Market Study & Feasibility Analysis

New Limited Service Hotel

Brookville, Indiana

Prepared by:

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Submitted to:

Franklin County Convention, Recreation and Visitors Commission
ATTN: Mikel Beck, Executive Director
18 West 10th Street
Brookville, IN 47012

July 9, 2018

HOTEL R&D, LLC

July 9, 2018

Franklin County Convention, Recreation and Visitors Commission

In accordance with your request, I have completed the market and feasibility analysis of the Brookville Indiana market area. We have studied the project area and the results of our fieldwork and analysis are presented in this report.

As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the competitive position of the lodging industry in the immediate area from that set forth in this report. The conclusions reached are based upon my present knowledge of the redevelopment plans and competitive area as of the completion of my fieldwork and research in July, 2018. The terms of our engagement are such that I have no obligation to revise this report or the estimated operating results to reflect events or conditions, which occur subsequent to the date of completion. However, I am available to discuss the necessity for revisions in view of changes in the economic or market factors affecting the proposed development.

Since the conclusions, projections and recommendations are based upon estimates and assumptions, which are subject to uncertainty and variation, I do not include the possible impact of government restrictions or environmental regulations on the project except those set forth in this report.

This study has been specifically designed to address the feasibility of new hotel development in the Town of Brookville in Franklin County, Indiana.

I would like to thank you for the opportunity to provide assistance in this project. I would be pleased to hear from you if I can be of any further assistance in the interpretation and application of these findings and conclusions.

Sincerely,

Michael P. Lindner

Michael P. Lindner

Brookville, Indiana — Hotel Market Study

Table of Contents

Table of Contents

Executive Summary

BROOKVILLE, INDIANA

Brookville, Indiana is a community of approximately 2,600 people and is the governmental seat to Franklin County and its population of nearly 23,000 in southeastern Indiana. Brookville and Franklin County are located within the Greater Cincinnati Metropolitan Statistical Area which reports a population of over 2.1 million. The subject region consists of agricultural and forest land along with an abundance of outdoor attractions highlighted by Brookville Lake, an 11,000-acre reservoir and outdoor recreational area owned by the U.S. Army Corp of Engineers and managed by the Indiana Department of Natural Resources.

Brookville is the most populated town in Franklin County and is an active commercial hub. Area companies employ roughly 850 people, the largest being Owens Corning, manufacturers of roofing shingles.

The largest employers in the town are:

• Sperry and Rice Manufacturing - Engineered rubber & plastics products, 65 local employees

• Owens Corning - Roofing products, 95 local employees

• Brookville Reservoir - Parks and recreation, 80 local employees

• Franklin County High School - Education, 77 local employees

• Brookville Elementary School - Education, 65 local employees

• McDonald's - Fast-Food restaurant, 60 local employees

• Purdue Forestry and Natural Resources - Agricultural products, 50 local employees

• Whitewater River Canoe Rental - Parks and Recreation, 50 local employees

While these businesses create diversity in the Brookville economy, tourism provides an economic surge in area visitations and overall economic vitality. Brookville Lake and the surrounding region attract over 2 million visitors per year for lake activities as well as other outdoor recreation offered by the adjoining State Parks and State Recreational Areas.

Demand for Lodging

Generally, demand for overnight accommodations is classified as

1) Commercial or business
2) Leisure or tourists
3) Transient
4) Group and other

The Demand Analysis section of this study offers a percentage of each type of demand in the Brookville area:

Commercial	25 – 30%
Leisure	65 – 75%
Transient	5 – 10%
Group/Other	5 – 10%

It is also determined that these projected levels of demand will most likely change as new, modern lodging is offered in Brookville. For example, there may be a greater number of business travelers visiting companies in the Brookville area that are currently staying in other nearby markets due to preference or availability. These potential visitors could ultimately choose to stay in the town should preferred accommodations become available.

As new lodging is offered, the Demand Analysis section of this report determines that the percentage of each demand classification could become more balanced.

Commercial	30 – 35%
Leisure	55 – 65%
Transient	10 – 20%
Group/Other	10 – 20%

Assuming that new lodging in Brookville offers a national or regional franchise affiliation, it is assumed that branding, in general, will attract business travelers that prefer or have contracted rates with various hotel chains. It is also assumed that a new franchised hotel will lure potential transient travelers and groups generated from name recognition and guest loyalty programs.

While summer tourism periods provide a surge in visitations to the region, Brookville offers several attributes for year-round visitations. Business travelers visiting local and regional companies provide a stable base of year-round visits reinforced by events and potential group functions. As a commercial service hub, Brookville also has the potential to attract visitors destined for other nearby markets that have limited or no support services such as restaurants, lodging and retail shops.

Yet, with no modern lodging available in the town, many visitors to Brookville are forced to seek accommodations in the surrounding markets of Oxford, Batesville and Harrison. While the town cannot compete with the number of dining and other diversions in these markets, Brookville offers relatively more options than the smaller surrounding markets that draw business travelers and/or tourists to their own attractions.

Similar to many other Indiana regions, Brookville and Franklin County experience a surge in visitors during the late Spring through late Fall seasons. Winter weekends are dependent on weather conditions but skiing on the state trails have a strong target market of the Greater Cincinnati area and Greater Indianapolis population base.

Area Lodging Performance

As the purpose of this study is to determine the feasibility of a new modern and most likely, franchised hotel in Brookville, local bed & breakfast inns and smaller, independent motels are not included in much of the analysis. While these accommodations satisfy some of the local demand, size, features and general operations are usually not consistent with today's standard hotel.

Without any modern lodging operations in the Town of Brookville, potential guests are forced to find suitable accommodations in nearby communities. These alternative markets include:

Market	Distance	Hotel Rooms*
Batesville	13 miles	155 rooms
Oxford, OH	16miles	377 rooms
Harrison	18 miles	163 rooms

**Rooms may exclude small independent motels, bed & breakfast inns and other non-traditional hotel facilities.*

One of the indicators presented in the Demand Analysis section of this report is the monthly occupancy trends for hotels in the subject market area. The table below offers the monthly occupancy trends for 1) Southern Indiana, 2) Southeastern Region and the determined Competitive Market (set) that includes participating properties in Batesville, Harrison (Ohio) and Oxford. The Index to Annual Occupancy shows the level each monthly occupancy (Competitive Set) compares to the annual average.

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
Market: Indiana South	43.6%	49.7%	58.6%	59.8%	62.2%	70.5%	68.2%	67.0%	63.6%	66.6%	56.0%	45.0%	59.2%
Tract: Indiana South Area	40.1%	45.7%	55.1%	57.4%	63.1%	68.8%	70.3%	64.0%	61.5%	61.6%	50.5%	41.1%	56.6%
Competitive Set: Competitor	45.7%	51.2%	57.8%	59.7%	74.0%	80.8%	79.7%	75.8%	66.4%	68.8%	50.3%	42.8%	62.8%
Index to Annual	72.9%	81.6%	92.1%	95.1%	117.8%	128.7%	126.9%	120.8%	105.9%	109.6%	80.2%	68.2%	100.0%

Source: Smith Travel Research

As the chart above illustrates, the highest use months are (in order) June, July, May and October. Overall, the hotels located in the competitive market area achieved a 62.8% occupancy compared to the Southeaster Indiana region at 56.6% and the Southern Indiana region at 59.2%.

Interviews with both leisure and commercial demand generators during this study found a mix of preferences for each market with no particular order. Oxford was mentioned as a strong choice equal to the slightly closer Batesville. The choice for lodging often depends on the direction of visitor origins.

Site Selection

Individual hotel developers will rank the importance of site selection criteria based on their own requirements and expectations. However, there are basic requirements that are necessary for a site to even be considered. Often, site selection is a process that is completed before determining the type of hotel, number of rooms, features, franchise, rate structure and overall performance. The list below offers the basis criteria in selecting a site for new hotel development. The order is not necessarily the order of importance.

1) Reasonable land and preparation costs
2) Adequate building space including ample parking (1/room plus 5%)
3) Zoning permits
4) Visibility to transient travelers
5) Accessibility to hotel demand generators such as area companies and attractions
6) Accessibility to eating and drinking places, shopping and other diversions
7) Limited physical barriers to construction
8) Limited barriers to entry/exit
9) City incentives, such as tax incremental financing
10) Strategic location to area competitors
11) Future surrounding area development

This study evaluates 3 grneral locations as potential sites for new hotel development.

Recommended Facility and Performance

Based on the research and data gathered in this report, it is determined that a new hotel in Brookville would provide an overdue level of lodging that will satisfy a high volume of “unaccommodated” hotel demand. A new hotel in this market will compete well with the supply of lodging throughout Franklin County and the surrounding counties. Brookville offers a “hub” location to visitors throughout a 15-mile radius. The town is also a destination to a moderate business segment of demand and a significant leisure demand market.

Most importantly, new lodging in Brookville would keep visitors to the community in the community. The demand analysis section in this study determines that there are enough commercial and leisure visitors destined for Brookville, that a new hotel would not have to rely on overflow and/or alternative demand generated from other lodging districts. Yet, the town’s location could give a new property the distinct advantage of luring visitors from neighboring market businesses, attraction and events.

Accommodations

This study performs a range of room counts to determine the optimum number of rooms to satisfy demand as well as investor. It is recommended that the proposed hotel offer a range of **45 – 55 rooms** within the classification of an Upper Midscale brand (see Definition of Hotel Categories chart on following page). Upper Midscale brands are the strongest performing class of lodging in both occupancy, average daily rate and thus, Revenue Per Available Room.

While creating the first hotel in Brookville with a lesser number of rooms may be tempting, the majority of demand for lodging in the region is generated by leisure visitors that spend an average of $108 per night on lodging, including regional “economy” motels. This surge in visitations and spending during the prime months of May – October can generate up to 70% of the hotels’ annual revenue. Even if occupancy levels drop to the 40% range during the “off” season, the additional rooms will benefit overall revenue and return on investment for the hotel and its owners.

A new Upper Midscale hotel in Brookville is expected to achieve Average Daily Rates within the Upper Midscale range:

Brookville Hotel Market - Upper Midscale Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy	50%	57%	63%	68%	73%
Average Daily Rate	$ 115.25	$ 116.80	$ 118.50	$ 121.50	$ 124.55

Definitions of Hotel Categories

General Hotel Types

Limited Service	Hotels with no food and beverage outlets except for continental breakfast area. Economy, Midscale and Upper Midscale properties are usually classified as Limited Service. In some cases, separate restaurant (franchised or independent) may be physically attached to a Limited Service hotel. Yet, the property may still be classifed as Limited Service. Many franchises are allowing beer & wine bars or full liquor lounges in their designs. Still, based on the franchise or brand identity these properties can still be classified as Limited Service.
Full Service	Hotels that offer food & beverage service on-site. Other amenities may include meeting and banquet space, in-house catering, room service, concierge, entertainment venues, etc.
Select Service	Hotels that offer retail food and beverage on-site and at an additional charge to the guest is classified as Select Service. Food and beverage service is typically designed for in-house guests only although general public may be welcomed.

Definition of Class

Hotels are placed into classifications that correspond to the Average Daily Rates (ADR) of their respective brands (franchises). Smith Travel Research(STR), an international lodging and consultant firm provides the benchmark list each year. STR monitors daily occupancy and average rates of nearlyevery franchised hotel in the world as well as numerous independent (no franchise) properties. The data collected is available, by region and not individual hotel, to developers, operators, consultants and others interested in understanding the performance patterns and trends of a given market. STR also calculates the average daily rates of each franchise and determines its' class. Class of property includes Economy, Midscale (or mid-priced)Upper Midscale, Upscale, Upper Upscale, Luxury and Independent.

The Chain Scales generally focused in this study are:

Economy	offers basic amenities usually at a lesser quality grade and limited continental breakfast. ADR is normally equal or less than $70
Miscale	offers slightly higher quality furnishings, expanded continental breakfast, select business services, limited recreational facilities (indoor or outdoor pool, fitness equipment) and limited transportation (airport shuttle). ADR can range from $70 - $110.
Upper Midscale	may include on-site restaurant or ehhanced food & beverage services, indoor pool, fitness center and transportation (airport shuttle). Furnishings are often higher-grade with name brand recognition. ADR can range from $110 - $125.
Upscale	offer a full array of features and services on-site including food & beverage outlets, indoor and outdoor recreational facilities, business centers, meeting and/or banquet facilities, transportation to airport and local companies and attractions. ADR can range from $125 - $175.

The following is a list of better known brands and their respective class category.

Economy

Americas Best Value Inn
Budget Host
Country Hearth Inn
Days Inn
Econo Lodge
Extended Stay America
GuestHouse Inn
Howard Johnson
Jameson Inn
Knights Inn
Microtel Inn
Motel 6
Red Carpet Inn
Red Roof Inn
Rodeway Inn
Suburban Extended Stay
Super 8
Travelodge
Value Place
WoodSpring Suites

Midscale

AmericInn
Baymont Inn & Suites
Best Western
Candlewood Suites
GrandStay
Hawthorn Suites
La Quinta Inn & Suites
MainStay Suites
Quality Inn
Ramada
Red Lion Inn & Suites
Sleep Inn
Wingate by Wyndham

Upper Midscale

Best Western Plus
Boarders Inn & Suites
Boulders Inn & Suites
Clarion
Cobblestone Hotels
Comfort Inn/Suites
Country Inn & Suites
Doubletree Club
Drury Inn & Suites
Fairfield Inn
Hampton Inn & Suites
Holiday Inn
Holiday Inn Express
Home2 Suites by Hilton
MyPlace
Ramada Plaza
TownePlace Suites
Wyndham Garden

Upscale

AC Hotels by Marriott
aloft Hotel
Ascend Collection
Best Western Premier
Cambria hotel & suites
Clarion Collection
Courtyard nby Marriott
Crowne Plaza
DoubleTree
Four Points by Sheraton
Hilton Garden Inn
Homewood Suites
Hyatt House/Place
Radisson
Residence Inn
Springhill Suites
Staybridge Suites
Stoney Creek
Wyndham

Features and Amenities

Offering new modern accommodations to visitors in Brookville will generate the level of demand determined in this report without including features and amenities beyond quality rooms. However, since an estimated 80% of room demand in the region is generated seasonal tourists, it is highly recommended that an indoor pool is included with the subject hotel project. This amenity can provide high-value perceptions leading to higher Average Daily Rates during slower occupancy periods.

The balance of recommended features is in-line with the standard requirements of most national Upper-Midscale franchises.

Recommended Features

- Indoor pool
- Fitness Center
- Business Center
- Meeting room – capacity of 30-50 people
- Gathering area adjacent to lobby. This space, based on design, would allow complimentary breakfast requirements with additional ability to provide general gathering room for social functions including lounge, if desired.

Expected In-Room Features:

- satellite or cable television
- in-room coffee service
- personal care bath items
- wireless internet access
- hard-wired secure internet service
- dorm-size refrigerators
- microwave ovens

Scope of this Study

The scope of this market study involves the introduction of a new, franchised hotel in a market that is under-supplied by overnight accommodations. The subject property will be the first modern hotel in the town.

Our work product, attached herewith, is communicated in a Scope of the Work addressing the feasibility of the planned hotel including the following components:

- evaluation of the market economics, accessibility
- evaluation of recommended physical design and amenities;
- commentary on the outlook for the regional economy, capital markets, and lodging visitation in general;
- a review of the hotels that can be expected to compete with the proposed subject property, providing context for the proposed properties' occupancy and average rate results;
- verification of the ten-year projection of income and expense
- verification of the feasibility conclusion documented with respect to the projected return investment.

Conclusions

The introduction of a new hotel in Brookville represents a development with no nearby parallel. A modern, branded hotel will offer a unique combination of marketable strength and national exposure to itself and the community as a whole. A new property will attract a growing feeder market population from Indiana, Ohio and a Midwest business and leisure origin.

The characteristics and operating advantages detailed here amount to a well-performing asset that can reasonably be expected to enhance the recognition of Brookville as a growing service destination within southeastern Indiana.

Market Area Description

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. In the analysis of Brookville, the primary demand sources are generated by businesses, events and activities located in the town as well as surrounding communities within a 5 – 10 mile radius. This includes the Brookville Lake region, Metamora and Laurel.

The competitive market for lodging, however, extends to 13 – 18 miles to include Batesville, Oxford and Harrison as these are the closest communities with national brand accommodations. Modern franchised lodging is the key competitive factor in this study. Numerous small motels, inns and a small condo-resort are also located in the primary market area surrounding Brookville.

Subject Market

The subject market of this study is the Town of Brookville, located in Franklin County, in southeastern Indiana.

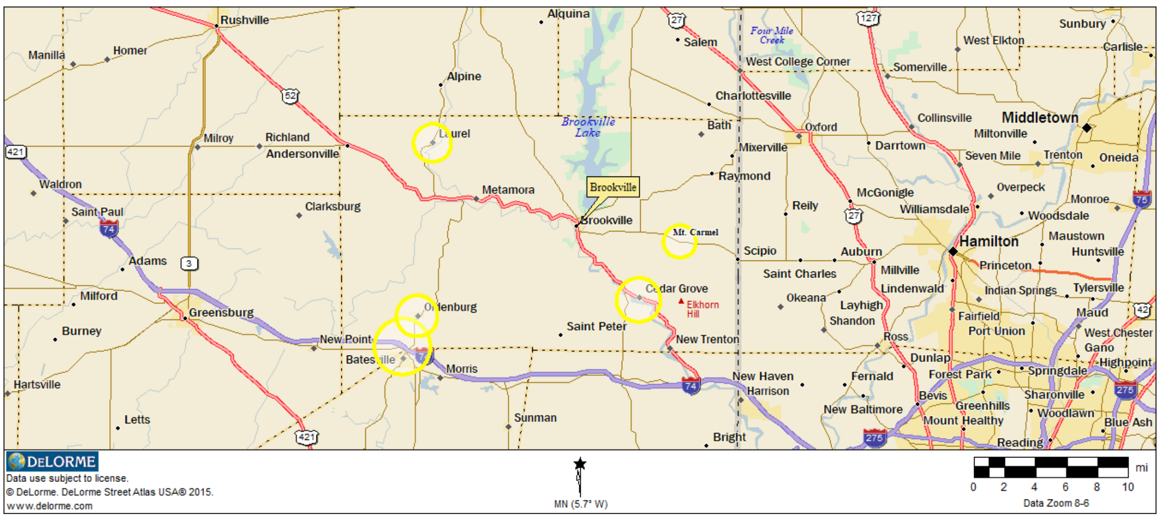
Brookville is the largest community in Franklin County Indiana. While the nearby city of Batesville is more populated, a good portion of that city is in Ripley County. Brookville is the governmental seat to Franklin County. It has an estimated population of 2,509 within the county's population of 22,619.

Largest Cities and Towns in Franklin County

Name	Population in 2017	Percent of County
Batesville	1,669	7.4%*
Brookville	2,509	11.1%
Cedar Grove	151	0.7%
Laurel	499	2.2%
Mount Carmel	80	0.4%
Oldenburg	654	2.9%

* This place crosses county lines, so only population in this county is shown.

Brookville is located near the center of Franklin County which is bordered by the state of Ohio to the east. Brookville is 40 miles northwest of Cincinnati and 75 miles east of Indianapolis.



Brookville is positioned at the southern boundary of Brookville Lake, a 5,260 acre reservoir created in 1974 with the construction of an earthen dam at the convergence of East and West Forks of Whitewater River. The lake attracts over 1 million visitors each year for boating, hiking, hunting, and fishing. Adjacent facilities include the Mounds State Recreation Area and the Whitewater Memorial State Park.

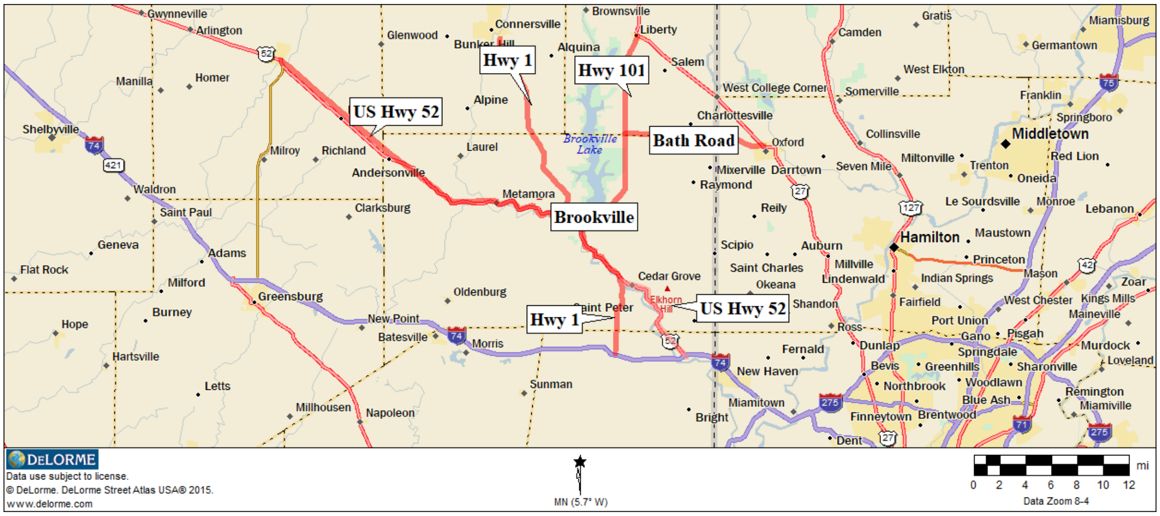
Accessibility

Brookville is an easy access destination serviced by a series of federal, state and local highways.

US Highway 52, connects Brookville to Indianapolis 79 miles northwest and southward to **Interstate 74** just north of Cincinnati. Regionally, Hwy. 52 connects to several alternative and "shortcut" routes from Indianapolis.

Indiana State **Highway 1** joins US Highway 52 in Brookville and travels south for approximately 12 miles where the two routes split. North of Brookville, Highway 1 is routed along eastern Indiana to near the Michigan border.

State **Highway 101** travels along the east side of Brookville Lake and is the primary access route to the City of Oxford, Ohio via Bath Road, a well-traveled local roadway.



Brookville is also within 1-2 hours of several domestic and international airports

Airport	Code	Distance from Brookville
Cincinnati/No. Kentucky Int'l	CVG	44 miles
James M Cox Int'l Dayton, OH	DAY	71 miles
Indianapolis International	IND	85 miles

History

Franklin County, named in honor of Benjamin Franklin, became the seventh county of the Indiana Territory in 1811. The Town of Brookville was formed three years later as the county seat due to its central location within the county. The confluence of the east and west branches of the Whitewater River also had a strong influence on the towns' creation. The riverway was a primary mode of transportation during the towns' earliest years.

Due to its location and natural beauty, Brookville quickly became a cultural, political, and social center in the early years of Indiana's statehood. In 1820, Brookville served as a military post. An additional boost in its development came when the U.S. General Land Office was located there in 1820.

