



HOTEL & LEISURE ADVISORS

**MARKET FEASIBILITY STUDY REPORT
FOR THE
PROPOSED CONVENTION CENTER HOTEL
11355 CHESTER ROAD
SHARONVILLE, HAMILTON COUNTY, OHIO**



Date of Report:

August 27, 2013

FOR

Chris Xeil Lyons
Economic Development Director
City of Sharonville
10900 Reading Road
Sharonville, Ohio 45241



HOTEL & LEISURE ADVISORS

August 27, 2013

Chris Xeil Lyons
Economic Development Director
City of Sharonville
10900 Reading Road
Sharonville, Ohio 45241

**RE: Proposed Convention Center Hotel - Sharonville
Sharonville, Hamilton County, Ohio**

Dear Ms. Lyons:

In fulfillment of our engagement letter, we have completed our study of the market demand and economic feasibility for the proposal to develop a convention center hotel in Sharonville, Hamilton County, Ohio. The study is based upon market conditions observed as of the date of our market inspection on May 15, 2013, and research conducted in May and June, 2013.

The property will be located at 11355 Chester Road. The property will be directly connected to the existing Sharonville Convention Center. The property will be located fronting on Chester Road. It is our understanding that this study is being conducted for the city of Sharonville as part of a larger RFP process in order to attract potential developers for the proposed hotel.

Assumptions

The conclusions contained in this report are based upon a review of information provided by you and on-site field work in the market area, which is described in the Scope of Assignment section. As in all studies of this type, the conclusions reached do not take into account, or make provisions for, the effect of any sharp rise or decline in local or general economic conditions not presently foreseeable. The estimated results are based on competent and efficient management of the proposed hotel, as well as an aggressive marketing program prior to and after the opening of the proposed hotel. We assume the subject will hire appropriate management personnel to operate and market the hotel. We assume that the subject will operate as a national franchise affiliate. We assume the proposed hotel will open January 1, 2015. We presume no significant change in the competitive position of the hotel industry in the area from that as set forth in this report. We do not warrant that the estimates will be attained, but they have been conscientiously prepared on the basis of information obtained and our experience in the hotel industry.

It is expressly understood that the scope of this study and the report thereon do not include the possible impact of zoning regulations, licensing requirements, or other restrictions concerning the project, except where such matters have been brought to our attention and which are set forth in this report.

This report and its contents are intended solely for the information of our client for internal use relative to determining the feasibility of the project. The report should not be relied upon for any other purpose. Otherwise, neither our report nor any of its contents

Ms. Chris Xeil Lyons
August 27, 2013
Page 2

nor any reference to Hotel & Leisure Advisors, LLC (H&LA) may be included or quoted in any document, offering circular, registration statement, prospectus, sales brochure, other appraisal, or other agreement without our prior written approval. Such permission will not be unreasonably withheld.

We are available to perform additional consulting services on this proposed property as the scope of the development is finalized. In addition, we are available to perform a self-contained full narrative appraisal report, economic impact study, or management company analysis for the proposed development upon your request. We appreciate the opportunity to be of service to your organization and look forward to working with you again.

Respectfully submitted,

Hotel & Leisure Advisors, LLC

A handwritten signature in black ink, appearing to read "Eric B. Hansen", with a long horizontal flourish extending to the right.

Eric B. Hansen, AIA, ISHC
Director of Development Services

**MARKET FEASIBILITY STUDY REPORT
FOR THE
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11355 CHESTER ROAD
SHARONVILLE, HAMILTON COUNTY, OHIO
TABLE OF CONTENTS**

A.	INTRODUCTION	
	Scope of the Assignment	A-1
	Executive Summary	A-2
	Standard Conditions	A-12
	Extraordinary Assumptions and Hypothetical Conditions	A-14
	Competency of the Consultants	A-14
B.	AREA ANALYSIS AND DESCRIPTIVE DATA	
	Area Review	B-1
	Neighborhood Analysis	B-16
	Site Analysis	B-22
	Description of Projected/Recommended Improvements	B-32
	Franchise Affiliation Analysis	B-35
	Municipal Incentives	B-38
C.	MARKET ANALYSIS	
	National Lodging Market Overview	C-1
	Comparable Lodging Analysis	C-9
	Cincinnati Lodging Overview	C-12
	Competitive Lodging Market Overview	C-13
	Projected Market Occupancy	C-30
	Demand Interviews	C-31
D.	SUBJECT OCCUPANCY AND AVERAGE DAILY RATE ANALYSIS	
	Historical Performance of Sharonville Convention Center	D-1
	Competitive Advantages and Disadvantages of Subject Property	D-2
	Projected Subject Occupancy	D-4
	Estimated Average Daily Rate	D-8
E.	FINANCIAL ANALYSIS	
	Introduction	E-1
	Income and Expense Analysis	E-3
	Prospective Financial Analysis in Inflated Dollars	E-13
	Feasibility Analysis	E-17
F.	CERTIFICATION	F-1
	ADDENDA	
	Qualifications	Addendum I
	Smith Travel Research Report	Addendum II
	ERSI Demographic Report	Addendum III
	Demand Interviews Survey Form	Addendum IV

SCOPE OF THE ASSIGNMENT

Hotel & Leisure Advisors, LLC has been retained by Ms. Chris Xeil Lyons with the city of Sharonville, Ohio, to estimate the potential market feasibility of the development of a convention center hotel with direct connection to the existing Sharonville Convention Center.



We made a number of independent investigations and analyses in performing this study. We evaluated the subject site and its relationship to potential demand generators as well as its attributes relative to the lodging competitors. We interviewed representatives of the convention and visitors bureau, chamber of commerce, city officials, county officials, economic development officials, and assessor's office to collect information concerning the proposed site and region. We interviewed managers or owners of

existing competitive hotel properties. We interviewed representatives of various hotel chains to determine performance of area hotels and proposed new supply additions. We interviewed a representative from the Princeton School District to understand the facilities that are currently under construction, and the district's overall relationship with the community and potential demand generated from the new facilities. We have conducted demand interviews with various potential users of the proposed facility.

In conducting our investigation and analysis, we relied on data retained in our office, which is updated regularly for use in all assignments. Various agencies and databases, including the Site to Do Business database, were contacted for demographic data, land use policies and trends, growth estimates, and employment data.

Neighborhood data was supplemented by a physical inspection of the subject property and the area. Ms. Chris Xeil Lyons provided the subject property data for our analysis. In addition to the subject's specific information, we have considered relevant market data in determining the projections used in our cash flow analysis.

We based the financial analysis primarily upon the probable operating experience of the property relative to gross operating revenues, typical expense levels, and resultant net cash flow. We estimated operating revenues utilizing market data relative to industry standards and comparable properties in the subject area. We estimated expense levels based upon industry standards and operating histories of similar properties. We have estimated the financial projections for the subject facility for the year beginning January 1, 2015, for 11 years.

EXECUTIVE SUMMARY

The city of Sharonville is considering development of a convention center hotel with a direct interior connection to the existing Sharonville Convention Center. Leveraging the recent expansion of the convention center, and based on interviews with existing convention center users, the client has identified the need for a headquarters hotel with a direct connection to the facility. Our analysis revealed several key issues that are summarized throughout the A-Section of this report.

Glossary of Terms

Hotel feasibility studies analyze various metrics associated with hotel operations and performance. The following glossary is provided as these terms are used throughout this report.

Chain Scale: Chain scale segments are a method by which branded hotels are grouped based on the actual average room rates. The chain scale segments are: Luxury Chains; Upper Upscale Chains; Upscale Chains; Upper Midscale Chains; Midscale Chains; Economy Chains; Independents. A complete listing of various hotels and their respective chain scales is contained in the C-Section of this report.

Supply (Rooms Available): The number of rooms in a hotel (or market) times the number of days (typically 365) in the period of analysis.

Demand (Rooms Sold): The number of rooms rented during a specific period.

Occupancy (Occ): Rooms Sold divided by Rooms Available times 100, expressed as a percentage of rooms occupied.

Average Daily Rate (ADR): Room Revenue divided by Rooms Sold.

Room Revenue: Total Room Revenue generated from the rental of rooms. This revenue is separate from other revenues the hotel operation might generate.

Revenue per Available Room (RevPAR): Total Room Revenue divided by Rooms Available. RevPAR accounts not only for the number of rooms actually sold, but also the amount of unoccupied available rooms. This is the hospitality industry's key metric for comparison of properties.

Penetration Rate: The percentage of a property's fair share of demand that is actually accommodated by that property. Penetration rates in excess of 100% indicate that a hotel possesses competitive advantages, while competitive weaknesses are reflected by penetration rates that are below 100%.

Market Segmentation: An analysis of demand generation; i.e. the sources of business (transient, corporate, group, contract, etc.) that a property attracts.

The following summarizes the points of consideration throughout each section of the report.

A-Section – Introduction

This section contains the executive summary and key issues and attributes of the analysis.

B-Section – Area Analysis and Descriptive Data

This section describes the proposed project within the context of the larger hotel industry and specific area attributes.

The proposed subject site is approximately 0.70 acres of land located in front of the existing convention center. We project the proposed property will open by January 1, 2015. We recommend and have performed our study utilizing an assumption that the subject would develop a 180-room select-service, chain affiliated hotel with a direct connection to the existing Sharonville Convention Center. We recommend a select-service product in lieu of a full-service product due to the higher construction costs, and expense margins associated with a full-service property. As will be discussed under the franchise affiliation section, in our opinion the subject should operate as a national franchise affiliate and take advantage of a central reservation system as well as an established guest rewards loyalty program. The following table profiles our recommendations for the proposed convention center hotel in Sharonville, Hamilton County, Ohio.

Proposed Convention Center Hotel - Sharonville				
Recommended Facility				
Number of Units		180		
Room Mix		Room		
	Units	Breakdown %	Size (S.F.)	
	Double-Queen	130	72%	350-400
	Kings	40	22%	350-400
Suites	10	6%	400-500	
Franchise Recommendations				
Hyatt Place, Hyatt House				
Aloft, Element by Westin				
Hotel Indigo				
Cambria Suites				
Meeting Rooms		Square Feet		
Banquet/Meeting Rooms (Divisible Into 3)		3,000		
Pre-function Space		800		
Executive Boardroom		300		
Total		4,100		
Food and Beverage Outlets				
Three-Meal Restaurant				
Bar/Lounge with Limited Food Offerings				
Grab-n-Go Market Concept				
Complimentary and On-Site Amenities				
Indoor Pool				
Whirlpool				
Fitness Center				
Complimentary High Speed Internet				
Business Center				
Complimentary Parking				
Ground Floor Sundries Space				
Source: Hotel & Leisure Advisors				

Area Review

The neighborhood surrounding the subject site has a variety of uses, which are primarily related to commercial, educational, and hospitality. The subject site has limited visibility from I-75, but is identified through a tall electronic billboard located adjacent to the interstate. The subject hotel will be adjacent and connected to the existing Sharonville Convention Center, which recently underwent a \$26 million renovation and expansion, doubling the size of the event center to 65,000 square feet.



C-Section – Market Analysis

This section analyzes the competitive set of hotels with whom the proposed hotel would compete. A forecast of market occupancy, with the proposed hotel as new supply is derived at the end of this section.

The proposed subject hotel will be a unique facility within the market because it will be group-oriented and connected directly to the existing convention center. We have analyzed a grouping of competitive hotels including both limited and full-service properties located within Sharonville and West Chester areas. The following table provides their operating performance.

Competitors Operating Performance Proposed Convention Center Hotel - Sharonville										
Year	Annual Supply	% Chg.	Demand	% Chg.	OCC	% Chg.	ADR	% Chg.	RevPAR	% Chg.
2007	508,974	-	297,259	-	58.4%	-	\$102.71	-	\$59.99	-
2008	536,550	5.4%	319,680	7.5%	59.6%	2.0%	\$105.01	2.2%	\$62.57	4.3%
2009	536,550	0.0%	287,039	-10.2%	53.5%	-10.2%	\$98.60	-6.1%	\$52.75	-15.7%
2010	536,550	0.0%	295,414	2.9%	55.1%	2.9%	\$97.98	-0.6%	\$53.95	2.3%
2011	536,550	0.0%	301,915	2.2%	56.3%	2.2%	\$100.77	2.9%	\$56.70	5.1%
2012	536,550	0.0%	301,544	-0.1%	56.2%	-0.1%	\$103.17	2.4%	\$57.98	2.3%
Average of Years	531,954	1.1%	300,475	0.5%	56.5%	-0.6%	\$101.37	0.1%	\$57.32	-0.3%
Year-To-Date through April										
2012	176,400	-	89,893	-	51.0%	-	\$102.82	-	\$52.40	-
2013	176,400	0.0%	94,546	5.2%	53.6%	5.2%	\$104.92	2.0%	\$56.24	7.3%
Source: Smith Travel Research										

As shown in the following table, the existing competitive supply is primarily focused on commercial and group demand with a smaller amount of leisure demand. The market achieves its highest occupancy levels in the summer months.

Total Accommodated Demand Output			
Segment		2012 Rm Nights	Segment Percent
1	Commercial	170,601	57%
2	Group	88,164	29%
3	Leisure	42,858	14%
TOTAL		301,623	100%
Market Occupancy		56.2%	
Market ADR		\$103.17	
Source: Hotel & Leisure Advisors			

Our market forecast indicates the market stabilizing at an occupancy of 58.5% in 2017, after the opening of the proposed subject hotel in January 2015.

D-Section – Subject Occupancy and Average Daily Rate Analysis

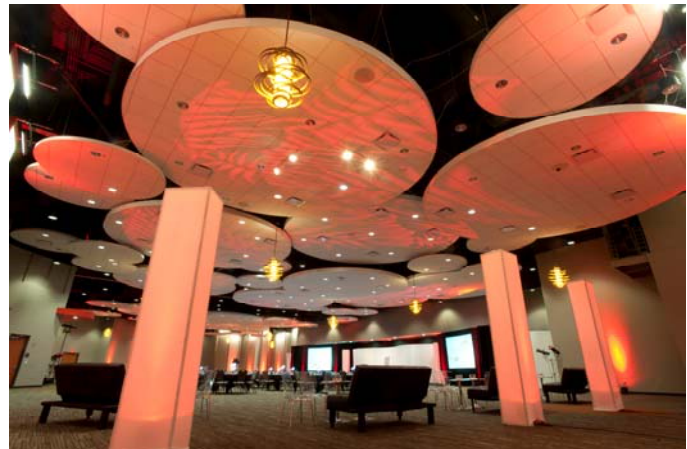
This section provides the competitive advantages and disadvantages of the subject hotel and forecasts how well the proposed hotel will perform against its competitive set, i.e. how well it penetrates the market and with what demand generators.

Competitive Advantages and Disadvantages of Subject Property

We have assessed the projected competitive position of the subject property compared to the defined competitive lodging supply. Based on interviews with representatives of competitive hotels, our general knowledge of the market area, and consideration of factors such as competent and efficient management, a well-defined marketing program, the location of the subject property, and the quality of the facility, we have estimated future market penetration of the subject. We consider the following property characteristics as competitive advantages and disadvantages when estimating future penetration rates for the different segments.

Positive Attributes

- The subject's location adjacent to the Sharonville Convention Center is projected to be a strong advantage because the newly renovated and expanded convention facility is currently generating a wide variety of new group and association demand. The proposed subject hotel will be known as the convention center headquarters hotel, and will attract those groups that desire to be "self-contained" because the hotel will be directly attached to the convention center via an interior connection.



- The subject's location fronting on Chester Road will be a significant part of a current redevelopment effort, transforming the streetscape in alignment with the

current Northern Lights Overlay District plan. This plan includes current infrastructure construction efforts under way along Chester Road from East Sharon Road north to the convention center.

- The market for youth sports will be accelerated with the completion of the \$140 million Princeton Schools new campus in 2014-2015, located approximately a quarter mile from the subject site. The new sports venues with a 3,400-seat bowl-type basketball arena, two additional gymnasiums, new aquatic center, and various athletic fields is being designed as a community facility. The proposed subject hotel will be able to leverage its group-orientation mode of operations to accommodate the anticipated youth sports market coming to the area. According to school representatives, the project will become a hub for regional sports activities. Overnight demand is generated through tournaments, instructional camps, and various athletic events. Current bookings at the various facility venues include 2016 regional baseball sectionals, 2016/2017 regional division 1 basketball sectionals, and AAU water polo regional sectionals. The district is working on putting in place various other AAU contracts for use of the facilities, when school events are not scheduled.
- The subject site has easy access from both Interstate 75 and Interstate 275. This attribute provides the subject hotel access to other regional attractions in the larger Cincinnati area, including Kings Island Amusement Park, and the downtown Cincinnati attractions such as Paul Brown Stadium, Great American Ballpark, and the new casino.
- The subject will be the newest select-service hotel within the competitive set. The proposed subject hotel will offer a range of amenities, including a full-service restaurant and lounge.
- The design of the subject is recommended to complement the existing contemporary aesthetic of the convention center. The integrated design is anticipated to provide a distinctive look and feel to the proposed subject hotel, elevating it from a standard prototypical design into a uniquely designed property.
- The subject is recommended to be affiliated with a well-known national franchise hotel brand. The subject will leverage the chosen brand's central reservation system as well as its guest loyalty rewards program. Many travelers today classify their rewards points as a benefit of traveling, and having a property offer rewards points is not only desired, but also necessary to be competitive. In addition, a national brand helps to provide consistency among the guest experience, allowing lodging consumers to gain familiarity with a hotel product prior to visiting.
- The subject will be able to be promoted through the existing electronic billboard that promotes the convention center. This billboard is located adjacent to Interstate 75. This is a competitive advantage because currently no other hotels in the market advertise in the same manner.
- The subject has a strong potential to outperform the market, particularly during the shoulder seasons when group and association business is at its peak. The primary target time for groups will be the shoulder seasons of spring and fall. In addition, the subject is expected to be a popular hotel during the summer months

and weekends during the winter for youth sporting events occurring at the new Princeton Schools campus.

Negative Attributes

- The neighborhood surrounding the subject site lacks pedestrian friendly restaurants and attractions. However, with the Northern Lights Overlay District guidelines in place, the area surrounding the convention center is anticipated to be transformed into an arts and entertainment district. With the development of the subject, these improvements will need to occur as planned in the area of the subject.
- There are several existing hotels in the market that have continually not met the expectations of the group consumers attending functions at the convention center. The negative perceptions of these properties have adversely affected the ability of the convention center to attract group demand. An aggressive and significant marketing effort by the proposed subject hotel and convention center will need to be executed in order to overcome these negative lodging perceptions.

Based upon the above attributes, as well as an analysis of the market segmentation of various demand generators, the following table summarizes the forecast for the proposed hotel's occupancy.

Subject Property Name: Proposed Convention Center Hotel - Sharonville							
Room Nights by Segment	2015	2016	2017	2018	2019	2020	2021
Commercial	14,782	15,201	15,491	15,491	15,491	15,491	15,491
Group	21,768	22,904	23,620	23,620	23,620	23,620	23,620
Leisure	5,824	6,034	6,251	6,251	6,251	6,251	6,251
TOTAL	42,375	44,139	45,362	45,362	45,362	45,362	45,362
Percent of Total Room Nights by Segment							
Commercial	34.9%	34.4%	34.1%	34.1%	34.1%	34.1%	34.1%
Group	51.4%	51.9%	52.1%	52.1%	52.1%	52.1%	52.1%
Leisure	13.7%	13.7%	13.8%	13.8%	13.8%	13.8%	13.8%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Subject Available Rooms per Day	180	180	180	180	180	180	180
Subject Available Rooms per Year	65,700	65,700	65,700	65,700	65,700	65,700	65,700
Subject Property Projections							
Subject Occupancy	64.5%	67.2%	69.0%	69.0%	69.0%	69.0%	69.0%
Market Share	12.4%	12.7%	12.9%	12.9%	12.9%	12.9%	12.9%
Fair Share	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%
Penetration	113.6%	116.5%	118.1%	118.1%	118.1%	118.1%	118.1%
Market Occupancy	56.8%	57.7%	58.5%	58.5%	58.5%	58.5%	58.5%
Source: Hotel & Leisure Advisors							

We forecast the proposed subject hotel to achieve a stabilized occupancy of 69.0% which equates to a penetration rate of 118.1%. We have also estimated the average daily rate for the proposed subject beginning in January 2015. The following table demonstrates the projected occupancy and ADR for the market and the subject for calendar year projections beginning in January of each year.

Estimated Average Daily Rate, Occupancy, and RevPAR Market and Subject											
Year	Competitive Set of Hotels					Subject Property					
	Occupancy	ADR	ADR Growth Rate	RevPAR	RevPAR Growth Rate	Occupancy	ADR	ADR Growth Rate	ADR Penetration	RevPAR	RevPAR Growth Rate
2010	55.1%	\$97.98	-	\$53.97	-						
2011	56.3%	\$100.77	2.8%	\$56.72	5.1%						
2012	56.2%	\$103.17	2.4%	\$58.00	2.2%						
2013	59.0%	\$105.00	1.8%	\$61.98	6.9%						
2014	60.1%	\$108.15	3.0%	\$64.99	4.9%						
2015	56.8%	\$111.39	3.0%	\$63.25	-2.7%	64.5%	\$123.00	-	110%	\$79.33	-
2016	57.7%	\$114.74	3.0%	\$66.15	4.6%	67.2%	\$129.15	5.0%	113%	\$86.77	9.4%
2017	58.5%	\$118.18	3.0%	\$69.08	4.4%	69.0%	\$134.32	4.0%	114%	\$92.74	6.9%
2018	58.5%	\$121.72	3.0%	\$71.16	3.0%	69.0%	\$138.35	3.0%	114%	\$95.52	3.0%
2019	58.5%	\$125.38	3.0%	\$73.29	3.0%	69.0%	\$142.50	3.0%	114%	\$98.39	3.0%
2020	58.5%	\$129.14	3.0%	\$75.49	3.0%	69.0%	\$146.77	3.0%	114%	\$101.34	3.0%

Source: Hotel & Leisure Advisors

We forecast the proposed subject hotel to achieve a stabilized ADR penetration rate of 114% within the competitive set of hotels.

E-Section – Financial Analysis

Utilizing the forecasts generated in the D-Section, this analysis provides an eleven-year financial pro forma for the proposed hotel utilizing comparable figures from actual hotel operations as well as industry standards as a benchmark. This section ends with a discounted cash flow analysis, which provides a value indication of the proposed hotel. The value indication is compared to the development costs associated with the proposed project and a determination of feasibility is made. If the associated project costs are less than the value indication, the project is feasible.

Subject Hotel Projections

The following table indicates our projections of financial performance for the proposed hotel for the first four years of the analysis.

PROJECTED FINANCIAL PERFORMANCE
PROPOSED CONVENTION CENTER HOTEL - SHARONVILLE

	Base Year 2015				Base +1 2016				Base +2 2017				Base +3 2018			
Number of Rooms	180				180				180				180			
Occupancy	64.5%				67.2%				69.0%				69.0%			
Average Rate	\$123.00				\$129.15				\$134.32				\$138.35			
Days Open	365				365				365				365			
Rooms Occupied	42,375				44,139				45,362				45,362			
Rooms Available	65,700				65,700				65,700				65,700			
Revenues	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	\$ 5,212	66.6%	\$ 28,956	\$ 123.00	\$ 5,701	67.4%	\$ 31,672	\$ 129.16	\$ 6,093	67.9%	\$ 33,850	\$ 134.32	\$ 6,276	67.9%	\$ 34,867	\$ 138.35
Food and Beverage	\$ 2,500	32.0%	\$ 13,889	\$ 59.00	\$ 2,639	31.2%	\$ 14,661	\$ 59.79	\$ 2,764	30.8%	\$ 15,356	\$ 60.93	\$ 2,847	30.8%	\$ 15,817	\$ 62.76
Other Operated Departments	\$ 10	0.1%	\$ 56	\$ 0.24	\$ 11	0.1%	\$ 61	\$ 0.25	\$ 11	0.1%	\$ 61	\$ 0.24	\$ 11	0.1%	\$ 61	\$ 0.24
Rentals and Other Income	\$ 100	1.3%	\$ 556	\$ 2.36	\$ 106	1.3%	\$ 589	\$ 2.40	\$ 111	1.2%	\$ 617	\$ 2.45	\$ 114	1.2%	\$ 633	\$ 2.51
Total Revenue	\$ 7,822	100.0%	\$ 43,456	\$ 184.59	\$ 8,457	100.0%	\$ 46,983	\$ 191.60	\$ 8,979	100.0%	\$ 49,883	\$ 197.94	\$ 9,248	100.0%	\$ 51,378	\$ 203.87
Departmental Expenses																
Rooms	\$ 1,303	25.0%	\$ 7,239	\$ 30.75	\$ 1,373	24.1%	\$ 7,628	\$ 31.11	\$ 1,436	23.6%	\$ 7,978	\$ 31.66	\$ 1,479	23.6%	\$ 8,217	\$ 32.60
Food & Beverage	\$ 1,850	74.0%	\$ 10,278	\$ 43.66	\$ 1,949	73.9%	\$ 10,828	\$ 44.16	\$ 2,039	73.8%	\$ 11,328	\$ 44.95	\$ 2,100	73.8%	\$ 11,667	\$ 46.29
Other Operated Departments	\$ 20	200.0%	\$ 111	\$ 0.47	\$ 21	190.9%	\$ 117	\$ 0.48	\$ 22	200.0%	\$ 122	\$ 0.48	\$ 23	209.1%	\$ 128	\$ 0.51
Total Dept. Expenses	\$ 3,173	40.6%	\$ 17,628	\$ 74.88	\$ 3,343	39.5%	\$ 18,572	\$ 75.74	\$ 3,497	38.9%	\$ 19,428	\$ 77.09	\$ 3,602	38.9%	\$ 20,011	\$ 79.41
Departmental Income	\$ 4,649	59.4%	\$ 25,828	\$ 109.71	\$ 5,114	60.5%	\$ 28,411	\$ 115.86	\$ 5,482	61.1%	\$ 30,456	\$ 120.85	\$ 5,646	61.1%	\$ 31,367	\$ 124.46
Undistributed Operating Expenses																
Administrative & General	\$ 702	9.0%	\$ 3,900	\$ 16.57	\$ 740	8.8%	\$ 4,111	\$ 16.77	\$ 774	8.6%	\$ 4,300	\$ 17.06	\$ 797	8.6%	\$ 4,428	\$ 17.57
Management Fees	\$ 235	3.0%	\$ 1,306	\$ 5.55	\$ 254	3.0%	\$ 1,411	\$ 5.75	\$ 269	3.0%	\$ 1,494	\$ 5.93	\$ 277	3.0%	\$ 1,539	\$ 6.11
Marketing	\$ 630	8.1%	\$ 3,500	\$ 14.87	\$ 662	7.8%	\$ 3,678	\$ 15.00	\$ 692	7.7%	\$ 3,844	\$ 15.25	\$ 713	7.7%	\$ 3,961	\$ 15.72
Franchise Fees	\$ 261	5.0%	\$ 1,450	\$ 6.16	\$ 285	5.0%	\$ 1,583	\$ 6.46	\$ 305	5.0%	\$ 1,694	\$ 6.72	\$ 314	5.0%	\$ 1,744	\$ 6.92
Prop. Oper. & Maintenance	\$ 396	5.1%	\$ 2,200	\$ 9.35	\$ 416	4.9%	\$ 2,311	\$ 9.42	\$ 435	4.8%	\$ 2,417	\$ 9.59	\$ 448	4.8%	\$ 2,489	\$ 9.88
Energy Costs	\$ 342	4.4%	\$ 1,900	\$ 8.07	\$ 360	4.3%	\$ 2,000	\$ 8.16	\$ 376	4.2%	\$ 2,089	\$ 8.29	\$ 387	4.2%	\$ 2,150	\$ 8.53
Total UDOEs	\$ 2,566	32.8%	\$ 14,256	\$ 60.55	\$ 2,717	32.1%	\$ 15,094	\$ 61.56	\$ 2,851	31.8%	\$ 15,839	\$ 62.85	\$ 2,936	31.7%	\$ 16,311	\$ 64.72
Income Before Fixed Charges	\$ 2,083	26.6%	\$ 11,572	\$ 49.16	\$ 2,397	28.3%	\$ 13,317	\$ 54.31	\$ 2,631	29.3%	\$ 14,617	\$ 58.00	\$ 2,710	29.3%	\$ 15,056	\$ 59.74
Fixed Charges																
Property Tax	\$ 247	3.2%	\$ 1,372	\$ 5.83	\$ 254	3.0%	\$ 1,411	\$ 5.75	\$ 262	2.9%	\$ 1,456	\$ 5.78	\$ 269	2.9%	\$ 1,494	\$ 5.93
Insurance	\$ 117	1.5%	\$ 650	\$ 2.76	\$ 121	1.4%	\$ 672	\$ 2.74	\$ 124	1.4%	\$ 689	\$ 2.73	\$ 128	1.4%	\$ 711	\$ 2.82
Reserve for Replacement	\$ 156	2.0%	\$ 867	\$ 3.68	\$ 254	3.0%	\$ 1,411	\$ 5.75	\$ 359	4.0%	\$ 1,994	\$ 7.91	\$ 370	4.0%	\$ 2,056	\$ 8.16
Total Fixed Charges	\$ 520	6.6%	\$ 2,889	\$ 12.27	\$ 629	7.4%	\$ 3,494	\$ 14.25	\$ 745	8.3%	\$ 4,139	\$ 16.42	\$ 767	8.3%	\$ 4,261	\$ 16.91
Net Income	\$ 1,563	20.0%	\$ 8,683	\$ 36.89	\$ 1,768	20.9%	\$ 9,822	\$ 40.05	\$ 1,886	21.0%	\$ 10,478	\$ 41.58	\$ 1,943	21.0%	\$ 10,794	\$ 42.83
Source: Hotel & Leisure Advisors																

Our analysis indicates that the development of the proposed 180-key convention center hotel produces a positive return. We have analyzed the discounted cash flow result for the hotel utilizing a 11.0% discount rate and a 9.0% terminal capitalization rate. The discounted cash flow as completed indicates a conclusion of \$20,600,000 or \$114,444 per available hotel room (180 rooms) for the development. The discounted cash flow as stabilized indicates a conclusion of \$22,800,000 or \$126,667 per available hotel room for the development. We note that the value conclusions are not meant to be market value because there are still many unknowns concerning the subject project but rather are presented as an analysis of value utilizing typical parameters performed in the income capitalization approach for an appraisal.

As the project is in its infancy, development costs have not been specifically generated. However, at this point in the development process, we estimate development costs for the proposed subject property as described should range between \$100,000 and \$200,000 per available hotel room.

Subject Development Outlook

Overall, our study has revealed that the proposed subject hotel development has an above-average likelihood of being viable if incentives and/or municipal subsidies are in place to allow the value created to exceed development costs. There is not enough specific cost information at this time to determine feasibility. The subject's location adjacent to and connected with the Sharonville Convention Center is its strongest attribute due to its recent expansion and renovation as well as high levels of group demand generators that the facility is attracting. Additionally, the subject will benefit from the Princeton Schools \$140 million investment in their new campus, located a quarter mile from the subject, which will offer unique sports venues for the community to host a wide variety of regional sporting events. The proposed hotel is projected to earn a positive rate of return, and out penetrate the local competitive set of hotels.

Recommendations

The following bullets highlight our recommendations for the proposed convention center hotel.

- We recommend the proposed subject hotel be located in the parking lot in front of the convention center. We recommend the proposed hotel engage the Chester Road streetscape tenets planned for in the Northern Lights Overlay District plan. The proposed hotel will be located in a designated entertainment district and will benefit from improvements developed along the Chester Road corridor.
- We recommend the subject hotel provide an interior connection to the convention center from a single level to allow for efficient access, control, and security.
- We recommend the subject offer 180 guest rooms with a mixture of double queens, king rooms, and suites. We recommend a mixture of room types that will provide flexibility for guests. Based upon the group-orientation of the proposed hotel, we recommend approximately 72% of the guest rooms be double-queen rooms.

- We recommend the subject offer an on-site, full-service, three-meal-a-day restaurant. We recommend the restaurant offer a flexible menu throughout the day, catering primarily to hotel guests in the morning and the general public for lunch and dinner. We recommend the restaurant be located at ground level with both hotel and street access. We recommend a separate bar/lounge that offers light fare and alcoholic beverages. We also recommend a small market café that offers take-out snacks, baked goods, pre-made sandwiches, yogurt, etc. to provide on-the-go food options for guests.
- We do not recommend a large amount of meeting and conference space due to the adjacency with the convention center. However, we do recommend the subject offer a modest banquet room with pre-function reception space and a board room. These spaces can be used not only as auxiliary overflow spaces and break-out rooms from events at the convention center, but can also be utilized for attracting smaller groups and sport teams coming to the area utilizing the new sports venues at the Princeton Schools campus.
- We recommend amenities for business travelers, including a well-equipped business center and availability of complimentary wireless Internet access throughout the property.
- We recommend an indoor swimming pool and whirlpool along with a fitness center. These amenities are an expected offering of a select- or full-service hotel.
- We recommend the proposed hotel include a small ground floor sundries space that could be adjacent to or integrated within the market café. We recommend this space to offer sundries, gifts, and convenience items.
- We recommend the subject try to obtain LEED certification as a “green” structure, which would allow for reduced energy costs and positive eco-friendly publicity. We recommend the developers analyze the various point systems for certification and balance the potentially higher costs with energy and environmental savings. The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. In 2011, an ongoing study involving CB Richard Ellis, the University of San Diego and McGraw Hill Construction revealed that green buildings generated stronger returns for investors than traditional properties, with owners anticipating a 4% higher return on investment (ROI) and an additional 5% increase in building value. Savings in energy costs of 20% to 50% are common through integrated planning, site orientation, energy-saving technologies, light-reflective materials, natural daylight and ventilation, and downsized HVAC and other equipment.

STANDARD CONDITIONS

The following Standard Conditions apply to real estate consulting engagements and appraisals by Hotel & Leisure Advisors, LLC (H&LA). Extraordinary Assumptions are added as required.

1. The report is to be used in whole and not in part. The report, engagement letter and these standard conditions constitute the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or current agreements or understandings between the parties, whether in writing or orally. The report and engagement letter may not be amended except in writing signed by the parties hereto. These standard conditions shall survive the completion of the assignment.
2. Publication of the report or engagement letter without the prior written consent of H&LA is prohibited unless otherwise stated in the letter of engagement. Neither the report nor engagement letter may be used by any person other than the party to whom they are addressed nor may they be used for purposes other than that for which they were prepared. Neither the engagement letter, nor the report, nor their contents, nor any reference to the appraisers or H&LA or any reference to the Appraisal Institute, International Society of Hospitality Consultants, American Institute of Certified Public Accountants, or the American Institute of Architects, (or the MAI, ISHC, CPA or AIA designations) may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, other appraisal, loan, or other agreement or document without H&LA's prior written permission, in its sole discretion. Moreover, "H&LA" is a registered trademark of Hotel & Leisure Advisors, LLC. The client agrees that in event of a breach of this Section 2, in addition to any other rights and remedies of H&LA, and hereby consents to injunctive relief.
3. No responsibility is assumed for the legal description or any matters which are legal in nature. Title to the property is assumed to be good and marketable and the property is assumed to be free and clear of all liens unless otherwise stated. No survey of the property was performed. Sketches, maps, photos, or other graphic aids included in the reports are intended to assist the reader in ready identification and visualization of the property and are not intended for technical purposes.
4. The information contained in the assignment is based upon data gathered from sources the consultant or appraiser assumes to be reliable and accurate. Some of this information may have been provided by the owner of the property. Neither the consultants nor H&LA shall be responsible for the accuracy or completeness of such information including the correctness of public records or filings, estimates, opinions, dimensions, sketches, exhibits, and other factual matters.
5. The report may contain prospective financial information, estimates, or opinions that represent the consultants' or appraisers' view of reasonable expectations at a particular point in time. Such information, estimates, or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by H&LA's prospective financial analyses will vary from those described in the report, and the variations may be material. The financial projections stated in the report and any opinions of value are as of the date stated in the report. Changes since that date in external and market factors or in the property itself can significantly affect property value or performance.
6. H&LA has not considered the presence of potentially hazardous materials and contaminants such as asbestos, urea formaldehyde foam insulation, toxic waste, PCBs, pesticides, mold, lead-based paints, or other materials. The appraisers and consultants are not qualified to detect or report on hazardous material contamination and H&LA urges the client to retain an expert in this field if desired.

7. Unless noted, H&LA assumes there are no encroachments, zoning violations, or building violations encumbering the subject property. It is assumed that the property will not be operated in violation of any applicable government regulations, zoning, codes, ordinances, or statutes. No responsibility is assumed for architectural design and building codes. The analysis and concept drawings included in the report are not intended for technical purposes.
8. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
9. Real estate consulting engagements and appraisal assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and the client will be obligated to pay in advance for the standard per diem fees and travel costs.
10. No significant change is assumed in the supply and demand patterns indicated in the report. The appraisal or consulting engagement assumes market conditions as observed as of the current date of the market research stated in the letter of transmittal. These market conditions are believed to be correct; however, H&LA or the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.
11. The quality of a lodging facility or other leisure property's management has a direct effect on the property's economic viability. It should be specifically noted by any prospective reader that the engagement assumes that the property will be competently managed, leased, and maintained by financially sound owners over the expected period of ownership. H&LA is not responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
12. The forecast of income and expenses are not predictions of the future. Rather, they are the consultants' best estimates of current market thinking on

future income and expenses. We do not warrant that the estimates will be obtained, but that they have been prepared in a conscientious manner on the basis of information obtained during the course of this study.

13. The subject property is valued assuming all items of furniture, fixtures, equipment, working capital, and inventory are in place. Should items essential in the operation of the hotel prove to be missing, we reserve the right to amend the opinion of value expressed in an appraisal report.
14. H&LA does not, as part of this consulting report or appraisal, perform an audit, review, or examination (as defined by the American Institute of Certified Public Accountants) of any of the historical or prospective financial information used and therefore, does not express any opinion with regard to it.
15. The consulting engagement or appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute. No other code, ordinance, rule or regulation of any kind or nature whatsoever shall apply.
16. It is agreed that the maximum damages recoverable from H&LA or its affiliates or their respective employees relative to this engagement shall be the amount of the money actually collected by H&LA or its affiliates for work performed pursuant to the engagement letter. The client acknowledges that H&LA cannot and does not guarantee and makes no representations as to the success of the project. H&LA shall not be liable for any incidental, breach of warranty, consequential or punitive damages, expenses, costs or losses whatsoever directly or indirectly arising out of the services performed hereunder (including negligence and/or gross negligence). In addition, there is no accountability or liability to any third party.
17. The client hereby releases and discharges H&LA, its directors, officers, and employees, from and against any and all claims and demands of any nature or kind whatsoever arising as a result of the design, development,

- operations, and performance of the proposed or existing project. The client furthermore agrees to indemnify, defend and hold harmless H&LA and its directors, officers and employees, from any and all claims of any nature whatsoever, including attorney fees, expenses and costs.
18. The report does not address the project's compliance with the federal statute commonly known as the Americans with Disabilities Act as well as regulations and accessibility guidelines promulgated thereunder.
19. The provisions of the report, the engagement letter and these standard conditions shall be severable, and if a court of competent jurisdiction holds any provisions of the report, engagement letter and these standard conditions invalid, illegal or unenforceable, the remaining provisions shall nevertheless remain in full force and effect as written.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

It is assumed that qualified professional hospitality management with demonstrated expertise in management of hotels will operate the subject property. It is assumed that adequate funds will be available for upkeep and repair of the facility.

The location and amenities of the proposed hotel and the details concerning its structure are still in the idea stage and the financial projections shown in this report may change depending upon the type of facility and amenities utilized in the proposed project. As these plans are determined, they could have a material impact on this study.

There are no other extraordinary assumptions or hypothetical conditions.

COMPETENCY OF THE CONSULTANTS

Hotel & Leisure Advisors, LLC is a national hospitality consulting firm specializing in appraisals, feasibility studies, economic impact studies, and impact analyses for hotels, outdoor and indoor waterparks, resorts, ski resorts, golf courses, restaurants, conference and convention centers, and other leisure real estate. We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to this industry. Our participation in industry associations and trade groups keeps us abreast of developments affecting our clients and gives us access to rich sources of data. We follow news and transactions occurring in the hospitality industry on a daily basis. The consultants of the firm have performed more than 2,000 hotel studies since 1987 at various firms. Mr. Eric B. Hansen, AIA, ISHC has written articles concerning hotels, resorts, waterparks, and sports facilities for *Hotel Management*, *Hotel News Now*, *World Waterpark Magazine*, and *Hotel Online* and is a national expert on these types of properties. We maintain databases and files concerning various types of hospitality properties. Therefore, we possess the knowledge and experience to conduct the inspection, analysis, and reasoning necessary to estimate the feasibility of the subject.

AREA REVIEW

The feasibility of a hotel project is influenced in a general manner by the economic, political, physical, and social characteristics of its surrounding area. The subject is located in Sharonville, Hamilton County, Ohio, and belongs to the Cincinnati-Middletown OH-KY-IN Metropolitan Statistical Area (MSA). An MSA consists of at least one urbanized area of 50,000 or more people plus adjacent areas with a high degree of social and economic integration with the core. According to the U.S. Census Bureau, the Cincinnati-Middletown MSA is a 15-county area spanning three states: Ohio, Indiana, and Kentucky. The MSA is comprised of Brown, Butler, Clermont, Hamilton, and Warren counties in Ohio; Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton counties in Kentucky; and Dearborn, Franklin, and Ohio counties in Indiana.

Sharonville is a suburban community located along Interstate 75 in northern Hamilton County, approximately 15 miles north of downtown Cincinnati. The subject hotel is to be located adjacent to the Sharonville Convention Center, which completed a major expansion in 2012.

According to The Appraisal of Real Estate, 13th Edition published by the Appraisal Institute, market area analysis focuses on the four forces – social, economic, governmental, and environmental – that influence value. Analysis of the four forces is performed by investigating specific factors pertaining to each. With a hospitality property, particular emphasis is placed on trends affecting visitors to the area.

Social Forces

In performing a market area analysis, it is necessary to identify relevant social characteristics and influences. To identify and describe these characteristics, one must know that the social or demographic characteristics that influence property values most in a community tend to overlap. Price levels in the subject market in relation to prices in competing areas reflect the overall desirability of the subject market area. Relevant demographic characteristics include population density, employment categories, age levels, household size, and employment status. The population, income, and employment figures presented in this section were taken from the Site To Do Business (STDB) database and are based on official Census findings and estimates and projections from the Environmental Systems Research Institute (ESRI).



Population Trends: The following table presents population growth trends for Sharonville, Hamilton County, the Cincinnati MSA, and the state of Ohio.

Population Growth Trends Sharonville, Ohio							
Area	2000 Census	2010 Census	2012 Est.	2017 Proj.	%Change 2000-10	%Change 2010-12	%Change 2012-17
Sharonville	13,804	13,560	13,377	13,175	-1.8%	-1.3%	-1.5%
Hamilton County	845,303	802,374	803,050	807,983	-5.1%	0.1%	0.6%
Cincinnati MSA	2,009,632	2,130,151	2,144,823	2,190,714	6.0%	0.7%	2.1%
Ohio	11,353,140	11,536,504	11,590,198	11,673,057	1.6%	0.5%	0.7%

Sources: U.S. Census Bureau, ESRI

The Cincinnati MSA is currently home to more than 2.1 million people, with roughly 803,000 in Hamilton County and 13,000 in Sharonville. From 2000 to 2010, the population of Hamilton County dropped 5.1%, even as the larger metro area grew 6.0%. This comparison highlights the strength of Cincinnati's outlying suburban communities relative to the urban core. As shown, the city of Sharonville saw a slight drop in population over the historical time period presented, and this trend is projected to carry forward into the foreseeable future.

Households: Household consumption plays a critical role in the economic outlook of a region. A household is broadly defined as one or more person(s) living in a housing unit. Households consist of married couples, and male and female householders. The following table presents household growth trends for Sharonville, Hamilton County, the Cincinnati MSA, and Ohio.

Household Growth Trends Sharonville, Ohio							
Area	2000 Census	2010 Census	2012 Est.	2017 Proj.	%Change 2000-10	%Change 2010-12	%Change 2012-17
Sharonville	6,211	6,187	6,090	6,022	-0.4%	-1.6%	-1.1%
Hamilton County	346,790	333,945	333,558	337,137	-3.7%	-0.1%	1.1%
Cincinnati MSA	779,226	830,608	835,198	855,280	6.6%	0.6%	2.4%
Ohio	4,445,773	4,603,435	4,610,285	4,675,503	3.5%	0.1%	1.4%

Sources: U.S. Census Bureau, ESRI

There are currently around 835,000 households living in the Cincinnati MSA, with approximately 334,000 in Hamilton County and 6,000 in Sharonville. Once again, the city and county have both experienced downward trends while the larger Cincinnati MSA has seen a higher rate of growth than the state of Ohio.

Higher Education: Institutions of higher learning are typically demand generators for leisure facilities and they help to provide an area with a stable employment base. The greater Cincinnati area is home to several major colleges and universities. The largest higher education institutions in the area in terms of estimated annual student enrollment

are the University of Cincinnati (33,000), Miami University (17,000), Northern Kentucky University (16,000), Cincinnati State & Technical College (11,000), and Xavier University (7,000). The University of Cincinnati is one of the nation's 20 largest public universities and ranks among the top 60 schools in the country in terms of dollars spent on research and grant dollars received according to the National Science Foundation. Within a short drive of the subject site there are several two-year institutions offering associate's degrees and career training, including Boeckler College-Cincinnati, Southwestern College, Regency Beauty Institute, Brown Mackie College-Cincinnati, Art Institute of Cincinnati, and Ross Institute of Medical and Dental Technology.

Retail Centers: Research conducted by the Travel Industry Association of America indicates that shopping continues to be the most common activity among U.S. adult travelers, with an estimated 63% including shopping as an activity on a trip. While there may be many types of retail stores in a given area, travelers are typically drawn to traditional enclosed malls, outlet malls, downtown shopping districts, and outdoor "lifestyle" centers.

The closest major retail center is the Tri-County Mall, located 2.3 miles northwest of the subject. Tri-County Mall is a two-level, 1.3 million square foot enclosed mall anchored by Macy's, Dillard's, and Sears. Other large retail centers in greater Cincinnati include Forest Fair Village, Kenwood Towne Centre, Northgate Mall, and Eastgate Mall, all of which offer more than one million square feet of gross leasable retail area.

Tourism Statistics: According to a Longwoods International report titled *Travel and Tourism in Ohio: 2011 Travel Year*, published by the Ohio Division of Travel and Tourism in July 2012, the state recorded a total of 36.5 million overnight trips in 2011, up from the 34.8 million reported in the Longwoods annual state study for 2010. Of this number, 27% were attributed to the Southwest Region – which includes Cincinnati and Dayton – amounting to an estimated 9.7 million overnight trips. The Southwest Region was also a leading destination among day trippers in 2011, with 43.5 million of the state total of 143.7 million day trips. Statewide, the average age among visitors in 2011 was 44.3 years, the average trip length was 2.5 nights, and the average party size was 3.5 people. According to the Cincinnati USA Convention & Visitors Bureau, the greater Cincinnati region drew 22.7 million visitors in 2011, inclusive of overnight and day person trips. Total visitor spending was estimated at \$4.1 billion, marking a 4.3% increase over 2010.

Recreation and Regional Attractions: Recreational facilities and regional attractions enhance an area's quality of life. These activities also have a significant economic impact on an area by increasing the demand for services and retail trade created by visitors. Tourists in turn tend to generate lodging demand on weekends, holidays and summer months, offsetting commercial visitations during weaker periods. The following table lists major attractions in the area.

Major Tourist Attractions in the Greater Cincinnati Area	
<u>Attraction</u>	<u>Location</u>
Kings Island	Mason, OH
The Beach Waterpark	Mason, OH
Cincinnati Zoo & Botanical Garden	Cincinnati, OH
Great American Ballpark (Cincinnati Reds)	Cincinnati, OH
Paul Brown Stadium (Cincinnati Bengals)	Cincinnati, OH
Cincinnati Art Museum	Cincinnati, OH
Newport Aquarium	Newport, KY
Source: Hotel & Leisure Advisors	

The most popular tourist attractions in the Cincinnati area include Kings Island (in Mason), Cincinnati Zoo & Botanical Garden, the National Underground Railroad Freedom Center, and the Newport Aquarium (in Newport, Kentucky). Kings Island is the most visited attraction in the area, with more than three million visitors annually. The park offers more than 80 rides and attractions, including 12 roller coasters. Mason is also home to The Beach Waterpark, another major family-oriented seasonal attraction. CoCo Key Water Resort, located just across Chester Road from the subject site, features a 50,000 square foot indoor waterpark that is open to both overnight guests and day visitors. The resort also has an arcade and rooms for birthday parties and other special events.

In terms of spectator sports, the area offers Cincinnati Reds baseball and Cincinnati Bengals football. Cultural attractions in the area include the Cincinnati Art Museum, Krohn Conservatory, the Taft Museum of Art, the Cincinnati Opera, the Cincinnati Symphony Orchestra, and the Cincinnati Ballet. The Ohio River area is one of Cincinnati's premier entertainment districts and features restaurants, nightclubs, and gaming facilities. Several of these facilities have been developed on floating barges and riverboats in Newport (Campbell County), an area known as Riverboat Row. Indiana is home to two riverboat casinos: The Grand Victoria Resort and Casino in Rising Sun and Argosy Casino in Lawrenceburg. Horseshoe Casino Cincinnati, one of four casinos approved by Ohio voters in 2009, is located in downtown Cincinnati and offers 2,000 slot machines, 85 table games, and a 31-table poker room, along with live entertainment and multiple dining options. The new Miami Valley Gaming Lebanon Racino is scheduled to open in December 2013 and is located on I-75 at exit 29.

The following table shows the driving distance from the subject site to prominent attractions in the greater Cincinnati area.

Driving Distance from Subject Site to Selected Destinations	
	<u>Miles</u>
Sharonville Convention Center	<0.1
CoCo Key Water Resort	0.1
Tri-County Mall	2.3
Heritage Village Museum	3.0
Cincinnati Zoo & Botanical Garden	10.8
Xavier University	12.2
Kings Island	13.5
University of Cincinnati	13.7
The Beach Waterpark	14.6
Miami Valley Gaming - Lebanon Racino	15.3
Duke Energy Convention Center	15.5
Paul Brown Stadium	15.7
Horseshoe Casino Cincinnati	16.1
Great American Ballpark	16.4
Cincinnati Art Museum	17.1
Newport Aquarium	17.1
Cincinnati/NKY International Airport	28.2
Source: DeLorme Street Atlas USA	

Convention and Event Facilities: Large event facilities such as convention centers, exposition centers, fairgrounds, theaters, stadiums, and arenas play a major role in attracting visitors to an area. These visitors frequently make use of paid overnight accommodations and patronize local restaurants, retail stores, and tourist attractions.

The nearest convention facility is the Sharonville Convention Center, located adjacent to the subject site. Following a major expansion that was completed in 2012, this facility now offers 65,000 square feet of function space including a 20,000 square foot exhibition hall, a 14,000 square foot ballroom, three divisible meeting areas, and three additional breakout rooms.

The Duke Energy Convention Center (formerly the Cincinnati Convention Center) is Cincinnati's primary site for trade shows, conventions, and meetings. The Duke Energy Convention Center offers nearly 200,000 square feet of contiguous exhibition space, more than 100,000 square feet of meeting space with a 40,000 square foot ballroom and a 17,400 square foot ballroom, 37 meeting rooms, and more than 750,000 gross square feet of space including pre-function areas and support space. Adjacent parking is available for up to 5,000 vehicles.

In addition to the Duke Energy Convention Center, several other conference facilities offer meeting and reception space in the Cincinnati area. Within the downtown area, larger conference facilities are available at the Cincinnati Museum Center, Paul Brown Stadium, the Hilton Cincinnati, and the Westin Cincinnati. Other venues throughout the

larger Cincinnati area include the Northern Kentucky Convention Center in Covington, the Roberts Convention Centre in Wilmington, and the Manor House Banquet & Conference Center in Mason. Varying amounts of meeting space are also available at a number of area hotels.

Economic Forces

Economic considerations relate to the financial capacity of a market area's occupants and their ability to purchase goods and services. Among the economic factors that can be considered in this type of analysis are median household income levels, per capita income, income distribution for households, unemployment levels, and the amount and type of economic development in a given area.

Income: The economic vitality of an area is an important consideration in forecasting the demand and potential income for commercial real estate. The table below lists median household income estimates for Sharonville, Hamilton County, the Cincinnati MSA, and Ohio.

