MOEGENBURG RESEARCH, INC.

REAL ESTATE APPRAISAL AND CONSULTING

March 11, 2016

Mr. Mike Zimmerman
MKE Sports & Entertainment, LLC
510 W. Kilbourn Avenue
Milwaukee, WI 53202

Re: Executive Summary of the Market Study for:
Proposed Ballpark Commons Mixed-Use Development
Franklin, Wisconsin

Dear Mr. Zimmerman:

In accordance with your request, we are pleased to submit the following Executive Summary of the above referenced property. This Executive Summary is a supplemental document to the larger more comprehensive Market Study that was completed for our client and intended user (MKE Sports & Entertainment, LLC). *Please note that the rationale for how the opinions and conclusions set forth in this summary may not be understood properly without additional information is thoroughly discussed within the main report.*

The above referenced property serves as the basis for the Ballpark Commons Market Study. The Ballpark Commons is understood to constitute approximately 40 to 50 developable acres surrounding the proposed baseball stadium (and four season sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of the Market Study is the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). It is understood that the proposed subject development is in the preliminary stages and is subject to zoning changes, City approvals, financing, etc. The planned development is located in the City of Franklin, Milwaukee County, Wisconsin.

The main report presents a broad overview of the local apartment and commercial markets and presents information pertaining to the following:

- An overview of the neighborhood, the City of Franklin, and the region;
- A presentation of national, regional, and local apartment market data that was published by several nationally recognized third-party providers;
- A presentation of data sheets for many of the more prominent apartment developments from other competing areas wherein current rental rates, unit sizes, unit mixes, occupancy rates, amenities, and other pertinent data is presented for each property;
- A summary and discussion of current rental rates, unit sizes, unit mixes, occupancy rates, amenities, and other pertinent data;
- A discussion pertaining to the pending supply and current demand for multifamily housing within the City of Franklin;
- A discussion pertaining to absorption rates that we feel could be achieved by new developments occurring within the City of Franklin;
- A presentation of national, regional, and local retail market data that was published by several nationally recognized third-party providers;
- A discussion pertaining to financial feasibility of ancillary uses surrounding the proposed stadium.

For purposes of this analysis, the identified land is referred to as the “subject property.”

Purpose and Function of the Report

The purpose of the assignment is to prepare a Market Study for the referenced property as of a current date. We made an inspection of the subject site on January 22, 2016, and conducted research relative to this study during January and February 2016. The function of the report is to assist MKE Sports & Entertainment (our client and intended user), with their internal decision making and discussions with the City of Franklin regarding the potential development opportunities which may exist at the property (the intended use). Moegenburg Research, Inc. has not provided consulting or valuation services regarding the referenced property during the past three years.

Appraisal Standards and Reporting Guidelines

The report is subject to the Code of Ethics and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The report was also prepared in accordance with the operative engagement letter, contained within our workpapers.

Limitations of Use and Applicability of Conclusions

Neither the report, the materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities of participation interests to the public. The report is made subject to the Statement of Assumptions and Limiting Conditions. Due to the nature of real estate investments and the variety of economic factors that influence value, the value conclusion(s) presented in this report is/are valid only for the date(s) of value stated herein.

General Conclusions

A summary of our general conclusions are included on the following page.

We have enjoyed serving you in this matter.

Sincerely,

Peter A. Moegenburg, MAI, ASA	F. Russell Rutter, Associate
Wisconsin Certified General Appraiser No. 296	Wisconsin Certified General Appraiser No. 2149

CONCLUSIONS

Our conclusions regarding the proposed multi-family component are included below:

- From a locational and demographic standpoint the City of Franklin compares well to the neighboring communities and is very similar (if not superior) to these communities that have or are beginning to see a surge of multi-family development.
- There has been little to no market rate, multi-family development (non-senior) within the City of Franklin in the most recent 10 to 15 years.
- Given the subject's linkages to employment, shopping, entertainment, and highways – market rate multi-family development makes sense.
- Positive location for all age groups from young professionals and families to empty nesters.
- The market has a need for new, higher-end multifamily developments. There hasn't been much, if any, new construction in recent years in the subject's market area, and there is an abundance of empty nesters, divorcees, and young families seeking quality multifamily housing.
- The market would tend to support higher-end developments that would include granite countertops, stainless-steel appliances, quality flooring packages, in-unit laundry, central air conditioning, high ceilings, and a moderate level of common area amenities.
- Occupancy rates are strong and the submarket likely has substantial (pent-up) demand.
- We feel that attainable rental rates for a proposed high-end development at the subject property would range from $1.40 to $1.60 per square foot on average. It should be emphasized that these are in current dollars. We expect there to be growth in rents from now until the time any new development could be constructed.
- Based on the marginal demand analysis there appears to be positive demand for new high-end multi-family product within the subject's PMA (5-mile radius) based on income qualified renter households with incomes of $50,000-plus.
- Market-rate development would likely need some sort of government assistance given the dramatically increasing construction costs.

Our conclusions regarding the proposed ancillary commercial component are included below:

- It appears that a potential baseball stadium development would spur ancillary commercial uses. Additionally, the inclusion of a multi-family component to the stadium would help to enhance the population of permanent and transient consumers to the area.
- The residents of Franklin appear to desire more traditional retail and dining uses for the subject's immediate neighborhood. Such uses would complement the proposed baseball stadium and multi-family residential component.
- Ancillary commercial uses (including retail and restaurant) should focus on local users in order to reflect the broader community as these users are more closely aligned to the specific interests of the community.
- The proposed subject development would benefit from additional ancillary commercial uses (retail/restaurant) to service the needs of the potential consumers. The resulting overall development would be an all-encompassing community with a local identity.

- Current market conditions support retail uses as a financially feasible use, while office and lodging uses are not currently financially feasible. However, given current market conditions, it is likely that any proposed ancillary use would have to be substantially pre-leased or have users in place (owner occupant), for any development to occur.
- While not currently financially feasible, if the RevPar (Average Daily Rate x Occupancy) were to increase at a rate that is currently being realized by the competitive set, a lodging use could be financially feasible within approximately two years. This assumes that the neighboring Hampton Inn stabilizes as projected and realizes a RevPar that is in line with or superior to the competitive set.
- It appears as though the proposed baseball stadium and indoor facility could generate enough overnight stays for an additional lodging facility in the immediate area; however, any future hotel development should potentially be phased in after the existing Hampton Inn facility nears a stabilized level of operations.
- Any of these potential development uses are tied to the proposed development of the baseball stadium (i.e. if the stadium is not constructed, the other uses would not be financially feasible given current market conditions).

Project Description

The Rock, located at 7900 Crystal Ridge Drive in Franklin, is a sports complex that was constructed by and is currently managed by MKE Sports and Entertainment (Mike Zimmerman). The Rock is a multi-sport, multi-field outdoor facility that is located immediately west of South 76th Street, north of West Rawson Avenue and West Loomis Road, and south of the Root River. Mr. Zimmerman has plans to construct a 4,000-seat outdoor stadium for a professional baseball and the UW-Milwaukee Panther baseball team (Wisconsin's only Division I collegiate baseball team) along with an indoor sports complex with four youth size baseball fields and space for other sports. The stadium and indoor facility will serve as the main focal point for the area. The current $100 million Ballpark Commons proposal includes the stadium and indoor facility as well as surrounding commercial development such as multi-family, retail, office, and lodging type uses.