The Land Office was responsible for management of public domain lands in the United States. The agency (independent of the government) oversaw the surveying, platting and sale of the public lands in the western United States. This brought many new residents to the town and created a surge in retail and service business development to the area. The agency's relocation years later resulted in a mass exodus from Brookville to northern and western regions.

The next economic surge in Brookville was created by the construction of the Whitewater Canal. The short-lived canal provided waterpower for the production of goods and a method of transporting them, allowing the resulting commerce to improve the economy. There was a boom in manufacturing and processing of goods, and Brookville was soon established as a major industrial center. However, the development of railways made the canal relatively obsolete after only several decades of use.

Prior to the construction (completion) of the Brookville Dam in 1974, Brookville was prone to flooding and often *major* flooding. These events altered the towns' economy as numerous key businesses and residents left for more stable surroundings.

Creation of the dam and Brookville Lake gradually brought residents and businesses back to the community. While the attraction has not generated an industrial surge in the local economy, it has introduced tourism as a viable source of jobs and revenue.

The Brookville Lake property covers 11,185 acres and stretches more than 16 miles. The body of water covers about 5,000 acres.

Whitewater State Park is located on the north end of the lake near the town of Liberty, and the Indiana Department of Natural Resources operates two other lake recreational areas there, as well.

The 16-mile lake stretches from Liberty to Brookville and includes campgrounds, restaurants, boat repair shops, marinas, a sailboat club, taverns, a resort with rental condominiums and an 18-hole golf course. There are also 35 miles of trails surrounding the lake area.

The Army Corps of Engineers owns the lake and all surrounding land which is managed by the Indiana Department of Natural Resources. This ownership/management combination limits the amount and type of development that can occur around Brookville Lake. This is both a preference in the area's natural allure and a possible detriment in the expansion of tourism in the region.

Still, as it exists, Brookville Lake attracts over 1 million visitors each year making it the third most visited State Park in Indiana. Only Brown County (Bloomington) and Indiana Dunes (Porter County) reports a slightly higher volume of annual visitors. Brookville is nationally recognized as a top fishing destination. Summer months feature fishing tournaments and a bird dog trial field competition. In the fall, park attendance peaks during deer hunting season. While winter months are typically slower periods, the lake attracts fishing enthusiasts as well as hikers and other "silent" sport participants.

From the dam, the Whitewater River flows through Brookville and enters the Ohio River west of Cincinnati. An additional, 200-acre lake at the Whitewater State Park flows into Brookville Lake. This park reports an additional 260,000 visitors, on average, each year.

Local and Regional Economy

The town of Brookville is a commercial hub to county residents as well as an influx of lake tourists and other visitors to the region. The town offers an array of retail and service establishments as well as attractions and activities. Despite all the diversions offered in the town, modern lodging does not exist.

Along with the retail and service businesses in Brookville, a number of manufacturing firms provide diversity in employment and overall economy.

Brookville Indiana Manufacturing Firms

Company	Product	Employees
Owens Corning	Roofing shingles	95
Sperry & Rice	Rubber components	60
United Refractories	Heat-resistent materiials	45
MBC Group	Specialty packaging	40

The surrounding region, of which Brookville is centrally located, offers an equally diverse assortment of employers including manufacturing, healthcare and other services. Among the larger employers located within this region include:

CITY OF OXFORD, OHIO - 17 miles

Company	City	Product/Service	Employees
Miami University	Oxford	College	3,800
McCullough Hyde Memorial Hospital	Oxford	Healthcare	400
Square D Company	Oxford	Electrical machinery	350

CITY OF BATESVILLE - 21 miles

Company	City	Product/Service	Employees
Hill-Rom	Batesville	Hospital beds and medical equipment	1800
Batesville Casket	Batesville	Caskets, cremation and urns	800
Margaret Mary Hospital	Batesville	Hospital and Medical Services	480
Batesville Tool & Die	Batesville	Tool and Die, Stamping	300
Wood-Mizer Mf’g	Batesville	Sawmills	150

DEARBORN COUNTY - 27 miles

Company	City	Product/Service	Employees
Hollywood Casino	Lawrenceburg	Riverboat Casino/Entertainment	2500
Perfect North Slopes	Greendale	Tourism	945
Dearborn County Hospital	Lawrenceburg	Hospital and Medical Services	935
Mathews Aurora Funeral Solutions	Aurora	Caskets, cremation and urns	820
MGP Ingredients	Greendale	Distillery	525

DECATUR COUNTY - 35 miles

Company	City	Product/Service	Employees
Honda	Greensburg	Automobiles	2900
Valeo Engine Cooling	Greensburg	Cooling modules	1400
Gecom	Greensburg	Automotive components	860
Hitachi PM	Greensburg	Automotive components	445
KB Specialty Foods	Greensburg	Delicatessen Foods	278

FRANKLIN COUNTY

Company	City	Product/Service	Employees
Owens Corning	Brookville	Shingles	95
Brookville Healthcare	Brookville	Healthcare	88
Sperry & Rice	Brookville	Rubber components	60
FC National Bank	Brookville	Bank	50
Uni-Ref	Brookville	Dry vibratables, mixes and coatings	45
MBC Group	Brookville	Packaging and displays	40

RIPLEY COUNTY - 17 miles

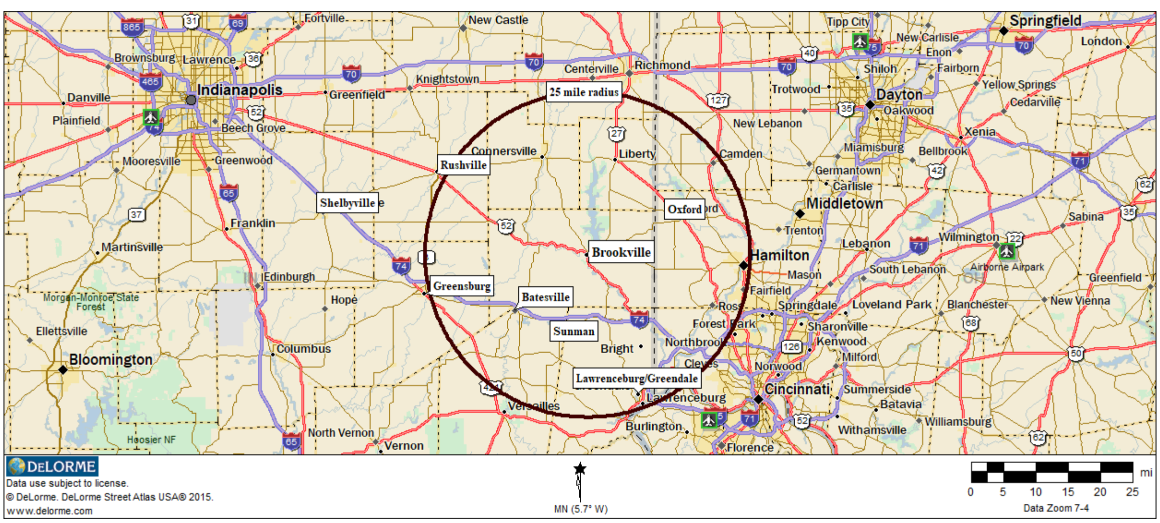
Company	City	Product/Service	Employees
Deufol	Sunman	Packaging	420
McPherson's	Sunman	Printing	150
Ohio Rod	Versailles	Fasteners	125
Enhanced Telecommunications	Sunman	Phone/Cable/Internet	100
Napoleon Hardwood	Napoleon	Lumber mill	60

RUSH COUNTY 30 miles

Company	City	Product/Service	Employees
Fraley & Schilling	Rushville	Trucking & Logistics	550
INTAT Precision, Inc.	Rushville	Foundry, Auto Industry	458
Rush Memorial Hospital	Rushville	Healthcare	324
Herdrich Petroleum	Rushville	Fuels, Oils and Lubricants - Wholesale	235
Emerson Copeland	Rushville	OEM & Re-Conditioned Compressor Mfg.	225

SHELBY COUNTY 45 miles

Company	City	Product/Service	Employees
Indiana Grand Racing & Casino	Shelbyville	Racino	968
Ryobi Die Casting USA	Shelbyville	Aluminum Die Casting Foundry	900
Knauf Insulation	Shelbyville	Fiberglass insulation	700
Penske	Shelbyville	Refrigerated Warehouse	585
Pilkington N.A.	Shelbyville	Motor vehicle supplies and parts	550



While companies in these markets may not have a direct impact on the Brookville economy, some may offer group functions and other activities that utilize area attractions, such as Brookville Lake and adjacent State Parks.

Overall, the Franklin County economy can be considered diverse and stable. The majority of jobs in the county are Manufacturing-related (15%) followed by Healthcare (14%), Government (12%) and Retail (11%). Government is particularly strong with a high number of jobs generated by the Army Corps of Engineering and Department of Natural Resources. As the governmental seat to Franklin County, Brookville is a hub to numerous county, state and federal agencies.

Tourism

The combination of a major outdoor recreational attraction like Brookville Lake and a central population to over 5 million people under 2 hours away, gives Brookville the potential to be a significant tourist destination. Brookville Lake and the Whitewater region attracts over 1 million outdoor enthusiasts to the area every year. The unique and historical villages of Metamora and Oldenburg provide an additional draw to the region.

Dozens of other attractions and annual events provide a year-long calendar of tourist demand for good and services in the Brookville area. The table below lists several of the largest attended events in the region. The Demand Analysis section of this study provides additional details and other activities.

Brookville and Regional Annual Events		
Month	**Event**	**Attendance**
September	Franklin County Antique Machinery Show	18,000
December	Metamora Christmas Walk	5,000
October	Metamora Canal Days	15,000
September	Metamora Music Fesitval	1,000
June	Brookville CanoeFest	4,000
July	Oldenburg Freudenfest	4,000
December	Whitewater Valley Basketball Tourney	Regional

Aside from the local and regional events and attractions of Brookville and Franklin County, the community's proximity to Oxford, Ohio (15 miles) provides potential seasonal overflow traffic for Brookville. Oxford is home to Miami University of Ohio, a 16,000-student college offering NCAA Division I athletics as well as numerous academic and entertainment events and activities.

Collectively, the entire metro Cincinnati market host a number of events, including both tourist and business-related. Metropolitan Cincinnati attracts a reported 28 million visitors to the region each year. Annual events, city-wide conventions and a diverse mix of attractions impact the entire metro area including Brookville as visitors to the "Queen

City" often seek accommodations and other services as an alternative or overflow requirement.

Market Indicators

The following section reviews key economic and demographic indicators that can influence the lodging industry, either directly or indirectly.

Population

Local population and trends typically have little impact on the local lodging industry. However, growth or decline in population can provide an indicator to the economic strength of a community, yet more variables can influence demand for overnight accommodations. Tourist destinations, for example, may attract seasonal residents as well as leisure-oriented visitors.

The Town of Brookville has a current population of 2,509 according to the US Census Bureau. Estimates for 2017 indicate a 2.7% decrease in population since 2010. Franklin County has experienced a similar trend with a 1.9% decrease in residents from 2010 – 2017. The county population is currently estimated at 22,619 and ranks 67th among the state's 92 counties. Indiana population has increased 2.7% from 2010 – 2017. State growth has occurred primarily within the counties surrounding Indianapolis.

Population Trends

	2010	2011	2012	2013	2014	2015	2016	2017	% change 2010 - 2017	CAGR
Brookville	2,579	2,574	2,572	2,562	2,558	2,550	2,525	2,509	-2.7%	-0.4%
Batesville	6,516	6,478	6,461	6,454	6,489	6,528	6,564	6,603	1.3%	0.2%
Franklin County	23,056	23,031	23,024	22,962	22,956	22,913	22,725	22,619	-1.9%	-0.3%
Indiana	6,490,029	6,515,358	6,535,665	6,567,484	6,593,182	6,610,596	6,634,007	6,666,818	2.7%	0.4%

Source: US Census Bureau

Perhaps of greater importance to a new hotel are the population trends of key feeder markets. Feeder markets are the origin of visitors and can vary seasonally as well as depend on the purpose of the visit.

While Brookville and Franklin County may attract visitors from throughout the country, the chart below selects the major metropolitan centers closest to Brookville, including the Chicago region which is approximately 250 miles northwest.

As the table indicates, the Columbus Ohio metropolitan area (137 miles east) has experienced significant growth since 2010 at a 9% increase or 1.2% per year compounded. The Indianapolis Metro area, 75 miles west of Brookville, experienced 7.2% growth since 2010 at an annual compounded rate of 1%. Nearby Cincinnati, 40 miles southwest of Brookville, experienced 2.9% growth.

The table below also provides the population trends of Indiana and neighboring states. Collectively, these states offer a population of over 35 million residents that can be a target market of Franklin County. The average distance of these states is 326 miles.

Key Feeder Markets to Brookville

	Distance	2010	2011	2012	2013	2014	2015	2016	2017	% change 2010 - 2017	CAGR
Indianapolis	75	1,892,470	1,910,429	1,928,986	1,953,213	1,970,850	1,986,872	2,005,612	2,028,614	7.2%	1.0%
Chicago	257	9,471,312	9,497,177	9,525,765	9,548,402	9,560,874	9,557,503	9,546,326	9,533,040	0.7%	0.1%
Cincinnati	40	2,117,729	2,122,544	2,128,106	2,136,269	2,146,562	2,155,674	2,166,029	2,179,082	2.9%	0.4%
Louisville	139	1,237,565	1,244,490	1,252,357	1,263,269	1,270,951	1,277,992	1,284,848	1,293,953	4.6%	0.6%
Columbus	137	1,906,365	1,926,142	1,946,644	1,971,120	1,998,460	2,023,198	2,046,977	2,078,725	9.0%	1.2%
Dayton	79	799,639	800,690	801,382	800,609	800,264	799,293	800,886	803,416	0.5%	0.1%
Metro Total	**121**	**17,425,080**	**17,501,472**	**17,583,240**	**17,672,882**	**17,747,961**	**17,800,532**	**17,850,678**	**17,916,830**	**2.8%**	**0.4%**

Source: US Census Bureau

	Max Distance	2010	2011	2012	2013	2014	2015	2016	2017	% change 2010 - 2017	CAGR
Indiana	226	6,490,029	6,515,358	6,535,665	6,567,484	6,593,182	6,610,596	6,634,007	6,666,818	2.7%	0.4%
Ohio	277	11,539,282	11,543,332	11,546,969	11,567,845	11,593,741	11,606,027	11,622,554	11,658,609	1.0%	0.1%
Kentucky	353	4,347,948	4,368,505	4,383,673	4,399,121	4,410,415	4,422,057	4,436,113	4,454,189	2.4%	0.3%
Illinois	448	12,841,196	12,862,298	12,878,494	12,890,403	12,882,438	12,862,051	12,835,726	12,802,023	-0.3%	0.0%
Regional Total	**326**	**35,218,455**	**35,289,493**	**35,344,801**	**35,424,853**	**35,479,776**	**35,500,731**	**35,528,400**	**35,581,639**	**1.0%**	**0.1%**

Source: US Census Bureau

Personal Per Capita Income

Similar to population trends, the personal per capita income (PPCI) of the subject market has less influence on a new lodging operation's success than those of the feeder markets. However, growth in PPCI in the local area can indicate overall economic health. Growth of PPCI in feeder markets can represent the financial strength of potential visitors. Annual growth can also be used to support annual rate and other fee increases. However, most often the indicator is a simple measure of the financial strength of a given area.

The table below offers the trends of Personal Per Capita Income for Franklin and the surrounding counties in Indiana. As the chart indicates, Franklin County income is slightly below Dearborn County, with the highest income in the region. Franklin County residents' personal income grew by 18.5% from 2010 – 2016 or 2.9% compounded annually.

Personal Per Capita Income

Market	2010	2011	2012	2013	2014	2015	2016	% Change 2010 - 2016	CAGR
Indiana	$ 35,081	$ 37,259	$ 38,816	$ 39,148	$ 40,469	$ 41,848	$ 43,097	22.8%	3.5%
Dearborn	$ 34,984	$ 36,526	$ 38,578	$ 39,114	$ 40,423	$ 42,350	$ 43,322	23.8%	3.6%
Decatur	$ 32,922	$ 34,373	$ 35,857	$ 37,421	$ 37,805	$ 37,577	$ 39,262	19.3%	3.0%
Fayette	$ 29,070	$ 30,841	$ 32,194	$ 32,997	$ 34,520	$ 34,931	$ 36,525	25.6%	3.9%
FRANKLIN	**$ 36,461**	**$ 38,365**	**$ 39,467**	**$ 40,209**	**$ 39,976**	**$ 41,690**	**$ 43,219**	**18.5%**	**2.9%**
Ripley	$ 34,952	$ 37,097	$ 37,563	$ 38,193	$ 39,616	$ 39,226	$ 40,863	16.9%	2.6%
Union	$ 27,990	$ 29,557	$ 30,414	$ 34,360	$ 33,770	$ 33,229	$ 35,175	25.7%	3.9%

Source: US Census Bureau, Bureau of Economic Analysis

Employment by Industry

The correlation between Employment by Industry and demand for overnight accommodations can be significant, especially in certain industries that are known to attract out-of-town visitors. Industries such as manufacturing, wholesale and government agencies tend to attract company related personnel, customers and suppliers and general visitations to their base operations.

The table below provides the employment by key sectors and growth trends. Years with "X" indicate information not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.

Franklin County Employment by Sector Trends

Average Annual	2010	2011	2012	2013	2014	2015	2016	% Change 2010 - 2016	Percentage of Total	CAGR
Industry										
Total	**7035**	**7386**	**7182**	**7431**	**8023**	**7873**	**7782**	10.6%	100%	1.7%
Ag,Forestry, Fishing and Hunting	X	X	X	61	65	54	53	**0.0%**	**1%**	**0.0%**
Mining	17	X	X	34	35	40	41	**141.2%**	**1%**	**15.8%**
Utilities	X	X	X	X	X	X	X	**0.0%**	**0%**	**0.0%**
Construction	595	588	548	549	559	537	547	**-8.1%**	**7%**	**-1.4%**
Manufacturing	537	577	589	769	1221	1049	906	**68.7%**	**12%**	**9.1%**
Wholesale Trade	X	X	92	X	134	145	149	**0.0%**	**2%**	**0.0%**
Retail Trade	916	928	903	879	904	882	894	**-2.4%**	**11%**	**-0.4%**
Transportation & Warehousing	279	268	X	273	X	X	X	**0.0%**	**0%**	**0.0%**
Information	38	38	40	42	42	42	38	**0.0%**	**0%**	**0.0%**
Finance and Insurance	X	275	X	X	X	294	279	**0.0%**	**4%**	**0.0%**
Real Estate and Rental and Leasing	X	X	X	X	X	323	X	**0.0%**	**0%**	**0.0%**
Prof, Scientific and Tech Services	197	187	182	196	X	X	X	**0.0%**	**0%**	**0.0%**
Management of Companies	16	19	14	14	X	X	X	**0.0%**	**0%**	**0.0%**
Admin. & Support & Waste Mgt	378	451	285	278	309	282	265	**-29.9%**	**3%**	**-5.7%**
Educational Services	X	X	X	X	91	90	95	**0.0%**	**1%**	**0.0%**
Health Care and Social Services	X	X	X	X	645	660	733	**0.0%**	**9%**	**0.0%**
Arts, Entertainment, and Rec	96	92	80	80 X		88	94	**-2.1%**	**1%**	**-0.4%**
Accommodation and Food Services	**507**	**501**	**519**	**525**	**513**	**555**	**519**	**2.4%**	**7%**	**0.4%**
Other Services (Ex. Public Admin)	X	510	X	X	X	X	X	**0.0%**	**0%**	**0.0%**
Public Administration	1044	1061	1057	1081	1072	1066	1045	**0.1%**	**13%**	**0.0%**
Federal civilian	47	45	41	40	41	43	44	**-6.4%**	**1%**	**-1.1%**
Military	78	78	76	75	73	70	69	**-11.5%**	**1%**	**-2.0%**
State and local	919	938	940	966	958	953	932	**1.4%**	**12%**	**0.2%**
State government	82	117	113	107	112	107	114	**39.0%**	**1%**	**5.6%**
Local government	837	821	827	859	846	846	818	**-2.3%**	**11%**	**-0.4%**

Source: US Census Bureau of Economic Analysis; Indiana STATS

The **Manufacturing** sector is second to Public Administration in the number of jobs in Franklin County. This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products.

Traditionally, manufacturing operations tend to attract a relatively high volume of overnight visitors, especially those with regional, national or international exposure.

Visitors can include non-local sales force, customers, vendors and suppliers. As listed earlier in this report, the following are the largest manufacturing employers in Brookville.

Brookville Indiana Manufacturing Firms		
Company	**Product**	**Employees**
Owens Corning	Roofing shingles	95
Sperry & Rice	Rubber components	60
United Refractories	Heat-resistent materiials	45
MBC Group	Specialty packaging	40

As the governmental seat to Franklin County, employment in **Public Administration** in Brookville is expected to mirror the county in percentage of total jobs. As the chart illustrates, the Public Administrative sector generates the highest percentage of jobs in Franklin County.

Brookville Lake and the surrounding recreational areas create a high number of state and federal jobs including the Indiana Department of Natural Resources and Army Corps of Engineers. The Public Administration sector tends to generate consistent demand for overnight accommodations that can range from individuals to crews and other groups. With a daily lodging per diem of $93, government-related room demand is a primary target audience for hotels in the Brookville market area.

The **Retail Trade** sector comprises establishments engaged in retailing merchandise and rendering services incidental to the sale of merchandise.

1. Store retailers operate fixed point-of-sale locations, located and designed to attract a high volume of walk-in customers. In general, retail stores have extensive displays of merchandise and use mass-media advertising to attract customers. They typically sell merchandise to the general public for personal or household consumption, but some also serve business and institutional clients. In addition to retailing merchandise, some types of store retailers are also engaged in the provision of after-sales services, such as repair and installation.

2. Non-store retailers, like store retailers, are organized to serve the general public, but their retailing methods differ. The establishments of this subsector reach customers and market merchandise with methods, such as the broadcasting of "infomercials," the broadcasting and publishing of direct-response advertising, the publishing of paper and electronic catalogs, door-to-door solicitation, in-home demonstration, selling from portable stalls (street vendors, except food), and distribution through vending machines.

While they may not always directly generate a high volume of overnight visitors, large retail centers or small unique independent shops in the region can attract visitors either as a primary or secondary reason for traveling to a market.

The downtown business districts of Brookville and nearby Metamora are known for unique shops, restaurants, taverns and other businesses surrounding the historic and outdoor recreational environment of the region.

Downtown Brookville

Metamora Canal Shops

The **Health Care** sector comprises establishments providing health care and social assistance for individuals. Margaret Mary Health Center in Brookville employs approximately 70 people and is a branch of the main facility in Batesville (over 750 employees). The Brookville Health Care Center is a rehabilitation and 24-nursing care facility employing approximately 90 people at the center.

