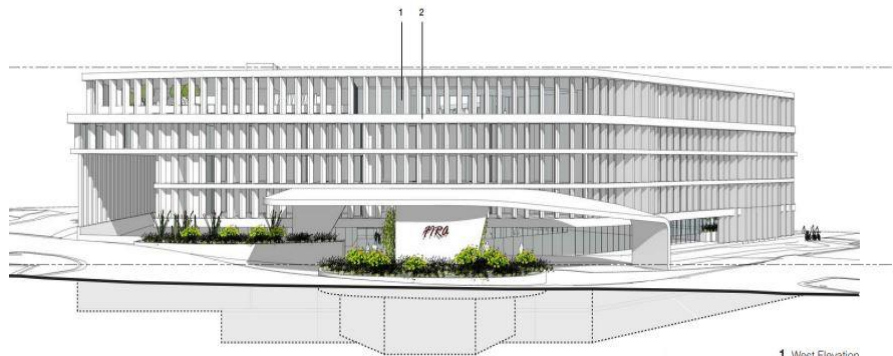




FEASIBILITY STUDY

Proposed FIRA, an Unbound Collection by Hyatt Hotel

18211 NORTH PIMA ROAD
SCOTTSDALE, ARIZONA



SUBMITTED TO:

Mr. Peter Koliopoulos
ALPHA CO Land Holdings, LLC
500 East Thomas Road
Phoenix, Arizona 85012

+1 (480) 609-1000

PREPARED BY:

HVS Consulting & Valuation
Division of TS Worldwide, LLC
5478 South Luiseno Boulevard
Gilbert, Arizona 85298

+1 (314) 280-2017

September 27, 2025

Mr. Peter Koliopoulos
ALPHA CO Land Holdings, LLC
500 East Thomas Road
Phoenix, Arizona 85012

HVS PHOENIX

5478 South Luiseno Boulevard
Gilbert, Arizona 85298
+1 (314) 280-2017
+1 (415) 896-0516 FAX
www.hvs.com

Re: Proposed FIRA, an Unbound Collection by Hyatt Hotel
Scottsdale, Arizona
HVS Reference: 2025020544

Dear Mr. Koliopoulos:

Pursuant to your request, we herewith submit our feasibility study pertaining to the above-captioned property. We have inspected the real estate and analyzed the hotel market conditions in the Scottsdale, Arizona, area. We have studied the proposed project, and the results of our fieldwork and analysis are presented in this report. We have also reviewed the proposed improvements for this site. This report is not an appraisal but has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation and as applicable for this consulting assignment.

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

Sincerely,
TS Worldwide, LLC

DRAFT DOCUMENT

Zabada N. Abouelhana, Senior Director
Leader, Phoenix & Salt Lake City Offices
zabouelhana@hvs.com, +1 (314) 280-2017

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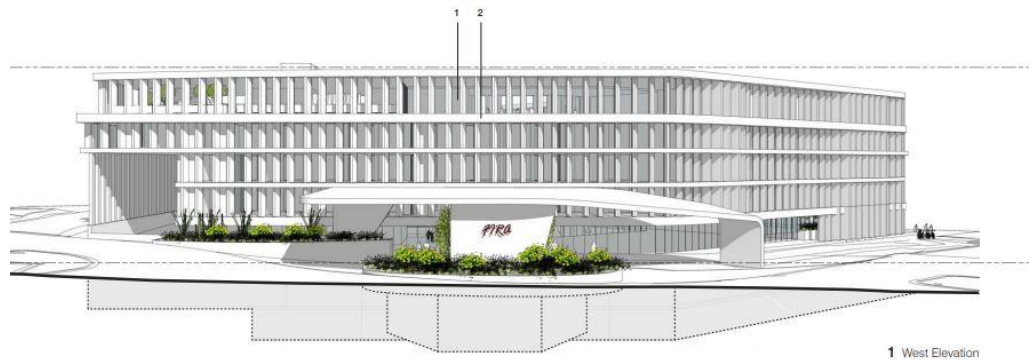
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1. Executive Summary

Subject of the Feasibility Study

The subject of the feasibility study is a site measuring 72,966 square feet (1.68 acres) that is planned to be improved with a full-service, boutique lodging facility; the hotel is anticipated to be associated with the Unbound Collection by Hyatt brand. The property, which is expected to open on August 1, 2027, will feature 140 rooms, a lobby lounge and bar, a fifth floor restaurant and lounge, a pool bar, a speakeasy nightclub (leased), and a lobby restaurant (leased), 3,864 square feet of meeting space, a rooftop swimming pool, an outdoor sundeck & cabanas, a full-service spa, a fitness center, a gift shop, and a business center. The hotel will also contain the appropriate parking capacity (subterranean garage parking and shared surface parking) and all necessary back-of-the-house space.

RENDERING OF PROJECT



The proposed subject hotel, FIRA, an Unbound Collection Hotel by Hyatt, will be an exclusive 140-room, five-story luxury hotel poised to become a defining hospitality destination in North Scottsdale. FIRA blends world-class branding with a thoughtfully curated, upscale experience tailored to one of the nation's most desirable luxury markets. Strategically located near Silverleaf, DC Ranch, and some of Arizona's most elite golf courses, FIRA offers unmatched proximity to high-profile events such as the WM Phoenix Open and Barrett-Jackson Collector Car Auction. The hotel will feature standout amenities including Michelin-star dining, a speakeasy, a rooftop infinity pool, wellness-centered facilities, and underground parking, which will all be designed to cater to the discerning traveler. The subject site's location is 18211 North Pima Road, Scottsdale, Arizona 85255.

Feasibility Conclusion

The conclusion of this analysis indicates that the property would generate a 11.8% return on an initial investment of \$106,900,000. The investor surveys indicate discount rates ranging from 13.0%; the averages of the surveys range from 11.3%. Based on these parameters, the calculated return of 11.1% is consistent with the averages and within the illustrated range of returns. Return requirements vary based on an individual investor's circumstances, including the cost and availability of both debt and equity capital. This analysis is intended to provide information to assist the developer in evaluating the feasibility of the proposed project.

Pertinent Dates

The date of the report is September 22, 2025. The subject site was inspected most recently by Trey Osadchey on July 29, 2025 and by Zabada Abouelhana on April 30, 2025. The property is expected to open on August 1, 2027.

Ownership of the Subject Site

The developer of the subject site will be Alpha Co. Land Holdings, which is based in Phoenix, Arizona.

Management and Franchise Assumptions

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

The proposed subject hotel will reportedly operate under a franchise agreement with Hyatt Hotels Corporation as an Unbound Collection by Hyatt. We have reviewed the terms of the agreement, which span 25 years after the hotel's opening date. The proposed subject hotel's franchise agreement calls for a royalty fee of 3.0% of rooms revenue for the first year, 4.0% during the second year, and 5.0% for the remainder of the term. A marketing assessment fee of 3.5% of rooms revenue is also stipulated throughout the duration of the agreement.

Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company. Its subsidiaries manage, franchise, lease, develop, license, and/or provide services to Hyatt-affiliated hotels, resorts, branded residences, and vacation ownership properties across six continents. Hyatt offers an impressive 33 brands within five distinct tiers: Luxury, Lifestyle, Inclusive, Classics, and Essentials. Launched in 2016, the Unbound Collection by Hyatt represents a collection of unique, boutique-style hotels. This luxury-class, full-service brand affiliation offers a lifestyle product that is hyper-focused on the guest experience, tying in location and culture with one-of-a-kind lodging and dining experiences. Per Hyatt, the Unbound Collection by Hyatt connects independently operated hotels with the strength of Hyatt's resources and powerful customer loyalty program. From historic urban gems to striking new builds, these are distinctive luxury properties that aim to make every stay extraordinary. In 2024, the brand operated at an average

occupancy level of 65.1%, with an average daily rate (ADR) of \$312.42 and an average RevPAR of \$203.29. As of year-end 2024, there were 48 properties (8,386 hotel rooms) affiliated with Hyatt's Unbound Collection in operation around the world.

Scope of Work

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

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

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

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

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

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

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

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

6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.
7. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
8. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) sets forth the anticipated economic benefits of the proposed subject property.
9. A feasibility analysis is performed, in which the total property yield that the project would generate is compared to the total property yields indicated by market surveys.

2. Description of the Site and Neighborhood

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

Physical Characteristics

The subject site measures approximately 1.68 acres, or 72,966 square feet. The parcel's adjacent uses are set forth in the following table.

FIGURE 2-1 SUBJECT PARCEL'S ADJACENT USES

Direction	Boundary	Adjacent Use
North	Property Line	Vito's Pizza & Italian Ristorante
South	East Trailside View	Vacant Land
East	Property Line	Apartment Complex
West	Property Line	Parking Lot

Topography and Site Utility

The topography of the site slopes gently downward from north to south. The size and configuration of the site should be sufficient to accommodate the proposed improvements.

VIEW OF SUBJECT SITE



AERIAL PHOTOGRAPH



Access and Visibility

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

MAP OF REGIONAL ACCESS ROUTES



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

Primary vehicular access to the subject site will be provided by East Trailside View. The subject site is located near a busy intersection and is relatively simple to locate from State Highway 101, which is the closest major thoroughfare. The proposed subject hotel is anticipated to have adequate signage at the street, as well as on its façade. Overall, the subject site benefits from excellent accessibility, and the proposed hotel is expected to enjoy favorable visibility from within its local neighborhood.

Airport Access

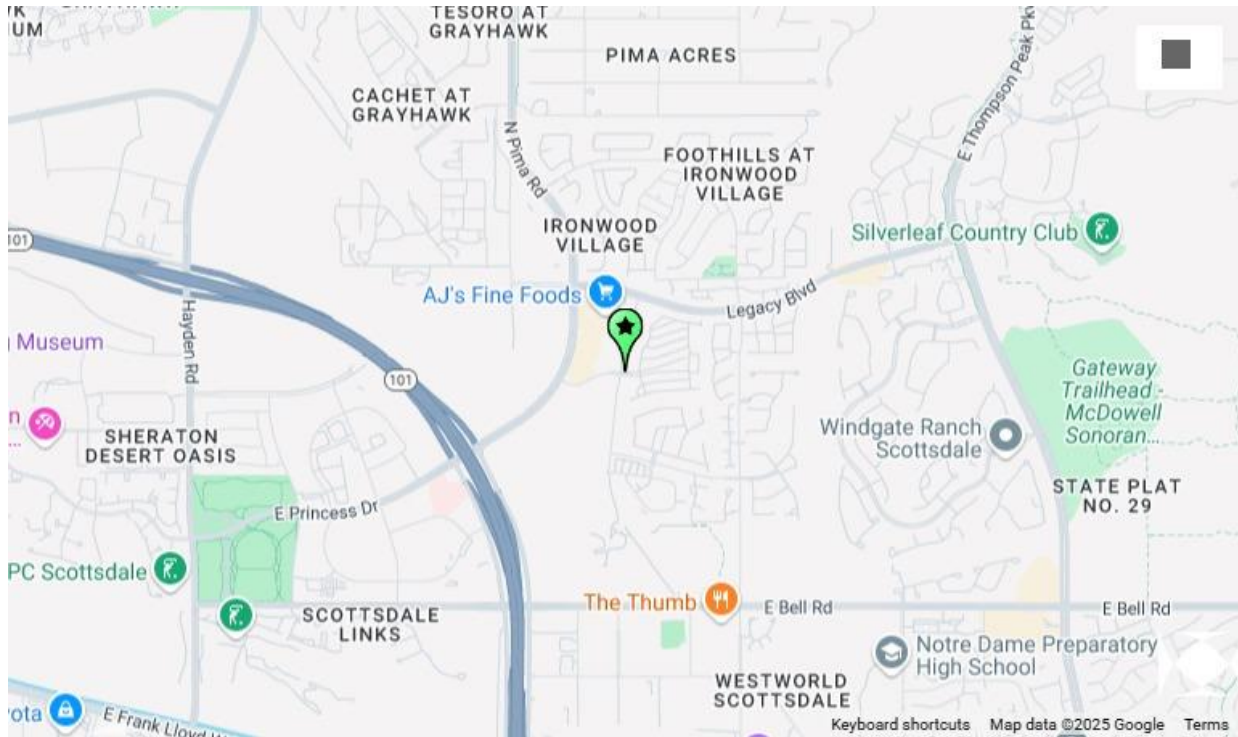
The proposed subject hotel will be served by the Phoenix Sky Harbor International Airport, which is located approximately 16 miles to the southwest of the subject site.

Neighborhood

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

The neighborhood surrounding the subject site is generally defined by Legacy Boulevard to the north, East Thompson Peak Parkway to the east, the Central Arizona Project Canal to the south, and North Scottsdale Road to the west. This area is characterized by a mix of high-end residential developments and commercial uses, including restaurants, office buildings, golf courses, and retail shopping centers along the primary thoroughfares, with residential neighborhoods along the secondary streets. Notable demand generators and entities in the vicinity include the corporate headquarters of Southwest Heritage Bank, TPC Scottsdale (home of the annual WM Phoenix Open which draws over 700,000 attendees annually), Barrett-Jackson Auction Company (attracting over 500,000 visitors each year), and the McDowell Mountain Business Park, which houses a variety of technology and service-oriented firms. Additional business parks include Perimeter Center and the Scottsdale Airpark (outside of the immediate neighborhood). Key medical facilities such as HonorHealth Scottsdale Thompson Peak Medical Center are also within close proximity of the defined neighborhood. Hotels in the area include the Fairmont Scottsdale Princess, Scottsdale Marriott at McDowell Mountains, Hilton Vacation Club Scottsdale, and the Hilton Garden Inn Scottsdale North/Perimeter Center. Restaurants located near the subject site include Vito's Pizza & Italian Ristorante, The Spot Neighborhood Grill, and The Thumb. The proposed hotel's opening should be a positive influence on the area, and the property is expected to be in character with and to complement surrounding land uses.

MAP OF NEIGHBORHOOD



Utilities

The subject site is assumed to be served by all necessary utilities.

Zoning

According to the local planning office, the subject property is zoned as follows: R-4R PCD - Resort Townhouse Residential Planned Community District. Additional details pertaining to the proposed subject property's zoning regulations are summarized in the following table.

FIGURE 2-2 ZONING

Municipality Governing Zoning	City of Scottsdale
Current Zoning	Resort Townhouse Residential Planned Community District
Current Use	Hotel
Is Current Use Permitted?	Yes
Is Change in Zoning Likely?	No
Permitted Uses	Hotel, Office, Residential, & Retail
Hotel Allowed	Yes
Legally Non-Conforming	Not Applicable

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

Conclusion

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. In general, the site should be well suited for future hotel use, with acceptable access, visibility, and topography for an effective operation.

3. Description of the Proposed Improvements

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

Project Overview

The Proposed FIRA, an Unbound Collection by Hyatt Hotel will be a full-service, boutique lodging facility containing 140 rentable units. The five-story property is planned to open on August 1, 2027. The proposed subject hotel, FIRA, an Unbound Collection Hotel by Hyatt, will be an exclusive 140-room, five-story luxury hotel poised to become a defining hospitality destination in North Scottsdale. FIRA blends world-class branding with a thoughtfully curated, upscale experience tailored to one of the nation's most desirable luxury markets. Strategically located near Silverleaf, DC Ranch, and some of Arizona's most elite golf courses, FIRA offers unmatched proximity to high-profile events such as the WM Phoenix Open and Barrett-Jackson Collector Car Auction. The hotel will feature standout amenities including Michelin-star dining, a speakeasy, a rooftop infinity pool, wellness-centered facilities, and underground parking, which will all be designed to cater to the discerning traveler.

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Summary of the Facilities

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

FIGURE 3-1 PROPOSED FACILITIES SUMMARY

Guestroom Configuration	Number of Units
King	77
Queen/Queen	39
Suite	13
Queen	8
King Deluxe	3
Total	140

Food & Beverage Facilities	
Main Lobby Lounge and Bar	
Fifth Floor Restaurant and Lounge	
Pool Bar	
Speakeasy Nightclub (Leased)	
Main Lobby Restaurant (Leased)	

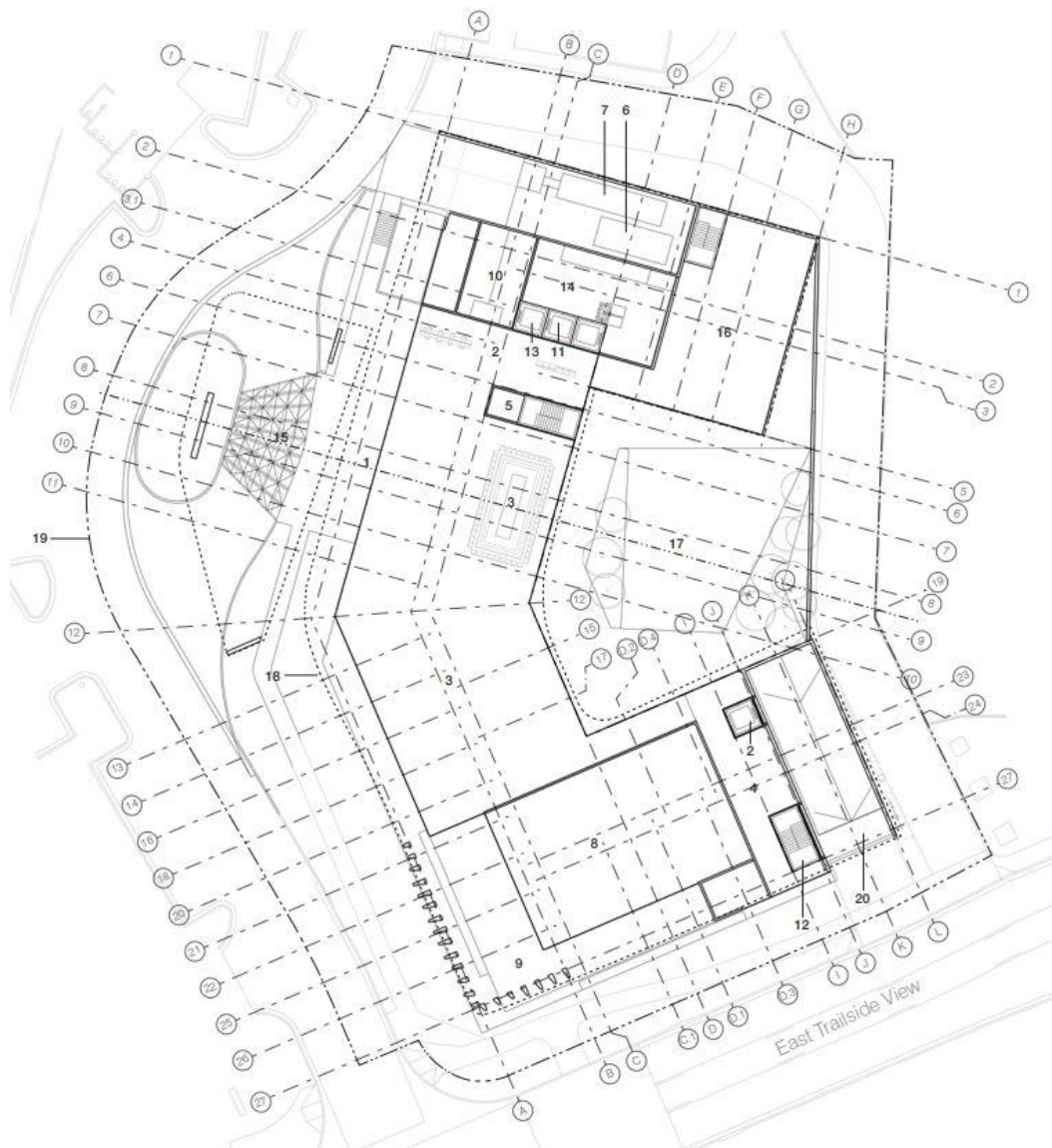
Indoor Meeting & Banquet Facilities	Square Footage
First Floor Meeting Space	2,869
Fifth Floor Meeting Space	995
Total	3,864

Amenities & Services	
Rooftop Swimming Pool	Fitness Center
Outdoor Sundeck & Cabanas	Gift Shop
Full-Service Spa	Business Center

Per the plans and renderings provided, the proposed hotel will occupy one five-story building, with two subterranean levels for parking and back-of-house mechanical and storage areas. Other site improvements will include freestanding signage, located at the main entrance to the site (additional signage is expected to be placed on the exterior of the building), as well as landscaping and sidewalks. An outdoor infinity pool with a sundeck are planned for the fifth floor along with a pool bar and restaurant and lounge. The hotel's main entrance will lead directly into the lobby, and the first (ground) floor will house the main lobby lounge and bar and the

main lobby restaurant (leased). The speakeasy will be located on the first subterranean level. The back-of-the-house space will be held primarily on the two subterranean floors, first floor and fourth floor. Guestrooms are planned to be located on the second through fifth floors. The site and building components appear to be normal for a luxury hotel in the Scottsdale market.

FIRST-FLOOR (MAIN LEVEL) PLAN



SECOND-FLOOR GUESTROOM FLOOR PLAN



THIRD-FLOOR GUESTROOM FLOOR PLAN



FOURTH-FLOOR GUESTROOM FLOOR PLAN



FIFTH-FLOOR GUESTROOM FLOOR PLAN



**ADA and
Environmental**

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

Capital Expenditures

Our analysis assumes that the hotel will require ongoing upgrades and periodic renovations after its opening in order to maintain its competitive level in this market and to remain compliant with brand standards. Thus, in keeping with industry standards, a reserve for replacement has been included in our forecast of income and expense to partially fund ongoing capital improvements.

