

### Projected Hotel Revenues

March 20, 2013 Horwath HTL Summary Report Development Highlights:

<b>Location</b>	East Side of Harbor Boulevard, South of Target, North of Twintree Lane
<b>Site C</b>	5+ Acres
<b>Hotel Mix/Guest Rooms</b>	300 Room Upper Upscale Hotel with additional 150 Room Suites Hotel and 150 Room Select Service Hotel for a total of 600 rooms
<b>Restaurants</b>	45,000 sf/4 Venues
<b>Meeting Space</b>	39,000 sf
<b>Parking</b>	1,297 space structure
<b>Total Construction Cost</b>	\$147MM
<b>Market Value</b>	\$116MM
<b>Economic Assistance</b>	\$31.5MM

HTL Assumptions Yr 2 Proposed 2018	Occupancy	ADR	Inflated ADR
300 Room Upper Upscale	71%	\$171	\$197
150 Room Suites Hotel	71%	\$116	\$132
150 Room Select Service Hotel	71%	\$125	\$137

2013 HTL Report ( City Annual Revenues)	Net Revenues (600 Rooms)	Net Revenues (769 Rooms)
Hotel TOT	\$1,925,000	\$2,365,000
Sales Tax	\$80,000	\$80,000
Property Tax	\$96,000	\$96,000
<b>Total</b>	<b>\$2,101,000</b>	<b>\$2,541,000</b>
<b>20 Year City Revenue Total</b>	<b>\$50,424,000</b>	<b>\$60,984,000</b>

Source: Horwath HTL report March 20, 2013, assumes a 2% growth rate



*Hotel, Tourism and Leisure*

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March 20, 2013

Mr. Greg Blodgett  
Project Manager  
City of Garden Grove  
11222 Acacia Parkway, 3<sup>rd</sup> Floor  
Garden Grove, CA 92840

Sent via: greg1@ci.garden-grove.ca.us  
714-741-5124

**Re: *Proposed Upper-Upscale and Full Service, Select-Service and Suites Hotels Located in Garden Grove, California***

Dear Mr. Blodgett:

We have completed our analysis of the potential performance of the aforementioned hotels to be developed in Garden Grove, California, to the south of the Disneyland Resort and Anaheim Convention Center. This summary report is subject to the attached statement of general assumptions and limiting conditions.

#### **Background**

It is our understanding that you require an analysis for the support of the subject properties for your internal purposes. The development is proposed for a city owned parcel referred to as Site C situated on the northeast quadrant of Harbor Boulevard and Twintree Lane. The hotels will be a component of a mixed-use development site, with inline entertainment, retail and restaurants along Harbor Boulevard. It is estimated the project will take approximately 12 to 18 months to complete the working drawings and obtain financing, and approximately 18 to 24 months to construct. Horwath has assumed 2017 as the first full operating year of the subject hotels.

You are in negotiations with a developer for potential city subsidies for a development on Site C. General assumptions, published data, the developer's estimates as well as primary research have been considered to develop estimates of the future performance for the proposed project. It is our understanding that the project as proposed will consist of the following:

- 360-room full service, upper upscale hotel with approximately 15,000 square feet of conference/meeting space (including a 10,000-square foot ballroom), spa and fitness center
- 150-room suites oriented hotel property
- 150-room select service hotel property

Our analysis has consisted of researching published information on statistics and trends in the lodging industry in the Garden Grove/Anaheim area, demographic/economic trends, phone calls with principals knowledgeable of the area lodging market, in-house market data, and direct interviews with hotel companies and hotel management. Our market research and analysis was conducted in March 2013. Horwath previously researched support for the upper upscale hotel in a report dated March 25, 2011. Please refer to the previous report for expanded regional information and detail on the area and site. Where appropriate, Horwath has noted relevant updates to our assumptions contained in the previous report.

Our conclusions assume that the subject properties will be operated and marketed by a competent and efficient management company and affiliated with a national chain. Further, the properties will be constructed and furnished with quality materials commensurate with their targeted level of service prototype(s) and be well maintained over the projection period. Our projections of occupancy and average daily rate (ADR) are based on the level of services envisioned for the subject properties.

