November 10, 2017

REVPAR International
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RE: Proposed Hotel at the University of Rhode Island, Kingston, RI

Dear Mr. Viveiros:

In accordance with your request, we have updated our September 2016 market study relative to the proposed development of a hotel within a planned, mixed-use development project at the University of Rhode Island (URI), Kingston campus.

Our findings and conclusions are based upon desktop research completed in November 2017. During this time, we updated the relevant economic and demographic data and room night demand sources from our fieldwork and subsequent research and analysis in August and September 2016. We suggest that the original December 2014 report be read in conjunction with this updated report.

BACKGROUND AND SCOPE OF WORK

REV*PAR* International, Inc. was commissioned by *Durkee, Brown, Viveiros & Werenfels Architects* on behalf of URI to update our market and financial feasibility study relative to developing a hotel as one component of a planned, mixed-used project that also includes residential and retail. The hotel would occupy the northern portion of a 3.3-acre parcel of land situated on the east side of Upper College Road, between Bills and Fortin Roads. The hotel portion of the site is presently occupied by the *University Club*.

The updated research and analysis undertaken in November 2017 included an evaluation of a number of distinct but inter-related factors. They included, but were not limited to, the expected competitive positioning of a hotel within the overall lodging market; supply and demand trends in the local and regional hotel market, particularly those relative to URI; and other locational factors relative to an analysis of the site itself.

The data collected during the course of the update was similar to our previous work, and allowed REV*PAR* International to reforecast growth estimates by demand segment for the market and proposed hotel; revalidate our facility recommendations; and update our estimated operating performance for the subject's first 10 years of operations. Underlying our estimates of both market-wide and hotel-specific demand and hotel usage are the results of a 2014 survey conducted by REV*PAR* International whereby we asked URI personnel and their department heads to quantify and qualify their current use and need for lodging and meeting space. A pricing analysis was then performed to establish likely average room rates for the subject.

After updating the top-line estimate for the proposed hotel, we then updated our financial analysis for the new projection period. In this financial analysis, we again estimated ancillary revenue sources above and beyond those generated from guest rooms, as well as the corresponding expenses incurred from operating the property, as defined. This analysis yielded an EBITDA After Reserve which, in turn, allowed us to prepare a discounted cash flow (DCF) analysis to arrive at a preliminary valuation of the going concern. Our findings were distilled into this letter report for your review and comment.

PRELIMINARY CONCLUSIONS

Based on our updated research, analysis and findings, we are of the opinion that there continues to be sufficient market support for a ±100-unit, upscale, full-service hotel at the proposed site. Factors influencing this conclusion are in many respects the same as in 2014, and include the proposed hotel's excellent location on the URI campus; its recommended mix of amenities; and its positioning within a to-be-built, mixed-use development that will include retail options of a caliber not currently available in the market area; as well as residential housing, all of which will be proximate to the main entrance of URI.

In a similar fashion, we continue to believe that the hotel's anticipated affiliation with URI will afford it the ability to operate as a non-branded (independent) hotel, while allowing it to capture more than its fair share of URI-related demand, amongst other sources. For purposes of our analysis, we assumed a revised opening date of Q1 2020. Facility recommendations upon which the pro-forma estimates are based include the following:

- 3.0- to 3.5-star/diamond level lodging experience;
- 100 guestrooms, of which about 10 percent will be suites. Standard guestrooms should be a mix of roughly 60 percent single king-bedded rooms and double queen-bedded rooms. Suites should each offer one king bed, with a pull-out sofa in the living room area;
- 5,000 square feet of dedicated flexible meeting space, inclusive of a 3,500-square foot ballroom; 1,000-square foot multi-purpose space; adequate pre-function space; and a 500-square foot boardroom;
- Designated outdoor (courtyard or green) space for receptions, wedding ceremonies during clement weather;
- Upscale, branded or original-concept restaurant and lounge, to include 100 seats in the dining area, 20 to 25 seats in the bar/lounge, and a private dining room to double as sales closing room and 2nd boardroom, if needed;
- A grab-and-go sundry "marketplace" off of the front desk;
- Gift/sundry shop;
- Business center;
- Fitness center and swimming pool;
- Adequate self-parking on-site, with optional valet parking available;
- Direct affiliation with URI, i.e., *Rams Inn*, but operating independently of a national brand, by a competent, efficient management company according to industry standard, is recommended.

The balance of the mixed-use project is to include retail space, student housing, and adequate guest parking. Their timing of development is assumed to be the same as the hotel. Thus, for the purpose of this analysis, we assumed that all components of the mixed-use project would be constructed and delivered concurrently on January 1, 2020.

With the foregoing in mind, we estimate that the proposed 100-unit, independent, full-service hotel can achieve an annual occupancy of 66 percent at an average room rate of $149.00 (expressed in 2017 dollars) in a stabilized year of operation, assumed to be 2022. In preparing statements of estimated operating results, these performance indicators translate to total revenues and EBITDA After Reserve of $6,300,000 and $1,500,000, respectively, in current-value 2017 dollars. The foregoing cash flows yield a DCF valuation of $20,100,000 upon opening, which equates to roughly $201,000 per key. Complete operating statements, supporting cash flows, and the DCF valuation are included in the *Addenda*. The following table details our estimated operating performance for the proposed hotel.

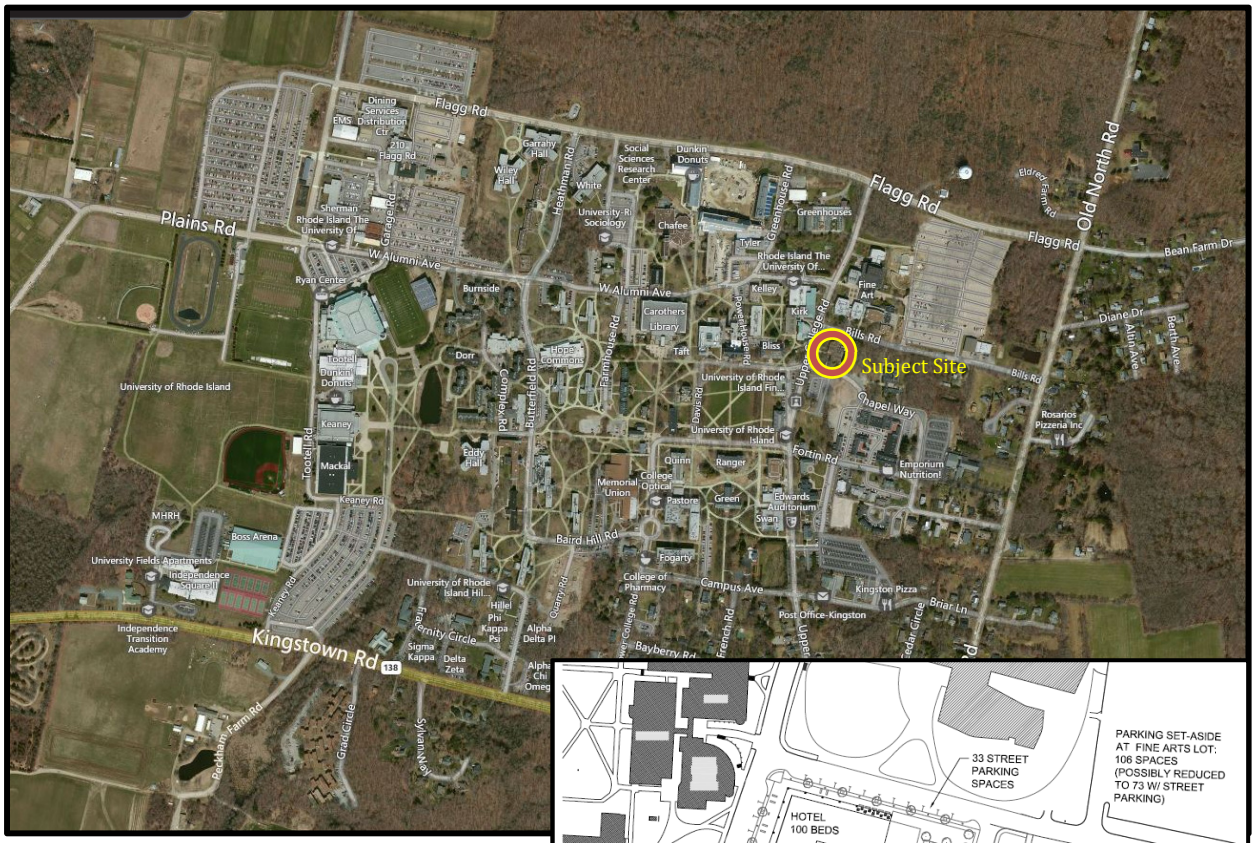
Estimated Operating Results 2020 – 2025 Proposed 100-Unit Independent Upscale Full-Service Hotel at URI - Kingston, RI							
Year	Occupancy	ADR [1]	RevPAR[2]	Market Occupancy	Total Revenue	EBITDA After Reserve	
						$ Amount	%
Stabilized Year [2]	66%	$149.00	$98.34	--	$6,284,000	$1,493,000	23.8%
2020	55%	$163.00	$89.65	67%	$5,843,000	$958,000	16.4%
2021	64%	$168.00	$107.52	66%	$6,888,000	$1,561,000	22.7%
2022	66%	$173.00	$114.18	66%	$7,293,000	$1,737,000	23.8%
2023	66%	$178.00	$117.48	66%	$7,507,000	$1,786,000	23.8%
2024	66%	$183.00	$120.78	67%	$7,724,000	$1,832,000	23.7%
2025	66%	$189.00	$124.74	67%	$7,969,000	$1,896,000	23.8%
CAG [3]	**3.7%**	**3.0%**	**6.8%**	**--**	**6.4%**	**14.6%**	--

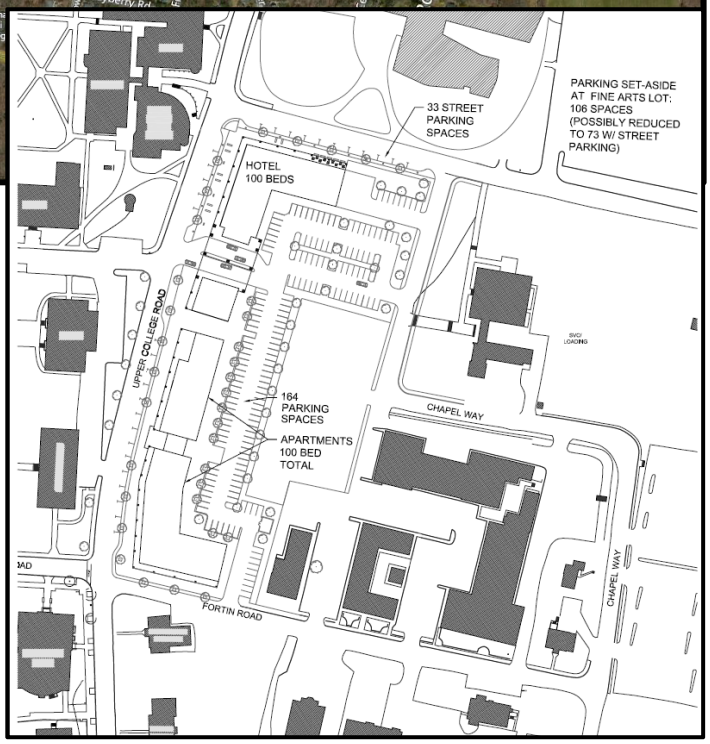
Notes: [1] Average Daily Rate; rounded to the nearest dollar.
[2] Revenue Per Available Room.
[3] Presented in 2017 dollars.
[4] Compound Annual Growth.
Source: REV*PAR* International, Inc.