Median Household Income Estimates			
Sharonville, Ohio			
Area	2012 Est.	2017 Proj.	%Change 2012-17
Sharonville	\$49,756	\$57,176	14.9%
Hamilton County	\$44,842	\$52,676	17.5%
Cincinnati MSA	\$50,739	\$57,068	12.5%
Ohio	\$44,508	\$52,082	17.0%
Sources: U.S. Census Bureau, ESRI			

Income levels in the greater Cincinnati area tend to be above the state level. For 2012, the median household income was estimated at \$49,756 in Sharonville, \$44,842 in Hamilton County, \$50,739 in the Cincinnati MSA, and \$44,508 in the state of Ohio. As an additional point of comparison, the median household income for the United States as a whole was estimated at \$50,157 for 2012. At all geographic levels, the subject area is projected to see healthy income growth over the period of 2012 to 2017.

Cost of Living: According to *Kiplinger's Personal Finance's* ranking of "Best Cities for Every Age, 2012" the cost of living in the Cincinnati MSA is relatively low compared to other major metro areas in the United States. For 2012, the Cincinnati MSA had a cost of living index of 91.5. As an index score of 100 represents the national average, MSAs with a cost of living index below 100 are considered to have a lower cost of living while those with an index score above 100 are considered to have a higher cost of living.

The following table compares the cost of living in the Cincinnati MSA to that of other major metro areas in the United States.

Cost of Living Comparison	
<u>MSA</u>	<u>Cost of Living Index</u>
Houston-Baytown-Sugar Land, TX	89.5
St. Louis, MO-IL	91.2
Cincinnati-Middletown, OH-KY-IN	91.5
Tampa-St. Petersburg-Clearwater, FL	91.9
San Antonio, TX	92.5
Detroit-Warren-Livonia, MI	93.8
Dallas -Fort Worth-Arlington, TX	94.0
Pittsburgh, PA	94.9
Phoenix-Mesa-Scottsdale, AZ	96.6
Atlanta-Sandy Springs-Marietta, GA	97.6
Portland-Vancouver-Beaverton, OR-WA	104.6
Denver-Aurora, CO	105.1
Chicago-Naperville-Joliet, IL-IN-WI	107.4
Miami-Fort Lauderdale-Miami Beach, FL	109.1
Minneapolis-St. Paul-Bloomington, MN-WI	110.7
Seattle-Tacoma-Bellevue, WA	111.7
Sacramento--Arden-Arcade--Roseville, CA	116.3
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	117.1
Riverside-San Bernardino-Ontario, CA	117.2
Baltimore-Towson, MD	119.2
San Diego-Carlsbad-San Marcos, CA	130.8
Washington-Arlington-Alexandria, DC-VA-MD-WV	136.3
Los Angeles-Long Beach-Santa Ana, CA	137.9
Boston-Cambridge-Quincy, MA-NH	139.4
San Francisco-Oakland-Fremont, CA	149.5
New York-Newark-Edison, NY-NJ-PA	154.8
Source: <i>Kiplinger's Personal Finance</i> , "Best Cities for Every Age, 2012"	

Industries and Employment

Information on the size of a region's labor force and the relative trends in employment and unemployment are key local economic indicators.

Unemployment Rates: The widely cited unemployment rate provides a good measure of the relative utilization of labor in a region. These measures are "residency-based," providing current information on the labor force status of the residents of a county or region. The following table presents unemployment rates for Hamilton County, the Cincinnati MSA, and the state of Ohio.

Historical Unemployment Rates					
Area	2008	2009	2010	2011	2012
Hamilton County	5.6%	8.8%	9.5%	8.6%	7.0%
Cincinnati MSA	5.8%	9.3%	9.6%	8.6%	7.1%
Ohio	6.6%	10.2%	10.0%	8.6%	7.2%
United States	5.8%	9.3%	9.6%	8.9%	8.1%
Source: U.S. Department of Labor, Bureau of Labor Statistics					

Like most parts of the country, the Cincinnati area has seen elevated levels of unemployment since 2008 as a result of the lingering recession. However, the area fared better in the downturn than many other U.S. markets. In 2012, the annual unemployment rate stood 7.0% in Hamilton County and 7.1% in the Cincinnati MSA, compared to 7.2% in the state of Ohio as a whole. The Bureau of Labor Statistics also tracks unemployment on a monthly basis. Preliminary figures for March 2013 indicate an unemployment rate of 6.9% in Hamilton County, 7.2% in the Cincinnati MSA, and 7.3% in the state of Ohio.

Employment by Industry: The distribution of employment helps determine the economic character of an area. The chart below shows the three largest industrial sectors in terms of the estimated number of persons employed in 2011 for Sharonville, Hamilton County, the Cincinnati MSA, and the state of Ohio.

Largest Industrial Sectors, 2011						
Sharonville, Ohio						
Geographic Area	Largest industrial sector		2nd largest industrial sector		3rd largest industrial sector	
	Industry	Percentage of persons employed	Industry	Percentage of persons employed	Industry	Percentage of persons employed
Sharonville	Manufacturing	19.2%	Transportation/Warehousing	10.2%	Accommodation/ Food Services	9.6%
Hamilton County	Health Care/Social Assistance	11.3%	Retail Trade	10.5%	Manufacturing	10.4%
Cincinnati MSA	Retail Trade	12.1%	Manufacturing	11.9%	Health Care/Social Assistance	10.0%
Ohio	Health Care/Social Assistance	14.9%	Manufacturing	12.8%	Retail Trade	12.8%
Source: ESRI						

The largest sector in the city of Sharonville is Manufacturing, followed by Transportation/Warehousing and Accommodation/Food Services. Health Care/Social Assistance and Retail Trade are the leading sectors in the county and MSA, respectively. Employment in the Accommodation/Food Services sector is a reliable indicator of the importance of tourism to a local economy. In 2011, this sector accounted for an estimated 9.6% of the overall employment in Sharonville, 6.7% in Hamilton County, 7.2% in the Cincinnati MSA, and 8.8% in the state of Ohio. This comparison suggests that hospitality-oriented businesses like hotels and restaurants are of greater relative importance to Sharonville than to the larger geographic areas to which it belongs.

The next table shows the total annual nonfarm employment in the Cincinnati MSA and the state of Ohio for the years 2008 through 2012, plus the latest monthly numbers for 2013 as compared to the same period in 2012. These figures are based on the employment status of residents.

Total Nonfarm Employment, 2008-2012				
	Cincinnati MSA	% Change	Ohio	% Change
2008	1,043,400	—	5,359,500	—
2009	992,300	-4.9%	5,068,600	-5.4%
2010	980,800	-1.2%	5,029,400	-0.8%
2011	990,100	0.9%	5,093,400	1.3%
2012	1,002,400	1.2%	5,171,000	1.5%
April 2012	1,002,100		5,170,100	
April 2013, Preliminary	1,011,300	0.9%	5,174,800	0.1%

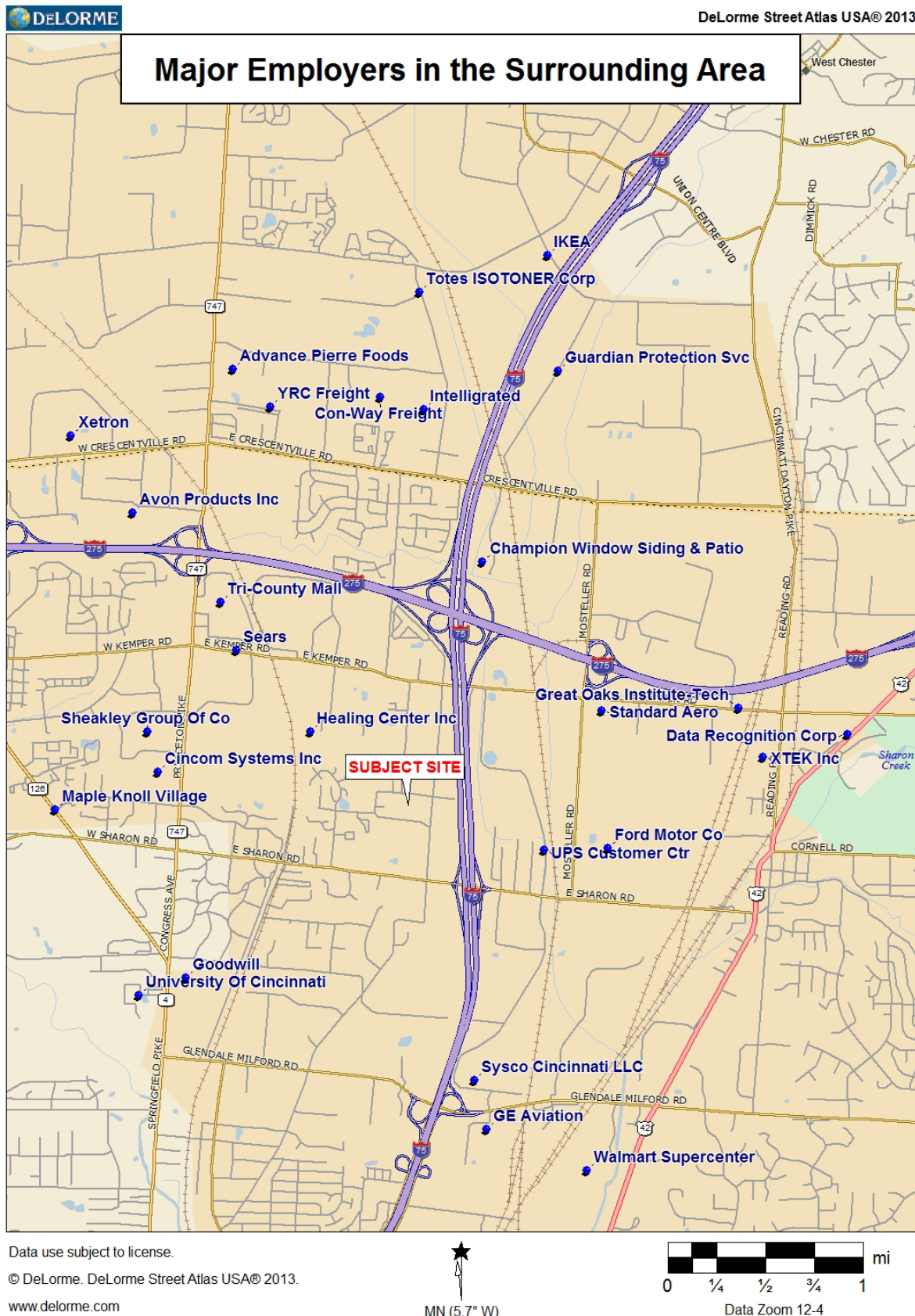
Source: U.S. Department of Labor, Bureau of Labor Statistics

As shown, total employment in the Cincinnati MSA declined in 2009 and 2010 before rebounding in 2011 and 2012. By April 2013, the MSA's total nonfarm employment had risen by 0.9% as compared to April 2012, which was above the rate of growth reported at the state level. These figures point to sustained employment growth in the greater Cincinnati area.

Major Employers: The demand for hotels is closely tied to the types of businesses in an area, their economic strengths and their growth potential. The largest employers in the greater Cincinnati area are listed in the following table.

Major Employers in the Cincinnati Area			
<u>Firm/Organization</u>	<u>Location</u>	<u>#Employees</u>	<u>Industry Description</u>
Kroger Co.	multiple locations	17,000	Grocery Stores
University of Cincinnati	Cincinnati	15,162	Higher Education
Procter & Gamble Co.	Cincinnati	14,000	Pharmaceuticals
Cincinnati Children's Hospital	Cincinnati	12,057	Health Care
TriHealth Inc.	Cincinnati	10,000	Health Care
Mercy Health Partners	Cincinnati	8,550	Health Care
Archdiocese of Cincinnati	Cincinnati	8,000	Religious Organization
GE Aviation	Cincinnati	7,300	Aerospace R&D, Mfg
Walmart Stores	multiple locations	6,932	Discount Retailer
St. Elizabeth Healthcare	Northern Kentucky	6,839	Health Care
Fifth Third Bancorp	Cincinnati	6,771	Financial Services
Internal Revenue Service	Covington, KY	5,500	Federal Government
U.S. Postal Service	area wide	5,380	Postal Service
City of Cincinnati	Cincinnati	5,303	City Government
Cincinnati Public Schools	Cincinnati	4,854	Public Schools
Frisch's Restaurants Inc.	Cincinnati	4,785	Restaurants
Macy's Inc	Cincinnati	4,700	Department Stores
Hamilton County	Cincinnati	4,676	County Government
Christ Hospital	Cincinnati	4,355	Health Care
Miami University	Oxford, OH	4,310	Higher Education
Source: Cincinnati USA Partnership for Economic Development			

The next map illustrates the location of the subject site in relation to major employers in the surrounding area.



New Developments: The following bullets describe recent developments that will influence tourism, employment, and the general economy in Sharonville and the greater Cincinnati area.

- A \$25 million expansion project was completed in April 2012 at the Sharonville Convention Center, roughly doubling the facility's size to 65,000 square feet. This project has created additional breakout rooms and expanded food service capabilities, enabling the Convention Center to accommodate larger groups. Since the expansion, the Convention Center has hosted, or is scheduled to host, several high-profile groups, including the Professional Land Surveyors of Ohio, the Council on Aging, the Early Childhood Education Conference, and the Ohio Fire Chiefs Convention.
- The Princeton City School District, which serves Sharonville and neighboring communities, is currently in the midst of a major building project that will create a new high school and middle school at the current site of the middle school, about a quarter mile south of the Convention Center. The project will also create a new regional sports complex that is expected to bring hotel demand from youth tournaments, sports camps, and other events. The sports venues will include a 3,400-seat bowl-type arena-style gymnasium, natatorium, performing arts center, and new athletic fields. The facility will be a regional sports center for non-Princeton Schools events. The school district is spending \$140 million on the development. Completion of the middle school is anticipated in August 2013, the high school in August 2014, and the Viking Village sports complex, January 1, 2015. The master plan for this development is presented later in this section.
- In March 2013, it was announced that Atlanta-based Financial Asset Management Systems Inc. (FAMS) would be opening a call center at the Sharon View Corporate Center in Sharonville, creating at least 115 new jobs. The company will occupy 10,000 square feet at the Chester Road facility and invest \$1.3 million in computer hardware, building improvements, and equipment.
- SentiLock LLC, a subsidiary of the National Association of Realtors, announced in November 2012 that it would relocate its Sharonville offices to a newly purchased \$3.6 million facility in West Chester, resulting in the relocation of 84 jobs. Company officials stated that SentiLock had outgrown its rented space on East Kemper Road. The company plans to grow its employment to 120 over the next five years.
- West Chester Holdings LLC, an industrial glove, protective clothing, and rainwear distributor has moved 131 jobs to Sharonville from Monroe, Ohio. The company will occupy 250,000 square feet in Gateway Park. The City of Sharonville provided the company a job creation incentive grant.
- A large mixed-use development called the Kenwood Collection is planned for a site just off of Interstate 71 in northeast Cincinnati, near the existing Kenwood Towne Centre mall. This project, originally called Kenwood Towne Place, had been stalled and was purchased Phillips Edison & Company in July 2012. Plans now include 300,000 square feet of retail space and 220,000 square feet of office space, plus a health club, spa and multiple restaurants.

- In March 2013, the new Horseshoe Casino Cincinnati opened in the northeast portion of downtown Cincinnati. This two-story facility offers 2,000 slot machines, 87 table games, a 31-table poker room, and five restaurants. Operated by Rock Ohio Caesars LLC, Horseshoe Casino Cincinnati is one of the four casinos approved by Ohio voters in November 2009.
- A new Warren County horse racing and video slots complex is being developed by Miami Valley Gaming & Racing, Delaware North Companies, and Churchill Downs Inc. This project will relocate the Lebanon Raceway from its present site at the Warren County Fairgrounds to a new facility at State Route 63 and Union Road in Turtle Creek in Turtlecreek Township. This project is expected to open ahead of schedule on December 12, 2013, and will create an estimated 500 jobs. The \$175 million "racino" facility will include a 5/8-mile harness racing track and a 186,000 square foot gaming facility.

Governmental Forces

Governmental considerations relate to the laws, regulations, and property taxes that affect properties in the market area and the administration and enforcement of these constraints such as zoning laws, building codes, and housing and sanitary codes. The property tax burden associated with the benefits provided and the taxes charged for similar benefits in other areas are considered. The enforcement of applicable codes, regulations, and restrictions should be equitable and effective. Governmental characteristics that should be considered in the analysis of a market area include property tax burden relative to services provided, special assessments, zoning and building codes, quality of public services, and environmental regulations. Some of these factors are discussed in the zoning and real estate tax sections later in this report.

Environmental Forces

Environmental influences consist of any natural or man-made features that are contained in or affect the market area and its location. These include a building's type and size, topographical features such as terrain and vegetation, changes in property use and land use patterns, and the adequacy of public utilities.

Highway Transportation: Highway accessibility is a primary consideration in planning an area's future growth and development. Interstates 71, 74 and 75 converge in Cincinnati, making the region readily accessible to other major cities. Interstate 471 links downtown Cincinnati with Northern Kentucky, and Interstate 275 is the outer belt highway around Cincinnati, crossing the Ohio River to the east and west. The subject is located just west of Interstate 75, approximately one mile south of where Interstate 75 crosses Interstate 275.

The following chart shows the most recently available historical traffic volume statistics on Interstate 75 from the points nearest to the subject site.

Annual Average Daily Traffic Volume Sharonville, Ohio		
Interstate 75		
	at I-275 <i>(North of Site)</i>	at Sharon Rd <i>(South of Site)</i>
2009	136,770	133,610
2005	138,900	141,560
2002	131,920	132,980

Source: Ohio Department of Transportation

Air Transportation: Cincinnati/Northern Kentucky International Airport, the area's primary commercial service airport, is located 14 miles southwest of downtown Cincinnati in Boone County, Kentucky. According to passenger volume statistics compiled by the Federal Aviation Administration, Cincinnati/Northern Kentucky International was the 51st busiest airport in the nation in 2011 with over 3.4 million passenger enplanements. The following table presents historical passenger activity at Cincinnati/Northern Kentucky International Airport. As shown, the airport has seen a significant drop in passenger volume in recent years.

Airport Activities Cincinnati/Northern Kentucky International Airport		
<u>Year</u>	<u>Passenger Enplanements</u>	<u>%Change</u>
2011	3,422,466	-12.4%
2010	3,906,826	-24.8%
2009	5,194,214	-21.9%
2008	6,648,600	-14.0%
2007	7,728,069	—

Source: Federal Aviation Administration

Climate: The climate of the Cincinnati area is warm in the summer and cold in the winter. The average daily temperature in January is 31.2 degrees Fahrenheit and the average daily temperature in July is 75.7 degrees Fahrenheit. The following table depicts typical weather conditions for the area based on data collected over a 30-year period.

Average Weather Conditions for Cincinnati, Ohio (1981-2010)					
Month	Maximum Temperature (°F)	Mean Temperature (°F)	Minimum Temperature (°F)	Precipitation (inches)	Snowfall (inches)
Jan	40.1	31.2	22.4	2.8	3.2
Feb	44.7	34.8	24.9	2.5	3.4
Mar	54.7	43.6	32.6	3.9	1.8
Apr	66.1	54.0	41.9	3.9	0.2
May	74.9	63.2	51.5	5.0	0.0
Jun	83.0	71.8	60.5	4.1	0.0
Jul	86.6	75.7	64.7	3.9	0.0
Aug	85.8	74.5	63.2	3.6	0.0
Sept	79.2	67.1	55.1	2.8	0.0
Oct	67.6	55.5	43.3	3.1	0.2
Nov	55.5	44.9	34.3	3.2	0.3
Dec	43.2	34.6	25.9	3.2	2.1
ANNUAL	65.2	54.3	43.4	41.9	11.2
Source: The National Oceanic and Atmospheric Administration's National Climatic Data Center					

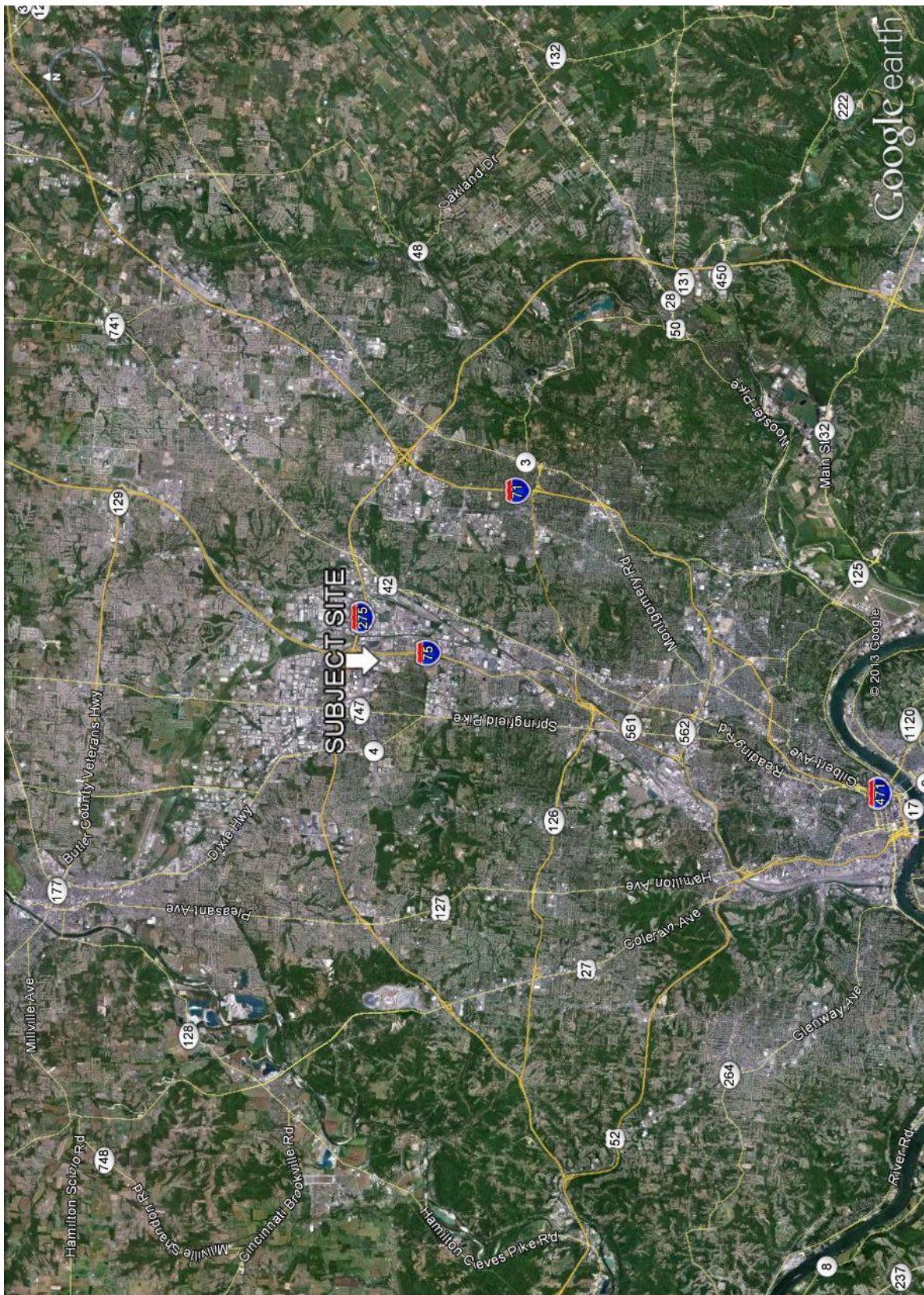
NEIGHBORHOOD ANALYSIS

The neighborhood surrounding a lodging facility impacts a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. The subject site is located just west of Interstate 75 and adjacent to the Sharonville Convention Center. It is anticipated that the subject will have an interior connection to the convention center. The site is surrounded by existing hotels, a racquet club, restaurants, and other businesses.

Aerial Photograph: The image below is an aerial photograph of the subject site, which is currently utilized as an asphalt parking lot in front of the convention center.



The next map, generated by Google Earth, illustrates the location of the subject in relation to major roads and highways in the surrounding area.

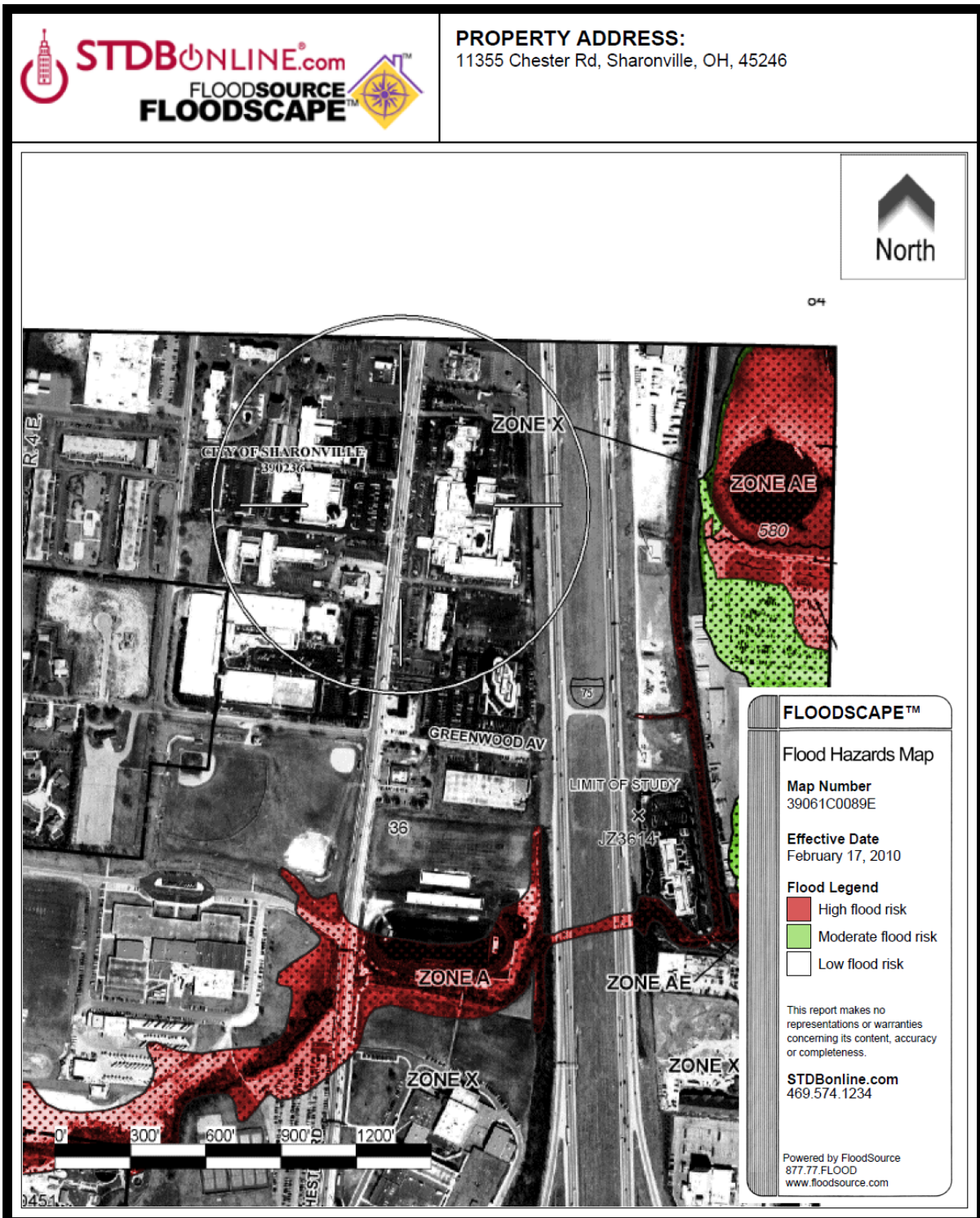


Flood Zone Determinations: According to FEMA definitions, the term 100-year floodplain indicates an area in which there is a 1% or greater annual probability of a flood occurring; the term 500-year floodplain indicates an area with a 0.2% or greater annual probability of flooding.

The most common flood zone definitions are as follows:

- | | |
|---------------|--|
| ZONE A | An area inundated by 100-year flooding |
| ZONE B | An area inundated by 500-year flooding; an area inundated by 100-year flooding with average depths of less than one foot or with drainage areas less than one square mile; or an area protected by levees from 100-year flooding |
| ZONE C | An area that is determined to be outside the 100- and 500-year floodplains |
| ZONE D | An area of undetermined but possible flood hazards |
| ZONE X | An area within a 500-year floodplain; an area within the 100-year floodplain with average depths of less than one foot or width drainage areas less than one square mile and areas protected by levees from 100-year flood |

The map on the following page presents the FEMA flood zone determinations for the subject site as of February 17, 2010. The map (Map Number 39061C0089E) indicates that the subject site is in a Zone X area.



Caption

**>> 11355 Chester Rd,
Sharonville, OH, 45246**

Community- Name: SHARONVILLE, CITY OF
Community #: 0236
County: Hamilton
FloodZone: X

Surroundings of Subject Site

The neighborhood surrounding the subject site has a variety of uses, which are primarily related to commercial, educational, and hospitality. The subject site has limited visibility from I-75, but is identified through a tall electronic billboard located adjacent to the interstate.

Land uses located to the north of the subject site include the LivInn Suites hotel, single-story commercial office buildings, Extended Stay America, Rhino's restaurant, Tokyo restaurant, Vincenzo's restaurant, the multi-story Sharon View Corporate Center, and several small retail buildings. East Kemper Road and I-475 are further north of the subject site. Land uses located to the south of the subject site include The Cincinnati Racquet Club tennis facility and the Princeton City School District's new school campus, including the high school, middle school, sports facilities, and outdoor athletic fields. The Drury Inn Hotel is located southeast of the subject site, south of East Sharon Road. Land uses located to the east of the subject site include the Crowne Plaza hotel with Coco Key Indoor Waterpark, the Spectrum Office Tower, the Fairfield Inn hotel, and Interstate 75. Further east across I-75 are the Hilton Garden Inn, La Quinta, Holiday Inn Express, and Travelodge hotels. Downtown Sharonville is located further east along Reading Road. Industrial uses are located between Chester Road and Reading Road. Land uses located to the west of the subject site include the Mallard Cove Assisted Living facility and residential neighborhoods in the neighboring City of Springdale and Village of Glendale.

In addition to the above uses there are several vacant restaurants and vacant commercial land on either side of Chester Road running north-south. Chester Road from East Sharon Road north to the Convention Center is currently under construction due to the school district development. The neighborhood surrounding the subject site currently offers limited restaurant options, but no family entertainment options other than the CoCo Key Indoor Waterpark facility across the street at the Crowne Plaza hotel.

Outlook

Our review of the above data indicates that the Cincinnati MSA has a strong, diverse, and resilient economy evidenced by increases in population, households, and employment. The proposed hotel is well positioned within the area's transportation infrastructure, and it stands to benefit from the recent expansion of the Sharonville Convention Center. All of these factors point toward a healthy outlook for Sharonville and the greater Cincinnati area and should benefit the local hotel market by ensuring high levels of demand heading into the future.

SITE ANALYSIS

Site Location: The subject is located at 11355 Chester Road, Sharonville, Hamilton County, Ohio. It is located on the west side of Chester Road approximately 0.6 miles north of East Sharon Road.

Size and Shape: The parcel on which the subject hotel site is proposed is owned by the city of Sharonville. The city intends to lease the property to the hotel developers. The site is approximately 0.70 acres according to our analysis of the site plan, which is included within this section. The site allows for the proposed subject hotel to have a direct connection to the existing convention center. The site is rectangular in shape and has frontage on Chester Road.

Access and Exposure: Access to the subject site is obtained via Chester Road. A traveler on I-75 will take exit 15 then travel west on East Sharon Road to Chester Road. The traveler would turn north on Chester Road to the subject site. The subject site is located approximately 0.75 miles from the I-75 exit.

The site itself will have limited visibility from I-75 because it is located on the west side of Chester Road. However, there is a large electronic billboard monument sign located adjacent to I-75 that clearly identifies the existence of the convention center. It is anticipated that the proposed hotel will leverage this signage for its interstate exposure. In addition, the size of the proposed subject and the constraints of the site require the building to be multi-story, which will also provide good exposure.

Other Existing Developments at Subject Site: Existing improvements to the site include the Sharonville Convention Center as the proposed subject is intended to have a direct connection to the existing convention facility. The Sharonville Convention Center was built in 1994 and was renovated and expanded in 2010-2012. The following are key features offered by the convention center.

- A total of 65,000 square feet and 19 separate spaces
- 20,455 square foot exhibit hall with drive-in access
- 3,500 square foot gallery/pre-function space
- 3,500 square foot outdoor covered veranda space
- 14,067 square foot ballroom
- 8,245 square foot meeting room divisible by 3
- 7,366 square foot meeting room divisible by 5
- 6,270 square foot room divisible by 4
- 3 additional breakout rooms totaling 2,484 square feet
- Built-in registration areas and ticket counters

- Message boards, electronic signage, and complimentary Wi-Fi
- Main lobby projection board
- State-of-the-art kitchen for catered food and beverage service
- LEED Silver Certification

In August 2012, the Sharonville Convention center was listed as the 7th largest tri-state meeting and banquet facility by the *Cincinnati Business Courier*.

Zoning: According to Sharonville officials, the subject site is zoned within the Northern Lights Overlay District. This district is intended to promote land uses and site design that complement the Convention Center and the Chester Road corridor. Pedestrian connections are emphasized and so are land uses that encourage a vibrant hospitality, entertainment and office district. Therefore, the proposed subject hotel development would be a legally conforming use.

Site Conditions: We have not been provided with an engineering or environmental study done for the subject site. H&LA has not performed an engineering study nor test borings and makes no conclusion as to the condition of the foundation or the soil and subsoil conditions. The subject site is currently an asphalt parking lot.

Utilities: We have assumed that all necessary utilities and services are available to the subject property's site.

Deed Restrictions/Easements: We assume that the standard utility easements from the local electrical, telephone and gas companies will encumber the subject property. These easements are considered typical for the operation of commercial property, and are not detrimental. No other easements were made known to the appraiser, and none are assumed to exist.

Property Taxes: The subject consists of one real estate tax parcel which is 608-0021-0065-00. Commercial property in Hamilton is assessed at 35.0% of theoretical market value. The assessors utilize a cost approach to estimate the assessed market value for new construction. Properties in Hamilton County are assessed every six years with the most recent assessment being completed for the tax year 2012. The sale of a property does not trigger a reassessment. The tax rate for the neighborhood is 0.067005861 per \$1,000 of assessed value. There are no personal property taxes in Ohio; however, a commercial activity (CAT) tax is assessed.

To derive a reasonable property tax estimate for the subject, we analyzed the assessed values for comparable hotels in the area of the subject. The following table summarizes the assessed values of the comparable hotels.

Comparable Assessments				
<u>Year</u>	<u>Property</u>	<u>Rooms</u>	<u>Assessment</u>	<u>Per Room</u>
2013	Crowne Plaza Cincinnati North	257	\$721,000	\$2,805
2013	Holiday Inn I-275 North	275	\$1,596,074	\$5,804
2013	Hilton Garden Inn Cincinnati Sharonville	90	\$1,665,738	\$18,508
2013	Drury Inn and Suites Cincinnati North	180	\$3,245,554	\$18,031
Source: County Assessor's Office				

The previous table indicates an assessment range from \$2,805 to \$18,508 per room for the comparables, with an average of \$11,287 per room. We have based our value of real estate on an approximate \$19,000 per room assessment, which is conservatively higher than the comparables. The following table indicates our projection for real estate taxes for the first year of the analysis.

Proposed Convention Center Hotel - Sharonville	
Tax Analysis - First Year	
Market Value of Real Estate	\$9,750,000
Assessment %	35.0%
Assessed Value	\$3,412,500
Effective Tax Rate	0.067005861
Gross Tax	\$228,658
Commercial Activity Tax (CAT) Tax	\$17,900
Total Tax	\$246,558
Tax/Room	\$1,370
Source: Hotel & Leisure Advisors	

Competitive Advantages and Disadvantages of Subject Site

Advantages

- The subject site is adjacent to the existing Sharonville Convention Center, the primary demand generator for the proposed hotel. The Sharonville Convention Center is a well-known 65,000 square foot event facility that attracts many local and regional groups for conventions, meetings, banquets, receptions, and other events.
- The subject site is located within a quarter mile of a new regional sports facility campus currently being constructed for the Princeton School District. The facility is expected to draw numerous athletes at all levels for tournaments, instructional camps, and other sports activities.

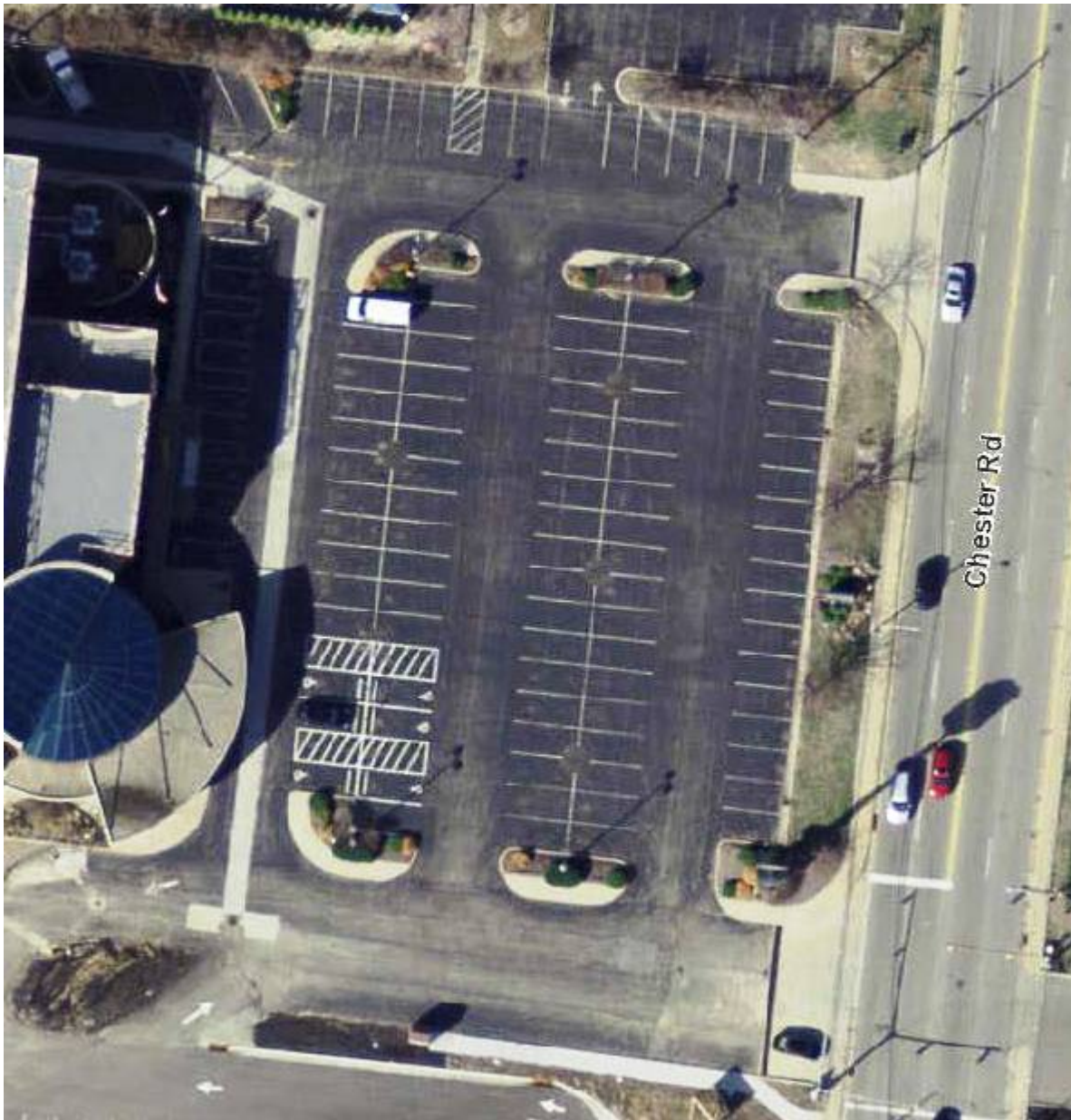
- The subject site offers excellent access from I-75 exit 15. The site is reached in a less than two minute drive from the exit.
- The proposed hotel will have the ability to leverage the existing large electronic monument sign off I-75 to promote the project.
- The subject site is located 15 miles north of downtown Cincinnati and 25 miles south of Dayton. With the I-475 loop and I-75 interchange less than a mile from the site, the proposed subject is also convenient to other facilities and attractions of the greater Cincinnati area.

Disadvantages

- The neighborhood lacks pedestrian-friendly restaurants and attractions other than the nearby CoCo Key Indoor Waterpark.
- The neighborhood surrounding the subject site has several vacant commercial buildings and land. The Northern Lights Overlay District and Chester Road improvements need to continue to be developed in order to make the neighborhood surrounding the convention center and proposed hotel more attractive.

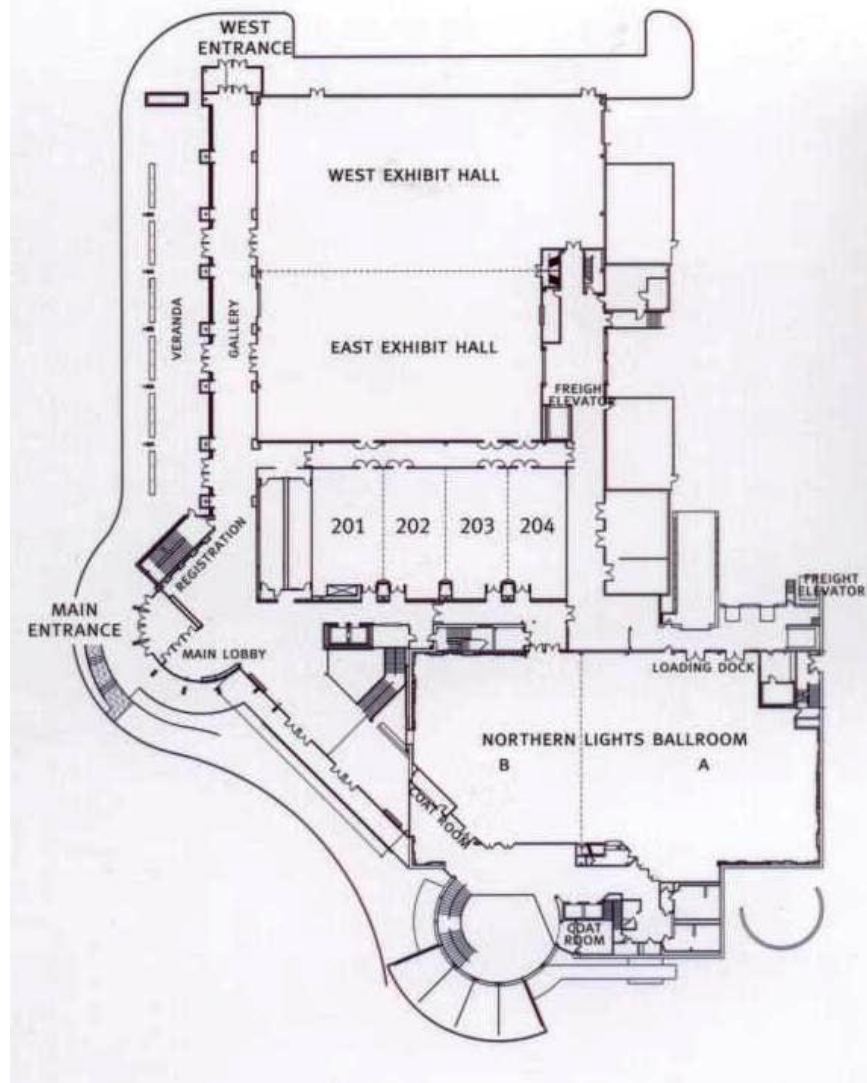
Conclusion

We are of the opinion that the subject neighborhood as it currently exists is considered an attractive location for hotel development. The existence of the Sharonville Convention Center and its recent renovations and expansion have elevated the neighborhood. With the ease of access from I-75, the level of new infrastructure proposed by the City of Sharonville along Chester Road, and the new athletic venues currently under construction south of the subject, it is our opinion that the subject site is an attractive location for the proposed hotel.



SITE AERIAL

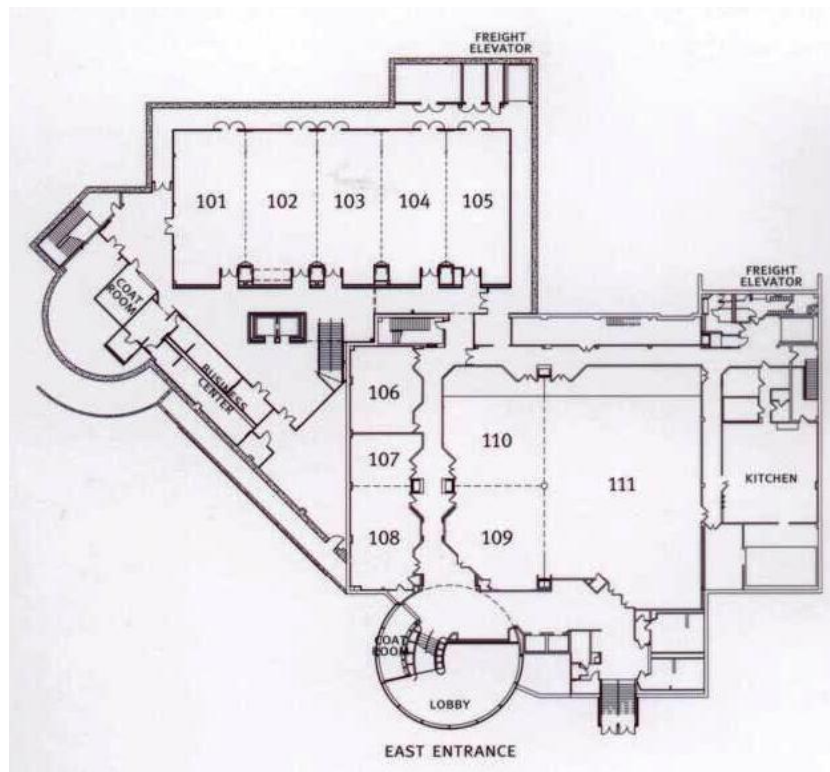
For additional area and site references, the next several pages profile the existing Sharonville Conference Center and the under-construction Princeton School District Master Plan.



SHARONVILLE CONVENTION CENTER MAIN LEVEL

Room Number/Name	ROOM SIZE			ROOM CAPACITY					
	Dimensions	Sq. Ft.	Ceiling Height	Theatre	Classroom	Banquet Rounds (8)	Hollow Square	Reception	8 x 10 Booths
201	31 x 55	1705	14	196	108	96	56	206	
202	27 x 57	1539	14	175	102	104	56	180	
203	27 x 57	1539	14	175	102	104	56	180	
204	25 x 57	1425	14	150	102	104	56	166	
Combined	110 x 57	6270	14	702	396	424		733	42
Northern Lights Ballroom A	104 x 83	8717	19	1063	663	592		1070	59
Northern Lights Ballroom B	73 x 83	5350	19	626	414	384		635	36
Combined	177 x 83	14067	19	1648	1119	1000		1705	100
West Exhibit Hall	151 x 76	11476	20	1348	840	760		1450	80
East Exhibit Hall	123 x 73	8979	20	1142	720	648		1200	63
Combined	151 x 149	20455	20	2395	1437	1408		2650	144
Gallery	175 x 20	3500						325	
Veranda	175 x 20	3500						325	

*Maximum capacities are listed above and do not allow for audio visual, extra tables, or spacious room sets. Please plan accordingly.



SHARONVILLE CONVENTION CENTER LOWER LEVEL

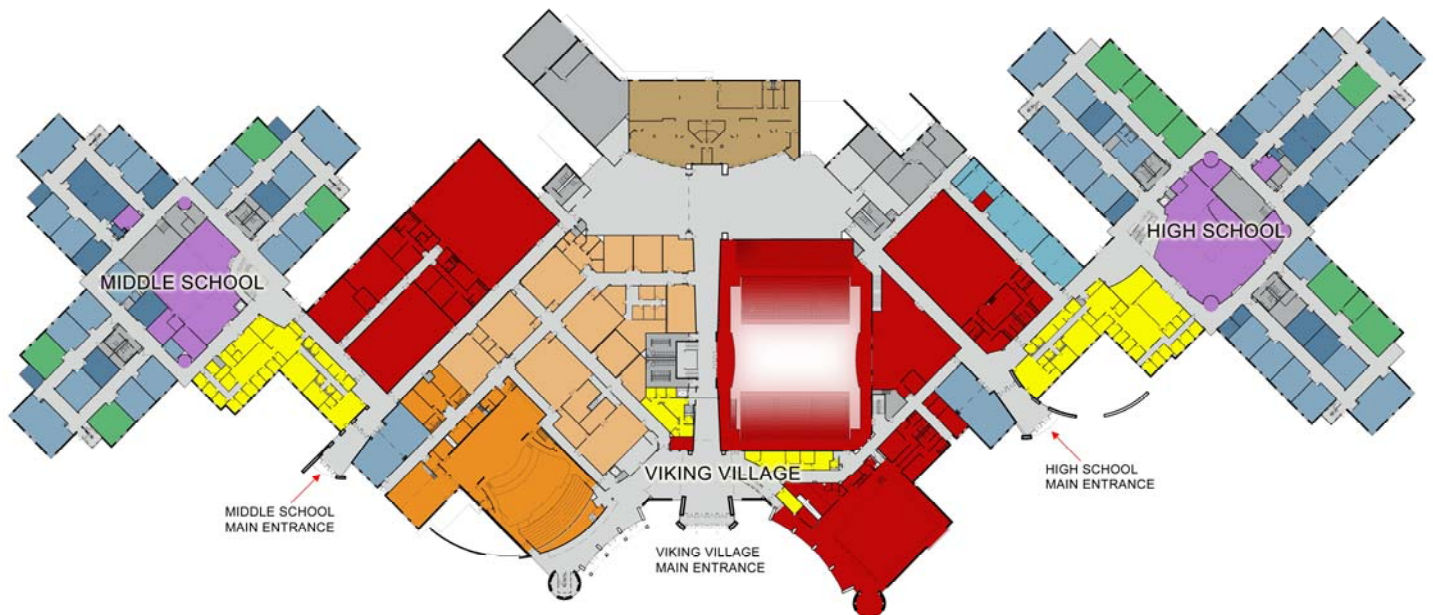
Room Number	ROOM SIZE			ROOM CAPACITY					
	Dimensions	Sq. Ft.	Ceiling Height	Theatre	Classroom	Banquet Rounds (8)	Hollow Square	Reception	8 x 10 Booths
101	26 x 58	1508	14	175	102	104	56	200	
102	27 x 58	1566	14	175	102	104	56	200	
103	24 x 58	1392	14	170	102	104	56	190	
104	24 x 58	1392	14	170	102	104	56	190	
105	24 x 58	1392	14	166	96	104	56	185	
Combined	127 x 58	7366	14	800	483	520		965	46
106	27 x 33	891	12	90	45	48	32	120	
107	27 x 20	540	12	50	24	32	21	55	
108	27 x 39	1053	12	120	60	64	40	130	
107/108	27 x 59	1593	12	170	93	96	52	175	
109	38 x 40	1520	14	135	72	88	36	145	
110	38 x 45	1710	14	170	99	104	44	180	
109/110	38 x 85	3230	14	299	180	192		320	
111	59 x 85	5015	14	550	372	368		560	
109/110/111	97 x 85	8245	14	880	546	560		924	50

*Maximum capacities are listed above and do not allow for audio visual, extra tables, or spacious room sets. Please plan accordingly.