Construction Budget

The construction budget for the 140-room subject hotel, as provided by the project developer, is illustrated in the following table.

FIGURE 3-2 CONSTRUCTION BUDGET – PROPOSED SUBJECT PROPERTY

Component	Cost	Cost per Room
Hard Costs & Site Improvements		
General Requirements	\$1,977,500	\$14,125
General Conditions	3,145,198	\$22,466
Concrete	8,854,560	63,247
Masonry	1,418,952	10,135
Metals	387,442	2,767
Wood & Plastics	280,434	2,003
Thermal & Moisture Protection	3,778,099	26,986
Doors & Windows	5,268,172	37,630
Interegated Automation	1,000,000	7,143
Specialties	87,208	623
Special Construction	383,442	2,739
Conveying Equipment	649,440	4,639
Fire Suppresion	814,909	5,821
Plumbing	4,597,350	32,838
HVAC	8,088,300	57,774
Electrical	9,175,529	65,539
Communications	800,000	5,714
Electronic Safety & Secuirty	1,300,000	9,286
Earthwork	3,099,156	22,137
Exterior Improvements	723,492	5,168
Utilities	637,500	4,554
General Contractor Fee	3,573,428	25,524
Contruccion Phase Contingency	3,752,099	26,801
Subtotal Hard Cost & Site Improvements	\$63,792,210	\$455,659
FF&E		
Finishes	\$5,832,476	\$41,661
Funinishings	2,500,000	\$17,857
Equipment	1,250,000	\$8,929
Subtotal FF&E	9,582,476	\$68,446
Pre-Opening Costs and Working Capital		
Not Provided by Developer - HVS Estimate	\$3,080,000	\$22,000
Subtotal Pre-Opening and Working Capital	\$3,080,000	\$22,000
Soft Costs		
Subcontractor Default Insurance	\$786,300	\$5,616
PL / PD Insurance	926,444	6,617
Sales Tax	3,706,655	26,476
Loan Finance Costs	6,782,000	48,443
Design Phase Contingency	3,752,099	26,801
Subtotal Soft Costs	\$15,953,498	\$113,954
Subtotal (without Land and Developer's Fee)	\$92,408,184	\$660,058
Site Cost	\$6,600,000	\$47,143
Subtotal (without Developer's Fee)	\$99,008,184	\$707,201
Developer's Fee	\$2,800,000	\$20,000
Total	\$101,808,184	\$727,201

Conclusion

Overall, the proposed subject property should offer a well-designed, functional layout of public areas, guestrooms, and back-of-the-house spaces. All typical and market-appropriate features and amenities are expected to be included in the hotel's design. We assume that the property will be constructed in accordance with modern standards for lodging facilities and that the furniture, fixtures, and finishes will be consistent with the property's anticipated positioning as a luxury hotel; moreover, we assume that it will include the appropriate energy-efficient elements and be equipped with the requisite technology and building systems. We further assume that the building will be fully open and operational on the stipulated opening date and will meet all local building codes, as well as brand standards, and that the hotel staff will be adequately trained to allow for a successful opening, with pre-marketing efforts having introduced the product to the market at least six months in advance of the opening date.

4. Market Area Analysis

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

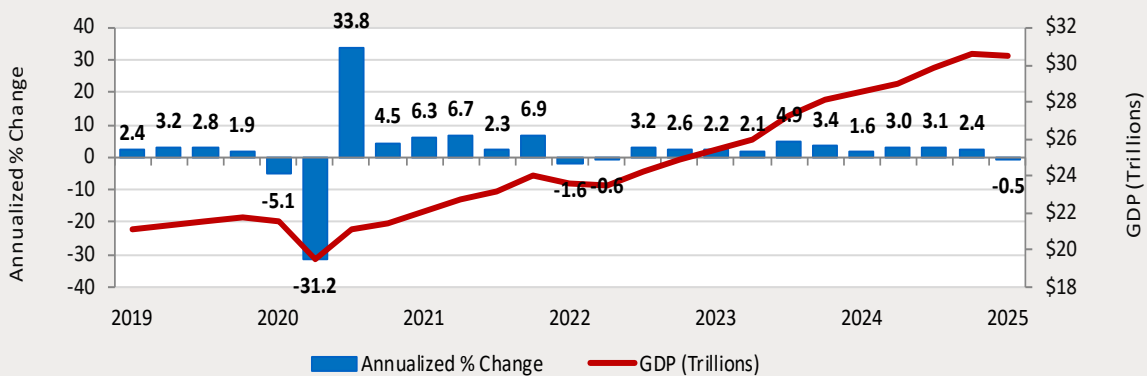
National Economic Overview

The local market and economy are influenced by national trends; thus, consideration of these trends is an important premise to this market-area analysis. The U.S. economy was severely affected by the COVID-19 pandemic, as illustrated in the following discussion. The onset of the pandemic resulted in decreased business activity, causing widespread economic hardships, including higher levels of unemployment. The depth and duration of this impact was influenced by the course of the pandemic and the nature and extent of restrictions on business and travel activity; the period of greatest impact was 2020. The shift of work locations from office environments to home offices also limited corporate transient and group travel. By all measures, the national economy had recovered from this downturn by year-end 2024, having recorded notable growth, while some select markets and sectors had experienced slower growth and were continuing to recover as of early 2025.

Gross domestic product (GDP) is a key measure of a country's economic health and trends. Research has also identified a high degree of correlation between GDP and lodging demand. For the eight quarters leading up to 2020, GDP quarterly growth ranged between 0.9% and 3.8%, reflecting moderate economic expansion. The impact of the pandemic was considerable in 2020. As shutdowns halted major components of the U.S. economy from mid-March through May, GDP contracted by an annualized rate of 31.2% in Q2 2020, the largest such decline in U.S. history. While shocking, this GDP decline was offset by a significant rebound in economic activity in Q3 2020, greatly moderating the overall impact for the year. The U.S. economy grew by 33.8% on an annualized basis in the third quarter, followed by more modest gains in the five quarters that followed through the end of 2021, with GDP having surpassed the pre-pandemic peak by Q1 2021. A pullback during the

first half of 2022 was driven by the trade deficit and decreases in government spending and inventory investment, although the decline was offset by gains during the second half of the year.

FIGURE 4-1 UNITED STATES GDP GROWTH RATE



Sources: tradingeconomics.com, Bureau of Economic Analysis

The positive trend continued through 2023 and 2024, registering 2.5% and 2.4% increases for the year, respectively, and then declined slightly (-0.5%) in the first quarter of 2025. According to the April 30, 2025, report from the Bureau of Economic Analysis, "The decrease in real GDP in the first quarter primarily reflected an increase in imports, which are a subtraction in the calculation of GDP, and a decrease in government spending. These movements were partly offset by increases in investment, consumer spending, and exports." After a period of low transaction volume, 2025 was expected to bring a more active deal environment given this recent stability in growth; however, a pullback in international travel to the United States and the uncertainty surrounding what effect the tariffs would have on prices, trade, employment, and ultimately domestic travel prompted some buyers to retreat to the sidelines in the first three to four months of the year, and thus transaction activity has been muted thus far in 2025. Transaction activity is anticipated to strengthen in the latter half of 2025 now that we have moved beyond the March/April period of volatility. We will be closely monitoring how these changes impact employment, hotel demand, ADRs, and, ultimately, hotel values.

The Wall Street Journal (WSJ) publishes an economic forecasting survey each quarter. Per the latest survey (July 2025), economists were newly optimistic that the United States would avoid a recession, reporting an average 33.0% probability that the country would experience a recession during the next twelve months

(22.0% and 45.0% were the average probability levels for the same question in January 2025 and April 2025, respectively). Chad Moutray, chief economist at the National Restaurant Association, was quoted, “Despite numerous headwinds, the U.S. economy is proving stubbornly resilient. Consumers are continuing to spend, but the mood has clearly shifted from bold to careful.” Key averages from the latest release are illustrated in the following table.

FIGURE 4-2 GDP, CPI, AND UNEMPLOYMENT PREDICTIONS

Real GDP, Quarterly Annualized Growth Rate	
3rd Quarter 2025	0.90 %
4th Quarter 2025	1.08
1st Quarter 2026	1.58
2nd Quarter 2026	1.90
Real GDP, Year-Over-Year Growth Rate	
2025	1.03 %
2026	1.87
2027	2.04
CPI, Year-Over-Year Change	
December 2025	3.04 %
June 2026	2.95
December 2026	2.58
June 2027	2.43
Unemployment, Annual Level	
December 2025	4.46 %
June 2026	4.52
December 2026	4.44
June 2027	4.38

Source: Wall Street Journal Economic Forecasting Survey, July 2025

Driven by supply-chain disruptions and pent-up consumer demand, prices for most goods and services increased substantially in the wake of the pandemic; the CPI increased by 7.0% in 2021 and 6.5% in 2022. The Fed addressed inflation through successive interest-rate hikes (seven in 2022, and another four in 2023), and the pace of inflation decelerated, falling to the low 3.0% range by the end of 2023. While inflation had increased to 3.5% by March 2024, it has illustrated a slow and gradual decline since this point, registering a relatively low 2.4% as of September 2024. In September, the Fed cut the federal funds rate for the first time since the COVID-19 pandemic, acknowledging the positive economic data and lower inflation in recent

months, and two additional cuts followed in November and December. Prior to the September meeting, the target rate was between 5.25% and 5.5%. As of mid-year 2025, it now stands between 4.25% and 4.5%. No changes have occurred to the lending rate during the Fed's 2025 meetings thus far.

The successive increases in GDP, lower inflation levels, cuts to the Fed rate in 2024, and strong job growth through Q1 2025 painted a positive picture of the U.S. economy. However, the first week of April 2025 sparked a notable change for this picture with the announcement of significant tariffs. As the weeks progressed, many were revised downward, and the continued resiliency of the U.S. economy and gains in employment bolstered markets. Over time, expectations emerged that a recession in the near term was less likely, compared to the sentiment in March/April. Nevertheless, it remains unclear how the new policies of the current administration will ultimately impact the economy and the hotel sector.

Per the WSJ survey, unemployment levels are anticipated to remain relatively stable, hovering near the 4.4% mark. In the July 2025 survey, economists were asked what effect the current administration's preferences regarding interest rates would have under the next Fed chairman. Roughly 36.0% of respondents said that interest rates would be lower than otherwise based on the administration's influence, with 57.0% responding that no influence or change would occur based on this factor. Accordingly, economists surveyed expect the Fed funds rate to end 2025 at just under 4.0% and moderate downward by 70 basis points by the end of 2026. Moreover, inflation is anticipated to remain somewhat elevated, at just over 3.0% by December 2025, followed by a decline, falling to roughly 2.6% by the end of 2026.

Within the hospitality industry, labor availability and costs remain a concern for hotel operators, although these issues have diminished somewhat since the height of the pandemic. Inflation benefited the industry by supporting strong ADR growth in most markets but also resulted in increased expenses, which put pressure on profitability. Inflation moderated significantly and was approaching the Fed's target of 2.0% as of mid-year 2025, which was considered a positive factor; however, the impact of the newly announced tariffs in July 2025 may reverse this trend of inflation. We continue to closely monitor how these policy changes are affecting the U.S. lodging market and the local market analyzed within this report, as explained in the following chapter.

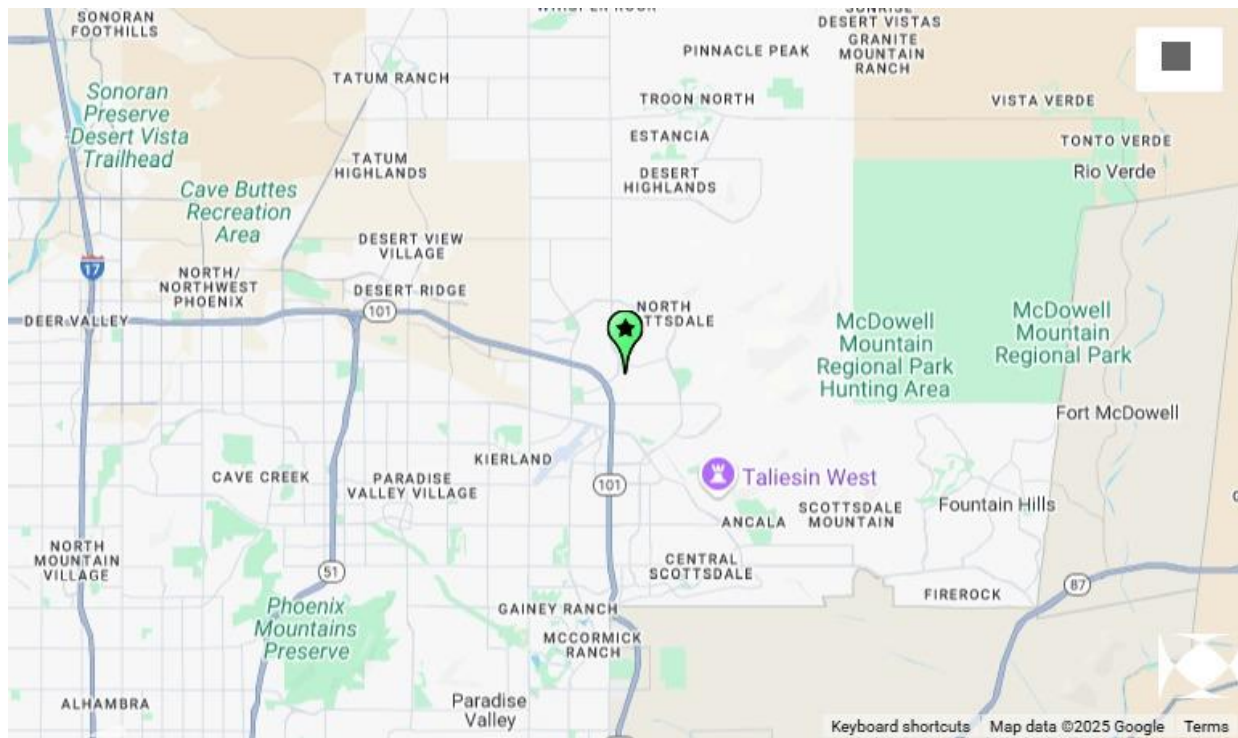
In preparing this report, we have considered the impact of these factors on the lodging and investment markets to the best of our ability. However, our analysis only considers what is known at the time of the effective date of the report, and there is a high degree of uncertainty currently influencing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

Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of Scottsdale, the county of Maricopa, and the state of Arizona.

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

MAP OF MARKET AREA



Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and

demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

FIGURE 4-3 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

	2010	2020	2024	2029	Avg. Annual Compounded Chg.		
					2010-20	2010-24	2024-29
Resident Population (Thousands)							
Maricopa County	3,822.1	4,445.1	4,649.5	4,970.7	1.5 %	1.4 %	1.3 %
Phoenix-Mesa-Chandler, AZ MSA	4,200.3	4,875.2	5,144.9	5,526.8	1.5	1.5	1.4
Phoenix-Mesa, AZ CSA	4,253.8	4,928.6	5,199.0	5,581.5	1.5	1.4	1.4
State of Arizona	6,402.2	7,186.7	7,525.6	8,005.3	1.2	1.2	1.2
United States	309,382.3	331,526.9	337,214.9	348,565.1	0.7	0.6	0.7
Per-Capita Personal Income*							
Maricopa County	\$39,995	\$53,484	\$57,729	\$61,810	2.9	2.7	1.4
Phoenix-Mesa-Chandler, AZ MSA	38,769	52,262	55,939	59,781	3.0	2.7	1.3
Phoenix-Mesa, AZ CSA	38,720	52,162	55,820	59,672	3.0	2.6	1.3
State of Arizona	37,313	49,777	52,498	56,200	2.9	2.5	1.4
United States	44,807	56,530	59,191	63,789	2.4	2.0	1.5
W&P Wealth Index							
Maricopa County	91.3	95.8	98.6	97.9	0.5	0.6	(0.1)
Phoenix-Mesa-Chandler, AZ MSA	88.6	93.6	95.5	94.7	0.5	0.5	(0.2)
Phoenix-Mesa, AZ CSA	88.4	93.3	95.2	94.4	0.5	0.5	(0.2)
State of Arizona	85.1	88.7	89.4	88.8	0.4	0.3	(0.1)
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Food and Beverage Sales (Millions)*							
Maricopa County	\$6,573	\$8,444	\$11,119	\$12,850	2.5	3.8	2.9
Phoenix-Mesa-Chandler, AZ MSA	6,808	8,733	11,536	13,370	2.5	3.8	3.0
Phoenix-Mesa, AZ CSA	6,867	8,810	11,634	13,481	2.5	3.8	3.0
State of Arizona	9,842	12,344	16,204	18,778	2.3	3.6	3.0
United States	502,827	611,998	777,882	881,337	2.0	3.2	2.5
Total Retail Sales (Millions)*							
Maricopa County	\$64,516	\$89,520	\$107,787	\$122,490	3.3	3.7	2.6
Phoenix-Mesa-Chandler, AZ MSA	67,217	92,677	111,877	127,395	3.3	3.7	2.6
Phoenix-Mesa, AZ CSA	67,795	93,331	112,636	128,211	3.2	3.7	2.6
State of Arizona	95,969	125,396	150,475	170,203	2.7	3.3	2.5
United States	4,638,710	5,826,739	6,781,526	7,456,593	2.3	2.7	1.9

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

The U.S. population grew at an average annual compounded rate of 0.6% from 2010 through 2024. The county's population has increased at a quicker pace than the nation's population; the average annual growth rate of 1.4% between 2010 and 2024 reflects a gradually expanding area. Per-capita personal income increased modestly, at 2.7% on average annually for the county between 2010 and 2024. Local wealth indexes have remained stable in recent years, registering a near average 98.6 level for the county in 2024.

Food and beverage sales totaled \$11,119 million in the county in 2024, versus \$6,573 million in 2010. This reflects a 3.8% average annual change. The pace of growth is anticipated to be 2.9% through 2029. The retail sales sector demonstrated an annual increase of 3.7% from 2010 to 2024. An increase of 2.6% average annual change is expected in county retail sales through 2029.

Workforce Characteristics

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

The following table sets forth the county workforce distribution by business sector in 2010, 2020, and 2024, as well as a forecast for 2029.

FIGURE 4-4 HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Industry	2010	Percent of Total	2020	Percent of Total	2024	Percent of Total	2029	Percent of Total	Avg. Annual Compounded Chg.		
									2010-2020	2020-2024	2024-2029
Farm	6.3	0.3 %	6.4	0.2 %	5.7	0.2 %	5.4	0.2 %	0.1 %	(2.9) %	(0.9) %
Forestry, Fishing, Related Activities And Other	2.5	0.1	2.6	0.1	2.7	0.1	2.7	0.1	0.2	0.9	(0.2)
Mining	6.3	0.3	5.2	0.2	5.7	0.2	5.6	0.2	(2.0)	2.5	(0.4)
Utilities	8.2	0.4	8.3	0.3	8.6	0.3	9.0	0.3	0.2	0.7	1.1
Construction	109.6	5.1	178.2	6.5	204.1	6.5	211.5	6.1	5.0	3.4	0.7
Manufacturing	112.5	5.3	138.3	5.0	149.8	4.7	149.0	4.3	2.1	2.0	(0.1)
Total Trade	324.7	15.2	358.6	13.0	396.8	12.5	405.4	11.7	1.0	2.6	0.4
Wholesale Trade	88.0	4.1	90.0	3.3	103.7	3.3	106.8	3.1	0.2	3.6	0.6
Retail Trade	236.7	11.1	268.5	9.7	293.2	9.3	298.6	8.6	1.3	2.2	0.4
Transportation And Warehousing	64.3	3.0	154.6	5.6	178.3	5.6	186.1	5.4	9.2	3.6	0.9
Information	34.6	1.6	45.5	1.6	53.0	1.7	55.0	1.6	2.8	3.9	0.8
Finance And Insurance	156.7	7.4	236.7	8.6	273.9	8.7	327.9	9.5	4.2	3.7	3.7
Real Estate And Rental And Lease	140.2	6.6	168.1	6.1	211.1	6.7	240.4	6.9	1.8	5.9	2.6
Total Services	937.0	44.0	1,216.5	44.2	1,435.9	45.4	1,620.9	46.8	2.6	4.2	2.5
Professional And Technical Services	147.9	6.9	199.2	7.2	232.2	7.3	256.9	7.4	3.0	3.9	2.0
Management Of Companies And Enterprises	25.2	1.2	38.4	1.4	48.9	1.5	52.3	1.5	4.3	6.3	1.3
Administrative And Waste Services	188.4	8.9	237.5	8.6	258.1	8.2	282.8	8.2	2.3	2.1	1.8
Educational Services	51.1	2.4	63.1	2.3	77.4	2.4	96.5	2.8	2.1	5.2	4.5
Health Care And Social Assistance	221.1	10.4	315.8	11.5	375.4	11.9	441.4	12.7	3.6	4.4	3.3
Arts, Entertainment, And Recreation	45.0	2.1	52.4	1.9	65.6	2.1	75.2	2.2	1.5	5.8	2.7
Accommodation And Food Services	153.4	7.2	177.6	6.4	226.4	7.2	250.2	7.2	1.5	6.2	2.0
Other Services, Except Public Administration	104.8	4.9	132.3	4.8	151.8	4.8	165.7	4.8	2.4	3.5	1.8
Total Government	226.1	10.6	236.3	8.6	237.9	7.5	246.9	7.1	0.4	0.2	0.7
Federal Civilian Government	22.3	1.0	22.7	0.8	21.7	0.7	21.9	0.6	0.2	(1.1)	0.2
Federal Military	13.6	0.6	15.1	0.5	14.4	0.5	14.2	0.4	1.1	(1.2)	(0.2)
State And Local Government	190.1	8.9	198.4	7.2	201.8	6.4	210.8	6.1	0.4	0.4	0.9
TOTAL	2,128.9	100.0 %	2,755.1	100.0 %	3,163.3	100.0 %	3,465.8	100.0 %	2.6 %	3.5 %	1.8 %
MSA	2,209.9	—	2,861.0	—	3,284.9	—	3,599.2	—	2.6 %	3.5 %	1.8 %
U.S.	172,901.7	—	195,286.6	—	218,894.3	—	232,833.6	—	1.2	2.9	1.2

Source: Woods & Poole Economics, Inc.