SITE ANALYSIS

The subject site is located in the central core of URI, along Upper College Road in the northeast quadrant of the main campus. This places the site roughly 17 miles west of Newport; 31 miles south of Providence; and approximately 24 miles south of *T. F. Green Airport* (PVD) in Warwick. The map below illustrates the location of the subject site in relation to the state of Rhode Island.

The hotel will be developed along Upper College Road between Bills and Fortin Roads, and would occupy the northern portion of the site presently occupied by the *University Club*. The club has reached the end of its useful life, so plans are to raze the building to facilitate the development of the aforementioned mixed-use development. The following aerial displays the subject site's location within the URI campus.





Provided to the right is a preliminary site plan for the proposed project.

Access and Visibility

Access to the site is from Rhode Island State Route 138 (Route 138), the main thoroughfare serving the market area and campus. Access is considered simple and direct. However, this area of campus is often congested with vehicular and pedestrian traffic during morning and evening rush hours. Interstate 95 is roughly 11 miles west via Route 138. U.S. Route 1 (US-1) is roughly four miles east via Route 138. *Rhode Island Public Transit Authority* (RIPTA) provides bus service throughout the entire campus, as well as access to the broader market area, including Narragansett, Warwick, and Providence. The proposed hotel will have very good visibility within the campus. However, a lack of visibility from Route 138 will limit recognition of its presence by transient travelers along this roadway or beyond. This concern will need to be mitigated through strategic marketing and area signage.

Proximity to Area Demand Generators

The site's location on the URI campus provides it with direct and easy access to all those departments, facilities, and entities on campus generating hotel room night demand. The subject site will also be in a primary location for local area residents, as well as family and friends visiting URI and/or in need of overnight lodging. Additionally, the subject site is proximate to various other regional demand generators, such as the area beaches in Narragansett and Newport to the east. Again, strategic marketing and sales efforts to these non-URI generators will be required to draw this demand to the subject. One of the larger demand generators in the broader area is the 3,200-acre *Quonset Business Park* in North Kingstown, 15 miles north of URI via US-1. It provides direct access to sea, rail, and air transportation to 175 businesses, which employ roughly 9,500 people. Tenants include *RI Fast Ferry, Fujifilm Electronic Materials, Electric Boat,* and *Quonset Davisville Navy Yacht Club*, to name a few. Additionally, the Port of Davisville in Quonset is considered one of the top 10 auto import locations in North America.

Overall, the subject site's location is primary to all URI demand generators, but secondary (and in some cases tertiary) to most other demand generators within the broader market area. Narragansett and Newport already have existing lodging nodes that capture local hotel demand, not connected to URI. However, the continued development of the surrounding area will bring a greater level of corporate demand to URI, particularly the recently-completed, $68-million *Richard E. Beaupre Center for Chemical and Forensic Sciences*, along with development of the new *Engineering Center*, planned to be directly across from the subject site.

Proximity to Area Amenities

Proximity to area amenities is considered good, although limited, in the immediate area. Currently, the closest concentration of retail amenities is in the adjacent *Kingston Emporium*. Tenants include *Krazy Fusion Café, Flat Waves Food Shack, Subway, CVS, Simply Thai, International Pizza and Wings,* and *Dunkin Donuts*, to name a few. Outside of the URI campus, there is a small sampling of unique restaurants and retail establishments.

Further to the southeast, South Kingston and Narragansett offer a greater concentration of amenities, including restaurants and retail, although they are somewhat seasonal in nature. The *Village at South County Commons*, an 850,000-square foot lifestyle center in South Kingstown, is a major local hub of retail amenities. In addition to a variety of retail, restaurant options, and professional services, the *Hampton Inn* is located here, along with *Harbor Village at the Commons* with 259 luxury apartments and 64 condominiums, and the 154-unit *Brightview Retirement Community*. It should be noted that there is also a *Fairfield Inn and Suites* planned for *South County Commons.*

A planned, three-meal restaurant within the proposed hotel will fill a market niche on campus and in the immediate area. The street-level, commercial retail space planned for the residential portion of the subject's mixed-used development may potentially be occupied with complementary amenities.

Site Conclusion

Overall, we consider the site an excellent long-term location for a hotel, relative to URI-related demand. Its prominent location along Upper College Road, proximate to the university entrance and in the heart of the campus, is considered attractive and a distinct competitive advantage. That being said, hotel demand generated by off-campus activities will view it the site as secondary, given its location on campus and away from any major highways. The lack of visibility from Route 138, the main thoroughfare serving the immediate market area, is also a detriment. There are numerous leisure and commercial transient demand generators outside the immediate URI area, and *Quonset Business Park* to the north. *Environmental Protection Agency* (EPA), *National Oceanic and Atmospheric Administration* (NOAA), and the *U.S. Navy* are nearby to the east, with related federal agencies in North and South Kingstown; Narragansett; Newport; and Middletown. The subject will likely establish itself as a very good alternative to other hotels in these

areas, which vary in product quality, market orientation, and price/value relationship. To that end, our estimates reflect the extent to which these factors will affect the performance of the hotel.

AREA REVIEW

The URI campus and subject site are located in Kingston, which is part of Washington County, also known as "South County", the southern-most area of the state. This area is bordered by the state of Connecticut to the west; Newport County to the east; the Atlantic Ocean to the south; and Kent County to the north. Overall, this area has traditionally been considered mostly rural in nature and primarily known for its beaches and related tourist attractions. URI's growth over the past 10 years has modified this perception somewhat. Nevertheless, the area is not as developed as other areas of the state. Separately, the county benefits from its proximity to well-known tourist areas, such as Block Island and Newport to the east, as well as more commercial areas, such as Providence and Warwick to the north. All are within 25 miles. With the foregoing in mind, the following paragraphs summarize trends in the overall market area.

University of Rhode Island, Kingston

Kingston is home to URI, one of the largest generators of economic activity and hotel demand in the area. The campus covers roughly 1,250 acres. Enrollment has grown modestly from 2010 to 2017, from roughly 16,462 students to 18,098 students. In line with the administration's goal to grow to between 18,000 and 19,000 within the next three to five years, the university is adding physical facilities.

The recently-completed, 130,000-square foot *Beaupre Center* has continued to increase staffing; grow the department's student base, particularly internationally; and conduct research. According to our interviews with managing faculty, the facility has ample conference and research space, but lacks banquet and food/beverage capacity. Also, the new $125 million, 190,000-square foot *College of Engineering* is currently under construction and students have been moved from the existing facilities, which have been razed, to temporary locations, including leased space at nearby *Schneider Electric*, a major local employer and hotel room night demand generator. A $25.5 million expansion of *Bliss Hall,* one of URI's earliest buildings, is also approved. Current activities near or at URI that generate hotel-related demand include the following:

- EPA and NOAA laboratories border the bay campus on the north.
- URI*'s Narragansett Bay Campus* in South Kingstown, approximately five miles east of the Kingston campus, includes a community of nearly 300 faculty; marine research scientists; graduate students; and administrative, professional and technical support staff. The 20 buildings include approximately 300,000 square feet of offices, research labs, classrooms, and meeting spaces. This campus houses URI's *Department of Ocean Engineering* and is the homeport for the *RV Endeavor*, the research vessel for the *Graduate School of Oceanography* (GSO). Notable buildings are:
    - *Horn, South, and Watkins Laboratories;*
    - *Center for Atmospheric Chemistry Studies;*
    - *Coastal Institute and the Ocean Science and Exploration Center*, which includes the GSO Dean's offices*;*
    - the *Claiborne Pell Marine Science* and the *National Sea Grant Libraries;* and
    - the *Inner Space Center*.
- The URI Men's basketball team, which plays at the *Thomas M. Ryan Center* on the main campus, can host crowds of nearly 8,000 for each game. The *Rams* play roughly 15 home games each season. The weekend games can generate a high level of room night demand, based on the quality of the opponent and the success of the season. Football and track also generate lodging demand from visiting teams and, to a lesser extent, from visiting fans and attendees. It should be noted that our research indicates that most visiting teams prefer not to stay on the campus of their opponent.

- In September 2012, URI opened a new $75-million *College of Pharmacy* facility. At five stories and 144,000 square feet, it is the largest academic building on campus. It houses the 7,000-square foot, $6-million *Good Manufacturing Practice* space, which is equipped to develop human-use pharmaceuticals up to the trial stage. URI is currently utilizing the space in a teaching capacity, but will potentially explore a long-term anchor tenant, as part of the public-private partnerships, incubations, and spin-off relationships that URI seeks to grow into the future.
- Throughout the year, but particularly during the summer, URI's *Conferences and Special Program Development* department books the athletic facilities for a variety of non-varsity, amateur, and youth tournaments and sports camps. Some of the camps are multiple, week-long sessions, and many attendees stay in the dormitories. Area hotels also benefit from visiting families taking advantage of area beaches and tourist activities for an extended leisure stay. The parents of many youth-camp attendees would consider the proposed subject hotel.
- URI generates high levels of demand for Homecoming, Family Weekend, Move-in/out Weekends, Commencement (May), New Student Orientation (June), and other special events during the year.

Collectively, these activities generate transient and group lodging demand throughout the year from athletic activities and events; visiting professors; interns; researchers; parents; alumni; and other guests. Vendors and other business visitors are a large source of demand for area hotels as well.

