Moscone Expansion District
Management District Plan

Formed Under California Streets and Highways Code Sections 36600 et seq. "Property and Business Improvement District Law of 1994," Augmented by Article 15 of the San Francisco Business and Tax Regulations Code

Submitted to

The Moscone Expansion District Advisory Committee

The Hotel Business Owners and Operators of the Proposed Moscone Expansion District

The San Francisco Board of Supervisors

Updated November 14, 2012

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Moscone Expansion District

Introduction and Background

In 2008, the San Francisco hotel community and the Board of Supervisors approved the San Francisco Tourism Improvement District (*TID*), which authorized a small assessment on tourist hotel room revenue in order to fund promotion of the City and County of San Francisco (*City*) as a meeting and tourism destination. The TID assessment also raised funds for the renovation of the Moscone Convention Center, and for exploration of its potential expansion.

In the years since, increased sales, marketing and promotion have helped transform San Francisco's hotel room market into one of the healthiest in the country as measured by increases in year-over-year average daily room rates (*ADR*) among the top 25 destinations[1].

In addition, we are proud to report that a public/private partnership, consisting of the TID, industry stakeholders, and City agencies, has successfully completed a $56 million renovation of the Moscone Convention Center, a major generator of hotel room demand, on time and on budget. The portion of the TID assessment allocated to renovation of the Moscone Convention Center is set to expire at the end of 2013.

The TID has also begun to address the need to expand the Moscone Convention Center. In a city in which convention attendees and exhibitors comprise nearly 30% of overnight hotel guests,[2] a healthy meetings and tradeshow market is vital to maintaining occupancy and room rates. Because large conventions generally make destination decisions 5 to 15 years in advance, convention room-blocks are the base upon which hotels layer mid- and short-term business, essentially locking in a foundation of business a decade or more in advance.

However, the existing three-building configuration of Moscone Center is effectively filled to capacity; it is occupied an average of 70% of any given year, essentially full when factoring in holidays and move-in/move-out days. Therefore, it is impossible to significantly grow the San Francisco convention market without providing additional meeting and exhibit space. Further, major customers have told us that in addition to needing more space, they need more contiguous space than the existing facilities can offer.

The Moscone Expansion District (*MED* or the *District*) provides the mechanism for this effort. If approved by the hotel community and the Board of Supervisors, this assessment will help fund the design, engineering, planning, entitlements, and

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[1] Smith Travel Research (STR) Monthly Hotel Review, December 2011 (refers to percent change in Average Daily Rate (ADR), Revenue Per Available Room (RevPAR) and Rooms Revenue between the calendar year 2011 vs. 2010.

[2] San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" *[Page 4, "Percent Group Meeting", 2011]*

construction of the proposed expansion of Moscone Convention Center. The improvements contemplated are estimated to cost up to $500 million.

Project Description
The Moscone Center Expansion Capital project (the *Project*) is managed through a public/private partnership between the City and the hotels participating in MED. The MED will partner with the City in financing the Project, which currently includes reconfiguring the North and South exhibit halls to create up to 550,000 gross square feet (gsf) of contiguous exhibit space (including supporting "pre-function" space), a new 35,000 – 75,000 gsf ballroom, up to 200,000 gsf of meeting space, and up to 100,000 gsf of loading/service space. In addition to adding space to the current convention facilities, the proposed expansion will include improvements to landscaping, urban design, and streetscape within and adjacent to the Moscone Convention Center campus. The MED will finance many of the soft costs related to the Project including, for example, architectural and engineering design, construction management/general contractor, project management, consulting fees, legal fees and debt service. The MED will also finance a portion of the general construction costs, which will also be financed with City funds.

If, over the life of the District, excess funds are raised within the maximum assessment collection allowed in the Management District Plan for the life of the district, but beyond what is required for the Project, including required debt service to pay any bond, financing lease (including certificates of participation) or similar obligations to the City, the board of directors of the "owners association" governing the District may, in consultation with the City, allocate those funds toward financing additional development, expansion, renovation, or capital improvements to the Moscone Center Campus. The City owns the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities and improvements financed by District and City funds.

The MED will partially fund the repayment of bonded indebtedness, financing lease (including principal and interest on any certificates of participation executed therein), or other similar obligations (the "Bonds"), together with any related professional consulting, architectural and other professional fees and issuance costs required for the construction of the Moscone Expansion. The MED will also provide funding for convention business attraction efforts including (a) a Convention Incentive Fund, to be used to help attract important meetings to San Francisco by offsetting convention center rental, a practice used by many other cities that compete with San Francisco for major convention business, (b) increased, targeted sales and marketing of convention business, (c) a capital reserve fund for future improvements and upgrades to Moscone Center, and (d) funds for costs incurred in the formation and for the administration of the District.

Project Oversight

The Department of Public Works (*DPW*) has direct fiscal oversight on the expenditure of public funds. DPW has the primary responsibility for overseeing the expenditure of funds related to construction and support services. The Office of Economic and Workforce Development (*OEWD*) will oversee expenditures related to pre-development costs, such as environmental review and entitlements.

In addition, DPW will provide oversight of MED funds spent on development and renovation activities within the MED budget, since they are being used for a City-owned building. All RFPs with respect to design and construction activities issued by the MED for the project will be reviewed by DPW.

The City and the MED will enter into a Memorandum of Understanding that will outline specific roles and responsibilities for the management of the Moscone Expansion Project.

Together, these efforts will help maintain and grow San Francisco's hotel room market well into the future. Without them, the City faces the continued loss of large conventions that have outgrown the current, non-contiguous Center; additional losses of groups that will outgrow it in the coming years; and losses from smaller groups that could book one building in the Center, but cannot currently find space due to lack of capacity.

TABLE 1

Executive Summary of Moscone Expansion District

FEATURE	SUMMARY EXPLANATION
Name of District	Moscone Expansion District ("MED" or the "District")
Purpose of the District	To expand the George S. Moscone Convention Center in San Francisco, California. The existing convention center is increasingly too small and provides insufficient contiguous space for certain convention customers. An expansion of the facility, including an increase in contiguous space, will help attract and retain more and larger conventions to the Moscone Center, providing benefits to hotels within the District by generating additional revenue from increased room nights, rates, and related hotel guest spending. In furtherance of providing benefits to hotels within the District, assessment funds will also be used for a Convention Incentive Fund, to help attract significant meetings to San Francisco; a Moscone Center Sales and Marketing Fund, to promote the convention center to meeting, convention and event planners; a Capital Improvements and Renovations Fund, to cover future upgrades and improvements of Moscone Center; and for administration of the District, including funds for an operating contingency and for reimbursement of District formation costs. Assessment funds, if available, will also be used to fund additional development, expansion, renovation, and capital improvements to the Moscone Center Campus. Benefits from the planned expansion will accrue to tourist hotels within the District boundaries. Zone 1 hotels will pay a higher assessment than Zone 2 hotels because the estimated benefits to Zone 1 hotels is expected to be greater. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City's transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 via "compression" *i.e.,* studies show that increased convention activity generates higher demand for the limited supply of hotel rooms in Zone 1, which in turns increases demand

FEATURE	SUMMARY EXPLANATION
	for hotel rooms in Zone 2, increasing both occupancy and room rates within Zone 2.
Assessed Businesses and Boundaries of the District	The District shall include all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas: Zone 1: Tourist hotels with addresses: • On or east of Van Ness Avenue • On or east of South Van Ness Avenue, and • On or north of 16th Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16th Street as if it continued east to the Bay. Zone 2: Tourist hotels with addresses: • West of Van Ness Avenue and South Van Ness Avenue, and • South of 16th Street. The boundaries of Zones 1 and 2 of the MED are identical to the boundaries of Zones 1 and 2 of the TID. A map of the District and a list of existing tourist hotels within the District are set forth in the Management District Plan. Because this is a business-based District, tourist hotels that open for business within the District in the future will also be subject to the assessment.
Improvements and Activities, including categories of expenditures	• Planning, design, engineering, entitlement, construction, project management and related services for expansion of the Moscone Convention Center, including related payments for any bond, financing lease (including certificates of participation) or similar obligations of the City. • Funding of a Moscone Convention Center Incentive Fund, which will be used to attract significant meetings, tradeshows and conventions to San Francisco via offset of rental costs.

FEATURE	SUMMARY EXPLANATION
	• Funding of a Moscone Convention Center Sales & Marketing Fund to provide increased funding for sales and marketing of convention business, with a focus on generating increased revenues for hotels that pay the assessment. • Funding of capital improvements and renovations, including a capital reserve fund to cover future upgrades and improvements to the Moscone Convention Center. • Allocation of funds to pay for District formation, operation and administration, and to establish and maintain a contingency reserve. • In consultation with City, funding of expenses for development and implementation of future phases of expansion, renovations or capital improvements if there are funds available in excess of those needed for the Project.
Assessments and Assessment Methodology	Tourist hotels within the District will pay assessments based on the following formula. During the life of the District, the benefits that will accrue to each assessed business within each zone will correlate directly to the rate of assessments in that zone. Zone 1: • With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment through December 31, 2013, the assessment shall be 0.50% of gross revenue from tourist rooms. • With respect to gross revenue from tourist rooms generated beginning January 1, 2014 until the termination of the District, the assessment in Zone 1 shall be 1.25% of gross revenue from tourist rooms. Zone 2: • With respect to gross revenue from tourist rooms

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	generated during the period beginning with commencement of the assessment until the termination of the District, the assessment shall be 0.3125% of gross revenue from tourist rooms. Annual revenues generated from assessments will fluctuate over the life of the District based on actual gross revenues from tourist rooms, subject to the maximum assessment set forth in the Management District Plan. The assessment formula is designed to levy assessments on the basis of the estimated benefits that will accrue to the tourist hotels within the District. "Gross revenues from tourist rooms" is defined in the Management District Plan. It is anticipated that the District will enter into an agreement with the San Francisco Tax Collector's Office for collection of the assessment and for certain enforcement functions.
Maximum Collections	No more than a total maximum of $5,766,814,000 in assessment funds will be collected during the 32-year term of the MED. The maximum allowable assessment to be levied annually for the duration of the MED is set forth in the Management District Plan. Each year's maximum annual assessment reflects a potential 10% increase over the previous year. **It should be noted that these are maximum annual collections *allowed* under this plan; actual annual collections may be significantly less, depending on market conditions.**
Financing Activities	It is anticipated that in connection with financing of all or a portion of the District's improvements and activities, the City will issue bonds, financing lease (including certificates of participation) or similar obligations, and that District funds will be used in furtherance of repayment of those obligations. It is expected that the Bonds will be issued in 2017 to fund expansion-related activities.
Duration of District	The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the

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	first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the *Commencement Date*). The term of the district is 32 years after the Commencement Date.
Formation	Formation of the District requires submission to the San Francisco Board of Supervisors of written petitions signed by the owners of tourist hotels in the District that will pay more than 30% of the assessments proposed to be levied. After submission of those petitions, the San Francisco Board of Supervisors may approve a resolution of intention to form the District. If this Resolution of Intention is approved by the Board of Supervisors, the City's Department of Elections will mail out assessment ballots to all tourist hotels that would be subject to assessment in the proposed District. During the special ballot election period tourist hotels within the District will be entitled to vote based on a weighted-voting formula. If tourist hotels representing at least 50% of the total estimated assessments proposed to be levied on all tourist hotels in the District cast ballots, and at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, the Board of Supervisors will vote on whether to establish the District and levy the assessments. The "Weight" calculated for the petition vote and ballot election is determined by the assessment each tourist hotel will pay into the district compared to the total assessments estimated to be collected in year one. Year one maximum assessment collection estimates are based on 12 months of projected collections at the assessment formula of 1.25% and 0.3125% for tourist hotels located in Zones 1 and 2 respectively, calculated on the assessable gross room revenue from tourist rooms of calendar year 2011 as reported by hotels. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2011 assessable gross room revenue from tourist rooms in relation to its portion of the total MED assessment. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

FEATURE	SUMMARY EXPLANATION
Management of the District	The District will be managed by the non-profit San Francisco Tourism Improvement District Management Corporation *("SFTIDMC")*, the same organization that manages the San Francisco Tourism Improvement District.
City Contribution to Costs of Expansion	The City & County of San Francisco, subject to approval of the Board of Supervisors, will commit the following towards the repayment of Bonds issued in connection with the $500 million Project: • Contribution of $8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to cap of $10.7 million, with a continuing contribution of no less than $10.7 million per year for the remainder of the term of the District (the City's "*Base Contribution*"). • In addition, the City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in this plan. • For purposes of this Project, "shortfall" means a fiscal year's debt service not covered by (a) the MED allocation to debt, plus (b) the City's $8.2 million - $10.7 million contribution. City contributions will partially fund the repayment on any bonded indebtedness or financing lease (including principal and interest on any certificates of participation) issued to finance related professional consulting, architectural and other professional fees and issuance costs, or similar obligations issued or incurred in connection with the expansion, together with a portion of the hard construction cost. The project will be built using an alternative project delivery method called Construction Manager/General Contractor (CM/GC). The MED will select the CM/GC, with input from the City, and the MED will fund the cost of the CM/GC. The City will expend construction costs by procuring, pursuant to the City's contracting rules, and paying for the trade contractors. The trade contractors will be overseen by the CM/GC funded by the MED. The City

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	is the owner of the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities financed by District and City funds.
Flow of Funds	The City will collect MED revenues from hotels, withhold funds from those revenues allocated to Development Activities in the Plan necessary to pay debt service, fund the Stabilization Fund and Sinking Fund, and fund repayment of the City's contribution toward shortfall in debt service costs from prior years, and transfer to the MED the portion of revenue per the allocation outlined in the Management Plan.
Surpluses	For purposes of this plan, "Surpluses" mean any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, *i.e.,* excluding the City Contribution toward debt service outlined above. Surpluses shall be applied as follows: 1. To fund a Stabilization Fund of up to $15,000,000, to be drawn upon in any year when lower than expected MED collections cause MED's contributions toward debt service to be lower than the sum set forth in cash flow projections with respect to the debt service for the Project; then 2. To fund a Sinking Fund in an amount equal to annual debt service beyond expiration of the District term less City Contribution; then 3. To the City as repayment for the City's contribution toward shortfall in debt service costs from prior years, *i.e.,* City contributions, if any, in excess of the City's Base Contribution as outlined above; then 4. To the MED to fund future development, expansion, renovation, and capital improvements to the Moscone Center Campus. 5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for debt service, i.e., upon final maturity of the debt instruments, shall be distributed to MED or its successor, in consultation

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	with the City and the San Francisco Travel Association or its successor, for use consistent with part 4, above. Notwithstanding the foregoing, with respect to funds allocated to the above funds 1 through 3, the City shall have the sole discretion to apply Surpluses among those three funds in the order it deems in the best interests of the City.

Name of District
The District shall be known as the Moscone Expansion District ("MED" or the "District").

Purpose of the District
The District will be formed in order to expand the George S. Moscone Convention Center in San Francisco, California to provide funding to attract significant meetings, tradeshows and conventions, and provide for significant future improvements and upgrades.

Why Expand Moscone Convention Center?
Moscone Convention Center is a primary driver of hotel room demand in San Francisco. However, Moscone Center is the smallest among 13 convention centers that are most competitive with it, particularly in terms of saleable exhibit space.[3] Among this same set, convention centers in at least two cities, Los Angeles and San Diego, have completed expansion or are in the process of expanding, while at least one, Las Vegas, is putting substantial capital into renovating the public spaces in and around its convention center.

Meeting planners regularly report record attendance when holding events in the City, compounding the need for additional space. San Francisco ranks particularly favorably among international convention attendees due to the large amount of direct air service. In addition, San Francisco's position as a gateway to Asia bodes well for technology and medical meetings in particular, which attract growing numbers of Asian attendees[4].

However, if Moscone Center is not expanded, San Francisco stands to lose a number of current conventions that will outgrow the existing center, won't win back meetings that have already left due to size constraints, and will lose small meetings that currently cannot be accommodated in one or two of the existing three-building campus due to lack of available dates.

In addition, meeting planners have reported that the current lack of contiguous space is a serious detriment to their ability to book Moscone Center and San Francisco.

In fact, San Francisco has already lost meetings representing $2,057,000,000 in direct spending as a result of space issues, for meetings with dates between 2010 and 2019. These events instead booked convention centers in Chicago, Las Vegas, San Diego and other cities, taking with them delegate spending, tax revenue and other economic impact.[5]

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[3] Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis" *[Page 29]*
[4] Jones Lang LaSalle Hotels, "Moscone Convention Center Expansion Cost Benefit Analysis" *[Page 35]*
[5] Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Cost Benefit Analysis" *[page 23]*
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Benefits from Moscone Center Expansion
The planned expansion of the Moscone Center will be financed via a partnership between the tourist hotel community and the City. The tourist hotel community will pay its share of expansion-related costs out of District assessments. The City will pay its share of expansion-related costs out of general fund revenues or other funds and sources. The District and City will each pledge revenues to pay principal, interest and related financing costs on payments of any bond, financing lease (including certificates of participation), or other similar obligations of the City that will be issued to facilitate the expansion. Based on this shared-cost scenario, the tourist hotels within the District will derive economic benefits from the portion of the expansion paid for with District assessments. The City will derive economic benefits in return for its financial commitment. The benefits that are unique to the hotels, and the other benefits, are described below.

Benefits to Hotels that Pay the Assessment
Expansion of Moscone Center will generate benefits for tourist hotels within the District that will pay the assessment, which will not accrue to those not charged. Industry studies demonstrate that expansions of convention centers in markets competitive with San Francisco generate growth in hotel "RevPAR" (revenue per available hotel room). Consistent with that finding on a national basis, past expansions of Moscone Center have led to higher real RevPAR growth for San Francisco hotels. Studies indicate that increased convention attendance arising from this new, proposed expansion of Moscone Center, combined with the incentive fund and targeted sales and marketing expenditures designed to maximize lodging performance, will generate increased hotel demand, with a positive impact on RevPAR via higher hotel occupancy rates and average daily room rates.[6] Assessed businesses, therefore, receive the benefit of higher yields, derived through the practice of maximizing revenue based on predictable demand. Studies also indicate that in addition to increased occupancy and room rates, hotels in the District will also derive increased revenues from their ancillary facilities, such as hotel restaurants, bars, meeting space and spas.[7] Further, hotel values are likely to be directly enhanced or increase by the completion of the Moscone Convention Center proposed expansions.[8]

Zone 1 hotels will pay a higher assessment than Zone 2 hotels because it is expected that Zone 1 hotels will achieve a greater positive impact on RevPar. Zone 1 hotels are located within a defined geographic proximity to Moscone Center, and are readily accessible to the Moscone Center and its surrounding area via the City's transportation infrastructure. Proportional benefits will accrue to tourist hotels in Zone 2 directly, and via "compression," *i.e.,* when groups using Moscone Center fill tourist hotel rooms in Zone 1 (increasing their occupancy and average daily rate),

[6] Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [*§5.2]*
[7] Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [*§5.2]*
[8] Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Impact" [*§1.3]*

the data show that other bookings, such as transient commercial, group tour, and leisure visitor business, are pushed into tourist hotels in Zone 2 (increasing occupancy and average daily rate at those hotels). In sum, hotels in Zone 1 are expected to receive approximately three times RevPAR benefit, and four times profit per available room, as compared to hotels in Zone 2.[9] This differential, which also manifests in a different rate of increase in hotel values between the two zones, provides the basis for structuring two levels of assessment.

Other Economic Benefits
In return for the City's financial contribution to the expansion of Moscone Center, it is expected that increased convention activity will generate increased economic activity in the City. In 2011, activity from meetings, conventions and trade shows accounted for $1.8 billion in spending in the City[10]. Expert projections, based on studies of expansions in competitive markets and on past expansions of Moscone Center, indicate that expansion of Moscone Center will generate additional economic activity in the form of increased spending for local businesses and increased tax revenue for the City.[11]

A Record of Success: The San Francisco Tourism Improvement District
The expansion will be managed by an experienced team that includes the San Francisco hotel community, the City and County of San Francisco, the managers of Moscone Convention Center, and the San Francisco Travel Association, which is responsible for marketing convention center space.

This team collaborated to create the San Francisco Tourism Improvement District in 2008, increasing funding to sell, market, and promote the City as a visitor destination. Funds were also used to renovate the Moscone Convention Center and to explore its expansion in light of competitive pressures.

The renovation, completed in May 2012, was accomplished on time and on budget. Much-needed repairs were made to both Moscone South (opened in 1981) and Moscone North (opened in 1992), neither of which had seen any significant capital improvements. New way-finding signage, energy efficient lighting and HVAC systems, upgraded bathrooms, new paint and carpet, and Center-wide wireless access have vastly modernized the complex.

The issues of size and contiguous space remain serious obstacles, however, and led the SFTID to commission two separate studies, from Economic Research Associates/AECOM in 2010, and Jones Lang LaSalle Hotels (JLLH) in 2012. For these studies, a comprehensive set of data was gathered, including:

- Competitive convention center information

[9] Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecasting Study" [*§1.3]*
[10] San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011" *[Page 4, "Grand Total: Convention Impact", 2011]*
[11] Jones Lang LaSalle Hotels "Moscone Convention Center Expansion Cost Benefit Analysis" *[§6.8]*

- Interviews with major Moscone Convention Center users
- Analysis of Lost Business Reports generated by San Francisco Travel
- Trends in the meetings market

The ERA/AECOM study showed that, without additional exhibit space, the number of Moscone Convention Center-based meetings will decline as larger groups move to other cities with more space, and as smaller groups are unable to book space due to lack of availability. The JLLH report is studying various expansion scenarios.

An advisory committee has been formed to provide industry input from the assessed tourist hotels. It includes representatives of the San Francisco Tourism Improvement District Management Corporation (*SFTIDMC*) Board of Directors, representatives appointed by the Hotel Council of San Francisco, and representatives of City government.

In addition to funding Moscone Convention Center expansion, the District will fund a Convention Incentive Fund, which will be used to attract significant meetings, conventions and tradeshows to San Francisco. In the increasingly competitive convention market, many first tier cities (and several second and third tier cities, as well) provide convention center rental offsets in order to attract meetings with significant economic impact. San Francisco has made similar funds available in the past, and will be at a competitive disadvantage without the continuation of these funds. The District will also fund a Moscone Center Sales and Marketing Fund, for the purpose of generating increased revenue for hotels that pay the assessment by promoting the convention center to meeting, convention and event planners, and a Capital Improvements and Renovations Reserve Fund, to cover future upgrades and improvements so that the Moscone Center buildings remain competitive with convention centers in other cities and do not once again fall into disrepair. Funds will also be allocated to build and maintain a contingency reserve, for costs related to formation of the District, and for the administration of the District, such as payment to the City's Treasurer and Tax Collector for the costs of collecting, enforcing, and distributing assessments, and payment for staff and professional services needed to run the District. Lastly, funds may be used to fund future development, expansion, renovation, and capital improvements of the Moscone Center campus.

Assessed Businesses and Boundaries of the District
This will be a business-based district that shall include all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas:

Zone 1: Tourist hotels with addresses:

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 16th Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16th Street as if it continued east to the Bay.

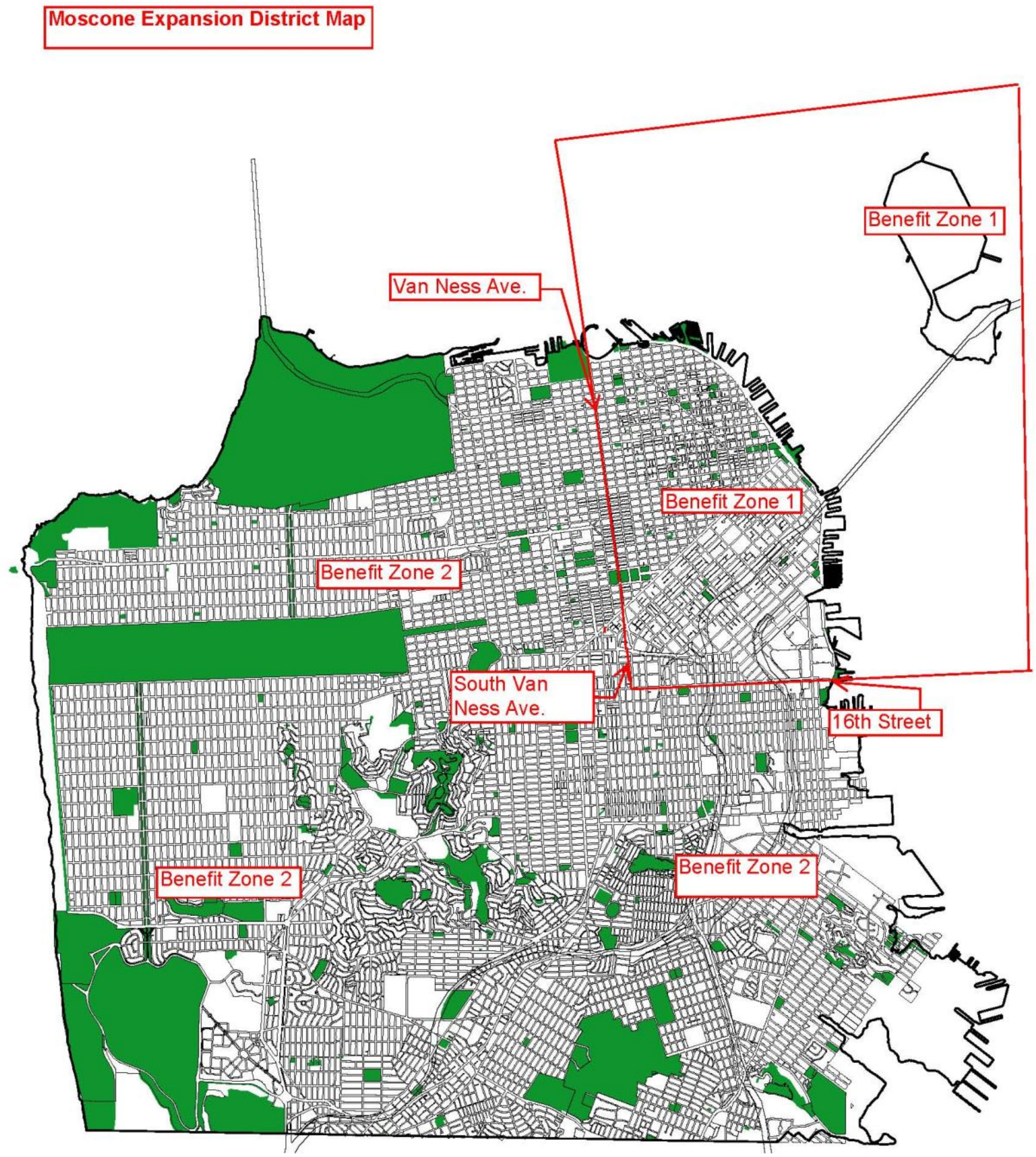
Zone 2: Tourist hotels with addresses:

- West of Van Ness Avenue and South Van Ness Avenue, and
- South of 16th Street.

The boundaries of Zones 1 and 2 of the MED are identical to the boundaries of Zones 1 and 2 of the Tourism Improvement District.

Because they will benefit from the improvements and activities funded by the District, and because this is a business-based district, future tourist hotels that open for business within the District will also be subject to the assessment.

Map of the District



Proposed Annual Operating Budget, including Improvements and Activities, and categories of expenditures

(The FY 2013/14 projected budget is set forth below.[12] Annual budgets for subsequent years will be outlined in annual reports prepared by SFTIDMC and submitted to the Board of Supervisors as required by applicable law.)

Improvements and Activities	*Percent of Budget Allocated to Types of Activities*	*Budget*
<u>Development Activities</u> • Planning, design, engineering, entitlement, project management and related development services for the Project, which it is projected will include reconfiguration of existing non-contiguous space to create up to 550,000 gsf of contiguous exhibit space, and new meeting rooms, ballroom, and loading and service spaces. • Construction costs for of the expansion of the Moscone Convention Center as noted above. • Financing costs related to the Project, including those associated with the payments of any bond, financing lease (including certificates of participation), or other similar obligations of the City.	87.5%	$16,915,500
<u>Renovation Activities</u> • Funding of a capital reserve to pay for **future renovations of and improvements to** the Moscone Convention Center complex, to include capital improvements, but not including general maintenance or general repairs. • Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a majority vote of the board of directors of the MED owners association.	1%	$193,320

[12] The FY 2013/2014 projected annual budget assumes that the District Commencement Date is no later than July 1, 2013, and thus reflects a full twelve months of assessment revenue. The proportionate allocation of District funds among budget categories for the life of the District is set forth in Table 2.

<u>Convention Business Attraction Activities</u> • Funding of a **Moscone Convention Center Incentive Fund** (*MCCI Fund*), which will be used to attract significant meetings, tradeshows and conventions to San Francisco. • Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a majority vote of the board of directors of the MED owners association. • Funding of a **Moscone Convention Center Sales and Marketing Fund,** to be used by San Francisco Travel Association in the sales, marketing and promotion of the Convention Center to meeting, convention and event planners and customers. These funds will augment current general convention promotional funding, and will be used to generate increased revenue for hotels that pay the assessment via targeted sales and marketing of the Convention Center to clients who can book some or all of the space. • Funds for this category will be allotted beginning in year 5. • Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a majority vote of the board of directors of the MED owners association.	9% 0%	$1,739,880 $0
Administration of the MED and Operating Contingency Reserve These funds will be used to cover administrative costs and expenses related to the operation and administration of the District, including, for example: • Payment of the operational and administrative expenses of SFTIDMC in its capacity as owners association of MED • Reimbursement of the cost of services and other expenses to the City Treasurer and Tax Collector, the Office of the City Attorney, the Controller's Office, and other City departments for audit, collection, enforcement, and disbursement of the assessment, and related administrative functions. • Administration, assessment and enforcement functions related to the MED assessment, which are contingent on the management contract between the City and the MED. • Surplus funds in this category at the conclusion of any year may be transferred to other MED categories of expenditures upon a	2.5%	$483,300

majority vote of the board of directors of the MED owners association.		
Total	***100%***	$19,332,000

Surpluses
Any Surpluses (defined in this Plan as "any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, i.e., excluding the City Contribution toward debt service") shall be applied as outlined in the "Surpluses" section of this Plan.

Formation Costs
In year 1 of the MED, up to $685,000 to cover costs incurred in forming the District (*Formation Costs*) may be allocated. Formation Costs eligible for recovery through assessments include actual costs incurred by the MED steering committee, the San Francisco Tourism Improvement District, San Francisco Travel Association, and by the City and County of San Francisco arising out or of or related to the formation process. Such reimbursable Formation Costs include, for example, costs arising out of or related to (a) the costs of preparation of the management district plan and engineer's report or other expert reports required by state law or to be included with the management district plan (b) the costs of circulating and submitting the petition to the Board of Supervisors seeking establishment of the District, (c) the costs of printing, advertising and giving of published, posted or mailed notices, (d) the costs of engineering, consulting, legal or other professional services provided in support of formation of the District, including, for example, project management of the formation process, contract negotiation and drafting, and the provision of legal advice and representation with respect to formation of the District, (e) costs of any ballot proceedings required by law for approval of a new assessment, (f) set up of the MED assessment billing and collection systems by the City and County of San Francisco, including reimbursement of actual costs by the City Treasurer and Tax Collector, and (g) related consultant and attorney fees, consistent with Section 1511(d) of the San Francisco Business and Tax Regulations Code. The basis for determining the amount of Formation Costs payable by the MED assessment shall be actual costs incurred. Legal fees and related costs incurred in connection with the validation of debt issuance and of the related establishment of MED and levy of assessments, including related legal proceedings, shall be paid for by District revenues and shall not be considered "Formation Costs."

TABLE 2

Proportionate allocation of District funds among budget categories over the life of the MED

Year	Fiscal Year	Expansion/ Development/ Allocation	Incentive Fund Allocation	Convention Sales/Mktg Fund Allocation	Cap Reserve Fund Allocation	Admin/Cont/ Reserve Allocation	Total
1	2013/14	87.5%	9%	0%	1%	2.5%	100%
2	2014/15	87.5%	9%	0%	1%	2.5%	100%
3	2015/16	87.5%	9%	0%	1%	2.5%	100%
4	2016/17	87.5%	9%	0%	1%	2.5%	100%
5	2017/18	86.5%	9%	1%	1%	2.5%	100%
6	2018/19	86.5%	9%	1%	1%	2.5%	100%
7	2019/20	86.5%	9%	1%	1%	2.5%	100%
8	2020/21	86.5%	9%	1%	1%	2.5%	100%
9	2021/22	86.5%	9%	1%	1%	2.5%	100%
10	2022/23	82.5%	8%	1%	6%	2.5%	100%
11	2023/24	82.5%	8%	1%	6%	2.5%	100%
12	2024/25	82.5%	8%	1%	6%	2.5%	100%
13	2025/26	82.5%	8%	1%	6%	2.5%	100%
14	2026/27	82.5%	8%	1%	6%	2.5%	100%
15	2027/28	82.5%	8%	1%	6%	2.5%	100%
16	2028/29	82.5%	8%	1%	6%	2.5%	100%
17	2029/30	82.5%	8%	1%	6%	2.5%	100%
18	2030/31	82.5%	8%	1%	6%	2.5%	100%
19	2031/32	82.5%	8%	1%	6%	2.5%	100%
20	2032/33	82.5%	8%	1%	6%	2.5%	100%
21	2033/34	82.5%	8%	1%	6%	2.5%	100%
22	2034/35	82.5%	8%	1%	6%	2.5%	100%
23	2035/36	82.5%	8%	1%	6%	2.5%	100%
24	2036/37	82.5%	8%	1%	6%	2.5%	100%
25	2037/38	82.5%	8%	1%	6%	2.5%	100%

Year	Fiscal Year	Expansion/ Development/ Allocation	Incentive Fund Allocation	Convention Sales/Mktg Fund Allocation	Cap Reserve Fund Allocation	Admin/Cont/ Reserve Allocation	Total
26	2038/39	82.5%	8%	1%	6%	2.5%	100%
27	2039/40	82.5%	8%	1%	6%	2.5%	100%
28	2040/41	82.5%	8%	1%	6%	2.5%	100%
29	2041/42	82.5%	8%	1%	6%	2.5%	100%
30	2042/43	82.5%	8%	1%	6%	2.5%	100%
31	2043/44	82.5%	8%	1%	6%	2.5%	100%
32	2044/45	82.5%	8%	1%	6%	2.5%	100%

Assessment and Assessment Methodology

<u>Assessment Method - Gross Revenue from Tourist Rooms</u>

Tourist hotels within the District will pay assessments on the basis of the estimated benefit to those hotels. Further, the assessments imposed will provide benefits to tourist hotels within the District that are not provided to businesses that do not pay the assessment, and will not exceed the reasonable costs of conferring those benefits. Those benefits, which will accrue from the portion of planned expansion of the Moscone Center paid for with the funds raised by the assessments and related MED activities and improvements, include increased RevPAR (revenue per available hotel room) in the hotels within the District, resulting from increases in such hotels' average daily room rates and occupancy rates arising from increased convention activity, and increased sales and marketing activity for the convention center designed to increase revenue to hotels that pay the assessment.

The assessment will be paid by tourist hotels within the District based on gross revenue from tourist rooms in those hotels, based on the following formula. During the life of the District, the benefits that will accrue to each assessed business within each zone will correlate directly to the rate of assessments in that zone.

Zone 1:

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment though December 31, 2013, the assessment shall be 0.50% of gross revenue from tourist rooms.

- With respect to gross revenue from tourist rooms generated beginning January 1, 2014, until the termination of the District, the assessment shall be 1.25% of gross revenue from tourist rooms.

Zone 2:

- With respect to gross revenue from tourist rooms generated during the period beginning with commencement of the assessment until the termination of the District, the assessment shall be .3125% of gross revenue from tourist rooms.

For purposes of calculating the MED assessment, “gross revenue from tourist rooms” means: the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom whatsoever. Gross revenue from tourist rooms will include only the following charges, regardless of how such charges are characterized:

a) Charges for a guest room (including non-refundable deposits) regardless of whether the guest uses the room;
b) Charges for additional guests to occupy the room;
c) Charges for guaranteeing the availability of a room (sometimes referred to as guaranteed “no-show” charges), regardless of whether the guest uses the room (excluding event attrition fees and event cancellation fees paid by event organizers)

For purposes of this plan, “tourist room” and “guest room” are used interchangeably.

Exemptions

The following charges and revenues shall be exempt from payment of the assessments:

a) Charges for guest rooms occupied by permanent residents, defined as: "Any occupant as of a given date who has or shall have occupied, or has or shall have the right of occupancy, of any guest room in a hotel for at least 30 consecutive days next preceding such date;”
b) Revenue from the lodging of airline crews, *i.e.,* lodging provided to airline cockpit and/or cabin crews pursuant to an agreement between a hotel and an airline, which is in furtherance of or to facilitate such crews’ performance of their jobs for the airline, including layovers between flights; or
c) The City’s Transient Occupancy Tax collected on the room rent and remitted to the City;
d) Revenue from the San Francisco Tourism Improvement District assessment established in 2008, including any renewals or extensions thereof;
e) Charges for guest rooms located in youth hostels that are owned and operated exclusively by and for non-profit entities;
f) Charges for guest rooms that are subject to the room rate exemption for the San Francisco Transit Occupancy Tax under Article 7, section 506(c) of the San Francisco Business & Tax Regulations Code, as amended from time to time; and
g) Charges for guest rooms located in non-profit, purely private social clubs that make guest rooms available only for the use of their members. The term “purely private social clubs” means non-profit, private membership clubs, whose primary purpose is social, which are owned by a limited membership, and which do not advertise or promote the use of their facilities by the

> public. Further, entities that allow guest rooms to be occupied by non-members, including via reciprocal arrangements with other clubs or organizations or upon referral of a member, shall not constitute "purely private social clubs" as defined herein.

The assessment formula will remain the same throughout the duration of the District. Annual revenues generated from assessments will fluctuate over the life of the District based on actual gross revenues from tourist hotel rooms, subject to the maximum assessment set forth in the Management District Plan. Any annual budget surplus or deficit will be rolled into the following year's MED budget.