Healthcare facilities tend to generate high and consistent volumes of demand for overnight accommodations. Visiting healthcare professionals, suppliers of equipment and goods, family and friends of patients and government inspection teams are among common visitors to larger centers.

The **Agriculture, Forestry, Fishing and Mining** sectors comprises establishments primarily engaged in growing crops, raising animals, dairies, the harvesting of timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats.

The **Construction** sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this sector.

Trends in Construction employment may not provide a true barometer of potential overnight visitors. However, upward trends in employment can indicate strength and growth in overall economic activity by increased housing or commercial development.

The **Wholesale Trade** sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.

The **Transportation** and **Warehousing** sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation related facilities as a productive asset. The type of equipment depends on the mode of transportation. The modes of transportation are air, rail, water, road, and pipeline.

The **Information** sector comprises establishments engaged in producing and distributing information and cultural products, as well as data or communications, and processing data.

The main components of this sector are the publishing industries, including software publishing, and both traditional publishing and publishing exclusively on the Internet; the motion picture and sound recording industries; the broadcasting industries, including traditional broadcasting and those broadcasting exclusively over the Internet; the telecommunications industries; Web search portals, data processing industries, and the information services industries.

The **Finance and Insurance** sector comprises of establishments primarily engaged in financial transactions and/or in facilitating financial transactions.

The **Real Estate and Rental and Leasing** sector comprises of establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services. The major portion of this sector comprises establishments that rent, lease, or otherwise allow the use of their own assets by others. The assets may be tangible, as is the case of real estate and equipment, or intangible, as is the case with patents and trademarks.

The **Professional, Scientific, and Technical Services** sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.

The **Educational Services** sector comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities, and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated.

The Franklin County Community School Corporation has an enrollment of approximately 2,400 students. Similar to the overall population trends of the town and county, enrollment numbers have decreased during the past several years.

Demand for overnight accommodations (and group function space) generated by local schools can be significant. Public administration officials from other regions may visit for inspections, meetings and other functions. School athletic and academic events draw family members as well as visiting teams. Brookville Lake has hosted the Indiana State High School Fishing championships and other tournaments in the past. These and the many other tournaments could increase as lodging requirements are met.

Retail Sales

Trends in Taxable Retail Sales is a strong economic indicator for the subject market as it illustrates spending patterns of residents and visitors alike. The chart below offers the taxable retail sales trends of establishments located in Franklin and the surrounding counties. Taxable sales exclude groceries and other non-taxed goods or out-of-state sales.

Total Taxable Retail Sales

	Franklin	% change	Fayette	% change	Decatur	% change	Ripley	% change	Dearborn	% change	Indiana	% change
2011	$72,113,150		$64,409,406		$154,673,187		$193,125,823		$244,682,678		$79,235,364,867	
2012	$72,727,143	0.9%	$57,066,616	-11.4%	$159,300,950	3.0%	$200,778,471	4.0%	$256,315,677	4.8%	$81,742,551,441	3.2%
2013	$76,276,093	4.9%	$57,924,623	1.5%	$176,162,098	10.6%	$209,594,554	4.4%	$252,332,776	-1.6%	$84,546,944,332	3.4%
2014	$74,865,328	-1.8%	$60,935,515	5.2%	$182,726,919	3.7%	$224,529,134	7.1%	$250,711,418	-0.6%	$88,184,417,135	4.3%
2015	$76,634,003	2.4%	$61,096,032	0.3%	$195,053,641	6.7%	$234,367,018	4.4%	$248,816,592	-0.8%	$91,226,403,030	3.4%
2016	$82,356,596	7.5%	$64,023,098	4.8%	$206,809,188	6.0%	$244,574,010	4.4%	$264,070,814	6.1%	$94,300,612,808	3.4%
2017	$88,206,233	7.1%	$60,489,511	-5.5%	$199,862,577	-3.4%	$251,037,240	2.6%	$272,570,421	3.2%	$96,975,707,620	2.8%
CAGR		**3.4%**		**-1.0%**		**4.4%**		**4.5%**		**1.8%**		**3.4%**

Per Capita Retail Sales

	Franklin	% change	Fayette	% change	Decatur	% change	Ripley	% change	Dearborn	% change	Indiana	% change
2011	$3,131.13		$2,667.06		$5,976.55		$6,744.63		$4,895.42		$12,161.32	
2012	$3,158.75	0.9%	$2,382.74	-10.7%	$6,122.25	2.4%	$7,060.96	4.7%	$5,154.77	5.3%	$12,507.15	2.8%
2013	$3,321.84	5.2%	$2,430.85	2.0%	$6,719.64	9.8%	$7,410.10	4.9%	$5,073.44	-1.6%	$12,873.57	2.9%
2014	$3,261.25	-1.8%	$2,599.31	6.9%	$6,914.40	2.9%	$7,924.09	6.9%	$5,072.97	0.0%	$13,375.09	3.9%
2015	$3,344.56	2.6%	$2,611.95	0.5%	$7,394.00	6.9%	$8,255.85	4.2%	$5,031.48	-0.8%	$13,800.03	3.2%
2016	$3,624.05	8.4%	$2,752.85	5.4%	$7,762.82	5.0%	$8,609.34	4.3%	$5,337.89	6.1%	$14,214.73	3.0%
2017	$3,899.65	7.6%	$2,606.30	-5.3%	$7,475.13	-3.7%	$8,826.29	2.5%	$5,479.79	2.7%	$14,546.03	2.3%
CAGR		3.7%		-0.4%		3.8%		4.6%		1.9%		3.0%

Source: Indiana Department of Revenue

As the chart above indicates, Franklin County leads the neighboring counties and State in the level of growth from 2015 – 2017 and equals the State average in compounded annual growth since 2011. Per capita spending grew by 3.7% compounded annually during the same period. This can indicate outside (visitor) support of local businesses as growth out-paces local population.

Brookville Lake Attendance

Brookville Lake and the surrounding recreational areas are arguably the main attraction of Brookville and the surrounding region. As the chart below indicates, Brookville Lake and Whitewater State Park combined, attract over 1.6 million visitors per year since the 2011 – 2012 season. Only Indiana Dunes and Brown County State Parks achieve a greater annual attendance than Brookville Lake and neither reach the levels of the Brookville/Whitewater combination.

Brookville Lake Annual Attendance				Whitewater State Park Annual Attendance			
Season	Attendance	% Change	CAGR	Season	Attendance	% Change	CAGR
2009/2010	1,092,332			2009/2010	285,413		
2010/2011	1,212,050	11.0%		2010/2011	262,726	-7.9%	
2011/2012	1,374,881	13.4%		2011/2012	260,532	-0.8%	
2012/2013	1,296,125	-5.7%		2012/2013	230,047	-11.7%	
2013/2014	1,421,089	9.6%		2013/2014	259,406	12.8%	
2014/2015	1,363,528	-4.1%		2014/2015	258,992	-0.2%	
2015/2016	1,303,180	-4.4%		2015/2016	258,681	-0.1%	
2016/2017	1,373,158	5.4%	3.3%	2016/2017	273,472	5.7%	-0.6%

While attendance has fluctuated year-to-year, most likely due to weather conditions, the average 1.3 million visitors to Brookville Lake can be a significant economic thrust to the area economy. Yet, with limited commercial services along the lake and limited services in Brookville, it is more likely that potential overnight visitors to the lake area find accommodations in other areas or utilize alternative types of accommodations including campgrounds and cottage/cabin rentals.

Brown County State Park, in Nashville, is located in a lesser populated county and is only 15 miles closer to Indianapolis than Brookville Lake. However, Brown County State Park offers a resort-class lodge with 160 total units including 84 hotel rooms, a variety of cabin suites, cottages, an 11,000 square foot aquatic center and meeting and banquet facilities.

Indiana Dunes State Park is on the shores of Lake Michigan and a short distant from downtown Chicago. Thus, this park has the population base to help achieve its first-place ranking in attendance.

Lodging Sales

The economic indicators reviewed in this section provide a glimpse of the overall economic vitality of Franklin County and neighboring counties. These factors offer the strengths or weaknesses in trends that can indicate growth or decline in local residents as well as visitor spending, income and population.

However, the best economic indicator to determine the strength of the lodging industry is room tax collection/lodging revenue trends. There are still a number of variables that represent the true strength of the lodging industry such as number of rooms, types or class of lodging, rate structures and franchised affiliation recognition.

Still, as the chart below illustrates, trends in lodging sales provide a direct indication of how well the industry is performing.

Hotel Revenue

	Franklin	% change	Fayette	% change	Decatur	% change	Ripley	% change	Dearborn	% change	Oxford	% change	Harrison	% change
2011	$1,439,876.80		$600,452.40		$3,212,845.40		$941,759.20		$8,359,385.60		$5,946,178.67		$2,266,155.00	
2012	$1,750,327.00	21.6%	$549,200.60	-8.5%	$3,273,714.40	1.9%	$768,307.60	-18.4%	$7,827,827.20	-6.4%	$5,949,195.67	0.1%	$2,552,121.00	12.6%
2013	$1,658,173.60	-5.3%	$489,346.40	-10.9%	$3,291,146.80	0.5%	$773,233.40	0.6%	$6,699,594.00	-14.4%	$7,125,674.00	19.8%	$2,489,700.00	-2.4%
2014	$1,896,388.20	14.4%	$484,229.00	-1.0%	$3,628,816.00	10.3%	$703,873.20	-9.0%	$6,745,615.00	0.7%	$7,349,465.50	3.1%	$3,016,247.00	21.1%
2015	$2,042,204.40	7.7%	$462,719.20	-4.4%	$4,321,881.40	19.1%	$683,352.60	-2.9%	$8,714,296.60	29.2%	$7,537,225.50	2.6%	$3,411,470.00	13.1%
2016	$2,176,670.20	6.6%	$484,308.80	4.7%	$5,319,972.60	23.1%	$737,467.20	7.9%	$9,342,175.40	7.2%	$8,061,800.00	7.0%	$3,779,908.76	10.8%
2017	$2,369,808.40	8.9%	$438,397.80	-9.5%	$5,994,504.20	12.7%	$923,602.60	25.2%	$9,763,131.80	4.5%	$8,166,666.67	1.3%	$4,188,138.91	10.8%
CAGR		**8.7%**		**-5.1%**		**11.0%**		**-0.3%**		**2.6%**		**5.4%**		**10.8%**

Franklin County lodging businesses have experienced an impressive 8.7% annual compounded rate of growth from 2011 – 2017. Growth was accelerated by a spike in 2012 and another in 2014. Yet, the past three years have shown more consistent, solid increases in lodging revenue.

The Hampton Inn in Batesville is the only franchised hotel in the county and represents the majority of rooms available.

Local Lodging Supply

Aside from 2 bed & breakfast inns and an older roadside motel, the Town of Brookville has no modern commercial accommodations. A variety of rental homes, cabins and cottages are situated within the short distance to the town and Brookville Lake including a full-service resort facility with marina, 18-hole golf course, dining and small number of rental condos. Additionally, the community of Metamora offers an additional 6 bed & breakfast inns fitting of the unique and historic atmosphere of the village.

Despite the lack of modern, franchised lodging in and around Brookville, the several inns and resorts provide accommodations that can satisfy a minor percentage of business, leisure and small groups.

The key observation to these lodging accommodations are their rate structures. Rental homes, condominiums, cabins and inns in the area command rates that exceed those of a typical Upper Midscale to Upscale hotel in the region.

Brookville Lodge

Brookville Lodge is located in the downtown business district within walking distance to numerous shops and restaurants. The property offers 4 units with Queen-size beds and 1 with a King-size bed. Guests have access to the main kitchen. Each room has a coffee maker, Cable TV and wireless internet. Complimentary access to a neighboring health club is also included in the rates.

Rates at the Brookville Lodge are seasonal and range from $85 - $120 for Queens and $110 - $120 for the King rooms.

Hermitage House

The Hermitage House Bed & Breakfast offers 6 units with King or Queen beds. Complimentary breakfast, snacks and beverages are included in the $75 nightly rate. The current rate appears to be fixed with no seasonal fluctuations accept at owners discretion.

Mound Haven Motel

Located just south of downtown Brookville along Highway 52, the Mound Haven Motel is an older roadside motel with 33 units and exterior corridors. The motel caters to a more rate sensitive audience including construction crews, long-term rentals and highway travelers. The rate structure was not determined. However, the property's average daily rate is listed at $50 according to sales documents. The motel has been listed for sale since at least early 2017.

Sagamore Resort (Liberty, Indiana)

The only commercial lodging on Brookville Lake, the Sagamore Resort is a full-service condominium golf resort and marina located in Liberty, approximately 12 miles north of Brookville, in Union County.

The facility offers an adjacent restaurant and lounge as well as an outdoor pool, game room and other amenities. The resort has the appearance of a major destination complex with a P.B. Dye designed 18-hole golf course and 380-slip marina. However, there are only 18 rental units available. Each unit is privately owned yet managed by the marina operators (Kent's Harbor Marina). Units are placed in a rental pool with similar designs, décor and rate structures.

Sagamore Resort Rate Structure				
	Off-season	**Shoulder**	**Peak**	**Events**
Studio (6)	$ 129	$ 169	$ 179	$ 189
One-Bedroom (6)	$ 149	$ 199	$ 199	$ 219
Two-Bedroom (6)	$ 209	$ 279	$ 299	$ 319

Recap

Collectively, Brookville and Metamora offer 12 bed & breakfast inns with a total of 36 rooms and 1 roadside motel with 33 rooms. An estimated 9 vacation homes and 18 resort-condominium units (Sagamore Resort) are located within 10-12 miles of Brookville and surround Brookville Lake.

The lodging operations in the subject market primarily cater to tourists and leisure groups. Corporate retreats and general meetings are also marketed by several of the inns and resort.

Competitive Lodging Supply

The limited number of rooms in the Town of Brookville can force local visitors to seek preferred accommodations in nearby markets. Reasons for choosing alternative lodging may be due to a lack of availability or preference for recognizable brand names and amenities.

Traveler Preferences in Lodging

Accenture is a global management consulting and professional services firm that provides strategy, consulting, digital, technology and operations services. The company maintains a survey of business and leisure traveler's preference for overnight accommodations. Surveys consist of responses by Fortune 1000 travel departments and top travel agencies throughout the country. The chart below summaries the preference of lodging types for U.S. travelers:

Lodging Preferences		
	Business	**Leisure**
Hotel	74%	84%
B&B	54%	64%
Friends/Family	51%	70%
Private Condo	34%	45%
Private Home	32%	44%

The key focus on the chart above is visitor's preference for hotel accommodations over other choices. Assuming Brookville and Franklin County visitors possess the same preferences as the U.S. average in this chart, the regions' lack of hotel accommodations can be a detriment in luring overnight guests to the area.

The closest modern lodging to Brookville is in Batesville (13 miles) and Oxford, Ohio (15 miles).

Competitive Lodging Supply

Property	Distance	Rooms	Class	Yr Opened
Batesville, Indiana *				
Hampton Inn	13.3	99	Upper Midscale	1993
Quality Inn	13.6	56	Midscale	1991
Oxford, Ohio				
Baymont Inn & Suites	15.2	61	Midscale	2000
Comfort Inn	15.3	66	Midscale	1996
Hampton Inn	15.4	74	Upper Midscale	2012
The Elms Hotel**	15.5	60	Independent	2002
Best Western Sycamore Inn	15.8	61	Midscale	1991
Harrison, Ohio				
Holiday Inn Express & Suites	16.1	62	Upper Midscale	1999
Best Western Plus Whitewater Inn	16.4	57	Upper Midscale	2000
Total/Average	**15.2**	**596/66**		**1998**

** The historic inn, The Sherman, is excluded from this list which focuses on standard franchised hotels. The 22-room inn is renowned for its dining facility and recent re-opening in 2017 after closing in 2014. Limited performance information after its re-opening resulted in the author's decision to omit this property from the competitive supply list.*

*** originally a Holiday Inn franchise, The Elms is included in this list of competitive national franchises due to its similar level of operations as the others listed.*

As the table above illustrates, the closest competitive lodging supply to Brookville is an average of 15 miles away. These 9 properties offer a total of 596 rooms at an average of 66 rooms and have an average age of 19 years. By most hotel franchise business structures, a hotel reaches a level of obsolescence after 20 years from its opening (thus, the maximum term of a hotel franchise is 20 years). While many hotels maintain operationally and financially stable well beyond two decades, the requirements of repair and renovation at this age often result in brand conversions (and often to a lower rated franchise class) or the elimination of affiliations all together.

Closest Competitive Hotels to Brookville

Interviews with local company representatives and tourism officials discovered a varying preference for hotel locations utilized by visitors.

Batesville

The City of Batesville is located approximately 18 miles southwest of Brookville and is considered a primary destination for accommodations by visitors to the subject market. This is more likely due to a portion of the city being located in Franklin County. Thus, local promotional material includes the city lodging operations – especially the Hampton Inn. Local companies and attraction representatives, however, referred to other nearby communities, including Oxford and Harrison, as preferred destinations for lodging.

Demand for lodging in Batesville appears to be balanced between local business travel and highway transient customers. Franchised hotels in the city are Hampton Inn and Quality Inn. In addition, The Sherman, a 22-room historic inn located downtown Batesville recently re-opened (closed in 2014) after extensive renovations and restoration. years. The hotel is a boutique property with a well-established restaurant and new lounge. However, its distance from the Brookville and its specialty niche audience, limits the influence that The Sherman has on local projections of performance in this study.

Hotels in Batesville may attract tourist destined for the Brookville Lake region as both occupancy and rate levels show a slight surge during peak summer months. Batesville hotels appear to enjoy a more consistent year-round demand generated by a number of larger companies including Hill-Rom (healthcare equipment), Batesville Casket, Margaret Mary Health Center and Batesville Tool & Die.

Batesville hotels also have the ability to capture demand generated by several major regional employers including Honda Motors, GEOCOM Automotive, Valeo and Hitachi all located in Greensburg, approximately 20 minutes northwest of Batesville.

Highway transient activity is also a strong source of demand for hotels in Batesville with its visibility and accessibility to Interstate 74.

Hampton Inn – Batesville

The Hampton Inn Batesville was built in 1993 and offers 99 rooms, an indoor pool and other features and amenities typical of the early generation Hampton brand. This is the only national franchise in Franklin County and is currently being marketed for sale. Despite its age, the hotel has maintained the quality expectations of the brand and receives strong guest rating on Tripadvisor.

The dominance of locally generated commercial or corporate demand as well as highway transient activity can explain the average rates that are considerably lower than respective franchises. The Hampton Inn in Batesville achieves an ADR of approximately $88 compared to the chain's national average of $122.

Hampton Batesville Monthly Occupancy and ADR Trends - 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Occupancy	55.0	49.9	53.7	64.1	64.9	80.6	75.5	67.1	65.8	76.6	60.3	51.5
ADR	83.64	86.03	84.66	87.63	87.56	90.67	92.49	90.15	87.95	89.23	87.73	87.24

Source: Smith Travel Research

Quality Inn - Batesville

The Quality Inn Batesville recently (11/2017) re-branded from a Comfort Inn to a Quality Inn within the same parent franchise of Choice Hotels. The hotel was opened in 1991 and offers 56 rooms. Quality Inn is classified as a "Midscale" franchise while Comfort Inn is an Upper Midscale brand according to *Smith Travel Research.* (Brands/Chains are slotted by Chain Scale based on the previous year's annual system wide Average Daily Rate. Rate ranges defining each Chain Scale are determined by STR).

While the franchise name chain resulted in lowering its' class from an Upper Midscale to Midscale, the hotel has undergone considerable renovations and appears to capture its fair share of demand in the Batesville market area. Prior to its name change and renovations, the property reported an occupancy level of approximately 36% at a $74 ADR (2016). Today, the hotel is reportedly maintaining a near identical ADR at a 50% occupancy level.

Oxford, Ohio

Oxford is 16 miles east of Brookville Lake and offers the closest franchised hotels to the lake attractions. Oxford is also home to Miami University, a four-year liberal arts college with an approximate enrollment of 16,000, plus 3,800 employees and Division I athletic team status. The city is also home to McCullough Hyde Memorial Hospital (400 employees), and Square D Company (350 employees).

There are currently 407 hotel rooms in Oxford. Franchises include Hampton Inn, Comfort Inn, Baymont Inn and the Best Western Sycamore Inn. The Elms, a 60-room boutique hotel is included in the competitive set of properties in Oxford.

Miami University is the dominant hotel demand generator in Oxford. Events and general activities at the college have a significant impact on hotel occupancies and rates from September – May. Key visitation events include athletics, graduation, parent weekends and numerous academic and performing arts events. Oxford is also home to the previously stated hospital and numerous medium-size manufacturing and service centers.

Brookville, Indiana

Oxford hotels appear to achieve an annual occupancy level of 56% - 60% based on room tax analysis and information gathered during interviews with local hotel operators. However, areawide Average Daily Rates appears to be substantially stronger than the surrounding competitive markets. Based on the same factors used in determining occupancy levels, this study determines that Oxford hotel combined ADR was $97 - $105 in 2017.

This study also determines that the local franchised hotels achieve annual average rates that are 15% - 30% above their respective brand-averages. Best Available Rate structures, which are the standard published rates, range from $110 at the Baymont Inn to over $200 at the Hampton Inn.

As the Rate Structure chart following this section illustrates, the Comfort Inn commands an average BAR of almost $300 for 2018/2019. However, it appears that this property practices peak rate publishing throughout the year. As the actual booking date nears, rates possibly adjust (if necessary) to a more competitive price. For example, as of this report date (June, 2018), rates for April, 2018 are listed at $499 at the Comfort Inn. Rates for the date of this report were listed at $113.

Still, the BAR and estimated ADR for Oxford hotels are substantially higher than the other competitive markets evaluated in this study as well as other Cincinnati sub-markets. Occupancy levels are equal or slightly less than the competitive markets.

The impact of Oxford generated demand on a new hotel in Brookville is likely to be minimal. Alternative lodging to Oxford is found throughout Butler County and south toward Cincinnati metro. However, its proximity and the unique surroundings of Brookville and the lake region could lure Oxford demand during peak and summer periods. Likewise, overflow demand can be lured to Brookville during areawide sell-out functions including:

- Miami of Ohio home football (average of 5 from Septrmber – November)
- College graduation and parent weekend functions (May and September)
- Homecoming (with football weekend in September)
- Move-in Day (September)

Oxford hotel details are included in this section.

Harrison

The city of Harrison is located 18 miles south of Brookville. Hotels in the community include a Holiday Inn Express, Best Western Whitewater Inn and a Super 8. Harrison was mentioned by several Brookville demand generators as a preferred destination for overnight accommodations. This is largely due to the city's proximity to Cincinnati and the Cincinnati/Northern Kentucky International Airport.