Corporate/Government Activity

The limited corporate/government activity in Kingston and South County is generated by a small number of area companies, including *Schneider Electric* and *South County Hospital*. *Schneider Electric* is based in France and their West Kingston facility is the headquarters of the company's business IT division. Additional corporate demand emanates from construction workers or opening teams assigned to various area projects. Retail and services will generate transient demand for area hotels, although most of this demand will not consider a hotel on URI's campus unless there is limited or no availability at commercial hotels in the market or the subject hotel is a price-value option. North and South Kingstown, Newport, and Middletown are home to more significant bases of corporate activity. The subject hotel will be secondarily-located to this demand, but will occasionally benefit from overflow or compression on peak dates.

Gordon Research Conferences, the premier conferences for biological, chemical, and physical sciences, is headquartered in West Kingston, about one mile from URI. The average attendance is 145 people for an average stay of five days. Further, 45 to 50 people also attend a pre-conference, two-day seminar. There are approximately 300 conferences each year, hosted by universities, boarding schools, and resorts. Summer conferences (June – August) are held at northeast locations, such as *Salve Regina College* in Newport; *University of New England;* and *Sunday River Resort*. Winter sites include California, Texas, and Italy. The proposed URI hotel could host these conferences; however, it is important to note they are price-sensitive, and their schedule coincides with the peak lodging season.

EPA and NOAA, adjacent to the URI *Bay Campus*, generate limited government demand. Further east of campus, significant government demand emanates from the *Naval War College* in Newport and the U.S. Navy Base in Middletown; however, it is accommodated by lodging facilities in those markets. A hotel on the URI campus is unlikely to be strongly considered for transient demand, but could capture group demand, if targeted and priced appropriately.

Quonset Business Park, in conjunction with *T.F. Green International Airport,* will be developing facilities for the Dallas-based firm *Pinnacle Logistics. Pinnacle* reached an agreement into November 2017 to immediately begin handling cargo out of the airport, hiring 300 new employees, and creating logistics and office operations within *Quonset.*

Leisure and Tourism

South County is considered a popular tourist destination, and offers ferry service to Block Island, RI and Martha's Vineyard, MA. According to the *South County Tourism and Leisure Council,* there are over four million visitors to its 100 miles of beaches. A wide range of other tourism activity, much of which occurs during clement weather, is drawn by the region's natural beauty. Seasonal bus tours, particularly those focused on foliage, are present in the market and a viable pursuit for the proposed hotel. Weddings and social events are a strong portion of the local leisure mix, as is the diverse, thriving youth and amateur sports industry using area facilities, including URI's. Along with museums and historical sites, visitors can enjoy regional culinary and antiquing interests, in addition to shopping destinations. The local population also drives demand in the form of visiting friends and relatives.

Air Travel

The subject hotel will be located 24 miles southeast of PVD, the closest major airport serving the region. A recent $500-million expansion and renovation lengthened its runway to allow larger planes, which can service more distant destinations. A new de-icing facility and terminal improvements are also planned.

Passenger counts are provided in the table to the right. Declines from the national economic recession, which began in Fall 2008, and *Southwest* starting service at Boston's *Logan International Airport*, dissipated in 2015, allowing PVD to achieve growth in 2016. As of year-to-date 2017 through August (the most recent published information available), PVD reported a 3.4 percent increase in year-over-year passenger traffic. This gain is partly attributed to *Frontier, Norwegian,* and *Allegiant* adding routes to destinations such as Miami, New Orleans, Tampa, and Martinique. PVD also continues to grow in popularity as an alternative to travelling to Boston Logan. However, it should be noted that *Bradley International Airport* in Hartford, CT attracts demand from markets that are proximate to Rhode Island with competitive flight choices and prices.

T.F. Green Air Transportation Statistics

Year	Total Passengers	% Change
Year-End		
2008	4,692,974	--
2009	4,328,741	(7.8%)
2010	3,936,423	(9.0%)
2011	3,883,548	(1.3%)
2012	3,650,737	(6.0%)
2013	3,803,583	4.2%
2014	3,566,769	(6.2%)
2015	3,566,105	0.0%
2016	3,653,029	2.4%
CAG [1]	**(3.0%)**	**--**
Year-to-Date Through August		
YTD 8/2016	2,428,374	--
YTD 8/2017	2,511,349	3.4%

Note: [1] Compound Annual Growth.
Source: RI Airport Corporation.

Conclusion

Based on our review of the area economic drivers and indicators, as well as discussions with people familiar with URI and the local economy, area growth is expected to be positive into the foreseeable future, driven by URI, the tourism/leisure sector, and to a lesser degree, corporate and government sectors.

In particular, Kingston's growth will continue to be tied to the growth at URI, which has a long-term strategy in place to continue expanding both its student population and the facilities to support them. The associated hotel demand will parallel these trends.

COMPETITIVE HOTEL SUPPLY

For purposes of our analysis, we used the same seven hotels, totaling 1,320 guestrooms, as the defined competitive set for a lodging facility located on the URI campus. These properties are considered competitive to varying degrees based on location, level of quality, facilities, chain-affiliation, room rate structure, and/or market orientation.

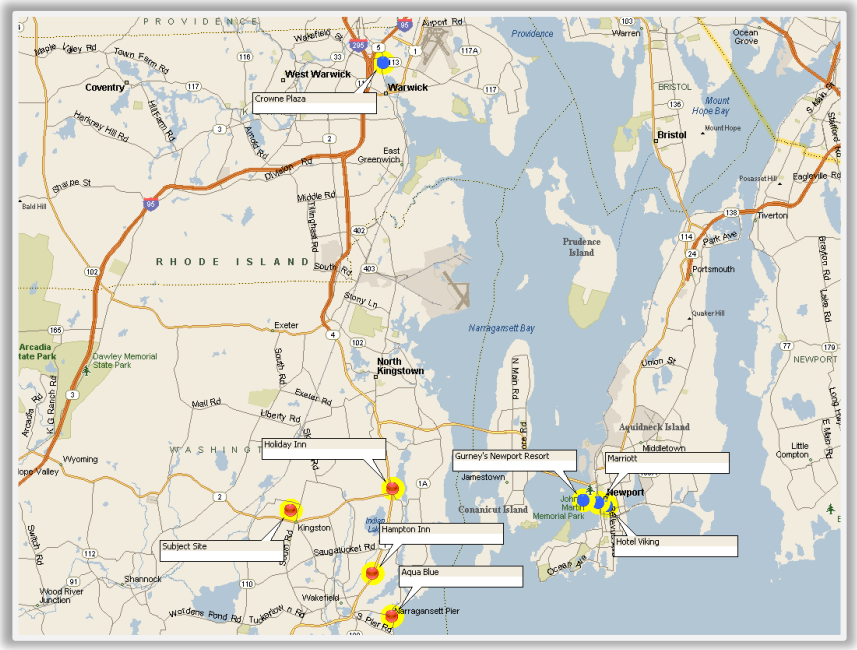
The primary competitive set is comprised of three hotels located within five to eight miles of the subject site. The *Aqua Blue* (formerly the *Village Inn)*, the *Hampton Inn,* and the *Holiday Inn* benefit from their relative proximity to URI. Area beaches provide them with significant lodging demand during the summer.

Based on the 2014 survey results, as well as our prior and more recent discussions with local lodging operators and URI representatives, we included four hotels from the broader region as secondary competitors to a proposed URI hotel. The *Hotel Viking, Marriott,* and *Gurney's Newport Resort* (formerly the *Hyatt Regency*), all in Newport, along with the *Crowne Plaza* in Warwick, will primarily compete with the subject for group-related demand. Overall, the defined competitive set includes limited and full-service hotels in South Kingstown, Saunderstown, and Narragansett. The following table displays the competitive lodging supply to the proposed URI hotel.

Competitive Supply					
Competitive Hotels	**Location**	**Miles to URI**	**Number of Rooms**	**Meeting Space (Total SF)**	**SF of Mtg Space per Guestroom**
Primary Competitive Set					
The Village Inn/Aqua Blue	Narragansett	8	62	5,500	89
Hampton Inn	South Kingstown	6	100	1,701	17
Holiday Inn	Saunderstown	5	107	2,580	24
Sub total	--	--	**269**	**9,781**	**36**
Secondary Competitive Set					
Hotel Viking	Newport	18	209	13,178	63
Hyatt Regency/Gurney's Resort	Newport	18	257	27,000	105
Crowne Plaza	Warwick	22	266	45,000	169
Marriott Newport	Newport	18	319	16,084	50
Sub total	--	--	**1,051**	**101,262**	**96**
Grand total	--	--	**1,320**	**111,043**	**84**

Source: REV*PAR* International, Inc.

A map illustrating the location of the defined competitive properties is provided to the right.



Following a sale in December 2016, the *Hyatt Regency* converted to the independent *Gurney's Newport Resort,* becoming the sister property of the popular hotel by the same name in Montauk, New York. The hotel completed a substantial renovation during the first half of 2017, displacing demand in the process. The URI hotel would also receive overflow demand from Newport hotels during peak times, or when there is compression out of these primary markets into the surrounding submarkets like Kingston. In addition, our research indicated that URI-related demand generally uses Newport hotels facilities for meetings and group events, during peak periods and special events, some transient, URI-related demand will use Newport-area hotels.

Of note, other smaller, independent lodging facilities in the area were considered for the defined competitive set, but ultimately not included, given their size; quality; amenities and services offered; and market orientation. Although they capture some URI-related demand, they are a default option for transient demand in many instances. In a similar vein, group-related demand from various URI departments tends to bypass these hotels and use Newport and Warwick lodging, which offer more expansive facilities and services.

We also considered *Whispering Pines* at Eisenhower Lake, approximately 22 miles northwest of the main campus. This 32-unit, lakefront hotel sits amidst a 2,300-acre area of protection and is owned by URI. According to management, it accommodates minimal URI demand due to the distance from the campus and the quality of its facilities. *Whispering Pines* generally accommodates corporate demand and social events seeking an isolated, natural setting. As a result, it was excluded from our analysis.

The following table summarizes the historical performance of the defined local hotel supply.