Site Overview

The Ballpark Commons is understood to constitute approximately 40 to 50 developable acres surrounding the proposed baseball stadium (and four seasons sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this market study will be on the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road).

The southern site, which is located on the south side of West Rawson Avenue, immediately west of West Loomis Road (along West Old Loomis Road), is comprised of approximately 34 acres. The land is generally level and was the site of a former farm and is currently improved with a couple of single-family homes. The developer is seeking a potential rezone of this site, which is currently zoned for single-family residential uses, to Planned Development District (PDD) to allow for the larger proposed mixed-use development. The City of Franklin's 2025 Future Land Use Map indicates a residential use for this site. Preliminary plans call for approximately 250 to 300 units of multi-family residential on a majority of the site, with mixed-use commercial (retail/office) uses located along West Rawson Avenue. From discussions with the City of Franklin Economic Development director, it was indicated that if the project were to be approved the change of zoning to a PDD would likely be allowed.

The northern site is a narrow strip of land located immediately west North 76th Street, northwest of West Loomis Road, north of West Rawson Avenue, and southeast of the existing baseball fields at The Rock. This land is generally downward sloping from northwest to southeast (towards West Loomis Road). This site would abut the proposed baseball stadium to the east. The City of Franklin's 2025 Future Land Use Map indicates a mixed-use for this site. Preliminary plans call for a mix of commercial uses that would complement the proposed baseball stadium including retail (and restaurants) and lodging type uses.

Primary Market Area

The subject's market area is defined as the geographic area from which the subject will attract most of its tenants, and is the area from which the subject will compete with existing multi-family developments. In general, households within a particular geographical market area tend to retain their residence within that area, even when moving from one specific location to another. However, market rate, higher-end, mid-rise multi-family developments such as the proposed subject tend to attract tenants from a broader market area due to the above average appeal and amenities, as well as the fact that high-end developments are few and far between. Though high-end developments are certainly present within the market, there has not been any significant new development of high-end market rate multi-family product within the City of Franklin in over 10 years.

In order to determine the logical Primary Market Area (PMA), we researched housing and demographic patterns within the area. The subject property is located in the City of Franklin, in Milwaukee County, Wisconsin, which is a suburban community in southeastern Wisconsin. In general, drive times of 15 to 30 minutes are considered the maximum. In rural areas, this may be up to 30 miles. However, in suburban areas, with increased densities, the distance may be three to 10 miles. In densely developed urban areas, the distance may be one to two miles. In the case of the subject, the area is characterized as a suburban area.

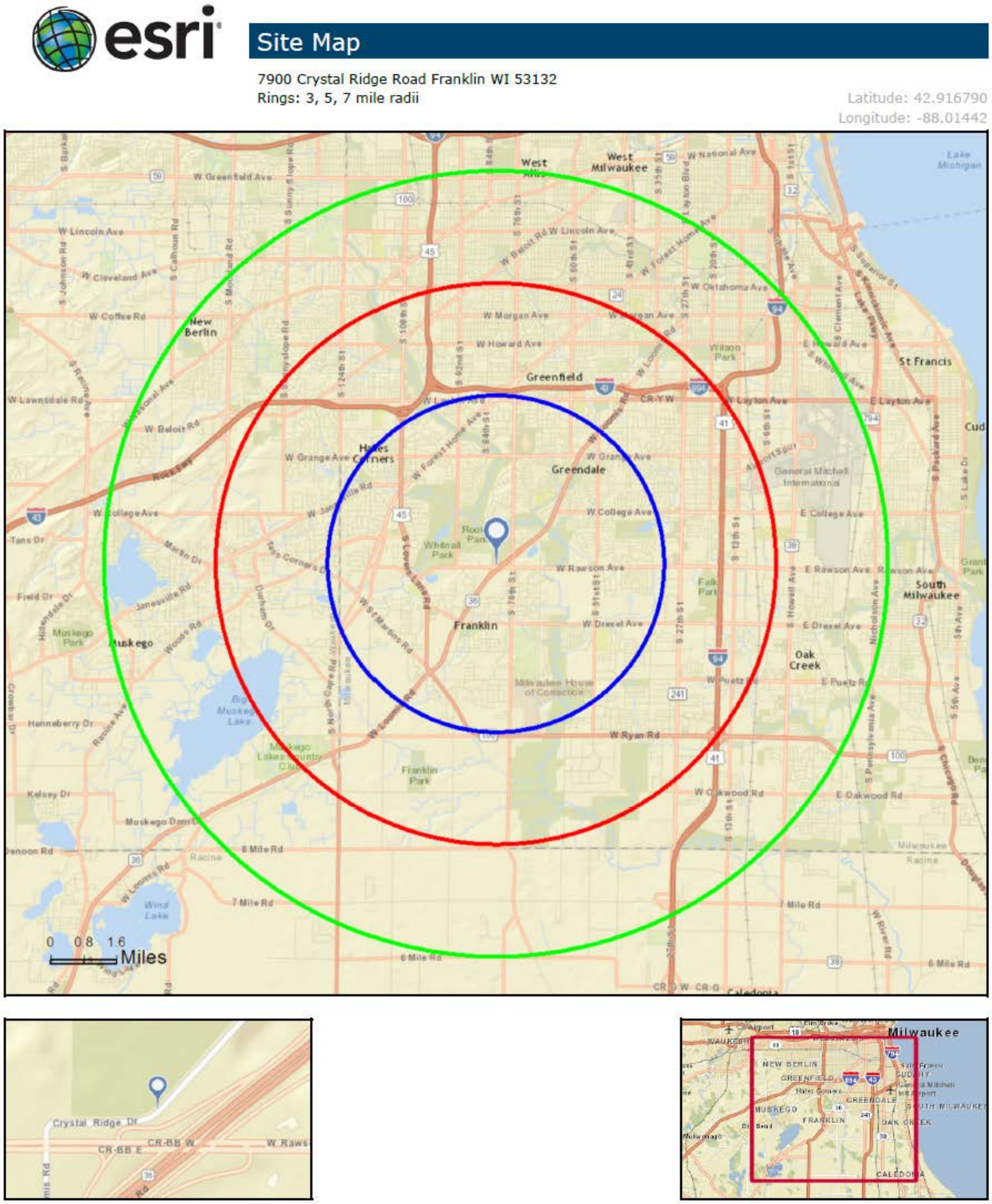
From a locational standpoint, the subject would compete with other suburban communities in southeastern Wisconsin and does not directly compete with properties located in downtown Milwaukee. The downtown and suburban lifestyles are different enough that prospective tenants usually do not find themselves considering suburban *and* downtown properties when choosing where to live; rather, the prospective tenants first decide if they wish to reside within a downtown *or* a suburban community, and then narrow the search from there.

While it is possible the subject could theoretically draw residents from a larger geographic area than what we have delineated as the subject's PMA (shown on the following page), *most* urban residents tend to stay close and do not commute long distances. The subject does feature good linkages to the local highways and interstate system and other major thoroughfares, such as West Loomis Road (Highway 36). The subject's proximity to Highway 36 could be an attractive attribute for a couple wherein one individual works in one location and the other works in the opposite direction (Milwaukee and Waukesha/Kenosha for example).

Please refer to the Primary Market Area Map on the following page for an illustration of our selected PMA. The survey of existing and proposed multi-family developments that constitutes the competitive supply is generally limited to the PMA.