Hotel demand in Harrison appears to be a mix of regionally generated commercial demand, highway transient and overflow/alternative from the greater Cincinnati region. Several small to medium manufacturing and technical companies are located in Harrison as well as a strong retail/service sector with big box and strip-mall operations.

The Holiday Inn Express in Harrison is the highest rated property in the city and reportedly achieves an occupancy level between 67% - 71% at a $97 - $101 ADR. The hotel captures a high level of highway transient activity followed by corporate/business travelers to northwestern Cincinnati. The Express has 62 rooms and opened in 1999.

The Best Western Whitewater Inn is a former Comfort Inn built in 2000 and offers 57 rooms. The property has a rate structure similar to the Holiday Inn Express yet achieves an estimated ADR approximately $10 lower. Occupancy estimates for the Best Western (Plus) is 60% - 64%.

The Super 8 in Harrison opened in 1988 and offers 108 rooms. The property was previously franchised with Quality Inn and Howard Johnson. Occupancy levels are reported at 50% at a $64 ADR.

Company spokespersons in Brookville listed the Holiday Inn Express in Harrison as a top choice by visitors to their companies. Proximity to Cincinnati, the Airport and a variety of national branded restaurants and shopping also lure visitors to the Harrison properties. Overall, the lodging operations in Harrison are older and perhaps, the most vulnerable to new lodging in other regions – including Brookville.

Recap

This study identified 9 hotels offering a total of 596 rooms within 16 miles of Brookville as competitive to a new lodging operation in the subject market. As the table below illustrates, these hotels have an average age of 20 years. There is a near equal mix of Midscale and Upper Midscale properties as well as 1 independent that can also be categorized as an Upscale boutique class.

Each of the three communities represented by the competitive set of hotels has its own primary source of commercial and transient hotel demand. However, it can be assumed that these competitive hotels also attract leisure demand (and commercial visitors) from the Brookville area.

Competitive Lodging Supply (re-charted from earlier section.

Property	Distance	Rooms	Class	Yr Opened
Batesville, Indiana *				
Hampton Inn	13.3	99	Upper Midscale	1993
Quality Inn	13.6	56	Midscale	1991
Oxford, Ohio				
Baymont Inn & Suites	15.2	61	Midscale	2000
Comfort Inn	15.3	66	Midscale	1996
Hampton Inn	15.4	74	Upper Midscale	2012
The Elms Hotel**	15.5	60	Independent	2002
Best Western Sycamore Inn	15.8	61	Midscale	1991
Harrison, Ohio				
Holiday Inn Express & Suites	16.1	62	Upper Midscale	1999
Best Western Plus Whitewater Inn	16.4	57	Upper Midscale	2000
Total/Average	**15.2**	**596/66**		**1998**

** The historic inn, The Sherman, is excluded from this list which focuses on standard franchised hotels. The 22-room inn is renowned for its dining facility and recent re-opening in 2017 after closing in 2014. Limited performance information after its re-opening resulted in the author's decision to omit this property from the competitive supply list.*

*** originally a Holiday Inn franchise, The Elms is included in this list of competitive national franchises due to its similar level of operations as the others listed.*

The chart on the following page offers the monthly published rates (Best Available Rates or BAR) for the competitive hotels in this section.

Below each rate listing, the franchise average is indicated as well as the areawide ADR. The “Index” for each property determines how well above (100% or greater) or below (under 100%) each property performs, in rate structures, compared to their respective franchise and the area.

Brookville Area Best Available Rate (B.A.R.) 2018 - 2019

		Hampton Batesville BAR	Quality Batesville BAR	Baymont Oxford BAR	Comfort Inn Oxford BAR	Hampton Oxford BAR	The Elms Oxford BAR	BW Sycamore Oxford BAR	HI-Express Harrison BAR	BW Whitewter Harrison BAR	Area Average	Index to Area Wide	Weekend	Weekday
JANUARY	weekday	$ 107.00	$ 80.00	$ 89.00	$ 149.00	$ 124.00	$ 123.00	$ 90.00	$ 96.00	$ 115.00	$ 108.11	84%	*	*
JANUARY	weekend	$ 110.00	$ 80.00	$ 139.00	$ 199.00	$ 164.00	$ 237.00	$ 112.00	$ 119.00	$ 130.00	$ 143.33	111%	*	*
FEBRUARY	weekday	$ 107.00	$ 80.00	$ 79.00	$ 149.00	$ 129.00	$ 114.00	$ 105.00	$ 103.00	$ 115.00	$ 109.00	84%	*	*
FEBRUARY	weekend	$ 110.00	$ 80.00	$ 154.00	$ 199.00	$ 459.00	$ 266.00	$ 195.00	$ 123.00	$ 130.00	$ 190.67	147%	*	*
MARCH	weekday	$ 107.00	$ 85.00	$ 79.00	$ 149.00	$ 129.00	$ 142.00	$ 105.00	$ 96.00	$ 115.00	$ 111.89	87%	*	*
MARCH	weekend	$ 110.00	$ 85.00	$ 159.00	$ 199.00	$ 459.00	$ 285.00	$ 195.00	$ 122.00	$ 130.00	$ 193.78	150%	*	*
APRIL	weekday	$ 107.00	$ 100.00	$ 79.00	$ 149.00	$ 129.00	$ 133.00	$ 105.00	$ 105.00	$ 115.00	$ 113.56	88%	*	*
APRIL	weekend	$ 110.00	$ 100.00	$ 154.00	$ 199.00	$ 459.00	$ 171.00	$ 195.00	$ 124.00	$ 130.00	$ 182.44	141%	*	*
MAY	weekday	$ 107.00	$ 100.00	$ 84.00	$ 149.00	$ 129.00	$ 114.00	$ 140.00	$ 100.00	$ 115.00	$ 115.33	89%	*	*
MAY	weekend	$ 110.00	$ 100.00	$ 279.00	$ 199.00	$ 459.00	$ 180.00	$ 195.00	$ 130.00	$ 140.00	$ 199.11	154%	*	*
JUNE	weekday	$ 104.00	$ 81.00	$ 94.00	$ 95.00	$ 154.00	$ 142.00	$ 127.00	$ 116.00	$ 125.00	$ 115.33	89%	*	*
JUNE	weekend	$ 110.00	$ 83.00	$ 154.00	$ 169.00	$ 219.00	$ 218.00	$ 165.00	$ 180.00	$ 155.00	$ 161.44	125%	*	*
JULY	weekday	$ 104.00	$ 81.00	$ 89.00	$ 119.00	$ 139.00	$ 114.00	$ 140.00	$ 105.00	$ 93.00	$ 109.33	85%	*	*
JULY	weekend	$ 114.00	$ 83.00	$ 149.00	$ 179.00	$ 189.00	$ 180.00	$ 165.00	$ 137.00	$ 127.00	$ 147.00	114%	*	*
AUGUST	weekday	$ 104.00	$ 81.00	$ 84.00	$ 90.00	$ 139.00	$ 114.00	$ 90.00	$ 113.00	$ 93.00	$ 100.89	78%	*	*
AUGUST	weekend	$ 110.00	$ 81.00	$ 144.00	$ 169.00	$ 209.00	$ 171.00	$ 112.00	$ 137.00	$ 130.00	$ 140.33	109%	*	*
SEPTEMBER	weekday	$ 104.00	$ 76.00	$ 84.00	$ 90.00	$ 139.00	$ 114.00	$ 90.00	$ 105.00	$ 110.00	$ 101.33	78%	*	*
SEPTEMBER	weekend	$ 110.00	$ 76.00	$ 174.00	$ 349.00	$ 479.00	$ 171.00	$ 197.00	$ 122.00	$ 140.00	$ 202.00	156%	*	*
OCTOBER	weekday	$ 104.00	$ 76.00	$ 84.00	$ 139.00	$ 139.00	$ 114.00	$ 90.00	$ 100.00	$ 110.00	$ 106.22	82%	*	*
OCTOBER	weekend	$ 110.00	$ 76.00	$ 279.00	$ 249.00	$ 479.00	$ 237.00	$ 197.00	$ 139.00	$ 140.00	$ 211.78	164%	*	*
NOVEMBER	weekday	$ 104.00	$ 76.00	$ 84.00	$ 139.00	$ 139.00	$ 133.00	$ 90.00	$ 96.00	$ 110.00	$ 107.89	83%	*	*
NOVEMBER	weekend	$ 110.00	$ 76.00	$ 159.00	$ 349.00	$ 479.00	$ 237.00	$ 197.00	$ 123.00	$ 120.00	$ 205.56	159%	*	*
DECEMBER	weekday	$ 104.00	$ 76.00	$ 79.00	$ 139.00	$ 139.00	$ 123.00	$ 90.00	$ 96.00	$ 100.00	$ 105.11	81%	*	*
DECEMBER	weekend	$ 110.00	$ 76.00	$ 139.00	$ 349.00	$ 259.00	$ 244.00	$ 140.00	$ 119.00	$ 130.00	$ 174.00	135%	*	*
Average Published *		**$ 106.74**	**$ 82.78**	**$ 110.33**	**$ 160.15**	**$ 201.03**	**$ 150.56**	**$ 124.60**	**$ 111.00**	**$ 116.57**	**$ 129.31**	**100%**	**$ 108.67**	**$ 179.29**
Brand Average		***$ 122.02***	***$ 79.25***	***$ 76.00***	***$ 94.00***	***$ 122.02***	***$ -***	***$ 98.85***	***$ 118.06***	***$ 105.99***	***$ 102.02***			
Index		*87.5%*	*104.5%*	*145.2%*	*170.4%*	*164.7%*	*-*	*126.1%*	*94.0%*	*110.0%*	*126.7%*			
Competitive Set		$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04		$ 92.78	$ 109.43
STR Index		103%	80%	106%	154%	193%	145%	120%	107%	112%	124%		117%	164%

**** Average Published Rates***

Best Available Rates (BAR) equal Average Published Rates exclude specialty suites unless suites are the primary room styles.

Rate specials and incentives such as payment-upon-booking plans are excluded. Rates are categorized as "Best Available Rate" (BAR) structures.

Brand Average Daily Rates are based on franchise published documents and outside industry sources for 2018/19

The INDEX is the percentage of each property's Average Published Rates compared to the respective franchise ADR.

Area STR is based on the Primary and Secondarycompetitive set of hotels utilized and defined throughout this report.

The following section provides details for the primary and secondary competitive hotel supply to Brookville. Demand market mix and performance data of each property is determined from property management interviews, franchise personnel interviews and regional information collected during fieldwork performed in the market.

Hampton Inn Batesville

Rooms	99
Year Opened	1993
Est Occupancy	63.8%
Est ADR	$88.20
Room Mix	
King	46
2Queen	46
Suites	2
Other	5
Meeting Space (sq ft)	0

Estimated Market Mix	
Estimated Demand Mix	
Corporate	55%
Leisure	15%
Group	10%
Transient	20%

Free WiFi
Full hot breakfast, complimentary
Comp Local Health Club Access
indoor pool
Business Center
Fitness Room
Beverage Area, Complimentary
<u>In-room</u>
Coffee-maker
Microwave
Refrigerator

Fast food and Krogers Grocery within 500 feet

Quality Inn Batesville

Rooms	56
Year Opened	1991
Est Occupancy	49%
Est ADR	$76
Room Mix	
King	26
2Queen	30
Suites	0
Other	0
Meeting Space (sq ft)	300

Estimated Market Mix	
Estimated Demand Mix	
Corporate	50%
Leisure	20%
Group	10%
Transient	20%

Former Comfort Inn

Free WiFi
Free hot breakfast
Passes to local gym
Indoor heated pool
Free 24-hour coffee
<u>In-room</u>
Microwave and refrigerator
Premium bedding
Work desk
Flat-screen TV
Coffee maker

Multiple fast food, pizza, Skyline Chili
Anytime Fitness all adjacent to hotel.

Baymont Inn - Oxford

(Amerihost Inn)

Rooms	61
Year Opened	2000
Est Occupancy	42%
Est ADR	$107.00
Room Mix	
King	25
2Queen	32
Suites	4
Other	0
Meeting Space	450

Estimated Market Mix	
Estimated Demand Mix	
Corporate	45%
Leisure	15%
Group	5%
Transient	35%

Fitness Center
Free Breakfast
Indoor pool
Whirlpool
Business desk
24-HOUR ROOM SERVICE

Microwave
Refrigerator
CableTV

Dining and shopping center adjacent to hotel.

Comfort Inn - Oxford

(as Hampton Inn)

Rooms	66
Year Opened	2000
Est Occupancy	56%
Est ADR	$ 112.00
Room Mix	
King	32
2Queen	30
Suites	2
Other	0
Meeting Space	400

Estimated Market Mix	
Estimated Demand Mix	
Corporate	45%
Leisure	30%
Group	15%
Transient	10%

Free WiFi
Free hot breakfast
Indoor pool, whirlpool
Fitness center
Business center

Microwave
Refrigerator (some rooms)
Coffee maker
Work desk
Flat-panel TV
Multiple restaurants adjacent to hotel

Hampton Inn Oxford

Rooms	74
Year Opened	2012
Est Occupancy	64.0%
Est ADR	$ 128.00
Room Mix	
King	44
2Queen	30
Suites	0
Other	0
Meeting Space	0

Estimated Market Mix	
Estimated Demand Mix	
Corporate	45%
Leisure	30%
Group	10%
Transient	10%

Free full breakfast
Indoor pool
Fitness center
Lobby beverage center
Business center

Coffee maker
Free local calls
Microwave
Refrigerator

Brewhouse and other dining within walking or short drive.

Best Western Sycamore - Oxford

Rooms	61
Year Opened	1991
Est Occupancy	61%
Est ADR	$ 109.00
Room Mix	
King	35
2Queen	23
Suites	3
Other	0
Meeting Space	0

Estimated Market Mix	
Estimated Demand Mix	
Corporate	40%
Leisure	40%
Group	10%
Transient	10%

Free full breakfast
indoor pool - 24 hour
Whirlpool
Fitness center
Business center

Coffee maker
Hairdryer
Dataports
Free local calls under 30 minutes
High-speed Internet-some hard wired
Microwave
Refrigerator
Numerous dining and shopping within walking distance

Holiday Inn Express - Harrison

Rooms	62
Year Opened	1999
Est Occupancy	69%
Est ADR	$98
Room Mix	
King	35
2Queen	27
Suites	15
Other	0
Meeting Space	0

Estimated Market Mix	
Estimated Demand Mix	
Corporate	50%
Leisure	15%
Group	10%
Transient	25%

Free full breakfast
Indoor pool
Fitness Center
Lobby coffee/beverages

Coffee maker
Microwave
Refrigerator
Work space
Free Local Calls
Cable/Satellite
Premium Channels
Stereo/Radio
Two-line Phone
Phone with Voicemail
Complimentary Morning Newspaper

Best Western Plus Whitewater - Harrison

Rooms	57
Year Opened	2000
Est Occupancy	64%
Est ADR	$ 88.00
Room Mix	
King	24
2Queen	33
Suites	3
Other	0
Meeting Space	

Estimated Market Mix	
Estimated Demand Mix	
Corporate	45%
Leisure	20%
Group	10%
Transient	25%

Complimentary full breakfast
Indoor pool, heated
Exercise facilities
Poolside services, recreation area/patio

Coffee/tea maker
Microwave
Refrigerator
In-room movies
AM/FM radio stereo
Desk/work area
Speaker phone
Two line phone
Voice mail

DEMAND FOR LODGING

The demand for lodging in Brookville, Franklin County and the surrounding region is generated by a variety of sources ranging from year-round business traffic to seasonal tourist activities and events. Due to the lack of competitive lodging in Brookville (or within 13 miles of Brookville), demand captured by competitive hotels outside of the Brookville market has to be investigated to determine what percentage of their occupancy might be destined for a new hotel in the subject city.

To evaluate the demand for lodging in the subject market, the overall competitive market, as defined in the supply analysis, is divided into individual segments based on the nature of travel. Generally, these segments include:

- Commercial
- Leisure
- Transient
- Group/Other

Commercial Demand

Commercial demand consists mainly of individual business people passing through the subject market or visiting area businesses. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to businesses and amenities, influence lodging choices in this segment. Companies typically designate hotels as "preferred" accommodations in return for more favorable rates, which are discounted in proportion to the number of room nights produced by a commercial client.

Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. It is relatively constant throughout the year, with marginal declines in late December and during other holiday periods.

Typically, businesses located in a community can provide an indication of the amount of commercial demand available to a hotel. Brookville and the surrounding markets have a moderate number of employers including some that have few employers but can generate a high volume of commercial visitors.

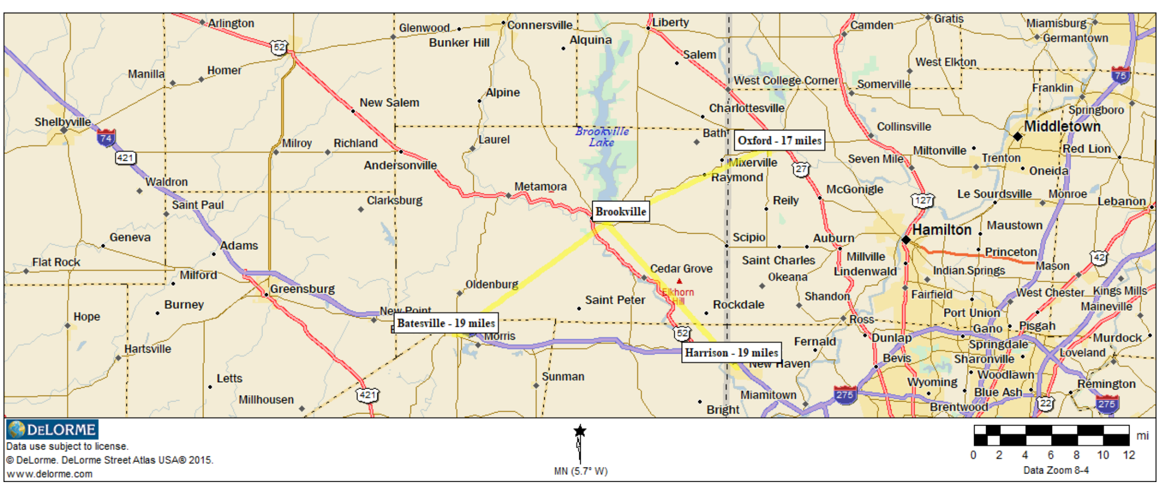
The key commercial demand generators in and around Brookville are:

Company	**Employees**
Franklin County School Corp	320
Franklin County Offices	174
Owens Corning	95
Brookville Healthcare	88
IN Dept of Natural Resources	80
Sperry & Rice	60
FCN Bank	50
Uni-Ref	45
MBC Group	40
Brackney, Inc	35
Indiana State Offices	12
US Army Corp of Engineers	8

Brookville is also the governmental seat to Franklin County and home to the majority of satellite state and county governmental offices and agencies, as well as other support services. While often inconsistent, government agencies can attract a variety of visitors any time throughout the year

Regional Commercial Demand

The 3 additional markets evaluated for this study, Batesville, Oxford and Harrison, all have local commercial demand generators that provide consistent occupancy levels for hotels in these markets. It is unlikely that a new hotel in Brookville will directly target companies in the larger markets. However, business travelers to the region may require alternative lodging during high occupancy periods. Also, a new hotel in Brookville could appeal to regional business travelers due to central location to the other 3 communities.



Realistically, there are closer hotel districts to each of the 3 markets evaluated in this study. However, a new hotel in Brookville could attract business travelers to these destinations with brand preference, the lake-resort atmosphere and the previously stated centralized location.

In addition, each of the evaluated markets and their respective counties have at least one to several large demand generators that could require alternative lodging or could be drawn to the Brookville location due to lake and recreational amenities.

Key major demand generators located in the surrounding region to Brookville include:

BATESVILLE

Company	Employees
Hill-Rom	1.800
Batesville Casket	800
Margaret Mary Hospital	480

OXFORD, OHIO

Company	Employees
Miami University	3,800

HARRISON

Company	Employees
Hollywood Casino (Lawrenceburg)	2,500
Honda (Greensburg)	2,900

Based on the fieldwork, area analysis, and performance data for the regional lodging market, the percentage of commercial room demand captured by regional competitive hotels is 46% of total occupancy.

Leisure Demand

Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives.

Leisure demand is strongest Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel. Leisure demand can be related to the overall economic health of the region and the nation.

As much as commercial demand creates the majority of overall occupancy levels for the competitive hotel districts evaluated in this study, leisure demand will dominate the Brookville market. Brookville Lake is a 5,260 acre recreational reservoir surrounded by another 11,000 acres of forest, shoreline and other natural resources that attract the third highest number of visitors of all Indiana State Recreational Areas and Parks.

Brookville Lake Annual Attendance

Season	Attendance	% Change	CAGR
2009/2010	1,092,332		
2010/2011	1,212,050	11.0%	
2011/2012	1,374,881	13.4%	
2012/2013	1,296,125	-5.7%	
2013/2014	1,421,089	9.6%	
2014/2015	1,363,528	-4.1%	
2015/2016	1,303,180	-4.4%	
2016/2017	1,373,158	5.4%	3.3%

Whitewater State Park Annual Attendance

Season	Attendance	% Change	CAGR
2009/2010	285,413		
2010/2011	262,726	-7.9%	
2011/2012	260,532	-0.8%	
2012/2013	230,047	-11.7%	
2013/2014	259,406	12.8%	
2014/2015	258,992	-0.2%	
2015/2016	258,681	-0.1%	
2016/2017	273,472	5.7%	-0.6%

Source: Indiana Department of Natural Resources

Aside from the proven strength of leisure demand generated by the Brookville Lake Area, local annual events and a variety of historical destinations lure thousands of visitors to the community and Franklin County. Among the key events held in and around Brookville include:

Brookville and Regional Annual Events		
Mont	**Event**	**Attendance**
Sept	Franklin County Antique Machinery Show	18,000
Dece	Metamora Christmas Walk	5,000
Octo	Metamora Canal Days	75,000
Sept	Metamora Music Fesitval	1,000
June	Brookville CanoeFest	4,000
July	Oldenburg Freudenfest	4,000
Dece	Whitewater Valley Basketball Tourney	Regional

Source: Franklin County Convention, Recreation & Visitors Commission

Metamora

Another key tourist destination in the region is the historic canal community of Metamora, 8 miles northwest of Brookville. Without a designated local tourist center, visitor numbers to the community are difficult to define. However, the annual Metamora Canal Days Autumn Festival (October) reportedly attracts an average of 75,000 visitors to the small town each year. Other annual events and average attendance include:

Event	**Atendance**
Metamora Music Festival	1,000
Haunted Village of Metamora	3,000
Strawberry Days	10,000
Metamora Christmas Walk	50,000

Beyond the borders of Franklin County, several major events held from Indianapolis to Cincinnati can fill hotels well outside of the host cities. Among the better-known tourist-attracting events in the region include:

Event	**Attendance**
Indianapolis 500 and 500 Festival	500,000
Indiana State Fair	850,000
BLINK Festival (Cincinnati)	1,000,000
Oktoberfest Zinzinnati	657,000
Cincinnati River Fest	500,000
Miami University (Oxford)	

> *The University hosts numerous events throughout the year, including summer months, that attract thousands of visitors and room nights. Although there are numerous overflow and alternative lodging choices within 15 – 20 miles from Oxford and the University, Brookville ranks among the closest and could attract Oxford visitors with the lake and other attractions.*

Stated previously, Leisure Demand is expected to be the largest demand generating segment in the Brookville market. Despite this, local hotel occupancy levels, by day and month illustrated later in this section, indicate a stronger occupancy volume during weekdays. While competitive in location and class, hotels in the surrounding markets attract a strong share of commercial demand that may not be fully available to a Brookville.