The preceding data illustrate the long-term employment trends in this market, including the recent impact of the pandemic and the subsequent recovery. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 1.8% on average annually through 2029. The trend is above the forecast rate of change for the United States as a whole during the same period.

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

FIGURE 4-5 HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS

Year	Total		Office		Industrial		Households	% Chg	Population	% Chg	Household	
	Employment	% Chg	Employment	% Chg	Employment	% Chg					Avg. Income	% Chg
2012	1,778,770	—	585,337	—	216,338	—	1,613,440	—	4,381,360	—	\$103,990	—
2013	1,829,800	2.9 %	606,968	3.7 %	216,697	0.2 %	1,646,560	2.1 %	4,457,980	1.7 %	103,231	(0.7) %
2014	1,874,270	2.4	620,884	2.3	217,090	0.2	1,675,150	1.7	4,535,670	1.7	108,124	4.7
2015	1,944,500	3.7	644,328	3.8	219,958	1.3	1,698,160	1.4	4,611,480	1.7	112,462	4.0
2016	1,999,500	2.8	664,458	3.1	221,615	0.8	1,719,670	1.3	4,680,340	1.5	116,568	3.7
2017	2,063,330	3.2	681,220	2.5	227,900	2.8	1,732,100	0.7	4,740,830	1.3	123,679	6.1
2018	2,133,770	3.4	704,123	3.4	235,749	3.4	1,758,170	1.5	4,797,700	1.2	130,163	5.2
2019	2,208,570	3.5	727,520	3.3	242,391	2.8	1,790,870	1.9	4,847,790	1.0	137,533	5.7
2020	2,145,030	(2.9)	710,769	(2.3)	238,652	(1.5)	1,812,930	1.2	4,912,920	1.3	149,085	8.4
2021	2,267,530	5.7	745,440	4.9	250,330	4.9	1,875,210	3.4	5,000,330	1.8	160,438	7.6
2022	2,363,930	4.3	758,237	1.7	270,486	8.1	1,902,200	1.4	5,082,520	1.6	169,851	5.9
2023	2,425,330	2.6	765,526	1.0	275,533	1.9	1,940,450	2.0	5,169,930	1.7	176,368	3.8
2024	2,468,130	1.8	779,587	1.8	276,605	0.4	1,984,890	2.3	5,281,090	2.2	183,284	3.9
Forecasts												
2025	2,517,890	2.0 %	795,758	2.1 %	280,671	1.5 %	2,033,890	2.5 %	5,372,350	1.7 %	189,362	3.3 %
2026	2,557,760	1.6	812,333	2.1	283,705	1.1	2,078,800	2.2	5,455,310	1.5	195,892	3.4
2027	2,596,790	1.5	829,371	2.1	286,572	1.0	2,122,600	2.1	5,540,850	1.6	202,262	3.3
2028	2,638,890	1.6	846,917	2.1	289,414	1.0	2,166,460	2.1	5,631,300	1.6	208,959	3.3
2029	2,682,180	1.6	864,250	2.0	291,845	0.8	2,210,940	2.1	5,728,070	1.7	216,799	3.8
Average Annual Compound Change												
2012 - 2024		2.8 %		2.4 %		2.1 %		1.7 %		1.6 %		4.8 %
Forecast 2025 - 2029		1.6 %		2.1 %		1.0 %		2.1 %		1.6 %		3.4 %

Source: REIS Report, 4th Quarter, 2024

For the Phoenix market, of the roughly 2,500,000 persons employed, 32% are categorized as office employees, while 11% are categorized as industrial employees. Total employment is expected to expand by 2.0% in 2025, while office employment is forecast to expand by 2.1% in 2025.

The number of households is forecast to expand by 2.1% on average annually between and 2024. Population is forecast to expand during this same period, at an average annual compounded rate of 1.6%. Household average income is forecast to grow by 3.4% on average annually from through 2024.

Radial Demographic Snapshot

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

FIGURE 4-6 DEMOGRAPHICS BY RADIUS

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
Population			
2030 Projection	6,138	62,151	136,906
2025 Estimate	5,729	58,484	131,133
2020 Census	5,336	53,825	123,795
Percent Change: 2025 to 2030	7.1%	6.3%	4.4%
Percent Change: 2020 to 2025	7.4%	8.7%	5.9%
Households			
2030 Projection	2,381	29,965	61,862
2025 Estimate	2,247	27,986	58,676
2020 Census	2,133	25,445	54,592
Percent Change: 2025 to 2030	6.0%	7.1%	5.4%
Percent Change: 2020 to 2025	5.3%	10.0%	7.5%
Income			
2025 Est. Average Household Income	\$222,524	\$167,154	\$175,479
2025 Est. Median Household Income	171,805	112,685	120,335
2025 Est. Civ. Employed Pop 16+ by Occupation			
Architecture/Engineering	45	795	1,623
Arts/Design/Entertainment/Sports/Media	47	997	2,090
Building/Grounds Cleaning/Maintenance	25	473	959
Business/Financial Operations	401	3,729	7,408
Community/Social Services	87	390	836
Computer/Mathematical	41	2,323	5,026
Construction/Extraction	14	381	860
Education/Training/Library	92	1,041	3,132
Farming/Fishing/Forestry	1	3	24
Food Preparation/Serving Related	144	1,290	2,875
Healthcare Practitioner/Technician	411	3,294	6,253
Healthcare Support	1	426	843
Installation/Maintenance/Repair	0	194	838
Legal	133	544	1,288
Life/Physical/Social Science	27	255	536
Management	888	7,373	15,157
Office/Administrative Support	203	2,591	5,584
Production	10	386	806
Protective Services	1	170	455
Sales/Related	527	4,709	9,141
Personal Care/Service	28	601	1,473
Transportation/Material Moving	11	828	2,181

Source: Environics Analytics

This source reports a population of 131,133 and 58,676 households within a five-mile radius of the subject site. The average household income within this radius is reported at \$175,479, while the median is \$120,335.

Unemployment Statistics

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

FIGURE 4-7 UNEMPLOYMENT STATISTICS

Year	County	MSA	State	U.S.
2015	5.1 %	5.2 %	6.1 %	5.3 %
2016	4.6	4.6	5.4	4.9
2017	4.2	4.2	4.9	4.4
2018	4.1	4.1	4.7	3.9
2019	4.0	4.1	4.7	3.7
2020	7.2	7.3	7.8	8.1
2021	4.6	4.6	5.0	5.4
2022	3.3	3.3	3.8	3.6
2023	3.2	3.2	3.7	3.6
2024	3.1	3.2	3.6	4.0
<i>Recent Month - May</i>				
2023	3.2 %	3.2 %	3.7 %	3.7 %
2024	2.9	2.9	3.3	4.0

Source: U.S. Bureau of Labor Statistics

Prior to the pandemic, U.S. unemployment levels were firmly below the 4.6% level recorded in 2006 and 2007, the peak years of the economic cycle prior to the Great Recession. The national unemployment rate during the months leading up to the COVID-19 pandemic were in the 3.5%–3.7% range, reflecting a trend of stability and strength. However, in April 2020, after the onset of the pandemic, unemployment rose to 14.7%, while employment dropped by 20.7 million. Steady gains in employment have been registered since that time; most recently, the national unemployment rate was 4.1% in June 2025. Rises in employment of 158,000, 144,000, and 147,000 people were registered in April, May, and June, respectively. In June, the most significant gains were reported in the state government and healthcare sectors, whereas federal government employment continued to decline.

Locally, the unemployment rate was 3.1% in 2024; for this same area in 2024, the most recent month’s unemployment rate was registered at 2.9%, versus 3.2% for the same month in 2023. As illustrated in the foregoing table, unemployment declined in 2016, and this positive trend generally continued through 2019. Economic development officials noted that local employment remained strong within the finance industry and the hospitality and healthcare sectors during that

Major Business and Industry

period. However, unemployment data from 2020 illustrate a sharp increase given the effects of the COVID-19 pandemic and related global economic crisis, which included massive furloughs/layoffs. Unemployment then declined in 2021 as the economy began to rebound, and this trend continued through 2023 given the strengthening economic conditions. The latest 2024 and 2025 data indicate that the local unemployment rate has stabilized in the low 3.0% range, which is stronger than the pre-pandemic level. The initial construction and planning of two major semiconductor plants throughout the metro area are contributing to low unemployment and economic growth. Upon completion within the next ten years, both projects are planned to create roughly 10,000 jobs and billions of dollars of investment in the community.

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

FIGURE 4-8 MAJOR EMPLOYERS

Rank	Employer	Number of Employees
1	HonorHealth	7,459
2	Vanguard	3,133
3	Scottsdale Unified School District	2,753
4	City of Scottsdale	2,719
5	General Dynamics	2,565
6	Axon	1,752
7	Mayo Clinic	1,559
8	Fairmont Scottsdale Princess	1,410
9	CVS Health	1,345
10	Nationwide	1,284

Source: Experience Scottsdale, 2024

North Scottsdale/North Phoenix continues to evolve as one of the Valley's most dynamic submarkets, driven by healthcare innovation, upscale residential growth, and major mixed-use developments. Anchored by the Mayo Clinic campus—which is undergoing a \$748-million expansion to double its size and add thousands of high-paying jobs—the area is emerging as a premier destination for medical, biotech, and research-driven industries. Desert Ridge is also home to the City North and Desert Ridge Marketplace developments, which together offer over 2 million square feet of

retail, dining, and entertainment space, drawing consistent regional visitation. North Scottsdale/North Phoenix's strategic location, highly educated workforce, superb infrastructure, and high quality of life make it an ideal location for corporate headquarters; Nationwide, Barrett-Jackson Auction Company, Discount Tire, and Axon are headquartered here. Cavasson, a large mixed-use development, is home to the recently completed Nationwide headquarters and the technology headquarters for Choice Hotels; and Meritage Homes Corporation. Meanwhile, in northern Phoenix, construction on a manufacturing plant for Taiwan Semiconductor Manufacturing Company (TSMC) is underway. TSMC broke ground on the plant in 2021, and the facility began chip production in late 2024. The project represents a more than \$65-billion investment in advanced manufacturing that will also create over 10,000 full time jobs. The Greater Phoenix economy continues to grow, with the desirability of the region driving a population and economic expansion.

Office Space Statistics

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

FIGURE 4-9 OFFICE SPACE STATISTICS – MARKET OVERVIEW

Submarket	Inventory		Occupied Office Space	Vacancy Rate	Average Asking Lease Rate
	Buildings	Square Feet			
1 Camelback	154	10,028,000	8,287,000	17.4 %	\$35.82
2 Downtown	40	6,443,000	5,035,000	21.9	33.98
3 East Central	48	2,958,000	1,947,000	34.2	26.82
4 Mesa/Chandler	206	10,673,000	8,508,000	20.3	27.34
5 North Central	57	3,506,000	2,533,000	27.8	28.56
6 Northwest	166	8,037,000	5,992,000	25.4	23.50
7 Scottsdale	294	16,905,000	12,985,000	23.2	32.99
8 Tempe	192	12,191,000	8,797,000	27.8	29.11
9 Uptown	85	9,491,000	6,298,000	33.6	\$24.92
10 West	41	1,931,000	1,365,000	29.3	\$23.97
Totals and Averages	1,283	82,163,000	61,747,000	24.8 %	\$29.62

Source: REIS Report, 4th Quarter, 2024

The greater Phoenix market comprises a total of 82.2 million square feet of office space. For the 4th Quarter of 2024, the market reported a vacancy rate of 24.8% and an average asking rent of \$29.62. The subject property is located in the Scottsdale

submarket, which houses 16,905,000 square feet of office space. The submarket's vacancy rate of 23.2% is below the overall market average. The average asking lease rate of \$32.99 is above the average for the broader market.

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

FIGURE 4-10 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER MARKET VS. SUBMARKET

Year	Phoenix Market							Scottsdale Submarket						
	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2012	71,217,000	—	53,050,000	—	25.5 %	\$22.37	—	15,466,000	—	11,460,000	—	25.9 %	\$24.61	—
2013	70,960,000	(0.4) %	53,084,000	0.1 %	25.2	22.62	1.1 %	15,466,000	0.0 %	11,723,000	2.3 %	24.2	24.57	(0.2) %
2014	71,981,000	1.4	53,955,000	1.6	25.0	23.23	2.7	15,611,000	0.9	12,036,000	2.7	22.9	25.49	3.7
2015	74,161,000	3.0	56,330,000	4.4	24.0	23.88	2.8	15,889,000	1.8	12,536,000	4.2	21.1	26.48	3.9
2016	75,070,000	1.2	57,727,000	2.5	23.1	24.78	3.8	15,912,000	0.1	12,984,000	3.6	18.4	27.73	4.7
2017	75,518,000	0.6	58,527,000	1.4	22.5	25.31	2.1	16,075,000	1.0	13,021,000	0.3	19.0	28.29	2.0
2018	76,641,000	1.5	59,659,000	1.9	22.2	26.03	2.8	16,098,000	0.1	12,878,000	(1.1)	20.0	28.99	2.5
2019	79,278,000	3.4	61,775,000	3.5	22.1	26.91	3.4	16,404,000	1.9	13,353,000	3.7	18.6	29.58	2.0
2020	80,033,000	1.0	62,672,000	1.5	21.7	27.18	1.0	16,404,000	0.0	13,341,000	(0.1)	18.7	30.19	2.1
2021	80,912,000	1.1	63,595,000	1.5	21.4	27.65	1.7	16,791,000	2.4	13,364,000	0.2	20.4	30.76	1.9
2022	81,922,000	1.2	64,604,000	1.6	21.1	28.30	2.4	16,873,000	0.5	13,660,000	2.2	19.0	31.24	1.6
2023	81,992,000	0.1	63,829,000	(1.2)	22.2	28.94	2.3	16,905,000	0.2	13,712,000	0.4	18.9	32.30	3.4
2024	82,163,000	0.2	61,747,000	(3.3)	24.8	29.62	2.3	16,905,000	0.0	12,985,000	(5.3)	23.2	32.99	2.1
Forecasts														
2025	82,537,000	0.5 %	62,149,000	0.7 %	24.7 %	30.09	1.6 %	16,905,000	0.0 %	13,345,000	2.8 %	21.1 %	33.60	1.8 %
2026	82,663,000	0.2	62,338,000	0.3	24.6	30.58	1.6	16,905,000	0.0	13,490,000	1.1	20.2	34.35	2.2
2027	82,915,000	0.3	62,858,000	0.8	24.2	31.09	1.7	16,915,000	0.1	13,625,000	1.0	19.4	35.15	2.3
2028	83,578,000	0.8	63,651,000	1.3	23.8	31.62	1.7	17,002,000	0.5	13,838,000	1.6	18.6	35.96	2.3
2029	84,055,000	0.6	64,330,000	1.1	23.5	32.16	1.7	17,049,000	0.3	14,007,000	1.2	17.8	36.83	2.4
Average Annual Compound Change														
2012 - 2024	1.2 %		1.3 %		2.4 %			0.7 %		1.0 %		2.5 %		
Forecast 2025 - 2029	0.5 %		0.9 %		1.7 %			0.2 %		1.2 %		2.3 %		

Source: REIS Report, 4th Quarter, 2024

The level of occupied office space is forecast to increase in this Phoenix market, to roughly 13,300,000 square feet in 2025. Occupied office space is projected to be 14,000,000 in 2029.

Airport Traffic

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

Phoenix Sky Harbor International Airport (PHX) is the principal gateway for the Valley of the Sun region of Arizona. The PHX Sky Train operates 24/7, free of charge, transporting passengers from the light-rail station at 44th Street and Washington to the airport terminals and parking area. The final stages of construction were completed in December 2022, providing access to the Rental Car Center. In addition, the \$590-million Terminal Modernization Program of Terminal 3 was completed in 2020. The three-phase project included a new, 15-gate concourse; a new security checkpoint; and new restaurants and bars, among other enhancements and upgrades. Terminal 2 operations were moved to the modernized Terminal 3, and Terminal 2 was demolished in 2020, with plans to replace it with new bus gates. Furthermore, an eighth concourse in Terminal 4 opened mid-June 2022. Lastly, the construction of a new, \$260-million, 2,000-foot taxiway, which will connect the north and south airfields, began in September 2024 and should be completed by 2026.

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

FIGURE 4-11 AIRPORT STATISTICS - PHOENIX SKY HARBOR INTERNATIONAL AIRPORT

Year	Passenger Traffic	Percent Change*	Percent Change**
2015	44,003,840	—	—
2016	43,383,528	(1.4) %	(1.4) %
2017	43,921,670	1.2	(0.1)
2018	44,943,686	2.3	0.7
2019	46,288,337	3.0	1.3
2020	21,928,708	(52.6)	(13.0)
2021	38,847,118	77.2	(2.1)
2022	44,401,782	14.3	0.1
2023	48,660,075	9.6	1.3
2024	52,325,266	7.5	1.9
Year-to-date, May			
2024	22,383,645	—	—
2025	22,205,931	(0.8) %	—

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

Source: Phoenix Sky Harbor International Airport

This facility recorded 52,325,266 passengers in 2024. The change in passenger traffic between 2023 and 2024 was 7.5%. The average annual change during the period shown was 1.9%. Data from 2020 illustrate a significant decline in passenger traffic given the impact of the COVID-19 pandemic. However, the 2021 data show a substantial rebound in passenger volume, mainly attributed to fewer COVID-19 restrictions in Arizona than in other states during that time, which made Phoenix more attractive to travelers. This upward trend continued through 2023, with passenger traffic surpassing the level recorded in 2019. Calendar 2024 data illustrate a continuation of this positive trend with a record level year. Year-to-date data through May 2025 indicate a slight decline in passenger traffic, largely attributed to a softening in international travel following the imposition of tariffs earlier in the year.

Tourist Attractions

The subject market benefits from a variety of tourism and leisure attractions in the area that support year-round demand. Leisure demand generators include Desert Ridge Marketplace, Scottsdale Fashion Square, Talking Stick Entertainment District, and the area's world-class resorts and golf courses. Outdoor recreation in the McDowell Sonoran Preserve and surrounding mountain ranges further enhances the area's appeal to upscale travelers and active visitors. Special events, such as MLB Spring Training, the Barrett-Jackson Classic Car Auction, and the Waste Management Phoenix Open, play a role during the market's peak season. The recent hosting of the Super Bowl in Glendale in 2023 and the NCAA Men's Final Four in 2024 further elevated the region's visibility as a premier destination for national sporting events. Phoenix continues to solidify its reputation as a hub for large-scale entertainment. Per our market interviews and research, no major changes related to these attributes of the market are expected in the near future.

Conclusion

This section discussed a wide variety of economic indicators for the market area. Greater Phoenix, including Scottsdale, has experienced a period of economic strength over the past several years, led by the financial industry and the higher-education and healthcare sectors. The area also benefits from its reputation as a tourist destination and its variety of popular events throughout the year. Furthermore, many of the corporations and institutions that support this area, including Mayo Clinic, Nationwide Insurance, GoDaddy, Vanguard, and General Dynamics are renowned entities working with a multitude of clients. Growth has resumed in the market following the impact of the pandemic, as evidenced by hiring trends, notable expansions, and continued residential developments to support the ongoing population growth. Moreover, the outlook for the market area is positive given the number of new developments and companies/entities relocating to the area, as well as the return of popular peak-season events and the area's reputation as one of the nation's premier meeting destinations.