PRINCETON SCHOOL MASTER PLAN

CORE ACADEMIC LEARNING LABS	ROTC SPACES	MUSIC SPACES	LEARNING COMMONS & BREAKOUT SPACES	ATHLETIC SPACES	KITCHEN SPACES
SPECIAL ED SPACES	SCIENCE LABS / SPACES	THEATER SPACES	ART SPACES	ADMINISTRATIVE SPACES	BUILDING SERVICES



PRINCETON SCHOOLS FIRST FLOOR PLAN

Pictures of Subject Site and Convention Center



Convention Center with Subject Site



Subject Site looking North



Subject Site looking East



Subject Site looking Southeast



Subject Site looking South



Chester Road looking North toward Subject

Pictures of Convention Center



Main Entry at Left



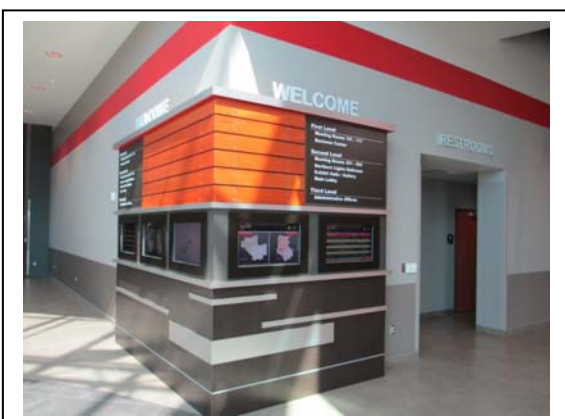
Former Main Entry



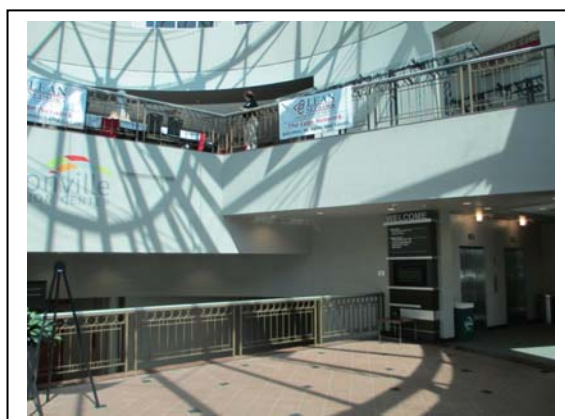
South Façade



East Façade/Area of Subject Connection



Interior Lobby



Interior Atrium

DESCRIPTION OF PROJECTED/RECOMMENDED IMPROVEMENTS

General: The City of Sharonville is considering development of a convention center hotel with a direct interior connection to the existing Sharonville Convention Center. Leveraging the recent expansion of the convention center, and based on interviews with existing convention center users, the client has identified the need for a headquarters hotel with a direct connection to the facility. The client is also considering including food and beverage establishments and other amenities for the hotel that will help to enhance the Chester Road corridor.

The proposed subject site is approximately 0.70 acres of land located in front of the existing convention center. This land is currently being utilized as an asphalt parking lot. Keeping in alignment with the Northern Lights Overlay District, the location of the proposed subject, fronting with close proximity to Chester Road is a positive attribute for the development as well as a desired catalyst for the Chester Road corridor. We recommend that the architects and land planners for the subject hotel address the Chester Road streetscape within the design of the hotel. We project the proposed property will open by January 1, 2015.

We strongly recommend the proposed hotel be designed in a manner that complements the existing contemporary architecture of the convention center. An integrated design with similar materials and design aesthetic is recommended. Many of the national hotel franchisors provide basic prototypical design direction, but are flexible when it comes to customization for a specific property.

We recommend and have performed our study utilizing an assumption that the subject would develop a 180-room select-service, chain-affiliated hotel with a direct connection to the existing Sharonville Convention Center. We recommend a select-service product in lieu of a full-service product due to the higher construction costs, and expense margins associated with a full-service property. As will be discussed under the franchise affiliation section, in our opinion the subject should operate as a national franchise affiliate and take advantage of a central reservation system as well as an established guest rewards loyalty program. The following table indicates our recommendations for the proposed hotel development.

Proposed Convention Center Hotel - Sharonville Recommended Facility			
Number of Units		180	
Room Mix	Units	Room Breakdown %	Size (S.F.)
Double-Queen	130	72%	350-400
Kings	40	22%	350-400
Suites	10	6%	400-500
Franchise Recommendations			
Hyatt Place, Hyatt House			
Aloft, Element by Westin			
Hotel Indigo			
Cambria Suites			
Meeting Rooms		Square Feet	
Banquet/Meeting Rooms (Divisible Into 3)		3,000	
Pre-function Space		800	
Executive Boardroom		300	
Total		4,100	
Food and Beverage Outlets			
Three-Meal Restaurant			
Bar/Lounge with Limited Food Offerings			
Grab-n-Go Market Concept			
Complimentary and On-Site Amenities			
Indoor Pool			
Whirlpool			
Fitness Center			
Complimentary High Speed Internet			
Business Center			
Complimentary Parking			
Ground Floor Sundries Space			
Source: Hotel & Leisure Advisors			

The following bullets highlight our recommendations for the proposed convention center hotel.

- We recommend the proposed subject hotel be located in the parking lot in front of the convention center. We recommend the proposed hotel engage the Chester Road streetscape tenets planned for in the Northern Lights Overlay District plan. The proposed hotel will be located in a designated entertainment district and will benefit from improvements developed along the Chester Road corridor.
- We recommend the subject hotel provide an interior connection to the convention center from a single level to allow for efficient access, control, and security.
- We recommend the subject offer 180 guest rooms with a mixture of double queens, king rooms, and suites. We recommend a mixture of room types that will provide flexibility for guests. Based upon the group-orientation of the proposed hotel, we recommend approximately 72% of the guest rooms be double-queen rooms.

- We recommend the subject offer an on-site, full-service, three-meal-a-day restaurant. We recommend the restaurant offer a flexible menu throughout the day, catering primarily to hotel guests in the morning and the general public for lunch and dinner. We recommend the restaurant be located at ground level with both hotel and street access. We recommend a separate bar/lounge that offers light fare and alcoholic beverages. We also recommend a small market café that offers take-out snacks, baked goods, pre-made sandwiches, yogurt, etc. to provide on-the-go food options for guests.
- We do not recommend a large amount of meeting and conference space due to the adjacency with the convention center. However, we do recommend the subject offer a modest banquet room with pre-function reception space and a board room. These spaces can be used not only as auxiliary overflow spaces and break-out rooms from events at the convention center, but can also be utilized for attracting smaller groups and sport teams coming to the area utilizing the new sports venues at the Princeton Schools campus.
- We recommend amenities for business travelers, including a well-equipped business center and availability of complimentary wireless Internet access throughout the property.
- We recommend an indoor swimming pool and whirlpool along with a fitness center. These amenities are an expected offering of a select- or full-service hotel.
- We recommend the proposed hotel include a small ground floor sundries space that could be adjacent to or integrated within the market café. We recommend this space to offer sundries, gifts, and convenience items.
- We recommend the subject try to obtain LEED certification as a "green" structure, which would allow for reduced energy costs and positive eco-friendly publicity. We recommend the developers analyze the various point systems for certification and balance the potentially higher costs with energy and environmental savings. The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. In 2011, an ongoing study involving CB Richard Ellis, the University of San Diego and McGraw Hill Construction revealed that green buildings generated stronger returns for investors than traditional properties, with owners anticipating a 4% higher return on investment (ROI) and an additional 5% increase in building value. Savings in energy costs of 20% to 50% are common through integrated planning, site orientation, energy-saving technologies, light-reflective materials, natural daylight and ventilation, and downsized HVAC and other equipment.

Development Costs

According to the latest available Hotel Development Cost Survey by HVS International, a midscale hotel with food and beverage has a median cost of \$105,600 per available room. A full-service hotel has a median cost of \$195,300 per available room. We acknowledge that these per-room costs include a land value. The wide range of costs depends upon the quality of property and the extent of the amenities. The range of costs is also impacted by union requirements for construction work, the extent of financing

costs, and the amount of entrepreneurial incentive included in the development budget. The following table outlines the wide range of potential development costs for the proposed subject.

2012/2013 Hotel Development Cost Survey Per-Room Averages						
	Land	Building and Site Improvements	Soft Costs	FF&E	Pre-Opening and Working Capital	Total
Midscale Hotels w/ F&B						
Average	\$13,900	\$79,100	\$13,200	\$12,400	\$3,800	\$123,200
Median	\$10,200	\$65,200	\$10,400	\$11,600	\$3,000	\$105,600
Allocation	16%	64%	12%	10%	1%	
Full-Service Hotels						
Average	\$20,200	\$135,200	\$24,400	\$25,300	\$7,200	\$260,100
Median	\$17,800	\$122,800	\$15,400	\$20,800	\$6,000	\$195,300
Allocation	16%	66%	10%	10%	4%	
Source: HVS International						

We acknowledge the infancy of the proposed development and the lack of plans available for cost estimating. Based upon our experience in the industry, at this point in the development process, we estimate the construction cost to fall within a range between \$100,000 to \$200,000 per room, which equates to an overall cost range between \$18 million and \$36 million for the proposed subject hotel.

FRANCHISE AFFILIATION ANALYSIS

We have analyzed the potential for the hotel to operate as an independent property versus one with a hotel franchise. The subject hotel could affiliate with a national hotel franchise and receive the benefits of this affiliation by being more recognizable to potential guests. The costs of affiliating with a national franchise can exceed the additional value created in some cases; however, because the subject will be located in the city of Sharonville, we recommend that the subject affiliate with a strong national brand, which will allow it to compete with other franchise properties in the city and surrounding communities.

In this section, we have analyzed brand affiliations that are in the market. In consideration of the select-service market, two well-known national brands already exist. Hilton Garden Inn is a member of the Hilton family of hotels, while Courtyard is a Marriott brand. Both of these brands would be a good fit for the proposed subject hotel because of their design, price point, target consumer, and amenity offerings. Additionally, both the Hilton Garden Inn and Courtyard by Marriott offer strong reservation systems and benefit from high customer loyalty. However, both brands are represented at hotel properties within two miles of the subject site on Chester Road, and we assume the respective franchise affiliation would be unavailable for the proposed hotel. The top upscale, select-service franchise affiliations already exist in the market and securing one of these, while potentially possible, is highly unlikely.

Therefore, we have analyzed various potential brand affiliations for the proposed subject. These brands, while not as well-known as traditional brands, are offered as strong alternatives that have the potential to differentiate Sharonville in the market. These brands are listed below.

- Hyatt Place, Hyatt House
- Aloft, Element by Westin
- Indigo
- Cambria Suites

Hyatt is a well-known brand associated with group and convention hotels. The Hyatt Corporation has several different brands with the Hyatt name that would be a good fit for the proposed convention center hotel franchise. These two are the upscale Hyatt Place and the upscale Hyatt House.

Hyatt Place, owned by Hyatt Corporation, are mid-sized properties designed for business travelers and families. Located in urban, airport and suburban areas, they range in size from 125 to 200 rooms and offer meeting rooms for small corporate events. Hyatt Place offers casual hospitality design in a modern and high-tech environment. Unique to Hyatt Place is the Gallery Host business model of operation. The chain features the Kitchen Skillet complimentary breakfast daily. There is complimentary Wi-Fi and remote printing throughout the hotels, 24-hour fitness centers, and all rooms feature 42" HDTV and Hyatt Plug Panel media center as well as sleeper sofas. There are more than 160 Hyatt Place locations across North America. The brand charges a franchise fees of 3% of gross rooms revenue during the first year, 4% of gross rooms revenue during the second year, and 5% of gross rooms revenue after the second year. In September 2012, the Hyatt Place brand was identified as the number one select-service hotel chain, beating out Hilton Garden Inn and Courtyard by Marriott, according to a survey conducted by *Business Travel News*.

Hyatt House, is also owned by Hyatt Corporation. This upscale brand is typically located in airport and suburban destinations. Its guest profile is primarily mid- to upper-income transient and interim individual guests. The brand also serves groups and businesses in their modern environments. The brand features multi-purpose lobby areas with the H BAR, an integrated bar and breakfast/bar island serving the House Breakfast Spread complimentary hot breakfast, 24-hour workout room, indoor swimming pool, and meeting space. Several varieties of guest rooms including studio, one- and two-bedroom kitchen suites and dens suites are appointed with 32" flat panel televisions, the Hyatt Grand Bed, contemporary walk-in showers, and double vanities. This brand charges a franchise royalty fee of 5.0% of gross room sales.

Starwood Hotels and Resorts is the parent company to national well-known brands such as Westin, W Hotels, Four Points, Le Meridian, Sheraton, St. Regis, and The Luxury Collection. In addition to these brands are two upscale select-service brands that could be a potential for the proposed convention center hotel; Element by Westin, and Aloft.

Element Hotels an upscale brand by Westin, opened its first property in Lexington, Massachusetts in 2008. As of June 2013, there are 11 Element hotels with five under construction in North America. The brand is a part of Starwood Hotels & Resorts Worldwide and as such, leverages their Starwood Preferred Guest (SPG) guest loyalty program. Element is the first major hotel brand to mandate that all properties pursue the

U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) certification for high-performance buildings. The brand offers RESTORE, a 24-hour food pantry in the lobby, MOTION, a 24-hour fitness center featuring Life Fitness cardio machines, indoor saltwater swimming pool, meeting spaces with state-of-the-art technologies, RESOURCE, a 24-hour complimentary business center, RISE, a complimentary daily breakfast, and RELAX, a Monday through Thursday complimentary manager's reception during the evenings. Guest rooms are appointed with the Westin Heavenly Bed, 42" flat screen televisions, and spa-inspired bathrooms. The brand charges a franchise royalty fee of 5.5% of gross rooms sales.

Aloft Hotels, owned by Starwood Hotels & Resorts Worldwide, are known for their contemporary style. The hotels offer an urban design and social atmosphere. Locations feature indoor pools; 24-hour lobby café called re:fuel; re:mix Lounge with LCD TVs, Wi-Fi access, a ticker of news and sports scores, and fireplaces; w xyz bar featuring local musicians; re:charge gym; and a dog care program. Rooms feature an electronic device charging station and spa shower. By the end of March 2013, there were 67 Aloft locations throughout the U.S., Canada, China, India, Belgium, United Arab Emirates, England, Columbia, Mexico, and Thailand. This brand charges a franchise royalty fee of 5.5% of gross room sales.

Hotel Indigo, a brand of hotels owned by InterContinental Hotels Group, has 51 locations worldwide. As of March 2013, there were 41 hotels in the pipeline. The hotel is known as the industry's first branded boutique hotel, with designs that reflect the culture of the neighborhood in which they operate. The design of each property is custom to the location. The typical Hotel Indigo offers business services, health and fitness centers, complimentary wireless Internet, meeting and banquet space, and a restaurant/lounge combination. The brand is a part of the IHG Rewards Club. This brand charges a franchise royalty fee of 5.0% of rooms revenue.

Cambria Suites, a brand of hotels owned by Choice Hotels, has 45 properties currently open or under development worldwide. Key elements of the brand include refresh, reflect, and refill. Refresh is the term identified with the upscale Cambria fitness center and indoor swimming pool. Reflect is the term identified with the food and beverage offerings of the property. The brand has partnered with Wolfgang Puck to provide coffee specialties. Refill is the term associated with the 24-hour sundries shop providing snacks and drink options. The guest room suites are designed larger than most hotel rooms and offer the latest in technology through wired or wireless Internet in a separate work area. Properties feature signature architecture and an upscale level of essential service and amenities. This brand charges a franchise royalty fee of 5.0% of rooms revenue.

The brands we have listed are upscale select-service hotels with which the subject could potentially affiliate. Each of these brands charges a franchise fee of between 5% and 5.5% of rooms revenue in addition to marketing and reservation fees ranging from 3% to 4% of rooms revenue. In our opinion, each of these franchises would be successful affiliates in the Sharonville market, as each would bring its own brand currency to the proposed subject hotel. We highly encourage the developers of the proposed hotel to conduct their due diligence for a national franchise that would differentiate the proposed hotel in the market. We recommend that the developers hire a competent hotel management company that will operate the subject property as a national franchise affiliated hotel.

MUNICIPAL INCENTIVES

It is our understanding that the city of Sharonville (in putting forth a request for proposals (RFP) regarding the proposed subject convention center hotel) will provide some level of municipal incentives for the development of the project. These incentives have not been explored as of the date of this report; however, they could include items such as favorable ground lease terms for the development, site infrastructure assistance, tax abatement, municipal financing, tax incremental financing, or other incentives. We recommend incentives in order to attract developers due to the risk involved in developing a hospitality project in a market that is currently underperforming.

We recommend the developers apply for a variety of city, county, and state aid. For the purposes of our report, our financial analysis did not assume that any specific real estate tax abatement will be obtained.

NATIONAL LODGING MARKET OVERVIEW

We have analyzed information concerning the national lodging market, including profiling statistics for various markets. Our national analysis focused upon occupancy and average daily rate (ADR) statistics for various regions, new supply additions, projections concerning future performance of hotels, consumer sentiment for hotels, sales statistics concerning hotel properties, and operating performance statistics for hotels.

Occupancy and Average Daily Rate Performance

We have analyzed the statistical performance of hotels for the past four years in the various regions of the United States. The following table indicates our analysis.

U.S. Hotel Performance by Regions												
	Occupancy				ADR				RevPAR			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
New England	54.1%	58.4%	61.2%	61.6%	\$114.65	\$116.21	\$120.66	\$126.80	\$62.00	\$67.81	\$73.84	\$78.13
Middle Atlantic	59.6%	63.3%	65.4%	66.5%	\$134.32	\$138.78	\$145.05	\$150.55	\$80.10	\$87.88	\$94.80	\$100.15
South Atlantic	53.9%	57.1%	59.4%	60.9%	\$98.65	\$97.40	\$100.20	\$103.28	\$53.18	\$55.65	\$59.50	\$62.86
East North Central	50.2%	53.9%	56.5%	58.5%	\$85.50	\$85.27	\$88.20	\$92.28	\$42.92	\$45.95	\$49.82	\$53.98
East South Central	51.2%	54.1%	55.5%	56.4%	\$75.23	\$75.30	\$77.22	\$79.47	\$38.56	\$40.74	\$42.89	\$44.78
West North Central	52.8%	55.0%	56.2%	57.4%	\$77.15	\$77.92	\$80.92	\$83.82	\$40.72	\$42.84	\$45.48	\$48.13
West South Central	53.4%	55.1%	58.1%	60.6%	\$83.74	\$82.50	\$84.80	\$88.78	\$44.71	\$45.48	\$49.23	\$53.81
Mountain	54.0%	56.6%	59.1%	59.2%	\$91.95	\$89.56	\$93.39	\$96.57	\$49.69	\$50.68	\$55.20	\$57.20
Pacific	59.3%	62.8%	65.6%	67.9%	\$112.77	\$112.90	\$119.05	\$125.98	\$66.86	\$70.93	\$78.06	\$85.49
Total U.S.	54.5%	57.5%	59.9%	61.4%	\$98.17	\$98.06	\$101.85	\$106.10	\$53.50	\$56.43	\$61.02	\$65.17

Source: Smith Travel Research

The table indicates the performance of the United States hotel industry, utilizing statistics from Smith Travel Research. As of year-end 2012, Smith Travel Research tracked a total census of 51,165 hotel properties with 4,833,499 available rooms.

The figures indicate that in 2012, the Pacific region achieved the highest occupancy level, while the East South Central region achieved the lowest. The Middle Atlantic region achieved the highest ADR, while the East South Central region achieved the lowest. All regions showed an increase in occupancy levels and ADR between 2011 and 2012. RevPAR also rose in each region, indicating overall improvement in 2012 over the previous year.

PKF Hospitality Research in their June 2013 edition of Hotel Horizons forecasted US hotels will enjoy a 7.7% increase in RevPAR in 2014 along with a 15.4% jump in net operating income. PKF believes any factors that inhibited lodging performance during the first half of 2013 will dissipate as the year goes on and by 2014, any uncertainty caused by fears of fiscal cliffs and sequestration should be alleviated, resulting in improved attitudes among hotel guests, owners and operators. The rise in interest rates is PKF's lingering concern. PKF is forecasting a 3.3% growth in lodging demand in 2014 along with a supply increase of just 1% resulting in national occupancy of 63.8%, the highest since 1997. PKF is forecasting upper tier hotels' occupancy to remain above 70%, suggesting meeting planners will have to book further in advance and pay higher room rates. PKF believes ADR growth will accelerate in 2014 as they foresee economic and market conditions should allow managers to become more aggressive with their pricing policies. PKF is forecasting annual ADR growth rates from 2014-2016 ranging from 5.4% to 6.4%. With ADR driving RevPAR in the years to come, PKF is forecasting double digit, unit level NOI increases through 2015.

Hotel & Leisure Advisors has also analyzed occupancy, ADR, and RevPAR by segment for the United States. The following chart gives detailed national segmentation statistics from Smith Travel Research using data from upper tier hotels.

2012 U.S. Upper Tier Hotel Performance by Segment				
	Transient	Group	Contract	Total
Occupancy Points	40.8	23.8	3.4	68
% of Total	60.0%	35.0%	5.0%	100.0%
ADR	\$168.98	\$150.80	\$76.77	\$158.01
RevPAR	\$101.39	\$52.78	\$3.84	\$158.01
% of Total	64.2%	33.4%	2.4%	100.0%
Source: Smith Travel Research				

The highest occupancy for the United States was in the transient segment, which is defined by STR as “rooms occupied by those with reservations at rack, corporate, corporate negotiated, package, government, or foreign travel rates.” Transient travelers make up 60.0% of all travelers, followed by the group segment and contract segment. Transient business also commanded the highest ADR, at \$168.98, for the United States.

PricewaterhouseCoopers (PwC) provided its forecasts for the U.S. lodging industry in June 2013. They expect the RevPAR recovery in 2013 to stay on course, consistent with PwC’s expectations at the start of the year. Recent lodging performance has been favorable with occupancy levels at higher priced hotels ahead of prior peak levels and real RevPAR that is above its long term average combining with slow supply growth. PwC expects RevPAR growth of 5.9% in 2013 and then growth of 6.2% in 2014, driven by strengthening economic growth and solid room rate gains in the context of below average lodging supply growth. Occupancy is expected to be 62.2% in 2013 and 62.9% in 2014 with ADR up 4.4% and 5.1% respectively.

We have also shown projections for national occupancy and ADR from Smith Travel Research. The following table indicates its projections.

Overall U.S. Lodging Forecast						
	Occupancy	% Change Occ.	ADR	% Change ADR	RevPAR	% Change RevPAR
2008	59.8%	-4.8%	\$107.38	3.0%	\$64.21	-2.0%
2009	54.6%	-8.7%	\$98.06	-8.7%	\$53.54	-16.6%
2010	57.5%	5.3%	\$98.05	0.0%	\$56.38	5.3%
2011	60.0%	4.3%	\$101.71	3.7%	\$61.03	8.2%
2012	61.4%	2.3%	\$106.10	4.3%	\$65.15	6.8%
2013	61.9%	0.8%	\$111.27	4.9%	\$68.88	5.7%
Source: Smith Travel Research (1/13)						

The table indicates that STR projected overall occupancy levels to grow very slightly between 2012 and 2013 as demand growth exceeds supply growth and the economy slowly recovers from the recession. They anticipate growth in RevPAR and an above inflationary increase in ADR in 2013 and 2014 as the economy moves out of the recession.

Smith Travel Research has forecasted supply in 2013 to rise 1.0% and demand to increase 1.8%. The forecasted ADR would surpass the 2008 peak level, and the projected RevPAR would surpass the 2007 peak level of \$65.56.

Hotel & Leisure Advisors' analysis indicates that in 2012, the U.S. hotel market achieved improved occupancy and average daily rate levels in most cities. Performance statistics between 2010 and 2012 showed steady improvement in occupancy levels after the substantial nationwide drop-off in 2009. Average daily rates also improved nationwide, especially in the last two years, after a similar plunge in 2009 and a lesser one in 2010. We project continued improvement in 2013 throughout the United States with higher percentage gains for upscale and luxury properties. Lack of new construction financing will limit new hotel openings in 2013 with larger resort properties affected particularly. Smaller chain-affiliated properties will continue to open in 2013, though at a lower rate than before 2009.

New Supply of Lodging Rooms

The following is a chart detailing the U.S. hotel construction pipeline by region, according to Smith Travel Research. It includes projects in the construction, final planning, and planning phases.

U.S. Hotel Rooms Construction Pipeline by Region						
Region	Under Construction 5/13	Under Construction 5/12	% Change	Total Pipeline 5/13	Total Pipeline 5/12	% Change
Pacific	7,324	4,690	56.2%	38,900	31,136	24.9%
Mountain	4,382	3,239	35.3%	36,849	26,099	41.2%
West North Central	4,127	4,109	0.4%	16,786	13,178	27.4%
West South Central	11,149	8,910	25.1%	50,029	49,684	0.7%
East North Central	7,398	6,005	23.2%	27,054	23,477	15.2%
East South Central	6,435	4,586	40.3%	18,270	18,495	-1.2%
Middle Atlantic	15,216	13,926	9.3%	54,898	52,027	5.5%
New England	1,058	1,007	5.1%	11,476	8,395	36.7%
South Atlantic	16,873	13,935	21.1%	69,868	67,901	2.9%
Total	73,962	60,407	22.4%	324,130	290,392	11.6%

Source: Smith Travel Research

The total active U.S. hotel development pipeline comprised 324,130 rooms, according to the May 2013 STR Pipeline Report. This represented an 11.6% increase in the number of rooms in the total active pipeline compared with May 2012 and a 22.4% increase in the number of rooms under construction.

Smith Travel Research indicated the U.S. hotel industry opened 407 new properties in 2012 with 43,865 rooms, resulting in a small 0.5% increase in existing room supply. The Upper Midscale segment opened the most rooms in 2012 with 15,700 rooms in 166 projects. The segment reported a 0.6% decrease in the number of rooms that opened in 2012 compared with 2011. The Upscale segment opened 11,819 rooms in 85 properties

during 2012, and the Independent segment opened 7,216 rooms in 52 properties. The Luxury segment opened the smallest number of new rooms in 2012 (233 rooms in one property).

In 2013, the U.S. hotel industry is expecting 817 properties with 87,301 rooms to open. The Upper Midscale segment is once again expected to open the largest number of rooms in 2013 with 33,432 in 362 properties. The Upscale segment (29,562 rooms in 229 properties) and the Unaffiliated segment (10,126 rooms in 86 properties) also are expected to open a significant number of new rooms in 2013.

As of February 2013, Lodging Econometrics (LE) expects 500 projects with 55,080 rooms to open in 2013 for a 1.1% increase in supply in the U.S. That will increase 1.3% in 2014 to 591 projects with 66,102 rooms. Due to the improvement of mortgage lending, they expect the development pipeline to leap forward as lodging profitability continues to rise, exceeding pre-recessionary levels. LE sees business confidence and developer sentiment continuing to improve. Although year over year total pipeline counts are flat, the internal pipeline metrics that drive future new openings have been trending upward. For six quarters, new project announcements have exceeded the bottom established in second quarter 2011. For construction starts, the rolling four quarter total has been trending upwards for eight quarters. The number of rooms under construction has increased for six consecutive quarters and is up 65% from the bottom set in second quarter 2011. Select service and extended stay brands lead the pipeline, while there is little development activity for larger luxury, upper upscale and casino chain scales, at just 7% of all projects in the pipeline.

Information Concerning Travel

According to American Express Global Business Travel in its *Global Business Travel Forecast 2013*, steady trip demand and capacity discipline is expected to drive increases in business-class air fares of 1% to 3% for both short- and long-haul routes in North America. Economy fares vary, with short-haul routes predicted to rise 2% to 4% and long-haul route pricing staying flat at (-1%) to 2%. Although limited numbers of hotel rooms are expected to be added in 2013, moderate occupancy growth is nevertheless expected to drive increases of 2% to 7% in mid-range hotel rates and 4% to 9% in upper-range hotel rates. Increased competition is predicted to drive car rental rates down, although the average daily rate is expected to rise slightly due to some increases in ancillary fees.

The U.S. Department of Commerce (DOC) announced in June 2013 that 67.0 million international visitors traveled to the United States in 2012, a 10.8% increase over 2011. In 2012, the top inbound markets continued to be Canada and Mexico. Both increased in visitor volume, Canada by 6% and Mexico by 8%. China and Brazil also showed increased arrivals, 35% and 19% respectively, while Japan increased by 14%. The DOC projects international travel to the United States will continue experiencing strong growth through 2018, based on the *Office of Travel & Tourism Industries' 2013 Spring Travel Forecast*. Building on a record-breaking 2012, visitor volume is expected to rise 4.0% in 2013, reaching 69.6 million visitors who stay one or more nights in the United States. According to the current forecast, the U.S. would see a 3.7% to 4.2% annual growth rate in visitor volume over the 2013-2018 timeframe. By 2018 this growth would produce 84.6 million visitors, a 26% increase compared to 2012. All world regions are forecast to grow over the period. Among the top origin markets, those with the largest forecasted total growth percentages are China (229%), Saudi Arabia (191%), Russian Federation (79%), Brazil

(66%), Argentina (65%), and Columbia (54%). Spain is the only top 40 visitor origin country forecast to decline from 2012 through 2018. The forecast also includes the potential effect, beginning in 2014, of the international marketing efforts of the new Corporation for Travel Promotion to promote the U.S. as a premier destination to international travelers.

Hotel Chain Scales

Approximately 75% of all lodging facilities in the United States are affiliated with some type of hotel brand, which looks to provide a level of recognition for the traveling public. In the past decade, many of the popular hotel chain companies such as Marriott and Starwood have created new brands that target different segments of the market. Some of these brands have been created to target the hip and trendy, while others have been created to target the business clientele. The following table highlights the various hotel chains as categorized by STR.

Smith Travel Research 2012 Chain Scales					
Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy
Affina	Autograph Collection	Adam's Mark	3 Palms	America's Best Suites	1st Interstate Inn
AKA	AVIA	aloft Hotel	Ayres	AmericInn	Affordable Suites
Andaz	Camino Real	Ascend	Best Western Plus	Baymont Inn & Suites	America's Best Inn
Colony	Club Quarters	Aston Hotel	Chase Suites	Best Western	Americas Best Value Inn
Conrad	Dolce	Best Western Premier	Clarion	Cabot Lodge	Budget Host
Doyle Collection	Doral	Cambria Suites	Comfort Inn	Candlewood Suites	Budget Suites of America
Edition	Dream	Canad Inn	Comfort Suites	ClubHouse	Budgetel
Fairmont	Embassy Suites	Club Med	Country Inn & Suites	Crossings by GrandStay	Country Hearth Inn
Firmdale	Gaylord	Coast Hotel	Doubletree Club	Crystal Inn	Crestwood Suites
Four Seasons	Hard Rock	Courtyard	Drury Inn	GrandStay Residential Suites	Crossland Suites
Grand Hyatt	Hilton	Crowne Plaza	Drury Inn & Suites	Hawthorn Suites by Wyndham	Days Inn
Helmsley Hotel	Hyatt	Disney	Drury Lodge	Heartland Inn	Downtowner Inn
InterContinental	Joie De Vivre	DoubleTree	Drury Plaza Hotel	Howard Johnson	Econo Lodge
Jumeirah	Kimpton	element	Drury Suites	InnSuites Hotel	Extended Stay America
JW Marriott	Le Meridien	Fitzpatrick Hotel	Fairfield Inn	Lakeview	Extended Stay Deluxe
Langham	Marriott	Four Points	Golden Tulip	La Quinta Inn & Suites	E-Z 8
Loews	Marriott Conference Center	Grand America	Hampton Inn	MainStay Suites	Family Inn
Luxury Collection	Marriott Executive Apartments	Great Wolf Lodge	Hampton Inn & Suites	Oak Tree Inn	Good Nite Inn
Mandarin Oriental	Millennium	Hilton Garden Inn	Holiday Inn	Quality Inn	Great Western
Mokara	New Otani	Homewood Suites	Holiday Inn Express	Ramada	GuestHouse Inn
Montage	Nikko	Hotel Indigo	Holiday Inn Select	Red Lion	HomeGate
Park Hyatt	Omni	Hotel Sierra	Home2 Suites by Hilton	Rode Inn	Homestead
Ritz-Carlton	Pan Pacific	Hyatt House	Isle of Capri	Settle Inn	Home-Towne Suites
RockResorts	Radisson Blu	Hyatt Place	Key West Inns & Suites	Shilo Inn	Howard Johnson Express
Rosewood	Red Carnation	Jolly	Larkspur Landing	Signature Inn	Inns of America
Sofitel	Renaissance	Larkspur	Lexington	Sleep Inn	InTown Suites
St Regis	Sheraton Hotel	Legacy Vacation Club	Night	Vagabond Inn	Jameson Inn
Taj	St. Giles	Melia	OHANA	Vista	Key West Inn
The Peninsula	Starhotels	Miyako	Park Inn	Wingate by Wyndham	Knights Inn
The Prince	Swissotel	Novotel	Phoenix Inn		Lees Inn Of America
The Tides	Westin	NYLO Hotel	Ramada Plaza		Master Hosts Inns
Trump International Collection	Wyndham	O'Callaghan	Scanticon		Masters Inn
Viceroy		Outrigger	Silver Cloud		Microtel Inn
W Hotel		Park Plaza	Sunspreet Resorts		Motel 6
Waldorf=Astoria		Prince Hotel	Tryp by Wyndham		National 9
		Radisson	TownePlace Suites		Passport Inn
		Residence Inn	Westmark		Pear Tree Inn
		Room Mate	Wyndham Garden Hotel		Red Carpet Inn
		Sonesta Hotel	Xanterra		Red Roof Inn
		Springhill Suites			Wellesley Inn
		Staybridge Suites			Yotel

Source: Smith Travel Research

J.D. Power and Associates 2012 *North American Hotel Guest Satisfaction Index Study* indicated hotel guest satisfaction with costs and fees has improved despite higher room rates, while satisfaction with check-in/check-out, food and beverage, hotel services, and hotel facilities are at new lows since 2006. The following hotel brands rank highest in guest satisfaction within their respective segments:

- Luxury: The Ritz-Carlton (for a third consecutive year)
- Upper Upscale: Omni Hotels & Resorts

- Upscale: Hilton Garden Inn and SpringHill Suites (in a tie)
- Midscale Full Service: Holiday Inn (for a second consecutive year)
- Midscale Limited Service: Drury Inn & Suites (for a seventh consecutive year)
- Economy/Budget: Jameson Inn
- Extended Stay: Homewood Suites (for a third consecutive year)

Hotel Sales Overview

We have reviewed statistics concerning the sales of hotels and projections for future sales trends profiling information from the Pennsylvania State University Index of Hotel Values.

Penn State Index of Hotel Values		
Overall	Value Per Room	Annual % of Change
2010	\$78,326	2.4%
2011	\$87,952	12.3%
2012	\$98,322	11.8%
2013	\$107,222	9.1%
2014 (Forecast)	\$115,132	7.4%
Luxury		
2010	\$263,762	4.2%
2011	\$289,380	9.7%
2012	\$323,943	11.9%
2013	\$353,616	9.2%
2014 (Forecast)	\$377,336	6.7%
Upper Upscale		
2010	\$136,893	1.8%
2011	\$151,163	10.4%
2012	\$167,466	10.8%
2013	\$181,195	8.2%
2014 (Forecast)	\$193,589	6.8%
Upscale		
2010	\$92,721	0.8%
2011	\$106,429	14.8%
2012	\$117,935	10.8%
2013	\$128,147	8.7%
2014 (Forecast)	\$136,979	6.9%
Upper Midscale		
2010	\$71,162	1.4%
2011	\$79,950	12.3%
2012	\$88,070	10.2%
2013	\$95,445	8.4%
2014 (Forecast)	\$101,933	6.8%
Midscale		
2010	\$45,966	-1.0%
2011	\$48,991	6.6%
2012	\$53,134	8.5%
2013	\$57,914	9.0%
2014 (Forecast)	\$61,863	6.8%
Economy		
2010	\$17,137	-3.7%
2011	\$20,195	17.8%
2012	\$24,203	19.8%
2013	\$27,718	14.5%
2014 (Forecast)	\$30,797	11.1%

Source: The Pennsylvania State University (6/13)

The table lists the average hotel sales prices historically from 2010 through 2013 and forecasts for 2014. The survey indicates that the average U.S. hotel value declined by rose by 12.3% in 2010 and further rebounded with an increase of 11.8% in 2011, 9.1% in 2012, and 9.1% in 2013. This upward trend is expected to continue as the 2014 forecast shows a 7.4% increase.

Jones Lang LaSalle's *2013 Hotel Investment Outlook* indicated that an abundance of equity capital and an ever improving debt market will support a buoyant market for hotel trades in 2013. Transactions volume for the year is expected to reach \$18.5 billion, continuing a moderate increase on 2012 levels. Private equity funds unleashed some \$7 billion of capital in 2012 for hotel investments, making them the largest net buyers. This trend is expected to continue in 2013. Together with REITs, private equity buyers are expected to comprise as much as 70% of total acquisition volume across the Americas. Hotel operating fundamentals are expected to maintain healthy growth in the U.S. in 2013, with RevPAR gains ranging from 6% to 7%. Also underpinning the market's performance is the fact that supply increases will (again) be below the long-term average in 2013. Over the past 20 years, periods of below-average supply growth have coincided with above-average RevPAR growth and this is expected to feature as a trend in 2013 as well. Demand growth is expected to outstrip supply increases which will give a lift to occupancy rates and spur pricing power.

STR Analytics *Hotel Transaction Almanac* reported in January 2013 that more than \$12.5 billion in hotel transactions occurred in the U.S. in 2012. While hotel fundamentals continued to improve in 2012, investment activity actually declined, dropping from \$19.4 billion in asset trades in 2011. STR expects transaction volume to rise again in 2013 as RevPAR recovery continues to drive higher profits, supply growth remains negligible, and financing becomes more accessible. The *Almanac* findings included that average price per key in 2012 remained stable at 2011 levels of \$190,000; only 12% of transactions involved distressed assets; only 16% of hotel acquisitions were by REITs and surprisingly, the average cap rate declined to 9.1% in 2012 from 10.4% in 2011.

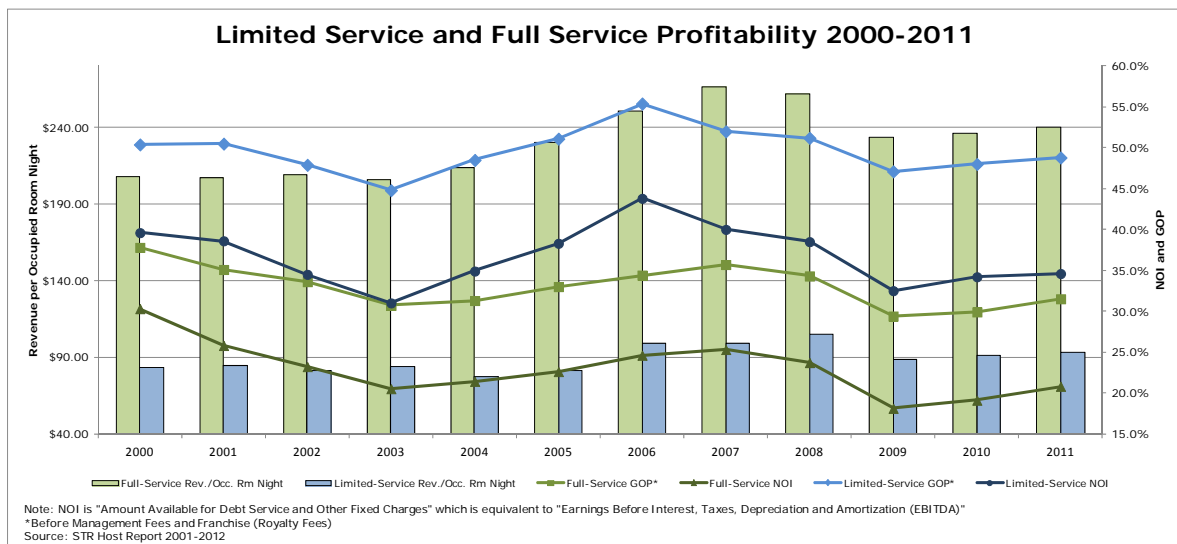
Financial Statistics Concerning Hotels

We have analyzed financial statistics concerning the performance of hotels as taken from the 2012 *Host Report* published by Smith Travel Research. This report included the operating statements of more than 6,100 hotels and is also utilized in the financial analysis section of this report. The following table presents selected financial ratios to sales for both full-service and limited-service hotels for the past 12 years.

Selected Financial Ratios to Sales						
	Full-Service			Limited-Service		
	Rev./Occ. Rm Night	GOP*	NOI	Rev./Occ. Rm Night	GOP*	NOI
2000	\$207.50	37.8%	30.3%	\$82.95	50.4%	39.6%
2001	\$206.94	35.1%	25.8%	\$84.27	50.5%	38.6%
2002	\$209.16	33.6%	23.2%	\$81.06	47.9%	34.5%
2003	\$205.71	30.7%	20.5%	\$83.80	44.8%	31.0%
2004	\$213.76	31.3%	21.4%	\$77.47	48.5%	34.9%
2005	\$229.98	33.0%	22.6%	\$81.26	51.1%	38.3%
2006	\$250.76	34.4%	24.6%	\$98.72	55.4%	43.8%
2007	\$266.56	35.7%	25.3%	\$98.72	52.0%	40.0%
2008	\$262.11	34.3%	23.7%	\$104.81	51.2%	38.5%
2009	\$233.72	29.4%	18.1%	\$88.23	47.1%	32.5%
2010	\$236.13	29.9%	19.1%	\$91.01	48.0%	34.2%
2011	\$240.08	31.5%	20.8%	\$92.97	48.8%	34.6%

Note: NOI is "Amount Available for Debt Service and Other Fixed Charges" which is equivalent to "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)"
 *Before Management Fees and Franchise (Royalty) Fees
 Source: STR Host Report 2001-2012

The table indicates that the percentage of gross operating profit before management fees and franchise fees declined between 2001 and 2003 for both full-service hotels and limited-service hotels. The gross operating profit showed an improvement from 2003 to 2006 for both property types. In 2007, gross operating profits reached its highest levels since 2000 for full-service properties, while limited-service hotels experienced a decline. In 2008 and 2009, gross operating profit showed a decline in both categories, but then recorded an increase in 2010 and 2011. In 2007, revenue per occupied room night was the highest for full-service hotels, while limited-service hotels recorded their highest in 2008. Both properties saw a substantial decline in revenue per occupied room night in 2009, following slight increases in 2010 and 2011. Between 2000 and 2003, both properties had a decline in net operating income. In 2007, full-service hotels saw their highest net operating income, while limited-service hotels had theirs in 2006. Both properties saw an increase in net operating income in 2010 and 2011. The following graph shows the financial ratios to sales for both full-service and limited-service hotels for the past 12 years.



The graph above shows that limited-service hotels outperform full-service hotels on a percentage basis for both gross operating profit and net operating income. Full-service hotels have higher revenue per occupied room night than limited-service hotels.

COMPARABLE LODGING ANALYSIS

In determining market demand for the proposed hotel located adjacent and connected to the Sharonville Convention Center, we have profiled existing facilities that are physically comparable to the proposed subject hotel in two primary attributes. These comparable hotels are included based on the following:

- Facilities with national franchise affiliations
- Facilities adjacent to medium-sized convention centers

We have also completed a market analysis of the local competitive set of hotel properties, which is presented following this comparable lodging analysis.

We have profiled five comparable properties. This list is presented to provide information about a variety of different comparable lodging facilities that offer a location adjacent to or connected with a conference center. The following table outlines these select hotels.

Convention Center Hotels - Comparable Facilities								
Hotel Name	Convention Center	Location	Rooms	Hotel Meeting Space SF	Adjacent Mtg/Conf. Space SF	Total Mtg/Conf. Space	Mtg/Conf. Space Per Room	Room Rates
Courtyard Altoona	Blair County Convention Center	Altoona, PA	105	425	47,000	47,425	452	\$85-\$224
Radisson Hotel Valley Forge	Valley Forge Convention Center	King of Prussia, PA	325	21,807	54,560	76,367	235	\$100-\$259
Sheraton Erie Bayfront	Bayfront Convention Center	Erie, PA	200	5,800	70,000	75,800	379	\$119-\$284
Embassy Suites Omaha-La Vista	La Vista Convention Center	La Vista, NE	257	3,710	44,614	48,324	188	\$114-\$177
Embassy Suites St Louis-St Charles	St Charles Convention Center	St Charles, MO	296	6,312	57,150	63,462	214	\$149-\$193
Average			237	7,611	54,665	62,276	263	

Source: Hotel & Leisure Advisors

We profiled these comparable properties to provide an analysis of the hotel room count in relationship to the size of the meeting space, the division between hotel and convention space square footage, and room rates. All comparable properties are affiliated with national brands, and thus leverage their franchise central reservation system as well as their respective guest loyalty rewards program. The following describes the comparable attributes.

Location: All of the comparable properties are located in the Midwest. Three of the comparables are located in the Pennsylvania cities of Altoona, King of Prussia, and Erie. The two remaining comparable properties are located in suburban markets with neighboring large cities, similar to Sharonville. One property is located in La Vista, Nebraska, near Omaha, and the last comparable is located in St. Charles, Missouri, near St. Louis.

Brand Market Position: Four of the properties are considered full-service hotels and one property is a select-service hotel. The Courtyard by Marriott brand is considered a top-tier hotel product in the select-service market. The most efficient way to describe a select-service hotel is recognizing the gap in service between a limited-service property and a full-service property. The select-service segment fills this gap by providing some full-service amenities, such as an on-site restaurant for dinner, but becomes more profitable by not providing items such as turn-down services and other ancillary services. Meeting

space in a select-service property is typically limited to one or two small meeting rooms, such as the 425 square foot meeting room at the Courtyard Altoona, while larger amounts of meeting space are hallmarks of a full-service hotel product. It should be noted that the distinction between select-service and full-service is becoming less clear, as consumer expectations and value propositions in the select-service market erode the once exclusive advantages of full-service properties. The two full-service Embassy Suites in our comparable list each offer a sit-down and paid-for full-menu breakfast, as well as a complimentary continental breakfast with limited menu items. These full-service hotels let their guests decide the level of service they wish to receive.

Number of Rooms: The properties range in size from 105 available rooms at the Courtyard Altoona to 325 available rooms at the Radisson Valley Forge in King of Prussia. The size of each of these properties generally reflects the market demographics in which they operate. For example, the Radisson Valley Forge is connected not only to a convention center, but the Valley Forge Casino as well, thus requiring a higher number of rooms. All of the properties profiled have a variety of room types in order to accommodate various guests and group needs. Typically, a group-oriented hotel will offer more rooms with two beds (such as double-queens) due to groups being cost conscious and efficient with their lodging needs during conferences.

Restaurant/Lounge: All of the properties have a restaurant and/or lounge on premises with some properties having multiple options. The restaurant offerings range from two to three meals per day, depending upon the food and beverage offerings within the surrounding neighborhood. The Courtyard Altoona's The Bistro restaurant is open for breakfast and dinner. The Radisson Valley Forge offers two restaurants within the hotel proper and five additional restaurants in the connected casino/convention center. All together these include everything from burgers and fries at the American Grill, to comfort food at Valley Tavern, to seafood and prime beef at Pacific Prime to rustic Italian at Viviano. In addition, this property offers the Nosh Deli, Asian Noodle, and traditional Italian fare at the Italian Market. The Sheraton Erie Bayfront's restaurant, the Bayfront Grille, is open for three meals per day. The Embassy Suites Omaha-La Vista and the Embassy Suites St. Louis-St. Charles offer a full-service restaurant as well as a marketplace café.

Hotel Meeting Space: As discussed previous, full-service hotel properties generally offer more meeting space because the operation typically has a separate group sales and event marketing department. This department in a full-service property is operated as a separate profit center. In contrast, the limited size of meeting space at select-service properties allows the hotel to efficiently manage the event space under the food and beverage department. The comparable properties profiled offer a range of hotel meeting space from 425 square feet at the select-service Courtyard Altoona to 21,807 square feet offered at the Radisson Valley Forge. The hotel meeting space is typically considered secondary spaces in properties that are connected to a convention center. These spaces are used as staging areas, intimate reception areas, and for other informal hospitality gatherings. The profiled hotels leverage the primary meeting space at the adjacent convention center.

Convention and Total Meeting Space: Available convention meeting space at the comparable properties ranges from 44,614 at the Embassy Suites Omaha-La Vista to 70,000 square feet at the Sheraton Erie Bayfront. Similar to the subject's Sharonville Convention Center, the comparable properties all have flexibility in the types and size of space available for rent. In addition, many of the comparables include atrium and pre-

function spaces in their total available spaces for rent. When combined with the secondary spaces available in the hotels themselves, the range of comparable space for rent is 47,425 at the Courtyard in Altoona to 76,367 at the Radisson Valley Forge.

Meeting Space Per Guest Room: The results of our comparable analysis reveal a meeting space per guest room range from 188 square feet per guest room at the Embassy Suites Omaha-La Vista to 452 square feet per guest room at the Courtyard Altoona. The comparable property closest in size to the proposed 180-room subject hotel is the 200-room Sheraton Erie Bayfront with a total meeting space of 379 square feet per guest room.

Published Room Rates: The properties have a wide range of room rates, which they adjust depending on the time of year and booking pace. The properties offer various discounts and packages during slower periods. The comparable room rates range from \$85 to \$284 per night. The wide range reflects the results of diligent revenue management strategies for each of the properties according to peak/non-peak season, room type, and volume.

Comparison to the Proposed Subject Hotel

In the B section of this report, we profiled the physical description of the proposed subject hotel. In this section, we have analyzed comparable properties with physical attributes similar to the subject. The chart below compares the average metrics of the comparable facilities with that of the proposed subject.

Comparison to Subject Hotel					
	Rooms	Hotel Meeting Space SF	Adjacent Mtg/Conf. Space SF	Total Mtg/Conf. Space	Mtg/Conf. Space Per Room
Average of Comparables	237	7,611	54,665	62,276	263
Proposed Subject Convention Hotel	180	4,100	65,000	69,100	384

Source: Hotel & Leisure Advisors

The comparable averages reflect a lower meeting space square foot per guest room than that which is proposed for the subject. This is due to the average room count of the comparables being 32% higher than the subject while offering a slightly smaller amount of total meeting space. The meeting space available at the Sharonville Convention Center is 11% more than the average of the comparables. The selection of the proposed subject hotel to be a select-service brand is supported by the higher meeting space per guest room square footage (482) at the Courtyard Altoona, the only select-service hotel in the comparable profiles. As mentioned previously, the closest comparable in size to the proposed subject hotel is the 200-room Sheraton Erie Bayfront, which offers approximately 379 square feet of meeting space per guest room. At 384 square feet of meeting space per guest room, the proposed 180-room subject hotel with 4,100 square feet of hotel meeting space is reasonable. The next analysis is to determine if the existing Sharonville hotel market can support the proposed subject convention hotel as defined in this report.

CINCINNATI LODGING OVERVIEW

Occupancy within the Cincinnati Regional Market has improved every year for the past four years, with the biggest growth in occupancy occurring in 2011. On average, the average daily rate has also shown an increase year-over-year with the exception of 2011, which was slightly down. Year-to-date through April, the region has achieved strong occupancy and ADR performance resulting in a 9.5% increase in RevPAR over the same period last year. As of April 2013, the Cincinnati USA Region includes 186 hotels with 22,501 available guest rooms, according to Smith Travel Research.

Cincinnati Regional Market Operating Performance						
Year	OCC	% Chg.	ADR	% Chg.	RevPAR	% Chg.
2009	50.6%	-	\$84.50	-	\$42.76	-
2010	52.3%	3.4%	\$84.54	0.0%	\$44.21	3.4%
2011	55.6%	6.3%	\$84.19	-0.4%	\$46.81	5.9%
2012	56.2%	1.1%	\$86.78	3.1%	\$48.77	4.2%
Year-To-Date through April						
2012	50.4%	-	\$83.13	-	\$41.90	-
2013	52.4%	4.0%	\$87.53	5.3%	\$45.87	9.5%
Overall United States Lodging YTD Operating Performance						
Year-To-Date through April						
2012	57.9%	-	\$104.25	-	\$60.36	-
2013	59.2%	2.2%	\$108.79	4.4%	\$64.40	6.7%
Source: Smith Travel Research						

The market is below overall U.S. performance data. The Cincinnati Regional Market attracts strong demand from commercial travelers, groups and conventions, including SMERF (social, military, educational, religious, and fraternal) related conventions and leisure travelers attending a wide range of attractions and events in the market.

While the above chart profiles the entire Cincinnati Regional Market, the specific location of the subject site is in Sharonville. The existing Sharonville Convention Center provides competition to hotels in the Sharonville, West Chester, and Blue Ash neighborhoods of Cincinnati. A more specific analysis of these markets is warranted. The hotels within the city of Sharonville charge a 9.5% room occupancy tax. An increase or decrease in the amount of occupancy tax received by the city is an indicator of overall occupancy trends of the city. The following chart profiles occupancy tax receipts collected by the city of Sharonville.

Sharonville Lodging Tax Receipts		
Year	OCC	% Chg.
2009	\$1,010,176	-
2010	\$954,966	-5.5%
2011	\$989,623	3.6%
2012	\$1,015,628	2.6%
Source: City of Sharonville		

The above information was taken from a total of 24 individual properties located within the city limits. According to city officials, the 2010 decline in city occupancy can be attributed partially due to the construction that occurred with the renovation and expansion of the convention center during 2010 and 2011.

