



HOTEL & LEISURE ADVISORS

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**MARKET FEASIBILITY STUDY REPORT  
FOR THE  
PROPOSED INDOOR WATERPARK RESORT  
84 CHALET ROAD  
THOMPSON, SULLIVAN COUNTY, NEW YORK**

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Date of Report:

January 23, 2014

FOR

Mr. Tim Lies  
Project Manager  
EPR Properties  
909 Walnut  
Suite 200  
Kansas City, Missouri 64106



## HOTEL & LEISURE ADVISORS

January 23, 2014

Mr. Tim Lies  
Project Manager  
EPR Properties  
909 Walnut  
Suite 200  
Kansas City, Missouri 64106

**RE: Proposed Indoor Waterpark Resort  
Thompson, Sullivan County, New York**

Dear Mr. Lies:

In fulfillment of our engagement letter, we have completed our study of the market demand and economic feasibility for the proposal to develop an indoor waterpark resort and timeshare units in Thompson, Sullivan County, New York. The study is based upon market conditions observed as of the date of our market inspection on November 14, 2013, and research conducted in November and December 2013 and January 2014.

The property is part of larger master plan development that will encompass 1,735 acres of the former Concord Resort. The subject will occupy approximately 135 acres of the total development and be located just east of 84 Chalet Road, the current clubhouse for the Concord Monster Golf Course. A traveler on State Route 17 will take exit 106 then travel north on Joyland Road to the subject site.

### **Assumptions**

The conclusions contained in this report are based upon a review of information provided by you and on-site field work in the market area which is described in the Scope of Assignment section. As in all studies of this type, the conclusions reached do not take into account, or make provisions for, the effect of any sharp rise or decline in local or general economic conditions not presently foreseeable. The estimated results are based on competent and efficient management of the proposed resort and timeshare development, as well as an aggressive marketing program prior to and after the opening of the proposed subject. We assume the subject will hire appropriate management personnel to operate and market the entire resort development. We assume that the subject will operate as an independent resort property not affiliated with a national franchise. We assume the proposed resort will open January 1, 2017. We assume that the timeshare units will be constructed in 50-unit increments over a four-year period between 2018 and 2021 with presales occurring in 2017. The timeshare units maybe developed as cabins, duplexes, apartment style structures or any combination of developmental structures which optimizes the usage of the site while blending with the regions scenic beauty and landscaping. We presume no significant change in the competitive position of the hotel industry in the area from that as set forth in this report. We do not warrant that the estimates will be attained, but they have been conscientiously prepared on the basis of information obtained and our experience in the hotel industry.

Mr. Tim Lies  
January 23, 2014  
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It is expressly understood that the scope of this study and the report thereon do not include the possible impact of zoning regulations, licensing requirements, or other restrictions concerning the project, except where such matters have been brought to our attention and which are set forth in this report.

This report and its contents are intended solely for the information of our client for internal use relative to determining the feasibility of the project. The report should not be relied upon for any other purpose. Otherwise, neither our report nor any of its contents nor any reference to Hotel & Leisure Advisors, LLC (H&LA) may be included or quoted in any document, offering circular, registration statement, prospectus, sales brochure, other appraisal, or other agreement without our prior written approval. Such permission will not be unreasonably withheld.

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

Respectfully submitted,

**Hotel & Leisure Advisors, LLC**



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David J. Sangree, MAI, ISHC  
President



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Joseph Pierce  
Director of Appraisal & Consulting Services

**MARKET FEASIBILITY STUDY REPORT  
FOR THE  
PROPOSED INDOOR WATERPARK RESORT  
84 CHALET ROAD  
THOMPSON, SULLIVAN COUNTY, NEW YORK  
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## **SCOPE OF THE ASSIGNMENT**

Hotel & Leisure Advisors, LLC has been retained by Mr. Tim Lies with EPR Properties to estimate the potential market feasibility of the development of a hotel with indoor waterpark resort hotel and timeshare units in Thompson, New York.

We made a number of independent investigations and analyses in performing this study. We evaluated the subject site and its relationship to potential demand generators as well as its attributes relative to the lodging and waterpark competitors. We interviewed representatives of the convention and visitors bureau, chamber of commerce, city officials, county officials, economic development officials, and assessor's office to collect information concerning the proposed site and region. We interviewed managers or owners of existing and proposed competitive resorts and timeshare resort properties. We interviewed representatives of various hotel chains to determine performance of area hotels and proposed new supply additions. We interviewed managers of indoor waterpark resorts across the country. We interviewed representatives of area attractions to determine usage and new supply additions. We have conducted demand interviews with various potential users of the proposed facility.

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

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

We based the financial analysis primarily upon the probable operating experience of the property relative to gross operating revenues, typical expense levels, and resultant net cash flow. We estimated operating revenues utilizing market data relative to industry standards and comparable properties in the subject area. We estimated expense levels based upon industry standards and operating histories of similar properties. We have estimated the financial projections for the subject facility for the year beginning January 1, 2017, for 11 years.

**EXECUTIVE SUMMARY**

EPR Properties has acquired  $\pm 1,735$  acres in which it plans to develop a large master planned resort development. The overall site is largely the former home of the historic Concord Resort, but does not include the footprint of the former hotel. The proposed indoor waterpark resort and timeshare units will occupy  $\pm 135$  acres of the total development. The proposed indoor waterpark resort hotel and timeshare units will be situated on a plateau at the top of a beginner ski hill/tubing hill. We recommend the 350-room hotel and 200-unit timeshare development to be connected to the subject indoor waterpark. Due to its elevation, the site offers panoramic views of the surrounding hillside.

The proposed resort development is to be developed by Concord HWP LLC, affiliates of the owner of Camelback Resort, and will be leased from EPR Properties on a long-term lease. Waterpark Ventures Management, affiliates of Wilderness Resorts out of Wisconsin Dells, Wisconsin, is planned to be the management company and potentially the brand for the resort. Wyndham Resorts is planned to sell and operate the timeshare units.

The overall development is dependent upon the receipt of a recently voter approved casino license from the state of New York. Seven casino licenses will be awarded. The RFPs related to the licenses will be received in 2014 with the awarding of the licenses projected to occur by January 2015. If the license is awarded to EPT Concord II, LLC, a 391-key casino hotel, with a large gaming floor, multiple restaurants, sports/entertainment bar, spa, 20,000 square feet of meeting space, and theater will be developed just south of the subject. The casino resort is projected to open prior to the opening of the indoor waterpark resort. We project the proposed indoor waterpark resort will open on January 1, 2017. We project the timeshare units will begin presales in 2017 and the first of four 50-unit buildings will open in January 1, 2018.

The following table profiles our recommendations for the proposed resort hotel in Thompson, Sullivan County, New York.

<b>Proposed Indoor Waterpark Resort Recommended Facility</b>			
<b>Number of Units</b>		<b>350</b>	
<b>Room Mix</b>	<b>Units</b>	<b>Room Breakdown %</b>	<b>Size (S.F.)</b>
Double-Queen	210	60%	400-450
Kings	35	10%	400-450
Suites	105	30%	550-600
<b>Meeting Rooms</b>		<b>Square Feet</b>	<b>Banquet Seating Capacity</b>
Ballroom (Divisible Into 6 Rooms)		12,000	1,000
Smaller Ballroom (Divisible into 7 rooms)		7,000	580
Additional Banquet/Meeting Rooms (Divisible Into 6)		3,000	
Pre-function Space		10,000	
<b>Total</b>		<b>32,000</b>	
<b>Food and Beverage Outlets</b>			
Themed Family-Style Restaurant			
Specialty Restaurant and Bar			
Coffee Shop			
Indoor Waterpark Snack Bar			
Swim-up Bar			
Waterpark Bar			
Outdoor Waterpark Snack Bar			
Deli Market/Confectionary			
<b>Waterpark Features</b>		<b>Sizing</b>	
Indoor Square Footage		80,000	
Outdoor Square Footage		40,000	
# of Lockers		500	
Birthday Party Rooms S.F. (Divisible Into 3)		1,500	
<b>Additional Revenue Centers</b>		<b>Square Feet</b>	
Family Entertainment Center/Arcade		25,000	
Gift Shop		4,000	
Spa		1,500	
<b>Outdoor Adventure Park</b>			
Beginner Ski/Tubing Hill			
Zipline			
Miniature Golf			
Rope Course			
Mountain Coaster			
<b>Amenities</b>			
Indoor/Outdoor Whirlpool		Kids Activities	
Fitness Center		Complimentary Parking	
Complimentary High Speed Internet		Business Center	
Dry Play Area		MagiQuest Style Interactive Game	
<b>Adjacent Attractions (not included in our study)</b>			
Monster Golf Course		Retail	
Casino		Skating Rink	
Multiple Restaurants		Amphitheater/Event Area	
Source: Hotel & Leisure Advisors			



**Subject Hotel Projections**

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

<b>PROJECTED FINANCIAL PERFORMANCE</b>																
<b>PROPOSED INDOOR WATERPARK RESORT, THOMPSON, NEW YORK</b>																
	Base Year 2017				Base +1 2018				Base +2 2019				Base +3 2020			
Number of Rooms	350				350				350				350			
Occupancy	63.7%				67.6%				71.0%				71.0%			
Average Rate	\$263.00				\$276.15				\$287.20				\$295.81			
Days Open	365				365				365				365			
Rooms Occupied	81,362				86,318				90,703				90,703			
Rooms Available	127,750				127,750				127,750				127,750			
Revenues	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	\$ 21,398	57.3%	\$ 61,137	\$ 263.00	\$ 23,837	57.9%	\$ 68,106	\$ 276.15	\$ 26,050	58.1%	\$ 74,429	\$ 287.20	\$ 26,831	57.6%	\$ 76,660	\$ 295.81
Food and Beverage	\$ 7,500	20.1%	\$ 21,429	\$ 92.18	\$ 8,163	19.8%	\$ 23,323	\$ 94.57	\$ 8,838	19.7%	\$ 25,251	\$ 97.44	\$ 9,280	19.9%	\$ 26,514	\$ 102.31
Other Operated Departments	\$ 1,750	4.7%	\$ 5,000	\$ 21.51	\$ 1,899	4.6%	\$ 5,426	\$ 22.00	\$ 2,051	4.6%	\$ 5,860	\$ 22.61	\$ 2,154	4.6%	\$ 6,154	\$ 23.75
Rentals and Other Income	\$ 1,200	3.2%	\$ 3,429	\$ 14.75	\$ 1,306	3.2%	\$ 3,731	\$ 15.13	\$ 1,414	3.2%	\$ 4,040	\$ 15.59	\$ 1,485	3.2%	\$ 4,243	\$ 16.37
Retail	\$ 1,500	4.0%	\$ 4,286	\$ 18.44	\$ 1,642	4.0%	\$ 4,691	\$ 19.02	\$ 1,787	4.0%	\$ 5,106	\$ 19.70	\$ 1,876	4.0%	\$ 5,360	\$ 20.68
FEC/Arcade	\$ 2,500	6.7%	\$ 7,143	\$ 30.73	\$ 2,737	6.6%	\$ 7,820	\$ 31.71	\$ 2,978	6.6%	\$ 8,509	\$ 32.83	\$ 3,127	6.7%	\$ 8,934	\$ 34.48
Indoor Waterpark	\$ 1,468	3.9%	\$ 4,194	\$ 18.04	\$ 1,588	3.9%	\$ 4,537	\$ 18.40	\$ 1,714	3.8%	\$ 4,897	\$ 18.90	\$ 1,835	3.9%	\$ 5,243	\$ 20.23
<b>Total Revenue</b>	<b>\$ 37,316</b>	<b>100.0%</b>	<b>\$ 106,617</b>	<b>\$ 458.64</b>	<b>\$ 41,172</b>	<b>100.0%</b>	<b>\$ 117,634</b>	<b>\$ 476.98</b>	<b>\$ 44,832</b>	<b>100.0%</b>	<b>\$ 128,091</b>	<b>\$ 494.27</b>	<b>\$ 46,588</b>	<b>100.0%</b>	<b>\$ 133,109</b>	<b>\$ 513.63</b>
Departmental Expenses																
Rooms	\$ 3,852	18.0%	\$ 11,006	\$ 47.34	\$ 4,100	17.2%	\$ 11,714	\$ 47.50	\$ 4,344	16.7%	\$ 12,411	\$ 47.89	\$ 4,475	16.7%	\$ 12,786	\$ 49.34
Food & Beverage	\$ 5,250	70.0%	\$ 15,000	\$ 64.53	\$ 5,638	69.1%	\$ 16,109	\$ 65.32	\$ 6,017	68.1%	\$ 17,191	\$ 66.34	\$ 6,198	66.8%	\$ 17,709	\$ 68.33
Other Operated Departments	\$ 875	50.0%	\$ 2,500	\$ 10.75	\$ 940	49.5%	\$ 2,686	\$ 10.89	\$ 1,003	48.9%	\$ 2,866	\$ 11.06	\$ 1,033	48.0%	\$ 2,951	\$ 11.39
Retail	\$ 900	60.0%	\$ 2,571	\$ 11.06	\$ 967	58.9%	\$ 2,763	\$ 11.20	\$ 1,032	57.8%	\$ 2,949	\$ 11.38	\$ 1,062	56.6%	\$ 3,034	\$ 11.71
FEC/Arcade	\$ 1,250	50.0%	\$ 3,571	\$ 15.36	\$ 1,342	49.0%	\$ 3,834	\$ 15.55	\$ 1,433	48.1%	\$ 4,094	\$ 15.80	\$ 1,476	47.2%	\$ 4,217	\$ 16.27
Indoor Waterpark	\$ 2,106	143.5%	\$ 6,017	\$ 25.88	\$ 2,429	153.0%	\$ 6,940	\$ 28.14	\$ 2,722	158.8%	\$ 7,777	\$ 30.01	\$ 2,938	160.1%	\$ 8,394	\$ 32.39
<b>Total Dept. Expenses</b>	<b>\$ 14,233</b>	<b>38.1%</b>	<b>\$ 40,666</b>	<b>\$ 174.93</b>	<b>\$ 15,416</b>	<b>37.4%</b>	<b>\$ 44,046</b>	<b>\$ 178.60</b>	<b>\$ 16,551</b>	<b>36.9%</b>	<b>\$ 47,289</b>	<b>\$ 182.47</b>	<b>\$ 17,182</b>	<b>36.9%</b>	<b>\$ 49,091</b>	<b>\$ 189.43</b>
<b>Departmental Income</b>	<b>\$ 23,083</b>	<b>61.9%</b>	<b>\$ 65,951</b>	<b>\$ 283.71</b>	<b>\$ 25,756</b>	<b>62.6%</b>	<b>\$ 73,589</b>	<b>\$ 298.39</b>	<b>\$ 28,281</b>	<b>63.1%</b>	<b>\$ 80,803</b>	<b>\$ 311.80</b>	<b>\$ 29,406</b>	<b>63.1%</b>	<b>\$ 84,017</b>	<b>\$ 324.20</b>
Undistributed Operating Expenses																
Administrative & General	\$ 2,450	6.6%	\$ 7,000	\$ 30.11	\$ 2,608	6.3%	\$ 7,451	\$ 30.21	\$ 2,763	6.2%	\$ 7,894	\$ 30.46	\$ 2,846	6.1%	\$ 8,131	\$ 31.38
Management Fees	\$ 1,493	4.0%	\$ 4,266	\$ 18.35	\$ 1,647	4.0%	\$ 4,706	\$ 19.08	\$ 1,793	4.0%	\$ 5,123	\$ 19.77	\$ 1,864	4.0%	\$ 5,326	\$ 20.55
Marketing & Franchise Fees	\$ 3,150	8.4%	\$ 9,000	\$ 38.72	\$ 3,343	8.1%	\$ 9,551	\$ 38.73	\$ 3,534	7.9%	\$ 10,097	\$ 38.96	\$ 3,640	7.8%	\$ 10,400	\$ 40.13
Prop. Oper. & Maintenance	\$ 1,400	3.8%	\$ 4,000	\$ 17.21	\$ 1,486	3.6%	\$ 4,246	\$ 17.22	\$ 1,571	3.5%	\$ 4,489	\$ 17.32	\$ 1,618	3.5%	\$ 4,623	\$ 17.84
Energy Costs	\$ 1,575	4.2%	\$ 4,500	\$ 19.36	\$ 1,672	4.1%	\$ 4,777	\$ 19.37	\$ 1,767	3.9%	\$ 5,049	\$ 19.48	\$ 1,820	3.9%	\$ 5,200	\$ 20.07
<b>Total UDOEs</b>	<b>\$ 10,068</b>	<b>27.0%</b>	<b>\$ 28,766</b>	<b>\$ 123.74</b>	<b>\$ 10,756</b>	<b>26.1%</b>	<b>\$ 30,731</b>	<b>\$ 124.61</b>	<b>\$ 11,428</b>	<b>25.5%</b>	<b>\$ 32,651</b>	<b>\$ 125.99</b>	<b>\$ 11,788</b>	<b>25.3%</b>	<b>\$ 33,680</b>	<b>\$ 129.96</b>
<b>Income Before Fixed Charges</b>	<b>\$ 13,015</b>	<b>34.9%</b>	<b>\$ 37,186</b>	<b>\$ 159.96</b>	<b>\$ 15,000</b>	<b>36.4%</b>	<b>\$ 42,857</b>	<b>\$ 173.78</b>	<b>\$ 16,853</b>	<b>37.6%</b>	<b>\$ 48,151</b>	<b>\$ 185.80</b>	<b>\$ 17,618</b>	<b>37.8%</b>	<b>\$ 50,337</b>	<b>\$ 194.24</b>
Fixed Charges																
Property Tax	\$ 58	0.2%	\$ 166	\$ 0.71	\$ 60	0.1%	\$ 171	\$ 0.70	\$ 62	0.1%	\$ 177	\$ 0.68	\$ 63	0.1%	\$ 180	\$ 0.69
Insurance	\$ 350	0.9%	\$ 1,000	\$ 4.30	\$ 361	0.9%	\$ 1,031	\$ 4.18	\$ 371	0.8%	\$ 1,060	\$ 4.09	\$ 382	0.8%	\$ 1,091	\$ 4.21
Reserve for Replacement	\$ 746	2.0%	\$ 2,131	\$ 9.17	\$ 1,235	3.0%	\$ 3,529	\$ 14.31	\$ 1,793	4.0%	\$ 5,123	\$ 19.77	\$ 2,329	5.0%	\$ 6,654	\$ 25.68
<b>Total Fixed Charges</b>	<b>\$ 1,154</b>	<b>3.1%</b>	<b>\$ 3,297</b>	<b>\$ 14.18</b>	<b>\$ 1,656</b>	<b>4.0%</b>	<b>\$ 4,731</b>	<b>\$ 19.18</b>	<b>\$ 2,226</b>	<b>5.0%</b>	<b>\$ 6,360</b>	<b>\$ 24.54</b>	<b>\$ 2,774</b>	<b>6.0%</b>	<b>\$ 7,926</b>	<b>\$ 30.58</b>
<b>Net Income</b>	<b>\$ 11,861</b>	<b>31.8%</b>	<b>\$ 33,889</b>	<b>\$ 145.78</b>	<b>\$ 13,344</b>	<b>32.4%</b>	<b>\$ 38,126</b>	<b>\$ 154.59</b>	<b>\$ 14,627</b>	<b>32.6%</b>	<b>\$ 41,791</b>	<b>\$ 161.26</b>	<b>\$ 14,844</b>	<b>31.9%</b>	<b>\$ 42,411</b>	<b>\$ 163.65</b>

Source: Hotel & Leisure Advisors

**Timeshare Development**

The following summarizes the proposed subject's timeshare facilities and our recommendations.

<b>Proposed Indoor Waterpark Resort, Thompson, New York Summary of Facilities - Timeshare</b>		
<b><u>Timeshare Building</u></b>	<b><u>Year Constructed</u></b>	<b><u># of Units</u></b>
Building "A"	2018	50
Building "B"	2019	50
Building "C"	2020	50
Building "D"	2021	<u>50</u>
<b>Total Number of Units at Buildout</b>		<b>200</b>
<b>Timeshare Unit Mix</b>		<b>Units</b>
One-Bedroom		40
Two-Bedroom		140
Three-Bedroom		<u>20</u>
<b>Total</b>		<b>200</b>
<b>Amenities</b>		
Complimentary Indoor Waterpark Admission for up to Eight Persons		
Full Kitchen in Every Unit		
Complimentary Transportation throughout the Resort Development		
RFID Cashless Wristband System for use throughout the Resort		
Separate Check-in/Check-out & Concierge Area for Timeshare Owners & Exchange Guests		
Laundry Facilities within each timeshare building		
Spa (Located in the Indoor Waterpark Hotel)		
Fitness Center (Located in the Indoor Waterpark Hotel)		
Numerous Food & Beverage Outlets (Located in the Indoor Waterpark Hotel)		
Note: Units may be cabins, duplexes, apartment style, or combination of each		
Source: Hotel & Leisure Advisors		

**Timeshare Projections**

The following table indicates our projections of financial performance for the proposed timeshare development.

<b>Proposed Resort -Thompson, New York</b>								
<b>Prospective Financial Analysis of Cash Flow-Timeshare Development</b>								
	<b>Presale 2017</b>	<b>Opens 01/2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023-2027</b>	<b>Total</b>
Total # of Timeshare Units in Inventory	0	50	100	150	200	200	200	<b>200</b>
Total# of Intervals Available (& for Presale)	2,600	4,200	4,300	4,700	2,700	1,000	0	--
# of Intervals Sold	1,000	2,500	2,200	2,000	1,700	1,000	0	<b>10,400</b>
Net Number of Intervals Available	1,600	1,700	2,100	2,700	1,000	0	0	0
Average Sale Price per Interval	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$26,844
Gross Income From Sales	\$25,000,000	\$64,375,000	\$58,349,500	\$54,636,350	\$47,834,124	\$28,981,852	\$0	\$279,176,826
Financing Income (interest spread)	\$100,000	\$357,500	\$590,898	\$809,443	\$1,000,780	\$1,116,707	\$1,608,208	\$5,583,537
Total Income	\$25,100,000	\$64,733,000	\$58,940,398	\$55,445,793	\$48,834,904	\$30,098,559	\$1,608,208	\$284,760,363
Less:								
Sales, Marketing & Commissions	\$9,750,000	\$25,106,000	\$22,756,000	\$21,308,000	\$18,655,000	\$11,303,000	\$0	\$108,878,000
General and Administrative Costs	\$1,750,000	\$4,506,250	\$4,084,465	\$3,824,545	\$3,348,389	\$2,028,730	\$0	\$19,542,378
Total Expenses	\$11,500,000	\$29,612,250	\$26,840,465	\$25,132,545	\$22,003,389	\$13,331,730	\$0	\$128,420,378
Net Proceeds	\$13,600,000	\$35,120,750	\$32,099,933	\$30,313,249	\$26,831,516	\$16,766,830	\$1,608,208	\$156,340,485
Discount Rate at 20%	0.83333	0.69444	0.57870	0.48225	0.40188	0.33490	0.27908	
Present Value	\$11,333,333	\$24,389,410	\$18,576,350	\$14,618,658	\$10,782,984	\$5,615,177	\$448,821	\$85,764,734
<b>Rounded</b>								<b>\$85,800,000</b>

## **Conclusion**

Our analysis indicates that the development of the proposed 350-key indoor waterpark resort and 200-unit timeshare resort with approximately 80,000 square feet of waterpark area produces a positive return. The market area surrounding the subject site contains no indoor waterpark resorts, which have proven to be very popular with families for short vacations and getaways. We have analyzed the discounted cash flow result for the indoor waterpark resort utilizing a 12.0% discount rate and a 10.0% terminal capitalization rate. The discounted cash flow as completed indicates a conclusion of \$138,900,000 or \$396,857 per available hotel room (350 rooms) for the development. The discounted cash flow as stabilized indicates a conclusion of \$153,600,000 or \$438,857 per available hotel room for the development.

We note that the value conclusions are not meant to be market value because there are still many unknowns concerning the subject project. Rather they are presented as an analysis of value utilizing typical parameters performed in the income capitalization approach for an appraisal.

Based upon our analysis, it is our opinion that the net sellout value of the subject's timeshares as if completed as of January 1, 2017, will be \$85,800,000. We note that the value shown is not considered market value due the many uncertainties about the subject project. Rather it indicates net sellout value of the projected income stream utilizing a 20% discount rate after development of 200 timeshare units or 10,400 timeshare intervals over 6 years.

We project development costs for the proposed project to range from \$160,000,000 to \$200,000,000 or from \$290,000 to \$364,000 per available unit (550 rooms) inclusive of the hotel, timeshare units, indoor waterpark, and meeting space.

## **Area Review**

The neighborhood surrounding the subject site contains a variety of uses that are primarily related to recreation, residential, and hospitality. The subject site has easy access but no visibility from State Route 17. New York City is located approximately 90 miles southeast of the subject site; Albany is located approximately 98 miles northeast of the subject site; and Scranton, Pennsylvania, is located approximately 85 miles west of the subject site.

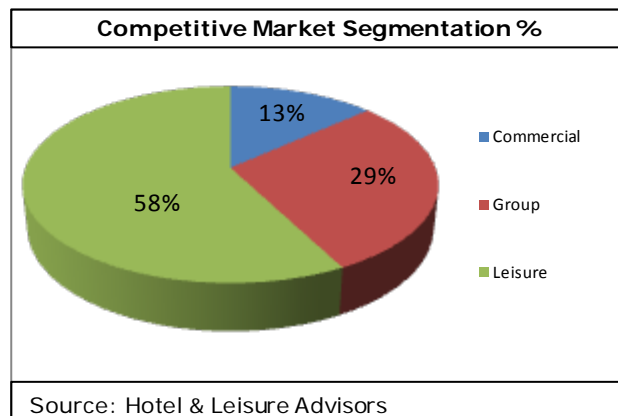
## **Competitive Hotel Market**

The proposed indoor waterpark resort will be the first resort hotel with an indoor waterpark in the Catskills region. It will offer a wide range of amenities including the indoor waterpark. It will have the advantage of being associated with the relocated Monticello Casino and Raceway and the historic Monster Golf Course. We have analyzed a grouping of competitive resorts located in Pennsylvania and the Hudson Valley region. The following table provides their operating performance.

<b>Proposed Indoor Waterpark Resort, Thompson, New York Historical Performance of Competitive Set</b>			
<b>Total Market Demand Segment</b>	<b>Historical</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Commercial</b>	74,584	77,701	84,836
<b>Group</b>	169,499	173,968	183,798
<b>Leisure</b>	341,735	354,013	365,938
<b>Total Room Night Demand</b>	<b>585,818</b>	<b>605,683</b>	<b>634,573</b>
Total Room Demand Growth	-	3.4%	4.8%
Total Room Nights Available	999,735	999,735	999,735
Total Room Supply Growth	-	0.0%	0.0%
Adjusted Market Occupancy	58.6%	60.6%	63.5%
ADR	\$242.00	\$248.41	\$248.62
ADR Growth	-	2.6%	0.1%
RevPAR	\$141.81	\$150.50	\$157.81
RevPAR Growth	-	6.1%	4.9%
Source: Hotel & Leisure Advisors			

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

<b>Total Accommodated Demand Output</b>			
<b>Segment</b>		<b>2013 Rm Nights</b>	<b>Segment Percent</b>
1	<b>Commercial</b>	84,836	13%
2	<b>Group</b>	183,798	29%
3	<b>Leisure</b>	365,938	58%
<b>TOTAL</b>		<b>634,573</b>	<b>100%</b>
<b>Market Occupancy</b>		63.5%	
<b>Market ADR</b>		\$248.62	
Source: Hotel & Leisure Advisors			



**Indoor Waterpark Attendance**

We have analyzed the potential demand for an 80,000 square foot indoor waterpark facility. The following table indicates our projections of attendance and indoor waterpark revenue from the connected subject indoor waterpark hotel, the timeshare resort, casino hotel, and local daily attendance.

<b>Projected Attendance and Indoor Waterpark Revenue</b>						
<b>Proposed Indoor Waterpark Resort</b>						
<b>80,000 square feet</b>						
Calendar Years						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Proposed Indoor Waterpark Resort</b>						
Indoor Waterpark occupied rooms	81,362	86,318	90,703	90,703	90,703	90,703
Waterpark package occupied rooms	71,719	76,087	79,953	79,953	79,953	79,953
Indoor Waterpark Hotel attendance	286,876	304,350	319,813	319,813	319,813	319,813
<b>Timeshare Usage</b>						
Total Number of Timeshare Units Sold	0	50	100	148	181	200
Available Intervals	0	2,600	5,200	7,700	9,400	10,400
Maintenance fee dedicated to waterpark	0	\$100	\$103	\$106	\$109	\$113
Timeshare maintenance fees for waterpark	0	\$260,000	\$535,600	\$816,893	\$1,027,163	\$1,170,529
Timeshare users (3.5 days * 4.7 people)	0	42,770	85,540	126,665	154,630	171,080
<b>Local Groups and Casino Resort Hotel</b>						
Attendees	29,758	23,806	17,855	11,903	5,952	0
Waterpark admission average	\$30.00	\$30.90	\$31.83	\$32.78	\$33.77	\$34.78
Projected revenue	\$892,734	\$735,612	\$568,261	\$390,206	\$200,956	\$0
<b>Total</b>						
Subject property attendance	316,633	370,926	423,208	458,381	480,395	490,893
Available capacity (2,000/day)	730,000	730,000	730,000	730,000	730,000	730,000
Usage percentage	<b>43%</b>	<b>51%</b>	<b>58%</b>	<b>63%</b>	<b>66%</b>	<b>67%</b>
Total ticket revenue (rounded)	\$893,000	\$996,000	\$1,104,000	\$1,207,000	\$1,228,000	\$1,171,000
<b>Cabanas and Locker Rentals Revenue</b>						
	\$575,000	\$592,000	\$610,000	\$628,000	\$647,000	\$666,000
<b>Total Revenue</b>						
	\$1,468,000	\$1,588,000	\$1,714,000	\$1,835,000	\$1,875,000	\$1,837,000
<b>Statistical information</b>						
Projected attendance per square foot	4.0	4.6	5.3	5.7	6.0	6.1
Demand segmentation:						
Indoor Waterpark occupied rooms	90.6%	82.1%	75.6%	69.8%	66.6%	65.1%
Timeshare Usage	0.0%	11.5%	20.2%	27.6%	32.2%	34.9%
Local Groups and Casino Resort Hotel	9.4%	6.4%	4.2%	2.6%	1.2%	0.0%

Source: Hotel & Leisure Advisors

**Subject Development Outlook**

Overall, our study has revealed that the subject proposed indoor waterpark resort has a high probability of being viable depending upon development costs and the ability of the property to market to its region. The proposed timeshare sales effort will provide the additional capital for the project. The subject's location in the Catskills is within driving distance of the New York City MSA, Philadelphia MSA, and other cities. This market area offers over 43 million people within a 180 mile radius of the subject and has high levels of household and disposable income, and the existence of numerous families. The strong historical performance of the Great Wolf Lodge in the Poconos highlights that a good quality facility with a strong management team can result in a successful indoor waterpark resort. The subject's location as part of a major redevelopment of the former Concord Resort will include a wide range of amenities including the planned casino resort.

**Indoor Waterpark Resort Recommendations**

We have made the following recommendations for the proposed development.

- We recommend the subject offer 350 guest rooms with a mixture of double queens, king rooms, and suites. All rooms are recommended to include a sleeper sofa or bunk beds and a half wall to allow families to utilize them as studio suites. We recommend a mixture of room types including themed rooms with kids' bunk beds and separate kids' areas. All standard guest rooms should sleep six people. This will provide flexibility for guests. We recommend these rooms be larger than typical guest rooms with an average square footage of between 400 and 450 square feet and suites offering approximately 600 square feet and include a separate bedroom and living room. We recommend approximately 70% typical guest rooms and 30% suites.
- We recommend the subject offer two restaurants which should share the same kitchen. We recommend one of the restaurants be a family oriented buffet style facility. We recommend the other restaurant offer a slightly more upscale although still family-friendly menu. One of the restaurants should include a separate lounge area with entertainment offered during busy time periods. We project a waterpark snack bar will be located in the indoor waterpark area. We recommend a swim-up bar and a waterpark bar overlooking the FlowRider in the indoor waterpark. We recommend a seasonal snack bar located in the outdoor waterpark area. We also recommend a take-out pastry/deli area offering snacks, baked goods, ice cream, and candy. We also recommend a Starbucks type coffee shop. We recommend the food and beverage options and the entire hotel be smoke-free.
- We recommend the subject offer a meeting and conference space with approximately 32,000 square feet including a 12,000 square foot divisible ballroom, smaller divisible ballroom, symposium style room, and various breakout rooms. The meeting space will allow the subject to attract additional group business in midweek periods. Additionally, the meeting space will accommodate weddings, bar mitzvahs, and other social events. The conference space should be located on the opposite end of the building from the indoor waterpark to allow separation between different types of users.
- We recommend the subject offer 1,500 square feet of multiple birthday party rooms adjacent to the indoor waterpark for party guests to assemble when they are not in the waterpark. This room can be utilized as an overflow breakout room, or for waterpark snack bar seating, when there are no birthday parties.
- We recommend amenities for travelers to conduct business, including a small business center and availability of wireless Internet access.
- We further recommend a large indoor waterpark, an outdoor waterpark, family entertainment center, fitness center, and themed lobby.
- We recommend the subject offer RFID wristbands to hotel and timeshare guests to pay for various services at the resort, including arcade tokens, gift shop, restaurants, coffee shop and waterpark snack bar. The wristbands can either be pre-paid (for children) or linked to a guest room account.
- We recommend a MagiQuest-type interactive game for children that would utilize different sections of the hotel. This interactive game is extremely popular and



profitable at the Great Wolf Lodge properties. We also recommend other dry play areas within the hotel for children to enjoy.

- We recommend the development include a 1,500 square foot teen spa that would include multiple treatment rooms and offer services such as facials, pedicures, and other treatments. The spa should be targeted toward teenagers with their parents as well as activities for younger children. An adult full-service spa is projected to be developed in the casino resort hotel.
- The developer is planning and we recommend an adventure park with mountain coaster, ropes course, zipline, and tubing hill/beginner skiing hill. The development will be able to utilize the natural changes in elevations to create numerous outdoor activities. Walking and hiking trails should be created to connect the indoor waterpark resort to the adventure park, Concord Monster Golf Course, casino, and entertainment village. The additional activities will provide a greater experience to the guests staying at the indoor waterpark resort.
- We recommend outdoor amenities including an outdoor waterpark area and walking/bike path. Walking paths should provide connectivity to the adventure park activities, amphitheater, ice rink, action park area and casino. While the indoor waterpark resort should be a stand-alone destination, ease of connectivity to the overall development's many other amenities will enhance the overall guest experience.
- We recommend retail stores with approximately 4,000 square feet of space selling items related to the theme of the waterpark in addition to swimming and sports related items.
- We recommend the facility be constructed with a plan to add a second phase expansion of the hotel rooms, indoor waterpark, outdoor waterpark, and conference center if demand allows. Planning for an expansion in the initial drawings will lower the cost later. The facility could utilize additional land available within the overall development.
- We recommend the subject try to obtain LEED certification as a "green" structure, which would allow for reduced energy costs and positive eco-friendly publicity. We recommend the developers analyze the various point systems for certification and balance the potentially higher costs with energy and environmental savings. The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. In 2011, an ongoing study involving CB Richard Ellis, the University of San Diego and McGraw Hill Construction revealed that green buildings generated stronger returns for investors than traditional properties, with owners anticipating a 4% higher return on investment (ROI) and an additional 5% increase in building value. Savings in energy costs of 20% to 50% are common through integrated planning, site orientation, energy-saving technologies, light-reflective materials, natural daylight and ventilation, and downsized HVAC and other equipment.

### **Timeshare Resort Recommendations**

The following bullets highlight the timeshare portion of the proposed resort and our recommendations.

- We recommend that the 200-unit timeshare development be constructed in 50-unit buildings or a mix of buildings and cabins over the course of four years. The timeshare units would be developed as one-, two-, and three-bedroom units. The units would range in size from 750 to 800 square feet for one-bedroom units, 1,000 to 1,100 square feet for two-bedroom units and 1,300 to 1,500 for three-bedroom units. We recommend the main timeshare buildings be connected via a ground floor walkway. We recommend a majority of the units be two-bedroom units. The structures could be a mix of cabins, duplexes, or apartment style buildings.
- Interior corridor access should be provided between all timeshare units and the many amenities offered at the indoor waterpark resort hotel (including the restaurants, indoor waterpark, meeting space, arcade, gift shops, and lounge).
- We recommend that a separate check-in/check-out lobby area be constructed within the timeshare portion of the resort development.
- All timeshare interval owners and timeshare exchange guests (guests who own timeshare weeks at another resort but who have exchanged their week for a stay at the subject) utilizing the units should receive complimentary indoor waterpark admission for up to eight persons during their stay. Additional day pass and weekly pass admission should be made available at a reduced rate. A portion of the resort's interval timeshare owner's maintenance fee should be allocated to the indoor waterpark to account for usage and maintenance. The remainder of the fee accounts for the operation and upkeep of the timeshare units.
- We recommend that timeshare interval owners be made eligible for discounts at all of the subject resort's revenue centers (rounds of golf, spa treatments, etc.).
- We recommend that timeshare owners be awarded access to the indoor waterpark one hour earlier (or one hour later) than the resort guests at least two days per week. We project this exclusive benefit to be a selling tool for the timeshare units.
- Coin-operated laundry facilities should be made available within each timeshare building.
- Access to the fitness room (located within the hotel complex) should be complimentary for all timeshare guests.
- We recommend that the subject provide complimentary transportation throughout the resort to all timeshare owners and exchange guests.
- We recommend that the timeshare development include a four-season outdoor whirlpool and outdoor pool accessible only by timeshare owners and exchange guests. This area should also include a sun deck for use in the summer months.

- Sufficient parking should be developed in close proximity to the timeshare portion of the resort.
- We recommend that the timeshare development include a game room exclusively for timeshare owners and exchange guests offering televisions, video games, board games, and pool tables. This amenity should be accessible via room key. We recommend that one of these game room areas be included in at least two of the four timeshare buildings.
- The design elements and theming for the timeshare units should match with the rest of the resort.

### **STANDARD CONDITIONS**

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

1. The report is to be used in whole and not in part. The report, engagement letter and these standard conditions constitute the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or current agreements or understandings between the parties, whether in writing or orally. The report and engagement letter may not be amended except in writing signed by the parties hereto. These standard conditions shall survive the completion of the assignment.
2. Publication of the report or engagement letter without the prior written consent of H&LA is prohibited unless otherwise stated in the letter of engagement. Neither the report nor engagement letter may be used by any person other than the party to whom they are addressed nor may they be used for purposes other than that for which they were prepared. Neither the engagement letter, nor the report, nor their contents, nor any reference to the appraisers or H&LA or any reference to the Appraisal Institute, International Society of Hospitality Consultants, American Institute of Certified Public Accountants, or the American Institute of Architects, (or the MAI, ISHC, CPA or AIA designations) may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, other appraisal, loan, or other agreement or document without H&LA's prior written permission, in its sole discretion. Moreover, "H&LA" is a registered trademark of Hotel & Leisure Advisors, LLC. The client agrees that in event of a breach of this Section 2, in addition to any other rights and remedies of H&LA, and hereby consents to injunctive relief.
3. No responsibility is assumed for the legal description or any matters which are legal in nature. Title to the property is assumed to be good and marketable and the property is assumed to be free and clear of all liens unless otherwise stated. No survey of the property was performed. Sketches, maps, photos, or other graphic aids included in the reports are intended to assist the reader in ready identification and visualization of the property and are not intended for technical purposes.

4. The information contained in the assignment is based upon data gathered from sources the consultant or appraiser assumes to be reliable and accurate. Some of this information may have been provided by the owner of the property. Neither the consultants nor H&LA shall be responsible for the accuracy or completeness of such information including the correctness of public records or filings, estimates, opinions, dimensions, sketches, exhibits, and other factual matters.
5. The report may contain prospective financial information, estimates, or opinions that represent the consultants' or appraisers' view of reasonable expectations at a particular point in time. Such information, estimates, or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by H&LA's prospective financial analyses will vary from those described in the report, and the variations may be material. The financial projections stated in the report and any opinions of value are as of the date stated in the report. Changes since that date in external and market factors or in the property itself can significantly affect property value or performance.
6. H&LA has not considered the presence of potentially hazardous materials and contaminants such as asbestos, urea formaldehyde foam insulation, toxic waste, PCBs, pesticides, mold, lead-based paints, or other materials. The appraisers and consultants are not qualified to detect or report on hazardous material contamination and H&LA urges the client to retain an expert in this field if desired.
7. Unless noted, H&LA assumes there are no encroachments, zoning violations, or building violations encumbering the subject property. It is assumed that the property will not be operated in violation of any applicable government regulations, zoning, codes, ordinances, or statutes. No responsibility is assumed for architectural design and building codes. The analysis and concept drawings included in the report are not intended for technical purposes.
8. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
9. Real estate consulting engagements and appraisal assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and the client will be obligated to pay in advance for the standard per diem fees and travel costs.
10. No significant change is assumed in the supply and demand patterns indicated in the report. The appraisal or consulting engagement assumes market conditions as observed as of the current date of the market research stated in the letter of transmittal. These market conditions are believed to be correct; however, H&LA or the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.
11. The quality of a lodging facility or other leisure property's management has a direct effect on the property's economic viability. It should be specifically noted by any prospective reader that the engagement assumes that the property will be competently managed, leased, and maintained by financially sound owners over

- the expected period of ownership. H&LA is not responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
12. The forecast of income and expenses are not predictions of the future. Rather, they are the consultants' best estimates of current market thinking on future income and expenses. We do not warrant that the estimates will be obtained, but that they have been prepared in a conscientious manner on the basis of information obtained during the course of this study.
  13. The subject property is valued assuming all items of furniture, fixtures, equipment, working capital, and inventory are in place. Should items essential in the operation of the hotel prove to be missing, we reserve the right to amend the opinion of value expressed in an appraisal report.
  14. H&LA does not, as part of this consulting report or appraisal, perform an audit, review, or examination (as defined by the American Institute of Certified Public Accountants) of any of the historical or prospective financial information used and therefore, does not express any opinion with regard to it.
  15. The consulting engagement or appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute. No other code, ordinance, rule or regulation of any kind or nature whatsoever shall apply.
  16. It is agreed that the maximum damages recoverable from H&LA or its affiliates or their respective employees relative to this engagement shall be the amount of the money actually collected by H&LA or its affiliates for work performed pursuant to the engagement letter. The client acknowledges that H&LA cannot and does not guarantee and makes no representations as to the success of the project. H&LA shall not be liable for any incidental, breach of warranty, consequential or punitive damages, expenses, costs or losses whatsoever directly or indirectly arising out of the services performed hereunder (including negligence and/or gross negligence). In addition, there is no accountability or liability to any third party.
  17. The client hereby releases and discharges H&LA, its directors, officers, and employees, from and against any and all claims and demands of any nature or kind whatsoever arising as a result of the design, development, operations, and performance of the proposed or existing project. The client furthermore agrees to indemnify, defend and hold harmless H&LA and its directors, officers and employees, from any and all claims of any nature whatsoever, including attorney fees, expenses and costs.
  18. The report does not address the project's compliance with the federal statute commonly known as the Americans with Disabilities Act as well as regulations and accessibility guidelines promulgated thereunder.
  19. The provisions of the report, the engagement letter and these standard conditions shall be severable, and if a court of competent jurisdiction holds any provisions of the report, engagement letter and these standard conditions invalid, illegal or unenforceable, the remaining provisions shall nevertheless remain in full force and effect as written.

## **EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

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

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

Our study is not a feasibility study for the proposed casino resort but utilizes assumptions concerning the performance of the casino resort in analyzing the number of potential attendees of the indoor waterpark. Our study assumes the proposed casino resort will be constructed and open before the subject.

There are no other extraordinary assumptions or hypothetical conditions.

## **COMPETENCY OF THE CONSULTANTS**

Hotel & Leisure Advisors, LLC is a national hospitality consulting firm specializing in appraisals, feasibility studies, economic impact studies, and impact analyses for hotels, outdoor and indoor waterparks, resorts, ski resorts, golf courses, restaurants, conference and convention centers, and other leisure real estate. We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to this industry. Our participation in industry associations and trade groups keeps us abreast of developments affecting our clients and gives us access to rich sources of data. We follow news and transactions occurring in the hospitality industry on a daily basis. The consultants of the firm have performed more than 2,000 hotel studies since 1987 at various firms. Mr. David J. Sangree, MAI, CPA, ISHC has written articles concerning hotels, resorts, and waterparks for *Hotel Management*, *Lodging Hospitality*, *World Waterpark Magazine*, *Midwest Real Estate News*, *Aquatics Magazine*, *Hotel Online*, and *Cornell Hotel and Restaurant Administration Quarterly* and is a national expert on these types of properties. He has appeared on Good Morning America and CNBC concerning shows on resorts and waterparks. He has inspected most of the open indoor waterpark resorts in the United States and Canada. We maintain databases and files concerning various types of hospitality properties. Therefore, we possess the knowledge and experience to conduct the inspection, analysis, and reasoning necessary to estimate the feasibility of the subject.

## **AREA REVIEW**

The feasibility of a leisure-oriented project is influenced in a general manner by the economic, political, physical, and social characteristics of its surrounding area. The subject site is located in the town of Thompson, Sullivan County, New York. Sullivan County is not a component of any larger statistical area as recognized by the U.S. Census Bureau; however, it sits just north of the New York-Newark-Jersey City NY-NJ-PA Metropolitan Statistical Area (MSA). In terms of total population, the New York-Newark-Jersey City NY-NJ-PA MSA is the largest statistical area of its kind in the United States and includes 12 New York counties, 12 New Jersey counties, and one county in Pennsylvania. Throughout this section of the report, this area will be referred to simply as the New York MSA. Although Sullivan County is not a component of this statistical area, demographics and income statistics for the New York MSA are presented in this section along with figures for Thompson, Sullivan County, and the state of New York, in order to present a fuller picture of demographic trends in the subject area.

Located approximately 90 miles northwest of New York City, Thompson is considered part of the Catskills region, which encompasses Delaware, Greene, Sullivan, and Ulster Counties. The subject site is located about 15 miles south of Catskill Park, home to many of the area's most popular recreational attractions. In the local area, the primary tourist attractions are Monticello Casino & Raceway and Holiday Mountain Ski & Fun Park.

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

### **Social Forces**

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

**Population Trends:** The following table presents population growth trends for Thompson, Sullivan County, the New York MSA, and the state of New York.

Population Growth Trends Thompson, New York							
Area	2000 Census	2010 Census	2013 Est.	2018 Proj.	%Change 2000-10	%Change 2010-13	%Change 2013-18
Thompson	14,190	15,308	14,821	14,402	7.9%	-3.2%	-2.8%
Sullivan County	73,966	77,547	76,427	75,287	4.8%	-1.4%	-1.5%
New York MSA	18,944,519	19,567,410	19,764,907	20,240,593	3.3%	1.0%	2.4%
New York	18,976,457	19,378,102	19,552,714	19,922,198	2.1%	0.9%	1.9%

Sources: U.S. Census Bureau, ESRI

According to the 2013 estimates, Sullivan County is currently home to over 76,000 people, with roughly 15,000 in the town of Thompson. It is important to note that these figures represent permanent year-round residents only and therefore do not include those with vacation homes in the area. The town and county both saw net gains in overall population from 2000 to 2010. Since 2010, however, the local area has experienced a decline in resident population, and this trend is projected to carry forward over the next few years. Meanwhile, the neighboring New York MSA experienced healthy population gains over the past decade, and it is projected to continue growing over the next five years. By 2018, the population of the New York MSA is projected to top 20 million.

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

Household Growth Trends Thompson, New York							
Area	2000 Census	2010 Census	2013 Est.	2018 Proj.	%Change 2000-10	%Change 2010-13	%Change 2013-18
Thompson	5,544	5,982	5,801	5,661	7.9%	-3.0%	-2.4%
Sullivan County	27,661	30,139	29,741	29,378	9.0%	-1.3%	-1.2%
New York MSA	6,891,287	7,152,840	7,217,404	7,402,463	3.8%	0.9%	2.6%
New York	7,056,860	7,317,755	7,390,108	7,550,363	3.7%	1.0%	2.2%

Sources: U.S. Census Bureau, ESRI

Sullivan County is currently home to around 30,000 households, with roughly 5,800 in the town of Thompson alone. The New York MSA and the state of New York have approximately 7.2 million and 7.4 million resident households, respectively. Once again, these figures show that, despite strong gains over the period of 2000 to 2010, the local area has not kept pace with the state as a whole in terms of overall growth in recent years.

**Higher Education:** Institutions of higher learning are typically demand generators for leisure facilities, and they help to provide an area with a stable employment base. There are no higher education institutions in the immediate vicinity of the subject site, though several exist throughout the larger region. Sullivan County Community College, based in Loch Sheldrake, serves a typical enrollment of 1,600 full- and part-time students,



offering 37 degree programs and 11 certificate programs. The college's 405-acre campus is located about 12 miles north of the subject. The nearest university is the State University of New York (SUNY) at New Paltz, about an hour's drive east of Thompson. This campus has a typical annual enrollment of around 7,700 undergraduate and graduate students. Other notable institutions within 60 miles of Thompson include Orange County Community College in Middletown, New York; the U.S. Military Academy at West Point, New York; Rockland Community College in Suffern, New York; Marist College and Vassar College in Poughkeepsie, New York; Ramapo College of New Jersey in Mahwah, New Jersey; and East Stroudsburg University of Pennsylvania in East Stroudsburg, Pennsylvania.

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

The closest retail area to the subject site is the Thompson Square Mall in Monticello, located along State Route 42 just north of State Route 17. This 240,135 square foot shopping center is anchored by Home Depot, Staples, and a ShopRite supermarket. A Walmart Supercenter, the single largest store in the area, is located across from Thompson Square Mall, on the opposite side of State Route 42. Beyond the local area, the nearest major retail center is the Galleria at Crystal Run in Middletown, New York. This enclosed shopping mall holds 1.2 million square feet of gross leasable area and is anchored by JCPenney, Macy's, Target, Dick's Sporting Goods, and a 16-screen AMC Theatres cinema.

**Tourism Statistics:** Tourism is a major economic driver for the state of New York, and it is particularly important to the economy of Sullivan County. In 2013, Tourism Economics, a division of Oxford Economics USA, released a study on the economic impacts of tourism at the state and regional levels. The study, titled *The Economic Impact of Travel & Tourism in New York – 2012 Calendar Year*, revealed that total direct sales to travelers statewide reached a record \$57.3 billion in 2012, representing a 6.2% increase over the previous year. Of this amount, the largest proportion (65%) was attributable to New York City, followed by Long Island (9%) and the Hudson Valley Region (5%).

Spending in the Catskills Region – which consists of Delaware, Greene, Sullivan, and Ulster Counties – amounted to almost \$1.1 billion, or 2% of the state total. Though Sullivan County is considered part of the Catskills Region according to the state's delineations, it is also widely considered to be part of the Hudson Valley Region. In 2012, this region recorded nearly \$3.2 billion in visitor spending. The following table presents a summary of annual traveler expenditures in the Catskills Region, the Hudson Valley Region, and the state of New York as a whole for the years 2010 through 2012.

<b>Total Annual Traveler Spending</b>					
\$000s					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>% Change. 2010/2011</u>	<u>% Change. 2011/2012</u>
Catskills Region	\$ 997,153	\$ 1,029,949	\$ 1,070,983	3.3%	4.0%
Hudson Valley Region	\$ 2,864,271	\$ 3,066,304	\$ 3,154,900	7.1%	2.9%
New York State	\$ 49,774,984	\$ 53,910,138	\$ 57,256,992	8.3%	6.2%

Source: Tourism Economics, *The Economic Impact of Travel & Tourism in New York – 2012 Calendar Year*

Among the four counties of the Catskills Region, Ulster County captured the largest share of visitor spending in 2012 with 44% of the total or more than \$474 million, followed by Sullivan County (34%), Greene County (14%), and Delaware County (8%).

The following table presents a breakdown of visitor spending by category in Sullivan County for the past three years. The table also provides a comparison to other counties in the Catskills and Hudson Valley Regions.

<b>Tourism Expenditures (000's) in Sullivan County, New York 2010-2012</b>							
	<b>LODGING</b>	<b>RECREATION</b>	<b>FOOD &amp; BEVERAGE</b>	<b>RETAIL &amp; SERVICE</b>	<b>TRANSP.</b>	<b>SECOND HOME</b>	<b>TOTAL</b>
2010	\$133,115	\$6,530	\$32,858	\$53,710	\$2,173	\$116,722	\$345,107
2011	\$131,566	\$6,340	\$32,981	\$57,630	\$2,266	\$118,434	\$349,216
2012	\$138,148	\$7,388	\$34,344	\$60,017	\$2,594	\$121,812	\$364,304
<b><u>Comparison with the 10 Counties of the Catskills and Hudson Valley Regions</u></b>							
DELAWARE	\$9,694	\$1,438	\$8,612	\$7,515	\$905	\$59,453	\$87,616
GREENE	\$34,676	\$7,248	\$22,696	\$23,943	\$10,762	\$45,423	\$144,748
ULSTER	\$187,838	\$10,488	\$93,949	\$104,224	\$36,177	\$41,638	\$474,314
COLUMBIA	\$16,601	\$10,168	\$21,932	\$17,348	\$21,085	\$28,313	\$115,447
DUTCHESS	\$89,449	\$32,027	\$107,492	\$85,145	\$133,547	\$27,845	\$475,556
ORANGE	\$63,323	\$19,831	\$115,530	\$76,143	\$142,820	\$10,203	\$427,850
PUTNAM	\$4,136	\$6,821	\$17,596	\$10,610	\$3,034	\$10,444	\$52,641
ROCKLAND	\$75,881	\$43,182	\$132,532	\$100,835	\$44,375	\$3,537	\$400,341
WESTCHESTER	\$358,120	\$146,009	\$442,287	\$357,964	\$347,208	\$31,477	\$3,154,900
SULLIVAN'S RANK AMONG THE 10 COUNTIES	3 <sup>rd</sup>	7 <sup>th</sup>	6 <sup>th</sup>	6 <sup>th</sup>	9 <sup>th</sup>	1 <sup>st</sup>	6 <sup>th</sup>

Source: Tourism Economics, *The Economic Impact of Travel & Tourism in New York – 2012 Calendar Year*

Total visitor spending in Sullivan County amounted to over \$364 million in 2012, marking a 4.3% increase over the previous year. The largest share of this spending was in the Lodging and Second Home categories. As shown, Sullivan County leads all counties in both regions in terms of spending on second homes. According to the Sullivan County Visitors Association, the county receives an estimated 2.5 million visitors annually.

**Recreation and Regional Attractions:** Recreational facilities and regional attractions enhance an area's quality of life. These activities also have a significant economic impact on an area by increasing the demand for services and retail trade created by visitors. Tourists in turn tend to generate lodging demand on weekends, holidays and summer

months, offsetting commercial visitations during weaker periods. The following table lists major attractions in the area.

<b>Major Tourist Attractions in the Subject Area</b>	
<b><u>Attraction</u></b>	<b><u>Location</u></b>
Concord Monster Golf Club	Kiamesha Lake, NY
Monticello Casino & Raceway	Monticello, NY
Holiday Mountain Ski & Fun Park	Monticello, NY
Breezeway Farm	Monticello, NY
Bethel Woods Center for the Arts	Bethel, NY
Catskill Park	Greene, Delaware, Sullivan & Ulster Counties

Source: Hotel & Leisure Advisors

Sullivan County offers a number of recreational attractions for visitors to enjoy. Among the largest and best known is the Monticello Casino & Raceway, located off of State Route 17B approximately seven miles west of the subject site. This 40,000 square foot casino and entertainment complex offers live harness racing and over 1,500 slot machines and other electronic games. The casino and raceway are planned to move adjacent to the subject site prior to the opening of the subject. The Monticello Motor Club, a private club for sports car enthusiasts, is located along State Route 42 south of the village center.

The subject site is also located about three miles northwest of the Holiday Mountain Ski & Fun Park, which offers downhill skiing in the winter. In the summer months, Holiday Mountain operates a variety of outdoor recreational attractions including go-karts, bumper boats, bumper cars, miniature golf, a climbing wall, a train ride, and a bungee trampoline.

Much of the land area in northern Sullivan County is part of the of the 700,000-acre Catskill Park, which also stretches into parts of Greene, Delaware, and Ulster Counties. The park, which encompasses the Catskill Mountains, is a mix of public and private lands, with numerous areas for outdoor recreational activities such as hiking, skiing, fishing, hunting, and camping. Lake Superior State Park, located west of Thompson, is a day-use park with areas for swimming, fishing, and boating, as well as boat rentals and picnic areas.

Other notable attractions in Sullivan County include Villa Roma Resort, Breezeway Farm, Bethel Woods Center for the Arts, and Apple Pond Farm & Renewable Energy Center. Villa Roma Resort, in Callicoon, offers a number of family-oriented recreational activities including bumper boats, go-karts, bowling, swimming, and pony rides. Breezeway Farm in Monticello offers children a chance to interact with farm animals and also offers pony rides. Apple Pond Farm & Renewable Energy Education Center features hands-on workshops and farm tours for children and families during the summer months. Bethel Woods Center for the Arts, located at the site of the original 1969 Woodstock Festival,

includes two outdoor concert stages: the Pavilion Stage, which can accommodate an audience of up to 15,000, and the Terrace Stage, a 1,000-seat outdoor Roman-style amphitheater. Bethel Woods also features the 300-seat Museum Events Gallery, which hosts performances, gallery shows, and educational programs year round. The area also holds a number of private youth summer camps.

The region is well known for its outdoor activities. The county boasts 27 miles of lakes, ponds, rivers, and streams. Two rivers, the Delaware River and Beaverkill River are popular fly-fishing spots. The waterways are also popular for rafting, tubing, and canoeing. Other activities taking advantage of the region's natural resources including hiking, biking, snowshoeing, winter ice fishing, and skating. The following table is a listing of the campgrounds, cottages, cabins, and bungalows within Sullivan County.

**Proposed Indoor Waterpark Resort, Thompson, New York  
Area Analysis and Descriptive Data**

**B-7**

Campground, Cottages, Cabins and Bungalows Sullivan County					
Community	Name	Tent Sites	Cabins	RV Sites	Cottages/Cabins/Bungalows (rooms)
Barryville	Indian Head Canoes Campground & Cabins	55	10		
	Kittatinny Campground	300		50	
	Lander's Minisink Campground	27			
	The Carriage House Motel		6		12 (sleeps 28)
Bethel	Malek Properties	N/A	N/A	N/A	N/A
	Stone Hearth Manor				1 (sleeps 8)
Bloomingsburg	Berentsen's Campground	100			
Callicoon	Delaware Ridge Estates				4 units each sleeps 2-8
Callicoon Center	Apple Pond Farm				1 (sleeps 5)
DeBruce	Mongaup Pond State Campground	163			
Ferndale	Swan Lake Camplands	92		76	
Glen Spey	Mohican Lake Resort				20
Jeffersonville	Lake Jeff Cottage				1 (sleeps 4)
Lake Huntington	Lakeview Cottages				11
Livingston Manor	Little Pond Campground	75		67	
	The Guest House				6
	Willowemoc Campgrounds				
	Willowemoc Wild Forest Yurt	N/A			
Monticello	Maplewood Gardens Bungalow Colony				15
	Swinging Bridge	50		100	
Mountindale	Hilltop Farm Campsites	46		40	
Narrowsburg	Beaverbrook Cottages				2
	Catskill River House				1
	Lander's Narrowsburg Campground	139		11	
	Lander's Skinner Falls Campground	104			
	Ten Mile River Scout Camp	N/A	N/A	N/A	N/A
Parksville	Hunter Lake Campground	12		82	
Pond Eddy	Jerry's Three River Campground	42		20	
Roscoe	Beaverkill State Campground	52			
	Brookside Farmhouse				3 (sleeps 6)
	Russell Brook Campsite	50	3	20	
Swan Lake	Rowland on Swan Lake				5 (sleeps 10)
	DiNatale Cottage				1 (sleeps 4)
White Lake	The Homestead Cottages				5 (sleeps 10)
Woodbourne	Noversink River Campground	50		75	
Wurtsboro	Catskill Adventure Resort	20	4	180	
	Helen Morrell Guest Cottages				6

Source: Sullivan County Visitors Association

The region also holds many children and youth camps during the summer months. These children are generally in the camps for three – seven days. While many of the camps are religious based, there are a number of camps dedicated to athletics, performing arts, and outdoor activities. Based on discussions with local hotel managers, many parents pick up their children at the end of the camps and stay at local hotels overnight. According to the Sullivan County Convention and Visitors Bureau, more than 50,000 children visit the camps annually; however, the bureau does not keep an official count. The following table identifies the residential or overnight camps in Sullivan County.

<b>Children's Campgrounds Sullivan County</b>			
<b>Community</b>	<b>Camp Name</b>	<b>Community</b>	<b>Camp Name</b>
Barryville	Camp Yehudah Havurah Camp Sokol Woodlands Tel Yehudah	Monticello	Camp Kennybrook Camp Omer Baruch Camp Romimu Camp Viener Mesivta-adas Crystal Run Village Supportive Yeshiva Beis Meir Winston Day Camp
Bloomington	Camp Na-sho-pa Broadway Bound Pine Bush Bible Camp	Narrowsburg	Camp Sternberg Ten Mile River Scout Camp
Burlingham	Camp Echo Indian Lake Camp	Parksville	Camp Adas Yereim Camp Fay-gah Camp Rayim Hasc Summer Camp
Claryville	Frost Valley YMCA Camp	Port Jervis	Campus Kids - Minisink Tri-state Christian Camps
Fallsburg	Bethel Sunshine Camp Camp Bnei Shimon Camp Rav Tov Mesivta Camp Viznitz Crescent Lake Camp Crystal Run Village	Rock Hill	Camp Jened Iroquois Springs Five Star Cross Countyr Camp
Ferndale	Camp Shane Trim Down Fitness Camp Camp Agudah Camp Bais Yakov Camp Gila Camp Munk Camp Paye Jubilee Camp Machne Ahavas Israel Viznitz Camp Jubilee	Roscoe	Timber Lake West
Glen Spey	Camp Lokanda Camp Glen Spey Project Morry Brookwood Camps Prime Time Basketball & Football Camp Screen Actors TV and Film Performing Arts Camp	South Fallsburg	Seg Ncsy
Highland Lake	Koinonia Community	Swan Lake	Camp Chipinaw Camp Mogen Avraham Emerald Retreats
Hurleyville	Camp Arugath Habosem Camp Hadar Hatorah	Thompsonville	Camp Yeshiva Derem Shlomo
Liberty	Ahrc - Camp Catskill Association Russian Explorers Camp Bnos Camp Hedvah	Westbrookville	Camp Deerpark
Loch Sheldrake	Stagedoor Manor Performance Arts Training	Woodbourne	Camp Beth Jacob Camp Bnos Sanz
		Wurtsboro	Camp Lakota Bunk Buddies

Source: Summer Camps.com

Beyond Sullivan County, other well-known attractions in the surrounding region include the Belleayre Mountain Ski area in Highmount, Mohonk Mountain House in New Paltz, Windham Mountain Adventure Park in Windham, and Zoom Flume Water Park in Durham.

In Poughkeepsie, the nearest sizeable city, the Mid-Hudson Civic Center hosts large concerts and sporting events. Other Poughkeepsie area attractions include Dutchess Stadium, the Mid-Hudson Children’s Museum, Trevor Zoo, and the Franklin D. Roosevelt and Eleanor Roosevelt National Historic Sites and FDR Library & Museum in Hyde Park. Splash Down Beach in Fishkill, about 50 miles from Thompson, is a seasonal outdoor waterpark with a wave pool, manmade beach, lazy river, and water slides.

With Sullivan County bordering Pennsylvania to the west, Thompson is also within a one- to two-hour drive of the Poconos region, another well established vacation area with a number of ski resorts and other points of interest. Prominent Poconos attractions include the Camelback Mountain Ski Area and Camelbeach Waterpark in Tannersville, Alpine Mountain Ski and Ride Center in Analomink, Shawnee Mountain in Shawnee-on-Delaware, Jack Frost and Big Boulder Mountains in Lake Harmony, and Pocono Raceway in Long Pond.

The following table shows the driving distance from the subject site to prominent attractions in Sullivan County and the surrounding area.

<b>Driving Distance from Subject Site to Selected Destinations</b>	
	<b><u>Miles</u></b>
Concord Monster Golf Club	< 1.0
Thompson Square Mall	2.4
Holiday Mountain Ski & Fun Park	3.6
Breezeway Farm	4.2
Monticello Motor Club	6.4
Monticello Casino & Raceway	7.3
Bethel Motor Speedway	13.3
Bethel Woods Center for the Arts	13.5
Lake Superior Park	14.3
Catskill Park (nearest point)	16.8
Galleria at Crystal Run	24.2
Stewart International Airport	36.2
SUNY New Paltz	38.9
SplashDown Beach	46.2
Belleayre Mountain Ski Area	49.0
New York City (Times Square)	87.2
Source: DeLorme Street Atlas USA	

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

There are no major convention centers in the immediate vicinity of the subject site, though smaller meeting and event spaces are available at various hotels, resorts, and other facilities in Catskills area. The largest facility in Sullivan County is the Villa Roma Resort & Conference Center in Callicoon, approximately 25 miles away. This resort can accommodate groups of up to 1,000, with a ballroom capable of seating up to 600 guests. Monticello Casino & Raceway offers space for meetings and private parties, and the Holiday Mountain Ski & Fun Park hosts children's birthday parties and other events. Hudson Valley Resort & Spa in Kerhonkson, New York, has 30,000 square feet and can handle up to 1,800 guests.

The Bethel Woods Center of the Arts, which sits on nearly 2,000 acres in Bethel, offers two large outdoor concert stages, the largest of which can accommodate up to 15,000 guests both under cover and on a natural sloping lawn. The nearest major indoor event venue is the Mid-Hudson Civic Center in Poughkeepsie, a dual facility consisting of Mair Hall and the McCann Ice Arena. This facility is capable of handling over 3,000 seated spectators for sports and entertainment events and also hosts large expositions and trade shows.

**Economic Forces**

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

**Income:** The economic vitality of an area is an important consideration in forecasting the demand and potential income for commercial real estate. The table below lists median household income estimates for Thompson, Sullivan County, the New York MSA, and New York.

<b>Median Household Income Estimates Thompson, New York</b>			
<b>Area</b>	<b>2013 Est.</b>	<b>2018 Proj.</b>	<b>%Change 2013-18</b>
Thompson	\$35,826	\$38,123	6.4%
Sullivan County	\$47,365	\$52,028	9.8%
New York MSA	\$62,660	\$76,760	22.5%
New York	\$55,170	\$65,093	18.0%

Sources: U.S. Census Bureau, ESRI

For 2013, the median household income was estimated at \$35,826 in Thompson, \$47,365 in Sullivan County, \$62,660 in the New York MSA, and \$55,170 in the state of New York. As an additional point of comparison, the median household income for the United States as a whole is estimated at \$51,314 for 2013. As shown, the New York MSA and the state of New York are both projected to see higher levels of income growth over the next five years than Thompson and Sullivan County.

**Cost of Living:** According to *Kiplinger's Personal Finance's* ranking of "Best Cities for Every Age, 2012" the cost of living in the New York MSA is well above average compared



to other major metro areas in the United States. For 2012, the New York MSA had a cost of living index of 154.8. As an index score of 100 represents the national average, MSAs with a cost of living index below 100 are considered to have a lower cost of living, while those with an index score above 100 are considered to have a higher cost of living.

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

<b>Cost of Living Comparison</b>	
<b><u>MSA</u></b>	<b><u>Cost of Living Index</u></b>
Houston-Baytown-Sugar Land, TX	89.5
St. Louis, MO-IL	91.2
Tampa-St. Petersburg-Clearwater, FL	91.9
San Antonio, TX	92.5
Detroit-Warren-Livonia, MI	93.8
Dallas -Fort Worth-Arlington, TX	94.0
Pittsburgh, PA	94.9
Phoenix-Mesa-Scottsdale, AZ	96.6
Atlanta-Sandy Springs-Marietta, GA	97.6
Portland-Vancouver-Beaverton, OR-WA	104.6
Denver-Aurora, CO	105.1
Chicago-Naperville-Joliet, IL-IN-WI	107.4
Miami-Fort Lauderdale-Miami Beach, FL	109.1
Minneapolis-St. Paul-Bloomington, MN-WI	110.7
Seattle-Tacoma-Bellevue, WA	111.7
Sacramento--Arden-Arcade--Roseville, CA	116.3
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	117.1
Riverside-San Bernardino-Ontario, CA	117.2
Baltimore-Towson, MD	119.2
San Diego-Carlsbad-San Marcos, CA	130.8
Washington-Arlington-Alexandria, DC-VA-MD-WV	136.3
Los Angeles-Long Beach-Santa Ana, CA	137.9
Boston-Cambridge-Quincy, MA-NH	139.4
San Francisco-Oakland-Fremont, CA	149.5
<b>New York-Newark-Edison, NY-NJ-PA</b>	<b>154.8</b>
Honolulu, HI	168.0

Source: *Kiplinger's Personal Finance*, "Best Cities for Every Age, 2012"

## **Industries and Employment**

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

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

Historical Unemployment Rates					
Area	2008	2009	2010	2011	2012
Sullivan County	6.5%	8.8%	9.3%	9.2%	9.6%
New York MSA	5.3%	8.6%	9.0%	8.6%	8.8%
New York	5.4%	8.4%	8.6%	8.3%	8.5%
United States	5.8%	9.3%	9.6%	8.9%	8.1%

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

Like most parts of the country, Sullivan County has seen elevated levels of unemployment since 2008 as a result of the lingering recession. In 2012, the annual unemployment rate stood at 9.6% in Sullivan County, 8.8% in the New York MSA, and 8.5% in the state of New York as a whole. The Bureau of Labor Statistics also tracks unemployment on a monthly basis. Preliminary figures for October 2013 indicate an unemployment rate of 8.1% in Sullivan County, 7.8% in the New York MSA, and 7.5% in the state of New York.

**Employment by Industry:** The distribution of employment helps determine the economic character of an area. The table below shows the three largest industrial sectors in terms of the estimated number of persons employed in 2013 for Thompson, Sullivan County, the New York MSA, and the state of New York.

Largest Industrial Sectors, 2013 Thompson, New York						
Geographic Area	Largest industrial sector		2nd largest industrial sector		3rd largest industrial sector	
	Industry	Percentage of persons employed	Industry	Percentage of persons employed	Industry	Percentage of persons employed
<b>Thompson</b>	Public Administration	20.9%	Retail Trade	17.0%	Educational Services	10.4%
<b>Sullivan County</b>	Public Administration	15.1%	Retail Trade	14.0%	Educational Services	9.6%
<b>New York MSA</b>	Health Care/Social Assistance	12.2%	Retail Trade	11.0%	Professional/Scientific/ Technical Services	10.5%
<b>New York</b>	Health Care/Social Assistance	12.9%	Retail Trade	11.4%	Professional/Scientific/ Technical Services	8.9%

Source: ESRI

In both the town of Thompson and Sullivan County, the top sector is Public Administration, followed by Retail Trade and Educational Services. Employment in the Accommodation/Food Services sector is a reliable indicator of the importance of tourism to a local economy. In 2013, this sector accounted for an estimated 4.6% of the overall employment in Thompson, 6.1% in Sullivan County, 4.6% in the New York MSA, and 5.1% in the state of New York.

The next table shows the total annual nonfarm employment in the New York MSA and the state of New York for the years 2008 through 2012, plus the latest monthly numbers for

2013 as compared to the same period in 2012. These figures are based on the employment status of residents.

<b>Total Nonfarm Employment, 2008-2012</b>				
	<b>New York MSA</b>	<b>% Change</b>	<b>New York</b>	<b>% Change</b>
2008	8,598,900	—	8,792,800	—
2009	8,315,700	-3.3%	8,555,800	-2.7%
2010	8,307,800	-0.1%	8,567,000	0.1%
2011	8,418,200	1.3%	8,688,700	1.4%
2012	8,554,300	1.6%	8,799,900	1.3%
October 2012	8,645,500		8,912,500	
October 2013, Preliminary	8,787,300	1.6%	9,010,800	1.1%

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

As shown, total employment in the New York MSA declined over the period of 2008 to 2010, with the sharpest losses occurring in 2009. The area then saw steady employment gains in 2011 and 2012. By October 2013 the MSA's total nonfarm employment had risen by 1.6% as compared to October 2012, which was above the rate of growth reported at the state level.

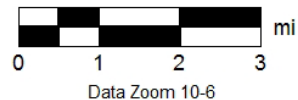
**Major Employers:** The demand for hotels is closely tied to the types of businesses in an area, their economic strengths and their growth potential. The largest employers in Sullivan County are listed in the following table.

<b>Major Employers in Sullivan County, New York</b>			
<u>Firm/Organization</u>	<u>Location</u>	<u>#Employees</u>	<u>Description</u>
Center for Discovery	Harris	1,250	Rehabilitation Services
Catskill Regional Medical Center	Monticello	1,200	Hospitals
Walmart Supercenter	Monticello	486	Department Stores
New Hope Community Inc	Loch Sheldrake	450	Non-Profit Organizations
Woodburne Correctional Facility	Woodbourne	400	State Govt-Correctional Institutions
M B Consultants	South Fallsburg	350	Consultants-Business NEC
Camp Simcha	Glen Spey	300	Camps
Land & Forest Dept	Summitville	300	Government-Forestry Services
Murray's Chickens	South Fallsburg	300	Poultry Processing Plants (Mfrs)
Monticello Raceway & Casino	Monticello	300	Casino Gaming & Horse Racing
Achieve Nursing Home	Liberty	200	Nursing & Convalescent Homes
Camp Echo	Burlingham	200	Camps
Camp Shira	Monticello	200	Camps
Iroquois Springs	Rock Hill	200	Camps
Sullivan County Community College	Loch Sheldrake	200	Higher Education
Source: ReferenceUSA, December 2013			

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



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**New Developments:** The following bullets describe recent developments that will influence tourism, employment, and the general economy in Sullivan County and the surrounding area.

- In November 2013, New York voters approved a constitutional amendment to legalize non-Indian casinos in the state. Supporters of the amendment had long promoted it as a way of keeping New York's tourism dollars in the state, creating new jobs, and benefitting local counties and school districts. The amendment now allows for the creation of two casino resorts in the Catskills region, though the locations for these projects have not yet been selected. As of our research date, active contenders include the former Nevele Grand Hotel in Ulster County and the former Concord Resort Hotel in Sullivan County.
- Kutsher's Country Club, the last vestige of the former Kutsher's mega-resort complex, was sold to Veria Lifestyle in November 2013 along with the former Kutsher's Hotel, golf course, and Camp Anawana properties. The company has announced plans to create a \$90 million Nature Cure Lifestyle Management Center at the 1,300-acre site. When completed, this new resort complex will be able to host as many as 1,000 guests, and its amenities will focus on wellness, natural medicine, and healthy lifestyles.
- A major residential development has been proposed for more than 2,000 acres between Rock Hill and Wurstboro Hills, within the towns of Thompson and Mamakating. As envisioned, this development could include as many as 1,000 housing units, a 250-room hotel, a private school, a year-round amusement park, and nearly five million square feet of commercial space. The concept is currently being promoted by a Chinese investment group called China City of America. The group has estimated that this development could create as many as 3,000 jobs and draw up to 1.5 million visitors annually. As of our research date, this project was still in the early proposal phase, and no official timeline had been announced.
- A major expansion has been proposed for the state-owned Belleayre Mountain Ski Center in Highmount, New York. A five-year \$74 million plan calls for replacing two existing ski lifts, creating 16 new ski trails, adding three parking lots, and expanding the existing lodge facilities. Meanwhile, Crossroads Ventures LLC is seeking to develop a \$400 million resort complex called the Belleayre Resort at Catskill Park, which is slated to include two hotels, a golf course, and vacation homes. These projects are currently waiting on various government approvals in order to move forward.
- SplashDown Beach in Fishkill is currently in the midst of a \$12 million multi-phase expansion project that will add eight additional acres of water attractions by the summer 2015 season. The park opened two new rides in 2012: Dizzy's Water Whirler and the Arctic Plunge Racer.
- A new \$12-\$20 million sports and events complex is planned at the Mohegan Sun at Pocono Downs casino in Wilkes-Barre. The plan includes two domed turf fields for baseball, softball, field hockey, soccer, football, lacrosse, and track and field; a third domed area for basketball and volleyball; and multiple outdoor ball fields. This project is being planned as a complement to the recently opened \$50 million hotel and convention center at Mohegan Sun at Pocono Downs. In addition to

these developments, Mohegan Sun at Pocono Downs is also now considering adding an indoor waterpark resort; however, no formal announcement about this phase of development has made as of our research date.

- Plans are currently in place to develop a major retail and entertainment complex called American Dream Meadowlands at the Meadowlands Sports Complex in East Rutherford, New Jersey. This effort, which was first proposed as Meadowlands Xanadu in 2003, is now being led by Canadian-based Triple Five, the same company behind the West Edmonton Mall and the Mall of America. As planned, American Dream Meadowlands is to include over 300 retail stores, a large indoor waterpark, an indoor theme park, an indoor snow park, an ice skating rink, miniature golf, movie theaters, and a concert hall. The indoor waterpark is to include a football-field-sized wave pool touted as the largest in the world. Despite years of delays and complications, American Dreams Meadowlands is now expected to be completed and open in 2015.

### **Governmental Forces**

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

### **Environmental Forces**

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

**Highway Transportation:** Highway accessibility is a primary consideration in planning an area's future growth and development. The subject site is located about 1.5 miles north of New York State Route 17, the primary north/south route serving Sullivan County. State Route 17 is an interstate quality highway from its split with Interstate 87 past the subject site. It will be upgraded to Interstate 86 in the future. State Route 17 connects with Interstate 84 near Middletown. Farther south, it connects with the New York State Thruway, providing access to the greater New York City metro area.

The following table presents historical traffic volume statistics on State Route 17 at the point nearest to the proposed subject site. The large jump in average traffic volume from 2004 to 2007 is largely attributable to the addition of video slot terminals at the Monticello Raceway, which occurred in July 2004.

Annual Average Daily Traffic Volume Thompson, New York	
State Route 17 at CR 173 / Exit 106	
2011	25,800
2010	25,510
2007	24,860
2004	16,080
2000	15,640

Source: New York State Department of Transportation

**Air Transportation:** The nearest airport offering commercial passenger services is Stewart International, located just outside the city of Newburgh. This mid-sized airport is situated at the crossroads of Interstates 87 and 84, approximately 35 miles east of Thompson. Stewart International is served by four airlines: Allegiant, JetBlue, Delta Connection, and US Airways Express.

The following table presents historical passenger activity at Stewart International Airport.

Airport Activities Stewart International Airport		
<u>Year</u>	<u>Passenger Enplanements</u>	<u>%Change</u>
2012	185,389	-11.7%
2011	209,966	4.1%
2010	201,684	2.0%
2009	197,655	-49.6%
2008	392,464	—

Source: Federal Aviation Administration

The next nearest commercial airport are Albany International, more than an hour's drive to the north, followed by John F. Kennedy International, LaGuardia, and Newark Liberty International in the greater New York City metro area.

**Climate:** The climate of the subject area is warm in the summer and cold in the winter. The average daily temperature in January is 23.0 degrees Fahrenheit and the average daily temperature in July is 69.1 degrees Fahrenheit. The following table depicts typical weather conditions for the area based on data collected from the weather station in nearby Rock Hill over a 30-year period.



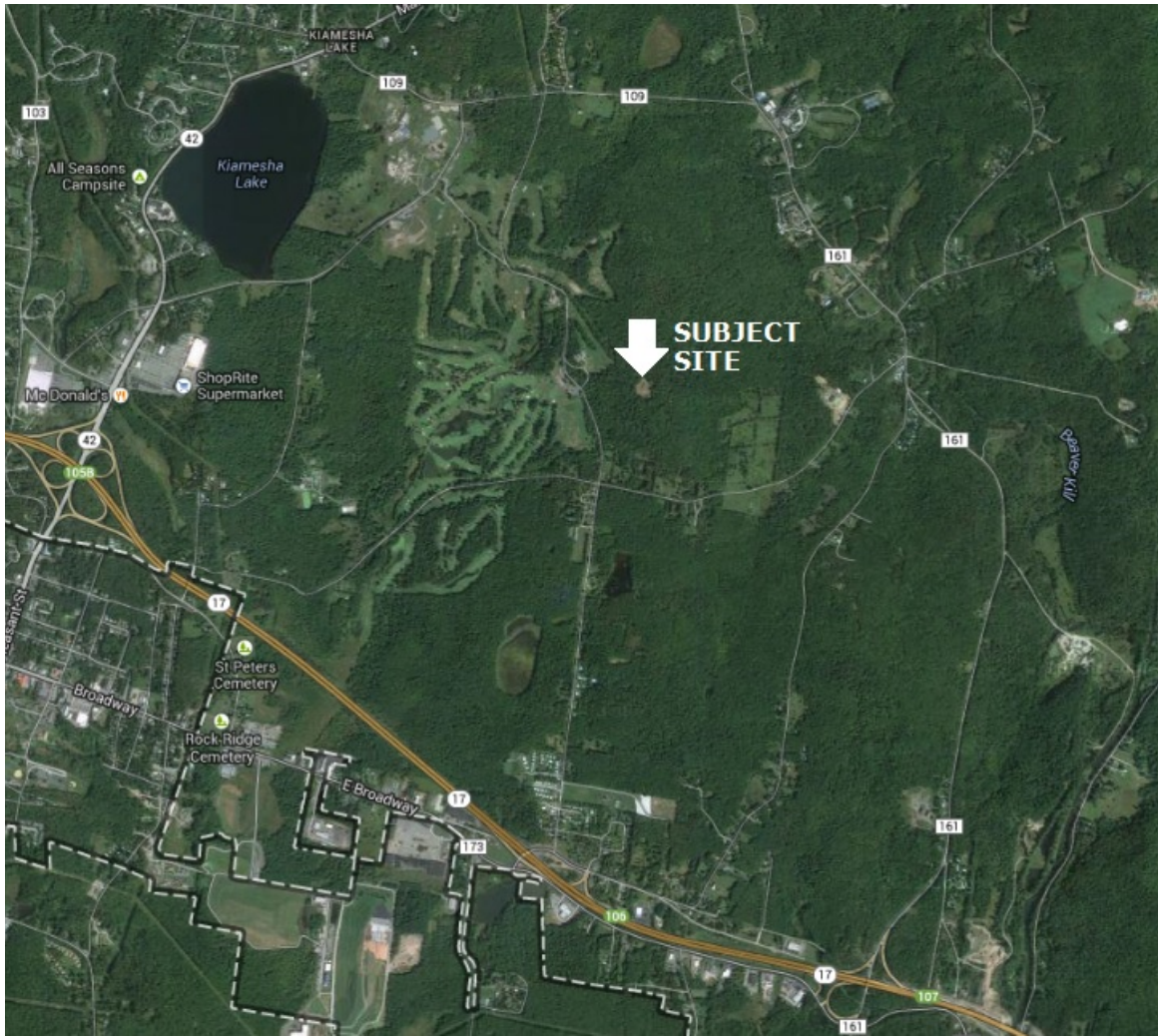
Average Weather Conditions for Rock Hill, New York (1981-2010)					
Month	Maximum Temperature (°F)	Mean Temperature (°F)	Minimum Temperature (°F)	Precipitation (inches)	Snowfall (inches)
Jan	33.0	23.0	12.9	3.4	15.9
Feb	34.2	22.7	11.2	3.3	11.2
Mar	46.0	32.8	19.5	4.2	12.1
Apr	56.3	43.1	29.9	4.3	2.9
May	70.3	56.9	43.4	4.6	0.0
Jun	76.4	65.4	54.4	4.7	0.0
Jul	80.3	69.1	57.8	4.2	0.0
Aug	79.6	68.2	56.8	4.1	0.0
Sept	71.7	60.1	48.4	4.7	0.0
Oct	60.2	48.5	36.8	4.7	0.1
Nov	48.0	38.2	28.3	4.1	2.2
Dec	<u>36.6</u>	<u>27.9</u>	<u>19.1</u>	<u>4.0</u>	<u>11.9</u>
ANNUAL	57.8	46.4	35.0	50.3	56.3

Source: The National Oceanic and Atmospheric Administration's National Climatic Data Center

## NEIGHBORHOOD ANALYSIS

The neighborhood surrounding a lodging facility impacts a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. The subject site is located on a hilltop approximately 1.5 miles north of State Route 17, surrounded by woods and the Concord Monster Golf Club.

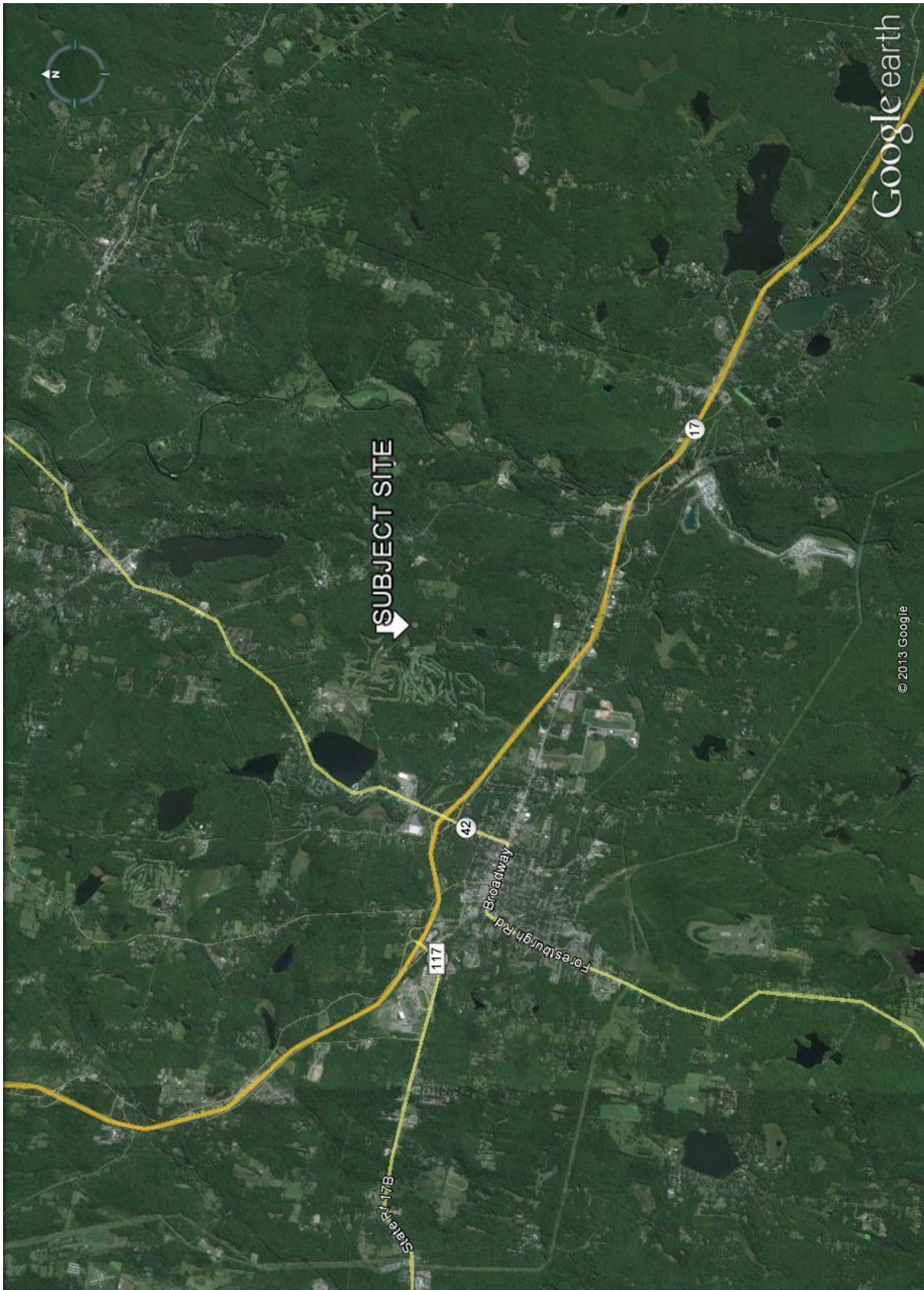
**Aerial Photographs:** The following aerial image shows the location of the subject site relative to State Route 17, local roads, and various points of interest in the surrounding area.



The next image presents a closer view of the subject site.



