

**HIGHLAND, ILLINOIS
MINUTES OF REGULAR SESSION
INDUSTRIAL DEVELOPMENT COMMISSION
CITY HALL, 1115 BROADWAY
WEDNESDAY, AUGUST 3, 2022
12:00 PM**

Call to Order:

The August 3, 2022, meeting of the Industrial Development Commission was called to order at 12:05 PM by Chairman Meridith.

Roll Call:

Members present: Chairman Jim Meridith, Diane Korte-Lindsey, Josh Kloss, Marshall Rinderer and Treasurer Jon Greve.

Also present: City Manager Chris Conrad; Economic Development Coordinator Mallord Hubbard; and Recording Secretary Megan Von Hatten.

Members of the public in attendance included: Hillarie Holzinger of the Chamber of Commerce.

Chairman Meridith led the Pledge of Allegiance to the Flag.

Approval of Minutes:

Josh Kloss made a motion to approve the minutes of the July 1, 2022, Regular Session meeting of the Industrial Development Commission; seconded by Marshall Rinderer. All members voted aye; none voted no; the motion carried.

Reports:

Treasurer's Report – Jon Greve

Balance in the account as of July 1, 2022, was \$56,544.93. There was one check written in July for the reimbursement to the Chamber of Commerce for Digital Arts renovation of the LIVE HIGHLAND billboard. The balance as of July 31, 2022 is \$53,520.11.

Jon Greve made a motion to approve an investment in a \$25,000 CD for one year; seconded by Diane Korte-Lindsey. All members voted aye; none voted no; the motion carried.

Updates on Developments and other City Projects – Staff

- Korte Meats- Project & Development Agreements still in process
- Trow Warehouse (Ultra Way)- still available, had interest from potential buyer but fell through
- Business District Amendment- moving forward
- Rehberger Annexation- moving forward; hoping to be annexed in at the September 6, 2022 Council Meeting
- Gantner Annexation- moving forward; hoping to be annexed in at the September 6, 2022 Council Meeting
- Macs Rezoning with County

- Tullighans- The Menu is finalized and they have hired a chef; still aiming for early fall opening
- Metro East Startup Challenge- hosted a workshop; multiple Highland businesses/startups expected to enter

Update on Highland Communication Services – City Manager Conrad

City Manager Conrad reported HCS currently has just under **2706** customers. Conrad stated in spite of all the negative comments on social media we have added 6 new customers. Conrad also added the construction for the buildout of HCS continues in the 3 subdivisions.

Updates on Workforce Development Initiatives – Mallord Hubbard

Mallord reported the Metro East unemployment rate is at 4.2% for June and down from 4.6% in May. Madison County unemployment rate is at 4%. Mallord stated the total number of jobs in Madison County in June of 2019 was 105,456, 97,140 in June of 2020 and 106,855 in June 2022. Mallord also reported the biggest needs are in the Transportation, Warehousing and Logistics Sectors.

New Business:

Review Final Draft of Hotel Feasibility Study – Mallord Hubbard

Mallord read through the Presentation provided for the Hotel Feasibility Study. The Hotel Feasibility Study is attached.

Next Meeting:

The next regular meeting of the Industrial Development Commission is scheduled for Wednesday, September 7, 2022.

Adjournment

Marshall Rinderer made a motion to adjourn; seconded by Josh Kloss. All members voted aye and the meeting adjourned at 12:48 PM.



Core DISTINCTION GROUP

COMPREHENSIVE HOTEL MARKET FEASIBILITY STUDY

PREPARED FOR

HIGHLAND, ILLINOIS

PREPARED BY

Core Distinction Group, LLC

Lisa Pennau - Founding Partner

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Jessica Junker - Managing Partner

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Offices in Wisconsin

INCLUDES

Introduction/Objective

Community Overview

Executive Summary

Economic Overview

Market Demand

Site Analysis

Lodging Demand

Lodging Supply

Room Share Overview

Economic Impact

Conclusion

TAKING THE FIRST STEP TO DEVELOP A NEW HOTEL



Date Friday, June 24, 2022

Attn: Breann Vazquez

Address 1115 Broadway

City, State, Zip Highland, IL 62249-0218

In accordance with our agreement, Core Distinction Group, LLC. has completed a Comprehensive Hotel Market Feasibility Study to determine if Highland, IL has the potential to support a new hotel. In addition, the aforementioned study includes a complete Pro Forma based on construction costs and operating costs provided by the brand(s) requested by you.

As in all studies of this type, the estimated results are based upon competent and efficient management and an effective marketing program and presume no significant change in the competitive position of the hotel industry from that set forth in this report. We have no responsibility to update this report for events and circumstances occurring after completion of our research conducted in May and June 2022. These projections are based upon estimates, assumptions and other information developed from our research and we do not warrant that they will be attained. We do not consider the legal and regulatory requirements applicable to this project, including zoning, permits, licenses and other state and local government regulations.

This report has been prepared for your use and guidance in determining whether hotel development should be pursued in your community and to share with developers, hotel franchise companies, and potential lenders/investors. Neither our name nor the material submitted may be used in any prospectus or used in offerings or representations in connection with the sale of securities or participation interests without our express written permission.

Please do not hesitate to call if Core Distinction Group can be of any further assistance in the interpretation and application of our findings, recommendations and conclusions. We appreciate the cooperation you extended to us during the course of our agreement and look forward to working with you again in the future.

Sincerely,

Jessica Junker
Partner



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Introduction

The following Comprehensive Lodging Feasibility Study Report will review the potential development of a hotel in Highland, IL.

Intended Use - This report is to be used by the Client for determining feasibility and attracting a new hotel.

Intended User - Highland, IL is the only intended user for this report.

Core Distinction Group LLC (CDG) has been engaged to provide this Comprehensive Lodging Feasibility Study Report for the Highland, IL market area. This Lodging Feasibility Study provides an overview of information concerning the market area and the factors that would affect the possible development of a hotel facility in this community.

The consultant from Core Distinction Group LLC met with representatives of the community and the surrounding area to gather information pertinent to hotel development. Comprehensive research was performed and reviewed regarding the community's economic indicators, competitive lodging supply, and lodging demand generators. CDG performed field research to determine the relationship between the community and its lodging need. Economic indicators were studied to determine the stability and future growth potential of the general market. The research was conducted as a macro and micro market analysis of the Highland, IL and the areas immediately surrounding area to determine their viability to support the potential of a hotel development.

This report will present projections for stabilized hotel operation based upon current operating performance in the market area. Occupancy, Average Daily Room Rate, and Sales Revenue projections for the hotel were based upon a detailed review of the field research data. Also, recommendations as to the property type, suggested property size, services, and amenities were included. These projections and recommendations were based upon the market demand research for a potential lodging facility.

This report provides statistical and highlighted narratives to support the conclusions regarding the market area and its ability to support potential hotel development.

General Assumptions - For the purpose of this assignment, we assumed the proposed property will be operated as an upper-mid scaled to upper scaled, franchised hotel with a central reservations system that is fully-integrated with a recognized marketing platform. If this or any of the following are not followed, it could affect the overall feasibility of subject property.



Introduction (continued)

Operational Assumptions - For the purpose of this assignment, we assume the subject property would be managed by a professional hotel management company at an industry standard fee between five and seven percent.

Franchise Fees - For the purpose of this assignment, we assume the subject property would pay franchise fees quoted to Core Distinction Group, LLC by either the developer or franchise representative. In the event that Core Distinction Group is not able to receive a quote, fees will be based on the franchise's registered Franchise Disclosure Document.



Community Overview

For the purpose of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group, LLC representatives gathered information and history about the market to give readers a brief summary. This section offers that Community Overview.



Community Overview and History

Highland is a city in Madison County, Illinois, United States. The population was 9,991 at the 2020 census. Highland began as a Swiss settlement and derived its name from later German immigrants. Highland is a sister city of Sursee in Switzerland. The community is also known for their cutting edge technology with 128 miles of municipally owned fiber optic cable and gigabit internet speeds.

Many of Highland's most prosperous industries were founded by local citizens, often growing their operation from garage or basement to multimillion dollar corporations. Currently, Highland is home to many worldwide trade industries, such as the Basler Electric Co., Cooper B-Line Inc., Wicks Organ Company, Korte Construction Company, Korte Luitjohan Contractors, Highland Supply Corp., and the Highland Machine. Many smaller businesses also call Highland, Illinois home, offering a diversity of products and services usually only found in larger cities. Additionally, Highland is a short distance from Scott Airforce Base.

Highland is known as the birthplace of Pet Milk and Schott Brewery. Additionally, HSHS St. Joseph's Hospital, an affiliate of Hospital Sisters Health System, provides proven-effective care to more than 35,000 residents in portions of Madison, Clinton and Bond counties. Serving Highland and surrounding communities for more than 135 years, St. Joseph's Hospital combines state-of-the-art technologies with highly trained and experienced staff to meet the changing health care needs of local residents.

Overall, Highland is known for a strong sense of community spirit, pride, and engagement as evident in the number of community organizations, indoor & outdoor venues, park lands, and community involvement.



Executive Summary

For the purpose of this Comprehensive Hotel Market Feasibility Study, an executive summary will provide an overview of the document to follow. The Executive Summary will contain the following information:



Methodology



Current Hotel Segment Recommendations for Market Studied



Current Hotel Size Recommendations for Market Studied



Current Hotel Room Configuration Recommendations for Market Studied



Current Economic Impact of Hotel for Market Studied

Further detailed information on findings from research analysis conducted will be highlighted throughout this report. Further detail on the projections and conclusions can be found in the Projections section of this report.



Executive Summary

It is the opinion of Core Distinction Group, that at the time of this study, the community of Highland, Illinois and the immediate surrounding areas within Madison County, Illinois, offers the current and future demand to support the proposed hotel development in this Comprehensive Hotel Market Feasibility Study . The conclusion and recommendations within this Comprehensive Hotel Market Feasibility Study was based on but not limited to the following criteria:

-  Overall Economic Condition of Community
-  Overall Market Demand Areas
-  Location of Proposed Property
-  Local Demand Generator Need
-  Lodging Demand in Community
-  Lodging Supply in Community
-  Trending Lodging Data of Current Lodging Supply
-  Impact of New Hotel Development on Current Lodging Supply
-  Cost of Construction of New Hotel Development
-  Potential Revenue of New Hotel Development
-  Cost of Operation of New Hotel Development



Executive Summary (continued)

Based on the information provided to Core Distinction Group at the time of researching the subject community, the following recommendations are made:

Property segment recommended for the potential development of a hotel is an Upper Midscale hotel. This type of hotel would allow the property to be positioned properly at the subject site. It is anticipated that a new hotel would capture displaced Lodging Demand currently staying in markets surrounding Highland, IL. Additionally, the newness of the hotel should be well received in the marketplace. It's location will be ideal to serve Highland and regional markets. This type of hotel would also be capable of adjusting rates to best fit the demand in the market and the seasonality of the area.

Property size recommendation of a newly developed hotel was researched to be between 55-70 guestrooms in this report. This would position it to be smaller in size to the average room size of 88 noted by the competitive set surveyed. The size would assist the property in achieving the Occupancy projections listed in this report. It is not advisable to over-build in this market at this time. Expansion of the hotel in future years could be considered as the market's Lodging Demand grows. Adjusting the room count will modify Performance.

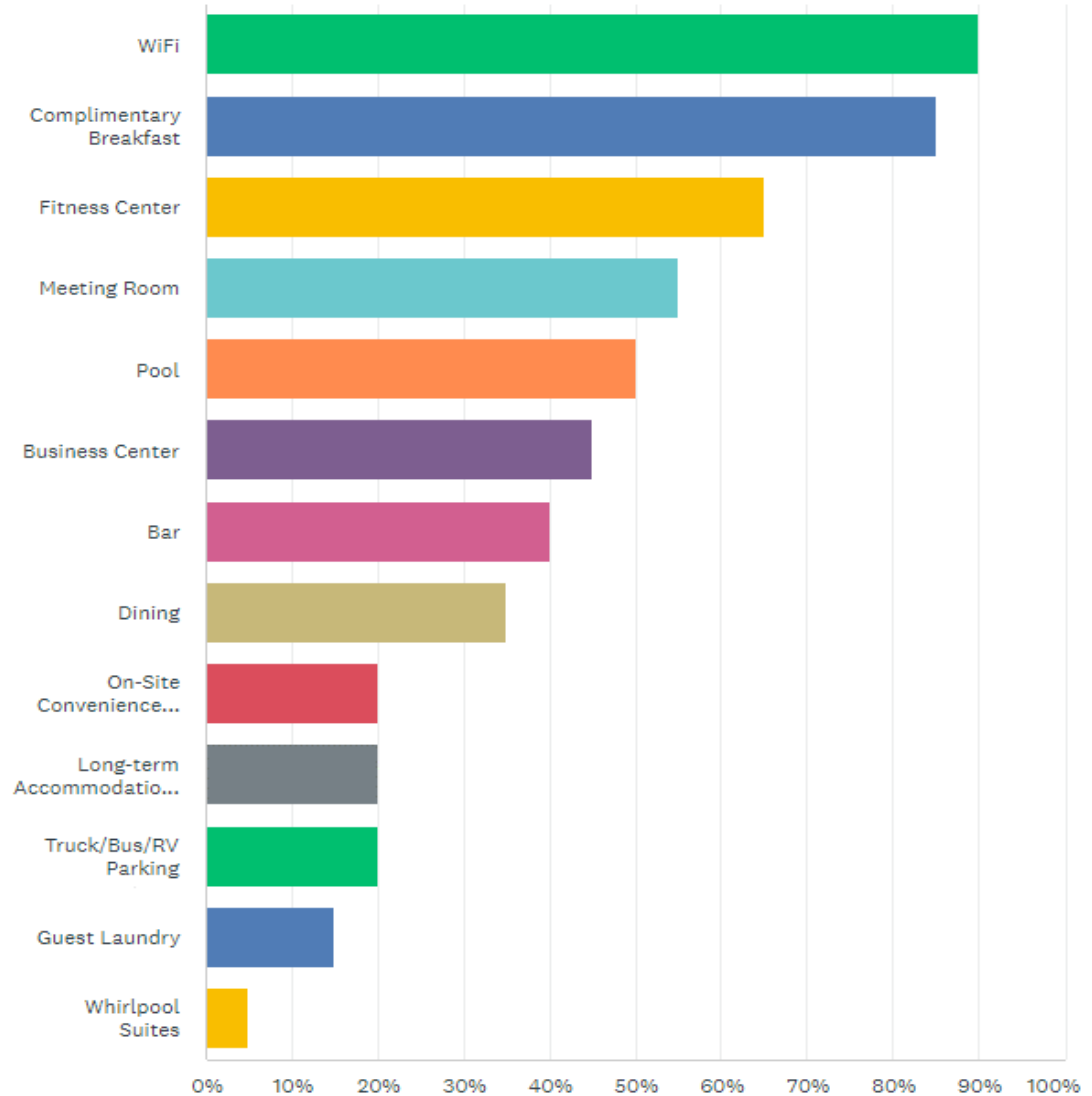
The recommended Sleeping Room Configuration should be compatible with the overall Market Segmentation of the area. The property should offer a comparable selection both single occupancy king bedded rooms to double occupancy double queen bedded guestrooms due to the mix of business being primarily weekday corporate and weekend transient group.

Economic Impact Potential: There are multiple economic impacts of building and developing a new hotel in a community. Some direct impact drivers include projected hotel revenue including all room revenues, meeting room revenue, as well as vending/bar revenue. On average, this size property will create 12-18 full time jobs. Part-time employment varies by hotel need and hiring practices. Additional economic development will include taxes, which include all sales taxes collected on hotel revenue, as well as all payroll related taxes collected from full-time hotel employees and temporary construction workers. Local governments will also collect new property taxes from the operation of the hotel. Indirect impact includes all jobs and income generated by businesses that supply goods and services to the hotel. A few examples of businesses that will indirectly benefit from the development of a hotel include suppliers of room related goods (housekeeping supplies, room amenities, etc.), telecommunication vendors (internet, cable, etc.), utility companies, food and beverage suppliers, and other hotel related vendors.



Executive Summary

Property features, amenities, and services of the hotel should satisfy the market it is attempting to attract. Standard features and amenities required for a proposed hotel in this market should include:



Economic Overview

For the purpose of this Comprehensive Hotel Market Feasibility Study, an Economic Overview will provide an overview of the economic condition of the market studied. The Economic Overview will contain the following information:



Consumer Spending Report



Daytime Employment Report



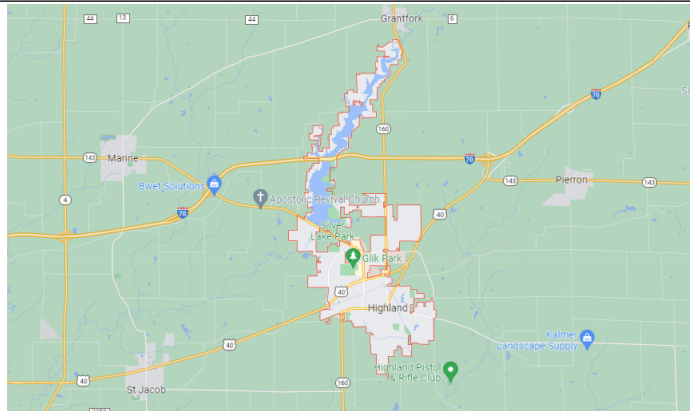
Demographic Detail Report



Demographic Market Comparison Report

Consumer Spending Report

Highland, IL 62249



2022 Annual Spending (\$000s)	1 Mile	3 Mile	5 Mile
Total Specified Consumer Spending	\$51,976	\$165,900	\$205,082
Total Apparel	\$2,753	\$8,410	\$10,253
Women's Apparel	1,070	3,299	4,048
Men's Apparel	558	1,734	2,128
Girl's Apparel	198	590	710
Boy's Apparel	144	438	524
Infant Apparel	132	391	464
Footwear	651	1,957	2,380
Total Entertainment & Hobbies	\$8,128	\$25,395	\$31,236
Entertainment	791	2,683	3,590
Audio & Visual Equipment/Service	1,811	5,506	6,629
Reading Materials	136	429	523
Pets, Toys, & Hobbies	1,530	4,744	5,774
Personal Items	3,861	12,032	14,719
Total Food and Alcohol	\$14,587	\$44,953	\$54,447
Food At Home	7,695	23,477	28,320
Food Away From Home	5,843	18,229	22,173
Alcoholic Beverages	1,049	3,247	3,954
Total Household	\$8,406	\$27,063	\$33,377
House Maintenance & Repair	1,965	6,548	8,016
Household Equip & Furnishings	3,288	10,418	12,853
Household Operations	2,305	7,314	9,016
Housing Costs	848	2,783	3,492



Consumer Spending Report

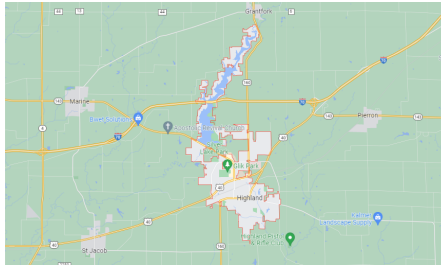
Highland, IL 62249			
2022 Annual Spending (000s)	1 Mile	3 Mile	5 Mile
Total Transportation/Maint.	\$12,376	\$41,519	\$52,786
Vehicle Purchases	6,069	21,507	28,134
Gasoline	3,383	10,671	13,051
Vehicle Expenses	328	949	1,154
Transportation	1,065	3,441	4,311
Automotive Repair & Maintenance	1,531	4,952	6,137
Total Health Care	\$2,862	\$8,937	\$10,890
Medical Services	1,674	5,259	6,410
Prescription Drugs	897	2,762	3,358
Medical Supplies	290	917	1,122
Total Education/Day Care	\$2,864	\$9,623	\$12,093
Education	1,763	6,041	7,633
Fees & Admissions	1,101	3,582	4,461



Daytime Employment Report

1 Mile Radius

Highland, IL 62249

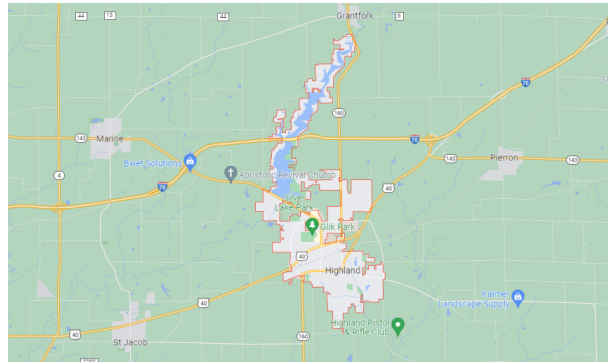


Business Employment by Type	# of Businesses	# Employees	#Emp/Bus
Total Businesses	507	6,236	12
Retail & Wholesale Trade	76	1,951	26
Hospitality & Food Service	35	510	15
Real Estate, Renting, Leasing	17	84	5
Finance & Insurance	66	276	4
Information	9	46	5
Scientific & Technology Services	35	164	5
Management of Companies	2	6	3
Health Care & Social Assistance	119	651	5
Educational Services	12	303	25
Public Administration & Sales	13	121	9
Arts, Entertainment, Recreation	11	96	9
Utilities & Waste Management	12	117	10
Construction	13	118	9
Manufacturing	20	1,292	65
Agriculture, Mining, Fishing	3	9	3
Other Services	64	492	8



Demographic Detail Report

Highland, IL 62249



Radius	1 Mile	3 Mile	5 Mile
Population			
2027 Projection	4,242	12,791	15,270
2022 Estimate	4,258	12,877	15,389
2010 Census	4,244	13,035	15,658
Growth 2022 - 2027	-0.38%	-0.67%	-0.77%
Growth 2010 - 2022	0.33%	-1.21%	-1.72%
2022 Population by Age			
	4,258	12,877	15,389
Age 0 - 4	251 5.89%	718 5.58%	838 5.45%
Age 5 - 9	266 6.25%	769 5.97%	894 5.81%
Age 10 - 14	280 6.58%	828 6.43%	968 6.29%
Age 15 - 19	279 6.55%	847 6.58%	1,004 6.52%
Age 20 - 24	262 6.15%	797 6.19%	949 6.17%
Age 25 - 29	267 6.27%	792 6.15%	940 6.11%
Age 30 - 34	289 6.79%	822 6.38%	961 6.24%
Age 35 - 39	294 6.90%	827 6.42%	955 6.21%
Age 40 - 44	281 6.60%	794 6.17%	923 6.00%
Age 45 - 49	265 6.22%	785 6.10%	933 6.06%
Age 50 - 54	256 6.01%	784 6.09%	958 6.23%
Age 55 - 59	270 6.34%	842 6.54%	1,047 6.80%
Age 60 - 64	272 6.39%	858 6.66%	1,072 6.97%
Age 65 - 69	234 5.50%	750 5.82%	932 6.06%
Age 70 - 74	180 4.23%	595 4.62%	735 4.78%
Age 75 - 79	128 3.01%	431 3.35%	528 3.43%
Age 80 - 84	86 2.02%	293 2.28%	356 2.31%
Age 85+	96 2.25%	345 2.68%	397 2.58%
Age 65+	724 17.00%	2,414 18.75%	2,948 19.16%
Median Age	39.00	40.20	41.00
Average Age	39.40	40.40	40.80



Demographic Detail Report

Highland, IL 62249						
Radius	1 Mile		3 Mile		5 Mile	
2022 Population By Race	4,258		12,877		15,389	
White	4,125	96.88%	12,502	97.09%	14,976	97.32%
Black	18	0.42%	42	0.33%	50	0.32%
Am. Indian & Alaskan	9	0.21%	26	0.20%	29	0.19%
Asian	48	1.13%	116	0.90%	120	0.78%
Hawaiian & Pacific Island	1	0.02%	13	0.10%	16	0.10%
Other	55	1.29%	179	1.39%	198	1.29%
Population by Hispanic Origin	4,258		12,877		15,389	
Non-Hispanic Origin	4,175	98.05%	12,633	98.11%	15,095	98.09%
Hispanic Origin	83	1.95%	244	1.89%	294	1.91%
2022 Median Age, Male	37.90		38.70		39.50	
2022 Average Age, Male	38.30		39.10		39.70	
2022 Median Age, Female	40.10		41.80		42.50	
2022 Average Age, Female	40.40		41.60		41.90	
2022 Population by Occupation Classification	3,404		10,394		12,490	
Civilian Employed	2,112	62.04%	6,519	62.72%	7,910	63.33%
Civilian Unemployed	85	2.50%	270	2.60%	318	2.55%
Civilian Non-Labor Force	1,205	35.40%	3,592	34.56%	4,232	33.88%
Armed Forces	2	0.06%	13	0.13%	30	0.24%
Households by Marital Status						
Married	860		2,841		3,514	
Married No Children	484		1,616		2,012	
Married w/Children	376		1,225		1,501	
2022 Population by Education	3,070		9,407		11,306	
Some High School, No Diploma	220	7.17%	545	5.79%	590	5.22%
High School Grad (Incl Equivalency)	872	28.40%	2,511	26.69%	3,147	27.83%
Some College, No Degree	1,108	36.09%	3,170	33.70%	3,749	33.16%
Associate Degree	151	4.92%	488	5.19%	569	5.03%
Bachelor Degree	468	15.24%	1,809	19.23%	2,174	19.23%
Advanced Degree	251	8.18%	884	9.40%	1,077	9.53%



Demographic Detail Report

Highland, IL 62249						
Radius	1 Mile		3 Mile		5 Mile	
2022 Population by Occupation	3,932		12,242		14,790	
Real Estate & Finance	135	3.43%	420	3.43%	544	3.68%
Professional & Management	956	24.31%	3,416	27.90%	4,044	27.34%
Public Administration	131	3.33%	337	2.75%	409	2.77%
Education & Health	469	11.93%	1,749	14.29%	2,039	13.79%
Services	384	9.77%	969	7.92%	1,101	7.44%
Information	76	1.93%	154	1.26%	164	1.11%
Sales	424	10.78%	1,321	10.79%	1,610	10.89%
Transportation	29	0.74%	142	1.16%	152	1.03%
Retail	203	5.16%	623	5.09%	814	5.50%
Wholesale	42	1.07%	164	1.34%	210	1.42%
Manufacturing	290	7.38%	864	7.06%	971	6.57%
Production	357	9.08%	917	7.49%	1,078	7.29%
Construction	187	4.76%	470	3.84%	702	4.75%
Utilities	155	3.94%	410	3.35%	559	3.78%
Agriculture & Mining	22	0.56%	84	0.69%	145	0.98%
Farming, Fishing, Forestry	0	0.00%	5	0.04%	30	0.20%
Other Services	72	1.83%	197	1.61%	218	1.47%
2022 Worker Travel Time to Job	1,982		6,198		7,557	
<30 Minutes	1,190	60.04%	3,508	56.60%	4,127	54.61%
30-60 Minutes	697	35.17%	2,317	37.38%	2,998	39.67%
60+ Minutes	95	4.79%	373	6.02%	432	5.72%
2010 Households by HH Size	1,743		5,105		6,048	
1-Person Households	525	30.12%	1,319	25.84%	1,452	24.01%
2-Person Households	557	31.96%	1,707	33.44%	2,065	34.14%
3-Person Households	277	15.89%	849	16.63%	1,014	16.77%
4-Person Households	241	13.83%	784	15.36%	972	16.07%
5-Person Households	94	5.39%	308	6.03%	386	6.38%
6-Person Households	32	1.84%	98	1.92%	112	1.85%
7 or more Person Households	17	0.98%	40	0.78%	47	0.78%
2022 Average Household Size	2.40		2.50		2.60	
Households						
2027 Projection	1,742		5,011		5,896	
2022 Estimate	1,749		5,045		5,943	
2010 Census	1,744		5,104		6,047	
Growth 2022 - 2027	-0.40%		-0.67%		-0.79%	
Growth 2010 - 2022	0.29%		-1.16%		-1.72%	



Demographic Detail Report

Highland, IL 62249						
Radius	1 Mile		3 Mile		5 Mile	
2022 Households by HH Income	1,749		5,047		5,943	
<\$25,000	229	13.09%	577	11.43%	624	10.50%
\$25,000 - \$50,000	446	25.50%	1,038	20.57%	1,152	19.38%
\$50,000 - \$75,000	326	18.64%	849	16.82%	961	16.17%
\$75,000 - \$100,000	307	17.55%	972	19.26%	1,112	18.71%
\$100,000 - \$125,000	105	6.00%	541	10.72%	643	10.82%
\$125,000 - \$150,000	141	8.06%	417	8.26%	556	9.36%
\$150,000 - \$200,000	102	5.83%	349	6.91%	486	8.18%
\$200,000+	93	5.32%	304	6.02%	409	6.88%
2022 Avg Household Income	\$82,610		\$91,032		\$96,047	
2022 Med Household Income	\$62,179		\$76,530		\$80,272	
2022 Occupied Housing	1,748		5,045		5,943	
Owner Occupied	1,120	64.07%	3,728	73.89%	4,562	76.76%
Renter Occupied	628	35.93%	1,317	26.11%	1,381	23.24%
2010 Housing Units	1,995		5,682		6,663	
1 Unit	1,242	62.26%	4,321	76.05%	5,275	79.17%
2 - 4 Units	379	19.00%	610	10.74%	634	9.52%
5 - 19 Units	249	12.48%	447	7.87%	448	6.72%
20+ Units	125	6.27%	304	5.35%	306	4.59%
2022 Housing Value	1,120		3,729		4,561	
<\$100,000	147	13.13%	383	10.27%	439	9.63%
\$100,000 - \$200,000	545	48.66%	1,826	48.97%	2,036	44.64%
\$200,000 - \$300,000	265	23.66%	878	23.55%	1,084	23.77%
\$300,000 - \$400,000	137	12.23%	523	14.03%	809	17.74%
\$400,000 - \$500,000	5	0.45%	35	0.94%	62	1.36%
\$500,000 - \$1,000,000	21	1.88%	84	2.25%	131	2.87%
\$1,000,000+	0	0.00%	0	0.00%	0	0.00%
2022 Median Home Value	\$175,779		\$181,133		\$190,446	
2022 Housing Units by Yr Built	1,998		5,697		6,686	
Built 2010+	123	6.16%	287	5.04%	298	4.46%
Built 2000 - 2010	274	13.71%	953	16.73%	1,183	17.69%
Built 1990 - 1999	266	13.31%	873	15.32%	1,064	15.91%
Built 1980 - 1989	184	9.21%	626	10.99%	722	10.80%
Built 1970 - 1979	232	11.61%	867	15.22%	1,053	15.75%
Built 1960 - 1969	149	7.46%	499	8.76%	577	8.63%
Built 1950 - 1959	217	10.86%	525	9.22%	596	8.91%
Built <1949	553	27.68%	1,067	18.73%	1,193	17.84%
2022 Median Year Built	1972		1978		1978	



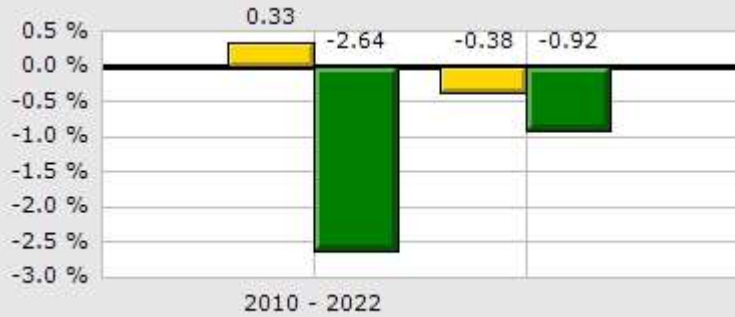
Demographic Market Comparison Report

1 mile radius

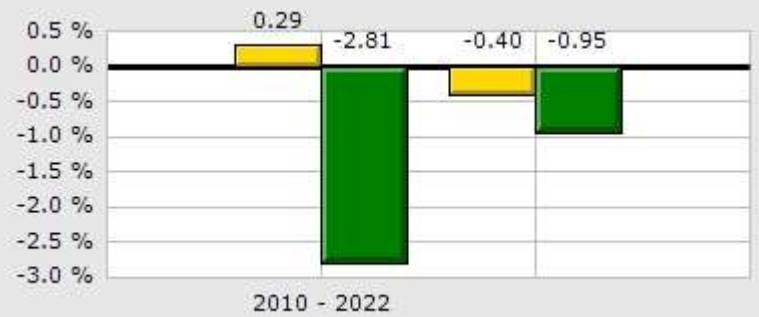
Highland, IL 62249

1 Mile
County

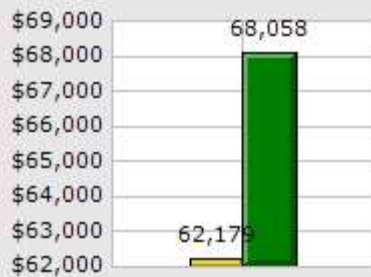
Population Growth



Household Growth



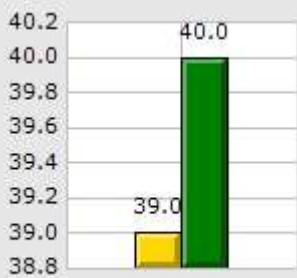
2022 Med Household Inc



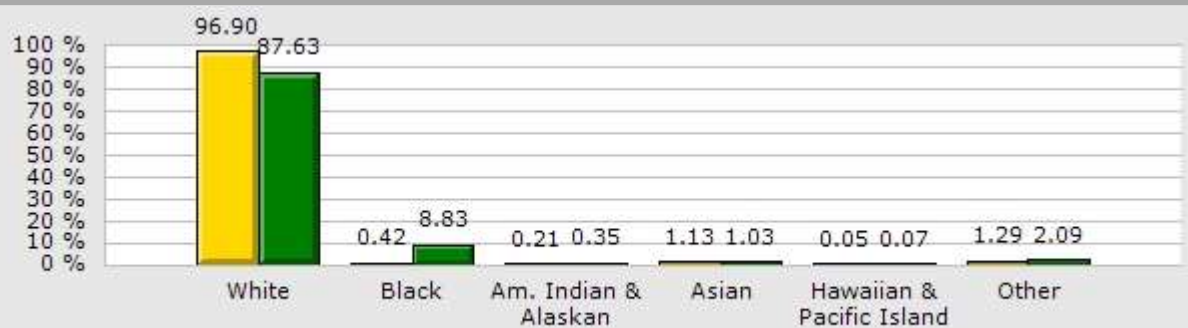
2022 Households by Household Income



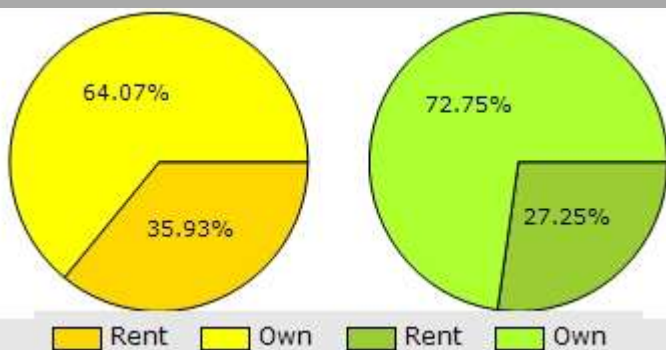
2022 Median Age



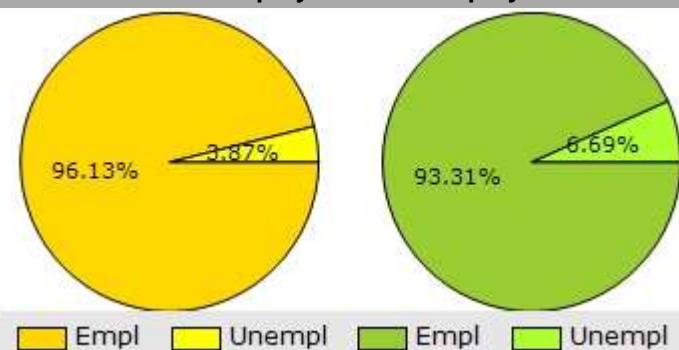
2022 Population by Race



2022 Renter vs. Owner



2022 Employed vs. Unemployed

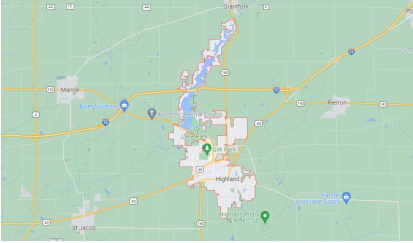


Demographic Market Comparison Report

Highland, IL 62249

	1 Mile		County	
Population Growth				
Growth 2010 - 2022	0.33%		-2.64%	
Growth 2022 - 2027	-0.38%		-0.92%	
Empl	2,112	96.13%	125,119	93.31%
Unempl	85	3.87%	8,969	6.69%
2022 Population by Race				
	4,257		262,302	
White	4,125	96.90%	229,862	87.63%
Black	18	0.42%	23,167	8.83%
Am. Indian & Alaskan	9	0.21%	908	0.35%
Asian	48	1.13%	2,704	1.03%
Hawaiian & Pacific Island	2	0.05%	171	0.07%
Other	55	1.29%	5,490	2.09%
Household Growth				
Growth 2010 - 2022	0.29%		-2.81%	
Growth 2022 - 2027	-0.40%		-0.95%	
Renter Occupied	628	35.93%	28,639	27.25%
Owner Occupied	1,120	64.07%	76,472	72.75%
2022 Households by Household Income				
	1,749		105,111	
Income <\$25K	229	13.09%	17,798	16.93%
Income \$25K - \$50K	446	25.50%	21,520	20.47%
Income \$50K - \$75K	326	18.64%	17,950	17.08%
Income \$75K - \$100K	307	17.55%	14,717	14.00%
Income \$100K - \$125K	105	6.00%	9,620	9.15%
Income \$125K - \$150K	141	8.06%	9,243	8.79%
Income \$150K - \$200K	102	5.83%	6,946	6.61%
Income \$200K+	93	5.32%	7,317	6.96%
2022 Med Household Inc	\$62,179		\$68,058	
2022 Median Age	39.00		40.00	

Demographic Summary Report

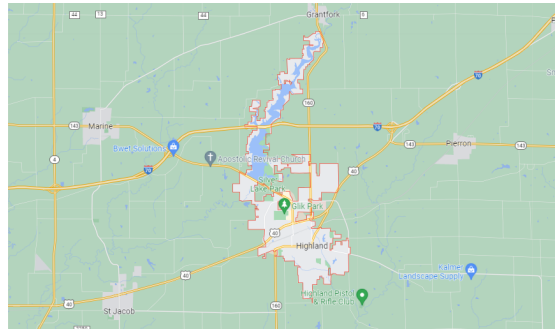
Highland, IL 62249			
			
Radius	1 Mile	3 Mile	5 Mile
Population			
2027 Projection	4,242	12,791	15,270
2022 Estimate	4,258	12,877	15,389
2010 Census	4,244	13,035	15,658
Growth 2022 - 2027	-0.38%	-0.67%	-0.77%
Growth 2010 - 2022	0.33%	-1.21%	-1.72%
2022 Population by Hispanic Origin	83	245	294
2022 Population	4,258	12,877	15,389
White	4,125 96.88%	12,502 97.09%	14,976 97.32%
Black	18 0.42%	42 0.33%	50 0.32%
Am. Indian & Alaskan	9 0.21%	26 0.20%	29 0.19%
Asian	48 1.13%	116 0.90%	120 0.78%
Hawaiian & Pacific Island	1 0.02%	13 0.10%	16 0.10%
Other	55 1.29%	179 1.39%	198 1.29%
U.S. Armed Forces	3	13	30
Households			
2027 Projection	1,742	5,011	5,896
2022 Estimate	1,749	5,045	5,943
2010 Census	1,744	5,104	6,047
Growth 2022 - 2027	-0.40%	-0.67%	-0.79%
Growth 2010 - 2022	0.29%	-1.16%	-1.72%
Owner Occupied	1,120 64.04%	3,728 73.89%	4,562 76.76%
Renter Occupied	628 35.91%	1,317 26.11%	1,381 23.24%
2022 Households by HH Income	1,749	5,047	5,943
Income: <\$25,000	229 13.09%	577 11.43%	624 10.50%
Income: \$25,000 - \$50,000	446 25.50%	1,038 20.57%	1,152 19.38%
Income: \$50,000 - \$75,000	326 18.64%	849 16.82%	961 16.17%
Income: \$75,000 - \$100,000	307 17.55%	972 19.26%	1,112 18.71%
Income: \$100,000 - \$125,000	105 6.00%	541 10.72%	643 10.82%
Income: \$125,000 - \$150,000	141 8.06%	417 8.26%	556 9.36%
Income: \$150,000 - \$200,000	102 5.83%	349 6.91%	486 8.18%
Income: \$200,000+	93 5.32%	304 6.02%	409 6.88%
2022 Avg Household Income	\$82,610	\$91,032	\$96,047
2022 Med Household Income	\$62,179	\$76,530	\$80,272



Demographic Trend Report

1 Mile Radius

Highland, IL 62249



Description	2010		2022		2027	
Population	4,244		4,258		4,242	
Age 0 - 4	283	6.67%	251	5.89%	247	5.82%
Age 5 - 9	302	7.12%	266	6.25%	254	5.99%
Age 10 - 14	305	7.19%	280	6.58%	264	6.22%
Age 15 - 19	281	6.62%	279	6.55%	270	6.36%
Age 20 - 24	291	6.86%	262	6.15%	269	6.34%
Age 25 - 29	328	7.73%	267	6.27%	263	6.20%
Age 30 - 34	310	7.30%	289	6.79%	268	6.32%
Age 35 - 39	274	6.46%	294	6.90%	279	6.58%
Age 40 - 44	270	6.36%	281	6.60%	281	6.62%
Age 45 - 49	286	6.74%	265	6.22%	271	6.39%
Age 50 - 54	325	7.66%	256	6.01%	258	6.08%
Age 55 - 59	244	5.75%	270	6.34%	252	5.94%
Age 60 - 64	199	4.69%	272	6.39%	254	5.99%
Age 65 - 69	141	3.32%	234	5.50%	240	5.66%
Age 70 - 74	122	2.87%	180	4.23%	203	4.79%
Age 75 - 79	113	2.66%	128	3.01%	154	3.63%
Age 80 - 84	86	2.03%	86	2.02%	102	2.40%
Age 85+	85	2.00%	96	2.25%	113	2.66%
Age 15+	3,355	79.05%	3,459	81.24%	3,477	81.97%
Age 20+	3,074	72.43%	3,180	74.68%	3,207	75.60%
Age 65+	547	12.89%	724	17.00%	812	19.14%
Median Age	35		39		40	
Average Age	36.80		39.40		40.30	
Population By Race	4,244		4,258		4,242	
White	4,142	97.60%	4,125	96.88%	4,101	96.68%
Black	14	0.33%	18	0.42%	21	0.50%
Am. Indian & Alaskan	8	0.19%	9	0.21%	10	0.24%
Asian	40	0.94%	48	1.13%	50	1.18%
Hawaiian & Pacific Islander	1	0.02%	1	0.02%	1	0.02%
Other	39	0.92%	55	1.29%	60	1.41%



Demographic Trend Report

1 Mile Radius

Highland, IL 62249						
Description	2010		2022		2027	
Population by Race (Hispanic)	62		83		90	
White	57	91.94%	75	90.36%	81	90.00%
Black	0	0.00%	0	0.00%	0	0.00%
Am. Indian & Alaskan	1	1.61%	1	1.20%	2	2.22%
Asian	0	0.00%	0	0.00%	0	0.00%
Hawaiian & Pacific Islander	0	0.00%	1	1.20%	1	1.11%
Other	4	6.45%	6	7.23%	6	6.67%
Household by Household Income	1,743		1,749		1,741	
<\$25,000	411	23.58%	229	13.09%	217	12.46%
\$25,000 - \$50,000	497	28.51%	446	25.50%	437	25.10%
\$50,000 - \$75,000	333	19.10%	326	18.64%	322	18.50%
\$75,000 - \$100,000	184	10.56%	307	17.55%	315	18.09%
\$100,000 - \$125,000	139	7.97%	105	6.00%	103	5.92%
\$125,000 - \$150,000	79	4.53%	141	8.06%	146	8.39%
\$150,000 - \$200,000	70	4.02%	102	5.83%	104	5.97%
\$200,000+	30	1.72%	93	5.32%	97	5.57%
Average Household Income	\$62,222		\$82,610		\$84,174	
Median Household Income	\$46,198		\$62,179		\$63,615	

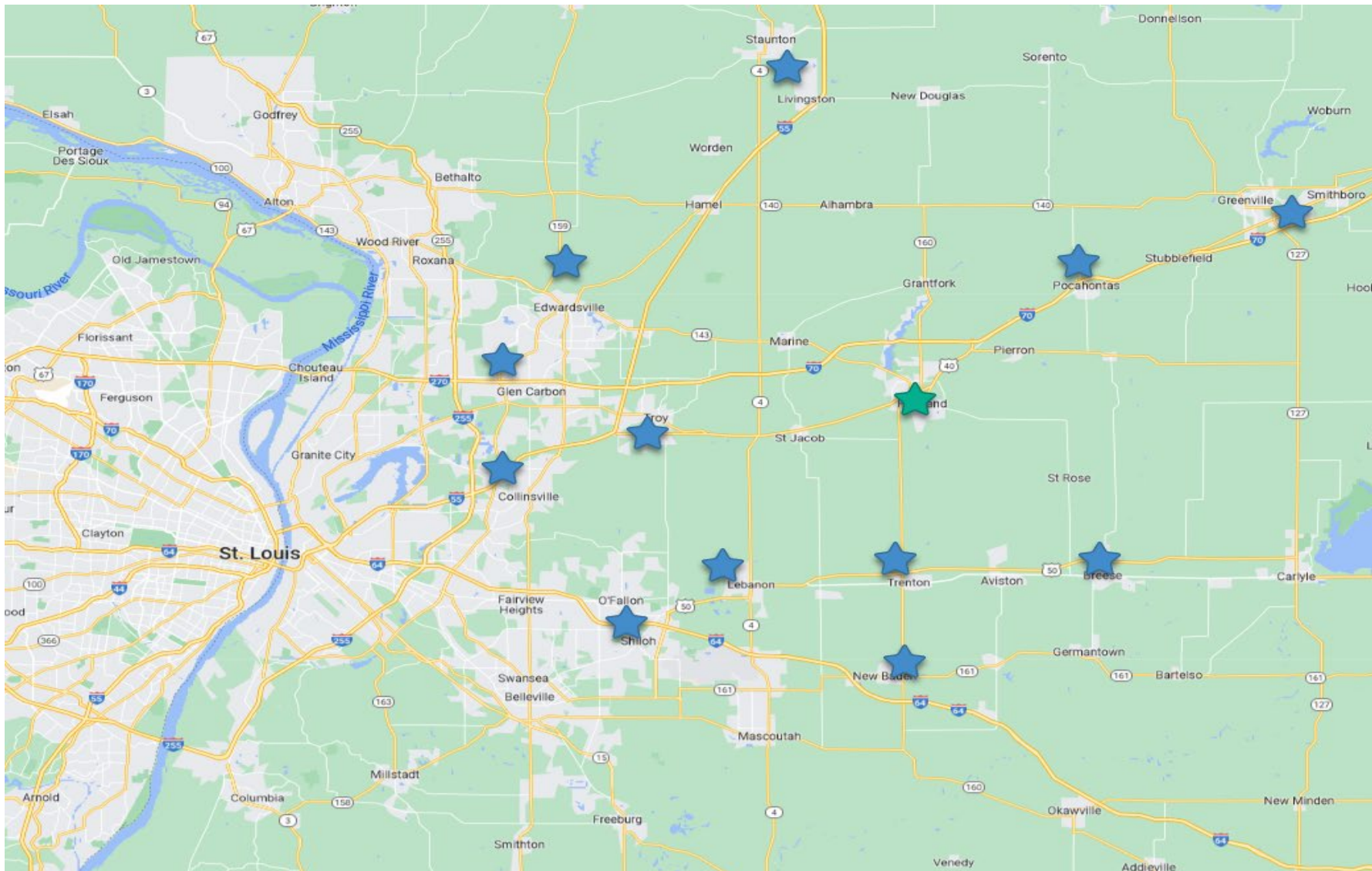


Market Demand

The economic vitality of the market and the surrounding markets or feeder markets, is an important consideration in forecasting lodging demand and future revenue potential. The market lodging demand area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. In the following document you will find a map of the estimated market lodging demand area for the subject market.