Historical Operating Performance of the Competitive Market

Year	Available Room Nights	Occupied Room Nights	Annual Occupancy	Average Daily Rate (ADR)	RevPAR
Primary Competitive Set					
2013	98,185	56,263	57.3%	$116.62	$66.83
2014	98,185	58,844	59.9%	$126.01	$75.52
2015	98,185	63,290	64.5%	$127.96	$82.48
2016	98,185	65,144	66.3%	$132.72	$88.06
2017 (1)	98,185	61,745	62.9%	$138.91	$87.36
CAG (2)	**0.0%**	**2.4%**	**--**	**4.5%**	**6.9%**
Secondary Competitive Set					
2013	383,615	245,164	63.9%	$182.99	$116.95
2014	383,615	252,357	65.8%	$192.66	$126.74
2015	354,780	248,583	70.1%	$199.38	$139.70
2016	383,615	269,335	70.2%	$202.50	$142.17
2017 (1)	383,615	263,740	68.8%	$214.09	$147.19
CAG (2)	**0.0%**	**1.8%**	**--**	**4.0%**	**5.9%**
Total Competitive Set					
2013	481,800	301,427	62.6%	$170.60	$106.73
2014	481,800	311,200	64.6%	$180.06	$116.30
2015	452,965	311,872	68.9%	$184.88	$127.29
2016	481,800	334,479	69.4%	$188.91	$131.15
2017 (1)	481,800	325,485	67.6%	$199.83	$135.00
CAG (2)	**0.0%**	**1.9%**	**--**	**4.0%**	**6.0%**

Notes: (1) Projected year-end based on year-to-date information through September.
(2) Compound Annual Growth.
Source: REV*PAR* International, Inc.

Over the last five years, no new hotel openings have opened in the local market area. However, as will be discussed later, the Newport *Marriott* closed for a portion of 2015 to renovate its facility, which is reflected in the reduced inventory in the secondary set in that year. As displayed, room supply returned to previous levels in 2016. Concurrently, occupied room nights for the overall competitive set have increased by roughly 24,000 during the analysis period, equating to a compound annual increase of 1.9 percent. Since demand has increased at a higher rate than supply, occupancies have shown growth, particularly from 2013 through 2016. In 2017, occupancy declined as the *Hyatt Newport* renovated and converted into an independent hotel and the *Holiday Inn* and *Hampton Inn* had a sizable group from the first quarter of 2016 that did not repeat in 2017.

Meanwhile, ADR for the overall competitive set increased over the past five years, from $170.60 to $199.83 between 2013 and projected year-end 2017, or by 4.0 percent compounded annually. The largest ADR increases occurred at the most popular hotels in the market, particularly the *Hampton Inn* in the primary set and the newly renovated *Marriott* and *Gurney's* in the secondary set. That said, we estimated that every hotel in the competitive set has experienced ADR growth.

Accordingly, RevPAR increased by 6.0 percent compounded annually due to the increase in both occupancy and ADR.

HISTORICAL MARKET SEGMENTATION

The historical market segmentation for the defined competitive set is provided in the following table.

Historical Market Mix for the Competitive Supply

Market Segment	2013		2017 [1]		Compound Annual Growth
	Total Occupied Rooms	Percentage of Total	Total Occupied Rooms	Percentage of Total	
Corporate/Government	74,247	25%	79,562	24%	1.7%
Leisure Transient	125,924	42%	139,617	43%	2.6%
Group	81,134	27%	84,469	26%	1.0%
URI	20,122	7%	21,837	7%	2.1%
Total	**301,427**	**100%**	**325,485**	**100%**	**1.9%**

Note: [1] Projected year-end based on year-to-date information through September.
Source: REV*PAR* International, Inc.

Occupied room nights for all market segments increased between 2013 and projected year-end 2017. For year-end 2017, the market segmentation of the overall competitive set is projected to be 24 percent corporate/government transient; 43 percent leisure transient; 26 percent group; and 7 percent URI. The accommodated demand is fairly diversified; leisure transient has the largest influence on demand patterns since it represents the largest source of room night demand to area hotels. The mix of business has remained relatively consistent between 2013 and projected year-end 2017.

SEASONALITY

Room night demand for the market is moderately seasonal, with occupancies typically declining from November through March due to a drop in leisure and group business. Comparatively, April through October represent the stronger months, due to increased leisure and group demand throughout the week. July and August are by far the peak months in the market, both during the week and on the weekend. Further, during the summer months, URI hosts several youth-sport tournaments on campus.

FUTURE ADDITIONS TO SUPPLY

At the time of our fieldwork, we identified no new hotel projects under construction near the subject site.

The 209–room *Hotel Viking* was sold in mid-2014 to a new owner, who is contemplating adding 70 rooms. At this time, the expansion plans are not definitive, so we did not include the potential for additional rooms in our future supply estimates. Separately, there are several sites available for hotel development along the Newport waterfront, which could accommodate projects of roughly 60 rooms or less. We understand that several developers are interested, but none have put together definitive plans or filed for permits. For example, developer *Farrar Equities* wants to develop a boutique hotel at the corner of America's Cup Avenue at the end of Long Wharf, but is currently attempting to gain approval to develop 84 rooms, rather than the 57 rooms that are currently allowed. These hotels would likely be positioned as luxury properties and not competitive with the proposed URI hotel.

Most notably, we understand that the owners of the *Hampton Inn* at *South County Commons* are planning a 100-room *Fairfield Inn and Suites by Marriott* on an adjacent parcel. According to our interviews with the brand, ownership, and local planning officials, the project still has an undetermined start date for construction. However, the project is expected to move forward so we have included this hotel as an addition to supply in the 2nd quarter of 2021.

With the foregoing in mind, we estimate that 200 new rooms will be added to the market during the projection period, inclusive of the *Fairfield Inn and Suites* and the subject 100-room hotel. We are not aware of any other proposed or speculative projects in the market, but should any be developed, it could potentially impact the subject hotel's estimated performance.

SUPPLY AND DEMAND PROJECTIONS

Future growth in room night demand for the competitive set is based on historical trends, coupled with future growth prospects of the local economy. In particular, we expect the continued growth of URI in terms of enrollment, faculty, and economic activity, as well as continued growth in the regional tourism and corporate sectors. Additionally, a portion of the anticipated growth is a result of latent demand associated with the opening of the subject new hotel. A portion of this latent demand was qualified with an online survey to URI departments in October and November 2014.

With the foregoing in mind, a summary of the future supply and demand growth for the competitive set is provided in the following table.

Summary of Future Supply and Demand Growth Competitive Market Area

Year	Supply		Demand		Market Occupancy
	Room Nights	% Change	Room Nights	% Change	
2017 (1)	481,800	---	325,500	---	68%
2018	481,800	--	330,400	1.5%	69%
2019	481,800	--	333,800	1.0%	69%
2020	518,300	7.6%	347,000	4.0%	67%
2021	545,700	5.3%	357,700	3.1%	66%
2022	554,800	1.7%	364,000	1.8%	66%
2023	554,800	--	367,100	0.9%	66%
2024	554,800	--	370,400	0.9%	67%
CAG (2)	**2.0%**	**--**	**1.9%**	--	--

Notes: (1) Estimated based on year-to-date September 2017 results.
(2) Compound Annual Growth.
Source: REV*PAR* International, Inc.

PROPOSED HOTEL FACILITY RECOMMENDATIONS

Based upon our updated analysis of the defined market area, coupled with the findings from the 2014 survey (please see our December 2014 study for the survey and its results), we have maintained our original facility recommendation for the proposed hotel: namely, an upscale, independent, full-service hotel, as summarized below:

- 3.0- to 3.5-star/diamond level lodging experience;
- 100 guestrooms, of which about 10 percent will be suites. Standard guestrooms should be a mix of roughly 60 percent single king-bedded rooms and double queen-bedded rooms. Suites should each offer one king bed, with a pull-out sofa in the living room area;
- 5,000 square feet of dedicated flexible meeting space, inclusive of a 3,500-square foot ballroom; 1,000-square foot multi-purpose space; adequate pre-function space; and a 500-square foot boardroom;

- Designated outdoor (courtyard or green) space for receptions, wedding ceremonies during clement weather;
- Upscale, branded or original-concept restaurant and lounge, to include 100 seats in the dining area, 20 to 25 seats in the bar/lounge, and a private dining room to double as sales closing room and 2nd boardroom, if needed;
- A grab-and-go sundry "marketplace" off of the front desk;
- Gift/sundry shop;
- Business center;
- Fitness center and swimming pool;
- Adequate self-parking on-site, with optional valet parking available;
- Direct affiliation with URI, i.e., *Rams Inn*, but operating independently of a national brand, by a competent, efficient management company according to industry standard, is recommended.

We believe that the foregoing will position the proposed hotel as a viable competitor within the overall lodging market. Also, we assumed that the other components of the mixed-use project, including the retail and residential, will be developed in tandem with the subject hotel and all be completed and opened at the same time.

PROJECTED OPERATING RESULTS

Since the proposed hotel will be new construction, it has no operating history. Therefore, our estimates of future financial operating results have been derived through a comparative analysis of six existing hotels' operating statements from our in-house library and *STR's 2017 HOST Study,* each of which are presented in the *Addenda.* As is standard in this type of comparable analysis, benchmark data may not be directly comparable.

Our estimates are also based on our evaluation of the income potential of the proposed subject hotel under projected market conditions. In order to provide a common basis for comparison, the comparable properties' statements have been adjusted by the *Consumer Price Index* and are presented in 2017 dollars. Our method is to estimate the annual operating results of the property in current-value 2017 dollars, as if it were open and operating at a level considered representative of its long-term potential. We then project performance for a future forecast period, which in this case is 12 years. These projections have been adjusted to reflect projected changes in room occupancy, variation in average room rates, and general price inflation.

The *Uniform System of Accounts for the Lodging Industry*, recommended by the *American Hotel and Lodging Association* and used throughout the industry, was used in the classification of revenues and expenses in this report. To portray price level changes, we assumed a 3.0 percent annual inflation rate for the next two years, stabilizing at 3.0 percent thereafter, based on *Congressional Budget Office* forecasts of future inflation through the use of the *Consumer Price Index for All Urban Consumers* (CPI-U). Lastly, fundamental to the estimates of operating results is the assumption of competent and efficient management at the proposed subject property. Among the primary responsibilities of management are maintaining facility quality, and executing an aggressive marketing effort prior to and after opening.

The following table details our estimated operating performance for the proposed hotel.

Estimated Operating Results 2020 – 2025 Proposed 100-Unit Independent Upscale Full-Service Hotel at URI - Kingston, RI							
Year	Occupancy	ADR [1]	RevPAR [2]	Market Occupancy	Total Revenue	EBITDA After Reserve	
						$ Amount	%
Stabilized Year [2]	66%	$149.00	$98.34	--	$6,284,000	$1,493,000	23.8%
2020	55%	$163.00	$89.65	67%	$5,843,000	$958,000	16.4%
2021	64%	$168.00	$107.52	66%	$6,888,000	$1,561,000	22.7%
2022	66%	$173.00	$114.18	66%	$7,293,000	$1,737,000	23.8%
2023	66%	$178.00	$117.48	66%	$7,507,000	$1,786,000	23.8%
2024	66%	$183.00	$120.78	67%	$7,724,000	$1,832,000	23.7%
2025	66%	$189.00	$124.74	67%	$7,969,000	$1,896,000	23.8%
CAG [3]	**3.7%**	**3.0%**	**6.8%**	**--**	**6.4%**	**14.6%**	--

Notes: [1] Average Daily Rate; rounded to the nearest dollar.
[2] Revenue Per Available Room.
[3] Presented in 2017 dollars.
[4] Compound Annual Growth.
Source: REV*PAR* International, Inc.