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

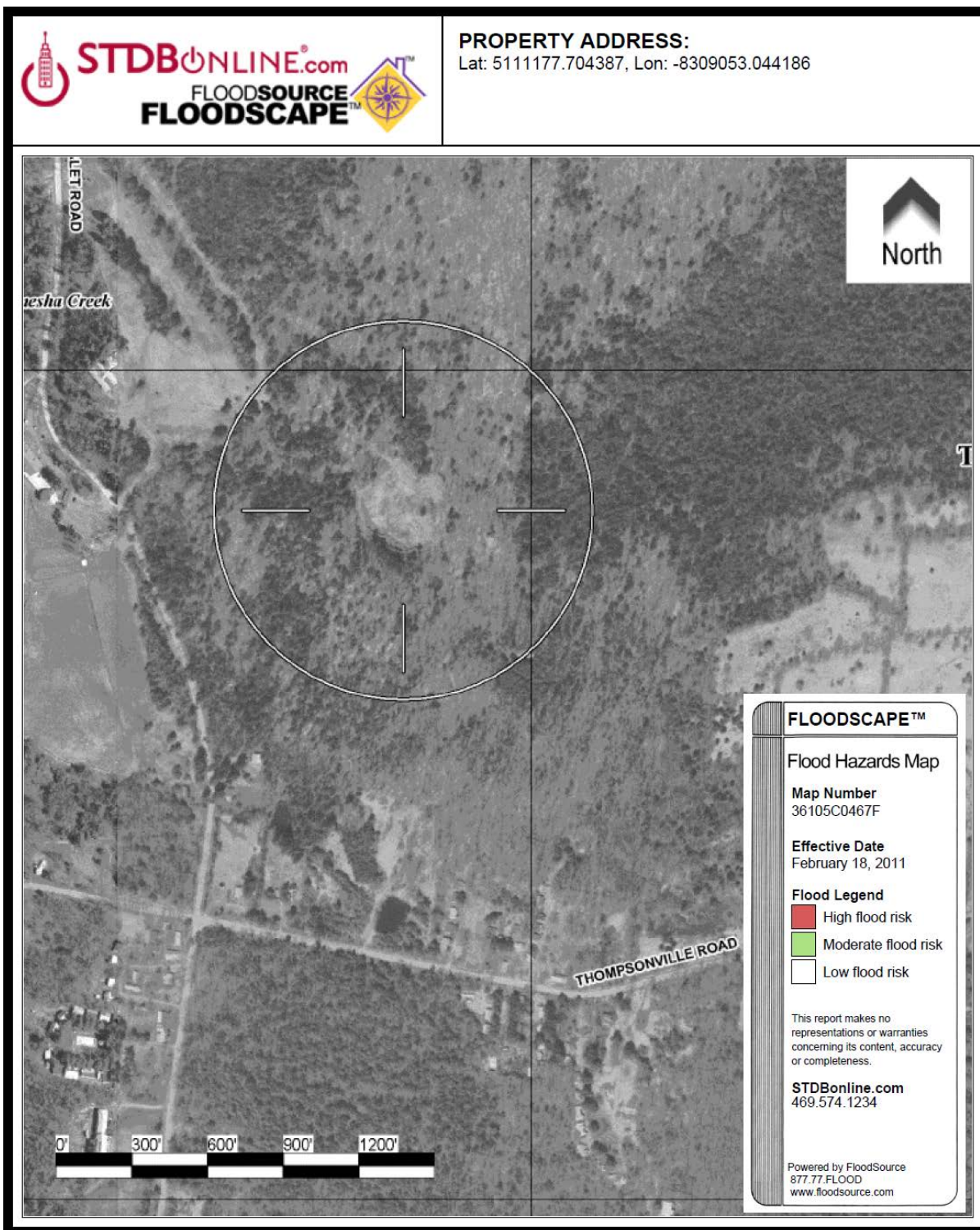


**Flood Zone Determinations:** According to FEMA definitions, the term 100-year floodplain indicates an area in which there is a 1% or greater annual probability of a flood occurring; the term 500-year floodplain indicates an area with a 0.2% or greater annual probability of flooding.

The most common flood zone definitions are as follows:

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

The map on the following page presents the FEMA flood zone determinations for the subject site as of February 18, 2011. The map (Map Number 36105C0467F) indicates that the subject site is in a Zone X area.



Caption >>	Lat: 5111177.704387, Lon: -8309053.044186	Community- THOMPSON,TWN/SULLIVAN Name: CO Community 0830 #: Sullivan County: Sullivan FloodZone: X
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### **Surroundings of Subject Site**

The neighborhood surrounding the subject site has a variety of uses, which are primarily related to residential, recreation, and hospitality. The overall mixed-use resort development includes approximately 1,735 acres of mostly contiguous parcels. The overall resort is bounded by Kiamesha Lake Road to the north, State Route 17 to the south, Concord Road and Rock Ridge Drive to the west and Heiden Road/County Road 161 to the east. Three roadways traverse the overall site: Joyland Road, Thompsonville Road, and Chalet Road. Joyland Road becomes Chalet Road when crossing Thompsonville Road. Chalet Road/Joyland Road is a north/south roadway extending from State Route 17 to Kiamesha Lake Road. Joyland Road is the existing primary entrance to the subject site from State Route 17, the main east/west highway in the region. The subject site is located on a plateau atop a former tubing run/beginner skiing hill just east of the existing clubhouse for the Monster Golf Course. The subject has no visibility from State Route 17.

The subject site is largely the former site of the Concord Resort. The only operational remains of the former resort are the Monster Golf Course located west of the subject site. The lodging component of the former Concord Resort has been torn down and lies just outside of the proposed EPT Concord Resort development. Other aspects of the Concord Resort such as the International Golf Course, the tubing hills, and beginner ski hills are no longer in operation. The subject site located atop a plateau, has long tree line views of sparsely developed land.

South of the subject development along Joyland Road are vacant sites or abandoned buildings, some of which are for sale. There are also a handful of bungalow style buildings that are used as Jewish camps in the summer months and on Jewish holidays.

Most commercial development is located adjacent to State Route 17 south of the subject site and along State Route 42 west of the subject site. Adjacent to State Route 17 are a number of motor vehicle dealerships including Rea Ford Lincoln Mercury, Robert Green Chevrolet, Robert Green Trucks, Johnston's Toyota, and Author Glick Truck Sales. Other developments include Sager's Cycle Center, Cedarwood Antiques, a U-Haul dealership, a small office building that houses the Sullivan County Partnership for Economic Development, gas station, car wash, Majek Furniture Warehouse, Wechsler Pool & Supply Company, and small auto repair shops. There is also a closed shopping center called the Apollo Center that is located just south east of the subject's exit 106 just off State Route 17.

Exit 105 off of State Route 17 is the interchange for State Route 42. While just beyond the western boundary of the subject's overall development, State Route 42 is the major north/south route in the subject's neighborhood. North of State Route 17 on State Route 42 are a handful of commercial developments including big box stores Staples, The Home Depot, and Wal-Mart. Smaller outparcel developments include Mc Donald's, KFC, Brother Bruno Pizza, China City, Blue Horizon Diner, Auto Zone, M&T Bank, and the town of Thompson civic offices.

On the south side of State Route 17 along State Route 42 is the village of Monticello. While there are a number of small restaurants, shops, and offices, many of the retail store fronts were for rent. Monticello is the county seat of Sullivan County, thus the community also contains a number of county government offices.

## **Outlook**

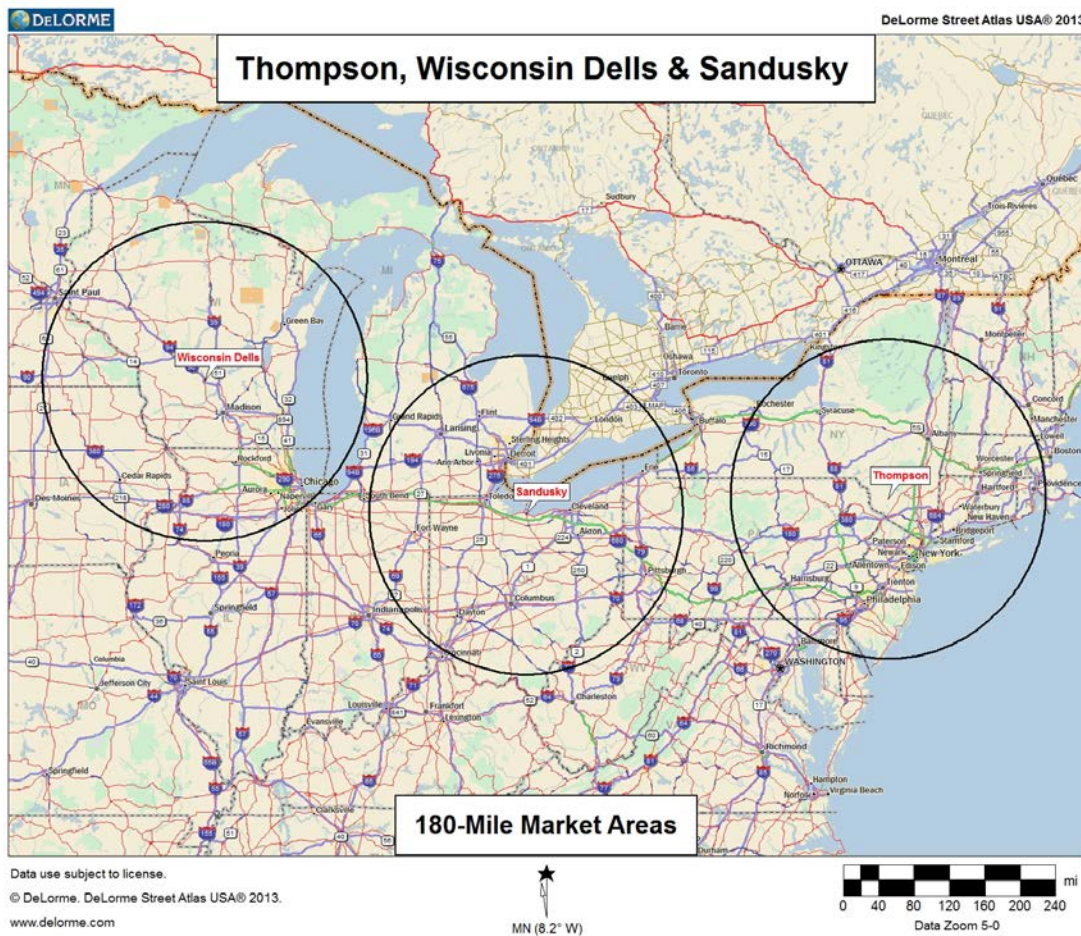
Our review of the above data indicates a positive outlook for the subject area based on recent trends in population, income, and employment. The proposed resort stands to benefit from its association with the numerous existing leisure attractions of the Catskills and Hudson Valley regions as well those that are currently under development. The subject will further benefit from its proximity to the nation's largest urban population center. Additionally, the subject will also benefit from its location just off of State Route 17, the primary east/west highway serving Sullivan County. All of these factors point to sustained economic growth within the region and should benefit the subject property by ensuring high levels of demand heading into the future.

## **DEMOGRAPHIC COMPARISON OF THOMPSON VS. WISCONSIN DELLS AND SANDUSKY**

The success of the proposed indoor waterpark resort is closely tied to demographics and income levels within its market area. The town of Thompson is located within the Catskills region, which is well known as a leisure destination. We have compared the proposed subject site with Wisconsin Dells, Wisconsin, and Sandusky, Ohio, because these locations share many similarities as well as differences, making the comparison of the existing waterpark resorts in Wisconsin Dells and Sandusky to the subject especially meaningful. Similarities shared among the Thompson, Wisconsin Dells, and Sandusky regional areas include:

- Natural water related attractions.  
Thompson: Kiamesha Lake, Pleasure Lake, various other lakes and ponds  
Wisconsin Dells: Wisconsin River  
Sandusky: Lake Erie
- Lower room rates during winter months.
- Higher room rates during July and August and special events due to strong demand.
- Variety of tourist attractions within area.  
Thompson/Sullivan County: Monticello Casino & Raceway, Holiday Mountain Ski & Fun Park, Bethel Woods Center for the Arts, Catskill Park  
Wisconsin Dells: Noah's Ark Outdoor Waterpark, Tommy Bartlett shows, Dells boat tours, and various family attractions  
Sandusky: Cedar Point Amusement Park, Lake Erie Islands, Monsoon Lagoon Outdoor Waterpark, Merry-Go-Round Museum
- Easy accessibility from major highways.  
Thompson: NY State Route 17  
Wisconsin Dells: I-90/94  
Sandusky: I-80/90 and Route 2





Differences among the three areas are as follows:

- Historically seasonal tourist attractions (May through September).  
Thompson is a small year-round community with a handful of seasonal and non-seasonal attractions  
Wisconsin Dells is a seasonal resort community with numerous waterparks and amusement attractions  
Sandusky is a seasonal resort community centered around Cedar Point Amusement Park and Soak City outdoor waterpark
- Leisure visitation to market.  
Sullivan County: Approximately 2.5 million visitors annually  
Wisconsin Dells: Over three million visitors annually  
Sandusky/Lake Erie Islands Region: Over six million visitors annually
- Major theme parks.  
Thompson: No major theme parks in area  
Wisconsin Dells: Noah's Ark Outdoor Waterpark and various small and midsize amusements  
Sandusky: Cedar Point Amusement Park and Soak City Outdoor Waterpark

- Skiing.  
Thompson area: one downhill ski area in Monticello, several others in the greater Catskills region  
Wisconsin Dells: Four small ski areas  
Sandusky: No ski areas
- Varied driving distances to larger metropolitan areas.  
Thompson: New York City, Philadelphia, and Hartford within 120 miles; Boston, Providence, and Baltimore metro areas within 180 miles  
Wisconsin Dells: Chicago, Minneapolis/St. Paul and Milwaukee within 180 miles  
Sandusky: Detroit, Cleveland, Columbus, Toledo within 120 to 180 miles
- Available Hotel Supply.  
Sullivan County: 1,258 guest rooms  
Wisconsin Dells: 7,533 available guest rooms  
Sandusky/Erie & Ottawa Counties: 6,623 available guest rooms

The following is an analysis of three market areas based on 120-mile and 180-mile radii emanating from Thompson, New York; Wisconsin Dells, Wisconsin; and Sandusky, Ohio. It is important to note that the Sandusky market area includes portions of Canada. In this analysis, population and household figures for the Canadian portions of the Sandusky market area were based on estimates and projections provided by Environics Analytics Group, based on official findings from Statistics Canada, the Canadian equivalent of the U.S. Census Bureau.

**Population:** The following table presents a summary of population growth trends for the Thompson, Wisconsin Dells, and Sandusky market areas based on 120-mile and 180-mile radii emanating from each.

<b>Population Growth Trends</b>			
<b>Thompson, Wisconsin Dells and Sandusky Market Areas</b>			
<b>Area</b>	<b>2013 (Est.)</b>	<b>2018 (Proj.)</b>	<b>%Change 2013-18<sup>1</sup></b>
<b>120-mile radius</b>			
Thompson	31,557,731	32,159,709	0.4%
Wisconsin Dells	6,064,288	6,160,001	0.3%
Sandusky	13,994,908	14,055,380	0.1%
<b>180-mile radius</b>			
Thompson	43,248,190	44,038,514	0.4%
Wisconsin Dells	17,067,076	17,355,697	0.3%
Sandusky	24,963,356	25,106,237	0.1%
<sup>1</sup> Indicates a compound annual rate of change			
Sources: ESRI, Environics Analytics Group			

The figures presented in the preceding table show that the population of Thompson's 180-mile market area is significantly larger than that of the other two market areas presented, and the same is true when comparing 120-mile market areas. The population within the Thompson market area is also projected to grow at a greater rate than either of the comparable areas surrounding the Wisconsin Dells and Sandusky. By 2018, the resident population is projected to reach approximately 32.2 million inside the subject's 120-mile radius and 44.0 million within the 180-mile radius.

As a point of comparison, we assembled a table based on the population of the seven largest Metropolitan Statistical Areas (MSAs) in the Thompson, Wisconsin Dells, and Sandusky 180-mile market areas. The population figures in this table represent U.S. Census Bureau estimates for 2012 based on the most recent decennial census. As shown, the total population of the seven largest metropolitan areas in the Thompson 180-mile market area is above that of the other two market areas listed.

Population of Large Metropolitan Areas Thompson, Wisconsin Dells and Sandusky Market Areas					
Largest MSAs within the Thompson 180-mile radius	Total	Largest MSAs within the Wisconsin Dells 180-mile radius	Total Population	Largest MSAs within the Sandusky 180-mile radius	Total Population
New York-Newark-Jersey City, NY-NJ-PA	19,831,858	Chicago-Naperville-Elgin, IL-IN-WI	9,522,434	Detroit-Warren-Dearborn, MI	4,292,060
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	6,018,800	Minneapolis-St. Paul-Bloomington, MN-WI	3,422,264	Pittsburgh, PA	2,360,733
Boston-Cambridge-Newton, MA-NH	4,640,802	Milwaukee-Waukesha-West Allis, WI	1,566,981	Cleveland-Elyria, OH	2,063,535
Baltimore-Columbia-Towson, MD	2,753,149	Madison, WI	620,778	Cincinnati, OH-KY-IN	2,128,603
Providence-Warwick, RI-MA	1,601,374	Davenport-Moline-Rock Island, IA-IL	382,630	Columbus, OH	1,944,002
Hartford-West Hartford-East Hartford, CT	1,214,400	Rockford, IL	346,009	Indianapolis-Carmel-Anderson, IN	1,928,982
Rochester, NY	<u>1,082,284</u>	Green Bay, WI	<u>311,098</u>	Dayton, OH	<u>800,972</u>
<b>Total, Top 7 MSAs</b>	<b>37,142,667</b>	<b>Total, Top 7 MSAs</b>	<b>16,172,194</b>	<b>Total, Top 7 MSAs</b>	<b>15,518,887</b>
<b>Note: MSA = Metropolitan Statistical Area</b>					
Source: U.S. Census Bureau, 2012 Estimates					

The largest metro area in Thompson’s market area is the New York City MSA, home to an estimated 19.8 million residents. This statistical area, the largest in the nation, is comprised of 25 counties in New York, New Jersey, and Pennsylvania. The metro areas surrounding the Northeast’s next largest population centers – Philadelphia and Boston – also fall within the subject’s 180-mile ring. Other major metro areas in the subject’s market include Baltimore, Providence, Hartford, and Rochester. In addition to the MSAs listed in the preceding table, other notable population centers within 180 miles of Thompson include Albany-Schenectady-Troy, New Haven-Milford, Allentown-Bethlehem-Easton, Syracuse, Springfield, Scranton—Wilkes-Barre, and Harrisburg-Carlisle, all of which are home to more than half a million people.

**Households:** A household consists of all the people occupying a single housing unit. While individual members of a household purchase goods and services, these purchases actually reflect household needs and decisions. Thus, the household is a critical unit to be considered when reviewing market data and forming conclusions about the market area and its impact on a recreational facility.

The following table presents a summary of household growth trends for the Thompson, Wisconsin Dells, and Sandusky market areas based on 120-mile and 180-mile radii emanating from each.

<b>Household Growth Trends</b>			
<b>Thompson, Wisconsin Dells and Sandusky Market Areas</b>			
<b>Area</b>	<b>2013 (Est.)</b>	<b>2018 (Proj.)</b>	<b>%Change 2013-18<sup>1</sup></b>
<b>120-mile radius</b>			
Thompson	11,787,910	12,029,691	0.4%
Wisconsin Dells	2,416,482	2,466,580	0.4%
Sandusky	5,572,380	5,621,914	0.2%
<b>180-mile radius</b>			
Thompson	16,296,072	16,620,971	0.4%
Wisconsin Dells	6,553,428	6,692,234	0.4%
Sandusky	9,891,260	10,032,300	0.3%
<sup>1</sup> Indicates a compound annual rate of change			
Sources: ESRI, Environics Analytics Group			

There are an estimated 16.3 million households in the Thompson 180-mile market area, which is greater than the estimated 6.6 million households in the Wisconsin Dells market area and the 9.9 million households in the Sandusky market area. From this analysis we can conclude that, within the subject's 180-mile market area, there are significantly more households than within the comparable areas surrounding locations with existing indoor waterpark resort properties.

**Age Distribution:** The following table presents the age distribution of the population for Thompson's 180-mile radius.

<b>Percentage of U.S. Population by Age</b>	
<b>Thompson Market Area</b>	
	<b><u>180-Mile Radius</u></b>
<b>Age</b>	<b>2013 (Est.)</b>
0-19	24.9%
20-34	20.2%
35-54	27.5%
55-64	13.0%
65+	14.6%
Median Age	39.2
Source: ESRI	

According to 2013 ESRI estimates, the median age of the United States population is 37.6 years. In the subject's 180-mile radius, the 2013 estimated median age was 39.2 years, meaning half the region's population is older than **39.2** and half is younger. From this analysis we can conclude that, in terms of median age, the subject's 180-mile radius is slightly older than the United States as a whole.

**Income:** Income levels on a per capita, per family or household basis indicate the economic level of the residents of the market area and form an important component of this total analysis. More directly, household income, when combined with the number of households, is a major determinate of an area's sales potential. The following table presents current median household income levels for the Thompson, Wisconsin Dells and Sandusky market areas based on 120-mile and 180-mile radii emanating from each.

2013 U.S. Median Household Income Estimates Thompson, Wisconsin Dells and Sandusky Market Areas		
Area	Households	Households
	120-mile radius	180-mile radius
Thompson	\$59,593	\$58,927
Wisconsin Dells	\$51,166	\$53,722
Sandusky	\$48,243	\$46,913
Source: ESRI		

The 2013 estimated median household income level for Thompson’s 180-mile market area is \$58,927, compared to Wisconsin Dells with \$53,722 and Sandusky with \$46,913. A similar discrepancy exists when comparing the 120-mile radii. From this analysis, we can conclude that households in Thompson’s market tend to have higher incomes than those in the other areas with existing indoor waterpark properties. Overall, income levels are expected to increase in each of the geographical areas listed.

The following table presents the distribution of income for households within Thompson’s 120-mile and 180-mile market areas.

2013 Estimated U.S. Households by Income Thompson Market Area				
Income Range	# of Households	% of Total	# of Households	% of Total
	120-mile radius		180-mile radius	
0-\$49,999	4,995,746	42.4%	6,940,369	42.6%
\$50,000-\$74,999	1,897,680	16.1%	2,704,169	16.6%
\$75,000-\$99,999	1,389,162	11.8%	1,976,260	12.1%
\$100,000-\$149,999	1,825,597	15.5%	2,526,047	15.5%
over \$150,000	<u>1,679,724</u>	<u>14.2%</u>	<u>2,149,219</u>	<u>13.2%</u>
<b>Total</b>	<b>11,787,909</b>		<b>16,296,064</b>	
Source: ESRI				

There are an estimated 6.8 million households within the 120-mile radius of the site with household annual earnings over \$50,000. Within Thompson’s 180-mile radius, there are an estimated 9.4 million households with household annual earnings over \$50,000. Our research indicates a household income of approximately \$50,000 as the minimum income necessary to comfortably afford a stay at a quality indoor waterpark resort. According to the 2013 estimates, 57.6% of households in the 120-mile radius and 57.4% of households in the 180-mile radius meet or exceed this income threshold.

**Supply of Indoor Waterpark Resorts per Household:** We have analyzed the number of U.S. and Canadian indoor waterpark resort properties located within the 180-mile rings around each of the three markets. The figures presented in the following tables include both existing indoor waterpark properties and those that are scheduled to open by the end of 2015. We have performed this analysis to determine the number of choices available to consumers who live within an approximately three-hour drive of each location. The following table indicates our conclusions.

<b>Indoor Waterpark Properties within 180 Miles of Thompson, Wisconsin Dells &amp; Sandusky</b>			
	<u>Thompson</u>	<u>Wisconsin Dells</u>	<u>Sandusky</u>
2013 Est. Households, 180-mile radius	16,296,072	6,553,428	9,891,260
Number of Hotels with Indoor Waterparks	10	36	14
Total Rooms	3,063	8,655	4,039
Total Waterpark SF	514,500	1,251,300	681,000
Households per Waterpark SF	31.7	5.2	14.5
Sources: ESRI, Hotel & Leisure Advisors			

The table indicates that, within the 180-mile radius, Thompson has the greatest number of households per indoor waterpark square foot while the Wisconsin Dells has the lowest. Of the 10 indoor waterpark hotels and resorts within 180 miles of Thompson, two are located in the state of New York, five are in Pennsylvania, one is in Massachusetts, one is in Connecticut, and one is in New Jersey. There are 36 hotels and resorts with indoor waterparks within a 180-mile radius of the Wisconsin Dells as of our research date and 14 within the 180-mile radius around Sandusky. We note that in all markets there are proposals for additional indoor waterpark resorts, which will increase the supply and potentially dilute occupancy levels. The market section indicates additional information about the supply of indoor waterpark resorts.

We have also performed an analysis of the total number of family households – i.e. those most likely to have children in the home – within the 180-mile radii of Wisconsin Dells, Sandusky, and the subject. According to the U.S. Census Bureau, a family household consists of a householder plus one or more people living in the same dwelling who are related to the householder by birth, marriage, or adoption. Although not all family households contain young children, making the distinction between family households and total households is a way of highlighting those households most likely to visit an indoor waterpark hotel.

These figures were considered in relation to the total number of overnight rooms available at indoor waterpark properties within each market area.

<b>Ratio of Family Households to Indoor Waterpark Hotel Rooms within 180 Miles of Thompson, Wisconsin Dells &amp; Sandusky</b>			
	<u>Thompson</u>	<u>Wisconsin Dells</u>	<u>Sandusky</u>
2013 Est. Family Households, 180-mile radius	10,688,489	4,260,341	6,493,340
	10	36	14
Number of Hotels with Indoor Waterparks			
Total Rooms	3,063	8,655	4,039
Family Households per Indoor Waterpark Hotel Room	3,489.5	492.2	1,607.7
Sources: ESRI, Hotel & Leisure Advisors			

The estimated number of family households within Thompson's 180-mile radius is approximately 10.7 million. As shown, the Wisconsin Dells market area has 492.2 family households for every indoor waterpark overnight room. Therefore, of the three defined areas, the Wisconsin Dells market is by far the most saturated with this type of product. To achieve the same ratio of family households to indoor waterpark hotel rooms as the Wisconsin Dells market, the Thompson market area would have to hold 21,714 rooms. After taking into account the 3,063 rooms which already exist within a 180-mile radius of the subject, this would amount to an additional 18,651 rooms. We do not necessarily recommend that this level of new supply be developed in the short term but present the figures to show the potential for new indoor waterpark hotels.

## **SITE ANALYSIS**

**Site Location:** The subject is located just east of 84 Chalet Road, Thompson, Sullivan County, New York. The address is the site of the current club house for the Concord Monster Golf Course. The subject site is on a plateau east of the club house at the top of the former tubing hill/beginner ski hill.

**Size and Shape:** The developer currently own 1,735 acres of which the subject is a fractional component. The developer is prepared to afford the needed acreage to allow for the development of a meaningful guest experience.

**Access and Exposure:** Access to the subject site is obtained State Route 17. Currently, a traveler on State Route 17 will take exit 106 then travel north on Joyland Road to the subject site on the right. The subject site is located approximately 1.8 miles from the State Route 17.

The developer is proposing to develop a direct access entrance to the subject site. The developer's proposed access would have the guest exit from State Route 17 at exit 106 and proceed on an entrance access way west of Joyland Road and around existing private property. The entrance roadway would rejoin Joyland Road south of Thompsonville Road near the entrance to the proposed casino and indoor waterpark resort. Due to the 1.8 mile distance from State Route 17, it is unlikely the subject will be visible from the highway.

**Other Existing and Proposed Developments at Subject Site:** The proposed subject site will be developed as part of a larger master planned development. The lynch pin to the overall development is a casino resort development. The casino development is projected to include:

- Casino gaming floor featuring 2,150 slot machines, 40 table games, and eight poker tables
- 391-key casino hotel
- 180-seat steakhouse restaurant
- 125-seat coffee shop
- 150-seat buffet restaurant
- Grab N Go restaurant
- Noodle bar
- 85-seat fine dining concept
- 120-seat Sports and Entertainment restaurant and bar
- Spa featuring six treatment rooms, pool for spa and hotel guests, exercise room, hair salon and stations for nails and facials
- Entertainment room with seating for 1,200
- 20,000 square foot multi-function room with meeting breakout space
- 400-seat theater
- Subsurface parking for 1,300 cars and surface parking for 1,800 cars
- Hotel & Conference Center

The original master plan included an eight lane, ½-mile harness horse racetrack with an apron for trackside viewing. The trackside apron would accommodate approximately 100 patrons. The racetrack would also include a grandstand/showroom with seating for approximately 500 patrons for viewing of live racing and entertainment events. A simulcast facility would be located below the grandstand. The racetrack would also include a snack stand. Prior to the passage of Proposal 1 permitting up to seven Vegas-style casinos in New York on November 5, 2013, the master plan included the relocation of the Monticello Casino and Raceway. The Monticello Casino and Raceway currently operates over 1,000 video lottery terminals. With the passage of Proposal 1, the developer intends to apply for one of the four upstate casino licenses. If awarded the casino license, it is unclear whether the racetrack will be relocated.

The hotel & conference center is a future phase that will not be developed until the subject and casino have achieved stabilization.



An entertainment village will contain a movie theater complex and approximately 115,000 square feet of destination retail and dining. The opening of the entertainment component should occur at the same time as casino development.

The Monster Golf Course will undergo a renovation that will feature a new golf clubhouse and golf academy. During the off-season the course could be used for winter activities including sleigh rides, cross-country skiing, and snowshoeing with the clubhouse servicing as a central location for cold weather activities.

Future phases of the overall development may include a Sporting Club. The core of the Sporting Club would feature a 250-room lodge, spa, and fitness center in addition to 170 residential lots. The development may also include up to two 125-room hotels, one limited-service hotel and one extended-stay hotel. Other developments may include a recreational vehicle park, a residential component comprising single-family and multi-family units, commercial space development, and retail facilities. We have assumed that future phases of the overall master plan will not be enacted until the subject and casino hotel operations have stabilized.

**Zoning:** According to Thompson Township officials, the subject site is zoned Planned Resort Development (PRD). The objectives of the PRD is the development and/or redevelopment of a destination resort having various commercial, retail, lodging, entertainment, and recreational facilities and complementary single-family dwellings and multiple dwellings through comprehensive planning and maximum flexibility of design. Therefore, the proposed subject development would be a legally conforming use.

**Site Conditions:** We have been provided with the "RESOLUTION OF THE PLANNING BOARD OF THE TOWN OF THOMPSON GRANTING FINAL SITE DEVELOPMENT PLAN APPROVAL WITH CONDITIONS FOR PHASE 1 OF THE EPT CONCORD RESORT" dated July 12, 2013. The resolution notes that there are no unstudied significant adverse environmental impacts that were not addressed in the Phase 1 Final Environmental Impact Statement. H&LA has not performed an engineering study nor test borings and makes no conclusion as to the condition of the foundation or the soil and subsoil conditions.

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

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

**Property Taxes:** The mixed-use development that will contain the subject will consist of 1,735 acres over numerous real estate tax parcels. The developer stated the subject resort will be located across a number of real estate tax parcels containing approximately 135 acres. The developer has negotiated with the Sullivan Industrial Development Agency a number of tax incentives including 100% real estate tax abatement on improvements for a period of eight years, followed by a 12.5% real estate tax increase per year for the next eight. The subject will pay real estate tax on the undeveloped land until the end of year eight. The development will also receive sales tax abatement on

materials included in construction of the subject and mortgage tax abatement on financing of the subject. Commercial property in Sullivan is assessed at 86.0% of theoretical market value. The tax rate for the neighborhood is 0.051706422 per \$1,000 of assessed value. There are no personal property taxes in New York.

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

Comparable Assessments				
Year	Property	Rooms	Full Market Value	Per Room
2013	Villa Roma	234	\$12,008,017	\$51,316
2013	The Sullivan	73	\$2,182,442	\$29,896
Source: Sullivan County Assessor's Office				

The previous table indicates an assessment range from \$29,896 to \$51,316 per room for the comparables, with an average of \$40,606 per room.

We have examined the assessment of real estate on parcels owned by EPT Concord II, LLC located north of Thompson Road and east of Chalet Road that will contain the subject site. The following table shows the various parcels that will include the subject development.

Proposed Indoor Waterpark Resort EPT Concord II, LLC owned parcels North of Thompson Road and East of Chalet Road					
Parcel Number	Acres	Improvement Assessment	Land Assessment	Total Assessment	Average Assessment Per Acre
15.-1-13	116.48	\$476,600	\$1,039,100	\$1,515,700	\$13,013
15.-1-19	15	\$106,900	\$54,300	\$161,200	\$10,747
15.-1-22	25.32	\$0	\$75,100	\$75,100	\$2,966
15.-1-25	49.9	\$0	\$116,300	\$116,300	\$2,331
15.-1-51	27.08	\$0	\$43,300	\$43,300	\$1,599
<b>Total</b>	<b>233.78</b>	<b>\$583,500</b>	<b>\$1,328,100</b>	<b>\$1,911,600</b>	<b>\$8,177</b>
<b>Average assessment per acre</b>		<b>\$2,496</b>	<b>\$5,681</b>	<b>\$8,177</b>	
Note: Parcel 15.-1-13 contains the existing Chalet and part of the International Golf Course					
Note: Parcel 15.-1-19 record shows a 1,120 square foot family residence					
Source: Sullivan County Assessor's Website					

The preceding table shows a range of assessments per acre of \$1,599 to \$13,013 with an average of \$8,177 per acre. Parcel number 15.-1-13 contains the existing Chalet, which also serves as the Concord Monster Golf Course club house and portions of the former International Golf Course. Parcel number 15.-1-19 contains a small family residence

located in the southern portion of the parcel. Parcels 15.-1-13 and 15.-1-19 have the highest average assessment as a result of the improvements.

We have utilized the average assessment per acre times the subject's 135 acres to arrive at the assessment for the subject which will represent the basis of real estate taxes for the subject for the first eight years. The following table indicates our projection for real estate taxes for the first year of the analysis.

<b>Proposed Indoor Waterpark Resort Tax Analysis - First Year</b>	
Market Value of Real Estate	\$1,283,586
Assessment %	86.0%
Assessed Value	\$1,103,884
Effective Tax Rate	0.051706422
Gross Tax	\$57,078
Kiamesha Lake Sewer Assessment	\$135
Effective Tax Rate	8.429513
Special Assessment Tax	\$1,138
Total Tax (round)	\$58,000
Tax/Room	\$166
Source: Hotel & Leisure Advisors	

### **Competitive Advantages and Disadvantages of Subject Site**

#### **Advantages**

- The land area for the proposed subject will be part of an overall development that contains  $\pm 1,735$  acres that allows for sufficient land area for an attractive master plan to be performed for the total development and subject site. In our opinion, the subject development should be planned as one concept to allow for a more attractive project and to better utilize the site.
- The subject site is located within 180 miles of New York City, Philadelphia, northern suburbs of Baltimore, Harrisburg, Rochester, Syracuse, Albany, Hartford, and eastern suburbs of Boston, all of which are projected to be the primary demand sources.
- The subject site is located in the Catskills, an hour from New York City. The Catskills region was historically known as a four seasons tourist destination. The areas feature golf courses, ski-areas, and outdoor activities.
- The Great Wolf Lodge Poconos, located southwest of the subject site, opened in 2005 and has achieved the highest RevPAR of the Great Wolf Lodge properties, indicating strong interest in indoor waterpark resorts in the area.
- The subject site overall development will also feature either the relocation of the Monticello Racetrack and Casino or development of a Las Vegas style casino. The casino has become a destination for travelers to the region and the racetrack has a long and well known history in the region. The development will also feature the

Concord Monster Golf Course. The course is the only remaining operational component of the former Concord Resort. The Concord Monster is a well known and challenging golf course with a historic past.

- The overall development will include a entertainment village that is projected to open along with the casino operations and include with restaurants, movie theaters, and destination retail.
- The subject site is proposed to be part of a larger overall development. In addition to the planned casino, the plans will create an outdoor activity area to include skating rink, croquet lawn, and amphitheater/event area. Future phases may include a Sporting Club with a lodge, spa, fitness facility, and 170 residential lots. Additional developments may include a recreational vehicle park, a residential component, and an additional commercial component. Each of these developments in addition to subject's indoor waterpark and adventure park will attract large numbers of visitors to the immediate subject neighborhood.

### **Disadvantages**

- The Catskill region has lost some of its luster as a resort destination. A number of regions well known resorts including the Concord Resort have closed. However, the proposed complex will include a variety of attractions in addition to the indoor waterpark and casino, which will provide multiple attractions for visitors.
- While only an hour the New York City area, access to the subject is obtained via State Route 17, a regional route, which is less traveled than a major interstate.
- The surrounding area has fewer amusement parks and children oriented attractions than Wisconsin Dells and Sandusky where indoor waterpark resorts have been popular.
- The subject will lack visibility from State Route 17. Extensive signage will be required as part of the proposed development.

### **Conclusion**

We are of the opinion that the subject neighborhood as it currently exists would be considered an attractive location for an indoor waterpark resort development assuming the casino license is approved for the overall development. The subject site is located in the scenic Catskills approximately an hour from New York City. It is our opinion that the subject site will offer a sufficient number of attractions to become an attractive location for the proposed resort.



LEGEND	
1	Chairlift or Tube Pull
2	Hilltop Lodge – Center for skiing/boarding, tubing, mountain biking; restaurant
3	Putting Course
4	Lawn – skating rink; croquet lawn; amphitheater; event area
5	Outdoor Waterpark – pools; waterslides; spa; lazy river; pool bar
6	Indoor Waterpark
7	Gatehouse
8	Parking Lot
9	Family Resort Hotel – 550 rooms; restaurants; fitness center; spa
10	Conference Center
11	Lawn & Raquet Sports – croquet; tennis; volleyball; basketball; shuffleboard; bocce; horseshoes
12	Hotel Cottages (included in total number of keys)

**Site Plan for Indoor Waterpark Development**



LEGEND			
1	Entertainment District • 115,000 sf Entertainment Retail • 40,000 sf Theater	10	Gateway Park
2	Ice Rink	11	Hotel & Conference Center
3	Nature Trail	12	Conference Hotel Parking
4	Casino Resort Hotel	13	Lakefront Park
5	Future Casino Resort Hotel	14	Entertainment District Parking
6	Entry Feature	15	"Tent" Event Field
7	Casino Resort	16	Stormwater Retention
8	Casino Employee Parking	17	Grandstand/Showroom
9	Casino Parking	18	Harness Horse Racetrack
		19	Grandstand/Showroom Parking

**Site Plan for Casino/Racetrack Development**

**Pictures of Subject**



Picture of Proposed Subject Site



Picture of Proposed Subject Site



Picture from Subject Site down Tubing Hill



Picture of Concord Monster Golf Course



Picture from base of Tubing Hill toward  
Subject Site



Picture of Current Concord Monster Golf  
Course Club House

## **DESCRIPTION OF PROJECTED/RECOMMENDED IMPROVEMENTS**

**General:** We have analyzed the proposed development and reviewed the preliminary development plans for the proposed project. The following describes the proposed development.

The client is considering development of a full-service resort with indoor waterpark. The client is proposing a large indoor waterpark resort with a minimum of 350 rooms and a corresponding indoor waterpark with a minimum of 80,000 square feet of indoor waterpark area. Our recommendations of a large indoor waterpark will provide a greater guest experience and be more capable to compete with the larger new developments coming on line at the Kalahari Resort and Camelback Resort in Pennsylvania. The client is also considering including a conference center, food and beverage establishments, and other amenities for the resort. The client also plans to construct approximately 200 timeshare units and other amenities within the resort.

The subject development includes a large amount of land to develop a wide range of tourism infrastructure, including the subject indoor waterpark resort, adventure park, and conference center. We recommend that the architects and land planners for the resort prepare preliminary plans for an expansion of these areas to allow for proper land planning. We project the proposed property will open by January 1, 2017.

We strongly recommend an interesting theme be developed for the subject resort, which will make the property unique in the region and attractive to children and families. As the development is projected to be managed by the Wilderness Resort group, we recommend the subject reflect wilderness theming consistent with the Wilderness Resort's indoor waterpark resorts in Wisconsin Dells, Wisconsin and Sevierville, Tennessee. In our opinion, the name and theme of the resort are very important because the property will be an amusement oriented resort property and will need theming throughout the resort related to the theme.

### **Proposed Indoor Waterpark Resort Hotel**

We recommend and have performed our study utilizing an assumption that the subject would develop a 350-room full-service resort style hotel. As will be discussed under the franchise affiliation section, in our opinion the subject should operate as an independent resort though branding as a Wilderness Territory Resort is possible. We recommend an indoor waterpark with approximately 80,000 square feet of waterpark space to allow the subject to have a larger facility that is somewhat larger than the Great Wolf Lodge Poconos. The entire hotel will be fully accessible to timeshare interval owners and exchange guests. The following table indicates our recommendations for the resort.



<b>Proposed Indoor Waterpark Resort Recommended Facility</b>			
<b>Number of Units</b>		<b>350</b>	
<b>Room Mix</b>	<b>Units</b>	<b>Room Breakdown %</b>	<b>Size (S.F.)</b>
Double-Queen	210	60%	400-450
Kings	35	10%	400-450
Suites	105	30%	550-600
<b>Meeting Rooms</b>	<b>Square Feet</b>	<b>Banquet Seating Capacity</b>	
Ballroom (Divisible Into 6 Rooms)	12,000	1,000	
Smaller Ballroom (Divisible into 7 rooms)	7,000	580	
Additional Banquet/Meeting Rooms (Divisible Into 6)	3,000		
Pre-function Space	10,000		
<b>Total</b>	<b>32,000</b>		
<b>Food and Beverage Outlets</b>			
Themed Family-Style Restaurant			
Specialty Restaurant and Bar			
Coffee Shop			
Indoor Waterpark Snack Bar			
Swim-up Bar			
Waterpark Bar			
Outdoor Waterpark Snack Bar			
Deli Market/Confectionary			
<b>Waterpark Features</b>		<b>Sizing</b>	
Indoor Square Footage		80,000	
Outdoor Square Footage		40,000	
# of Lockers		500	
Birthday Party Rooms S.F. (Divisible Into 3)		1,500	
<b>Additional Revenue Centers</b>		<b>Square Feet</b>	
Family Entertainment Center/Arcade		25,000	
Gift Shop		4,000	
Spa		1,500	
<b>Outdoor Adventure Park</b>			
Beginner Ski/Tubing Hill			
Zipline			
Miniature Golf			
Rope Course			
Mountain Coaster			
<b>Amenities</b>			
Indoor/Outdoor Whirlpool		Kids Activities	
Fitness Center		Complimentary Parking	
Complimentary High Speed Internet		Business Center	
Dry Play Area		MagiQuest Style Interactive Game	
<b>Adjacent Attractions (not included in our study)</b>			
Monster Golf Course		Retail	
Casino		Skating Rink	
Multiple Restaurants		Amphitheater/Event Area	
Source: Hotel & Leisure Advisors			

We recommend the subject offer a sufficient number of amenities to create a true resort destination. The following bullets highlight the plans for the resort and our recommendations.

- We recommend the subject offer 350 guest rooms with a mixture of double queens, king rooms, and suites. All rooms are recommended to include a sleeper sofa or bunk beds and a half wall to allow families to utilize them as studio suites. We recommend a mixture of room types including themed rooms with kids' bunk beds and separate kids' areas. All standard guest rooms should sleep six people. This will provide flexibility for guests. We recommend these rooms be larger than typical guest rooms with an average square footage of between 400 and 450 square feet and suites offering approximately 600 square feet and include a separate bedroom and living room. We recommend approximately 70% typical guest rooms and 30% suites.
- We recommend the subject offer two restaurants which should share the same kitchen. We recommend one of the restaurants be a family oriented buffet style facility. We recommend the other restaurant offer a slightly more upscale although still family-friendly menu. One of the restaurants should include a separate lounge area with entertainment offered during busy time periods. We project a waterpark snack bar will be located in the indoor waterpark area. We recommend a swim-up bar and a waterpark bar overlooking the FlowRider in the indoor waterpark. We recommend a seasonal snack bar located in the outdoor waterpark area. We also recommend a take-out pastry/deli area offering snacks, baked goods, ice cream, and candy. We also recommend a Starbucks type coffee shop. We recommend the food and beverage options and the entire hotel be smoke-free.
- We recommend the subject offer a meeting and conference space with approximately 32,000 square feet including a 12,000 square foot divisible ballroom, smaller divisible ballroom, symposium style room, and various breakout rooms. The meeting space will allow the subject to attract additional group business in midweek periods. Additionally, the meeting space will accommodate weddings, bar mitzvahs, and other social events. The conference space should be located on the opposite end of the building from the indoor waterpark to allow separation between different types of users.
- We recommend the subject offer 1,500 square feet of multiple birthday party rooms adjacent to the indoor waterpark for party guests to assemble when they are not in the waterpark. This room can be utilized as an overflow breakout room, or for waterpark snack bar seating, when there are no birthday parties.
- We recommend amenities for travelers to conduct business, including a small business center and availability of wireless Internet access.
- We further recommend a large indoor waterpark, an outdoor waterpark, family entertainment center, fitness center, and themed lobby.
- We recommend the subject offer RFID wristbands to hotel and timeshare guests to pay for various services at the resort, including arcade tokens, gift shop,

restaurants, coffee shop and waterpark snack bar. The wristbands can either be pre-paid (for children) or linked to a guest room account.

- We recommend a MagiQuest-type interactive game for children that would utilize different sections of the hotel. This interactive game is extremely popular and profitable at the Great Wolf Lodge properties. We also recommend other dry play areas within the hotel for children to enjoy.
- We recommend the development include a 1,500 square foot teen spa that would include multiple treatment rooms and offer services such as facials, pedicures, and other treatments. The spa should be targeted toward teenagers with their parents as well as activities for younger children. An adult full-service spa is projected to be developed in the casino resort hotel.
- The developer is planning and we recommend an adventure park with mountain coaster, ropes course, zipline, and tubing hill/beginner skiing hill. The development will be able to utilize the natural changes in elevations to create numerous outdoor activities. Walking and hiking trails should be created to connect the indoor waterpark resort to the adventure park, Concord Monster Golf Course, casino, and entertainment village. The additional activities will provide a greater experience to the guests staying at the indoor waterpark resort.
- We recommend outdoor amenities including an outdoor waterpark area and walking/bike path. Walking paths should provide connectivity to the adventure park activities, amphitheater, ice rink, action park area and casino. While the indoor waterpark resort should be a stand-alone destination, ease of connectivity to the overall development's many other amenities will enhance the overall guest experience.
- We recommend retail stores with approximately 4,000 square feet of space selling items related to the theme of the waterpark in addition to swimming and sports related items.
- We recommend the facility be constructed with a plan to add a second phase expansion of the hotel rooms, indoor waterpark, outdoor waterpark, and conference center if demand allows. Planning for an expansion in the initial drawings will lower the cost later. The facility could utilize additional land available within the overall development.
- We recommend the subject try to obtain LEED certification as a "green" structure, which would allow for reduced energy costs and positive eco-friendly publicity. We recommend the developers analyze the various point systems for certification and balance the potentially higher costs with energy and environmental savings. The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. In 2011, an ongoing study involving CB Richard Ellis, the University of San Diego and McGraw Hill Construction revealed that green buildings generated stronger returns for investors than traditional properties, with owners anticipating a 4% higher return on investment (ROI) and an additional 5% increase in building value. Savings in energy costs of 20% to 50% are common through integrated planning, site

orientation, energy-saving technologies, light-reflective materials, natural daylight and ventilation, and downsized HVAC and other equipment.

### **Indoor Waterpark Features and Amenities**

We recommend the subject develop the indoor waterpark connected to the proposed hotel structure. We recommend both the subject hotel and timeshare units have an interior connection to the indoor waterpark. We recommend approximately 80,000 square feet of waterpark area excluding the mechanical rooms.

The size recommendation for the hotel and waterpark will provide a good room to waterpark ratio. Typically, the indoor waterpark utilizes approximately 35 to 40 square feet per person. At 80,000 square feet, this implies that the subject indoor waterpark will hold 2,000 to 2,286 people at one time. Additional people will be allowed into the arcade and gift shop areas. The subject is projected to have 350 available guest rooms while the timeshare resort is proposed to have 200 units. If we assume approximately four people per guest room and 5.5 people per timeshare unit, this equals 2,500 people in the resort. Therefore, if all hotel rooms and timeshare units were to have waterpark packages, the subject waterpark would have no capacity for day visitors. However, during time periods when the proposed hotel is not sold out, there will be capacity for day visitors and birthday party packages.

Initially, the subject waterpark will have capacity for day visitors as the timeshare development at the subject would be built in phases. As the number of timeshare units increases, the number of available day passes will go down. We recommend the developer consider expanding the indoor waterpark before completion of the third and fourth buildings of the timeshare units. We have not included this expansion in our analysis.

In our opinion, the subject should be developed and advertised as a property with limited access to day visitors to enhance its more exclusive nature and encourage guests to stay overnight. However, during slower weekdays and for birthday parties and groups, we recommend the subject offer day passes.

We recommend the indoor waterpark have a unique theme and include a variety of tubes, pools, slides, and other indoor waterpark attractions. The rides and attractions need to offer sufficient entertainment value. The rides should have theming and a sense of adventure. We recommend the subject facility obtain at least one ride or attraction that is unique to the facility that they can promote to the public. The waterpark should have a separate locker room area with a minimum of 500 lockers to accommodate day visitors and guests who are checking in and out. Additional components for the waterpark area could include:

1. Various slides and tubes and other rides for both smaller and larger children
2. Three to five tall slides and rides targeting teenagers or older children
3. Tree house water game structure with various interactive water components
4. Zero depth entry area for babies and toddlers with small slides and water fountains

5. Whirlpools for adults and older children; an indoor/outdoor whirlpool is recommended
6. Basketball and water polo areas
7. Lazy river
8. Wave pool
9. Water coaster
10. FlowRider or surf machine
11. Family raft ride
12. Birthday party rooms
13. Cabanas both indoors and outdoors

FEC/Arcade: We recommend family entertainment center/arcade with approximately 25,000 square feet with a capacity of over 100 arcade games split between a teen area and a smaller child area. It should also offer activities such as laser tag, indoor miniature golf, and bowling. We recommend that the arcade area be constructed adjacent to a dry play area.

Retail/Gift Shop: We recommend multiple gift shops with approximately 4,000 square feet of total retail space. We recommend two gift shops: one be located in the lobby area selling novelty related items and the second be located near the waterpark entrance selling swimming related items. We recommend other small retail shops and kiosks be located near the arcade such as build a bear, kids tattoo/henna parlor and keychain/wristband kiosk etc.

By locating the arcade, restaurant, and retail near each other it will allow the subject to offer a "main street" type atmosphere, which will be active during the evenings.

We assume the indoor waterpark will be of quality and theme that will be exciting to regional travelers as well as to local residents and will justify a higher admission price.

Outdoor Waterpark: We recommend the subject have an outdoor waterpark area with a minimum of 40,000 square feet including a flat water pool, an interactive activity pool with slides and geysers, deck area for sun bathing, zero depth toddler pool, and other outdoor water attractions. We recommend the outdoor waterpark area be constructed adjacent to the indoor waterpark to provide an additional summer amenity. This should be expanded as additional timeshare units are opened.

The proposed indoor waterpark size is within the range of other indoor waterpark facilities including Jay Peak in Jay, Vermont, Castaway Bay in Sandusky, Great Wolf Lodge in Sandusky, and Great Wolf Lodge Poconos.

- The recently opened Pump House at Jay Peak Resort has 176 guest rooms and 40,000 square feet of indoor waterpark area, which equals 227 square feet of indoor waterpark space per available unit. The resort has an additional 300 condominium units, which participate in a rental pool that may access the property.
- Castaway Bay in Sandusky, owned by Cedar Fair, offers 237 guest rooms and a 38,000 square foot indoor waterpark, which equals 160 square feet of indoor waterpark space per available unit.
- Great Wolf Lodge in Sandusky offers 271 guest rooms and a 33,000 square foot indoor waterpark area, which equals 122 square feet per available unit.
- Great Wolf Lodge in Poconos offers 401 guest rooms and a 78,000 square foot indoor waterpark area, which equals 194 square feet per available unit.

Our recommendation for the subject is for 80,000 square feet of net waterpark area and 350 hotel guest rooms and 200 timeshare units when completed, which equals 145 square feet of indoor waterpark space per guest room. The proposed figure will allow the subject to offer the largest indoor waterpark in New York. With the other planned amenities at the subject resort, it will create a family destination.

**Proposed Timeshare Units**

The timeshare component of the proposed resort is recommended to offer for sale approximately 200 units. We recommend the subject offer a mixture of approximately 40 one-bedroom units, 140 two-bedroom units, and 20 three-bedroom units as depicted in the following chart.

<b>Timeshare Development Proposed Resort -Thompson, New York</b>		
	<b>Projected # of Units</b>	<b>Average SF/Unit</b>
One Bedroom	40	800
Two-Bedroom	140	1,100
Three-Bedroom	20	1,400
<b>Total</b>	<b>200</b>	<b>1,070</b>
Source: Hotel & Leisure Advisors		

All rooms are recommended to include a sleeper sofa, allowing the subject to maximize sleeping capacity. We recommend a mixture of king beds, double queen beds, and kid’s bunk beds in separate kid’s areas, which will provide flexibility for timeshare owners and exchange guests. We recommend that the one-bedroom units be approximately 800 square feet, the two-bedroom units provide approximately 1,100 square feet, and the three-bedroom units offer an area of approximately 1,400 square feet all with a kitchen/living area. The following table summarizes the proposed subject's timeshare facilities.

<b>Proposed Indoor Waterpark Resort, Thompson, New York Summary of Facilities - Timeshare</b>		
<b><u>Timeshare Building</u></b>	<b><u>Year Constructed</u></b>	<b><u># of Units</u></b>
Building "A"	2018	50
Building "B"	2019	50
Building "C"	2020	50
Building "D"	2021	<u>50</u>
<b>Total Number of Units at Buildout</b>		<b>200</b>
<b>Timeshare Unit Mix</b>		<b>Units</b>
One-Bedroom		40
Two-Bedroom		140
Three-Bedroom		<u>20</u>
<b>Total</b>		<b>200</b>
<b>Amenities</b>		
Complimentary Indoor Waterpark Admission for up to Eight Persons		
Full Kitchen in Every Unit		
Complimentary Transportation throughout the Resort Development		
RFID Cashless Wristband System for use throughout the Resort		
Separate Check-in/Check-out & Concierge Area for Timeshare Owners & Exchange Guests		
Laundry Facilities within each timeshare building		
Spa (Located in the Indoor Waterpark Hotel)		
Fitness Center (Located in the Indoor Waterpark Hotel)		
Numerous Food & Beverage Outlets (Located in the Indoor Waterpark Hotel)		
Note: Units may be cabins, duplexes, apartment style, or combination of each		
Source: Hotel & Leisure Advisors		

As shown, the facility is recommended to offer one-, two- and three-bedroom units, which are projected to sleep between six and 12 people each as follows.

- **One-bedroom units** will sleep up to six people and include:  
Bedroom One - One king bed or two queen beds  
Units will also include a pull-out sofa in living room along with a full kitchen.
- **Two-bedroom units** will sleep up to eight people and include:  
Bedroom One - Two queen beds  
Bedroom Two – One king bed  
Units will also include a pull-out sofa in living room along with a full kitchen.
- **Three-bedroom units** will sleep up to 12 people and include:  
Bedroom One – One king bed  
Bedroom Two – Two queen beds  
Bedroom Three – Two queen beds  
Units will also include a pull-out sofa in living room along with a full kitchen.

**Timeshare Recommendations:** The following bullets highlight the developers' plans for the timeshare portion of the proposed resort and our recommendations.

- We recommend that the 200-unit timeshare development be constructed in 50-unit buildings or a mix of buildings and cabins over the course of four years. The timeshare units would be developed as one-, two-, and three-bedroom units. The units would range in size from 750 to 800 square feet for one-bedroom units, 1,000 to 1,100 square feet for two-bedroom units and 1,300 to 1,500 for three-bedroom units. We recommend the main timeshare buildings be connected via a ground floor walkway. We recommend a majority of the units be two-bedroom units. The structures could be a mix of cabins, duplexes, or apartment style buildings.
- Interior corridor access should be provided between all timeshare units and the many amenities offered at the indoor waterpark resort hotel (including the restaurants, indoor waterpark, meeting space, arcade, gift shops, and lounge).
- We recommend that a separate check-in/check-out lobby area be constructed within the timeshare portion of the resort development.
- All timeshare interval owners and timeshare exchange guests (guests who own timeshare weeks at another resort but who have exchanged their week for a stay at the subject) utilizing the units should receive complimentary indoor waterpark admission for up to eight persons during their stay. Additional day pass and weekly pass admission should be made available at a reduced rate. A portion of the resort's interval timeshare owner's maintenance fee should be allocated to the indoor waterpark to account for usage and maintenance. The remainder of the fee accounts for the operation and upkeep of the timeshare units.
- We recommend that timeshare interval owners be made eligible for discounts at all of the subject resort's revenue centers (rounds of golf, spa treatments, etc.).
- We recommend that timeshare owners be awarded access to the indoor waterpark one hour earlier (or one hour later) than the resort guests at least two days per week. We project this exclusive benefit to be a selling tool for the timeshare units.
- Coin-operated laundry facilities should be made available within each timeshare building.
- Access to the fitness room (located within the hotel complex) should be complimentary for all timeshare guests.
- We recommend that the subject provide complimentary transportation throughout the resort to all timeshare owners and exchange guests.
- We recommend that the timeshare development include a four-season outdoor whirlpool and outdoor pool accessible only by timeshare owners and exchange guests. This area should also include a sun deck for use in the summer months.
- Sufficient parking should be developed in close proximity to the timeshare portion of the resort.
- We recommend that the timeshare development include a game room exclusively for timeshare owners and exchange guests offering televisions, video games,



board games, and pool tables. This amenity should be accessible via room key. We recommend that one of these game room areas be included in at least two of the four timeshare buildings.

- The design elements and theming for the timeshare units should match with the rest of the resort.

**Development Costs for Indoor Waterpark Resorts and Indoor Waterpark Additions:** We have analyzed the development budgets of other indoor waterpark resorts that are under development or have been developed in the region as well as for waterpark additions at existing hotels across the United States. A majority of indoor waterpark resorts have been developed new with both the hotel and waterpark being constructed at the same time. However, a number of indoor waterparks have been added to existing hotels as well. In the following table, we have compiled a variety of development cost data for indoor waterpark resorts inclusive of land, hotel, waterpark, and all development costs.

Indoor Waterpark Resort Development Costs Combined Hotel and Waterpark Components								
Name/Description	City	State	Year Opened/To Open	Sq. Feet of Waterpark Space	Number of Rooms	Cost	Cost Per Room	
Great Wolf Lodge	Garden Grove	CA	2016	100,000	600	\$300,000,000	\$500,000	
Key Lime Cove	Gurnee	IL	2008	64,500	414	\$136,000,000	\$328,502	
Ramada Inn with Indoor Waterpark	Watervliet	MI	2008	11,000	95	\$12,000,000	\$126,316	
Great Wolf Lodge	Concord	NC	2009	80,000	409	\$134,000,000	\$327,628	
CanadInns Splasher	Grand Forks	ND	2007	40,000	201	\$43,000,000	\$213,930	
Hope Lake Lodge	Cortland	NY	2009	33,000	150	\$39,000,000	\$260,000	
Six Flags Great Escape Lodge and Indoor Waterpark	Queensbury	NY	2006	38,500	200	\$47,000,000	\$235,000	
Great Wolf Lodge	Mason	OH	2007	79,000	401	\$116,000,000	\$289,277	
Kalahari Indoor Waterpark Resort	Pocono Township	PA	2015	100,000	450	\$190,000,000	\$422,222	
Camelback Indoor Waterpark Resort	Tannersville	PA	2015	100,000	453	\$163,000,000	\$359,823	
Great Wolf Lodge	Tannersville	PA	2005	78,000	401	\$104,000,000	\$259,352	
Wilderness at the Smokies Resort	Sevierville	TN	2009	66,000	394	\$100,000,000	\$253,807	
Great Wolf Lodge	Grand Mound	WA	2009	78,000	398	\$172,000,000	\$432,161	
Average				66,769	351	\$119,692,308	\$340,780	
Source: Hotel & Leisure Advisors								

Development costs for new construction indoor waterpark resorts have ranged from \$126,316 to \$500,000 per available room. The wide range depends upon the quality of property and the extent of the indoor waterpark. The range of costs is also impacted by union requirements for construction work, extent of financing costs included in development budget, and amount of entrepreneurial profit included in development budget.

We project development costs for the proposed project to range from \$160,000,000 to \$200,000,000 or from \$290,000 to \$364,000 per available room (550) inclusive of the hotel, timeshare units, indoor waterpark, meeting space, and adventure park amenities.

## **FRANCHISE AFFILIATION ANALYSIS**

We have analyzed the potential for the hotel to operate as an independent property versus one with a hotel franchise. The subject hotel could affiliate with a national hotel franchise and receive the benefits of this affiliation by being more recognizable to the potential guests. However, the costs of affiliating with a national franchise can exceed the additional value created in some cases. As the subject will be located in the Catskill region, which is known as a leisure destination for outdoor activities and plans to be associated with Wilderness Resorts, a noted indoor waterpark operator, we recommend that the subject not affiliate with a national brand.

The subject will be a unique facility with an indoor waterpark, arcade, gift shop, conference center space, outdoor waterpark, and other potential amenities. There are few national franchises that are identifiable with this type of product. Our analysis of resorts in the state of New York indicates that most of these properties are independent and not affiliated with a national franchise. Our analysis of indoor waterpark resorts indicates that approximately 60% of these properties are independent, while 40% are affiliated with a national franchise of which Holiday Inn has the largest number of affiliates.

The developers anticipate working with Wilderness Resorts as the management company that will operate the subject property as an independent hotel, potentially branded with similar theming as Wilderness Resorts in Wisconsin Dells, Wisconsin, and Sevierville, Tennessee. Wilderness Resorts has the expertise and growing brand to successfully manage and potentially brand the subject. The following paragraphs describe their two resorts. Brochures for each resort are located in the addendum.

The Wilderness Territory Resort in the Wisconsin Dells is located on 600 acres. The resort offers a variety of lodging options including hotel guestrooms, villas, condominiums, and cabins. Overall, the resort offers 1,189 sleeping rooms, including a 224-unit (460-room) timeshare development which is sold by Wyndham Vacation Resorts. Waterpark passes are included in a guest stay and the passes are exclusively for the use of registered guests. Due to the vast size of the overall resort, unlike other indoor waterpark resorts, this resort offers multiple indoor waterpark locations. Klondike Kavern is a 65,000 square foot indoor waterpark located adjacent to the New Frontier Region of the hotel. Wild WaterDome is a 70,000 square foot indoor waterpark with a see-through roof and the nation's largest indoor wave pool and is connected to Glacier Canyon segment of the resort with a skywalk to Klondike Kavern. The Wild West indoor waterpark is located in the Wild West Region of the Wilderness Hotel and is the largest of the waterparks at over 70,000 square feet. Wilderness on the Lake offers Cubby's Cove, an indoor waterpark that overlooks Lake Dalton and is targeted for younger children. In addition to the indoor waterparks, the resort offers four outdoor waterparks: New Frontier (110,000 square feet), Lake Wilderness (40,000 square feet), Lost World (3.2 acres), and Cubby's Outdoor located adjacent to Cubby's Cove. The resort also offers a FEC with a ropes course, miniature golf, laser tag, arcade, and dry play area. Additional outdoor attractions include zip line tour, miniature golf, go-karts and kiddy karts, horse drawn wagon rides, nature walking trails and golf course. The property also offers the Glacier Canyon Conference Center, a 56,000 square foot facility with a 14,823 square foot ballroom divisible into nine individual rooms, a smaller ballroom divisible into six individual rooms, 10 meeting or breakout rooms and two boardrooms.

Wilderness at the Smokies in Sevierville, Tennessee, is a vacation and meeting destination. The resort includes 704 rooms including 470 timeshare rooms (235 units) sold Wyndham Vacation Resorts. As with the Wisconsin property, access to the resort's waterparks is exclusive to the resort guests. The property offers a 66,000 square foot indoor waterpark called Wild WaterDome and two outdoor waterparks: Lake Wilderness and Salamander Springs. The resort recently opened Adventure Forest, a family entertainment center that includes a three-story ropes course, rock climbing wall, laser tag, laser maze, miniature golf, interactive playhouse, miniature bowling, and an arcade. The property is also located adjacent to the Sevierville Event Center. The event center features a 108,000 square foot exhibit hall, 19,000 square foot ballroom, five meeting rooms, and 54,500 outdoor tent exhibit area adjacent to the exhibit hall.

The following table shows the occupancy and ADR for the Wilderness Wisconsin and Tennessee locations for 2012, the last full-year data is available for.

<b>Wilderness Resorts 2012 Occupancy and ADR</b>		
<b>Wilderness Territory - Wisconsin Dells, Wisconsin</b>		
	<b><u>Occupancy</u></b>	<b><u>ADR</u></b>
Wilderness Hotel	65% - 70%	\$150 - \$200
Glacier Canyon Lodge	55% - 60%	\$150 - \$200
Wilderness on the Lake	55% - 60%	\$300 - \$350
Villas-Condos-Cabins	50% - 55%	\$400 - \$450
<b>Wilderness at the Smokies - Sevierville, Tennessee</b>		
	<b><u>Occupancy</u></b>	<b><u>ADR</u></b>
River Lodge	55% - 60%	\$150 - \$200
Source: Wilderness Resorts		

## **MUNICIPAL INCENTIVES**

In our opinion, the subject development should obtain municipal incentives from the town, county, and state to perform extensive tourism infrastructure at the subject site. These incentives could include a tax abatement, municipal financing, tax incremental financing, county construction of the resort, or other incentives. We recommend incentives due to the high risk involved in developing a tourist oriented project.

We have profiled other indoor waterpark resort projects that have received incentives. The following bullets indicate other indoor waterpark resort projects that have been built or are under development and have received municipal funding.

- **Tobyhanna Township, Pennsylvania** – In 2013, the Tobyhanna Township supervisors approved a conditional land development plan and tax increment financing district (TIF) for the development of the Kalahari Resort. The TIF district will divert property taxes on the project's first phase to repaying a \$26 million,

20-year bond for infrastructure improvements. The overall project is expected to cost \$350 million.

- **Pocono Township, Pennsylvania** – In May 2013, Pocono Mountain School District, Monroe County, and Pocono Township approved a Tax Increment Financing District for the expansion of Camelback Mountain Resort. The expansion includes the development of a \$145 million indoor waterpark with a 453-room hotel, restaurant, and conference area. The \$13.1 million TIF will generate almost \$9 million for infrastructure improvements. The TIF term is for 20 years.
- **Palm Desert, California** - In January 2012, the Palm Desert City Council approved providing a rebate of \$1 million of its transient occupancy tax (TOT) once the outdoor waterpark is open. Under the resolution, Marriott will be given back the additional revenue generated by the waterpark until the refund reaches \$1 million. The process could take several years because the refund on the bed tax revenue will only kick in if revenue exceeds the previous quarter, which gives the resort an incentive to fill its rooms. The outdoor waterpark is projected to cost approximately \$10 million.
- **Concord, North Carolina** - in 2009, Great Wolf Resorts constructed a 402-room indoor waterpark resort in the Charlotte suburb of Concord near the existing NASCAR speedway. The property has an 81,000 square foot indoor waterpark. The project cost over \$100 million to construct. The Concord City Council granted \$1,500,000 in tax incentives to the resort developers. Additionally, Cabarrus County provided incentives of \$2,600,000 to the project.
- **Wisconsin Dells, Wisconsin** - The Chula Vista Resort is one of the older resorts in the Wisconsin Dells, having originally opened in 1951. The property is undergoing a \$200 million expansion, which includes the addition of between 300 and 600 guest rooms, an inflatable sports dome, expanded golf course, proposed conference center, new indoor waterpark, new outdoor waterpark, and other improvements. The City of Wisconsin Dells has approved a tax incremental financing program for the project, which will pay the resort \$19 million over a period of years with the planned development of the \$200 million in improvements. The payments by the city to the developer are in increments and occur after completion of specified components of the project.
- **Mason, Ohio** - Great Wolf Resorts opened a 401-room indoor waterpark resort with a 79,000 square foot indoor waterpark. The City of Mason and Warren County provided a 10-year property tax abatement as well as a refund of two thirds of the bed tax owed to the city (2% of total revenue), for a 10-year period.
- **Sandusky, Ohio** - Cedar Fair converted the existing Radisson Hotel into Castaway Bay, an indoor waterpark resort. The City of Sandusky approved a 10-year, 100% tax abatement for the \$22 million addition of the indoor waterpark.
- **Huron Township, Ohio** - Kalahari Resort has opened its 596-room resort located in Huron Township in Erie County. As part of the development, Erie County provided over \$11 million in development assistance for road construction and infrastructure improvements for the project. The development is on a former farm that lacked municipal sewer and water services. In March 2011, Kalahari Resort

began a \$26.8 million expansion project to double the size of its convention center and add seven five-bedroom units. Erie County officials approved a 15 year tax abatement that provided a 75% reduction in property taxes on the expansion.

- **Sheboygan, Wisconsin** - The City of Sheboygan provided \$4 million to the Great Lakes Companies to develop the Blue Harbor Resort and Conference Center. In addition, they provided \$6 million to purchase the land for the proposed indoor waterpark resort on the shores of Lake Michigan. The city also provided \$8 million to construct a city-owned convention center, which the resort operates.
- **Storm Lake, Iowa** - The State of Iowa and the City of Storm Lake provided \$9 million in Vision Iowa money to the developers of the Kings Pointe Waterpark Resort in Storm Lake. The development includes a 100-room hotel in addition to a 17,000 square foot indoor waterpark and an outdoor waterpark. The overall development costs for the entire project were \$30 million, indicating that the municipal support was nearly one third of the project.

The developer has negotiated with the Sullivan Industrial Development Agency a 100% real estate tax abatement on improvements for the first eight years following the completion of the subject. The subject will pay 12.5% of the real estate tax liability in year nine, increasing by 12.5% each year until year 16 following completion of the subject. The subject will also receive a sales tax rebate on the sales tax charged on construction supplies purchased during development. Also the subject will receive a mortgage tax abatement on financing costs incurred during development.

In our opinion, the risks associated with the development of an indoor waterpark resort justify receiving governmental assistance. Our review of various development projects in the region indicates that many projects receive some sort of county or state aid, particularly projects of the size and magnitude proposed for the subject.

**NATIONAL LODGING MARKET OVERVIEW**

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

**Occupancy and Average Daily Rate Performance**

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

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

Source: Smith Travel Research

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

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

In its September 2013 edition of *Hotel Horizons*, PKF Hospitality Research affirms its forecast of strong fundamental performance for the U.S. lodging industry. PKF said the lack of meaningful increases in hotel supply, an economy that supports growth in lodging demand, and market leverage that allows for real room rate growth leads its forecasts of healthy increases in both revenue and profits in 2013 and 2014. PKF is forecasting a 5.9% increase in RevPAR in 2013 following by RevPAR growth of 7.2% in 2014 and 8.1% in 2015. For 2013, PKF is looking for a 1.6% occupancy increase and a 4.2% rise in ADR. In 2014, PKF expects occupancy to be up 1.9% and ADR to be up 5.2%. PKF said the concerns of hoteliers about sluggish group business and low occupancy at lower-priced hotels have suppressed room rate growth.

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

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

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

PricewaterhouseCoopers (PwC) provided its forecasts for the U.S. lodging industry in November 2013. Assuming a fiscal policy resolution is reached, improving economic conditions are expected to help support further hotel performance gains in 2014. Occupancy levels at higher-priced hotels are ahead of prior peak levels, industry RevPAR is above the prior peak, and hotel construction activity is still quite limited, although it is rebounding. Demand continues to outpace supply growth so PwC is expecting growth in occupancy and ADR to continue, resulting in RevPAR growth of 5.5% in 2013 and 5.9% in 2014. PwC expects lodging demand in 2013 to increase 2% with supply growth only up 0.9% by year-end, boosting occupancy levels to 62.2%, the highest since 2007. ADR growth of 4.6% is expected in 2014. Luxury hotels are experiencing the strongest performance gains and are on track for 74.4% occupancy in 2013.

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

<b>Overall U.S. Lodging Forecast</b>						
	<b>Occupancy</b>	<b>% Change Occ.</b>	<b>ADR</b>	<b>% Change ADR</b>	<b>RevPAR</b>	<b>% Change RevPAR</b>
<b>2009</b>	54.6%	-8.7%	\$98.06	-8.7%	\$53.54	-16.6%
<b>2010</b>	57.5%	5.3%	\$98.05	0.0%	\$56.38	5.3%
<b>2011</b>	60.0%	4.3%	\$101.71	3.7%	\$61.03	8.2%
<b>2012</b>	61.4%	2.3%	\$106.10	4.3%	\$65.15	6.8%
<b>2013</b>	62.2%	1.3%	\$110.61	4.3%	\$68.80	5.6%
<b>2014</b>	63.1%	1.4%	\$115.73	4.6%	\$73.03	6.1%
Source: Smith Travel Research (9/13)						

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

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

### **New Supply of Lodging Rooms**

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

<b>U.S. Hotel Rooms Construction Pipeline by Region</b>						
<b>Region</b>	<b>Under Construction 8/13</b>	<b>Under Construction 8/12</b>	<b>% Change</b>	<b>Total Pipeline 8/13</b>	<b>Total Pipeline 8/12</b>	<b>% Change</b>
<b>Pacific</b>	8,795	4,660	88.7%	39,424	34,779	13.4%
<b>Mountain</b>	4,157	3,783	9.9%	36,322	25,621	41.8%
<b>West North Central</b>	4,624	3,749	23.3%	17,435	15,744	10.7%
<b>West South Central</b>	13,155	10,344	27.2%	52,639	50,873	3.5%
<b>East North Central</b>	6,732	6,974	-3.5%	26,861	25,893	3.7%
<b>East South Central</b>	5,929	5,289	12.1%	19,693	19,248	2.3%
<b>Middle Atlantic</b>	17,864	15,879	12.5%	55,584	54,503	2.0%
<b>New England</b>	894	1,006	-11.1%	11,576	9,331	24.1%
<b>South Atlantic</b>	16,589	14,552	14.0%	70,133	68,833	1.9%
<b>Total</b>	<b>78,739</b>	<b>66,236</b>	<b>18.9%</b>	<b>329,667</b>	<b>304,825</b>	<b>8.1%</b>

Source: Smith Travel Research

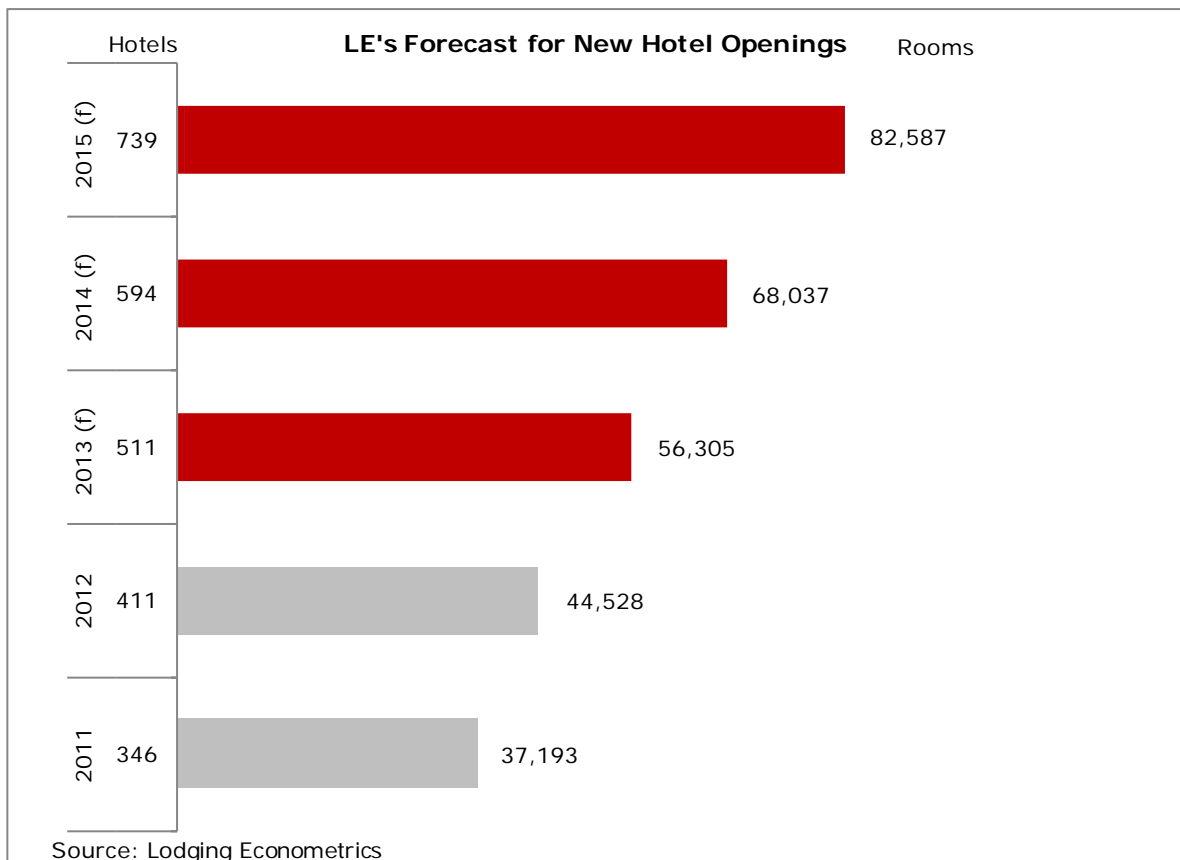
The total active U.S. hotel development pipeline comprised 329,667 rooms, according to the August 2013 STR *Pipeline Report*. This represented an 8.1% increase in the number of rooms in the total active pipeline compared with August 2012 and an 18.9% increase in the number of rooms under construction.

Smith Travel Research indicated the U.S. hotel industry opened 407 new properties in 2012 with 43,865 rooms, resulting in a small 0.5% increase in existing room supply. The Upper Midscale segment opened the most rooms in 2012 with 15,700 rooms in 166 projects. The segment reported a 0.6% decrease in the number of rooms that opened in 2012 compared with 2011. The Upscale segment opened 11,819 rooms in 85 properties during 2012, and the Independent segment opened 7,216 rooms in 52 properties. The Luxury segment opened the smallest number of new rooms in 2012 (233 rooms in one property).



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

The chart below shows the forecasted number of new hotels and rooms projected to open through 2015 from Lodging Econometrics. The chart indicates from 2011 to 2015 the numbers of new hotels projected to open have been increasing steadily. Lodging Econometrics projected 511 new hotels in 2013 (56,305 rooms). It forecasted 594 new hotels for 2014 (68,037 new rooms) and 739 new hotels for 2015 (82,587 new rooms), which is approximately a 24.4% increase in number of hotels opened over the 2014 forecast.



**Information Concerning Travel**

According to American Express Global Business Travel in its *Global Business Travel Forecast 2014*, North American business travelers can expect mixed price changes across travel categories in 2014. Airfares are expected to decline in 2014 as a result of heightened competition from low cost carriers, challenging unemployment levels and corporate travel policies becoming more stringent in regard to business class travel. Pending consolidation among major airlines may offset that. American Express said hotel rates in North America are expected to be up overall but individual city prices may vary widely. Hotel prices in North America's main travel regions, key business and tourism

destinations such as New York City and Toronto, are expected to grow but secondary locations are increasing in supply and are expected to be more competitive. The forecast for hotels is for a 2%-5% rise in mid-range hotel rates next year and a 3.5% - 5.5% rise in upper-range hotel rates.

The U.S. Department of Commerce (DOC) announced in June 2013 that 67.0 million international visitors traveled to the United States in 2012, a 10.8% increase over 2011. In 2012, the top inbound markets continued to be Canada and Mexico. Both increased in visitor volume, Canada by 6% and Mexico by 8%. China and Brazil also showed increased arrivals, 35% and 19% respectively, while Japan increased by 14%. The DOC projects international travel to the United States will continue experiencing strong growth through 2018, based on the *Office of Travel & Tourism Industries' 2013 Spring Travel Forecast*. Building on a record-breaking 2012, visitor volume is expected to rise 4.0% in 2013, reaching 69.6 million visitors who stay one or more nights in the United States. According to the current forecast, the U.S. would see a 3.7% to 4.2% annual growth rate in visitor volume over the 2013-2018 timeframe. By 2018 this growth would produce 84.6 million visitors, a 26% increase compared to 2012. All world regions are forecast to grow over the period. Among the top origin markets, those with the largest forecasted total growth percentages are China (229%), Saudi Arabia (191%), Russian Federation (79%), Brazil (66%), Argentina (65%), and Columbia (54%). Spain is the only top 40 visitor origin country forecast to decline from 2012 through 2018. The forecast also includes the potential effect, beginning in 2014, of the international marketing efforts of the new Corporation for Travel Promotion to promote the U.S. as a premier destination to international travelers.

### **Hotel Chain Scales**

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

**Proposed Indoor Waterpark Resort, Thompson, New York  
Market Analysis**

C-6

Smith Travel Research 2013 Chain Scales					
Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy
Affina	Ace Hotel	aloft Hotel	3 Palms	A Victory Hotels	Affordable Suites of America
AKA	Autograph Collection	Ascend	Ayres	America's Best Suites	America's Best Inn
Andaz	Camino Real	Aston Hotel	Best Western Plus	AmericInn	Americas Best Value Inn
Colony	Club Quarters	Best Western Premier	Boarders Inn & Suites	Baymont Inn & Suites	Budget Host
Conrad	Dolce	Cambria Suites	Boulders Inn & Suites	Best Western	Budget Suites of America
Dorchester Collection	Dream	Canad Inn	Chase Suites	Cabot Lodge	Budgetel
Doyle Collection	Embassy Suites	Club Med	Clarion	Candlewood Suites	Country Hearth Inn
Fairmont	Gaylord	Coast Hotel	Comfort Inn	Centerstone Hotels	Crestwood Suites
Firmdale	Hard Rock	Courtyard	Comfort Suites	ClubHouse	Crossland Suites
Four Seasons	Hilton	Crowne Plaza	Country Inn & Suites	Cobblestone	Days Inn
Grand Hyatt	Hilton Grand Vacations	Disney	Doubletree Club	Crossings by GrandStay	Downtowner Inn
Helmsley Hotel	Hyatt	DoubleTree	Drury Inn	Crystal Inn	Econo Lodge
InterContinental	Joie De Vivre	element	Drury Inn & Suites	GrandStay Residential Suites	Extended Stay America
JW Marriott	Kimpton	Four Points	Drury Lodge	Hawthorn Suites by Wyndham	Extended Stay Deluxe
Langham	Le Meridien	Grand America	Drury Plaza Hotel	Howard Johnson	E-Z 8
Loews	Marriott	Great Wolf Lodge	Drury Suites	InnSuites Hotel	Family Inn of America
Luxury Collection	Marriott Conference Center	Hilton Garden Inn	Fairfield Inn	Lakeview Distinctive Hotels	Good Nite Inn
Mandarin Oriental	Marriott Executive Apartments	Homewood Suites	Golden Tulip	La Quinta Inn & Suites	Great Western
Mokara Hotel & Spa	Millennium	Hotel Indigo	Hampton Inn	MainStay Suites	GuestHouse Inn
Montage	New Otani	Hyatt House	Hampton Inn & Suites	Oak Tree Inn	HomeGate
Orient Express	Nikko	Hyatt Place	Holiday Inn	Quality Inn	Homestead
Park Hyatt	Omni	Jolly	Holiday Inn Express	Ramada	Home-Towne Suites
Ritz-Carlton	Pan Pacific	Larkspur	Holiday Inn Select	Red Lion	Howard Johnson Express
RockResorts	Radisson Blu	Legacy Vacation Club	Home2 Suites by Hilton	Rode Inn	InTown Suites
Rosewood	Red Carnation	Melia	Isle of Capri	Settle Inn	Jameson Inn
Sofitel	Renaissance	Miyako Hotels & Resorts	Larkspur Landing	Shilo Inn	Key West Inn
St Regis	Sheraton Hotel	Novotel	Lexington	Signature Inn	Knights Inn
Taj	Sonesta Hotel	NYLO Hotel	Night	Sleep Inn	Lees Inn Of America
The Peninsula	St. Giles Hotel	O'Callaghan	OHANA	Vagabond Inn	Master Hosts Inns
The Prince	Starhotels	Outrigger	Park Inn	Vista	Masters Inn
Thompson Hotels	Swissotel	Park Plaza	Phoenix Inn	Wingate by Wyndham	Microtel Inn
Trump International Collection	Warwick Hotels	Prince Hotel	Ramada Plaza		Motel 6
Viceroy	Westin	Radisson	Silver Cloud		National 9
W Hotel	Wyndham	Residence Inn	Sunspree Resorts		Passport Inn
Waldorf=Astoria		Room Mate	Tryp by Wyndham		Pear Tree Inn
		Sonest ES Suites	TownePlace Suites		Red Carpet Inn
		Springhill Suites	Westmark		Red Roof Inn
		Staybridge Suites	Wyndham Garden Hotel		Road Star Inn
			Xanterra		Rodeway Inn
					Savannah Suites
					Scottish Inn
					Studio 6
					Studio Plus
					Suburban Extended Stay
					Sun Suites Extended Stay Hotel
					Super 8
					Travelodge
					Value Place
					Yotel

Source: Smith Travel Research

J.D. Power and Associates 2013 *North American Hotel Guest Satisfaction Index Study* indicated hotel guest satisfaction increased significantly, reaching its highest levels in the past seven years. Overall, guest satisfaction averages 777 on a 1,000-point scale, which is up 20 points from 2012 and is the highest score for the hotel industry since the introduction of the study in 2006. Satisfaction has increased in all seven factors, with the largest increases in reservation, cost and fees, and check-in/check-out. The following hotel brands rank highest in guest satisfaction within their respective segments:

- Luxury: The Ritz-Carlton (for a fourth consecutive year)
- Upper Upscale: Kimpton Hotels
- Upscale: Hyatt Place
- Midscale Full Service: Holiday Inn (for a third consecutive year)
- Midscale: Drury Hotels (for an eighth consecutive year)
- Economy/Budget: Microtel Inn & Suites by Wyndham
- Upper Extended Stay: Homewood Suites
- Extended Stay: TownePlace Suites

**Hotel Sales Overview**

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

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

Source: The Pennsylvania State University (10/13)

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

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

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

### **Financial Statistics Concerning Hotels**

We have analyzed financial statistics concerning the performance of hotels as taken from the 2013 *Host Report* published by Smith Travel Research. This report included the operating statements of nearly 6,000 hotels for year-end 2012 and is also utilized in the financial analysis section of this report. The following table presents selected financial ratios to sales for both full-service and limited-service hotels for the past 13 years.

