liquidation at book value method. This method uses the contractual waterfalls to calculate the hypothetical proceeds that would be due to the outside investors if the partnership was liquidated at book value as of the balance sheet date. The non-controlling interest is shown as a component of equity on the face of the balance sheet.

Revenue Recognition

The Company's hotel room rental and other hotel revenue are derived from operations of the Broomfield and Portland hotels and are recognized as services are provided. The Company also earns fees from each operating property. The Company recognizes the revenue related to these fees as they are earned.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company has elected to be treated as a partnership for federal income tax purposes. The income tax effects of its operations are attributed to the members. Therefore, no provision for federal income tax has been included in the Company's consolidated financial statements. The Company is subject to state margin tax, but no provision has been recorded for the year ended December 31, 2017.

Asset Impairment

The Company reviews long-lived assets, including real estate investments and investments in unconsolidated entities, for impairment whenever events or circumstances indicate the carry amounts may not be recoverable. An impairment loss is recognized when the future undiscounted cash flows from the asset are less than the asset's carrying amount. The impairment loss would then be measured as the difference between the asset's carrying amount and its fair value. The Company did not recognize an impairment loss during 2017.

3) FAIR VALUE MEASUREMENTS

The following table summarizes financial assets Portland measured at fair value on a recurring basis:

	Fair Value Measurements at December 31, 2017 using:			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Instruments:				
Interest rate swap	$ -	$ 34,298	$ -	$ 34,298
Total	$ -	$ 34,298	$ -	$ 34,298

4) INVESTMENT IN REAL ESTATE

The Company's net investment in real estate includes Broomfield's and Portland's real estate and consists of the following at December 31, 2017:

Buildings – Broomfield and Portland	$ 19,770,496
Building improvements – Broomfield and Portland	1,478,775
Furniture, fixtures, and equipment – Broomfield and Portland	5,591,196
Land – Broomfield and Portland	2,872,380
Computer equipment – Broomfield	7,223
Work in progress – Broomfield	108,621
Property, at cost	29,828,691
Less accumulated depreciation	(3,723,908)
Property, net	$ 26,104,783

Depreciation expense for the year ended December 31, 2017 was $ 1,460,029.

5) INVESTMENTS IN UNCONSOLIDATED ENTITIES

Summary of Investments

We participate in real estate ventures in which we do not have a controlling financial interest. Our investments in unconsolidated entities at December 31, 2017 are comprised of:

Investment Name	Investment Balance
108 Mission, LTD	$ 1,544,306
192 Mission, LTD	162,250
Mueller Hospitality, LP	329,491
ALH Properties No. Twenty, LP	-
Bay Vista Apartments I, LP	3,639,432
164 Corpus, LTD	1,023,677
SI Overland Park, LP	219,070
SI Orlando, LP	-
SI Camp Creek, LP	-
SI Lake Mary, LP	264,375
Pine Hill Crossing, LLC	1,751,314
Excel Holdings 3, LLC	2,118,073
Palmdale Hospitality, LP	3,803,015
Excel Long Island, LLC	5,976,109
Excel Holdings 6, LLC	6,628,794
Excel Holdings 7, LLC	4,396,163
Excel Holdings 8, LLC	3,289,188
Excel Holdings 9, LLC	4,164,944
Excel Holdings 10, LLC	8,669,840
Lake Travis Hospitality, LP	3,452,476
LodgeCap DFW, LP	4,826,000
	$ 56,258,517

The table below presents the activity of our investments in unconsolidated entities for the year ended December 31, 2017:

Balance, January 1, 2017	$ 49,653,881
Contributions	23,372,826
Distributions	(20,280,351)
Equity in earnings	3,512,161
Balance, December 31, 2017	$ 56,258,517

5) INVESTMENTS IN UNCONSOLIDATED ENTITIES (Continued)

The following is a summary of the aggregate financial position at December 31, 2017 and the aggregate results of operations for the year then ended for the unconsolidated entities:

Assets	$	313,483,607
Liabilities	$	251,044,542
Equity	$	62,439,065
Net income	$	(5,185,354)

The balance, less the amount attributable to the general partners of each property, is shown as the investment in unconsolidated entities line item on the balance sheet.