5. Supply and Demand Analysis

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

Definition of Subject Hotel Market

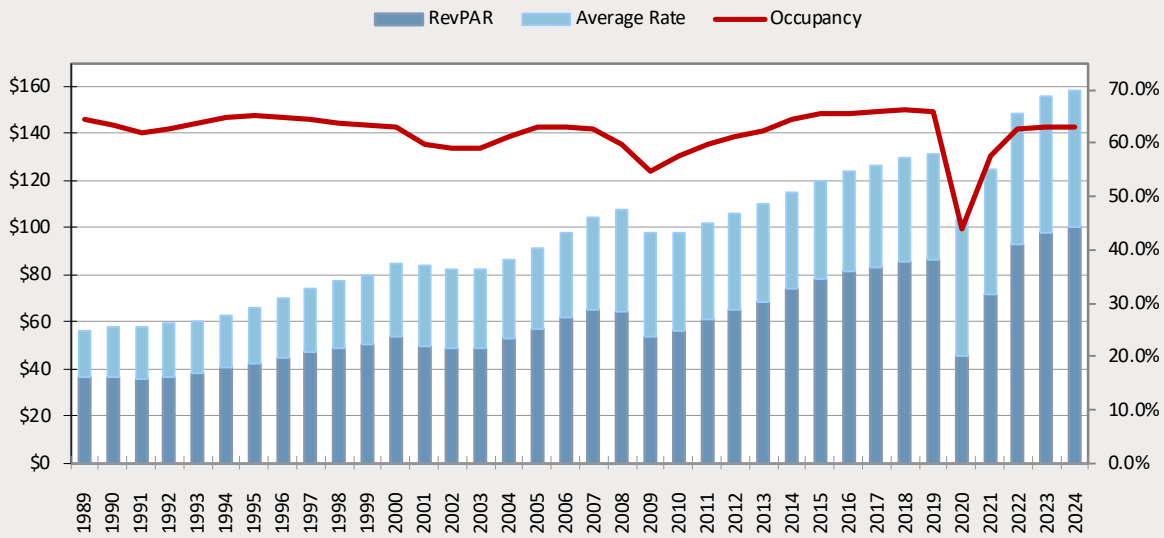
The subject site is located in the greater Scottsdale lodging market. Within this greater market, the proposed subject hotel will compete with a smaller set of hotels based on various factors, such as location, price point, and product type.

National Trends Overview

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

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

FIGURE 5-1 NATIONAL OCCUPANCY, ADR, AND REVPAR TRENDS



Source: STR

The preceding chart illustrates the impact of the recessions of the early 1990s, 2000s, the financial crisis of 2008/09, and the 2020/21 pandemic on the U.S. lodging industry. In each case, the downturn caused lodging demand to drop, resulting in an occupancy decline. The aggregate ADR also fell, as hoteliers used price as a marketing tool to attract demand and support occupancy levels. As occupancy recovered, ADR growth resumed, although the ADR recovery lagged somewhat behind occupancy levels, as price discounts contributed to the initial recovery of demand. Following the financial crisis of the Great Recession, occupancy fell by over eight points, and ADR declined by 5.9%, resulting in an 18.3% decrease in RevPAR. The market recovered steadily thereafter, with occupancy surpassing the 65.0% mark in 2015, and ADR also consistently growing, albeit at a decelerating pace.

FIGURE 5-2 NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy					Average Rate					RevPAR				
	2019	2021	2022	2023	2024	2019	2021	2022	2023	2024	2019	2021	2022	2023	2024
United States	66.0 %	57.5 %	62.6 %	63.0 %	63.0 %	\$131.23	\$124.96	\$149.24	\$156.00	\$158.67	\$86.64	\$71.88	\$93.39	\$98.22	\$99.94
Region															
New England	64.7 %	55.5 %	63.4 %	63.3 %	64.1 %	\$161.08	\$155.80	\$179.29	\$190.86	\$195.48	\$104.25	\$86.54	\$113.78	\$120.86	\$125.36
Middle Atlantic	69.0	55.2	62.6	65.0	66.3	166.27	144.08	179.82	192.15	200.48	114.81	79.56	112.48	124.96	132.92
South Atlantic	67.5	59.8	64.7	64.5	64.9	128.41	130.45	152.61	156.33	157.87	86.68	77.95	98.70	100.89	102.51
E. North Central	61.1	52.3	57.2	57.5	57.9	112.64	105.25	123.33	129.12	133.91	68.82	55.09	70.52	74.26	77.48
E. South Central	62.4	59.5	61.0	61.0	59.1	103.58	104.70	119.73	126.05	127.25	64.61	62.30	73.04	76.88	75.17
W. North Central	58.3	51.0	55.3	56.1	55.7	99.28	97.34	109.00	115.04	118.30	57.88	49.68	60.27	64.51	65.89
W. South Central	62.6	58.1	59.9	60.2	60.2	101.84	95.75	112.13	116.19	119.69	63.77	55.64	67.20	69.92	72.09
Mountain	66.9	59.3	66.3	67.2	66.1	121.89	125.74	153.87	166.61	169.15	81.54	74.59	101.94	111.97	111.85
Pacific	73.6	60.2	66.9	66.6	66.7	171.40	157.79	190.58	196.22	194.67	126.16	95.00	127.42	130.67	129.89
Class															
Luxury	70.9 %	52.5 %	65.3 %	66.0 %	66.7 %	\$304.11	\$322.00	\$376.48	\$384.66	\$387.74	\$215.73	\$168.95	\$245.93	\$153.96	\$258.56
Upper-Upscale	72.6	50.0	63.4	67.1	67.6	188.24	175.05	213.96	221.11	223.88	136.67	87.49	135.70	148.29	151.46
Upscale	71.5	59.3	66.8	68.7	69.1	143.60	132.34	156.30	163.81	166.20	102.68	78.42	104.39	112.53	114.80
Upper-Midscale	67.5	61.2	65.7	65.8	65.7	115.91	114.14	128.53	133.40	135.01	78.20	69.83	84.50	87.73	88.68
Midscale	59.5	56.8	59.7	58.7	58.4	95.82	98.83	100.19	101.41	101.85	57.03	56.10	59.83	59.57	59.46
Economy	59.4	58.7	56.4	54.3	53.5	75.50	76.14	77.65	79.32	78.90	44.83	44.72	43.80	43.04	42.24
Location															
Urban	73.2 %	51.8 %	63.3 %	66.4 %	67.5 %	\$183.20	\$152.81	\$196.47	\$207.36	\$213.04	\$134.12	\$79.12	\$124.44	\$137.66	\$143.84
Suburban	66.7	59.9	63.8	63.4	63.6	111.26	104.93	126.13	126.32	127.97	74.24	62.90	80.45	80.06	81.34
Airport	73.7	60.3	67.9	69.5	69.4	119.22	104.82	126.57	134.50	135.87	87.85	63.18	85.91	93.43	94.36
Interstate	57.9	57.8	58.5	57.7	57.1	87.86	92.22	100.90	106.58	108.69	50.85	53.31	59.04	61.54	62.01
Resort	70.0	57.7	66.8	68.6	67.8	182.74	209.77	236.76	238.86	239.05	127.85	121.06	158.20	163.82	162.10
Small Town	57.8	56.7	57.5	55.8	55.4	107.26	116.96	124.72	133.63	136.86	61.98	66.34	71.72	74.63	75.86
Chain Scale															
Luxury	73.8 %	48.0 %	63.1 %	65.8 %	67.7 %	\$343.02	\$383.48	\$435.46	\$427.97	\$426.43	\$253.17	\$184.12	\$274.64	\$281.53	\$288.49
Upper-Upscale	73.9	48.7	63.9	67.7	68.5	189.25	176.66	215.96	223.19	226.90	139.80	86.11	138.05	151.12	155.53
Upscale	72.6	59.6	67.4	69.2	69.5	142.38	128.62	155.28	161.85	164.20	103.32	76.68	104.58	112.00	114.20
Upper-Midscale	67.5	61.6	65.8	66.1	66.0	112.80	111.14	127.56	132.16	133.95	76.14	68.47	83.93	87.34	88.44
Midscale	58.1	56.5	60.1	59.0	58.7	86.61	89.48	95.19	95.94	96.69	50.30	50.59	57.18	56.65	56.77
Economy	58.7	59.7	57.2	55.0	54.4	63.70	66.88	72.24	72.69	72.12	37.36	39.90	41.34	40.00	39.26
Independents	63.5	56.9	60.0	59.2	58.6	133.08	137.44	155.20	162.24	163.39	84.44	78.24	93.05	96.00	95.81

Source: Year-End STR Lodging Reviews

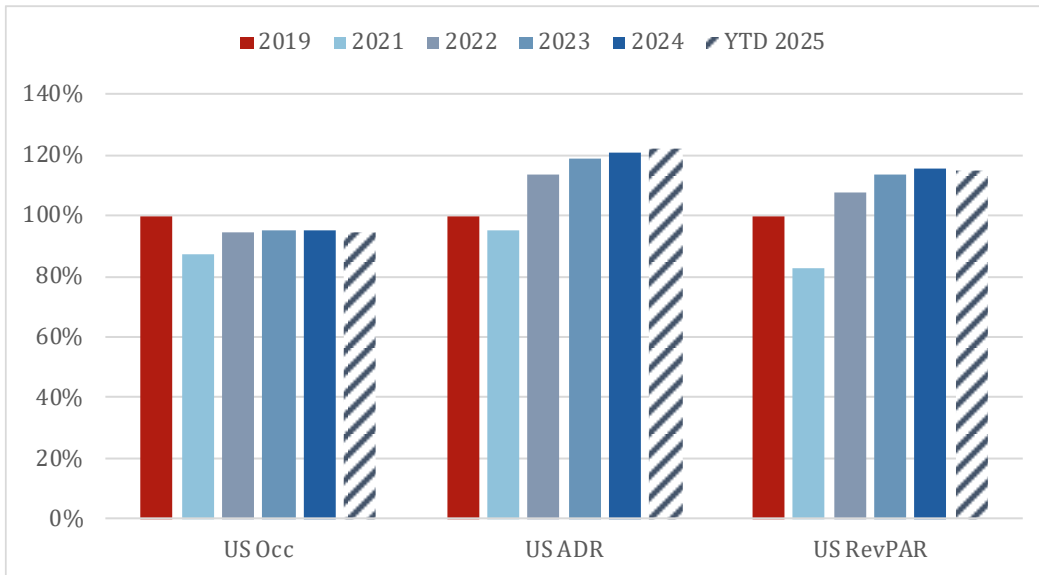
FIGURE 5-3 RECENT NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy - YTD June			Average Rate - YTD June			RevPAR - YTD June			Percent Change	
	2024	2025	% Change	2024	2025	% Change	2024	2025	% Change	Rms. Avail.	Rms. Sold
United States	62.6 %	62.2 %	(0.4) %	\$157.98	\$160.12	1.4 %	\$98.83	\$99.58	0.8 %	0.7 %	0.1 %
Region											
New England	60.2 %	59.3 %	(1.6) %	\$178.45	\$179.56	0.6 %	\$107.49	\$106.41	(1.0) %	0.5 %	(1.1) %
Middle Atlantic	63.2	63.3	0.2	183.59	189.62	3.3	116.05	120.11	3.5	0.5	0.7
South Atlantic	65.9	66.0	0.2	165.23	169.80	2.8	108.88	112.14	3.0	1.0	1.2
E. North Central	55.4	55.9	1.0	127.58	129.39	1.4	70.66	72.35	2.4	0.7	1.7
E. South Central	59.7	58.7	(1.6)	127.00	126.15	(0.7)	75.83	74.09	(2.3)	2.0	0.3
W. North Central	53.9	54.0	0.1	116.41	117.58	1.0	62.73	63.45	1.2	0.0	0.2
W. South Central	61.7	60.2	(2.4)	120.85	123.27	2.0	74.55	74.23	(0.4)	0.8	(1.6)
Mountain	67.0	64.6	(3.5)	175.52	171.47	(2.3)	117.55	110.77	(5.8)	0.4	(3.1)
Pacific	65.6	66.2	0.9	192.99	195.24	1.2	126.56	129.24	2.1	0.3	1.2
Class											
Luxury	66.9 %	67.1 %	0.2 %	\$385.56	\$397.64	3.1 %	\$258.11	\$266.74	3.3 %	2.7 %	2.9 %
Upper-Upscale	67.9	67.7	(0.3)	223.96	227.27	1.5	151.92	153.84	1.3	0.4	0.2
Upscale	68.9	68.5	(0.6)	165.12	165.01	(0.1)	113.84	113.07	(0.7)	1.3	0.7
Upper-Midscale	65.2	64.5	(1.1)	133.96	134.17	0.2	87.31	86.55	(0.9)	1.7	0.6
Midscale	57.5	57.0	(0.9)	99.53	98.97	(0.6)	57.23	56.41	(1.4)	0.5	(0.4)
Economy	52.5	52.1	(0.8)	76.57	76.31	(0.3)	40.22	39.76	(1.2)	(1.0)	(1.8)
Location											
Urban	67.0 %	66.9 %	(0.1) %	\$206.66	\$212.24	2.7 %	\$138.40	\$141.99	2.6 %	1.1 %	1.0 %
Suburban	63.2	62.7	(0.7)	126.85	128.17	1.0	80.15	80.42	0.3	1.0	0.3
Airport	69.8	69.1	(1.1)	136.24	136.78	0.4	95.16	94.51	(0.7)	0.4	(0.7)
Interstate	56.0	56.0	(0.1)	106.48	107.57	1.0	59.64	60.19	0.9	0.8	0.7
Resort	69.8	68.6	(1.7)	251.03	253.73	1.1	175.28	174.18	(0.6)	(0.1)	(1.8)
Small Town	53.4	53.3	(0.1)	129.72	131.63	1.5	69.25	70.22	1.4	0.4	0.3
Chain Scale											
Luxury	68.3 %	68.5 %	0.4 %	\$422.01	\$445.18	5.5 %	\$288.07	\$304.97	5.9 %	4.8 %	5.2 %
Upper-Upscale	69.0	69.1	0.1	228.06	231.55	1.5	157.42	159.95	1.6	1.5	1.6
Upscale	69.5	69.1	(0.6)	163.21	164.12	0.6	113.44	113.39	0.0	1.3	0.7
Upper-Midscale	65.7	65.0	(1.0)	133.04	133.71	0.5	87.36	86.93	(0.5)	1.7	0.7
Midscale	57.9	57.6	(0.5)	95.01	95.44	0.4	55.04	55.00	(0.1)	2.7	2.2
Economy	53.7	53.3	(0.7)	70.46	70.49	0.0	37.84	37.59	(0.7)	(1.6)	(2.3)
Independents	57.7	57.1	(1.1)	162.14	162.20	0.0	93.56	92.58	(1.0)	(0.9)	(2.0)

Source: STR - June 2025 Lodging Review

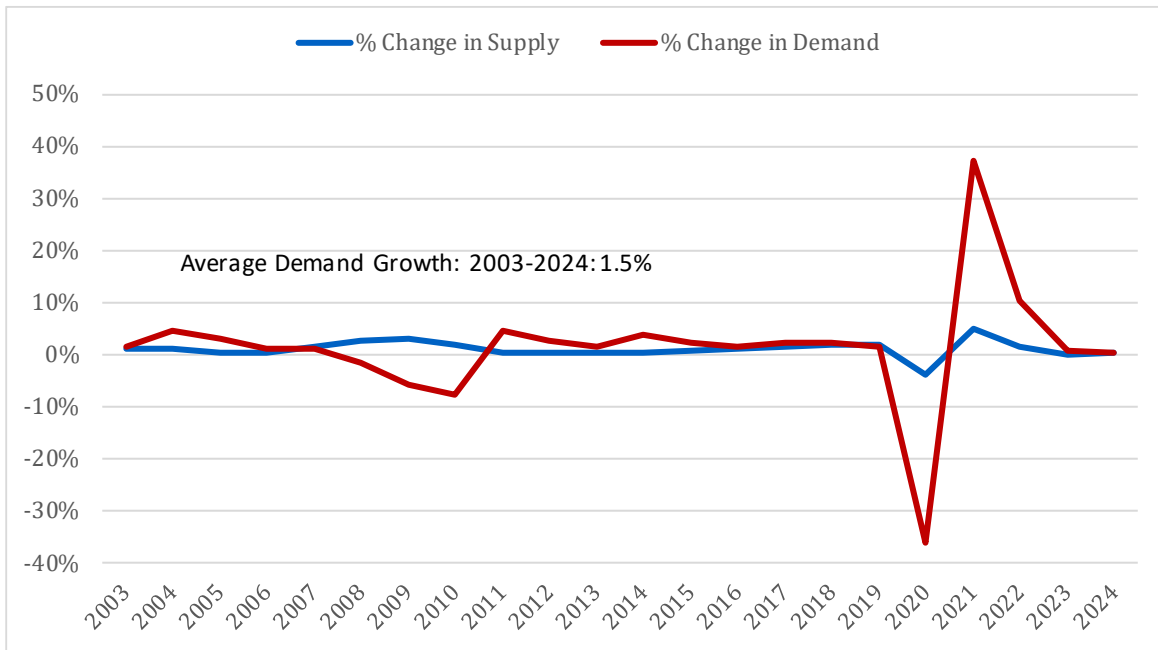
The following graph illustrates the performance of the U.S. lodging industry from 2019 through year-to-date 2025, expressed as a percentage of 2019 levels of occupancy, ADR and RevPAR, demonstrating the pace and pattern of the recovery.

FIGURE 5-4 NATIONAL PERFORMANCE COMPARED TO 2019 LEVELS



A lodging market's performance is influenced by changes in supply and demand levels. The following graph illustrates the percentage change in these two metrics for the U.S. lodging industry as a whole since 2003, as reported by STR.

FIGURE 5-5 HISTORICAL CHANGES IN SUPPLY AND DEMAND – U.S. LODGING INDUSTRY



Source: STR

Excluding fluctuations due to the Great Recession in 2008/09 and the pandemic from 2020 to 2022, supply growth ranged between 0.4% to 2.0%, averaging 1.1% in these years. The pace of supply growth slowed significantly in the two to three years following the downturns in 2001/02, 2008/09, and 2020/21, reflecting the decline in new project-starts during these periods. As the market moved out of these cycles, supply growth accelerated. The impact of the pandemic caused a decline in supply, as hotels temporarily suspended operations or closed, in many cases for conversion to alternate use. The reopening of the temporarily closed properties caused an artificial spike in supply growth. Supply growth in 2023 through early 2025 reflects the high cost of construction, as well as the limited availability of financing for new construction. Thus, the pace of supply growth is expected to remain muted through 2026.

The changes in demand, as measured by the number of occupied rooms, display similar patterns. The years following the noted recessionary periods reflect relatively strong growth, as the market recovered from these downturns. Excluding the years of downturn and recovery, demand growth ranged from 1.0% to 4.6%.

Historical Supply and Demand Data

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

The second chart presents the monthly data for 2019 through the year-to-date 2025 period, illustrating the fluctuations in occupancy and ADR. The impact of the pandemic and the timing and pace of the subsequent recovery are reflected in the data.

