



MARKET STUDY

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# Proposed Hotel St. Charles

12 SOUTH 1ST STREET  
ST CHARLES, ILLINOIS

**SUBMITTED TO:**

Mr. Mike Reschke, Jr.  
The Prime Group  
1035 Keystone Ave  
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**PREPARED BY:**

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September 7, 2022

Mr. Mike Reschke, Jr.  
The Prime Group  
1035 Keystone Ave  
River Forest, Illinois 60305

Re: Proposed Hotel St. Charles  
St Charles, Illinois  
HVS Reference: 2022021111

Dear Mr. Reschke:

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HVS CHICAGO

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Pursuant to your request, we herewith submit our market study pertaining to the above-captioned property. We have inspected the real estate and analyzed the hotel market conditions in the St Charles, Illinois, area. We have studied the proposed project, and the results of our fieldwork and analysis are presented in this report. We have also reviewed the proposed improvements for this site.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,  
TS Worldwide, LLC



Christian Cross, Vice President  
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# 1. Executive Summary

## Subject of the Market Study

The subject of the market study is a site that is planned to be improved with a full-service lodging facility; the hotel is anticipated to be associated with a national brand such as Marriott's Autograph Collection or a similar brand. The property, which is expected to open on April 1, 2026, will feature 164 rooms, a restaurant and lounge, a fitness center, a spa, a business center or a lobby workstation, and a gift shop or a market pantry. The hotel will also contain the appropriate parking capacity and all necessary back-of-the-house space.

The proposed subject hotel will be part of a larger a mixed-use development. Other components include residential condo units, leased retail space, several leased restaurants, and an outdoor amphitheater. The commercial retail and restaurant space is anticipated to be located on the street level, while the condo units are expected to be located on the upper levels of the main building, above the hotel units. The subject site's location is 12 South 1st Street, St Charles, Illinois 60174.

## Pertinent Dates

The effective date of the report is September 7, 2022. The subject site was inspected by Christian Cross and Stacey E. Nadolny, MAI on June 28, 2022. In addition to the inspection, Christian Cross and Stacey E. Nadolny, MAI participated in the research for this assignment and assisted in the report's preparation.

## Global Considerations

The hospitality industry has been, and continues to be, affected by a variety of external factors that influence both the lodging and the investment markets. The following paragraphs outline the global factors that are the most impactful to the lodging industry as of the effective date of this report.

The COVID-19 pandemic began in early 2020 and has had a significant impact throughout the world and on the respective economies. The onset of the pandemic resulted in decreased business activity, causing widespread economic hardships, including increases in unemployment. The hospitality industry was severely affected, as travel declined sharply and restrictions on group sizes resulted in the cancellations of meetings, conventions, and events. The depth and duration of this impact was influenced by the course of the pandemic and the nature and extent of restrictions on business and travel activity. In most areas, the period of greatest impact was 2020. With the availability of vaccines and lifting of restrictions, conditions generally improved in 2021, although the Omicron variant slowed the recovery in the latter part of the year. While the emergence of other variants may influence the pace of the recovery, the prevailing market outlook is that the peak impact of the pandemic on the travel industry is behind us. The U.S. economy is

recovering, and demand is anticipated to continue to strengthen. Our market research reflects a general expectation that the U.S. lodging market will recover to 2019 levels by 2023/24; the timing and pace of recovery for individual markets will vary based on market-specific characteristics and conditions.

Exacerbated by rising oil and natural gas prices in the wake of the Russia-Ukraine conflict, the inflationary trends that first emerged during the pandemic have continued. Driven by supply-chain disruptions and pent-up consumer demand during the pandemic, prices for most goods and services have increased substantially. The Federal Reserve has made clear its intention to address inflation through interest rate hikes, and further increases in the federal funds rate are anticipated through the balance of the year. While these increases are expected to curtail inflation, the impact on the balance of the economy is unknown. Higher fuel costs may affect both vehicle and air travel costs, and both inflation and increased interest rates may constrain consumer spending. These trends could in turn impact travel and lodging demand, although the degree of this effect remains unknown. The ongoing Russian invasion of Ukraine and the resulting war have also contributed to economic uncertainty. As of the current date, inflation levels are anticipated to remain elevated in the near term. Over the longer term, inflation is expected to moderate back to more normalized levels once the supply disruptions have been resolved and as consumer spending and investment slow following the interest-rate hikes.

By its nature, the hospitality industry is a major employer and thus heavily reliant on the cost and availability of labor. Following the onset of the pandemic, roughly 33.0% of jobs were lost across the hotel industry between February 2020 and January 2021, according to Tourism Economics. While many of these jobs have returned, the workforce has not kept pace with the increased employment opportunities, and many hotels are experiencing labor shortages. The industry has responded to this issue through wage increases, additional benefits, flexible schedules and the implementation of cross-training and job sharing, as well as increased use of technology. In response to the pandemic, many hotels revised, downsized, or eliminated some services, particularly in the food and beverage (F&B) and housekeeping departments. Given the ongoing labor shortages, operators are retaining some aspects of these solutions, which is expected to somewhat offset rising labor costs. Nevertheless, notable increases in labor costs are anticipated to continue in the near term.

In preparing this report, we have considered the impact of these factors on the lodging and investment markets to the best of our ability, inclusive of the subject of this report. However, our analysis only considers what is known at the time of the effective date of the report, and there is a high degree of uncertainty currently influencing the market and the economy.

**Ownership of the Subject Site**

The developer of the proposed subject hotel is partnership between Frontier Development Group, which is based in Plainfield, Illinois and The Prime Group, which is based in Chicago, Illinois. The subject site is currently owned by the City of St. Charles. The developer is putting together a proposal for the city, which is looking to develop the subject site through a private-public partnership. No transfers of the property have occurred in the last three years.

**Management and Franchise Assumptions**

Details pertaining to management terms were not yet determined at the time of this report; however, we assume that the proposed hotel will be managed by a professional hotel-operating company, with fees deducted at rates consistent with current market standards. Our projections reflect a total management fee of 3.0% of total revenues.

The proposed subject hotel will operate as an upper-upscale or luxury, full-service property. Although a specific franchise affiliation and/or brand has yet to be finalized, the developers plan to affiliate the hotel with a soft-branded flag through a major hotel chain, such as Marriott or Hilton. Based upon a review of several published franchise fees for soft-branded hotels that fall within the proposed hotel's product tiers, we have selected a total franchise fee of 6.5% of rooms revenue, which comprises a 5.0% royalty fee and a 1.5% marketing fee. These fees are in line with typical franchise terms for Marriott's Autograph Collection, which is a potential option for the hotel's affiliation.

**Summary of Hotel Market Trends**

During the illustrated historical period, both occupancy and ADR for this selected set of competitive hotels increased from 2009 through 2015 as the market was recovering from the national recession. Rate continued to increase 2016; however, occupancy fell leading to a decline in RevPAR that year. This decline in occupancy is due in part to an increase in supply; furthermore, 2015 was a notably strong year from a demand standpoint, so 2016 reflected a normalizing of demand. Despite further supply increases which led to a modest decline in occupancy, RevPAR growth resumed in 2017 given the increase in ADR. In 2018 and 2019, both occupancy and ADR increased. In March 2020, the COVID-19 pandemic began to affect the local market, similar to the rest of the nation, resulting in stay-at-home orders, group cancellations, and decreased business travel; thus, occupancy declined significantly in 2020. As much of the demand remaining was lower rated in nature, ADR declined in 2020, as well. General improvement has been registered since the low point that year. By year-end 2021, occupancy had recovered a substantial portion of its 2020 losses, gaining traction in the latter half of the year after the wide distribution of vaccines. Meanwhile, ADR in 2021 reached levels that were in line with the pre-pandemic period. While the pandemic will continue to affect business and larger-scale groups to some degree in the near term, the overall outlook is optimistic given the dynamics of this market, the return to office operations, and the increase in wedding demand.

The following table provides a historical perspective on the supply and demand trends for a selected set of hotels, as provided by STR.

**FIGURE 1-1 HISTORICAL SUPPLY AND DEMAND TRENDS**

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2009	714	260,610	—	128,261	—	49.2 %	\$109.51	—	\$53.90	—
2010	714	260,610	0.0 %	142,704	11.3 %	54.8	106.87	(2.4) %	58.52	8.6 %
2011	714	260,610	0.0	155,982	9.3	59.9	108.20	1.2	64.76	10.7
2012	714	260,610	0.0	167,845	7.6	64.4	110.34	2.0	71.06	9.7
2013	714	260,610	0.0	170,025	1.3	65.2	111.90	1.4	73.00	2.7
2014	714	260,610	0.0	172,539	1.5	66.2	117.24	4.8	77.62	6.3
2015	714	260,610	0.0	179,027	3.8	68.7	123.00	4.9	84.49	8.9
2016	740	270,248	3.7	173,201	(3.3)	64.1	126.68	3.0	81.19	(3.9)
2017	871	317,974	17.7	200,193	15.6	63.0	134.13	5.9	84.45	4.0
2018	871	317,915	(0.0)	215,108	7.5	67.7	135.80	1.2	91.89	8.8
2019	871	317,915	0.0	219,029	1.8	68.9	136.16	0.3	93.81	2.1
2020	871	317,915	0.0	105,369	(51.9)	33.1	119.73	(12.1)	39.68	(57.7)
2021	871	317,915	0.0	182,187	72.9	57.3	135.63	13.3	77.73	95.9
<b>Year-to-Date Through June</b>										
2021	871	157,651	—	75,647	—	48.0 %	\$121.64	—	\$58.37	—
2022	871	157,651	0.0 %	97,790	29.3 %	62.0	147.81	21.5 %	91.69	57.1 %
Average Annual Compounded Change:										
2009 – 2019			2.0 %	5.5 %			2.2 %			5.7 %
2009 – 2020			1.8	(1.8)			0.8			(2.7)
2009 – 2021			1.7 %	3.0 %			1.8 %			3.1 %
2017 – 2021			(0.0)	(2.3)			0.3			(2.1)

Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened	Comments
The Herrington Inn & Spa	Luxury Class	Primary	61	Jun 2020	Jun 1993	S/O April '20, R/O June '20
Holiday Inn Express & Suites Chicago West St Charles	Upper Midscale Class	Secondary	83	Mar 2017	Nov 1998	
Hilton Garden Inn St. Charles	Upscale Class	Secondary	120	Mar 2000	Mar 2000	
Courtyard Chicago St Charles	Upscale Class	Secondary	121	Apr 2000	Apr 2000	
Fairfield Inn & Suites Chicago St Charles	Upper Midscale Class	Secondary	92	Dec 2001	Dec 2001	
Hotel Arista at CityGate Centre	Upper Upscale Class	Primary	144	Jun 2020	Sep 2008	S/O April '20, R/O June '20
Hampton by Hilton Inn & Suites Chicago/St Charles	Upper Midscale Class	Secondary	92	Dec 2008	Dec 2008	
Hotel Indigo Naperville Riverwalk	Upper Upscale Class	Primary	158	Nov 2016	Nov 2016	
			<b>Total</b>	<b>871</b>		

Comments\*S/O = Suspended Operations; R/O = Resumed Operations

Source: STR

The following tables reflect our estimates of operating data for hotels on an individual basis. These trends are presented in detail in the Supply and Demand Analysis chapter of this report.

**FIGURE 1-2 PRIMARY COMPETITORS – OPERATING PERFORMANCE**

Property	Number of Rooms	Est. Segmentation			Estimated 2019				Estimated 2021					
		Commercial	Leisure	Meeting and Group	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Herrington Inn & Spa	61	40 %	45 %	15 %	61	65 - 70 %	\$180 - \$190	\$115 - \$120	61	50 - 55 %	\$180 - \$190	\$95 - \$100	95 - 100 %	120 - 130 %
Hotel Indigo Naperville Riverwalk	158	50	15	35	158	70 - 75	160 - 170	120 - 125	158	60 - 65	160 - 170	105 - 110	110 - 120	130 - 140
Hotel Arista at CityGate Centre	144	40	30	30	144	60 - 65	140 - 150	95 - 100	144	55 - 60	180 - 190	100 - 105	95 - 100	120 - 130
Hotel Baker	53	40	35	25	53	45 - 50	160 - 170	80 - 85	53	35 - 40	160 - 170	60 - 65	65 - 70	75 - 80
<b>Sub-Totals/Averages</b>	<b>416</b>	<b>44 %</b>	<b>26 %</b>	<b>29 %</b>	<b>416</b>	<b>67.0 %</b>	<b>\$160.90</b>	<b>\$107.85</b>	<b>416</b>	<b>57.2 %</b>	<b>\$172.79</b>	<b>\$99</b>	<b>101 %</b>	<b>122.4 %</b>
Secondary Competitors	508	62 %	28 %	10 %	380	68.2 %	\$113.66	\$77.50	380	55.7 %	\$109.49	\$61	99 %	75.5 %
<b>Totals/Averages</b>	<b>924</b>	<b>53 %</b>	<b>27 %</b>	<b>20 %</b>	<b>796</b>	<b>67.6 %</b>	<b>\$138.16</b>	<b>\$93.37</b>	<b>796</b>	<b>56.5 %</b>	<b>\$143.02</b>	<b>\$81</b>	<b>100 %</b>	<b>100.0 %</b>

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



**FIGURE 1-3 SECONDARY COMPETITORS – OPERATING PERFORMANCE**

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2019				Estimated 2021			
		Commercial	Leisure	Meeting and Group		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Courtyard by Marriott Chicago Saint Charles	121	60 %	30 %	10 %	80 %	97	60 - 65 %	\$115 - \$120	\$70 - \$75	97	45 - 50 %	\$120 - \$125	\$60 - \$65
Hilton Garden Inn Saint Charles	120	60	30	10	80	96	65 - 70	115 - 120	75 - 80	96	50 - 55	100 - 105	55 - 60
Fairfield by Marriott Chicago Saint Charles	92	60	30	10	70	64	65 - 70	105 - 110	70 - 75	64	50 - 55	110 - 115	55 - 60
Hampton by Hilton Chicago Saint Charles	92	70	20	10	70	64	75 - 80	115 - 120	85 - 90	64	60 - 65	105 - 110	65 - 70
Holiday Inn Express & Suites St Charles	83	60	30	10	70	58	70 - 75	105 - 110	75 - 80	58	55 - 60	105 - 110	60 - 65
<b>Totals/Averages</b>	<b>508</b>	<b>62 %</b>	<b>28 %</b>	<b>10 %</b>	<b>75 %</b>	<b>380</b>	<b>68.2 %</b>	<b>\$113.66</b>	<b>\$77.50</b>	<b>380</b>	<b>55.7 %</b>	<b>\$109.49</b>	<b>\$60.96</b>

\* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.

**Summary of Forecast  
Occupancy and  
Average Rate**

Based on our analysis presented in the Projection of Occupancy and Average Rate chapter, we have chosen to use a stabilized occupancy level of 71% and a base-year rate position of for the proposed subject hotel. The following table reflects a summary of our proposed subject hotel occupancy and average rate (ADR) projections.

**FIGURE 1-4 FORECAST OF OCCUPANCY AND AVERAGE RATE**

Year	Occupancy	Average Rate		Average Rate After Discount
		Before Discount	Discount	
2026/27	62 %	\$258.51	5.0 %	\$245.59
2027/28	68	266.27	3.0	258.28
2028/29	71	274.26	0.0	274.26

**Summary of Forecast  
Income and Expense  
Statement**

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market. Our forecast of income and expense is presented in the following table.

**FIGURE 1-5 DETAILED FORECAST OF INCOME AND EXPENSE**

	2026/27 Begins April			2027/28			Stabilized			2029/30						
Number of Rooms:	164			164			164			164						
Occupancy:	62%			68%			71%			71%						
Average Rate:	\$245.59			\$258.28			\$274.26			\$282.49						
RevPAR:	\$152.26			\$175.63			\$194.72			\$200.56						
Days Open:	365			365			365			365						
Occupied Rooms:	37,113	%Gross	PAR	POR	40,705	%Gross	PAR	POR	42,501	%Gross	PAR	POR	42,501	%Gross	PAR	POR
<b>OPERATING REVENUE</b>																
Rooms	\$9,115	53.2 %	\$55,579	\$245.60	\$10,513	54.6 %	\$64,104	\$258.27	\$11,656	55.7 %	\$71,073	\$274.25	\$12,006	55.7 %	\$73,207	\$282.49
Food	4,579	26.7	27,920	123.38	5,047	26.2	30,772	123.98	5,368	25.7	32,732	126.31	5,529	25.7	33,714	130.09
Beverage	1,880	11.0	11,461	50.65	2,035	10.6	12,409	50.00	2,147	10.3	13,093	50.52	2,212	10.3	13,486	52.04
Other Operated Departments	146	0.9	890	3.93	154	0.8	941	3.79	161	0.8	982	3.79	166	0.8	1,011	3.90
Valet Parking	578	3.4	3,522	15.56	622	3.2	3,791	15.27	654	3.1	3,989	15.39	674	3.1	4,109	15.86
Spa	706	4.1	4,304	19.02	746	3.9	4,549	18.33	778	3.7	4,746	18.31	802	3.7	4,889	18.86
Miscellaneous Income	146	0.9	890	3.93	154	0.8	941	3.79	161	0.8	982	3.79	166	0.8	1,011	3.90
<b>Total Operating Revenues</b>	<b>17,149</b>	<b>100.0</b>	<b>104,567</b>	<b>462.07</b>	<b>19,271</b>	<b>100.0</b>	<b>117,508</b>	<b>473.44</b>	<b>20,926</b>	<b>100.0</b>	<b>127,597</b>	<b>492.37</b>	<b>21,554</b>	<b>100.0</b>	<b>131,427</b>	<b>507.15</b>
<b>DEPARTMENTAL EXPENSES *</b>																
Rooms	2,399	26.3	14,627	64.64	2,559	24.3	15,603	62.86	2,681	23.0	16,347	63.08	2,761	23.0	16,837	64.97
Food & Beverage	4,762	73.7	29,035	128.30	5,040	71.2	30,731	123.81	5,261	70.0	32,077	123.78	5,419	70.0	33,040	127.49
Other Operated Departments	98	66.8	595	2.63	101	65.6	617	2.49	105	65.0	638	2.46	108	65.0	657	2.54
Valet Parking	212	36.7	1,291	5.71	221	35.5	1,347	5.43	229	35.0	1,396	5.39	236	35.0	1,438	5.55
Spa	580	82.2	3,538	15.63	602	80.7	3,672	14.80	623	80.0	3,797	14.65	641	80.0	3,911	15.09
<b>Total Expenses</b>	<b>8,050</b>	<b>46.9</b>	<b>49,086</b>	<b>216.91</b>	<b>8,523</b>	<b>44.2</b>	<b>51,970</b>	<b>209.39</b>	<b>8,898</b>	<b>42.5</b>	<b>54,256</b>	<b>209.36</b>	<b>9,165</b>	<b>42.5</b>	<b>55,883</b>	<b>215.64</b>
<b>DEPARTMENTAL INCOME</b>	<b>9,099</b>	<b>53.1</b>	<b>55,481</b>	<b>245.16</b>	<b>10,748</b>	<b>55.8</b>	<b>65,538</b>	<b>264.05</b>	<b>12,028</b>	<b>57.5</b>	<b>73,342</b>	<b>283.01</b>	<b>12,389</b>	<b>57.5</b>	<b>75,544</b>	<b>291.51</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																
Administrative & General	1,322	7.7	8,062	35.62	1,390	7.2	8,473	34.14	1,450	6.9	8,841	34.12	1,493	6.9	9,107	35.14
Info & Telecom Systems	227	1.3	1,382	6.11	238	1.2	1,453	5.85	249	1.2	1,516	5.85	256	1.2	1,561	6.02
Marketing	1,228	7.2	7,486	33.08	1,290	6.7	7,868	31.70	1,346	6.4	8,210	31.68	1,387	6.4	8,456	32.63
Franchise Fee	592	3.5	3,613	15.96	683	3.5	4,167	16.79	758	3.6	4,620	17.83	780	3.6	4,758	18.36
Prop. Operations & Maint.	756	4.4	4,607	20.36	794	4.1	4,842	19.51	829	4.0	5,052	19.50	853	4.0	5,204	20.08
Utilities	529	3.1	3,225	14.25	556	2.9	3,389	13.66	580	2.8	3,537	13.65	597	2.8	3,643	14.06
<b>Total Expenses</b>	<b>4,653</b>	<b>27.2</b>	<b>28,374</b>	<b>125.38</b>	<b>4,952</b>	<b>25.6</b>	<b>30,192</b>	<b>121.65</b>	<b>5,211</b>	<b>24.9</b>	<b>31,775</b>	<b>122.61</b>	<b>5,368</b>	<b>24.9</b>	<b>32,729</b>	<b>126.29</b>
<b>GROSS OPERATING PROFIT</b>	<b>4,446</b>	<b>25.9</b>	<b>27,107</b>	<b>119.78</b>	<b>5,797</b>	<b>30.2</b>	<b>35,346</b>	<b>142.41</b>	<b>6,817</b>	<b>32.6</b>	<b>41,566</b>	<b>160.39</b>	<b>7,022</b>	<b>32.6</b>	<b>42,815</b>	<b>165.21</b>
Management Fee	514	3.0	3,137	13.86	578	3.0	3,525	14.20	628	3.0	3,828	14.77	647	3.0	3,943	15.21
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>3,931</b>	<b>22.9</b>	<b>23,970</b>	<b>105.92</b>	<b>5,219</b>	<b>27.2</b>	<b>31,820</b>	<b>128.20</b>	<b>6,189</b>	<b>29.6</b>	<b>37,738</b>	<b>145.62</b>	<b>6,375</b>	<b>29.6</b>	<b>38,872</b>	<b>150.00</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																
Property Taxes	476	2.8	2,905	12.84	491	2.5	2,993	12.06	506	2.4	3,082	11.89	521	2.4	3,175	12.25
Insurance	152	0.9	929	4.10	157	0.8	956	3.85	162	0.8	985	3.80	166	0.8	1,015	3.92
<b>Total Expenses</b>	<b>629</b>	<b>3.7</b>	<b>3,834</b>	<b>16.94</b>	<b>648</b>	<b>3.3</b>	<b>3,949</b>	<b>15.91</b>	<b>667</b>	<b>3.2</b>	<b>4,068</b>	<b>15.70</b>	<b>687</b>	<b>3.2</b>	<b>4,190</b>	<b>16.17</b>
<b>EBITDA</b>	<b>3,302</b>	<b>19.2</b>	<b>20,136</b>	<b>88.98</b>	<b>4,571</b>	<b>23.9</b>	<b>27,871</b>	<b>112.29</b>	<b>5,522</b>	<b>26.4</b>	<b>33,671</b>	<b>129.93</b>	<b>5,688</b>	<b>26.4</b>	<b>34,682</b>	<b>133.83</b>
Reserve for Replacement	343	2.0	2,091	9.24	578	3.0	3,525	14.20	837	4.0	5,104	19.69	862	4.0	5,257	20.29
<b>EBITDA LESS RESERVE</b>	<b>\$2,959</b>	<b>17.2 %</b>	<b>\$18,044</b>	<b>\$79.74</b>	<b>\$3,993</b>	<b>20.9 %</b>	<b>\$24,346</b>	<b>\$98.09</b>	<b>\$4,685</b>	<b>22.4 %</b>	<b>\$28,567</b>	<b>\$110.23</b>	<b>\$4,826</b>	<b>22.4 %</b>	<b>\$29,425</b>	<b>\$113.55</b>

\*Departmental expenses are expressed as a percentage of departmental revenues.

**FIGURE 1-6 TEN-YEAR FORECAST OF INCOME AND EXPENSE**

	2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34		2034/35		2035/36	
<b>Number of Rooms:</b>	164		164		164		164		164		164		164		164		164		164	
<b>Occupied Rooms:</b>	37,113		40,705		42,501		42,501		42,501		42,501		42,501		42,501		42,501		42,501	
<b>Occupancy:</b>	62%		68%		71%		71%		71%		71%		71%		71%		71%		71%	
<b>Average Rate:</b>	\$245.59	% of	\$258.28	% of	\$274.26	% of	\$282.49	% of	\$290.96	% of	\$299.69	% of	\$308.68	% of	\$317.94	% of	\$327.48	% of	\$337.30	% of
<b>RevPAR:</b>	\$152.26	Gross	\$175.63	Gross	\$194.72	Gross	\$200.56	Gross	\$206.58	Gross	\$212.78	Gross	\$219.16	Gross	\$225.74	Gross	\$232.51	Gross	\$239.48	Gross
<b>OPERATING REVENUE</b>																				
Rooms	\$9,115	53.2 %	\$10,513	54.6 %	\$11,656	55.7 %	\$12,006	55.7 %	\$12,366	55.7 %	\$12,737	55.7 %	\$13,119	55.7 %	\$13,513	55.7 %	\$13,918	55.7 %	\$14,336	55.7 %
Food	4,579	26.7	5,047	26.2	5,368	25.7	5,529	25.7	5,695	25.7	5,866	25.7	6,042	25.7	6,223	25.7	6,410	25.7	6,602	25.7
Beverage	1,880	11.0	2,035	10.6	2,147	10.3	2,212	10.3	2,278	10.3	2,346	10.3	2,417	10.3	2,489	10.3	2,564	10.3	2,641	10.3
Other Operated Departments	146	0.9	154	0.8	161	0.8	166	0.8	171	0.8	176	0.8	181	0.8	187	0.8	192	0.8	198	0.8
Valet Parking	578	3.4	622	3.2	654	3.1	674	3.1	694	3.1	715	3.1	736	3.1	758	3.1	781	3.1	805	3.1
Spa	706	4.1	746	3.9	778	3.7	802	3.7	826	3.7	851	3.7	876	3.7	902	3.7	929	3.7	957	3.7
Miscellaneous Income	146	0.9	154	0.8	161	0.8	166	0.8	171	0.8	176	0.8	181	0.8	187	0.8	192	0.8	198	0.8
<b>Total Operating Revenues</b>	<b>17,149</b>	<b>100.0</b>	<b>19,271</b>	<b>100.0</b>	<b>20,926</b>	<b>100.0</b>	<b>21,554</b>	<b>100.0</b>	<b>22,201</b>	<b>100.0</b>	<b>22,867</b>	<b>100.0</b>	<b>23,552</b>	<b>100.0</b>	<b>24,259</b>	<b>100.0</b>	<b>24,987</b>	<b>100.0</b>	<b>25,737</b>	<b>100.0</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	2,399	26.3	2,559	24.3	2,681	23.0	2,761	23.0	2,844	23.0	2,930	23.0	3,017	23.0	3,108	23.0	3,201	23.0	3,297	23.0
Food & Beverage	4,762	73.7	5,040	71.2	5,261	70.0	5,419	70.0	5,581	70.0	5,749	70.0	5,921	70.0	6,099	70.0	6,282	70.0	6,470	70.0
Other Operated Departments	98	66.8	101	65.6	105	65.0	108	65.0	111	65.0	114	65.0	118	65.0	121	65.0	125	65.0	129	65.0
Valet Parking	212	36.7	221	35.5	229	35.0	236	35.0	243	35.0	250	35.0	258	35.0	265	35.0	273	35.0	282	35.0
Spa	580	82.2	602	80.7	623	80.0	641	80.0	661	80.0	680	80.0	701	80.0	722	80.0	744	80.0	766	80.0
<b>Total Expenses</b>	<b>8,050</b>	<b>46.9</b>	<b>8,523</b>	<b>44.2</b>	<b>8,898</b>	<b>42.5</b>	<b>9,165</b>	<b>42.5</b>	<b>9,440</b>	<b>42.5</b>	<b>9,723</b>	<b>42.5</b>	<b>10,015</b>	<b>42.5</b>	<b>10,315</b>	<b>42.5</b>	<b>10,625</b>	<b>42.5</b>	<b>10,943</b>	<b>42.5</b>
<b>DEPARTMENTAL INCOME</b>	<b>9,099</b>	<b>53.1</b>	<b>10,748</b>	<b>55.8</b>	<b>12,028</b>	<b>57.5</b>	<b>12,389</b>	<b>57.5</b>	<b>12,761</b>	<b>57.5</b>	<b>13,144</b>	<b>57.5</b>	<b>13,538</b>	<b>57.5</b>	<b>13,944</b>	<b>57.5</b>	<b>14,362</b>	<b>57.5</b>	<b>14,794</b>	<b>57.5</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	1,322	7.7	1,390	7.2	1,450	6.9	1,493	6.9	1,538	6.9	1,584	6.9	1,632	6.9	1,681	6.9	1,731	6.9	1,783	6.9
Info & Telecom Systems	227	1.3	238	1.2	249	1.2	256	1.2	264	1.2	272	1.2	280	1.2	288	1.2	297	1.2	306	1.2
Marketing	1,228	7.2	1,290	6.7	1,346	6.4	1,387	6.4	1,428	6.4	1,471	6.4	1,515	6.4	1,561	6.4	1,608	6.4	1,656	6.4
Franchise Fee	592	3.5	683	3.5	758	3.6	780	3.6	804	3.6	828	3.6	853	3.6	878	3.6	905	3.6	932	3.6
Prop. Operations & Maint.	756	4.4	794	4.1	829	4.0	853	4.0	879	4.0	905	4.0	933	4.0	961	4.0	989	4.0	1,019	4.0
Utilities	529	3.1	556	2.9	580	2.8	597	2.8	615	2.8	634	2.8	653	2.8	672	2.8	693	2.8	713	2.8
<b>Total Expenses</b>	<b>4,653</b>	<b>27.2</b>	<b>4,952</b>	<b>25.6</b>	<b>5,211</b>	<b>24.9</b>	<b>5,368</b>	<b>24.9</b>	<b>5,529</b>	<b>24.9</b>	<b>5,694</b>	<b>24.9</b>	<b>5,865</b>	<b>24.9</b>	<b>6,041</b>	<b>24.9</b>	<b>6,222</b>	<b>24.9</b>	<b>6,409</b>	<b>24.9</b>
<b>GROSS OPERATING PROFIT</b>	<b>4,446</b>	<b>25.9</b>	<b>5,797</b>	<b>30.2</b>	<b>6,817</b>	<b>32.6</b>	<b>7,022</b>	<b>32.6</b>	<b>7,232</b>	<b>32.6</b>	<b>7,449</b>	<b>32.6</b>	<b>7,672</b>	<b>32.6</b>	<b>7,903</b>	<b>32.6</b>	<b>8,140</b>	<b>32.6</b>	<b>8,384</b>	<b>32.6</b>
Management Fee	514	3.0	578	3.0	628	3.0	647	3.0	666	3.0	686	3.0	707	3.0	728	3.0	750	3.0	772	3.0
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>3,931</b>	<b>22.9</b>	<b>5,219</b>	<b>27.2</b>	<b>6,189</b>	<b>29.6</b>	<b>6,375</b>	<b>29.6</b>	<b>6,566</b>	<b>29.6</b>	<b>6,763</b>	<b>29.6</b>	<b>6,966</b>	<b>29.6</b>	<b>7,175</b>	<b>29.6</b>	<b>7,390</b>	<b>29.6</b>	<b>7,612</b>	<b>29.6</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	476	2.8	491	2.5	506	2.4	521	2.4	536	2.4	552	2.4	569	2.4	586	2.4	604	2.4	622	2.4
Insurance	152	0.9	157	0.8	162	0.8	166	0.8	171	0.8	177	0.8	182	0.8	187	0.8	193	0.8	199	0.8
<b>Total Expenses</b>	<b>629</b>	<b>3.7</b>	<b>648</b>	<b>3.3</b>	<b>667</b>	<b>3.2</b>	<b>687</b>	<b>3.2</b>	<b>708</b>	<b>3.2</b>	<b>729</b>	<b>3.2</b>	<b>751</b>	<b>3.2</b>	<b>773</b>	<b>3.2</b>	<b>797</b>	<b>3.2</b>	<b>820</b>	<b>3.2</b>
<b>EBITDA</b>	<b>3,302</b>	<b>19.2</b>	<b>4,571</b>	<b>23.9</b>	<b>5,522</b>	<b>26.4</b>	<b>5,688</b>	<b>26.4</b>	<b>5,858</b>	<b>26.4</b>	<b>6,034</b>	<b>26.4</b>	<b>6,215</b>	<b>26.4</b>	<b>6,402</b>	<b>26.4</b>	<b>6,594</b>	<b>26.4</b>	<b>6,792</b>	<b>26.4</b>
Reserve for Replacement	343	2.0	578	3.0	837	4.0	862	4.0	888	4.0	915	4.0	942	4.0	970	4.0	999	4.0	1,029	4.0
<b>EBITDA LESS RESERVE</b>	<b>\$2,959</b>	<b>17.2 %</b>	<b>\$3,993</b>	<b>20.9 %</b>	<b>\$4,685</b>	<b>22.4 %</b>	<b>\$4,826</b>	<b>22.4 %</b>	<b>\$4,970</b>	<b>22.4 %</b>	<b>\$5,120</b>	<b>22.4 %</b>	<b>\$5,273</b>	<b>22.4 %</b>	<b>\$5,432</b>	<b>22.4 %</b>	<b>\$5,594</b>	<b>22.4 %</b>	<b>\$5,762</b>	<b>22.4 %</b>

As illustrated, the hotel is expected to stabilize at a profitable level. Please refer to the Forecast of Income and Expense chapter of our report for a detailed explanation of the methodology used in deriving this forecast.

### Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,<sup>1</sup> *Hotels, Motels and Restaurants: Valuations and Market Studies*,<sup>2</sup> *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,<sup>3</sup> *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,<sup>4</sup> and *Hotels and Motels – Valuations and Market Studies*.<sup>5</sup>

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. Information was supplied by the client and/or the property's development team.
2. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.
3. The subject property's proposed improvements have been reviewed for their expected quality of construction, design, and layout efficiency.
4. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hospitality-related economic and demographic trends that may have an impact on future demand for hotels.
5. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.

<sup>1</sup> Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

<sup>2</sup> Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

<sup>3</sup> Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

<sup>4</sup> Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

<sup>5</sup> Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).

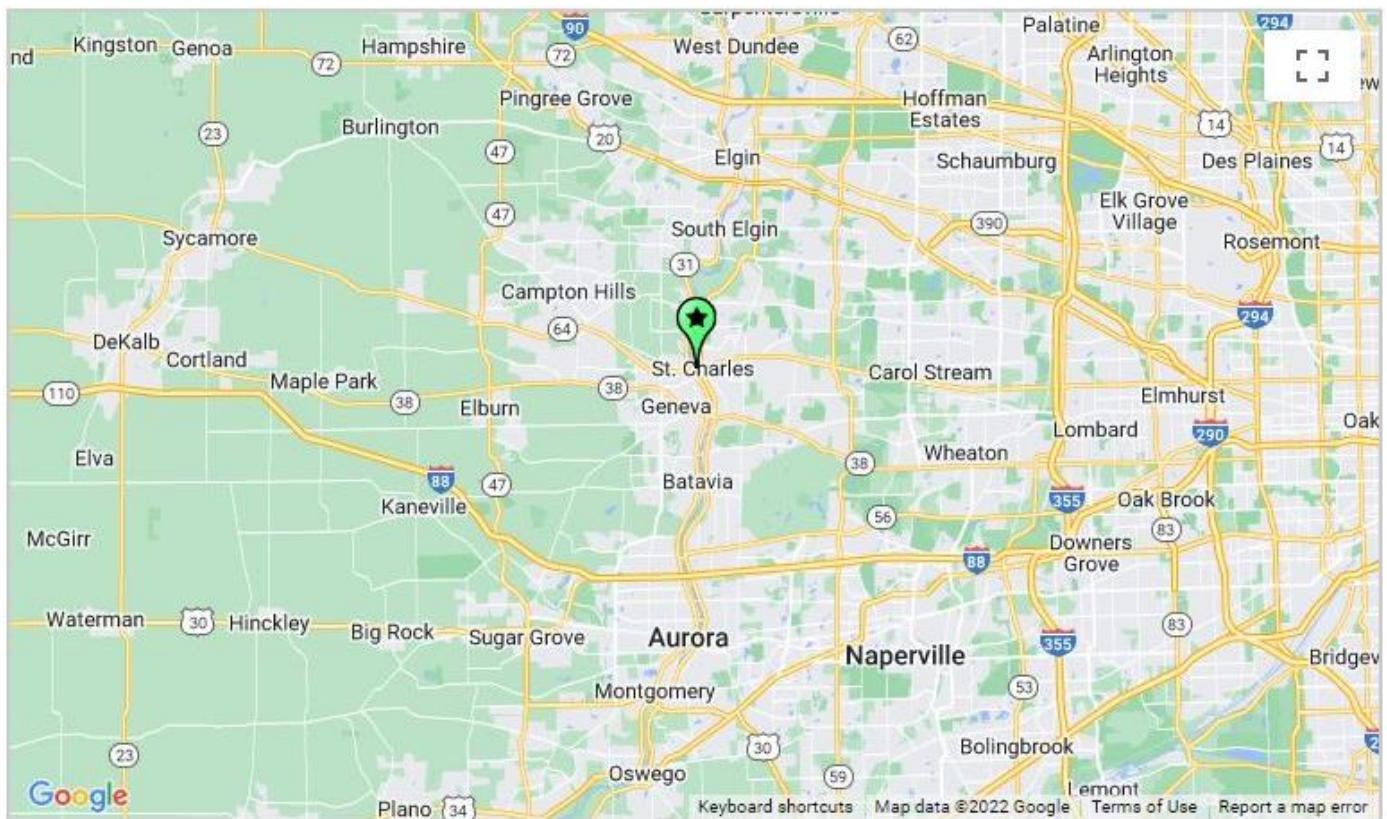
6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness.
7. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
8. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry sets forth the anticipated economic benefits of the proposed subject property.

## 2. Description of the Site and Neighborhood

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

The subject site is located in Downtown St. Charles, in the northwest quadrant of the intersection formed by Main Street and North Riverside Avenue. The site is currently improved with several city owned buildings, such as the St. Charles Municipal Center, as well as public parking and some public green space. This site is in the city of St Charles, Illinois.

### LOCATION MAP





**Physical Characteristics**

The parcel's adjacent uses are set forth in the following table.