Changes in Investments in Unconsolidated Entities

During the year ended December 31, 2017, two hotels held by SI Overland Park, LP and SI Lake Mary, LP were sold. The total sales proceeds received for the two properties were $37,250,000, which were then distributed proportionately to the Investor Level Partnerships. An investment in unconsolidated entities balance remains for both of the properties due to cash held at the unconsolidated entity level.

6) VARIABLE INTEREST ENTITIES

The Company has determined it is the primary beneficiary of the Investment Level Partnerships because it directs all of their activities and because of its financial interest in the distribution waterfall schedules established in each of the partnership agreements. According to each waterfall schedule, the Company is entitled to a percentage of remaining distributions after the outside investors receive a return of their capital and a preferred rate of return established in the agreements.

The Investment Level Partnerships are managed by the Company, and have no employees in addition to the Company's employees. The sole purpose of the Investment Level Partnerships is to own and manage the equity interests in the unconsolidated entities.

The following is a summary of the aggregate financial position at December 31, 2017 of the variable interest entities that are consolidated in the Company's consolidated balance sheet:

Assets	$	60,908,029
Liabilities	$	553,100

The consolidated assets primarily consist of the equity method investment in the unconsolidated entities. The consolidated liabilities primarily consist of the bridge loans entered into to fund the unconsolidated entities.

7) NOTES PAYABLE

Our debt obligations are comprised of the following at December 31, 2017:

Debt Description	Interest Rate	Maturity Date	Amount Due at December 31, 2017
Bridge Loans			
Lake Travis Hospitality	5.5%	August 24, 2018	$ 545,977
Total bridge loans			545,977
Long-term Debt			
Broomfield	4.7%	May 6, 2024	9,811,734
Portland	4.86%	May 17, 2022	9,525,000
Total long-term debt			19,336,734
			$ 19,882,711

Bridge Loans

With each investment offering made, the Company uses the proceeds of a bridge loan to provide the upfront capital to the Investment Level Partnerships. These bridge loans are short term in nature and are in the name of the Company. The Company deposits the bridge loans received into the Investment Level Partnerships, and the Investment Level Partnerships make the principal payments in accordance with the loan documents on behalf of the Company. During the year ended December 31, 2017, there were four new borrowings in the name of the Company providing net proceeds of $27,107,000 and $33,112,100 was repaid by certain Investment Level Partnerships. Certain bridge loans have an interest rate of 12% annually and also charge a 2% financing charge at the beginning of the loan.

At December 31, 2017, the Company has one bridge loan outstanding, which will expire in 2018. Interest is payable monthly, and principal is payable as amounts are received from the investment offerings but no later than the maturity date. This bridge loan has a variable interest rate of the prime rate plus 1.0%, calculated monthly. The variable rate was 5.5% on December 31, 2017. The bridge loans are secured by the Company's membership interests in the applicable Investment Level Partnerships.

Lines Of Credit

On February 23, 2016, the Company renewed a line of credit with Frost Bank of $100,000 maturing on February 18, 2018. The line of credit's interest rate is 4.5% annually. At December 31, 2017, there was no outstanding balance.

7) NOTES PAYABLE (Continued)

Lines Of Credit (Continued)

On December 15, 2016, the Company renewed a line of credit with Texas Capital Bank of $300,000 maturing on December 15, 2017. This $300,000 line of credit was renewed again on December 31, 2017 and will mature on December 15, 2018. The line of credit's interest rate is 4.5% annually. At December 31, 2017, there was no outstanding balance.

Broomfield Note

On April 17, 2014, in conjunction with the acquisition of the hotel, Broomfield entered into a note agreement with a financial institution in the amount of $10,400,000 maturing on May 6, 2024. The note's interest rate is 4.7% annually. Monthly payments are due based upon a 30-year amortization. The unpaid principal amount plus any unpaid accrued interest is due on the maturity date. The note payable has financial covenants for certain debt ratios.

Portland Note

On May 17, 2017, in conjunction with the acquisition of the hotel, Portland entered into a note agreement with a financial institution in the amount of $9,525,000 maturing on May 17, 2022. The note has a variable interest rate of LIBOR plus 2.75%, calculated monthly. The variable rate was 4.86% on December 31, 2017. Monthly payments are due based upon a 25-year amortization. The unpaid principal amount plus any unpaid accrued interest is due on the maturity date. The note payable has financial covenants for certain debt ratios.