Market Lodging Demand Area: (Focus Area of Sales Efforts of Additional Lodging)



★ Immediate Feeder Market ★ Secondary Feeder Market
** Feeder Market = Outlying Community that feeds travelers into desired market (Sales Focus Area)

Source: Google Maps; Core Distinction Group, LLC.

Site Analysis

For the purposes of this Comprehensive Hotel Market Feasibility Study, a representative with Core Distinction Group LLC evaluated all sites and, although a site has not yet been selected, we recommend that all the selected sites will be improved with a limited-service lodging facility. The potential locations are detailed in the following pages including analysis of each site.



Site Rating, Location, Land



Frontage, Topography, Drainage



Environmental Hazards, Ground Stability, Utilities



Parking, Easements/Encroachments/Restrictions



Traffic Counts

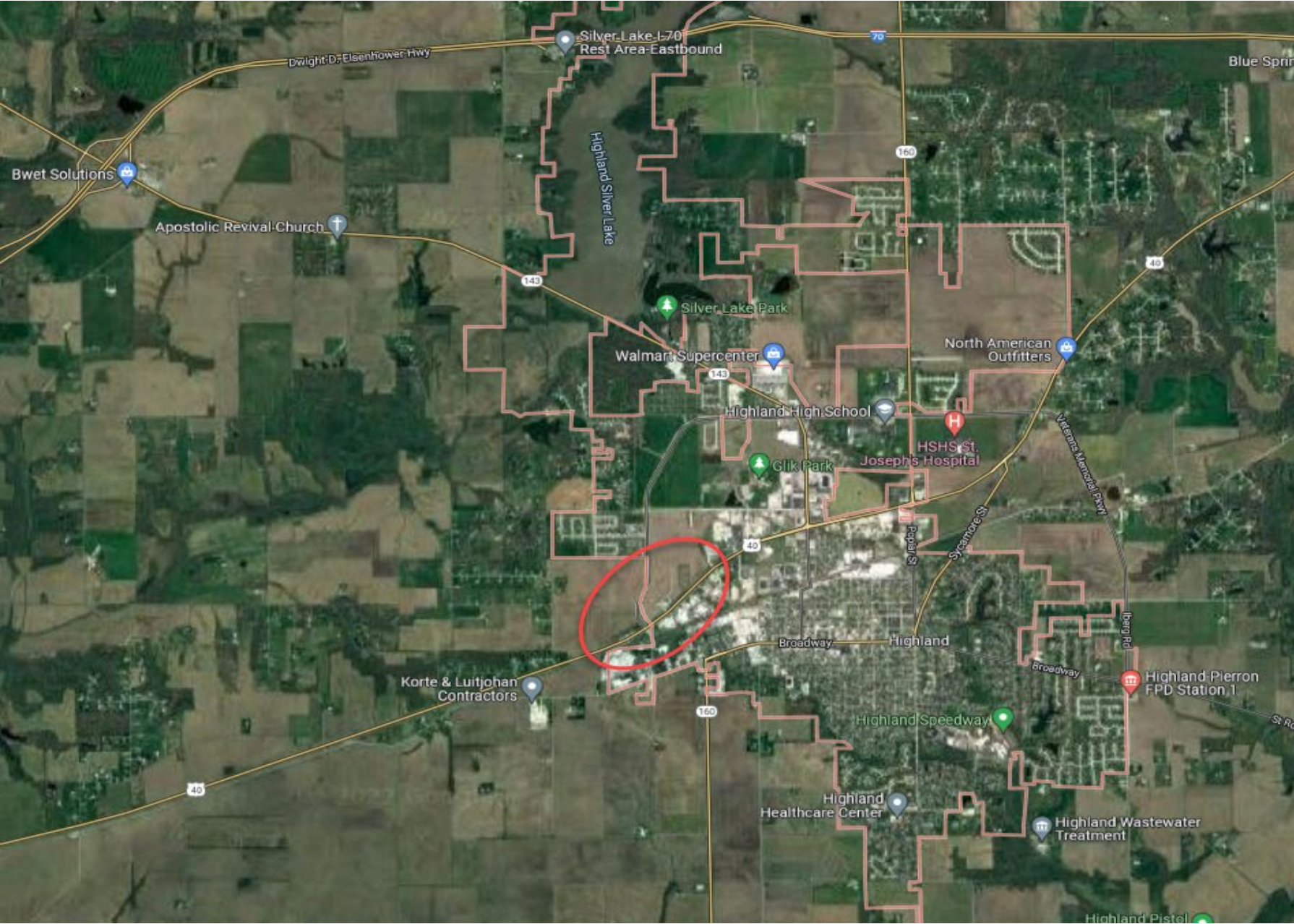
It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. A detail of traffic information will follow the individual site information in this report.



Site Area One: Vicinity of the Western Entrance to Highland off Highway 40					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			89%	40	45

Location	Located in the vicinity of the intersection of Highway 40 and Frank Watson Parkway in Highland, Illinois.
Land Area	The recommended site size for proposed property is one to two acres.
Frontage	This proposed should offer frontage or high visibility to Highway 40.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group’s scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Ground Stability	A soil report was not provided for review. However, these issues are out of Core Distinction Group’s scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Utilities	It is to the understanding of Core Distinction Group that water, electricity and sewer are available in the general area.
Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affects this site.

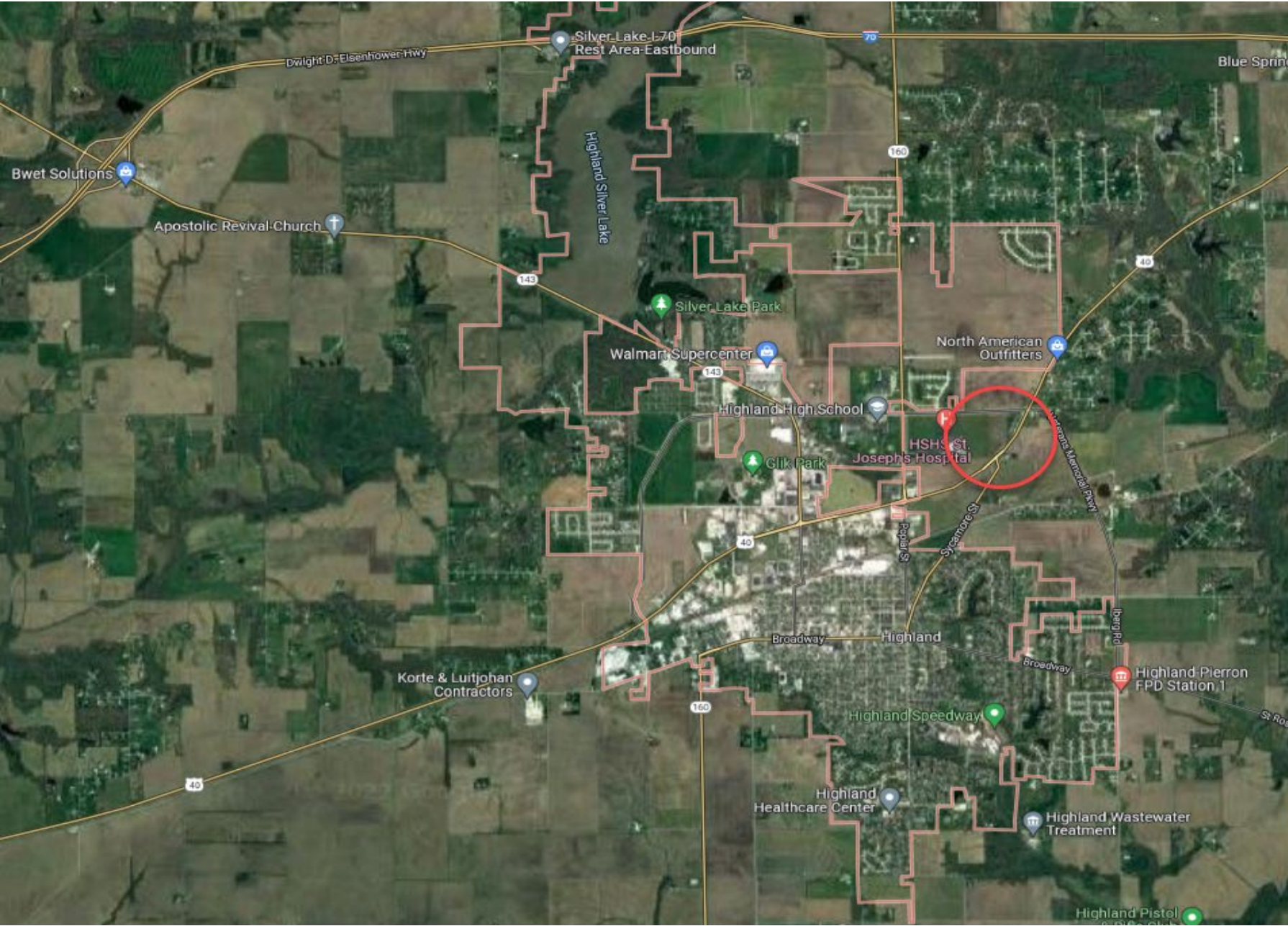




Site Area Two: Near Hospital and Highway 40					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			87%	39	45

Location	Located in the vicinity of St. Joseph's Hospital, off Highway 40 or Highway 160.
Land Area	The recommended site size for proposed property is two to three acres.
Frontage	This proposed should offer frontage or high visibility from Bulldog Trail, Highway 40 and/or Highway 160.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Ground Stability	A soil report was not provided for review. However, these issues are out of Core Distinction Group's scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Utilities	It is to the understanding of Core Distinction Group that water, electricity and sewer are available in the general area.
Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affect this site.

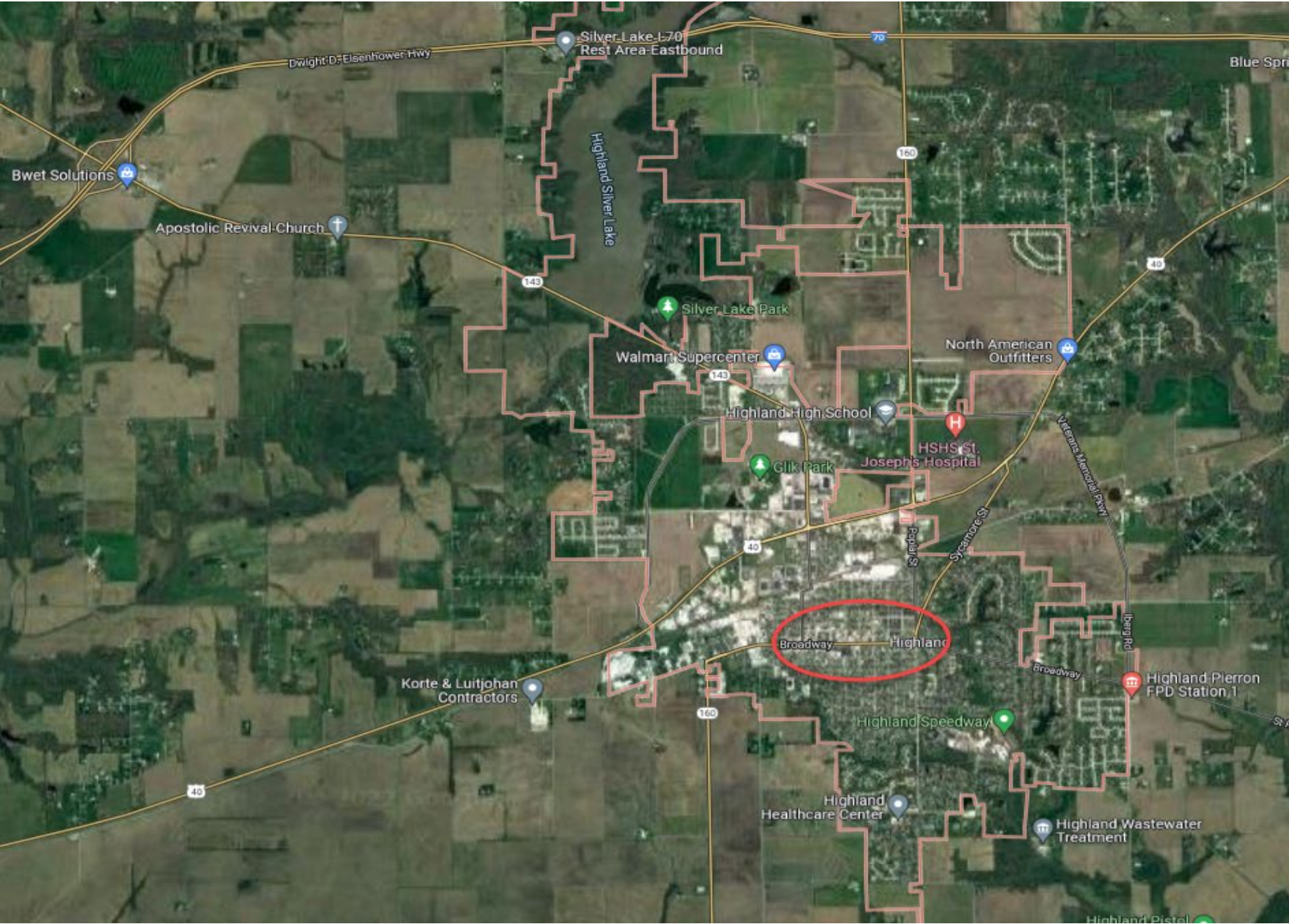




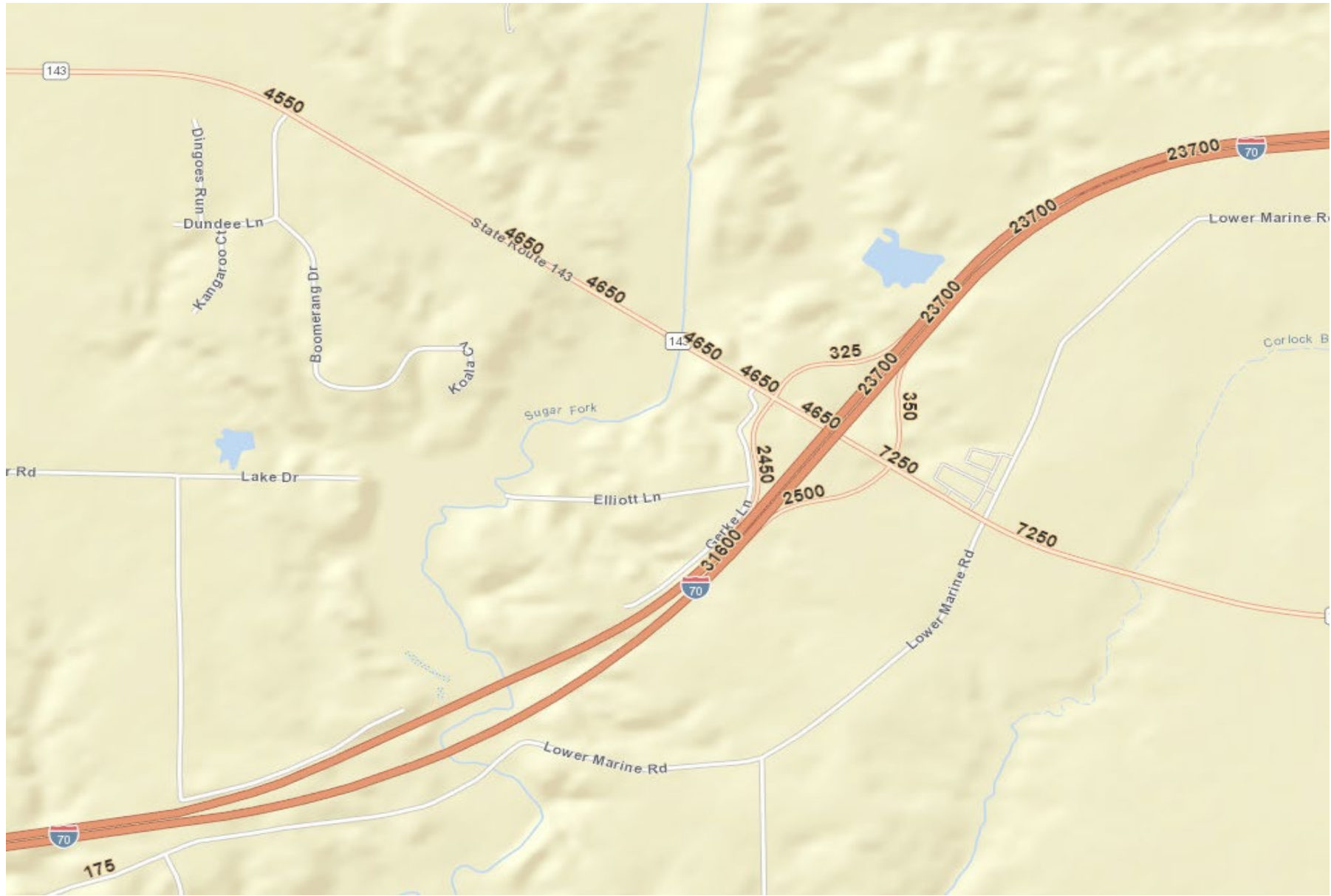
Site Area Three: Vicinity of Downtown Highland					
Visibility	1	2	3	4	5
Accessibility	1	2	3	4	5
Traffic Counts	1	2	3	4	5
Site Prep	1	2	3	4	5
Major Utilities	1	2	3	4	5
Zoning	1	2	3	4	5
Area Support Services	1	2	3	4	5
Demand Generator Position	1	2	3	4	5
Competition Position	1	2	3	4	5
Overall Result			87%	39	45

Location	Located in the vicinity of the Broadway in Downtown Highland, Illinois.
Land Area	The recommended site size for proposed property is one to two acres.
Frontage	This proposed should offer frontage or high visibility to Broadway.
Topography	The area offers many options with very little issues. The topography does not appear to have development issues at this time.
Drainage	No drainage issues were observed at the time of visit and none were disclosed to Core Distinction Group at the time of Site Visit.
Environmental Hazards	An environmental assessment report was not provided for review. However, these issues are out of Core Distinction Group’s scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Ground Stability	A soil report was not provided for review. However, these issues are out of Core Distinction Group’s scope of work and expertise. It is assumed that property is not adversely affected by these hazards.
Utilities	It is to the understanding of Core Distinction Group that water, electricity and sewer are available in the general area.
Parking	This area is assumed to offer a site that will be able to accommodate the appropriate number of parking spaces.
Easements, Encroachments and Restrictions	Core Distinction Group was not provided a title report on said site and was not made aware of any easements, encroachments or restrictions that would affects this site.





Traffic Counts (continued)



Source: ILDOT

Community Interviews

A representative with Core Distinction Group LLC met with representatives of the community and the surrounding area to gather information pertinent to hotel development. In addition, Core Distinction Group, LLC conducted phone interviews and an online survey to better understand the overall market need. The research was conducted as a macro and micro market analysis of the market and areas immediately surrounding the area to determine their viability to support the potential of a hotel development. The following key points were discussed and analyzed for the purpose of this Comprehensive Hotel Market Feasibility Study:



Current and Potential Future Need for Lodging in the Market Studied



Current Hotel Being Utilized by Interviewee



Current Essential Amenities Being Utilized by Interviewee



Scale or Quality Preferences of Interviewees

Community Interview Question Summary

During the research phase of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group asked demand generators and leaders within the community all or some of the following *questions:



Does your business or organization have a need for overnight accommodations?



If yes, what is the approximate weekly or monthly need?



Does your business or organization have a need for long-term or extended stay overnight accommodations?



If yes, what is the approximate length of stay and how many guests per month/year?



Where do you currently recommend these individuals to stay?



In your opinion, do you believe the community in question would benefit from a new, branded hotel?



If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.



In your opinion, what amenities does this hotel offer that are important to your clients?



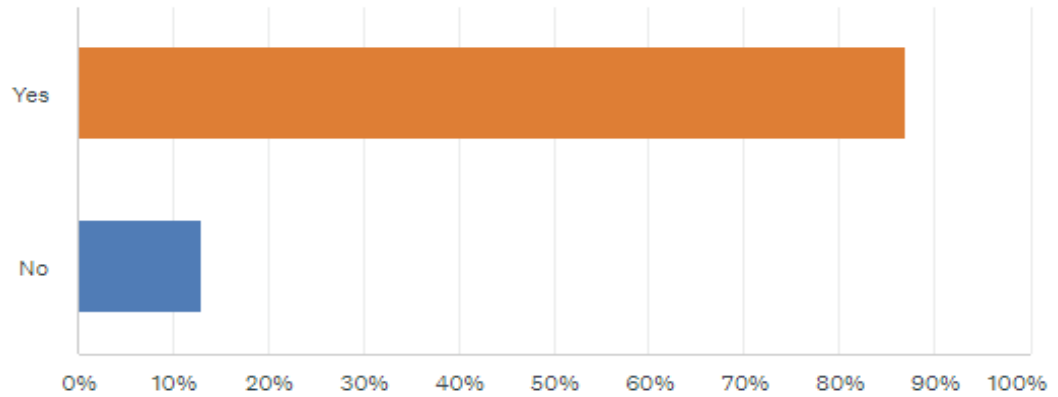
Do you have additional comments or contacts you would recommend we speak to?

**Questions are not limited to the above questions. Representatives from Core Distinction Group look to expand on each question, if needed, to identify all lodging needs in the community.*

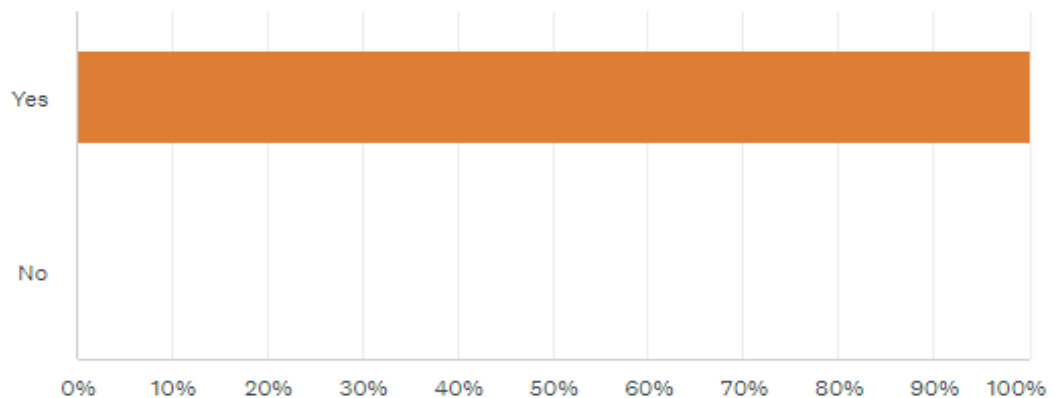


Community Interviews Overall Key Responses

When Core Distinction Group asked individual businesses in the area if they had a need for new, quality accommodations in the community, 87% identified a specific need:



When Core Distinction Group asked individuals and businesses in the area if there is a need in Highland, IL for a new hotel, nearly 100% stated yes:



#1

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 04, 2022 2:56:40 PM
Last Modified: Wednesday, May 04, 2022 3:05:37 PM
Time Spent: 00:08:57
IP Address: 97.84.35.67

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Korte Construction Company

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

2 to 3 rooms per month, 2 nights up to 5 nights per stay. We bring new out-of-town employees in for training at the Highland operations center. In Sept. or Oct. we have an event that requires several employees from out Las Vegas office to come to Highland and lodging has been a problem.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

the one hotel in Highland is typically full on weekends due to a lot of weddings in this area.



#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 04, 2022 2:47:07 PM
Last Modified: Wednesday, May 04, 2022 3:13:52 PM
Time Spent: 00:26:44
IP Address: 68.188.55.164

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Basler Electric Company

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We have sales meetings a couple times a year, approximately 10 rooms for 2 nights. We regularly (monthly) have applicants in for 1 night. Training is also done with week long stays.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

We are very limited on hotels, only one and it has changed ownerships and brand (a lower end hotel brand) and outside guests are skeptical of the brand.



#3

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 04, 2022 4:36:34 PM
Last Modified: Wednesday, May 04, 2022 5:26:27 PM
Time Spent: 00:49:53
IP Address: 107.182.71.35

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

The Olde Wicks Factory

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

2019 was our first official season of weddings, with 42 on the books, we had over 10,500 guests attending weddings and event just in our first year. Bridal Party/Guests start showing up on Thursday to help set up for the wedding. But most definitely, our guests stay on Fridays & Saturdays. Out of 82 weddings forecasted for 2022/2023 so far, only 12 weddings are couples from Highland. The rest are from the Metro East and the St Louis area.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

We are into our 5th season of weddings/events, and have had over 35,000 guests come through our doors since we started in 2018. Many small business have publicly praised us for the business that we bring to town, to include all the various vendors that are involved on a wedding day (Hair & Makeup, photographer, caterer, DJ, Florist, Bakery, etc). Our building is over 80,000 sq ft with 5 different venues to choose from. We would love to be able to host conferences during the week (Mon - Thurs), but we don't have a hotel that would allow everyone to stay at the same place.



#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, May 05, 2022 5:28:59 AM
Last Modified: Thursday, May 05, 2022 5:34:21 AM
Time Spent: 00:05:22
IP Address: 162.236.93.242

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

TJO Holdings LLC

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We have 10 guests weekly that would stay if lodging was available.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

The town has a unique vibe that would be attractive to guests of local venues to make it a weekend.



#5

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, May 05, 2022 11:23:26 AM
Last Modified: Thursday, May 05, 2022 11:36:45 AM
Time Spent: 00:13:19
IP Address: 107.182.67.119

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Highland Chamber of Commerce

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

Chamber members and the general public often times reach out to the Chamber of Commerce for advice on where they can stay. Just recently, the Illinois Association of Chamber of Commerce Executives were looking for submittals to host their Fall Conference but we are not eligible because it requires lodging for at least 125 attendees, which we cannot accomodate.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

Our community is growing by both population and from a business standpoint and out of town visitors are attracted to what we have to offer.



#6

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Sunday, May 08, 2022 12:52:58 PM
Last Modified: Sunday, May 08, 2022 1:00:32 PM
Time Spent: 00:07:34
IP Address: 205.175.157.220

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

HSHS St. Joseph's Hospital

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

Three ER/Hospitalist Physicians stay at the Baymont in Highland when they travel in to work their clinical shifts:

Others prefer to stay at the Marriott (either in O'Fallon, Collinsville or Edwardsville). We do have a couple other physicians who would likely stay in Highland if there was a nicer chain hotel. Also, one other item of note is that there is no hotel in Breese, so most people have to stay in O'Fallon when they travel to work at SJB. If Highland had a nice place, people working in Breese might utilize it since it would be closer.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

Respondent skipped this question

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.



#7

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Tuesday, May 10, 2022 10:01:14 AM
Last Modified: Tuesday, May 10, 2022 10:16:54 AM
Time Spent: 00:15:40
IP Address: 209.7.230.2

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Highland CUSD 5

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

The school district hosts a plethora of events that would necessitate a stay in a hotel such as Optimist Shootout, dance, cheer, graduation, playoff games, band, plays, etc.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

Yes Highland has a robust offering of events for families in the community and others in the area drive in to attend. Also, Highland has major construction companies, regional hospital, and other economic attractions for workers, travelers, and visitors.



#8

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 11, 2022 9:17:06 AM
Last Modified: Wednesday, May 11, 2022 9:39:28 AM
Time Spent: 00:22:21
IP Address: 172.56.58.202

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Copper Dock Winery & Reception Hall

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We booked about 20 weddings. Would not know exactly how many needed rooms. Guess maybe 5 weddings with about 8 rooms each.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

Closer to St. Louis for our out of town guests so would highly recommend Highland.



#9

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 11, 2022 9:43:15 AM
Last Modified: Wednesday, May 11, 2022 10:07:01 AM
Time Spent: 00:23:46
IP Address: 107.182.78.50

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Kevin Hemann
Highland Optimist Club

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We hold a high school basketball shootout each year the first or second week of January. We bring teams from out of state and the club usually rents 40 to 50 rooms this weekend for the teams participation. In addition to the rooms we rent we also have families attending the event as well.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

I'm retired from a company in Highland for over 45 years.
We had visitors and sales people during that time that usually stayed in Troy, Collinsville or Edwardsville because of branded or newer hotels. Highland would definitely be a great place for a new hotel.



#10

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 11, 2022 11:08:35 PM
Last Modified: Wednesday, May 11, 2022 11:13:33 PM
Time Spent: 00:04:58
IP Address: 38.130.36.124

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Trouw Nutrition

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

My company likely had around 10 night stays during weekdays/month. (no seasonality)

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

Baymont quality is low



#11

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, May 12, 2022 9:26:21 AM
Last Modified: Thursday, May 12, 2022 9:43:59 AM
Time Spent: 00:17:37
IP Address: 12.226.181.162

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Bradford National Bank

Q2

No

Does your business have a need for overnight accommodations?

Q3

Respondent skipped this question

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

A new hotel would be a huge benefit to tourism in the Highland community. Keeping the visitors in town for an extra night or two would benefit our business sector significantly. A Hilton or Marriott branded hotel with a restaurant/bar onsite would also attract more travelers off of Interstate 70.



#12

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Monday, May 16, 2022 10:27:52 AM
Last Modified: Monday, May 16, 2022 10:36:33 AM
Time Spent: 00:08:41
IP Address: 107.182.76.39

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Highland Machine / Bill Sullivan

Q2

No

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We have no needs for lodging

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

I have no feel for the occupancy levels at the current hotel. If high then a second hotel would certainly be a benefit.



#13

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, May 21, 2022 11:52:42 AM
Last Modified: Saturday, May 21, 2022 12:02:09 PM
Time Spent: 00:09:27
IP Address: 107.182.76.50

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

McGinley Inc.

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

In the car business we do have customers that fly in to purchase a vehicle. Many times they stay the night and drive back to their home the next day. Also have business meetings from time to time. Our last meeting has 20 people and we had to have them stay in Collinsville due to needing a conference room in the hotel as well.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

With the hospital, 3 Car Dealerships, Eaton, Basler, and other businesses, I would imagine the need is pretty big for additional lodging.



#14

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Monday, May 23, 2022 10:33:18 AM
Last Modified: Monday, May 23, 2022 10:44:31 AM
Time Spent: 00:11:13
IP Address: 174.209.231.43

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Highland Jaycees

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

My organization is a potential host to our state conventions, held 3 times per year.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

Our community could benefit by having the ability to host larger functions with quality accommodations that elevate the growth potential for the city's businesses and organizations.



#15

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Tuesday, May 24, 2022 2:51:47 PM
Last Modified: Tuesday, May 24, 2022 3:11:09 PM
Time Spent: 00:19:21
IP Address: 107.182.76.50

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Highland Jaycees

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We hold a 3 day festival every year. This festival draws in 5,000 plus people a year, also brings in numerous vendors for the weekend. Vendors are needing rooms to stay as well if families have guests come for the weekend of the festival.

The United States Junior Chamber, (Jaycees) also hold 3 state conventions a year. Highland has tried several times to place a bid to be the host for the state. This is usually a 4 day convention, of trainings and banquets. Bringing in guests from all around our state and country. We would be reserving anywhere from 20 to 40 rooms at times. Plus needing several meeting rooms and a banquet hall. We tried to rent out the current Baymont, but the Organization denied our plans. We would love to have the opportunity to host a State Convention.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?



Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

We have a beautiful wedding venue in town. A typical weekend, we can have 2 or 3 weddings going on. Then Soccer games, baseball tournaments and in the Summer festivals, races, and swim meets. Our small 20 room hotel can not appease this many events in our community. To recommend hotels outside of our community is upsetting and an inconvenience. Our community can greatly benefit by having a second hotel. Our local businesses would gain so much foot traffic and they would gain financially as well



#16

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 25, 2022 10:14:43 AM
Last Modified: Wednesday, May 25, 2022 10:35:39 AM
Time Spent: 00:20:55
IP Address: 107.182.78.50

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Mark Rosen/Highland Parks & Recreation

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We host athletic tournaments, primarily during the summer. We also host music entertainment on Thursday nights from late June - September, which a handful sometimes travel from other states outside of 4 hours. On occasion, we have had contractors spend a night or two as well.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

Highland hosts multiple festivals and the recreation department has the ability to provide a variety of services from Silver Lake, concerts and weekly events like the PBJ. In essence, someone could arrive on a Wednesday and have things to see and take part in up to and/or through the weekend; depending on which weekend it is.



#17

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 25, 2022 12:01:16 PM
Last Modified: Wednesday, May 25, 2022 12:18:37 PM
Time Spent: 00:17:21
IP Address: 107.182.76.30

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Highland Area Arts Council dba Highland Arts Council

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We produce Art in the Park on the 2nd full weekend of October. We usually set up a room block of 10-15 for our artists from out of town. A few years, we could not get one because the hotel was full. Our artists were not happy about traveling to neighboring towns for accommodations.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

In order to increase tourism and bring in overnight stays, we need more than what we have. When weddings occur, the current hotel is full and no other options for visitors.



#18

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 25, 2022 12:21:36 PM
Last Modified: Wednesday, May 25, 2022 2:10:22 PM
Time Spent: 01:48:45
IP Address: 107.182.74.51

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

HIGHLAND SPEEDWAY

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

We host multiple special events, normally on Saturday's throughout the summer that out of town teams and fans would use logging. Normally have 1000-1500 people in attendance for special events.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

I believe a hotel in Highland will help people enjoy the city and the events we offer.



#19

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, May 25, 2022 10:36:38 AM
Last Modified: Wednesday, May 25, 2022 2:16:33 PM
Time Spent: 03:39:55
IP Address: 107.182.78.251

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

ApexNetwork Physical Therapy; Corporate Offices.
We have 90+ clinics across the US.

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

Pre-COVID my company typically had training sessions once, sometimes twice a month. The employee would normally stay Sunday evening and check out Thursday or Friday (4-5 night stays). This would generally be 2-3 rooms once or twice a month.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

If we had a new hotel in our community, my company would definitely use their services. It would be much more convenient for our employees as they would not have to drive to / from training each day. The current hotel in our community has become run down and we moved our employees due to this fact.



#20

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, May 27, 2022 1:40:55 PM
Last Modified: Friday, May 27, 2022 1:47:15 PM
Time Spent: 00:06:20
IP Address: 107.182.76.85

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Kloss Furniture

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

My company usually needs 1 or 2 rooms twice a year. There are some occasions where we would need around 14 rooms for a week. We have other furniture store owners from around the country come to visit.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

The Baymont fills up quickly, it would be nice to have a second option.



#21

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, May 28, 2022 3:37:38 PM
Last Modified: Saturday, May 28, 2022 3:39:37 PM
Time Spent: 00:01:59
IP Address: 172.221.138.62

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Double J Doggie Play N Stay LLC

Q2

No

Does your business have a need for overnight accommodations?

Q3

Respondent skipped this question

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

Respondent skipped this question

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.



#22

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, June 03, 2022 2:43:00 PM
Last Modified: Friday, June 03, 2022 2:47:19 PM
Time Spent: 00:04:18
IP Address: 107.77.210.35

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Hot air balloons over marine

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

Balloon event in sept. 8 rooms 2 nights

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.

Would the current hotel is always booked up



#23

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Monday, June 06, 2022 1:22:33 PM
Last Modified: Monday, June 06, 2022 1:36:16 PM
Time Spent: 00:13:43
IP Address: 107.182.76.39

Page 1: You have been selected by your community leaders to help!

Q1

Please enter the name of your organization/business so we do not bug you for information in the future.

Highland Machine

Q2

Yes

Does your business have a need for overnight accommodations?

Q3

If yes, what was your organization's lodging need in 2019 (Pre-Covid)? Please be as specific as possible. Example 1: My company typically has 5 rooms a month. The guest usually stays Tuesday or Wednesday night for 2 nights. Example 2: We have soccer tournaments three times during the Summer Months. These tournaments are held Friday and Saturday and have 10 to 25 teams of 10.

2-3 Nights Total/Year Machine Repair Technicians, Auditors. Generally 1-night stays during business week.

Q9

Yes

In your opinion, do you think the community in question would benefit from a new, branded hotel?

Q10

Respondent skipped this question

If yes or no, please help us understand your stance on a new hotel. Why you do or do not feel it would benefit the community.