New Supply

A number of properties have opened in the Sharonville/West Chester/Blue Ash area since 2000 as shown in the following table.

Recent Supply Additions Sharonville/West Chester/Blue Ash			
Name of Establishment	City & State	Open Date	Rooms
Quality Inn & Suites Cincinnati	Cincinnati, OH	Apr 2000	60
Wingate By Wyndham Blue Ash	Cincinnati, OH	Aug 2000	85
Marriott Cincinnati North	West Chester, OH	Sep 2000	295
Holiday Inn Express & Suites Cincinnati Blue Ash	Blue Ash, OH	Sep 2000	69
Best Western Plus Hannaford Inn & Suites	Cincinnati, OH	Jan 2001	79
Hilton Garden Inn Cincinnati Sharonville	Cincinnati, OH	May 2001	90
Comfort Inn & Suites Union Center	West Chester, OH	Aug 2002	92
Wingate By Wyndham West Chester	West Chester, OH	Dec 2002	90
Staybridge Suites Cincinnati North	West Chester, OH	Apr 2003	117
Hawthorn Suites by Wyndham Cincinnati	Sharonville, OH	May 2003	73
Hampton Inn Suites Cincinnati Union Centre	West Chester, OH	May 2005	100
Drury Inn & Suites Cincinnati North	Sharonville, OH	Jul 2006	180
Courtyard Cincinnati North @ Union Centre	West Chester, OH	Jun 2007	126
Value Place Cincinnati Sharonville	Sharonville, OH	May 2008	120
Hilton Garden Inn Cincinnati Blue Ash	Blue Ash, OH	Jun 2008	122
Residence Inn Cincinnati Northwest Chester	West Chester, OH	Nov 2008	100
Total			1,798
Source: Smith Travel Research			

The table indicates that out of the 16 new hotels that have entered the market since 2000, seven of them have been constructed at Union Centre in West Chester, Ohio, which is located in Butler County, not Hamilton County. Only three have been constructed within the city limits of Sharonville.

COMPETITIVE LODGING MARKET OVERVIEW

We have analyzed the supply and demand factors for the subject's competitive market for six years beginning in the year 2013. The subject is projected to open January 1, 2015. Both supply and demand conditions are likely to change beyond our analysis period, therefore, projecting market conditions further into the future becomes highly speculative. The projections are for calendar years beginning with the month of January. Our projections analyze currently known supply and demand changes in the market and forecast a stabilized level of occupancy for both the market and the subject property. The stabilized level projects a representative level of performance for both the market and the subject based upon currently known information.

Existing Competitive Supply: Based on our research, we have identified a competitive hotel supply with a total of 1,470 guest rooms in eight existing lodging facilities. We have analyzed the competitiveness of each hotel selected for the competitive set. In our opinion, each of the hotels is to some degree competitive with the proposed subject and we have utilized 100% of the available guest rooms in each competitive hotel for our analysis. In determining the competitive supply for the proposed subject, we have considered the proposed subject's segmentation and sources of business. The subject will

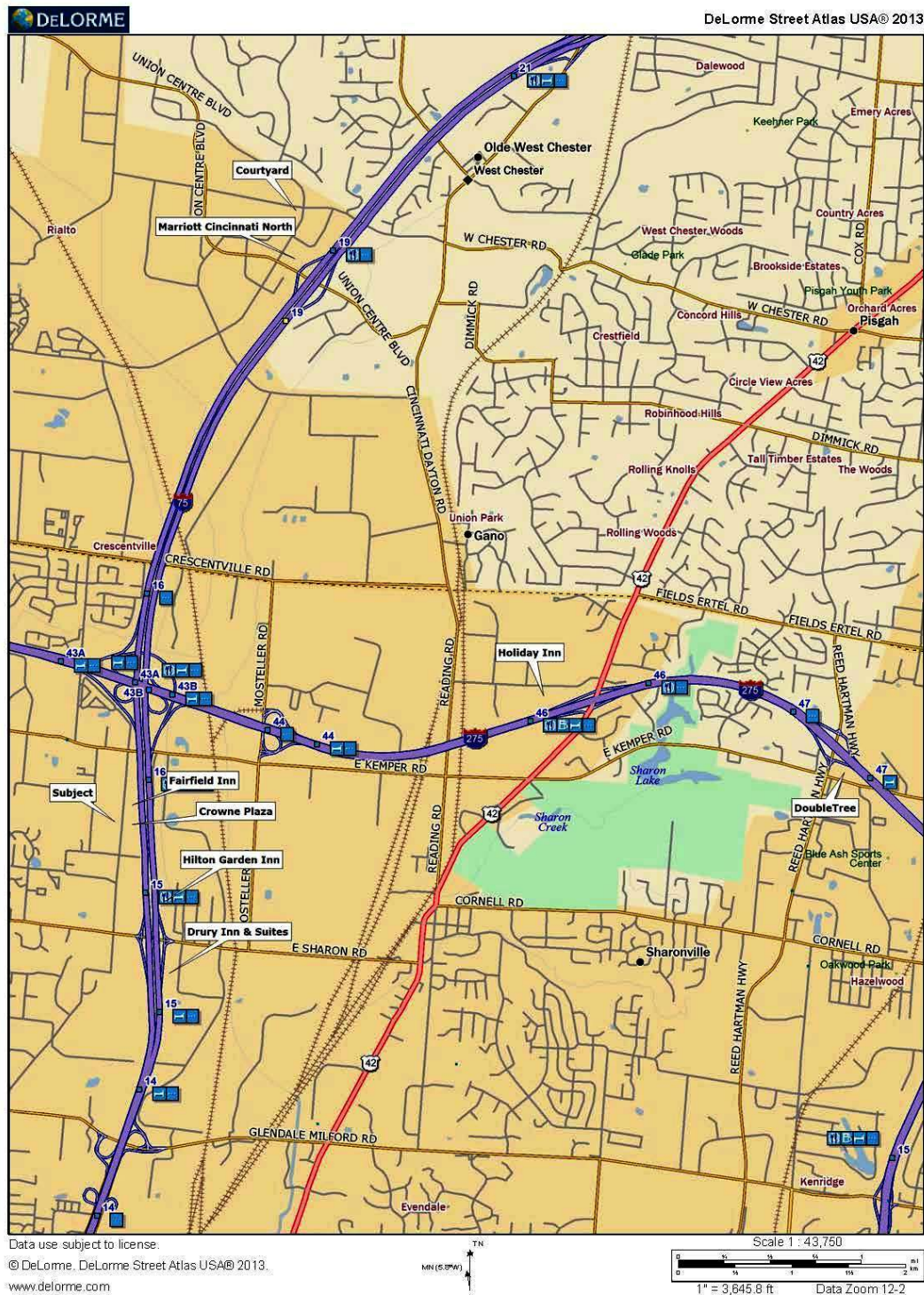
be a group-oriented convention headquarters hotel property. In this section, we have profiled and analyzed the local hotel supply of nearby select-service and full-service hotels with facilities similar to the proposed hotel. We have excluded from the competitive set many of the older hotels located in the market. The following charts list the competitive properties and pertinent information about each hotel.

**Proposed Convention Center Hotel - Sharonville
Market Analysis**

C-15

Survey of Competitors									
#	Property	Location	% Comparable	# Rooms	Year Opened	Swimming Pool	Restaurant/ Lounge	Meeting Space SF	Room Rates
1	Courtyard Cincinnati North @ Union Centre	West Chester, OH	100%	126	June-07	Indoor	Yes	900	\$99-\$189
2	Marriott Cincinnati North	West Chester, OH	100%	295	September-00	Indoor	Yes	14,905	\$129-\$219
3	Drury Inn & Suites Cincinnati North	Sharonville, OH	100%	180	July-06	Indoor/Outdoor	Comp. Brkst	3,432	\$105-\$214
4	Hilton Garden Inn Cincinnati Sharonville	Cincinnati, OH	100%	90	May-01	Indoor	Yes	1,400	\$79-\$129
5	Holiday Inn Cincinnati I 275 North	Cincinnati, OH	100%	275	March-91	Indoor & Outdoor	Yes	9,000	\$79-\$119
6	DoubleTree Suites Cincinnati-Blue Ash	Sharonville, OH	100%	152	February-90	Outdoor	Yes	3,717	\$129-\$289
7	Crowne Plaza Cincinnati North	Cincinnati, OH	100%	257	November-09	In-Outdoor/ CoCo Key Waterpark	Yes	14,437	\$80-\$161
8	Fairfield Inn Cincinnati North Sharonville	Cincinnati, OH	100%	95	March-08	Indoor	Comp. Brkst	1,064	\$98-\$120
	Total			1,470					
Source: Hotel & Leisure Advisors									

Competitive Supply Performance Indicators								
#	Property	2012 Market Segmentation			2012 Estimated Performance			Overall Penetration Rate
		Commercial	Group	Leisure	Occupancy	ADR	RevPAR	
1	Courtyard Cincinnati North @ Union Centre	65%	25%	10%	70%-80%	\$120-\$130	\$80-\$90	126%
2	Marriott Cincinnati North	60%	30%	10%	60%-70%	\$130-\$140	\$80-\$90	107%
3	Drury Inn & Suites Cincinnati North	30%	60%	10%	70%-80%	\$80-\$90	\$60-\$70	131%
4	Hilton Garden Inn Cincinnati Sharonville	75%	10%	15%	60%-80%	\$100-\$110	\$60-\$70	116%
5	Holiday Inn Cincinnati I 275 North	45%	25%	30%	40%-50%	\$70-\$80	\$30-\$40	83%
6	DoubleTree Suites Cincinnati-Blue Ash	80%	15%	5%	50%-60%	\$120-\$130	\$60-\$70	101%
7	Crowne Plaza Cincinnati North	60%	30%	10%	40%-50%	\$80-\$90	\$30-\$40	70%
8	Fairfield Inn Cincinnati North Sharonville	60%	10%	30%	50%-60%	\$80-\$90	\$40-\$50	98%
Average		57%	29%	14%	56%	\$103.17	\$58.00	100%
Source: Hotel & Leisure Advisors								



COMPETITIVE SET MAP

Competitive Property #1



Courtyard Cincinnati North @ Union Centre Descriptive and Performance Information			
Location	West Chester, OH	Swimming Pool	Indoor
# Rooms	126	Restaurant / Lounge	Yes
Year Opened	June-07	Meeting Space SF	900
Room Rates	\$ 99-\$ 189		
2012 Estimated Performance			
Occupancy	70%-80%	Market Segmentation:	
ADR	\$120-\$130	Commercial	65%
RevPAR	\$80-\$90	Group	25%
Overall Penetration Rate	126%	Leisure	10%
Source: Hotel & Leisure Advisors			

The 126-room Courtyard Cincinnati North @ Union Centre is located approximately five miles north of the subject site. This five-story property is a select-service hotel. The property is located in the area known as Union Centre, which offers shopping and is proximate to Proctor & Gamble, GE and AK Steel. The property offers The Bistro-Eat. Drink. Connect. breakfast and dinner restaurant featuring Starbucks coffee, an indoor pool and fitness center, business center, and complimentary wireless Internet in the guest rooms. The property also features 900 square feet of meeting space. The property achieved an estimated overall penetration rate of 126% in 2012.

Competitive Property #2



Marriott Cincinnati North Descriptive and Performance Information			
Location	West Chester, OH	Swimming Pool	Indoor
# Rooms	295	Restaurant / Lounge	Yes
Year Opened	September-00	Meeting Space SF	14,905
Room Rates	\$129-\$219		
2012 Estimated Performance			
Occupancy	60%-70%	Market Segmentation:	
ADR	\$130-\$140	Commercial	60%
RevPAR	\$80-\$90	Group	30%
Overall Penetration Rate	107%	Leisure	10%
Source: Hotel & Leisure Advisors			

The 295-room Marriott Cincinnati North is located approximately five miles north of the subject site. As a full-service property, this hotel is the competitive set rate leader, and a strong occupancy performer. Similar to the Courtyard property noted previously, this property is located in proximity to corporate generators as well as the shopping district of Union Centre. The property offers an indoor pool, fitness center, business center, River City Grill, lounge, a spacious atrium that is used for receptions, and 14,905 square feet of meeting space. The property achieved an estimated overall penetration rate of 107% in 2012.

Competitive Property #3



Drury Inn & Suites Cincinnati North			
Descriptive and Performance Information			
Location	Sharonville, OH	Swimming Pool	Indoor/Outdoor
# Rooms	180	Restaurant/ Lounge	Comp. Brkst
Year Opened	July-06	Meeting Space SF	3,432
Room Rates	\$105-\$214		
2012 Estimated Performance			
Occupancy	70%-80%	Market Segmentation:	
ADR	\$80-\$90	Commercial	30%
RevPAR	\$60-\$70	Group	60%
Overall Penetration Rate	131%	Leisure	10%
Source: Hotel & Leisure Advisors			

The 180-room Drury Inn & Suites Cincinnati North is located approximately one mile southeast of the subject site. The property achieves significant business from the Sharonville Convention Center. The property provides complimentary breakfast, evening social hour, free wireless Internet, 60 minutes of free long distance calls, free local calls, 3,432 square feet of meeting space, exercise room, and indoor/outdoor pool. The property is a strong occupancy performer within the market. The property achieved an estimated overall penetration rate of 131% in 2012.

Competitive Property #4



Hilton Garden Inn Cincinnati Sharonville Descriptive and Performance Information			
Location	Cincinnati, OH	Swimming Pool	Indoor
# Rooms	90	Restaurant / Lounge	Yes
Year Opened	May-01	Meeting Space SF	1,400
Room Rates	\$79-\$129		
2012 Estimated Performance			
Occupancy	60%-80%	Market Segmentation:	
ADR	\$100-\$110	Commercial	75%
RevPAR	\$60-\$70	Group	10%
Overall Penetration Rate	116%	Leisure	15%
Source: Hotel & Leisure Advisors			

The 90-room Hilton Garden Inn Cincinnati Sharonville is located approximately one mile east of the subject site on Dowlin Drive. The property has received the 2013 TripAdvisor Certificate of Excellence Award. The property features the Great American Grill, which is open for breakfast only. The property is anticipating renovations to create a new bar that will offer light dinners for their guests. The property also offers the Pavilion Pantry, an indoor pool, fitness room, internet access with PrinterOn remote printing, 1,400 square feet of meeting space, and a business center. The property achieved an estimated overall penetration rate of 116% in 2012.

Competitive Property #5



Holiday Inn Cincinnati I 275 North Descriptive and Performance Information			
Location	Cincinnati, OH	Swimming Pool	Indoor & Outdoor
# Rooms	275	Restaurant / Lounge	Yes
Year Opened	March-91	Meeting Space SF	9,000
Room Rates	\$ 79-\$ 119		
2012 Estimated Performance			
Occupancy	40%-50%	Market Segmentation:	
ADR	\$70-\$80	Commercial	45%
RevPAR	\$30-\$40	Group	25%
Overall Penetration Rate	83%	Leisure	30%
Source: Hotel & Leisure Advisors			

The 275-room Holiday Inn Cincinnati I 275 North is located approximately 3.5 miles east of the subject site along I-275. This property opened as a Hilton Hotel, later converting to the Holiday Inn brand. The property offers a Max & Erma's restaurant that is open for breakfast, lunch, and dinner. The facility also features an indoor pool and outdoor pool, fitness center, business center, and 9,000 square feet of meeting space. The property achieved an estimated overall penetration rate of 83% in 2012.

Competitive Property #6



DoubleTree Suites Cincinnati-Blue Ash			
Descriptive and Performance Information			
Location	Sharonville, OH	Swimming Pool	Outdoor
# Rooms	152	Restaurant / Lounge	Yes
Year Opened	February-90	Meeting Space SF	3,717
Room Rates	\$129-\$289		
2012 Estimated Performance			
Occupancy	50%-60%	Market Segmentation:	
ADR	\$120-\$130	Commercial	80%
RevPAR	\$60-\$70	Group	15%
Overall Penetration Rate	101%	Leisure	5%
Source: Hotel & Leisure Advisors			

The 152-room DoubleTree Suites Cincinnati-Blue Ash is located approximately 4.6 miles east of the subject site along I-275. Although this hotel is technically within the city limits of Sharonville, it is known as the DoubleTree Suites Cincinnati-Blue Ash. The property is heavily corporate, but does accommodate a large amount of group amateur athletics in the summer months. The property features the Bistro and Lounge as its three-meal-a-day option, a fitness center, outdoor pool, and 3,717 square feet of meeting space. The property achieved an estimated overall penetration rate of 101% in 2012.

Competitive Property #7



Crowne Plaza Cincinnati North			
Descriptive and Performance Information			
Location	Cincinnati, OH	Swimming Pool	In-Outdoor / CoCo Key Waterpark
# Rooms	257	Restaurant / Lounge	Yes
Year Opened	November-09	Meeting Space SF	14,437
Room Rates	\$80-\$161		
2012 Estimated Performance			
Occupancy	40%-50%	Market Segmentation:	
ADR	\$80-\$90	Commercial	60%
RevPAR	\$30-\$40	Group	30%
Overall Penetration Rate	70%	Leisure	10%
Source: Hotel & Leisure Advisors			

The 257-room Crowne Plaza Cincinnati North is located across the street from the subject site. The subject opened in 1970 as a 350-room Marriott hotel, which converted to a Radisson Hotel in 1998, but closed in 2002 and underwent a major renovation, reopening in 2006. The attached Coco Key indoor waterpark opened in November 2007. The building is comprised of a 12-story tower with two wings, and offers a business center, fitness center, Tradewinds Casual Dining restaurant, lounge, and an indoor/outdoor swimming pool. The property also contains 14,437 square feet of meeting and prefunction space, and a 50,000 gross square foot indoor waterpark facility. Within the waterpark structure is an arcade, gift shop, and various food outlets. The waterpark is located on the north side of the facility, and is open on Fridays, Saturdays and Sundays. The property achieved an estimated overall penetration rate of 70% in 2012.

Competitive Property #8



Fairfield Inn Cincinnati North Sharonville Descriptive and Performance Information			
Location	Cincinnati, OH	Swimming Pool	Indoor
# Rooms	95	Restaurant / Lounge	Comp. Brkst
Year Opened	March-08	Meeting Space SF	1,064
Room Rates	\$ 98-\$ 120		
2012 Estimated Performance			
Occupancy	50%-60%	Market Segmentation:	
ADR	\$80-\$90	Commercial	60%
RevPAR	\$40-\$50	Group	10%
Overall Penetration Rate	98%	Leisure	30%
Source: Hotel & Leisure Advisors			

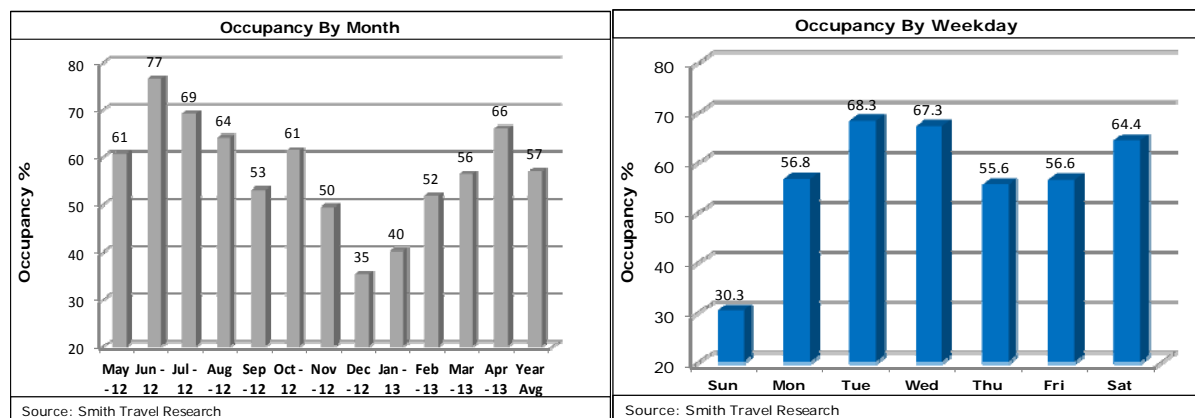
The 95-room Fairfield Inn Cincinnati North Sharonville is also located across the street from the subject site. The five-story, 95-room, limited-service hotel was constructed in 1963. The building is rectangular with interior corridors for room access and exterior porches and balconies. The first floor contains a large lobby, with two meeting rooms, convenience store/sundries shop, business center, indoor pool, and fitness room. Overlooking the lobby on the second floor is the breakfast area. The property achieved an estimated overall penetration rate of 98% in 2012.

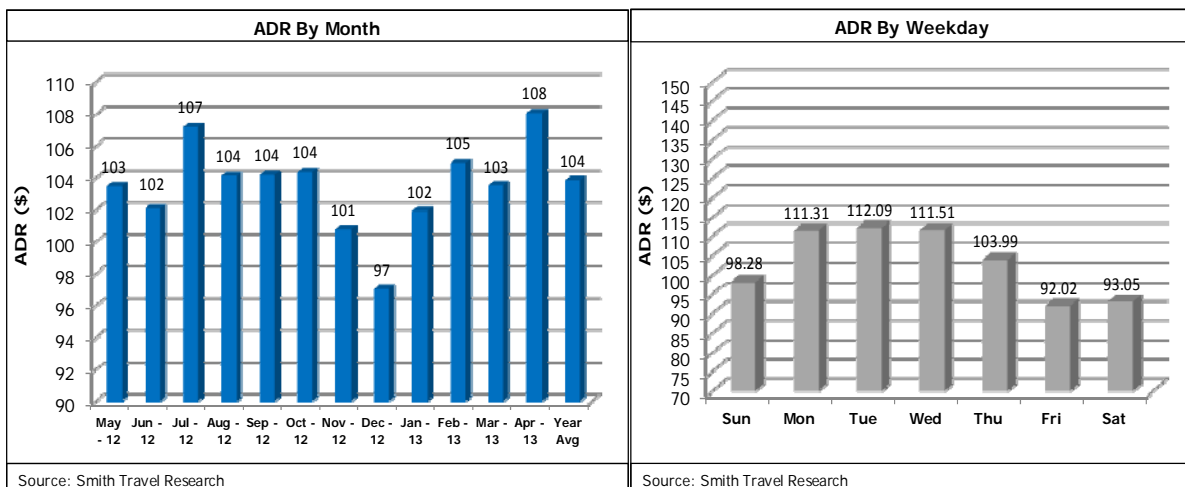
Historical Lodging Demand: The following table provides occupancy, ADR, and revenue per available room (RevPAR) for the defined competitive set for the past six years based upon information obtained from Smith Travel Research.

Competitors Operating Performance Proposed Convention Center Hotel - Sharonville										
Year	Annual Supply	% Chg.	Demand	% Chg.	OCC	% Chg.	ADR	% Chg.	RevPAR	% Chg.
2007	508,974	-	297,259	-	58.4%	-	\$102.71	-	\$59.99	-
2008	536,550	5.4%	319,680	7.5%	59.6%	2.0%	\$105.01	2.2%	\$62.57	4.3%
2009	536,550	0.0%	287,039	-10.2%	53.5%	-10.2%	\$98.60	-6.1%	\$52.75	-15.7%
2010	536,550	0.0%	295,414	2.9%	55.1%	2.9%	\$97.98	-0.6%	\$53.95	2.3%
2011	536,550	0.0%	301,915	2.2%	56.3%	2.2%	\$100.77	2.9%	\$56.70	5.1%
2012	536,550	0.0%	301,544	-0.1%	56.2%	-0.1%	\$103.17	2.4%	\$57.98	2.3%
Average of Years	531,954	1.1%	300,475	0.5%	56.5%	-0.6%	\$101.37	0.1%	\$57.32	-0.3%
Year-To-Date through April										
2012	176,400	-	89,893	-	51.0%	-	\$102.82	-	\$52.40	-
2013	176,400	0.0%	94,546	5.2%	53.6%	5.2%	\$104.92	2.0%	\$56.24	7.3%
Source: Smith Travel Research										

- The market recorded the opening of the Fairfield Inn in 2008.
- Overall demand was relatively flat between 2007 and 2012 with an average increase of 0.5%. Recently demand shows a strong increase of 5.2% in year to date overall 2013.
- The ADR of the competitive set showed an average annual increase of 0.1% during the six-year historical period.
- During the same period, RevPAR declined -0.3% on average, although year to date it has shown a strong improvement of 7.3%.

We have analyzed the seasonality of the competitive set including the performance by month and by weekday. The following graphs indicate the performance as shown in the Smith Travel Research report for fiscal year 2012.





The graphs indicate that the competitive set of properties achieved its highest occupancy levels on Tuesdays followed by Wednesdays and Saturdays and its weakest occupancy level on Sundays. The competitive properties achieved their highest ADR on Tuesday's days, particularly in the month of April. The strongest ADR month is April while the weakest month is December.

Proposed Hotel Development: Discussions with local municipal officials, real estate brokers, and hotel operators and review of various published data have revealed that currently there are no proposals for hotels in the Sharonville, West Chester, Blue Ash market.

The following table indicates the proposed increase in supply, which we have incorporated into our analysis. We have included only the proposed subject within our analysis.

Additions to Supply							
Hotel		2013	2014	2015	2016	2017	2018
1	Historical Existing Rooms	1,470	1,470	1,470	1,470	1,470	1,470
	Proposed Convention Center Hotel - Sharonville	-	-	180	180	180	180
	Total New Rooms	-	-	180	180	180	180
	Total Supply	1,470	1,470	1,650	1,650	1,650	1,650
	Total Room Nights Available	536,550	536,550	602,250	602,250	602,250	602,250
Source: Hotel & Leisure Advisors							

Area Demand Analysis

Estimates of demand for lodging facilities within the market area included analysis of the following factors.

1. Identification of the appropriate demand segments for the competitive set
2. The characteristics of each demand segment, including the need for quality lodging accommodations

3. The overall contribution of room nights generated by each demand segment, as well as the growth potential of each demand segment
4. The strength and attractiveness of the market area's business environment with regard to the economy, educated labor force, leisure attractions, and quality of life
5. Historical and anticipated trends in employment distribution and growth
6. Interviews with representatives of competitive hotels and various hotel chains to determine performance of area hotels and proposed new supply additions
7. Interviews with representatives of convention and visitors bureau, chamber of commerce, city officials, county officials, economic development officials and others

A thorough analysis of key economic and demographic indicators, annual historical growth by demand segment for the competitive market, and the anticipated impact of future development on lodging demand allow us to estimate future lodging demand generated by the primary demand segments. We will analyze induced demand separately.

Market Demand Segmentation: The market for transient accommodations relates to a wide range of travelers within a market area. For the purposes of the demand analysis, we will subdivide the overall market into individual segments based on the type or nature of travel. The following table indicates the different segments that exist in the competitive set of hotels.

Total Accommodated Demand Output			
Segment		2012 Rm Nights	Segment Percent
1	Commercial Group Leisure	170,601	57%
2		88,164	29%
3		42,858	14%
TOTAL		301,623	100%
Market Occupancy		56.2%	
Market ADR		\$ 103.17	
Source: Hotel & Leisure Advisors			

The previous table and the table on page C-31, titled Market Demand Analysis indicate our estimates of total accommodated demand utilizing our hotel supply and demand model. We have obtained individual occupancy, ADR, and market mix figures from each of the competitors to determine the historical performance figures. Our historical performance figures may be different from the figures presented in the table on page C-25, titled Competitors Operating Performance, which presents data directly from the Smith Travel Research report. The very slight differences are due to differences in accounting for out of order rooms, complimentary rooms, etc.

Commercial Demand consists of general transient overnight travel created by businesses and governmental institutions in the area. The business traveler tends to be less price-sensitive than the leisure traveler and is more likely to utilize a hotel's food and beverage facilities. Commercial demand is typically strongest on Sunday through Thursday nights.

This demand segment consists of people visiting area companies for purposes of relocation, corporate inspection, sales meetings, consulting, training, and other purposes.

A number of companies in the market generate commercial demand, including Kroger Co., Procter & Gamble, General Electric Aviation, Mercy Health Partners, TriHealth inc., Cincinnati's Children's Hospital, and various medical firms in the area. This segment also includes transportation workers such as truck drivers, railroad workers, government related travelers, people coming due to the area's businesses and travelers who are relocating to the area.

The commercial segment equaled approximately 57% of room night demand in 2012. Commercial demand trends tend to reflect trends in employment. Between 2008 and 2012, total nonfarm employment in the Cincinnati MSA showed a slight decline as displayed in the previous section, which has limited commercial growth in the hotel market. Growth in year-to-date through April has been minimal. We project slow commercial growth due to the slow improvement in the economy.

Group Demand includes conferences and group meetings with a minimum of 10 occupied rooms on a single night. Conventions, association meetings, corporate meetings, training seminars, and social functions such as weddings and family reunions generate group demand. This segment also includes family reunions and SMERF (social, military, educational, religious, and fraternal) groups. Group demand typically utilizes meeting space in the market's hotels as well as larger convention centers and event centers within the area.

Group demand in the competitive set is strongest at the Drury Inn & Suites, which contains several meeting rooms, and is in close proximity to the convention center. Other hotels within the market attract group demand utilizing their respective meeting spaces. Each of the hotels also report receiving various youth sports related groups. The following table indicates the meeting spaces per available room of the competitive hotels.

Meeting Space to Rooms Ratio			
Hotel	Meeting Space SF	# Rooms	Meeting Space Per Available Room
Courtyard Cincinnati North @ Union Centre	900	126	7.1
Marriott Cincinnati North	14,905	295	50.5
Drury Inn & Suites Cincinnati North	3,432	180	19.1
Hilton Garden Inn Cincinnati Sharonville	1,400	90	15.6
Holiday Inn Cincinnati I 275 North	9,000	275	32.7
DoubleTree Suites Cincinnati-Blue Ash	3,717	152	24.5
Crowne Plaza Cincinnati North	14,437	257	56.2
Fairfield Inn Cincinnati North Sharonville	1,064	95	11.2
Source: Hotel & Leisure Advisors			

The group segment equaled approximately 29% of room night demand in 2012. We project a moderate increase in group demand for the competitive set based upon historical trends in the group market surrounding the convention center expansion. In addition, we project an increase in youth sport group demand when the sports venues at the Princeton Schools campus are completed in 2014-2015.

Leisure Demand consists of individuals and families visiting attractions in the area or passing through en route to other destinations. Their purpose for travel may include sightseeing, visiting friends and relatives, recreation, relaxation, events, and numerous other non-business activities. Leisure demand is strongest Friday and Saturday nights and during school holiday periods. Tourist demand for lodging peaks during the summer months when the amusement parks and waterparks are open from visitors to the region. Additionally, leisure demand comes from the many sports tournaments and events of the metropolitan area. While the leisure segment often is comprised of more rate sensitive travelers, the segment is willing to pay higher rates during peak demand periods. The following table presents the primary leisure attractions in the area.

Major Tourist Attractions in the Greater Cincinnati Area	
<u>Attraction</u>	<u>Location</u>
Kings Island	Mason, OH
The Beach Waterpark	Mason, OH
Cincinnati Zoo & Botanical Garden	Cincinnati, OH
Great American Ballpark (Cincinnati Reds)	Cincinnati, OH
Paul Brown Stadium (Cincinnati Bengals)	Cincinnati, OH
Cincinnati Art Museum	Cincinnati, OH
Newport Aquarium	Newport, KY
Source: Hotel & Leisure Advisors	

The leisure segment equaled approximately 14% of room night demand in 2012. Leisure demand in the market peaks during the summer months and at various times throughout the year when the area schools are not in session. We project slow increases in demand in this segment of the existing competitive set.

The following table indicates the historical growth achieved by each of the segments over the past two years and the consultant's projection of long-term outlook for the subject's market area.

Accommodated Demand Growth Rates								
Segment	Historical		Projected					
	2011	2012	2013	2014	2015	2016	2017	
Commercial	1.1%	-0.3%	5.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Group	2.3%	0.1%	5.0%	3.5%	3.0%	3.0%	2.5%	
Leisure	6.5%	0.1%	5.0%	1.5%	1.0%	1.0%	1.0%	
Weighted Average	2.2%	-0.1%	5.0%	1.8%	1.6%	1.6%	1.5%	
Source: Hotel & Leisure Advisors								

Induced Demand: Induced demand is defined as the incremental demand stimulated by the introduction of new supply, in excess of demand changes caused by external economic conditions. In other words, the introduction of a new hotel in a market can increase demand due to additional supply on sold-out nights, or due to the specific

facilities or marketing efforts of a property. We have considered the influence of induced demand as it relates to the opening of the subject, and the other room additions.

By analyzing the current number of fill nights, we have estimated the induced demand that would be created by having additional hotel rooms in the market. We project that the market will receive a percentage of induced demand when the existing hotels currently fill up, displacing demand to surrounding markets.

Historically, the area hotels generally report approximately 60-90 fill nights annually. These fill nights occur primarily between April and October. Thus in 2015 we have projected induced demand from the opening of the new hotel rooms. The following table indicates our estimates.

Induced Demand Inputs									
Hotel	Name of Proposed	Fill Days	# Rooms	Induced Demand	Total Induced Demand				
					2013	2014	2015	2016	2017
1	Proposed Convention Center Hotel - Sharonville	80	180	14,400	0	0	14,400	0	0
	Total		180	14,400	0	0	14,400		
	Segmentation		Hotel 1		Induced Demand by Segment				
	Commercial		30%		0	0	4,320		
	Group		55%		0	0	7,920		
	Leisure		15%		0	0	2,160		

Source: Hotel & Leisure Advisors

We project approximately 80 fill nights of the additional proposed subject hotel. For the subject hotel we have applied the majority of the induced demand to the group segment.

PROJECTED MARKET OCCUPANCY

The relationship between the estimated room night demand and guest room supply provides a basis for forecasts of area wide occupancy. We have applied the growth rates and induced demand to the base year room night demand for each segment to arrive at a forecast of area-wide annual lodging demand. We then divided the projected room night demand by the projected annual supply (incorporating supply additions) to derive the area-wide occupancy levels. The following table displays the projected supply, demand, and occupancy levels.

Proposed Convention Center Hotel - Sharonville Market Demand Analysis									
Accommodated Demand	Historical			Projected					
Segment	2010	2011	2012	2013	2014	2015	2016	2017	2018
Commercial	169,268	171,164	170,601	179,131	180,922	182,731	184,558	186,404	186,404
Group	86,049	88,039	88,164	92,572	95,812	98,686	101,647	104,188	104,188
Leisure	40,205	42,831	42,858	45,001	45,676	46,133	46,594	47,060	47,060
Total	295,521	302,033	301,623	316,704	322,410	327,550	332,799	337,652	337,652
Induced Demand									
Segment				Projected					
Segment				2013	2014	2015	2016	2017	2018
Commercial				0	0	4,320	4,320	4,320	4,320
Group				0	0	7,920	7,920	7,920	7,920
Leisure				0	0	2,160	2,160	2,160	2,160
Total				0	0	14,400	14,400	14,400	14,400
Total Market Demand	Historical			Projected					
Segment	2010	2011	2012	2013	2014	2015	2016	2017	2018
Commercial	169,268	171,164	170,601	179,131	180,922	187,051	188,878	190,724	190,724
Group	86,049	88,039	88,164	92,572	95,812	106,606	109,567	112,108	112,108
Leisure	40,205	42,831	42,858	45,001	45,676	48,293	48,754	49,220	49,220
Total Room Night Demand	295,521	302,033	301,623	316,704	322,410	341,950	347,199	352,052	352,052
Total Room Demand Growth	-	2.2%	-0.1%	5.0%	1.8%	6.1%	1.5%	1.4%	0.0%
Total Room Nights Available	536,550	536,550	536,550	536,550	536,550	602,250	602,250	602,250	602,250
Total Room Supply Growth	-	0.0%	0.0%	0.0%	0.0%	12.2%	0.0%	0.0%	0.0%
Adjusted Market Occupancy	55.1%	56.3%	56.2%	59.0%	60.1%	56.8%	57.7%	58.5%	58.5%

Source: Hotel & Leisure Advisors

- The table indicates that we project the market occupancy to show an increase in 2013 and 2014 due to the lack of new supply and projected growth in demand based on year-to-date market trends.
- We project a decline in occupancy in 2015 due to the opening of the subject hotel.
- With the strong projected induced demand from the proposed subject hotel and the Princeton Schools sports venues, we project overall occupancy to improve in 2016 and 2017 to levels above that achieved historically.

DEMAND INTERVIEWS

We have performed interviews to determine the demand for a 150- to 200-room hotel located adjacent and connected to the existing Sharonville Convention Center. Our interviews focused on current users of the convention center facilities.

Overall, the respondents said the attached hotel is a great idea. Even those local companies who use the convention center without requiring overnight stays said it would benefit the neighborhood. The representative from **PNC** said, "It would be great for the area. Corporations want the best hotel possible in the area, and the hotel across the street is not that appealing." The representative from **Duke Energy** said, "It's a great idea." She was very enthusiastic about the prospect of the proposed hotel.

The representative from **Victory of Light** said he holds an event at the convention center twice annually with approximately 200 exhibitors and 3,000 visitors. Although individuals arrange hotel nights on their own, the organization blocks rooms at the Extended Stay America (which sometimes sells out) and the Crowne Plaza North for rates of \$59 to \$89 per night. He said the convention center parking lot tends to fill up during their events, and not having to drive over would be a big selling point of staying in an attached hotel. He added that a clean, reasonably priced hotel is more important than its brand.

The representative from **Honda of America** said the proposed hotel would have high market for them. They hold an annual conference once a year in the tri-state area, usually in Columbus, Indianapolis, Cincinnati, or Fort Wayne, with an average of 200 to 250 room nights per three-day event. He said they prefer hotels attached to the meeting venue and typically pay around \$100 per night. "In my experience, some of the best run hotels are Marriott Hotels," he said adding that Marriott East Hotel in Indianapolis is a prime example. "It's one of the best that I have ever seen, really spacious, yet it has intimate spaces built into it." He enjoys the guest rooms at the SpringHill Suites Hotel in Florence, Kentucky, as well. He said a fitness center, large and small meeting rooms, and free Wi-Fi are all important amenities to include.

The representative who recently organized an annual conference for **Professional Land Surveyors of Ohio** at the convention center said the proposed hotel would have high interest for her. She said the members were very vocal about having to walk across the busy road from the Crowne Plaza North. They have a level of expectation of staying in an attached hotel where they can park their cars once and have everything under one roof. She said she would not plan another event there until there is an attached hotel. Although they liked the convention center and its staff, they had service issues with the Crowne Plaza North. She suggested a mid-service, mid-level hotel such as a Holiday Inn Express or Marriott Courtyard. She said there was no need for a high-end hotel there, adding that price was the most important factor. (It could not charge more than \$120 per night.) Her clients do not want to pay more than what surrounding hotels charge. She said the ideal hotel would provide a complimentary continental breakfast and better benefits to room attrition. (Currently, she earns \$10 off the convention space per room booked at the Crowne Plaza North and blocks more than 200 rooms. She mentioned that other conference centers allow for lower-cost or no-cost facility rental with a certain number of rooms booked.)

The representative from **Ohio Stormwater** said the proposed attached hotel would be nice. He said the majority of the approximately 600 people who attend their annual three-day conference are out-of-state and their biggest complaint is not staying in an attached hotel. The conference rotates around the state, and the majority of other conference facilities they use have one. Currently, they block rooms at the Crowne Plaza North, Drury Inn and Holiday Inn for approximately \$100 per night. He said brand does not matter as much as customer service. Their conference includes breakfast, lunch and dinner receptions. He said smaller meeting rooms in a different atmosphere than the convention center would be nice for the various evening functions. He added that a pool would also be nice as their Kalahari events always score the highest points. (Members like to bring their families, who then need something to do during the convention.)

The representative from **Cincy Magazine** said the proposed hotel is a great idea. They hold three events at the convention center annually and use the Crowne Plaza North only because it is right across the street. He mentioned that the area is really coming back, and the proposed hotel would be phenomenal. He also mentioned that a full-service hotel with a good restaurant would be so convenient at that location, just off the highway (and a nice lounge is important for entertaining clients at the hotel without having to drive after drinking). He added that a fitness area would be great as well.

The representative from the **SPCA Cincinnati** said the proposed hotel would be wonderful, and would allow them the opportunity to draw a national organization meeting there with approximately 500 members in attendance. Currently, they use the Crowne Plaza North. He said if the hotel is constructed to the right of the convention center it

would be urban renewal because the buildings there currently are antiquated. If it is built behind the convention center, it would be a bit more challenging. However, a brand name hotel would bring people in. He suggested a Hampton, Hilton or Marriott. He said cleanliness is most important with comfort second and suggested free Wi-Fi, a pool and fitness area, and possible a business center as well.

HISTORICAL PERFORMANCE OF SHARONVILLE CONVENTION CENTER

In order to forecast the potential performance of the proposed subject hotel connected to the adjacent Sharonville Convention Center, a review of the convention center's historical performance is warranted. Therefore, we have analyzed the historical operating performance of the convention center. The following table indicates the historical operating revenues for the convention center.

Historical Operating Performance Sharonville Convention Center					
<u>Year</u>		<u>Rental Revenues</u>	<u>Miscellaneous Revenues</u>	<u>Total Operating Revenues</u>	<u>% Change</u>
2010		\$1,030,976	\$258,613	\$1,289,589	-
2011		\$990,264	\$101,576	\$1,091,840	-15.3%
2012		\$851,633	\$340,042	\$1,191,675	9.1%
YTD	April 2012	\$266,283	\$84,274	\$350,557	-
YTD	April 2013	\$453,692	\$182,289	\$635,981	81.4%

Source: Sharonville Convention Center

Rental revenues reflect income from public space rental. Miscellaneous revenues reflect income from a variety of sources, which include food & beverage commissions, equipment, and other commissions and services. Of significance when reviewing the historical performance of the facility is that during the three-year period referenced, the convention center was undergoing a \$26 million renovation and expansion. The project doubled the size of the facility, which first opened in 1994, to 65,000 square feet. The Sharonville Convention Center is now ranked as the seventh largest tri-state meeting and banquet facility, according to the *Cincinnati Business Courier*. This project began in 2010 and was completed in the spring of 2012. The facility was operational during the construction.

In 2012, the facility hosted a total of 279 events. Meetings and banquets accounted for 187 of these events. There were 10 trade shows, 10 conventions, 29 consumer events, 43 special events, and 65 banquets. Due to aggressive marketing efforts since the grand re-opening, the facility has been able to significantly grow revenue in 2013. Based on year-to-date statistics, the convention center is on track to end 2013 with a total operating revenue of more than \$2,100,000.

The convention center operates with three revenue sharing partners; Ovation Food Service, Prestige Audio Visual, and Academy Rentals. Ovation Food Service provides a "creative high-end food and beverage experience." Audio and visual services through Prestige Audio Visual provide the facility with a 25% revenue share. Academy Rentals provides the facility with a 10% revenue share. Each of these partners is invested in the marketing and overall experience of the facility user.

According to our interviews with convention center management, the newly expanded and renovated facility is receiving very high marks in customer satisfaction. However, a significant impediment to growth is the lack of a connected "headquarters" hotel to capture those groups that desire to be "self-contained." In addition, many groups are staying at lodging properties located in West Chester, approximately five miles north in

Butler County. The West Chester hotels are located in the Union Centre area, which has with a significant amount of shopping and restaurant offerings as well as office space. Management also indicated recent surveys reveal that some of the existing Sharonville hotels have not met consumer expectations. According to PwC's *Convention Center Report 2012*, regional convention centers averaged 33,700 room nights annually for all events. Sharonville Convention Center management forecasts the facility will contribute approximately 25,000 to 30,000 room nights annually to the Sharonville market. This forecast is conservative when compared to the national average.

COMPETITIVE ADVANTAGES AND DISADVANTAGES OF SUBJECT PROPERTY

We have assessed the projected competitive position of the subject property compared to the defined competitive lodging supply. Based on interviews with representatives of competitive hotels, our general knowledge of the market area, and consideration of factors such as competent and efficient management, a well-defined marketing program, the location of the subject property, and the quality of the facility, we have estimated future market penetration of the subject. We consider the following property characteristics as competitive advantages and disadvantages when estimating future penetration rates for the different segments.

Positive Attributes

- The subject's location adjacent to the Sharonville Convention Center is projected to be a strong advantage because the newly renovated and expanded convention facility is currently generating a wide variety of new group and association demand. The proposed subject hotel will be known as the convention center headquarters hotel, and will attract those groups that desire to be "self-contained" because the hotel will be directly attached to the convention center via an interior connection.
- The subject's location fronting on Chester Road will be a significant part of a current redevelopment effort, transforming the streetscape in alignment with the current Northern Lights Overlay District plan. This plan includes current infrastructure construction efforts under way along Chester Road from East Sharon Road north to the convention center.
- The market for youth sports will be accelerated with the completion of the \$140 million Princeton Schools new campus in 2014-2015, located approximately a quarter mile from the subject site. The new sports venues with a 3,400-seat bowl-type basketball arena, two additional gymnasiums, new aquatic center, and various athletic fields is being designed as a community facility. The proposed subject hotel will be able to leverage its group-orientation mode of operations to accommodate the anticipated youth sports market coming to the area. According to school representatives, the project will become a hub for regional sports activities. Overnight demand is generated through tournaments, instructional camps, and various athletic events. Current bookings at the various facility venues include 2016 regional baseball sectionals, 2016/2017 regional division 1 basketball sectionals, and AAU water polo regional sectionals. The district is working on putting in place various other AAU contracts for use of the facilities, when school events are not scheduled.

- The subject site has easy access from both Interstate 75 and Interstate 275. This attribute provides the subject hotel access to other regional attractions in the larger Cincinnati area, including Kings Island Amusement Park, and the downtown Cincinnati attractions such as Paul Brown Stadium, Great American Ballpark, and the new casino.
- The subject will be the newest select-service hotel within the competitive set. The proposed subject hotel will offer a range of amenities, including a full-service restaurant and lounge.
- The design of the subject is recommended to complement the existing contemporary aesthetic of the convention center. The integrated design is anticipated to provide a distinctive look and feel to the proposed subject hotel, elevating it from a standard prototypical design into a uniquely designed property.
- The subject is recommended to be affiliated with a well-known national franchise hotel brand. The subject will leverage the chosen brand's central reservation system as well as its guest loyalty rewards program. Many travelers today classify their rewards points as a benefit of traveling, and having a property offer rewards points is not only desired, but also necessary to be competitive. In addition, a national brand helps to provide consistency among the guest experience, allowing lodging consumers to gain familiarity with a hotel product prior to visiting.
- The subject will be able to be promoted through the existing electronic billboard that promotes the convention center. This billboard is located adjacent to Interstate 75. This is a competitive advantage because currently no other hotels in the market advertise in the same manner.
- The subject has a strong potential to outperform the market, particularly during the shoulder seasons when group and association business is at its peak. The primary target time for groups will be the shoulder seasons of spring and fall. In addition, the subject is expected to be a popular hotel during the summer months and weekends during the winter for youth sporting events occurring at the new Princeton Schools campus.

Negative Attributes

- The neighborhood surrounding the subject site lacks pedestrian friendly restaurants and attractions. However, with the Northern Lights Overlay District guidelines in place, the area surrounding the convention center is anticipated to be transformed into an arts and entertainment district. With the development of the subject, these improvements will need to occur as planned in the area of the subject.
- There are several existing hotels in the market that have continually not met the expectations of the group consumers attending functions at the convention center. The negative perceptions of these properties have adversely affected the ability of the convention center to attract group demand. An aggressive and significant marketing effort by the proposed subject hotel and convention center will need to be executed in order to overcome these negative lodging perceptions.

PROJECTED SUBJECT OCCUPANCY

In this section, we will discuss projected levels of occupancy in detail. Using a fair market share and penetration analysis, we have estimated the ability of the subject to capture future market area demand. Fair market share is the percentage of rooms that a property contributes to the total supply of guest rooms in the defined competitive market area. Penetration rate is the percentage of a property's fair share of demand that is actually accommodated by that property. Penetration rates in excess of 100% indicate that a hotel possesses competitive advantages, while competitive weaknesses are reflected by penetration rates that are below 100%. The following section discusses each individual demand segment.

In determining the penetration rates for the subject, we have also analyzed the projected occupancy levels of each of the properties in the competitive set. This allows us to compare the subject's performance with the performance of individual properties in the competitive set in context with our projected market occupancy.

Commercial Demand Penetration: The following table presents the estimated historical penetration rates for the competitive supply, followed by the subject penetration rates.

Projected Penetration Rates Commercial Segment		
Competitors	2012	
Hotel Name	Occ rooms	Penetration Rate
Courtyard Cincinnati North @ Union Centre	21,000	145%
Marriott Cincinnati North	39,000	113%
Drury Inn & Suites Cincinnati North	14,000	69%
Hilton Garden Inn Cincinnati Sharonville	16,000	153%
Holiday Inn Cincinnati I 275 North	21,000	66%
DoubleTree Suites Cincinnati-Blue Ash	25,000	143%
Crowne Plaza Cincinnati North	22,000	75%
Fairfield Inn Cincinnati North Sharonville	11,000	104%
Projected Subject		
2015	14,782	70%
2016	15,201	71%
2017	15,491	72%
2018	15,491	72%
2019	15,491	72%
Source: Hotel & Leisure Advisors		

Based upon the group orientation of the proposed hotel, we project a lower penetration level in this segment.

Group Demand Penetration: The following table presents the estimated historical penetration rates for the competitive supply, followed by the subject penetration rates.

Projected Penetration Rates		
Group Segment		
Competitors	2012	
Hotel Name	Occ rooms	Penetration Rate
Courtyard Cincinnati North @ Union Centre	8,000	108%
Marriott Cincinnati North	19,000	110%
Drury Inn & Suites Cincinnati North	29,000	268%
Hilton Garden Inn Cincinnati Sharonville	2,000	40%
Holiday Inn Cincinnati I 275 North	12,000	71%
DoubleTree Suites Cincinnati-Blue Ash	5,000	52%
Crowne Plaza Cincinnati North	11,000	72%
Fairfield Inn Cincinnati North Sharonville	2,000	33%
Projected Subject		
2015	21,768	210%
2016	22,904	216%
2017	23,620	218%
2018	23,620	218%
2019	23,620	218%

Source: Hotel & Leisure Advisors

The subject is recommended to have a direct connection to the existing convention center, affording the proposed hotel the ability to market to the group segment as a facility with more than 69,000 square feet of meeting space. We project a significant above fair share penetration in this segment.

Leisure Demand Penetration: The following table presents the estimated historical penetration rates for the competitive supply, followed by the subject penetration rates.

Projected Penetration Rates		
Leisure Segment		
Competitors	2012	
Hotel Name	Occ rooms	Penetration Rate
Courtyard Cincinnati North @ Union Centre	3,000	89%
Marriott Cincinnati North	6,000	75%
Drury Inn & Suites Cincinnati North	5,000	92%
Hilton Garden Inn Cincinnati Sharonville	3,000	122%
Holiday Inn Cincinnati I 275 North	14,000	176%
DoubleTree Suites Cincinnati-Blue Ash	2,000	36%
Crowne Plaza Cincinnati North	4,000	49%
Fairfield Inn Cincinnati North Sharonville	6,000	207%
Projected Subject		
2015	5,824	112%
2016	6,034	115%
2017	6,251	119%
2018	6,251	119%
2019	6,251	119%

Source: Hotel & Leisure Advisors

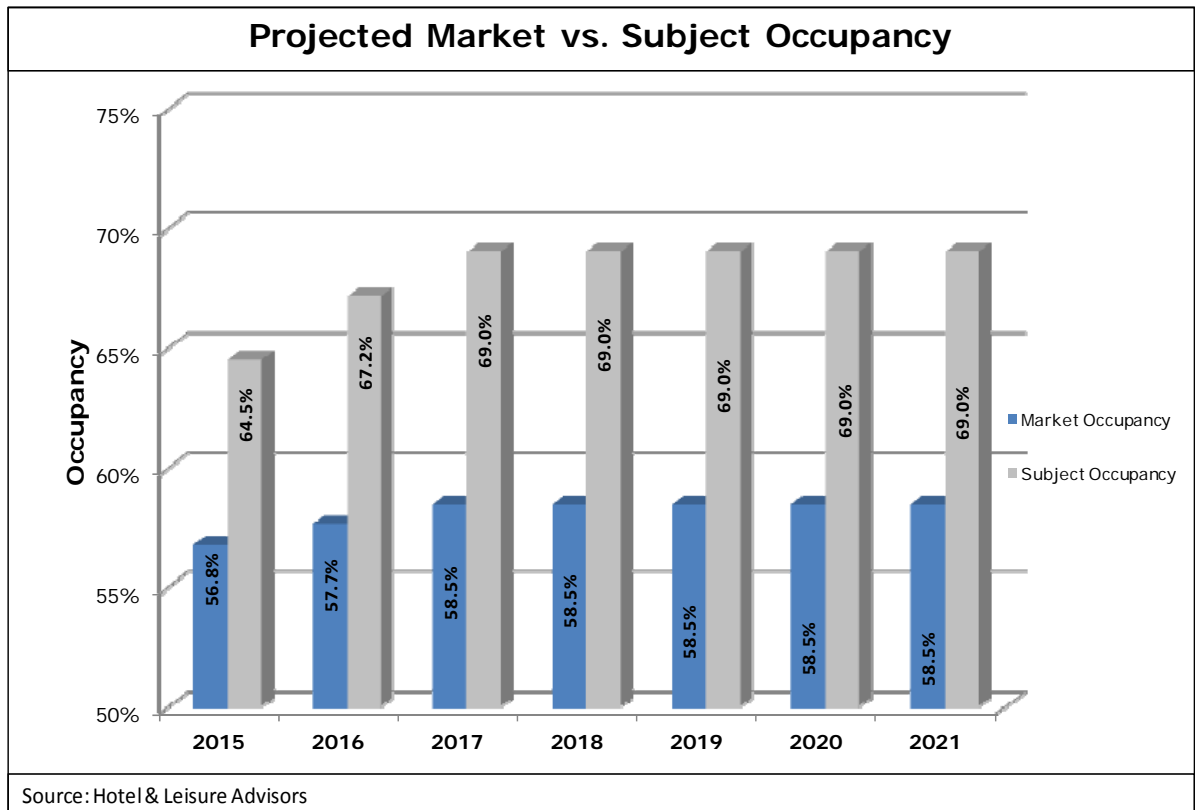
As the newest hotel property in Sharonville, we estimate the proposed hotel to penetrate the leisure segment above fair share in the first year of operation and future years.