**FIGURE 2-1 SUBJECT PARCEL'S ADJACENT USES**

Direction	Adjacent Use
North	North Riverside Avenue
South	Main Street
East	North Riverside Avenue
West	Fox River

**Topography and Site Utility**

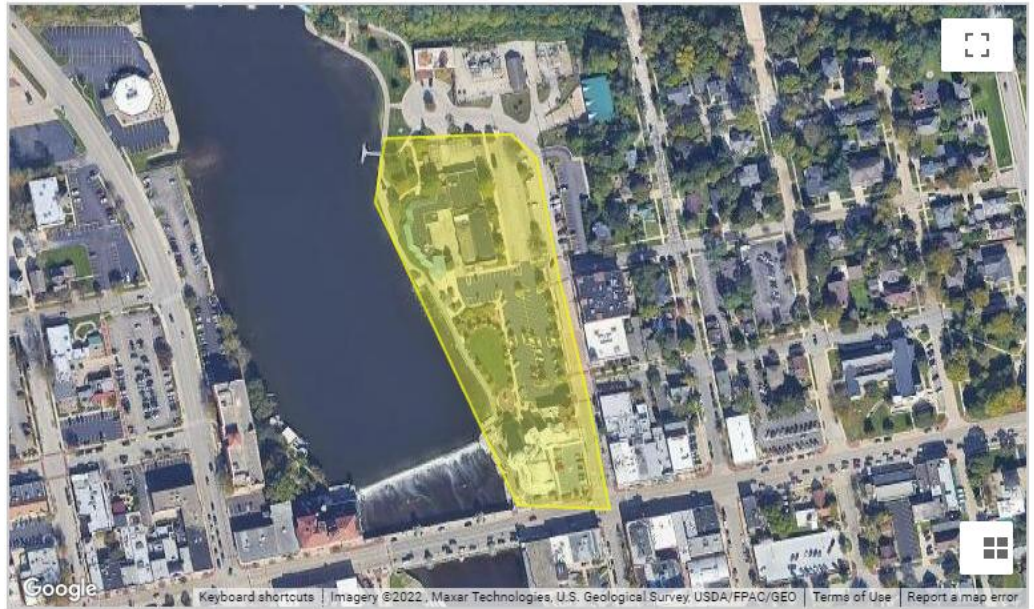
The topography of the site is generally flat and its shape should permit efficient use of the site for the building and other improvements, as well as ingress and egress. In addition to the hotel, the building will contain residential condo units and several leased spaces that will be occupied by either retail or restaurant tenants. Furthermore, the larger site will contain an amphitheater. We note the components outside of the hotel are beyond the scope of this assignment. Upon completion of construction, the subject site will not contain any significant portion of undeveloped land that could be sold, entitled, and developed for alternate use. It is expected that the site will be developed fully with building and site improvements, thus contributing to the overall profitability of the hotel.

**VIEW OF SUBJECT SITE**





**AERIAL PHOTOGRAPH**



**VIEW FROM SITE TO THE NORTH**



**VIEW FROM SITE TO THE SOUTH**



**VIEW FROM SITE TO THE EAST**



**VIEW FROM SITE TO THE WEST**

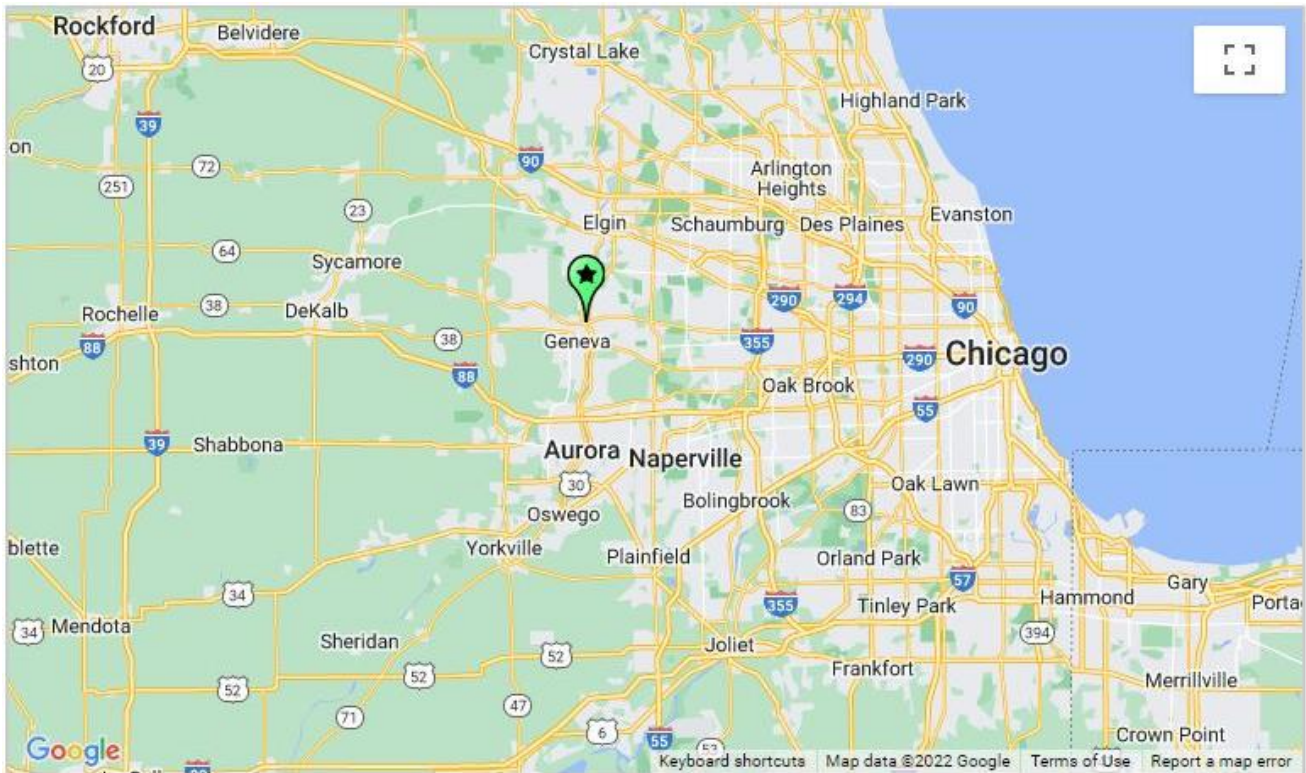


**Access and Visibility**

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. The subject site is readily accessible to a variety of local and county roads, as well as state and interstate highways.



## MAP OF REGIONAL ACCESS ROUTES



This market is served by a variety of major routes, including interstates and highways, as illustrated on the map. Regional access to/from the city of St. Charles and the subject site, in particular, is considered very good.

Primary vehicular access to the subject site is provided by North Riverside Avenue. Access is also available from Main Street/State Route 64. The subject site is located along State Route 64, which is a major local thoroughfare. The proposed subject hotel is anticipated to have adequate signage at the street, as well as on its façade. Overall, the subject site benefits from very good accessibility, and the proposed hotel is expected to enjoy excellent visibility from within its local neighborhood.

### Airport Access

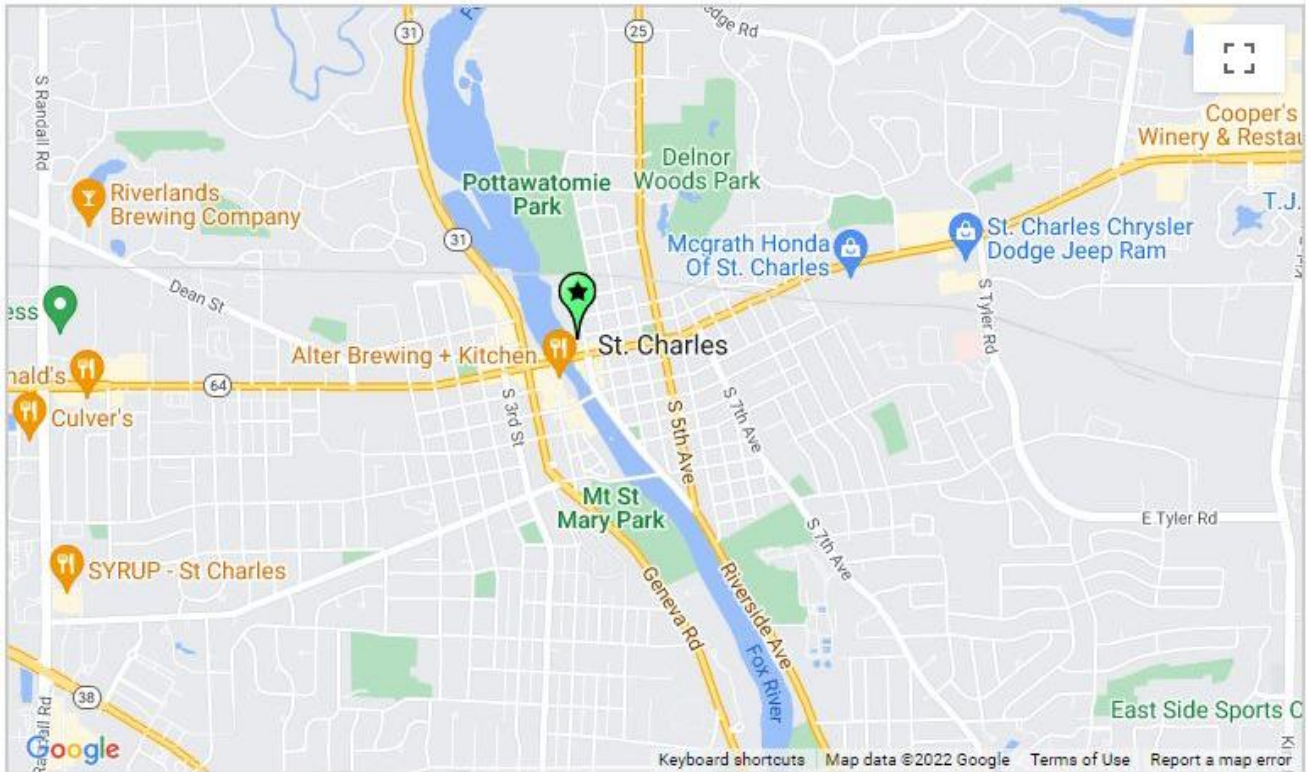
The proposed subject hotel will be served by the O'Hare International Airport, which is located approximately 20 miles to the northeast of the subject site. The proposed subject hotel will also be served by the Chicago Midway International Airport, located roughly 30 miles to the southeast of the subject site.

## Neighborhood

The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

The neighborhood that surrounds the subject site is generally defined by the train tracks to the north, 5th Avenue to the east, Prairie Street to the south, and 5th Street to the west. The neighborhood is characterized by restaurants, office buildings, and retail shopping centers along the primary thoroughfares, with residential areas located along the secondary roadways. Some specific businesses and entities in the area include Arcada Theatre, the St. Charles Municipal Center, and the St Charles History Museum & The Curious Fox Gift Shop; the only hotel currently located within this neighborhood is Hotel Baker. Restaurants located near the subject site include The Graceful Ordinary, Alter Brewing + Kitchen, and La Mesa Modern Mexican. In general, this neighborhood is in the growth stage of its life cycle, with notable redevelopments happening as part of the First Street Project, including an expansion of the First Street Plaza; a new four-story, 21-unit residential building; and a three-story commercial building. Other planned developments include Milestone Row 2, a four-story mixed-use building that will house commercial space and parking on the first floor and residential condominium units on the upper floors, and the River East Lofts, a four-story, 42-unit residential building. Furthermore, the proposed subject hotel's construction will notably change the Downtown neighborhood. The hotel's opening should be a positive influence on the area, and the property is expected to be in character with and to complement surrounding land uses.

## MAP OF NEIGHBORHOOD



### Proximity to Local Demand Generators and Attractions

The subject site is located near the area's primary generators of lodging demand. A sample of these demand generators is reflected on the following map, including respective distances from and drive times to the subject site. Overall, the subject site is well situated with respect to demand generators.

### Utilities

The subject site will reportedly be served by all necessary utilities.

### Soil and Subsoil Conditions

Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent.

### Nuisances and Hazards

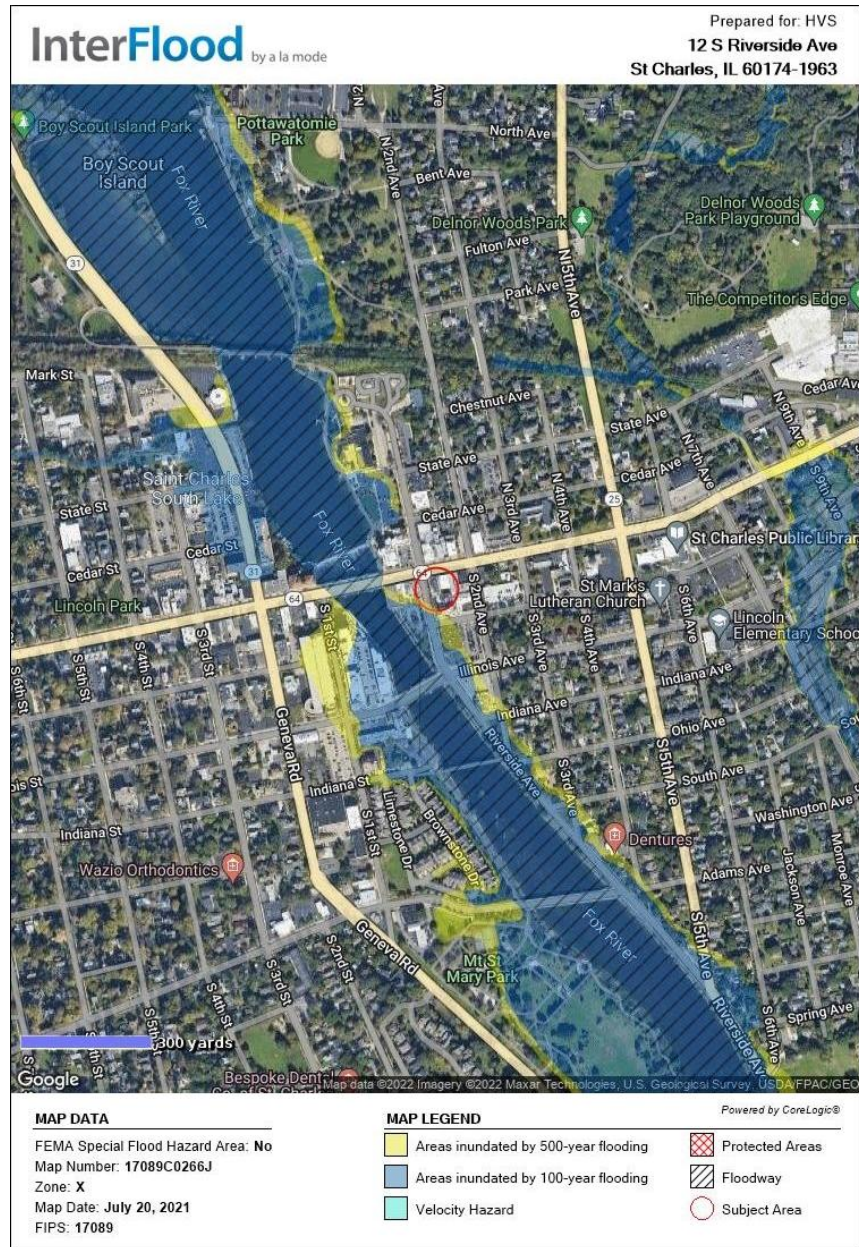
We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.



**Flood Zone**

According to the Federal Emergency Management Agency map illustrated below, the subject site is located in Zone X.

**COPY OF FLOOD MAP AND COVER**



The flood zone definition for the Zone X designation is as follows: the flood insurance rate zone that corresponds to areas outside the 100-year floodplains, areas of 100-year sheet flow flooding where average depths are less than 1 foot, areas of 100-year stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 100-year flood by levees. No Base Flood Elevations or depths are shown within this zone.

**Zoning**

According to the local planning office, the subject property is zoned as follows: CBD-1 - Core Central Business District. Additional details pertaining to the proposed subject property’s zoning regulations are summarized in the following table.

**FIGURE 2-2 ZONING**

Municipality Governing Zoning	St. Charles
Current Zoning	Core Central Business District
Current Use	Municipal Buildings, Green space
Is Current Use Permitted?	Yes
Is Change in Zoning Likely?	No
Permitted Uses	Restaurants, Retail, Office, Hotels
Hotel Allowed	Yes
Legally Non-Conforming	Not Applicable

We assume that all necessary permits and approvals will be secured (including the appropriate liquor license as applicable) and that the subject property will be constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. Our zoning analysis should be verified before any physical changes are made to the site.

**Easements and Encroachments**

We are not aware of any easements attached to the property that would significantly affect the utility of the site or marketability of this project.

**Conclusion**

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. The subject site is favorably located in Downtown St. Charles. In general, the site should be well suited for future hotel use, with acceptable access, visibility, and topography for an effective operation.

### 3. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

#### Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of St Charles, the county of Kane, and the state of Illinois. St. Charles was founded in 1834 under its original name, Charleston, before being renamed in 1839. The city lies roughly 35 miles to the west of Chicago and is predominately located in Kane County; however, portions of the city's eastern side fall within DuPage County. St. Charles is part of the tri-city area, which also includes Geneva and Batavia. This city's official slogan is "Pride of the Fox," which is in tribute to the Fox River that runs through the middle of the city.



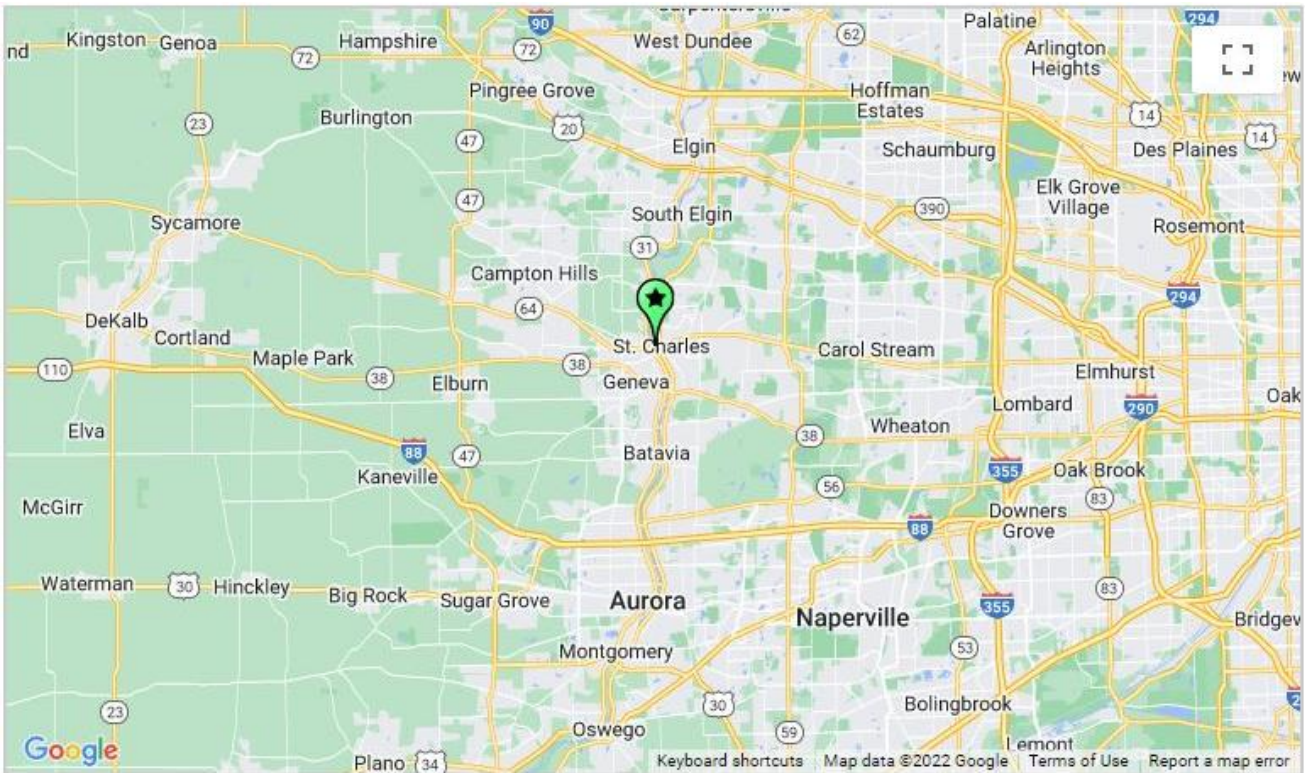
## ST CHARLES

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The subject property's market area can be defined by its Combined Statistical Area (CSA): Chicago-Naperville, IL-IN-WI. The CSA represents adjacent metropolitan and micropolitan statistical areas that have a moderate degree of employment interchange. Micropolitan statistical areas represent urban areas in the United States based around a core city or town with a population of 10,000 to 49,999; the MSA requires the presence of a core city of at least 50,000 people and a total population of at least 100,000 (75,000 in New England). The following exhibit illustrates the market area.

## MAP OF MARKET AREA



### Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

**FIGURE 3-1 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY**

	2010	2019	2021	2026	Average Annual Compounded Change		
					2010-19	2019-21	2021-26
<b>Resident Population (Thousands)</b>							
Kane County	516.1	532.4	541.5	567.4	0.3 %	0.9 %	0.9 %
Chicago-Naperville-Elgin, IL-IN-WI MSA	9,470.6	9,458.5	9,497.8	9,636.2	(0.0)	0.2	0.3
Chicago-Naperville, IL-IN-WI CSA	9,850.3	9,825.3	9,864.7	10,003.3	(0.0)	0.2	0.3
State of Illinois	12,840.5	12,671.8	12,708.0	12,847.6	(0.1)	0.1	0.2
United States	309,321.6	328,241.4	332,219.5	343,776.8	0.7	0.6	0.7
<b>Per-Capita Personal Income*</b>							
Kane County	\$40,828	\$47,485	\$49,181	\$51,876	1.7	1.8	1.1
Chicago-Naperville-Elgin, IL-IN-WI MSA	46,192	57,806	59,955	64,955	2.5	1.8	1.6
Chicago-Naperville, IL-IN-WI CSA	45,758	57,155	59,276	64,218	2.5	1.8	1.6
State of Illinois	43,982	53,494	55,435	60,049	2.2	1.8	1.6
United States	42,366	51,424	53,262	57,739	2.2	1.8	1.6
<b>W&amp;P Wealth Index</b>							
Kane County	98.2	94.4	94.3	92.2	(0.4)	(0.0)	(0.5)
Chicago-Naperville-Elgin, IL-IN-WI MSA	108.9	112.7	112.8	112.7	0.4	0.1	(0.0)
Chicago-Naperville, IL-IN-WI CSA	107.8	111.4	111.5	111.4	0.4	0.0	(0.0)
State of Illinois	103.7	104.4	104.4	104.4	0.1	0.0	(0.0)
United States	100.0	100.0	100.0	100.0	(0.0)	0.0	0.0
<b>Food and Beverage Sales (Millions)*</b>							
Kane County	\$653	\$926	\$980	\$1,132	4.0	2.9	2.9
Chicago-Naperville-Elgin, IL-IN-WI MSA	16,592	23,021	23,988	26,544	3.7	2.1	2.0
Chicago-Naperville, IL-IN-WI CSA	17,073	23,564	24,554	27,173	3.6	2.1	2.0
State of Illinois	20,650	27,810	28,988	32,142	3.4	2.1	2.1
United States	475,553	683,513	718,507	814,042	4.1	2.5	2.5
<b>Total Retail Sales (Millions)*</b>							
Kane County	\$6,113	\$7,412	\$7,863	\$8,760	2.2	3.0	2.2
Chicago-Naperville-Elgin, IL-IN-WI MSA	138,971	155,284	162,566	175,210	1.2	2.3	1.5
Chicago-Naperville, IL-IN-WI CSA	144,049	160,668	168,181	181,180	1.2	2.3	1.5
State of Illinois	179,317	194,625	203,568	218,875	0.9	2.3	1.5
United States	4,387,108	5,538,706	5,846,867	6,434,974	2.6	2.7	1.9

\* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

The U.S. population grew at an average annual compounded rate of 0.7% from 2010 through 2019. The county's population has grown more slowly than the nation's population; the average annual growth rate of 0.4% between 2010 and 2019 reflects a gradually expanding area. Following this population trend, per-capita personal income increased slowly, at 1.7% on average annually for the county between 2010 and 2019. Local wealth indexes have remained stable in recent years, registering a modest 94.4 level for the county in 2019.

Food and beverage sales totaled \$926 million in the county in 2019, versus \$653 million in 2010. This reflects a 4.0% average annual change. The pace of growth is anticipated to be 2.9% through 2026. The retail sales sector demonstrated an annual increase of 2.2% in the decade spanning from 2010 to 2019. An increase of 2.2% average annual change is expected in county retail sales through 2026.

## Workforce Characteristics

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 2019, 2020, and 2019, as well as a forecast for 2026.

**FIGURE 3-2 HISTORICAL AND PROJECTED EMPLOYMENT (000S)**

Industry	2019	Percent of Total	2020	Percent of Total	2021	Percent of Total	2026	Percent of Total	Average Annual Compounded Change		
									2019-2020	2020-2021	2021-2026
Farm	1.0	0.3 %	1.0	0.4 %	0.9	0.3 %	0.9	0.3 %	(0.6) %	(0.6) %	(0.7) %
Forestry, Fishing, Related Activities And Other	0.3	0.1	0.3	0.1	0.3	0.1	0.3	0.1	(10.6)	10.3	(0.6)
Mining	0.3	0.1	0.3	0.1	0.4	0.1	0.4	0.1	(17.3)	25.4	1.8
Utilities	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.1	(3.8)	6.7	1.2
Construction	16.1	5.7	15.1	5.8	16.1	5.6	16.1	5.3	(6.6)	7.1	(0.0)
Manufacturing	33.4	11.8	30.7	11.9	33.5	11.6	33.1	10.9	(8.1)	9.2	(0.3)
Total Trade	40.6	14.3	37.5	14.6	40.9	14.1	41.5	13.7	(7.6)	9.0	0.3
Wholesale Trade	15.9	5.6	14.8	5.8	16.1	5.6	16.6	5.5	(6.7)	8.6	0.7
Retail Trade	24.8	8.7	22.7	8.8	24.8	8.6	24.8	8.2	(8.3)	9.2	0.0
Transportation And Warehousing	9.6	3.4	9.1	3.5	10.0	3.5	11.0	3.6	(5.1)	9.6	1.9
Information	3.1	1.1	2.8	1.1	3.1	1.1	3.1	1.0	(9.2)	10.1	0.0
Finance And Insurance	13.7	4.8	13.3	5.2	14.3	4.9	15.4	5.1	(2.8)	7.5	1.5
Real Estate And Rental And Lease	11.0	3.9	10.2	4.0	11.3	3.9	12.4	4.1	(7.8)	11.2	1.8
Total Services	120.0	42.3	105.2	40.9	123.8	42.8	133.2	44.0	(12.3)	17.7	1.5
Professional And Technical Services	17.6	6.2	16.8	6.5	18.3	6.3	20.1	6.6	(4.5)	9.2	1.9
Management Of Companies And Enterprises	1.9	0.7	1.7	0.7	1.9	0.7	1.9	0.6	(7.4)	8.9	0.3
Administrative And Waste Services	24.2	8.5	21.1	8.2	24.6	8.5	25.4	8.4	(12.7)	16.4	0.7
Educational Services	5.6	2.0	5.0	2.0	5.9	2.0	6.6	2.2	(10.6)	17.8	2.3
Health Care And Social Assistance	27.0	9.5	25.2	9.8	27.8	9.6	29.8	9.8	(6.8)	10.3	1.4
Arts, Entertainment, And Recreation	8.6	3.0	6.0	2.3	8.6	3.0	8.7	2.9	(30.4)	44.8	0.2
Accommodation And Food Services	19.4	6.8	15.4	6.0	20.4	7.0	23.0	7.6	(20.5)	32.4	2.4
Other Services, Except Public Administration	15.7	5.6	14.0	5.4	16.3	5.6	17.7	5.8	(10.9)	16.2	1.6
Total Government	34.0	12.0	31.8	12.4	34.4	11.9	35.5	11.7	(6.4)	8.2	0.6
Federal Civilian Government	1.6	0.6	1.6	0.6	1.6	0.6	1.6	0.5	(0.2)	(0.2)	(0.1)
Federal Military	1.1	0.4	1.1	0.4	1.1	0.4	1.1	0.4	0.0	0.1	0.0
State And Local Government	31.3	11.0	29.1	11.3	31.7	11.0	32.8	10.8	(6.9)	8.9	0.7
<b>TOTAL</b>	<b>283.4</b>	<b>100.0 %</b>	<b>257.5</b>	<b>100.0 %</b>	<b>289.3</b>	<b>100.0 %</b>	<b>303.0</b>	<b>100.0 %</b>	<b>(9.1) %</b>	<b>12.4 %</b>	<b>0.9 %</b>
MSA	6,216.3	—	5,658.1	—	6,359.5	—	6,696.0	—	(9.0) %	12.4 %	1.0 %
U.S.	203,809.5	—	191,619.5	—	209,319.1	—	222,948.2	—	(6.0)	9.2	1.3

Source: Woods & Poole Economics, Inc.

Woods & Poole Economics, Inc. reports that during the period from 2019 to 2021, total employment in the county grew at an average annual rate of 1.0%. Of the primary employment sectors, Total Services recorded the highest increase in number of employees during the period from 2019 to 2021, increasing by 3,847 people, or 17.7%, and rising from 42.3% to 42.8% of total employment. Of the various service sub-sectors, Health Care And Social Assistance and Administrative And Waste Services were the largest employers. Strong growth was also recorded in the Finance And Insurance sector, as well as the Total Government sector, which expanded by 7.5% and 10.1%, respectively, in the period from 2019 to 2021. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 0.9% on average annually through 2026. The trend is below the forecast rate of change for the U.S. as a whole during the same period.

The following table illustrates historical and projected employment, households, population, and average household income data, as provided by REIS for the overall Chicago market.



**FIGURE 3-3 HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS**

Year	Total		Office		Industrial		Households	% Chg	Population	% Chg	Household	
	Employment	% Chg	Employment	% Chg	Employment	% Chg					Avg. Income	% Chg
2009	3,594,230	—	1,166,243	—	563,992	—	2,912,550	—	7,874,330	—	\$116,880	—
2010	3,624,800	0.9 %	1,174,563	0.7 %	567,986	0.7 %	2,913,900	0.0 %	7,908,490	0.4 %	122,195	4.5 %
2011	3,678,470	1.5	1,189,632	1.3	573,242	0.9	2,943,450	1.0	7,939,020	0.4	125,319	2.6
2012	3,738,200	1.6	1,213,173	2.0	575,363	0.4	2,971,620	1.0	7,963,710	0.3	133,835	6.8
2013	3,798,670	1.6	1,242,228	2.4	573,334	(0.4)	2,998,460	0.9	7,979,460	0.2	134,455	0.5
2014	3,867,500	1.8	1,259,713	1.4	576,180	0.5	3,023,680	0.8	7,981,820	0.0	142,811	6.2
2015	3,945,660	2.0	1,279,342	1.6	579,219	0.5	3,047,660	0.8	7,969,550	(0.2)	147,219	3.1
2016	3,991,230	1.2	1,291,359	0.9	578,148	(0.2)	3,068,580	0.7	7,952,430	(0.2)	148,057	0.6
2017	4,018,260	0.7	1,302,325	0.8	582,984	0.8	3,080,210	0.4	7,929,490	(0.3)	153,630	3.8
2018	4,046,730	0.7	1,310,497	0.6	586,955	0.7	3,078,240	(0.1)	7,900,000	(0.4)	161,610	5.2
2019	4,070,370	0.6	1,318,905	0.6	584,773	(0.4)	3,079,230	0.0	7,864,430	(0.5)	166,015	2.7
2020	3,734,970	(8.2)	1,234,876	(6.4)	549,204	(6.1)	3,067,270	(0.4)	7,847,580	(0.2)	173,759	4.7
2021	3,927,000	5.1	1,291,119	4.6	559,155	1.8	3,076,700	0.3	7,835,890	(0.1)	183,818	5.8
<b>Forecasts</b>												
2022	4,032,850	2.7 %	1,321,733	2.4 %	572,578	2.4 %	3,084,610	0.3 %	7,827,770	(0.1) %	190,196	3.5 %
2023	4,070,250	0.9	1,331,824	0.8	574,231	0.3	3,093,230	0.3	7,817,920	(0.1)	198,711	4.5
2024	4,090,690	0.5	1,339,763	0.6	574,012	(0.0)	3,095,570	0.1	7,801,160	(0.2)	207,415	4.4
2025	4,099,350	0.2	1,344,720	0.4	572,542	(0.3)	3,095,920	0.0	7,785,090	(0.2)	215,749	4.0
2026	4,104,080	0.1	1,348,936	0.3	570,197	(0.4)	3,095,520	(0.0)	7,772,290	(0.2)	223,943	3.8
<b>Average Annual Compound Change</b>												
2009 - 2021		0.7 %		0.9 %		(0.1) %		0.5 %		(0.0) %		3.8 %
Forecast 2022 - 2026		0.4 %		0.5 %		(0.1) %		0.1 %		(0.2) %		4.2 %

Source: REIS Report, 1st Quarter, 2022

For the Chicago market, of the roughly 3,900,000 persons employed, 33% are categorized as office employees, while 14% are categorized as industrial employees. Total employment is expected to expand by 2.7% in 2022, while office employment is forecast to expand by 2.4% in 2022.

The number of households is forecast to expand by 0.1% on average annually between 2022 and 2026. Population is forecast to contract during this same period, at an average annual compounded rate of -0.2%. Household average income is forecast to grow by 4.2% on average annually from 2022 through 2026.

### **Radial Demographic Snapshot**

The following table reflects radial demographic trends for our market area measured by three points of distance from the subject site.



**FIGURE 3-4 DEMOGRAPHICS BY RADIUS**

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
<b>Population</b>			
2027 Projection	10,130	55,668	109,826
2022 Estimate	10,083	54,820	107,471
2010 Census	10,252	54,037	103,743
2000 Census	9,754	48,533	86,946
Percent Change: 2022 to 2027	0.5%	1.6%	2.2%
Percent Change: 2010 to 2022	-1.7%	1.5%	3.6%
Percent Change: 2000 to 2010	5.1%	11.3%	19.3%
<b>Households</b>			
2027 Projection	4,341	21,003	38,859
2022 Estimate	4,293	20,660	38,116
2010 Census	4,264	20,271	37,102
2000 Census	3,919	17,555	30,437
Percent Change: 2022 to 2027	1.1%	1.7%	2.0%
Percent Change: 2010 to 2022	0.7%	1.9%	2.7%
Percent Change: 2000 to 2010	8.8%	15.5%	21.9%
<b>Income</b>			
2022 Est. Average Household Income	\$134,277	\$154,668	\$162,069
2022 Est. Median Household Income	97,942	113,224	117,904
<b>2022 Est. Civ. Employed Pop 16+ by Occupation</b>			
Architecture/Engineering	205	766	1,539
Arts/Design/Entertainment/Sports/Media	162	765	1,311
Building/Grounds Cleaning/Maintenance	223	612	1,146
Business/Financial Operations	391	2,110	4,971
Community/Social Services	75	405	917
Computer/Mathematical	164	1,068	2,070
Construction/Extraction	165	786	1,494
Education/Training/Library	383	2,104	4,270
Farming/Fishing/Forestry	5	35	119
Food Preparation/Serving Related	361	1,448	2,547
Healthcare Practitioner/Technician	457	2,031	3,699
Healthcare Support	115	376	662
Installation/Maintenance/Repair	117	600	1,254
Legal	74	351	791
Life/Physical/Social Science	83	378	723
Management	779	4,477	9,001
Office/Administrative Support	550	3,242	6,470
Production	247	911	1,698
Protective Services	76	467	901
Sales/Related	786	3,771	7,604
Personal Care/Service	198	1,167	2,113
Transportation/Material Moving	280	1,690	3,452

Source: Environics Analytics

**Unemployment  
Statistics**

This source reports a population of 107,471 and 38,116 households within a five-mile radius of the subject site. The average household income within this radius is reported at \$162,069, while the median is \$117,904.

The following table presents historical unemployment rates for the proposed subject hotel’s market area.

**FIGURE 3-5 UNEMPLOYMENT STATISTICS**

Year	City	MSA	State	U.S.
2012	7.0 %	9.1 %	9.0 %	8.1 %
2013	6.9	9.1	9.0	7.4
2014	5.4	7.1	7.1	6.2
2015	4.5	5.9	6.0	5.3
2016	4.3	5.7	5.8	4.9
2017	3.8	4.8	4.9	4.4
2018	3.7	4.1	4.3	3.9
2019	3.4	3.8	4.0	3.7
2020	7.9	9.5	9.2	8.1
2021	4.4	6.2	6.1	5.4
<i>Recent Month - May</i>				
2021	4.0 %	6.5 %	6.1 %	5.8 %
2022	4.1	4.2	4.5	3.6

Source: U.S. Bureau of Labor Statistics

Prior to the pandemic, U.S. unemployment levels were firmly below the 4.6% level recorded in 2006 and 2007, the peak years of the economic cycle prior to the Great Recession. The unemployment rate for February 2020 was 3.5%. The unemployment rate had remained in the 3.5% to 3.7% range since April 2019, reflecting a trend of stability and strength of the U.S. economy. However, in April 2020, unemployment rose to 14.7%, and employment dropped by 20.7 million because of the COVID-19 pandemic. Steady declines in unemployment have been registered since April 2020; most recently, the national unemployment rate was 3.5% in July 2022. A 386,000-, 398,000-, and 528,000-person rise in employment was registered in May, June, and July 2022, respectively. In July, the most significant gains were reported in the leisure and hospitality, professional and business services, and healthcare industries.

**Major Business and Industry**

Locally, the unemployment rate was 4.4% in 2021; for this same area in 2022, the most recent month’s unemployment rate was registered at 4.1%, versus 4.0% for the same month in 2021. As illustrated in the foregoing table, unemployment declined in 2013, and this positive trend generally continued through 2019. Economic development officials noted that local employment over the last decade was largely supported by the strength in the manufacturing industry and healthcare sector. However, unemployment data from 2020 illustrate a sharp increase given the effects of the COVID-19 pandemic and related global economic crisis, which included massive furloughs/layoffs. Unemployment declined in 2021 as the economy began to rebound, and the most recent comparative period shows where the local market stands in 2022 relative to the same month of 2021, reflecting a slight decline due in part to ALE reducing its presence in St. Charles.

Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers in the proposed subject property's market.

**FIGURE 3-6 MAJOR EMPLOYERS**

Rank	Firm	Number of Employees
1	Dover Corporation	23,000
2	Navistar International	12,100
3	Treehouse Foods	10,900
4	Univar	9,457
5	Knowles Corp	7,000
6	Hub Group Inc.	5,000
7	AAR Corp	4,800
8	CTS Corporation	3,786
9	Federal Signal Corp.	3,500
10	CMC Materials Inc.	2,082

Source: Crain’s Book of Lists, DuPage County 2022

St. Charles' location near the juncture of several state routes within the greater Chicago area contributes to the strong manufacturing, energy, and healthcare base. The area is a regional hub for small and mid-sized manufacturing and energy firms, featuring a number of industrial and commercial parks with numerous regional headquarters operations. The medical industry is another vital element of the area’s economy, represented by large healthcare facilities such as Northwestern Medicine

Delnor Hospital and Northwestern Medicine Central DuPage Hospital. Together, these hospitals support a base of smaller medical offices, including private practices, medical billing companies, and training companies. The city also features a riverwalk entertainment area along the Fox River through Downtown. In nearby Batavia, notable employers include Suncast Corporation and ALDI's corporate headquarters. Moreover, the greater Chicago area is home to more than two dozen Fortune 500 companies, including Abbott Laboratories, Allstate Corporation, Boeing Company, Exelon, Kraft Foods Group Inc., McDonald's Corporation, and the Walgreens Company. Although many employers in the market temporarily reduced staffing and/or suspended operations following the onset of the COVID-19 pandemic in March 2020, an economic recovery began in the summer of 2020, when regulations began to be lifted; moreover, tourism rebounded rapidly during the summer of 2021.