Future Principal Payments – Long-Term Debt

The aggregate amounts of required future principal payments on long-term debt at December 31, 2017 are as follows:

Years Ending December 31,	Amounts
2018	$ 423,953
2019	415,246
2020	424,875
2021	434,967
2022	8,878,923
Thereafter	8,758,770
Total	$ 19,336,734

7) NOTES PAYABLE (Continued)

Loan Origination Costs

Loan origination costs consist of amounts incurred to obtain financing for the acquisition. Loan origination costs are recorded at cost and are amortized using the straight-line method over the life of the related debt.

The table below reconciles the amount owed to the bank with the balance shown on the balance sheet.

	Bridge Loans	Long-term Debt
Debt owed	$ 545,977	$ 19,336,734
Unamortized loan origination costs	(10,920)	(300,778)
Net debt reported on balance sheet	$ 535,057	$ 19,035,956

Loan origination costs of $445,620 were capitalized in bridge loans on the consolidated balance sheet. Loan origination costs of $76,465 were capitalized in long-term debt on the consolidated balance sheet. Amortization expense for these costs is included in interest expense and totals $612,207 for the year end December 31, 2017.

8) RELATED PARTY TRANSACTIONS

Summary

The table below summarizes fees incurred and expense reimbursements payable to the Company for the year ended December 31, 2017 and amounts payable at December 31, 2017. A description of each of the fees included in the table follows:

Description of fee/reimbursement	Amount Incurred During 2017	Unpaid at December 31, 2017
Acquisition fees *	$ 3,812,287	$ -
Management fees**	533,000	160,000
Disposition fees	367,500	-
Expense reimbursements *	1,481,361	2,281,051
Participation interests *	470,466	-

* Eliminated in consolidation.
** Includes $30,000 of management fees earned from Broomfield and $17,500 of management fees earned from Portland both of which are eliminated in consolidation.

8) RELATED PARTY TRANSACTIONS (Continued)

Acquisition fees – Investor Level Partnerships pay the Company an acquisition fee of 7% of equity contributions.

Management fees – The unconsolidated entities pay the Company management fees for investment services in the amount of $2,500 - $5,000 monthly per property.

Disposition fees – The unconsolidated entities pay the Company disposition fees for investments sold in the amount of 1% of the gross sales price of the hotel.

Participation interest – The Company as the full owner of the general partner for each Investor Level Partnership is entitled to a share of the Investor Level Partnerships' distributions after distribution of an 8% annual return on unreturned capital and the return of capital to the limited partners.

Expense reimbursements – Investor Level Partnerships reimburse the Company for offering and organizational (O&O) costs limited to certain amounts based on investment and certain administrative expenses.

8) RELATED PARTY TRANSACTIONS (Continued)

Related Party Transactions by Investment

A summary of certain fees and reimbursements incurred during the year ended December 31, 2017 by investment is as follows:

Entity	Expense Reimbursements *	Acquisition Fees *	Disposition Fees	Participation Interests *
GMI-164 Corpus, LP	$ 13,169	$ -	$ -	$ -
GMI-108 Mission, LP	17,743	-	-	-
GMI-Broomfield, LP	36,939	-	-	-
GMI-192 Mission, LP	19,422	-	-	-
GMI-Bay Vista Apartments I, LP	27,826	-	-	-
GMI-Overland Park, LP	3,020	-	175,000	202,811
GMI-Orlando, LP	-	-	-	51,700
GMI-Lake Mary 125, LP	18,441	-	192,500	215,955
GMI-Pine Hill Crossing, LP	24,503	-	-	-
GMI-Shiloh/O'Fallon, LP	29,707	-	-	-
GMI-Palmdale Hospitality, LP	33,671	357,000	-	-
GMI-Long Island 154, LP	75,664	-	-	-
GMI-BWI, LP	44,855	-	-	-
GMI-AF, LP	131,470	775,000	-	-
GMI-Long Island HWS, LP	235,139	706,213	-	-
GMI-Lakeway 109, LP	147,378	-	-	-
GMI-Portland 121, LP	154,832	513,308	-	-
GMI-TPS Irving, LP	154,237	412,213	-	-
GMI-NOMA, LP	313,345	1,048,553	-	-
Total	$ 1,481,361	$3,812,287	$ 367,500	$ 470,466