Lodging Demand

For the purposes of this Comprehensive Hotel Market Feasibility Study, it is important to understand the overall demand of lodging in the market as well as surrounding markets. This section reviews need in the areas based on the following market segments:



Market Segmentation Projection



Area Events and Attractions Demand



Transient and Walk-In Demand



Events by Month



Demand Generators and Attractions

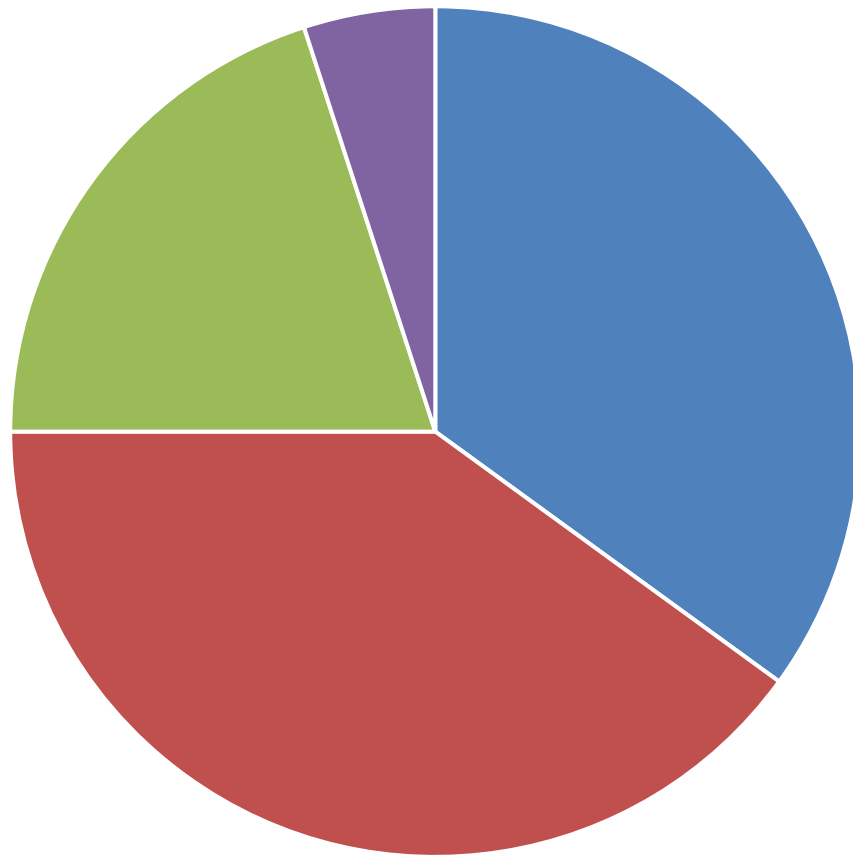
In addition to a breakdown and overview of the market's lodging demand segmentation, this sections also details the sources of said lodging demand and in some cases, identifies when the demand peaks.



Market Segmentation Projection for Highland, IL are as follows:

Local Business / Corporate Demand:	40%
Area Events & Attractions:	35%
SMERF Demand:	20%
Transient/Walk-In Demand:	5%
Total Need:	100%

Demand Driver Share



- Area Events & Attractions
- Local Business/Corporate
- SMERF
- Transient/Walk-In Demand:



SMERF Demand - SMERF stands for social, military, education, religious and fraternal meetings. In communities where corporate meetings and business travelers keep hotels occupied on weekdays, SMERF business, which is predominantly weekend business, can fill rooms Friday through Sunday.

Corporate Demand - Corporate 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. Corporate 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.

Area Events & Attractions/Leisure Demand: Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, Hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest on Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel.

Transient/Walk-In Demand: This demand can peak during any day of the week depending on the market. transient/walk-in demand is based on many factors including traffic through the area and potential overflow from feeder markets. This demand may include business and leisure travelers.

Identifying which segments have the potential to produce 80 percent of your hotel’s revenue is imperative to the success of developing these segments to ensure hotel is achieving fair market share. This starts with understanding the market in which any given hotel operates. A fundamental understanding of the competitive environment, key economic drivers and historical trends are essential to understanding which market segments are relevant. At this time, the proposed hotel should experience the same Market Segmentation as the overall market. The proposed hotel in Highland, IL would be the newest hotel in the immediate regional area and would be positioned to serve a wide variety of Lodging Demand. Also, as a proposed upper midscale hotel, it would be able to flex rates and services to accommodate a full range of Lodging Demand.



Events / Demand Generators:	
January:	Highland Optimist Basketball Shootout
February:	
March:	
April:	Highland Speedway Races
May:	Memorial Highland Biathlon, Highland Speedway Races
June:	Schweizerfest, Highland Speedway Races, Peanut Butter and Jam Festival, Highland Munny Band Concert
July:	July 4th Fireworks, Madison County Fair, Highland Speedway Races, Peanut Butter and Jam Festival, Highland Munny Band Concert
August:	Highland Speedway Races, Homestead Harvest Days, Peanut Butter and Jam Festival, Highland Munny Band Concert, Kirchenfest,
September:	Highland Street Art Festival,
October:	Treats on the Streets, Frugel Fest, Art in the Park, O'Fest
November:	Holiday Lighted Parade, Gobble Hobble Fun Run
December:	



Attractions & Demand Generators:

Madison County Fairgrounds - In addition to the County Fair in July, the Expo Hall is available for rentals year round. Weddings, Fundraisers, Family Reunions, Birthday Parties, and Anniversary Parties. They also rent the other buildings on the grounds and fairgrounds for different events, such as 4-H meetings, wrestling club practices, events, livestock shows, fundraising events, family reunions, and picnics.

Latzer Homestead - The Homestead, located at 1464 Old Trenton Road, just outside Highland, Ill., was deeded to the Highland Historical Society and was the home of Mr. Latzer, known as "The Father of Pet Milk."

Kaeser Memorial Park - Kaeser Park is named in honor of Dr. Albert F. Kaeser, a prominent Highland, Illinois physician. It is considered a city park, but was renovated by the Highland Historical Society in 1986. The house itself was built in two sections. The first was built in 1835 and the second in 1875. At one time, the house was used as a stagecoach stop. It contains a kitchen and bedroom from the 1800s time period and additionally contains two Highland History rooms. Many of the home's original features remain intact.

Silver Lake Park - The 90 acres located off Highland Park Road offers; Fishing, 5 Pavilions, 2 Restrooms, Playground, Sand Volleyball Court, Archery Range, 4.5 mile Hiking Trails, Climbing Wall, Boat Ramp, 18 Hole Disc Golf, Waterfowl Hunting, Arboretum. and Gazebo.

Weinheimer Community Center - Offers a Gymnasium, Restrooms, Meeting Rooms, Senior Center, and Concession Stand.

Spindler Park - Offering over 12 Acres with two Preschool tee-ball fields with bleachers, a half mile Accessible Walking Trail, Playground, three Lighted Tennis Courts, and a pavilion.

Rinderer Park - Offering 13 Acres with the Daley Discovery All-Abilities Playground, Jaycee's Dog Park, Lighted Trails, a Pavilion, Restroom, Fitness Equipment, and Fishing.

Korte Recreation Center - This large facility offers an Indoor Swimming Pool, Gymnasium, Fitness Area, Indoor Walking Track, Childcare, Locker Rooms, and Concession Stand.

Highland Community Pool - This facility offers six swimming lanes, a one Meter Diving Board, Climbing Wall, and a concession stand.



Attractions & Demand Generators:

Highland Area Senior Citizen Center - The facility offers a large gathering area with tables for games, cards, etc.. Additionally it offers a small conference room and a kitchenette.

HHS Tennis Courts - The City of Highland and Highland School District worked together to make the improvements to the tennis courts. Therefore, the community has access to use the courts when not in use by HHS Tennis Teams.

Glik Park - This park offers four Lighted Base/Softball Fields, eight Soccer Fields, a Football Field, three Restroom areas, two Pavilions, Walking Trails, Basketball Court, two Playgrounds, a Gazebo, and a Skate Park.

Downtown Highland Square & Plaza Park - The downtown park is home to many celebrations throughout the year and offers a Fountain, Small Amphitheatre, Restrooms, as well as Chess/Checker Tables, and Cornhole/Bags Games.

Hard Road Theatre - For the last 20 years, Hard Road Theatre has been Highland's Premier Community Theatre Group, dedicated to providing high-quality shows to people of all ages within the community.

Olde Wicks Factory Special Event Center - A beautiful event venue housed in the historic, century-old Pipe Organ Company building in Highland, IL. They have preserved the original architectural and artistic elements of this incredible building. The Beautiful and stunning stained glass, exposed brick, and chandeliers have been updated while still keeping the historic feel. The facility offers the Gatsby Room (seating for up to 70, standing room for 200 for Cocktail Hour), West Hall (seats up to 400 for Ceremony or 350 for seated meal), Grand Hall (seats up to 400 for Ceremony or 350 for seated meal), Main Hall (seats up to 500 for Ceremony or 500 for seated meal), Stained Glass Hall (seats up to 150 ceremony or 120 for seated meal) and a Bridal Suite and Grooms Quarters.

Schwarz Barn - Schwarz Barn is one of the most extraordinary settings for the perfect event. The large rustic pole barn has been transformed into a magical event venue. The facility is a fully operating wedding venue, are seasonal. As of right now they only have weddings about 7-8 months out of the year, March-June and August-November. They typically host around 30 weddings a year on average.



Attractions & Demand Generators:

Johnson Gardens - Local landscaper, Tony Johnson, has developed 15 acres into such a beautiful landscape that he decided to open it up for couples to share their marriage vows. The property overlooks a 4 acre lake, a cobble stone babbling brook, and scenic views in every direction, the perfect setting for your wedding celebration. The facility offers seating for up to 500 people.

Mills Apple Farm - The meadow was developed for quiet country weddings in a woodsy setting. Birds chirp in the surrounding forest, butterflies flutter and the clouds float gently overhead while vows are exchanged. The orchard offers a wedding venue, reception and rehearsal dinner area for their clients.

Highland Pistol & Rifle Club - Located in Highland and offers one of the finest shooting complexes in the Greater St Louis area. They offer a variety of activities including Indoor/Outdoor Pistol & Rifle, Trap, & Skeet ranges. Their heated and air-conditioned 4,500 square-foot clubhouse is equipped with a full bar and facilitates our many indoor activities, classes and social gatherings.

The Railshake - Built in 1856, Railshake sits along a stretch of railroad tracks in Highland, IL. This beautiful historic building originally housed a hotel but served the majority of its years as a tavern, entertaining many locals before closing its doors in 2010. In September of 2013, the doors at 504 Walnut would open once again as Railshake was brought back to life following an extensive rebeautification of its original craftsmanship. Today, this restaurant and bar is a local favorite and is proudly owned by Teffy and Brian Beard, along with their daughter Tegan.



Lodging Supply

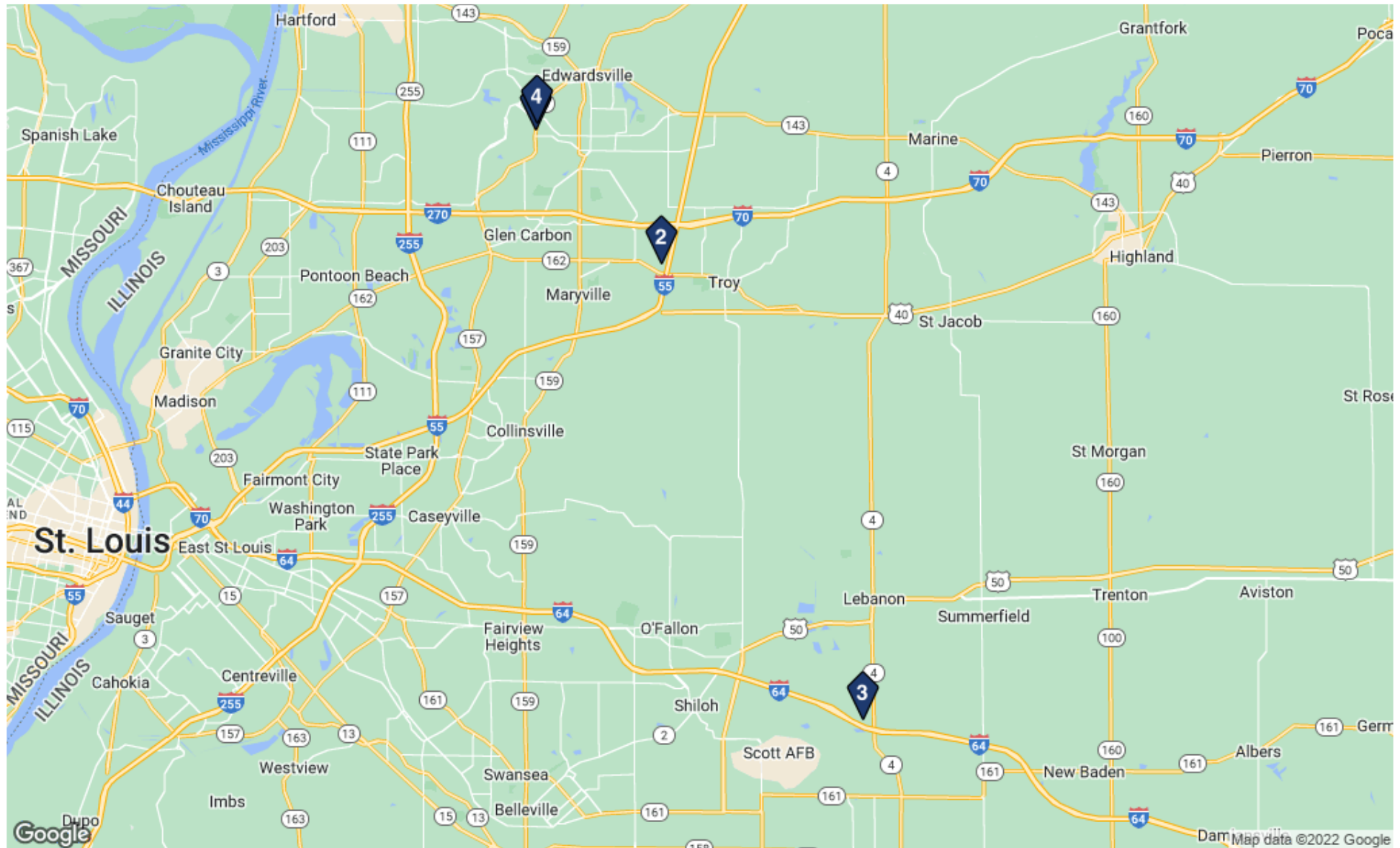
For the purposes of this Comprehensive Hotel Market Feasibility Study, the competitive set includes properties that were determined to be competitive with the proposed hotel based on either their location, brand affiliation, facilities and amenities offered, rate structure, community surveys, and/or market orientation. There are many instances where independent and/or economy hotels do not report to the reporting agency.

In some cases, Core Distinction Group must access data from surrounding or Secondary market hotels to obtain a Smith Travel Research (STR)/CoStar report. This can also include a Secondary Competitive Set. The following information will be presented in Lodging Supply:



Primary Competitive Set Property Overviews

Property Map Overview



Property Summary Report

TownePlace Suites St Louis Edwardsville

Upper Midscale
Class

6101 Center Grove Rd
Edwardsville, IL 62025 - St Louis East Submarket



HOSPITALITY

Brand	TownePlace Suites
Hotel Opened	Jan 2019
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	Jan 2019
Rooms	91
Location	Suburban
Stories	5
Primary Corridors	Interior
Meeting Space	600 SF

LAND

Land Acres	1.98 AC
Zoning	0330
Parcels	14-2-15-22-00-000-039

SPACE FEATURES

- Fitness Center
- Meeting Event Space
- Pool
- Public Access Wifi
- Smoke-Free

TRANSPORTATION

Airport	30 min drive to Lambert-St. Louis International Airport
Walk Score®	Somewhat Walkable (51)

PROPERTY CONTACTS

Primary Leasing Company	R.L.P. Development Company, Inc. 514 E Vandalia St Edwardsville, IL 62025 (618) 655-7979 (p) (618) 656-6785 (f)	True Owner	Edwardsville Hospitality, LLC
Recorded Owner	P.G.B INVESTMENTS, INC 514 E Vandalia St Edwardsville, IL 62025 (618) 656-1514 (p)	Previous True Owner	R.L.P. Development Company, Inc. 514 E Vandalia St Edwardsville, IL 62025 (618) 655-7979 (p) (618) 656-6785 (f)
Developer	RLP Development (724) 746-6030 (p)	Parent Company	Marriott International



Property Summary Report

Holiday Inn Express Troy

2011 Formosa Rd
Troy, IL 62294 - St Louis East Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Holiday Inn Express
Hotel Opened	Jun 2016
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	Jun 2016
Rooms	75
Location	Suburban
Stories	1
Primary Corridors	Interior
Meeting Space	900 SF

LAND

Land Acres	3.06 AC
Zoning	C
Parcels	09-2-22-06-04-401-013

SPACE FEATURES

- Business Center
- Meeting Event Space
- Public Access Wifi
- Fitness Center
- Pool

TRANSPORTATION

Airport	40 min drive to Lambert-St. Louis International Airport
Walk Score®	Car-Dependent (22)

PROPERTY CONTACTS

Primary Leasing Company	Evansville West Hotel Ventures LLC 6450 S 6th Rd Springfield, IL 62712 (217) 726-1450 (p)	True Owner	Hotel Ventures Management 6450 S 6th Rd Springfield, IL 62712 (217) 726-1450 (p)
Recorded Owner	Evansville West Hotel Ventures LLC 6450 S 6th Rd Springfield, IL 62712 (217) 726-1450 (p)	Parent Company	IHG Hotels & Resorts



Property Summary Report

Best Western Plus MidAmerica Hotel

9730 Hayden Dr
Mascoutah, IL 62258 - St Louis East Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Best Western Plus
Hotel Opened	Mar 2009
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	2009
Year Renov	2013
Rooms	85
Location	Suburban
Stories	3
Primary Corridors	Interior
Meeting Space	576 SF

LAND

Land Acres	2.00 AC
Zoning	commercial
Parcels	10-07.0-101-002

EXPENSES

Taxes	\$1,477.18/Room (2020)
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PARKING

Spaces	122 Surface
Ratio	1.44/Room

SPACE FEATURES

- Business Center
- Fitness Center
- Pool

SALE

Sold Price	\$4,743,000 (\$55,800/Room)
Date	Oct 2018
Sale Type	Investment
Cap Rate	11.97%
Financing	Down Payment of \$868,408 (18.31%) 1st Mortgage

TRANSPORTATION

Parking	122 available (Surface);Ratio of 1.44/Room
Walk Score®	Car-Dependent (13)



Property Summary Report

Holiday Inn Express & Suites Edwardsville

1000 Plummer Dr
Edwardsville, IL 62025 - St Louis East Submarket

Upper Midscale
Class



HOSPITALITY

Brand	Holiday Inn Express
Hotel Opened	Oct 2014
Operation Type	Franchise
Operation Status	Open

BUILDING

Type	Hotel
Year Built	Oct 2014
Rooms	101
Location	Suburban
Stories	4
Primary Corridors	Interior
Meeting Space	1,300 SF

LAND

Land Acres	2.47 AC
Zoning	0330
Parcels	14-2-15-15-18-301-003

PARKING

Spaces	90 Surface
Ratio	0.89/Room

SPACE FEATURES

- Business Center
- Meeting Event Space
- Public Access Wifi
- Fitness Center
- Pool
- Smoke-Free

TRANSPORTATION

Parking	90 available (Surface);Ratio of 0.89/Room
Airport	36 min drive to Lambert-St. Louis International Airport
Walk Score®	Car-Dependent (43)

PROPERTY CONTACTS

True Owner	R.L.P. Development Company, Inc. 514 E Vandalia St Edwardsville, IL 62025 (618) 655-7979 (p) (618) 656-6785 (f)
Developer	RLP Development (724) 746-6030 (p)

Recorded Owner	RLP DEV CO INC 575 E Vandalia St Edwardsville, IL 62025
Parent Company	IHG Hotels & Resorts



STR/COSTAR Global Data

For the purposes of this Comprehensive Hotel Market Feasibility Study, as stated previously, the competitive set includes those midscale and upper midscale properties that were determined could be competitive with the proposed hotel based on either their location, brand affiliation, facilities and amenities offered, rate structure, community interviews, and/or market orientation. Core Distinction Group must follow specific guidelines in order to access accurate CoStar/STR Global Data. The following guidelines must be followed:



Property Minimum - A trend or a competitive set must include a minimum of three participating properties, not including the subject property if selecting a competitive set. Of the three, there must be a minimum of two properties not affiliated with the subject property (brand, parent, management, ownership and/or asset manager). The minimum number of properties must report data before performance data will be released.



Company Minimum - A trend or a competitive set must include a minimum of two companies not affiliated with the request or the subject property (brand, parent, management, ownership and/or asset manager).



Property - No single property can account for more than 50% of the total participating room supply of a competitive set, excluding the rooms of the subject property and other properties from the same company as the subject (parent, management, ownership and/or asset manager).



Brand - No single brand (e.g. Holiday Inn, Comfort Inn) can account for more than 50% of the total participating room supply of a competitive set, excluding the rooms of the subject and other properties from the same company as the subject.



Company - No single company (e.g. Hilton Worldwide, Interstate Hotels & Resorts, Host Hotels & Resorts) can account for more than 70% of the total participating room supply of a competitive set, excluding the rooms of the subject property and other properties from the same company as the subject (parent, management, ownership and/or asset manager).

This section will include the data provided by CoStar/STR Global.



Star Global - CoStar - Data by Measure - Primary Comp Set

Occupancy (%)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2018	43.2%	53.9%	75.4%	65.0%	66.3%	77.6%	68.7%	70.0%	72.5%	64.9%	57.3%	46.5%	63.4%
2019	41.4%	51.5%	65.4%	61.2%	69.5%	80.2%	72.1%	74.0%	77.1%	68.1%	58.9%	53.5%	64.4%
2020	45.2%	56.2%	40.3%	20.8%	32.5%	46.6%	47.8%	51.8%	53.1%	52.4%	40.7%	37.8%	43.8%
2021	38.1%	49.3%	73.7%	72.5%	72.6%	81.5%	77.8%	69.5%	72.7%	69.7%	61.4%	59.3%	66.6%
2022	50.0%	62.3%	79.4%	71.7%	70.9%								66.9%
Avg	42.0%	52.7%	63.7%	54.9%	60.2%	71.5%	66.6%	66.3%	68.9%	63.8%	54.6%	49.3%	59.5%

ADR (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2018	\$92.33	\$92.68	\$94.70	\$98.83	\$101.34	\$103.69	\$101.08	\$101.27	\$99.74	\$101.80	\$96.91	\$91.91	\$98.02
2019	\$91.77	\$93.69	\$97.53	\$98.52	\$101.17	\$102.34	\$105.05	\$106.06	\$100.56	\$101.43	\$97.73	\$91.67	\$98.96
2020	\$93.58	\$96.22	\$94.68	\$82.05	\$80.88	\$85.18	\$89.33	\$90.46	\$89.32	\$88.96	\$87.01	\$83.90	\$88.46
2021	\$85.30	\$86.46	\$90.49	\$94.24	\$100.26	\$105.54	\$106.80	\$107.11	\$105.94	\$107.97	\$98.93	\$96.07	\$100.17
2022	\$95.64	\$98.24	\$109.10	\$109.16	\$115.55								\$106.58
Avg	\$90.75	\$92.26	\$94.35	\$93.41	\$95.91	\$99.19	\$100.57	\$101.23	\$98.89	\$100.04	\$95.15	\$90.89	\$96.05

RevPAR (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2018	\$39.86	\$49.97	\$71.44	\$64.22	\$67.16	\$80.46	\$69.40	\$70.90	\$72.32	\$66.07	\$55.52	\$42.73	\$62.50
2019	\$37.99	\$48.29	\$63.82	\$60.27	\$70.31	\$82.04	\$75.76	\$78.46	\$77.50	\$69.06	\$57.55	\$49.08	\$64.18
2020	\$42.25	\$54.08	\$38.19	\$17.09	\$26.29	\$39.69	\$42.74	\$46.82	\$47.40	\$46.63	\$35.41	\$31.73	\$39.03
2021	\$32.47	\$42.62	\$66.65	\$68.30	\$72.79	\$86.06	\$83.14	\$74.46	\$77.03	\$75.21	\$60.76	\$56.94	\$67.38
2022	\$47.84	\$61.16	\$86.66	\$78.28	\$81.92								\$71.32
Avg	\$38.14	\$48.74	\$60.03	\$52.47	\$59.14	\$72.06	\$67.76	\$67.66	\$68.56	\$64.24	\$52.31	\$45.12	\$58.02

Revenue (\$)													
YR.	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2018	\$322,499	\$687,669	\$1,265,724	\$1,768,583	\$2,311,948	\$2,941,961	\$3,503,441	\$4,077,115	\$4,643,346	\$5,177,901	\$5,612,630	\$5,958,379	\$38,271,196
2019	\$414,521	\$890,488	\$1,586,870	\$2,223,314	\$2,990,508	\$3,856,808	\$4,683,542	\$5,539,643	\$6,358,001	\$7,111,595	\$7,719,363	\$8,254,900	\$51,629,553
2020	\$461,051	\$994,034	\$1,410,797	\$1,591,309	\$1,878,180	\$2,297,257	\$2,763,648	\$3,274,502	\$3,775,044	\$4,283,920	\$4,657,875	\$5,004,066	\$32,391,683
2021	\$354,342	\$774,386	\$1,501,630	\$2,222,855	\$3,017,096	\$3,925,935	\$4,833,133	\$5,645,672	\$6,459,107	\$7,279,810	\$7,921,400	\$8,542,749	\$52,478,115
2017	\$522,018	\$602,770	\$945,656	\$826,669	\$893,890								\$3,791,003
Avg	\$388,103	\$836,644	\$1,441,255	\$1,951,515	\$2,549,433	\$3,255,490	\$3,945,941	\$4,634,233	\$5,308,875	\$5,963,307	\$6,477,817	\$6,940,024	\$43,692,637

Star Global - CoStar - 12 Month Moving Average - Primary Comp Set

Occupancy (%)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2018	63.4%	63.8%	64.1%	64.0%	64.0%	63.9%	63.5%	63.6%	63.7%	64.0%	63.7%	63.5%
2019	62.7%	62.2%	61.5%	61.2%	61.7%	62.3%	62.8%	63.4%	64.0%	64.3%	64.3%	64.5%
2020	64.8%	65.1%	63.0%	59.7%	56.5%	53.8%	51.7%	49.8%	47.9%	46.5%	45.0%	43.7%
2021	43.1%	42.6%	45.4%	49.6%	53.1%	55.9%	58.5%	60.0%	61.6%	63.1%	64.8%	66.6%
2022	56.8%	68.6%	69.1%	69.0%	68.9%							
Avg	58.5%	58.4%	58.5%	58.6%	58.8%	59.0%	59.1%	59.2%	59.3%	59.5%	59.5%	59.6%

ADR (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2018	\$98.13	\$98.28	\$98.31	\$98.31	\$98.54	\$98.63	\$98.65	\$98.61	\$98.52	\$98.65	\$98.54	\$98.55
2019	\$98.41	\$98.39	\$98.64	\$98.62	\$98.69	\$98.70	\$99.21	\$99.79	\$99.88	\$99.90	\$99.89	\$99.68
2020	\$99.75	\$99.88	\$99.80	\$99.40	\$98.31	\$96.89	\$95.32	\$93.54	\$92.23	\$90.77	\$89.75	\$89.12
2021	\$88.44	\$87.47	\$87.34	\$88.35	\$90.13	\$92.31	\$94.16	\$95.70	\$97.15	\$98.74	\$99.36	\$99.86
2022	\$100.29	\$100.91	\$102.65	\$103.94	\$105.28							
Avg	\$96.18	\$96.01	\$96.02	\$96.17	\$96.42	\$96.63	\$96.84	\$96.91	\$96.95	\$97.02	\$96.89	\$96.80

RevPAR (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2018	\$62.17	\$62.69	\$63.00	\$63.00	\$63.11	\$63.07	\$62.69	\$62.68	\$62.77	\$63.13	\$62.72	\$62.55
2019	\$61.68	\$61.22	\$60.70	\$60.40	\$60.89	\$61.51	\$62.31	\$63.22	\$63.88	\$64.20	\$64.18	\$64.25
2020	\$64.61	\$65.06	\$62.88	\$59.33	\$55.59	\$52.11	\$49.31	\$46.62	\$44.15	\$42.24	\$40.42	\$38.95
2021	\$38.12	\$37.24	\$39.66	\$43.86	\$47.81	\$51.62	\$55.06	\$57.40	\$59.84	\$62.27	\$64.35	\$66.49
2022	\$67.80	\$69.22	\$70.92	\$71.74	\$72.51							
Avg	\$56.65	\$56.55	\$56.56	\$56.65	\$56.85	\$57.08	\$57.34	\$57.48	\$57.66	\$57.96	\$57.92	\$58.06

Revenue (\$)												
YR.	January	February	March	April	May	June	July	August	September	October	November	December
2018	\$5,922,731	\$5,972,441	\$6,001,263	\$5,993,305	\$6,012,582	\$6,008,547	\$5,972,538	\$5,970,870	\$5,979,922	\$6,013,903	\$5,975,391	\$5,958,379
2019	\$6,050,401	\$6,161,198	\$6,279,525	\$6,413,109	\$6,636,939	\$6,873,225	\$7,138,479	\$7,420,907	\$7,673,033	\$7,892,072	\$8,065,112	\$8,254,900
2020	\$8,301,430	\$8,358,446	\$8,078,827	\$7,622,895	\$7,142,573	\$6,695,350	\$6,335,006	\$5,989,759	\$5,671,943	\$5,427,225	\$5,193,412	\$5,004,066
2021	\$4,897,357	\$4,784,419	\$5,094,899	\$5,635,613	\$6,142,982	\$6,632,744	\$7,073,552	\$7,375,236	\$7,688,130	\$7,999,956	\$8,267,592	\$8,542,749
2022	\$8,710,425	\$8,893,151	\$9,111,562	\$9,217,007	\$9,316,655							
Avg	\$6,292,980	\$6,319,126	\$6,363,629	\$6,416,231	\$6,483,769	\$6,552,467	\$6,629,894	\$6,689,193	\$6,753,257	\$6,833,289	\$6,875,377	\$6,940,024

Primary Competitive Set Date

For the purposes of this Comprehensive Hotel Market Feasibility Study, the competitive set includes properties that were determined to be competitive with the proposed hotel based on either their location, brand affiliation, facilities and amenities offered, rate structure, community surveys, and/or market orientation. There are many instances where independent and/or economy hotels do not report to the reporting agency. The following information will be analyzed in Competitive Set Analysis:



Key Performance Indicators



Supply & Demand/Supply & Demand Changes



Occupancy/Occupancy Changes



Average Daily Rate/Average Daily Rate Changes

Primary Competitive Hotel Properties Data Summary

Primary Competitive Set			
Property Name	Industry Segment	Open Date	Room Count
TownPlace Suites St. Louis Edwardsville	Upper Midscale	2019	91
Holiday Inn Express Troy	Upper Midscale	2016	75
Best Western Plus MidAmerica Hotel	Upper Midscale	2009	85
Holiday Inn Express & Suites Edwardsville	Upper Midscale	2014	101
Primary Competitive Set Room Count Average			88
<i>Source: CoStar/STR Core Distinction Group, LLC</i>			

Primary Competitive Set Current			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
YTD	66.9%	\$106.58	\$71.32
3 Month Average	74.0%	\$111.20	\$82.33
12 Month Average	68.9%	\$105.28	\$72.51
<i>Source: CoStar/STR Core Distinction Group, LLC</i>			

Primary Competitive Set Prior Year			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
12 Month Average	51.8%	\$89.00	\$46.00
<i>Source: CoStar/STR Core Distinction Group, LLC</i>			

Primary Competitive Set Year Over Year Percentage Change			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
Percent of Change	33.0%	17.7%	56.4%
<i>Source: CoStar/STR Core Distinction Group, LLC</i>			



Primary Competitive Hotel Quoted Rates

Primary Competitive Set Listed Rates				
Property Name	Jun-22	Aug-22	Oct-22	Dec-22
TownPlace Suites St. Louis Edwardsville	\$160	\$180	\$155	\$130
Holiday Inn Express Troy	\$130	\$140	\$140	\$120
Best Western Plus MidAmerica Hotel	\$110	\$120	\$100	\$100
Holiday Inn Express & Suites Edwardsville	\$150	\$145	\$145	\$130
Primary Competitive Set Average	\$138	\$146	\$135	\$120
Primary Competitive Set Rate Average				\$135
<i>Source: Google Travel</i>				

Primary Competitive Set Trend			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
YTD	66.9%	\$106.58	\$71.32
3 Month Average	74.0%	\$111.20	\$82.33
12 Month Average	68.9%	\$105.28	\$72.51
<i>Source: CoStar/STR Core Distinction Group, LLC</i>			

Projected Primary Competitive Set Rates	
Time Frame	Average Daily Rate
3 Month Average	\$111.20
12 Month Average	\$105.28
Future Quoted Rate Average	\$134.69
Projected Average Daily Rates	\$117.06
<i>Source: Google Travel/CoStar/STR Core Distinction Group, LLC</i>	



Search Analytics

INVENTORY ROOMS
352 +0%
Prior Period 352

UNDER CONSTRUCTION ROOMS
0 -
Prior Period 0

12 MO OCC RATE
68.9% +33.0%
Prior Period 51.8%

12 MO ADR
\$105 +17.7%
Prior Period \$89

12 MO REVPAR
\$73 +56.4%
Prior Period \$46

MARKET SALE PRICE/ROOM
\$86.6K +0.4%
Prior Period \$86.3K

MARKET CAP RATE
8.6% -0.1%
Prior Period 8.7%

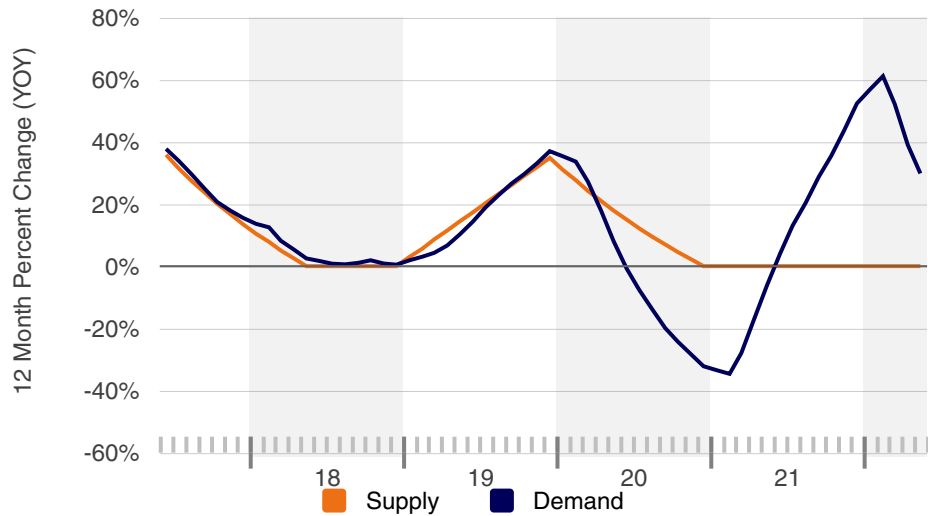
Key Metrics

Inventory		Sales Past Year	
Existing Properties	4 ↕	Sales Volume	\$0 ↕
12 Mo Delivered Rooms	0 ↕	Properties Sold	0 ↕
12 Mo Delivered Properties	0 ↕	Months to Sale	-
12 Mo Recently Opened Rooms	0 ↕	Average Price Per Building	-
12 Mo Recently Opened Properties	0 ↕	Market Price Per Room	\$86.6K ↑
Under Construction Properties	0 ↕	Market Cap Rate	8.6% ↓

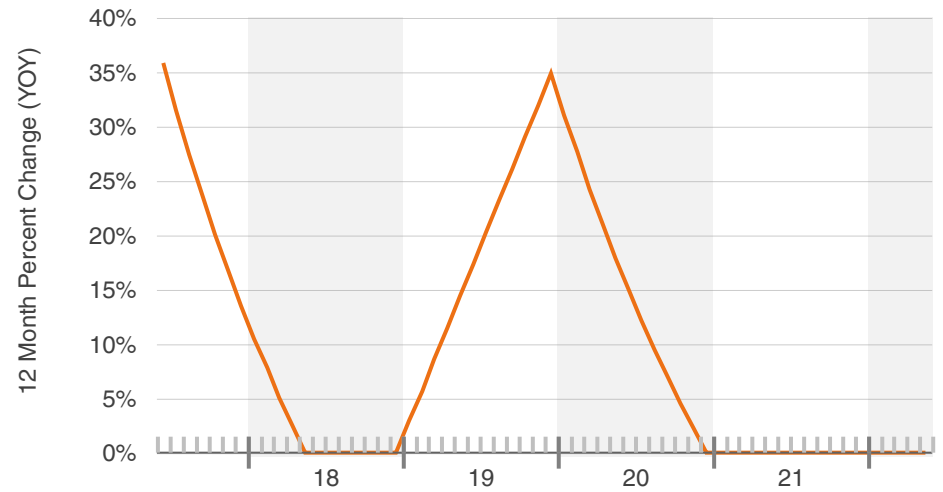
Performance Trend	
Occupancy Rate	70.9% ↓
Average Daily Rate	\$115.55 ↑
Revenue Per Available Room	\$81.92 ↑
YTD Occupancy Rate	66.9% ↑
YTD Average Daily Rate	\$106.58 ↑
YTD RevPAR	\$71.32 ↑
3 Mo Occupancy Rate	74.0% ↑
3 Mo Average Daily Rate	\$111.20 ↑
3 Mo RevPAR	\$82.33 ↑
12 Mo Occupancy Rate	68.9% ↑
12 Mo Average Daily Rate	\$105.28 ↑
12 Mo RevPAR	\$72.51 ↑