A complete financial pro-forma, including food, beverage, and other ancillary revenues, as well as a complete breakdown of expenses by line item, is included in the *Addenda.* With the foregoing in mind, the following bullets summarize several notable assumptions for our estimates:

- The hotel is estimated to gross roughly $2.47 million in food and beverage revenue from its restaurant, lounge, and catering/banquet facilities.
- The hotel will net roughly $81,000 annually in Rentals and Other Income from public meeting-room rental and audio-visual equipment rental.
- The hotel will gross roughly $141,000 annually in Other Operated Department revenue from valet parking charges, telephone charges, in-room movie rental, valet laundry, and a sundry shop.
- Rooms department expenses will be roughly 24.7 percent of room revenue, or $36.82 per occupied room.
- Food and Beverage and Other Operated Departments expenses will total roughly 78 and 94 percent of those revenues sources, respectively.
- The hotel will be operated by a competent and efficient management company, for which we have deducted a base management fee of 3.0 percent of total revenues.
- Building insurance was based on market comparables.
- Although URI does not pay real estate taxes, we have assumed that the developer of the subject hotel would be required to make a payment in lieu of taxes, at a minimum, to the town of Kingston. This is assumed to be $75,000 per annum, or $750 per key.
- We have assumed an industry-standard reserve for replacement of 4.0 percent of gross revenues.

No assumption of subsidies of any form was assumed in the above estimates. There are other significant assumptions underlying the foregoing estimates.

Please note that the data provided in this letter is preliminary in nature, and subject to change based on additional or new information. Again, ***this letter is for internal use only, and may not be distributed to any outside 3rd parties***. Please kindly review the foregoing information and let us know if you have any questions or comments. As always, we would be pleased to hear from you should you need further interpretation or amplification of our findings.

Sincerely,

REV*PAR* International, Inc.

REVPAR International, Inc

ADDENDA

Market Penetration Analysis
Proposed Hotel at URI
Kingston, RI

Year	2020		2021		2022		2023		2024		2025		2026	
Available Rooms in Comp. Set	1,420		1,495		1,520		1,520		1,520		1,520		1,520	
Available Room Nights														
Subject Hotel	36,500		36,500		36,500		36,500		36,500		36,500		36,500	
Total Market	518,300		545,675		554,800		554,800		554,800		554,800		554,800	
Subject's Fair Share	7.0%		6.7%		6.6%		6.6%		6.6%		6.6%		6.6%	
Corp/Govt		**Market Mix**		**Market Mix**		**Market Mix**		**Market Mix**		**Market Mix**		**Market Mix**		**Market Mix**
Total Segment Demand	83,200		86,200		88,100		89,000		89,800		89,800		89,800	
Fair Share of Demand	5,859		5,766		5,796		5,855		5,908		5,908		5,908	
Penetration Rate	25%		34%		34%		34%		34%		34%		34%	
Demand Captured	1,500	8%	2,000	9%	2,000	8%	2,000	8%	2,000	8%	2,000	8%	2,000	8%
Leisure														
Total Segment Demand	147,000		151,600		154,600		156,200		157,800		157,800		157,800	
Fair Share of Demand	10,352		10,140		10,171		10,276		10,382		10,382		10,382	
Penetration Rate	34%		54%		54%		54%		53%		53%		53%	
Demand Captured	3,500	18%	5,500	23%	5,500	23%	5,500	23%	5,500	23%	5,500	23%	5,500	23%
Group														
Total Segment Demand	90,400		92,500		93,300		93,800		94,200		94,200		94,200	
Fair Share of Demand	6,366		6,187		6,138		6,171		6,197		6,197		6,197	
Penetration Rate	70%		81%		89%		89%		89%		89%		89%	
Demand Captured	4,500	23%	5,000	21%	5,500	23%	5,500	23%	5,500	23%	5,500	23%	5,500	23%
URI														
Total Segment Demand	26,500		27,500		27,900		28,200		28,500		28,500		28,500	
Fair Share of Demand	1,866		1,839		1,836		1,855		1,875		1,875		1,875	
Penetration Rate	560%		600%		600%		595%		585%		585%		585%	
Demand Captured	10,500	53%	11,000	47%	11,000	46%	11,000	46%	11,000	46%	11,000	46%	11,000	46%
Total Demand														
Total Market Demand	347,000		357,700		364,000		367,100		370,400		370,400		370,400	
Fair Share of Demand	24,437		23,926		23,947		24,151		24,368		24,368		24,368	
Penetration Overall	82%	100%	98%	100%	100%	100%	99%	100%	98%	100%	98%	100%	98%	100%
Demand Captured	20,000		23,500		24,000		24,000		24,000		24,000		24,000	
Estimated Subject Occ.	**55%**		**64%**		**66%**		**66%**		**66%**		**66%**		**66%**	
Estimated Market Occ.	**67%**		**66%**		**66%**		**66%**		**67%**		**67%**		**67%**	

Summary Operating Statement (in a Stabilized Year)
Proposed Hotel at URI, Kingston, RI

For a Representative Year in Current Value Dollars

Number of Rooms:	100
Annual # of Available Rooms:	36,500
Annual occupancy rate:	66%
Annual # of Occupied Rooms	24,090
Average Daily Rate	$149.00
RevPAR	$98.34

	Amount	Ratio	Amount per Avail. Rms.	Amount per Occ. Rms.
DEPARTMENTAL REVENUES				
Rooms	$3,589,000	57.1%	$35,890	$148.98
Food & Beverage	$2,472,000	39.3%	$24,720	$102.62
Other Operated Departments	$142,000	2.3%	$1,420	$5.89
Rentals & Other Income	$81,000	1.3%	$810	$3.36
TOTAL REVENUE	**$6,284,000**	**100.0%**	**$62,840**	**$260.86**
DEPARTMENTAL EXPENSES (1)				
Rooms	$887,000	24.7%	$8,870	$36.82
Food and Beverage	$1,928,000	78.0%	$19,280	$80.03
Other Operated Departments	$133,000	93.7%	$1,330	$5.52
TOTAL DEPARTMENTAL EXPENSES	**$2,948,000**	**46.9%**	**$29,480**	**$122.37**
TOTAL DEPARTMENTAL INCOME	**$3,336,000**	**53.1%**	**$33,360**	**$138.48**
UNDISTRIBUTED OPERATING EXPENSES				
Administrative and General	$463,000	7.4%	$4,630	$19.22
Sales and Marketing	$424,000	6.7%	$4,240	$17.60
Property Operations and Maintenance	$212,000	3.4%	$2,120	$8.80
Utilities	$188,000	3.0%	$1,880	$7.80
TOTAL UNDISTRIBUTED EXPENSES	**$1,287,000**	**20.5%**	**$12,870**	**$53.42**
GROSS OPERATING PROFIT	**$2,049,000**	**32.6%**	**$20,490**	**$85.06**
MANAGEMENT FEES	$189,000	3.0%	$1,890	$7.85
INCOME BEFORE FIXED CHARGES	**$1,860,000**	**29.6%**	**$18,600**	**$77.21**
FIXED CHARGES				
Rent	$0	0.0%	$0	$0.00
Property and Other Taxes	$75,000	1.2%	$750	$3.11
Insurance	$41,000	0.7%	$410	$1.70
TOTAL FIXED CHARGED	**$116,000**	**1.8%**	**$1,160**	**$4.82**
EBITDA (2)	**$1,744,000**	**27.8%**	**$17,440**	**$72.40**
LESS: REPLACEMENT RESERVES	$251,000	4.0%	$2,510	$10.42
EBITDA AFTER RESERVE	**$1,493,000**	**23.8%**	**$14,930**	**$61.98**

Notes:
(1) Departmental ratios reflect a percentage of department expenses to department revenues and will not add to total department expenses.
(2) EBITDA defined as earnings before interest, taxes, depreciation and amortization.
Please note that columns may not add due to rounding.
Source: REV*PAR* International, Inc.

DRAFT

Summary Operating Statement
Proposed Hotel at URI, Kingston, RI

	Year 1	Year 2	Year 3
Year:	2020	2021	2022
Number of Rooms:	100	100	100
Annual # of Available Rooms:	36,500	36,500	36,500
Annual occupancy rate:	55%	64%	66%
Annual # of Occupied Rooms	20,075	23,360	24,090
Average Daily Rate	$163.00	$168.00	$173.00
RevPAR	$89.65	$107.52	$114.18