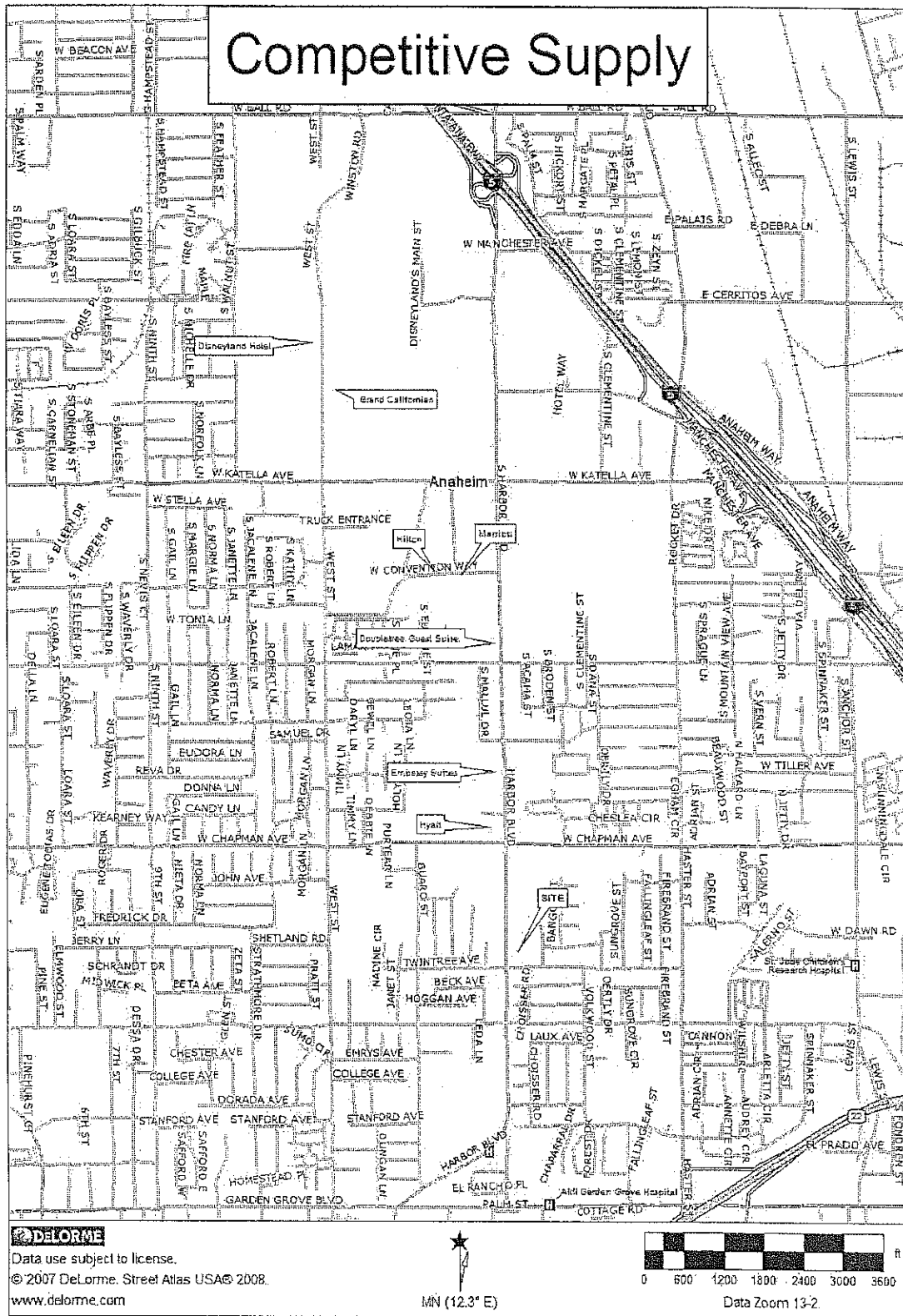
### Competitive Lodging Market

There are numerous hotels within the competitive market area. In order to identify trends in the lodging market as well as support for the subject properties, we have identified a set of properties that we feel have successfully captured area demand in terms of occupancy and ADR. Assuming a ceiling in terms of ADR for the upper upscale property, we then determined a tiered capture of demand for the suites and select service properties due to their proximity and synergies within the proposed development.

There are seven full service properties that are achieving the highest average rates in the Garden Grove/Anaheim area. Chain affiliation and/or location relative to the Disneyland theme park are strong determinants as to the magnitude of both quoted and achieved rates. The locations of the properties are identified on the following map. A summary of these properties is presented as follows, followed by a map.