Search Analytics

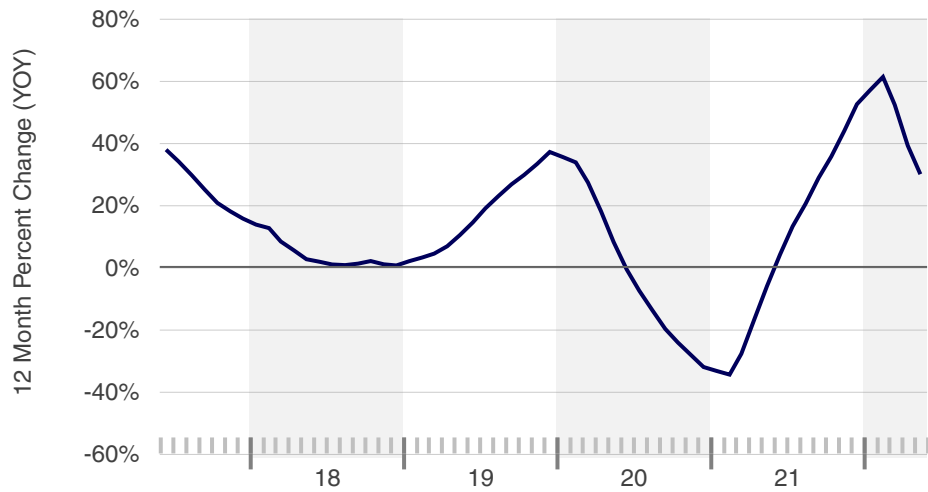
Supply & Demand Change



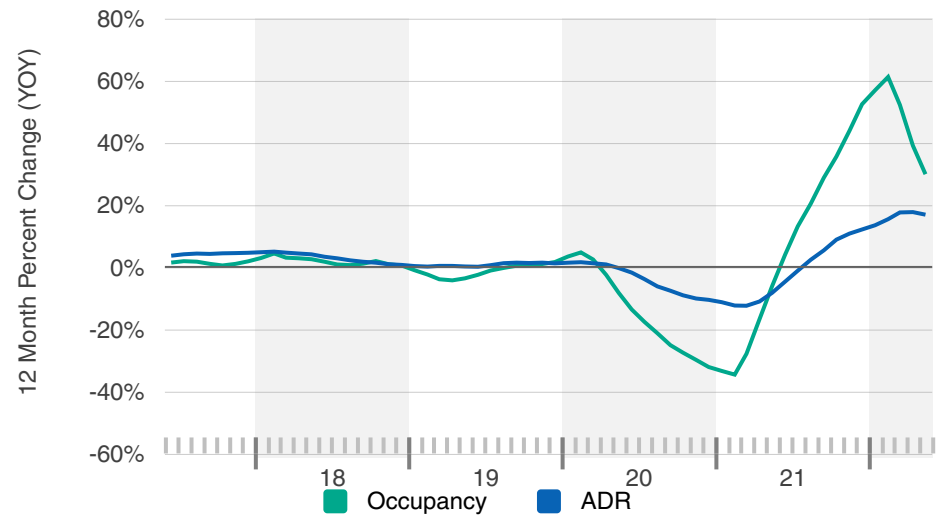
Supply Change



Demand Change

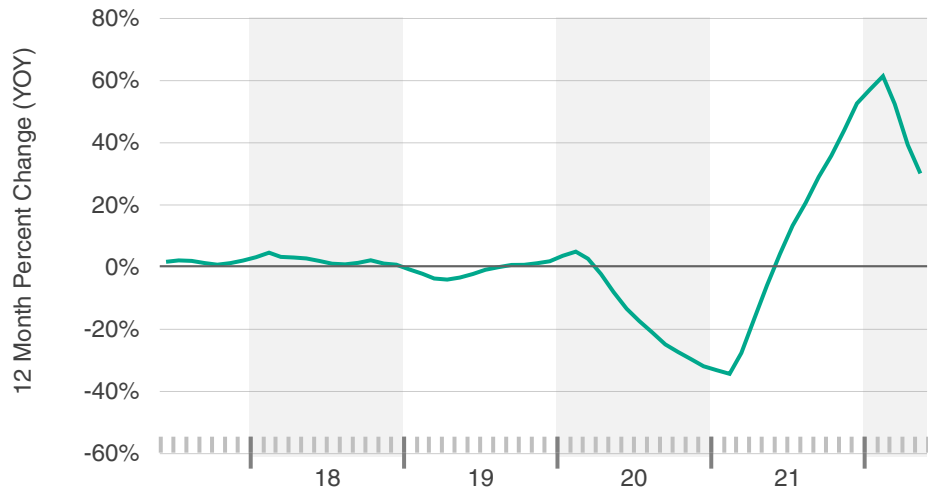


Occupancy & ADR Change

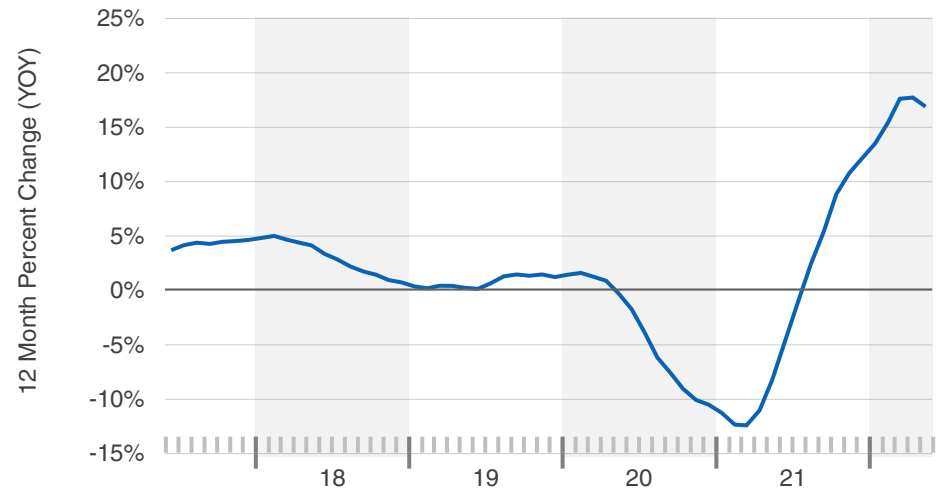


Search Analytics

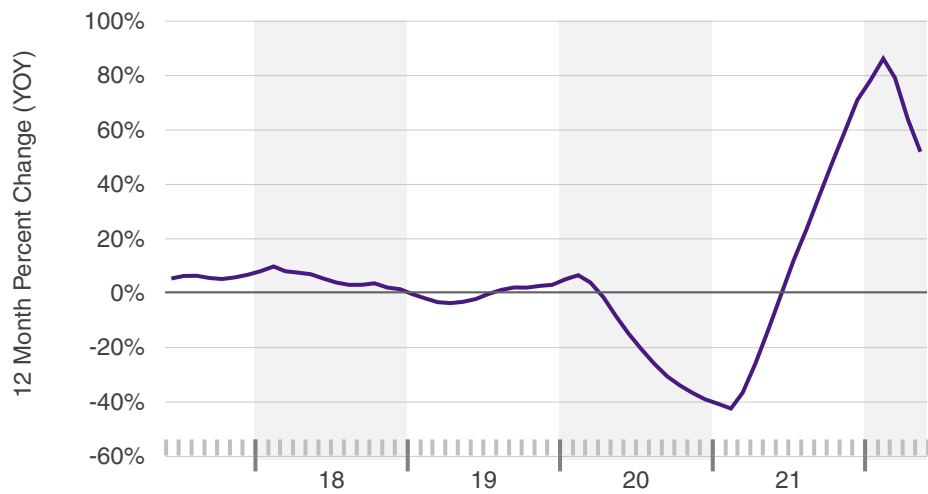
Occupancy Change



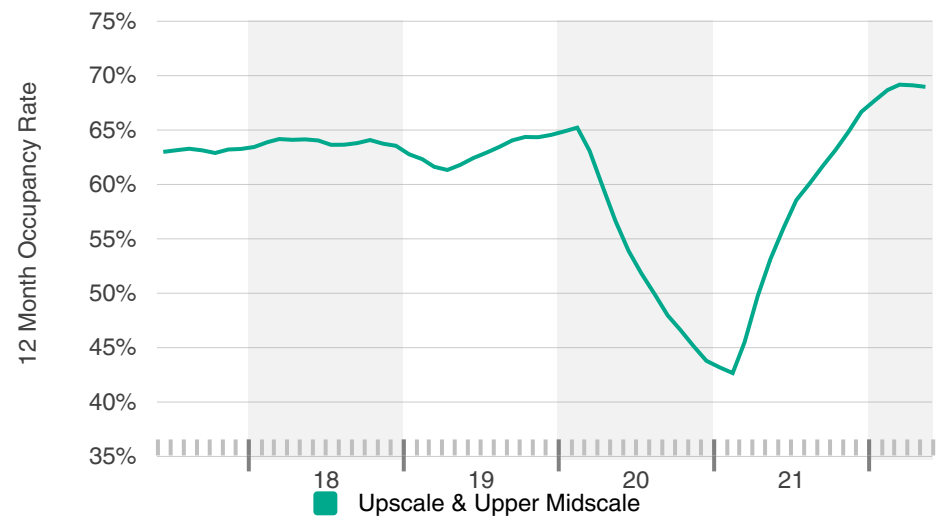
ADR Change



RevPAR Change

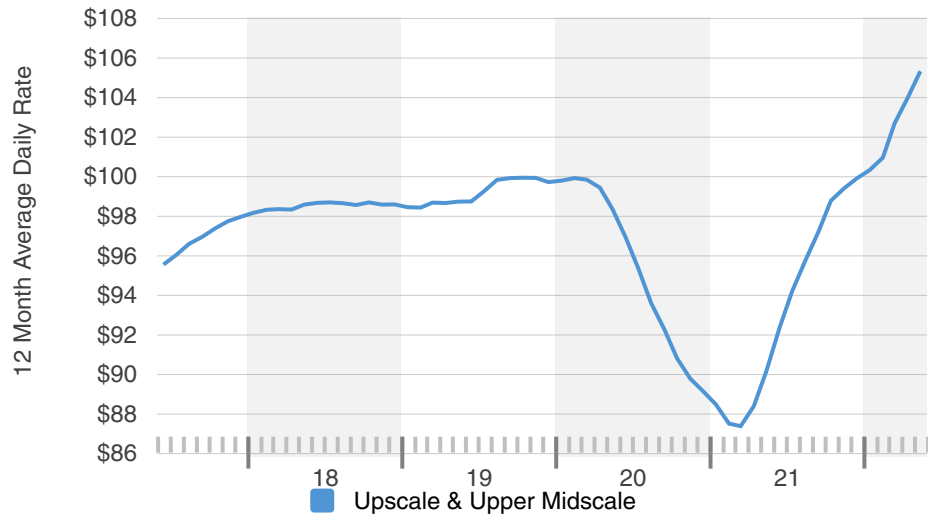


Occupancy By Class

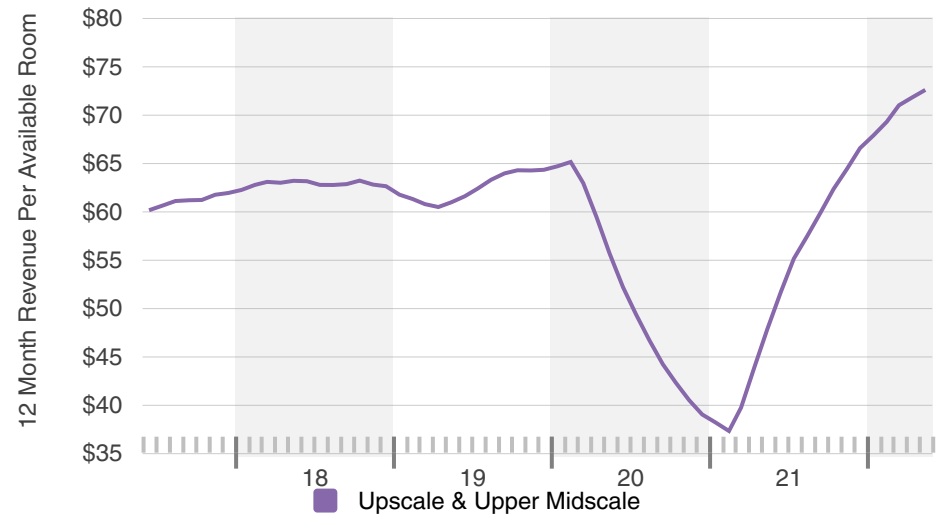


Search Analytics

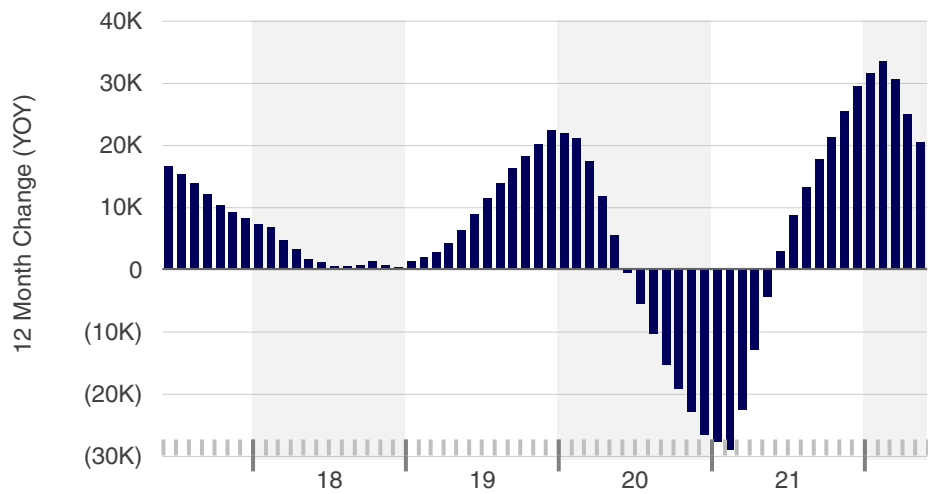
ADR By Class



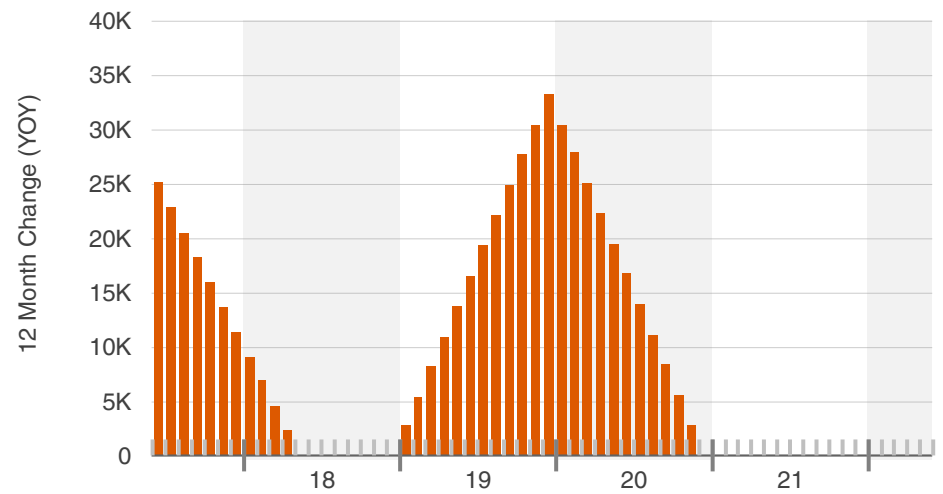
RevPAR By Class



Demand Change

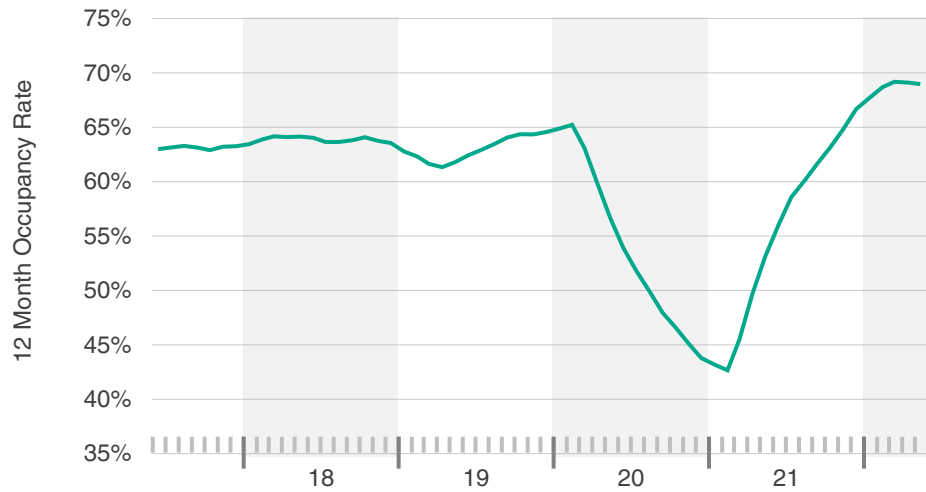


Supply Change

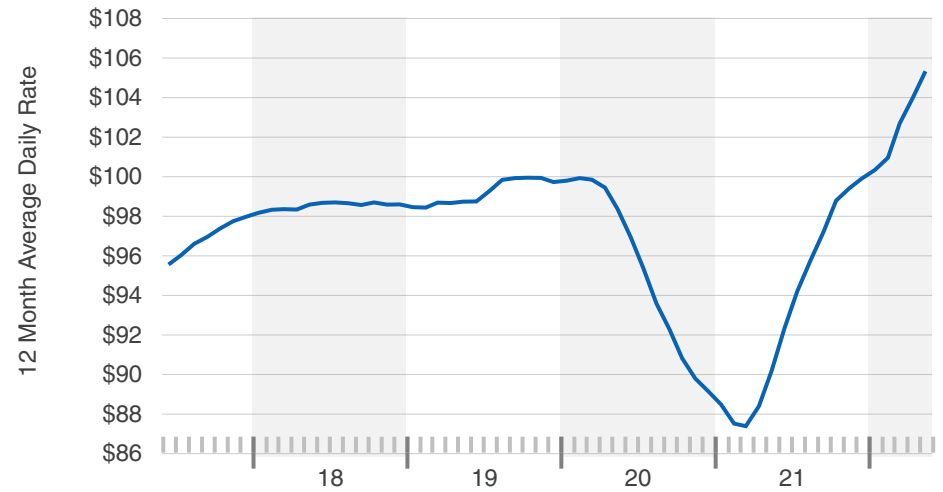


Search Analytics

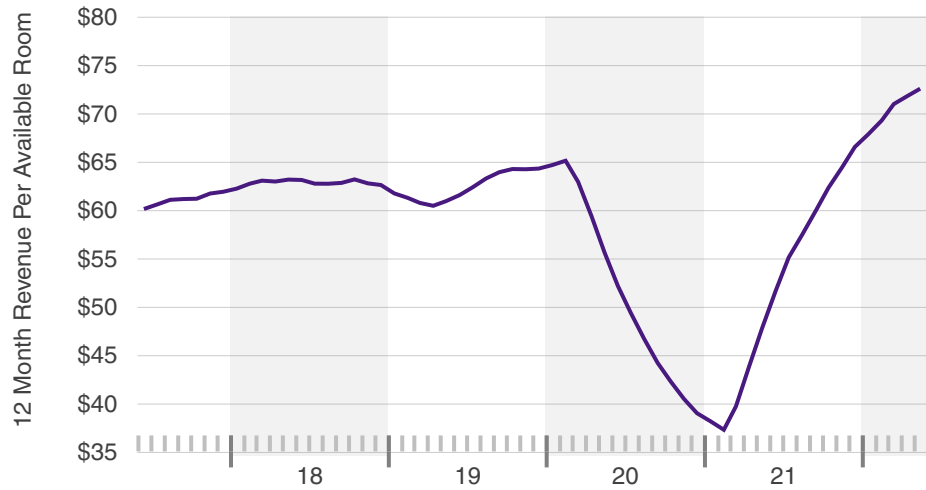
Occupancy



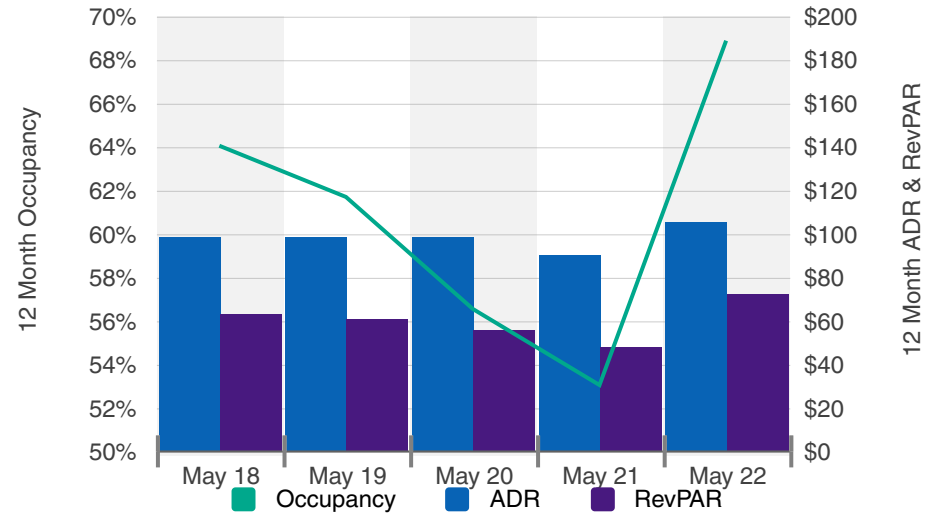
ADR



RevPAR

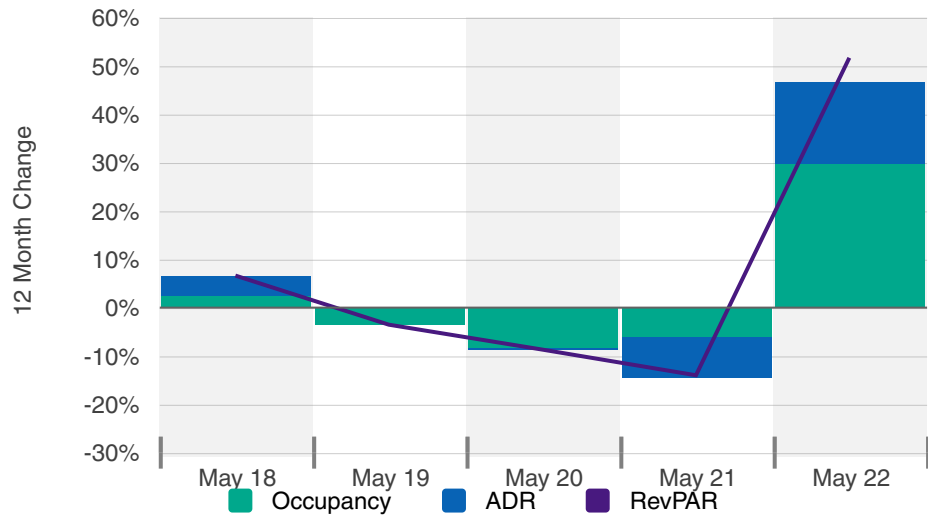


Occupancy, ADR & RevPAR

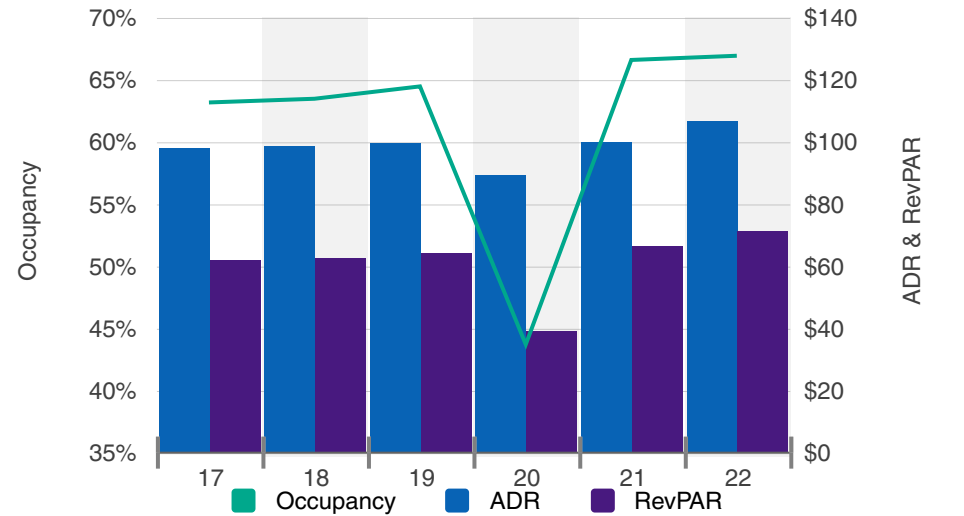


Search Analytics

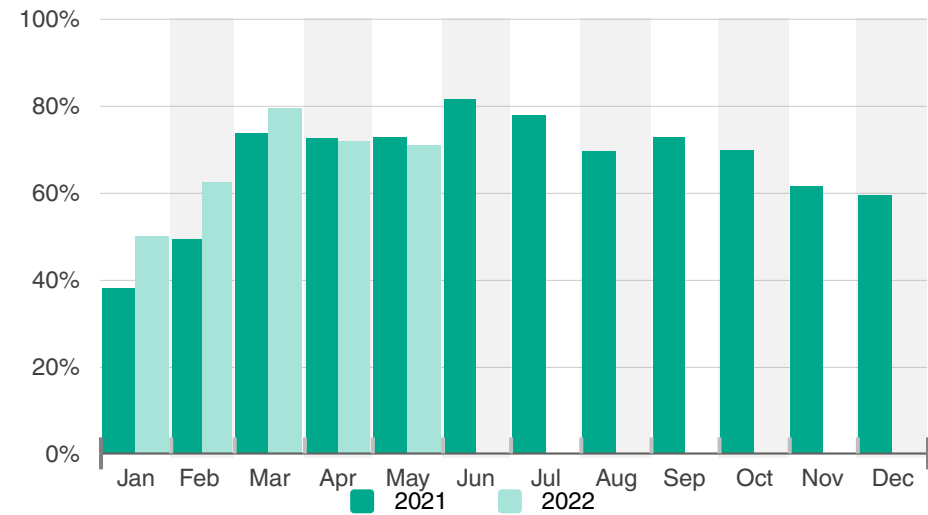
RevPAR Growth Composition



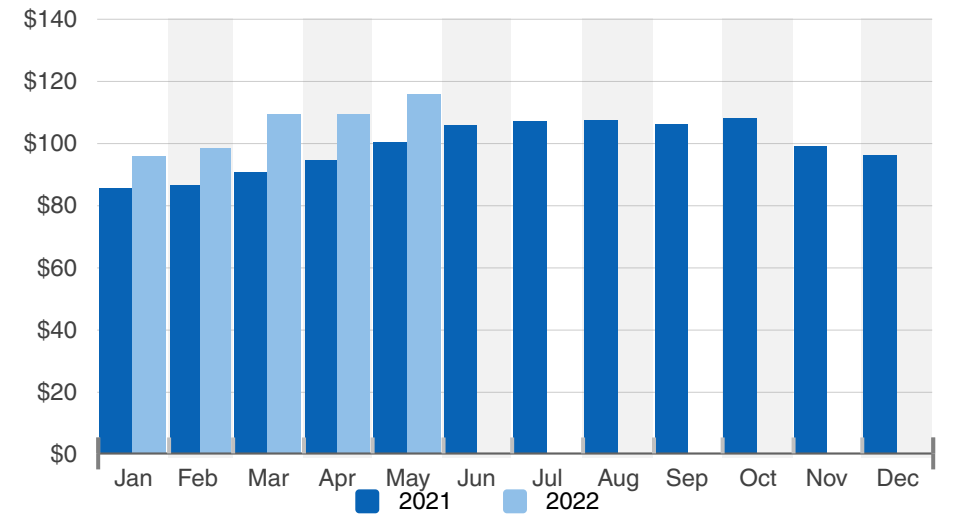
Occupancy, ADR & RevPAR Annualized vs YTD



Occupancy Monthly

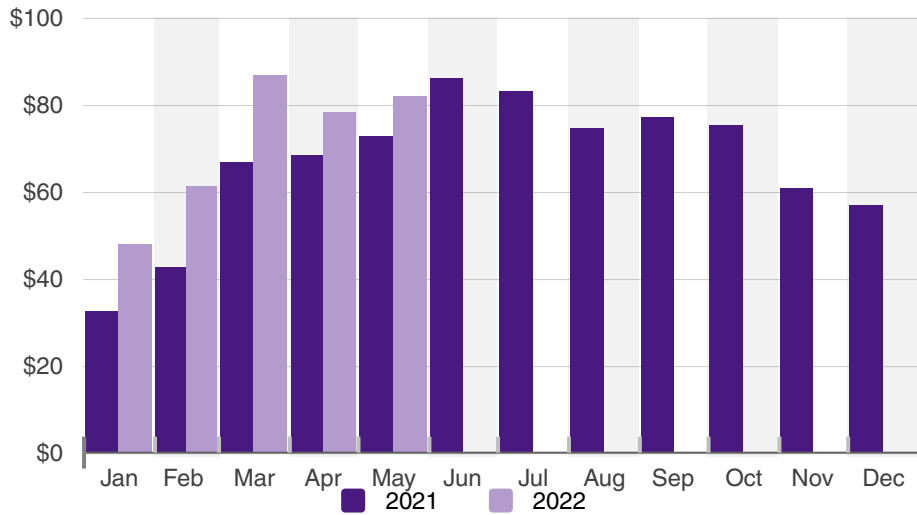


ADR Monthly

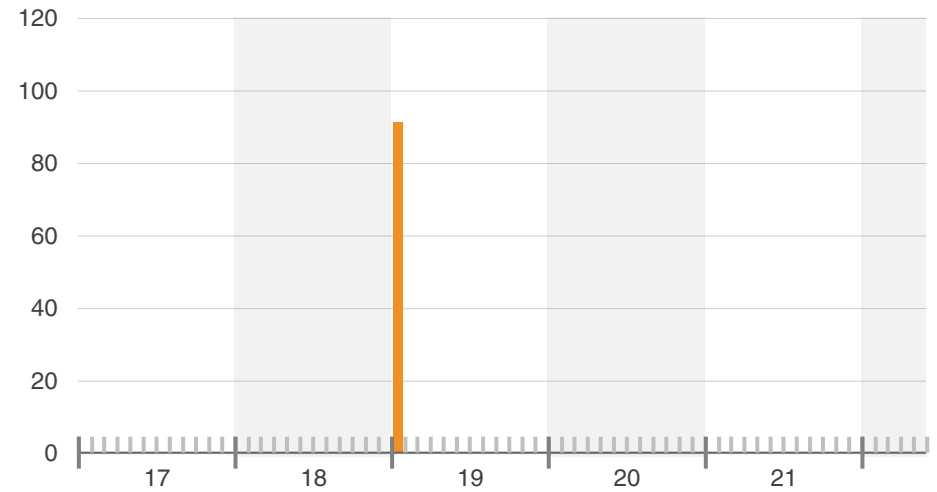


Search Analytics

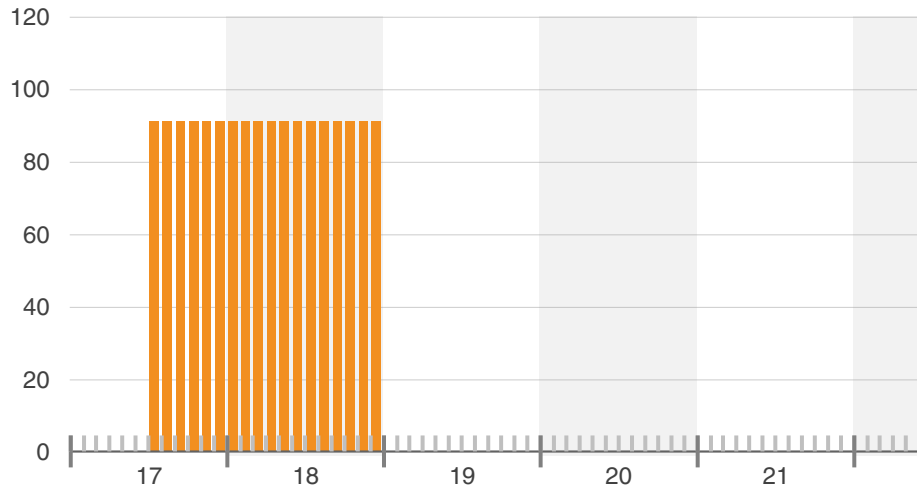
RevPAR Monthly



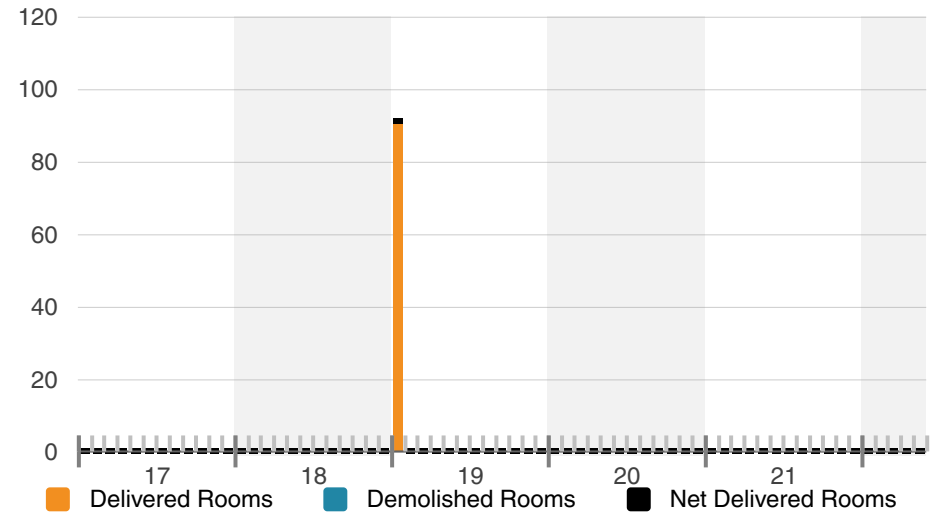
Rooms Delivered



Rooms Under Construction

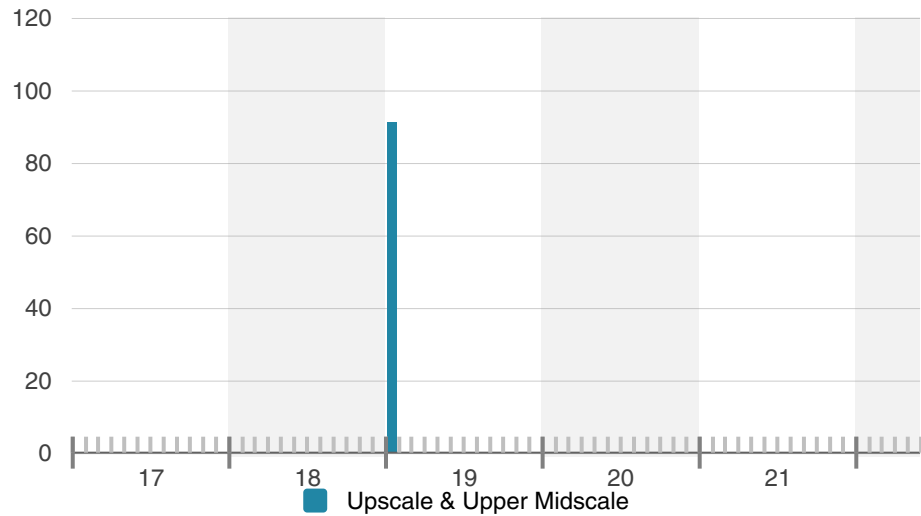


Delivered, Demolished & Net Delivered Rooms



Search Analytics

Rooms Delivered By Class



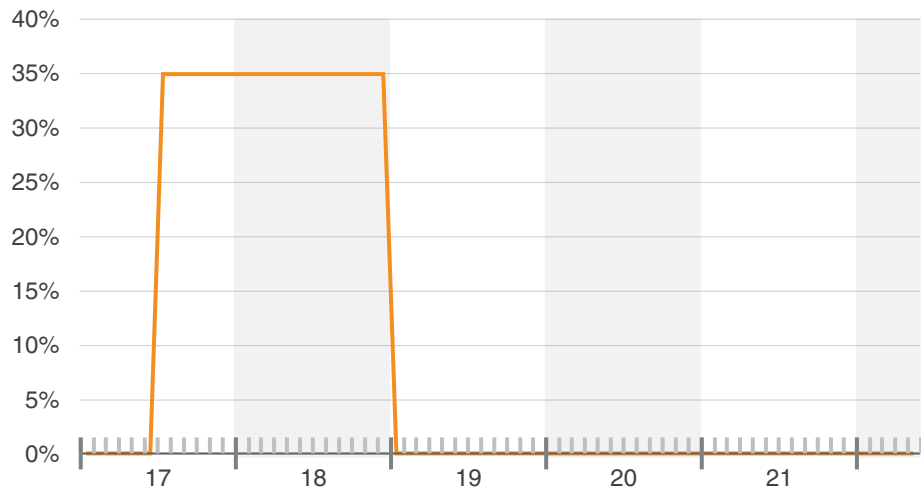
Demolished Rooms

No Data Available

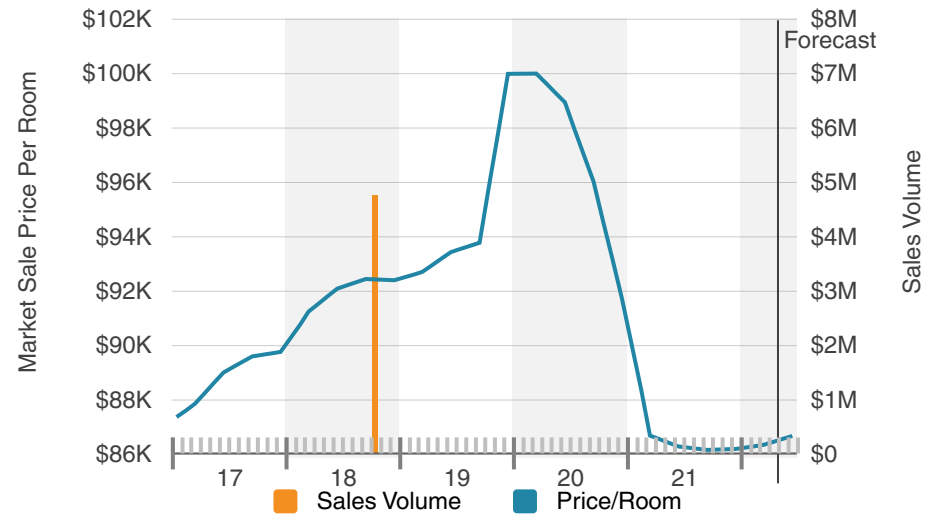


No data available for the past 5 years

Rooms Under Construction % of Inventory

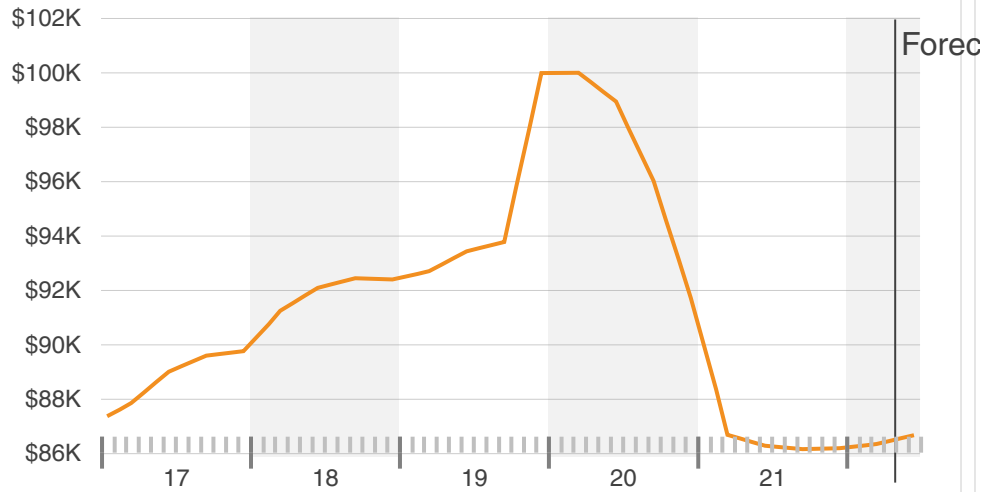


Sales Volume & Market Sale Price Per Room

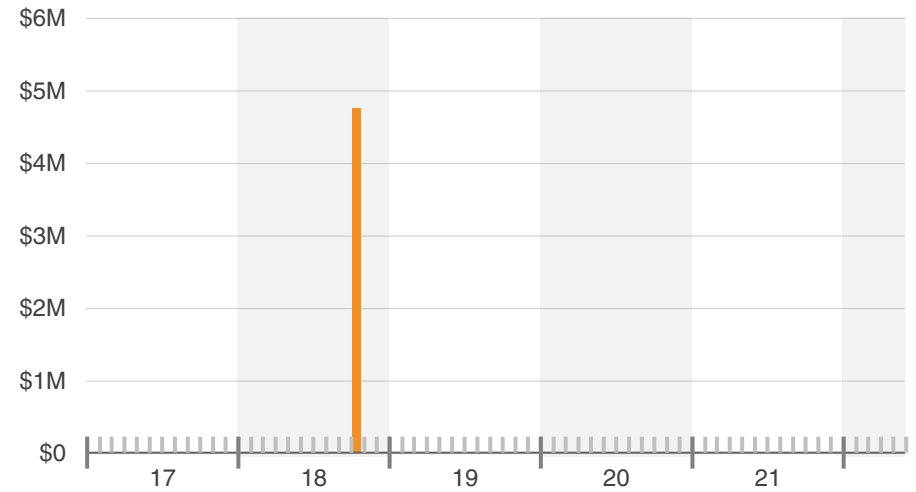


Search Analytics

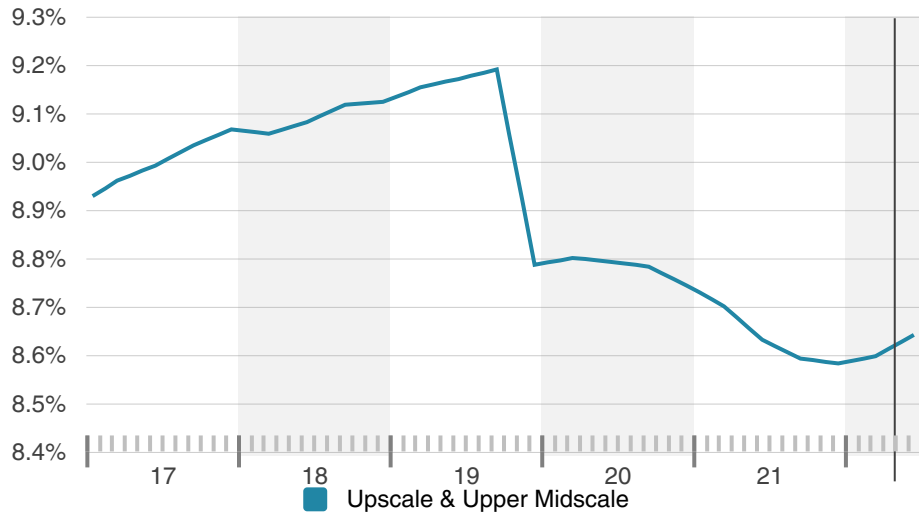
Market Sale Price Per Room



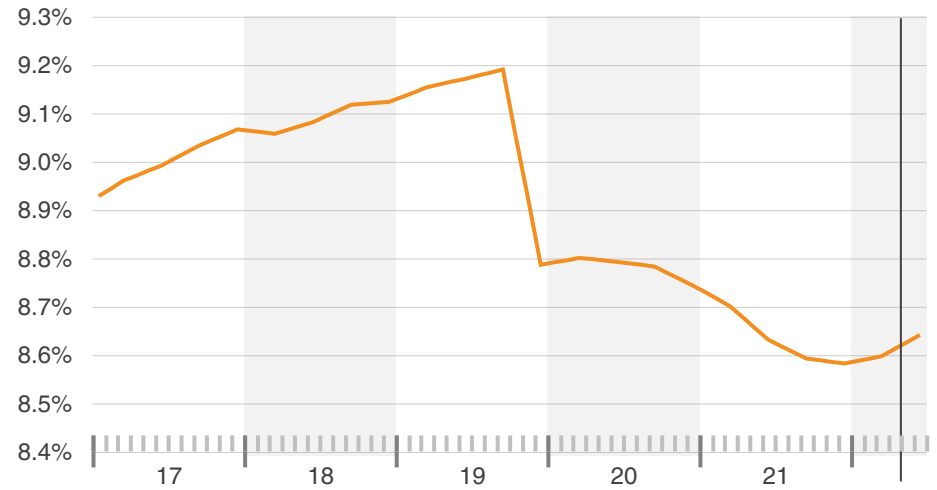
Sales Volume



Market Cap Rate By Class

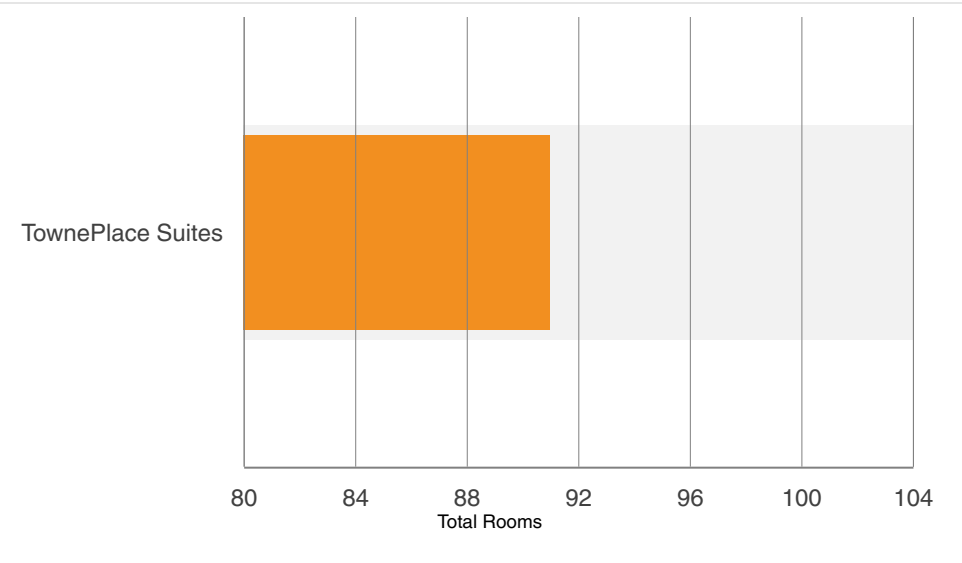


Market Cap Rate

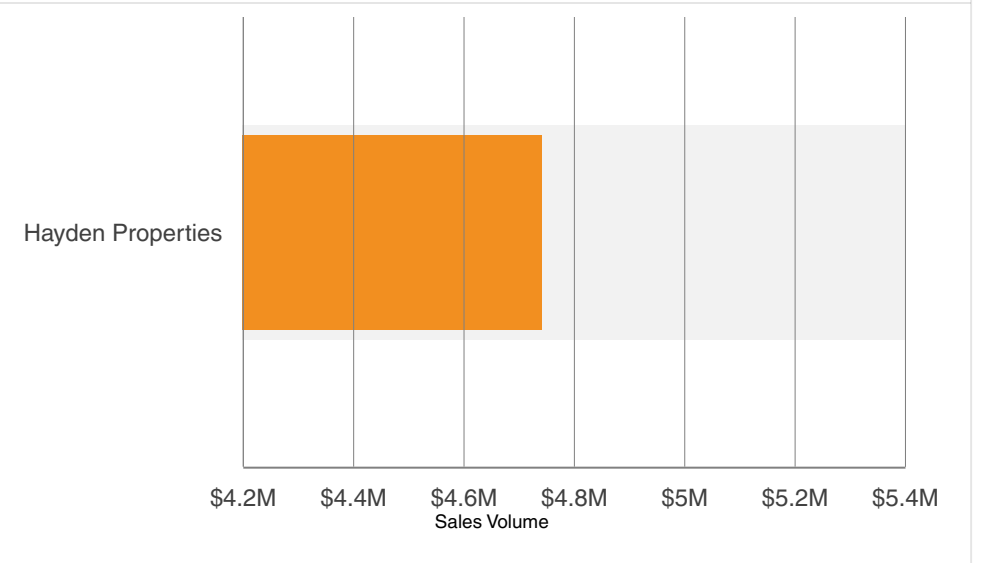


Search Analytics

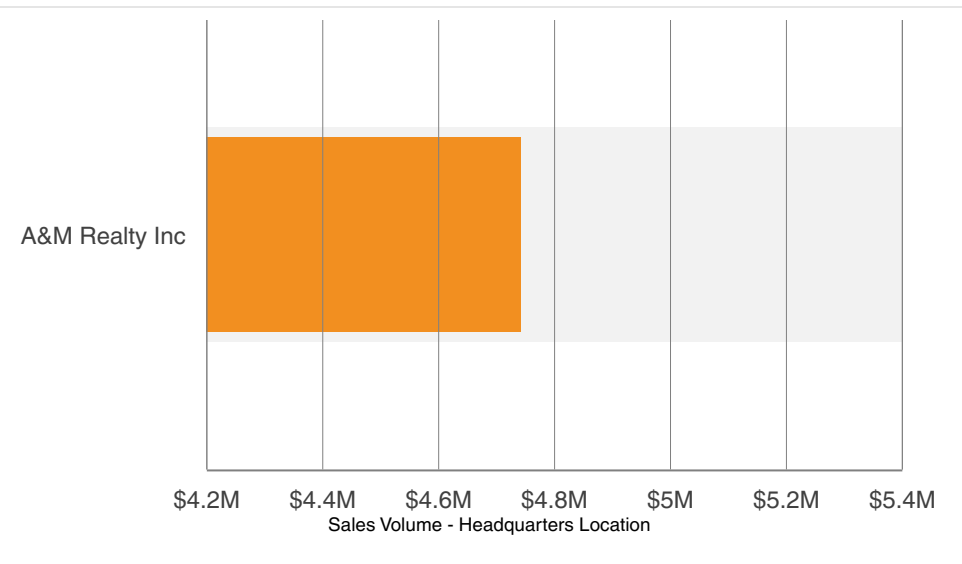
Top Brand Delivered



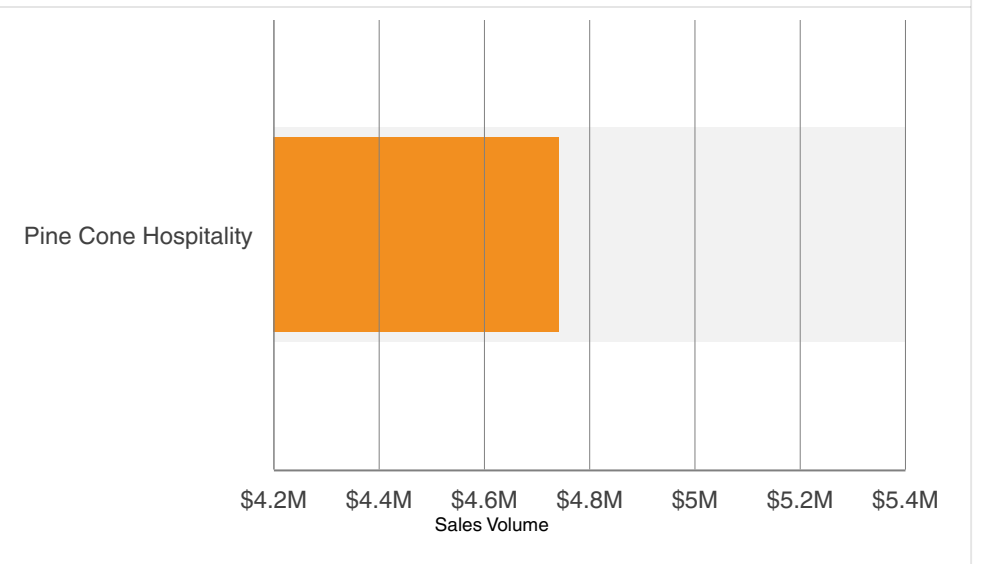
Top Sellers



Top Seller Brokers



Top Buyers



Search Analytics

Top Buyer Brokers

No Data Available



No data available for the current selection

Report Criteria

- 4 Properties / 0 Spaces
- 18 mi Radius
- Property Type: Hospitality
- Scale: Upper Midscale
- Construction Status: Existing