### Office Space Statistics

Trends in occupied office space are typically among the most reliable indicators of lodging demand, as firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following table details office space statistics for the pertinent market area.

**FIGURE 3-7 OFFICE SPACE STATISTICS – MARKET OVERVIEW**

Submarket	Inventory		Occupied Office Space	Vacancy Rate	Average Asking Lease Rate
	Buildings	Square Feet			
1 Central Loop	68	33,189,000	28,967,000	12.7 %	\$36.86
2 City North	69	2,857,000	2,580,000	9.7	25.29
3 City West	88	7,194,000	5,424,000	24.6	33.50
4 East Loop	52	20,661,000	17,793,000	13.9	34.23
5 North	281	19,022,000	14,708,000	22.7	26.18
6 North Michigan Avenue	48	10,348,000	9,622,000	7.0	38.87
7 Northwest Suburbs	467	38,552,000	26,501,000	31.3	22.39
8 O'Hare Area	108	14,408,000	11,139,000	22.7	27.37
9 River North	91	12,909,000	11,381,000	11.8	\$38.62
10 South Loop	30	6,776,000	5,691,000	16.0	\$34.49
11 Southwest	192	6,075,000	5,038,000	17.1	\$20.03
<b>12 West</b>	<b>572</b>	<b>40,390,000</b>	<b>31,762,000</b>	<b>21.4</b>	<b>\$24.87</b>
13 West Loop	92	47,864,000	42,651,000	10.9	\$43.18
<b>Totals and Averages</b>	<b>2,158</b>	<b>260,245,000</b>	<b>213,257,000</b>	<b>18.1 %</b>	<b>\$32.00</b>

Source: REIS Report, 1st Quarter, 2022

The greater Chicago market comprises a total of 260.2 million square feet of office space. For the 1st Quarter of 2022, the market reported a vacancy rate of 18.1% and an average asking rent of \$32.00. The subject property is located in the West submarket, which houses 40,390,000 square feet of office space. The submarket's vacancy rate of 21.4% is above the overall market average. The average asking lease rate of \$24.87 is below the average for the broader market.

The following table illustrates a trend of office space statistics for the overall Chicago market and the West submarket.

**FIGURE 3-8 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER MARKET VS. SUBMARKET**

Year	Chicago Market							West Submarket						
	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2009	244,278,000	—	200,139,000	—	18.1 %	\$27.36	—	39,223,000	—	31,143,000	—	20.6 %	\$22.89	—
2010	244,260,000	(0.0) %	198,016,000	(1.1) %	18.9	27.06	(1.1) %	39,501,000	0.7 %	31,285,000	0.5 %	20.8	22.60	(1.3) %
2011	244,343,000	0.0	198,747,000	0.4	18.7	27.22	0.6	39,505,000	0.0	31,406,000	0.4	20.5	22.77	0.8
2012	244,863,000	0.2	199,843,000	0.6	18.4	27.93	2.6	39,505,000	0.0	31,051,000	(1.1)	21.4	23.30	2.3
2013	245,320,000	0.2	199,469,000	(0.2)	18.7	28.38	1.6	39,495,000	(0.0)	30,806,000	(0.8)	22.0	23.60	1.3
2014	245,467,000	0.1	200,560,000	0.5	18.3	29.21	2.9	40,351,000	2.2	31,474,000	2.2	22.0	23.77	0.7
2015	245,518,000	0.0	201,359,000	0.4	18.0	29.57	1.2	40,211,000	(0.3)	31,566,000	0.3	21.5	23.90	0.5
2016	249,119,000	1.5	204,095,000	1.4	18.1	30.21	2.2	40,265,000	0.1	31,850,000	0.9	20.9	24.13	1.0
2017	251,042,000	0.8	205,867,000	0.9	18.0	30.75	1.8	40,086,000	(0.4)	31,788,000	(0.2)	20.7	24.00	(0.5)
2018	251,798,000	0.3	206,701,000	0.4	17.9	31.42	2.2	39,732,000	(0.9)	31,706,000	(0.3)	20.2	24.46	1.9
2019	255,993,000	1.7	211,085,000	2.1	17.5	32.14	2.3	40,255,000	1.3	31,962,000	0.8	20.6	24.78	1.3
2020	259,731,000	1.5	211,672,000	0.3	18.5	32.16	0.1	40,390,000	0.3	31,621,000	(1.1)	21.7	24.85	0.3
2021	260,195,000	0.2	210,828,000	(0.4)	19.0	31.96	(0.6)	40,390,000	0.0	31,387,000	(0.7)	22.3	24.41	(1.8)
<b>Forecasts</b>														
2022	262,610,000	0.9 %	213,135,000	1.1 %	18.8 %	32.06	0.3 %	40,390,000	0.0 %	31,617,000	0.7 %	21.7 %	24.41	0.0 %
2023	262,700,000	0.0	212,685,000	(0.2)	19.0	32.56	1.6	40,400,000	0.0	31,666,000	0.2	21.6	24.59	0.7
2024	263,954,000	0.5	214,433,000	0.8	18.8	33.09	1.6	40,535,000	0.3	32,064,000	1.3	20.9	24.84	1.0
2025	264,811,000	0.3	216,525,000	1.0	18.2	33.67	1.8	40,727,000	0.5	32,404,000	1.1	20.4	25.09	1.0
2026	265,668,000	0.3	218,735,000	1.0	17.7	34.32	1.9	40,919,000	0.5	32,790,000	1.2	19.9	25.39	1.2
<b>Average Annual Compound Change</b>														
2009 - 2021		0.5 %		0.4 %			1.3 %		0.2 %		0.1 %			0.5 %
Forecast 2022 - 2026		0.3 %		0.7 %			1.7 %		0.3 %		0.9 %			1.0 %

Source: REIS Report, 1st Quarter, 2022

The level of occupied office space is forecast to initially increase in this Chicago market, to roughly 31,600,000 square feet in 2022. Occupied office space recovers to 31,700,000 by 2026.

### Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

### Chicago O'Hare International Airport

Operated by the City of Chicago Department of Aviation as a fully self-supporting facility, Chicago O'Hare International Airport (ORD) is located 17 miles northwest of the Chicago Loop. The facility, also known as simply "O'Hare," serves as United Airlines' largest hub and American Airlines' second-largest hub, after Dallas/Fort Worth, while many other commercial airlines also service the airport. The O'Hare Modernization Program (OMP), designed to reduce delays, increase capacity, and increase the safety of the airfield, is underway. Recently completed OMP projects include a new runway, two taxiways, and an air-traffic-control tower. According to the City of Chicago, the modernization plan could potentially contribute \$18 billion to the local economy and create about 195,000 jobs. The final OMP major airfields project will be the start of the O'Hare 21 capital program, which will implement Chicago's vision for a modern airport that is efficient and accessible for travel around the world. The \$8.5-billion investment will include a new Global Terminal replacing Terminal 2, an expansion of Terminal 5, renovations to Terminals 1 and 3, and construction of two new satellite concourses. These upgrades and renovations will increase the overall terminal square footage from 5.5 to 8.9 million square feet and will increase gate frontage by 25%. The project is anticipated to be completed in 2026.

The following table illustrates recent operating statistics for the Chicago O'Hare International Airport, which is the primary airport facility serving the proposed subject hotel's submarket.

**FIGURE 3-9 AIRPORT STATISTICS - CHICAGO O'HARE INTERNATIONAL AIRPORT**

<b>Year</b>	<b>Passenger Traffic</b>	<b>Percent Change*</b>	<b>Percent Change**</b>
2012	66,834,931	—	—
2013	67,087,921	0.4 %	0.4 %
2014	70,075,204	4.5	2.4
2015	76,949,504	9.8	4.8
2016	77,960,589	1.3	3.9
2017	79,828,183	2.4	3.6
2018	83,245,472	4.3	3.7
2019	84,397,776	1.4	3.4
2020	30,860,251	(63.4)	(9.2)
2021	54,020,399	75.0	(2.3)

***Year-to-date, Jun***

2021	20,371,182	—
2022	31,682,710	55.5 %

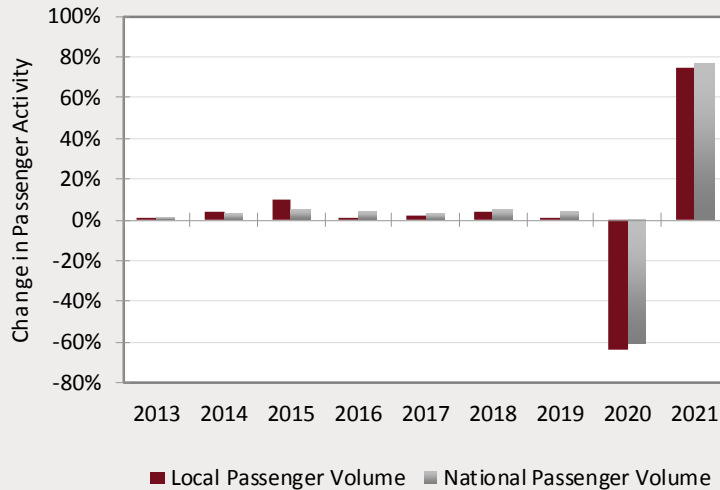
\*Annual average compounded percentage change from the previous year

\*\*Annual average compounded percentage change from first year of data

Source: Chicago O'Hare International Airport



**FIGURE 3-10 LOCAL PASSENGER TRAFFIC VS. NATIONAL TREND**



Source: HVS, Local Airport Authority

This facility recorded 54,020,399 passengers in 2021. The change in passenger traffic between 2020 and 2021 was 75.0%. The average annual change during the period shown was -2.3%. Data from 2020 illustrate a significant decline given the impact of the COVID-19 pandemic and the travel restrictions that were implemented, but the 2021 data show a rebound in passenger traffic, a trend that has continued thus far in 2022, per the latest statistics. Passenger volume should continue to recover and improve now that most travel restrictions have been rescinded and economic activity has begun to rebound.

### Midway International Airport

Midway International Airport’s original name was Chicago Municipal Airport. It was changed to Midway Airport in 1949 in honor of the hard-fought Battle of Midway during World War II. Midway is the nation’s premier point-to-point, low-fare airport. Many major commercial airlines service the airport, Southwest Airlines is currently the dominant carrier at Midway, controlling more than half of the airport’s 43 gates; furthermore, Southwest Airlines began international service from Midway to Mexico and the Caribbean in November 2014. Phase I of a \$75-million modernization project to the airport’s food and beverage outlets was completed in May 2017; the project added approximately 19 new establishments and double the number of employees at the airport’s concessions. Phase II, which included an

80,000-square-foot expansion of the security pavilion, was completed mid-year 2020.

The following table illustrates recent operating statistics for the Chicago Midway International Airport, which is the secondary airport facility serving the proposed subject property’s submarket.

**FIGURE 3-11 AIRPORT STATISTICS – CHICAGO MIDWAY INTERNATIONAL AIRPORT**

Year	Passenger Traffic	Percent Change*	Percent Change**
2012	19,516,127	—	—
2013	20,474,552	4.9 %	4.9 %
2014	21,179,833	3.4	4.2
2015	22,221,499	4.9	4.4
2016	22,677,589	2.1	3.8
2017	22,460,236	(1.0)	2.8
2018	22,027,737	(1.9)	2.0
2019	20,844,860	(5.4)	0.9
2020	8,853,948	(57.5)	(9.4)
2021	15,884,058	79.4	(2.3)
<b>Year-to-date, Jun</b>			
2021	6,640,231	—	—
2022	8,615,752	29.8 %	—

\*Annual average compounded percentage change from the previous year

\*\*Annual average compounded percentage change from first year of data

Source: Chicago Midway International Airport

Air traffic registered 15,884,058 passengers in 2021. The change in passenger traffic between 2020 and 2021 was 79.4%. Demand for airline travel declined significantly in 2020 given the impact of COVID-19; however, 2021 data illustrate a recovery is underway because of the improving conditions and increased confidence in traveling safely, attributed primarily to the widespread distribution of vaccines. The year-to-date data for 2022 reflect a further notable improvement. We note that that vaccinations were just starting to roll out in January 2021; however, conditions have improved notably since that time.

## Tourist Attractions

The subject market benefits from a variety of tourism and local leisure attractions, as well as leisure attractions in the greater Chicagoland area. Local leisure demand generators include the Fox River, Arcada Theatre, and Northwestern Medicine Field. Special events also play a role during key weekends, such as St Patrick's Day, the St. Charles Fine Art Show, Scarecrow Weekend, Holiday Homecoming, and Jazz Weekend. Finally, youth sporting events and wedding demand also bring a significant number of travelers to the city. We note that many of the tourist attractions and entertainment venues temporarily closed or enacted visitor restrictions because of the COVID-19 pandemic, although most have since reopened in 2021 now that restrictions have been lifted and travel levels have increased.

## ARCADA THEATRE



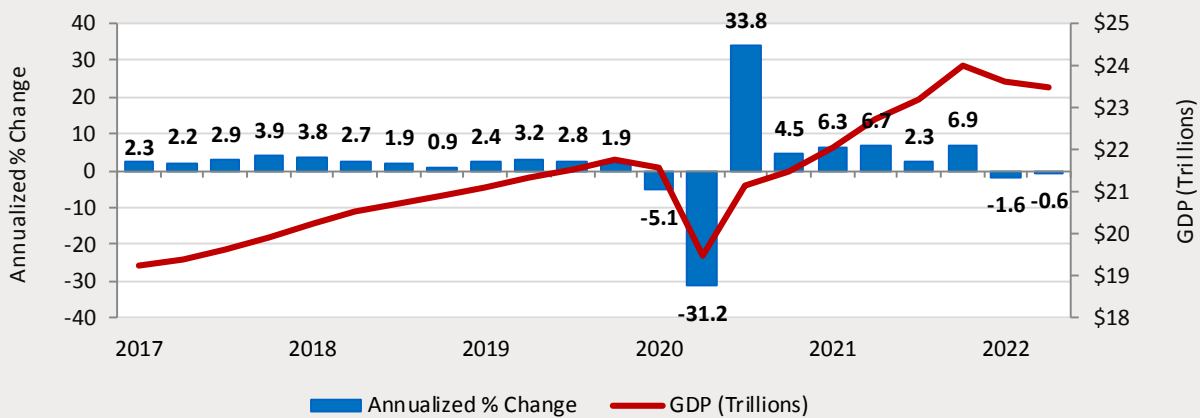
## Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area. The St. Charles market area is currently experiencing an economic rebound following the impacts of the COVID-19 pandemic, which peaked from the

second quarter of 2020 through the first quarter of 2021. Redevelopment of the city's Downtown neighborhood has benefited the area. Furthermore, tourism is expected to continue to increase; thus, the near-term market outlook is overall positive.

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy expanded at an overall rate of 2.3% in 2019, a decline from the 2.9% level achieved in 2018. For the seven quarters leading up to 2020, GDP quarterly growth ranged between 1.3% and 2.9%, reflecting moderate economic expansion. The slowdown and impact of COVID-19 became more evident in the first quarter of 2020, when GDP declined by 5.0%. As shutdowns halted major components of the U.S. economy from mid-March through May, and partial, halting re-openings continued to dampen business activity, the U.S. economy contracted by an annualized rate of 31.2% in the second quarter, the largest such decline in U.S. history. The decline affected virtually every corner of the economy, with major decreases in personal consumption, exports, private inventory investment, residential and nonresidential fixed investment, and state and local government spending.

**FIGURE 3-12 UNITED STATES GDP GROWTH RATE**



Sources: tradingeconomics.com, Bureau of Economic Analysis

While shocking, the GDP decline during the second quarter of 2020 was offset by a significant rebound in economic activity in the third quarter of 2020, greatly moderating the overall impact for the year. The U.S. economy grew by 33.8% on an annualized basis in the third quarter, followed by more modest gains in the five

quarters that followed through the end of 2021 (GDP surpassed the pre-pandemic peak by the first quarter of 2021). In the most recent two quarters, GDP contracted 1.6% and 0.6%, respectively, on an annualized basis, driven in part by the trade deficit and a decline in inventory investment and government spending. Despite the contraction, the 2022 GDP thus far remains 12.0% above the 2019 peak. Moreover, employment continues to expand and consumer spending, although slowing, remains strong, which bodes well for the hospitality industry. However, high inflation persists, and the recent and expected increases in the federal funds rate may result in a slowing economy, which could in turn suppress travel activity. Hotel investors remain optimistic about the long-term outlook for the industry, based primarily upon the strong results achieved in the first half of the year, citing factors such as the rebound in travel, rising hotel performance levels, and opportunities to generate significant returns.

## 4. Supply and Demand Analysis

In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of future supply and demand growth.

### Definition of Subject Hotel Market

The subject site is located in the greater western Chicagoland lodging market. Within this greater market, the proposed subject hotel will compete with hotels in both Kane and DuPage Counties. The proposed subject hotel is expected to compete with four hotels on a primary level based on price point, location, and service offering. We have considered an additional five hotels as future secondary competitors given differences in in service level and price point.

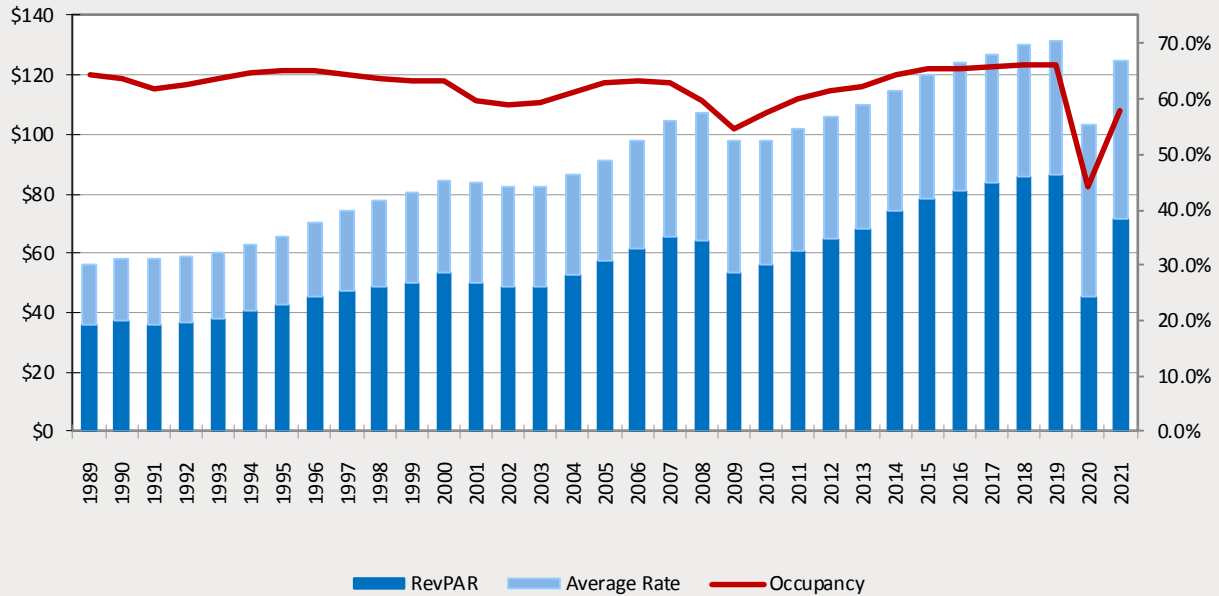
### National Trends Overview

A hotel's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject hotel's competitive set.

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy, ADR, and rooms revenue per available room (RevPAR) data since 1989. RevPAR is calculated by multiplying occupancy by ADR and provides an indication of how well rooms revenue is being maximized.



**FIGURE 4-1 NATIONAL OCCUPANCY, ADR, AND REVPAR TRENDS**



Source: STR

The preceding chart illustrates the impact of the recessions of the early 1990s, 2000s, the financial crisis of 2008/09, and the recent pandemic on the U.S. lodging industry. In each case, the downturn caused lodging demand to drop, resulting in an occupancy decline. The aggregate ADR also fell, as hoteliers used price as a marketing tool to attract demand and support occupancy levels. As occupancy recovered, ADR growth resumed, although the ADR recovery lagged somewhat behind occupancy levels, as price discounts contributed to the initial recovery of demand. Following the financial crisis of the Great Recession, occupancy fell by over eight points, and ADR declined by 5.9%, resulting in an 18.3% decrease in RevPAR. The market recovered steadily thereafter, with occupancy surpassing the 65.0% mark in 2015, and ADR also consistently growing, albeit at a decelerating pace.

**FIGURE 4-2 NATIONAL OCCUPANCY AND ADR TRENDS: 2019, 2020, 2021**

	Occupancy					Average Rate					RevPAR					Percent Change	
	2019	2020	% Change	2021	% Change	2019	2020	% Change	2021	% Change	2019	2020	% Change	2021	% Change	Rms. Avail.	Rms. Sold
United States	66.0 %	44.0 %	(33.3) %	57.7 %	31.1 %	\$131.23	\$103.25	(21.3) %	\$124.68	20.7 %	\$86.64	\$45.48	(47.5) %	\$71.88	58.2 %	5.2 %	37.8 %
<b>Region</b>																	
New England	64.7 %	38.8 %	(40.1) %	55.7 %	44.4 %	\$161.08	\$123.17	(23.5) %	\$156.04	25.8 %	\$104.25	\$47.77	(54.2) %	\$86.93	81.6 %	5.6 %	52.5 %
Middle Atlantic	69.0	41.3	(40.1)	55.4	34.1	166.27	115.26	(30.7)	143.60	24.1	114.81	47.65	(58.5)	79.52	66.4	4.8	40.6
South Atlantic	67.5	45.7	(32.2)	59.9	31.2	128.41	107.99	(15.9)	130.29	20.7	86.68	49.40	(43.0)	78.08	58.3	6.2	39.3
E. North Central	61.1	39.1	(36.0)	52.4	34.2	112.64	86.72	(23.0)	105.15	20.6	68.82	33.93	(50.7)	55.11	61.9	4.5	40.2
E. South Central	62.4	45.7	(26.8)	59.5	30.6	103.58	85.74	(17.2)	104.49	21.8	64.61	39.18	(39.4)	62.21	59.0	3.1	34.6
W. North Central	58.3	39.1	(32.9)	51.1	31.1	99.28	83.65	(15.7)	97.01	15.7	57.88	32.72	(43.5)	49.58	51.7	2.4	34.3
W. South Central	62.6	44.9	(28.2)	58.2	29.7	101.84	82.88	(18.6)	95.84	15.8	63.77	37.25	(41.6)	55.73	50.1	3.4	34.0
Mountain	66.9	46.7	(30.1)	59.6	28.2	121.89	105.70	(13.3)	124.82	18.5	81.54	49.39	(39.4)	74.44	51.9	6.3	36.3
Pacific	73.6	47.1	(36.0)	60.3	27.6	171.40	129.57	(24.4)	157.57	22.1	126.16	61.01	(51.6)	94.97	55.8	7.2	36.8
<b>Class</b>																	
Luxury	70.9 %	36.8 %	(48.1) %	52.3 %	42.0 %	\$304.11	\$285.78	(6.0) %	\$342.63	19.7 %	\$215.73	\$105.29	(51.2) %	\$179.24	70.0 %	18.3 %	68.0 %
Upper-Upscale	72.6	34.8	(52.1)	49.8	43.4	188.24	159.14	(15.5)	179.35	12.6	136.67	55.30	(59.5)	89.39	61.5	13.3	62.5
Upscale	71.5	42.8	(40.1)	59.3	38.8	143.60	117.80	(18.0)	133.72	13.4	102.68	50.45	(50.9)	79.35	57.4	7.1	48.6
Upper-Midscale	67.5	45.3	(32.9)	61.1	35.1	115.91	98.80	(14.8)	114.82	16.1	78.20	44.72	(42.8)	70.20	56.8	4.2	40.7
Midscale	59.5	44.4	(25.4)	57.0	28.8	95.82	84.47	(11.8)	99.25	17.9	57.03	37.52	(34.2)	56.59	51.8	2.5	32.0
Economy	59.4	49.2	(17.1)	58.8	20.0	75.50	65.45	(13.3)	77.94	18.1	44.83	32.30	(28.2)	45.83	41.8	0.0	20.0
<b>Location</b>																	
Urban	73.2 %	37.9 %	(48.2) %	51.8 %	35.9 %	\$183.20	\$127.80	(30.2) %	\$153.22	20.2 %	\$134.12	\$48.47	(63.9) %	\$79.30	63.3 %	9.9 %	49.4 %
Suburban	66.7	46.4	(30.4)	60.0	29.3	111.26	88.81	(20.2)	104.76	17.9	74.24	41.24	(44.4)	62.88	52.5	3.5	33.9
Airport	73.7	44.5	(39.6)	60.5	35.8	119.22	93.71	(21.4)	104.53	11.4	87.85	41.72	(52.5)	63.20	51.3	2.8	39.5
Interstate	57.9	44.8	(22.7)	57.8	29.5	87.86	79.05	(10.0)	92.05	16.6	50.85	35.39	(30.4)	53.22	50.9	2.0	32.1
Resort	70.0	42.9	(38.6)	57.9	35.4	182.74	170.36	(6.8)	208.73	22.4	127.85	73.13	(42.8)	120.93	65.7	14.3	54.7
Small Town	57.8	44.4	(23.1)	57.0	28.9	107.26	96.95	(9.6)	116.63	20.0	61.98	43.07	(30.5)	66.43	54.8	2.0	31.6
<b>Chain Scale</b>																	
Luxury	73.8 %	32.0 %	(56.7) %	47.8 %	49.7 %	\$343.02	\$329.54	(3.9) %	\$383.64	16.1 %	\$253.17	\$105.40	(58.4) %	\$183.44	73.8 %	23.2 %	84.3 %
Upper-Upscale	73.9	33.4	(54.8)	48.7	45.6	189.25	158.86	(16.1)	175.87	10.8	139.80	53.10	(62.0)	85.69	61.3	14.7	67.0
Upscale	72.6	43.0	(40.7)	59.7	38.9	142.38	115.11	(19.2)	128.58	11.7	103.32	49.52	(52.1)	76.75	55.1	6.8	48.4
Upper-Midscale	67.5	45.4	(32.7)	61.6	35.9	112.80	96.04	(14.9)	111.18	15.8	76.14	43.61	(42.7)	68.53	57.3	4.2	41.6
Midscale	58.1	44.2	(23.8)	56.6	28.1	86.61	77.29	(10.8)	89.42	15.7	50.30	34.19	(32.0)	50.61	48.2	1.5	30.1
Economy	58.7	50.9	(13.2)	59.7	17.6	63.70	58.21	(8.6)	66.80	14.8	37.36	29.64	(20.7)	39.89	35.0	(1.3)	16.0
Independents	63.5	44.8	(29.5)	57.2	28.2	133.08	110.74	(16.8)	137.78	24.8	84.44	49.56	(41.3)	78.87	60.0	4.6	34.1

Source: STR - December 2020 and December 2021 Lodging Reviews

The onset of the COVID-19 pandemic in March 2020 had a severe impact on the lodging industry, causing occupancy, ADR, and RevPAR to decline by unprecedented levels. The impact on the national lodging industry peaked mid-April; for the week ending April 11, 2020, STR reported that national RevPAR was 83.6% lower than the level recorded for the same week in 2019. By the conclusion of 2020, occupancy had declined 22 points, with ADR decreasing by roughly \$28.00, resulting in a RevPAR loss of 48.0% (rounded). The sharp downturn in travel caused by COVID-19 continued into early 2021, as the months of January and February 2020 had not been notably affected by the pandemic.

Hotels that traditionally derive a significant component of their demand from the larger group and convention subsegment were the hardest hit by the pandemic, followed by properties in markets with a high proportion of business and international travel. For this reason, the major metropolitan areas reported deep RevPAR declines through the first half of 2021. Hotels in locations that depend primarily on automobile traffic have fared better (including drive-to leisure destinations), and the extended-stay category has also outperformed the national average, fueling the illustrated 2021 recovery. Gaining traction in the summer of 2021, group demand began to show signs of recovery, albeit at a slower pace. Accordingly, by the end of 2021, nationwide occupancy had rebounded to nearly 58.0%, with ADR reaching roughly \$125, representing a RevPAR gain of 58.0% (rounded).

Many corporations and institutions have begun to return to offices, at least in some capacity. Group travel is recovering at an accelerating pace, as participants feel increasingly comfortable gathering in larger numbers. Leisure demand, which led the recovery in many markets, remains strong, with ADR levels in most destinations surpassing historical levels. Accordingly, hotel owners, operators, and investors generally anticipate the hospitality industry to recover at an accelerating pace, as vaccines, medical therapies, and public confidence, combined with few pandemic-related restrictions, support a return of travel. The overall economic upswing supported strong results in the first half of the year. However, the elevated inflation rate and related increases in the federal funds rate may impact the degree of growth over the balance of the year.

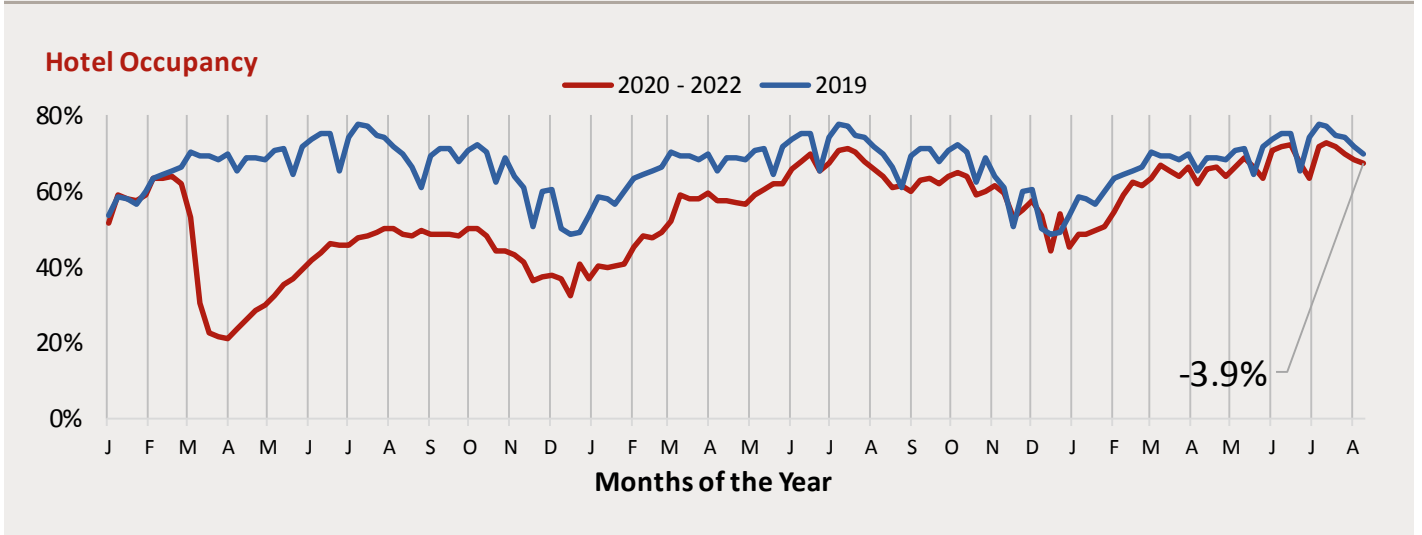
**FIGURE 4-3 RECENT NATIONAL OCCUPANCY AND ADR TRENDS**

	Occupancy - YTD July			Average Rate - YTD July			RevPAR - YTD July			Percent Change	
	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change	Rms. Avail.	Rms. Sold
United States	51.1 %	59.9 %	17.1 %	\$106.75	\$142.82	33.8 %	\$54.56	\$85.50	56.7 %	3.4 %	21.1 %
<b>Region</b>											
New England	50.2 %	61.8 %	23.2 %	\$138.55	\$177.68	28.2 %	\$69.52	\$109.81	57.9 %	2.8 %	26.6 %
Middle Atlantic	51.0	60.6	18.8	126.10	168.96	34.0	64.31	102.36	59.2	7.6	27.8
South Atlantic	60.1	66.0	9.8	129.32	155.98	20.6	77.73	102.98	32.5	3.1	13.3
E. North Central	49.5	56.7	14.6	97.64	120.62	23.5	48.36	68.44	41.5	2.6	17.6
E. South Central	58.9	62.4	6.0	99.41	118.67	19.4	58.58	74.10	26.5	1.7	7.7
W. North Central	49.3	54.9	11.4	93.62	107.82	15.2	46.15	59.22	28.3	0.5	11.9
W. South Central	57.7	61.7	6.9	90.66	112.07	23.6	52.32	69.14	32.1	1.3	8.3
Mountain	57.8	64.3	11.2	117.93	146.27	24.0	68.18	93.99	37.9	1.2	12.5
Pacific	57.8	67.4	16.7	146.25	190.62	30.3	84.51	128.50	52.0	3.9	21.2
<b>Class</b>											
Luxury	48.3 %	62.3 %	28.9 %	\$316.82	\$369.01	16.5 %	\$153.16	\$229.94	50.1 %	7.4 %	38.5 %
Upper-Upscale	46.0	62.4	35.7	165.33	206.96	25.2	75.98	129.07	69.9	7.9	46.4
Upscale	57.1	66.6	16.5	124.88	155.23	24.3	71.36	103.33	44.8	4.2	21.3
Upper-Midscale	60.0	65.5	9.2	108.93	129.10	18.5	65.31	84.53	29.4	2.8	12.2
Midscale	56.0	59.1	5.5	95.46	109.90	15.1	53.45	64.93	21.5	0.2	5.7
Economy	58.7	59.2	0.8	73.56	83.87	14.0	43.21	49.68	15.0	(0.9)	(0.1)
<b>Location</b>											
Urban	47.8 %	61.9 %	29.5 %	\$135.14	\$190.56	41.0 %	\$64.64	\$118.02	82.6 %	9.0 %	41.1 %
Suburban	58.6	64.3	9.7	98.55	122.26	24.1	57.75	78.63	36.1	1.5	11.3
Airport	58.2	68.6	17.8	98.20	126.17	28.5	57.18	86.56	51.4	1.6	19.7
Interstate	57.0	59.1	3.7	88.90	100.55	13.1	50.67	59.42	17.3	0.6	4.4
Resort	56.8	66.8	17.6	206.69	242.75	17.4	117.48	162.20	38.1	4.8	23.2
Small Town	56.0	58.1	3.8	112.12	126.53	12.8	62.77	73.51	17.1	0.6	4.4
<b>Chain Scale</b>											
Luxury	42.2 %	62.2 %	47.6 %	\$370.81	\$428.24	15.5 %	\$156.40	\$266.52	70.4 %	8.6 %	60.2 %
Upper-Upscale	44.2	62.6	41.7	165.31	209.92	27.0	73.03	131.40	79.9	8.8	54.2
Upscale	57.4	67.2	17.0	121.16	151.97	25.4	69.59	102.17	46.8	4.6	22.4
Upper-Midscale	60.4	65.9	9.2	106.25	125.77	18.4	64.15	82.89	29.2	3.4	12.9
Midscale	55.9	58.2	4.2	86.49	98.65	14.1	48.32	57.43	18.9	(0.2)	4.0
Economy	59.8	59.8	(0.1)	64.72	72.38	11.8	38.71	43.27	11.8	(2.3)	(2.4)
Independents	55.9	60.6	8.4	131.26	158.33	20.6	73.33	95.90	30.8	1.9	10.4

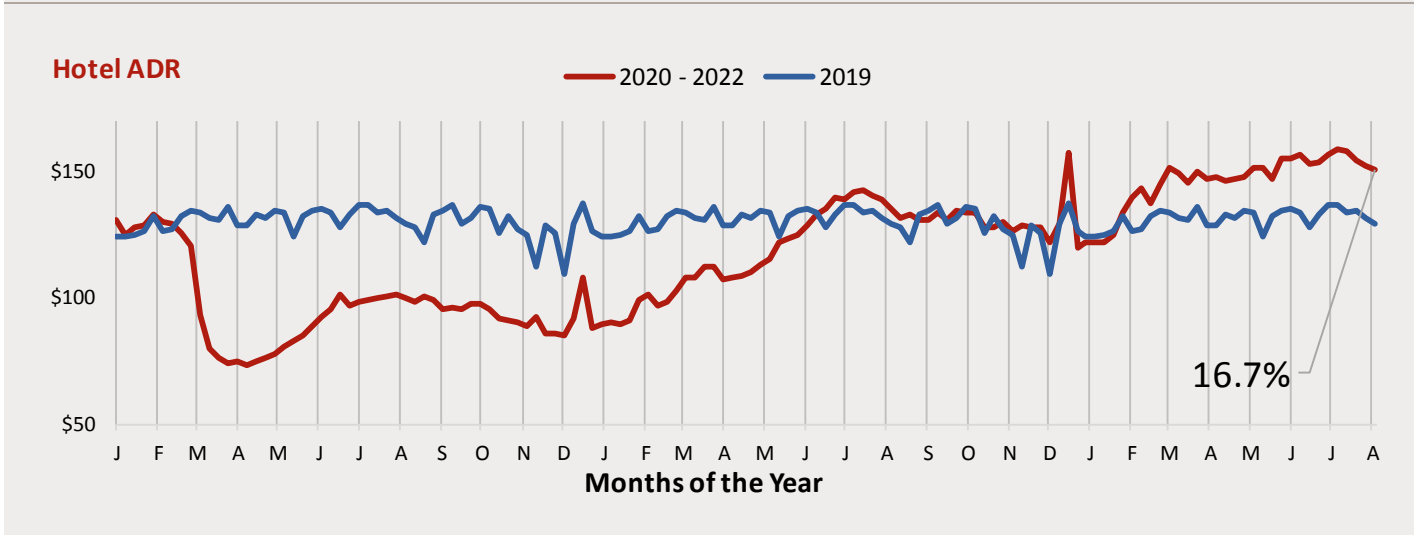
Source: STR - July 2022 Lodging Review

To further understand the nature, timing, and degree of the impact of the pandemic and subsequent recovery, we have reviewed the following weekly data for the U.S. lodging industry, as published by STR.