A map of the Primary Market Area (PMA) is included below. Demographic information for the PMA is included on the following pages.

Primary Market Area Map



Overview of Existing Rentals

The general market area lacks newer multifamily development. As such, we were unable to be overly selective with our selection of comparable rentals. The City of Franklin (and surrounding market area) does offer some existing, older multifamily developments; however, the proposed subject would have a distinct competitive advantage over these older (built in the 1970s / 1980's, or earlier) properties. Although these older properties will appeal to a different set of renters than what new construction (such as any development that would occur on the subject site) would appeal to, analyzing these older properties helps to set a floor for rental rates that the subject would be able to obtain (i.e. new developments will most certainly be able to achieve rental rates above what these older properties are achieving); however, they offer little benefit when attempting to establish the maximum achievable rents.

In order to find a sufficient data set of newer multifamily product, we had to expand our geographical parameters to include most of central and southern Milwaukee County and eastern Waukesha County. From a locational standpoint, the subject would compete with other suburban communities in southeastern Wisconsin and does not directly compete with properties located in downtown Milwaukee. Based on our discussions with local market professionals (these discussions are discussed in greater detail later within this report), the lack of new multifamily product in the subject's immediate area also tends to support the notion that there is a need for new multifamily product within the market.

Given the lack of existing and proposed multi-family developments within the subject's PMA we have analyzed recently completed and planned developments from the surrounding area. Nearby communities such as Brookfield and Wauwatosa have realized a significant amount of new multi-family development within recent years and it appears this trend will continue into the near future as more developments continue to come online. Additionally, the City of Oak Creek, which much like the City of Franklin had not realized much in terms of new multi-family development in recent years, will be adding two high-end market rate developments to the larger Drexel Town Square development.

From a locational and demographic standpoint the City of Franklin compares well to the neighboring communities and is very similar (if not superior) to these communities that have or are beginning to see a surge of multi-family development. The table on the following page summarizes and ranks the nearby communities in terms of population, income, and the amount of renter occupied households. It should be noted that this table does not include every municipality from the greater Milwaukee area, rather those that are located within close proximity to the subject and/or have realized a significant amount of multi-family development in recent years.

AREA MUNICIPAL DEMOGRAPHIC RANKINGS					
Municipality	**Population**	**Municipality**	**Med. HH Income**	**Municipality**	**% of Renters**
Wauwatosa	47,102	Brookfield	$91,485	Greenfield	42.1%
New Berlin	39,842	New Berlin	$74,203	Oak Creek	39.4%
Brookfield	37,982	Menomonee Falls	$73,936	Wauwatosa	35.7%
Greenfield	37,157	**Franklin**	**$73,122**	Greendale	34.5%
Franklin	**36,278**	Wauwatosa	$69,467	Menomonee Falls	24.8%
Menomonee Falls	35,974	Oak Creek	$64,570	New Berlin	24.0%
Oak Creek	35,053	Greendale	$63,480	**Franklin**	**22.4%**
Greendale	14,332	Greenfield	$50,311	Brookfield	11.6%

Note: Information is based on 2014 estimates provided by quickfacts.census.gov and varies slightly from the ESRI information presented earlier.

As shown above, in terms of population and income the City of Franklin is very comparable to the other area municipalities. The City of Franklin has a greater population than Menomonee Falls and Oak Creek and higher income levels than Wauwatosa and Oak Creek, each of which are realizing some of the highest volume of multi-family development outside of downtown Milwaukee. The City of Franklin's percent of renters is second lowest to only Brookfield, however, Brookfield has realized a significant amount of multi-family development in recent years and there are a number of projects in the pipeline. Additionally, the low percent of renters could be attributed to the lack of new product within Franklin.

Summary of Rentals

The following discussion will summarize and address several key points, including the following:

- Unit mixes;
- Unit sizes;
- Amenities offered;
- Overall monthly rental rates by unit type;
- Per-square-foot monthly rental rates by unit type;
- Occupancy rates.

Within our summary of rentals we have included information on under construction or pending developments from Oak Creek, Brookfield, and Wauwatosa. It should be noted that a majority of these developments, both existing and proposed, are located outside of the subject's PMA and may not directly compete with the proposed subject development. However, these developments are more representative of the current multi-family development cycle in terms of finishes, amenities, and price points in suburban Milwaukee.

Unit Mixes

The unit mixes for each of the existing competitive developments and the proposed / under construction developments (those which we were able to obtain information for) are summarized within the table below.

Unit Mix Summary									
Property	**# Studio Units**	**% of Total**	**# 1 BR Units**	**% of Total**	**# 2 BR Units**	**% of Total**	**# 3 BR Units**	**% of Total**	**Total # Units**
Norhardt Crossing	0	0.0%	40	28.8%	99	71.2%	0	0.0%	139
Georgetown Square	0	0.0%	46	34.8%	86	65.2%	0	0.0%	132
The Club-Pinnacle and Lofts	0	0.0%	57	32.4%	119	67.6%	0	0.0%	176
Sutter Creek Phase I	0	0.0%	49	42.2%	67	57.8%	0	0.0%	116
1600 Tosa - Phase I	0	0.0%	38	37.3%	64	62.7%	0	0.0%	102
1600 Tosa - Phase II	0	0.0%	46	45.1%	56	54.9%	0	0.0%	102
The Reserve at Wauwatosa	0	0.0%	80	34.6%	120	51.9%	31	13.4%	231
The Enclave	0	0.0%	118	61.5%	58	30.2%	16	8.3%	192
Total	**0**	**0.0%**	**474**	**39.8%**	**669**	**56.2%**	**47**	**3.9%**	**1,190**
min	**0**	**0.0%**	**38**	**28.8%**	**56**	**30.2%**	**0**	**0.0%**	**102**
max	**0**	**0.0%**	**118**	**61.5%**	**120**	**71.2%**	**31**	**13.4%**	**231**
average	**0**	**0.0%**	**59**	**39.6%**	**84**	**57.7%**	**6**	**2.7%**	**149**

Proposed Developments									
Property	**# Studio Units**	**% of Total**	**# 1 BR Units**	**% of Total**	**# 2 BR Units**	**% of Total**	**# 3 BR Units**	**% of Total**	**Total # Units**
Emerald Row - Phase I	0	0.0%	110	65.9%	31	18.6%	26	15.6%	167
WIRED @ DTS	0	0.0%	14	22.6%	35	56.5%	13	21.0%	62
Sutter Creek - Phase II	1	1.8%	30	54.5%	24	43.6%	0	0.0%	55
PrairieWalk	0	0.0%	17	30.4%	39	69.6%	0	0.0%	56
The Corners - Brookfield	20	8.5%	106	45.1%	109	46.4%	0	0.0%	235
Lilly Preserve	0	0.0%	25	32.9%	51	67.1%	0	0.0%	76
Reserve at Brookfield	0	0.0%	117	60.3%	77	39.7%	0	0.0%	194
Reserve at Mayfair	0	0.0%	146	61.9%	90	38.1%	0	0.0%	236
State Street Station	15	10.1%	93	62.8%	37	25.0%	3	2.0%	148
The Reef	11	6.1%	127	70.6%	34	18.9%	8	4.4%	180
Echelon at Innovation Campus	36	16.1%	100	44.6%	88	39.3%	0	0.0%	224
Total	**83**	**5.1%**	**885**	**54.2%**	**615**	**37.7%**	**50**	**3.1%**	**1,633**
min	**0**	**0.0%**	**14**	**22.6%**	**24**	**18.6%**	**0**	**0.0%**	**55**
max	**36**	**16.1%**	**146**	**70.6%**	**109**	**69.6%**	**26**	**21.0%**	**236**
average	**8**	**3.9%**	**80**	**50.1%**	**56**	**42.1%**	**5**	**3.9%**	**148**

There is a definitive trend being observed in the sense that one-bedroom units are beginning to represent a higher percentage of the overall unit mix. Our discussions with local market professionals indicated that this is likely due to the fact that empty nesters and young professionals that do not yet have children are more prevalent within the renter market. Additionally, the increasing construction costs are forcing developers to try and maximize per-square-foot rental rates, and smaller units tend to rent for more on a per-square-foot basis. All considered, we would recommend a unit mix consisting primarily of one-bedroom and two-bedroom units, with possibly a small percentage of three-bedroom units. It is our opinion that studio units would not be well-accepted by the market given the suburban location.