Proposed Convention Center Hotel - Sharonville
Subject Occupancy and Average Daily Rate Analysis

D-6

The following displays present the estimated demand penetration rates and occupancy for the subject hotel for the projection period.

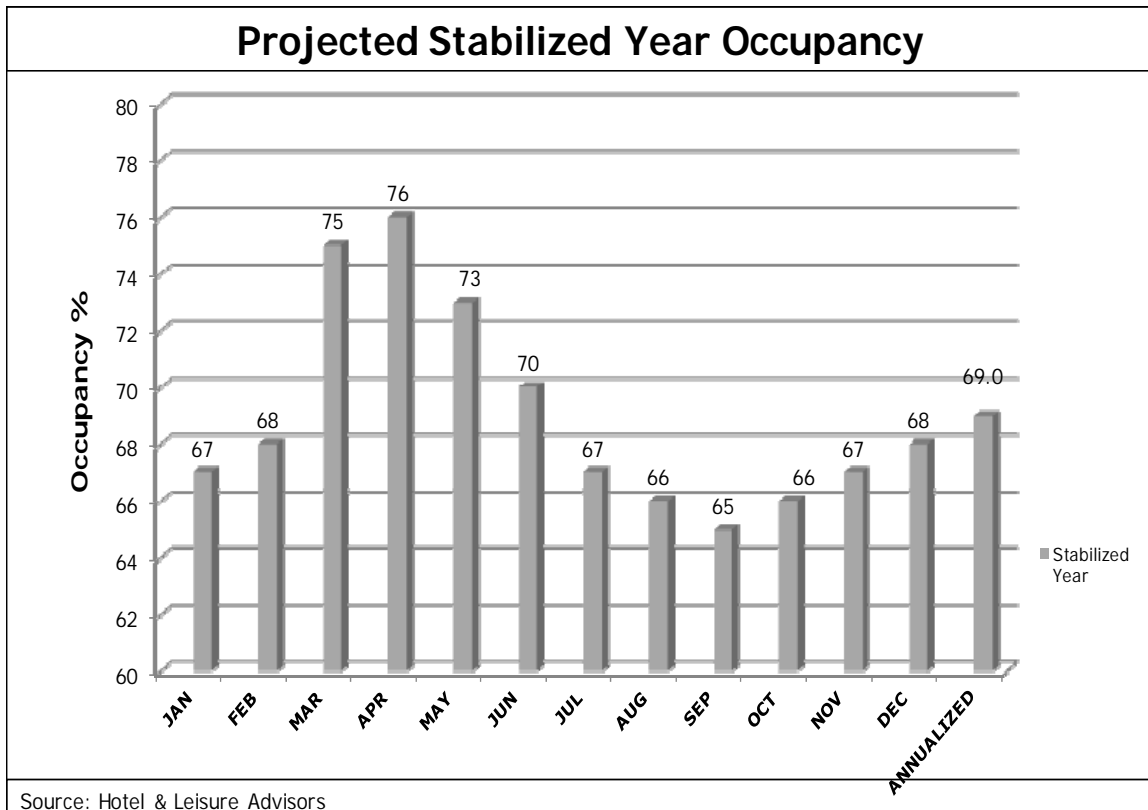
Subject Property Name: Proposed Convention Center Hotel - Sharonville							
Room Nights by Segment	2015	2016	2017	2018	2019	2020	2021
Commercial	14,782	15,201	15,491	15,491	15,491	15,491	15,491
Group	21,768	22,904	23,620	23,620	23,620	23,620	23,620
Leisure	5,824	6,034	6,251	6,251	6,251	6,251	6,251
TOTAL	42,375	44,139	45,362	45,362	45,362	45,362	45,362
Percent of Total Room Nights by Segment							
Commercial	34.9%	34.4%	34.1%	34.1%	34.1%	34.1%	34.1%
Group	51.4%	51.9%	52.1%	52.1%	52.1%	52.1%	52.1%
Leisure	13.7%	13.7%	13.8%	13.8%	13.8%	13.8%	13.8%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Subject Available Rooms per Day	180	180	180	180	180	180	180
Subject Available Rooms per Year	65,700	65,700	65,700	65,700	65,700	65,700	65,700
Subject Property Projections							
Subject Occupancy	64.5%	67.2%	69.0%	69.0%	69.0%	69.0%	69.0%
Market Share	12.4%	12.7%	12.9%	12.9%	12.9%	12.9%	12.9%
Fair Share	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%
Penetration	113.6%	116.5%	118.1%	118.1%	118.1%	118.1%	118.1%
Market Occupancy	56.8%	57.7%	58.5%	58.5%	58.5%	58.5%	58.5%
Source: Hotel & Leisure Advisors							



In a stabilized year of operation, we project the subject to achieve an occupancy level of 69.0%, which results in an overall penetration rate of 118.1%. The subject should outperform the market due to the interior attachment to the existing convention center. We project the market segmentation for the subject hotel to be predominantly group with lesser amounts of commercial and leisure. The stabilized occupancy reflects the anticipated results of the property over its remaining economic life, given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the subject property may operate at occupancies above this stabilized level, we believe it equally possible for shifts in the local economy and changes in the market's demand patterns to force the occupancy below this selected point of stability.

Monthly Analysis

The following chart indicates our projections of occupancy by month in a stabilized year of operation.



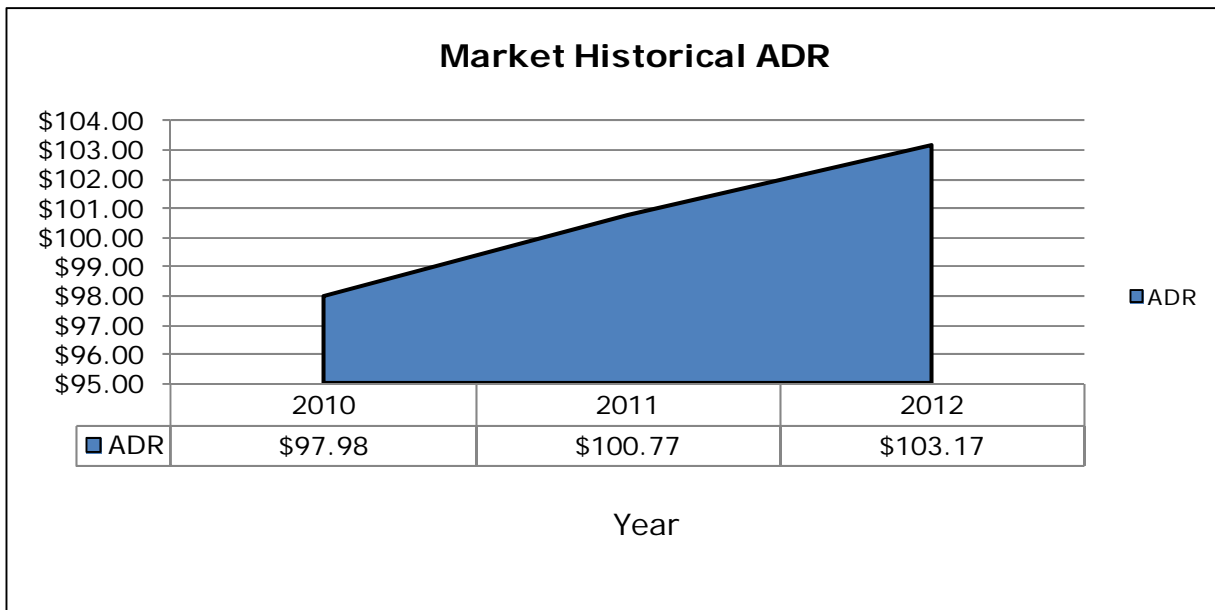
The graph indicates that we project higher occupancy levels in the spring months of March, April, and May. These figures are in alignment with the historical monthly gross event revenues from the convention center.

ESTIMATED AVERAGE DAILY RATE

The estimates of future ADR for the subject hotel are based on the following factors:

- Historical ADRs achieved by the subject (if applicable) and competitors
- The discounting practices of these hotels
- The projected demand segmentation of the subject
- The appropriate rate positioning of similarly-operated properties relative to other hotels
- Estimated economic inflation rate of 3.0% per year

We have analyzed the historical ADR for the competitive set and individual competitors within the market. Between 2010 and 2012, the average daily room rate among the competitive supply increased by a compounded annual rate of 2.6% to \$103.17 in 2012. The following chart illustrates the historical ADR performance for the competitive supply.



The competitive supply has a wide range in ADRs as shown in the following chart.

Competitive Hotels Average Daily Rate Analysis		
Property		2012 Estimated Performance
1	Courtyard Cincinnati North @ Union Centre	\$120-\$130
2	Marriott Cincinnati North	\$130-\$140
3	Drury Inn & Suites Cincinnati North	\$80-\$90
4	Hilton Garden Inn Cincinnati Sharonville	\$100-\$110
5	Holiday Inn Cincinnati I 275 North	\$70-\$80
6	DoubleTree Suites Cincinnati-Blue Ash	\$120-\$130
7	Crowne Plaza Cincinnati North	\$80-\$90
8	Fairfield Inn Cincinnati North Sharonville	\$80-\$90
Weighted Average		\$103.17
Source: Hotel & Leisure Advisors		

Rack Rates: We recommend that the subject promote rack rates. We recommend that the subject offer some rooms on weekdays at the traditional rack rates for groups while all leisure- and commercial-oriented rates will be higher.

We project higher rack rates particularly on weekends and during the high season, which we consider as weekends year round, weekdays during school breaks, and the summer. We project that the subject will offer lower rates during slower business periods.

We have projected recommended rack rates considering a projected brand affiliation, newly constructed condition, location, and competitive rate structuring at nearby hotels. We recommend the following room rate structure, in 2013 dollars, for the proposed subject hotel.

Proposed Convention Center Hotel - Sharonville Recommended Rack Rates		
Room Type		Rate
Double Queen		\$99 - \$199
King		\$99 - \$199
Suites		\$129-\$219
Source: Hotel & Leisure Advisors		

In estimating rack rates, we considered the rate structures within the existing competitive set of hotels, as well as the group market positioning of the proposed subject hotel.

Analysis of Subject Average Daily Rate:

We have analyzed the ADR at the subject property by comparing historical ADRs of the competitive properties, and considering potential future rate increases. Our interviews indicated that managers at the competitive properties expect ADR growth similar to inflationary levels in the first year. We have analyzed the ADR by market segment. The following chart illustrates occupancy and ADRs by market segment in first-year dollars.

Segmentation Analysis		
Proposed Convention Center Hotel - Sharonville		
		First Year <u>2015</u>
Commercial	% Total Rooms	34.9%
	Average Daily Rate	\$125
	Room Nights	14,782
	Total Revenue	\$1,847,797
Group	% Total Rooms	51.4%
	Average Daily Rate	\$120
	Room Nights	21,768
	Total Revenue	\$2,612,215
Leisure	% Total Rooms	13.7%
	Average Daily Rate	\$132
	Room Nights	5,824
	Total Revenue	\$768,764
Annual Combined	Occupancy	64.5%
	Total Room Nights	42,375
	Total Revenue	\$5,228,776
	Average Daily Rate	\$123
	RevPAR	\$79.6
Note: totals may not add or multiply due to rounding		
Source: Hotel & Leisure Advisors		

We project the subject will have to offer discounts in group and commercial segments when packaging for different events at the convention center. The leisure segment should achieve the highest rate, as it includes the summer, school holidays, and weekends year-round.

After discounting and promotions, the above rate structure should enable the hotel to achieve an estimated ADR of \$123.00 in 2013 dollars. Future projections, after stabilizing in 2018, are forecast to increase at the rate of inflation of 3.0% throughout the projection period.

Proposed Convention Center Hotel - Sharonville
Subject Occupancy and Average Daily Rate Analysis

D-11

The following table demonstrates the projected occupancy and ADR for the market and the subject for calendar year projections beginning in January of each year.

Estimated Average Daily Rate, Occupancy, and RevPAR Market and Subject											
Year	Competitive Set of Hotels					Subject Property					
	Occupancy	ADR	ADR Growth Rate	RevPAR	RevPAR Growth Rate	Occupancy	ADR	ADR Growth Rate	ADR Penetration	RevPAR	RevPAR Growth Rate
2010	55.1%	\$97.98	-	\$53.97	-						
2011	56.3%	\$100.77	2.8%	\$56.72	5.1%						
2012	56.2%	\$103.17	2.4%	\$58.00	2.2%						
2013	59.0%	\$105.00	1.8%	\$61.98	6.9%						
2014	60.1%	\$108.15	3.0%	\$64.99	4.9%						
2015	56.8%	\$111.39	3.0%	\$63.25	-2.7%	64.5%	\$123.00	-	110%	\$79.33	-
2016	57.7%	\$114.74	3.0%	\$66.15	4.6%	67.2%	\$129.15	5.0%	113%	\$86.77	9.4%
2017	58.5%	\$118.18	3.0%	\$69.08	4.4%	69.0%	\$134.32	4.0%	114%	\$92.74	6.9%
2018	58.5%	\$121.72	3.0%	\$71.16	3.0%	69.0%	\$138.35	3.0%	114%	\$95.52	3.0%
2019	58.5%	\$125.38	3.0%	\$73.29	3.0%	69.0%	\$142.50	3.0%	114%	\$98.39	3.0%
2020	58.5%	\$129.14	3.0%	\$75.49	3.0%	69.0%	\$146.77	3.0%	114%	\$101.34	3.0%

Source: Hotel & Leisure Advisors

Our estimates of revenues, as outlined in this section of the report, are predicated on the following assumptions:

- The subject hotel will be professionally managed and maintained
- The subject will be effectively promoted with a well-targeted marketing program throughout the analysis period
- The subject hotel will be affiliated with a national hotel franchise
- A continued program of periodic replacement of furniture, fixtures and equipment will continue throughout the analysis period

INTRODUCTION

To estimate the statement of annual operating results of the subject property, we analyzed the subject's proposed project scope and characteristics. We have identified operating statements of comparable properties and reviewed industry standards for comparable properties in forecasting the financial performance of the subject.

The general steps include the following:

- Estimate the potential gross revenues for the subject property based upon an examination of the prior operating history of the subject property (if available), operating history of comparable properties in the subject market area and on a national basis, and an analysis of industry trends.
- Analyze departmental, undistributed, and fixed expenses, and project appropriate amounts in each category.
- Project the resultant net operating income (cash flow before debt service) over an appropriate holding period.

All amounts have been rounded to the nearest one thousand dollars, and account classifications generally conform to the definitions prescribed by the American Hotel and Lodging Association in the Uniform System of Accounts for the Lodging Industry, 10th Edition.

The prospective financial analysis is based on the results of operations of comparable facilities, industry standards, and projections regarding the future environment in which the hotel will operate. This includes the assumption that the property will be operated in a competent and professional manner and will be properly advertised and promoted.

The industry standards utilized for this analysis are from the *HOST Study 2013*, published by Smith Travel Research, and *TRENDS in the Hotel Industry 2013*, published by PKF Consulting. We utilized industry standards for full-service, chain affiliated hotels from the HOST Study and convention hotels with less than 500 rooms from PKF Trends. In addition, we utilized and analyzed actual financial results from our database of full-service and select-service hotels located in the Midwest United States.

The following statement presents comparable hotel operating results and industry standards of comparable properties.

Proposed Convention Center Hotel - Sharonville
Financial Analysis

E-2

Proposed Convention Center Hotel - Sharonville																			
Comparable Financial Statements and Industry Standards																			
	Comparable One F/S Hotel				Comparable Two S/S Hotel				HOST Report - F/S Chain Affiliated 2013 (2012 data)				PKF Trends - Convention Hotels 2013 (2012 data) < 500 Rms						
Number of Rooms	198				148				296				264						
Occupancy	64.6%				79.4%				71.0%				61.5%						
Average Rate	\$ 103.37				\$ 103.44				\$ 156.82				\$ 133.63						
Days Open	365				365				365				365						
Rooms Occupied	46,687				42,912				76,708				59,261						
Rooms Available	72,270				54,020				108,040				96,360						
Revenues	\$	Percent	\$/Avail Rm	\$/Occ Rm	\$	Percent	\$/Avail Rm	\$/Occ Rm	\$	Percent	\$/Avail Rm	\$/Occ Rm	\$	Percent	\$/Avail Rm	\$/Occ Rm			
Rooms	\$	4,825,822	64.8%	\$ 24,373	\$ 103.37	\$	4,438,704	80.7%	\$ 29,991	\$ 103.44	\$	12,029,736	66.4%	\$ 40,641	\$ 156.82	\$ 7,919,208	49.5%	\$ 29,997	\$ 133.63
Food and Beverage	\$	2,549,352	34.2%	\$ 12,876	\$ 54.61	\$	1,008,432	18.3%	\$ 6,814	\$ 23.50	\$	5,058,344	27.9%	\$ 17,089	\$ 65.94	\$ 6,325,968	39.6%	\$ 23,962	\$ 106.75
Other Operated Departments	\$	9,872	0.1%	\$ 50	\$ 0.21	\$	3,162	0.1%	\$ 21	\$ 0.07	\$	754,800	4.2%	\$ 2,550	\$ 9.84	\$ 1,359,864	8.5%	\$ 5,151	\$ 22.95
Rentals and Other Income	\$	60,406	0.8%	\$ 305	\$ 1.29	\$	51,696	0.9%	\$ 349	\$ 1.20	\$	281,792	1.6%	\$ 952	\$ 3.67	\$ 384,648	2.4%	\$ 1,457	\$ 6.49
Total Revenue	\$	7,445,452	100.0%	\$ 37,603	\$ 159.48	\$	5,501,994	100.0%	\$ 37,176	\$ 128.22	\$	18,124,672	100.0%	\$ 61,232	\$ 236.28	\$ 15,989,688	100.0%	\$ 60,567	\$ 269.82
Departmental Expenses																			
Rooms	\$	1,268,628	26.3%	\$ 6,407	\$ 27.17	\$	1,096,254	24.7%	\$ 7,407	\$ 25.55	\$	3,248,304	27.0%	\$ 10,974	\$ 42.35	\$ 2,163,480	27.3%	\$ 8,195	\$ 36.51
Food & Beverage	\$	1,766,298	69.3%	\$ 8,921	\$ 37.83	\$	772,402	76.6%	\$ 5,219	\$ 18.00	\$	3,715,984	73.5%	\$ 12,554	\$ 48.44	\$ 4,273,632	67.6%	\$ 16,188	\$ 72.11
Other Operated Departments	\$	26,919	272.7%	\$ 136	\$ 0.58	\$	21,157	669.1%	\$ 143	\$ 0.49	\$	554,408	73.5%	\$ 1,873	\$ 7.23	\$ 830,280	61.1%	\$ 3,145	\$ 14.01
Total Dept. Expenses	\$	3,061,845	41.1%	\$ 15,464	\$ 65.58	\$	1,889,813	34.3%	\$ 12,769	\$ 44.04	\$	7,518,696	41.5%	\$ 25,401	\$ 98.02	\$ 7,267,392	45.5%	\$ 27,528	\$ 122.63
Departmental Income	\$	4,383,607	58.9%	\$ 22,139	\$ 93.89	\$	3,612,181	65.7%	\$ 24,407	\$ 84.18	\$	10,605,976	58.5%	\$ 35,831	\$ 138.26	\$ 8,722,296	54.5%	\$ 33,039	\$ 147.18
Undistributed Operating Expenses																			
Administrative & General	\$	552,550	7.4%	\$ 2,791	\$ 11.84	\$	428,702	7.8%	\$ 2,897	\$ 9.99	\$	1,514,928	8.4%	\$ 5,118	\$ 19.75	\$ 1,721,280	10.8%	\$ 6,520	\$ 29.05
Management Fees	\$	282,188	3.8%	\$ 1,425	\$ 6.04	\$	258,433	4.7%	\$ 1,746	\$ 6.02	\$	474,784	2.6%	\$ 1,604	\$ 6.19	\$ 354,288	2.2%	\$ 1,342	\$ 5.98
Marketing	\$	619,463	8.3%	\$ 3,129	\$ 13.27	\$	366,165	6.7%	\$ 2,474	\$ 8.53	\$	1,260,664	7.0%	\$ 4,259	\$ 16.43	\$ 1,371,480	8.6%	\$ 5,195	\$ 23.14
Franchise Fees	\$	61,689	1.3%	\$ 312	\$ 1.32	\$	244,129	5.5%	\$ 1,650	\$ 5.69	\$	199,504	1.7%	\$ 674	\$ 2.60	\$ -	0.0%	\$ -	\$ -
Prop. Oper. & Maintenance	\$	373,305	5.0%	\$ 1,885	\$ 8.00	\$	300,053	5.5%	\$ 2,027	\$ 6.99	\$	837,680	4.6%	\$ 2,830	\$ 10.92	\$ 797,280	5.0%	\$ 3,020	\$ 13.45
Energy Costs	\$	296,367	4.0%	\$ 1,497	\$ 6.35	\$	259,114	4.7%	\$ 1,751	\$ 6.04	\$	689,384	3.8%	\$ 2,329	\$ 8.99	\$ 665,016	4.2%	\$ 2,519	\$ 11.22
Total Und. Oper. Expenses	\$	2,185,562	29.4%	\$ 11,038	\$ 46.81	\$	1,856,596	33.7%	\$ 12,545	\$ 43.27	\$	4,976,944	27.5%	\$ 16,814	\$ 64.88	\$ 4,909,344	30.7%	\$ 18,596	\$ 82.84
Income Before Fixed Charges	\$	2,198,045	29.5%	\$ 11,101	\$ 47.08	\$	1,755,585	31.9%	\$ 11,862	\$ 40.91	\$	5,629,032	31.1%	\$ 19,017	\$ 73.38	\$ 3,812,952	23.8%	\$ 14,443	\$ 64.34
Fixed Charges																			
Misc.	\$	20,291	0.3%	\$ 102	\$ 0.43	\$	-	0.0%	\$ -	\$ -	\$	-	0.0%	\$ -	\$ -	\$	0.0%	\$ -	\$ -
Property Tax	\$	425,778	5.7%	\$ 2,150	\$ 9.12	\$	137,137	2.5%	\$ 927	\$ 3.20	\$	601,472	3.3%	\$ 2,032	\$ 7.84	\$ 453,816	2.8%	\$ 1,719	\$ 7.66
Insurance	\$	80,858	1.1%	\$ 408	\$ 1.73	\$	219,508	4.0%	\$ 1,483	\$ 5.12	\$	197,136	1.1%	\$ 666	\$ 2.57	\$ 132,264	0.8%	\$ 501	\$ 2.23
Reserve for Replacement	\$	-	0.0%	\$ -	\$ -	\$	-	0.0%	\$ -	\$ -	\$	352,536	1.9%	\$ 1,191	\$ 4.60	\$ -	0.0%	\$ -	\$ -
Total Fixed Charges	\$	526,927	7.1%	\$ 2,661	\$ 11.29	\$	356,645	6.5%	\$ 2,410	\$ 8.31	\$	1,151,144	6.4%	\$ 3,889	\$ 15.01	\$ 586,080	3.7%	\$ 2,220	\$ 9.89
Net Income	\$	1,671,118	22.4%	\$ 8,440	\$ 35.79	\$	1,398,940	25.4%	\$ 9,452	\$ 32.60	\$	4,477,888	24.7%	\$ 15,128	\$ 58.38	\$ 3,226,872	20.2%	\$ 12,223	\$ 54.45
Source: Hotel & Leisure Advisors																			

Fixed and Variable Component Analysis

In forecasting revenues and expenses for a lodging facility, we have utilized a fixed and variable component model. The model is based on the premise that hotel revenues and expenses have a component that is fixed and another component that varies directly with occupancy and facility utilization. Therefore, a projection is estimated by taking a known level of revenue or expense and calculating the fixed component as well as the variable portion. The fixed component is then held at a constant level, while the variable portion is adjusted for the percentage change between the projected occupancy and facility utilization, which produces the projected level of revenue or expense.

The following table indicates the revenue and expense categories that can be projected utilizing the fixed and variable component model. The first two columns represent the typical range of fixed versus variable while the third column represents the figure selected for this project.

Range of Fixed and Variable Ratios				
	<u>Typical Percent Fixed</u>	<u>Typical Percent Variable</u>	<u>Selected % Fixed</u>	<u>Index of Variability</u>
Revenues				
Rooms	40% – 60%	40% – 60%	Market Analysis	Occupancy
Food & Beverage	30% – 50%	50% – 70%	40.0%	Occupancy
Other Operated Departments	30% – 60%	40% – 70%	45.0%	Occupancy
Departmental Expenses				
Rooms	40% – 60%	40% – 60%	45.0%	Occupancy
Food & Beverage	40% – 60%	40% – 60%	45.0%	Occupancy
Other Operated Departments	40% – 60%	40% – 60%	50.0%	Occupancy
Undistributed Operating Expenses				
Administrative & General	40% – 60%	40% – 60%	45.0%	Total Revenue
Management Fee	0%	100%	0.0%	Total Revenue
Marketing	40% – 60%	40% – 60%	50.0%	Total Revenue
Franchise Fees	0%	100%	0.0%	Total Revenue
Property Operation & Maintenance	40% – 60%	40% – 60%	50.0%	Total Revenue
Energy Costs	40% – 60%	40% – 60%	50.0%	Total Revenue
Fixed Charges				
Property Taxes	100%	0%	100.0%	Total Revenue
Insurance	100%	0%	100.0%	Total Revenue
Reserve for Replacement	0%	100%		Total Revenue
Source: Hotel & Leisure Advisors				

INCOME AND EXPENSE ANALYSIS

The following items outline the revenues and expenses calculations.

Rooms Revenue: We calculated rooms department revenue by estimating annual occupancy and average daily rate (ADR) per occupied room. Our estimates of occupancy and ADR, and the rationale supporting these estimates, are presented in the Subject Occupancy and Average Daily Rate Analysis section of this report. The following table indicates the projected occupancy levels and ADR for the subject property.

Proposed Convention Center Hotel - Sharonville						
Projected Rooms Revenue						
	Base Year	Base + 1	Base + 2	Base + 3	Base + 4	Base + 5
Year	2015	2016	2017	2018	2019	2020
# Rooms	180	180	180	180	180	180
Occupancy	64.5%	67.2%	69.0%	69.0%	69.0%	69.0%
Average Rate	\$123.00	\$129.15	\$134.32	\$138.35	\$142.50	\$146.77
RevPAR	\$79.33	\$86.77	\$92.74	\$95.52	\$98.39	\$101.34
Rooms Occupied	42,375	44,139	45,362	45,362	45,362	45,362
Rooms Revenue	\$5,212,125	\$5,700,552	\$6,092,842	\$6,275,628	\$6,463,896	\$6,657,813
Source: Hotel & Leisure Advisors						

Food and Beverage Revenue: Food and beverage revenue is from the sale of food and beverages at the subject's restaurant and lounge, market café, banquet and meeting rooms, and miscellaneous food income—including public room rental for only meeting space located within the hotel. Our food and beverage estimates include the assumption that the subject will have a popular three-meal-a-day restaurant located for easy pedestrian access from Chester Road. We also project food and beverage revenue related to the meeting space. The following table outlines our analysis of the subject's food and beverage department revenues.

FOOD AND BEVERAGE REVENUE				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$2,549,352	34.2%	\$12,876	\$54.61
Comp. 2	\$1,008,432	18.3%	\$6,814	\$23.50
Host	\$5,058,344	27.9%	\$17,089	\$65.94
PKF Trends	\$6,325,968	39.6%	\$23,962	\$106.75
Average	\$3,735,524	30.0%	\$15,185	\$62.70
H&LA 1st Yr. Proj.	\$2,500,000	32.0%	\$13,889	\$59.00
H&LA Stabilized Proj. Year 4	\$2,847,000	30.8%	\$15,817	\$62.76
Source: Hotel & Leisure Advisors				

We have projected first-year food and beverage revenues of \$59.00 per occupied room or \$2,500,000 in total dollars.

Other Operated Departments Revenue: This revenue line item consists of revenues from other operated departments which include telephone, sundry shop, and other departments. The following table outlines our analysis of the subject's other operated department revenues.

OTHER OPERATED DEPARTMENTS REVENUE				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$9,872	0.1%	\$50	\$0.21
Comp. 2	\$3,162	0.1%	\$21	\$0.07
Host	\$754,800	4.2%	\$2,550	\$9.84
PKF Trends	\$1,359,864	8.5%	\$5,151	\$22.95
Average	\$531,925	3.2%	\$1,943	\$8.27
H&LA 1st Yr. Proj.	\$10,000	0.1%	\$56	\$0.24
H&LA Stabilized Proj. Year 4	\$11,000	0.1%	\$61	\$0.24
Source: Hotel & Leisure Advisors				

We project first-year other operated departments revenues of \$0.24 per occupied room or \$10,000 in total dollars.

Rentals and Other Income: This line item includes all income (net) associated with vending machines, laundry, movie rental, rentals, faxes, and any other miscellaneous income generated by the hotel.

RENTALS AND OTHER INCOME				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$60,406	0.8%	\$305	\$1.29
Comp. 2	\$51,696	0.9%	\$349	\$1.20
Host	\$281,792	1.6%	\$952	\$3.67
PKF Trends	\$384,648	2.4%	\$1,457	\$6.49
Average	\$194,636	1.4%	\$766	\$3.17
H&LA 1st Yr. Proj.	\$100,000	1.3%	\$556	\$2.36
H&LA Stabilized Proj. Year 4	\$114,000	1.2%	\$633	\$2.51
Source: Hotel & Leisure Advisors				

Based upon the comparables, we project rentals and other income of \$100,000 in the first year of the analysis. This category represents 1.3% of total revenue.

Total Revenue: Our projections indicate total revenue in the first year of \$184.59 per occupied room. As a comparison, Comparables One and Two achieved total revenues per occupied room of \$159.48 and \$128.22 respectively. Comparable Three, HOST Report - F/S Chain Affiliated, achieved total revenues per occupied room of \$236.28, while Comparable Four, PKF Trends - Convention Hotels, achieved total revenues per occupied room of \$269.82.

Departmental Expenses

Departmental expenses are costs borne by the individual departments of a hotel and can be segmented separately.

Rooms Expenses: Rooms department expenses include expenses incurred as a result of the operation of the rooms department. They include such items as salaries and wages, employee benefits, travel agent commissions, contract cleaning, guest transportation, laundry and dry cleaning, linens, operating supplies, reservations, uniforms, and other costs. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy (because management can schedule housekeepers, bell staff, and other hourly staff to work when demand requires), a higher percentage of the department's expenses are considered fixed because a hotel still has to maintain staffing in all areas at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy. For the purposes of our model, we have considered that 45.0% of the expenses are fixed. Commissions represent remuneration to various booking agents including travel agents for booking rooms. Because these fees are based on a percentage of the rooms revenue, they are highly dependent on occupancy and ADR. The following table outlines our analysis of the subject's room department expenses.

ROOMS EXPENSE				
	Amount	% of Dept. Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$1,268,628	26.3%	\$6,407	\$27.17
Comp. 2	\$1,096,254	24.7%	\$7,407	\$25.55
Host	\$3,248,304	27.0%	\$10,974	\$42.35
PKF Trends	\$2,163,480	27.3%	\$8,195	\$36.51
Average	\$1,944,167	26.3%	\$8,246	\$32.89
H&LA 1st Yr. Proj.	\$1,303,000	25.0%	\$7,239	\$30.75
H&LA Stabilized Proj. Year 4	\$1,479,000	23.6%	\$8,217	\$32.60
Source: Hotel & Leisure Advisors				

We project the property to have rooms expenses of 25.0% of rooms revenue in the first year of the projection. This is within the range of the comparables on a percent of departmental revenue basis.

Food and Beverage Expenses: These expenses reflect the items necessary for the operation of the restaurant, lounge, and meeting facilities within the lodging facility. Major items of expense in the food and beverage department include the cost of food and beverage, payroll, china, glassware, menus, uniforms, and other expenses. The following table outlines our analysis of the subject's food and beverage department expenses.

FOOD & BEVERAGE EXPENSE				
	Amount	% of Dept. Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$1,766,298	69.3%	\$8,921	\$37.83
Comp. 2	\$772,402	76.6%	\$5,219	\$18.00
Host	\$3,715,984	73.5%	\$12,554	\$48.44
PKF Trends	\$4,273,632	67.6%	\$16,188	\$72.11
Average	\$2,632,079	71.7%	\$10,720	\$44.10
H&LA 1st Yr. Proj.	\$1,850,000	74.0%	\$10,278	\$43.66
H&LA Stabilized Proj. Year 4	\$2,100,000	73.8%	\$11,667	\$46.29

Source: Hotel & Leisure Advisors

We estimate the food and beverage expense ratio of 74.0% of combined food and beverage revenue in the first year.

Other Operated Departments Expenses: These expenses reflect the cost of providing local and long distance calls in addition to salaries and wages for any telephone department employees. The department also includes costs for rental equipment, house calls, and wireless access capability. The following table outlines our analysis of the subject's other operated department expenses.

OTHER OPERATED DEPARTMENTS EXPENSE				
	Amount	% of Dept. Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$26,919	272.7%	\$136	\$0.58
Comp. 2	\$21,157	669.1%	\$143	\$0.49
Host	\$554,408	73.5%	\$1,873	\$7.23
PKF Trends	\$830,280	61.1%	\$3,145	\$14.01
Average	\$358,191	269.1%	\$1,324	\$5.58
H&LA 1st Yr. Proj.	\$20,000	200.0%	\$111	\$0.47
H&LA Stabilized Proj. Year 4	\$23,000	209.1%	\$128	\$0.51

Source: Hotel & Leisure Advisors

We project other operated departments expenses to equal 200.0% of departmental revenue in the first year of the projection.

Undistributed Operating Expenses

Undistributed operating expenses are costs borne by the entire operation and are not attributable to any one specific department or profit center.

Administrative and General Expenses: This department represents expenses related to the management and administration of the property. It includes salaries and wages, employee benefits, cost of accounting and legal fees, credit card commissions, printing, stationary, general liability insurance, donations, travel and entertainment, security, and postage costs. Most administrative and general expenses are relatively fixed, although

there are variable components such as bonuses provided to management. The following table outlines our analysis of the subject's administrative and general department expenses.

ADMINISTRATIVE & GENERAL				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$552,550	7.4%	\$2,791	\$11.84
Comp. 2	\$428,702	7.8%	\$2,897	\$9.99
Host	\$1,514,928	8.4%	\$5,118	\$19.75
PKF Trends	\$1,721,280	10.8%	\$6,520	\$29.05
Average	\$1,054,365	8.6%	\$4,331	\$17.66
H&LA 1st Yr. Proj.	\$702,000	9.0%	\$3,900	\$16.57
H&LA Stabilized Proj. Year 4	\$797,000	8.6%	\$4,428	\$17.57

Source: Hotel & Leisure Advisors

We have estimated this expense to be \$3,900 per available room or 9.0% of total revenue in the first year of the projection.

Management Fee: The projection for the subject hotel's income and expenses assumes competent management by a professional management company. We assume that a prudent investor would utilize a competent management company with fees structured at market rates. Although some companies provide their own management for hotels they will typically charge the property for management services. Management fees typically range between 2% to 4% of total revenue for full-service hotels and 3% to 5% for limited service hotels. The following table outlines our analysis of the subject's management fee expenses.

MANAGEMENT FEE				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$282,188	3.8%	\$1,425	\$6.04
Comp. 2	\$258,433	4.7%	\$1,746	\$6.02
Host	\$474,784	2.6%	\$1,604	\$6.19
PKF Trends	\$354,288	2.2%	\$1,342	\$5.98
Average	\$342,423	3.3%	\$1,529	\$6.06
H&LA 1st Yr. Proj.	\$235,000	3.0%	\$1,306	\$5.55
H&LA Stabilized Proj. Year 4	\$277,000	3.0%	\$1,539	\$6.11

Source: Hotel & Leisure Advisors

We have estimated this expense to be 3.0% of total revenue throughout the analysis period based upon current industry standards for management agreements.

Marketing Expenses: These expenses include items related to advertising and promotion required to obtain and retain customers of its products and services. Expenses include salaries and wages, employee benefits, subscriptions, operating supplies, postage,

telephone, trade shows, and travel and entertainment. The department includes the costs of advertising in various media, such as newspapers, magazines, directories, direct mail campaign, Internet, various search engines, mobile devices, billboards, and miscellaneous sales and marketing expenses. This department also includes marketing expenses related to the franchise affiliation. Franchise royalty fees are shown separately under franchise fees. The following table outlines our analysis of the subject's marketing expenses.

MARKETING				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$619,463	8.3%	\$3,129	\$13.27
Comp. 2	\$366,165	6.7%	\$2,474	\$8.53
Host	\$1,260,664	7.0%	\$4,259	\$16.43
PKF Trends	\$1,371,480	8.6%	\$5,195	\$23.14
Average	\$904,443	7.6%	\$3,764	\$15.34
H&LA 1st Yr. Proj.	\$630,000	8.1%	\$3,500	\$14.87
H&LA Stabilized Proj. Year 4	\$713,000	7.7%	\$3,961	\$15.72

Source: Hotel & Leisure Advisors

We have projected a relatively high amount of marketing expense, which will be required in order to generate the level of revenues shown in this report. Our projection assumes the subject will have a separate franchise fee. Our first-year projections indicate a marketing expense of \$3,500 per available room, or \$630,000 in the first year of the projection.

Our first year marketing expense does not include preopening marketing, which will be required to inform the regional area about the proposed hotel. We assume the preopening marketing funds would be included within the development budget.

Franchise Fee: Franchise fees are the fees paid to franchise companies for the ability to utilize their name, systems and various programs. Typical franchise expenses range from 4% to 6% of rooms revenue. We have included a franchise fee because we project and recommend that the subject will operate as a chain affiliated hotel with a guest loyalty rewards program. The following table outlines our analysis of the franchise fee.

FRANCHISE FEE				
	Amount	% of Room Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$61,689	1.3%	\$312	\$1.32
Comp. 2	\$244,129	5.5%	\$1,650	\$5.69
Host	\$199,504	1.7%	\$674	\$2.60
PKF Trends				
Average	\$168,441	2.8%	\$878	\$3.20
H&LA 1st Yr. Proj.	\$261,000	5.0%	\$1,450	\$6.16
H&LA Stabilized Proj. Year 4	\$314,000	5.0%	\$1,744	\$6.92

Source: Hotel & Leisure Advisors

We have projected a franchise fee of 5.0% of rooms revenue for the subject property.

Property Operation and Maintenance Expenses: These expenses include salaries and wages, employee benefits, cost of supplies, outside contractors, painting and decorating, carpentry, garbage removal, engineering supplies, uniforms, and other costs associated with maintaining the physical plant of the structure. A majority of these expenses are fixed because they are required to maintain the building. This category includes both payroll and related benefits and other expenses associated with periodic preventive maintenance and repairs to the physical structure and mechanical equipment. The following table outlines our analysis of the subject's maintenance expenses.

PROPERTY OPERATIONS AND MAINTENANCE				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$373,305	5.0%	\$1,885	\$8.00
Comp. 2	\$300,053	5.5%	\$2,027	\$6.99
Host	\$837,680	4.6%	\$2,830	\$10.92
PKF Trends	\$797,280	5.0%	\$3,020	\$13.45
Average	\$577,080	5.0%	\$2,441	\$9.84
H&LA 1st Yr. Proj.	\$396,000	5.1%	\$2,200	\$9.35
H&LA Stabilized Proj. Year 4	\$448,000	4.8%	\$2,489	\$9.88

Source: Hotel & Leisure Advisors

We estimate this expense at \$2,200 per available room in the first year of operation, which equals 5.1% of total revenue.

Energy Expenses: These represent expenditures for electricity, heating, fuel, water, waste removal, and related operating supplies. A large portion of a lodging facility's energy consumption is relatively fixed. All public areas must be continually lit and climate-controlled regardless of occupancy. The following table outlines our analysis of the subject's energy expenses.

ENERGY				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$296,367	4.0%	\$1,497	\$6.35
Comp. 2	\$259,114	4.7%	\$1,751	\$6.04
Host	\$689,384	3.8%	\$2,329	\$8.99
PKF Trends	\$665,016	4.2%	\$2,519	\$11.22
Average	\$477,470	4.2%	\$2,024	\$8.15
H&LA 1st Yr. Proj.	\$342,000	4.4%	\$1,900	\$8.07
H&LA Stabilized Proj. Year 4	\$387,000	4.2%	\$2,150	\$8.53

Source: Hotel & Leisure Advisors

We estimate this expense to equal \$1,900 per available room or 4.4% of total revenue in the first year of the projection. Our estimate does not incorporate potential energy savings a LEED certification may allow.

Income before Fixed Charges: We have analyzed our projection of income before fixed charges with the comparable properties as shown in the following table.

INCOME BEFORE FIXED CHARGES				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$2,198,045	29.5%	\$11,101	\$47.08
Comp. 2	\$1,755,585	31.9%	\$11,862	\$40.91
Host	\$5,629,032	31.1%	\$19,017	\$73.38
PKF Trends	\$3,812,952	23.8%	\$14,443	\$64.34
Average	\$3,348,904	29.1%	\$14,106	\$56.43
H&LA 1st Yr. Proj.	\$2,083,000	26.6%	\$11,572	\$49.16
H&LA Stabilized Proj. Year 4	\$2,710,000	29.3%	\$15,056	\$59.74

Source: Hotel & Leisure Advisors

We forecast a first year projection of \$2,083,000 or 26.6% of total revenue. Our forecast is within the range of the comparables on a dollars per occupied room basis.

Fixed Charges

Fixed charges include any expenses that relate to the ownership of the hotel including property taxes, buildings and contents insurance, reserve for replacement, and any applicable land, building, or equipment rental.

Real Estate and Property Taxes: These taxes are comprised of real estate and commercial activity taxes. The State of Ohio does not have personal property taxes. We have calculated taxes based upon a real estate market value of \$9,750,000, which equates to an approximate assessment of \$19,000 per room, similar to the comparable hotels. Our estimate does not reflect any type of abatement. We acknowledge that this calculation will change depending upon what the governmental authorities offer the project. The following table indicates our first-year real estate tax projection.

Proposed Convention Center Hotel - Sharonville	
Tax Analysis - First Year	
Market Value of Real Estate	\$9,750,000
Assessment %	35.0%
Assessed Value	\$3,412,500
Effective Tax Rate	0.067005861
Gross Tax	\$228,658
Commercial Activity Tax (CAT) Tax	\$17,900
Total Tax	\$246,558
Tax/Room	\$1,370
Source: Hotel & Leisure Advisors	

We project real estate taxes of \$246,558 in the first year of the analysis.

Building and Property Insurance: The insurance expense category includes the cost of insuring the building and its contents against damage or destruction from fire, weather, sprinkler leakage, boiler explosion, breakage, and other potential disasters. The insurance expense includes both property and liability insurance. Over the past several years insurance costs for hotels have fluctuated dramatically depending upon claims and natural disasters. The following table outlines our analysis of the subject's insurance expenses.

INSURANCE				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
Comparables				
Comp. 1	\$80,858	1.1%	\$408	\$1.73
Comp. 2	\$219,508	4.0%	\$1,483	\$5.12
Host	\$197,136	1.1%	\$666	\$2.57
PKF Trends	\$132,264	0.8%	\$501	\$2.23
Average	\$157,442	1.7%	\$765	\$2.91
H&LA 1st Yr. Proj.	\$117,000	1.5%	\$650	\$2.76
H&LA Stabilized Proj. Year 4	\$128,000	1.4%	\$711	\$2.82
Source: Hotel & Leisure Advisors				

We have projected an expense of \$117,000 or \$650 per available room in the first year of the projection.

Reserve for Replacement: Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences the class of a property. Included in this category are all non-real estate items that are normally capitalized, not expensed. Most hotels account for the replacement of furniture, fixtures, and equipment (FF&E) by establishing a fund commonly referred to as a reserve for replacement, which is generally funded from a hotel's cash flow. In theory, a sufficient amount of money is available to replace FF&E at the end of its useful life. A recent study by the International Society of Hospitality Consultants indicated that the traditional 3% reserve is lower than what most hotels they surveyed actually spent over historical periods. The survey indicated that the expense should be between 4% and 5% of total revenues. We have

estimated this reserve to equal 2.0% of total sales in the first year of operation, increasing to 3.0% in the second year, and 4.0% in year three and beyond. The 4.0% replacement reserve is projected for year three and beyond because that percentage is in keeping with industry guidelines for a hotel the subject's size and volume of operation.

Inflation: The assumed 3.0% per annum rate of inflation for the analysis is derived by a review of the historical increases to the Consumer Price Index (CPI). To the extent that actual rates differ from this percentage, the estimates would have to be adjusted. All revenue and expense items were first calculated in 2015 dollars. A 3.0% growth rate was applied to all revenue and expenses.

PROSPECTIVE FINANCIAL ANALYSIS IN INFLATED DOLLARS

The following forecasts of income and expenses reflect the subject's anticipated performance for calendar years beginning 2015. We have projected that the subject's operations will stabilize in the third year, and all income and expense items will increase thereafter at the underlying inflation rate of 3.0%. We note that departmental expense ratios are expressed as a percentage of departmental revenues. Franchise fees are expressed as a percentage of rooms revenue. All other expense ratios are expressed as a percentage of total revenues. We have presented rounded figures to the nearest thousand.