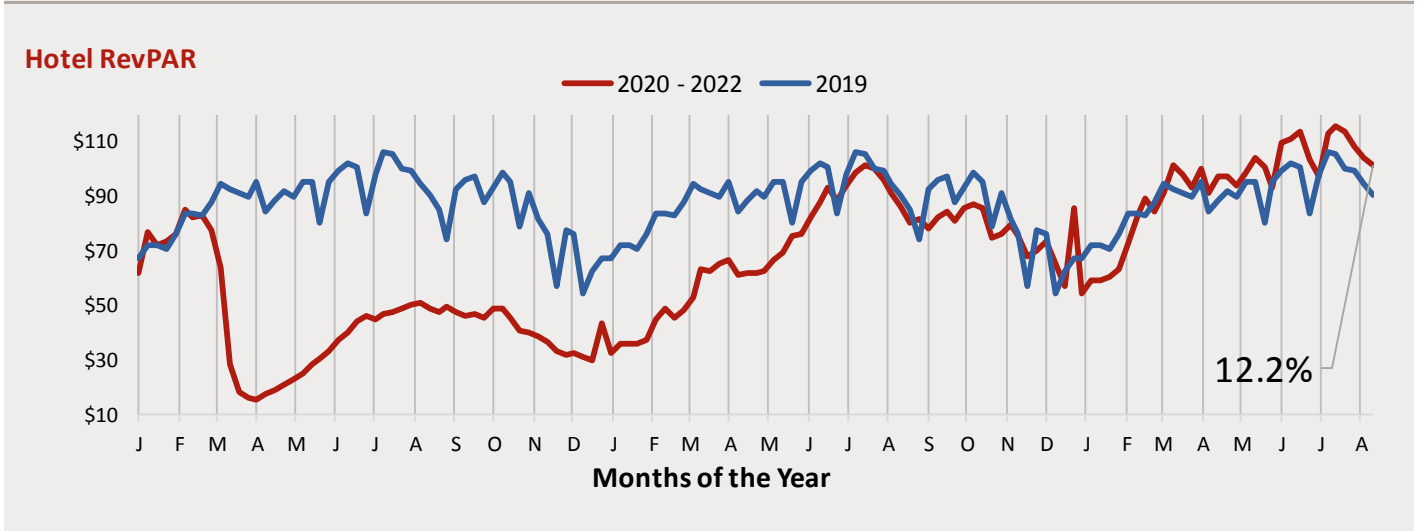
**FIGURE 4-4 NATIONAL OCCUPANCY TRENDS – WEEKLY DATA**



**FIGURE 4-5 NATIONAL ADR TRENDS – WEEKLY DATA**



**FIGURE 4-6 NATIONAL REVPAR TRENDS – WEEKLY DATA**



**Chicago, IL Lodging Market**

The subject property is located in the greater Chicago market. The following table presents the historical occupancy, average rate, and RevPAR data for this metropolitan area for 2001 through July 2022. The data reflect the historical performance of the market, including the impact of and recovery from the 2001 and 2008/09 downturns.



**FIGURE 4-7 CHICAGO LODGING MARKET DATA – 2001 TO YTD JULY 2022**

Year	Occupancy	Percent Change	Average Rate	Percent Change	RevPAR	Percent Change
2001	62.1 %	—	\$113.12	—	\$70.25	—
2002	59.7	(3.9) %	104.32	(7.8) %	62.28	(11.3) %
2003	60.6	1.5	102.21	(2.0)	61.94	(0.5)
2004	62.0	2.3	102.57	0.4	63.59	2.7
2005	64.1	3.4	109.16	6.4	69.97	10.0
2006	67.5	5.3	122.21	12.0	82.49	17.9
2007	67.6	0.1	129.36	5.9	87.45	6.0
2008	63.5	(6.1)	131.71	1.8	83.64	(4.4)
2009	56.6	(10.9)	112.70	(14.4)	63.79	(23.7)
2010	61.8	9.2	112.67	(0.0)	69.63	9.2
2011	64.2	3.9	118.07	4.8	75.80	8.9
2012	66.8	4.0	125.03	5.9	83.52	10.2
2013	67.4	0.9	129.39	3.5	87.21	4.4
2014	69.3	2.8	134.71	4.1	93.35	7.0
2015	70.0	1.0	142.50	5.8	99.75	6.9
2016	69.1	(1.3)	144.47	1.4	99.83	0.1
2017	68.3	(1.2)	143.65	(0.6)	98.11	(1.7)
2018	69.3	1.5	149.07	3.8	103.31	5.3
2019	69.9	0.9	145.93	(2.1)	102.01	(1.3)
2020	35.6	(49.1)	91.46	(37.3)	32.56	(68.1)
2021	50.0	40.4	120.70	32.0	60.35	85.4
<i>Year to date through July</i>						
2021	45.5 %		\$106.27		\$48.35	
2022	58.7	29.0 %	150.82	41.9 %	88.53	83.1 %
<b>Average Annual Compound Growth</b>						
2001 to 2021		(1.1) %		0.3 %		(0.8) %

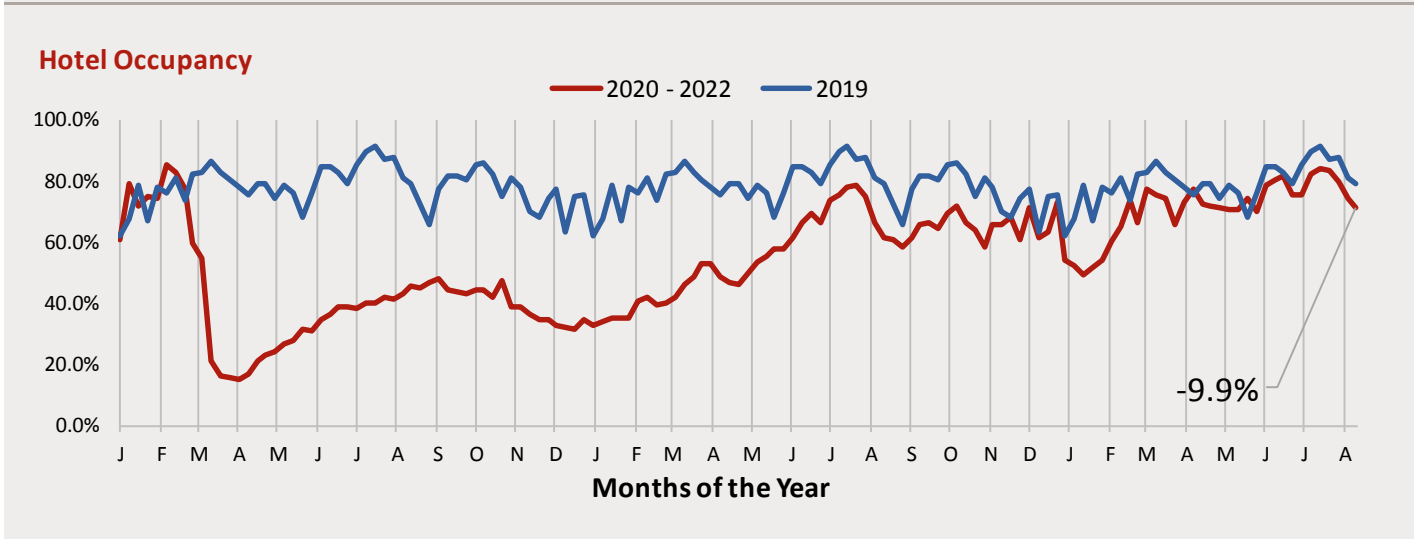
Source: STR Global, STR Monthly Hotel Review

McCormick Place (convention center), local corporations, and leisure attractions, such as Navy Pier, Soldier Field, and the Shedd Aquarium, represent the primary sources of demand in the Metro Chicago market. The declines in occupancy in 2008 and 2009 were caused by the economic downturn and reduced travel in the region, compounded by significant new supply. Average rate (ADR) registered strong growth from 2004 through 2008, but sharply declined in 2009 as the recession took hold. In 2010, occupancy increased, while ADR remained relatively flat. Both occupancy and ADR grew from 2011 through 2015 as the local and national lodging markets continued to recover. After peaking in 2015, market occupancy fell in 2016

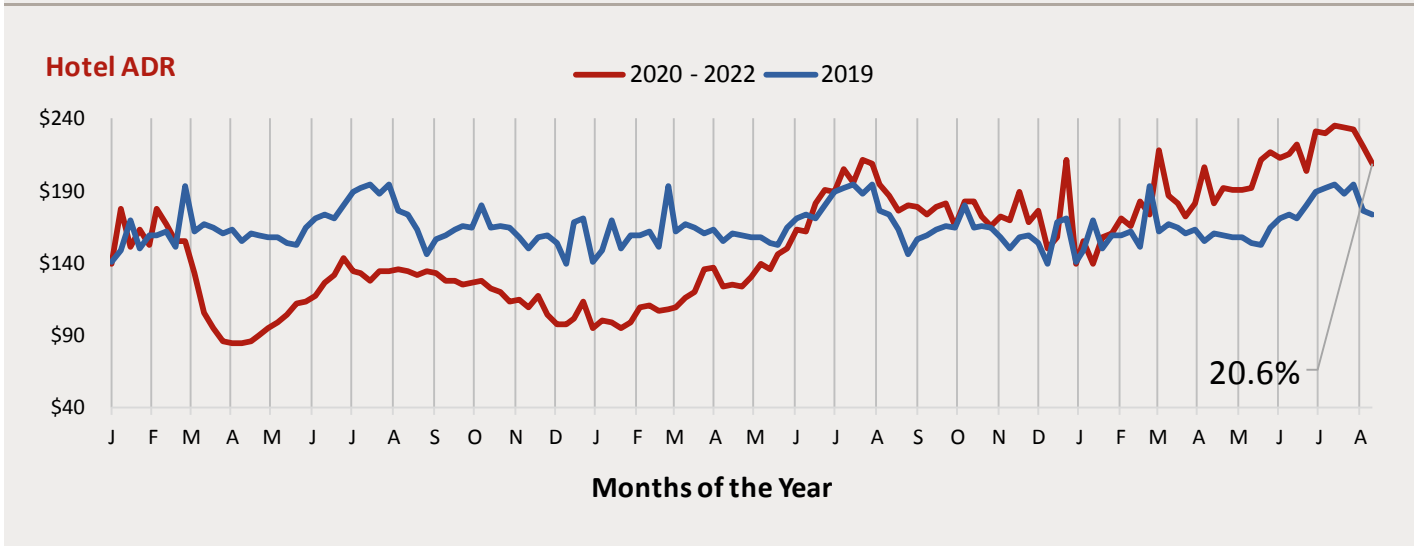
and 2017 as new supply outpaced demand growth. This occupancy trend reversed in 2018, as the addition of new supply was largely offset by a strong convention year. The new supply caused ADR to decrease in 2019, but despite the new supply, the Chicagoland market still sold a record number of guestrooms that year.

To assess the impact of COVID-19 on this market, we have reviewed the following data, as published by STR, which track market performance on a weekly basis. The weekly data illustrate the timing and degree of impact that the market is experiencing.

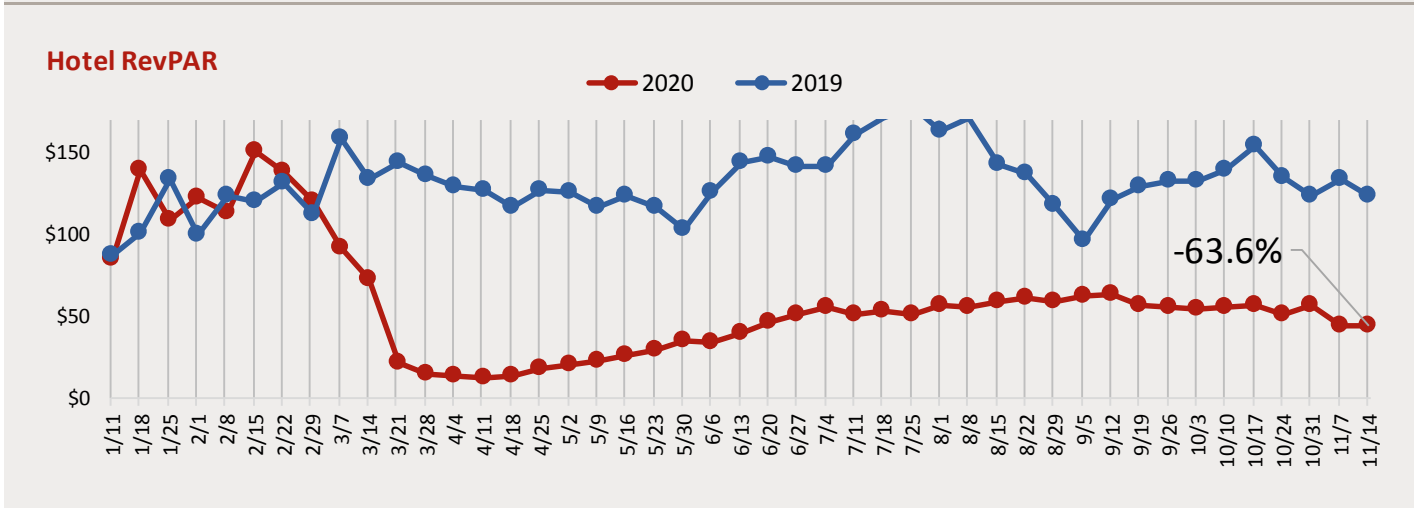
**FIGURE 4-8 CHICAGO OCCUPANCY TRENDS – WEEKLY DATA**



**FIGURE 4-9 CHICAGO ADR TRENDS – WEEKLY DATA**



**FIGURE 4-10 LOS ANGELES-LONG BEACH REVPAR TRENDS – WEEKLY DATA**



The COVID-19 pandemic had a major impact on the Chicagoland market, with the metro area being one of the hardest hit in the United States. Chicago effectively shut down mid-March 2020 but reopened in phases through June 11, 2021, when Chicago and Illinois moved to Phase V of the reopening plan, essentially removing all restrictions related to hospitality and tourism. Hoteliers report that business travel, which makes up about 40.0% of Chicago room nights, lagged but has begun to rebound as of the summer of 2022, and group business, which accounts for another 30.0% of room nights, has continued to pick up. Leisure demand has been

**Historical Supply  
and Demand Data**

strong, however, previously making up the majority of room nights sold in Downtown Chicago. The suburban markets fared better than the urban center, with some commercial travel and significant leisure travel, but group room nights remained low throughout the region in the first quarter of 2022. Year-to-date 2022 occupancy and ADR data illustrate a promising rebound. The breadth of economic anchors in Downtown Chicago should bolster the economic recovery in the long term.

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject hotel. This information is presented in the following table, along with the market-wide occupancy, ADR, and RevPAR.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed; however, key management and maintenance staff were retained to preserve the property and prepare for reopening. Two hotels in the competitive subject market suspended operations because of the COVID-19 pandemic; however, both have since reopened. Our analysis considers the full supply of competitive rooms, including any hotels that may have temporarily suspended operations. It is important to note that we have adjusted STR data to reflect the total available rooms in the market and true occupancy, regardless of suspended operations at competitive hotels.

**FIGURE 4-11 HISTORICAL SUPPLY AND DEMAND TRENDS**

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2009	714	260,610	—	128,261	—	49.2 %	\$109.51	—	\$53.90	—
2010	714	260,610	0.0 %	142,704	11.3 %	54.8	106.87	(2.4) %	58.52	8.6 %
2011	714	260,610	0.0	155,982	9.3	59.9	108.20	1.2	64.76	10.7
2012	714	260,610	0.0	167,845	7.6	64.4	110.34	2.0	71.06	9.7
2013	714	260,610	0.0	170,025	1.3	65.2	111.90	1.4	73.00	2.7
2014	714	260,610	0.0	172,539	1.5	66.2	117.24	4.8	77.62	6.3
2015	714	260,610	0.0	179,027	3.8	68.7	123.00	4.9	84.49	8.9
2016	740	270,248	3.7	173,201	(3.3)	64.1	126.68	3.0	81.19	(3.9)
2017	871	317,974	17.7	200,193	15.6	63.0	134.13	5.9	84.45	4.0
2018	871	317,915	(0.0)	215,108	7.5	67.7	135.80	1.2	91.89	8.8
2019	871	317,915	0.0	219,029	1.8	68.9	136.16	0.3	93.81	2.1
2020	871	317,915	0.0	105,369	(51.9)	33.1	119.73	(12.1)	39.68	(57.7)
2021	871	317,915	0.0	182,187	72.9	57.3	135.63	13.3	77.73	95.9

**Year-to-Date Through June**

2021	871	157,651	—	75,647	—	48.0 %	\$121.64	—	\$58.37	—
2022	871	157,651	0.0 %	97,790	29.3 %	62.0	147.81	21.5 %	91.69	57.1 %

**Average Annual Compounded Change:**

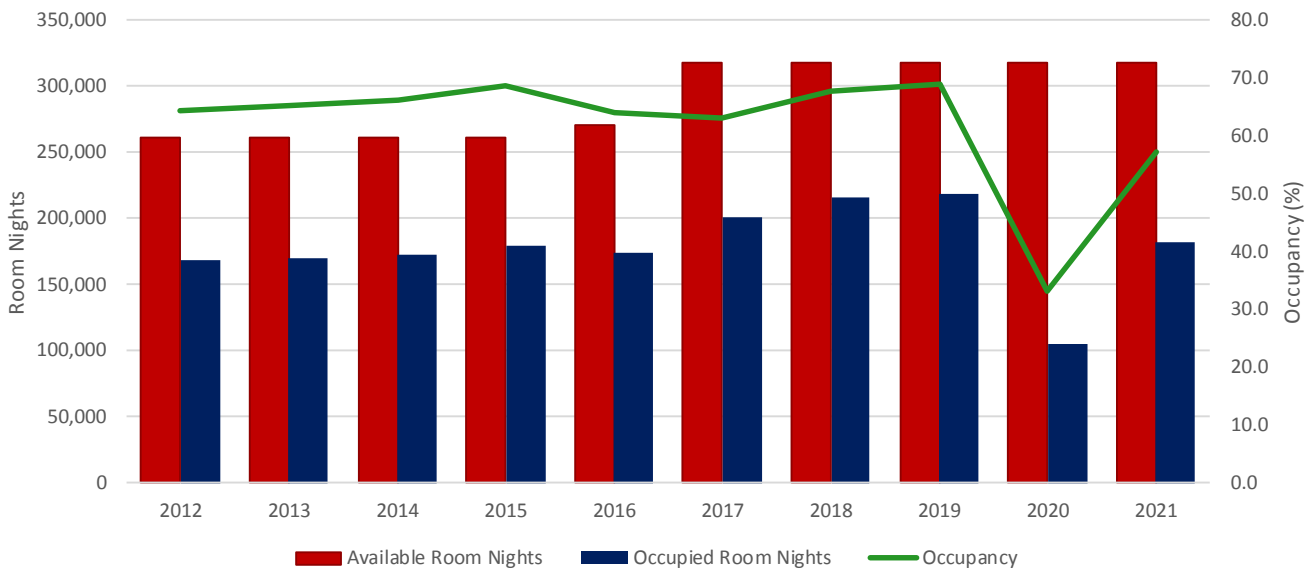
2009 – 2019	2.0 %	5.5 %	2.2 %	5.7 %
2009 – 2020	1.8	(1.8)	0.8	(2.7)
2009 – 2021	1.7 %	3.0 %	1.8 %	3.1 %
2017 – 2021	(0.0)	(2.3)	0.3	(2.1)

Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened	Comments
The Herrington Inn & Spa	Luxury Class	Primary	61	Jun 2020	Jun 1993	S/O April '20, R/O June '20
Holiday Inn Express & Suites Chicago West St Charles	Upper Midscale Class	Secondary	83	Mar 2017	Nov 1998	
Hilton Garden Inn St. Charles	Upscale Class	Secondary	120	Mar 2000	Mar 2000	
Courtyard Chicago St Charles	Upscale Class	Secondary	121	Apr 2000	Apr 2000	
Fairfield Inn & Suites Chicago St Charles	Upper Midscale Class	Secondary	92	Dec 2001	Dec 2001	
Hotel Arista at CityGate Centre	Upper Upscale Class	Primary	144	Jun 2020	Sep 2008	S/O April '20, R/O June '20
Hampton by Hilton Inn & Suites Chicago/St Charles	Upper Midscale Class	Secondary	92	Dec 2008	Dec 2008	
Hotel Indigo Naperville Riverwalk	Upper Upscale Class	Primary	158	Nov 2016	Nov 2016	
			<b>Total</b>	<b>871</b>		

Comments \*S/O = Suspended Operations; R/O = Resumed Operations

Source: STR

**FIGURE 4-12 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)**



It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel in the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 2021 in 57.3%, which compares to 33.1% for 2020. The STR data for the competitive set reflect a market-wide ADR level of \$135.63 in 2021, which compares to \$119.73 for 2020. These occupancy and ADR trends resulted in a RevPAR level of \$77.73 in 2021.

During the illustrated historical period, both occupancy and ADR for this selected set of competitive hotels increased from 2009 through 2015 as the market was recovering from the national recession. Rate continued to increase 2016; however, occupancy fell leading to a decline in RevPAR that year. This decline in occupancy is due in part to an increase in supply; furthermore, 2015 was a notably strong year from a demand standpoint, so 2016 reflected a normalizing of demand. Despite further supply increases which led to a modest decline in occupancy, RevPAR



growth resumed in 2017 given the increase in ADR. In 2018 and 2019, both occupancy and ADR increased. In March 2020, the COVID-19 pandemic began to affect the local market, similar to the rest of the nation, resulting in stay-at-home orders, group cancelations, and decreased business travel; thus, occupancy declined significantly in 2020. As much of the demand remaining was lower rated in nature, ADR declined in 2020, as well. General improvement has been registered since the low point that year. By year-end 2021, occupancy had recovered a substantial portion of its 2020 losses, gaining traction in the latter half of the year after the wide distribution of vaccines. Meanwhile, ADR in 2021 reached levels that were in line with the pre-pandemic period. While the pandemic will continue to affect business and larger-scale groups to some degree in the near term, the overall outlook is optimistic given the dynamics of this market, the return to office operations, and the increase in wedding demand.

### Seasonality

Seasonality trends are presented in the following tables.

**FIGURE 4-13 SEASONALITY**

	2015	2016	2017	2018	2019	2020	2021
<b>High Season - June, July, August, September, October</b>							
Occupancy	78.4 %	73.6 %	70.4 %	76.5 %	77.8 %	38.6 %	69.9 %
Average Rate	\$129.15	\$133.52	\$140.32	\$143.57	\$143.55	\$120.85	\$146.23
RevPAR	101.23	98.30	98.76	109.86	111.67	46.63	102.23
<b>Shoulder Season - April, May, November</b>							
Occupancy	69.6 %	63.9 %	63.7 %	68.0 %	69.2 %	13.7 %	58.2 %
Average Rate	\$121.60	\$125.68	\$134.52	\$133.95	\$134.99	\$108.08	\$128.50
RevPAR	84.69	80.27	85.64	91.12	93.45	14.80	74.83
<b>Low Season - January, February, March, December</b>							
Occupancy	55.7 %	52.8 %	53.0 %	56.2 %	57.4 %	40.9 %	40.7 %
Average Rate	\$113.36	\$116.22	\$123.40	\$124.12	\$124.57	\$121.33	\$120.30
RevPAR	63.18	61.41	65.46	69.74	71.50	49.61	48.93

Source: STR

The illustrated occupancy and ADR patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate. The competitive market has historically been characterized by a moderate degree of seasonality. COVID-19 prompted some abnormalities to this regular trend in 2020 and early 2021; however, the regular seasonality patterns returned to the market soon thereafter. The strongest occupancy levels are often recorded in the summer months when demand from leisure travelers increases, as does group demand generated by youth

sporting events and weddings. ADR levels have historically reflected a similar pattern.

### **Patterns of Demand**

A review of the trends in occupancy and ADR by day of the week provides some insight into the impact that the current economic conditions have had on the competitive lodging market. The data, as provided by STR, are illustrated in the following table(s).

**FIGURE 4-14 OCCUPANCY BY DAY OF WEEK (TRAILING 12 MONTHS)**

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Jul - 21	58.8 %	62.7 %	70.3 %	71.5 %	73.6 %	88.6 %	92.4 %	75.0 %
Aug - 21	47.5	62.3	68.5	75.7	74.7	89.4	91.4	71.5
Sep - 21	49.1	51.6	62.9	62.2	62.3	82.5	90.1	65.6
Oct - 21	44.3	58.6	65.4	64.9	60.9	81.7	87.4	66.7
Nov - 21	35.4	53.3	65.3	66.5	65.9	74.2	74.8	62.0
Dec - 21	41.3	53.6	57.0	58.2	54.6	67.8	71.3	57.9
Jan - 22	29.5	41.1	46.0	47.8	40.9	42.6	50.6	42.4
Feb - 22	41.4	61.1	65.3	60.6	50.7	58.0	71.8	58.4
Mar - 22	39.9	59.0	68.2	65.4	57.1	64.5	71.3	61.0
Apr - 22	44.7	68.7	72.4	69.0	61.2	67.1	74.9	65.8
May - 22	49.0	61.3	73.2	76.0	66.7	78.2	88.9	69.6
Jun - 22	49.5	71.9	84.9	75.3	68.3	86.5	91.3	75.2
<b>Average</b>	<b>44.1 %</b>	<b>58.5 %</b>	<b>66.8 %</b>	<b>66.0 %</b>	<b>61.6 %</b>	<b>73.6 %</b>	<b>79.4 %</b>	<b>64.3 %</b>

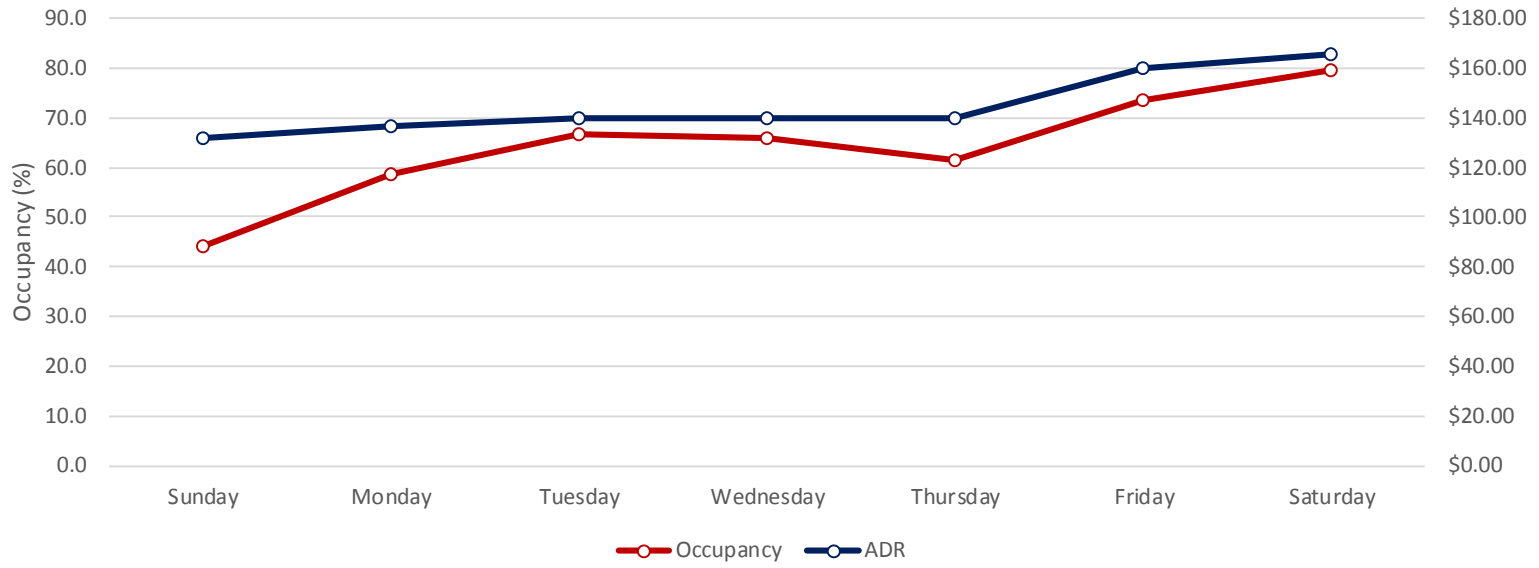
Source: STR

**FIGURE 4-15 ADR BY DAY OF WEEK (TRAILING 12 MONTHS)**

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Jul - 21	\$130.40	\$132.43	\$133.47	\$134.97	\$136.35	\$164.04	\$170.20	\$146.80
Aug - 21	131.07	138.18	141.86	142.71	142.21	168.44	173.34	149.83
Sep - 21	136.68	127.37	136.07	133.61	134.77	162.80	169.35	145.20
Oct - 21	127.10	131.14	138.13	137.95	138.73	163.04	169.52	147.76
Nov - 21	123.06	129.68	134.07	135.01	135.81	151.99	155.38	139.27
Dec - 21	127.61	134.31	137.23	139.33	140.53	156.29	154.29	143.15
Jan - 22	117.37	120.93	124.07	125.44	119.96	128.37	135.96	125.36
Feb - 22	120.72	126.43	126.45	127.56	123.39	141.45	143.80	130.82
Mar - 22	124.96	130.20	134.55	132.91	133.60	144.49	152.34	136.81
Apr - 22	132.95	137.23	139.75	137.63	138.95	149.43	158.87	143.66
May - 22	147.56	150.38	156.93	156.52	155.23	174.88	184.12	161.76
Jun - 22	153.08	167.81	163.25	164.12	162.96	189.92	198.02	172.77
<b>Average</b>	<b>\$132.11</b>	<b>\$136.63</b>	<b>\$140.13</b>	<b>\$140.20</b>	<b>\$139.87</b>	<b>\$160.29</b>	<b>\$165.63</b>	<b>\$146.65</b>

Source: STR

**FIGURE 4-16 OCCUPANCY AND ADR BY DAY OF WEEK (TRAILING 12 MONTHS)**



**FIGURE 4-17 OCCUPANCY, ADR, AND REVPAR BY DAY OF WEEK (MULTIPLE YEARS)**

<b>Occupancy (%)</b>	<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>	<b>Total Year</b>
Jul 19 - Jun 20	33.3 %	53.1 %	61.7 %	60.4 %	51.6 %	53.5 %	59.6 %	53.3 %
Jul 20 - Jun 21	30.0	36.2	41.3	41.4	40.2	48.9	56.0	42.0
Jul 21 - Jun 22	44.1	58.5	66.8	66.0	61.6	73.6	79.4	64.3
<b>Change (Occupancy Points)</b>								
FY 19 - FY 20	(3.3)	(16.9)	(20.4)	(19.1)	(11.5)	(4.5)	(3.7)	(11.4)
FY 20 - FY 21	14.1	22.3	25.5	24.7	21.4	24.7	23.5	22.3
<b>ADR (\$)</b>	<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>	<b>Total Year</b>
Jul 19 - Jun 20	\$122.56	\$130.92	\$136.47	\$135.36	\$131.84	\$134.13	\$138.69	\$133.64
Jul 20 - Jun 21	114.13	111.49	113.16	114.03	116.55	131.71	137.96	121.43
Jul 21 - Jun 22	132.11	136.63	140.13	140.20	139.87	160.29	165.63	146.65
<b>Change (Dollars)</b>								
FY 19 - FY 20	(\$8.43)	(\$19.43)	(\$23.31)	(\$21.33)	(\$15.29)	(\$2.41)	(\$0.74)	(\$12.21)
FY 20 - FY 21	17.98	25.13	26.97	26.16	23.33	28.57	27.67	25.21
<b>Change (Percent)</b>								
FY 19 - FY 20	(6.9) %	(14.8) %	(17.1) %	(15.8) %	(11.6) %	(1.8) %	(0.5) %	(9.1) %
FY 20 - FY 21	15.8	22.5	23.8	22.9	20.0	21.7	20.1	20.8
<b>RevPAR (\$)</b>	<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>	<b>Total Year</b>
Jul 19 - Jun 20	\$40.77	\$69.47	\$84.19	\$81.79	\$68.07	\$71.70	\$82.72	\$71.28
Jul 20 - Jun 21	34.21	40.35	46.69	47.15	46.83	64.42	77.21	50.97
Jul 21 - Jun 22	58.22	79.86	93.59	92.57	86.12	118.03	131.54	94.25
<b>Change (Dollars)</b>								
FY 19 - FY 20	(\$6.55)	(\$29.12)	(\$37.50)	(\$34.63)	(\$21.24)	(\$7.27)	(\$5.51)	(\$20.31)
FY 20 - FY 21	24.01	39.51	46.90	45.41	39.29	53.61	54.33	43.28
<b>Change (Percent)</b>								
FY 19 - FY 20	(16.1) %	(41.9) %	(44.5) %	(42.3) %	(31.2) %	(10.1) %	(6.7) %	(28.5) %
FY 20 - FY 21	70.2	97.9	100.4	96.3	83.9	83.2	70.4	84.9

Source: STR

In most markets, business travel, including individual commercial travelers and corporate groups, is the predominant source of demand on Monday through Thursday nights. Leisure travelers and non-business-related groups generate a majority of demand on Friday and Saturday nights. Given the strong recovery of the leisure segment coming out of the pandemic, occupancy levels have been the highest on Friday and Saturday nights. The return of employees to offices and the increase

in commercial travel has also led to increases in occupancy on Tuesday through Thursday nights.

## **SUPPLY**

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified several properties that are expected to be primarily competitive with the Proposed Hotel St. Charles. If applicable, additional lodging facilities may be judged only secondarily competitive; although the facilities, rate structures, or market orientations of these hotels prevent their inclusion among the primary competitive supply, they are expected to compete with the proposed subject hotel to some extent.

## **Primary Competition**

The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors (as applicable). This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data. In cases where exact operating data for an individual property (or properties) were not available, we have used these resources, as well as the STR data, to estimate positioning within the market.



**FIGURE 4-18 PRIMARY COMPETITORS – OPERATING PERFORMANCE**

Property	Number of Rooms	Est. Segmentation			Estimated 2019				Estimated 2021					
		Commercial	Leisure	Meeting and Group	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Herrington Inn & Spa	61	40 %	45 %	15 %	61	65 - 70 %	\$180 - \$190	\$115 - \$120	61	50 - 55 %	\$180 - \$190	\$95 - \$100	95 - 100 %	120 - 130 %
Hotel Indigo Naperville Riverwalk	158	50	15	35	158	70 - 75	160 - 170	120 - 125	158	60 - 65	160 - 170	105 - 110	110 - 120	130 - 140
Hotel Arista at CityGate Centre	144	40	30	30	144	60 - 65	140 - 150	95 - 100	144	55 - 60	180 - 190	100 - 105	95 - 100	120 - 130
Hotel Baker	53	40	35	25	53	45 - 50	160 - 170	80 - 85	53	35 - 40	160 - 170	60 - 65	65 - 70	75 - 80
<b>Sub-Totals/Averages</b>	<b>416</b>	<b>44 %</b>	<b>26 %</b>	<b>29 %</b>	<b>416</b>	<b>67.0 %</b>	<b>\$160.90</b>	<b>\$107.85</b>	<b>416</b>	<b>57.2 %</b>	<b>\$172.79</b>	<b>\$99</b>	<b>101 %</b>	<b>122.4 %</b>
Secondary Competitors	508	62 %	28 %	10 %	380	68.2 %	\$113.66	\$77.50	380	55.7 %	\$109.49	\$61	99 %	75.5 %
<b>Totals/Averages</b>	<b>924</b>	<b>53 %</b>	<b>27 %</b>	<b>20 %</b>	<b>796</b>	<b>67.6 %</b>	<b>\$138.16</b>	<b>\$93.37</b>	<b>796</b>	<b>56.5 %</b>	<b>\$143.02</b>	<b>\$81</b>	<b>100 %</b>	<b>100.0 %</b>

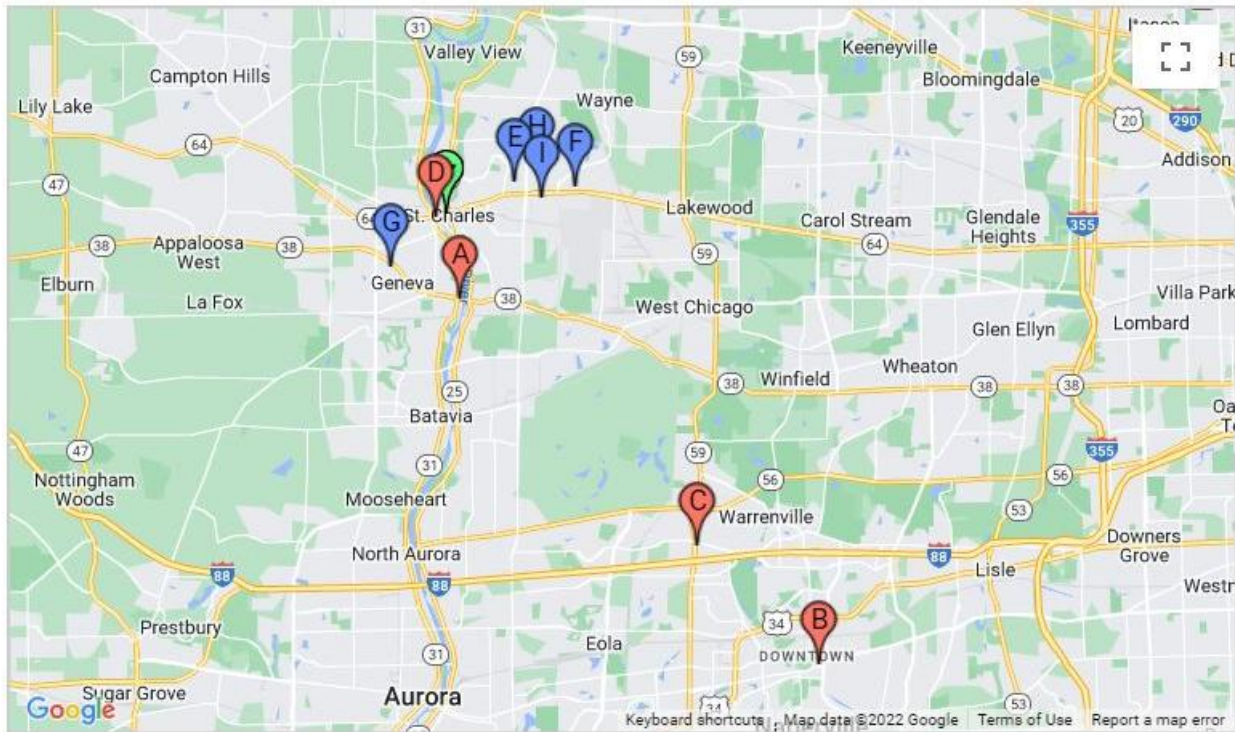
*\* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.*

**FIGURE 4-19 PRIMARY COMPETITORS – FACILITY PROFILES**

Property	Number of Rooms	Year Opened	Approx. Miles To Subject Property	Food and Beverage Outlets	Indoor Meeting Space (SF)	Meeting Space per Room	Facilities & Amenities
Herrington Inn & Spa 15 South River Lane	61	1993	1.9	Atwater's Restaurant	3,095	50.7	Spa; Fitness Center
Hotel Indigo Naperville Riverwalk 120 Water Street	158	2016	13.0	Plank Bar & Kitchen	7,000	44.3	Spa, Business Center; Fitness Center
Hotel Arista at CityGate Centre 2139 City Gate Lane	144	2009	9.3	Lavazza, Che Figata, Zorba Cocktail Bar, Tap In Pub, CityGate Grille	9,410	65.3	Spa; Fitness Center;
Hotel Baker 100 West Main Street	53	1928	0.1	Rox City Grill	6,213	117.2	Fitness Room

The following map illustrates the locations of the proposed subject property and its future competitors.