Unit Sizes

The unit sizes for the various apartment developments are summarized within the table below. *It should be noted that many of the properties offered numerous floor plans for which specific details were not provided. Instead, unit size ranges were commonly provided and the average unit sizes for each unit type were derived by taking the average of the minimum and maximum unit sizes – unless more detailed information was available. Overall average unit sizes were then derived by multiplying the total number of units for each unit type to the average unit sizes for each respective unit type, and then dividing the resulting figure by the total number of units.*

Unit Size Summary												
	Studio Units (SF)			1 BR Units (SF)			2 BR Units (SF)			3 BR Units (SF)		
Property	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**
Norhardt Crossing	-	-	-	837	1,022	948	1,119	1,545	1,327	-	-	-
Georgetown Square	-	-	-	772	1,037	888	1,237	1,800	1,287	-	-	-
The Club-Pinnacle and Lofts	-	-	-	882	1,190	1,021	1,041	1,985	1,254	-	-	-
Sutter Creek	-	-	-	812	856	838	1,104	1,352	1,148	-	-	-
1600 Tosa - Phase I	-	-	-	705	945	888	1,003	1,220	1,145	-	-	-
1600 Tosa - Phase II	-	-	-	705	1,003	898	1,102	1,221	1,166	-	-	-
The Reserve at Wauwatosa	-	-	-	803	803	803	1,037	1,293	1,251	1,516	1,516	1,516
The Enclave	-	-	-	644	929	766	1,000	1,280	1,119	1,349	1,513	1,419
Total	**-**	**-**	**-**	**644**	**1,190**	**881**	**1,000**	**1,985**	**1,212**	**1,349**	**1,516**	**1,468**

Proposed Developments												
	Studio Units (SF)			1 BR Units (SF)			2 BR Units (SF)			3 BR Units (SF)		
Property	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**
Emerald Row - Phase I	-	-	-	706	817	758	1,122	1,651	1,283	1,412	1,651	1,533
WIRED @ DTS	-	-	-	-	-	700	-	-	1,178	-	-	1,614
Sutter Creek - Phase II	612	612	612	843	972	895	1,166	1,325	1,186	-	-	-
PrairieWalk	-	-	-	830	830	830	1,085	1,377	1,220	-	-	-
The Corners - Brookfield	644	647	646	749	755	752	921	1,394	1,158	-	-	-
Lilly Preserve	-	-	-	700	1,000	808	1,070	1,965	1,309	-	-	-
Reserve at Brookfield	-	-	-	621	963	740	1,120	1,170	1,145	-	-	-
Reserve at Mayfair	-	-	-	621	760	719	1,100	1,189	1,114	-	-	-
State Street Station	569	569	569	661	1,046	735	978	1,376	1,088	1,452	1,452	1,452
The Reef	517	517	517	711	882	778	1,133	1,156	1,148	1,374	1,374	1,374
Echelon at Innovation Campus	562	562	562	619	813	716	860	1,179	1,020	-	-	-
Total	**517**	**647**	**581**	**619**	**1,046**	**766**	**860**	**1,965**	**1,168**	**1,374**	**1,651**	**1,493**

It is recognized that for all unit types, there may be units that fall outside of these ranges due to a select few of the units including dens, lofts, or the units needing to be altered for architectural reasons (i.e. instead of having unused / wasted space, a den could be added to the adjacent unit, or a small one-bedroom unit / studio unit could be added to the unused / otherwise wasted space). These atypical units should be kept at a minimum wherever possible. Another point to keep in mind is that incorporating two-bedroom plus den units may be appealing to those tenants seeking a two-bedroom unit or a three-bedroom unit (the den is often times utilized as a third bedroom). Incorporating more two-bedroom plus den units as opposed to including three-bedroom units may be advantageous.

Property Attributes

This section will discuss the amenities, both individual unit and common area amenities, that are typically included within apartment developments in suburban Milwaukee.

The newer developments include some form of covered parking, whether it is underground or garage parking. Additional charges for covered parking vary from property to property. It is typically common for newer developments in urban locations to charge extra for underground parking, however, it is less consistent for suburban developments. Of the eight existing surveyed developments, four charged an additional $50 to $70 per month for underground parking; three included underground parking within the rent, and one offered garage parking at an additional charge. We would expect any development within Franklin containing over 100 units to incorporate covered parking, a fitness center, and a community room/building that offers a lounge, computer monitors, Wi-Fi, and HDTV's. Amenities such as swimming pools and hot tubs are not necessary and would not generate a substantial amount of additional rental income (likely not enough to offset the expenses associated with a swimming pool / hot tub). However, some of the under construction and proposed developments within Oak Creek plan to include an outdoor swimming pool within their set of common area amenities.

With regards to laundry, most new developments are including in-unit washers and dryers and we would expect any new development within Franklin to include this.

There are no prominent developments within Franklin to our knowledge that offer high-end unit finishes, such as granite/quartz countertops, stainless-steel appliances, wood flooring, etc. Given the lack of high-end developments within Franklin, it cannot be stated with certainty whether or not high-end finishes would command a premium. We have seen recent new developments within other suburban Milwaukee communities, such as Wauwatosa, Oak Creek, and some communities in Waukesha County, offer high-end finishes such as granite/quartz, stainless-steel, hardwood floors, etc. and premiums have certainly been realized. In our opinion, high-end finishes would be recommended in Franklin as incorporating *some* of these concepts, such as a granite breakfast bar, stainless-steel appliances, and / or quality vinyl plank (wood-look) flooring, could be a cost-effective way to be set apart from the competition.

For purposes of this analysis, we would assume that a new development (containing over 100 units) would include some form of covered parking (i.e. underground parking that could be rented for $50 per month per space), a fitness center, a community room/building, in-unit laundry, central air conditioning, nine-foot ceilings, a patio/balcony, and high-end unit finishes.

In summary, we believe the proposed high-end development is well-supported and will help fill a void that is currently being realized within the market (i.e. the lack of high-end rentals). High-end rentals have been introduced in several municipalities throughout the market area where they didn't previously exist and they have all been very well-accepted by the market.