FIGURE 5-6 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change		
2012	594	216,810	—	145,726	—	67.2 %	\$282.30	—	\$189.74	—		
2013	594	216,810	0.0 %	153,629	5.4 %	70.9	286.10	1.3 %	202.72	6.8 %		
2014	594	216,810	0.0	159,848	4.0	73.7	295.60	3.3	217.93	7.5		
2015	594	216,810	0.0	153,439	(4.0)	70.8	329.67	11.5	233.31	7.1		
2016	614	224,021	3.3	160,990	4.9	71.9	335.01	1.6	240.75	3.2		
2017	952	347,633	55.2	214,505	33.2	61.7	317.22	(5.3)	195.74	(18.7)		
2018	983	358,773	3.2	245,988	14.7	68.6	328.24	3.5	225.06	15.0		
2019	999	364,635	1.6	253,456	3.0	69.5	339.57	3.4	236.03	4.9		
2020	999	364,635	0.0	146,182	(42.3)	40.1	376.66	10.9	151.00	(36.0)		
2021	999	364,635	0.0	198,877	36.0	54.5	488.44	29.7	266.40	76.4		
2022	999	364,635	0.0	211,349	6.3	58.0	569.53	16.6	330.11	23.9		
2023	1,000	365,000	0.1	216,077	2.2	59.2	550.90	(3.3)	326.13	(1.2)		
2024	1,000	365,000	0.0	225,498	4.4	61.8	516.08	(6.3)	318.84	(2.2)		
Year-to-Date Through April												
2024	1,000	120,000	—	84,970	—	70.8	\$667.73	—	\$472.81	—		
2025	1,000	120,000	0.0 %	89,309	5.1 %	74.4	647.85	(3.0) %	482.16	2.0 %		
Average Annual Compounded Change:												
2012 – 2019			7.7 %	2012 – 2019			8.2 %	2012 – 2019			2.7 %	3.2 %
2012 – 2024			4.4	2012 – 2024			3.7	2012 – 2024			5.2	4.4
Hotels Included in Sample	Class	Number of Rooms	Year Affiliated	Year Opened	Comments							
Royal Palms Resort and Spa	Luxury Class	119	May 2020	Jun 1948	Closed for one month in Apr '20 (COVID)							
Sanctuary Camelback Mountain	Luxury Class	110	Mar 2001	Jun 1970	Added 1 room in Jan '23							
Boulders Resort & Spa, Curio Collection by Hilton	Upper Upscale Class	160	Apr 2015	Jun 1985								
Four Seasons Scottsdale	Luxury Class	210	Dec 1999	Dec 1999								
Andaz Scottsdale Resort & Bungalows	Luxury Class	185	Dec 2016	Dec 2016								
Mountain Shadows	Luxury Class	216	Mar 2017	Mar 2017	Added 18 rooms in Jan '19							
1,000												

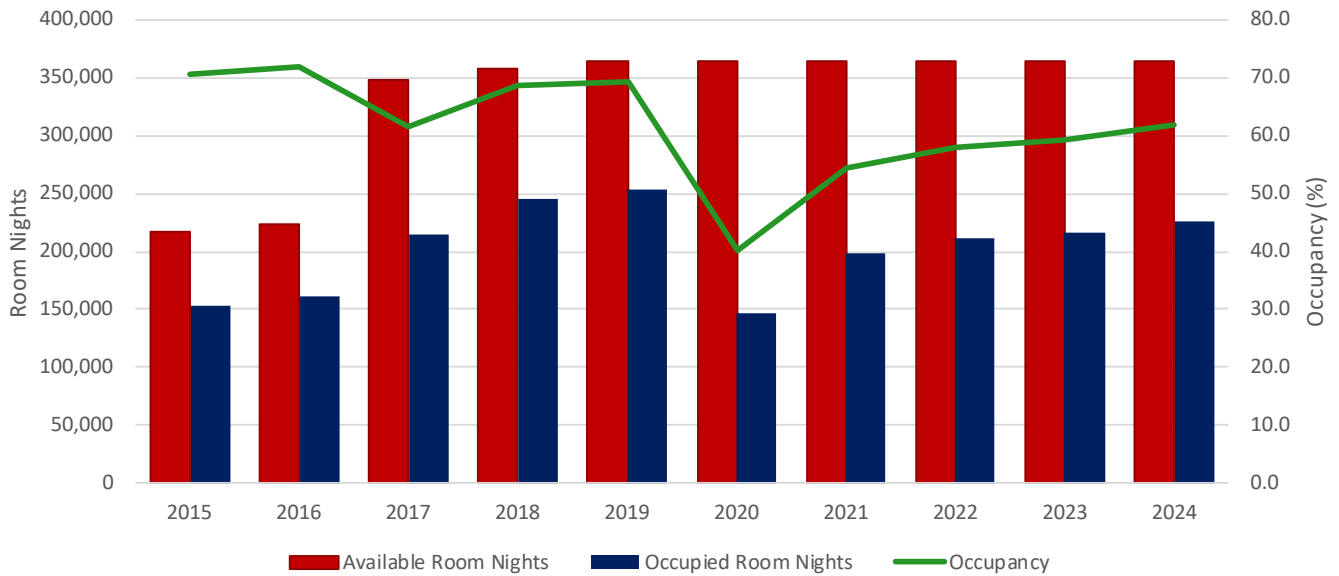
Source: STR

FIGURE 5-7 HISTORICAL SUPPLY AND DEMAND TRENDS (MONTHLY)

Month	2019		2020		2021		2022		2023		2024		2025	
	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR
January	69.5 %	\$398.43	75.2 %	\$412.93	32.5 %	\$456.27	44.0 %	\$625.89	54.9 %	\$561.84	61.1 %	\$573.28	68.4 %	\$546.49
February	83.6	448.25	79.7	471.01	46.6	525.50	72.6	682.19	69.5	942.62	70.8	697.85	78.8	686.95
March	79.0	516.65	32.0	495.69	66.7	582.66	77.7	784.30	71.6	766.66	74.7	753.46	78.0	712.17
April	76.4	422.07	4.0	310.96	65.7	547.53	73.4	717.33	66.4	642.32	76.8	633.22	72.8	635.53
May	73.9	298.76	22.1	291.15	55.8	496.26	61.8	533.41	60.8	513.57	63.5	473.24	—	—
June	66.1	184.92	39.3	261.46	52.6	361.75	50.7	353.37	50.5	321.39	47.2	279.06	—	—
July	55.2	174.75	24.9	237.37	42.9	314.92	35.7	306.08	46.7	255.80	42.6	234.98	—	—
August	67.1	179.36	32.1	241.37	42.1	318.99	40.5	287.07	46.2	254.12	49.0	234.84	—	—
September	60.4	279.65	38.9	304.94	56.4	434.27	51.2	450.78	54.9	412.89	55.8	405.13	—	—
October	71.2	372.27	45.5	396.23	66.3	548.78	66.8	592.27	64.1	602.66	68.2	585.48	—	—
November	70.6	367.41	48.1	404.69	70.2	580.29	66.5	607.30	69.5	575.77	68.0	541.88	—	—
December	62.4	333.65	42.2	412.24	56.8	536.92	56.4	544.08	56.4	493.70	64.5	474.46	—	—
Annual Averages	69.5 %	\$339.57	40.1 %	\$376.66	54.5 %	\$488.44	58.0 %	\$569.53	59.2 %	\$550.90	61.8 %	\$516.08	—	—
Year-to-Date	77.0 %	\$448.28	47.3 %	\$448.06	52.9 %	\$539.99	66.7 %	\$712.99	65.5 %	\$734.37	70.8 %	\$667.73	74.4 %	\$647.85
Change from Prior Year	2019		2020		2021		2022		2023		2024		2025	
	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR
January	69.5 pts	459.9 %	5.7 pts	3.6 %	-42.8 pts	10.5 %	11.5 pts	37.2 %	10.9 pts	-10.2 %	6.2 pts	2.0 %	7.3 pts	-4.7 %
February	83.6	425.2	-3.9	5.1	-33.1	11.6	26.0	29.8	-3.1	38.2	1.3	-26.0	8.0	-1.6
March	79.0	496.2	-47.0	-4.1	34.7	17.5	11.0	34.6	-6.0	-2.2	3.1	-1.7	3.3	-5.5
April	76.4	427.8	-72.4	-26.3	61.7	76.1	7.7	31.0	-7.0	-10.5	10.4	-1.4	-4.0	0.4
May	73.9	331.4	-51.8	-2.5	33.7	70.4	5.9	7.5	-1.0	-3.7	2.7	-7.9	—	—
June	66.1	206.6	-26.8	41.4	13.4	38.4	-2.0	-2.3	-0.2	-9.0	-3.2	-13.2	—	—
July	55.2	257.3	-30.3	35.8	18.0	32.7	-7.2	-2.8	10.9	-16.4	-4.1	-8.1	—	—
August	67.1	233.2	-35.0	34.6	10.0	32.2	-1.6	-10.0	5.7	-11.5	2.8	-7.6	—	—
September	60.4	348.6	-21.5	9.0	17.6	42.4	-5.2	3.8	3.7	-8.4	0.9	-1.9	—	—
October	71.2	399.1	-25.7	6.4	20.8	38.5	0.6	7.9	-2.7	1.8	4.1	-2.9	—	—
November	70.6	391.1	-22.5	10.1	22.1	43.4	-3.7	4.7	3.1	-5.2	-1.6	-5.9	—	—
December	62.4	479.6	-20.2	23.6	14.7	30.2	-0.4	1.3	0.0	-9.3	8.0	-3.9	—	—
Annual Change	69.5 pts	395.3 %	-29.4 pts	10.9 %	14.5 pts	29.7 %	3.4 pts	16.6 %	1.2 pts	-3.3 %	2.6 pts	-6.3 %	—	—
Year-to-Date	77.0	455.7 %	-29.7	0.0 %	5.6	20.5 %	13.8	32.0	-1.2	3.0	5.3	-9.1	3.6 pts	-3.0 %

Source: STR

FIGURE 5-8 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)



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

The STR data for the competitive set reflect a market-wide occupancy level of 2024 in 61.8%, which compares to 59.2% for 2023. The STR data for the competitive set reflect a market-wide ADR level of \$516.08 in 2024, which compares to \$550.90 for 2023. These occupancy and ADR trends resulted in a RevPAR level of \$318.84 in 2024.

In the latter years of the last decade, occupancy bracketed 69.0%, with ADR having surpassed the \$339 mark in 2019, as the market benefited from favorable economic conditions and heightened travel. In 2020, the COVID-19 pandemic affected the market, similar to the rest of the nation; however, a rebound commenced in the third quarter of 2020, with the occupancy and ADR recovery extending through 2022. Heightened inflation in 2021 and 2022 also contributed to ADR growth for this competitive set. Year-end data for both 2023 and 2024 reflect occupancy levels in

the high 50s to low 60s, supported by robust demand largely driven by the Super Bowl held in nearby Glendale in February 2023, along with other major events in the market. Continued pent-up leisure demand and the rebooking of deferred corporate travel following the pandemic also contributed to an increase in demand during this period. Occupancy levels are trending much lower than pre-pandemic levels for this competitive set given the significant increase in ADR over the last few years. ADR growth began to normalize in 2023 and 2024, declining from the heightened levels of years prior, but remaining nevertheless favorable by year-end 2024. Year-to-date 2025 data show a slight improvement in occupancy and continued decline in ADR as resorts adjusted pricing in the first quarter to sustain demand amid uncertainty surrounding international and group travel. Nevertheless, the overall outlook is optimistic given the dynamics of this market, the continued popularity of Scottsdale, the wide array of high-caliber properties, and growth of the city from a population and tourism destination.

The following table illustrates the monthly occupancy, ADR, and RevPAR for the competitive set measured as a percentage of 2019 levels.

FIGURE 5-9 OCCUPANCY, ADR, AND REVPAR AS A PERCENTAGE OF 2019 LEVELS

	2022			2023			2024			2025		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
January	63.2 %	157.1 %	99.3 %	79.0 %	141.0 %	111.4 %	87.9 %	143.9 %	126.4 %	98.4 %	137.2 %	135.0 %
February	86.9	152.2	132.2	83.1	210.3	174.8	84.7	155.7	131.9	94.3	153.3	144.5
March	98.3	151.8	149.2	90.6	148.4	134.5	94.6	145.8	137.9	98.7	137.8	136.0
April	96.1	170.0	163.4	86.9	152.2	132.3	100.5	150.0	150.8	95.3	150.6	143.6
May	83.6	178.5	149.2	82.3	171.9	141.4	86.0	158.4	136.2	—	—	—
June	76.7	191.1	146.5	76.3	173.8	132.7	71.5	150.9	107.9	—	—	—
July	64.7	175.2	113.3	84.5	146.4	123.7	77.2	134.5	103.7	—	—	—
August	60.4	160.1	96.6	68.9	141.7	97.6	73.1	130.9	95.7	—	—	—
September	84.8	161.2	136.8	90.9	147.6	134.2	92.5	144.9	134.0	—	—	—
October	93.9	159.1	149.4	90.1	161.9	145.8	95.8	157.3	150.7	—	—	—
November	94.2	165.3	155.7	98.5	156.7	154.4	96.3	147.5	142.0	—	—	—
December	90.4	163.1	147.4	90.4	148.0	133.8	103.3	142.2	146.9	—	—	—
Annual Averages	83.4 %	167.7 %	139.9 %	85.2 %	162.2 %	138.2 %	88.9 %	152.0 %	135.1 %	—	—	—
Year-to-Date	86.7	159.1	137.9	85.1	163.8	139.4	92.0	149.0	137.0	96.7 %	144.5 %	139.7 %

Source: STR

SUPPLY

The following table summarizes the important operating characteristics of the primary competitors. This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data.

In cases where exact operating data for an individual property (or properties) were not available, we have used these resources, as well as the STR data, to estimate positioning within the market.

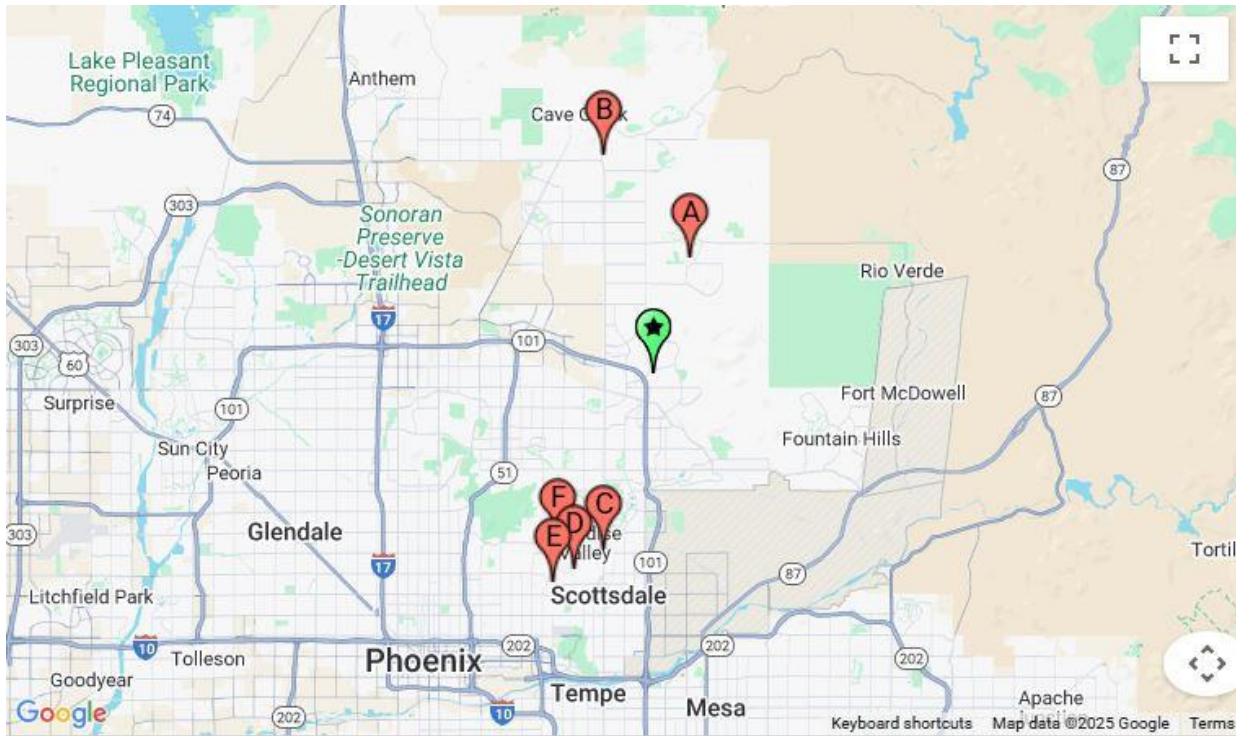
FIGURE 5-10 COMPETITORS – OPERATING PERFORMANCE

Property	Est. Segmentation			Estimated 2023				Estimated 2024					
	Number of Rooms	Transient	Group	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Four Seasons Scottsdale at Troon North	210	50 %	50 %	210	45 - 50 %	\$950 - \$975	\$450 - \$475	210	55 - 60 %	\$900 - \$925	\$525 - \$550	90 - 95 %	160 - 170 %
Boulders Resort & Spa	160	60	40	160	65 - 70	350 - 375	240 - 250	160	60 - 65	325 - 350	200 - 210	100 - 110	60 - 65
Andaz Scottsdale Resort & Bungalows	185	65	35	185	55 - 60	450 - 475	260 - 270	185	65 - 70	525 - 550	350 - 375	100 - 110	110 - 120
Sanctuary on Camelback Mountain	110	70	30	110	65 - 70	700 - 725	475 - 500	110	60 - 65	500 - 525	300 - 325	100 - 110	95 - 100
Unbound Collection Royal Palms Resort & Spa	119	50	50	119	60 - 65	500 - 525	325 - 350	119	65 - 70	450 - 475	300 - 325	110 - 120	95 - 100
Mountain Shadows Resort Paradise Valley	216	55	45	216	55 - 60	375 - 400	220 - 230	216	50 - 55	280 - 290	150 - 160	85 - 90	45 - 50
Totals/Averages	1,000	58 %	42 %	1,000	59.2 %	\$550.91	\$326.29	1,000	61.8 %	\$516.11	\$319	100 %	100.0 %

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

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

MAP OF COMPETITION



- | | | | |
|---|---|---|---|
|  | Proposed Luxury Boutique Hotel Scottsdale |  | Sanctuary on Camelback Mountain |
|  | Four Seasons Scottsdale at Troon North |  | Unbound Collection Royal Palms Resort & Spa |
|  | Boulders Resort & Spa |  | Mountain Shadows Resort Paradise Valley |
|  | Andaz Scottsdale Resort & Bungalows | | |

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel’s operating performance. Hotels that have recently opened, are under construction, or that may be in the early development stages in the Scottsdale market are noted below. The list is categorized by the principal submarkets within the city.

FIGURE 5-11 AREA DEVELOPMENT ACTIVITY

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening	Address
Desert Ridge Area					
Proposed AC by Marriott (Dual-Brand)	142	Upscale	Seeking Financing	Q1 '27	TBD (Lot 1 Parcel A - CityNorth), Phoenix
Proposed Element by Westin (Dual-Brand)	98	Upscale	Seeking Financing	Q1 '27	TBD (Lot 1 Parcel A - CityNorth), Phoenix
North Scottsdale					
Proposed FIRA, an Unbound Collection by Hyatt Hotel	140	Luxury	Early Development	Q3 '27	18211 North Pima Road, Scottsdale
Reverb by Hard Rock	195	Upscale	Site Work Underway	Q1 '27	90th Street and Loop 101 Freeway, Scottsdale
Tapestry by Hilton	119	Upscale	Seeking Financing	Q1 '27	9090 East Horseshoe Road, Scottsdale
The Parque	223	TBD	Approved	TBD	16001 North Scottsdale Road, Scottsdale
Scottsdale Plaza Resort (Expansion)	64	Upper-Midscale	Approved	TBD	7200 North Scottsdale Road, Scottsdale
Hotel 71 (Proposed The George Hotel)	84	TBD	Approved	TBD	7330 North Pima Road, Scottsdale
Fairmont Scottsdale Princess (Expansion)	155	Luxury	Under Review	TBD	7575 East Princess Drive, Scottsdale
Hyatt Place Scottsdale / Odyssey in the Desert	150	Upscale	Early Development	TBD	9500 East Via De Ventura, Scottsdale
Fairfield Scottsdale North	121	Upper-Midscale	Early Development	TBD	SEC of North Pima and Legacy Boulevard, Scottsdale
The Riverwalk Development Hotel	50-100	TBD	Early Development	TBD	Loop 101, South of Via de Ventura, Scottsdale
Extended-Stay Hyatt Hotel at the Arizona Boardwalk	155	TBD	Early Development	TBD	Arizona Boardwalk near OdySea, Scottsdale
Element Scottsdale North	130	Extended-Stay	Early Development	TBD	North Scottsdale Road & East Tierra, Scottsdale
Old Town & South Scottsdale					
The Remi Scottsdale, Autograph Collection by Marriott	164	Upper-Upscale	Under Construction	Q2 '25	7301 East Indian School Road, Scottsdale
SLS Scottsdale	235	Luxury	Approved	Q1 '28	4221 North Scottsdale Road, Scottsdale
AC Hotels by Marriott Phoenix Kimsey Triangle	168	Upscale	Under Construction	Q3 '26	7110 East Indian School Road, Scottsdale
Ritz-Carlton Paradise Valley Resort	215	Luxury	Under Construction	Q1 '26	Lincoln & Mockingbird Drive, Scottsdale
Smoke Tree Resort Redevelopment	82	Upscale	Early Development	Q1 '27	7101 East Lincoln Drive, Scottsdale
Trademark Collection by Wyndham Scottsdale	200	Upper-Midscale	Early Development	Q4 '27	7109 East 2nd Street, Scottsdale
Museum Square Hotel	220	Luxury	Early Development	TBD	2nd Street and Marshall Way, Scottsdale
Andaz Scottsdale Resort & Bungalows (Expansion)	82	Upscale	Early Development	Q1 '27	7101 East Lincoln Drive, Scottsdale
Country Inn & Suites	200	Upper-Midscale	Early Development	Q4 '27	7109 East 2nd Street, Scottsdale
Winfield Hotel & Residences	10	Luxury	Seeking Financing	TBD	6114 North Scottsdale Road, Scottsdale
Comfort Suites Old Town Addition	44	Midscale	Building Permit Issued	TBD	7316 East Thomas Road, Scottsdale
The Edition at Waterview	238	Luxury	Under Review	TBD	4221 North Scottsdale Road, Scottsdale
Osborn Boutique Hotel	69	Upper-Midscale	Under Review	TBD	3275 North Drinkwater Boulevard, Scottsdale
SpringHill Suites Scottsdale Northwest	254	Luxury	Under Review	TBD	7300 East Camelback Road, Scottsdale
Signia by Hilton at Talking Stick	TBD	Upper-Midscale	Under Review	TBD	7321 East Osborn Drive, Scottsdale
Southbridge 2.0 Boutique Hotel	123	Upscale	Under Review	TBD	6808 East Camelback Road, Scottsdale
Scottsdale Entrada Hotel	600	Upscale	Early Development	TBD	SWC of Hayden Road and Loop 101 Freeway, Scottsdale

Of the hotels listed in the preceding table, we have identified the following new supply that is expected to have some degree of competitive interaction with the proposed subject hotel based on location, anticipated market orientation and price point, and/or operating profile.