Competitive Set	Rooms	Open
Grand Californian Hotel	948	2001
Disneyland Hotel	969	1955
Hilton Anaheim	1,572	1984
Hyatt Regency Orange County	654	1987
Marriott Anaheim	1,030	1981
Embassy Suites Anaheim South	375	2002
Doubletree Guest Suites Anaheim Resort	251	2006
Total Keys	5,799	

*Source: Hotel management & published sources*



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Data Zoom 13-2

As indicated on the previous competitive supply chart, in 2012, there were seven properties totaling 5,799 guest rooms considered as the potential Garden Grove/Anaheim competitive supply for the subject upper upscale hotel. These properties were selected due to their ADR, size, facilities and amenities, quality and/or national brand affiliations, locations and market orientations.

With the exception of the two Disneyland hotels (Grand Californian Hotel and the Disneyland Hotel), all of the properties were nationally branded, chain-affiliated hotels. While there are some high-quality, independently owned and operated properties catering to Disneyland or the convention center, the importance of a chain affiliation is that it provides a recognizable, corporately mandated prototype that has been developed with a consistency in standard of operation, and benefits from shared support services such as marketing, reservations and frequent traveler reward programs. The independent properties were especially negatively impacted during the 2008/2009/2010 economic downturn, underscoring the importance of a recognized, national (or international) marketing program during downturns and/or off peak periods. As such, independently owned/operated properties were not included in the subject's competitive supply. Further, it should be noted that a Sheraton hotel in Garden Grove and one in Anaheim were not included in the competitive set as they share a reservation system with a third Sheraton property located closer to the Disneyland theme park, which has diluted their market share. As such, these properties have been negatively impacted by their lack of a brand differentiation coupled with secondary locations relative to the theme park, which impacted ADR. As this would have skewed the market set, they were not considered in the subject's competitive supply set.

The properties range in age from the 55 year-old Disneyland Hotel to the 203-room expansion of the Grand Californian Hotel in September 2009. All of the non-Disney properties are chain affiliated, and oriented toward either group or leisure visiting the Anaheim Convention Center or Disneyland. With the exception of the Hyatt Regency Orange County and Embassy Suites Garden Grove, all of the competitive properties are located within the city limits of Anaheim.

#### ***Competitive Supply Summary***

The key similarities between the properties considered in the competitive set are their primary dependence upon Disneyland and/or convention center demand (or overflow compression), strong brand name affiliations, extent and quality of amenities, good physical conditions and their higher ADRs. As Harbor Boulevard develops with retail, commercial, and possibly a third gate in the future for Disneyland, and the Anaheim Convention Center expands, the Garden Grove properties will benefit. However, most of the Garden Grove properties do not have enough facilities or amenities to be considered "destinations" in this market. In other words, the subject will compete directly for the higher rated leisure demand staying in the competitive set, provide more of a focus of activity south along the Garden Grove portion of Harbor Boulevard, and help "drive rate" for the existing Garden Grove hotels. As of the date of this report, there is no upper upscale hotel located in the Garden Grove sector of the delineated Anaheim/Garden Grove competitive area.

#### **Additions to Future Supply**

We have concentrated on properties entering the Garden Grove/Anaheim area that would compete primarily for the higher rated (upscale) base leisure demand along Harbor Boulevard visiting the Disneyland Resort, or properties with significant meeting space. Due to the estimated size of the subject, as well as its proposed facilities and amenities, we have considered the following properties in

the future competitive supply. Although we are aware of other rumored and potential property additions, we have considered the status of their financing as our criteria for inclusion. Since the proposed additions to supply will benefit from public/private partnerships with the cities of Garden Grove and Anaheim, it is our opinion that they have a high probability of construction. The following chart summarizes our research, and further detail follows the chart.

Proposed Additions to Supply	Rooms	Open	Location
600-Key Great Wolf Lodge (1/3 competitive)	200	Jan-2017	Garden Grove
GardenWalk Hotel	466	Sep-2017	Anaheim
Total	666		

While approximately 90% of the hotel rooms accommodating Disneyland visitors are located in Anaheim, many are independent, older or "mom and pop" operations, representing an under utilization of their sites, in many cases. Over time, it is highly likely that many of these properties will be redeveloped or demolished and replaced with newer hotels. Due to the smaller land sizes of these properties and height restrictions in Anaheim, some of them may not be financially feasible, eventually pushing most of the future new development into the Garden Grove area (which lacks height restrictions). In the short term, however, we have considered only those properties that we estimate can obtain financing.