Rental Rates

As discussed earlier, it should be noted that the utilities (i.e. landlord- versus tenant-paid utilities) are handled differently from property to property. The most common way that utilities are handled within newer developments is for the tenants to be responsible for heat and electricity with the landlord providing water, sewer, and trash removal. In order to provide an apples-to-apples comparison, within our summary tables included herein we have made adjustments in an attempt to have the rental rates for each property conform to this (tenants responsible for heat and electricity and landlords responsible for water, sewer, trash removal). *Please note that the rental rates shown within the rent comp data sheets represent the actual, unadjusted rental rates.*

The tables below and on the following page summarize total/overall monthly rental rates by unit type. The per-square-foot rental rates will be discussed later.

Total Monthly Rental Rate Summary

	Studio Units ($/Mo.)			1 BR Units ($/Mo.)			2 BR Units ($/Mo.)			3 BR Units ($/Mo.)		
Property	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Norhardt Crossing	-	-	-	$1,175	$1,335	$1,271	$1,380	$2,125	$1,778	-	-	-
Georgetown Square	-	-	-	$1,120	$1,450	$1,285	$1,405	$2,240	$1,823	-	-	-
The Club-Pinnacle and Lofts	-	-	-	$1,303	$1,827	$1,565	$1,421	$1,995	$1,708	-	-	-
Sutter Creek	-	-	-	$1,170	$1,315	$1,243	$1,520	$1,885	$1,703	-	-	-
1600 Tosa - Phase I	-	-	-	$995	$1,325	$1,183	$1,275	$1,475	$1,382	-	-	-
1600 Tosa - Phase II	-	-	-	$1,045	$1,400	$1,290	$1,430	$1,525	$1,476	-	-	-
The Reserve at Wauwatosa	-	-	-	$1,300	$1,370	$1,335	$1,315	$1,785	$1,550	$2,015	$2,115	$2,065
The Enclave	-	-	-	$990	$1,505	$1,248	$1,565	$2,015	$1,790	$2,115	$2,310	$2,208
Total	**-**	**-**	**-**	**$990**	**$1,827**	**$1,302**	**$1,275**	**$2,240**	**$1,651**	**$2,015**	**$2,310**	**$2,136**

**Avg.represents the average of the minimum and maximum rents unless true average is known.*

Proposed Developments

	Studio Units ($/Mo.)			1 BR Units ($/Mo.)			2 BR Units ($/Mo.)			3 BR Units ($/Mo.)		
Property	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Emerald Row - Phase I	-	-	-	$1,100	$1,195	$1,173	$1,595	$1,895	$1,739	$1,995	$2,595	$2,164
WIRED @ DTS	-	-	-	-	-	$1,029	-	-	$1,626	-	-	$2,373
Sutter Creek - Phase II	$950	$950	$950	$1,195	$1,425	$1,298	$1,575	$2,000	$1,718	-	-	-
PrairieWalk	-	-	-	$1,300	$1,350	$1,325	$1,575	$2,045	$1,615	-	-	-
The Corners - Brookfield	$1,250	$1,250	$1,250	$1,375	$1,550	$1,407	$1,721	$2,100	$1,807	-	-	-
Reserve at Brookfield	-	-	-	$1,295	$1,595	$1,459	$1,995	$2,095	$2,045	-	-	-
Reserve at Mayfair	-	-	-	$1,295	$1,425	$1,360	$1,995	$2,095	$2,045	-	-	-
State Street Station	$1,394	$1,394	$1,394	$1,454	$2,249	$1,588	$2,016	$2,198	$2,045	$2,904	$2,904	$2,904
The Reef	$1,020	$1,020	$1,020	$1,225	$1,380	$1,303	$1,695	$1,850	$1,773	$2,185	$2,185	$2,185
Echelon at Innovation Campus	$1,200	$1,200	$1,200	$1,300	$1,600	$1,450	$1,700	$2,000	$1,850	-	-	-
Total	**$950**	**$1,394**	**$1,163**	**$1,100**	**$2,249**	**$1,339**	**$1,575**	**$2,198**	**$1,826**	**$1,995**	**$2,904**	**$2,406**

**Avg.represents the average of the minimum and maximum rent unless true average is known.*

The tables above exhibits a definitive upward trend in rental rates when comparing the newer, high-end proposed or under construction developments to the existing high-end developments.

The following tables summarize the per-square-foot monthly rental rates for the competitive properties.

Per Square Foot Monthly Rental Rate Summary												
	Studio Units ($/Mo.)			1 BR Units ($/Mo.)			2 BR Units ($/Mo.)			3 BR Units ($/Mo.)		
Property	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**
Norhardt Crossing	-	-	-	$1.23	$1.54	$1.39	$1.22	$1.48	$1.35	-	-	-
Georgetown Square	-	-	-	$1.40	$1.56	$1.48	$1.21	$1.32	$1.27	-	-	-
The Club-Pinnacle and Lofts	-	-	-	$1.00	$1.70	$1.35	$0.97	$1.83	$1.40	-	-	-
Sutter Creek	-	-	-	$1.40	$1.41	$1.41	$1.36	$1.50	$1.43	-	-	-
1600 Tosa - Phase I	-	-	-	$1.26	$1.41	$1.34	$1.15	$1.32	$1.24	-	-	-
1600 Tosa - Phase II	-	-	-	$1.37	$1.56	$1.47	$1.23	$1.40	$1.32	-	-	-
The Reserve at Wauwatosa	-	-	-	$1.62	$1.71	$1.67	$1.02	$1.51	$1.27	$1.33	$1.39	$1.36
The Enclave	-	-	-	$1.54	$1.90	$1.72	$1.45	$1.61	$1.53	$1.53	$1.61	$1.57
Total	**-**	**-**	**-**	**$1.00**	**$1.90**	**$1.48**	**$0.97**	**$1.83**	**$1.35**	**$1.33**	**$1.61**	**$1.47**

**Avg.represents the average of the minimum and maximum rent unless true average is known.*

Proposed Developments												
	Studio Units ($/Mo.)			1 BR Units ($/Mo.)			2 BR Units ($/Mo.)			3 BR Units ($/Mo.)		
Property	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**
Emerald Row - Phase I	-	-	-	$1.46	$1.69	$1.55	$1.15	$1.52	$1.36	$1.32	$1.63	$1.41
WIRED @ DTS	-	-	-	-	-	$1.47	-	-	$1.38	-	-	$1.47
Sutter Creek - Phase II	$1.55	$1.55	$1.55	$1.43	$1.46	$1.45	$1.40	$1.51	$1.45			
PrairieWalk	-	-	-	$1.57	$1.63	$1.60	$1.29	$1.55	$1.45	-	-	-
The Corners - Brookfield	$1.75	$1.75	$1.75	$1.66	$1.75	$1.73	$1.56	$1.58	$1.57	-	-	-
Lilly Preserve	-	-	-	-	-	$1.52	-	-	$1.52			
Reserve at Brookfield	-	-	-	$1.66	$2.09	$1.97	$1.78	$1.79	$1.79	-	-	-
Reserve at Mayfair	-	-	-	$1.88	$2.09	$1.99	$1.75	$1.81	$1.78	-	-	-
State Street Station	$2.45	$2.45	$2.45	$2.05	$2.20	$2.16	$1.75	$1.81	$1.78	$2.00	$2.00	$2.00
The Reef	$1.97	$1.97	$1.97	$1.56	$1.81	$1.69	$1.55	$1.60	$1.58	$1.59	$1.59	$1.59
Echelon at Innovation Campus	$2.14	$2.14	$2.14	$1.97	$2.10	$2.04	$1.70	$1.98	$1.84	-	-	-
Total	**$1.55**	**$2.45**	**$1.97**	**$1.43**	**$2.20**	**$1.74**	**$1.15**	**$1.98**	**$1.59**	**$1.32**	**$2.00**	**$1.62**

**Avg.represents the average of the minimum and maximum rent unless true average is known.*

On average smaller units will be able to achieve higher per-square-foot rental rates while larger units will achieve lower per-square-foot rental rates. However, some of the proposed developments are placing a premium on three-bedroom units, and are projecting per square foot rental rates that are actually higher than the smaller two-bedroom units.