Time and Manner of Collecting Assessments

The MED assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, as it may be amended from time to time, will be collected and enforced by the Treasurer and Tax Collector of the City (the *Treasurer and Tax Collector*). The Treasurer and Tax Collector shall transfer the assessment payments on a quarterly basis to the SFTIDMC, a non-profit corporation that is designated as the Owners Association for the District. The SFTIDMC will manage and administer the MED pursuant to a management contract with the City, as approved by the Board of Supervisors. The management contract will also include provisions identifying and defining procedures for collection and enforcement of the assessment, including, for example, hotel and recordkeeping requirements, audits, assessment of penalties and interest, claims, and refunds.

Number of Years Assessment will be Levied

As indicated elsewhere in this plan, the capital improvements to the Moscone Center will be financed, in part, by either bonds, financing lease (including certificates of participation), or other similar obligations of the City, to be paid by revenues from the MED and the City. The amount of debt service to retire the MED portion of the indebtedness shall not exceed the amount of revenue estimated to be raised from the assessment. For that reason, and because some of the assessment funds are allocated to expenses other than servicing such debt, the assessment will be levied for 32 years beginning with the Commencement Date. For example, if the Commencement Date is July 1, 2013, the assessment will be levied through June 30, 2045.

Total Maximum Amount of Annual Assessment Revenue

No more than a total maximum of $5,766,814,000 in assessment funds will be collected during the 32-year term of the MED. The maximum allowable assessment to be levied annually for the duration of the MED is set forth below in Table 2. Each year's maximum annual assessment reflects a potential 10% increase over the previous year. **It should be noted that these are maximum annual collections *allowed* under this plan; actual annual collections may be significantly less depending on market conditions.**

Financing for Moscone Expansion Improvements

Designated assessment funds will used to pay financing costs, including those associated with the issuance and payment of principal and interest on bonds, financing lease (including certificates of participation), or other similar obligations of the City to pay for the development costs associated with the Moscone Expansion Project, including planning, design, engineering, entitlement, project management and related development services, as well as construction of Moscone Expansion capital improvements.

TABLE 3
Maximum Amount of Annual Assessment Revenue

Year	Fiscal Year	Maximum Collections
1	2013/14	$19,332,000
2	2014/15	$29,597,500
3	2015/16	$32,557,000
4	2016/17	$35,812,500
5	2017/18	$40,388,500
6	2018/19	$45,528,500
7	2019/20	$50,188,000
8	2020/21	$55,207,000
9	2021/22	$60,727,500
10	2022/23	$67,356,500
11	2023/24	$74,648,000
12	2024/25	$82,112,500
13	2025/26	$90,324,000
14	2026/27	$99,356,500
15	2027/28	$109,293,000
16	2028/29	$120,222,500
17	2029/30	$132,244,000
18	2030/31	$145,468,000
19	2031/32	$160,015,000
20	2032/33	$176,017,000
21	2033/34	$193,619,000
22	2034/35	$212,981,000
23	2035/36	$234,279,500
24	2036/37	$257,707,500
25	2037/38	$283,478,500
26	2038/39	$311,826,500
27	2039/40	$343,009,000
28	2040/41	$377,310,000
29	2041/42	$415,041,000
30	2042/43	$456,545,500
31	2043/44	$502,200,500
32	2044/45	$552,420,500
		$5,766,814,000

Implementation Timeline

Formation

Formation of the District requires submission to the San Francisco Board of Supervisors of written petitions signed by the owners of tourist hotels in the District that will pay more than 30% of the assessments proposed to be levied. After submission of those petitions, the San Francisco Board of Supervisors may approve a Resolution of Intention to form the District. If this Resolution of Intention is approved by the Board of Supervisors, the City's Department of Elections will mail out assessment ballots to all tourist hotels that would be subject to assessment in the proposed District. During the special ballot election period, tourist hotels within the District will be entitled to vote based on a weighted-voting formula. If tourist hotels representing at least 50% of the total estimated assessments proposed to be levied on all tourist hotels in the district cast ballots, and at least two-thirds of the returned weighted ballots are in favor of the formation of the District and levy of assessments, the Board of Supervisors will hold a vote on whether to establish the District and levy the assessments.

The "Weight" calculated for the petition vote and ballot election is determined by the assessment each tourist hotel will pay into the district compared to the total assessments estimated to be collected in year one. Year one maximum assessment collection estimates are based on the 12 months of projected collections at assessment formula of 1.25% and 0.3125% for tourist hotels located in Zones 1 and 2 respectively, calculated on the assessable gross room revenue from tourist rooms of calendar year 2011 as reported by hotels. The City will tabulate the petition and ballot results and will assign a "weight" to each hotel based on its calendar year 2011 assessable gross room revenue from tourist rooms in relation to its portion of the total MED assessment. A majority vote of the Board of Supervisors is required to establish the District and levy the assessments.

Duration

The District will begin imposing assessments on tourist room revenue beginning the later of July 1, 2013, or the first day of the calendar quarter after a final judgment is entered by a court validating the issuance of City indebtedness for the Moscone Expansion Project, and related establishment of the District and levy of the assessments (the *"Commencement Date"*). The term of the District is 32 years after the Commencement Date.

Disestablishment

If there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the District, the District may be disestablished under any of the following circumstances:

(1) If the Board of Supervisors finds that there has been a misappropriation of funds, malfeasance, or a violation of law in connection with management of the District;

(2) During the operation of the District, there shall be a 30-day period each year in which assessees may request disestablishment of the District. The first such period shall begin one year after the date of establishment of the District and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the District. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of businesses in the District who pay 50 percent or more of the assessments levied, the Board of Supervisors shall pass a resolution of intention to disestablish the District. The Board of Supervisors shall notice a hearing on disestablishment; or

(3) A supermajority of eight or more members of the Board of Supervisors may initiate disestablishment proceedings for any reason.

All outstanding indebtedness must be paid prior to disestablishment of the District.

Formation Schedule

Task	***Estimated Date of Completion***
Final approval of Management District Plan by MED Advisory Committee	September 2012
Distribute petitions endorsing plan to affected MED hotel business owners/operators	September 2012
Submit minimum 30% weighted petitions endorsing Plan and proposed assessments to the Board of Supervisors (BOS)	October 2012
Introduce Resolution of Intention to Form the MED, with final Management District Plan and supporting documents, to BOS	October 2012
BOS Committee hearings	November 2012
BOS vote on Resolution of Intention at public hearing	November 2012
Department of Elections mails ballots, 45 Day Ballot Election Period Initiated	November 2012
BOS Committee hearing/meeting and final public hearing	January - February 2013

at BOS, on Resolution to Establish District and levy assessments; ballots due and counted; District established and assessments levied.	
Management contract with City executed	June 2013
MED Assessment becomes effective	The later of July 1, 2013, or no more than 30 days after a final judgment of validation
First Quarterly MED Assessment payment transferred to SFTIDMC	Not later than 45 days after the quarterly filing deadline following the effective date, above.
MED services initiated	Not later than 45 days after the quarterly filing deadline following the effective date, above.

Governance of the District

The District will be managed by the San Francisco Tourism Improvement District Management Corporation, a 501c(6) non-profit corporation (SFTIDMC), the same organization that manages the San Francisco Tourism Improvement District. The SFTIDMC has been in operation since 2009 and has established policies and procedures to effectively manage the funds and business affairs of the SFTID. Significant cost savings will be realized by not establishing a new organization.

The SFTIDMC is responsible for the recent renovation of the existing convention center, which was accomplished on time and on budget. The renovation process included input from San Francisco's major convention customers – the Center's users – with oversight by the assessed businesses in the TID. Because Moscone Convention Center is booked to 70% of capacity, the SFTID worked with Center management, City agencies and private contractors to ensure that work did not displace previously booked business while fitting into previously unsold periods.

Under the terms of California's Property and Business Improvement District Law of 1994, as amended, the SFTIDMC is designated as the "owner's association" for the District, meaning that it will enter into a contract with the City, and will have the authority to manage the District and ensure that the improvements and activities described in this plan are carried out. The SFTIDMC has entered into an agreement with the San Francisco Travel Association (*SFTA*) to provide administrative services in support of TID operations. It is anticipated that SFTIDMC will enter into a similar agreement with SFTA for the new District.

The SFTIDMC is governed by a volunteer, 11-member Board of Directors. The majority of seats on the Board are reserved for representatives of the San Francisco hotel industry. Also, a majority of Board members shall be present or former directors of SFTA. Specifically, the structure of the SFTIDMC Board of Directors is as follows:

- Six seats are reserved for appointees representing tourist hotels;
- One seat is reserved for the Chair of San Francisco Travel Association;
- One seat is reserved for a representative of the Moscone Convention Center; and
- Three seats are reserved for at-large members of the tourism business community of San Francisco.

Meetings of the SFTIDMC are open to the public. Notice is posted on www.sftid.com and at the San Francisco Public Library, Main Branch.

Proposed City Financing of Moscone Convention Center Expansion

The City recognizes the significance of the convention industry to the economic health of the City. To that end, and in recognition of the critical component that the Moscone Convention Center plays with respect to sustaining growth in this area, in addition to the proposed establishment of the MED, the City, subject to approval of the Board of Supervisors, will authorize the execution and delivery of City indebtedness, the proceeds of which will be used to pay a portion of the costs for the expansion of the Moscone Convention Center, estimated at $500 million. The City, subject to approval of the Board of Supervisors, will commit to payment of the following sums toward the Project, including debt service, as follows:

- Contribution of $8.2 million in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to cap of $10.7 million, with a continuing contribution of no less than $10.7 million per year for the remainder of the term of the District (the City's "*Base Contribution*").

- In addition, the City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in this plan.

- For purposes of this Project, "shortfall" means a fiscal year's debt service not covered by (a) the MED allocation to debt, plus (b) the City's $8.2 million - $10.7 million contribution.

City contribution will be used for payment on any bonded indebtedness, financing lease (including principal and interest on any certificates of participation executed therein), or other similar obligations of the City issued to finance related professional consulting, architectural and other professional fees and issuance costs, together with a portion of hard construction cost. The project will be built using an alternative project delivery method called Construction Manager/General Contractor (CM/GC). The MED will select the CM/GC, with input from the City, and the MED will fund the cost of the CM/GC. The City will expend construction costs by procuring, pursuant to the City's contracting rules, and paying for trade contractors. The trade contractors will be overseen by the CM/GC funded by the MED. The City is the owner of the existing Moscone Convention Center, and will also own the expanded Moscone Convention facilities financed by District and City funds.

Flow of Funds

The City will collect MED revenues from hotels, withhold funds allocated to Development Activities in the Plan that are necessary to pay debt service, fund the Stabilization Fund and Sinking Fund, and fund repayment of the City's contribution toward any shortfall in debt service costs from prior years, and transfer to the MED the portion of revenue per the allocation outlined in the Management Plan.

Surpluses

For purposes of this plan, "Surpluses" mean any excess MED revenue allocated to Development Activities in the Plan that are not needed to fund the MED contributions toward debt service, *i.e.,* excluding the City Contribution toward debt service outlined above. Surpluses shall be applied as follows:

1. To fund a Stabilization Fund of up to $15,000,000, to be drawn upon in any year when lower than expected MED collections cause MED's contributions toward debt service to be lower than the sum set forth in cash flow projections with respect to the debt service for the Project; then

2. To fund a Sinking Fund in an amount equal to annual debt service beyond expiration of the District term less City Contribution; then

3. To the City as repayment for the City's contribution toward any shortfall in debt service costs from prior years, *i.e.,* City contributions, if any, in excess of the City's Base Contribution as outlined above; then

4. To the MED to fund future development, expansion, renovation, and capital improvements to the Moscone Center Campus.

5. Any funds remaining in the Stabilization Fund or Sinking Fund no longer needed for debt service, i.e., upon final maturity of the debt instruments, shall be distributed to MED or its successor in consultation with the City and the San Francisco Travel Association or its successor, for use consistent with part 4, above.

Notwithstanding the foregoing, with respect to funds allocated to the above funds 1 through 3, the City shall have the sole discretion to apply Surpluses among those three funds 1 through 3 in the order it deems in the best interests of the City.

Appendices

A. List of Assessed Businesses

B. Smith Travel Research (STR) Monthly Hotel Review, December 2011

C. San Francisco Travel Association/Destination Analysts “San Francisco Visitor Industry Economic Impact Estimates 2011”

D. Jones Lang LaSalle Hotels, “Moscone Convention Center Expansion Cost Benefit Analysis”

E. Jones Lang LaSalle Hotels “San Francisco Lodging Market Forecasting Study”

F. Jones Lang LaSalle Hotels “Moscone Convention Center Expansion Impact”

Appendix A – List of Assessed Businesses

All tourist hotels operating in the City and County of San Francisco that generate revenue from tourist rooms shall be included in the MED and assessed throughout the term of the MED, as more specifically provided for in this plan. The following is a list of hotels known at the time of adoption of this plan, which generate revenue from tourist rooms. Because this is a business-based District, hotels that generate revenue from tourist rooms that open for business within the District in the future will also be subject to the assessment.

Hotel Name	Address	Zone
1005 LARKIN ST	1005 LARKIN ST	1
1010 POST ST	1010 POST ST	1
1233-1235 MONTGOMERY ST A	1233 MONTGOMERY ST	1
1617 POLK RENTAL	1617 POLK ST	1
217-241 COLUMBUS APTS	237 COLUMBUS AVE	1
30-36 CASTLE ST APT	30 CASTLE ST	1
481 MINNA ST INN	481 MINNA ST	1
5 NIGHT-SVC@THE DONATELLO	501 POST ST	1
556 LARKIN ST	556 LARKIN ST	1
620 JONES STREET	620 JONES ST	1
626 OFARRELL ROOMS	626 OFARRELL ST	1
647 CLAY ST APTS	647 CLAY ST	1
654 GRANT AV RENTALS	654 GRANT AVE	1
656 PACIFIC RENTALS	656 PACIFIC AVE	1
735 WASHINGTON APTS	735 WASHINGTON ST	1
752 PACIFIC AVENUE	752 PACIFIC AVE	1
754 BROADWAY APTS	754 BROADWAY ST	1
809 STOCKTON ST APARTMENT	809 STOCKTON ST	1
815 CLAY ST RENTALS	815 CLAY ST	1
868 CLAY ST BLDG	868 CLAY ST	1
912 JACKSON RENTALS	912 JACKSON ST	1
977 FOLSOM HOTEL	977 FOLSOM ST	1
AALOHA CONDOS	440 PACIFIC AVE	1
ABBY HOTEL	630 GEARY ST	1
ABIGAIL HOTEL THE	246 MCALLISTER ST	1
ACER HOTEL	280 OFARRELL ST	1
ADANTE HOTEL	610 GEARY ST	1
ADMIRAL HOTEL	608 OFARRELL ST	1
ALDRICH HOTEL	439 JONES ST	1
ALEXANDER INN	415 O'FARRELL ST	1
ALEXIS PARK SAN FRANCISCO	825 POLK ST	1
ALKAIN HOTEL	948 MISSION ST	1
AMERICA HOTEL	1075 POST ST	1

AMERICANIA HOTEL	121 7TH ST	1
AMERICAS BEST VALUE INN S	10 HALLAM ST	1
AMERICAS BEST VALUE INN-U	505 OFARRELL ST	1
AMSTERDAM HOSTEL	749 TAYLOR ST	1
ANDREW HOTEL THE	624 POST ST	1
ANSONIA HOTEL	717 SUTTER ST	1
ANSONIA-CAMBRIDGE HOTEL	711 POST ST	1
ARGONAUT HOTEL	495 JEFFERSON ST	1
ARTMAR HOTEL	433 ELLIS ST	1
AUBURN HOTEL	481 MINNA ST	1
BAKER HOTEL	1485 PINE STREET	1
BALBOA HOTEL	120 HYDE ST	1
BALDWIN HOTEL	321 GRANT AVE	1
BASQUE HOTEL	15 ROMOLO PL	1
BAY BRIDGE INN	966 HARRISON ST	1
BAYSIDE INN AT THE WHARF	1201 COLUMBUS AVE	1
BEL-AIR HOTEL	344 JONES ST	1
BERESFORD ARMS HOTEL	701 POST ST	1
BERESFORD HOTEL	635 SUTTER ST	1
BEST INN	116 TAYLOR ST	1
BEST WESTERN CIVIT CENTER	364 9TH STREET	1
BILTMORE HOTEL	735 TAYLOR ST	1
BOSTON HOTEL	140 TURK ST	1
BRISTOL HOTEL	56 MASON ST	1
BUDGET INN	1139 MARKET ST	1
CABLE CAR COURT HOTEL	1499 CALIFORNIA ST	1
CABLE CAR HOTEL	1388 CALIFORNIA ST	1
CADILLAC HOTEL	380 EDDY ST	1
CALIFORNIA HOTEL	910 924 GEARY ST	1
CAMPTON PLACE SF A TAJ HT	340 STOCKTON	1
CARLTON HOTEL	1075 SUTTER ST	1
CARRIAGE INN	140 7TH ST	1
CASA MELISSA	615 UNION ST	1
CASTLE INN	1565 BROADWAY ST	1
CASTRO HOTEL INC	705 VALLEJO ST	1
CATHEDRAL HILL HOTEL	1101 VAN NESS AVE	1
CATHIDRAL HILL HOTEL	1101 VAN NESS AV	1
CHANCELLOR HOTEL	433 POWELL ST	1
CHASE HOTEL	1278 MARKET ST	1
CHINESE GENERAL PEACE ASS	48A SPOFFORD ALY	1
CHL INTERNATIONAL ASSOC I	120 ELLIS ST	1
CIVIC CENTER INN	790 ELLIS ST	1
CLUB DONATELLO	501 POST ST	1
CLUB DONATELLO OWNERS ASS	501 POST ST	1

CLUB QUARTERS SAN FRANCISCO	424 CLAY ST		1
COLUMBUS HOTEL	354 COLUMBUS AVE		1
COLUMBUS MOTOR INN	1075 COLUMBUS AVE		1
CORNELL HOTEL	715 BUSH ST		1
COURTYARD BY MARRIOTT AT	580 BEACH ST		1
COVA HOTEL	655 ELLIS ST		1
CRESCENT SAN FRANCISCO	417 STOCKTON ST		1
CW HOTEL	917 FOLSOM ST		1
DA VINCI VILLA	2550 VAN NESS AVE		1
DAKOTA HOTEL	606 POST ST		1
DANIEL K YOST	52 SONOMA ST		1
DESMOND HOTEL	42 6TH ST		1
DONNELLY HOTEL	1272 MARKET ST		1
DRAKE HOTEL	235 EDDY ST		1
EARLE HOTEL THE	284 GOLDEN GATE AVE		1
EDDY HOTEL	640 EDDY ST		1
EDGEWORTH HOTEL LLC	770 OFARRELL ST		1
EL DORADO	1385 MISSION ST	200	1
EMBASSY U M A	610 POLK ST		1
EMPEROR NORTON	615 POST ST		1
ENCORE EXPRESS A NOB HILL	1353 BUSH ST		1
ENTELLA HOTEL	905 COLUMBUS AVE		1
EUROPA HOTEL	310 COLUMBUS AVE		1
EUROPEAN HOSTEL	761 MINNA ST		1
EXECUSTAY CORP	0000 VARIOUS LOCATIONS		1
EXECUTIVE HOTEL MARK TWAI	345 TAYLOR ST		1
EXECUTIVE HOTEL VINTAGE	650 BUSH ST		1
FAIRMONT HERITAGE PLACE,	900 NORTH POINT STREET		1
FAIRMONT HOTEL	950 MASON ST		1
FITZGERALD HOTEL	620 POST ST		1
FLORENCE HOTEL	1351 STOCKTON ST		1
FOUR SEASONS HOTEL SF	757 MARKET ST		1
FRANCISCAN HOTEL	205 09TH ST		1
FREDERIC WALDMAN	1139 GREEN ST		1
FX STUDIOS	15A SUMNER STREET		1
GALLERIA PARK HOTEL	191 SUTTER ST		1
GATEWAY INN	438 O'FARRELL ST		1
GINA HOTEL	221 07TH ST		1
GINKGO HOTEL	3032 16TH ST		1
GLENN REYNOLDS	9 SUMNER ST		1
GLOBAL VILLAGE HOSTEL	374 5TH ST		1
GLOBETROTTERS INN	225 ELLIS ST		1
GOLDEN EAGLE	402 BROADWAY ST		1
GOLDEN GATE HALL	1412 MARKET ST		1

GOLDEN GATE HOTEL	775 BUSH ST	1
GRAND HYATT SAN FRANCISCO	345 STOCKTON ST	1
GRANT HOTEL INC	753 BUSH ST	1
GRANT PLAZA HOTEL	465 GRANT AVE	1
GREEN TORTOISE GUEST HOUS	1118 KEARNY ST	1
GROSVENOR HOUSE	899 PINE ST	1
HALCYON HOTEL LLC	649 JONES ST	1
HANDLERY HOTELS	260 OFARRELL ST	1
HARBOR COURT HOTEL	165 STEUART ST	1
HARCOURT HOTEL	1105 LARKIN ST	1
HAVELI HOTEL	37 6TH ST	1
HELEN HOTEL	166 TURK ST	1
HENRY HOTEL	106 6TH ST	1
HERBERT HOTEL	161 POWELL ST	1
HERITAGE MARINA HOTEL	2550 VAN NESS AVE	1
HILTON S F FINANCIAL DIST	750 KEARNY ST	1
HILTON S.F. FISHERMAN'S W	2620 JONES ST	1
HILTON SAN FRANCISCO	333 O'FARRELL ST	1
HOLIDAY INN EXPRESS HOTEL	550 NORTH POINT ST	1
HOLIDAY INN FISHERMAN'S W	1300 COLUMBUS AVE	1
HOLIDAY INN GOLDEN GATEWA	1500 VAN NESS AVE	1
HOLIDAY INN-CIVIC CENTER	50 8TH ST	1
HOTEL ABRI	127 ELLIS ST	1
HOTEL ADAGIO	550 GEARY ST	1
HOTEL AMERICA	1087 MARKET ST	1
HOTEL ASTORIA	510 BUSH ST	1
HOTEL BIJOU	111 MASON ST	1
HOTEL BOHEME	444 COLUMBUS AVE	1
HOTEL DALWONG	242 POWELL ST	1
HOTEL DES ARTS	447 BUSH ST	1
HOTEL DIVA	440 GEARY ST	1
HOTEL FRANK	386 GEARY ST	1
HOTEL FUSION	140 ELLIS ST	1
HOTEL GRIFFON	155 STEUART ST	1
HOTEL METROPOLIS	25 MASON ST	1
HOTEL MILANO	55 5TH ST	1
HOTEL MONACO	501 GEARY ST	1
HOTEL NIKKO SF	222 MASON ST	1
HOTEL PALOMAR	12 4TH ST	1
HOTEL PHILLIP	205 9TH ST	1
HOTEL REX	562 SUTTER ST	1
HOTEL SUTTER LARKIN	1048 LARKIN ST	1
HOTEL TRITON	342 GRANT AVE	1
HOTEL UNION SQUARE	114 POWELL ST	1

HOTEL VERTIGO	940 SUTTER ST	1
HOTEL VITALE	8 MISSION ST	1
HOTEL WHITCOMB	1231 MARKET ST	1
HUNTER HOTEL	102 6TH ST	1
HUNTINGTON HOTEL	1075 CALIFORNIA ST	1
HYATT AT FISHERMAN'S WHAR	555 NORTH POINT ST	1
HYATT REGENCY SAN FRANCIS	5 EMBARCADERO CENTER	1
HYDE REGENCY HOTEL	1531 HYDE ST	1
IL TRIANGOLO HOTEL	524 COLUMBUS AVE	1
INN AT OREILLYS	106 FERN ST	1
INN AT UNION SQUARE THE	440 POST ST	1
INN ON BROADWAY	2201 VAN NESS AVE	1
INTER CONTINENTAL SAN FRA	888 HOWARD ST	1
JONES HOTEL	515 JONES ST	1
JW MARRIOTT SF UNION SQ	500 POST ST	1
KEAN HOTEL	1018 MISSION ST	1
KENSINGTON PARK HOTEL	450 POST ST	1
KIM OY LEE	801 PACIFIC AVE	1
KING GEORGE HOTEL	334 MASON ST	1
KINIGHTS INN - DOWNTOWN	240 7TH ST	1
KRUPA HOTEL	700 JONES ST	1
LANDMARK REALTY	550 15TH ST	1
LARKSPUR HOTEL UNION SQUA	524 SUTTER ST	1
LAYNE HOTEL	545 JONES ST	1
LE MERIDIEN SAN FRANCISCO	333 BATTERY ST	1
LIGURIA HOTEL	371 COLUMBUS AVE	1
LORRAINE HOTEL	740 BROADWAY ST	1
LUM WAI KUI & LAN WAI	673 BROADWAY ST	1
LUZ HOTEL	725 GEARY ST	1
MANDARIN ORIENTAL SF	222 SANSOME ST	1
MANNING PROPERIES	1037 1039 BROADWAY ST	1
MARILYN INN	27 DASHIELL HAMMETT ST	1
MARINE MEMORIAL ASSN	609 SUTTER ST	1
MARK HOPKINS HOTEL	999 CALIFORNIA ST	1
MART MOTEL	101 9TH ST	1
MAYFLOWER HOTEL	975 BUSH ST	1
MCSWEENEY CONSTRUCTION	1155 LEAVENWORTH ST #11	1
MERIT HOTEL	1105 POST ST	1
MIDORI HOTEL	1325 MISSION ST	1
MITHILA HOTEL	972 SUTTER ST	1
MOTEL 6	895 GEARY ST	1
MUSIC CITY HOTEL	1353 BUSH ST	1
NAZARETH HOTEL	556 JONES ST	1
NEW CENTURY MANAGEMENT LL	1580 WASHINGTON STREET, SF	1

NOB HILL HOTEL	835 HYDE ST	1
NOB HILL INN	1000 PINE ST	1
NOB HILL INN CITY PLAN ET	1000 PINE ST	1
NOB HILL MOTOR INN	1630 PACIFIC AVE	1
NORMANDIE HOTEL	251 9TH ST	1
NORTH BEACH HOTEL	935 KEARNY ST	1
OAKTREE HOTEL	45 6TH ST	1
OAKWOOD HOTEL	44 5TH ST	1
OBRERO HOTEL	1208 STOCKTON ST	1
OMNI SAN FRANCISCO HOTEL	500 CALIFORNIA ST	1
ORANGE VILLAGE HOTEL	411 OFARRELL ST	1
ORCHARD GARDEN HOTEL	466 BUSH ST	1
ORCHARD HOTEL	665 BUSH ST	1
ORLANDO HOTEL	995 HOWARD ST	1
PACIFIC TRADEWINDS HOSTEL	680 SACRAMENTO ST	1
PAGE HOTEL	161 LEAVENWORTH ST	1
PALACE HOTEL	2 NEW MONTGOMERY ST	1
PALO ALTO HOTEL	1685 SACRAMENTO	1
PARC 55 HOTEL	55 CYRIL MAGNIN	1
PARK HOTEL LLC	325 SUTTER ST	1
PETITE AUBERGE	863 BUSH ST	1
PHOENIX INN	601 EDDY ST	1
PICKWICK HOTEL	85 5TH ST	1
PIEDMONT HOTEL	1449 POWELL ST	1
PONTIAC HOTEL	138 6TH ST	1
POST HOTEL	589 POST ST	1
POTTER HOTEL	1288 MISSION ST	1
POWELL HOTEL	28 CYRIL MAGNIN ST	1
POWELL PLACE CITY/SHARE	730 POWELL ST	1
PRESCOTT HOTEL	545 POST ST	1
QUALITY INN SAN FRANCISCO	2775 VAN NESS AVE	1
RADISSON AT FISHERMAN'S W	250 BEACH	1
RAM'S HOTEL	80 9TH ST 27	1
RAPHAEL HOUSE	1065 SUTTER ST	1
RED COACH MOTOR LODGE	700 EDDY ST	1
REGENCY HOTEL	1214 POLK ST 201 MG	1
REININGA CORPORATION	900 N POINT ST	1
RENOIR HOTEL	45 MCALLISTER ST	1
REST STOP	1137 GREEN ST	1
RHC/POWELL PLACE AT NOB H	730 POWELL PLACE ST	1
RITZ CARLTON SAN FRANCISC	600 STOCKTON ST	1
RIVIERA HOTEL	420 JONES ST	1
ROYAL INN	130 EDDY ST	1
ROYAL PACIFIC MOTEL	661 BROADWAY	1

SAM WONG HOTEL	615 BROADWAY ST	1
SAN FRAN. SECOND HOME	1831 LARKIN ST 4	1
SAN FRANCISCO MARRIOTT	55 4TH ST	1
SAN FRANCISCO MARRIOTT UN	480 SUTTER ST	1
SAN FRANCISCO SUITES	710 POWELL ST	1
SAN REMO HOTEL THE	2237 MASON ST	1
SERRANO HOTEL	405 TAYLOR ST	1
SESTRI HOTEL	1411 STOCKTON ST	1
SF DOWNTOWN COURTYARD MAR	299 2ND ST	1
SF MARRIOT FISHERMAN'S WH	1250 COLUMBUS AVE	1
SF PROP OWNERS ASSOC INC	750 SUTTER ST	1
SHAHIL HOTEL	664 LARKIN ST	1
SHARON HOTEL	226 6TH ST	1
SHEEHAN HOTEL	620 SUTTER ST	1
SHELDON HOTEL	629 POST ST	1
SHERATON FISHERMANS WHARF	2500 MASON ST	1
SHIRLEY HOTEL	1544 POLK ST	1
SIR FRANCIS DRAKE HOTEL	450 POWELL ST	1
SOLANKI VIRENDRASINH	41 6TH ST	1
SONNY HOTEL	579 OFARRELL ST	1
SONOMA INN	1485 BUSH ST	1
SOUTH BEACH MARINA APTS	2 TOWNSEND ST	1
SPAULDING HOTEL LLC	240 OFARRELL ST	1
ST CLARE HOTEL	1334 VAN NESS AVE	1
ST CLOUD HOTEL	170 6TH ST	1
ST MORITZ HOTEL	190 OFARRELL ST	1
ST REGIS HOTEL SF	657 MISSION ST 200	1
STANFORD HOTEL	250 KEARNY ST	1
STANLEY HOTEL	1544 CALIFORNIA ST	1
STEINHART HOTEL	952 SUTTER ST	1
STRATFORD HOTEL	242 POWELL ST	1
SUITES AT FISHERMANS WHAR	2655 HYDE ST	1
SUNNYSIDE HOTEL	135 6TH ST	1
SUNSET HOTEL	161 SIXTH ST #100	1
SUTTER/LARKIN HOTEL	1048 LARKIN ST	1
SVC@FISHERMAN'S WHARF	2655 HYDE ST	1
SVC@THE DONATELLO	501 POST ST	1
SWEDEN HOUSE HOTEL	570 O'FARRELL ST	1
SWEDEN HOUSE HOTEL	570 O'FARRELL ST	1
SWEETWATER AT SAN FRANCIS	845 PINE ST	1
SYCAMORE HOTEL	2446 VAN NESS AVE	1
SYNERGY CORPORATE HOUSING	12657 ALCOSTA BLVD 550	1
TAYLOR HOTEL	615 TAYLOR ST	1
THE ALLEN HOTEL LLC	411 EDDY ST	1

THE CLIFT HOTEL	495 GEARY ST	1
THE DONATELLO HOTEL	501 POST ST	1
THE FAIRMONT S F - RENTAL	950 MASON ST	1
THE GAYLORD SUITES	620 JONES ST	1
THE GOOD HOTEL	112 7TH ST	1
THE HOTEL ADAGIO	550 GEARY ST	1
THE HOTEL CALIFORNIA	580 GEARY ST	1
THE HOTEL MARIA	517 BROADWAY	1
THE MAXWELL HOTEL-RENTAL	386 GEARY ST	1
THE MONARCH HOTEL	1015 GEARY ST	1
THE MOSSER HOTEL	54 4TH ST	1
THE OPAL SAN FRANCISCO	1050 VAN NESS AVE	1
THE REGENCY HOTEL	587 EDDY ST	1
THE RITZ-CARLTON CLUB	690 MARKET ST	1
THE STANFORD CT A REN HOT	905 CALIFORNIA ST	1
THE SUITES AT FISHERMAN'S	2655 HYDE ST	1
THE TOUCHSTONE HOTEL	480 GEARY ST	1
THE VILLA FLORENCE	225 POWELL ST	1
THE WESTIN SF MARKET ST	50 3RD ST	1
TUSCAN INN	425 NORTH POINT ST	1
UNION SQ BACKPACKERS HOST	70 DERBY ST	1
UNION SQUARE PLAZA HOTEL	432 GEARY ST	1
UNIVERSITY CLUB	800 POWELL ST	1
UTAH HOTEL	504 4TH ST	1
VAGABOND INN	385 9TH ST	1
VAN NESS MOTEL	2850 VAN NESS AVE	1
VANTAGGIO SUITES	835 TURK STREET	1
VANTAGGIO SUITES COSMO	761 POST ST	1
VANTASSIO SUITES UNION SQ	580 O'FARRELL ST	1
VILLA SOMA	1550-54 HOWARD ST	1
VRI*ETY NOB HILL INN	1000 PINE ST	1
VVV RENTAL LLC	333 FULTON ST	1
W HOTEL SAN FRANCISCO	181 THIRD ST	1
WALAND SUREKHAVEN C.	152 6TH ST	1
WARFIELD HOTEL	118 TAYLOR ST	1
WARWICK REGIS HOTEL	490 GEARY ST	1
WASHINGTON SQUARE INN	1660 STOCKTON ST	1
WATERFRONT MANAGEMENT LLC	884-886 NORTH POINT ST	1
WESTIN ST FRANCIS THE	335 POWELL ST	1
WESTON HOTEL	335 LEAVENWORTH ST	1
WHARF MOTEL THE	2601 MASON ST	1
WHITE SWAN INN	845 BUSH ST	1
WILLIAM PEN HOTEL	160 EDDY ST	1
WINSOR HOTEL	20 6TH ST	1

WINTON HOTEL	445 OFARRELL ST	1
WORLDMARK SAN FRANCISCO	590 BUSH ST	1
WORLDMARK THE CLUB	590 BUSH ST	1
WVR SAN FRANCISCO	750 SUTTER ST	1
WYNDHAM VACATION RESORTS	750 SUTTER ST	1
WYNDHAM VACATION RESORTS	750 SUTTER ST	1
YOUTH HOSTEL CENTREAL	116 TURK ST	1
YUG HOTEL	2072 MISSION ST	1
1007 DE HARO RENTALS	1007 DE HARO ST	2
109 CORNWALL ST	109 CORNWALL ST	2
1257 9TH AVE APARTMENTS	1257 9TH AVE	2
182-184 CARL STREET	182 CARL ST	2
210 5TH AVE APTS	210 5TH AVE	2
2263-2269 SACRAMENTO HOTE	2263 SACRAMENTO ST	2
24 HENRY ST	24 HENRY ST	2
3143 FILLMORE ST APT	3143 FILLMORE ST	2
3987 19TH ST	3987 19TH ST	2
4425 CABRILLO ST	4425 CABRILLO ST	2
5 NIGHT-SVC@INN AT THE OP	333 FULTON ST	2
7710-7718 APT BUILDING	7710 7718 GEARY BLVD	2
ADELAIDE HOSTEL LLC	5 ISADORA DUNCAN LANE	2
ALBION HOTEL	3143 16TH ST	2
AMAZON MOTEL	5060 MISSION ST	2
AMERICAS BEST VLE-GOLDEN	2322 LOMBARD ST	2
AMIT HOTEL	2060 MISSION ST	2
AMY ARCHER	863 45TH AVE	2
ANGELS OF ARMS IND LIVING	1150 PALOU ST G	2
ARCHIBISHOPS MANSION	1000 FULTON	2
ASCOT HOTEL	1657 MARKET ST	2
AT THE PRESIDIO TRAVELODG	2755 LOMBARD ST	2
BABY BEAR'S HOUSE	1424 PAGE ST	2
BARNETT LATRICE	785 SAN JOSE AVE	2
BEACH MOTEL	4211 JUDAH ST	2
BECK'S MOTOR LODGE	2222 MARKET ST	2
BELVEDERE HOUSE	598 BELVEDERE ST	2
BEST INN	2707 LOMBARD ST	2
BEST WESTERN HOTEL TOMO	1800 SUTTER ST	2
BETH MAZIE & JEREL GLASSM	3773 22ND ST	2
BHART HOTEL	866 VALENCIA ST	2
BOOLA'S BED AND BREADKAST	1150 HAIGHT ST	2
BRIDGE MOTEL	2524 LOMBARD ST	2
BROWNSTONE PROPERTIES	917 CENTRAL AVE	2
BRUCE BOARD & CARE HOME	12 BYRON CT	2
BUENA VISTA MOTOR INN	1599 LOMBARD ST	2