FIGURE 5-12 NEW SUPPLY

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Development Stage
Proposed FIRA, an Unbound Collection by Hyatt Hotel	140	100 %	140	August 1, 2027	Early Development
Ritz-Carlton Paradise Valley Resort	215	100	215	July 1, 2026	Under Construction
Totals/Averages	355		355		

The proposed Ritz-Carlton Paradise Valley Resort will be similar to the proposed subject hotel in terms of product offering and service level, to be located within eight miles of the subject site; therefore, this hotel expected to be fully competitive. This property is under construction as part of the Palmeraie mixed-use, master-planned community near the foothills of Camelback Mountain. The resort was originally proposed for development in 2008, with the project experiencing several stops and starts since that time; the 122-acre project, which will include 94 villas, broke ground in February 2018. At the time of our inspection, most structures were partially complete, and the opening date had been rescheduled to the mid-year 2026. The resort is expected to include a 16,000-square-foot spa, a 400-foot-long pool, a citrus orchard and garden, and typical luxury resort amenities. The Palmeraie community is also expected to include over 160,000 square feet of high-end boutiques and restaurants. A number of other hotels have been proposed for development throughout the market; however, given the speculative nature of these projects and chain scale, they have only been considered qualitatively in our analysis.

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

Supply Conclusion

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

DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply-and-demand analysis developed for this report.

FIGURE 5-13 HISTORICAL MARKET TRENDS

Year	Accommodated		Room Nights		Market			Market	
	Room Nights	% Change	Available	% Change	Occupancy	Market ADR	% Change	RevPAR	% Change
Est. 2019	246,353	—	364,635	—	67.6 %	\$353.76	—	\$239.00	—
Est. 2020	145,028	(41.1) %	364,635	0.0 %	39.8	383.22	8.3 %	152.42	(36.2) %
Est. 2021	198,564	36.9	364,635	0.0	54.5	490.29	27.9	266.99	75.2
Est. 2022	208,992	5.3	364,635	0.0	57.3	593.13	21.0	339.95	27.3
Est. 2023	216,179	3.4	365,000	0.1	59.2	550.91	(7.1)	326.29	(4.0)
Est. 2024	225,680	4.4	365,000	0.0	61.8	516.11	(6.3)	319.11	(2.2)
Avg. Annual Compounded									
Chg., Est. 2019-Est. 2024:		(1.7) %		0.0 %			7.8 %		6.0 %

Although not shown in the preceding table, as a point of comparison, the year-to-date 2025 STR trend data indicates a market occupancy level of 74.4% versus 70.8% for the same period of time in 2024. Moreover, ADR registered \$647.85 for the year-to-date 2025 period, reflecting a change of (3.0)% when compared with the ADR for the same period of time in 2024.

**Demand Analysis
Using Market
Segmentation**

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2024 distribution of accommodated-room-night demand as follows.

FIGURE 5-14 BASE-YEAR ACCOMMODATED-ROOM-NIGHT DEMAND

Market Segment	2024 Marketwide	
	Accommodated Demand	Percentage of Total
Transient	130,551	58 %
Group	95,128	42
Total	225,680	100 %

In the base year, the market’s demand mix comprised transient demand, with this segment representing roughly 58% of the accommodated room nights in this Scottsdale submarket. The group segment comprised 42% of the total, with the final portion in nature, reflecting 0%.

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends.

Starting with an analysis of the local area, two segments were defined as representing the proposed subject hotel’s lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

FIGURE 5-15 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate					
	2025	2026	2027	2028	2029	2030
Transient	5.0 %	10.0 %	10.0 %	8.5 %	2.0 %	0.0 %
Group	9.0	12.0	13.5	11.0	4.5	0.0
Base Demand Growth	6.7 %	10.9 %	11.5 %	9.6 %	3.1 %	0.0 %

Accommodated Demand and Market-wide Occupancy

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

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

FIGURE 5-16 FORECAST OF MARKET OCCUPANCY

	2024	2025	2026	2027	2028	2029	2030
Transient							
Total Demand	130,551	137,079	150,787	165,865	179,964	183,563	183,563
Growth Rate	—	5.0 %	10.0 %	10.0 %	8.5 %	2.0 %	0.0 %
Group							
Total Demand	95,128	103,690	116,133	131,811	146,310	152,894	152,894
Growth Rate	—	9.0 %	12.0 %	13.5 %	11.0 %	4.5 %	0.0 %
Totals							
Total Demand	225,680	240,769	266,919	297,676	326,274	336,457	336,457
Overall Demand Growth	—	6.7 %	10.9 %	11.5 %	9.6 %	3.1 %	0.0 %
Market Mix							
Transient	57.8 %	56.9 %	56.5 %	55.7 %	55.2 %	54.6 %	54.6 %
Group	42.2	43.1	43.5	44.3	44.8	45.4	45.4
Existing Hotel Supply							
Proposed Hotels	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Proposed FIRA, an Unbound Collection by Hyatt Hotel				59	140	140	140
Ritz-Carlton Paradise Valley Resort			108	215	215	215	215
Change to Existing Hotels							
Available Room Nights per Year	365,000	365,000	404,560	464,895	494,575	494,575	494,575
Nights per Year	365	365	365	365	365	365	365
Total Supply	1,000	1,000	1,108	1,274	1,355	1,355	1,355
Rooms Supply Growth		0.0 %	10.8 %	14.9 %	6.4 %	0.0 %	0.0 %
Marketwide Occupancy	61.8 %	66.0 %	66.0 %	64.0 %	66.0 %	68.0 %	68.0 %

¹ Opening in August 2027 of the 100% competitive, 140-room Proposed FIRA, an Unbound Collection by Hyatt Hotel

² Opening in July 2026 of the 100% competitive, 215-room Ritz-Carlton Paradise Valley Resort

The defined competitive hotel market experienced a favorable demand trend in 2024, with occupancy reaching the low 60s. Year-to-date 2025 performance indicates continued growth in demand, despite challenges related to international and leisure travel uncertainty during the first two quarters of the year. Overall, occupancy is expected to continue to increase given commercial growth and economic expansion. Based on historical occupancy levels in this market, and taking into consideration typical supply and demand cyclicity, market occupancy is anticipated to stabilize near the levels achieved in 2018 and 2019. This forecast also assumes that Scottsdale will continue to be a premier travel destination, with its resorts maintaining a strong reputation for hosting large-scale events.

6. Projection of Occupancy and Average Rate

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

Forecast of Subject Property's Occupancy

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

FIGURE 6-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2027	2028	2029	2030
Transient				
Demand	165,865	179,964	183,563	183,563
Market Share	5.0 %	11.7 %	12.1 %	12.5 %
Capture	8,372	21,049	22,168	22,957
Penetration	110 %	113 %	117 %	121 %
Group				
Demand	131,811	146,310	152,894	152,894
Market Share	1.8 %	5.9 %	7.1 %	8.1 %
Capture	2,419	8,637	10,832	12,363
Penetration	40 %	57 %	69 %	78 %
Total Room Nights Captured	10,791	29,685	33,000	35,320
Available Room Nights	21,420	51,100	51,100	51,100
Subject Occupancy	50 %	58 %	65 %	69 %
Market-wide Available Room Nights	464,895	494,575	494,575	494,575
Fair Share	5 %	10 %	10 %	10 %
Market-wide Occupied Room Nights	297,676	326,274	336,457	336,457
Market Share	4 %	9 %	10 %	10 %
Market-wide Occupancy	64 %	66 %	68 %	68 %
Total Penetration	79 %	88 %	95 %	102 %

Within the transient segment, the proposed subject hotel’s occupancy penetration is positioned above the market-average level, supported by its proximity to major demand generators such as the Barrett-Jackson Collector Car Auction, the WM Phoenix Open, and other high-profile facilities and events, as well as its anticipated appeal during peak weekends supported by its unique architecture and scenic views. The proposed subject hotel's occupancy penetration in the group segment is positioned below the market-average level due to its limited focus on group corporate business, which remains a key priority for many competitive hotels. While the property will feature ample meeting space, its design and branding are more aligned with a leisure-focused experience rather than serving as a primary venue for large corporate events.

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

FIGURE 6-2 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2027	2028	2029	2030
Transient Group	78 % 22	71 % 29	67 % 33	65 % 35
Total	100 %	100 %	100 %	100 %

Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 69%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the proposed subject hotel may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

Average Rate Analysis

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

FIGURE 6-3 BASE-YEAR ADR AND REVPAR OF THE COMPETITORS

Property	Estimated 2024 Average Room Rate	Average Room Rate Penetration	Occupancy	Occupancy Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Four Seasons Scottsdale at Troon North	\$900 - \$925	170 - 180 %	55 - 60 %	90 - 95 %	\$525 - \$550	160 - 170 %
Boulders Resort & Spa	325 - 350	60 - 65	60 - 65	100 - 110	200 - 210	60 - 65
Andaz Scottsdale Resort & Bungalows	525 - 550	100 - 110	65 - 70	100 - 110	350 - 375	110 - 120
Sanctuary on Camelback Mountain	500 - 525	95 - 100	60 - 65	100 - 110	300 - 325	95 - 100
Unbound Collection Royal Palms Resort & Spa	450 - 475	85 - 90	65 - 70	110 - 120	300 - 325	95 - 100
Mountain Shadows Resort Paradise Valley	280 - 290	50 - 55	50 - 55	85 - 90	150 - 160	45 - 50
Overall Average	\$516.11	100.0 %	61.8 %	100.0 %	\$319.11	100.0 %
Subject As If Stabilized (In 2024 Dollars)	\$520.00	100.8 %	62.8 %	101.6 %	\$326.67	102.4 %

We have selected the rate position of \$520.00, in base-year dollars (2024), for the proposed subject hotel. We have positioned the proposed subject hotel's stabilized ADR in the 2024 base year based on its newly constructed facilities, strong brand affiliation, and luxury architectural design, as well as its prime location. The Unbound by Hyatt Collection brand affiliation is expected to result in ADR premiums above many competitors, including Boulders Resort & Spa (Curio Collection by Hilton), Royal Palms Resort & Spa, an Unbound Collection by Hyatt hotel, and Mountain Shadows Resort. Furthermore, the proposed subject hotel will be the newest luxury hotel in the market. We have also considered the size of the hotel and expected occupancy at the hotel in our average rate analysis. Average rates for this competitive market are anticipated to continue to increase through the first projection year; thereafter, ADR growth is expected to moderate, trending in line with inflation through the stabilized year.

The following table presents the ADR forecast for the market and the proposed subject hotel on a calendar-year basis, as well as the resulting ADR penetration level. The proposed subject hotel's projected ADR (as if stabilized) is then fiscalized to correspond with the hotel's anticipated date of opening for each forecast year. Discounts of 5% and 3% have been applied to the stabilized room rates projected for the first two years of operation, as would be expected for a new property of this type as it builds its reputation and becomes established in the market.

FIGURE 6-4 ADR FORECAST – MARKET AND PROPOSED SUBJECT PROPERTY

Calendar Year	<i>Historical</i>						
	2024	2025	2026	2027	2028	2029	2030
Market ADR	\$516.11	\$505.79	\$510.84	\$521.06	\$536.69	\$552.79	\$569.38
Projected Market ADR Growth Rate		-2.0%	1.0%	2.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)	\$520.00	\$509.60	\$514.70	\$524.99	\$540.74	\$556.96	\$573.67
ADR Growth Rate		-2.0%	1.0%	2.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration	101%	101%	101%	101%	101%	101%	101%
Fiscal Year				2027/28	2028/29	2029/30	2030/31
Proposed Subject Property Average Rate				\$534.14	\$550.16	\$566.67	\$583.67
Opening Discount				5.0%	3.0%	0.0%	0.0%
Average Rate After Discount				\$507.43	\$533.66	\$566.67	\$583.67
Real Average Rate Growth				—	5.2%	6.2%	3.0%
Market ADR				\$530.14	\$546.04	\$562.42	\$579.30
Proposed Subject ADR Penetration (After Discount)				96%	98%	101%	101%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate				\$456.43	\$466.04	\$480.46	\$480.46

The proposed subject hotel’s ADR penetration level is forecast to reach 101% by the stabilized period, consistent with our stabilized ADR positioning. The following occupancies and average rates will be used to project the proposed subject hotel’s rooms revenue; this forecast reflects years beginning on August 1, 2027, which correspond with our financial projections.

FIGURE 6-5 FORECASTS OF OCCUPANCY, AVERAGE RATE, AND REVPAR

Year	Occupancy	Average Rate		Average Rate After Discount	ADR % Change	RevPAR	RevPAR % Change
		Before Discount	Discount				
2027/28	55 %	534.14	5.0 %	\$507.43	—	\$279.09	—
2028/29	62	550.16	3.0	533.66	5.2 %	330.87	18.6 %
2029/30	67	566.67	0.0	566.67	6.2	379.67	14.7
2030/31	69	583.67	0.0	583.67	3.0	402.73	6.1

7. Projection of Income and Expense

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

Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The proposed subject hotel's stabilized statement of income and expense, deflated to 2024 dollars, is also presented.

FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
Number of Rooms:	300 to 370	190 to 250	90 to 130	200 to 250	180 to 240	140
Days Open:	365	365	365	365	365	365
Occupancy:	74%	56%	66%	76%	68%	69%
Average Rate:	\$436	\$397	\$741	\$508	\$501	\$480
RevPAR:	\$321	\$224	\$488	\$385	\$339	\$332
REVENUE						
Rooms	56.7 %	45.2 %	36.8 %	64.1 %	47.9 %	56.3 %
Food & Beverage	41.3	38.5	35.9	29.8	41.8	32.8
Other Operated Departments	0.8	13.8	26.1	4.9	8.4	6.7
Miscellaneous Income	1.2	2.5	1.1	1.2	1.9	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	22.4	23.2	25.0	24.8	26.3	24.5
Food & Beverage	64.8	63.8	69.9	86.0	65.6	67.0
Other Operated Departments	18.5	41.5	55.1	10.8	40.0	75.1
Total	39.6	40.8	48.7	42.0	43.4	40.8
DEPARTMENTAL INCOME	60.4	59.2	51.3	58.0	56.6	59.2
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	7.5	7.2	7.6	8.0	8.0	8.5
Info. and Telecom. Systems	1.5	1.3	0.7	0.9	1.6	1.4
Marketing	9.7	5.4	3.0	5.6	6.9	3.3
Franchise Fee	0.0	0.0	1.0	0.0	0.5	5.1
Property Operations & Maintenance	2.8	2.3	4.0	2.9	4.0	3.5
Utilities	2.4	1.0	1.7	2.3	2.0	2.4
Total	23.9	17.2	18.0	19.7	23.0	24.2
GROSS OPERATING PROFIT	36.5	42.0	33.3	38.3	33.6	35.0
Management Fee	2.9	2.9	3.0	3.0	3.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.	33.5	39.2	30.3	35.2	30.6	32.0

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

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

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Number of Rooms:	300 to 370	190 to 250	90 to 130	200 to 250	180 to 240	140
Days Open:	365	365	365	365	365	365
Occupancy:	74%	56%	66%	76%	68%	69%
Average Rate:	\$436	\$397	\$741	\$508	\$501	\$480
RevPAR:	\$321	\$224	\$488	\$385	\$339	\$332
REVENUE						
Rooms	\$117,248	\$81,636	\$178,156	\$140,704	\$123,645	\$121,003
Food & Beverage	85,455	69,406	173,730	65,356	107,993	70,518
Other Operated Departments	1,615	24,971	126,322	10,745	21,778	14,322
Miscellaneous Income	2,432	4,459	5,326	2,602	4,826	9,188
Total	206,751	180,472	483,534	219,408	258,242	215,030
DEPARTMENTAL EXPENSES						
Rooms	26,269	18,940	44,478	34,856	32,558	29,646
Food & Beverage	55,390	44,265	121,472	56,238	70,837	47,247
Other Operated Departments	299	10,359	69,605	1,158	8,708	10,752
Total	81,957	73,564	235,555	92,251	112,102	87,645
DEPARTMENTAL INCOME						
	124,793	106,908	247,979	127,157	146,140	127,386
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	15,531	13,044	36,912	17,580	20,680	18,270
Info. and Telecom. Systems	3,202	2,311	3,495	2,022	4,172	3,045
Marketing	19,993	9,781	14,486	12,311	17,747	7,105
Franchise Fee	0	0	4,835	0	1,291	10,959
Property Operations & Maintenance	5,742	4,223	19,165	6,280	10,330	7,613
Utilities	5,047	1,731	8,247	5,140	5,150	5,075
Total	49,514	31,091	87,141	43,332	59,370	52,067
GROSS OPERATING PROFIT						
	75,279	75,817	160,838	83,825	86,770	75,319
Management Fee	5,922	5,158	14,506	6,584	7,747	6,451
INCOME BEFORE NON-OPER. INC. & EXP.						
	69,357	70,660	146,332	77,240	79,023	68,868

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

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
Number of Rooms:	300 to 370	190 to 250	90 to 130	200 to 250	180 to 240	140
Days Open:	365	365	365	365	365	365
Occupancy:	74%	56%	66%	76%	68%	69%
Average Rate:	\$436	\$397	\$741	\$508	\$501	\$480
RevPAR:	\$321	\$224	\$488	\$385	\$339	\$332
REVENUE						
Rooms	\$435.76	\$397.49	\$740.61	\$507.76	\$501.12	\$480.46
Food & Beverage	317.60	337.94	722.21	235.85	437.68	280.00
Other Operated Departments	6.00	121.58	525.13	38.78	88.27	56.87
Miscellaneous Income	9.04	21.71	22.14	9.39	19.56	36.48
Total	768.40	878.73	2,010.08	791.78	1,046.62	853.80
DEPARTMENTAL EXPENSES						
Rooms	97.63	92.22	184.90	125.78	131.95	117.71
Food & Beverage	205.86	215.53	504.97	202.95	287.09	187.60
Other Operated Departments	1.11	50.44	289.35	4.18	35.29	42.69
Total	304.60	358.19	979.22	332.91	454.34	348.00
DEPARTMENTAL INCOME						
	463.80	520.54	1,030.86	458.87	592.29	505.80
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	57.72	63.51	153.45	63.44	83.81	72.54
Info. and Telecom. Systems	11.90	11.25	14.53	7.30	16.91	12.09
Marketing	74.30	47.62	60.22	44.43	71.93	28.21
Franchise Fee	0.00	0.00	20.10	0.00	5.23	43.51
Property Operations & Maintenance	21.34	20.56	79.67	22.66	41.86	30.23
Utilities	18.76	8.43	34.28	18.55	20.87	20.15
Total	184.02	151.38	362.25	156.37	240.62	206.74
GROSS OPERATING PROFIT						
	279.78	369.16	668.62	302.50	351.67	299.06
Management Fee	22.01	25.11	60.30	23.76	31.40	25.61
INCOME BEFORE NON-OPER. INC. & EXP.						
	257.77	344.05	608.31	278.74	320.27	273.45

The departmental income of the comparable properties ranged from 51.3% to 60.4% of total revenue. Our forecast anticipates that the proposed subject hotel's departmental income will stabilize at 59.2%. The comparable properties achieved a gross operating profit (GOP) ranging from 33.3% to 42.0% of total revenue. Our forecast anticipates a stabilized GOP margin of 35.0% of total revenue.

**Inflation and
Appreciation
Assumptions**

In consideration of the trends in the Consumer Price Index (CPI), inflation factors that directly influence lodging properties, projections set forth by economists surveyed, and the Federal Reserve's target inflation rate, we have applied a 3.0% underlying inflation rate in our analysis.

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

Summary of Projections

Based on an analysis that will be detailed throughout this section, we have formulated a revenue-and-expense forecast through the fifth projection year, including amounts per available room and per occupied room, as illustrated in the following table. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on August 1, 2027, expressed in inflated dollars for each year (figures in the forecast year columns have been divided by 1,000 and reflect thousands of dollars).