Regional Industry Overview

For the purposes of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group reviewed Regional/Market/Submarket data to help gain knowledge of the market and surrounding areas. The following information will be analyzed in Regional Industry Overview Data:



Regional Competitive Hotel Properties Data Summary



Market Overview



Performance Data



Past Construction Data



Under Construction Data



Sales Data



Economy Data



Submarket Data

Regional Competitive Hotel Properties Data Summary

St. Louis East Hospitality

Regional Submarket Competitive Set Performance			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
YTD	58.3%	\$84.26	\$49.11
3 Month Average	63.3%	\$85.70	\$54.21
12 Month Average	60.8%	\$85.08	\$51.74

Source: CoStar/STR Core Distinction Group, LLC

Regional Submarket Performance by Class (Running 12 Months)			
Time Frame	Occupancy	Average Daily Rate	Revenue Per Available Room
Upscale & Upper Midscale	66.2%	\$103.76	\$68.72
Midscale & Economy	55.4%	\$62.67	\$34.71

Source: CoStar/STR Core Distinction Group, LLC



Overview

St Louis East Hospitality

12 Mo Occupancy

12 Mo ADR

12 Mo RevPAR

12 Mo Supply

12 Mo Demand

60.8%

\$85.08

\$51.74

2.5M

1.5M

The St Louis East submarket contains around 7,000 hotel rooms, and houses 107 of the Saint Louis market's 378 hotel properties. Unlike the broader market, St Louis East is characterized by small hotels relative to the national norm. The average property has 65 rooms, which is much lower than the 111-room-per-building market-wide average. The national average falls in between those two figures, at about 90 rooms per building.

Affordable lodging characterizes the submarket: Over half of the rooms here are Economy or Midscale. Upscale and Upper Midscale properties make up the rest of the inventory in the submarket, which does not contain any Luxury or Upper Upscale hotels.

The COVID-19 pandemic had a profound impact on the entire U.S. hospitality sector, and the St Louis East hotel submarket was no exception to this trend. At worst, occupancies dropped to a monthly rate of 26.3% in April of 2020. While occupancies have started to recover,

room demand is down by 2.7% as of April, when compared to the same month the prior year.

Twelve-month RevPAR in the St Louis East hotel submarket was up sharply as of April, climbing at a 50.5% year-over-year rate. In the Saint Louis market, RevPAR increased at an even stronger rate of 88.3% over the same timeframe.

While developers remain moderately active elsewhere in the Saint Louis market, nothing is underway in the St Louis East submarket itself. But the submarket has seen recent development. In the past three years, 2 projects containing around 210 rooms came on line. That development was offset somewhat by a number of demolitions, which took around 72 rooms off the market over the same timeframe.

St Louis East recorded 5 hotel trades over the past year, moderately above the number of deals that is typical in a twelve-month period.

KEY INDICATORS

Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	-	-	-	-	0	-
Upscale & Upper Midscale	3,488	66.2%	\$103.76	\$68.72	0	0
Midscale & Economy	3,495	55.4%	\$62.67	\$34.71	0	0
Total	6,983	60.8%	\$85.08	\$51.74	0	0

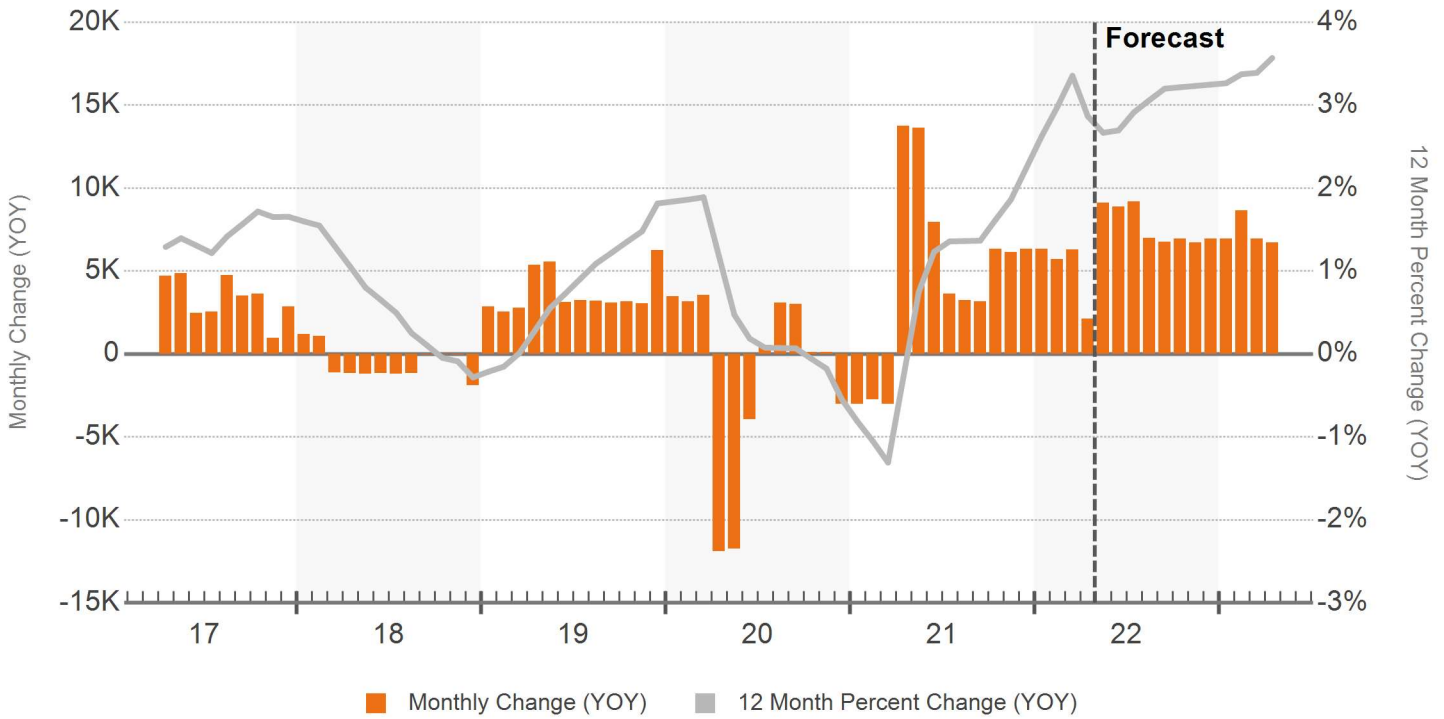
Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	65.7%	63.3%	58.3%	60.8%	56.1%	61.0%
Occupancy Change	1.7%	7.7%	9.3%	28.2%	1.1%	0.1%
ADR	\$87.23	\$85.70	\$84.26	\$85.08	\$80.02	\$87.96
ADR Change	11.1%	14.0%	14.1%	17.4%	2.4%	1.4%
RevPAR	\$57.29	\$54.21	\$49.11	\$51.74	\$44.91	\$53.61
RevPAR Change	13.0%	22.8%	24.7%	50.5%	3.6%	1.6%



