


Market Study



Proposed JC Conference Hotel
E Capitol Ave
Jefferson City, Missouri 65101
CBRE File No. CB24US027018-1

CLIENT: Garfield Public/Private LLC

July 23, 2024

Date of Report: July 23, 2024

Jeff Binford
Senior Vice President, Asset Management
Garfield Public/Private LLC
14911 Quorum Drive, Suite 380
Dallas, Texas 75254

RE: Market Study of Proposed Hotel Development
E Capitol Ave
Jefferson City, Cole County, Missouri 65101
CBRE, Inc. File No. CB24US027018-1

Dear Mr. Binford:

At your request and authorization, CBRE, Inc. has prepared a market study of a proposed conference hotel in Jefferson City. Our analysis is presented in the following report.

The subject is recommended to be a 250-room upscale, full-service hotel with 36,000 SF of meeting space including a 15,000 to 20,000 SF ballroom, a ground level restaurant/bar and market, and flagship terrace level restaurant/bar in Jefferson City, Missouri. The site is at the southeast quadrant of Madison Street and East Capital Avenue. The proposed subject will be built in conjunction with a new parking garage that will service existing downtown parking demand as well as induced demand from the hotel and conference center. The estimated opening date is June 1, 2027. We understand the plans are not currently final, as such we will refer to the subject as the Proposed JC Conference Hotel.

As in all studies of this type, the estimated results are based on competent and efficient management and presume no significant change in the status of the competitive lodging market from that as set forth in this report. The terms of our engagement are such that we have no obligation to revise our conclusions to reflect events or conditions that occur subsequent to the date of completion of our fieldwork. However, we are available to discuss the necessity for revisions in view of changes in the economy or market factors should such arise.

Since the proposed hotel's future performance is based on estimates and assumptions that are subject to uncertainty and variation, we do not present them as results that will actually be achieved. However, our analysis has been conscientiously prepared on the basis of information obtained during the course of the assignment and on our experience in the industry. This report is subject to the Terms and Conditions presented in the Addenda.

After you have had an opportunity to review this report, please feel free to contact us with any questions. We appreciate the opportunity to work with you on this assignment.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Andrew Hartley
Senior Vice President
andrew.hartley@cbre.com



Brylynn Smith
Consultant
brylynn.smith@cbre.com

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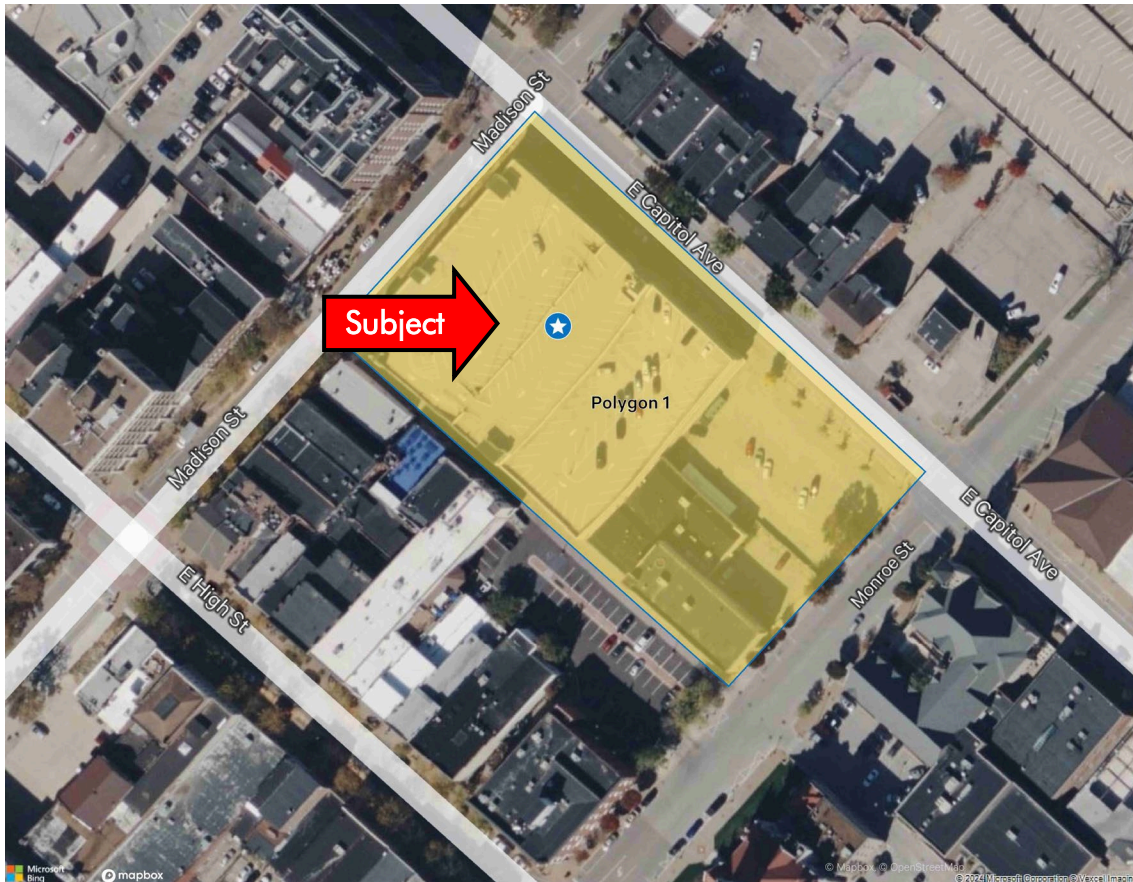
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Subject Photographs



Source: CBRE Maps

Aerial View

Executive Summary

Recommended Facilities			
Property Type	Full-Service	Upscale	
Number of Rooms	250		
GBA	175,000 SF		
GBA per Room	700 SF		
<u>Guestroom</u>	<u>Number</u>		<u>SF/Room</u>
King Standard Rooms	100	40%	320
Double Queen Standard Rooms	100	40%	350
King Junior Suites	25	10%	480
Double Queen Junior Suites	13	5%	520
King Suites	<u>12</u>	<u>5%</u>	<u>600</u>
Totals	250	100%	350
<u>Meeting Space</u>			
		<u>Divisible</u>	<u>Potential</u>
	<u>Potential SF</u>	<u>by</u>	<u>Capacity</u>
Ballroom	18,000 SF	11	1,200
Jr. Ballroom	7,000 SF	7	470
Breakout	7,000 SF	8	470
Board Room	1,500 SF	3	100
Pre-Function	2,500 SF	0	170
Totals	36,000 SF	29	2,410
	Per Room	144 SF	
<u>Food and Beverage</u>			
	<u>Potential SF</u>	<u>Seats</u>	<u>Potential</u>
			<u>Capacity</u>
Restaurant/Bar	3,000 SF	200	200
Terrace Restaurant/Bar	3,000 SF	200	200
Café	300 SF	30	30
Totals	6,300 SF	430	430
	Per Room	25 SF	
<u>Amenities</u>			
<u>Property</u>	<u>In Room</u>		
Fitness Center	Walk In Shower		
Indoor Pool	Iron/Iron board		
Hot Tub	Minifridge		
Laundry Valet	Safe		
Parking Garage	Sofa Sleeper		
Ice Machine/Vending	Living Area		
<u>Potential Brands</u>			
<u>Sub-brand</u>	<u>Parent Brand</u>		
Marriott, Delta, Sheraton	Marriott		
Hilton, Embassy Suites	Hilton		
Hyatt Regency	Hyatt		
<i>The potential guestrooms mix, as well as size and capacity of all the facilities are presented as estimates and standards for illustrative purposes based on comparable, prototypical, and market benchmarks. Upon final planning, the above estimates are likely to change.</i>			
Source: CBRE Hotels			

Introduction

Overview of the Market Study

CBRE Hotels was retained by Garfield Public/Private LLC (client and intended user) to perform a study of the potential market demand for a proposed hotel (the “Hotel” or “Subject”) to be located at E Capitol Ave in Jefferson City, Cole County, Missouri.

As a component of this analysis, after we identified the potential market demand in the Jefferson City lodging market, we then provided our projections of the occupancy, average daily room rate (“ADR”), and revenue per available room (“RevPAR”) the proposed subject hotel could reasonably be expected to achieve for its first five years of operation. Given these projections, we have also estimated the subject’s annual operating results, including total operating revenues and expenses, net income from operations, and ratio to total revenues for ten years of operation. For this analysis, we concluded the subject will include a total of 250 guest rooms. We assumed the proposed hotel would be open and available for occupancy on June 1, 2027. This report represents the culmination of our market research, analysis, and assessments relative to the potential market demand for the proposed hotel.

Assumptions Used For Projections

Our analysis was based on the following set of assumptions:

- The proposed hotel is to be located at the intersection of Madison Street and East Capital Avenue in Jefferson City, Cole County, Missouri;
- The proposed hotel will contain 250 guest rooms;
- The subject will be positioned as a full-service, branded hotel;
- The subject will offer facilities and services consistent with a prototypical full-service hotel and conference center;
- The subject will be professionally and competently managed by a brand or reputable third-party operator;
- The ownership/developer of the subject will obtain approvals from local government Planning and Development to develop the property into a hotel; and,
- The hotel project will open on June 1, 2027.

Methodology

In conducting the study, we:

- Physically inspected the subject site as well as existing and planned surrounding developments;
- Assessed the impact of the proposed subject’s accessibility, visibility, and location relative to demand generators and overall marketability;

- Researched and analyzed current economic and demographic trends in the Jefferson City MSA to determine the trends' impact on future lodging demand within the market;
- Identified the competitive supply of lodging facilities in the area;
- Reviewed the historical performance levels for the competitive lodging supply on a composite basis;
- Estimated the anticipated growth in demand for, and supply of, lodging accommodations in the competitive market area;
- Assessed the positioning of the hotel to be located at the subject site within the competitive market and prepared a forecast of the potential annual occupancy, average daily rate, and RevPAR for the first five years of operation of the proposed subject; and,
- Prepared a statement of estimated annual operating results for the hotel for the ten-year period beginning June 1, 2027.

Several sources were used in compiling the background information and preparing the analysis contained in this report. These resources included *Trends in the Hotel Industry*, published by CBRE Hotels; data on the local lodging market gathered through direct interviews with market participants; data provided by sources in the lodging chains, ownership entities, and management companies with which the competitive properties are affiliated; data provided by Smith Travel Research; and economic data on the region from various local governmental and planning entities.