Transient Demand

Transient demand traditionally consists of guests who are predominantly “on-the-move” and seek short, often spontaneous or random hotel-stays. Transient travelers can include:

- Walk-in guests
- Guests with a last-minute booking
- Individual guests requiring a short stay at the hotel
- Customers visiting other nearby communities seeking overflow or alternative lodging to those offered (or unavailable) within their primary destination

Transient demand can also include room nights booked through Internet sites such as Expedia, hotels.com, and Priceline. However, reasons for staying may not be given.

Transient guests often pay “Best Available Rates” or qualify for modest discounts such as AAA, AARP or other seasonal rates.

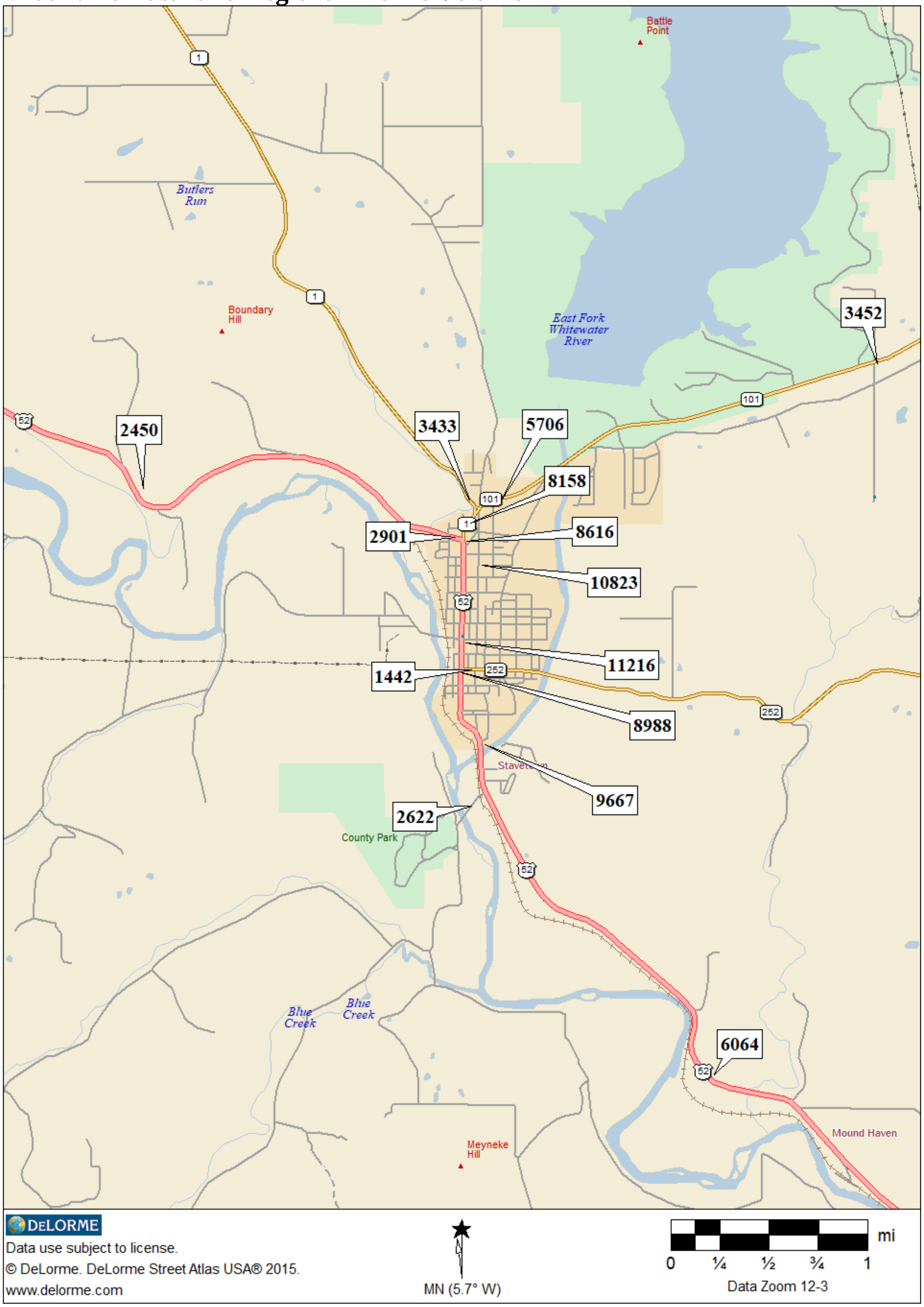
Visibility and accessibility to major thoroughfares and other areas of high traffic volume tend to aid a hotel in capturing transient room demand. However, proximity to key demand generating businesses or events can also provide overflow and alternative-seeking customers to an individual property. This appears to be the likely scenario for a new hotel in Brookville.

Highway Traffic Volume is often viewed as the best indicator of potential highway transient demand for a hotel. While there is no direct formula to calculate the correlation between highway traffic volume and room demand, industry trends and common traveler practice suggest high traffic volume will represent higher transient demand.

Although Brookville is distant from the primary interstates that are routed through southern Indiana, secondary highways such as Highway 52 provide access to the regional freeways. More so, these local highways provide direct commuter routes to larger commercial markets and additional feeder highways.

The map on the following page illustrates the latest traffic volume data for key locations in and around Brookville. The majority of locations are along US Highway 52 and indicate the highest volume entering/exiting the southern boundaries of the town.

Brookville Local and Regional Traffic Volume



Overall, transient demand is not expected to be a strong source of occupancy for a new hotel in Brookville. However, during peak visitation periods and special events (including those in other nearby markets), transient demand is expected to generate support and higher-rated lodging demand.

Group Demand

Group demand in the Brookville market will most likely be generated by social events (lake tournaments, weddings, reunions, organizations), bus tours and small meetings. Evaluation of the demand generators in the region, however, indicate modest potential for additional commercial group functions. These functions appear to be generated by government agencies associated with the Brookville Lake and the surrounding recreational areas.

Another growing source of group demand for overnight accommodations is the youth and amateur athletic market. Area schools and clubs host regional soccer, baseball, basketball, pickleball, fishing and other athletic tournaments from “pee-wee” programs to high school and amateur functions. Adult tournaments in the area include baseball, softball, golf and fishing.

Venues for group meetings and other indoor functions are limited in the Brookville market area. However, **Third Place** is a multi-faceted event center located in the heart of the downtown business district offering indoor and outdoor event space for up to 175 people. The facility also offers shared work space, fitness center and tavern. With an atmosphere and high-quality services usually found in larger markets, Third Place would be a strong asset to a new lodging facility in Brookville.

Conclusions

As repeated throughout this section, the demand for lodging in Brookville is expected to be dominated by leisure (tourist) demand including individuals and groups. The table below offers the estimated percentage of the general demand segments currently generated by the competitive markets and hotels identified in this study.

	Area Wide	
Market Segment	**Accommodated Rooms**	**Percent of Total**
Commercial	59,397	46.1%
Leisure	26,410	20.5%
Transient	21,730	16.9%
Group	21,282	16.5%
TOTAL	128,818	100.0%

While leisure demand is expected to be the primary source of business in Brookville, hotels in the surrounding markets have a greater number of commercial demand generators. Thus, the percentages illustrated above are not expected to be the same levels as a new hotel in Brookville.

Still, a new hotel in the subject market would be in a position to capture a higher level of commercial demand than available in the immediate market. Overflow, alternative lodging and business travelers seeking the unique environment of Brookville could be a strong secondary demand market for the proposed hotel.

Latent Demand

The table above illustrates the “accommodated” room-night demand in the subject competitive region based on recent occupancy levels. **Latent demand** reflects potential room-night demand that has not been realized by the existing competitive supply; this type of demand can be divided into unaccommodated demand and induced demand.

Unaccommodated Demand

Unaccommodated demand refers to visitors who are unable to find accommodations in their destination market because local hotels are filled or in this case, non-existent. These travelers must find alternative lodging and may settle for less desirable accommodations or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated-room-night demand.

If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.

Unaccommodated demand is further indicated if the market is seasonal, with distinct high and low seasons. Occupancy levels in seasonal markets may not meet the same levels as the other competitive markets in the region but may have as many or more sell-outs during the year.

Induced Demand

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new lodging facility. This could include visitors to Brookville Lake that never stay in the area or stay overnight due to the lack of nearby, preferred lodging.

Induced demand from new lodging could also include the expansion of certain activities that avoided Brookville, in general, due to a lack of modern hotels. Tournaments, meetings and conferences, tour activities and general tourists may be induced to stay in the area with new and possibly recognizable accommodations.

Although increases in demand are expected in the local market, this analysis has accounted for this growth in the determination of market segment growth rates rather than induced demand.

The following section provides greater detail of the volume of each demand segment as well as the strengths of the selected competitive markets.

Projections of Competitive Lodging Operations

The table on the following page presents the Competitive Sets Performance Recap to illustrate the *occupancy and Average Daily Rates* each property achieves over the average of all properties in the competitive sets.

The Combined markets achieved an occupancy level of 58.3% and an average daily rate of $104 (12 month running May, 2018. This represents an occupancy range of 55% in Oxford to 66.6% in Harrison, Ohio.

Individual property performance in the region ranges from 42% at the Baymont Inn in Oxford to 69% at the Holiday Inn Express in Harrison. Dominant properties in each market are classified as Upper Midscale brands. These are also the newest hotels in their respective markets. The exception is Holiday Inn Express in Harrison, which is approximately 2 years older than the nearby Best Western Plus Whitewater Inn. The Best Western was recently converted from a Comfort Inn.

Despite the vast difference in market demand in each competitive area, occupancy levels are relatively close between 55% and 66%. However, the true difference in market demand is observed in the rate structures and Average Daily Rates achieved at the individual property level.

Rate Performance

The table below shows the Combined markets achieved an Average Daily Rate (ADR) of $104.04 ranging from $84.51 in Batesville to $117.98 in Oxford. Harrison hotels achieved an ADR of $95.24. These rate differences better define the demand than the near similar occupancy levels. Batesville hotels practice more aggressive rate discounts. This may be due to a more competitive environment or can be the result of more rate-sensitive demand (i.e. local corporate negotiated rates, highway transient).

Oxford, in contrast, appears to have a more limited source of demand for lodging, yet is more apt to pay higher rates. The University of Miami-Ohio generates strong demand during the academic year, yet decreases during the summer months. However, overall occupancy levels indicate strong weekends throughout the year.

Harrison hotels, in contrast to the other two markets, appear to capture strong weekday demand from nearby businesses and highway transient demand.

NOTE:*Projections of occupancy, average daily rate and revenue per available room (RevPar) are based on information gathered from public sources and individual property data, where available. Total market performance is based on a comparison of the individual estimations, room tax collections and competitive set performance provided by Smith Travel Research.*

Brookville Competitive Sets Performance Recap

Batesville Area Lodging								
Property	Rooms	Opened	Annual Rooms	Estimated Occupancy	Rooms Sold	Estimated ADR	Projected Revenue	RevPar
Hampton Inn Batesville	99	1993	36,135	64%	23,126	$ 88.20	$ 2,039,748	$ 56.45
Quality Inn Batesville	56	1991	20,440	49%	10,016	$ 76.00	$ 761,186	$ 37.24
Total/Average	**155**	**1992**	**56,575**	**58.6%**	**33,142**	**$ 84.51**	**$ 2,800,934**	**$ 49.51**

Oxford Area Lodging								
Property	Rooms	Opened	Annual Rooms	Estimated Occupancy	Rooms Sold	Estimated ADR	Projected Revenue	RevPar
Baymont Inn & Suites Oxford	61	2000	22,265	**42.0%**	9,351	**$ 107.00**	$ 1,000,589	$ 44.94
Comfort Inn Oxford	66	1996	24,090	**56.0%**	13,490	**$ 112.00**	$ 1,510,925	$ 62.72
Hampton Inn Oxford	74	2012	27,010	**64.0%**	17,286	**$ 132.00**	$ 2,281,805	$ 84.48
The Elms Hotel	60	2002	21,900	50.0%	10,950	$ 120.00	$ 1,314,000	$ 60.00
Best Western Sycamore Inn	61	1991	22,265	61.0%	13,582	$ 112.00	$ 1,521,145	$ 68.32
Total/Average	**322**	**2000**	**117,530**	**55.0%**	**64,660**	**$ 117.98**	**$ 7,628,464**	**$ 64.91**

Harrison Area Lodging								
Property	Rooms	Opened	Annual Rooms	Estimated Occupancy	Rooms Sold	Estimated ADR	Projected Revenue	RevPar
Holiday Inn Express & Suites Harris	62	1999	22,630	69.0%	15,615	$ 98.00	$ 1,530,241	$ 67.62
Best Western Plus Whitewater Inn	57	2000	20,805	64.0%	13,315	$ 92.00	$ 1,224,998	$ 58.88
Total/Average	**119**	**2000**	43,435	66.6%	28,930	$ 95.24	$ 2,755,239	$ 63.43

Combined Markets								
	Rooms	Opened	Annual Rooms	Estimated Occupancy	Rooms Sold	Estimated ADR	Projected Revenue	RevPar
	596	1998	217,540	58.3%	126,732	$ 104.04	$ 13,184,637	$ 60.61

Competitive Sets Performance Rates

The next table illustrates the general discount of rates between BAR (Best Available Rates or Published Rack) versus projected Average Daily Rates. This comparison offers insight to the level of discounting that competitive hotels practice. In most cases, ADR is lower than BAR due to corporate rates, package discounts and off-season rate specials.

The most noticeable trend in the following table of rate structures in the range of rates quoted by hotels in the Oxford market. Most properties in Oxford quote extreme rates of $200 - $500 during the school year and often achieve these rates during football weekends, fraternal events and other major functions. However, once schedules for these events are confirmed, rates appear to decrease to a more moderate level.

The chart following this page provides the monthly BAR structures of each competitive set of hotels.

Brookville Area Best Available Rate (B.A.R.) 2018 - 2019

		Hampton Batesville	Quality Batesville	Baymont Oxford	Comfort Inn Oxford	Hampton Oxford	The Elms Oxford	BW Sycamore Oxford	HI-Express Harrison	BW Whitewter Harrison	Area	Index to		
		BAR	BAR	BAR	BAR	BAR	BAR	BAR	BAR	BAR	Average	Area Wide	Weekend	Weekday
JANUARY	weekday	$ 107.00	$ 80.00	$ 89.00	$ 149.00	$ 124.00	$ 123.00	$ 90.00	$ 96.00	$ 115.00	$ 108.11	84%	*	*
JANUARY	weekend	$ 110.00	$ 80.00	$ 139.00	$ 199.00	$ 164.00	$ 237.00	$ 112.00	$ 119.00	$ 130.00	$ 143.33	111%	*	*
FEBRUARY	weekday	$ 107.00	$ 80.00	$ 79.00	$ 149.00	$ 129.00	$ 114.00	$ 105.00	$ 103.00	$ 115.00	$ 109.00	84%	*	*
FEBRUARY	weekend	$ 110.00	$ 80.00	$ 154.00	$ 199.00	$ 459.00	$ 266.00	$ 195.00	$ 123.00	$ 130.00	$ 190.67	147%	*	*
MARCH	weekday	$ 107.00	$ 85.00	$ 79.00	$ 149.00	$ 129.00	$ 142.00	$ 105.00	$ 96.00	$ 115.00	$ 111.89	87%	*	*
MARCH	weekend	$ 110.00	$ 85.00	$ 159.00	$ 199.00	$ 459.00	$ 285.00	$ 195.00	$ 122.00	$ 130.00	$ 193.78	150%	*	*
APRIL	weekday	$ 107.00	$ 100.00	$ 79.00	$ 149.00	$ 129.00	$ 133.00	$ 105.00	$ 105.00	$ 115.00	$ 113.56	88%	*	*
APRIL	weekend	$ 110.00	$ 100.00	$ 154.00	$ 199.00	$ 459.00	$ 171.00	$ 195.00	$ 124.00	$ 130.00	$ 182.44	141%	*	*
MAY	weekday	$ 107.00	$ 100.00	$ 84.00	$ 149.00	$ 129.00	$ 114.00	$ 140.00	$ 100.00	$ 115.00	$ 115.33	89%	*	*
MAY	weekend	$ 110.00	$ 100.00	$ 279.00	$ 199.00	$ 459.00	$ 180.00	$ 195.00	$ 130.00	$ 140.00	$ 199.11	154%	*	*
JUNE	weekday	$ 104.00	$ 81.00	$ 94.00	$ 95.00	$ 154.00	$ 142.00	$ 127.00	$ 116.00	$ 125.00	$ 115.33	89%	*	*
JUNE	weekend	$ 110.00	$ 83.00	$ 154.00	$ 169.00	$ 219.00	$ 218.00	$ 165.00	$ 180.00	$ 155.00	$ 161.44	125%	*	*
JULY	weekday	$ 104.00	$ 81.00	$ 89.00	$ 119.00	$ 139.00	$ 114.00	$ 140.00	$ 105.00	$ 93.00	$ 109.33	85%	*	*
JULY	weekend	$ 114.00	$ 83.00	$ 149.00	$ 179.00	$ 189.00	$ 180.00	$ 165.00	$ 137.00	$ 127.00	$ 147.00	114%	*	*
AUGUST	weekday	$ 104.00	$ 81.00	$ 84.00	$ 90.00	$ 139.00	$ 114.00	$ 90.00	$ 113.00	$ 93.00	$ 100.89	78%	*	*
AUGUST	weekend	$ 110.00	$ 81.00	$ 144.00	$ 169.00	$ 209.00	$ 171.00	$ 112.00	$ 137.00	$ 130.00	$ 140.33	109%	*	*
SEPTEMBER	weekday	$ 104.00	$ 76.00	$ 84.00	$ 90.00	$ 139.00	$ 114.00	$ 90.00	$ 105.00	$ 110.00	$ 101.33	78%	*	*
SEPTEMBER	weekend	$ 110.00	$ 76.00	$ 174.00	$ 349.00	$ 479.00	$ 171.00	$ 197.00	$ 122.00	$ 140.00	$ 202.00	156%	*	*
OCTOBER	weekday	$ 104.00	$ 76.00	$ 84.00	$ 139.00	$ 139.00	$ 114.00	$ 90.00	$ 100.00	$ 110.00	$ 106.22	82%	*	*
OCTOBER	weekend	$ 110.00	$ 76.00	$ 279.00	$ 249.00	$ 479.00	$ 237.00	$ 197.00	$ 139.00	$ 140.00	$ 211.78	164%	*	*
NOVEMBER	weekday	$ 104.00	$ 76.00	$ 84.00	$ 139.00	$ 139.00	$ 133.00	$ 90.00	$ 96.00	$ 110.00	$ 107.89	83%	*	*
NOVEMBER	weekend	$ 110.00	$ 76.00	$ 159.00	$ 349.00	$ 479.00	$ 237.00	$ 197.00	$ 123.00	$ 120.00	$ 205.56	159%	*	*
DECEMBER	weekday	$ 104.00	$ 76.00	$ 79.00	$ 139.00	$ 139.00	$ 123.00	$ 90.00	$ 96.00	$ 100.00	$ 105.11	81%	*	*
DECEMBER	weekend	$ 110.00	$ 76.00	$ 139.00	$ 349.00	$ 259.00	$ 244.00	$ 140.00	$ 119.00	$ 130.00	$ 174.00	135%	*	*
Average Published *		**$ 106.74**	**$ 82.78**	**$ 110.33**	**$ 160.15**	**$ 201.03**	**$ 150.56**	**$ 124.60**	**$ 111.00**	**$ 116.57**	**$ 129.31**	**100%**	**$ 108.67**	**$ 179.29**
Brand Average		***$ 122.02***	***$ 79.25***	***$ 76.00***	***$ 94.00***	***$ 122.02***	***$ -***	***$ 98.85***	***$ 118.06***	***$ 105.99***	***$ 102.02***			
Index		*87.5%*	*104.5%*	*145.2%*	*170.4%*	*164.7%*	*-*	*126.1%*	*94.0%*	*110.0%*	*126.7%*			
Competitive Set		$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04	$ 104.04		$ 92.78	$ 109.43
STR Index		103%	80%	106%	154%	193%	145%	120%	107%	112%	124%		117%	164%

***Average Published Rates**

Best Available Rates (BAR) equal Average Published Rates exclude specialty suites unless suites are the primary room styles.

Rate specials and incentives such as payment-upon-booking plans are excluded. Rates are categorized as "Best Available Rate" (BAR) structures.

Brand Average Daily Rates are based on franchise published documents and outside industry sources for 2018/19

The INDEX is the percentage of each property's Average Published Rates compared to the respective franchise ADR.

Area STR is based on the Primary and Secondarycompetitive set of hotels utilized and defined throughout this report.

Performance by Demand Segmentation

The next table offers a recap of the market demand mix of each hotel in the defined competitive sets. Demand segmentation is generalized at Corporate, Leisure, Transient and Group/Other. The information contained in this table is a recap of the demand segmentation percentages determined during the fieldwork evaluations of the competitive hotels to Brookville.