FIGURE 7-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2027/28 Begins August				2028/29				2029/30				Stabilized				2031/32			
Number of Rooms:	140				140				140				140				140			
Occupancy:	55%				62%				67%				69%				69%			
Average Rate:	\$507.43				\$533.66				\$566.67				\$583.67				\$601.18			
RevPAR:	\$279.09				\$330.87				\$379.67				\$402.73				\$414.81			
Days Open:	365				365				365				365				365			
Occupied Rooms:	28,105	%Gross	PAR	POR	31,682	%Gross	PAR	POR	34,237	%Gross	PAR	POR	35,259	%Gross	PAR	POR	35,259	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$14,261	56.0 %	\$101,867	\$507.43	\$16,907	56.0 %	\$120,767	\$533.66	\$19,401	56.1 %	\$138,578	\$566.67	\$20,580	56.3 %	\$146,996	\$583.67	\$21,197	56.3 %	\$151,406	\$601.18
Food & Beverage	8,375	32.9	59,820	297.98	9,922	32.9	70,875	313.19	11,391	32.9	81,363	332.71	11,993	32.8	85,667	340.15	12,353	32.8	88,237	350.35
Other Operated Departments	166	0.7	1,183	5.89	190	0.6	1,356	5.99	206	0.6	1,472	6.02	214	0.6	1,530	6.07	221	0.6	1,576	6.26
Spa/Health Club	1,109	4.4	7,925	39.48	1,301	4.3	9,294	41.07	1,434	4.1	10,246	41.90	1,499	4.1	10,708	42.52	1,544	4.1	11,030	43.79
Parking	527	2.1	3,764	18.75	612	2.0	4,370	19.31	681	2.0	4,865	19.89	722	2.0	5,160	20.49	744	2.0	5,315	21.10
Resort Fees	843	3.3	6,023	30.00	1,061	3.5	7,575	33.48	1,271	3.7	9,081	37.13	1,348	3.7	9,632	38.25	1,389	3.7	9,921	39.39
Miscellaneous Income	166	0.7	1,183	5.89	190	0.6	1,356	5.99	206	0.6	1,472	6.02	214	0.6	1,530	6.07	221	0.6	1,576	6.26
Total Operating Revenues	25,447	100.0	181,765	905.43	30,183	100.0	215,594	952.69	34,591	100.0	247,077	1,010.33	36,571	100.0	261,223	1,037.22	37,668	100.0	269,060	1,068.33
DEPARTMENTAL EXPENSES *																				
Rooms	4,240	29.7	30,283	150.85	4,560	27.0	32,569	143.92	4,838	24.9	34,560	141.32	5,042	24.5	36,014	143.00	5,193	24.5	37,095	147.29
Food & Beverage	6,570	78.4	46,925	233.75	7,157	72.1	51,125	225.92	7,725	67.8	55,180	225.64	8,036	67.0	57,397	227.90	8,277	67.0	59,119	234.74
Other Operated Departments	84	50.8	601	2.99	89	47.0	637	2.82	93	45.3	667	2.73	96	45.0	688	2.73	99	45.0	709	2.82
Spa/Health Club	996	89.8	7,113	35.43	1,062	81.6	7,587	33.53	1,116	77.8	7,970	32.59	1,154	77.0	8,245	32.74	1,189	77.0	8,493	33.72
Parking	422	80.0	3,011	15.00	489	80.0	3,496	15.45	545	80.0	3,892	15.91	578	80.0	4,128	16.39	595	80.0	4,252	16.88
Total Expenses	12,311	48.4	87,933	438.02	13,358	44.3	95,415	421.63	14,318	41.4	102,268	418.19	14,906	40.8	106,473	422.76	15,353	40.8	109,667	435.44
DEPARTMENTAL INCOME	13,136	51.6	93,832	467.41	16,825	55.7	120,179	531.06	20,273	58.6	144,809	592.14	21,665	59.2	154,750	614.45	22,315	59.2	159,393	632.89
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	3,066	12.0	21,897	109.07	3,117	10.3	22,265	98.39	2,996	8.7	21,403	87.52	3,107	8.5	22,195	88.13	3,201	8.5	22,861	90.77
Info & Telecom Systems	444	1.7	3,173	15.81	472	1.6	3,374	14.91	499	1.4	3,567	14.59	518	1.4	3,699	14.69	533	1.4	3,810	15.13
Marketing	1,192	4.7	8,515	42.42	1,212	4.0	8,659	38.26	1,165	3.4	8,324	34.04	1,208	3.3	8,631	34.27	1,245	3.3	8,890	35.30
Franchise Fee	982	3.9	7,013	34.93	1,348	4.5	9,626	42.53	1,757	5.1	12,551	51.32	1,864	5.1	13,313	52.86	1,920	5.1	13,713	54.45
Prop. Operations & Maint.	889	3.5	6,347	31.62	1,004	3.3	7,169	31.68	1,249	3.6	8,918	36.47	1,295	3.5	9,248	36.72	1,334	3.5	9,525	37.82
Utilities	740	2.9	5,289	26.35	787	2.6	5,623	24.85	832	2.4	5,945	24.31	863	2.4	6,165	24.48	889	2.4	6,350	25.21
Total Expenses	7,313	28.7	52,234	260.19	7,940	26.3	56,715	250.62	8,499	24.6	60,709	248.25	8,855	24.2	63,252	251.15	9,121	24.2	65,149	258.68
GROSS OPERATING PROFIT	5,824	22.9	41,598	207.21	8,885	29.4	63,464	280.44	11,774	34.0	84,100	343.90	12,810	35.0	91,499	363.31	13,194	35.0	94,244	374.20
Management Fee	763	3.0	5,453	27.16	905	3.0	6,468	28.58	1,038	3.0	7,412	30.31	1,097	3.0	7,837	31.12	1,130	3.0	8,072	32.05
INCOME BEFORE NON-OPR. INC. & EXP.	5,060	19.9	36,145	180.05	7,979	26.4	56,996	251.86	10,736	31.0	76,688	313.59	11,713	32.0	83,662	332.19	12,064	32.0	86,172	342.15
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	947	3.7	6,766	33.70	976	3.2	6,969	30.79	1,005	2.9	7,178	29.35	1,035	2.8	7,393	29.35	1,066	2.8	7,615	30.24
Insurance	467	1.8	3,335	16.61	481	1.6	3,435	15.18	495	1.4	3,538	14.47	510	1.4	3,644	14.47	526	1.4	3,754	14.90
Restaurant Lease	(1,000)	(3.9)	(7,143)	(35.58)	(1,000)	(3.3)	(7,143)	(31.56)	(1,000)	(2.9)	(7,143)	(29.21)	(1,000)	(2.7)	(7,143)	(28.36)	(1,000)	(2.7)	(7,143)	(28.36)
Speakeasy Lease	(300)	(1.2)	(2,143)	(10.67)	(300)	(1.0)	(2,143)	(9.47)	(300)	(0.9)	(2,143)	(8.76)	(300)	(0.8)	(2,143)	(8.51)	(300)	(0.8)	(2,143)	(8.51)
Total Expenses	114	0.4	815	4.06	157	0.5	1,118	4.94	200	0.5	1,430	5.85	245	0.7	1,752	6.96	292	0.7	2,083	8.27
EBITDA	4,946	19.5	35,330	175.99	7,823	25.9	55,878	246.92	10,536	30.5	75,258	307.74	11,467	31.3	81,910	325.23	11,772	31.3	84,089	333.88
Reserve for Replacement	509	2.0	3,635	18.11	905	3.0	6,468	28.58	1,384	4.0	9,883	40.41	1,463	4.0	10,449	41.49	1,507	4.0	10,762	42.73
EBITDA LESS RESERVE	\$4,437	17.4 %	\$31,695	\$157.88	\$6,917	22.9 %	\$49,410	\$218.34	\$9,152	26.5 %	\$65,375	\$267.33	\$10,005	27.4 %	\$71,461	\$283.75	\$10,266	27.3 %	\$73,327	\$291.15

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

FIGURE 7-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34		2034/35		2035/36		2036/37	
Number of Rooms:	140		140		140		140		140		140		140		140		140		140	
Occupied Rooms:	28,105		31,682		34,237		35,259		35,259		35,259		35,259		35,259		35,259		35,259	
Occupancy:	55%		62%		67%		69%		69%		69%		69%		69%		69%		69%	
Average Rate:	\$507.43		\$533.66		\$566.67		\$583.67		\$601.18		\$619.21		\$637.79		\$656.92		\$676.63		\$696.93	
RevPAR:	\$279.09	% of Gross	\$330.87	% of Gross	\$379.67	% of Gross	\$402.73	% of Gross	\$414.81	% of Gross	\$427.26	% of Gross	\$440.07	% of Gross	\$453.28	% of Gross	\$466.87	% of Gross	\$480.88	% of Gross
OPERATING REVENUE																				
Rooms	\$14,261	56.0 %	\$16,907	56.0 %	\$19,401	56.1 %	\$20,580	56.3 %	\$21,197	56.3 %	\$21,833	56.3 %	\$22,488	56.3 %	\$23,162	56.3 %	\$23,857	56.3 %	\$24,573	56.3 %
Food & Beverage	8,375	32.9	9,922	32.9	11,391	32.9	11,993	32.8	12,353	32.8	12,724	32.8	13,105	32.8	13,499	32.8	13,904	32.8	14,321	32.8
Other Operated Departments	166	0.7	190	0.6	206	0.6	214	0.6	221	0.6	227	0.6	234	0.6	241	0.6	248	0.6	256	0.6
Spa/Health Club	1,109	4.4	1,301	4.3	1,434	4.1	1,499	4.1	1,544	4.1	1,590	4.1	1,638	4.1	1,687	4.1	1,738	4.1	1,790	4.1
Parking	527	2.1	612	2.0	681	2.0	722	2.0	744	2.0	766	2.0	789	2.0	813	2.0	837	2.0	863	2.0
Resort Fees	843	3.3	1,061	3.5	1,271	3.7	1,348	3.7	1,389	3.7	1,431	3.7	1,474	3.7	1,518	3.7	1,563	3.7	1,610	3.7
Miscellaneous Income	166	0.7	190	0.6	206	0.6	214	0.6	221	0.6	227	0.6	234	0.6	241	0.6	248	0.6	256	0.6
Total Operating Revenues	25,447	100.0	30,183	100.0	34,591	100.0	36,571	100.0	37,668	100.0	38,798	100.0	39,962	100.0	41,161	100.0	42,396	100.0	43,668	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	4,240	29.7	4,560	27.0	4,838	24.9	5,042	24.5	5,193	24.5	5,349	24.5	5,510	24.5	5,675	24.5	5,845	24.5	6,020	24.5
Food & Beverage	6,570	78.4	7,157	72.1	7,725	67.8	8,036	67.0	8,277	67.0	8,525	67.0	8,781	67.0	9,044	67.0	9,315	67.0	9,595	67.0
Other Operated Departments	84	50.8	89	47.0	93	45.3	96	45.0	99	45.0	102	45.0	105	45.0	108	45.0	112	45.0	115	45.0
Spa/Health Club	996	89.8	1,062	81.6	1,116	77.8	1,154	77.0	1,189	77.0	1,225	77.0	1,261	77.0	1,299	77.0	1,338	77.0	1,378	77.0
Parking	422	80.0	489	80.0	545	80.0	578	80.0	595	80.0	613	80.0	632	80.0	650	80.0	670	80.0	690	80.0
Total Expenses	12,311	48.4	13,358	44.3	14,318	41.4	14,906	40.8	15,353	40.8	15,814	40.8	16,288	40.8	16,777	40.8	17,280	40.8	17,799	40.8
DEPARTMENTAL INCOME																				
	13,136	51.6	16,825	55.7	20,273	58.6	21,665	59.2	22,315	59.2	22,984	59.2	23,674	59.2	24,384	59.2	25,116	59.2	25,869	59.2
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	3,066	12.0	3,117	10.3	2,996	8.7	3,107	8.5	3,201	8.5	3,297	8.5	3,395	8.5	3,497	8.5	3,602	8.5	3,710	8.5
Info & Telecom Systems	444	1.7	472	1.6	499	1.4	518	1.4	533	1.4	549	1.4	566	1.4	583	1.4	600	1.4	618	1.4
Marketing	1,192	4.7	1,212	4.0	1,165	3.4	1,208	3.3	1,245	3.3	1,282	3.3	1,320	3.3	1,360	3.3	1,401	3.3	1,443	3.3
Franchise Fee	982	3.9	1,348	4.5	1,757	5.1	1,864	5.1	1,920	5.1	1,977	5.1	2,037	5.1	2,098	5.1	2,161	5.1	2,226	5.1
Prop. Operations & Maint.	889	3.5	1,004	3.3	1,249	3.6	1,295	3.5	1,334	3.5	1,374	3.5	1,415	3.5	1,457	3.5	1,501	3.5	1,546	3.5
Utilities	740	2.9	787	2.6	832	2.4	863	2.4	889	2.4	916	2.4	943	2.4	971	2.4	1,001	2.4	1,031	2.4
Total Expenses	7,313	28.7	7,940	26.3	8,499	24.6	8,855	24.2	9,121	24.2	9,395	24.2	9,676	24.2	9,967	24.2	10,266	24.2	10,574	24.2
GROSS OPERATING PROFIT																				
	5,824	22.9	8,885	29.4	11,774	34.0	12,810	35.0	13,194	35.0	13,590	35.0	13,998	35.0	14,418	35.0	14,850	35.0	15,296	35.0
Management Fee	763	3.0	905	3.0	1,038	3.0	1,097	3.0	1,130	3.0	1,164	3.0	1,199	3.0	1,235	3.0	1,272	3.0	1,310	3.0
INCOME BEFORE NON-OPR. INC. & EXP.																				
	5,060	19.9	7,979	26.4	10,736	31.0	11,713	32.0	12,064	32.0	12,426	32.0	12,799	32.0	13,183	32.0	13,578	32.0	13,986	32.0
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	947	3.7	976	3.2	1,005	2.9	1,035	2.8	1,066	2.8	1,098	2.8	1,131	2.8	1,165	2.8	1,200	2.8	1,236	2.8
Insurance	467	1.8	481	1.6	495	1.4	510	1.4	526	1.4	541	1.4	558	1.4	574	1.4	591	1.4	609	1.4
Restaurant Lease	(1,000)	(3.9)	(1,000)	(3.3)	(1,000)	(2.9)	(1,000)	(2.7)	(1,000)	(2.7)	(1,000)	(2.6)	(1,000)	(2.5)	(1,000)	(2.4)	(1,000)	(2.4)	(1,000)	(2.3)
Speakeasy Lease	(300)	(1.2)	(300)	(1.0)	(300)	(0.9)	(300)	(0.8)	(300)	(0.8)	(300)	(0.8)	(300)	(0.8)	(300)	(0.7)	(300)	(0.7)	(300)	(0.7)
Total Expenses	114	0.4	157	0.5	200	0.5	245	0.7	292	0.7	339	0.8	389	0.9	439	1.1	491	1.1	545	1.2
EBITDA	4,946	19.5	7,823	25.9	10,536	30.5	11,467	31.3	11,772	31.3	12,087	31.2	12,410	31.1	12,744	30.9	13,087	30.9	13,440	30.8
Reserve for Replacement	509	2.0	905	3.0	1,384	4.0	1,463	4.0	1,507	4.0	1,552	4.0	1,598	4.0	1,646	4.0	1,696	4.0	1,747	4.0
EBITDA LESS RESERVE	\$4,437	17.4 %	\$6,917	22.9 %	\$9,152	26.5 %	\$10,005	27.4 %	\$10,266	27.3 %	\$10,535	27.2 %	\$10,812	27.1 %	\$11,097	27.0 %	\$11,391	26.9 %	\$11,694	26.8 %

Forecast of Income and Expense

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take four years for the proposed subject hotel to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon fiscal years beginning August 1, 2027, expressed in inflated dollars for each year.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate (ADR). We projected occupancy and ADR in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 69% with an ADR of \$583.67 in 2030/31. Following the stabilized year, the proposed subject hotel's ADR is projected to increase along with the underlying rate of growth assigned to EBITDA Less Replacement Reserve.

Food and Beverage Revenue

Food and beverage (F&B) revenue is generated by a hotel's restaurants, lounges, coffee shops, snack bars, banquet rooms, and room service. In addition to providing a source of revenue, these outlets serve as an amenity that assists in the sale of guestrooms. With the exception of properties with active lounges or banquet facilities that draw local residents, in-house guests generally represent a substantial percentage of a hotel's F&B patrons. In the case of the Proposed FIRA, an Unbound Collection by Hyatt Hotel, the F&B department will include a lobby lounge and bar, a fifth floor restaurant and lounge, a pool bar, a speakeasy nightclub (leased), and a lobby restaurant (leased); moreover, banquet space is expected to encompass 3,864 square feet. Revenues associated with the proposed subject hotel's F&B operations have been forecast to reflect the hotel's planned facilities, including the main lobby lounge and bar, fifth floor restaurant and lounge, and pool bar. We note that the income associated with the leased main lobby restaurant and leased speakeasy nightclub are reflected as fixed expenses below the line.

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

FIGURE 7-6 FOOD AND BEVERAGE REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	41.3 %	38.5 %	35.9 %	29.8 %	41.8 %	32.9 %	32.8 %
Per Available Room	\$85,455	\$69,406	\$173,730	\$65,356	\$107,993	\$59,820	\$70,518
Per Occupied Room	\$317.60	\$337.94	\$722.21	\$235.85	\$437.68	\$297.98	\$280.00

Other Operated Departments Revenue

According to the USALI, other operated departments include any major or minor operated department other than rooms and F&B. The proposed subject hotel's other operated departments revenue sources are expected to include the hotel's gift shop. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel.

FIGURE 7-7 OTHER OPERATED DEPARTMENTS REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	0.8 %	13.8 %	26.1 %	4.9 %	8.4 %	0.7 %	0.6 %
Per Available Room	\$1,615	\$24,971	\$126,322	\$10,745	\$21,778	\$1,183	\$1,259
Per Occupied Room	\$6.00	\$121.58	\$525.13	\$38.78	\$88.27	\$5.89	\$5.00

Parking Income

We have assumed that the proposed subject hotel would be able to charge \$25 for parking. As such, we have forecast an average fee for the forecasted period in the table below with a 75% capture rate.

FIGURE 7-8 PARKING POSITIONING

Year	Parking Fee	Capture Rate	Occupied Room Nights	Parking Fee
2027/28	\$25.00	75%	28,105	\$526,969
2028/29	25.75	75%	31,682	611,859
2029/30	26.52	75%	34,237	681,038
2030/31	27.32	75%	35,259	722,409
2031/32	28.14	75%	35,259	744,081
2032/33	28.98	75%	35,259	766,403
2033/34	29.85	75%	35,259	789,395
2034/35	30.75	75%	35,259	813,077
2035/36	31.67	75%	35,259	837,470
2036/37	32.62	75%	35,259	862,594

Resort Fee Income

We have assumed that the proposed subject hotel would be able to charge \$50 for a resort fee. As such, we have forecast an average fee for the forecasted period in the table below with a stabilized 70% capture rate.

FIGURE 7-9 RESORT FEE POSITIONING

Year	Resort Fee	Capture Rate	Occupied Room	
			Nights	Resort Fee
2027/28	\$50.00	60%	28,105	\$843,150
2028/29	51.50	65%	31,682	1,060,555
2029/30	53.05	70%	34,237	1,271,271
2030/31	54.64	70%	35,259	1,348,496
2031/32	56.28	70%	35,259	1,388,951
2032/33	57.96	70%	35,259	1,430,620
2033/34	59.70	70%	35,259	1,473,538
2034/35	61.49	70%	35,259	1,517,744
2035/36	63.34	70%	35,259	1,563,277
2036/37	65.24	70%	35,259	1,610,175

Miscellaneous Income

The miscellaneous income sources comprise those other than guestrooms, F&B, and the other operated departments. The proposed subject hotel's miscellaneous income revenues are expected to be generated primarily by the hotel's cancellation fees and other minor items. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-10 MISCELLANEOUS INCOME

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	1.2 %	2.5 %	1.1 %	1.2 %	1.9 %	0.7 %	0.6 %
Per Available Room	\$2,432	\$4,459	\$5,326	\$2,602	\$4,826	\$1,183	\$1,259
Per Occupied Room	\$9.04	\$21.71	\$22.14	\$9.39	\$19.56	\$5.89	\$5.00

Spa Income

The proposed subject hotel's spa operation is expected to be a featured component of the hotel. Therefore, we have positioned this revenue at an appropriate level given its planned scope of facility and price point. We would expect future moderate growth to occur within this category after the hotel's opening, as the spa should generate income from both guests and walk-in business.

FIGURE 7-11 SPA POSITIONING – REVENUES AND EXPENSE

Property	Year of Data	Number of Rooms	Occupancy	Average Daily Rate	Number of Treatment Rooms	% of Total Revenue	Revenue Per Occupied Room	Revenue Per Treatment Room	Spa Expense Ratio
Comp 1	2021/22	137	56.0 %	\$1,108	8	3.5 %	\$60.27	\$131,971	90.6 %
Comp 2	2022	250	62.5	415	8	4.0	36.48	260,030	62.6
Comp 3	2018/19	210	69.0	495	14	5.0	51.32	187,479	59.4
Comp 4	2022/23	121	45.8	746	4	1.9	25.40	128,391	86.2
Comp 5	2022/23	243	61.3	259	6	5.0	31.28	283,624	85.3
Averages		192	58.9 %	\$604	8	3.9 %	\$40.95	\$198,299	76.8 %
Proposed FIRA, an Unbound Collection by Hyatt Hotel									
Forecast Year 1		140	55.0 %	\$507	2	4.4 %	\$39.48	\$554,745	89.8 %
Deflated Stabilized		140	69.0	480	2	4.1	35.00	617,033	77.0

Rooms Expense

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

Commissions and reservations are usually based on room sales and, thus, are highly sensitive to changes in occupancy and ADR. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume. The proposed subject hotel's rooms department expense has been positioned based upon our review of the comparable operating data and our understanding of the hotel's future service level and price point.

FIGURE 7-12 ROOMS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	22.4 %	23.2 %	25.0 %	24.8 %	26.3 %	29.7 %	24.5 %
Per Available Room	\$26,269	\$18,940	\$44,478	\$34,856	\$32,558	\$30,283	\$29,646
Per Occupied Room	\$97.63	\$92.22	\$184.90	\$125.78	\$131.95	\$150.85	\$117.71

Food and Beverage Expense

Food expenses consist of items necessary for the primary operation of a hotel's food and banquet facilities. The costs associated with food sales and payroll are moderately to highly correlated to food revenues. Items such as dishware, linens,

and uniforms are less dependent on volume. Although the other expense items are basically fixed, they represent a relatively insignificant factor. Beverage expenses consist of items necessary for the operation of a hotel's lounge and bar areas. The costs associated with beverage sales and payroll are moderately to highly correlated to beverage revenues. The proposed subject hotel's F&B operation is expected to be efficiently managed and operated at an expense level that is in line with other comparable operations.