**MAP OF COMPETITION**



- |   |   |   |   |
|---|---|---|---|
|  | Proposed Hotel St. Charles                  |  | Courtyard by Marriott Chicago Saint Charles (Secondary) |
|  | Herrington Inn & Spa (Primary)              |  | Hilton Garden Inn Saint Charles (Secondary)             |
|  | Hotel Indigo Naperville Riverwalk (Primary) |  | Fairfield by Marriott Chicago Saint Charles (Secondary) |
|  | Hotel Arista at CityGate Centre (Primary)   |  | Hampton by Hilton Chicago Saint Charles (Secondary)     |
|  | Hotel Baker (Primary)                       |  | Holiday Inn Express & Suites St Charles (Secondary)     |

Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated. Descriptions of our findings are presented below.

**PRIMARY COMPETITOR #1 - HERRINGTON INN & SPA**



**Herrington Inn & Spa**  
**15 South River Lane**  
**Geneva, IL**

**FIGURE 4-20 ESTIMATED HISTORICAL OPERATING STATISTICS**

<b>Year</b>	<b>Wtd. Annual Room Count</b>	<b>Occupancy</b>	<b>Average Rate</b>	<b>RevPAR</b>	<b>Occupancy Penetration</b>	<b>Yield Penetration</b>
Est. 2019	61	65 - 70 %	\$180 - \$190	\$115 - \$120	95 - 100 %	120 - 130 %
Est. 2021	61	50 - 55	180 - 190	95 - 100	95 - 100	120 - 130

This hotel benefits from its location along the Fox River and its popular spa. Overall, the property appeared to be in very good condition. Its location is similar to that of the Proposed Hotel St. Charles.

**PRIMARY COMPETITOR #2 - HOTEL INDIGO NAPERVILLE RIVERWALK**



**Hotel Indigo Naperville  
Riverwalk  
120 Water Street  
Naperville, IL**

**FIGURE 4-21 ESTIMATED HISTORICAL OPERATING STATISTICS**

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	158	70 - 75 %	\$160 - \$170	\$120 - \$125	110 - 120 %	130 - 140 %
Est. 2021	158	60 - 65	160 - 170	105 - 110	110 - 120	130 - 140

This hotel benefits from its affiliation with IHG Hotels & Resorts and its Downtown Naperville location, which is within walking distance of many local shops and restaurants. Additionally, this property benefits from the banquet center that is attached to the hotel. Overall, the property appeared to be in very good condition. Its location is similar to that of the Proposed Hotel St. Charles.



**PRIMARY COMPETITOR #3 - HOTEL ARISTA AT CITYGATE CENTRE**



**Hotel Arista at CityGate  
Centre  
2139 City Gate Lane  
Naperville, IL**

**FIGURE 4-22 ESTIMATED HISTORICAL OPERATING STATISTICS**

Year	Wtd. Annual		Average Rate	RevPAR	Occupancy	Yield
	Room Count	Occupancy			Penetration	Penetration
Est. 2019	144	60 - 65 %	\$140 - \$150	\$95 - \$100	95 - 100 %	100 - 110 %
Est. 2021	144	55 - 60	180 - 190	100 - 105	95 - 100	120 - 130

This hotel benefits from its location within Naperville’s CityGate campus. Overall, the property appeared to be in very good condition. Its location is inferior to that of the Proposed Hotel St. Charles.

**PRIMARY COMPETITOR #4 - HOTEL BAKER**



**Hotel Baker  
100 West Main Street  
Saint Charles, IL**

**FIGURE 4-23 ESTIMATED HISTORICAL OPERATING STATISTICS**

<b>Year</b>	<b>Wtd. Annual Room Count</b>	<b>Occupancy</b>	<b>Average Rate</b>	<b>RevPAR</b>	<b>Occupancy Penetration</b>	<b>Yield Penetration</b>
Est. 2019	53	45 - 50 %	\$160 - \$170	\$80 - \$85	70 - 75 %	80 - 85 %
Est. 2021	53	35 - 40	160 - 170	60 - 65	65 - 70	75 - 80

This hotel benefits from its location along the Fox River and from being the only hotel currently located in Downtown St. Charles; however, this hotel appears dated and in need of refurbishment. Overall, the property appeared to be in good condition. Its location is similar to that of the Proposed Hotel St. Charles.



**Secondary  
Competitors**

We have also reviewed other area lodging facilities to determine whether any may compete with the proposed subject hotel on a secondary basis. The room count of each anticipated secondary competitor has been weighted based on its assumed degree of competitiveness in the future with the proposed subject hotel. By assigning degrees of competitiveness, we can assess how the proposed subject hotel and its future competitors may react to various changes in the market, including new supply, changes to demand generators, and renovations or franchise changes of existing supply. The following table sets forth the pertinent operating characteristics of the secondary competitors.

**FIGURE 4-24 SECONDARY COMPETITOR(S) – OPERATING PERFORMANCE**

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2019				Estimated 2021			
		Commercial	Leisure	Meeting and Group		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Courtyard by Marriott Chicago Saint Charles	121	60 %	30 %	10 %	80 %	97	60 - 65 %	\$115 - \$120	\$70 - \$75	97	45 - 50 %	\$120 - \$125	\$60 - \$65
Hilton Garden Inn Saint Charles	120	60	30	10	80	96	65 - 70	115 - 120	75 - 80	96	50 - 55	100 - 105	55 - 60
Fairfield by Marriott Chicago Saint Charles	92	60	30	10	70	64	65 - 70	105 - 110	70 - 75	64	50 - 55	110 - 115	55 - 60
Hampton by Hilton Chicago Saint Charles	92	70	20	10	70	64	75 - 80	115 - 120	85 - 90	64	60 - 65	105 - 110	65 - 70
Holiday Inn Express & Suites St Charles	83	60	30	10	70	58	70 - 75	105 - 110	75 - 80	58	55 - 60	105 - 110	60 - 65
<b>Totals/Averages</b>	<b>508</b>	<b>62 %</b>	<b>28 %</b>	<b>10 %</b>	<b>75 %</b>	<b>380</b>	<b>68.2 %</b>	<b>\$113.66</b>	<b>\$77.50</b>	<b>380</b>	<b>55.7 %</b>	<b>\$109.49</b>	<b>\$60.96</b>

\* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.

We have identified five hotels that are expected to compete with the proposed subject hotel on a secondary level based on their locations within St. Charles, proximate to the proposed subject hotel. While these hotels are located in St. Charles, they are only expected to compete on a secondary level given their limited or select-service product offerings and their respective locations outside of the Downtown neighborhood.

### Supply Changes

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed; however, key management and maintenance staff were retained to preserve the property and prepare for reopening. Two hotels in the competitive subject market suspended operations because of the COVID-19 pandemic; however, both have since reopened. Our analysis considers the full supply of competitive rooms, including any hotels that may have temporarily suspended operations. It is important to note that we have adjusted STR data to reflect the total available rooms in the market and true occupancy, regardless of suspended operations at competitive hotels.

It is important to consider any new hotels that may have an impact on the proposed subject hotel's operating performance. Based on our research, no new hotels are planned for development within the proposed subject hotel's competitive market at this time (aside from the proposed subject hotel).

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future or what their marketing strategies and effect on the market will be. Depending on the outcome of current and future projects, the future operating potential of the proposed subject hotel may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and ADR is intended to reflect such risk.

### Supply Conclusion

We have identified various properties that are expected to be competitive to some degree with the proposed subject hotel. We have also investigated potential increases in competitive supply in this St Charles submarket. The Proposed Hotel St. Charles should enter a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

### DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and

weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply-and-demand analysis developed for this report.

**FIGURE 4-25 HISTORICAL MARKET TRENDS**

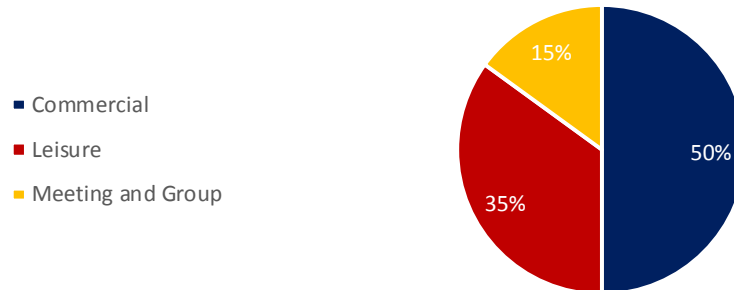
Year	Accommodated		Room Nights		Market			Market	
	Room Nights	% Change	Available	% Change	Occupancy	Market ADR	% Change	RevPAR	% Change
Est. 2019	196,284	—	290,431	—	67.6 %	\$138.16	—	\$93.37	—
Est. 2020	104,932	(46.5) %	290,431	0.0 %	36.1	130.53	(5.5) %	47.16	(49.5) %
Est. 2021	164,067	56.4	290,431	0.0	56.5	143.02	9.6	80.79	71.3
Avg. Annual Compounded									
Chg., Est. 2019-Est. 2021:		(8.6) %		0.0 %			1.7 %		(7.0) %

**Demand Analysis  
Using Market  
Segmentation**

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2019 distribution of accommodated-room-night demand as follows.

**FIGURE 4-26 BASE-YEAR ACCOMMODATED-ROOM-NIGHT DEMAND**

Market Segment	2019 Marketwide		2021 Marketwide	
	Accommodated Demand	Percentage of Total	Accommodated Demand	Percentage of Total
Commercial	103,525	53 %	82,033	50 %
Leisure	53,299	27	57,423	35
Meeting and Group	39,460	20	24,610	15
<b>Total</b>	<b>196,284</b>	<b>100 %</b>	<b>164,067</b>	<b>100 %</b>

**FIGURE 4-27 MARKET-WIDE ACCOMMODATED-ROOM-NIGHT DEMAND**

In the base year, the market's demand mix comprised commercial demand, with this segment representing roughly 53% of the accommodated room nights in this St Charles submarket. The leisure segment comprised 27% of the total, with the final portion meeting and group in nature, reflecting 20%.

Using the distribution of accommodated hotel demand as a starting point, we will analyze the characteristics of each market segment in an effort to determine future trends in room-night demand.

### Commercial Segment

Commercial demand consists mainly of individual businesspeople passing through the subject market or visiting area businesses, in addition to high-volume corporate accounts generated by local firms. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to businesses and amenities, influence lodging choices in this segment. Companies typically designate hotels as "preferred" accommodations in return for more favorable rates, which are discounted in proportion to the number of room nights produced by a commercial client. Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. It is relatively constant throughout the year, with marginal declines in late December and during other holiday periods.

Primary commercial demand generators for this market typically include large companies in the area, such as Suncast Corporation, Ball Horticultural Co, and ALDI Inc. Commercially driven demand declined notably in 2020 and early 2021 given the COVID-19 pandemic. As employees continue to return to offices and business travel increases, we expect commercial demand to rebound further in 2022, recovering by the stabilized year.

## Leisure Segment

Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, Hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest on Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel. Future leisure demand is related to the overall economic health of the region and the nation. Trends showing changes in state and regional unemployment and disposable personal income correlate strongly with leisure travel levels.

Leisure demand for this market is typically generated by a number of festivals and events hosted annually in the area. In addition, craft brewery tours, shows hosted at the Arcada Theatre, and the Fox River all draw notable leisure demand to the area. We have considered the impact of the COVID-19 pandemic on leisure demand in our forecasts. Leisure demand is a strong source of demand in this market, and while lower than 2019 levels, it has been recovering since the spring of 2021, noticeably more quickly than the other segments.

## Meeting and Group Segment

The meeting-and-group market includes meetings, seminars, conventions, trade association shows, and similar gatherings of ten or more people. Peak convention demand typically occurs in the spring and fall. Although there are numerous classifications within the meeting-and-group segment, the primary categories considered in this analysis are corporate groups, associations, and SMERFE (social, military, ethnic, religious, fraternal, and educational) groups. Corporate groups typically meet during the business week, most commonly in the spring and fall months. These groups tend to be the most profitable for hotels, as they typically pay higher rates and usually generate ancillary revenues including food and beverage and/or banquet revenue. SMERFE groups are typically price-sensitive and tend to meet on weekends and during the summer months or holiday season, when greater discounts are usually available; these groups generate limited ancillary revenues. Association demand is generally divided on a geographical basis, with national, regional, and state associations representing the most common sources. Professional associations and/or those supported by members' employers often meet on weekdays, while other associations prefer to hold events on weekends. The profile and revenue potential of associations varies depending on the group and the purpose of the meeting or event.

Youth sporting events, weddings, and corporate training have historically generated group demand for local hotels. However, this type of demand was almost non-existent in 2020 and early 2021 due to the COVID-19 pandemic. Groups have begun to return to the market, and larger events are anticipated to rebound more notably in 2022 and 2023. Demand within this segment is forecast to recover fully by the stabilized year.

**Base Demand Growth Rates**

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, three segments were defined as representing the proposed subject hotel’s lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

**FIGURE 4-28 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES**

Market Segment	Annual Growth Rate							
	2022	2023	2024	2025	2026	2027	2028	2029
Commercial	15.0 %	5.0 %	5.0 %	1.0 %	5.0 %	6.0 %	2.0 %	0.0 %
Leisure	2.0	1.0	1.0	1.0	6.0	6.0	2.0	0.0
Meeting and Group	30.0	10.0	8.0	1.0	2.0	2.0	1.0	0.0
<b>Base Demand Growth</b>	<b>12.7 %</b>	<b>4.6 %</b>	<b>4.3 %</b>	<b>1.0 %</b>	<b>4.7 %</b>	<b>5.3 %</b>	<b>1.8 %</b>	<b>0.0 %</b>

**Latent Demand**

A table presented earlier in this section illustrated the accommodated-room-night demand in the proposed subject hotel’s competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were used by guests. Latent demand reflects potential room-night demand that has not been realized by the existing competitive supply, further classified as either unaccommodated demand or induced demand.

**Unaccommodated Demand**

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated-room-night demand. If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.



Unaccommodated demand is further indicated if the market is at all seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70.0%, the market may sell out certain nights during the year. To evaluate the incidence of unaccommodated demand in the market, we have reviewed the average occupancy by the night of the week for the past twelve months for the competitive set, as reflected in the STR data. This is set forth in the following table.

**FIGURE 4-29 OCCUPANCY BY NIGHT OF THE WEEK**

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Jul - 21	58.8 %	62.7 %	70.3 %	71.5 %	73.6 %	88.6 %	92.4 %	75.0 %
Aug - 21	47.5	62.3	68.5	75.7	74.7	89.4	91.4	71.5
Sep - 21	49.1	51.6	62.9	62.2	62.3	82.5	90.1	65.6
Oct - 21	44.3	58.6	65.4	64.9	60.9	81.7	87.4	66.7
Nov - 21	35.4	53.3	65.3	66.5	65.9	74.2	74.8	62.0
Dec - 21	41.3	53.6	57.0	58.2	54.6	67.8	71.3	57.9
Jan - 22	29.5	41.1	46.0	47.8	40.9	42.6	50.6	42.4
Feb - 22	41.4	61.1	65.3	60.6	50.7	58.0	71.8	58.4
Mar - 22	39.9	59.0	68.2	65.4	57.1	64.5	71.3	61.0
Apr - 22	44.7	68.7	72.4	69.0	61.2	67.1	74.9	65.8
May - 22	49.0	61.3	73.2	76.0	66.7	78.2	88.9	69.6
Jun - 22	49.5	71.9	84.9	75.3	68.3	86.5	91.3	75.2
<b>Average</b>	<b>44.1 %</b>	<b>58.5 %</b>	<b>66.8 %</b>	<b>66.0 %</b>	<b>61.6 %</b>	<b>73.6 %</b>	<b>79.4 %</b>	<b>64.3 %</b>

Source: STR

The following table presents our estimate of unaccommodated demand in the subject market.

**FIGURE 4-30 UNACCOMMODATED DEMAND ESTIMATE**

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand Percentage	Unaccommodated Room Night Demand
Commercial	103,525	0.0 %	0
Leisure	53,299	4.1	2,207
Meeting and Group	39,460	9.7	3,813
<b>Total</b>	<b>196,284</b>	<b>3.1 %</b>	<b>6,020</b>

Accordingly, we have forecast unaccommodated demand equivalent to 3.1% of the base-year demand, resulting from our analysis of monthly and weekly peak demand and sell-out trends.

**Induced Demand**

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new manufacturing plant, the expansion of a convention center, or the addition of a new hotel with a distinct chain affiliation or unique facilities. The following table summarizes our estimate of induced demand.

**FIGURE 4-31 INDUCED DEMAND CALCULATION**

Market Segment	Induced Room Nights							
	2022	2023	2024	2025	2026	2027	2028	2029
Commercial	0	0	0	0	810	1,200	1,200	1,200
Leisure	0	0	0	0	0	0	0	0
Meeting and Group	0	0	0	0	2,250	4,500	6,000	6,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,060</b>	<b>5,700</b>	<b>7,200</b>	<b>7,200</b>

The opening of the proposed hotel and the larger mixed-use project, with the expected leisure amenities and group event venue should induce considerable demand into this market. These factors should draw new groups and weekend leisure to this market, as new groups and tourists would have likely chosen an alternate destination if it were not for the availability of the new facility.

Accordingly, we have incorporated 7,200 room nights (rounded) into our analysis, phased in over an appropriate ramp-up period.

**Accommodated Demand and Market-wide Occupancy**

Based upon a review of the market dynamics in the proposed subject hotel’s competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

**FIGURE 4-32 FORECAST OF MARKET OCCUPANCY**

	2019	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Commercial</b>										
Induced Demand			0	0	0	0	810	1,200	1,200	1,200
Total Demand	103,525	82,033	94,338	99,055	104,008	105,048	111,111	118,119	120,457	120,457
Growth Rate		(20.8) %	15.0 %	5.0 %	5.0 %	1.0 %	5.8 %	6.3 %	2.0 %	0.0 %
<b>Leisure</b>										
Base Demand	53,299	57,423	58,572	59,158	59,749	60,347	63,967	67,805	69,162	69,162
Unaccommodated Demand		2,378	2,426	2,450	2,474	2,499	2,649	2,808	2,864	2,864
Total Demand	53,299	59,801	60,997	61,607	62,223	62,846	66,616	70,613	72,026	72,026
Growth Rate		12.2 %	2.0 %	1.0 %	1.0 %	1.0 %	6.0 %	6.0 %	2.0 %	0.0 %
<b>Meeting and Group</b>										
Base Demand	39,460	24,610	31,993	35,192	38,008	38,388	39,156	39,939	40,338	40,338
Unaccommodated Demand		2,378	3,091	3,401	3,673	3,709	3,783	3,859	3,898	3,898
Induced Demand			0	0	0	0	2,250	4,500	6,000	6,000
Total Demand	39,460	26,988	35,084	38,593	41,680	42,097	45,189	48,298	50,236	50,236
Growth Rate		(31.6) %	30.0 %	10.0 %	8.0 %	1.0 %	7.3 %	6.9 %	4.0 %	0.0 %
<b>Totals</b>										
Base Demand	196,284	164,067	184,903	193,405	201,765	203,783	213,424	224,663	228,757	228,757
Unaccommodated Demand		4,756	5,517	5,850	6,147	6,208	6,432	6,667	6,762	6,762
Induced Demand			0	0	0	0	3,060	5,700	7,200	7,200
Total Demand	196,284	168,823	190,420	199,256	207,912	209,991	222,916	237,030	242,718	242,718
less: Residual Demand		4,756	5,517	6,991	9,349	9,949	6,429	679	2,063	2,063
Total Accommodated Demand	196,284	164,067	184,903	192,265	198,563	200,042	216,487	236,351	240,655	240,655
<b>Overall Demand Growth</b>	—	56.4 %	12.7 %	4.0 %	3.3 %	0.7 %	8.2 %	9.2 %	1.8 %	0.0 %
<b>Market Mix</b>										
Commercial	52.7 %	50.0 %	49.5 %	49.7 %	50.0 %	50.0 %	49.8 %	49.8 %	49.6 %	49.6 %
Leisure	27.2	35.0	32.0	30.9	29.9	29.9	29.9	29.8	29.7	29.7
Meeting and Group	20.1	15.0	18.4	19.4	20.0	20.0	20.3	20.4	20.7	20.7
<b>Existing Hotel Supply</b>	796	796	796	796	796	796	796	796	796	796
<b>Proposed Hotels</b>										
Proposed Subject Property <sup>1</sup>							124	164	164	164
Available Room Nights per Year	290,431	290,431	290,431	290,431	290,431	290,431	335,531	350,291	350,291	350,291
Nights per Year	365	365	365	365	365	365	365	365	365	365
<b>Total Supply</b>	796	796	796	796	796	796	919	960	960	960
Rooms Supply Growth	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	15.5 %	4.4 %	0.0 %	0.0 %
<b>Marketwide Occupancy</b>	<b>67.6 %</b>	<b>56.5 %</b>	<b>63.7 %</b>	<b>66.2 %</b>	<b>68.4 %</b>	<b>68.9 %</b>	<b>64.5 %</b>	<b>67.5 %</b>	<b>68.7 %</b>	<b>68.7 %</b>

<sup>1</sup> Opening in April 2026 of the 100% competitive, 164-room Proposed Subject Property

The defined competitive market of hotels experienced a sharp occupancy decline in 2020 and early 2021 because of the severe downturn in travel associated with the COVID-19 pandemic. The recent recovery is expected to continue given the ongoing return of many employees to offices, stronger levels of both commercial and leisure travel, and an increase in group gatherings.

## 5. Description of the Proposed Improvements

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

### Project Overview

The Proposed Hotel St. Charles will be a full-service lodging facility containing 164 rentable units. The property is planned to open on April 1, 2026. The proposed subject hotel will be part of a larger mixed-use development. Other components include residential condo units, leased retail space, several leased restaurants, and an outdoor amphitheater. The commercial retail and restaurant space is anticipated to be located on the street level, while the condo units are expected to be located on the upper levels of the main building, above the hotel units.

While a brand affiliation has not been confirmed for this project, the developers are looking at upper-upscale soft brand for potential affiliation, one such brand being Marriott's Autograph Collection. The Autograph Collection was created to offer high-personality, upper-upscale hotels to individuals who typically seek out unique, independent hotels. According to Marriott, each Autograph Collection hotel was chosen for its quality, distinct character, originality, and ability to impart a unique and unexpected experience. Additionally, Marriott chose each Autograph Collection hotel for its ability to offer one of four travel experiences: Culinary Delight, Artistic Getaway, Historic Exploration, or Sporting Adventure; each hotel is optimally situated in a gateway city or destination location. While individual brand statistics for recent years were not available, for 2021, still influenced by the effects of the COVID-19 pandemic, Marriott reported an overall occupancy of 45.0% and an average daily rate of \$170.58 for its North American upper-upscale hotels (as a composite), resulting in an average composite RevPAR level of \$76.85. As of year-end 2021, there were 136 Autograph Collection properties (27,807 rooms) in operation across North America.

### Summary of the Facilities

Based on information provided by the proposed subject hotel's development representatives, the following table summarizes the facilities that are expected to be available at the proposed subject hotel.

**FIGURE 5-1 PROPOSED FACILITIES SUMMARY**

<b>Guestroom Configuration</b>	<b>Number of Units</b>
TBD	164
<b>Food &amp; Beverage Facilities</b>	
Restaurant	
Lobby Bar	
<b>Indoor Meeting &amp; Banquet Facilities</b>	<b>Square Footage</b>
Ballroom	5,500
Meeting Rooms	4,000
Total	9,500
<b>Amenities &amp; Services</b>	
Fitness Center	
Spa-Treatment Rooms	
Business Center	
Gift Shop	

**Site Improvements and Hotel Structure**

Construction details were not provided for our review. The proposed hotel is expected to be contained in one building. Other site improvements would be anticipated to include freestanding signage, located at the main entrance to the site, as well as landscaping and sidewalks. Additional signage should be placed high on the exterior of the building. The hotel is expected to include a parking deck that will be used for the hotel's valet parking and will support the larger mixed-use development. The site and building components are expected to be normal for an upper-upscale or luxury, full-service hotel and meet the standards for the St. Charles market.

**Planned Facilities**

Construction details of the interior of the hotel were not provided for our review; however, its size and layout should be appropriate for the hotel. The furnishings of the space are expected to be of a similar style and finish as lobby and guestroom furnishings. The hotel is anticipated to offer a 5,500-square-foot ballroom and 4,000 square feet of additional meeting space. The meeting space should be adequate and appropriate for a hotel of this type. The hotel should offer a fitness center and a spa component as recreational facilities. Other amenities are likely to include a lobby workstation or small business center and a market pantry or a gift shop. The hotel

is also expected to include a full-service restaurant and a lobby bar. Overall, the supporting facilities should be appropriate for a hotel of this type.

### **Guestrooms**

The hotel is expected to feature standard and suite-style guestroom configurations, with guestrooms present on the floors above the lobby and below the condo units, within the single building. The guestrooms are anticipated to be of a standard size, offering typical amenities for this upper-upscale or luxury product type. Suites are expected to feature a larger living area and other upgraded amenities. Overall, the guestrooms should offer a superior product compared to what is currently available in the Downtown St. Charles neighborhood.

### **Back-of-the-House, ADA, and Environmental**

The hotel will be served by the necessary back-of-the-house space, including an in-house laundry facility, administrative offices, and a full-service kitchen to serve the needs of the restaurant, the lobby bar, and banquet operations. These spaces should be adequate for a hotel of this type and should allow for the efficient operation of the property under competent management.

We assume that the property will be built according to all pertinent codes. Moreover, we assume its construction will not create any environmental hazards (such as mold) and that the property will fully comply with the Americans with Disabilities Act.

### **Capital Expenditures**

Our analysis assumes that the hotel will require ongoing upgrades and periodic renovations after its opening in order to maintain its competitive level in this market. These costs should be adequately funded by the forecasted reserve for replacement, as long as a successful, ongoing preventive-maintenance program is employed by hotel staff.

### **Conclusion**

Overall, the proposed subject property should offer a well-designed, functional layout of support areas and guestrooms. All typical and market-appropriate features and amenities are expected to be included in the hotel's design. We assume that the building will be fully open and operational on the stipulated opening date and will meet all local building codes. Furthermore, we assume that the hotel staff will be adequately trained to allow for a successful opening and that pre-marketing efforts will have introduced the product to major local accounts at least six months in advance of the opening date.

## 6. Projection of Occupancy and Average Rate

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance and market value. Most of a lodging facility's other revenue sources (such as food and beverage, other operated departments, and miscellaneous income) are driven by the number of guests, and many expense levels vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

### Penetration Rate Analysis

The proposed subject hotel's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a hotel's market share to its fair share.

### Base-Year Penetration Rates by Market Segment

In the following table, the penetration rates attained by the primary competitors and the aggregate secondary competitors are set forth for each segment for the base year. As discussed previously in the Supply and Demand Analysis chapter of this report, we are utilizing the market's performance prior to the onset of the COVID-19 pandemic as a benchmark for projecting a return to normalized performance.

**FIGURE 6-1 HISTORICAL PENETRATION RATES**

Property	Commercial	Leisure	Meeting and Group	Overall
Herrington Inn & Spa	68 %	145 %	66 %	89 %
Hotel Indigo Naperville Riverwalk	92	53	170	97
Hotel Arista at CityGate Centre	84	120	166	111
Hotel Baker	63	105	104	83
Secondary Competition	119	104	51	101

The secondary competition achieved the highest penetration rate within the commercial segment. The highest penetration rate in the leisure segment was



**Forecast of Subject  
Property's Occupancy**

achieved by the Herrington Inn & Spa, while the Hotel Indigo Naperville Riverwalk led the market with the highest meeting and group penetration rate.

Because the supply and demand balance for the competitive market is dynamic, there is a circular relationship between the penetration factors of each hotel in the market. The performance of individual new hotels has a direct effect upon the aggregate performance of the market and, consequently, upon the calculated penetration factor for each hotel in each market segment. The same is true when the performance of existing hotels changes, either positively (following a refurbishment, for example) or negatively (when a poorly maintained or marketed hotel loses market share).

A hotel's penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one hotel's penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other hotels to capture, and the penetration performance of one or more of those other hotels consequently declines (other things remaining equal). This type of market share adjustment takes place every time there is a change in supply or a change in the relative penetration performance of one or more hotels in the competitive market. Our projections of penetration, demand capture, and occupancy performance for the proposed subject hotel account for these types of adjustments to market share within the defined competitive market.

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

**FIGURE 6-2 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY**

<b>Market Segment</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Commercial</b>				
Demand	108,608	117,771	119,404	119,404
Market Share	11.7 %	15.2 %	16.1 %	16.1 %
Capture	12,664	17,907	19,206	19,206
Penetration	87 %	89 %	94 %	94 %
<b>Leisure</b>				
Demand	64,512	70,414	71,421	71,421
Market Share	13.4 %	18.6 %	18.6 %	18.6 %
Capture	8,671	13,110	13,298	13,298
Penetration	100 %	109 %	109 %	109 %
<b>Meeting and Group</b>				
Demand	43,368	48,167	49,830	49,830
Market Share	13.4 %	19.4 %	20.5 %	20.5 %
Capture	5,829	9,358	10,208	10,208
Penetration	100 %	114 %	120 %	120 %
<b>Total Room Nights Captured</b>	<b>27,164</b>	<b>40,375</b>	<b>42,711</b>	<b>42,711</b>
Available Room Nights	45,100	59,860	59,860	59,860
<b>Subject Occupancy</b>	<b>60 %</b>	<b>67 %</b>	<b>71 %</b>	<b>71 %</b>
Market-wide Available Room Nights	335,531	350,291	350,291	350,291
<b>Fair Share</b>	<b>13 %</b>	<b>17 %</b>	<b>17 %</b>	<b>17 %</b>
Market-wide Occupied Room Nights	216,487	236,351	240,655	240,655
<b>Market Share</b>	<b>13 %</b>	<b>17 %</b>	<b>18 %</b>	<b>18 %</b>
<b>Market-wide Occupancy</b>	<b>65 %</b>	<b>67 %</b>	<b>69 %</b>	<b>69 %</b>
<b>Total Penetration</b>	<b>93 %</b>	<b>100 %</b>	<b>104 %</b>	<b>104 %</b>

Within the commercial segment, the proposed subject hotel's occupancy penetration is positioned below the market-average level. This hotel will primarily attract leisure and group demand given its planned amenities and the lack of large commercial drivers located in Downtown St. Charles. Within the leisure segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level, largely attributed to its location in Downtown St. Charles and its planned facilities including its spa offering. Furthermore, the larger development that will include the hotel will offer several amenities that will attract leisure demand, including retail shops, restaurants, and an amphitheater. The proposed subject hotel's occupancy penetration in the meeting and group segment is

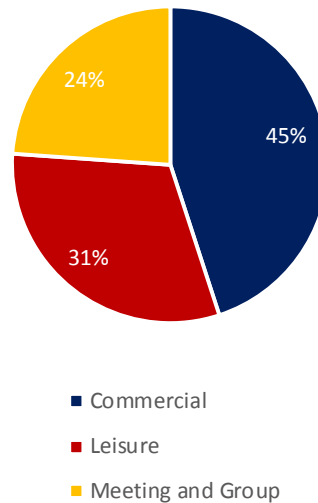
positioned above the market-average level given that the proposed hotel will offer nearly 10,000 square feet of meeting and event space.

These positioned segment penetration rates result in the following market segmentation forecast.

**FIGURE 6-3 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY**

	2026	2027	2028	2029
Commercial	47 %	44 %	45 %	45 %
Leisure	32	32	31	31
Meeting and Group	21	23	24	24
<b>Total</b>	100 %	100 %	100 %	100 %

**FIGURE 6-4 STABILIZED MARKET SEGMENTATION – SUBJECT PROPERTY**



Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 71%. The stabilized occupancy is intended to reflect 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 proposed subject hotel may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

### Average Rate Analysis

One of the most important considerations in estimating the value of a lodging facility is a supportable forecast of its attainable average rate (ADR), which is more formally defined as the average rate per occupied room; ADR can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The projected ADR and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn provides the basis for estimating most other income and expense categories.

### Competitive Position

Although the ADR analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding ADR. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical ADR and RevPAR levels of the proposed subject hotel's future primary competitors.

**FIGURE 6-5 BASE-YEAR ADR AND REVPAR OF THE COMPETITORS**

Property	Estimated 2021 Average Room Rate	Average Room Rate Penetration	Occupancy	Occupancy Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Herrington Inn & Spa	\$180 - \$190	125.9 %	50 - 55 %	95 - 100 %	\$95 - \$100	120 - 130 %
Hotel Indigo Naperville Riverwalk	160 - 170	116.8	60 - 65	110 - 120	105 - 110	130 - 140
Hotel Arista at CityGate Centre	180 - 190	125.9	55 - 60	95 - 100	100 - 105	120 - 130
Hotel Baker	160 - 170	113.3	35 - 40	65 - 70	60 - 65	75 - 80
Average - Primary Competitors	\$172.79	120.8 %	57.2 %	101.3 %	\$98.89	122.4 %
Average - Secondary Competitors	109.49	76.6	55.7	98.6	60.96	75.5
<b>Overall Average</b>	<b>\$143.02</b>	100.0 %	56.5 %	100.0 %	<b>\$80.79</b>	100.0 %
<b>Subject As If Stabilized (In 2021 Dollars)</b>	<b>\$190.00</b>	<b>132.8 %</b>	<b>58.7 %</b>	<b>103.9 %</b>	<b>\$111.47</b>	<b>138.0 %</b>

We have selected the rate position of \$190.00, in base-year dollars (2021), for the proposed subject hotel. We positioned the proposed subject hotel's stabilized ADR in the 2021 base year in consideration of its new facility, strong brand affiliation, and array of amenities. Average rates for this competitive market are anticipated to continue the strengthening trend that began in 2021, with the highest growth rate forecast for 2022 given the swift recovery from the particularly low ADRs in the first half of 2021. Month-over-month comparisons in the year-to-date 2022 period have been strong. ADR growth should moderate in the following years.

The following table presents the ADR forecast for the market and the proposed subject hotel on a calendar-year basis, as well as the resulting ADR penetration level. The proposed subject hotel's projected ADR (as if stabilized) is then fiscalized to correspond with the hotel's anticipated date of opening for each forecast year.

**FIGURE 6-6 ADR FORECAST – MARKET AND PROPOSED SUBJECT PROPERTY**

Calendar Year	Historical		2022	2023	2024	2025	2026	2027	2028	2029
	2019	2021								
Market ADR	\$138.16	\$143.02	\$171.62	\$176.77	\$182.08	\$187.54	\$193.16	\$198.96	\$204.93	\$211.08
Projected Market ADR Growth Rate	—		20.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		<b>\$190.00</b>	\$228.00	\$234.84	\$241.89	\$249.14	\$256.62	\$264.31	\$272.24	\$280.41
ADR Growth Rate			20.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		133%	133%	133%	133%	133%	133%	133%	133%	133%
<b>Fiscal Year</b>					<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Proposed Subject Property Average Rate					\$243.67	\$250.98	\$258.51	\$266.27	\$274.26	\$282.49
Opening Discount					0.0%	0.0%	5.0%	3.0%	0.0%	0.0%
<b>Average Rate After Discount</b>					<b>\$243.67</b>	<b>\$250.98</b>	<b>\$245.59</b>	<b>\$258.28</b>	<b>\$274.26</b>	<b>\$282.49</b>
Real Average Rate Growth					—	3.0%	-2.1%	5.2%	6.2%	3.0%
Market ADR					\$183.42	\$188.93	\$194.59	\$200.43	\$206.44	\$212.64
Proposed Subject ADR Penetration (After Discount)					133%	133%	126%	129%	133%	133%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$216.58	\$216.58	\$205.75	\$210.09	\$216.58	\$216.58

The proposed subject hotel's ADR penetration level is forecast to reach 133% by the stabilized period, consistent with our stabilized ADR positioning. Based on our review of the proposed improvements and the anticipated profile of the hotel product and its operation, it is our opinion that the ADR penetration level should be achievable with appropriate management and marketing. The proposed hotel's positioned stabilized ADR is projected to increase at the same rate as the overall market's ADR, prior to consideration of any ADR discounting during the hotel's ramp-up period. Discounts of 5% and 3% have been applied to the stabilized room rates projected for the first two years of operation, as would be expected for a new property of this type as it builds its reputation and becomes established in the market.

Note that our forecast of income and expense, which follows later in this report, assumes the following underlying inflation rates.

**FIGURE 6-7 INFLATION ASSUMPTIONS**

Timeframe	Rate of Inflation Assumed
2021 to 2022	5.0 %
2022 to 2023	3.0
2023 to 2024	3.0
2024 to 2025	3.0
2025 to 2026	3.0

The following table sets forth our concluding forecast of the proposed subject hotel’s occupancy, ADR, and RevPAR, with corresponding penetration levels, for the first projection year through the stabilized year of operation. The competitive market’s historical and projected occupancy, ADR, and RevPAR levels are presented for comparison, with the projections fiscalized to correspond with the proposed subject hotel’s forecast, as appropriate.

**FIGURE 6-8 COMPARISON OF HISTORICAL AND PROJECTED OCCUPANCY, ADR, AND REVPAR – PROPOSED SUBJECT PROPERTY AND MARKET**

	2019	2020	2021	Projected					
				2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Proposed Hotel St. Charles</b>									
Occupancy				—	—	—	—	62.0 %	68.4 %
Change in Points				—	—	—	—	—	6.4
Occupancy Penetration				—	—	—	—	95.0 %	100.9 %
Average Rate		\$190.00		\$229.69	\$236.58	\$243.67	\$250.98	\$245.59	\$258.28
Change				—	3.0 %	3.0 %	3.0 %	(2.1) %	5.2 %
Average Rate Penetration				132.8 %	132.8 %	132.8 %	132.8 %	126.2 %	128.9 %
RevPAR				—	—	—	—	\$152.29	\$176.70
Change				—	—	—	—	—	16.0 %
RevPAR Penetration				—	—	—	—	119.9 %	130.1 %
	Historical			Projected					
	2019	2020	2021	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>St Charles Submarket</b>									
Occupancy	67.6 %	36.1 %	56.5 %	64.3 %	66.7 %	68.5 %	67.8 %	65.2 %	67.8 %
Change in Points	—	(31.5)	20.4	7.8	2.4	1.8	(0.7)	(2.6)	2.5
Average Rate	\$138.16	\$130.53	\$143.02	\$172.89	\$178.08	\$183.42	\$188.93	\$194.59	\$200.43
Change	—	(5.5) %	9.6 %	20.9 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR	\$93.37	\$47.16	\$80.79	\$111.15	\$118.84	\$125.63	\$128.10	\$126.97	\$135.84
Change	—	(49.5) %	71.3 %	37.6 %	6.9 %	5.7 %	2.0 %	(0.9) %	7.0 %



The following occupancies and average rates will be used to project the proposed subject hotel's rooms revenue; this forecast reflects years beginning on April 1, 2026, which correspond with our financial projections.

