



MARKET STUDY

Proposed Hotel & Conference Center

DOWNTOWN
CASPER, WYOMING

SUBMITTED TO:

Ms. Brook Kaufman
Visit Casper (Casper Area Convention & Visitors
Bureau)
139 West 2nd Street, Suite 1B
Casper, Wyoming 82601

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PREPARED BY:

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May 30, 2018

Ms. Brook Kaufman
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Re: Proposed Hotel & Conference Center
Casper, Wyoming
HVS Reference: 2018020014, 2018250002

Dear Ms. Kaufman:

Pursuant to your request, we herewith submit our market study pertaining to the above-captioned proposed property. We have researched the lodging and conference center supply in the local and regional market, and analyzed the hotel market conditions in the Casper, Wyoming area. We have also recommended a facility program for the proposed subject property based on market demands and the offerings of comparable facilities. We have studied the proposed project, and the results of our fieldwork, research, email surveys, and analyses are presented in this report. While no specific subject site is part of this scope, our findings are based on the assumption that the subject property would be located proximate to the downtown area.

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

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1. Executive Summary

Subject of the Market Study

For the purposes of this market study, we have assumed that the subject site would be located proximate to Downtown Casper, Wyoming and be of a sufficient size to accommodate the recommended subject improvements. The Proposed Hotel & Conference Center is positioned to operate in the upscale brand class and feature 220 rooms and 19,800 square feet of meeting space, as well as additional prefunction space. The subject property, which is expected to open on January 1, 2020 for the purposes of this analysis, is recommended to feature a restaurant/café, a lobby bar, a rooftop lounge, an indoor swimming pool, a fitness room, lobby workstations, a market pantry, and an outdoor courtyard seating area with a fire pit. The hotel and conference center should also contain the appropriate parking capacity (surface and/or garage) and all necessary back-of-the-house space. The subject site's location is in downtown Casper, Wyoming.

DOWNTOWN CASPER, WYOMING



Pertinent Dates

The effective date of the report is May 30, 2018, following an STR update to the original draft report that was requested on May 7, 2018. A new STR Trend Report with data through April 2018 was incorporated in the May 30, 2018 report. The subject market was inspected by Bethany Cronk, MAI, MBA on February 12, 2018.

Ownership, Franchise, and Management Assumptions

In addition to the inspection, Bethany Cronk, MAI, MBA participated in the research and analysis for this assignment and generated the findings. Catherine Sarrett, MBA participated in the research and analysis and generated the findings and did not personally inspect the market.

No specific subject site or developer for the Proposed Hotel & Conference Center development have been assumed in this analysis.

Details pertaining to management terms were not yet determined at the time of this report; therefore, our forecast fees represent a blended average of what would be expected on a base- and incentive-fee basis. We have assumed a market-appropriate total management fee of 3.5% of total revenues in our study.

The market study projections are based on the assumption that the proposed subject hotel will operate under a lodging franchise agreement and will be subject to franchise fees. We recommend that the proposed subject hotel operate as an upscale, full-service property with a strong brand reputation in the meeting and group market. While we have placed heavy consideration on the DoubleTree by Hilton, Crowne Plaza Hotels & Resorts by IHG (InterContinental Hotels Group), and Radisson Hotel (Radisson Hotel Group) brands, a specific franchise affiliation and/or brand has yet to be finalized. Based on our review of a range of published lodging franchise terms, the upscale brand class is reflected in our blended franchise forecasts with a royalty fee of 5% of rooms revenue, and a marketing assessment of 2% of rooms revenue.

Summary of Hotel Market Trends

Following the last U.S. economic downturn, RevPAR for this set of local hotels reached the \$57.00 mark in 2012 and grew to a high of nearly \$68.00 in 2014. Growth during this period was driven largely by increased activity related to the oil and gas sector and its notable beneficial effect on the local economy. Following this upturn, the market's significant reduction in oil and gas activity diminished the economic pace and contributed to lodging RevPAR declines between 2015 and 2017. The opening of new hotels also contributed to the suppressed lodging performance of the competitive set. While the lodging market experienced a major downturn during this period, year-end 2017 data illustrate an easing of this declining trend. Monthly data for 2017 illustrate that nearly every month incurred a year-over-year ADR increase, while occupancy posted year-over-year gains commencing in October. During 2017, the oil and gas sector reportedly shifted from a state of contraction to one of expansion. We also note that local hotels benefited from heightened demand generated from demand related to the solar eclipse in August 2017, which mainly buoyed ADR due to compression. Overall, these occupancy and average rate trends resulted in a composite RevPAR level of nearly \$47.00 in 2017, which reflected a roughly \$1.00 decrease compared to 2016. During the historical period shown, while 2017 RevPAR performance significantly lagged

the 2014 high by nearly \$20.00, 2017 ADR of just above the \$95.00 mark was on par with the high posted in 2015. This is notable ADR performance, albeit somewhat influenced by the solar eclipse, which highlights the demand shortfall that has predominantly impacted this market between April 2015 and September 2017.

Year-to-date lodging trend data for 2018 is through April, the latest period published by STR as of the time of our updated research. Year-over-year trends through the month of April illustrate a notable 5.6% increase in lodging demand resulting in a nearly three-point occupancy gain. This competitive set also illustrated an approximately \$0.50 decrease in ADR and an increase in RevPAR of over \$2.00, through April 2018 versus the same period in 2017. Reflecting a continuation of the positive occupancy trends that commenced in October 2017, monthly lodging performance for 2018 illustrate year-over-year increases in occupancy for the months of January, February, and April, with March posting flat occupancy compared to the same month in 2017. Similarly, monthly average rate gains continued the positive 2017 trend, with February, March, and April 2018 illustrating modest year-over-year gains compared to 2017; January 2018 ADR was nearly \$3.00 lower than January 2017, however. Overall, this competitive set exhibited increasing strength in occupancy and rates through April 2018, while the market absorbed new higher-rated hotel rooms from the October 2016 opening of the Residence Inn by Marriott.

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

FIGURE 1-1 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2008	1,289	470,409	—	312,671	—	66.5 %	\$81.71	—	\$54.31	—
2009	1,510	551,150	17.2 %	282,659	(9.6) %	51.3	83.60	2.3 %	42.87	(21.1) %
2010	1,510	551,150	0.0	305,417	8.1	55.4	80.46	(3.8)	44.58	4.0
2011	1,510	551,150	0.0	344,181	12.7	62.4	80.21	(0.3)	50.09	12.3
2012	1,510	550,997	(0.0)	389,215	13.1	70.6	81.04	1.0	57.25	14.3
2013	1,522	555,434	0.8	381,960	(1.9)	68.8	85.26	5.2	58.63	2.4
2014	1,524	556,260	0.1	406,047	6.3	73.0	92.69	8.7	67.66	15.4
2015	1,524	556,260	0.0	357,879	(11.9)	64.3	95.79	3.3	61.63	(8.9)
2016	1,549	565,368	1.6	301,622	(15.7)	53.3	89.79	(6.3)	47.90	(22.3)
2017	1,623	592,395	4.8	290,378	(3.7)	49.0	95.20	6.0	46.67	(2.6)
Year-to-Date Through April										
2017	1,623	194,760	—	82,887	—	42.6 %	\$90.87	—	\$38.67	—
2018	1,611	193,320	(0.7) %	87,516	5.6 %	45.3	90.38	(0.5) %	40.91	5.8 %

Average Annual Compounded Change:

2008 - 2014	2.8 %	4.5 %	2.1 %	3.7 %
2015 - 2017	3.2	(9.9)	(0.3)	(13.0)
2008 - 2017	2.6	(0.8)	1.7	(1.7)

Hotels Included in Sample	Class	Anticipated Competitive Status	Number of Rooms	Year Affiliated	Year Opened
Ramada Plaza Casper Hotel & Conference Center	Midscale Class	Primary	200	Apr 2008	Mar 1965
Parkway Plaza Hotel	Economy Class	Primary	289	Jun 1966	Jun 1966
Ramkota Hotel	Economy Class	Primary	230	Apr 2015	Jun 1977
Quality Inn & Suites Casper	Midscale Class	Secondary	92	May 2003	Jun 1983
La Quinta Inns & Suites Casper	Midscale Class	Secondary	120	Dec 2008	Jun 1984
Comfort Inn Evansville Casper	Upper Midscale Class	Secondary	57	Jun 2014	Jun 2003
Holiday Inn Express Casper I 25	Upper Midscale Class	Secondary	84	Mar 2004	Mar 2004
Courtyard Casper	Upscale Class	Primary	100	Oct 2007	Oct 2007
Hilton Garden Inn Casper	Upscale Class	Primary	121	Jul 2008	Jul 2008
Holiday Inn Casper East McMurray Park	Upper Midscale Class	Primary	119	Aug 2008	Aug 2008
Hampton Inn Suites Casper	Upper Midscale Class	Secondary	100	Dec 2008	Dec 2008
Residence Inn Casper	Upscale Class	Secondary	99	Oct 2016	Oct 2016
Total			1,611		

Source: STR

Summary of Forecast Occupancy and Average Rate

The following tables reflect our estimates of operating data for local 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 2015				Estimated 2016				Estimated 2017					
		Meeting and Group	Commercial	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Parkway Plaza Casper Resort, Spa & Convention	289	50 %	20 %	30 %	289	50 - 55 %	\$55 - \$60	\$30 - \$35	289	35 - 40 %	\$55 - \$60	\$20 - \$25	289	20 - 25 %	\$65 - \$70	\$10 - \$15	40 - 45 %	30 - 35 %
Ramada Plaza Riverside Hotel & Convention Center Casper	200	40	40	20	200	50 - 55	80 - 85	40 - 45	200	40 - 45	75 - 80	30 - 35	200	40 - 45	85 - 90	35 - 40	85 - 90	75 - 80
Ramkota Hotel	230	40	40	20	230	65 - 70	75 - 80	50 - 55	230	50 - 55	70 - 75	40 - 45	230	55 - 60	70 - 75	40 - 45	120 - 130	95 - 100
Hilton Garden Inn Casper	121	40	40	20	121	75 - 80	130 - 140	100 - 105	121	65 - 70	115 - 120	80 - 85	121	65 - 70	120 - 125	80 - 85	130 - 140	170 - 180
Hampton Inn & Suites Casper	100	20	40	40	100	70 - 75	130 - 140	95 - 100	100	65 - 70	115 - 120	80 - 85	100	65 - 70	115 - 120	80 - 85	140 - 150	170 - 180
Courtyard by Marriott Casper	100	20	40	40	100	60 - 65	125 - 130	80 - 85	100	50 - 55	110 - 115	60 - 65	100	45 - 50	105 - 110	50 - 55	100 - 110	110 - 120
Holiday Inn Casper East McMurphy Park	119	30	40	30	119	60 - 65	115 - 120	75 - 80	119	50 - 55	100 - 105	50 - 55	119	50 - 55	100 - 105	50 - 55	110 - 120	110 - 120
Sub-Totals/Averages	1,159	36 %	38 %	27 %	1,159	63 %	\$94.77	\$59.51	1,159	50.9 %	\$89.50	\$45.52	1,159	47.1 %	\$94.01	\$44.24	96.9 %	96.4 %
Secondary Competitors	452	17 %	51 %	32 %	162	69 %	\$96.96	\$66.90	172	60.6 %	\$88.91	\$53.85	202	57.1 %	\$96.68	\$55.22	117.6 %	120.4 %
Totals/Averages	1,611	32 %	40 %	28 %	1,321	64 %	\$95.07	\$60.42	1,331	52.1 %	\$89.41	\$46.60	1,361	48.5 %	\$94.47	\$45.87	100.0 %	100.0 %
* 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	Weighted Annual Room Count	Estimated 2015			Weighted Annual Room Count	Estimated 2016			Weighted Annual Room Count	Estimated 2017		
		Meeting and Group	Commercial	Leisure			Occ.	Average Rate	RevPAR		Occ.	Average Rate	RevPAR		Occ.	Average Rate	RevPAR
La Quinta Inn	120	30 %	30 %	40 %	50 %	60	65 - 70 %	\$75 - \$80	\$50 - \$55	60	60 - 65 %	\$70 - \$75	\$40 - \$45	60	45 - 50 %	\$65 - \$70	\$30 - \$35
Quality Inn & Suites	92	10	70	20	50	46	65 - 70	90 - 95	60 - 65	46	55 - 60	85 - 90	50 - 55	46	55 - 60	90 - 95	50 - 55
Residence Inn by Marriott	99	20	60	20	40	—	Hotel not open		—	10	15 - 20	105 - 110	20 - 25	40	50 - 55	120 - 125	65 - 70
Holiday Inn Express	84	10	60	30	40	34	65 - 70	130 - 140	90 - 95	34	65 - 70	120 - 125	80 - 85	34	65 - 70	120 - 125	80 - 85
Comfort Inn	57	10	30	60	40	23	70 - 75	95 - 100	65 - 70	23	65 - 70	80 - 85	55 - 60	23	65 - 70	90 - 95	60 - 65
Totals/Averages	452	17 %	51 %	32 %	45 %	162	69.0 %	\$96.96	\$66.90	172	60.6 %	\$88.91	\$53.85	202	57.1 %	\$96.68	\$55.22
* 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 69% and a base-year rate position of \$123.00 for the proposed subject hotel. Following the application of future growth, the positioned ADR equates to approximately \$141.00, on a deflated-stabilized basis. This rate reflects the property's expected premium for a state-of-the-art hotel & conference center. The following table illustrates a summary of our market-wide and proposed subject hotel occupancy and average rate projections.

FIGURE 1-4 MARKET AND SUBJECT PROPERTY AVERAGE RATE FORECAST

Calendar Year	2017	2018	2019	2020	2021	2022
Market ADR	\$94.47	\$100.14	\$108.15	\$112.48	\$115.85	\$119.33
Projected Market ADR Growth Rate	—	6.0%	8.0%	4.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)	\$123.00	\$130.38	\$140.81	\$149.26	\$156.72	\$161.42
ADR Growth Rate	—	6.0%	8.0%	6.0%	5.0%	3.0%
Proposed Subject Stabilized ADR Penetration	130%	130%	130%	133%	135%	135%
Fiscal Year				2020	2021	2022
Proposed Subject Property Average Rate				\$149.26	\$156.72	\$161.42
Opening Discount				5.0%	0.0%	0.0%
Average Rate After Discount				\$141.80	\$156.72	\$161.42
Real Average Rate Growth				—	10.5%	3.0%
Market ADR				\$112.48	\$115.85	\$119.33
Proposed Subject ADR Penetration (After Discount)				126%	135%	135%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate				\$131.03	\$140.61	\$140.61

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

	2020 (Calendar Year)				2021				Stabilized				2023				2024			
Number of Rooms:	220				220				220				220				220			
Occupancy:	57%				64%				69%				69%				69%			
Average Rate:	\$141.80				\$156.72				\$161.42				\$166.27				\$171.25			
RevPAR:	\$80.82				\$100.30				\$111.38				\$114.72				\$118.17			
Days Open:	365				365				365				365				365			
Occupied Rooms:	45,771	%Gross	PAR	POR	51,392	%Gross	PAR	POR	55,407	%Gross	PAR	POR	55,407	%Gross	PAR	POR	55,407	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$6,490	75.6 %	\$29,500	\$141.79	\$8,054	76.7 %	\$36,609	\$156.72	\$8,944	74.9 %	\$40,655	\$161.42	\$9,212	74.9 %	\$41,873	\$166.26	\$9,489	74.9 %	\$43,132	\$171.26
Food & Beverage	1,564	18.2	7,110	34.17	1,752	16.7	7,964	34.09	1,908	16.0	8,674	34.44	1,966	16.0	8,934	35.47	2,025	16.0	9,202	36.54
Conference Center	447	5.2	2,031	9.76	600	5.7	2,730	11.68	987	8.3	4,487	17.82	1,017	8.3	4,622	18.35	1,047	8.3	4,761	18.90
Miscellaneous Income	85	1.0	387	1.86	91	0.9	412	1.76	95	0.8	434	1.72	98	0.8	447	1.77	101	0.8	460	1.83
Total Operating Revenues	8,586	100.0	39,029	187.59	10,497	100.0	47,714	204.26	11,935	100.0	54,250	215.40	12,293	100.0	55,876	221.86	12,662	100.0	57,555	228.53
DEPARTMENTAL EXPENSES *																				
Rooms	1,804	27.8	8,201	39.42	1,939	24.1	8,815	37.74	2,057	23.0	9,351	37.13	2,119	23.0	9,631	38.24	2,182	23.0	9,920	39.39
Food & Beverage	1,101	70.4	5,003	24.04	1,175	67.1	5,340	22.86	1,240	65.0	5,638	22.39	1,278	65.0	5,807	23.06	1,316	65.0	5,982	23.75
Conference Center	420	94.0	1,911	9.18	465	77.4	2,112	9.04	565	57.2	2,567	10.19	582	57.2	2,644	10.50	599	57.2	2,723	10.81
Total Expenses	3,325	38.7	15,114	72.65	3,579	34.1	16,267	69.64	3,862	32.4	17,555	69.71	3,978	32.4	18,082	71.80	4,097	32.4	18,625	73.95
DEPARTMENTAL INCOME	5,261	61.3	23,915	114.95	6,918	65.9	31,447	134.62	8,073	67.6	36,694	145.70	8,315	67.6	37,794	150.06	8,565	67.6	38,930	154.58
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	874	10.2	3,971	19.08	934	8.9	4,245	18.17	985	8.3	4,477	17.78	1,015	8.3	4,612	18.31	1,045	8.3	4,750	18.86
Info & Telecom Systems	134	1.6	611	2.94	144	1.4	653	2.80	152	1.3	689	2.74	156	1.3	709	2.82	161	1.3	731	2.90
Marketing	840	9.8	3,818	18.35	898	8.6	4,081	17.47	947	7.9	4,305	17.09	976	7.9	4,434	17.61	1,005	7.9	4,567	18.14
Franchise Fee	454	5.3	2,065	9.93	564	5.4	2,563	10.97	626	5.2	2,846	11.30	645	5.2	2,931	11.64	664	5.2	3,019	11.99
Prop. Operations & Maint.	323	3.8	1,466	7.05	388	3.7	1,763	7.55	455	3.8	2,066	8.21	468	3.8	2,128	8.45	482	3.8	2,192	8.70
Utilities	392	4.6	1,782	8.56	419	4.0	1,905	8.15	442	3.7	2,009	7.98	455	3.7	2,069	8.22	469	3.7	2,131	8.46
Total Expenses	3,017	35.3	13,712	65.91	3,346	32.0	15,210	65.11	3,606	30.2	16,393	65.09	3,715	30.2	16,884	67.04	3,826	30.2	17,391	69.05
GROSS HOUSE PROFIT	2,245	26.0	10,203	49.04	3,572	33.9	16,237	69.51	4,466	37.4	20,301	80.61	4,600	37.4	20,909	83.02	4,739	37.4	21,539	85.52
Management Fee	301	3.5	1,366	6.57	367	3.5	1,670	7.15	418	3.5	1,899	7.54	430	3.5	1,956	7.77	443	3.5	2,014	8.00
INCOME BEFORE NON-OPR. INC. & EXP.	1,944	22.5	8,837	42.47	3,205	30.4	14,567	62.36	4,049	33.9	18,403	73.07	4,170	33.9	18,954	75.26	4,295	33.9	19,525	77.52
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	34	0.4	154	0.74	146	1.4	664	2.84	150	1.3	684	2.71	155	1.3	704	2.80	160	1.3	725	2.88
Insurance	65	0.8	298	1.43	67	0.6	307	1.31	69	0.6	316	1.25	72	0.6	325	1.29	74	0.6	335	1.33
Reserve for Replacement	172	2.0	781	3.75	315	3.0	1,431	6.13	477	4.0	2,170	8.62	492	4.0	2,235	8.87	506	4.0	2,302	9.14
Total Expenses	271	3.2	1,232	5.92	528	5.0	2,402	10.28	697	5.9	3,169	12.58	718	5.9	3,264	12.96	740	5.9	3,362	13.35
EBITDA LESS RESERVE	\$1,673	19.3 %	\$7,605	\$36.55	\$2,676	25.4 %	\$12,165	\$52.08	\$3,351	28.0 %	\$15,233	\$60.49	\$3,452	28.0 %	\$15,689	\$62.30	\$3,556	28.0 %	\$16,162	\$64.17

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

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

	2020		2021		2022		2023		2024		2025		2026		2027		2028		2029	
Number of Rooms:	220		220		220		220		220		220		220		220		220		220	
Occupied Rooms:	45,771		51,392		55,407		55,407		55,407		55,407		55,407		55,407		55,407		55,407	
Occupancy:	57%		64%		69%		69%		69%		69%		69%		69%		69%		69%	
Average Rate:	\$141.80	% of	\$156.72	% of	\$161.42	% of	\$166.27	% of	\$171.25	% of	\$176.39	% of	\$181.68	% of	\$187.13	% of	\$192.75	% of	\$198.53	% of
RevPAR:	\$80.82	Gross	\$100.30	Gross	\$111.38	Gross	\$114.72	Gross	\$118.17	Gross	\$121.71	Gross	\$125.36	Gross	\$129.12	Gross	\$133.00	Gross	\$136.99	Gross
OPERATING REVENUE																				
Rooms	\$6,490	75.6 %	\$8,054	76.7 %	\$8,944	74.9 %	\$9,212	74.9 %	\$9,489	74.9 %	\$9,773	74.9 %	\$10,067	74.9 %	\$10,369	74.9 %	\$10,680	74.9 %	\$11,000	74.9 %
Food & Beverage	1,564	18.2	1,752	16.7	1,908	16.0	1,966	16.0	2,025	16.0	2,085	16.0	2,148	16.0	2,212	16.0	2,279	16.0	2,347	16.0
Conference Center	447	5.2	600	5.7	987	8.3	1,017	8.3	1,047	8.3	1,079	8.3	1,111	8.3	1,144	8.3	1,179	8.3	1,214	8.3
Miscellaneous Income	85	1.0	91	0.9	95	0.8	98	0.8	101	0.8	104	0.8	107	0.8	111	0.8	114	0.8	117	0.8
Total Operating Revenues	8,586	100.0	10,497	100.0	11,935	100.0	12,233	100.0	12,662	100.0	13,041	100.0	13,433	100.0	13,836	100.0	14,251	100.0	14,678	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	1,804	27.8	1,939	24.1	2,057	23.0	2,119	23.0	2,182	23.0	2,248	23.0	2,315	23.0	2,385	23.0	2,456	23.0	2,530	23.0
Food & Beverage	1,101	70.4	1,175	67.1	1,240	65.0	1,278	65.0	1,316	65.0	1,355	65.0	1,396	65.0	1,438	65.0	1,481	65.0	1,526	65.0
Conference Center	420	94.0	465	77.4	565	57.2	582	57.2	599	57.2	617	57.2	636	57.2	655	57.2	674	57.2	695	57.2
Total Expenses	3,325	38.7	3,579	34.1	3,862	32.4	3,978	32.4	4,097	32.4	4,220	32.4	4,347	32.4	4,477	32.4	4,612	32.4	4,750	32.4
DEPARTMENTAL INCOME	5,261	61.3	6,918	65.9	8,073	67.6	8,315	67.6	8,565	67.6	8,821	67.6	9,086	67.6	9,359	67.6	9,640	67.6	9,928	67.6
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	874	10.2	934	8.9	985	8.3	1,015	8.3	1,045	8.3	1,076	8.3	1,109	8.3	1,142	8.3	1,176	8.3	1,211	8.3
Info & Telecom Systems	134	1.6	144	1.4	152	1.3	156	1.3	161	1.3	166	1.3	171	1.3	176	1.3	181	1.3	186	1.3
Marketing	840	9.8	898	8.6	947	7.9	976	7.9	1,005	7.9	1,035	7.9	1,066	7.9	1,098	7.9	1,131	7.9	1,165	7.9
Franchise Fee	454	5.3	564	5.4	626	5.2	645	5.2	664	5.2	684	5.2	705	5.2	726	5.2	748	5.2	770	5.2
Prop. Operations & Maint.	323	3.8	388	3.7	455	3.8	468	3.8	482	3.8	497	3.8	512	3.8	527	3.8	543	3.8	559	3.8
Utilities	392	4.6	419	4.0	442	3.7	455	3.7	469	3.7	483	3.7	497	3.7	512	3.7	528	3.7	544	3.7
Total Expenses	3,017	35.3	3,346	32.0	3,606	30.2	3,715	30.2	3,826	30.2	3,941	30.2	4,059	30.2	4,181	30.2	4,306	30.2	4,435	30.2
GROSS HOUSE PROFIT	2,245	26.0	3,572	33.9	4,466	37.4	4,600	37.4	4,739	37.4	4,880	37.4	5,027	37.4	5,178	37.4	5,333	37.4	5,493	37.4
Management Fee	301	3.5	367	3.5	418	3.5	430	3.5	443	3.5	456	3.5	470	3.5	484	3.5	499	3.5	514	3.5
INCOME BEFORE NON-OPR. INC. & EXP.	1,944	22.5	3,205	30.4	4,049	33.9	4,170	33.9	4,295	33.9	4,424	33.9	4,557	33.9	4,694	33.9	4,835	33.9	4,979	33.9
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	34	0.4	146	1.4	150	1.3	155	1.3	160	1.3	164	1.3	169	1.3	174	1.3	180	1.3	185	1.3
Insurance	65	0.8	67	0.6	69	0.6	72	0.6	74	0.6	76	0.6	78	0.6	81	0.6	83	0.6	85	0.6
Reserve for Replacement	172	2.0	315	3.0	477	4.0	492	4.0	506	4.0	522	4.0	537	4.0	553	4.0	570	4.0	587	4.0
Total Expenses	271	3.2	528	5.0	697	5.9	718	5.9	740	5.9	762	5.9	785	5.9	808	5.9	833	5.9	858	5.9
EBITDA LESS RESERVE	\$1,673	19.3 %	\$2,676	25.4 %	\$3,351	28.0 %	\$3,452	28.0 %	\$3,556	28.0 %	\$3,662	28.0 %	\$3,772	28.0 %	\$3,885	28.0 %	\$4,002	28.0 %	\$4,122	28.0 %

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

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*,¹ *Hotels, Motels and Restaurants: Valuations and Market Studies*,² *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,³ *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,⁴ and *Hotels and Motels – Valuations and Market Studies*.⁵

1. All information was collected and analyzed by the staff of TS Worldwide, LLC and HVS Convention, Sports & Entertainment Facilities Consulting. Information was supplied by the client, meeting planner and hotel survey respondents, as well as other sources of research.
2. No specific subject site has been assumed for this analysis. We assume that an ultimately selected site would be located proximate to Downtown Casper and offer appropriate physical utility for the future operation of a hotel and conference center, as well as access, visibility, and other relevant factors.
3. The subject property's proposed improvements are expected to meet appropriate standards for 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 hostelry-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,

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

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

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

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

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

average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.

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 average rate 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 subject property.

2. Description of the 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.

While a site for the proposed subject property has not been selected, several sites have been considered for development of a hotel & conference center in the past. The ultimately selected subject site is expected to be located proximate to Downtown Casper, the Casper Event Center, the David Street Station, and the municipal golf course.

Topography and Site Utility

The site for a Proposed Hotel & Conference Center is expected to feature topography and a shape that permit efficient use of the site for building and site improvements, including ingress and egress. Favorable views of the Casper Mountains and potentially of the Casper Municipal Golf Course are recommended from the subject site to enhance the guest perception and experience of a destination Hotel & Conference Center. Optimal site utility is expected to be attained upon completion of construction, including favorable access to parking. We do not expect that the selected site would 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 & Conference Center.

AERIAL PHOTOGRAPH



Access and Visibility

It is important for a hotel site to feature a favorable location relative to regional and local transportation routes and demand generators, as well as ease of access. The subject site should be readily accessible to a variety of local and county roads, as well as state and interstate highways.

MAP OF REGIONAL ACCESS ROUTES



Primary regional access through the area is provided by north/south Interstate 25, which extends to such cities as Billings, Montana to the north and Denver, Colorado to the south. East/west Interstate 80 is another major highway, which provides access to such cities as Cheyenne to the east and Salt Lake City, Utah to the west. The subject market is served by a variety of additional local highways, which are illustrated on the neighborhood map.

Primary vehicular access to Downtown Casper is provided by Interstate 25/U.S. Highway 87, most directly from the 188A and 188B Exits. Major access is also available from Yellowstone Highway and Poplar Street. Downtown Casper is located along the North Platte River. The subject site is expected to be located proximate to and visible from downtown's attractions and supporting amenities, such as dining, shopping, and recreation venues. The Proposed Hotel & Conference Center is anticipated to have adequate signage at the street, as well as on its façade. Overall, the subject site should benefit from very good accessibility to/from area

thoroughfares, and the proposed hotel should feature good visibility from within its local neighborhood.

Airport Access

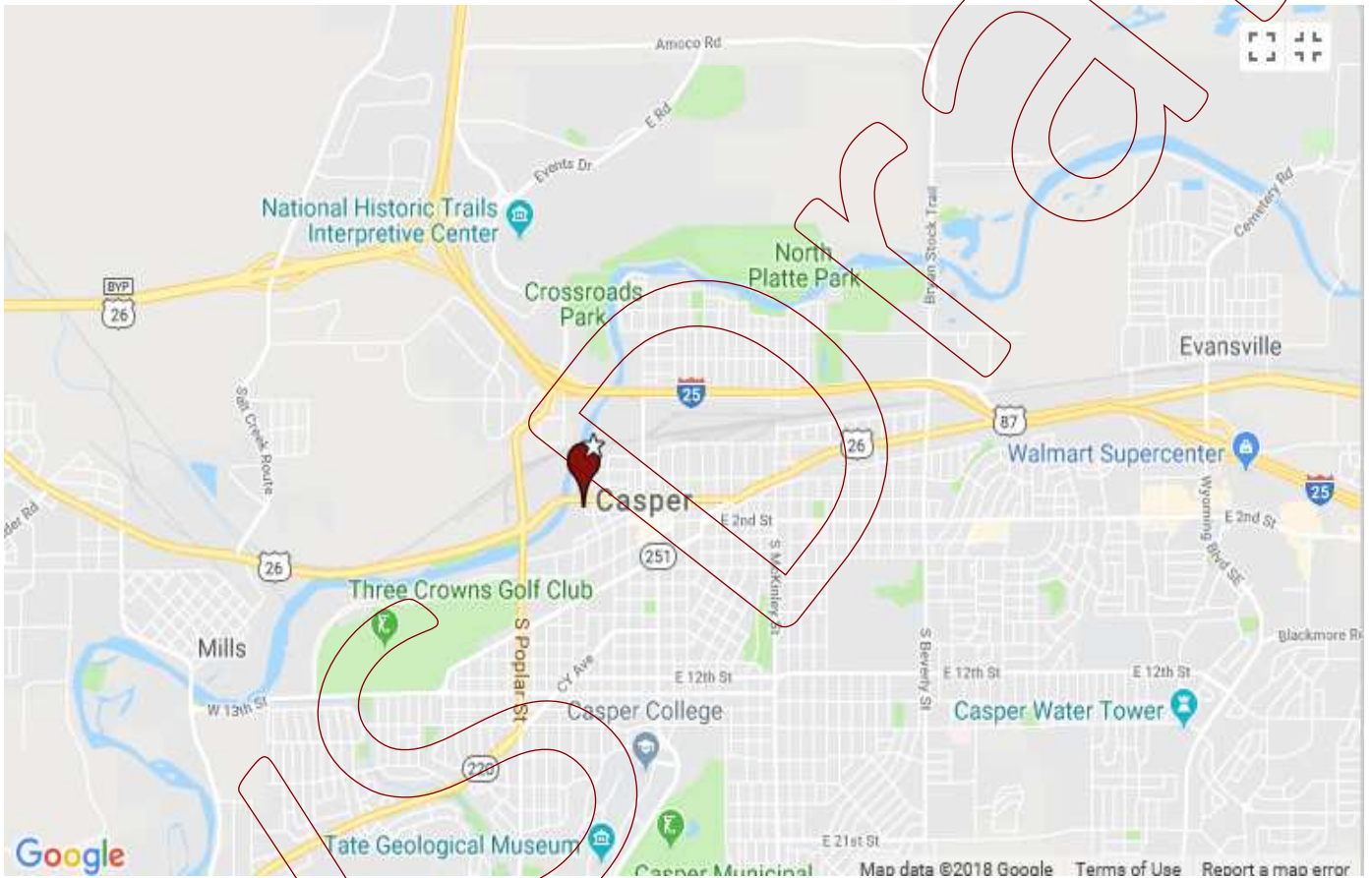
The proposed subject hotel will be served by the Casper-Natrona County International Airport, which is located approximately nine miles to the northeast of the Downtown Casper.

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.