	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms
DEPARTMENTAL REVENUES												
Rooms	$3,272,000	56.0%	$32,720	$162.99	$3,924,000	57.0%	$39,240	$167.98	$4,168,000	57.2%	$41,680	$173.02
Food & Beverage	$2,352,000	40.3%	$23,520	$117.16	$2,717,000	39.4%	$27,170	$116.31	$2,866,000	39.3%	$28,660	$118.97
Other Operated Departments	$130,000	2.2%	$1,300	$6.48	$155,000	2.3%	$1,550	$6.64	$165,000	2.3%	$1,650	$6.85
Rentals & Other Income	$89,000	1.5%	$890	$4.43	$92,000	1.3%	$920	$3.94	$94,000	1.3%	$940	$3.90
TOTAL REVENUE	**$5,843,000**	**100.0%**	**$58,430**	**$291.06**	**$6,888,000**	**100.0%**	**$68,880**	**$294.86**	**$7,293,000**	**100.0%**	**$72,930**	**$302.74**
DEPARTMENTAL EXPENSES (1)												
Rooms	$838,000	25.6%	$8,380	$41.74	$974,000	24.8%	$9,740	$41.70	$1,028,000	24.7%	$10,280	$42.67
Food and Beverage	$2,037,000	86.6%	$20,370	$101.47	$2,157,000	79.4%	$21,570	$92.34	$2,235,000	78.0%	$22,350	$92.78
Other Operated Departments	$128,000	98.5%	$1,280	$6.38	$146,000	94.2%	$1,460	$6.25	$154,000	93.3%	$1,540	$6.39
TOTAL DEPARTMENTAL EXPENSES	**$3,003,000**	**51.4%**	**$30,030**	**$149.59**	**$3,277,000**	**47.6%**	**$32,770**	**$140.28**	**$3,417,000**	**46.9%**	**$34,170**	**$141.84**
TOTAL DEPARTMENTAL INCOME	**$2,840,000**	**48.6%**	**$28,400**	**$141.47**	**$3,611,000**	**52.4%**	**$36,110**	**$154.58**	**$3,876,000**	**53.1%**	**$38,760**	**$160.90**
UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General	$531,000	9.1%	$5,310	$26.45	$534,000	7.8%	$5,340	$22.86	$537,000	7.4%	$5,370	$22.29
Sales and Marketing	$498,000	8.5%	$4,980	$24.81	$501,000	7.3%	$5,010	$21.45	$492,000	6.7%	$4,920	$20.42
Property Operations and Maintenance	$145,000	2.5%	$1,450	$7.22	$197,000	2.9%	$1,970	$8.43	$246,000	3.4%	$2,460	$10.21
Utilities	$171,000	2.9%	$1,710	$8.52	$205,000	3.0%	$2,050	$8.78	$218,000	3.0%	$2,180	$9.05
TOTAL UNDISTRIBUTED EXPENSES	**$1,345,000**	**23.0%**	**$13,450**	**$67.00**	**$1,437,000**	**20.9%**	**$14,370**	**$61.52**	**$1,493,000**	**20.5%**	**$14,930**	**$61.98**
GROSS OPERATING PROFIT	**$1,495,000**	**25.6%**	**$14,950**	**$74.47**	**$2,174,000**	**31.6%**	**$21,740**	**$93.07**	**$2,383,000**	**32.7%**	**$23,830**	**$98.92**
MANAGEMENT FEES	$176,000	3.0%	$1,760	$8.77	$207,000	3.0%	$2,070	$8.86	$219,000	3.0%	$2,190	$9.09
INCOME BEFORE FIXED CHARGES	**$1,319,000**	**22.6%**	**$13,190**	**$65.70**	**$1,967,000**	**28.6%**	**$19,670**	**$84.20**	**$2,164,000**	**29.7%**	**$21,640**	**$89.83**
FIXED CHARGES												
Rent	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Property and Other Taxes	$82,000	1.4%	$820	$4.08	$84,000	1.2%	$840	$3.60	$87,000	1.2%	$870	$3.61
Insurance	$45,000	0.8%	$450	$2.24	$46,000	0.7%	$460	$1.97	$48,000	0.7%	$480	$1.99
TOTAL FIXED CHARGED	**$127,000**	**2.2%**	**$1,270**	**$6.33**	**$130,000**	**1.9%**	**$1,300**	**$5.57**	**$135,000**	**1.9%**	**$1,350**	**$5.60**
EBITDA (2)	**$1,192,000**	**20.4%**	**$11,920**	**$59.38**	**$1,837,000**	**26.7%**	**$18,370**	**$78.64**	**$2,029,000**	**27.8%**	**$20,290**	**$84.23**
LESS: REPLACEMENT RESERVES	$234,000	4.0%	$2,340	$11.66	$276,000	4.0%	$2,760	$11.82	$292,000	4.0%	$2,920	$12.12
EBIDTA AFTER RESERVE	**$958,000**	**16.4%**	**$9,580**	**$47.72**	**$1,561,000**	**22.7%**	**$15,610**	**$66.82**	**$1,737,000**	**23.8%**	**$17,370**	**$72.10**

Notes: (1) Departmental ratios reflect a percentage of department expenses to department revenues and will not add to total department expenses.
(2) EBITDA defined as earnings before interest, taxes, depreciation and amortization.
Please note that columns may not add due to rounding.

Source: REV*PAR* International, Inc.

Summary Operating Statement
Proposed Hotel at URI, Kingston, RI

	Year 4				Year 5				Year 6			
Year:	2023				2024				2025			
Number of Rooms:	100				100				100			
Annual # of Available Rooms:	36,500				36,500				36,500			
Annual occupancy rate:	66%				66%				66%			
Annual # of Occupied Rooms	24,090				24,090				24,090			
Average Daily Rate	$178.00				$183.00				$189.00			
RevPAR	$117.48				$120.78				$124.74			
	Amount	**Ratio**	**Amount per Available Rooms**	**Amount per Occupied Rooms**	**Amount**	**Ratio**	**Amount per Available Rooms**	**Amount per Occupied Rooms**	**Amount**	**Ratio**	**Amount per Available Rooms**	**Amount per Occupied Rooms**
DEPARTMENTAL REVENUES												
Rooms	$4,288,000	57.1%	$42,880	$178.00	$4,408,000	57.1%	$44,080	$182.98	$4,553,000	57.1%	$45,530	$189.00
Food & Beverage	$2,952,000	39.3%	$29,520	$122.54	$3,041,000	39.4%	$30,410	$126.23	$3,132,000	39.3%	$31,320	$130.01
Other Operated Departments	$170,000	2.3%	$1,700	$7.06	$175,000	2.3%	$1,750	$7.26	$181,000	2.3%	$1,810	$7.51
Rentals & Other Income	$97,000	1.3%	$970	$4.03	$100,000	1.3%	$1,000	$4.15	$103,000	1.3%	$1,030	$4.28
TOTAL REVENUE	**$7,507,000**	**100.0%**	**$75,070**	**$311.62**	**$7,724,000**	**100.0%**	**$77,240**	**$320.63**	**$7,969,000**	**100.0%**	**$79,690**	**$330.80**
DEPARTMENTAL EXPENSES (1)												
Rooms	$1,059,000	24.7%	$10,590	$43.96	$1,091,000	24.8%	$10,910	$45.29	$1,123,000	24.7%	$11,230	$46.62
Food and Beverage	$2,302,000	78.0%	$23,020	$95.56	$2,372,000	78.0%	$23,720	$98.46	$2,443,000	78.0%	$24,430	$101.41
Other Operated Departments	$159,000	93.5%	$1,590	$6.60	$164,000	93.7%	$1,640	$6.81	$170,000	93.9%	$1,700	$7.06
TOTAL DEPARTMENTAL EXPENSES	**$3,520,000**	**46.9%**	**$35,200**	**$146.12**	**$3,627,000**	**47.0%**	**$36,270**	**$150.56**	**$3,736,000**	**46.9%**	**$37,360**	**$155.09**
TOTAL DEPARTMENTAL INCOME	**$3,987,000**	**53.1%**	**$39,870**	**$165.50**	**$4,097,000**	**53.0%**	**$40,970**	**$170.07**	**$4,233,000**	**53.1%**	**$42,330**	**$175.72**
UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General	$553,000	7.4%	$5,530	$22.96	$569,000	7.4%	$5,690	$23.62	$587,000	7.4%	$5,870	$24.37
Sales and Marketing	$506,000	6.7%	$5,060	$21.00	$521,000	6.7%	$5,210	$21.63	$537,000	6.7%	$5,370	$22.29
Property Operations and Maintenance	$253,000	3.4%	$2,530	$10.50	$261,000	3.4%	$2,610	$10.83	$269,000	3.4%	$2,690	$11.17
Utilities	$224,000	3.0%	$2,240	$9.30	$231,000	3.0%	$2,310	$9.59	$238,000	3.0%	$2,380	$9.88
TOTAL UNDISTRIBUTED EXPENSES	**$1,536,000**	**20.5%**	**$15,360**	**$63.76**	**$1,582,000**	**20.5%**	**$15,820**	**$65.67**	**$1,631,000**	**20.5%**	**$16,310**	**$67.70**
GROSS OPERATING PROFIT	**$2,451,000**	**32.6%**	**$24,510**	**$101.74**	**$2,515,000**	**32.6%**	**$25,150**	**$104.40**	**$2,602,000**	**32.7%**	**$26,020**	**$108.01**
MANAGEMENT FEES	$226,000	3.0%	$2,260	$9.38	$232,000	3.0%	$2,320	$9.63	$240,000	3.0%	$2,400	$9.96
INCOME BEFORE FIXED CHARGES	**$2,225,000**	**29.6%**	**$22,250**	**$92.36**	**$2,283,000**	**29.6%**	**$22,830**	**$94.77**	**$2,362,000**	**29.6%**	**$23,620**	**$98.05**
FIXED CHARGES												
Rent	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Property and Other Taxes	$90,000	1.2%	$900	$3.74	$92,000	1.2%	$920	$3.82	$95,000	1.2%	$950	$3.94
Insurance	$49,000	0.7%	$490	$2.03	$50,000	0.6%	$500	$2.08	$52,000	0.7%	$520	$2.16
TOTAL FIXED CHARGED	**$139,000**	**1.9%**	**$1,390**	**$5.77**	**$142,000**	**1.8%**	**$1,420**	**$5.89**	**$147,000**	**1.8%**	**$1,470**	**$6.10**
EBITDA (2)	**$2,086,000**	**27.8%**	**$20,860**	**$86.59**	**$2,141,000**	**27.7%**	**$21,410**	**$88.88**	**$2,215,000**	**27.8%**	**$22,150**	**$91.95**
LESS: REPLACEMENT RESERVES	$300,000	4.0%	$3,000	$12.45	$309,000	4.0%	$3,090	$12.83	$319,000	4.0%	$3,190	$13.24
EBIDTA AFTER RESERVE	**$1,786,000**	**23.8%**	**$17,860**	**$74.14**	**$1,832,000**	**23.7%**	**$18,320**	**$76.05**	**$1,896,000**	**23.8%**	**$18,960**	**$78.70**

Notes: (1) Departmental ratios reflect a percentage of department expenses to department revenues and will not add to total department expenses.
(2) EBITDA defined as earnings before interest, taxes, depreciation and amortization.
Please note that columns may not add due to rounding.

Source: REVPAR International, Inc.