CARL HOTEL	198 CARL ST	2
CASA BUENA VISTA RENTAL	783 BUENA VISTA W	2
CASA LOMA HOTEL	610 FILLMORE ST	2
CASTILLO INN	48 HENRY ST	2
CATTLEMEN HOTEL	3900 3RD ST	2
CHATEAU TIVOLI	1057 STEINER ST	2
CHATEAU VACATION RENTALS	570 OAK PARK DR	2
CHELSEA MOTOR INN	2095 LOMBARD ST	2
CHIPPENDALE HOTEL	492 GROVE ST	2
CIVIC CENTRAL HOTEL	20 12TH ST	2
COVENTRY MOTOR INN	1901 LOMBARD ST	2
COW HOLLOW MOTOR INN	2190 LOMBARD ST	2
CROWN HOTEL LLC	528 VALENCIA ST	2
CRYSTAL HOTEL	2766 MISSION ST	2
CURTIS HOTEL	559 VALENCIA ST	2
DAYS INN	465 GROVE ST	2
DAYS INN LOMBARD	2358 LOMBARD ST	2
DAYS INN-SLOAT BLVD	2600 SLOAT BLVD	2
DELBEX HOTEL	2126 MISSION ST	2
DOLORES PLACE	3842 25TH ST	2
DUNCAN HOUSE	173 DUNCAN ST	2
ECONO LODGE	2505 LOMBARD ST	2
ECONOMY INN	2 WEST CLAY ST	2
EDWARD II HOTEL	3155 SCOTT ST	2
EDWARDIAN HOTEL	1668 MARKET ST	2
EL CAPITAN HOTEL	2361 MISSION ST	2
ELEMENTS HOTEL	2524 MISSION ST	2
ELITE HOTEL	1001 CLEMENT ST	2
EULA HOTEL	3061 16TH ST	2
FRANCISCO BAY MOTEL	1501 LOMBARD ST	2
GEARY PARKWAY MOTEL	4750 GEARY BLVD	2
GOLDEN GATE VISTA GUEST A	1625 SHRADER ST	2
GRAYWOOD HOTEL	3308 MISSION ST	2
GREAT HIGHWAY MOTOR INN	1234 GREAT HWY	2
GREENWICH INN	3201 STEINER ST	2
GRIFFITH & HARRIS UNIV GU	763 COLE ST	2
HAYES VALLEY INN	417 GOUGH ST	2
HERB 'N INN THE	525 ASHBURY ST	2
HIDDEN COTTAGE BED/BREAKF	1186 NOE ST	2
HOLLAND HOTEL	1 RICHARDSON AVE	2
HOME BY THE PARK	706 15TH AVE	2
HOTEL CAPRI	2015 GREENWICH ST	2
HOTEL DEL SOL	3100 WEBSTER ST	2
HOTEL DRISCO	2901 PACIFIC AVE	2

HOTEL KABUKI	1625 POST ST	2
HOTEL MAJESTIC	1500 SUTTER ST	2
HOTEL MIRABELLE LLC	1906 MISSION ST	2
HOTEL SUNRISE	447 VALENCIA ST	2
HOTEL TROPICANA THE	663 VALENCIA ST	2
HOTEL VICTORIANA	1023-25 HAIGHT ST	2
INN AT THE OPERA	333 FULTON ST	2
INN GROVE THE	890 GROVE ST	2
INN ON CASTRO	321 CASTRO ST	2
INN SAN FRANCISCO	943 S VAN NESS AVE	2
JACKSON COURT CITY SHARES	2198 JACKSON ST	2
JERRY HOTEL	3032 16TH ST	2
JLARAM HOTEL LLC	868 VALENCIA ST	2
JULIAN HOUSE HOTEL	179 JULIAN AVE	2
KENNEDY HOTEL	4544 3RD ST	2
KRISHNA HOTEL	2032 MISSION ST	2
LA LUNA INN	2555 LOMBARD ST	2
LAUREL INN	444 PRESIDIO AVE	2
LISA WIST	618 BUCHANAN ST A	2
LOEWE RENTAL COMPANY	2527 42ND AVE, SAN FRANCISCO CA	2
LOMBARD MOTOR INN	1475 LOMBARD ST	2
LOMBARD PLAZA MOTEL	2026 LOMBARD ST	2
LUXSF	30 RICHLAND AVE	2
MARINA INN	3110 OCTAVIA ST	2
MARINA MOTEL	2576 LOMBARD ST	2
METRO HOTEL THE	319 DIVISADERO ST	2
MISSION SERRA HOTEL	5630 MISSION ST	2
MOFFATT HOUSE RESERVATION	1401 7TH AVE	2
MONTE CRISTO THE	600 PRESIDIO	2
MY ROSEGARDEN GUEST ROOMS	75 20TH AVE	2
NOE PLACE LIKE HOME	1187A NOE ST	2
NOE VALLEY SWEET SUITE	1386 NOE ST	2
NORMA HOTEL	2697 MISSION ST	2
OAK HOTEL	171 FELL ST	2
OASIS INN UMA	900 FRANKLIN ST	2
OCEAN PARK MOTEL	2690 46TH AVE	2
OCEANVIEW MOTEL	4340 JUDAH ST	2
PACIFIC HEIGHTS INN	1555 UNION ST	2
PAMELA MCGARRY	2383 GREENWICH ST	2
PARKER HOUSE THE	520 CHURCH ST	2
PERRAMONT HOTEL	2162 MARKET ST	2
PETER STALDER VAC'T RET'L	4343 19TH ST	2
PINWHEEL PROPERTIES	2634 23RD AVE, SAN FRANCISCO	2
POLINA MYASKOVSKY	1562 11TH AVE	2

POTRERO HILL HOUSE	1110 RHODE ISLAND ST	2
PRESIDIO BED & BREAKFAST	14 LIBERTY ST 104	2
PRESIDIO INN	2361 LOMBARD ST	2
PRITA HOTEL	2284 MISSION ST	2
QUEEN ANNE HOTEL	1590 SUTTER ST	2
RACHEL DONOVAN	141 DUNCAN ST	2
RADAH HOTEL	2042 MISSION ST	2
RAMADA LTD - GOLDEN GATE	1940 LOMBARD ST	2
RED VICTORIAN BED ETC	1665 HAIGHT ST	2
REDWOOD INN	1530 LOMBARD ST	2
ROBERTS AT THE BEACH MTL	2828 SLOAT BLVD	2
RODEWAY INN	860 EDDY ST	2
RUBY ROSE HOTEL	730 22ND ST	2
SAMAYOA EDWARD R & GEORGE	864 TREAT AVE	2
SEAL ROCK INN MOTEL	545 POINT LOBOS AVE	2
SEASIDE INN	1750 LOMBARD ST	2
SERAPINNSF	1409 SUTTER ST	2
SF GUESTHOUSE	3120 GEARY BLVD	2
SF HOLIDAY RENTALS	3 PORTER ST	2
SF MOTOR INN	1750 LOMBARD ST	2
SIMONE DEVRIES & CURTIS S	3226 25TH ST A	2
SLEEP	135 GOUGH ST	2
STANYAN PARK HOTEL LLC	750 STANYAN ST	2
STUDIO ON SIXTH	1387 6TH AVE	2
SUPER 8 MOTEL	2440 LOMBARD ST	2
SURF MOTEL	2265 LOMBARD ST	2
SVC@INN AT THE OPERA	333 FULTON ST	2
THE ELDER LIVING TRUST	1009 1/2 CASTRO ST	2
THE IVY HOTEL	539 OCTAVIA ST	2
THE LOURDESS INN	80 JULIAN AVE	2
THE PARSONAGE	198 HAIGHT ST	2
THE SENTIENT SF	179 JULIAN AVE	2
THE UNION STREET INN	2229 UNION ST	2
THE VALENCIANO HOMES	935 ULLOA ST	2
THE VILLA-SAN FRANCISCO V	379 COLLINGWOOD ST	2
THE WILLOWS INN	710 14TH ST	2
THOMAS CARLISLE	930 BAKER ST	2
TOWN HOUSE MOTEL	1650 LOMBARD ST	2
TRAVELODGE BY THE BAY THE	1450 LOMBARD ST	2
TRAVELODGE CENTRAL	1707 MARKET ST	2
TRAVELODGE GOLDEN GATE	2230 LOMBARD ST	2
TWIN PEAKS HOTEL	2160 MARKET ST	2
TWYMANS GUEST HOUSE	1420 6TH AVE	2
UNION HOTEL	2030 MISSION ST	2

USA HOSTEL SAN FRANCISCO	711 POST ST	2
USA HOSTELS	630 GEARY ST	2
WESTMAN HOTEL	2056 MISSION ST	2
WHITT	1359 4TH AVE	2

Appendix B

Smith Travel Research (STR) Monthly Hotel Review, December 2011

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San Francisco Travel Association

For the Month of February 2012

Date Created: Apr 04, 2012

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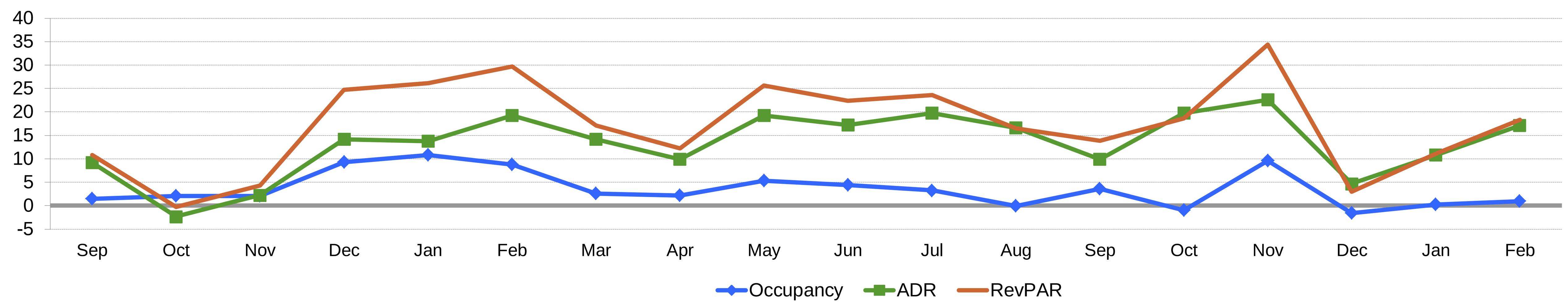
Tab 2 - Trend San Francisco County

Currency: USD - US Dollar

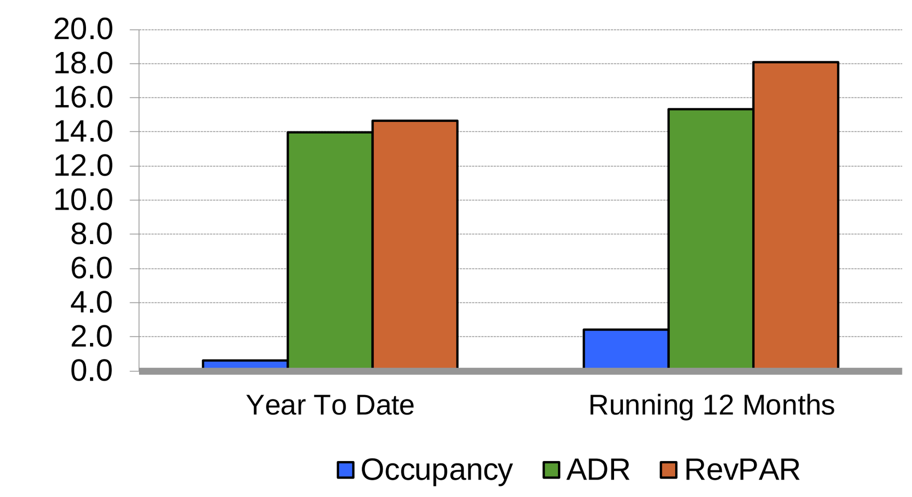
San Francisco Travel Association

For the Month of February 2012

Monthly Percent Change



Overall Percent Change



Occupancy (%)	2010				2011												2012		Year To Date			Running 12 Months		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	2010	2011	2012	2010	2011	2012
This Year	87.1	86.8	68.6	67.3	67.3	72.1	75.6	78.1	83.5	85.8	89.1	91.3	90.2	86.0	75.2	66.2	67.5	72.8	63.4	69.6	70.0	74.5	78.3	80.1
Last Year	85.8	85.0	67.2	61.6	60.7	66.4	73.7	76.5	79.3	82.1	86.3	91.4	87.1	86.8	68.6	67.3	67.3	72.1	57.9	63.4	69.6		74.5	78.3
Percent Change	1.5	2.1	2.0	9.3	10.8	8.7	2.6	2.2	5.3	4.4	3.2	-0.1	3.6	-1.0	9.6	-1.6	0.3	1.0	9.4	9.8	0.6		5.0	2.4

ADR	2010				2011												2012		Year To Date			Running 12 Months		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	2010	2011	2012	2010	2011	2012
This Year	175.47	179.07	145.50	144.85	159.85	162.24	158.58	150.47	178.53	166.68	176.74	178.09	192.84	214.38	178.38	151.61	177.10	190.04	138.29	161.02	183.49	145.40	153.36	176.84
Last Year	160.70	183.39	142.33	126.88	140.51	136.03	138.91	136.97	149.70	142.20	147.65	152.72	175.47	179.07	145.50	144.85	159.85	162.24	145.84	138.29	161.02		145.40	153.36
Percent Change	9.2	-2.4	2.2	14.2	13.8	19.3	14.2	9.9	19.3	17.2	19.7	16.6	9.9	19.7	22.6	4.7	10.8	17.1	-5.2	16.4	14.0		5.5	15.3

RevPAR	2010				2011												2012		Year To Date			Running 12 Months		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	2010	2011	2012	2010	2011	2012
This Year	152.76	155.44	99.84	97.44	107.55	117.05	119.86	117.57	149.13	142.95	157.54	162.62	173.92	184.31	134.12	100.38	119.48	138.44	87.65	112.06	128.47	108.33	120.03	141.72
Last Year	137.90	155.94	95.71	78.12	85.30	90.26	102.37	104.72	118.73	116.79	127.49	139.57	152.76	155.44	99.84	97.44	107.55	117.05	84.50	87.65	112.06		108.33	120.03
Percent Change	10.8	-0.3	4.3	24.7	26.1	29.7	17.1	12.3	25.6	22.4	23.6	16.5	13.9	18.6	34.3	3.0	11.1	18.3	3.7	27.8	14.6		10.8	18.1

Supply	2010				2011												2012		Year To Date			Running 12 Months		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	2010	2011	2012	2010	2011	2012
This Year	1,013,100	1,046,839	1,013,070	1,042,685	1,042,220	941,360	1,042,251	1,008,630	1,042,251	1,007,880	1,041,631	1,045,847	1,012,110	1,045,754	1,011,990	1,045,723	1,045,754	944,552	1,996,737	1,983,580	1,990,306	12,432,901	12,319,394	12,294,373
Last Year	1,024,800	1,061,440	1,015,320	1,049,164	1,049,133	947,604	1,049,040	1,015,200	1,049,040	1,013,100	1,046,870	1,046,870	1,013,100	1,046,839	1,013,070	1,042,685	1,042,220	941,360	2,010,720	1,996,737	1,983,580		12,432,901	12,319,394
Percent Change	-1.1	-1.4	-0.2	-0.6	-0.7	-0.7	-0.6	-0.6	-0.6	-0.5	-0.5	-0.1	-0.1	-0.1	-0.1	0.3	0.3	0.3	-0.7	-0.7	0.3		-0.9	-0.2

Demand	2010				2011												2012		Year To Date			Running 12 Months		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	2010	2011	2012	2010	2011	2012
This Year	881,946	908,714	695,127	701,385	701,263	679,174	787,732	788,058	870,610	864,393	928,475	954,985	912,840	899,060	760,892	692,363	705,477	688,073	1,265,661	1,380,437	1,393,550	9,262,860	9,641,622	9,852,958
Last Year	879,351	902,609	682,750	645,953	636,923	628,738	773,101	776,175	832,031	832,048	903,928	956,730	881,946	908,714	695,127	701,385	701,263	679,174	1,164,955	1,265,661	1,380,437		9,262,860	9,641,622
Percent Change	0.3	0.7	1.8	8.6	10.1	8.0	1.9	1.5	4.6	3.9	2.7	-0.2	3.5	-1.1	9.5	-1.3	0.6	1.3	8.6	9.1	0.9		4.1	2.2

Revenue	2010				2011												2012		Year To Date			Running 12 Months		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	2010	2011	2012	2010	2011	2012
This Year	154,757,035	162,721,151	101,142,672	101,597,340	112,094,781	110,189,791	124,921,741	118,581,719	155,430,426	144,080,666	164,102,242	170,074,267	176,029,376	192,740,216	135,729,712	104,967,748	124,943,286	130,759,348	175,022,212	222,284,572	255,702,634	1,346,819,858	1,478,652,011	1,742,360,747
Last Year	141,316,083	165,526,088	97,172,752	81,955,516	89,491,927	85,530,285	107,390,041	106,312,120	124,553,801	118,315,173	133,462,101	146,116,005	154,757,035	162,721,151	101,142,672	101,597,340	112,094,781	110,189,791	169,898,353	175,022,212	222,284,572		1,346,819,858	1,478,652,011
Percent Change	9.5	-1.7	4.1	24.0	25.3	28.8	16.3	11.5	24.8	21.8	23.0	16.4	13.7	18.4	34.2	3.3	11.5	18.7	3.0	27.0	15.0		9.8	17.8

Census %	2010				2011												2012	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Census Props	221	221	221	220	219	219	219	219	219	219	219	220	220	220	220	220	220	220
Census Rooms	33770	33769	33769	33635	33620	33620	33621	33621	33621	33596	33601	33737	33737	33734	33733	33733	33734	33734
% Rooms Participants	82.2	82.2	82.2	82.2	82.3	82.2	81.9	81.8	81.9	81.9	81.8	81.4	82.0	82.0	81.8	81.7	81.6	81.1

A blank row indicates insufficient data.

Source 2012 SMITH TRAVEL RESEARCH, Inc.

Tab 3 - Response San Francisco County

San Francisco Travel Association

For the Month of February 2012

								2010												2011												2012											
STR Code	Name of Establishment	City & State	Zip Code	Aff Date	Open Date	Rooms	Chg in Rms	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
19217	Adante Hotel	San Francisco, CA	94102	May 2004	Jun 1916	93	Y																																				
59426	Aldrich Hotel	San Francisco, CA	94102			45																																					
61407	Americas Best Value Inn & Suites Union Square	San Francisco, CA	94102	Mar 2009	Mar 2009	80																																					
19739	Bel Air Hotel	San Francisco, CA	94102			70																																					
11868	Beresford Hotel	San Francisco, CA	94102	Jun 1920	Jun 1920	114																																					
11888	Best Western The Hotel California	San Francisco, CA	94102	Jul 2007	Jun 1913	81	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11875	Chancellor Hotel	San Francisco, CA	94102	Jun 1914	Jun 1914	137																																					
10052	Clift Hotel	San Francisco, CA	94102	Feb 1995	Jun 1915	372	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
48840	Closed - Independent Oak Hotel	San Francisco, CA	94102	Jan 2009		0	Y																																				
19629	Closed Argyle Hotel	San Francisco, CA	94102	Jan 1991		0	Y																																				
14020	Closed Budget Inn	San Francisco, CA	94102	Dec 1994		0	Y																																				
25374	Closed Cambridge Hotel	San Francisco, CA	94102	Nov 2001		0	Y																																				
49118	Closed Elm Hotel	San Francisco, CA	94102	Feb 2004		0	Y																																				
40075	Closed Foleys Inn	San Francisco, CA	94102	Jun 2004	Jun 1910	0	Y																																				
51797	Closed Gateway Inn	San Francisco, CA	94102	Sep 2005	Jun 1960	0	Y																																				
12785	Closed Hotel Olympic	San Francisco, CA	94102	Oct 2007	Jun 1995	0	Y																																				
19647	Closed Ivy Hotel	San Francisco, CA	94102	Aug 2005		0	Y																																				
14442	Closed Nazarath Hotel	San Francisco, CA	94102	Dec 2005		0	Y																																				
19260	Closed Pacific Bay Inn	San Francisco, CA	94102	Jun 1996		0	Y																																				
19658	Closed Pierre Hotel	San Francisco, CA	94102	Jun 2004	Jun 1926	0	Y																																				
24384	Closed Sheehan Hotel	San Francisco, CA	94102	Sep 2005	Jun 1917	0	Y																																				
21464	Closed West	San Francisco, CA	94102	Sep 1992		0	Y																																				
49640	Columbia Hotel	San Francisco, CA	94102			123																																					
27843	Days Inn San Francisco Civic Center	San Francisco, CA	94102	Jul 1991		40		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11886	Donatello Hotel	San Francisco, CA	94102	Jun 1970	Jun 1970	94		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
15939	Edwardian San Francisco Hotel	San Francisco, CA	94102	Jun 1916	Jun 1916	36																																					
45493	Embassy Hotel	San Francisco, CA	94102	Jun 1936	Jun 1936	84																																					
48984	Halcyon Hotel	San Francisco, CA	94102	Jun 1912	Jun 1912	25																																					
11860	Handlery Union Square	San Francisco, CA	94102	Jun 1908	Jun 1908	377		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
59110	Hayes Valley Inn	San Francisco, CA	94102			28																																					
40076	Herbert Hotel	San Francisco, CA	94102	Jun 1908	Jun 1908	52																																					
9707	Hilton San Francisco Union Square	San Francisco, CA	94102	Aug 1964	Aug 1964	1908	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19644	Hotel Abigail	San Francisco, CA	94102	May 2004	Jun 1926	60																																					
13785	Hotel ABRI	San Francisco, CA	94102	Jun 1906	Jun 1906	91		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11876	Hotel Adagio	San Francisco, CA	94102	Feb 2012	Jun 1929	171	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
15271	Hotel Bijou	San Francisco, CA	94102	Jun 1911	Jun 1911	65		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21450	Hotel Diva	San Francisco, CA	94102	Jun 1912	Jun 1912	116		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
9411	Hotel Frank	San Francisco, CA	94102	Oct 1996	Jun 1908	109	Y	○	○	○	○		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
54186	Hotel Fusion	San Francisco, CA	94102	Feb 2006	Jun 1912	118	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11883	Hotel Mark Twain	San Francisco, CA	94102	Jul 2004	Jun 1988	118		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11885	Hotel Metropolis	San Francisco, CA	94102	Oct 1998	Jun 1910	105	Y	○	○	○	○	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21458	Hotel Nikko San Francisco	San Francisco, CA	94102	Jan 1991	Oct 1987	532	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
40078	Hotel Stratford	San Francisco, CA	94102	Jun 1907	Jun 1907	90	Y	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
11877	Hotel Union Square	San Francisco, CA	94102	Jun 1913	Jun 1913	131		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19655	Inn @ The Opera	San Francisco, CA	94102	Jun 1926	Jun 1926	48	Y																																				
11880	Inn @ Union Square	San Francisco, CA	94102	Jun 1980	Jun 1980	30		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19657	Joie De Vivre Hotel Rex	San Francisco, CA	94102	Jan 2006	Jun 1907	94	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21460	JW Marriott San Francisco Union Square	San Francisco, CA	94102	Apr 2006	Sep 1987	337		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19648	Kensington Park Hotel	San Francisco, CA	94102	Jun 1923	Jun 1923	92		○	○	○	○	○	○	○	○	○	○	○	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11867	Kimpton Hotel Monaco San Francisco	San Francisco, CA	94102	Jan 2009	Jun 1910	201	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19634	Kimpton Prescott Hotel	San Francisco, CA	94102	Jan 2009	Jun 1917	164		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11870	Kimpton Serrano Hotel	San Francisco, CA	94102	Jan 2009	Jun 1928	236	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19664	Kimpton Sir Francis Drake Hotel	San Francisco, CA	94102	Jan 2009	Jun 1928	416		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19649	King George Hotel	San Francisco, CA	94102	Jun 1914	Jun 1914	153	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11873	Larkspur Hotel Union Square	San Francisco, CA	94102	Jun 1913	Jun 1913	114		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
48635	Layne Hotel	San Francisco, CA	94102	Jun 1912	Jun 1912	40																																					
49810	Marines Memorial Club	San Francisco, CA	94102	Jun 1946	Jun 1946	137																																					
18415	New Central Hotel	San Francisco, CA	94102			100																																					
7592	Parc 55 Wyndham San Francisco Union Square	San Francisco, CA	94102	May 2010	May 1984	1013	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
18412	Renoir Hotel	San Francisco, CA	94102	Jun 1907	Jun 1907	130	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
58969	Spaulding Hotel	San Francisco, CA	94102			128																																					
25375	Super 8 San Francisco	San Francisco, CA	94102	Jul 2008	Jun 1969	51		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
58746	Sweden House Hotel	San Francisco, CA	94102			21																																					
19659	The Powell Hotel	San Francisco, CA	94102	Jun 1908	Jun 1908	135	Y	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
19321	Touchstone Hotel	San Francisco, CA	94102	Jun 1956	Jun 1956	42																																					
19254	Union Square Plaza Hotel	San Francisco, CA	94102	Jun 1913	Jun 1913	75																																					
25367	Villa Florence Hotel	San Francisco, CA	94102	Jun 1915	Jun 1915	182		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
25368	Warwick San Francisco	San Francisco, CA	94102	Jan 1913	Jan 1913	74		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
10451	Westin St Francis	San Francisco, CA	94102	Jan 1998	Mar 1904	1195	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										

Tab 3 - Response San Francisco County

San Francisco Travel Association

For the Month of February 2012

STR Code	Name of Establishment	City & State	Zip Code	Aff Date	Open Date	Rooms	Chg in Rms	2010												2011												2012											
								J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
51352	Aida Hotel	San Francisco, CA	94103	Jun 1953	Jun 1953	175	Y																																				
57498	Americas Best Value Inn & Suites SOMA	San Francisco, CA	94103	Aug 2007	Aug 2007	33																																					
49403	Ascot Hotel	San Francisco, CA	94103			54																																					
48841	Baldwin House Hotel	San Francisco, CA	94103	May 2007	Jun 1905	200	Y																																				
2091	Best Western Plus Americania	San Francisco, CA	94103	Apr 2011	Jun 1961	143		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
2092	Best Western Plus Carriage Inn	San Francisco, CA	94103	Apr 2011	Jun 1980	48		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
2093	Civic Center Motor Inn	San Francisco, CA	94103	Dec 2010	Jun 1956	57																																					
51037	Closed Allen Hotel	San Francisco, CA	94103	Jul 2007		0	Y																																				
2094	Closed BEST WESTERN Flamingo Inn	San Francisco, CA	94103	Dec 2007	Jun 1950	0	Y																																				
47905	Closed Henry Hotel	San Francisco, CA	94103	Jun 2003		0	Y																																				
9277	Closed Sai Hotel	San Francisco, CA	94103	Jun 1992		0	Y																																				
21462	Closed Sonoma	San Francisco, CA	94103	Feb 1991		0	Y																																				
39992	Four Seasons Hotel San Francisco	San Francisco, CA	94103	Oct 2001	Oct 2001	277		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
12516	Good Hotel	San Francisco, CA	94103	Jun 2010	Jun 1915	117	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
183	Holiday Inn San Francisco Civic Center	San Francisco, CA	94103	Mar 1970	Mar 1970	388		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
29550	Hotel Milano	San Francisco, CA	94103	Jun 1913	Jun 1913	108																																					
11887	Hotel Whitcomb	San Francisco, CA	94103	Aug 2007	Jun 1919	459		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
56494	InterContinental San Francisco	San Francisco, CA	94103	Feb 2008	Feb 2008	550		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
38106	Kimpton Hotel Palomar San Francisco	San Francisco, CA	94103	Jan 2009	Jun 1908	195	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
3975	Knights Inn Downtown San Francisco	San Francisco, CA	94103	Dec 2008	Jun 1983	68		●	○	○	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
21456	Marriott San Francisco Marquis	San Francisco, CA	94103	Oct 1989	Oct 1989	1499		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19229	Mosser Victorian Hotel	San Francisco, CA	94103	Jun 1913	Jun 1913	166	Y																																				
50996	Normandie Hotel	San Francisco, CA	94103			20																																					
19654	Pickwick Hotel	San Francisco, CA	94103	Jan 2004	Jun 1928	189		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
19652	Rodeway Inn Downtown San Francisco	San Francisco, CA	94103	Jan 1996	Jun 1958	34		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
53991	St Regis San Francisco	San Francisco, CA	94103	Nov 2005	Nov 2005	260		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
51003	Sunnyside Hotel	San Francisco, CA	94103			57																																					
7239	Travelodge San Francisco Central	San Francisco, CA	94103	Jun 1960	Jun 1960	84		●	●	●	●	●	●	○	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
8892	Vagabond Inn San Francisco Civic Center	San Francisco, CA	94103	Aug 2007		22		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
21452	Villa Soma	San Francisco, CA	94103	Jun 1980	Jun 1980	37																																					
37818	W Hotel San Francisco	San Francisco, CA	94103	May 1999	May 1999	404	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
10085	Westin San Francisco Market Street	San Francisco, CA	94103	Apr 2007	Apr 1983	676		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19638	Joie De Vivre Galleria Park Hotel	San Francisco, CA	94104	Mar 2007	Jun 1911	177		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21454	Mandarin Oriental San Francisco	San Francisco, CA	94104	May 1987	May 1987	158		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
40197	Omni San Francisco Hotel	San Francisco, CA	94104	Feb 2002	Feb 2002	362		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
42679	Courtyard San Francisco Downtown	San Francisco, CA	94105	Oct 2001	Oct 2001	405		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
15365	Hotel Griffon	San Francisco, CA	94105	Jun 1906	Jun 1906	62		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
53228	Joie De Vivre Hotel Vitale	San Francisco, CA	94105	Mar 2005	Mar 2005	200		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
23614	Kimpton Harbor Court Hotel	San Francisco, CA	94105	Jan 2009	Jun 1907	131		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
1316	Luxury Collection Palace Hotel	San Francisco, CA	94105			553		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19630	Bay Bridge Inn	San Francisco, CA	94107	Jun 1958	Jun 1958	22																																					
19783	Closed Amsterdam Hotel	San Francisco, CA	94108	Jun 2003		0	Y																																				
19665	Closed Juliana Hotel	San Francisco, CA	94108	Aug 2004	Jun 1902	0	Y																																				
29868	Closed Nob Hill Lambourne Hotel	San Francisco, CA	94108	Jan 2007	Jun 1989	0	Y																																				
19275	Closed Powell Place City Share	San Francisco, CA	94108	Jun 2002		0	Y																																				
19662	Closed Residence Club	San Francisco, CA	94108	Apr 2006	Jun 1976	0	Y																																				
19639	Closed The Golden Gate Hotel	San Francisco, CA	94108	Mar 1999		0	Y																																				
19360	Cornell Hotel	San Francisco, CA	94108	Jun 1910	Jun 1910	50																																					
16102	Crescent Hotel San Francisco	San Francisco, CA	94108	Oct 2009	Jun 1906	79	Y	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	●	●	●	●	●	●	○										
11891	Executive Hotel Vintage Court	San Francisco, CA	94108	Jun 1912	Jun 1912	106		●	●	●	●	●	●	●	●	●	●	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
8956	Fairmont San Francisco	San Francisco, CA	94108	Apr 1907	Apr 1907	591		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
5757	Grand Hyatt San Francisco	San Francisco, CA	94108	Jan 1973	Jan 1973	659	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
49940	Grant Hotel	San Francisco, CA	94108	Jun 1910	Jun 1910	76																																					
19640	Grant Plaza Hotel	San Francisco, CA	94108	Jun 1926	Jun 1926	72																																					
18342	Grosvenor Suites	San Francisco, CA	94108	Jun 1962	Jun 1962	66	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
187	Hilton San Francisco Financial Dist	San Francisco, CA	94108	Jan 2006	Nov 1970	542	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
48819	Hotel Astoria	San Francisco, CA	94108			75																																					
40066	Hotel Des Arts	San Francisco, CA	94108	Jun 1910	Jun 1910	53																																					
8996	InterContinental Mark Hopkins San Francisco	San Francisco, CA	94108	Jun 1973	Jun 1926	381	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11894	Joie De Vivre Petite Auberge	San Francisco, CA	94108	Jan 2003	Jun 1919	26		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19645	Joie De Vivre White Swan Inn	San Francisco, CA	94108	Jan 2003	Jun 1907	26		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19631	Kimpton Hotel Triton	San Francisco, CA	94108	Jan 2009	Jun 1920	140		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
186	Marriott San Francisco Union Square	San Francisco, CA	94108	Apr 2009	Jun 1971	400		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
54726	Orchard Garden Hotel	San Francisco, CA	94108	Nov 2006	Nov 2006	86		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
41618	Orchard Hotel	San Francisco, CA	94108	Nov 2000	Nov 2000	104		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11879	Preferred Huntington Hotel & Nob Hill Spa	San Francisco, CA	94108	Jun 1947	Jun 1947	136		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
5349	Renaissance Stanford Court San Francisco Hotel	San Francisco, CA	94108	Jan 1995	Jun 1973	393		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
17601	Ritz-Carlton San Francisco	San Francisco, CA	94108	Apr 1991	Apr 1991	336		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11871	Taj Campton Place	San Francisco, CA	94108	Apr 2007	Jun 1983	110		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										

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San Francisco Travel Association

For the Month of February 2012

STR Code	Name of Establishment	City & State	Zip Code	Aff Date	Open Date	Rooms	Chg in Rms	2010 J	F	M	A	M	J	J	A	S	O	N	D	2011 J	F	M	A	M	J	J	A	S	O	N	D	2012 J	F	M	A	M	J	J	A	S	O	N	D
14021	Alexis Park San Francisco	San Francisco, CA	94109	Dec 2007		29																																					
9204	America`s Best Inn San Francisco Fishermans Wharf	San Francisco, CA	94109	Dec 2001		42			○										○	○	○	○		○	○	○	○	○	○	○													
11892	Andrews Hotel	San Francisco, CA	94109	Jun 1905	Jun 1905	48																																					
11869	Beresford Arms Hotel	San Francisco, CA	94109	Jun 1922	Jun 1922	96																																					
13555	Broadway Manor	San Francisco, CA	94109	Jun 1957	Jun 1957	58																																					
4800	Castle Inn	San Francisco, CA	94109			25																																					
7241	Civic Center Inn	San Francisco, CA	94109	Aug 2005	Jun 1973	80																																					
9269	Closed - Independent Ansonia Hotel	San Francisco, CA	94109	Jan 2008	Jun 1908	0	Y																																				
49517	Closed - Independent Caldrake Hotel	San Francisco, CA	94109	Sep 2007	Jun 1907	0	Y																																				
40087	Closed - Independent Hyde Regency	San Francisco, CA	94109	Jan 2008	Jun 1981	0	Y																																				
19261	Closed Atherton Hotel	San Francisco, CA	94109	Jul 2001	Jun 1927	0	Y																																				
14635	Closed Beresford Manor Hotel	San Francisco, CA	94109	Apr 2003		0	Y																																				
19632	Closed BEST WESTERN Canterbury Hotel	San Francisco, CA	94109	Feb 2005	Jun 1928	0	Y																																				
21449	Closed Broadway Hotel	San Francisco, CA	94109	Jul 2002		0	Y																																				
11874	Closed Cathedral Hill Hotel	San Francisco, CA	94109	Nov 2009	Jun 1960	0	Y																																				
11866	Closed Clarion Cosmo Hotel	San Francisco, CA	94109	Nov 2004	Jun 1981	0	Y																																				
19635	Closed Commodore Hotel	San Francisco, CA	94109	Dec 2006	Jun 1928	0	Y																																				
12483	Closed Essex Hotel	San Francisco, CA	94109	Feb 2005	Jun 1918	0	Y																																				
41990	Closed Executive Suites	San Francisco, CA	94109	Dec 2003	Jun 1988	0	Y																																				
29863	Closed Executive Suites	San Francisco, CA	94109	Mar 1994		0	Y																																				
48818	Closed Glenwood Hotel	San Francisco, CA	94109	Aug 2004	Jun 1914	0	Y																																				
19643	Closed Holiday Lodge & Garden Hotel	San Francisco, CA	94109	Jun 2001		0	Y																																				
45418	Closed Hotel Union	San Francisco, CA	94109	Jun 1991		0	Y																																				
21459	Closed Loober Hotel	San Francisco, CA	94109	Apr 2003		0	Y																																				
11090	Closed Senator Motel	San Francisco, CA	94109	Jan 1991		0	Y																																				
49054	Closed Shirley Hotel	San Francisco, CA	94109	Oct 2006		0	Y																																				
15294	Closed The Leslie Hotel	San Francisco, CA	94109	Jun 1999		0	Y																																				
14779	Closed The Nob Hill	San Francisco, CA	94109	Mar 1991		0	Y																																				
19666	Closed Whitehall Hotel	San Francisco, CA	94109	Jun 1990	Jun 1914	0	Y																																				
3974	Comfort Inn By The Bay San Francisco	San Francisco, CA	94109	Apr 1993	Nov 1969	138		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
7240	Cova Hotel	San Francisco, CA	94109	Jun 1968	Jun 1968	100																																					
10395	Da Vinci Villa	San Francisco, CA	94109	Aug 2011	Jun 1964	136	Y	●	●	●	●	●	●	●	●	●	●	●										●	●	●	●	●	●										
51074	Dakota Hotel	San Francisco, CA	94109	Jun 1995	Jun 1995	20																																					
58922	Fairmont Heritage Place Ghirardelli Square	San Francisco, CA	94109	Aug 2008	Aug 2008	53		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
38283	Fitzgerald Hotel	San Francisco, CA	94109	Jun 1993	Jun 1993	39																																					
184	Holiday Inn San Francisco Golden Gateway	San Francisco, CA	94109	Mar 1974	Mar 1974	499		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19668	Hotel Vertigo	San Francisco, CA	94109	Jun 1925	Jun 1925	101	Y	○	○	○	○	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11872	Joie De Vivre Hotel Carlton	San Francisco, CA	94109	Jun 2003	Jun 1927	161		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19633	Joie De Vivre Phoenix Hotel	San Francisco, CA	94109	Mar 1988	Jun 1955	44		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
43697	Kimpton Argonaut Hotel	San Francisco, CA	94109	Jan 2009	Aug 2003	252		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19653	Mayflower Hotel	San Francisco, CA	94109	Jun 1930	Jun 1930	99																																					
58885	Mithila Hotel	San Francisco, CA	94109	Mar 1930	Mar 1930	40																																					
8089	Motel 6 San Francisco	San Francisco, CA	94109	Jan 2007	Jun 1972	72		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
40077	Nob Hill Hotel	San Francisco, CA	94109	Jun 1907	Jun 1907	54																																					
50365	Nob Hill Inn	San Francisco, CA	94109	Jun 1975	Jun 1975	21																																					
19656	Nob Hill Motor Inn	San Francisco, CA	94109	Jun 1907	Jun 1907	31																																					
4804	Oasis Inn	San Francisco, CA	94109	Jun 1995	Jun 1963	59																																					
11895	Queen Anne Hotel	San Francisco, CA	94109			48		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○											
19660	Red Coach Motor Lodge	San Francisco, CA	94109	Jun 1971	Jun 1971	45																																					
5617	Rodeway Inn San Francisco Civic Center	San Francisco, CA	94109	Mar 1991	Jun 1960	34		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19663	Sonoma Inn	San Francisco, CA	94109			28																																					
19646	Suites @ Fishermans Wharf	San Francisco, CA	94109	Aug 1958	Aug 1958	24																																					
21453	The Hotel Majestic	San Francisco, CA	94109	Feb 1904	Feb 1904	58		○	○	○	○	○	○	○	○	○	○	○	○	○	○																						
11881	The Monarch Hotel	San Francisco, CA	94109	Oct 1999	Jun 1924	101																																					
11878	The Opal Hotel	San Francisco, CA	94109	Apr 2006	Jun 1908	164	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
49110	Closed Graywood Hotel	San Francisco, CA	94110	Oct 2006		0	Y																																				
21463	Closed Valencia	San Francisco, CA	94110	Sep 1992		0	Y																																				
56057	The Inn San Francisco	San Francisco, CA	94110	Jun 1987	Jun 1987	21																																					
44478	Club Quarters San Francisco	San Francisco, CA	94111	Jun 2003	Jun 2003	446																																					
5758	Hyatt Regency San Francisco	San Francisco, CA	94111	May 1973	May 1973	802		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
24076	Le Meridien San Francisco	San Francisco, CA	94111	May 2006	Jan 1989	360		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
4803	Mission Inn	San Francisco, CA	94112	Jun 1965	Jun 1965	51		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○		○	○				○										
11853	Beck`s Motor Lodge	San Francisco, CA	94114	Jun 1958	Jun 1958	58						●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
49059	Twin Peaks Hotel	San Francisco, CA	94114	Jun 1933	Jun 1933	60																																					
27727	Closed The Mansions Hotel	San Francisco, CA	94115	Jun 2000		0	Y																																				
19637	Hotel Drisco	San Francisco, CA	94115	Jan 2012	Jun 1903	48	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11884	Joie De Vivre Hotel Kabuki	San Francisco, CA	94115	Oct 2007	Jun 1968	218		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
2095	Joie De Vivre Hotel Tomo	San Francisco, CA	94115	Dec 2011	Jun 1975	125		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19650	Joie De Vivre Laurel Inn	San Francisco, CA	94115	Jun 2005	Jun 1965	49		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										