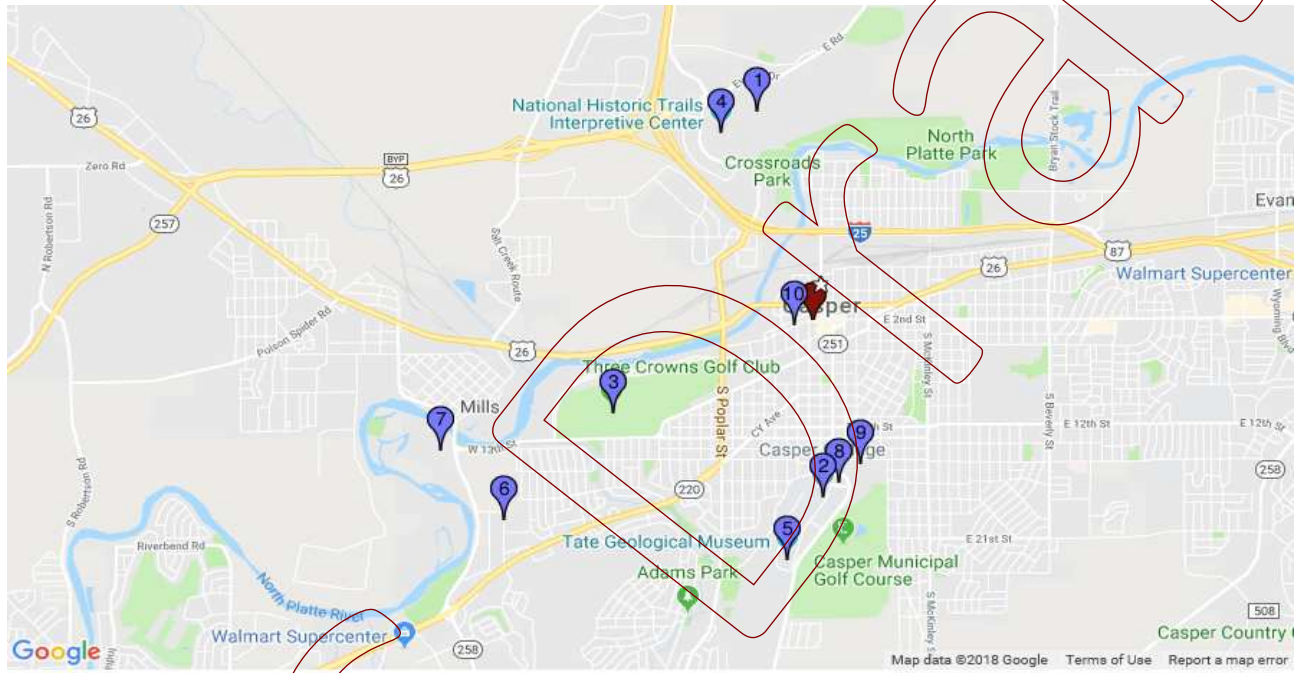
The neighborhood surrounding downtown Casper is generally defined by Events Drive to the north, Salt Creek Highway and Wyoming Boulevard to the west, Collins Drive to the south, and McKinley Street to the east. The neighborhood is characterized by commercial, industrial, and residential uses; the North Platte River, Interstate 25, the Casper Municipal Golf Course, and Burlington Northern Santa Fe Railroad are prominent land uses in the area. Approximately four to six trains pass through Casper daily carrying mixed freight, including crude oil. The neighborhood's commercial uses include restaurants, retail stores, entertainment venues, service stations, and hotels along the primary thoroughfares, with residential areas located along the secondary roadways. Government buildings, an extensive trail system, parks, and sports venues are located throughout the area. Some specific businesses and entities in the area include the Casper Events Center, the National Historic Trails Interpretive Center, the Casper Municipal Golf Course, the David Street Station, Mike Lansing Field, Natrona County Public Library, and Fox Movie Palace; nearby hotels include Parkway Plaza, Ramada Plaza, Ramkota Hotel, Hilton Garden Inn, Hampton Inn & Suites, La Quinta Inn, Days Inn, and Quality Inn & Suites. Restaurants located in the neighborhood include Branding Iron, Racca's, Don Juan Mexican Restaurant, Sherrie's Place, McDonald's, Charlie T's Pizzeria, Subway, Eggington's, Frontier Brewing and Tap Room, and La Cocina. In general, this neighborhood is in the stable stage of its life cycle with some areas of redevelopment noted.

MAP OF NEIGHBORHOOD



**Proximity to Local
Demand Generators
and Attractions**

ACCESS TO DEMAND GENERATORS AND ATTRACTIONS



Demand Generator	Approx. Driving Time from Subject Property
Subject Property	
Casper Events Center	10 minutes
Casper College	7 minutes
Three Crowns Golf Club	4 minutes
National Historic Trails Interpretive Center	6 minutes
Tate Geological Museum	7 minutes
Casper Fairgrounds	8 minutes
Fort Casper Museum	7 minutes
Goodstein Visual Arts Building	5 minutes
Werner Wildlife Museum	5 minutes
David Street Station	right there

Conclusion

In general, the selected site for the Proposed Hotel & Conference Center should be well suited for future hotel use, with acceptable access, visibility, views, and topography for an effective operation.

3. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding Downtown Casper 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 Casper, the county of Natrona, and the state of Wyoming. Casper is the second-largest city in Wyoming (behind Cheyenne, the state capital), and its location relative to surrounding municipalities makes Casper a center of banking and commerce for the region. Known as "The Oil City", Casper's history of oil boomtown and cowboy culture date to the development of the nearby Salt Creek Oil Field. Casper became the regional petroleum industry center following the discovery of crude oil during the 1890s, and oil has figured prominently throughout the city's history. Sinclair Oil Corporation currently operates a refinery in the adjoining town of Evansville. Oil, deposits of natural gas, coal, uranium, and other resources, as well as multiple wind farms near Casper, resulted in the region's status as an important center for the energy industry from 2012 through 2014. However, activity in the oil and gas industry tapered off between 2014 and mid-2017, resulting in decreased employment, residents relocating from the city, and weakening economic conditions. A moderate recovery has been underway in the U.S. oil and gas industry since mid-2017. As of the first quarter of 2018, positive trends have been reported in investments in drilling equipment, drilling activity, and oil prices per barrel. According to the state's Economic Analysis Division, the oil and gas industry is expected to commence more significant investment in drilling and operations should oil prices remain above the \$60-per-barrel threshold for the first half of 2018.

Wyoming produces more than 40% of the nation's coal, which contributes more than \$1 billion annually to the state's budget. A number of Wyoming's coal mines are located in the region's Powder River Basin. The decline in the coal industry has

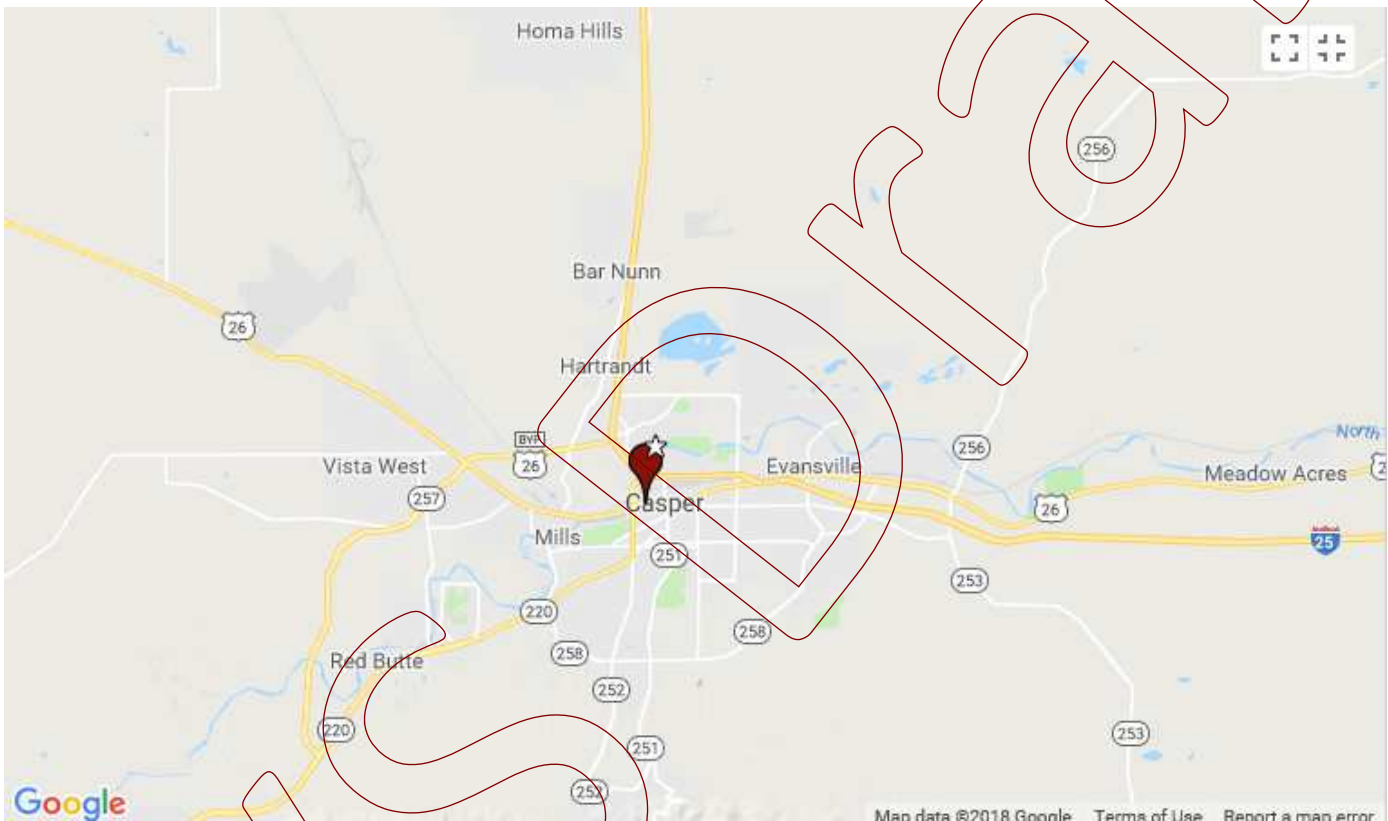
yet to stabilize since the decrease in demand that commenced in 2009 and was followed by a precipitous decline in 2014; uncertainty remains regarding expectations for the coal mining industry. Furthermore, healthcare facilities such as Wyoming Medical Center and Mountain View Regional Hospital support the greater Casper economy. Other industries that contribute to the area's economy include retail, government, and manufacturing.

CASPER



The subject property's market area can be defined by its Metropolitan Statistical Area (MSA): Casper, WY MSA. The MSA is the most standard definition used in comparative studies of metropolitan areas. The federal government defines an MSA as a large population nucleus, which, together with adjacent counties, has a higher degree of social integration. 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.

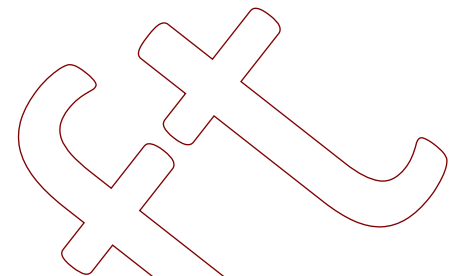
These data are summarized in the following table.

FIGURE 3-1 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

	2000	2010	2017	2020	Average Annual Compounded Change		
					2000-10	2010-17	2017-20
Resident Population (Thousands)							
Natrona County	66.6	75.5	84.2	86.9	1.3 %	1.6 %	1.1 %
Casper, WY MSA	66.6	75.5	84.2	86.9	1.3	1.6	1.1
State of Wyoming	494.3	564.4	604.3	625.5	1.3	1.0	1.2
United States	282,162.4	309,347.1	327,505.1	336,690.4	0.9	0.8	0.9
Per-Capita Personal Income*							
Natrona County	\$38,404	\$47,979	\$56,917	\$58,969	2.3	2.5	1.2
Casper, WY MSA	38,404	47,979	56,917	58,969	2.3	2.5	1.2
State of Wyoming	34,836	44,120	52,238	54,430	2.4	2.4	1.4
United States	36,812	39,622	44,290	46,375	0.7	1.6	1.5
W&P Wealth Index							
Natrona County	106.4	121.0	131.6	130.4	1.3	1.2	(0.3)
Casper, WY MSA	106.4	121.0	131.6	130.4	1.3	1.2	(0.3)
State of Wyoming	100.7	116.1	124.3	123.9	1.4	1.0	(0.1)
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Food and Beverage Sales (Millions)*							
Natrona County	\$89	\$128	\$168	\$177	3.7	3.9	1.8
Casper, WY MSA	89	128	168	177	3.7	3.9	1.8
State of Wyoming	664	811	1,064	1,131	2.0	4.0	2.1
United States	368,829	447,728	571,731	602,635	2.0	3.6	1.8
Total Retail Sales (Millions)*							
Natrona County	\$1,060	\$1,411	\$1,739	\$1,830	2.9	3.0	1.7
Casper, WY MSA	1,060	1,411	1,739	1,830	2.9	3.0	1.7
State of Wyoming	7,261	9,157	10,837	11,460	2.3	2.4	1.9
United States	3,902,830	4,130,414	4,932,756	5,181,433	0.6	2.6	1.7

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.



The U.S. population has grown at an average annual compounded rate of 0.8% from 2010 through 2017. The county's population has grown at a quicker pace than the nation's population; the average annual growth rate of 1.6% between 2010 and 2017 reflects a gradually expanding area. Following this population trend, per-capita personal income increased modestly, at 2.5% on average annually for the county between 2010 and 2017. Local wealth indexes have remained stable in recent years, registering a relatively high 131.6 level for the county in 2017.

Food and beverage sales totaled \$168 million in the county in 2017, versus \$128 million in 2010. This reflects a 3.9% average annual change, which is stronger than the 3.7% pace recorded in the prior decade, the latter years of which were adversely affected by the recession. Over the long term, the pace of growth is forecast to moderate to a more sustainable level of 1.8%, which is forecast through 2020. The retail sales sector demonstrated an annual increase of 2.9% registered in the decade 2000 to 2010, followed by an increase of 3.0% in the period 2010 to 2017. An increase of 1.7% average annual change is expected in county retail sales through 2020.

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 2000, 2010, and 2017, as well as a forecast for 2020.

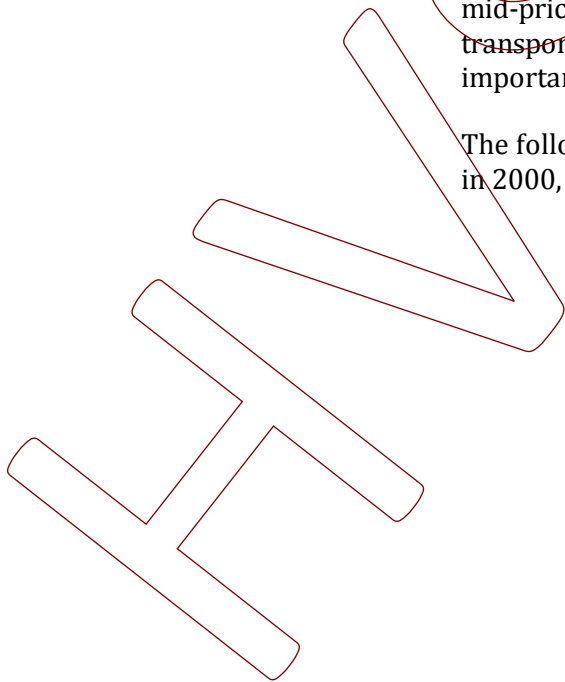


FIGURE 3-2 HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Industry	2000		2010		2017		2020		Average Annual Compounded Change		
									2000- 2010	2010- 2017	2017- 2020
Farm	0.5	1.2 %	0.5	0.9 %	0.5	0.8 %	0.5	0.8 %	(0.8) %	0.7 %	0.5 %
Forestry, Fishing, Related Activities And Other	0.1	0.3	0.2	0.3	0.2	0.4	0.2	0.4	4.0	4.4	1.0
Mining	3.1	7.1	4.9	9.5	6.8	11.2	6.9	10.9	4.8	4.7	0.4
Utilities	0.1	0.3	0.1	0.2	0.2	0.3	0.2	0.3	(1.2)	3.7	1.3
Construction	2.8	6.4	3.8	7.4	5.2	8.6	5.7	8.9	3.3	4.6	2.8
Manufacturing	1.7	4.0	1.8	3.5	2.1	3.5	2.1	3.3	0.4	2.3	0.3
Total Trade	8.0	18.4	8.5	16.4	9.9	16.2	10.3	16.2	0.7	2.1	1.4
Wholesale Trade	2.4	5.5	2.6	5.0	3.3	5.4	3.3	5.2	0.9	3.4	0.6
Retail Trade	5.6	13.0	6.0	11.5	6.6	10.8	7.0	11.0	0.6	1.5	1.8
Transportation And Warehousing	1.5	3.5	1.3	2.5	1.7	2.9	1.7	2.7	(1.5)	4.0	0.0
Information	0.6	1.5	0.6	1.1	0.5	0.9	0.6	0.9	(0.8)	(1.2)	1.1
Finance And Insurance	1.6	3.6	2.3	4.3	2.5	4.1	2.7	4.2	3.6	1.5	2.2
Real Estate And Rental And Lease	1.7	3.9	2.4	4.6	2.7	4.5	2.9	4.6	3.6	2.1	2.0
Total Services	15.8	36.4	19.3	37.1	21.9	36.0	23.0	36.2	2.0	1.8	1.7
Professional And Technical Services	2.0	4.6	2.5	4.7	2.7	4.4	2.8	4.4	2.1	1.2	1.1
Management Of Companies And Enterprises	0.0	0.1	0.2	0.4	0.3	0.4	0.3	0.4	18.0	2.7	1.9
Administrative And Waste Services	2.3	5.3	2.2	4.2	2.4	3.9	2.5	3.9	(0.6)	1.3	1.5
Educational Services	0.3	0.6	0.4	0.8	0.4	0.6	0.4	0.6	4.2	(0.9)	1.8
Health Care And Social Assistance	4.9	11.3	6.5	12.5	7.2	11.8	7.6	11.9	2.9	1.4	2.1
Arts, Entertainment, And Recreation	0.7	1.7	0.9	1.7	1.1	1.7	1.1	1.7	1.7	2.8	1.6
Accommodation And Food Services	3.0	6.8	3.8	7.3	4.7	7.7	5.0	7.9	2.5	3.2	2.3
Other Services, Except Public Administration	2.6	6.0	2.9	5.6	3.3	5.4	3.4	5.3	1.1	1.8	1.1
Total Government	5.8	13.4	6.3	12.1	6.5	10.7	6.8	10.7	0.8	0.6	1.4
Federal Civilian Government	0.7	1.7	0.8	1.5	0.6	1.1	0.7	1.0	0.7	(2.4)	0.4
Federal Military	0.4	0.9	0.4	0.8	0.4	0.7	0.4	0.7	1.3	(0.1)	0.1
State And Local Government	4.7	10.8	5.1	9.8	5.4	9.0	5.7	9.0	0.8	1.0	1.6
TOTAL	43.3	100.0 %	52.0	100.0 %	60.8	100.0 %	63.6	100.0 %	1.8 %	2.3 %	1.5 %
MSA	43.3	—	52.0	—	60.8	—	63.6	—	1.8 %	2.3 %	1.5 %
U.S.	165,370.9	—	173,034.7	—	194,801.7	—	203,418.4	—	1.0	1.7	1.5

Source: Woods & Poole Economics, Inc.

Unemployment Statistics

Woods & Poole Economics, Inc. reports that during the period from 2000 to 2010, total employment in the county grew at an average annual rate of 1.8%. This trend was on par with the growth rate recorded by the MSA and also outpaced the national average. More recently, the pace of total employment growth in the county accelerated to 2.3% on an annual average from 2010 to 2017, reflecting the initial years of the recovery.

Of the primary employment sectors, total services recorded the highest increase in number of employees during the period from 2010 to 2017, increasing by 2,599 people, or 13.5%, and rising from 37.1% to 36.0% of total employment. Of the various service sub-sectors, health care and social assistance and accommodation and food services were the largest employers. Strong growth was also recorded in the mining sector, as well as the construction sector, which expanded by notable levels of 37.9% and 35.5%, respectively, in the period 2010 to 2017. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 1.5% on average annually through 2020. The trend is above the forecast rate of change for the U.S. as a whole during the same period.

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

FIGURE 3-3 UNEMPLOYMENT STATISTICS

Year	City	MSA	State	U.S.
2008	2.7 %	2.8 %	3.1 %	5.8 %
2009	5.7	6.6	6.3	9.3
2010	6.2(r)	7.0(r)	6.4	9.6
2011	5.3(r)	6.1(r)	5.8	8.9
2012	4.5(r)	5.1(r)	5.3	8.1
2013	4.0(r)	4.5(r)	4.7(d)	7.4
2014	3.6(r)	4.0(r)	4.1(d)	6.2
2015	4.8(r)	4.9(r)	4.3(d)	5.3
2016	6.8(r)	7.1(r)	5.3(d)	4.9
2017	5.2(r)	5.3(r)	4.2(d)	4.4
<i>Recent Month - Mar</i>				
2017	6.0 %	6.0 %	4.9 %	4.5 %
2018	4.6	4.7	4.2	4.1

* Letters shown next to data points (if any) reflect revised population controls and/or model re-estimation implemented by the BLS.

Source: U.S. Bureau of Labor Statistics

Current U.S. unemployment levels are now firmly below the annual averages of the last economic cycle peak of 2006 and 2007, when annual averages were 4.6%. National unemployment registered 4.1% each month during the first quarter of 2018, as well as the last quarter of 2017, roughly six points below the October 2009 peak of 10.0%. In April 2018, the rate fell further to 3.9%. Total nonfarm payroll employment increased by 324,000, 135,000, and 164,000 jobs in February, March, and April of 2018, respectively. Gains in April occurred in the professional and business services, manufacturing, health care, and mining sectors. Unemployment has remained under the 5.0% mark since May 2016, reflecting a trend of relative stability and the overall strength of the U.S. economy.

Locally, the City of Casper unemployment rate was 5.2(r)% in 2017. The city's most recent month's unemployment rate in 2018 was 4.6%, versus 6.0% for the same month in 2017. Unemployment rose in 2008 as the region entered an economic slowdown, and this trend continued in 2009 and 2010 as the height of the national recession took hold. However, despite a rise in unemployment during this period, city, MSA, and state unemployment remained far below national levels due to a strong agricultural sector and new industrial operations focused on mining and refining natural resources. Unemployment declined in 2011 as the economy rebounded, a trend that continued through 2014. However, the slowdown of the oil and gas industry resulted in regional layoffs, and the unemployment rate increased in 2015 and 2016. We note that numerous unemployed residents moved out of the city and MSA during the period negatively affected by oil and gas sector conditions. As reported by Wyoming Labor Force Trends (March 2018), 2015 and 2016 experienced record lows in new mining-related business formation. Nonetheless, the number of Wyoming unemployment insurance claims declined by nearly 27% year-over-year through January 2018. In late 2017, businesses related to the oil and gas industry experienced a demand resurgence that has continued in 2018. The most recent comparative period illustrates marked improvement, indicated by the lower unemployment rate in the latest available data for 2018. The city and MSA unemployment levels have decreased in 2018 to levels closer to those illustrated by the state and nation. As anticipated by the State of Wyoming's Economic Analysis Division, should oil prices sustain current levels in 2018, further expansions the industry are expected, which should increase employment in the market area.

Major Business and Industry

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

FIGURE 3-4 MAJOR EMPLOYERS

Rank	Firm	Number of Employees
1	Wyoming Medical Center	1,540
2	Walmart Supercenter	400
3	Wyoming Machinery	350
4	Mountain View Regional Hospital	220
5	Westech Wotco	220
6	Parkway Plaza Hotel & Convention	193
7	Casper Star-Tribute	171
8	Eighty-Eight Oil LLC	165
9	Poplar Living Center	154
10	Halliburton Sperry Drilling	140

Source: Casper Area Economic Development Alliance, 2016

While historically dependent on the oil and natural gas sector, the Casper area economic base is gradually becoming more diverse, with a modest shift occurring toward the healthcare, retail sectors, as well as the manufacturing and telecommunications industries. Wyoming Medical Center, the primary economic anchor for the market, has increased its personnel over the last several years and opened a new \$42-million tower in 2014. Furthermore, the 52,000-square-foot, \$40-million Summit Medical Center opened in 2015 in eastern Casper. The David Street station, a public, outdoor gathering venue opened in August 2017 in Downtown Casper. Additionally, Dura-Line, a telecommunication infrastructure company, completed its expansion in Casper in August 2017 and reportedly added approximately 50 jobs. Diversification of the economy, as well as the addition of the David Street Station and area retail supportive of the hotel industry, should buoy lodging demand.

The decline in the oil and gas industry significantly stifled the local economy in recent years, resulting in decreased population levels. Nonetheless, a recovery in the oil and gas industry that commenced in mid 2017 bodes well for the region's economy. According to our research, oil prices per barrel reached highs in the \$90 range between 2011 and 2014, while prices dropped to the \$40 range in 2015 and 2016. A moderate recovery has been underway in the U.S. oil and gas industry since mid-2017. Positive trends have been reported in investments in drilling equipment, drilling activity, and oil prices per barrel. As a result, oil prices increased in 2017 and 2018. While not recouping pre-downturn levels, oil prices reached the \$50 range in 2017 and the mid-\$60 range during the first few months of 2018. According to experts in the energy sector, the level of recovery for the sector's sub-industries

is still not certain and they are also impacted by world events; however, trends over the last year have been positive. Reportedly, new initiatives and reduced government regulation that commenced in 2017 have stimulated this upward trend in prices and market confidence. We note that the recovery pace of the oil and gas industry in this region is unknown, therefore, our forecasts are cautiously optimistic.

Convention Activity

A convention center or event center may serve as a gauge of visitation trends to a particular market. Convention centers also generate significant levels of demand for area hotels and serve as a focal point for community activity. Typically, hotels within the closest proximity to a convention center—up to three miles away—will benefit the most. Hotels serving as headquarters for an event benefit the most by way of premium rates and hosting related banquet events. During the largest of conventions, peripheral hotels may benefit from compression within the city as a whole. Event centers attract demand to an area; however, these facilities typically contribute room night demand to a lesser degree than a convention center.

The Casper Events Center hosts such annual trade shows and conventions as the Home and Garden Show, the Bridal Extravaganza, the Wyoming Hunting and Fishing Expo, and the College National Finals Rodeo. The facility features an 8,400-seat venue, along with a 24,000-square-foot arena floor and 6,800 square feet of meeting and banquet space. The “horseshoe” end of the arena is geared toward for general sessions and large meetings, while the opposite end of the arena can accommodate large functions and banquets. The facility offers five meeting rooms, which can be arranged in a classroom-style or theater-style presentation set-up. The main arena floor can accommodate over 150 exhibition booths. The arena received a new seating area in 2013 and the addition of an ice floor in 2014.

CASPER EVENT CENTER



The following table illustrates recent use statistics for this facility.

FIGURE 3-5 CASPER EVENT CENTER STATISTICS

Year	Event Days	Percent Change	Attendance	Percent Change
2007	238	—	249,986	—
2008	210	(11.8) %	244,449	(2.2) %
2009	178	(15.2)	227,376	(7.0)
2010	165	(7.3)	228,809	0.6
2011	184	11.5	240,921	5.3
2012	186	1.1	213,913	(11.2)
2013	170	(8.6)	192,942	(9.8)
2014	152	(10.6)	177,599	(8.0)
2015	188	23.7	202,798	14.2
2016	156	(17.0)	176,766	(12.8)
2017	134	(14.1)	174,873	(1.1)

Source: Casper Events Center

At its peak, the Casper Events Center facility historically hosted over 200 events per year, however, the number of events decreased during the last U.S. recession and again during the oil and gas decline. Between these periods of significant declines, the Center's activity intermittently and strongly rebounded. 2015 incurred the most recent surge in the number of events at nearly 24% growth, with related attendance increasing that year at approximately 14%. Nonetheless, the Casper Event Center's annual performance illustrated declines in number of events and attendance in 2016 and 2017. The following table illustrates the number of events and related attendance, as measured by turn-style counts, since 2007.

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.

Casper/Natrona County International Airport is located nine miles west of Downtown Casper. Airport facilities include two primary air-carrier runways and two general aviation runways, as well as banquet, conference, and meeting rooms. Air carriers serving the airport include Delta Air Lines and United Airlines, with flight service to/from Salt Lake City and Denver.

The following table illustrates the latest operating statistics available for the Natrona County International Airport, which is the primary airport facility serving the proposed subject hotel's submarket.

FIGURE 3-6 AIRPORT STATISTICS - NATRONA COUNTY INTERNATIONAL AIRPORT

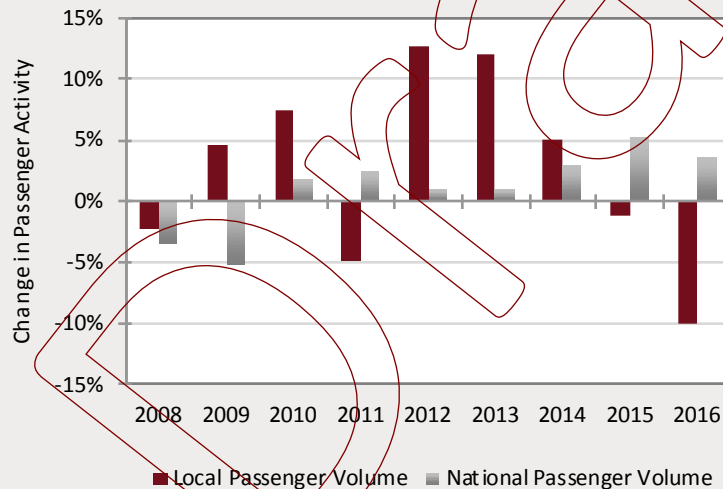
Year	Passenger Traffic	Percent Change*	Percent Change**
2007	151,398	—	—
2008	147,926	(2.3) %	(2.3) %
2009	154,572	4.5	1.0
2010	166,255	7.6	3.2
2011	158,074	(4.9)	1.1
2012	178,230	12.8	3.3
2013	199,853	12.1	4.7
2014	209,845	5.0	4.8
2015	207,408	(1.2)	4.0
2016	186,873	(9.9)	2.4
<i>Year-to-date, May</i>			
2016	73,666	—	—
2017	74,818	1.6 %	—

*Annual average compounded percentage change from the previous year

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

Source: Natrona County International Airport

FIGURE 3-7 LOCAL PASSENGER TRAFFIC VS. NATIONAL TREND



Source: HVS, Local Airport Authority

This facility recorded 186,873 passengers in 2016. The change in passenger traffic between 2015 and 2016 was -9.9%. The average annual change during the period shown was 2.4%. Year-to-date 2017 passenger traffic increased by 1.6%.

Tourist Attractions

The subject market benefits from a modest number of tourist and leisure attractions. The peak season for tourism in this area is from May to September when motorists are passing through the state en route to the national parks in western Wyoming or other attractions. Primary attractions in the area include the following.

- The Casper Events Center hosts a variety of events ranging from monster truck shows and tractor pulls to orchestral performances and Broadway musicals. The center is also home to the Wyoming Cavalry professional indoor football league.
- The David Street Station is an open-air, event venue that opened in Downtown Casper in mid 2017. The facility is open to the public and caters to events such as concerts, festivals, and shows.
- National Historic Trails Interpretive Center features historical information and exhibits related to western history.

- Casper College hosts numerous athletic, rodeo, and special events throughout the year. Located in Casper, the campus is located on more than 200 acres, and the college offers 140 career programs. The Werner Wildlife Museum is located on the campus.
- A variety of museums and art galleries celebrate the history and culture of the area. These include the Salt Creek Museum, whose exhibits cover the Salt Creek oilfields, their workers and families from 1889 to present; the Tate Geological Museum, which houses a collection of over 3000 fossil and mineral specimens; and the Goodstein Visual Arts Gallery, which features the work of regional and national professional artists.
- The week-long Central Wyoming Fair and Rodeo is held at the Casper fairgrounds each July. Festivities include a carnival, a demolition derby, and several animal shows.
- The natural areas and state and national parks surrounding Casper provide opportunities for fishing, hunting, skiing, rafting, and various other forms of outdoor recreation.

DAVID STREET STATION



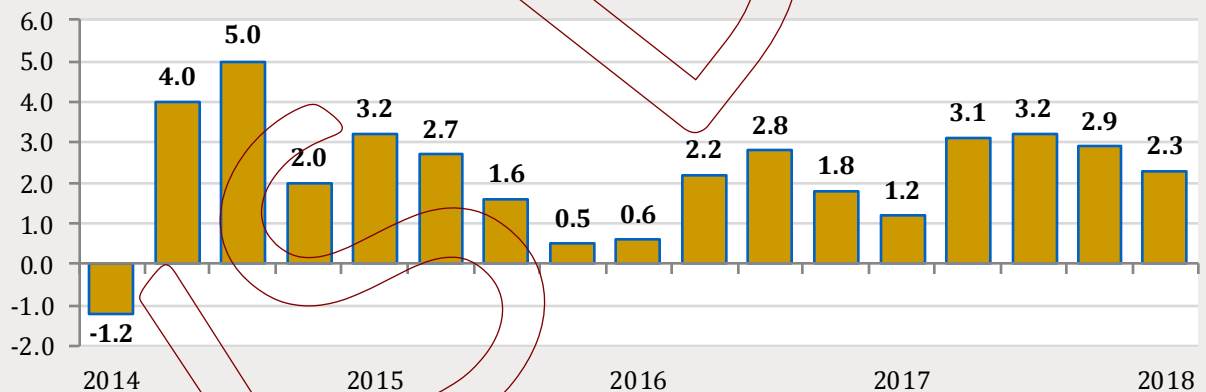
Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area. The City of Casper benefits from its central location within the state, regional highway access, and proximity to natural areas and parks. The area's economy was in a state of contraction during the last few years owing to the decline in the oil and gas sector and decreased area employment. Furthermore, the area's coal mining industry has not recovered from the significant demand declines that occurred in recent years. Nonetheless, since mid 2017, increasing oil prices have supported a resurgence in this sector in terms of investments in equipment and drilling operations. Should oil prices continue this positive trend, further strengthening of the state's economy is expected. Furthermore, the healthcare and manufacturing entities serve as opportunities for employment, and commercial growth continues in the greater area. Downtown development projects including David Street Station, new retail establishments, and revitalization of older buildings are positive indicators for economic growth. The lodging industry benefits from several tourism attractions and events held in the area. These factors are expected to enhance the underlying strength of the market's economy. Given that the resurgence in the oil and gas sector commenced within the last several months, the

outlook for the market area is considered cautiously optimistic; however, the continued diversification in the economy, as well as expected improvements within the oil and gas sector, could support long-term stability.

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy expanded during the last three years, with a relatively low point in growth occurring during the fourth quarter of 2015 and the first quarter of 2016, as well as the first quarter of 2017. Most recently, the U.S. economy expanded by 2.9% and 2.3% in the fourth quarter of 2017 and first quarter of 2018, respectively. The recent growth reflected strong nonresidential fixed investments, personal consumption expenditures (PCE), exports, private inventory investments, federal government spending, and state and local government spending.

FIGURE 3-8 UNITED STATES GDP GROWTH RATE



Source: tradingeconomics.com, Bureau of Economic Analysis

U.S. economic growth continues to support expansion of lodging demand. In 2017, demand growth through November registered 2.7%, stronger than the 1.6% level recorded in 2016. The economic growth, low unemployment, higher levels of personal income, and stability in the U.S. economy as of mid-year 2018 is helping to maintain strong interest in hotel investments by a diverse array of market participants.