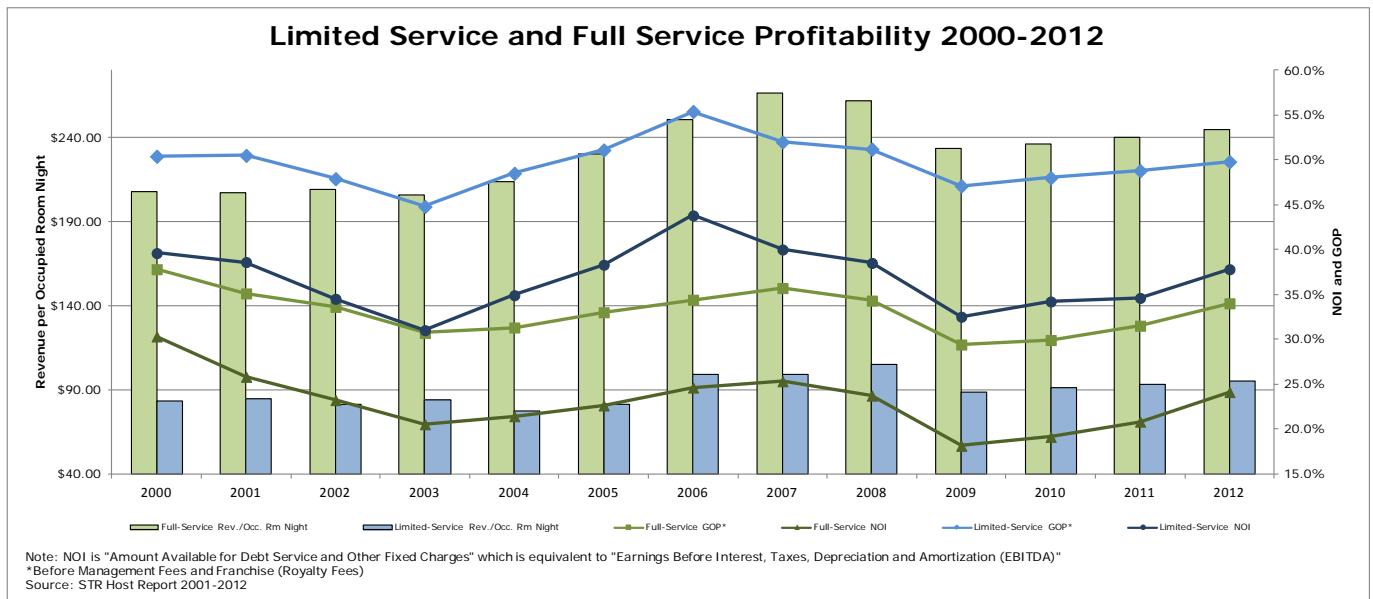
<b>Selected Financial Ratios to Sales</b>						
	<b>Full-Service</b>			<b>Limited-Service</b>		
	<b>Rev./Occ. Rm Night</b>	<b>GOP*</b>	<b>NOI</b>	<b>Rev./Occ. Rm Night</b>	<b>GOP*</b>	<b>NOI</b>
<b>2000</b>	\$207.50	37.8%	30.3%	\$82.95	50.4%	39.6%
<b>2001</b>	\$206.94	35.1%	25.8%	\$84.27	50.5%	38.6%
<b>2002</b>	\$209.16	33.6%	23.2%	\$81.06	47.9%	34.5%
<b>2003</b>	\$205.71	30.7%	20.5%	\$83.80	44.8%	31.0%
<b>2004</b>	\$213.76	31.3%	21.4%	\$77.47	48.5%	34.9%
<b>2005</b>	\$229.98	33.0%	22.6%	\$81.26	51.1%	38.3%
<b>2006</b>	\$250.76	34.4%	24.6%	\$98.72	55.4%	43.8%
<b>2007</b>	\$266.56	35.7%	25.3%	\$98.72	52.0%	40.0%
<b>2008</b>	\$262.11	34.3%	23.7%	\$104.81	51.2%	38.5%
<b>2009</b>	\$233.72	29.4%	18.1%	\$88.23	47.1%	32.5%
<b>2010</b>	\$236.13	29.9%	19.1%	\$91.01	48.0%	34.2%
<b>2011</b>	\$240.08	31.5%	20.8%	\$92.97	48.8%	34.6%
<b>2012</b>	\$244.76	34.0%	24.1%	\$95.13	49.8%	37.8%

Note: NOI is "Amount Available for Debt Service and Other Fixed Charges" which is equivalent to "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)"

\*Before Management Fees and Franchise (Royalty) Fees

Source: STR *Host Report* 2001-2013

The table indicates that the percentage of gross operating profit before management fees and franchise fees declined between 2001 and 2003 for both full-service hotels and limited-service hotels. The gross operating profit showed an improvement from 2003 to 2006 for both property types. In 2007, gross operating profits reached its highest levels since 2000 for full-service properties, while limited-service hotels experienced a decline. In 2008 and 2009, gross operating profit showed a decline in both categories, but then recorded an increase from 2010 to 2012. In 2007, revenue per occupied room night was the highest for full-service hotels, while limited-service hotels recorded their highest in 2008. Both properties saw a substantial decline in revenue per occupied room night in 2009, followed by increases from 2010 to 2012. Between 2000 and 2003, both properties had a decline in net operating income. In 2007, full-service hotels saw their highest net operating income, while limited-service hotels had theirs in 2006. Both properties saw an increase in net operating income from 2010 to 2012. The following graph shows the financial ratios to sales for both full-service and limited-service hotels for the past 13 years.



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

### **ANALYSIS OF INDOOR WATERPARK RESORTS**

The indoor waterpark resort and the addition of indoor waterparks to existing hotels have become more widespread phenomena since 2000 in North America. The growth of indoor waterparks is due to their popularity with children and the desire of parents and grandparents to select lodging locations that will be fun for their children. In addition, indoor waterpark resort properties are increasingly popular for short weekends and two- or three-day getaways for families that may not have time for longer vacations. Across the United States and Canada, new indoor waterparks have been added to existing hotels and new indoor waterpark destination resorts have been constructed. The primary growth of indoor waterparks in hotels and resorts is in historically summer resort locations, although they have also been developed in suburban and urban locations.

Hotel & Leisure Advisors (H&LA) defines an indoor waterpark resort as a lodging establishment containing an aquatic facility with a minimum of 10,000 square feet of indoor waterpark space and inclusive of amenities such as slides, tubes, and a variety of indoor water play features. Although numerous hotels bill their indoor pools as waterparks, those with less than 10,000 square feet of aquatic area should be categorized as hotels with water features rather than as waterparks. H&LA divides indoor waterpark resorts into two categories:

- Indoor waterpark destination resort
- Hotel with indoor waterpark

A hotel with indoor waterpark is a hotel with an attached indoor waterpark with 10,000 to 30,000 square feet of indoor waterpark space where the indoor waterpark serves as an amenity to the hotel rather than a true destination. An indoor waterpark destination resort is a resort with 30,000 square feet or more of indoor waterpark space and is

considered a true destination resort that families visit on a year round basis primarily due to the waterpark and secondarily because of other attractions or events in the area. The following table indicates the three types of indoor waterparks and hotels with water features that currently exist and are being developed in the United States and Canada.

<b>Types of Indoor Waterparks in Lodging Establishments</b>			
	Hotel with Water Features	Hotel with Indoor Waterpark	Indoor Waterpark Destination Resort
Size of aquatic area	1,000 to less than 10,000 square feet	10,000 to 30,000 square feet	30,000+ square feet
Possible Amenities	swimming pool, slide, toddler area with mushroom, spray gun	multiple slides, tree house with slides, spray guns, tipping buckets, Jacuzzi, various pools, lazy river	multiple slides, tree house with slides, spray guns, tipping buckets, Jacuzzi, various pools, lazy river, wave pool, water coaster, surfing, outdoor waterpark features
Capacity	up to 250 people	250 to 750 people	750 to 5,000 people
Minimum Number of Lifeguards	1	3	10
Arcade Size	0 to 1,000 square feet	1,000 to 3,000 square feet	3,000 to 10,000 square feet
Source: Hotel & Leisure Advisors			

An indoor waterpark destination resort differs from a typical hotel in that it offers resort and leisure amenities not found in typical hotel properties. The destination resorts attract families on a year-round basis who are interested in the many activities of the waterpark as well as other activities of the resort, which may include a large arcade, retail shops, kids club, spa, fitness facilities, indoor play land, supervised play activities, story time areas, and multiple food and beverage outlets. They feature a variety of room types, including themed rooms, kids' cabins and suites. The indoor waterpark destination resorts attract travelers because of the amenities of the resort in addition to the amenities of the area. In contrast, a typical hotel attracts travelers primarily because of the amenities of the area.

The growth in indoor waterparks is occurring both as an amenity in an existing hotel (typically franchised) as well as an integral part of a destination resort (typically independent). Two distinct trends are appearing. The additions to existing hotels, or development of franchised properties with indoor waterparks, are occurring with smaller indoor waterparks being attached to generally smaller hotel projects. These indoor waterparks are an amenity for guests but not the entire focus of a hotel. These properties have not performed as well in terms of occupancy and average daily rate performance and have had more conflicts between families and corporate guests. Larger destination resorts, which consist of larger themed properties with additional amenities and larger waterpark areas, are also under development and opening nationwide. These resorts focus on leisure travelers interested in the waterpark. These facilities have



performed better due to their offering many amenities and attractions and focusing on leisure guests.

**National Indoor Waterpark Resort Supply**

Currently, 14 hotels located in Wisconsin Dells have indoor waterparks with a total of 4,345 rooms and 730,500 square feet of indoor waterpark space. Wisconsin Dells has the greatest concentration of hotels with indoor waterparks in North America. There are additional waterpark properties located in other destinations across the United States and Canada. The following table profiles these properties.

<b>Indoor Waterpark Resort Supply Analysis</b>						
<b>State/Province</b>	<b>Number of Resorts</b>	<b>Average Room Count</b>	<b>Indoor Waterpark Size (SF)</b>			<b>Percent Franchised</b>
			<b>Average</b>	<b>High</b>	<b>Low</b>	
Colorado	1	125	10,000	10,000	10,000	100%
Connecticut	1	279	26,000	26,000	26,000	100%
Florida	1	392	30,000	30,000	30,000	0%
Idaho	2	182	31,000	42,000	20,000	50%
Illinois	3	297	36,733	60,200	24,000	33%
Indiana	3	194	29,000	40,000	12,000	0%
Iowa	7	137	17,571	25,000	10,000	29%
Kansas	1	281	38,000	38,000	38,000	0%
Massachusetts	3	291	24,333	37,000	10,000	67%
Michigan	14	208	24,286	58,000	0	36%
Minnesota	14	173	24,357	75,000	10,000	64%
Missouri	5	311	22,040	32,000	11,000	40%
Montana	1	109	25,000	25,000	25,000	0%
Nebraska	3	208	24,000	32,000	10,000	67%
New Hampshire	1	163	35,000	35,000	35,000	100%
New Jersey	1	283	30,000	30,000	30,000	100%
New Mexico	1	290	28,000	28,000	28,000	100%
New York	3	182	27,833	38,500	12,000	33%
North Carolina	1	402	84,000	84,000	84,000	0%
North Dakota	4	172	20,750	40,000	10,000	75%
Ohio	9	325	53,611	174,500	15,000	22%
Oklahoma	1	87	28,000	28,000	28,000	100%
Pennsylvania	4	348	60,250	100,000	10,000	50%
South Carolina	1	495	15,000	15,000	15,000	0%
South Dakota	4	205	21,250	30,000	12,000	75%
Tennessee	3	493	41,167	66,000	20,000	0%
Texas	4	404	64,750	90,000	19,000	0%
Utah	1	191	10,000	10,000	10,000	100%
Vermont	1	416	40,000	40,000	40,000	0%
Virginia	2	901	61,625	67,000	56,250	0%
Washington	3	279	26,000	58,000	10,000	33%
Wisconsin	28	225	38,289	205,000	10,000	14%
Wyoming	1	160	11,000	11,000	11,000	100%
<b>Total USA/Average</b>	<b>132</b>	<b>279</b>	<b>32,086</b>			<b>36%</b>
Alberta	3	260	80,600	217,800	12,000	67%
Manitoba	2	123	5,000	10,000	0	100%
Ontario	6	453	40,833	90,000	15,000	67%
Saskatchewan	1	157	10,000	10,000	10,000	100%
<b>Total Canada/Average</b>	<b>12</b>	<b>199</b>	<b>27,287</b>			<b>75%</b>

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space  
Source: Hotel & Leisure Advisors, LLC, December 2013

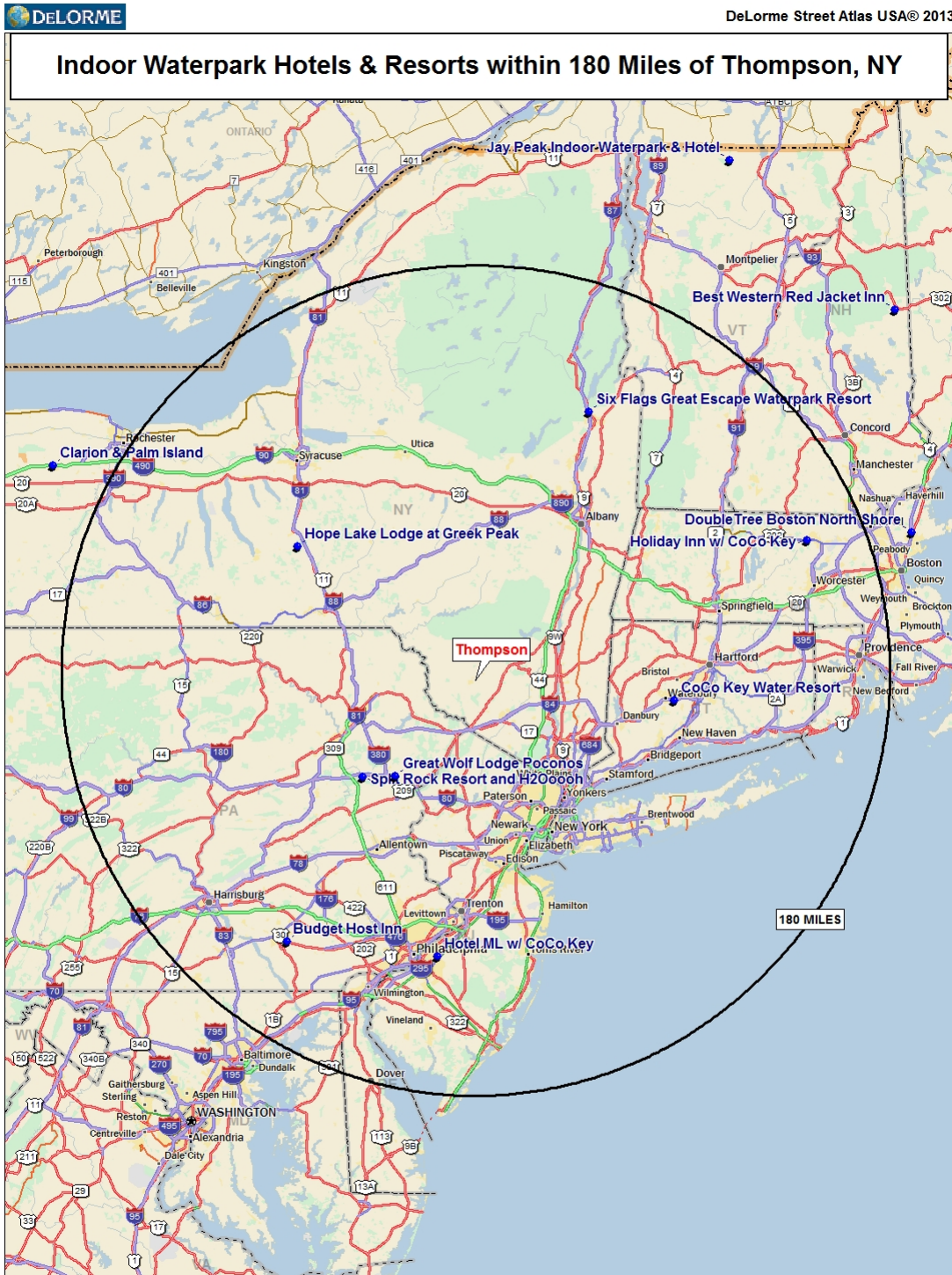
The following chart indicates indoor waterpark resort properties located in the states surrounding the subject.

**Proposed Indoor Waterpark Resort, Thompson, New York  
Market Analysis**

Hotels & Resorts with Indoor Waterparks-Nearby States						
Name	Location	State / Province	Number of Rooms		Waterpark (SF)	
			Franchise	Independent	Franchise	Independent
CoCo Key Water Resort Hotel & Convention Center (former Holiday Inn)	Waterbury	CT	279		26,000	
Double Tree by Hilton Hotel Boston North Shore with CoCo Key Water Resort	Danvers	MA	367		37,000	
Holiday Inn with CoCo Key IWP (to be Great Wolf Lodge)	Fitchburg	MA	245		26,000	
Cape Codder Resort & Spa	Hyannis	MA		260		10,000
Hotel ML with CoCo Key Indoor Waterpark (former Marriott)	Mount Laurel	NJ	283		30,000	
Palm Island Indoor Waterpark @ Clarion Hotel	Batavia	NY	195		12,000	
Cascades @ Hope Lake Lodge at Greek Peak	Cortland	NY		150		33,000
Six Flags Great Escape Waterpark Resort	Queensbury	NY		200		38,500
Splash Lagoon - Residence Inn, HI Express & Comfort Inn	Erie	PA	395		100,000	
Split Rock Resort with H2Ooohh!	Lake Harmony	PA		525		53,000
Budget Host Inn & Suites with Caribbean Indoor Waterpark	Lancaster	PA	70		10,000	
Great Wolf Lodge	Poconos	PA		401		78,000
Jay Peak Indoor Waterpark Resort	Jay Peak	VT		416		40,000
Americana Resort With Indoor Waterpark Addition	Niagara Falls	ON		204		25,000
Fallsview Indoor Waterpark (Sheraton, Crowne Plaza, Hampton, Skyline Inn)	Niagara Falls	ON	1,109		90,000	
Great Wolf Lodge	Niagara Falls	ON		406		85,000
Travelodge Ottawa West with Wet N' Wild	Ottawa	ON	196		15,000	
Delta Hotel Toronto East	Scarborough	ON	371		15,000	
<b>Total</b>		<b>18</b>	<b>3,510</b>	<b>2,562</b>	<b>361,000</b>	<b>362,500</b>
<b>Average</b>			<b>351</b>	<b>320</b>	<b>36,100</b>	<b>45,313</b>
<b>Total / Average for Combined Franchise &amp; Independent</b>			<b>6,072</b>	<b>337</b>	<b>723,500</b>	<b>40,194</b>

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space  
Source: Hotel & Leisure Advisors, LLC, December 2013

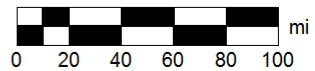
The previous table and the following map indicate existing hotels and resorts with indoor waterparks in New York and the surrounding states. As shown, there are relatively few indoor waterpark projects within the immediate region.



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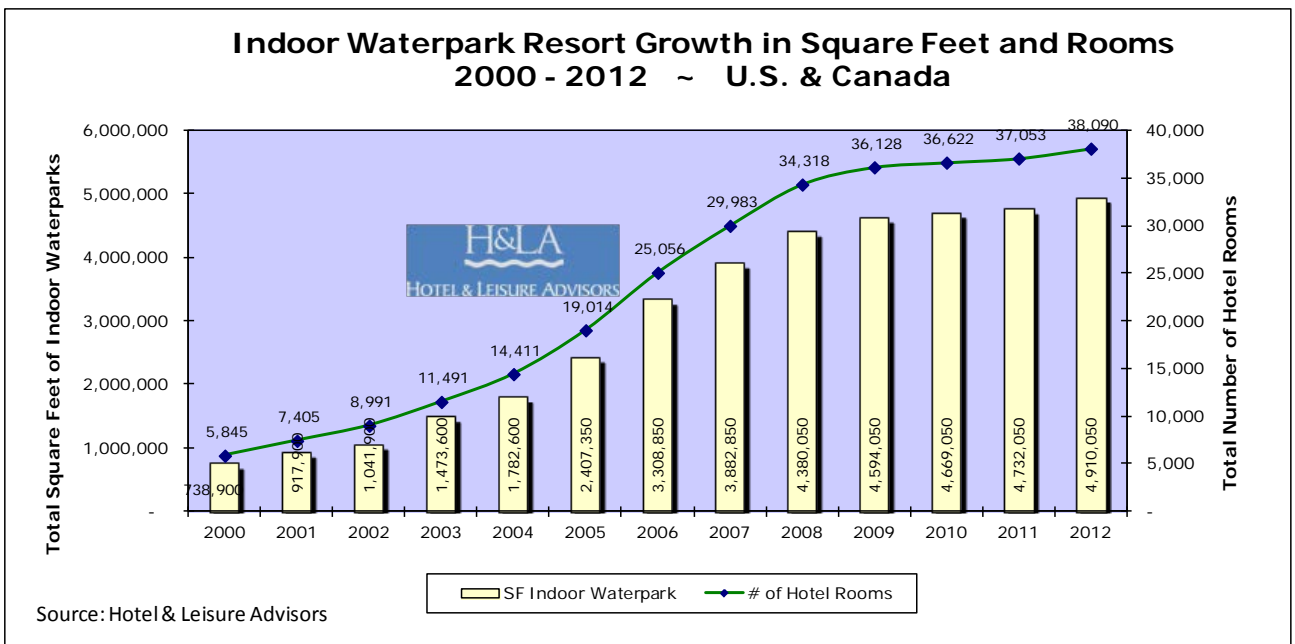
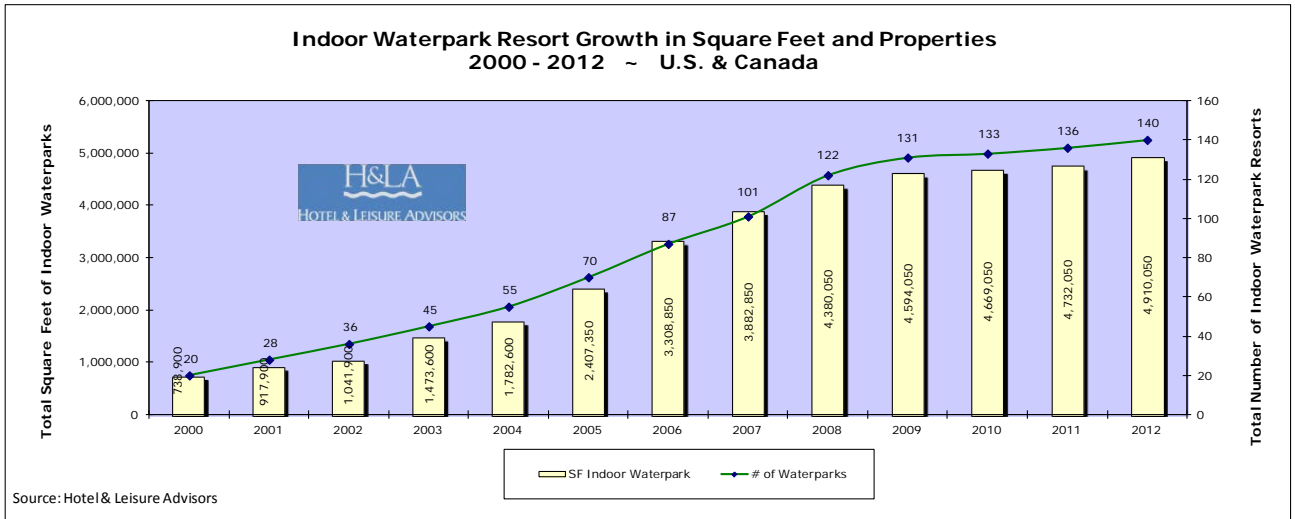
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The following charts indicate the growth in indoor waterpark resort supply in the United States and Canada.



**Recent Openings of Indoor Waterpark Resorts**

The following table indicates properties that opened or expanded in 2010 in the United States and Canada.

<b>Indoor Waterpark Additions &amp; Indoor Waterpark Resorts Opened in 2010</b>				
<b>Indoor Waterparks and Resorts</b>	<b>City</b>	<b>State / Prov</b>	<b>New Rooms</b>	<b>Indoor Waterpark Sq. Ft.</b>
CoCo Key Water Resort (former Orlando Grand) IWP/OWP addition	Orlando	FL	0	54,000
Great Wolf Lodge Waterslide Addition	Kansas City	KS	0	1,000
Radisson Indoor Waterpark Addition	Albuquerque	NM	0	28,000
Great Wolf Lodge Waterslide Addition	Mason	OH	0	1,000
Kalahari Sandusky Outdoor Adventure Park Addition	Sandusky	OH	0	0
Great Wolf Lodge Waterslide Addition	Poconos	PA	0	1,000
Kalahari Resort 5BR Cottage Expansion	Wisconsin Dells	WI	4	0
Wilderness Resort Zip Line, Miniature Golf Addition	Wisconsin Dells	WI	0	0
<b>Total</b>		<b>8</b>	<b>4</b>	<b>85,000</b>
Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space				
Source: Hotel & Leisure Advisors, LLC				

The following table indicates the properties that opened or expanded in 2011.

<b>Indoor Waterpark Additions &amp; Indoor Waterpark Resorts Opened in 2011</b>				
<b>Indoor Waterparks and Resorts</b>	<b>City</b>	<b>State / Prov</b>	<b>New Rooms</b>	<b>Indoor Waterpark Sq. Ft.</b>
World Waterpark at West Edmonton Mall Addition of Three Slides	Edmonton	AB	0	0
Sahara Sam's Indoor Waterpark outdoor ropes course addition	West Berlin	NJ	0	0
Clarion Batavia Indoor Waterpark Addition	Batavia	NY	0	12,000
Kalahari 115,000 SF Conference Center Addition & 5BR Condos	Sandusky	OH	6	0
Great Wolf Lodge-addition of MagiQuest	Niagara Falls	ON	0	0
Evergreen Air Museum Hotel with Indoor Waterpark (hotel later)	McMinnville	OR	0	52,000
Splash Lagoon Wave Pool Expansion	Erie	PA	0	35,000
Jay Peak Indoor Waterpark and Hotel	Jay	VT	57	40,000
Mount Olympus Hotel Rebranding/Additions of Luna Inn, Four Seasons, Raintree Resort, Star Motel, Copa Cabana Hotel	Wisconsin Dells	WI	496	0
Kalahari Resort Wisconsin Dells Addition of Three Slides & 4 cottage	Wisconsin Dells	WI	4	0
Fairfield Inn, Country Inn, and Caribbean Cove Indoor Waterpark	Gillette	WY	160	11,000
<b>Total</b>		<b>11</b>	<b>723</b>	<b>150,000</b>
Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space				
Source: Hotel & Leisure Advisors, LLC				

The following table indicates the properties that opened or expanded in 2012 in the United States and Canada.

<b>Indoor Waterpark Additions &amp; Indoor Waterpark Resorts Opened in 2012</b>				
<b>Indoor Waterparks and Resorts</b>	<b>City</b>	<b>State / Prov</b>	<b>New Rooms</b>	<b>Indoor Waterpark Sq. Ft.</b>
Bavarian Inn Lodge addition of Waterpark	Frankenmuth	MI	0	20,000
Soaring Eagle Resort and Conference Center with Indoor Waterpark	Mt. Pleasant	MI	243	45,000
Holiday Inn Express (opened in 2011) with Water Zoo Indoor Waterpark (opened in 2012)	Clinton	OK	87	28,000
Wilderness at the Smokies Indoor Dry Park and Water Slide Expansion	Sevierville	TN	0	23,000
Schlitterbahn Beach Resort (conversion of former 221-room Holiday Inn)	South Padre Island	TX	221	80,000
Jay Peak Indoor Waterpark Hotel Addition	Jay	VT	176	0
Jay Peak Indoor Waterpark Golf Course Condos Addition	Jay	VT	50	0
Wilderness Hotel and Golf Resort Two Slides and Indoor Ropes Course Addition	Wisconsin Dells	WI	0	0
<b>Total</b>		<b>8</b>	<b>777</b>	<b>196,000</b>
Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space				
Source: Hotel & Leisure Advisors, LLC				

The development of the indoor waterpark resorts in the Midwest and Northeast increased the overall number of overnight visitors, particularly during the non-summer months. The primary growth has occurred during long weekends and school breaks. The addition of waterparks to resorts and hotels has added entertainment value for the guest by bringing the outdoor waterpark indoors. Bringing the waterpark indoors eliminates weather as a variable and extends a short peak season to year round. The resorts are very popular with families with children ages 14 and under.

**Sizing of Waterparks:** Our analysis indicates that the typical indoor waterpark resort property has approximately 150 square feet of net indoor waterpark space (waterpark area and play area but excluding arcade, gift shop, offices) per guest room. This correlates with research that indicates an indoor waterpark should have approximately 35 to 40 square feet of space per person. Because a typical hotel room will house between three and four people, this calls for between 105 and 160 square feet of indoor waterpark space per guest room. Some larger properties have up to 200 square feet of indoor waterpark guest room.

**Waterpark Resort Condominiums:** A number of indoor waterpark resorts in the Midwestern states have utilized the sale of condominium hotel units to raise funds to construct indoor waterpark additions. Sale prices for condominium units, which are then rented out by the management company, range from \$200,000 to \$500,000 for a two- to three-bedroom (frequently lockout) unit. The buyer of the condominium unit typically utilizes the unit only one to two weeks per year. The buyer hires the hotel management company to rent the unit out on a nightly basis and the management company receives between 40% and 50% of the room revenues. Resorts with condominium units include Kalahari Resorts in Sandusky and Wisconsin Dells; Great Wolf Lodge in Wisconsin Dells; Blue Harbor Resort in Sheboygan; Wilderness Resort in Wisconsin Dells; Boyne's Mountain Grand Lodge and Avalanche Bay in Michigan; and Grizzly Jack's Grand Bear Lodge in Starved Rock, Illinois.

**Timeshare Units and Indoor Waterpark Resorts:** A number of indoor waterpark resorts are adding timeshare units as a component of their overall rooms supply. Resorts that currently offer timeshare units include Massanutten Resort in Virginia and the Wilderness Resorts in Wisconsin Dells and Sevierville, Tennessee. Massanutten Resort in Virginia reported that after the indoor waterpark addition was announced both sales and

prices of timeshare units increased. Mount Olympus Resort Water and Theme Park Resort in Wisconsin Dells partnered with Bluegreen Corporation to develop two- and three-bedroom timeshare units in 2008 and 2009, which are known as Odyssey Dells. Wyndham's timeshare division is selling timeshares at the Wilderness Resort in Wisconsin Dells and the Wilderness Resort in Sevierville, Tennessee.

**Indoor Waterparks Occupancy and Average Room Rates:** Waterpark resorts generally outperform the general non-waterpark hotels in the same market. There are several reasons for this premium performance, including:

- Year-round destination resorts
- Elimination of weather-related vacation risks
- Wide appeal of water-based recreation
- Increasing demand for short drive-to getaway vacations
- Themes with varying levels of appeal
- Location proximate to customer base
- Location within established family vacation market

### **Performance Figures of Indoor Waterpark Resorts**

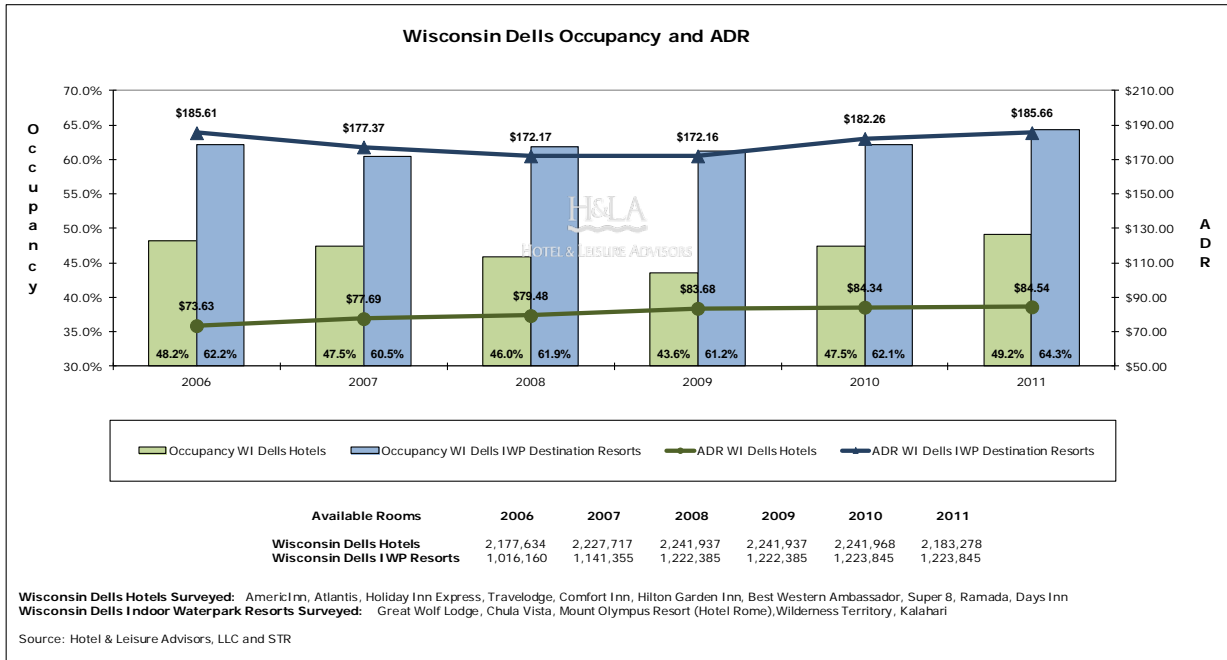
Occupancy, ADR and RevPAR for 15 Larger Indoor Waterpark Destination Resorts: We have analyzed the occupancy, ADR and RevPAR performance figures for 15 indoor waterpark destination resorts, using three years of historical data. These resorts are located throughout the United States and represent a variety of brands and properties. The purpose for the analysis is to determine the change in RevPAR (revenue per available room) between the years. The following chart indicates the RevPAR for each year and the percentage change.

<b>Historical Performance of Grouping of Indoor Waterpark Destination Resorts</b>				
<b>15 resorts with average of 425 rooms</b>				
<u>Year</u>	<u>Occupancy</u>	<u>ADR</u>	<u>RevPAR</u>	<u>% Change</u>
2010	63.4%	\$211.69	\$134.14	-
2011	66.1%	\$218.47	\$144.32	7.6%
2012	68.5%	\$221.14	\$151.57	5.0%

Note: Resorts contain over 30,000 SF of indoor waterpark  
Source: Hotel & Leisure Advisors

The table indicates that the RevPAR increased by 7.6% between 2010 and 2011 and by 5.0% between 2011 and 2012. This compares to the United States hotel industry, which saw an increase in RevPAR between 2010 and 2011 of 8.2% and an increase between 2011 and 2012 of 6.7%.

Occupancy and ADR for Wisconsin Dells Indoor Waterpark Resorts: Occupancy and ADR for the five larger indoor waterpark resorts, which are located in the Wisconsin Dells, are shown in the following table along with the results from the Smith Travel Research report of ten participating hotels including two with small indoor waterparks and eight without one in Wisconsin Dells. The purpose for this analysis is to show the higher occupancy and ADR that larger indoor waterpark resorts achieve compared to typical franchise properties as represented by the Smith Travel Research report.



The overall market average of the comparable indoor waterpark resorts located in Wisconsin Dells outperformed the franchise chain affiliated Wisconsin Dells non-resort overall average hotel occupancy by 15.1 occupancy points and the ADR of the non-resort hotels by \$101.12 in 2011. These statistics are based upon the five larger indoor waterpark destination resorts and the 10 limited-service franchise participating hotels as shown by Smith Travel Research in Wisconsin Dells. Specific properties within the competitive set outperformed the overall average Smith Travel Research figures by up to 26 occupancy points and the ADR by up to \$127 in 2011.

In comparison to the indoor waterpark resorts, the hotels in the Wisconsin Dells with small indoor waterparks or without one achieve substantially lower levels of occupancy and are very seasonal. The franchise hotels are open year-round but achieve their strong occupancy levels in the summer months, limiting their direct comparison. However, the analysis clearly indicates the higher occupancy and ADRs are generally achieved by hotels with indoor waterparks as compared to those with small indoor waterparks or without one.

Great Wolf Resorts: We have analyzed the historic figures of the Great Wolf Resorts properties from their SEC offerings prior to the company's purchase by the Apollo private equity group and becoming a private company. The following indicates pertinent information for years 2008 through 2011 for the chain.



<b>Great Wolf Resorts, Inc. Operating Statistics for 2008-2011</b>				
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>All Properties (Same Store)</b>				
Occupancy	63.3%	59.7%	60.4%	61.9%
ADR	\$260.10	\$252.30	\$244.66	\$243.81
RevPAR	\$164.58	\$150.60	\$147.66	\$151.02
Total RevPOR	\$395.18	\$387.83	\$376.57	\$369.61
Total RevPAR	\$250.05	\$231.50	\$227.28	\$228.95
<b>Generation I Resorts (Wisconsin Dells, Sandusky, Traverse City, Kansas City)</b>				
Occupancy	56.1%	52.7%	52.7%	56.6%
ADR	\$201.09	\$198.56	\$191.45	\$196.25
RevPAR	\$112.77	\$104.70	\$100.92	\$110.98
Total RevPOR	\$302.77	\$300.42	\$288.87	\$293.86
Total RevPAR	\$169.79	\$158.42	\$152.28	\$166.19
<b>Generation II Resorts (Williamsburg, Poconos, Niagara Falls, Mason, Grapevine, Grand Mound and Concord)</b>				
Occupancy	66.0%	62.3%	63.7%	67.0%
ADR	\$279.05	\$269.48	\$263.95	\$279.58
RevPAR	\$184.15	\$167.94	\$168.14	\$187.44
Total RevPOR	\$424.84	\$415.76	\$408.36	\$421.50
Total RevPAR	\$280.37	\$259.11	\$260.14	\$282.60

Source: Great Wolf Resorts, Inc.

The chart indicates that the chain recorded variations in occupancy percentage over the four-year period between 2008 and 2011. The ADR levels are well above national averages for hotel properties in similar markets. The company recorded a decline in occupancy for all properties between 2008 and 2010 due to the national economic recession. Additionally, ADRs decreased between 2008 and 2009 for both generations. The ADR levels have since rebounded between 2009 and 2011. The Mason, Ohio, and Niagara Falls, Ontario, facilities opened in 2007; Grand Mound, Washington, opened in 2008; and the Concord, North Carolina, property opened in 2009. The 8.5% decline in RevPAR in 2009 for all Great Wolf Lodge properties was better than the national hotel industry's decline of 16.7%. Performance in 2011 indicates a solid 3.5-point improvement in occupancy for all Great Wolf properties with the Generation I resorts posting a 3.4-point improvement over 2010, and Generation II resorts posting a 3.7-point improvement. Both the larger Generation II resorts and the smaller Generation I resorts have shown improvement in RevPAR over the previous year. The figures show wide disparity between the Generation I versus Generation II resorts in ADR and occupancy figures. The Generation I resorts comprise hotels with 300 rooms or less, while the

Generation II resorts comprise hotels of 400 rooms or more. Additionally, the Generation I resorts are located in areas with much more competition than the Generation II resorts.

CoCo Key Resorts: There are nine CoCo Key Waterparks located in the United States in the Midwest and Northeastern states of Connecticut, Illinois, Massachusetts Missouri, Nebraska, New Jersey, and Ohio. The waterparks are connected to both independent and franchise affiliated hotels. The hotel properties were built between 1963 and 1993 and generally had inferior locations in their respective markets. Jones Lang LaSalle listed the portfolio for sale in the late summer of 2010. In early 2011, the 2,725-room portfolio was listed with auction.com, and the properties were auctioned for approximately \$53,000,000 to a variety of buyers. The auction sale prices were well below the costs associated with purchasing the properties and adding the waterparks. All of the properties have achieved lower than projected performance levels, with fiscal year 2010 occupancies ranging from 34% to 63%. Sage Hospitality managed the portfolio prior to the sale. The properties all offer small to midsize indoor waterpark facilities. All of the properties are located in suburban areas not close to major family attractions such as amusement parks, which has limited the higher-rated leisure demand. The economic recession has negatively affected these properties. Nearly all of the properties were rebranded with quality franchise affiliations and were partially renovated after purchase. However, corporate transient and group travelers have not patronized these properties in the numbers the developers forecasted despite the new brands and renovations. Most of the properties require additional renovations to overcome their inferior conditions relative to other hotels within their major markets.

**Usage of Indoor Waterpark:** We have analyzed the usage of the indoor waterparks within the resorts. The following table indicates our estimates of annual usage of the indoor waterparks and a usage per square foot figure for each waterpark. The names of each facility are kept confidential.

<b>Annual Attendance at Indoor Waterpark Resorts</b>		
Resort	Estimated Annual Attendance	Attendance/SF
A	1,000,000	5.8
B	700,000	5.6
C	296,000	5.4
D	414,000	5.3
E	280,000	4.3
F	67,000	6.7
G	196,000	4.4
H	125,000	5.5
Average		5.4
Source: Hotel & Leisure Advisors		

The table indicates that among the eight existing indoor waterpark resorts, there is a range of attendance per square foot of 4.3 to 6.7 people. The overall average is 5.4 people per square foot. The attendance figures range from below 100,000 to approximately 1,000,000 visitors per year.

**Waterpark Attendance**

The World Waterpark Association has estimated approximately 85 million attendees at North American waterparks during 2012, compared to 82 million estimated attendees in 2011. Approximately 79 million attended in 2010 and 81 million attended in 2009 and 2008, compared to 77 to 79 million in 2007, which is significantly higher when compared to 41 million in 1991. Most of the attendance is from freestanding waterparks; however, indoor waterpark resorts are also included in the figure. The United States has the largest and most concentrated waterpark market in the world. According to research performed by Hotel & Leisure Advisors, there are over 500 outdoor waterparks within the United States. Hotel & Leisure Advisors defines an outdoor waterpark as those facilities offering three or more water slides.

We have analyzed statistics concerning attendance at the top United States outdoor waterparks as taken from the *Global Attractions Attendance Report*.

<b>Top 20 U.S. Waterparks by Annual Attendance</b>					
<b>Rank</b>	<b>Park</b>	<b>Location</b>	<b>2012 Attendance</b>	<b>2011 Attendance</b>	<b>% Change over 2011</b>
1	Typhoon Lagoon at Walt Disney World	Orlando, FL	2,058,000	2,038,000	1.0%
2	Blizzard Beach at Walt Disney World	Orlando, FL	1,891,000	1,872,000	1.0%
3	Aquatica	Orlando, FL	1,500,000	1,500,000	0.0%
4	Wet 'n Wild	Orlando, FL	1,223,000	1,223,000	0.0%
5	Schlitterbahn	New Braunfels, TX	980,000	960,000	2.3%
6	Water Country USA	Williamsburg, VA	723,000	784,000	-7.8%
7	Noah's Ark	Wisconsin Dells, WI	643,000	637,000	0.9%
8	Adventure Island	Tampa, FL	644,000	626,000	2.9%
9	Schlitterbahn	Galveston, TX	535,000	530,000	1.0%
10	Hyland Hills Water World	Denver, CO	559,000	545,000	2.6%
11	Six Flags Hurricane Harbor	Arlington, TX	500,000	500,000	0.0%
12	Six Flags White Water	Marietta, GA	500,000	500,000	0.0%
13	Raging Waters	San Dimas, CA	471,000	466,000	1.1%
14	Splash-Splash	Riverhead, NY	432,000	475,000	-9.0%
15	Wet 'n Wild	Phoenix, AZ	461,000	425,000	8.5%
16	Six Flags Hurricane Harbor	Jackson, NJ	400,000	450,000	-11.1%
17	Wet 'n Wild Emerald Point	Greensboro, NC	398,000	410,000	-2.9%
18	Soak City at Cedar Point	Sandusky, OH	395,000	387,000	2.1%
19	Zoombezi Bay	Powell, OH	374,000	350,000	6.9%
20	Camelbeach	Tannersville, PA	367,000	365,000	1.9%

Source: TEA 2012 Theme Index, The Global Attractions Attendance Report

**Conclusion:** These trends are positive for indoor waterpark resorts because they indicate that people are looking for enjoyable activities for children during shorter durations. The indoor waterpark resort is very popular for two to three night stays and most children enjoy the indoor waterpark area extensively. Our analysis of the comparable indoor waterpark resorts indicates that the addition of an indoor waterpark allows a property to achieve substantially higher occupancy and ADR than those properties without this component. There are examples of properties that are successful in operating the waterpark for both hotel guests and the public, although proper management is required to avoid overcrowding and proper pricing.

**Projected Development of Indoor Waterpark Resorts**

Because of the strong performance of the indoor waterpark resorts in Wisconsin Dells and other locations, there are many properties considering the development of an indoor waterpark resort. Because of the economic recession of 2009/2010, nearly all of the new development projects have been put on hold. Most projects have had great difficulty in

finding financing because the lending markets have not provided financing for new construction hospitality projects.

Our research indicates that in 2013, seven existing hotels and indoor waterparks in the U.S. and Canada are developing new rooms, expanding their waterpark, or reopening after having been closed for a period of time. The following table lists these properties.

<b>Indoor Waterpark Additions &amp; Indoor Waterpark Resorts Projected to Open in 2013</b>				
<b>Indoor Waterparks and Resorts</b>	<b>City</b>	<b>State / Prov</b>	<b>New Rooms</b>	<b>Indoor Waterpark Sq. Ft.</b>
Clarion Hotel Waterpark Addition	Springfield	MA	0	10,000
Avalanche Bay Super Loop Slide Addition	Boyne Falls	MI	0	0
Great Wolf Lodge addition of slide and bowling	Traverse City	MI	0	0
Sahara Sam's Indoor and Outdoor Waterpark Expansion	Berlin Township	NJ	0	8,000
Maui Sands Indoor Waterpark Resort Reopen	Sandusky	OH	224	35,000
Wilderness at the Smokies Outdoor Water Slide	Sevierville	TN	0	0
Jay Peak Condos Addition	Jay	VT	50	0
Kalahari Resort addition of hot tubs and steak restaurant	Wisconsin Dells	WI	0	0
<b>Total</b>		<b>8</b>	<b>274</b>	<b>53,000</b>
Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space				
Source: Hotel & Leisure Advisors, LLC				

The closest new indoor waterpark resorts proposed near the subject include proposals for the following indoor waterpark resorts in the region.

- Kalahari Resorts has broken ground on a 457-unit indoor waterpark resort on 150 acres adjoining the Inn at Pocono Manor. The development will include a 100,000 square foot indoor waterpark, seasonal outdoor waterpark, convention center with 63,800 square feet of meeting rooms and prefunction/foyer space, 6,120 square feet of seasonal outdoor reception space, 30,000 square foot family entertainment center, 6,000 square feet of retail space, and three full-service restaurants. The resort will feature an African-themed décor. A future second phase will include the construction of 400 additional guestrooms; 100,000 more square feet of indoor waterpark space; and a 300,000 square foot exhibition hall, making it one of the largest convention center spaces in the state. The first phase of the development is projected to open in midyear 2015.
- The owners of Camelback Mountain Resort, operators of Camelback Ski Area and Camelbeach outdoor waterpark have broken ground on an indoor waterpark resort complex and hotel. The development team and management company associated with this project is the same pairing that is involved with the subject and could possibly provide joint marketing efforts between the developments. The development will include a 453-key hotel with 120,000 square foot indoor waterpark, 30,000 square foot family entertainment center, and 15,000 square foot conference space. The hotel is also designed to be in a ski-in, ski-out venue and will be attached to one of the resort's high-speed quad ski lifts. This project is projected to open in March 2015.
- A group associated with the Mohegan Sun Casino at Pocono Downs has proposed the development of an indoor waterpark resort located adjacent to the Pocono Downs racetrack in Wilkes-Barre, PA. The developer is proposing to develop a

350-room hotel, with an adjacent 80,000 square foot indoor waterpark, and an outdoor adventure park. The indoor waterpark resort would be part of a larger development that will include 200,000 square feet of prime retail space and a Cal Ripken style athletic facility with both indoor and outdoor athletic fields. At this time, the project is still in planning and feasibility stage.

- Great Wolf Lodge is converting the former Coco Key indoor waterpark resort in Fitchburg, Massachusetts, into the Great Wolf Lodge New England. Projected to open in the spring of 2014, the property will feature 407 guestrooms, a 68,000 square foot indoor waterpark, outdoor waterpark, MagiQuest adventure, arcade, and Scoops Kids Spa.
- Voters in Palmer, Massachusetts, rejected a November 2013 referendum that would have approved Mohegan Sun's proposal for the development of a resort casino. The proposal was for a casino, two hotels, and an indoor waterpark. While Mohegan Sun is considering its options, without support of the community it is unlikely this project will move forward.
- Owners of the Nevele Grand Resort located in Ellenville, New York, have proposed the development of an indoor waterpark resort in addition to the development of a casino. The Nevele Grand Resort closed in 2009. However, with New York State's passage of a casino amendment on November 5, 2013, the Nevele Grand Resort is a possible destination for one of the seven casino licenses that will be issued by the state. The owners stated they will spend over \$400 million for renovation of the resort to include an indoor/outdoor waterpark, 18-hole golf course, ice arena and casino. Applications for the casino licenses will be available as of January 1, 2014, with possible acceptance by the end of the year. As of the date of our research, it is yet unclear whether the resort will receive a casino license and when groundbreaking can occur.
- An approximately 400-room resort with 100,000 square foot indoor waterpark is proposed for development in Vernon, New Jersey. The property will be part of the Mountain Creek Resort, which is a popular skiing destination in the winter and outdoor waterpark location in the summer. The property will also be a partner with seven golf courses, four hotels, and restaurants owned by the developer. The developer is also considering the development of an action sports center adjacent to the indoor waterpark hotel. As of the date of our research, this project is still in the feasibility stages, and has yet to obtain financing or break ground.
- A 200- to 300-room indoor waterpark resort has been proposed for New Paltz, New York. The proposed project includes a 60,000 square foot indoor waterpark and approximately 10,000 square foot conference center. As of the date of our research, this project is still in the feasibility stages, and has yet to obtain financing or break ground.
- A 400-room indoor waterpark resort was proposed for development in New Baltimore, Greene County, New York, by MAR Holdings. According to our research, this property received approximately \$20 million in incentives from the Greene County IDA. The developer was hoping to brand the resort as a Great Wolf Lodge' but as of the date of our research, Great Wolf Lodge Resorts no longer is interested in that particular development and is focusing on other sites. This

project is still in the planning stages and has yet to obtain financing or break ground.

The Kalahari Resort and the Camelback indoor waterpark development are moving forward and are projected to open in 2015. We have included these projects in our penetration analysis. The Great Wolf Lodge New England will open within our analysis period, but we have not included the property in our penetration analysis due to its distance from the subject. However, we have considered its impact on demand from New England in determining demand for the subject. The Northeast has relatively fewer indoor waterparks compared to the Midwest. However, the potential population base is much larger for the subject, which is located within driving distance to New York City, northern New Jersey, Albany, Philadelphia, Rochester, Syracuse, and the suburbs of Boston and Baltimore. Based on the population base within a 180-mile radius of the subject site, which includes the largest metropolitan area in the country, we project that this region will be able to support multiple indoor waterpark resorts. The remaining proposals are currently in the feasibility and financing stages and have not actually obtained financing or started construction of their projects. We have not included these projects in our penetration analysis (which follows) due to their uncertainty, although acknowledge that something may be developed in coming years.

**NEW YORK CITY MSA AND SULLIVAN COUNTY LODGING OVERVIEW**

While lying just outside the New York City MSA, the performance of the New York City market will have influence on the subject’s performance. The New York City area has experienced growth in occupancy and average daily rate (ADR) between 2009 and 2012. The year-to-date figures indicate continued growth in occupancy levels and ADR for the New York City MSA. The following chart shows the New York City MSA’s historical lodging performance, including year-to-date performance through October 2013.

<b>New York City MSA Market Operating Performance</b>						
<b>Year</b>	<b>OCC</b>	<b>% Chg.</b>	<b>ADR</b>	<b>% Chg.</b>	<b>RevPAR</b>	<b>% Chg.</b>
2009	77.0%	-	\$216.07	-	\$166.37	-
2010	80.9%	5.1%	\$232.29	7.5%	\$187.92	13.0%
2011	81.2%	0.4%	\$244.60	5.3%	\$198.62	5.7%
2012	83.7%	3.1%	\$251.59	2.9%	\$210.58	6.0%
<b>Year-To-Date through October</b>						
2012	83.0%	-	\$242.59	-	\$201.35	-
2013	84.8%	2.2%	\$252.28	4.0%	\$213.93	6.2%
<b>Overall United States Lodging YTD Operating Performance</b>						
<b>Year-To-Date through October</b>						
2012	63.1%	-	\$106.50	-	\$67.20	-
2013	64.0%	1.4%	\$110.71	4.0%	\$70.85	5.4%
Source: Smith Travel Research						

The New York City market attracts strong demand from commercial travelers, groups and conventions including SMERF (social, military, educational, religious, and fraternal) related conventions, and leisure travelers attending a wide range of attractions and events in the market.

Sullivan County is comprised mainly of small motels and bed and breakfast operations. The market attracts leisure demand drawn to the outdoor setting of the Catskills. There is limited commercial and group demand in the market. Once known for large family owned convention resorts, the region now has few locations where meetings can take place. As smaller hotels and motels dominate the market, few participate in Smith Travel Research. However, each lodging operation is required to submit bed tax receipts, which provides some information regarding the performance of the market.

<b>Sullivan County Bed Tax Receipts</b>	
<u>Year</u>	<u>Collections</u>
2008	\$635,613
2009	\$599,376
2010	\$749,105
2011	\$558,728
2012	\$629,009

Source: Sullivan County Treasurer's Office

The tax receipts represent collections of the respective calendar year. The county tax receipts declined in 2009 but increased in 2010, only to decline again in 2011 and rebounding slightly in 2012.

**Closed Hotels**

Sullivan and Ulster Counties, historically known as the Borscht Belt was a strong hotel market in the 1940s through the 1960s accommodating up to 150,000 guests a year. No less than 500 hotels opened in this region during this period. However, the market slowly declined in the 1970s and 1980s resulting in a large number of these properties to close. The following table identifies some of the larger hotels that closed in the 1990s and 2000s in the region:

<b>Former Resort Properties Sullivan and Ulster Counties</b>			
<u>Hotel</u>	<u>City</u>	<u>Year Closed</u>	<u>Rooms</u>
Concord Resort Hotel	Kiamesha Lake, NY	1998	1,500
Grossinger's Catskill Resort Hotel	Liberty, NY	1986	1,200
Brown's Hotel	Loch Sheldrake, NY	1988	570
Nevele Grande Hotel	Ellenville, NY	2009	450
The Pines Resort	South Fallsburg, NY	1998	400
Kutsher's	Monticello, NY	2009	265

Source: Hotel & Leisure Advisors

**New Supply**

A number of properties have opened within the 100 miles of the subject site since 2008, as shown in the following table.

<b>Recent and Under Construction Supply Additions Within 100 miles of Subject Site</b>				
<b>Name of Establishment</b>	<b>City &amp; State</b>	<b>Class</b>	<b>Open Date</b>	<b>Rooms</b>
Springhill Suites Poughkeepsie Fishkill	Fishkill, NY	Upscale Class	U/C	98
TownePlace Suites Poughkeepsie Fishkill	Fishkill, NY	Upper Midscale Class	U/C	87
Holiday Inn Express & Suites Montgomery	Montgomery, NY	Upper Midscale Class	U/C	81
Courtyard Oneonta	Oneonta, NY	Upscale Class	Apr 2013	95
Roundhouse @ Beacon Falls	Beacon, NY	Upper Upscale Class	Oct 2012	23
Homewood Suites Binghamton Vestal	Vestal, NY	Upscale Class	Apr 2012	79
Diamond Mills Hotel & Tavern	Saugerties, NY	Luxury Class	Dec 2011	30
Holiday Inn Express & Suites West Coxsackie	West Coxsackie, NY	Upper Midscale Class	Sep 2010	66
The Inn @ Catlin Gardens	Slate Hill, NY	Upper Upscale Class	Aug 2010	40
Glenmere Mansion	Chester, NY	Luxury Class	Nov 2009	19
Comfort Suites Vestal	Vestal, NY	Upper Midscale Class	Feb 2009	79
Hampton Inn Suites Poughkeepsie	Poughkeepsie, NY	Upper Midscale Class	Oct 2008	129
Hampton Inn Harriman Woodbury	Central Valley, NY	Upper Midscale Class	Aug 2008	136
Holiday Inn Express & Stes Binghamton Univ Vestal	Vestal, NY	Upper Midscale Class	May 2008	81
<b>Total</b>				<b>1,043</b>
Source: Smith Travel Research				

While a number of properties have opened since 2008, none of the properties are located in Sullivan County.

### **COMPETITIVE LODGING MARKET OVERVIEW**

We have analyzed the supply and demand factors for the subject's competitive market for six years beginning in the year 2014. The subject is projected to open in 2017. Both supply and demand conditions are likely to change beyond our analysis period, therefore, projecting market conditions further into the future becomes highly speculative. The projections are for calendar years beginning with the month of January. Our projections analyze currently known supply and demand changes in the market and forecast a stabilized level of occupancy for both the market and the subject property. The stabilized level projects a representative level of performance for both the market and the subject based upon currently known information.

**Existing Competitive Supply:** Based on our research, we have identified a competitive hotel supply with a total of guest rooms in 10 existing lodging facilities. We have analyzed the competitiveness of each hotel selected for the competitive set. In our opinion, each of the hotels is to some degree competitive with the proposed subject and we have utilized 100% of the available guest rooms in each competitive hotel for our analysis. In determining the competitive supply for the proposed subject, we have considered the proposed subject's segmentation and sources of business. The subject will be a year-round leisure oriented resort property. In this section, we have profiled and analyzed a regional hotel supply of full-service resort and conference oriented properties with facilities similar to the proposed hotel. Eight of the hotels participate with Smith Travel Research, while the Great Wolf Lodge Poconos and Villa Roma Resort did over the historic timeframe. Two of the properties have indoor waterparks. The following tables list the competitive properties and pertinent information about each hotel.



<b>Survey of Competitors</b>									
<b>#</b>	<b>Property</b>	<b>Location</b>	<b>% Comparable</b>	<b># Rooms</b>	<b>Year Opened</b>	<b>Swimming Pool</b>	<b>Restaurant/Lounge</b>	<b>Meeting Space SF</b>	<b>Room Rates</b>
1	Sheraton Hotel Mahwah	Mahwah, NJ	100%	225	September-87	Indoor	Yes	23,773	\$109-\$249
2	Mohonk Mountain House	New Paltz, NY	100%	266	1869	Indoor/Lake	All Inclusive	10,297	\$400-\$875
3	Six Flags Great Escape Lodge & Waterpark	Queensbury, NY	100%	200	February-06	Waterpark	Yes	5,660	\$139-\$763
4	Hershey Lodge	Hershey, PA	100%	665	June-67	Indoor/ Outdoor	Yes	80,603	\$209-\$389
5	The Inn at Pocono Manor	Pocono Manor, PA	100%	236	1902	Indoor/ Outdoor	Yes	27,187	\$99-\$169
6	Skytop Lodge	Skytop, PA	100%	193	June-28	Indoor/ Outdoor	All Inclusive	17,906	\$350-\$749
7	Chateau at Camelback	Tannersville, PA	100%	152	June-85	Indoor/ Outdoor	Yes	13,426	\$89-\$309
8	Woodloch Pines Resort	Hawley, PA	100%	167	June-58	Indoor/ Outdoor	Yes	24,552	\$300-\$900
9	Great Wolf Lodge Poconos	Scotrun, PA	100%	401	October-05	Waterpark	Yes	1,450	\$230-\$700
10	Villa Roma Resort	Callicoon, NY	100%	234	June-69	Indoor/ Outdoor	Yes	7,300	\$150-\$405
<b>Total</b>				<b>2,739</b>					

Source: Hotel & Leisure Advisors

<b>Competitive Supply Performance Indicators</b>								
#	Property	2013 Market Segmentation			2013 Estimated Performance			Overall Penetration Rate
		Commercial	Group	Leisure	Occupancy	ADR	RevPAR	
1	Sheraton Hotel Mahwah	50%	30%	20%	70%-80%	\$100-\$150	\$50-\$100	113%
2	Mohonk Mountain House	0%	25%	75%	60%-70%	\$250-\$300	\$150-\$200	102%
3	Six Flags Great Escape Lodge & Waterpark	0%	10%	90%	60%-70%	\$200-\$250	\$100-\$150	95%
4	Hershey Lodge	30%	40%	30%	60%-70%	\$200-\$250	\$100-\$150	104%
5	The Inn at Pocono Manor	5%	50%	45%	40%-50%	\$100-\$150	\$0-\$50	66%
6	Skytop Lodge	0%	45%	55%	50%-60%	\$450-\$500	\$200-\$250	82%
7	Chateau at Camelback	20%	40%	40%	50%-60%	\$100-\$150	\$0-\$50	79%
8	Woodloch Pines Resort	0%	40%	60%	50%-60%	\$350-\$400	\$150-\$200	81%
9	Great Wolf Lodge Poconos	0%	5%	95%	80%-90%	\$350-\$400	\$250-\$300	126%
10	Villa Roma Resort	0%	30%	70%	70%-80%	\$200-\$250	\$150-\$200	110%
	<b>Average</b>	13%	29%	58%	63%	\$248.62	\$157.81	100%

Source: Hotel & Leisure Advisors



**Competitive Property #1**



<b>Sheraton Hotel Mahwah</b>			
<b>Descriptive and Performance Information</b>			
Location	Mahwah, NJ	Swimming Pool	Indoor
# Rooms	225	Restaurant/ Lounge	Yes
Year Opened	September-87	Meeting Space SF	23,773
Room Rates	\$109-\$249		
<b>2013 Estimated Performance</b>			
Occupancy	70%-80%	Market Segmentation:	
ADR	\$100-\$150	Commercial	50%
RevPAR	\$50-\$100	Group	30%
Overall Penetration Rate	113%	Leisure	20%
Source: Hotel & Leisure Advisors			

The 225-room Sheraton Hotel Mahwah is located in Mahwah, New Jersey, near the New York State line. The property has 23,773 square feet of meeting space including a 7,738 square foot Grand Ballroom. The Grand Ballroom can divide into five individual rooms, while a smaller Skylite Ballroom can be subdivided into thirds. The property is a commercial oriented property on Monday through Thursday and a social oriented property on weekends. Management stated that many companies located in the Crossroads Corporate Center provide commercial demand for the property's meeting space. The property also attracts associations that require larger meeting space. The associations can be either professional groups or social/fraternal organizations. Weekends at the property are mostly social groups. Weddings, receptions, hobby groups, and religious organizations utilize the property's meeting space on weekends. The hotel also offers an indoor pool, tennis courts, fitness center, gift shop/newsstand, Link@Sheraton business center, wireless internet, and complimentary parking.

**Competitive Property #2**



<b>Mohonk Mountain House</b>			
<b>Descriptive and Performance Information</b>			
Location	New Paltz, NY	Swimming Pool	Indoor/Lake
# Rooms	266	Restaurant/ Lounge	All Inclusive
Year Opened	1869	Meeting Space SF	10,297
Room Rates	\$400-\$875		
<b>2013 Estimated Performance</b>			
Occupancy	60%-70%	Market Segmentation:	
ADR	\$250-\$300	Commercial	0%
RevPAR	\$150-\$200	Group	25%
Overall Penetration Rate	102%	Leisure	75%
Source: Hotel & Leisure Advisors			

The 266-room Mohonk Mountain House is located north of the subject in New Paltz, New York. The Victorian Castle resort overlooks Lake Mohonk in a scenic natural area comprised of over 40,000 acres, including the adjacent Mohonk Preserve. Quoted guest room rates include accommodations, meals, and afternoon tea and cookies. Complimentary amenities include an indoor pool, guided hikes, nature walks, fitness center, yoga, Pilates, tennis, mid-week golf, lake swimming, boating, ice-skating, cross-country skiing, and snowshoeing. Fee amenities include horseback riding, carriage rides, mountain biking, rock climbing, weekend golf, and disc golf. The Spa at Mohonk Mountain House offers a full-service salon, solarium with stone fireplace, and an outdoor mineral pool. The hotel also includes 10,297 square feet of meeting space. The resort has received recent awards from Conde Nast and Travel & Leisure magazines.

**Competitive Property #3**



<b>Six Flags Great Escape Lodge &amp; Waterpark Descriptive and Performance Information</b>			
Location	Queensbury, NY	Swimming Pool	Waterpark
# Rooms	200	Restaurant/ Lounge	Yes
Year Opened	February-06	Meeting Space SF	5,660
Room Rates	\$139-\$763		
<b>2013 Estimated Performance</b>			
Occupancy	60%-70%	Market Segmentation:	
ADR	\$200-\$250	Commercial	0%
RevPAR	\$100-\$150	Group	10%
Overall Penetration Rate	95%	Leisure	90%
Source: Hotel & Leisure Advisors			

The 200-room Six Flags Great Escape Lodge & Waterpark is located in Queensbury, New York. The resort provides a 38,500 square foot indoor waterpark and 5,660 square feet of meeting space. In addition, this resort offers two onsite restaurants and bars, a gift shop, Tranquility Spa at the Lodge, free wireless Internet access, and an arcade. The resort is located across Route 9 from the Six Flags Great Escape Theme Park. This property was the first hotel in the state of New York to feature an indoor waterpark. This resort sells day passes to its indoor waterpark at rates ranging from \$25 to \$40. The property is marketed in conjunction with the Six Flags Great Escape Theme Park. It was purchased by Six Flags in 2013 for an undisclosed price.

**Competitive Property #4**



<b>Hershey Lodge</b>			
<b>Descriptive and Performance Information</b>			
Location	Hershey, PA	Swimming Pool	Indoor/ Outdoor
# Rooms	665	Restaurant/ Lounge	Yes
Year Opened	June-67	Meeting Space SF	80,603
Room Rates	\$209-\$389		
<b>2013 Estimated Performance</b>			
Occupancy	60%-70%	Market Segmentation:	
ADR	\$200-\$250	Commercial	30%
RevPAR	\$100-\$150	Group	40%
Overall Penetration Rate	104%	Leisure	30%
Source: Hotel & Leisure Advisors			

The 665-room Hershey Lodge is located southwest of the subject site in the tourist destination of Hershey, Pennsylvania. The property has the largest amount of meeting space in the competitive set with 80,603 square feet of meeting and prefunction space including the 32,004 square foot Great American Hall. Management stated that the meeting component of the property accounts for approximately 40% of the total revenue of the Lodge. Management noted that when selling to groups, sales people leverage all the Hershey amenities including utilizing the Hotel Hershey’s guestrooms, meeting space, and amenities; the Hershey Golf Collection of four golf courses; and the Spa at The Hotel Hershey. The property offers multiple food and beverage outlets; two outdoor pools; an indoor pool, fitness center, tennis court, basketball court, and miniature golf.

**Competitive Property #5**



<b>The Inn at Pocono Manor</b>			
<b>Descriptive and Performance Information</b>			
Location	Pocono Manor, PA	Swimming Pool	Indoor/ Outdoor
# Rooms	236	Restaurant/ Lounge	Yes
Year Opened	1902	Meeting Space SF	27,187
Room Rates	\$99-\$169		
<b>2013 Estimated Performance</b>			
Occupancy	40%-50%	Market Segmentation:	
ADR	\$100-\$150	Commercial	5%
RevPAR	\$0-\$50	Group	50%
Overall Penetration Rate	66%	Leisure	45%
Source: Hotel & Leisure Advisors			

The 236-room The Inn at Pocono Manor is located southeast of the subject in Pocono Manor. This is an older property identified on the National Registry of Historic Places. The property is located on 3,000 acres of land and offers a variety of recreational activities. The property offers indoor and outdoor swimming pools, fitness center, the Laurel Spa, 18 holes of golf, a driving range, horseback riding, ATV rentals and trails, hiking trails, cross country skiing, archery, fly and ice fishing, gift shop, and over 27,000 square feet of meeting space. The hotel management stated that the main hotel building was renovated in 2009. The management indicated that reunions, church retreats, associations, weddings and youth groups are the primary demand generators for the property. The Kalahari Resort is currently being constructed on nine holes of the Inn's second 18-hole golf course. The property is re-designing the course layout to accommodate the construction. When completed, Kalahari will operate the new indoor waterpark resort and the Inn.



**Competitive Property #6**



<b>Skytop Lodge</b>			
<b>Descriptive and Performance Information</b>			
Location	Skytop, PA	Swimming Pool	Indoor/ Outdoor
# Rooms	193	Restaurant/ Lounge	All Inclusive
Year Opened	June-28	Meeting Space SF	17,906
Room Rates	\$350-\$749		
<b>2013 Estimated Performance</b>			
Occupancy	50%-60%	Market Segmentation:	
ADR	\$450-\$500	Commercial	0%
RevPAR	\$200-\$250	Group	45%
Overall Penetration Rate	82%	Leisure	55%
Source: Hotel & Leisure Advisors			

The 193-room Skytop Lodge is located in Skytop, Pennsylvania, atop a small mountain with views of the area. The property was built in 1928 and features a historic seven-story stone hotel building. The property has 5,500 acres including a lake and golf course. Amenities at the resort include indoor and outdoor pools, lawn bowling, biking, fishing, boating, tennis, skiing, ice-skating, and hiking. The hotel added a \$6 million conference center in February 2005, which consists of two ballrooms that are 4,128 and 2,600 square feet respectively, a 700 square foot boardroom, and a new dining room. The property offers a total of 17,906 square feet of meeting space. The room rates for accommodations include three meals. The hotel reports the all-inclusive rate to Smith Travel Research hence it is much higher compared to other hotels. Management indicated the property achieves approximately 100 fill nights per year. The management indicated when the Great Wolf Lodge opened, the hotel lost some of its family demand; with the opening of the Mount Airy Resort, the hotel lost some of its senior couples demand.

**Competitive Property #7**



<b>Chateau at Camelback</b>			
<b>Descriptive and Performance Information</b>			
Location	Tannersville, PA	Swimming Pool	Indoor/ Outdoor
# Rooms	152	Restaurant/ Lounge	Yes
Year Opened	June-85	Meeting Space SF	13,426
Room Rates	\$89-\$309		
<b>2013 Estimated Performance</b>			
Occupancy	50%-60%	Market Segmentation:	
ADR	\$100-\$150	Commercial	20%
RevPAR	\$0-\$50	Group	40%
Overall Penetration Rate	79%	Leisure	40%
Source: Hotel & Leisure Advisors			

The 152-room Chateau at Camelback is located directly across from the Camelback Mountain Resort. This property is a more traditional full-service hotel rather than a resort as it does not have golf or a spa on premise. The hotel is the most proximate hotel to the Camelback Mountain Resort and has accommodated most of the ski and waterpark related demand from the resort. The property achieves strong leisure demand from skiers and summer leisure travelers to the Camelbeach outdoor waterpark. The property includes 13,426 square feet of meeting and conference area, an indoor pool, shuffleboard, volleyball, and access to nearby golf courses and skiing. The property conducted a property-wide renovation in 2006 spending approximately \$3.5 million. With the exception of the bi-level suites, all guest rooms were renovated in 2006. Meeting space was also refurbished in 2006, while the restaurant was renovated in 2007. The management indicated that they do not have any plans for additional property renovation.

**Competitive Property #8**



<b>Woodloch Pines Resort</b>			
<b>Descriptive and Performance Information</b>			
Location	Hawley, PA	Swimming Pool	Indoor/ Outdoor
# Rooms	167	Restaurant/ Lounge	Yes
Year Opened	June-58	Meeting Space SF	24,552
Room Rates	\$300-\$900		
<b>2013 Estimated Performance</b>			
Occupancy	50%-60%	Market Segmentation:	
ADR	\$350-\$400	Commercial	0%
RevPAR	\$150-\$200	Group	40%
Overall Penetration Rate	81%	Leisure	60%
Source: Hotel & Leisure Advisors			

The 167-room Woodloch Pines Resort is located in Hawley, Pennsylvania. The property is an all-inclusive resort and is located in the northeast Pocono Mountains Lake Region. The hotel reports the all-inclusive rate to Smith Travel Research; hence, it is much higher when compared to other hotels. The resort offers a variety of activities including tennis courts, hiking, a go-kart track, and arcade. In 2010, the property opened an outdoor climbing wall and added a zip line. The resort also offers swimming, boating, and water skiing on Lake Teedyuskung. In the winter, the property opens a snow tube run and a snow mobile course. Other activities offered on site include basketball, beach volleyball, miniature golf, indoor wallyball, softball, horseback riding, and trapshooting. The facility also offers 24,552 square feet of meeting space located at both the resort and the adjacent clubhouse at Woodloch Springs golf course.

**Competitive Property #9**



<b>Great Wolf Lodge Poconos</b>			
<b>Descriptive and Performance Information</b>			
Location	Scotrun, PA	Swimming Pool	Waterpark
# Rooms	401	Restaurant/ Lounge	Yes
Year Opened	October-05	Meeting Space SF	1,450
Room Rates	\$230-\$700		
<b>2013 Estimated Performance</b>			
Occupancy	80%-90%	Market Segmentation:	
ADR	\$350-\$400	Commercial	0%
RevPAR	\$250-\$300	Group	5%
Overall Penetration Rate	126%	Leisure	95%
Source: Hotel & Leisure Advisors			

The 401-room Great Wolf Lodge Poconos is located in Scotrun, Pennsylvania. This resort features a 78,000 square foot indoor waterpark, multiple restaurants, 1,450 square feet of meeting space, 7,000 square foot arcade, 5,000 square feet of gift shop retail, 2,300 square foot spa, children’s activity center, and fitness center. The hotel also offers MagiQuest, a live action role-playing game in which players use an infrared emitting wand to interact with objects throughout the resort. The property includes the usage of the waterpark in its rates, but does not include meals. This property is projected to be a primary competitor for the subject development due to its amenity package and proximity. The property has achieved strong levels of performance due to offering the largest indoor waterpark in the Pocono/New York region. The resort is one of the top performing indoor waterparks in the country.

**Competitive Property #10**



<b>Villa Roma Resort</b>			
<b>Descriptive and Performance Information</b>			
Location	Callicoon, NY	Swimming Pool	Indoor/ Outdoor
# Rooms	234	Restaurant/ Lounge	Yes
Year Opened	June-69	Meeting Space SF	7,300
Room Rates	\$150-\$405		
<b>2013 Estimated Performance</b>			
Occupancy	70%-80%	Market Segmentation:	
ADR	\$200-\$250	Commercial	0%
RevPAR	\$150-\$200	Group	30%
Overall Penetration Rate	110%	Leisure	70%
Source: Hotel & Leisure Advisors			

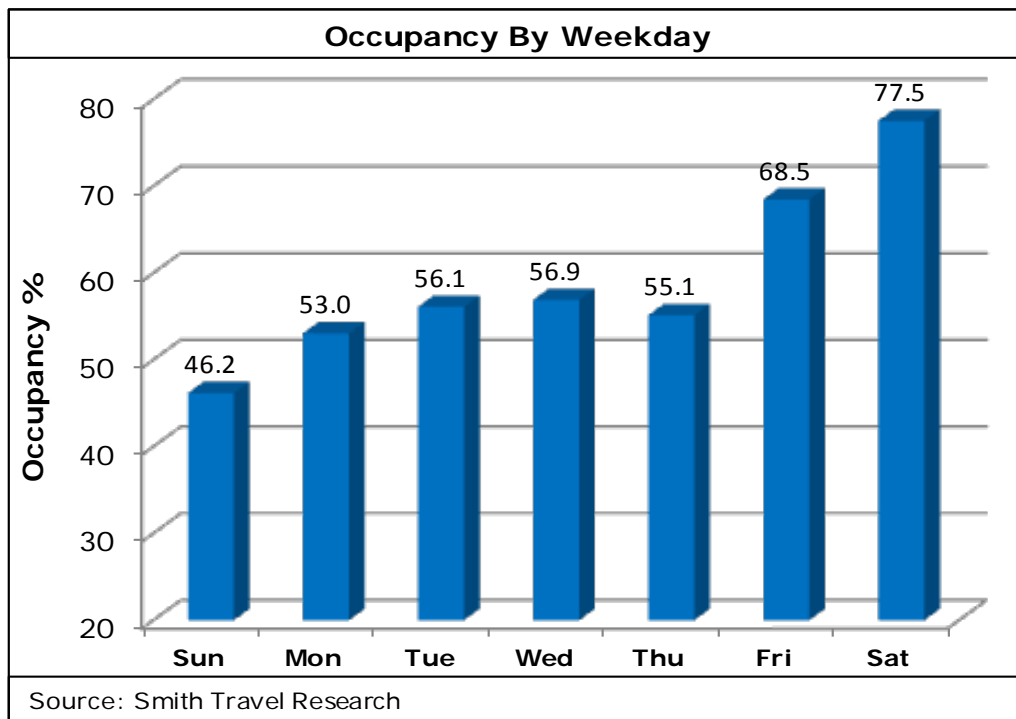
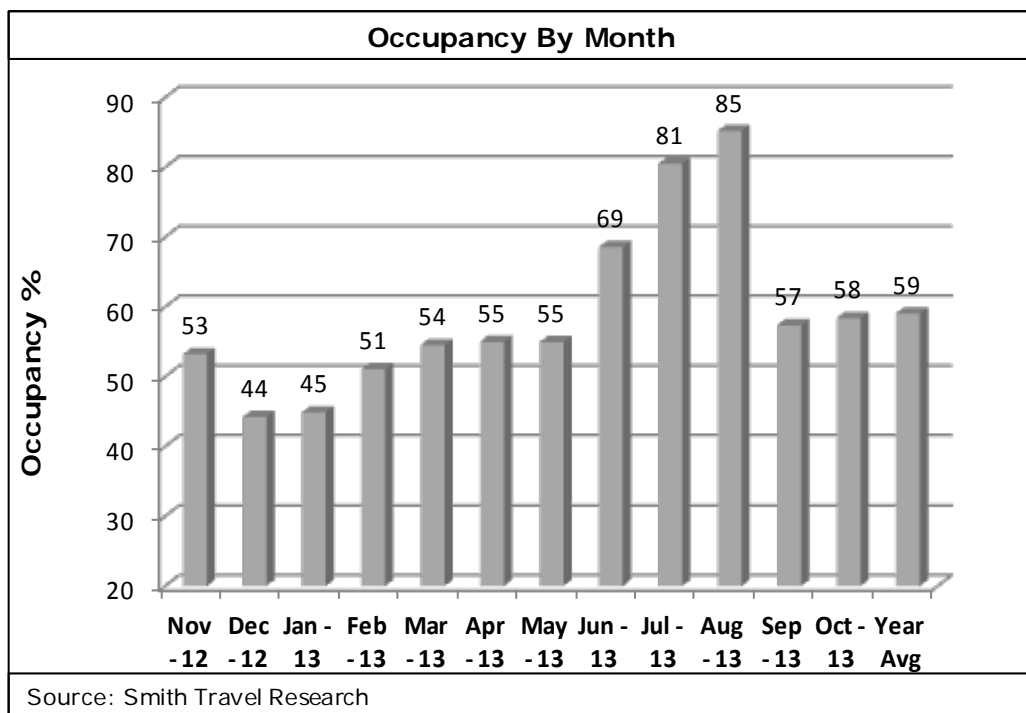
The 234-room Villa Roma Resort is located in Callicoon, New York. Like the subject, the Villa Roma Resort is also located in Sullivan County approximately 24 miles west of the subject site. The resort underwent a massive \$27 million renovation after an accidental fire in April 2006. The resort completed the renovation in September 2008 and offers a wide range of activities for families including a 600-seat ballroom, lounge and dance club, 150-seat cafe, 30-person Jacuzzi spa, a new outdoor water playground, total of five pools both indoor and outdoor, indoor tennis, fitness center, 1,000-seat night club, 18-hole championship golf course, club house, arcade, bumper boat pool, go-cart track, horseback riding, spa, gift shop, bowling facility, supervised children's programs, and 7,300 square feet of meeting space.

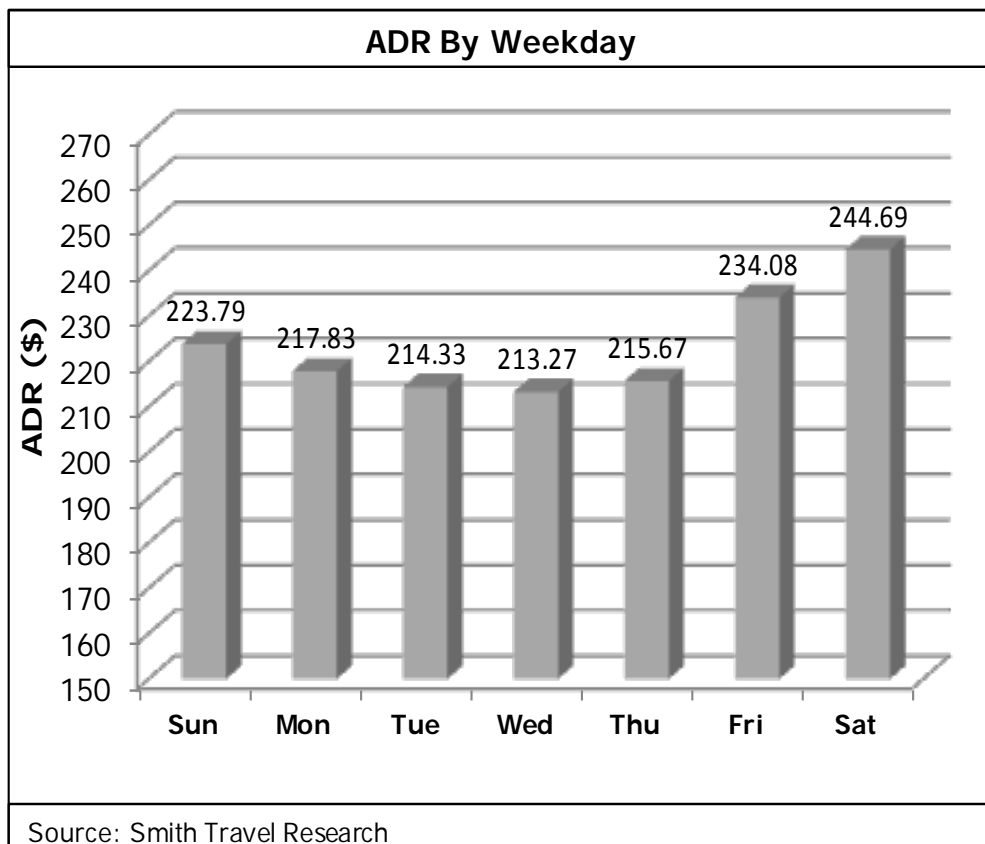
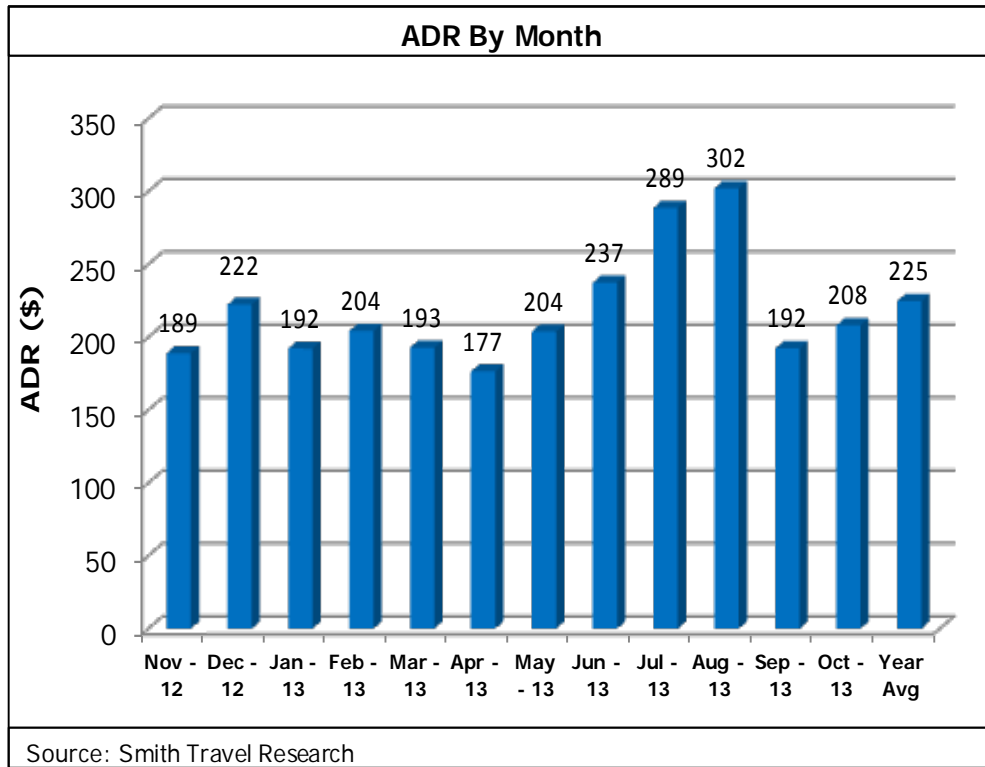
**Historical Lodging Demand:** The following table provides occupancy, ADR, and revenue per available room (RevPAR) for the defined competitive set for the past five years based upon information obtained from Smith Travel Research.

Competitors Operating Performance Proposed Indoor Waterpark Resort										
Year	Annual Supply	% Chg.	Demand	% Chg.	OCC	% Chg.	ADR	% Chg.	RevPAR	% Chg.
2007	767,960	-	464,211	-	60.4%	-	\$219.47	-	\$132.67	-
2008	767,960	0.0%	450,776	-2.9%	58.7%	-2.9%	\$223.67	1.9%	\$131.29	-1.0%
2009	767,960	0.0%	410,089	-9.0%	53.4%	-9.0%	\$212.73	-4.9%	\$113.60	-13.5%
2010	767,960	0.0%	416,936	1.7%	54.3%	1.7%	\$208.31	-2.1%	\$113.10	-0.4%
2011	767,960	0.0%	418,517	0.4%	54.5%	0.4%	\$218.06	4.7%	\$118.84	5.1%
2012	767,960	0.0%	431,916	3.2%	56.2%	3.2%	\$223.75	2.6%	\$125.84	5.9%
Average of Years	767,960	0.0%	432,074	-1.3%	56.3%	-1.3%	\$217.67	0.4%	\$122.56	-0.8%
<b>Year-To-Date through October</b>										
2012	639,616	-	369,539	-	57.8%	-	\$227.01	-	\$131.16	-
2013	639,616	0.0%	390,970	5.8%	61.1%	5.8%	\$228.07	0.5%	\$139.41	6.3%
Note: Table results do not include Great Wolf Lodge Poconos and Villa Roma Resort										
Source: Smith Travel Research										

The table indicates the annual occupancy and average daily rate figures of the comparable set, excluding the Great Wolf Lodge Pocono and Villa Roma Resort. As shown, the comparable properties achieved strong average daily rates, although their occupancy levels are below national averages due to seasonality issues. The comparables achieved a substantial decline in occupancy from 2007 to 2009, which is primarily due to the recession and economic crisis. However, from 2009 through 2012 demand has shown year over year increases. Year-to-date through October 2013, demand has increased 5.8%, while the average daily rate has improved by 0.5%.

We have analyzed the seasonality of the competitive set including the performance by day. The following graphs indicate the performance as shown in the Smith Travel Research report for fiscal year 2013.







The comparable set of properties achieved its highest occupancy levels on Fridays and Saturdays and its weakest occupancy level on Sundays. The comparable properties achieved their highest ADR on Fridays and Saturdays. The strongest ADR month is August while the weakest month is April.

**Proposed Hotel Development:** Discussions with local municipal officials, real estate brokers, and hotel operators and review of various published data have revealed that currently there are proposals for indoor waterpark resorts in the market, which were profiled on pages C-23 through C-25. We have included the development of the Kalahari Resort in Pocono Manor, the Camelback indoor waterpark resort in Tannersville, as well as the subject in our supply analysis. We have also included the development of the casino resort hotel, which is projected to be constructed with the development of the planned casino near the subject site. We have utilized only 50% of the proposed casino resort as it will not be a true competitor to the subject, but will provide a substantial increase in guestroom inventory in Thompson.

The following table indicates the proposed increase in supply, which we have incorporated into our analysis.

		<b>Additions to Supply</b>					
<b>Hotel</b>		<b>Projected (Calendar Year)</b>					
		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	Historical Existing Rooms	2,739	2,739	2,739	2,739	2,739	2,739
1	Proposed Indoor Waterpark Resort	-	-	-	350	350	350
2	Kalahari Resort	-	190	457	457	457	457
3	Camelback Resort	-	340	453	453	453	453
4	Proposed Casino Resort (50%)	-	-	98	196	196	196
	<b>Total New Rooms</b>	-	530	1,008	1,456	1,456	1,456
	<b>Total Supply</b>	2,739	3,269	3,747	4,195	4,195	4,195
	<b>Total Room Nights Available</b>	999,735	1,193,185	1,367,473	1,531,175	1,531,175	1,531,175

Source: Hotel & Leisure Advisors

### **Area Demand Analysis**

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

1. Identification of the appropriate demand segments for the competitive set
2. The characteristics of each demand segment, including the need for quality lodging accommodations
3. The overall contribution of room nights generated by each demand segment, as well as the growth potential of each demand segment
4. The strength and attractiveness of the market area's business environment with regard to the economy, educated labor force, leisure attractions, and quality of life
5. Historical and anticipated trends in employment distribution and growth
6. Interviews with representatives of competitive hotels and various hotel chains to determine performance of area hotels and proposed new supply additions

7. Interviews with representatives of convention and visitors bureau, chamber of commerce, city officials, county officials, economic development officials and others

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

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

<b>Total Accommodated Demand Output</b>			
<b>Segment</b>		<b>2013 Rm Nights</b>	<b>Segment Percent</b>
1	<b>Commercial</b>	84,836	13%
2	<b>Group</b>	183,798	29%
3	<b>Leisure</b>	365,938	58%
<b>TOTAL</b>		634,573	100%
<b>Market Occupancy</b>		63.5%	
<b>Market ADR</b>		\$248.62	
Source: Hotel & Leisure Advisors			

The previous table and the table on page C-49 indicate our estimates of total accommodated demand utilizing our hotel supply and demand model. We have obtained individual occupancy, ADR, and market mix figures from each of the competitors to determine the historical performance figures. Our historical performance figures are different from the figures presented in the table on page C-41, which presents data directly from the Smith Travel Research report. The differences are due to the Great Wolf Lodge Poconos and Villa Roma Resort not participating with Smith Travel Research, while our table includes these resorts.