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San Francisco Travel Association

For the Month of February 2012

								2010												2011												2012											
STR Code	Name of Establishment	City & State	Zip Code	Aff Date	Open Date	Rooms	Chg in Rms	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
27635	Days Inn San Francisco @ The Beach	San Francisco, CA	94116	Mar 1990	Mar 1990	33		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11861	Ocean Park Motel	San Francisco, CA	94116	Jun 1936	Jun 1936	24																																					
41571	Roberts @ The Beach Motel	San Francisco, CA	94116	Jun 1951	Jun 1951	30																																					
40072	Carl Hotel	San Francisco, CA	94117	Jun 1957	Jun 1957	27																																					
51540	Casa Loma Hotel	San Francisco, CA	94117			51																																					
41570	Closed - Independent Archbishop`s Mansion	San Francisco, CA	94117	Jan 2011	Jun 1904	0	Y																																				
19877	Closed Hill Point Guest Houses	San Francisco, CA	94117	Jun 2004	Apr 1968	0	Y																																				
57374	Inn 1890	San Francisco, CA	94117	Jun 1997	Jun 1997	16																																					
21457	Metro Hotel	San Francisco, CA	94117	Jun 1906	Jun 1906	23																																					
41651	Red Victorian B & B	San Francisco, CA	94117	Jun 1977	Jun 1977	18																																					
11889	Stanyan Park Hotel	San Francisco, CA	94117	Jun 1904	Jun 1904	36		●	●	●	●	●	●	●	●	●	●	●	●	●																							
45375	Geary Parkway Motel	San Francisco, CA	94118			20																																					
11863	Seal Rock Inn	San Francisco, CA	94121	Jun 1960	Jun 1960	27																																					
46019	Beach Motel	San Francisco, CA	94122			20																																					
19641	Great Highway Inn	San Francisco, CA	94122	Jun 1957	Jun 1957	54																																					
18632	Oceanview Motel	San Francisco, CA	94122	Jan 1991		21																																					
29697	Alfa Inn & Suites	San Francisco, CA	94123	Feb 2007	Feb 1994	28																																					
51792	Americas Best Value Inn San Francisco Golden Gate	San Francisco, CA	94123	Jun 2006	Jun 1940	39																																					
51039	Bridge Motel	San Francisco, CA	94123			40																																					
32184	Buena Vista Motor Inn	San Francisco, CA	94123	Jun 1989	Jun 1989	50		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
11857	Chelsea Motor Inn	San Francisco, CA	94123	Jun 1982	Jun 1982	60																																					
19636	Closed - Independent Edward II Inn	San Francisco, CA	94123	Jun 2010	Jun 1914	0	Y																																				
54188	Closed La Scala Hotel	San Francisco, CA	94123	May 2006		0	Y																																				
42308	Country Hearth Inn San Francisco	San Francisco, CA	94123	Dec 2007		23						○				○		○		○	○	○	○	○	○		○	○	○	○	○		○										
13624	Coventry Motor Inn	San Francisco, CA	94123			69																																					
11859	Cow Hollow Motor Inn	San Francisco, CA	94123	Jun 1976	Jun 1976	129																																					
4802	Days Inn San Francisco Lombard	San Francisco, CA	94123	Oct 1991	Jun 1954	22		●	●	●	●	●	●	○	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
45301	Economy Inn	San Francisco, CA	94123			20																																					
32185	Francisco Bay Motel	San Francisco, CA	94123	Jun 1960	Jun 1960	39																																					
7238	Greenwich Inn	San Francisco, CA	94123	Jul 2002	Jun 1985	32																																					
40073	Joie De Vivre Hotel Del Sol	San Francisco, CA	94123	Mar 1998	Jun 1956	57		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
4801	La Luna Inn	San Francisco, CA	94123	Jul 1995		61	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●											
16415	Lombard Motor Inn	San Francisco, CA	94123	May 1974	May 1974	48																																					
29865	Lombard Plaza Motel	San Francisco, CA	94123			29																																					
19651	Marina Inn	San Francisco, CA	94123	Jun 1924	Jun 1924	40																																					
21455	Marina Motel	San Francisco, CA	94123	Jun 1938	Jun 1938	38																																					
11855	Motel Capri	San Francisco, CA	94123	Jun 1955	Jun 1955	46		●	●	●	●	●	●	●	●	●	●	●	●	●	●																						
4805	Pacific Heights Inn	San Francisco, CA	94123	Jun 1958	Jun 1958	40																																					
4807	Presidio Inn	San Francisco, CA	94123	May 1995	Jun 1960	24																																					
29945	Ramada Limited San Francisco	San Francisco, CA	94123	Jan 2011	Aug 1994	37		●	●	●	●	●	●	○	○	○	○	○	○	○	○	●	●	●	●	●	●	●	●	●	●	●	●										
19661	Redwood Inn	San Francisco, CA	94123			33																																					
11896	San Francisco Motor Inn	San Francisco, CA	94123	Jun 1986	Jun 1986	20																																					
32186	Star Motel	San Francisco, CA	94123	Apr 1948	Apr 1948	52																																					
16521	Super 8 San Francisco Fishermans Wharf	San Francisco, CA	94123	Aug 1990	Jun 1980	32		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11864	Surf Motel	San Francisco, CA	94123	Jun 1971	Jun 1971	35																																					
12368	Town House Motel	San Francisco, CA	94123	Jun 1955	Jun 1955	23		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○		○	○	○	○	○		○										
7245	Travelodge San Francisco @ Presidio	San Francisco, CA	94123	Jun 1956	Jun 1956	27		●	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11854	Travelodge San Francisco By The Bay	San Francisco, CA	94123	Dec 1995	Jun 1954	71		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
7243	Travelodge San Francisco Golden Gate	San Francisco, CA	94123	Jun 2003	Jun 1957	29		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○										
45673	Closed - Independent Franciscan Motel	San Francisco, CA	94124	Jun 2010		0	Y																																				
61885	Inn @ The Presidio	San Francisco, CA	94129		U/C	22																																					
7242	Bayside Inn @ The Warf	San Francisco, CA	94133	Feb 2008	Jun 1979	25																																					
27910	Best Western Plus Tuscan Inn @ Fishermans Wharf	San Francisco, CA	94133	Apr 2011	Jun 1990	221		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
20103	Closed San Remo Hotel	San Francisco, CA	94133	Sep 2000	Jun 1906	0	Y																																				
11858	Columbus Motor Inn	San Francisco, CA	94133			45																																					
2894	Courtyard San Francisco Fishermans Wharf	San Francisco, CA	94133	Jul 2001	Jun 1967	127		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
48589	Europa Hotel	San Francisco, CA	94133			75																																					
7593	Hilton San Francisco Fishermans Wharf	San Francisco, CA	94133	Apr 2000	Jun 1980	234		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
39719	Holiday Inn Express & Suites Fishermans Wharf	San Francisco, CA	94133	Jan 2001	Jan 2001	252		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
188	Holiday Inn San Francisco Fishermans Wharf	San Francisco, CA	94133	Jul 1970	Jul 1970	585		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
43344	Hotel Boheme	San Francisco, CA	94133	Jun 1995	Jun 1995	15																																					
58927	Hotel North Beach	San Francisco, CA	94133			150																																					
2154	Hyatt @ Fishermans Wharf	San Francisco, CA	94133	Dec 1990	Dec 1990	313		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
6778	Marriott San Francisco Fishermans Wharf	San Francisco, CA	94133	Jun 1984	Jun 1984	285	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
7237	Radisson Hotel Fishermans Wharf	San Francisco, CA	94133	Dec 1999	Dec 1969	355	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11862	Royal Pacific Motor Inn	San Francisco, CA	94133	Jun 1962	Jun 1962	74																																					
1317	Sheraton Hotel Fisherman`s Wharf	San Francisco, CA	94133	Jun 1975	Jun 1975	531		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
44047	SW Hotel	San Francisco, CA	94133	Jun 1913	Jun 1913	81																																					
41572	Washington Square Inn	San Francisco, CA	94133	Jun 1978	Jun 1978	15																																					

Tab 3 - Response San Francisco County

San Francisco Travel Association

For the Month of February 2012

								2010												2011												2012											
STR Code	Name of Establishment	City & State	Zip Code	Aff Date	Open Date	Rooms	Chg in Rms	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
11865	Wharf Inn	San Francisco, CA	94133	Jun 1962	Jun 1962	51		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
1390	Closed Travelodge San Francisco Bayside	San Francisco, CA	94134	Feb 2004		0	Y																																				
			Total Properties:		278	33756																																			

○ - Monthly data received by STR

● - Monthly and daily data received by STR

Blank - No data received by STR

Y - (Chg in Rms) Property has experienced a room addition or drop during the time period of the report

A blank row indicates insufficient data.

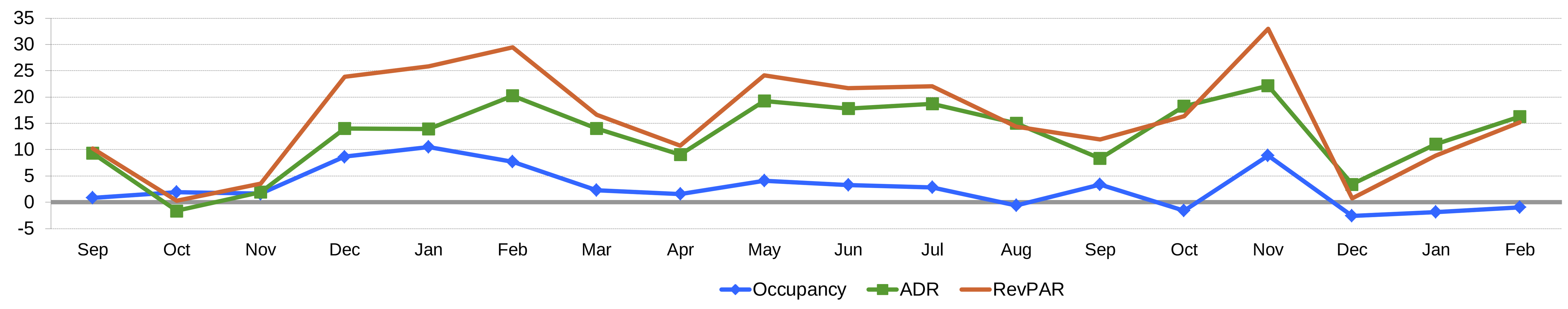
Tab 4 - Trend Zone 1

Currency: USD - US Dollar

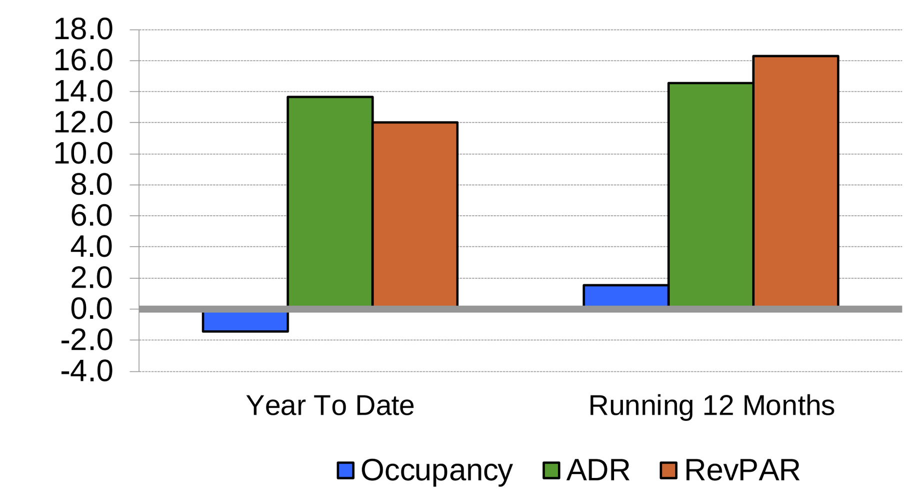
San Francisco Travel Association

For the Month of February 2012

Monthly Percent Change



Overall Percent Change



Occupancy (%)	2010				2011												2012	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
This Year	87.3	87.8	70.2	68.3	68.8	73.9	76.8	79.5	84.0	86.2	89.1	91.2	90.2	86.4	76.5	66.6	67.5	73.2
Last Year	86.6	86.1	69.1	62.9	62.3	68.6	75.0	78.3	80.7	83.5	86.6	91.7	87.3	87.8	70.2	68.3	68.8	73.9
Percent Change	0.8	2.0	1.6	8.6	10.5	7.7	2.3	1.5	4.1	3.3	2.8	-0.6	3.4	-1.6	8.9	-2.6	-1.9	-1.0

Occupancy (%)	Year To Date			Running 12 Months		
	2010	2011	2012	2010	2011	2012
This Year	65.3	71.2	70.2	75.5	79.4	80.6
Last Year	58.6	65.3	71.2	76.1	75.5	79.4
Percent Change	11.5	9.1	-1.4	-0.8	5.2	1.5

ADR	2010				2011												2012	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
This Year	192.03	197.35	160.17	158.68	177.52	180.05	175.54	164.01	195.54	181.17	190.06	190.77	207.97	233.41	195.61	164.09	197.05	209.38
Last Year	175.63	200.64	157.16	139.17	155.82	149.78	153.93	150.40	164.03	153.77	160.11	165.83	192.03	197.35	160.17	158.68	177.52	180.05
Percent Change	9.3	-1.6	1.9	14.0	13.9	20.2	14.0	9.0	19.2	17.8	18.7	15.0	8.3	18.3	22.1	3.4	11.0	16.3

ADR	Year To Date			Running 12 Months		
	2010	2011	2012	2010	2011	2012
This Year	152.81	178.76	203.15	159.36	168.16	192.62
Last Year	162.70	152.81	178.76	186.80	159.36	168.16
Percent Change	-6.1	17.0	13.6	-14.7	5.5	14.5

RevPAR	2010				2011												2012	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
This Year	167.64	173.28	112.50	108.45	122.15	133.13	134.75	130.42	164.21	156.13	169.28	173.96	187.67	201.60	149.56	109.21	133.02	153.29
Last Year	152.05	172.80	108.65	87.55	97.04	102.82	115.51	117.78	132.30	128.34	138.74	152.11	167.64	173.28	112.50	108.45	122.15	133.13
Percent Change	10.3	0.3	3.5	23.9	25.9	29.5	16.7	10.7	24.1	21.7	22.0	14.4	11.9	16.3	32.9	0.7	8.9	15.1

RevPAR	Year To Date			Running 12 Months		
	2010	2011	2012	2010	2011	2012
This Year	99.78	127.36	142.64	120.24	133.54	155.27
Last Year	95.30	99.78	127.36	142.13	120.24	133.54
Percent Change	4.7	27.6	12.0	-15.4	11.1	16.3

Supply	2010				2011												2012	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
This Year	765,450	790,965	765,450	786,811	786,811	710,668	786,842	761,460	786,842	760,710	786,067	790,283	764,790	790,190	764,670	790,159	790,190	713,720
Last Year	777,420	803,334	765,540	791,058	791,058	714,504	790,965	765,450	790,965	765,450	790,965	790,965	765,450	790,965	765,450	786,811	786,811	710,668
Percent Change	-1.5	-1.5	0.0	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.1	-0.1	-0.1	-0.1	0.4	0.4	0.4

Supply	Year To Date			Running 12 Months		
	2010	2011	2012	2010	2011	2012
This Year	1,505,562	1,497,479	1,503,910	9,411,090	9,300,915	9,285,923
Last Year	1,528,926	1,505,562	1,497,479	9,463,965	9,411,090	9,300,915
Percent Change	-1.5	-0.5	0.4	-0.6	-1.2	-0.2

Demand	2010				2011												2012	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
This Year	668,227	694,519	537,671	537,708	541,398	525,479	604,014	605,474	660,742	655,568	700,139	720,612	690,149	682,500	584,673	525,885	533,437	522,517
Last Year	673,039	691,887	529,263	497,626	492,668	490,463	593,581	599,414	637,973	638,865	685,355	725,512	668,227	694,519	537,671	537,708	541,398	525,479
Percent Change	-0.7	0.4	1.6	8.1	9.9	7.1	1.8	1.0	3.6	2.6	2.2	-0.7	3.3	-1.7	8.7	-2.2	-1.5	-0.6

Demand	Year To Date			Running 12 Months		
	2010	2011	2012	2010	2011	2012
This Year	983,131	1,066,877	1,055,954	7,101,095	7,385,702	7,485,710
Last Year	895,553	983,131	1,066,877	7,200,841	7,101,095	7,385,702
Percent Change	9.8	8.5	-1.0	-1.4	4.0	1.4

Revenue	2010				2011												2012	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
This Year	128,321,664	137,060,211	86,116,197	85,325,846	96,106,904	94,612,858	106,029,181	99,306,775	129,204,380	118,770,481	133,068,976	137,474,509	143,527,343	159,300,388	114,367,784	86,294,929	105,111,912	109,407,136
Last Year	118,205,527	138,818,340	83,177,570	69,253,907	76,768,165	73,463,412	91,367,388	90,154,374	104,646,198	98,240,103	109,734,548	120,311,776	128,321,664	137,060,211	86,116,197	85,325,846	96,106,904	94,612,858
Percent Change	8.6	-1.3	3.5	23.2	25.2	28.8	16.0	10.2	23.5	20.9	21.3	14.3	11.8	16.2	32.8	1.1	9.4	15.6

Revenue	Year To Date			Running 12 Months		
	2010	2011	2012	2010	2011	2012
This Year	150,231,577	190,719,762	214,519,048	1,131,615,248	1,241,998,067	1,441,863,794
Last Year	145,702,175	150,231,577	190,719,762	1,345,132,016	1,131,615,248	1,241,998,067
Percent Change	3.1	27.0	12.5	-15.9	9.8	16.1

Census %	2010				2011												2012	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Census Props	90	90	90	89	89	89	89	89	89	89	89	90	90	90	90	90	90	90
Census Rooms	25515	25515	25515	25381	25381	25381	25382	25382	25382	25357	25357	25493	25493	25490	25489	25489	25490	25490
% Rooms Participants	99.2	99.2	99.2	99.4	99.4	99.4	99.4	99.2	99.4	99.4	99.4	98.8	99.4	99.4	99.4	99.2	99.2	99.0

A blank row indicates insufficient data.

Source 2012 SMITH TRAVEL RESEARCH, Inc.

Tab 5 - Response Zone 1

San Francisco Travel Association

For the Month of February 2012

STR Code	Name of Establishment	City & State	Zip Code	Aff Date	Open Date	Rooms	Chg in Rms	2010												2011												2012											
								J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
11888	Best Western The Hotel California	San Francisco, CA	94102	Jul 2007	Jun 1913	81	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
10052	Clift Hotel	San Francisco, CA	94102	Feb 1995	Jun 1915	372	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
27843	Days Inn San Francisco Civic Center	San Francisco, CA	94102	Jul 1991		40		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11886	Donatello Hotel	San Francisco, CA	94102	Jun 1970	Jun 1970	94		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
11860	Handlery Union Square	San Francisco, CA	94102	Jun 1908	Jun 1908	377		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
9707	Hilton San Francisco Union Square	San Francisco, CA	94102	Aug 1964	Aug 1964	1908	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
13785	Hotel ABRI	San Francisco, CA	94102	Jun 1906	Jun 1906	91		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11876	Hotel Adagio	San Francisco, CA	94102	Feb 2012	Jun 1929	171	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
15271	Hotel Bijou	San Francisco, CA	94102	Jun 1911	Jun 1911	65		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21450	Hotel Diva	San Francisco, CA	94102	Jun 1912	Jun 1912	116		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
9411	Hotel Frank	San Francisco, CA	94102	Oct 1996	Jun 1908	109	Y	○	○	○	○		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
54186	Hotel Fusion	San Francisco, CA	94102	Feb 2006	Jun 1912	118	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11883	Hotel Mark Twain	San Francisco, CA	94102	Jul 2004	Jun 1988	118		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11885	Hotel Metropolis	San Francisco, CA	94102	Oct 1998	Jun 1910	105	Y	○	○	○	○	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21458	Hotel Nikko San Francisco	San Francisco, CA	94102	Jan 1991	Oct 1987	532	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11877	Hotel Union Square	San Francisco, CA	94102	Jun 1913	Jun 1913	131		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11880	Inn @ Union Square	San Francisco, CA	94102	Jun 1980	Jun 1980	30		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19657	Joie De Vivre Hotel Rex	San Francisco, CA	94102	Jan 2006	Jun 1907	94	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21460	JW Marriott San Francisco Union Square	San Francisco, CA	94102	Apr 2006	Sep 1987	337		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19648	Kensington Park Hotel	San Francisco, CA	94102	Jun 1923	Jun 1923	92		○	○	○	○	○	○	○	○	○	○	○	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11867	Kimpton Hotel Monaco San Francisco	San Francisco, CA	94102	Jan 2009	Jun 1910	201	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19634	Kimpton Prescott Hotel	San Francisco, CA	94102	Jan 2009	Jun 1917	164		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11870	Kimpton Serrano Hotel	San Francisco, CA	94102	Jan 2009	Jun 1928	236	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19664	Kimpton Sir Francis Drake Hotel	San Francisco, CA	94102	Jan 2009	Jun 1928	416		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19649	King George Hotel	San Francisco, CA	94102	Jun 1914	Jun 1914	153	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11873	Larkspur Hotel Union Square	San Francisco, CA	94102	Jun 1913	Jun 1913	114		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
49810	Marines Memorial Club	San Francisco, CA	94102	Jun 1946	Jun 1946	137																																					
7592	Parc 55 Wyndham San Francisco Union Square	San Francisco, CA	94102	May 2010	May 1984	1013	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
18412	Renoir Hotel	San Francisco, CA	94102	Jun 1907	Jun 1907	130	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19659	The Powell Hotel	San Francisco, CA	94102	Jun 1908	Jun 1908	135	Y	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
25367	Villa Florence Hotel	San Francisco, CA	94102	Jun 1915	Jun 1915	182		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
25368	Warwick San Francisco	San Francisco, CA	94102	Jan 1913	Jan 1913	74		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
10451	Westin St Francis	San Francisco, CA	94102	Jan 1998	Mar 1904	1195	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
2091	Best Western Plus Americania	San Francisco, CA	94103	Apr 2011	Jun 1961	143		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
2092	Best Western Plus Carriage Inn	San Francisco, CA	94103	Apr 2011	Jun 1980	48		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
39992	Four Seasons Hotel San Francisco	San Francisco, CA	94103	Oct 2001	Oct 2001	277		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
12516	Good Hotel	San Francisco, CA	94103	Jun 2010	Jun 1915	117	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
183	Holiday Inn San Francisco Civic Center	San Francisco, CA	94103	Mar 1970	Mar 1970	388		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11887	Hotel Whitcomb	San Francisco, CA	94103	Aug 2007	Jun 1919	459		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
56494	InterContinental San Francisco	San Francisco, CA	94103	Feb 2008	Feb 2008	550		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
38106	Kimpton Hotel Palomar San Francisco	San Francisco, CA	94103	Jan 2009	Jun 1908	195	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21456	Marriott San Francisco Marquis	San Francisco, CA	94103	Oct 1989	Oct 1989	1499		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19654	Pickwick Hotel	San Francisco, CA	94103	Jan 2004	Jun 1928	189		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
19652	Rodeway Inn Downtown San Francisco	San Francisco, CA	94103	Jan 1996	Jun 1958	34		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
53991	St Regis San Francisco	San Francisco, CA	94103	Nov 2005	Nov 2005	260		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
8892	Vagabond Inn San Francisco Civic Center	San Francisco, CA	94103	Aug 2007		22		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
37818	W Hotel San Francisco	San Francisco, CA	94103	May 1999	May 1999	404	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
10085	Westin San Francisco Market Street	San Francisco, CA	94103	Apr 2007	Apr 1983	676		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19638	Joie De Vivre Galleria Park Hotel	San Francisco, CA	94104	Mar 2007	Jun 1911	177		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
21454	Mandarin Oriental San Francisco	San Francisco, CA	94104	May 1987	May 1987	158		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
40197	Omni San Francisco Hotel	San Francisco, CA	94104	Feb 2002	Feb 2002	362		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
42679	Courtyard San Francisco Downtown	San Francisco, CA	94105	Oct 2001	Oct 2001	405		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
15365	Hotel Griffon	San Francisco, CA	94105	Jun 1906	Jun 1906	62		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
53228	Joie De Vivre Hotel Vitale	San Francisco, CA	94105	Mar 2005	Mar 2005	200		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
23614	Kimpton Harbor Court Hotel	San Francisco, CA	94105	Jan 2009	Jun 1907	131		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
1316	Luxury Collection Palace Hotel	San Francisco, CA	94105			553		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11891	Executive Hotel Vintage Court	San Francisco, CA	94108	Jun 1912	Jun 1912	106		●	●	●	●	●	●	●	●	●	●	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
8956	Fairmont San Francisco	San Francisco, CA	94108	Apr 1907	Apr 1907	591		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
5757	Grand Hyatt San Francisco	San Francisco, CA	94108	Jan 1973	Jan 1973	659	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
18342	Grosvenor Suites	San Francisco, CA	94108	Jun 1962	Jun 1962	66	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
187	Hilton San Francisco Financial Dist	San Francisco, CA	94108	Jan 2006	Nov 1970	542	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
8996	InterContinental Mark Hopkins San Francisco	San Francisco, CA	94108	Jun 1973	Jun 1926	381	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
19631	Kimpton Hotel Triton	San Francisco, CA	94108	Jan 2009	Jun 1920	140		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
186	Marriott San Francisco Union Square	San Francisco, CA	94108	Apr 2009	Jun 1971	400		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
54726	Orchard Garden Hotel	San Francisco, CA	94108	Nov 2006	Nov 2006	86		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
41618	Orchard Hotel	San Francisco, CA	94108	Nov 2000	Nov 2000	104		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11879	Preferred Huntington Hotel & Nob Hill Spa	San Francisco, CA	94108	Jun 1947	Jun 1947	136		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○										
17601	Ritz-Carlton San Francisco	San Francisco, CA	94108	Apr 1991	Apr 1991	336		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11871	Taj Campton Place	San Francisco, CA	94108	Apr 2007	Jun 1983	110		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										

Tab 5 - Response Zone 1

San Francisco Travel Association

For the Month of February 2012

STR Code	Name of Establishment	City & State	Zip Code	Aff Date	Open Date	Rooms	Chg in Rms	2010												2011												2012											
								J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
9204	America`s Best Inn San Francisco Fishermans Wharf	San Francisco, CA	94109	Dec 2001		42			○										○	○	○	○		○	○	○	○	○	○	○													
11874	Closed Cathedral Hill Hotel	San Francisco, CA	94109	Nov 2009	Jun 1960	0	Y																																				
10395	Da Vinci Villa	San Francisco, CA	94109	Aug 2011	Jun 1964	136	Y	●	●	●	●	●	●	●	●	●	●	●										●	●	●	●	●	●										
58922	Fairmont Heritage Place Ghirardelli Square	San Francisco, CA	94109	Aug 2008	Aug 2008	53		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
184	Holiday Inn San Francisco Golden Gateway	San Francisco, CA	94109	Mar 1974	Mar 1974	499		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
43697	Kimpton Argonaut Hotel	San Francisco, CA	94109	Jan 2009	Aug 2003	252		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
8089	Motel 6 San Francisco	San Francisco, CA	94109	Jan 2007	Jun 1972	72		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
11895	Queen Anne Hotel	San Francisco, CA	94109			48		○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○											
11878	The Opal Hotel	San Francisco, CA	94109	Apr 2006	Jun 1908	164	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
5758	Hyatt Regency San Francisco	San Francisco, CA	94111	May 1973	May 1973	802		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
24076	Le Meridien San Francisco	San Francisco, CA	94111	May 2006	Jan 1989	360		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
29945	Ramada Limited San Francisco	San Francisco, CA	94123	Jan 2011	Aug 1994	37		●	●	●	●	●	●	○	○	○	○	○	○	○	○	●	●	●	●	●	●	●	●	●	●	●	●										
7242	Bayside Inn @ The Warf	San Francisco, CA	94133	Feb 2008	Jun 1979	25																																					
27910	Best Western Plus Tuscan Inn @ Fishermans Wharf	San Francisco, CA	94133	Apr 2011	Jun 1990	221		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
2894	Courtyard San Francisco Fishermans Wharf	San Francisco, CA	94133	Jul 2001	Jun 1967	127		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
7593	Hilton San Francisco Fishermans Wharf	San Francisco, CA	94133	Apr 2000	Jun 1980	234		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
39719	Holiday Inn Express & Suites Fishermans Wharf	San Francisco, CA	94133	Jan 2001	Jan 2001	252		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
188	Holiday Inn San Francisco Fishermans Wharf	San Francisco, CA	94133	Jul 1970	Jul 1970	585		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
2154	Hyatt @ Fishermans Wharf	San Francisco, CA	94133	Dec 1990	Dec 1990	313		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
6778	Marriott San Francisco Fishermans Wharf	San Francisco, CA	94133	Jun 1984	Jun 1984	285	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
7237	Radisson Hotel Fishermans Wharf	San Francisco, CA	94133	Dec 1999	Dec 1969	355	Y	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
1317	Sheraton Hotel Fisherman`s Wharf	San Francisco, CA	94133	Jun 1975	Jun 1975	531		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●										
			Total Properties:		91	25490																																			

○ - Monthly data received by STR

● - Monthly and daily data received by STR

Blank - No data received by STR

Y - (Chg in Rms) Property has experienced a room addition or drop during the time period of the report

A blank row indicates insufficient data.

Source 2012 SMITH TRAVEL RESEARCH, Inc.

Appendix C

San Francisco Travel Association/Destination Analysts "San Francisco Visitor Industry Economic Impact Estimates 2011"

SAN FRANCISCO

Visitor Industry Economic Impact Estimates, 2011

San Francisco Travel Association

Background

Research Objective

For the past fifteen years, the San Francisco Travel Association has produced annual estimates of the economic impact of the travel industry to the city and county of San Francisco. These economic impact estimates are produced each year based on a model developed by the San Francisco Travel's staff and local consulting firm Economic Research Associates. This report presents estimates developed using this model for calendar year 2011.

The economic model used to develop San Francisco's visitor industry impact estimates calculates as its key outputs, the number of visitors to San Francisco, the number of days spent in The City by these visitors, total spending by in-market by these visitors, tax revenues generated by the industry for San Francisco's government, and the total number of jobs supported by the industry in San Francisco. These estimates updated for 2011 are presented in this report, along with background information of key assumptions made in these calculations.

The model defines its estimates based on a visitor's place of stay. Four key segments are covered: Visitors staying in San Francisco hotels, visitors staying in private residences in San Francisco, visitors staying outside the city either in Bay Area hotels or private homes and finally Bay Area residents taking day trips to the city for purely leisure reasons. Detailed visitor volume and spending estimates for these four segments also are presented in this report.

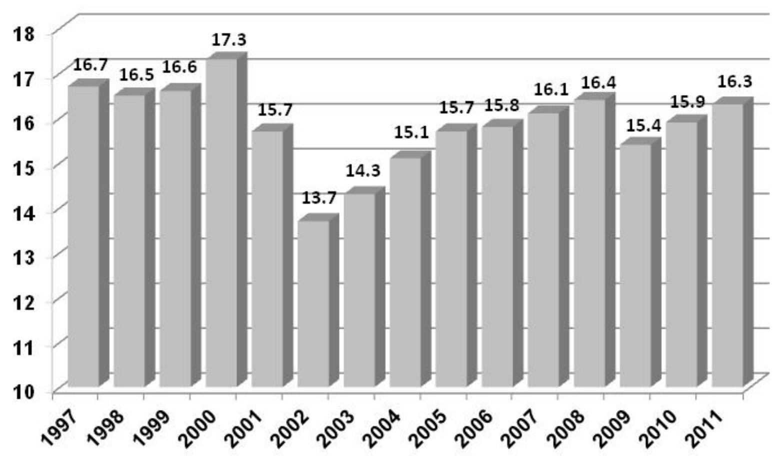
Historical Data

After rebounding from the difficult times faced in the wake of the dot com collapse and terrorist attacks of 9/11, the San Francisco visitor industry experienced a sustained period of growth. The industry's performance began to suffer in early 2001 when business travel related to the region technology industry sharply declined. This downturn was then greatly exacerbated in the wake of 9/11. Historical estimates show that both the number of visitors coming to San Francisco and their in-market spending grew during the next six years, but dropped in 2009. In the most recent year, however, the industry has continued its rebound, attracting 16.35 million visitors who spent $8.46 billion in San Francisco. Data showing these trends are briefly examined in the following two charts (next page).

San Francisco Visitor Volume: Fifteen Year Perspective

In 2011, the total number of visitors in San Francisco jumped to 16.3 million, up approximately 3 percent from the previous year.

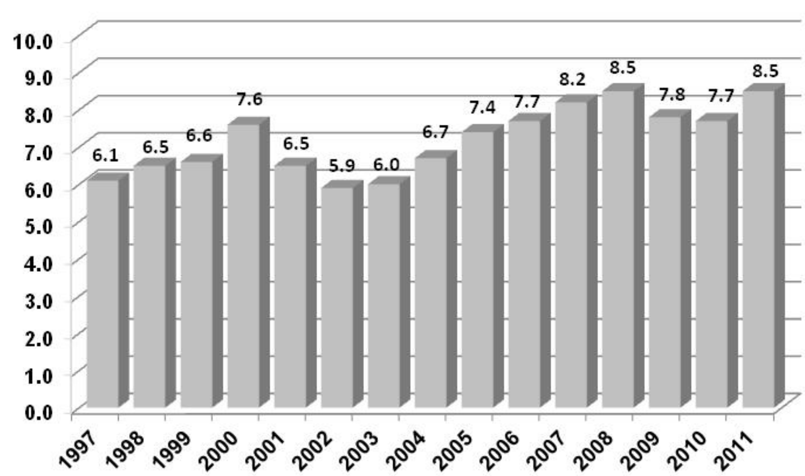
ANNUAL TOTAL VISITOR VOLUME (IN MILLIONS)



San Francisco Visitor Spending: Fifteen Year Perspective

Total visitor spending increased to $8.5 billion in 2011. Spending estimates include spending for all goods and services purchased by visitors while inside the city of San Francisco.

ANNUAL VISITOR SPENDING (IN BILLIONS)



2011 Visitor Volume & Spending

The table below shows a detailed comparison of 2010 and 2011 San Francisco visitor volume and spending. In 2011 with San Francisco hosting 16.3 million visitors who spent $8.5 billion while in The City. In addition, the industry generated $526 million dollars in tax revenues for the City and County of San Francisco and supported 71,403 local jobs.

BREAKDOWN OF SAN FRANCISCO ANNUAL VISITOR VOLUME & SPENDING, 2011

VISITOR VOLUME
(Number of visitors to San Francisco in millions)

Place of stay	2010	2011	% CHNG
San Francisco Hotel	4.89	5.04	3.1%
Private Home in San Francisco	1.11	1.09	-1.2%
Other Bay Area Locations	5.64	5.88	4.3%
Bay Area Residents on Leisure Trips	4.29	4.33	1.0%
Total	15.92	16.35	2.7%

VISITOR SPENDING
(Visitor spending in San Francisco in billion dollars)

Place of stay	2010	2011	2011
San Francisco Hotel	$4.64	$5.20	12.0%
Private Home in San Francisco*	$0.71	$0.75	4.9%
Other Bay Area Locations*	$1.04	$1.14	9.5%
Bay Area Residents on Leisure Trips	$1.31	$1.38	5.1%
Total	$7.70	$8.46	9.8%

OTHER KEY VISITOR INDUSTRY STATISTICS, 2011

Taxes generated for City of San Francisco (millions)	$485	$526	8.6%
Jobs supported in San Francisco	67,122	71,403	6.4%
Total payroll (billions)	$1.88	$2.06	9.2%
Visitors in San Francisco on an average day	126,931	129,499	2.0%
Visitor spending in San Francisco on an average day (millions)	$21.11	$23.19	9.8%
Annual visitor spending per San Franciscan	$9,570	$10,411	8.8%

SOURCE: San Francisco Travel Association, Economics Research Associates, Destination Analysts, Inc.