4. Conference Center Study

HVS conducted a market study for conference facilities at the proposed hotel in Casper. As a part of this analysis, HVS performed the following tasks.

1. Analyzed existing meeting infrastructure in Casper,
2. Compiled data on 34 competitive and comparable hotel conference centers and stand-alone convention centers in Wyoming and neighboring states to inform and test the reasonableness of the building program recommendations,
3. Conducted a web-based survey of meeting and event planners to understand their event needs, their overall impressions of Casper, and the likelihood of booking events at the proposed facility, and
4. Recommended a facility program plan for the proposed conference center,
5. Prepared a forecast of event demand, attendance and room night generation for the proposed conference center

Existing Meeting and Event Infrastructure

The Casper Event Center is the primary meeting and conference venue in the market. Opened in 1982, the Casper Event Center is owned by the City of Casper and managed by Spectra Venue Management. Primarily a sports and entertainment venue with 8,400 seats, the Casper Event Center also houses approximately 6,800 square feet of banquet and meeting space. A 24,000 square foot arena floor is available for exhibitions, banquets, and other group uses. Other local hotels and stand-alone banquet halls make up the remainder of the market's supply. The following figure provides a summary of meeting and banquet spaces in the local market.

FIGURE 4-1 LOCAL MEETING INFRASTRUCTURE

Conference & Banquet Venues	Function Space (SF)	Guest Rooms
With Lodging		
Parkway Plaza Hotel & Convention Center	22,884	289
Ramkota Hotel & Conference Center	11,037	230
Ramada Plaza Casper Hotel	6,608	200
Courtyard Casper	1,250	100
Hilton Garden Inn Casper	3,070	121
Without Lodging		
Central Wyoming Fairgrounds Arena	40,700	
Casper Event Center	30,900	
Central Wyoming Fairgrounds Industrial Bldg	18,800	
WCA Regional Training Center	8,140	
Wolcott Galleria	7,300	
Central Wyoming Fairgrounds Hall of Champ.	4,000	
Casper College-Gateway Building	3,500	
The Haven	2,000	
Performance/Sports Venues		Seating Capacity
Casper Event Center		8,395
Central Wyoming Fairgrounds Arena		2,100
Sources: Respective Venues		

Few local hotels offer large amounts of ballroom and meeting space. Other than the Parkway Plaza Hotel and the Ramkota Hotel, local hotels cannot support large conference and banquet events. Banquet halls, such as the Wolcott Galleria offer large function spaces, but do not provide the breakout meeting spaces and flexibility necessary for conferences. The WCA Regional Training Center and Casper College offer multiple meeting and classroom spaces and are suitable for training sessions. Without attached lodging, larger venues such as the Casper Event Center are not as desirable for conferences and meetings that require significant overnights stays.

Comparable Venues

An analysis of competitive and comparable venues provides a basis for forecasts of building program recommendations and event demand. The analysis compares the meeting function spaces in each of the facilities and adjacent hotel capacities. HVS analyzed ten hotels and stand-alone conference centers in the state that would compete with the proposed conference center for group meeting business. We also analyzed 24 regionally competitive hotel conference centers and stand-alone venues that would compete for events on a regional level.

The following figure presents these properties and the total number function space available in each.

FIGURE 4-2 COMPETITIVE AND COMPARABLE PROPERTIES

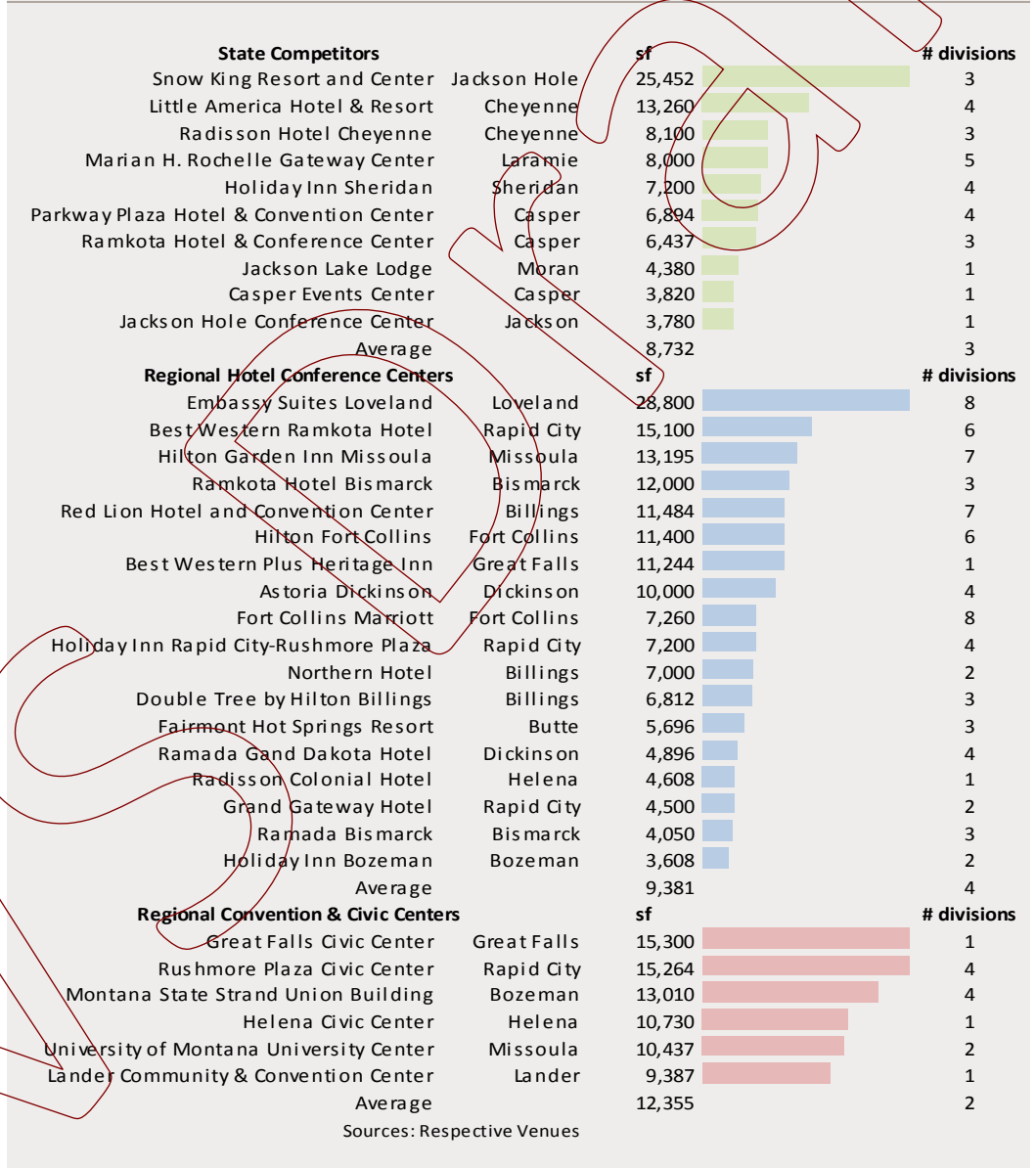
Name of Venue	Location	Total Function Space
State Competitors		
Snow King Resort and Center	Jackson Hole, WY	31,780
Casper Events Center	Casper, WY	30,896
Little America Hotel & Resort	Cheyenne, WY	25,989
Parkway Plaza Hotel & Convention Center	Casper, WY	22,884
Radisson Hotel Cheyenne	Cheyenne, WY	19,116
Jackson Lake Lodge	Moran, WY	15,351
Ramkota Hotel & Conference Center	Casper, WY	11,037
Marian H. Rochelle Gateway Center	Laramie, WY	10,000
Holiday Inn Sheridan	Sheridan, WY	8,945
Jackson Hole Conference Center	Jackson, WY	7,937
Regional Hotel Conference Centers		
Embassy Suites Loveland	Loveland, CO	41,011
Best Western Ramkota Hotel	Rapid City, SD	36,894
Red Lion Hotel and Convention Center	Billings, MT	21,898
Ramkota Hotel Bismarck	Bismarck, ND	19,990
Hilton Fort Collins	Fort Collins, CO	18,392
Best Western Plus Heritage Inn	Great Falls, MT	18,308
Double Tree by Hilton Billings	Billings, MT	15,782
Hilton Garden Inn Missoula	Missoula, MT	15,581
Fairmont Hot Springs Resort	Butte, MT	14,310
Fort Collins Marriott	Fort Collins, CO	13,808
Radisson Colonial Hotel	Helena, MT	13,536
Astoria Dickinson	Dickinson, ND	13,000
Northern Hotel	Billings, MT	11,500
Holiday Inn Rapid City-Rushmore Plaza	Rapid City, SD	10,992
Ramada Gand Dakota Hotel	Dickinson, ND	8,590
Ramada Bismarck	Bismarck, ND	8,322
Grand Gateway Hotel	Rapid City, SD	7,500
Holiday Inn Bozeman	Bozeman, MT	6,398
Regional Convention & Civic Centers		
Rushmore Plaza Civic Center	Rapid City, SD	89,755
Great Falls Civic Center	Great Falls, MT	23,938
Montana State Strand Union Building	Bozeman, MT	17,858
University of Montana University Center	Missoula, MT	17,670
Lander Community & Convention Center	Lander, WY	10,887
Helena Civic Center	Helena, MT	10,730

Sources: Respective Venues

Ballroom Space Assessment

Each of the properties above offers meeting and conference space for a variety of group event types, including small conventions, conferences, meetings, weddings, and other social events. An analysis of the sizes and capacities of the various components of the properties help inform recommendations for the appropriate conference and event space for the proposed conference center in Casper.

Banquet space is important for conference centers as facility operators attempt to grow food service revenues at their facilities and event planners seek a higher level of service for their attendees. In addition to social events (such as weddings and fundraisers) that host banquets, other types of events, such as conferences, typically require food services in a ballroom setting. Consequently, the size of the ballroom can determine a venue's event size capacity. Whether the ballroom is divisible bears on its ability to host simultaneous events that require banquet space. The figure below compares the available banquet space in the comparable properties.

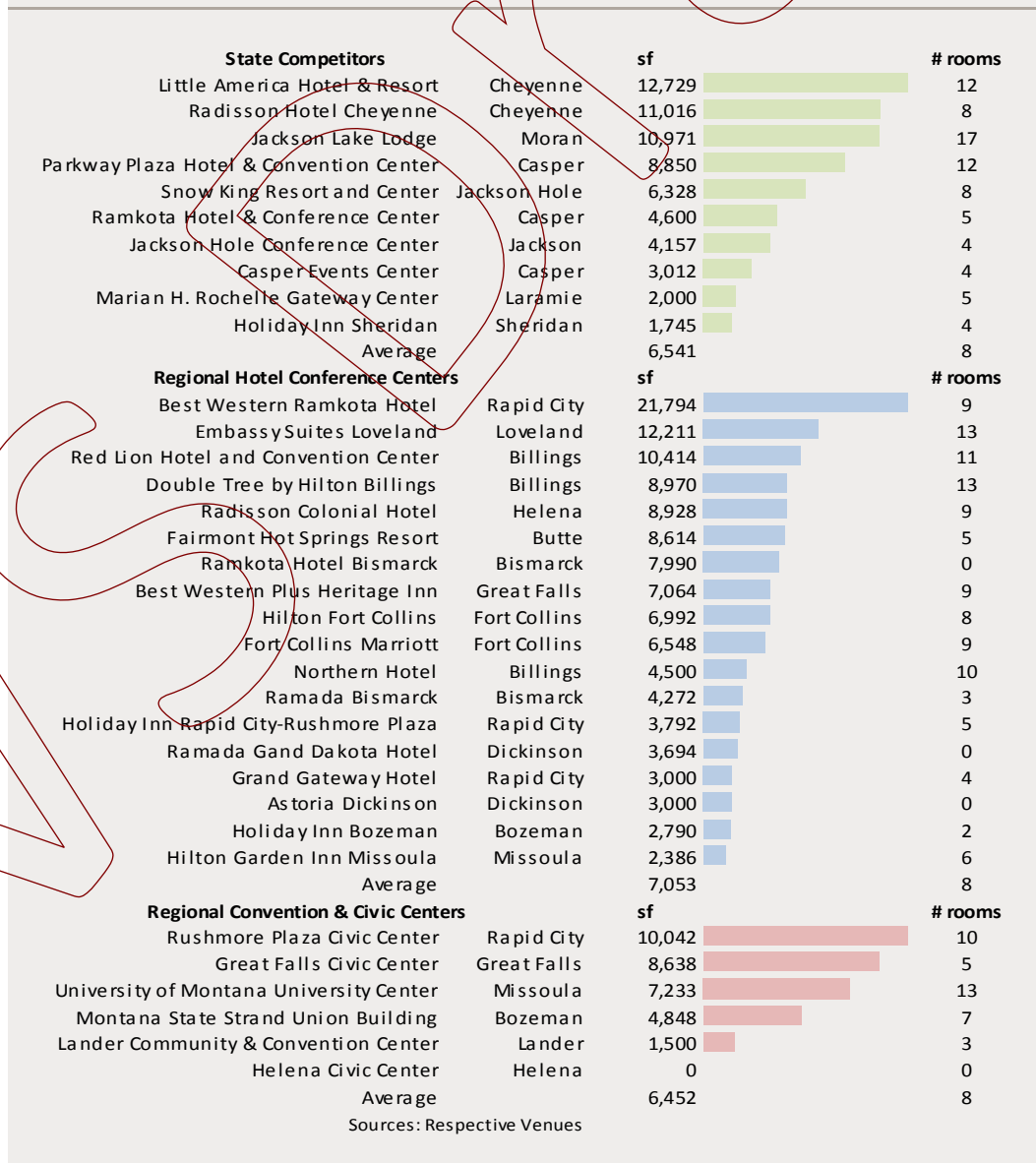
FIGURE 4-3 BALLROOM SPACE IN COMPARABLE PROPERTIES

All the comparable properties have at least one ballroom which typically divides into several smaller spaces. Many offer multiple ballroom options and can accommodate simultaneous events. Ballroom sizes vary with an average size between 9,000 and 12,000 square feet. Divisibility of ballroom spaces allow for room flexibility and the ability to use ballrooms as breakout meeting space.

Meeting/Break-out Room Assessment

Meeting rooms can accommodate sub-groups as they break out of larger general sessions at conventions and conferences. Additionally, these smaller rooms can accommodate self-contained meetings, training sessions, seminars, classes, and a variety of small meeting functions. The optimum amount of meeting space can vary depending on a facility's target market. The following figure presents a comparison of available meeting space in the comparable properties.

FIGURE 4-4 MEETING SPACE IN COMPARABLE PROPERTIES



Adjacent Hotel Capacity

Most facilities offer multiple breakout meeting rooms of various sizes. On average, the comparable properties contain around 7,000 square feet of meeting space.

The quality and proximity of hotel supply represents one of the most important selection factors for facility users in recent years. To attract out-of-town groups, an adequate supply of nearby hotel rooms should support the lodging needs of delegates, exhibitors, and other attendees. Event planners consider proximity and connectivity as critical factors when evaluating the overall hotel packages available in competing communities. Generally, the number of rooms offered at hotels adjacent or connected to a conference center is the key point of comparison. Other important factors include hotel brands, service levels, building ages, management, ease of access, and available meeting and banquet spaces in these hotels.

The figure below compares the number adjacent hotel rooms in the comparable venues and the ratio of meeting function space per guest room. In the figure, we only consider those venues with adjacent or attached lodging.

FIGURE 4-5 ADJACENT HOTEL ROOMS IN COMPARABLE VENUES

Name of Venue	Total Function Space (SF)	Number of Hotel Rooms	Function Space per Room (SF)
State Competitors			
Snow King Resort and Center	31,780	204	156
Little America Hotel & Resort	25,989	188	138
Parkway Plaza Hotel & Convention Center	22,884	289	79
Radisson Hotel Cheyenne	19,116	245	78
Jackson Hole Conference Center	7,937	154	52
Ramkota Hotel & Conference Center	11,037	230	48
Holiday Inn Sheridan	8,945	213	42
Jackson Lake Lodge	15,351	385	40
Average	17,880	239	79
Regional Hotel Conference Centers			
Embassy Suites Loveland	120,000	305	393
Embassy Suites Loveland Hotel Conference Center & Spa	41,011	263	156
Best Western Ramkota Hotel	36,894	267	138
Ramkota Hotel Bismarck	21,898	236	93
Hilton Fort Collins	18,392	255	72
Best Western Plus Heritage Inn	18,308	231	79
Double Tree by Hilton Billings	15,782	289	55
Hilton Garden Inn Missoula	15,581	146	107
Fairmont Hot Springs Resort	14,310	153	94
Fort Collins Marriott	13,808	229	60
Radisson Colonial Hotel	13,536	149	91
Astoria Dickinson	13,000	170	76
Northern Hotel	11,500	160	72
Holiday Inn Rapid City-Rushmore Plaza	10,992	205	54
Ramada Gand Dakota Hotel	8,590	192	45
Ramada Bismarck	8,322	143	58
Grand Gateway Hotel	7,500	130	58
Holiday Inn Bozeman	6,398	178	36
Average	21,990	206	96

Sources: Respective Venues & HVS

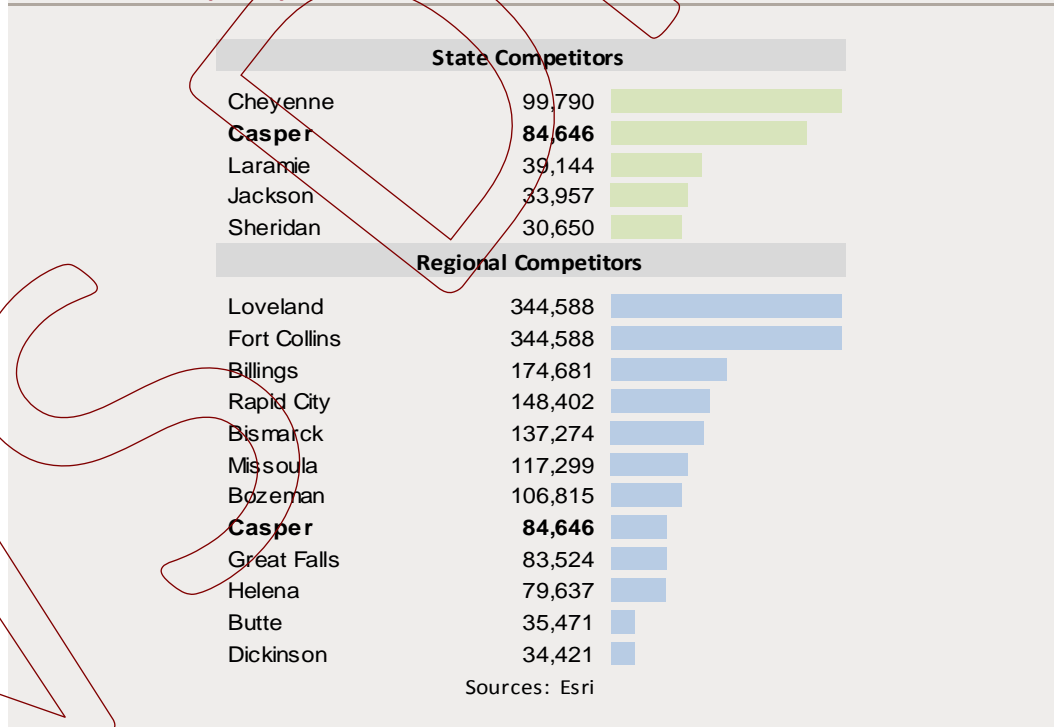
All of the above venues have an integrated hotel and conference center operation. Meeting function space primarily supports the integrated hotel rooms. Venues with more function space, and higher function space ratios, can accommodate market-wide events that produce hotel room nights in other local hotels. On average, conference centers with connected hotel rooms offer around 80 square feet of function space per guest room.

Market Population and Income

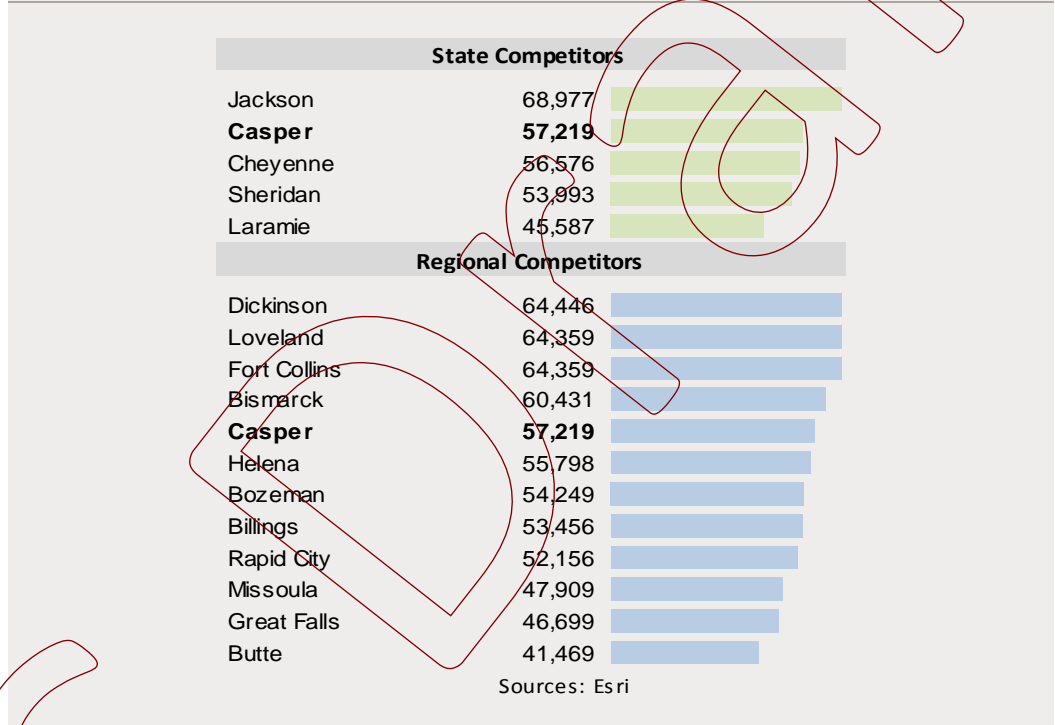
Local area population data can provide evidence of a community's overall size and ability to support public services and visitor amenities for conference center users. Population and income data can provide a basis for understanding a community's ability to support and sustain a conference center, the surrounding neighborhood and market. Additionally, population can determine the demand potential for certain types of events such as locally generated meetings and banquets.

The following figures present population and median household income for the metropolitan areas surrounding each comparable venue.

FIGURE 4-6 METROPOLITAN POPULATION OF COMPARABLE MARKETS (2017)



One of the largest cities in the state, Casper's population is slightly below that of Cheyenne. Regionally, Casper's population is below the average of surrounding metropolitan areas, only surpassing smaller markets in Montana.

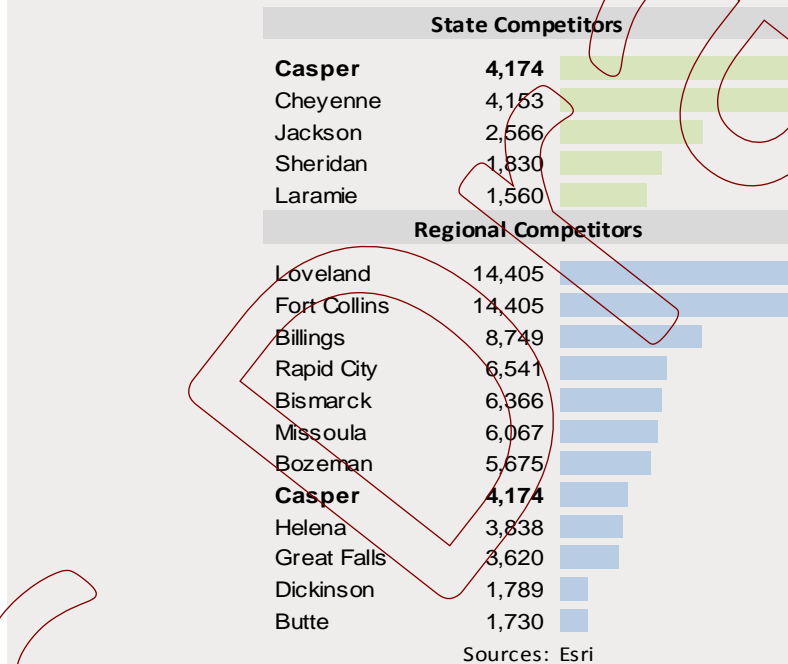
FIGURE 4-7 MEDIAN HOUSEHOLD INCOME OF COMPARABLE MARKETS (2017)

Casper enjoys an above average median household income level compared to both state and regional competitors. Population and income characteristics indicate a below average demand potential for locally-generated events, such as meetings, banquets, and civic functions.

Corporate Comparison

The density and breadth of a city's corporate base indicates demand potential in the meetings industry. Businesses generate demand for conventions, conferences, training, and other industry-specific events. The following figures demonstrate how the metropolitan area surrounding the proposed conference center compares with the comparable markets with respect to the total number of business establishments.

FIGURE 4-8 NUMBER OF BUSINESS ESTABLISHMENTS IN COMPARABLE MARKETS



Roughly following population, the local area has a below average number of business establishments compared to the comparable regional venues. A weaker corporate base suggests a reduced ability to generate event demand.

Event Planner Survey

HVS designed and conducted a survey of event planners to provide a basis for building program and other recommendations. The survey also provided an indication of event planner interest in locating events in Casper, which is useful in assessing the potential demand for the proposed hotel conference center in Casper.

HVS collected contact information of event planners from Visit Casper. HVS successfully sent emails to 461 of the event planners on this list. The email introduced the purpose of the survey and provided a link to the web-based survey. In addition, local hoteliers were asked to invite current customers to take the survey. There were 51 responses for an overall response rate of 12%. The true response rate is unknown because the number of planners invited by hoteliers is unknown. In addition, spam filters may have blocked a significant number of emails.

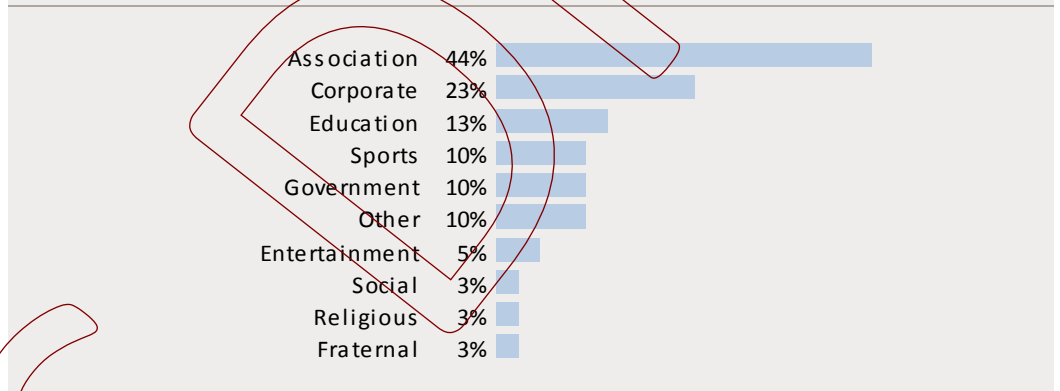
The following summary of responses highlights key results.

Survey Respondents

To indicate whether this group of respondents fairly represents a cross-section of the meetings industry, HVS collected data on the type of organization they represent and the types of events they plan. Survey respondents represent six states with around 60% residing in the state of Wyoming. Other states of origin include Colorado, Arizona, Washington, Virginia, and Maryland.

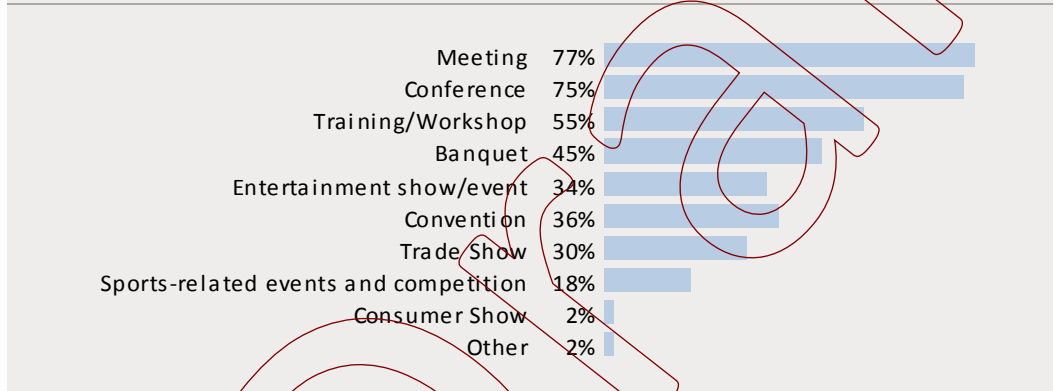
To understand the types of organizations responding to the survey, HVS asked respondents to describe the organizations they represent. Respondents may represent more than one type of organization, as shown in the figure below.

FIGURE 4-9 RESPONDING ORGANIZATION BY TYPE



Event planners representing associations make up 44% of the sample, followed by 23% representing corporations. SMERF (social, military, educational, religious and fraternal) organizers make up in total 22% with education being the highest of these at 13%. Sports and government organizations round out the survey respondents. The sample obtained through this survey appears to reflect a broad cross-section of event planners that are typical of the make-up of the regional meetings industry.

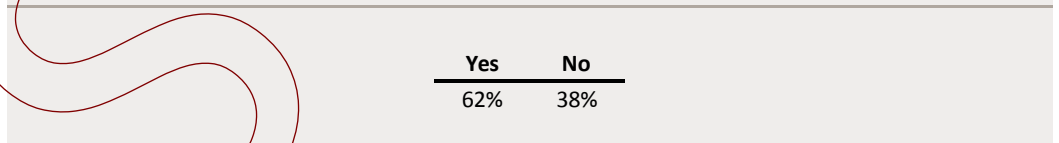
HVS asked event planners to identify the all the types of events they plan.

FIGURE 4-10 TYPES OF EVENTS PLANNED

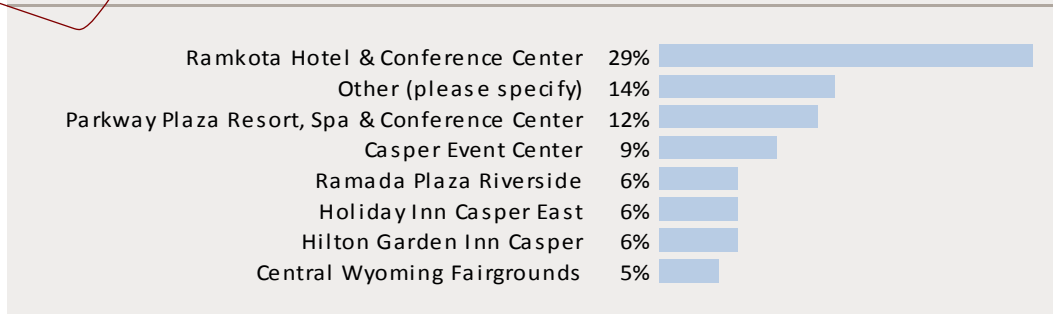
Meeting planners organize a wide variety of event types. Planners cited meetings and conferences most often. Around half of planners organize training workshops and banquets. A lower percentage of event planners plan conventions, trade shows and entertainment events.

Past Events

HVS asked event planners if they had planned an event in Casper during the past five years. See the figure below.

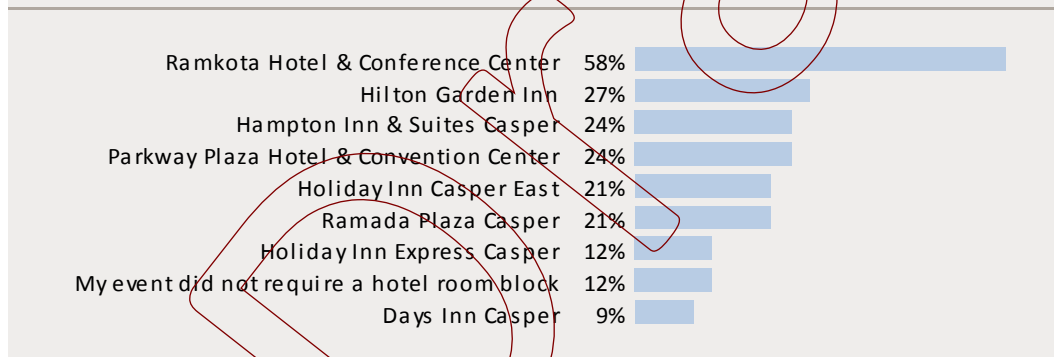
FIGURE 4-11 EVENT HELD DURING PAST 5 YEARS

Over 60% of the respondents had held an event in Casper during the past five years. For those planners who responded “yes” to the above question, HVS asked them to identify the primary event venue and the hotels that participated in their hotel room block.

FIGURE 4-12 PRIMARY EVENT VENUE

Around one-third of event planners have used the Ramkota Hotel & Conference Center for their events. The Parkway Plaza Resort and Casper Event Center are also popular venue. Other event properties include Casper College, schools, and sports facilities.

FIGURE 4-13 HOTELS IN ROOM BLOCK



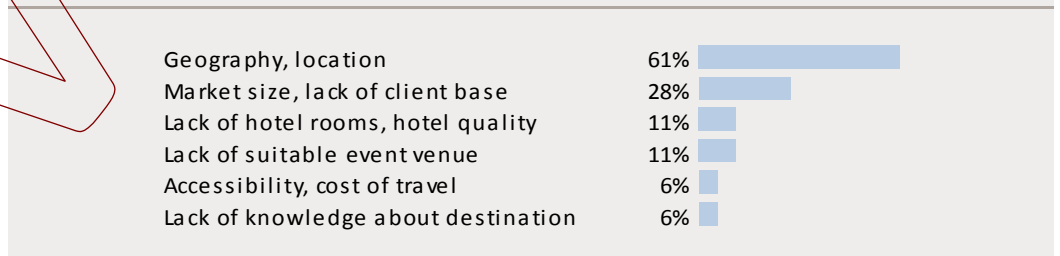
For those events requiring lodging, respondents most frequently mentioned the Ramkota Hotel. Other popular hotels include the Hilton Garden Inn, Hampton Inn & Suites, and Parkway Plaza. Around 12% of respondents did not require room blocks for their events.