**FIGURE 6-9 FORECASTS OF OCCUPANCY AND AVERAGE RATE**

<u>Year</u>	<u>Occupancy</u>	<u>Average Rate Before Discount</u>	<u>Discount</u>	<u>Average Rate After Discount</u>
2026/27	62 %	\$258.51	5.0 %	\$245.59
2027/28	68	266.27	3.0	258.28
2028/29	71	274.26	0.0	274.26

## 7. Projection of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject hotel. This forecast is based on the facilities program set forth previously, as well as the occupancy and ADR forecast discussed previously.

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year period provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

### Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The proposed subject hotel's stabilized statement of income and expense, deflated to 2021 dollars, is also presented.

**FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2020	2019/20	2019	2019	2019	2021
Number of Rooms:	140 to 180	220 to 280	120 to 150	120 to 150	120 to 160	164
Days Open:	365	365	365	365	365	365
Occupancy:	69%	67%	73%	71%	79%	71%
Average Rate:	\$227	\$185	\$200	\$205	\$189	\$217
RevPAR:	\$156	\$124	\$147	\$146	\$150	\$154
<b>REVENUE</b>						
Rooms	63.6 %	55.3 %	72.9 %	55.7 %	54.5 %	55.7 %
Food	24.8	20.1	12.2	23.7	27.1	25.7
Beverage	0.0	11.0	5.8	7.2	11.6	10.3
Food & Beverage	24.8	31.2	18.0	31.0	38.7	35.9
Other Operated Departments	11.6	8.6	7.7	12.8	0.0	7.6
Miscellaneous Income	0.0	5.0	1.3	0.5	6.8	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
<b>DEPARTMENTAL EXPENSES*</b>						
Rooms	29.1	27.6	21.6	23.3	20.3	23.0
Food & Beverage	84.3	64.1	80.1	73.1	73.8	70.0
Other Operated Departments	33.8	75.6	42.9	41.3	0.0	60.0
Total	43.3	41.7	33.5	40.9	39.6	42.5
<b>DEPARTMENTAL INCOME</b>						
	56.7	58.3	66.5	59.1	60.4	57.5
<b>UNDISTRIBUTED OPERATING EXPENSES</b>						
Administrative & General	8.6	7.6	9.0	10.7	7.2	6.9
Info. and Telecom. Systems	0.0	1.5	1.4	1.3	1.3	1.2
Marketing	4.6	7.4	9.3	8.0	7.9	6.4
Franchise Fee	0.0	4.7	4.8	0.0	4.9	3.6
Property Operations & Maintenance	5.9	3.6	3.8	4.3	4.0	4.0
Utilities	3.8	3.9	3.2	3.0	2.3	2.8
Total	22.9	28.6	31.5	27.3	27.7	24.9
<b>GROSS OPERATING PROFIT</b>						
	33.8	29.7	35.0	31.8	32.7	32.6
Management Fee	2.8	3.0	3.5	2.7	2.8	3.0
<b>INCOME BEFORE NON-OPER. INC. &amp; EXP.</b>						
	30.9	26.7	31.6	29.1	29.9	29.6
<b>NON-OPERATING INCOME AND EXPENSE</b>						
Property Taxes	1.4	3.4	5.0	1.9	3.5	2.4
Insurance	1.9	1.0	1.0	0.8	1.1	0.8
Total	3.3	4.4	6.0	2.7	4.1	3.2
<b>EBITDA</b>						
	27.6	22.3	25.6	26.4	25.8	26.4
Incentive Management Fee	3.8	0.0	4.0	0.0	4.1	4.0
<b>EBITDA LESS RESERVE</b>						
	23.8 %	22.3 %	21.6 %	26.4 %	21.7 %	22.4 %

\* Departmental expense ratios are expressed as a percentage of departmental revenues

**FIGURE 7-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
Year:	2020	2019/20	2019	2019	2019	2021
Number of Rooms:	140 to 180	220 to 280	120 to 150	120 to 150	120 to 160	164
Days Open:	365	365	365	365	365	365
Occupancy:	69%	67%	73%	71%	79%	71%
Average Rate:	\$227	\$185	\$200	\$205	\$189	\$217
RevPAR:	\$156	\$124	\$147	\$146	\$150	\$154
<b>REVENUE</b>						
Rooms	\$56,761	\$45,388	\$53,648	\$53,137	\$54,596	\$56,271
Food	22,116	16,551	8,987	22,662	27,148	25,915
Beverage	0	9,053	4,250	6,898	11,594	10,366
Food & Beverage	22,116	25,603	13,237	29,560	38,742	36,281
Other Operated Departments	10,337	7,045	5,699	12,262	0	7,694
Miscellaneous Income	0	4,105	981	474	6,786	777
Total	89,214	82,141	73,565	95,433	100,123	101,023
<b>DEPARTMENTAL EXPENSES</b>						
Rooms	16,536	12,525	11,565	12,391	11,069	12,942
Food & Beverage	18,636	16,403	10,606	21,618	28,579	25,397
Other Operated Departments	3,491	5,322	2,447	5,065	0	4,617
Total	38,663	34,250	24,618	39,073	39,647	42,956
<b>DEPARTMENTAL INCOME</b>						
	50,552	47,890	48,947	56,359	60,476	58,067
<b>UNDISTRIBUTED OPERATING EXPENSES</b>						
Administrative & General	7,633	6,275	6,618	10,192	7,233	7,000
Info. and Telecom. Systems	0	1,235	1,045	1,212	1,268	1,200
Marketing	4,115	6,047	6,841	7,657	7,950	6,500
Franchise Fee	0	3,862	3,525	0	4,913	3,658
Property Operations & Maintenance	5,258	2,922	2,769	4,103	4,044	4,000
Utilities	3,433	3,179	2,355	2,853	2,299	2,800
Total	20,439	23,520	23,153	26,017	27,708	25,158
<b>GROSS OPERATING PROFIT</b>						
	30,113	24,370	25,794	30,342	32,768	32,910
Management Fee	2,516	2,465	2,575	2,589	2,814	3,031
<b>INCOME BEFORE NON-OPER. INC. &amp; EXP.</b>						
	27,597	21,905	23,219	27,754	29,954	29,879
<b>NON-OPERATING INCOME AND EXPENSE</b>						
Property Taxes	1,208	2,800	3,673	1,766	3,506	2,440
Insurance	1,737	785	731	762	1,129	780
Total	2,945	3,585	4,403	2,529	4,149	3,220
<b>EBITDA</b>						
	24,652	18,320	18,816	25,225	25,805	26,659
Incentive Management Fee	3,355	0	2,943	0	4,133	4,041
<b>EBITDA LESS RESERVE</b>						
	\$21,297	\$18,320	\$15,873	\$25,225	\$21,672	\$22,618

**FIGURE 7-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2020	2019/20	2019	2019	2019	2021
Number of Rooms:	140 to 180	220 to 280	120 to 150	120 to 150	120 to 160	164
Days Open:	365	365	365	365	365	365
Occupancy:	69%	67%	73%	71%	79%	71%
Average Rate:	\$227	\$185	\$200	\$205	\$189	\$217
RevPAR:	\$156	\$124	\$147	\$146	\$150	\$154
<b>REVENUE</b>						
Rooms	\$226.85	\$185.15	\$199.97	\$205.27	\$189.34	\$217.14
Food	88.39	67.51	33.50	87.54	94.15	100.00
Beverage	0.00	36.93	15.84	26.65	40.21	40.00
Food & Beverage	88.39	104.44	49.34	114.19	134.36	140.00
Other Operated Departments	41.31	28.74	21.24	47.37	0.00	29.69
Miscellaneous Income	0.00	16.74	3.65	1.83	23.53	3.00
Total	356.55	335.06	274.21	368.66	347.23	389.83
<b>DEPARTMENTAL EXPENSES</b>						
Rooms	66.09	51.09	43.11	47.87	38.39	49.94
Food & Beverage	74.48	66.91	39.53	83.51	99.11	98.00
Other Operated Departments	13.95	21.71	9.12	19.57	0.00	17.82
Total	154.52	139.71	91.76	150.94	137.50	165.76
<b>DEPARTMENTAL INCOME</b>						
	202.03	195.35	182.45	217.72	209.73	224.07
<b>UNDISTRIBUTED OPERATING EXPENSES</b>						
Administrative & General	30.51	25.60	24.67	39.37	25.09	27.01
Info. and Telecom. Systems	0.00	5.04	3.90	4.68	4.40	4.63
Marketing	16.45	24.67	25.50	29.58	27.57	25.08
Franchise Fee	0.00	15.75	13.14	0.00	17.04	14.11
Property Operations & Maintenance	21.01	11.92	10.32	15.85	14.02	15.44
Utilities	13.72	12.97	8.78	11.02	7.97	10.80
Total	81.69	95.94	86.30	100.51	96.09	97.08
<b>GROSS OPERATING PROFIT</b>						
	120.35	99.41	96.15	117.22	113.64	126.99
Management Fee	10.06	10.06	9.60	10.00	9.76	11.69
<b>INCOME BEFORE NON-OPER. INC. &amp; EXP.</b>						
	110.29	89.35	86.55	107.21	103.88	115.30
<b>NON-OPERATING INCOME AND EXPENSE</b>						
Property Taxes	4.83	11.42	13.69	6.82	12.16	9.42
Insurance	6.94	3.20	2.72	2.95	3.92	3.01
Total	11.77	14.62	16.41	9.77	14.39	12.43
<b>EBITDA</b>						
	98.52	74.73	70.14	97.44	89.49	102.87
Incentive Management Fee	13.41	0.00	10.97	0.00	14.33	15.59
<b>EBITDA LESS RESERVE</b>						
	\$85.11	\$74.73	\$59.17	\$97.44	\$75.16	\$87.28

**Fixed and Variable  
Component Analysis**

The departmental income of the comparable properties ranged from 56.7% to 66.5% of total revenue. The comparable properties achieved a gross operating profit ranging from 29.7% to 35.0% of total revenue. We will refer to the comparable operating data in our discussion of each line item, which follows later in this section of the report.

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The actual forecast is derived by adjusting each year's revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year's occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year's revenue to the base year's revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a systematic approach, following the format of the Uniform System of Accounts for the Lodging Industry (USALI). Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

**Inflation and  
Appreciation  
Assumptions**

In consideration of the trends in the Consumer Price Index (CPI), inflation factors that directly influence lodging properties, projections set forth by economists surveyed, and the Federal Reserve’s target inflation rate, we have applied the underlying inflation rates as reflected in the following table.

**FIGURE 7-4 INFLATION ASSUMPTIONS**

Timeframe	Rate of Inflation Assumed
2021 to 2022	5.0 %
2022 to 2023	3.0
2023 to 2024	3.0
2024 to 2025	3.0
2025 to 2026	3.0

Beyond the illustrated year, we have applied a 3.0% annual rate of growth to income and expenses to reflect the longer-term expectation of asset appreciation by typical investors. This position is based on interviews with numerous market participants indicating a distinction in the expectations of near-term cost inflation (i.e., related to labor and supplies) versus long-term income growth that drives appreciation. Any exceptions to the application of the assumed underlying inflation and EBITDA Less Replacement Reserve growth rates are discussed in our write-up of individual income and expense items.

**Forecast of Revenue  
and Expense**

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the fifth projection year, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on April 1, 2026, expressed in inflated dollars for each year.



**FIGURE 7-5 DETAILED FORECAST OF INCOME AND EXPENSE**

	2026/27 Begins April				2027/28				Stabilized				2029/30			
Number of Rooms:	164				164				164				164			
Occupancy:	62%				68%				71%				71%			
Average Rate:	\$245.59				\$258.28				\$274.26				\$282.49			
RevPAR:	\$152.26				\$175.63				\$194.72				\$200.56			
Days Open:	365				365				365				365			
Occupied Rooms:	37,113	%Gross	PAR	POR	40,705	%Gross	PAR	POR	42,501	%Gross	PAR	POR	42,501	%Gross	PAR	POR
<b>OPERATING REVENUE</b>																
Rooms	\$9,115	53.2 %	\$55,579	\$245.60	\$10,513	54.6 %	\$64,104	\$258.27	\$11,656	55.7 %	\$71,073	\$274.25	\$12,006	55.7 %	\$73,207	\$282.49
Food	4,579	26.7	27,920	123.38	5,047	26.2	30,772	123.98	5,368	25.7	32,732	126.31	5,529	25.7	33,714	130.09
Beverage	1,880	11.0	11,461	50.65	2,035	10.6	12,409	50.00	2,147	10.3	13,093	50.52	2,212	10.3	13,486	52.04
Other Operated Departments	146	0.9	890	3.93	154	0.8	941	3.79	161	0.8	982	3.79	166	0.8	1,011	3.90
Valet Parking	578	3.4	3,522	15.56	622	3.2	3,791	15.27	654	3.1	3,989	15.39	674	3.1	4,109	15.86
Spa	706	4.1	4,304	19.02	746	3.9	4,549	18.33	778	3.7	4,746	18.31	802	3.7	4,889	18.86
Miscellaneous Income	146	0.9	890	3.93	154	0.8	941	3.79	161	0.8	982	3.79	166	0.8	1,011	3.90
<b>Total Operating Revenues</b>	<b>17,149</b>	<b>100.0</b>	<b>104,567</b>	<b>462.07</b>	<b>19,271</b>	<b>100.0</b>	<b>117,508</b>	<b>473.44</b>	<b>20,926</b>	<b>100.0</b>	<b>127,597</b>	<b>492.37</b>	<b>21,554</b>	<b>100.0</b>	<b>131,427</b>	<b>507.15</b>
<b>DEPARTMENTAL EXPENSES *</b>																
Rooms	2,399	26.3	14,627	64.64	2,559	24.3	15,603	62.86	2,681	23.0	16,347	63.08	2,761	23.0	16,837	64.97
Food & Beverage	4,762	73.7	29,035	128.30	5,040	71.2	30,731	123.81	5,261	70.0	32,077	123.78	5,419	70.0	33,040	127.49
Other Operated Departments	98	66.8	595	2.63	101	65.6	617	2.49	105	65.0	638	2.46	108	65.0	657	2.54
Valet Parking	212	36.7	1,291	5.71	221	35.5	1,347	5.43	229	35.0	1,396	5.39	236	35.0	1,438	5.55
Spa	580	82.2	3,538	15.63	602	80.7	3,672	14.80	623	80.0	3,797	14.65	641	80.0	3,911	15.09
<b>Total Expenses</b>	<b>8,050</b>	<b>46.9</b>	<b>49,086</b>	<b>216.91</b>	<b>8,523</b>	<b>44.2</b>	<b>51,970</b>	<b>209.39</b>	<b>8,898</b>	<b>42.5</b>	<b>54,256</b>	<b>209.36</b>	<b>9,165</b>	<b>42.5</b>	<b>55,883</b>	<b>215.64</b>
<b>DEPARTMENTAL INCOME</b>	<b>9,099</b>	<b>53.1</b>	<b>55,481</b>	<b>245.16</b>	<b>10,748</b>	<b>55.8</b>	<b>65,538</b>	<b>264.05</b>	<b>12,028</b>	<b>57.5</b>	<b>73,342</b>	<b>283.01</b>	<b>12,389</b>	<b>57.5</b>	<b>75,544</b>	<b>291.51</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																
Administrative & General	1,322	7.7	8,062	35.62	1,390	7.2	8,473	34.14	1,450	6.9	8,841	34.12	1,493	6.9	9,107	35.14
Info & Telecom Systems	227	1.3	1,382	6.11	238	1.2	1,453	5.85	249	1.2	1,516	5.85	256	1.2	1,561	6.02
Marketing	1,228	7.2	7,486	33.08	1,290	6.7	7,868	31.70	1,346	6.4	8,210	31.68	1,387	6.4	8,456	32.63
Franchise Fee	592	3.5	3,613	15.96	683	3.5	4,167	16.79	758	3.6	4,620	17.83	780	3.6	4,758	18.36
Prop. Operations & Maint.	756	4.4	4,607	20.36	794	4.1	4,842	19.51	829	4.0	5,052	19.50	853	4.0	5,204	20.08
Utilities	529	3.1	3,225	14.25	556	2.9	3,389	13.66	580	2.8	3,537	13.65	597	2.8	3,643	14.06
<b>Total Expenses</b>	<b>4,653</b>	<b>27.2</b>	<b>28,374</b>	<b>125.38</b>	<b>4,952</b>	<b>25.6</b>	<b>30,192</b>	<b>121.65</b>	<b>5,211</b>	<b>24.9</b>	<b>31,775</b>	<b>122.61</b>	<b>5,368</b>	<b>24.9</b>	<b>32,729</b>	<b>126.29</b>
<b>GROSS OPERATING PROFIT</b>	<b>4,446</b>	<b>25.9</b>	<b>27,107</b>	<b>119.78</b>	<b>5,797</b>	<b>30.2</b>	<b>35,346</b>	<b>142.41</b>	<b>6,817</b>	<b>32.6</b>	<b>41,566</b>	<b>160.39</b>	<b>7,022</b>	<b>32.6</b>	<b>42,815</b>	<b>165.21</b>
Management Fee	514	3.0	3,137	13.86	578	3.0	3,525	14.20	628	3.0	3,828	14.77	647	3.0	3,943	15.21
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>3,931</b>	<b>22.9</b>	<b>23,970</b>	<b>105.92</b>	<b>5,219</b>	<b>27.2</b>	<b>31,820</b>	<b>128.20</b>	<b>6,189</b>	<b>29.6</b>	<b>37,738</b>	<b>145.62</b>	<b>6,375</b>	<b>29.6</b>	<b>38,872</b>	<b>150.00</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																
Property Taxes	476	2.8	2,905	12.84	491	2.5	2,993	12.06	506	2.4	3,082	11.89	521	2.4	3,175	12.25
Insurance	152	0.9	929	4.10	157	0.8	956	3.85	162	0.8	985	3.80	166	0.8	1,015	3.92
<b>Total Expenses</b>	<b>629</b>	<b>3.7</b>	<b>3,834</b>	<b>16.94</b>	<b>648</b>	<b>3.3</b>	<b>3,949</b>	<b>15.91</b>	<b>667</b>	<b>3.2</b>	<b>4,068</b>	<b>15.70</b>	<b>687</b>	<b>3.2</b>	<b>4,190</b>	<b>16.17</b>
<b>EBITDA</b>	<b>3,302</b>	<b>19.2</b>	<b>20,136</b>	<b>88.98</b>	<b>4,571</b>	<b>23.9</b>	<b>27,871</b>	<b>112.29</b>	<b>5,522</b>	<b>26.4</b>	<b>33,671</b>	<b>129.93</b>	<b>5,688</b>	<b>26.4</b>	<b>34,682</b>	<b>133.83</b>
Reserve for Replacement	343	2.0	2,091	9.24	578	3.0	3,525	14.20	837	4.0	5,104	19.69	862	4.0	5,257	20.29
<b>EBITDA LESS RESERVE</b>	<b>\$2,959</b>	<b>17.2 %</b>	<b>\$18,044</b>	<b>\$79.74</b>	<b>\$3,993</b>	<b>20.9 %</b>	<b>\$24,346</b>	<b>\$98.09</b>	<b>\$4,685</b>	<b>22.4 %</b>	<b>\$28,567</b>	<b>\$110.23</b>	<b>\$4,826</b>	<b>22.4 %</b>	<b>\$29,425</b>	<b>\$113.55</b>

\*Departmental expenses are expressed as a percentage of departmental revenues.

**FIGURE 7-6 TEN-YEAR FORECAST OF INCOME AND EXPENSE**

	2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34		2034/35		2035/36	
<b>Number of Rooms:</b>	164		164		164		164		164		164		164		164		164		164	
<b>Occupied Rooms:</b>	37,113		40,705		42,501		42,501		42,501		42,501		42,501		42,501		42,501		42,501	
<b>Occupancy:</b>	62%		68%		71%		71%		71%		71%		71%		71%		71%		71%	
<b>Average Rate:</b>	\$245.59		\$258.28		\$274.26		\$282.49		\$290.96		\$299.69		\$308.68		\$317.94		\$327.48		\$337.30	
<b>RevPAR:</b>	\$152.26	% of Gross	\$175.63	% of Gross	\$194.72	% of Gross	\$200.56	% of Gross	\$206.58	% of Gross	\$212.78	% of Gross	\$219.16	% of Gross	\$225.74	% of Gross	\$232.51	% of Gross	\$239.48	% of Gross
<b>OPERATING REVENUE</b>																				
Rooms	\$9,115	53.2 %	\$10,513	54.6 %	\$11,656	55.7 %	\$12,006	55.7 %	\$12,366	55.7 %	\$12,737	55.7 %	\$13,119	55.7 %	\$13,513	55.7 %	\$13,918	55.7 %	\$14,336	55.7 %
Food	4,579	26.7	5,047	26.2	5,368	25.7	5,529	25.7	5,695	25.7	5,866	25.7	6,042	25.7	6,223	25.7	6,410	25.7	6,602	25.7
Beverage	1,880	11.0	2,035	10.6	2,147	10.3	2,212	10.3	2,278	10.3	2,346	10.3	2,417	10.3	2,489	10.3	2,564	10.3	2,641	10.3
Other Operated Departments	146	0.9	154	0.8	161	0.8	166	0.8	171	0.8	176	0.8	181	0.8	187	0.8	192	0.8	198	0.8
Valet Parking	578	3.4	622	3.2	654	3.1	674	3.1	694	3.1	715	3.1	736	3.1	758	3.1	781	3.1	805	3.1
Spa	706	4.1	746	3.9	778	3.7	802	3.7	826	3.7	851	3.7	876	3.7	902	3.7	929	3.7	957	3.7
Miscellaneous Income	146	0.9	154	0.8	161	0.8	166	0.8	171	0.8	176	0.8	181	0.8	187	0.8	192	0.8	198	0.8
<b>Total Operating Revenues</b>	<b>17,149</b>	<b>100.0</b>	<b>19,271</b>	<b>100.0</b>	<b>20,926</b>	<b>100.0</b>	<b>21,554</b>	<b>100.0</b>	<b>22,201</b>	<b>100.0</b>	<b>22,867</b>	<b>100.0</b>	<b>23,552</b>	<b>100.0</b>	<b>24,259</b>	<b>100.0</b>	<b>24,987</b>	<b>100.0</b>	<b>25,737</b>	<b>100.0</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	2,399	26.3	2,559	24.3	2,681	23.0	2,761	23.0	2,844	23.0	2,930	23.0	3,017	23.0	3,108	23.0	3,201	23.0	3,297	23.0
Food & Beverage	4,762	73.7	5,040	71.2	5,261	70.0	5,419	70.0	5,581	70.0	5,749	70.0	5,921	70.0	6,099	70.0	6,282	70.0	6,470	70.0
Other Operated Departments	98	66.8	101	65.6	105	65.0	108	65.0	111	65.0	114	65.0	118	65.0	121	65.0	125	65.0	129	65.0
Valet Parking	212	36.7	221	35.5	229	35.0	236	35.0	243	35.0	250	35.0	258	35.0	265	35.0	273	35.0	282	35.0
Spa	580	82.2	602	80.7	623	80.0	641	80.0	661	80.0	680	80.0	701	80.0	722	80.0	744	80.0	766	80.0
<b>Total Expenses</b>	<b>8,050</b>	<b>46.9</b>	<b>8,523</b>	<b>44.2</b>	<b>8,898</b>	<b>42.5</b>	<b>9,165</b>	<b>42.5</b>	<b>9,440</b>	<b>42.5</b>	<b>9,723</b>	<b>42.5</b>	<b>10,015</b>	<b>42.5</b>	<b>10,315</b>	<b>42.5</b>	<b>10,625</b>	<b>42.5</b>	<b>10,943</b>	<b>42.5</b>
<b>DEPARTMENTAL INCOME</b>	<b>9,099</b>	<b>53.1</b>	<b>10,748</b>	<b>55.8</b>	<b>12,028</b>	<b>57.5</b>	<b>12,389</b>	<b>57.5</b>	<b>12,761</b>	<b>57.5</b>	<b>13,144</b>	<b>57.5</b>	<b>13,538</b>	<b>57.5</b>	<b>13,944</b>	<b>57.5</b>	<b>14,362</b>	<b>57.5</b>	<b>14,794</b>	<b>57.5</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	1,322	7.7	1,390	7.2	1,450	6.9	1,493	6.9	1,538	6.9	1,584	6.9	1,632	6.9	1,681	6.9	1,731	6.9	1,783	6.9
Info & Telecom Systems	227	1.3	238	1.2	249	1.2	256	1.2	264	1.2	272	1.2	280	1.2	288	1.2	297	1.2	306	1.2
Marketing	1,228	7.2	1,290	6.7	1,346	6.4	1,387	6.4	1,428	6.4	1,471	6.4	1,515	6.4	1,561	6.4	1,608	6.4	1,656	6.4
Franchise Fee	592	3.5	683	3.5	758	3.6	780	3.6	804	3.6	828	3.6	853	3.6	878	3.6	905	3.6	932	3.6
Prop. Operations & Maint.	756	4.4	794	4.1	829	4.0	853	4.0	879	4.0	905	4.0	933	4.0	961	4.0	989	4.0	1,019	4.0
Utilities	529	3.1	556	2.9	580	2.8	597	2.8	615	2.8	634	2.8	653	2.8	672	2.8	693	2.8	713	2.8
<b>Total Expenses</b>	<b>4,653</b>	<b>27.2</b>	<b>4,952</b>	<b>25.6</b>	<b>5,211</b>	<b>24.9</b>	<b>5,368</b>	<b>24.9</b>	<b>5,529</b>	<b>24.9</b>	<b>5,694</b>	<b>24.9</b>	<b>5,865</b>	<b>24.9</b>	<b>6,041</b>	<b>24.9</b>	<b>6,222</b>	<b>24.9</b>	<b>6,409</b>	<b>24.9</b>
<b>GROSS OPERATING PROFIT</b>	<b>4,446</b>	<b>25.9</b>	<b>5,797</b>	<b>30.2</b>	<b>6,817</b>	<b>32.6</b>	<b>7,022</b>	<b>32.6</b>	<b>7,232</b>	<b>32.6</b>	<b>7,449</b>	<b>32.6</b>	<b>7,672</b>	<b>32.6</b>	<b>7,903</b>	<b>32.6</b>	<b>8,140</b>	<b>32.6</b>	<b>8,384</b>	<b>32.6</b>
Management Fee	514	3.0	578	3.0	628	3.0	647	3.0	666	3.0	686	3.0	707	3.0	728	3.0	750	3.0	772	3.0
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>3,931</b>	<b>22.9</b>	<b>5,219</b>	<b>27.2</b>	<b>6,189</b>	<b>29.6</b>	<b>6,375</b>	<b>29.6</b>	<b>6,566</b>	<b>29.6</b>	<b>6,763</b>	<b>29.6</b>	<b>6,966</b>	<b>29.6</b>	<b>7,175</b>	<b>29.6</b>	<b>7,390</b>	<b>29.6</b>	<b>7,612</b>	<b>29.6</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	476	2.8	491	2.5	506	2.4	521	2.4	536	2.4	552	2.4	569	2.4	586	2.4	604	2.4	622	2.4
Insurance	152	0.9	157	0.8	162	0.8	166	0.8	171	0.8	177	0.8	182	0.8	187	0.8	193	0.8	199	0.8
<b>Total Expenses</b>	<b>629</b>	<b>3.7</b>	<b>648</b>	<b>3.3</b>	<b>667</b>	<b>3.2</b>	<b>687</b>	<b>3.2</b>	<b>708</b>	<b>3.2</b>	<b>729</b>	<b>3.2</b>	<b>751</b>	<b>3.2</b>	<b>773</b>	<b>3.2</b>	<b>797</b>	<b>3.2</b>	<b>820</b>	<b>3.2</b>
<b>EBITDA</b>	<b>3,302</b>	<b>19.2</b>	<b>4,571</b>	<b>23.9</b>	<b>5,522</b>	<b>26.4</b>	<b>5,688</b>	<b>26.4</b>	<b>5,858</b>	<b>26.4</b>	<b>6,034</b>	<b>26.4</b>	<b>6,215</b>	<b>26.4</b>	<b>6,402</b>	<b>26.4</b>	<b>6,594</b>	<b>26.4</b>	<b>6,792</b>	<b>26.4</b>
Reserve for Replacement	343	2.0	578	3.0	837	4.0	862	4.0	888	4.0	915	4.0	942	4.0	970	4.0	999	4.0	1,029	4.0
<b>EBITDA LESS RESERVE</b>	<b>\$2,959</b>	<b>17.2 %</b>	<b>\$3,993</b>	<b>20.9 %</b>	<b>\$4,685</b>	<b>22.4 %</b>	<b>\$4,826</b>	<b>22.4 %</b>	<b>\$4,970</b>	<b>22.4 %</b>	<b>\$5,120</b>	<b>22.4 %</b>	<b>\$5,273</b>	<b>22.4 %</b>	<b>\$5,432</b>	<b>22.4 %</b>	<b>\$5,594</b>	<b>22.4 %</b>	<b>\$5,762</b>	<b>22.4 %</b>

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the proposed subject hotel to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon fiscal years beginning April 1, 2026, expressed in inflated dollars for each year.

Revenues associated with the proposed subject hotel's food and beverage (F&B) department, other operated departments, and miscellaneous income category have been forecast to reflect the hotel's planned facilities and amenities, including the spa facility, the full-service restaurant, and the lobby bar. Finally, the hotel is expected to offer valet services during high and shoulder seasons, as well on the weekends during low season when there are events happening either at the hotel or within Downtown St. Charles. Expense levels fall within a range of reasonableness given the provided comparable operating statements; furthermore, franchise and management fees are set forth in accordance with our assumptions provided earlier in our report.

#### **Rooms Revenue**

Rooms revenue is determined by two variables: occupancy and average rate (ADR). We projected occupancy and ADR in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 71% with an ADR of \$274.26 in 2028/29. Following the stabilized year, the proposed subject hotel's ADR is projected to increase along with the underlying rate of growth assigned to EBITDA Less Replacement Reserve.

#### **Food and Beverage Revenue**

Food and beverage (F&B) revenue is generated by a hotel's restaurants, lounges, coffee shops, snack bars, banquet rooms, and room service. In addition to providing a source of revenue, these outlets serve as an amenity that assists in the sale of guestrooms. With the exception of properties with active lounges or banquet facilities that draw local residents, in-house guests generally represent a substantial percentage of a hotel's F&B patrons. In the case of the Proposed Hotel St. Charles, the F&B department will include a restaurant and lounge; moreover, banquet space is expected to encompass 9,500 square feet.

Although F&B revenue varies directly with changes in occupancy, the small portion generated by banquet sales and outside capture is relatively fixed.

**FIGURE 7-7 FOOD AND BEVERAGE REVENUE**

	Location Type	Room Count	Number of Rooms	Occupied Room Nights	SF of Meeting Space	Total F&B Revenue	Food and Beverage Profit Margin	F&B Revenue POR	F&B Revenue PAR
<b>Comp #1</b>	Chicago Suburban	296	270 to 300	75,000	13,000	\$3,720,000	30%	\$50.00	\$12,600
<b>Comp #2</b>	Chicago Downtown	223	200 to 220	16,000	4,000	4,150,000	20%	260.00	18,600
<b>Comp #3</b>	Chicago Downtown	159	140 to 150	41,000	8,000	8,430,000	16%	210.00	53,000
<b>Comp #4</b>	Chicago Downtown	334	300 to 330	90,000	21,000	14,190,000	31%	160.00	42,500
<b>Comp #5</b>	Chicago Downtown	221	200 to 220	77,000	6,000	10,450,000	34%	140.00	47,300
<b>Comp #6</b>	Chicago Downtown	310	280 to 310	95,000	14,000	13,120,000	36%	140.00	42,300
<b>Comp #7</b>	Chicago Downtown	334	300 to 330	92,000	21,000	13,880,000	26%	150.00	41,600
<b>Comp #8</b>	Chicago Downtown	610	550 to 610	144,000	42,000	24,060,000	41%	170.00	39,400
<b>Property</b>			<b>164</b>	<b>42,501</b>	<b>9,500</b>	<b>1,704,274</b>	<b>30%</b>	<b>\$140.00</b>	<b>\$36,281</b>

**Other Operated Departments Revenue**

According to the USALI, other operated departments include any major or minor operated department other than rooms and F&B.

**FIGURE 7-8 OTHER OPERATED DEPARTMENTS REVENUE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	11.6 %	8.6 %	7.7 %	12.8 %	0.0 %	0.9 %	0.8 %
Per Available Room	\$10,337	\$7,045	\$5,699	\$12,262	\$0	\$890	\$777
Per Occupied Room	\$41.31	\$28.74	\$21.24	\$47.37	\$0.00	\$3.93	\$3.00

**Valet Parking Income**

We forecast the proposed subject hotel’s valet parking income to stabilize at \$15.39 per occupied room by the stabilized year, 2028/29. Our projections are based on the hotel charging \$25 nightly for valet parking. Given the available public parking near the subject hotel, we assumed the hotel would have a 65% capture rate on valet parking. Furthermore, given the seasonality of this market, we have assumed valet would not be offered during the low season, except where there are large events being hosted either at the hotel or in Downtown St. Charles.

## Spa Income

We forecast the proposed subject hotel's spa income to stabilize at \$18.31 per occupied room by the stabilized year, 2028/29.

Our projection of spa income is presented in the following table.

**FIGURE 7-9 SPA INCOME**

Property	Number of Rooms	Occupancy	Average Daily Rate	Number of Treatment Rooms	% of Total Revenue	Revenue Per Occupied Room	Revenue Per Treatment Room	Spa Expense Ratio
Comp 1	86	72.0 %	\$204	3	3.0 %	\$12.16	\$91,504	89.4 %
Comp 2	162	82.3	218	7	3.2	11.46	79,645	82.3
Comp 3	167	73.0	288	6	2.7	13.75	102,835	76.0
Comp 4	315	73.0	238	9	3.1	14.14	131,298	76.4
Comp 5	157	75.0	207	8	6.2	20.52	108,091	75.7
Comp 6	92	54.0	193	3	3.8	16.79	100,613	89.9
<b>Averages</b>	<b>163</b>	<b>71.6 %</b>	<b>\$225</b>	<b>6</b>	<b>3.7 %</b>	<b>\$14.80</b>	<b>\$102,331</b>	<b>81.6 %</b>
<b>Proposed Hotel St. Charles</b>	<b>164</b>	<b>71.0 %</b>	<b>\$217</b>	<b>6</b>	<b>3.7 %</b>	<b>\$14.50</b>	<b>\$102,710</b>	<b>80.0 %</b>

## Miscellaneous Income

The miscellaneous income sources comprise those other than guestrooms, F&B, and the other operated departments. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

**FIGURE 7-10 MISCELLANEOUS INCOME**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	0.0 %	5.0 %	1.3 %	0.5 %	6.8 %	0.9 %	0.8 %
Per Available Room	\$0	\$4,105	\$981	\$474	\$6,786	\$890	\$777
Per Occupied Room	\$0.00	\$16.74	\$3.65	\$1.83	\$23.53	\$3.93	\$3.00

## Rooms Expense

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy, and managers can generally scale the level of service staff on hand to meet an expected occupancy level, much of a hotel's payroll is fixed. A base level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy.

Commissions and reservations are usually based on room sales and, thus, are highly sensitive to changes in occupancy and ADR. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume.

**FIGURE 7-11 ROOMS EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	29.1 %	27.6 %	21.6 %	23.3 %	20.3 %	26.3 %	23.0 %
Per Available Room	\$16,536	\$12,525	\$11,565	\$12,391	\$11,069	\$14,627	\$12,942
Per Occupied Room	\$66.09	\$51.09	\$43.11	\$47.87	\$38.39	\$64.64	\$49.94

**Food and Beverage Expense**

Food expenses consist of items necessary for the primary operation of a hotel's food and banquet facilities. The costs associated with food sales and payroll are moderately to highly correlated to food revenues. Items such as dishware, linens, and uniforms are less dependent on volume. Although the other expense items are basically fixed, they represent a relatively insignificant factor. Beverage expenses consist of items necessary for the operation of a hotel's lounge and bar areas. The costs associated with beverage sales and payroll are moderately to highly correlated to beverage revenues.

**FIGURE 7-12 FOOD AND BEVERAGE EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	84.3 %	64.1 %	80.1 %	73.1 %	73.8 %	73.7 %	70.0 %
Per Available Room	\$18,636	\$16,403	\$10,606	\$21,618	\$28,579	\$29,035	\$25,397
Per Occupied Room	\$74.48	\$66.91	\$39.53	\$83.51	\$99.11	\$128.30	\$98.00

**Other Operated Departments Expense**

Other operated departments expense includes all expenses reflected in the summary statements for the divisions associated in these categories, as discussed previously in this chapter.

**FIGURE 7-13 OTHER OPERATED DEPARTMENTS EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	33.8 %	75.6 %	42.9 %	41.3 %	0.0 %	66.8 %	65.0 %
Per Available Room	\$3,491	\$5,322	\$2,447	\$5,065	\$0	\$595	\$505
Per Occupied Room	\$13.95	\$21.71	\$9.12	\$19.57	\$0.00	\$2.63	\$1.95

### Administrative and General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume.

**FIGURE 7-14 ADMINISTRATIVE AND GENERAL EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	8.6 %	7.6 %	9.0 %	10.7 %	7.2 %	7.7 %	6.9 %
Per Available Room	\$7,633	\$6,275	\$6,618	\$10,192	\$7,233	\$8,062	\$7,000
Per Occupied Room	\$30.51	\$25.60	\$24.67	\$39.37	\$25.09	\$35.62	\$27.01

### Information and Telecommunications Systems Expense

Information and telecommunications systems expense consists of all costs associated with a hotel's technology infrastructure. This includes the costs of cell phones, administrative call and Internet services, and complimentary call and Internet services. Expenses in this category are typically organized by type of technology or the area benefiting from the technology solution.

### Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators



establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because, although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months.

**FIGURE 7-15 MARKETING EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	4.6 %	7.4 %	9.3 %	8.0 %	7.9 %	7.2 %	6.4 %
Per Available Room	\$4,115	\$6,047	\$6,841	\$7,657	\$7,950	\$7,486	\$6,500
Per Occupied Room	\$16.45	\$24.67	\$25.50	\$29.58	\$27.57	\$33.08	\$25.08

**Franchise Fee**

As previously discussed, the proposed subject property is expected to be franchised under the Autograph Collection brand. Costs associated with this franchise are summarized in the introductory chapter in this report.