2011 Convention & Group Meeting Impact

Conventions, trade shows and group meetings are major contributors to San Francisco's tourism industry. The table below compares performance in this area for 2010 and 2011.

Calculation of Annual Expenditures Related to Trade Shows and Conventions		
	2010	**2011**
Total city-wide room nights	9,665,729	9,968,585
Percent group meeting	29.0%	27.0%
Total citywide group meeting nights	2,800,538	2,690,953
Length of stay	4.1	4.1
Attendees in SF Hotels	683,058	656,330
Total out-of-town attendees	683,058	656,330
Spending per day	$264.72	$294.84
SF hotel attendee spending	$741,358,382	$793,413,141
Multiple occupancy factor	1.4	1.4
Total spending (direct) stayed in hotel	$1,037,901,734	$1,110,778,398
Associations at (Moscone)	54	54
Association spending/event	$776,782	$827,272.31
Total association spending	$41,946,202	$44,672,705
Total exhibitor spending	$593,282,530	$631,845,894.25
Total Association/Exhibitor Spending	$635,228,731	$676,518,598.96
Grand total: Convention Impact	**$1,673,130,466**	**$1,787,296,997**

Appendix 1: Tables from Model

The San Francisco Travel Association model relies on a complex set of Microsoft Excel worksheets to make its calculations. In the pages that follow some of the key worksheets used in this process are included as a quick reference and to allow easier access to more detailed data if it should arise.

Table 1
ANALYSIS OF SPENDING BY VISITOR SEGMENT: 2011

MARKET SEGMENTS

	SF Hotel/Motel		V.F.R. in S.F.		V.F.R. and Hotel Elsewhere in Bay Area		Bay Area Resident Trips	
	2011 Visitor(000s)	5,041	2011 Visitor(000s)	1,092	2011 Visitor(000s)	5,879	2011 Visitor(000s)	4,334
	Length of Stay	3.50	Length of Stay	5.50	Avg. Number of Trips to S.F.	2.0	Avg. Trips/Year	2.77
							Party Size	1.0
	Visitor-Days(000s)	17,644	Visitor-Days(000s)	6,004	Visitor-Days(000s)	11,600	Visitor-Days(000s)	12,019
	2011 $/Day /Person	Total Annual (1000s)	2011 $/Day /Person	Total Annual (1000s)	2011 $/Day /Person	Total Annual (1000s)	2011 $/Day /Person	Total Annual (1000s)
SPENDING CATEGORIES								
Lodging	$99.90	$1,762,744	$12.90	$77,467	$0.00	$0	$0.18	$2,139
Restaurants in Hotels	$19.64	$346,592	$2.43	$14,590	$33.35	$386,823	$0.00	$0
All Other Restaurants	$41.74	$736,508	$36.20	$217,365	$0.00	$0	$29.73	$357,360
Retail	$39.25	$692,564	$37.17	$223,180	$28.73	$333,308	$53.36	$641,289
Entertainment & Sightseeing	$24.29	$428,533	$19.07	$114,476	$20.91	$242,564	$20.19	$242,717
Local Transportation	$9.59	$169,173	$3.12	$18,722	$3.82	$44,261	$0.24	$2,846
Gas/Auto Services	$16.03	$282,891	$12.28	$73,714	$10.01	$116,121	$10.89	$130,889
Car Rental	$6.05	$106,832	$0.96	$5,782	$1.26	$14,651	$0.00	$21
Exhibitor/Assoc. Expends.	$38.34	$676,519	$0.00	$0	$0.00	$0	$0.00	$0
TOTAL SPENDING	$294.84	$5,202,356	$124.13	$745,296	$98.08	$1,137,729	$114.59	$1,377,262

Total Visitor Days (000s)	47,267
Total Visitor Spending	$8,462,642
Avg. spending per person day	$179.04

Source: San Francisco Travel Association

Table 2
TOTAL DIRECT VISITOR SPENDING
WITHIN SAN FRANCISCO:2011

SPENDING CATEGORIES	S.I.C. Codes	Total Spending ($1,000s)	Percent of Total
Lodging	701	$1,842,350	21.8%
Restaurants in Hotels	581	$748,005	8.8%
All Other Restaurants	581	$1,311,233	15.5%
Retail	53,56,59	$1,890,341	22.3%
Entertainment & Sightseeing	79,783	$1,028,290	12.2%
Local Transportation	41,47	$235,002	2.8%
Gas/Auto Services	554,75	$603,615	7.1%
Car Rental	751	$127,287	1.5%
Exhibitor/Assoc. Expends.	792,17	$676,519	8.0%
TOTAL SPENDING		**$8,462,642**	**100.0%**

Source: San Francisco Travel Association

Table 3
ANALYSIS OF HOTEL SPENDING:2011

Spending on Rooms		$1,842,350
Spending on Food & Beverage		$748,005
Less: Tips @	15.0%	($97,566)
Less: Sales Tax @	8.5%	($50,956)
Total Industry Revenue		$2,441,833

	Hotel Industry Operating Ratios [1]	Visitor Impacts
Payroll	29.5%	$720,716
Other Expenses	70.5%	$1,721,117
Total Expenses	100%	$2,441,833

EMPLOYMENT IMPACTS: HOTELS

HOTEL INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$32,802
Jobs Supported	21,972

[1] U.S. Census Bureau, 2007 Economic Census, San Francisco County or MSA.

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 4
ANALYSIS OF RESTAURANT SPENDING:2011

Spending on Food & Beverage		$1,311,233
Less: Tips @	15.0%	($171,030)
Less: Sales Tax @	8.5%	($89,325)
Total Industry Revenue		$1,050,878

	Restaurant Industry Operating Ratios [1]	Visitor Impacts
Payroll	32.8%	$344,668
All Other	67.2%	$706,210
Total Expenses	100.0%	$1,050,878

[1] U.S. Census Bureau, 2007 Economic Census, San Francisco County or MSA.

EMPLOYMENT IMPACTS: RESTAURANTS

RESTAURANT INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$20,591
Jobs Supported	16,739

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 5
ANALYSIS OF RETAIL SPENDING:2011

Gross Retail Spending	$1,890,341
Less: Sales Tax	($148,091)
Total Industry Revenue	$1,742,249

	Retail Industry Operating Ratios [1]	Visitor Impacts
Payroll	11.3%	$196,874
All Other	88.7%	$1,545,375
Total Expenses	100.0%	$1,742,249

[1] U.S. Census Bureau, 2007 Economic Census, San Francisco County or MSA.

EMPLOYMENT IMPACTS: RETAIL

RETAIL INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$31,739
Jobs Supported	6,203

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 6
ANALYSIS Of SPENDING FOR ENTERTAINMENT AND SIGHTSEEING:2011

Gross Spending on Entertainment and Sightseeing	$1,028,290

	Entertainment Industry Operating Ratios [1]	Visitor Impacts
Payroll	39.1%	$402,062
All Other	60.9%	$626,229
Total Expenses	100.0%	$1,028,290

[1] U.S. Census Bureau, 2007 Economic Census, San Francisco County or MSA.

EMPLOYMENT IMPACTS: ENTERTAINMENT AND SIGHTSEEING

ENTERTAINMENT/SIGHTSEEING	Industry Average or Total
Annual Payroll Income [2,3]	$41,149
Jobs Supported	9,771

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 7
ANALYSIS OF SPENDING FOR LOCAL TRANSPORTATION: 2011

Local Transportation	$235,002
Gas/Auto Services	$603,615
Car Rentals	$127,287
Total Industry Revenue	$965,904

	Transp. Industries Operating Ratios [1]	Visitor Impacts
Payroll	13.0%	$125,568
All Other	87.0%	$840,337
Total Expenses	100.0%	$965,904

[1] 2005 Survey of SF Businesses

EMPLOYMENT IMPACTS: TRANSPORTATION

TRANSPORTATION INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$28,820
Jobs Supported	4,357

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 8
ANALYSIS OF SPENDING FOR CONVENTION AND TRADE SHOW EXPOSITIONS: 2011

Exhibitor and Association Expenditures	$676,519

	Exposition Industry Operating Ratios [1]	Exposition Industry Visitor Impacts
Payroll	39.2%	$265,195
All Other	60.8%	$411,323
Total Expenses	100.0%	$676,519

[1] 2005 Survey of S.F. businesses

EMPLOYMENT IMPACTS: EXHIBITOR AND ASSOCIATION EXPENDITURES

EXPOSITION INDUSTRY	Industry Average or Total
Annual Payroll Income [2,3]	$41,685
Jobs Supported	6,362

[2] U.S. Census Bureau, County Business Patterns, 2008.

[3] 2008 inflated to 2011 using the BLS Employment Cost Index

Source: San Francisco Travel Association

Table 9
TOTAL VISITOR GENERATED
EMPLOYMENT IN ALL INDUSTRIES:2011

INDUSTRY SEGMENT	Total Employment
Hotels	21,972
Restaurants	16,739
Retail Stores	6,203
Entertainment and Sightseeing	9,771
Local Transportation	4,357
Exhibition Services	6,362
20,000 Total Airport Jobs at SFO	
Portion Attributable to SF Visitors (30%)	6,000
Total Visitor Industry	71,403

Source: San Francisco Travel Association

Table 10
CALCULATION OF PAYROLL AND BUSINESS TAXES BY INDUSTRY: 2011

		Key Operating Ratios			Amount in 2011 $1,000s			Business Tax
INDUSTRY SEGMENT	Gross Receipts ($1,000s)	Payroll	Utilities	Prop.Tax	Payroll	Utilities	Prop.Tax	Payroll Tax @ 1.5%
Hotel/Motel	$2,441,833	29.5%	5.7%	3.2%	$720,716	$139,184	$58,800	$10,811
Restaurant	$1,050,878	32.8%	3.1%	1.9%	$344,668	$32,577	$19,967	$5,170
Retail	$1,742,249	11.3%	4.2%	1.9%	$196,874	$73,174	$33,103	$2,953
Entertainment & Sightseeing	$1,028,290	39.1%	2.3%	2.2%	$402,062	$23,651	$22,622	$6,031
Local Transportation	$965,904	13.0%	1.7%	1.9%	$125,568	$16,420	$18,352	$1,884
Expo/Convention Services	$676,519	39.2%	0.5%	1.0%	$265,195	$3,383	$6,765	$3,978
TOTALS	**$7,905,673**				**$2,055,083**	**$288,390**	**$159,609**	**$30,826**

Source: San Francisco Travel Association

Table 11

SAN FRANCISCO CITY REVENUES
PAID DIRECTLY BY VISITOR INDUSTRIES: 2011

MAJOR REVENUE SOURCES		Total Annual Direct Revenue in 2011
HOTEL TAX		
Visitor Spending on Lodging	$1,842,349,606	
Tax Rate	14.0%	
Factor for Non-Taxable Room Sales	14.7%	
Hotel Tax Collected by the City		$220,000,000
PROPERTY TAX		
Property Taxes Paid to the City		$159,609,179
SALES TAX		
Visitor Spending (including 8.5% tax)		
Retail	$1,890,340,564	
Hotel Restaurants (less 15% tips)	$650,439,106	
Other Restaurants (less 15% tips)	$1,140,202,929	
25% of Entertainment & Sightseeing	$257,072,619	
Tax Rate (net to City and County) [1]	1.75%	
Sales Tax Returned to the City		$67,730,679
BUSINESS TAXES		
Payroll or Gross Receipts Taxes Collected		$30,826,244
UTILITY USERS TAX		
Utility Costs for Visitor Industries	$288,389,804	
Tax Rate	7.5%	
Utility Users Tax Collected by the City		$21,629,235
AIRPORT ENTERPRISE		
Annual Service Payment to General Fund	$30,100,000	
Portion Attributable to Visitors to S.F.	30.0%	
Visitor Derived Contribution to City		$9,030,000
PORT OF SAN FRANCISCO		
Lease Revenues Derived from Visitor Businesses		$9,608,864
SAN FRANCISCO REDEVELOPMENT AGENCY [2]		
Lease Revenues Derived from Visitor Businesses		$5,837,492
OTHER REVENUES		
Rough estimate: Parking Tax, Fines, Rec. Fees, etc.		$2,000,000
DIRECT CITY REVENUES FROM VISITOR INDUSTRIES		$526,271,694

[1] Includes local sales tax portion to City General Fund, local transportation portion and special district tax portion to SF Transportation Authority.

[2] Redevelopment revenue: Marriott and Metreon ground lease and Four Seasons and St. Regis leases

Appendix D

Jones Lang LaSalle Hotels, “Moscone Convention Center Expansion Cost Benefit Analysis”

Real value in a changing world

MOSCONE CONVENTION CENTER EXPANSION

Cost Benefit Phase II Analysis Prepared for *San Francisco Tourism Improvement District Management*

March 16, 2012

March 16, 2012

Ms. Lynn Farzaroli
Senior Manager TID/Foundation
San Francisco Travel
201 Third Street, Suite 900
San Francisco, CA 94103

Re: Strategic Advisory Services – Moscone Expansion Cost Benefit Analysis – Phase II Analysis

Dear Ms. Farzaroli:

Jones Lang LaSalle Hotels ("JLLH"), a division of Jones Lang LaSalle Americas, Inc, is pleased to submit herewith our comprehensive review of the performance of the Moscone Center's existing facilities, competitive environment, potential for expansion and lodging market analysis. The information gleaned from the review process of the property and its market, along with the cost-benefit analysis conducted by JLLH and the assumptions stated herein, collectively form the basis of the conclusions and recommendations of this report.

Please do not hesitate to contact either of us if you have any questions regarding the report.

Respectfully submitted,

Andrea Grigg
Senior Vice President
Jones Lang LaSalle Hotels

Harry Schoening
Managing Director
Jones Lang LaSalle

Cc: Michael Yarne, City of San Francisco
Greg Hartmann
Amelia Lim
Lauro Ferroni
Tu-Uyen Do

Contents

1 Executive Summary

1.1 Scope of Work

Jones Lang LaSalle Hotels ("JLLH") has been engaged by the San Francisco Tourism Improvement District Management Corporation ("TID") to perform a cost/benefit and return on investment analysis in connection with the contemplated expansion of the Moscone Convention Center ("Moscone Center"). To arrive at the conclusions and recommendations presented in this report, JLLH has undertaken the following scope of work:

- Review of Existing Facility Performance, to include analysis of on-the-books events, booking patterns, utilization rates and user profile, interviews of key personnel, development of a SWOT analysis to inform the future attendance projections for the various contemplated expansion scenarios;
- Survey of Competitive Environment and Potential for Expansion, to include the study of expansions implemented at comparable convention centers, survey of competitive supply, interviews with competitive convention center managers and research on how the proposed facility can fill a market niche;
- Analysis of San Francisco Lodging Market, to include historic analysis of supply and demand, assessment of the impact that previous Moscone Center expansions have had on hotel revenue, and regression analysis of attendance figures to key economic metrics;
- Expansion Cost Benefit Analysis, to include attendance projections for a variety of expansion scenarios, forming the basis for determining the economic impact and calculating a return on investment analysis. The return on investment analysis led to JLLH's cost benefit conclusion for the financially soundest expansion.

1.2 Key Findings – Review of Existing Facility Performance

The Moscone Center is located in San Francisco's SOMA / Yerba Buena district. The convention center is comprised of three main buildings, Moscone North and Moscone South, which are connected underground, and Moscone West, a free-standing building.

Moscone South opened in 1981, and consists of 260,600 s.f. of exhibit space. Moscone North opened in 1992, adding 181,400 s.f. of exhibit space to the facility. The latest addition is Moscone West which features 96,700 s.f. of exhibit space.

The Moscone Center is owned by the City and County of San Francisco. The Moscone Center is privately managed by SMG, an entertainment and convention center venue manager. Convention business for the center is booked by San Francisco Travel which serves as the city's conventions and visitors' bureau.

Attendance data analyzed by JLLH highlights that Moscone Center convention attendee levels can fluctuate considerably from year to year. The volatility in attendance is driven by economic changes along with the schedule of rotations of the center's largest groups. Consistent with other convention centers in large U.S. cities, the convention calendar has a significant impact on lodging market performance and economic output.

The JLLH Consulting Team reviewed Moscone Center annual reports, definite group booking reports and lost business reports in order to determine booking patterns, utilization rates, user profile by business sector, average spend and space utilization. This analysis was employed to inform future attendance projections and the cost benefit analysis of the various expansion scenarios.

Attendance trends: The two largest business sectors of groups that convene at the Moscone Center are High Tech/Computer and Medical, together accounting for two thirds of attendees.

Average Gross Exhibit Space Used per Attendee: The amount of gross exhibit space used per attendee approximated 40 s.f. in FY 2010/2011. For groups booked in future years, the metric generally marks a gradual decline, suggesting that more attendees are convening in the same amount of space—a trend which generally supports that an addition of exhibit space is warranted.

Average Direct Spend per Attendee: From FY 2011/2012 onward, per-attendee direct spend is expected to remain flat/mark a slight decrease.

Average Number of Event Days per Convention: JLLH concluded that the Moscone Center is currently not exposed to any significant convention industry trends whereby the average length of a convention is increasing or decreasing substantially.

Summary of Previous User Surveys

In an attempt to uncover other trends or insight for its attendance projections and subsequent economic impact calculations, JLLH also evaluated existing Moscone User surveys. Surveys reviewed generally indicate users' satisfaction with San Francisco Travel from a convention sales aspect and affirm the draw of San Francisco as a destination. Furthermore, some respondents noted dissatisfaction with the non-renovated areas of the Moscone Center; and, in some cases, respondents cited space constraints as a potential future impediment.

Analysis of Key Lost Groups

To quantify the loss in attendee spend due to Moscone Center space constraints based on the lost business report provided by San Francisco Travel, JLLH established a methodology whereby each reason for loss of a group was assigned a factor in terms of how much the loss was related to space constraints. This factor was multiplied by the estimated direct spend for the groups lost due to that particular reason. The analysis leads to the conclusion that the total assumed loss in direct spend resulting from Moscone Center space constraints and related categories is $2.1 billion for the years 2010/2011 through 2019/2020.

Reason - JLLH Adapted Categories	JLLH Assumed Factor in Being Related to Space Constraints	Direct Spend of Lost Business per Category ($M)	Atributted Result of Loss in Direct Spend ($M)
First Option Went Definite	5%	$ 1,112	$ 56
Board Decision	15%	$ 3,110	$ 467
Change in Rotation	15%	$ 1,276	$ 191
Dates Not Available	10%	$ 1,715	$ 172
Does Not Meet Center Requirements	0%	$ 455	$ -
Economic Reasons	0%	$ 931	$ -
Space constraints	100%	$ 950	$ 950
Other	25%	$ 887	$ 222
Total Assumed Loss in Direct Spend due to Space Constraints (Groups Lost from 2010-2019)			$ 2,057

Source: Jones Lang LaSalle Hotels

1.3 Key Findings – Survey of Competitive Environment and Potential for Expansion

JLLH evaluated competitive convention centers in the U.S. In summary, the Moscone Center is smaller than the 12 convention centers that JLLH deemed most competitive to it, especially with regard to exhibit space: the Moscone Center has 1.7 s.f. of exhibit space per square foot of meeting space, while the competitive set's average is 4.3 s.f. of exhibit space per square foot of meeting space—supporting the case for an addition of exhibit space at the Moscone Center.

JLLH independently demonstrated that a market growth rate applied to the current number of attendees warrants the addition of exhibit space at the Moscone Center in the future. JLLH demonstrated that by FY 2021/2022, the growth in attendance will warrant an additional 120,000 s.f. of exhibit space.

Competitive Convention Center Expansions: Impact on Lodging Market

JLLH studied the impact that substantial expansions of the 12 competitive convention centers had on their respective lodging markets. The analysis yielded a measurable impact that the various convention center expansions had on hotel revenue: the three years after a convention center expansion was completed saw an annual RevPAR growth premium of 2.6 percentage points (compared to if no expansion took place). This analysis shows that an expansion of a convention center can enhance hotel RevPAR across the relevant market areas.

Filling Market Niche with Expansion

JLLH examined how the proposed expansion can fill a market niche to lead to a competitive advantage. Elements for success include:

- Allow for natural light where possible.
- The additional exhibit space should be contiguous with the Moscone Center's largest exhibit hall.
- Any additional buildings should be physically connected with Moscone North/South.

1.4 Key findings – Analysis of San Francisco Lodging Market

There are currently 224 hotels in San Francisco with a total of approximately 34,300 guest rooms, roughly 25,000 of which are within walking distance of the Moscone Center. No new supply has entered San Francisco since 2008, a stark contrast to other major U.S. gateway markets.

San Francisco Lodging Market Outperformed Post Previous Moscone Expansions

Having demonstrated on a *national* basis that convention center area hotels generally garner higher revenue growth after a convention center expansion (compared to the long term average), JLLH analyzed the impact to RevPAR three to five years after the year of expansion for *San Francisco specifically*.

The three-year post expansion real RevPAR compounded annual growth rate ranged from 5.4% to 8.4%, and the five-year post expansion real RevPAR CAGR ranged from 7.8% to 12.1%. These growth rates generally exceed the 6.6% long-term real RevPAR CAGR that the city's core convention center hotels experienced, and as such supports that significant Moscone Center expansions have led to higher real RevPAR growth than witnessed during non-expansion periods.

Gross Metro Product and Hotel Demand Correlated to Convention Attendance

JLLH performed a regression analysis between convention attendance hotel demand, RevPAR, retail sales revenues, wage and salary disbursements, gross metro product, air passenger traffic, leisure and hospitality employment and hotel tax revenues. The highest correlation resulted between convention attendance and San Francisco County gross metro product, hotel demand for core convention area hotels and San Francisco County wage & salary disbursements, all of which exhibited a correlation of 0.70 and above, exhibiting the relatively strong relationship between convention attendance and economic factors in San Francisco.

1.5 Key findings – Expansion Cost Benefit Analysis

JLLH conducted a cost benefit analysis of the various Moscone Center expansion scenarios to address the business case for optimum expansion of the current facilities. JLLH's conclusion is based on a return on investment analysis, where the investment equals the cost to construct the expansion space while considering lost business during construction; and return refers to the projected incremental income to the expanded facility and economic impact derived from incremental visitor spend and tax revenues generated by expansion.

Evaluation of Various Expansion Scenarios

JLLH projected the growth in attendance from FY 2011/2012 through FY 2025/2026 for a variety of expansion scenarios, summarized below:

Moscone Center Expansion Scenarios			
Scenario	Component(s)	Construction Cost	Saleable Space (s.f.)
1	Third Street Addition[1]	227,906,386	99,700
2	Howard Street Connector Expansion[1]	244,593,614	107,000
3	Moscone East Construction	670,000,000	170,150
4	Third Street Addition and Howard Street Connector Expansion	472,500,000	206,700
5	Third Street Addition and Moscone East Construction	897,906,386	269,850
6	Howard Street Connector Expansion and Moscone East Construction	914,593,614	277,150
7	All Three Expansions	1,142,500,000	376,850

[1]San Francisco Travel did not break down construction cost for Third Street Addition and Howard Street Connector individually, JLLH therefore allocated it based on each components' saleable s.f. of space

Note: Construction cost for all expanson scenarios was provided as a range; JLLH used the mid-point of the range in its study

JLLH first calculated organic growth rates in Moscone Center attendance assuming no expansion in space. An assumed growth rate of 2.5% per annum was applied to the attendance for FY 2010/2011.

JLLH subsequently calculated attendance projections for the three expansion scenarios detailed below, along with all possible combinations thereof. JLLH took the organic attendance growth figures (capped at a space utilization rate of 2.2 as described in the body of the report), and calculated the induced demand, expressed as number of groups multiplied by average historic group size. The final projected attendance figures for each of the expansion cases thus represent organic growth, plus induced demand, minus displaced demand.

Calculation of Economic Impact Scenario

JLLH studied the economic impact that various expansion scenarios are expected to yield; the IRR of the associated construction costs against the incremental economic impact were used in formulating JLLH's final recommendation.

To compute the full economic impact of the various expansion scenarios, JLLH relied on data from IMPLAN. IMPLAN's multipliers consist of three types of impact: direct, indirect and induced effects. Direct effects are those related to the initial spending in the economy, and indirect effects measure the additional businesses needed to purchase goods and services to produce the product purchased by the direct effect. Induced effects are the response by an economy to the initial change causing further local economic activity.

In computing the full economic impact per the above-referenced methodology, JLLH calculated the impact of incremental Moscone Center Net Operating Income, incremental visitor spending and associated tax benefits. JLLH excluded the economic impact from the construction from the construction itself in the analysis of the seven expansion scenarios.

Cost Benefit Conclusion

For each of the seven expansion scenarios, JLLH computed the 15-year IRR of construction costs and economic impact of incremental increased attendance. The table below shows the forecasted IRR and employment change summary for each scenario:

Economic Impact - Conclusion					
IRR Rank	Scenario	Components	NPV	IRR	Change in Employment
1	2	Howard Street Connector Expansion	$449,433,419	25.8%	3,216
2	6	Howard Street Connector Expansion and Moscone East Construction	$548,493,089	8.2%	6,616
3	4	Third Street Addition and Howard Street Connector Expansion	$334,786,107	8.2%	3,480
4	7	All Three Expansions	$433,853,029	5.3%	6,878
5	3	Moscone East Construction	$99,002,183	2.2%	3,412
6	5	Third Street Addition and Moscone East Construction	-$15,641,054	-0.3%	3,682
7	1	Third Street Addition	-$114,678,083	-7.7%	264

Scenario 2, the Howard Street Connector Expansion is expected to generate the highest return on investment given the anticipated high degree of economic impact relative to a proportionately modest capital investment. However the total impact and induced employment is also limited due to the addition of only 107,000 square feet of space. Although Scenario 2 (Howard Street Connector Expansion) yields the highest IRR, operationally, it needs to be linked with either Moscone East or Third Street Addition in order to accommodate displaced demand during the construction period. Scenario 6 (Howard Street Connector Expansion and Moscone East Construction) yields the second highest IRR with the second highest employment growth, and has the capacity to generate growth in convention attendance to generate economic impact to offset its high construction cost. Conversely, the larger expansion options such as Scenario 3, Moscone East Construction, Scenario 1, Third Street Addition and the combination of both (Scenario 5) or all three (Scenario 7) are expected to generate minimal to negative IRR in terms of economic impact but still generate significant job growth for the area.

In addition, it should be noted that the economic impact of the various development scenarios would be augmented by the economic impact from the construction spending for each respective project. The economic impact from construction spending is presented in the following table.

Economic Impact from Construction				
Scenario	Components	Construction Cost	Economic Impact	Change in Employment
1	Third Street Addition	$227,906,386	$341,048,076	1,978
2	Howard Street Connector Expansion	$244,593,614	$359,237,924	2,029
3	Moscone East Construction	$670,000,000	$994,024,872	5,616
4	Third Street Addition and Howard Street Connector Expansion	$472,500,000	$704,480,214	3,980
5	Third Street Addition and Moscone East Construction	$897,906,386	$1,332,151,164	7,526
6	Howard Street Connector Expansion and Moscone East Construction	$914,593,614	$1,356,908,657	7,666
7	All Three Expansions	$1,142,500,000	$1,695,034,950	9,576

Furthermore, based on our analysis, Jones Lang LaSalle believes that all seven scenarios can generate positive operational IRR's and be substantially improved (effectively paying for the development) by the additional development of a Headquarters Hotel attached or adjacent to the Moscone Center.

Impact on Hotel Market Occupancy

JLLH projected future hotel demand, assuming no supply increases to core convention center hotels, to demonstrate how increased attendance associated with the recommended expansion will likely warrant the addition of new hotel supply in the future.

Based on the projection methodology detailed in the body of the report, the rise in convention attendees amid minimal supply increases is expected to be limited by an annual occupancy likely not to exceed low to mid 80s occupancy levels given the weekly and seasonal cyclical periods of lower demand such as Sundays and holidays. These cyclical limitations indicates that a high degree of lodging demand will go unaccommodated and/or be turned away toward hotels outside of San Francisco or diverted from their trip all together. Therefore, based on the incremental convention center attendance resulting from the various expansion scenarios, there is strong evidence to suggest that the market will be able to support the addition of new hotel stock over the medium term. The addition of hotel rooms, whether part of an official convention center headquarters hotel, or another hotel in the immediate area, will have an additional positive impact on area employment, economic impact, tax revenues and forecasted Internal rates of return beyond what is quantified in this report.

JLLH thus concludes that when considering only cost/benefit, the minimal cost relative to the likely economic benefit of expansion of the Howard Street Connector is considered the best use of roughly $250 million dollars of capital funding. However, when considering return on investment construction, employment impact and qualitative research from our interviews with event planners and competitive convention centers' managers, the optimal expansion scenario is the combination of the Howard Street Connector Expansion and Moscone East Construction, since they are considered financially sound while generating high employment levels, and fulfilling user groups' needs.

2 Review of Existing Facility Performance

2.1 Property Overview

The Moscone Center is located in San Francisco's SOMA / Yerba Buena district. The convention center is comprised of three main buildings, Moscone North and Moscone South, which are connected underground, and Moscone West, a free-standing building. The three buildings comprise of approximately two million square feet of building area. The center is named after George R. Moscone, a former mayor of San Francisco. There are approximately 25,000 hotel rooms within walking distance of the convention center.

Moscone South opened in 1981, and consists of 260,600 s.f. of exhibit space in Halls A, B and C. Moscone North opened in 1992, adding 181,400 s.f. of exhibit space in Halls D and E. This addition is connected to Moscone South via underground corridors and meeting space. The latest addition to the center is Moscone West, a stand-along building located one-half block to the west of the other two buildings. Moscone West features 96,700 s.f. of exhibit space on the first level.

Source: Moscone Center website

The Moscone Center is owned by the City and County of San Francisco. The Moscone Center is privately managed by SMG, an entertainment and convention center venue manager. Convention business for the center is booked by San Francisco Travel which serves as the city's conventions and visitors' bureau.

The JLLH Consulting Team performed a comprehensive review of the historic performance of the Moscone Center by analyzing annual reports, definite group booking reports and lost business reports in order to determine booking patterns, utilization rates, user profile by business sector, average spend and space utilization. This analysis was used to inform the Moscone Center and future projections and the cost benefit analysis of various expansion scenarios.

JLLH toured the North, South and West buildings of the Moscone Center on January 20, 2012, viewing both front-of-house and back-of-house areas. JLLH was able to visually inspect non-renovated areas and renovated spaces, along with Moscone West, the newest building of the Moscone Center. JLLH also viewed the Third Street Garage (from the outside) which represents a potential expansion site for Moscone East.

In addition, JLLH held in-person meetings and interviews with senior personnel from the Moscone Center and San Francisco Travel, to include the Senior Manager of the TID Foundation, the EVP & Chief Customer Officer of San Francisco Travel, the VP of Convention Sales for San Francisco Travel and the Assistant General Manager of the Moscone Center. Content from these meetings was central in informing JLLH's recommendations and is summarized in JLLH's files.

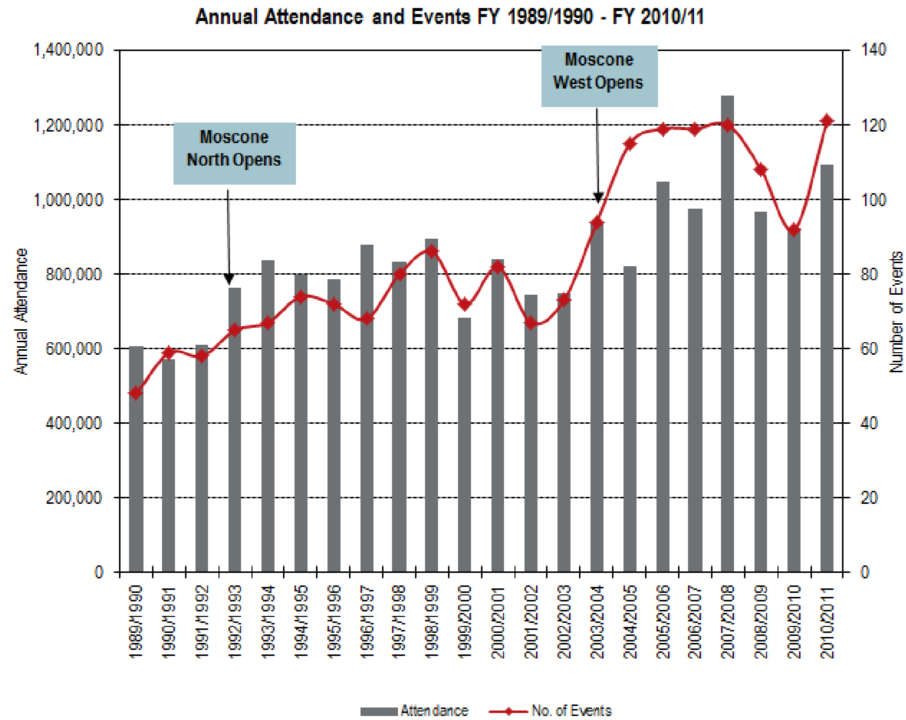
In order to ensure a complete review and assessment of the Moscone Center, JLLH also obtained background on the operating structure of the Moscone Center and the center's collaboration with San Francisco Travel and the TID during these meetings. JLLH confirmed that the Moscone Center's mandate to achieve maximum economic impact for the City of San Francisco supersedes its objective to itself turn an operating profit. As such, the Moscone Center often operates at a net operating income loss, which is typical of convention centers across the country.

JLLH also established during the above-referenced meetings that it is the Moscone Center's policy to generally not hold any public shows at the center, the exception being the San Francisco International Automobile Show. This event takes place each November and typically draws up to 300,000 attendees which purchase a ticket to enter the show, thus marking a significant difference from other convention attendees (delegates) who attend a convention due to their affiliation with a certain company, association or business sector.

Representatives from San Francisco Travel and the TID stated that the Moscone Center is unlikely to consider holding more public shows such as the auto show. Therefore, JLLH did not consider this scenario in its recommendations or projections.

2.2 Moscone Center Historic Attendance and Event Volume

JLLH conducted a thorough analysis of the Moscone Center's historic performance and definite groups on the books. San Francisco Travel provided JLLH with the annual attendance and number of events from FY 1989/1990 through FY 2010/2011, displayed in the chart below.



Source: Moscone Center management (SMG)

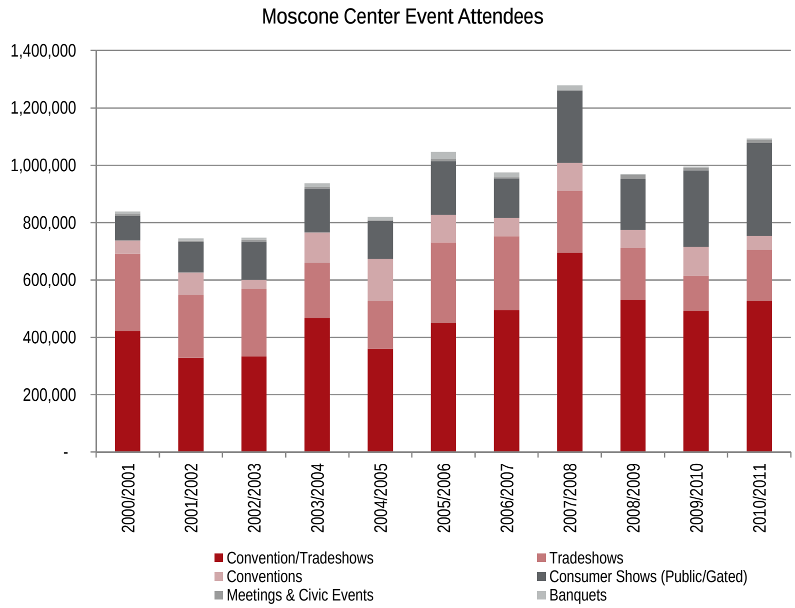
JLLH was provided with Moscone Center Annual Reports for FY 1990/1991 onward. Overall attendance reached an interim peak of 894,800 during 1998/1999. Attendance thereafter dipped slightly in 1999/2000, but the volume of convention attendees increased in 2000/2001 to 839,400. This time period marked the height of the technology boom in the San Francisco area, which was a driver for technology-related conventions. Consistent with national trends, convention attendance declined following the events of 9/11 and the ensuing economic downturn.

In San Francisco, the dip in the technology sector further contributed to an ongoing slowdown in convention attendance. As is described in more detail in Section 4 of this report, San Francisco experienced a longer and deeper lodging market downturn following 9/11 than most other large U.S. markets, and convention center attendance figures mirror this trend. The Moscone Center's attendance hit trough levels in FY 2001/2002 at 744,700 attendees, and FY 2002/2003 showed an increase of only 3,000 attendees. Moscone West opened at the end of FY 2002/2003, and total attendance increased by 25% in FY 2003/2004.

Amid accelerating economic growth, annual attendance increased to a then record-high in FY 2005/2006 of 1,046,300 attendees. Due to the rotation of several large groups, FY 2006/2007 saw a 7% decline in attendance, but attendees thereafter grew to an all-time high of 1,279,000 in FY 2007/2008. The economic downturn then contributed to a 24% attendance decline in FY 2008/2009 and a further 5% dip in FY 2009/2010 to 919,800 attendees. Attendance rose by 19% in FY 2010/2011 to reach 1,093,000, representing the highest level in four years, but still 15% below the record FY 2007/2008 peak.

Attendance data analyzed by JLLH highlights that Moscone Center convention attendee levels can fluctuate considerably from year to year. The volatility in attendance is driven by economic changes along with the schedule of rotations of the center's largest groups. Consistent with the convention center in many large U.S. cities, the convention calendar has a significant impact on lodging market performance and economic output.