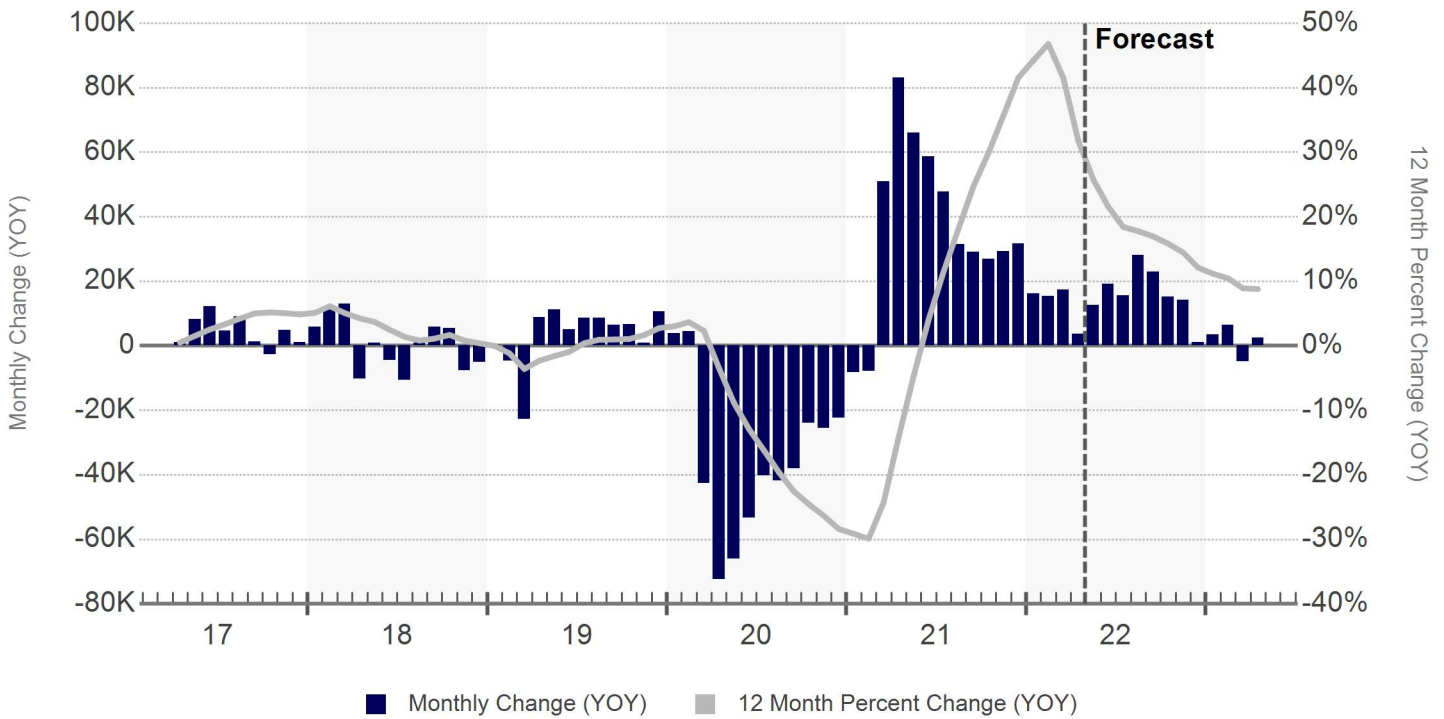
Performance

St Louis East Hospitality

SUPPLY CHANGE



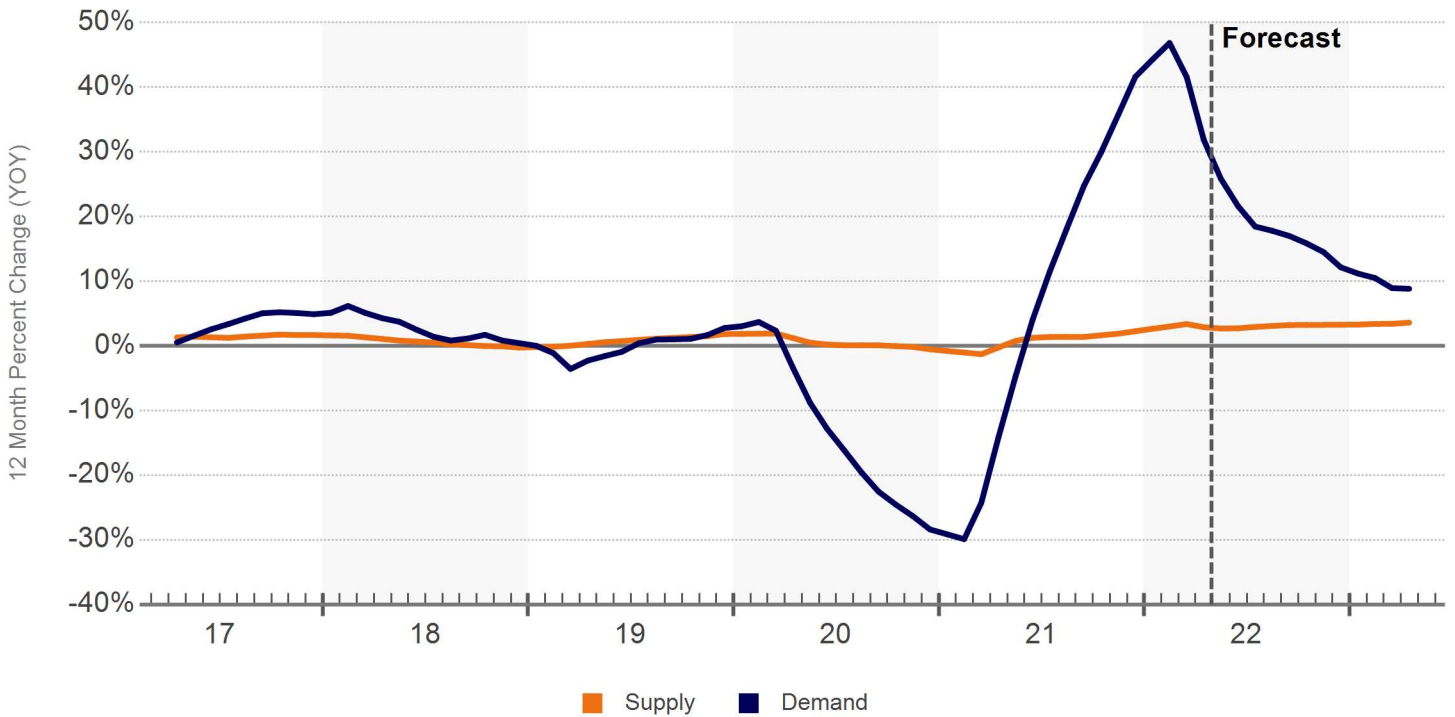
DEMAND CHANGE



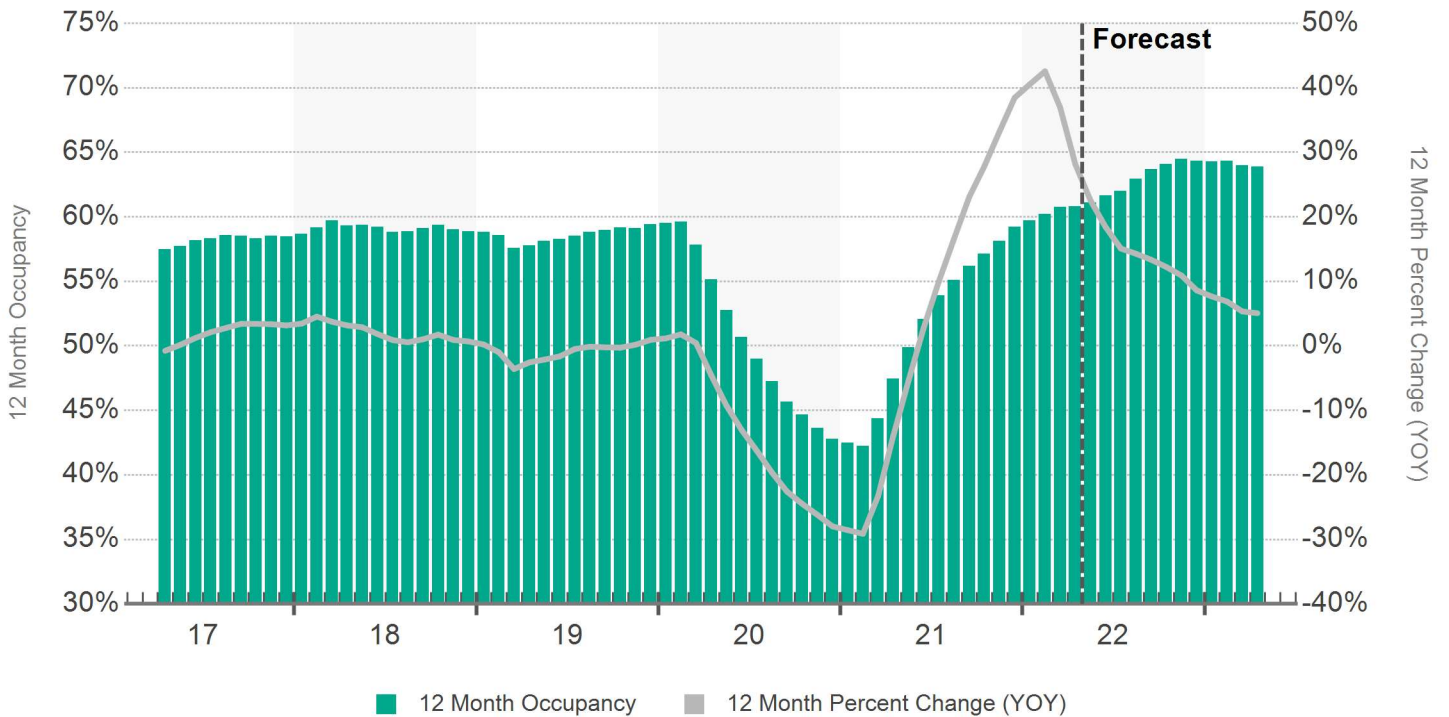
Performance

St Louis East Hospitality

SUPPLY & DEMAND CHANGE



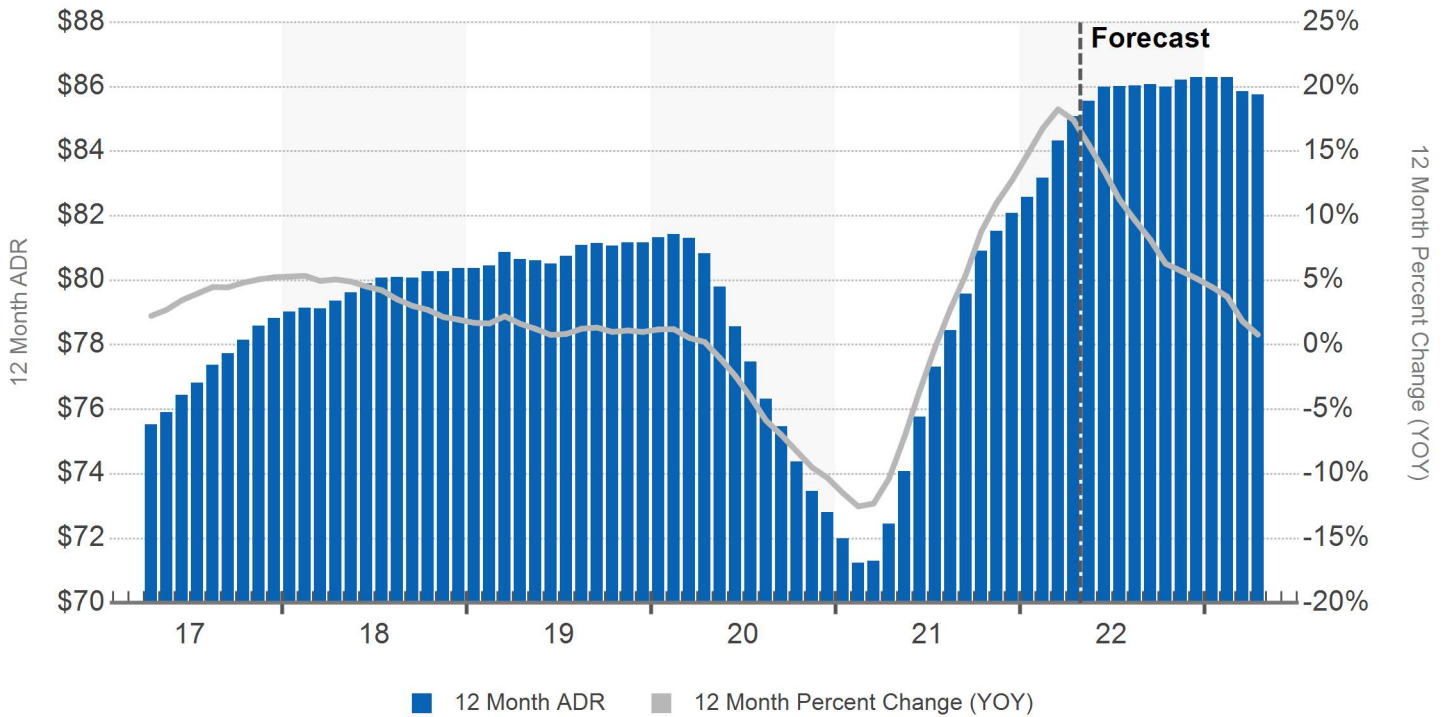
OCCUPANCY



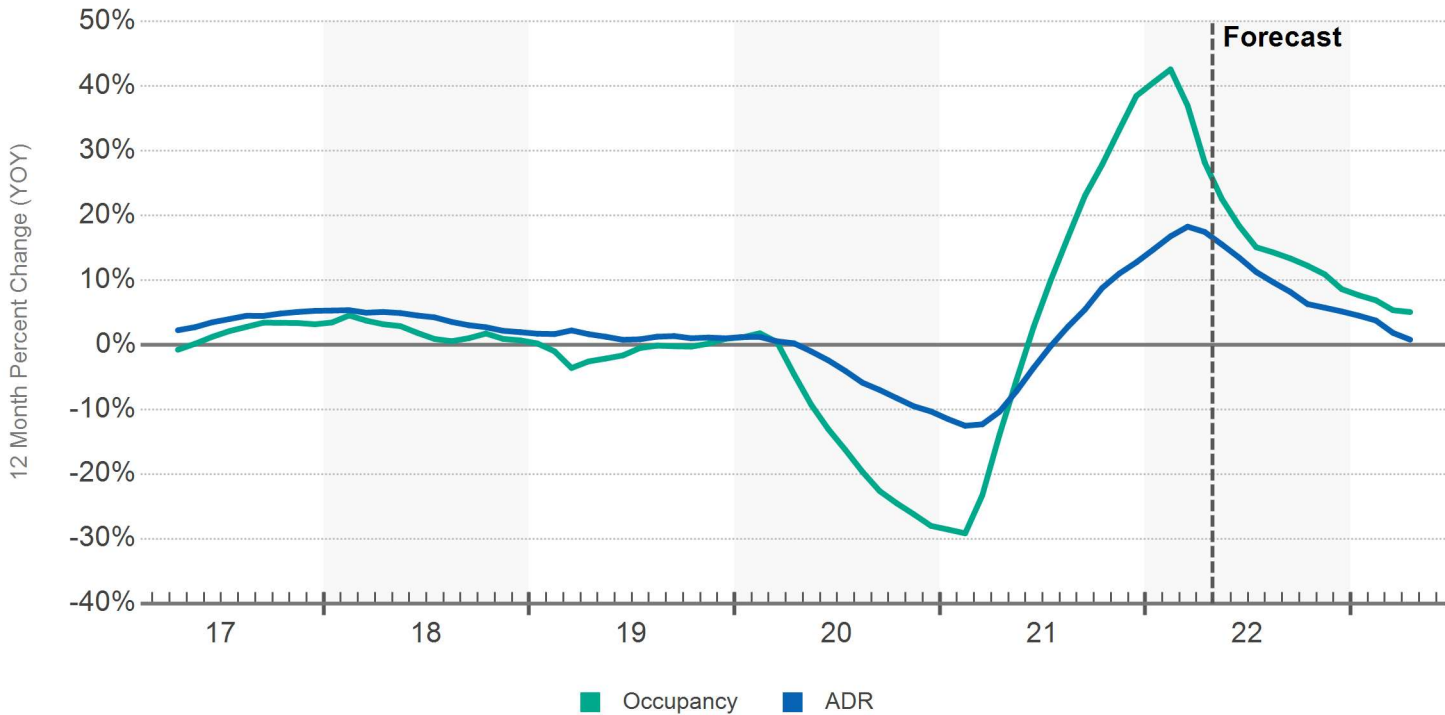
Performance

St Louis East Hospitality

ADR



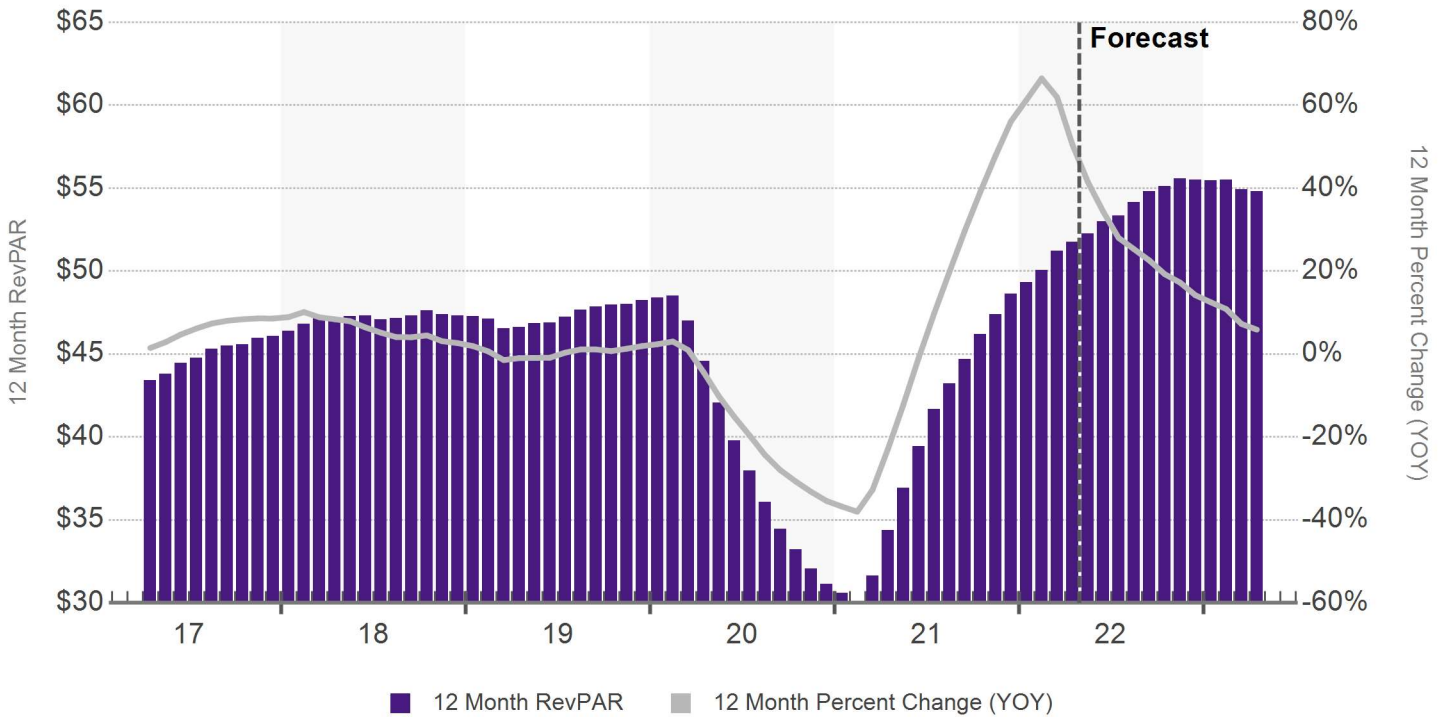
OCCUPANCY & ADR CHANGE



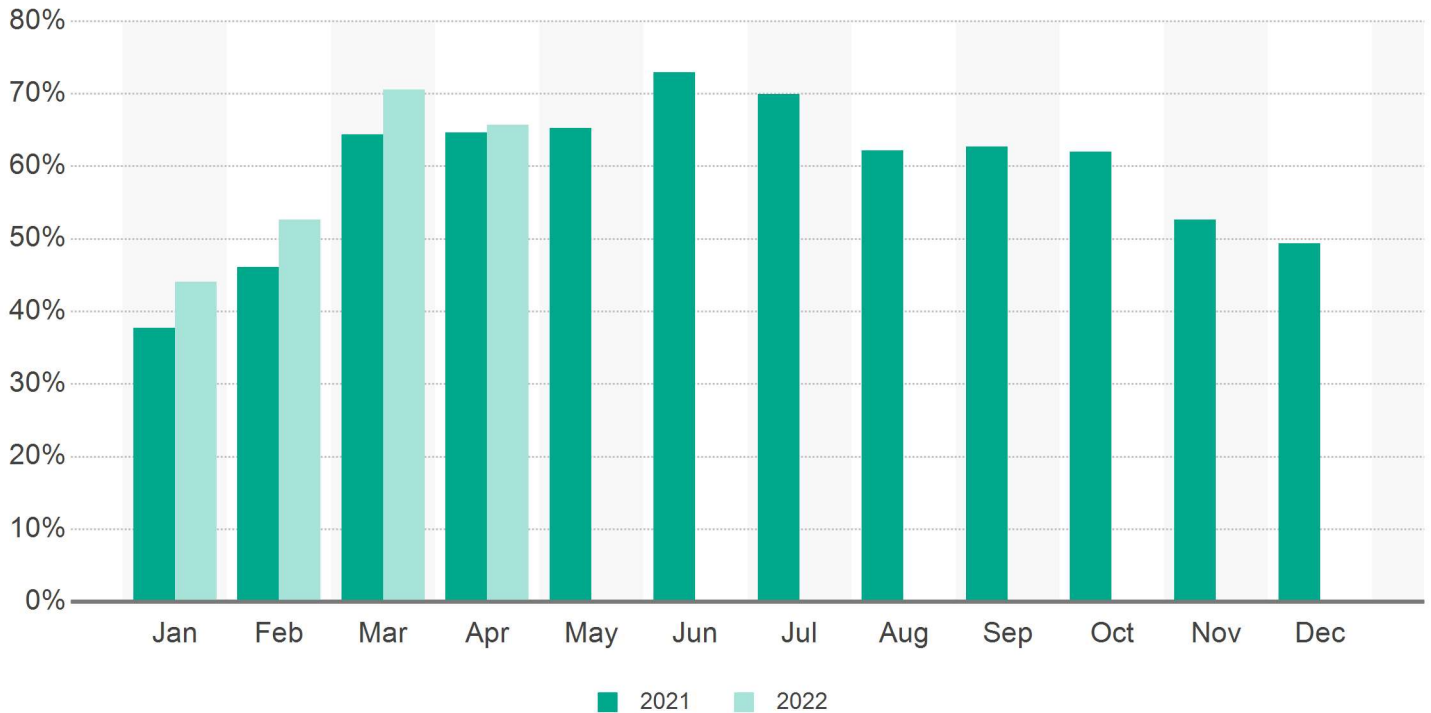
Performance

St Louis East Hospitality

REVPAR



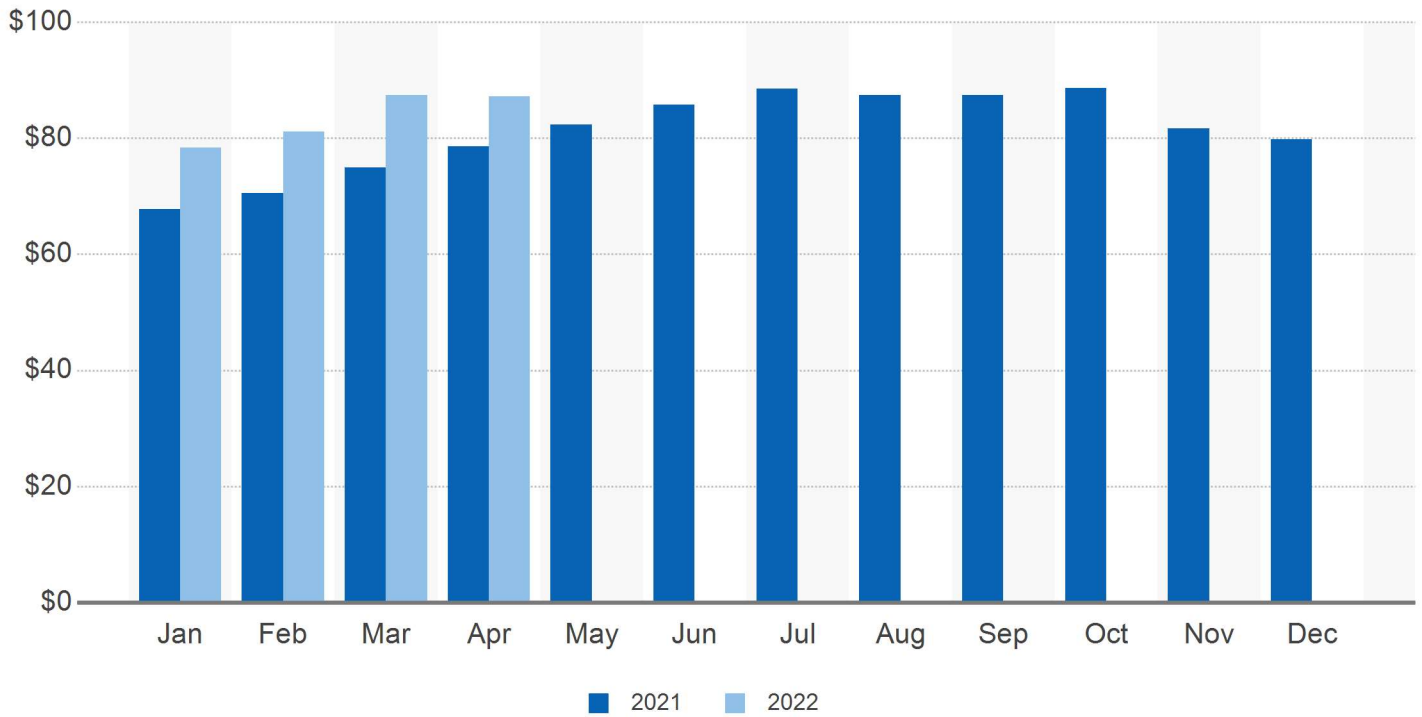
OCCUPANCY MONTHLY



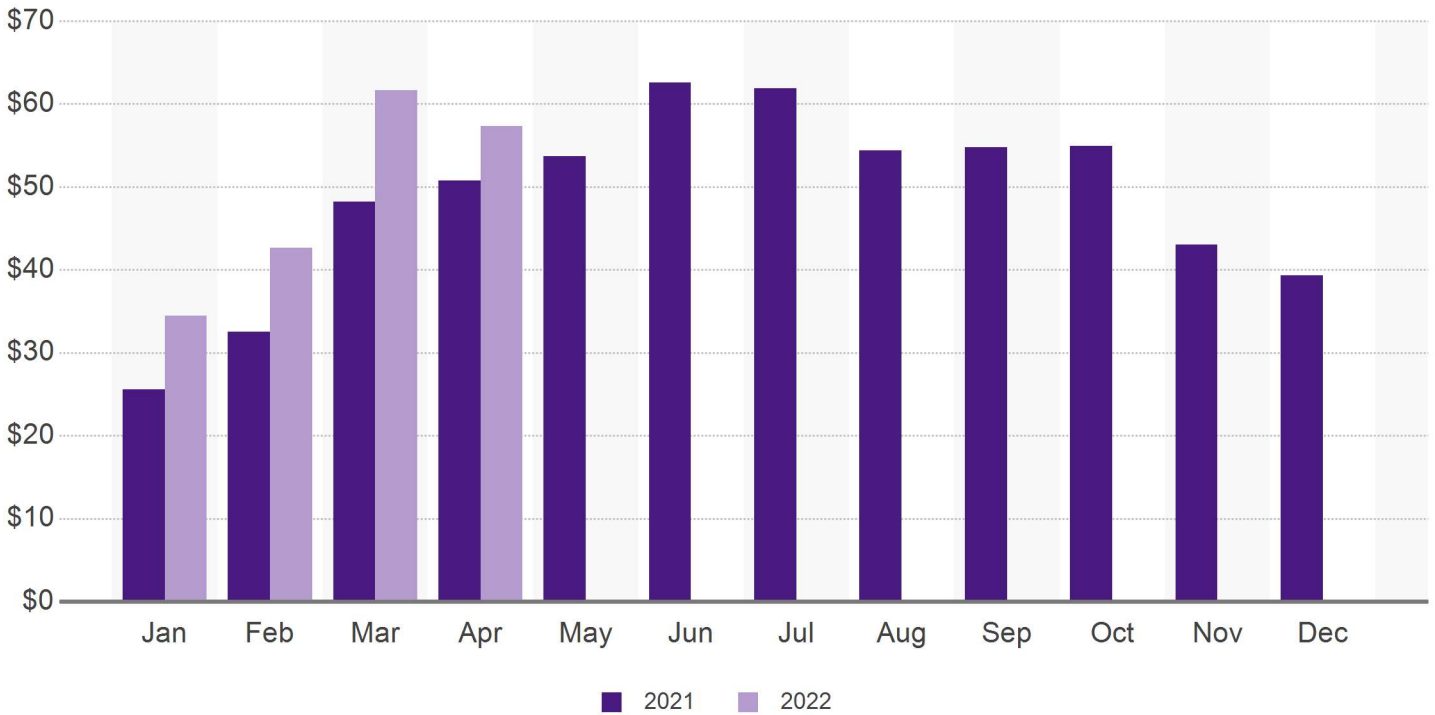
Performance

St Louis East Hospitality

ADR MONTHLY



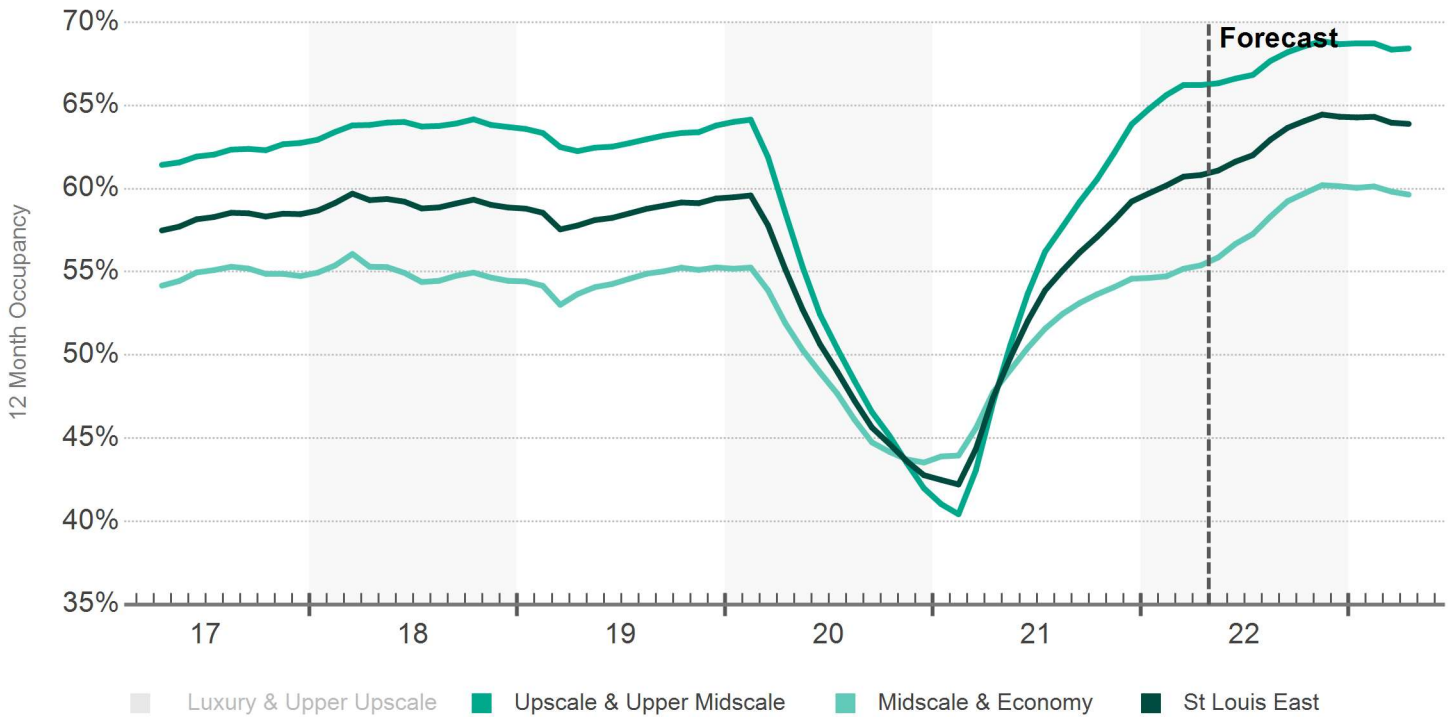
REVPAR MONTHLY



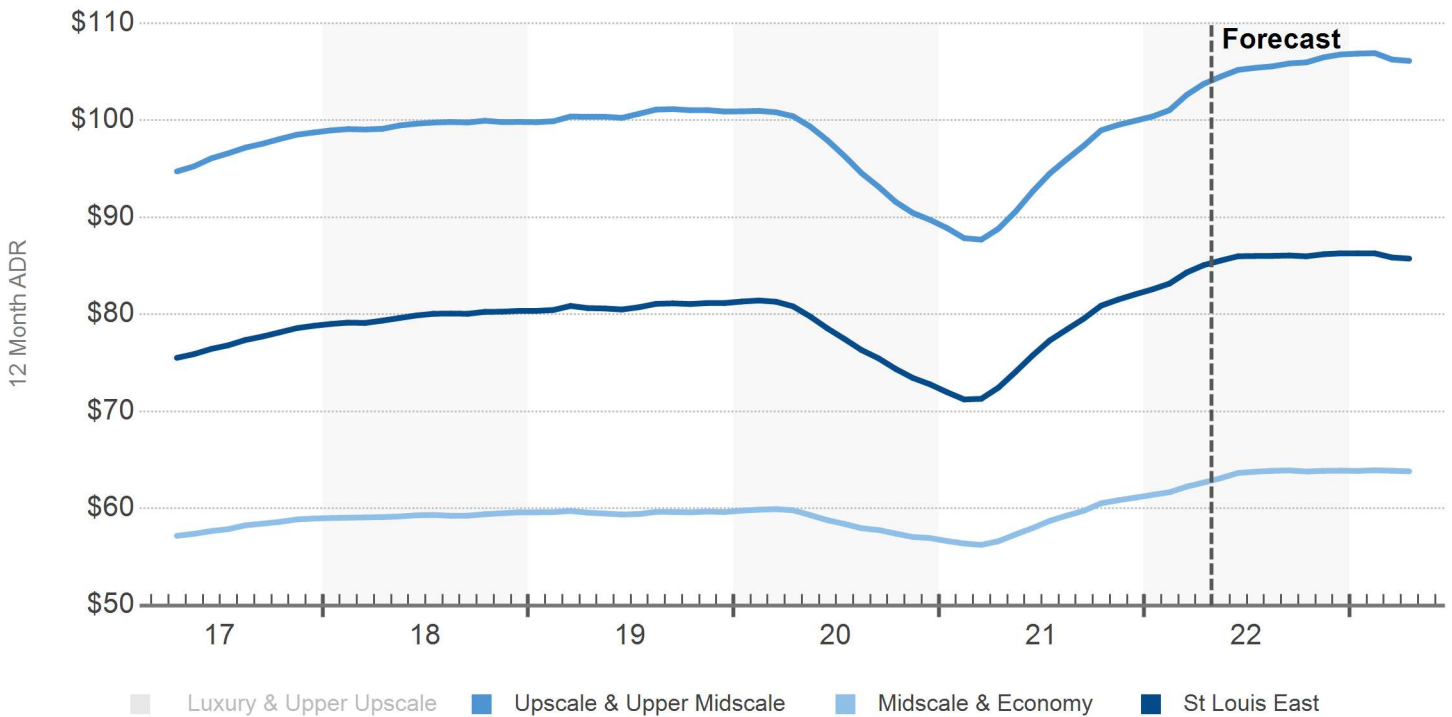
Performance

St Louis East Hospitality

OCCUPANCY BY CLASS



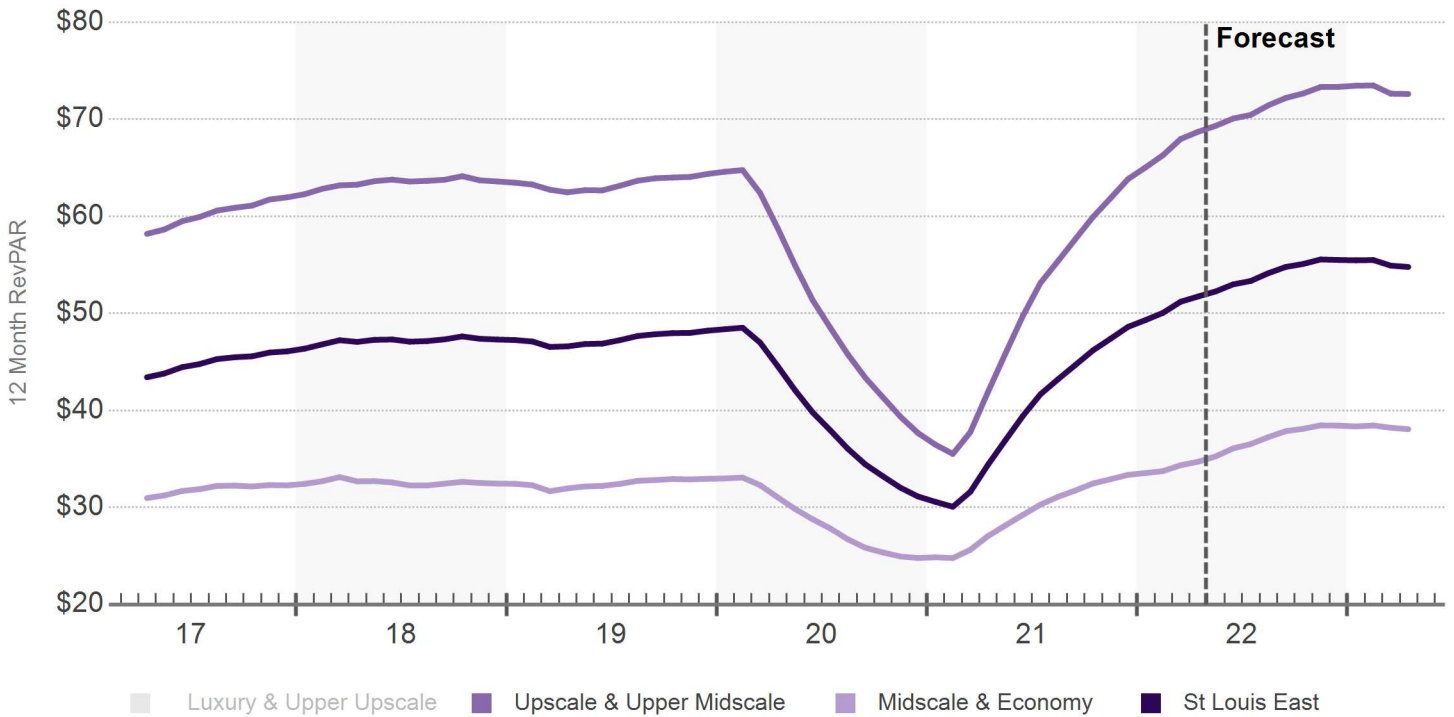
ADR BY CLASS



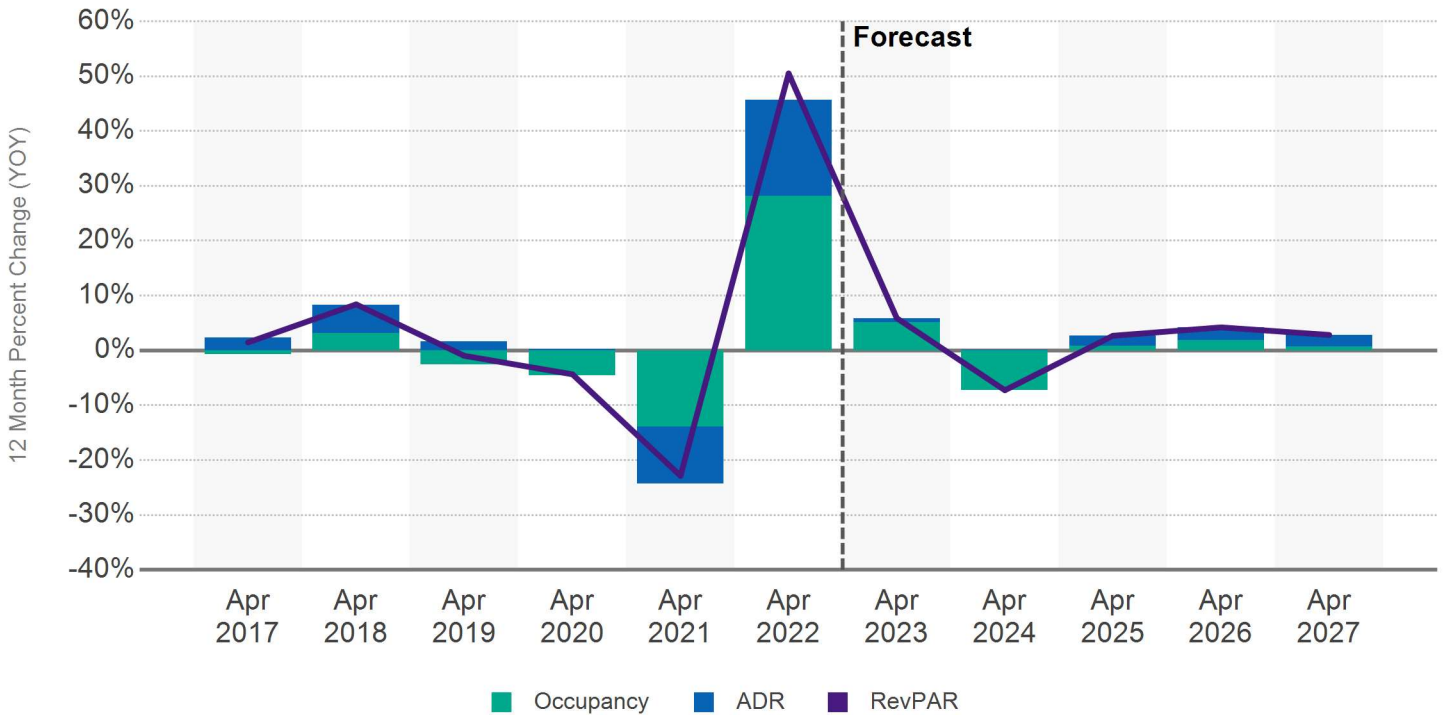
Performance

St Louis East Hospitality

REVPAR BY CLASS



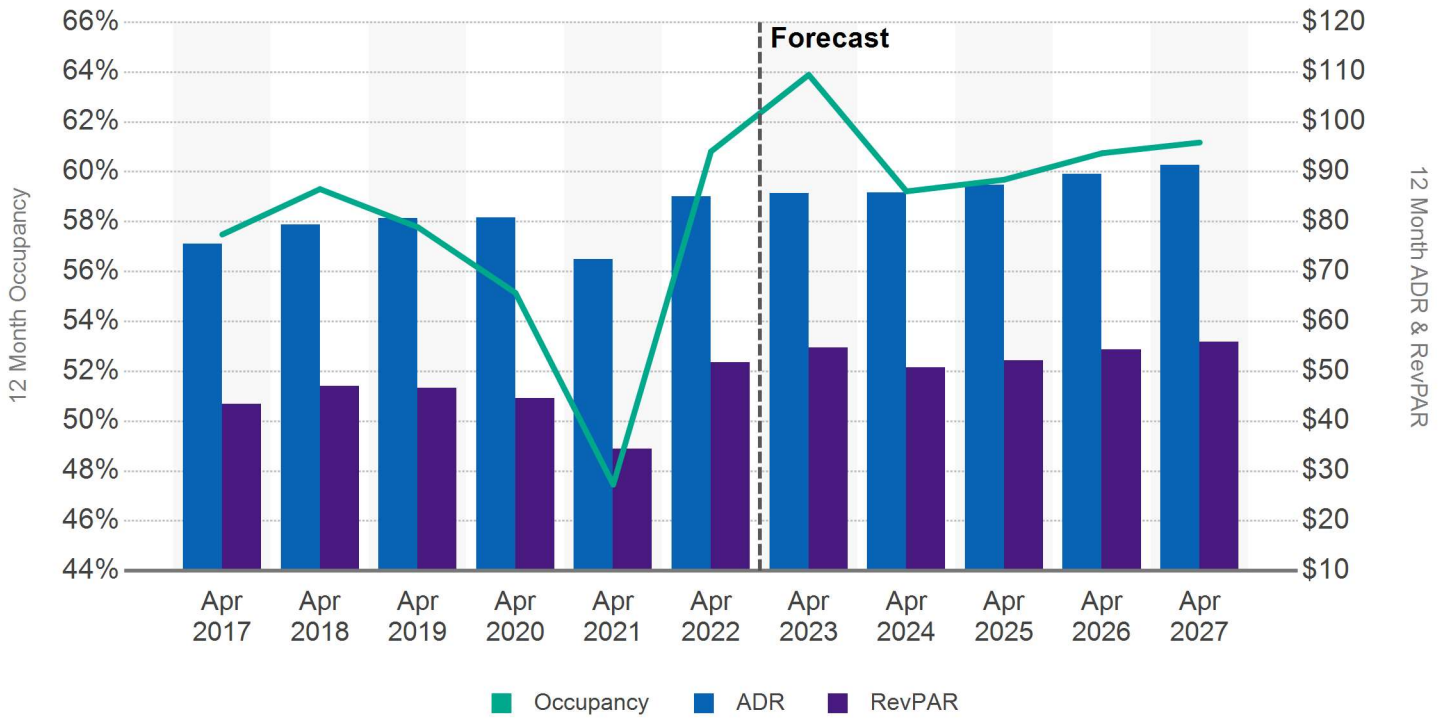
REVPAR GROWTH COMPOSITION



Performance

St Louis East Hospitality

OCCUPANCY, ADR & REVPAR



Performance

St Louis East Hospitality

FULL-SERVICE HOTELS PROFITABILITY (ANNUAL)

Market	% of Revenues	2020		2019-2020 % Change	
		PAR	POR	PAR	POR
Revenue					
Rooms	-	-	-	-	-
Food	-	-	-	-	-
Beverage	-	-	-	-	-
Other F&B	-	-	-	-	-
Other Departments	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-
Total Revenue	-	-	-	-	-
Operating Expenses					
Rooms	-	-	-	-	-
Food & Beverage	-	-	-	-	-
Other Departments	-	-	-	-	-
Administrative & General	-	-	-	-	-
Information & Telecommunication Systems	-	-	-	-	-
Sales & Marketing	-	-	-	-	-
Property Operations & Maintenance	-	-	-	-	-
Utilities	-	-	-	-	-
Gross Operating Profit	-	-	-	-	-
Management Fees	-	-	-	-	-
Rent	-	-	-	-	-
Property Taxes	-	-	-	-	-
Insurance	-	-	-	-	-
EBITDA	-	-	-	-	-
Total Labor Costs	-	-	-	-	-

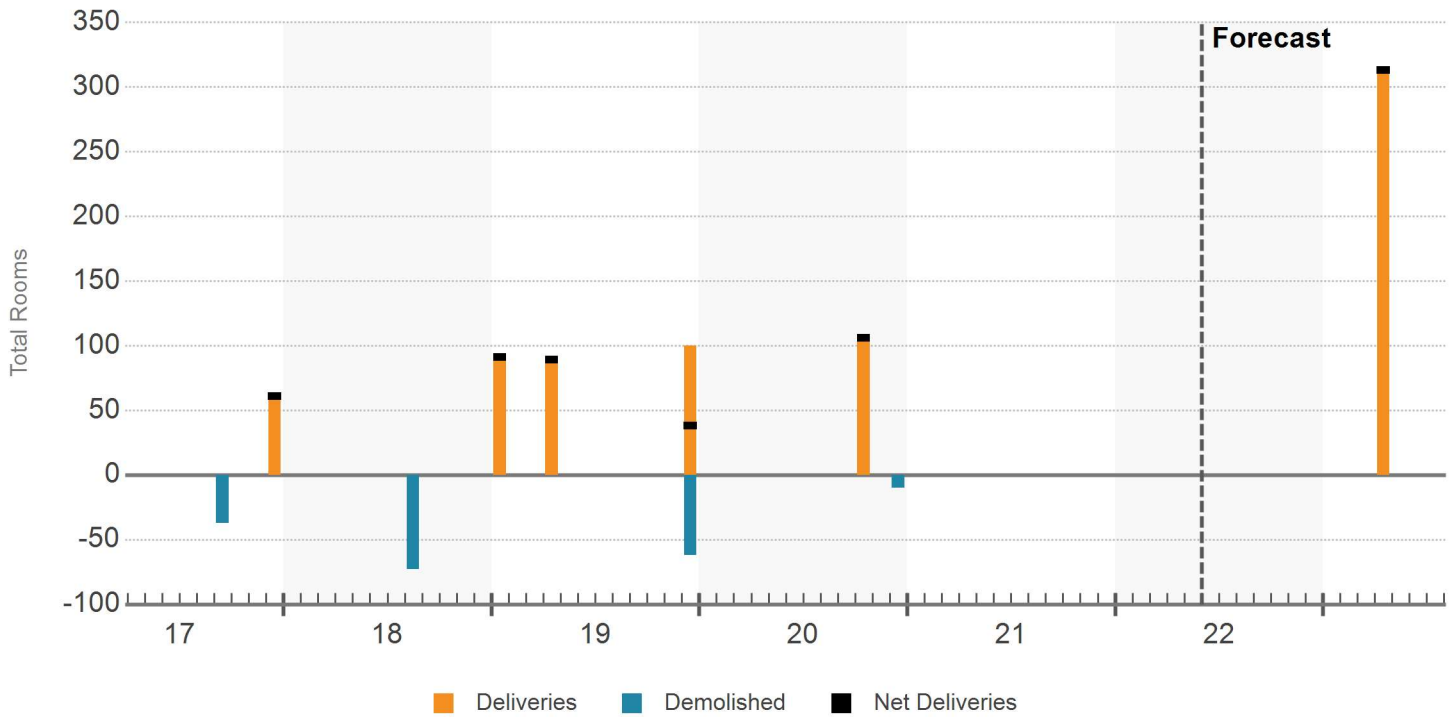
(1) For Annual P&L, the current year exchange rate is used for each year going back in time. This current year exchange rate is the average of all 12 monthly rates for that year.
 (2) Percentage of Revenues for departmental expenses (Rooms, Food & Beverage, and Other Departments) are based on their respective departmental revenues. All other expense percentages are based on Total Revenue.
 (3) Labor costs are already included in the operating expenses above. Amounts shown in Total Labor Costs are for additional detail only.



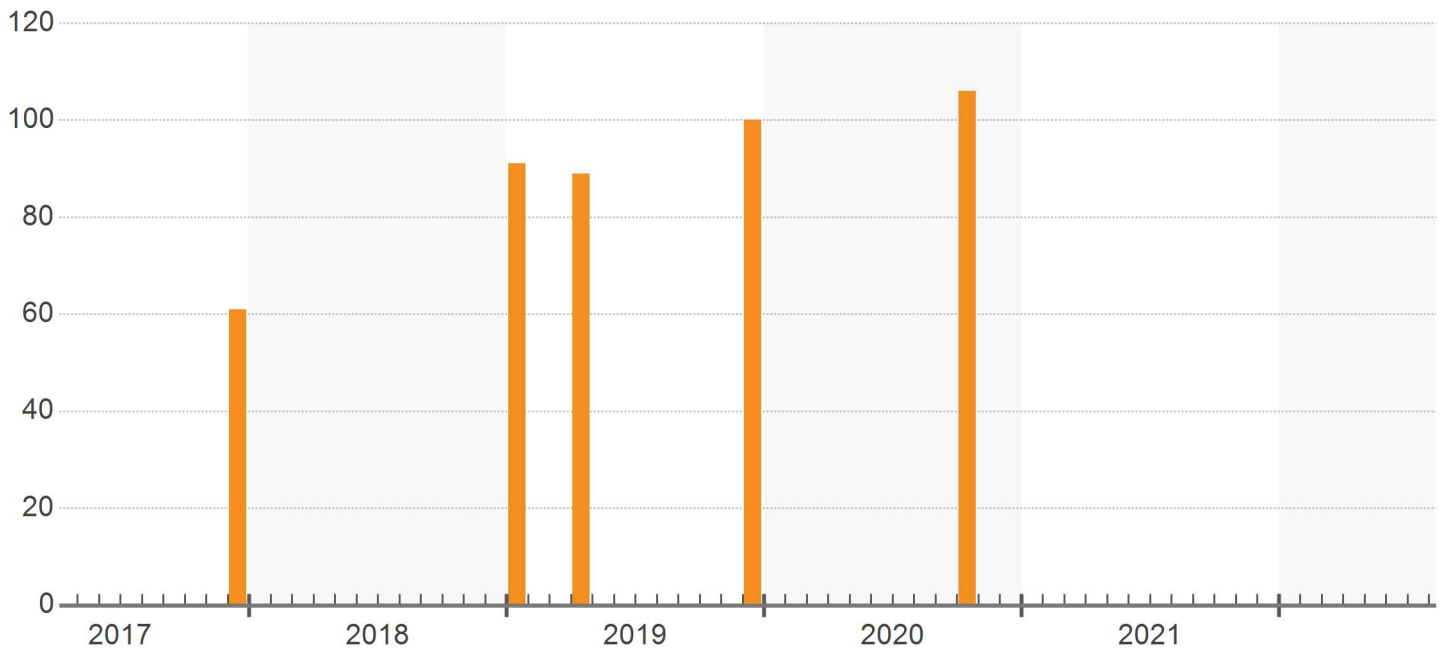
Construction

St Louis East Hospitality

DELIVERIES & DEMOLITIONS



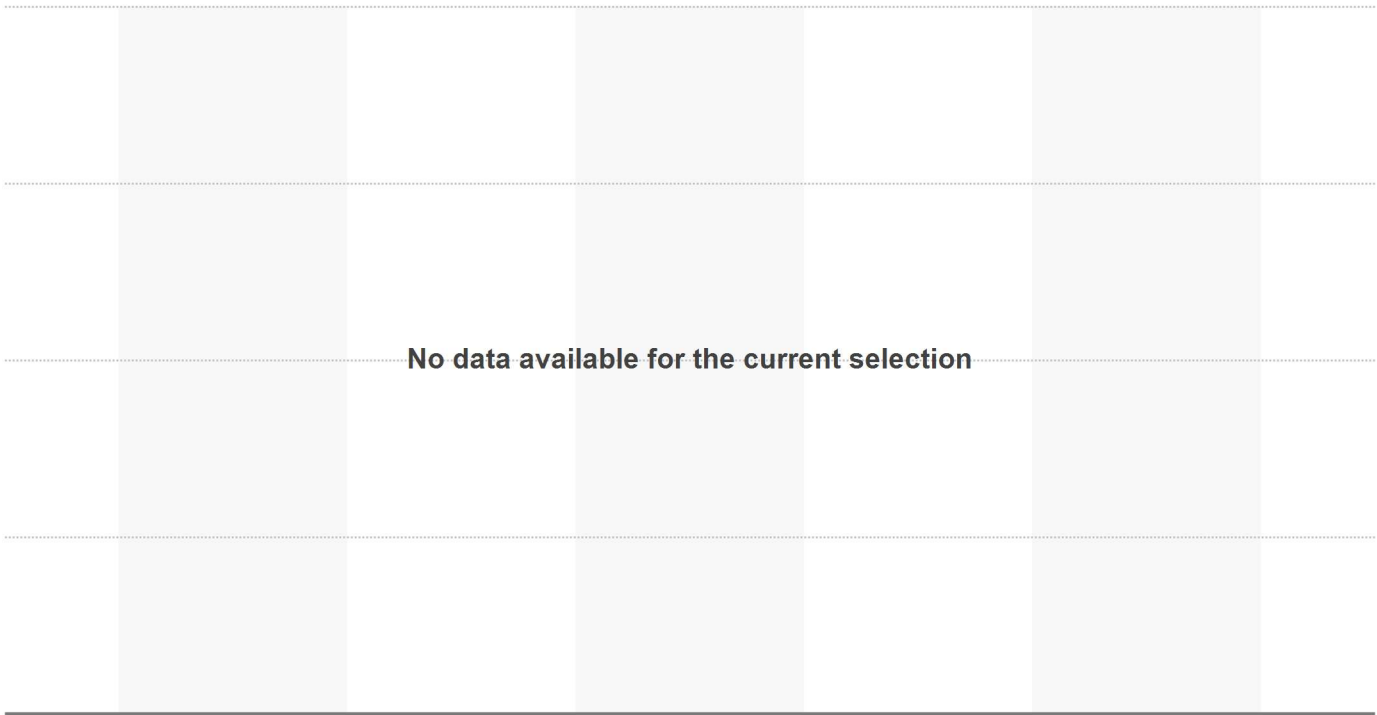
ROOMS DELIVERED



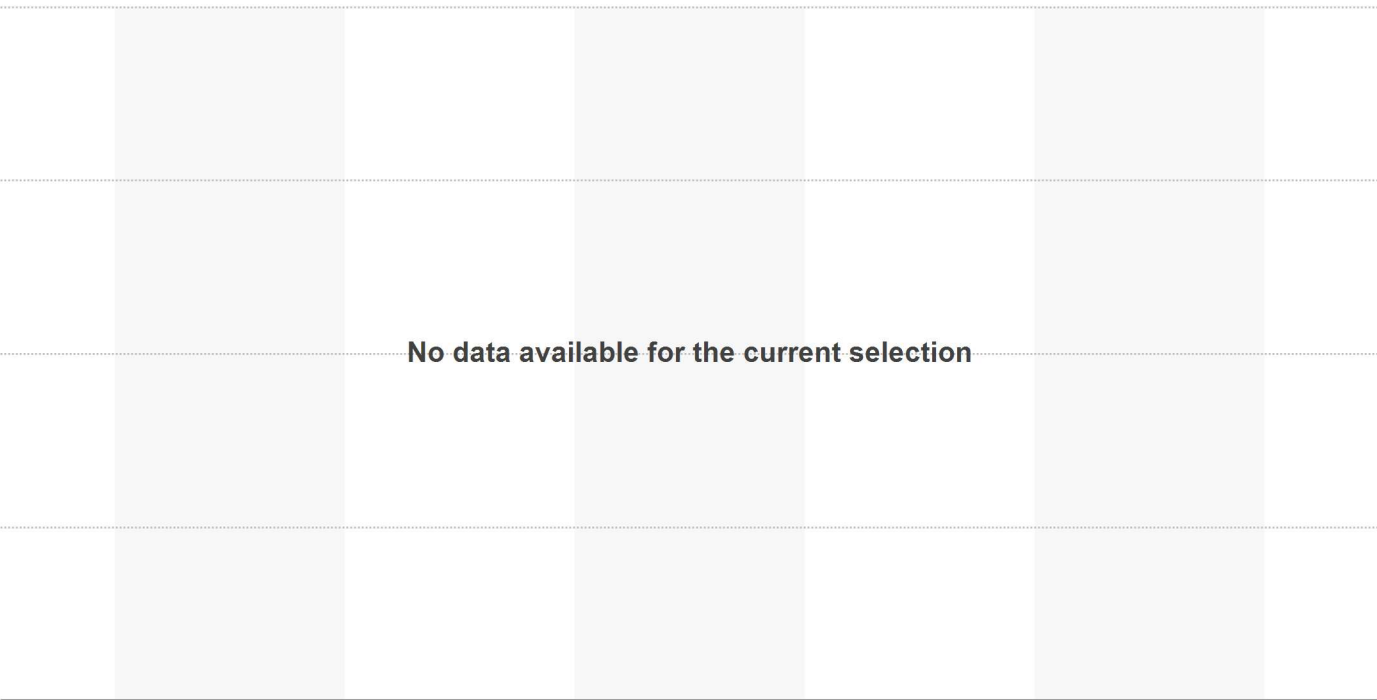
Construction

St Louis East Hospitality

TOTAL ROOMS UNDER CONSTRUCTION BY SCALE



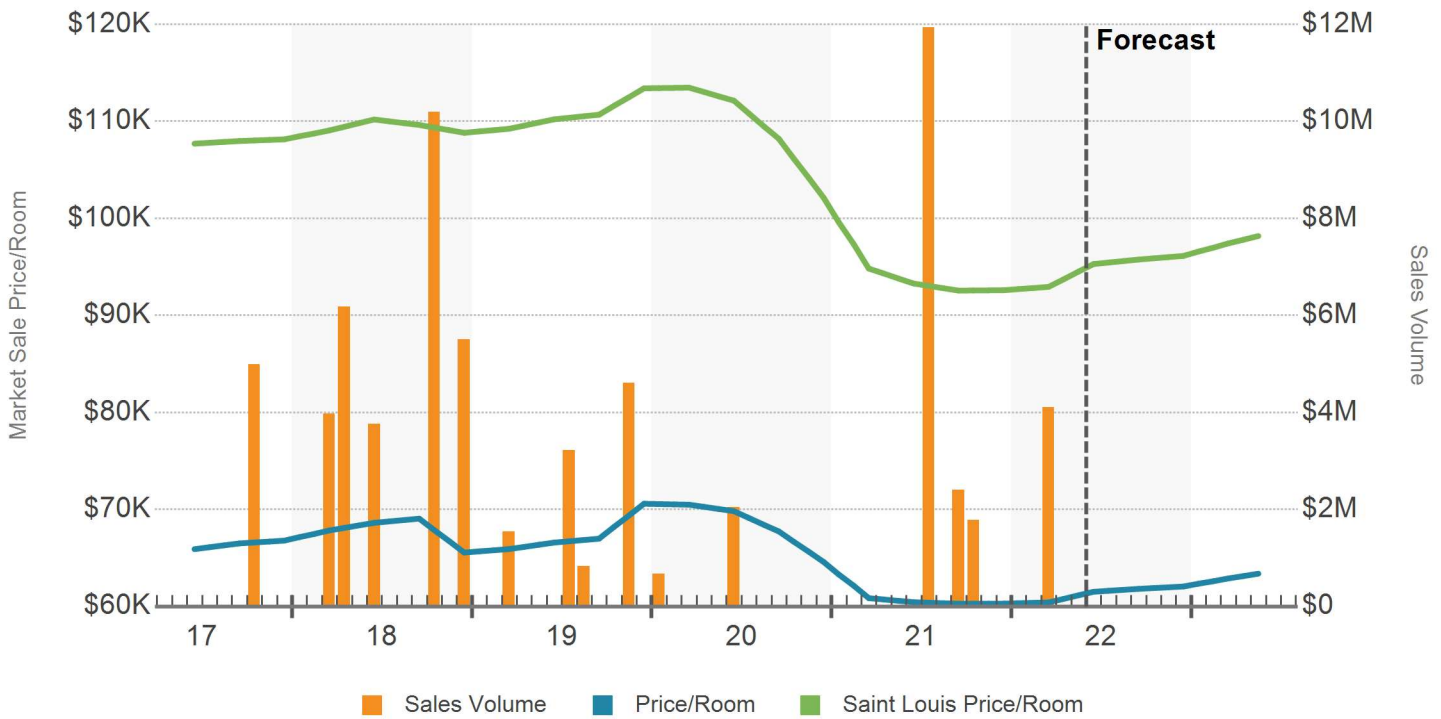
ROOMS UNDER CONSTRUCTION BY SCALE



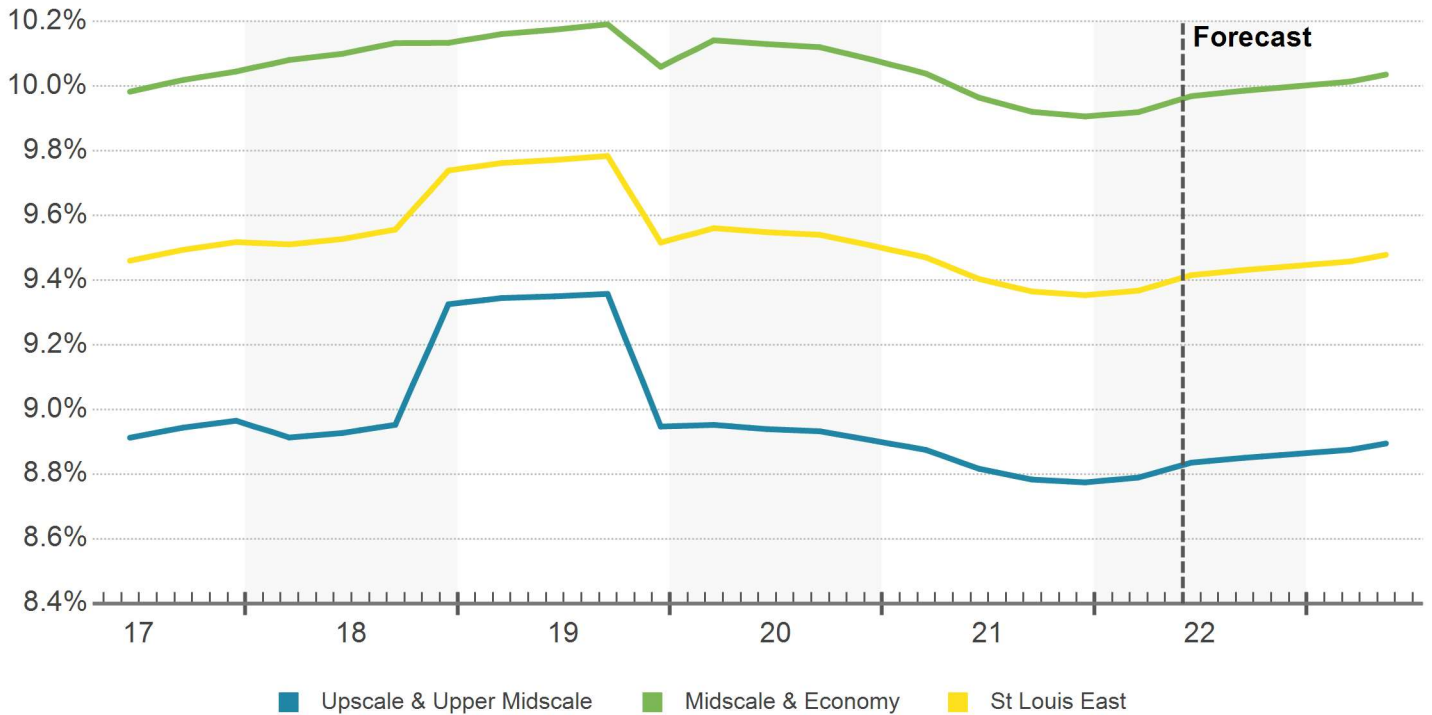
Sales

St Louis East Hospitality

SALES VOLUME & MARKET SALE PRICE PER ROOM



MARKET CAP RATE

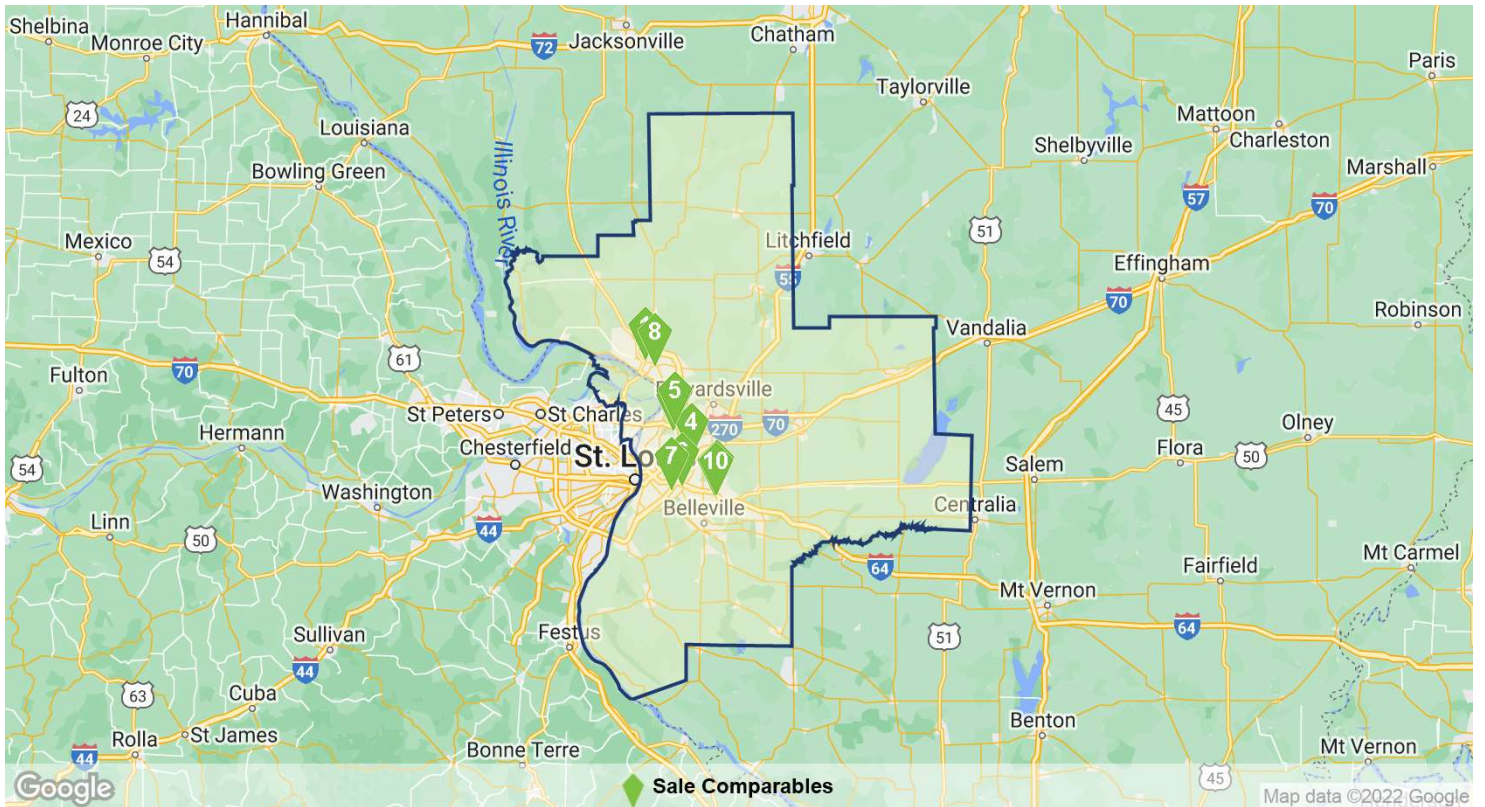


Sales Past 12 Months

St Louis East Hospitality

Sale Comparables	Average Price/Room	Average Price	Average Cap Rate
10	\$62K	\$4M	-

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sale Attributes	Low	Average	Median	High
Sale Price	\$1,785,000	\$4,042,533	\$2,400,000	\$9,650,000
Price/Room	\$35,000	\$61,812	\$38,095	\$113,529
Cap Rate	-	-	-	-
Time Since Sale in Months	0.6	6.5	5.1	11.5
Property Attributes	Low	Average	Median	High
Property Size in Rooms	20	62	62	89
Number of Floors	2	2	3	4
Total Meeting Space	625	870	870	1,336
Year Built	1900	1987	1994	2016
Class	Economy	Midscale	Midscale	Upper Midscale