Marketing expense and franchise fees are often analyzed in total because hotels may account for some components of franchise expense in the marketing expense category. The subject property’s total marketing and franchise expense has been forecast at 10.0% of total revenue on a stabilized basis; the comparable operating statements show a range from 4.6% to 14.1% of total revenue.

**Property Operations and Maintenance**

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time.

Maintenance is an accumulating expense. If management elects to postpone performing a required repair, the expenditure has not been eliminated, only deferred until a later date. A lodging facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers’ warranties. However, as a hostelry

grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

**FIGURE 7-16 PROPERTY OPERATIONS AND MAINTENANCE EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	5.9 %	3.6 %	3.8 %	4.3 %	4.0 %	4.4 %	4.0 %
Per Available Room	\$5,258	\$2,922	\$2,769	\$4,103	\$4,044	\$4,607	\$4,000
Per Occupied Room	\$21.01	\$11.92	\$10.32	\$15.85	\$14.02	\$20.36	\$15.44

**Utilities Expense**

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking. The changes in this utilities line item through the projection period are a result of the application of the underlying inflation rate and projected changes in occupancy.

**FIGURE 7-17 UTILITIES EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	3.8 %	3.9 %	3.2 %	3.0 %	2.3 %	3.1 %	2.8 %
Per Available Room	\$3,433	\$3,179	\$2,355	\$2,853	\$2,299	\$3,225	\$2,800
Per Occupied Room	\$13.72	\$12.97	\$8.78	\$11.02	\$7.97	\$14.25	\$10.80

## Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2.0% to 4.0% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. Total management fees for the proposed subject hotel have been forecast at 3.0% of total revenue.

## Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments.

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the local municipality.

**FIGURE 7-18 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS**

<b>Hotel</b>	<b>Year Open</b>	<b>Land</b>	<b>Improvements</b>	<b>Total</b>
Hotel Indigo Naperville Riverwalk*	2016	\$536,560	\$3,687,180	\$4,223,740
Hotel Arista at CityGate Centre*	2009	112,700	2,120,410	2,233,110
Hotel Baker	1928	492,170	396,500	888,670
Courtyard by Marriott Chicago Saint Charles	2000	339,145	1,683,096	2,022,241
Hilton Garden Inn Saint Charles*	2000	430,900	1,609,100	2,040,000
Fairfield by Marriott Chicago Saint Charles	2001	470,056	765,729	1,235,785
Hampton by Hilton Chicago Saint Charles	2008	298,912	1,821,931	2,120,843
Holiday Inn Express & Suites St Charles	1998	324,060	721,466	1,045,526
<i>Assessments per Room</i>	<i># of Rms</i>			
Hotel Indigo Naperville Riverwalk*	158	\$3,396	\$23,337	\$26,733
Hotel Arista at CityGate Centre*	144	783	14,725	15,508
Hotel Baker	53	9,286	7,481	16,767
Courtyard by Marriott Chicago Saint Charles	121	2,803	13,910	16,713
Hilton Garden Inn Saint Charles*	120	3,591	13,409	17,000
Fairfield by Marriott Chicago Saint Charles	92	5,109	8,323	13,432
Hampton by Hilton Chicago Saint Charles	92	3,249	19,804	23,053
Holiday Inn Express & Suites St Charles	83	3,904	8,692	12,597
<b>Positioned Subject - Per Room</b>	<b>164</b>	<b>\$6,000</b>	<b>\$20,000</b>	<b>\$26,000</b>
<b>Positioned Subject - Total</b>		<b>\$984,000</b>	<b>\$3,280,000</b>	<b>\$4,264,000</b>

\*Hotel is located in DuPage County

Source: Kane County & DuPage County

We have positioned the future assessment levels of the subject site and proposed improvements, based upon the illustrated comparable data. Overall, the positioned assessments are well supported by the market data.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 9.45580%. The following table shows changes in the tax rate during the last several years.

**FIGURE 7-19 COUNTY TAX RATES**

Year	Real Property Tax Rate
2018	9.53010
2019	9.53010
2020	9.53010
2021	9.45580

Source: Kane County

Based on comparable assessments and the tax rate information, the proposed subject property's projected property tax expense levels are calculated as follows.

**FIGURE 7-20 PROJECTED PROPERTY TAX BURDEN (BASE YEAR)**

	Real Property		
	Land	Improvements	Total
Positioned (Assessed Value)	\$984,000	\$3,280,000	\$4,264,000
Tax Rate			9.45580
Tax Burden as of Current Assessment Year			\$403,195

**FIGURE 7-21 PROJECTED PROPERTY TAX EXPENSE – REAL PROPERTY**

Year	Real Property			
	Real Tax Burden (Positioned Prior to Increase)	Base Rate of Tax Burden Increase	% of Positioned Tax Burden	Taxes Payable
Positioned	\$403,195	—		\$403,195
2026/27	\$403,195	18.2 %	100 %	476,490
2027/28	476,490	3.0	100	490,785
2028/29	490,785	3.0	100	505,508
2029/30	505,508	3.0	100	520,673
2030/31	520,673	3.0	100	536,294
2031/32	536,294	3.0	100	552,382
2032/33	552,382	3.0	100	568,954

### Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler

explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.

Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

**FIGURE 7-22 INSURANCE EXPENSE**

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2026/27	Deflated Stabilized
Percentage of Revenue	1.9 %	1.0 %	1.0 %	0.8 %	1.1 %	0.9 %	0.8 %
Per Available Room	\$1,737	\$785	\$731	\$762	\$1,129	\$929	\$780
Per Occupied Room	\$6.94	\$3.20	\$2.72	\$2.95	\$3.92	\$4.10	\$3.01

**Reserve for Replacement**

Furniture, fixtures, and equipment (FF&E) are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The FF&E of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of FF&E is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) oversees a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent study was published in 2014.<sup>6</sup> Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the

<sup>6</sup> The International Society of Hotel Consultants, *CapEx 2014, A Study of Capital Expenditure in the U.S. Hotel Industry*.

capital expenditure requirements for hotels vary significantly from year to year and depend upon both the actual and effective ages of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4.0% to 5.0% of total revenue.

Based upon the results of our analysis, our review of the proposed subject asset, and current industry norms, a reserve for replacement equal to 4.0% of total revenues has been factored into our forecast of revenue and expense for funding the periodic replacement of the proposed subject property's furniture, fixtures, and equipment. This amount has been ramped up during the initial projection period.

**Forecast of Revenue and Expense Conclusion**

Projected total revenue, gross operating profit, and EBITDA Less Replacement Reserve are set forth in the following table.

**FIGURE 7-23 FORECAST OF REVENUE AND EXPENSE CONCLUSION**

	Year	Total Revenue		Gross Operating Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
<b>Projected</b>	2026/27	\$17,149,000	—	\$4,446,000	—	25.9 %	\$2,959,000	—	17.2 %
	2027/28	19,271,000	12.4 %	5,797,000	30.4 %	30.2	3,993,000	34.9 %	20.9
	2028/29	20,926,000	8.6	6,817,000	17.6	32.6	4,685,000	17.3	22.4
	2029/30	21,554,000	3.0	7,022,000	3.0	32.6	4,826,000	3.0	22.4
	2030/31	22,201,000	3.0	7,232,000	3.0	32.6	4,970,000	3.0	22.4



## 8. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a market study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject site.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of this analysis or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide projections, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.

## Independent Scenario

The developers are currently weighing the option of affiliating the subject hotel with a soft-branded flag through a major hotel chain, such as Marriott or Hilton. The report above reflects our projections assuming the subject property affiliates with one of these brands; however, the following tables present our projections if the hotel were to operate independently.

### FORECAST OF SUBJECT PROPERTY'S OCCUPANCY - INDEPENDENT

<b>Market Segment</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Commercial</b>				
Demand	108,608	117,771	119,404	119,404
Market Share	11.7 %	14.9 %	14.9 %	14.9 %
Capture	12,664	17,557	17,800	17,800
Penetration	87 %	87 %	87 %	87 %
<b>Leisure</b>				
Demand	64,512	70,414	71,421	71,421
Market Share	13.4 %	18.5 %	18.5 %	18.5 %
Capture	8,671	13,014	13,200	13,200
Penetration	100 %	108 %	108 %	108 %
<b>Meeting and Group</b>				
Demand	43,368	48,167	49,830	49,830
Market Share	13.4 %	19.2 %	19.8 %	19.8 %
Capture	5,829	9,229	9,881	9,881
Penetration	100 %	112 %	116 %	116 %
<b>Total Room Nights Captured</b>	<b>27,164</b>	<b>39,799</b>	<b>40,881</b>	<b>40,881</b>
Available Room Nights	45,100	59,860	59,860	59,860
<b>Subject Occupancy</b>	<b>60 %</b>	<b>66 %</b>	<b>68 %</b>	<b>68 %</b>
Market-wide Available Room Nights	335,531	350,291	350,291	350,291
<b>Fair Share</b>	<b>13 %</b>	<b>17 %</b>	<b>17 %</b>	<b>17 %</b>
Market-wide Occupied Room Nights	216,487	236,351	240,655	240,655
<b>Market Share</b>	<b>13 %</b>	<b>17 %</b>	<b>17 %</b>	<b>17 %</b>
<b>Market-wide Occupancy</b>	<b>65 %</b>	<b>67 %</b>	<b>69 %</b>	<b>69 %</b>
<b>Total Penetration</b>	<b>93 %</b>	<b>99 %</b>	<b>99 %</b>	<b>99 %</b>

## ADR FORECAST – MARKET AND SUBJECT PROPERTY - INDEPENDENT

Calendar Year	Historical		2022	2023	2024	2025	2026	2027	2028	2029
	2019	2021								
Market ADR	\$138.16	\$143.02	\$171.62	\$176.77	\$182.08	\$187.54	\$193.16	\$198.96	\$204.93	\$211.08
Projected Market ADR Growth Rate	—		20.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$190.00	\$228.00	\$234.84	\$241.89	\$249.14	\$256.62	\$264.31	\$272.24	\$280.41
ADR Growth Rate			20.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		133%	133%	133%	133%	133%	133%	133%	133%	133%
<b>Fiscal Year</b>					<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Proposed Subject Property Average Rate					\$243.67	\$250.98	\$258.51	\$266.27	\$274.26	\$282.49
Opening Discount					0.0%	0.0%	5.0%	3.0%	0.0%	0.0%
<b>Average Rate After Discount</b>					<b>\$243.67</b>	<b>\$250.98</b>	<b>\$245.59</b>	<b>\$258.28</b>	<b>\$274.26</b>	<b>\$282.49</b>
Real Average Rate Growth					—	3.0%	-2.1%	5.2%	6.2%	3.0%
Market ADR					\$183.42	\$188.93	\$194.59	\$200.43	\$206.44	\$212.64
Proposed Subject ADR Penetration (After Discount)					133%	133%	126%	129%	133%	133%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$216.58	\$216.58	\$205.75	\$210.09	\$216.58	\$216.58

## REVPAR FORECAST - SUBJECT PROPERTY - INDEPENDENT

Year	Occupancy		Average Rate		RevPAR	
	Total	% Change	Total	% Change	Total	% Change
2026/27	62.0 %	—	\$245.59	—	\$152.26	—
2027/28	67.0	8.1 %	258.28	5.2 %	173.05	13.6 %
Stabilized	68.0	1.5	274.26	6.2	186.50	7.8
2029/30	68.0	0.0	282.49	3.0	192.09	3.0
2030/31	68.0	0.0	290.96	3.0	197.85	3.0







June 2, 2022

Mr. Michael Reschke, Jr.  
The Prime Group, Inc.  
321 North Clark Street  
Chicago, IL 60611  
+1 (312) 917-1500

Frontier Development  
1 E. Main Street  
St. Charles, IL 60174

Re: Proposed Hotel St. Charles  
St. Charles, Illinois

Dear Mr. Reschke:

Thank you for your recent call pertaining to your St. Charles, Illinois, project; we are pleased to submit this proposal for our services. We are certain that we will be able to provide you with the precise mix of experience and skills you will need for this engagement. HVS is internationally recognized as the leader in hospitality consulting, providing the highest-quality experience in this arena. HVS is unique among hospitality consulting firms and offers The Prime Group, Inc. and Frontier Development LLC unparalleled credibility, specialized experience, and a track record of success.

The attached proposal sets forth a description of the objectives and scope of the assignment, along with a detailed description of the methodology to be employed, an estimate of the time requirements, and a schedule of professional fees. The proposal also includes a list of requested information that we would require for completing the study.

If the proposal meets your acceptance, please sign and return a copy together with your retainer check. If you have any questions regarding the contents of the proposal, please do not hesitate to contact me. Thank you for the opportunity to submit this proposal for your project.

Very truly yours,  
TS Worldwide LLC dba HVS Consulting & Valuation



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PROPOSAL FOR A MARKET STUDY WITH OPTION FOR A  
FEASIBILITY ANALYSIS

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# Proposed Hotel St. Charles, Illinois

**SUBMITTED TO:**

Michael Reschke, Jr.  
The Prime Group, Inc.  
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+1 (312) 917-1500  
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**PREPARED BY:**

HVS CHICAGO  
TS Worldwide LLC dba HVS Consulting & Valuation  
419-367-3879

June 2, 2022

# Proposal for a Market Study with Option for a Feasibility Analysis

Pursuant to our conversation, we are pleased to submit this proposal for services of TS Worldwide LLC dba HVS Consulting & Valuation in connection with the proposed hotel project in St. Charles, Illinois. This letter sets forth a description of the objectives and scope of the assignment, along with the methodology to be employed, an estimate of the time requirements, and a schedule of professional fees.

## Objective

The objective of this assignment is to perform a market study for the purpose of evaluating the market demand, analyzing the economics, projecting income and expense for a Proposed Hotel in St. Charles, Illinois. Our study will also include a recommendation of the size, quality and type of lodging facility, and an optimal brand chain scale for the hotel.

## Fieldwork

1. An onsite inspection of the subject site will be made. The physical orientation of the subject site with respect to access and visibility to highways, other forms of transportation, and the local demand for accommodations will be analyzed. We will also review the supportive nature of surrounding land uses as they relate to the subject site.
2. The demand for hotel accommodations will be investigated to identify the various generators of visitation operating within the local market. The current and anticipated potential of each of these market segments will be evaluated to determine the extent of existing and future demand. Interviews with officials of business and government, as well as statistical data collected during the fieldwork, are useful in locating and quantifying transient demand. In conjunction with the identification of potential demand, an investigation will be made of the respective strengths of these markets in terms of seasonality, weekly demand fluctuations, vulnerability to economic trends and changes in travel patterns, and other related factors. Similar market-research procedures are utilized in estimating the demand for food, beverage, banquet, and other facilities.
3. The market orientation of nearby lodging facilities will be evaluated to determine their competitive position with respect to the subject site. Those properties displaying similar market attributes will receive a physical

inspection, along with selective management interviews, to estimate levels of occupancy, room rates, market segmentation, and other pertinent operational characteristics. Some of the competitive factors that will be specifically reviewed include location, type and quality of facilities, physical condition, management expertise, and chain affiliation.

4. Statistical data relating to general economic and demographic trends often foreshadow future potential for market areas and neighborhoods. Interviews with local Chambers of Commerce, economic development agencies, and other related organizations, along with an investigation of the proposed subject property's primary market area, will reveal patterns reflecting growth, stability, or decline.
5. Through interviews with hotel operators, developers, governmental officials, and others, we will ascertain the status of projects under construction, proposed, or rumored that might be competitive with the proposed subject property.

## Analysis

The analysis phase will utilize data and information gathered during the fieldwork, along with our extensive library of actual hotel operating statements, financial statistics, area hotel trends, and investor requirements.

We will first compose a facilities and brand chain-scale recommendation. This recommendation will be based on the demands of the local and pertinent regional market and will address the following points:

- Room count and room type mix (suites vs. standard rooms)
- Food and beverage facilities
- Meeting and function space
- Recreational amenities
- Brand chain scale

These recommendations will include comparisons for each category to the relevant competitive market. Based on the above noted recommendations, we will then perform a supply-and-demand analysis for the proposed subject property to forecast its market orientation and competitive position with respect to other lodging facilities. The supply-and-demand analysis typically encompasses the following steps:

- a) Using the occupancy levels and market segmentations of the competitive properties, the number of room nights accommodated in each segment is calculated by multiplying each property's room count by its occupancy, market segmentation, and 365 days, which yields the accommodated-room-night demand. The annual number of room nights occupied per room in each segment is also calculated (room nights occupied per year divided by the room count), and the resulting figure serves as a competitive index.
- b) Latent demand (unaccommodated and induced demand) is estimated for each market segment.
- c) Growth rates are projected for each of the market segments.
- d) The total usable room-night demand, which consists of usable latent demand and accommodated demand, is projected.
- e) The area's guestroom supply and total room nights available are quantified for each projection year.
- f) The overall competitive occupancy is calculated for each projection year.
- g) Using competitive indexes, the relative competitiveness of each of the area hotels is evaluated.
- h) This analysis will result in a quantification and documentation of probable future trends in the proposed subject property's occupancy, average rate, and overall rooms revenues.

A similar procedure will be utilized in projecting food, beverage, and other revenues. Using actual income and expense statements of comparable lodging facilities, we will develop income and expense estimates corresponding to the level of activity and quality of operations indicated by the projected occupancy and average rate.

A projection of income and expenses representing future expectations of income potential will be made for a ten-year period. This analysis will utilize HVS Software—a sophisticated, computerized, financial analysis package that was developed by Steve Rushmore and Suzanne Mellen. The logic behind the projection of income and expense is based on the premise that hotel revenue and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. The software takes a known level of revenue or expense and calculates the fixed and variable components. The fixed component is then held constant, while the variable component is adjusted for the percent change between the projected occupancy and facility usage that produced the

**Feasibility Analysis  
(Optional)**

known level of revenue or expense. Our projected income statements conform with the *Uniform System of Accounts for the Lodging Industry* and include a detailed line-by-line account of all revenue sources and expenses.

For a proposed hotel, the total project cost is estimated by applying industry cost parameters to the planned facilities and concept. Included in the final figure are all hard costs, such as building construction; furniture, fixtures, and equipment (FF&E); and land value, as well as soft costs, such as legal and architectural fees, financing costs, insurance, and taxes during construction. The final figure also includes pre-opening expenses, operating capital, contingencies, and a developer's profit. Data from applicable sources, including the Hotel Development Cost Survey published annually by HVS, shall be used to determine costs of similar projects.

The current market for hotel/motel transfers, mortgage rates, and hostelry equity investment requirements will be researched. Following the recommended procedures and industry standards set forth in the textbooks *The Valuation of Hotels and Motels*, *Hotels, Motels and Restaurants: Valuations and Market Studies*, and *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* that we authored, a return on investment (ROI) analysis will be made to determine the potential internal rate of return (IRR) for the equity participant(s). Based on this rate, an opinion of feasibility will be offered.

**Written Report**

Documentation of our fieldwork and analyses will be set forth in a summary tables report. This deliverable is meant for internal decision making and discussion purposes.

Each additional analysis/scenario that is requested will result in an updated tables document.

If requested, complete documentation of our fieldwork and analyses will be set forth in a narrative written report and will contain the following sections:

1. Purpose of the study
2. Description of the site and neighborhood
3. Review of the market area
4. Analysis of the market for hotel accommodations
5. Examination of existing and proposed competition
6. Facilities and brand chain-scale recommendation

7. Projection of occupancy and average rate
8. Income and expense projections
9. (optional) ROI analysis and feasibility conclusion

When appropriate, we will include graphics such as photographs, maps, surveys, plans, and charts to assist in visualizing our findings.

#### **Additional Services**

Following the completion of this engagement, HVS can be engaged for additional development consulting services at the client's discretion, including:

- Franchise / Brand Search and Contract Negotiations
- Management / Operator Search and Contract Negotiations
- Hotel Management
- Asset Management
- Spa & Wellness Consulting

#### **Requested Information**

To aid us in performing this assignment, we request that you provide us with the following information (where applicable):

1. Name of contact person for site tour
2. Terms of purchase or sale of the site, including options and listings, as well as the price, date, and financing information; please include a copy of the contract and closing statement
3. Capital budget (cost) projections
4. The most recent real property tax bill for the land
5. Name of legal owner and detailed ownership history for the subject site for the last five years
6. Architectural/floor plans and plot plans, survey, and legal description in PDF
7. If available: operating budgets, projections, marketing plans, etc.
8. If available: any preliminary management contracts and franchise agreements that may be in place

9. If available: past appraisals, market and feasibility studies, impact studies, prospectuses, Smith Travel STAR reports and any Phase I or Phase II environmental audit reports

### Timing

We anticipate that the summary tables report through occupancy and average rate will be completed within approximately 5-6 weeks from the date we receive the signed proposal, all requested information, and the retainer check. At that time, we will provide you with the summary deliverable with our projections of market and hotel performance through occupancy and rate, as well as our recommendations.

**Pro Forma:** Following the initial findings and after review with the client, we will proceed with projections through income and expense; this will take an additional 5 business days.

**Feasibility Study Option:** If the client elects to move forward with the feasibility study, a full construction budget and brand selection (if applicable) must be provided. The feasibility analysis and report will take 10-15 business days from receipt of payment. **This option is only valid for six months from the date of the site inspection. Outside of this period, a new engagement may be required.**

HVS reserves the right to terminate the agreement at the retainer paid if no communication (either telephone or email) has been received in 45 days. If the narrative report is not requested within 120 days of the site inspection, HVS may deem it necessary to perform updated fieldwork and market research, or to order an updated STR trend. Any work related to these updates will be billed to the client prior to submitting the final draft.

### Professional Fees

Our fee for the summary tables report will be \$8,000, payable *upon execution* of this agreement, with additional payments due as the assignment progresses.

**Additional Scenarios:** After the original findings are presented, the client may request additional analyses or scenarios. Any scenarios beyond the original recommendation can be completed for \$1,500 each. These findings may include, but are not limited to change of room count, brand affiliation, etc.

**Pro Forma:** The projections through income and expense will cost an additional \$3,000, due upon request of this phase. The brand/chainscale selection and programming of the facility is required at this time.



**Feasibility Study Option:** If the client elects to move forward with the feasibility study within six months of the date of inspection, the additional fee will be \$3,000. It will be at the discretion of HVS whether new STR data are required, and if determined, the cost of an additional STR trend will be passed along to the client. Outside of six months, a new engagement may be required.

It is our normal policy to provide an electronic draft copy of our final report for your review. After confirmation that our invoice for services has been paid in full, this draft will be provided in PDF and will include a watermark "DRAFT." Upon your approval of this draft, we will commence preparation of the final report. This fee includes one electronic copy of the final report, which will be delivered to you via email in PDF. Reports are not transmitted in Microsoft Word format.

In addition to our professional fees, you agree to reimburse us for reasonable out-of-pocket travel and related expenses (including a \$700 charge for a Smith Travel Research trend report) incurred while traveling on your behalf. You will be billed periodically for these expenses, which will be due and payable upon presentation of our bills.

Additional fees will also be charged on an hourly basis for any work that exceeds the scope of this proposal, including performing additional research, analysis and/or alternate valuation scenarios; reviewing other appraisals and/or other studies and documents related to the property; telephone calls and/or meetings with any party that we believe go beyond the time generally expended during the course of an assignment of this nature; and attending out-of-town meetings.

Hourly rates of professional staff are as follows: Senior Managing Director - \$600; Managing Director - \$500; Senior Vice President - \$400; Director - \$350; Vice President - \$325; Senior Associate - \$275; Associate - \$250. Hourly rates will be charged at the rate in effect at the time that they occur.

If, upon completion of our analysis for this assignment, our analysis should indicate that the project is not feasible, we will inform you of this conclusion. At that point, you may elect to have us cease work on this project. Our fee for these phases will be the retainer paid, plus out-of-pocket travel and related expenses (such as any Smith Travel Research trend report charges).

After completing the fieldwork phase of this assignment, should it become necessary to alter the parameters of the study, such as the property description, opening date, location, or any other factor that could change the final conclusions, the TS Worldwide LLC dba HVS Consulting & Valuation will be entitled to charge

an additional fee based on our current per-diem rates and the time required to incorporate the necessary changes into our analysis and report. In addition, the estimate of timing will be extended by an amount equal to the added work.

**Payment Due Dates**

If payment for professional fees and out-of-pocket travel and related expenses is not received within thirty (30) days of the billing date, HVS reserves the right to suspend all work until payment is made and apply a service charge of 1.5 percent per month, or fraction thereof, to the total unpaid sum. Should any type of action become necessary to enforce collection of bills rendered, it is further agreed that you (the client) or the prevailing party will be responsible for all collection costs, including but not limited to court costs and reasonable legal fees. It is understood that HVS may extend the time for payment on any part of billings rendered without affecting the understanding outlined above.

**Collection of  
Outstanding  
Professional Fees**

The parties to this contract agree that any disputes regarding professional fees and/or other charges owed to HVS will be resolved in accordance with Texas law (TS Worldwide is a Texas-based LLC with a home office location of 2601 Sagebrush Drive, Suite 101, Flower Mound, Texas, 75028). The parties to this contract further agree that (a) any legal action regarding money owed to HVS will take place in Texas; (b) Texas courts have exclusive jurisdiction for resolution of disputes; and (c) the plaintiff will have the choice of venue in any county in the State of Texas.

**Limitations of Liability**

It is agreed that our company's liability, our employees, and anyone else associated with this assignment is limited to the amount of the fee paid as liquidated damages. You acknowledge that any opinions, recommendations, and conclusions expressed during this assignment will be rendered by the staff acting solely as employees and not as individuals. Our responsibility is limited to the client; use of our product by third parties shall be solely at the risk of the client and/or third parties. The study described in this proposal will be made subject to certain assumptions and limiting conditions. A copy of our normal assumptions and limiting conditions will be provided upon request.

**Conclusion**

If the foregoing proposal meets with your acceptance, please sign and return one copy of the accompanying confirmation, together with your retainer check in the amount of \$8,000. Your signature beneath the words "Agreed to and Accepted" signifies your agreement to employ the TS Worldwide LLC dba HVS Consulting & Valuation for these services. To schedule our assignments and perform your study in accordance with the timing set forth above, we ask that you return an executed copy of this agreement by **July 2, 2022**. We appreciate the opportunity of submitting this proposal and look forward to working with you on this assignment.

Very truly yours,  
TS Worldwide LLC dba HVS Consulting & Valuation



Stacey E. Nadolny  
Managing Director  
snadolny@hvs.com  
+1 (419) 367-3879 (Work)

**AGREED TO AND ACCEPTED**

Michael Reschke, Jr.  
The Prime Group, Inc.

**Signature:** Michael W. Reschke, Jr.

**Date:** June 4, 2022



# INVOICE FOR RETAINER

HVS Accounting Office  
 1615 Foxtrail Drive  
 Suite 230  
 Loveland, CO 80538  
 (970) 666-1377  
 www.hvs.com

Date: June 2, 2022  
 Terms: *Due Prior to Start of Assignment*

Michael Reschke, Jr.  
 The Prime Group, Inc.      Frontier Development  
 321 North Clark Street      1 E. Main Street  
 Chicago, IL 60611              St. Charles, IL 60174

Re: Proposed Hotel St. Charles  
 St. Charles, Illinois  
 (HVS staff member: Stacey E. Nadolny)

<i>Project</i>	<i>Amount Due</i>
Market Study Report	\$8,000

Please make all checks payable to TS Worldwide, LLC  
 (dba HVS)  
 Tax ID #20-2762887  
 Please remit to:  
 HVS  
 1615 Foxtrail Drive  
 Suite 230  
 Loveland, CO 80538

Superior Results Through Unrivaled  
 Hospitality Intelligence. Everywhere.

***\*PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR CHECK PAYMENT\****

**Wire Instructions:**

Please notify [mculbertson@hvs.com](mailto:mculbertson@hvs.com) of all wire transmissions.  
 JPMorgan Chase Bank  
 267 Old Country Road  
 Carle Place, NY 11514  
 (516) 333-4691  
 Account Name: TS Worldwide, LLC  
 Transit ABA #: 021000021  
 Swift Code: CHASUS33  
 Account Number: 682090837

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## Christian Cross

### EMPLOYMENT

2017 to present	HVS CONSULTING AND VALUATION SERVICES Buffalo, New York
Summer 2016	HVS CONSULTING AND VALUATION SERVICES <i>Internship</i> Vancouver, British Columbia, Canada
2014 – 2015	ONTARIO RESTAURANT HOTEL & MOTEL ASSOCIATION Mississauga, Ontario, Canada
2010 – 2011	HILTON HOTEL & SUITES Niagara Falls, Ontario, Canada
2010 – 2011	VINTAGE HOTELS, QUEEN'S LANDING Niagara-on-the-Lake, Ontario, Canada
2008 – 2015	SOUTH COAST COOKHOUSE Crystal Beach, Ontario, Canada

### EDUCATION AND OTHER TRAINING

Bachelor of Commerce – University of Guelph

*Other Specialized Training Classes Completed:*

- Uniform Standards of Professional Appraisal Practice – 15 hours
- Basic Appraisal Procedures – 30 hours
- Basic Appraisal Principles – 30 hours
- General Appraiser Income Approach (Parts I and II) – 60 hours
- General Appraiser Market Analysis and HBU – 30 hours
- General Appraiser Report Writing and Case Studies – 30 hours
- General Appraiser Sales Comparison Approach – 30 hours
- General Appraiser Site Valuation and Cost Approach – 30 hours
- Real Estate Finance, Statistics, Valuation Modeling – 15 hours
- Expert Witness for Commercial Appraisers – 15 hours
- Commercial Appraisal Review – 15 hours
- Advanced Income – 30 hours

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**PROFESSIONAL  
CERTIFICATIONS**

Certification in Hotel Industry Analytics (CHIA)

**STATE CERTIFICATION**

Ohio, Pennsylvania, New York

**PUBLISHED ARTICLES**

*HVS Journal*

“Autism and the Hospitality Industry: An Interview with Autism Double-Checked,” co-authored with Kyndall Wiedrich

*HVS Journal*

“The Hotel Industry’s Pandemic Bright Spot: The Extended-Stay Segment,” co-authored with Rod Clough, February 2021

*HVS Journal*

“HVS Market Pulse: Buffalo, New York,” February 2021

*HVS Journal*

“Hotel Cleanliness Policies in the Time of COVID-19,” September 2020

**EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED**

**PORTFOLIO EVALUATION**

9 Extended Stay America Hotels, Northeastern U.S.

**ALABAMA**

InTown Suites Auburn, Auburn  
 InTown Suites Vestavia Hills, Birmingham  
 InTown Suites Decatur, Decatur  
 Hotel Indigo Birmingham Five Points, Birmingham  
 InTown Suites Vestavia Hills, Birmingham  
 InTown Suites Decatur, Decatur  
 Motel 6 Mesa North, Mesa

**FLORIDA**

Aloft Miami Doral, Doral  
 Best Western Premier Jacksonville Hotel, Jacksonville

**GEORGIA**

Courtyard by Marriott Atlanta Alpharetta Avalon Area, Alpharetta  
 Proposed Embassy Suites Halcyon Village, Alpharetta  
 Proposed Homewood Suites Halcyon Village, Alpharetta  
 Aloft Atlanta Downtown, Atlanta  
 Hilton Suites Atlanta Perimeter, Atlanta  
 Holiday Inn Express & Suites Atlanta Downtown, Atlanta  
 Hotel Clermont, Atlanta  
 Hotel Indigo Atlanta Vinings, Atlanta  
 Hyatt Regency Atlanta, Atlanta  
 Proposed Boutique Hotel Atlanta, Atlanta  
 Proposed Curio by Hilton Atlanta, Atlanta

Proposed Element, Atlanta  
 Sheraton Atlanta, Atlanta  
 Ecco Suites, Augusta  
 Proposed Fairfield Inn & Suites Braselton, Braselton  
 Proposed Tru by Hilton Braselton, Braselton  
 Fairfield Inn & Suites by Marriott Calhoun, Calhoun  
 Hampton Inn Atlanta Canton, Canton  
 Hampton by Hilton Emerson LakePoint, Cartersville  
 Home-Towne Suites Columbus, Columbus  
 InTown Suites Columbus, Columbus  
 Hampton Inn Covington, Covington  
 Proposed Staybridge Suites, Covington  
 Sun Suites, Cumming  
 Proposed Extended-Stay Hotel, Dalton  
 Proposed Westin & Villas @ Foxhall, Douglasville  
 Hampton by Hilton Atlanta Duluth Gwinnett County, Duluth  
 InTown Suites Gwinnett Place Mall, Duluth  
 Quality Inn, Duluth  
 Hilton Garden Inn Atlanta Airport North, East Point  
 Best Western Plus Fairburn Atlanta Southwest, Fairburn  
 Hampton by Hilton Atlanta Fayetteville, Fayetteville  
 Hampton Inn Valdosta Lake Park, Lake Park  
 Proposed Tapestry by Hilton, Lawrenceville  
 Home2 Suites by Hilton Atlanta West Lithia Springs, Lithia Springs  
 Hilton Garden Inn, Lithonia  
 Crestwood Suites, Marietta  
 InTown Suites Extended Stay Marietta, Marietta  
 InTown Suites Marietta Town Center, Marietta  
 Proposed New London Square Hotel, Marietta

Proposed AVID Hotel McDonough, McDonough  
 Garden Plaza Hotel, Norcross  
 Hilton Atlanta Northeast, Norcross  
 Holiday Inn Express Rome Georgia, Rome  
 Proposed Hampton Inn, Social Circle  
 Proposed Tru by Hilton, Stockbridge  
 Comfort Suites Northlake Tucker, Tucker  
 Country Inn & Suites, Valdosta  
 Country Inn & Suites by Radisson Warner Robins, Warner Robins

**NEW YORK**

Hampton by Hilton Albany Downtown, Albany  
 Hilton Garden Inn Albany SUNY Area, Albany  
 Holiday Inn Express Albany Downtown, Albany  
 Adam's Mark Buffalo, Buffalo  
 Proposed Boutique Hotel Delaware Avenue, Buffalo  
 Proposed Tapestry Collection by Hilton, Canandaigua  
 Proposed Courtyard by Marriott Central Valley, Central Valley  
 Holiday Inn Express Cheektowaga North East, Cheektowaga  
 Townhouse Buffalo International Airport by OYO, Cheektowaga  
 Holiday Inn Express Cortland, Cortland  
 Hampton by Hilton Syracuse Carrier Circle, East Syracuse  
 Kimpton Hotel Eventi, New York  
 Holiday Inn Express Niagara Falls, Niagara Falls  
 Proposed Cambria Hotel Niagara Falls, Niagara Falls  
 Holiday Inn Express Poughkeepsie, Poughkeepsie  
 Holiday Inn Express Rochester Greece, Rochester  
 Proposed Hotel Rochester, Rochester

Saranac Waterfront Lodge, Saranac  
 DoubleTree by Hilton Tarrytown,  
 Tarrytown  
 Best Western Watertown Fort Drum,  
 Watertown  
 Motel 6 Buffalo Airport Williamsville,  
 Williamsville  
 Thompson House, Windham  
 Hampton by Hilton Yonkers, Yonkers

**NORTH CAROLINA**

Hampton Inn, Asheboro  
 1899 Wright Inn & Carriage House,  
 Asheville  
 La Quinta Inn & Suites Boone, Boone  
 Proposed Home2 Suites Boone, Boone  
 Homewood Suites by Hilton Raleigh  
 Cary, Cary  
 La Quinta Inn & Suites Raleigh Cary,  
 Cary  
 Proposed Aloft Hotel Charlotte,  
 Charlotte  
 Residence Inn by Marriott Charlotte  
 Northlake, Charlotte  
 Candlewood Suites Durham Research  
 Triangle Park, Durham  
 Aloft Chapel Hill, Chapel Hill  
 La Quinta Inn & Suites Durham Chapel  
 Hill, Durham  
 La Quinta Inn & Suites Durham  
 Research Triangle Park, Durham  
 Proposed SpringHill Suites, Durham  
 Proposed Tru by Hilton, Fayetteville  
 La Quinta Inn & Suites, Greensboro  
 Hilton Garden Inn Raleigh Durham  
 Airport, Morrisville  
 La Quinta Inn & Suites Raleigh Durham  
 Airport, Morrisville  
 La Quinta Inn & Suites Raleigh  
 Crabtree, Raleigh  
 Proposed Dual-Brand Home2  
 Suites/Tru Raleigh, Raleigh  
 Proposed Origin Hotel, Raleigh  
 La Quinta Inn & Suites, Winston Salem

**OHIO**

Hampton by Hilton North Olmsted  
 Cleveland Airport, North Olmsted

**PENNSYLVANIA**

Hilton Garden Inn Pittsburgh  
 Southpointe, Canonsburg  
 Home2 Suites by Hilton Pittsburgh  
 Cranberry, Cranberry Township  
 Crowne Plaza Pittsburgh South,  
 Pittsburgh  
 DoubleTree by Hilton Pittsburgh  
 Green Tree, Pittsburgh  
 Drury Plaza Hotel Pittsburgh  
 Downtown, Pittsburgh  
 Oaklander Hotel Autograph Collection  
 Hotels, Pittsburgh  
 TRYP by Wyndham Pittsburgh  
 Lawrenceville, Pittsburgh  
 Residence Inn by Marriott  
 Williamsport, Williamsport

**SOUTH CAROLINA**

InTown Suites, Anderson  
 Comfort Inn & Suites, Orangeburg  
 Hampton by Hilton Hilton Head, Hilton  
 Head Island  
 Park Lane Hotel & Suites, Hilton Head  
 Island

**TENNESSEE**

La Quinta Inn Chattanooga Hamilton  
 Place, Chattanooga  
 La Quinta Inn & Suites Kingsport  
 TriCities Airport, Kingsport

**WEST VIRGINIA**

Morgantown Marriott at Waterfront  
 Place, Morgantown



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## Stacey Nadolny, MAI

### EMPLOYMENT

2007 to present	HVS CONSULTING AND VALUATION SERVICES Chicago, Illinois
2005 – 2006	HILLSTONE RESTAURANT GROUP Chicago, Illinois

### EDUCATION AND OTHER TRAINING

BS – School of Hotel Administration, Cornell University

Litigation Professional Development Program, Appraisal Institute

*Other Specialized Training Classes Completed:*

Uniform Standards of Professional Appraisal Practice – 15 hours

Basic Appraisal Procedures – 30 hours

Basic Appraisal Principles – 30 hours

General Appraiser Income Approach (Parts I and II) – 60 hours

General Appraiser Market Analysis and HBU – 30 hours

General Appraiser Site Valuation and Cost Approach – 30 hours

General Appraiser Sales Comparison Approach – 30 hours

Statistics, Modeling and Finance – 15 hours

General Appraiser Report Writing and Case Studies – 30 hours

Advanced Income Capitalization – 40 hours

Business Practices and Ethics – 8 hours

Report Writing and Valuation Analysis – 26 hours

Advanced Concepts & Case Studies – 40 hours

Fundamentals of Separating Real Property, Personal Property, and Intangible Business