HVS also asked event planners who have hosted an event in Casper to rate their satisfaction with the event spaces, service, and other surrounding amenities. In the following figure, a score of five indicates fully satisfied, and a score of one indicates extremely dissatisfied with their experience in Casper.

FIGURE 4-14 PLANNERS SATISFACTION WITH CASPER

Most planners who have hosted in Casper have been satisfied with safety and the location of meeting rooms. Parking and cost of hotels and meeting space also received high marks. Planners were less satisfied with the size and availability of meeting spaces, food and beverage service, audio visual technology, and the overall quality of meeting spaces.

In unaided answers to questions, planners who have not held an event in Casper were asked to state their reasons for not doing so. HVS classified their answers into the categories shown in the figure below.

FIGURE 4-15 REASONS FOR NOT HOSTING EVENT IN CASPER

When explaining why they have not hosted an event in Casper, event planners cite geography (61%) and lack of a client base (28%). Other planners note the lack of suitable hotel rooms and the lack of a suitable event venue, costs, and a lack of knowledge about the destination.

HVS asked all event planners to identify up to five other facilities and cities in which they have recently held events. Respondents noted a variety of hotels, convention centers, and other venues. The following table shows the percentage of venue use by type.

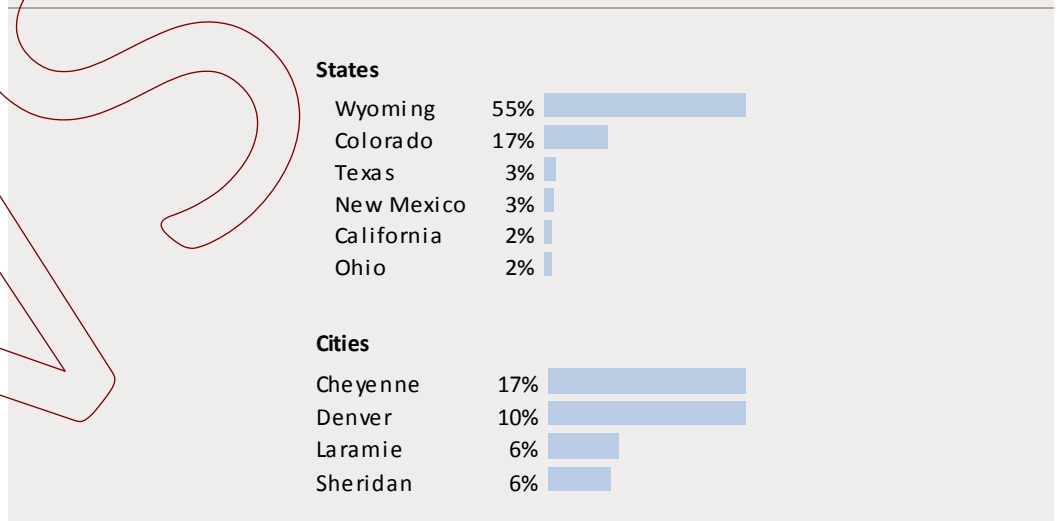
FIGURE 4-16 VENUES BY TYPE

Hotels & Resorts	Museums, PA Centers, University & Other	Convention/conference centers
66%	13%	12%

Hotels and resorts make up the majority (66%) of all other venues in which event planners have booked events. Stand-alone convention and conference centers make up another 12%. Other venues include museums, performing arts centers, university venues, and sports venues.

Planners reported hosting events in around 70 cities across North America. The following figures show the most popular cities and states in which event planners most frequently place events.

FIGURE 4-17 EVENT LOCATIONS

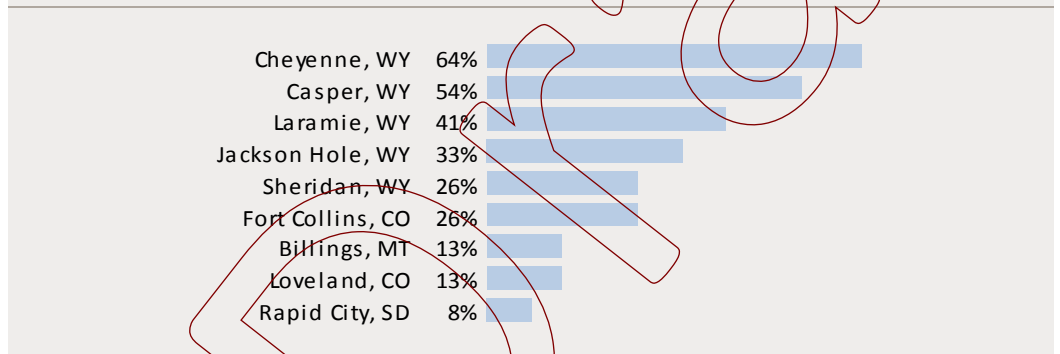


The majority of event planners have hosted events in Wyoming. Venues in Colorado received the second-most number of mentions. The most popular cities include Cheyenne and Denver with venues in Laramie and Sheridan also receiving several mentions.

Meeting Planner Perceptions

HVS asked event planners to identify the three most attractive markets for planning their events from a competitive set of cities in the region. The following figure ranks the destinations by event planner preference.

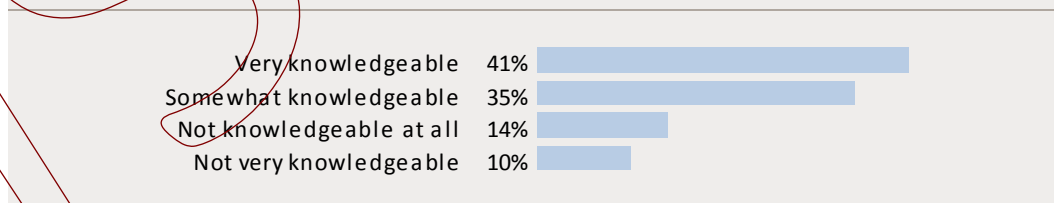
FIGURE 4-18 TOP DESTINATIONS IN THE REGION



Over 60% of planners cite Cheyenne as a popular destination, and over 50% include Casper. Top markets outside of Wyoming include Fort Collins and Loveland, Colorado. Rapid City only received a handful of mentions as a top destination.

Before responding to a series of questions regarding their perception of Casper as a group event location, HVS asked meeting planners to identify their level of knowledge about the destination.

FIGURE 4-19 KNOWLEDGE OF CASPER AS AN EVENT DESTINATION

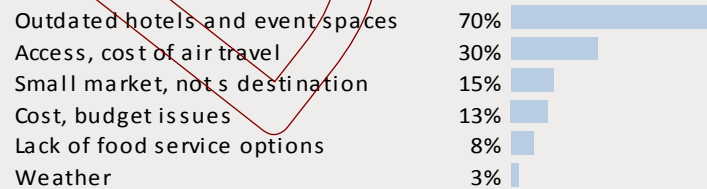


Over 75% of survey respondents report that they are very or somewhat knowledgeable of Casper and its event venues. The remaining 25% of event planners claim to have little or no knowledge of Casper as an event destination.

HVS asked meeting planners to identify Casper's main strengths and weaknesses as an event destination. We classified their unaided responses as shown in the following figures.

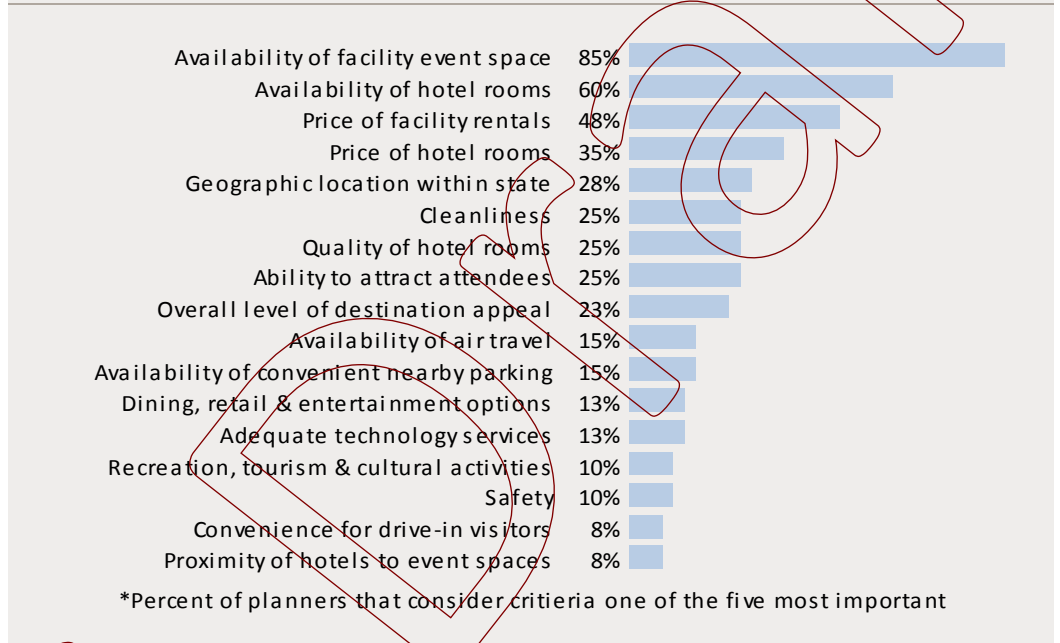
FIGURE 4-20 STRENGTHS AS AN EVENT DESTINATION

Casper's central location and downtown amenities were cited most often by event planners. Quality service, friendly atmosphere, and outdoor tourism opportunities also received several mentions. Others enjoy the hotel and event venues and lower costs.

FIGURE 4-21 WEAKNESSES AS AN EVENT DESTINATION

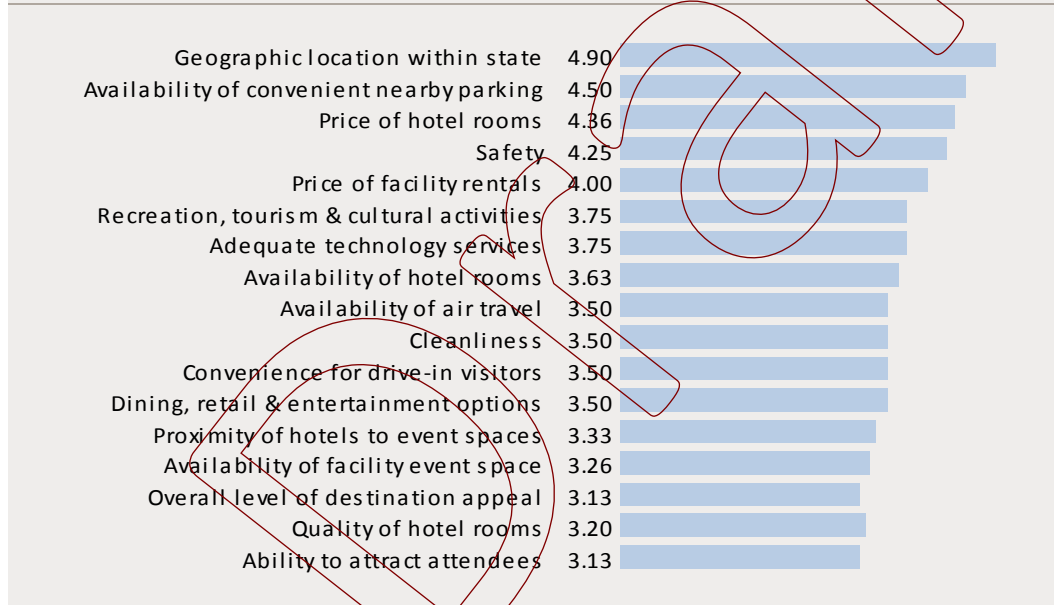
A majority (70%) of event planners mentioned Casper's outdated hotels and event spaces as a primary weakness as an event destination. Difficult access and costs of air travel also received several mentions. Many planners do not consider Casper a popular destination for attendees and note the small size of the market as a primary weakness. While several consider Casper a lower cost destination, others perceive costs of hosting events as high.

HVS asked survey respondents to identify their five most important criteria when selecting an event destination. The following figure presents the percentage of survey respondents who indicated which selection criteria ranked in their top five.

FIGURE 4-22 IMPORTANCE OF DESTINATION SELECTION CRITERIA *

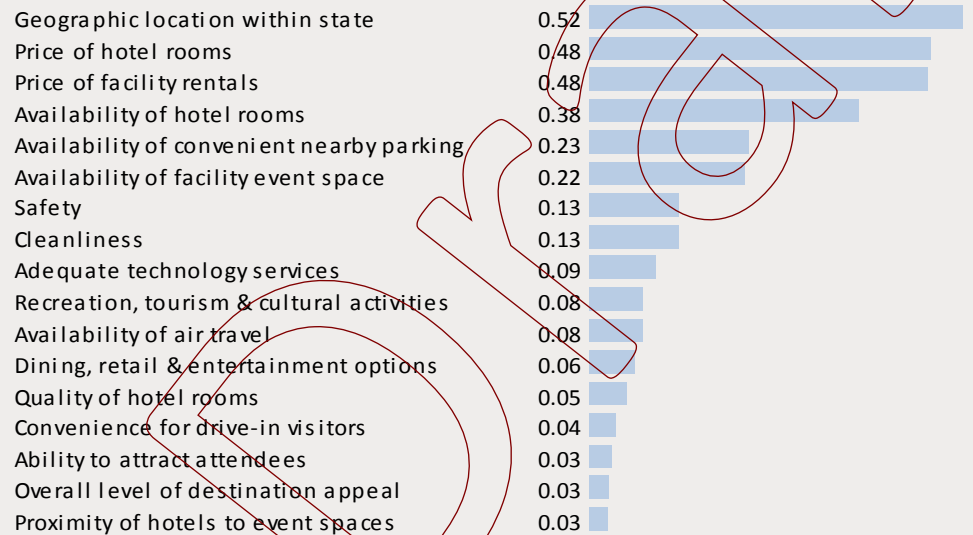
Most event planners cited the price and availability of event space and hotel rooms as the most important criteria when selecting an event location. Geographic location, cleanliness, quality, and the ability to attract attendees also receive several mentions. Around one-quarter of event planners identified overall destination appeal as a priority.

HVS then asked event planners to rate Casper on these same criteria. In the following figure, a rating of five means excellent and a rating of one means poor.

FIGURE 4-23 PLANNER RANK OF CASPER ON SELECTION CRITERIA

Casper ranks high on some criteria, such as geographic location and parking and received average ratings for the relatively important criteria of availability event space and hotel rooms. Casper received low ratings on air destination appeal, hotel quality, and ability to attract attendees.

To understand the relative impact of these perceptions, HVS created a net score for each criterion and weighted each net score by its importance as shown below.

FIGURE 4-24 WEIGHTED IMPACT OF SELECTION CRITERIA *

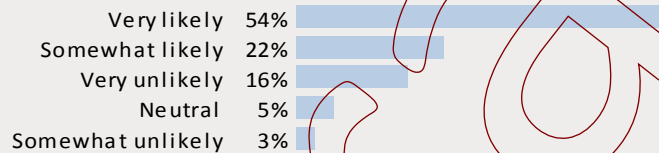
* Ranked on a scale of 1 to 5 with 3 as a neutral score. This figure shows rank minus 3 times the importance, which has a positive or negative average ranking on each criterion.

In interpreting these results, we assume that high and low scores make a meaningful difference in event planner decisions, and middle scores minimally affect their decisions. Net weighted scores near and below zero indicate a negative effect on demand. In the case of Casper, lack for destination appeal and ability to attract attendees has a negative effect on meeting demand potential. Scores above one indicate a positive impact on demand. Casper does not have any criteria with a weighted score above one.

Hotel Conference Center Development

HVS told event planners that Casper is considering a hotel conference center development. We asked respondents how likely they would be to book an event in Casper if the property met their event needs. The following figure presents the results of these responses.

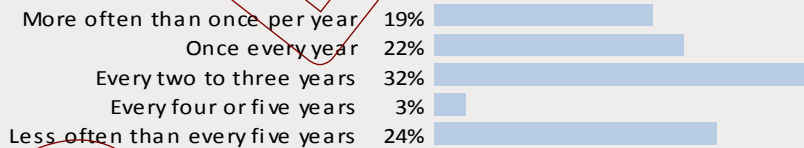
FIGURE 4-25 LIKELIHOOD OF BOOKING EVENTS AT CASPER HOTEL CONFERENCE CENTER



Over three-quarters of the event planners (76%) would be very or somewhat likely to book an event in Casper. This figure compares favorably with the 62% that have booked in Casper in the past.

The figure below shows the frequency with which event planners would book events at new hotel conference center in Casper.

FIGURE 4-26 FREQUENCY OF EVENTS IN CASPER

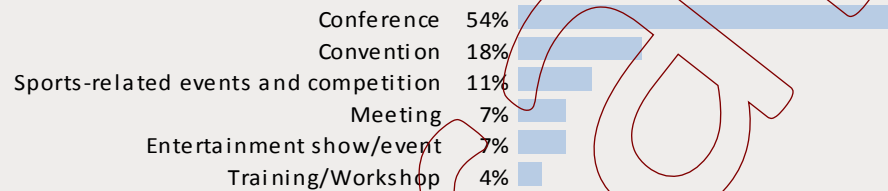


The greatest majority of planners (41%) would rotate to Casper every year or more frequently. Nearly one-third would book an event every two to three years.

Event Characteristics and Facility Requirements

To determine preferences for events, HVS asked event planners to identify and describe their most typical or important event. This information included the name of the event, the type of event, venue needs, approximate attendance, scheduling, and lodging requirements.

The following figure breaks down the events by type.

FIGURE 4-27 EVENTS BY TYPE

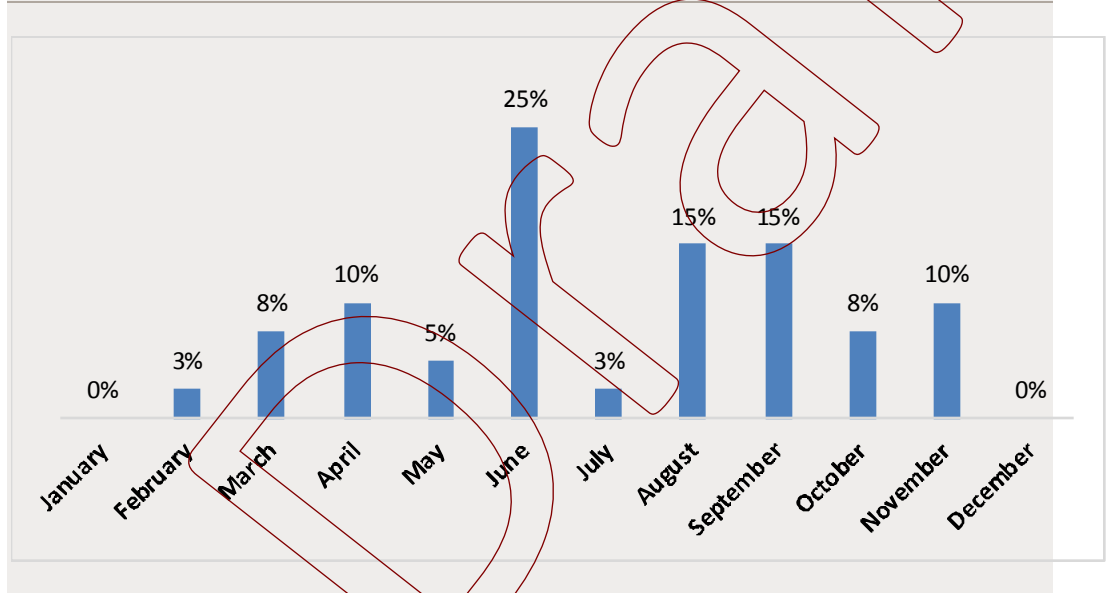
Over half of the events described by meeting planners are conferences with another 18% described as conventions. Sporting events, meetings, workshops and entertainment events make up an additional 29%.

HVS asked survey participants to identify the scope (geographic origin of attendees) of their most typical event.

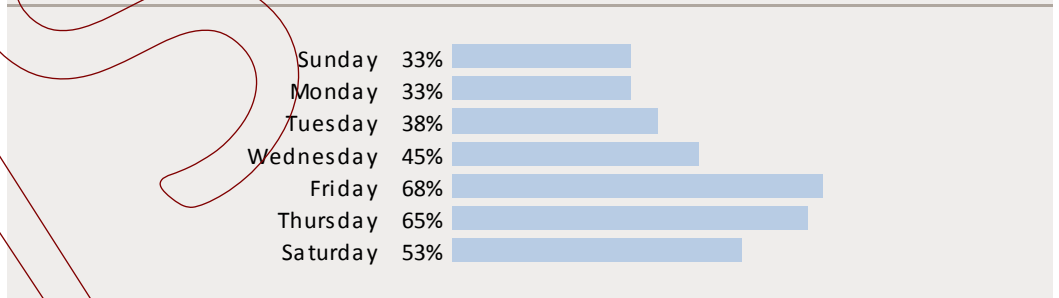
FIGURE 4-28 GEOGRAPHIC ORIGIN OF ATTENDEES

Events represent a wide range of attendee origins. Over 90% attract non-local attendees throughout North America with statewide events making up over half of events.

HVS asked event planners to identify the month and the days of the week in which the typical event takes place.

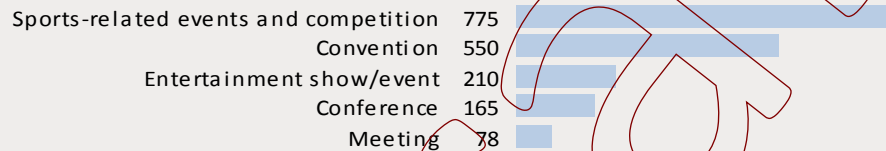
FIGURE 4-29 EVENTS BY MONTH

Events occur from February through November, with the most activity in June and late summer months.

FIGURE 4-30 EVENTS BY DAY OF WEEK

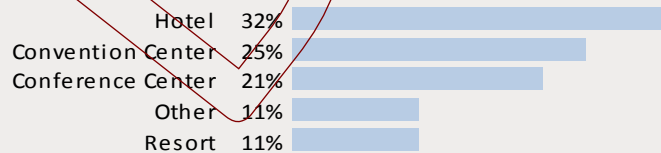
Events take place throughout the week with most occurring Wednesday through Saturday. Mondays, Tuesdays, and Sundays have the fewest events.

HVS asked event planners to indicate the level of attendance at their events. Event attendance levels indicate the quantity and size of function spaces that events require. HVS calculated the average attendance for each event type reported as presented in the following figure. For the following analyses, we removed events from planners who indicated they would be unlikely to host in Casper.

FIGURE 4-31 AVERAGE ATTENDANCE BY TYPE OF EVENT

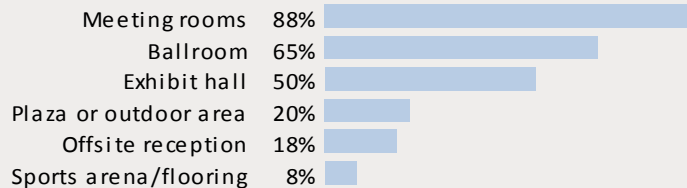
The above figure shows that average attendance levels requirements vary by event type. Sports-related events have the most attendees, followed by conventions and entertainment. Conferences and meetings tend to have lower attendance.

HVS asked event planners to identify the typical type of venue in which they place their event.

FIGURE 4-32 TYPE OF VENUE PREFERRED FOR EVENT

The greatest percentage of event planners prefer to host events at a hotel (32%). Conference and convention centers make up another 25% and 21% of events, respectively. Other venues include outdoor areas, sport facilities, and university venues.

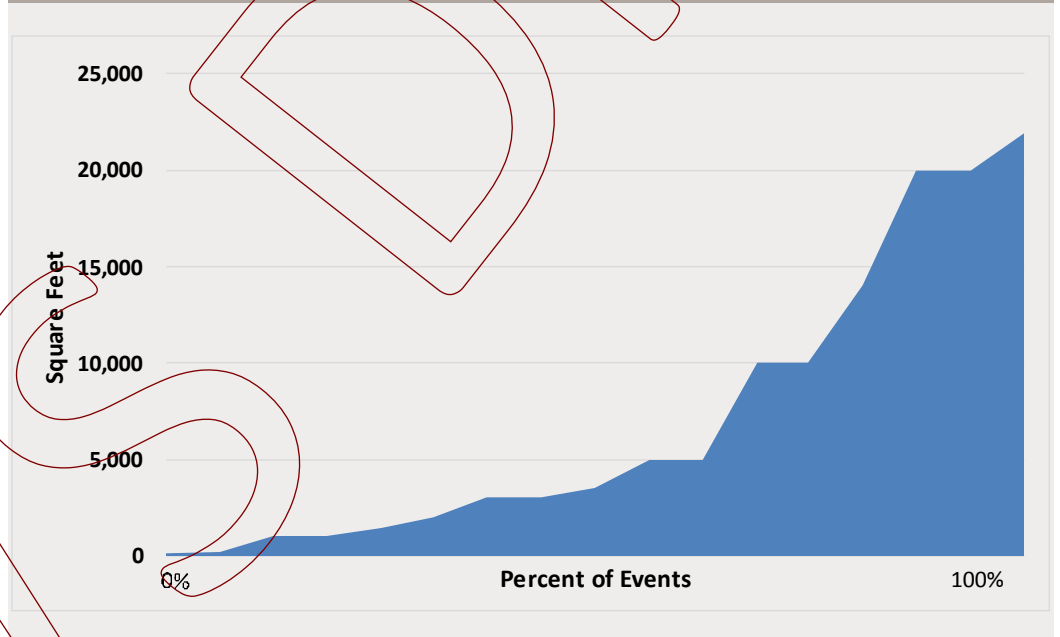
To further understand the facility needs of events, we asked planners to identify the types of functions space required by their event.

FIGURE 4-33 TYPES OF FUNCTION SPACE REQUIRED FOR EVENT

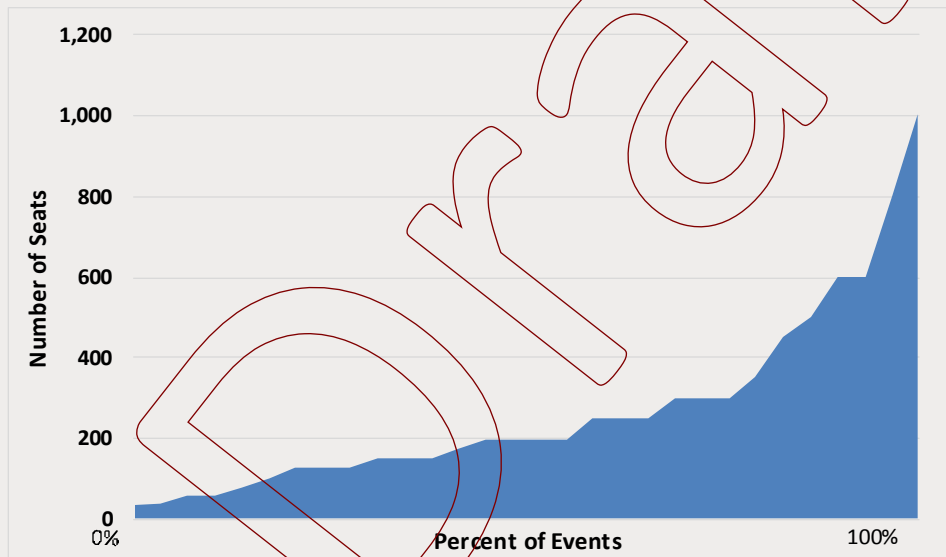
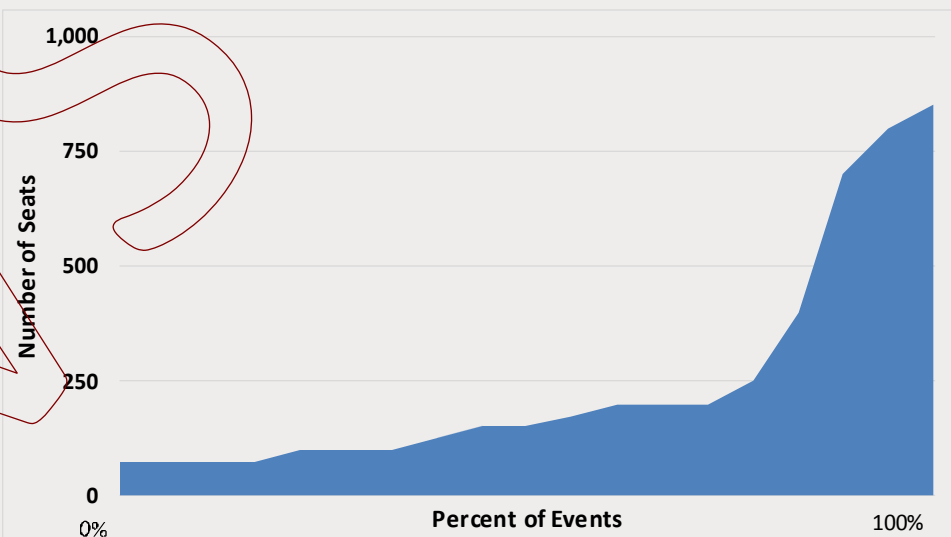
Most events require a mix of meeting rooms and ballroom spaces. Half of the events require an exhibit hall. Around 20% of the planners noted the desire to use outdoor spaces and host an offsite reception.

HVS asked event planners to identify the specific exhibit space, banquet seating, general session seating, and meeting room needs for their events. We considered only those events which require a specific function space. We also removed events from planners who indicated that they would be unlikely to host an event in Casper. The following figures present distributions of space requirements for exhibit space, banquet seating, general session seating, and number of meeting rooms.

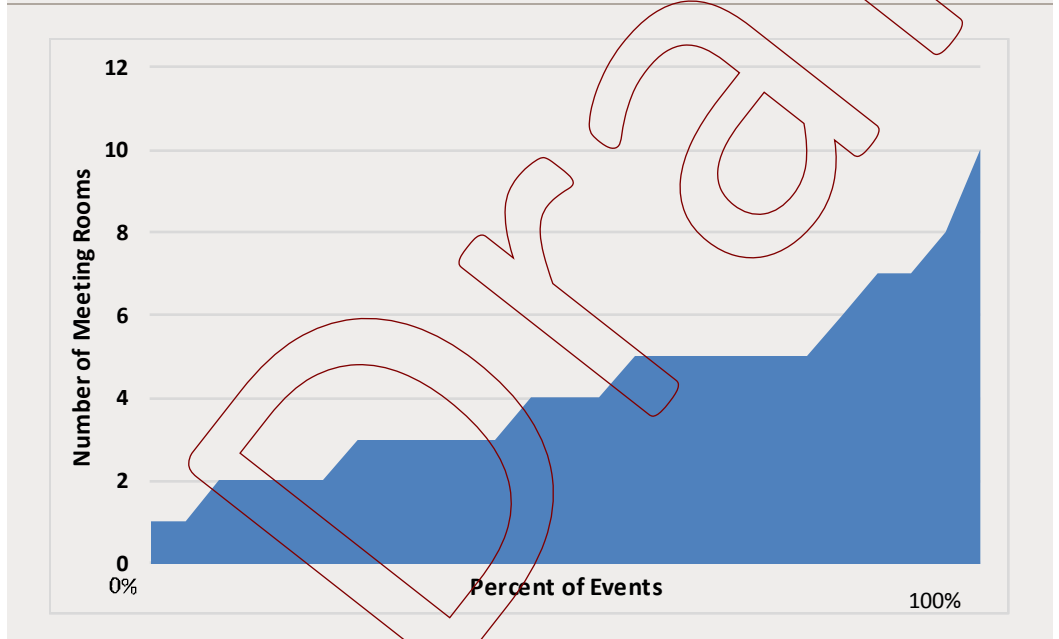
FIGURE 4-34 EXHIBIT SPACE NEEDS



Most events require little to no exhibit space. A large, multipurpose ballroom or prefunction space can typically handle the exhibition needs of these events.

FIGURE 4-35 BANQUET SEATING REQUIREMENTS**FIGURE 4-36 GENERAL SESSION SEATING REQUIREMENTS**

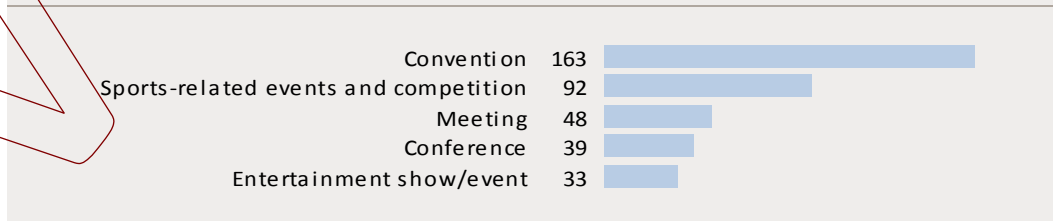
A multipurpose ballroom with around 12,000 to 15,000 square feet can accommodate all the banquet and general session seating needs for events described in the survey.

FIGURE 4-37 MEETING ROOM REQUIREMENTS

Events require up to ten individual meeting rooms for breakout meetings and other uses.

Lodging Requirements

HVS asked event planners to indicate the peak room night needs for their events. Not all events require a hotel room block. For those that do, we calculated the average peak room nights for each event type reported as presented in the following figure.

FIGURE 4-38 PEAK ROOM BLOCK BY TYPE OF EVENT

Conventions attract a greater number of attendees that require lodging and have relatively higher peak room night requirements. Conventions have an average peak room night requirement of around 160 rooms. The average convention attendance is around 550, suggesting a high percentage of local and day trip attendees, around 70%.

HVS asked event planners to identify the hotel service level and hotel chain scale they prefer for their event attendees.