The subject features a somewhat inferior location compared to some of the more walkable developments within Brookfield and Wauwatosa. However, it is likely the subject's Walk Score would improve if the surrounding area were to further be development with complimentary commercial uses such as retail, restaurants, and entertainment uses. With that being said, given the City of Franklin is untested to new high-end multi-family product, it is unlikely that any proposed development would achieve rental rates in the $1.80 to $2.00 per square foot, like some of the proposed Wauwatosa and Brookfield developments.

Given the proposed multi-family development at the subject property is currently in the preliminary stages and there are no set of plans that detail the unit mix, unit sizes, in-unit amenities/finishes, common area amenities, etc., a detailed projection of market rental rates is not applicable. However, given the demographics of the

City of Franklin, which compare well with the area municipalities that have realized (and will continue to) multi-family development, we feel that attainable rental rates for a proposed high-end development would range from $1.40 to $1.60 per square foot on average. It should be emphasized that these are in current dollars. We expect there to be growth in rents from now until the time any new development could be constructed.

Rent Growth Trends

Within the subject's competitive submarket, rents have certainly shown growth over the past few years and this growth is expected to continue. We would expect rents to increase by an average of 2.0 to 2.5 percent per year over the next three-to-five years. Our rental rate recommendations included earlier within this report were in *current* dollars, and given that it would likely be a minimum of two years before any new substantial developments are completed and stabilized, upward pressure should be placed on our rental rate recommendations.

Occupancy Rates

Occupancy rates for the eight competitive rentals surveyed ranged from 96 percent to 100 percent, with a weighted average of 98 percent (rounded from 97.5 percent). According to REIS, vacancy rates within the metropolitan Milwaukee apartment market are projected to average 4.0 percent over the next five years. Within the subject's competitive submarket, vacancy and collection loss deductions are commonly projected to be 4.0 to 5.0 percent of EGI. Based on our market research, this certainly seems like a reasonable projection and we have no reason to believe that new developments within the market area would struggle to achieve 95 percent occupancy.

Pending Supply

The total new pending supply within the market rea that is considered to be competition to the subject is 917 units, summarized as follows:

- Emerald Row Phase I: 167 Units
- WiRED @ DTS: 62 Units
- HSI Oak Creek: 288 Units
- 84 South Greenfield: 400 Units
    - **Total: 917 Units**

Current Inventory

As previously mentioned there are no new constructed multi-family properties located within the subject's PMA that a proposed luxury subject development would compete with. Most of the direct competition in the PMA is still under construction with the first units anticipated to be available for rent during Summer 2016.

Demand Analysis

The ESRI market data analyzes current demographic statistics along with a five-year projection. For purposes of this analysis, we have determined that the five-mile ring is considered to be the area that is most comparable to the subject from a geographical standpoint. The five-mile ring will be the focus of our analysis. A snapshot of this report is included below. As shown, the population is expected to increase by 1,403 residents over the next five years.

Summary	Census 2010		2015		2020
Population	156,547		157,193		158,596
Households	65,726		66,277		66,901
Families	41,372		41,631		41,974
Average Household Size	2.33		2.32		2.32
Owner Occupied Housing Units	42,974		42,227		42,684
Renter Occupied Housing Units	22,752		24,050		24,216
Median Age	41.8		42.6		43.3
Trends: 2015 - 2020 Annual Rate	**Area**		**State**		**National**
Population	0.18%		0.32%		0.75%
Households	0.19%		0.39%		0.77%
Families	0.16%		0.31%		0.69%
Owner HHs	0.22%		0.37%		0.70%
Median Household Income	3.76%		2.81%		2.66%
		2015		**2020**	
Households by Income		Number	Percent	Number	Percent
<$15,000		5,556	8.4%	4,993	7.5%
$15,000 - $24,999		6,604	10.0%	4,897	7.3%
$25,000 - $34,999		7,642	11.5%	6,320	9.4%
$35,000 - $49,999		8,924	13.5%	8,059	12.0%
$50,000 - $74,999		12,269	18.5%	11,511	17.2%
$75,000 - $99,999		9,441	14.2%	11,271	16.8%
$100,000 - $149,999		10,082	15.2%	12,264	18.3%
$150,000 - $199,999		3,386	5.1%	4,711	7.0%
$200,000+		2,372	3.6%	2,875	4.3%
Median Household Income		$56,834		$68,340	
Average Household Income		$74,353		$85,885	
Per Capita Income		$31,538		$36,419	

Over the next five years, the number of households within the lower-income brackets is projected to decrease while the number of households within the middle-to-upper income brackets is projected to increase rather dramatically. Considering that the subject will be attracting middle-to-higher income households (given the luxury apartment development type), this is a very important statistic to make note of.

Qualifying Households

The subject is a proposed 100 percent market rate proposed apartment development. Therefore, effective demand for the subject's proposed units must be determined on the basis of income qualifying households in the market area. Rents in excess of 35 percent of household income are generally not considered affordable for tenants. Therefore, the target market is limited to those households that earn above a lower limit that would allow payment of the proposed rents without exceeding 35 percent of household income. In this analysis, the lower limit is set by dividing the concluded market rent by 35 percent, and then multiplying this number by 12. Given the foregoing, the income ranges analyzed for purposes of this report are $50,000 and above. The number of income qualified households is summarized on the following page.

Income Eligible Renter Population Primary Market Area		
Year	**2015**	**2020**
Total Population	157,193	158,596
Households Total	66,277	66,901
Renter-Occupied Households	24,050	24,216
Income Brackets	Total Households	Total Households
$50,000 - $74,999	12,269	11,511
$75,000 - $99,999	9,441	11,271
$100,000 - $149,999	10,082	12,264
$150,000 - $199,999	3,386	4,711
$200,000+	2,372	2,875
Total # of Income-Eligible Households	Total Households **37,550**	Total Households **42,632**
# Income-Eligible Renter-Occupied Households	36.29% Renter-Occupied **13,627**	36.20% Renter-Occupied **15,433**

Source: Bureau of the Census, 2010 Census of Population and Housing, ESRI forecasts for 2015 and 2020

Marginal Demand Analysis

As shown on the following page, if all 917 units in the pipeline are constructed, there would still be a net positive demand of 925 units. In all likelihood, there will be some other developments that are planned / brought to the market that have not yet been conceived; however, it is also quite possible that some of the existing pending supply will not be constructed or unit counts may be reduced. There are future phases planned for the multi-family developments at the Drexel Town Square, however, construction on these development is not likely to occur until the under construction Phase I achieves stabilization. Nonetheless, the net positive demand figure of 925 units provides a comfortable buffer to protect against unforeseen changes. Therefore, based on the income levels used within our projection of income qualified renter households it appears that there is a positive demand for luxury apartment product within the subject's PMA.