Assets – 15 hours

Comparative Analysis – 7 hours

PA Law Class – 2 hours

KY Supervisor and Associate Training Course – 7 hours

MI Law Class – 2 hours

West Virginia Law – 3 hours

Land and Site Valuation – 7 hours

Mortgage Fraud – 7 hours

Appraising Condos, Co-ops, and PUDs – 7 hours

Appraisal of Land Subject to Ground Leases – 7 hours

Sales Comparison Approach – 7 hours

Review: Theory General – 33 hours

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**EDUCATION (CONT)**

Appraisal of Owner-Occupied Commercial Properties – 7 hours  
 Appraiser as an Expert Witness – 15 hours  
 Litigation Appraising - Specialized Topics – 15 hours  
 Condemnation Appraising – 15 hours  
 Michigan Law – 2 hours  
 Conditions of Chicago – 7 hours  
 Valuation of Breweries – 4 hours  
 Appraisal of Fast Food Facilities – 7 hours  
 Basics of Expert Witness – 7 hours  
 Complex Litigation – 7 hours  
 PA Law – 2 hours  
 Business Practices and Ethics – 4 hours  
 Golfonomics – 4 hours  
 Intro to Expert Witness – 4 hours  
 Intermediate Income Approach Case Studies for Commercial Appraisers – 4 hours  
 Small Hotel/Motel Valuation – 7 hours  
 Sexual Harassment for IL – 1 hour  
 Biennial USPAP Updates

**STATE CERTIFICATIONS**

Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Ohio, Pennsylvania, West Virginia, Wisconsin

**PROFESSIONAL AFFILIATIONS**

Appraisal Institute – Designated Member (MAI)  
 Cornell Center for Real Estate Finance – Board Member

**SPEAKING ENGAGEMENTS**

Hotel Valuation Seminar – Cornell University, Michigan State University  
 Hunter Hotels Conference  
 Introduction to Hotel Finance – Michigan State University  
 Cobblestone Hotels Conference  
 Hotel Market Connections – Columbus 2012, 2013, 2014; Chicago 2015, 2016

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**PUBLISHED ARTICLES**

<i>HVS Journal</i>	“HVS Market Pulse: Toledo, Ohio,” June 2019
<i>HVS Journal</i>	“HVS Market Pulse: Chicago Ascending,” co-authored with Dana Floberg, March 2019
<i>HVS Journal</i>	“HVS Market Pulse: Downtown Chicago, IL,” co-authored with Dana Floberg, March 2018
<i>HVS Journal</i>	“U.S. Hotel Development Cost Survey 2016/17,” November 2017
<i>HVS Journal</i>	“In Focus: Chicago, IL,” co-authored with Dana Floberg, December 2016
<i>HVS Journal</i>	“U.S. Hotel Development Cost Survey 2015/16,” July 2016
<i>HVS Journal</i>	“Five Key Takeaways - Hunter Conference 2015,” co-authored with Michael Brophy and Heidi Nielsen, April 2015
<i>HVS Journal</i>	“Market Intelligence Report 2013: Cleveland,” co-authored with Jai Patel, October 2013
<i>HVS Journal</i>	“Market Intelligence Report 2013: Cincinnati,” co-authored with Meghan Bean, September 2013
<i>HVS Journal</i>	“Market Intelligence Report 2013: Columbus, Ohio,” July 2013
<i>HVS Journal</i>	“Detroit Market Intelligence Report,” November 2009
<i>HVS Journal</i>	“Hotel Demand Drivers in Cincinnati,” February 2009
<i>HVS Journal</i>	“HVS Market Intelligence Report: Cleveland, Ohio,” October 2008
<i>HVS Journal</i>	“HVS Market Intelligence Report: Columbus, Ohio,” September 2008

**EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED**

**PORTFOLIO ANALYSIS**

Portfolio of 8 Great Wolf Lodge Properties, Various Locations  
 Portfolio of 5 Full-Service Hotels for CWCapital, Various Locations  
 Portfolio of 5 Limited-Service Hotels, Ohio  
 Portfolio of 6 Limited-Service Hotels, Midwest and Texas

**ALABAMA**

Land Appraisal, Alabaster  
 Redmont (Curio Conversion), Birmingham  
 Proposed Boutique Hotel  
 Days Inn, Gadsden  
 Proposed Comfort Suites, Hope Hull  
 Proposed Country Inn & Suites, Madison  
 Hilton Garden Inn Montgomery East, Montgomery  
 Land Appraisal, Prattville  
 Comfort Inn, Scottsboro

**ARIZONA**

Clarion, Yuma

**ARKANSAS**

Proposed Staybridge Suites, Hot Springs  
 Residence Inn by Marriott Rogers, Rogers  
 Holiday Inn, Springdale

**CALIFORNIA**

Proposed Residence Inn, Cupertino  
 Residence Inn, Cupertino  
 Hotel Trio Healdsburg, Healdsburg  
 Proposed Hotels - Placer Creek Development, Rocklin  
 Proposed California's Great America Hotel, Santa Clara  
 Proposed Home2 Suites by Hilton and Land, Woodland

**COLORADO**

Hotel Madeline Telluride, Telluride

**CONNECTICUT**

La Quinta, New Haven  
 La Quinta, Stamford

**DISTRICT OF COLUMBIA**

Grand Hyatt  
 Proposed SpringHill Suites

**FLORIDA**

Sanibel Harbour Resort & Spa, Fort Myers  
 DoubleTree by Hilton Hotel Jacksonville Riverfront, Jacksonville  
 Hyatt Place Jacksonville Airport, Jacksonville  
 Microtel Inn, Jacksonville  
 Proposed Hyatt Place Jacksonville Downtown, Jacksonville  
 Residence Inn by Marriott Airport, Jacksonville  
 Value Place, Jacksonville  
 Fairfield Inn, Orlando  
 Suburban Extended Stay, Pensacola  
 SpringHill Suites, Port St. Lucie  
 Grand Plaza Beachfront Resort & Conference Center, Saint Pete Beach  
 Beachcomber Beach Resort and Hotel, Saint Petersburg Beach  
 Hampton Inn, Stuart  
 Proposed Moxy Tampa Heights, Tampa  
 Hampton Inn, Titusville

**GEORGIA**

Country Hearth Inn, Albany  
 Holiday Inn Express (Choice Conversion), Atlanta  
 Homewood Suites by Hilton, Augusta  
 Proposed Cambria Suites, College Park  
 Courtyard by Marriott, Dalton  
 Proposed Microtel Inn & Suites, Douglasville  
 Fairfield Inn, Kennesaw

SpringHill Suites, Kennesaw  
 Hampton Inn, Lawrenceville  
 Homewood Suites by Hilton, Macon  
 Value Place, Macon  
 Value Place West, Macon  
 La Quinta Inn, Newnan  
 Quality Inn, Oakwood  
 Fairfield Inn & Suites by Marriott, Valdosta

**HAWAII**

DoubleTree Naniloa Hotel, Hilo  
 Kahala Hotel, Honolulu

**ILLINOIS**

Proposed Fairfield Inn & Conference Center, Alsip  
 Holiday Inn Express, Arlington Heights  
 Proposed Four Points by Sheraton, Arlington Heights  
 Proposed Four Points and Water Park, Arlington Heights  
 Staybridge Suites, Aurora  
 Proposed Hotel Batavia, Batavia  
 Proposed Limited Service Hotel Belvidere, Belvidere  
 Holiday Inn, Bolingbrook  
 Proposed Avid Bolingbrook, Bolingbrook  
 Proposed Hyatt Place Bolingbrook, Bolingbrook  
 SpringHill Suites by Marriott Chicago Bolingbrook, Bolingbrook  
 Proposed Hotel Burbank, Burbank  
 Proposed Sleep Inn, Canton  
 Proposed Downtown Hotel, Centralia  
 Microtel Inn, Champaign  
 Aloft Chicago Mag Mile, Chicago  
 Blackstone Autograph Collection, Chicago  
 Cambria Hotel & Suites Chicago Loop Theatre District, Chicago  
 Cambria Hotel & Suites Chicago Magnificent Mile, Chicago  
 Chicago Lake Shore Hotel, Chicago  
 Comfort Suites Michigan Avenue, Chicago

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Crowne Plaza Chicago Metro, Chicago	Proposed Hotel, Chicago	Courtyard by Marriott Chicago
Dana Hotel, Chicago	Proposed Hotel Chicago, Chicago	Glenview Northbrook, Glenview
Fairfield Inn & Suites by Marriott	Proposed Hotel Chinatown, Chicago	Holiday Inn Gurnee Convention
Chicago Downtown, Chicago	Proposed Hotel Stob Chicago, Chicago	Center, Gurnee
Godfrey Hotel Chicago, Chicago	Proposed Hyatt House, Chicago	KeyLime Cove Water Park Resort &
Hampton Inn Chicago Loop Near	Proposed Limited-Service Hotel,	Hotel, Gurnee
Michigan Avenue, Chicago	Chicago	Best Western Plus Chicago Hillside,
Hampton Inn Majestic Chicago Theatre	Proposed O'Brien's Hotel Old Town,	Hillside
District, Chicago	Chicago	Holiday Inn Express, Hillside
Hard Rock Hotel, Chicago	Proposed Studio 6 Suites Hotel,	Hyatt Place Chicago Hoffman Estates,
Home2 Suites by Hilton Chicago River	Chicago	Hoffman Estates
North, Chicago	Proposed South LaSalle Hotel, Chicago	Eaglewood Resort & Spa, Itasca
Homewood Suites by Hilton Chicago	Proposed Wells Hotel, Chicago	Westin, Itasca
Downtown West Loop, Chicago	Proposed West Loop Hotel, Chicago	Holiday Inn & Suites Joliet Southwest,
Hotel Audrey, Chicago	Proposed Westin Chicago Midway,	Joliet
Hotel EMC2, Chicago	Chicago	Proposed Candlewood Suites Joliet,
Hotel Palomar, Chicago	Radisson Blu, Chicago	Joliet
Inn of Chicago Magnificent Mile,	Raffaello Hotel, Chicago	Proposed Hotel Justice, Justice
Chicago	Sable at Navy Pier Chicago, Curio	Proposed Hyatt Place Lake Forest,
InterContinental Chicago Magnificent	Collection by Hilton, Chicago	Lake Forest
Mile, Chicago	Saint Clair Hotel Magnificent Mile,	Proposed Lake Forest Hotel, Lake
JW Marriott, Chicago	Chicago	Forest
Kimpton Burnham Hotel, Chicago	Saint Jane Chicago, Chicago	Holiday Inn Express Chicago South
Kimpton Hotel Palomar Chicago,	SpringHill Suites by Marriott, Chicago	Lansing, Lansing
Chicago	Staypineapple, An Iconic Hotel, The	Proposed Country Inn & Suites,
MileNorth Hotel, Chicago	Loop Chicago, Chicago	Lansing
Peninsula, Chicago	Waldorf Astoria, Chicago	Kaskaskia Hotel & Conference Center,
Proposed Autograph Collection Hotel,	Wit, a DoubleTree Hotel, Chicago	LaSalle
Chicago	Proposed All-Suite Hotel, Countryside	Homewood Suites by Hilton,
Proposed Canopy by Hilton, Chicago	Proposed Fairfield by Marriott, Crystal	Lincolnshire
Proposed Curio by Hilton Navy Pier,	Lake	Hyatt Place, Lombard
Chicago	Proposed Fairfield Inn & Suites, Des	Proposed Home 2 Suites, Loves Park
Proposed Dual-Branded Hotel, Chicago	Plaines	Fairfield Inn & Suites by Marriott,
Proposed Even, Chicago	Proposed Holiday Inn Express, Des	Marion
Proposed Hampton Inn & Home2	Plaines	Proposed Best Western Glo, McCook
Suites, Chicago	Proposed Hotel, Des Plains	Proposed Holiday Inn Express
Proposed Hampton Inn & Suites,	Radisson Chicago O'Hare, Des Plains	McCook, McCook
Chicago	Proposed Avid Downers Grove,	Proposed Holiday Inn Express &
Proposed Hampton Inn Lincoln Park,	Downers Grove	Suites, Mokena
Chicago	Proposed Tru by Hilton Elk Grove, Elk	Proposed Hyatt/Hyatt House, Moline
Proposed Hilton Garden Inn/Canopy,	Grove	Hampton Inn, Naperville
Chicago	Graduate Evanston Hotel, Evanston	Hyatt Place Bloomington/Normal,
Proposed Home2 Suites by Hilton	Hilton Orrington, Evanston	Normal
Chicago Midway, Chicago	Holiday Inn Chicago North Evanston,	Proposed Home2 Suites Normal,
Proposed Hotel on Wabash, Chicago	Evanston	Normal
Proposed Hotel West North Avenue	Proposed Hotel Fox Lake, Fox Lake	Proposed MyPlace Suites, North
Chicago, Chicago		Aurora

Renaissance Chicago North Shore Hotel, Northbrook  
 Sheraton, Northbrook  
 Drake, Oak Brook  
 Homewood Suites by Hilton Orland Park, Orland Park  
 Proposed Hampton Inn, Pontiac  
 Proposed Hotel Rantoul, Rantoul  
 Fairfield Inn & Suites Rockford, Rockford  
 Lexington Cliffbreakers Riverside Resort, Rockford  
 Proposed Hotel Kate, Rockford  
 Proposed Staybridge Suites, Romeoville  
 Edward Hotel Chicago, Rosemont  
 Sheraton Chicago O'Hare Airport Hotel, Rosemont  
 Courtyard by Marriott Chicago Saint Charles, Saint Charles  
 Hilton Garden Inn, Saint Charles  
 Hampton Inn by Hilton, Schaumburg  
 Hyatt Regency Woodfield, Schaumburg  
 Days Inn Chicago Joliet Shorewood, Shorewood  
 DoubleTree by Hilton Chicago North Shore, Skokie  
 Proposed Homewood Suites, Skokie  
 Proposed Hotel, Skokie  
 Proposed Limited-Service Hotel, South Elgin  
 State House Inn, Springfield  
 Holiday Inn Chicago Tinley Park Convention Center, Tinley Park  
 Proposed Courtyard, Tinley Park  
 Proposed Holiday Inn, Tinley Park  
 Proposed Racino Hotel, Tinley Park  
 Proposed Residence Inn, Tinley Park  
 Proposed Hotel, Tremont  
 Proposed Tapestry Collection by Hilton Urbana, Urbana  
 Proposed Hotel, Vernon Hills  
 Hyatt House Chicago Naperville Warrenville, Warrenville  
 Hyatt Place Chicago Naperville Warrenville, Warrenville

Proposed TownePlace Suites, Waukegan  
 Proposed Residence Inn, Wilmette

**INDIANA**

Hampton Inn, Bloomington  
 Proposed Embassy Suites, Bloomington  
 Proposed Graduate, Bloomington  
 Proposed Home2 Suites, Brownsburg  
 Proposed Hotel Carmichael, Carmel  
 Proposed Best Western, Clarksville  
 Proposed Hotel, Columbus  
 Proposed Hampton Inn & Suites, Crown Point  
 Four Points by Sheraton, Elkhart  
 Proposed DoubleTree, Evansville  
 Proposed Hyatt Place, Evansville  
 Comfort Suites, Fort Wayne  
 Courtyard by Marriott Fort Wayne Downtown at Grand Wayne Convention Center, Fort Wayne  
 Hampton Inn, Fort Wayne  
 Hilton Fort Wayne at the Grand Wayne Convention Center, Fort Wayne  
 Home2 Suites by Hilton Fort Wayne North, Fort Wayne  
 Proposed Boutique Hotel Fort Wayne, Fort Wayne  
 Proposed Home2 Suites & Hilton Garden Inn, Fort Wayne  
 Proposed SpringHill Suites, Fort Wayne  
 TownePlace Suites by Marriott, Fort Wayne  
 Proposed Hampton Inn & Suites, Hammond  
 Country Inn & Suites, Indianapolis  
 Hampton Inn NE Castleton, Indianapolis  
 Hilton Garden Inn Indianapolis Downtown, Indianapolis  
 Proposed Aloft Indianapolis, Indianapolis  
 Proposed Cambria Suites, Indianapolis  
 Proposed Dual-Brand Hotel, Indianapolis

Proposed Extended Suites, Indianapolis  
 Proposed Hotel Indianapolis, Indianapolis  
 Proposed Kimpton Hotel, Indianapolis  
 Proposed Residence/SpringHill Suites, Indianapolis  
 Proposed Tribute Indianapolis, Indianapolis  
 Residence Inn, Indianapolis  
 Fairfield Inn, Jeffersonville  
 TownePlace Suites, Jeffersonville  
 Proposed Hotels (Two Scenarios), Lafayette  
 Proposed Hotel La Porte, La Porte  
 Proposed Hampton Inn & Suites, Lawrenceburg  
 Proposed Hotel & Events Center, Lawrenceburg  
 Quality Inn & Suites, Lebanon  
 Proposed Hotel, Madison  
 Candlewood Suites Merrillville, Merrillville  
 La Quinta Inn, Merrillville  
 Proposed Hotel Michigan City, Michigan City  
 Motel 6, Mishawaka  
 Hampton Inn & Suites, Munster  
 Proposed SpringHill Suites by Marriott, Munster  
 Holiday Inn Express New Albany, New Albany  
 Cambria Suites Indianapolis Airport, Plainfield  
 Proposed Avid Plainfield, Plainfield  
 Staybridge Suites, Plainfield  
 Knights Inn, South Bend  
 Proposed Embassy Suites, South Bend  
 Fairfield Inn by Marriott, Valparaiso  
 Hampton by Hilton, Vincennes  
 Proposed Hampton Inn, Vincennes  
 Hampton Inn, Warsaw  
 Proposed Fairfield Warsaw, Warsaw  
 Hilton Garden Inn, West Lafayette

**IOWA**

Cambria Hotel Bettendorf - Quad Cities, Bettendorf  
 Proposed Courtyard, Bettendorf  
 Proposed Home2 Suites Cedar Rapids, Cedar Rapids  
 Chase Hotel Suites, Clive  
 Proposed Home2 Suites by Hilton, Des Moines  
 Best Western Plus Dubuque Hotel & Conference Center, Dubuque  
 Proposed Hotel Dubuque, Dubuque  
 Proposed Select-Service Hotel, Iowa City  
 Hampton Inn & Suites, Marshalltown  
 Proposed Hyatt Place, Mason City

**KANSAS**

Days Inn, Newton

**KENTUCKY**

Hampton Inn, Covington  
 Proposed Hotel, Covington  
 Radisson Cincinnati Riverfront, Covington  
 Courtyard, Florence  
 Hilton Cincinnati Airport, Florence  
 Proposed Hotel, Fort Thomas  
 Inn on Broadway, Lexington  
 Proposed Red Mile Hotel, Lexington  
 Residence Inn, Lexington  
 Hampton Inn, Louisville  
 Hilton Garden Inn Louisville Downtown, Louisville  
 Home2 Suites by Hilton Louisville NuLu Medical District, Louisville  
 Marriott, Louisville  
 Proposed Aloft Hotel, Louisville  
 Proposed Hilton Garden Inn, Louisville  
 Proposed Independent Hotel, Louisville  
 Proposed Medical Center Hotel Louisville, Louisville  
 Residence Inn, Louisville  
 Fairfield Inn, Mount Sterling  
 Proposed Residence Inn by Marriott, Newport

**LOUISIANA**

Sheraton, Metairie

**MARYLAND**

Proposed Residence Inn, Germantown  
 Comfort Suites BWI (Holiday Inn & Suites Conversion), Linthicum Heights

**MASSACHUSETTS**

Proposed Residence Inn, Chelsea

**MICHIGAN**

Proposed Hotel Alpena, Alpena  
 Proposed Extended Stay Candlewood Suites, Auburn Hills  
 Courtyard by Marriott Saint Joseph Benton Harbor, Benton Harbor  
 Hilton Garden Inn Benton Harbor Saint Joseph, Benton Harbor  
 Proposed Courtyard by Marriott, Benton Harbor  
 Proposed Hotel Birmingham, Birmingham  
 Proposed Hotel, Bridgman  
 Proposed Home2 Suites Byron Center, Byron Center  
 Proposed Comfort Inn & Suites, Clarkston  
 Comfort Suites Grand Rapids North, Comstock Park  
 Holiday Inn Express, Dearborn Southwest Detroit Area, Dearborn  
 Staybridge Suites Dearborn Michigan, Dearborn  
 Aloft Detroit at the David Whitney, Detroit  
 Detroit Foundation Hotel, Detroit  
 Element Detroit at the Metropolitan, Detroit  
 Proposed Boutique Hotel, Detroit  
 Proposed Foundation Hotel, Detroit  
 Proposed Godfrey Hotel Detroit, Detroit  
 Proposed Whittier Hotel, Detroit  
 Hampton Inn, East Lansing

Proposed Graduate East Lansing, East Lansing  
 Proposed Hotel East 1st Street, Flint  
 Proposed Hotel Saginaw Street, Flint  
 Crowne Plaza Grand Rapids Airport, Grand Rapids  
 Hampton Inn & Suites Grand Rapids Airport, Grand Rapids  
 Plaza Grand Rapids Hotel, Grand Rapids  
 Proposed Hotel, Grand Rapids  
 SpringHill Suites Grand Rapids Airport, Grand Rapids  
 Residence Inn, Holland  
 Candlewood Suites, Kalamazoo  
 Hampton Inn, Kalamazoo  
 Residence Inn, Kalamazoo  
 TownePlace Suites, Kalamazoo  
 Proposed Hotel, Kentwood  
 Proposed Dual-Brand Hyatt, Lansing  
 Embassy Suites, Livonia  
 Proposed Fairfield by Marriott, Monroe  
 Proposed TownePlace Suites by Marriott, Monroe  
 Proposed TownePlace Suites/Fairfield Inn by Marriott, Monroe  
 Proposed Microtel Inn & Suites, Muskegon  
 Proposed Home2 Northville, Northville Township  
 Hilton Garden Inn, Plymouth  
 Hampton Inn, Port Huron  
 Proposed Best Western Harrington Inn, Port Huron  
 Ramada (Radisson Conversion), Romulus  
 Country Inn & Suites by Carlson, Saginaw  
 St Clair Inn, Saint Clair  
 Inn at Harbor Shores, Saint Joseph  
 Proposed Hotel, St. Joseph  
 La Quinta Inn Detroit Southgate, Southgate  
 Best Western Premier Southfield, Southfield  
 Embassy Suites, Southfield



Holiday Inn (Conversion to Best Western), Southfield  
 Ramada by Wyndham Southfield, Southfield  
 Proposed SpringHill Suites by Marriott Sterling, Sterling Heights  
 Hampton Inn, Stevensville  
 Hotel Indigo, Traverse City  
 Park Place, Traverse City  
 Proposed Full-Service Hotel Warren, Warren  
 Ann Arbor by Marriott Ypsilanti at Eagle Crest, Ypsilanti

**MINNESOTA**

Hilton Garden Inn Minneapolis Airport Mall of America, Bloomington  
 Radisson Bloomington by Mall of America, Bloomington  
 Sheraton, Bloomington  
 Proposed Hotel Mankato, Mankato  
 Proposed Select-Service Hotel at Red Baron Arena and Expo, Marshall  
 Grand Hotel Minneapolis, Minneapolis  
 Proposed Hotel, St. Paul

**MISSISSIPPI**

Proposed Avalon, Biloxi  
 Fairfield Inn, Hattiesburg  
 Knights Inn, Hattiesburg  
 La Quinta Inn, Hattiesburg  
 Fairfield Inn, Jackson  
 Proposed Courtyard by Marriott, Meridian  
 Chuka Inn at Dancing Rabbit, Philadelphia

**MISSOURI**

M Star Hotel, Hayti  
 Proposed Boutique Hotel, Kansas City  
 Proposed Hampton Inn, Kansas City  
 Proposed Hotel, Kansas City  
 Proposed TownePlace Suites, Liberty

**NEVADA**

Days Inn, Winnemucca

**NEW HAMPSHIRE**

EF Lane Hotel, Keene

**NEW JERSEY**

Sheraton, Eatontown  
 Proposed Hotel, Hamilton  
 Proposed Hotel, Parsippany  
 Courtyard by Marriott, Princeton

**NEW YORK**

Proposed Harbor Center Marriott Hotel, Buffalo  
 Candlewood Suites, Evans Mills  
 Country Inn & Suites, Ithaca  
 Econo Lodge, Ithaca  
 Proposed Hotel, Ithaca  
 Proposed DoubleTree by Hilton, Jamestown  
 Hampton Inn, Middletown  
 Motel De Soto, Olean  
 Hyatt Regency, Rochester  
 Proposed Courtyard by Marriott, Syracuse  
 Proposed Residence Inn by Marriott, Syracuse

**NORTH CAROLINA**

Courtyard by Marriott, Carolina Beach  
 Proposed Hampton Inn & Suites, Carolina Beach  
 Courtyard by Marriott, Charlotte  
 Comfort Suites, Lexington  
 Country Hearth Inn, Lexington  
 Fairfield Inn & Suites by Marriott, Smithfield  
 Hampton Inn Fort Bragg, Spring Lake  
 Candlewood Suites, Wake Forest

**NORTH DAKOTA**

Holiday Inn Express Minot South, Minot  
 Holiday Inn Minot Riverside, Minot

**OHIO**

Proposed Boutique Hotel, Akron  
 Proposed Inn and Conference Facility – University of Akron, Akron

Proposed Hampton Inn, Alliance  
 Days Inn, Ashland  
 Holiday Inn Express, Ashtabula  
 Hampton Inn, Athens  
 Proposed Fairfield Inn by Marriott, Athens  
 Aurora Inn (Conversion to Ascend), Aurora  
 Proposed Aurora Inn, Aurora  
 Econo Lodge, Austintown  
 Hilton Cleveland East, Beachwood  
 Residence Inn, Beachwood  
 Proposed SpringHill Suites, Beavercreek  
 SpringHill Suites Dayton Beavercreek, Beavercreek  
 Proposed Hampton Inn, Bellefontaine  
 Proposed Boutique Hotel, Berea  
 Embassy Suites, Blue Ash  
 Proposed Hotel, Bowling Green  
 Holiday Inn Express, Brookville  
 Proposed Comfort Inn, Brookville  
 Sleep Inn, Brunswick  
 AmeriHost Inn, Cambridge  
 Holiday Inn, Cambridge  
 McKinley Grand Hotel, Canton  
 Proposed Hotel, Canton  
 Proposed Pro Football HOF Hotel, Canton  
 Proposed Home2 Suites by Hilton, Centerville  
 Anderson Township Hotel, Cincinnati  
 Courtyard by Marriott, Cincinnati  
 Fairfield Inn & Suites by Marriott Cincinnati Uptown/University Area, Cincinnati  
 Howard Johnson, Cincinnati  
 Proposed Convention Hotel Cincinnati, Cincinnati  
 Proposed Fairfield Inn by Marriott, Cincinnati  
 Proposed Hampton Inn/Homewood Dual Brand, Cincinnati  
 Proposed Hotel, Cincinnati  
 Proposed Renaissance, Cincinnati  
 Ramada Plaza Cincinnati Sharonville, Cincinnati



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Best Western Cleveland Airport, Cleveland	Proposed Holiday Inn, Columbus	TownePlace Suites by Marriott Columbus Airport G, Gahanna
Four Points by Sheraton Cleveland Airport, Cleveland	Proposed Holiday Inn Express, Columbus	Proposed Conference Center Hotel, Greene
Hilton, Cleveland	Proposed Homewood Suites, Columbus	Proposed Home2 Suites, Greene
Hilton Garden Inn Cleveland East Mayfield Village, Cleveland	Proposed Hotel, Columbus	Holiday Inn Express, Grove City
Holiday Inn Express, Cleveland	Proposed Hyatt Place, Columbus	Proposed Courtyard by Marriott, Grove City
Marriott Cleveland Airport, Cleveland	Proposed Joseph Update, Columbus	Red Roof Inn, Grove City
Proposed Dively Center Hotel, Cleveland	Proposed Le Meridien, Columbus	Quality Inn, Heath
Proposed Hotel, Cleveland	Proposed Limited-Service Hotel, Columbus	Americas Best Value Inn, Huber Heights
Proposed Foundry A Dreams Hotel, Cleveland	Proposed Select-Service Hotel, Columbus	Comfort Inn, Huber Heights
Proposed Tru Cleveland, Cleveland	Residence Inn, Columbus	Crowne Plaza Cleveland South Independence, Independence
Tru by Hilton Cleveland Midtown, Cleveland	Sheraton at Capitol Square, Columbus	Embassy Suites Cleveland Rockside, Independence
University Inn, Cleveland	University Plaza Hotel Conversion, Columbus	Residence Inn, Independence
Best Western Columbus Airport, Columbus	Westin, Columbus	Kent State University Hotel and Conference Center, Kent
Cambria Suites, Columbus	Westin Great Southern Columbus, Columbus	Proposed Hotel Lakewood, Lakewood
Candlewood Suites, Columbus	Proposed Extended-Stay Hotel, Cridersville	Nationwide Hotel and Conference Center, Lewis Center
Comfort Suites, Columbus	Sheraton Suites Conversion, Cuyahoga Falls	Days Inn, Lima
Courtyard Columbus Worthington, Columbus	Dayton Grand Hotel, Dayton	Proposed Comfort Suites, Madison
Courtyard Easton, Columbus	Proposed Hampton Inn, Dayton	Holiday Inn Express, Marion
Days Inn, Columbus	Proposed Home2 Suites by Hilton, Dayton	Comfort Inn, Marysville
DoubleTree Suites Columbus Downtown, Columbus	Proposed Hotel Ardent Dayton, Dayton	Holiday Inn Express, Marysville
Econo Lodge, Columbus	Proposed Residence Inn by Marriott, Dayton	Proposed Fairfield Inn by Marriott, Marysville
Fairfield Inn, Columbus	Red Lion Inn & Suites, Dayton	Proposed Mason Golf Hotel, Mason
Fairfield Inn & Suites by Marriott Columbus OSU, Columbus	TownePlace Suites, Dayton	Proposed Dual-Brand Marriott, Maumee
Hampton Inn, Columbus	Hospitality Inn, Dover	Proposed Home2 Suites by Hilton, Maumee
Hampton Inn & Suites, Columbus	Courtyard Columbus Dublin, Dublin	Proposed Microtel Inn & Suites, Maumee
Hilton Easton, Columbus	Holiday Inn Express Columbus Dublin, Dublin	Baymont Inn & Suites, Mayfield
Hometown Inn (Land Appraisal), Columbus	Econo Lodge, Eaton	Best Western, Mentor
Hyatt on Capitol Square, Columbus	Proposed Boutique Hotel, Elyria	DoubleTree by Hilton, Miamisburg
Proposed Aloft/Element, Columbus	Country Inn & Suites, Fairborn	Proposed Staybridge Suites, Miamisburg
Proposed Boutique Hotel Columbus, Columbus	Fairfield Inn & Suites by Marriott, Findlay	Manchester Inn (Closed), Middletown
Proposed Cambria Suites, Columbus	Proposed Hilton Garden Inn, Findlay	Proposed TownePlace Suites by Marriott, Milford
Proposed Canopy, Columbus	Quality Inn, Franklin	Proposed Hyatt Place, New Albany
Proposed Hampton Inn, Columbus	SpringHill Suites by Marriott Columbus Airport Gahanna, Gahanna	Holiday Inn Express, Newton Falls
Proposed Hollywood Casino Hotel, Columbus		

Hampton Inn North Olmsted Cleveland Airport, North Olmsted  
 Proposed Hampton Inn & Suites, North Olmsted  
 Hampton Inn Toledo Oregon, Oregon  
 Holiday Inn Express Toledo Oregon, Oregon  
 Proposed Hampton Inn, Oregon  
 The Elms Holiday Inn, Oxford  
 Comfort Suites, Perrysburg  
 Proposed Hotel Perrysburg, Perrysburg  
 Proposed Hyatt Place, Perrysburg  
 Best Western, Pickerington  
 Hampton Inn, Pickerington  
 Quality Inn, Piqua  
 Holiday Inn Express, Port Clinton  
 Proposed Hotel Developments, Rockside  
 Proposed Comfort Suites, Rootstown  
 American Inn, Rossford  
 Country Inn, Rossford  
 Microtel Inn & Suites by Wyndham, Saint Clairsville  
 Best Western, Sandusky  
 Comfort Inn, Sandusky  
 Great Wolf Lodge, Sandusky  
 Maui Sands Resort & Indoor Waterpark, Sandusky  
 Proposed Cedar Point Sandusky Hotel, Sandusky  
 Sleep Inn, Sandusky  
 DoubleTree Guest Suites, Sharonville  
 Econo Lodge, Sidney  
 Hilton Homewood Suites, Solon  
 Proposed Holiday Inn Express, Springfield  
 Proposed Hotel, Springfield  
 Townhouse Motel, Springfield  
 Proposed Staybridge Suites, Stow  
 Econo Lodge, Streetsboro  
 Holiday Inn Express, Sunbury  
 Comfort Inn, Toledo  
 Fairfield Inn & Suites by Marriott Toledo North, Toledo  
 Grand Plaza (Renaissance Conversion), Toledo

Hampton Inn & Suites Toledo/Westgate, Toledo  
 Proposed Courtyard, Toledo  
 Proposed Hotel, Toledo  
 Proposed Residence Inn, Toledo  
 Proposed University of Toledo Hotel, Toledo  
 Best Western Inn, Troy  
 Proposed SpringHill Suites, Troy  
 Hampton Inn & Suites, West Chester  
 Proposed Union Center Hotel, West Chester  
 Proposed Hotel, Westerville  
 Proposed Hyatt Place, Westerville  
 Days Inn, Willoughby  
 Holiday Inn Columbus Worthington, Worthington  
 Holiday Inn, Youngstown  
 Proposed Wick Pollock Inn, Youngstown  
 Proposed Youngstown State University Hotel, Youngstown

**OKLAHOMA**

Microtel Inn, Idabel  
 Proposed SpringHill Suites, Oklahoma City

**PENNSYLVANIA**

Proposed Red Collection, Allentown  
 Courtyard, Altoona  
 Holiday Inn, Beaver Falls  
 Avalon Hotel, Erie  
 Courtyard by Marriott Erie Bayfront, Erie  
 Proposed Convention Hotel Update, Erie  
 Proposed Courtyard Update, Erie  
 Proposed Embassy Suites, Erie  
 Proposed Hotel, Erie  
 Proposed Limited-Service Hotel, Erie  
 Sheraton Erie Bayfront Hotel, Erie  
 TownePlace Suites, Harrisburg  
 Quality Inn, Hermitage  
 Proposed Homewood Suites, McCandless  
 Hampton Inn & Suites, Mercer

DoubleTree by Hilton Pittsburgh Monroeville Convention Center, Monroeville  
 Hilton Garden Inn Pittsburgh Airport, Moon Township  
 Courtyard by Marriott Shadyside, Pittsburgh  
 Proposed Embassy Suites, Pittsburgh  
 Proposed Even Hotel at Macy's Building, Pittsburgh  
 Wyndham Garden Hotel, Pittsburgh  
 SpringHill Suites by Marriott, Washington  
 Hilton Garden Inn, Wilkes-Barre  
 Proposed Hotel, Zelienople

**RHODE ISLAND**

La Quinta, Warwick

**SOUTH CAROLINA**

Comfort Suites, Columbia  
 Hampton Inn, Rock Hill  
 Value Place, Simpsonville

**SOUTH DAKOTA**

Proposed Splash Resort and Waterpark, Sioux Falls

**TENNESSEE**

Hampton Inn Knoxville Airport, Alcoa  
 Antioch Quarters Inn & Suites, Antioch  
 Comfort Inn, Hixson  
 Proposed Graduate Hotel, Nashville  
 Proposed Resort Whites Creek, Whites Creek

**TEXAS**

Americas Best Value Inn, Abilene  
 Holiday Inn Hotel & Suites Houston West Westway Park, Houston  
 Proposed Kalahari Resort & Convention Center Round Rock, Round Rock  
 Hawthorn Suites, Wichita Falls

**VIRGINIA**

Proposed Heron Hotel, Alexandria

Best Western Rosslyn Iwo Jima,  
Arlington  
Courtyard by Marriott, Charlottesville  
Proposed Extended-Stay Hotel,  
Hopewell  
Courtyard by Marriott, Lynchburg  
Country Inn & Suites, Manassas  
Fairfield Inn & Suites, Manassas  
DoubleTree Airport, Richmond  
Days Inn, Salem  
Courtyard by Marriott North, Virginia  
Beach  
Courtyard by Marriott South, Virginia  
Beach  
Governors Inn, Williamsburg  
Quality Inn, Williamsburg  
Wedmore Place, Williamsburg  
Proposed Holiday Inn, Wytheville

**WASHINGTON**

Proposed Hotel, Shelton

**WEST VIRGINIA**

Hampton Inn, Barboursville  
Econo Lodge, Martinsburg  
Microtel Inn and Suites by Wyndham,  
Triadelphia

**WISCONSIN**

Proposed Lifestyle Hotel, Brookfield  
Proposed Hotel Cameron, Cameron  
Proposed Hotel, Fond du Lac  
Retlaw Plaza Hotel Fond Du Lac, Fond  
Du Lac  
Proposed Hotel Green Bay, Green Bay  
Proposed Curio Kenosha, Kenosha  
Proposed Embassy Suites Even,  
Madison  
Proposed Hotel, Madison  
Proposed Hotel Menasha, Menasha  
Fairfield Inn & Suites by Marriott  
Milwaukee Downtown, Milwaukee  
Hampton Inn, Milwaukee  
Hampton Inn Downtown, Milwaukee  
Hilton Garden Inn Milwaukee  
Downtown, Milwaukee

Hilton Garden Inn Milwaukee Park  
Place, Milwaukee  
Proposed Holiday Inn Express,  
Milwaukee  
Proposed Hotel, Milwaukee  
Proposed SpringHill Suites by  
Marriott, Milwaukee  
Proposed Tempo by Hilton, Milwaukee  
SpringHill Suites Milwaukee  
Downtown, Milwaukee  
Proposed Hotel, Mount Pleasant  
Proposed Hotel, Oak Creek  
Four Seasons Island Resort, Pembine  
Proposed Fairfield Inn & Suites,  
Pleasant Prairie  
Radisson, Pleasant Prairie  
Delta by Marriott (Conversion), Racine  
Proposed Boutique Hotel Racine,  
Racine  
Proposed Hyatt Place Racine, Racine  
Racine Architect Hotel & Conference  
Center, Racine  
Proposed Dual-Choice Hotel,  
Sturtevant  
Proposed Hyatt Place, Verona  
Proposed Upscale Hotel, Waukegan  
Proposed Renaissance, Wauwatosa  
Proposed SpringHill Suites,  
Wauwatosa  
Great Wolf Lodge, Wisconsin Dells  
Wilderness Hotel & Resort, Wisconsin  
Dells

**WEST VIRGINIA**

Proposed Grand Patrician Resort,  
Milton

**INTERNATIONAL**

**Mexico**

Elan Resort & Spa, Cancun