FIGURE 7-13 FOOD AND BEVERAGE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	64.8 %	63.8 %	69.9 %	86.0 %	65.6 %	78.4 %	67.0 %
Per Available Room	\$55,390	\$44,265	\$121,472	\$56,238	\$70,837	\$46,925	\$47,247
Per Occupied Room	\$205.86	\$215.53	\$504.97	\$202.95	\$287.09	\$233.75	\$187.60

Other Operated Departments Expense

Other operated departments expense includes all expenses reflected in the summary statements for the divisions associated in these categories, as discussed previously in this chapter. The proposed subject hotel's other operated departments revenue sources are expected to include the hotel's gift shop. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel.

FIGURE 7-14 OTHER OPERATED DEPARTMENTS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	18.5 %	41.5 %	55.1 %	10.8 %	40.0 %	50.8 %	45.0 %
Per Available Room	\$299	\$10,359	\$69,605	\$1,158	\$8,708	\$601	\$567
Per Occupied Room	\$1.11	\$50.44	\$289.35	\$4.18	\$35.29	\$2.99	\$2.25

Parking Expense

The proposed subject hotel's parking operation is expected to be efficiently managed and operated at an expense level that is in line with other comparable operations.

Administrative and General Expense

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

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume. Based upon our review of the comparable operating data and the expected scope of facility for the proposed subject hotel, we have positioned the administrative & general expense level at a market- and property-supported level.

FIGURE 7-15 ADMINISTRATIVE AND GENERAL EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	7.5 %	7.2 %	7.6 %	8.0 %	8.0 %	12.0 %	8.5 %
Per Available Room	\$15,531	\$13,044	\$36,912	\$17,580	\$20,680	\$21,897	\$18,270
Per Occupied Room	\$57.72	\$63.51	\$153.45	\$63.44	\$83.81	\$109.07	\$72.54

Information and Telecommunications Systems Expense

Information and telecommunications systems expense consists of all costs associated with a hotel’s technology infrastructure. This includes the costs of cell phones, administrative call and Internet services, and complimentary call and Internet services. Expenses in this category are typically organized by type of technology or the area benefiting from the technology solution. We expect the proposed subject hotel's information and telecommunications systems to be well managed. Expense levels should stabilize at a typical level for a property of this type.

Marketing Expense

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

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

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

the proposed subject hotel, we have positioned the marketing expense level at a market- and property-supported level.

FIGURE 7-16 MARKETING EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	9.7 %	5.4 %	3.0 %	5.6 %	6.9 %	4.7 %	3.3 %
Per Available Room	\$19,993	\$9,781	\$14,486	\$12,311	\$17,747	\$8,515	\$7,105
Per Occupied Room	\$74.30	\$47.62	\$60.22	\$44.43	\$71.93	\$42.42	\$28.21

Franchise Fee

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

Marketing expense and franchise fees are often analyzed in total because hotels may account for some components of franchise expense in the marketing expense category. The subject property’s total marketing and franchise expense has been forecast at 8.4% of total revenue on a stabilized basis; the comparable operating statements show a range from 4.0% to 9.7% of total revenue.

Property Operations and Maintenance

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

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

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

We expect the proposed subject hotel's maintenance operation to be well managed. Expense levels should stabilize at a typical level for a property of this type. Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-17 PROPERTY OPERATIONS AND MAINTENANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	2.8 %	2.3 %	4.0 %	2.9 %	4.0 %	3.5 %	3.5 %
Per Available Room	\$5,742	\$4,223	\$19,165	\$6,280	\$10,330	\$6,347	\$7,613
Per Occupied Room	\$21.34	\$20.56	\$79.67	\$22.66	\$41.86	\$31.62	\$30.23

Utilities Expense

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

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

FIGURE 7-18 UTILITIES EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2027/28	Deflated Stabilized
Percentage of Revenue	2.4 %	1.0 %	1.7 %	2.3 %	2.0 %	2.9 %	2.4 %
Per Available Room	\$5,047	\$1,731	\$8,247	\$5,140	\$5,150	\$5,289	\$5,075
Per Occupied Room	\$18.76	\$8.43	\$34.28	\$18.55	\$20.87	\$26.35	\$20.15

Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a

percentage of defined profit). Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2.0% to 4.0% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. Total management fees for the proposed subject hotel have been forecast at 3.0% of total revenue.

Leased Space

The main lobby restaurant is anticipated to be leased to a third-party operator. We have forecasted a base rent of \$1,000,000 throughout the projection period, which is consistent with the developer's budget assumptions.

The main lobby restaurant is anticipated to be leased to a third-party operator. We have forecasted a base rent of \$300,000 throughout the projection period, which is consistent with the developer's budget assumptions.

We note that we are not leasing experts and have relied on the assumptions provided by the client for this restaurant lease income.

Property Taxes

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. The Arizona taxing jurisdiction governing the subject site assesses hotels is Maricopa County.

We have positioned the property taxes at 3.0% of stabilized total revenue, which is in line with comparable properties in the county. We recommend that a tax consultant be hired to forecast the accurate property taxes for the subject property.

Conclusion

In conclusion, our analysis reflects a profitable operation, with net income expected to total 27.3% of total revenue by the stabilized year. The stabilized total revenue comprises primarily rooms and food and beverage (F&B) revenue, with a secondary portion derived from other income sources. On the cost side, departmental expenses total 40.8% of revenue by the stabilized year, while undistributed operating expenses total 24.2% of total revenues; this assumes that the property will be operated competently by a well-known hotel operator. After a 3.0% of total revenues management fee, and 0.7% of total revenues in fixed expenses, a net income ratio of 27.3% is forecast by the stabilized year.

8. Feasibility Analysis

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. The first step in performing an ROI analysis is to determine the amount to be initially invested. For a proposed property, this amount is most likely to be the development cost of the hotel. Based on the total development cost, the investor will utilize an ROI analysis to determine if the future cash flow from a current cash outlay meets their own investment criteria and at what level above or below this amount such an outlay exceeds or fails to meet these criteria.

Development Cost Estimate

Because the proposed subject property will be a hotel, we have reviewed the development budget for the proposed subject hotel in performing a cost analysis. The detailed budget is presented in the Description of the Proposed Improvements chapter and reflects a total construction cost of \$101,808,184, including site costs, hard and soft costs, and pre-opening and working capital, as well as any developers fee.

The development cost estimate for the proposed subject property includes allowances for the contractor's overhead and profit but does not include an entrepreneurial incentive. The entrepreneurial incentive is "the amount an entrepreneur expects to receive for his or her contribution to a project.... The amount of entrepreneurial incentive required for a project represents the economic reward sufficient to motivate an entrepreneur to accept the risk of the project and to invest the time and money necessary in seeing the project to completion."⁶

Entrepreneurial incentive is different than entrepreneurial profit, which cannot be measured until it is achieved. Entrepreneurial profit can be achieved through profit on a sale (i.e., the sales price less the development cost) or additional returns on an investment in an operating property. Whether the entrepreneur ultimately realizes a profit depends on how successful they have been in selecting the site, constructing the improvements, positioning the property appropriately in the market, and establishing and stabilizing business operations.

Based on the development budget, we have estimated an entrepreneurial incentive equal to 5.0% of the development budget, which equates to \$5,090,409. The total development cost has been calculated as shown in the following table.

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal, 6th Edition*, 2015

FIGURE 8-1 TOTAL DEVELOPMENT COST

Development Budget	\$101,808,184
Entrepreneurial Incentive (%)	5.0%
Entrepreneurial Incentive	<u>\$5,090,409</u>
Total Development Cost	\$106,898,593
(say)	\$106,900,000

Investment Components

As an individual or company considering investment in hotel real estate, the decision to use one’s own cash, an equity partner’s capital, or lender financing will be an internal one. Because hotels typically require a substantial investment, only the largest investors and hotel companies generally have the means to purchase properties with all cash. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. In leveraged acquisitions and developments where investors typically purchase or build upon real estate with a small amount of equity cash (20.0% to 50.0%) and a large amount of mortgage financing (50.0% to 80.0%), it is important for equity investors to acknowledge the return requirements of the debt participant (mortgagee), as well as their own return requirements. Therefore, we will begin our rate-of-return analysis by reviewing the debt requirements of typical hotel mortgagees.

Mortgage Component

Hotel financing is available for most tiers of the lodging industry from a variety of lender types. While many lenders remain active, underwriting standards are more stringent than the pre-pandemic market, and loan-to-value (LTV) ratios remain in the 50.0% to 70.0% range, depending on the actual in-place operating cash flows and debt-service-coverage ratio requirements, among other things. Lenders continue to be attracted to the lodging industry because of the higher yields generated by hotel financing relative to other commercial real estate. Commercial banks, mortgage REITs, private-debt investors, insurance companies, and CMBS and mezzanine lenders continue to pursue deals. At present, we find that lenders that are active in the market are using LTV ratios of 50.0% to 70.0%, and amortization periods of 20 to 30 years.

Over the course of the last decade, the federal funds rate remained relatively low, peaking at 2.25% to 2.5% in late 2018 through mid-year 2019. Subsequently, concern about the trade war and a slowing economy led the Fed to reduce rates three times to a target rate of 1.5% to 1.75%. The rate remained at this level until mid-March 2020, at which point the Fed cut the target rate twice to zero. Furthermore, on March 23, 2020, the Fed pledged to maintain liquidity in debt markets by purchasing as many government and corporate-backed bonds, as necessary. In 2022, the Fed began raising the federal funds rate to combat

heightened inflation. By July 2023, eleven increases had brought the rate to a range of 5.25% to 5.50%. In September 2024, the Fed reduced the rate by 50 bps, and two additional cuts followed in November and December. Prior to the September meeting, the target rate was between 5.25% and 5.5%. As of early 2025, it stands between 4.25% and 4.5%; no changes were made to the lending rate during the Fed's January and March 2025 meetings. Lenders have been adjusting their interest-rate levels to reflect these market conditions. Current interest-rate levels for most typical assets fall within the 7.0%–8.0% range.

Based on our analysis of the current lodging industry mortgage market and adjustments for specific factors, such as the subject site, proposed facility, and conditions in the Scottsdale hotel market, we have assumed a mortgage at a loan-to-cost ratio of 65% with an interest rate of 6.00% and an amortization period of 25 years. The following table summarizes the mortgage component.

FIGURE 8-2 MORTGAGE COMPONENT

Initial Cost	\$106,900,000
Loan to cost	65.0%
Mortgage Amount	\$69,485,000
Assumed interest rate	6.00%
Assumed Amortization	25 years
Debt Service Constant	0.07732
Annual Debt Service	\$5,372,000
Mortgage paid off over 10 years	23.65%
Balance at end of 10 years	\$53,053,000

Equity Component

The remaining capital required for the development of the proposed subject property would be the equity investment. This is the balance of the total development cost less the assumed mortgage amount, as illustrated in the table that follows.

FIGURE 8-3 CALCULATION OF EQUITY COMPONENT

Initial Cost	\$106,900,000
Mortgage	69,485,000
Equity Investment	\$37,415,000

Reversion

The return on the development cost is derived from both the annual cash flow and the expectation of a sale of the property at the end of the holding period. For the purposes of this feasibility analysis, we have assumed that the developer would

elect to hold the property for ten years. The estimated reversionary sales price as of that date is calculated by capitalizing the projected eleventh-year net income by an overall terminal capitalization rate. An allocation for the selling expenses is deducted from this sales price, and the net proceeds to the equity interest (also known as the equity residual) are calculated by deducting the outstanding mortgage balance from the reversion.

We have reviewed several recent investor surveys. The following chart summarizes the averages presented for terminal capitalization rates in various investor surveys during the past decade.

FIGURE 8-4 TERMINAL CAPITALIZATION RATES DERIVED FROM INVESTOR SURVEYS

<u>Source</u>	<u>Data Point Range</u>	<u>Average</u>
<i>HVS Brokers Survey</i>		
	<i>Spring 2025 Survey</i>	
Luxury & Upper Upscale Hotels	5.5% – 9.5%	7.4%
Full-Service Hotels	6.0% – 11.0%	8.5%
<i>PWC Real Estate Investor Survey</i>		
	<i>2nd Quarter 2025 Survey</i>	
Luxury Hotels	6.5% – 11.0%	8.8%
Full-Service Hotels	4.5% – 10.5%	8.7%
<i>USRC Hotel Investment Survey</i>		
	<i>Winter 2025 Survey</i>	
Full-Service Hotels	7.0% - 10.5%	8.3%
<i>Situs RERC Real Estate Report</i>		
	<i>1st Quarter 2025 Survey</i>	
Second-Tier Hotels	8.8% – 11.5%	9.9%
First-Tier Hotels	8.0% – 10.5%	9.0%

For purposes of this analysis, we have applied a terminal capitalization rate of 7.00%.

The reversion to the mortgage and equity components is calculated below.

FIGURE 8-5 REVERSION TO MORTGAGE AND EQUITY COMPONENTS

Reversion	
Year 11 NOI	12,045,000
Terminal Cap Rate	7.00%
Estimated Sales Proceeds	<u>\$172,071,000</u>
Less: Transaction Costs @ 1.5%	<u>\$2,581,000</u>
Net Sales Proceeds	\$169,490,000
Less: Mortgage Component	<u>\$53,053,000</u>
Equity Reversion	\$116,437,000

Internal Rate-of-Return Analysis

Using the aforementioned investment components, the internal rate of return (IRR) indicated by the EBITDA forecast and the assumed reversionary sales proceeds are calculated, as presented in the following table. The initial investment includes hard costs, soft costs, FF&E, pre-opening costs and working capital, as well as any developer’s fee and entrepreneurial incentive.

FIGURE 8-6 IRR TO THE TOTAL PROPERTY AND MORTGAGE AND EQUITY COMPONENTS

Year	Total Project		Mortgage Component		Equity Component	
	Total EBITDA	Annual Cash on Cash Return	Debt Service	Annual Cash on Cash Return	NOI to Equity	Annual Cash on Cash Return
Initial Investment	(\$106,900,000)		(\$69,485,000)		(\$37,415,000)	
2027/28	\$4,437,000	4.2 %	\$5,372,000	7.7 %	(\$935,000)	-2.5 %
2028/29	6,917,000	6.5	5,372,000	7.7	1,545,000	4.1
2029/30	9,152,000	8.6	5,372,000	7.7	3,780,000	10.1
2030/31	10,005,000	9.4	5,372,000	7.7	4,633,000	12.4
2031/32	10,266,000	9.6	5,372,000	7.7	4,894,000	13.1
2032/33	10,535,000	9.9	5,372,000	7.7	5,163,000	13.8
2033/34	10,812,000	10.1	5,372,000	7.7	5,440,000	14.5
2034/35	11,097,000	10.4	5,372,000	7.7	5,725,000	15.3
2035/36	11,391,000	10.7	5,372,000	7.7	6,019,000	16.1
2036/37	11,694,000	10.9	5,372,000	7.7	6,322,000	16.9
Reversion	169,490,000	158.6	53,053,000	76.4	116,437,000	311.2
Ten Year IRR		11.8 %		5.9 %		17.9 %

Based on our forecast of EBITDA and the development cost, including an entrepreneurial incentive, the total project would yield an internal rate of return of 11.8%. Based on the mortgage assumptions, the equity component’s initial investment of \$37,415,000 would achieve an internal rate of return of 17.9% over a ten-year holding period. The following table summarizes the range of equity yields

indicated by hotels that were sold at (or at about) the time that we appraised them, along with the derived equity return based on the purchase price, debt assumptions, and our forecast.

FIGURE 8-7 SUMMARY OF EQUITY YIELDS

Source	Data Point Range	Average
HVS Hotel Sales - Full-Service & Luxury	10.9% – 20.4%	15.7%
HVS Hotel Sales - Select-Service & Extended-Stay	14.2% – 21.4%	17.4%
HVS Hotel Sales - Limited-Service	17% – 22.8%	19.5%

To evaluate the indicated IRR to the total property, we have reviewed several recent investor surveys, including the *HVS Broker Survey*, *PWC Real Estate Investor Survey*, *USRC Hotel Investment Survey*, and *Situs RERC Real Estate Report*. The following table summarizes the range of discount rates and average IRRs indicated by the investor surveys for hotels similar in class to the proposed subject property.

FIGURE 8-8 RESULTS OF RECENT INVESTMENT SURVEYS – DISCOUNT RATES, HOTELS

Source	Data Point Range	Average
HVS Hotel Sales - Full-Service & Luxury	7.9% – 12.7%	10.5%
HVS Hotel Sales - Select-Service & Extended-Stay	9.9% – 12.9%	11.3%
<i>HVS Brokers Survey</i>		
<i>Spring 2025 Survey</i>		
Luxury & Upper Upscale Hotels	7.0% – 12.5%	9.9%
Full-Service Hotels	9.0% – 12.5%	11.1%
<i>PWC Real Estate Investor Survey</i>		
<i>2nd Quarter 2025 Survey</i>		
Luxury Hotels	7.5% – 12.0%	9.9%
Full-Service Hotels	8.0% – 12.0%	10.7%
<i>USRC Hotel Investment Survey</i>		
<i>Winter 2025 Survey</i>		
Full-Service Hotels	9.75% – 11.5%	10.6%
<i>Situs RERC Real Estate Report</i>		
<i>1st Quarter 2025 Survey</i>		
Second-Tier Hotels	9.8% – 13.0%	10.9%
First-Tier Hotels	9.5% – 11.5%	10.1%

As discussed, based on our forecast of EBITDA and the development cost, including entrepreneurial incentive, the total project would yield an IRR of 11.8%. The investor surveys indicate discount rates ranging from 13.0%; the averages of the surveys range from 11.3%. Based on these parameters, the calculated return of 11.1% is consistent with the averages and within the illustrated range of returns.

Return requirements vary based on an individual investor’s circumstances, including the cost and availability of both debt and equity capital. This analysis is intended to provide information to assist the developer in evaluating the feasibility of the proposed project. We have also conducted a sensitivity analysis based on varying construction costs as shown below. We note these construction costs include hard costs, soft costs, FF&E, pre-opening costs and working capital, as well as any developer’s fee and entrepreneurial incentive.

FIGURE 8-9 FEASIBILITY SENSITIVITY ANALYSIS

Variances in Development Cost	Development Cost		Indicted IRR Based on Development Cost		
	Total	Per Room	Total Project	Mortgage Component	Equity Component
Lower by -10%	\$96,210,000	\$687,000	13.3%	5.9%	20.7%
Lower by -5%	101,555,000	725,000	12.5%	5.9%	19.3%
Original	106,900,000	764,000	11.8%	5.9%	17.9%
Higher by 5%	112,245,000	802,000	11.1%	5.9%	16.6%
Higher by 10%	117,590,000	840,000	10.4%	5.9%	15.3%
Higher by 15%	122,935,000	878,000	9.8%	5.9%	14.1%

We have conducted a sensitivity analysis based on varying construction costs as shown below. We note these construction costs include hard costs, soft costs, FF&E, pre-opening costs and working capital, as well as any developer’s fee. However, this analysis excludes entrepreneurial incentive.

FIGURE 8-10 FEASIBILITY SENSITIVITY ANALYSIS (EXCLUDING ENTREPRENEURIAL INCENTIVE)

Variances in Development Cost	Development Cost		Indicted IRR Based on Development Cost		
	Total	Per Room	Total Project	Mortgage Component	Equity Component
Lower by -10%	\$91,629,000	\$654,000	14.1%	5.9%	22.1%
Lower by -5%	96,719,500	691,000	13.3%	5.9%	20.6%
Original	101,810,000	727,000	12.5%	5.9%	19.2%
Higher by 5%	106,900,500	764,000	11.8%	5.9%	17.9%
Higher by 10%	111,991,000	800,000	11.1%	5.9%	16.6%
Higher by 15%	117,081,500	836,000	10.5%	5.9%	15.4%

Furthermore, per the request of the client, we have conducted a sensitivity analysis based on varying terminal capitalization rates as shown below.

FIGURE 8-11 FEASIBILITY SENSITIVITY ANALYSIS (VARYING TERMINAL CAPITALIZATION RATES)

Variances in Development Cost	Development Cost		Indicted IRR Based on Development Cost		
	Total	Per Room	Total Project	Mortgage Component	Equity Component
6.0%			13.0%	5.9%	19.8%
6.5%			12.3%	5.9%	18.8%
Original (7.0%)	\$101,810,000	\$727,000	11.8%	5.9%	17.9%
7.5%			11.3%	5.9%	17.0%
8.0%			10.8%	5.9%	16.2%

Conclusion

In determining the potential feasibility of the Proposed FIRA, an Unbound Collection by Hyatt Hotel, we analyzed the lodging market, researched the area’s economics, reviewed the estimated development cost, and prepared a ten-year forecast of income and expense, which was based on our review of the current and historical market conditions, as well as comparable income and expense statements.

The conclusion of this analysis indicates that the property would generate a return of 11.8% on an initial investment of \$106,900,000 . Based on the previously present mortgage loan assumptions, the equity component would receive a return of 17.9% on the initial investment. Return requirements vary based on an individual investor’s circumstances, including the cost and availability of both debt and equity capital. This analysis is intended to provide information to assist the developer in evaluating the feasibility of the proposed project.

9. Statement of Assumptions and Limiting Conditions

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

permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

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

most numbers have been rounded to the nearest tenth of a percent; thus, these figures may be subject to small rounding errors.

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