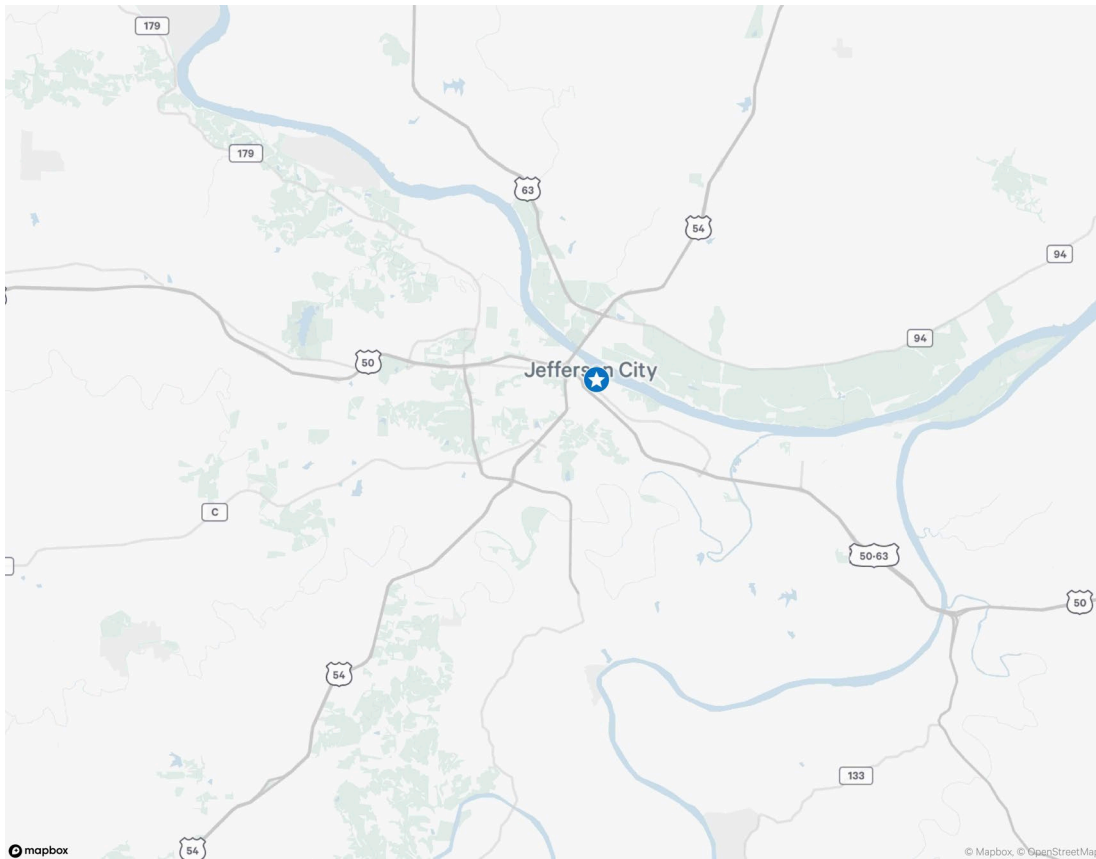
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Statement of Competency

Andrew Hartley has the appropriate knowledge, education, and experience to complete this assignment competently.

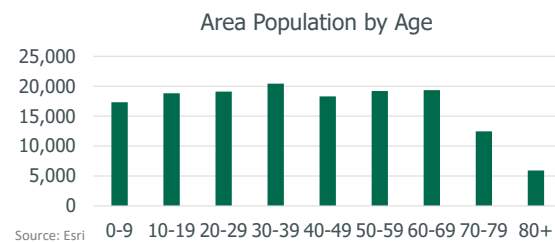
Area Analysis



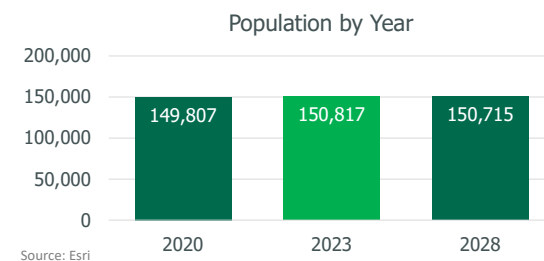
The subject is located in the Jefferson City, MO Metropolitan Statistical Area. Key information about the area is provided in the following tables.

Population

The area has a population of 150,817 and a median age of 40, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.

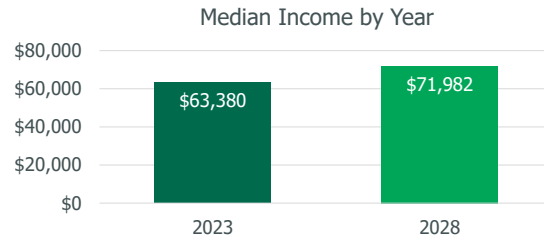


Population has increased by 1,010 since 2020, reflecting an annual increase of 0.2%. Population is projected to decrease by an additional -102 by 2028, reflecting 0.0% annual population growth.



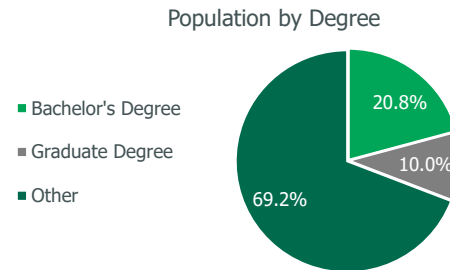
Income

The area features an average household income of \$86,888 and a median household income of \$63,380. Over the next five years, median household income is expected to increase by 13.6%, or \$1,720 per annum.

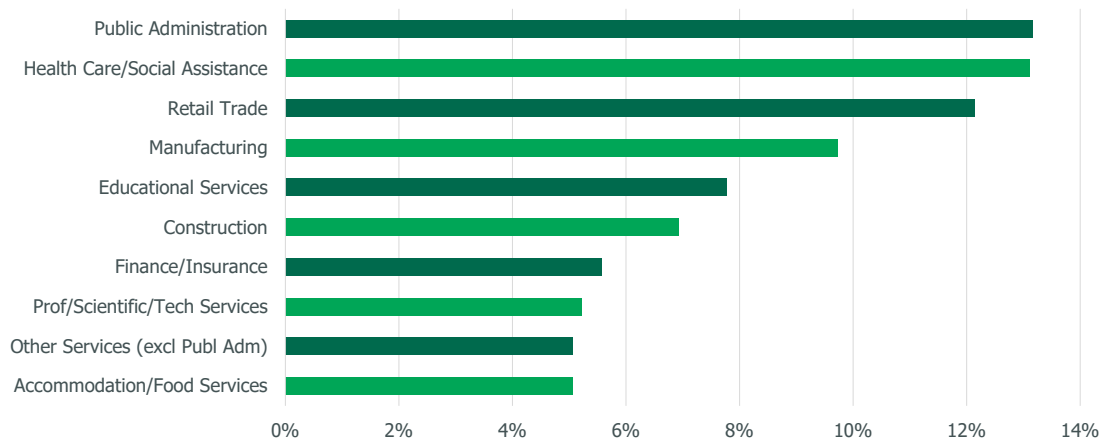


Education

A total of 30.8% of individuals over the age of 24 have a college degree, with 20.8% holding a bachelor's degree and 10.0% holding a graduate degree.



Employment



The area includes a total of 72,754 employees and has a 3.2% unemployment rate. The top three industries within the area are Public Administration, Health Care/Social Assistance and Retail Trade, which represent a combined total of 38% of the workforce.

Major Employers

The primary employer in Jefferson City is state government since it is the capital city of Missouri. Non-government employment consists of major manufacturing, distribution, and healthcare. Top industries include Scholastic Inc., Hitachi Energy, and Quaker Windows & Doors. The following table presents the largest employers.

Major Employers: Jefferson City/Cole County

Includes full and part-time employees

Employer	Industry	# Employed
State of Missouri	Government	15,356
Quaker Windows & Doors	Manufacturing	1,669
Jefferson City School District	Education	1,557
Capital Region Medical Center	Healthcare	1,495
Scholastic Inc.	Book Distribution	1,366
Central Banccompany	Financial	1,286
Hitachi Energy	Manufacturing	1,060
SSM Health - St. Mary's Hospital	Healthcare	982
City of Jefferson	City Government	708
Walmart Supercenter (2)	Retail	695
Jefferson City Medical	Healthcare	629
Unilever Home & Personal Care	Manufacturing	467
WIPRO Infocrossing	Information Technology	461
Hy-Vee Food Stores	Retail	455
Lincoln University	Education	369
County of Cole	Government	363
Gerbes Super Market (2)	Retail	294
Missouri Farm Bureau	Insurance	283
McDonald's Restaurants (6)	Restaurant	250
State Technical College of Missouri	Education	229

Economic Highlights

In recent years, Jefferson City has experienced significant investment by state government, as well as local business and industry indicating a vibrant economy with potential for further growth. Some examples include:

- Unilever, one of the world's largest consumer goods companies, recently announced over \$100 million in investment to add Liquid I.V. production to its health and wellbeing business in addition to optimizing its North American body care products distribution operations.
- Quaker Windows and Doors, a premier manufacturer of top-quality windows and doors is investing more than \$30 million and creating 220 new jobs by adding new paint lines and increasing capabilities for glass production.

- The City of Jefferson is performing site clearing, demolition and planning as the initial step to redevelop the historic Missouri State Penitentiary (MSP) site into an active mixed-use development. MSP was the oldest operating prison west of the Missouri River at the time it was decommissioned in 2004. In addition, the City is soliciting private interest in redeveloping the historic Capitol Avenue District which connects MSP with downtown.
- The State of Missouri is constructing a \$183 million state-of-the-art laboratory campus as part of the MSP redevelopment which will consolidate laboratory services for several state agencies including Public Safety, Health and Senior Services, Agriculture, Conservation, and Natural Resources under one roof.
- The Missouri Department of Natural Resources is investing over \$25 million to renovate the historic International Shoe Factory building adjacent to MSP.
- Hitachi Energy, manufacturer of electric transformers in Jefferson City since 1972, recently invested \$10 million and added 75 new jobs to expand manufacturing capacity to their flagship facility.
- Scholastic, the world's largest publisher and distributor of children's books, recently invested over \$40 million to install state-of-the-art equipment in their national fulfillment center that has been in operation for over 30 years.

Soccer Complex

United Capital City Soccer Club (UCC) is in the process of developing a major Soccer complex in South Jefferson City. The complex is expected to open in Spring of 2025 and is anticipated to bring new events and sports tourism to the City. As of now, the Convention and Visitors Bureau have provided the following list of booked events which would be new to the area that are expected to impact the hotel market. Despite any potential delays in the development of the soccer complex, these events will still be scheduled in Jefferson City.