The annual reports contain more detailed attendance data based on type of event, which JLLH plotted for 2000/2001 onward to show additional detail in the chart below. The largest subcategory of convention attendance as defined by San Francisco Travel is the Convention/Tradeshows category, which comprises roughly 50% of total attendance each year. The next-largest categories are Tradeshows and Consumer Shows (Public/Gated). Consumer Shows include public shows such as the San Francisco Automobile Show.



Source: Moscone Center annual reports

2.3 Profile of Facility Users and Associated Trends

Following the review of the annual aggregate figures, JLLH conducted a more detailed analysis of both historic group bookings since FY 2001/2002 along with definite bookings on the books through FY 2019/2020 based on a report provided by San Francisco Travel.

This definite booking report contained data on 766 meetings. The overall attendance figures in this report do not necessarily match the overall attendance figures stated in the Moscone Center's annual reports for previous years because a number of confidential conventions were omitted from the detail report furnished by San Francisco Travel. The number of groups listed for FY 2001/2002 and FY 2002/2003 was considerably sparser than for the subsequent years; the data for these years was included only where it did not skew the findings. The report did not contain the headquarters location of the group nor did it state the point of origin of the attendees so JLLH did not analyze this.

JLLH conducted an analysis of the definite booking report to tabulate data and establish trends in the following categories by year and primary business sector:

- Attendance
- Average gross exhibit space used per attendee
- Average direct spend per attendee
- Average number of event days per convention

JLLH drew comparisons to national trends in the meetings industry where appropriate. JLLH synthesized information from the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners to assess the macro perspective in the meetings industry and inform findings about overall issues the industry faces. The number of responses collected for the survey (805 responses) is considered a statistically significant number.

According to the survey, the three largest challenges that meeting planners expect to face in 2012 are increasing costs, a lower budget, and declining attendance. These concerns were consistent with themes picked up during the Moscone user interviews and competitive convention center management interviews.

The *2012 Meetings Market Trends Survey* also summarized meeting planners' main overall perceived threats to the meetings industry going forward. Economic pressures were the most frequent response, accounting for 70% of responses. The other selections received far fewer responses. Only one in ten respondents cited virtual meetings as a threat to the industry.

Lastly, JLLH reviewed the most likely changes that meeting planners expect to see in the future based on the survey. The methodology for this question was unclear as the responses did not total 100%, but JLLH nonetheless reviewed the most frequent responses. Among the most common responses was "more complicated contract negotiations", often due to organizations' desire to monitor budgets and mitigate risk. Meeting planners and convention center managers that JLLH interviewed also cited this as a prominent trend that is likely here to stay.

Another common response in the *2012 Meetings Market Trends Survey* was the "greater emphasis on ROI", which again is consistent with responses gathered during JLLH's interviews. Another frequent reply was that meeting planners concurrently cited "less entertainment" along with "more meeting sessions per day" as trends for the future. This implies that meetings' programs are getting fuller and condensed in order to focus more on the business purpose.

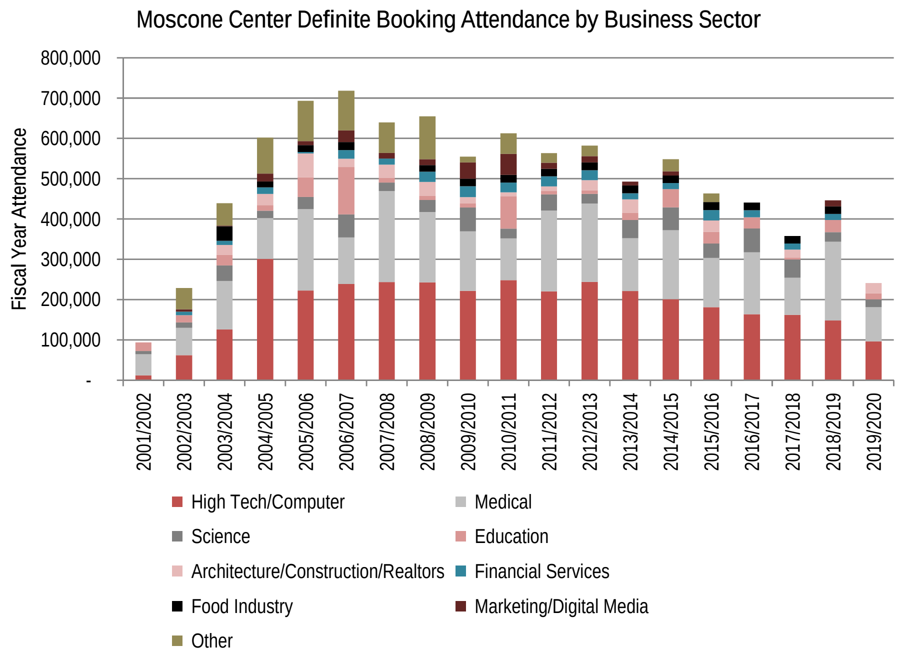
JLLH deems the review of the *2012 Meetings Market Trends Survey* as an important component in assessing the national meetings industry broadly and the Moscone Center user profile specifically. Following the above review of high-level trends, JLLH presents below the user profile analysis with regard to the Moscone Center specifically.

<u>Attendance Trends</u>

As a basis for conducting an informed projection for future convention center attendance, JLLH analyzed Moscone Center annual attendance by business sector. The definite bookings reported provided by San Francisco Travel contained a category titled "Meeting Account Market Segment", which classified each group as Association, Corporate or Trade Shows & Expositions business. For the Association and Corporate business, a business sector was identified, but JLLH often deemed the categories as too broad and/or not mutually exclusive. Moreover, 16% of the groups were classified as Trade Shows & Expositions without mention of business sector.

JLLH therefore attributed each group to one of nine business sector categories defined by JLLH to more accurately capture the business industry attributable to the group: High Tech/Computer, Medical, Science, Education, Architecture/Construction/Real Estate, Financial Services, Food Industry, Marketing/Digital Media and Other. Public shows, such as the annual San Francisco International Auto Show, along with the Major League Baseball DHL All-Star FanFest held in 2007 were excluded from the analysis as these groups are driven by different business factors and have a less significant economic impact on the surrounding hotels.

The two largest business sectors of groups that convene at the Moscone Center are High Tech/Computer and Medical, together accounting for two thirds of attendees during the time frame studied. Based on interviews with competitive convention center managers, these two sectors are considered among the most lucrative in terms of economic spend.

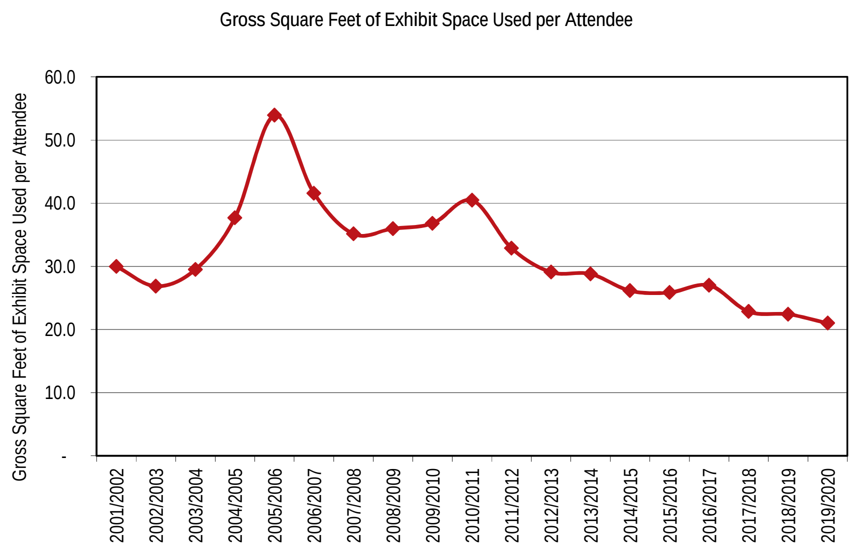


Source: San Francisco Travel, Definite Booking Pace Report

JLLH calculated the standard deviation by which annual attendance varied from all years, and determined that the attendance count in the High Tech/Computer business sector generally was most volatile. The business sector with the second greatest standard deviation was the Medical sector. JLLH however cautions that this analysis is influenced greatly by the completeness of the data. Any omitted (confidential) groups can skew the volatility of the group, and as such did not assign much weight to the volatility of groups in its analysis.

Average Gross Exhibit Space Used per Attendee

JLLH analyzed the average gross exhibit space used per attendee as a basis for its attendance projections. The definite booking report stated which buildings the groups occupied (Moscone North/South/West). JLLH considered the exhibit space square footage of the space(s) in question and divided it by total attendance for the group. The chart below depicts average gross exhibit space square footage occupied by attendee averaged across all business sectors.



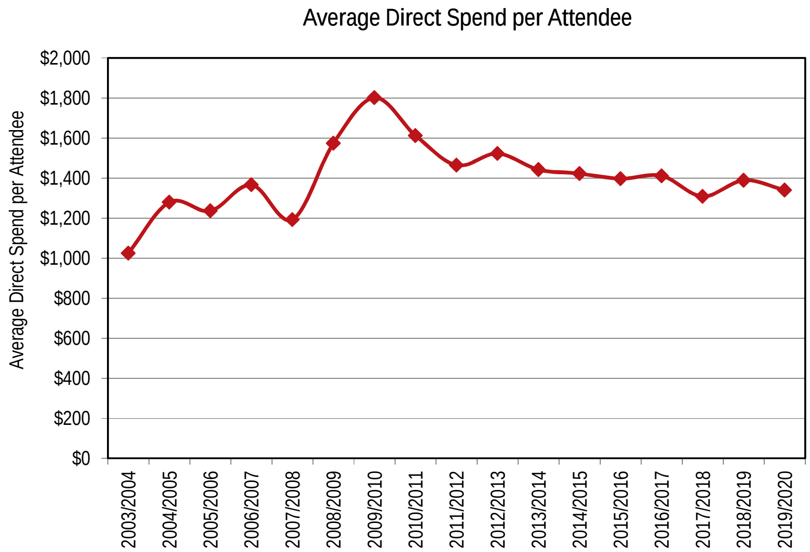
Source: San Francisco Travel, Definite Booking Pace Report

The amount of gross exhibit space used per attendee peaked in FY 2005/2006 at 54 s.f. per attendee and thereafter has generally marked a softening. For groups booked in future years, the metric thereafter generally marks a gradual decline, suggesting that more attendees are convening on the same amount of space—a trend which generally supports an addition in exhibit space is warranted for the Moscone Center.

Average Direct Spend per Attendee

JLLH evaluated the average direct spend per attendee based on the definite group booking report. According to San Francisco Travel, the direct spend category refers to spending in San Francisco only and is comprised of the following three categories: a) local spending on lodging, dining, entertainment, retail and local transit based on San Francisco Travel surveys; b) local spending by meeting sponsors based on Destination Marketing Association International estimates; and c) local spending by exhibitors on booths and entertainment based on Destination Marketing Association International estimates. Together, this comprises the estimated direct spend of a group in San Francisco, which JLLH divided by the number of attendees stated in the same file.

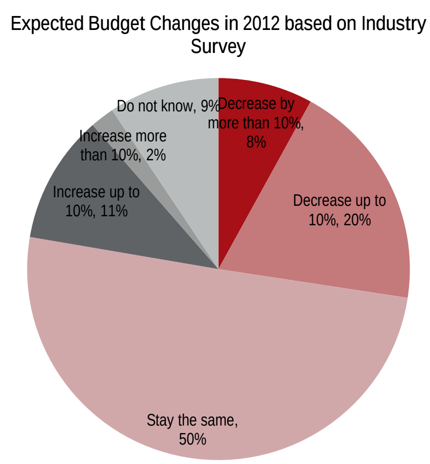
Direct spend represents a lower figure than the overall economic impact. Direct spend data for FY 2001/2002 and FY 2002/2003 are not always reported so JLLH commenced the analysis for FY 2003/2004 onward. The aforementioned analysis was conducted separately from the economic impact analysis in Section 5. The purpose of the analysis described in this section was primarily to ascertain how average direct spend per attendance is trending. Average direct spend per attendee peaked in FY 2009/2010 driven by several groups which represented a high level of expenditure and lower than average number of attendees as a denominator. San Francisco Travel did not specify whether the figures are adjusted for inflation, so it is assumed that the figures represent actual spend in the respective years at that year’s current dollars.



Source: San Francisco Travel, Definite Booking Pace Report

From FY 2011/2012 onward, the average direct spend per Moscone Center attendee stabilizes at roughly $1,400 per year. As such, there are no striking trends to be ascertained from this analysis and per-attendee direct spend is expected to remain flat or mark a slight decrease over the forecast horizon based on the data provided.

JLLH also evaluated industry trends with regard to meetings budgets. While data containing a national long-term trend line was not readily available, JLLH did review the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners, which stated that 50% of respondents expect their meetings budget to be flat in 2012. Another 27% of those surveyed expect their budgets to decrease, while 13% expect an increase. The findings from this survey are largely consistent with the data analyzed from San Francisco Travel for the Moscone Center.

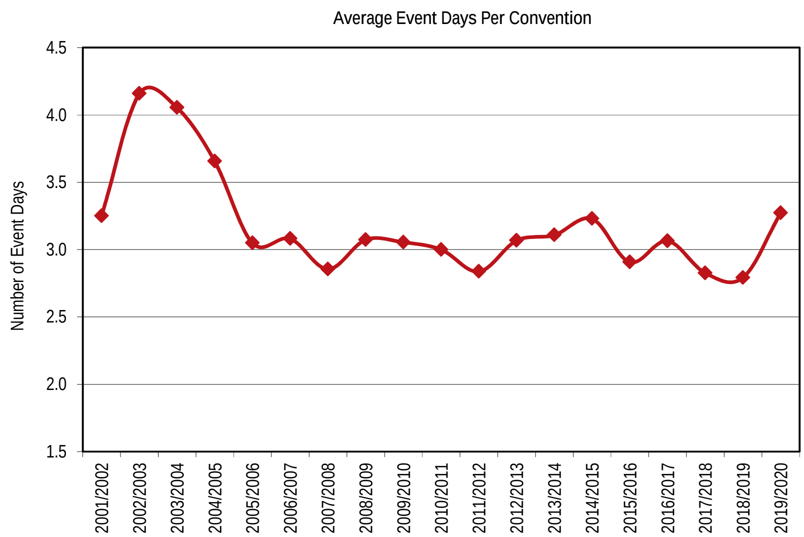


Source: 2012 Meetings Market Trends Survey

Average Number of Event Days per Convention

In establishing a profile of past facility use, JLLH also calculated the average length of conventions for each of the fiscal years contained in the definite booking report. The length of a convention is expressed in event days, which refers to days on which the convention has a scheduled program. The event day measure excludes the move-in days leading up to the show and break-down days following the meeting.

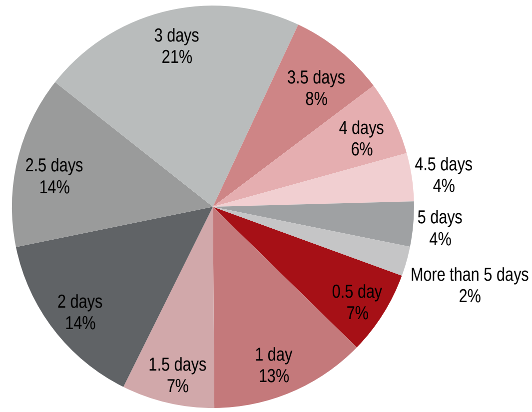
The average number of event days for groups from FY 2001/2002 through FY 2019/2020 is 3.2 days. Aside from FY 2002/2003 and FY2003/2004, there has been relatively little variation. In future years for which definite meetings are on the books, there is little variation in average annual number of event days. As such, JLLH concludes that the Moscone Center is currently not exposed to any significant industry trends whereby the average length of a convention is increasing or decreasing substantially.



Source: San Francisco Travel, Definite Booking Pace Report

The average number of event days for conventions held at the Moscone Center is in line with industry averages. According to the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners, 43% of respondents stated that their typical meeting duration is 2.5 – 3.5 days.

Typical Meeting Duration based on Industry Survey



Source: 2012 Meetings Market Trends Survey

2.4 Analysis of Existing Users' Surveys

To garner any other insight for its attendance projections and subsequent economic impact study, JLLH also evaluated existing Moscone User surveys. San Francisco Travel provided JLLH with the results of approximately 30 surveys completed by Moscone Center users following their events held at the Moscone Center between 2009 and 2011.The surveys were generally completed by the lead meeting planner of the convention.

On average, JLLH was provided with one survey per month for the above-referenced time period. The average attendance size of conventions for which a survey was received by JLLH was 9,400 attendees (based on self-reported figures). The majority of surveys indicated that the groups used two or more buildings of Moscone. The analysis below is based on the 30 surveys received from San Francisco Travel and does not contain any data from surveys that were reviewed by AECOM as part of their 2009 report.

Below is a list of the organizations that responded to the Convention Services Critique Form.:

Organizations Responding to Convention Services Critique Survey
ad:tech
American Academy of Dermatology
American Chemical Society
American Geophysical Union
American Psychiatric Association
American Society for Surgery of the Hand
ASCD
California Dental Association
Cambridge Healthtech Inst.
Cardiovascular Research Foundation
Citrix
IDG World Expo, Inc.
Intel Corporation
International Trademark Association
Java
National Association for the Specialty Food Trade
National Association of Independent Schools
National Association of Secondary School Principals
RSA, the Security Division of EMC
Semiconductor Equipment and Materials International
Society of Gynecologic Oncologists
SPIE
Subway Franchise World Headquarters
SunGard Higher Education
UCSF
Urban Land Institute

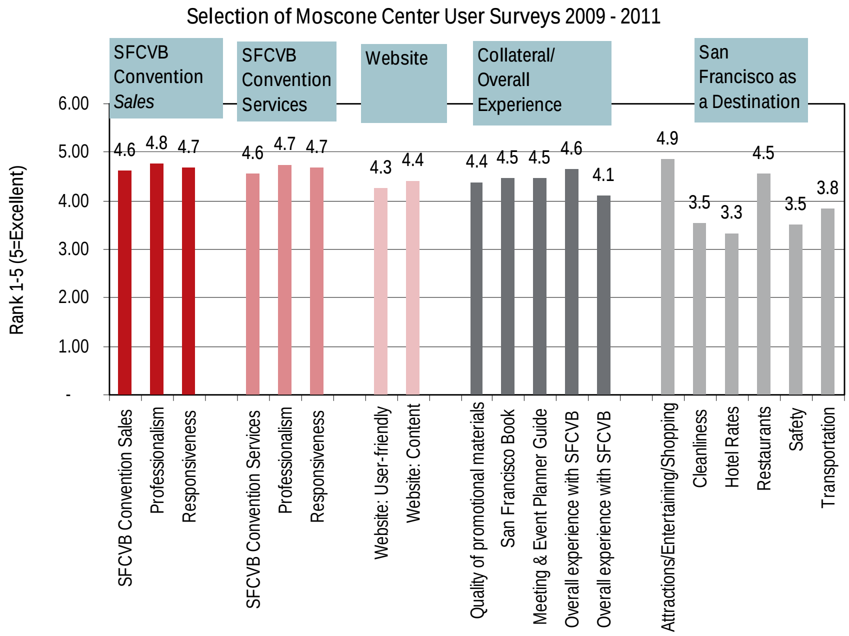
Below is a list of the questions contained in the survey:

Convention Services Critique Form - Moscone Center Users
1. Meeting Information
Name of Meeting
Date of Meeting
Attendance
Facilities Used
2. Convention Sales Department
How would you rate the SFCVB Convention Sales Representative's knowledge of your meeting?
How would you rate the professionalism?
How would you rate the responsiveness?
3. Convention Services Department
How would you rate the SFCVB Convention Services Representative's knowledge of your meeting?
How would you rate the professionalism?
How would you rate the responsiveness?
4. Website
User-friendly
Content
5. Collateral
Quality of promotional materials
San Francisco Book
Meeting & Event Planner Guide
6. Rate overall experience with SFCVB.
7. Rate overall experience with SFCVB Member suppliers.
8. San Francisco, The City
Attractions/Entertaining/Shopping
Cleanliness
Hotel Rates
Restaurants
Safety
Transportation
9. Describe overall experience in San Francisco
10. Will San Francisco be considered for this event again?
11. If no, rank the reasons for not returning, in order of priority
12. Please comment on any areas of service which you feel we can improve upon:
13. Please list any additional comments you may have:
14. Organization Information

For most of the questions, respondents were given the option of providing a score of up to 5, with 5 representing "excellent", 4 meaning "very good", 3 representing "good", and 2 meaning "fair". None of the surveys evaluated had a score below "2" in any of the categories.

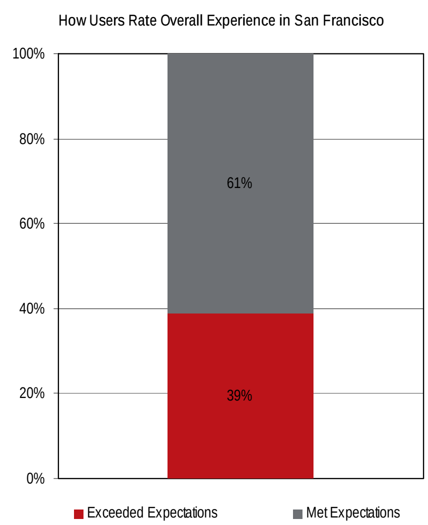
JLLH averaged the scores for each of the major categories. The average scores are displayed in detail in the graph below. In summary, satisfaction with the Convention Sales Department received the highest scores, at an average of 4.69. This was followed by the Convention Services Department, with an average score of 4.66. Respondents' satisfaction with Collateral averaged 4.42 points. The Website category followed at 4.33.

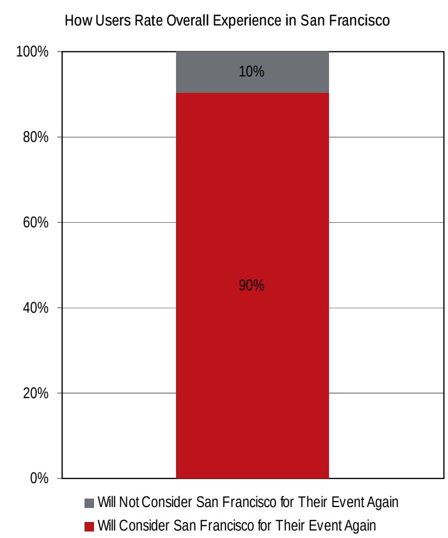
Respondents' satisfaction with San Francisco as a whole averaged 3.94 points. This category was negatively affected by respondents' perception of cleanliness, which averaged 3.55, and the Hotel Rate category, which averaged 3.34. JLLH attributes these two below-average scoring categories to meeting planners' concerns regarding the homeless population around the Moscone Center and the downtown hotels, and the fact that hotel rates were often perceived as being high.



Source: San Francisco Travel

For the surveys reviewed, 61% of respondents indicated that their overall experience in San Francisco met expectations, and 39% stated that their expectations were exceeded. Additionally, 90% of those surveyed indicated that they will consider San Francisco for a future event.





Source: San Francisco Travel

Three questions on the survey allowed respondents to provide free-form commentary. While these responses cannot be statistically tabulated, common themes were as follows:

- Conventions achieved record-breaking attendance in San Francisco, attributed to San Francisco's allure as a destination and popularity among attendees;
- Need for renovation of sections of the Moscone North and South;

- City is more expensive than other cities in the convention's rotation. This primarily referred to Moscone Center rental rates, Moscone vendor and labor rates and hotel rates along with perceived rigidness of hotels when negotiating room blocks and rates;
- Concern about homeless population in the area surrounding the Moscone Center; cleanliness of sidewalks around the Moscone Center.

In summary, the surveys reviewed by JLLH indicate users' satisfaction with San Francisco Travel from a convention sales aspect and affirm the draw of San Francisco as a destination. Some respondents noted dissatisfaction with the non-renovated areas of the Moscone Center; and, in some cases, the respondents cited space constraints as a potential future impediment. The responses are largely consistent with what JLLH observed during the tour of the facility and surrounding hotels and phone interviews with select convention center users.

2.5 Analysis of Key Lost Groups

JLLH conducted a detailed review of groups that tentatively held dates and space at the Moscone Center but were subsequently lost, as opposed to being converted to the "definite" category. A review of this data was deemed essential in reaching an informed decision regarding the current constraints that the Moscone Center faces and for the formulation of recommendations for the future.

San Francisco Travel provided JLLH with a list of "Citywide Lost & Turned-Down Groups". The report was run for meeting dates from January 1, 2010 through December 31, 2019. The report contained 904 lost and turned-down groups for that time period. As part of its analysis of the performance of the existing facility, JLLH reviewed this report and tabulated data points to summarize data as a basis for drawing conclusions.

Based on the report, 884 groups on the list were lost and 20 groups were turned down. According to the report, the reason that groups were turned down is because they did not meet the center requirements, which is assumed to be because of size (i.e. too small) or type of group (i.e. public show). The turned down business represented a minimum of 2% of total non-materialized business and was as such not analyzed further.

For each group that was lost, the report stated a "Reason 1" why the business did not materialize. Additionally, 13% of the groups lost listed a "Reason 2", and 2% of groups lost listed a "Reason 3". JLLH focused its analysis on "Reason 1" since it had the most complete data.

On the report from San Francisco Travel containing the 884 lost groups, some 362 groups stated "Reason 1" lost as "Other". JLLH asked San Francisco Travel for additional detail on the "Other" category for this large proportion of groups in order to be able to conduct a more complete analysis. San Francisco Travel provided a separate file which contained free-form written commentary for each of the "Other" categories on the first report. Based on this supplementary report, JLLH categorized as many of the "Other" responses into one of the existing San Francisco Travel-defined 'reason lost' categories as possible.

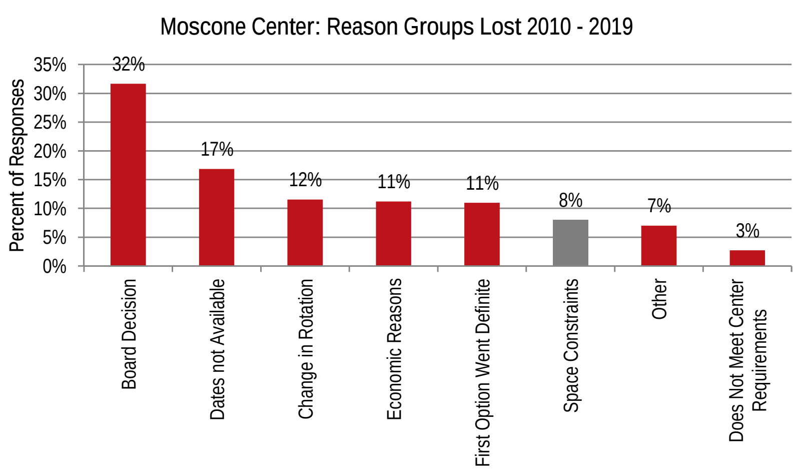
Subsequently, JLLH reviewed the results for each of San Francisco Travel's pre-defined categories, and consolidated several similar categories to make the analysis more streamlined. For example, JLLH determined that three categories—"Appropriate space not available", "Convention Center too Small" and "Non-contiguous space/Split Exhibits"—relate to physical space constraints and were combined by JLLH in a category named "Space Constraints." The number of categories was thereby consolidated from 17 reasons to eight reasons as detailed below:

All Reason Lost 1 Categories	JLLH Adapted Categories
1st Option Went Definite (95)	First Option Went Definite
Appropriate space not available (72)	Space constraints
Better Draw of Clients in Selected Area (80)	Board Decision
Board Decision (20)	Board Decision
Change in Rotation (85)	Change in Rotation
Convention Center Rates Too High (60)	Economic Reasons
Convention Center too Small (30)	Space constraints
Dates Not Available (40)	Dates Not Available
Does not meet Center Requirements (70)	Does Not Meet Center Requirements
Economic Reasons (42)	Economic Reasons
Labor Negotiations (87)	Other
Meeting Cancelled (45)	Board Decision
No viable bids received (71)	Other
Non-contiguous space/Split Exhibits (73)	Space constraints
Political Reasons (50)	Board Decision
Other (See Recommended Action Section) (90)	Other
Room Rates Too High (10)	Economic Reasons

JLLH notes that several of the categories as defined by San Francisco Travel are not necessarily mutually exclusive. For example, a common reason for the loss of business was due to “Board Decision”. This could be the result of “Economic Factors” or “Dates not Available”, both of which are their own separate categories. JLLH therefore advises that this analysis be considered in aggregate with other factors. None of San Francisco Travel’s categories referred to displacement due to the impact of the on-going renovation, as such this was not given as a reason for any lost business.

The most common reason why a group was lost was due to a board decision (32% of lost groups). This category was followed by lack of suitable dates (17%), change in rotation (12%), economic reasons (11%) and first option went definite (11%). Another 8% of groups were lost due to Moscone space constraints.

The analysis found that no single category relating to Moscone Center’s physical facility stood out as being the reason for the lion’s share of lost business. Aside from “Board Decision”, the distribution of reasons for lost business is relatively balanced.



Source: San Francisco Travel

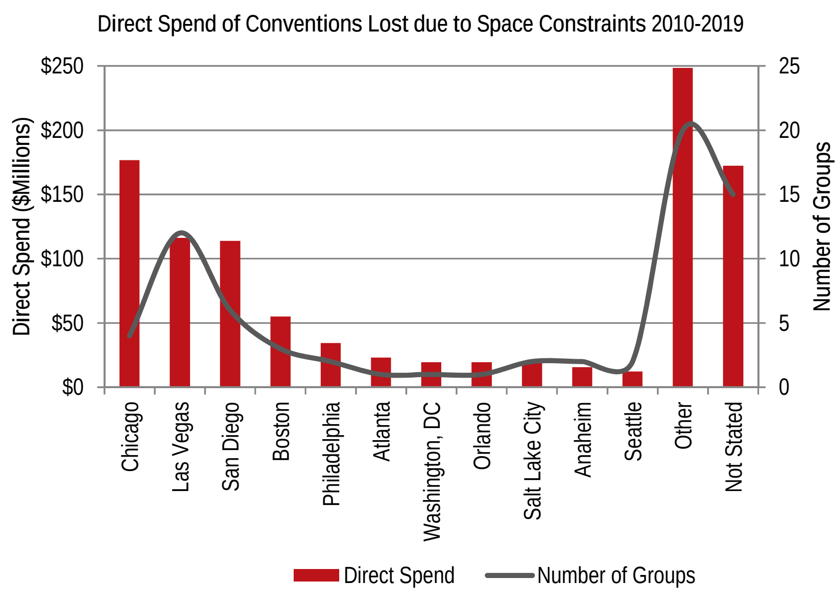
JLLH further broke down the “Economic Reasons” category. Of the 99 responses in this category, 35 stated “Hotels too Expensive” and 28 stated “Convention Center Rates too Expensive”. The remaining did not specify more detail.

Additionally, JLLH took a closer look at the "Space Constraints" category. Of the 71 responses in this category, 36 were attributed to "Convention Center too Small". The "Non-contiguous space/Split Exhibits" category was only selected in two instances and was as such not plotted individually in the graph above.

In order to attempt to quantify the economic impact of groups lost due to space constraints at the Moscone Center, JLLH more closely analyzed which cities the Moscone Center lost groups chose in instances where the reason of "space constraint" was given.

Ranked by amount of foregone direct spend, the Moscone Center lost four groups to Chicago, resulting in an estimated loss of direct spend to the City of San Francisco of roughly $177 million. Chicago was followed by Las Vegas, which captured 12 groups lost from the Moscone Center due to space constraints, at an estimated foregone direct spend in San Francisco of roughly $116 million. San Diego was third, capturing six conventions with estimated direct spend of $114 million.

The other cities, as tracked in the report, are displayed in the graph below. The fact that Chicago, Las Vegas and San Diego were the primary cities which accommodated groups lost by the Moscone Center is consistent with commentary that JLLH gained from senior-level meeting planners of conventions which currently convene at the Moscone Center or have held events at there in the past.



Source: San Francisco Travel

In order to approximate the full direct spend of groups that were lost due to space constraints, JLLH recognized the need to cast a wider net and also evaluate the potential direct spend of groups lost for reasons other than "space constraints" as the different reasons influence each other and cannot simply be examined in isolation.

JLLH established a methodology whereby each of its consolidated list of nine reasons for loss of group was assigned a factor, and this factor was multiplied by the estimated direct spend for the groups lost to that particular reason. The assumed factors are displayed below:

Reason - JLLH Adapted Categories	JLLH Assumed Factor in Being Related to Space Constraints	Direct Spend of Lost Business per Category ($M)	Atributted Result of Loss in Direct Spend ($M)
First Option Went Definite	5%	$ 1,112	$ 56
Board Decision	15%	$ 3,110	$ 467
Change in Rotation	15%	$ 1,276	$ 191
Dates Not Available	10%	$ 1,715	$ 172
Does Not Meet Center Requirements	0%	$ 455	$ -
Economic Reasons	0%	$ 931	$ -
Space constraints	100%	$ 950	$ 950
Other	25%	$ 887	$ 222
Total Assumed Loss in Direct Spend due to Space Constraints (Groups Lost from 2010-2019)			$ 2,057

Source: Jones Lang LaSalle Hotels

The analysis leads to the conclusion that the total assumed loss in direct spend resulting from Moscone Center space constraints and related categories is $2.1 billion for the years 2010/2011 through 2019/2020.

2.6 Macro Level Factors that Impact Historical Attendance

San Francisco is a unique destination that draws visitors to the city due to its renowned reputation, which often translates to attendance records for groups that hold meetings at the Moscone Center. From our analysis of the market, meetings with sales managers at convention hotels in San Francisco, and interviews with user groups that currently use the Moscone or have in the past, the following factors (exogenous to Moscone Center size and configuration) were identified that impact attendance:

- Demand shocks from economic and natural disasters, such as the Asian Financial Crisis, Dot-Com Bubble, 9/11 and the Loma Prieta Earthquake.
- Number of flights offered at San Francisco International Airport to both U.S. and international destinations.
- The compressed geography of San Francisco enhances the walkability from the hotels to the Moscone Center, which eases transportation planning and diminishes costs.
- San Francisco is a renowned and unique destination and offers major international tourist attractions. Many attendees bring their significant others, because the city offers many tourism activities.
- Cost and availability of accommodations within the city.
- Proximity of San Francisco to other tourist attractions, such as Wine Country and Monterey/Carmel.
- The year-round mild climate in San Francisco.
- Proximity to Silicon Valley's high-tech companies and South San Francisco as a growing hot-bed for the biotechnology firms.

2.7 Conclusions from Interviews with Moscone User Groups

JLLH conducted interviews with six Moscone Center users who may require more space in the future, in order to obtain comments from these groups on their current and future convention needs as well as suggestions on how to increase the competitiveness of the Moscone Center going forward. The interviews' salient points are summarized in the following:

- Comments about the Lodging Market
  - Risk of not having sufficient number of quality hotel rooms to accommodate large groups.
  - Tend to need to contract room blocks with a higher number of hotels in San Francisco versus other cities.
- Competitive convention center markets in U.S include Chicago, Las Vegas, New Orleans, San Diego, Los Angeles, Boston, Orlando and Atlanta.

- Pros of Moscone Center
    - Location: In San Francisco and within the city limits.
    - Walkability of San Francisco.
    - Strong airlift with regard to domestic and international destinations.
    - San Francisco attracts more attendees, especially with regard to international attendees.
    - Favorable partnership with San Francisco hotels.
    - Proximity of the Moscone to the company's headquarters.
    - Renovation with upgraded technology and meeting space.
    - Users stated that they favor the layout and finishes of Moscone West.
- Cons of Moscone Center
    - Disconnection of Moscone West to North and South.
    - Lack of contiguous space as exhibit halls are separated among the three buildings.
    - Arches in the exhibit space add restriction to the viewing and usage of the space.
    - Do not like 100-series meeting rooms due to the tight corridors and small rooms.
- Desired Changes to the Moscone Center
    - Add 100,000 to 150,000 s.f. of contiguous exhibit space.
    - Add additional meeting space in North and South (flexible space).
    - Add more natural light in hallways and around meeting space.
    - Connect existing exhibit halls in North and South.
    - Connect buildings with either a sky bridge or underground passage.
    - Convention center expansion should correspond with additional adjacent or connected hotel rooms.

2.8 Conclusions from Interviews with Competitive Convention Centers

In order to form a more comprehensive understanding of the possible impact of a convention center expansion, JLLH conducted interviews with seven competitive convention centers that have experienced a previous expansion and/or have plans for future expansions. The key findings from the interviews are below:

- Trends in Convention Bookings
    - Attendance levels have flattened or declined since 2000.
    - Projecting annual attendance growth rates of 2% to 5% over next five years.
    - A number of annual conventions have been eliminated.
    - Saw attendance growth in 2011, but attendance has not returned to peak levels.

- Impact of Expansion
    - Minimal disruptions were seen in previous expansions with only some noise complaints.
    - General consensus that convention centers cannot afford to displace business; therefore, development plans are structured to avoid disruption wherever possible.
    - Event planners will secure future events at the convention center as soon as expansion plans are finalized. Typically, the sales team will start selling the space two to two and one-half years in advance of the new space coming online.
    - Uptick in bookings was seen two to three years after the completion of the expansion.

- Expansion Improvements
    - Upgrades of existing technology, such as audio visual equipment and Wi-Fi throughout deemed a necessity.
    - Increase amount of contiguous space and ballroom space.
    - Connect every building either by underground passage or connecting bridge.
- Comments on Moscone Center

  - Advantages include San Francisco as a destination, international draw of city with a strong airlift, downtown location of Moscone Center, and the quality of hotels in the area.
  - Disadvantages include the high costs of holding an event in San Francisco and interrupted flow of the convention center with Moscone West as a standalone building.
- Important Factors to Consider for Expansion Plans
  - Flow of convention center as a whole; allow for flexible registration space as technology trends are shaping space requirements (due to online registration, etc.)
  - Fully understand details of construction schedule and communicate it clearly to convention sales team so groups' expectations are managed.
  - Design flexible space in order to adjust to changes in consumer needs.