Market Segmentation

Property	Rooms	Occupancy	Rooms Available	Rooms Sold	Corporate Percent	Rooms	Leisure Percent	Rooms	Transient Percent	Rooms	Group/Other Percent	Rooms
Batesville Market												
Hampton Inn Batesville	99	64.0%	36,135	23,126	55%	12,720	15%	3,469	20%	4,625	10%	2,313
Quality Inn Batesville	56	49.0%	20,440	10,016	50%	5,008	20%	2,003	20%	2,003	10%	1,002
TOTAL	**155**	**58.6%**	56,575	**33,142**	53%	**17,727**	**17%**	**5,472**	**20.0%**	**6,628**	**10%**	**3,314**
Oxford Market												
Baymont Inn & Suites O:	61	**42%**	22,265	9,351	**40%**	3,741	**20%**	1,870	**25%**	2,338	**10%**	935
Comfort Inn Oxford	66	**56%**	24,090	13,490	**40%**	5,396	**20%**	2,698	**10%**	1,349	**30%**	4,047
Hampton Inn Oxford	74	**64%**	27,010	17,286	**40%**	6,915	**20%**	3,457	**10%**	1,729	**30%**	5,186
The Elms Hotel	60	50.0%	21,900	10,950	35%	3,833	35%	3,833	10%	1,095	20%	2,190
BW Sycamore Inn	61	61.0%	22,265	13,582	40%	5,433	30%	4,074	10%	1,358	20%	2,716
TOTAL	**322**	58.1%	117,530	64660	39%	25,316	25%	15,933	12%	7,869	23%	15,075
Harrison Market												
Holiday Inn Express	62	69.0%	22,630	15,615	50%	7,807	15%	2,342	25%	3,904	10%	1,561
BW Plus Whitewater Inn	57	64.0%	20,805	13,315	45%	5,992	20%	2,663	25%	3,329	10%	1,332
	119	66.6%	43,435	**28,930**	**48%**	13,799	**17%**	5,005	**25.0%**	7,232	**10%**	2,893
AREA WIDE	**596**	**58.3%**	**217,540**	**126,732**	**45%**	**56,843**	**21%**	**26,410**	**17%**	**21,730**	**17%**	**21,282**

In this instance, Corporate or Commercial demand ranges from 39% in Oxford to 53% in Batesville. As previously determined, demand in Oxford is greatly influenced by University of Miami. College-related demand includes commercial demand. However, most university related demand in Oxford is categorized under leisure or group.

Performance Index by Demand Segmentation

The table below illustrates the performance of each competitive set property by its penetration or index ratio to total demand by market segment. Overall, this chart offers the strength or weakness that each property has in capturing its share of corporate, leisure, group and other demand.

Penetration of Occupancy by Market Segment											
				Corporate		Leisure		Transient		Group/Other	
	Rooms	OCCUPANCY	Penetration	Percent	Penetration	Percent	Penetration	Percent	Penetration	Percent	Penetration
Batesville											
Hampton Inn Batesville	99	64.0%	109.86%	55%	**123%**	15.0%	72%	20.0%	**117%**	10.0%	60%
Quality Inn Batesville	56	49.0%	84.11%	50%	**111%**	20.0%	96%	20.0%	**117%**	10.0%	60%
TOTAL	**155**	**58.6%**	**100.56%**	**53%**	**119%**	**16.5%**	**79%**	**20.0%**	**117%**	**10.0%**	**60%**
Oxford											
Baymont Inn & Suites Oxf	61	**42.0%**	72.09%	**45.0%**	100%	**15.0%**	72%	**35.0%**	**204%**	**5.0%**	30%
Comfort Inn Oxford	66	**56.0%**	96.13%	**45.0%**	100%	**30.0%**	**144%**	**10.0%**	58%	**15.0%**	**89%**
Hampton Inn Oxford	74	**64.0%**	109.86%	**45.0%**	100%	**30.0%**	**144%**	**10.0%**	58%	**15.0%**	**89%**
The Elms Hotel	60	50.0%	85.83%	40.0%	89%	40.0%	**192%**	10.0%	58%	10.0%	60%
BW Sycamore Inn	61	61.0%	104.71%	40.0%	89%	40.0%	**192%**	10.0%	58%	10.0%	60%
TOTAL	**322**	58.1%	99.66%	43.1%	96%	33.0%	158%	13.9%	81%	8.8%	52%
Harrison											
Holiday Inn Express	62	69.0%	118.44%	50.0%	**111%**	15%	33%	25.0%	56%	10.0%	22%
BW Plus Whitewater Inn	57	64.0%	109.86%	45.0%	100%	20%	45%	25.0%	56%	10.0%	22%
	119	66.6%	114.33%	**47.7%**	106%	**23%**	52%	**16.5%**	37%	**10.0%**	22%
Batesville	**155**	58.6%	100.56%	53.5%	119%	17%	79%	20.0%	117%	10.0%	60%
Oxford	**322**	**58.1%**	99.66%	**43.1%**	96%	**33%**	158%	**13.9%**	81%	**8.8%**	52%
Harrison	**119**	**66.6%**	114.33%	**47.7%**	106%	**23%**	113%	**16.5%**	97%	**10.0%**	60%
REGIONAL	**596**	**58.3%**	**100.00%**	**44.9%**	**100%**	**21%**	**100%**	**17.1%**	**100%**	**16.8%**	**100%**

The highlighted sections on the table above show the dominating properties of each demand segment. Batesville hotels, for example, capture a higher index of commercial demand than the other markets while Oxford achieves the strong performance index of the other markets in leisure demand.

Projections of Demand Growth by Market Segment

This section calculates Room Demand Growth by market segments. The determination of lodging demand growth considers the historic trends presented by Smith Travel Research as well as recent economic trends including lodging revenue (hotel room tax) reported previously in this study (Market Description). The growth presentation correlates Year 1 as the first year of operations of a new hotel in Brookville.

BROOKVILLE AREA LODGING MARKET

ESTIMATED GROWTH OF ROOM DEMAND BY MARKET SEGMENT

	Available Rooms	Fair Share Factor	Competitive Rooms	Corporate Demand	Leisure Demand	Transient Demand	Group Demand	Total Demand
Batesville Market	155	100%	155	17,727	5,472	6,628	3,314	33,142
Oxford Market	322	100%	322	25,316	15,933	7,869	15,075	64,192
Harrison Market	119	100%	119	13,799	5,005	7,232	2,893	28,930
TOTAL	**596**	**100%**	**596**	**56,843**	**26,410**	**21,730**	**21,282**	**126,264**
TOTAL COMPETITIVE		**100%**	**596**	**56,843**	**26,410**	**21,730**	**21,282**	**126,264**

PROJECTED GROWTH BY MARKET SEGMENT

	Available Rooms	Competitive Rooms	Corporate Demand	Leisure Demand	Transient Demand	Group Demand	Total Demand	Combined Growth
Total Rooms	**596**	**596**	**56843**	**26410**	**21730**	**21282**	**126264**	
Annual Growth			**2%**	**10%**	**1.5%**	**10%**		
		Year 1	57,980	29,051	22,055	22,346	131,432	4.1%
		Year 2	59,139	31,956	22,386	23,463	136,945	4.2%
		Year 3	60,322	35,152	22,722	24,636	142,832	4.3%
		Year 4	61,529	38,667	23,063	25,868	149,126	4.4%
		Year 5	62,759	42,533	23,409	27,161	155,863	4.5%

This chart determines an annual growth rate of 4.1% combined, with greater projected growth in the leisure and group demand segments. These projections include the assumption of induced and/or unaccommodated demand as explained earlier in the Demand Analysis section of this report.

Impact of Additional Rooms on the Area Wide Competitive Lodging Market

The impact of additional rooms to the competitive market is illustrated in the chart below. This table shows the impact based on current demand levels followed by the projections of growth determined above.

Impact of New Rooms On Area Wide Occupancy

Year 1 Rooms Sold		131,432	136,945	142,832	149,126	155,863
Rooms	**Annual**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
40	232,140	56.6%	59.0%	61.5%	64.2%	67.1%
45	233,965	56.2%	58.5%	61.0%	63.7%	66.6%
50	235,790	55.7%	58.1%	60.6%	63.2%	66.1%
55	237,615	55.3%	57.6%	60.1%	62.8%	65.6%
60	239,440	54.9%	57.2%	59.7%	62.3%	65.1%
65	241,265	54.5%	56.8%	59.2%	61.8%	64.6%
70	243,090	54.1%	56.3%	58.8%	61.3%	64.1%

Optimum Number of New Rooms

The number of rooms determined to be "optimum" for development in Brookville considers the general impact on the area wide market place illustrated in the previous chart. As the table illustrates, the Year 1 impact is relatively modest to areawide occupancy. The area wide occupancy levels are expected to rebound within Year 2 of the opening of the proposed hotel in Brookville.

The optimum number of rooms also considers the levels of demand directly generated in Brookville and considers model sizes of a variety of franchises.

The average number of rooms per hotel in the competitive set is 66. This study, based in part by the chart above, suggests a maximum of 50 rooms. This also considers development costs, operating expenses and the fixed expenses as well as a satisfactory return on investment as illustrated in the Financial Analysis section of this study.

Projected Performance of Proposed Hotel

The final table below projects the occupancy levels for the proposed hotel by calculating its share of each key demand market segment and then calculating the total projected number of rooms. The Year 1 projections assume a partial year of operations.

Overall, the proposed hotel in Brookville is expected to capture approximately 50% of its share of **Commercial** room demand after Year 1. As the only franchised hotel in the market, this projection is considered conservative. However, the lack of substantial corporate demand supports a conservative projection.

Leisure demand, in contrast, is expected to have a strong influence on a new hotel in Brookville. A substantial amount of pent-up or unaccommodated leisure demand is expected to have a strong and positive impact on a new hotel in the town with indexes well over 250%.

Transient and **Group** Demand is expected to be modest for the proposed hotel. Group demand capture could be stronger if meeting and banquet facilities were included in the proposed development. However, the cost of this additional feature is determined to be more of an expense liability than a revenue source.

PROJECTED PERFORMANCE OF SUBJECT 50 ROOM HOTEL

Commercial

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Corporate Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Projected Rooms Sold	Percentage of Occupancy	Projected Average Rate
YEAR 1	646	50	7.7%	57,980	4,488	50%	2,244	25%	$ 94.00
YEAR 2	646	50	7.7%	59,139	4,577	50%	2,289	22%	$ 95.88
YEAR 3	646	50	7.7%	60,322	4,669	50%	2,334	20%	$ 97.80
YEAR 4	646	50	7.7%	61,529	4,762	50%	2,381	19%	$ 99.75
YEAR 5	646	50	7.7%	62,759	4,858	50%	2,429	18%	$ 101.75

Leisure

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Leisure Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Subject Rooms Sold	Percentage of Occupancy	**Projected Average Rate**
YEAR 1	646	50	7.7%	29,051	2,249	250%	5,621	61%	$ 129.00
YEAR 2	646	50	7.7%	31,956	2,473	250%	6,183	60%	$ 131.58
YEAR 3	646	50	7.7%	35,152	2,721	250%	6,802	59%	$ 134.21
YEAR 4	646	50	7.7%	38,667	2,993	250%	7,482	60%	$ 136.90
YEAR 5	646	50	7.7%	42,533	3,292	250%	8,230	62%	$ 139.63

Transient

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Transient Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Subject Rooms Sold	Percentage of Occupancy	**Projected Average Rate**
YEAR 1	646	50	7.7%	22,055	1,707	25%	427	5%	$ 99.00
YEAR 2	646	50	7.7%	22,386	1,733	30%	520	5%	$ 100.98
YEAR 3	646	50	7.7%	22,722	1,759	30%	528	5%	$ 103.00
YEAR 4	646	50	7.7%	23,063	1,785	30%	536	4%	$ 105.06
YEAR 5	646	50	7.7%	23,409	1,812	30%	544	4%	$ 107.16

Group

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Group Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	**Subject Rooms Sold**	**Percentage of Occupancy**	**Projected Average Rate**
YEAR 1	646	50	7.7%	22,346	1,730	50%	865	9%	$ 89.00
YEAR 2	646	50	7.7%	23,463	1,816	75%	1,362	13%	$ 90.78
YEAR 3	646	50	7.7%	24,636	1,907	100%	1,907	16%	$ 92.60
YEAR 4	646	50	7.7%	25,868	2,002	100%	2,002	16%	$ 94.45
YEAR 5	646	50	7.7%	27,161	2,102	100%	2,102	16%	$ 96.34

The next table calculates total occupancy, average rate and RevPar for a new 50-room hotel in Brookville.

PROJECTED PERFORMANCE OF SUBJECT HOTEL

		Corporate	Leisure	Transient	Group	Total	Occupancy	ADR	RevPar
Year 1	Fair Share	4,488	2,249	1,707	1,730	10,173	56%		
	Projected	**2,244**	**5,621**	**427**	**865**	**9,157**	**50%**	$ 115.25	$ 57.82
Year 2	Fair Share	4,577	2,473	1,733	1,816	10,599	58%		
	Projected	**2,289**	**6,183**	**520**	**1,362**	**10,354**	**57%**	$ 116.79	$ 66.26
Year 3	Fair Share	4,669	2,721	1,733	1,816	10,938	60%		
	Projected	**2,334**	**6,802**	**528**	**1,907**	**11,571**	**63%**	$ 118.58	$ 75.18
Year 4	Fair Share	4,762	2,993	1,785	2,002	11,542	63%		
	Projected	**2,381**	**7,482**	**536**	**2,002**	**12,401**	**68%**	$ 121.54	$ 82.58
Year 5	Fair Share	4,858	3,292	1,812	2,102	12,064	66%		
	Projected	**2,429**	**8,230**	**544**	**2,102**	**13,305**	**73%**	$ 124.55	$ 90.80

As stated previously, the Year 1 projection of occupancy is based on a partial year of operations. The Financial Analysis section that follows considers stabilization of occupancy and offers an Average Daily Rate that is consistent with the Competitive Set of hotels in this report.

BROOKVILLE, INDIANA

MARKET AND FEASIBILITY ANALYSIS

FINANCIAL ANALYSIS AND PROJECTIONS

I. Project Assumptions

II. Sample Project Costs

III. Five-Year Cash Flow Projections

IV. Project Return on Investment - Sample

V. Rooms Department Expenses

VI. General & Administrative Expenses

VII. Sales and Marketing Expenses including Standard Upper Midscale Franchise Fees

VIII. Property Operations and Maintenance

Project Assumptions

PROJECT OVERVIEW

Hotel Class	**Upper Midscale**
Location:	**Brookville, Indiana**
Hold Period:	**10 Year(s)**
# of Rooms:	**50**
Project Detail:	**New Construction**
Service Type:	**Limited Service**
General Inflation	**2.50%**
Investor Unit Value	**$50,000**
Equity Required (30%)	$1,800,000
# of Units	36

DEBT STRUCTURE

Interest Rate:	**5.00%**
Interest Only Period:	**1 Year(s)**
Amortization Schedule:	**20 Year(s)**
I/O Debt Service (if any):	**$210,000**
Amortizing Debt Service:	**$332,618**

RESIDUAL SALE

Cap Rate:	**9.00%**

SAMPLE PROJECT COSTS

	Per Room	Total $	
Land Value	$5,000	$250,000	
Hard Construction	$77,760	$3,888,000	3 story with indoor pool
Site Work, permits and fees	$4,000	$200,000	
Landscaping	$500	$25,000	
FF&E/OS&E Hotel	$15,840	$792,000	
Architectural & Engineering	$1,600	$80,000	
Appraisal	$100	$5,000	
Surveys	$100	$5,000	
Construction Interest/Loan fees/Closing	$1,900	$95,000	
Legal & Accounting Fees	$100	$5,000	
Franchise Fees (Application & Fees)	$700	$35,000	
Insurance & Taxes	$400	$20,000	
Signage	$600	$30,000	
Project Contingency funds	$3,000	$150,000	
Working Capital	$3,000	$150,000	
Pre-Opening Marketing, Staff & Training	$2,400	$120,000	
Development Support/Other	$3,000	$150,000	
Total Development Costs	**$120,000**	**$6,000,000**	

PROJECT SOURCES

		% of Total	$$$
Total Debt		**70.0%**	**$4,200,000**
Equity			
	Tax Increm	0.0%	**$0**
	Other	0.0%	**$0**
	Cash	**30.0%**	**$1,800,000**
Total Equity		**30.0%**	**$ 1,800,000**

SAMPLE PROJECT COSTS	Per Room	Total $
Land Value	$ 5,000	$ 250,000
Hard Construction	$ 77,760	$ 3,888,000
3 - story with indoor pool		
Site Work, permits and fees	$ 4,000	$ 200,000
build-ready, sewer/water hookup fees		
FF&E/OS&E Hotel	$ 15,840	$ 792,000
All furniture, fixtures equipment and operating supplies. Rooms, hallways, public space, back-of-house.		
Architectural & Engineering	$ 1,600	$ 80,000
Assumes state design approvals and minor design work		
Appraisal	$ 100	$ 5,000
Typically bank ordered		
Surveys	$ 100	$ 5,000
Initial site development		
Construction Interest/Loan fees/Closing	$ 1,900	$ 95,000
Based on 9 months, 5% int		
Legal & Accounting Fees	$ 100	$ 5,000
Ownership set-up and property bookkeeping		
Franchise Fees (Application & Fees)	$ 700	$ 35,000
Cobblestone Inns published fee structure		
Insurance & Taxes	$ 400	$ 20,000
Site, Construction, liability		
Project Contingency funds	$ 3,000	$ 150,000
Working Capital	$ 3,000	$ 150,000
Pre-Opening Marketing, Staff & Training	$ 2,400	$ 120,000
Promotional material, marketing support, grand opening and all staff pre-hiring.		
Development Support/Other	$ 3,000	$ 150,000
Developer fees, miscellaneous expenses		
Total Development Costs	**$ 120,000**	**$ 6,000,000**

NOTES

Construction costs assume union labor.
All prices are based on estimations, assumptions and represent benchmark costs unless noted.
FF&E/OS&E is Furniture, Fixtures and Equipment and Operating Supplies and Equipent pertaining to rooms and public space.
Architectural & Engineering assumes local/state approval of franchise plans

Upper Midscale

Brookville, Indiana

50 Rooms

CASH FLOW PROJECTIONS

Analysis Year		**1**		**2**		**3**		**4**		**5**	
ADR		**$115.25**		**$116.79**		**$118.58**		**$121.54**		**$124.55**	
% Increase				1.3%		1.5%		2.5%		2.5%	
Occupancy		**50.0%**		**57.0%**		**63.0%**		**68.0%**		**73.0%**	
	Year 1 $/Room/Yr										
Revenues *(% of Total Revenue)*											
Room	$21,033	$1,051,656	*98.2%*	$1,214,908	*98.2%*	$1,363,374	*98.2%*	$1,508,311	*98.2%*	$1,659,317	*98.2%*
Other Miscellaneous Income	$385	$19,267	*1.8%*	$22,514	*1.8%*	$25,506	*1.8%*	$28,219	*1.8%*	$31,051	*1.8%*
Total Revenue	**$21,418**	**$1,070,924**	***100.0%***	**$1,237,422**	***100.0%***	**$1,388,880**	***100.0%***	**$1,536,530**	***100.0%***	**$1,690,368**	***100.0%***
Departmental Expenses *(% of Total Revenue)*											
Room (Includes Breakfast & Reception)	$5,419	$270,937	*25.3%*	$296,419	*24.0%*	$320,146	*23.1%*	$342,406	*22.3%*	$365,568	*21.6%*
Telephone	$49	$2,432	*0.2%*	$2,842	*0.2%*	$3,219	*0.2%*	$3,562	*0.2%*	$3,919	*0.2%*
Meeting Room	$0	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*
Other Miscellaneous	$177	$8,851	*0.8%*	$10,090	*0.8%*	$11,153	*0.8%*	$12,038	*0.8%*	$12,923	*0.8%*
Total Departmental Expenses	$5,644	$282,220	*26.4%*	$309,351	*25.0%*	$334,518	*24.1%*	$358,005	*23.3%*	$382,410	*22.6%*
GROSS OPERATING INCOME	**$15,774**	**$788,703**	***73.6%***	**$928,071**	***75.0%***	**$1,054,362**	***75.9%***	**$1,178,525**	***76.7%***	**$1,307,959**	***77.4%***
Undistributed Operating Expenses *(% of Total Revenue)*											
General & Administrative	$1,881	$94,034	*8.8%*	$98,799	*8.0%*	$103,358	*7.4%*	$107,867	*7.0%*	$112,532	*6.7%*
Franchise Fees	$1,893	$94,649	*8.8%*	$109,342	*8.8%*	$122,704	*8.8%*	$135,748	*8.8%*	$149,339	*8.8%*
Sales & Marketing	$509	$25,464	*2.4%*	$27,685	*2.2%*	$29,638	*2.1%*	$31,323	*2.0%*	$33,015	*2.0%*
Utilities	$1,119	$55,932	*5.2%*	$65,356	*5.3%*	$74,042	*5.3%*	$81,916	*5.3%*	$90,138	*5.3%*
Repairs & Maintenance	$483	$24,138	*2.3%*	$24,741	*2.0%*	$25,359	*1.8%*	$25,993	*1.7%*	$26,643	*1.6%*
Total Undistributed Operating Expenses	$5,884	$294,216	*27.5%*	$325,922	*26.3%*	$355,101	*25.6%*	$382,847	*24.9%*	$411,666	*24.4%*
INCOME BEFORE FIXED CHARGES	**$9,890**	**$494,487**	***46.2%***	**$602,148**	***48.7%***	**$699,261**	***50.3%***	**$795,678**	***51.8%***	**$896,292**	***53.0%***
Fixed Operating Expenses *(% of Total Revenue)*											
Real Estate Taxes	$1,598	$79,900	*7.5%*	$80,400	*6.5%*	$82,008	*5.9%*	$83,648	*5.4%*	$85,321	*5.0%*
Management Fee	$1,285	$64,255	*6.0%*	$74,245	*6.0%*	$83,333	*6.0%*	$92,192	*6.0%*	$101,422	*6.0%*
Insurance	$410	$20,500	*1.9%*	$21,000	*1.7%*	$21,500	*1.5%*	$22,000	*1.4%*	$22,500	*1.3%*
Reserve for Replacement	$214	$10,709	*1.0%*	$24,748	*2.0%*	$41,666	*3.0%*	$61,461	*4.0%*	$84,518	*5.0%*
FF&E Lease	$0	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*	$0	*0.0%*
Total Fixed Operating Expenses	$3,507	$175,365	*16.4%*	$200,394	*16.2%*	$228,507	*16.5%*	$259,301	*16.9%*	$293,762	*17.4%*
CASH FLOW BEFORE DEBT SERVICE	**$6,382**	**$319,123**	***29.8%***	**$401,754**	***32.5%***	**$470,754**	***33.9%***	**$536,377**	***34.9%***	**$602,531**	***35.6%***

Disclaimer: The first year projection of occupancy and ADR assume 1 full year of operations. The above proforma statement of cash flow from operations and debt service coverage represents a compilation of data and information gathered from historical data and industry statistics for similar types of properties. The preparer does not guarantee the data, and assumes no liability for any errors in fact, omissions, analysis or judgement. The data is based on the best judgements of the preparer and client. We make no guarantees or assurances that the projections will be realized as stated.