Sales Past 12 Months

St Louis East Hospitality

RECENT SIGNIFICANT SALES

	Property Name/Address	Property Information				Sale Information		
		Class	Yr Built	Rooms	Brand	Sale Date	Price	Price/Room
1	Hampton by Hilton Inn & Suites St... 1904 Homer M Adams Pkwy	Upper Midscale	2016	85	Hampton by Hilton	7/7/2021	\$9,650,000	\$113,529
2	Best Western Plus Pontoon Beach 4 Regency Pky	Upper Midscale	2007	66	Best Western Plus	3/10/2022	\$4,100,000	\$62,121
3	Baymont Inn & Suites O Fallon St... 1320 Park Plaza Dr	Midscale	1900	63	Baymont	9/1/2021	\$2,400,000	\$38,095
4	Super 8 Collinsville 2 Gateway Dr	Economy	1987	62	Super 8	7/21/2021	\$2,277,667	\$36,737
5	Magnuson Pontoon Beach 1240 E Chain of Rocks Rd	Midscale	1987	51	Magnuson	10/15/2021	\$1,785,000	\$35,000
6	FairBridge Inn Express, Caseyville 8950 Tucker Dr	Midscale	1994	53	FairBridge Inn Express	5/16/2022	-	-
7	First Western Inn 6812 State St	Economy	1997	20	-	3/25/2022	-	-
8	Comfort Inn Alton 11 Crossroads Ct	Upper Midscale	1990	62	Comfort Inn	12/30/2021	-	-
9	Sleep Inn O Fallon 140 Venita Dr	Midscale	1998	71	Sleep Inn	12/28/2021	-	-
10	Extended Stay America St Louis -... 154 Regency Park	Economy	1998	89	Extended Stay America	6/16/2021	-	-



Appendix

St Louis East Hospitality

OVERALL SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2026	2,632,919	0	0%	1,614,624	23,809	1.5%
2025	2,632,919	0	0%	1,590,815	36,616	2.4%
2024	2,632,919	0	0%	1,554,199	(36,311)	-2.3%
2023	2,632,919	29,244	1.1%	1,590,510	(84,207)	-5.0%
2022	2,603,675	81,932	3.2%	1,674,717	181,129	12.1%
YTD	837,960	20,429	2.5%	488,427	52,484	12.0%
2021	2,521,743	55,341	2.2%	1,493,588	438,580	41.6%
2020	2,466,402	(13,616)	-0.5%	1,055,008	(418,312)	-28.4%
2019	2,480,018	44,220	1.8%	1,473,320	39,469	2.8%
2018	2,435,798	(6,883)	-0.3%	1,433,851	5,686	0.4%
2017	2,442,681	39,765	1.7%	1,428,166	66,380	4.9%
2016	2,402,916	29,610	1.2%	1,361,785	(11,274)	-0.8%
2015	2,373,306	64,063	2.8%	1,373,060	56,556	4.3%
2014	2,309,243	(52,814)	-2.2%	1,316,503	71,643	5.8%
2013	2,362,057	(32,588)	-1.4%	1,244,860	(103,917)	-7.7%
2012	2,394,645	(32,026)	-1.3%	1,348,777	(25,902)	-1.9%

LUXURY & UPPER UPSCALE SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2026	-	-	-			
2025	-	-	-			
2024	-	-	-			
2023	-	-	-			
2022	-	-	-		-	-
YTD	-	-	-	-	-	-
2021	-	-	-	-	-	-
2020	-	-	-	-	-	-
2019	-	-	-	-	-	-
2018	-	-	-	-	-	-
2017	-	-	-	-	-	-
2016	-	-	-	-	-	-
2015	-	-	-	-	-	-
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
2012	-	-	-	-	-	-



Appendix

St Louis East Hospitality

UPSCALE & UPPER MIDSACLE SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2026	1,274,269	0	0%	838,800	11,317	1.4%
2025	1,274,269	0	0%	827,483	17,746	2.2%
2024	1,274,269	0	0%	809,737	(18,731)	-2.3%
2023	1,274,269	1,149	0.1%	828,468	(45,965)	-5.3%
2022	1,273,120	11,970	0.9%	874,433	68,951	8.6%
YTD	418,560	11,970	2.9%	263,765	37,676	16.7%
2021	1,261,150	48,194	4.0%	805,482	296,171	58.2%
2020	1,212,956	8,609	0.7%	509,311	(258,982)	-33.7%
2019	1,204,347	44,954	3.9%	768,293	29,713	4.0%
2018	1,159,393	24,893	2.2%	738,580	26,723	3.8%
2017	1,134,500	46,648	4.3%	711,857	51,656	7.8%
2016	1,087,852	29,641	2.8%	660,201	10,922	1.7%
2015	1,058,211	96,222	10.0%	649,279	48,633	8.1%
2014	961,989	(4,498)	-0.5%	600,646	36,286	6.4%
2013	966,487	(19,931)	-2.0%	564,360	(30,342)	-5.1%
2012	986,418	8,228	0.8%	594,702	6,466	1.1%

MIDSCALE & ECONOMY SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2026	1,358,650	0	0%	775,824	12,492	1.6%
2025	1,358,650	0	0%	763,332	18,870	2.5%
2024	1,358,650	0	0%	744,462	(17,580)	-2.3%
2023	1,358,650	28,095	2.1%	762,042	(38,242)	-4.8%
2022	1,330,555	69,962	5.5%	800,284	112,193	16.3%
YTD	419,400	8,459	2.1%	224,662	14,823	7.1%
2021	1,260,593	7,147	0.6%	688,091	142,400	26.1%
2020	1,253,446	(22,225)	-1.7%	545,691	(159,270)	-22.6%
2019	1,275,671	(734)	-0.1%	704,961	9,883	1.4%
2018	1,276,405	(31,776)	-2.4%	695,078	(21,068)	-2.9%
2017	1,308,181	(6,883)	-0.5%	716,146	14,708	2.1%
2016	1,315,064	(31)	0%	701,438	(22,220)	-3.1%
2015	1,315,095	(32,159)	-2.4%	723,658	7,970	1.1%
2014	1,347,254	(48,316)	-3.5%	715,689	35,362	5.2%
2013	1,395,570	(12,657)	-0.9%	680,326	(73,627)	-9.8%
2012	1,408,227	(40,254)	-2.8%	753,953	(32,386)	-4.1%



Appendix

St Louis East Hospitality

OVERALL PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2026	61.3%	1.5%	\$91.05	2.5%	\$55.84	4.1%
2025	60.4%	2.4%	\$88.81	2.5%	\$53.66	4.9%
2024	59.0%	-2.3%	\$86.63	1.9%	\$51.14	-0.4%
2023	60.4%	-6.1%	\$85.01	-1.5%	\$51.35	-7.5%
2022	64.3%	8.6%	\$86.29	5.1%	\$55.50	14.2%
YTD	58.3%	9.3%	\$84.26	14.1%	\$49.11	24.7%
2021	59.2%	38.5%	\$82.07	12.7%	\$48.61	56.1%
2020	42.8%	-28.0%	\$72.80	-10.3%	\$31.14	-35.4%
2019	59.4%	0.9%	\$81.17	1.0%	\$48.22	1.9%
2018	58.9%	0.7%	\$80.37	1.9%	\$47.31	2.6%
2017	58.5%	3.2%	\$78.83	5.2%	\$46.09	8.6%
2016	56.7%	-2.0%	\$74.90	1.8%	\$42.45	-0.3%
2015	57.9%	1.5%	\$73.57	3.8%	\$42.56	5.3%
2014	57.0%	8.2%	\$70.88	4.2%	\$40.41	12.7%
2013	52.7%	-6.4%	\$68.03	4.2%	\$35.85	-2.5%
2012	56.3%	-0.6%	\$65.29	2.7%	\$36.77	2.1%

LUXURY & UPPER UPSCALE PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2026						
2025						
2024						
2023						
2022		-		-		-
YTD	-	-	-	-	-	-
2021	-	-	-	-	-	-
2020	-	-	-	-	-	-
2019	-	-	-	-	-	-
2018	-	-	-	-	-	-
2017	-	-	-	-	-	-
2016	-	-	-	-	-	-
2015	-	-	-	-	-	-
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
2012	-	-	-	-	-	-



Appendix

St Louis East Hospitality

UPSCALE & UPPER MIDSACLE PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2026	65.8%	1.4%	\$113.05	2.5%	\$74.41	3.9%
2025	64.9%	2.2%	\$110.25	2.5%	\$71.60	4.8%
2024	63.5%	-2.3%	\$107.53	2.1%	\$68.33	-0.2%
2023	65.0%	-5.3%	\$105.36	-1.3%	\$68.50	-6.6%
2022	68.7%	7.5%	\$106.79	6.8%	\$73.35	14.9%
YTD	63.0%	13.3%	\$103.99	14.9%	\$65.53	30.2%
2021	63.9%	52.1%	\$99.96	11.4%	\$63.84	69.4%
2020	42.0%	-34.2%	\$89.75	-11.1%	\$37.68	-41.5%
2019	63.8%	0.1%	\$100.91	1.1%	\$64.37	1.2%
2018	63.7%	1.5%	\$99.83	1.1%	\$63.60	2.6%
2017	62.7%	3.4%	\$98.75	5.3%	\$61.96	8.8%
2016	60.7%	-1.1%	\$93.82	1.4%	\$56.94	0.3%
2015	61.4%	-1.7%	\$92.56	2.5%	\$56.79	0.7%
2014	62.4%	6.9%	\$90.31	5.1%	\$56.39	12.4%
2013	58.4%	-3.1%	\$85.93	3.3%	\$50.18	0.1%
2012	60.3%	0.3%	\$83.17	1.5%	\$50.14	1.8%

MIDSCALE & ECONOMY PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2026	57.1%	1.6%	\$67.28	2.6%	\$38.42	4.3%
2025	56.2%	2.5%	\$65.56	2.6%	\$36.83	5.2%
2024	54.8%	-2.3%	\$63.89	1.6%	\$35.01	-0.7%
2023	56.1%	-6.7%	\$62.88	-1.6%	\$35.27	-8.2%
2022	60.1%	10.2%	\$63.90	4.6%	\$38.43	15.2%
YTD	53.6%	4.9%	\$61.08	9.3%	\$32.72	14.7%
2021	54.6%	25.4%	\$61.12	7.3%	\$33.36	34.5%
2020	43.5%	-21.2%	\$56.95	-4.5%	\$24.80	-24.8%
2019	55.3%	1.5%	\$59.64	0%	\$32.96	1.5%
2018	54.5%	-0.5%	\$59.61	1.1%	\$32.46	0.6%
2017	54.7%	2.6%	\$58.96	3.4%	\$32.28	6.1%
2016	53.3%	-3.1%	\$57.04	1.0%	\$30.43	-2.1%
2015	55.0%	3.6%	\$56.47	3.6%	\$31.08	7.3%
2014	53.1%	9.0%	\$54.51	2.6%	\$28.96	11.8%
2013	48.7%	-8.9%	\$53.13	3.9%	\$25.90	-5.4%
2012	53.5%	-1.4%	\$51.14	2.8%	\$27.38	1.4%



Appendix

St Louis East Hospitality

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$73,600	199	9.6%
2025	-	-	-	-	-	-	\$71,288	193	9.6%
2024	-	-	-	-	-	-	\$68,742	186	9.5%
2023	-	-	-	-	-	-	\$64,912	175	9.5%
2022	-	-	-	-	-	-	\$62,063	168	9.4%
YTD	1	\$4.1M	0.9%	\$4,100,000	\$62,121	-	\$60,704	164	9.4%
2021	4	\$16.1M	3.7%	\$4,028,167	\$61,734	-	\$60,301	163	9.4%
2020	2	\$2.7M	1.6%	\$1,360,000	\$23,652	17.9%	\$64,578	174	9.5%
2019	4	\$10.2M	3.6%	\$2,548,750	\$41,612	-	\$70,593	191	9.5%
2018	7	\$29.6M	9.5%	\$4,226,800	\$47,416	12.0%	\$65,560	177	9.7%
2017	2	\$7M	2.1%	\$3,495,000	\$49,225	-	\$66,791	180	9.5%
2016	2	\$4.7M	2.2%	\$2,357,500	\$32,972	-	\$64,225	173	9.4%
2015	3	\$19.9M	5.5%	\$6,633,333	\$56,534	-	\$60,693	164	9.3%
2014	2	\$85.3M	3.6%	\$42,637,715	\$372,382	-	\$56,752	153	9.2%
2013	3	\$3.9M	3.5%	\$1,289,500	\$17,193	-	\$52,174	141	9.3%
2012	-	-	-	-	-	-	\$48,656	131	9.2%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

LUXURY & UPPER UPSCALE SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2026	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
YTD	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.



Appendix

St Louis East Hospitality

UPSCALE & UPPER MIDSACLE SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$105,674	213	9.0%
2025	-	-	-	-	-	-	\$102,354	207	9.0%
2024	-	-	-	-	-	-	\$98,698	199	9.0%
2023	-	-	-	-	-	-	\$93,199	188	8.9%
2022	-	-	-	-	-	-	\$89,109	180	8.9%
YTD	1	\$4.1M	1.9%	\$4,100,000	\$62,121	-	\$87,158	176	8.8%
2021	1	\$9.7M	2.4%	\$9,650,000	\$113,529	-	\$86,622	175	8.8%
2020	-	-	-	-	-	-	\$92,926	188	8.9%
2019	2	\$4.1M	3.1%	\$2,025,000	\$38,208	-	\$101,231	204	8.9%
2018	5	\$23.4M	13.3%	\$4,682,520	\$56,552	12.0%	\$91,768	185	9.3%
2017	1	\$5M	2.6%	\$4,990,000	\$62,375	-	\$95,296	192	9.0%
2016	1	\$2.5M	2.3%	\$2,525,000	\$35,563	-	\$91,582	185	8.9%
2015	2	\$17.7M	9.1%	\$8,850,000	\$67,300	-	\$86,519	175	8.7%
2014	2	\$85.3M	8.2%	\$42,637,715	\$372,382	-	\$80,838	163	8.6%
2013	1	\$1.2M	2.3%	\$1,200,000	\$19,048	-	\$74,285	150	8.7%
2012	-	-	-	-	-	-	\$68,056	137	8.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

MIDSCALE & ECONOMY SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$42,967	171	10.2%
2025	-	-	-	-	-	-	\$41,617	166	10.1%
2024	-	-	-	-	-	-	\$40,131	160	10.1%
2023	-	-	-	-	-	-	\$37,895	151	10.1%
2022	-	-	-	-	-	-	\$36,232	145	10.0%
YTD	-	-	-	-	-	-	\$35,439	141	10.0%
2021	3	\$6.5M	5.0%	\$2,154,222	\$36,720	-	\$35,161	140	9.9%
2020	2	\$2.7M	3.3%	\$1,360,000	\$23,652	17.9%	\$37,503	150	10.1%
2019	2	\$6.1M	4.0%	\$3,072,500	\$44,209	-	\$41,331	165	10.1%
2018	2	\$6.2M	6.0%	\$3,087,500	\$29,405	-	\$40,529	162	10.1%
2017	1	\$2M	1.7%	\$2,000,000	\$32,258	-	\$39,566	158	10.0%
2016	1	\$2.2M	2.0%	\$2,190,000	\$30,417	-	\$38,096	152	9.9%
2015	1	\$2.2M	2.5%	\$2,200,000	\$24,719	-	\$36,026	144	9.8%
2014	-	-	-	-	-	-	\$33,747	135	9.7%
2013	2	\$2.7M	4.3%	\$1,334,250	\$16,472	-	\$31,057	124	9.8%
2012	-	-	-	-	-	-	\$30,127	120	9.5%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.



Appendix

St Louis East Hospitality

DELIVERIES & UNDER CONSTRUCTION

Year	Inventory			Deliveries		Net Deliveries		Under Construction	
	Bldgs	Rooms	% Change	Bldgs	Rooms	Bldgs	Rooms	Bldgs	Rooms
YTD	107	6,983	0%	0	0	0	0	0	0
2021	107	6,983	0%	-	-	-	-	-	-
2020	107	6,983	1.6%	1	106	0	96	-	-
2019	106	6,876	4.2%	3	280	2	218	1	106
2018	103	6,601	-0.9%	-	-	-	-	2	180
2017	104	6,662	0.9%	1	61	(1)	24	2	180
2016	103	6,604	2.5%	2	160	2	160	-	-
2015	101	6,445	1.2%	1	81	1	81	1	75
2014	100	6,368	-1.3%	1	101	1	101	1	81
2013	101	6,449	-0.7%	-	-	-	-	-	-
2012	101	6,497	0%	-	-	-	-	-	-



Room Share Overview

For the purposes of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group reviewed Room Share Market data to help gain knowledge of the market and surrounding areas. The following information will be analyzed in Room Share Overview Data:



Occupancy Rate



Average Daily Rate



Monthly Revenue



Unit Type



Rental Growth



Unit Amenities



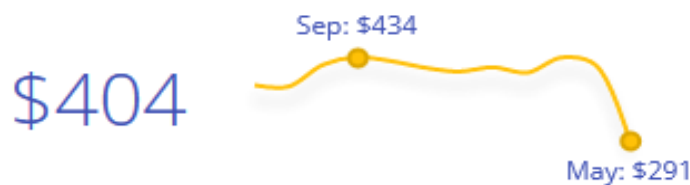
Room Share Data Summary

Core Distinction Group pulled data in the Highland, Illinois Area in order to gain an understanding the overall area room share market. The area had 7 active room share rental units.

Room Share Occupancy in the Highland, Illinois Area:



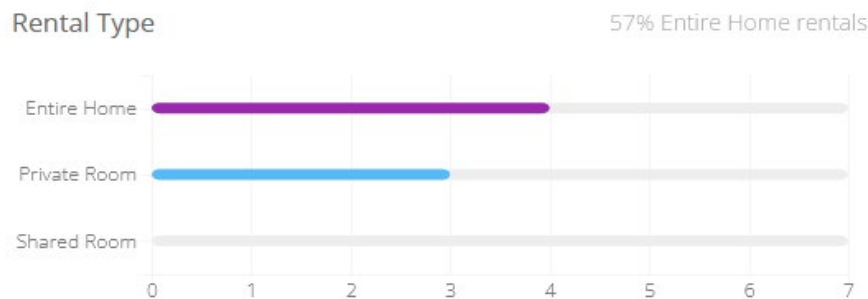
Room Share Average Daily Rate in the Highland, Illinois Area:



Room Share Average Monthly Revenue in the Highland, Illinois Area:



Room Share Rental Type in the Highland, Illinois Area:



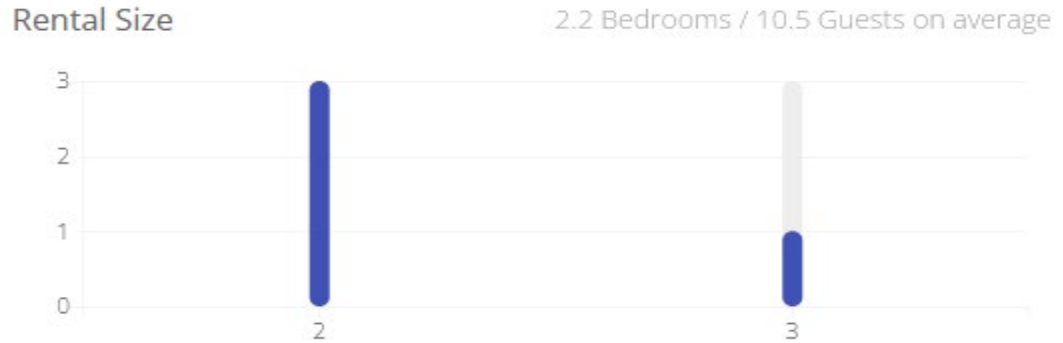
Source: AirDNA.com



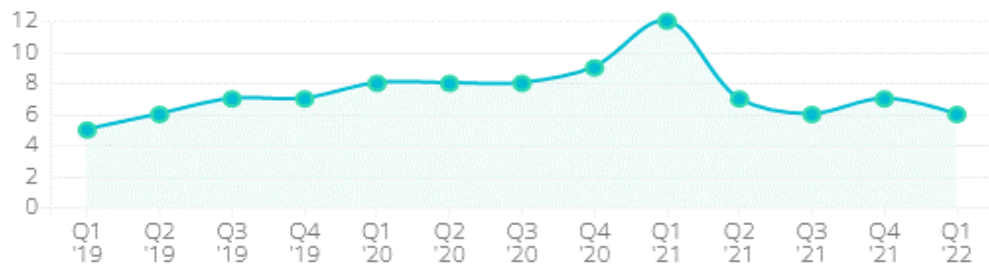
Room Share Data Summary (continued)

At the time of this report, the area units, 72% were listed in airbnb, 14% are listed on Vrbo, and 14% were listed on both.

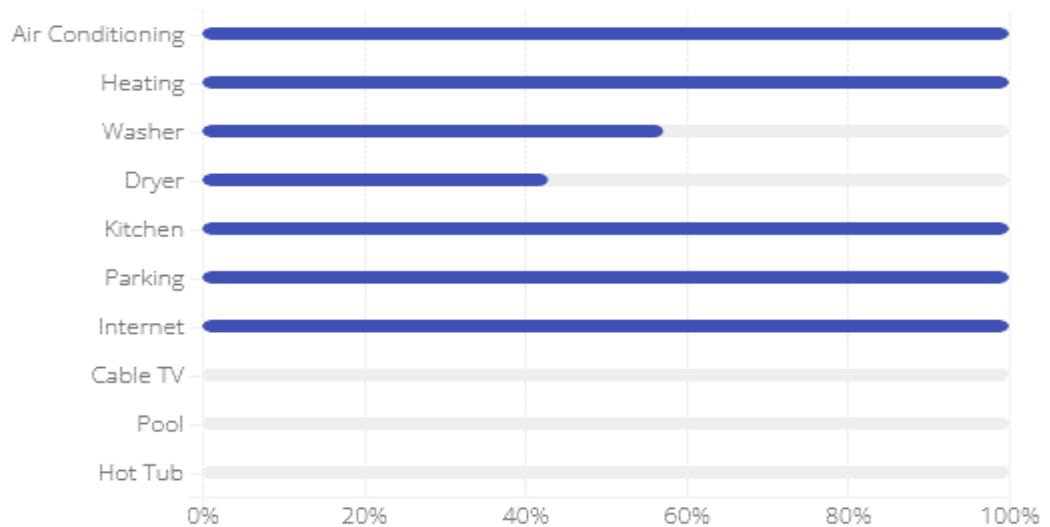
Room Share Rental Sizes in the Highland, Illinois Area:



Room Share Rental Growth in the Highland, Illinois Area:



Room Share Rental Amenities in the Highland, Illinois Area:



Source: AirDNA.com



Direct Economic Impact

When considering the potential Direct Economic Impact of a new hotel in the community, you look at the direct tax revenue the community is gaining from the project. This takes into consideration Lodging/Bed Taxes when applicable, Sales Taxes and Real Estate Taxes. Below you will find the estimated tax revenue of this project broken down in each category:

Sales Tax Revenue Per Year	
Year	Sales Tax
Ramp Up Year	\$142,169
Year One	\$166,062
Year Two	\$174,379
Year Three	\$183,115
Year Four	\$192,690
Year Five	\$194,572

Based on 8.35% (State, County, Highland)

Lodging/Bed Tax Revenue Per Year	
Year	Lodging/Bed Tax
Ramp Up Year	\$51,079
Year One	\$59,663
Year Two	\$62,651
Year Three	\$65,790
Year Four	\$69,230
Year Five	\$69,906

Based on estimated 3% Lodging/Bed/Innkeepers Tax if implemented by Highland.

Real Estate Tax Revenue Per Year (Based on Estimates)	
Year	Real Estate Tax
Ramp Up Year	\$68,787
Year One	\$68,787
Year Two	\$68,787
Year Three	\$68,787
Year Four	\$68,787
Year Five	\$68,787

This information does not account for the collateral economic impact as well. There are many collateral economic impacts that can be accounted for. Additional revenue (and usage) from your sewer, water, trash disposal, utilities and so on all noted in the Pro Forma. The construction period can also promote additional economic growth. All of these add up and vary.



Indirect Economic Impact Estimates

When considering the potential Indirect Economic Impact of a new hotel in the community, you look at the spending of the guest within the community. For the purpose of this summary, we have identified the potential spending on food/dining. This does not take into consideration any taxes increased by said purchases. Below you will find the average rooms sold each year for the potential hotel project:

Rooms Sold Per Year Average		
Year	Occupancy	Rooms Sold
Ramp Up Year	61.6%	14,850
Year One	68.5%	16,500
Year Two	70.5%	16,995
Year Three	72.7%	17,505
Year Four	75.0%	18,068
Year Five	75.0%	18,068

Taking this into consideration, the estimates of rooms sold each day can be found below:

Average Rooms Per Night Sold	
Ramp Up Year	41
Year One	45
Year Two	47
Year Three	48
Year Four	50
Year Five	50



Indirect Economic Impact Estimates (continued)

The average cost of food in the United States of America is \$45 per day. Based on the spending habits of previous travelers, when dining out an average meal in the United States of America should cost around \$18 per person. Breakfast prices are usually a little cheaper than lunch or dinner. The price of food in sit-down restaurants in the United States of America is often higher than fast food prices or street food prices. The total estimated indirect food revenue in your community is estimated* to be around:

Average Indirect Food Revenue Per Day	
Ramp Up Year	\$1,831
Year One	\$2,034
Year Two	\$2,095
Year Three	\$2,158
Year Four	\$2,228
Year Five	\$2,228

Average Indirect Food Revenue Per Year	
Ramp Up Year	\$668,250
Year One	\$742,500
Year Two	\$764,775
Year Three	\$787,718
Year Four	\$813,038
Year Five	\$813,038

* Based on the assumption of one person per room night sold.

Based on this information, it can be assumed this additional revenue will also create indirect food service jobs. When considering the additional food revenue into your community, industry standards states that around 30% of revenue goes towards labor. Based on the amount of additional revenue, this would bring in the following amount of full-time equivalent jobs*:

Average Indirect Food Service Jobs Needed	
Ramp Up Year	10.8
Year One	12.0
Year Two	12.4
Year Three	12.8
Year Four	13.2
Year Five	13.2

* Based on 32 hours a week and the median average base hourly rate of Food Service Workers of \$11.12 per hour, at the time of this report according to www.payscale.com.



Indirect Economic Impact Estimates (continued)

Entertainment and activities in the United States of America typically cost an average of \$45 per person, per day. This includes fees paid for admission tickets to museums and attractions, day tours, and other sightseeing expense.

Average Indirect Entertainment/Activities Revenue Per Day	
Ramp Up Year	\$1,831
Year One	\$2,034
Year Two	\$2,095
Year Three	\$2,158
Year Four	\$2,228
Year Five	\$2,228

Average Indirect Entertainment/Activities Revenue Per Year	
Ramp Up Year	\$668,250
Year One	\$742,500
Year Two	\$764,775
Year Three	\$787,718
Year Four	\$813,038
Year Five	\$813,038

** Based on the assumption of one person per room night sold.*

Based on this information, it can be assumed this additional revenue will also create indirect tour guide or tourism industry jobs. When considering the additional food revenue into your community, industry standards states that around 25% of revenue goes towards labor. Based on the amount of additional revenue, this would bring in the following amount of full-time equivalent jobs*:

Average Indirect Entertainment/Activities Jobs Needed	
Ramp Up Year	6.7
Year One	7.4
Year Two	7.7
Year Three	7.9
Year Four	8.1
Year Five	8.1

** Based on 32 hours a week and the median average base hourly rate of Tour Guide of \$15 per hour, at the time of this report according to www.salary.com.*



Indirect Economic Impact Estimates (continued)

The average person spends about \$21 on alcoholic beverages in the United States of America per day.

Average Indirect Alcoholic Beverages Revenue Per Day	
Ramp Up Year	\$854
Year One	\$949
Year Two	\$978
Year Three	\$1,007
Year Four	\$1,040
Year Five	\$1,040

Average Indirect Alcoholic Beverages Revenue Per Year	
Ramp Up Year	\$311,850
Year One	\$346,500
Year Two	\$356,895
Year Three	\$367,602
Year Four	\$379,418
Year Five	\$379,418

** Based on the assumption of one person per room night sold.*

Based on this information, it can be assumed this additional revenue will also create indirect bartender jobs. When considering the additional alcoholic beverage revenue into your community, industry standards states that around 30% of revenue goes towards labor. Based on the amount of additional revenue, this would bring in the following amount of full-time equivalent jobs*:

Average Indirect Bartender Jobs Needed	
Ramp Up Year	5.1
Year One	5.7
Year Two	5.8
Year Three	6.0
Year Four	6.2
Year Five	6.2

** Based on 32 hours a week and the median average base hourly rate of a bartender of \$11 per hour, at the time of this report according to www.salary.com.*



Indirect Economic Impact Estimates (continued)

The average price for Tips and Handouts in the United States of America is \$12 per day. The usual amount for a tip in the United States of America is 10% - 20%.

Average Indirect Tips/Handouts Revenue Per Day	
Ramp Up Year	\$488
Year One	\$542
Year Two	\$559
Year Three	\$576
Year Four	\$594
Year Five	\$594

Average Indirect Tips/Handouts Revenue Per Year	
Ramp Up Year	\$178,200
Year One	\$198,000
Year Two	\$203,940
Year Three	\$210,058
Year Four	\$216,810
Year Five	\$216,810

** Based on the assumption of one person per room night sold.*

Based on this additional revenue being paid, the increase in both food, beverage, and entertainment/activity, service worker's hourly wage would increase substantially in the market.

Source: BudgetYourTravel.com



Conclusion

For the purposes of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group LLC offers an overview and overall description of the conclusion and recommendations found through its research and analysis. This section will contain:



Current Hotel Segment Recommendations for Market Studied



Current Hotel Size Recommendations for Market Studied



Recommended Sleeping Room Configuration for Market Studied



Current Economic Impact of Hotel for Market Studied

Conclusion and Recommendations

Property segment recommended for the potential development of a hotel is an Upper Midscale hotel. This type of hotel would allow the property to be positioned properly at the subject site. It is anticipated that a new hotel would capture displaced Lodging Demand currently staying in markets surrounding Highland, IL. Additionally, the newness of the hotel should be well received in the marketplace. It's location will be ideal to serve Highland and regional markets. This type of hotel would also be capable of adjusting rates to best fit the demand in the market and the seasonality of the area.

Property size recommendation of a newly developed hotel was researched to be between 55-70 guestrooms in this report. This would position it to be smaller in size to the average room size of 88 noted by the competitive set surveyed. The size would assist the property in achieving the Occupancy projections listed in this report. It is not advisable to over-build in this market at this time. Expansion of the hotel in future years could be considered as the market's Lodging Demand grows. Adjusting the room count will modify Performance.

The recommended Sleeping Room Configuration should be compatible with the overall Market Segmentation of the area. The property should offer a comparable selection both single occupancy king bedded rooms to double occupancy double queen bedded guestrooms due to the mix of business being primarily weekday corporate and weekend transient group.

Economic Impact Potential: There are multiple economic impacts of building and developing a new hotel in a community. Some direct impact drivers include projected hotel revenue including all room revenues, meeting room revenue, as well as vending/bar revenue. On average, this size property will create 12-18 full time jobs. Part-time employment varies by hotel need and hiring practices. Additional economic development will include taxes, which include all sales taxes collected on hotel revenue, as well as all payroll related taxes collected from full-time hotel employees and temporary construction workers. Local governments will also collect new property taxes from the operation of the hotel. Indirect impact includes all jobs and income generated by businesses that supply goods and services to the hotel. A few examples of businesses that will indirectly benefit from the development of a hotel include suppliers of room related goods (housekeeping supplies, room amenities, etc.), telecommunication vendors (internet, cable, etc.), utility companies, food and beverage suppliers, and other hotel related vendors.



Economic Impact Summary

In this section of the report, Core Distinction Group has compiled a summary of what the potential direct and indirect economic impact could be for the proposed hotel development. This projection offers revenue and job creation information based on this hotel's recommendations stated throughout this report, as well as the occupancy and average rate projected.



Direct Economic Impact



Indirect Economic Impact

Understanding Terms

For the purposes of this Comprehensive Hotel Market Feasibility Study, Core Distinction Group, LLC has taken the time to offer detailed definitions of words and terms highlighted throughout this report. This section contains the information to help readers navigate industry terms.



Understanding Terms:

Below you will find definitions of industry terms used throughout this report to help the reader gain an understanding of certain phrases and indicators:

Average Daily Rate (ADR)

A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold. $ADR = \text{Room Revenue} / \text{Rooms Sold}$

Chain Scale

Chain Scale segments are grouped primarily according to actual average room rates. An independent hotel, regardless of average room rate, is included as a separate Chain Scale category. The Chain Scale segments are: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, Economy and Independent.

Competitive Set (Comp Set)

A peer group of hotels that competes for business and is selected to benchmark the subject property's performance.

Date-To-Date Comparison

Comparison of daily performance by actual calendar date (1st of January this year vs. 1st of January last year).

Day-To-Day Comparison

Comparison of daily performance by day of week (Monday this year vs. Monday last year).

Demand

The number of rooms sold in a specified time period (excludes complimentary rooms).

Group Rooms

Typically defined as 10 or more rooms per night sold, pursuant to a signed agreement. Refer to Data Reporting Guidelines for more specific application.

Index

Measures a hotel's performance relative to an aggregated grouping of hotels (i.e., competitive set, market or submarket). We utilize indexes to measure performance in three key areas: Occupancy, ADR and RevPAR. An index of 100 means a hotel is capturing a fair share compared to the aggregated group of hotels. An index greater than 100 represents more than a fair share of the aggregated group's performance. Conversely, an index below 100 reflects less than a fair share of the aggregated group's performance.

Occupancy (OCC)

Percentage of available rooms sold during a specified time period. Occupancy is calculated by dividing the number of rooms sold by rooms available. $\text{Occupancy} = \text{Rooms Sold} / \text{Rooms Available}$

Revenue Per Available Room (RevPAR)

Total room revenue divided by the total number of available rooms. $\text{Room Revenue} / \text{Rooms Available} = \text{RevPAR}$

Total Revenue

Revenue from all hotel operations - including rooms, Food and Beverage, other revenue departments (i.e., spa, golf, parking) and miscellaneous revenue (i.e., rentals, leases, resort fees and cancellation fees).

Year to Date

Period starting at the beginning of the current year and ending on the current date.

Hotel Types - Hotel classifications are driven primarily by building structure and, secondarily, by service level. Hotel types include:

- All-Inclusive: Property with rooms sold only as a complete package, bundling overnight accommodations and value-added amenities and services (i.e., food, beverage, activities and gratuities, etc.)
- All-Suite: Property with guestroom inventory that exclusively consists of rooms offering more space and furniture than a typical hotel room, including a designated living area or multiple rooms.
- B&B/Inn: Independently owned and operated properties that typically include breakfast in the room rates, 20 rooms or fewer and a resident/owner innkeeper.
- Boutique: Hotel that appeals to guests because of its atypical amenity and room configurations. Boutiques are normally independent (with fewer than 200 rooms), have a high average rate and offer high levels of service. Boutique hotels often provide authentic cultural, historic experiences and interesting guest services.
- Condo: Individually and wholly-owned condominium units. Inventory is included in a rental pool operated and serviced by a management company.
- Conference Center: Lodging hotel with a major focus on conference facilities.
- Convention Center: Property with a minimum of 300 rooms and large meeting facilities (minimum of 20,000 square feet).
- Destination Resort: Property that appeals to leisure travelers, typically located in resort markets, and considered a destination in and of themselves with extensive amenity offerings. These properties are typically larger and full-service.

**Hotel Types - Hotel classifications are driven primarily by building structure and, secondarily, by service level.
(Continued)**

- Extended Stay: Properties typically focused on attracting guests for extended periods. These properties quote weekly rates. The typical length of stay average for guests is four to seven nights.
- Full Service Hotel: Typically Upscale, Upper Upscale and Luxury properties with a wide variety of onsite amenities, such as restaurants, meeting spaces, exercise rooms or spas.
- Gaming/Casino: Property with a major focus on casino operations.
- Golf: Property that includes a golf course amenity as part of its operations. A property does not qualify if it only has privileges on a nearby course.
- Hotel/Motel: Standard hotel or motel operation.
- Limited Service: Property that offers limited facilities and amenities, typically without a full-service restaurant. These hotels are often in the Economy, Midscale or Upper Midscale class.
- Lifestyle Brand: Group of hotels operating under the same brand that is adapted to reflect current trends.
- New Build: Property built from the ground up, not a conversion of a building that was not previously a hotel.
- Ski: Property with onsite access to ski slopes.
- Soft Brand: Collection of hotels that allows owners and operators to affiliate with a major chain while retaining their unique name, design and orientation.
- Spa: Property with an onsite spa facility and full-time staff offering spa treatments.
- Timeshare: Property that typically is a resort condominium unit, in which multiple parties hold property use rights, and each timeshare owner is allotted a period of time when the property may be used.
- Waterpark: An indoor or outdoor waterpark resort with a lodging establishment containing an aquatic facility.

LEADERSHIP

LISA PENNAU

Mrs. Pennau offers more than 25 years of hospitality industry experience. She began in the industry as a rental car agent at the airport in Oshkosh, Wisconsin where she worked while completing her degrees in both hospitality management and sales & marketing at the local college. Lisa moved on to work as a manager in training for Super 8 hotels in Wichita, Kansas and quickly was promoted to general manager of a Super 8 in Omaha, Nebraska. She was recruited by Baymont to become a traveling manager and served several distressed Midwest properties until moving on to work for Hilton as a General Manager at a Hampton Inn Minnetonka, MN. When that hotel sold, Lisa was promoted by the new owners to Regional Director of Operations for Pillar Hotels overseeing 25+ Midwest hotels, in both both rural and metropolitan markets, including Minnesota, Wisconsin, Illinois, Iowa, North Dakota, and South Dakota. During her 10 years as Regional Director of Operations, Lisa oversaw multiple brands such as: Choice, Hilton, Hyatt, IHG, and Marriott. In her final year with Pillar she received the highest honor of Regional Director of the Year for Highest Performing Hotels in all capacities including, revenue, operations, guest service score, turnover, etc.



JESSICA JUNKER

Miss Junker offers more than 18 years of hospitality industry experience. From her beginning in the industry as a banquet server at a full-service hotel in downtown Green Bay, Wisconsin, to overseeing that very property as the manager in only a couple of years. Jessica moved on to work as a Director of Sales at a Residence Inn by Marriott, Area Director of Sales with Interstate Hotels, and Regional Director of Sales and Marketing with Pillar Hotels working on Sales, Marketing, and Revenue Management of anywhere between 15 and 52 hotels with every major and not so major brand in the country. After learning everything she needed about running a hotel, she set her sights on what happens before a hotel is built. She worked in many separate executive roles within an up-and-coming hotel franchise. Miss Junker offers hands-on expert knowledge in hotel operations, sales, marketing, training, contracting, development, construction, really all things hotels. She gained this knowledge from industry leaders like Marriott, Hilton, InterContinental Hotels Group, Choice Hotels, TMI Hospitality, Interstate Hotels, Pillar Hotels & Resorts, Cobblestone Hotels, Wyndham Hotels & Resorts, and many more.



SCOPE OF WORK

Core Distinction Group takes immense pride in the work we do. Throughout each phase of our projects we communicate with our clients regularly. This ensures everyone involved in the project is up-to-date on the progress. We also keep a very tight timeline on our projects. Each phase is well thoughtout and followed consistently. The objective of our studies are to identify and determine the need for lodging in the community, the loss of lodging to the area due to lack of quality or amount of lodging, as well as determine if there is enough need to justify a new hotel. A new hotel that makes good business sense. Below you will find each part and its timing in the process:

RESEARCH & COMMUNITY OUTREACH

This phase involves speaking with community leaders to compile a list of potential demand generators in the local and regional community. Research and Community Outreach is conducted within the first one to two weeks following receipt of the retainer.

SITE VISIT & COMMUNITY INTERVIEWS

This phase involves an in-depth local tour given by community leaders to help Core Distinction understand said community and need for lodging. The tour also includes a detailed analysis of potential sites for the project.

COMMUNITY INTERVIEWS

This phase involves conducting online and phone interviews with potential demand generators gathered during the Research and Community Outreach of the study process. This phase will take place in the first two weeks of the study process.

DATA COMPILATION

This phase of the process involves compiling all the data gathered during our visit to gain the overall picture of what is needed for the community. This phase is conducted in the two weeks following our community visit completion.

*DATA RECEIVING & REPORTING

Once all the demand generator information is gathered, Core Distinction Group begins pulling industry data for target market as well as industry trends to help us gain a better understanding of the local and regional opportunity areas.

COST GATHERING

This involves all things cost. Core Distinction Group gathers actual cost for the development, construction, financing, taxes, and all other ongoing costs associated with the specific project.

PROJECT PRO FORMA

Immediately following Development and Operational Cost Gathering, Core Distinction Group will construct a project, brand, market, and scale specific Pro Forma that is bank, investor, brand and developer friendly.

DRAFT COMPLETION/SUBMITTAL

After Core Distinction has conducted all previous phases, we complete a draft of the study and financial pro forma and submit it for review by the contracted entity. Changes to the study may be made at this point but are limited to spelling and grammar updates.

FINAL

After all requested changes are made and final payment is received, Core Distinction Group will submit a final draft of the Hotel Market Feasibility Study and Brand Specific Pro Forma to the community for distribution.

*If at this point, Core Distinction Group does not feel there is enough need for lodging to merit the costs of a new build hotel, we will stop the process, communicate with the community and offer alternative options for accommodations. If this happens, the contracted entity is not responsible for the remaining study costs highlighted in (Cost) and will receive a report indicating the reasoning behind the decision.



DISCLAIMER

Thank you for the opportunity to complete this market and feasibility study for the proposed hotel project located in Highland, IL. We have studied the market area for additional demand for a lodging facility and the results of our fieldwork and analysis are presented in this report. We have also made recommendations for the scope of the proposed project, including general site location, size of hotel, and brand segment.

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.

The conclusions presented in this report are based upon the information available and received at the time the report was filed. Core Distinction Group, LLC (CDG) has taken every possible precaution to evaluate this information for its complete accuracy and reliability. Parts of this report were prepared or arranged by third-party contributors, as indicated throughout the document. While third-party contributions have been reviewed by CDG for reasonableness and consistency to be included in this report, third-party information has not been fully audited or sought to be verified by CDG. CDG does not provide financial advice.

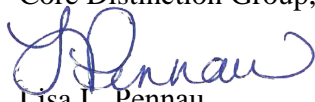
It should be understood that economic and marketplace conditions are in constant change. The results presented in this report are the professional opinion of CDG and are based on information available at the time of the report preparation. These opinions infer that market conditions do not change the information received upon which those opinions have been based. CDG assumes no responsibility for changes in the marketplace. CDG assumes no responsibility for information that becomes outdated once this report is written; nor are we responsible for keeping this information current after the date of the final document presentation.