We are aware of no other hotels in the planning stages for inclusion in our projections of future supply. However, if additional rooms other than those mentioned in this report were to be added to the competitive supply, it could have a material impact on the market and the projected performance of the subject. The following chart reflects our estimate of the rooms included in the subject's future competitive supply.

Proposed Additions to Supply	2012	2013	2014	2015	2016	2017	2018
Current Rooms Supply	5,668						
Proposed Upscale Hotel- Garden Grove						360	
2 Disneyland Hotels (net)*	131						
Garden Walk District hotel Phase I (3rd Q 2017)						117	349
Great Wolf Lodge & Water Park (1/3 comp)						200	
Cumulative Rooms Supply	5,799	5,799	5,799	5,799	5,799	6,476	6,825
Total Annual Rooms Supply	2,116,635	2,116,635	2,116,635	2,116,635	2,116,635	2,363,558	2,490,943
Growth Over the Prior Year	2.3%	0.0%	0.0%	0.0%	0.0%	11.7%	5.4%

\*impact of rooms expansion

## Hotel Rooms Demand

### Historical Operating Performance

According to our research, the individual occupancies within the delineated competitive supply ranged from 72% to 84%, with the largest (the group hotels) reflecting the lower occupancies. Average daily rates ranged from \$131 to \$304. The highest rate was achieved by the two Disney hotels combined.

The following chart presents the aggregated historical supply and demand for the properties considered in the competitive market from 2008 through 2012.



Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	RevPAR	Percent Change
2008	2,050,205	N/A	1,516,580	N/A	74.0%	\$188.20	N/A	\$139.22	N/A
2009	2,050,205	0.0%	1,409,352	-7.1%	68.7%	173.29	-7.9%	119.12	-14.4%
2010	2,050,205	0.0%	1,442,765	2.4%	70.4%	172.49	-0.5%	121.38	1.9%
2011	2,068,820	0.9%	1,488,477	3.2%	71.9%	182.24	5.7%	131.12	8.0%
2012	2,116,635	2.3%	1,627,453	9.3%	76.9%	193.52	6.2%	148.80	13.5%
CAC	0.8%		1.8%			0.7%		1.7%	

Source: Horwath, STR CAC = compound annual change

As can be seen from the previous table, due to a gradual recovery from the economic recession, the downward trend began to reverse itself in 2010, which escalated in 2011 and continued into 2012 reflecting a 9.3% increase in occupied rooms. According to interviews, the strong recovery has continued into 2013, and several predict they are out of the recessionary period altogether. The significant uptick in both occupancy and ADR achieved in 2012 was also due to the completion of Disney's \$1.1 billion renovation which included the summer opening of Cars Land.

The ADR in the market increased at a 0.7% compound annual rate from 2008 to 2012, with increases in 2011 and 2012 erasing the declines from 2008 to 2010, resulting in revenue per available room (RevPAR) compound annual increase of 1.7%.

#### Estimated Growth in Supply and Demand

Based on our interviews, whether due to an improving economy, completion of renovations, reservations already on their books and a stronger January than expected, management at the delineated competitive set anticipates a stronger 2013 over 2012. Presented in the following table is a summary of the projected growth in supply, demand, and the resulting occupancy levels for the competitive market for the period 2013 to 2019, when the market is anticipated to stabilize.

Projected Market Performance of the Competitive Supply						
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	
2013	2,116,635	0.0%	1,660,000	2.0%	78%	
2014	2,116,635	0.0%	1,676,600	1.0%	79%	
2015	2,116,635	0.0%	1,715,300	2.3%	81%	
2016	2,116,635	0.0%	1,773,900	3.4%	84%	
2017	2,363,558	11.7%	1,837,500	3.6%	78%	
2018	2,490,943	5.4%	1,901,800	3.5%	76%	
2019	2,490,943	0.0%	1,920,800	1.0%	77%	
CAAG	2.8%		2.5%			