Commercial Demand consists of general transient overnight travel created by businesses and governmental institutions in the area. The business traveler tends to be less price-sensitive than the leisure traveler and is more likely to utilize a hotel's food and beverage facilities. Commercial demand is typically strongest on Sunday through Thursday nights. This demand segment consists of people visiting area companies for purposes of relocation, corporate inspection, sales meetings, consulting, training, and other purposes.

Commercial demand in the Catskills, Northern New Jersey and the Pocono regions is minimal and primarily accommodated by franchised hotels. Within the competitive set, most of the commercial demand is satisfied by the Hershey Lodge and Sheraton Hotel Mahwah. The remainder of the competitive set attracts little commercial demand during the off-season based on price. This segment also includes transportation workers such as truck drivers, railroad workers, government related travelers, people coming due to the area's businesses and travelers who are relocating to the area.

The commercial segment equals approximately 13% of room night demand in 2013. We project slow commercial growth due to the slow improvement in the economy and lack of commercial demand generators near most of the comparable set.

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

Group demand in the comparable set is strongest at the Hershey Lodge, which contains a convention center. Other hotels within the competitive set attract group demand utilizing their respective meeting spaces. Each of the hotels also report receiving various wedding parties, reunions, church groups, and related groups. The Sheraton Hotel Mahwah noted that much of its group business is commercial oriented occurring during mid-week, changing to social group business on the weekends. The following table indicates the meeting spaces per available room of the competitive hotels.

<b>Meeting Space to Rooms Ratio</b>			
<b>Hotel</b>	<b>Meeting Space SF</b>	<b># Rooms</b>	<b>Meeting Space Per Available Room</b>
Sheraton Hotel Mahwah	23,773	225	105.7
Mohonk Mountain House	10,297	266	38.7
Six Flags Great Escape Lodge & Waterpark	5,660	200	28.3
Hershey Lodge	80,603	665	121.2
The Inn at Pocono Manor	27,187	236	115.2
Skytop Lodge	17,906	193	92.8
Chateau at Camelback	13,426	152	88.3
Woodloch Pines Resort	24,552	167	147.0
Great Wolf Lodge Poconos	1,450	401	3.6
Villa Roma Resort	7,300	234	31.2

Source: Hotel & Leisure Advisors

The group segment equals approximately 29% of room night demand in 2013. We project a slow to moderate increase in group demand for the competitive set based upon historical trends in the group market. We project additional growth with the opening of the new supply additions with their respective meeting spaces that will be accounted for in induced demand.

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

<b>Major Tourist Attractions in the Subject Area</b>	
<u>Attraction</u>	<u>Location</u>
Concord Monster Golf Club	Kiamesha Lake, NY
Monticello Casino & Raceway	Monticello, NY
Holiday Mountain Ski & Fun Park	Monticello, NY
Breezeway Farm	Monticello, NY
Bethel Woods Center for the Arts	Bethel, NY
Catskill Park	Greene, Delaware, Sullivan & Ulster Counties
Source: Hotel & Leisure Advisors	

The leisure segment equals approximately 58% of room night demand in 2013. Leisure demand in the market peaks during the summer family vacation months, as well as during the winter ski season, spring break, and holidays year round. We project moderate increases in demand in this segment of the existing competitive set. We project strong additional growth from the opening of the Kalahari Resort, Camelback Indoor Waterpark Resort, and subject's indoor waterpark resort, which we have accounted for primarily in induced demand. We also project the casino resort to attract strong leisure demand focused on the casino operations. We have also accounted for this demand within induced demand.

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

Segment	Accommodated Demand Growth Rates									
	Historical (Calendar Year)		Projected (Calendar Year)							
	2012	2013	2014	2015	2016	2017	2018	2019		
Commercial	4.2%	9.2%	2.0%	2.0%	2.0%	1.0%	0.5%	0.5%		
Group	2.6%	5.7%	2.0%	2.0%	3.0%	2.0%	1.0%	1.0%		
Leisure	3.6%	3.4%	2.0%	5.0%	4.0%	3.0%	2.0%	2.0%		
Weighted Average	3.4%	4.8%	2.0%	3.8%	3.5%	2.5%	1.6%	1.6%		
Source: Hotel & Leisure Advisors										

**Induced Demand:** Induced demand is defined as the incremental demand stimulated by the introduction of new supply, in excess of demand changes caused by external economic conditions. In other words, the introduction of a new hotel in a market can increase demand due to additional supply on sold-out nights, or due to the specific facilities or marketing efforts of a property. We have considered the influence of induced demand as it relates to the opening of the subject, and the other room additions.

By analyzing the current number of fill nights, we have estimated the induced demand that would be created by having additional hotel rooms in the market. We project that

the market will receive a percentage of induced demand when the existing hotels currently fill up, displacing demand to surrounding markets.

Historically, the area hotels generally report approximately 30-165 fill nights annually. These fill nights occur primarily between February and October with a vast majority during July and August.

The indoor waterpark resorts we analyzed indicate fill nights can range from 100 to 175 annually for better performing properties. The fill nights at the indoor waterpark resorts occur primarily on weekends, during school holidays, and during summer months from families. Thus in 2015 through 2017 we have projected induced demand from the three indoor waterpark resorts coming to the region as well as the casino resort. The following table indicates our estimates.

Induced Demand Inputs									
Hotel	Name of Proposed	Fill Days	# Rooms	Induced Demand	Total Induced Demand (Calendar Year)				
					2014	2015	2016	2017	2018
1	Proposed Indoor Waterpark Resort	150	350	52,500	0	0	0	52,500	0
2	Kalahari Resort	150	457	68,550	0	28,500	40,050	0	0
3	Camelback Resort	150	453	67,950	0	51,000	16,950	0	0
4	Proposed Casino Resort (50%)	200	196	39,200	0	0	19,500	19,700	0
	Total		1,456	228,200	0	79,500	76,500	72,200	0
Segmentation			Hotels 1 - 3	Hotel 4	Induced Demand by Segment				
	Commercial		0%	0%	0	0	0	0	0
	Group		20%	50%	0	15,900	21,150	20,350	0
	Leisure		80%	50%	0	63,600	55,350	51,850	0

Source: Hotel & Leisure Advisors

We project approximately 150 fill nights of each of the indoor waterpark resorts, including the subject development. The induced demand will come from filling during the peak days of the Pocono and Catskill markets with additional nights representing indoor waterpark and meeting space demand. For all the hotels, we have applied the majority of the induced demand to the leisure segment. We have also projected approximately 200 fill nights for the proposed casino resort, as casino hotels are known for offering complimentary rooms for guests that spend more money in the casinos. For the casino resort we have applied the induced demand evenly between group and leisure travelers.

## **PROJECTED MARKET OCCUPANCY**

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

Proposed Indoor Waterpark Resort, Thompson, New York Market Demand Analysis									
Accommodated Demand	Historical (Calendar Year)				Projected (Calendar Year)				
Segment	2011	2012	2013	2014	2015	2016	2017	2018	2019
Commercial	74,584	77,701	84,836	86,533	88,264	90,029	90,929	91,384	91,841
Group	169,499	173,968	183,798	187,474	191,223	196,960	200,899	202,908	204,937
Leisure	341,735	354,013	365,938	373,257	391,920	407,597	419,825	428,222	436,786
<b>Total</b>	<b>585,818</b>	<b>605,683</b>	<b>634,573</b>	<b>647,264</b>	<b>671,407</b>	<b>694,586</b>	<b>711,653</b>	<b>722,514</b>	<b>733,564</b>
Induced Demand									
Segment	Projected (Calendar Year)								
	2014	2015	2016	2017	2018	2019			
Commercial	0	0	0	0	0	0			
Group	0	15,900	37,050	57,400	57,400	57,400			
Leisure	0	63,600	118,950	170,800	170,800	170,800			
<b>Total</b>	<b>0</b>	<b>79,500</b>	<b>156,000</b>	<b>228,200</b>	<b>228,200</b>	<b>228,200</b>			
Total Market Demand	Historical (Calendar Year)				Projected (Calendar Year)				
Segment	2011	2012	2013	2014	2015	2016	2017	2018	2019
Commercial	74,584	77,701	84,836	86,533	88,264	90,029	90,929	91,384	91,841
Group	169,499	173,968	183,798	187,474	207,123	234,010	258,299	260,308	262,337
Leisure	341,735	354,013	365,938	373,257	455,520	526,547	590,625	599,022	607,586
<b>Total Room Night Demand</b>	<b>585,818</b>	<b>605,683</b>	<b>634,573</b>	<b>647,264</b>	<b>750,907</b>	<b>850,586</b>	<b>939,853</b>	<b>950,714</b>	<b>961,764</b>
Total Room Demand Growth	-	3.4%	4.8%	2.0%	16.0%	13.3%	10.5%	1.2%	1.2%
Total Room Nights Available	999,735	999,735	999,735	999,735	1,193,185	1,367,473	1,531,175	1,531,175	1,531,175
Total Room Supply Growth	-	0.0%	0.0%	0.0%	19.4%	14.6%	12.0%	0.0%	0.0%
Adjusted Market Occupancy	58.6%	60.6%	63.5%	64.7%	62.9%	62.2%	61.4%	62.1%	62.8%

Source: Hotel & Leisure Advisors

- We project the market occupancy to show an increase in 2014 due to the lack of new supply and projected growth in demand.
- We project declines in occupancy in 2015 through 2017 due to the opening of the three indoor waterpark resorts and the casino resort.
- With the strong projected induced demand from new resorts with the waterparks and the casino resort, we project overall occupancy to improve in 2018 and 2019 to levels achieved historically.

## DEMAND INTERVIEWS

We have performed interviews to determine the demand for a 350- to 450-room hotel with a large indoor waterpark located in Thompson, New York near the site of the former Concord Resort. Our interviews focused on both local, group demand as well as leisure visitors.

The **New York State Association of Counties** hosts six to seven events each year, including three larger conferences. While the Legislative Conference is always held in Albany, the other two—including a 500-person Fall Seminar—are held at various sites throughout the state. This year's event was held in Saratoga Springs. The NYSAC's director of education and training was very familiar with the old Concord Resort, noting the association hosted a large conference at the resort until the early 1990s. She said the proposed development would be of interest. Room pickups range from 100 to 450 rooms, and while she prefers to secure government rates, the association is willing to pay more depending on the property. The association currently books either conference facilities or hotels with conference centers for its meetings. Typical meeting room needs are six concurrent rooms that can hold groups ranging from 60-150 theater style to plenary session rooms for 435 theater seats to 550 banquet seats. The average meal check is \$22 to \$36. Regarding proposed amenities, she said the waterpark and other family-friendly amenities would not be of interest; however, the association would have moderate interest in the golf course, casino and harness racing. She said the association would love to be able to return to the Catskills for its events.

The director of research, development and training for the **New York State Association of Chiefs of Police** reported that the Catskills region was a popular destination for some law enforcement and criminal justice conferences, but the groups moved away from the region because the facilities were outdated and lacking some basic amenities. The NYSACP has scouted various parts of the state for conference sites which they held in Lake Placid in 2013 but not the Catskills because of experience. However, new developments like the proposed could make the region a destination again for their four-day conferences and one-day trainings. He said the annual training conference yields about 125 members plus 25 guests and staff. Hospitality events (barbecue evenings and banquets) can bring that to 200. Since few children attend with members, the waterpark and family-friendly amenities would not be of interest. He did indicate that the group tries to offer special events, shopping, tours, etc., for those members who bring spouses and guests; therefore, a casino, racetrack and spa would be of interest.

A representative of **Bethel Woods Center for the Arts** is enthusiastic about the possibility of the development. The contact identified two problems the center has had historically, accommodations for talent performing at the center and accommodations for attendees. They noted the lack of a full-service hotel limits who the center can attract as the performers return to the New York City area after a concert. Few headline performers are willing to make that trip. Additionally, while the venue can accommodate 15,000 people under cover and on the lawn, the lack of quality hotels in the region makes it difficult to attract that many people. Additionally, the overall development will attract new visitors to the region that has seen a decline in recent years. They also welcomed the possibility of younger visitors. While the center offers programs for school children and families, they welcome the opportunity to expand their education and outreach programs. They also look to increase the number of festivals offered during the year and are eager to package with the development to bring people to the center.

A representative from the **NY State Turfgrass Association** said they plans 30 to 40 events per year. While most are one-day events, they host three regional two-day conferences (2014 sites are Fishkill, Buffalo and Lake Placid) and a 300-person Turf & Grounds Expo held in November (the 2013 event was in Rochester). She cited a lack of quality properties in the Catskills for the group's lack of bookings in the past but said she would be interested in the proposed development. She said the association generates room nights between 100 (regional events) to 300 (Turf & Grounds Expo), and needs meeting space for 30 to 325. She indicated the waterpark and related family-friendly amenities would not be of interest because most of the members travel without families. Because the group's meetings are typically held in the winter and do not have a leisure component, amenities such as golf, harness racing, casino, would not be of interest. While the amenities are not a fit for her group, she said they seem great for the overall interest of bringing vacationers to the area.

The **NY State Health Facilities Association** hosts 80 to 100 events each year, including a fall conference, social workers conference, nursing conference and annual convention. The events are held throughout the state. While most events are one- to two-day smaller events, the largest is the association's annual convention, which pulls attendees from all over the state and generates approximately 225 room nights. Trade show/meeting space requirements include space for 100 8x10 booths with classroom space for 25 to 125 nearby. The director of education and conference planning said the event is currently a three-night event, but the association is looking to expand the conference. He noted the association has hosted events in the Catskills, including its large conference in 1995. A poor experience and outdated facilities resulted in the group

eliminating the region from consideration for future events. He was interested in the proposed development but said (with the exception of Turning Stone Resort & Casino in Verona) he prefers resorts that are franchise-affiliated. However, he said any new development in the Catskills would be worth considering. With regard to amenities, he said the waterpark would not be of interest because few families attend, but golf, the casino and perhaps harness racing would be of interest.

**The Center for Discovery** contact is very hopeful for the development of the indoor waterpark resort. The center is a national specialty center for the advanced care and treatment of children and adults with significant disabilities, medical complexities, and autism disorders. The center is home for children from age five to 21 as well as adults. The contact stated that family members visit with relatives but do not stay on the premise. The development of the subject would be welcome to families who bring children when visiting relatives. The contact can envision families staying at the waterpark resort during the duration of their visit to the center, with the larger timeshare units being of particular interest.

A representative from the **New York State Association for Public Land Surveyors** was thrilled to learn of the proposed development planned for the Concord site. The proposed facility size is in high demand and hard to find for the association. She said 20-plus board and committee meetings are held in the Albany area, but they also host an annual meeting with more than 700 guests and eight spring/fall one-day workshops throughout the state that bring 40 to 100 guests. The association last held a conference in the Catskills in 2003, noting the property was old, there were many "hiccups" in service and the association outgrew the space. She said the association needs space that will accommodate concurrent breakout sessions (five holding between 100 and 250, three smaller for meetings and an evening banquet breakout for 200) and a 20,000 square foot trade show. The average room night the group pays is \$99 per night in January. Peak room demand is 350, with 700-900 rooms over three days. She indicated the group would have no interest in the waterpark amenities but that casinos are a popular draw for association members. She noted that the proposed Concord facility would be in high demand for her group and would seek a multi-year contract if the right facility presented itself.

The **Catholic School Administrators' Association of New York State** holds one annual conference for about 400 people each year, but they host the event in Albany whenever possible. Rates for the 2013 conference, which was held at a franchise-affiliated hotel with conference center attached, were \$125 per night. The event is returning to the same hotel in 2014. The representative indicated an indoor waterpark would not be of interest.

The **New York Library Association** holds an annual conference in October/November for about 1,000 people. They prefer a hotel with conference center attached is preferred since the meeting takes place in late fall and weather could be a factor. The conference rotates throughout the state. The 2013 event was held in Niagara Falls and they are holding it in Saratoga Springs in 2014 and Lake Placid in 2015. They require 500 guest rooms (300 peak demand), 30,000 square feet of unobstructed contiguous floor space for the trade show and meeting rooms to accommodate 400 for general session and 12 concurrent breakouts to accommodate 20-150 people for the event. The contact said a resort facility like the proposed would be of interest and likes the idea of attendees having access to leisure activities during downtime. The group typically pays about \$140 per night but has seen rates as high as \$170.



The **New York State PTA** holds several small and one large annual convention for about 400 people. That event is held every year in November and generally rotates throughout the state; however, the past two conventions were held at a franchise-affiliated hotel and conference center in Saratoga Springs. Other sites have included Niagara Falls, Buffalo and Rochester. The conference lasts for almost a week, with executives and others arriving on a Tuesday and attendees arriving Friday and staying through the weekend. Room rates are included within the cost of the conference, which includes the room, meals and receptions. This year, the cost was \$575 and the room piece was about \$130. The contact said they do not book at waterpark resorts and none of the amenities would be of interest to her group.

A contact at the **Business Council of New York State** indicated the group plans several meetings annually, including an annual three-day conference. The past three years, the meeting has been held at The Sagamore Resort in Bolton Landing. She said the group has not often met in the Catskills but would consider it if the amenities needed for meeting space were available. She indicated indoor waterpark amenities held little interest for the group but attendees and guests are offered several leisure options. At the 2013 event, for example, attendees could choose between golf, a cruise on Lake George, kayaking, a culinary class and wine tasting.

The convention director for the **American Association of University Women – New York State** hosts an annual convention each April, running from Friday to Sunday. The conference has a package rate of about \$400 to \$450 that includes two nights lodging, six meals and meeting space. Meeting space requirements includes a combination of plenary sessions for at least 125 and breakout sessions for 50. She indicated the proposed resort facility would be of some interest but more for the location than the amenities. The average attendees are women over 65 who do not bring families; therefore, the indoor waterpark and/or family-friendly amenities would have no appeal. She said planned amenities at the Concord Resort would have nominal appeal because other than a few hours the first afternoon, the convention is tightly programmed with little downtime. Such amenities would require guests to stay additional time but might be of interest. She said the association tries to move the convention around the state so it is convenient for members. Last year's event was in Lake Placid and this year's meeting is in Ellenville. She said the Catskills area provides a good location since there are large local branches of the association within easy commuting distance.

### **Tour group demand**

**Richmond Tours** has said it books four to five tours in the Catskills annually for between 50 to 2,000 students. The contact said indoor waterpark facilities are always in demand but that the cost of staying at such a facility is sometimes more expensive than some want to spend.

A representative from **RMP Travel Inc.** indicated an indoor waterpark in the Catskills would be very marketable for her firm. She also said making the resort a "destination" would be appealing since the location is close to New York City and could draw people from the city to a more rural getaway.

### **Potential Group Demand**

Hotel & Leisure Advisors also identified associations in Wisconsin and Ohio that have booked events at Kalahari Resorts. The Wisconsin Dells location offers 71,894 square feet

of meeting space with 35 flexible meeting rooms, while the Sandusky location boasts 143,696 square feet of meeting space with 39 separate meeting rooms. The types of associations listed below could generate similar demand for the proposed.

<b>State &amp; Local Association Meetings Held at Kalahari Resorts</b>	
<b>Wisconsin Dells, Wisconsin</b>	<b>Sandusky, Ohio</b>
<ul style="list-style-type: none"> <li>• Wisconsin Early Childhood Association</li> <li>• Wisconsin Athletic Directors Association</li> <li>• Wisconsin Dental Hygienists Association</li> <li>• Association of School Business Officials</li> <li>• Wisconsin Wastewater Operators' Association</li> <li>• Wisconsin Head Start Association</li> <li>• Wisconsin Parking Association Conference</li> <li>• Wisconsin Realtors Association</li> <li>• Alzheimer's Association</li> <li>• Wisconsin State Fire Chiefs' Association</li> <li>• Wisconsin Library Association</li> <li>• Wisconsin EMS</li> <li>• Wisconsin Medical Society</li> <li>• Wisconsin Accountants Association</li> <li>• School Nutrition Association of Wisconsin</li> <li>• Wisconsin Corn Growers Association</li> <li>• Residential Services Association of Wisconsin</li> <li>• Wisconsin Wildlife Control Operators Association</li> <li>• State Bar of Wisconsin</li> <li>• Wisconsin Assn. of Colleges and Employers</li> </ul>	<ul style="list-style-type: none"> <li>• Ohio Educational Library Media Association</li> <li>• Council of Smaller Enterprises</li> <li>• Ohio Produce Growers &amp; Marketers Association</li> <li>• Ohio Podiatric Medical Association</li> <li>• Ohio Alliance for Public Charter Schools</li> <li>• Ohio Association of Elementary School Administrators</li> <li>• Ohio Urological Society</li> <li>• Ohio Osteopathic Association</li> <li>• Ohio Parks &amp; Recreation Association</li> <li>• Ohio Assn. for Health, Physical Education, Recreation, and Dance</li> <li>• Ohio Genealogical Society</li> <li>• Buckeye State Sheriffs Association</li> <li>• Ohio Environmental Health Association</li> <li>• Ohio Society for Human Resource Management</li> <li>• Ohio Association of Public Treasurers</li> <li>• Ohio Chapter- Assn. of Public Safety Communications Officials</li> <li>• Professional Land Surveyors of Ohio</li> <li>• Ohio State Bar Association</li> <li>• Rotary District 6400</li> <li>• Toledo Metropolitan Area Council of Governments</li> </ul>
<p>Source: Kalahari Websites</p>	

Promoting the proposed meeting space to organizations like those listed above could generate a significant amount of repeat business for the project. Such groups are often interested in new locations provided there is enough space to meet their needs and it is priced right.

**Conclusion:** Our demand interviews indicate a positive interest for the proposed hotel's group and conference demand. Most of the groups meet midweek when families are not available to utilize the resort hotel.

## **COMPETITIVE ADVANTAGES AND DISADVANTAGES OF SUBJECT PROPERTY**

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

### **Positive Attributes**

- The subject's location in Catskills region of New York is projected to be a strong advantage because the proposed subject will offer a unique resort destination that will appeal to a variety of tourists and groups.
- The subject's location within the EPT Concord Resort development is a strong advantage for the subject. In addition to the activities and amenities offered at the subject, guests will have access to all the resort's amenities including Monster Golf Course, full-service spa at the casino resort, casino gaming, movie theaters, restaurants, retail, and lawn activities such as a skating rink, croquet lawn, and amphitheater/event area.
- The developer is proposing the development of an adventure park, which will include a mountain coaster, rope course, zip line, beginner ski slopes and tubing hill. These additional developments will provide increased value to overall guest experience.
- The subject is located within a three hour driving distance of New York City MSA, Philadelphia MSA, Hartford, Albany, Syracuse, Rochester, and the suburbs of Boston and Baltimore. The subject is projected to benefit from the large population base and from an increasing trend of people vacationing closer to home.
- The subject property will be one of the newest resort hotels within the competitive set and the newest resort hotel in the Catskill region. The proposed indoor waterpark at the subject will offer a range of slides and attractions. It is projected to be popular with families and children.
- The subject will offer the one of the largest indoor waterpark facilities in the region and the largest in the state of New York. The subject will offer a popular family experience for travelers year-round. Based on the success of the resorts in Wisconsin Dells, Sandusky, and the Great Wolf Lodge Poconos, it is our opinion that family oriented travelers from a two- to three-hour drive will enjoy coming to the subject to experience the waterpark and all the other amenities of the facility and area. Our research indicates that larger indoor waterparks attract substantially more interest for a resort, which allows it to achieve better occupancy levels. Unlike mid-sized indoor waterparks, the subject is projected to be popular with teenagers in addition to younger children due to its size and potential amenities.

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-2***

- The subject will offer an attractive facility with a wide range of room types including a higher percentage of suites larger than a typical hotel. The planned restaurants, themed lobby, retail gift shop, and other amenities will allow the subject to offer a memorable experience for leisure visitors.
- The development of the 32,000 square feet of meeting space in conjunction at the subject and the 20,000 square feet of meeting space at the casino resort will attract larger groups and meetings during midweek periods utilizing each of the hotels' respective guest rooms and meeting space.
- The subject association with Wilderness Resorts, Camelback Resorts, and the Monticello Casino and Raceway will be a strong advantage to the subject. Each of the associated entities provides a positive perspective to the subject. Wilderness Resorts brings an experienced indoor waterpark operator. Camelback Resorts offers regional marketing understanding and development experience. Monticello Casino and Raceway is a known destination in the market that will be relocated to the overall EPT Concord Development. The subject should benefit from cross marketing and access to the current email and address lists of each component. The lists of current and past guests of the each of these partners provide the subject with an extensive database of individuals currently familiar with either indoor waterparks or the Catskill region. The guest list will provide the subject with a large pre-opening marketing advantage and a continuous stream of potential customers throughout the region.
- The subject has a strong potential to outperform the market particularly during the winter and summer periods and weekends year-round with the addition of the indoor waterpark facility. The primary target time for families will be summer months, weekends, and winter months. The subject is expected to be a popular hotel during the summer months as demand is already strong during these months in the market.

**Negative Attributes**

- The subject is located in the traditional tourist destination of the Catskill Mountains. However, the market has lost its conference or meeting location reputation with the closing of most of the historic family owned and operated resorts. Extensive promotion and introduction of the subject's conference facility to meeting planners will be needed to maximize the utilization of the subject's meeting facility.
- The subject is located in the Catskill Mountains along State Route 17 a multi-lane regional highway. The highway is being upgraded to interstate quality, but will take a number of years until the roadway is complete. Unlike the Poconos, which is serviced by Interstate 80, State Route 17 is a much less travelled highway. The subject will need to have extensive billboards and signage leading from the New York City area, as well as directional signage within the subject's neighborhood.

**PROJECTED SUBJECT OCCUPANCY**

In this section we will discuss projected levels of occupancy in detail. Using a fair market share and penetration analysis, we have estimated the ability of the subject to capture future market area demand. Fair market share is the percentage of rooms that a property

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-3***

contributes to the total supply of guest rooms in the defined competitive market area. Penetration rate is the percentage of a property's fair share of demand that is actually accommodated by that property. Penetration rates in excess of 100% indicate that a hotel possesses competitive advantages, while competitive weaknesses are reflected by penetration rates that are below 100%. The following section discusses each individual demand segment.

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

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

<b>Projected Penetration Rates Commercial Segment</b>		
<b>Competitors</b>		<b><u>2013</u></b>
<u>Hotel Name</u>	<u>Occ rooms</u>	<u>Penetration Rate</u>
Sheraton Hotel Mahwah		424%
Mohonk Mountain House		0%
Six Flags Great Escape Lodge & Waterpark		0%
Hershey Lodge		233%
The Inn at Pocono Manor		25%
Skytop Lodge		0%
Chateau at Camelback		118%
Woodloch Pines Resort		0%
Great Wolf Lodge Poconos		0%
Villa Roma Resort		0%
<b>Projected Subject</b>		
	2017	0
	2018	0
	2019	0
	2020	0
	2021	0
	2022	0
	2023	0

Source: Hotel & Leisure Advisors

Based upon the family orientation of the proposed resort, its group orientation related to the conference center development, and the limited corporate demand generators in the subject's neighborhood, we project no commercial demand for the subject. Given the leisure orientation of the subject, it would not be an effective use of marketing resources to target transient commercial travelers.

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

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-4***

<b>Projected Penetration Rates Group Segment</b>		
<b>Competitors</b>	<b>2013</b>	
<u>Hotel Name</u>	<u>Occ rooms</u>	<u>Penetration Rate</u>
Sheraton Hotel Mahwah		117%
Mohonk Mountain House		88%
Six Flags Great Escape Lodge & Waterpark		33%
Hershey Lodge		143%
The Inn at Pocono Manor		114%
Skytop Lodge		127%
Chateau at Camelback		109%
Woodloch Pines Resort		112%
Great Wolf Lodge Poconos		22%
Villa Roma Resort		114%
<b>Projected Subject</b>		
2017	24,107	113%
2018	26,036	122%
2019	27,777	130%
2020	27,777	130%
2021	27,777	130%
2022	27,777	130%
2023	27,777	130%
Source: Hotel & Leisure Advisors		

We recommend the subject offer approximately 32,000 square feet of meeting space, which will be utilized for various groups. The subject will jointly market for groups with the casino resort with its 20,000 square feet of meeting space. We anticipate the subject will also attract various associations and corporate groups as well as groups for birthday parties. We project an above fair share penetration rate in the group segment. We project strong group sales effort beginning 18 months prior to opening.

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

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-5***

<b>Projected Penetration Rates Leisure Segment</b>		
<b>Competitors</b>	<b>2013</b>	
<u>Hotel Name</u>	<u>Occ rooms</u>	<u>Penetration Rate</u>
Sheraton Hotel Mahwah		39%
Mohonk Mountain House		133%
Six Flags Great Escape Lodge & Waterpark		148%
Hershey Lodge		54%
The Inn at Pocono Manor		52%
Skytop Lodge		78%
Chateau at Camelback		55%
Woodloch Pines Resort		84%
Great Wolf Lodge Poconos		208%
Villa Roma Resort		134%
<b>Projected Subject</b>		
	2017	57,255 118%
	2018	60,282 123%
	2019	62,926 127%
	2020	62,926 127%
	2021	62,926 127%
	2022	62,926 127%
	2023	62,926 127%
Source: Hotel & Leisure Advisors		

The Great Wolf Lodge penetrated this segment the most due to it offering the largest indoor waterpark in the Poconos. The property does not offer a large meeting space, hence, focuses primarily on leisure travelers. With the opening of the subject resort, Kalahari, and Camelback, we project a decline in leisure penetration at the Great Wolf Lodge.

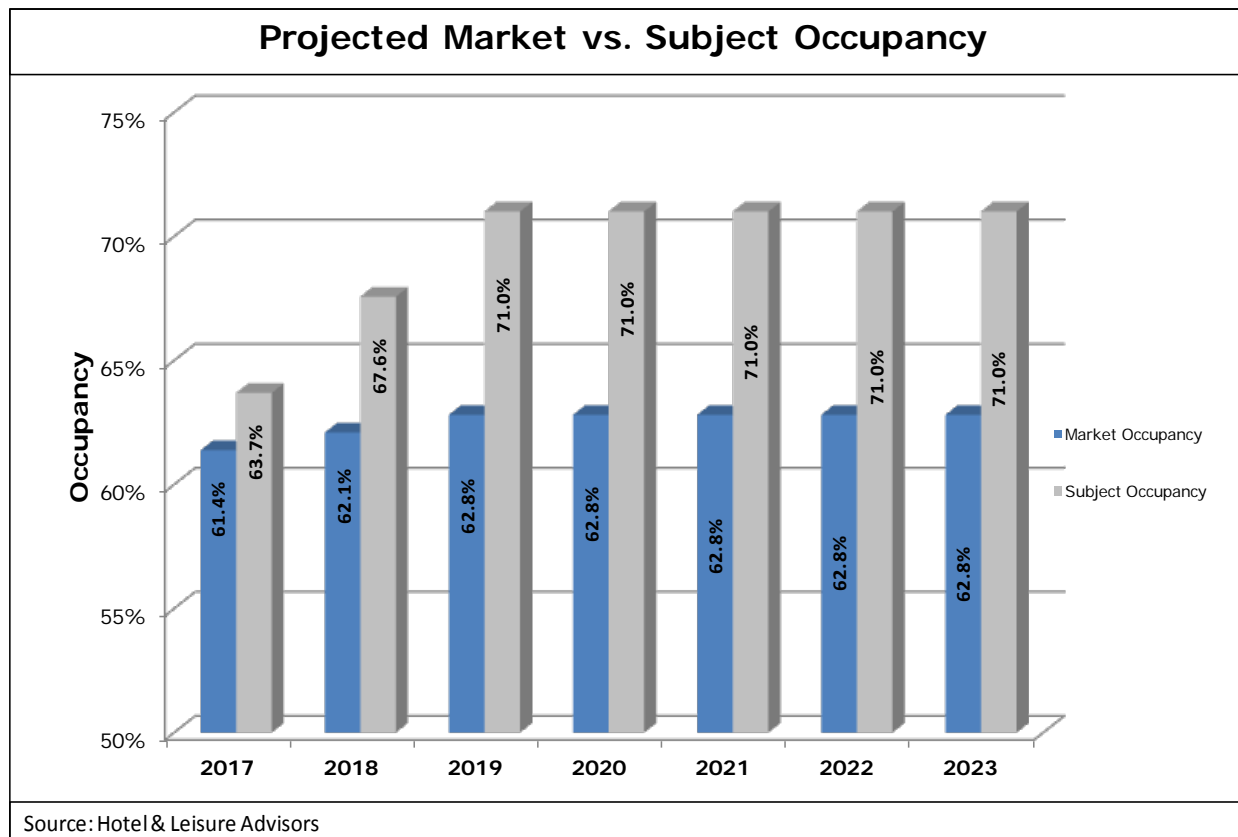
The subject will offer a large indoor waterpark resort focusing both on group and leisure travelers. The extensive amenities and high quality facility of the subject will help in penetrating this segment. The subject's location will be convenient for families and couples to visit from cities within a two- to three-hour drive as well as visitors both domestic and internationally coming to the New York City MSA.

The subject's indoor waterpark will be a strong tourist attraction year round. Based on these factors, we anticipate the subject will penetrate this segment above fair share in the first year of operation and future years.

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

**Proposed Indoor Waterpark Resort, Thompson, New York**  
**Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-6**

<b>Subject Property Name:</b>		<b>Proposed Indoor Waterpark Resort, Thompson, New York</b>						
<b>Room Nights by Segment</b>		2017	2018	2019	2020	2021	2022	2023
Commercial		0	0	0	0	0	0	0
Group		24,107	26,036	27,777	27,777	27,777	27,777	27,777
Leisure		57,255	60,282	62,926	62,926	62,926	62,926	62,926
	<b>TOTAL</b>	81,362	86,318	90,703	90,703	90,703	90,703	90,703
<b>Percent of Total Room Nights by Segment</b>								
Commercial		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Group		29.6%	30.2%	30.6%	30.6%	30.6%	30.6%	30.6%
Leisure		70.4%	69.8%	69.4%	69.4%	69.4%	69.4%	69.4%
	<b>TOTAL</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Subject Available Rooms per Day</b>		350	350	350	350	350	350	350
<b>Subject Available Rooms per Year</b>		127,750	127,750	127,750	127,750	127,750	127,750	127,750
<b>Subject Property Projections</b>								
Subject Occupancy		63.7%	67.6%	71.0%	71.0%	71.0%	71.0%	71.0%
Market Share		8.7%	9.1%	9.4%	9.4%	9.4%	9.4%	9.4%
Fair Share		8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Penetration		103.8%	108.8%	113.0%	113.0%	113.0%	113.0%	113.0%
<b>Market Occupancy</b>		61.4%	62.1%	62.8%	62.8%	62.8%	62.8%	62.8%



In a stabilized year of operation, we project the subject to achieve an occupancy level of 71.0%, which results in an overall penetration rate of 113.0%. The subject should outperform the market despite its low commercial demand, due to the many attractions created at the subject site. We project the market segmentation for the subject hotel to



***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-7***

be predominantly leisure with lesser amounts of group. The stabilized occupancy reflects the anticipated results of the property over its remaining economic life, given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the subject property may operate at occupancies above this stabilized level, we believe it equally possible for shifts in the local economy and changes in the market's demand patterns to force the occupancy below this selected point of stability.

**Daily Analysis**

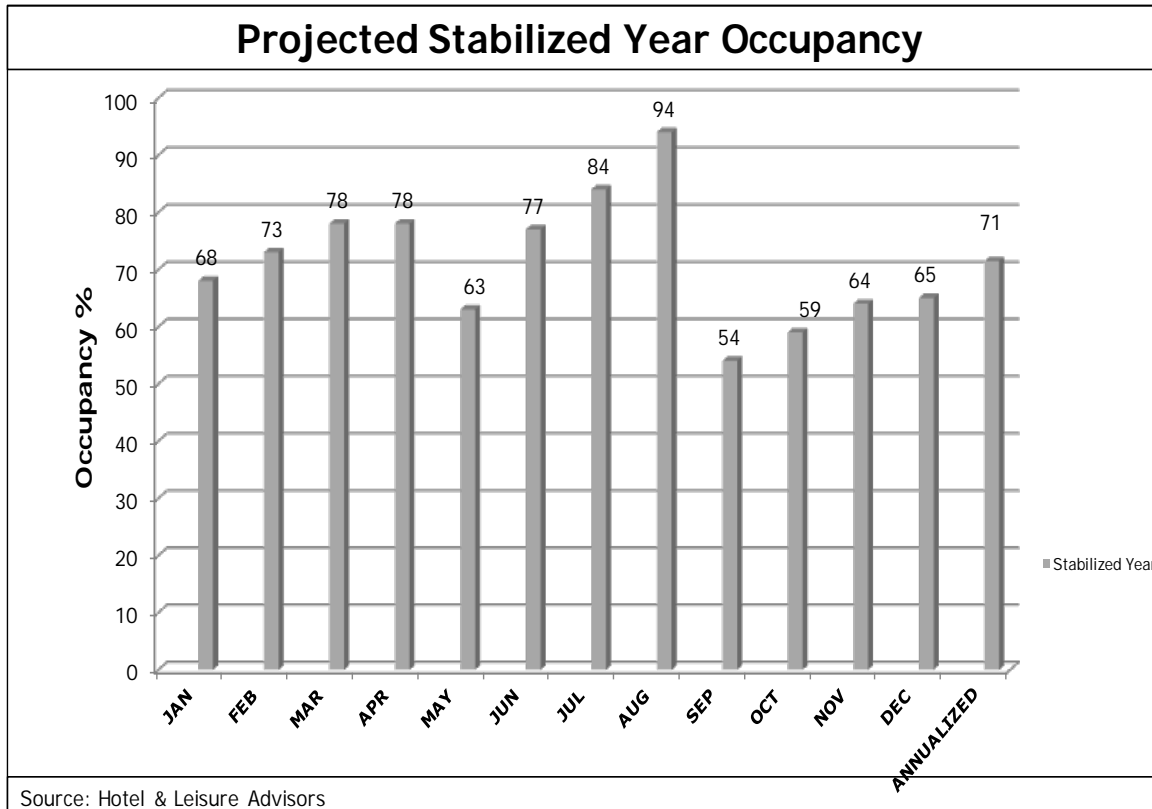
The following table indicates our projections by day indicating that the property will achieve stronger occupancy levels on weekends.

<b>Analysis by Day Proposed Indoor Waterpark Resort, Thompson, New York Stabilized Year Projection</b>		
<b><u>Day Of Week</u></b>	<b><u>Overall # Days</u></b>	<b><u>Stabilized Year Projection</u></b>
Monday	53	60%
Tuesday	52	63%
Wednesday	52	72%
Thursday	52	73%
Friday	52	89%
Saturday	52	93%
Sunday	<u>52</u>	<u>50%</u>
Overall	365	71%
Number of Available Rooms		350
Source: Hotel & Leisure Advisors		

Our projections indicate that weekends will be nearly full because of the indoor waterpark and other indoor attractions located at the proposed resort, while during weekdays, the subject will attract group and summer leisure demand.

**Monthly Analysis**

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



We project higher occupancy levels in the winter and summer months.

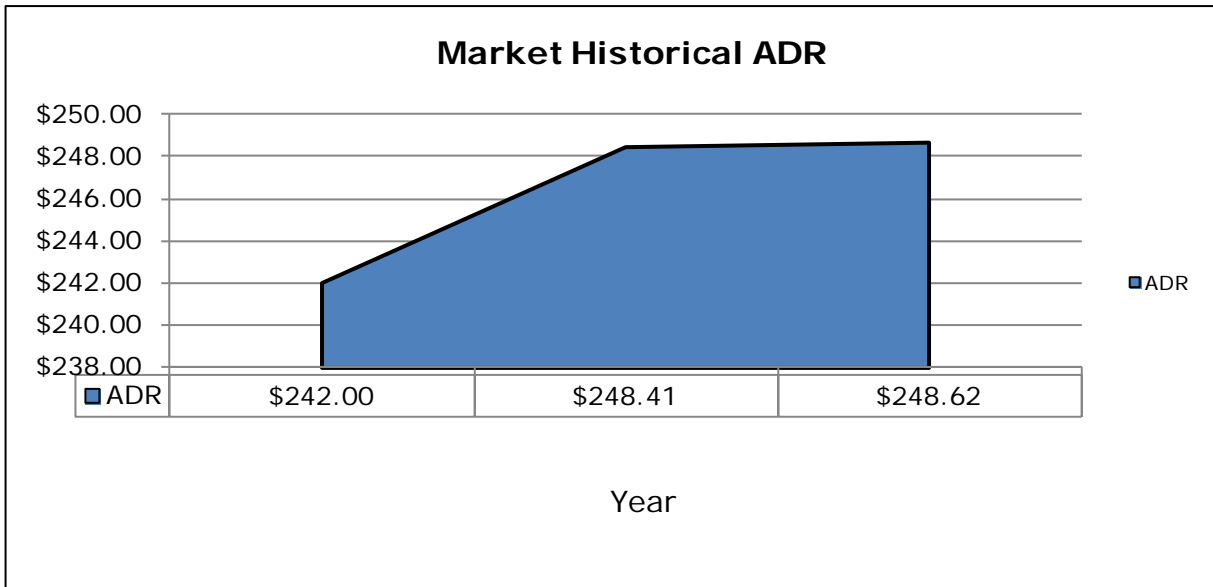
**ESTIMATED AVERAGE DAILY RATE**

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

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

We have analyzed the historical ADR for the competitive set and individual competitors within the market. Between 2011 and 2013, the average daily room rate among the competitive supply increased by a compounded annual rate of 1.4% to \$248.62 in 2013. The following chart illustrates the historical ADR performance for the competitive supply.

**Proposed Indoor Waterpark Resort, Thompson, New York**  
**Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-9**



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

Competitive Hotels Average Daily Rate Analysis		
	Property	2013 Estimated Performance
1	Sheraton Hotel Mahwah	\$100-\$150
2	Mohonk Mountain House	\$250-\$300
3	Six Flags Great Escape Lodge & Waterpark	\$200-\$250
4	Hershey Lodge	\$200-\$250
5	The Inn at Pocono Manor	\$100-\$150
6	Skytop Lodge	\$450-\$500
7	Chateau at Camelback	\$100-\$150
8	Woodloch Pines Resort	\$350-\$400
9	Great Wolf Lodge Poconos	\$350-\$400
10	Villa Roma Resort	\$200-\$250
	<b>Weighted Average</b>	<b>\$248.62</b>

Source: Hotel & Leisure Advisors

**Rack Rates:** We recommend that the subject promote rack rates including usage of the indoor waterpark. We recommend that the subject offer some rooms on weekdays at traditional rack rates (excluding waterpark premium) for groups while all leisure-oriented rates will be higher. By including the waterpark passes with all room rates, it will help in planning and managing the waterpark, including knowing how many day passes and birthday party passes can be sold.

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

We have projected recommended rack rates considering the projected brand affiliation, newly constructed condition, location, and competitive rate structuring at nearby hotels.

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-10***

We recommend the following room rate structure, in 2014 dollars, for the proposed subject hotel.

<b>Proposed Indoor Waterpark Resort, Thompson, New York Recommended Rack Rates Including Waterpark Passes</b>	
<b><u>Room Type</u></b>	<b><u>Including Waterpark Passes</u></b>
Double Queen (One Room)	\$199 - \$499
Suites	\$299 - \$799
Sources: Hotel & Leisure Advisors	

We utilized the rate structures at the existing indoor waterpark resorts located in Poconos, Wisconsin Dells, Sandusky, and Queensbury markets as previously shown as references.

**Analysis of Subject Average Daily Rate:**

We have analyzed the ADR at the subject property by comparing historical ADRs of the competitive properties and considering potential future rate increases. We have analyzed the ADR by market segment. The following table illustrates occupancy and ADRs by market segment in first year dollars including waterpark admission.

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-11***

<b>Segmentation Analysis</b>		
<b>Proposed Indoor Waterpark Resort, Thompson, New York</b>		
<b>Including Waterpark Admission</b>		
<b>Group</b>		First Year <u>2017</u>
	<b>% Total Rooms</b>	29.6%
	<b>Average Daily Rate</b>	\$150
	<b>Room Nights</b>	24,107
	<b>Total Revenue</b>	\$3,616,075
<b>Leisure</b>		
	<b>% Total Rooms</b>	70.4%
	<b>Average Daily Rate</b>	\$310
	<b>Room Nights</b>	57,255
	<b>Total Revenue</b>	\$17,748,930
<b>Annual Combined</b>		
	<b>Occupancy</b>	63.7%
	<b>Total Room Nights</b>	81,362
	<b>Total Revenue</b>	\$21,365,005
	<b>Average Daily Rate</b>	\$263
	<b>RevPAR</b>	\$167.24
<b>Note:</b> totals may not add or multiply due to rounding		
<b>Source:</b> Hotel & Leisure Advisors		

We project the subject will have to offer discounts in group and leisure segments in order to attract travelers during non summer weekdays when families are not available to utilize the subject facilities. The leisure segment should achieve the highest rate, as it includes the summer, school holidays, and weekends year-round.

After discounting and promotions, the above rate structure should enable the hotel to achieve an estimated ADR of \$263 in 2017 dollars. The table indicates the projected ADR including waterpark passes. We have increased the ADR projection by 5% in year two and 4% in year three to account for introductory specials, which will be offered. Future projections increase at the rate of inflation of 3.0% throughout the projection period.

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

**Proposed Indoor Waterpark Resort, Thompson, New York**  
**Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-12**

Estimated Average Daily Rate, Occupancy, and RevPAR Market and Subject											
Year	Competitive Set of Hotels					Subject Property					
	Occupancy	ADR	ADR Growth Rate	RevPAR	RevPAR Growth Rate	Occupancy	ADR	ADR Growth Rate	ADR Penetration	RevPAR	RevPAR Growth Rate
2011	58.6%	\$242.00	-	\$141.81	-						-
2012	60.6%	\$248.41	2.6%	\$150.50	6.1%						-
2013	63.5%	\$248.62	0.1%	\$157.81	4.9%						-
2014	64.7%	\$256.00	3.0%	\$165.74	5.0%						-
2015	62.9%	\$263.68	3.0%	\$165.94	0.1%						-
2016	62.2%	\$271.59	3.0%	\$168.93	1.8%						-
2017	61.4%	\$279.74	3.0%	\$171.71	1.6%	63.7%	\$263.00	-	94%	\$167.50	-
2018	62.1%	\$288.13	3.0%	\$178.90	4.2%	67.6%	\$276.15	5.0%	96%	\$186.59	11.4%
2019	62.8%	\$296.77	3.0%	\$186.41	4.2%	71.0%	\$287.20	4.0%	97%	\$203.91	9.3%
2020	62.8%	\$305.68	3.0%	\$192.00	3.0%	71.0%	\$295.81	3.0%	97%	\$210.03	3.0%
2021	62.8%	\$314.85	3.0%	\$197.76	3.0%	71.0%	\$304.69	3.0%	97%	\$216.33	3.0%

Source: Hotel & Leisure Advisors

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

- The subject hotel will be professionally managed and maintained
- The subject will be effectively promoted with a well-targeted marketing program throughout the analysis period
- The subject hotel will not be affiliated with a national hotel franchise but will be managed and potentially branded by Wilderness Resorts
- A continued program of periodic replacement of furniture, fixtures and equipment will continue throughout the analysis period

**INDOOR WATERPARK ANALYSIS**

Although the subject indoor waterpark will focus upon hotel guests and timeshare owners as visitors to the waterpark, we project that it will also be open to birthday parties, casino resort guests, and local residents particularly on weekdays. We recommend that on most weekends the subject not allow access for day visitors to local residents to encourage guests to stay at the subject hotel, casino hotel, and timeshare accommodations. Previously, we made an analysis of indoor waterpark resorts. In this section, we have made estimates as to the number of attendees for the waterpark from hotel guests and visitors to the area.

**Waterpark Competitors:** Currently the Great Wolf Lodge Poconos and Split Rock Resort operate indoor waterpark resorts in the Poconos region. In 2015, the Kalahari Resort (457 rooms in phase 1) and Camelback Resort (453 rooms) are expected to be completed. The nearest outdoor waterparks include Camelbeach located at the Camelback Resort, SplashDown Beach located in Fishkill, New York approximately 50 miles from the subject site, and Zoom Flume Water Park Waterpark located in East Durham, New York approximately 90 miles north of the subject site. Access to both waterparks from New York City would be from Interstate 87 rather than State Route 17.

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-13***

**Estimated Average Ticket Price**

To estimate the average ticket price for the subject property for both hotel guests and non-hotel guests, we analyzed historical ticket prices achieved on a per square foot basis at the comparable facilities shown earlier in this section, in addition to comparing the prices of the local facilities discussed above. We have taken into account the average rates achieved by the comparables, projected discounting practices of the subject, and the appropriate rate positioning for the subject.

The following indicates our projected overall average ticket price for the subject. We note that the subject will have an 80,000 square foot indoor waterpark.

<b>Projected Average Ticket Price Analysis First Year (2017)</b>		
<b>Relevant comparables:</b>	Rack Rate	Discounted
Kalahari-Sandusky, OH	\$45.00	\$39.00
Kalahari-Wisconsin Dells, WI	\$37.00	\$25.00
Mount Olympus-Wisconsin Dells, WI	\$39.99	\$29.99
H2ooohh! At Split Rock Resort, Lake Harmony, PA	\$35.00	\$35.00
Splash Lagoon Indoor Waterpark - Erie, PA	\$39.95	\$29.95
Camelbeach Outdoor Waterpark, Tannersville, PA	\$37.99	\$20.99
Splash Down Beach, Fishkill, NY	\$33.00	\$27.00
Six Flags Great Escape Lodge & Waterpark, Queensbury, NY	\$39.99	\$29.99
Average indoor waterpark per square foot	\$0.0005	\$0.0004
Price per square foot range	\$.0001 - \$.0008	\$.0001 - \$.0008
<b>Projected overall average ticket price:</b>		
Proposed indoor waterpark square feet	80,000	
Projected price per square foot	\$0.00044	
Projected average daily ticket price	\$35.00	
Projected average discounted ticket price	\$25.00	
Projected percentage of discounted tickets	50%	
Projected overall average ticket price	\$30.00	

Source: Hotel & Leisure Advisors

The following table projects rack rates for day passes for the indoor waterpark. We recommend the subject offer higher rates during the weekends when there is limited availability (including holidays and peak summer weekdays) than on weekdays. On weekends, there will be more hotel guests who will use the waterpark and are paying for the use of the waterpark in their room rate. We recommend the use of coupons and discounts to local people and guests, who are not on special packages, during slower seasons. We recommend the following ticket price structure, in 2017 dollars, for the proposed indoor waterpark.

<b>Projected Ticket Prices Proposed Indoor Waterpark</b>	
	<b>Full Day</b>
Weekdays	\$35
Weekends/Holidays/ Peak Summer	\$40
Weekdays	

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-14***

The preceding rate structure represents the projected published rates for the proposed indoor waterpark in a stabilized market. We project the subject will have a range of ticket prices because we recommend different categories depending on the day of week. We project the subject will apply discounting to the above listed rates during slower periods for birthday parties. Thus, after considering applicable discounting as well as other promotional rates, the above structure should enable the subject to achieve an estimated stabilized average ticket price of \$30.00.

We project the subject will offer room rates that are inclusive of usage of the waterpark the day of arrival and day of departure. The room rates will allow each room to receive four wristbands per standard room and six to eight wristbands per suite. We recommend the subject limit availability for day passes to special events and groups to encourage people to stay overnight at the subject hotel.

We have increased the average ticket price at the rate of inflation of 3% throughout the projection period.

**Projected Subject Waterpark Performance**

Based on interviews with comparable indoor waterparks, our general knowledge of the market area, and consideration of factors such as competent and efficient management, a well-defined marketing program, the location of the subject property, and the quality of its facility, we have estimated future demand of the subject waterpark by hotel, timeshare, and non-hotel guests.

**Hotel Demand:** We have estimated the projected demand for use of the indoor waterpark through overnight packages from the subject 350-room hotel, which will be connected to the property. The following table presents our projections for occupancy and the number of room night occupants, who purchase waterpark packages in a stabilized year of our analysis.



***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-15***

<b>Subject Hotel Packages Projected Demand First Year (2017)</b>	
Available rooms per day	350
Available rooms per year	127,750
Projected occupancy	63.7%
Projected occupied rooms	81,362
% group demand	30%
Projected group occupied rooms	24,107
% utilize waterpark	60.0%
(a) Waterpark package occupied rooms	14,464
% leisure demand	70%
Projected leisure occupied rooms	57,255
% utilize waterpark	100.0%
(b) Waterpark package occupied rooms	57,255
(c) Total Waterpark package occupied rooms	71,719
Average guests per room	4
Projected visitors	286,876
Source: Hotel & Leisure Advisors	

We project approximately 14,464 of the group-occupied rooms and 57,255 of the leisure-occupied rooms will purchase room rates that will be inclusive of waterpark tickets. We project a majority of group room rates will exclude usage of the waterpark as these will be primarily on weekdays for associations and corporate oriented groups. We project a higher percentage of leisure-occupied rooms utilizing the waterpark because these people are at the resort to enjoy the amenities offered and will spend the additional money to enjoy the waterpark.

We project the average guest room to have approximately four guests per room and the projected visitors from the hotel who will visit the waterpark will equal 286,876 visitors.

**Timeshare:** Connected to the subject hotel and indoor waterpark will be the timeshare development. The timeshare development and analysis will be discussed later in this report. The following table highlights our waterpark attendance projections from the timeshare component.

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-16***

Timeshare Waterpark Passes Projected Demand					
	2018	2019	2020	2021	2022
Total Number of Timeshare Units Sold	50	100	148	181	200
Available Intervals	2,600	5,200	7,700	9,400	10,400
% Timeshare Owner used	100%	90%	80%	80%	80%
Estimated Number of Timeshare Owners Used	2,600	4,680	6,160	7,520	8,320
Estimated Number of People per Timeshare Day	4.70	4.70	4.70	4.70	4.70
Estimated Number of People per Unit per Week	33	33	33	33	33
Total Number of People in Timeshare	85,540	153,972	202,664	247,408	273,728
Estimated Waterpark Usage 3.5 days/week	50%	50%	50%	50%	50%
Estimated Waterpark Visits	42,770	76,986	101,332	123,704	136,864
% Timeshare week exchanges	0.0%	10.0%	20.0%	20.0%	20.0%
Estimated Number of Timeshare week exchanges	-	520	1,540	1,880	2,080
Estimated Number of People per Timeshare Day	4.70	4.70	4.70	4.70	4.70
Estimated Number of People per Unit per Week	33	33	33	33	33
Total Number of People in Timeshare	-	17,108	50,666	61,852	68,432
Estimated Usage 3.5 days/week	50%	50%	50%	50%	50%
Estimated Waterpark Visits	-	8,554	25,333	30,926	34,216
Total Waterpark Visits	42,770	85,540	126,665	154,630	171,080

Source: Hotel & Leisure Advisors

We project the timeshare development to be built in multiple phases. We project approximately 2,600 intervals will be available and utilized in 2018. We project that all of the owners will utilize their intervals in the first year. Based on the sizes of the various units, we project an average of 33 people per week (seven days x 4.7 people per unit per day). We project an estimated 85,540 people will utilize the timeshare development for 2018. We assumed that guests at the timeshare would utilize the indoor waterpark for 3.5 days. This results in 42,770 indoor waterpark visits from timeshare guests in the first year. The number of passes offered to timeshare week owners will be based on the size of the timeshare unit purchased but will range from four to eight. The timeshare maintenance fee will include access to the indoor waterpark.

Typically, a timeshare owner will utilize their interval for the first few years and then exchange their units with other timeshare owners via various timeshare brokerage firms such as RCI and Interval International. We project that 10.0% of timeshare owners will exchange their units in year 2 and 20.0% in year 3 and beyond. We have utilized a similar analysis to calculate the number of indoor waterpark visits.

**Groups and Casino Resort Hotel:** We have projected that the subject will participate with the planned casino in marketing and acceptance of Player's Club rewards in the usage of the indoor waterpark. Guests staying at the casino resort hotel may be eligible to utilize the indoor waterpark either by acquiring a day pass or through the utilization of the Player's Club reward points.

We project the subject will have limited capacity for additional guests to enjoy the waterpark. Local group access will be available on limited bases in the early years before all the timeshare units are built. We project stronger local resident demand during the winter months, on weekends, and during school breaks when local residents have more free time. During many weekends; however, we recommend the subject not allow day passes but rather try to encourage them to visit on weekdays or to stay overnight. The following table presents our projections for occupancy and the number of casino room night occupants, who purchase waterpark packages and the projected local group activity in a stabilized year of our analysis.

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-17***

<b>Local Groups and Casino Resort Hotel Projected Demand First Year (2017)</b>	
60-Mile Radius residents (2013)	3,566,912
Number of youth under 20	918,247
Usage percentage	1.0%
Number of users under 20	9,182
Chaperones at .5 per user	4,591
(a) Number of group users	13,774
Available rooms per day at Casino Resort Hotel	391
Available rooms per year (if open full year)	142,715
Projected occupancy	80.0%
Projected occupied rooms	114,172
% utilize waterpark	4.0%
Waterpark package occupied rooms	4,567
Average guests per room	3.5
(b) Projected visitors	15,984
(c) Total visitors (a + b)	29,758
Waterpark admissions average price	\$30
Projected waterpark revenue	\$892,734

Source: Hotel & Leisure Advisors

We project approximately 4,567 of the casino hotel's occupied room guests and visitors associated with the casino resort's Player's Club rewards program will utilize the indoor waterpark. We project multiple generations will be interested in the overall complex with guests staying at the casino hotel for convenience while a parent or grandparent accompanies younger family members to the indoor waterpark. We also anticipate Player's Club members, either locally or regionally, utilizing their Player's Club points to allow family members to utilize the indoor waterpark. We project a higher usage in the first and second year prior to complete build out of the timeshare units.

We project 9,182 of residents under age 20 who live within a 60-mile radius of the facility will utilize the indoor waterpark through a day pass. Including adult chaperones, this equals approximately 13,774 local waterpark visitors from the region to utilize the facility for birthday parties and for day passes. We think there will be a strong demand for birthday parties and other children oriented functions in the birthday party area of the waterpark. We recommend the subject discourage day passes similar to the Great Wolf Lodge and Wilderness models, as the purpose of the waterpark is to encourage travelers to stay overnight.

**Cabanas and Lockers:** We project the property will provide approximately 500 lockers for guests to store personal belongings while utilizing the indoor waterpark. We recommend that guests of the property be permitted to utilize the indoor waterpark the day of arrival and the day of departure. Many of these guests will arrive prior to the availability of their guest room and will wish to utilize the waterpark after checking out. These guests can be expected to secure belongings in the lockers while utilizing the waterpark. Additionally, day pass guests can be expected to make use of lockers

***Proposed Indoor Waterpark Resort, Thompson, New York  
Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-18***

provided by the resort. We have projected approximately 100 daily rentals of lockers per year for the resort.

A number of guests will like the opportunity to enjoy a private seating area while in the indoor waterpark and will pay a premium for the privilege. The individual cabana provides a guest with the opportunity to have guaranteed seating and location to store their belongings while in the waterpark. We have projected approximately 150 daily rentals per year of cabanas. The following table indicates our estimates.

<b>Cabanas and Locker Rentals Projected Revenues First Year (2017)</b>	
Number of cabanas	15
Rental rate per day	\$100
Number of rentals per year	150
Revenue	\$225,000
Number of lockers	500
Rental rate per day	\$7
Number of rentals per year	100
Revenue	\$350,000
Total	\$575,000
Source: Hotel & Leisure Advisors	

We have projected the combined cabana and locker rental will generate \$575,000 in the first year of operation.

The following table presents the estimated demand by segment and total revenue for the subject indoor waterpark for the projection period. Based upon the size for the indoor waterpark of 80,000 square feet, we project the property will have a maximum capacity of 2,000 people in the indoor waterpark with additional capacity outdoors.

We estimate that the usage of the waterpark by timeshare guests will increase each year, while the property will reduce the number of day pass tickets for casino guests and groups.

**Proposed Indoor Waterpark Resort, Thompson, New York**  
**Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-19**

<b>Projected Attendance and Indoor Waterpark Revenue</b>						
<b>Proposed Indoor Waterpark Resort</b>						
<b>80,000 square feet</b>						
Calendar Years						
	2017	2018	2019	2020	2021	2022
<b>Proposed Indoor Waterpark Resort</b>						
Indoor Waterpark occupied rooms	81,362	86,318	90,703	90,703	90,703	90,703
Waterpark package occupied rooms	71,719	76,087	79,953	79,953	79,953	79,953
Indoor Waterpark Hotel attendance	286,876	304,350	319,813	319,813	319,813	319,813
<b>Timeshare Usage</b>						
Total Number of Timeshare Units Sold	0	50	100	148	181	200
Available Intervals	0	2,600	5,200	7,700	9,400	10,400
Maintenance fee dedicated to waterpark	0	\$100	\$103	\$106	\$109	\$113
Timeshare maintenance fees for waterpark	0	\$260,000	\$535,600	\$816,893	\$1,027,163	\$1,170,529
Timeshare users (3.5 days * 4.7 people)	0	42,770	85,540	126,665	154,630	171,080
<b>Local Groups and Casino Resort Hotel</b>						
Attendees	29,758	23,806	17,855	11,903	5,952	0
Waterpark admission average	\$30.00	\$30.90	\$31.83	\$32.78	\$33.77	\$34.78
Projected revenue	\$892,734	\$735,612	\$568,261	\$390,206	\$200,956	\$0
<b>Total</b>						
Subject property attendance	316,633	370,926	423,208	458,381	480,395	490,893
Available capacity (2,000/day)	730,000	730,000	730,000	730,000	730,000	730,000
Usage percentage	<b>43%</b>	<b>51%</b>	<b>58%</b>	<b>63%</b>	<b>66%</b>	<b>67%</b>
Total ticket revenue (rounded)	\$893,000	\$996,000	\$1,104,000	\$1,207,000	\$1,228,000	\$1,171,000
<b>Cabanas and Locker Rentals Revenue</b>	\$575,000	\$592,000	\$610,000	\$628,000	\$647,000	\$666,000
<b>Total Revenue</b>	\$1,468,000	\$1,588,000	\$1,714,000	\$1,835,000	\$1,875,000	\$1,837,000
<b>Statistical information</b>						
Projected attendance per square foot	4.0	4.6	5.3	5.7	6.0	6.1
<b>Demand segmentation:</b>						
Indoor Waterpark occupied rooms	90.6%	82.1%	75.6%	69.8%	66.6%	65.1%
Timeshare Usage	0.0%	11.5%	20.2%	27.6%	32.2%	34.9%
Local Groups and Casino Resort Hotel	9.4%	6.4%	4.2%	2.6%	1.2%	0.0%
Source: Hotel & Leisure Advisors						

The stabilized year projected attendance per square foot of 6.1 is less than our estimate of the average attendance per square foot of eight comparable indoor waterparks of 5.4 as shown in the following table.

<b>Annual Attendance at Indoor Waterpark Resorts</b>		
Resort	Estimated Annual Attendance	Attendance/SF
A	1,000,000	5.8
B	700,000	5.6
C	296,000	5.4
D	414,000	5.3
E	280,000	4.3
F	67,000	6.7
G	196,000	4.4
H	125,000	5.5
Average		5.4
Source: Hotel & Leisure Advisors		

Our stabilized year estimate is higher on a per square foot basis but within the range because the subject will offer both hotel and timeshare access to the indoor waterpark. We project the subject to sell day passes to groups and casino visitors on weekdays when

***Proposed Indoor Waterpark Resort, Thompson, New York***  
***Indoor Waterpark Resort Hotel Occupancy and Average Daily Rate Analysis D-20***

it is slower. The indoor waterpark size will represent one of the largest indoor waterparks of the ones profiled above. Our estimates of revenues, as outlined in this section of the report, are predicated on the following assumptions:

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

## **INTRODUCTION**

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

The general steps include the following:

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

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

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

The industry standards utilized for this analysis are from the *HOST Study 2013*, published by Smith Travel Research, and *TRENDS in the Hotel Industry 2013*, published by PKF Consulting. We utilized industry standards for full-service resort hotels from the Host Study and full-service hotels with ADR over \$200 from PKF Trends.

For comparables one and two we have compiled a grouping of 44 indoor waterpark destination resorts that we have analyzed. The resorts represent larger resort properties with indoor waterparks with different brands and are located throughout the United States. Comparable One represents the average of the five better performing properties. These five properties have an average of 652 rooms and an average net indoor waterpark area of 169,750 square feet. Comparable Two represents the overall average of the 44 properties. This grouping has an average of 326 rooms and an average net indoor waterpark area of 54,972 square feet.

**Proposed Indoor Waterpark Resort, Thompson, New York  
Hotel Financial Analysis**

Proposed Indoor Waterpark Resort																
Comparable Financial Statements and Industry Standards																
	Comparable One				Comparable Two				Host Report - F/S Resort				PKF Trends - F/S ADR over \$200			
	Avg. of Five Larger IWPRs				Avg. of 44 IWPR				2013				2013			
Number of Rooms	652				326				301				305			
Occupancy	69.6%				56.8%				69.0%				76.8%			
Average Rate	\$ 231.43				\$ 173.86				\$ 182.73				\$ 294.53			
Days Open	365				365				365				365			
Rooms Occupied	165,515				67,461				75,807				85,498			
Rooms Available	237,853				118,833				109,865				111,325			
Revenues	\$	Percent	\$/Avail Rm	\$/Occ Rm	\$	Percent	\$/Avail Rm	\$/Occ Rm	\$	Percent	\$/Avail Rm	\$/Occ Rm	\$	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	38,305,109	63.3%	\$ 58,782	\$ 231.43	11,728,661	59.5%	\$ 36,025	\$ 173.86	\$13,852,020	58.7%	\$ 46,020	\$ 182.73	\$ 25,181,410	64.3%	\$ 82,562	\$ 294.53
Food and Beverage	13,254,563	21.9%	\$ 20,340	\$ 80.08	4,239,131	21.5%	\$ 13,021	\$ 62.84	\$ 7,112,630	30.1%	\$ 23,630	\$ 93.83	\$ 11,237,725	28.7%	\$ 36,845	\$ 131.44
Other Operated Departments	1,993,134	3.3%	\$ 3,059	\$ 12.04	610,281	3.1%	\$ 1,875	\$ 9.05	\$ 2,091,348	8.9%	\$ 6,948	\$ 27.59	\$ 2,118,530	5.4%	\$ 6,946	\$ 24.78
Rentals and Other Income	798,954	1.3%	\$ 1,226	\$ 4.83	360,067	1.8%	\$ 1,106	\$ 5.34	\$ 547,218	2.3%	\$ 1,818	\$ 7.22	\$ 616,100	1.6%	\$ 2,020	\$ 7.21
Maintenance Dues from Timeshares		0.0%	\$ -	\$ -		0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -
Retail	2,801,675	4.6%	\$ 4,299	\$ 16.93	823,812	4.2%	\$ 2,530	\$ 12.21	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -
FEC/Arcade	1,629,074	2.7%	\$ 2,500	\$ 9.84	667,485	3.4%	\$ 2,050	\$ 9.89	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -
Indoor Waterpark	1,743,408	2.9%	\$ 2,675	\$ 10.53	1,275,695	6.5%	\$ 3,918	\$ 18.91	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -
Total Revenue	\$ 60,525,916	100.0%	\$ 92,881	\$ 365.68	\$ 19,705,132	100.0%	\$ 60,525	\$ 292.10	\$23,603,216	100.0%	\$ 78,416	\$ 311.36	\$ 39,153,765	100.0%	\$ 128,373	\$ 457.95
Departmental Expenses																
Rooms	5,914,777	15.4%	\$ 9,077	\$ 35.74	2,379,376	20.3%	\$ 7,308	\$ 35.27	\$ 3,761,296	27.2%	\$ 12,496	\$ 49.62	\$ 7,201,355	28.6%	\$ 23,611	\$ 84.23
Food & Beverage	8,961,346	67.6%	\$ 13,752	\$ 54.14	3,140,071	74.1%	\$ 9,645	\$ 46.55	\$ 5,183,521	72.9%	\$ 17,221	\$ 68.38	\$ 9,464,150	84.2%	\$ 31,030	\$ 110.69
Other Operated Departments	519,247	26.1%	\$ 797	\$ 3.14	290,803	47.7%	\$ 893	\$ 4.31	\$ 1,509,214	72.2%	\$ 5,014	\$ 19.91	\$ 1,758,020	83.0%	\$ 5,764	\$ 20.56
Retail	1,846,477	65.9%	\$ 2,834	\$ 11.16	575,557	69.9%	\$ 1,768	\$ 8.53	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -
FEC/Arcade	429,110	26.3%	\$ 658	\$ 2.59	305,831	45.8%	\$ 939	\$ 4.53	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -
Indoor Waterpark	3,327,870	190.9%	\$ 5,107	\$ 20.11	1,311,593	102.8%	\$ 4,029	\$ 19.44	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -
Total Dept. Expenses	\$ 20,998,827	34.7%	\$ 32,224	\$ 126.87	\$ 8,003,232	40.6%	\$ 24,582	\$ 118.64	\$10,454,031	44.3%	\$ 34,731	\$ 137.90	\$ 18,423,525	47.1%	\$ 60,405	\$ 215.49
Departmental Income	\$ 39,527,089	65.3%	\$ 60,657	\$ 238.81	\$ 11,701,900	59.4%	\$ 35,943	\$ 173.46	\$13,149,185	55.7%	\$ 43,685	\$ 173.46	\$ 20,730,240	52.9%	\$ 67,968	\$ 242.47
Undistributed Operating Expenses																
Administrative & General	3,788,690	6.3%	\$ 5,814	\$ 22.89	1,700,849	8.6%	\$ 5,224	\$ 25.21	\$ 1,892,387	8.0%	\$ 6,287	\$ 24.96	\$ 3,435,825	8.8%	\$ 11,265	\$ 40.19
Management Fees	1,929,739	3.2%	\$ 2,961	\$ 11.66	600,998	3.0%	\$ 1,846	\$ 8.91	\$ 565,579	2.4%	\$ 1,879	\$ 7.46	\$ 1,180,960	3.0%	\$ 3,872	\$ 13.81
Marketing & Franchise Fees	5,106,170	8.4%	\$ 7,836	\$ 30.85	2,059,651	10.5%	\$ 6,326	\$ 30.53	\$ 1,780,114	7.5%	\$ 5,538	\$ 23.48	\$ 2,695,285	6.9%	\$ 8,837	\$ 31.52
Prop. Oper. & Maintenance	2,267,919	3.7%	\$ 3,480	\$ 13.70	938,316	4.8%	\$ 2,882	\$ 13.91	\$ 1,171,191	5.0%	\$ 3,891	\$ 15.45	\$ 1,685,735	4.3%	\$ 5,527	\$ 19.72
Energy Costs	2,351,173	3.9%	\$ 3,608	\$ 14.21	1,169,887	5.9%	\$ 3,593	\$ 17.34	\$ 1,002,029	4.2%	\$ 3,329	\$ 13.22	\$ 1,078,175	2.8%	\$ 3,535	\$ 12.61
Total Und. Oper. Expenses	\$ 15,443,691	25.5%	\$ 23,699	\$ 93.31	\$ 6,469,701	32.8%	\$ 19,872	\$ 95.90	\$ 6,411,300	27.2%	\$ 21,300	\$ 84.57	\$ 10,075,980	25.7%	\$ 33,036	\$ 117.85
Income Before Fixed Charges	\$ 24,083,399	39.8%	\$ 36,957	\$ 145.51	\$ 5,232,199	26.6%	\$ 16,071	\$ 77.56	\$ 6,737,885	28.5%	\$ 22,385	\$ 88.88	\$ 10,654,260	27.2%	\$ 34,932	\$ 124.61
Fixed Charges																
Property Tax	1,456,831	2.4%	\$ 2,236	\$ 8.80	588,671	3.0%	\$ 1,808	\$ 8.73	\$ 592,368	2.5%	\$ 1,968	\$ 7.81	\$ 1,559,770	4.0%	\$ 5,114	\$ 18.24
Insurance	584,005	1.0%	\$ 896	\$ 3.53	255,190	1.3%	\$ 784	\$ 3.78	\$ 343,742	1.5%	\$ 1,142	\$ 4.53	\$ 462,380	1.2%	\$ 1,516	\$ 5.41
Reserve for Replacement	1,416,940	2.3%	\$ 2,174	\$ 8.56	915,410	4.6%	\$ 2,812	\$ 13.57	\$ 489,125	2.1%	\$ 1,625	\$ 6.45	\$ -	0.0%	\$ -	\$ -
Total Fixed Charges	\$ 3,457,775	5.7%	\$ 5,306	\$ 20.89	\$ 1,759,271	8.9%	\$ 5,404	\$ 26.08	\$ 1,425,235	6.0%	\$ 4,735	\$ 18.80	\$ 2,022,150	5.2%	\$ 6,630	\$ 23.65
Net Income	\$ 20,625,624	34.1%	\$ 31,651	\$ 124.61	\$ 3,472,928	17.6%	\$ 10,667	\$ 51.48	\$ 5,312,650	22.5%	\$ 17,650	\$ 70.08	\$ 8,632,110	22.0%	\$ 28,302	\$ 100.96

Source: Hotel & Leisure Advisors



**Fixed and Variable Component Analysis**

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

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

<b>Range of Fixed and Variable Ratios</b>				
	<u>Typical Percent Fixed</u>	<u>Typical Percent Variable</u>	<u>Selected % Fixed</u>	<u>Index of Variability</u>
<b>Revenues</b>				
Rooms	40% – 60%	40% – 60%	Market Analysis	Occupancy
Food & Beverage	30% – 50%	50% – 70%	40.0%	Occupancy
Other Operated Departments	30% – 60%	40% – 70%	45.0%	Occupancy
<b>Departmental Expenses</b>				
Rooms	40% – 60%	40% – 60%	45.0%	Occupancy
Food & Beverage	40% – 60%	40% – 60%	30.0%	Occupancy
Other Operated Departments	40% – 60%	40% – 60%	30.0%	Occupancy
<b>Undistributed Operating Expenses</b>				
Administrative & General	40% – 60%	40% – 60%	45.0%	Total Revenue
Management Fee	0%	100%	0.0%	Total Revenue
Marketing	40% – 60%	40% – 60%	50.0%	Total Revenue
Franchise Fees	0%	100%	0.0%	Total Revenue
Property Operation & Maintenance	40% – 60%	40% – 60%	50.0%	Total Revenue
Energy Costs	40% – 60%	40% – 60%	50.0%	Total Revenue
<b>Fixed Charges</b>				
Property Taxes	100%	0%	100.0%	Total Revenue
Insurance	100%	0%	100.0%	Total Revenue
Reserve for Replacement	0%	100%		Total Revenue

Source: Hotel & Leisure Advisors

**INCOME AND EXPENSE ANALYSIS**

The following items outline the revenues and expenses calculations.

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

Proposed Indoor Waterpark Resort, Thompson, New York Projected Rooms Revenue						
	Base Year	Base +1	Base +2	Base +3	Base +4	Base +5
Year	2017	2018	2019	2020	2021	2022
# Rooms	350	350	350	350	350	350
Occupancy	63.7%	67.6%	71.0%	71.0%	71.0%	71.0%
Average Rate	\$263.00	\$276.15	\$287.20	\$295.81	\$304.69	\$313.83
RevPAR	\$167.50	\$186.59	\$203.91	\$210.03	\$216.33	\$222.82
Rooms Occupied	81,362	86,318	90,703	90,703	90,703	90,703
Rooms Revenue	\$21,398,206	\$23,836,716	\$26,049,539	\$26,831,025	\$27,635,956	\$28,465,034

Source: Hotel & Leisure Advisors

**Food and Beverage Revenue:** Food and beverage revenue is from the sale of food and beverages at the subject’s restaurants, lounges, waterpark snack bar, banquet and meeting rooms, and miscellaneous food income—including public room rental. Our food and beverage estimates include the assumption that the subject will have a popular specialty restaurant, an additional family-style restaurant, coffee shop, deli/pastry shop, and a waterpark snack bar. We also project food and beverage revenue related to the meeting space. The following table outlines our analysis of the subject’s food and beverage department revenues.

FOOD AND BEVERAGE REVENUE				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$13,254,563	21.9%	\$20,340	\$80.08
Comp. 2	\$4,239,131	21.5%	\$13,021	\$62.84
Host	\$7,112,630	30.1%	\$23,630	\$93.83
PKF Trends	\$11,237,725	28.7%	\$36,845	\$131.44
Average	\$8,961,012	25.6%	\$23,459	\$92.05
<b>H&amp;LA 1st Yr. Proj.</b>	\$7,500,000	20.1%	\$21,429	\$92.18
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$10,037,000	20.2%	\$28,677	\$110.66

Source: Hotel & Leisure Advisors

We have projected first year food and beverage revenues of \$92.18 per occupied room or \$7,500,000 in total dollars. Our projection is in the range of the comparables on a per available room and per occupied room basis.

**Other Operated Departments Revenue:** This revenue line item consists of revenues from other operated departments, which include the adventure park, MagiQuest style interactive game, kids club, telephone, and other departments. The following table outlines our analysis of the subject’s other operated department revenues.

The components of an adventure park will be sold primarily a la carte although a package price may also be offered. It will include tubing, beginner ski hill, rope course, zip line, and mountain coaster. Rope courses would be priced separately from a canopy tour and each individual component would be priced differently based on length of course and duration. While the guests of an indoor waterpark would be interested in utilizing the adventure park, many of the activities associated with the park will have height and weight restrictions. Thus the youngest of the indoor waterpark attendees would not be allowed to use some of the activities. We have analyzed a number of facilities offering

activities similar to what has been proposed by the subject. The following is a sampling of the performance of properties we have reviewed.

<b>Proposed Indoor Waterpark Resort, Thompson, New York Adventure Parks</b>		
<b><u>Name</u></b>	<b><u>Location</u></b>	<b><u>Revenue</u></b>
A	Georgia	\$3,000,000
B	New York	\$1,200,000
C	Ohio	\$3,000,000
D	Ohio	\$1,200,000
E	Tennessee	\$1,200,000
F	Pennsylvania	\$2,100,000
G	Ohio (Open six months)	\$350,000

Source: Reference USA and Hotel & Leisure Advisors

These properties offer a range of attractions including two- to three-hour zipline courses, children’s zipline courses, and rope climbing.

The following table outlines our analysis of the subject’s other operated department revenues.

<b>OTHER OPERATED DEPARTMENTS REVENUE</b>				
	<b>Amount</b>	<b>% of Total Rev.</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>
<b>Comparables</b>				
Comp. 1	\$1,993,134	3.3%	\$3,059	\$12.04
Comp. 2	\$610,281	3.1%	\$1,875	\$9.05
Host	\$2,091,348	8.9%	\$6,948	\$27.59
PKF Trends	\$2,118,530	5.4%	\$6,946	\$24.78
Average	\$1,703,323	5.2%	\$4,707	\$18.36
<b>H&amp;LA 1st Yr. Proj.</b>	<b>\$1,750,000</b>	<b>4.7%</b>	<b>\$5,000</b>	<b>\$21.51</b>
<b>H&amp;LA Stabilized Proj. Year 6</b>	<b>\$2,329,000</b>	<b>4.7%</b>	<b>\$6,654</b>	<b>\$25.68</b>

Source: Hotel & Leisure Advisors

The industry standards include a number of departments under this category, while we have segmented out the larger other operated departments as separate categories. We project first year other operated departments revenues of \$21.51 per occupied room or \$1,750,000 in total dollars.

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

<b>RENTALS AND OTHER INCOME</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$798,954	1.3%	\$1,226	\$4.83
Comp. 2	\$360,067	1.8%	\$1,106	\$5.34
Host	\$547,218	2.3%	\$1,818	\$7.22
PKF Trends	\$616,100	1.6%	\$2,020	\$7.21
Average	\$580,585	1.8%	\$1,543	\$6.15
<b>H&amp;LA 1st Yr. Proj.</b>	\$1,200,000	3.2%	\$3,429	\$14.75
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$1,606,000	3.2%	\$4,589	\$17.71

Source: Hotel & Leisure Advisors

Based upon discussions with Wilderness Resorts we have projected a resort fee of \$12 per occupied room in this department. We have also included spa income and miscellaneous other income. Many of the comparables and non-waterpark resorts represented in the industry standards incorporate a resort fee in their reporting of room revenue. We project rentals and other income of \$1,200,000 in the first year of the analysis. This category represents 3.2% of total revenue in the first year of our analysis.

**Retail Department:** We recommend the subject have themed retail outlets, which we estimate will have approximately 4,000 square feet. Retail revenue will occur from the subject selling various retail items including T-shirts, swimsuits, goggles, sweat shirts, and other items. We recommend the subject have various retail outlets and include items related to the subject's theme. The following table outlines our analysis of the subject's retail department revenue.

<b>RETAIL</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$2,801,675	4.6%	\$4,299	\$16.93
Comp. 2	\$823,812	4.2%	\$2,530	\$12.21
Host				
PKF Trends				
Average	\$1,812,743	4.4%	\$3,415	\$14.57
<b>H&amp;LA 1st Yr. Proj.</b>	\$1,500,000	4.0%	\$4,286	\$18.44
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$2,029,000	4.1%	\$5,797	\$22.37

Source: Hotel & Leisure Advisors

Retail revenues at other resorts that we have analyzed range from \$200 to \$1,000 per square foot of retail space. According to the publication Dollars and Cents of Shopping Centers: 2008, the median sales for the clothing and accessories category ranged from \$156 per square foot at Neighborhood Shopping Centers to \$366 per square foot at Super Regional Shopping Centers. The sales per square foot for clothing and accessories in the top 2% of Super Regional Shopping Centers equaled \$1,106 per square foot. However, for Neighborhood Shopping Centers the sales per square foot for clothing and accessories in the top 2% equaled \$447 per square foot. The wide range reflects the theming,

availability of other shops nearby, and the types of items sold. We forecast retail revenue of \$1,500,000, which equals \$375.00 per square foot of retail space.

**FEC/Arcade Department:** We have estimated the revenue from usage of the planned family entertainment center/arcade. We project the arcade to have approximately 25,000 square feet. We recommend the arcade be located adjacent to the proposed indoor waterpark facility. Other properties which we have analyzed have achieved gross arcade revenue ranging between \$50 per square foot of arcade space to \$225 per square foot. With the development of the indoor waterpark, we project some family members will choose to play arcade games while others are still in the indoor waterpark area. We assume the subject will lease the arcade equipment with an outside operator at a 50%/50% split. The following table outlines our analysis of the subject's arcade department revenue.

<b>FEC/ARCADE</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$1,629,074	2.7%	\$2,500	\$9.84
Comp. 2	\$667,485	3.4%	\$2,050	\$9.89
Host				
PKF Trends				
Average	\$1,148,280	3.0%	\$2,275	\$9.87
<b>H&amp;LA 1st Yr. Proj.</b>	<b>\$2,500,000</b>	<b>6.7%</b>	<b>\$7,143</b>	<b>\$30.73</b>
<b>H&amp;LA Stabilized Proj. Year 6</b>	<b>\$3,381,000</b>	<b>6.8%</b>	<b>\$9,660</b>	<b>\$37.28</b>

Source: Hotel & Leisure Advisors

As shown, the comparables indicate lower arcade revenue than what we are showing partially because some of the comparable statements that we analyzed indicate the net arcade expense as opposed to the gross expense, which we are showing. The industry standards do not have separate arcade departments. We project arcade revenue of \$2,500,000 in the first year which equals \$100.00 per square foot of arcade space.

**Waterpark Revenue:** We have estimated revenues for the indoor waterpark including hotel guest, timeshare guest, and non-hotel guest sales. We project the subject will have strong interest from hotel and timeshare guests, as well as from casino resort guests and day visitors interested in having birthday parties or group events. Initially casino and group day visitors will have access to the indoor waterpark; however, as the timeshare units are completed access to the indoor waterpark will be limited. We project the indoor waterpark to be approximately 80,000 square feet. The following indicates our projections for the indoor waterpark as shown previously.

<b>Projected Attendance and Indoor Waterpark Revenue Proposed Indoor Waterpark Resort 80,000 square feet</b>						
	Calendar Years					
	2017	2018	2019	2020	2021	2022
<b>Proposed Indoor Waterpark Resort</b>						
Indoor Waterpark occupied rooms	81,362	86,318	90,703	90,703	90,703	90,703
Waterpark package occupied rooms	71,719	76,087	79,953	79,953	79,953	79,953
Indoor Waterpark Hotel attendance	286,876	304,350	319,813	319,813	319,813	319,813
<b>Timeshare Usage</b>						
Total Number of Timeshare Units Sold	0	50	100	148	181	200
Available Intervals	0	2,600	5,200	7,700	9,400	10,400
Maintenance fee dedicated to waterpark	0	\$100	\$103	\$106	\$109	\$113
Timeshare maintenance fees for waterpark	0	\$260,000	\$535,600	\$816,893	\$1,027,163	\$1,170,529
Timeshare users (3.5 days * 4.7 people)	0	42,770	85,540	126,665	154,630	171,080
<b>Local Groups and Casino Resort Hotel</b>						
Attendees	29,758	23,806	17,855	11,903	5,952	0
Waterpark admission average	\$30.00	\$30.90	\$31.83	\$32.78	\$33.77	\$34.78
Projected revenue	\$892,734	\$735,612	\$568,261	\$390,206	\$200,956	\$0
<b>Total</b>						
Subject property attendance	316,633	370,926	423,208	458,381	480,395	490,893
Available capacity (2,000/day)	730,000	730,000	730,000	730,000	730,000	730,000
Usage percentage	<b>43%</b>	<b>51%</b>	<b>58%</b>	<b>63%</b>	<b>66%</b>	<b>67%</b>
Total ticket revenue (rounded)	\$893,000	\$996,000	\$1,104,000	\$1,207,000	\$1,228,000	\$1,171,000
<b>Cabanas and Locker Rentals Revenue</b>	\$575,000	\$592,000	\$610,000	\$628,000	\$647,000	\$666,000
<b>Total Revenue</b>	\$1,468,000	\$1,588,000	\$1,714,000	\$1,835,000	\$1,875,000	\$1,837,000
<b>Statistical information</b>						
Projected attendance per square foot	4.0	4.6	5.3	5.7	6.0	6.1
<b>Demand segmentation:</b>						
Indoor Waterpark occupied rooms	90.6%	82.1%	75.6%	69.8%	66.6%	65.1%
Timeshare Usage	0.0%	11.5%	20.2%	27.6%	32.2%	34.9%
Local Groups and Casino Resort Hotel	9.4%	6.4%	4.2%	2.6%	1.2%	0.0%

Source: Hotel & Leisure Advisors

In the following table we have shown the comparables and our projections for the subject property.

<b>INDOOR WATERPARK</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$1,743,408	2.9%	\$2,675	\$10.53
Comp. 2	\$1,275,695	6.5%	\$3,918	\$18.91
Host				
PKF Trends				
Average	\$1,509,551	4.7%	\$3,297	\$14.72
<b>H&amp;LA 1st Yr. Proj.</b>	\$1,468,000	3.9%	\$4,194	\$18.04
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$1,837,000	3.7%	\$5,249	\$20.25

Source: Hotel & Leisure Advisors

**Total Revenue:** Our projections indicate total revenue in the first year of \$458.64 per occupied room. This compares to statistics from the Great Wolf Resorts properties, which achieved total revenue per occupied room of \$395.18 in 2011 for all properties. As a comparison, the chain achieved total revenue per occupied room of \$302.77 in 2011 for the Wisconsin Dells, Sandusky, Traverse City, and Kansas City properties. It achieved total revenue per occupied room of \$424.84 in 2011 for the Williamsburg, Poconos,

Niagara Falls, Mason, Grapevine, Grand Mound, and Concord properties. If one were to inflate the 2011 figures for the Generation II Great Wolf Lodge properties at 3% each year until 2017, the result would be \$507.28.