Upper Midscale

Brookville, Indiana

SAMPLE RETURN ANALYSIS - Ten Year

Analysis Year	0	1	2	3	4	5	6	7	8	9	10
Project Cost	($6,000,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Flow Before Debt Service	$0	$319,123	$401,754	$470,754	$536,377	$602,531	$618,341	$633,799	$649,644	$665,885	$682,532
Residual Sale Price	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,583,694
Loan Funding	$4,200,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Debt Service - Interest	$0	($210,000)	($207,151)	($200,731)	($193,984)	($186,891)	($179,436)	($171,598)	($163,360)	($154,701)	($145,598)
Debt Service - Principal	$0	$0	($125,467)	($131,886)	($138,634)	($145,727)	($153,182)	($161,019)	($169,257)	($177,917)	($187,019)
Loan Payoff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($2,809,891)
TIF Funding and Distribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NET CASH FLOW	**($1,800,000)**	**$109,123**	**$69,137**	**$138,136**	**$203,759**	**$269,913**	**$285,723**	**$301,182**	**$317,027**	**$333,268**	**$5,123,717**
Leveraged Deal IRR (Equity + Debt)	**17.9%**										
Profit (10 Year Total)	**$5,350,984**										
Profit per Unit ($50,000 investment)	**$148,638**										
Equity Multiple	**3.97x**										
Leveraged Net Cash Return		**6.1%**	**3.8%**	**7.7%**	**11.3%**	**15.0%**	**15.9%**	**16.7%**	**17.6%**	**18.5%**	**284.7%**
Cumulative Average Leveraged Net Cash Return			**5.0%**	**5.9%**	**7.2%**	**8.8%**	**10.0%**	**10.9%**	**11.8%**	**12.5%**	**39.7%**
Debt Service		**($210,000)**	**($332,618)**	**($332,618)**	**($332,618)**	**($332,618)**	**($332,618)**	**($332,618)**	**($332,618)**	**($332,618)**	**($332,618)**
Total Net Cash Flow		**$319,123**	**$401,754**	**$470,754**	**$536,377**	**$602,531**	**$618,341**	**$633,799**	**$649,644**	**$665,885**	**$682,532**
Debt Service Coverage Ratio			**1.21**	**1.42**	**1.61**	**1.81**	**1.86**	**1.91**	**1.95**	**2.00**	**2.05**
Estimate Distributable Depreciation		**$101,491**	**$202,982**	**$202,982**	**$202,982**	**$202,982**	**$202,982**	**$202,982**	**$202,982**	**$ 91,410**	**$ 91,410**
Projected Value (9.00% Cap Rate)		**$3,545,809**	**$4,463,937**	**$5,230,599**	**$5,959,745**	**$6,694,786**	**$6,870,452**	**$7,042,214**	**$7,218,269**	**$7,398,726**	**$7,583,694**

Disclaimer: The first year projection of occupancy and ADR assume 1 full year of operations. The above proforma statement of cash flow from operations and debt service coverage represents a compilation of data and information gathered from historical data and industry statistics for similar types of properties. The preparer does not guarantee the data, and assumes no liability for any errors in fact, omissions, analysis or judgement. The data is based on the best judgements of the preparer and client. We make no guarantees or assurances that the projections will be realized as stated.

DEPARTMENTAL EXPENSES

Departmental or Rooms Expenses include payroll and related costs for front desk and housekeeping and the costs of supplies.
Payroll expenses are based on current wages determined in the Frankln County/southeastern Indiana region plus FICA, SUTA and FUTA taxes.
Staffing in the rooms department includes Front Desk Associates, Night Audit, Breakfast attendant and housekeeping. Head Housekeeper activities is a responsibility of the and assumes hotel design accommodates overnight staff assistance with laundry.

			Annual Increase	*Opening*	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*
Front Desk Supervisor	$ -		2.5%		-	-	-	-	-
Front Desk Staff	365	Days							
and Reservations	16	Hours per Day							
	5,840								
	$ 9.25	Rate per Hour	2.5%	9.25	9.25	9.48	9.72	9.96	10.21
	54,020			33,320	54,020	55,371	56,755	58,174	59,628

Front Desk staffing equals one clerk per 8 hour shift for first and second shift assuming Manager assistance when necessary.

				Opening	Year 1	Year 2	Year 3	Year 4	Year 5
Night Auditor and	365	Days							
Security/front desk	8	Hours per Day							
	2,920								
	$ 11.00	Rate per Hour	2.5%	11.00	11.28	11.56	11.85	12.14	12.45
	32,120			18,620	32,923	33,746	34,590	35,454	36,341
Subtotal-Wages				51,940	86,943	89,117	91,344	93,628	95,969
Taxes & Benefits	12.0%			6,233	10,433	10,694	10,961	11,235	11,516
Total Wages & Benefits				**58,173**	**97,376**	**99,811**	**102,306**	**104,863**	**107,485**
Miscellaneous									
Printing/material	$0.06	per Occupied Room	2.5%	476	542	634	718	795	874
Office Supplies	$125	per Month	2.5%	1,500	1,538	1,576	1,615	1,656	1,697
Van Lease/Operations	$0	**per month**	2.5%	-	-	-	-	-	-
Commissions - Online Travel Agencies	3.2%	of Room Revenue		20,498	33,653	38,877	43,628	48,266	53,098
Total Expenses				22,475	35,733	41,087	45,961	50,716	55,670
				80,648	**133,109**	**140,897**	**148,267**	**155,580**	**163,155**

				Opening	Year 1	Year 2	Year 3	Year 4	Year 5
Executive Housekeeper	-		2.5%	-	-	-	-	-	-
Laundry& Housemen	365	Days							
also van driver	8.00	Hours per Day							
	2,920								
	$ 9.00	Rate per Hour	2.5%	9.00	9.23	9.46	9.69	9.93	10.18
	26,280			26,280	26,937	27,610	28,301	29,008	29,733
Housekeepers	9,125	# of Occupied rooms		8,213	9,125	10,403	11,498	12,410	13,323
	13	Rooms cleaned/Housekeeper day		13	13	13	13	13	13
	702	# of Housekeeper Days		632	702	800	884	955	1,025
	6	Hours per Day		6	6	6	6	6	6
	4,212			3,790	4,212	4,801	5,307	5,728	6,149
	$ 8.50	Rate per Hour	2.5%	8.50	8.71	8.93	9.15	9.38	9.62
				32,218	36,693	42,876	48,574	53,740	59,133
Subtotal-Housekeeping Wages				58,498	63,630	70,486	76,874	82,748	88,867
Taxes & Benefits	12.0%			7,020	7,636	8,458	9,225	9,930	10,664
Total Wages & Benefits				65,518	71,266	78,945	86,099	92,677	99,531

Miscellaneous

INDUSTRY AVERAGE EXPENSES											
Drapery	**$0.00**	per month		2.5%	-	-	-	-	-	-
Carpet Cleaning	**$5.00**	per room	2	2.5%	500	513	525	538	552	566
Linen	**$0.24**	per occupied rooms		2.5%	1,971	2,190	2,623	2,972	3,288	3,618
Satellite/Cable/Internet	**$550.00**	per month		2.5%	6,600	6,765	6,934	7,107	7,285	7,467
Printed Material	**$0.00**	per occupied rooms		2.5%	-	-	-	-	-	-
Paper Products	**$0.11**	per occupied rooms		2.5%	903	1,029	1,202	1,362	1,507	1,658
Soap	**$0.06**	per occupied rooms		2.5%	493	561	656	743	822	904
In-room and lobby coffee	**$0.31**	per occupied rooms		2.5%	2,546	2,899	3,388	3,838	4,246	4,673
Cleaning Supplies	**$0.24**	per occupied room		2.5%	1,971	2,245	2,623	2,972	3,288	3,618
Laundry Supplies	**$0.22**	per occupied room		2.5%	1,807	2,058	2,404	2,724	3,014	3,316
General Maintenance	**$50.00**	per month		2.5%	600	615	630	646	662	679
Miscellaneous	**$50.00**	per month		2.5%	600	615	630	646	662	679
Plants & Gst. Bldg. Exp.	**$0.00**	per month		2.5%	-	-	-	-	-	-
Total Housekeeping					83,509	90,755	100,561	109,648	118,003	126,708

Complimentary Breakfast/Reception		**Factor**							
	Continental Breakfast	$5.00	per occ rm	$ 41,063	$ 46,766	$ 54,646	$ 61,908	$ 68,492	$ 75,366
	Manager's Reception	$0.00		$ -	$ -	$ -	$ -	$ -	$ -
	Miscellaneous per month	$25.00	2.5%	$ 300	$ 308	$ 315	$ 323	$ 331	$ 339
				$ 41,363	**$ 47,073**	**$ 54,961**	**$ 62,231**	**$ 68,823**	**$ 75,705**
TOTAL ROOMS EXPENSE				**205,519**	**270,937**	**296,419**	**320,146**	**342,406**	**365,568**

Administrative and general expenses include costs associated with administering the hotel such as key personnel salaries, office supplies bad debt, credit card and other costs.
General Manager wages are based on similar size and market properties.

Lodging:	Cost of participating in franchise meetings and other related events
Mileage:	monthly allow for hotel related travel using $0.50/mile
Insurance:	Insurance-general comprises the premiums for policies that cover liability, life insurance, and liability insurance that covers third-party actions involving bodily injury and personal property demand.
Office Expenses:	general front office and general manager expenses not covered in Rooms Expense
Telephone	front office communication expenses (cell phone allowance)
Credit Card Commission	Standard industry expense that fluctuates with occupancy/revenues
Licenses	annual license for occupancy, elevator and food service
Accounting Fees	Assuming Profressional accounting or other services

			Annual Increase	***Opening***	***Year 1***	***Year 2***	***Year 3***	***Year 4***	***Year 5***	Year 6`	Year 7	Year 8	Year 9	Year 10
General Manager	**$ 45,000**		2.5%	45,000	46,125	47,278	48,460	49,672	50,913	52,186	53,491	54,828	56,199	57,604
Front Desk Mgr	**$ -**		2.5%	-	-	-	-	-	-	-	-	-	-	-
Bonus	**0.0%**			-	-	-	-	-	-	-	-	-	-	-
Subtotal - Wages				45,000	46,125	47,278	48,460	49,672	50,913	52,186	53,491	54,828	56,199	57,604
Taxes & Benefits	**12.0%**			5,400	5,535	5,673	5,815	5,961	6,110	6,262	6,419	6,579	6,744	6,912
Total Wages & Benefits				**50,400**	**51,660**	**52,952**	**54,275**	**55,632**	**57,023**	**58,449**	**59,910**	**61,408**	**62,943**	**64,516**
Miscellaneous Expenses based on Industry Averages														
				-	-	-	-	-	-	-	-	-	-	-
Misc. Benefits	**150**	per month	2.5%	1,800	1,845	1,891	1,938	1,987	2,037	1,800	1,800	1,800	1,800	1,800
Uniform Cleaning	**-**	per month	2.5%	-	-	-	-	-	-	-	-	-	-	-
Franchise Meetings	**900**	1	2.5%	900	11,070	11,347	11,630	11,921	12,219	10,800	10,800	10,800	10,800	10,800
Lodging (3 times per year)	**250**	1	2.5%	250	3,075	3,152	3,231	3,311	3,394	3,000	3,000	3,000	3,000	3,000
Mileage	**150**	per month	2.5%	1,800	1,845	1,891	1,938	1,987	2,037	1,800	1,800	1,800	1,800	1,800
Insurance	**250**	per month	2.5%	3,000	3,075	3,152	3,231	3,311	3,394	3,000	3,000	3,000	3,000	3,000
Office Expense	**0.18**	per occupied room	2.5%	1,478	1,684	1,967	2,229	2,466	2,713	2,398	2,398	2,398	2,398	2,398
Telephone Expense	**0.19**	per occupied room	2.5%	1,560	1,777	2,077	2,352	2,603	2,864	2,531	2,531	2,531	2,531	2,531
Credit Card Commission	**1.4%**	of room revenue		8,968	14,723	17,009	19,087	21,116	23,230	23,695	24,169	24,652	25,145	25,648
Licenses	**200**		2.5%	200	205	210	215	221	226	200	200	200	200	200
Accounting Fee	**150**	per month	2.5%	1,800	1,845	1,891	1,938	1,987	2,037	1,800	1,800	1,800	1,800	1,800
Help Wanted Ads	**-**	per month	2.5%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	**100**	per month	2.5%	1,200	1,230	1,261	1,292	1,325	1,358	1,200	1,200	1,200	1,200	1,200
Total General & Administrative				**73,357**	**94,034**	**98,799**	**103,358**	**107,867**	**112,532**	**110,673**	**112,608**	**114,589**	**116,617**	**118,694**

This Sales and Marketing budget excludes any personnel expenses assuming that the General Manager and Management company is responsible for sales call activity and correspondance.

Billboards includee State highway signs placement if available.
Dues include Chamber of Commerce and/or Convention Bureau membership.
Franchise Fees are based on average Upper Midscale Franchise published rates. This excludes any initial fees, application fees, and other service fees that may be charged by the franchise company.
Travel website commissions are based on group reservations only and include commissions to cvent, eventective, etc

					1	2	3	4	5
			Annual Increase	***Opening***	***Year 1***	***Year 2***	***Year 3***	***Year 4***	***Year 5***
Director of Sales		$ -	2.5%	-	-	-	-	-	-
Sales Coordinator		-	2.5%	-	-	-	-	-	-
Subtotal - Wages				-	-	-	-	-	-
Taxes & Benefits	12.0%			-	-	-	-	-	-
				-	-	-	-	-	-
			Annual Increase	***Year 1***	***Year 1***	***Year 2***	***Year 3***	***Year 4***	***Year 5***
Expenses									
Highway Signage (4)	500	per month	2.5%	6,000	6,150	6,304	6,461	6,623	6,788
Direct Mail	50	per month	2.5%	600	615	630	646	662	679
Collateral Material	25	per month	2.5%	300	308	315	323	331	339
Other Advertising	250	per month	2.5%	3,000	3,075	3,152	3,231	3,311	3,394
Dues	300		2.5%	300	308	315	323	331	339
Web site marketing	100	per month	2.5%	1,200	1,230	1,261	1,292	1,325	1,358
Incentive Programs		per month	2.5%	-	-	-	-	-	-
Food & Bev. & Non Food	-		2.5%	-	-	-	-	-	-
Gifts	-		2.5%	-	-	-	-	-	-
Commissions (non-OTA)	$1.51	per occ room		$13,779	$13,779	$15,708	$17,361	$18,739	$20,117
Total Sales & Marketing				**25,179**	**25,464**	**27,685**	**29,638**	**31,323**	**33,015**

FRANCHISE FEES - Average of Upper Midscale and Midscale Franchises

Franchise Fee	5%	gross room revenue	$63,099.38	$72,894.48	$81,802.41	$90,498.68	$99,559.04	$101,550.22
Marketing Fee	3%	gross room revenue	$31,549.69	$36,447.24	$40,901.21	$45,249.34	$49,779.52	$50,775.11
TOTAL ANNUAL FRANCHISE COSTS			**$94,649.06**	**$109,341.72**	**$122,703.62**	**$135,748.03**	**$149,338.56**	**$152,325.34**

REPAIRS & MAINTENANCE

Repairs and Maintenance, also referred to as Property Operations and Maintenance, is another expense that is largely controlled by management
Repairs can be a deferred or accumulating expense and usually depend on the age of the hotel and the practice of preventive maintenance.

Maintenance payroll listed is based on part time, lawncare/snow removal, minor repairs
Miscellaneous fees are industry standards.

Utility expenses are based on similar size properties in the northern US average.

Salaries & Wages			*Increase/Year*	*Opening*	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*
Chief Engineer	$ -		2.5%	-	-	-	-	-	-
Maintenance Workers	1,020	Hours per year							
	$ 12.00	Rate per Hour	2.5%	12.00	12.30	12.61	12.92	13.25	13.58
	12,240			12,240	12,546	12,860	13,181	13,511	13,848
Subtotal - Salaries & Wages				12,240	12,546	12,860	13,181	13,511	13,848
Taxes & Benefits	12.0%			1,469	1,506	1,543	1,582	1,621	1,662
Total Salaries & Wages				13,709	14,052	14,403	14,763	15,132	15,510
Expenses based on Industry Averages									
Electrical & Plumbing	50	per month	2.5%	600	615	630	646	662	679
HVAC	25	per month	2.5%	300	308	315	323	331	339
Building (Ext.)	-	per month	2.5%	-	-	-	-	-	-
Pool/Spa	3,000		2.5%	3,000	3,075	3,152	3,231	3,311	3,394
Lawn	500		2.5%	500	513	525	538	552	566
Parking Lot/Snow Removal	1,200		2.5%	1,200	1,230	1,261	1,292	1,325	1,358
Pest Control	5	per month	2.5%	60	62	63	65	66	68
Light Bulbs	5	per month	2.5%	60	62	63	65	66	68
Sub contracting	50	per month	2.5%	600	615	630	646	662	679
Uniforms	-		2.5%	-	-	-	-	-	-
Flag	100		2.5%	100	103	105	108	110	113
Trash	285	per month	2.5%	3,420	3,506	3,593	3,683	3,775	3,869
Total Repairs & Maintenance				**23,549**	**24,138**	**24,741**	**25,359**	**25,993**	**26,643**

Utilities									
Electric, Gas, Water/Sewer	5.98	per occupied room	2.5%	49,111	55,932	65,356	74,042	81,916	90,138

Site Analysis

BROOKVILLE, INDIANA

Site Selection

Individual hotel developers will rank the importance of site selection criteria based on their own requirements and expectations. However, there are basic requirements that are necessary for a site to even be considered. Often, site selection is a process that is completed before determining the type of hotel, number of rooms, features, franchise, rate structure and overall performance. The list below offers the basis criteria in selecting a site for new hotel development. The order is not necessarily the order of importance.

1) Reasonable land and preparation costs
2) Adequate building space including ample parking (1/room plus 5%)
3) Zoning permits
4) Visibility to transient travelers
5) Accessibility to demand generators
6) Accessibility to eating and drinking places, shopping and other diversions
7) Limited physical barriers to construction
8) Limited barriers to entry/exit
9) City incentives, such as tax incremental financing
10) Strategic location to area competitors
11) Future surrounding area development

Technically, as the first and currently only modern lodging operation in town, a new hotel can be constructed virtually anywhere, within reason of accessibility, visibility and buildability. However and equally, the first hotel in town should target the most accessible and visible location assuming it will not be the only hotel in town for any great length of time.

Brookville has two distinct environments. First time visitors to the community find an attractive and vibrant downtown business district surrounded by established residential subdivisions. Entering the town from the south, as the majority of traffic volume determines, visitors pass a variety of older homes and service businesses then enter the downtown business district.

Visitors entering Brookville from the north along Highway 52 experience a much more scenic route as the Whitewater River winds parallel to the highway. Ridges, woodlands and a variety of homes are located opposite of the riverside. Drivers enter town through a residential section just prior to reaching the main intersection of Highway 52, 101 and Highway 1.

No matter which direction or which highway is utilized to enter into Brookville, all main routes lead into a pleasant appearing and vibrant downtown business district that offers independent shops and restaurants as well as several newer franchise fast food and gasoline stations. A mix of older established residential districts surround the main streets creating a small town environment.

The other environment of Brookville is completely invisible to visitors entering the community from any direction. While area services and a seasonal surge in vehicles towing boats and other recreational devices indicate a strong water-based destination, there are no sites or locations that offer views or direct access to Brookville Lake within close proximity to the downtown business district.

Those that enjoy the abundance of raw recreational land surrounding the lake are provided endless opportunities to partake in outdoor activities throughout the year. Brookville Lake is the primary reason the majority of tourists travel to the Brookville area. The reservoir and adjoining Whitewater Memorial State Park and Mounds Recreational Area attract over 1 million visitors per year. It is assumed that lake visitors familiar with the region simply drive through or around town to their accommodations-destination which is most likely private residences or campgrounds.

The physical layout of the Brookville Lake region along with its governmental ownership structure, limits any commercial or residential development or infrastructure. This is by design. The exception is the Sagamore Resort located midway between the north and south ends of the lake. Sagamore consists of a marina, 18-hole golf course, restaurant and 18-privately owned condominium units that are available in a rental pool.

If there were fewer restrictions within the perimeter of Brookville Lake, the most likely desired site for a new hotel would incorporate direct access and visibility. If there were fewer restrictions, there would most likely be a number of resorts and other development along the shores. It would also be expected that the State would consider development of a State Park lodge similar to other State Parks in Indiana. While Brookville would not directly benefit from property, innkeeper or other taxes, area businesses would most likely profit from increased visitors preferring a full service resort setting over campgrounds or limited private residences.

Despite the appeal of lake front development, the Town of Brookville offers the advantage of capturing more than “just” lake visitors. Attractions along the riverfront, county fairgrounds and downtown as well as numerous annual events generate a significant amount of demand for lodging in the town. Equally, there are enough business travelers entering the market to provide a small but consistent level of weekday, commercial occupancy. Neither business travelers nor some tourists attracted to the other activities may desire lakeside accommodations.

The following sites are mostly general locations but are believed to be well-suited for new lodging development in Brookville. Stated previously, the one and only modern franchised hotel in the community will be found by area visitors. Still, visibility to the transient traveler and convenient to the destined visitor is important.

Factors in Site Selection

The key factors in selecting a site for a new hotel, as listed previously, can be driven by developers as well as community government. However, there are several factors consistent with any lodging development.

“Rules of thumb” for most standard franchised hotel projects including those recommended in the Hotel Market Study include:

a) Site should be at least 2 to 2.5 acres including adequate parking. Parking requirements are typically 1 space per room plus 5 – 10% for employee park. This assumes no dining outlets and minor meeting space. As Brookville attracts a boating and outdoor recreation market, additional parking space is recommended.

b) Proper zoning and direct access to sewer, water and power utilities is assumed.

c) Unrestricted entrance into the site is preferred whether from main route or side access.

d) Close proximity to support services such as restaurants, lounges and other diversions.

e) Affordability

   Hospitality Valuation Services, a leading international hospitality consulting firm, states that land costs should not exceed 10% of the total development costs of a new hotel.

   Total development costs include:
   1) Land
   2) Construction including site improvements
   3) Furniture, Fixtures and Equipment/Operating Supplies & Eqiupment
   4) Soft Costs
      a. Legal and accounting
      b. Developer fees
      c. Financing fees and expenses
      d. Initial franchise fees
      e. Appraisal
      f. Pre-opening hiring, training
      g. Contingency funds

   Total Development Costs, as provided in the Hotel Market Study can range from $100,000 to $120,000 for a Midscale or Upper Midscale property in Brookville.

f) Visibility to traffic density

   As there are lake-related visitors and non-lake-related visitors to Brookville, visibility and accessibility to the high traffic districts would be an advantage. The following sites consider highway traffic counts along with other listed attributes:

SITE 1


Pizza King
Butlers Run
52 Pik-Up Marathon Convenience Mart
MAIN ST
CEM
SMIESTER DR
E 12TH ST
PETCOR AVE
SYCAMORE ST
KELLY AVE
LOHREY DR
MORIN AVE
W 11TH ST
E 11TH ST
Dairy Cottage
W KLEIN ST
FRANKLIN AVE
JOHN ST
FAIRFIELD AVE
W 10TH ST
E 10TH ST
W 9TH ST
E 9TH ST
Brookville
WESTVIEW RD
WEST RD
MEYER RD
CLIFF ST
SHORT ST
E 8TH ST
SAINT MARYS RD
BANK ST
E 7TH ST
RIVER ST
MAPLE GROVE RD
PROGRESS ST
Brookville Police Department
Mccullough-Hyde Memorial Hospital
E 6TH ST
Korners' Kountry
10,293
Brookville Theatre
HIGH ST
MILL ST
MARKET ST
WATER ST
W 4TH ST
1,442
Ye Olde Shack
BRACKEN HL
252
Site/Area 1
HARRISON AV
WEBERS LN
Stavetown
SONJA AVE
9,667
Flood Victims Memorial
WHITEWATER RIVER LN
COUNTY PARK RD
County Park
Franklin County Public Transportation
DELORME
Data use subject to license.
© DeLorme. DeLorme Street Atlas USA® 2015.
www.delorme.com
MN (5.7° W)
0 400 800 1200 1600 2000 ft
Data Zoom 14-0

The parcel pictured below is a vacant site controlled by several owners. Collectively, the site contains slightly more than 2 acres.