3 Survey of Competitive Environment and Potential for Expansion

JLLH conducted a detailed comparison and analysis of competitive convention centers in the U.S. Throughout this section, JLLH will continuously refer to 12 convention centers deemed primarily competitive to the Moscone Center. This list of competitive convention centers was compiled based on feedback from discussions and interviews with San Francisco Travel senior staff, Moscone Center executives, senior meeting planners of past and current Moscone Center groups and general managers of a number of convention centers across the country. In addition, JLLH reviewed the cities which frequently came up on the Moscone Center's lost business report.

Convention Center Name (Alphabetical Order)	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.
Anaheim Convention Center	Anaheim	945,000	815,000	130,000
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000
McCormick Place	Chicago	3,200,000	2,600,000	600,000
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000
San Diego Convention Center	San Diego	819,800	615,700	204,100
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000
Moscone Convention Center	San Francisco	852,100	538,700	313,400

Source: Jones Lang LaSalle Hotels based on convention centers' websites

3.1 Impact of Other Convention Center Expansions on Lodging Market

JLLH studied the impact that substantial expansions of competitive convention centers have had on their respective lodging markets. JLLH conducted this analysis for the 12 convention centers deemed most competitive to the Moscone Center. All convention centers in the study had at least 500,000 s.f. of saleable exhibit space and have undergone one or more substantial expansions—in most cases an addition of 200,000 or more square feet over the past 20 years.

For the 12 markets where these convention centers are located, along with San Francisco, JLLH computed the historic CAGR of hotel RevPAR for each of the cities. In most cases, JLLH had access to historic RevPAR data going back to 1987. JLLH used hotel revenue per available room as a metric to quantify hotel revenues. The selected RevPAR data largely pertains to hotel brands that typically serve a significant amount of group-related demand, such as Marriott, Hilton and Westin hotels and the sample is thus deemed representative. The properties in the sample are, in most cases, located in the downtown and thus highest-rated submarkets of the metropolitan areas.

JLLH then computed the RevPAR CAGR for two time periods: The three-year period beginning in the year after a substantial convention center expansion was completed, and the five-year period starting in the year after the substantial convention center expansion. JLLH conducted this analysis on an inflation-adjusted basis. JLLH then compared the long-term RevPAR CAGR for the market and with the RevPAR CAGR for the three and five years following the convention center expansion as defined above.

For the markets in the analysis, real hotel RevPAR increased by an average of 0.5% per year over the historic time period reviewed. The analysis yielded a measurable impact that the various convention center expansions had: in the three years after an expansion was completed, real RevPAR increased on average by 3.1% per annum; in the five years after an expansion, real RevPAR increased on average by 0.7% per annum.

This represents a RevPAR growth premium (compared to if no expansion took place) of 2.6 percentage points per year in the three-year timeframe and 0.2 percentage points in the five-year timeframe. This analysis shows that an expansion of a convention center can enhance hotel RevPAR in the proximate market area. A similar analysis was conducted for San Francisco's core convention market hotels in Section 4.

Convention Center Expansion Impact on Real Hotel RevPAR During Three- and Five-Year Post Expansion Periods

	Year	Total U.S.	San Francisco	San Diego	Los Angeles	Chicago	Orlando[1]	Philadelphia[2]	Atlanta	Miami-Miami Beach	Anaheim	Washington, D.C.[3]	Boston	New Orleans	Las Vegas
	1988	33.48	76.95	68.75	69.19	70.08	70.46	n/a	54.23	53.82	n/a	77.39	77.68	n/a	n/a
	1989	33.61	72.58	68.11	70.88	68.73	77.16	n/a	55.88	56.44	n/a	79.73	81.42	n/a	n/a
	1990	32.47	74.17	63.93	70.04	66.72	74.11	n/a	55.06	57.36	n/a	72.26	87.36	n/a	n/a
	1991	30.27	67.07	62.38	61.93	61.57	68.96	66.15	51.34	54.12	n/a	68.42	79.03	n/a	n/a
	1992	30.11	66.27	60.48	57.84	58.25	69.30	64.52	50.35	62.27	n/a	70.52	76.12	55.92	n/a
	1993	30.35	69.82	59.59	60.06	61.42	66.55	62.34	55.37	57.94	n/a	75.63	79.33	54.55	n/a
	1994	31.30	72.45	61.89	64.50	65.65	68.19	68.97	57.87	53.97	n/a	69.75	83.80	59.96	n/a
	1995	32.08	74.64	66.11	63.37	68.38	69.86	71.15	60.18	59.19	n/a	72.31	86.57	61.06	n/a
	1996	33.10	83.12	73.18	70.06	77.08	73.55	80.99	68.04	63.45	n/a	71.38	92.72	60.13	n/a
	1997	33.89	91.54	81.07	74.99	83.26	78.32	86.95	64.33	69.71	n/a	75.65	99.25	61.74	n/a
	1998	34.48	97.02	88.15	79.44	86.48	76.65	89.43	66.55	73.77	n/a	76.93	105.85	63.53	n/a
	1999	34.64	97.83	88.88	85.87	88.23	76.26	83.72	68.16	81.85	n/a	80.10	106.18	65.91	n/a
	2000	35.59	109.92	90.46	90.27	91.77	77.82	78.48	66.50	83.53	n/a	85.02	116.21	66.77	n/a
	2001	32.11	84.08	81.08	70.15	74.39	64.87	66.88	58.45	72.79	n/a	75.35	89.88	58.88	n/a
	2002	30.74	70.38	79.73	69.95	70.43	63.95	74.85	55.93	66.20	54.73	76.29	83.32	54.78	63.40
	2003	30.20	68.80	80.95	68.99	73.44	59.44	67.88	49.70	72.09	58.93	74.60	73.45	50.68	67.55
	2004	31.78	72.45	78.81	80.03	71.30	64.74	74.14	51.56	79.97	61.90	80.80	82.37	51.37	74.84
	2005	33.43	77.42	84.34	86.39	77.54	67.46	78.39	54.54	91.99	69.28	89.38	84.00	53.96	84.02
	2006	34.95	81.92	88.88	94.74	89.36	69.58	81.45	59.16	100.48	72.03	86.73	91.93	49.75	95.33
	2007	35.97	87.70	87.08	103.65	91.21	73.10	83.12	59.65	112.17	75.58	91.49	97.29	43.51	103.33
	2008	33.95	88.41	82.16	104.86	85.15	68.54	79.13	54.07	102.05	69.72	88.17	89.60	46.65	84.75
	2009	28.41	71.91	65.61	79.63	65.80	53.27	67.81	43.32	75.21	58.13	83.92	74.51	41.44	62.90
	2010	29.40	75.10	66.65	87.24	68.42	55.28	67.81	49.71	84.73	60.29	86.31	81.88	46.72	62.34
	2011	30.86	85.62	70.35	96.99	71.49	57.44	72.08	47.72	96.51	63.73	87.32	84.65	47.40	71.04
Long-term RevPAR CAGR		-0.4%	0.5%	0.1%	1.5%	0.1%	-0.9%	0.4%	-0.6%	2.6%	1.7%	0.5%	0.4%	-0.9%	1.3%
Long-term GDP/GMP CAGR		2.6%	2.2%	3.1%	2.1%	2.0%	4.2%	1.8%	3.3%	4.0%	3.0%	2.8%	2.3%	5.7%	0.0%
Expansion I															
3-Year Post Expansion RevPAR CAGR			3.4%	-0.6%	4.2%	2.9%	-1.3%	8.4%	4.2%	4.2%	n/a	3.6%	7.6%	3.5%	n/a
5-Year Post Expansion RevPAR CAGR			7.0%	2.8%	5.3%	-2.8%	-4.6%	6.7%	3.8%	-1.5%	n/a	2.2%	-3.0%	1.8%	n/a
Expansion II															
3-Year Post Expansion RevPAR CAGR			6.3%	n/a	6.6%	-10.4%	3.7%	n/a	4.8%	n/a	6.4%	n/a	n/a	-9.4%	10.9%
5-Year Post Expansion RevPAR CAGR			5.1%	n/a	-3.1%	-5.7%	1.4%	n/a	4.7%	n/a	7.1%	n/a	n/a	-6.3%	-7.0%

Hotel RevPAR Analysis: Conclusion	
Changes to RevPAR	
Long-Term CAGR	0.5%
3-Year Post Expansion RevPAR CAGR	3.1%
5-Year Post Expansion RevPAR CAGR	0.7%

Impact of Expansion on RevPAR		
3-Year Post Expansion Impact	2.6	Percentage points annual RevPAR increase premium
5-Year Post Expansion Impact	0.2	Percentage points annual RevPAR increase premium

Broader Economic Analysis: Conclusion	
Changes to GDP/GMP	
Long-Term CAGR	2.8%
3-Year Post Expansion RevPAR C	3.2%
5-Year Post Expansion RevPAR C	3.3%

Impact of Expansion on RevPAR		
3-Year Post Expansion Impact	0.4	Percentage points annual RevPAR increase premium
5-Year Post Expansion Impact	0.5	Percentage points annual RevPAR increase premium

Denotes Expansion Completion Year

Note: Hotel RevPAR data displayed above is expressed in real terms (adjusted for inflation)

Note: For all markets with exception of Las Vegas, Anaheim and New Orleans, RevPAR is based on Upper Upscale, Luxury and Independents in Luxury Tier in downtown area; for Las Vegas, Anaheim and New Orleans data is based on all reporting properties in MSA

[1]The Orange County Convention Center in Orlando also marked a substantial expansion in 1989, but the analysis considers only its two largest expansions, which were completed in 1996 and 2003, respectively

[2]Pennsylvania Convention Center opened in 1993; its opening was treated the same way as expansions. The center was expanded in 2010, but three- and five-year time frames do not apply to this recent addition

[3]The Walter E. Washington Convention Center in Washington, D.C., the center was a new build in 2003 as opposed to an expansion

Source: Smith Travel Research for hotel RevPAR; LVCVA for Las Vegas hotel RevPAR; Bureau of Labor Statistics for Consumer Price Index; U.S. Bureau of Economic Analysis for GDP/GMP

3.2 Comparison Matrix of Competitive Facilities

JLLH evaluated 12 competitive convention markets to draw comparisons with the Moscone Center. The primary purpose of this analysis was to help identify gaps in the market nationally and discern what shape the proposed Moscone Center should take and how the Moscone Center can fill a market niche to benefit from a competitive advantage. The recommended competitive positioning of the Moscone Center is discussed further Section 3.3.

Convention Center Name	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.	Largest Ballroom s.f.	Open Year	Expansion I Complete	Expansion II Complete	Expansion III Complete	Ratio of Meeting Space to Exhibit Space	Exhibit Space Published Rent per s.f. per Day	Notes on Published Rates
Moscone Convention Center	San Francisco	852,100	538,700	313,400	42,675	1981	1992	2003	n/a	1.7	$ 0.39	1 Complimentary move-in/out day for every Paid Event Day
San Diego Convention Center	San Diego	819,800	615,700	204,100	40,706	1989	2001	n/a	n/a	3.0	$ 0.16	Additional costs for move-in/out days
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000	11,200	1971	1993	1997	n/a	4.9	$ 0.32	N/A
McCormick Place	Chicago	3,200,000	2,600,000	600,000	100,000	1960	1996	2007	n/a	4.3	$ 1.70	Includes move-in/out days and discounts on meeting rooms
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200	61,200	1983	1989	1996	2003	4.3	N/A	N/A
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000	55,400	1993	2010	n/a	n/a	2.1	N/A	N/A
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400	33,000	1976	1992	2002	n/a	4.0	$ 1.70	Includes 5 move-in/out days and a number of other discounts and included services
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000	52,000	1983	2003	n/a	n/a	5.6	$ 0.11	Additional costs for move-in/out days
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000	16,900	1959	1998	2004	n/a	8.2	$ 0.29	1 complimentary move-in or move-out day per paid show day for 250,000+SF show
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500	36,500	1985	1991	1999	n/a	4.0	N/A	N/A
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000	40,020	2004	n/a	n/a	n/a	3.2	N/A	N/A
Anaheim Convention Center	Anaheim	945,000	815,000	130,000	38,100	1967	1993	2000	n/a	6.3	$ 0.36	1 Complimentary move-in or move-out day is provided for each exhibit event date
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500	-	1957	1989	n/a	n/a	4.0	$ 0.70	For first 6 days, and $0.08 per net square foot for each additional day
Averages		1,358,300	1,091,908	266,392	40,592					4.3	$ 0.64	

Convention Center Name	City	Hotel Rooms within 1-Mile Radius[1]	Number of Hotels within 1-Mile Radius[1]	Exhibit Space s.f. per Hotel room within 1-Mile Radius[1]	Total Air Passenger Deplanments (2010)	Based on Airports	Gross Metro Product 2011, Chained 2005 $s, Millions	MSA Population, 2011	Government Per Diem Sept 2011-Oct 2012 Average	Hotel Room Tax Rate
Moscone Convention Center	San Francisco	25,317	104	21	23,987,896	SFO, OAK	$ 315,991	4,389,800	$ 237	16.0%
San Diego Convention Center	San Diego	11,258	35	55	8,416,837	SAN	$ 159,533	3,152,900	$ 204	12.5%
Los Angeles Convention Center	Los Angeles	7,002	23	103	30,274,614	LAX, LGB	$ 689,349	12,930,800	$ 196	15.5%
McCormick Place	Chicago	1,082	3	2,403	40,651,565	ORD, MDW	$ 484,337	9,522,400	$ 230	16.4%
Orange County Convention Center	Orlando	14,440	33	142	16,940,010	MCO	$ 95,659	2,172,300	$ 159	12.5%
Pennsylvania Convention Center	Philadelphia	10,335	35	66	14,926,045	PHL	$ 317,003	5,997,200	$ 205	15.2%
Georgia World Congress Center	Atlanta	12,336	31	111	42,984,548	ATL	$ 250,554	5,369,500	$ 189	16.0%
Walter E Washington Convention Center	Washington, D.C.	9,510	34	74	30,748,197	BWI, IAD, DCA	$ 391,323	5,723,700	$ 273	14.5%
Las Vegas Convention Center	Las Vegas	29,561	28	67	18,829,150	LAS	$ 82,543	1,993,300	$ 170	12.0%
Ernest N. Morial Convention Center	New Orleans	19,138	70	57	4,071,582	MSY	$ 68,492	1,185,500	$ 198	13.4%
Boston Convention and Exhibition Center	Boston	2,664	6	194	13,541,787	BOS	$ 291,013	4,592,600	$ 254	14.4%
Anaheim Convention Center	Anaheim	15,606	61	52	5,723,549	SNA, LGB	n/a	n/a	$ 196	17.6%
Miami Beach Convention Center	Miami Beach	7,758	53	65	16,748,218	MIA	$ 239,009	5,646,400	$ 190	13.0%
Averages		12,770	40	262					$ 208	14.5%

Notes [1]Based on hotels with 50+ rooms Includes Lodging and Food and Incidentals

Source: Convention center websites, convention center managers, Smith Travel Research, Bureau of Transportation Statistic, IHS Global Insight, U.S. General Services Administration, hotel websites

In summary, the Moscone Center is smaller than the other 12 convention centers analyzed, on average, especially with regard to exhibit space. In terms of meeting space, the Moscone Center is more on par with the average of the sample, and the Moscone Center's largest ballroom is largely consistent with the sample average. Compared to the other convention centers in the analysis, the Moscone Center shows a considerable imbalance in its ratio of exhibit space to meeting space: the Moscone Center has 1.7 s.f. of exhibit space per square foot of meeting space, while the set's average is 4.3 s.f. of exhibit space per square foot of meeting space—supporting the case for an addition to exhibit space at the Moscone Center.

While the average published rental rates vary from market to market, they must be considered in aggregate with the entire package offered by the city and JLLH as such did not assign much weight to the differences.

JLLH also counted the number of hotel rooms within a one-mile radius (deemed a walkable distance) for each of the convention centers. San Francisco ranks second after Las Vegas. The fact that the Moscone Center is located in downtown San Francisco is one of the driving factors for the high room stock proximate to the Center. Even though there are 25,300 hotel rooms within a one-mile radius of the Moscone Center, meeting planners of the Center's largest groups stated that their attendees in some cases have to stay as far away as Oakland and the San Francisco Airport submarket due to the generally high demand for San Francisco hotels from non-convention demand sources.

3.3 Evaluation of Additional Exhibit Space Warranted

Independently of the attendance projections from which the economic impact is calculated in section 5, JLLH attempted to demonstrate that a reasonable growth rate applied to the current level of attendees warrants the addition of exhibit space at the Moscone Center in the future. JLLH computed the average annual total attendance for the Moscone Center for the years since the opening of Moscone West and subsequently calculated the average attendees accommodated per square foot of available exhibit space to devise a utilization ratio.

Moscone Center Attendance Projections: Market Case			
	Total Attendees	Available s.f. of Exhibit Space	Attendees per s.f. of Exhibit Space
1989/1990	606,425	260,560	2.3
1990/1991	572,395	260,560	2.2
1991/1992	611,381	260,560	2.3
1992/1993	765,202	442,000	1.7
1993/1994	835,762	442,000	1.9
1994/1995	798,824	442,000	1.8
1995/1996	787,276	442,000	1.8
1996/1997	877,627	442,000	2.0
1997/1998	834,243	442,000	1.9
1998/1999	894,818	442,000	2.0
1999/2000	684,266	442,000	1.5
2000/2001	839,390	442,000	1.9
2001/2002	744,746	442,000	1.7
2002/2003	747,832	442,000	1.7
2003/2004	937,440	538,660	1.7
2004/2005	819,843	538,660	1.5
2005/2006	1,046,272	538,660	1.9
2006/2007	974,676	538,660	1.8
2007/2008	1,279,000	538,660	2.4
2008/2009	968,664	538,660	1.8
2009/2010	919,811	538,660	1.7
2010/2011	1,092,975	538,660	2.0
2011/2012F	1,025,377	512,689	2.0
2012/2013F	1,053,873	526,937	2.0
2013/2014F	1,085,885	542,942	2.0
2014/2015F	1,109,218	554,609	2.0
2015/2016F	1,141,980	570,990	2.0
2016/2017F	1,175,710	587,855	2.0
2017/2018F	1,199,709	599,855	2.0
2018/2019F	1,229,935	614,967	2.0
2019/2020F	1,247,319	623,660	2.0
2020/2021F	1,279,493	639,746	2.0
2021/2022F	1,318,255	659,128	2.0
Average Annual Growth in Attendees (JLLH Assum			2.5%
Additional Exhibit Space s.f. Needed by 2021/2022			120,468
Various Averages: Attendees per s.f. of Exhibit Space			
Average Moscone N/S			1.91
Average Moscone N/S/W			1.87
Long-Term Average			1.90
Recent 5-Year Average			1.94

Note: The light red rows pertain to historic expansion years
Note: JLLH assumptions are in blue font
Source: San Francisco Travel, Jones Lang LaSalle Hotels

JLLH then applied this exhibit space consumption per attendee to what it deemed a reasonable growth assumption (2.5% per year) in the number of annual attendees based on its research and interviews.

Applying this growth rate per the above methodology, JLLH demonstrated that by FY 2021/2022, the organic growth in attendance (assuming no expansion) would potentially warrant an additional 120,500 s.f. of exhibit space. Having independently demonstrated that growth in attendees is indeed expected to warrant the addition of exhibit (and other supporting space), JLLH continued its analysis with regard to determining the optimal expansion scenario.

JLLH also assessed the capacity to retain and grow demand through non-expansionary measures such as property configuration or marketing. Based on its tour of the Moscone Center, JLLH did not find that permanent changes can be made to the existing space which would yield in a more efficient layout and/or flow of space. Based on its meetings with San Francisco Travel, JLLH did not identify any apparent changes that could be made to the bureau's marketing strategy which would result in a material increase in attendance assuming static facility layout.

3.4 Marketing Moscone West as a Stand-Alone Facility

JLLH evaluated whether Moscone West could be marketed as a stand-alone facility following an expansion of the Moscone Center. From reviewing definite booking reports, JLLH notes that Moscone West is in some instances already being used to accommodate groups on a self-sufficient basis, meaning that all activities are housed in Moscone West without making use of Moscone North and Moscone South. But for large groups, no matter which of the expansion scenarios is selected, Moscone West will continue to be required to accommodate the needs of the group. JLLH therefore does not deem it strategic to permanently market Moscone West as a stand-alone facility, but rather recommends continuing to use it as a stand-alone facility when it best fits the needs of a given group.

3.5 Filling Market Niche with Expansion

JLLH examined how the proposed expansion could fill a market niche which would lead to a competitive advantage. JLLH drew its analysis on interviews with senior-level staff from San Francisco Travel, Moscone Center executives, senior-level meeting planners who have used the Moscone Center and online research of competitive facilities.

The purpose of the detailed competitive analysis was to determine how an expansion of the Moscone Center could offer facilities that will make the market more competitive among its peer set, to realize operational efficiencies and economies and to most effectively yield manage the facility, all with the purpose of distinguishing the complex from its competitive set to be able to retain and grow core clients. Below is a broad assessment of high-impact points that should be considered in the proposed Moscone Center expansion:

San Francisco as a destination has significant draw and allure. The consensus among senior meeting planners was that their San Francisco rotation often garners the highest attendance of any city in the country. San Francisco ranks particularly favorably among international conventioneers due to the direct air linkages.

San Francisco is gateway to Asia, boding well for technology and medical meetings in particular, which are attracting a growing number of Asian attendees. As such, the Moscone Center benefits from being in a marquis location which in itself forms a significant competitive advantage in attracting conventions.

Many large convention centers, like the Moscone Center, were built in phases and, due to space constraints, often do not have the most ideal flow and layout. The senior-level meeting planners that JLLH interviewed spoke favorably of the layout and scale of the convention centers in Orlando, Boston and New Orleans, but aside from these three, the meeting planners cited few “must replicate” physical characteristics of other convention centers. Favorable aspects of these convention centers to be considered in the Moscone Center expansion include:

- Allow for natural light where possible.
- The additional exhibit space should be contiguous with the Moscone Center’s largest exhibit hall.
- Any additional buildings should be physically connected with Moscone North/South.
- A number of competitive convention centers have not had a substantial renovation in recent years; as such the buildings’ technological outfitting is often below state-of-the art standards. Due to the Moscone Center’s proximity to Silicon Valley, any expansion should be of the highest technology standard, and this should be marketed and promoted to meeting planners. The expansion should include technology elements such as Wi-Fi throughout that are not present at all other convention centers.
- Additionally, commensurate with San Francisco’s positioning as an upscale international gateway market, JLLH deemed that the corporations and associations that hold conventions at the Moscone Center often have attendees of a higher demographic segment and education level than the average conventioneer in the country. As such, the level of finishes in the expanded facility should be at the upper level of what Moscone Center’s competitive set currently offers.

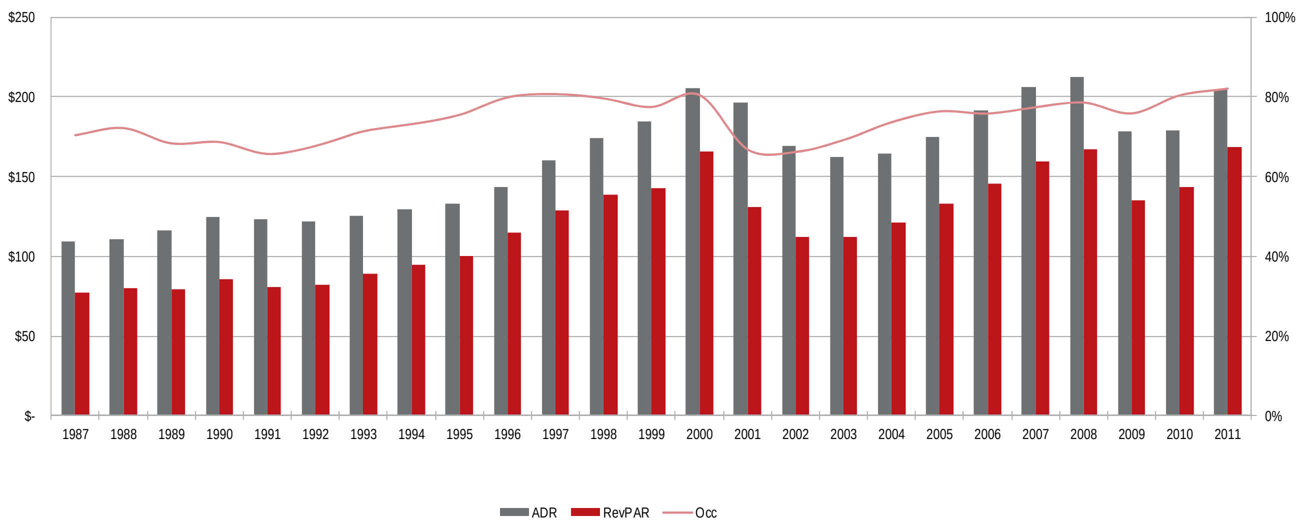
4 Analysis of San Francisco Lodging Market

4.1 San Francisco Lodging Market Overview – Historic Performance

San Francisco posts higher overall occupancy rates than many other U.S. gateway markets. Though the market suffered more than the average of other major markets during the double-hit of the tech bust and the events of 9/11, San Francisco has consistently shown above-average growth in occupancy rates, especially since 2007, partly due to the minimal supply increases. By year-end 2011, not only did occupancy continue its trend, but the average daily rate (ADR) has grown significantly; posting 2.1% growth in occupancy and 14.7% growth in ADR among the city's set of upper upscale and luxury hotels.

Despite the year-over-year growth in ADR, on an inflation-adjusted basis, ADRs remained below previous peak 2000 levels in 2008—an anomaly not witnessed in many other large U.S. markets. However, the spread of ADR between San Francisco and the average of the other top U.S. gateway markets has begun to lessen notably. The gains in occupancy and ADR have led to a jump in revenue per available room (RevPAR) of 17.2% for the city's upper upscale and luxury hotels, among the highest of any major U.S. market.

San Francisco, CA Lodging Market Performance 1987 - YTD December 2011



Source: Smith Travel Research

Note: Data is based on Tract: San Francisco | Chain Scales: Upper Upscale, Luxury, Independents in Luxury Class

4.2 Existing Hotel Inventory

According to Smith Travel Research, there are currently 224 hotels in San Francisco with a total of 34,257 guest rooms, roughly 25,000 of which are within walking distance of the Moscone Center. No new supply has entered San Francisco since 2008, a stark contrast to other major U.S. gateway markets. The following table summarizes the number of hotels and total room count for San Francisco by chain scale.

San Francisco Current Inventory by Chain Scale				
Chain Scale	No. of Hotels	%	Room Count	%
Independents	139	62%	10,624	31%
Luxury Chains	14	6%	4,804	14%
Upper Upscale Chains	37	17%	14,499	42%
Upscale Chains	3	1%	887	3%
Upper Midscale Chains	9	4%	2,363	7%
Midscale Chains	4	2%	266	1%
Economy Chains	18	8%	814	2%
Total	224		34,257	
Source: Smith Travel Research				

San Francisco has the highest number of independent/unbranded hotels as a proportion of total hotel stock among U.S. gateway markets. Historically, independent hotels' ADR performance has been more volatile, but San Francisco's strong occupancy levels, second only to New York, support the level of independent hotels that exist in the market.

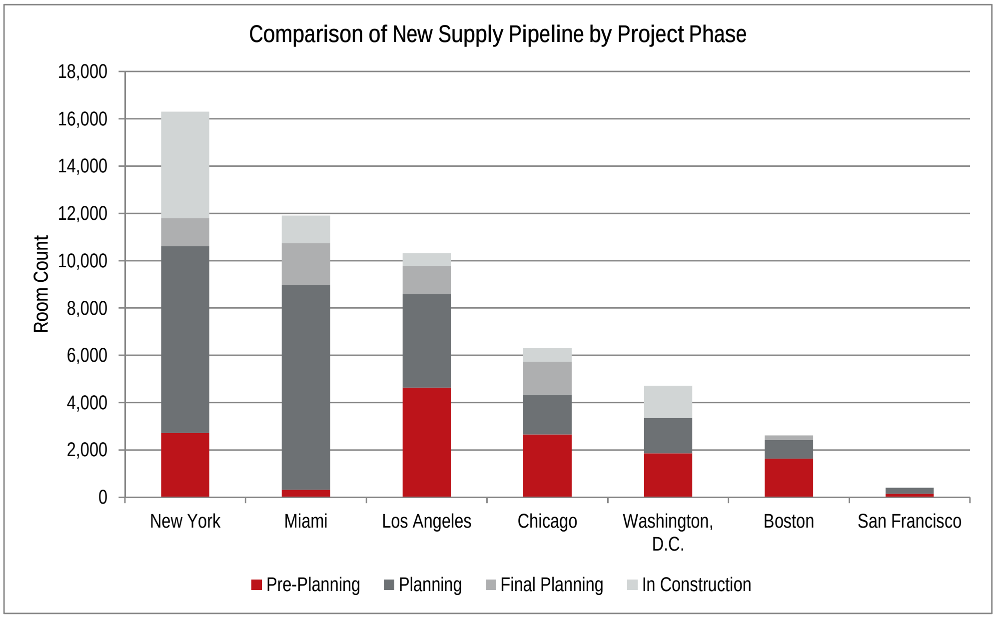
4.3 New Supply Pipeline

The lack of recent supply openings affirms the exceedingly high barriers to entry in the San Francisco hotel market and explains investors' high interest in acquiring existing hotels, as seen from the abundant transactions over the past 18 months. Over the last ten years, the hotel room supply in San Francisco has grown on average by 1.0% annually, considerably below nationwide growth. The most recent hotel openings occurred in 2008, with the opening of the 550-key InterContinental in February and the 53-room Fairmont Heritage Place in August. The following table presents the total new supply inventory that entered the San Francisco market since 2000. The only hotel opening expected in 2012 is the 22-room Inn at the Presidio.

New Supply to San Francisco by Year			
Year	No. of Hotels	Room Count	% Chg
2000	1	104	0.3%
2001	4	1,023	3.3%
2002	1	362	1.1%
2003	2	698	2.2%
2004	0	0	0.0%
2005	2	460	1.4%
2006	1	86	0.3%
2007	1	33	0.1%
2008	2	603	1.8%
2009	1	80	0.2%
2010	0	0	0.0%
2011	0	0	0.0%
2012	1	22	0.1%
CAGR ('00-'06)		1.4%	
CAGR ('00-'12)		0.9%	

Source: Smith Travel Research

While the supply pipeline has shrunk greatly across the country, most gateway cities still experience a backlog of new rooms that are expected to open by 2013. As an example 2,900 rooms were introduced in New York in 2011 and an additional 1,050 rooms are expected to open in 2012. The complete lack of new supply in San Francisco in the near term will significantly strengthen the potential for growth in average daily rates in the city, as seen from the significant year-to-date growth in 2011.



Source: Smith Travel Research

4.4 Performance by Submarket

In the past ten years, supply growth has been concentrated around the Moscone Center. New large full service hotels have typically entered the market south of Market Street by the Moscone Center because this district had the highest amount of buildable space. As these new developments increased, the Nob Hill submarket, which was previously the center of development for luxury hotels, has become less attractive. As the Moscone Center becomes the center of development, room rates in this area grew at a greater pace than in some of the other submarkets. The Moscone area, around South of Market Avenue ("SoMA"), therefore accommodates more hotel demand and group business while the Nob Hill area has a greater share of leisure transient room nights.

The Financial District continues to lead with the highest ADR, followed by Union Square/Nob Hill/Moscone, Fisherman's Wharf, and Civic Center/Van Ness. From full-year 1998 to 2011, the Union Square/Nob Hill/Moscone submarket achieved the highest RevPAR growth on a compounded annual growth rate of 2.1%. The following table summarizes the historical performance by submarket as provided by PKF.

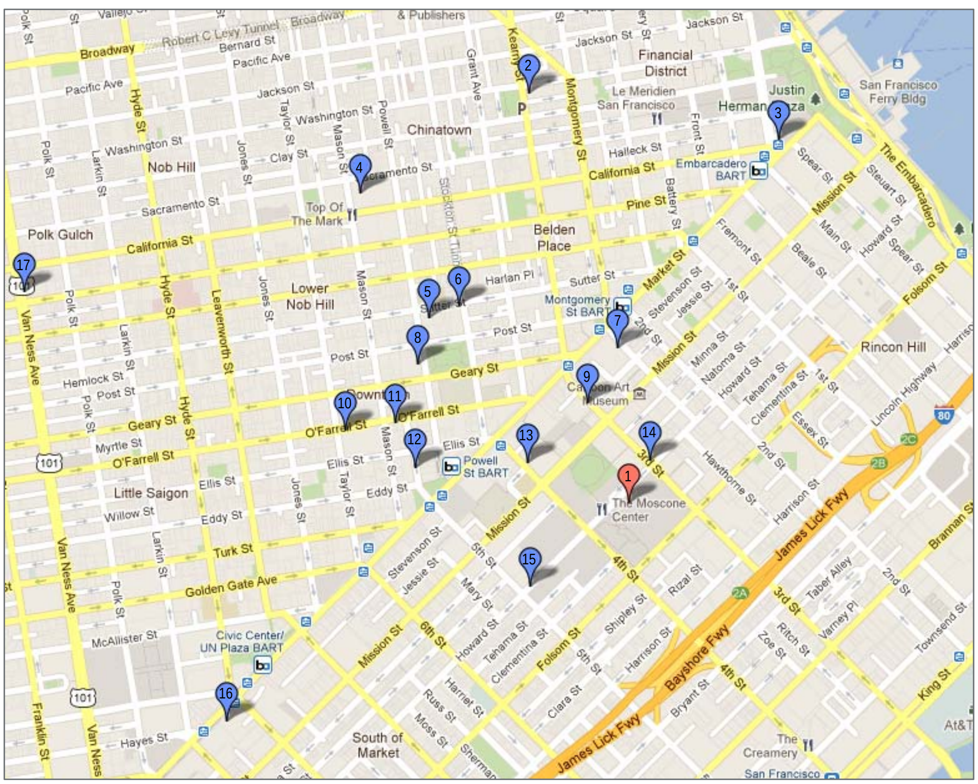
San Francisco Historical Performance by Submarket																
Occupancy																
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR ('98-'04)	CAGR ('98-'11)
Union Square/Nob Hill/Moscone	79.9%	79.4%	79.7%	66.7%	62.9%	66.9%	73.8%	74.8%	75.7%	77.9%	78.8%	75.1%	79.0%	81.7%	-1.3%	0.2%
Financial District	84.3%	84.2%	87.0%	68.6%	66.8%	70.9%	75.6%	75.9%	75.3%	80.2%	77.8%	75.9%	80.1%	84.2%	-1.8%	0.0%
Fisherman's Wharf	85.6%	85.5%	85.0%	69.6%	72.6%	75.2%	76.8%	80.4%	79.2%	76.6%	81.0%	76.9%	82.5%	83.3%	-1.8%	-0.2%
Civic Center/Van Ness	79.4%	82.2%	83.8%	69.8%	63.8%	69.0%	69.0%	73.4%	76.6%	78.1%	80.1%	73.3%	78.8%	79.4%	-2.3%	0.0%
San Francisco Overall	80.7%	80.7%	81.7%	67.7%	64.6%	67.9%	73.2%	75.7%	76.4%	78.0%	79.2%	75.2%	79.5%	81.9%	-1.6%	0.1%
ADR																
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR ('98-'04)	CAGR ('98-'11)
Union Square/Nob Hill/Moscone	$153.66	$160.80	$173.26	$168.21	$156.32	$148.94	$160.30	$173.18	$184.62	$191.91	$200.81	$169.66	$170.25	$196.10	0.7%	1.9%
Financial District	$191.03	$209.50	$222.81	$214.51	$168.30	$158.28	$186.85	$198.99	$215.81	$238.75	$245.84	$188.84	$194.32	$224.14	-0.4%	1.2%
Fisherman's Wharf	$142.65	$151.61	$169.55	$153.94	$124.45	$116.46	$123.60	$133.82	$145.44	$161.60	$166.61	$136.57	$141.31	$164.29	-2.4%	1.1%
Civic Center/Van Ness	$98.87	$104.15	$124.29	$117.93	$95.53	$86.83	$94.45	$91.73	$98.99	$107.59	$114.36	$106.08	$106.62	$120.77	-0.8%	1.6%
San Francisco Overall	$147.44	$155.11	$169.74	$162.51	$145.74	$138.31	$147.23	$156.55	$167.63	$183.42	$190.28	$160.40	$161.99	$187.90	0.0%	1.9%
RevPAR																
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR ('98-'04)	CAGR ('98-'11)
Union Square/Nob Hill/Moscone	$122.77	$127.68	$138.09	$112.20	$98.33	$99.64	$118.30	$129.54	$139.76	$150.28	$158.24	$127.41	$134.50	$160.15	-0.6%	2.1%
Financial District	$161.04	$176.40	$193.84	$147.15	$112.42	$112.22	$141.26	$151.03	$162.50	$191.48	$191.26	$143.33	$155.65	$188.75	-2.2%	1.2%
Fisherman's Wharf	$122.11	$129.63	$144.12	$107.14	$90.35	$87.58	$94.92	$107.59	$115.19	$123.79	$134.95	$105.02	$116.58	$136.79	-4.1%	0.9%
Civic Center/Van Ness	$78.50	$85.61	$104.16	$82.32	$60.95	$59.91	$65.17	$67.33	$75.83	$84.03	$91.60	$77.76	$84.02	$95.87	-3.1%	1.5%
San Francisco Overall	$118.98	$125.17	$138.68	$110.02	$94.15	$93.91	$107.77	$118.51	$128.07	$143.07	$150.70	$120.62	$128.78	$153.95	-1.6%	2.0%

Source: PKF

4.5 Moscone Center Impact on Hotel Performance

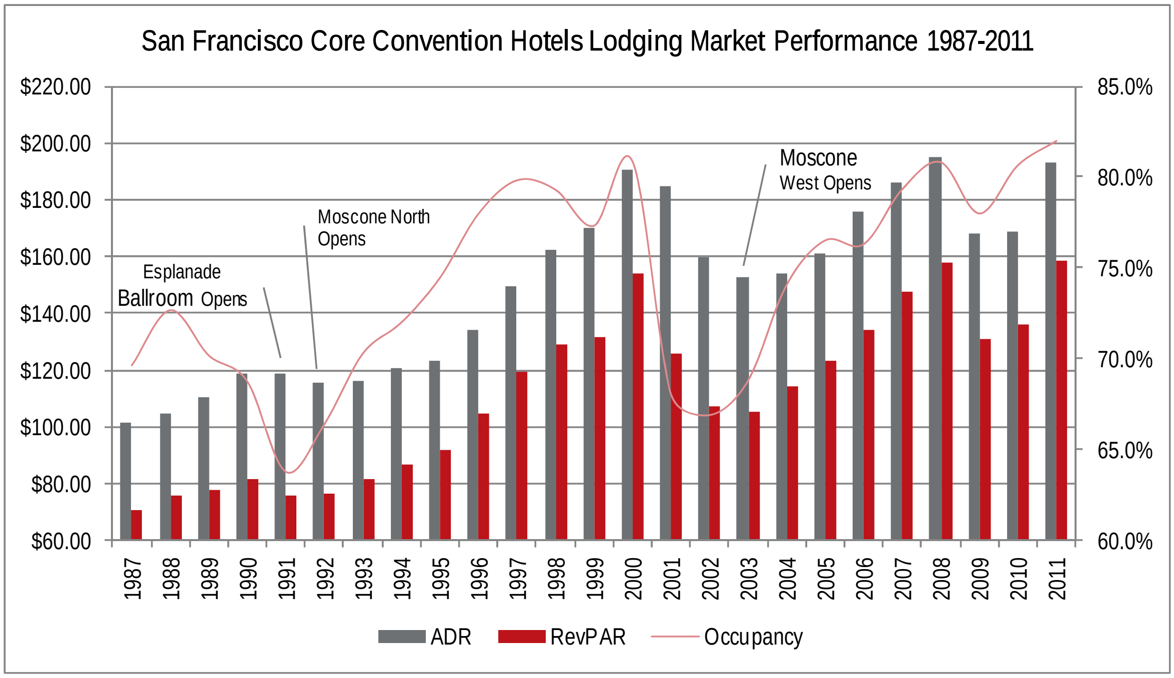
San Francisco Travel provided JLLH with a list of "Level 4" hotels, which are considered as convention headquarters hotels due to their room size (200+ guest rooms) and meeting space (over 10,000 s.f.). JLLH filtered the Level 4 hotels further by extracting the hotels with fewer than 400 guest rooms. The filter resulted in the following convention hotels in the market:

San Francisco Core Convention Hotels Facilities					
Hotel	Affiliated Date	Open Date	Room Count	Total Meeting Space	Largest Meeting Space
Westin St. Francis	1/1998	3/1904	1,195	51,840	10,700
Fairmont San Francisco	4/1907	4/1907	591	55,000	11,362
Luxury Collection Palace Hotel	12/1909	12/1909	553	51,266	8,964
Hotel Whitcomb	8/2007	6/1919	459	14,467	6,300
Kimpton Sir Francis Drake Hotel	1/2009	6/1928	416	14,956	3,081
Hilton San Francisco Union Square	8/1964	8/1964	1,908	140,698	29,637
Hilton San Francisco Financial Dist	1/2006	11/1970	542	18,655	4,396
Grand Hyatt San Francisco	1/1973	1/1973	659	30,268	7,056
Hyatt Regency San Francisco	5/1973	5/1973	802	65,543	17,064
Holiday Inn San Francisco Golden Gateway	3/1974	3/1974	499	18,079	5,600
Westin San Francisco Market Street	4/2007	4/1983	676	24,486	9,040
Parc 55 Wyndham San Francisco Union Square	5/2010	5/1984	1,013	30,859	5,670
Hotel Nikko San Francisco	1/1991	10/1987	532	23,250	6,658
Marriott San Francisco Marquis	10/1989	10/1989	1,499	168,506	39,621
W Hotel San Francisco	5/1999	5/1999	404	16,482	3,430
InterContinental San Francisco	2/2008	2/2008	550	36,731	6,800



Legend
1 - Moscone Center
2 - Hilton San Francisco Financial District
3 - Hyatt Regency San Francisco
4 - Fairmont San Francisco
5 - Kimpton Sir Francis Drake
6 - Grand Hyatt San Francisco
7 - Luxury Collection Palace Hotel
8 - Westin St. Francis
9 - Westin San Francisco Market Street
10 - Hilton San Francisco Union Square
11 - Hotel Nikko San Francisco
12 - Parc 55 Wyndham
13 - Marriott Marquis
14 - W San Francisco
15 - InterContinental Hotel
16 - Hotel Whitcomb
17 - Holiday Inn Golden Gateway

Due to the density of the San Francisco market, the hotels in the previous list are located in various submarkets, although the highest concentration is located in SoMa and Union Square. As the largest hotel closest to the Moscone Center, the Marriott San Francisco Marquis offers the highest amount of meeting space within the set, although the Hilton San Francisco Union Square has the highest room count. Despite its large size, the Marriott Marquis maintains an annual occupancy slightly above the market average and an average daily rate roughly 10% above the market average for core convention hotels in San Francisco. The following chart presents lodging market performance for the core convention hotels since 1987.