**Departmental Expenses**

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

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

<b>ROOMS EXPENSE</b>				
	Amount	% of Dept. Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$5,914,777	15.4%	\$9,077	\$35.74
Comp. 2	\$2,379,376	20.3%	\$7,308	\$35.27
Host	\$3,761,296	27.2%	\$12,496	\$49.62
PKF Trends	\$7,201,355	28.6%	\$23,611	\$84.23
Average	\$4,814,201	22.9%	\$13,123	\$51.21
<b>H&amp;LA 1st Yr. Proj.</b>	\$3,852,000	18.0%	\$11,006	\$47.34
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$4,747,000	16.7%	\$13,563	\$52.34

Source: Hotel & Leisure Advisors

The indoor waterpark resort properties indicate an average rooms expense ratio of 15.4% to 20.3% which was substantially lower than typical hotels as the room rate includes the indoor waterpark admission component. For the subject hotel, the waterpark revenue is included in the room revenue and we have utilized a rooms expense within the range of the comparables. We project the property to have rooms expenses of 18.0% of rooms revenue in the first year of the projection.

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

<b>FOOD &amp; BEVERAGE EXPENSE</b>				
	Amount	% of Dept. Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$8,961,346	67.6%	\$13,752	\$54.14
Comp. 2	\$3,140,071	74.1%	\$9,645	\$46.55
Host	\$5,183,521	72.9%	\$17,221	\$68.38
PKF Trends	\$9,464,150	84.2%	\$31,030	\$110.69
Average	\$6,687,272	74.7%	\$17,912	\$69.94
<b>H&amp;LA 1st Yr. Proj.</b>	\$5,250,000	70.0%	\$15,000	\$64.53
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$6,575,000	65.5%	\$18,786	\$72.49

Source: Hotel & Leisure Advisors

We estimate the food and beverage expense ratio of 70.0% of combined food and beverage revenue in the first year. While the subject will operate a number of food and beverage outlets, it should benefit from the economies of scale associated with the operation of meeting space.

**Other Operated Departments Expenses:** These expenses reflect the operational expenses related to the adventure park, kids club, and indoor interactive games. The department costs reflect largely labor expenses for day to day operations but also incorporate safety equipment such as helmets. Maintenance of the adventure park is included with overall property maintenance. The following table outlines our analysis of the subject's other operated department expenses.

<b>OTHER OPERATED DEPARTMENTS EXPENSE</b>				
	Amount	% of Dept. Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$519,247	26.1%	\$797	\$3.14
Comp. 2	\$290,803	47.7%	\$893	\$4.31
Host	\$1,509,214	72.2%	\$5,014	\$19.91
PKF Trends	\$1,758,020	83.0%	\$5,764	\$20.56
Average	\$1,019,321	57.2%	\$3,117	\$11.98
<b>H&amp;LA 1st Yr. Proj.</b>	\$875,000	50.0%	\$2,500	\$10.75
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$1,096,000	47.1%	\$3,131	\$12.08

Source: Hotel & Leisure Advisors

We project other operated departments expenses to equal 50.0% of departmental revenue in the first year of the projection.

**Retail Expenses:** The expenses for the retail include payroll and related benefits, cost of merchandise, and related expenses in operating the retail stores. The following table outlines our analysis of the subject's retail department expenses.



<b>RETAIL</b>				
	Amount	% of Dept. Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$1,846,477	65.9%	\$2,834	\$11.16
Comp. 2	\$575,557	69.9%	\$1,768	\$8.53
Host				
PKF Trends				
Average	\$1,211,017	67.9%	\$2,301	\$9.84
<b>H&amp;LA 1st Yr. Proj.</b>	\$900,000	60.0%	\$2,571	\$11.06
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$1,127,000	55.5%	\$3,220	\$12.43

Source: Hotel & Leisure Advisors

The industry standards do not have a separate department for retail expenses. The comparable indoor waterpark destination resort properties with retail outlets have expense ratio averages of between 50% and 70%. We forecast retail expenses as a percentage of departmental revenue of 60.0%.

**FEC/Arcade Expenses:** The expenses for the family entertainment center/arcade assume that the subject property will lease all machines for the arcade on a revenue split with an arcade operator who will continually update the projected 100+ arcade machines. We project the revenue split to be approximately 40% to the arcade operator with the remaining 10% expenses for supplies. This line item also includes labor expenses for operating the laser tag, bowling, and other activities. The following table outlines our analysis of the subject's arcade department expenses.

<b>FEC/ARCADE</b>				
	Amount	% of Dept. Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$429,110	26.3%	\$658	\$2.59
Comp. 2	\$305,831	45.8%	\$939	\$4.53
Host				
PKF Trends				
Average	\$367,470	36.1%	\$799	\$3.56
<b>H&amp;LA 1st Yr. Proj.</b>	\$1,250,000	50.0%	\$3,571	\$15.36
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$1,566,000	46.3%	\$4,474	\$17.27

Source: Hotel & Leisure Advisors

The industry standards do not have a separate department for FEC/arcade expenses. FEC/arcade operations at other indoor waterparks we have reviewed have expense ratios ranging from 40% to 60% of revenue. We project FEC/arcade expenses of 50.0% of arcade revenue in the first year of the analysis.

**Waterpark Expenses:** We have projected the expenses related to the waterpark specifically concerning payroll and supplies. The expenses exclude the cost of utilities and maintenance which are shown under those respective categories. We have analyzed the projected expenses for the indoor waterpark as shown in the following table.

<b>Projected Waterpark Expenses</b>				
<b>Proposed Indoor Waterpark Resort, Thompson, New York</b>				
<u>Position</u>	<u>Number of FTE Positions</u>	<u>Salary</u>	<u>Benefit %</u>	<u>Total</u>
Management	2	\$45,000	45%	\$130,500
Lifeguards	65	\$20,000	25%	\$1,625,000
Administrative	3	\$20,000	25%	\$75,000
Housekeeping	5	\$20,000	25%	\$125,000
Total/Average Payroll	75	\$20,667	26%	\$1,955,500
Add Other Waterpark Expenses				\$150,000
<b>Total</b>				<b>\$2,105,500</b>
Source: Hotel & Leisure Advisors				

The previous table show the number of full-time equivalent employees we project the indoor waterpark will require. In reality, the actual number of employees will be substantially higher because many will be part-time. The following table indicates the indoor waterpark expenses from the averages of the other indoor waterpark destination resorts and our projection.

<b>INDOOR WATERPARK</b>				
	<u>Amount</u>	<u>% of Dept. Rev.</u>	<u>\$/Avail Rm</u>	<u>\$/Occ Rm</u>
<b>Comparables</b>				
Comp. 1	\$3,327,870	190.9%	\$5,107	\$20.11
Comp. 2	\$1,311,593	102.8%	\$4,029	\$19.44
Host				
PKF Trends				
Average	\$2,319,732	146.8%	\$4,568	\$19.77
<b>H&amp;LA 1st Yr. Proj.</b>	\$2,106,000	143.5%	\$6,017	\$25.88
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$3,117,000	169.7%	\$8,906	\$34.36
Source: Hotel & Leisure Advisors				

Our projection as a dollar per occupied room is higher than the comparables as we have forecasted a higher percentage of timeshare guests, day pass business, and packages associated with the casino resort hotel and timeshare units.

**Undistributed Operating Expenses**

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

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

included administrative and general expenses related to timeshare. The following table outlines our analysis of the subject's administrative and general department expenses.

<b>ADMINISTRATIVE &amp; GENERAL</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$3,788,690	6.3%	\$5,814	\$22.89
Comp. 2	\$1,700,849	8.6%	\$5,224	\$25.21
Host	\$1,892,387	8.0%	\$6,287	\$24.96
PKF Trends	\$3,435,825	8.8%	\$11,265	\$40.19
Average	\$2,704,438	7.9%	\$7,148	\$28.31
<b>H&amp;LA 1st Yr. Proj.</b>	\$2,450,000	6.6%	\$7,000	\$30.11
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$3,020,000	6.1%	\$8,629	\$33.30

Source: Hotel & Leisure Advisors

We have estimated this expense to be \$7,000 per available room or 6.6% of total revenue in the first year of the projection.

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

<b>MANAGEMENT FEE</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$1,929,739	3.2%	\$2,961	\$11.66
Comp. 2	\$600,998	3.0%	\$1,846	\$8.91
Host	\$565,579	2.4%	\$1,879	\$7.46
PKF Trends	\$1,180,960	3.0%	\$3,872	\$13.81
Average	\$1,069,319	2.9%	\$2,640	\$10.46
<b>H&amp;LA 1st Yr. Proj.</b>	\$1,493,000	4.0%	\$4,266	\$18.35
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$1,987,000	4.0%	\$5,677	\$21.91

Source: Hotel & Leisure Advisors

We have estimated this expense to be 4.0% of total revenue throughout the analysis period based upon current industry standards for management agreements.

**Marketing and Franchise Royalty Fee Expenses:** These expenses include items related to advertising and promotion required to obtain and retain customers of its products and services. Expenses include salaries and wages, employee benefits, subscriptions, operating supplies, postage, telephone, trade shows, and travel and

entertainment. The department includes the costs of advertising in various media, such as newspapers, magazines, directories, direct mail campaign, Internet, various search engines, mobile devices, billboards, and miscellaneous sales and marketing expenses. This department also includes franchise royalty fees, reservation fees, and other marketing expenses related to the franchise affiliation. Franchise fees are the fees paid to franchise companies for the ability to utilize their name, systems, and various programs. Typical franchise expenses range from 4% to 6% of rooms revenue. The following table outlines our analysis of the subject's marketing/royalty fees expenses.

<b>MARKETING &amp; FRANCHISE ROYALTY FEE</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$5,106,170	8.4%	\$7,836	\$30.85
Comp. 2	\$2,059,651	10.5%	\$6,326	\$30.53
Host	\$1,780,114	7.5%	\$5,538	\$23.48
PKF Trends	\$2,695,285	6.9%	\$8,837	\$31.52
Average	\$2,910,305	8.3%	\$7,134	\$29.10
<b>H&amp;LA 1st Yr. Proj.</b>	<b>\$3,150,000</b>	<b>8.4%</b>	<b>\$9,000</b>	<b>\$38.72</b>
<b>H&amp;LA Stabilized Proj. Year 6</b>	<b>\$3,861,000</b>	<b>7.8%</b>	<b>\$11,031</b>	<b>\$42.57</b>

Source: Hotel & Leisure Advisors

We have projected a relatively high amount of marketing expense, which will be required in order to generate the level of revenues shown in this report. Our first year projections indicate a marketing expense of \$9,000 per available room, or \$3,150,000 in the first year of the projection.

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

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

<b>PROPERTY OPERATIONS AND MAINTENANCE</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$2,267,919	3.7%	\$3,480	\$13.70
Comp. 2	\$938,316	4.8%	\$2,882	\$13.91
Host	\$1,171,191	5.0%	\$3,891	\$15.45
PKF Trends	\$1,685,735	4.3%	\$5,527	\$19.72
Average	\$1,515,790	4.4%	\$3,945	\$15.69
<b>H&amp;LA 1st Yr. Proj.</b>	\$1,400,000	3.8%	\$4,000	\$17.21
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$1,716,000	3.5%	\$4,903	\$18.92

Source: Hotel & Leisure Advisors

We estimate this expense at \$4,000 per available room in the first year of operation which equals 3.8% of total revenue. Our estimate includes maintenance expenses related to the waterpark but not the timeshare units.

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

<b>ENERGY</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$2,351,173	3.9%	\$3,608	\$14.21
Comp. 2	\$1,169,887	5.9%	\$3,593	\$17.34
Host	\$1,002,029	4.2%	\$3,329	\$13.22
PKF Trends	\$1,078,175	2.8%	\$3,535	\$12.61
Average	\$1,400,316	4.2%	\$3,516	\$14.34
<b>H&amp;LA 1st Yr. Proj.</b>	\$1,575,000	4.2%	\$4,500	\$19.36
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$1,931,000	3.9%	\$5,517	\$21.29

Source: Hotel & Leisure Advisors

Our estimate considers that the subject waterpark will be kept at approximately 85 degrees Fahrenheit year-round. We estimate this expense to equal \$4,500 per available room or 4.2% of total revenue in the first year of the projection. Our estimate is above the industry standards because it includes costs related to the waterpark. Our estimate does not incorporate potential energy savings which a LEED certification may allow.

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

<b>INCOME BEFORE FIXED CHARGES</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$24,083,399	39.8%	\$36,957	\$145.51
Comp. 2	\$5,232,199	26.6%	\$16,071	\$77.56
Host	\$6,737,885	28.5%	\$22,385	\$88.88
PKF Trends	\$10,654,260	27.2%	\$34,932	\$124.61
Average	\$11,676,936	30.5%	\$27,586	\$109.14
<b>H&amp;LA 1st Yr. Proj.</b>	\$13,015,000	34.9%	\$37,186	\$159.96
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$18,941,000	38.1%	\$54,117	\$208.82

Source: Hotel & Leisure Advisors

Our first year projection is within the range of the comparables.

**Fixed Charges**

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

**Real Estate and Property Taxes:** These taxes are comprised of real estate and personal property taxes. The State of New York does not have personal property taxes. The developer has negotiated with the Sullivan Industrial Development Agency to receive a real estate tax abatement over a 16 year period. For years one through eight, the development will receive a 100% abatement on real estate tax improvements. For year nine the subject will pay 12.5% of the subject’s real estate tax bill. The percentage paid will increase by 12.5% each of the following years until reaching 100% of the tax liability in year 16. We have calculated taxes based upon an average assessment per acre of the parcels that will in part make up the 135 acres that the subject will occupy. The following table identifies the parcels that the subject will incorporate and the average assessment per acre for each parcel.

<b>Proposed Indoor Waterpark Resort EPT Concord II, LLC owned parcels North of Thompson Road and East of Chalet Road</b>					
Parcel Number	Acres	Improvement Assessment	Land Assessment	Total Assessment	Average Assessment Per Acre
15.-1-13	116.48	\$476,600	\$1,039,100	\$1,515,700	\$13,013
15.-1-19	15	\$106,900	\$54,300	\$161,200	\$10,747
15.-1-22	25.32	\$0	\$75,100	\$75,100	\$2,966
15.-1-25	49.9	\$0	\$116,300	\$116,300	\$2,331
15.-1-51	27.08	\$0	\$43,300	\$43,300	\$1,599
<b>Total</b>	<b>233.78</b>	<b>\$583,500</b>	<b>\$1,328,100</b>	<b>\$1,911,600</b>	<b>\$8,177</b>
<b>Average assessment per acre</b>		<b>\$2,496</b>	<b>\$5,681</b>	<b>\$8,177</b>	

Note: Parcel 15.-1-13 contains the existing Chalet and part of the International Golf Course  
 Note: Parcel 15.-1-19 record shows a 1,120 square foot family residence  
 Source: Sullivan County Assessor's Website

We have utilized the average of \$8,177 per acre times 135 acres to arrive at an assessed value of \$1,103,884 for the subject site (\$8,177 times 135 acres), increasing for inflation over the first eight years of our analysis. Thus our estimate assumes a substantial abatement. The following table indicates our first-year real estate tax projection.

<b>Proposed Indoor Waterpark Resort Tax Analysis - First Year</b>	
Market Value of Real Estate	\$1,283,586
Assessment %	86.0%
Assessed Value	\$1,103,884
Effective Tax Rate	0.051706422
Gross Tax	\$57,078
Kiamesha Lake Sewer Assessment	\$135
Effective Tax Rate	8.429513
Special Assessment Tax	\$1,138
Total Tax (round)	\$58,000
Tax/Room	\$166
Source: Hotel & Leisure Advisors	

We project real estate taxes of \$58,000 in the first year of the analysis. Our projections for the subject's property taxes after completion of the abatement equal 5% of total revenue, which considers other comparable resort properties and reflects the higher tax rates in Sullivan County.

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

<b>INSURANCE</b>				
	Amount	% of Total Rev.	\$/Avail Rm	\$/Occ Rm
<b>Comparables</b>				
Comp. 1	\$584,005	1.0%	\$896	\$3.53
Comp. 2	\$255,190	1.3%	\$784	\$3.78
Host	\$343,742	1.5%	\$1,142	\$4.53
PKF Trends	\$462,380	1.2%	\$1,516	\$5.41
Average	\$411,329	1.2%	\$1,085	\$4.31
<b>H&amp;LA 1st Yr. Proj.</b>	\$350,000	0.9%	\$1,000	\$4.30
<b>H&amp;LA Stabilized Proj. Year 6</b>	\$406,000	0.8%	\$1,160	\$4.48
Source: Hotel & Leisure Advisors				

We have projected an expense of \$350,000 or \$1,000 per room in the first year of the projection. Our assumption incorporates the fact that the subject will have a waterpark, which requires additional liability insurance.

**Reserve for Replacement:** Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences the class of a property. Included in this category are all non-real estate items that are normally capitalized, not expensed. Most hotels account for the replacement of furniture, fixtures, and equipment (FF&E) by establishing a fund commonly referred to as a reserve for replacement, which is generally funded from a hotel's cash flow. In theory, a sufficient amount of money is available to replace FF&E at the end of its useful life. A recent study by the International Society of Hospitality Consultants indicated that the traditional 3% reserve is lower than what most hotels they surveyed actually spent over historical periods. The survey indicated that the expense should be between 4% and 5% of total revenues. We have estimated this reserve to equal 2.0% of total sales in the first year of operation, increasing to 3.0% in the second year, and 5.0% in year three and beyond. The 4.0% replacement reserve is projected for year three and beyond because that percentage is in keeping with industry guidelines for a hotel the subject's size and volume of operation.

**Inflation:** The assumed 3.0% per annum rate of inflation for the analysis is derived by a review of the historical increases to the Consumer Price Index (CPI). To the extent that actual rates differ from this percentage, the estimates would have to be adjusted. All revenue and expense items were first calculated in 2017 dollars. A 3.0% growth rate was applied to all revenue and expenses.

#### **PROSPECTIVE FINANCIAL ANALYSIS IN INFLATED DOLLARS**

The following forecasts of income and expenses reflect the subject's anticipated performance for calendar years beginning 2017. We have projected that the subject's operations will stabilize in the fifth year, and all income and expense items will increase thereafter at the underlying inflation rate of 3.0%. In earlier years the subject's operations will benefit for the sales and additional visitation from the timeshare units. We note that departmental expense ratios are expressed as a percentage of departmental revenues. All other expense ratios are expressed as a percentage of total revenues. We have presented rounded figures to the nearest thousand.



**PROJECTED FINANCIAL PERFORMANCE  
PROPOSED INDOOR WATERPARK RESORT, THOMPSON, NEW YORK**

	Base Year 2017				Base +1 2018				Base +2 2019				Base +3 2020			
Number of Rooms	350				350				350				350			
Occupancy	63.7%				67.6%				71.0%				71.0%			
Average Rate	\$263.00				\$276.15				\$287.20				\$295.81			
Days Open	365				365				365				365			
Rooms Occupied	81,362				86,318				90,703				90,703			
Rooms Available	127,750				127,750				127,750				127,750			
<b>Revenues</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>
Rooms	\$ 21,398	57.3%	\$ 61,137	\$ 263.00	\$ 23,837	57.9%	\$ 68,106	\$ 276.15	\$ 26,050	58.1%	\$ 74,429	\$ 287.20	\$26,831	57.6%	\$ 76,660	\$ 295.81
Food and Beverage	\$ 7,500	20.1%	\$ 21,429	\$ 92.18	\$ 8,163	19.8%	\$ 23,323	\$ 94.57	\$ 8,838	19.7%	\$ 25,251	\$ 97.44	\$ 9,280	19.9%	\$ 26,514	\$ 102.31
Other Operated Departments	\$ 1,750	4.7%	\$ 5,000	\$ 21.51	\$ 1,899	4.6%	\$ 5,426	\$ 22.00	\$ 2,051	4.6%	\$ 5,860	\$ 22.61	\$ 2,154	4.6%	\$ 6,154	\$ 23.75
Rentals and Other Income	\$ 1,200	3.2%	\$ 3,429	\$ 14.75	\$ 1,306	3.2%	\$ 3,731	\$ 15.13	\$ 1,414	3.2%	\$ 4,040	\$ 15.59	\$ 1,485	3.2%	\$ 4,243	\$ 16.37
Retail	\$ 1,500	4.0%	\$ 4,286	\$ 18.44	\$ 1,642	4.0%	\$ 4,691	\$ 19.02	\$ 1,787	4.0%	\$ 5,106	\$ 19.70	\$ 1,876	4.0%	\$ 5,360	\$ 20.68
FEC/Arcade	\$ 2,500	6.7%	\$ 7,143	\$ 30.73	\$ 2,737	6.6%	\$ 7,820	\$ 31.71	\$ 2,978	6.6%	\$ 8,509	\$ 32.83	\$ 3,127	6.7%	\$ 8,934	\$ 34.48
Indoor Waterpark	\$ 1,468	3.9%	\$ 4,194	\$ 18.04	\$ 1,588	3.9%	\$ 4,537	\$ 18.40	\$ 1,714	3.8%	\$ 4,897	\$ 18.90	\$ 1,835	3.9%	\$ 5,243	\$ 20.23
<b>Total Revenue</b>	<b>\$ 37,316</b>	<b>100.0%</b>	<b>\$106,617</b>	<b>\$ 458.64</b>	<b>\$ 41,172</b>	<b>100.0%</b>	<b>\$ 117,634</b>	<b>\$ 476.98</b>	<b>\$ 44,832</b>	<b>100.0%</b>	<b>\$128,091</b>	<b>\$ 494.27</b>	<b>\$46,588</b>	<b>100.0%</b>	<b>\$ 133,109</b>	<b>\$ 513.63</b>
<b>Departmental Expenses</b>																
Rooms	\$ 3,852	18.0%	\$ 11,006	\$ 47.34	\$ 4,100	17.2%	\$ 11,714	\$ 47.50	\$ 4,344	16.7%	\$ 12,411	\$ 47.89	\$ 4,475	16.7%	\$ 12,786	\$ 49.34
Food & Beverage	\$ 5,250	70.0%	\$ 15,000	\$ 64.53	\$ 5,638	69.1%	\$ 16,109	\$ 65.32	\$ 6,017	68.1%	\$ 17,191	\$ 66.34	\$ 6,198	66.8%	\$ 17,709	\$ 68.33
Other Operated Departments	\$ 875	50.0%	\$ 2,500	\$ 10.75	\$ 940	49.5%	\$ 2,686	\$ 10.89	\$ 1,003	48.9%	\$ 2,866	\$ 11.06	\$ 1,033	48.0%	\$ 2,951	\$ 11.39
Retail	\$ 900	60.0%	\$ 2,571	\$ 11.06	\$ 967	58.9%	\$ 2,763	\$ 11.20	\$ 1,032	57.8%	\$ 2,949	\$ 11.38	\$ 1,062	56.6%	\$ 3,034	\$ 11.71
FEC/Arcade	\$ 1,250	50.0%	\$ 3,571	\$ 15.36	\$ 1,342	49.0%	\$ 3,834	\$ 15.55	\$ 1,433	48.1%	\$ 4,094	\$ 15.80	\$ 1,476	47.2%	\$ 4,217	\$ 16.27
Indoor Waterpark	\$ 2,106	143.5%	\$ 6,017	\$ 25.88	\$ 2,429	153.0%	\$ 6,940	\$ 28.14	\$ 2,722	158.8%	\$ 7,777	\$ 30.01	\$ 2,938	160.1%	\$ 8,394	\$ 32.39
<b>Total Dept. Expenses</b>	<b>\$ 14,233</b>	<b>38.1%</b>	<b>\$ 40,666</b>	<b>\$ 174.93</b>	<b>\$ 15,416</b>	<b>37.4%</b>	<b>\$ 44,046</b>	<b>\$ 178.60</b>	<b>\$ 16,551</b>	<b>36.9%</b>	<b>\$ 47,289</b>	<b>\$ 182.47</b>	<b>\$17,182</b>	<b>36.9%</b>	<b>\$ 49,091</b>	<b>\$ 189.43</b>
<b>Departmental Income</b>	<b>\$ 23,083</b>	<b>61.9%</b>	<b>\$ 65,951</b>	<b>\$ 283.71</b>	<b>\$ 25,756</b>	<b>62.6%</b>	<b>\$ 73,589</b>	<b>\$ 298.39</b>	<b>\$ 28,281</b>	<b>63.1%</b>	<b>\$ 80,803</b>	<b>\$ 311.80</b>	<b>\$29,406</b>	<b>63.1%</b>	<b>\$ 84,017</b>	<b>\$ 324.20</b>
<b>Undistributed Operating Expenses</b>																
Administrative & General	\$ 2,450	6.6%	\$ 7,000	\$ 30.11	\$ 2,608	6.3%	\$ 7,451	\$ 30.21	\$ 2,763	6.2%	\$ 7,894	\$ 30.46	\$ 2,846	6.1%	\$ 8,131	\$ 31.38
Management Fees	\$ 1,493	4.0%	\$ 4,266	\$ 18.35	\$ 1,647	4.0%	\$ 4,706	\$ 19.08	\$ 1,793	4.0%	\$ 5,123	\$ 19.77	\$ 1,864	4.0%	\$ 5,326	\$ 20.55
Marketing & Franchise Fees	\$ 3,150	8.4%	\$ 9,000	\$ 38.72	\$ 3,343	8.1%	\$ 9,551	\$ 38.73	\$ 3,534	7.9%	\$ 10,097	\$ 38.96	\$ 3,640	7.8%	\$ 10,400	\$ 40.13
Prop. Oper. & Maintenance	\$ 1,400	3.8%	\$ 4,000	\$ 17.21	\$ 1,486	3.6%	\$ 4,246	\$ 17.22	\$ 1,571	3.5%	\$ 4,489	\$ 17.32	\$ 1,618	3.5%	\$ 4,623	\$ 17.84
Energy Costs	\$ 1,575	4.2%	\$ 4,500	\$ 19.36	\$ 1,672	4.1%	\$ 4,777	\$ 19.37	\$ 1,767	3.9%	\$ 5,049	\$ 19.48	\$ 1,820	3.9%	\$ 5,200	\$ 20.07
<b>Total UDOEs</b>	<b>\$ 10,068</b>	<b>27.0%</b>	<b>\$ 28,766</b>	<b>\$ 123.74</b>	<b>\$ 10,756</b>	<b>26.1%</b>	<b>\$ 30,731</b>	<b>\$ 124.61</b>	<b>\$ 11,428</b>	<b>25.5%</b>	<b>\$ 32,651</b>	<b>\$ 125.99</b>	<b>\$11,788</b>	<b>25.3%</b>	<b>\$ 33,680</b>	<b>\$ 129.96</b>
<b>Income Before Fixed Charges</b>	<b>\$ 13,015</b>	<b>34.9%</b>	<b>\$ 37,186</b>	<b>\$ 159.96</b>	<b>\$ 15,000</b>	<b>36.4%</b>	<b>\$ 42,857</b>	<b>\$ 173.78</b>	<b>\$ 16,853</b>	<b>37.6%</b>	<b>\$ 48,151</b>	<b>\$ 185.80</b>	<b>\$17,618</b>	<b>37.8%</b>	<b>\$ 50,337</b>	<b>\$ 194.24</b>
<b>Fixed Charges</b>																
Property Tax	\$ 58	0.2%	\$ 166	\$ 0.71	\$ 60	0.1%	\$ 171	\$ 0.70	\$ 62	0.1%	\$ 177	\$ 0.68	\$ 63	0.1%	\$ 180	\$ 0.69
Insurance	\$ 350	0.9%	\$ 1,000	\$ 4.30	\$ 361	0.9%	\$ 1,031	\$ 4.18	\$ 371	0.8%	\$ 1,060	\$ 4.09	\$ 382	0.8%	\$ 1,091	\$ 4.21
Reserve for Replacement	\$ 746	2.0%	\$ 2,131	\$ 9.17	\$ 1,235	3.0%	\$ 3,529	\$ 14.31	\$ 1,793	4.0%	\$ 5,123	\$ 19.77	\$ 2,329	5.0%	\$ 6,654	\$ 25.68
<b>Total Fixed Charges</b>	<b>\$ 1,154</b>	<b>3.1%</b>	<b>\$ 3,297</b>	<b>\$ 14.18</b>	<b>\$ 1,656</b>	<b>4.0%</b>	<b>\$ 4,731</b>	<b>\$ 19.18</b>	<b>\$ 2,226</b>	<b>5.0%</b>	<b>\$ 6,360</b>	<b>\$ 24.54</b>	<b>\$ 2,774</b>	<b>6.0%</b>	<b>\$ 7,926</b>	<b>\$ 30.58</b>
<b>Net Income</b>	<b>\$ 11,861</b>	<b>31.8%</b>	<b>\$ 33,889</b>	<b>\$ 145.78</b>	<b>\$ 13,344</b>	<b>32.4%</b>	<b>\$ 38,126</b>	<b>\$ 154.59</b>	<b>\$ 14,627</b>	<b>32.6%</b>	<b>\$ 41,791</b>	<b>\$ 161.26</b>	<b>\$14,844</b>	<b>31.9%</b>	<b>\$ 42,411</b>	<b>\$ 163.65</b>

Source: Hotel & Leisure Advisors

<b>PROJECTED FINANCIAL PERFORMANCE</b>																
<b>PROPOSED INDOOR WATERPARK RESORT, THOMPSON, NEW YORK</b>																
	Base +4 2021				Base +5 2022				Base +6 2023				Base +7 2024			
Number of Rooms	350				350				350				350			
Occupancy	71.0%				71.0%				71.0%				71.0%			
Average Rate	\$304.69				\$313.83				\$323.24				\$332.94			
Days Open	365				365				365				365			
Rooms Occupied	90,703				90,703				90,703				90,703			
Rooms Available	127,750				127,750				127,750				127,750			
<b>Revenues</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>
Rooms	\$ 27,636	57.2%	\$ 78,960	\$ 304.69	\$ 28,465	57.3%	\$ 81,329	\$ 313.83	\$ 29,319	57.3%	\$ 83,769	\$ 323.24	\$ 30,199	57.3%	\$ 86,283	\$ 332.94
Food and Beverage	\$ 9,744	20.2%	\$ 27,840	\$ 107.43	\$ 10,037	20.2%	\$ 28,677	\$ 110.66	\$ 10,338	20.2%	\$ 29,537	\$ 113.98	\$ 10,648	20.2%	\$ 30,423	\$ 117.39
Other Operated Departments	\$ 2,261	4.7%	\$ 6,460	\$ 24.93	\$ 2,329	4.7%	\$ 6,654	\$ 25.68	\$ 2,399	4.7%	\$ 6,854	\$ 26.45	\$ 2,471	4.7%	\$ 7,060	\$ 27.24
Rentals and Other Income	\$ 1,559	3.2%	\$ 4,454	\$ 17.19	\$ 1,606	3.2%	\$ 4,589	\$ 17.71	\$ 1,654	3.2%	\$ 4,726	\$ 18.24	\$ 1,704	3.2%	\$ 4,869	\$ 18.79
Retail	\$ 1,970	4.1%	\$ 5,629	\$ 21.72	\$ 2,029	4.1%	\$ 5,797	\$ 22.37	\$ 2,090	4.1%	\$ 5,971	\$ 23.04	\$ 2,152	4.1%	\$ 6,149	\$ 23.73
FEC/Arcade	\$ 3,283	6.8%	\$ 9,380	\$ 36.19	\$ 3,381	6.8%	\$ 9,660	\$ 37.28	\$ 3,483	6.8%	\$ 9,951	\$ 38.40	\$ 3,587	6.8%	\$ 10,249	\$ 39.55
Indoor Waterpark	\$ 1,875	3.9%	\$ 5,357	\$ 20.67	\$ 1,837	3.7%	\$ 5,249	\$ 20.25	\$ 1,892	3.7%	\$ 5,406	\$ 20.86	\$ 1,949	3.7%	\$ 5,568	\$ 21.49
<b>Total Revenue</b>	<b>\$ 48,328</b>	<b>100.0%</b>	<b>\$ 138,080</b>	<b>\$ 532.81</b>	<b>\$ 49,684</b>	<b>100.0%</b>	<b>\$ 141,954</b>	<b>\$ 547.76</b>	<b>\$ 51,175</b>	<b>100.0%</b>	<b>\$ 146,215</b>	<b>\$ 564.20</b>	<b>\$ 52,710</b>	<b>100.0%</b>	<b>\$ 150,600</b>	<b>\$ 581.12</b>
<b>Departmental Expenses</b>																
Rooms	\$ 4,609	16.7%	\$ 13,169	\$ 50.81	\$ 4,747	16.7%	\$ 13,563	\$ 52.34	\$ 4,890	16.7%	\$ 13,971	\$ 53.91	\$ 5,036	16.7%	\$ 14,389	\$ 55.52
Food & Beverage	\$ 6,384	65.5%	\$ 18,240	\$ 70.38	\$ 6,575	65.5%	\$ 18,786	\$ 72.49	\$ 6,773	65.5%	\$ 19,351	\$ 74.67	\$ 6,976	65.5%	\$ 19,931	\$ 76.91
Other Operated Departments	\$ 1,064	47.1%	\$ 3,040	\$ 11.73	\$ 1,096	47.1%	\$ 3,131	\$ 12.08	\$ 1,129	47.1%	\$ 3,226	\$ 12.45	\$ 1,163	47.1%	\$ 3,323	\$ 12.82
Retail	\$ 1,094	55.5%	\$ 3,126	\$ 12.06	\$ 1,127	55.5%	\$ 3,220	\$ 12.43	\$ 1,161	55.6%	\$ 3,317	\$ 12.80	\$ 1,196	55.6%	\$ 3,417	\$ 13.19
FEC/Arcade	\$ 1,520	46.3%	\$ 4,343	\$ 16.76	\$ 1,566	46.3%	\$ 4,474	\$ 17.27	\$ 1,613	46.3%	\$ 4,609	\$ 17.78	\$ 1,661	46.3%	\$ 4,746	\$ 18.31
Indoor Waterpark	\$ 3,026	161.4%	\$ 8,646	\$ 33.36	\$ 3,117	169.7%	\$ 8,906	\$ 34.36	\$ 3,210	169.7%	\$ 9,171	\$ 35.39	\$ 3,306	169.6%	\$ 9,446	\$ 36.45
<b>Total Dept. Expenses</b>	<b>\$ 17,697</b>	<b>36.6%</b>	<b>\$ 50,563</b>	<b>\$ 195.11</b>	<b>\$ 18,228</b>	<b>36.7%</b>	<b>\$ 52,080</b>	<b>\$ 200.96</b>	<b>\$ 18,776</b>	<b>36.7%</b>	<b>\$ 53,646</b>	<b>\$ 207.00</b>	<b>\$ 19,338</b>	<b>36.7%</b>	<b>\$ 55,251</b>	<b>\$ 213.20</b>
<b>Departmental Income</b>	<b>\$ 30,631</b>	<b>63.4%</b>	<b>\$ 87,517</b>	<b>\$ 337.71</b>	<b>\$ 31,456</b>	<b>63.3%</b>	<b>\$ 89,874</b>	<b>\$ 346.80</b>	<b>\$ 32,399</b>	<b>63.3%</b>	<b>\$ 92,569</b>	<b>\$ 357.20</b>	<b>\$ 33,372</b>	<b>63.3%</b>	<b>\$ 95,348</b>	<b>\$ 367.92</b>
<b>Undistributed Operating Expenses</b>																
Administrative & General	\$ 2,932	6.1%	\$ 8,377	\$ 32.33	\$ 3,020	6.1%	\$ 8,629	\$ 33.30	\$ 3,110	6.1%	\$ 8,886	\$ 34.29	\$ 3,203	6.1%	\$ 9,151	\$ 35.31
Management Fees	\$ 1,933	4.0%	\$ 5,523	\$ 21.31	\$ 1,987	4.0%	\$ 5,677	\$ 21.91	\$ 2,047	4.0%	\$ 5,849	\$ 22.57	\$ 2,108	4.0%	\$ 6,023	\$ 23.24
Marketing & Franchise Fees	\$ 3,749	7.8%	\$ 10,711	\$ 41.33	\$ 3,861	7.8%	\$ 11,031	\$ 42.57	\$ 3,977	7.8%	\$ 11,363	\$ 43.85	\$ 4,097	7.8%	\$ 11,706	\$ 45.17
Prop. Oper. & Maintenance	\$ 1,666	3.4%	\$ 4,760	\$ 18.37	\$ 1,716	3.5%	\$ 4,903	\$ 18.92	\$ 1,768	3.5%	\$ 5,051	\$ 19.49	\$ 1,821	3.5%	\$ 5,203	\$ 20.08
Energy Costs	\$ 1,874	3.9%	\$ 5,354	\$ 20.66	\$ 1,931	3.9%	\$ 5,517	\$ 21.29	\$ 1,989	3.9%	\$ 5,683	\$ 21.93	\$ 2,048	3.9%	\$ 5,851	\$ 22.58
<b>Total UDOEs</b>	<b>\$ 12,154</b>	<b>25.1%</b>	<b>\$ 34,726</b>	<b>\$ 134.00</b>	<b>\$ 12,515</b>	<b>25.2%</b>	<b>\$ 35,757</b>	<b>\$ 137.98</b>	<b>\$ 12,891</b>	<b>25.2%</b>	<b>\$ 36,831</b>	<b>\$ 142.12</b>	<b>\$ 13,277</b>	<b>25.2%</b>	<b>\$ 37,934</b>	<b>\$ 146.38</b>
<b>Income Before Fixed Charges</b>	<b>\$ 18,477</b>	<b>38.2%</b>	<b>\$ 52,791</b>	<b>\$ 203.71</b>	<b>\$ 18,941</b>	<b>38.1%</b>	<b>\$ 54,117</b>	<b>\$ 208.82</b>	<b>\$ 19,508</b>	<b>38.1%</b>	<b>\$ 55,737</b>	<b>\$ 215.08</b>	<b>\$ 20,095</b>	<b>38.1%</b>	<b>\$ 57,414</b>	<b>\$ 221.55</b>
<b>Fixed Charges</b>																
Property Tax	\$ 65	0.1%	\$ 186	\$ 0.72	\$ 67	0.1%	\$ 191	\$ 0.74	\$ 69	0.1%	\$ 197	\$ 0.76	\$ 71	0.1%	\$ 203	\$ 0.78
Insurance	\$ 394	0.8%	\$ 1,126	\$ 4.34	\$ 406	0.8%	\$ 1,160	\$ 4.48	\$ 418	0.8%	\$ 1,194	\$ 4.61	\$ 430	0.8%	\$ 1,229	\$ 4.74
Reserve for Replacement	\$ 2,416	5.0%	\$ 6,903	\$ 26.64	\$ 2,484	5.0%	\$ 7,097	\$ 27.39	\$ 2,559	5.0%	\$ 7,311	\$ 28.21	\$ 2,635	5.0%	\$ 7,529	\$ 29.05
<b>Total Fixed Charges</b>	<b>\$ 2,875</b>	<b>5.9%</b>	<b>\$ 8,214</b>	<b>\$ 31.70</b>	<b>\$ 2,957</b>	<b>6.0%</b>	<b>\$ 8,449</b>	<b>\$ 32.60</b>	<b>\$ 3,046</b>	<b>6.0%</b>	<b>\$ 8,703</b>	<b>\$ 33.58</b>	<b>\$ 3,136</b>	<b>5.9%</b>	<b>\$ 8,960</b>	<b>\$ 34.57</b>
<b>Net Income</b>	<b>\$ 15,602</b>	<b>32.3%</b>	<b>\$ 44,577</b>	<b>\$ 172.01</b>	<b>\$ 15,984</b>	<b>32.2%</b>	<b>\$ 45,669</b>	<b>\$ 176.22</b>	<b>\$ 16,462</b>	<b>32.2%</b>	<b>\$ 47,035</b>	<b>\$ 181.49</b>	<b>\$ 16,959</b>	<b>32.2%</b>	<b>\$ 48,454</b>	<b>\$ 186.97</b>

Source: Hotel & Leisure Advisors

<b>PROJECTED FINANCIAL PERFORMANCE</b>												
<b>PROPOSED INDOOR WATERPARK RESORT, THOMPSON, NEW YORK</b>												
	Base +8 2025				Base +9 2026				Base +10 2027			
Number of Rooms	350				350				350			
Occupancy	71.0%				71.0%				71.0%			
Average Rate	\$342.93				\$353.21				\$363.81			
Days Open	365				365				365			
Rooms Occupied	90,703				90,703				90,703			
Rooms Available	127,750				127,750				127,750			
<b>Revenues</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>
Rooms	\$ 31,105	57.3%	\$ 88,871	\$ 342.93	\$ 32,038	57.3%	\$ 91,537	\$ 353.22	\$ 32,999	57.3%	\$ 94,283	\$ 363.81
Food and Beverage	\$ 10,967	20.2%	\$ 31,334	\$ 120.91	\$ 11,296	20.2%	\$ 32,274	\$ 124.54	\$ 11,635	20.2%	\$ 33,243	\$ 128.28
Other Operated Departments	\$ 2,545	4.7%	\$ 7,271	\$ 28.06	\$ 2,622	4.7%	\$ 7,491	\$ 28.91	\$ 2,700	4.7%	\$ 7,714	\$ 29.77
Rentals and Other Income	\$ 1,755	3.2%	\$ 5,014	\$ 19.35	\$ 1,807	3.2%	\$ 5,163	\$ 19.92	\$ 1,862	3.2%	\$ 5,320	\$ 20.53
Retail	\$ 2,217	4.1%	\$ 6,334	\$ 24.44	\$ 2,284	4.1%	\$ 6,526	\$ 25.18	\$ 2,352	4.1%	\$ 6,720	\$ 25.93
FEC/Arcade	\$ 3,695	6.8%	\$ 10,557	\$ 40.74	\$ 3,806	6.8%	\$ 10,874	\$ 41.96	\$ 3,920	6.8%	\$ 11,200	\$ 43.22
Indoor Waterpark	\$ 2,007	3.7%	\$ 5,735	\$ 22.13	\$ 2,068	3.7%	\$ 5,907	\$ 22.79	\$ 2,130	3.7%	\$ 6,085	\$ 23.48
<b>Total Revenue</b>	<b>\$ 54,291</b>	<b>100.0%</b>	<b>\$ 155,118</b>	<b>\$ 598.56</b>	<b>\$ 55,921</b>	<b>100.0%</b>	<b>\$ 159,773</b>	<b>\$ 616.52</b>	<b>\$ 57,598</b>	<b>100.0%</b>	<b>\$ 164,565</b>	<b>\$ 635.01</b>
<b>Departmental Expenses</b>												
Rooms	\$ 5,187	16.7%	\$ 14,820	\$ 57.19	\$ 5,343	16.7%	\$ 15,266	\$ 58.91	\$ 5,503	16.7%	\$ 15,723	\$ 60.67
Food & Beverage	\$ 7,185	65.5%	\$ 20,529	\$ 79.21	\$ 7,401	65.5%	\$ 21,146	\$ 81.60	\$ 7,623	65.5%	\$ 21,780	\$ 84.04
Other Operated Departments	\$ 1,198	47.1%	\$ 3,423	\$ 13.21	\$ 1,233	47.0%	\$ 3,523	\$ 13.59	\$ 1,270	47.0%	\$ 3,629	\$ 14.00
Retail	\$ 1,232	55.6%	\$ 3,520	\$ 13.58	\$ 1,269	55.6%	\$ 3,626	\$ 13.99	\$ 1,307	55.6%	\$ 3,734	\$ 14.41
FEC/Arcade	\$ 1,711	46.3%	\$ 4,889	\$ 18.86	\$ 1,762	46.3%	\$ 5,034	\$ 19.43	\$ 1,815	46.3%	\$ 5,186	\$ 20.01
Indoor Waterpark	\$ 3,406	169.7%	\$ 9,731	\$ 37.55	\$ 3,508	169.7%	\$ 10,023	\$ 38.68	\$ 3,613	169.7%	\$ 10,323	\$ 39.83
<b>Total Dept. Expenses</b>	<b>\$ 19,919</b>	<b>36.7%</b>	<b>\$ 56,911</b>	<b>\$ 219.61</b>	<b>\$ 20,516</b>	<b>36.7%</b>	<b>\$ 58,617</b>	<b>\$ 226.19</b>	<b>\$ 21,131</b>	<b>36.7%</b>	<b>\$ 60,374</b>	<b>\$ 232.97</b>
<b>Departmental Income</b>	<b>\$ 34,372</b>	<b>63.3%</b>	<b>\$ 98,207</b>	<b>\$ 378.95</b>	<b>\$ 35,405</b>	<b>63.3%</b>	<b>\$ 101,156</b>	<b>\$ 390.33</b>	<b>\$ 36,467</b>	<b>63.3%</b>	<b>\$ 104,190</b>	<b>\$ 402.04</b>
<b>Undistributed Operating Expenses</b>												
Administrative & General	\$ 3,300	6.1%	\$ 9,429	\$ 36.38	\$ 3,399	6.1%	\$ 9,711	\$ 37.47	\$ 3,501	6.1%	\$ 10,003	\$ 38.60
Management Fees	\$ 2,172	4.0%	\$ 6,206	\$ 23.95	\$ 2,237	4.0%	\$ 6,391	\$ 24.66	\$ 2,304	4.0%	\$ 6,583	\$ 25.40
Marketing & Franchise Fees	\$ 4,219	7.8%	\$ 12,054	\$ 46.51	\$ 4,346	7.8%	\$ 12,417	\$ 47.91	\$ 4,476	7.8%	\$ 12,789	\$ 49.35
Prop. Oper. & Maintenance	\$ 1,875	3.5%	\$ 5,357	\$ 20.67	\$ 1,932	3.5%	\$ 5,520	\$ 21.30	\$ 1,989	3.5%	\$ 5,683	\$ 21.93
Energy Costs	\$ 2,110	3.9%	\$ 6,029	\$ 23.26	\$ 2,173	3.9%	\$ 6,209	\$ 23.96	\$ 2,238	3.9%	\$ 6,394	\$ 24.67
<b>Total UDOEs</b>	<b>\$ 13,676</b>	<b>25.2%</b>	<b>\$ 39,074</b>	<b>\$ 150.78</b>	<b>\$ 14,087</b>	<b>25.2%</b>	<b>\$ 40,249</b>	<b>\$ 155.31</b>	<b>\$ 14,508</b>	<b>25.2%</b>	<b>\$ 41,451</b>	<b>\$ 159.95</b>
<b>Income Before Fixed Charges</b>	<b>\$ 20,696</b>	<b>38.1%</b>	<b>\$ 59,132</b>	<b>\$ 228.18</b>	<b>\$ 21,318</b>	<b>38.1%</b>	<b>\$ 60,907</b>	<b>\$ 235.03</b>	<b>\$ 21,959</b>	<b>38.1%</b>	<b>\$ 62,739</b>	<b>\$ 242.09</b>
<b>Fixed Charges</b>												
Property Tax	\$ 339	0.6%	\$ 969	\$ 3.74	\$ 699	1.3%	\$ 1,997	\$ 7.71	\$ 1,080	1.9%	\$ 3,086	\$ 11.91
Insurance	\$ 443	0.8%	\$ 1,266	\$ 4.88	\$ 457	0.8%	\$ 1,306	\$ 5.04	\$ 470	0.8%	\$ 1,343	\$ 5.18
Reserve for Replacement	\$ 2,715	5.0%	\$ 7,757	\$ 29.93	\$ 2,796	5.0%	\$ 7,989	\$ 30.83	\$ 2,880	5.0%	\$ 8,229	\$ 31.75
<b>Total Fixed Charges</b>	<b>\$ 3,497</b>	<b>6.4%</b>	<b>\$ 9,992</b>	<b>\$ 38.56</b>	<b>\$ 3,952</b>	<b>7.1%</b>	<b>\$ 11,291</b>	<b>\$ 43.57</b>	<b>\$ 4,430</b>	<b>7.7%</b>	<b>\$ 12,657</b>	<b>\$ 48.84</b>
<b>Net Income</b>	<b>\$ 17,199</b>	<b>31.7%</b>	<b>\$ 49,140</b>	<b>\$ 189.62</b>	<b>\$ 17,366</b>	<b>31.1%</b>	<b>\$ 49,616</b>	<b>\$ 191.45</b>	<b>\$ 17,529</b>	<b>30.4%</b>	<b>\$ 50,082</b>	<b>\$ 193.25</b>

Source: Hotel & Leisure Advisors

**FEASIBILITY ANALYSIS**

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

We have analyzed the potential value for the hotel or resort utilizing a 12.0% discount rate and a 10.0% terminal capitalization rate. The following table indicates the discounted cash flow analysis utilizing these rates and the previously presented financial projections.

<b>Proposed Indoor Waterpark Resort, Thompson, New York Discounted Cash Flow Analysis - As Completed</b>					
<b>Present Value of Cash Flow</b>				P.V. @:	12.0%
<u>Year</u>	<u>Year Number</u>	<u>Net Income</u>	<u>P.V. Factor</u>	<u>Present Value</u>	
2017	1	11,861,000	0.8929	10,590,179	
2018	2	13,344,000	0.7972	10,637,755	
2019	3	14,627,000	0.7118	10,411,210	
2020	4	14,844,000	0.6355	9,433,630	
2021	5	15,602,000	0.5674	8,852,994	
2022	6	15,984,000	0.5066	8,097,992	
2023	7	16,462,000	0.4523	7,446,573	
2024	8	16,959,000	0.4039	6,849,456	
2025	9	17,199,000	0.3606	6,202,132	
2026	10	17,366,000	0.3220	5,591,387	
Subtotal PV From Cash Flow				\$84,113,307	
<b>Reversion Sale Price</b>					
Net Income for Year:			11	\$17,529,000	
Divided by Reversion Overall Rate			10.0%		
Gross Reversion			\$175,290,000		
Less Costs of Sale @:			3.0%	5,258,700	
Net Reversion			\$170,031,300		
Value per Room			\$485,804		
<b>Reversion PV + PV of Cash Flow</b>					
Add Reversion	10	170,031,300	0.3220	\$54,745,528	
Subtotal PV From Cash Flow				\$84,113,307	
Market Value as of		January 1, 2017		\$138,858,835	
Less Renovation Costs				\$0	
Market Value				\$138,858,835	
<b>Rounded Market Value</b>				<b>\$138,900,000</b>	
<b>Valuation Factors</b>					
Price Per Hotel Room:				\$396,857	
% of Value from Cash Flow				60.6%	
% of Value from Reversion				39.4%	
Source: Hotel & Leisure Advisors					

The model indicates a value of \$138,900,000 as completed or \$396,857 per available hotel room (350 rooms).

We have also analyzed the potential value for the hotel on an "as stabilized" basis utilizing a 12.0% discount rate and a 10.0% terminal capitalization rate. The following table indicates the discounted cash flow analysis utilizing these rates and the previously presented financial projections for the subject "as stabilized."

<b>Proposed Indoor Waterpark Resort, Thompson, New York Discounted Cash Flow Analysis - As Stabilized</b>					
<b>Present Value (PV) of Cash Flow</b>				P.V. @:	12.00%
<u>Year</u>	<u>Year Number</u>	<u>Net Income</u>	<u>P.V. Factor</u>	<u>Present Value</u>	
2022	1	15,984,000	0.8929	14,271,429	
2023	2	16,462,000	0.7972	13,123,406	
2024	3	16,959,000	0.7118	12,071,081	
2025	4	17,199,000	0.6355	10,930,275	
2026	5	17,366,000	0.5674	9,853,935	
2027	6	17,529,000	0.5066	8,880,737	
2028	7	17,684,000	0.4523	7,999,344	
2029	8	17,833,000	0.4039	7,202,450	
2030	9	17,975,000	0.3606	6,481,965	
2031	10	18,109,000	0.3220	5,830,613	
Subtotal PV From Cash Flow				\$96,645,234	
<b>Reversion Sale Price</b>					
	Net Income for Year:		11	\$18,235,000	
	Divided by Reversion OAR			10.0%	
	Gross Reversion			\$182,350,000	
	Less Costs of Sale @:		3.0%	5,470,500	
	Net Reversion			\$176,879,500	
	Value per Room			\$505,370	
<b>Reversion PV + PV of Cash Flow</b>					
Reversion	10	176,879,500	0.3220	\$56,950,465	
Subtotal PV From Cash Flow				\$96,645,234	
Market Value as of		January 1, 2022		\$153,595,699	
Less Renovation Costs				\$0	
Market Value				\$153,595,699	
<b>Rounded Market Value</b>				<b>\$153,600,000</b>	
Valuation Factors					
Price Per Hotel Room:				\$438,857	
% of Value from Cash Flow				62.9%	
% of Value from Reversion				37.1%	
Source: Hotel & Leisure Advisors					

The valuation indicates a conclusion of \$153,600,000 as stabilized or \$438,857 per available hotel room (350 rooms).

## **NATIONAL TIMESHARE MARKET OVERVIEW**

A timeshare is a form of ownership or right to the use of a property. These properties are typically resort condominium units, in which multiple parties hold rights to use the property, and each sharer is allotted a period of time (typically one week) in which they may use the property. This concept has attracted many resort developers and prominent hoteliers, such as Starwood, Wyndham, Accor, Hyatt, Hilton, Marriott, and Disney. Developers have built larger resorts as the industry has matured. Properties that combine resorts with hotels, the increasingly popular urban resort in major cities, adventure resorts, and gaming resorts are among the emerging timeshare trends.

Vacation ownership has proven to be lucrative for stakeholders in these major resort families, due to its popularity with vacation-goers. This form of lodging has spawned a variety of products sold on similar occupancy schemes, including cars, planes, boats, condo-hotel units and luxury fractional properties (at which affluent guests may stay for as long as a quarter of a year and which often command a six-figure price tag).

Timeshare owners can generally:

- Use their usage time
- Rent out their owned usage
- Give their usage as a gift
- Exchange usage internally within the same resort or resort group
- Exchange usage externally into thousands of other resorts
- Sell usage either through traditional advertising, online advertising or by using a licensed broker

Recently, with most point systems, owners may elect to:

- Assign their usage time to the point system to be exchanged for airline tickets, hotels, travel packages, cruises, amusement park tickets
- Instead of renting all their actual usage time, rent part of their points without actually getting any usage time and use the rest of the points
- Rent more points from either the internal exchange entity or another owner to get a larger unit or more vacation time or at a better location
- Save or move points from one year to another

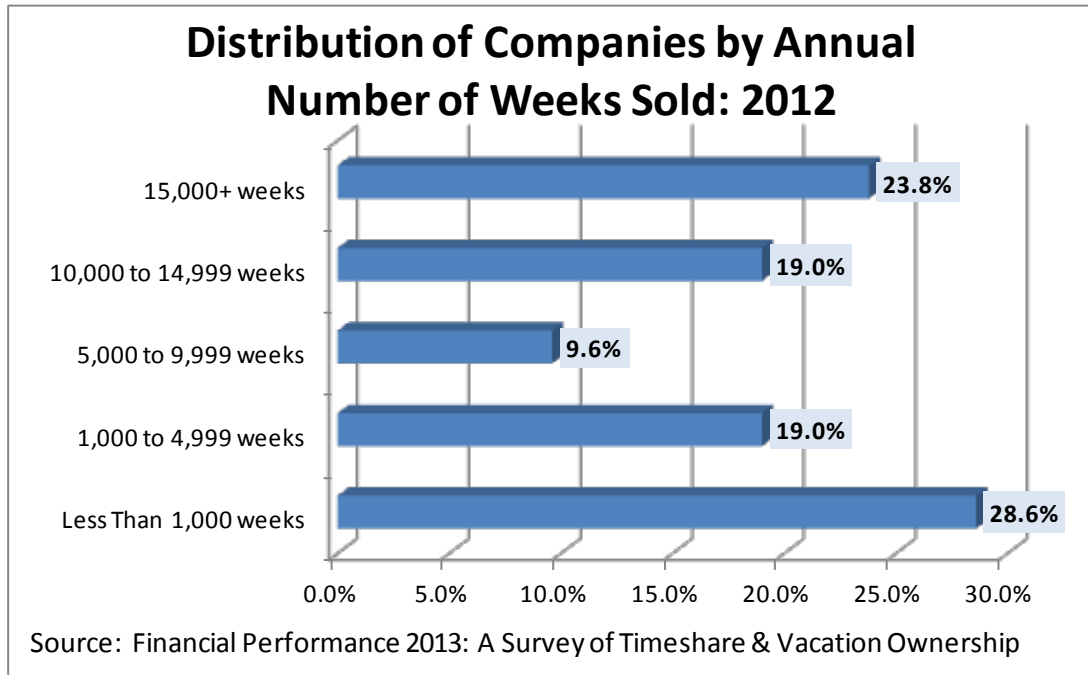
Some developers, however, may limit which of these options are available at their properties.

According to the 2013 Edition of *State of the Vacation Timeshare Industry: United States Study* report by Ernst & Young, there were 1,551 timeshare resorts in the United States by year-end 2012, representing about 189,200 units with an average resort size of 122 units. There were 8.3 million weekly intervals owned. Among these intervals, 78% were owned by individuals, while 14% were under the ownership of the homeowner's association (HOA) and 8% were owned by the developer. Among resort owners other than the HOA or developer, 76% of owners own seven weeks or less; another 12% were timeshare clubs.

Survey respondents estimated they will build 7,900 new units (63 new resorts) in 2014 (which is a drastic difference from 2013's prediction of 1,900 units and five new resorts) as the timeshare industry works through inventory collected from the economic downfall.

**Financials**

In total, approximately 235,052 weeks of annual use were sold at U.S. sales locations in 2012 by the 322 resorts represented in the following chart. Approximately 52.4% of the respondents sold 5,000 or more timeshare weeks during 2012.



The core company set, which consists of 17 companies (hundreds of resorts) for this question, reported sales of approximately 209,106 timeshare weeks in 2012, which was a 2.1% increase from the 204,818 weeks sold in 2011.

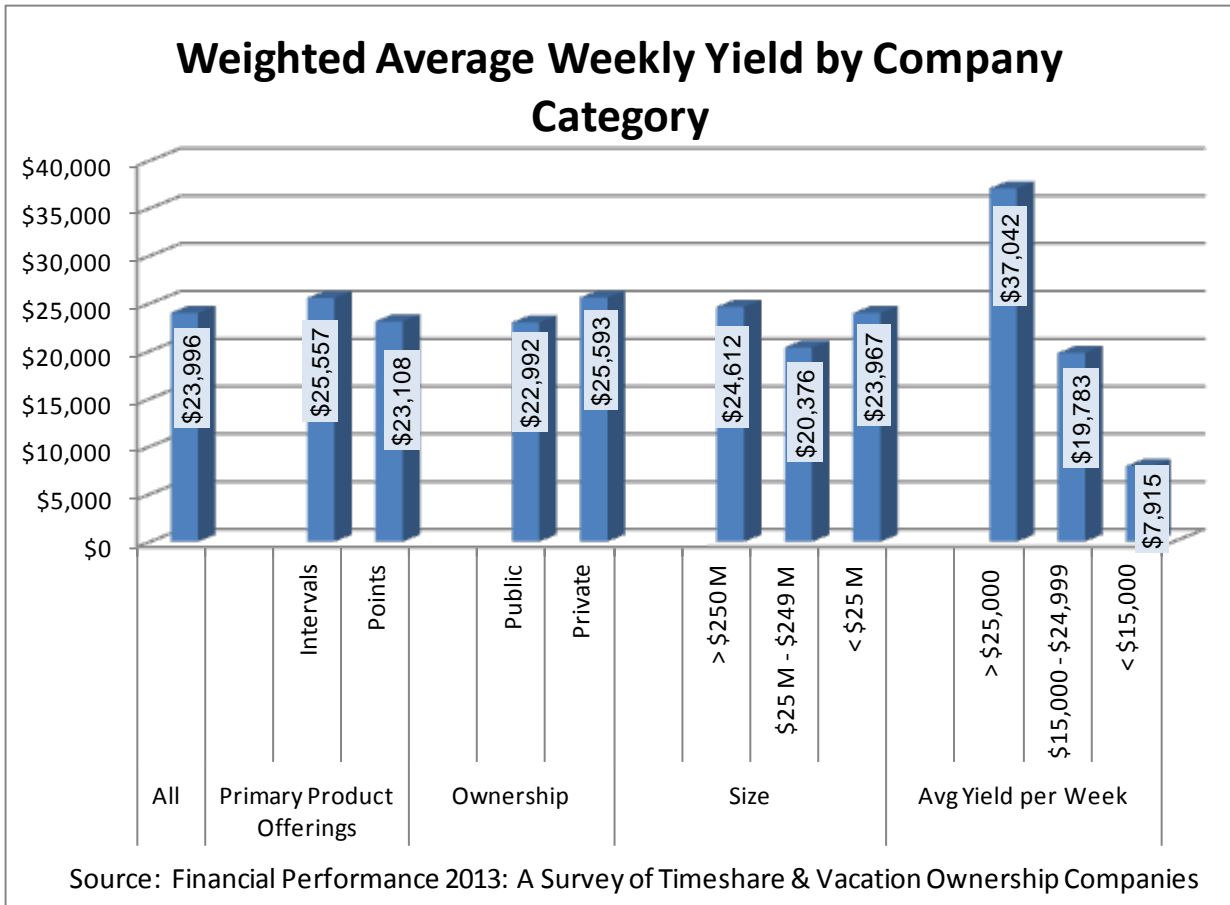
The typical yield of a U.S. timeshare week in 2012 was between \$19,635 and \$23,996. The broadest measure of yield, the weighted average yield, was \$23,996 per week sold, which increased from \$22,709 per week sold in 2011.

2012 Median and Average Yields per Week	
<b>Weighted Average</b>	\$23,996
<b>Median</b>	\$19,635
<b>Simple Average</b>	\$21,018
Source: Financial Performance 2013: A Survey of Timeshare & Vacation Ownership Companies	

While 29% of companies saw average weekly yield decline from 2011, 35% saw a single digit rise and 35% saw an increase of 10% or more. The average transaction value increased from \$17,986 in 2011 to \$18,136 in 2012.



The various categories of development companies exhibit different weighted average yields per week. Overall, interval companies, private companies and larger companies showed higher average yields per week, while point companies, public companies and mid-sized companies showed lower average yields per week. Weighted averages for specific categories of companies are shown below.



The average yield per week in 2012 ranged from about \$1,000 to over \$40,000. Approximately 71.4% of all respondents reported weighted average yields per week of \$15,000 or more during 2012.

In 2012, sales volume saw the largest growth since the economic downfall. There were 366,200 intervals sold, for a sales volume of \$6.9 billion (up 6% from the previous year). The majority of sales (between 50% and 60%) were from new owners. The average sales price was \$18,700, and half of total sales were for intervals priced between \$20,000 and \$29,999. The occupancy rate for 2012 was 76.9% (with 14% rentals), and rental revenue totaled \$1.6 billion. Annual maintenance fees rose 5% from the previous year to reach \$822 per interval. This does not include fees collected for property taxes, special assessments or contributions to reserves.

The following table shows 2012 figures compared with 2011 and 2010.

<b>Key Metrics</b>				
	<b>Sales Volume (\$ Billion)</b>	<b>Average Price</b>	<b>Resort Occupancy</b>	<b>Average Maintenance Fee billed per Interval</b>
2010	\$6.4	\$19,300	78.5%	\$731
2011	\$6.5	\$18,400	78.9%	\$786
% Change	1.6%	-4.7%	0.5%	7.5%
2012	\$6.9	\$18,700	76.9%	\$822
% Change	6.2%	1.6%	-2.5%	4.6%

Source: State of the Vacation Timeshare Industry: U.S. Study

Although resort occupancy fell 2.5% in 2012, sales volume, average price and maintenance fees were all up.

In 2012, 15% of timeshares levied at least one special assessment with the majority used to pay for a resort refurbishment. Although the median reserve balance varied across the nation (with North Carolina and Hawaii being particularly high), the median was \$14,300.

**Typical Timeshares**

Resorts can be classified one of two primary ways, those where individuals own real estate interests and those where they do not. In the former, deeded weeks are the dominant structure present. In the latter, there is a fairly even split between membership, points, and right to use.

<b>Ownership Structures</b>			
<b>Owned Interest</b>		<b>No Owned Interest</b>	
Deeded Weeks	87%	Membership	51%
Undivided Interest (UDI)	35%	Points	50%
Points	33%	Right to Use	47%
Condo	31%	Both Deeded and Right to Use	3%
Deeds Held in Trust	21%		
Both Deeded and Right to Use	7%		
Other	6%		

Source: 2012 State of the Vacation Timeshare Industry: U.S. Study

The percentage of resorts offering points-based products has been rising since their introduction and is up from 55% in last year's study. Due to the flexibility of this product, this trend should continue in the near future, as developers who have traditionally offered only weekly intervals expand their product offerings.

The following table depicts the most popular states for timeshares based on the number of timeshare units available in these states.

<b>Leading Timeshare Resort States</b>			
	<b>State</b>	<b>Percentage of Units</b>	<b>Number of Resorts</b>
1	Florida	35%	362
2	California	9%	130
3	South Carolina	8%	106
4	Hawaii	7%	93
5	Nevada	4%	58
6	Tennessee	4%	32
7	Texas	3%	52
8	Colorado	3%	76
9	Missouri	3%	49
10	Arizona	3%	48
	All Others	21%	542

Source: 2012 State of the Vacation Timeshare Industry: U.S. Study

According to the Ernst & Young report, Florida has the most resorts, the largest resorts, and the greatest sales volume. Occupancy, sales price and maintenance fees are highest in Hawaii. The Northeast has the lowest occupancy and the smallest resorts. The South Atlantic has the lowest maintenance fees; the South Central has the lowest average interval price. This may reflect a heavier concentration of older resorts in these regions.

While the average size of a studio timeshare is 415 feet, larger condo-style units are an industry favorite as they allow larger parties to share in a vacation and provide a home-away-from-home feel. The larger units also allow the owner to "lock-off" their unit and rent them while still using them.

<b>Average Unit Type</b>		
	<b>Size (Square Feet)</b>	<b>Maintenance Fee</b>
Studio	415	\$636
1 Bedroom	709	\$630
2 Bedroom	1,170	\$909*
3+ Bedroom	1,630	
* The survey question regarding fees grouped all 2+ bedrooms together.		
Source: 2012 State of the Vacation Timeshare Industry: U.S. Study		

The table above shows little difference between studio and one-bedroom units as far as maintenance fees, although the size of the latter is more than 70% larger than the former. The majority (64%) of all units are two-bedroom, while 21% are one-bedroom. The average maintenance fee in 2011 was \$786 per interval.

Almost all timeshare resorts offer daily rental programs and seasonal rates. Most also offer weekly rental programs, as shown in the table below.

<b>Rental Programs Offered</b>	
<b>Type</b>	<b>Resorts</b>
Daily	98%
Weekly	84%
Monthly	39%
Seasonal Rates	94%
Programs for Marketing Guests	58%
Other	25%
Source: 2012 State of the Vacation Timeshare Industry: U.S. Study	

One quarter of all resorts offer "other" types of rental programs, including half-price rentals for timeshare owners, weekend programs, or two- to three-night minimum programs.

**Resort Performance**

Timeshares differ greatly by location. They are often purchased based on the vacation experience preference of each individual owner. Beach resorts are the most common primary destination for timeshares, as depicted in the following table.

<b>Performance by Resort Type</b>						
	<b>Percent of Resorts</b>	<b>Avg. # of Units</b>	<b>Total Sales Volume (\$billions)</b>	<b>Sales Price per Interval</b>	<b>Average Occupancy</b>	<b>Avg. Maintenance Fee per Interval</b>
Beach	29%	93	\$1.1	\$15,436	79.5%	\$729
Country/Lakes	15%	118	\$1.2	\$11,337	69.4%	\$637
Golf	11%	193	\$1.0	\$18,813	83.2%	\$723
Ski	9%	78	\$0.4	\$18,144	65.1%	\$839
Island	7%	124	\$0.7	\$24,820	89.5%	\$1,016
Urban	6%	94	\$0.4	\$22,449	79.4%	\$869
Theme park	6%	333	\$1.1	\$10,649	77.6%	\$750
Other*	17%	127	\$0.6	\$15,912	77.1%	\$718
<b>Overall</b>	<b>100%</b>	<b>125</b>	<b>\$6.5</b>	<b>\$18,40</b>	<b>78.9%</b>	<b>\$786</b>

Source: 2012 State of the Vacation Timeshare Industry: U.S. Study

While there are more beach resorts than any other type, theme park and golf resorts tend to be the largest. Island resorts tend to have the highest occupancy and maintenance fees.

Sales volume, occupancy and maintenance fees tend to be highest at resorts with more than 100 units. Occupancy is much higher for resorts priced at \$20,000 and above, and maintenance fees tend to increase with sales price. The table below shows performance by resort size.

<b>Performance by Resort Size</b>						
<b>Number of Units</b>	<b>% of Resorts</b>	<b>Average # of Units</b>	<b>Total Sales Volume (\$ Billion)</b>	<b>Sales Price per Interval</b>	<b>Average Occupancy</b>	<b>Average Maintenance Fee per Interval</b>
0 - 50	42%	27	\$0.4	\$16,069	78.6%	\$781
51 - 100	24%	72	\$0.8	\$17,588	76.5%	\$726
More than 100	34%	274	\$5.3	\$18,732	79.3%	\$847
Overall	100%	125	\$6.5	\$18,401	78.9%	\$786

Source: 2012 State of the Vacation Timeshare Industry: U.S. Study

In 2011, the average resort had 125 units with 42% less than 50 units and 34% larger than 100 units. The largest resorts had the largest share of total sales volume (more than twice their share of resorts). Occupancy is similar for resort size. The largest resorts tend to be newer and have more amenities with correspondingly higher maintenance fees.

In 2011, 83% of resorts reported an annual occupancy of more than 60%, with 26% reporting occupancies higher than 90%. Approximately half of all resorts claim to have an occupancy rate over 80%.

<b>Occupancy Breakouts</b>	
Owner/ Owner's Guest	45%
Exchange Guest	19%
Renter	12%
Marketing Guest	3%
Vacant	21%
Total	100%

Source: 2012 State of the Vacation Timeshare Industry: U.S. Study

Owners, their guests, and exchange participants accounted for about 64% of available intervals in 2011. Renters accounted for another 12%, while marketing guests contributed 3%. The percentage of occupancy related to rentals was up 2% from the previous year.

**Interval International**

Interval Leisure Group's Interval International's 2013 U.S. Membership Profile showed its U.S. resident members reported annual household income greater than \$121,000 per year, with 25% in excess of \$150,000. Approximately 18% indicated that they are likely to purchase additional vacation time in the future. More than half (53.5%) of respondents own more than one week of shared vacation ownership time or its equivalent. Of those likely to purchase more vacation time, approximately one in three (33.2%) indicated that

they would be most interested in buying in Florida. The next most desired states are Hawaii (26.5%) and California (20.8%). Those wanting to purchase additional vacations remain most interested in the two-bedroom configuration, with nearly two-thirds (67.2 percent) citing that preference.

Leisure travel nights during the prior 12 months increased from an average of 22 in 2011 to 24 in 2013, approximately 65% of which were domestic. The average length of stay was 6.5 nights domestically and 5.8 nights when visiting international locales. The number of members owning points-based products increased to 35% in 2013 from 34% in 2011 compared to 22% in 2009.

**OVERVIEW OF COMPETITIVE RESORTS OFFERING TIMESHARES**

We have analyzed comparable timeshare resorts in the northeastern United States areas of New York and Pennsylvania, as well as Wisconsin and Tennessee, to determine projected pricing for the subject units. Two of the timeshare resorts were selected for comparison due to their inclusion of an indoor waterpark within the resort, as well as having the same management company (Wilderness Resorts) and same timeshare development company (Wyndham Vacation Resort) as the proposed subject. The remaining two resorts (Villa Roma and The Shawnee Pocono Resort) were chosen as comparables due to their proximity to the proposed subject site and inclusion of a ski hill. Of the two remaining resorts Wyndham Vacation Resorts is also the timeshare management company for The Shawnee Pocono Resort. Wherever possible, we have compared the price analysis of the competitive set resorts with those at national levels. The following table indicates the timeshare resorts we analyzed.

<b>Comparable Resort Facilities Timeshares</b>		
<b>Timeshare Developments</b>	<b>Location</b>	<b>Amenities</b>
Wilderness at the Smokies	Sevierville, TN	Indoor waterpark, outdoor waterparks, mini golf, indoor ropes course, laser tag, rock climbing wall, miniature bowling, arcade
Glacier Canyon Lodge at Wilderness Resort	Wisconsin Dells, WI	Indoor/outdoor waterparks, golf course, Wisconsin Dells nearby, tubing hill, arcade
Villa Roma	Callicoon, NY	Indoor & outdoor pools, golf course, tennis courts, meeting facilities, ski hill, bowling lanes, spa, theater, fitness center, restaurants
The Shawnee Pocono Resort	Shawnee on the Delaware, PA	Skiing and golfing, indoor & outdoor pools, miniature golf, tennis courts, recreation center, Shawnee Playhouse, shopping nearby

Source: Hotel & Leisure Advisors

On the following pages, we provide detailed information about each of these timeshare resort facilities in order to provide sufficient data to estimate the projected sale prices for the subject facility.

**Wyndham Vacation Resorts Great Smokies Lodge**

As part of the Wilderness at the Smokies Resort, the Wyndham Vacation Resorts Great Smokies Lodge is located in Sevierville, Tennessee. The Wilderness at the Smokies Resort was developed in 2008; however, the first timeshare units opened in 2009. The resort has 470 rooms of timeshare in 235 units. The resort offers many amenities including two outdoor waterparks, a 66,000 square foot indoor waterpark, a three-story ropes course, rock climbing wall, laser tag, laser maze, mini golf, miniature bowling, arcade, two restaurants, and gift shops. The property adjoins the Sevierville Golf Club, which has two 18-hole golf courses that guests can utilize for a fee. The timeshare units at this resort are one-, two-, three-units as well as two-, three- and four-unit Presidential Suites. Its timeshare units are Gold Crown status as provided by Resort Condominiums International (RCI). Gold Crown status is awarded by RCI to the resorts with better amenities and a higher level of services to its guests. The timeshare units are close by the indoor waterpark, however, they do not have an interior corridor connection. The outdoor waterparks feature mat racer slides, 39-foot vertical drop slide, wave pool, lazy river, multi-level play structure, tube slide, body slide, activity pool, and zero depth pool. The Wild WaterDome indoor waterpark features a four person tunnel slide, wave pool, indoor/outdoor hot tub, five-story family raft ride, FlowRider, and multi-level play feature with a tipping bucket. The resort also adjoins the Sevierville Convention Center which features 108,245 square foot exhibit hall, 19,290 square foot ballroom, four meeting rooms, rotunda, large pre-function areas and pre-installed tent anchors on the south side of the building to accommodate outdoor events.

The following table depicts the square footage and price range for the timeshare units at this property.

<b>Timeshare Intervals Price Analysis Wyndham Vacation Resorts Great Smokies Lodge</b>			
<u># of Bedroom</u>	<u>Sq. Footage</u>	<u>Price</u>	<u>Annual Maintenance Fees</u>
1	770	\$15,750-\$26,250	\$575
2	1,090-1,468	\$21,000-\$45,000	\$2,000
3	1,360-1,967	\$26,250-\$60,000	\$2,100
4	2,190	\$45,000-\$75,000	\$3,264

Source: Wyndham Vacation Resorts & Sell My Timeshare Now

The price per square foot per interval (timeshare week) ranges from \$20.45 to \$34.25 at this resort. The resort includes access to the indoor and outdoor waterparks as part of its timeshare ownership. According to representatives with Wyndham, the waterpark rate is included in the annual maintenance fees.

**Comparison to Subject:** This facility offers many similar amenities to those at the proposed subject property, including timeshare units, lodging, dining facilities, an indoor waterpark, and is adjacent to a golf course. However, this resort is near many other major family attractions including Dollywood and the Great Smoky Mountains National Park. This resort is relatively new having opened in 2008/2009. Timeshare owners at the property can trade their units with other owners affiliated with Resort Condominiums International (RCI) and Wyndham Vacation Resorts.



### **Glacier Canyon Lodge at Wilderness Resort**

The Wilderness Indoor Waterpark Resort has existed in the Wisconsin Dells area since 1996. However, the timeshare component of the Wilderness Resort began operation in the spring of 2007. The Wilderness Resort offers many amenities similar to those at the subject's timeshare resort, including restaurants, timeshare units, arcade, and indoor waterpark.

The first phase of the timeshare development included 112 vacation ownership units. The resort's first phase, which is considered sold out, includes a combination of one-, two-, three- and four-bedroom units, 18 of which are high-end penthouse-style Presidential Suites. The second phase of the timeshare development includes an additional 112 units with interior corridors providing access to all Wilderness Hotel and Golf Resort amenities throughout the year.

The resort is operated and units sold by Wyndham Vacation Ownership. Through a joint venture with the Wilderness Hotel and Golf Resort, Wyndham timeshare owners are able to enjoy all resort amenities including three indoor waterparks totaling nearly 225,000 square feet, and more than 200,000 square feet of outdoor waterparks, encompassing the equivalent of more than seven football fields. The resort area also includes an indoor play park, a variety of restaurants and more. Glacier Canyon Golf Club, a championship 18-hole golf course designed by world renowned golf course designers Hurdzan Fry, recently opened at the resort. The Glacier Canyon section of the resort features an outside ice skating rink and a snow-tubing run for wintertime fun. The following table depicts the square footage and price range for the timeshare units at this property.

<b>Timeshare Intervals Price Analysis Glacier Canyon Lodge at Wilderness Resort</b>			
<u># of Bedroom</u>	<u>Sq. Footage</u>	<u>Price Range</u>	<u>Annual Maintenance Fees</u>
1	900	\$8,500-\$23,000	\$300-\$500
2	1,226-1,524	\$11,600-\$46,200	\$500-\$740
3	1,300-2,100	\$16,800-\$60,000	\$900-\$1,800
4	2,300	\$24,900-\$67,500	\$1,200-\$3,000

Source: Wilderness Resort & Sell My Timeshare Now

The price per square foot per interval (timeshare week) ranges from \$9.44 to \$29.35 at this resort. The overall average price for units at the Glacier Canyon Lodge at the Wilderness is approximately \$30,000. The maintenance fees include usage of the indoor waterpark.

**Comparison to the Subject:** In comparison to the proposed subject, the units at the Wilderness offer a wider range of sizes including very large four-bedroom units which boosts the overall purchase price figure. The facility offers a much larger indoor waterpark than what is proposed for the subject resort. However, the overall resort contains over 1,000 rooms, which is substantially larger than the proposed subject and can feel very crowded. The presence of the waterparks allows the resort to achieve higher timeshare point prices. The timeshare owners do not pay to use the waterparks; rather, they pay higher association dues which include maintenance costs of the waterparks.

**Villa Roma**

The Villa Roma Resort is located 24 miles west of the subject site in Callicoon. This property began selling timeshare intervals in 1982. The hotel lobby and meeting space portion of the resort underwent a massive \$27 million renovation following a fire in April 2006. The resort completed the renovation in September 2008. Villa Roma offers a wide range of activities for families including a new outdoor water playground, five indoor and outdoor pools, indoor tennis, a fitness center, 18-hole championship golf course and club house, an arcade, bumper boat pool, go-cart track, horseback riding, a spa, gift shop, bowling facility, ski/tubing hill, and supervised children's programs. It offers four ski slopes, tubing runs, a double chair lift, and a T-bar surface lift. Additional amenities at this resort include a 600-seat ballroom, 1,000-seat night club, a lounge and dance club, a café, and 30-person whirlpool. Many of the resort's hotel rooms were closed between 2006 and 2008 due to the fire, but the timeshare units were unaffected. The timeshare portion of the resort currently consists of one- and two-bedroom units. Most of the resorts intervals have been sold to date. Historically Villa Roma Resort had been a fixed week timeshare resort, meaning purchases of a timeshare were for a specific unit and a specific week. In 2013, the property developed with Interval International a program that allowed timeshare owners to acquire points to use within the Interval program as well as trading of the owner's timeshare unit.

The following table depicts the square footage and price range for the units at this property.

<b>Timeshare Intervals Price Analysis Villa Roma</b>			
<u># of Bedroom</u>	<u>Sq. Footage</u>	<u>Price</u>	<u>Annual Maintenance Fees</u>
1	398	\$3,500-\$8,000	\$650
2	775-950	\$5,000-\$19,900	\$700-\$800

Source: Villa Roma Resort & Sell My Timeshare Now

The price per square foot per interval (timeshare week) ranges from \$8.79 to \$20.95 at this resort.

**Comparison to Subject:** Among the comparable timeshare resorts the resort is closest to the proposed subject. The resort lacks an indoor waterpark but offers numerous indoor and outdoor pools, including one with a water playground. Similar to the subject, the resort offers a modest ski/tubing hill and 18-hole golf course. Like the subject, its timeshare owners wishing to shop or enjoy other amenities have to drive a few miles to other nearby facilities. Villa Roma is a member of Interval International.

### **The Shawnee Pocono Resort**

The Shawnee Pocono Resort is owned and operated by Wyndham Vacation Resorts. The resort is nestled along the scenic Delaware River adjacent to the 70,000 acre Delaware Water Gap National Recreation Area in East Stroudsburg, Pennsylvania. Timeshare villas are fully furnished and offer two bedrooms and two baths. Villas include one queen bed in a master bedroom, two double beds in a guest bedroom, two bathrooms, a full kitchen, patio, cable television, and sleep six to eight people. The resort features skiing and snow tubing at Shawnee Mountain (with 23 slopes, 10 lifts, and 100% snowmaking), 27 holes of golf, indoor and outdoor pools, tennis courts, miniature golf, canoeing, rafting, hiking, and mountain biking. Discounts are available to timeshare owners for many activities, including skiing at Shawnee Mountain. The resort offers nine distinct "villages" that have been developed in phases over the years. Shawnee is currently expanding its most recent development called Crestview, which began in 2008.

The following table depicts the square footage and price range for the timeshare unit resales at this property.

<b>Timeshare Intervals Price Analysis The Shawnee Pocono Resort</b>			
<u># of Bedroom</u>	<u>Sq. Footage</u>	<u>Price</u>	<u>Annual Maintenance Fees</u>
2	1,000-1,500	\$15,750-\$30,450	\$485-\$700

Source: The Shawnee Pocono Resort

The price per square foot per interval (timeshare week) ranges from \$15.75 to \$20.30 at this resort.

**Comparison to Subject:** The property is part of RCI and Interval International programs. The resort is located in the Pocono Mountain region, which is a well known area for leisure vacationers. The resort lacks an indoor waterpark, but offers an indoor pool with spray features. Like the subject, its timeshare owners wishing to shop or enjoy other amenities have to drive a few miles to other nearby facilities.

### **Additional Timeshare Resorts Proposed**

The majority of the timeshare resorts in New York and Pennsylvania are mature developments that are no longer constructing or selling new units. Exceptions include the Shawnee Pocono Resort which is selling new units.

## **ANNUAL DUES AND SEASONALITY FOR THE SUBJECT TIMESHARES**

### **Annual Dues (Maintenance Fees)**

Annual dues and/or maintenance fees are the same terms but named differently at different timeshare resorts. Every timeshare owner pays a certain annual dues for the upkeep of their timeshare units and related taxes and insurances. Annual dues typically include real estate taxes, housekeeping expenses, administration, security, utilities, maintenance and repairs, transportation throughout the resort, and property and general liability insurance. A portion of the maintenance fee is to build up reserves to pay for the non-recurring costs like furniture and appliances. A reserve is also typically set up to pay

for other capital costs incurred because of physical deterioration. The amount of the yearly maintenance fee typically depends on the size, location, and amenities of the resort. Although some of the amenities are free for their timeshare owners, many resorts still charge the timeshare owners for extra amenities offered at their resorts.

According to the *State of the Vacation Timeshare Industry: United States Study 2013 Edition*, the overall average maintenance fee per interval owned was \$822 in 2012. Increasing maintenance fees are noted in that the average was \$350 for those individuals purchasing in 1996, \$414 for those purchasing in 1999, \$497 for those purchasing in 2005, and \$575 for those purchasing in 2007.

The following table indicates the range of annual dues at competitive resorts previously presented.

<b>Annual Dues (Maintenance Fees) Timeshare Resorts</b>		
<b>Name</b>	<b># of Bedroom</b>	<b>Annual Fees</b>
Wilderness at the Smokies	2	\$2,000
	3	\$2,100
	4	\$3,264
Glacier Canyon Lodge at Wilderness Resort	1	\$300-\$500
	2	\$500-\$740
	3	\$900-\$1,800
	4	\$1,200-\$3,000
Villa Roma	1	\$650
	2	\$700-\$800
The Shawnee Pocono Resort	2	\$485-\$700
Source: Individual resorts		

The annual dues at the competitive set resorts ranged from \$300 to \$3,264. Typically the larger units with the most bedrooms have higher annual dues. The annual dues for two-bedroom timeshare weeks ranged from \$485 to \$2,000 in the comparable set.

Based on the preceding analysis, we project the maintenance fees at the subject property of between \$800 and \$1,400. We project the one-bedroom units will be in the lower half of the range and the three-bedroom units in the upper half of the range. We project and recommend that the maintenance fees include four to eight wristbands for indoor waterpark admission per timeshare interval (week) dependent upon the number of people the unit sleeps. We recommend that timeshare owners be given the opportunity to purchase additional indoor waterpark admission day passes at a discounted rate.

We have projected maintenance fees within the range of the comparables, as we project \$100 of the maintenance fees to be allocated to the indoor waterpark. We project an overall average of \$900 per unit in the first year. We have shown the indoor waterpark portion of the income going to the hotel. The inclusion of the indoor waterpark amenity at the resort will allow the subject to sell intervals at a higher price than other regional resorts. We feel that increasing the subject's maintenance fee rates beyond the range of the comparables could be detrimental to the subject's sales efforts.

Typically, timeshare owners pay a maintenance fee for their interval which includes costs of cleaning the room, property maintenance, waterpark expenses, landscaping, utilities, administrative and general, property taxes, insurance and reserve for replacement. We project that all dues from the timeshare owners will be collected by the subject resort who in turn will act as the management company and pay for these expenses.

Please note that timeshare management companies are not allowed to profit from the annual dues. The dues are spent toward the expenses of the timeshare. Any money left at the end of the year goes toward the reserves. The management company only collects a management fee for handling the day-to-day operations of the timeshare.

### **Seasonality**

The seasonality and sales price is determined by market conditions, and the size, location, amenities, and interval that a resort desires to sell. Each resort will have different seasons, and this has a significant impact on the demand of any timeshare property. Most resorts use three principal colors to determine the demand of the season. Red is peak or high season, white is mid season and blue is off-peak or low season. Since demand affects price and trading power, seasonal fluctuation of demand is an important factor to consider. There are very few resorts in the U.S. with all red categories, most of which are located in Hawaii and Florida. According to a representative with Wyndham, it would be unlikely for the proposed subject to have all red category timeshare weeks despite having an indoor waterpark. The following further describes these categories and their applicability with the subject timeshares.

**High season** or peak season is regarded as the time of the year everyone wants to be at the resort (highest demand) due to various amenities offered at the resort and/or in the nearby area. This season is sometimes referred to as "red season." A timeshare owner of this season can check in at that particular resort or trade in with any other resort in any time of the year. Typically, the ownership costs are highest in this season. Currently, the high season includes the months of June through August in the Catskills area. The surrounding areas offering ski resorts also experience periods of high demand during January and February. The months of June through August are regarded as high season due to many summer activities such as golf, fishing, hiking, and boating. We project that the months of mid-December through mid-March, June through August, and all holiday weeks will be high season at the subject property primarily due to the presence of the indoor waterpark amenity and other related facilities. These are the times when schools are not in session due to summer vacations and winter breaks. The indoor waterpark is projected to draw a substantial number of timeshare guests with children. We project that the inclusion of the indoor waterpark in the timeshare purchase price will allow for more weeks to be considered as high season.

**Mid season** is the time of year between off season and peak season. This season is sometimes referred to as "white season." This time of year occurs right before the peak season starts and right after the peak season concludes. The owner of a timeshare week during this season is allowed to check in during the mid season and the off season dates. Typically the ownership costs during this season are between the costs of high and low seasons. This season currently includes weeks within the months of May, September, October and part of November in the subject's area.

**Low season** or off season is the time of year when the resort and location has the least demand. This season is sometimes referred to as “blue season.” A timeshare owner in this season is only allowed to check in and/or trade his or her timeshare during the low season dates. These timeshare weeks typically have the lowest prices primarily due to the lower demand. The off season in the region currently includes weeks within the months of October, November, March, and April (holidays weeks excluded). We project reduced blue time period to two weeks in March, two weeks in April, three weeks in October, three weeks in November and one week in December when school is in session. The following table depicts timeshare weeks in various seasons as reported by RCI and Interval International.