CDG makes no express or implied representation or warranty that the contents of this report are verified, accurate, suitably qualified, reasonable or free from errors, omissions or other defects of any kind or nature. Those who rely on this report do so at their own risk and CDG disclaims all liability, damages or loss with respect to such reliance.

It is presumed that those reading this report understand the contents and recommendations. If this reader is unclear of understanding the contents, clarification can be received directly from a representative of CDG. While the terms of CDG's engagement do not require that revisions be made to this report to reflect events or conditions which occur subsequent to the date of completion of fieldwork, we are available to discuss the necessity for revisions in view of changes in the economic climate or market factors affecting the proposed hotel project.

Please do not hesitate to call should you have any comments or questions.

Sincerely,
Core Distinction Group, LLC



Lisa L. Pennau
Owner





HOTEL MARKET FEASIBILITY STUDY PROFORMA UPDATE

PREPARED FOR

HIGHLAND, ILLINOIS

PREPARED BY

Core Distinction Group, LLC
Lisa Pennau - Founding Partner
l.pennau@coredistinctiongroup.com

Jessica Junker - Managing Partner
j.junker@coredistinctiongroup.com

Offices in Wisconsin

INCLUDES

- Projected Land Costs
- Projected Building Costs
- Projected Fixture, Furnishings and Equipment Costs
- Projected Soft Costs
- Projected Investment
- Projected Revenue
- Projected Expenses
- Projected Return on Investment

Cobblestone Hotel & Suites Highland, IL

Number of Units: **66**

Building Specifications: 66 unit, three (3) story, center load, Cobblestone Hotel & Suites, with an expanded guest wine & beer bar, standard (king & queen/queen) rooms, eight (8) 2-room extended stay suites, free hot breakfast for all guests, guest fitness room, guest laundry room, meeting room, a pool, and an elevator.

Total Land & Prep	\$650,000	
<i>per room</i>	<i>\$9,848</i>	
Raw Land (TBD)		
Permit & Community (plan review/permit/inspect/impact/tap fees/etc.)	\$300,000	
Site Utility & Excav. (sewer/water/electric/grading & fill/drainage/etc.)	\$350,000	
Building Construction	\$6,385,000	
<i>per room</i>	<i>\$96,742</i>	
Fixtures, Furnishings, and Equipment	\$998,500	
<i>per room</i>	<i>\$15,129</i>	
Indirect/Soft Costs	\$1,113,500	
<i>per room</i>	<i>\$16,871</i>	
Appraisal	\$6,000	
Architectural / Engineering	\$100,000	
Cobblestone Franchise Fee	\$40,000	
Surveys	\$15,000	
Feasibility Study	\$12,500	
Development Services	\$450,000	
Pre-Opening Expenses	\$40,000	
Working Capital	\$170,000	
Legal and Accounting Fees	\$10,000	
Construction Period Interest / Loan Fees / Closing	\$100,000	
Insurance & Taxes During Construction	\$20,000	
Project Contingency	\$150,000	
Total Project Costs:	\$9,147,000	
<i>per room</i>	<i>\$138,591</i>	
Requested Loan Amount:	\$6,397,000	69.9%
Expected Cash Injection:	\$2,750,000	30.1%
Sources of Funding		
Bank Loan	6,397,000	Debt Interest: 5.00%
Expected Cash Injection	2,750,000	Debt Terms: 25
Total:	\$9,147,000	Debt Service: \$448,755

** Pricing noted above valid for 90 days from document date shown*



RAMP UP YEAR:													Rooms: 66
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Lodging Rooms Available	2,046	1,848	2,046	1,980	2,046	1,980	2,046	2,046	1,980	2,046	1,980	2,046	24,090
Lodging Occupancy %	48.4%	51.1%	55.0%	63.6%	66.0%	72.7%	68.2%	68.2%	73.9%	63.8%	56.8%	51.7%	61.6%
Total Occ. Rooms	990	945	1,125	1,260	1,350	1,440	1,395	1,395	1,463	1,305	1,125	1,058	14,850
Average Daily Rate	\$95.90	\$97.91	\$111.18	\$112.31	\$115.33	\$116.67	\$119.76	\$120.91	\$114.64	\$115.63	\$106.77	\$100.15	\$111.65
Revenue Per Available Room (REVPAR)	\$46.40	\$50.07	\$61.14	\$71.47	\$76.10	\$84.85	\$81.65	\$82.44	\$84.68	\$73.75	\$60.66	\$51.76	\$68.83
Revenue:													
Guest Room Revenue	94,941	92,521	125,082	141,514	155,701	168,001	167,061	168,667	167,659	150,897	120,116	105,908	1,658,069
Meeting Room Revenue	495	473	563	630	675	720	698	698	731	653	563	529	7,425
Vending Revenue	2,475	2,363	2,813	3,150	3,375	3,600	3,488	3,488	3,656	3,263	2,813	2,644	37,125
TOTAL HOTEL REVENUE	97,911	95,356	128,457	145,294	159,751	172,321	171,246	172,852	172,046	154,812	123,491	109,081	1,702,619
Hotel Payroll Expenses:													
Hotel Manager	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000
Maintenance	1,469	1,430	1,927	2,179	2,396	2,585	2,569	2,593	2,581	2,322	1,852	1,636	25,539
Housekeeping	7,425	7,088	8,438	9,450	10,125	10,800	10,463	10,463	10,969	9,788	8,438	7,931	111,375
Front Desk	6,171	6,014	8,130	9,198	10,121	10,920	10,859	10,963	10,898	9,808	7,808	6,884	107,774
Workers Comp Insurance	533	520	619	677	722	764	754	757	767	704	609	568	7,992
Payroll Tax	2,664	2,598	3,093	3,385	3,611	3,819	3,768	3,784	3,837	3,521	3,043	2,838	39,961
TOTAL HOTEL PAYROLL	24,512	23,899	28,456	31,140	33,226	35,138	34,661	34,809	35,302	32,393	28,000	26,107	367,642
Hotel Operating Expenses:													
Cleaning Supplies	545	520	619	693	743	792	767	767	804	718	619	582	8,168
Laundry Supplies	495	473	563	630	675	720	698	698	731	653	563	529	7,425
Linens	990	945	1,125	1,260	1,350	1,440	1,395	1,395	1,463	1,305	1,125	1,058	14,850
Guest Supplies	1,485	1,418	1,688	1,890	2,025	2,160	2,093	2,093	2,194	1,958	1,688	1,586	22,275
Operating Supplies	842	803	956	1,071	1,148	1,224	1,186	1,186	1,243	1,109	956	899	12,623
Uniforms Expense	99	95	113	126	135	144	140	140	146	131	113	106	1,485
Repairs & Maintenance	475	463	625	708	779	840	835	843	838	754	601	530	8,290
Swimming Pool Maintenance	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Grounds/Landscaping	750	750	750	500	250	250	250	250	250	250	500	750	5,500
Franchise Fees	7,161	6,468	7,161	6,930	7,161	6,930	7,161	7,161	6,930	7,161	6,930	7,161	84,315
Marketing Funds Fee	1,535	1,386	1,535	1,485	1,535	1,485	1,535	1,535	1,485	1,535	1,485	1,535	18,068
Reservation Expense	775	775	775	775	775	775	775	775	775	775	775	775	9,300
PMS Fee	492	492	492	492	492	492	492	492	492	492	492	492	5,904
Training Expense	417	417	417	417	417	417	417	417	417	417	417	417	5,000
Complimentary Breakfast	4,950	4,725	5,625	6,300	6,750	7,200	6,975	6,975	7,313	6,525	5,625	5,288	74,250
Travel Agent Fees	4,747	4,626	6,254	7,076	7,785	8,400	8,353	8,433	8,383	7,545	6,006	5,295	82,903
Vending Expense	1,238	1,181	1,406	1,575	1,688	1,800	1,744	1,744	1,828	1,631	1,406	1,322	18,563
Marketing / Advertising	949	925	1,251	1,415	1,557	1,680	1,671	1,687	1,677	1,509	1,201	1,059	16,581
Utilities	4,896	4,768	6,423	7,265	7,988	8,616	8,562	8,643	8,602	7,741	6,175	5,454	85,131
Cable/Internet/Phone	2,046	1,848	2,046	1,980	2,046	1,980	2,046	2,046	1,980	2,046	1,980	2,046	24,090
Credit Card Expense	2,203	2,146	2,890	3,269	3,594	3,877	3,853	3,889	3,871	3,483	2,779	2,454	38,309
Management Fee	5,875	5,721	7,707	8,718	9,585	10,339	10,275	10,371	10,323	9,289	7,409	6,545	102,157
TOTAL OPERATING EXPENSES	43,795	41,776	51,253	55,407	59,308	62,395	62,054	62,371	62,578	57,858	49,676	46,714	655,185
Income Before Fixed Expenses	29,603	29,681	48,748	58,748	67,217	74,789	74,531	75,672	74,167	64,561	45,816	36,260	679,791
Gross Operating Profit (GOP)	30.24%	31.13%	37.95%	40.43%	42.08%	43.40%	43.52%	43.78%	43.11%	41.70%	37.10%	33.24%	39.93%
Reserves & Fixed Expenses:													
Debt Service	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	448,755
Real Estate Taxes (Estimates)	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	68,787
Insurance	1,469	1,430	1,927	2,179	2,396	2,585	2,569	2,593	2,581	2,322	1,852	1,636	25,539
Reserves For Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESERVES & FIXED	44,597	44,559	45,055	45,308	45,525	45,713	45,697	45,721	45,709	45,451	44,981	44,765	543,081
NET OPERATING INCOME (NOI)	22,402	22,518	41,089	50,836	59,088	66,471	66,230	67,347	65,854	56,507	38,231	28,892	585,465
NET CASH FLOW	(14,994)	(14,878)	3,692	13,440	21,692	29,075	28,834	29,951	28,457	19,110	835	(8,505)	136,711

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.

Numbers projected and compared to similar markets for a hotel with the following rooms:													Rooms: 66
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Lodging Rooms Available	2,046	1,848	2,046	1,980	2,046	1,980	2,046	2,046	1,980	2,046	1,980	2,046	24,090
Lodging Occupancy %	53.8%	56.8%	61.1%	70.7%	73.3%	80.8%	75.8%	75.8%	82.1%	70.9%	63.1%	57.4%	68.5%
Total Occ. Rooms	1,100	1,050	1,250	1,400	1,500	1,600	1,550	1,550	1,625	1,450	1,250	1,175	16,500
Average Daily Rate	\$100.95	\$103.06	\$117.04	\$118.22	\$121.40	\$122.81	\$126.06	\$127.27	\$120.67	\$121.72	\$112.39	\$105.42	\$117.53
Revenue Per Available Room (REVPAR)	\$54.27	\$58.56	\$71.50	\$83.59	\$89.01	\$99.24	\$95.50	\$96.42	\$99.04	\$86.26	\$70.95	\$60.54	\$80.50
Revenue:			1,350	1,500	1,600	1,700	1,650	1,650	1,725	1,550			
Guest Room Revenue	111,042	108,212	146,295	165,514	182,106	196,493	195,393	197,272	196,092	176,488	140,487	123,869	1,939,262
Meeting Room Revenue	550	525	625	700	750	800	775	775	813	725	625	588	8,250
Vending Revenue	2,750	2,625	3,125	3,500	3,750	4,000	3,875	3,875	4,063	3,625	3,125	2,938	41,250
TOTAL HOTEL REVENUE	114,342	111,362	150,045	169,714	186,606	201,293	200,043	201,922	200,967	180,838	144,237	127,394	1,988,762
Hotel Payroll Expenses:													
Hotel Manager	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000
Maintenance	1,715	1,670	2,251	2,546	2,799	3,019	3,001	3,029	3,015	2,713	2,164	1,911	29,831
Housekeeping	8,250	7,875	9,375	10,500	11,250	12,000	11,625	11,625	12,188	10,875	9,375	8,813	123,750
Front Desk	6,107	5,952	8,046	9,103	10,016	10,807	10,747	10,850	10,785	9,707	7,727	6,813	106,659
Workers Comp Insurance	548	533	638	700	747	791	780	783	796	728	627	584	8,256
Payroll Tax	2,807	2,733	3,268	3,585	3,831	4,056	3,998	4,015	4,077	3,732	3,216	2,994	42,312
TOTAL HOTEL PAYROLL	25,260	24,597	29,411	32,267	34,476	36,508	35,984	36,136	36,693	33,588	28,942	26,948	380,809
Hotel Operating Expenses:													
Cleaning Supplies	605	578	688	770	825	880	853	853	894	798	688	646	9,075
Laundry Supplies	550	525	625	700	750	800	775	775	813	725	625	588	8,250
Linens	1,100	1,050	1,250	1,400	1,500	1,600	1,550	1,550	1,625	1,450	1,250	1,175	16,500
Guest Supplies	1,650	1,575	1,875	2,100	2,250	2,400	2,325	2,325	2,438	2,175	1,875	1,763	24,750
Operating Supplies	935	893	1,063	1,190	1,275	1,360	1,318	1,318	1,381	1,233	1,063	999	14,025
Repairs & Maintenance	555	541	731	828	911	982	977	986	980	882	702	619	9,696
Swimming Pool Maintenance	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Grounds/Landscaping	1,000	1,000	1,000	750	500	500	500	500	500	500	750	1,000	8,500
Franchise Fees	7,161	6,468	7,161	6,930	7,161	6,930	7,161	7,161	6,930	7,161	6,930	7,161	84,315
Marketing Funds Fee	1,535	1,386	1,535	1,485	1,535	1,485	1,535	1,535	1,485	1,535	1,485	1,535	18,068
Reservation Expense	775	775	775	775	775	775	775	775	775	775	775	775	9,300
PMS Fee	492	492	492	492	492	492	492	492	492	492	492	492	5,904
Complimentary Breakfast	4,400	4,200	5,000	5,600	6,000	6,400	6,200	6,200	6,500	5,800	5,000	4,700	66,000
Travel Agent Fees	5,552	5,411	7,315	8,276	9,105	9,825	9,770	9,864	9,805	8,824	7,024	6,193	96,963
Vending Expense	1,375	1,313	1,563	1,750	1,875	2,000	1,938	1,938	2,031	1,813	1,563	1,469	20,625
Marketing / Advertising	1,110	1,082	1,463	1,655	1,821	1,965	1,954	1,973	1,961	1,765	1,405	1,239	19,393
Utilities	4,574	4,454	6,002	6,789	7,464	8,052	8,002	8,077	8,039	7,234	5,769	5,096	79,550
Cable/Internet/Phone	2,046	1,848	2,046	1,980	2,046	1,980	2,046	2,046	1,980	2,046	1,980	2,046	24,090
Credit Card Expense	2,573	2,506	3,376	3,819	4,199	4,529	4,501	4,543	4,522	4,069	3,245	2,866	44,747
Management Fee	6,861	6,682	9,003	10,183	11,196	12,078	12,003	12,115	12,058	10,850	8,654	7,644	119,326
TOTAL OPERATING EXPENSES	45,681	43,610	53,794	58,304	62,513	65,866	65,505	65,857	66,041	60,959	52,108	48,838	689,077
Income Before Fixed Expenses	43,400	43,155	66,840	79,143	89,617	98,919	98,554	99,929	98,233	86,292	63,186	51,608	918,876
Gross Operating Profit (GOP)	37.96%	38.75%	44.55%	46.63%	48.02%	49.14%	49.27%	49.49%	48.88%	47.72%	43.81%	40.51%	46.20%
Reserves & Fixed Expenses:													
Debt Service	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	37,396	448,755
Real Estate Taxes (Estimates)	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	5,732	68,787
Insurance	1,715	1,670	2,251	2,546	2,799	3,019	3,001	3,029	3,015	2,713	2,164	1,911	29,831
Reserves For Replacement	2,287	2,227	3,001	3,394	3,732	4,026	4,001	4,038	4,019	3,617	2,885	2,548	39,775
TOTAL RESERVES & FIXED	47,130	47,026	48,380	49,068	49,660	50,174	50,130	50,196	50,162	49,458	48,177	47,587	587,148
NET OPERATING INCOME (NOI)	33,666	33,525	55,856	67,471	77,353	86,142	85,820	87,129	85,467	74,230	52,406	41,417	780,483
NET CASH FLOW	(3,730)	(3,871)	18,460	30,074	39,957	48,746	48,424	49,733	48,071	36,834	15,010	4,021	331,728

Five Year Numbers Projected Summary										
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5					
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT					
Lodging Rooms Available	24,090	24,090	24,090	24,090	24,090					
Lodging Occupancy %	68.5%	70.5%	72.7%	75.0%	75.0%					
Total Occ. Rooms	16,500	16,995	17,505	18,068	18,068					
Average Daily Rate	\$117.53	\$119.88	\$122.28	\$124.72	\$125.97					
REVENUE:										
Guest Room Revenue	1,939,262	97.5%	2,037,388	97.6%	2,140,480	97.6%	2,253,466	97.7%	2,276,001	97.7%
Meeting Room Revenue	8,250	0.4%	8,498	0.4%	8,752	0.4%	9,034	0.4%	9,034	0.4%
Vending / Bar Revenue	41,250	2.1%	42,488	2.0%	43,762	2.0%	45,169	2.0%	45,169	1.9%
=====										
TOTAL HOTEL REVENUE	1,988,762	100.0	2,088,373	100.0	2,192,995	100.0	2,307,669	100.0	2,330,204	100.0

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.



5 Year Projection										Rooms: 66	
The following statistics are preliminary projections based on assumed costs of a prototypical hotel.											
	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%	
Lodging Rooms Available	24,090		24,090		24,090		24,090		24,090		
Lodging Occupancy %	68.5%	68.5%	70.5%	70.5%	72.7%	72.7%	75.0%	75.0%	75.0%	75.0%	
Total Occ. Rooms	16,500		16,995		17,505		18,068		18,068		
Average Daily Rate	\$117.53		\$119.88		\$122.28		\$124.72		\$125.97		
Revenue Per Available Room (REVPAR)	\$80.50		\$84.57		\$88.85		\$93.54		\$94.48		
Revenue:											
Guest Room Revenue	1,939,262	97.51%	2,037,388	97.56%	2,140,480	97.61%	2,253,466	97.65%	2,276,001	97.67%	
Meeting Room Revenue	8,250	0.41%	8,498	0.41%	8,752	0.40%	9,034	0.39%	9,034	0.39%	
Vending Revenue	41,250	2.07%	42,488	2.03%	43,762	2.00%	45,169	1.96%	45,169	1.94%	
TOTAL HOTEL REVENUE	1,988,762	100%	2,088,373	100%	2,192,995	100%	2,307,669	100%	2,330,204	100%	
Hotel Payroll Expenses:											
Hotel Manager	70,000	3.52%	71,050	3.40%	72,116	3.29%	73,197	3.17%	74,295	3.19%	
Maintenance	29,831	1.50%	30,561	1.46%	42,810	1.95%	45,069	1.95%	45,520	1.95%	
Housekeeping	123,750	6.22%	127,463	6.10%	131,286	5.99%	135,506	5.87%	135,506	5.82%	
Front Desk	106,659	5.36%	109,859	5.26%	113,155	5.16%	116,550	5.05%	120,046	5.15%	
Workers Comp Insurance	8,256	0.42%	8,473	0.41%	8,984	0.41%	9,258	0.40%	9,384	0.40%	
Payroll Tax	42,312	2.13%	43,426	2.08%	46,044	2.10%	47,448	2.06%	48,094	2.06%	
TOTAL HOTEL PAYROLL	380,809	19.15%	390,832	18.71%	414,395	18.90%	427,028	18.50%	432,846	18.58%	
Hotel Operating Expenses:											
Cleaning Supplies	9,075	0.46%	9,347	0.45%	9,628	0.44%	9,937	0.43%	9,937	0.43%	
Laundry Supplies	8,250	0.41%	8,498	0.41%	8,752	0.40%	9,034	0.39%	9,034	0.39%	
Linens	16,500	0.83%	16,995	0.81%	17,505	0.80%	18,068	0.78%	18,068	0.78%	
Guest Supplies	24,750	1.24%	25,493	1.22%	26,257	1.20%	27,101	1.17%	27,101	1.16%	
Operating Supplies	14,025	0.71%	14,446	0.69%	14,879	0.68%	15,357	0.67%	15,357	0.66%	
Repairs & Maintenance	9,696	0.49%	13,243	0.63%	16,054	0.73%	19,154	0.83%	21,622	0.93%	
Swimming Pool Maintenance	10,000	0.50%	12,000	0.57%	14,400	0.66%	17,280	0.75%	20,736	0.89%	
Grounds/Landscape	8,500	0.43%	8,755	0.42%	9,018	0.41%	9,288	0.40%	9,567	0.41%	
Franchise Fees	84,315	4.24%	84,315	4.04%	84,315	3.84%	84,315	3.65%	84,315	3.62%	
Marketing Funds Fee	18,068	25.81%	18,068	25.43%	18,068	25.05%	18,068	24.68%	18,068	24.32%	
Reservation Expense	9,300	13.29%	9,300	13.09%	9,300	12.90%	9,300	12.71%	9,300	12.52%	
PMS Fee	5,904	8.43%	5,904	8.31%	5,904	8.19%	5,904	8.07%	5,904	7.95%	
Complimentary Breakfast	66,000	3.32%	67,980	3.26%	70,019	3.19%	72,270	3.13%	72,270	3.10%	
Travel Agent Fees	96,963	4.88%	101,869	4.88%	107,024	4.88%	112,673	4.88%	113,800	4.88%	
Vending Expense	20,625	1.04%	21,244	1.02%	21,881	1.00%	22,584	0.98%	22,584	0.97%	
Marketing / Advertising	19,393	0.98%	20,374	0.98%	21,405	0.98%	22,535	0.98%	22,760	0.98%	
Utilities	79,550	4.00%	83,535	4.00%	87,720	4.00%	92,307	4.00%	93,208	4.00%	
Cable/Internet/Phone	24,090	1.21%	24,813	1.19%	25,557	1.17%	26,324	1.14%	27,114	1.16%	
Credit Card Expense	44,747	2.25%	46,988	2.25%	49,342	2.25%	51,923	2.25%	52,430	2.25%	
Management Fee	119,326	6.00%	125,302	6.00%	131,580	6.00%	138,460	6.00%	139,812	6.00%	
TOTAL OPERATING EXPENSES	689,077	34.65%	718,468	34.40%	748,607	34.14%	781,882	33.88%	792,986	34.03%	
Income Before Fixed Expenses	918,876	46.20%	979,074	46.88%	1,029,993	46.97%	1,098,759	47.61%	1,104,371	47.39%	
Gross Operating Profit (GOP)											
Reserves & Fixed Expenses:											
Real Estate Taxes (Estimates)	68,787	3.46%	68,787	3.29%	68,787	3.14%	68,787	2.98%	68,787	2.95%	
Insurance	29,831	1.50%	31,326	1.50%	32,895	1.50%	34,615	1.50%	34,953	1.50%	
Reserves For Replacement	39,775	2.00%	62,651	3.00%	65,790	3.00%	92,307	4.00%	93,208	4.00%	
NET OPERATING INCOME (NOI)	780,483	39.24%	816,310	39.09%	862,521	39.33%	903,050	39.13%	907,423	38.94%	
Loan (Interest Payment)	316,855	15.93%	310,106	14.85%	303,013	13.82%	295,556	12.81%	287,718	12.35%	
Loan (Principal Reduction)	131,900	6.63%	138,649	6.64%	145,742	6.65%	153,199	6.64%	161,037	6.91%	
NET CASH FLOW	\$331,728	16.68%	\$367,556	17.60%	\$413,767	18.87%	\$454,296	19.69%	\$458,669	19.68%	
RETURN ON INVESTMENT (ROI) %	12.06%		13.37%		15.05%		16.52%		16.68%		
ROI % (Including Principal Reduction)	16.86%		18.41%		20.35%		22.09%		22.53%		

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.



5 Year Break Even										
The following statistics are preliminary projections based on assumed costs of a prototypical hotel.										
									Rooms: 66	
	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Lodging Rooms Available	24,090		24,090		24,090		24,090		24,090	
Lodging Occupancy %	48.7%	48.7%	48.9%	48.9%	48.8%	48.8%	49.5%	49.5%	49.6%	49.6%
Total Occ. Rooms	11,727		11,774		11,744		11,923		11,940	
Average Daily Rate	\$117.53		\$119.88		\$122.28		\$124.72		\$125.97	
Revenue Per Available Room (REVPAR)	\$57.21		\$58.59		\$59.61		\$61.73		\$62.44	
Revenue:										
Guest Room Revenue	1,378,286	97.51%	1,411,486	97.56%	1,436,048	97.61%	1,487,094	97.65%	1,504,107	97.67%
Meeting Room Revenue	5,864	0.41%	5,887	0.41%	5,872	0.40%	5,962	0.39%	5,970	0.39%
Vending Revenue	29,318	2.07%	29,435	2.03%	29,360	2.00%	29,808	1.96%	29,850	1.94%
TOTAL HOTEL REVENUE	1,413,467	100%	1,446,808	100%	1,471,280	100%	1,522,863	100%	1,539,927	100%
Hotel Payroll Expenses:										
Hotel Manager	70,000	4.95%	72,100	4.98%	74,263	5.05%	76,491	5.02%	78,786	5.12%
Maintenance	21,202	1.50%	21,172	1.46%	28,721	1.95%	37,177	2.44%	37,603	2.44%
Housekeeping	87,953	6.22%	88,305	6.10%	88,080	5.99%	89,423	5.87%	89,550	5.82%
Front Desk	90,000	6.37%	92,700	6.41%	95,481	6.49%	98,345	6.46%	101,296	6.58%
Workers Comp Insurance	6,729	0.48%	6,857	0.47%	7,164	0.49%	7,536	0.49%	7,681	0.50%
Payroll Tax	34,485	2.44%	35,142	2.43%	36,714	2.50%	38,622	2.54%	39,364	2.56%
TOTAL HOTEL PAYROLL	310,369	21.96%	316,276	21.86%	330,422	22.46%	347,594	22.83%	354,279	23.01%
Hotel Operating Expenses:										
Cleaning Supplies	6,450	0.46%	6,476	0.45%	6,459	0.44%	6,558	0.43%	6,567	0.43%
Laundry Supplies	5,864	0.41%	5,887	0.41%	5,872	0.40%	5,962	0.39%	5,970	0.39%
Linens	11,727	0.83%	11,774	0.81%	11,744	0.80%	11,923	0.78%	11,940	0.78%
Guest Supplies	17,591	1.24%	17,661	1.22%	17,616	1.20%	17,885	1.17%	17,910	1.16%
Operating Supplies	9,968	0.71%	10,008	0.69%	9,982	0.68%	10,135	0.67%	10,149	0.66%
Repairs & Maintenance	6,891	0.49%	9,175	0.63%	10,770	0.73%	12,640	0.83%	14,289	0.93%
Swimming Pool Maintenance	10,000	0.71%	12,000	0.83%	14,400	0.98%	17,280	1.13%	20,736	1.35%
Grounds/Landscape	8,500	0.60%	8,755	0.61%	9,018	0.61%	9,288	0.61%	9,567	0.62%
Franchise Fees	84,315	5.97%	84,315	5.83%	84,315	5.73%	84,315	5.54%	84,315	5.48%
Marketing Funds Fee	18,068	1.28%	18,068	1.25%	18,068	1.23%	18,068	1.19%	18,068	1.17%
Reservation Expense	9,300	0.66%	9,300	0.64%	9,300	0.63%	9,300	0.61%	9,300	0.60%
PMS Fee	5,904	0.42%	5,904	0.41%	5,904	0.40%	5,904	0.39%	5,904	0.38%
Complimentary Breakfast	46,908	3.32%	47,096	3.26%	46,976	3.19%	47,692	3.13%	47,760	3.10%
Travel Agent Fees	68,914	4.88%	70,574	4.88%	71,802	4.88%	74,355	4.88%	75,205	4.88%
Vending Expense	14,659	1.04%	14,718	1.02%	14,680	1.00%	14,904	0.98%	14,925	0.97%
Marketing / Advertising	13,783	0.98%	14,115	0.98%	14,360	0.98%	14,871	0.98%	15,041	0.98%
Utilities	56,539	4.00%	57,872	4.00%	58,851	4.00%	60,915	4.00%	61,597	4.00%
Cable/Internet/Phone	24,090	1.70%	24,813	1.71%	25,557	1.74%	26,324	1.73%	27,114	1.76%
Credit Card Expense	31,803	2.25%	32,553	2.25%	33,104	2.25%	34,264	2.25%	34,648	2.25%
Management Fee	84,808	6.00%	86,809	6.00%	88,277	6.00%	91,372	6.00%	92,396	6.00%
TOTAL OPERATING EXPENSES	536,080	37.93%	547,871	37.87%	557,056	37.86%	573,952	37.69%	583,400	37.88%
Income Before Fixed Expenses	567,018		582,661		583,802		601,318		602,247	
Gross Operating Profit (GOP)										
Reserves & Fixed Expenses:										
Real Estate Taxes (Estimates)	68,787	4.87%	68,787	4.75%	68,787	4.68%	68,787	4.52%	68,787	4.47%
Insurance	21,202	1.50%	21,702	1.50%	22,069	1.50%	22,843	1.50%	23,099	1.50%
Reserves For Replacement	28,269	2.00%	43,404	3.00%	44,138	3.00%	60,915	4.00%	61,597	4.00%
NET OPERATING INCOME (NOI)	448,760	31.75%	448,768	31.02%	448,807	30.50%	448,773	29.47%	448,765	29.14%
Loan (Interest Payment)	316,855	22.42%	310,106	21.43%	303,013	20.60%	295,556	19.41%	287,718	18.68%
Loan (Principal Reduction)	131,900	9.33%	138,649	9.58%	145,742	9.91%	153,199	10.06%	161,037	10.46%
NET CASH FLOW	\$5	0.00%	\$13	0.00%	\$53	0.00%	\$19	0.00%	\$10	0.00%

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.

This lodging demand analysis is based on general observations of the surrounding market area and the overall Highland, IL market area.

1st Quarter (Jan-Mar)	January	February	March	
Lodging Rooms Available	2,046	1,848	2,046	
Lodging Occupancy %	53.8%	56.8%	61.1%	
Total Occ. Rooms	1,100	1,050	1,250	
Average Daily Rate	100.95	103.06	117.04	
Total Revenue	\$111,042	\$108,212	\$146,295	
2nd Quarter (Apr-June)	April	May	June	
Lodging Rooms Available	1,980	2,046	1,980	
Lodging Occupancy %	70.7%	73.3%	80.8%	
Total Occ. Rooms	1,400	1,500	1,600	
Average Daily Rate	118.22	121.40	122.81	
Total Revenue	\$165,514	\$182,106	\$196,493	
3rd Quarter (July-Sept)	July	August	September	
Lodging Rooms Available	2,046	2,046	1,980	
Lodging Occupancy %	75.8%	75.8%	82.1%	
Total Occ. Rooms	1,550	1,550	1,625	
Average Daily Rate	126.06	127.27	120.67	
Total Revenue	\$195,393	\$197,272	\$196,092	
4th Quarter (Oct-Dec)	October	November	December	TOTAL
Lodging Rooms Available	2,046	1,980	2,046	24,090
Lodging Occupancy %	70.9%	63.1%	57.4%	68.5%
Total Occ. Rooms	1,450	1,250	1,175	16,500
Average Daily Rate	121.72	112.39	105.42	\$117.53
Total Revenue	\$176,488	\$140,487	\$123,869	1,939,262

** The above forecasts represent projections for occupancy, ADR, and revenue of a developed 66 unit lodging option. Financial Returns projected based on specific brand chosen for development. Development costs and FDD required by each brand for financial projection estimates.*

NOTE: The above information is a forward looking projection of anticipated occupancies, average daily rate and revenue based on the professional experience of Core Distinction Group LLC's participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by CoStar/Smith Travel Research (STR) in the market's proximity along with to date rate shopping of local and surrounding hotels, and community feedback. This projection could change due to changes in the economy (both locally and overall), the acceptance of the project by the local community and patrons, and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward looking projections are not warranted by CDG and are subject to change and fluctuation.

Source: Core Distinction Group LLC



First Year Ramp Up Projections of 66 Guestroom Lodging Options:

OCC%	ADR:	REVPAR	Room Revenue:
61.6%	\$111.65	\$68.83	\$1,658,069

1-5 Year Projections:

OCC%	ADR:	REVPAR	Room Revenue:	YEAR 1
68.5%	\$117.53	\$80.50	\$1,939,262	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 2
70.5%	\$119.88	\$84.57	\$2,037,388	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 3
72.7%	\$122.28	\$88.85	\$2,140,480	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 4
75.0%	\$124.72	\$93.54	\$2,253,466	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 5
75.0%	\$125.97	\$94.48	\$2,276,001	

It should be noted that the above projections are considered to be forecasted for the first full year open. Consideration for a ramp up period at a minimum of 90 to 166 days is typical for new hotel development. It should be noted that projections shown in any forward reaching Pro Forma will indicate a first partial year ramp up period for comparison and budget planning. The opening of this potential hotel development should be in timing up to 90 days prior to peak season to ensure highest potential profitability in year 1. A minimum of \$150k should be factored into the total project cost under working capital to offset this first year ramp up period loss potential. Hotels used in this seasonality analysis are from the regional market of Highland, IL. The market's demand patterns appear average.

Source: Core Distinction Group LLC



Proposed Property

In this section of the report, Core Distinction Group has compiled a projection of income and expense for the proposed hotel development. This projection is based on the hotel's recommendations stated throughout this report, as well as the occupancy and average rate projected throughout this report. This section of the report also details construction/development costs gathered by Core Distinction Group.

Proposed Property Description

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.

Projected Construction/Development Costs

Gathering the most accurate costs available may help ensure the hotel project projection estimates set in this report be as accurate as possible. Core Distinction Group requested construction/development costs directly from a reputable hotel construction company and/or the brand selected by the client. Core Distinction Group is not responsible for any discrepancies in costs in the future. The total estimated costs for this proposed hotel development project are listed in table below:

Hotel Construction/Development Costs in Highland, IL	
Total Estimated Costs	\$9,147,000

Hotel Construction/Development Costs in Highland, IL		
Total Estimated Costs	\$138,591	per room/key



Projected Hotel Development Revenue

In this section of this report, Core Distinction Group has compiled projections of revenue for the proposed hotel. This projection is based on the hotel's recommendations stated throughout this report, as well as the occupancy and average rate projected throughout this report. Room 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 by year three. Following the stabilized year, the proposed subject hotel's average rate is projected to increase along with the underlying rate of inflation. Due to the scale of the proposed hotel development, the revenue will also contain a small amount of food and beverage revenue, telephone revenue, meeting space revenue and miscellaneous revenue. Below you will find a five year projection of total revenue for the proposed hotel development:

Five Year Projected Hotel Development Revenue	
Year 1	
	\$1,988,761.81
Year 2	
	\$2,088,373.46
Year 3	
	\$2,192,994.87
Year 4	
	\$2,307,668.86
Year 5	
	\$2,330,203.53

Projected Hotel Development Payroll

The projected hotel development payroll expenses consist of all payroll associated with the revenue obtained by the proposed property. Core Distinction Group includes; the General Manager salary, all maintenance payroll, all housekeeping payroll, all front desk payroll, as well as workers compensation insurance and any payroll taxes in its evaluation. Below you will find the forecasted five year proposed property's total payroll:

Five Year Projected Hotel Development Total Payroll	
Year 1	
	\$380,808.95
Year 2	
	\$390,831.55
Year 3	
	\$414,394.71
Year 4	
	\$427,028.33
Year 5	
	\$432,846.01



Projected Hotel Development Operating Expenses

The projected hotel development operating expenses consist of all operating expenses associated with the revenue obtained by the proposed property. Core Distinction Group includes the following in its operating expenses:

Cleaning Supply Expenses - All expenses related to the cleaning of the proposed hotel project.

Laundry Supply Expenses - All expenses related to the laundering of the linens at the proposed hotel project.

Linen Expenses - All expenses related to the ongoing cost of replacing linens at the proposed hotel project.

Guest Supply Expenses - All expenses related to the restocking of supplies used by the guest at proposed hotel project.

Operating Supply Expenses - All expenses related to the operations of the proposed hotel project.

Repairs and Maintenance Expenses - All expenses related to the repair and maintenance of the proposed hotel project. It should be noted that as a new hotel, these amounts may be lower in the first year or two of operation. However, this also does include any contracts such as elevator maintenance, fire alarm monitoring, etc.

Swimming Pool Maintenance Expenses - All expenses related to the upkeep of the pool at the proposed hotel project. It should be noted that if the proposed hotel does not have a pool, this number will not be present in the proposed hotel project expenses.

Grounds and Landscaping Expenses - All expenses related to the ongoing maintenance of lawn, landscaping and snow removal (if applicable) of the proposed hotel project.

Franchise Fee Expenses - All expenses related to the ongoing fees charged by the franchise to the proposed hotel project.

Property Management System Expenses - All expenses related to the ongoing fees charged by the property management system of the proposed hotel project.

Breakfast Expenses - All expenses related to the breakfast provided by the proposed hotel project.

Travel Agent Fee Expenses - All expenses related to the ongoing fees charged by any travel agent booking revenue at the proposed hotel project. This also includes online travel agent websites.

Reservation Expenses - All expenses related to the ongoing fees charged by the central reservation system of proposed hotel project.



Projected Hotel Development Operating Expenses (continued)

Vending and Bar Expenses - All expenses related to the bar or vending area of the proposed hotel project.

Office Expenses - All expenses related to the office supplies need at the proposed hotel project.

Marketing and Advertising Expenses - All expenses related to the marketing and advertising done for the proposed hotel project.

Utility Expenses - All expenses related to the utilities utilized at the proposed hotel project.

Telephone Expenses - All expenses related to the phone system at the proposed hotel project.

Internet Expenses - All expenses related to the internet system at the proposed hotel project.

Cable Expenses - All expenses related to the cable system at the proposed hotel project.

Waste Removal Expenses - All expenses related to the removal of waste at the proposed hotel project.

Dues and Subscription Expenses - All expenses related to any dues or subscriptions utilized at proposed hotel project.

Licenses and Permitting Expenses - All expenses related to any ongoing licenses or permits for the proposed hotel project.

Credit Card Processing Expenses - All expenses related to the credit card processing system at the proposed hotel project.

Management Fee Expenses - All expenses related to the ongoing professional hotel management fees of the proposed hotel project.

Accounting Service Expenses - All expenses related to the ongoing, professional accounting or accountant fees of the proposed hotel project.

Other Expenses/Frequent Stay Program Expenses - All expenses related to the brand's frequent stay program at the proposed hotel project. This line also includes any miscellaneous expenses.



Projected Hotel Development Operating Expenses (continued)

Below you will find the forecasted five year, proposed property's total operating expenses:

Five Year Projected Hotel Development Total Operating Expenses	
Year 1	
	\$689,076.84
Year 2	
	\$718,468.03
Year 3	
	\$748,607.33
Year 4	
	\$781,881.73
Year 5	
	\$792,986.21



Projected Hotel Development Reserves and Fixed Expenses

The projected hotel development reserves and fixed expenses consist of all fixed monthly expenses as well as the reserve for replacement expenses associated with the revenue obtained by the proposed property. Core Distinction Group includes the following in its reserves and fixed expenses:

Real Estate Tax Expenses - This expense relates to the real estate taxes assessed for the proposed hotel project. In some cases this item could be an estimate and/or may be reduced due to incentives. 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. The numbers below are based on what was available to Core Distinction Group representatives at the time of conducting the research in this report.

Insurance Expenses - This expense relates to the ongoing property insurance for the proposed hotel project. In some cases this item could be an estimate. The insurance expense 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. The numbers to follow are based on what was available to Core Distinction Group representatives at the time of conducting the research in this report.

Reserve for Replacement Expenses - Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's revenue-producing abilities. This expense line 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 revenue-producing potential of a lodging facility. Studies have indicated that on an ongoing basis a minimum of 4 percent is required to properly maintain hotels. Because the proposed hotel will be a new construction, we used a buildable approach whereas, in the first two years of operation, the reserve was estimated to be 3 percent and in subsequent years the reserve for replacement was estimated to be 4 percent of total sales and is estimated to provide sufficient funds for future capital improvements.



Projected Hotel Development Reserves and Fixed Expenses (continued)

Below you will find the forecasted five year, proposed property's total reserves and fixed expenses:

Five Year Projected Hotel Development Total Reserves and Fixed Expenses	
Year 1	
	\$138,393.42
Year 2	
	\$162,763.56
Year 3	
	\$167,471.52
Year 4	
	\$195,708.54
Year 5	
	\$196,947.95



Projected Hotel Development Loan Expenses

The projected hotel development loan expenses consist of all monthly expenses incurred by the proposed property. Based on our analysis of the current lodging industry's mortgage market and adjustments for specific factors, such as the property's site, proposed facility, and conditions in the hotel market, it is our opinion that a 5% interest, 25-year amortization mortgage is appropriate for the proposed subject hotel. In the mortgage equity analysis, we have applied a loan-to-cost ratio of 70%, which is reasonable to expect based on this interest rate and current parameters. Below you will find the forecasted five year, proposed property's total loan expenses:

Five Year Projected Hotel Development Total Interest Payment
Year 1
\$316,855
Year 2
\$310,106
Year 3
\$303,013
Year 4
\$295,556
Year 5
\$287,718

Five Year Projected Hotel Development Total Principal Reduction
Year 1
\$131,900
Year 2
\$138,649
Year 3
\$145,742
Year 4
\$153,199
Year 5
\$161,037



Projected Hotel Development Income

The projected hotel development income is measured by two separate parameters for the proposed property:

Return On Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment relative to the investment's cost.

Net Operating Income (NOI) is a calculation used to analyze the profitability of income-generating real estate investments. NOI equals all revenue from the property, minus all reasonably necessary operating expenses.

The projected hotel development Return On Investment (ROI) and Net Operating Income (NOI) for the proposed property are as follows:

Five Year Projected Hotel Development Total Return On Investment (ROI)	
Year 1	
	12.06%
Year 2	
	13.37%
Year 3	
	15.05%
Year 4	
	16.52%
Year 5	
	16.68%

Five Year Projected Hotel Development Total Net Operating Income (NOI)	
Year 1	
	16.86%
Year 2	
	18.41%
Year 3	
	20.35%
Year 4	
	22.09%
Year 5	
	22.53%