FIGURE 4-39 PREFERRED HOTEL SERVICE LEVEL

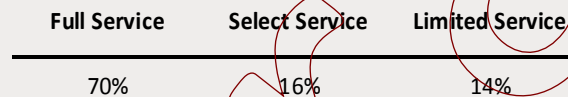
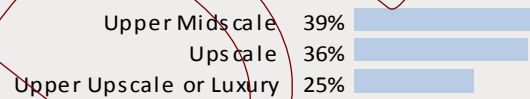


FIGURE 4-40 PREFERRED HOTEL CHAIN SCALE

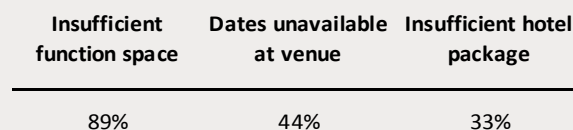


Most planners (70%) prefer a full-service hotel with much fewer preferring a select service or limited service property. Upper-midscale and upscale brands are most popular with three-quarters of planners preferring these properties. Upper-upscale are also popular. No planners indicated a preference for midscale or economy properties.

Event Infrastructure Needs

To further evaluate the specific meeting infrastructure needs in Casper, HVS asked event planners whether they had ever wanted to host an event at the Casper but did not due to insufficient event infrastructure. Approximately 25% of survey respondents reported that they had been unable to host an event at in Casper for this reason. HVS asked them to specify all reasons they have encountered.

FIGURE 4-41 REASONS FOR NOT BOOKING DUE TO EVENT INFRASTRUCTURE



A significant majority of planners (89%) indicated that they have been unable book in Casper due to insufficient function space. Nearly 45% noted that their desired dates were unavailable and 33% cited an insufficient hotel package.

Survey Conclusions and Implications for the Casper

For planners who indicated insufficient venue space, 71% indicated insufficient meeting space while 57% noted a lack of ballroom space.

All planners who indicated an insufficient hotel package noted that hotels do not meet their quality standards.

Survey respondents provide a good sample for evaluating the perception of the Casper, Wyoming as an event destination. The majority plan events for associations, corporations, and SMERF groups. They represent a variety of entities and plan a range of meeting and event types and sizes. Key findings and conclusions include the following:

- Based on historical bookings and event planner preferences, Casper's competitors include hotels convention/conference centers, and other venues in the state of Wyoming. The most popular out of state destinations are in Colorado.
- Casper has several strengths as a group event destination, including its central location in the state, its downtown and restaurant amenities, friendly atmosphere, and outdoor tourism amenities.
- Aside from external factors, such as geographic location and weather, the greatest deterrents to event planners considering Casper for an event include the outdated condition of the city's hotels and event spaces, the smaller market size, and the overall lack of destination appeal. Several planners also noted poor airlift and difficult access.
- Over 90% of events described by survey respondents could be accommodated by a venue with a 15,000 square foot ballroom and eight meeting rooms.
- Most planners prefer a full-service hotel property with an upper-midscale or upscale brand.
- For planners who have not been able to book an event in Casper, nearly 90% indicate that reason was insufficient function space. One-third indicate insufficiency of the hotel room block, primarily due to not meeting an event's quality standards.
- Around 75% of planners indicate that they would be very likely or likely to book an event in Casper given the development of a new hotel conference center that met their event's needs. This figure compares favorably with the 62% who have booked in Casper in the recent past.

Building Program Recommendations

The building program presented herein describes the floor areas of various types of function spaces and other important conference center amenities. To formulate the building program for proposed conference center in Casper, HVS relied an analysis of meeting and event space programming in comparable properties, an in-depth survey of meeting planners, discussions with and other information provided by Visit Casper, other market research, and knowledge of standard industry practices. This facility program should serve as a guide for subsequent physical planning aimed at providing the desired facility program elements.

Our market analysis indicates that the Casper market lacks a hotel conference center capable of accommodating rotating conventions and conferences which require a combination of light exhibit, banquet, breakout meeting spaces, and lodging under one roof. As one of the largest markets in Wyoming, Casper would benefit from the proposed property and enhance its ability to compete for and capture state and regional events.

The conference center function spaces should be sized to support hotel properties throughout the local market. While the attendees at the conference center would primarily rely on guest rooms in the attached hotel, the ability to host larger events would require that some event attendees book other hotels.

The proposed conference center should include the following elements.

- A 15,000-square foot multipurpose ballroom with a flexible wall system to allow the space to serve as banquet, meeting, and light exhibit space in a variety of configurations.
- 4,800 square feet of meeting space in a variety of room sizes and configurations

The following figure shows the size and capacity of the proposed new event venue and ballroom space.

FIGURE 4-42 BUILDING PROGRAM RECOMMENDATIONS

Event Space	Total Area (SF)	Capacities			Exhibit Booths (10'x10')
		Theatre	Banquet	Classroom	
Multipurpose Hall	15,000	1,670	880	1,030	90
Sub-Divisions					
Division 1	5,000	560	290	340	
Subdivision 1a	1,667	190	100	110	
Subdivision 1b	1,667	190	100	110	
Subdivision 1c	1,667	190	100	110	
Division 2	5,000	560	290	340	
Division 3	5,000	560	290	340	
Subdivision 3a	1,667	190	100	110	
Subdivision 3b	1,667	190	100	110	
Subdivision 3c	1,667	190	100	110	
Meeting Rooms	4,800				
Meeting Room Block 1	2,500	280	150	170	
Divisions (3)	833	90	50	60	
Meeting Room Block 2	1,800	200	110	120	
Divisions (3)	600	70	40	40	
Board Room	500	60	30	30	
TOTAL FUNCTION SPACE	19,800				

The proposed hotel conference center would house the largest ballroom in the Casper market. The following figure compares the function spaces of Casper meeting hotels and the proposed property. Descriptions and recommendations for specific functions spaces follow.

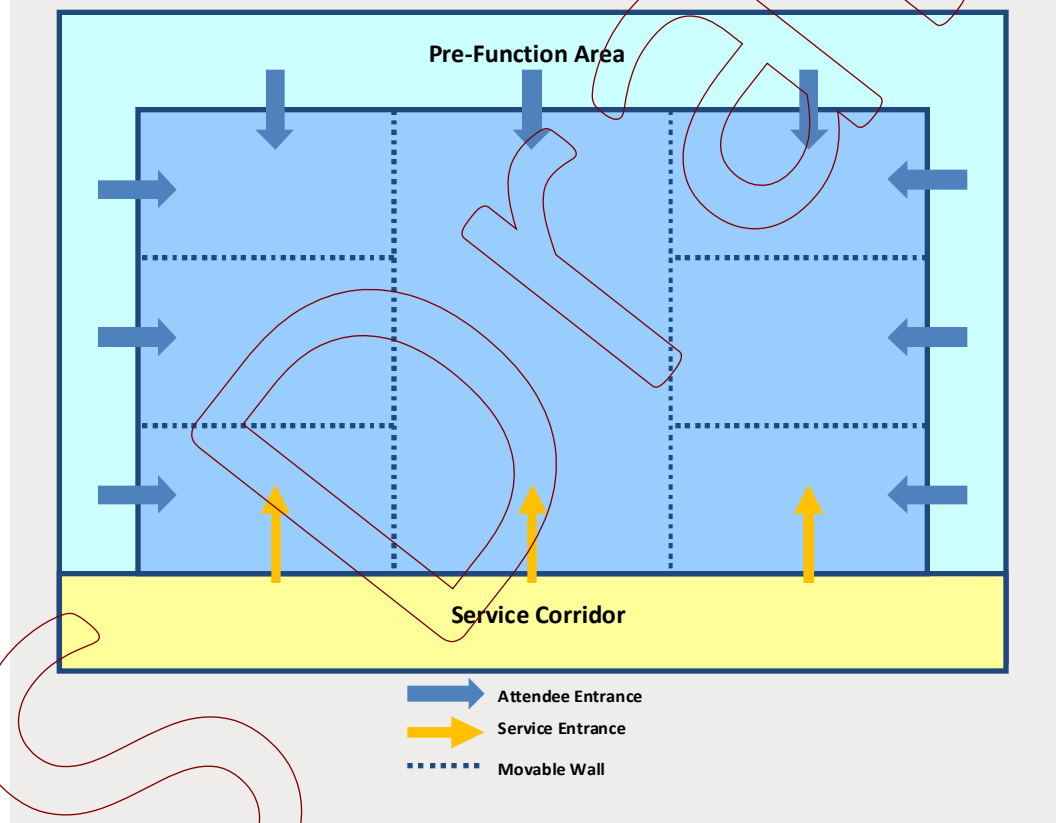
FIGURE 4-43 FUNCTION SPACE COMPARISON

Property	Exhibit Space	Ballroom Space	Meeting Space	Total Function Space
Parkway Plaza Hotel & Conference Center	7,140	6,894	8,850	22,884
Ramkota Hotel & Conference Center	0	6,437	4,600	11,037
Ramada Plaza Casper Hotel	0	2,920	3,688	6,608
Proposed Hotel Conference Center	0	15,000	4,800	19,800

Multipurpose Ballroom

Site constraints and other design issues would affect the final layout of the multipurpose ballroom. The multipurpose ballroom should have convenient access to a main lobby and other pre-function spaces which are either stand-alone or shared with other function spaces. Each division of the multi-purpose hall should have independent service access which allows for simultaneous event activity. The space will serve multiple purposes and event types and should contain the following amenities.

- a minimum of 21-foot ceiling heights,
- movable walls that provide good sound separation,
- durable wall and floor finishes,
- acoustical wall and ceiling treatments for amplified voice and music,
- built-in sound and AV systems,
- rigging points, lights, signs, and decorations (500-pound live load),
- in-floor utility boxes with communications and power,
- floor loads of at least 150 lbs. per square foot,
- variable lighting options with pre-set and dimming capabilities that are controllable at wall panels, and
- black-out capability for visual presentations

FIGURE 4-44 PROPOSED MULTIPURPOSE HALL LAYOUT**Meeting Spaces**

Meeting space provides essential breakout rooms for larger conference and meeting events, which supports stand-alone meetings and food and beverage functions. Many events require banquet space which is separate from a meeting room block. While site constraints and other design issues will affect the final layout of these functional spaces, configuration of the meeting room block should be such that they conveniently support the new multipurpose hall. HVS recommends that the new meeting space be located in flexible blocks in areas which are conveniently accessible for attendees and efficiently serviced by event staff and contain the following amenities.

- minimum 12-foot ceiling heights,
- movable walls that provide good sound separation,
- built-in sound and AV systems,
- good acoustics for amplified voice and music,

Event Support and Service Spaces

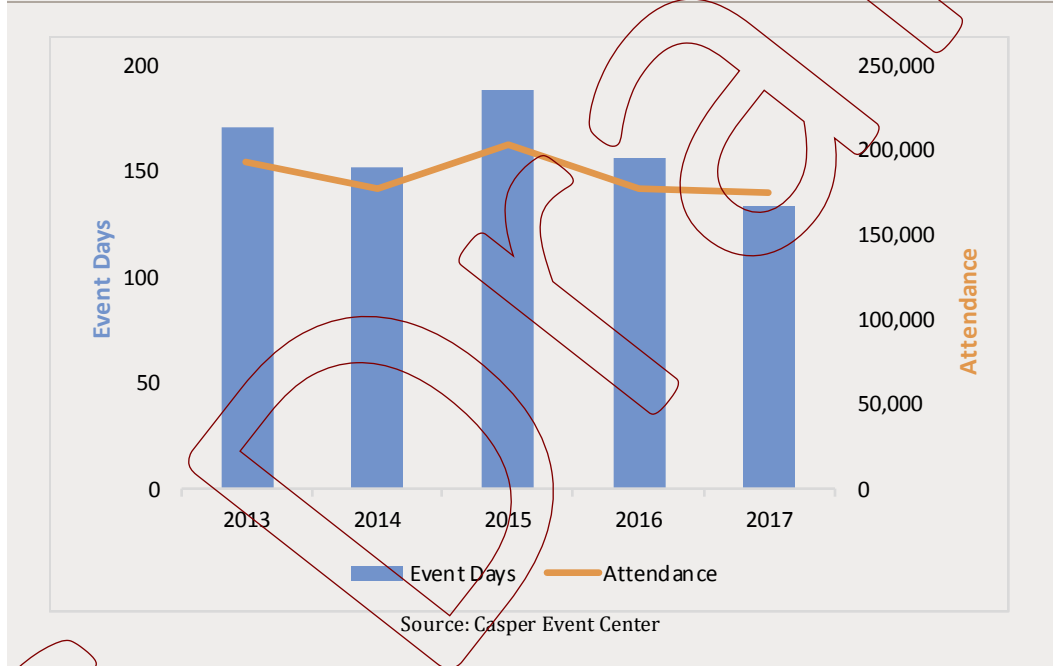
- in-wall communications and power, and one floor box per division,
- variable lighting options with pre-set and dimming capabilities that are controllable at wall panels, and
- black-out capability for visual presentations.

In addition to the function spaces provided above, the gross floor area of the proposed conference center would include the following elements:

- **Lobby and Pre-function Areas** – A well-appointed lobby and pre-function areas provide meeting planners areas for greeting and registration, social gatherings, and well-defined public access to the multipurpose hall and meeting rooms. This space is also appropriate for stand-alone receptions, meals, and other community events.
- **Circulation** – Circulation space provides for the movement of attendees into and through the conference center. These areas would include hallways, connecting walkways, and bridges as required. Depending on the concept plan, these areas could also include vertical circulation (stairwells, elevators, and escalators).
- **Service access** – Service corridors provide non-public access to the event hall and meeting rooms as well as connection to the facility's loading docks, mechanical rooms, and storage.
- **Loading areas** – Service access that is separate from the drop-off zone, truck docks, and waste disposal areas necessary to support the conference center expansion.
- **Kitchen** – The integrated hotel's production kitchen should also serve conference center needs. Depending on layout of hotel and conference center spaces, a pantry kitchen could be incorporated into the conference center space as needed.
- **Storage** – Adequate and convenient equipment storage is important to the efficient operation of the facility.
- **Facility Operations** – Spaces needed to support facility's management and physical plant, including offices, HVAC, plumbing, electrical and fire protection systems.

Historical Demand

Visit Casper provided HVS with a list of events at Casper Event Center for several recent years. Sports and entertainment events make up most events at the venue, however, the facility also hosts a variety of other events in its five meeting rooms. The following figure provides a summary of events for the past five years of operation.

FIGURE 4-45 CASPER EVENT CENTER HISTORICAL DEMAND

Not including move in and move out days, the occupied days at the Casper Event Center has varied from around 130 to 190 days. Annual attendance figures roughly follow venue use, ranging from 175,000 to just over 200,000 attendees. The following figure provides a breakdown of events by type for 2017.

FIGURE 4-46 CASPER EVENT CENTER DETAILED DEMAND – 2017

Event Type	Number of Events	Total Attendance	Total Event Days	% of Total Event Days
Sports	17	88,800	39	29%
Concerts & Entertainment	22	39,301	21	16%
Consumer Shows	8	19,176	22	16%
Trade Shows	1	450	4	3%
Conventions	4	3,539	11	8%
Banquets	9	4,011	11	8%
Meetings	9	774	9	7%
Assemblies	4	10,909	6	4%
Outside	7	7,913	11	8%
Total	81	174,873	134	

Source: Casper Event Center

Demand Projections

The event profile for the Casper Event Center is typical of an arena. Most events at the Casper Event Center use the 24,000-square foot arena floor as performance, seating, exhibit, or banquet space. Parking lots and plazas host a variety of outdoor events. Meeting rooms at the Casper Event Center support other events and host a modest number of stand-alone meetings.

HVS based event demand projections at the proposed hotel conference center in Casper on the following research and analysis:

- the proposed conference and event space building program presented above,
- an in-depth user survey,
- industry data and trends reports,
- key market and economic indicators,
- comparable venue program data, and
- discussions with representatives from Visit Casper and other local stakeholders.

For the purposes of this study, HVS assumes that all recommendations throughout this report are completed by January 1, 2020. HVS estimates that event demand would stabilize in 2022, the third year of operation. Demand projections also assume the presence of a highly qualified, professional sales and management team for the proposed conference center.

HVS's analysis suggests that the proposed conference center should allow Casper to compete more effectively in the conference and group meeting market. The flexible venue would allow Casper to host a variety of events, including state association conferences and meetings, local meetings, banquets, and consumer shows and fairs.

The proposed conference center could attract a greater share of high impact conferences and meetings that would bring a greater number of out-of-town visitors who require lodging.

HVS calculated the potential generation of room nights by the proposed conference center. While most attendees would elect to stay at the attached hotel property, these room nights represent the total room nights generated in the region by the operations of the conference center. The following figure presents HVS's assumptions used to generate room night estimates. HVS based room night assumptions on comparable venue data and industry research.

FIGURE 4-47 ROOM NIGHT ASSUMPTIONS

Event Type	Percent Lodgers	Length of Stay	Lodgers per Room
Conferences	65%	3.0	1.25
Meetings	50%	1.0	1.25
Local Meetings	0%	1.0	1.50
Banquets	10%	1.0	1.50
Consumer Shows/Fairs	5%	1.0	1.50
Other	0%	0.0	1.00

In addition to attracting out of town users, the proposed conference center could become a valuable public asset providing event space to a variety of local groups, including local government, civic organizations, nonprofits, schools, charities, and businesses. The multipurpose hall and meeting spaces would support local meetings, fundraisers, exams, social events, recitals, graduations, health screenings, press conferences, and many other civic uses.

The figure below breaks down conference center event, attendance, and room nights projections by type of event. Projections begin in the 2020 calendar year and go through 2023, one year following stabilized demand. Total attendance figures represent individual event attendees.

FIGURE 4-48 DEMAND PROJECTIONS

		Opening		Stabilized	
		2020	2021	2022	2023
Events					
Conferences		6	8	14	14
Meetings		30	40	75	75
Local Meetings		20	25	30	30
Banquets		40	50	60	60
Consumer Shows/Fairs		7	9	12	12
Other		15	20	25	25
Total		118	152	216	216
Attendees					
	Average Attendance				
Conferences	300	1,800	2,400	4,200	4,200
Meetings	75	2,250	3,000	5,630	5,630
Local Meetings	30	600	750	900	900
Banquets	200	8,000	10,000	12,000	12,000
Consumer Shows/Fairs	1,200	8,400	10,800	14,400	14,400
Other	500	7,500	10,000	12,500	12,500
Total		28,550	36,950	49,630	49,630
Occupied Room Nights					
Conferences		2,810	3,740	6,550	6,550
Meetings		900	1,200	2,250	2,250
Banquets		530	670	800	800
Consumer Shows/Fairs		280	360	480	480
Total		4,520	5,970	10,080	10,080

By a stabilized year, we project the conference center would host over 200 events, attracting 49,000 annual attendees, and generating over 10,000 room nights in the local market. A brief description of event types and demand assumptions follows.

Conferences—Conferences are multi-day events that require a mix of banquet and breakout space set-up and occasional assembly space, but they typically do not require a large exhibit set-up. Lobbies and portions of the ballroom could service as light exhibit space as needed. The source of conferences would be local and regional associations with some state and regional corporate groups booking as well. This demand category also includes religious and other SMERF groups that would rotate to Casper for their annual or seasonal events. HVS projects conference demand levels consistent with that found in comparable venues and markets

Meetings—Meetings require breakout meeting space but would not use banquet or exhibit space. Food service is typically limited to coffee breaks, breakfasts, or luncheons in meeting rooms. Local and regional corporations, state associations, religious groups, and government agencies all host meetings. Although the size of the meetings ranges from ten to over 1,000 persons, many meetings are small events that have fewer than 100 attendees and take place in breakout meeting space. Ballroom divisions could also handle large meetings or several smaller simultaneous meetings, as needed.

Local Meetings—Local government, civic organizations, businesses, and other local groups would use meeting space for meetings, information sessions, seminars, training, and exams. These events would typically not generate significant food and beverage revenue and would largely attract local attendees.

Banquets—Banquets are stand-alone social events, weddings, luncheons, and other meals typically booked by local corporations, social and civic organizations, and private clients. Flexibility of the ballroom and pre-function spaces would allow for a variety of banquet sizes and multiple simultaneous events. Since the ballroom must also accommodate the needs of the venue's conference clients, this flexibility is crucial to operate the facility with minimal scheduling conflicts.

Consumer Shows/Fairs—Consumer shows are ticketed public events that attract local and regional attendees. The proposed conference center in Casper would be available for light exhibit events such as craft shows, food and wine expos, art shows, and job fairs. The multipurpose ballroom and lobby spaces would be the primary exhibit space for vendors. These events would need some meeting space for support and back of house uses. Food and beverage services would be limited to concessions.

Other—Other events would include a variety of local-oriented facility rentals, which include such events as school functions, event staging, blood drives, political rallies, fundraisers, and other civic uses.

HVS intends demand projections to show smooth growth over time. However, event demand and booking cycles are not predictable. Event demand will vary with business, local, and national economic factors. Event demand often runs in cycles, rotation patterns, and other market conditions. HVS demand projections should be interpreted as a mid-point of a range of possible outcomes and as an average of multiple years.

A good test for the reasonableness of demand projections is an analysis of demand at similarly sized venues in comparable markets. To evaluate demand projections for the proposed conference center, HVS expanded its comparable analysis to

**Comparable Venue
Demand**

include a much broader selection of markets with venues of similar size to that proposed in Casper. The following figure compares the average of several years of recent demand for 15 venues with similar sized function spaces. These venues represent a wide range of markets with a mix of population size, economic breadth, and destination appeal. Because of the unique operating characteristics of exhibit and meeting facilities, no single facility or market can be considered a direct comparable to Casper. The average demand from a large set of venues provides evidence for the reasonableness of projections.

FIGURE 4-49 COMPARABLE VENUE MEETING DEMAND

	Average of Comparable Venues	Proposed Conference Center
Number of Events *		
Conventions & Conferences	16	14
Consumer Shows/Fairs	21	12
Banquets/Social Events	57	60
Meetings	117	105

**Average the only available data.*

Sources: Event Data from Respective Facilities as Classified by HVS

Taking market factors into consideration, the demand projections for the proposed conference center are consistent with event demand currently found in other venues throughout the U.S. Fewer conventions, conferences, and meetings reflect the size and breadth of the surrounding economy, resulting in a reduced potential to generate meeting events through local industry. An average number of banquets results from similar population bases and competing venues. Additionally, the proposed conference center would not house a large exhibit hall, but it would host a relatively small number of public consumer shows and fairs.

5. Lodging Supply and Demand Analysis

Definition of Subject Hotel Market

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 rate. The purpose of this section is to investigate current lodging 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.

The subject site is located in the greater Casper, Wyoming lodging market, which also includes the Evansville, Wyoming area. This greater lodging market spans nearly 27 open and operating lodging facilities totaling roughly 2,800 guestrooms. The proposed subject hotel is expected to compete with six hotels on a primary level based on their accommodation of meeting and group demand, as well as their offering of meeting space, property type (full-service, select-service, and limited-service), brand class, or location. We have considered an additional six hotels as future secondary competitors given differences in brand class, product type, or location. Non-full-service hotels that were included as primary competitors feature a brand class of midscale or above, while selected secondary competitors represent a brand class of upper-midscale or above.

Given the subject property's planned unique product type, in contrast to the majority of local hotel properties, a set of regional conference center and group-oriented hotels has also been analyzed. This set of regional hotels was reviewed in terms of performance trends, as well as facility programming and brand class.

National Lodging Trends Overview

The subject property's local lodging market is most directly affected by the supply and demand trends within the immediate area, as well as the impact of regional competition for group demand. 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 and publishes data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy and average rate data since 1987. The next two tables contain information that is more recent; the data are categorized by geographical region, price point, type of location, and chain scale, and the statistics include occupancy, average rate, and rooms revenue per available

room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

FIGURE 5-1 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS

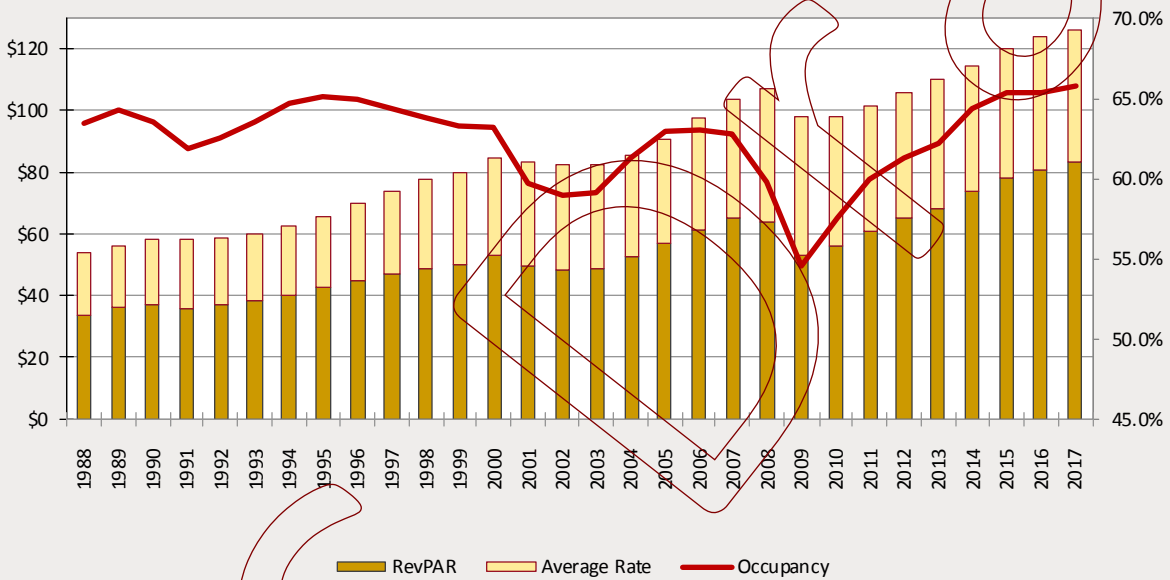


FIGURE 5-2 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS – YEAR-TO-DATE DATA

	Occupancy - YTD April			Average Rate - YTD April			RevPAR - YTD April			Percent Change	
	2017	2018	% Change	2017	2018	% Change	2017	2018	% Change	Rms. Avail.	Rms. Sold
United States	62.6 %	63.2 %	0.9 %	\$124.78	\$128.19	2.7 %	\$78.12	\$81.00	3.7 %	2.0 %	3.0 %
Region											
New England	54.8 %	56.7 %	3.5 %	\$133.76	\$134.48	0.5 %	\$73.26	\$76.26	4.1 %	1.9 %	5.5 %
Middle Atlantic	60.7	63.2	4.2	144.07	146.58	1.7	87.39	92.63	6.0	2.4	6.6
South Atlantic	67.9	68.1	0.3	130.30	134.81	3.5	88.46	91.78	3.8	1.6	1.9
East North Central	54.1	54.6	1.1	100.15	102.21	2.1	54.14	55.84	3.1	2.2	3.2
East South Central	58.2	58.4	0.2	93.92	96.82	3.1	54.69	56.50	3.3	2.1	2.3
West North Central	51.6	50.9	(1.3)	92.71	95.56	3.1	47.80	48.66	1.8	2.2	0.9
West South Central	61.7	63.6	2.9	103.20	106.05	2.8	63.72	67.41	5.8	2.7	5.7
Mountain	63.7	63.4	(0.5)	125.40	126.27	0.7	79.93	80.10	0.2	1.5	1.0
Pacific	71.1	71.1	(0.1)	157.35	163.79	4.1	111.95	116.47	4.0	2.2	2.2
Class											
Luxury	69.1 %	70.3 %	1.7 %	\$291.17	\$300.49	3.2 %	\$201.24	\$211.18	4.9 %	2.3 %	4.0 %
Upper-Upscale	71.0	71.1	0.2	180.93	184.04	1.7	128.47	130.91	1.9	2.2	2.4
Upscale	69.9	70.3	0.6	138.95	141.65	1.9	97.10	99.63	2.6	4.6	5.3
Upper-Midscale	63.7	64.5	1.1	111.22	113.45	2.0	70.87	73.13	3.2	3.9	5.1
Midscale	56.3	56.7	0.8	89.72	92.38	3.0	50.50	52.43	3.8	0.4	1.2
Economy	54.9	55.2	0.6	67.76	70.16	3.5	37.17	38.73	4.2	(0.2)	0.4
Location											
Urban	70.6 %	70.6 %	0.0 %	\$168.55	\$172.08	2.1 %	\$118.92	\$121.42	2.1 %	3.3 %	3.3 %
Suburban	64.0	64.6	0.9	106.14	109.08	2.8	67.92	70.43	3.7	2.4	3.3
Airport	72.6	73.4	1.0	116.09	119.35	2.8	84.33	87.61	3.9	1.5	2.6
Interstate	51.8	52.6	1.7	80.71	82.99	2.8	41.77	43.66	4.5	1.6	3.3
Resort	70.2	70.8	0.8	185.22	193.03	4.2	130.06	136.66	5.1	0.7	1.5
Small Metro/Town	50.9	51.7	1.5	93.35	95.53	2.3	47.54	49.36	3.8	1.5	3.0
Chain Scale											
Luxury	73.5 %	75.1 %	2.3 %	\$330.29	\$343.78	4.1 %	\$242.64	\$258.27	6.4 %	2.0 %	4.3 %
Upper-Upscale	72.9	73.0	0.2	181.91	185.24	1.8	132.54	135.26	2.1	2.4	2.6
Upscale	71.4	71.8	0.5	138.39	141.12	2.0	98.86	101.36	2.5	5.6	6.2
Upper-Midscale	63.8	64.5	1.2	109.10	111.36	2.1	69.58	71.86	3.3	3.9	5.1
Midscale	55.7	56.2	1.0	83.25	85.63	2.9	46.35	48.15	3.9	1.1	2.1
Economy	54.4	54.8	0.7	59.00	61.20	3.7	32.09	33.52	4.5	0.3	1.0
Independents	59.1	59.5	0.7	122.59	126.17	2.9	72.44	75.04	3.6	0.2	0.9

Source: STR - April 2018 Lodging Review

FIGURE 5-3 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS – CALENDAR YEAR DATA

	Occupancy			Average Rate			RevPAR			Percent Change	
	2016	2017	% Change	2016	2017	% Change	2016	2017	% Change	Rms. Avail.	Rms. Sold
United States	65.4 %	65.9 %	0.9 %	\$124.13	\$126.72	2.1 %	\$81.15	\$83.57	3.0 %	1.8 %	2.7 %
Region											
New England	64.1 %	64.8 %	1.1 %	\$151.20	\$153.78	1.7 %	\$96.96	\$99.67	2.8 %	1.5 %	2.6 %
Middle Atlantic	67.2	67.8	0.9	163.54	162.88	(0.4)	109.91	110.50	0.5	2.8	3.8
South Atlantic	67.1	68.0	1.4	119.92	123.40	2.9	80.45	83.91	4.3	1.5	2.9
East North Central	61.0	61.4	0.5	108.32	109.53	1.1	66.12	67.20	1.6	1.9	2.4
East South Central	61.3	61.5	0.3	94.88	98.23	3.5	58.15	60.37	3.8	1.9	2.2
West North Central	59.0	58.0	(1.7)	96.10	97.47	1.4	56.71	56.54	(0.3)	1.4	(0.3)
West South Central	61.4	62.5	1.9	98.73	100.32	1.6	60.57	62.70	3.5	3.0	4.9
Mountain	65.3	66.3	1.6	114.36	118.51	3.6	74.63	78.61	5.3	1.1	2.8
Pacific	73.8	73.9	0.3	158.63	162.60	2.5	116.99	120.23	2.8	1.6	1.9
Class											
Luxury	70.8 %	71.0 %	0.3 %	\$282.44	\$286.27	1.4 %	\$199.95	\$203.28	1.7 %	2.1 %	2.4 %
Upper-Upscale	72.5	72.7	0.3	178.13	181.00	1.6	129.17	131.67	1.9	1.7	2.0
Upscale	71.9	72.4	0.7	139.04	141.20	1.6	100.03	102.28	2.3	4.3	5.0
Upper-Midscale	67.1	67.6	0.8	114.07	115.86	1.6	76.54	78.34	2.3	4.0	4.8
Midscale	59.8	60.5	1.2	92.16	94.36	2.4	55.07	57.07	3.6	0.2	1.5
Economy	58.4	58.9	0.9	69.79	71.95	3.1	40.74	42.36	4.0	(0.4)	0.5
Location											
Urban	73.1 %	73.5 %	0.7 %	\$177.36	\$178.94	0.9 %	\$129.57	\$131.61	1.6 %	3.1 %	3.8 %
Suburban	66.7	67.0	0.4	105.74	108.10	2.2	70.57	72.47	2.7	1.9	2.4
Airport	73.3	73.7	0.6	113.60	116.17	2.3	83.27	85.67	2.9	1.4	2.0
Interstate	56.5	57.2	1.3	83.14	85.04	2.3	46.97	48.67	3.6	1.5	2.9
Resort	68.4	69.6	1.8	169.02	173.57	2.7	115.60	120.88	4.6	0.9	2.7
Small Metro/Town	56.7	57.3	1.0	99.91	102.23	2.3	56.70	58.59	3.3	1.5	2.5
Chain Scale											
Luxury	73.8 %	74.0 %	0.3 %	\$317.29	\$323.74	2.0 %	\$234.09	\$239.54	2.3 %	1.6 %	1.9 %
Upper-Upscale	74.2	74.2	0.0	179.54	182.04	1.4	133.25	135.15	1.4	2.1	2.1
Upscale	73.7	73.8	0.1	138.28	140.19	1.4	101.97	103.45	1.5	6.0	6.1
Upper-Midscale	67.5	67.9	0.7	111.43	113.09	1.5	75.18	76.84	2.2	3.3	4.0
Midscale	59.3	60.0	1.2	85.23	86.99	2.1	50.53	52.17	3.3	1.3	2.4
Economy	57.7	58.1	0.6	60.86	62.48	2.7	35.14	36.28	3.2	0.1	0.7
Independents	62.0	62.9	1.4	123.00	126.49	2.8	76.27	79.56	4.3	0.0	1.5

Source: STR - December 2017 Lodging Review

On a national level, following the significant RevPAR decline experienced during the last recession, demand growth resumed in 2010; this trend was led by select markets that had recorded RevPAR growth in the fourth quarter of 2009. A return of business travel and some group activity contributed to these positive trends. The resurgence in demand was partly fueled by the significant price discounts that were widely available in the first half of 2010. These discounting policies were largely phased out in the latter half of the year, balancing much of the early rate loss. Demand growth remained strong, but decelerated from 2011 through 2013, increasing at rates of 4.7%, 2.8%, and 2.0%, respectively. Demand growth then surged to 4.0% in 2014, driven by a strong economy, a robust oil and gas sector, and limited new supply, among other factors. By 2014, occupancy had surpassed the 64% mark. Average rate rebounded similarly during this time, bracketing 4.0% annual gains from 2011 through 2014.