PROJECTED FINANCIAL PERFORMANCE																
PROPOSED CONVENTION CENTER HOTEL - SHARONVILLE																
	Base Year				Base +1				Base +2				Base +3			
	2015				2016				2017				2018			
Number of Rooms	180				180				180				180			
Occupancy	64.5%				67.2%				69.0%				69.0%			
Average Rate	\$123.00				\$129.15				\$134.32				\$138.35			
Days Open	365				365				365				365			
Rooms Occupied	42,375				44,139				45,362				45,362			
Rooms Available	65,700				65,700				65,700				65,700			
Revenues	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	\$ 5,212	66.6%	\$ 28,956	\$ 123.00	\$ 5,701	67.4%	\$ 31,672	\$ 129.16	\$ 6,093	67.9%	\$ 33,850	\$ 134.32	\$ 6,276	67.9%	\$ 34,867	\$ 138.35
Food and Beverage	\$ 2,500	32.0%	\$ 13,889	\$ 59.00	\$ 2,639	31.2%	\$ 14,661	\$ 59.79	\$ 2,764	30.8%	\$ 15,356	\$ 60.93	\$ 2,847	30.8%	\$ 15,817	\$ 62.76
Other Operated Departments	\$ 10	0.1%	\$ 56	\$ 0.24	\$ 11	0.1%	\$ 61	\$ 0.25	\$ 11	0.1%	\$ 61	\$ 0.24	\$ 11	0.1%	\$ 61	\$ 0.24
Rentals and Other Income	\$ 100	1.3%	\$ 556	\$ 2.36	\$ 106	1.3%	\$ 589	\$ 2.40	\$ 111	1.2%	\$ 617	\$ 2.45	\$ 114	1.2%	\$ 633	\$ 2.51
Total Revenue	\$ 7,822	100.0%	\$ 43,456	\$ 184.59	\$ 8,457	100.0%	\$ 46,983	\$ 191.60	\$ 8,979	100.0%	\$ 49,883	\$ 197.94	\$ 9,248	100.0%	\$ 51,378	\$ 203.87
Departmental Expenses																
Rooms	\$ 1,303	25.0%	\$ 7,239	\$ 30.75	\$ 1,373	24.1%	\$ 7,628	\$ 31.11	\$ 1,436	23.6%	\$ 7,978	\$ 31.66	\$ 1,479	23.6%	\$ 8,217	\$ 32.60
Food & Beverage	\$ 1,850	74.0%	\$ 10,278	\$ 43.66	\$ 1,949	73.9%	\$ 10,828	\$ 44.16	\$ 2,039	73.8%	\$ 11,328	\$ 44.95	\$ 2,100	73.8%	\$ 11,667	\$ 46.29
Other Operated Departments	\$ 20	200.0%	\$ 111	\$ 0.47	\$ 21	190.9%	\$ 117	\$ 0.48	\$ 22	200.0%	\$ 122	\$ 0.48	\$ 23	209.1%	\$ 128	\$ 0.51
Total Dept. Expenses	\$ 3,173	40.6%	\$ 17,628	\$ 74.88	\$ 3,343	39.5%	\$ 18,572	\$ 75.74	\$ 3,497	38.9%	\$ 19,428	\$ 77.09	\$ 3,602	38.9%	\$ 20,011	\$ 79.41
Departmental Income	\$ 4,649	59.4%	\$ 25,828	\$ 109.71	\$ 5,114	60.5%	\$ 28,411	\$ 115.86	\$ 5,482	61.1%	\$ 30,456	\$ 120.85	\$ 5,646	61.1%	\$ 31,367	\$ 124.46
Undistributed Operating Expenses																
Administrative & General	\$ 702	9.0%	\$ 3,900	\$ 16.57	\$ 740	8.8%	\$ 4,111	\$ 16.77	\$ 774	8.6%	\$ 4,300	\$ 17.06	\$ 797	8.6%	\$ 4,428	\$ 17.57
Management Fees	\$ 235	3.0%	\$ 1,306	\$ 5.55	\$ 254	3.0%	\$ 1,411	\$ 5.75	\$ 269	3.0%	\$ 1,494	\$ 5.93	\$ 277	3.0%	\$ 1,539	\$ 6.11
Marketing	\$ 630	8.1%	\$ 3,500	\$ 14.87	\$ 662	7.8%	\$ 3,678	\$ 15.00	\$ 692	7.7%	\$ 3,844	\$ 15.25	\$ 713	7.7%	\$ 3,961	\$ 15.72
Franchise Fees	\$ 261	5.0%	\$ 1,450	\$ 6.16	\$ 285	5.0%	\$ 1,583	\$ 6.46	\$ 305	5.0%	\$ 1,694	\$ 6.72	\$ 314	5.0%	\$ 1,744	\$ 6.92
Prop. Oper. & Maintenance	\$ 396	5.1%	\$ 2,200	\$ 9.35	\$ 416	4.9%	\$ 2,311	\$ 9.42	\$ 435	4.8%	\$ 2,417	\$ 9.59	\$ 448	4.8%	\$ 2,489	\$ 9.88
Energy Costs	\$ 342	4.4%	\$ 1,900	\$ 8.07	\$ 360	4.3%	\$ 2,000	\$ 8.16	\$ 376	4.2%	\$ 2,089	\$ 8.29	\$ 387	4.2%	\$ 2,150	\$ 8.53
Total UDOEs	\$ 2,566	32.8%	\$ 14,256	\$ 60.55	\$ 2,717	32.1%	\$ 15,094	\$ 61.56	\$ 2,851	31.8%	\$ 15,839	\$ 62.85	\$ 2,936	31.7%	\$ 16,311	\$ 64.72
Income Before Fixed Charges	\$ 2,083	26.6%	\$ 11,572	\$ 49.16	\$ 2,397	28.3%	\$ 13,317	\$ 54.31	\$ 2,631	29.3%	\$ 14,617	\$ 58.00	\$ 2,710	29.3%	\$ 15,056	\$ 59.74
Fixed Charges																
Property Tax	\$ 247	3.2%	\$ 1,372	\$ 5.83	\$ 254	3.0%	\$ 1,411	\$ 5.75	\$ 262	2.9%	\$ 1,456	\$ 5.78	\$ 269	2.9%	\$ 1,494	\$ 5.93
Insurance	\$ 117	1.5%	\$ 650	\$ 2.76	\$ 121	1.4%	\$ 672	\$ 2.74	\$ 124	1.4%	\$ 689	\$ 2.73	\$ 128	1.4%	\$ 711	\$ 2.82
Reserve for Replacement	\$ 156	2.0%	\$ 867	\$ 3.68	\$ 254	3.0%	\$ 1,411	\$ 5.75	\$ 359	4.0%	\$ 1,994	\$ 7.91	\$ 370	4.0%	\$ 2,056	\$ 8.16
Total Fixed Charges	\$ 520	6.6%	\$ 2,889	\$ 12.27	\$ 629	7.4%	\$ 3,494	\$ 14.25	\$ 745	8.3%	\$ 4,139	\$ 16.42	\$ 767	8.3%	\$ 4,261	\$ 16.91
Net Income	\$ 1,563	20.0%	\$ 8,683	\$ 36.89	\$ 1,768	20.9%	\$ 9,822	\$ 40.05	\$ 1,886	21.0%	\$ 10,478	\$ 41.58	\$ 1,943	21.0%	\$ 10,794	\$ 42.83
Source: Hotel & Leisure Advisors																

PROJECTED FINANCIAL PERFORMANCE																
PROPOSED CONVENTION CENTER HOTEL - SHARONVILLE																
	Base +4 2019				Base +5 2020				Base +6 2021				Base +7 2022			
Number of Rooms	180				180				180				180			
Occupancy	69.0%				69.0%				69.0%				69.0%			
Average Rate	\$142.50				\$146.77				\$151.17				\$155.71			
Days Open	365				365				365				365			
Rooms Occupied	45,362				45,362				45,362				45,362			
Rooms Available	65,700				65,700				65,700				65,700			
Revenues	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	\$ 6,464	67.9%	\$ 35,911	\$ 142.50	\$ 6,658	67.9%	\$ 36,989	\$ 146.77	\$ 6,858	67.9%	\$ 38,100	\$ 151.18	\$ 7,063	67.9%	\$ 39,239	\$ 155.70
Food and Beverage	\$ 2,933	30.8%	\$ 16,294	\$ 64.66	\$ 3,021	30.8%	\$ 16,783	\$ 66.60	\$ 3,111	30.8%	\$ 17,283	\$ 68.58	\$ 3,205	30.8%	\$ 17,806	\$ 70.65
Other Operated Departments	\$ 12	0.1%	\$ 67	\$ 0.26	\$ 12	0.1%	\$ 67	\$ 0.26	\$ 12	0.1%	\$ 67	\$ 0.26	\$ 13	0.1%	\$ 72	\$ 0.29
Rentals and Other Income	\$ 117	1.2%	\$ 650	\$ 2.58	\$ 121	1.2%	\$ 672	\$ 2.67	\$ 124	1.2%	\$ 689	\$ 2.73	\$ 128	1.2%	\$ 711	\$ 2.82
Total Revenue	\$ 9,526	100.0%	\$ 52,922	\$ 210.00	\$ 9,812	100.0%	\$ 54,511	\$ 216.30	\$ 10,105	100.0%	\$ 56,139	\$ 222.76	\$ 10,409	100.0%	\$ 57,828	\$ 229.46
Departmental Expenses																
Rooms	\$ 1,523	23.6%	\$ 8,461	\$ 33.57	\$ 1,569	23.6%	\$ 8,717	\$ 34.59	\$ 1,616	23.6%	\$ 8,978	\$ 35.62	\$ 1,665	23.6%	\$ 9,250	\$ 36.70
Food & Beverage	\$ 2,163	73.7%	\$ 12,017	\$ 47.68	\$ 2,228	73.8%	\$ 12,378	\$ 49.12	\$ 2,295	73.8%	\$ 12,750	\$ 50.59	\$ 2,363	73.7%	\$ 13,128	\$ 52.09
Other Operated Departments	\$ 23	191.7%	\$ 128	\$ 0.51	\$ 24	200.0%	\$ 133	\$ 0.53	\$ 25	208.3%	\$ 139	\$ 0.55	\$ 25	192.3%	\$ 139	\$ 0.55
Total Dept. Expenses	\$ 3,709	38.9%	\$ 20,606	\$ 81.76	\$ 3,821	38.9%	\$ 21,228	\$ 84.23	\$ 3,936	39.0%	\$ 21,867	\$ 86.77	\$ 4,053	38.9%	\$ 22,517	\$ 89.35
Departmental Income	\$ 5,817	61.1%	\$ 32,317	\$ 128.23	\$ 5,991	61.1%	\$ 33,283	\$ 132.07	\$ 6,169	61.0%	\$ 34,272	\$ 135.99	\$ 6,356	61.1%	\$ 35,311	\$ 140.12
Undistributed Operating Expenses																
Administrative & General	\$ 821	8.6%	\$ 4,561	\$ 18.10	\$ 845	8.6%	\$ 4,694	\$ 18.63	\$ 871	8.6%	\$ 4,839	\$ 19.20	\$ 897	8.6%	\$ 4,983	\$ 19.77
Management Fees	\$ 286	3.0%	\$ 1,589	\$ 6.30	\$ 294	3.0%	\$ 1,633	\$ 6.48	\$ 303	3.0%	\$ 1,683	\$ 6.68	\$ 312	3.0%	\$ 1,733	\$ 6.88
Marketing	\$ 734	7.7%	\$ 4,078	\$ 16.18	\$ 756	7.7%	\$ 4,200	\$ 16.67	\$ 779	7.7%	\$ 4,328	\$ 17.17	\$ 802	7.7%	\$ 4,456	\$ 17.68
Franchise Fees	\$ 323	5.0%	\$ 1,794	\$ 7.12	\$ 333	5.0%	\$ 1,850	\$ 7.34	\$ 343	5.0%	\$ 1,906	\$ 7.56	\$ 353	5.0%	\$ 1,961	\$ 7.78
Prop. Oper. & Maintenance	\$ 461	4.8%	\$ 2,561	\$ 10.16	\$ 475	4.8%	\$ 2,639	\$ 10.47	\$ 490	4.8%	\$ 2,722	\$ 10.80	\$ 504	4.8%	\$ 2,800	\$ 11.11
Energy Costs	\$ 398	4.2%	\$ 2,211	\$ 8.77	\$ 410	4.2%	\$ 2,278	\$ 9.04	\$ 423	4.2%	\$ 2,350	\$ 9.32	\$ 435	4.2%	\$ 2,417	\$ 9.59
Total UDOEs	\$ 3,023	31.7%	\$ 16,794	\$ 66.64	\$ 3,113	31.7%	\$ 17,294	\$ 68.63	\$ 3,209	31.8%	\$ 17,828	\$ 70.74	\$ 3,303	31.7%	\$ 18,350	\$ 72.81
Income Before Fixed Charges	\$ 2,794	29.3%	\$ 15,522	\$ 61.59	\$ 2,878	29.3%	\$ 15,989	\$ 63.44	\$ 2,960	29.3%	\$ 16,444	\$ 65.25	\$ 3,053	29.3%	\$ 16,961	\$ 67.30
Fixed Charges																
Property Tax	\$ 278	2.9%	\$ 1,544	\$ 6.13	\$ 286	2.9%	\$ 1,589	\$ 6.30	\$ 294	2.9%	\$ 1,633	\$ 6.48	\$ 303	2.9%	\$ 1,683	\$ 6.68
Insurance	\$ 132	1.4%	\$ 733	\$ 2.91	\$ 136	1.4%	\$ 756	\$ 3.00	\$ 140	1.4%	\$ 778	\$ 3.09	\$ 144	1.4%	\$ 800	\$ 3.17
Reserve for Replacement	\$ 381	4.0%	\$ 2,117	\$ 8.40	\$ 392	4.0%	\$ 2,178	\$ 8.64	\$ 404	4.0%	\$ 2,244	\$ 8.91	\$ 416	4.0%	\$ 2,311	\$ 9.17
Total Fixed Charges	\$ 791	8.3%	\$ 4,394	\$ 17.44	\$ 814	8.3%	\$ 4,522	\$ 17.94	\$ 838	8.3%	\$ 4,656	\$ 18.47	\$ 863	8.3%	\$ 4,794	\$ 19.02
Net Income	\$ 2,003	21.0%	\$ 11,128	\$ 44.16	\$ 2,064	21.0%	\$ 11,467	\$ 45.50	\$ 2,122	21.0%	\$ 11,789	\$ 46.78	\$ 2,190	21.0%	\$ 12,167	\$ 48.28
Source: Hotel & Leisure Advisors																

PROJECTED FINANCIAL PERFORMANCE												
PROPOSED CONVENTION CENTER HOTEL - SHARONVILLE												
	Base + 8 2023				Base + 9 2024				Base + 10 2025			
Number of Rooms	180				180				180			
Occupancy	69.0%				69.0%				69.0%			
Average Rate	\$160.38				\$165.19				\$170.15			
Days Open	365				365				365			
Rooms Occupied	45,362				45,362				45,362			
Rooms Available	65,700				65,700				65,700			
Revenues	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	\$ 7,275	67.9%	\$ 40,417	\$ 160.38	\$ 7,493	67.9%	\$ 41,628	\$ 165.18	\$ 7,718	67.9%	\$ 42,878	\$ 170.14
Food and Beverage	\$ 3,301	30.8%	\$ 18,339	\$ 72.77	\$ 3,400	30.8%	\$ 18,889	\$ 74.95	\$ 3,502	30.8%	\$ 19,456	\$ 77.20
Other Operated Departments	\$ 13	0.1%	\$ 72	\$ 0.29	\$ 14	0.1%	\$ 78	\$ 0.31	\$ 14	0.1%	\$ 78	\$ 0.31
Rentals and Other Income	\$ 132	1.2%	\$ 733	\$ 2.91	\$ 136	1.2%	\$ 756	\$ 3.00	\$ 140	1.2%	\$ 778	\$ 3.09
Total Revenue	\$ 10,721	100.0%	\$ 59,561	\$ 236.34	\$ 11,043	100.0%	\$ 61,350	\$ 243.44	\$ 11,374	100.0%	\$ 63,189	\$ 250.74
Departmental Expenses												
Rooms	\$ 1,715	23.6%	\$ 9,528	\$ 37.81	\$ 1,766	23.6%	\$ 9,811	\$ 38.93	\$ 1,819	23.6%	\$ 10,106	\$ 40.10
Food & Beverage	\$ 2,434	73.7%	\$ 13,522	\$ 53.66	\$ 2,507	73.7%	\$ 13,928	\$ 55.27	\$ 2,583	73.8%	\$ 14,350	\$ 56.94
Other Operated Departments	\$ 26	200.0%	\$ 144	\$ 0.57	\$ 27	192.9%	\$ 150	\$ 0.60	\$ 28	200.0%	\$ 156	\$ 0.62
Total Dept. Expenses	\$ 4,175	38.9%	\$ 23,194	\$ 92.04	\$ 4,300	38.9%	\$ 23,889	\$ 94.79	\$ 4,430	38.9%	\$ 24,611	\$ 97.66
Departmental Income	\$ 6,546	61.1%	\$ 36,367	\$ 144.30	\$ 6,743	61.1%	\$ 37,461	\$ 148.65	\$ 6,944	61.1%	\$ 38,578	\$ 153.08
Undistributed Operating Expenses												
Administrative & General	\$ 924	8.6%	\$ 5,133	\$ 20.37	\$ 951	8.6%	\$ 5,283	\$ 20.96	\$ 980	8.6%	\$ 5,444	\$ 21.60
Management Fees	\$ 322	3.0%	\$ 1,789	\$ 7.10	\$ 331	3.0%	\$ 1,839	\$ 7.30	\$ 341	3.0%	\$ 1,894	\$ 7.52
Marketing	\$ 826	7.7%	\$ 4,589	\$ 18.21	\$ 851	7.7%	\$ 4,728	\$ 18.76	\$ 877	7.7%	\$ 4,872	\$ 19.33
Franchise Fees	\$ 364	5.0%	\$ 2,022	\$ 8.02	\$ 375	5.0%	\$ 2,083	\$ 8.27	\$ 386	5.0%	\$ 2,144	\$ 8.51
Prop. Oper. & Maintenance	\$ 519	4.8%	\$ 2,883	\$ 11.44	\$ 535	4.8%	\$ 2,972	\$ 11.79	\$ 551	4.8%	\$ 3,061	\$ 12.15
Energy Costs	\$ 449	4.2%	\$ 2,494	\$ 9.90	\$ 462	4.2%	\$ 2,567	\$ 10.18	\$ 476	4.2%	\$ 2,644	\$ 10.49
Total UDOEs	\$ 3,404	31.8%	\$ 18,911	\$ 75.04	\$ 3,505	31.7%	\$ 19,472	\$ 77.27	\$ 3,611	31.7%	\$ 20,061	\$ 79.60
Income Before Fixed Charges	\$ 3,142	29.3%	\$ 17,456	\$ 69.26	\$ 3,238	29.3%	\$ 17,989	\$ 71.38	\$ 3,333	29.3%	\$ 18,517	\$ 73.48
Fixed Charges												
Property Tax	\$ 312	2.9%	\$ 1,733	\$ 6.88	\$ 322	2.9%	\$ 1,789	\$ 7.10	\$ 331	2.9%	\$ 1,839	\$ 7.30
Insurance	\$ 148	1.4%	\$ 822	\$ 3.26	\$ 153	1.4%	\$ 850	\$ 3.37	\$ 157	1.4%	\$ 872	\$ 3.46
Reserve for Replacement	\$ 429	4.0%	\$ 2,383	\$ 9.46	\$ 442	4.0%	\$ 2,456	\$ 9.74	\$ 455	4.0%	\$ 2,528	\$ 10.03
Total Fixed Charges	\$ 889	8.3%	\$ 4,939	\$ 19.60	\$ 917	8.3%	\$ 5,094	\$ 20.22	\$ 943	8.3%	\$ 5,239	\$ 20.79
Net Income	\$ 2,253	21.0%	\$ 12,517	\$ 49.67	\$ 2,321	21.0%	\$ 12,894	\$ 51.17	\$ 2,390	21.0%	\$ 13,278	\$ 52.69
Source: Hotel & Leisure Advisors												

FEASIBILITY ANALYSIS

The economic value of a proposed hospitality property is calculated through a discounted cash flow analysis. This analysis utilizes the property's projected net income before debt service and applies a discount rate and terminal capitalization rate to determine the valuation. This is a common method utilized in a formal appraisal process. The discount rate is the average annual rate of return necessary to attract capital based upon the overall investment characteristics. The terminal capitalization rate is applied to a future year's net income to calculate a potential sale price for the property in the future.

We have analyzed the potential value for the hotel utilizing a 11.0% discount rate and a 9.0% terminal capitalization rate. The following chart indicates the discounted cash flow analysis utilizing these rates and the previously presented financial projections.

Proposed Convention Center Hotel - Sharonville				
Discounted Cash Flow Analysis - As Completed				
Present Value of Cash Flow			P.V. @:	11.0%
<u>Year</u>	<u>Year Number</u>	<u>Net Income</u>	<u>P.V. Factor</u>	<u>Present Value</u>
2015	1	1,563,000	0.9009	1,408,108
2016	2	1,768,000	0.8116	1,434,948
2017	3	1,886,000	0.7312	1,379,027
2018	4	1,943,000	0.6587	1,279,914
2019	5	2,003,000	0.5935	1,188,683
2020	6	2,064,000	0.5346	1,103,499
2021	7	2,122,000	0.4817	1,022,079
2022	8	2,190,000	0.4339	950,299
2023	9	2,253,000	0.3909	880,754
2024	10	2,321,000	0.3522	817,420
Subtotal PV From Cash Flow				\$11,464,731
Reversion Sale Price				
Net Income for Year:			11	\$2,390,000
Divided by Reversion Overall Rate				9.0%
Gross Reversion				\$26,555,556
Less Costs of Sale @:			2.0%	531,111
Net Reversion				\$26,024,444
Value per Room				\$144,580
Reversion PV + PV of Cash Flow				
Add Reversion	10	26,024,444	0.3522	\$9,165,405
Subtotal PV From Cash Flow				\$11,464,731
Market Value as of January 1, 2015				\$20,630,137
Less Renovation Costs				\$0
Market Value				\$20,630,137
Rounded Market Value				\$20,600,000
Valuation Factors				
Price Per Hotel Room:				\$114,444
% of Value from Cash Flow				55.6%
% of Value from Reversion				44.4%
Source: Hotel & Leisure Advisors				

Proposed Convention Center Hotel - Sharonville
Financial Analysis

E-18

The model indicates a value of \$20,600,000 as completed or \$114,444 per available hotel room (180 rooms).

We have also analyzed the potential value for the hotel on an "as stabilized" basis utilizing a 11.0% discount rate and a 9.0% terminal capitalization rate. The following chart indicates the discounted cash flow analysis utilizing these rates and the previously presented financial projections for the subject "as stabilized."

Proposed Convention Center Hotel - Sharonville Discounted Cash Flow Analysis - As Stabilized					
Present Value (PV) of Cash Flow				P.V. @:	11.00%
Year	Year Number	Net Income	P.V. Factor	Present Value	
2018	1	1,943,000	0.9009	1,750,450	
2019	2	2,003,000	0.8116	1,625,680	
2020	3	2,064,000	0.7312	1,509,179	
2021	4	2,122,000	0.6587	1,397,827	
2022	5	2,190,000	0.5935	1,299,658	
2023	6	2,253,000	0.5346	1,204,546	
2024	7	2,321,000	0.4817	1,117,929	
2025	8	2,390,000	0.4339	1,037,084	
2026	9	2,462,000	0.3909	962,457	
2027	10	2,540,000	0.3522	894,549	
Subtotal PV From Cash Flow				\$12,799,359	
Reversion Sale Price					
Net Income for Year:			11	\$2,620,000	
Divided by Reversion OAR			9.0%		
Gross Reversion			\$29,111,111		
Less Costs of Sale @:			2.0%	582,222	
Net Reversion			\$28,528,889		
Value per Room			\$158,494		
Reversion PV + PV of Cash Flow					
Reversion	10	28,528,889	0.3522	\$10,047,432	
Subtotal PV From Cash Flow				\$12,799,359	
Market Value as of		January 1, 2018		\$22,846,791	
Less Renovation Costs				\$0	
Market Value				\$22,846,791	
Rounded Market Value				\$22,800,000	
Valuation Factors					
Price Per Hotel Room:				\$126,667	
% of Value from Cash Flow				56.1%	
% of Value from Reversion				44.1%	
Source: Hotel & Leisure Advisors					

The valuation indicates a conclusion of \$22,800,000 as stabilized or \$126,667 per available hotel room (180 rooms).

Comparison of Value Created to Projected Costs

A key component of a feasibility study is to determine if the projected value created as shown from the discounted cash flow analysis equals or exceeds the development cost for the proposed project. Our feasibility study has presented the projected value created after performing a detailed analysis of the market, projected usage, and financial analysis. In some cases, the feasibility study will not have the detailed costs available and this conclusion will be determined at a later date after the client has cost estimates performed by building contractors and architects. In other cases, the client has already performed estimates of construction costs, and the feasibility study will present these estimates and compare the value created to the development costs to determine if the project is feasible. Determining the sources and uses of funds is outside the scope of this study.

In the case of the subject property, there are still many unknowns because construction costs and municipal incentives have not yet been determined. The as-complete value created by the proposed subject hotel equals approximately \$114,444 per available room. As previously discussed, the anticipated median construction costs (inclusive of land) range from \$105,600 per available room for a midscale with food and beverage property to \$195,300 per available room for a full-service property. A conclusion of whether or not the proposed hotel is feasible will have to be determined at a later date, as there are still too many unknowns regarding costs, incentives, and municipal subsidies. Due to these many unknowns, we note that the value conclusion is not meant to be market value, but rather is presented as an analysis of value utilizing typical parameters performed in the income capitalization approach for an appraisal.

We are available to perform additional analysis on the subject as additional information is obtained.

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Eric B. Hansen, AIA, ISHC has made a personal inspection of the property that is the subject of this report.
- Kyle Mossman provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.
- As of the date of this report, Eric B. Hansen, AIA, ISHC has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Eric B. Hansen, AIA, ISHC
Director of Development Services

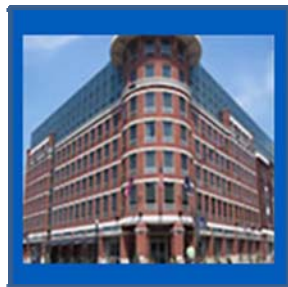
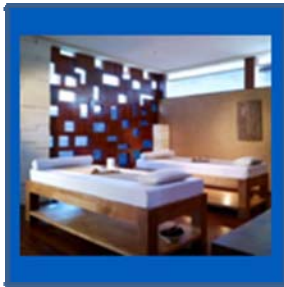
ADDENDUM I

Qualifications of Hotel & Leisure Advisors



Our Mission:

Provide thorough and
thoughtful analysis to our
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hospitality industry



Hotel & Leisure Advisors
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HOTEL & LEISURE ADVISORS

Summary of Qualifications

Section A

Services

Section B

- Market & Financial Feasibility Studies
- Appraisals & Tax Appeal Appraisals
- Economic Impact Studies
- Impact Analysis
- Management Company Analysis
- Litigation Support & Expert Witness Testimony
- Property Reviews & Management Services
- Other Development Services
- Seminars, Presentations, & Industry Research

Property Type Specialties

Section C

- Hotels & Resorts
- Indoor Waterpark Resorts, Waterparks, & Amusement Parks
- Golf Courses and Ski Resorts
- Restaurants
- Conference, Convention, & Exposition Centers

Resources

Section D

Clients and Assignments

Section E

Staff

Section F

FOCUS

- ❖ We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to hospitality and real estate. We have a particular emphasis in hotels, waterparks, resorts, golf courses, ski resorts, amusement parks, casinos, restaurants, and conference and convention centers.
- ❖ We participate in industry associations and trade groups to keep us abreast of developments affecting our clients and give us access to rich sources of data.
- ❖ We follow news and transactions occurring in the hospitality industry on a daily basis.

EXPERIENCE

- ❖ Our consultants have more than 100 years combined experience in the hospitality industry and have studied more than 2,000 properties throughout the United States, Canada, and the Caribbean.
- ❖ Our consultants analyze a variety of property types and work with clients who have many different objectives.
- ❖ We apply appropriate and detailed analysis to projects ranging from stand-alone properties to complex multi-component developments.

EDUCATION

- ❖ The consultants of Hotel & Leisure Advisors have degrees from recognized hospitality programs at leading universities.
- ❖ All consultants participate in continuing education programs provided by appraisal and hospitality organizations.
- ❖ David J. Sangree (President) holds the MAI designation from the Appraisal Institute, is a state licensed Certified General Appraiser, a CPA, and is a member of the International Society of Hospitality Consultants (ISHC). Eric Hansen (Director of Development Services) is an American Institute of Architects (AIA) member and a member of the ISHC. Laurel A. Keller, Joseph Pierce, Nuresh Maredia, and Eric Hansen all hold a State Certified General Appraiser license.

VALUE

- ❖ Hotel & Leisure Advisors produces comprehensive, detailed reports that meet the high standards outlined by the Appraisal Institute and adheres to the Uniform Standards of Professional Appraisal Practice (USPAP).
- ❖ We obtain statistical data from Smith Travel Research, PKF Hospitality Research, World Waterpark Association, International Association of Amusement Parks and Attractions, American Resort Development Association, National Golf Foundation, and National Ski Areas Association.

REPUTATION

- ❖ Hotel & Leisure Advisors acquires much of its business from referrals by clients who recognize the quality and value of our reports. We are happy to provide references on request.
- ❖ Our reports are respected by clients who acknowledge the reasoning and research behind our conclusions.
- ❖ Our consultants are quoted in the media and contribute articles to leading industry publications.

Hotel & Leisure Advisors is proud to provide an extensive range of services to our clients. We will customize our reports to meet your needs and the specific details of your project.

Market & Financial Feasibility Studies

A market and financial feasibility study is prepared for proposed projects or for existing properties being considered for significant changes. The study is an analysis of market conditions, economic and demographic factors, site conditions, and their effects on the proposed project. Hotel & Leisure Advisors completes a detailed analysis of comparable properties' performance and conditions. We research and present information concerning properties that are closing and new supply additions. We analyze existing and projected demand generators in the market. The study estimates the operating performance of the proposed project and may suggest variations in size or scope that would improve performance.

Lenders may require a feasibility study as part of a financing application. Developers, investors, owners, and managers may use a feasibility study in their planning processes. H&LA prepares market and financial feasibility studies for all types of hotels and leisure real estate. We conduct extensive supply and demand interviews when researching performance levels of hotels and leisure real estate within local and regional markets. We utilize a sophisticated hospitality valuation and analysis model that provides a detailed analysis of a market by evaluating competitive factors, several databases of financial information, and comparisons with other similar properties and industry standard reports. We review data generated from Smith Travel Research, the Host Study, PKF, IAAPA, the World Waterpark Association, National Ski Area Association, the American Resort Development Association, the National Golf Foundation, and the National Restaurant Association.

Appraisals & Tax Appeal Appraisals

An appraisal is a professional opinion of the value of a property. It is often used in the process of obtaining financing and establishing a market value for a sale. Periodic appraisals may be required to assess the quality of a lender's portfolio. Appraisals are often ordered by lenders, buyers, sellers, owners wishing to refinance, and investors.

An appraiser with the MAI designation exceeds the state certification and licensing required of all appraisers. When you hire an MAI, you are receiving the services of a professional with specialized training and experience in the appraisal industry who adheres to specific standards and ethics and must fulfill continuing education requirements. David J. Sangree, MAI, CPA, ISHC, holds the Appraisal Institute's MAI designation and is licensed to conduct appraisals in Ohio and other states. He and the experienced staff of H&LA prepare the highest quality real estate appraisal reports for the hospitality industry. We also prepare appraisal reviews of other hospitality-related appraisals.

H&LA utilizes a sophisticated hospitality valuation model which provides a detailed analysis of a market and determines the valuation for a property. Our analysis considers the income capitalization approach, sales approach, and cost approach, with a primary focus on the income capitalization approach for a hospitality project.

A tax appeal appraisal is a specialized form of an appraisal that is typically done in relationship to a tax assessment appeal by either the government or the property owner to determine the real estate market value.

H&LA will prepare a market value appraisal to determine the real estate component of the going concern hospitality property. Our analysis includes a detailed review of the market and determines the going concern valuation. We then allocate that value among the real estate, personal property, and any business value component that may exist. David J. Sangree, Laurel Keller, Joseph Pierce, and Nuresh Maredia have testified in numerous tax appeal cases in various states for both the property owner and the government entities concerning appraisals we have completed.

Economic Impact Studies

An economic impact study analyzes the financial impact a particular project will have throughout the many levels of the economy, both locally and countywide. This impact will include both temporary and permanent effects on the economy. Temporary impacts will include jobs and revenues created during the construction of the facility as well as related costs. Permanent economic impacts will be generated by permanent jobs created, ongoing revenues realized by service providers, and other sources.

Our studies identify significant economic events resulting from construction and operations of a proposed facility, review and analyze event patron surveys throughout the nation to estimate spending patterns, analyze relevant municipal revenues, and project the impact on the market for the development of proposed facilities. We estimate three types of economic impact, including Direct-Effect Impact, Indirect or Induced Impacts, and Final Impacts on local economies. We utilize the RIMS II multipliers for output earnings and employment by industry for the county, which are generated by the U.S. Department of Commerce. We calculate the projected jobs and output for the proposed development for a ten-year period. We also calculate projected tax revenue from all sources for a ten-year period.

Impact Analysis

An impact analysis for a proposed project examines the effects of that project in a market where an existing franchise exists. An owner of an existing franchise or the franchising company may order an impact analysis when a new franchise is being considered in an area where similar properties are in operation.

David J. Sangree and Eric Hansen, AIA, ISHC are on the recommended list of many hotel companies to prepare impact analyses for their franchises. An impact analysis looks at the actual performance of the subject hotel and considers demand sources for the proposed hotel. After conducting various interviews in the market, we prepare an thorough analysis that considers the potential impact the proposed property will have on the existing property. We utilize a detailed computer-based model to determine the existing demand at the objecting property and consider specific demand segments that may switch to a new property if it were constructed. We analyze potential additional demand which could come to the objecting property from having another brand affiliation in a general market. We estimate the amount of occupancy, average daily rate, and room revenue impact that may occur from the addition of a new property to an existing market. We estimate both base and incremental impact.

Litigation Support & Expert Witness Testimony

Hotel & Leisure Advisors is available to provide expert witness testimony for attorneys in various litigation cases involving the hospitality industry or valuations. David J. Sangree has testified in a number of courtrooms in various states concerning hotel- and hospitality-related projects. As an expert witness, he provides high level qualifications and strong research capabilities.

Management Company Analysis

A management company analysis is a review of an existing or proposed hospitality project and the identification of appropriate management companies to consider as operators of the facility. Hiring a qualified management company can make or break a hotel or resort development. Spending the appropriate resources to identify the most qualified management company is a useful analysis to perform. Hotel & Leisure Advisors is available to assist our clients in identifying appropriate management companies for all types of hospitality projects.

Using our extensive database of management companies, will obtain proposals and conduct interviews with companies that would be the most appropriate to consider for the project. We will provide our client with the profiles of competent and experienced management companies that will share similar goals and vision for the project.

Operational Analysis

The consultants of Hotel & Leisure Advisors have over 100 years of combined experience in managing, reviewing, and operating hotels. We offer a one-time operational analysis and review of an existing hotel to analyze areas where the hotel is performing well and areas that are in need of improvements. Our report considers both objective and subjective performance characteristics through our inspection of the property and the completion of various interviews. During the course of our research, we will interview management of the property, management of comparable properties, clients of the property, and knowledgeable city and county officials. We will also perform a financial review comparing the financial performance of the subject property with industry standards and our database of over 1,000 financial statements of hotels.

Asset Management Services

For hotels requiring ongoing operational analysis, Hotel & Leisure Advisors offers asset management services to optimize the performance of the property. Our qualified asset managers provide additional resources for the property to improve success. We will work with the hotel management company and the owner to optimize the value of the hotel property. Our experienced consultants will offer specific services tailored to the client and his/her property. Specific service offerings include market research, operations oversight, accounting review, meetings with management, contract negotiations, and advice on various aspects of operating and marketing the hotel property.

Property Condition Assessment

A property condition assessment is an analysis that assesses the general physical condition and maintenance status of an existing building and property. This survey provides recommendations for repair/renovation with cost estimates. This survey gives

receivers, owners, and lenders the opportunity to stabilize and protect the value of their hotels. Additionally, brokers can utilize hotel physical condition assessment surveys to enhance their property offering materials.

As Director of Development Services for Hotel & Leisure Advisors, Eric B. Hansen is a licensed architect and hospitality consultant. He and his staff leverage their knowledge of the development process and their financial acumen to assess and communicate the appropriate direction for a project.

Other Development Services

Hotel & Leisure Advisors offers other development related services on an as-needed basis. For site analyses and reviews, we research potential locations for lodging and leisure facilities, prepare a detailed analysis on the location, and review performance of comparable properties. Studies include analyzing traffic counts, access to the site, visibility, proximity and travel time, nearby visitor attractions, nearby corporate and group demand generators, and access to convention and event facilities. We analyze primary leisure, group, and commercial attractions and organizations within the market to identify distances from the site to potential demand generators.

Hotel & Leisure Advisors also provides the following development services:

- Site Verification
- RFQ/RFP Preparation
- Hotel Brand Facilitator
- Hotel Brand Selection Assistance
- Hotel Brand Compliance Services
- Product Research Assistance

Our services help the developer, corporate brand franchisor, and/or owner with their development needs.

Seminars, Presentations, and Industry Research

David J. Sangree and Eric Hansen have presented at seminars for a range of national hotel, waterpark, and amusement conferences. The consultants of H&LA are available to lead seminars and presentations for various organizations concerning hospitality industry topics or about a specific topic for a company or organization.

Hotel & Leisure Advisors conducts industry research concerning the hospitality industry on a wide range of topics. Our consultants have written numerous publications about various topics in the hospitality industry, including indoor waterpark resorts, hotel capitalization rates, hotel impact studies, management fees in hotels, overviews on various markets within the United States, and other topics.

Hotel & Leisure Advisors specializes in hotels, resorts, waterparks, amusement parks, casinos, golf courses, restaurants, conference and convention centers, ski resorts, and other leisure real estate. Our focus on these property types provides our clients with access to the latest industry trends and resources.

Hotels & Resorts

- We have analyzed more than 2,000 existing and proposed hotels and resorts and have studied various markets throughout the United States, Canada, and the Caribbean.
- We have experience with a wide range of property types and hotel franchises.
- We have databases of thousands of hotel and resort financial statements, casino financial statements, sales comparables, and performance data

Indoor Waterpark Resorts, Waterparks, & Amusement Parks

- David J. Sangree is a recognized expert on indoor waterpark resorts and has visited most of the indoor waterpark properties in the United States and Canada.
- He has been a featured speaker and roundtable participant at industry conferences sponsored by the World Waterpark Association, International Association of Amusement Parks and Attractions, Aquatics International, and the International Society of Hospitality Consultants.
- H&LA has completed more than 200 studies of hotels and resorts with waterparks. H&LA has analyzed a range of waterparks and amusement parks with annual attendance from 50,000 to over 2,000,000 people.

Golf Courses

- We have analyzed a mixture of stand-alone golf courses, golf course resorts, and golf course residential developments throughout the United States.
- Our consultants are members of the National Golf Foundation.
- We maintain databases of golf course financial statements and sales comparables.

Ski Resorts

- We have analyzed a wide range of ski resorts in the northeastern United States.
- Our consultants are members of the National Ski Areas Association.
- We maintain databases of ski resort financial statements and sales comparables.

Restaurants

- We have analyzed a wide range of restaurants throughout the United States.
- Our staff has extensive work experience in a wide range of restaurants including chain-style and high-end facilities

Conference, Convention, & Exposition Centers

- We have conducted studies on larger conference and convention centers located in major metropolitan areas, as well as smaller conference centers in hotels.
- We have completed feasibility studies for proposed facilities and appraisals of existing centers.

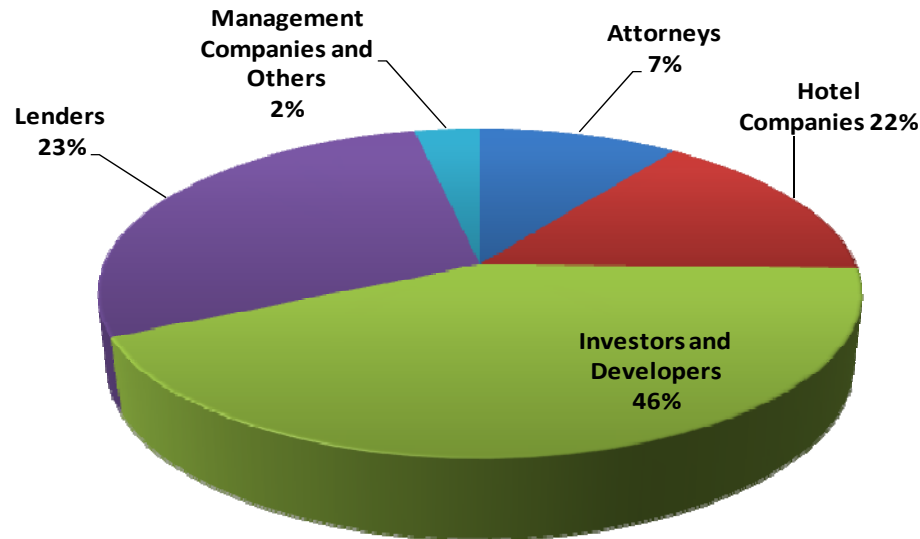
Hotel & Leisure Advisors' unique position in the hospitality industry allows us to access many resources that give more depth to the reports we prepare for our clients. We utilize the following resources:

- Reliable contacts with developers, lenders, architects, and franchise companies that provide information on performance, fees, and new supply information
- Financial statements database of more than 1,000 hotels and resorts throughout the United States and Canada
- Hotel sales database that contains more than 8,000 sales across a wide range of prices and brands
- Financial statements database and sales database for casino properties located throughout the United States including Native American owned properties
- Financial statements database and sales database for existing indoor waterpark resorts
- Updated list of new indoor waterpark resorts proposed in the U.S. and Canada
- World Waterpark Association and the International Association of Amusement Parks and Attractions memberships, which provide extensive data and research concerning indoor and outdoor waterparks, amusement parks, and family entertainment centers
- Financial and usage databases for outdoor waterparks, amusement parks, and family entertainment centers
- Smith Travel Research, PKF Trends, Lodging Econometrics, and other hotel data sources
- Golf course financial statements and golf course sales database
- Statistical data concerning the performance of golf courses from National Golf Foundation, Pellucid, and others
- Ski Resort financial statements database and ski resort sales database
- Ski resort data from National Ski Areas Association, RRC Associates, and others
- National Restaurant Association and related statistical restaurant data
- International Association of Assembly Managers, *Meetings Magazine*, and other sources that profile the meetings industry
- American Resort Development Association provides extensive information concerning timeshare and fractional interest resorts

Our consultants continue to find additional resources that provide valuable information for our clients and the respective projects we are analyzing.

Hotel & Leisure Advisors works with a wide range of developers, investors, hotel companies, lenders, management companies, attorneys, and others in providing appraisals, market feasibility studies, impact studies, and other consulting reports. The following chart represents a breakdown of our clients by category.

If you would like specific references relevant to your type of project, please contact us.



Breakdown of Client Types

Highlights

Developers and Investors

- Scott Enterprises
- CNL Lifestyle Companies
- Kalahari Resorts
- Ho-Chunk Gaming

Hotel Companies

- Best Western International
- Choice Hotels International
- Marriott International

Management Companies

- Hostmark Hospitality Group
- Cedar Fair
- Great Wolf Resorts
- Winegardner and Hammons

Lenders

- Wells Fargo
- US Bank
- Deutsche Bank
- M&T Bank

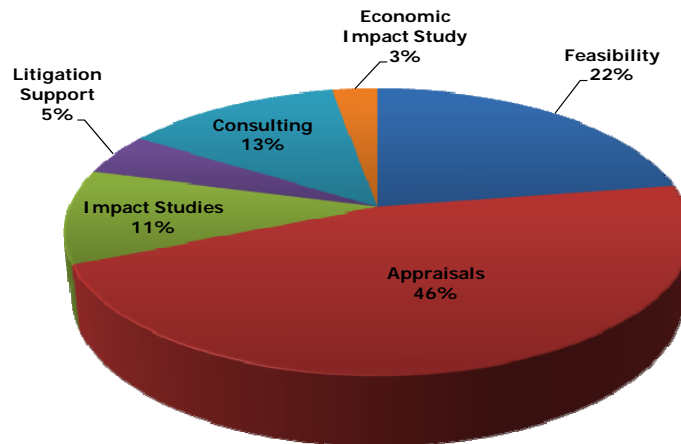
Attorneys

- Baker Hostetler
- Squire, Sanders & Dempsey
- Britton Smith Peters & Kalail

Other

- Ohio Department of Transportation
- Michigan State University
- Columbus Airport Authority
- FDIC

Our studies have taken us all across the United States and Canada. We have analyzed an extensive range of property types with a particular emphasis on hotels and waterparks. The chart below shows the types of assignments we have performed for our clients.



Breakdown of Assignment Types

We cover all segments of the hospitality industry and give expert analysis about hotels, waterparks, golf courses, ski resorts, restaurants, amusements parks, casinos, and conference and convention centers. The following highlights a small sample of properties we have studied in recent years. For a complete list of all of our projects by state, please visit our website at <http://www.hladvisors.com/projects.htm>.

Hotels

- Intercontinental Hotel – Boston, MA
- Westin Hotel – Chicago, IL
- Hotel Portfolio (9 properties) Various States
- Courtyard by Marriott – Cleveland, OH

Waterpark Resorts

- Kalahari Resort – Wisconsin Dells, WI
- Great Wolf Lodge – Concord, NC
- Key Lime Cove – Gurnee, IL
- Myrtle Waves Waterpark – Myrtle Beach, FL

Ski Resorts

- Greek Peak Ski Resort – Virgil, NY
- Peek n Peak Ski Resort – Findley Lake, NY
- Mountain Creek Ski Resort – Vernon, NJ

Conference Centers

- LaVista Conference Center – La Vista, NE
- I-X Convention Center – Cleveland, OH
- Proposed Conference Center – Columbus, IN

Resorts and Casino Resorts

- Peabody Hotel – Memphis, TN
- Wheeling Island Hotel, Casino, and Racetrack - WV
- Homestead Resort – Hot Springs, VA
- Marriott Resort – Orlando, FL

Golf Courses

- Keswick Club – Keswick, VA
- Stallion Mountain Country Club – Las Vegas, NV
- Red Tail Golf Club – Avon, OH
- Jack Frost National Golf Course – Blakeslee, PA

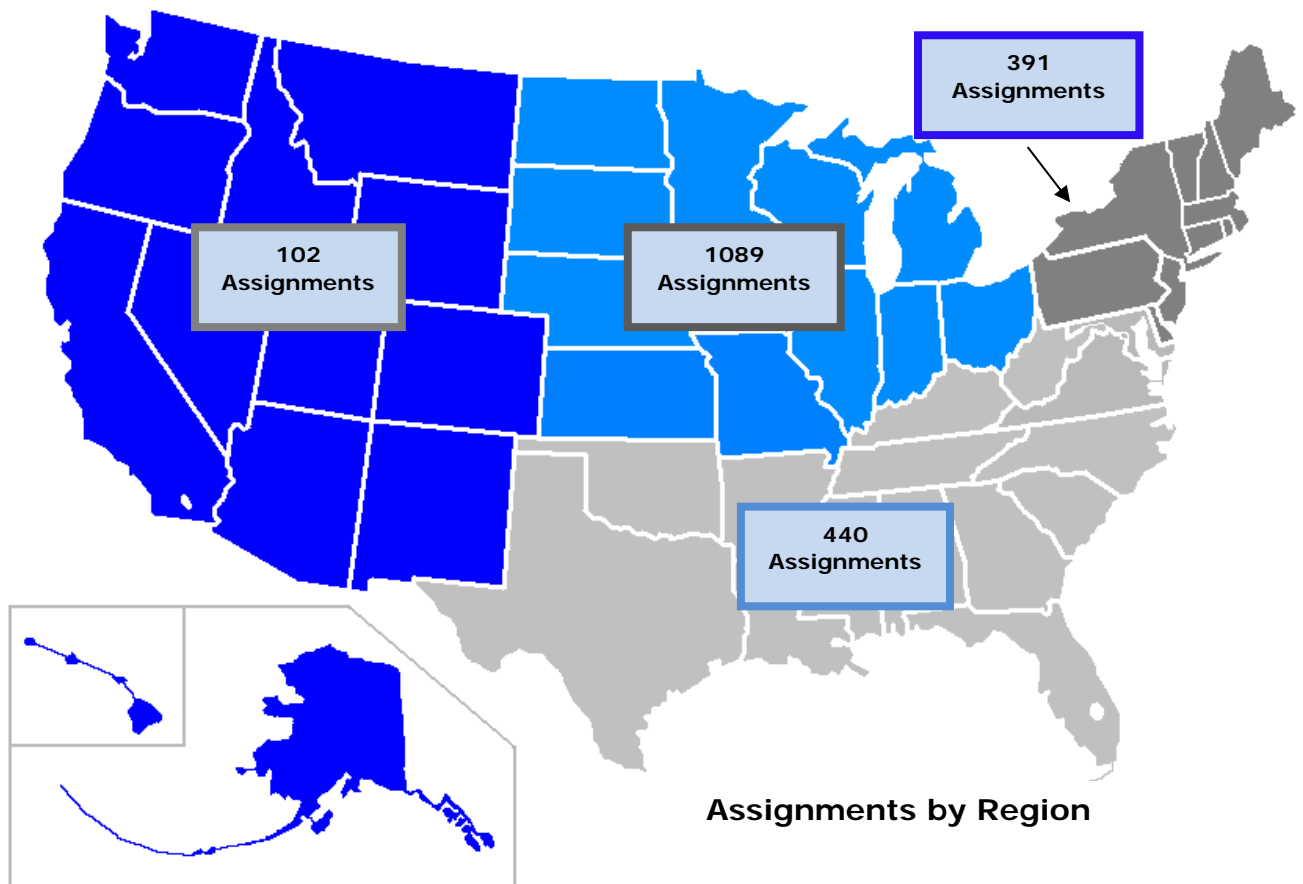
Amusement Parks

- Magic Springs Amusement Park – Hot Springs, AR
- Cypress Gardens Amusement Park – Winter Haven, FL
- Elitch Gardens Amusement Park – Denver, CO

Restaurants

- 21 Club – New York, NY
- McDonald's Restaurants – Cleveland, OH
- Quaker Steak and Lube – Erie, PA

H&LA works across the United States and Canada and in other international locations. This map highlights the number of assignments our consultants have worked on in the different regions of the United States. For a complete list of assignments in the United States and internationally, please review the H&LA website at <http://www.hladvisors.com/projects>.



Hotel & Leisure Advisors is a team of qualified appraisal professionals and support staff with more than 100 combined years of experience in the hospitality industry. Our knowledge of hospitality industry trends, access to superb resources, and experience result in detailed, functional, and informative reports for our clients.

David J. Sangree, MAI, CPA, ISHC - President

Mr. Sangree's expertise is in the appraisal and analysis of hotels, resorts, indoor and outdoor waterparks, amusement parks, casinos, conference centers, golf courses, restaurants, ski resorts, and other leisure real estate. He has completed studies on more than 2,000 existing and proposed hotels throughout North America in all price ranges, including economy, full-service, extended-stay, luxury hotels, resorts, and indoor waterpark resorts. Since 1987, Mr. Sangree has provided consulting services to banks, hotel companies, developers, management companies, and other parties involved in the lodging and leisure sectors throughout the United States, Canada, and the Caribbean. He is a state certified general appraiser in Ohio and many other states.

Mr. Sangree was formerly employed by US Realty Consultants in Cleveland and Columbus, Pannell Kerr Forster in Chicago, and Westin Hotels in Chicago, New York, Fort Lauderdale, and Cincinnati. Mr. Sangree received his Bachelor of Science degree from Cornell University School of Hotel Administration in 1984.

He has spoken at many seminars throughout the United States, has written numerous articles, and is frequently quoted in magazines and newspapers about the hospitality and waterpark industry. He has appeared on *Good Morning America* and *CNBC* in segments profiling resorts and waterparks. Mr. Sangree has twice been named one of *Aquatics International Magazine's "Power 25,"* an annual list of professionals it deems the most powerful people in the aquatics industry. Mr. Sangree was profiled as one of the first consultants serving the waterpark resort industry and for his expertise and experience in shaping some of the latest industry trends.

Eric B. Hansen, AIA, ISHC – Director of Development Services

Mr. Hansen offers 18 years of hospitality experience, working throughout the United States to provide consulting services for the hospitality industry. Along with skills in preparing consulting reports and designing hospitality properties, he has expertise in site planning and development services, planning and zoning expert witness testimony, jurisdictional due diligence, and PIP analysis. He has worked with various hotel company corporate offices and has extensive knowledge of brand criteria.

Mr. Hansen received his Bachelor of Architecture from the University of Cincinnati in 1989 and a certification in Hotel Financial Management from the Cornell University School of Hotel Administration Professional Development Program in 2007. Mr. Hansen was formerly employed by Cole + Russell Architects, Inc., as the Director of the C+RA Hospitality Studio. With a foundation in financial management, appraisal theory, and hospitality consulting, Mr. Hansen brings well-rounded expertise to various H&LA assignments and assists clients with their pre-development, consulting, and valuation needs. He is a Certified General Real Estate Appraiser in Ohio.

Laurel A. Keller – Director of Appraisal & Consulting Services

Ms. Keller has been a hospitality consultant and appraiser since 2001, and has completed over 200 assignments in 32 states. She has appraised individual assets ranging in value from less than \$1,000,000 to well over \$100,000,000. She has held management positions with the Sheraton Cleveland Airport Hotel, the Sheraton Cleveland City Center Hotel, the Avon Oaks Country Club in Avon, Ohio, and the Onwentsia Country Club in Lake Forest, Illinois.

Ms. Keller manages projects completed by other associates and testifies at hearings regarding appraisals completed. She has generated appraisals, market feasibility studies, economic impact studies, operational reviews, and impact studies for a wide variety of leisure and hospitality oriented property types. Ms. Keller received her Bachelor of Science in Hospitality Management from Purdue University in 1997. She is a Certified General Real Estate Appraiser in Ohio and is currently working towards her MAI designation from the Appraisal Institute.

Joseph Pierce – Director of Appraisal & Consulting Services

Joseph Pierce has been a hospitality consultant and appraiser since 2003. He has completed appraisals, market feasibility studies, economic impact studies, and impact studies throughout the United States. Mr. Pierce has a wide range of experience in operations and accounting for hotels and resorts. Mr. Pierce was a Controller and Director of Finance and Accounting for Clarion, Renaissance, Marriott, and Westin Hotels. He also managed The Talbott Hotel, an independently-owned hotel in Chicago. Mr. Pierce received an MBA from Michigan State University's hospitality program in 1981 and a Bachelor of Science in Accounting from the State University of New York at Brockport in 1978. He is a Certified General Real Estate Appraiser in Ohio, Michigan and Pennsylvania.

Nuresh Maredia – Project Manager

Mr. Maredia is a hospitality consultant and appraiser and has completed assignments in over 30 states. Since joining Hotel & Leisure Advisors, Mr. Maredia has completed over 100 studies. He has generated appraisals, market feasibility studies, economic impact studies, and hotel impact studies for a wide variety of leisure and hospitality oriented property types. Mr. Maredia has a wide range of experience in hotels and resorts. He has worked in management positions at a hotel and restaurant in Texas and has also helped operate and manage four independent hotels near Mumbai, India. He has been a hospitality consultant since 2006. Mr. Maredia received a Masters of Science in Hospitality Business in 2005 and a Bachelor of Arts in Business Finance in 2003 from Michigan State University. He is a Certified General Real Estate Appraiser in Ohio, Michigan, and Texas.

Pierre Rigaud – Associate

Mr. Rigaud performs appraisals, market feasibility studies, and impact studies nationally for a wide range of hospitality properties. He has extensive operational, administrative and management experiences with renowned hotel chains including Ritz, Four Seasons, Park Hyatt and Accor. He received his Bachelor in Hotel Administration from the Center of Hotel Management in Paris and his Master in Real Estate from Cornell University, with concentrations in residential development and sustainable real estate.

Kyle Mossman – Senior Research Analyst

Mr. Mossman researches various hospitality-related topics for the firm and performs reviews and math checks of reports and prepares demographic and business analysis. He is a 1999 graduate of Otterbein College and obtained his Master's Degree in Library and Information Science from Kent State University in 2006.

Heidi Banak – Research Analyst/Marketing Coordinator

Ms. Banak provides administrative support, conducts hospitality research, and performs reviews and math checks of reports. She manages our website and other communications and assists with marketing. She received a Bachelor of Arts from Kent State University in 2003.

Hollie Gibbs – Research Analyst

Ms. Gibbs provides research and administrative support to Hotel & Leisure Advisors' staff members and performs reviews and math checks of reports. She received her Bachelor of Science degree in Journalism and Mass Communication from Kent State University.

Laura M. Sangree – Business Manager

Mrs. Sangree manages accounting, human resources, and technology functions for Hotel & Leisure Advisors. She received an MBA from the University of Chicago in 1988 and a Bachelor of Arts from The College of Wooster in 1984.