Source: HorwathHTL

A continued recovery is estimated for the market. The higher increases in occupied rooms beginning in 2015 reflect the completion of the expansion of the convention center (impact to be recognized in the 3<sup>rd</sup> quarter of 2015). There will be an absorption period whereby new room supply additions will negatively impact the occupancy of the existing supply beginning in 2017. Specifically, market occupancy peaks in 2016 at 84%, but declines as a percentage, as new rooms enter the competitive supply beginning in 2017. Market occupancy will continue to increase gradually as the new rooms are absorbed, due to no new supply additions and the marketing efforts of the individual properties. Market occupancy is anticipated to stabilize at 77% in 2019. While 77% is slightly less than the 78% anticipated in 2013, it is closer to the 76.9% occupancy experienced in 2012, which is felt to be more representative of a stable market. Further, according to our interviews, hoteliers anticipate pushing ADRs, which could potentially impact rising occupancies. A stabilized market occupancy reflects an even, sustainable rate that takes into account the peaks in excess of 77%, and the valleys that occur during the cyclical fluctuations of the economy. Further, new rooms are apt to be added to the supply when occupancies rise. A stabilized occupancy of 77% reflects a healthy lodging market.

#### ***Subject Occupancy and Average Daily Rate Estimates***

Our estimates of occupancy and ADR are based on a survey of competitive hotels, an analysis of the segmentation of demand in the market, and our assessment of the subject hotels' expected market position. The occupancy of the subject hotel was estimated based on its ability to penetrate each market segment. The "penetration rate" of a hotel is the percentage of room nights captured relative to the property's "fair share" based on its number of rooms in relation to its competitive supply. Factors indicating a hotel would possess competitive advantages suggest a market penetration in excess of 100% of fair market share, while competitive weaknesses are reflected in penetration rates of less than 100%.

Blending the penetration rates estimated for the individual demand segments (leisure and group) results in an overall market penetration rate of 98% of market share in the stabilized (3<sup>rd</sup>) operating year for the subject due primarily to its distance from Disneyland. The foregoing assumptions result in an estimated occupancy beginning at 64% and stabilizing at 75% in the third operating year.

The subject's stabilized market mix, based on the penetration levels estimated previously, would be approximately 52% group and 48% leisure demand. A summary of the penetration levels and subsequent occupancies is shown as follows.



<b>Proposed Upper Upscale Hotel – Garden Grove Market Penetration and Projected Occupancy</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>TOTAL ROOMS AVAILABLE</b>			
Proposed Hotel	131,400	131,400	131,400
Competitive Market	2,363,558	2,490,943	2,490,943
Fair Share of Supply	5.6%	5.3%	5.3%
<b>ESTIMATED TOTAL MARKET DEMAND</b>			
Leisure	914,100	946,100	955,600
Group	923,400	955,700	965,200
TOTAL	1,837,500	1,901,800	1,920,800
<b>FAIR SHARE OF DEMAND</b>			
Leisure	50,800	49,900	50,400
Group	51,300	50,400	50,900
TOTAL	102,100	100,300	101,300
<b>SUBJECT PENETRATION</b>			
Leisure	85%	95%	95%
Group	80%	90%	100%
<b>ROOM NIGHTS CAPTURED</b>			
Leisure	43,200	47,400	47,900
Group	41,100	45,400	50,900
TOTAL CAPTURED DEMAND	84,300	92,800	98,800
MARKET SHARE CAPTURED	4.6%	4.9%	5.1%
<b>OVERALL MARKET PENETRATION</b>			
	83%	93%	98%
<b>SUBJECT OCCUPANCY</b>			
	64%	71%	75%
<b>MARKET MIX</b>			
Leisure	51%	51%	48%
Group	49%	49%	52%
TOTAL	100%	100%	100%

Source: Horwath

We have stabilized the subject at 75% occupancy in 2019. A stabilized occupancy is recognized as a typical and sustainable rate, though some years it may fluctuate due to local economic conditions and/or new supply additions.

Based on rates being achieved by the competitive supply as well as the amenities and facilities to be offered by the subject, we then estimated its potential achievable ADR.