In 2015, U.S. lodging demand growth continued to outpace supply growth, a relationship that has been in place since 2010. With a 2.9% increase in room nights, the nation's occupancy level reached a record high of 65.4% in 2015. Supply growth intensified modestly in 2015 (at 1.1%), following annual supply growth levels of 0.7% and 0.9% in 2013 and 2014, respectively. Average rate posted another strong year of growth, at 4.7% in 2015, in pace with the annual growth of the last four years. Robust job growth, heightened group and leisure travel, and waning price-sensitivity all contributed to the gains. In 2016, occupancy showed virtually no change, as demand growth kept pace with supply additions. Occupancy then moved even higher in 2017, to a new peak of 65.9%. Average rate increased roughly 3% and 2% in 2016 and 2017, respectively. By year-end 2017, the net change in RevPAR was 3.0%, reflecting a healthy lodging market overall. However, we note that industry experts report that the strong 2017 industry performance was enhanced by demand generated by the hurricanes, floods, and fires experienced throughout the U.S. in September and October. The performance of several major U.S. markets indicates that many areas continue to benefit in 2018 from the demand generated by insurance adjusters, displaced residents, and contractors. Year-to-date statistics through April reflect a 0.6-point occupancy increase, while average rate increased by just over \$3.00, resulting in a 3.7% upward change in RevPAR.

Regional Conference Center and Group Hotels

We have analyzed a set of regional hotel & conference center properties that are expected to compete with the proposed subject hotel in Casper to varying degrees for convention and conference demand. While the markets may differ in terms of their proximity to major cities, airports, commercial demand generators, and leisure attractions, these hotels compete in the group market segment given their sizeable offerings of meeting space. HVS has analyzed an STR Custom Trend Report illustrating historical supply and demand data for this group of hotels. The data reflect overall occupancy, average rate, and rooms revenue per available room (RevPAR) for this composite set of hotels. Based upon our interviews with Visit Casper, hotels in the following markets were selected and then qualified given their square footage of net meeting space: Cheyenne, Wyoming; Laramie, Wyoming; Sheridan, Wyoming; Cody, Wyoming; Bismarck, North Dakota; Rapid City, South Dakota; Billings, Montana; and Helena, Montana.

FIGURE 5-4 HISTORICAL SUPPLY AND DEMAND TRENDS – REGIONAL CONFERENCE CENTER AND GROUP HOTELS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2012	3,161	1,153,612	—	706,512	—	61.2 %	\$91.19	—	\$55.85	—
2013	3,294	1,202,360	4.2 %	696,208	(1.5) %	57.9	94.43	3.6 %	54.68	(2.1) %
2014	3,315	1,209,964	0.6	712,800	2.4	58.9	98.29	4.1	57.90	5.9
2015	3,314	1,209,641	(0.0)	656,206	(7.9)	54.2	101.89	3.7	55.28	(4.5)
2016	3,315	1,210,006	0.0	610,427	(7.0)	50.4	102.40	0.5	51.66	(6.5)
2017	3,313	1,209,338	(0.1)	606,013	(0.7)	50.1	104.35	1.9	52.29	1.2
Year-to-Date Through January										
2017	3,316	102,796	—	37,449	—	36.4 %	\$92.85	—	\$33.82	—
2018	3,313	102,703	(0.1) %	32,167	(14.1) %	31.3	96.84	4.3 %	30.33	(10.3) %
Average Annual Compounded Change:										
2012 - 2014			2.4 %		0.4 %			3.8 %		1.8 %
2015 - 2017			(0.0)		(3.9)			1.2		(2.7)
2012 - 2017			0.9		(3.0)			2.7		(1.3)

Hotels Included in Sample	Class	Number of Rooms	Year Affiliated	Year Opened	Comments
Northern Hotel Billings	Upper Upscale Class	160	Mar 2013	Feb 1942	
Ramada Rapid City	Midscale Class	209	May 2011	Jul 1962	
Little America Cheyenne	Upscale Class	188	Nov 1987	Jun 1965	
Best Western Rapid City Ramkota Hotel	Midscale Class	267	Nov 1999	Jun 1969	
Radisson Colonial Hotel Helena	Upscale Class	150	Dec 2015	Jun 1971	
Holiday Inn Cody @ Buffalo Bill Village	Upper Midscale Class	186	Jul 1972	Jul 1972	
Radisson Hotel Billings	Upscale Class	316	Feb 2016	Nov 1972	Red Lion as of March 2018; Holiday Inn in 2015
Red Lion Hotel & Convention Center Billings	Upper Midscale Class	231	Oct 2016	Jun 1973	No brand as of March 2018
Ramkota Hotel Bismarck	Upscale Class	305	Dec 2016	Feb 1975	
DoubleTree Billings	Upscale Class	289	Aug 2016	Jun 1980	Converted from Crowne Plaza brand in 2016
Radisson Hotel Cheyenne	Upscale Class	245	Feb 2016	Jun 1981	Not in Radisson system as of March 2018
Holiday Inn Sheridan Convention Center	Upper Midscale Class	212	Sep 1982	Sep 1982	
Radisson Hotel Bismarck	Upscale Class	215	Nov 2002	Jun 1983	
Holiday Inn Rapid City Rushmore Plaza	Upper Midscale Class	205	Jun 1990	Jun 1990	
Hilton Garden Inn Laramie	Upscale Class	135	Feb 2008	Feb 2008	
Total		1,657			

Source: STR

FIGURE 5-5 REGIONAL CONFERENCE CENTER AND GROUP HOTELS – MEETING SPACE OFFERING

Regional Hotel Comparable Properties	Location	Rooms	Year Opened/ Last Affiliation Change	Brand Affiliation	Brand Class	Indoor Meeting Space (SF) - Excluding Prefunction	Net Meeting Space per Room (SF)
Northern Hotel Billings	Billings, MT	160	1942/2013	Independent	Upper Upscale Class	11,500	72
Ramada Rapid City	Rapid City, SD	209	1962/2011	Ramada	Midscale Class	10,000	48
Little America Cheyenne	Cheyenne, WY	188	1965/1987	Independent	Upscale Class	25,989	138
Best Western Rapid City Ramkota Hotel	Rapid City, SD	267	1969/1999	Best Western	Midscale Class	36,894	138
Radisson Colonial Hotel Helena	Helena, MT	150	1971/2015	Radisson	Upscale Class	13,536	90
Holiday Inn Cody @ Buffalo Bill Village	Cody, WY	186	1972	Holiday Inn (IHG)	Upper Midscale Class	10,000	54
Radisson Hotel Billings	Billings, MT	316	1972/2018	Radisson	Upscale Class	50,000	158
Red Lion Hotel & Convention Center Billings	Billings, MT	231	1973/2018	Red Lion	Upper Midscale Class	21,898	95
Ramkota Hotel Bismarck	Bismarck, ND	305	1975/2016	Independent	Upscale Class	19,990	66
DoubleTree Billings	Billings, MT	289	1980/2016	DoubleTree (Hilton)	Upscale Class	15,782	55
Radisson Hotel Cheyenne	Cheyenne, WY	245	1981/2018	Radisson	Upscale Class	19,116	78
Holiday Inn Sheridan Convention Center	Sheridan, WY	212	1982	Holiday Inn (IHG)	Upper Midscale Class	8,945	42
Radisson Hotel Bismarck	Bismarck, ND	215	1983/2002	Radisson	Upscale Class	12,000	56
Holiday Inn Rapid City Rushmore Plaza	Rapid City, SD	205	1990	Holiday Inn (IHG)	Upper Midscale Class	10,992	54
Hilton Garden Inn Laramie	Laramie, WY	135	2008	Hilton Garden Inn (Hilton)	Upscale Class	12,000 **	89
Totals/Averages		221				18,576	82
Positioned Subject Property	Casper, WY	220	2020		Upper-Midscale or Upscale Class	19,800	90

* Excludes prefunction, lobby, foyer, and patio spaces

** The Hilton Garden Inn features approximately 2,400 square feet of meeting space and is connected to the 9,600-square-foot University of Wyoming Conference Center.

FIGURE 5-6 REGIONAL CONFERENCE CENTER AND GROUP HOTELS – ESTIMATED PERFORMANCE FOR SELECTED HOTELS

Property	Estimated 2017			Estimated Year-to-Date March 2017			Estimated Year-to-Date March 2018		
	Occupancy	Average Rate	RevPAR	Occupancy	Average Rate	RevPAR	Occupancy	Average Rate	RevPAR
Radisson Colonial Helena, MT	55 - 60 %	\$105 - 115	\$60 - 65	50 - 55 %	\$100 - 110	\$50 - 55	45 - 50 %	\$110 - 115	\$50 - 55
Holiday Inn Cody, WY	50 - 55	145 - 155	75 - 80	20 - 25	95 - 105	20 - 25	20 - 25	110 - 120	25 - 30
DoubleTree Hotel Billings, MT	60 - 65	105 - 115	70 - 75	—	N/A	—	—	N/A	—
Radisson Hotel Cheyenne, WY	50 - 55	80 - 90	80 - 85	—	N/A	—	No longer in Radisson System		
Holiday Inn Sheridan, WY	50 - 55	75 - 85	80 - 85	25 - 30	70 - 80	20 - 25	20 - 25	70 - 80	15 - 20
Radisson Bismark, ND	60 - 65	90 - 100	95 - 100	60 - 65	90 - 100	55 - 60	50 - 55	90 - 100	50 - 55
Holiday Inn Rapid City, SD	60 - 65	115 - 125	120 - 125	45 - 50	110 - 120	50 - 55	40 - 45	105 - 115	45 - 50
Hilton Garden Inn, Laramie, WY	70 - 75	115 - 125	80 - 85	—	N/A	—	—	N/A	—

The composite set of regional conference center and group-oriented hotels feature total meeting and conference space, excluding prefunction areas, ranging from roughly 9,000 to 50,000 square feet, with an average of approximately 19,000 square feet, and the majority offering from 10,000 to 20,000. These properties offer guestroom counts from 135 to 316 units, with an average of 221 units. The resulting meeting space per guestroom ranges from 42 to 158 square feet, with an average of 82 square feet per guestroom. The facility offerings of these regional facilities were used as a reference for our positioning of the proposed subject hotel and conference center's programming.

Based on our research, estimated 2017 performance data for a selection of the regional conference center hotels illustrates occupancy levels from the low-to-mid 50% range to the low-to-mid 70% range. ADR levels were in the range of \$75.00 to \$155.00, with the majority estimated between \$90.00 and \$125.00. Resulting RevPAR levels were achieved from the mid-\$60.00 range to the low-\$120.00 range. While representing different markets than Casper and reflecting divergent hotel supply, economic, and seasonality factors, the composite and individual performance levels for this type of hotel provided a reference for the subject property's potential performance as a conference center hotel in this region.

Local Historical Supply and Demand Data

HVS analyzed an STR Trend Report of historical supply and demand data for a selection of local hotels considered applicable to this analysis for the proposed subject hotel in Casper, Wyoming. This information is presented in the following table, along with the market-wide occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

FIGURE 5-7 HISTORICAL SUPPLY AND DEMAND TRENDS – CASPER, WYOMING SELECTED COMPETITIVE SET

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2008	1,289	470,409	—	312,671	—	66.5 %	\$81.71	—	\$54.31	—
2009	1,510	551,150	17.2 %	282,659	(9.6) %	51.3	83.60	2.3 %	42.87	(21.1) %
2010	1,510	551,150	0.0	305,417	8.1	55.4	80.46	(3.8)	44.58	4.0
2011	1,510	551,150	0.0	344,181	12.7	62.4	80.21	(0.3)	50.09	12.3
2012	1,510	550,997	(0.0)	389,215	13.1	70.6	81.04	1.0	57.25	14.3
2013	1,522	555,434	0.8	381,960	(1.9)	68.8	85.26	5.2	58.63	2.4
2014	1,524	556,260	0.1	406,047	6.3	73.0	92.69	8.7	67.66	15.4
2015	1,524	556,260	0.0	357,879	(11.9)	64.3	95.79	3.3	61.63	(8.9)
2016	1,549	565,368	1.6	301,622	(15.7)	53.3	89.79	(6.3)	47.90	(22.3)
2017	1,623	592,395	4.8	290,378	(3.7)	49.0	95.20	6.0	46.67	(2.6)

Year-to-Date Through April

2017	1,623	194,760	—	82,887	—	42.6 %	\$90.87	—	\$38.67	—
2018	1,611	193,320	(0.7) %	87,516	5.6 %	45.3	90.38	(0.5) %	40.91	5.8 %

Average Annual Compounded Change:

2008 - 2014	2.8 %	4.5 %	2.1 %	3.7 %
2015 - 2017	3.2	(9.9)	(0.3)	(13.0)
2008 - 2017	2.6	(0.8)	1.7	(1.7)

Hotels Included in Sample	Class	Anticipated Competitive Status	Number of Rooms	Year Affiliated	Year Opened
Ramada Plaza Casper Hotel & Conference Center	Midscale Class	Primary	200	Apr 2008	Mar 1965
Parkway Plaza Hotel	Economy Class	Primary	289	Jun 1966	Jun 1966
Ramkota Hotel	Economy Class	Primary	230	Apr 2015	Jun 1977
Quality Inn & Suites Casper	Midscale Class	Secondary	92	May 2003	Jun 1983
La Quinta Inns & Suites Casper	Midscale Class	Secondary	120	Dec 2008	Jun 1984
Comfort Inn Evansville Casper	Upper Midscale Class	Secondary	57	Jun 2014	Jun 2003
Holiday Inn Express Casper I 25	Upper Midscale Class	Secondary	84	Mar 2004	Mar 2004
Courtyard Casper	Upscale Class	Primary	100	Oct 2007	Oct 2007
Hilton Garden Inn Casper	Upscale Class	Primary	121	Jul 2008	Jul 2008
Holiday Inn Casper East McMurray Park	Upper Midscale Class	Primary	119	Aug 2008	Aug 2008
Hampton Inn Suites Casper	Upper Midscale Class	Secondary	100	Dec 2008	Dec 2008
Residence Inn Casper	Upscale Class	Secondary	99	Oct 2016	Oct 2016
Total			1,611		

Source: 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.

Overall, the STR data for the local competitive set reflect a market-wide occupancy level of 2017 in 49.0%, which compares to 53.3% for 2016, representing a roughly four-point decrease in 2017. The overall average occupancy level for the calendar years presented equates to 63.0%, with a high of 73% illustrated in 2014. The STR data for the local competitive set reflect an average rate level of \$95.20 in 2017, which compares to \$89.79 for 2016, reflecting a nearly \$5.00 gain in 2017. The average across all calendar years presented for average rate equates to \$89.68, and the period highs were posted in 2015 and 2017 between \$95.00 and \$96.00.

Following the last U.S. economic downturn, RevPAR for this set of local hotels reached the \$57.00 mark in 2012 and grew to a high of nearly \$68.00 in 2014. Growth during this period was driven largely by increased activity related to the oil and gas sector and its notable beneficial effect on the local economy. Following this upturn, the market's significant reduction in oil and gas activity diminished economic activity and contributed to lodging RevPAR declines between 2015 and 2017. The opening of new hotels also contributed to the suppressed lodging performance of the competitive set. While the lodging market experienced a major downturn during this period, year-end 2017 data illustrate an easing of this declining trend. Monthly data for 2017 illustrate that nearly every month incurred a year-over-year ADR increase, while occupancy posted year-over-year gains commencing in October. During 2017, the oil and gas sector reportedly shifted from a state of contraction to one of expansion. We also note that local hotels benefited from heightened demand generated from the solar eclipse in August 2017, which mainly buoyed ADR due to compression. Overall, these occupancy and average rate trends resulted in a RevPAR level of nearly \$47.00 in 2017, which reflected a roughly \$1.00 decrease compared to 2016.

Year-to-date lodging trend data for 2018 is through April, the latest period published by STR as of the time of our updated research. Year-over-year trends through the month of April illustrate a notable 5.6% increase in lodging demand resulting in a nearly three-point occupancy gain. This competitive set also illustrated an approximately \$0.50 decrease in ADR and an increase in RevPAR of over \$2.00, through April 2018 versus the same period in 2017. Reflecting a continuation of the positive occupancy trends that commenced in October 2017,

monthly lodging performance for 2018 illustrate year-over-year increases in occupancy for the months of January, February, and April, with March posting flat occupancy compared to the same month in 2017. Similarly, monthly average rate gains continued the positive 2017 trend, with February, March, and April 2018 illustrating modest year-over-year gains compared to 2017; January 2018 ADR was nearly \$3.00 lower than January 2017, however. Overall, this competitive set exhibited increasing strength in occupancy and rates through April 2018, while the market absorbed new higher-rated hotel rooms from the October 2016 opening of the Residence Inn by Marriott.

Seasonality

Monthly occupancy and average rate trends are presented in the following tables.

FIGURE 5-8 MONTHLY OCCUPANCY TRENDS

Month	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	60.4 %	46.5 %	39.4 %	44.0 %	53.9 %	57.4 %	60.6 %	63.6 %	46.6 %	32.3 %	37.1 %
February	64.0	49.3	45.9	50.9	63.0	66.9	62.0	63.4	46.5	41.0	42.2
March	68.3	57.1	57.6	64.5	70.6	68.6	68.6	71.4	55.2	50.8	50.8
April	70.6	53.9	54.5	57.8	61.0	66.2	72.5	64.9	63.6	46.1	50.9
May	70.9	54.8	58.3	60.5	70.7	68.9	75.3	67.3	60.8	52.6	—
June	81.4	65.9	69.3	72.2	81.5	80.6	85.7	77.5	68.8	64.5	—
July	76.9	57.6	66.5	69.6	79.8	76.2	86.7	74.4	63.8	57.8	—
August	70.1	53.3	68.1	76.3	83.8	77.9	85.0	78.0	62.4	61.0	—
September	73.9	51.7	60.4	72.9	82.1	75.2	82.0	66.3	57.1	55.5	—
October	70.0	47.3	57.6	74.0	81.0	72.8	75.4	58.1	46.3	47.3	—
November	57.0	41.9	46.5	58.9	65.8	62.8	64.4	50.5	41.4	44.9	—
December	39.9	36.2	40.2	46.9	54.0	51.8	57.0	36.5	30.4	34.1	—
Annual Occupancy	66.5 %	51.3 %	55.4 %	62.4 %	70.6 %	68.8 %	73.0 %	64.3 %	53.3 %	49.0 %	—
Year-to-Date	65.8 %	51.8 %	49.4 %	54.3 %	62.1 %	64.7 %	66.0 %	65.9 %	53.0 %	42.6 %	45.3 %

Source: STR

FIGURE 5-9 MONTHLY AVERAGE RATE TRENDS

Month	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	\$74.60	\$80.18	\$78.79	\$78.23	\$77.65	\$80.42	\$82.07	\$90.34	\$79.60	\$86.16	\$83.06
February	77.35	84.22	79.62	80.61	80.04	84.10	85.56	95.11	88.60	89.32	89.83
March	79.20	85.96	82.38	82.30	85.44	85.37	92.80	102.33	96.50	94.52	94.89
April	78.77	83.85	79.89	77.79	81.77	84.81	90.61	98.61	88.73	91.42	91.66
May	81.08	85.30	80.97	80.70	82.13	86.26	91.48	98.82	92.61	93.77	—
June	83.41	85.31	82.96	83.10	83.49	87.84	97.51	102.40	94.97	95.68	—
July	83.29	84.90	80.69	82.11	82.81	87.59	95.62	96.25	89.66	93.62	—
August	84.68	84.71	80.91	82.02	83.09	87.60	97.11	95.79	91.08	125.93	—
September	84.54	83.80	81.06	80.92	80.55	86.88	96.62	94.72	90.30	93.74	—
October	84.70	83.84	79.90	79.72	80.38	85.64	95.20	92.27	89.26	89.89	—
November	83.78	79.86	78.81	77.24	76.40	83.93	93.07	90.75	88.42	88.85	—
December	80.66	77.37	76.63	74.23	75.36	78.90	87.79	82.90	80.16	82.92	—
Annual Average Rate	\$81.71	\$83.60	\$80.46	\$80.21	\$81.04	\$85.26	\$92.69	\$95.79	\$89.79	\$95.20	—
Year-to-Date	\$77.57	\$83.68	\$80.35	\$79.88	\$81.51	\$83.80	\$88.07	\$96.80	\$88.72	\$90.87	\$90.38

Source: STR

FIGURE 5-10 SEASONALITY

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD April
High Season - June, July, August											
Occupancy	75.7 %	58.8 %	68.0 %	72.7 %	81.7 %	78.2 %	85.8 %	76.6 %	65.0 %	61.1 %	—
Average Rate	\$83.80	\$84.99	\$81.52	\$82.40	\$83.13	\$87.68	\$96.73	\$98.12	\$91.95	\$105.21	—
RevPAR	63.46	50.01	55.40	59.94	67.92	68.57	82.99	75.18	59.73	64.23	—
Shoulder Season - March, April, May, September, October											
Occupancy	70.8 %	53.0 %	57.7 %	65.9 %	73.1 %	70.3 %	74.7 %	65.6 %	56.4 %	50.5 %	50.8
Average Rate	\$81.92	\$84.60	\$80.86	\$80.34	\$81.98	\$85.82	\$93.43	\$97.57	\$91.48	\$92.76	\$93.30
RevPAR	58.01	44.82	46.64	52.98	59.93	60.37	69.84	64.03	51.61	46.81	47.42
Low Season - January, February, November, December											
Occupancy	54.2 %	43.3 %	42.9 %	50.1 %	59.0 %	59.5 %	60.9 %	53.3 %	40.9 %	37.9 %	39.5 %
Average Rate	\$79.18	\$80.57	\$78.48	\$77.54	\$77.35	\$81.97	\$87.19	\$90.44	\$84.32	\$87.00	\$86.49
RevPAR	42.91	34.92	33.68	38.84	45.65	48.75	53.14	48.18	34.49	33.01	34.19

Source: Smith Travel Research

Patterns of Demand

The competitive market is characterized by a strong degree of seasonality, which is evident in the monthly occupancy statistics. The strongest occupancy levels are recorded in June through August, when demand from leisure travelers supplements the commercial and meeting & group segments that are the principal sources of demand in this market. In the past, the months of September and October also illustrated strong occupancy levels. Average rate levels have exhibited highs in the spring, summer, and fall months.

The illustrated monthly occupancy and average rates patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate.

A review of the trends in occupancy and average rate 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 tables.

FIGURE 5-11 OCCUPANCY BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Feb - 17	22.2 %	36.8 %	44.8 %	51.5 %	48.4 %	44.6 %	38.6 %	41.0 %
Mar - 17	23.9	43.2	53.0	57.5	58.4	64.1	48.7	50.8
Apr - 17	25.8	51.4	63.2	57.1	51.1	45.3	36.4	46.1
May - 17	37.7	43.2	55.8	58.9	60.4	60.7	51.4	52.6
Jun - 17	49.7	64.9	74.9	73.8	64.7	60.6	63.7	64.5
Jul - 17	45.6	52.8	60.7	65.1	67.7	62.9	54.8	57.8
Aug - 17	57.9	68.1	65.6	65.9	58.0	51.9	58.0	61.0
Sep - 17	39.6	52.6	64.4	63.6	57.3	55.6	55.3	55.5
Oct - 17	33.3	47.9	52.7	63.1	55.3	42.4	38.7	47.3
Nov - 17	28.5	49.7	52.0	51.8	50.5	43.7	34.8	44.9
Dec - 17	28.1	31.0	38.2	39.8	36.5	35.6	31.5	34.1
Jan - 18	25.6	35.9	43.7	43.4	39.6	37.0	31.5	37.1
Average	34.7 %	47.9 %	55.6 %	57.4 %	54.3 %	50.6 %	45.2 %	49.4 %

Source: STR

FIGURE 5-12 AVERAGE RATE BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Feb - 17	\$79.44	\$93.02	\$91.79	\$92.83	\$91.54	\$86.33	\$84.57	\$89.32
Mar - 17	84.77	96.11	97.70	97.25	96.42	93.39	89.43	94.52
Apr - 17	85.43	95.06	98.67	95.06	91.09	86.39	82.30	91.42
May - 17	79.82	94.93	97.54	96.98	96.31	93.84	89.99	93.77
Jun - 17	89.34	99.50	100.52	100.80	93.79	91.90	92.02	95.68
Jul - 17	86.79	97.48	98.40	98.50	92.95	89.07	91.52	93.62
Aug - 17	180.56	161.02	105.43	103.59	97.18	102.57	147.77	125.93
Sep - 17	83.34	97.46	101.25	100.00	95.58	88.62	87.74	93.74
Oct - 17	82.14	92.57	95.48	94.95	92.39	81.85	81.54	89.89
Nov - 17	82.28	89.97	91.96	91.86	92.06	84.60	81.93	88.85
Dec - 17	83.30	84.23	87.32	86.83	83.02	80.31	76.21	82.92
Jan - 18	80.50	85.38	85.88	85.00	81.89	79.64	79.11	83.06
Average	\$96.32	\$101.26	\$96.90	\$96.07	\$92.86	\$89.13	\$92.29	\$94.93

Source: STR

FIGURE 5-13 OCCUPANCY, AVERAGE RATE, AND REVPAR BY DAY OF WEEK (MULTIPLE YEARS)

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Feb 15 - Jan 16	43.7 %	64.0 %	73.4 %	72.8 %	67.0 %	63.3 %	56.4 %	62.9 %
Feb 16 - Jan 17	35.1	50.7	59.1	59.7	56.2	54.6	48.8	52.1
Feb 17 - Jan 18	34.7	47.9	55.6	57.4	54.3	50.6	45.2	49.4
<u>Change (Occupancy Points)</u>								
FY 15 - FY 16	(8.6)	(13.3)	(14.4)	(13.1)	(10.8)	(8.7)	(7.6)	(10.8)
FY 16 - FY 17	(0.4)	(2.8)	(3.4)	(2.3)	(1.9)	(4.0)	(3.6)	(2.6)
ADR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Feb 15 - Jan 16	\$85.91	\$99.27	\$101.57	\$101.35	\$96.17	\$89.18	\$87.65	\$95.24
Feb 16 - Jan 17	82.05	93.79	95.66	94.87	91.44	86.23	83.97	90.35
Feb 17 - Jan 18	96.32	101.26	96.90	96.07	92.86	89.13	92.29	94.93
<u>Change (Dollars)</u>								
FY 15 - FY 16	(\$3.86)	(\$5.48)	(\$5.91)	(\$6.48)	(\$4.73)	(\$2.96)	(\$3.69)	(\$4.90)
FY 16 - FY 17	14.27	7.47	1.24	1.20	1.42	2.90	8.32	4.59
<u>Change (Percent)</u>								
FY 15 - FY 16	(4.5) %	(5.5) %	(5.8) %	(6.4) %	(4.9) %	(3.3) %	(4.2) %	(5.1) %
FY 16 - FY 17	17.4	8.0	1.3	1.3	1.5	3.4	9.9	5.1
RevPAR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Feb 15 - Jan 16	\$37.58	\$63.51	\$74.56	\$73.74	\$64.47	\$56.45	\$49.41	\$59.90
Feb 16 - Jan 17	28.83	47.56	56.49	56.63	51.42	47.10	40.98	47.03
Feb 17 - Jan 18	33.44	48.51	53.92	55.17	50.43	45.14	41.74	46.93
<u>Change (Dollars)</u>								
FY 15 - FY 16	(\$8.75)	(\$15.95)	(\$18.07)	(\$17.11)	(\$13.05)	(\$9.34)	(\$8.43)	(\$12.87)
FY 16 - FY 17	4.60	0.95	(2.57)	(1.46)	(0.99)	(1.96)	0.76	(0.10)
<u>Change (Percent)</u>								
FY 15 - FY 16	(23.3) %	(25.1) %	(24.2) %	(23.2) %	(20.2) %	(16.6) %	(17.1) %	(21.5) %
FY 16 - FY 17	16.0	2.0	(4.6)	(2.6)	(1.9)	(4.2)	1.9	(0.2)

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. In addition, this market accommodates association and SMERFE-related groups.

LOCAL LODGING SUPPLY

Primary Competitors

The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors (if applicable). The facility offerings of the primary competitors are also illustrated. This information was compiled from inspections, online resources, and our in-house database of operating and hotel facility data.

FIGURE 5-14 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Estimated 2015				Estimated 2016				Estimated 2017					
		Meeting and Group	Commercial	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Parkway Plaza Casper Resort, Spa & Convention Center	289	50 %	20 %	30 %	289	50 - 55 %	\$55 - \$60	\$30 - \$35	289	35 - 40 %	\$55 - \$60	\$20 - \$25	289	20 - 25 %	\$65 - \$70	\$10 - \$15	40 - 45 %	30 - 35 %
Ramada Plaza Riverside Hotel & Convention Center	200	40	40	20	200	50 - 55	80 - 85	40 - 45	200	40 - 45	75 - 80	30 - 35	200	40 - 45	85 - 90	35 - 40	85 - 90	75 - 80
Ramkota Hotel	230	40	40	20	230	65 - 70	75 - 80	50 - 55	230	50 - 55	70 - 75	40 - 45	230	55 - 60	70 - 75	40 - 45	120 - 130	95 - 100
Hilton Garden Inn Casper	121	40	40	20	121	75 - 80	130 - 140	100 - 105	121	65 - 70	115 - 120	80 - 85	121	65 - 70	120 - 125	80 - 85	130 - 140	170 - 180
Hampton Inn & Suites Casper	100	20	40	40	100	70 - 75	130 - 140	95 - 100	100	65 - 70	115 - 120	80 - 85	100	65 - 70	115 - 120	80 - 85	140 - 150	170 - 180
Courtyard by Marriott Casper	100	20	40	40	100	60 - 65	125 - 130	80 - 85	100	50 - 55	110 - 115	60 - 65	100	45 - 50	105 - 110	50 - 55	100 - 110	110 - 120
Holiday Inn Casper East McMurry Park	119	30	40	30	119	60 - 65	115 - 120	75 - 80	119	50 - 55	100 - 105	50 - 55	119	50 - 55	100 - 105	50 - 55	110 - 120	110 - 120
Sub-Totals/Averages	1,159	36 %	38 %	27 %	1,159	63 %	\$94.77	\$59.51	1,159	50.9 %	\$89.50	\$45.52	1,159	47.1 %	\$94.01	\$44.24	96.9 %	96.4 %
Secondary Competitors	452	17 %	51 %	32 %	162	69 %	\$96.96	\$66.90	172	60.6 %	\$88.91	\$53.85	202	57.1 %	\$96.68	\$55.22	117.6 %	120.4 %
Totals/Averages	1,611	32 %	40 %	28 %	1,321	64 %	\$95.07	\$60.42	1,331	52.1 %	\$89.41	\$46.60	1,361	48.5 %	\$94.47	\$45.87	100.0 %	100.0 %

** 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 5-15 PRIMARY COMPETITORS – FACILITY PROFILES

Property	Number of Rooms (STR)	Year Opened/ Affiliation Change (STR)	Food and Beverage Outlets	Indoor Meeting Space (SF) - Excluding Prefunction	Net Meeting Space per Room	Facilities & Amenities
Parkway Plaza Casper Resort, Spa & Convention Center 1 Parkway Plaza Drive	289	1966	Parkway Cafe; All That Jazz	22,884	79	Business Center; Guest Laundry Area; Room Service; Indoor Swimming Pool; Whirlpool; Sauna; Fitness Center; Recreation Area with Miniature Golf; Complimentary Airport/Local Shuttle
Ramada Plaza Riverside Hotel & Convention Center 300 West F Street	200	1965/2008	Dukes Eatery; Dukes Bar	6,608	33	Complimentary Breakfast; Business Center; Guest Laundry Area; Room Service; Gift Shop; Indoor Swimming Pool; Indoor Whirlpool; Fitness Center; Airport Shuttle
Ramkota Hotel 800 North Poplar Street	230	1977/2015	Remington's; Spirits Lounge	11,037	48	Complimentary Breakfast; Room Service; Indoor Swimming Pool; Indoor Whirlpool; Fitness Room; Business Center; Laundry/Valet Service; Complimentary Shuttle
Hilton Garden Inn Casper 1150 North Poplar Street	121	2008	Garden Grille and Bar	3,070	25	Pavilion Pantry; Business Center; Guest Laundry Area; Gift Shop; Indoor Swimming Pool; Indoor Whirlpool; Fitness Room; Laundry/Valet Service
Hampton Inn & Suites Casper 1100 North Poplar Road	100	2008	Breakfast Area	475	5	Complimentary Breakfast; Business Center; Guest Laundry Area; Indoor Swimming Pool; Fitness Room; Laundry/Valet Service
Courtyard by Marriott Casper 4260 Hospitality Lane	100	2007	The Bistro	1,250	13	Business Center; Indoor-Outdoor Swimming Pool; Indoor Whirlpool; Fitness Room; Guest Laundry Area; Beauty Shop; Laundry/Valet Service
Holiday Inn Casper East McMurtry Park 721 Granite Peak Drive	119	2008	Cole Creek Bar and Grill	1,430	12	Room Service Breakfast; Business Center; Guest Laundry Area; Indoor Swimming Pool; Indoor Whirlpool; Fitness Room; Laundry/Valet Service

The following map illustrates the locations of the subject property's selected future competitors.