Confirmed New Events with the New Sports Complex

2025	EVENT TYPE	Total Participants	% out of Town	% In town
Jan 31-Feb 2	JC SuperCup	540	20%	80%
Feb 15-16	Pre-Season UCC Kickoff	1,000	40%	60%
Feb 22-23	UCC SPRING TOURNAMENT	1,315	40%	60%
Feb 28-Mar 2	Soccer Leagues	2,850	35%	65%
March 7-9	Missouri Govenors Cup	2,350	60%	40%
March 15-16	Soccer League	2,850	35%	65%
March 21-23	Presidents Cup	1,600	80%	20%
March 29-30	BASEBALL	650	40%	60%
April 5-6	Soccer League	2,850	35%	65%
	SOMO/SPENSA	600	55%	45%
April 12-13	President Cup Semi/Finals	720	70%	30%
April 18-20	BASEBALL	650	40%	60%
April 25-27	Baseball	650	40%	60%
May 3-4	Soccer League	2,508	35%	65%
May 9-11	Baseball	650	40%	60%
May 16-18	Capital Cup	2,350	80%	20%
May 23-25	Softball	780	40%	60%
May 30-June 1	Baseball	650	40%	60%
June 13-15	Baseball	650	40%	60%
June 20-22	Baseball	650	40%	60%
June 27-29	Lincoln HS Nike Showcase	1,320	60%	40%
July 4-6	Baseball	1,040	40%	60%
July 11-13	Softball	780	40%	60%
July 19-20	3v3 Sizzling Summer Classic	700	35%	65%
July 26-27	Show-Me games 5v5	720	40%	60%
August 9-10	Softball	780	40%	60%
August 16-17	PRE-SEASON FRIENDLIES	1,000	40%	60%
August 22-23	Luebbert Family Classic	1,300	40%	60%
August 30-31	Baseball	650	40%	60%
September 6-7	CMDL/MADL/UCC REC	2,850	35%	65%
September 13-14	CMDL/MADL/UCC REC	2,850	35%	65%
September 19-21	Governors Cup	2,623	80%	20%
September 26-28	Presidents Cup	1,600	80%	20%
October 4-5	CMDL/MADL/UCC REC	2,850	35%	65%
October 11-12	Presidents Cup	720	80%	20%
October 18-19	CMDL/MADL/UCC REC	2,850	35%	65%
	SOMO/SPENSA TOURNEY	1,020	55%	45%
October 24-26	Haunted Capital Cup	2,500	80%	20%
November 1-2	SOFTBALL	650	40%	60%
November 7-9	Eddie Horn College Showcase	1,380	65%	35%
November 29-30	Show-Me Games 5v5	675	35%	65%
December 13-14	Lincoln University NIKE Showcase	1,000	65%	35%
December 20-21	UCC Outdoor 5v5 Tournament	1,200	30%	70%

Source: Jefferson City CVB

Transportation

Highway Transportation

Jefferson City is centrally located in the State of Missouri and is within a 2-hour drive of most of the state including both St. Louis to the east and Kansas City to the west. Three major U.S. Highways converge in Jefferson City; US-50, US-54, and US-63. Interstate 70 connecting St. Louis and Kansas City is located approximately 30 miles north via US-54 or US-63, while Interstate 44 connecting St. Louis and Springfield is approximately 60 miles south via US-63.

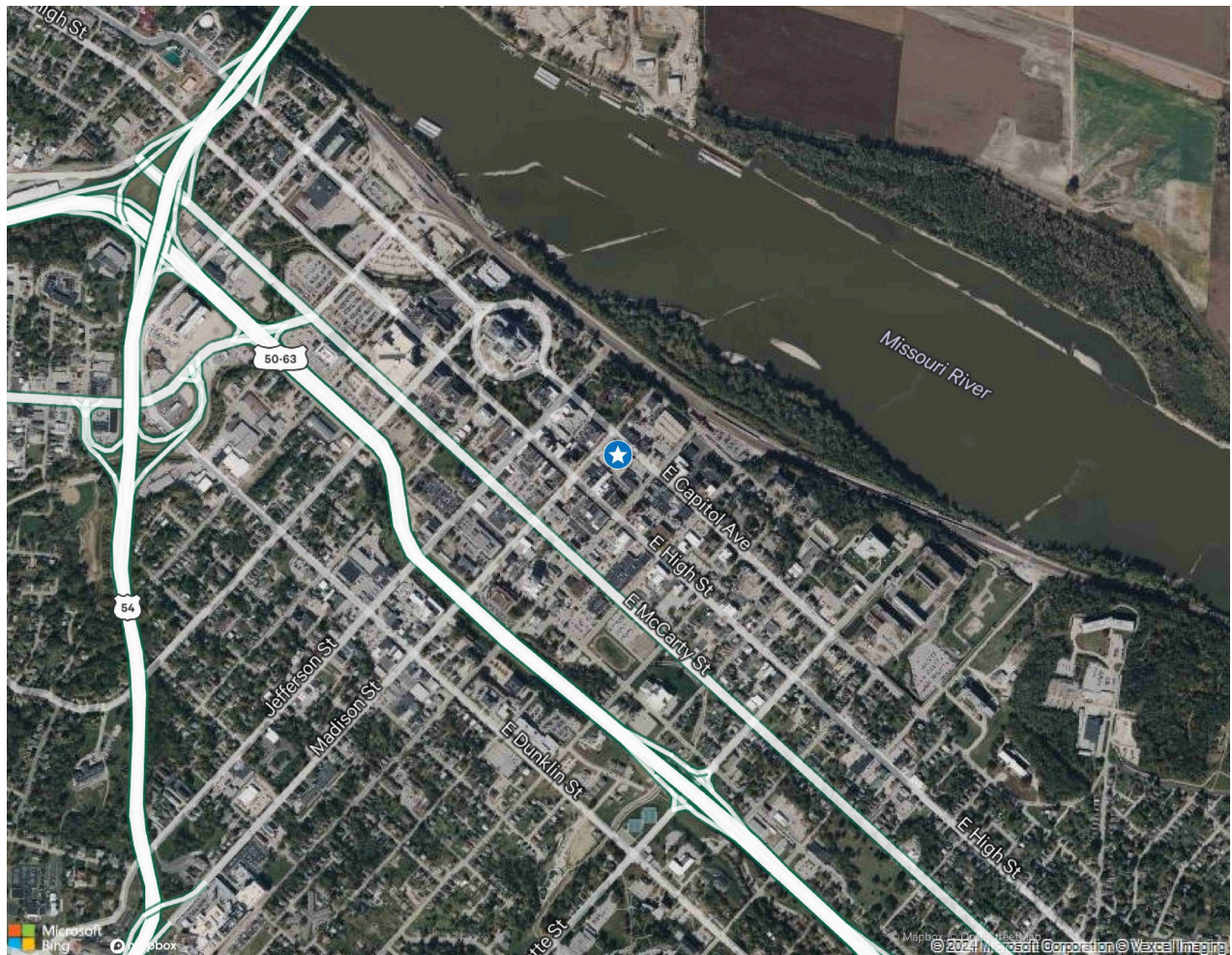
Air Transportation

The closest airport, Columbia Regional Airport, is located 30 miles north, with American Airlines with multiple daily flights servicing Dallas/Fort Worth and Chicago. Within an approximately 2-hour drive is St. Louis Lambert International Airport and Kansas City International Airport servicing direct flights to nearly all major metros in the US.

Rail Transportation

Amtrak's Missouri River Runner route provides daily passenger rail service between St. Louis and Kansas City with stops in Warrensburg, Sedalia, Herman, and Washington.

Neighborhood Analysis



Source: Google Maps

Location

Jefferson City is the capital city of the State of Missouri as well as the county seat of Cole County. The subject is in the heart of downtown Jefferson City, two blocks east of the Missouri State Capitol Building. The historic neighborhood has been redeveloped in recent years to become a vibrant commercial and entertainment district.

Boundaries

The subject neighborhood is South of the Missouri River Bound by the following streets:

North: Missouri River
South: US-Route 50/63 (Rex M Whitton Expressway)
East: Lafayette Street
West: US-Route 54

Land Use

Land uses within the subject neighborhood consist of a mixture of retail, restaurant, business and government offices, and residential living. Much of the downtown land uses are within redeveloped historic buildings. The Missouri Capitol Complex is located west of the subject site and includes the State Capitol Building, Governor's Mansion, Carnahan Memorial Garden, Jefferson Landing State Historic Site, Deborah Cooper Park, as well as numerous monuments and memorial statues. Directly surrounding the subject site are office, restaurant, retail and municipal uses.

Missouri State Capitol

The Missouri State Capitol is the home of the Missouri General Assembly and the executive branch of government of the State of Missouri. The Capitol is one of Jefferson City's leading tourist attractions. It is a destination for school groups, industry representatives, statewide professional associations, and other state government-related business. The structure houses the Missouri State Museum; the offices of Governor, Lieutenant Governor, and State Treasurer; as well as the 34-member Senate and 163-member House of Representatives which meet annually from January through mid-May.



Tourism

Jefferson City offers a blend of historical charm, natural beauty, and a vibrant cultural scene, making it a captivating destination for tourists. As the state capital, it boasts historic landmarks featuring stunning architecture and historical exhibits. Visitors can visit the vibrant, tree-lined streets of the downtown area with its unique shops, eateries, and a local cinema.

Outdoor enthusiasts will appreciate the 240-mile Katy Trail State Park, the longest developed rails to trails project in the country, the picturesque Missouri River, an extensive local greenway system and a variety of city parks.

The Missouri State Capitol houses an impressive and diverse art collection that celebrates the state's rich history and cultural heritage including the famous Thomas Hart Benton murals in the House Lounge, the bronze busts in the Hall of Famous Missourians, and numerous other statutes, mosaics and murals located throughout the building. The Missouri State Penitentiary and Museum offers guided tours of what was the oldest operating prison west of the Mississippi River. The museum includes displays depicting life inside the walls, prison industries, and various prison memorabilia. The penitentiary and museum draw over 30,000 visitors per year, 25% of which generate overnight stays. The MU Health Care Amphitheater is a newly constructed outdoor entertainment venue that hosts local, regional, and national entertainment acts.

Groups and Meetings

After interviews with the Jefferson City Convention & Visitors Bureau, Jefferson City Regional Economic Partnership, local hoteliers, as well as other key stakeholders in the business community, there is significant demand in Jefferson City for a facility to host multiple day conferences and meetings for statewide professional associations, government agencies, and private businesses. The existing facilities in Jefferson City are not large enough to accommodate many of the groups and do not offer the quality facilities that meeting planners expect.

Downtown Jefferson City is strategically located to attract numerous conference and meeting functions which would benefit from the central location, access to the capitol, and nearby downtown shops and restaurants. Historically, state association business, corporate conferences, and various other functions have utilized the city's conference and hotel facilities, however the size of the available facilities has been a limiting factor. In recent years, one conference facility has closed, and others have not maintained the quality standards conference attendees expect. Eventually, the majority of groups which previously hosted events in Jefferson City had significantly reduced their footprints and were pushed out to other regional or state destinations such as Kansas City, St. Louis, Branson, or Lake of the Ozarks.

The CVB has indicated more than 50 groups have held their meetings in Jefferson City in the past but have been pushed out due to lack of quality facilities. These groups consist of various statewide professional associations, governmental agencies, medical institutions, and corporate meeting planners. After interviews with a sample of key meeting planners in Jefferson City, the following sentiments were expressed:

- Many groups are in need of facilities to host 1,000 person events annually or biannually. These events need minimum 400 hotel rooms. There is not an adequate facility in the market that can accommodate that many people in an event.

- Need for periodic 300-400 person events.
- Significant need for weekly/monthly small conferences/trainings for 40-60 people.
- The attendees related to state government prefer to be walking distance to the capital.
- Quoted room block rates in regional conference hotels range from \$147 to \$180.
- The central location is a significant draw for attendees since most parts of the state are within a 2-hour drive of Jefferson City.
- A major hotel franchise is recommended.
- The restaurants in downtown along and adjacent to East High Street are a desirable location for travelers and residents alike.

Conclusion

Jefferson City is a desired state-wide destination for professional association and government agency conferences, corporate meetings, local sight-seeing, shopping, dining, as well as hotel demand. The City is proactive in promoting economic growth in the region with a master plan to increase population and activity in the immediate area. The subject's proposed use as a full-service conference hotel is a conforming use to the other land uses prevalent in the neighborhood.

Facilities Recommendations

The following tables show a summary of the suggested improvements.