Average rates peaked in 2008 at \$188, before declining \$15 in 2009. While a slight recovery (\$1.00) was evident in 2010, it must be noted that this coincided with the rooms addition at the very pricey Grand Californian located on the grounds of Disneyland. A \$10 recovery occurred in 2011, followed by an additional \$12 increase in 2012, resulting in a \$6 increase over the 2008 ADR level. As noted previously, the aggregated ADR of the two Disney properties was \$278 in 2008, dropping to \$248 in 2010, but estimated at \$304 by year end 2012. It should also be noted that even with these strong ADRs, the aggregated occupancy of the Disney hotels in 2008 and 2012 was 87% and 81%, respectively. The Garden Grove properties will not be able to successfully compete on ADR with the



Disney hotels without the amenities to create a competitive “destination” to the Disneyland theme park. As the subject is located the farthest distance from the Disneyland Resort, it is more vulnerable to rate discounting and/or additions to supply. While the subject is anticipated to fill the upper upscale market niche as well as benefit from the Anaheim convention center, the Disneyland properties garner a premium due to their locations (and the upper upscale accommodations at the Grand Californian). Therefore, we have considered only the non-Disney properties in our analysis of a potential rate.

As noted previously, we are anticipating a premium over the non-Disney properties due to the quality of the facilities at the subject. We also anticipate continuing increases in ADRs due to an improving economy, the numerous renovations within the subject’s delineated competitive supply, along with the \$1.1 billion renovation/expansion of Disneyland and compression created by the expansion of the convention center.

To estimate the most probable rate for the subject, we focused on the highest ADR of the non-Disneyland properties. Assuming 2008 was a representative year (prior to the economic downturn), and affording a premium of \$8.00 to the ADR achieved by the Embassy Suites, we have considered a \$155 ADR in 2008 value dollars if the subject were open and operating at that time. Inflating the rate considering a 3% annual inflation rate, we have estimated a market recovery ADR of \$170 by the subject in 2013 value dollars. We believe this rate positioning is appropriate taking into consideration the property’s location, quality of the product, market orientation, and presumed brand identity.

The following table presents our assumptions regarding the potential occupancy and ADR achievable by the subject over the five-year period beginning January 1, 2017. While rate discounting is typical in the early years, with real rate growth over and above inflation in subsequent years, we do not anticipate the property will be able to push ADR further, unless a “destination” for increased visitation is introduced in the Garden Grove area. We have assumed a general inflation assumption of 3.0% annually, consistent with the historic levels over the past 20 years.

<b>Proposed Upper Upscale Hotel – Garden Grove - Projected Performance</b>			
<b>Year</b>	<b>Occupancy</b>	<b>ADR<sup>1</sup></b>	<b>Inflated ADR<sup>2</sup></b>
2017	64%	\$170.00	\$191.00
2018	71%	170.00	197.00
2019 <sup>3</sup>	75%	170.00	203.00
2020	75%	170.00	209.00
2021	75%	170.00	215.00

<sup>1</sup> Average daily rate, presented in 2013 value dollars, rounded to the nearest \$1.00  
<sup>2</sup> Average daily rate, presented in inflated dollars at 3% annually, rounded to the nearest \$1.00  
<sup>3</sup> Stabilized occupancy year

#### **Suites and Select Service Hotels**

In order to assess support for the operating performance estimated by the developer for the two other properties within the development, Horwath considered the operating performance of individual properties within the subjects’ market area as well as reviewed published market projections. We have made the following assumptions regarding some of the positive factors for the proposed hotels:



- A selection of lodging alternatives offering tiered pricing of hotel product (upper upscale, all suite and select service) for referral/overflow;
- Location within a mixed-use development, offering retail and entertainment venues;
- Synergies related to sales and marketing campaigns and strategies as well as shared transportation options to the convention center, Disneyland park and other venues;
- A location along Harbor Boulevard that will benefit from the future location of a proposed third gate for Disneyland.

It should be noted that the suite and select service properties will have more competition than the upper upscale property in terms of supply, as well as not offer the meeting space and amenities to justify higher room rates. Further, we have estimated 2.5% annual inflation for ADR. Considering these and other factors, we have assumed the developers estimates as reasonable for the suites and select service properties as follows:

Proposed Hotels – Projected Performance						
Year	150-Room Suite Hotel			150-Room Select Service Hotel		
	Occ.	ADR <sup>1</sup>	ADR <sup>2</sup>	Occ.	ADR <sup>1</sup>	ADR <sup>2</sup>
2017	69%	\$116	\$125	68%	\$125	\$135
2018	71%	116	132	71%	125	137
2019 <sup>3</sup>	74%	116	143	74%	125	149
2020	74%	116	147	74%	125	154
2021	74%	116	152	74%	125	158

<sup>1</sup> Average daily rate, presented in 2013 value dollars, rounded to the nearest \$1.00

<sup>2</sup> Average daily rate, presented in inflated dollars

<sup>3</sup> Stabilized occupancy year

### Land Residual Analysis

Subject to the terms and conditions of the proposed resort hotel development agreement between the City of Garden Grove and the developer, the city will provide the site to the developer at no cost, free and clear. The residual value is based on estimating the value of the completed and operating project less all development costs (which includes an allocation for developer profit). The remainder represents the amount the developer could afford to pay for the site. The indicated residual land value, including city assistance, is summarized as follows.