Marginal Demand Analysis	
Income Qualified Renter Households 2015	13,626
Income Qualified Renter Households 2020	15,431
Increase in Income Qualified Renter Households	**1,806**
# of Units in Pipeline	917
Total New Supply	**917**
New Units at Balanced Market (96%)	**880**
Net Demand	**925**

Absorption

Based on recently realized absorption rates of newly constructed suburban multi-family developments from the area, as well as our discussions with local property managers and other local market professionals, it is reasonable to expect that 15 to 30 percent of the units could be pre-leased, and an absorption rate of 10 to 20 units per month thereafter could be expected.

Interviews With Market Participants

In addition to the previously presented analysis of the subject submarket, we have also had discussions with multiple professionals who are active in the subject's submarket from a development standpoint and who were familiar with the subject's market.

- The market has a need for new, higher-end multifamily developments. There hasn't been much, if any, new construction in recent years in the subject's market area, and there is an abundance of empty nesters, divorcees, and young families seeking quality multifamily housing.
- The market would tend to support higher-end developments that would include granite countertops (likely quality laminate countertops with a granite breakfast bar, granite kitchen islands, or other granite accents), stainless-steel appliances, quality flooring packages, in-unit laundry, central air conditioning, high ceilings, and a moderate level of common area amenities.
- The interviewees generally agreed that there is ample demand for multi-family units within the subject's submarket. Occupancy rates are strong and the submarket likely has a lot of pent-up demand.
- Given the subject's linkages to employment, shopping, entertainment, and highways – market rate multi-family development makes sense.
- Positive location for all age groups from young professionals and families to empty nesters.
- Biggest concern of potential tenants is "Does this fit my needs?"
- Many suburban tenants complain about the lack of available storage space.
- Market-rate development would likely need some sort of government assistance given the dramatically increasing construction costs.

Overall the discussions of a potential multi-family development at the subject property were positive as it was indicated there is demand for such higher-end units in the market area. Based on these discussions, a proposed multi-family development that is higher-end in nature would be generally well-accepted.

Ancillary Uses

C.H. Johnson Consulting, Inc. has already concluded that *the development of a proposed Franklin stadium would be a successful investment on behalf of the City, which would serve as a catalyst to spur new development and entertainment in the City of Franklin.*

General Market Conditions

The local office market is relatively soft and there has been minimal construction within recent years. Further, few developers would consider constructing such a property on a speculative basis. Given the current market conditions, it is likely that any proposed office use would have to be substantially pre-leased (if not fully pre-leased) for any development to occur.

New retail development has been realized on a slightly steadier pace within the greater Milwaukee area. Most of the new retail development is centered around these "town center" style developments that have been occurring in recent years. In areas like Wauwatosa, Brookfield, Mequon and Oak Creek, there has been construction of large scale mixed-use developments that include residential and commercial components. The subject is somewhat unique as it will be potentially anchored by a baseball stadium; however, retail development (including restaurant uses) appears to be reasonable. Similarly to the current office segment, current market conditions would not support purely speculative development. It is likely that any proposed retail use would have to be substantially pre-leased or have users in place (owner occupant), for any development to occur. Later within this section we will test the financial feasibility of the other proposed complimentary uses at the subject property. It should be noted that any of these potential development uses are tied to the proposed development of the baseball stadium (I.e. if the stadium is not constructed, the other uses may not make sense given current market conditions).

City Survey

In July 2005, the City of Franklin conducted a city-wide planning survey as a part of the initial involvement phase of the Comprehensive Master Plan Update. This survey asked residents open-ended questions to determine specific types of businesses that are desired or not desired within the City of Franklin. For the entire City, the respondents indicated that dining, specialty shops, and large format retail were the top three types of desired businesses. On a micro level, residents indicated the top three businesses for Planning Area D (where the subject is located) of dining, specialty shops, and large retail. Therefore, it appears what the residents desire from a commercial standpoint for the City as a whole, they would also like to see within the subject's specific neighborhood. At the time of the survey, the subject's neighborhood realized the highest average household income of the designated trade areas throughout the City.

What types of businesses would you like to see in Franklin?

Area D		
	Dining	23.3%
	Specialty shops	17.3%
	Large retail	16.5%

Survey respondents suggested a number of business uses for the City that included a wide variety of specific retail and restaurant type uses. Suggested retailers included a mix of large format retailers, specialty shops, and boutique retailers, while suggested restaurant uses including a mix of cafes, parlors, sit-down family-style, fast casual, casual, and fine dining. Based on the responses, there was no desire for additional fast food style restaurants in the neighborhood. From discussions with those who are active within the City of Franklin, it was generally indicated that the City lacked quality dining options. Residents often have to travel to nearby communities to fulfill these dining needs. Based on this survey it appears there is demand for new retail and/or restaurant developments within the subject's neighborhood.

Retail / Restaurant

In terms of the type of users of the ancillary commercial space, recent mixed-use developments have trended toward including more local community users versus national credit retailers. Local users reflect the broader community and are more closely aligned to the specific interests of the community. Whereas national grade users, though attractive investment components, may not represent the local community as a whole and can create a less cohesive environment. A lack of cohesion could potentially be a negative facet to the property from a marketing and leasing standpoint for both the residential and commercial tenants. With a greater focus on local users, the development as a whole tends to feel like one large mixed use development comprised of complimentary type uses and users.

For example, some of WiRED Properties, most recently completed (and under construction) mixed-use developments from the greater Milwaukee area have leased 75 to 100 percent of their commercial space to local users. These developments (located in Mequon and Shorewood) include local users such as Café Hollander, a chiropractor's office, a yoga studio, a physical therapy office, Collectivo coffee shop, women's and children's boutique clothing stores, the Ruby Tap, etc. Even some of the national branded tenants are owned and operated by local franchisees. Furthermore, the commercial space within the nearby Drexel Town Square (approximately half leased) includes a local mix of tenants including BelAire Cantina, a chocolate factory restaurant, and Performance Running Outfitters. The inclusion of the local users helps to ensure long term viability and value at each respective development. Similar types of uses and users would be appropriate for the proposed commercial space at the subject development.

The primary objective with the mix of residential and commercial uses that includes a focus on local users is to create an all-encompassing community with a local identity where residents and neighbors can live, eat, work, and be entertained all within walking distance or a short drive.

Given the proposed development will include a mix of consumers, both quasi-permanent (multi-family residents) and transient (attendees of the recreational complex); it would be appropriate to include a mix of users in regards to retail and restaurant types. In order to cater to the needs of the varying demographics (primarily age and income) of the consumers a variety of retail and dining options is recommended. For example, the proposed apartments are considered luxury in nature and appeal to a more affluent consumer that may prefer casual or fine dining versus the transient consumers that may have less disposable income (due to travel/recreational expenses at the stadium) and would prefer the less expensive fast-casual options. It is important to note, the overall development will appeal to a wide range of consumers, from the residents who live there year round within the luxury apartments to those who come to the area for the recreational facility or entertainment and are only there for a short period of time. Therefore, the ancillary commercial space should include a mix of uses and users that meets the needs of the different types of consumers that will be active in the neighborhood.