Recommended Facilities			
Property Type	Full-Service	Upscale	
Number of Rooms	250		
GBA	175,000 SF		
GBA per Room	700 SF		
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Parking Garage	Sofa Sleeper		
Ice Machine/Vending	Living Area		
<u>Potential Brands</u>			
<u>Sub-brand</u>	<u>Parent Brand</u>		
Marriott, Delta, Sheraton	Marriott		
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Hyatt Regency	Hyatt		

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Source: CBRE Hotels

Design and Layout

We recommend a traditional rectangular-shaped building to coincide with prototypical full-service conference hotel standards at minimum. There should be easy access to the front of the hotel for guest arrival and a separate entrance for conference attendees, and local food and beverage patrons. We recommend the ground level of the hotel to house the registration desk, administrative areas, a small business center, and an oversized lobby with a seamless transition to a restaurant space with a dedicated area for guests. This floor could also contain a cafe, sundry shop, as well as a boardroom. Based on market interviews, a rooftop or terrace level restaurant with views of the capital would make a successful upscale food and beverage outlet. The second floor should house the primary ballrooms and breakout spaces. The guest rooms will reside on the remaining floors along with the gym, laundry, and meeting rooms.

Parking

The site will include a new parking garage to replace the existing 600 space parking garage that currently services downtown. In conjunction with this market study, a parking study is being performed to create a shared parking model which will determine the optimal size of the new parking structure based on existing parking demand, increased demand due to the conference center & hotel, as well as increased demand due to induced downtown redevelopment.

Guest Rooms

The recommended room count of approximately 250 will mitigate the impact to the local market. The hotel is likely to induce a significant portion of demand into the local market as conference demand returns. While the recommended room count is less than some of the large conferences identified in interviews, it will allow the subject hotel to overflow and push demand out to the competitive market. This has the potential effect to uplift the market rather than cannibalize. The subject's guest rooms will be located on floors above the meeting facilities and should be accessible via interior corridors. Based on our knowledge of the full-service brands, each of the guest units should contain a coffee/tea maker, iron and ironing board, and a desk for writing/work with an ergonomic chair.

Meeting Facilities

A sizeable ballroom (15,000 – 20,000 SF) that can fit approximately 1,000 attendees in a banquet setting is recommended to attract the pent-up large conference demand indicated through market interviews. Furthermore, conferences, shows, and events which need to rent the entire ballroom would likely require all other meeting facilities (Junior Ballroom, breakout space) to accommodate multiple staging, registration, breakout sessions, etc. The Junior ballroom should be sized appropriately to handle various smaller groups and functions that occur on a more frequent basis.

The interviews indicated, as well as our understanding of various current needs in the meetings business, the dedicated breakout space is considered a key component to a successful event. Breakout space needs to be easily accessible with flexible configurations. Furthermore, the ballrooms should be divisible with partitions to create additional breakout space. Pre-functions space should serve as the transition to the different meeting venues. In the event of a rental of all rooms for single conference, the pre-function should be positioned in a manner to be absorbed into additional support/registration space.

There is a recent trend of re-invigorating hotel meeting space concepts by providing unique placemaking attributes and experiences. The space needs the latest in audio/visual technology and smart light features with flexibility to support various uses being theatre, classroom, social/galas/dance, entertainment, and other. Additionally, a number of meeting facilities should have windows and terraces incorporated into the programming element to provide flexible points of interest and natural lighting.

Food and Beverage Facilities

After review of the area dining establishments and interviews with key restaurateurs in the area, we recommend the Hotel feature unique but functional outlets that could create a community-driven experience. The hotel restaurant concept has typically been treated as a standard amenity rather than a feature due to operational inefficiencies. Recent trends in the hotel industry have been innovating in this space to re-establish the hotel restaurant as a destination feature for the facility. When successful, the dining facilities have the benefit of increasing F&B departmental income, as well as *indirectly* uplifting ADR in the guestrooms.

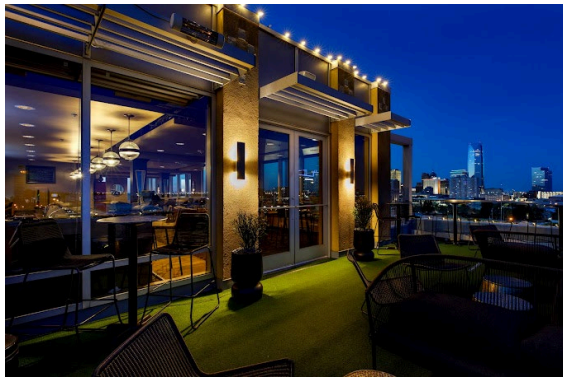
We recommend 2 or 3 F&B outlets. First, there should be a ground floor restaurant/bar and café space that function as a seamless transition into the lobby or a distinct area with clear visibility and access to the street. This space should be the primary breakfast and daytime dining establishment and should meet any brand-required standards. Due to the state government business, there is high demand for breakfast and lunch options as the Downtown activity upticks during mid weekday.

One example of a concept that re-defined the Hotel F&B offering is the Marriott Marquis McCormick Place in Chicago. This hotel incorporated a marketplace/food hall concept adjacent to the lobby bar offering multiple counter-service touch points, images are presented below. This model could potentially operate as a leased operation or a streamlined department with minimal staffing needs, allowing competitively priced breakfast and lunch options.



The other primary F&B facility should be the 'flagship' destination. A rooftop or terrace restaurant/bar. After interviews with various restauranteurs, there appears to be a vacuum of upscale dining offerings. Other than 2 or 3 upscale establishments like Grand Café and Madisons, most of the offerings are bars, grills, cafes, or fast-casual offerings. Multiple concepts were recommended such as a steakhouse or seafood. However, the venue should be iconic and benefit from views of the capital, river, and overall downtown area and it should be flexible to double as prized meeting and reception space. Having a rooftop/terrace F&B space converted into additional event space allows maximum flexibility in realizing revenues. In some cases, the highest revenue PSF of meeting space has been small intimate settings within rooftop/terrace venues.

O Bar - Ambassador Hotel, OKC



The Roof – Broadway Hotel, Columbia, MO



To fully realize a unique concept, we recommend commissioning an F&B consultant to establish an F&B program as the designing and planning of the building come to fruition. The examples presented before should be considered hypothetical and representative for illustrative purposes. For the purposes of this study, we have assumed the following.

- A Lobby Restaurant, Bar, and Café
- Terrace Signature Bar and Restaurant

Brand Recommendations

Based on the subject's location and current market, as well as the desire to host statewide groups and events, we recommend a full-service branded hotel. While local market's ADRs are generally not supportive of a full-service rate, the newest property, the Courtyard by Marriott has been able to maintain a healthy market lead. Due to competitive ADR achieved in the market and through market interviews, upscale full-service brands are recommended. Generally, these brands still accommodate full-service guests but feature slightly downscaled fixtures and fit outs relative to upper-upscale hotels that can be feasible in rate sensitive markets.

Amenities/Additional Services

Additional amenities at the subject should include valet parking, fitness center, valet laundry, a sundry/market shop, small business center, and an outdoor patio area.

Conclusion

The facilities discussed above will support the subject's intended use and market positioning as a mid to upscale, full-service hotel at the above-referenced location. The proposed hotel will be well-suited to successfully attract lost conference business and integrate into Downtown Jefferson City. With its newer facilities and contemporary design, as well as its affiliation with a major brand, the proposed hotel will be positioned to capture its fair share. Our market projections for the proposed subject assume the facilities, amenities, and services discussed herein will be provided.

Market Analysis

Understanding the relationship between supply and demand is a critical component of any market study, particularly with respect to hotels. Unlike other property types, hotels essentially lease their rooms on a daily basis. While this characteristic allows for an immediate response to changes in market conditions, it also requires a high level of management intensity. There is an inverse relationship between occupancy and average daily rate (ADR) and raising or lowering rates typically has an immediate impact on room-nights sold. Effective management entails finding the proper balance that allows for the maximization of revenue.

In this section we first identify the subject property's competitive set (e.g., those hotels that tend to compete for the same sources of demand). We then identify relevant demand sources, analyze historical growth patterns and assess the potential for growth (or lack thereof) in demand by segment. The result is a projection of future market performance. Lastly, we conclude with a projection of occupancy and ADR for the subject property, taking into consideration its competitive strengths and weaknesses relative to the overall market.

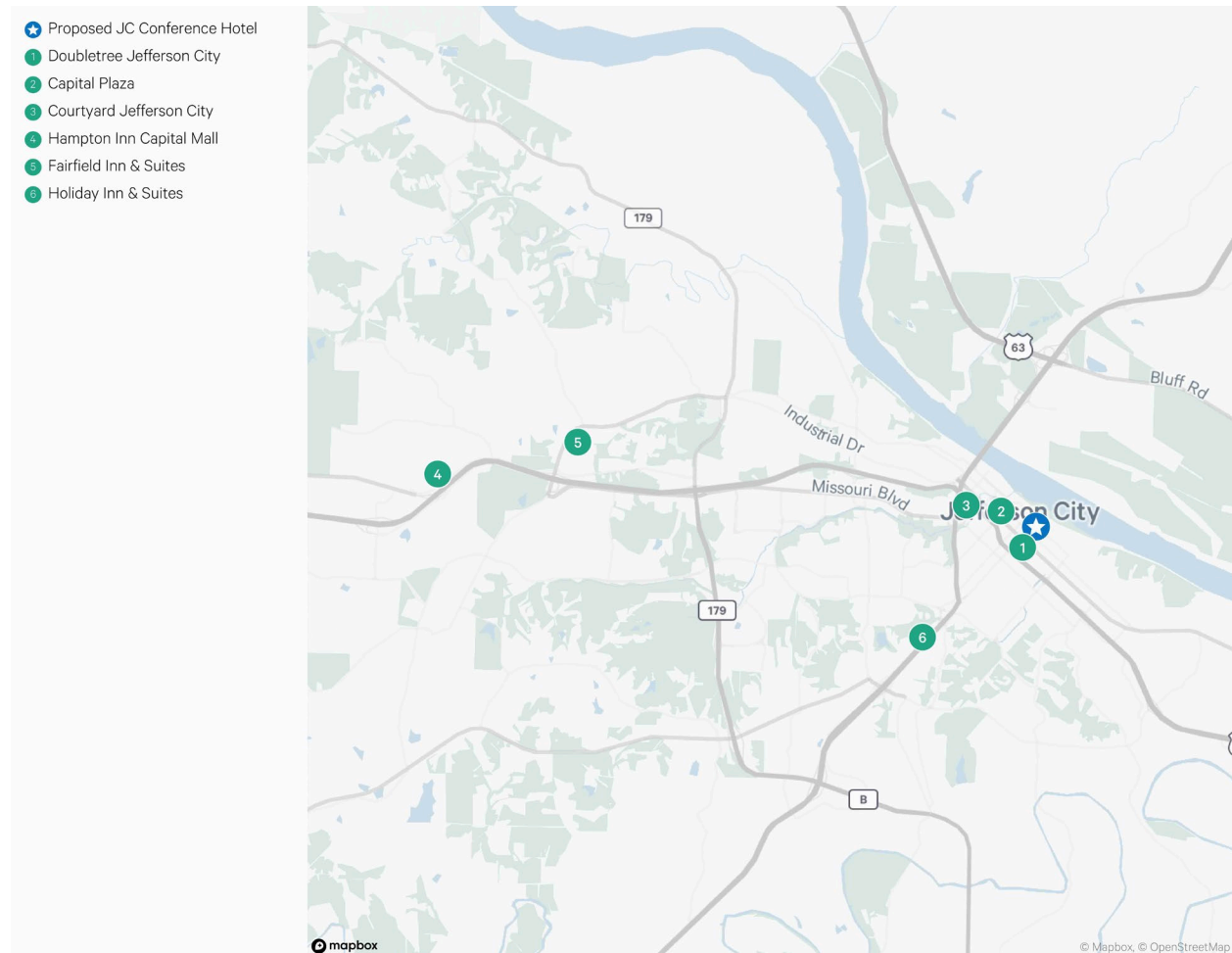
Some hotels are more directly competitive than others based on their locations, facilities, branding, etc. This disparity in the level of competitiveness can be handled in a number of ways. Some consultants assign a percentage to each property and include only a portion of their guest rooms in the competitive set. This technique, while theoretically sound, is highly subjective and the overall analysis can be extremely sensitive to the assumptions made. Alternatively, we chose to address this issue through our projected penetration rates. For example, the introduction of a new property that is only marginally competitive will have a limited impact on the subject property's penetration level, whereas a directly competitive property will likely have a substantial effect. Regardless of the method employed, properly assessing the relationship between supply and demand and its impact on the subject property and market occupancy requires a level of professional judgment.