<b>Seasonality at Competitive Timeshare Resorts</b>				
	<b><u>High Season</u></b>	<b><u>Mid Season</u></b>	<b><u>Off Season</u></b>	<b><u>Total</u></b>
Wilderness at the Smokies	41	7	4	52
Glacier Canyon Lodge at Wilderness Resort	26	12	14	52
Villa Roma	17	20	15	52
The Shawnee Pocono Resort	38	6	8	52
<b>Average</b>	<b>30.5</b>	<b>11.3</b>	<b>10.3</b>	

Source: RCI & Interval International

As shown in the preceding table, the Wilderness at the Smokies Resort and the Shawnee Pocono Resort have the highest number of timeshare weeks in the high season. Among these resorts Wilderness at the Smokies offers an indoor waterpark, while the Shawnee Pocono Resort offers skiing. Glacier Canyon Lodge also offers indoor and outdoor waterparks.

We have also considered the seasonality of the nearby Villa Roma Timeshare Resort. The Villa Roma records 17 high demand weeks, 20 mid demand weeks, and 15 low demand weeks during the year. Though this resort has a small ski hill, management states that it is not significant enough to boost winter demand.

The following chart depicts the weeks that we project the subject to sell as high season, moderate season, and low season based upon anticipated demand levels. The numbers are approximate, as the number of weeks in each month will vary from year to year.

<b>Projected Seasonality-Proposed Indoor Waterpark Timeshare Units</b>				
	<u>High Season</u>	<u>Mid Season</u>	<u>Low Season</u>	<u>Total</u>
January	2	1	1	4
February	4	0	0	4
March	2	1	2	5
April	2	0	2	4
May	2	3	0	5
June	4	0	0	4
July	4	0	0	4
August	4	0	0	4
September	0	4	0	4
October	1	1	3	5
November	1	1	3	5
December	<u>2</u>	<u>1</u>	<u>1</u>	<u>4</u>
<b>Total</b>	<b>28</b>	<b>12</b>	<b>12</b>	<b>52</b>

Source: Hotel & Leisure Advisors

**TIMESHARE PRICING AND SALES REVENUE**

**Pricing**

**Price per Square Foot:** We project the subject resort to command a price per interval higher than the average of the comparable timeshare resorts due to its brand new condition and its inclusion of an 80,000 square foot indoor waterpark. We recommend and have assumed that the subject will include up to eight indoor waterpark admissions per interval, which will allow the subject to command higher sales prices. We have further assumed that \$100 of the subject’s average annual maintenance fee charged to owners will be allocated toward the indoor waterpark amenity.

The following chart depicts the price per square foot range of the comparable timeshare resorts.

<b>Price Per Square Foot of Intervals</b>			
	<u>Low</u>	<u>High</u>	<u>Average</u>
Wilderness at the Smokies	\$20.45	\$34.25	\$27.35
Glacier Canyon Lodge at Wilderness Resort	\$9.44	\$29.35	\$19.40
Villa Roma	\$8.79	\$20.95	\$14.87
The Shawnee Pocono Resort	<u>\$15.75</u>	<u>\$20.30</u>	<u>\$18.03</u>
<b>Average</b>	<b>\$13.61</b>	<b>\$26.21</b>	<b>\$19.91</b>

Source: Hotel & Leisure Advisors

The comparables’ price per square foot varies greatly due to the age of the resorts and the size of the units being sold. Villa Roma has the lowest recorded price per square foot of \$14.87, while Wilderness at the Smokies recorded the highest price per square foot of \$27.35.

The following table indicates our projected average prices on a per square foot basis, which result in the overall average price per timeshare week.

<b>Timeshare Development Proposed Indoor Waterpark Resort, Thompson, New York</b>				
<b>Type Of Units</b>	<b>No. of Units</b>	<b>Projected Price</b>	<b>Square Feet</b>	<b>Price/Sq. Ft.</b>
One-Bedroom	40	\$20,000	800	\$25.00
Two-Bedroom	140	\$25,300	1,100	\$23.00
Three-Bedroom	20	\$30,800	1,400	\$22.00
Average (Rounded)	<b>200</b>	<b>\$25,000</b>	<b>1,070</b>	<b>\$23.36</b>
Source: Hotel & Leisure Advisors				

Our projected price per square foot of \$23.36 is within the range of the comparables presented. Our projection is at the high end of the range due to our projection being in 2017 dollars (as that will be the first year of the subject's presales).

**Price per Interval (Week):** In this section, we project the average price per timeshare week and total revenue on an annualized basis for the subject timeshare units. We have presented two industry averages as their price ranges per timeshare week differ significantly. The following table shows timeshare pricing data from a recent publication released by Ernst & Young titled *State of the Vacation Timeshare Industry: United States Study 2013 Edition*. According to the study, resorts sold approximately 366,200 intervals at an average price of \$18,700 per interval, for a total sales volume of around \$6.9 billion.

<b>Distribution of Sale Price</b>	
<b>Sales Price Level (%)</b>	<b>Percent of Resorts Responding</b>
Less than \$5,000	11%
\$5,000 to \$9,999	15%
\$10,000 to \$14,999	15%
\$15,000 to \$19,999	9%
\$20,000 to \$24,999	19%
\$25,000+	30%
Source: 2013 State of the Vacation Timeshare Industry: U.S. Study (Ernst & Young)	

As shown in the preceding table, 41% were sold for a price less than \$15,000; 9% were sold for a price between \$15,000 and \$19,999; and 49% of timeshare weeks were sold for a price of \$20,000 or more. The reported average price for point-equivalent intervals was \$18,723; for weekly intervals it was \$24,710. The preceding chart shows the distribution of sales prices across resorts, demonstrating that there is a wide range of prices available for intervals.

There are several price concepts that are typically used when analyzing pricing: simple average price, weighted average price, and median price. The simple average price treats each company equally, and does not distinguish larger and smaller volume companies.



The weighted average price gives more weight to the prices of those companies who sold more weeks. Consequently, the weighted average price reflects sales activity and represents a measure closer to what a typical purchaser paid for a timeshare week. The following chart depicts median and average prices of timeshare weeks sold in 2012.

<b>Median and Average Prices of a Timeshare Week - U.S. 2012</b>	
Simple Average	\$21,018
Median	\$19,635
Weighted Average	\$23,996
Source: Financial Performance 2013: Survey of Timeshare & Vacation Ownership Companies	

The weighted average price per timeshare week in 2012 was \$23,996. As previously detailed, buyers have more confidence in public companies and are willing to purchase their timeshare weeks at a higher premium than they would from private companies. The average price per timeshare week is not necessarily for a two-bedroom timeshare unit, but for units ranging primarily from a studio to four bedrooms.

The Wilderness at the Smokies and Glacier Canyon at the Wilderness Resort offer indoor waterparks. The remaining two resorts in the competitive set do not offer an indoor waterparks. Maintenance fees at Glacier Canyon and Wilderness at the Smokies include the owners' ability to use the waterpark. We recommend the subject include up to eight daily indoor waterpark passes good for the entire week purchased. The admission is recommended to be included in the maintenance fees paid. The amount of indoor waterpark passes included will vary depending upon the size of the timeshare unit chosen. For example, purchasers of a three-bedroom will be allotted eight indoor waterpark passes, a two-bedroom will be allotted six indoor waterpark passes, while purchasers of a one-bedroom unit will be allocated four passes. We further recommend that guests who are exchanging their interval (purchased elsewhere) for a stay at the subject resort be given complimentary indoor waterpark admission.

We also recommend that the subject offer timeshare buyers discounts at the resort's multiple revenue centers (such as the restaurant and gift shop).

The following table indicates our projected average prices for various seasons which result in the overall average price per timeshare week.

<b>Sale Prices of the Subject Timeshares-2017 Dollars</b>					
	<b>Low</b>	<b>High</b>	<b>Average</b>	<b>Weeks Projected</b>	<b>Total</b>
High Season	\$21,000	\$40,500	\$30,750	28	\$861,000
Moderate Season	\$16,200	\$28,000	\$22,100	12	\$265,200
Low Season	\$10,000	\$21,000	\$15,500	12	\$186,000
<b>Total</b>				52	\$1,312,200
<b>Overall Price Per Timeshare Week (Rounded)</b>					<b>\$25,000</b>
Source: Hotel & Leisure Advisors					

Based on our analysis and considering the indoor waterpark at the subject, we project 28 weeks in high season, 12 weeks in moderate season, and 12 weeks in low season for the subject intervals. The high season for the subject property primarily accounts for mid December through mid March (when beginner skiing and snow tubing at the resort is possible and winter and spring school breaks take place) and June through August (when schools are not in session and most families take summer vacations). The moderate season accounts for various weeks in April and September and various weeks in May, October, and November. The low season accounts for various weeks in March through May and October through December.

The preceding analysis indicates that the overall sale prices for the subject property will range from \$10,000 to \$40,500 depending heavily upon seasons and demand, which will average at \$25,000 in the first year in 2017 dollars. We have considered the different sizes of units in our analysis, and have assumed that the lowest price of \$10,000 will be for the subject's one-bedroom units (during low season) while the highest price paid of \$40,500 will be for the largest three-bedroom units (during the peak season). Our average price per timeshare week is higher than the industry standards previously shown because we have projected the average price for the subject timeshare week in 2017 dollars against the standards shown in 2012 dollars. We have also considered the subject's newness and the proposed amenities, including the indoor waterpark. The rate is projected to increase with inflation assuming the overall resort will become popular in the area and achieve a higher demand.

**Pricing Conclusion:** Based on the preceding analysis, we project the following to be the subject's rack rates for purchase of the timeshare weeks.

<b>Rack Rates of the Subject Timeshares-2017 Dollars</b>		
	<b>Low</b>	<b>High</b>
High Season	\$21,000	\$40,500
Moderate Season	\$16,200	\$28,000
Low Season	\$10,000	\$21,000

Source: Hotel & Leisure Advisors

The preceding rate structure represents the appropriate published prices for the proposed subject intervals on either a points-based or weeks-based system. We assume that these rates will include up to eight weekly indoor waterpark passes depending upon the number of people the unit sleeps. The rates are presented in 2017 dollars as we project the subject to begin pre-selling intervals in 2017. We considered the competitive rate structuring at comparable resorts shown previously as references.

**Sales Revenue:** The following table indicates our projections for pricing per timeshare week and annual gross sales.

**Proposed Indoor Waterpark Resort, Thompson, New York  
Timeshare Market Analysis**

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Proposed Resort -Thompson, New York							
Gross Income From Sales							
	Presale 2017	2018	2019	2020	2021	2022	Total
# of Intervals Sold	1,000	2,500	2,200	2,000	1,700	1,000	10,400
Average Sale Price per Interval	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$26,844
Gross Income From Sales	\$25,000,000	\$64,375,000	\$58,349,500	\$54,636,350	\$47,834,124	\$28,981,852	\$279,176,826
Source: Hotel & Leisure Advisors							

## **INTRODUCTION**

The timeshare absorption analysis is based upon the premise that the value of a property is represented by the present worth of anticipated future benefits. We assume that the developers would rent any unsold timeshare units on a nightly basis to guests of the proposed indoor waterpark resort, but project that the subject will have strong presales so that figure will be small. We project the popularity of the subject's hotel and indoor waterpark will assist in the sale of the timeshare units. We assume the planned casino and entertainment village will open prior to the opening of the timeshare units. We have assumed the indoor waterpark resort will open on January 1, 2017, and the presale of the timeshare units will begin with the opening of the indoor waterpark resort. We project the opening of the first timeshare building to be January 1, 2018. We project that some of the timeshare weeks will be presold primarily toward the end of the construction period of the timeshares. These presold weeks are included in the 2017 sales total. We have accounted for the timeshare week sales on an annualized basis in this analysis.

The sale of the timeshare weeks, less all carrying costs associated with the sale of these timeshare weeks, results in a net income attributable to the finished project. Typically, by discounting these cash flows over the applicable absorption period, an estimate of the present value of the development is calculated.

We note that we have not performed a market value appraisal on the timeshare units per the scope of our engagement. However, we have provided a value estimate based upon criteria typically utilized to value a similar development. Appropriate expenses, including sales commissions, insurance, real estate taxes, utilities, administration and fees as well as a profit as an inducement to the developer, are typically deducted to estimate a true net cash flow. This series of cash flows is then converted to a present value, by applying appropriate present value factors. The cumulative present value of all cash flows is an indication of the value of the project. For this analysis we estimated a reasonable discount rate. A detailed discussion of the revenues, expenses and discount rate will follow.

### **Timeshare Absorption**

We have projected the timeshare weeks absorptions based on the industry standards and comparables. Deloitte & Touche distributed a survey directly to 217 timeshare and vacation ownership resort development companies on January 21, 2013, through March 19, 2013. The results of this survey were published in a report titled *Financial Performance 2013: A Survey of Timeshare & Vacation Ownership Companies*. As of March 19, 2013, 23 companies or 11% of those surveyed, responded. This set encompassed 322 resorts in active sales during 2012.

The following table depicts the timeshare weeks sold at various companies as surveyed by Deloitte & Touche in 2012.

**Distribution of Companies by Annual Number of Weeks Sold - U.S. 2012**

**Number of Weeks Sold      Percent of Companies**

Less Than 1,000	28.6%
1,000 to 4,999	19.0%
5,000 to 9,999	9.6%
10,000 to 14,999	19.0%
Over 15,000	23.8%

Source: Deloitte & Touche based on 23 company survey responses

As shown in the preceding graph, 47.6% of the timeshare resorts sold less than 5,000 timeshare weeks on annual basis. Of the 23 Deloitte & Touche survey respondents, six companies are publicly-traded companies or subsidiaries of publicly traded companies, and 17 are privately held. The six public companies that provided sales information account for 60.8% of net originated U.S. sales reported by the respondents. This clearly indicates that timeshare buyers have more confidence in the publicly traded companies such as Wyndham, Marriott, Hilton, Disney and Hyatt than in private companies. Larger private companies with many amenities available at the resort sell more timeshare units than smaller private companies. Our analysis also indicates that the number of timeshare weeks sold is higher during the initial period of the opening, which we have considered in our analysis.

### **COMPETITIVE ADVANTAGES AND DISADVANTAGES OF TIMESHARE UNITS**

We have considered the following advantages and disadvantages in estimating the number of weeks sold per year.

#### **Advantages**

- We assume the timeshare complex will be affiliated with Wyndham Vacation Resorts or another public traded company providing a higher level of confidence and pricing to potential buyers.
- There are currently no other timeshare resorts in the Thompson/Monticello area of New York. The closest local competitor will be the Villa Roma Resort (located in Callicoon), but this property is approximately one half hour northwest of the subject site.
- The subject overall resort development will feature an indoor waterpark facility unlike most of the timeshare resorts located in the region. Only the Great Wolf Lodge Poconos and Split Rock Resort in Lake Harmony offer an indoor waterpark. The presence of the indoor waterpark at the proposed subject will be a competitive advantage over many of its regional competitors.
- The indoor waterpark is popular for guests on a year-round basis and will help the subject resort attract timeshare buyers on a wider range of weeks than most of the existing hotels in the downstate New York/Catskills area.

- The overall resort is located in the Catskill Mountains area which enjoys a long history of attracting leisure travelers.
- The proposed resort will be managed by Wilderness Resorts, which has successfully partnered with Wyndham Vacation Resorts to sell timeshare buildings in Wisconsin Dells, Wisconsin, and Sevierville, Tennessee.
- The proposed subject is located within a population base of 43.2 million people in its 180-mile radius.
- The proposed subject resort will offer easy access from State Route 17.
- The proposed and existing overall development of the subject represents the newest full-service lodging property of its kind in the area with amenities such as hotel rooms, indoor waterpark, adventure park, and timeshare units.

**Disadvantages**

- Though the subject’s location along State Route 17 offers easy access, State Route 17 is less of a major thoroughfare in the area than the more heavily traveled Interstate 87 through the Catskills.
- The proposed timeshare resort is not likely to appeal to retired couples or couples without children due to its inclusion of a youth-oriented indoor waterpark and amenities. However, the development of the casino resort nearby within the overall complex will offer additional amenities and provide multi-generational options for older guests without children.
- The Sullivan County resort market suffers from a number of well-publicized resort closings, including the Concord Resort, and a new reputation for a family destination will need to be created.

Based on the preceding analyses, we have projected absorption for the subject timeshare weeks as presented in the following table. Our projection assumes that the subject will open in January of 2018 with 50 units and add 50 more units each year, completing the final expansion in 2022 with a total of 200 units at the timeshare resort. An additional 350 hotel rooms and an indoor waterpark are projected to open in 2017 as part of the overall development. Our assumption is that the resort hotel with indoor waterpark is open before the presales begin to allow for faster absorption and better pricing.

<b>Proposed Resort -Thompson, New York</b>							
<b>Gross Income From Sales</b>							
	<b>Presale 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
# of Intervals Sold	1,000	2,500	2,200	2,000	1,700	1,000	10,400
Average Sale Price per Interval	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$26,844
Gross Income From Sales	\$25,000,000	\$64,375,000	\$58,349,500	\$54,636,350	\$47,834,124	\$28,981,852	\$279,176,826
Source: Hotel & Leisure Advisors							

We project presales of 1,000 units before the opening of the first 50 timeshare units (in 2018). We project presales to continue at a brisk pace as the resort stabilizes, and project a

percentage of the sales of the additional 50-unit buildings (in 2019-2021) to each precede their openings. Therefore, we project 2,500 sales in 2018; 2,200 sales in 2019; 2,000 sales in 2020; 1,700 in 2021, and the remaining 1,000 sales to occur in 2022.

Our analysis assumes the subject timeshare resort will offer 200 timeshare units representing 10,400 available weeks. Timeshare owners and exchange guests will have access to the 80,000 square feet of indoor waterpark and other related amenities of the resort as described in the Area Analysis and Descriptive Data Section. The projected timeshare weeks sold are net, after the rescissions as further described later in the section.

**Source of Timeshare Sales**

Based on our projected number of occupied hotel rooms and regional population totals, we have made estimates as to the breakdown of the projected timeshare interval purchasers' sales demand. Derived from our research, experience, and knowledge, we have projected that approximately 3.4% of the projected hotel guests of the subject hotel will be timeshare purchasers. This equals 9,018 timeshare buyers, or 87% of overall buyers. This number represents the vast majority of the subject's projected buyers, as we project most people to stay overnight at the subject resort prior to committing to the purchase of an interval. The timeshare marketing department will offer special packages (called mini vacations) to stay at the hotel to experience the timeshare facility. We have also considered that local area residents from the surrounding 180-mile area will be interested in purchasing intervals at the subject property regardless of whether they have stayed at the resort.

<b>Projected Timeshare Sales Demand 2017-2022</b>	
Project Hotel Occupied Room Nights 2017-2022 at Subject Hotel	530,493
Average Length of Stay (nights)	÷ 2
Projected # of Potential Timeshare Buyers from Subject Hotel	265,246
Est. % of Purchasers	3.4%
<b>Est. # of Timeshare Buyers from Subject Hotel</b>	<b>9,018</b>
# of Households within 180-Mile Radius of Subject ('13 Est.)	16,296,072
Est % of Purchasers	0.0085%
<b>Est. # of Timeshare Buyers from 180-Mile Radius</b>	<b>1,385</b>
<b>Est. Total # of Timeshare Purchasers</b>	<b>10,404</b>
<b>Rounded</b>	<b>10,400</b>
Source: STDB and Hotel & Leisure Advisors	

**Rescissions**

Also known as a "cooling-off-period," it is the period the buyers are allowed to rescind and/or receive a refund from purchasing the timeshare weeks from a particular resort. Most of the managers we interviewed indicated that they allow for a one week rescission period for timeshare purchasers. According to the Deloitte & Touche survey, a majority of resorts (61.9%) reported having rescissions of less than 15% as shown in the following table.

<b>Distribution of Companies by Rescission Rate Classes - U.S. 2012</b>	
<b>Rescission Rate</b>	<b>Percent of Companies</b>
Less than 10%	28.6%
10% to 14.9%	33.3%
More than 15%	38.1%

Source: Financial Performance 2013: A Survey of  
Timeshare & Vacation Ownership Companies

Our analysis accounts for net timeshare weeks sold (i.e. timeshare weeks sold after rescissions). Accordingly, we have not accounted for the rescissions deductions in our analysis.

### **Unit Sales Price Appreciation**

In order to determine an appropriate appreciation for the value of the units, we have analyzed the historical appreciation of unit values in the subject's area. Unit prices in the subject's area for all residential property have had modest appreciation. The region experienced a sharp decline in housing prices during the recent economic downturn and has been slowly recovering. Timeshare units will typically follow this trend, and we estimate an annual appreciation of 3.0% per year for the developer's sales.

**Net Rental Income:** Rental income for timeshare units occurs prior to all of the developed units selling out. In the case of the proposed subject, we recommend and assume that the 200 timeshare units be developed over a four-year period in 50-unit buildings. We have further assumed that the subject will aggressively pre-sell the intervals throughout each successive phase of development. Therefore, we have projected no rental income as the subject is not projected to have a substantial inventory of unsold units.

### **EXPENSE ANALYSIS**

In the income approach to value, certain costs must be recognized as the holding and sales costs associated with the property. The costs, which the developer/seller will incur, include marketing and commissions expenses and general and administrative. In accordance with industry standards, homeowner association fees and maintenance costs have not been segmented, as the bulk of these costs are passed onto timeshare owners, and the remainder are included under the general and administrative category. These expenses are projected for the timeshare units and exclude expenses for the waterpark, hotel and other amenities not directly associated with the timeshare units. The base inflation rates, as well as the individual line items, are discussed below.

### **Sales, Marketing and Commissions**

These include payroll and related benefits, commissions, the cost of advertising in various media such as newspapers, magazines and directories, as well as direct mail campaign, billboards and miscellaneous sales and marketing expenses. Many timeshare resorts provide their potential buyers with mini vacations at substantially discounted prices that typically



include a one- or two-night stay as well as discounted prices and/or free uses of other amenities provided at the property. These expenses are also included in this line item.

The following table shows sales commissions and other sales and marketing costs for timeshare resorts surveyed by Deloitte & Touche for 2011 and 2012. Both sales commissions and other sales and marketing costs declined from 2011 to 2012. Accordingly, the overall sales commissions and other sales and marketing costs for the timeshare resorts decreased only slightly in 2012 by 2.6%.

<b>Sales and Marketing Costs as a Percentage of Net Originated Sales Value - U.S. 2011 - 2012 (core company set)</b>		
	<b>% of Total Sales</b>	
	<b>2011</b>	<b>2012</b>
Sales Commissions	14.0%	13.1%
Other Sales and Marketing Costs	25.4%	23.7%
Total	39.4%	36.8%
Source: Financial Performance 2013: A Survey of Timeshare & Vacation Ownership Companies		

However, private companies accounted for higher sales and marketing costs than the public companies as presented in the following table.

<b>Total Sales and Marketing Costs by Company Category - U.S. 2012</b>	
	<b>% of Total Sales</b>
<b>All Companies</b>	39.3%
<b>Primary product offering categories</b>	
Intervals	41.0%
Points	38.3%
<b>Ownership categories</b>	
Public Companies	35.6%
Private Companies	44.9%
<b>Company size categories</b>	
Greater than \$250 million	37.6%
Between \$25 million and \$249 million	48.2%
Less than \$25 million	45.6%
<b>Average price per week categories</b>	
\$25,000 or more	38.7%
\$15,000 to \$24,999	38.1%
Less than \$15,000	48.3%
Note: Sales and Marketing Costs as a percent of total net originated sales and will not equal 100%.	
Source: Financial Performance 2013: A Survey of Timeshare & Vacation Ownership Companies	

Based on this survey and our interviews with the area managers, we project the subject's sales, marketing and commissions costs to be at 39.0% of total net revenue in the first year and throughout the projection due to the newness of the subject's timeshare units and the necessity for the subject to bring potential buyers to the property for discounted or complimentary "mini vacations" as a selling tool. Our projection is similar to the 38.7% average sales and marketing costs depicted above (in the \$25,000 or more per week category) due to marketing and cross-promotional opportunities that will exist with the proposed 350-room hotel and indoor waterpark and considering the Catskills location of the subject.

### **General and Administrative Costs**

General and administrative costs include miscellaneous expenses such as salaries and benefits, postage, accounting, telephone costs, and any legal costs. The following table indicates the general and administrative costs for private companies to be higher than those of public companies. The overall general and administrative costs for both public and private companies averaged at 6.8% of their overall revenue.

<b>General and Administrative Costs by Company Category - U.S. 2012</b>	
	<b>% of Total Sales</b>
<b>All Companies</b>	6.8%
<b>Primary product offering categories</b>	
Intervals	6.2%
Points	7.1%
<b>Ownership categories</b>	
Public Companies	6.2%
Private Companies	7.6%
<b>Company Size categories</b>	
Greater than \$250 million	6.5%
Between \$25 million and \$249 million	8.4%
Less than \$25 million	10.4%
<b>Average price per week categories</b>	
\$25,000 or more	3.7%
\$15,000 to \$24,999	8.2%
Less than \$15,000	6.8%
Source: Financial Performance 2013: A Survey of Timeshare & Vacation Ownership Companies	

We estimate the general administrative costs for the subject property at 7.0% of total sales revenue or \$4,506,250 in 2011. Our projection is slightly above the 6.8% overall average A&G costs depicted and above the 3.7% average in the \$25,000 or more per week category. However it is beneath the 8.2% average costs shown in the \$15,000 to \$24,999 per week category. This is due to marketing and cross-promotional opportunities that will exist with the proposed indoor waterpark resort, casino resort, and family entertainment center. While projecting these expenses, we have considered that some components of these costs for the timeshare units will intermingle with those of waterpark and hotel. These expenses have been decreased throughout the projection as the total number of timeshare week sales decreases.

### **Consumer Financing (Hypothecation)**

Financing is often offered to the purchasers of timeshare by developers through a third-party lender specializing in this type of financing, and this operation can be a substantial profit center for vacation ownership projects. For example, at present, most vacation ownership companies in the United States borrow from banks at a rate of approximately 6.0% to 8.0% and lend to their buyers at rates from 12.1% to 16.7%, profiting from the interest rate arbitrage. Alternatively, developers run the risk of buyer default, which ranges between 4% and 6%.

The following chart depicts average interest rates timeshare companies offered to their buyers in 2012 as reported by Deloitte & Touche.

<b>Average Interest Rate by Company Category - U.S. 2012</b>	
	<b>Interest Rate</b>
<b>All Companies</b>	14.1%
<b>Primary product offering categories</b>	
Intervals	14.3%
Points	13.9%
<b>Ownership categories</b>	
Public Companies	13.7%
Private Companies	14.7%
<b>Company Size categories</b>	
Greater than \$250 million	13.8%
Between \$25 million and \$249 million	15.3%
Less than \$25 million	12.9%
<b>Average price per week categories</b>	
\$25,000 or more	12.5%
\$15,000 to \$24,999	14.6%
Less than \$15,000	15.8%
Source: Financial Performance 2013: A Survey of Timeshare & Vacation Ownership Companies	

Development companies reported that weighted average interest rates vary by price point. Overall, the companies at the higher price points tend to have lower average interest rates. Additionally, public companies, on average, financed their net sales at a lower average consumer interest rate than did private companies. According to the Deloitte & Touche survey the average deposit by a buyer for core company set was 19.8% of purchase price in 2012. This financing is collateralized by a first mortgage or similar security interest on the underlying interval. The terms of timeshare loans generally range from six to 10 years.

Some companies enter into agreements with lenders for the financing of customer receivables (hypothecation loans). Under these arrangements, the vacation ownership company pledges as security qualified purchaser promissory notes to the lenders, who typically lend 75% to 95% of the principal amount of such notes to the timeshare company. Payments under these promissory notes are made by the timeshare purchaser directly to a payment processing center and such payments are credited against the developer's outstanding balance with the respective lender.

We recommend that the subject developer begin discussions with potential timeshare lenders as soon as possible as interest rates remain at historically low levels.

For the subject timeshare analysis, we have projected that approximately 50% of the purchases will obtain loans from the developer to assist the buyer in purchasing the timeshare week. We have projected the developer will earn an interest rate spread of four points (4%) representing the difference between the cost of borrowing the money from the bank and the interest rate charged to the consumer. We have amortized the interest rate over a five-year period.

### **Base Inflation Rate**

We have already discussed the estimated appreciation/depreciation of unit values. In order to be accurate with respect to the estimated holding costs and costs of sale, we must also use a base inflation rate. Future inflation expectations are based on our analysis of historic economic indicators, as well as forecasts of various economic indicators that have been made by research groups and investors.

The assumed 3.0% per annum rate of inflation for the analysis is derived by a review of historical increase to the Consumer Price Index (CPI). To the extent that actual rates differ from this percentage, the estimates would have to be adjusted. All expense items were first calculated in 2017 dollars. We have projected a 3% inflationary growth for expenses.

The table indicating our projected revenues and expenses follows the discussion of the discounted cash flow.

### **DISCOUNTED CASH FLOW ANALYSIS**

The discounted cash flow analysis begins with the development of net cash flow (sales revenue earned in excess of holding and sales costs) over an estimated sell-out period. The annual cash flows are then discounted at the market-indicated required rate of return in order to formulate an indication of value. In some valuations for timeshare or condominiums, a discount rate is utilized as well as a separate deduction for profit. Based upon our work for various lenders, we have utilized a combined discount or yield rate which reflects both the cost of capital and the profit incentive. We have made no separate deduction for profit.

In estimating a discount rate applicable to the subject investment, we have considered the unique investment characteristics of the proposed timeshare units, compared with the various investment types. The performance of real estate is dependent upon and could fluctuate with the degree and quality of management, unexpected competition, disasters, or economic cycles in the market. Therefore, it entails a greater degree of risk than instruments such as government-backed bonds or fixed-rate mortgages.

Based upon the subject's location in Thompson, New York, our assumption of a developer's profit, and the projected development of the overall resort, we have chosen a 20.0% discount rate. Our discount rate assumption includes both the developer's profit and the cost of capital. Additionally, the discount rate takes into consideration the risk associated with buyers backing out of deals due to an unforeseen change in market values or delay in construction. Our discount rate is higher than typically utilized for a hotel (10% to 12%) to reflect the much higher risk and expectation of developer's profit in timeshare real estate. Applying the 20.0% discount rate to the net cash flows from the estimated sellout of the subject timeshare results in the net sellout value of the subject's intervals.

### **Conclusion**

It is our opinion that the net sellout value of the subject's timeshares as if completed as of January 1, 2017, will be \$85,800,000. We note that the value shown is not considered market value due to the many uncertainties about the subject project but rather indicates net sellout value of the projected income stream after development of 200 timeshare units or 10,400 timeshare intervals over six years.

**Proposed Indoor Waterpark Resort, Thompson, New York  
Timeshare Financial Analysis**

G-11

<b>Proposed Resort -Thompson, New York</b>								
<b>Prospective Financial Analysis of Cash Flow-Timeshare Development</b>								
	<b>Presale 2017</b>	<b>Opens 01/2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023-2027</b>	<b>Total</b>
Total # of Timeshare Units in Inventory	0	50	100	150	200	200	200	<b>200</b>
Total# of Intervals Available (& for Presale)	2,600	4,200	4,300	4,700	2,700	1,000	0	--
# of Intervals Sold	1,000	2,500	2,200	2,000	1,700	1,000	0	<b>10,400</b>
Net Number of Intervals Available	1,600	1,700	2,100	2,700	1,000	0	0	0
Average Sale Price per Interval	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$26,844
Gross Income From Sales	\$25,000,000	\$64,375,000	\$58,349,500	\$54,636,350	\$47,834,124	\$28,981,852	\$0	\$279,176,826
Financing Income (interest spread)	\$100,000	\$357,500	\$590,898	\$809,443	\$1,000,780	\$1,116,707	\$1,608,208	\$5,583,537
Total Income	\$25,100,000	\$64,733,000	\$58,940,398	\$55,445,793	\$48,834,904	\$30,098,559	\$1,608,208	\$284,760,363
Less:								
Sales, Marketing & Commissions	\$9,750,000	\$25,106,000	\$22,756,000	\$21,308,000	\$18,655,000	\$11,303,000	\$0	\$108,878,000
General and Administrative Costs	\$1,750,000	\$4,506,250	\$4,084,465	\$3,824,545	\$3,348,389	\$2,028,730	\$0	\$19,542,378
Total Expenses	\$11,500,000	\$29,612,250	\$26,840,465	\$25,132,545	\$22,003,389	\$13,331,730	\$0	\$128,420,378
Net Proceeds	\$13,600,000	\$35,120,750	\$32,099,933	\$30,313,249	\$26,831,516	\$16,766,830	\$1,608,208	\$156,340,485
Discount Rate at 20%	0.83333	0.69444	0.57870	0.48225	0.40188	0.33490	0.27908	
Present Value	\$11,333,333	\$24,389,410	\$18,576,350	\$14,618,658	\$10,782,984	\$5,615,177	\$448,821	\$85,764,734
<b>Rounded</b>								<b>\$85,800,000</b>
Source: Hotel & Leisure Advisors								

**SUMMARY**

We have summarized the total revenues and expenses from the major segments of the development: indoor waterpark resort and sale of timeshare units. The detail projections for these revenues and expenses have been presented in the previous sections of this report. The following forecasts of income and expenses reflect the subject's anticipated performance for calendar years beginning 2017. We have presented rounded figures to the nearest thousand.

The next table also presents the hypothetical valuation utilizing a discounted cash flow analysis for the resort and its various components combined. We note that the value conclusions are not meant to be market value because there are still many unknowns concerning the subject project. Rather they are presented as an analysis of value utilizing typical parameters performed in the income capitalization approach for an appraisal.

<b>Proposed Indoor Waterpark Resort, Thompson, New York Valuation Reconciliation</b>			
<b>Indoor Waterpark Resort</b>			
		<u>Market Value</u>	<u>Per Room (350)</u>
As Completed	January 1, 2017	\$138,900,000	\$396,857
As Stabilized	January 1, 2022	\$153,600,000	\$438,857
<b>Timeshare Development</b>			
			<u>Per Unit (200)</u>
Gross Sellout Value		\$279,176,826	\$1,395,884
Net Sell Out Value		\$85,800,000	\$429,000
Source: Hotel & Leisure Advisors			

**Comparison of Value Created to Projected Costs**

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

Preliminary development costs provided by the developer suggest the overall development costs of the subject 350-room resort (excluding the timeshares) to range from \$325,000 to \$383,000 per unit. We estimate a development cost range for the subject of \$290,000 to \$364,000 per unit for the entire resort inclusive of the indoor

waterpark resort, adventure Park, and timeshare development. Our projected development cost range is below the combined "as completed" value conclusion and the net sell-out timeshare value conclusion. The subject project has a high probability of being successful. The development will create a four-seasons resort in a manner not currently available in Catskills. The indoor waterpark resort will attract guests year-round and will complement the proposed casino resort and entertainment village. Additionally, the creation of the subject's meeting space in conjunction with the casino resort's meeting space has the potential to attract larger groups that can benefit the subject as well as the casino resort. Additional amenities, such as the Concord Monster Golf Course and the adventure park, will provide additional amenities to the overall development and enhance the guest stay.


We note that the value conclusion is not meant to be market value because there are still many unknowns concerning the subject project. Rather it is presented as an analysis of value utilizing typical parameters performed in the income capitalization approach for an appraisal. In addition, sufficient development cost details were not available concerning the construction costs, site improvement costs, and other expenses related to the proposed development. Additionally, sufficient details are not available concerning municipal subsidies for the proposed project.

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



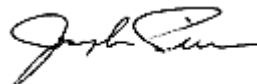
I certify that, to the best of my knowledge and belief:

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



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David J. Sangree, MAI, ISHC  
President



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Joseph Pierce  
Director of Appraisal & Consulting Services

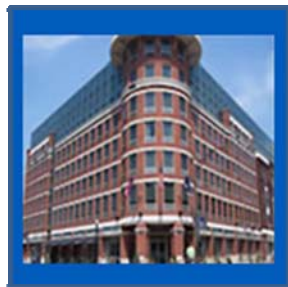
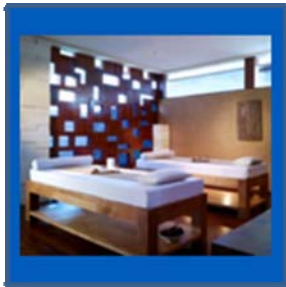
## **ADDENDUM I**

# Qualifications of Hotel & Leisure Advisors



## Our Mission:

Provide thorough and thoughtful analysis to our clients in all sectors of the hospitality industry



Hotel & Leisure Advisors  
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Suite 420  
Cleveland, OH 44107  
216-228-7000  
[www.hladvisors.com](http://www.hladvisors.com)



## HOTEL & LEISURE ADVISORS

<b>Summary of Qualifications</b>	Section A
<b>Services</b>	Section B
<ul style="list-style-type: none"><li>• Market &amp; Financial Feasibility Studies</li><li>• Appraisals &amp; Tax Appeal Appraisals</li><li>• Economic Impact Studies</li><li>• Impact Analysis</li><li>• Management Company Analysis</li><li>• Litigation Support &amp; Expert Witness Testimony</li><li>• Property Reviews &amp; Management Services</li><li>• Other Development Services</li><li>• Seminars, Presentations, &amp; Industry Research</li></ul>	
<b>Property Type Specialties</b>	Section C
<ul style="list-style-type: none"><li>• Hotels &amp; Resorts</li><li>• Indoor Waterpark Resorts, Waterparks, &amp; Amusement Parks</li><li>• Golf Courses and Ski Resorts</li><li>• Restaurants</li><li>• Conference, Convention, &amp; Exposition Centers</li></ul>	
<b>Resources</b>	Section D
<b>Clients and Assignments</b>	Section E
<b>Staff</b>	Section F

## FOCUS

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

## EXPERIENCE

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

## EDUCATION

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

## VALUE

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

## REPUTATION

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

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

### **Market & Financial Feasibility Studies**

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

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

### **Appraisals & Tax Appeal Appraisals**

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

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

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

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

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

## **Economic Impact Studies**

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

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

## **Impact Analysis**

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

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

## **Litigation Support & Expert Witness Testimony**

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

## **Management Company Analysis**

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

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

## **Operational Analysis**

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

## **Asset Management Services**

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

## **Property Condition Assessment**

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



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

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

### **Other Development Services**

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

Hotel & Leisure Advisors also provides the following development services:

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

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

### **Seminars, Presentations, and Industry Research**

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

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

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

### **Hotels & Resorts**

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

### **Indoor Waterpark Resorts, Waterparks, & Amusement Parks**

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

### **Golf Courses**

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

### **Ski Resorts**

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

### **Restaurants**

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

### **Conference, Convention, & Exposition Centers**

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

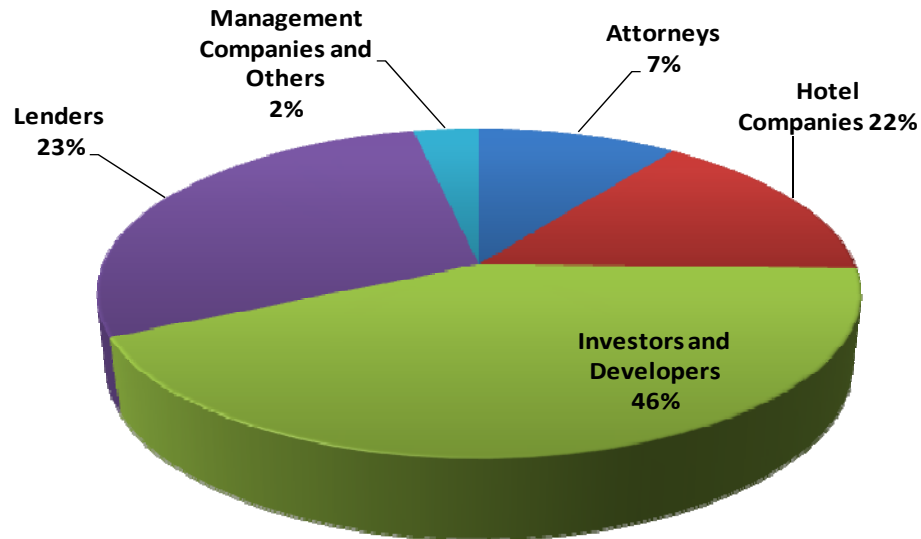
*Hotel & Leisure Advisors' unique position in the hospitality industry allows us to access many resources that give more depth to the reports we prepare for our clients. We utilize the following resources:*

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

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

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

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



**Breakdown of Client Types**

## Highlights

### Developers and Investors

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

### Hotel Companies

- Best Western International
- Choice Hotels International
- Marriott International

### Management Companies

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

### Lenders

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

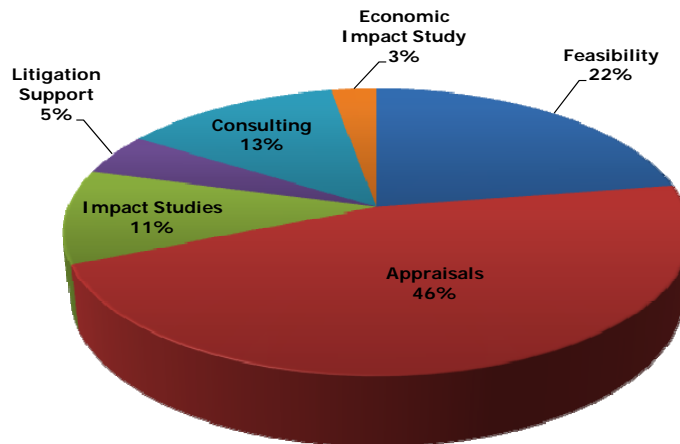
### Attorneys

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

### Other

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

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



**Breakdown of Assignment Types**

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

**Hotels**

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

**Waterpark Resorts**

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

**Ski Resorts**

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

**Conference Centers**

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

**Resorts and Casino Resorts**

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

**Golf Courses**

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

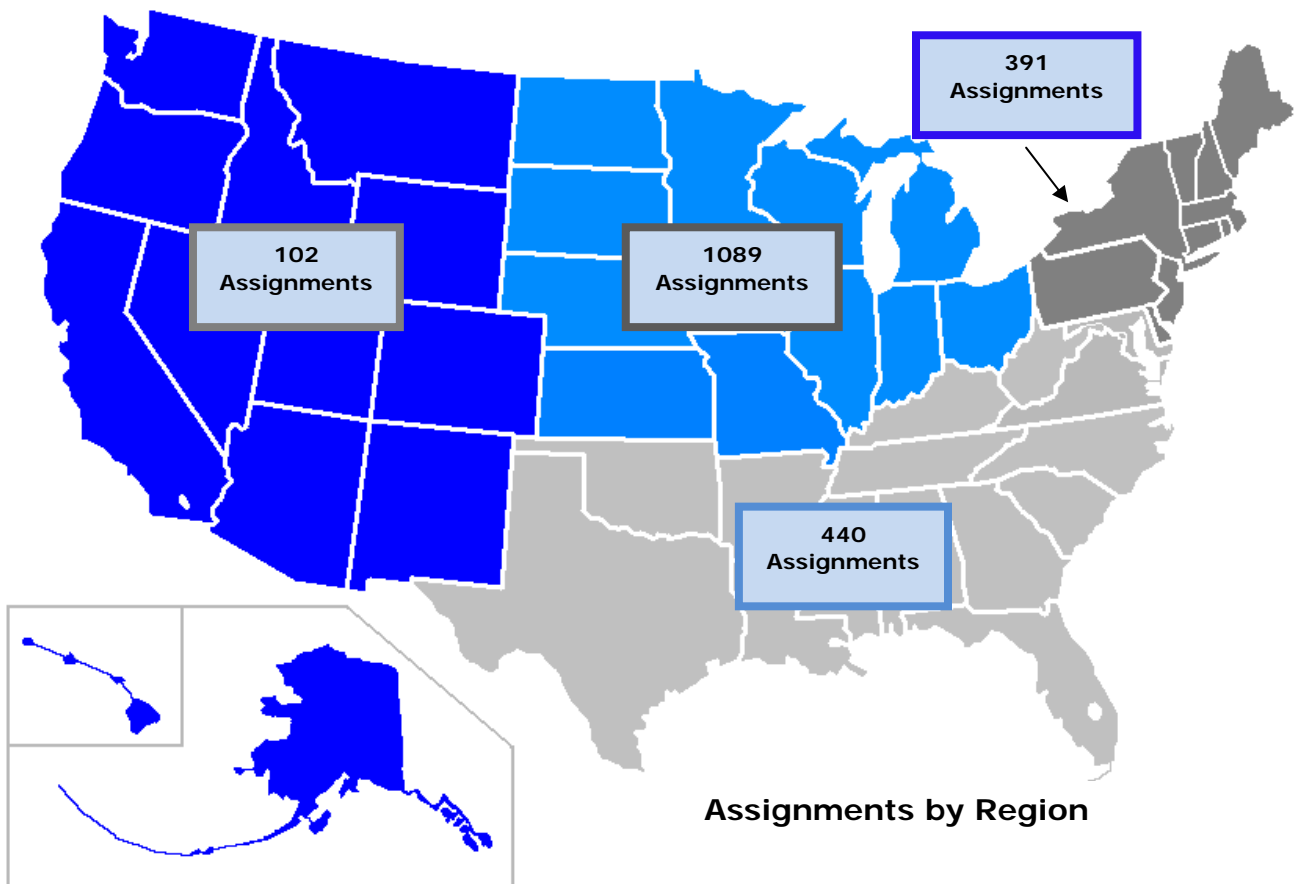
**Amusement Parks**

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

**Restaurants**

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

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



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

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

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

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

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

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

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

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

**Laurel A. Keller – Director of Appraisal & Consulting Services**

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

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

**Joseph Pierce – Director of Appraisal & Consulting Services**

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

**Nuresh Maredia – Project Manager**

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

**Pierre Rigaud – Associate**

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



**Kyle Mossman – Senior Research Analyst**

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

**Heidi Banak – Research Analyst/Marketing Coordinator**

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

**Hollie Gibbs – Research Analyst**

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

**Laura M. Sangree – Business Manager**

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

## **David J. Sangree, MAI, CPA, ISHC**

President

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E-mail: dsangree@hladvisors.com  
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### **Professional Affiliations**

Appraisal Institute, MAI (Former President, Northern Ohio Chapter)  
Cornell Hotel Society (Past Treasurer - Chicago, IL chapter)  
Cornell University Real Estate Council  
International Association of Amusement Parks and Attractions (IAAPA)  
International Society of Hospitality Consultants (ISHC)  
National Golf Foundation (NGF)  
National Ski Areas Association (NSAA)  
Ohio Hotel and Lodging Association  
The School of Hospitality Business at MSU Real Estate & Development Advisory Council  
The Appraisal Journal Review Panel  
World Waterpark Association (WWA)

### **Education**

Bachelor of Science, Hotel Administration, Cornell University, 1984  
Various International Society of Hospitality Consultants, Appraisal Institute, & Certified Public Accountant (CPA) continuing education courses

### **State Certification**

Certified as a General Real Estate Appraiser in the states of Ohio, Michigan, Illinois, New York, Pennsylvania, Kentucky, Georgia, Texas, Virginia and Wisconsin. Temporary certification available in all other states.  
Certified as a Public Accountant in the state of Ohio

### **Experience**

- President, Hotel & Leisure Advisors, Cleveland, Ohio, since 2005
- Director of Hospitality Consulting and Principal, US Realty Consultants, Inc., Cleveland, Ohio, 2001-2005
- Director of Hospitality Consulting, US Realty Consultants, Inc., Columbus, Ohio, 1992-2001
- Financial & Training Consultant, Malawi National Credit Union League (US Peace Corps), Malawi, Africa, 1989-1991
- Senior Consultant in the Hospitality Group, Pannell Kerr Forster, Chicago, Illinois, 1987-1989

- Management positions with four Westin Hotels and Resorts in Cincinnati, Chicago, New York, and Fort Lauderdale, 1983-1987

Mr. Sangree's expertise is in the feasibility analysis, appraisal, and valuation of hotels, resorts, indoor waterpark resorts, waterparks, amusement parks, conference centers, ski resorts, casinos, land, and golf courses. He has performed studies on more than 2,000 existing and proposed hotels, resorts, and leisure properties in more than 46 states. He has performed hotel studies in all price ranges including economy, limited service, full-service, extended-stay, upper upscale, luxury, and resorts including indoor waterpark resorts.

He has extensive experience in performing market and feasibility studies, impact analysis, appraisals, economic impact studies, financial analysis and performance projections, site selection, and financial reviews for hospitality properties. He has been an active appraiser/consultant since 1987 and also has 10 years of work experience in the hotel/restaurant industry including management positions with four Westin Hotels properties.

Mr. Sangree is a nationally recognized expert on waterpark resorts and has visited most of the open waterpark properties in the United States and Canada. He has performed more than 400 studies of hotels and resorts with waterparks since 1999, and he maintains a database of statistical information concerning indoor and outdoor waterpark resorts. Mr. Sangree was named in 2008 one of *Aquatics International Magazine's* "Power 25." *Aquatics International* publishes an annual list of professionals it deems the most powerful people in the aquatics industry. Mr. Sangree was profiled as one of the first consultants serving the waterpark resort industry and for his expertise and experience in shaping some of the latest industry trends. Mr. Sangree has appeared on Good Morning America and CNBC on special reports concerning resorts and waterparks.

### Recently Published Articles

"Room Service more than Revenue Generator" *Hotel News Now*, August 2013  
"Waterpark Resorts Supply and Demand 2013 Update" *Hotel Online*, January 2013  
"Weight Loss Resorts are Boon for Developers" *Hotel News Now*, August 2012  
"Perform Market Analysis with a Feasibility Study for Indoor Waterpark Resorts and Outdoor Waterparks" *Appraisal Journal* Spring 2012 and *WWA Development Guide*  
"Top 10 Largest Hotel Brands Average Sale Prices" *Hotel News Now*, September 2011  
"Waterpark Resorts Supply and Demand 2011 Update" *Hotel News Now*, August 2011  
"The Lodging Market is Improving in Ohio's Big Cities" *Hotel Online*, September 2010  
"Financing your Indoor Waterpark Resort in 2010" *Hotel News Now*, June 2010  
"2009 Median Hotel Prices Plummet – Is it Time to Appeal Your Property Taxes?" *Hotel Online*, November 2009  
"Financing Your Indoor Waterpark Resort in 2009" *Hotel Online*, September 2009  
"Outdoor Waterparks: Private vs. Municipal" *Aquatics International*, September, 2009  
"Indoor Waterpark Resort Supply Grows and Faces Challenges in 2009" *Hotel News Now* February, 2009  
"Dealing With the Economic Downturn: 10 Ideas for Hotels and Resorts" *Hotel Online*, December, 2008  
"Cleveland's Second Wind: 2008 Overview" *Hotel Online*, September, 2008  
"Financing Your Indoor Waterpark," *World Waterpark Association's 2008 Development and Expansion Guide*

"Indoor Waterparks Surfing a Wave in North America in '08" *Hotel Online*, July 2008 and *Water Leisure and Lodging*, July, 2008  
"Economic Impact Studies Help Land Financing" *Hotel Motel Management*, May 2008  
"Unique Ways for Resorts to Radically Increase Revenue" *Developments Magazine an ARDA Publication*, April, 2008  
"Indoor Waterparks Supply and Demand Growth in '07," *Lodging Hospitality*, September 2007  
"Appraisal & Market Analysis of Indoor Waterpark Resorts," *Waterpark Development and Expansion Guide '07*  
"Financing Your Indoor Waterpark Resort," *Waterpark Development and Expansion Guide '07 and Hotel Online*, August 2007  
"Indoor Waterparks Make a Bigger Splash in North America," *Water Leisure & Lodging 2007 and Hotel Online*, July 2007  
"Waterpark Resorts Top 10 by Revenue," *Waterpark Resorts Today Annual IT Book*, 2007-2008  
"Riding the Wave, Indoor Waterpark Resort Numbers Increase in '06" *Water Leisure and Lodging and Hotel Online*, September 2006  
"Appraisal & Market Analysis of Indoor Waterpark Resorts," *Waterpark Development and Expansion Guide '06 and Hotel Online*, September 2006  
"Financing Your Indoor Waterpark Resort," *Waterpark Development and Expansion Guide '06 and Hotel Online*, September 2006  
"Adding a Waterpark to a Hotel: Is it a Good Idea?" *Hotel & Motel Management*, June 2006  
"Midwest Whets Appetite for Indoor Waterparks," *Heartland Real Estate Business*, May 2006  
"Ohio's Lodging Market: Historical Analysis & 2006 Forecast," *Hotel Online*, March 2006  
"Indoor Waterparks and Hotels, a Case Study," *Hotel Investment Issues and Perspectives Fourth Edition*, January 2006 & *Hotel Online*, February, 2006

Quoted extensively in *CNN.com*, *Columbus Business First*, *Columbus Monthly*, *Hotel Business*, *Chicago Sun Times*, *Columbus Dispatch*, *Cleveland Crain's*, *Cleveland Plain Dealer*, *Cincinnati Business Courier*, *Fort Myers News-Press*, *Hotel Interactive*, *Cornell Hotel and Restaurant Quarterly*, *Meeting News*, *Aquatics International*, *Midwest Real Estate News*, *New York Times*, *CNBC*, *Albany Times Union*, *RCI Ventures*, *Time Magazine*, *USA Today*, and other publications. He has appeared on *CNBC* and *ABC* on segments concerning resorts and waterparks.

### **Recent Speaking Engagements**

"The Food Revolution" Nov. 2013 for NATHIC Hotel Investment Seminar, Chicago, IL  
"Waterparks and Resorts Outlook" April 2013 for Aquatics International webinar  
"Waterpark Resorts Market/Feasibility Analysis and Appraisal" presentations at the World Waterpark Association annual conventions in 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, and 2003  
"Hotel Valuation Seminar" October 2012 at the Integra Realty Resources appraiser training in Las Vegas, NV  
"Suburban Hotels Panel" July 2012 at the Midwest Lodging Investors Summit in Chicago, IL  
"Overview of Cleveland Lodging Market" April 2012 at the Ohio Hotel and Lodging Association Cleveland Lodging Council Meeting, Cleveland Ohio  
"Cleaning up Hotel Distress" July 2011 at the Midwest Lodging Investors Summit in Chicago, IL

"Valuation Issues Affecting Hotel Properties in the Current Real Estate Economy" August 2010 at the Institute for Professionals in Taxation in Cleveland, OH  
"Indoor Waterpark Resorts: Where Are the Opportunities?" July 2010 at the Midwest Lodging Investors Summit in Chicago, IL  
"Opportunities for Innovation" April 2010 at the Cornell University School of Hotel Administration's Hotel Ezra Cornell (HEC) conference, Ithaca, NY  
"Case Study Presentation on Performing a Market Feasibility Study" October 2009 at the International Society of Hospitality Consultants annual conference in Québec City  
"Insights into 2010 Market Performance" October 2009 - a video segment on Hotel News Network interviewing Mr. Sangree along with other leading ISHC consultants  
"Hotel Financing Track - Taking Advantage of Distress: Where are the Opportunities?" July 2009 at the Midwest Lodging Investors Summit in Chicago, IL  
"Seminar on Hospitality Industry" February 2008 at the Northern Ohio Chapter of the Appraisal Institute quarterly meeting in Cleveland, OH  
"Challenges of Obtaining Financing for Indoor Waterpark Resorts," November 2007 at the World Resort Leadership and Development Conference in Orlando, FL  
Port Clinton Ohio City Council Meeting, Provided description of resort feasibility study and economic impact study performed for the city council and attendees in September and October, 2007  
"Water Park Wars" An in depth news segment on Good Morning America on June 23, 2007 featured Mr. Sangree as an interviewee  
"Feasibility Analysis for Indoor Waterpark Resorts," October 2006 at Cornell University's School of Hotel Administration Development Class

#### **Litigation Assignments Involving Expert Testimony**

Somerset County Common Pleas Court (2013) Re: Hidden Valley Resort, Somerset, PA	State of Tennessee Administrative Court (2012) Re: Embassy Suites Murfreesboro, Tennessee
Ohio Board of Tax Appeals (2013) Re: Shoreby Club, Bratenahl, Ohio	Clark County District Court (2012) Re: Stallion Mountain Country Club, Las Vegas, Nevada
Ohio Board of Tax Appeals (2013) Re: Maui Sands Hotel, Sandusky, Ohio	State of Michigan Tribunal (2011) Re: Radisson Hotel, Kalamazoo, Michigan
Hamilton County Board of Revision (2012) Re: Five Seasons Country Club, Cincinnati, Ohio	Franklin County Board of Revision (2011) Re: Sheraton Suites, Columbus, Ohio
Cuyahoga County Board of Revision (2012) Re: 3 McDonald's Restaurants in Cuyahoga County, Ohio	Nebraska Tax Equalization and Review Commission (2011) Re: LaVista Conference Center, LaVista, Nebraska
U.S. Bankruptcy Court (2012) Re: Holiday Inn Express Houston, Texas	State of Virginia Circuit Court (2011) Re: Keswick Club, Charlottesville, Virginia
Franklin County Board of Revision (2012) Re: Hilton Garden Inn & Comfort Suites Columbus, Ohio	Licking County Board of Revision (2010) Cherry Valley Lodge and CoCo Key Indoor Waterpark, Newark, Ohio

Ohio Board of Tax Appeals (2010)  
Re: Doubletree Hotel, Independence,  
Ohio

State of Florida Circuit Court (2004)  
Re: Howard Johnson Plaza, Orlando,  
Florida

Ohio Board of Tax Appeals (2010)  
Re: Courtyard Hotel, Willoughby, Ohio

Board of Revision Tax Appeal (2003)  
Re: Preston Hotel, Sharonville, Ohio

San Diego Superior Court (2010)  
Re: La Costa Resort and Spa, Carlsbad,  
California

College Park Holdings, LLC versus  
RaceTrac Petroleum, Inc. (2002)  
Re: Radisson Hotel-Old National  
Highway, College Park, Georgia

Board of Revisions Tax Appeal (2010)  
Re: Crowne Plaza and Fairfield Inn,  
Sharonville, Ohio

Board of Revision Tax Appeal (2003)  
Re: Radisson Gateway Hotel, Cleveland,  
Ohio

United States Bankruptcy Court (2010)  
Re: Peek 'n Peak Resort, Findley Lake,  
New York

Nationwide Insurance versus Motor Inn,  
Inc. (2003)  
Re: Drawbridge Inn, Fort Mitchell,  
Kentucky

Board of Review Tax Appeal, Lake  
Delton, Wisconsin (2009)  
Re: Great Wolf Lodge Wisconsin Dells

Board of Revisions Tax Appeal (2008)  
Re: Residence Inn, Cleveland, Ohio

Marion County Indiana Superior Court  
(2008)  
Re: Indiana Stadium and Convention  
Building Authority vs. Michael A. Maio

New York Supreme Court, Niagara  
County (2008)  
Re: Splash Outdoor Waterpark

State of Virginia Circuit Court (2005 and  
2008)  
Re: Keswick Club, Charlottesville,  
Virginia

Board of Revision Tax Appeal (2006)  
Re: Five Seasons Country Club,  
Cincinnati, Ohio

Board of Revision Tax Appeals (2005)  
Re: Various Residence Inns, Hilton  
Garden Inn, Embassy Suites, Cuyahoga  
County, Ohio

United States Bankruptcy Court (2004)  
Re: Days Inn, Monroeville, Pennsylvania

## Joseph Pierce

Director of Appraisal & Consulting Services  
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E-mail: [jpierce@hladvisors.com](mailto:jpierce@hladvisors.com)  
[www.hladvisors.com](http://www.hladvisors.com)

### Professional Affiliations

Associate Member of the Appraisal Institute  
Michigan State University Alumni Association  
Hospitality Financial and Technology Professionals  
World Waterpark Association  
Ohio Travel Association  
Ohio Hotel and Lodging Association  
National Ski Areas Association  
National Golf Foundation

### Education

Master of Business Administration in Hospitality Management, Michigan State University, 1981

Bachelor of Science in Accounting, State University of New York at Brockport, 1978  
Completed requirements and passed exam to be Certified Public Accountant, 1981

Appraisal Institute courses:

- Appraisal Principles
- Appraisal Procedures
- Basic Income Capitalization
- General Appraiser Income Approach. Part 2
- Fair Housing
- Real Estate Finance, Statistics, and Valuation Modeling
- General Appraiser Market Analysis and Highest and Best Use
- General Appraiser Sales Comparison Approach
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Report Writing and Case Studies
- Advanced Concepts and Case Studies
- Advanced Market Analysis and Highest & Best Use

### State Certification

Holds license as a Certified General Real Estate Appraiser in the State of Ohio, Michigan, and Pennsylvania

### Experience

- Director of Appraisal & Consulting Services, Hotel & Leisure Advisors, Cleveland, Ohio since November 2012
- Project Manager, Hotel & Leisure Advisors, Cleveland, Ohio Dec 2011 – Nov 2012

## Qualifications of Joseph Pierce

### Page 2

- Senior Associate, Hotel & Leisure Advisors, Cleveland, Ohio, Oct 2005 - Dec 2011
- Senior Associate, U S Realty Consultants, Inc., Cleveland, Ohio, 2003-2005
- Controller, Clarion Hotel Cleveland Airport West, Cleveland, Ohio, 2002-2003
- Director of Finance and Accounting, Renaissance Cleveland Hotel, Cleveland, Ohio, 2000-2001
- Director of Finance and Accounting, South Bend Marriott, South Bend, Indiana, 1998-2000
- General Manager and Controller, The Talbott Hotel, Chicago, Illinois, 1988-1997
- Assistant Controller and Cost Analyst, Westin Hotels, Rosemont, Illinois and Detroit, Michigan, 1982-1988

Joseph Pierce has been a hospitality consultant and appraiser since 2003. He has performed appraisals, market feasibility studies, economic impact studies, and impact studies throughout the United States. He has a wide range of experience in operations and accounting for hotels and resorts. During Mr. Pierce's career he has also managed an independently-owned hotel, The Talbott Hotel in Chicago. Mr. Pierce's emphasis is in hospitality related properties.

### Published Articles

"The Ground Rent Alternative" Lodging *Hospitality*, December 2011

"2009 Median Hotel Prices Plummet – Is it Time to Appeal Your Property Taxes? *Hotel Online*, November 2009

"Dealing with an Economic Downturn: Ten Ideas for Hotels and Resorts" *Hotel Online*, December 2008

"Ohio's Lodging Market: Historical Analysis & 2006 Forecast," *Hotel Online*, March 2006

"Cleveland's Lodging Market: a Slow Climb Back," *Hotel Online*, February 2005

"Cleveland Market at Bottom with Improvement Predicted" *Hotel Online*, January 2004



## **ADDENDUM II**



## Thompson, NY

### United Kingdom

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London SE1 0TA  
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Fax: +44 (0)20 7922 1931  
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### United States

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TN 37075  
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January 2007 to October 2013

Currency: USD - US Dollar

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

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# Tab 2 - Data by Measure

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Occupancy (%)														Total Year	Oct YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2007	44.0	49.9	51.8	58.0	58.6	72.8	77.0	82.0	62.2	68.5	54.1	45.7	60.4	62.6	
2008	43.0	55.3	51.0	57.1	59.1	71.2	78.2	80.8	57.5	61.4	48.1	41.1	58.7	61.5	
2009	38.8	55.3	45.2	51.3	50.9	60.7	67.4	78.2	54.9	54.0	42.4	41.8	53.4	55.7	
2010	36.2	51.6	44.7	50.7	50.9	61.5	72.9	77.3	57.3	60.4	44.5	43.1	54.3	56.4	
2011	40.8	48.0	39.5	54.8	52.2	64.4	73.5	78.5	53.8	57.4	47.9	42.5	54.5	56.4	
2012	39.0	47.8	47.7	56.4	50.6	68.6	72.4	78.4	56.1	60.0	53.2	44.2	56.2	57.8	
2013	44.8	51.1	54.5	55.0	54.9	68.5	80.5	85.2	57.3	58.4			61.1		
<b>Avg</b>	40.9	51.3	47.8	54.8	53.9	66.8	74.6	80.1	57.0	60.0	48.4	43.1	56.3	58.8	

ADR (\$)														Total Year	Oct YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2007	228.80	211.04	171.93	196.30	194.05	224.41	280.79	286.45	185.85	197.69	195.96	206.49	219.47	222.45	
2008	201.05	199.55	179.93	189.93	202.39	229.10	289.62	296.18	206.86	205.34	198.42	208.62	223.67	226.65	
2009	190.70	185.46	157.14	178.72	193.29	217.25	280.24	283.42	199.75	192.56	191.46	205.97	212.73	214.85	
2010	189.54	188.88	156.50	165.39	178.56	220.96	267.36	276.12	196.94	190.52	185.78	205.99	208.31	210.25	
2011	189.40	196.31	158.29	172.58	186.69	227.01	280.58	284.27	208.61	210.44	196.09	221.06	218.06	219.67	
2012	192.92	210.16	174.32	185.42	205.51	235.83	290.40	302.35	197.09	201.52	188.99	222.38	223.75	227.01	
2013	192.28	204.26	192.92	176.55	203.89	237.37	288.87	302.24	192.36	208.11			228.07		
<b>Avg</b>	198.31	199.09	171.24	181.08	195.12	227.67	282.72	290.33	197.96	200.86	192.89	211.78	217.83	221.47	

RevPAR (\$)														Total Year	Oct YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2007	100.56	105.28	89.02	113.80	113.62	163.35	216.17	235.01	115.65	135.46	106.08	94.33	132.67	139.20	
2008	86.36	110.45	91.79	108.52	119.67	163.12	226.44	239.44	119.02	126.16	95.49	85.76	131.29	139.47	
2009	74.01	102.54	71.02	91.64	98.31	131.82	188.93	221.61	109.71	104.03	81.19	86.03	113.60	119.61	
2010	68.54	97.54	69.95	83.90	90.90	135.86	194.94	213.43	112.92	115.04	82.70	88.73	113.10	118.58	
2011	77.37	94.24	62.50	94.63	97.53	146.20	206.13	223.03	112.34	120.89	93.90	93.99	118.84	123.83	
2012	75.29	100.47	83.13	104.57	104.06	161.66	210.39	237.05	110.51	120.94	100.52	98.21	125.84	131.16	
2013	86.23	104.28	105.14	97.02	111.98	162.70	232.58	257.44	110.30	121.45			139.41		
<b>Avg</b>	81.19	102.11	81.79	99.15	105.15	152.10	210.80	232.43	112.92	120.57	93.31	91.18	122.56	130.18	

Supply														Total Year	Oct YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2007	65,224	58,912	65,224	63,120	65,224	63,120	65,224	65,224	63,120	65,224	63,120	65,224	767,960	639,616	
2008	65,224	58,912	65,224	63,120	65,224	63,120	65,224	65,224	63,120	65,224	63,120	65,224	767,960	639,616	
2009	65,224	58,912	65,224	63,120	65,224	63,120	65,224	65,224	63,120	65,224	63,120	65,224	767,960	639,616	
2010	65,224	58,912	65,224	63,120	65,224	63,120	65,224	65,224	63,120	65,224	63,120	65,224	767,960	639,616	
2011	65,224	58,912	65,224	63,120	65,224	63,120	65,224	65,224	63,120	65,224	63,120	65,224	767,960	639,616	
2012	65,224	58,912	65,224	63,120	65,224	63,120	65,224	65,224	63,120	65,224	63,120	65,224	767,960	639,616	
2013	65,224	58,912	65,224	63,120	65,224	63,120	65,224	65,224	63,120	65,224			639,616		
<b>Avg</b>	65,224	58,912	65,224	63,120	65,224	63,120	65,224	65,224	63,120	65,224	63,120	65,224	767,960	639,616	

Demand														Total Year	Oct YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2007	28,666	29,390	33,769	36,594	38,190	45,945	50,213	53,511	39,279	44,691	34,168	29,795	464,211	400,248	
2008	28,017	32,607	33,275	36,066	38,566	44,943	50,995	52,729	36,316	40,072	30,377	26,813	450,776	393,586	
2009	25,312	32,573	29,477	32,365	33,174	38,301	43,972	50,999	34,669	35,239	26,765	27,243	410,089	356,081	
2010	23,587	30,423	29,153	32,019	33,203	38,809	47,557	50,416	36,192	39,384	28,097	28,096	416,936	360,743	
2011	26,643	28,282	25,754	34,609	34,075	40,651	47,917	51,171	33,989	37,467	30,226	27,733	418,517	360,558	
2012	25,455	28,163	31,105	35,597	33,025	43,270	51,138	55,597	35,391	39,142	33,572	28,805	431,916	369,539	
2013	29,251	30,076	35,545	34,685	35,820	43,263	52,515	55,556	36,194	38,065			390,970		
<b>Avg</b>	26,704	30,216	31,154	34,562	35,150	42,169	48,632	52,217	36,004	39,151	30,534	28,081	432,074	375,961	

Revenue (\$)														Total Year	Oct YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2007	6,558,689	6,202,356	5,805,943	7,183,272	7,410,802	10,310,567	14,099,290	15,328,412	7,299,975	8,835,044	6,695,601	6,152,504	101,882,455	89,034,350	
2008	5,632,930	6,506,635	5,987,019	6,850,015	7,805,548	10,296,311	14,769,224	15,617,395	7,512,466	8,228,416	6,027,391	5,593,751	100,827,101	89,205,959	
2009	4,826,964	6,040,828	4,631,923	5,784,203	6,412,351	8,320,735	12,322,784	14,454,004	6,925,094	6,785,477	5,124,401	5,611,208	87,239,972	76,504,363	
2010	4,470,563	5,746,270	4,562,555	5,295,559	5,928,732	8,575,413	12,714,666	13,921,019	7,127,524	7,503,395	5,219,975	5,787,611	86,853,282	75,845,696	
2011	5,046,176	5,552,091	4,076,678	5,972,978	6,361,338	9,227,998	13,444,452	14,546,607	7,090,590	7,884,733	5,927,040	6,130,578	91,261,259	79,203,641	
2012	4,910,814	5,918,622	5,422,329	6,600,501	6,786,960	10,204,169	13,722,339	15,461,600	6,975,127	7,887,966	6,344,872	6,405,747	96,641,106	83,890,487	
2013	5,624,527	6,143,266	6,857,349	6,123,792	7,303,493	10,269,498	15,170,105	16,791,069	6,962,225	7,921,633			89,166,957		

<b>Avg</b>	5,295,809	6,015,724	5,334,828	6,258,617	6,858,461	9,600,670	13,748,980	15,160,024	7,127,572	7,863,809	5,889,880	5,946,900	94,117,529	83,264,493
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# Tab 3 - Percent Change from Previous Year - Detail by Measure

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Occupancy														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Oct YTD
2008	-2.3	10.9	-1.5	-1.4	1.0	-2.2	1.6	-1.5	-7.5	-10.3	-11.1	-10.0	-2.9	-1.7
2009	-9.7	-0.1	-11.4	-10.3	-14.0	-14.8	-13.8	-3.3	-4.5	-12.1	-11.9	1.6	-9.0	-9.5
2010	-6.8	-6.6	-1.1	-1.1	0.1	1.3	8.2	-1.1	4.4	11.8	5.0	3.1	1.7	1.3
2011	13.0	-7.0	-11.7	8.1	2.6	4.7	0.8	1.5	-6.1	-4.9	7.6	-1.3	0.4	-0.1
2012	-4.5	-0.4	20.8	2.9	-3.1	6.4	-1.4	-0.1	4.1	4.5	11.1	3.9	3.2	2.5
2013	14.9	6.8	14.3	-2.6	8.5	-0.0	11.1	8.6	2.3	-2.8				5.8
<b>Avg</b>	0.8	0.6	1.6	-0.7	-0.8	-0.7	1.1	0.7	-1.2	-2.3	0.1	-0.5	-1.3	-0.3

ADR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Oct YTD
2008	-12.1	-5.4	4.6	-3.2	4.3	2.1	3.1	3.4	11.3	3.9	1.3	1.0	1.9	1.9
2009	-5.2	-7.1	-12.7	-5.9	-4.5	-5.2	-3.2	-4.3	-3.4	-6.2	-3.5	-1.3	-4.9	-5.2
2010	-0.6	1.8	-0.4	-7.5	-7.6	1.7	-4.6	-2.6	-1.4	-1.1	-3.0	0.0	-2.1	-2.1
2011	-0.1	3.9	1.1	4.4	4.6	2.7	4.9	3.0	5.9	10.5	5.5	7.3	4.7	4.5
2012	1.9	7.1	10.1	7.4	10.1	3.9	3.5	6.4	-5.5	-4.2	-3.6	0.6	2.6	3.3
2013	-0.3	-2.8	10.7	-4.8	-0.8	0.7	-0.5	-4.0	-2.4	3.3				0.5
<b>Avg</b>	-2.7	-0.4	2.3	-1.6	1.0	1.0	0.5	1.0	0.7	1.0	-0.7	1.5	0.4	0.5

RevPAR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Oct YTD
2008	-14.1	4.9	3.1	-4.6	5.3	-0.1	4.8	1.9	2.9	-6.9	-10.0	-9.1	-1.0	0.2
2009	-14.3	-7.2	-22.6	-15.6	-17.8	-19.2	-16.6	-7.4	-7.8	-17.5	-15.0	0.3	-13.5	-14.2
2010	-7.4	-4.9	-1.5	-8.4	-7.5	3.1	3.2	-3.7	2.9	10.6	1.9	3.1	-0.4	-0.9
2011	12.9	-3.4	-10.6	12.8	7.3	7.6	5.7	4.5	-0.5	5.1	13.5	5.9	5.1	4.4
2012	-2.7	6.6	33.0	10.5	6.7	10.6	2.1	6.3	-1.6	0.0	7.0	4.5	5.9	5.9
2013	14.5	3.8	26.5	-7.2	7.6	0.6	10.6	8.6	-0.2	0.4				6.3
<b>Avg</b>	-1.8	-0.0	4.6	-2.1	0.3	0.4	1.6	1.7	-0.7	-1.4	-0.5	1.0	-0.8	0.3

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Oct YTD
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Avg</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Oct YTD
2008	-2.3	10.9	-1.5	-1.4	1.0	-2.2	1.6	-1.5	-7.5	-10.3	-11.1	-10.0	-2.9	-1.7
2009	-9.7	-0.1	-11.4	-10.3	-14.0	-14.8	-13.8	-3.3	-4.5	-12.1	-11.9	1.6	-9.0	-9.5
2010	-6.8	-6.6	-1.1	-1.1	0.1	1.3	8.2	-1.1	4.4	11.8	5.0	3.1	1.7	1.3
2011	13.0	-7.0	-11.7	8.1	2.6	4.7	0.8	1.5	-6.1	-4.9	7.6	-1.3	0.4	-0.1
2012	-4.5	-0.4	20.8	2.9	-3.1	6.4	-1.4	-0.1	4.1	4.5	11.1	3.9	3.2	2.5
2013	14.9	6.8	14.3	-2.6	8.5	-0.0	11.1	8.6	2.3	-2.8				5.8
<b>Avg</b>	0.8	0.6	1.6	-0.7	-0.8	-0.7	1.1	0.7	-1.2	-2.3	0.1	-0.5	-1.3	-0.3

Revenue														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Oct YTD
2008	-14.1	4.9	3.1	-4.6	5.3	-0.1	4.8	1.9	2.9	-6.9	-10.0	-9.1	-1.0	0.2
2009	-14.3	-7.2	-22.6	-15.6	-17.8	-19.2	-16.6	-7.4	-7.8	-17.5	-15.0	0.3	-13.5	-14.2
2010	-7.4	-4.9	-1.5	-8.4	-7.5	3.1	3.2	-3.7	2.9	10.6	1.9	3.1	-0.4	-0.9
2011	12.9	-3.4	-10.6	12.8	7.3	7.6	5.7	4.5	-0.5	5.1	13.5	5.9	5.1	4.4
2012	-2.7	6.6	33.0	10.5	6.7	10.6	2.1	6.3	-1.6	0.0	7.0	4.5	5.9	5.9
2013	14.5	3.8	26.5	-7.2	7.6	0.6	10.6	8.6	-0.2	0.4				6.3
<b>Avg</b>	-1.8	-0.0	4.6	-2.1	0.3	0.4	1.6	1.7	-0.7	-1.4	-0.5	1.0	-0.8	0.3

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

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Total Year	Oct YTD
Occ	-2.3	10.9	-1.5	-1.4	1.0	-2.2	1.6	-1.5	-7.5	-10.3	-11.1	-10.0	-2.9	-1.7
ADR	-12.1	-5.4	4.6	-3.2	4.3	2.1	3.1	3.4	11.3	3.9	1.3	1.0	1.9	1.9
RevPAR	-14.1	4.9	3.1	-4.6	5.3	-0.1	4.8	1.9	2.9	-6.9	-10.0	-9.1	-1.0	0.2
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-2.3	10.9	-1.5	-1.4	1.0	-2.2	1.6	-1.5	-7.5	-10.3	-11.1	-10.0	-2.9	-1.7
Revenue	-14.1	4.9	3.1	-4.6	5.3	-0.1	4.8	1.9	2.9	-6.9	-10.0	-9.1	-1.0	0.2

	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Total Year	Oct YTD
Occ	-9.7	-0.1	-11.4	-10.3	-14.0	-14.8	-13.8	-3.3	-4.5	-12.1	-11.9	1.6	-9.0	-9.5
ADR	-5.2	-7.1	-12.7	-5.9	-4.5	-5.2	-3.2	-4.3	-3.4	-6.2	-3.5	-1.3	-4.9	-5.2
RevPAR	-14.3	-7.2	-22.6	-15.6	-17.8	-19.2	-16.6	-7.4	-7.8	-17.5	-15.0	0.3	-13.5	-14.2
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-9.7	-0.1	-11.4	-10.3	-14.0	-14.8	-13.8	-3.3	-4.5	-12.1	-11.9	1.6	-9.0	-9.5
Revenue	-14.3	-7.2	-22.6	-15.6	-17.8	-19.2	-16.6	-7.4	-7.8	-17.5	-15.0	0.3	-13.5	-14.2

	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Total Year	Oct YTD
Occ	-6.8	-6.6	-1.1	-1.1	0.1	1.3	8.2	-1.1	4.4	11.8	5.0	3.1	1.7	1.3
ADR	-0.6	1.8	-0.4	-7.5	-7.6	1.7	-4.6	-2.6	-1.4	-1.1	-3.0	0.0	-2.1	-2.1
RevPAR	-7.4	-4.9	-1.5	-8.4	-7.5	3.1	3.2	-3.7	2.9	10.6	1.9	3.1	-0.4	-0.9
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-6.8	-6.6	-1.1	-1.1	0.1	1.3	8.2	-1.1	4.4	11.8	5.0	3.1	1.7	1.3
Revenue	-7.4	-4.9	-1.5	-8.4	-7.5	3.1	3.2	-3.7	2.9	10.6	1.9	3.1	-0.4	-0.9

	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Total Year	Oct YTD
Occ	13.0	-7.0	-11.7	8.1	2.6	4.7	0.8	1.5	-6.1	-4.9	7.6	-1.3	0.4	-0.1
ADR	-0.1	3.9	1.1	4.4	4.6	2.7	4.9	3.0	5.9	10.5	5.5	7.3	4.7	4.5
RevPAR	12.9	-3.4	-10.6	12.8	7.3	7.6	5.7	4.5	-0.5	5.1	13.5	5.9	5.1	4.4
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	13.0	-7.0	-11.7	8.1	2.6	4.7	0.8	1.5	-6.1	-4.9	7.6	-1.3	0.4	-0.1
Revenue	12.9	-3.4	-10.6	12.8	7.3	7.6	5.7	4.5	-0.5	5.1	13.5	5.9	5.1	4.4

	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Total Year	Oct YTD
Occ	-4.5	-0.4	20.8	2.9	-3.1	6.4	-1.4	-0.1	4.1	4.5	11.1	3.9	3.2	2.5
ADR	1.9	7.1	10.1	7.4	10.1	3.9	3.5	6.4	-5.5	-4.2	-3.6	0.6	2.6	3.3
RevPAR	-2.7	6.6	33.0	10.5	6.7	10.6	2.1	6.3	-1.6	0.0	7.0	4.5	5.9	5.9
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-4.5	-0.4	20.8	2.9	-3.1	6.4	-1.4	-0.1	4.1	4.5	11.1	3.9	3.2	2.5
Revenue	-2.7	6.6	33.0	10.5	6.7	10.6	2.1	6.3	-1.6	0.0	7.0	4.5	5.9	5.9

	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13	Oct 13	Nov 13	Dec 13	Total Year	Oct YTD
Occ	14.9	6.8	14.3	-2.6	8.5	-0.0	11.1	8.6	2.3	-2.8				5.8
ADR	-0.3	-2.8	10.7	-4.8	-0.8	0.7	-0.5	-0.0	-2.4	3.3				0.5
RevPAR	14.5	3.8	26.5	-7.2	7.6	0.6	10.6	8.6	-0.2	0.4				6.3
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0
Demand	14.9	6.8	14.3	-2.6	8.5	-0.0	11.1	8.6	2.3	-2.8				5.8
Revenue	14.5	3.8	26.5	-7.2	7.6	0.6	10.6	8.6	-0.2	0.4				6.3

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# Tab 5 - Twelve Month Moving Average

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Occupancy (%)												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	60.4	60.8	60.7	60.6	60.7	60.6	60.7	60.6	60.2	59.6	59.1	58.7
2009	58.3	58.3	57.8	57.4	56.7	55.8	54.9	54.7	54.4	53.8	53.3	53.4
2010	53.2	52.9	52.9	52.8	52.8	52.9	53.3	53.3	53.5	54.0	54.2	54.3
2011	54.7	54.4	54.0	54.3	54.4	54.7	54.7	54.8	54.5	54.3	54.5	54.5
2012	54.3	54.3	55.0	55.2	55.0	55.4	55.3	55.3	55.4	55.7	56.1	56.2
2013	56.7	57.0	57.6	57.4	57.8	57.8	58.5	59.1	59.2	59.0		

ADR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	217.78	216.94	217.55	217.08	217.76	218.20	219.27	220.26	222.13	223.05	223.44	223.67
2009	223.23	222.20	221.05	220.49	220.02	218.82	216.66	214.78	214.23	213.24	212.91	212.73
2010	212.76	213.16	213.16	212.14	210.93	211.29	210.40	209.40	209.11	208.75	208.32	208.31
2011	208.17	208.77	209.31	209.63	210.23	210.86	212.42	213.53	214.56	216.46	217.05	218.06
2012	218.36	219.30	219.70	220.67	222.23	223.16	224.16	226.33	225.32	224.44	223.67	223.75
2013	223.44	222.98	223.98	223.36	223.12	223.27	223.88	224.63	224.20	224.81		

RevPAR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	131.46	131.86	132.09	131.66	132.17	132.15	133.03	133.40	133.68	132.89	132.02	131.29
2009	130.24	129.64	127.87	126.48	124.67	122.10	118.91	117.40	116.63	114.75	113.58	113.60
2010	113.14	112.75	112.66	112.03	111.40	111.73	112.24	111.54	111.81	112.74	112.87	113.10
2011	113.85	113.59	112.96	113.84	114.41	115.26	116.21	117.02	116.97	117.47	118.39	118.84
2012	118.66	119.14	120.89	121.71	122.26	123.53	123.89	125.09	124.93	124.94	125.48	125.84
2013	126.77	127.06	128.93	128.31	128.98	129.07	130.95	132.69	132.67	132.71		

Supply												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960
2009	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960
2010	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960
2011	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960
2012	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960
2013	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960	767,960		

Demand												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	463,562	466,779	466,285	465,757	466,133	465,131	465,913	465,131	462,168	457,549	453,758	450,776
2009	448,071	448,037	444,239	440,538	435,146	428,504	421,481	419,751	418,104	413,271	409,659	410,089
2010	408,364	406,214	405,890	405,544	405,573	406,081	409,666	409,083	410,606	414,751	416,083	416,936
2011	419,992	417,851	414,452	417,042	417,914	419,756	420,116	420,871	418,668	416,751	418,880	418,517
2012	417,329	417,210	422,561	423,549	422,499	425,118	424,454	424,421	425,823	427,498	430,844	431,916
2013	435,712	437,625	442,065	441,153	443,948	443,941	449,203	453,621	454,424	453,347		

Revenue (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2008	100,956,696	101,260,975	101,442,051	101,108,794	101,503,540	101,489,284	102,159,218	102,448,201	102,660,692	102,054,064	101,385,854	100,827,101
2009	100,021,135	99,555,328	98,200,232	97,134,420	95,741,223	93,765,647	91,319,207	90,155,816	89,568,444	88,125,505	87,222,515	87,239,972
2010	86,883,571	86,589,013	86,519,645	86,031,001	85,547,382	85,802,060	86,193,942	85,660,957	85,863,387	86,581,305	86,676,879	86,853,282
2011	87,428,895	87,234,716	86,748,839	87,426,258	87,858,864	88,511,449	89,241,235	89,866,823	89,829,889	90,211,227	90,918,292	91,261,259
2012	91,125,897	91,492,428	92,838,079	93,465,602	93,891,224	94,867,395	95,145,282	96,060,335	95,944,872	95,948,105	96,365,937	96,641,106
2013	97,354,819	97,579,463	99,014,483	98,537,774	99,054,307	99,119,636	100,567,402	101,896,811	101,883,909	101,917,576		

High value is boxed.

Low value is boxed and italicized.