Eric B. Hansen, AIA, ISHC

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www.hladvisors.com

Professional Affiliations

Associate Member of the Appraisal Institute
American Institute of Architects (AIA)
International Society of Hospitality Consultants (ISHC)
National Council of Architectural Registration Boards (NCARB)
Ohio Hotel & Lodging Association
Ohio Travel Association – Board Member 2010-2012
Secretary 2012/2013
World Waterpark Association

Education

Certification in Hotel Financial Management, Cornell University School of Hotel
Administration, Executive Education Program, 2007
Bachelor of Architecture, University of Cincinnati, 1989

Appraisal Institute courses:

- Appraisal Principles
- Appraisal Procedures
- Fair Housing
- USPAP 15 hour
- Sales Comparison Approach
- Market Analysis and Highest and Best Use
- Cost Approach and Site Valuation
- Income Capitalization Approach I
- Income Capitalization Approach II
- Real Estate Finance Statistics and Valuation Modeling
- General Appraiser Report Writing and Case Studies
- Advanced Income Capitalization
- Online Business Practices and Ethics

Various continuing educational courses for AIA membership

State Certification

Certified General Real Estate Appraiser in the State of Ohio
Certified General Real Estate Appraiser in the State of Michigan
Active Architectural License in the State of Ohio

Experience

- Director of Development Services, Hotel & Leisure Advisors, Cleveland, Ohio since August 2007
- Principal, Cole + Russell Architects, Inc., Cincinnati, Ohio 1992 - 2007
 - Hospitality Studio Director 1998 - 2004
 - Housing Studio Director 2004 - 2006
 - C+RA Board of Directors, Secretary, 2000 – 2006
- Intern Architect, Corporex Companies, Covington, Kentucky, 1988 - 1992

Mr. Hansen's expertise is in the project development analysis of hospitality facilities. Mr. Hansen is also active in performing appraisals, market feasibility studies, and impact studies for hotels, resorts, waterparks, sports facilities, golf courses, conference centers, and other hospitality properties. Mr. Hansen offers over 18 years of experience in the hospitality industry and has been the responsible architect on over 65 hotels (9,000+ keys) and conference centers of various brands, including full service, extended stay, select service, and economy scales. In 2002, Mr. Hansen was invited to membership in the International Society of Hospitality Consultants as one of eight architects at that time in the membership. Leveraging his background in architecture, he brings expertise in performing feasibility analysis, property condition assessments, site planning and concept development, zoning expert witness testimony, jurisdictional due diligence, and PIP analysis. Mr. Hansen has worked with various major hotel company corporate offices and has extensive knowledge of brand criteria. His tenured experience includes leading his C+RA studio in their relationship with Marriott, as the Prototype Architect for the Courtyard by Marriott brand.

As a 18 year hospitality consultant with a foundation in architecture, financial management, and appraisal theory, Mr. Hansen brings well rounded expertise to various H&LA assignments and assists H&LA clients with their pre development, consulting, and valuation needs.

Published Articles

"Hoteliers Score Business with Sports Groups" *Hotel News Now* May 2013
"When the Waters Run Dry" *World Waterpark, Convention Issue*, October/November 2012
"The Impact of State Incentivized Tourism Development" *Hotel Online*, May 2012
"Making Sense of Green Certifications in Lodging Facilities" *Hotel Online*, September 2010
"Financing your Indoor Waterpark Resort in 2010" *Hotel News Now*, June 2010
"Property Condition Assessments: The Basics" *Hotel Online*, March 2009
"Is Water Conservation at Waterparks Considered Oxymoronic?" *Hotel Online*, April 2008
"Renovation Strategies for Success," *Hotel & Motel Management*, September, 2003

Speaking Engagements

January 2013;

Presenter, Quarterly Meeting of the Cleveland Chapter, Ohio Hotel & Lodging Association, "Cleveland Hotel Market Update"

October 2012;

Presenter, Ohio Conference on Tourism, "Political Action Committee"

October 2011;

Presenter, Ohio Conference on Tourism, "Legislative Action Fund"

April 2011;

Presenter, Quarterly Meeting of the Cleveland Chapter, Ohio Hotel & Lodging Association, "Cleveland Hotel Market Update"
November 2008;
Presenter, Ohio Hotel and Lodging Association, "Lodging Innovations; Design and Technology"
March 2004:
Guest Panelist, Hunter Investment Conference, "Hotel Renovations"
October 2003;
Presenter and Discussion Facilitator, ISHC Conference "IAAC Design Guidelines"
June 2001;
Presenter, Marriott's Link Ownership Conference "Building Codes in the Hotel Industry"

Hospitality Consulting Experience (Aug. 2007 – Present)

Since joining Hotel and Leisure Advisors, Mr. Hansen has completed over 70 studies including feasibility studies, appraisals, economic impact studies, hotel impact studies, and property condition assessments. These studies have encompassed a wide range of projects including large-scale indoor waterpark resorts (with and without condominiums), high-end residential fractional analysis, full-service upscale hotels, residential and non-residential conference centers, multi-sport venues, golf courses, and theaters. Along with performing other miscellaneous consulting assignments including site analysis reviews, he has experience as an expert witness for litigation. In addition, Mr. Hansen created and developed the waterpark industry's first overall drought management plan specifically for indoor waterpark resorts located in drought prone areas of the country.

Hospitality Architectural Experience (1992 – 2007)

Marriott Full Service Hotels	Keys	Completion date
Birmingham, AL	295	1998
Cleveland, OH	295	2005
Coralville, IA	286	2004 (design only)
Cranberry, Twp PA	295	2003
West Des Moines, IA	240	1997 (reflag from Ramada)
DFW Irving, TX	491	1998 (addition design only)
Dublin, OH	295	1997
Erlanger, KY	295	1999
Ft. Worth, TX	295	2000
Indianapolis, IN	60	2008 (addition)
San Antonio, TX	260	2000 (reflag from Holiday Inn)
West Chester, OH	295	2002
Renaissance by Marriott		
Cleveland, OH	n/a	2000 (exterior renovation only)
Raleigh, NC	229	2007
St. Louis, MO	n/a	2003 (Owner's rep CA services only)
Courtyard by Marriott		
Consulting Brand Architect 1999-2002		
Austin, TX	24	2000 (addition)
Bernard's Twp, NJ	235	2001
Elizabeth, NJ	200	2002
Ewing Twp, NJ	130	2003
Fair Oaks, VA	n/a	2002 (lobby & guestroom renovation)
Golden, CO	90	1999
Hunt Valley, MD	n/a	2001 (lobby & guestroom renovation)
Lakewood, CO	90	1997
Landover, MD	n/a	2001 (lobby & guestroom renovation)
North Myrtle Beach, SC	138	1999
Paramus, NJ	153	2007 (design & CA services)
Salt Lake City, UT	150	1998
South Brunswick, NJ	144	2000

Woburn, MA	193	2002
Residence Inn by Marriott		
Austin, TX	88	1998
Chesterfield, MO	n/a	2004 (gatehouse & room renovation)
Elizabeth, NJ	196	2002
Frederick, MD	91	2002
Golden, CO	78	2002
Louisville, CO	82	1998
Louisville, KY	102	1999
Roundrock, TX	96	1998
Saddle River, NJ	174	2002
Salt Lake City, UT	78	1998
San Antonio, TX	29	1998 (addition)
Schaumburg, IL	121	2000
Fairfield Inn by Marriott		
Muskegon, MI	83	2003
TownePlace Suites by Marriott		
Lombard, IL	127	2001
Plantation, FL	102	2001 (design only)
Springfield, VA	135	2003
SpringHill Suites by Marriott		
Austin, TX	134	2001
Centreville, VA	136	2000
Durham, NC	120	2000
Louisville, KY	132	2001
Mishiwaka, IN	134	2000
Newark Airport, NJ	200	2004
Plantation, FL	155	2001 (design only)
Schaumburg, IL	132	2001
Hilton Garden Inn		
Columbus, OH	114	2005
Riverhead, NY	115	2008
Hampton Inn		
Albuquerque, NM	131	1994
Kings Mills, OH	34	1997 (addition)
Urbana, IL	35	2004 (addition)
Homewood Suites by Hilton		
BWI Airport, MD	147	1998
Billerica, MA	147	1999
Great Valley, PA	123	1997
Washington, DC	175	2001
Holiday Inn Express		
Greenville, OH	64	2001
The Savory Hotel & Spa		
Des Moines, IA	270	1998
	Complete renovation of historic full service hotel	
The WISP Mountain Resort		
McHenry, MD	2003	Exterior renovation of condo – hotel
NKU METS Center		
Erlanger, KY	2003	Independent ‘hi-tech’ conference center
First Watch Restaurants		
	Roll-out program 2006-2007	
Various locations in Ohio, Pennsylvania, Kentucky, Florida, Maryland, Missouri, and Arizona		

ADDENDUM II



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Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties

January 2007 to April 2013

Currency: USD - US Dollar

Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

	Tab
Table of Contents	1
Data by Measure	2
Percent Change by Measure	3
Percent Change by Year	4
Twelve Month Moving Average	5
Day of Week Analysis	6
Raw Data	7
Classic	8
Response Report	9
Help	10
Terms and Conditions	11

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties
Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

ADR (\$)															
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD	
2007	105.97	100.94	101.86	98.49	104.85	103.59	102.06	103.93	104.12	106.21	99.63	99.42	102.71	101.56	
2008	107.30	102.46	102.05	107.87	105.14	104.16	102.82	103.63	108.60	110.76	103.41	100.69	105.01	104.93	
2009	108.34	101.91	102.37	101.60	98.54	97.87	95.96	93.55	97.75	99.90	95.59	92.59	98.60	103.20	
2010	96.31	98.05	99.24	98.34	99.11	98.48	96.22	97.93	98.52	99.87	98.68	93.32	97.98	98.10	
2011	100.36	104.80	103.72	101.75	102.12	100.29	97.80	100.79	100.80	101.43	100.58	93.67	100.77	102.72	
2012	104.99	102.70	102.01	102.21	103.43	102.08	107.16	104.13	104.21	104.39	100.80	97.06	103.17	102.82	
2013	101.92	104.92	103.49	108.08										104.92	
Avg	103.59	102.24	102.11	102.91	102.33	101.12	100.37	100.67	102.39	103.88	99.82	96.24	101.44	102.67	

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2007	38,719	34,972	38,719	40,320	41,664	44,100	45,570	45,570	44,100	45,570	44,100	45,570	508,974	152,730
2008	45,570	41,160	45,570	44,100	45,570	44,100	45,570	45,570	44,100	45,570	44,100	45,570	536,550	176,400
2009	45,570	41,160	45,570	44,100	45,570	44,100	45,570	45,570	44,100	45,570	44,100	45,570	536,550	176,400
2010	45,570	41,160	45,570	44,100	45,570	44,100	45,570	45,570	44,100	45,570	44,100	45,570	536,550	176,400
2011	45,570	41,160	45,570	44,100	45,570	44,100	45,570	45,570	44,100	45,570	44,100	45,570	536,550	176,400
2012	45,570	41,160	45,570	44,100	45,570	44,100	45,570	45,570	44,100	45,570	44,100	45,570	536,550	176,400
2013	45,570	41,160	45,570	44,100										176,400
Avg	44,591	40,276	44,591	43,560	44,919	44,100	45,570	45,570	44,100	45,570	44,100	45,570	531,954	173,019

[illegible]

Avg	1,926,829	2,214,602	2,587,857	2,693,135	2,670,339	3,039,027	3,221,527	3,038,710	2,585,131	2,836,997	2,121,392	1,628,124	30,480,751	9,422,423
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Tab 3 - Percent Change from Previous Year - Detail by Measure

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties

Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

Occupancy														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	1.4	3.7	-6.5	13.5	-3.9	13.4	12.4	2.7	2.8	-0.3	-13.3	-5.5	2.0	2.8
2009	-21.5	-9.1	-11.4	-19.3	-16.8	-10.8	-11.0	-3.4	-6.9	-5.3	-2.9	-0.8	-10.2	-15.3
2010	12.7	-3.8	7.1	3.7	10.4	8.7	1.7	1.5	0.5	-3.2	4.5	-8.1	2.9	4.4
2011	-3.2	-6.6	1.6	-0.5	6.2	-2.3	5.9	8.8	6.1	0.0	7.8	-1.6	2.2	-1.9
2012	-2.5	2.0	-2.7	4.7	2.9	14.1	-5.2	-10.1	-10.8	7.6	-1.2	2.4	-0.1	0.5
2013	2.1	3.0	2.1	12.0										5.2
Avg	-1.8	-1.8	-1.6	2.3	-0.2	4.6	0.8	-0.1	-1.7	-0.2	-1.0	-2.7	-0.6	-0.7

ADR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	1.3	1.5	0.2	9.5	0.3	0.6	0.7	-0.3	4.3	4.3	3.8	1.3	2.2	3.3
2009	1.0	-0.5	0.3	-5.8	-6.3	-6.0	-6.7	-9.7	-10.0	-9.8	-7.6	-8.0	-6.1	-1.7
2010	-11.1	-3.8	-3.1	-3.2	0.6	0.6	0.3	4.7	0.8	-0.0	3.2	0.8	-0.6	-4.9
2011	4.2	6.9	4.5	3.5	3.0	1.8	1.6	2.9	2.3	1.6	1.9	0.4	2.9	4.7
2012	4.6	-2.0	-1.6	0.4	1.3	1.8	9.6	3.3	3.4	2.9	0.2	3.6	2.4	0.1
2013	-2.9	2.2	1.4	5.7										2.0
Avg	-0.5	0.7	0.3	1.7	-0.2	-0.2	1.1	0.2	0.2	-0.2	0.3	-0.4	0.1	0.6

RevPAR														Total Year	Apr YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2008	2.7	5.3	-6.4	24.3	-3.6	14.0	13.2	2.4	7.2	4.0	-10.0	-4.3	4.3	6.2	
2009	-20.7	-9.6	-11.1	-24.0	-22.0	-16.2	-16.9	-12.8	-16.2	-14.6	-10.2	-8.8	-15.7	-16.7	
2010	0.1	-7.5	3.8	0.3	11.0	9.4	2.0	6.3	1.3	-3.2	7.9	-7.4	2.3	-0.8	
2011	0.9	-0.1	6.2	3.0	9.5	-0.5	7.6	12.0	8.6	1.6	9.9	-1.3	5.1	2.7	
2012	2.0	-0.0	-4.3	5.2	4.2	16.1	3.8	-7.1	-7.7	10.7	-0.9	6.1	2.3	0.6	
2013	-0.8	5.2	3.6	18.4										7.3	
Avg	-2.6	-1.1	-1.4	4.5	-0.2	4.6	2.0	0.2	-1.4	-0.3	-0.7	-3.1	-0.3	-0.1	

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	17.7	17.7	17.7	9.4	9.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.4	15.5
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0										0.0
Avg	2.9	2.9	2.9	1.6	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	2.6

Demand															
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD	
2008	19.4	22.0	10.0	24.1	5.1	13.4	12.4	2.7	2.8	-0.3	-13.3	-5.5	7.5	18.7	
2009	-21.5	-9.1	-11.4	-19.3	-16.8	-10.8	-11.0	-3.4	-6.9	-5.3	-2.9	-0.8	-10.2	-15.3	
2010	12.7	-3.8	7.1	3.7	10.4	8.7	1.7	1.5	0.5	-3.2	4.5	-8.1	2.9	4.4	
2011	-3.2	-6.6	1.6	-0.5	6.2	-2.3	5.9	8.8	6.1	0.0	7.8	-1.6	2.2	-1.9	
2012	-2.5	2.0	-2.7	4.7	2.9	14.1	-5.2	-10.1	-10.8	7.6	-1.2	2.4	-0.1	0.5	
2013	2.1	3.0	2.1	12.0										5.2	
Avg	1.2	1.3	1.1	4.1	1.6	4.6	0.8	-0.1	-1.7	-0.2	-1.0	-2.7	0.5	1.9	

Revenue														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	20.9	23.9	10.2	36.0	5.4	14.0	13.2	2.4	7.2	4.0	-10.0	-4.3	10.0	22.6
2009	-20.7	-9.6	-11.1	-24.0	-22.0	-16.2	-16.9	-12.8	-16.2	-14.6	-10.2	-8.8	-15.7	-16.7
2010	0.1	-7.5	3.8	0.3	11.0	9.4	2.0	6.3	1.3	-3.2	7.9	-7.4	2.3	-0.8
2011	0.9	-0.1	6.2	3.0	9.5	-0.5	7.6	12.0	8.6	1.6	9.9	-1.3	5.1	2.7
2012	2.0	-0.0	-4.3	5.2	4.2	16.1	3.8	-7.1	-7.7	10.7	-0.9	6.1	2.3	0.6
2013	-0.8	5.2	3.6	18.4										7.3
Avg	0.4	2.0	1.4	6.5	1.6	4.6	2.0	0.2	-1.4	-0.3	-0.7	-3.1	0.8	2.6

Tab 4 - Percent Change from Previous Year - Detail by Year

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties

Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Total Year	Apr YTD
Occ	1.4	3.7	-6.5	13.5	-3.9	13.4	12.4	2.7	2.8	-0.3	-13.3	-5.5	2.0	2.8
ADR	1.3	1.5	0.2	9.5	0.3	0.6	0.7	-0.3	4.3	4.3	3.8	1.3	2.2	3.3
RevPAR	2.7	5.3	-6.4	24.3	-3.6	14.0	13.2	2.4	7.2	4.0	-10.0	-4.3	4.3	6.2
Supply	17.7	17.7	17.7	9.4	9.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.4	15.5
Demand	19.4	22.0	10.0	24.1	5.1	13.4	12.4	2.7	2.8	-0.3	-13.3	-5.5	7.5	18.7
Revenue	20.9	23.9	10.2	36.0	5.4	14.0	13.2	2.4	7.2	4.0	-10.0	-4.3	10.0	22.6

	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Total Year	Apr YTD
Occ	-21.5	-9.1	-11.4	-19.3	-16.8	-10.8	-11.0	-3.4	-6.9	-5.3	-2.9	-0.8	-10.2	-15.3
ADR	1.0	-0.5	0.3	-5.8	-6.3	-6.0	-6.7	-9.7	-10.0	-9.8	-7.6	-8.0	-6.1	-1.7
RevPAR	-20.7	-9.6	-11.1	-24.0	-22.0	-16.2	-16.9	-12.8	-16.2	-14.6	-10.2	-8.8	-15.7	-16.7
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-21.5	-9.1	-11.4	-19.3	-16.8	-10.8	-11.0	-3.4	-6.9	-5.3	-2.9	-0.8	-10.2	-15.3
Revenue	-20.7	-9.6	-11.1	-24.0	-22.0	-16.2	-16.9	-12.8	-16.2	-14.6	-10.2	-8.8	-15.7	-16.7

	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Total Year	Apr YTD
Occ	12.7	-3.8	7.1	3.7	10.4	8.7	1.7	1.5	0.5	-3.2	4.5	-8.1	2.9	4.4
ADR	-11.1	-3.8	-3.1	-3.2	0.6	0.6	0.3	4.7	0.8	-0.0	3.2	0.8	-0.6	-4.9
RevPAR	0.1	-7.5	3.8	0.3	11.0	9.4	2.0	6.3	1.3	-3.2	7.9	-7.4	2.3	-0.8
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	12.7	-3.8	7.1	3.7	10.4	8.7	1.7	1.5	0.5	-3.2	4.5	-8.1	2.9	4.4
Revenue	0.1	-7.5	3.8	0.3	11.0	9.4	2.0	6.3	1.3	-3.2	7.9	-7.4	2.3	-0.8

	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Total Year	Apr YTD
Occ	-3.2	-6.6	1.6	-0.5	6.2	-2.3	5.9	8.8	6.1	0.0	7.8	-1.6	2.2	-1.9
ADR	4.2	6.9	4.5	3.5	3.0	1.8	1.6	2.9	2.3	1.6	1.9	0.4	2.9	4.7
RevPAR	0.9	-0.1	6.2	3.0	9.5	-0.5	7.6	12.0	8.6	1.6	9.9	-1.3	5.1	2.7
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-3.2	-6.6	1.6	-0.5	6.2	-2.3	5.9	8.8	6.1	0.0	7.8	-1.6	2.2	-1.9
Revenue	0.9	-0.1	6.2	3.0	9.5	-0.5	7.6	12.0	8.6	1.6	9.9	-1.3	5.1	2.7

	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Total Year	Apr YTD
Occ	-2.5	2.0	-2.7	4.7	2.9	14.1	-5.2	-10.1	-10.8	7.6	-1.2	2.4	-0.1	0.5
ADR	4.6	-2.0	-1.6	0.4	1.3	1.8	9.6	3.3	3.4	2.9	0.2	3.6	2.4	0.1
RevPAR	2.0	-0.0	-4.3	5.2	4.2	16.1	3.8	-7.1	-7.7	10.7	-0.9	6.1	2.3	0.6
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-2.5	2.0	-2.7	4.7	2.9	14.1	-5.2	-10.1	-10.8	7.6	-1.2	2.4	-0.1	0.5
Revenue	2.0	-0.0	-4.3	5.2	4.2	16.1	3.8	-7.1	-7.7	10.7	-0.9	6.1	2.3	0.6

	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13	Oct 13	Nov 13	Dec 13	Total Year	Apr YTD
Occ	2.1	3.0	2.1	12.0										5.2
ADR	-2.9	2.2	1.4	5.7										2.0
RevPAR	-0.8	5.2	3.6	18.4										7.3
Supply	0.0	0.0	0.0	0.0										0.0
Demand	2.1	3.0	2.1	12.0										5.2
Revenue	-0.8	5.2	3.6	18.4										7.3

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Tab 5 - Twelve Month Moving Average

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties
Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

Occupancy (%)												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	58.3	58.5	58.2	58.9	58.7	59.4	60.1	60.2	60.4	60.3	59.8	59.6
2009	58.7	58.3	57.7	56.6	55.8	55.2	54.4	54.3	53.9	53.6	53.5	53.5
2010	53.9	53.7	54.0	54.2	54.7	55.1	55.2	55.3	55.3	55.2	55.3	55.1
2011	54.9	54.7	54.8	54.7	55.0	54.9	55.2	55.7	56.0	56.0	56.3	56.3
2012	56.2	56.3	56.1	56.3	56.5	57.3	56.9	56.3	55.8	56.2	56.1	56.2
2013	56.3	56.4	56.5	57.1								

ADR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	102.84	102.94	102.95	103.76	103.79	103.84	103.90	103.88	104.24	104.64	104.93	105.01
2009	105.04	105.02	105.07	104.52	104.00	103.41	102.69	101.67	100.70	99.63	99.09	98.60
2010	97.88	97.58	97.33	97.06	97.12	97.19	97.22	97.65	97.72	97.71	97.91	97.98
2011	98.24	98.70	99.10	99.39	99.66	99.85	100.00	100.29	100.48	100.62	100.75	100.77
2012	101.05	100.91	100.76	100.80	100.93	101.11	102.10	102.44	102.72	102.99	103.00	103.17
2013	102.99	103.14	103.27	103.82								

RevPAR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	59.96	60.19	59.89	61.07	60.90	61.65	62.42	62.56	62.92	63.15	62.72	62.57
2009	61.68	61.22	60.65	59.21	58.02	57.04	55.91	55.16	54.29	53.43	53.04	52.75
2010	52.75	52.43	52.61	52.62	53.09	53.56	53.67	54.00	54.05	53.89	54.17	53.95
2011	53.98	53.97	54.26	54.40	54.84	54.82	55.25	55.90	56.29	56.37	56.74	56.70
2012	56.77	56.77	56.56	56.80	57.02	57.91	58.14	57.71	57.33	57.85	57.82	57.98
2013	57.95	58.16	58.33	59.25								

Supply												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	515,825	522,013	528,864	532,644	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550
2009	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550
2010	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550
2011	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550
2012	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550	536,550
2013	536,550	536,550	536,550	536,550								

Demand												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	300,751	305,232	307,677	313,488	314,827	318,520	322,338	323,151	323,873	323,798	320,701	319,680
2009	315,059	312,789	309,719	303,935	299,314	295,940	292,138	291,098	289,269	287,760	287,184	287,039
2010	289,177	288,315	290,000	290,883	293,266	295,698	296,232	296,680	296,802	295,941	296,824	295,414
2011	294,807	293,385	293,798	293,680	295,256	294,570	296,419	299,051	300,563	300,574	302,174	301,915
2012	301,454	301,865	301,166	302,340	303,125	307,286	305,544	302,277	299,449	301,421	301,166	301,544
2013	301,930	302,544	303,077	306,197								

Revenue (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	30,929,946	31,420,126	31,674,355	32,527,235	32,675,703	33,076,194	33,492,090	33,567,350	33,761,275	33,882,669	33,650,301	33,571,077
2009	33,092,877	32,847,884	32,542,285	31,767,159	31,129,914	30,603,122	30,000,392	29,596,112	29,129,709	28,670,512	28,457,678	28,301,903
2010	28,304,489	28,132,750	28,225,437	28,233,639	28,482,785	28,739,242	28,798,582	28,971,218	29,002,300	28,915,428	29,063,175	28,944,447
2011	28,960,624	28,958,174	29,115,039	29,188,330	29,425,553	29,411,714	29,642,093	29,992,878	30,201,883	30,243,564	30,443,374	30,424,624
2012	30,461,593	30,461,218	30,345,675	30,477,000	30,593,295	31,070,778	31,195,533	30,963,966	30,758,883	31,041,843	31,021,042	31,111,213
2013	31,095,345	31,205,673	31,298,078	31,788,167								

High value is boxed.

Low value is boxed and italicized.

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Tab 6 - Day of Week Analysis

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties
Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

Occupancy (%)								Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
May - 12	34.8	52.8	68.6	69.6	53.9	64.8	78.2	60.7
Jun - 12	39.0	71.0	83.4	85.8	84.5	82.2	86.3	76.6
Jul - 12	40.0	65.2	71.2	71.1	71.8	85.1	87.5	69.2
Aug - 12	36.6	62.0	72.5	70.7	59.6	66.0	80.6	64.1
Sep - 12	27.9	48.6	71.2	71.1	56.3	45.6	57.2	53.2
Oct - 12	33.8	60.9	70.5	70.5	57.3	61.0	72.0	61.5
Nov - 12	23.5	50.7	63.2	65.6	51.0	42.3	51.9	49.5
Dec - 12	20.0	41.8	48.9	47.5	37.3	24.7	31.1	35.4
Jan - 13	23.2	51.0	55.2	52.6	37.4	23.0	33.4	40.3
Feb - 13	26.8	53.1	67.4	64.3	51.5	45.8	53.2	51.7
Mar - 13	27.3	63.0	75.2	68.7	48.4	57.4	61.1	56.5
Apr - 13	32.7	60.6	73.2	71.2	63.4	75.9	85.7	66.1
Total Year	30.3	56.8	68.3	67.3	55.6	56.6	64.4	57.1

Three Year Occupancy (%)								Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
May 10 - Apr 11	30.7	55.9	67.0	65.2	52.6	51.9	59.8	54.7
May 11 - Apr 12	32.1	57.5	69.1	68.6	54.5	52.6	60.5	56.3
May 12 - Apr 13	30.3	56.8	68.3	67.3	55.6	56.6	64.4	57.1
Total 3 Yr	31.1	56.7	68.1	67.0	54.2	53.7	61.6	56.1

ADR								Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
May - 12	94.41	113.05	113.00	113.04	101.52	89.94	92.54	103.43
Jun - 12	97.48	108.05	108.31	108.30	102.89	94.68	96.44	102.08
Jul - 12	99.15	111.82	114.18	112.10	106.67	96.74	106.77	107.16
Aug - 12	97.13	111.64	113.51	112.36	104.11	92.65	95.84	104.13
Sep - 12	98.03	115.13	114.23	113.42	107.25	88.42	88.36	104.21
Oct - 12	100.54	110.49	111.14	112.91	108.05	91.34	89.20	104.39
Nov - 12	99.93	111.14	110.71	108.67	102.58	84.95	83.02	100.80
Dec - 12	93.74	109.17	107.13	107.14	93.60	73.39	76.30	97.06
Jan - 13	95.20	109.45	107.32	110.79	101.47	82.11	80.70	101.92
Feb - 13	97.65	111.80	114.72	113.40	106.61	90.65	89.71	104.92
Mar - 13	97.43	111.44	113.38	110.99	102.38	93.24	93.45	103.49
Apr - 13	107.11	113.12	114.96	113.18	106.79	100.57	99.99	108.08
Total Year	98.28	111.31	112.09	111.51	103.99	92.02	93.05	103.82

Three Year ADR								Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
May 10 - Apr 11	94.88	106.95	107.63	107.04	100.00	86.92	87.57	99.39
May 11 - Apr 12	96.01	108.46	109.28	108.85	101.43	86.66	88.93	100.80
May 12 - Apr 13	98.28	111.31	112.09	111.51	103.99	92.02	93.05	103.82
Total 3 Yr	96.38	108.91	109.69	109.15	101.84	88.63	89.91	101.37

RevPAR								Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
May - 12	32.82	59.72	77.53	78.64	54.77	58.25	72.33	62.81
Jun - 12	38.06	76.75	90.33	92.91	86.96	77.80	83.19	78.17
Jul - 12	39.61	72.91	81.32	79.73	76.60	82.33	93.39	74.11
Aug - 12	35.55	69.17	82.29	79.47	62.10	61.10	77.28	66.79
Sep - 12	27.36	55.98	81.28	80.62	60.43	40.29	50.55	55.46
Oct - 12	34.02	67.24	78.31	79.62	61.91	55.73	64.21	64.17
Nov - 12	23.47	56.38	69.99	71.24	52.28	35.92	43.06	49.92
Dec - 12	18.70	45.65	52.34	50.87	34.95	18.11	23.72	34.37
Jan - 13	22.05	55.81	59.29	58.30	37.93	18.88	26.93	41.04
Feb - 13	26.17	59.41	77.29	72.97	54.86	41.53	47.70	54.27
Mar - 13	26.62	70.23	85.30	76.27	49.55	53.54	57.06	58.44
Apr - 13	35.04	68.53	84.11	80.63	67.76	76.29	85.66	71.49
Total Year	29.81	63.18	76.57	75.02	57.84	52.07	59.90	59.25

Three Year RevPAR								Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
May 10 - Apr 11	29.15	59.76	72.10	69.76	52.59	45.10	52.39	54.40
May 11 - Apr 12	30.84	62.38	75.47	74.64	55.29	45.57	53.83	56.80
May 12 - Apr 13	29.81	63.18	76.57	75.02	57.84	52.07	59.90	59.25
Total 3 Yr	29.94	61.78	74.72	73.14	55.24	47.58	55.35	56.82

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Tab 7 - Raw Data

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties
Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 07	46.6		105.97		49.33		38,719		18,024		1,909,949		6	1,249	100.0
Feb 07	58.2		100.94		58.70		34,972		20,339		2,052,975		6	1,249	100.0
Mar 07	63.1		101.86		64.25		38,719		24,425		2,487,851		6	1,249	100.0
Apr 07	59.7		98.49		58.83		40,320		24,086		2,372,125		7	1,344	92.9
May 07	62.9		104.85		65.97		41,664		26,213		2,748,416		7	1,344	100.0
Jun 07	62.5		103.59		64.70		44,100		27,544		2,853,283		8	1,470	100.0
Jul 07	67.7		102.06		69.11		45,570		30,858		3,149,511		8	1,470	100.0
Aug 07	65.0		103.93		67.61		45,570		29,643		3,080,861		8	1,470	100.0
Sep 07	58.4		104.12		60.85		44,100		25,772		2,683,433		8	1,470	100.0
Oct 07	62.5		106.21		66.37		45,570		28,476		3,024,349		8	1,470	100.0
Nov 07	52.8		99.63		52.61		44,100		23,285		2,319,911		8	1,470	100.0
Dec 07	40.8		99.42		40.57		45,570		18,594		1,848,579		8	1,470	100.0
Jan 08	47.2	1.4	107.30	1.3	50.66	2.7	45,570	17.7	21,516	19.4	2,308,652	20.9	8	1,470	100.0
Feb 08	60.3	3.7	102.46	1.5	61.79	5.3	41,160	17.7	24,820	22.0	2,543,155	23.9	8	1,470	100.0
Mar 08	59.0	-6.5	102.05	0.2	60.17	-6.4	45,570	17.7	26,870	10.0	2,742,080	10.2	8	1,470	100.0
Apr 08	67.8	13.5	107.87	9.5	73.13	24.3	44,100	9.4	29,897	24.1	3,225,005	36.0	8	1,470	100.0
May 08	60.5	-3.9	105.14	0.3	63.57	-3.6	45,570	9.4	27,552	5.1	2,896,884	5.4	8	1,470	100.0
Jun 08	70.8	13.4	104.16	0.6	73.78	14.0	44,100	0.0	31,237	13.4	3,253,774	14.0	8	1,470	100.0
Jul 08	76.1	12.4	102.82	0.7	78.24	13.2	45,570	0.0	34,676	12.4	3,565,407	13.2	8	1,470	100.0
Aug 08	66.8	2.7	103.63	-0.3	69.26	2.4	45,570	0.0	30,456	2.7	3,156,121	2.4	8	1,470	100.0
Sep 08	60.1	2.8	108.60	4.3	65.25	7.2	44,100	0.0	26,494	2.8	2,877,358	7.2	8	1,470	100.0
Oct 08	62.3	-0.3	110.76	4.3	69.03	4.0	45,570	0.0	28,401	-0.3	3,145,743	4.0	8	1,470	100.0
Nov 08	45.8	-13.3	103.41	3.8	47.34	-10.0	44,100	0.0	20,188	-13.3	2,087,543	-10.0	8	1,470	100.0
Dec 08	38.6	-5.5	100.69	1.3	38.83	-4.3	45,570	0.0	17,573	-5.5	1,769,355	-4.3	8	1,470	100.0
Jan 09	37.1	-21.5	108.34	1.0	40.17	-20.7	45,570	0.0	16,895	-21.5	1,830,452	-20.7	8	1,470	100.0
Feb 09	54.8	-9.1	101.91	-0.5	55.83	-9.6	41,160	0.0	22,550	-9.1	2,298,162	-9.6	8	1,470	100.0
Mar 09	52.2	-11.4	102.37	0.3	53.47	-11.1	45,570	0.0	23,800	-11.4	2,436,481	-11.1	8	1,470	100.0
Apr 09	54.7	-19.3	101.60	-5.8	55.55	-24.0	44,100	0.0	24,113	-19.3	2,449,879	-24.0	8	1,470	100.0
May 09	50.3	-16.8	98.54	-6.3	49.59	-22.0	45,570	0.0	22,931	-16.8	2,259,639	-22.0	8	1,470	100.0
Jun 09	63.2	-10.8	97.87	-6.0	61.84	-16.2	44,100	0.0	27,863	-10.8	2,726,982	-16.2	8	1,470	100.0
Jul 09	67.8	-11.0	95.96	-6.7	65.01	-16.9	45,570	0.0	30,874	-11.0	2,962,677	-16.9	8	1,470	100.0
Aug 09	64.6	-3.4	93.55	-9.7	60.39	-12.8	45,570	0.0	29,416	-3.4	2,751,841	-12.8	8	1,470	100.0
Sep 09	55.9	-6.9	97.75	-10.0	54.67	-16.2	44,100	0.0	24,665	-6.9	2,410,955	-16.2	8	1,470	100.0
Oct 09	59.0	-5.3	99.90	-9.8	58.95	-14.6	45,570	0.0	26,892	-5.3	2,686,546	-14.6	8	1,470	100.0
Nov 09	44.5	-2.9	95.59	-7.6	42.51	-10.2	44,100	0.0	19,612	-2.9	1,874,709	-10.2	8	1,470	100.0
Dec 09	38.2	-0.8	92.59	-8.0	35.41	-8.8	45,570	0.0	17,428	-0.8	1,613,580	-8.8	8	1,470	100.0
Jan 10	41.8	12.7	96.31	-11.1	40.22	0.1	45,570	0.0	19,033	12.7	1,833,038	0.1	8	1,470	100.0
Feb 10	52.7	-3.8	98.05	-3.8	51.66	-7.5	41,160	0.0	21,688	-3.8	2,126,423	-7.5	8	1,470	100.0
Mar 10	55.9	7.1	99.24	-3.1	55.50	3.8	45,570	0.0	25,485	7.1	2,529,168	3.8	8	1,470	100.0
Apr 10	56.7	3.7	98.34	-3.2	55.74	0.3	44,100	0.0	24,996	3.7	2,458,081	0.3	8	1,470	100.0
May 10	55.5	10.4	99.11	0.6	55.05	11.0	45,570	0.0	25,314	10.4	2,508,785	11.0	8	1,470	100.0
Jun 10	68.7	8.7	98.48	0.6	67.65	9.4	44,100	0.0	30,295	8.7	2,983,439	9.4	8	1,470	100.0
Jul 10	68.9	1.7	96.22	0.3	66.32	2.0	45,570	0.0	31,408	1.7	3,022,017	2.0	8	1,470	100.0
Aug 10	65.5	1.5	97.93	4.7	64.18	6.3	45,570	0.0	29,864	1.5	2,924,477	6.3	8	1,470	100.0
Sep 10	56.2	0.5	98.52	0.8	55.37	1.3	44,100	0.0	24,787	0.5	2,442,037	1.3	8	1,470	100.0
Oct 10	57.1	-3.2	99.87	-0.0	57.05	-3.2	45,570	0.0	26,031	-3.2	2,599,674	-3.2	8	1,470	100.0
Nov 10	46.5	4.5	98.68	3.2	45.86	7.9	44,100	0.0	20,495	4.5	2,022,456	7.9	8	1,470	100.0
Dec 10	35.2	-8.1	93.32	0.8	32.80	-7.4	45,570	0.0	16,018	-8.1	1,494,852	-7.4	8	1,470	100.0
Jan 11	40.4	-3.2	100.36	4.2	40.58	0.9	45,570	0.0	18,426	-3.2	1,849,215	0.9	8	1,470	100.0

Tab 7 - Raw Data

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties
 Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Feb 11	49.2	-6.6	104.80	6.9	51.60	-0.1	41,160	0.0	20,266	-6.6	2,123,973	-0.1	8	1,470	100.0
Mar 11	56.8	1.6	103.72	4.5	58.94	6.2	45,570	0.0	25,898	1.6	2,686,033	6.2	8	1,470	100.0
Apr 11	56.4	-0.5	101.75	3.5	57.40	3.0	44,100	0.0	24,878	-0.5	2,531,372	3.0	8	1,470	100.0
May 11	59.0	6.2	102.12	3.0	60.26	9.5	45,570	0.0	26,890	6.2	2,746,008	9.5	8	1,470	100.0
Jun 11	67.1	-2.3	100.29	1.8	67.34	-0.5	44,100	0.0	29,609	-2.3	2,969,600	-0.5	8	1,470	100.0
Jul 11	73.0	5.9	97.80	1.6	71.37	7.6	45,570	0.0	33,257	5.9	3,252,396	7.6	8	1,470	100.0
Aug 11	71.3	8.8	100.79	2.9	71.87	12.0	45,570	0.0	32,496	8.8	3,275,262	12.0	8	1,470	100.0
Sep 11	59.6	6.1	100.80	2.3	60.11	8.6	44,100	0.0	26,299	6.1	2,651,042	8.6	8	1,470	100.0
Oct 11	57.1	0.0	101.43	1.6	57.96	1.6	45,570	0.0	26,042	0.0	2,641,355	1.6	8	1,470	100.0
Nov 11	50.1	7.8	100.58	1.9	50.39	9.9	44,100	0.0	22,095	7.8	2,222,266	9.9	8	1,470	100.0
Dec 11	34.6	-1.6	93.67	0.4	32.39	-1.3	45,570	0.0	15,759	-1.6	1,476,102	-1.3	8	1,470	100.0
Jan 12	39.4	-2.5	104.99	4.6	41.39	2.0	45,570	0.0	17,965	-2.5	1,886,184	2.0	8	1,470	100.0
Feb 12	50.2	2.0	102.70	-2.0	51.59	-0.0	41,160	0.0	20,677	2.0	2,123,598	-0.0	8	1,470	100.0
Mar 12	55.3	-2.7	102.01	-1.6	56.41	-4.3	45,570	0.0	25,199	-2.7	2,570,490	-4.3	8	1,470	100.0
Apr 12	59.1	4.7	102.21	0.4	60.38	5.2	44,100	0.0	26,052	4.7	2,662,697	5.2	8	1,470	100.0
May 12	60.7	2.9	103.43	1.3	62.81	4.2	45,570	0.0	27,675	2.9	2,862,303	4.2	8	1,470	100.0
Jun 12	76.6	14.1	102.08	1.8	78.17	16.1	44,100	0.0	33,770	14.1	3,447,083	16.1	8	1,470	100.0
Jul 12	69.2	-5.2	107.16	9.6	74.11	3.8	45,570	0.0	31,515	-5.2	3,377,151	3.8	8	1,470	100.0
Aug 12	64.1	-10.1	104.13	3.3	66.79	-7.1	45,570	0.0	29,229	-10.1	3,043,695	-7.1	8	1,470	100.0
Sep 12	53.2	-10.8	104.21	3.4	55.46	-7.7	44,100	0.0	23,471	-10.8	2,445,959	-7.7	8	1,470	100.0
Oct 12	61.5	7.6	104.39	2.9	64.17	10.7	45,570	0.0	28,014	7.6	2,924,315	10.7	8	1,470	100.0
Nov 12	49.5	-1.2	100.80	0.2	49.92	-0.9	44,100	0.0	21,840	-1.2	2,201,465	-0.9	8	1,470	100.0
Dec 12	35.4	2.4	97.06	3.6	34.37	6.1	45,570	0.0	16,137	2.4	1,566,273	6.1	8	1,470	100.0
Jan 13	40.3	2.1	101.92	-2.9	41.04	-0.8	45,570	0.0	18,351	2.1	1,870,316	-0.8	8	1,470	100.0
Feb 13	51.7	3.0	104.92	2.2	54.27	5.2	41,160	0.0	21,291	3.0	2,233,926	5.2	8	1,470	100.0
Mar 13	56.5	2.1	103.49	1.4	58.44	3.6	45,570	0.0	25,732	2.1	2,662,895	3.6	8	1,470	100.0
Apr 13	66.1	12.0	108.08	5.7	71.49	18.4	44,100	0.0	29,172	12.0	3,152,786	18.4	8	1,470	100.0

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Tab 8 - Classic

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties
Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 07	46.6		105.97		49.33		38,719		18,024		1,909,949		6	1,249	100.0
Feb 07	58.2		100.94		58.70		34,972		20,339		2,052,975		6	1,249	100.0
Mar 07	63.1		101.86		64.25		38,719		24,425		2,487,851		6	1,249	100.0
Apr 07	59.7		98.49		58.83		40,320		24,086		2,372,125		7	1,344	92.9
May 07	62.9		104.85		65.97		41,664		26,213		2,748,416		7	1,344	100.0
Jun 07	62.5		103.59		64.70		44,100		27,544		2,853,283		8	1,470	100.0
Jul 07	67.7		102.06		69.11		45,570		30,858		3,149,511		8	1,470	100.0
Aug 07	65.0		103.93		67.61		45,570		29,643		3,080,861		8	1,470	100.0
Sep 07	58.4		104.12		60.85		44,100		25,772		2,683,433		8	1,470	100.0
Oct 07	62.5		106.21		66.37		45,570		28,476		3,024,349		8	1,470	100.0
Nov 07	52.8		99.63		52.61		44,100		23,285		2,319,911		8	1,470	100.0
Dec 07	40.8		99.42		40.57		45,570		18,594		1,848,579		8	1,470	100.0
Apr YTD 2007	56.9		101.56		57.77		152,730		86,874		8,822,900				
Total 2007	58.4		102.71		59.99		508,974		297,259		30,531,243				
Jan 08	47.2	1.4	107.30	1.3	50.66	2.7	45,570	17.7	21,516	19.4	2,308,652	20.9	8	1,470	100.0
Feb 08	60.3	3.7	102.46	1.5	61.79	5.3	41,160	17.7	24,820	22.0	2,543,155	23.9	8	1,470	100.0
Mar 08	59.0	-6.5	102.05	0.2	60.17	-6.4	45,570	17.7	26,870	10.0	2,742,080	10.2	8	1,470	100.0
Apr 08	67.8	13.5	107.87	9.5	73.13	24.3	44,100	9.4	29,897	24.1	3,225,005	36.0	8	1,470	100.0
May 08	60.5	-3.9	105.14	0.3	63.57	-3.6	45,570	9.4	27,552	5.1	2,896,884	5.4	8	1,470	100.0
Jun 08	70.8	13.4	104.16	0.6	73.78	14.0	44,100	0.0	31,237	13.4	3,253,774	14.0	8	1,470	100.0
Jul 08	76.1	12.4	102.82	0.7	78.24	13.2	45,570	0.0	34,676	12.4	3,565,407	13.2	8	1,470	100.0
Aug 08	66.8	2.7	103.63	-0.3	69.26	2.4	45,570	0.0	30,456	2.7	3,156,121	2.4	8	1,470	100.0
Sep 08	60.1	2.8	108.60	4.3	65.25	7.2	44,100	0.0	26,494	2.8	2,877,358	7.2	8	1,470	100.0
Oct 08	62.3	-0.3	110.76	4.3	69.03	4.0	45,570	0.0	28,401	-0.3	3,145,743	4.0	8	1,470	100.0
Nov 08	45.8	-13.3	103.41	3.8	47.34	-10.0	44,100	0.0	20,188	-13.3	2,087,543	-10.0	8	1,470	100.0
Dec 08	38.6	-5.5	100.69	1.3	38.83	-4.3	45,570	0.0	17,573	-5.5	1,769,355	-4.3	8	1,470	100.0
Apr YTD 2008	58.4	2.8	104.93	3.3	61.33	6.2	176,400	15.5	103,103	18.7	10,818,892	22.6			
Total 2008	59.6	2.0	105.01	2.2	62.57	4.3	536,550	5.4	319,680	7.5	33,571,077	10.0			
Jan 09	37.1	-21.5	108.34	1.0	40.17	-20.7	45,570	0.0	16,895	-21.5	1,830,452	-20.7	8	1,470	100.0
Feb 09	54.8	-9.1	101.91	-0.5	55.83	-9.6	41,160	0.0	22,550	-9.1	2,298,162	-9.6	8	1,470	100.0
Mar 09	52.2	-11.4	102.37	0.3	53.47	-11.1	45,570	0.0	23,800	-11.4	2,436,481	-11.1	8	1,470	100.0
Apr 09	54.7	-19.3	101.60	-5.8	55.55	-24.0	44,100	0.0	24,113	-19.3	2,449,879	-24.0	8	1,470	100.0
May 09	50.3	-16.8	98.54	-6.3	49.59	-22.0	45,570	0.0	22,931	-16.8	2,259,639	-22.0	8	1,470	100.0
Jun 09	63.2	-10.8	97.87	-6.0	61.84	-16.2	44,100	0.0	27,863	-10.8	2,726,982	-16.2	8	1,470	100.0
Jul 09	67.8	-11.0	95.96	-6.7	65.01	-16.9	45,570	0.0	30,874	-11.0	2,962,677	-16.9	8	1,470	100.0
Aug 09	64.6	-3.4	93.55	-9.7	60.39	-12.8	45,570	0.0	29,416	-3.4	2,751,841	-12.8	8	1,470	100.0
Sep 09	55.9	-6.9	97.75	-10.0	54.67	-16.2	44,100	0.0	24,665	-6.9	2,410,955	-16.2	8	1,470	100.0
Oct 09	59.0	-5.3	99.90	-9.8	58.95	-14.6	45,570	0.0	26,892	-5.3	2,686,546	-14.6	8	1,470	100.0
Nov 09	44.5	-2.9	95.59	-7.6	42.51	-10.2	44,100	0.0	19,612	-2.9	1,874,709	-10.2	8	1,470	100.0
Dec 09	38.2	-0.8	92.59	-8.0	35.41	-8.8	45,570	0.0	17,428	-0.8	1,613,580	-8.8	8	1,470	100.0
Apr YTD 2009	49.5	-15.3	103.20	-1.7	51.11	-16.7	176,400	0.0	87,358	-15.3	9,014,974	-16.7			
Total 2009	53.5	-10.2	98.60	-6.1	52.75	-15.7	536,550	0.0	287,039	-10.2	28,301,903	-15.7			
Jan 10	41.8	12.7	96.31	-11.1	40.22	0.1	45,570	0.0	19,033	12.7	1,833,038	0.1	8	1,470	100.0
Feb 10	52.7	-3.8	98.05	-3.8	51.66	-7.5	41,160	0.0	21,688	-3.8	2,126,423	-7.5	8	1,470	100.0
Mar 10	55.9	7.1	99.24	-3.1	55.50	3.8	45,570	0.0	25,485	7.1	2,529,168	3.8	8	1,470	100.0
Apr 10	56.7	3.7	98.34	-3.2	55.74	0.3	44,100	0.0	24,996	3.7	2,458,081	0.3	8	1,470	100.0
May 10	55.5	10.4	99.11	0.6	55.05	11.0	45,570	0.0	25,314	10.4	2,508,785	11.0	8	1,470	100.0
Jun 10	68.7	8.7	98.48	0.6	67.65	9.4	44,100	0.0	30,295	8.7	2,983,439	9.4	8	1,470	100.0
Jul 10	68.9	1.7	96.22	0.3	66.32	2.0	45,570	0.0	31,408	1.7	3,022,017	2.0	8	1,470	100.0
Aug 10	65.5	1.5	97.93	4.7	64.18	6.3	45,570	0.0	29,864	1.5	2,924,477	6.3	8	1,470	100.0
Sep 10	56.2	0.5	98.52	0.8	55.37	1.3	44,100	0.0	24,787	0.5	2,442,037	1.3	8	1,470	100.0
Oct 10	57.1	-3.2	99.87	-0.0	57.05	-3.2	45,570	0.0	26,031	-3.2	2,599,674	-3.2	8	1,470	100.0
Nov 10	46.5	4.5	98.68	3.2	45.86	7.9	44,100	0.0	20,495	4.5	2,022,456	7.9	8	1,470	100.0

Tab 8 - Classic

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties

Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Dec 10	35.2	-8.1	93.32	0.8	32.80	-7.4	45,570	0.0	16,018	-8.1	1,494,852	-7.4	8	1,470	100.0
Apr YTD 2010	51.7	4.4	98.10	-4.9	50.72	-0.8	176,400	0.0	91,202	4.4	8,946,710	-0.8			
Total 2010	55.1	2.9	97.98	-0.6	53.95	2.3	536,550	0.0	295,414	2.9	28,944,447	2.3			
Jan 11	40.4	-3.2	100.36	4.2	40.58	0.9	45,570	0.0	18,426	-3.2	1,849,215	0.9	8	1,470	100.0
Feb 11	49.2	-6.6	104.80	6.9	51.60	-0.1	41,160	0.0	20,266	-6.6	2,123,973	-0.1	8	1,470	100.0
Mar 11	56.8	1.6	103.72	4.5	58.94	6.2	45,570	0.0	25,898	1.6	2,686,033	6.2	8	1,470	100.0
Apr 11	56.4	-0.5	101.75	3.5	57.40	3.0	44,100	0.0	24,878	-0.5	2,531,372	3.0	8	1,470	100.0
May 11	59.0	6.2	102.12	3.0	60.26	9.5	45,570	0.0	26,890	6.2	2,746,008	9.5	8	1,470	100.0
Jun 11	67.1	-2.3	100.29	1.8	67.34	-0.5	44,100	0.0	29,609	-2.3	2,969,600	-0.5	8	1,470	100.0
Jul 11	73.0	5.9	97.80	1.6	71.37	7.6	45,570	0.0	33,257	5.9	3,252,396	7.6	8	1,470	100.0
Aug 11	71.3	8.8	100.79	2.9	71.87	12.0	45,570	0.0	32,496	8.8	3,275,262	12.0	8	1,470	100.0
Sep 11	59.6	6.1	100.80	2.3	60.11	8.6	44,100	0.0	26,299	6.1	2,651,042	8.6	8	1,470	100.0
Oct 11	57.1	0.0	101.43	1.6	57.96	1.6	45,570	0.0	26,042	0.0	2,641,355	1.6	8	1,470	100.0
Nov 11	50.1	7.8	100.58	1.9	50.39	9.9	44,100	0.0	22,095	7.8	2,222,266	9.9	8	1,470	100.0
Dec 11	34.6	-1.6	93.67	0.4	32.39	-1.3	45,570	0.0	15,759	-1.6	1,476,102	-1.3	8	1,470	100.0
Apr YTD 2011	50.7	-1.9	102.72	4.7	52.10	2.7	176,400	0.0	89,468	-1.9	9,190,593	2.7			
Total 2011	56.3	2.2	100.77	2.9	56.70	5.1	536,550	0.0	301,915	2.2	30,424,624	5.1			
Jan 12	39.4	-2.5	104.99	4.6	41.39	2.0	45,570	0.0	17,965	-2.5	1,886,184	2.0	8	1,470	100.0
Feb 12	50.2	2.0	102.70	-2.0	51.59	-0.0	41,160	0.0	20,677	2.0	2,123,598	-0.0	8	1,470	100.0
Mar 12	55.3	-2.7	102.01	-1.6	56.41	-4.3	45,570	0.0	25,199	-2.7	2,570,490	-4.3	8	1,470	100.0
Apr 12	59.1	4.7	102.21	0.4	60.38	5.2	44,100	0.0	26,052	4.7	2,662,697	5.2	8	1,470	100.0
May 12	60.7	2.9	103.43	1.3	62.81	4.2	45,570	0.0	27,675	2.9	2,862,303	4.2	8	1,470	100.0
Jun 12	76.6	14.1	102.08	1.8	78.17	16.1	44,100	0.0	33,770	14.1	3,447,083	16.1	8	1,470	100.0
Jul 12	69.2	-5.2	107.16	9.6	74.11	3.8	45,570	0.0	31,515	-5.2	3,377,151	3.8	8	1,470	100.0
Aug 12	64.1	-10.1	104.13	3.3	66.79	-7.1	45,570	0.0	29,229	-10.1	3,043,695	-7.1	8	1,470	100.0
Sep 12	53.2	-10.8	104.21	3.4	55.46	-7.7	44,100	0.0	23,471	-10.8	2,445,959	-7.7	8	1,470	100.0
Oct 12	61.5	7.6	104.39	2.9	64.17	10.7	45,570	0.0	28,014	7.6	2,924,315	10.7	8	1,470	100.0
Nov 12	49.5	-1.2	100.80	0.2	49.92	-0.9	44,100	0.0	21,840	-1.2	2,201,465	-0.9	8	1,470	100.0
Dec 12	35.4	2.4	97.06	3.6	34.37	6.1	45,570	0.0	16,137	2.4	1,566,273	6.1	8	1,470	100.0
Apr YTD 2012	51.0	0.5	102.82	0.1	52.40	0.6	176,400	0.0	89,893	0.5	9,242,969	0.6			
Total 2012	56.2	-0.1	103.17	2.4	57.98	2.3	536,550	0.0	301,544	-0.1	31,111,213	2.3			
Jan 13	40.3	2.1	101.92	-2.9	41.04	-0.8	45,570	0.0	18,351	2.1	1,870,316	-0.8	8	1,470	100.0
Feb 13	51.7	3.0	104.92	2.2	54.27	5.2	41,160	0.0	21,291	3.0	2,233,926	5.2	8	1,470	100.0
Mar 13	56.5	2.1	103.49	1.4	58.44	3.6	45,570	0.0	25,732	2.1	2,662,895	3.6	8	1,470	100.0
Apr 13	66.1	12.0	108.08	5.7	71.49	18.4	44,100	0.0	29,172	12.0	3,152,786	18.4	8	1,470	100.0
Apr YTD 2013	53.6	5.2	104.92	2.0	56.24	7.3	176,400	0.0	94,546	5.2	9,919,923	7.3			

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Tab 9 - Response Report

Retainer Sharonville Select Properties - Cincinnati, OH Area Selected Properties
Job Number: 499202_SADIM Staff: SS Created: May 30, 2013

									2011												2012												2013																		
STR Code	Name of Establishment	City & State	Zip Code	Class	Aff Date	Open Date	Rooms	Chg in Rms	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D							
55895	Courtyard Cincinnati North @ Union Centre	West Chester, OH	45069	Upscale Class	Jun 2007	Jun 2007	126		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			
1018	Marriott Cincinnati North	West Chester, OH	45069	Upper Upscale Class	Sep 2000	Sep 2000	295		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
53915	Drury Inn & Suites Cincinnati North	Sharonville, OH	45241	Upper Midscale Class	Jul 2006	Jul 2006	180		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	
40085	Hilton Garden Inn Cincinnati Sharonville	Cincinnati, OH	45241	Upscale Class	May 2001	May 2001	90		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
9869	Holiday Inn Cincinnati I 275 North	Cincinnati, OH	45241	Upper Midscale Class	Mar 1991	Jan 1975	275		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
26808	Doubletree Cincinnati Sharonville	Sharonville, OH	45241	Upscale Class	Feb 1990	Dec 1988	152		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
6859	Crowne Plaza Cincinnati North	Cincinnati, OH	45246	Upscale Class	Nov 2009	Jun 1970	257	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
9614	Fairfield Inn Cincinnati North Sharonville	Cincinnati, OH	45246	Upper Midscale Class	Mar 2008	Jun 1963	95	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
				Total Properties:		8	1470		○ - Monthly data received by STR ● - Monthly and daily data received by STR Blank - No data received by STR Y - (Chg in Rms) Property has experienced a room addition or drop during the time period of the report																																										

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Methodology

While virtually every chain in the United States provides STR with data on almost all of their properties, there are still some hotels that don't submit data. But we've got you covered.