Summary Operating Statement
Proposed Hotel at URI, Kingston, RI

	Year 7	Year 8	Year 9
Year:	2026	2027	2028
Number of Rooms:	100	100	100
Annual # of Available Rooms:	36,500	36,500	36,500
Annual occupancy rate:	66%	66%	66%
Annual # of Occupied Rooms	24,090	24,090	24,090
Average Daily Rate	$194.00	$200.00	$206.00
RevPAR	$128.04	$132.00	$135.96

	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms
DEPARTMENTAL REVENUES												
Rooms	$4,673,000	57.0%	$46,730	$193.98	$4,818,000	57.1%	$48,180	$200.00	$4,963,000	57.1%	$49,630	$206.02
Food & Beverage	$3,226,000	39.4%	$32,260	$133.91	$3,323,000	39.4%	$33,230	$137.94	$3,422,000	39.4%	$34,220	$142.05
Other Operated Departments	$187,000	2.3%	$1,870	$7.76	$192,000	2.3%	$1,920	$7.97	$198,000	2.3%	$1,980	$8.22
Rentals & Other Income	$106,000	1.3%	$1,060	$4.40	$109,000	1.3%	$1,090	$4.52	$113,000	1.3%	$1,130	$4.69
TOTAL REVENUE	**$8,192,000**	**100.0%**	**$81,920**	**$340.06**	**$8,442,000**	**100.0%**	**$84,420**	**$350.44**	**$8,696,000**	**100.0%**	**$86,960**	**$360.98**
DEPARTMENTAL EXPENSES (1)												
Rooms	$1,157,000	24.8%	$11,570	$48.03	$1,192,000	24.7%	$11,920	$49.48	$1,228,000	24.7%	$12,280	$50.98
Food and Beverage	$2,516,000	78.0%	$25,160	$104.44	$2,591,000	78.0%	$25,910	$107.56	$2,669,000	78.0%	$26,690	$110.79
Other Operated Departments	$175,000	93.6%	$1,750	$7.26	$179,000	93.2%	$1,790	$7.43	$186,000	93.9%	$1,860	$7.72
TOTAL DEPARTMENTAL EXPENSES	**$3,848,000**	**47.0%**	**$38,480**	**$159.73**	**$3,962,000**	**46.9%**	**$39,620**	**$164.47**	**$4,083,000**	**47.0%**	**$40,830**	**$169.49**
TOTAL DEPARTMENTAL INCOME	**$4,344,000**	**53.0%**	**$43,440**	**$180.32**	**$4,480,000**	**53.1%**	**$44,800**	**$185.97**	**$4,613,000**	**53.0%**	**$46,130**	**$191.49**
UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General	$604,000	7.4%	$6,040	$25.07	$622,000	7.4%	$6,220	$25.82	$641,000	7.4%	$6,410	$26.61
Sales and Marketing	$553,000	6.8%	$5,530	$22.96	$570,000	6.8%	$5,700	$23.66	$587,000	6.8%	$5,870	$24.37
Property Operations and Maintenance	$277,000	3.4%	$2,770	$11.50	$285,000	3.4%	$2,850	$11.83	$293,000	3.4%	$2,930	$12.16
Utilities	$245,000	3.0%	$2,450	$10.17	$253,000	3.0%	$2,530	$10.50	$260,000	3.0%	$2,600	$10.79
TOTAL UNDISTRIBUTED EXPENSES	**$1,679,000**	**20.5%**	**$16,790**	**$69.70**	**$1,730,000**	**20.5%**	**$17,300**	**$71.81**	**$1,781,000**	**20.5%**	**$17,810**	**$73.93**
GROSS OPERATING PROFIT	**$2,665,000**	**32.5%**	**$26,650**	**$110.63**	**$2,750,000**	**32.6%**	**$27,500**	**$114.16**	**$2,832,000**	**32.6%**	**$28,320**	**$117.56**
MANAGEMENT FEES	$246,000	3.0%	$2,460	$10.21	$254,000	3.0%	$2,540	$10.54	$262,000	3.0%	$2,620	$10.88
INCOME BEFORE FIXED CHARGES	**$2,419,000**	**29.5%**	**$24,190**	**$100.42**	**$2,496,000**	**29.6%**	**$24,960**	**$103.61**	**$2,570,000**	**29.6%**	**$25,700**	**$106.68**
FIXED CHARGES												
Rent	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Property and Other Taxes	$98,000	1.2%	$980	$4.07	$101,000	1.2%	$1,010	$4.19	$104,000	1.2%	$1,040	$4.32
Insurance	$53,000	0.6%	$530	$2.20	$55,000	0.7%	$550	$2.28	$57,000	0.7%	$570	$2.37
TOTAL FIXED CHARGED	**$151,000**	**1.8%**	**$1,510**	**$6.27**	**$156,000**	**1.8%**	**$1,560**	**$6.48**	**$161,000**	**1.9%**	**$1,610**	**$6.68**
EBITDA (2)	**$2,268,000**	**27.7%**	**$22,680**	**$94.15**	**$2,340,000**	**27.7%**	**$23,400**	**$97.14**	**$2,409,000**	**27.7%**	**$24,090**	**$100.00**
LESS: REPLACEMENT RESERVES	$328,000	4.0%	$3,280	$13.62	$338,000	4.0%	$3,380	$14.03	$348,000	4.0%	$3,480	$14.45
EBIDTA AFTER RESERVE	**$1,940,000**	**23.7%**	**$19,400**	**$80.53**	**$2,002,000**	**23.7%**	**$20,020**	**$83.11**	**$2,061,000**	**23.7%**	**$20,610**	**$85.55**

Notes: (1) Departmental ratios reflect a percentage of department expenses to department revenues and will not add to total department expenses.
(2) EBITDA defined as earnings before interest, taxes, depreciation and amortization.
Please note that columns may not add due to rounding.

Source: REVPAR International, Inc.

Summary Operating Statement
Proposed Hotel at URI, Kingston, RI

	Year 10	Year 11	Year 12
Year:	2029	2030	2031
Number of Rooms:	100	100	100
Annual # of Available Rooms:	36,500	36,500	36,500
Annual occupancy rate:	66%	66%	66%
Annual # of Occupied Rooms	24,090	24,090	24,090
Average Daily Rate	$212.00	$219.00	$225.00
RevPAR	$139.92	$144.54	$148.50

	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms	Amount	Ratio	Amount per Available Rooms	Amount per Occupied Rooms
DEPARTMENTAL REVENUES												
Rooms	$5,107,000	57.0%	$51,070	$212.00	$5,276,000	57.1%	$52,760	$219.01	$5,420,000	57.1%	$54,200	$224.99
Food & Beverage	$3,525,000	39.4%	$35,250	$146.33	$3,631,000	39.3%	$36,310	$150.73	$3,740,000	39.4%	$37,400	$155.25
Other Operated Departments	$204,000	2.3%	$2,040	$8.47	$210,000	2.3%	$2,100	$8.72	$216,000	2.3%	$2,160	$8.97
Rentals & Other Income	$116,000	1.3%	$1,160	$4.82	$119,000	1.3%	$1,190	$4.94	$123,000	1.3%	$1,230	$5.11
TOTAL REVENUE	**$8,952,000**	**100.0%**	**$89,520**	**$371.61**	**$9,236,000**	**100.0%**	**$92,360**	**$383.40**	**$9,499,000**	**100.0%**	**$94,990**	**$394.31**
DEPARTMENTAL EXPENSES (1)												
Rooms	$1,264,000	24.8%	$12,640	$52.47	$1,302,000	24.7%	$13,020	$54.05	$1,341,000	24.7%	$13,410	$55.67
Food and Beverage	$2,749,000	78.0%	$27,490	$114.11	$2,832,000	78.0%	$28,320	$117.56	$2,917,000	78.0%	$29,170	$121.09
Other Operated Departments	$191,000	93.6%	$1,910	$7.93	$196,000	93.3%	$1,960	$8.14	$202,000	93.5%	$2,020	$8.39
TOTAL DEPARTMENTAL EXPENSES	**$4,204,000**	**47.0%**	**$42,040**	**$174.51**	**$4,330,000**	**46.9%**	**$43,300**	**$179.74**	**$4,460,000**	**47.0%**	**$44,600**	**$185.14**
TOTAL DEPARTMENTAL INCOME	**$4,748,000**	**53.0%**	**$47,480**	**$197.09**	**$4,906,000**	**53.1%**	**$49,060**	**$203.65**	**$5,039,000**	**53.0%**	**$50,390**	**$209.17**
UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General	$660,000	7.4%	$6,600	$27.40	$680,000	7.4%	$6,800	$28.23	$700,000	7.4%	$7,000	$29.06
Sales and Marketing	$605,000	6.8%	$6,050	$25.11	$623,000	6.7%	$6,230	$25.86	$641,000	6.7%	$6,410	$26.61
Property Operations and Maintenance	$302,000	3.4%	$3,020	$12.54	$311,000	3.4%	$3,110	$12.91	$321,000	3.4%	$3,210	$13.33
Utilities	$268,000	3.0%	$2,680	$11.12	$276,000	3.0%	$2,760	$11.46	$284,000	3.0%	$2,840	$11.79
TOTAL UNDISTRIBUTED EXPENSES	**$1,835,000**	**20.5%**	**$18,350**	**$76.17**	**$1,890,000**	**20.5%**	**$18,900**	**$78.46**	**$1,946,000**	**20.5%**	**$19,460**	**$80.78**
GROSS OPERATING PROFIT	**$2,913,000**	**32.5%**	**$29,130**	**$120.92**	**$3,016,000**	**32.7%**	**$30,160**	**$125.20**	**$3,093,000**	**32.6%**	**$30,930**	**$128.39**
MANAGEMENT FEES	$269,000	3.0%	$2,690	$11.17	$278,000	3.0%	$2,780	$11.54	$286,000	3.0%	$2,860	$11.87
INCOME BEFORE FIXED CHARGES	**$2,644,000**	**29.5%**	**$26,440**	**$109.76**	**$2,738,000**	**29.6%**	**$27,380**	**$113.66**	**$2,807,000**	**29.6%**	**$28,070**	**$116.52**
FIXED CHARGES												
Rent	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Property and Other Taxes	$107,000	1.2%	$1,070	$4.44	$110,000	1.2%	$1,100	$4.57	$113,000	1.2%	$1,130	$4.69
Insurance	$58,000	0.6%	$580	$2.41	$60,000	0.6%	$600	$2.49	$62,000	0.7%	$620	$2.57
TOTAL FIXED CHARGED	**$165,000**	**1.8%**	**$1,650**	**$6.85**	**$170,000**	**1.8%**	**$1,700**	**$7.06**	**$175,000**	**1.8%**	**$1,750**	**$7.26**
EBITDA (2)	**$2,479,000**	**27.7%**	**$24,790**	**$102.91**	**$2,568,000**	**27.8%**	**$25,680**	**$106.60**	**$2,632,000**	**27.7%**	**$26,320**	**$109.26**
LESS: REPLACEMENT RESERVES	$358,000	4.0%	$3,580	$14.86	$369,000	4.0%	$3,690	$15.32	$380,000	4.0%	$3,800	$15.77
EBIDTA AFTER RESERVE	**$2,121,000**	**23.7%**	**$21,210**	**$88.04**	**$2,199,000**	**23.8%**	**$21,990**	**$91.28**	**$2,252,000**	**23.7%**	**$22,520**	**$93.48**

Notes: (1) Departmental ratios reflect a percentage of department expenses to department revenues and will not add to total department expenses.
(2) EBITDA defined as earnings before interest, taxes, depreciation and amortization.
Please note that columns may not add due to rounding.