**These amounts are eliminated in consolidation.*

8) RELATED PARTY TRANSACTIONS (Continued)

Related Party Transactions by Investment (Continued)

Additionally, the following amounts were due to the Company as of December 31, 2017:

Entity	Expense Reimbursement *	Asset Management Fees
GMI-164 Corpus, LP	$ 83,608	$ 25,000
GMI-Bay Vista Apartments I, LP	172,489	15,000
GMI-108 Mission, LP	190,649	2,500
GMI-192 Mission, LP	241,655	77,500
GMI-ALH 20, LP	187,786	-
GMI-Mueller Hospitality, LP	173,275	-
GMI-Camp Creek, LP	134,843	-
GMI-Broomfield 139, LP	192,900	-
GMI-Overland Park, LP	101,445	-
GMI-Pine Hill Crossing, LP	109,086	40,000
GMI-Orlando, LP	84,746	-
GMI-Lake Mary 125, LP	121,494	-
GMI-Shiloh/O'Fallon, LP	73,510	-
GMI-Palmdale Hospitality, LP	33,671	-
GMI-Long Island 154, LP	111,354	-
GMI-BWI, LP	57,986	-
GMI-AF, LP	35,624	-
GMI-Long Island HWS, LP	20,138	-
GMI-Lakeway 109, LP	147,378	-
GMI-Portland 121, LP	4,832	-
GMI-TPS Irving, LP	9,237	-
GMI-NOMA, LP	(6,655)	-
	$ 2,281,051	$ 160,000

** These amounts are eliminated in consolidation.*

In addition to the above amounts, as of December 31, 2017, Pine Hill Crossing, LLC owes the Company $400,000 for additional funding support provided to it by the Company.

As of December 31, 2017, the Company owes a related party $35,004 for consulting fees provided to the Company.

9) COMMITMENTS

Operating Leases

The Company leased office space, a postage machine, and a copier under operating leases expiring through 2021. Rent expense of approximately $74,698 has been included in general and administrative expenses in the consolidated statement of income for the year ended December 31, 2017. The future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2017 are as follows:

Years Ending December 31,	Amounts
2018	$ 66,514
2019	65,869
2020	22,260
2021	1,250
	$ 155,893

Other Commitments

Acquired operating properties sometimes require a property improvement plan (“PIP”). When this is not funded on the day the property is acquired, the Investment Level Partnership is committed to funding this requirement.

10) 401(K) PLAN

The Company participates in a 401(k) plan (the Plan) which covers all eligible employees of the Company. The Plan provides for contributions by the Company at management’s discretion. The Company made $64,774 in contributions to the Plan for the year ended December 31, 2017.

11) SUBSEQUENT EVENTS

The Company evaluated events through August 27, 2018, which is the date these consolidated financial statements were available to be issued.

On July 23, 2018, the hotel owned by Broomfield 139, LLC was sold for a sales price of $19,320,000.

11) SUBSEQUENT EVENTS (Continued)

Since the year end December 31, 2017, the Company has invested $10,000,000 of bridge loan proceeds into one more affiliate: GMI – Harrison 165, LP.

Since the year end December 31, 2017, the Company is under contract on three additional properties that have yet to be closed.

SUPPLEMENTARY INFORMATION

GENTRY MILLS CAPITAL, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2017

ASSETS

	Gentry Mills Capital, LLC & Investor Level Entities	GMI - Broomfield 139, LP	GMI - Portland 121, LP	Eliminations	Gentry Mills Capital, LLC & Subsidiaries
ASSETS					
Investment in real estate, net	$ -	$ 11,833,446	$ 14,271,337	$ -	$ 26,104,783
Investments in unconsolidated entities	58,148,703	-	-	(1,890,186)	56,258,517
Cash and cash equivalents	4,224,938	955,022	578,879	-	5,758,839
Restricted cash	-	640,518	151,343	-	791,861
Receivables	-	39,256	399,802	-	439,058
Related party receivables	560,000	-	-	-	560,000
Interest rate swap	-	-	34,298	-	34,298
Other assets	118	58,998	41,491	(5,000)	95,607
TOTAL ASSETS	$ 62,933,759	$ 13,527,240	$ 15,477,150	$ (1,895,186)	$ 90,042,963