Every year we examine guidebook listings and hotel directories for information on hotels that don't provide us with data. We don't stop there. We call each hotel in our database every year to obtain "published" rates for multiple categories. Based on this information we group all hotels - those that report data and those that don't - into groupings based off of price level and geographic proximity. We then estimate the non-respondents based off of nearby hotels with similar price levels.

Similarly, we sometimes obtain monthly data from a property, but not daily data. We use a similar process. We take the monthly data that the property has provided, and distribute it to the individual days based on the revenue and demand distribution patterns of similar hotels in the same location.

We believe it imperative to perform this analysis in order to provide interested parties with our best estimate of total lodging demand and room revenue on their areas of interest. Armed with this information a more informed decision can be made.

Glossary

ADR (Average Daily Rate)

Room revenue divided by rooms sold, displayed as the average rental rate for a single room.

Affiliation Date

Date the property affiliated with current chain/flag

Census (Properties and Rooms)

The number of properties and rooms that exist within the selected property set or segment.

Change in Rooms

Indicator of whether or not an individual hotel has added or removed rooms from their inventory.

Exchange Rate

The factor used to convert revenue from U.S. Dollars to the local currency.

The exchange rate data is obtained from Oanda.com. Any aggregated number in the report (YTD, Running 3 month, Running 12 month) uses the exchange rate of each relative month when calculating the data.

Extended Historical Trend

Data on selected properties or segments starting in 2000.

Demand (Rooms Sold)

The number of rooms sold (excludes complimentary rooms).

Full Historical Trend

Data on selected properties or segments starting in 1987.

Occupancy

Rooms sold divided by rooms available. Occupancy is always displayed as a percentage of rooms occupied.

Open Date

Date the property opened as a lodging establishment.

Percent Change

Amount of growth, up, flat, or down from the same period last year (month, ytd, three months, twelve months). Calculated as $((TY-LY)/LY) * "100"$.

Revenue (Room Revenue)

Total room revenue generated from the sale or rental of rooms.

RevPAR (Revenue Per Available Room)

Room revenue divided by rooms available

Sample % (Rooms)

The % of rooms from which STR receives data. Calculated as $(\text{Sample Rooms}/\text{Census Rooms}) * "100"$.

Standard Historical Trend

Data on selected properties or segments starting in 2005.

STR Code

Smith Travel Research's proprietary numbering system. Each hotel in the lodging census has a unique STR code.

Supply (Rooms Available)

The number of rooms times the number of days in the period.

Twelve Month Moving Average

The value of any given month is computed by taking the value of that month and the values of the eleven preceding months, adding them together and dividing by twelve.

Year to Date

Tab 11 - Terms and Conditions

Before purchasing this product you agreed to the following terms and conditions.

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Smith Travel Research, Inc. ("STR") and purchaser of this product ("Licensee") agree as follows:

1. LICENSE

1.1 Definitions.

(a) "Agreement" means these Standard Terms and Conditions and any additional terms specifically set out in writing in the document(s) (if any) to which these Standard Terms and Conditions are attached or in which they are incorporated by reference, and, if applicable, any additional terms specifically set out in writing in any Schedule attached hereto.

(b) "Licensed Materials" means the newsletters, reports, databases or other information resources, and all lodging industry data contained therein, provided to Licensee hereunder.

1.2 Grant of License. Subject to the terms and conditions of this Agreement, and except as may be expressly permitted elsewhere in this Agreement, STR hereby grants to Licensee a non-exclusive, non-transferable, indivisible, non-sublicensable license to use, copy, manipulate and extract data from the Licensed Materials for its own INTERNAL business purposes only.

1.3 Copies. Except as expressly permitted elsewhere in this Agreement, Licensee may make and maintain no more than two (2) copies of any Licensed Materials.

1.4 No Service Bureau Use. Licensee is prohibited from using the Licensed Materials in any way in connection with any service bureau or similar services. "Service bureau" means the processing of input data that is supplied by one or more third parties and the generation of output data (in the form of reports, charts, graphs or other pictorial representations, or the like) that is sold or licensed to any third parties.

1.5 No Distribution to Third Parties. Except as expressly permitted in this Agreement, Licensee is prohibited from distributing, republishing or otherwise making the Licensed Materials or any part thereof (including any excerpts of the data and any manipulations of the data) available in any form whatsoever to any third party, other than Licensee's accountants, attorneys, marketing professionals or other professional advisors who are bound by a duty of confidentiality not to disclose such information.

1.6 Security. Licensee shall use commercially reasonable efforts to protect against unauthorized access to the Licensed Materials.

reserved to STR.

2. DISCLAIMERS AND LIMITATIONS OF LIABILITY

2.1 Disclaimer of Warranties. The licensed materials are provided to the licensee on an "as is" and "as available" basis. STR makes no representations or warranties of any kind, express or implied, with respect to the licensed materials, the services provided or the results of use thereof. Without limiting the foregoing, STR does not warrant that the licensed materials, the services provided or the use thereof are or will be accurate, error-free or uninterrupted. STR makes no implied warranties, including without limitation, any implied warranty of merchantability, noninfringement or fitness for any particular purpose or arising by usage of trade, course of dealing, course of performance or otherwise.

2.2 Disclaimers. STR shall have no liability with respect to its obligations under this agreement or otherwise for consequential, exemplary, special, incidental, or punitive damages even if STR has been advised of the possibility of such damages. Furthermore, STR shall have no liability whatsoever for any claim relating in any way to any decision made or action taken by licensee in reliance upon the licensed materials.

2.3 Limitation of Liability. STR's total liability to licensee for any reason and upon any cause of action including without limitation, infringement, breach of contract, negligence, strict liability, misrepresentations, and other torts, shall be limited to all fees paid to STR by the licensee during the twelve month period preceding the date on which such cause of action first arose.

3. MISCELLANEOUS

3.1 Liquidated Damages. In the event of a violation of Section 1.5 of these Standard Terms and Conditions, Licensee shall be required to pay STR an amount equal to the sum of (i) the highest aggregate price that STR, in accordance with its then-current published prices, could have charged the unauthorized recipients for the Licensed Materials that are the subject of the violation, and (ii) the full price of the lowest level of republishing rights that Licensee would have been required to purchase from STR in order to have the right to make the unauthorized distribution, regardless of whether Licensee has previously paid for any lower level of republishing rights, and (iii) fifteen percent (15%) of the total of the previous two items. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

copies of the Licensed Materials and all other information relating thereto in Licensee's possession or control as of the such date. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

or actions regarding or arising out of this Agreement shall be brought exclusively in a court of competent jurisdiction located in Nashville, Tennessee, and the parties expressly consent to personal jurisdiction thereof. The parties also expressly waive any objections to venue.

3.4 Assignment. Licensee is prohibited from assigning this Agreement or delegating any of its duties under this Agreement without the prior written consent of STR.

venture relationship.

STR reserves the right to require or permit to be given hereunder shall be in writing and shall be deemed given, when delivered in person, at the time of such delivery, or when delivered by facsimile transmission or e-mail, at the time of transmission (provided, however, that notice delivered by facsimile transmission shall only be effective if such notice is also delivered by hand or deposited in the United States mail, postage prepaid, registered, certified or express mail or by courier service within two (2) business days after its delivery by facsimile transmission); iii) when delivered by a courier service or by express mail, at the time of receipt; or iv) five (5) business days after being deposited in the United States mail, postage prepaid, registered or certified mail, addressed (in any such case) to the addresses listed on the first page of this Agreement or to such other address as either party may notify the other in writing.

3.7 Waiver. No waiver of any breach of this Agreement will be deemed to constitute a waiver of any subsequent breach of the same or any other provision.

3.8 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the matters described herein, superseding in all respects any and all prior proposals, negotiations, understandings and other agreements, oral or written, between the parties.

3.9 Amendment. This Agreement may be amended only by the written agreement of both parties.

the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

3.11 Injunctive Relief. The parties agree that, in addition to any other rights or remedies which the other or STR may have, any party alleging breach or threatened breach of this Agreement will be entitled to such equitable and injunctive relief as may be available from any court of competent jurisdiction to restrain the other from breaching or threatening to breach any of the provisions of this Section, without posting bond or other surety.

3.12 Notice of Unauthorized Access. Licensee shall notify STR immediately upon Licensee's becoming aware of any facts indicating that a third party may have obtained or may be about to obtain unauthorized access to the Licensed Materials, and shall fully cooperate with STR in its efforts to mitigate the damages caused by any such breach or potential breach.

3.13 Conflicting Provisions. In the event that any provision of these Standard Terms and Conditions directly conflicts with any other provision of the Agreement, the conflicting terms of such other provision shall control.

3.14 Remedies. In addition to any other rights or remedies that STR may have, in the event of any termination by STR on account of a breach by Licensee, STR may, without refund, immediately terminate and discontinue any right of Licensee to receive additional Licensed Materials from STR.

ADDENDUM III

Demographic and Income Profile

Sharonville city
Sharonville city, OH (3971892)
Geography: Place

Prepared by David Sangree

Summary	Census 2010		2012		2017	
Population	13,560		13,377		13,175	
Households	6,187		6,090		6,022	
Families	3,429		3,433		3,345	
Average Household Size	2.17		2.17		2.16	
Owner Occupied Housing Units	3,775		3,724		3,742	
Renter Occupied Housing Units	2,412		2,366		2,280	
Median Age	40.8		41.4		42.3	
Trends: 2012 - 2017 Annual Rate	Area		State		National	
Population	-0.30%		0.14%		0.68%	
Households	-0.22%		0.28%		0.74%	
Families	-0.52%		0.07%		0.72%	
Owner HHs	0.10%		0.48%		0.91%	
Median Household Income	2.82%		3.19%		2.55%	
Households by Income	2012		2017			
	Number	Percent	Number	Percent		
<\$15,000	646	10.6%	585	9.7%		
\$15,000 - \$24,999	697	11.4%	501	8.3%		
\$25,000 - \$34,999	606	10.0%	451	7.5%		
\$35,000 - \$49,999	1,109	18.2%	972	16.1%		
\$50,000 - \$74,999	1,111	18.2%	1,309	21.7%		
\$75,000 - \$99,999	717	11.8%	867	14.4%		
\$100,000 - \$149,999	786	12.9%	874	14.5%		
\$150,000 - \$199,999	225	3.7%	254	4.2%		
\$200,000+	193	3.2%	209	3.5%		
Median Household Income	\$49,756		\$57,176			
Average Household Income	\$67,484		\$75,931			
Per Capita Income	\$30,343		\$34,233			
Population by Age	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	925	6.8%	912	6.8%	890	6.8%
5 - 9	711	5.2%	714	5.3%	695	5.3%
10 - 14	678	5.0%	677	5.1%	667	5.1%
15 - 19	664	4.9%	650	4.9%	604	4.6%
20 - 24	829	6.1%	792	5.9%	704	5.3%
25 - 34	2,006	14.8%	1,949	14.6%	1,912	14.5%
35 - 44	1,623	12.0%	1,560	11.7%	1,493	11.3%
45 - 54	1,963	14.5%	1,889	14.1%	1,706	13.0%
55 - 64	1,768	13.0%	1,771	13.2%	1,807	13.7%
65 - 74	1,102	8.1%	1,120	8.4%	1,316	10.0%
75 - 84	861	6.3%	854	6.4%	877	6.7%
85+	430	3.2%	488	3.6%	502	3.8%
Race and Ethnicity	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
White Alone	10,814	79.7%	10,548	78.9%	10,183	77.3%
Black Alone	1,181	8.7%	1,274	9.5%	1,252	9.5%
American Indian Alone	23	0.2%	23	0.2%	24	0.2%
Asian Alone	539	4.0%	533	4.0%	542	4.1%
Pacific Islander Alone	45	0.3%	42	0.3%	47	0.4%
Some Other Race Alone	556	4.1%	552	4.1%	678	5.1%
Two or More Races	402	3.0%	405	3.0%	449	3.4%
Hispanic Origin (Any Race)	948	7.0%	987	7.4%	1,221	9.3%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

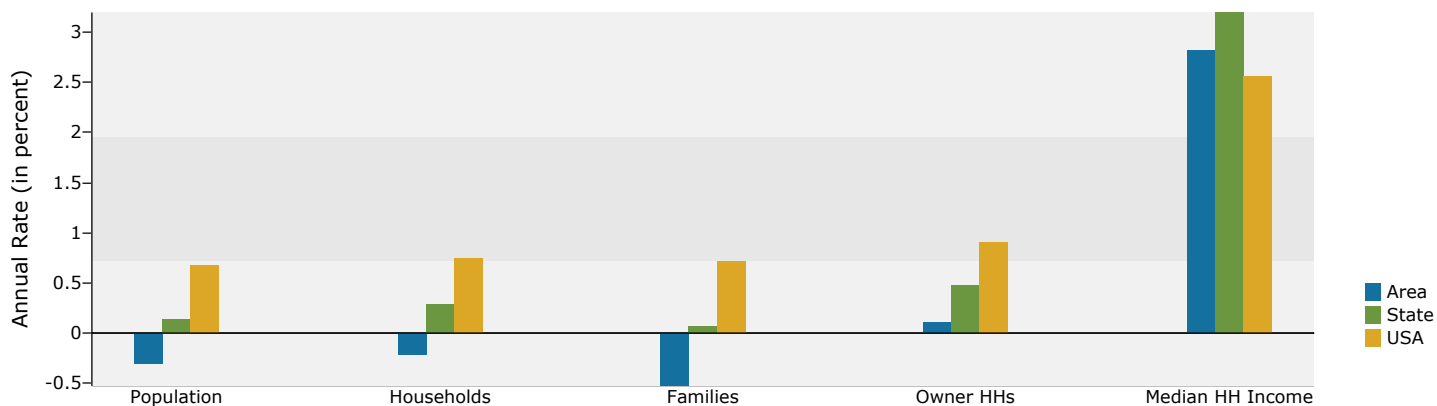
May 16, 2013

Demographic and Income Profile

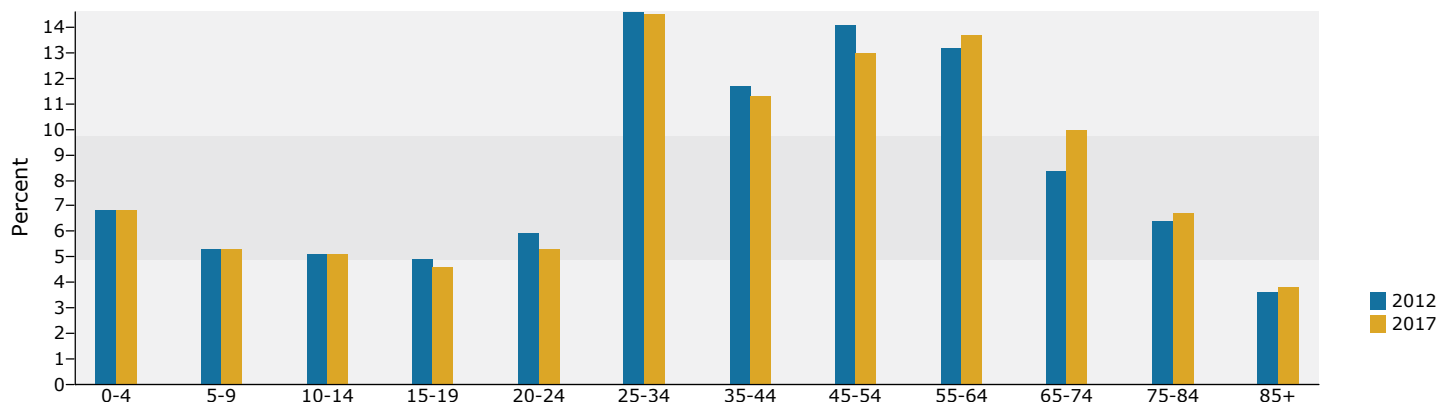
Sharonville city
Sharonville city, OH (3971892)
Geography: Place

Prepared by David Sangree

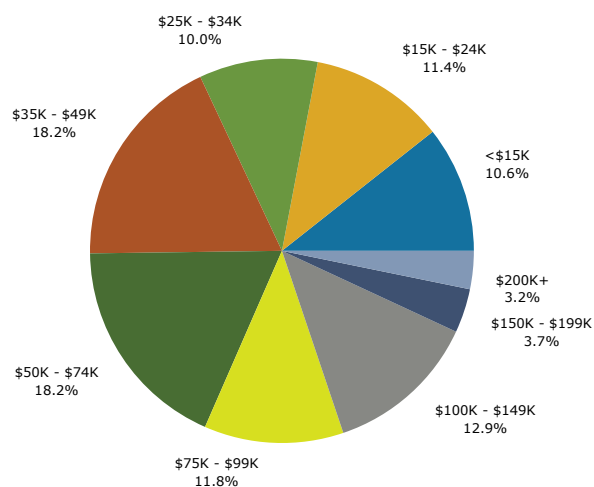
Trends 2012-2017



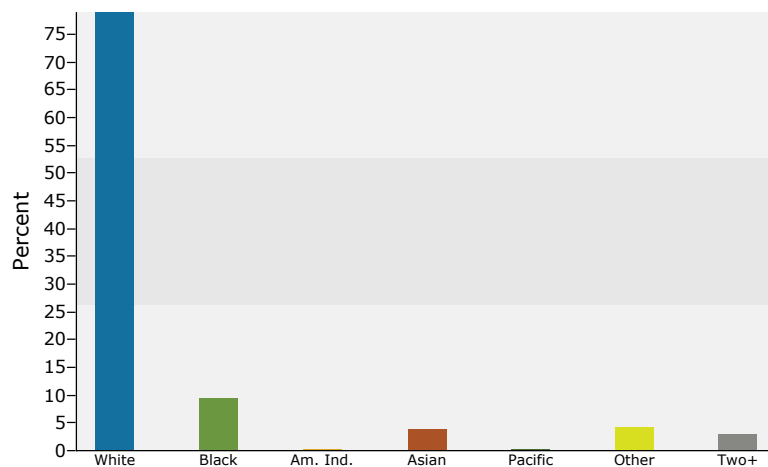
Population by Age



2012 Household Income



2012 Population by Race



2012 Percent Hispanic Origin: 7.4%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

May 16, 2013

Demographic and Income Profile

Hamilton County, OH
Hamilton County, OH (39061)
Geography: County

Prepared by David Sangree

Summary	Census 2010		2012		2017	
Population	802,374		803,050		807,983	
Households	333,945		333,558		337,137	
Families	197,571		196,711		196,269	
Average Household Size	2.34		2.35		2.34	
Owner Occupied Housing Units	198,750		194,828		199,155	
Renter Occupied Housing Units	135,195		138,730		137,982	
Median Age	37.0		37.3		37.9	
Trends: 2012 - 2017 Annual Rate	Area		State		National	
Population	0.12%		0.14%		0.68%	
Households	0.21%		0.28%		0.74%	
Families	-0.04%		0.07%		0.72%	
Owner HHs	0.44%		0.48%		0.91%	
Median Household Income	3.27%		3.19%		2.55%	
Households by Income	2012		2017			
	Number	Percent	Number	Percent		
<\$15,000	54,823	16.4%	53,052	15.7%		
\$15,000 - \$24,999	39,983	12.0%	31,321	9.3%		
\$25,000 - \$34,999	36,880	11.1%	29,259	8.7%		
\$35,000 - \$49,999	48,511	14.5%	43,594	12.9%		
\$50,000 - \$74,999	59,161	17.7%	71,480	21.2%		
\$75,000 - \$99,999	34,528	10.4%	42,391	12.6%		
\$100,000 - \$149,999	35,037	10.5%	38,466	11.4%		
\$150,000 - \$199,999	12,275	3.7%	14,030	4.2%		
\$200,000+	12,354	3.7%	13,538	4.0%		
Median Household Income	\$44,842		\$52,676			
Average Household Income	\$63,790		\$71,666			
Per Capita Income	\$27,055		\$30,478			
Population by Age	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	53,269	6.6%	53,054	6.6%	53,324	6.6%
5 - 9	51,301	6.4%	50,925	6.3%	50,941	6.3%
10 - 14	51,823	6.5%	50,925	6.3%	51,575	6.4%
15 - 19	57,712	7.2%	55,178	6.9%	53,118	6.6%
20 - 24	59,608	7.4%	60,618	7.5%	56,292	7.0%
25 - 34	108,115	13.5%	109,776	13.7%	111,245	13.8%
35 - 44	97,846	12.2%	95,188	11.9%	93,365	11.6%
45 - 54	119,898	14.9%	116,365	14.5%	108,194	13.4%
55 - 64	95,939	12.0%	100,090	12.5%	104,932	13.0%
65 - 74	53,330	6.6%	56,834	7.1%	68,245	8.4%
75 - 84	37,147	4.6%	36,946	4.6%	38,701	4.8%
85+	16,386	2.0%	17,151	2.1%	18,051	2.2%
Race and Ethnicity	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
White Alone	552,330	68.8%	552,105	68.8%	550,141	68.1%
Black Alone	205,952	25.7%	205,328	25.6%	206,493	25.6%
American Indian Alone	1,617	0.2%	1,631	0.2%	1,727	0.2%
Asian Alone	16,182	2.0%	16,472	2.1%	17,431	2.2%
Pacific Islander Alone	603	0.1%	553	0.1%	720	0.1%
Some Other Race Alone	8,504	1.1%	9,072	1.1%	11,117	1.4%
Two or More Races	17,186	2.1%	17,889	2.2%	20,354	2.5%
Hispanic Origin (Any Race)	20,607	2.6%	22,352	2.8%	28,388	3.5%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

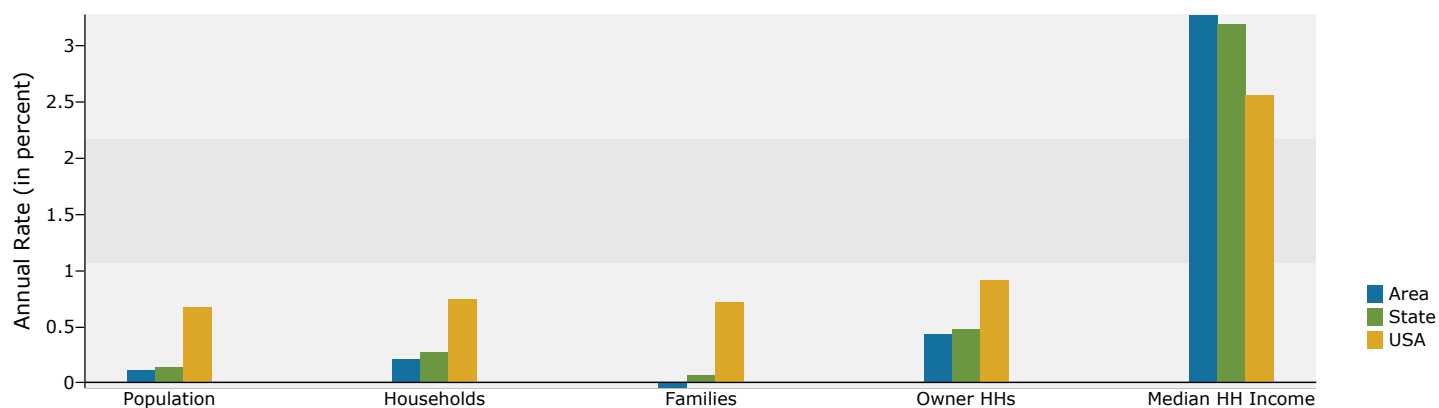
May 16, 2013

Demographic and Income Profile

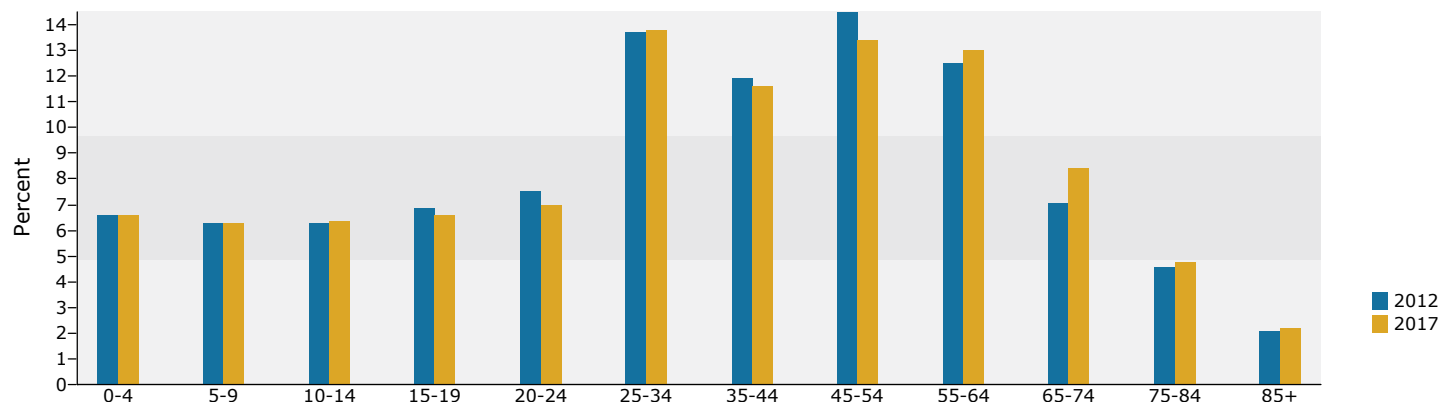
Hamilton County, OH
Hamilton County, OH (39061)
Geography: County

Prepared by David Sangree

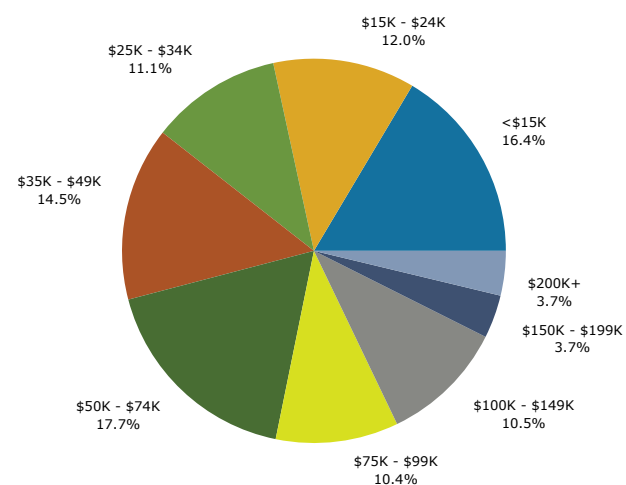
Trends 2012-2017



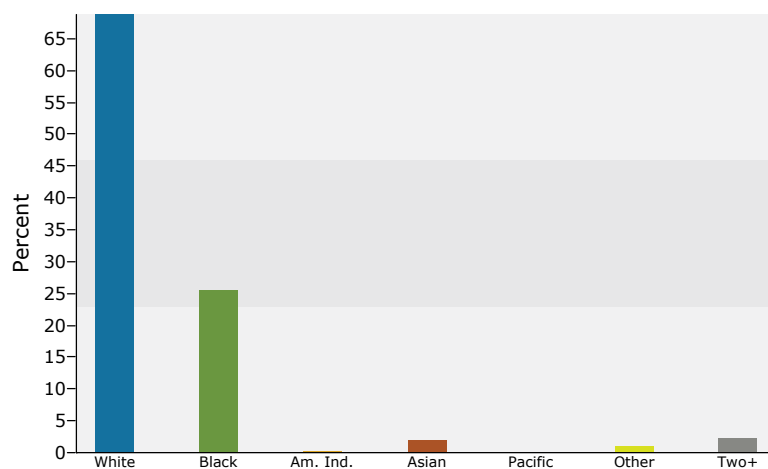
Population by Age



2012 Household Income



2012 Population by Race



2012 Percent Hispanic Origin: 2.8%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

May 16, 2013

Demographic and Income Profile

Cincinnati MSA
Cincinnati-Middletown, OH-KY-IN Metropolitan Statistical Area
Geography: CBSA

Prepared by David Sangree

Summary	Census 2010		2012		2017	
Population	2,130,151		2,144,823		2,190,714	
Households	830,608		835,198		855,280	
Families	549,211		550,622		559,141	
Average Household Size	2.51		2.51		2.51	
Owner Occupied Housing Units	560,209		552,495		572,454	
Renter Occupied Housing Units	270,399		282,703		282,826	
Median Age	37.1		37.3		37.7	
Trends: 2012 - 2017 Annual Rate	Area		State		National	
Population	0.42%		0.00%		0.68%	
Households	0.48%		0.00%		0.74%	
Families	0.31%		0.00%		0.72%	
Owner HHs	0.71%		0.00%		0.91%	
Median Household Income	2.38%		0.00%		2.55%	
Households by Income	2012		2017			
	Number	Percent	Number	Percent		
<\$15,000	110,573	13.2%	106,137	12.4%		
\$15,000 - \$24,999	90,610	10.8%	70,468	8.2%		
\$25,000 - \$34,999	85,333	10.2%	66,463	7.8%		
\$35,000 - \$49,999	123,796	14.8%	110,129	12.9%		
\$50,000 - \$74,999	161,313	19.3%	195,140	22.8%		
\$75,000 - \$99,999	98,725	11.8%	121,412	14.2%		
\$100,000 - \$149,999	102,839	12.3%	114,601	13.4%		
\$150,000 - \$199,999	34,167	4.1%	40,334	4.7%		
\$200,000+	27,832	3.3%	30,586	3.6%		
Median Household Income	\$50,739		\$57,068			
Average Household Income	\$67,128		\$74,899			
Per Capita Income	\$26,636		\$29,744			
Population by Age	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	144,269	6.8%	144,736	6.7%	147,869	6.7%
5 - 9	148,322	7.0%	148,404	6.9%	151,088	6.9%
10 - 14	148,495	7.0%	147,051	6.9%	151,516	6.9%
15 - 19	150,821	7.1%	145,015	6.8%	141,511	6.5%
20 - 24	142,062	6.7%	145,206	6.8%	136,610	6.2%
25 - 34	274,269	12.9%	280,570	13.1%	288,534	13.2%
35 - 44	283,738	13.3%	278,218	13.0%	277,699	12.7%
45 - 54	325,247	15.3%	317,739	14.8%	300,087	13.7%
55 - 64	252,749	11.9%	265,601	12.4%	282,847	12.9%
65 - 74	139,716	6.6%	149,979	7.0%	182,932	8.4%
75 - 84	86,285	4.1%	86,361	4.0%	91,800	4.2%
85+	34,178	1.6%	35,943	1.7%	38,221	1.7%
Race and Ethnicity	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
White Alone	1,766,445	82.9%	1,772,587	82.6%	1,786,959	81.6%
Black Alone	255,905	12.0%	259,451	12.1%	272,348	12.4%
American Indian Alone	4,105	0.2%	4,308	0.2%	4,858	0.2%
Asian Alone	40,422	1.9%	41,921	2.0%	47,532	2.2%
Pacific Islander Alone	1,397	0.1%	1,404	0.1%	1,850	0.1%
Some Other Race Alone	22,490	1.1%	24,252	1.1%	30,626	1.4%
Two or More Races	39,387	1.8%	40,900	1.9%	46,541	2.1%
Hispanic Origin (Any Race)	55,120	2.6%	60,166	2.8%	77,243	3.5%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

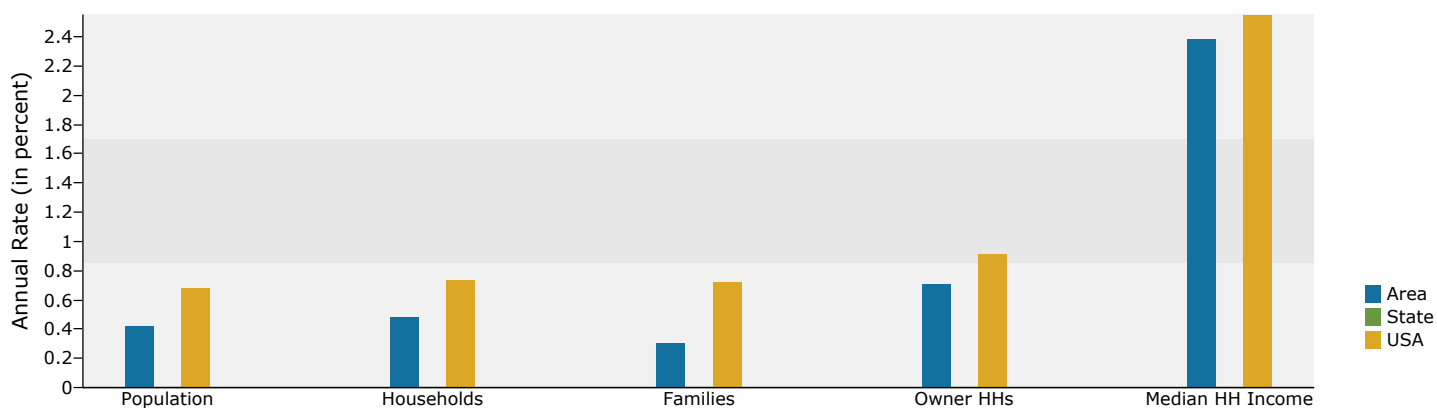
May 16, 2013

Demographic and Income Profile

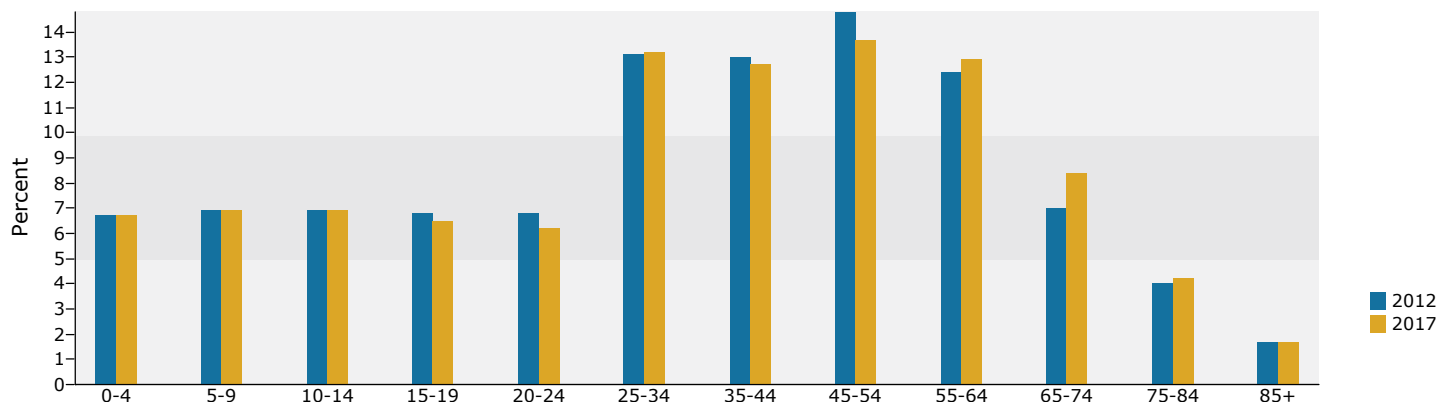
Cincinnati MSA
Cincinnati-Middletown, OH-KY-IN Metropolitan Statistical Area
Geography: CBSA

Prepared by David Sangree

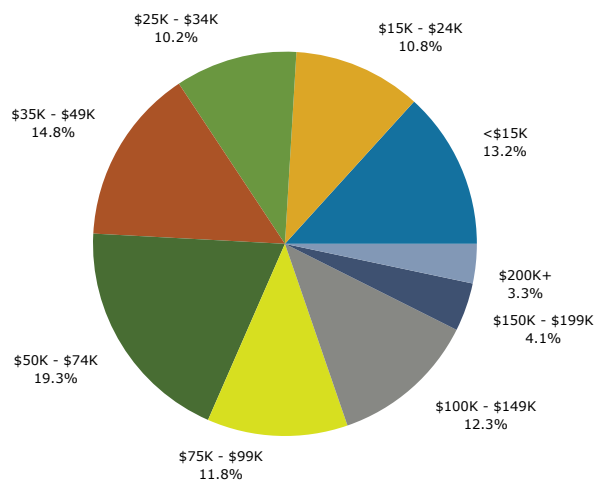
Trends 2012-2017



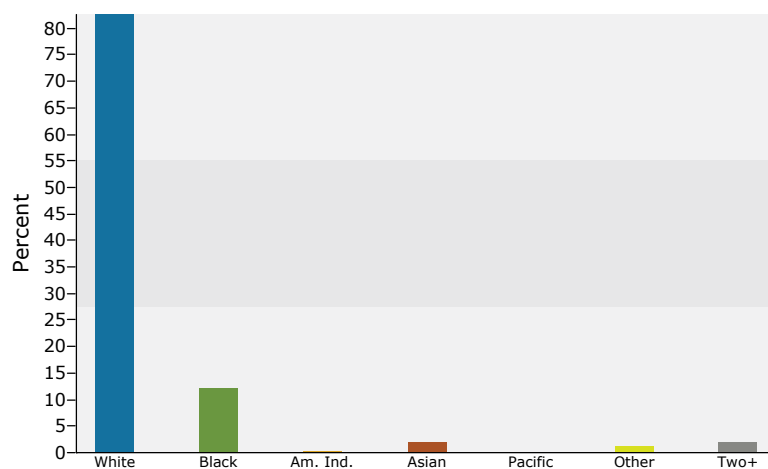
Population by Age



2012 Household Income



2012 Population by Race



2012 Percent Hispanic Origin: 2.8%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

May 16, 2013

Demographic and Income Profile

Ohio
Ohio (39)
Geography: State

Prepared by David Sangree

Summary	Census 2010		2012		2017	
Population	11,536,504		11,590,198		11,673,057	
Households	4,603,435		4,610,285		4,675,503	
Families	2,991,629		2,988,758		2,999,390	
Average Household Size	2.44		2.45		2.43	
Owner Occupied Housing Units	3,111,054		3,067,871		3,141,533	
Renter Occupied Housing Units	1,492,381		1,542,414		1,533,970	
Median Age	38.7		39.0		39.5	
Trends: 2012 - 2017 Annual Rate	Area		State		National	
Population	0.14%		0.14%		0.68%	
Households	0.28%		0.28%		0.74%	
Families	0.07%		0.07%		0.72%	
Owner HHs	0.48%		0.48%		0.91%	
Median Household Income	3.19%		3.19%		2.55%	
Households by Income	2012		2017			
	Number	Percent	Number	Percent		
<\$15,000	702,120	15.2%	675,750	14.5%		
\$15,000 - \$24,999	570,065	12.4%	447,846	9.6%		
\$25,000 - \$34,999	521,315	11.3%	419,743	9.0%		
\$35,000 - \$49,999	724,822	15.7%	657,530	14.1%		
\$50,000 - \$74,999	886,728	19.2%	1,068,770	22.9%		
\$75,000 - \$99,999	495,592	10.7%	610,597	13.1%		
\$100,000 - \$149,999	464,950	10.1%	516,127	11.0%		
\$150,000 - \$199,999	138,426	3.0%	162,982	3.5%		
\$200,000+	106,224	2.3%	116,115	2.5%		
Median Household Income	\$44,508		\$52,082			
Average Household Income	\$59,723		\$66,307			
Per Capita Income	\$24,332		\$27,150			
Population by Age	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	720,856	6.2%	720,830	6.2%	724,602	6.2%
5 - 9	747,889	6.5%	745,495	6.4%	745,895	6.4%
10 - 14	774,699	6.7%	764,265	6.6%	773,514	6.6%
15 - 19	823,682	7.1%	789,595	6.8%	758,458	6.5%
20 - 24	763,116	6.6%	778,238	6.7%	724,741	6.2%
25 - 34	1,409,959	12.2%	1,437,996	12.4%	1,457,347	12.5%
35 - 44	1,479,831	12.8%	1,445,567	12.5%	1,418,678	12.2%
45 - 54	1,742,191	15.1%	1,696,924	14.6%	1,575,216	13.5%
55 - 64	1,452,266	12.6%	1,520,624	13.1%	1,590,514	13.6%
65 - 74	850,234	7.4%	909,085	7.8%	1,087,992	9.3%
75 - 84	541,352	4.7%	539,871	4.7%	563,009	4.8%
85+	230,429	2.0%	241,708	2.1%	253,091	2.2%
Race and Ethnicity	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
White Alone	9,539,437	82.7%	9,561,099	82.5%	9,540,359	81.7%
Black Alone	1,407,681	12.2%	1,414,418	12.2%	1,440,331	12.3%
American Indian Alone	25,292	0.2%	25,619	0.2%	26,935	0.2%
Asian Alone	192,233	1.7%	199,961	1.7%	223,833	1.9%
Pacific Islander Alone	4,066	0.0%	4,111	0.0%	4,872	0.0%
Some Other Race Alone	130,030	1.1%	136,799	1.2%	158,087	1.4%
Two or More Races	237,765	2.1%	248,191	2.1%	278,640	2.4%
Hispanic Origin (Any Race)	354,674	3.1%	376,713	3.3%	444,562	3.8%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

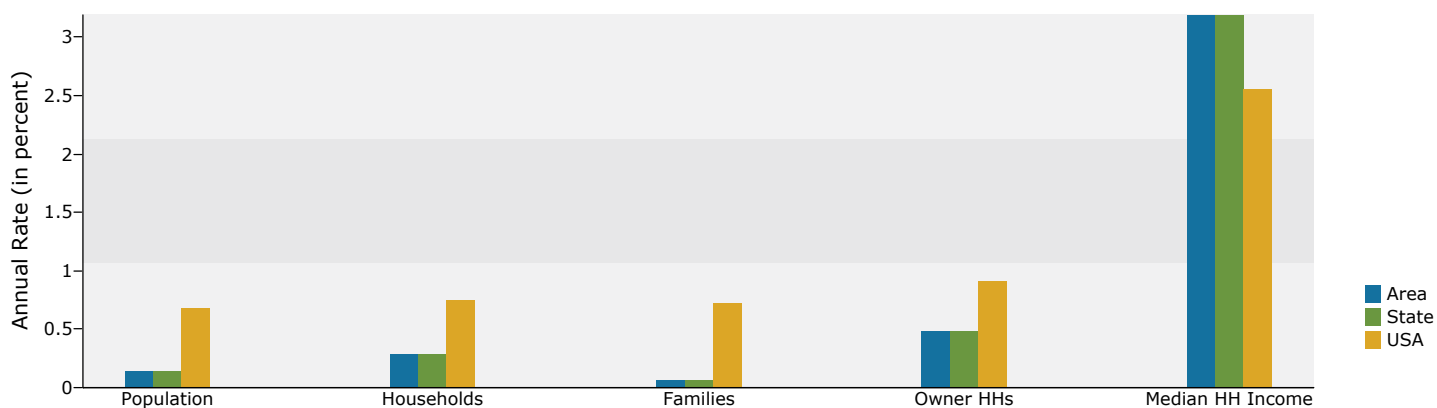
April 15, 2013

Demographic and Income Profile

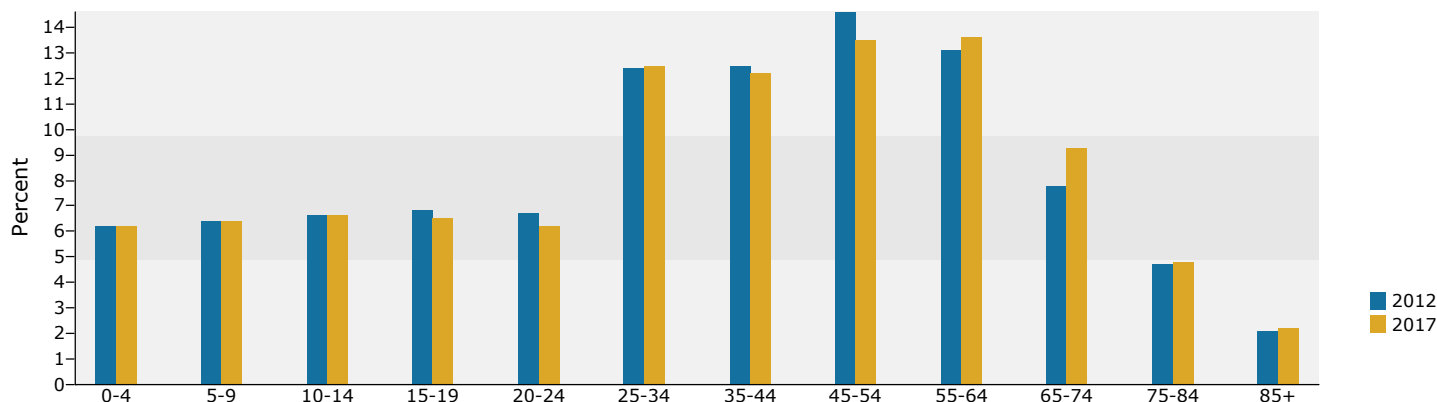
Ohio
Ohio (39)
Geography: State

Prepared by David Sangree

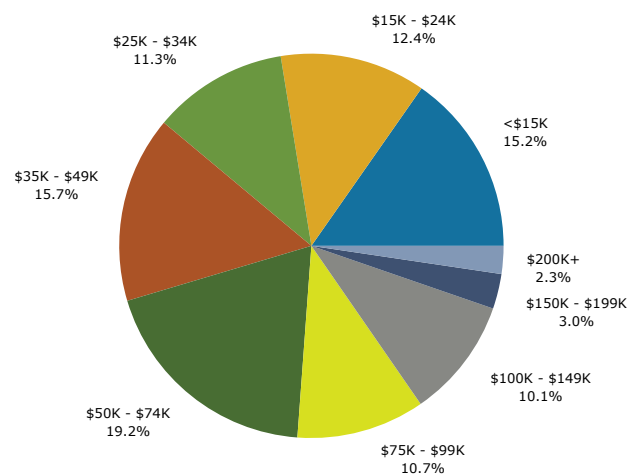
Trends 2012-2017



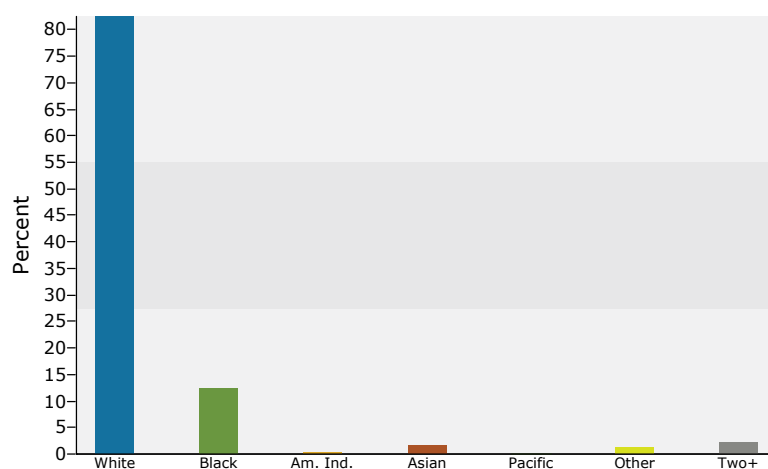
Population by Age



2012 Household Income



2012 Population by Race



2012 Percent Hispanic Origin: 3.3%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

April 15, 2013

ADDENDUM IV

Company:
Contact Person:
Phone Number:

We are currently working with the City of Sharonville that is considering the development of a convention center headquarters full-service hotel physically attached to the existing Sharonville Convention Center. The existing Sharonville Convention Center underwent a \$26 million renovation in 2010-2012. The hotel would include 150 to 250 guest rooms, restaurant, and lounge. As part of our research we are contacting local companies, meeting planners and groups in order to determine the existing and future hotel room night demand in the market and your interest in a potential conference center. Would you be willing to answer a few brief questions In order to assist us in our study?

Demand Questions:

1. How many hotel room nights do you generate per year or month?
2. What hotels do you currently use for transient guests?
3. What are your typical overnight needs (# of rooms) for transient guests and for meetings?
4. What is the average rate or range of rates per room that your transient guests pay and groups pay?
5. Do you hold meetings? Type?
6. What conference centers, hotels, or meeting facilities do you currently use for groups and meetings?
7. How often do you meet? _____ In typically what season or month? _____
What is your typical group size? _____
8. What is your average duration of events and/or expositions (number of days)?
9. How often do your meetings involve lunch? _____ What is the average check? _____
How often do your meetings involve dinner? _____ What is the average check? _____
10. Does your organization use the following facilities never, once a year, occasionally, very often:
Large room able to accommodate 250 to 750 people _____
Medium sized room able to accommodate 50 – 250 people _____
Small breakout rooms (less than 50 people) _____
11. We are considering recommending a franchised hotel connected to the convention center. What hotel brands do you typically use? What brand would you think would be best for the local market?
12. Would the proposed hotel with its amenities have a high, medium, or low market for your event? Why?
13. Do you have any additional comments or suggestions?

Thank you for time and comments!