MAP OF COMPETITION



- | | | | |
|--|--|--|---------------------------------------|
| | Proposed Hotel & Conference Center | | Holiday Inn (Primary) |
| | Parkway Plaza Hotel & Convention Center (Primary) | | La Quinta Inn (Secondary) |
| | Ramada Plaza Riverside Hotel & Convention Center (Primary) | | Quality Inn & Suites (Secondary) |
| | Ramkota Hotel (Primary) | | Residence Inn by Marriott (Secondary) |
| | Hilton Garden Inn (Primary) | | Holiday Inn Express (Secondary) |
| | Hampton Inn & Suites (Primary) | | Comfort Inn (Secondary) |
| | Courtyard by Marriott (Primary) | | |

PRIMARY COMPETITOR #1 - PARKWAY PLAZA HOTEL & CONVENTION CENTER



**Parkway Plaza Hotel &
Convention Center**
1 Parkway Plaza Drive
Casper, WY

FIGURE 5-16 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2015	289	50 - 55 %	\$55 - \$60	\$30 - \$35	80 - 85 %	45 - 50 %
Est. 2016	289	35 - 40	55 - 60	20 - 25	65 - 70	40 - 45
Est. 2017	289	20 - 25	65 - 70	10 - 15	40 - 45	30 - 35

PRIMARY COMPETITOR #2 - RAMADA PLAZA RIVERSIDE HOTEL & CONVENTION CENTER



**Ramada Plaza
Riverside Hotel &
Convention Center
300 West F Street
Casper, WY**

FIGURE 5-17 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2015	200	50 - 55 %	\$80 - \$85	\$40 - \$45	80 - 85 %	70 - 75 %
Est. 2016	200	40 - 45	75 - 80	30 - 35	80 - 85	65 - 70
Est. 2017	200	40 - 45	85 - 90	35 - 40	85 - 90	75 - 80

PRIMARY COMPETITOR #3 - RAMKOTA HOTEL

Ramkota Hotel
800 North Poplar
Street
Casper, WY

FIGURE 5-18 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2015	230	65 - 70 %	\$75 - \$80	\$50 - \$55	100 - 110 %	80 - 85 %
Est. 2016	230	50 - 55	70 - 75	40 - 45	100 - 110	85 - 90
Est. 2017	230	55 - 60	70 - 75	40 - 45	120 - 130	95 - 100

PRIMARY COMPETITOR #4 - HILTON GARDEN INN



Hilton Garden Inn
1150 North Poplar
Street
Casper, WY

FIGURE 5-19 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2015	121	75 - 80 %	\$130 - \$140	\$100 - \$105	120 - 130 %	170 - 180 %
Est. 2016	121	65 - 70	115 - 120	80 - 85	130 - 140	170 - 180
Est. 2017	121	65 - 70	120 - 125	80 - 85	130 - 140	170 - 180

PRIMARY COMPETITOR #5 - HAMPTON INN & SUITES



Hampton Inn & Suites
1100 North Poplar
Road
Casper, WY

FIGURE 5-20 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2015	100	70 - 75 %	\$130 - \$140	\$95 - \$100	110 - 120 %	160 - 170 %
Est. 2016	100	65 - 70	115 - 120	80 - 85	130 - 140	170 - 180
Est. 2017	100	65 - 70	115 - 120	80 - 85	140 - 150	170 - 180

PRIMARY COMPETITOR #6 - COURTYARD BY MARRIOTT

Courtyard by Marriott
4260 Hospitality Lane
Casper, WY

FIGURE 5-21 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2015	100	60 - 65 %	\$125 - \$130	\$80 - \$85	100 - 110 %	130 - 140 %
Est. 2016	100	50 - 55	110 - 115	60 - 65	100 - 110	130 - 140
Est. 2017	100	45 - 50	105 - 110	50 - 55	100 - 110	110 - 120

PRIMARY COMPETITOR #7 - HOLIDAY INN



Holiday Inn
721 Granite Peak Drive
Casper, WY

FIGURE 5-22 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2015	119	60 - 65 %	\$115 - \$120	\$75 - \$80	100 - 110 %	120 - 130 %
Est. 2016	119	50 - 55	100 - 105	50 - 55	100 - 110	110 - 120
Est. 2017	119	50 - 55	100 - 105	50 - 55	110 - 120	110 - 120

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 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 5-23 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2015				Estimated 2016				Estimated 2017			
		Meeting and Group	Commercial	Leisure		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
La Quinta Inn	120	30 %	30 %	40 %	50 %	60	65 - 70 %	\$75 - \$80	\$50 - \$55	60	60 - 65 %	\$70 - \$75	\$40 - \$45	60	45 - 50 %	\$65 - \$70	\$30 - \$35
Quality Inn & Suites	92	10	70	20	50	46	65 - 70	90 - 95	60 - 65	46	55 - 60	85 - 90	50 - 55	46	55 - 60	90 - 95	50 - 55
Residence Inn by Marriott	99	20	60	20	40	—	Hotel not open		—	10	15 - 20	105 - 110	20 - 25	40	50 - 55	120 - 125	65 - 70
Holiday Inn Express	84	10	60	30	40	34	65 - 70	130 - 140	90 - 95	34	65 - 70	120 - 125	80 - 85	34	65 - 70	120 - 125	80 - 85
Comfort Inn	57	10	30	60	40	23	70 - 75	95 - 100	65 - 70	23	65 - 70	80 - 85	55 - 60	23	65 - 70	90 - 95	60 - 65
Totals/Averages	452	17 %	51 %	32 %	45 %	162	69.0 %	\$96.96	\$66.90	172	60.6 %	\$88.91	\$53.85	202	57.1 %	\$96.68	\$55.22

* 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. The La Quinta Inn and Quality Inn are anticipated to be competitive based on their downtown locations; however, given their midscale orientations, these hotels are not forecast to compete directly with the proposed subject hotel. The Residence Inn by Marriott is expected to be competitive based on its upscale brand class and recent construction; however, this property is considered secondarily competitive given its extended-stay product orientation. The Holiday Inn Express and Comfort Inn are not assumed to be fully competitive with the subject property given their midscale, limited-service offerings.

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel's operating performance. The following chart sets forth the hotels that have recently opened, are under construction, or are in the stages of early development in the Casper area. The list is categorized by the principal submarkets within the city.

Our analysis does not assume that additional new competitive hotel supply will open during the subject property's ramp-up period.

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 in 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 average rate 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 Casper submarket. The Proposed Hotel & Conference Center 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 in some cases 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 5-24 HISTORICAL MARKET TRENDS

Year	Accommodated Room Nights	% Change	Room Nights Available	% Change	Market Occupancy	Market ADR	% Change	Market RevPAR	% Change
Est. 2015	306,536	—	482,311	—	63.6 %	\$95.07	—	\$60.42	—
Est. 2016	253,243	(17.4) %	485,915	0.7 %	52.1	89.41	(5.9) %	46.60	(22.9) %
Est. 2017	241,179	(4.8)	496,765	2.2	48.5	94.47	5.7	45.87	(1.6)
Avg. Annual Compounded									
Chg., Est. 2015-Est. 2017:		(11.3) %		1.5 %			(0.3) %		(12.9) %

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, database of property information, and responses to the HVS property survey, we estimate the 2017 distribution of accommodated-room-night demand as follows.

FIGURE 5-25 ACCOMMODATED ROOM-NIGHT DEMAND

Market Segment	Marketwide	
	Accommodated Demand	Percentage of Total
Meeting and Group	77,998	32 %
Commercial	96,530	40
Leisure	66,650	28
Total	241,179	100 %

The market's estimated demand mix comprises meeting and group demand, with this segment representing roughly 32% of the accommodated room nights in this Casper submarket. The commercial segment comprises 40% of the total, with the final portion leisure in nature, reflecting 28%.

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.

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.

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.

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 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.

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 subject property'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.

Given the oil and gas sector rebound that commenced in 2017, our assumptions regarding the return of lodging demand to this market are cautiously optimistic. The HVS projections for base lodging demand growth over the next few years include all sources of room nights including from the oil and gas sector. Historical lodging demand trends provided by STR illustrate major influences including the severe demand contraction that incurred in 2015 and 2016, with a lesser demand decline posted in 2017. Research indicates that this decline period correlates with the oil and gas market contraction. The demand decline tapered significantly in 2017 and further reflected the market's absorption of new hotel rooms. According to STR, the year-to-date period through April, achieved 5.6% lodging demand growth compared to the same period in 2017 reflecting some recovery. Monthly data show that this positive demand trend commenced during the fall of 2017 and has continued through 2018. Accordingly, we have forecast accommodated demand growth of 12.6% in 2018, 11.1% in 2019, and 10.3% in 2020. As shown later in this chapter, the application of these base demand growth rates results in a modest recovery in occupancy for the competitive set, which is forecast to reach an estimated 60.7% by 2019. We note, however, that this modest occupancy resurgence anticipated by 2019 is approximately twelve points below the 73% occupancy level achieved by this competitive set in 2014.

FIGURE 5-26 AVERAGE ANNUAL COMPOUNDED MARKET SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate					
	2018	2019	2020	2021	2022	2023
Meeting and Group	6.0 %	8.0 %	10.0 %	8.0 %	4.0 %	2.0 %
Commercial	17.0	14.0	12.0	8.0	4.0	2.0
Leisure	14.0	10.0	8.0	6.0	4.0	2.0
Base Demand Growth	12.6 %	11.1 %	10.3 %	7.5 %	4.0 %	2.0 %

Latent Demand

A table presented earlier in this section illustrated the accommodated-room-night demand in the subject property's competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were

Unaccommodated Demand

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 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%, 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 5-27 OCCUPANCY BY NIGHT OF THE WEEK

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Feb - 17	22.2 %	36.8 %	44.8 %	51.5 %	48.4 %	44.6 %	38.6 %	41.0 %
Mar - 17	23.9	43.2	53.0	57.5	58.4	64.1	48.7	50.8
Apr - 17	25.8	51.4	63.2	57.1	51.1	45.3	36.4	46.1
May - 17	37.7	43.2	55.8	58.9	60.4	60.7	51.4	52.6
Jun - 17	49.7	64.9	74.9	73.8	64.7	60.6	63.7	64.5
Jul - 17	45.6	52.8	60.7	65.1	67.7	62.9	54.8	57.8
Aug - 17	57.9	68.1	65.6	65.9	58.0	51.9	58.0	61.0
Sep - 17	39.6	52.6	64.4	63.6	57.3	55.6	55.3	55.5
Oct - 17	33.3	47.9	52.7	63.1	55.3	42.4	38.7	47.3
Nov - 17	28.5	49.7	52.0	51.8	50.5	43.7	34.8	44.9
Dec - 17	28.1	31.0	38.2	39.8	36.5	35.6	31.5	34.1
Jan - 18	25.6	35.9	43.7	43.4	39.6	37.0	31.5	37.1
Average	34.7 %	47.9 %	55.6 %	57.4 %	54.3 %	50.6 %	45.2 %	49.4 %

Source: STR

We have reviewed the market's monthly and weekly peak demand periods and sell-out trends for the base year. The following table illustrates the estimate of accommodated and unaccommodated demand in the subject market.

FIGURE 5-28 UNACCOMMODATED DEMAND ESTIMATE

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand Percentage	Unaccommodated Room Night Demand
Meeting and Group	77,998	0.0 %	0
Commercial	96,530	0.0	0
Leisure	66,650	0.0	0
Total	241,179	0.0 %	-

Accordingly, we have forecast unaccommodated demand equivalent to 0.0% of the base-year demand.

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. Based upon the findings of our conference center analysis, we have forecast new demand to be attracted to the market from the opening of this new facility. The following table summarizes our estimate of induced demand.

FIGURE 5-29 INDUCED DEMAND CALCULATION

Market Segment	2020	2021	2022	2023
Meeting and Group	4,520	5,970	10,080	10,080
Commercial	0	0	0	0
Leisure	0	0	0	0
Total	4,520	5,970	10,080	10,080

Accordingly, we have incorporated approximately 10,000 annual room nights in our analysis by the stabilized year, phased in over an appropriate ramp-up period of three years.

Accommodated Demand and Market- wide Occupancy

Based upon a review of the market dynamics in the subject property'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 5-30 FORECAST OF MARKET OCCUPANCY

	2017	2018	2019	2020	2021	2022	2023
Meeting and Group							
Base Demand	77,998	82,678	89,293	98,222	106,080	110,323	112,529
Unaccommodated Demand		0	0	0	0	0	0
Induced Demand		0	0	4,520	5,970	10,080	10,080
Total Demand		82,678	89,293	102,742	112,050	120,403	122,609
Growth Rate		6.0 %	8.0 %	15.1 %	9.1 %	7.5 %	1.8 %
Commercial							
Base Demand	96,530	112,940	128,752	144,202	155,738	161,967	165,207
Unaccommodated Demand		0	0	0	0	0	0
Induced Demand		0	0	0	0	0	0
Total Demand		112,940	128,752	144,202	155,738	161,967	165,207
Growth Rate		17.0 %	14.0 %	12.0 %	8.0 %	4.0 %	2.0 %
Leisure							
Base Demand	66,650	75,981	83,579	90,266	95,682	99,509	101,499
Unaccommodated Demand		0	0	0	0	0	0
Induced Demand		0	0	0	0	0	0
Total Demand		75,981	83,579	90,266	95,682	99,509	101,499
Growth Rate		14.0 %	10.0 %	8.0 %	6.0 %	4.0 %	2.0 %
Totals							
Base Demand	241,179	271,600	301,624	332,689	357,499	371,799	379,235
Unaccommodated Demand		0	0	0	0	0	0
Induced Demand		0	0	4,520	5,970	10,080	10,080
Total Demand		271,600	301,624	337,209	363,469	381,879	389,315
less: Residual Demand		0	0	0	0	793	1,598
Total Accommodated Demand		271,600	301,624	337,209	363,469	381,086	387,718
Overall Demand Growth		12.6 %	11.1 %	11.8 %	7.8 %	4.8 %	1.7 %
Market Mix							
Meeting and Group	32.3 %	30.4 %	29.6 %	30.5 %	30.8 %	31.5 %	31.5 %
Commercial	40.0	41.6	42.7	42.8	42.8	42.4	42.4
Leisure	27.6	28.0	27.7	26.8	26.3	26.1	26.1
Existing Hotel Supply	1,361	1,361	1,361	1,361	1,361	1,361	1,361
Proposed Hotels							
Proposed Hotel & Conference Center ¹				220	220	220	220
Available Room Nights per Year	496,765	496,765	496,765	577,065	577,065	577,065	577,065
Nights per Year	365	365	365	365	365	365	365
Total Supply	1,361	1,361	1,361	1,581	1,581	1,581	1,581
Rooms Supply Growth	—	0.0 %	0.0 %	16.2 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	48.5 %	54.7 %	60.7 %	58.4 %	63.0 %	66.0 %	67.2 %

¹ Opening in January 2020 of the 100% competitive, 220-room Proposed Hotel & Conference Center

6. 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 & Conference Center will be a Conference Center Hotel lodging facility containing 220 rentable units. For the purposes of this analysis, the property is will open on January 1, 2020. The subject property has been positioned to reflect the upscale brand class.

EXAMPLE OF HOTEL & CONFERENCE CENTER EXTERIOR



Examples of lodging brands by chain scale or brand class are illustrated in the following table.

FIGURE 6-1 STR LODGING BRANDS BY CHAIN SCALE: UPPER-MIDSCALE THROUGH UPPER-UPSCALE

Upper-Upscale	Upscale	Upper-Midscale
Ace Hotel	AC Hotel by Marriott	Ayres
Affinia	Aloft	Aqua Hotels
Autograph Collection	Ascend Collection	Best Western Plus
Club Quarters	Aston Hotel	Boarders Inn & Suites
Curio Collection	Best Western Premier	Centerstone Hotels
Delta	Cambria Suites	Chase Suites
Dolce	Canad Inn	Clarion
Embassy Suites	CitizenM Hotels	Cobblestone
Gaylord	Club Med	Comfort Inn
Hard Rock	Coast Hotels & Resorts USA	Comfort Suites
Hilton	Courtyard by Marriott	Country Inn & Suites by Carlson
Hyatt	Crowne Plaza	DoubleTree Club by Hilton
Hyatt Centric	Disney Hotels	Drury Inn
Hyatt Regency	DoubleTree by Hilton	Drury Inn & Suites
Joie De Vivre	Element	Drury Plaza Hotel
Kimpton	EVEN Hotels	Drury Suites
Le Méridien	Four Points by Sheraton	Fairfield Inn by Marriott
Magnolia Hotels	Graduate Hotels	Golden Tulip
Marriott	Grand America	Hampton by Hilton
Marriott Conference Centers	Great Wolf Lodge	Hampton Inn & Suites by Hilton
Millennium	Hilton Garden Inn	Holiday Inn
Omni	Homewood Suites by Hilton	Holiday Inn Express
Outrigger	Hotel Indigo	Home2 Suites by Hilton
Pan Pacific Hotel Group	Hyatt House	Isle of Capri
Pestana	Hyatt Place	Lexington
Pullman	Larkspur Landing	OHANA
Radisson Blue	Legacy Vacation Club	Oxford Suites
Renaissance	Meliá	Park Inn
Sheraton	Miyako Hotels	Phoenix Inn
Starhotels	Novotel	Ramada Plaza
Swissôtel	NYLO Hotels	Red Lion Hotels
Tribute Portfolio	Prince Hotels	Silver Cloud
Warwick Hotels	Radisson	Sonesta ES Suites
Westin	Residence Inn by Marriott	TRYP by Wyndham
Wyndham	Room Mate	TownePlace Suites by Marriott
	Shell Vacations Club	Westmark
	Sonesta Hotel	Wyndham Garden Hotel
	SpringHill Suites by Marriott	Xanterra
	Staybridge Suites	

Summary of the Facilities

Based on our fieldwork, research, and analyses, the following table summarizes the facilities that are recommended to be available at the proposed subject hotel.

FIGURE 6-2 PROPOSED FACILITIES SUMMARY

Guestroom Configuration		Number of Units
King		60 - 80
Queen/Queen		100 - 120
Suites		30 - 40
Total		220
Food & Beverage Facilities		
Restaurant/Café	Rooftop Lounge	
Lobby Bar	Banquets	
Indoor Meeting & Banquet Facilities		Square Footage
Multi-Purpose Ballroom		15,000
Breakout Rooms and Boardroom		4,800
Total (excludes Pre-Function Space)		19,800
Amenities & Services		
Indoor Swimming Pool	Market Pantry	
Fitness Room	Sun Deck with Views	
Lobby Workstations	Outdoor Seating Area with Fire Pit	

Site Improvements and Hotel Structure

The Proposed Hotel & Conference Center is expected to comprise one building containing public spaces, meeting spaces, guestrooms, recreation, and back-of-the-house areas. Parking should be available in a proximate parking structure or a surface parking lot. Other site improvements should include freestanding signage, located at the main entrance to the site, as well as landscaping, sidewalks, and an outdoor seating area with a fire pit. Additional signage is expected to be placed on the exterior of the building. The hotel's main entrance will lead directly into the lobby, and the first (ground) floor should house the public areas and the back-of-the-house space. Guestrooms are planned to be located on all floors. The site and building components are expected to be normal for a hotel of this type and should meet the standards for this urban market.

Planned Facilities

The hotel's planned food and beverage areas should be located off of the lobby, as well as include a rooftop venue that features mountain views. The furnishings of these spaces are expected to be of a similar upscale style as the lobby and guestroom furnishings, while incorporating contemporary mountain-themed finishes. The hotel is expected to offer flexible meeting spaces, which should be located on the first floor. According to brand requirements, the hotel may be required to feature an indoor swimming pool, in addition to a fitness room. We recommend that the property feature an outdoor patio with a fire pit. Other amenities are expected to include a lobby workstation and a market pantry for grab-n-go snacks off the lobby cafe. The hotel should feature standard and suite-style room configurations and the typical in-room amenities associated with an upscale brand. Guestroom bathrooms should be of a standard size, with a single sink and vanity area featuring a stone countertop and commode, as well as either a walk-in shower or shower-in-tub combination. Overall, the facilities should be appropriate for a hotel of this type, and we assume that they will meet brand standards.

Lobby

EXAMPLE OF HOTEL & CONFERENCE CENTER LOBBY



Food & Beverage

EXAMPLE OF HOTEL & CONFERENCE CENTER CAFE



EXAMPLE OF HOTEL & CONFERENCE CENTER BAR/LOUNGE



Prefunction and Meeting Space

EXAMPLE OF HOTEL & CONFERENCE CENTER PREFUNCTION SPACE



EXAMPLE OF HOTEL & CONFERENCE CENTER BALLROOM



EXAMPLE OF HOTEL & CONFERENCE CENTER BALLROOM



EXAMPLE OF HOTEL & CONFERENCE CENTER BALLROOM

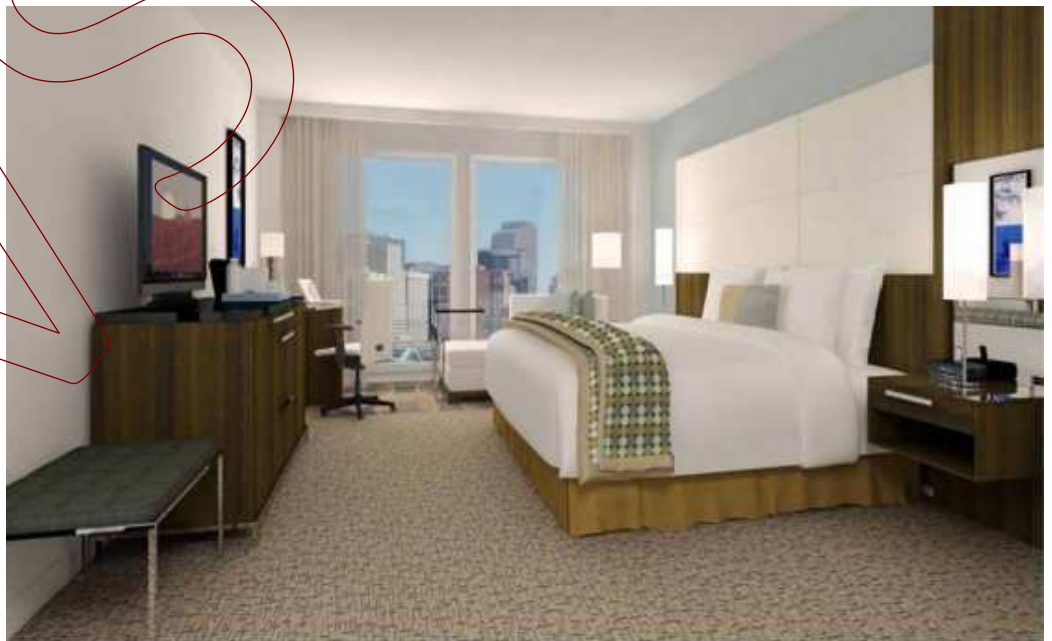


EXAMPLE OF HOTEL & CONFERENCE CENTER BOARDROOM



Guestrooms

EXAMPLE OF HOTEL & CONFERENCE CENTER GUESTROOM



EXAMPLE OF HOTEL & CONFERENCE CENTER GUESTROOM



Back-of-the-House and ADA

The hotel is expected to be served by the necessary back-of-the-house space, including an in-house laundry facility, administrative offices, and a kitchen to service the needs of the dining, 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 and brand standards. 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, after its opening, the hotel will require ongoing upgrades and periodic renovations in order to maintain its competitive level in this market and to remain compliant with brand standards. 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 hotel should offer a well-designed, functional layout of support areas and guestrooms. All typical and market-appropriate features and amenities appear 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 and brand standards. 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.

7. 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, beverages, other operated departments, and rentals and other 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 subject property'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 property's market share to its fair share.

Historical 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.

FIGURE 7-1 HISTORICAL PENETRATION RATES

Property	Meeting and Group	Commercial	Leisure	Overall
Parkway Plaza Casper Resort, Spa & Convention Center	68 %	22 %	48 %	44 %
Ramada Plaza Riverside Hotel & Convention Center Casp	107	86	63	87
Ramkota Hotel	152	123	89	123
Hilton Garden Inn Casper	168	136	98	136
Hampton Inn & Suites Casper	87	140	203	140
Courtyard by Marriott Casper	64	103	149	103
Holiday Inn Casper East McMurry Park	103	111	120	111
Secondary Competition Composite	61	150	138	118

**Forecast of Subject
Property's Occupancy**

Based on estimated performance and market segmentation levels, the Hilton Garden Inn Casper and the Ramkota Hotel achieved the highest penetration rates within the meeting and group segment, in the base year. The highest penetration rates in the commercial segment were achieved by the Secondary Competition Composite and the Hampton Inn & Suites, while the Hampton Inn & Suites Casper and the Courtyard by Marriott led the market with the highest leisure penetration rates.

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 subject property 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 7-2 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2020	2021	2022
Meeting and Group			
Demand	102,742	112,050	120,156
Market Share	16.3 %	18.0 %	18.5 %
Capture	16,730	20,209	22,207
Penetration	117 %	130 %	133 %
Commercial			
Demand	144,202	155,738	161,629
Market Share	13.1 %	13.5 %	14.4 %
Capture	18,931	21,088	23,225
Penetration	94 %	97 %	103 %
Leisure			
Demand	90,266	95,682	99,301
Market Share	11.5 %	10.4 %	10.2 %
Capture	10,363	9,998	10,092
Penetration	83 %	75 %	73 %
Total Room Nights Captured	46,024	51,295	55,523
Available Room Nights	80,300	80,300	80,300
Subject Occupancy	57 %	64 %	69 %
Market-wide Available Room Nights	577,065	577,065	577,065
Fair Share	14 %	14 %	14 %
Market-wide Occupied Room Nights	337,209	363,469	381,086
Market Share	14 %	14 %	15 %
Market-wide Occupancy	58 %	63 %	66 %
Total Penetration	98 %	101 %	105 %

The proposed subject hotel's occupancy penetration in the meeting and group segment is positioned well above the market-average level of existing competitors given the proposed hotel's planned sizeable and state-of-the-art meeting space offering. The property's ramp-up within this market segment assumes an appropriate level of pre-opening sales and marketing efforts. Within the commercial segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level, supported by its anticipated strong brand affiliation and loyalty program, as well its new product with suite units and contemporary amenities. This level appropriately builds during the early years of operation as the hotel gains recognition in the local market and establishes corporate and government accounts. Within the leisure segment, the proposed subject hotel's occupancy penetration is positioned below the market-average level

and appropriately within the range of existing competitors. This leisure positioning is largely attributed to the hotel's expected capture of leisure demand to fill soft periods or weekends, given its focus on group and commercial accounts.

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

FIGURE 7-3 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2020	2021	2022
Meeting and Group	36 %	39 %	40 %
Commercial	41	41	42
Leisure	23	19	18
Total	100 %	100 %	100 %

Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 69%. 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 subject property 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, which is more formally defined as the average rate per occupied room. Average rate 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 average rate 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 average rate analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding average rate. 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 average rate and the RevPAR of the subject property's future primary competitors.

FIGURE 7-4 BASE-YEAR AVERAGE RATE AND REVPAR OF THE COMPETITORS

Property	Estimated 2017 Average Room Rate	Average Room Rate Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Parkway Plaza Casper Resort, Spa & Convention Center	\$65 - \$70	65 - 70 %	\$10 - \$15	30 - 35 %
Ramada Plaza Riverside Hotel & Convention Center Casper	85 - 90	85 - 90	35 - 40	75 - 80
Ramkota Hotel	70 - 75	75 - 80	40 - 45	95 - 100
Hilton Garden Inn Casper	120 - 125	130 - 140	80 - 85	170 - 180
Hampton Inn & Suites Casper	115 - 120	120 - 130	80 - 85	170 - 180
Courtyard by Marriott Casper	105 - 110	110 - 120	50 - 55	110 - 120
Holiday Inn Casper East McMurry Park	100 - 105	100 - 110	50 - 55	110 - 120
Average - Primary Competitors	\$94.01	99.5 %	\$44.24	96.4 %
Average - Secondary Competitors	96.68	102.3	55.22	120.4
Overall Average	\$94.47		\$45.87	

The defined primary competitive market realized an overall average rate of \$94.01 in the 2017 base year, improving from the 2016 level of \$89.50. The highest estimated ADR levels were posted by the Hilton Garden Inn and Hampton Inn & Suites, in 2017 dollars. We have positioned the proposed subject property's as-if stabilized ADR at \$123.00, in base-year 2017 dollars. The positioned level is comparable to the 2017 rates estimated for three of the primary and secondary competitors.

Based on these considerations, the following table illustrates the projected average rate and the growth rates assumed. As a context for the average rate growth factors, note that we have applied underlying inflation rates of 2.5%, 2.5%, and 3.0% thereafter for each respective year following the base year of 2017.

FIGURE 7-5 HISTORICAL AND PROJECTED OCCUPANCY, AVERAGE RATE, AND REVPAR – PROPOSED SUBJECT PROPERTY VERSUS THE MARKET

	2015	2016	2017	2018	2019	Projected 2020	2021	2022
Proposed Hotel & Conference Center								
Occupancy				—	—	57.3 %	63.9 %	69.1 %
Change in Points				—	—	—	6.6	5.3
Occupancy Penetration				—	—	98.1 %	101.4 %	104.7 %
Average Rate		\$123.00		—	—	\$149.26 *	\$156.72	\$161.42
Change				—	—	—	5.0 %	3.0 %
Average Rate Penetration				—	—	132.7 %	135.3 %	135.3 %
RevPAR				—	—	\$85.55	\$100.11	\$111.62
Change				—	—	—	17.0 %	11.5 %
RevPAR Penetration				—	—	130.2 %	137.2 %	141.6 %
	Historical (Estimated)			Projected				
	2015	2016	2017	2018	2019	2020	2021	2022
Casper Submarket								
Occupancy	63.6 %	52.1 %	48.5 %	54.7 %	60.7 %	58.4 %	63.0 %	66.0 %
Change in Points	—	(11.4)	(3.6)	6.1	6.0	(2.3)	4.6	3.1
Average Rate	\$95.07	\$89.41	\$94.47	\$100.14	\$108.15	\$112.48	\$115.85	\$119.33
Change	—	(5.9) %	5.7 %	6.0 %	8.0 %	4.0 %	3.0 %	3.0 %
RevPAR	\$60.42	\$46.60	\$45.87	\$54.75	\$65.67	\$65.73	\$72.97	\$78.80
Change	—	(22.9) %	(1.6) %	19.4 %	19.9 %	0.1 %	11.0 %	8.0 %

* The forecast for the proposed subject property does not include rate discounts that are expected to occur during the initial year(s) of operation.

The Casper market is projected to continue to experience some rate recovery through the near term, given the rebound in rates that commenced in 2017 and continued through year-to-date 2018. Growth in average rate is forecast to be similar to the last positive ADR cycle that occurred in this market between 2012 and 2015, as illustrated by STR. In 2015, the competitive set achieved a composite ADR of \$95.79, during the oil & gas sector downturn. Under the assumption of a moderate recovery, demand and ADR are forecast to increase moderately. In addition, with the opening of a new hotel & conference center, market ADR is expected to be buoyed from this new higher-rated property and induced new demand in the market, which also would provide some compression of rates during peak periods. The subject property, as noted previously, is expected to capture higher rates given the above-noted attributes. The proposed hotel & conference center's rate position should reflect growth superior to market trends during its first few projection years, owing to its new facility, state-of-the-art product offering, suite premiums, and anticipated strong brand affiliation.

Following the ADR positioning in base-year dollars, annual growth is then applied utilizing the market's anticipated rate gains, as well as the appropriate ADR penetration for a hotel & conference center compared vis-à-vis its competitive set. Once ADR growth is applied through the stabilized year, the stabilized year's forecast rate is deflated to 2017 dollars resulting in "deflated-stabilized" average rate of approximately \$141.00. The subject property's ADR penetration relative to the competitive set is forecast to be 135%, which is appropriate given the proposed hotel's anticipated new construction, state-of-the-art product offering, suite premiums, and a brand affiliation with support for marketing, national sales, yield management, and loyalty program. The stabilized ADR penetration level has been cross-checked with the levels of a large set of national conference center hotels.

As shown below, the final forecast reflects years beginning on January 1, 2020 and corresponds with our financial projections.

FIGURE 7-6 MARKET AND SUBJECT PROPERTY AVERAGE RATE FORECAST

Calendar Year	2017	2018	2019	2020	2021	2022
Market ADR	\$94.47	\$100.14	\$108.15	\$112.48	\$115.85	\$119.33
Projected Market ADR Growth Rate	—	6.0%	8.0%	4.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)	\$123.00	\$130.38	\$140.81	\$149.26	\$156.72	\$161.42
ADR Growth Rate	—	6.0%	8.0%	6.0%	5.0%	3.0%
Proposed Subject Stabilized ADR Penetration	130%	130%	130%	133%	135%	135%
Fiscal Year				2020	2021	2022
Proposed Subject Property Average Rate				\$149.26	\$156.72	\$161.42
Opening Discount				5.0%	0.0%	0.0%
Average Rate After Discount				\$141.80	\$156.72	\$161.42
Real Average Rate Growth				—	10.5%	3.0%
Market ADR				\$112.48	\$115.85	\$119.33
Proposed Subject ADR Penetration (After Discount)				126%	135%	135%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate				\$131.03	\$140.61	\$140.61

As illustrated above, following the application of market-level growth rates in the years prior to the hotel's opening, a 6.0% rate of change is expected for the proposed subject hotel's ADR during the first projection year, as the property commences its ramp up in the market given pre-marketing efforts. As higher-rated accounts and groups are attracted to the property, ADR growth rates of 5.0% and 3.0% are forecast for the subject property in 2021 and 2022, respectively.

A new property must establish its reputation and a client base in the market during its ramp-up period; as such, the proposed subject hotel's average rates in the initial operating period have been discounted to reflect this likelihood. We forecast a 5.0% discount to the proposed subject hotel's forecast room rates in the first operating year, which would be typical for a new operation of this type.

The following occupancies and average rates will be used to project the subject property's rooms revenue; this forecast reflects years beginning on January 1, 2020, which correspond with our financial projections.

FIGURE 7-7 FORECASTS OF OCCUPANCY, AVERAGE RATE, AND REVPAR

Year	Occupancy	Average Rate		Average Rate After Discount
		Before Discount	Discount	
2020	57 %	\$149.26	5.0 %	\$141.80
2021	64	156.72	0.0	156.72
2022	69	161.42	0.0	161.42

For comparison purposes, we have researched published performance statistics for several lodging brands.