Residual Land Value	
	Total
ProjectMarket Value	\$116,200,000
Construction Cost	(147,700,000)
Land Value	(\$31,500,000)
Rounded:	(\$31,500,000)

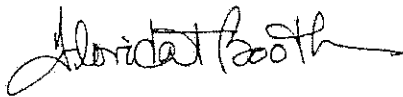
Source: HorwathHL

Therefore, based on our research and assumptions, as well as information provided by the developer, it is our opinion that the negative residual land value totals approximately \$31.5 million.

Our assumptions and conclusions are based on a number of factors, which may or may not occur. Assets such as hotels are able to recover increases in costs through increases in rates, which can vary daily. This is not an option for many other real estate uses that are locked into annual lease terms. In addition to new future hotel supply securing financing, unanticipated events and circumstances can affect the forecasted estimate. Therefore, our estimated result may vary from the actual result, and the variation may be material. However, we have considered this level of residual land value as reasonable.

We appreciate the opportunity to present this report to you. If there are any questions after you have had the opportunity to review it, please do not hesitate to call us at your convenience. Thank you once again for the opportunity to be of service.

Sincerely,



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Florida T. Booth, MAI, CCIM  
Managing Director  
Horwath Hospitality & Leisure LLC

**ADDENDA**

***Statement of Assumptions and Limiting Conditions***

## STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

**Economic and Social Trends** - The consultant assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of the letter of transmittal accompanying this report. The consultant is not obligated to predict future political, economic or social trends.

**Information Furnished by Others** - In preparing the report, the consultant was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either expressed or implied, is given by the consultant for the accuracy of such information and the consultant assumes no responsibility for information relied upon later found to have been inaccurate. The consultant reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

**Hidden Conditions** - The consultant assumes no responsibility for hidden or unapparent conditions of the properties, subsoil, ground water or structures. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

**Hazardous Materials** - The consultant has not been provided any information regarding the presence of any material or substance on or in any portion of the subject property, which material or substance possesses or may possess toxic, hazardous and/or other harmful and/or dangerous characteristics. Unless otherwise stated in the report, the consultant did not become aware of the presence of any such material or substance during the consultant's inspection of the subject property. However, the consultant is not qualified to investigate or test for the presence of such materials or substances. The consultant assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material. Unless otherwise stated, this report assumes the subject property is in compliance with all federal, state and local environmental laws, regulations and rules.

**Zoning and Land Use** - Unless otherwise stated, the subject property is assumed to be in full compliance with all applicable zoning and land use regulations and restrictions.

**Licenses and Permits** - Unless otherwise stated, the property is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization that have been or can be obtained or renewed for any use on which the performance estimates contained in this report are based.

**Engineering Survey** - No engineering survey has been made by the consultant. Except as specifically stated, data relative to size and area of the subject property was taken from sources considered reliable and no encroachment of the subject property is considered to exist.

**Subsurface Rights** - No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

**Maps, Plats and Exhibits** - Maps, plats and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

**Legal Matters** - No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants.



## STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

(Continued)

**Right of Publication** - Possession of this report, or a copy of it, does not carry with it the right of publication. Without the written consent of the consultant, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with properly written qualification and only in its entirety for its stated purpose.

**Archeological Significance** - No investigation has been made by the consultant and no information has been provided to the consultant regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

**Compliance with the Americans with Disabilities Act** - The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is assumed that the property will be in direct compliance with the various detailed requirements of the ADA.

**Definitions and Assumptions** - The definitions and assumptions upon which our analyses, opinions and conclusions are based are set forth in appropriate sections of this report and are to be part of these general assumptions as if included here in their entirety.

**Utilization of the Land and/or Improvements** - It is assumed that the utilization of the land and/or improvements is within the boundaries or property described herein and that there is no encroachment or trespass.

**Dissemination of Material** - Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, new media or other public means of communication without the prior written consent and approval of the consultant(s).

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