Summary of Competitive Properties

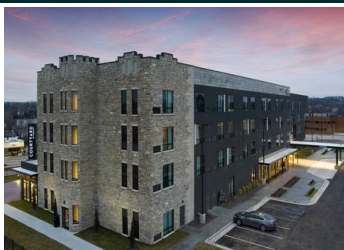
A summary of the subject's competitive hotel set is illustrated in the following map and tables. These hotels were selected based on their similarities to the subject property in terms of general geographic location, size, price point, chain affiliation, services, facilities, and amenities offered.

During the course of our research and analysis, we attempted to obtain estimated occupancy, ADR, and market segmentation information for each of the competitive hotels. However, such information is not always readily provided, as hotels are often hesitant to share specific operating data which may be confidential to a potential competitor. This information is

estimated to the best of our ability, based on interviews with competitive hotels, discussions with other knowledgeable hotel market professionals, and other sources.



Comp	STR ID	Property Name	City/State	No. Rooms	Open Date
Subject	0	Proposed JC Conference Hotel	Jefferson City, MO	250	Jun 2027
1	1543	DoubleTree by Hilton Hotel Jefferson City	Jefferson City, MO	151	Jun 1968
2	10634	Capitol Plaza Hotel	Jefferson City, MO	255	Aug 1987
3	70117	Courtyard Jefferson City	Jefferson City, MO	121	Dec 2020
4	37155	Hampton by Hilton Inn Jefferson City at Capital Mall	Jefferson City, MO	73	Oct 1998
5	37233	Fairfield Inn & Suites Jefferson City	Jefferson City, MO	83	Oct 1998
6	67743	Holiday Inn & Suites Jefferson City	Jefferson City, MO	131	Feb 2019

Hotel	Proposed JC Conference Hotel (SUBJECT)	DoubleTree by Hilton Hotel Jefferson City	Capitol Plaza Hotel	Courtyard Jefferson City	Hampton by Hilton Inn Jefferson City at Capital Mall	Fairfield Inn & Suites Jefferson City	Holiday Inn & Suites Jefferson City
							
Address	E Capitol Ave	422 Monroe Street	415 W McCarty St	610 Bolivar St	4800 Country Club Drive	3621 West Truman Boulevard	1590 Jefferson Street
City, State	Jefferson City, MO	Jefferson City, MO	Jefferson City, MO	Jefferson City, MO	Jefferson City, MO	Jefferson City, MO	Jefferson City, MO
Year Built	-	1968	1987	2020	1998	1998	2019
Number of Rooms	250	151	255	121	73	84	131
Price Tier	Upper	Middle	Middle	Middle	Middle	Middle	Middle
Chain Scale	Upscale	Upscale	Upper Midscale	Upscale	Upper Midscale	Upper Midscale	Upper Midscale
Renovation Details							
Renovation Year	--	2011	Unknown				
Renovation Comments		The property converted to a Doubletree from a Holiday Inn. Currently, The interior of the hotel is in good condition but showing signs of a need for an interim refresh.	The Hotel facilities are in poor condition and appear to be lacking any major renovation since the 1990s. Overall, the facilities are in need of significant renovation.				
Meeting Space							
Total Meeting Space (SF)	36,000	8,152	22,756	6,245	0	0	1,930
Meeting Space Per Room (SF/RM)	144	54	89	52	0	0	15
Restaurant/Lounge							
Complimentary Breakfast	N	N	N	N	Y	Y	N
Bar / Lounge	Y	Y	Y	Y	N	N	Y
Amenities							
Conference Center	Y	N	Y	N	N	N	Y
Restaurant	Y	Y	Y	Y	N	N	Y

Source: STR Census Report; Compiled by CBRE

The primary competitive set, excluding the subject, has a total of 814 rooms. The year-end 2023 occupancy and ADR achieved by these properties was estimated to be approximately 48.06% and \$126.65, respectively.

Additions/Deletions to Supply

Throughout our research, we did not identify any potential addition to supply.

While CBRE has made several attempts to determine the level of new hotel supply entering the marketplace, it is impossible to determine every hotel that will be developed in the future, when they will be completed, or their potential impact to the subject. Should any competitive supply additions occur beyond those listed above and the subject, the estimates of occupancy (and possibly ADR) contained herein would thus be affected and a revision might be required. *The inherent risk of any future new hotel supply has been implicitly considered in the selection of a stabilized occupancy level for the subject property.*

Hotel Demand

Demand for hotel rooms is categorized in three ways:

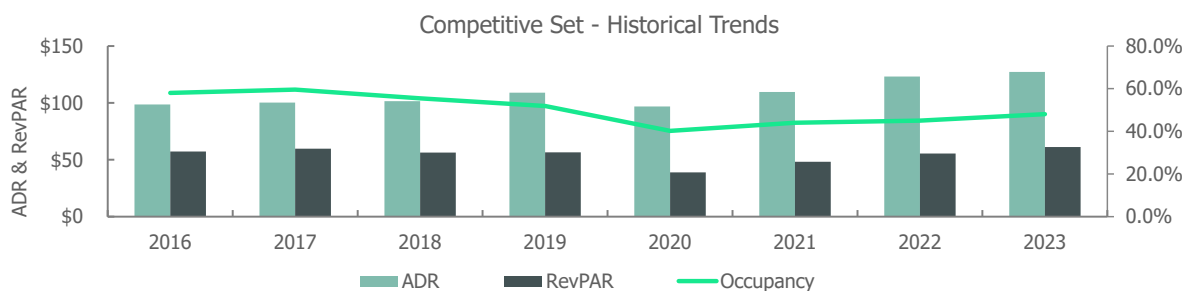
1. Demonstrated Demand: the demand already captured at competitive hotels;
2. Induced Demand: the demand that does not presently seek accommodations in the competitive market but could be persuaded to do so through marketing efforts, room rates, facilities, services and amenities.
3. Displaced/Unsatisfied Demand: the demand that seeks accommodations in the market but is not satisfied due to one of a number of factors: sell-outs during peak season; lack of a particular type of accommodation; lack of meeting space; or high room rates.

Historical Performance of the Competitive Market

As noted, the preceding properties all compete for area lodging demand and are considered directly competitive with the subject. To more precisely identify hotel market trends, as they relate to the subject, CBRE has relied on a customized report prepared by STR, Inc., a national firm specializing in tracking hotel data.

The trends in room supply, occupancy, average daily rate, and room-night demand (defined as the number of occupied rooms) for the subject's competitive set are illustrated in the following table.

Historical Market Performance STR Trend Competitive Properties									
Year	Room Night Supply	% Δ	Room Night Demand	% Δ	Market Occupancy	Average Daily Rate	% Δ	RevPAR	% Δ
2016	205,495	---	119,209	---	58.0%	\$98.63	---	\$57.22	---
2017	205,495	0.0%	122,398	2.7%	59.6%	\$100.29	1.7%	\$59.73	4.4%
2018	205,495	0.0%	113,961	-6.9%	55.5%	\$101.51	1.2%	\$56.29	-5.8%
2019	249,157	21.2%	129,245	13.4%	51.9%	\$108.99	7.4%	\$56.54	0.4%
2020	256,696	3.0%	103,141	-20.2%	40.2%	\$96.87	-11.1%	\$38.92	-31.2%
2021	297,110	15.7%	130,759	26.8%	44.0%	\$109.62	13.2%	\$48.24	23.9%
2022	297,110	0.0%	133,786	2.3%	45.0%	\$123.16	12.3%	\$55.46	15.0%
2023	297,110	0.0%	142,850	6.8%	48.1%	\$127.25	3.3%	\$61.18	10.3%
CAG *		5.4%		2.6%			3.7%		1.0%
Feb TTM 2022	297,110	---	131,663	---	44.3%	\$112.53	---	\$49.87	---
Feb TTM 2023	297,110	0.0%	136,467	3.6%	45.9%	\$123.60	9.8%	\$56.77	13.8%
Feb TTM 2024	297,110	0.0%	141,255	3.5%	47.5%	\$128.45	3.9%	\$61.07	7.6%
CAG *		0.0%		3.6%			6.8%		10.7%
Feb YTD 2021	48,026		17,840	---	37.1%	\$99.04	---	\$36.79	---
Feb YTD 2022	48,026	0.0%	18,744	5.1%	39.0%	\$120.02	21.2%	\$46.84	27.3%
Feb YTD 2023	48,026	0.0%	21,425	14.3%	44.6%	\$123.23	2.7%	\$54.98	17.4%
Feb YTD 2024	48,026	0.0%	19,830	-7.4%	41.3%	\$131.47	6.7%	\$54.28	-1.3%
CAGR *		0.0%		3.6%			9.9%		13.8%



* Compound Annual Growth Rate

Source: STR Custom Trends Report

Prior to the COVID-19 Pandemic, occupancy was between 52% and 60% rounded. Post COVID, occupancy has been struggling to achieve pre-COVID levels. This is driven by the continued loss of conference demand in the market due to aging and inadequate facilities and the additional supply from the Courtyard.

Coming out of the Pandemic, the competitive market significantly pushed ADR to the \$120 range. Well above the previous peak of \$109, rounded, in 2019. Year to date through February is showing a continued increase in ADR for the competitive set. As a function of both Occupancy and ADR, RevPAR has been increasing exponentially coming out of the pandemic. Year to date February is showing a slight decrease in RevPAR driven by an occupancy decline over the two-month period. However, trailing twelve months through February 2024 is positive, indicating seasonality. Generally, occupancy below 65% indicates a market that could not support additional supply.

However, the competitive set is being heavily impacted by some of the larger properties that are underperforming. After review of individual performance, the older full-service properties appear to be skewing the competitive set. The most recently built property is achieving an occupancy in the 70-percentile range and a market leading ADR and it is well over-penetrating the market in overall RevPAR. It's likely that a new branded hotel and conference center could over penetrate the market as it brings in lost groups and conferences.

Demand Segmentation

In most markets, the lodging demand is generated from three different segments: Corporate, Group/Meeting and Leisure travelers. In some markets, a fourth classification may be present, such as extended stay, airline contract, government, university, or medical. For these purposes, Government demand is consolidated into Corporate. A breakdown of the overall market segments is illustrated in the following table.

Historical Demand Segmentation		
Segment	Competitive Set	
	2023 Demand	%
CORPORATE	77,729	54%
LEISURE	35,997	25%
GROUP	29,071	20%
Total	142,797	100%

Compiled by CBRE

The following analysis illustrates our projections of future demand growth for the local market by demand segment.