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# Tab 6 - Twelve Month Moving Average with Percent Change

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg
Jan 08	60.4		217.78		131.46		767,960		463,562		100,956,696	
Feb 08	60.8		216.94		131.86		767,960		466,779		101,260,975	
Mar 08	60.7		217.55		132.09		767,960		466,285		101,442,051	
Apr 08	60.6		217.08		131.66		767,960		465,757		101,108,794	
May 08	60.7		217.76		132.17		767,960		466,133		101,503,540	
Jun 08	60.6		218.20		132.15		767,960		465,131		101,489,284	
Jul 08	60.7		219.27		133.03		767,960		465,913		102,159,218	
Aug 08	60.6		220.26		133.40		767,960		465,131		102,448,201	
Sep 08	60.2		222.13		133.68		767,960		462,168		102,660,692	
Oct 08	59.6		223.05		132.89		767,960		457,549		102,054,064	
Nov 08	59.1		223.44		132.02		767,960		453,758		101,385,854	
Dec 08	58.7	-2.9	223.67	1.9	131.29	-1.0	767,960	0.0	450,776	-2.9	100,827,101	-1.0
Jan 09	58.3	-3.3	223.23	2.5	130.24	-0.9	767,960	0.0	448,071	-3.3	100,021,135	-0.9
Feb 09	58.3	-4.0	222.20	2.4	129.64	-1.7	767,960	0.0	448,037	-4.0	99,555,328	-1.7
Mar 09	57.8	-4.7	221.05	1.6	127.87	-3.2	767,960	0.0	444,239	-4.7	98,200,232	-3.2
Apr 09	57.4	-5.4	220.49	1.6	126.48	-3.9	767,960	0.0	440,538	-5.4	97,134,420	-3.9
May 09	56.7	-6.6	220.02	1.0	124.67	-5.7	767,960	0.0	435,146	-6.6	95,741,223	-5.7
Jun 09	55.8	-7.9	218.82	0.3	122.10	-7.6	767,960	0.0	428,504	-7.9	93,765,647	-7.6
Jul 09	54.9	-9.5	216.66	-1.2	118.91	-10.6	767,960	0.0	421,481	-9.5	91,319,207	-10.6
Aug 09	54.7	-9.8	214.78	-2.5	117.40	-12.0	767,960	0.0	419,751	-9.8	90,155,816	-12.0
Sep 09	54.4	-9.5	214.23	-3.6	116.63	-12.8	767,960	0.0	418,104	-9.5	89,568,444	-12.8
Oct 09	53.8	-9.7	213.24	-4.4	114.75	-13.6	767,960	0.0	413,271	-9.7	88,125,505	-13.6
Nov 09	53.3	-9.7	212.91	-4.7	113.58	-14.0	767,960	0.0	409,659	-9.7	87,222,515	-14.0
Dec 09	53.4	-9.0	212.73	-4.9	113.60	-13.5	767,960	0.0	410,089	-9.0	87,239,972	-13.5
Jan 10	53.2	-8.9	212.76	-4.7	113.14	-13.1	767,960	0.0	408,364	-8.9	86,883,571	-13.1
Feb 10	52.9	-9.3	213.16	-4.1	112.75	-13.0	767,960	0.0	406,214	-9.3	86,589,013	-13.0
Mar 10	52.9	-8.6	213.16	-3.6	112.66	-11.9	767,960	0.0	405,890	-8.6	86,519,645	-11.9
Apr 10	52.8	-7.9	212.14	-3.8	112.03	-11.4	767,960	0.0	405,544	-7.9	86,031,001	-11.4
May 10	52.8	-6.8	210.93	-4.1	111.40	-10.6	767,960	0.0	405,573	-6.8	85,547,382	-10.6
Jun 10	52.9	-5.2	211.29	-3.4	111.73	-8.5	767,960	0.0	406,081	-5.2	85,802,060	-8.5
Jul 10	53.3	-2.8	210.40	-2.9	112.24	-5.6	767,960	0.0	409,666	-2.8	86,193,942	-5.6
Aug 10	53.3	-2.5	209.40	-2.5	111.54	-5.0	767,960	0.0	409,083	-2.5	85,660,957	-5.0
Sep 10	53.5	-1.8	209.11	-2.4	111.81	-4.1	767,960	0.0	410,606	-1.8	85,863,387	-4.1
Oct 10	54.0	0.4	208.75	-2.1	112.74	-1.8	767,960	0.0	414,751	0.4	86,581,305	-1.8
Nov 10	54.2	1.6	208.32	-2.2	112.87	-0.6	767,960	0.0	416,083	1.6	86,676,879	-0.6
Dec 10	54.3	1.7	208.31	-2.1	113.10	-0.4	767,960	0.0	416,936	1.7	86,853,282	-0.4
Jan 11	54.7	2.8	208.17	-2.2	113.85	0.6	767,960	0.0	419,992	2.8	87,428,895	0.6
Feb 11	54.4	2.9	208.77	-2.1	113.59	0.7	767,960	0.0	417,851	2.9	87,234,716	0.7
Mar 11	54.0	2.1	209.31	-1.8	112.96	0.3	767,960	0.0	414,452	2.1	86,748,839	0.3
Apr 11	54.3	2.8	209.63	-1.2	113.84	1.6	767,960	0.0	417,042	2.8	87,426,258	1.6
May 11	54.4	3.0	210.23	-0.3	114.41	2.7	767,960	0.0	417,914	3.0	87,858,864	2.7
Jun 11	54.7	3.4	210.86	-0.2	115.26	3.2	767,960	0.0	419,756	3.4	88,511,449	3.2
Jul 11	54.7	2.6	212.42	1.0	116.21	3.5	767,960	0.0	420,116	2.6	89,241,235	3.5
Aug 11	54.8	2.9	213.53	2.0	117.02	4.9	767,960	0.0	420,871	2.9	89,866,823	4.9
Sep 11	54.5	2.0	214.56	2.6	116.97	4.6	767,960	0.0	418,668	2.0	89,829,889	4.6

# Tab 6 - Twelve Month Moving Average with Percent Change

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg
Oct 11	54.3	0.5	216.46	3.7	117.47	4.2	767,960	0.0	416,751	0.5	90,211,227	4.2
Nov 11	54.5	0.7	217.05	4.2	118.39	4.9	767,960	0.0	418,880	0.7	90,918,292	4.9
Dec 11	54.5	0.4	218.06	4.7	118.84	5.1	767,960	0.0	418,517	0.4	91,261,259	5.1
Jan 12	54.3	-0.6	218.36	4.9	118.66	4.2	767,960	0.0	417,329	-0.6	91,125,897	4.2
Feb 12	54.3	-0.2	219.30	5.0	119.14	4.9	767,960	0.0	417,210	-0.2	91,492,428	4.9
Mar 12	55.0	2.0	219.70	5.0	120.89	7.0	767,960	0.0	422,561	2.0	92,838,079	7.0
Apr 12	55.2	1.6	220.67	5.3	121.71	6.9	767,960	0.0	423,549	1.6	93,465,602	6.9
May 12	55.0	1.1	222.23	5.7	122.26	6.9	767,960	0.0	422,499	1.1	93,891,224	6.9
Jun 12	55.4	1.3	223.16	5.8	123.53	7.2	767,960	0.0	425,118	1.3	94,867,395	7.2
Jul 12	55.3	1.0	224.16	5.5	123.89	6.6	767,960	0.0	424,454	1.0	95,145,282	6.6
Aug 12	55.3	0.8	226.33	6.0	125.09	6.9	767,960	0.0	424,421	0.8	96,060,335	6.9
Sep 12	55.4	1.7	225.32	5.0	124.93	6.8	767,960	0.0	425,823	1.7	95,944,872	6.8
Oct 12	55.7	2.6	224.44	3.7	124.94	6.4	767,960	0.0	427,498	2.6	95,948,105	6.4
Nov 12	56.1	2.9	223.67	3.0	125.48	6.0	767,960	0.0	430,844	2.9	96,365,937	6.0
Dec 12	56.2	3.2	223.75	2.6	125.84	5.9	767,960	0.0	431,916	3.2	96,641,106	5.9
Jan 13	56.7	4.4	223.44	2.3	126.77	6.8	767,960	0.0	435,712	4.4	97,354,819	6.8
Feb 13	57.0	4.9	222.98	1.7	127.06	6.7	767,960	0.0	437,625	4.9	97,579,463	6.7
Mar 13	57.6	4.6	223.98	1.9	128.93	6.7	767,960	0.0	442,065	4.6	99,014,483	6.7
Apr 13	57.4	4.2	223.36	1.2	128.31	5.4	767,960	0.0	441,153	4.2	98,537,774	5.4
May 13	57.8	5.1	223.12	0.4	128.98	5.5	767,960	0.0	443,948	5.1	99,054,307	5.5
Jun 13	57.8	4.4	223.27	0.1	129.07	4.5	767,960	0.0	443,941	4.4	99,119,636	4.5
Jul 13	58.5	5.8	223.88	-0.1	130.95	5.7	767,960	0.0	449,203	5.8	100,567,402	5.7
Aug 13	59.1	6.9	224.63	-0.8	132.69	6.1	767,960	0.0	453,621	6.9	101,896,811	6.1
Sep 13	59.2	6.7	224.20	-0.5	132.67	6.2	767,960	0.0	454,424	6.7	101,883,909	6.2
Oct 13	59.0	6.0	224.81	0.2	132.71	6.2	767,960	0.0	453,347	6.0	101,917,576	6.2

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# Tab 7 - Day of Week Analysis

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Nov - 12	34.9	40.7	45.5		54.7	68.6	69.9	53.2
Dec - 12	36.0	43.0	37.5	40.1	36.3	51.3	62.6	44.2
Jan - 13	35.1	40.4	40.7	43.8	39.3	53.7	63.5	44.8
Feb - 13	39.5	48.5	51.7	47.6	42.7	59.7	67.6	51.1
Mar - 13	38.8	51.3	50.7	53.5	57.1	60.5	68.6	54.5
Apr - 13	41.7	52.8	53.7	51.1	48.8	62.9	74.5	55.0
May - 13	44.8	42.6	54.4	51.6	48.9	65.6	76.2	54.9
Jun - 13	50.3	65.3	70.0	70.2	66.7	73.8	84.1	68.5
Jul - 13	66.7	75.4	78.2	78.5	79.3	90.6	97.2	80.5
Aug - 13	74.9	80.7	83.8	84.2	80.1	89.5	99.6	85.2
Sep - 13	49.4	47.4	52.1	51.6	52.5	70.4	82.5	57.3
Oct - 13	44.1	46.9	54.3	55.9	54.6	72.4	82.8	58.4
<b>Total Year</b>	<b>46.2</b>	<b>53.0</b>	<b>56.1</b>	<b>56.9</b>	<b>55.1</b>	<b>68.5</b>	<b>77.5</b>	<b>59.0</b>

Three Year Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Nov 10 - Oct 11								
Nov 11 - Oct 12	43.9	48.8	52.3	52.5	50.4	65.6	76.3	55.7
Nov 12 - Oct 13	46.2	53.0	56.1	56.9	55.1	68.5	77.5	59.0
<b>Total 3 Yr</b>	<b>44.4</b>	<b>49.9</b>	<b>53.2</b>	<b>53.8</b>	<b>51.8</b>	<b>65.7</b>	<b>75.7</b>	<b>56.3</b>

ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Nov - 12	168.24	172.10	180.35		184.64	199.72	207.27	188.99
Dec - 12	215.62	215.75	192.40	197.45	210.04	238.81	252.91	222.38
Jan - 13	199.04	185.68	189.69	183.62	176.81	195.79	211.32	192.28
Feb - 13	208.96	203.24	198.24	191.28	191.08	207.65	221.30	204.26
Mar - 13	189.42	187.69	185.52	185.77	187.87	199.52	204.40	192.92
Apr - 13	167.22	177.45	171.82	173.16	169.57	178.47	190.55	176.55
May - 13	217.07	182.27	184.69	179.47	187.23	219.82	238.86	203.89
Jun - 13	235.81	223.74	227.31	224.10	229.94	256.68	253.52	237.37
Jul - 13	289.67	291.57	283.25	276.18	275.29	298.50	306.28	288.87
Aug - 13	302.38	299.67	293.47	290.13	291.92	312.74	316.76	302.24
Sep - 13	202.50	175.88	174.67	174.32	182.11	202.42	216.97	192.36
Oct - 13	186.70	180.55	187.34	199.18	205.47	227.73	244.70	208.11
<b>Total Year</b>	<b>223.79</b>	<b>217.83</b>	<b>214.33</b>	<b>213.27</b>	<b>215.67</b>	<b>234.08</b>	<b>244.69</b>	<b>224.81</b>

Three Year ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Nov 10 - Oct 11								
Nov 11 - Oct 12	227.08	213.12	207.98	209.56	214.26	239.34	246.04	224.44
Nov 12 - Oct 13	223.79	217.83	214.33	213.27	215.67	234.08	244.69	224.81
<b>Total 3 Yr</b>	<b>224.59</b>	<b>212.63</b>	<b>208.47</b>	<b>208.26</b>	<b>211.30</b>	<b>234.94</b>	<b>242.27</b>	<b>222.01</b>

RevPAR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Nov - 12	58.66	69.98	82.05		101.08	136.92	144.86	100.52
Dec - 12	77.70	92.72	72.13	79.28	76.15	122.51	158.44	98.21
Jan - 13	69.89	75.08	77.30	80.44	69.50	105.16	134.13	86.23
Feb - 13	82.60	98.56	102.43	91.03	81.67	123.98	149.67	104.28
Mar - 13	73.43	96.27	94.07	99.36	107.21	120.72	140.16	105.14
Apr - 13	69.78	93.73	92.19	88.51	82.74	112.29	141.92	97.02
May - 13	97.29	77.73	100.42	92.63	91.50	144.17	181.99	111.98
Jun - 13	118.69	146.14	159.05	157.35	153.47	189.43	213.14	162.70
Jul - 13	193.34	219.81	221.58	216.72	218.36	270.51	297.67	232.58
Aug - 13	226.55	241.86	245.88	244.29	233.78	279.94	315.52	257.44
Sep - 13	100.04	83.32	90.95	90.02	95.52	142.48	179.09	110.30
Oct - 13	82.33	84.60	101.81	111.42	112.24	164.96	202.55	121.45
<b>Total Year</b>	<b>103.29</b>	<b>115.56</b>	<b>120.24</b>	<b>121.32</b>	<b>118.89</b>	<b>160.27</b>	<b>189.69</b>	<b>132.71</b>

Three Year RevPAR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Nov 10 - Oct 11								
Nov 11 - Oct 12	99.65	104.05	108.79	109.98	108.08	156.96	187.65	124.94
Nov 12 - Oct 13	103.29	115.56	120.24	121.32	118.89	160.27	189.69	132.71
<b>Total 3 Yr</b>	<b>99.75</b>	<b>106.06</b>	<b>110.83</b>	<b>112.04</b>	<b>109.36</b>	<b>154.28</b>	<b>183.34</b>	<b>125.04</b>

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# Tab 8 - Raw Data

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 07	44.0		228.80		100.56		65,224		28,666		6,558,689		8	2,104	100.0
Feb 07	49.9		211.04		105.28		58,912		29,390		6,202,356		8	2,104	100.0
Mar 07	51.8		171.93		89.02		65,224		33,769		5,805,943		8	2,104	100.0
Apr 07	58.0		196.30		113.80		63,120		36,594		7,183,272		8	2,104	100.0
May 07	58.6		194.05		113.62		65,224		38,190		7,410,802		8	2,104	100.0
Jun 07	72.8		224.41		163.35		63,120		45,945		10,310,567		8	2,104	100.0
Jul 07	77.0		280.79		216.17		65,224		50,213		14,099,290		8	2,104	100.0
Aug 07	82.0		286.45		235.01		65,224		53,511		15,328,412		8	2,104	100.0
Sep 07	62.2		185.85		115.65		63,120		39,279		7,299,975		8	2,104	92.1
Oct 07	68.5		197.69		135.46		65,224		44,691		8,835,044		8	2,104	100.0
Nov 07	54.1		195.96		106.08		63,120		34,168		6,695,601		8	2,104	100.0
Dec 07	45.7		206.49		94.33		65,224		29,795		6,152,504		8	2,104	100.0
Jan 08	43.0	-2.3	201.05	-12.1	86.36	-14.1	65,224	0.0	28,017	-2.3	5,632,930	-14.1	8	2,104	100.0
Feb 08	55.3	10.9	199.55	-5.4	110.45	4.9	58,912	0.0	32,607	10.9	6,506,635	4.9	8	2,104	100.0
Mar 08	51.0	-1.5	179.93	4.6	91.79	3.1	65,224	0.0	33,275	-1.5	5,987,019	3.1	8	2,104	100.0
Apr 08	57.1	-1.4	189.93	-3.2	108.52	-4.6	63,120	0.0	36,066	-1.4	6,850,015	-4.6	8	2,104	100.0
May 08	59.1	1.0	202.39	4.3	119.67	5.3	65,224	0.0	38,566	1.0	7,805,548	5.3	8	2,104	100.0
Jun 08	71.2	-2.2	229.10	2.1	163.12	-0.1	63,120	0.0	44,943	-2.2	10,296,311	-0.1	8	2,104	100.0
Jul 08	78.2	1.6	289.62	3.1	226.44	4.8	65,224	0.0	50,995	1.6	14,769,224	4.8	8	2,104	100.0
Aug 08	80.8	-1.5	296.18	3.4	239.44	1.9	65,224	0.0	52,729	-1.5	15,617,395	1.9	8	2,104	100.0
Sep 08	57.5	-7.5	206.86	11.3	119.02	2.9	63,120	0.0	36,316	-7.5	7,512,466	2.9	8	2,104	100.0
Oct 08	61.4	-10.3	205.34	3.9	126.16	-6.9	65,224	0.0	40,072	-10.3	8,228,416	-6.9	8	2,104	100.0
Nov 08	48.1	-11.1	198.42	1.3	95.49	-10.0	63,120	0.0	30,377	-11.1	6,027,391	-10.0	8	2,104	100.0
Dec 08	41.1	-10.0	208.62	1.0	85.76	-9.1	65,224	0.0	26,813	-10.0	5,593,751	-9.1	8	2,104	100.0
Jan 09	38.8	-9.7	190.70	-5.2	74.01	-14.3	65,224	0.0	25,312	-9.7	4,826,964	-14.3	8	2,104	100.0
Feb 09	55.3	-0.1	185.46	-7.1	102.54	-7.2	58,912	0.0	32,573	-0.1	6,040,828	-7.2	8	2,104	100.0
Mar 09	45.2	-11.4	157.14	-12.7	71.02	-22.6	65,224	0.0	29,477	-11.4	4,631,923	-22.6	8	2,104	100.0
Apr 09	51.3	-10.3	178.72	-5.9	91.64	-15.6	63,120	0.0	32,365	-10.3	5,784,203	-15.6	8	2,104	100.0
May 09	50.9	-14.0	193.29	-4.5	98.31	-17.8	65,224	0.0	33,174	-14.0	6,412,351	-17.8	8	2,104	100.0
Jun 09	60.7	-14.8	217.25	-5.2	131.82	-19.2	63,120	0.0	38,301	-14.8	8,320,735	-19.2	8	2,104	100.0
Jul 09	67.4	-13.8	280.24	-3.2	188.93	-16.6	65,224	0.0	43,972	-13.8	12,322,784	-16.6	8	2,104	100.0
Aug 09	78.2	-3.3	283.42	-4.3	221.61	-7.4	65,224	0.0	50,999	-3.3	14,454,004	-7.4	8	2,104	100.0
Sep 09	54.9	-4.5	199.75	-3.4	109.71	-7.8	63,120	0.0	34,669	-4.5	6,925,094	-7.8	8	2,104	100.0
Oct 09	54.0	-12.1	192.56	-6.2	104.03	-17.5	65,224	0.0	35,239	-12.1	6,785,477	-17.5	8	2,104	100.0
Nov 09	42.4	-11.9	191.46	-3.5	81.19	-15.0	63,120	0.0	26,765	-11.9	5,124,401	-15.0	8	2,104	100.0
Dec 09	41.8	1.6	205.97	-1.3	86.03	0.3	65,224	0.0	27,243	1.6	5,611,208	0.3	8	2,104	100.0
Jan 10	36.2	-6.8	189.54	-0.6	68.54	-7.4	65,224	0.0	23,587	-6.8	4,470,563	-7.4	8	2,104	100.0
Feb 10	51.6	-6.6	188.88	1.8	97.54	-4.9	58,912	0.0	30,423	-6.6	5,746,270	-4.9	8	2,104	90.5
Mar 10	44.7	-1.1	156.50	-0.4	69.95	-1.5	65,224	0.0	29,153	-1.1	4,562,555	-1.5	8	2,104	90.5
Apr 10	50.7	-1.1	165.39	-7.5	83.90	-8.4	63,120	0.0	32,019	-1.1	5,295,559	-8.4	8	2,104	90.5
May 10	50.9	0.1	178.56	-7.6	90.90	-7.5	65,224	0.0	33,203	0.1	5,928,732	-7.5	8	2,104	90.5
Jun 10	61.5	1.3	220.96	1.7	135.86	3.1	63,120	0.0	38,809	1.3	8,575,413	3.1	8	2,104	90.5
Jul 10	72.9	8.2	267.36	-4.6	194.94	3.2	65,224	0.0	47,557	8.2	12,714,666	3.2	8	2,104	90.5
Aug 10	77.3	-1.1	276.12	-2.6	213.43	-3.7	65,224	0.0	50,416	-1.1	13,921,019	-3.7	8	2,104	90.5
Sep 10	57.3	4.4	196.94	-1.4	112.92	2.9	63,120	0.0	36,192	4.4	7,127,524	2.9	8	2,104	90.5
Oct 10	60.4	11.8	190.52	-1.1	115.04	10.6	65,224	0.0	39,384	11.8	7,503,395	10.6	8	2,104	90.5
Nov 10	44.5	5.0	185.78	-3.0	82.70	1.9	63,120	0.0	28,097	5.0	5,219,975	1.9	8	2,104	90.5
Dec 10	43.1	3.1	205.99	0.0	88.73	3.1	65,224	0.0	28,096	3.1	5,787,611	3.1	8	2,104	90.5
Jan 11	40.8	13.0	189.40	-0.1	77.37	12.9	65,224	0.0	26,643	13.0	5,046,176	12.9	8	2,104	90.5

# Tab 8 - Raw Data

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Feb 11	48.0	-7.0	196.31	3.9	94.24	-3.4	58,912	0.0	28,282	-7.0	5,552,091	-3.4	8	2,104	90.5
Mar 11	39.5	-11.7	158.29	1.1	62.50	-10.6	65,224	0.0	25,754	-11.7	4,076,678	-10.6	8	2,104	90.5
Apr 11	54.8	8.1	172.58	4.4	94.63	12.8	63,120	0.0	34,609	8.1	5,972,978	12.8	8	2,104	90.5
May 11	52.2	2.6	186.69	4.6	97.53	7.3	65,224	0.0	34,075	2.6	6,361,338	7.3	8	2,104	90.5
Jun 11	64.4	4.7	227.01	2.7	146.20	7.6	63,120	0.0	40,651	4.7	9,227,998	7.6	8	2,104	90.5
Jul 11	73.5	0.8	280.58	4.9	206.13	5.7	65,224	0.0	47,917	0.8	13,444,452	5.7	8	2,104	90.5
Aug 11	78.5	1.5	284.27	3.0	223.03	4.5	65,224	0.0	51,171	1.5	14,546,607	4.5	8	2,104	90.5
Sep 11	53.8	-6.1	208.61	5.9	112.34	-0.5	63,120	0.0	33,989	-6.1	7,090,590	-0.5	8	2,104	100.0
Oct 11	57.4	-4.9	210.44	10.5	120.89	5.1	65,224	0.0	37,467	-4.9	7,884,733	5.1	8	2,104	100.0
Nov 11	47.9	7.6	196.09	5.5	93.90	13.5	63,120	0.0	30,226	7.6	5,927,040	13.5	8	2,104	100.0
Dec 11	42.5	-1.3	221.06	7.3	93.99	5.9	65,224	0.0	27,733	-1.3	6,130,578	5.9	8	2,104	100.0
Jan 12	39.0	-4.5	192.92	1.9	75.29	-2.7	65,224	0.0	25,455	-4.5	4,910,814	-2.7	8	2,104	100.0
Feb 12	47.8	-0.4	210.16	7.1	100.47	6.6	58,912	0.0	28,163	-0.4	5,918,622	6.6	8	2,104	100.0
Mar 12	47.7	20.8	174.32	10.1	83.13	33.0	65,224	0.0	31,105	20.8	5,422,329	33.0	8	2,104	100.0
Apr 12	56.4	2.9	185.42	7.4	104.57	10.5	63,120	0.0	35,597	2.9	6,600,501	10.5	8	2,104	100.0
May 12	50.6	-3.1	205.51	10.1	104.06	6.7	65,224	0.0	33,025	-3.1	6,786,960	6.7	8	2,104	100.0
Jun 12	68.6	6.4	235.83	3.9	161.66	10.6	63,120	0.0	43,270	6.4	10,204,169	10.6	8	2,104	100.0
Jul 12	72.4	-1.4	290.40	3.5	210.39	2.1	65,224	0.0	47,253	-1.4	13,722,339	2.1	8	2,104	100.0
Aug 12	78.4	-0.1	302.35	6.4	237.05	6.3	65,224	0.0	51,138	-0.1	15,461,660	6.3	8	2,104	100.0
Sep 12	56.1	4.1	197.09	-5.5	110.51	-1.6	63,120	0.0	35,391	4.1	6,975,127	-1.6	8	2,104	100.0
Oct 12	60.0	4.5	201.52	-4.2	120.94	0.0	65,224	0.0	39,142	4.5	7,887,966	0.0	8	2,104	100.0
Nov 12	53.2	11.1	188.99	-3.6	100.52	7.0	63,120	0.0	33,572	11.1	6,344,872	7.0	8	2,104	90.5
Dec 12	44.2	3.9	222.38	0.6	98.21	4.5	65,224	0.0	28,805	3.9	6,405,747	4.5	8	2,104	100.0
Jan 13	44.8	14.9	192.28	-0.3	86.23	14.5	65,224	0.0	29,251	14.9	5,624,527	14.5	8	2,104	100.0
Feb 13	51.1	6.8	204.26	-2.8	104.28	3.8	58,912	0.0	30,076	6.8	6,143,266	3.8	8	2,104	100.0
Mar 13	54.5	14.3	192.92	10.7	105.14	26.5	65,224	0.0	35,545	14.3	6,857,349	26.5	8	2,104	100.0
Apr 13	55.0	-2.6	176.55	-4.8	97.02	-7.2	63,120	0.0	34,685	-2.6	6,123,792	-7.2	8	2,104	100.0
May 13	54.9	8.5	203.89	-0.8	111.98	7.6	65,224	0.0	35,820	8.5	7,303,493	7.6	8	2,104	100.0
Jun 13	68.5	-0.0	237.37	0.7	162.70	0.6	63,120	0.0	43,263	-0.0	10,269,498	0.6	8	2,104	100.0
Jul 13	80.5	11.1	288.87	-0.5	232.58	10.6	65,224	0.0	52,515	11.1	15,170,105	10.6	8	2,104	100.0
Aug 13	85.2	8.6	302.24	-0.0	257.44	8.6	65,224	0.0	55,556	8.6	16,791,069	8.6	8	2,104	100.0
Sep 13	57.3	2.3	192.36	-2.4	110.30	-0.2	63,120	0.0	36,194	2.3	6,962,225	-0.2	8	2,104	100.0
Oct 13	58.4	-2.8	208.11	3.3	121.45	0.4	65,224	0.0	38,065	-2.8	7,921,633	0.4	8	2,104	100.0

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# Tab 9 - Classic

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 07	44.0		228.80		100.56		65,224		28,666		6,558,689		8	2,104	100.0
Feb 07	49.9		211.04		105.28		58,912		29,390		6,202,356		8	2,104	100.0
Mar 07	51.8		171.93		89.02		65,224		33,769		5,805,943		8	2,104	100.0
Apr 07	58.0		196.30		113.80		63,120		36,594		7,183,272		8	2,104	100.0
May 07	58.6		194.05		113.62		65,224		38,190		7,410,802		8	2,104	100.0
Jun 07	72.8		224.41		163.35		63,120		45,945		10,310,567		8	2,104	100.0
Jul 07	77.0		280.79		216.17		65,224		50,213		14,099,290		8	2,104	100.0
Aug 07	82.0		286.45		235.01		65,224		53,511		15,328,412		8	2,104	100.0
Sep 07	62.2		185.85		115.65		63,120		39,279		7,299,975		8	2,104	92.1
Oct 07	68.5		197.69		135.46		65,224		44,691		8,835,044		8	2,104	100.0
Nov 07	54.1		195.96		106.08		63,120		34,168		6,695,601		8	2,104	100.0
Dec 07	45.7		206.49		94.33		65,224		29,795		6,152,504		8	2,104	100.0
Oct YTD 2007	62.6		222.45		139.20		639,616		400,248		89,034,350				
Total 2007	60.4		219.47		132.67		767,960		464,211		101,882,455				
Jan 08	43.0	-2.3	201.05	-12.1	86.36	-14.1	65,224	0.0	28,017	-2.3	5,632,930	-14.1	8	2,104	100.0
Feb 08	55.3	10.9	199.55	-5.4	110.45	4.9	58,912	0.0	32,607	10.9	6,506,635	4.9	8	2,104	100.0
Mar 08	51.0	-1.5	179.93	4.6	91.79	3.1	65,224	0.0	33,275	-1.5	5,987,019	3.1	8	2,104	100.0
Apr 08	57.1	-1.4	189.93	-3.2	108.52	-4.6	63,120	0.0	36,066	-1.4	6,850,015	-4.6	8	2,104	100.0
May 08	59.1	1.0	202.39	4.3	119.67	5.3	65,224	0.0	38,566	1.0	7,805,548	5.3	8	2,104	100.0
Jun 08	71.2	-2.2	229.10	2.1	163.12	-0.1	63,120	0.0	44,943	-2.2	10,296,311	-0.1	8	2,104	100.0
Jul 08	78.2	1.6	289.62	3.1	226.44	4.8	65,224	0.0	50,995	1.6	14,769,224	4.8	8	2,104	100.0
Aug 08	80.8	-1.5	296.18	3.4	239.44	1.9	65,224	0.0	52,729	-1.5	15,617,395	1.9	8	2,104	100.0
Sep 08	57.5	-7.5	206.86	11.3	119.02	2.9	63,120	0.0	36,316	-7.5	7,512,466	2.9	8	2,104	100.0
Oct 08	61.4	-10.3	205.34	3.9	126.16	-6.9	65,224	0.0	40,072	-10.3	8,228,416	-6.9	8	2,104	100.0
Nov 08	48.1	-11.1	198.42	1.3	95.49	-10.0	63,120	0.0	30,377	-11.1	6,027,391	-10.0	8	2,104	100.0
Dec 08	41.1	-10.0	208.62	1.0	85.76	-9.1	65,224	0.0	26,813	-10.0	5,593,751	-9.1	8	2,104	100.0
Oct YTD 2008	61.5	-1.7	226.65	1.9	139.47	0.2	639,616	0.0	393,586	-1.7	89,205,959	0.2			
Total 2008	58.7	-2.9	223.67	1.9	131.29	-1.0	767,960	0.0	450,776	-2.9	100,827,101	-1.0			
Jan 09	38.8	-9.7	190.70	-5.2	74.01	-14.3	65,224	0.0	25,312	-9.7	4,826,964	-14.3	8	2,104	100.0
Feb 09	55.3	-0.1	185.46	-7.1	102.54	-7.2	58,912	0.0	32,573	-0.1	6,040,828	-7.2	8	2,104	100.0
Mar 09	45.2	-11.4	157.14	-12.7	71.02	-22.6	65,224	0.0	29,477	-11.4	4,631,923	-22.6	8	2,104	100.0
Apr 09	51.3	-10.3	178.72	-5.9	91.64	-15.6	63,120	0.0	32,365	-10.3	5,784,203	-15.6	8	2,104	100.0
May 09	50.9	-14.0	193.29	-4.5	98.31	-17.8	65,224	0.0	33,174	-14.0	6,412,351	-17.8	8	2,104	100.0
Jun 09	60.7	-14.8	217.25	-5.2	131.82	-19.2	63,120	0.0	38,301	-14.8	8,320,735	-19.2	8	2,104	100.0
Jul 09	67.4	-13.8	280.24	-3.2	188.93	-16.6	65,224	0.0	43,972	-13.8	12,322,784	-16.6	8	2,104	100.0
Aug 09	78.2	-3.3	283.42	-4.3	221.61	-7.4	65,224	0.0	50,999	-3.3	14,454,004	-7.4	8	2,104	100.0
Sep 09	54.9	-4.5	199.75	-3.4	109.71	-7.8	63,120	0.0	34,669	-4.5	6,925,094	-7.8	8	2,104	100.0
Oct 09	54.0	-12.1	192.56	-6.2	104.03	-17.5	65,224	0.0	35,239	-12.1	6,785,477	-17.5	8	2,104	100.0
Nov 09	42.4	-11.9	191.46	-3.5	81.19	-15.0	63,120	0.0	26,765	-11.9	5,124,401	-15.0	8	2,104	100.0
Dec 09	41.8	1.6	205.97	-1.3	86.03	0.3	65,224	0.0	27,243	1.6	5,611,208	0.3	8	2,104	100.0
Oct YTD 2009	55.7	-9.5	214.85	-5.2	119.61	-14.2	639,616	0.0	356,081	-9.5	76,504,363	-14.2			
Total 2009	53.4	-9.0	212.73	-4.9	113.60	-13.5	767,960	0.0	410,089	-9.0	87,239,972	-13.5			
Jan 10	36.2	-6.8	189.54	-0.6	68.54	-7.4	65,224	0.0	23,587	-6.8	4,470,563	-7.4	8	2,104	100.0
Feb 10	51.6	-6.6	188.88	1.8	97.54	-4.9	58,912	0.0	30,423	-6.6	5,746,270	-4.9	8	2,104	90.5
Mar 10	44.7	-1.1	156.50	-0.4	69.95	-1.5	65,224	0.0	29,153	-1.1	4,562,555	-1.5	8	2,104	90.5
Apr 10	50.7	-1.1	165.39	-7.5	83.90	-8.4	63,120	0.0	32,019	-1.1	5,295,559	-8.4	8	2,104	90.5
May 10	50.9	0.1	178.56	-7.6	90.90	-7.5	65,224	0.0	33,203	0.1	5,928,732	-7.5	8	2,104	90.5
Jun 10	61.5	1.3	220.96	1.7	135.86	3.1	63,120	0.0	38,809	1.3	8,575,413	3.1	8	2,104	90.5
Jul 10	72.9	8.2	267.36	-4.6	194.94	3.2	65,224	0.0	47,557	8.2	12,714,666	3.2	8	2,104	90.5
Aug 10	77.3	-1.1	276.12	-2.6	213.43	-3.7	65,224	0.0	50,416	-1.1	13,921,019	-3.7	8	2,104	90.5
Sep 10	57.3	4.4	196.94	-1.4	112.92	2.9	63,120	0.0	36,192	4.4	7,127,524	2.9	8	2,104	90.5
Oct 10	60.4	11.8	190.52	-1.1	115.04	10.6	65,224	0.0	39,384	11.8	7,503,395	10.6	8	2,104	90.5
Nov 10	44.5	5.0	185.78	-3.0	82.70	1.9	63,120	0.0	28,097	5.0	5,219,975	1.9	8	2,104	90.5

# Tab 9 - Classic

Thompson, NY

Job Number: 545643\_SADIM Staff: CW Created: December 10, 2013

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
<b>Dec 10</b>	43.1	3.1	205.99	0.0	88.73	3.1	65,224	0.0	28,096	3.1	5,787,611	3.1	8	2,104	90.5
Oct YTD 2010	56.4	1.3	210.25	-2.1	118.58	-0.9	639,616	0.0	360,743	1.3	75,845,696	-0.9			
Total 2010	54.3	1.7	208.31	-2.1	113.10	-0.4	767,960	0.0	416,936	1.7	86,853,282	-0.4			
<b>Jan 11</b>	40.8	13.0	189.40	-0.1	77.37	12.9	65,224	0.0	26,643	13.0	5,046,176	12.9	8	2,104	90.5
<b>Feb 11</b>	48.0	-7.0	196.31	3.9	94.24	-3.4	58,912	0.0	28,282	-7.0	5,552,091	-3.4	8	2,104	90.5
<b>Mar 11</b>	39.5	-11.7	158.29	1.1	62.50	-10.6	65,224	0.0	25,754	-11.7	4,076,678	-10.6	8	2,104	90.5
<b>Apr 11</b>	54.8	8.1	172.58	4.4	94.63	12.8	63,120	0.0	34,609	8.1	5,972,978	12.8	8	2,104	90.5
<b>May 11</b>	52.2	2.6	186.69	4.6	97.53	7.3	65,224	0.0	34,075	2.6	6,361,338	7.3	8	2,104	90.5
<b>Jun 11</b>	64.4	4.7	227.01	2.7	146.20	7.6	63,120	0.0	40,651	4.7	9,227,998	7.6	8	2,104	90.5
<b>Jul 11</b>	73.5	0.8	280.58	4.9	206.13	5.7	65,224	0.0	47,917	0.8	13,444,452	5.7	8	2,104	90.5
<b>Aug 11</b>	78.5	1.5	284.27	3.0	223.03	4.5	65,224	0.0	51,171	1.5	14,546,607	4.5	8	2,104	90.5
<b>Sep 11</b>	53.8	-6.1	208.61	5.9	112.34	-0.5	63,120	0.0	33,989	-6.1	7,090,590	-0.5	8	2,104	100.0
<b>Oct 11</b>	57.4	-4.9	210.44	10.5	120.89	5.1	65,224	0.0	37,467	-4.9	7,884,733	5.1	8	2,104	100.0
<b>Nov 11</b>	47.9	7.6	196.09	5.5	93.90	13.5	63,120	0.0	30,226	7.6	5,927,040	13.5	8	2,104	100.0
<b>Dec 11</b>	42.5	-1.3	221.06	7.3	93.99	5.9	65,224	0.0	27,733	-1.3	6,130,578	5.9	8	2,104	100.0
Oct YTD 2011	56.4	-0.1	219.67	4.5	123.83	4.4	639,616	0.0	360,558	-0.1	79,203,641	4.4			
Total 2011	54.5	0.4	218.06	4.7	118.84	5.1	767,960	0.0	418,517	0.4	91,261,259	5.1			
<b>Jan 12</b>	39.0	-4.5	192.92	1.9	75.29	-2.7	65,224	0.0	25,455	-4.5	4,910,814	-2.7	8	2,104	100.0
<b>Feb 12</b>	47.8	-0.4	210.16	7.1	100.47	6.6	58,912	0.0	28,163	-0.4	5,918,622	6.6	8	2,104	100.0
<b>Mar 12</b>	47.7	20.8	174.32	10.1	83.13	33.0	65,224	0.0	31,105	20.8	5,422,329	33.0	8	2,104	100.0
<b>Apr 12</b>	56.4	2.9	185.42	7.4	104.57	10.5	63,120	0.0	35,597	2.9	6,600,501	10.5	8	2,104	100.0
<b>May 12</b>	50.6	-3.1	205.51	10.1	104.06	6.7	65,224	0.0	33,025	-3.1	6,786,960	6.7	8	2,104	100.0
<b>Jun 12</b>	68.6	6.4	235.83	3.9	161.66	10.6	63,120	0.0	43,270	6.4	10,204,169	10.6	8	2,104	100.0
<b>Jul 12</b>	72.4	-1.4	290.40	3.5	210.39	2.1	65,224	0.0	47,253	-1.4	13,722,339	2.1	8	2,104	100.0
<b>Aug 12</b>	78.4	-0.1	302.35	6.4	237.05	6.3	65,224	0.0	51,138	-0.1	15,461,660	6.3	8	2,104	100.0
<b>Sep 12</b>	56.1	4.1	197.09	-5.5	110.51	-1.6	63,120	0.0	35,391	4.1	6,975,127	-1.6	8	2,104	100.0
<b>Oct 12</b>	60.0	4.5	201.52	-4.2	120.94	0.0	65,224	0.0	39,142	4.5	7,887,966	0.0	8	2,104	100.0
<b>Nov 12</b>	53.2	11.1	188.99	-3.6	100.52	7.0	63,120	0.0	33,572	11.1	6,344,872	7.0	8	2,104	90.5
<b>Dec 12</b>	44.2	3.9	222.38	0.6	98.21	4.5	65,224	0.0	28,805	3.9	6,405,747	4.5	8	2,104	100.0
Oct YTD 2012	57.8	2.5	227.01	3.3	131.16	5.9	639,616	0.0	369,539	2.5	83,890,487	5.9			
Total 2012	56.2	3.2	223.75	2.6	125.84	5.9	767,960	0.0	431,916	3.2	96,641,106	5.9			
<b>Jan 13</b>	44.8	14.9	192.28	-0.3	86.23	14.5	65,224	0.0	29,251	14.9	5,624,527	14.5	8	2,104	100.0
<b>Feb 13</b>	51.1	6.8	204.26	-2.8	104.28	3.8	58,912	0.0	30,076	6.8	6,143,266	3.8	8	2,104	100.0
<b>Mar 13</b>	54.5	14.3	192.92	10.7	105.14	26.5	65,224	0.0	35,545	14.3	6,857,349	26.5	8	2,104	100.0
<b>Apr 13</b>	55.0	-2.6	176.55	-4.8	97.02	-7.2	63,120	0.0	34,685	-2.6	6,123,792	-7.2	8	2,104	100.0
<b>May 13</b>	54.9	8.5	203.89	-0.8	111.98	7.6	65,224	0.0	35,820	8.5	7,303,493	7.6	8	2,104	100.0
<b>Jun 13</b>	68.5	-0.0	237.37	0.7	162.70	0.6	63,120	0.0	43,263	-0.0	10,269,498	0.6	8	2,104	100.0
<b>Jul 13</b>	80.5	11.1	288.87	-0.5	232.58	10.6	65,224	0.0	52,515	11.1	15,170,105	10.6	8	2,104	100.0
<b>Aug 13</b>	85.2	8.6	302.24	-0.0	257.44	8.6	65,224	0.0	55,556	8.6	16,791,069	8.6	8	2,104	100.0
<b>Sep 13</b>	57.3	2.3	192.36	-2.4	110.30	-0.2	63,120	0.0	36,194	2.3	6,962,225	-0.2	8	2,104	100.0
<b>Oct 13</b>	58.4	-2.8	208.11	3.3	121.45	0.4	65,224	0.0	38,065	-2.8	7,921,633	0.4	8	2,104	100.0
Oct YTD 2013	61.1	5.8	228.07	0.5	139.41	6.3	639,616	0.0	390,970	5.8	89,166,957	6.3			

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## Methodology

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

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

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

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

## Glossary

### **ADR (Average Daily Rate)**

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

### **Affiliation Date**

Date the property affiliated with current chain/flag

### **Census (Properties and Rooms)**

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

### **Change in Rooms**

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

### **Exchange Rate**

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

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

### **Extended Historical Trend**

Data on selected properties or segments starting in 2000.

### **Demand (Rooms Sold)**

The number of rooms sold (excludes complimentary rooms).

### **Full Historical Trend**

Data on selected properties or segments starting in 1987.

### **Occupancy**

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

### **Open Date**

Date the property opened as a lodging establishment.

### **Percent Change**

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

### **Revenue (Room Revenue)**

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

### **RevPAR (Revenue Per Available Room)**

Room revenue divided by rooms available

### **Sample % (Rooms)**

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

### **Standard Historical Trend**

Data on selected properties or segments starting in 2005.

### **STR Code**

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

### **Supply (Rooms Available)**

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

### **Twelve Month Moving Average**

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

### **Year to Date**

# Tab 12 - Terms and Conditions

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

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

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## 3. MISCELLANEOUS

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

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

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

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

venture relationship.

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

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

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

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

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

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

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

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

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

## **ADDENDUM III**



# Demographic and Income Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 60 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Summary	Census 2010	2013	2018
Population	3,550,696	3,566,912	3,603,824
Households	1,275,848	1,282,787	1,297,291
Families	902,582	905,510	912,002
Average Household Size	2.69	2.69	2.69
Owner Occupied Housing Units	922,090	913,150	937,772
Renter Occupied Housing Units	353,758	369,637	359,519
Median Age	40.5	41.1	41.7
Trends: 2013 - 2018 Annual Rate	Area	State	National
Population	0.21%	0.38%	0.71%
Households	0.23%	0.43%	0.74%
Families	0.14%	0.29%	0.63%
Owner HHs	0.53%	0.88%	0.94%
Median Household Income	3.01%	3.36%	3.03%

Households by Income	2013		2018	
	Number	Percent	Number	Percent
<\$15,000	104,894	8.2%	97,557	7.5%
\$15,000 - \$24,999	93,981	7.3%	72,831	5.6%
\$25,000 - \$34,999	105,841	8.3%	87,146	6.7%
\$35,000 - \$49,999	145,175	11.3%	126,790	9.8%
\$50,000 - \$74,999	207,481	16.2%	180,227	13.9%
\$75,000 - \$99,999	162,121	12.6%	196,039	15.1%
\$100,000 - \$149,999	233,059	18.2%	260,956	20.1%
\$150,000 - \$199,999	116,081	9.0%	143,343	11.0%
\$200,000+	114,136	8.9%	132,384	10.2%
Median Household Income	\$72,368		\$83,941	
Average Household Income	\$98,972		\$116,525	
Per Capita Income	\$36,175		\$42,522	

Population by Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	204,539	5.8%	197,621	5.5%	200,232	5.6%
5 - 9	231,365	6.5%	220,355	6.2%	214,415	5.9%
10 - 14	250,530	7.1%	246,595	6.9%	239,690	6.7%
15 - 19	262,455	7.4%	253,676	7.1%	244,682	6.8%
20 - 24	214,706	6.0%	229,852	6.4%	213,990	5.9%
25 - 34	370,531	10.4%	385,969	10.8%	407,318	11.3%
35 - 44	480,630	13.5%	438,722	12.3%	423,642	11.8%
45 - 54	585,298	16.5%	563,630	15.8%	515,069	14.3%
55 - 64	452,292	12.7%	490,369	13.7%	525,155	14.6%
65 - 74	263,132	7.4%	296,877	8.3%	356,417	9.9%
75 - 84	162,891	4.6%	164,902	4.6%	180,561	5.0%
85+	72,327	2.0%	78,344	2.2%	82,653	2.3%

Race and Ethnicity	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
White Alone	2,873,997	80.9%	2,841,601	79.7%	2,801,452	77.7%
Black Alone	253,228	7.1%	265,244	7.4%	282,837	7.8%
American Indian Alone	10,657	0.3%	11,260	0.3%	12,460	0.3%
Asian Alone	165,084	4.6%	177,099	5.0%	198,423	5.5%
Pacific Islander Alone	1,040	0.0%	1,218	0.0%	1,490	0.0%
Some Other Race Alone	160,403	4.5%	176,624	5.0%	201,998	5.6%
Two or More Races	86,287	2.4%	93,866	2.6%	105,164	2.9%
Hispanic Origin (Any Race)	479,236	13.5%	528,562	14.8%	610,631	16.9%

Data Note: Income is expressed in current dollars.

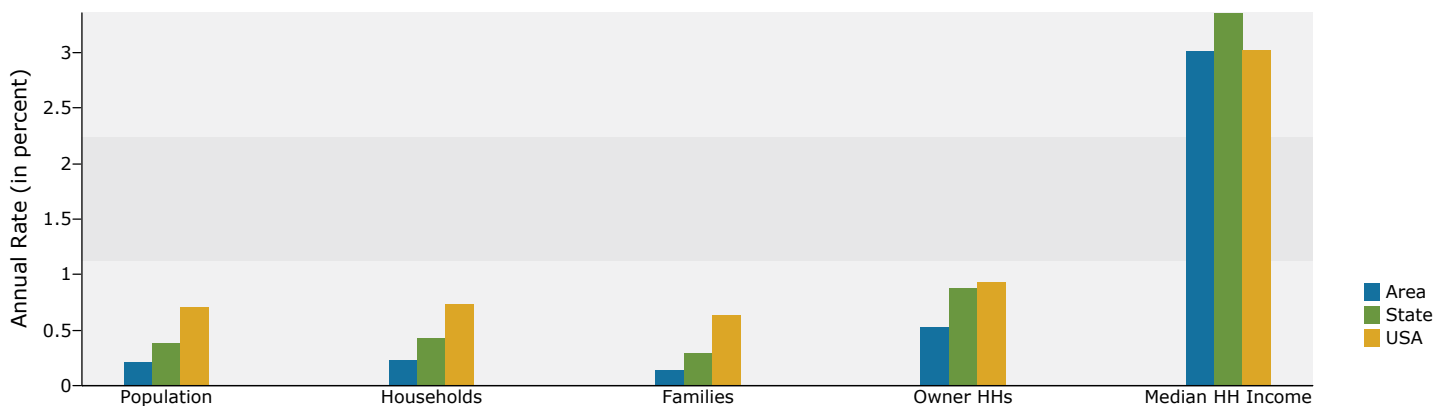
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

# Demographic and Income Profile

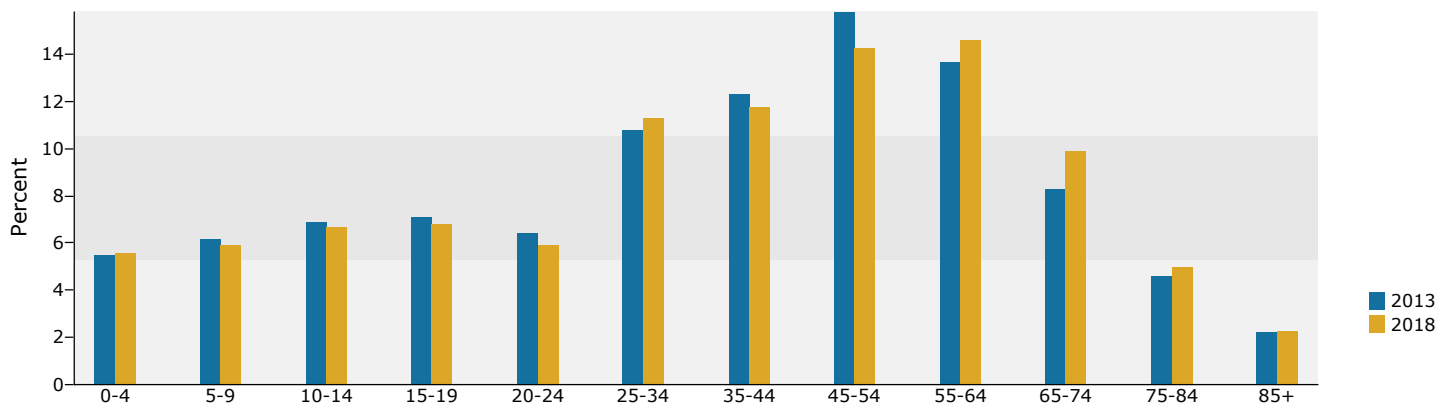
Thompson NY ring data  
 Thompson NY ring data  
 Ring: 60 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

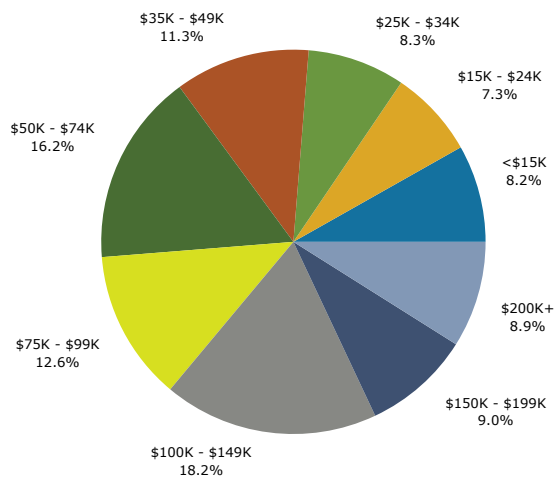
## Trends 2013-2018



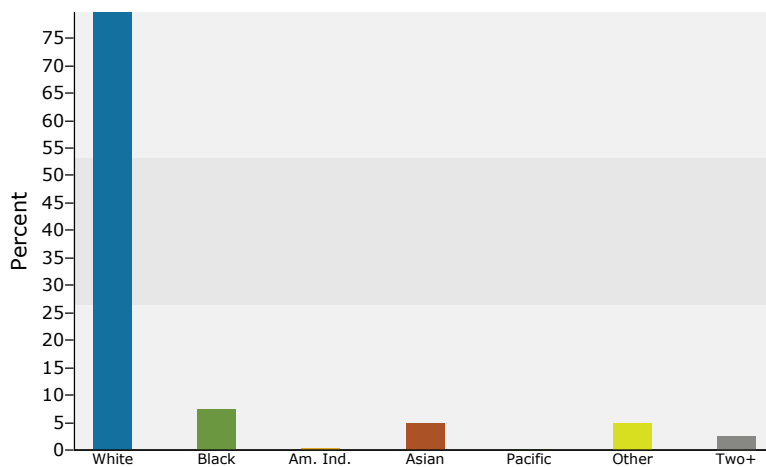
## Population by Age



## 2013 Household Income



## 2013 Population by Race



2013 Percent Hispanic Origin: 14.8%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.



# Demographic and Income Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 120 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Summary	Census 2010	2013	2018
Population	31,297,906	31,557,731	32,159,709
Households	11,689,601	11,787,910	12,029,691
Families	7,680,177	7,720,167	7,831,173
Average Household Size	2.60	2.60	2.60
Owner Occupied Housing Units	6,779,572	6,695,096	6,935,987
Renter Occupied Housing Units	4,910,044	5,092,814	5,093,704
Median Age	38.4	38.9	39.5
Trends: 2013 - 2018 Annual Rate	Area	State	National
Population	0.38%	0.38%	0.71%
Households	0.41%	0.43%	0.74%
Families	0.29%	0.29%	0.63%
Owner HHs	0.71%	0.88%	0.94%
Median Household Income	4.07%	3.36%	3.03%

Households by Income	2013		2018	
	Number	Percent	Number	Percent
<\$15,000	1,392,472	11.8%	1,343,030	11.2%
\$15,000 - \$24,999	1,008,552	8.6%	798,596	6.6%
\$25,000 - \$34,999	1,113,607	9.4%	942,521	7.8%
\$35,000 - \$49,999	1,481,115	12.6%	1,348,891	11.2%
\$50,000 - \$74,999	1,897,680	16.1%	1,695,832	14.1%
\$75,000 - \$99,999	1,389,162	11.8%	1,731,523	14.4%
\$100,000 - \$149,999	1,825,597	15.5%	2,118,037	17.6%
\$150,000 - \$199,999	817,468	6.9%	1,046,448	8.7%
\$200,000+	862,256	7.3%	1,004,812	8.4%
Median Household Income	\$59,593		\$72,731	
Average Household Income	\$87,970		\$103,491	
Per Capita Income	\$33,357		\$39,200	

Population by Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	1,878,424	6.0%	1,829,162	5.8%	1,860,364	5.8%
5 - 9	1,927,152	6.2%	1,899,805	6.0%	1,873,625	5.8%
10 - 14	2,011,310	6.4%	2,004,685	6.4%	2,004,660	6.2%
15 - 19	2,181,659	7.0%	2,094,291	6.6%	2,055,093	6.4%
20 - 24	2,130,663	6.8%	2,205,258	7.0%	2,062,457	6.4%
25 - 34	4,139,563	13.2%	4,224,230	13.4%	4,348,149	13.5%
35 - 44	4,287,627	13.7%	4,087,079	13.0%	4,063,546	12.6%
45 - 54	4,751,617	15.2%	4,610,040	14.6%	4,299,882	13.4%
55 - 64	3,730,725	11.9%	4,030,991	12.8%	4,304,802	13.4%
65 - 74	2,188,973	7.0%	2,460,982	7.8%	2,999,463	9.3%
75 - 84	1,416,290	4.5%	1,411,505	4.5%	1,551,546	4.8%
85+	653,933	2.1%	699,703	2.2%	736,122	2.3%

Race and Ethnicity	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
White Alone	20,929,840	66.9%	20,818,980	66.0%	20,694,594	64.3%
Black Alone	4,705,448	15.0%	4,753,401	15.1%	4,872,172	15.1%
American Indian Alone	127,865	0.4%	131,707	0.4%	142,977	0.4%
Asian Alone	2,314,913	7.4%	2,433,517	7.7%	2,691,830	8.4%
Pacific Islander Alone	13,144	0.0%	14,347	0.0%	16,344	0.1%
Some Other Race Alone	2,297,214	7.3%	2,426,136	7.7%	2,655,070	8.3%
Two or More Races	909,371	2.9%	979,643	3.1%	1,086,722	3.4%
Hispanic Origin (Any Race)	5,612,841	17.9%	5,969,017	18.9%	6,645,744	20.7%

Data Note: Income is expressed in current dollars.

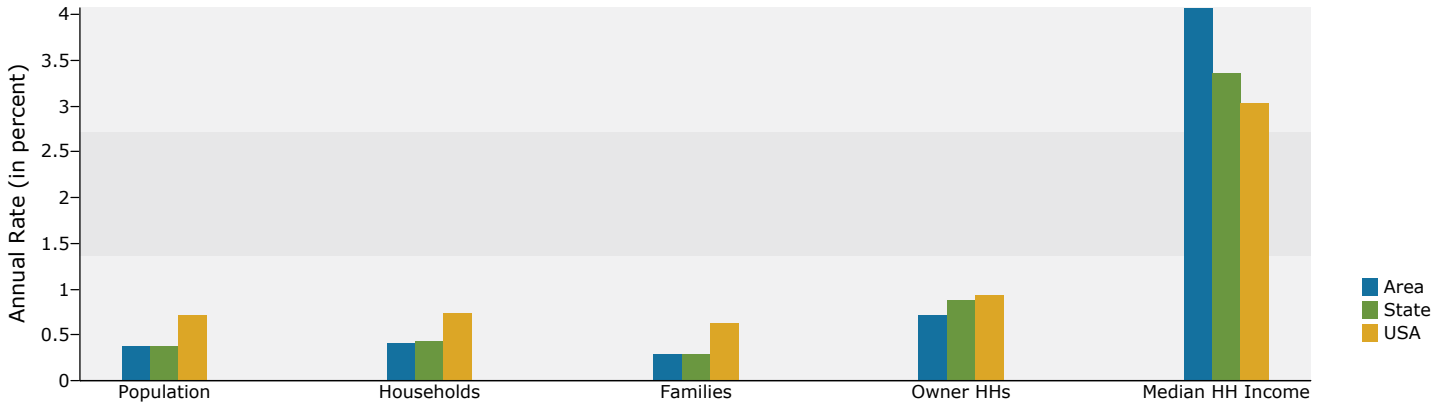
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

# Demographic and Income Profile

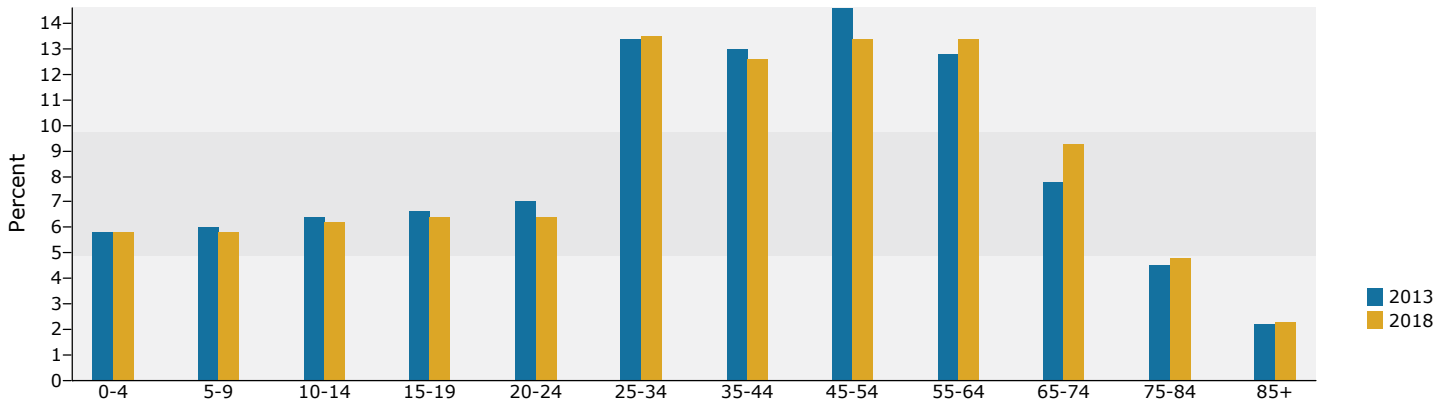
Thompson NY ring data  
 Thompson NY ring data  
 Ring: 120 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

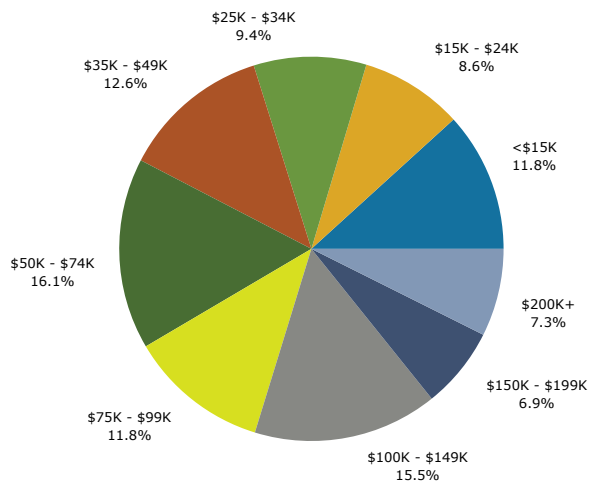
Trends 2013-2018



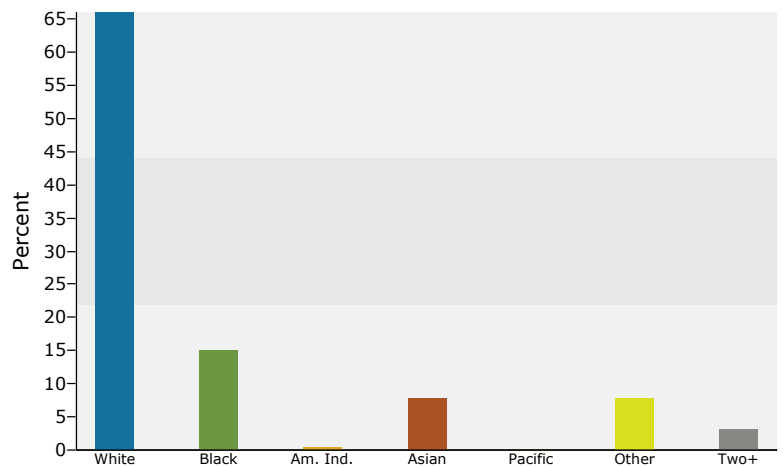
Population by Age



2013 Household Income



2013 Population by Race



2013 Percent Hispanic Origin: 18.9%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.





# Demographic and Income Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 180 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Summary	Census 2010	2013	2018
Population	42,886,105	43,248,190	44,038,514
Households	16,147,888	16,296,072	16,620,971
Families	10,626,775	10,688,489	10,835,763
Average Household Size	2.58	2.58	2.57
Owner Occupied Housing Units	9,859,443	9,753,966	10,084,699
Renter Occupied Housing Units	6,288,462	6,542,106	6,536,272
Median Age	38.6	39.2	39.7
Trends: 2013 - 2018 Annual Rate	Area	State	National
Population	0.36%	0.38%	0.71%
Households	0.40%	0.43%	0.74%
Families	0.27%	0.29%	0.63%
Owner HHs	0.67%	0.88%	0.94%
Median Household Income	3.93%	3.36%	3.03%

Households by Income	2013		2018	
	Number	Percent	Number	Percent
<\$15,000	1,897,095	11.6%	1,825,627	11.0%
\$15,000 - \$24,999	1,403,274	8.6%	1,106,124	6.7%
\$25,000 - \$34,999	1,561,714	9.6%	1,305,316	7.9%
\$35,000 - \$49,999	2,078,286	12.8%	1,889,469	11.4%
\$50,000 - \$74,999	2,704,169	16.6%	2,442,464	14.7%
\$75,000 - \$99,999	1,976,260	12.1%	2,469,904	14.9%
\$100,000 - \$149,999	2,526,047	15.5%	2,939,612	17.7%
\$150,000 - \$199,999	1,076,278	6.6%	1,390,288	8.4%
\$200,000+	1,072,941	6.6%	1,252,159	7.5%
Median Household Income	\$58,927		\$71,459	
Average Household Income	\$85,450		\$100,194	
Per Capita Income	\$32,709		\$38,317	

Population by Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	2,558,056	6.0%	2,488,429	5.8%	2,527,709	5.7%
5 - 9	2,644,752	6.2%	2,601,653	6.0%	2,563,249	5.8%
10 - 14	2,765,934	6.4%	2,749,644	6.4%	2,748,691	6.2%
15 - 19	3,031,328	7.1%	2,904,836	6.7%	2,847,050	6.5%
20 - 24	2,943,110	6.9%	3,054,124	7.1%	2,852,725	6.5%
25 - 34	5,511,730	12.9%	5,648,235	13.1%	5,828,792	13.2%
35 - 44	5,810,487	13.5%	5,521,602	12.8%	5,473,973	12.4%
45 - 54	6,568,591	15.3%	6,354,612	14.7%	5,912,160	13.4%
55 - 64	5,176,674	12.1%	5,603,668	13.0%	5,979,955	13.6%
65 - 74	3,025,341	7.1%	3,413,876	7.9%	4,160,533	9.4%
75 - 84	1,952,229	4.6%	1,945,669	4.5%	2,133,636	4.8%
85+	897,836	2.1%	961,842	2.2%	1,010,041	2.3%

Race and Ethnicity	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
White Alone	30,359,601	70.8%	30,245,707	69.9%	30,101,699	68.4%
Black Alone	5,850,912	13.6%	5,926,042	13.7%	6,103,339	13.9%
American Indian Alone	165,123	0.4%	170,236	0.4%	184,052	0.4%
Asian Alone	2,694,177	6.3%	2,836,787	6.6%	3,145,797	7.1%
Pacific Islander Alone	17,334	0.0%	18,940	0.0%	21,624	0.0%
Some Other Race Alone	2,626,824	6.1%	2,788,116	6.4%	3,074,848	7.0%
Two or More Races	1,171,925	2.7%	1,262,362	2.9%	1,407,155	3.2%
Hispanic Origin (Any Race)	6,416,050	15.0%	6,862,621	15.9%	7,709,368	17.5%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

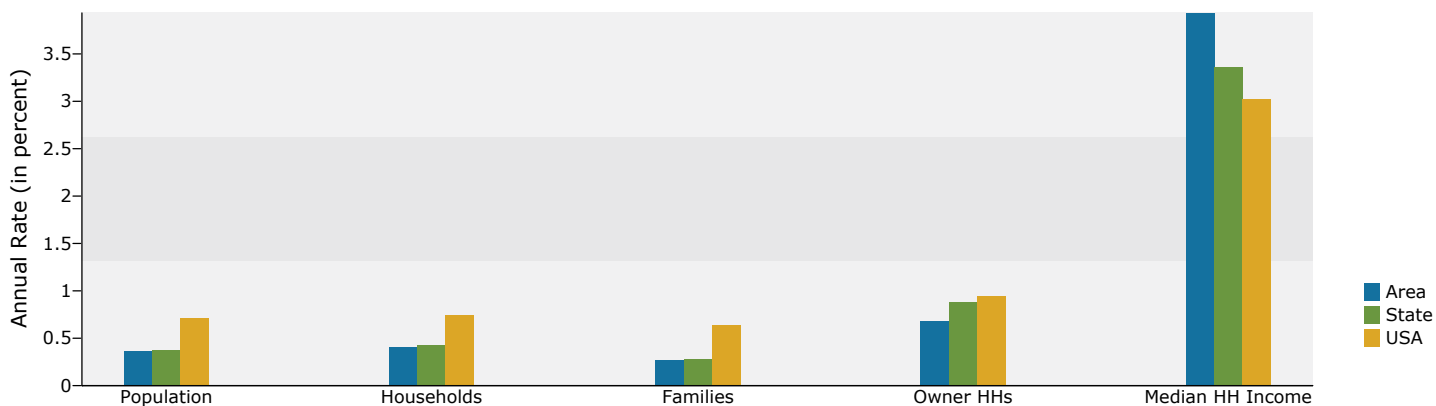
December 05, 2013

# Demographic and Income Profile

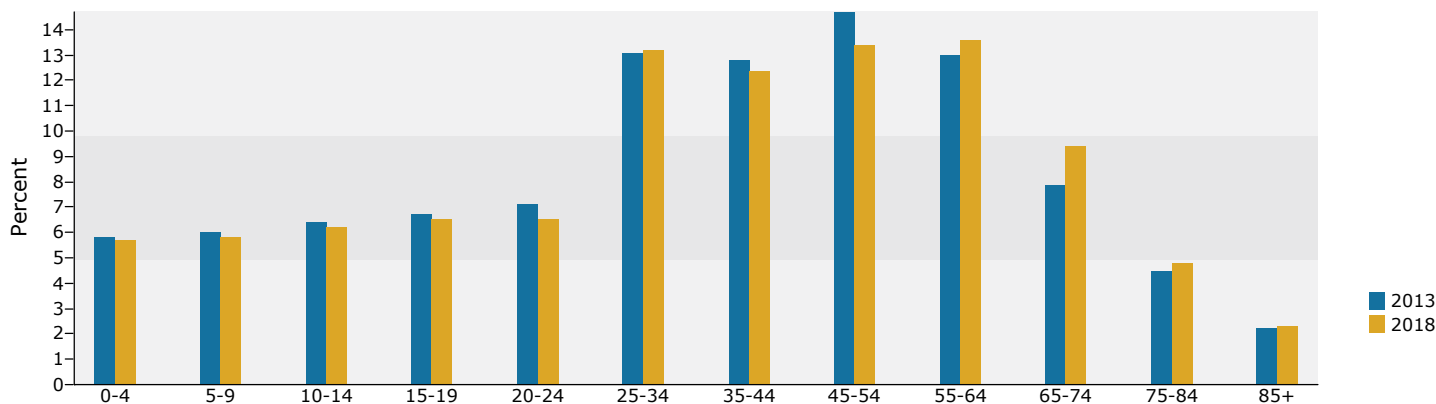
Thompson NY ring data  
 Thompson NY ring data  
 Ring: 180 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

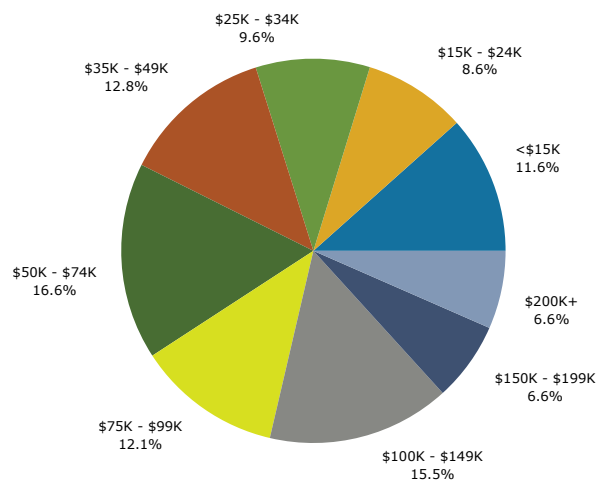
## Trends 2013-2018



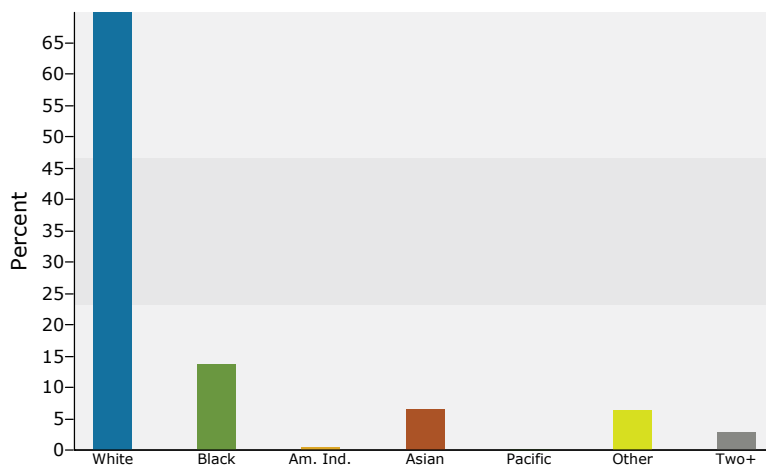
## Population by Age



## 2013 Household Income



## 2013 Population by Race



2013 Percent Hispanic Origin: 15.9%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.



## Detailed Age Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 60 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Summary	Census 2010	2013	2018	2013-2018 Change	2013-2018 Annual Rate
Population	3,550,696	3,566,912	3,603,824	36,912	0.21%
Households	1,275,848	1,282,787	1,297,291	14,504	0.23%
Average Household Size	2.69	2.69	2.69	0.00	0.00%

Total Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	3,550,696	100.0%	3,566,912	100.0%	3,603,824	100.0%
<1	38,311	1.1%	37,629	1.1%	38,789	1.1%
1	39,170	1.1%	38,455	1.1%	39,211	1.1%
2	41,550	1.2%	39,838	1.1%	40,270	1.1%
3	42,543	1.2%	40,609	1.1%	40,818	1.1%
4	42,965	1.2%	41,090	1.2%	41,144	1.1%
5	44,578	1.3%	42,384	1.2%	41,561	1.2%
6	45,499	1.3%	43,192	1.2%	42,107	1.2%
7	46,138	1.3%	44,012	1.2%	42,771	1.2%
8	46,653	1.3%	44,775	1.3%	43,368	1.2%
9	48,497	1.4%	45,992	1.3%	44,608	1.2%
10	49,007	1.4%	48,198	1.4%	46,886	1.3%
11	49,026	1.4%	48,867	1.4%	47,678	1.3%
12	50,197	1.4%	49,771	1.4%	48,299	1.3%
13	50,741	1.4%	49,989	1.4%	48,572	1.3%
14	51,559	1.5%	49,770	1.4%	48,255	1.3%
15	52,720	1.5%	49,663	1.4%	47,965	1.3%
16	54,127	1.5%	50,209	1.4%	48,414	1.3%
17	54,727	1.5%	50,217	1.4%	48,324	1.3%
18	51,850	1.5%	51,467	1.4%	49,692	1.4%
19	49,031	1.4%	52,120	1.5%	50,287	1.4%
20 - 24	214,706	6.0%	229,852	6.4%	213,990	5.9%
25 - 29	184,281	5.2%	190,971	5.4%	205,773	5.7%
30 - 34	186,250	5.2%	194,998	5.5%	201,545	5.6%
35 - 39	215,941	6.1%	196,339	5.5%	209,312	5.8%
40 - 44	264,689	7.5%	242,383	6.8%	214,330	5.9%
45 - 49	298,861	8.4%	272,518	7.6%	249,113	6.9%
50 - 54	286,437	8.1%	291,112	8.2%	265,956	7.4%
55 - 59	243,831	6.9%	264,643	7.4%	277,859	7.7%
60 - 64	208,461	5.9%	225,726	6.3%	247,296	6.9%
65 - 69	152,406	4.3%	171,884	4.8%	203,441	5.6%
70 - 74	110,726	3.1%	124,993	3.5%	152,976	4.2%
75 - 79	89,587	2.5%	92,086	2.6%	106,926	3.0%
80 - 84	73,304	2.1%	72,816	2.0%	73,635	2.0%
85+	72,327	2.0%	78,344	2.2%	82,653	2.3%
<18	848,008	23.9%	814,660	22.8%	799,040	22.2%
18+	2,702,688	76.1%	2,752,252	77.2%	2,804,784	77.8%
21+	2,554,109	71.9%	2,596,141	72.8%	2,655,734	73.7%
Median Age	40.5		41.1		41.7	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

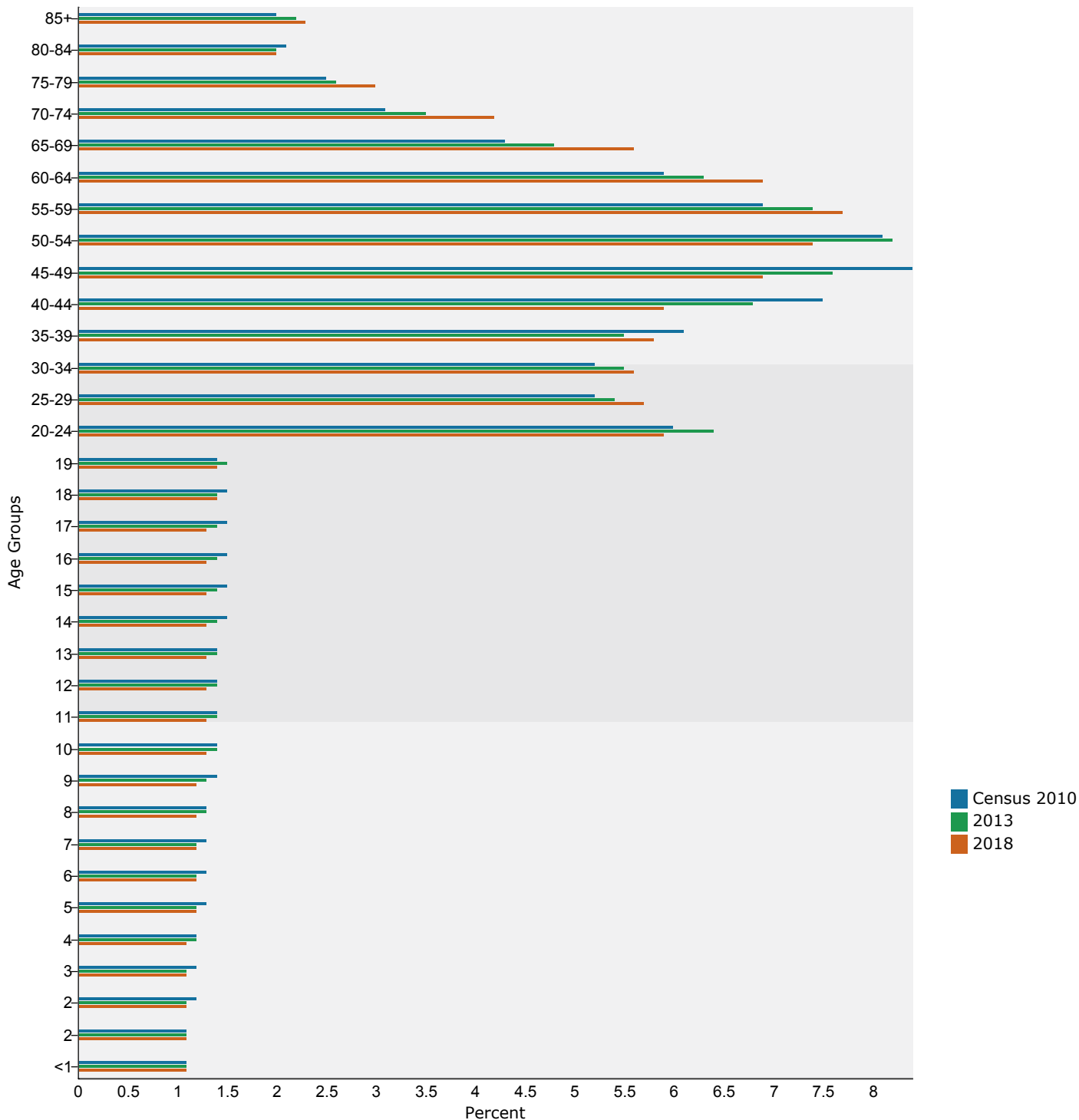
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 60 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Total Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.



## Detailed Age Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 60 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Male Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	1,747,109	100.0%	1,756,964	100.0%	1,778,351	100.0%
<1	19,568	1.1%	19,260	1.1%	19,854	1.1%
1	20,216	1.2%	19,775	1.1%	20,187	1.1%
2	21,290	1.2%	20,499	1.2%	20,721	1.2%
3	21,777	1.2%	20,797	1.2%	20,939	1.2%
4	22,098	1.3%	21,106	1.2%	21,172	1.2%
5	22,858	1.3%	21,754	1.2%	21,348	1.2%
6	23,251	1.3%	22,197	1.3%	21,681	1.2%
7	23,633	1.4%	22,621	1.3%	21,998	1.2%
8	23,768	1.4%	22,954	1.3%	22,273	1.3%
9	24,701	1.4%	23,532	1.3%	22,873	1.3%
10	24,898	1.4%	24,665	1.4%	24,056	1.4%
11	25,297	1.4%	25,091	1.4%	24,533	1.4%
12	25,727	1.5%	25,365	1.4%	24,709	1.4%
13	26,026	1.5%	25,631	1.5%	24,969	1.4%
14	26,504	1.5%	25,652	1.5%	24,910	1.4%
15	27,222	1.6%	25,772	1.5%	24,846	1.4%
16	27,943	1.6%	26,103	1.5%	25,045	1.4%
17	28,317	1.6%	26,280	1.5%	25,157	1.4%
18	26,793	1.5%	26,307	1.5%	25,246	1.4%
19	25,631	1.5%	26,750	1.5%	25,669	1.4%
20 - 24	111,744	6.4%	118,941	6.8%	110,530	6.2%
25 - 29	94,515	5.4%	98,139	5.6%	105,769	5.9%
30 - 34	93,014	5.3%	97,988	5.6%	102,250	5.7%
35 - 39	105,083	6.0%	96,721	5.5%	104,057	5.9%
40 - 44	129,897	7.4%	118,386	6.7%	105,359	5.9%
45 - 49	147,193	8.4%	134,223	7.6%	122,018	6.9%
50 - 54	141,893	8.1%	143,738	8.2%	131,333	7.4%
55 - 59	119,917	6.9%	130,354	7.4%	136,677	7.7%
60 - 64	101,215	5.8%	109,777	6.2%	121,070	6.8%
65 - 69	72,377	4.1%	82,024	4.7%	97,811	5.5%
70 - 74	51,244	2.9%	57,983	3.3%	71,698	4.0%
75 - 79	39,239	2.2%	40,754	2.3%	47,895	2.7%
80 - 84	29,439	1.7%	30,099	1.7%	31,165	1.8%
85+	22,821	1.3%	25,726	1.5%	28,533	1.6%
<18	435,094	24.9%	419,054	23.9%	411,271	23.1%
18+	1,312,015	75.1%	1,337,910	76.1%	1,367,080	76.9%
21+	1,234,756	70.7%	1,257,900	71.6%	1,291,011	72.6%
Median Age	39.1		39.7		40.2	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

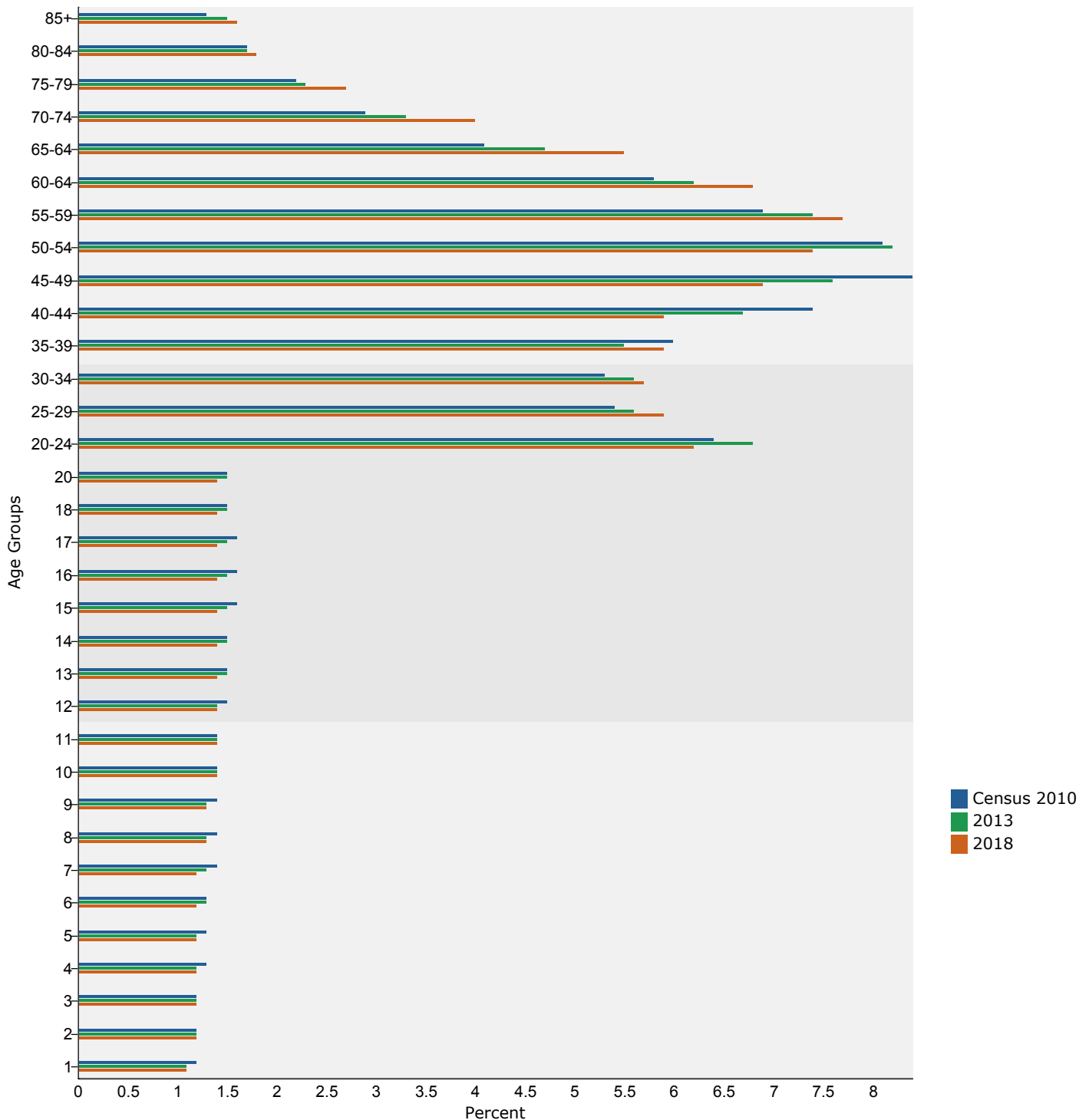
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 60 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Male Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.



## Detailed Age Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 60 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Female Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	1,803,587	100.0%	1,809,948	100.0%	1,825,473	100.0%
<1	18,743	1.0%	18,369	1.0%	18,935	1.0%
1	18,954	1.1%	18,680	1.0%	19,024	1.0%
2	20,260	1.1%	19,339	1.1%	19,549	1.1%
3	20,766	1.2%	19,812	1.1%	19,879	1.1%
4	20,867	1.2%	19,984	1.1%	19,972	1.1%
5	21,720	1.2%	20,630	1.1%	20,213	1.1%
6	22,248	1.2%	20,995	1.2%	20,426	1.1%
7	22,505	1.2%	21,391	1.2%	20,773	1.1%
8	22,885	1.3%	21,821	1.2%	21,095	1.2%
9	23,796	1.3%	22,460	1.2%	21,735	1.2%
10	24,109	1.3%	23,533	1.3%	22,830	1.3%
11	23,729	1.3%	23,776	1.3%	23,145	1.3%
12	24,470	1.4%	24,406	1.3%	23,590	1.3%
13	24,715	1.4%	24,358	1.3%	23,603	1.3%
14	25,055	1.4%	24,118	1.3%	23,345	1.3%
15	25,498	1.4%	23,891	1.3%	23,119	1.3%
16	26,184	1.5%	24,106	1.3%	23,369	1.3%
17	26,410	1.5%	23,937	1.3%	23,167	1.3%
18	25,057	1.4%	25,160	1.4%	24,446	1.3%
19	23,400	1.3%	25,370	1.4%	24,618	1.3%
20 - 24	102,962	5.7%	110,911	6.1%	103,460	5.7%
25 - 29	89,766	5.0%	92,832	5.1%	100,004	5.5%
30 - 34	93,236	5.2%	97,010	5.4%	99,295	5.4%
35 - 39	110,858	6.1%	99,618	5.5%	105,255	5.8%
40 - 44	134,792	7.5%	123,997	6.9%	108,971	6.0%
45 - 49	151,668	8.4%	138,295	7.6%	127,095	7.0%
50 - 54	144,544	8.0%	147,374	8.1%	134,623	7.4%
55 - 59	123,914	6.9%	134,289	7.4%	141,182	7.7%
60 - 64	107,246	5.9%	115,949	6.4%	126,226	6.9%
65 - 69	80,029	4.4%	89,860	5.0%	105,630	5.8%
70 - 74	59,482	3.3%	67,010	3.7%	81,278	4.5%
75 - 79	50,348	2.8%	51,332	2.8%	59,031	3.2%
80 - 84	43,865	2.4%	42,717	2.4%	42,470	2.3%
85+	49,506	2.7%	52,618	2.9%	54,120	3.0%
<18	412,914	22.9%	395,606	21.9%	387,769	21.2%
18+	1,390,673	77.1%	1,414,342	78.1%	1,437,704	78.8%
21+	1,319,353	73.2%	1,338,241	73.9%	1,364,723	74.8%
Median Age	41.6		42.4		43.1	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

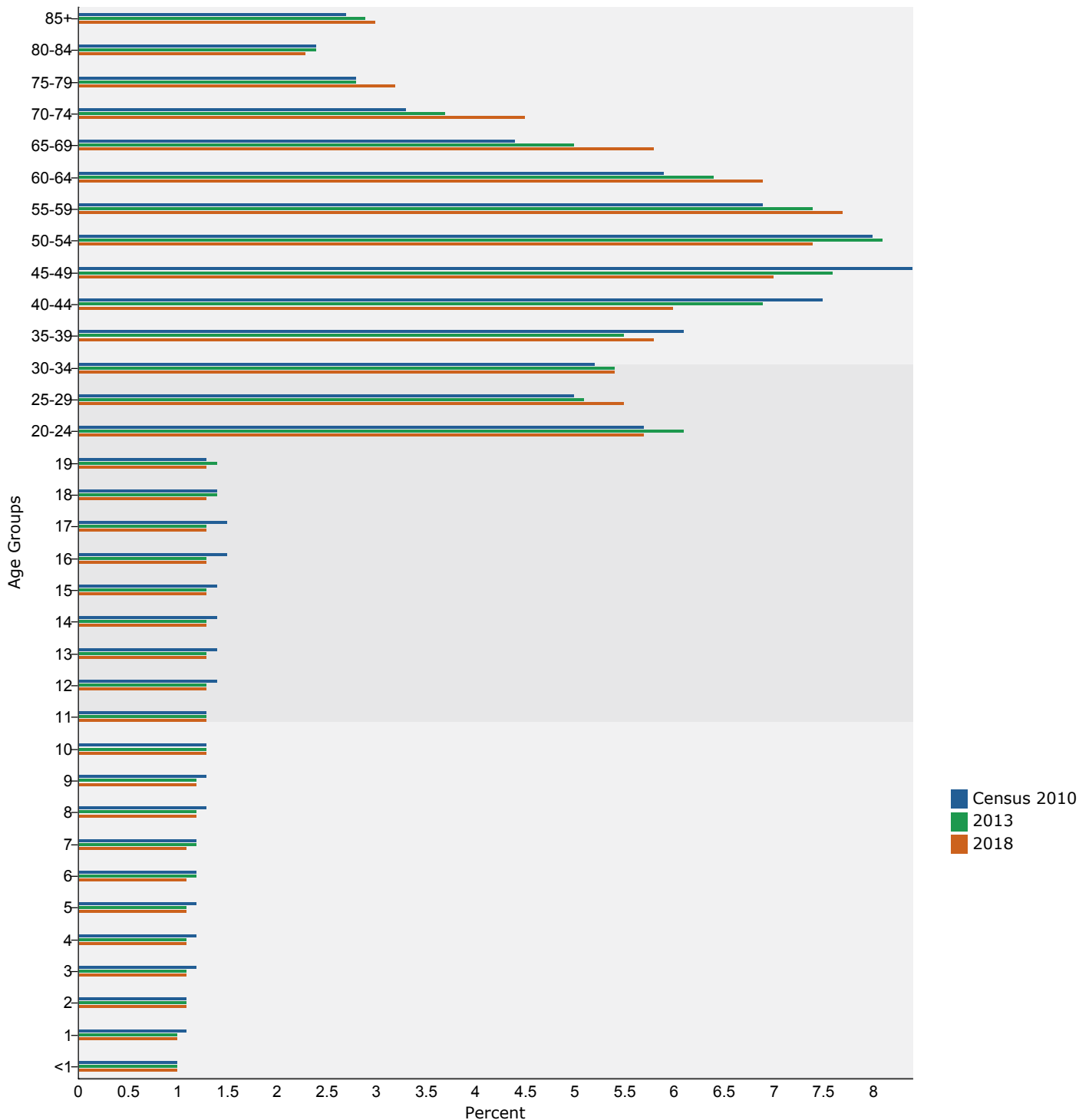
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 60 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Female Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.