Some of the local uses that would be viewed as complementary fits to the proposed subject development include the following:

- Restaurants (Casual, Fast-Casual, Fine Dining)
- Smaller Café-Style Shops (i.e. coffee shop)
- Boutique Retail
- Health/Wellness
- Beauty
- Professional Services

The above referenced uses have been successfully integrated into newer mixed-use developments within suburban Milwaukee (see WiRED Properties) in recent years. Furthermore, the operators of these uses are primarily local and provide for a unique identity and sense of community for each of the respective developments. As a result the overall appeal and long term viability of these projects is strengthened. The subject's location, which is a desirable suburban Milwaukee location when compared to the areas that have realized these larger developments, appears to be compatible with the proposed mixed-use development anchored by a baseball stadium and luxury apartments. Such development would benefit from additional ancillary commercial uses (see above) to service the needs of the consumers. The resulting overall development would be an all-encompassing community with a local identity. Furthermore, the development would be a positive for the area that could spur additional development within the City of Franklin.

Lodging

Located on the opposite side of West Loomis Road, across from The Rock, is the recently constructed five-story, 100-room Hampton Inn. From discussions with the property owner the hotel opened in August 2015, which was somewhat behind schedule. The hotel is currently in the process of stabilizing, a period that ownership believes will take approximately three years based on their experience in the hotel industry. The owner is fairly confident the hotel will reach stabilization within the projected three-year period and a full season of exposure to The Rock complex and planned events there should help increase average daily rates.

The owner of the Hampton Inn did indicate he would have an interest in developing a future hotel in the neighborhood if the baseball stadium and indoor facility were constructed. He believes these two facilities (with the indoor facility being the main year-round driver) would increase the demand for additional hotel space in the immediate area. He did indicate that though there may be demand for a second hotel, once the recreational facilities are completed, that there most likely would not be demand for a third hotel of a similar size (approximately 100 rooms). It was noted that there are too many other opportunities for hotels with superior locations (i.e. closer to the airport), where a third hotel in the subject's immediate area would be desired.

Per the referenced Market Feasibility Study (C.H. Johnson Consulting, Inc.), there are approximately 99 lodging facilities within a 20 mile radius of the subject offering a total of approximately 12,000 rooms. However, the only other chain hotel within the City of Franklin is the 114-room Staybridge Suites (constructed in 2009), which is located approximately seven miles southeast of the subject property. There are a number of chain hotels located within a pocket near the General Mitchell International Airport, approximately six miles east of the subject.

From discussions with the owner of the existing Hampton Inn, it was indicated that the Staybridge and the cluster of hotels located near the airport are the primary competition for this property. Any future hotel development at the subject property would likely have a similar competitive set. Per an Milwaukee Airport Monthly STAR Report (dated August 2015), the average occupancy of the competitive set for the trailing 12 months was 68.2 percent, while the ADR was $91.12, resulting in a RevPAR of $62.13 for the T12 period. The competitive set is comprised of the LaQuinta Inn & Suites, Hampton Inn, Comfort Suites, Holiday Inn Express, and Fairfield Inn & Suites. The T12 occupancy and ADR figures, and resulting RevPar figures have each increased in the past three years. Therefore, given the amount of room nights to be generated the proposed baseball stadium, and lack of existing lodging facilities within the City of Franklin, a lodging use within close proximity to the facility could capture a majority of the overnight visitors along with the existing Hampton Inn facility.

Based on number of overnight rooms anticipated to be generated by the baseball stadium, a number that would increase with an indoor facility with year-round use, and the general discussions with the abutting Hampton

Inn owner, it appears that there would be additional demand for hotel space if the Ballpark Commons were to be developed. Given, the lack of recent success at the neighboring Hampton Inn, which can somewhat be attributed to the delayed opening, it is difficult to forecast demand for a significant amount of hotel rooms within the immediate area. It appears there may be demand for an additional similarly sized hotel within the immediate area, however, the other area lodging facilities (located approximately seven miles from the subject property) help to satisfy the demand of current and proposed operations. Additionally, any future hotel development should potentially be phased in after the existing Hampton Inn facility nears a stabilized level of operations.

Financial Feasibility

We have performed a financial feasibility test for retail, office, and lodging type uses. The retail analysis includes general restaurant type uses. For purposes of comparison we have analyzed each of the proposed uses on a per square foot basis. Each of the property types are subject to a set of assumptions. It should be noted, based on the specific use and/or user the base construction costs could vary significantly, especially for a retail or restaurant type users.

We have performed both a Front Door Analysis (from market rental rates to justified costs) as well as a Back Door Analysis (from costs to construct new to justified market rental rates) for the potential uses at the subject property utilizing the assumptions detailed previously. As shown in the table on the following page retail type use is a financially feasible use for the subject property that would be supported by the marketplace. Given the current market condition, current rental rates achieved in the marketplace for office and lodging type properties, these rates do not justify costs of new construction. However, construction costs for an office user could be justified in a built-to-suite scenario where a lease rate would be a function of the total costs.

Though current market conditions do not indicate a lodging use to be financially feasible, it appears there could be future demand if the proposed baseball stadium and indoor facility are constructed. Based on current construction costs if a RevPar of approximately $70.00 (or $8.00 higher than the current competitive set) could be achieved, then the lodging use becomes financially feasible. An increase in RevPar could come from an increase in occupancy, an increase in ADR, or a combination of the two. If the baseball stadium and indoor facility are constructed, it is likely the occupancy variable could be the one to increase. As previously mentioned, the RevPar of the competitive set, which is comprised of a set of five hotels located near the airport, has increased by approximately $4.00 each of the past two years. It is likely that any future hotel development should potentially be phased in after the existing Hampton Inn facility nears a stabilized level of operations.

Based on the above analyses, current market conditions support retail uses as a financially feasible use, while office and lodging uses are not currently financially feasible.

FINANCIAL FEASIBILITY TEST

Front Door Analysis

Rent to Cost	Retail		Office		Lodging	
Market Rent / SF	$	25.00	$	10.00	$	43.10
Land Subtraction (15%)	15%		15%		15%	
Market Rent Pre-Land	$	21.25	$	8.50	$	36.64
SF / Unit		1.00		1.00		1.00
PGI	$	21.25	$	8.50	$	36.64
Market Vacancy		7.50%		10.00%	-	
EGI	$	19.66	$	7.65	$	36.64
Operating Expenses		3.00%		3.00%		70.00%
Annual NOI	$	19.07	$	7.42	$	10.99
Capitalization Rate		7.00%		8.50%		8.75%
Est. Stabilized Value	$	272	$	87	$	126
Justified Cost / SF	**$**	**272**	**$**	**87**	**$**	**126**

Back Door Analysis

Cost to Rent	Retail		Office		Lodging	
Cost / SF (MVS)**	$	200	$	175	$	150
Land Addition (15%)	$	230	$	201	$	173
SF / Unit		1.00		1.00		1.00
Total Cost / Unit	$	230	$	201	$	173
Capitalization Rate		7.00%		8.50%		8.75%
NOI	$	16.10	$	17.11	$	15.09
Operating Expenses		3.00%		3.00%		70.00%
EGI	$	16.60	$	17.64	$	50.31
Market Vacancy		7.50%		10.00%	-	
PGI	$	17.94	$	19.59	$	50.31
Justified Rent / SF	**$**	**17.94**	**$**	**19.59**	**$**	**50.31**

***Includes 15% Entrepreneurial Profit on top of base costs from Marshall Valuation Services.*

Please note that the rationale for how the opinions and conclusions set forth in this summary may not be understood properly without additional information that is thoroughly discussed within the main report.