LIABILITIES AND MEMBERS' EQUITY

	Gentry Mills Capital, LLC & Investor Level Entities	GMI - Broomfield 139, LP	GMI - Portland 121, LP	Eliminations	Gentry Mills Capital, LLC & Subsidiaries
LIABILITIES					
Long-term debt	$ -	$ 9,577,863	$ 9,458,093	$ -	$ 19,035,956
Bridge loans	1,081,034	-	-	(545,977)	535,057
Accounts payable	9,054	219,242	22,344	(199,782)	50,858
Accrued liabilities	25,113	817,011	312,247	(5,000)	1,149,371
Related party payables	35,004	-	-	-	35,004
TOTAL LIABILITIES	1,150,205	10,614,116	9,792,684	(750,759)	20,806,246
MEMBERS' EQUITY					
Parent's equity	3,132,515	29,131	56,845	(1,242,565)	1,975,926
Noncontrolling interest	58,651,039	2,883,993	5,627,621	98,138	67,260,791
Total members' equity	61,783,554	2,913,124	5,684,466	(1,144,427)	69,236,717
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 62,933,759	$ 13,527,240	$ 15,477,150	$ (1,895,186)	$ 90,042,963

See accompanying independent auditors’ report and notes.

GENTRY MILLS CAPITAL, LLC AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	Gentry Mills Capital, LLC & Investor Level Entities	GMI - Broomfield 139, LP	GMI - Portland 121, LP	Eliminations	Gentry Mills Capital, LLC & Subsidiaries
REVENUE					
Hotel room rental revenue	$ -	$ 4,744,926	$ 2,730,962	$ -	$ 7,475,888
Other hotel revenue	586,299	950,583	20,906	(586,299)	971,489
Transactional income	3,812,287	-	-	(3,812,287)	-
Fee income	900,500	-	-	(47,500)	853,000
Total revenue	5,299,086	5,695,509	2,751,868	(4,446,086)	9,300,377
OPERATING EXPENSES					
Salaries, wages, and benefits	526,729	1,307,205	381,964	-	2,215,898
Advertising and marketing	-	597,689	83,392	-	681,081
Real estate operating expenses	4,629,649	1,629,459	577,674	(3,713,003)	3,123,779
General and administrative expenses	127,709	719,467	463,421	-	1,310,597
Consulting and advisory expenses	2,393,622	-	-	-	2,393,622
Depreciation	-	1,031,366	428,663	-	1,460,029
Total operating expenses	7,677,709	5,285,186	1,935,114	(3,713,003)	11,185,006
OTHER INCOME (EXPENSE)					
Acquisition costs	-	-	(550,143)	245,250	(304,893)
Interest expense	(1,144,205)	(507,056)	(552,692)	-	(2,203,953)
Realized/unrealized gain/loss on swap	-	-	(18,317)	-	(18,317)
Loss on disposal of property	(34,667)	-	-	-	(34,667)
Total other income (expense)	(1,178,872)	(507,056)	(1,121,152)	245,250	(2,561,830)
NET LOSS BEFORE EQUITY IN EARNINGS OF UNCONSOLIDATED ENTITIES	(3,557,495)	(96,733)	(304,398)	(487,833)	(4,446,459)
EQUITY IN EARNINGS OF UNCONSOLIDATED ENTITIES	3,512,161	-	-	-	3,512,161
NET INCOME (LOSS)	(45,334)	(96,733)	(304,398)	(487,833)	(934,298)
Less: Net loss attributable to the noncontrolling interest	(3,505,392)	(95,766)	(301,354)	-	(3,902,512)
NET INCOME (LOSS) ATTRIBUTABLE TO PARENT	$ 3,460,058	$ (967)	$ (3,044)	$ (487,833)	$ 2,968,214

See accompanying independent auditors' report and notes.