Corporate Demand Segment

The corporate demand segment consists of transient demand generated by vendors, service representatives, corporate executives and other visitors to area businesses, industries, and institutions. Transient government demand is also included here as it is the primary source of transient demand. Major corporate demand generators in the subject market area include the State Capital, various lobbying groups or government contractors, various offices, municipal, educational institutes, healthcare services, logistics, distribution, and manufacturing entities in the region.

Leisure Demand Segment

Leisure travelers generally include vacationers or travelers passing through the area. This category effectively includes all non-commercial related travelers too small to be defined as a group. This segment is typically attracted by a hotel's location relative to area attractions

(including friends/relatives). During peak periods leisure/transient travelers may be generated throughout the week. But generally, this demand is likely to be concentrated on weekends. Leisure travelers tend to have a higher level of double occupancy and can be somewhat price sensitive. Key leisure demand in the area consists of various state capital tours, youth sports events, family visitations, and weekend getaways.

Meeting and Group Demand Segment

Meeting and group demand in the competitive set includes meetings held at individual properties which have meeting space. The group meeting market can be further delineated as follows:

- **Conventions:** Private groups or associations meeting to exchange ideas. National and regional associations generally prefer large markets with activities for spouses.
- **Conferences:** Small private groups conducting training sessions, sales presentations or exchanging ideas. Statewide professional and trade associations can be categorized as conference users as well. These events are typically held in hotels, although some of the larger ones may accrue to the convention center.
- **Assemblies:** These groups are typically large and usually require tiered seating. Examples are large religious events.
- **Trade Shows:** The primary purpose of a trade show is to bring buyers and sellers together within a particular industry. These events typically require large amounts of exhibit space. In general, trade show promoters try to attract as many participants as possible; accordingly, they are often held in major cities with extensive transportation networks and large populations.
- **Consumer Shows:** These events are organized to sell goods and/or services directly to the public and are usually space intensive. Most attendees are from the local area which serves to limit economic impact. Accordingly, few hotel room nights are generated.

Special Events: Most of these events are entertainment-oriented (e.g., athletic events, concerts, festivals, large banquets, etc.). Depending upon the event, a substantial number of room-nights can be generated. Major Jefferson City events include the following:

Jefferson City Events - Sellout of Local Hotels			
Event	Dates	Estimated Attendance	Estimated Participants
Futsal Super Cup	Feb 2nd-4th	1,500	630
Lutheran Sports Assn Missouri Basketball	Feb 23-25	800	n/a
Missouri State Gymnastics	March 7-10	2,100	925
Missouri State Basketball Championships	March 15-17	1,500	650.0
Skills USA Missouri 2024	April 4-6	3,500	3,500
Missouri Presidents Cup	April 13-14	1,700	720.0
Shelby Fest	May 2-4	15,000	n/a
Lincoln University Commencement	May 11	10,000+	n/a
Missouri State High School Athleti	May 17 -18	9,264	2,316
Missouri State High School Athletic Assn State Track Championships 2nd weekend	May 24-25	6,500	1,798.0
Salute to America	July 4	13,900	n/a
Show Me State Air Show	September 13-14	6,500	n/a
Special Olympics Missouri Outdoc	October 11-13	2,500	1,000
Lincoln University Homecoming 2024	October 18-19	10,000+	n/a
Lutheran Sports Assn Missouri Vo	October 25-26	400	150

Source: Jefferson City CVB

Segmented Demand Growth Conclusions

In estimating demand growth for the subject's market, we considered several factors. Market demand is expected to improve throughout the year in line with projected general economic growth trends. Group demand is anticipated to return around 2027 and 2028 due to the opening of the Subject hotel

Considering the above factors, we estimated a stabilized demand increase of 3% annually. For years 2027, 2028, and 2029, the group segment is project to increase at 4%, 7%, and 4%, respectively as the new Subject hotel facility compresses room nights into the other competitive hotels before returning 3% by 2030. Based on historic trends for the various demand

segments, the state of the local and national economies, and conversations with local hotel operators in the marketplace, the applicable demand segments are projected to exhibit the following annual demand growth trends.

Annual Demand Growth Rates								
Segment	2024	2025	2026	2027	2028	2029	2030	2031 and beyond
CORPORATE	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
LEISURE	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
GROUP	3.0%	3.0%	3.0%	4.0%	7.0%	4.0%	3.0%	3.0%

Compiled by CBRE

Latent Demand

Latent demand represents potential room nights in the marketplace that is not being satisfied. It comes in two forms: induced demand and displaced demand.

Induced Demand

Induced demand represents room nights accruing to the market area due to the introduction of a new demand generator (such as a convention center or a major company), or the introduction of a new hotel that has distinct advantages over the existing competitors.

Based on the interviews, a significant portion of the subject's demand will come from the return of conference and group demand to the market. We have estimated 60% to 70% of the subject's demand will be induced from the previously turned away demand.

Market Demand Summary

Based on the preceding discussion of demand characteristics, expected growth rates, our projections of supply and demand are presented below, along with the resulting projection of market area occupancy.

Projected Base Demand, Annual Growth, and Market-Wide Occupancy							
Competitive Set Year Ending 12/31/	2023	2024	2025	2026	2027	2028	2029
CORPORATE							
Annual Growth		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Base Nightly Demand	213	219	226	233	240	247	254
Annual Room Nights	77,729	80,060	82,462	84,936	87,484	90,109	92,812
Induced Demand	-	-	-	-	2,078	3,621	3,730
Subtotal	77,729	80,060	82,462	84,936	89,562	93,730	96,542
LEISURE							
Annual Growth		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Base Nightly Demand	99	102	105	108	111	114	118
Annual Room Nights	35,997	37,077	38,189	39,335	40,515	41,731	42,983
Induced Demand	-	-	-	-	2,078	3,621	3,730
Subtotal	35,997	37,077	38,189	39,335	42,593	45,352	46,712
GROUP							
Annual Growth		3.0%	3.0%	3.0%	4.0%	7.0%	4.0%
Base Nightly Demand	80	82	84	87	91	97	101
Annual Room Nights	29,071	29,943	30,842	31,767	33,038	35,350	36,764
Induced Demand	-	-	-	-	16,626	29,634	30,819
Subtotal	29,071	29,943	30,842	31,767	49,664	64,984	67,584
Totals							
CORPORATE	77,729	80,060	82,462	84,936	89,562	93,730	96,542
LEISURE	35,997	37,077	38,189	39,335	42,593	45,352	46,712
GROUP	29,071	29,943	30,842	31,767	49,664	64,984	67,584
Total Market Demand	142,798	147,081	151,493	156,038	181,820	204,066	210,838
Growth over Prior Year		3.0%	3.0%	3.0%	16.5%	12.2%	3.3%
Market Statistics							
Existing Rooms Supply	814	814	814	814	814	814	814
Proposed Rooms Supply	-	-	-	-	146	250	250
Total Available Room Nights	297,110	297,110	297,110	297,110	350,400	388,360	388,360
Growth over Prior Year		0.0%	0.0%	0.0%	17.9%	10.8%	0.0%
Accommodated Market Occupancy	48.1%	49.5%	51.0%	52.5%	51.9%	52.5%	54.0%

¹ After the base year, displaced demand grows at the respective segment's annual growth rate.

² If a market occupancy cap is used, accommodated market demand may not equal implied accommodated room night demand.

Source: CBRE

As shown in the table above, the accommodated market occupancy is forecast to remain stable based on year-to-date trends. The occupancy decrease in 2027 is attributed to the subject property entering the market. It is then anticipated to reach stabilization in 2029 at 54%, accounting for the additional groups and meeting business generated by the Subject Hotel's conference center.

Forecast of Occupancy and Average Daily Rate

The average daily rate and the overall occupancy of a lodging facility are the foundation for the property's financial performance. While a property's other revenue components (food and beverage, telephone, spa, other income, etc.) are crucial to the operation of the hotel, they are dependent on the overall number of occupied rooms. Furthermore, the occupancy and average daily rate of a hotel are highly correlated. In reality, one cannot make a projection of one

without a projection of the other. Therefore, while we have made specific projections of occupancy, we have also considered the subject's positioned rate in our forecast.

To project the future occupancy levels of the subject, we estimated the level of patronage by market segment that can be reasonably captured (penetration). The extent to which the subject can capture demand from each market segment was estimated by performing a fair share penetration analysis.

A hotel's fair share is defined as the number of available rooms divided by the total supply of available rooms in the competitive market, including the subject.

Penetration

Penetration is the relationship between a market's fair share and its actual share of the overall demand. For example, a 100-room hotel would equate to 10% of a 1,000-room competitive set. If this hotel were to capture 10% of the overall lodging demand, it would penetrate the market by 100 percent.

Market penetration, or penetration rate, is the ratio of captured demand to fair share of demand. Factors indicating competitive advantages are typically reflected in penetration rates above 100 percent, while, conversely, competitive disadvantages are reflected in penetration rates below 100 percent. Actual penetration of each market segment by the subject may deviate from fair market share for many reasons, including the following:

- The competitive advantages or disadvantages of the hotel versus the competition taking into consideration such factors as age, location, room rate structure, chain affiliation, quality of management, marketing efforts, and image;
- The physical characteristics of the property, e.g., size, amenities, food & beverage outlets, meeting facilities, property condition, etc.
- Management objectives and marketing strategies.
- Capacity constraints of both the subject property and the market.

The estimated stabilized (2029) market penetration rates of the subject is illustrated as follows:

Proposed JC Conference Hotel 2029 Mix Of Demand And Market Penetration			
Market Segment	Room Nights	Ratio	Penetration
Corporate	19,855	33%	88%
Leisure	8,734	15%	80%
Group	31,590	52%	200%
Total	60,179	100%	122%

Compiled by CBRE

Corporate Penetration

The subject will under-penetrate in the Corporate segment as more room nights are allocated to the groups.

Leisure Penetration

The subject will under-penetrate in the Leisure segment due to the focus on group bookings and the higher price point as leisure demand is price sensitive.

Group Penetration

The subject will be the premier headquarter conference Hotel in the market. At this time, no other competitive property will be able to attract the groups that are anticipated to come to the market once the subject hotel and conference center opens. As such, it will be over-penetrating the local market significantly.