Source: REVPAR International, Inc.

Proposed Hotel at URI, Kingston, RI

Discounted Cash Flow Analysis - Upon Opening

2020

Year	Net Operating Income	Present Value Factor @ 10.5%	Present Value
1	$958,000	0.904977	$866,968
2	$1,561,000	0.818984	$1,278,434
3	$1,737,000	0.741162	$1,287,398
4	$1,786,000	0.670735	$1,197,932
5	$1,832,000	0.607000	$1,112,024
6	$1,896,000	0.549321	$1,041,513
7	$1,940,000	0.497123	$964,419
8	$2,002,000	0.449885	$900,670
9	$2,061,000	0.407136	$839,107
10	$2,121,000	0.368449	$781,480

Present Value of Cash Flows			$10,269,947
Present Value of Reversion			
$26,662,875	x	0.368449	$9,823,906

Calculation of Reversion			
	11 Year Net Operating Income		
$2,199,000	capitalized @	8.0%	$27,487,500
Less Cost of Sale/Refinance @		3.0%	($824,625)
Net Reversion			$26,662,875

TOTAL NET PRESENT VALUE	$20,093,853
Rounded	$20,100,000
Per Room	$201,000

Source: REV*PAR* International, Inc.

Proposed Hotel at URI, Kingston, RI

Discounted Cash Flow Analysis - Upon Stabilization

2022

Year	Net Operating Income	Present Value Factor @ 10.5%	Present Value
1	$1,737,000	0.904977	$1,571,946
2	$1,786,000	0.818984	$1,462,706
3	$1,832,000	0.741162	$1,357,809
4	$1,896,000	0.670735	$1,271,713
5	$1,940,000	0.607000	$1,177,580
6	$2,002,000	0.549321	$1,099,741
7	$2,061,000	0.497123	$1,024,571
8	$2,121,000	0.449885	$954,207
9	$2,199,000	0.407136	$895,292
10	$2,252,000	0.368449	$829,747

Present Value of Cash Flows			$11,645,311
Present Value of Reversion			
$28,190,625	x	0.368449	$10,386,804

Calculation of Reversion			
	11 Year Net Operating Income		
$2,325,000	capitalized @	8.0%	$29,062,500
Less Cost of Sale/Refinance @		3.0%	($871,875)
Net Reversion			$28,190,625

TOTAL NET PRESENT VALUE	$22,032,114
Rounded	$22,000,000
Per Room	$220,000

Range of Financial Comparables' Summary of Operating Statements

Comparables	Min	Max	Average
Number of Rooms	98	209	135
Occupancy	35.0%	75.0%	65.0%
Average Daily Rate	$115.00	$260.00	$170.00
RevPAR	$40.25	$195.00	$110.50

	Ratio to Sales Comparables			Per Available Room Comparables			Per Occ. Rm. Night Comparables		
	Min	Max	Average	Min	Max	Average	Min	Max	Average
Revenues									
Rooms	37.5%	93.0%	64.3%	$18,818	$69,654	$39,078	$116.82	$262.49	$165.57
Food & Beverage	5.8%	59.3%	32.8%	$2,361	$59,033	$24,802	$9.19	$238.69	$115.76
Other Operated Departments	0.7%	4.2%	2.7%	$287	$3,430	$1,746	$1.12	$13.01	$7.84
Rentals and Other	0.0%	0.5%	0.2%	$0	$572	$131	$0.00	$2.16	$0.50
Total	100.0%	100.0%	100.0%	$31,758	$132,294	$65,757	$136.52	$498.56	$289.67
Departmental Expenses (1)									
Rooms	18.5%	43.4%	27.2%	$7,034	$17,389	$9,908	$27.38	$65.53	$44.35
Food & Beverage	58.1%	129.3%	77.8%	$1,371	$51,627	$18,409	$5.34	$194.56	$83.08
Other Operated Departments	8.2%	271.7%	79.7%	$248	$2,786	$843	$0.94	$10.18	$3.45
Total	22.5%	52.5%	41.6%	$9,186	$69,265	$29,160	$35.75	$261.03	$130.88
Departmental Income	47.5%	77.5%	58.4%	$18,731	$63,030	$36,596	$80.53	$237.53	$158.79
Undistributed Operating Expenses									
Administrative and General	7.0%	16.3%	9.4%	$2,599	$11,095	$6,080	$11.05	$65.47	$29.16
Sales and Marketing	4.5%	11.2%	7.3%	$2,932	$6,491	$4,344	$11.41	$25.47	$19.16
Property Operations and Maintenance	2.6%	5.5%	3.9%	$1,502	$4,068	$2,334	$5.85	$18.59	$10.75
Utilities	3.8%	6.0%	4.4%	$1,551	$7,983	$3,102	$6.32	$30.08	$13.39
Total	21.8%	31.2%	25.1%	$8,895	$29,098	$15,861	$34.62	$125.72	$72.47
Gross Operating Profit	16.2%	55.7%	33.3%	$8,150	$33,931	$20,735	$39.79	$127.87	$86.32
Management Fee	2.5%	3.0%	2.9%	$794	$3,969	$1,946	$3.41	$14.96	$8.58
Income Before Fixed Charges	13.2%	52.7%	30.4%	$6,643	$29,963	$18,789	$36.37	$112.92	$77.75
Fixed Charges									
Rent	0.0%	3.5%	1.2%	$0	$4,609	$1,103	$0.00	$17.37	$4.17
Property and Other Taxes	1.0%	7.9%	4.0%	$526	$5,606	$2,621	$3.01	$20.48	$10.49
Insurance	0.0%	1.4%	0.7%	$0	$662	$440	$0.00	$5.30	$2.17
Total	2.4%	8.1%	6.0%	$1,188	$10,004	$4,164	$8.74	$37.70	$16.83
Net Operating Income	10.9%	46.4%	24.4%	$5,456	$19,959	$14,624	$25.63	$78.67	$60.91
Less: Reserves for Replacement	4.0%	4.0%	4.0%	$1,270	$5,292	$2,630	$5.46	$19.94	$11.59
Adjusted Net Operating Income (2)	6.9%	42.4%	20.4%	$3,446	$17,319	$11,994	$20.16	$68.98	$49.33

Notes: (1) Departmental ratios reflect percentage of department expense to department revenues and will not add to total departmental expenses.
(2) Net Operating Income defined as income before debt, taxes, depreciation and amortization.

Please note that columns may not add due to rounding.

Source: REVPAR International, Inc.

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Summary of Comparables from STR 2017 HOST Study

Reflecting Statements of Operating Income & Expenses for the Year 2016 With the Following Criteria:

(Numbers Inflated to Present Value Dollar)

	Geographic	Location	Price Category
	New England (Full-Service)	Suburban (Full-Service)	Upscale (Full-Service)
Occupancy (of Sample)	74.4%	71.6%	73.8%
Average Size Of Property (Rooms)	272	212	187
Average Daily Rate	$217.27	$163.14	$144.71

	RATIO TO SALES			PER AVAILABLE ROOM			PER OCCUPIED ROOM		
	MIN	MAX	AVERAGE	MIN	MAX	AVERAGE	MIN	MAX	AVERAGE
REVENUE									
Rooms	68.3	80.3	72.4	$39,189	$58,881	$46,959	$144.71	$217.27	$175.04
Food	11.0	16.7	14.8	5,366	14,298	10,042	19.81	52.76	37.48
Beverage	2.9	4.6	4.0	1,392	3,942	2,720	5.14	14.55	10.15
Other Food & Beverage	2.2	5.6	4.3	1,064	4,466	3,017	3.93	16.48	11.27
Other Operated Departments	2.1	3.5	2.9	1,044	3,012	1,994	3.85	11.12	7.43
Rentals & Other Income	1.3	1.8	1.6	774	1,113	999	2.86	4.24	3.73
Total Revenue	100.0	100.0	100.0	$48,829	$85,709	$65,730	$180.31	$316.27	$245.11
DEPARTMENTAL EXPENSES									
Rooms	23.7	24.3	23.9	$9,285	$14,326	$11,249	$34.29	$52.86	$41.93
Food & Beverage	68.1	75.4	71.7	5,899	16,259	11,198	21.78	60.00	41.79
Other Operated Depts & Rentals	51.6	67.9	58.4	581	1,553	1,147	2.15	5.73	4.28
Total Departmental Expenses	32.3	37.5	35.4	$15,766	$32,138	$23,594	$58.22	$118.59	$88.00
Total Departmental Profit	62.5	67.7	64.6	$33,063	$53,571	$42,135	$122.09	$197.68	$157.11
UNDISTRIBUTED OPERATING EXPENSES									
Administrative & General	7.4	8.7	8.1	$4,256	$6,310	$5,219	$15.72	$23.28	$19.47
Information & Telecommunications Sys	1.0	1.3	1.2	479	1,050	787	1.77	3.87	2.94
Marketing	6.5	7.2	6.8	3,310	5,590	4,478	12.22	20.63	16.71
Franchise Fees	1.8	3.4	2.6	1,557	1,639	1,600	5.75	6.12	5.97
Utility Costs	3.3	3.5	3.4	1,697	2,994	2,246	6.27	11.05	8.37
Property Operations & Maintenance	3.7	4.3	4.1	2,064	3,188	2,641	7.62	11.76	9.85
Total Undistributed Operating Expenses	24.1	27.5	26.2	$13,445	$20,688	$16,972	$49.65	$76.34	$63.32
GROSS OPERATING PROFIT	36.7	40.2	38.4	$19,618	$32,883	$25,163	$72.44	$121.34	$93.80
Management Fees	3.2	3.5	3.3	1,709	2,824	2,178	6.31	10.42	8.12
INCOME BEFORE FIXED CHARGES	33.5	36.7	35.1	$17,909	$30,059	$22,985	$66.13	$110.92	$85.68
Selected Fixed Charges									
Taxes	3.0	3.7	3.4	$1,809	$2,965	$2,212	$6.68	$10.94	$8.24
Insurance	0.7	1.0	0.8	493	558	528	1.82	2.06	1.97
EBITDA	29.7	32.0	30.9	$15,606	$26,535	$20,245	$57.63	$97.92	$75.47
Reserve Replacement	1.6	2.0	1.8	$923	$1,341	$1,172	$3.41	$4.95	$4.37

Notes:

Numbers inflated to present value dollar

EBITDA shown only includes property taxes and insurance, not all fixed expenses or non-operating expenses included.

Ratio to sales based on Total Revenue, except Departmental Expenses

Per Available Room based on total number of hotel rooms

Per Occupied Room Night based on total number of occupied rooms

Source: STR HOST Almanac 2017