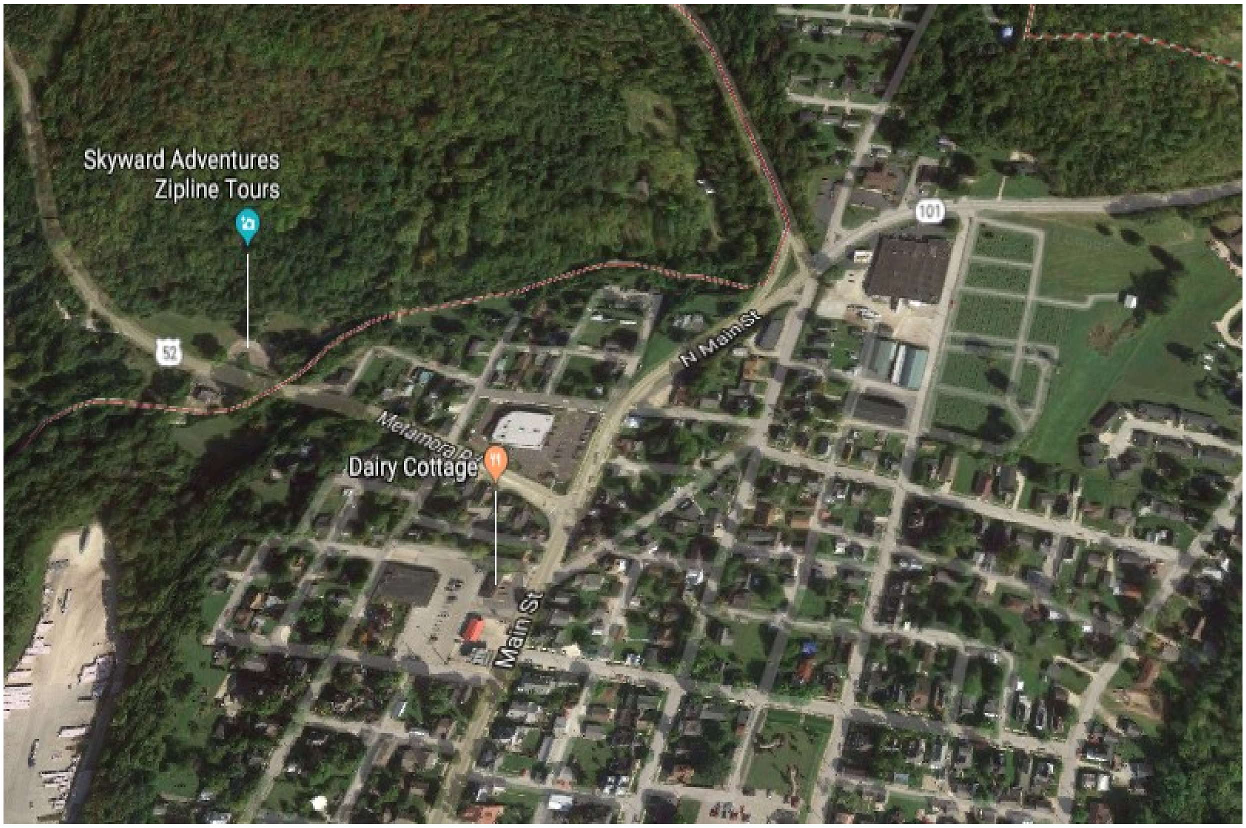
Approximately Harrison and Main Street

Site 1 is located south of downtown and could be considered a “gateway” location into the Town of Brookville. Good visibility and likely easy access. Multiple owners. High traffic counts (see map). Aerial view below.

SITE 2

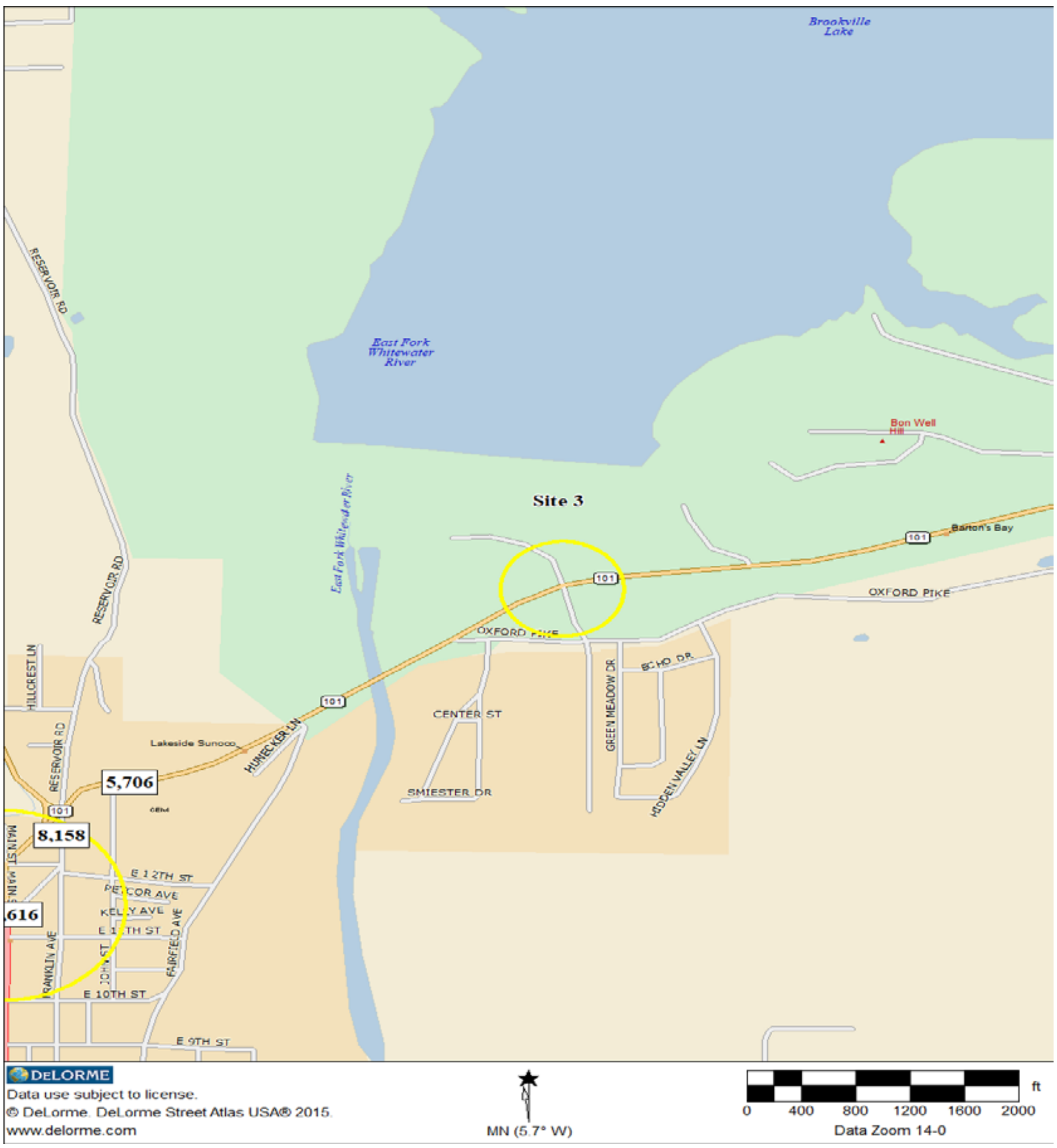
Site/Area 2 is in the vicinity of the junction of Highways 52, 101 and 1. Attributes of this area is the "crossroads" position where the majority of travelers through Brookville pass.

The difficulty is finding 2 acres. Multiple owners and multiple uses, including residential, make up the parcels in this area.


Skyward Adventures
Zipline Tours
52
101
N Main St
Metamora Rd
Dairy Cottage
Main St

Site 3

Site 3 is located along Highway 101. More vacant land is available along this route to Brookville Lake access, although some may be owned by the U.S. Army Corp of Engineering and unavailable for purchase (or lease). Site 3 example is located near Highway 101 and Wildcat. This site focuses more on lake visitors entering from the south (thru downtown business district). Site 3 may be the easiest buildable area and land appears to be plentiful. It is also the closest to the lake and lake access. The weakness in Site 3 is its distance from the primary travel corridor of Highway 52.



Site 3 at Highway 101 and Wildcat

Conclusions

The sites above can be considered ideal locations for a new hotel project. However, stated previously, overnight visitors will find the only modern, franchised hotel in town. In addition, landowners, developers and town officials may offer better opportunities.

Additional sites may be preferred including land owned by potential investors or those with town, county or state incentives. Hotel R&D will be available to discuss these and other potential sites. Development costs and Return on Investment can be impacted from land and other associated costs.

Glossary

Based on the Uniform System of Accounts for the Lodging Industry (Tenth Revised Edition)

Revenues

Rooms - Revenues derived from the rental of sleeping rooms at the hotel, net of any rebates and discounts.

Food - Revenues derived from the sale of food, including coffee, milk, tea, and soft drinks.

Beverage - Revenues derived from the sale of beverages, including beer, wine and liquors. Also includes banquet beverage revenues.

Other Food and Beverage - Revenues derived from other sources such as meeting room rentals, cover or service charges, or revenues derived from the sale of goods or services made in connection with banquets, such as equipment rental, music, decorations and souvenirs. Also includes banquet service charges.

Telecommunications - Revenues derived from guest-use of telephones in the hotel, including local and long distance calls, service charges, high speed or wireless internet and commissions received from pay phones. **NO LONGER LISTED ON THE UNIFORM SYSTEM OF ACCOUNTING**

Other Operated Departments - Revenues generated from garage and parking, guest laundry, golf and tennis, health club, spa, swimming pool, barber/beauty shop, gift shop, newsstand, etc., when operated by the hotel.

Rentals and Other - Income from rentals of space for business purposes, including concessions in any of the departments mentioned under other operated departments. Also includes income generated from sources not included elsewhere, but excludes investment income.

Departmental Expenses

Rooms - Rooms departmental expenses include labor costs such as salaries and wages for front desk, housekeeping, reservations, bell staff, and laundry, plus employee benefits. Other operating expenses in the rooms department include linen, cleaning supplies, guest supplies, uniforms, central or franchise reservation fees, equipment leases, and travel agent commissions.

Food and Beverage (F&B) - Food and Beverage departmental expenses include the cost of goods sold (food and beverages), labor and related benefits, and other operating expenses. Labor costs include departmental management, cooks and kitchen personnel, service staff, banquet staff, and bartenders. Other operating expenses include china, silverware, linens, restaurant and kitchen supplies, menus and printing, and special promotions.

Telecommunications - Telecommunications departmental expenses include costs of calls, cost of internet service and other related expenses, but exclude capital lease payments.

Other Operated Departments & Rentals - Other departmental expenses would comprise those expenses (labor and other) which offset the revenue generated by other operated departments such as garage, guest laundry, athletic facilities, and gift shop, as well as rental activity.

Undistributed Operating Expenses

Administrative and General (A&G) - Included in this category are the payroll and related expenses for the general manager, human resources and training, security, clerical staff, controller, and accounting staff including night auditors,. Other A&G expenses include office supplies, computer services, accounting and legal fees, cash overages and shortages, bad debt expenses, travel insurance, credit card commissions, transportation (non-guest) and travel and entertainment.

Sales & Marketing - Marketing expense includes payroll and related expenses for the sales and marketing staff,direct sales expenses, advertising and promotion, travel expenses for the sales staff, and civic and community projects. Includes national advertising fee or assessment paid to franchise company plus cost of frequent guest stay programs.

Utility Costs - Utility expenses typically include electricity, fuel (oil, gas, and coal), purchased steam, and water. Includes central plant and energy management systems.

Property Operations and Maintenance - This category includes payroll and related expenses for maintenance personnel, cost of maintenance supplies, cost of repairs and maintenance of the building, furniture and equipment, the grounds, and the removal of waste matter.

Franchise Fee - Includes the royalty fees and set marketing costs charged by franchise companies.

Management Fees - Fees charged by management organizations for management services or supervision. Excludes incentives and other established charges.

Fixed Charges

Property Taxes - Typically include taxes on real estate, business and occupation, personal property, utilities, and other municipal taxes.

Insurance - Cost of insuring the hotel building and contents against fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, or other perils such as terrorism. Includes all insurance except workers' compensation.

Land and Building Rent - Includes charges for lease of land and/or building.

Equipment Rental - Includes capital leases for rental of data processing equipment, telephone equipment and other major items.

Interest - Includes all interest expenses on any obligations such as mortgages, notes payable, bonds, debentures, taxes in arrears, or any other indebtedness on which interest is charged.

Depreciation and Amortization - Deductions on the building, leaseholds and leasehold improvements, furnishings and equipment, and assets held under capital leases.

Other Fixed Charges - Includes any other expenses that relate to the ownership of the hotel and gains or losses from any sale of assets.

HOTEL R&D, LLC

SYNOPSIS OF EXPERIENCE

944 Evans Street
Oshkosh, Wisconsin 54901
Telephone: (414)-379-2105

Michael P. Lindner

A 35-year veteran of the lodging industry, Mike began his career in hotel operations managing his family owned independent lodge in the Milwaukee. Upon the sale of his family operation, he joined the management of a 300-room **Marriott Convention Hotel a**nd oversaw the front office operations and moved into the National Sales Manager position.

Mike joined a fellow Marriott alumni to form **Hospitality Marketers, Intl.,** a hotel consulting firm specializing in the creating and implementation of sales and marketing strategies for independent resorts and hotels. Within 3 years, HMI expanded into market research and feasibility services providing development assistance to national franchises, investment groups, institutional lenders and government agencies including Small Business Administration and U.S. Department of Agriculture.

Mike started **Hotel R&D** in 1993 and has been utilizing his experience in research and development to assist hotel investors, owners and operators in creating optimum performing lodging and other tourism operations. He specializes in unique and specific market-driven properties that are designed by the demographic and economic strengths of the individual region.

Through these consulting services, Mike as accumulated a vast and diverse portfolio of successful projects and positions including:

Co-founder of **Award Hospitality**: hotel management company overseeing the turn-around strategies and successful implementation of 12 bank-owned limited service hotels. The goal of reinvigorating each property including brand conversions, property renovations and aggressive staff training.

Consulting Director of Operations for a 300-room **Holiday Inn Convention Center and Expo** during its transformation from the national franchise to an independent resort branding. Initial involvement including feasibility of owners' vision leading to one year of daily management of operations and renovations.

Co-purchaser and manager of former **RainTree Resort**, a 156-room, full service waterpark hotel in **Wisconsin Dells**. The goals of rebounding this distressed resort and attracting new investors was met within 1 year of ownership ultimately leading to the sale of the property to local investors.

Received Certification of General Management from Hilton Hotels during General Manager assignment at a 130-room **Hilton Garden Inn** in Oshkosh, Wisconsin.

HOTEL R&D, LLC

In addition to these consulting projects, Mike has performed over **450 hotel market studies** in 39 states, Canada and Europe. Projects have ranged from limited service brands to extensive golf and waterpark resorts. To date, studies have included 14 hotel waterparks or the expansion of existing properties to include waterpark and other recreational features.

Synopsis

Hotel/Resort Management

- Family -owned independent roadside motel in Milwaukee
- National Sales Manager of Marriott Hotel Brookfield, Wisconsin
- Co-owner and manager of Raintree Waterpark Resort Wisconsin Dells
- Director of Operations Country Springs Resort Stevens Point, Wisconsin
- Interim (consulting) General Manager, Hilton Garden Inn
- Interim General Manager, Lake of the Wood Resort in Wisconsin

Development

- Hearthside Extended Stay Hotel – Shakopee, Minnesota
- Amerihost Inn brands (now Wyndham), 22 Midwest and West Coast markets
- Comfort Inn & Suites northern Wisconsin
- Independent Resort Hotel in Door County region of Wisconsin

Feasibility and Market Research

Performed over 450 hotel and resort studies in 39 states, Canada and Europe including infrastructure analysis in 4 urban markets in Poland.
14 hotel water park new construction or additions
Community Demand Analysis and "State of the Local Lodging Industry" reports
Collaborated on *Hotel Research and Market Analysis Strategies*, an independent study guide and text supplement for the University of Wisconsin.

List of past projects available upon request.

944 Evans Street Oshkosh, Wisconsin 54901 (414)-379-2105 mike#HotelRandD.com

Past Project List

Alabama

Andalusia	Best Western
Gulf Shores	Condo - hotel

Arkansas

Fort Smith	Ramada conversion
Little Rock	GuestHouse Inn & Suites

California

Corning	Amerihost Inn
Marysville	Best Western Suites
Yreka	Amerihost Inn
Santa Rosa	Hilton Garden Inn
Lodi	Best Western Suites
Los Banos	Amerihost Inn
Oroville	Casino Hotel

Colorado

Denver	Wingate Inn
Parker	Upper Midscale

Florida

Green Cove Springs	Sleep Inn & Suites
Jacksonville	Extended Stay
Pensacola	Extended Stay

Georgia

Smyrna	AmeriHost Inn
LaGrange	AmeriHost Inn
Augusta	Mainstay Suites
	Comfort Suites

Illinois

Chicago Midway	Sleep Inn
Crystal Lake	Fairfield
Danville	AmeriHost Inn
DeKalb	Independent University Center
Decatur	Holiday Inn conversion

Mississippi

Vicksburg	Rainbow Casino Hotel
Oxford	AmeriHost Inn
Batesville	Comfort Suites
Jackson	Extended Stay

Missouri

St. Louis Region	5 various hotel projects
Kansas City	full service acquisition

11 Midscale hotel Choice, Candlewood

Montana

Bozeman	Wingate Inn

New Mexico

Albuquerque	Casino hotel
Gallop	AmeriHost Inn

New York

Watertown	AmeriHost Inn
Olean	Holiday Inn Express

Nevada

Las Vegas	full service acquisition
Acomita	Independent Casino hotel
Fernley	Best Western

North Dakota

Hazen	Midscale Limited Service
Jamestown	Full service hotel conference center

Ohio

Cincinnati	Full Service acquisition
	Riverfront All Suites
	9 Limited Service
Cleveland	Downtown Extended Stay
	Highway Midscale
Toledo	Full Service acquisition

Ewardsville	Comfort Suites
Effingham	AmeriHost Inn
11 others	

Indiana

Indianapolis	Homewood Suites
	Hilton Garden Inn
	Sheraton Conversion
	condominium riverfront
6 others in the region	
Troy/Tell City	**conference center**
Merrillville	Hampton Inn
Fort Wayne	Holiday Inn
7 others	

Iowa

Des Moines	Holiday Inn conversion
	Comfort Inn Suites
	Econolodge
Storm Lake	Comfort Inn Suites
Cedar Rapids	Wingate Inn
Dubuque	Hilton Garden Inn
Davenport	Holiday Inn
Mt. Pleasant	AmeriHost Inn
Humboldt	AmericInn
Decorah	Upper Midscale
Rock Valley	GrandStay Suites

Kentucky

Grayson	Midscale, theater, restaurant
Bowling Green	AmeriHost Inn
Elizabethtown	AmeriHost Inn
Glasgow	AmeriHost Inn

Lousiana

Lafayette	Hampton Inn

Michigan

Sault Ste Marie	Independent All Suites
Escanaba	Independent All Suites
Newberry	Independent Resort
Grand Rapids Area	4 limited service hotels
Kalamazoo	Holiday Inn Express
	Full Service acquisition
Detroit Area	6 full and limited service
8 other Michigan	

Dayton	Upper Midscale
	3 other hotel projects
Columbus	Upscalr Midscale
	Upper Midscale
11 other hotel projects	

Oklahoma

Enid	AmeriHost Inn
Stillwater	AmeriHost Inn
Ponca City	AmeriHost Inn

Oregon

Pendleton	**Upscale, conference center**
Florence	Upper Midscale

Pennsylvania

Lebanon	**Holiday Inn Conference Center**
Uniontown	AmeriHost
Grove City	Garden Inn
McKean County	Lodging Assessment

South Dakota

Rapid City	Comfort Suites
	Full Service acquisition
Belle Fourche	AmericInn
Deadwood	Full Service acquisition

Tennessee

Jackson	all suites
Nashville area	2 Upper Midscale
Newport	Midscale

Texas

Allen	AmeriHost
Commerce	**University hotel conference center**
San Marcos	Upper Midscale

Wisconsin

Bayfield County	Destination Resort
Portage County	**Waterpark Convention Hotel**
Door County	Condo Resort, Downtown Hotel
Milwaukee	4 downtown hotels
	2 Airport properties
	7 Suburban hotels
Madison	UW Hotel acquisiton
	4 area limited service
27 others throughout Wisconsin	

Minnesota

Deer River	Comfort Suites
Minneapolis Area	Full Service, all suites, Upscale (6)
Rochester	extended stay
Mankato	Upper Midscale
21 other Minnesota	

International

Thunder Bay, Ontario
Windsor, Ontario
Poznan, Poland (Community Study)
Lodz, Poland (Community Study)
Wroclaw, Poland (Community Study)

Management

Hilton Garden Inn, Wisconsin
Raintree Resort, Wisconsin Dells
Country Springs, Wisconsin
Lake of the Woods Resort, Wisconsin

Franchised Researched

- AmericInn
- Best Western International
- Choice Hotels
  - Sleep Inn
  - Comfort Inn/Suites
  - Cambria Suites
  - Mainstay Suites
- Hilton Hotels
  - Hampton Inns
  - Homewood Suites
  - Hilton Garden Inns
- IHG
  - Holiday Inns/Express
  - Candlewood
  - StayBridge Suites
- Marriott
  - Fairfield Inns
  - Courtyard
  - Marriott Inn
  - Residence Inn
- Radisson Hotels
  - Radisson
  - Country Inns
- Wyndham Hotels
  - Wingate
  - Super 8
  - AmericInns
  - Baymont Inn
  - Wyndham Garden Inn
- Numerous Independent developments