Total Penetration

The projections of captured penetration rates for the subject by demand segment along with the resulting projections of occupied room-nights are illustrated as follows:

Projected Subject Penetration Schedule					
Year Ending 12/31/	2027	2028	2029	2030	2031
Subject Property Fair Share					
Market Room Supply	960	1,064	1,064	1,064	1,064
Subject Avg. Room Count	146	250	250	250	250
Fair Share	15.2%	23.5%	23.5%	23.5%	23.5%
Room Nights Captured by Subject					
CORPORATE					
Fair Share	15.2%	23.5%	23.5%	23.5%	23.5%
Penetration Factor	85.0%	85.0%	88.0%	88.0%	88.0%
Market Share	12.9%	20.0%	20.7%	20.7%	20.7%
Demand	89,562	93,730	96,027	96,027	96,027
Capture	11,578	18,720	19,855	19,855	19,855
LEISURE					
Fair Share	15.2%	23.5%	23.5%	23.5%	23.5%
Penetration Factor	78.0%	79.0%	80.0%	80.0%	80.0%
Market Share	11.9%	18.6%	18.8%	18.8%	18.8%
Demand	42,593	45,352	46,463	46,464	46,464
Capture	5,053	8,418	8,734	8,734	8,734
GROUP					
Fair Share	15.2%	23.5%	23.5%	23.5%	23.5%
Penetration Factor	190.0%	195.0%	200.0%	200.0%	200.0%
Market Share	28.9%	45.8%	47.0%	47.0%	47.0%
Demand	49,664	64,984	67,223	67,224	67,224
Capture	14,351	29,774	31,590	31,590	31,590
Total Capture	30,981	56,912	60,179	60,179	60,179
Subject Occupancy	58.1%	62.4%	65.9%	65.9%	65.9%
Penetration as % of Fair Market Share	112.0%	118.7%	122.1%	122.1%	122.1%

Compiled by CBRE

The subject is projected to open in June 2027 and achieve a rounded 58% occupancy for the partial calendar year. It will ramp to 62% in year 2 (2028), the first full year of operation. We project a rounded 66% as the stabilized occupancy for the subject in 2029. This is roundly 4 percentage points below the occupancy leader in the market, the 121-room Courtyard. Since the subject is a 250-room hotel, it will be one of the largest properties in the market, therefore it is reasonable to position occupancy below the market leader. The stabilized occupancy figure is intended to be an average figure over the projected holding period.

Conversion to a Fiscal Year

The proposed Subject hotel will open June 1, 2027. The first full operating year will be the year ending May 31, 2028. The following table presents the previous estimates of occupancy in calendar years converted to the fiscal year beginning June 1, 2027, the first full year of the projected cash flows.

Subject Property Estimated Occupancy Adjusted to Projection Dates										
Year Ending 12/31/	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Room Nights Captured	---	0	0	0	30,981	56,912	60,179	60,179	60,179	60,179
Available Room Nights	---	0	0	0	53,290	91,250	91,250	91,250	91,250	91,250
Potential Subject Occupancy	---	0.0%	0.0%	0.0%	58.1%	62.4%	65.9%	65.9%	65.9%	65.9%
Rounded Occupancy	---	0%	0%	0%	58%	62%	66%	66%	66%	66%
Overall Potential Subject Market Share	---	0%	0%	0%	17%	28%	29%	29%	29%	29%
Overall Potential Subject Penetration	---	0%	0%	0%	112%	119%	122%	122%	122%	122%

Adjusted to Fiscal Year Ending 5/31/	2028	2029	2030	2031	2032	2033	2034	2035	2036
First Year %	58%	58%	58%	58%	58%	58%	58%	58%	58%
Second Year %	42%	42%	42%	42%	42%	42%	42%	42%	42%
Adjusted Room Nights Accommodated	54,884	58,284	60,179	60,179	60,179	60,179	60,179	60,179	60,179
Projection Period Fiscal Year Occupancy	60.1%	63.9%	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%
Rounded Occupancy	60%	64%	66%	66%	66%	66%	66%	66%	66%
Overall Market Occupancy	52%	53%	54%	54%	54%	54%	54%	54%	54%
Overall Market Share	22%	28%	29%	29%	29%	29%	29%	29%	29%
Overall Penetration	115%	120%	122%	122%	122%	122%	122%	122%	122%
Captured Room Nights	54,750	58,400	60,225	60,225	60,225	60,225	60,225	60,225	60,225

Compiled by CBRE

Average Daily Rate

As noted previously, one of the most important considerations in deriving an opinion of market feasibility of a hotel is its forecast of a supportable Average Daily Rate (ADR). The ADR of a hotel can be calculated by dividing the total rooms revenue by the total number of occupied rooms achieved during a specified period of time.

Subject's Competitive Positioning

Although the forecast of average daily rate follows the discussion of future occupancy, these two figures are highly correlated, and one cannot make projections of occupancy without specific assumptions of ADR. This relationship is defined by RevPAR, or Revenue Per Available Room. Theoretically, for example, if a lodging property's ADR increases substantially (with no market influencing factors), its occupancy would decrease. Conversely, if a property's ADR decreases, an increase in occupancy would be anticipated. In each instance, RevPAR would remain unchanged.

After review of proprietary data and interviews, the competitive set properties suggest an ADR range of approximately \$75 to \$160, as of 2023. Furthermore, the weighted average for the market, excluding the subject, was estimated at \$126.65 in 2023.

As previously discussed, the subject is considered to have upscale brand positioning and be a flagship property in the market bringing significant group demand to the market. As such, we assume the property will be a rate leader in the market and positioned at \$150, as if it were open and stabilized in 2023. New properties often offer discounted rates to build a market reputation. As such in year 1 (2027) and year 2 (2028), ADR was discounted by 5% and 2%,

respectively. Since this is within the market range and takes into consideration the recommended facilities, branding, and location, we consider this positioning reasonable.

As shown previously, the market data provided by Smith Travel Research for the subject's competitive lodging market show that ADR increased at an average annual rate of 3.7% between 2016 and 2023. ADR also increased significantly in 2021 and 2022 as well as a slight increase in 2023. Furthermore, year to date through February is indicating a year of significant ADR gains.

Considering all of these factors, the market ADR is estimated to increase 5% in the base year and stabilize at 3% in 2025. We assume the subject's ADR would follow a similar trajectory to the market as if it were open.

The calendar year and fiscally adjusted projections of ADR growth for the competitive market and the subject are illustrated in the following table.

Competitive Market & Subject's Calendar Year and Fiscally Adjusted ADR Estimates									
Competitive Set Average Including Subject (Calendar Year 2023)						\$127.25			
Calendar Year	% Growth	Indicated ADR	Constant 2023 Dollars	Fiscal Yr Ending 05/31	% Growth	Indicated ADR			
2024	5.0%	\$133.61	\$129.72	2024	2.07%	\$129.88			
2025	3.0%	\$137.62	\$129.72	2025	4.17%	\$135.30			
2026	3.0%	\$141.75	\$129.72	2026	3.00%	\$139.36			
2027	3.0%	\$146.00	\$129.72	2027	3.00%	\$143.54			
2028	3.0%	\$150.38	\$129.72	2028	3.00%	\$147.84			
2029	3.0%	\$154.89	\$129.72	2029	3.00%	\$152.28			
2030	3.0%	\$159.54	\$129.72	2030	3.00%	\$156.85			
2031	3.0%	\$164.32	\$129.72	2031	3.00%	\$161.55			
2032	3.0%	\$169.25	\$129.72	2032	3.00%	\$166.40			
2033	3.0%	\$174.33	\$129.72	2033	3.00%	\$171.39			
Subject's Positioned ADR (Calendar Year 2023)						\$150.00			
Calendar Year	% Growth	Indicated ADR	Constant 2023 Dollars	As Complete: Fiscal Yr Ending 05/31	% Growth	Indicated ADR	Discount	Adj. ADR	Index
2024	5.0%	\$157.50	\$152.91	2024	2.07%	\$153.10			
2025	3.0%	\$162.23	\$152.91	2025	4.17%	\$159.49	0.0%	\$159.49	117.9%
2026	3.0%	\$167.09	\$152.91	2026	3.00%	\$164.28	0.0%	\$164.28	117.9%
2027	3.0%	\$172.10	\$152.91	2027	3.00%	\$169.20	5.0%	\$160.74	112.0%
2028	3.0%	\$177.27	\$152.91	2028	3.00%	\$174.28	2.0%	\$170.79	115.5%
2029	3.0%	\$182.59	\$152.91	2029	3.00%	\$179.51	0.0%	\$179.51	117.9%
2030	3.0%	\$188.06	\$152.91	2030	3.00%	\$184.89	0.0%	\$184.89	117.9%
2031	3.0%	\$193.71	\$152.91	2031	3.00%	\$190.44	0.0%	\$190.44	117.9%
2032	3.0%	\$199.52	\$152.91	2032	3.00%	\$196.15	0.0%	\$196.15	117.9%
2033	3.0%	\$205.50	\$152.91	2033	3.00%	\$202.04	0.0%	\$202.04	117.9%
Compiled by CBRE									

Compiled by CBRE

We assume the property will open with discounted introductory rates in years 1 and 2. Our projections result in an ADR index for the subject of 112.0% in the first projection year and a stabilized ADR index of 117.9%. These estimates are considered reasonable based on the subject's brand positioning, location, amenities, and age/condition relative to its competitors.

Conclusion

The subject's occupancy, ADR, RevPAR, Revenue Yield and corresponding room revenue for the first several years of our projection analysis are illustrated as follows:

Occupancy, ADR, and Rooms Revenue Conclusions				
Fiscal Year Ending 5/31/	Stab'd Year			
	2028	2029	2030	2031
Avg. Available Rooms	250	250	250	250
Annual Room Nights	91,250	91,250	91,250	91,250
Occupancy	60%	64%	66%	66%
Occupied Rooms	54,750	58,400	60,225	60,225
ADR	\$170.79	\$179.51	\$184.89	\$190.44
RevPAR	\$102.48	\$114.89	\$122.03	\$125.69
RevPAR Growth	---	12.1%	6.2%	3.0%
Revenue Yield	132.8%	141.9%	144.1%	144.1%
Total Rooms Revenue	\$9,351,006	\$10,483,305	\$11,135,236	\$11,469,293

Source: CBRE

Our projections include a sustainable occupancy and market supported ADR. The stabilized revenue yield for the subject of 144.1% is considered reasonable based on the subject's brand positioning, location, amenities, and age/condition relative to local competitors.

As an additional test of reasonableness, regional hotel and conference/convention centers were analyzed as a benchmark. The properties were selected based on their facilities, branding, location, types of group demand and/or the available data. The conclusions for the subject hotel fall within the range of these additional benchmark properties. The table below summarizes the 2023 performance of the select benchmark hotels.

Regional Conference/Convention Hotels				
Hotel		Rooms	Meeting Space	Meeting Space Per Room
Hyatt Regency Saint Louis Riverfront	St. Louis	910	56,554	62
Westin Crown Center	Kansas City	724	62,631	87
Marriott St. Louis Grand	St. Louis	917	54,871	60
Marriott Kansas City Downtown	Kansas City	983	72,589	74
Margaritaville Lake of the Ozarks	Osage Beach	507	76,000	150
InterContinental Kansas City	Kansas City	371	29,000	78
The Skirvin OKC	Oklahoma City	225	16,982	75
Chateau on the Lake	Branson	301	53,000	176
Omni Oklahoma City	Oklahoma City	605	76,000	126
Live! By Loews	St Louis	216	10,500	49
Total/Avg		5,759	508,127	88
2023 Performance	Weighted Average	Min	Max	
ADR	\$172.92	\$159.44	\$204.60	
Occupancy	58.5%	51.9%	70.9%	
RevPAR	\$101.24	\$83.54	\$125.83	
Subject (As if Open in 2023)				
ADR	\$150.00			
Occupancy	66.0%			
RevPAR	\$99.00			

Source: CBRE Hotels, Hotel Website

Based on the foregoing analysis, the indicated occupancy and ADR figures are achievable. Although it is possible that the subject will experience growth in occupancy and ADR above those estimated in this report, it is also possible that sudden economic downturns, unexpected additions to rooms supply, or other external factors will force the property below the selected point of stability. Consequently, the estimated occupancy and ADR levels are representative of the most likely potential operations of the subject over the projected holding period based on our analysis of the market as of the date of this market study.