FIGURE 7-8 LODGING BRAND PERFORMANCE STATISTICS

Brand	OCCUPANCY			ADR			RevPAR		
	2016	2017	% Chg.	2016	2017	% Chg.	2016	2017	% Chg.
Courtyard by Marriott	67.7%	69.6%	1.9 %	\$134.97	\$136.59	1.2 %	\$91.34	\$95.09	4.1 %
Hilton Garden Inn	74.7%	75.5%	1.1	132.08	132.87	0.6	98.65	100.33	1.7
Hyatt Place	72.4%	74.0%	2.2	126.81	129.77	2.3	91.82	96.02	4.6
Crowne Plaza	68.9%	68.8%	(0.1)	121.61	123.49	1.5	83.81	85.02	1.4
Residence Inn by Marriott	74.6%	76.0%	1.4	141.51	142.78	0.9	105.46	108.52	2.9
Staybridge Suites	76.8%	76.5%	(0.4)	116.46	118.03	1.3	89.49	90.33	0.9
Hampton Inn	73.7%	74.3%	0.8	120.81	122.02	1.0	89.05	90.65	1.8
EVEN Hotels	69.5%	74.7%	7.5	130.02	174.77	34.4	90.34	130.55	44.5
Holiday Inn Express	68.8%	68.7%	(0.1)	111.52	112.64	1.0	76.74	77.43	0.9
Holiday Inn	66.8%	66.6%	(0.3)	112.82	112.61	(0.2)	75.36	75.25	(0.1)
Marriott	67.5%	68.7%	1.2	168.82	173.21	2.6	113.89	119.02	4.5
Comfort Suites	69.3%	70.1%	1.1	96.32	97.01	0.7	66.74	67.96	1.8
Candlewood Suites	74.3%	74.3%	(0.0)	82.12	83.69	1.9	61.05	62.36	2.1
Comfort Inn	65.6%	66.0%	0.6	92.56	94.23	1.8	60.70	62.23	2.5
Sheraton	68.3%	69.1%	0.8	157.19	160.49	2.1	107.30	110.95	3.4
Embassy Suites by Hilton	78.4%	79.1%	0.9	159.95	161.39	0.9	125.38	127.64	1.8
DoubleTree by Hilton	72.9%	74.2%	1.8	134.39	135.47	0.8	98.00	100.55	2.6
Hyatt House	74.9%	77.0%	2.8	147.07	149.75	1.8	110.15	115.36	4.7
Hotel Indigo	72.4%	71.9%	(0.7)	146.55	155.66	6.2	106.10	111.68	5.3
Hyatt Centric	81.1%	81.9%	1.0	241.79	242.39	0.2	196.19	198.45	1.2
Wyndham	57.2%	57.8%	1.0	105.60	101.96	(3.4)	60.44	58.97	(2.4)
Ramada	53.6%	52.0%	(3.0)	73.72	68.44	(7.2)	39.50	35.62	(9.8)
Radisson	Not Available								

8. 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 average rate 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 position the subject property's revenues and expenses, we have reviewed numerous hotel and conference center operating statements from our database of hotel statistics. Those properties with the most similar combination of attributes, such as size, product offering, and location type, were culled and reviewed quantitatively.

We have included a sample of individual comparable operating statements in the following tables. 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.

FIGURE 8-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2016	2016	2015/16	2015/16	2015	2017
USALI Edition:	11	11	11	10	10	11
Number of Rooms:	310 to 390	190 to 250	340 to 430	220 to 280	260 to 330	220
Occupied Rooms:	91,325	58,975	98,126	63,720	80,165	55,407
Meeting Space SF/Room:	63	90	68	79	121	90
Days Open:	365	365	365	365	365	365
Occupancy:	71%	73%	69%	69%	74%	69%
Average Rate:	\$128	\$132	\$144	\$145	\$130	\$141
RevPAR:	\$91	\$96	\$100	\$100	\$96	\$97
REVENUE						
Rooms	67.5 %	75.1 %	67.0 %	67.5 %	82.2 %	74.9 %
Food & Beverage	25.1	24.0	25.1	29.3	15.9	16.0
Other Operated Departments	2.0	0.5	7.2	3.2	1.9	8.3
Miscellaneous Income	5.5	0.5	0.7	0.0	0.0	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	21.7	22.9	17.8	23.6	24.2	23.0
Food & Beverage	65.8	74.4	62.7	45.2	58.0	65.0
Other Operated Departments	94.8	53.9	58.4	36.8	63.6	57.2
Total	33.0	35.3	31.9	30.3	30.3	32.4
DEPARTMENTAL INCOME						
	67.0	64.7	68.1	69.7	69.7	67.6
OPERATING EXPENSES						
Administrative & General	7.9	8.8	7.8	7.4	8.0	8.3
Info. and Telecom. Systems	1.2	1.3	1.2	0.0	0.0	1.3
Marketing	7.9	7.9	9.2	9.2	10.4	7.9
Franchise Fee	5.3	6.8	3.1	2.7	3.3	5.2
Property Operations & Maintenance	3.3	4.2	3.7	3.0	4.5	3.8
Utilities	4.0	3.7	6.7	3.7	4.4	3.7
Total	29.7	32.7	31.7	26.0	30.6	30.2
HOUSE PROFIT						
	37.3	32.0	36.4	43.7	39.1	37.4

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

FIGURE 8-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2016	2016	2015/16	2015/16	2015	2017
USALI Edition:	11	11	11	10	10	11
Number of Rooms:	310 to 390	190 to 250	340 to 430	220 to 280	260 to 330	220
Occupied Rooms:	91,325	58,975	98,126	63,720	80,165	55,407
Meeting Space SF/Room:	63	90	68	79	121	90
Days Open:	365	365	365	365	365	365
Occupancy:	71%	73%	69%	69%	74%	69%
Average Rate:	\$128	\$132	\$144	\$145	\$130	\$141
RevPAR:	\$91	\$96	\$100	\$100	\$96	\$97
REVENUE						
Rooms	\$33,282	\$35,092	\$36,551	\$36,552	\$35,123	\$35,412
Food & Beverage	12,373	11,193	13,702	15,874	6,816	7,556
Other Operated Departments	970	222	3,931	1,746	808	3,909
Miscellaneous Income	2,688	227	375	0	0	378
Total	49,313	46,733	54,559	54,172	42,747	47,254
DEPARTMENTAL EXPENSES						
Rooms	7,222	8,049	6,509	8,623	8,507	8,145
Food & Beverage	8,135	8,332	8,585	7,175	3,953	4,911
Other Operated Departments	919	120	2,294	642	514	2,236
Total	16,276	16,501	17,387	16,441	12,973	15,292
DEPARTMENTAL INCOME	33,037	30,233	37,172	37,731	29,774	31,962
OPERATING EXPENSES						
Administrative & General	3,898	4,128	4,260	3,996	3,418	3,900
Info. and Telecom. Systems	611	605	636	0	0	600
Marketing	3,888	3,697	5,040	4,999	4,455	3,750
Franchise Fee	2,637	3,159	1,717	1,463	1,416	2,479
Property Operations & Maintenance	1,616	1,954	2,013	1,637	1,907	1,800
Utilities	1,990	1,751	3,641	2,012	1,871	1,750
Total	14,641	15,293	17,308	14,106	13,068	14,279
HOUSE PROFIT	18,396	14,940	19,864	23,625	16,706	17,683

FIGURE 8-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2016	2016	2015/16	2015/16	2015	2017
USALI Edition:	11	11	11	10	10	11
Number of Rooms:	310 to 390	190 to 250	340 to 430	220 to 280	260 to 330	220
Occupied Rooms:	91,325	58,975	98,126	63,720	80,165	55,407
Meeting Space SF/Room:	63	90	68	79	121	90
Days Open:	365	365	365	365	365	365
Occupancy:	71%	73%	69%	69%	74%	69%
Average Rate:	\$128	\$132	\$144	\$145	\$130	\$141
RevPAR:	\$91	\$96	\$100	\$100	\$96	\$97
REVENUE						
Rooms	\$127.55	\$131.50	\$144.53	\$144.55	\$129.69	\$140.61
Food & Beverage	47.42	41.94	54.18	62.78	25.17	30.00
Other Operated Departments	3.72	0.83	15.54	6.90	2.98	15.52
Miscellaneous Income	10.30	0.85	1.48	0.00	0.00	1.50
Total	188.99	175.13	215.73	214.24	157.84	187.63
DEPARTMENTAL EXPENSES						
Rooms	27.68	30.16	25.74	34.10	31.41	32.34
Food & Beverage	31.18	31.22	33.95	28.38	14.59	19.50
Other Operated Departments	3.52	0.45	9.07	2.54	1.90	8.88
Total	62.38	61.83	68.75	65.02	47.90	60.72
DEPARTMENTAL INCOME	126.61	113.29	146.98	149.22	109.94	126.91
OPERATING EXPENSES						
Administrative & General	14.94	15.47	16.84	15.80	12.62	15.49
Info. and Telecom. Systems	2.34	2.27	2.52	0.00	0.00	2.38
Marketing	14.90	13.85	19.93	19.77	16.45	14.89
Franchise Fee	10.11	11.84	6.79	5.78	5.23	9.84
Property Operations & Maintenance	6.19	7.32	7.96	6.47	7.04	7.15
Utilities	7.63	6.56	14.40	7.96	6.91	6.95
Total	56.11	57.31	68.44	55.79	48.25	56.70
HOUSE PROFIT	70.50	55.99	78.54	93.43	61.68	70.21

The departmental income of the comparable properties ranged from 64.7% to 69.7% of total revenue. The comparable properties achieved a house profit ranging from 32.0% to 43.7% 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.

Fixed and Variable Component Analysis

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*. Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

Inflation Assumption

In consideration of the most recent trends, the projections set forth previously, and our assessment of probable property appreciation levels, we have applied underlying inflation rates of 2.5%, 2.5%, and 3.0% thereafter for each respective year following the base year of 2017. This stabilized inflation rate takes into account normal, recurring inflation cycles. Inflation is likely to fluctuate above and below this level during the projection period. Any exceptions to the application of the assumed underlying inflation rate 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. The forecasts pertain to years that begin on January 1, 2020, expressed in inflated dollars for each year.

FIGURE 8-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2020 (Calendar Year)				2021				Stabilized				2023				2024			
Number of Rooms:	220				220				220				220				220			
Occupancy:	57%				64%				69%				69%				69%			
Average Rate:	\$141.80				\$156.72				\$161.42				\$166.27				\$171.25			
RevPAR:	\$80.82				\$100.30				\$111.38				\$114.72				\$118.17			
Days Open:	365				365				365				365				365			
Occupied Rooms:	45,771	%Gross	PAR	POR	51,392	%Gross	PAR	POR	55,407	%Gross	PAR	POR	55,407	%Gross	PAR	POR	55,407	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$6,490	75.6 %	\$29,500	\$141.79	\$8,054	76.7 %	\$36,609	\$156.72	\$8,944	74.9 %	\$40,655	\$161.42	\$9,212	74.9 %	\$41,873	\$166.26	\$9,489	74.9 %	\$43,132	\$171.26
Food & Beverage	1,564	18.2	7,110	34.17	1,752	16.7	7,964	34.09	1,908	16.0	8,674	34.44	1,966	16.0	8,934	35.47	2,025	16.0	9,202	36.54
Conference Center	447	5.2	2,031	9.76	600	5.7	2,730	11.68	987	8.3	4,487	17.82	1,017	8.3	4,622	18.35	1,047	8.3	4,761	18.90
Miscellaneous Income	85	1.0	387	1.86	91	0.9	412	1.76	95	0.8	434	1.72	98	0.8	447	1.77	101	0.8	460	1.83
Total Operating Revenues	8,586	100.0	39,029	187.59	10,497	100.0	47,714	204.26	11,935	100.0	54,260	215.40	12,293	100.0	55,876	221.86	12,662	100.0	57,555	228.53
DEPARTMENTAL EXPENSES *																				
Rooms	1,804	27.8	8,201	39.42	1,939	24.1	8,815	37.74	2,057	23.0	9,351	37.13	2,119	23.0	9,631	38.24	2,182	23.0	9,920	39.39
Food & Beverage	1,101	70.4	5,003	24.04	1,175	67.1	5,340	22.86	1,240	65.0	5,638	22.39	1,278	65.0	5,807	23.06	1,316	65.0	5,982	23.75
Conference Center	420	94.0	1,911	9.18	465	77.4	2,112	9.04	565	57.2	2,567	10.19	582	57.2	2,644	10.50	599	57.2	2,723	10.81
Total Expenses	3,325	38.7	15,114	72.65	3,579	34.1	16,267	69.64	3,862	32.4	17,555	69.71	3,978	32.4	18,082	71.80	4,097	32.4	18,625	73.95
DEPARTMENTAL INCOME	5,261	61.3	23,915	114.95	6,918	65.9	31,447	134.62	8,073	67.6	36,694	145.70	8,315	67.6	37,794	150.06	8,565	67.6	38,930	154.58
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	874	10.2	3,971	19.08	934	8.9	4,245	18.17	985	8.3	4,477	17.78	1,015	8.3	4,612	18.31	1,045	8.3	4,750	18.86
Info & Telecom Systems	134	1.6	611	2.94	144	1.4	653	2.80	152	1.3	689	2.74	156	1.3	709	2.82	161	1.3	731	2.90
Marketing	840	9.8	3,818	18.35	898	8.6	4,081	17.47	947	7.9	4,305	17.09	976	7.9	4,434	17.61	1,005	7.9	4,567	18.14
Franchise Fee	454	5.3	2,065	9.93	564	5.4	2,563	10.97	626	5.2	2,846	11.30	645	5.2	2,931	11.64	664	5.2	3,019	11.99
Prop. Operations & Maint.	323	3.8	1,466	7.05	388	3.7	1,763	7.55	455	3.8	2,066	8.21	468	3.8	2,128	8.45	482	3.8	2,192	8.70
Utilities	392	4.6	1,782	8.56	419	4.0	1,905	8.15	442	3.7	2,009	7.98	455	3.7	2,069	8.22	469	3.7	2,131	8.46
Total Expenses	3,017	35.3	13,712	65.91	3,346	32.0	15,210	65.11	3,606	30.2	16,393	65.09	3,715	30.2	16,884	67.04	3,826	30.2	17,391	69.05
GROSS HOUSE PROFIT	2,245	26.0	10,203	49.04	3,572	33.9	16,237	69.51	4,466	37.4	20,301	80.61	4,600	37.4	20,909	83.02	4,739	37.4	21,539	85.52
Management Fee	301	3.5	1,366	6.57	367	3.5	1,670	7.15	418	3.5	1,899	7.54	430	3.5	1,956	7.77	443	3.5	2,014	8.00
INCOME BEFORE NON-OPR. INC. & EXP.	1,944	22.5	8,837	42.47	3,205	30.4	14,567	62.36	4,049	33.9	18,403	73.07	4,170	33.9	18,954	75.26	4,295	33.9	19,525	77.52
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	34	0.4	154	0.74	146	1.4	664	2.84	150	1.3	684	2.71	155	1.3	704	2.80	160	1.3	725	2.88
Insurance	65	0.8	298	1.43	67	0.6	307	1.31	69	0.6	316	1.25	72	0.6	325	1.29	74	0.6	335	1.33
Reserve for Replacement	172	2.0	781	3.75	315	3.0	1,431	6.13	477	4.0	2,170	8.62	492	4.0	2,235	8.87	506	4.0	2,302	9.14
Total Expenses	271	3.2	1,232	5.92	528	5.0	2,402	10.28	697	5.9	3,169	12.58	718	5.9	3,264	12.96	740	5.9	3,362	13.35
EBITDA LESS RESERVE	\$1,673	19.3 %	\$7,605	\$36.55	\$2,676	25.4 %	\$12,165	\$52.08	\$3,351	28.0 %	\$15,233	\$60.49	\$3,452	28.0 %	\$15,689	\$62.30	\$3,556	28.0 %	\$16,162	\$64.17

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

FIGURE 8-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2020		2021		2022		2023		2024		2025		2026		2027		2028		2029	
Number of Rooms:	220		220		220		220		220		220		220		220		220		220	
Occupied Rooms:	45,771		51,392		55,407		55,407		55,407		55,407		55,407		55,407		55,407		55,407	
Occupancy:	57%		64%		69%		69%		69%		69%		69%		69%		69%		69%	
Average Rate:	\$141.80	% of	\$156.72	% of	\$161.42	% of	\$166.27	% of	\$171.25	% of	\$176.39	% of	\$181.68	% of	\$187.13	% of	\$192.75	% of	\$198.53	% of
RevPAR:	\$80.82	Gross	\$100.30	Gross	\$111.38	Gross	\$114.72	Gross	\$118.17	Gross	\$121.71	Gross	\$125.36	Gross	\$129.12	Gross	\$133.00	Gross	\$136.99	Gross
OPERATING REVENUE																				
Rooms	\$6,490	75.6 %	\$8,054	76.7 %	\$8,944	74.9 %	\$9,212	74.9 %	\$9,489	74.9 %	\$9,773	74.9 %	\$10,067	74.9 %	\$10,369	74.9 %	\$10,680	74.9 %	\$11,000	74.9 %
Food & Beverage	1,564	18.2	1,752	16.7	1,908	16.0	1,966	16.0	2,025	16.0	2,085	16.0	2,148	16.0	2,212	16.0	2,279	16.0	2,347	16.0
Conference Center	447	5.2	600	5.7	987	8.3	1,017	8.3	1,047	8.3	1,079	8.3	1,111	8.3	1,144	8.3	1,179	8.3	1,214	8.3
Miscellaneous Income	85	1.0	91	0.9	95	0.8	98	0.8	101	0.8	104	0.8	107	0.8	111	0.8	114	0.8	117	0.8
Total Operating Revenues	8,586	100.0	10,497	100.0	11,935	100.0	12,293	100.0	12,662	100.0	13,041	100.0	13,433	100.0	13,836	100.0	14,251	100.0	14,678	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	1,804	27.8	1,939	24.1	2,057	23.0	2,119	23.0	2,182	23.0	2,248	23.0	2,315	23.0	2,385	23.0	2,456	23.0	2,530	23.0
Food & Beverage	1,101	70.4	1,175	67.1	1,240	65.0	1,278	65.0	1,316	65.0	1,355	65.0	1,396	65.0	1,438	65.0	1,481	65.0	1,526	65.0
Conference Center	420	94.0	465	77.4	565	57.2	582	57.2	599	57.2	617	57.2	636	57.2	655	57.2	674	57.2	695	57.2
Total Expenses	3,325	38.7	3,579	34.1	3,862	32.4	3,978	32.4	4,097	32.4	4,220	32.4	4,347	32.4	4,477	32.4	4,612	32.4	4,750	32.4
DEPARTMENTAL INCOME	5,261	61.3	6,918	65.9	8,073	67.6	8,315	67.6	8,565	67.6	8,821	67.6	9,086	67.6	9,359	67.6	9,640	67.6	9,928	67.6
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	874	10.2	934	8.9	985	8.3	1,015	8.3	1,045	8.3	1,076	8.3	1,109	8.3	1,142	8.3	1,176	8.3	1,211	8.3
Info & Telecom Systems	134	1.6	144	1.4	152	1.3	156	1.3	161	1.3	166	1.3	171	1.3	176	1.3	181	1.3	186	1.3
Marketing	840	9.8	898	8.6	947	7.9	976	7.9	1,005	7.9	1,035	7.9	1,066	7.9	1,098	7.9	1,131	7.9	1,165	7.9
Franchise Fee	454	5.3	564	5.4	626	5.2	645	5.2	664	5.2	684	5.2	705	5.2	726	5.2	748	5.2	770	5.2
Prop. Operations & Maint.	323	3.8	388	3.7	455	3.8	468	3.8	482	3.8	497	3.8	512	3.8	527	3.8	543	3.8	559	3.8
Utilities	392	4.6	419	4.0	442	3.7	455	3.7	469	3.7	483	3.7	497	3.7	512	3.7	528	3.7	544	3.7
Total Expenses	3,017	35.3	3,346	32.0	3,606	30.2	3,715	30.2	3,826	30.2	3,941	30.2	4,059	30.2	4,181	30.2	4,306	30.2	4,435	30.2
GROSS HOUSE PROFIT	2,245	26.0	3,572	33.9	4,466	37.4	4,600	37.4	4,739	37.4	4,880	37.4	5,027	37.4	5,178	37.4	5,333	37.4	5,493	37.4
Management Fee	301	3.5	367	3.5	418	3.5	430	3.5	443	3.5	456	3.5	470	3.5	484	3.5	499	3.5	514	3.5
INCOME BEFORE NON-OPR. INC. & EXP.	1,944	22.5	3,205	30.4	4,049	33.9	4,170	33.9	4,295	33.9	4,424	33.9	4,557	33.9	4,694	33.9	4,835	33.9	4,979	33.9
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	34	0.4	146	1.4	150	1.3	155	1.3	160	1.3	164	1.3	169	1.3	174	1.3	180	1.3	185	1.3
Insurance	65	0.8	67	0.6	69	0.6	72	0.6	74	0.6	76	0.6	78	0.6	81	0.6	83	0.6	85	0.6
Reserve for Replacement	172	2.0	315	3.0	477	4.0	492	4.0	506	4.0	522	4.0	537	4.0	553	4.0	570	4.0	587	4.0
Total Expenses	271	3.2	528	5.0	697	5.9	718	5.9	740	5.9	762	5.9	785	5.9	808	5.9	833	5.9	858	5.9
EBITDA LESS RESERVE	\$1,673	19.3 %	\$2,676	25.4 %	\$3,351	28.0 %	\$3,452	28.0 %	\$3,556	28.0 %	\$3,662	28.0 %	\$3,772	28.0 %	\$3,885	28.0 %	\$4,002	28.0 %	\$4,122	28.0 %

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

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the subject property to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of comparable income and expense statements. The forecast is based upon calendar years beginning January 1, 2020, expressed in inflated dollars for each year.

Revenues associated with the proposed subject hotel's food and beverage department, conference center, and miscellaneous income category have been forecast to reflect the hotel's planned facilities and amenities. These include a restaurant/cafe, lobby bar, rooftop lounge, and sizeable meeting space, as well as other miscellaneous revenue sources. Expense levels fall within a range of reasonableness given the provided comparable operating statements for conference center and group-oriented hotels. Furthermore, franchise and management fees are set forth in accordance with our assumptions provided in the Nature of the Assignment chapter.

As part of the conference center analysis, HVS forecast revenues including facility rental, food & beverage, and event services, as well as related operating and undistributed expenses. As an integrated operation and operating statement, the hotel & conference center revenues and expenses were combined such that revenues and expenses from the outlets and conference center are accounted for in the food & beverage department; a similar approach is applied to food & beverage expenses. Similarly, the other operating and undistributed expenses for the conference have been combined with those of the hotel in the integrated proforma. The remaining conference center line items listed in the proforma reflect the non-food & beverage components of the conference operation.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate. We projected occupancy and average rate in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 69% with an average rate of \$161.42 in 2022. Following the stabilized year, the subject property's average rate is projected to increase along with the underlying rate of inflation.

Food and Beverage Revenue

Food and beverage 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 food and beverage patrons. Although food and beverage revenue varies directly with changes in occupancy, the portion generated by banquet and conference sales is relatively fixed. In the case of the Proposed Hotel &

Conference Center, food and beverage facilities will include a restaurant/café, a lobby bar, a rooftop lounge; moreover, conference center space is expected to span 19,800 square feet in addition to prefunction areas that should capture conferences, meetings, and banquet business. The food and beverage revenues from the conference center are included in the food and beverage line item. Our forecast of food and beverage revenues also reflects the restaurant options available in downtown Casper that are expected to provide meeting patrons and hotel guests with off-site dining alternatives. We note that the majority of the comparable operating statements have allocated all conference center revenues to the food and beverage department.

FIGURE 8-6 FOOD AND BEVERAGE REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Food & Beverage Revenue							
Percentage of Revenue	25.1 %	24.0 %	25.1 %	29.3 %	15.9 %	18.2 %	16.0 %
Per Available Room	\$12,373	\$11,193	\$13,702	\$15,874	\$6,816	\$7,110	\$7,556
Per Occupied Room	\$47.42	\$41.94	\$54.18	\$62.78	\$25.17	\$34.17	\$30.00

Conference Center Income

The remaining revenues for the conference center, excluding food and beverage, have been allocated to the conference center line item in our proformas. We note that there are differences in the allocations illustrated in the comparable operating statements, which generally include conference center income in the food and beverage department. We forecast the proposed subject hotel's conference center income to stabilize at \$17.82 per occupied room by the stabilized year, 2022.

Miscellaneous Income

The miscellaneous income sources comprise those other than guestrooms, food and beverage, 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 8-7 MISCELLANEOUS INCOME

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Percentage of Revenue	5.5 %	0.5 %	0.7 %	0.0 %	0.0 %	1.0 %	0.8 %
Per Available Room	\$2,688	\$227	\$375	\$0	\$0	\$387	\$378
Per Occupied Room	\$10.30	\$0.85	\$1.48	\$0.00	\$0.00	\$1.86	\$1.50

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. 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 average rate. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume.

FIGURE 8-8 ROOMS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Percentage of Revenue	21.7 %	22.9 %	17.8 %	23.6 %	24.2 %	27.8 %	23.0 %
Per Available Room	\$7,222	\$8,049	\$6,509	\$8,623	\$8,507	\$8,201	\$8,145
Per Occupied Room	\$27.68	\$30.16	\$25.74	\$34.10	\$31.41	\$39.42	\$32.34

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 china, linen 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. Similar to revenues, conference center related food and beverage expenses are categorized in the food and beverage expense line item. Similar to revenues, we note that the majority of the comparable operating statements have allocated all conference center expenses to the food and beverage department.

FIGURE 8-9 FOOD AND BEVERAGE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Percentage of Revenue	65.8 %	74.4 %	62.7 %	45.2 %	58.0 %	70.4 %	65.0 %
Per Available Room	\$8,135	\$8,332	\$8,585	\$7,175	\$3,953	\$5,003	\$4,911
Per Occupied Room	\$31.18	\$31.22	\$33.95	\$28.38	\$14.59	\$24.04	\$19.50

Conference Center Expense

The remaining expenses for the conference center, excluding the food and beverage, other, and undistributed categories, have been allocated to the conference center line item. We note that there are differences in the allocations illustrated in the comparable operating statements, which generally include conference center expenses in the food and beverage department. We have projected a stabilized expense ratio of 57.2% in 2022.

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 8-10 ADMINISTRATIVE AND GENERAL EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Percentage of Revenue	7.9 %	8.8 %	7.8 %	7.4 %	8.0 %	10.2 %	8.3 %
Per Available Room	\$3,898	\$4,128	\$4,260	\$3,996	\$3,418	\$3,971	\$3,900
Per Occupied Room	\$14.94	\$15.47	\$16.84	\$15.80	\$12.62	\$19.08	\$15.49

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 benefitting from the technology solution. While the majority of the reviewed comparable operating statements reflect the 11th edition of the Uniform System of Accounts for the Lodging Industry (USALI), two statements followed the 10th edition. The subject property's information and telecommunications system expense category has been forecast according to current USALI categories.

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 8-11 MARKETING EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Percentage of Revenue	7.9 %	7.9 %	9.2 %	9.2 %	10.4 %	9.8 %	7.9 %
Per Available Room	\$3,888	\$3,697	\$5,040	\$4,999	\$4,455	\$3,818	\$3,750
Per Occupied Room	\$14.90	\$13.85	\$19.93	\$19.77	\$16.45	\$18.35	\$14.89

Franchise Fee

As previously discussed, the proposed subject property is expected to be franchised under the upscale brand class brand. Costs associated with this franchise are summarized in the introductory chapter in this report. Combined marketing and franchise fee expenses for the comparable properties ranged from 12.3% to 14.7% of revenues; our forecast of combined marketing and franchise fee expenses for the proposed subject property is expected to stabilize at 13.1% of revenues.

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, they have not eliminated or saved the expenditure; they have only deferred payment 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 8-12 PROPERTY OPERATIONS AND MAINTENANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Percentage of Revenue	3.3 %	4.2 %	3.7 %	3.0 %	4.5 %	3.8 %	3.8 %
Per Available Room	\$1,616	\$1,954	\$2,013	\$1,637	\$1,907	\$1,466	\$1,800
Per Occupied Room	\$6.19	\$7.32	\$7.96	\$6.47	\$7.04	\$7.05	\$7.15

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 8-13 UTILITIES EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Percentage of Revenue	4.0 %	3.7 %	6.7 %	3.7 %	4.4 %	4.6 %	3.7 %
Per Available Room	\$1,990	\$1,751	\$3,641	\$2,012	\$1,871	\$1,782	\$1,750
Per Occupied Room	\$7.63	\$6.56	\$14.40	\$7.96	\$6.91	\$8.56	\$6.95

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% to 4% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and,

Property Taxes

in some cases, after a preferred return on equity. Total management fees for the proposed subject hotel have been forecast at 3.5% of total revenue.

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 8-14 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS

Hotel	Site Acres	Year Open	Land	Improvements	Personal	Total
Parkway Plaza	5.98	1966	\$24,270	\$714,147	N/A	\$738,418
Ramada Hotel	5.83	1964	24,923	355,410	20,942	401,276
Ramkota Hotel	5.74	1978	15,950	712,745	N/A	728,696
Hilton Garden Inn Dual-Brand	2.75	2008	26,452	857,294	49,125	932,870
Hampton Inn & Suites Dual-Brand	2.16	2008	9,234	537,844	29,363	576,442
Courtyard by Marriott	1.01	2008	33,437	524,244	22,959	580,640
Holiday Inn	3.15	2008	32,918	951,608	38,158	1,022,683
Assessments per Room	Land SF per Room	Rooms	Land A/V Per Room	Improvements A/V Per Room	Personal Property A/V Per Room	Total A/V Per Room
Parkway Plaza	901	289	\$84	\$2,471	N/A	\$2,555
Ramada Hotel	1,270	200	125	1,777	\$105	1,902
Ramkota Hotel	1,087	230	69	3,099	N/A	3,168
Hilton Garden Inn Dual-Brand	990	121	219	7,085	406	7,304
Hampton Inn & Suites Dual-Brand	941	100	92	5,378	294	5,471
Courtyard by Marriott	440	100	334	5,242	230	5,577
Holiday Inn	1,153	119	277	7,997	321	8,273
Positioned Subject - Per Room		220	\$200	\$8,000	\$400	\$8,600
Positioned Subject - Total			\$44,000	\$1,760,000	\$88,000	\$1,892,000

Source: Natrona County Assessor

We have positioned the future assessment levels of the subject site and proposed improvements, as well as the planned personal property, based upon the illustrated comparable data. We have positioned these assessments closest to the Hilton Garden Inn and the Holiday Inn because of the similarities, including more recent construction and product class; 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 69.246%. The following table shows changes in the tax rate during the last several years.

FIGURE 8-15 COUNTY TAX RATES

Year	Real Property Millage Rate	Personal Property Millage Rate
2016	72.890	72.890
2017	69.246	69.246

Source: Natrona County Assessor

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

FIGURE 8-16 PROJECTED PROPERTY TAX BURDEN (BASE YEAR)

	Real Property			Personal Property
	Land	Improvements	Total	
Positioned (Assessed Value)	\$44,000	\$1,760,000	\$1,804,000	\$88,000
Millage Rate			69.246	69.246
Tax Burden as of Base Year			\$124,919	\$6,094

FIGURE 8-17 PROJECTED PROPERTY TAX EXPENSE - REAL PROPERTY

Year	Real Property			
	Total Tax Burden (Positioned Prior to Increase)	Base Rate of Tax Burden Increase	% Positioned Tax Burden	Taxes Payable
Positioned	\$124,919			\$124,919
2020	\$124,919	8.2 %	25 %	\$33,795
2021	135,180	3.0	100	139,236
2022	139,236	3.0	100	143,413

FIGURE 8-18 PROJECTED PROPERTY TAX EXPENSE – PERSONAL PROPERTY

Personal Property				
Year	Personal Tax Burden (Positioned Prior to Increase)	Base Rate of Tax Burden Increase	% Positioned Tax Burden	Taxes Payable
Positioned	\$6,094			\$6,094
2020	\$6,094	8.2 %	0 %	\$0
2021	6,594	3.0	100	6,792
2022	6,792	3.0	100	6,996

FIGURE 8-19 PROJECTED PROPERTY TAX EXPENSE – SUMMARY

Taxes Payable				
Year	Real	Personal	Total	Percentage Abatement
Positioned	\$124,919	\$6,094	\$131,012	
2020	\$33,795	\$0	\$33,795	0 %
2021	139,236	6,792	146,028	0
2022	143,413	6,996	150,408	0

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 8-20 INSURANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2020	Deflated Stabilized
Percentage of Revenue	0.6 %	1.6 %	0.4 %	0.7 %	0.7 %	0.8 %	0.6 %
Per Available Room	\$309	\$753	\$193	\$371	\$320	\$298	\$275
Per Occupied Room	\$1.18	\$2.82	\$0.76	\$1.47	\$1.18	\$1.43	\$1.09

Reserve for Replacement

Furniture, fixtures, and equipment 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 furniture, fixtures, and equipment 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 furniture, fixtures, and equipment 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 2014.⁶ 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 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% to 5% of total revenue.

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

Forecast of Revenue and Expense Conclusion

Projected total revenue, House profit, and EBITDA less replacement reserves are set forth in the following table.

FIGURE 8-21 FORECAST OF REVENUE AND EXPENSE CONCLUSION

	Year	Total Revenue		House Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
Projected	2020	\$8,586,000	—	\$2,245,000	—	26.0 %	\$1,673,000	—	19.3 %
	2021	10,497,000	22.3 %	3,572,000	59.1 %	33.9	2,676,000	60.0 %	25.4
	2022	11,935,000	13.7	4,466,000	25.0	37.4	3,351,000	25.2	28.0
	2023	12,293,000	3.0	4,600,000	3.0	37.4	3,452,000	3.0	28.0

9. 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.
8. 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.
9. 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.
10. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
11. 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.

12. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
13. 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.
14. 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.
15. 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.
16. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
17. 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.
18. 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.
19. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of value or the date of our field inspection, whichever occurs first.
20. 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.

21. 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, and 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.
22. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
23. 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.