## Detailed Age Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 120 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Summary	Census 2010	2013	2018	2013-2018 Change	2013-2018 Annual Rate
Population	31,297,906	31,557,731	32,159,709	601,978	0.38%
Households	11,689,601	11,787,910	12,029,691	241,781	0.41%
Average Household Size	2.60	2.60	2.60	0.00	0.00%

Total Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	31,297,865	100.0%	31,557,731	100.0%	32,159,709	100.0%
<1	369,914	1.2%	361,735	1.1%	373,608	1.2%
1	369,225	1.2%	361,809	1.1%	369,621	1.1%
2	379,210	1.2%	366,891	1.2%	372,045	1.2%
3	381,086	1.2%	369,535	1.2%	373,098	1.2%
4	378,900	1.2%	369,192	1.2%	371,992	1.2%
5	381,846	1.2%	374,936	1.2%	371,570	1.2%
6	385,254	1.2%	377,831	1.2%	372,652	1.2%
7	382,920	1.2%	378,737	1.2%	372,706	1.2%
8	384,578	1.2%	381,455	1.2%	375,070	1.2%
9	392,588	1.3%	386,846	1.2%	381,627	1.2%
10	398,569	1.3%	396,889	1.3%	396,709	1.2%
11	396,311	1.3%	399,794	1.3%	400,501	1.2%
12	398,100	1.3%	402,002	1.3%	403,025	1.3%
13	404,687	1.3%	402,855	1.3%	402,942	1.3%
14	413,627	1.3%	403,145	1.3%	401,483	1.2%
15	424,641	1.4%	399,582	1.3%	394,214	1.2%
16	432,978	1.4%	401,031	1.3%	395,045	1.2%
17	442,201	1.4%	402,897	1.3%	395,394	1.2%
18	439,351	1.4%	431,978	1.4%	423,057	1.3%
19	442,488	1.4%	458,803	1.5%	447,383	1.4%
20 - 24	2,130,663	6.8%	2,205,258	7.0%	2,062,457	6.4%
25 - 29	2,116,267	6.8%	2,109,623	6.7%	2,208,885	6.9%
30 - 34	2,023,296	6.5%	2,114,607	6.7%	2,139,264	6.7%
35 - 39	2,047,569	6.5%	1,946,928	6.2%	2,098,765	6.5%
40 - 44	2,240,058	7.2%	2,140,151	6.8%	1,964,781	6.1%
45 - 49	2,414,131	7.7%	2,247,146	7.1%	2,121,635	6.6%
50 - 54	2,337,486	7.5%	2,362,894	7.5%	2,178,247	6.8%
55 - 59	2,009,601	6.4%	2,163,154	6.9%	2,260,151	7.0%
60 - 64	1,721,124	5.5%	1,867,837	5.9%	2,044,651	6.4%
65 - 69	1,249,638	4.0%	1,417,110	4.5%	1,695,767	5.3%
70 - 74	939,335	3.0%	1,043,872	3.3%	1,303,696	4.1%
75 - 79	770,994	2.5%	784,616	2.5%	916,789	2.9%
80 - 84	645,296	2.1%	626,889	2.0%	634,757	2.0%
85+	653,933	2.1%	699,703	2.2%	736,122	2.3%
<18	7,116,706	22.7%	6,937,162	22.0%	6,923,302	21.5%
18+	24,181,224	77.3%	24,620,569	78.0%	25,236,407	78.5%
21+	22,859,853	73.0%	23,262,508	73.7%	23,926,325	74.4%
Median Age	38.4		38.9		39.5	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

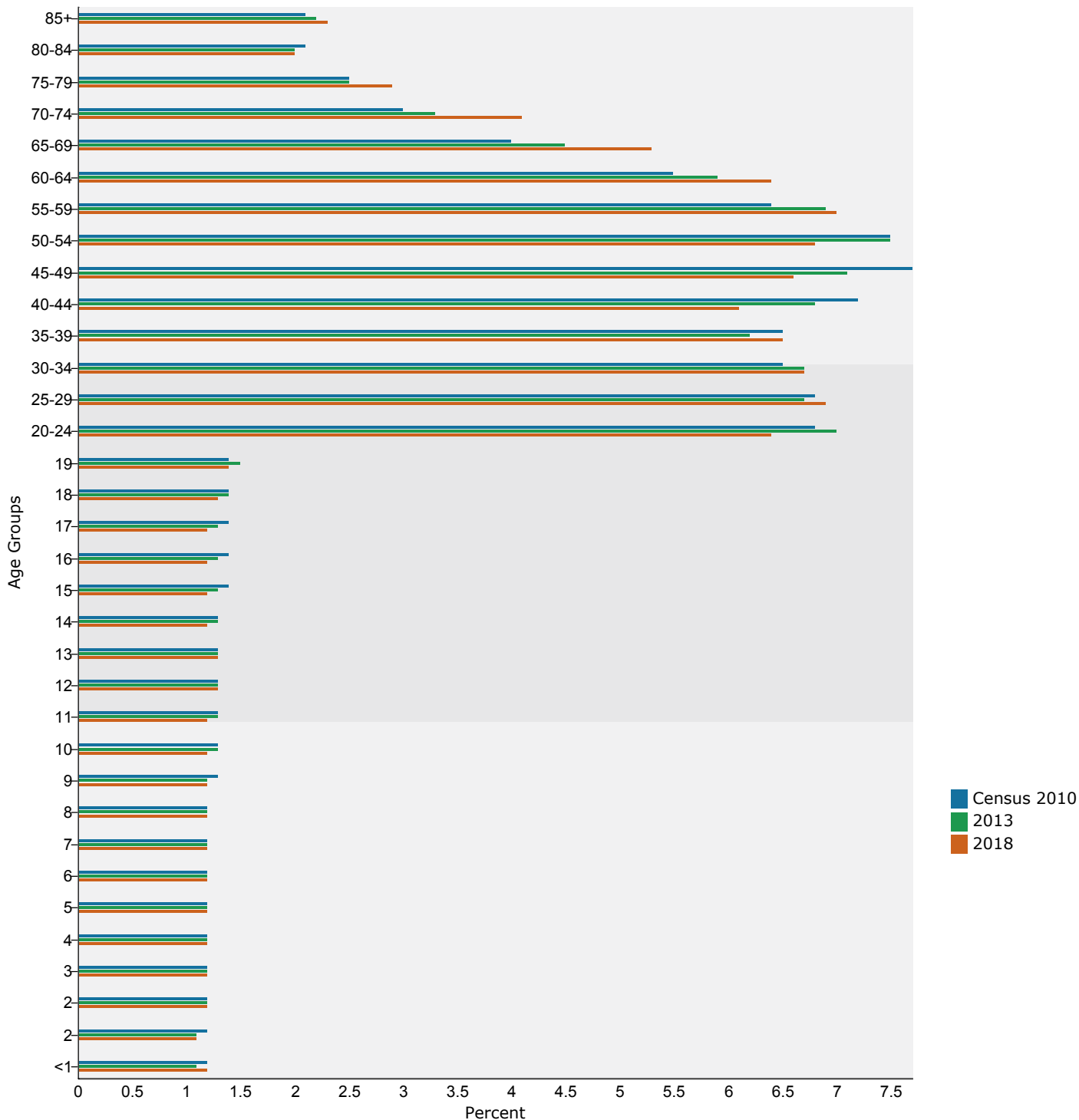
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 120 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Total Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.



## Detailed Age Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 120 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Male Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	15,143,058	100.0%	15,289,095	100.0%	15,611,102	100.0%
<1	189,181	1.2%	185,020	1.2%	191,191	1.2%
1	189,109	1.2%	185,273	1.2%	189,518	1.2%
2	193,418	1.3%	187,568	1.2%	190,373	1.2%
3	194,645	1.3%	189,040	1.2%	191,141	1.2%
4	194,188	1.3%	189,147	1.2%	190,882	1.2%
5	195,184	1.3%	191,706	1.3%	190,244	1.2%
6	196,469	1.3%	193,105	1.3%	190,679	1.2%
7	195,621	1.3%	193,768	1.3%	190,776	1.2%
8	196,199	1.3%	194,991	1.3%	191,978	1.2%
9	200,675	1.3%	197,715	1.3%	195,327	1.3%
10	203,783	1.3%	203,079	1.3%	203,223	1.3%
11	203,081	1.3%	204,391	1.3%	204,991	1.3%
12	203,274	1.3%	205,189	1.3%	206,129	1.3%
13	206,715	1.4%	206,050	1.3%	206,282	1.3%
14	211,697	1.4%	206,541	1.4%	205,860	1.3%
15	217,408	1.4%	205,594	1.3%	202,261	1.3%
16	221,551	1.5%	206,949	1.4%	203,132	1.3%
17	227,950	1.5%	209,032	1.4%	204,179	1.3%
18	225,129	1.5%	219,469	1.4%	214,135	1.4%
19	226,161	1.5%	232,085	1.5%	225,679	1.4%
20 - 24	1,075,278	7.1%	1,113,141	7.3%	1,040,728	6.7%
25 - 29	1,046,026	6.9%	1,049,401	6.9%	1,106,828	7.1%
30 - 34	994,425	6.6%	1,039,683	6.8%	1,063,748	6.8%
35 - 39	1,001,672	6.6%	953,063	6.2%	1,030,063	6.6%
40 - 44	1,092,736	7.2%	1,044,591	6.8%	960,460	6.2%
45 - 49	1,174,163	7.8%	1,095,621	7.2%	1,035,534	6.6%
50 - 54	1,133,205	7.5%	1,146,252	7.5%	1,058,818	6.8%
55 - 59	962,679	6.4%	1,038,910	6.8%	1,087,762	7.0%
60 - 64	809,137	5.3%	879,670	5.8%	968,611	6.2%
65 - 69	571,642	3.8%	651,891	4.3%	783,642	5.0%
70 - 74	414,489	2.7%	463,621	3.0%	585,518	3.8%
75 - 79	322,941	2.1%	333,172	2.2%	395,372	2.5%
80 - 84	248,651	1.6%	247,893	1.6%	257,303	1.6%
85+	204,576	1.4%	226,474	1.5%	248,735	1.6%
<18	3,640,147	24.0%	3,554,158	23.2%	3,548,166	22.7%
18+	11,502,910	76.0%	11,734,937	76.8%	12,062,936	77.3%
21+	10,827,549	71.5%	11,046,676	72.3%	11,400,556	73.0%
Median Age	36.8		37.3		37.9	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

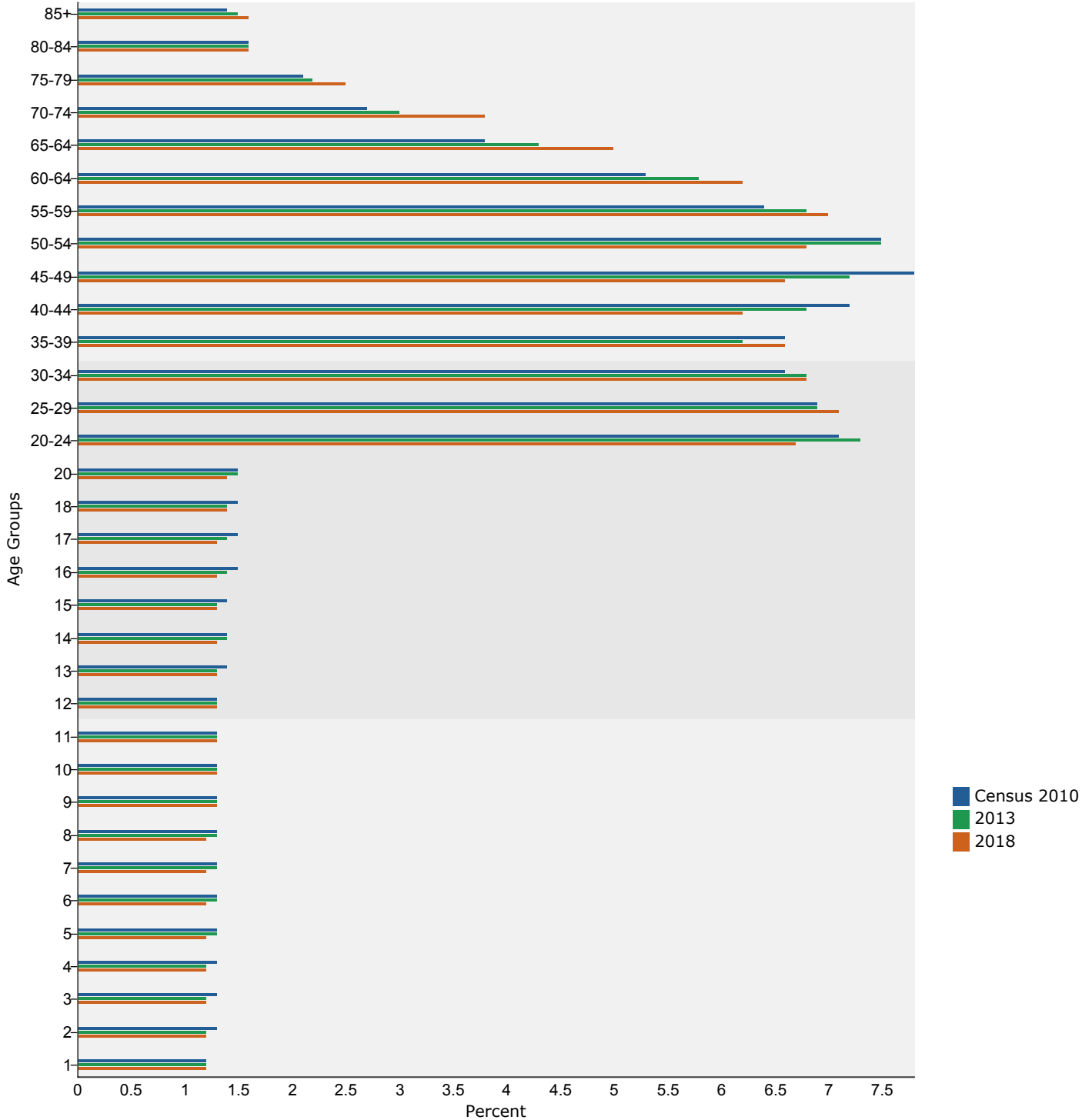
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 120 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Male Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.



## Detailed Age Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 120 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Female Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	16,154,807	100.0%	16,268,636	100.0%	16,548,607	100.0%
<1	180,733	1.1%	176,715	1.1%	182,417	1.1%
1	180,116	1.1%	176,536	1.1%	180,103	1.1%
2	185,792	1.2%	179,323	1.1%	181,672	1.1%
3	186,441	1.2%	180,495	1.1%	181,957	1.1%
4	184,712	1.1%	180,045	1.1%	181,110	1.1%
5	186,662	1.2%	183,230	1.1%	181,326	1.1%
6	188,785	1.2%	184,726	1.1%	181,973	1.1%
7	187,299	1.2%	184,969	1.1%	181,930	1.1%
8	188,379	1.2%	186,464	1.1%	183,092	1.1%
9	191,913	1.2%	189,131	1.2%	186,300	1.1%
10	194,786	1.2%	193,810	1.2%	193,486	1.2%
11	193,230	1.2%	195,403	1.2%	195,510	1.2%
12	194,826	1.2%	196,813	1.2%	196,896	1.2%
13	197,972	1.2%	196,805	1.2%	196,660	1.2%
14	201,930	1.2%	196,604	1.2%	195,623	1.2%
15	207,233	1.3%	193,988	1.2%	191,953	1.2%
16	211,427	1.3%	194,082	1.2%	191,913	1.2%
17	214,251	1.3%	193,865	1.2%	191,215	1.2%
18	214,222	1.3%	212,509	1.3%	208,922	1.3%
19	216,327	1.3%	226,718	1.4%	221,704	1.3%
20 - 24	1,055,385	6.5%	1,092,117	6.7%	1,021,729	6.2%
25 - 29	1,070,241	6.6%	1,060,222	6.5%	1,102,057	6.7%
30 - 34	1,028,871	6.4%	1,074,924	6.6%	1,075,516	6.5%
35 - 39	1,045,897	6.5%	993,865	6.1%	1,068,702	6.5%
40 - 44	1,147,322	7.1%	1,095,560	6.7%	1,004,321	6.1%
45 - 49	1,239,968	7.7%	1,151,525	7.1%	1,086,101	6.6%
50 - 54	1,204,281	7.5%	1,216,642	7.5%	1,119,429	6.8%
55 - 59	1,046,922	6.5%	1,124,244	6.9%	1,172,389	7.1%
60 - 64	911,987	5.6%	988,167	6.1%	1,076,040	6.5%
65 - 69	677,996	4.2%	765,219	4.7%	912,125	5.5%
70 - 74	524,846	3.2%	580,251	3.6%	718,178	4.3%
75 - 79	448,053	2.8%	451,444	2.8%	521,417	3.2%
80 - 84	396,645	2.5%	378,996	2.3%	377,454	2.3%
85+	449,357	2.8%	473,229	2.9%	487,387	2.9%
<18	3,476,559	21.5%	3,383,004	20.8%	3,375,136	20.4%
18+	12,678,320	78.5%	12,885,632	79.2%	13,173,471	79.6%
21+	12,032,304	74.5%	12,215,832	75.1%	12,525,769	75.7%
Median Age	39.9		40.4		41.0	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

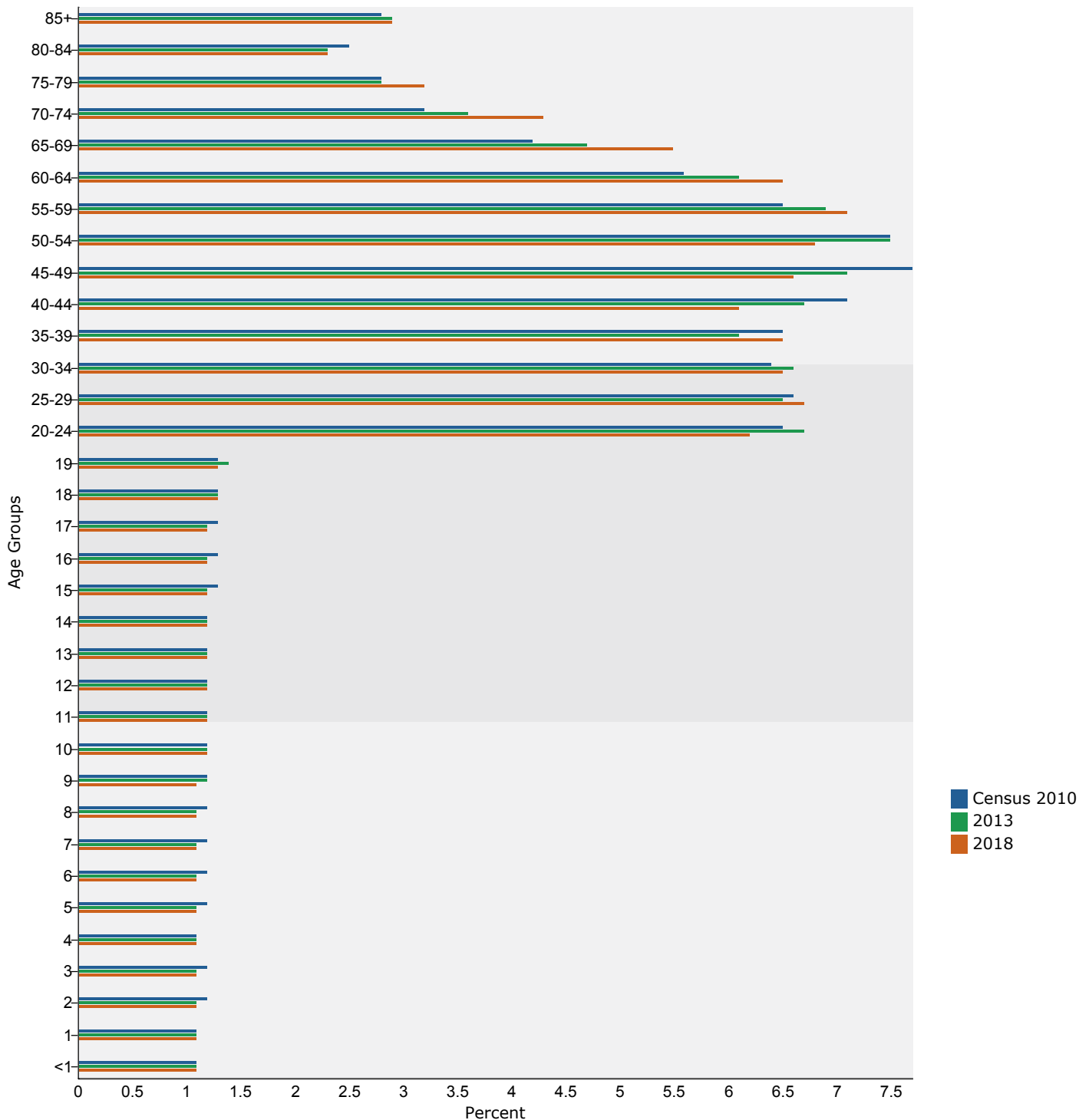
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 120 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Female Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.



## Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 180 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Summary	Census 2010	2013	2018	2013-2018 Change	2013-2018 Annual Rate
Population	42,886,105	43,248,190	44,038,514	790,324	0.36%
Households	16,147,888	16,296,072	16,620,971	324,899	0.40%
Average Household Size	2.58	2.58	2.57	-0.01	-0.08%

Total Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	42,885,812	100.0%	43,248,190	100.0%	44,038,514	100.0%
<1	500,684	1.2%	489,439	1.1%	504,886	1.1%
1	502,230	1.2%	491,566	1.1%	501,432	1.1%
2	516,014	1.2%	499,217	1.2%	505,631	1.1%
3	520,610	1.2%	503,942	1.2%	508,178	1.2%
4	518,403	1.2%	504,265	1.2%	507,582	1.2%
5	522,177	1.2%	512,244	1.2%	506,916	1.2%
6	528,468	1.2%	517,352	1.2%	509,570	1.2%
7	525,232	1.2%	518,566	1.2%	509,698	1.2%
8	528,972	1.2%	523,033	1.2%	513,976	1.2%
9	539,813	1.3%	530,458	1.2%	523,089	1.2%
10	548,319	1.3%	544,285	1.3%	543,879	1.2%
11	545,392	1.3%	548,658	1.3%	549,405	1.2%
12	547,764	1.3%	551,353	1.3%	552,585	1.3%
13	556,022	1.3%	552,398	1.3%	552,405	1.3%
14	568,383	1.3%	552,950	1.3%	550,417	1.2%
15	584,180	1.4%	547,894	1.3%	539,938	1.2%
16	595,926	1.4%	550,421	1.3%	541,416	1.2%
17	608,613	1.4%	552,722	1.3%	541,471	1.2%
18	616,299	1.4%	604,393	1.4%	591,146	1.3%
19	626,313	1.5%	649,406	1.5%	633,079	1.4%
20 - 24	2,943,110	6.9%	3,054,124	7.1%	2,852,725	6.5%
25 - 29	2,822,277	6.6%	2,829,095	6.5%	2,962,934	6.7%
30 - 34	2,689,453	6.3%	2,819,140	6.5%	2,865,858	6.5%
35 - 39	2,760,362	6.4%	2,613,426	6.0%	2,818,781	6.4%
40 - 44	3,050,125	7.1%	2,908,176	6.7%	2,655,192	6.0%
45 - 49	3,329,140	7.8%	3,084,063	7.1%	2,903,764	6.6%
50 - 54	3,239,451	7.6%	3,270,549	7.6%	3,008,396	6.8%
55 - 59	2,792,594	6.5%	3,008,682	7.0%	3,139,742	7.1%
60 - 64	2,384,080	5.6%	2,594,986	6.0%	2,840,213	6.4%
65 - 69	1,733,146	4.0%	1,970,912	4.6%	2,360,160	5.4%
70 - 74	1,292,195	3.0%	1,442,964	3.3%	1,800,373	4.1%
75 - 79	1,064,001	2.5%	1,080,893	2.5%	1,262,037	2.9%
80 - 84	888,228	2.1%	864,776	2.0%	871,599	2.0%
85+	897,836	2.1%	961,842	2.2%	1,010,041	2.3%
<18	9,757,461	22.8%	9,490,763	21.9%	9,462,474	21.5%
18+	33,128,647	77.2%	33,757,427	78.1%	34,576,040	78.5%
21+	31,265,562	72.9%	31,842,810	73.6%	32,729,815	74.3%
Median Age	38.6		39.2		39.7	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

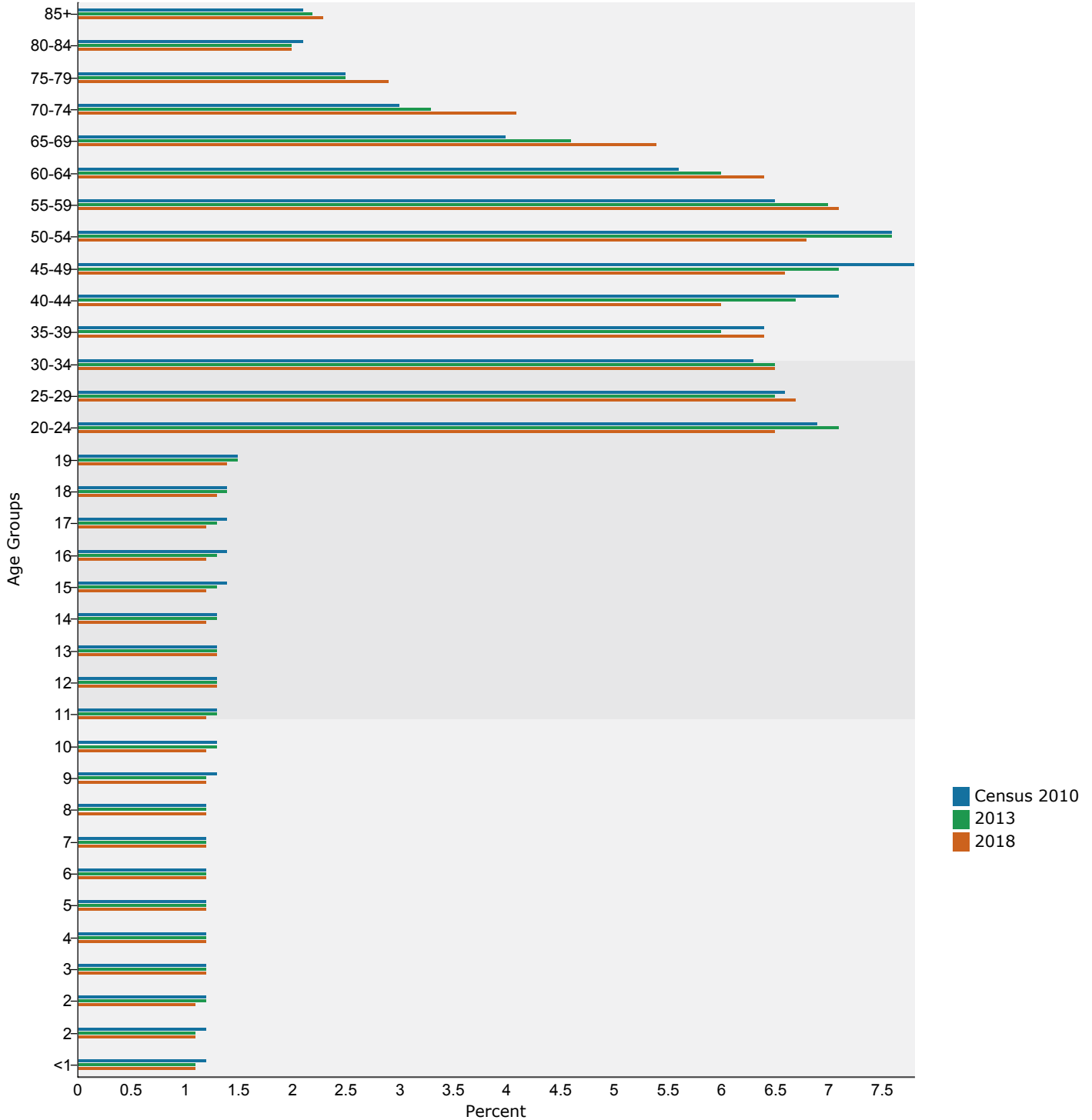
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 180 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Total Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.





## Detailed Age Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 180 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Male Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	20,810,833	100.0%	21,014,716	100.0%	21,440,417	100.0%
<1	256,120	1.2%	250,479	1.2%	258,492	1.2%
1	257,149	1.2%	251,770	1.2%	257,172	1.2%
2	263,434	1.3%	255,344	1.2%	258,775	1.2%
3	265,705	1.3%	257,586	1.2%	260,125	1.2%
4	265,801	1.3%	258,412	1.2%	260,566	1.2%
5	266,778	1.3%	261,847	1.2%	259,421	1.2%
6	269,526	1.3%	264,392	1.3%	260,726	1.2%
7	268,444	1.3%	265,145	1.3%	260,724	1.2%
8	269,888	1.3%	267,365	1.3%	262,999	1.2%
9	276,070	1.3%	271,275	1.3%	267,849	1.2%
10	280,460	1.3%	278,445	1.3%	278,614	1.3%
11	279,244	1.3%	280,464	1.3%	281,097	1.3%
12	279,688	1.3%	281,327	1.3%	282,478	1.3%
13	283,823	1.4%	282,393	1.3%	282,690	1.3%
14	291,035	1.4%	283,496	1.3%	282,419	1.3%
15	298,961	1.4%	281,890	1.3%	277,006	1.3%
16	305,147	1.5%	284,240	1.4%	278,615	1.3%
17	313,256	1.5%	286,426	1.4%	279,326	1.3%
18	314,765	1.5%	306,147	1.5%	298,354	1.4%
19	319,554	1.5%	328,063	1.6%	318,893	1.5%
20 - 24	1,490,583	7.2%	1,547,258	7.4%	1,444,630	6.7%
25 - 29	1,400,947	6.7%	1,413,955	6.7%	1,490,325	7.0%
30 - 34	1,325,521	6.4%	1,391,189	6.6%	1,430,884	6.7%
35 - 39	1,353,082	6.5%	1,281,981	6.1%	1,386,999	6.5%
40 - 44	1,491,336	7.2%	1,423,089	6.8%	1,301,020	6.1%
45 - 49	1,623,669	7.8%	1,507,124	7.2%	1,420,241	6.6%
50 - 54	1,576,078	7.6%	1,591,563	7.6%	1,466,344	6.8%
55 - 59	1,344,944	6.5%	1,451,816	6.9%	1,517,819	7.1%
60 - 64	1,129,456	5.4%	1,230,461	5.9%	1,353,821	6.3%
65 - 69	799,829	3.8%	914,688	4.4%	1,100,175	5.1%
70 - 74	575,151	2.8%	646,746	3.1%	816,274	3.8%
75 - 79	449,507	2.2%	462,549	2.2%	548,557	2.6%
80 - 84	344,344	1.7%	344,101	1.6%	355,369	1.7%
85+	281,538	1.4%	311,690	1.5%	341,618	1.6%
<18	4,990,617	24.0%	4,862,296	23.1%	4,849,094	22.6%
18+	15,820,304	76.0%	16,152,420	76.9%	16,591,323	77.4%
21+	14,869,857	71.5%	15,183,221	72.3%	15,659,067	73.0%
Median Age	37.1		37.6		38.2	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

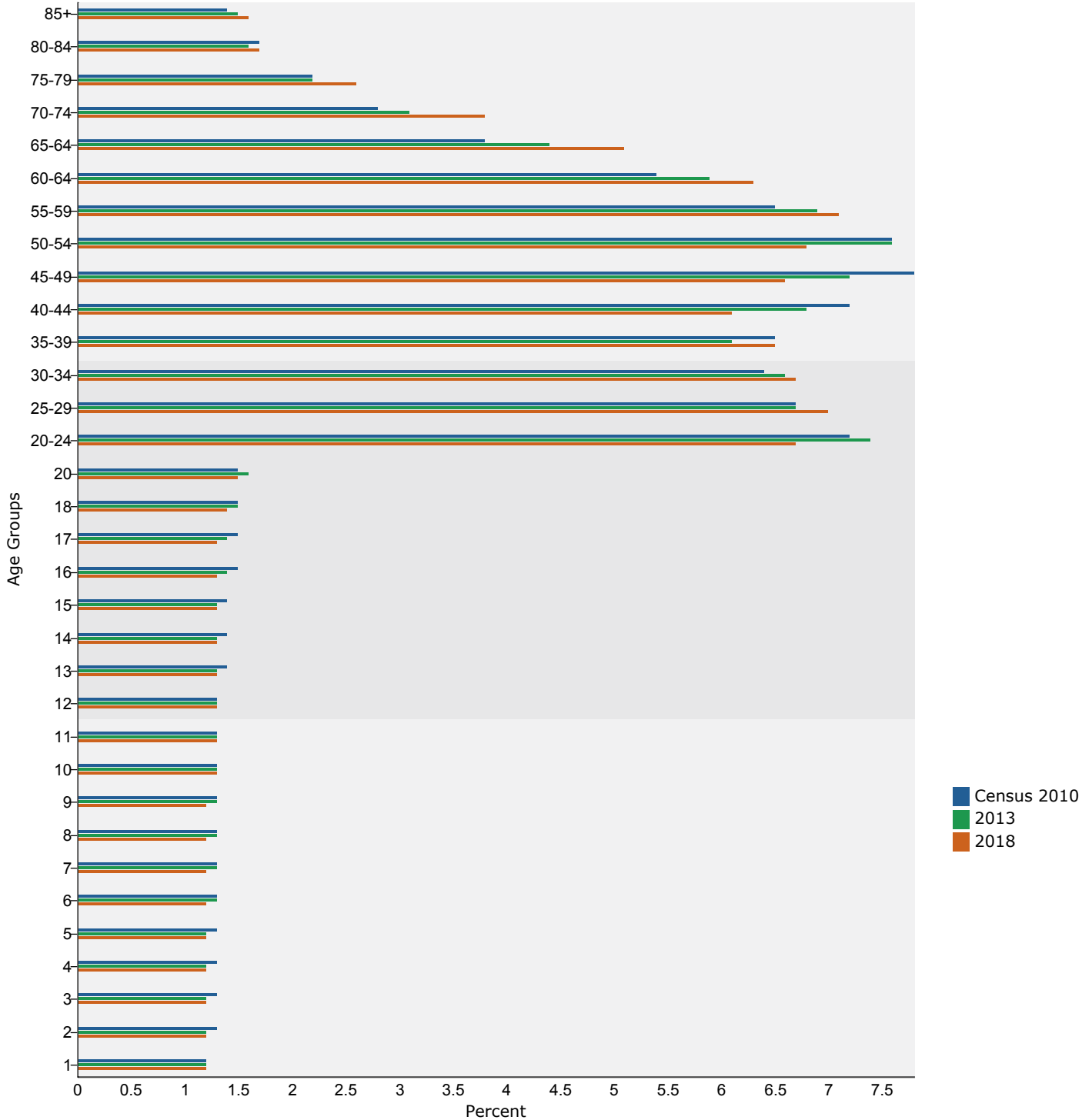
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 180 mile radius

Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

Male Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.



## Detailed Age Profile

Thompson NY ring data  
Thompson NY ring data  
Ring: 180 mile radius

Prepared by David Sangree  
Latitude: 41.666696  
Longitude: -74.641602

Female Population by Detailed Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
Total	22,074,979	100.0%	22,233,474	100.0%	22,598,097	100.0%
<1	244,564	1.1%	238,960	1.1%	246,394	1.1%
1	245,081	1.1%	239,796	1.1%	244,260	1.1%
2	252,580	1.1%	243,873	1.1%	246,856	1.1%
3	254,905	1.2%	246,356	1.1%	248,053	1.1%
4	252,602	1.1%	245,853	1.1%	247,016	1.1%
5	255,399	1.2%	250,397	1.1%	247,495	1.1%
6	258,942	1.2%	252,960	1.1%	248,844	1.1%
7	256,788	1.2%	253,421	1.1%	248,974	1.1%
8	259,084	1.2%	255,668	1.1%	250,977	1.1%
9	263,743	1.2%	259,183	1.2%	255,240	1.1%
10	267,859	1.2%	265,840	1.2%	265,265	1.2%
11	266,148	1.2%	268,194	1.2%	268,308	1.2%
12	268,076	1.2%	270,026	1.2%	270,107	1.2%
13	272,199	1.2%	270,005	1.2%	269,715	1.2%
14	277,348	1.3%	269,454	1.2%	267,998	1.2%
15	285,219	1.3%	266,004	1.2%	262,932	1.2%
16	290,779	1.3%	266,181	1.2%	262,801	1.2%
17	295,357	1.3%	266,296	1.2%	262,145	1.2%
18	301,534	1.4%	298,246	1.3%	292,792	1.3%
19	306,759	1.4%	321,343	1.4%	314,186	1.4%
20 - 24	1,452,527	6.6%	1,506,866	6.8%	1,408,095	6.2%
25 - 29	1,421,330	6.4%	1,415,140	6.4%	1,472,609	6.5%
30 - 34	1,363,932	6.2%	1,427,951	6.4%	1,434,974	6.3%
35 - 39	1,407,280	6.4%	1,331,445	6.0%	1,431,782	6.3%
40 - 44	1,558,789	7.1%	1,485,087	6.7%	1,354,172	6.0%
45 - 49	1,705,471	7.7%	1,576,939	7.1%	1,483,523	6.6%
50 - 54	1,663,373	7.5%	1,678,986	7.6%	1,542,052	6.8%
55 - 59	1,447,650	6.6%	1,556,866	7.0%	1,621,923	7.2%
60 - 64	1,254,624	5.7%	1,364,525	6.1%	1,486,392	6.6%
65 - 69	933,317	4.2%	1,056,224	4.8%	1,259,985	5.6%
70 - 74	717,044	3.2%	796,218	3.6%	984,099	4.4%
75 - 79	614,494	2.8%	618,344	2.8%	713,480	3.2%
80 - 84	543,884	2.5%	520,675	2.3%	516,230	2.3%
85+	616,298	2.8%	650,152	2.9%	668,423	3.0%
<18	4,766,844	21.6%	4,628,467	20.8%	4,613,380	20.4%
18+	17,308,306	78.4%	17,605,007	79.2%	17,984,717	79.6%
21+	16,395,705	74.3%	16,659,589	74.9%	17,070,748	75.5%
Median Age	40.1		40.6		41.2	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

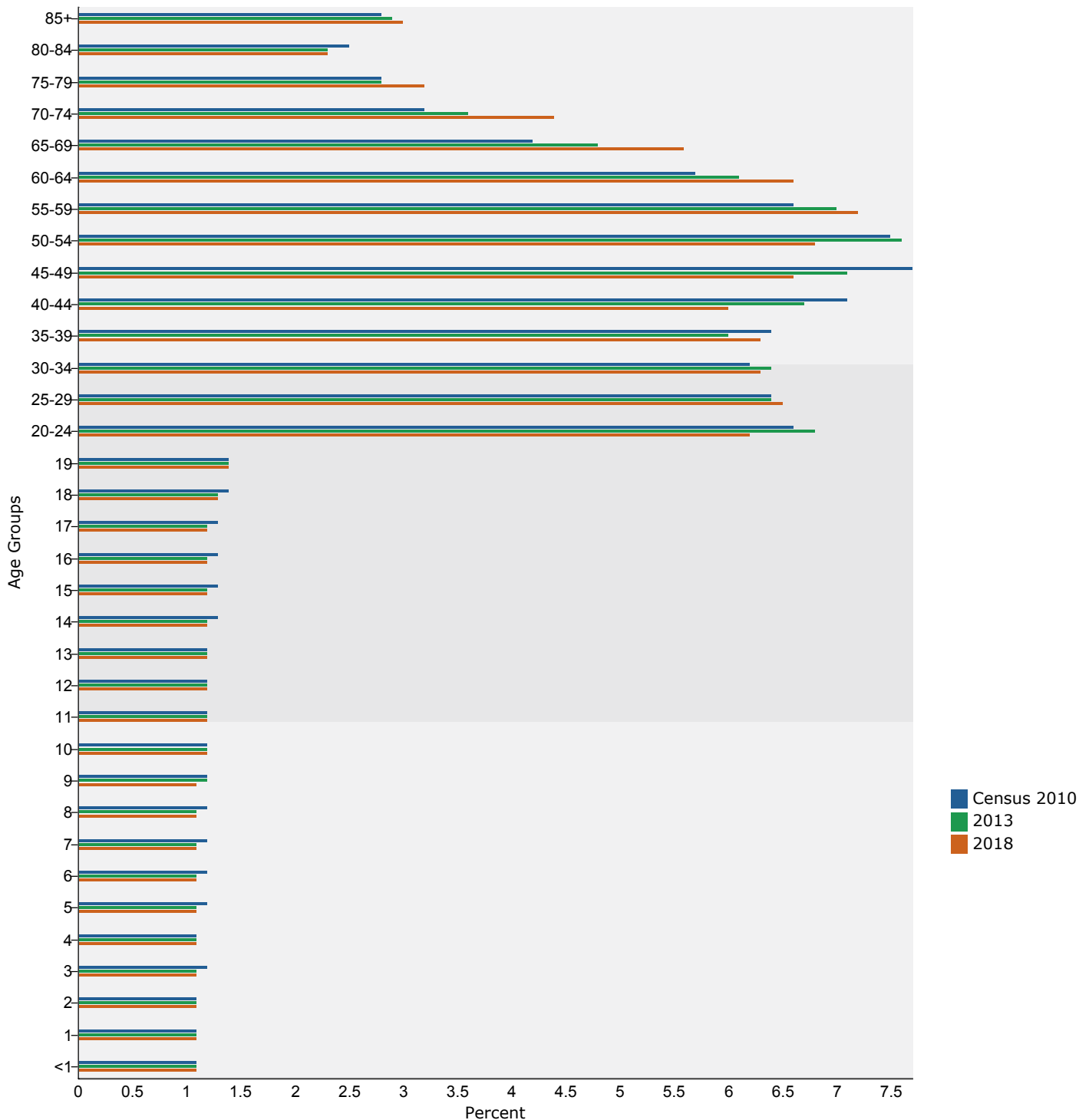
December 05, 2013

# Detailed Age Profile

Thompson NY ring data  
 Thompson NY ring data  
 Ring: 180 mile radius

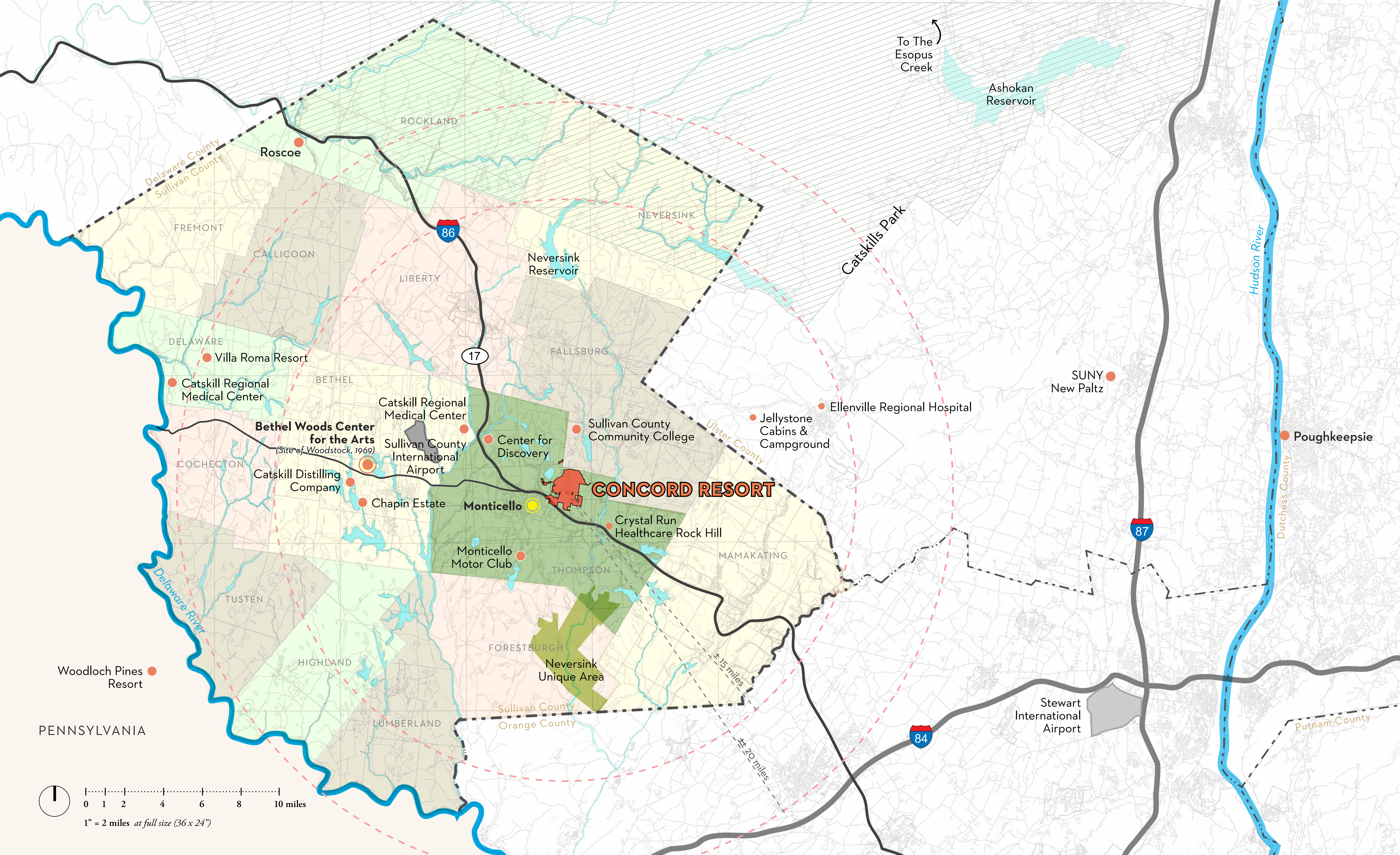
Prepared by David Sangree  
 Latitude: 41.666696  
 Longitude: -74.641602

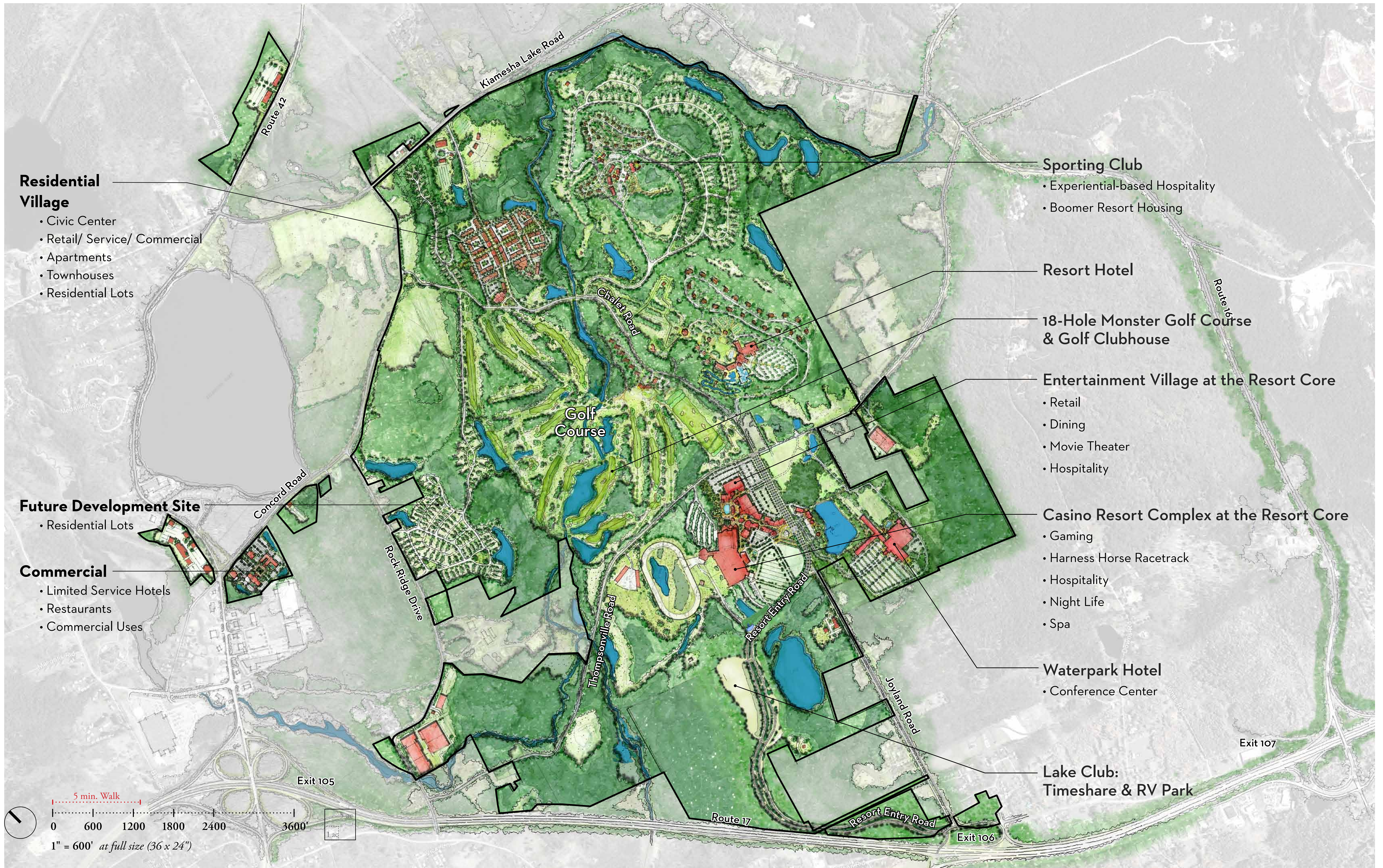
Female Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

## **ADDENDUM IV**





- Residential Village**
- Civic Center
  - Retail/ Service/ Commercial
  - Apartments
  - Townhouses
  - Residential Lots

- Future Development Site**
- Residential Lots

- Commercial**
- Limited Service Hotels
  - Restaurants
  - Commercial Uses

- Sporting Club**
- Experiential-based Hospitality
  - Boomer Resort Housing

**Resort Hotel**

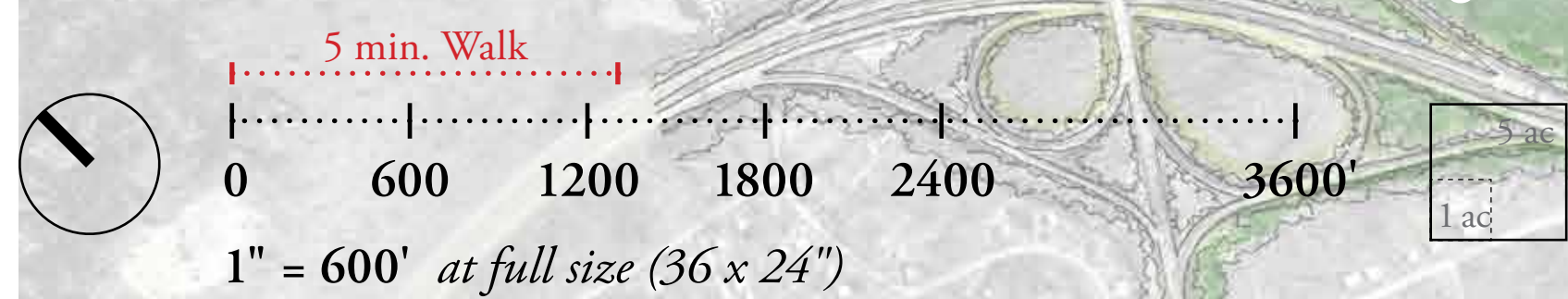
**18-Hole Monster Golf Course & Golf Clubhouse**

- Entertainment Village at the Resort Core**
- Retail
  - Dining
  - Movie Theater
  - Hospitality

- Casino Resort Complex at the Resort Core**
- Gaming
  - Harness Horse Racetrack
  - Hospitality
  - Night Life
  - Spa

- Waterpark Hotel**
- Conference Center

**Lake Club: Timeshare & RV Park**





Location Key



**Mt. Coaster**  
Snack Bar

**Rope Tow**

**Hilltop**  
Restaurant  
Bar & Grill

**Action Area**  
- Mt. Coaster  
- Rope Course  
- Zip Lines

**Outdoor  
Water Park**

**Indoor  
Water Park**

**Water Park Hotel**

**Trail Head**

**Lodge Cottages**  
45 - 3,200 sf Units

**Ski-Tubing**

**Grill**

**Rope**

**Tubing**

**Terrain  
Park**

**Fishing Pond**  
The Dock-Snack Bar

**Rock Climbing**

**Tubing**  
Entry Forecourt

**The Oval**  
- Lawn Games  
- Ice Rink  
- Amphitheatre

Parking  
350 Cars

Parking  
350 Cars

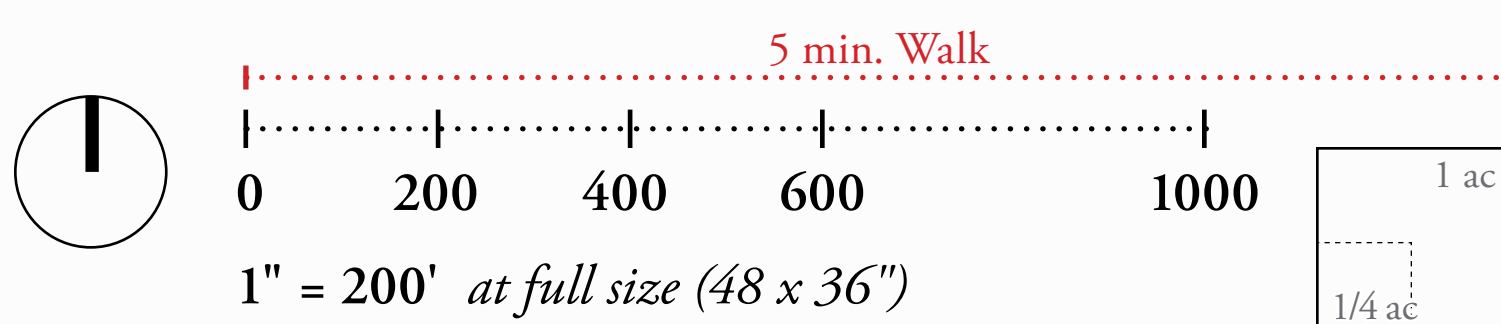
Remote Parking  
500 Cars

Chalet Rd

Existing Chalet

"Gorge Trail"

Thompsonville Rd





## **ADDENDUM V**

**Company:**  
**Contact Person:**  
**Phone Number:**

*We are currently working with a client that is considering the development of a full-service hotel on the site of the former Concord Resort in Thompson, NY. The property would include 350 to 450 guest rooms and approximately 100,000 square feet of conference space. The client is also considering adding an indoor waterpark to the hotel. As part of our research we are contacting local companies, meeting planners and groups in order to determine the existing and future hotel room night demand in the market in your interest in a potential conference center. Would you be willing to answer a few brief questions in order to assist us in our study?*

**Demand Questions:**

1. How many hotel room nights do you generate per year or month?
2. Do you hold meetings? Type?
3. What conference centers, hotels, or meeting facilities do you currently use for groups and meetings?
4. What are your typical overnight needs (# of rooms) for meetings?
5. What is the average rate or range of rates per room that your groups pay?
6. How often do you meet? \_\_\_\_\_ In typically what season or month? \_\_\_\_\_  
What is your typical group size? \_\_\_\_\_
7. What is your average duration of events and/or expositions (number of days)?
8. How often do your meetings involve lunch? \_\_\_\_\_ What is the average check? \_\_\_\_\_  
How often do your meetings involve dinner? \_\_\_\_\_ What is the average check? \_\_\_\_\_
9. Does your organization use the following facilities never, once a year, occasionally, very often:  
Large room able to accommodate 250 to 750 people \_\_\_\_\_  
Medium sized room able to accommodate 50 – 250 people \_\_\_\_\_  
Small breakout rooms (less than 50 people) \_\_\_\_\_
10. The proposed facility is considering having an indoor waterpark? Would the proposed indoor waterpark hotel have a high, medium or low market for yourself and/or your company or group? How much would you pay as a room rate inclusive of indoor waterpark admission?
11. Additional amenities proposed will include golf course, casino, harness racing, and an adventure park within a short distance of this proposed development. Would these amenities be utilized by your group?
12. Would the proposed hotel with its amenities have a high, medium, or low market for your event? Why?
13. Do you have any additional comments or suggestions?

Thank you for time and comments!

## **ADDENDUM VI**

As an additional analysis for the market feasibility study for the proposed resort hotel in Thompson, Sullivan County, New York, we have prepared financial projections assuming the project includes a 400-room hotel and there are no timeshare units developed. The following bullets describe the differences between the assumptions contained in the following spreadsheets versus the assumptions contained within the body of the market feasibility study report.

- In this scenario, we assume the subject will include 400 rooms versus the 350 rooms assumed in the main scenario.
- We assume the subject will not have an attached timeshare development.
- Our analysis excludes any timeshare maintenance fees towards operation of the waterpark.
- We have assumed the same sizes for food and beverage outlets, meeting rooms, and other amenities.

### **Subject Hotel Projections**

The following table indicates our projections of financial performance for the proposed indoor waterpark resort assuming 400 rooms over the 10-year analysis period.

<b>PROJECTED FINANCIAL PERFORMANCE</b>																
<b>PROPOSED INDOOR WATERPARK RESORT, THOMPSON, NEW YORK - 400 ROOMS, NO TIMESHARE</b>																
	Base Year 2017				Base +1 2018				Base +2 2019				Base +3 2020			
Number of Rooms	400				400				400				400			
Occupancy	63.0%				67.4%				71.0%				71.0%			
Average Rate	\$262.00				\$275.10				\$286.10				\$294.69			
Days Open	365				365				365				365			
Rooms Occupied	92,050				98,454				103,661				103,661			
Rooms Available	146,000				146,000				146,000				146,000			
<b>Revenues</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>	<b>\$(000)</b>	<b>Percent</b>	<b>\$/Avail Rm</b>	<b>\$/Occ Rm</b>
Rooms	\$ 24,117	58.5%	\$ 60,293	\$ 262.00	\$ 27,085	59.6%	\$ 67,713	\$ 275.10	\$ 29,658	60.4%	\$ 74,145	\$ 286.11	\$ 30,548	60.4%	\$ 76,370	\$ 294.69
Food and Beverage	\$ 8,400	20.4%	\$ 21,000	\$ 91.26	\$ 9,013	19.8%	\$ 22,533	\$ 91.55	\$ 9,586	19.5%	\$ 23,965	\$ 92.47	\$ 9,874	19.5%	\$ 24,685	\$ 95.25
Other Operated Departments	\$ 1,900	4.6%	\$ 4,750	\$ 20.64	\$ 2,032	4.5%	\$ 5,080	\$ 20.64	\$ 2,156	4.4%	\$ 5,390	\$ 20.80	\$ 2,220	4.4%	\$ 5,550	\$ 21.42
Rentals and Other Income	\$ 1,300	3.2%	\$ 3,250	\$ 14.12	\$ 1,395	3.1%	\$ 3,488	\$ 14.17	\$ 1,484	3.0%	\$ 3,710	\$ 14.32	\$ 1,528	3.0%	\$ 3,820	\$ 14.74
Retail	\$ 1,550	3.8%	\$ 3,875	\$ 16.84	\$ 1,674	3.7%	\$ 4,185	\$ 17.00	\$ 1,790	3.6%	\$ 4,475	\$ 17.27	\$ 1,843	3.6%	\$ 4,608	\$ 17.78
FEC/Arcade	\$ 2,500	6.1%	\$ 6,250	\$ 27.16	\$ 2,700	5.9%	\$ 6,750	\$ 27.42	\$ 2,886	5.9%	\$ 7,215	\$ 27.84	\$ 2,973	5.9%	\$ 7,433	\$ 28.68
Indoor Waterpark	\$ 1,468	3.6%	\$ 3,670	\$ 15.95	\$ 1,512	3.3%	\$ 3,780	\$ 15.36	\$ 1,557	3.2%	\$ 3,893	\$ 15.02	\$ 1,604	3.2%	\$ 4,010	\$ 15.47
<b>Total Revenue</b>	<b>\$ 41,235</b>	<b>100.0%</b>	<b>\$ 103,088</b>	<b>\$ 447.97</b>	<b>\$ 45,411</b>	<b>100.0%</b>	<b>\$ 113,528</b>	<b>\$ 461.24</b>	<b>\$ 49,117</b>	<b>100.0%</b>	<b>\$ 122,793</b>	<b>\$ 473.82</b>	<b>\$ 50,590</b>	<b>100.0%</b>	<b>\$ 126,475</b>	<b>\$ 488.03</b>
<b>Departmental Expenses</b>																
Rooms	\$ 4,341	18.0%	\$ 10,853	\$ 47.16	\$ 4,642	17.1%	\$ 11,605	\$ 47.15	\$ 4,925	16.6%	\$ 12,313	\$ 47.51	\$ 5,073	16.6%	\$ 12,683	\$ 48.94
Food & Beverage	\$ 5,880	70.0%	\$ 14,700	\$ 63.88	\$ 6,288	69.8%	\$ 15,720	\$ 63.87	\$ 6,671	69.6%	\$ 16,678	\$ 64.35	\$ 6,871	69.6%	\$ 17,178	\$ 66.28
Other Operated Departments	\$ 950	50.0%	\$ 2,375	\$ 10.32	\$ 1,013	49.9%	\$ 2,533	\$ 10.29	\$ 1,071	49.7%	\$ 2,678	\$ 10.33	\$ 1,104	49.7%	\$ 2,760	\$ 10.65
Retail	\$ 930	60.0%	\$ 2,325	\$ 10.10	\$ 998	59.6%	\$ 2,495	\$ 10.14	\$ 1,061	59.3%	\$ 2,653	\$ 10.24	\$ 1,093	59.3%	\$ 2,733	\$ 10.54
FEC/Arcade	\$ 1,250	50.0%	\$ 3,125	\$ 13.58	\$ 1,341	49.7%	\$ 3,353	\$ 13.62	\$ 1,426	49.4%	\$ 3,565	\$ 13.76	\$ 1,469	49.4%	\$ 3,673	\$ 14.17
Indoor Waterpark	\$ 2,231	152.0%	\$ 5,578	\$ 24.24	\$ 2,393	158.3%	\$ 5,983	\$ 24.31	\$ 2,539	163.1%	\$ 6,348	\$ 24.49	\$ 2,615	163.0%	\$ 6,538	\$ 25.23
<b>Total Dept. Expenses</b>	<b>\$ 15,582</b>	<b>37.8%</b>	<b>\$ 38,955</b>	<b>\$ 169.28</b>	<b>\$ 16,675</b>	<b>36.7%</b>	<b>\$ 41,688</b>	<b>\$ 169.37</b>	<b>\$ 17,693</b>	<b>36.0%</b>	<b>\$ 44,233</b>	<b>\$ 170.68</b>	<b>\$ 18,225</b>	<b>36.0%</b>	<b>\$ 45,563</b>	<b>\$ 175.81</b>
<b>Departmental Income</b>	<b>\$ 25,653</b>	<b>62.2%</b>	<b>\$ 64,133</b>	<b>\$ 278.69</b>	<b>\$ 28,736</b>	<b>63.3%</b>	<b>\$ 71,840</b>	<b>\$ 291.87</b>	<b>\$ 31,424</b>	<b>64.0%</b>	<b>\$ 78,560</b>	<b>\$ 303.14</b>	<b>\$ 32,365</b>	<b>64.0%</b>	<b>\$ 80,913</b>	<b>\$ 312.22</b>
<b>Undistributed Operating Expenses</b>																
Administrative & General	\$ 2,800	6.8%	\$ 7,000	\$ 30.42	\$ 2,994	6.6%	\$ 7,485	\$ 30.41	\$ 3,177	6.5%	\$ 7,943	\$ 30.65	\$ 3,272	6.5%	\$ 8,180	\$ 31.56
Management Fees	\$ 1,649	4.0%	\$ 4,123	\$ 17.91	\$ 1,816	4.0%	\$ 4,540	\$ 18.45	\$ 1,965	4.0%	\$ 4,913	\$ 18.96	\$ 2,024	4.0%	\$ 5,060	\$ 19.53
Marketing & Franchise Fees	\$ 3,600	8.7%	\$ 9,000	\$ 39.11	\$ 3,837	8.4%	\$ 9,593	\$ 38.97	\$ 4,060	8.3%	\$ 10,150	\$ 39.17	\$ 4,182	8.3%	\$ 10,455	\$ 40.34
Prop. Oper. & Maintenance	\$ 1,600	3.9%	\$ 4,000	\$ 17.38	\$ 1,705	3.8%	\$ 4,263	\$ 17.32	\$ 1,804	3.7%	\$ 4,510	\$ 17.40	\$ 1,859	3.7%	\$ 4,648	\$ 17.93
Energy Costs	\$ 1,800	4.4%	\$ 4,500	\$ 19.55	\$ 1,918	4.2%	\$ 4,795	\$ 19.48	\$ 2,030	4.1%	\$ 5,075	\$ 19.58	\$ 2,091	4.1%	\$ 5,228	\$ 20.17
<b>Total UDOEs</b>	<b>\$ 11,449</b>	<b>27.8%</b>	<b>\$ 28,623</b>	<b>\$ 124.38</b>	<b>\$ 12,270</b>	<b>27.0%</b>	<b>\$ 30,675</b>	<b>\$ 124.63</b>	<b>\$ 13,036</b>	<b>26.5%</b>	<b>\$ 32,590</b>	<b>\$ 125.76</b>	<b>\$ 13,428</b>	<b>26.5%</b>	<b>\$ 33,570</b>	<b>\$ 129.54</b>
<b>Income Before Fixed Charges</b>	<b>\$ 14,204</b>	<b>34.4%</b>	<b>\$ 35,510</b>	<b>\$ 154.31</b>	<b>\$ 16,466</b>	<b>36.3%</b>	<b>\$ 41,165</b>	<b>\$ 167.25</b>	<b>\$ 18,388</b>	<b>37.4%</b>	<b>\$ 45,970</b>	<b>\$ 177.39</b>	<b>\$ 18,937</b>	<b>37.4%</b>	<b>\$ 47,343</b>	<b>\$ 182.68</b>
<b>Fixed Charges</b>																
Property Tax	\$ 58	0.1%	\$ 145	\$ 0.63	\$ 60	0.1%	\$ 150	\$ 0.61	\$ 62	0.1%	\$ 155	\$ 0.60	\$ 63	0.1%	\$ 158	\$ 0.61
Insurance	\$ 400	1.0%	\$ 1,000	\$ 4.35	\$ 412	0.9%	\$ 1,030	\$ 4.18	\$ 424	0.9%	\$ 1,060	\$ 4.09	\$ 437	0.9%	\$ 1,093	\$ 4.22
Reserve for Replacement	\$ 825	2.0%	\$ 2,063	\$ 8.96	\$ 1,362	3.0%	\$ 3,405	\$ 13.83	\$ 1,965	4.0%	\$ 4,913	\$ 18.96	\$ 2,530	5.0%	\$ 6,325	\$ 24.41
<b>Total Fixed Charges</b>	<b>\$ 1,283</b>	<b>3.1%</b>	<b>\$ 3,208</b>	<b>\$ 13.94</b>	<b>\$ 1,834</b>	<b>4.0%</b>	<b>\$ 4,585</b>	<b>\$ 18.63</b>	<b>\$ 2,451</b>	<b>5.0%</b>	<b>\$ 6,128</b>	<b>\$ 23.64</b>	<b>\$ 3,030</b>	<b>6.0%</b>	<b>\$ 7,575</b>	<b>\$ 29.23</b>
<b>Net Income</b>	<b>\$ 12,921</b>	<b>31.3%</b>	<b>\$ 32,303</b>	<b>\$ 140.37</b>	<b>\$ 14,632</b>	<b>32.2%</b>	<b>\$ 36,580</b>	<b>\$ 148.62</b>	<b>\$ 15,937</b>	<b>32.4%</b>	<b>\$ 39,843</b>	<b>\$ 153.74</b>	<b>\$ 15,907</b>	<b>31.4%</b>	<b>\$ 39,768</b>	<b>\$ 153.45</b>

Source: Hotel & Leisure Advisors

<b>PROJECTED FINANCIAL PERFORMANCE</b>																
<b>PROPOSED INDOOR WATERPARK RESORT, THOMPSON, NEW YORK - 400 ROOMS, NO TIMESHARE</b>																
	Base +4				Base +5				Base +6				Base +7			
	2021				2022				2023				2024			
Number of Rooms	400				400				400				400			
Occupancy	71.0%				71.0%				71.0%				71.0%			
Average Rate	\$303.53				\$312.63				\$322.01				\$331.67			
Days Open	365				365				365				365			
Rooms Occupied	103,661				103,661				103,661				103,661			
Rooms Available	146,000				146,000				146,000				146,000			
Revenues	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm	\$ (000)	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	\$ 31,464	60.4%	\$ 78,660	\$ 303.53	\$ 32,408	60.4%	\$ 81,020	\$ 312.63	\$ 33,380	60.4%	\$ 83,450	\$ 322.01	\$ 34,382	60.4%	\$ 85,955	\$ 331.68
Food and Beverage	\$ 10,170	19.5%	\$ 25,425	\$ 98.11	\$ 10,475	19.5%	\$ 26,188	\$ 101.05	\$ 10,789	19.5%	\$ 26,973	\$ 104.08	\$ 11,113	19.5%	\$ 27,783	\$ 107.21
Other Operated Departments	\$ 2,287	4.4%	\$ 5,718	\$ 22.06	\$ 2,355	4.4%	\$ 5,888	\$ 22.72	\$ 2,426	4.4%	\$ 6,065	\$ 23.40	\$ 2,499	4.4%	\$ 6,248	\$ 24.11
Rentals and Other Income	\$ 1,574	3.0%	\$ 3,935	\$ 15.18	\$ 1,621	3.0%	\$ 4,053	\$ 15.64	\$ 1,670	3.0%	\$ 4,175	\$ 16.11	\$ 1,720	3.0%	\$ 4,300	\$ 16.59
Retail	\$ 1,899	3.6%	\$ 4,748	\$ 18.32	\$ 1,956	3.6%	\$ 4,890	\$ 18.87	\$ 2,014	3.6%	\$ 5,035	\$ 19.43	\$ 2,075	3.6%	\$ 5,188	\$ 20.02
FEC/Arcade	\$ 3,062	5.9%	\$ 7,655	\$ 29.54	\$ 3,154	5.9%	\$ 7,885	\$ 30.43	\$ 3,249	5.9%	\$ 8,123	\$ 31.34	\$ 3,346	5.9%	\$ 8,365	\$ 32.28
Indoor Waterpark	\$ 1,652	3.2%	\$ 4,130	\$ 15.94	\$ 1,701	3.2%	\$ 4,253	\$ 16.41	\$ 1,752	3.2%	\$ 4,380	\$ 16.90	\$ 1,805	3.2%	\$ 4,511	\$ 17.41
Total Revenue	\$ 52,108	100.0%	\$ 130,270	\$ 502.68	\$ 53,670	100.0%	\$ 134,175	\$ 517.75	\$ 55,280	100.0%	\$ 138,200	\$ 533.28	\$ 56,940	100.0%	\$ 142,349	\$ 549.29
Departmental Expenses																
Rooms	\$ 5,225	16.6%	\$ 13,063	\$ 50.40	\$ 5,382	16.6%	\$ 13,455	\$ 51.92	\$ 5,543	16.6%	\$ 13,858	\$ 53.47	\$ 5,709	16.6%	\$ 14,273	\$ 55.07
Food & Beverage	\$ 7,077	69.6%	\$ 17,693	\$ 68.27	\$ 7,289	69.6%	\$ 18,223	\$ 70.32	\$ 7,508	69.6%	\$ 18,770	\$ 72.43	\$ 7,733	69.6%	\$ 19,333	\$ 74.60
Other Operated Departments	\$ 1,137	49.7%	\$ 2,843	\$ 10.97	\$ 1,171	49.7%	\$ 2,928	\$ 11.30	\$ 1,206	49.7%	\$ 3,015	\$ 11.63	\$ 1,242	49.7%	\$ 3,105	\$ 11.98
Retail	\$ 1,126	59.3%	\$ 2,815	\$ 10.86	\$ 1,160	59.3%	\$ 2,900	\$ 11.19	\$ 1,195	59.3%	\$ 2,988	\$ 11.53	\$ 1,230	59.3%	\$ 3,075	\$ 11.87
FEC/Arcade	\$ 1,513	49.4%	\$ 3,783	\$ 14.60	\$ 1,559	49.4%	\$ 3,898	\$ 15.04	\$ 1,606	49.4%	\$ 4,015	\$ 15.49	\$ 1,654	49.4%	\$ 4,135	\$ 15.96
Indoor Waterpark	\$ 2,694	163.1%	\$ 6,735	\$ 25.99	\$ 2,775	163.1%	\$ 6,938	\$ 26.77	\$ 2,858	163.1%	\$ 7,145	\$ 27.57	\$ 2,944	163.1%	\$ 7,360	\$ 28.40
Total Dept. Expenses	\$ 18,772	36.0%	\$ 46,930	\$ 181.09	\$ 19,336	36.0%	\$ 48,340	\$ 186.53	\$ 19,916	36.0%	\$ 49,790	\$ 192.13	\$ 20,512	36.0%	\$ 51,280	\$ 197.88
Departmental Income	\$ 33,336	64.0%	\$ 83,340	\$ 321.59	\$ 34,334	64.0%	\$ 85,835	\$ 331.21	\$ 35,364	64.0%	\$ 88,410	\$ 341.15	\$ 36,428	64.0%	\$ 91,069	\$ 351.41
Undistributed Operating Expenses																
Administrative & General	\$ 3,370	6.5%	\$ 8,425	\$ 32.51	\$ 3,471	6.5%	\$ 8,678	\$ 33.48	\$ 3,575	6.5%	\$ 8,938	\$ 34.49	\$ 3,683	6.5%	\$ 9,208	\$ 35.53
Management Fees	\$ 2,084	4.0%	\$ 5,210	\$ 20.10	\$ 2,147	4.0%	\$ 5,368	\$ 20.71	\$ 2,211	4.0%	\$ 5,528	\$ 21.33	\$ 2,278	4.0%	\$ 5,695	\$ 21.98
Marketing & Franchise Fees	\$ 4,307	8.3%	\$ 10,768	\$ 41.55	\$ 4,437	8.3%	\$ 11,093	\$ 42.80	\$ 4,570	8.3%	\$ 11,425	\$ 44.09	\$ 4,707	8.3%	\$ 11,768	\$ 45.41
Prop. Oper. & Maintenance	\$ 1,914	3.7%	\$ 4,785	\$ 18.46	\$ 1,972	3.7%	\$ 4,930	\$ 19.02	\$ 2,031	3.7%	\$ 5,078	\$ 19.59	\$ 2,092	3.7%	\$ 5,230	\$ 20.18
Energy Costs	\$ 2,154	4.1%	\$ 5,385	\$ 20.78	\$ 2,218	4.1%	\$ 5,545	\$ 21.40	\$ 2,285	4.1%	\$ 5,713	\$ 22.04	\$ 2,353	4.1%	\$ 5,883	\$ 22.70
Total UDOEs	\$ 13,829	26.5%	\$ 34,573	\$ 133.41	\$ 14,245	26.5%	\$ 35,613	\$ 137.42	\$ 14,672	26.5%	\$ 36,680	\$ 141.54	\$ 15,113	26.5%	\$ 37,783	\$ 145.79
Income Before Fixed Charges	\$ 19,507	37.4%	\$ 48,768	\$ 188.18	\$ 20,089	37.4%	\$ 50,223	\$ 193.80	\$ 20,692	37.4%	\$ 51,730	\$ 199.61	\$ 21,315	37.4%	\$ 53,286	\$ 205.62
Fixed Charges																
Property Tax	\$ 65	0.1%	\$ 163	\$ 0.63	\$ 67	0.1%	\$ 168	\$ 0.65	\$ 69	0.1%	\$ 173	\$ 0.67	\$ 71	0.1%	\$ 178	\$ 0.68
Insurance	\$ 450	0.9%	\$ 1,125	\$ 4.34	\$ 464	0.9%	\$ 1,160	\$ 4.48	\$ 478	0.9%	\$ 1,195	\$ 4.61	\$ 492	0.9%	\$ 1,230	\$ 4.75
Reserve for Replacement	\$ 2,605	5.0%	\$ 6,513	\$ 25.13	\$ 2,684	5.0%	\$ 6,710	\$ 25.89	\$ 2,764	5.0%	\$ 6,910	\$ 26.66	\$ 2,847	5.0%	\$ 7,118	\$ 27.46
Total Fixed Charges	\$ 3,120	6.0%	\$ 7,800	\$ 30.10	\$ 3,215	6.0%	\$ 8,038	\$ 31.01	\$ 3,311	6.0%	\$ 8,278	\$ 31.94	\$ 3,410	6.0%	\$ 8,525	\$ 32.90
Net Income	\$ 16,387	31.4%	\$ 40,968	\$ 158.08	\$ 16,874	31.4%	\$ 42,185	\$ 162.78	\$ 17,381	31.4%	\$ 43,453	\$ 167.67	\$ 17,905	31.4%	\$ 44,761	\$ 172.72

Source: Hotel & Leisure Advisors

PROJECTED FINANCIAL PERFORMANCE												
PROPOSED INDOOR WATERPARK RESORT, THOMPSON, NEW YORK - 400 ROOMS, NO TIMESHARE												
	Base +8				Base +9				Base +10			
	2025				2026				2027			
Number of Rooms	400				400				400			
Occupancy	71.0%				71.0%				71.0%			
Average Rate	\$341.62				\$351.87				\$362.43			
Days Open	365				365				365			
Rooms Occupied	103,661				103,661				103,661			
Rooms Available	146,000				146,000				146,000			
Revenues	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	\$ 35,413	60.4%	\$ 88,533	\$ 341.62	\$ 36,475	60.4%	\$ 91,188	\$ 351.87	\$ 37,570	60.4%	\$ 93,925	\$ 362.43
Food and Beverage	\$ 11,446	19.5%	\$ 28,615	\$ 110.42	\$ 11,790	19.5%	\$ 29,475	\$ 113.74	\$ 12,143	19.5%	\$ 30,358	\$ 117.14
Other Operated Departments	\$ 2,574	4.4%	\$ 6,435	\$ 24.83	\$ 2,651	4.4%	\$ 6,628	\$ 25.57	\$ 2,731	4.4%	\$ 6,828	\$ 26.35
Rentals and Other Income	\$ 1,771	3.0%	\$ 4,428	\$ 17.08	\$ 1,825	3.0%	\$ 4,563	\$ 17.61	\$ 1,879	3.0%	\$ 4,698	\$ 18.13
Retail	\$ 2,137	3.6%	\$ 5,343	\$ 20.62	\$ 2,201	3.6%	\$ 5,503	\$ 21.23	\$ 2,267	3.6%	\$ 5,668	\$ 21.87
FEC/Arcade	\$ 3,447	5.9%	\$ 8,618	\$ 33.25	\$ 3,550	5.9%	\$ 8,875	\$ 34.25	\$ 3,656	5.9%	\$ 9,140	\$ 35.27
Indoor Waterpark	\$ 1,859	3.2%	\$ 4,647	\$ 17.93	\$ 1,914	3.2%	\$ 4,786	\$ 18.47	\$ 1,972	3.2%	\$ 4,930	\$ 19.02
Total Revenue	\$ 58,647	100.0%	\$ 146,617	\$ 565.76	\$ 60,406	100.0%	\$ 151,016	\$ 582.73	\$ 62,218	100.0%	\$ 155,545	\$ 600.21
Departmental Expenses												
Rooms	\$ 5,881	16.6%	\$ 14,703	\$ 56.73	\$ 6,057	16.6%	\$ 15,143	\$ 58.43	\$ 6,239	16.6%	\$ 15,598	\$ 60.19
Food & Beverage	\$ 7,965	69.6%	\$ 19,913	\$ 76.84	\$ 8,204	69.6%	\$ 20,510	\$ 79.14	\$ 8,450	69.6%	\$ 21,125	\$ 81.52
Other Operated Departments	\$ 1,279	49.7%	\$ 3,198	\$ 12.34	\$ 1,318	49.7%	\$ 3,295	\$ 12.71	\$ 1,357	49.7%	\$ 3,393	\$ 13.09
Retail	\$ 1,267	59.3%	\$ 3,168	\$ 12.22	\$ 1,305	59.3%	\$ 3,263	\$ 12.59	\$ 1,344	59.3%	\$ 3,360	\$ 12.97
FEC/Arcade	\$ 1,703	49.4%	\$ 4,258	\$ 16.43	\$ 1,754	49.4%	\$ 4,385	\$ 16.92	\$ 1,807	49.4%	\$ 4,518	\$ 17.43
Indoor Waterpark	\$ 3,032	163.1%	\$ 7,580	\$ 29.25	\$ 3,123	163.1%	\$ 7,808	\$ 30.13	\$ 3,217	163.1%	\$ 8,043	\$ 31.03
Total Dept. Expenses	\$ 21,127	36.0%	\$ 52,818	\$ 203.81	\$ 21,761	36.0%	\$ 54,403	\$ 209.92	\$ 22,414	36.0%	\$ 56,035	\$ 216.22
Departmental Income	\$ 37,520	64.0%	\$ 93,799	\$ 361.95	\$ 38,645	64.0%	\$ 96,614	\$ 372.81	\$ 39,804	64.0%	\$ 99,510	\$ 383.98
Undistributed Operating Expenses												
Administrative & General	\$ 3,793	6.5%	\$ 9,483	\$ 36.59	\$ 3,907	6.5%	\$ 9,768	\$ 37.69	\$ 4,024	6.5%	\$ 10,060	\$ 38.82
Management Fees	\$ 2,346	4.0%	\$ 5,865	\$ 22.63	\$ 2,416	4.0%	\$ 6,040	\$ 23.31	\$ 2,489	4.0%	\$ 6,223	\$ 24.01
Marketing & Franchise Fees	\$ 4,848	8.3%	\$ 12,120	\$ 46.77	\$ 4,993	8.3%	\$ 12,483	\$ 48.17	\$ 5,143	8.3%	\$ 12,858	\$ 49.61
Prop. Oper. & Maintenance	\$ 2,155	3.7%	\$ 5,388	\$ 20.79	\$ 2,219	3.7%	\$ 5,548	\$ 21.41	\$ 2,286	3.7%	\$ 5,715	\$ 22.05
Energy Costs	\$ 2,424	4.1%	\$ 6,060	\$ 23.38	\$ 2,497	4.1%	\$ 6,243	\$ 24.09	\$ 2,572	4.1%	\$ 6,430	\$ 24.81
Total UDOEs	\$ 15,566	26.5%	\$ 38,915	\$ 150.16	\$ 16,032	26.5%	\$ 40,080	\$ 154.66	\$ 16,514	26.5%	\$ 41,285	\$ 159.31
Income Before Fixed Charges	\$ 21,954	37.4%	\$ 54,884	\$ 211.78	\$ 22,613	37.4%	\$ 56,534	\$ 218.15	\$ 23,290	37.4%	\$ 58,225	\$ 224.67
Fixed Charges												
Property Tax	\$ 367	0.6%	\$ 916	\$ 3.54	\$ 755	1.3%	\$ 1,888	\$ 7.28	\$ 1,167	1.9%	\$ 2,916	\$ 11.25
Insurance	\$ 507	0.9%	\$ 1,268	\$ 4.89	\$ 522	0.9%	\$ 1,305	\$ 5.04	\$ 538	0.9%	\$ 1,345	\$ 5.19
Reserve for Replacement	\$ 2,932	5.0%	\$ 7,330	\$ 28.28	\$ 3,020	5.0%	\$ 7,550	\$ 29.13	\$ 3,111	5.0%	\$ 7,778	\$ 30.01
Total Fixed Charges	\$ 3,806	6.5%	\$ 9,514	\$ 36.71	\$ 4,297	7.1%	\$ 10,743	\$ 41.45	\$ 4,816	7.7%	\$ 12,039	\$ 46.46
Net Income	\$ 18,148	30.9%	\$ 45,370	\$ 175.07	\$ 18,316	30.3%	\$ 45,791	\$ 176.70	\$ 18,474	29.7%	\$ 46,186	\$ 178.22

Source: Hotel & Leisure Advisors

**Indoor Waterpark Attendance**

We have analyzed the potential demand for an 80,000 square foot indoor waterpark facility. The following table indicates our projections of attendance and indoor waterpark revenue from the connected subject indoor waterpark hotel, casino hotel, and local daily attendance. The analysis does not include the development of timeshare units.

<b>Projected Attendance and Indoor Waterpark Revenue</b>						
<b>Proposed Indoor Waterpark Resort</b>						
<b>80,000 square feet</b>						
	Calendar Years					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>Proposed Indoor Waterpark Resort</u></b>						
Indoor Waterpark occupied rooms	92,050	98,454	103,661	103,661	103,661	103,661
Waterpark package occupied rooms	81,111	86,754	91,343	91,343	91,343	91,343
Indoor Waterpark Hotel attendance	324,444	347,016	365,370	365,370	365,370	365,370
<b><u>Timeshare Usage</u></b>						
Total Number of Timeshare Units Sold	0	0	0	0	0	0
Available Intervals	0	0	0	0	0	0
Maintenance fee dedicated to waterpark	0	\$0	\$0	\$0	\$0	\$0
Timeshare maintenance fees for waterpark	0	\$0	\$0	\$0	\$0	\$0
Timeshare users	0	0	0	0	0	0
<b><u>Local Groups and Casino Resort Hotel</u></b>						
Attendees	29,758	29,758	29,758	29,758	29,758	29,758
Waterpark admission average	\$30.00	\$30.90	\$31.83	\$32.78	\$33.77	\$34.78
Projected revenue	\$892,734	\$919,516	\$947,101	\$975,514	\$1,004,779	\$1,034,923
<b><u>Total</u></b>						
Subject property attendance	354,202	376,774	395,128	395,128	395,128	395,128
Available capacity (2,000/day)	730,000	730,000	730,000	730,000	730,000	730,000
Usage percentage	<b>49%</b>	<b>52%</b>	<b>54%</b>	<b>54%</b>	<b>54%</b>	<b>54%</b>
Total ticket revenue (rounded)	\$893,000	\$920,000	\$947,000	\$976,000	\$1,005,000	\$1,035,000
<b><u>Cabanas and Locker Rentals Revenue</u></b>						
	\$575,000	\$592,000	\$610,000	\$628,000	\$647,000	\$666,000
<b><u>Total Revenue</u></b>						
	\$1,468,000	\$1,512,000	\$1,557,000	\$1,604,000	\$1,652,000	\$1,701,000
<b><u>Statistical information</u></b>						
Projected attendance per square foot	4.4	4.7	4.9	4.9	4.9	4.9
<b><u>Demand segmentation:</u></b>						
Indoor Waterpark occupied rooms	91.6%	92.1%	92.5%	92.5%	92.5%	92.5%
Timeshare Usage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Local Groups and Casino Resort Hotel	8.4%	7.9%	7.5%	7.5%	7.5%	7.5%

Source: Hotel & Leisure Advisors

**Conclusion**

Our analysis indicates that the development of the proposed 400-key indoor waterpark resort with approximately 80,000 square feet of waterpark area, but without the development of timeshare units produces a positive return. The market area surrounding the subject site contains no indoor waterpark resorts, which have proven to be very popular with families for short vacations and getaways. We have analyzed the discounted cash flow result for the indoor waterpark resort utilizing a 12.0% discount rate and a 10.0% terminal capitalization rate. The discounted cash flow as completed indicates a conclusion of \$147,700,000 or \$369,250 per available hotel room (400 rooms) for the development. The discounted cash flow as stabilized indicates a conclusion of \$156,800,000 or \$392,000 per available hotel room for the development.

We note that the value conclusions are not meant to be market value because there are still many unknowns concerning the subject project. Rather they are presented as an



analysis of value utilizing typical parameters performed in the income capitalization approach for an appraisal.