Pages 35-56 of this document are redacted and closed under
Sec. 610.021(12) RSMo., in that redacted and closed portions
are related to a negotiated contract

Assumptions and Limiting Conditions

1. The Terms and Conditions herein are part of an assignment agreement (the "Agreement") for consulting services ("Services") between CBRE, Inc. ("CBRE") and the client signing this Agreement and for whom the Services will be performed (the "Client") for the property identified herein (the "Property") and shall be deemed a part of such Agreement as though fully set forth therein. In addition, with respect to any report prepared by CBRE pursuant to the Agreement (the "Report"), any use of, or reliance on, the Report by any Intended User constitutes acceptance of these Terms and Conditions as well as acceptance of all qualifying statements, limiting conditions, and assumptions stated in the Report. The Agreement shall be governed and construed by the laws of the state where the CBRE office executing this Agreement is located without regard to conflicts of laws principles.
2. Client shall be responsible for the payment of all fees stipulated in this Agreement. Payment of the fees and preparation of the Report are not contingent upon any predetermined value or on any action or event resulting from the analyses, opinions, conclusions, or use of the Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft Report is requested, the fee is considered earned upon delivery of the draft Report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed Report. In such event, the Client is obligated to pay CBRE for the time and expenses incurred (including, but not limited to, travel expenses to and from the job site) prior to the effective date of cancellation, with a minimum charge of \$500. Hard copies of the Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per Report.
3. If CBRE is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Consulting Report, the CBRE's expertise, or the Property, Client shall pay CBRE's additional costs and expenses, including but not limited to CBRE's attorneys' fees, and additional time incurred by CBRE based on CBRE's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Consulting Report), meeting participation, and CBRE's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional consulting services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. CBRE shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the CBRE executing the Agreement. **EACH PARTY, AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL OF ITS CHOICE, KNOWINGLY AND VOLUNTARILY, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION IN ANY WAY RELATED TO THIS AGREEMENT.**
6. CBRE assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for CBRE to prepare a valid report hereunder. Client acknowledges that such additional expertise is not covered in the fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. Client acknowledges that CBRE is being retained hereunder as an independent contractor to perform the Services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and CBRE. Unless otherwise stated in this Agreement, Client shall not

designate or disclose CBRE or any of its agents or employees as an expert or opinion witness in any court, arbitration, or other legal proceedings without the prior written consent of CBRE.

8. This assignment shall be deemed concluded and the Services hereunder completed upon delivery to Client of the Report discussed herein.
9. All statements of fact in the report which are used as the basis of the CBRE's analyses, opinions, and conclusions will be true and correct to CBRE's actual knowledge and belief. CBRE does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to CBRE by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, CBRE DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY CONSULTING REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO CBRE. Furthermore, the conclusions and any permitted reliance on and use of the Consulting Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
10. CBRE shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
11. Client shall provide CBRE with such materials with respect to the assignment as are requested by CBRE and in the possession or under the control of Client. Client shall provide CBRE with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
12. The data gathered in the course of the assignment (except data furnished by Client, "Client Information") and the Report prepared pursuant to the Agreement are, and will remain, the property of CBRE. With respect to Client Information provided by Client, CBRE shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential and proprietary Client Information furnished to CBRE. Notwithstanding the foregoing to the contrary, CBRE is authorized by Client to disclose all or any portion of the Report and related data as may be required by applicable law, statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CBRE or its employees and agents to comply with the Bylaws and Regulations of the Appraisal Institute as now or hereafter in effect.
13. Unless specifically noted, in preparing the Report CBRE will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Materials") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there are no major or significant repairs, improvements or deferred maintenance of the Property that would require the expertise of a professional cost estimator, engineer, architect or contractor. If any such repairs, improvements or maintenance are needed, the estimates for such repairs, improvements or maintenance are to be prepared by other parties pursuant to a separate written agreement in Client's sole discretion and direction, and are not deemed part of the Services or otherwise covered as part of the fee hereunder.
14. In the event Client intends to use the Report in connection with a tax matter, Client acknowledges that CBRE provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Report. Client agrees that CBRE shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from CBRE relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
15. LIMITATION OF LIABILITY. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY:
 - (A) EXCEPT TO THE EXTENT ARISING FROM SECTION 16, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER PARTY, FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT OR OTHER EXEMPLARY LOSSES OR DAMAGES, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY,

- NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, REGARDLESS OF THE FORESEEABILITY OR THE CAUSE THEREOF.
- (B) EXCEPT TO THE EXTENT ARISING FROM SECTION 16, OR SECTION 17 IF APPLICABLE, AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES AND COSTS REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO CBRE UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000).
 - (C) CBRE SHALL HAVE NO LIABILITY WITH RESPECT TO ANY LOSS, DAMAGE, CLAIM OR EXPENSE INCURRED BY OR ASSERTED AGAINST CLIENT ARISING OUT OF, BASED UPON OR RESULTING FROM CLIENT'S OR ANY INTENDED USER'S FAILURE TO PROVIDE ACCURATE OR COMPLETE INFORMATION OR DOCUMENTATION PERTAINING TO ANY SERVICES OR REPORT ORDERED UNDER OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING CLIENT'S OR ANY INTENDED USER'S FAILURE, OR THE FAILURE OF ANY OF CLIENT'S OR ANY INTENDER USER'S RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, PRINCIPALS, AGENTS OR EMPLOYEES, TO PROVIDE A COMPLETE AND ACCURATE COPY OF THE REPORT TO ANY THIRD PARTY. CBRE SHALL HAVE NO LIABILITY WHATSOEVER FOR REPORTS OR DELIVERABLES THAT ARE SUBMITTED IN DRAFT FORM.
 - (D) THE LIMITATIONS OF LIABILITY IN SUBSECTIONS 15(A) AND 15(B) ABOVE SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.
16. Client shall not disseminate, distribute, make available or otherwise provide any Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Report, in whole or in part, in any offering, including, but not limited to any offering of the Property or any securities offering as defined by applicable law, or other material intended for review by other third parties) except (i) to any third party (a) identified in the Agreement as an Intended User subject to the terms and conditions of this Agreement or (b) otherwise expressly acknowledged in a separate writing executed by CBRE, such third party and Client, setting forth that such third party is an "Intended User" of the Report and providing CBRE with an acceptable release from such third party with respect to such Report or wherein Client provides acceptable indemnity protections to CBRE against any claims resulting directly from the distribution of the Report to such third party; (ii) to any third party service provider (including accountants, attorneys, rating agencies and auditors) using the Report in the course of providing Services for the sole benefit of an Intended User and limited to the Intended Use of the Report as defined in this Agreement, or (iii) to the extent required by applicable law, statute, government regulation, legal process, or judicial decree.
- (b) In the event CBRE consents, in writing, to Client incorporating or referencing the Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such other materials available to any such parties unless and until Client has provided CBRE with complete copies of such offering or other materials and CBRE has approved the inclusion of the Report, or reference to the Report and/or CBRE, in such offering and other materials in writing. Further, CBRE's consent to such inclusion of the Report, or reference to the Report and/or CBRE, in any securities offering is subject to (i) CBRE's and CBRE's securities counsel's review and approval, in writing, of any inclusion of the Report, or reference to the Report and/or CBRE, in such securities offering; (ii) Client shall not modify the Report, any such inclusion of or reference to the Report and/or CBRE in such securities offering once approved by CBRE and its securities counsel in writing; and (iii) Client shall reimburse CBRE for its out-of-pocket costs and expenses, including attorneys' fees, arising from legal review of such securities offering and related materials on CBRE's behalf.
 - (c) In the absence of satisfying the conditions of this Section 16 with respect to any party who is not designated as an Intended User, in no event shall the receipt of a Report by such party extend any right to the party to use and rely on such Report, and CBRE shall have no liability for such unauthorized use and reliance on any Report.
 - (d) In the event Client breaches the provisions of this Section 16, Client shall indemnify, defend and hold CBRE and its affiliates and their officers, directors, employees, contractors, agents and other representatives (CBRE and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Report.

17. In the event Client incorporates or references the Report, in whole or in part, in any offering, including, but not limited to any offering of the Property or any securities offering as defined by applicable law, or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the Report or the engagement of or performance of Services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of CBRE (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with Section 16 and Section 17, CBRE and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement, (b) any Services or Reports under this Agreement or (c) any acts or conduct relating to such Services or Reports, shall be filed within two (2) years from the date of delivery to Client of the Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.
19. Miscellaneous.
- (a) This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof. This Agreement may not be amended, modified or discharged, nor may any of its terms be waived except by written agreement of both parties. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A signed copy of this Agreement transmitted by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes.
 - (b) Neither party shall assign this Agreement in whole or in part (other than by operation of law) to any person or entity without the prior written consent of the other party. Subject to the foregoing, this Agreement and all of its provisions shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.
 - (c) No consent or waiver, either expressed or implied, by a party to or of any breach or default, shall be construed to be a consent or waiver to or of any other breach or default in the performance of any obligations hereunder. Failure of a party to complain or declare the other party in default shall not constitute a waiver by such party of rights and remedies hereunder.
 - (d) Except as hereinafter provided, no delay or failure in performance by a party shall constitute a default hereunder to the extent caused by Force Majeure. Unless the Force Majeure substantially frustrates performance of the Services, Force Majeure shall not operate to excuse, but only to delay, performance of the Services. If Services are delayed by reason of Force Majeure, CBRE promptly shall notify Client. Once the Force Majeure event ceases, CBRE shall resume performance of the Services as soon as possible. As used herein, "Force Majeure" means any event beyond the control of the Party claiming inability to perform its obligations and which such Party is unable to prevent by the exercise of reasonable diligence, including, without limitation, the combined action of workers, fire, acts of terrorism, catastrophes, changes in laws, condemnation of property, governmental actions or delays, national emergency, war, civil disturbance, floods, unusually severe weather conditions, endemic or pandemic, or other acts of God. Inability to pay

or financial hardship shall not constitute Force Majeure regardless of the cause thereof and whether the reason is outside a party's control.

- (e) The parties acknowledge that CBRE or an affiliate may be involved in representing other parties in real estate transactions involving Client or its affiliates or involved in the ownership or management of the Property. If, at any time, any CBRE personnel performing the Services hereunder actually becomes aware that Client is involved in any material way in any proposed transaction whereby CBRE or an affiliate represents any other party to that transaction, CBRE agrees to notify Client promptly upon discovering such facts. In the event of a conflict between CBRE's engagement by Client under this Agreement with respect to such transaction and the obligations of CBRE or its affiliate to another party with respect to such transaction, at Client's request, CBRE shall establish appropriate internal procedures and confidentiality barriers to prevent any communication or collusion between those employees of CBRE or CBRE's affiliates who represent parties in such transactions in which such a conflict of interest may exist, or Client may require that CBRE cancel this assignment with respect to such transaction.
- (f) Any provision of this Agreement that, by its language, contemplates performance or observation subsequent to any termination or expiration of this Agreement shall survive such termination or expiration and shall continue in full force and effect.
- (g) If any provision of this Agreement, or application thereof to any person or circumstance, shall to any extent be invalid, then such provision shall be modified, if possible, to fulfill the intent of the parties reflected in the original provision. The remainder of this Agreement, or the application of such provision to person or circumstance other than those as to which it is held invalid, shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