Source: Smith Travel Research

The Moscone Center underwent the following major expansions since the opening of Moscone South in 1981:

- 1992: Opening of Moscone North
- 2003: Opening of Moscone West

JLLH analyzed the impact to RevPAR three to five years after the year of expansion on an inflation-adjusted basis, computing a three-year and five-year real RevPAR CAGR following the years after the aforementioned expansions. The expansions' impact on real RevPAR is displayed in detail in the below table:

San Francisco Core Convention Hotels Lodging Market Performance											
Year	Supply	Demand	Revenue	Occupancy	ADR	RevPAR	Occ % Chg	ADR % Chg	RevPAR % Chg	Real RevPAR	Real RevPAR % Chg
1987	3,464,789	2,413,169	$245,567,855	69.6%	$101.76	$70.88					
1988	3,607,295	2,621,699	$274,230,750	72.7%	$104.60	$76.02	4.3%	2.8%	7.3%	$78.42	
1989	3,745,203	2,628,677	$290,753,105	70.2%	$110.61	$77.63	-3.4%	5.7%	2.1%	$75.56	-3.7%
1990	4,154,430	2,856,301	$339,060,580	68.8%	$118.71	$81.61	-2.0%	7.3%	5.1%	$81.38	7.7%
1991	4,154,430	2,649,926	$315,684,290	63.8%	$119.13	$75.99	-7.2%	0.4%	-6.9%	$67.54	-17.0%
1992	4,154,430	2,759,006	$318,202,527	66.4%	$115.33	$76.59	4.1%	-3.2%	0.8%	$74.87	10.9%
1993	4,154,430	2,920,487	$339,453,208	70.3%	$116.23	$81.71	5.9%	0.8%	6.7%	$84.74	13.2%
1994	4,154,430	2,991,375	$361,031,188	72.0%	$120.69	$86.90	2.4%	3.8%	6.4%	$90.17	6.4%
1995	4,154,430	3,093,408	$380,710,412	74.5%	$123.07	$91.64	3.4%	2.0%	5.5%	$94.06	4.3%
1996	4,154,430	3,239,570	$433,829,335	78.0%	$133.92	$104.43	4.7%	8.8%	14.0%	$115.93	23.2%
1997	4,154,430	3,316,084	$495,870,497	79.8%	$149.53	$119.36	2.4%	11.7%	14.3%	$133.64	15.3%
1998	4,154,430	3,294,486	$535,061,572	79.3%	$162.41	$128.79	-0.7%	8.6%	7.9%	$136.98	2.5%
1999	4,256,595	3,291,360	$560,082,320	77.3%	$170.17	$131.58	-2.5%	4.8%	2.2%	$131.54	-4.0%
2000	4,309,385	3,484,168	$662,964,250	80.9%	$190.28	$153.84	4.6%	11.8%	16.9%	$174.69	32.8%
2001	4,282,893	2,913,689	$538,010,849	68.0%	$184.65	$125.62	-15.9%	-3.0%	-18.3%	$99.03	-43.3%
2002	4,292,820	2,872,196	$459,783,498	66.9%	$160.08	$107.11	-1.7%	-13.3%	-14.7%	$89.61	-9.5%
2003	4,309,920	2,965,829	$453,752,788	68.8%	$152.99	$105.28	2.9%	-4.4%	-1.7%	$101.07	12.8%
2004	4,309,920	3,192,677	$491,479,972	74.1%	$153.94	$114.03	7.6%	0.6%	8.3%	$120.47	19.2%
2005	4,184,668	3,201,890	$516,171,754	76.5%	$161.21	$123.35	3.3%	4.7%	8.2%	$129.27	7.3%
2006	4,297,510	3,279,237	$576,629,299	76.3%	$175.84	$134.18	-0.3%	9.1%	8.8%	$141.63	9.6%
2007	4,297,510	3,409,082	$633,283,204	79.3%	$185.76	$147.36	4.0%	5.6%	9.8%	$157.61	11.3%
2008	4,481,210	3,621,277	$706,823,165	80.8%	$195.19	$157.73	1.9%	5.1%	7.0%	$162.81	3.3%
2009	4,498,260	3,508,327	$588,884,440	78.0%	$167.85	$130.91	-3.5%	-14.0%	-17.0%	$109.08	-33.0%
2010	4,498,260	3,627,440	$612,076,039	80.6%	$168.73	$136.07	3.4%	0.5%	3.9%	$139.19	27.6%
2011	4,493,032	3,683,667	$712,058,110	82.0%	$193.30	$158.48	1.7%	14.6%	16.5%	$179.56	29.0%

Source: Smith Travel Research, Bureau Labor of Statistics

Expansion I (Moscone North)	
3-Year Post Expansion RevPAR CAGR	5.4%
5-Year Post Expansion RevPAR CAGR	12.1%

Expansion II (Moscone West)	
3-Year Post Expansion RevPAR CAGR	8.4%
5-Year Post Expansion RevPAR CAGR	7.8%

Long-Term Average (All Years)	
Real RevPAR CAGR 1988 - 2011	6.6%

The three-year post expansion real RevPAR CAGR ranged from 5.4% to 8.4% and the five-year post expansion real RevPAR CAGR ranged from 7.8% to 12.1%. These growth rates generally exceed the 6.6% long-term real RevPAR CAGR that the city's core convention center hotels experienced, and as such support that significant convention space expansions in San Francisco have led to higher real RevPAR growth than is witnessed in non-expansion periods, on average.

4.6 Regression Analysis of Moscone Attendance on Hotel Performance and Local Economy

JLLH performed a regression analysis between convention attendance and hotel demand, RevPAR, retail sales revenues, wage and salary disbursements, gross metro product, air passenger traffic, leisure and hospitality employment and hotel tax revenues. The hotel demand and RevPAR data for the selected core convention hotel set was used along with air passenger traffic data at San Francisco International Airport and economic data specifically for San Francisco County.

In the analysis, we performed both a correlation test and a linear regression. Correlation quantifies the degree to which two variables are related, but does not fit a line through the data points. The correlation coefficient determines how much one variable tends to change when the other variable does. It ranges from -1 (inverse relationship) to +1 (positive relationship), and a 0 means there is no relationship. Linear regression finds the best line that predicts the outcome from the constant variable. The fit is quantified with R^2, which is the square of the correlation coefficient. The value ranges from 0 to 1; a perfect fit would be equivalent to a value of 1.

The following tables present the data used for the regression analysis and the results of the correlation and linear regression tests.

Fiscal Year	No. of Events	Convention Attendance	Hotel Demand	Real RevPAR	SF County Leisure & Hospitality Employment	SF Hotel Tax Revenues	Hotel Tax Rate	Gross Metro Product (Mil. $)	SF County Wage and salary disbursements (Mil. $)	Retail sales: Total, (Mil. $)	SFO Total Airport Passengers
1989/1990	48	606,425	2,732,220	$77.30	n/a	n/a	n/a	$36,044	$18,876	$6,664	n/a
1990/1991	59	572,395	2,672,889	$77.56	n/a	n/a	n/a	$38,452	$19,379	$6,847	n/a
1991/1992	58	611,381	2,706,555	$75.61	54,700	$72,030,000	11.0%	$39,484	$19,876	$6,749	n/a
1992/1993	65	765,202	2,859,199	$80.07	55,700	$76,250,000	11.0%	$39,593	$20,499	$6,771	n/a
1993/1994	67	835,762	2,951,213	$83.43	56,900	$86,480,000	12.0%	$40,498	$20,974	$7,010	n/a
1994/1995	74	798,824	3,084,491	$90.71	60,900	$94,100,000	12.0%	$41,989	$21,819	$7,239	n/a
1995/1996	72	787,276	3,117,998	$95.39	61,900	$102,960,000	12.0%	$44,664	$23,169	$7,621	n/a
1996/1997	68	877,627	3,317,700	$113.36	67,700	$137,650,000	14.0%	$47,943	$25,147	$8,212	n/a
1997/1998	80	834,243	3,313,002	$123.91	69,800	$150,160,000	14.0%	$51,297	$27,589	$8,942	40,514,461
1998/1999	86	894,818	3,274,929	$130.97	74,000	$161,520,000	14.0%	$54,906	$30,529	$9,688	39,994,532
1999/2000	72	684,266	3,445,126	$143.16	74,400	$182,100,000	14.0%	$59,408	$34,835	$10,607	40,984,461
2000/2001	82	839,390	3,274,276	$148.79	75,400	$188,380,000	14.0%	$61,899	$37,702	$11,264	39,481,008
2001/2002	67	744,746	2,753,942	$109.19	72,300	$132,230,000	14.0%	$61,053	$36,076	$11,294	31,606,059
2002/2003	73	747,832	2,864,997	$102.39	71,200	$128,590,000	14.0%	$60,530	$33,861	$11,471	29,780,463
2003/2004	94	937,440	3,162,960	$112.83	71,900	$148,230,000	14.0%	$61,801	$34,236	$11,918	31,628,256
2004/2005	115	819,843	3,177,229	$115.18	73,400	$157,950,000	14.0%	$65,014	$36,249	$12,503	33,200,760
2005/2006	119	1,046,272	3,208,835	$128.47	75,300	$179,470,000	14.0%	$69,242	$39,089	$13,154	33,564,798
2006/2007	119	974,676	3,321,572	$138.24	76,800	$199,770,000	14.0%	$73,412	$42,629	$13,839	34,346,413
2007/2008	120	1,279,000	3,525,393	$155.06	80,600	$210,340,000	14.0%	$77,391	$45,185	$14,430	37,121,365
2008/2009	108	968,664	3,513,193	$142.42	80,600	$219,800,000	14.0%	$78,225	$44,372	$13,987	36,733,910
2009/2010	92	919,811	3,621,242	$132.65	77,000	$210,000,000	14.0%	$78,217	$43,826	$13,550	38,448,243
2010/2011	121	1,092,975	3,677,706	$147.86	78,300	$212,500,000	14.0%	$80,003	$45,766	n/a	39,980,029

Source: San Francisco Travel, Smith Travel Research, State of California Employment Development Department, U.S. Bureau of Economic Analysis (BEA), U.S. Census Bureau (BOC), Moody's Analytics Estimate, SFO Airport

Correlation	Convention Attendance
SF County Gross Metro Product	0.76
Hotel Demand-Core Convention Center Area	0.75
SF County Wage & Salary Disbursements	0.74
Real RevPAR-Core Convention Center Area	0.73
SF County Retail Sales	0.72
SF Hotel Tax Revenues	0.68
SF County Leisure & Hospitality Employment	0.64
SFO Total Airport Passengers	0.11

Regression (R^2)	Convention Attendance
SF County Gross Metro Product	0.5752
Hotel Demand-Core Convention Center Area	0.5647
SF County Wage & Salary Disbursements	0.5469
Real RevPAR-Core Convention Center Area	0.5341
SF County Retail Sales	0.5165
SF Hotel Tax Revenues	0.4625
SF County Leisure & Hospitality Employment	0.4102
SFO Total Airport Passengers	0.0120

The highest correlation was observed between convention center attendance and San Francisco County gross metro product, hotel demand for core convention area hotels and San Francisco County wage & salary disbursements, all of which exhibited a correlation of 0.70 and above, exhibiting the relatively strong relationship between the convention attendance and hotel-related and economic factors in San Francisco.

5 Expansion Cost Benefit Analysis

JLLH conducted a comprehensive cost benefit analysis of various Moscone Center expansion scenarios to determine the optimal expansion of the current facilities. JLLH's conclusion is based on a return on investment analysis, where ***investment*** equals the cost to construct the expansion space while considering lost business during construction; and ***return*** refers to the forecasted incremental income to the expanded facility and employment, economic and tax benefits to be generated by expansion. This return on investment analysis is synonymous with the internal rate of return (IRR) of the construction cost and incremental economic impact resulting from the increased attendance levels following the expansion of space.

5.1 Evaluation of Various Expansion Scenarios

JLLH projected the growth in attendance for a variety of expansion scenarios as summarized below:

Moscone Center Expansion Scenarios			
Scenario	Component(s)	Construction Cost	Saleable Space (s.f.)
1	Third Street Addition[1]	227,906,386	99,700
2	Howard Street Connector Expansion[1]	244,593,614	107,000
3	Moscone East Construction	670,000,000	170,150
4	Third Street Addition and Howard Street Connector Expansion	472,500,000	206,700
5	Third Street Addition and Moscone East Construction	897,906,386	269,850
6	Howard Street Connector Expansion and Moscone East Construction	914,593,614	277,150
7	All Three Expansions	1,142,500,000	376,850

[1]San Francisco Travel did not break down construction cost for Third Street Addition and Howard Street Connector individually, JLLH therefore allocated it based on each components' saleable s.f. of space

Note: Construction cost for all expanson scenarios was provided as a range; JLLH used the mid-point of the range in its study

The table below outlines the assumed construction dates and duration of the various scenarios, along with the specifics of the expansions. The starting date for construction was given by San Francisco Travel as FY 2014/2015. In the plans provided by San Francisco Travel, the Howard Street Connector Expansion was deemed to be part of the Third Street Addition (in total, the Moscone North/South expansion) project. JLLH assumed that the Third Street addition would be constructed during the first two thirds of the overall expansion timeframe, and that the Howard Street Connector expansion would take place during the last third of the overall Moscone North/South expansion timeframe.

Assumed Construction Timeline			
	Howard Street Connector	Third Street Addition	Moscone East Construction
Start Construction	4/30/16	7/1/2014	7/1/2014
Open for Use	3/30/17	4/30/2016	12/29/2017

Summary of Construction			
	Howard Street Connector	Third Street Addition	Moscone East Construction
Location	Connection between Moscone North and South	Vertically stacked above Moscone South	Separate building across from Moscone South on Third Street
Exhibit Space s.f.	107,000	-	102,650
Meeting Space s.f.	-	99,700	67,500
Total Saleable Space	107,000	99,700	170,150

JLLH first weighed the pros and cons of each of the three individual expansion options on a high-level basis before more closely evaluating economic impact and forming its cost benefit conclusion.

Expansion Scenario	Pros	Cons
Third Street Addition	Adds meeting space with natural light Construction cost is lower than Moscone East	Does not add exhibit space, nor does it add any contiguous space Construction expected to displace some groups
Howard Street Connector	Addresses lack of contiguous exhibit space Little disruption of existing booked business Construction cost is lower than Moscone East	Underground, no natural light Construction expected to displace some groups
Moscone East	Addresses lack of contiguous exhibit space Little disruption of existing booked business Could be used as for self-contained events like Moscone West	Higher cost to construct compared to the other expansion scenarios

5.2 Methodology of Attendance Projections based on Expansion Scenario

JLLH first calculated organic growth rates in Moscone Center attendance assuming no expansion in space. An assumed growth rate of 2.5% per annum was applied to the total attendance figures for FY 2010/2011.

Based on this methodology, JLLH calculated that attendance would rise to 1.434 million in FY 2021/2022. This attendance level yielded a ratio of 2.7 attendees per square foot of exhibit space, deemed as infeasible, since the ratio from FY 1989/1990 to FY 2011/2011 averaged 1.9.

JLLH as such added an attrition factor to the model, capping future attendance per square foot of exhibit space at a ratio of 2.2. When accounting for attrition, the organic growth scenario yielded annual attendance of 1.207 million in FY 2021/2022. For purposes of the 15-year IRR, JLLH took this attendance figure, deemed to be a stabilized figure, and applied it to all years from FY 2022/2012 through FY 2025/2026.

A space utilization ratio of 2.2 marks an increase on the historic ratio. JLLH deems the increase reasonable because meeting planners of the Moscone Center's largest groups unanimously stated that they can make the space work up to a certain point of growth in attendance. This implies that groups strive to keep making more efficient use of the space available.

Based on this analysis, JLLH concluded that it is unlikely that Moscone Center attendance will decline if the convention center is not expanded. While the absence of an expansion may result in the loss of several of the center's largest groups to other cities, JLLH expects that San Francisco Travel will be able to manage demand accordingly and accommodate another group, or multiple smaller groups in the time blocks made available by such lost groups. While the replaced business may have a lesser economic impact on the city, JLLH did not lower any projected attendance figures due to the presumed loss of any groups that are turned away due to space constraints.

JLLH subsequently calculated attendance projections for the three expansion scenarios detailed below, along with all possible combinations thereof. In its methodology, JLLH took the organic attendance growth figures (capped at a space utilization rate of 2.2 as described above), and calculated the induced demand, expressed as number of induced groups multiplied by average historic group size. JLLH also made assumptions as to the expected number of groups displaced during the construction of each of the expansion scenarios based on insight garnered during interviews with competitive convention center managers, among other factors.

For all expansion scenarios, JLLH computed average space utilization ratios and considered these when determining the reasonableness of assumed attendance growth rates. The attendance projection summary table (Appendix 6.3) highlights the average attendance per square foot of exhibit space for each expansion scenario.

JLLH also evaluated the potential for demand dilution for each of the expansion scenarios. Demand dilution refers to the risk of a group preferring a certain space over another space of the Moscone Center. JLLH believes that if a group is of the appropriate size to be self-contained in Moscone West, they will often favor this space, but larger groups that require the full facility will use it as needed to accommodate their exhibitors and attendees. As such, JLLH does not expect that demand dilution will become a material challenge, and did not consider this matter further when determining the recommended expansion scenario.

The final projected attendance figure for each of the expansion cases thus represents organic growth, plus induced demand, minus displaced demand. These projections were used as the basis of determining the economic impact of the incremental attendance figures of the various expansion scenarios.

5.3 Calculation of Economic Impact of Expansion Scenarios

JLLH calculated the economic impact that various expansion scenarios are expected to yield based on the increased attendance levels associated with the expansion. The IRR of the associated construction costs against the incremental economic impact was used in formulating JLLH's final recommendation.

In order to estimate economic impact, JLLH relied on the IMPLAN software and data package, which uses multipliers based on data from the Bureau of Labor Statistics, the U.S. Census, and other agencies to describe and quantify economic changes. IMPLAN is considered a comprehensive and reliable source by economists and makes use of multipliers to provide estimates of economic activity associated with some other economic activity or changes to an activity level. JLLH used 2010 IMPLAN data (which represents the latest year available) for San Francisco County in the economic impact analysis; therefore, the multipliers are specific to the market at hand.

IMPLAN's multipliers consist of three types of impact: direct, indirect, and induced effects. Direct effects are those related to the initial spending in the economy, and indirect effects measure the additional businesses needed to purchase goods and services to produce the product purchased by the direct effect. Induced effects are the response by an economy to the initial change causing further local economic activity. Each of these effects is categorized into employment, labor income, value-added, or output as defined below:

- **Employment**: Annual average full-time and part-time jobs throughout the economy that are needed, directly and indirectly, to deliver $1 million of output.

- **Labor Income**: All forms of employment income, including Employee Compensation (wages and benefits) and Proprietary Income. Proprietary Income encompasses payments received by self-employed individuals as well as income.

- **Value-Added**: Represents the sum of Labor Income, Other Property Type Income, and Indirect Business Taxes. Other Property Type Income consists of payments from rents, royalties and dividends, and Indirect Business Taxes consist primarily of excise and sales taxes paid by individuals to businesses. These taxes occur during the normal operations of these businesses, but do not include taxes on profit or income.

- **Output**: The total value of the industry production; intermediate purchases plus value-added. Output incorporates all of the components in Labor Income and Value-Added.

In computing the full economic impact per the above-referenced methodology, JLLH computed the impact of **incremental Moscone Center Net Operating Income**, **incremental visitor spending** and **associated tax benefits** as described below. JLLH excluded the economic impact from the construction (job, spending on materials, etc.) from the construction itself in the analysis of the seven expansion scenarios.

Moscone Center Facility Impact

JLLH analyzed trends in Moscone Center facility revenues, expenses and operating income to incorporate the impact of attendance on the financial performance of the convention center under various expansion scenarios. In order to estimate an overall 15-year IRR from the total economic impact compared to the construction costs, JLLH also added in the Convention Center Net Income attributable to incremental attendance resulting from the expansion.

A profit margin ranging from -13.2% (similar to FY 2010/2011) to -4.0% was applied to the forecast Adjusted Gross Income (AGI) for the convention center operations to obtain a forecast for Convention Center Net Income throughout the forecast horizon for the seven scenarios. JLLH determined that there is not an attendance level that will result in breakeven profitability. Moscone Center operations are expected to continue to yield a slight loss as they have in the past, but will increase its efficiency with a greater inventory of convention space.

Visitor Spending Impact

In order to estimate the incremental revenues from visitor spending, JLLH calculated the net difference in attendance between each of the seven scenarios and the base case of no expansion. The 2010/2011 Moscone Annual Report (latest data available) aggregated three attendee origin categories: National/International, State/Regional, and Local. In order to estimate the percent of total out-of-town attendees, we have assumed that 100% of National/International and State/Regional attendees are from out of town, while assuming that all Local attendees are from within the San Francisco area. This results in a total out-of-town percentage of 99%.

Moscone Attendance Regions: FY 2010/2011			
	FY 2010/2011 Figures	JLLH Assumed	Total Out-of-Town %
National/International	78%	100%	78%
State/Regional	22%	100%	22%
Local	1%	0%	0%
Total			99%
Source: Moscone Annual Report			

JLLH relied on San Francisco Travel's 2010 statistics (latest year available) on the visitor spending by segment and average length of stay in order to derive the revenue generated per visitor for various categories, indicated in the below table. The detailed calculation based on expansion Scenario 6 is contained in Appendix 6.4.

Spending by Visitor Segment (SF Hotel/Motel Visitor): 2010		
Category	$/Day/Person	$ per Person at 3.5 Days
Lodging	$86.41	$302.44
Restaurants in Hotels	$19.25	$67.38
All Other Restaurants	$40.91	$143.19
Retail	$37.20	$130.20
Entertainment & Sightseeing	$24.17	$84.60
Local Transportation	$8.95	$31.33
Gas/Auto Services	$13.09	$45.82
Car Rental	$4.53	$15.86
Exhibitor/Assoc. Expends	$36.91	$129.19
Total Spending	$271.43	$950.01
Length of Stay	3.5	
Source: San Francisco Travel Association, JLLH		

The increase (or loss) in attendance for all seven scenarios compared to the base (no expansion) scenario were converted to incremental revenues according to the average spending per category data accumulated by San Francisco Travel. Because the "Exhibitor/Assoc. Expends" sector included anything an exhibitor/association would spend during their time in San Francisco (i.e. lodging, restaurants, etc.), JLLH assumed that this sector has been accounted for in the economic impact through the allocation for the remaining sectors.

IMPLAN Sectors		
Category	IMPLAN Sector	IMPLAN Description
Lodging	411	Hotels and motels, including casino hotels
Restaurants in Hotels	411	Hotels and motels, including casino hotels
All Other Restaurants	413	Food services and drinking places
Retail	329	Retail - General Merchandise
Entertainment & Sightseeing	338	Scenic and sightseeing transportation and support activities for transportation
Local Transportation	336	Transit and ground passenger transportation
Gas/Auto Services	326	Retail - Gasoline stations
Car Rental	362	Automotive equipment rental and leasing
Construction	34	Construction of new nonresidential commercial and health care structures
Source: JLLH, IMPLAN		

Spend pertaining to the Lodging and Restaurants in the Hotels sector was applied only the net *out-of-town* attendees, while the remaining sectors were attributed to *all* net attendees.

The average spend per person at 3.5 days (from 2010) was inflated to the specific years in which the expanded space opened (which started earliest from 2014/2015 depending on the construction schedule for the scenario). The calculation for expansion Scenario 6 is detailed in Appendix 6.5. This calculation was repeated for all seven scenarios.

Tax Impact

Lastly, JLLH estimated the potential tax benefits from the visitor spending, as follows:

- Hotel Taxes: 14.0% of Net Direct Lodging Revenues.
- Retail Sales Tax: 1.75% of the following net revenues: Restaurants in Hotels, All Other Restaurants, and Retail.
- Payroll Taxes/Business Tax: 1.5% of incremental Labor Income from Visitor Spending.
- San Francisco TID Assessments: 1.5% of Net Direct Lodging Revenues.

This analysis was completed for all seven scenarios. Appendix 6.6 depicts the detail calculation for the incremental tax benefits for Scenario 6. The detail calculation for the remaining six scenarios is saved in JLLH's project files.

5.4 Cost Benefit Conclusion

For each of the seven expansion scenarios, JLLH computed return on investment of construction costs and economic impact resulting from the incremental increased attendance. As mentioned previously, we were only provided with an estimate of the total construction budget for the Moscone North/South Expansion and Moscone East Expansion with no detailed breakdown or cash flow schedule. For the purpose of the analysis, we have made the following assumptions:

- Allocated construction cost based on additions in square footage;
- Estimated Soft Costs at 20% of Total Construction Costs and Hard Costs at 80% of Total Construction Costs;
- Soft Costs will be spent by the end of the first year of construction; and
- Hard Costs are evenly distributed throughout the construction period.

The detail table showing the phasing of construction costs is displayed in Appendix 6.7. The following table presents the return on investment summary and the change in employment for all seven scenarios based on the projection period through FY 2025/2026. The detailed calculations for all seven scenarios are displayed in Appendix 6.8.

Economic Impact - Conclusion					
IRR Rank	Scenario	Components	NPV	IRR	Change in Employment
1	2	Howard Street Connector Expansion	$449,433,419	25.8%	3,216
2	6	Howard Street Connector Expansion and Moscone East Construction	$548,493,089	8.2%	6,616
3	4	Third Street Addition and Howard Street Connector Expansion	$334,786,107	8.2%	3,480
4	7	All Three Expansions	$433,853,029	5.3%	6,878
5	3	Moscone East Construction	$99,002,183	2.2%	3,412
6	5	Third Street Addition and Moscone East Construction	-$15,641,054	-0.3%	3,682
7	1	Third Street Addition	-$114,678,083	-7.7%	264

In addition, we also analyzed the economic impact from the construction spending for all seven scenarios. The economic impact from construction spending is presented in the following table.

Economic Impact from Construction				
Scenario	Components	Construction Cost	Economic Impact	Change in Employment
1	Third Street Addition	$227,906,386	$341,048,076	1,978
2	Howard Street Connector Expansion	$244,593,614	$359,237,924	2,029
3	Moscone East Construction	$670,000,000	$994,024,872	5,616
4	Third Street Addition and Howard Street Connector Expansion	$472,500,000	$704,480,214	3,980
5	Third Street Addition and Moscone East Construction	$897,906,386	$1,332,151,164	7,526
6	Howard Street Connector Expansion and Moscone East Construction	$914,593,614	$1,356,908,657	7,666
7	All Three Expansions	$1,142,500,000	$1,695,034,950	9,576

Based on the return on investment analysis by JLLH, Scenario 2 and Scenario 6 yield the highest IRR and Net Present Value ("NPV"). Driving the positive IRR of 25.8% for Scenario 2, which consists of the Howard Street Connector Expansion, is the fact that this expansion option is among the less expensive expansion options, and, through the addition of the highest amount of exhibit space of the three individual expansion options, results in one of the highest incremental attendance increases.

It should be noted that although the Howard Street Connector Expansion yields the highest IRR, operationally, it needs to be linked with either Moscone East or Third Street Addition in order to accommodate displaced demand. Scenario 6, which encompasses Howard Street Connector Expansion and Moscone East Construction, has the capacity to grow incremental convention attendance to generate enough economic impact to offset high construction cost. In addition, the additional economic impact from construction spending showed that the impact is greater with more construction spending going into the economy.

From our interviews with the user groups, we also learned that event planners prefer more contiguous space, increase in natural lighting, and more flexible space similar to the layout of Moscone West. According to them, Moscone West's disadvantage is its lack of connection to Moscone North and South. From a qualitative analysis, Scenario 6 will provide more contiguous and meeting space, and at the same time fulfill the remaining demands from the event planners.

JLLH thus concludes that when considering only cost/benefit, the minimal cost relative to the likely economic benefit of expansion of the Howard Street Connector is considered the best use of roughly $250 million dollars of capital funding. However, when considering return on investment construction and employment impact and research from our interviews with event planners and competitive convention centers' managers, the best expansion scenario is the combination of the Howard Street Connector Expansion and Moscone East Construction, since they are considered financially sound while generating high employment levels, and fulfilling user groups' needs.

The following table depicts the annual incremental economic impact for each of the seven expansion scenarios. The detailed employment figures are displayed in Appendix 6.9.

Impact on Hotel Market Occupancy

JLLH projected hotel demand starting in 2011/2012 over a future 10-year period, assuming no supply increases to core convention center lodging area, to demonstrate how undergoing the expansion recommended in the cost benefit analysis likely warrants the addition of new hotel supply in the future.

As presented in Section 3 of this report, the correlation of Moscone Center convention attendance to hotel demand among the set of convention center hotels equals 0.75. JLLH as such calculated the projected hotel demand level annual percent change from 2011/2012 onward by adding the convention attendance percent change multiplied by 75% with the long-term average demand percent change multiplied by 25%. Note that hotel demand and hotel supply are expressed on total room night (annual) basis.

This calculation yields a CAGR in hotel demand of 2.6% for the years in the forecast horizon, notably above the historic 1.4%, suggesting that the increased exhibit space square footage built in the Howard Street Connector and Moscone East will yield higher hotel demand.

San Francisco Core Convention Hotels - Future Occupancy Projection Based on Recommended Expansion Scenario

Fiscal Year	Convention Attendance (Recommended Expansion Scenario)	% Change	Hotel Supply	Projected Hotel Total Room Night Demand	% Hotel Room Night Change	Accomodated Room Night Demand	Actual Projected Occupancy	Unaccommodated Room Night Demand
1989/1990	606,425		4,016,522	2,732,220		2,732,220	68.0%	
1990/1991	572,395	-5.6%	4,154,430	2,672,889	-2.2%	2,672,889	64.3%	
1991/1992	611,381	6.8%	4,154,430	2,706,555	1.3%	2,706,555	65.1%	
1992/1993	765,202	25.2%	4,154,430	2,859,199	5.6%	2,859,199	68.8%	
1993/1994	835,762	9.2%	4,154,430	2,951,213	3.2%	2,951,213	71.0%	
1994/1995	798,824	-4.4%	4,154,430	3,084,491	4.5%	3,084,491	74.2%	
1995/1996	787,276	-1.4%	4,154,430	3,117,998	1.1%	3,117,998	75.1%	
1996/1997	877,627	11.5%	4,154,430	3,317,700	6.4%	3,317,700	79.9%	
1997/1998	834,243	-4.9%	4,154,430	3,313,002	-0.1%	3,313,002	79.7%	
1998/1999	894,818	7.3%	4,179,867	3,274,929	-1.1%	3,274,929	78.4%	
1999/2000	684,266	-23.5%	4,307,545	3,445,126	5.2%	3,445,126	80.0%	
2000/2001	839,390	22.7%	4,306,445	3,274,276	-5.0%	3,274,276	76.0%	
2001/2002	744,746	-11.3%	4,269,452	2,753,942	-15.9%	2,753,942	64.5%	
2002/2003	747,832	0.4%	4,309,920	2,864,997	4.0%	2,864,997	66.5%	
2003/2004	937,440	25.4%	4,309,920	3,162,960	10.4%	3,162,960	73.4%	
2004/2005	819,843	-12.5%	4,291,020	3,177,229	0.5%	3,177,229	74.0%	
2005/2006	1,046,272	27.6%	4,197,414	3,208,835	1.0%	3,208,835	76.4%	
2006/2007	974,676	-6.8%	4,297,510	3,321,572	3.5%	3,321,572	77.3%	
2007/2008	1,279,000	31.2%	4,380,010	3,525,393	6.1%	3,525,393	80.5%	
2008/2009	968,664	-24.3%	4,498,260	3,513,193	-0.3%	3,513,193	78.1%	
2009/2010	919,811	-5.0%	4,498,260	3,621,242	3.1%	3,621,242	80.5%	
2010/2011	1,092,975	18.8%	4,497,632	3,677,706	1.6%	3,677,706	81.8%	
2011/2012F	1,115,319	2.0%	4,497,632	3,747,232	1.9%	3,747,232	83.3%	
2012/2013F	1,146,315	2.8%	4,497,632	3,838,762	2.4%	3,838,762	85.4%	
2013/2014F	1,181,134	3.0%	4,497,632	3,939,982	2.6%	3,838,762	87.6%	101,221
2014/2015F	1,206,514	2.1%	4,497,632	4,017,558	2.0%	3,838,762	87.6%	178,796
2015/2016F	1,206,598	0.0%	4,497,632	4,032,000	0.4%	3,838,762	87.6%	193,238
2016/2017F	1,206,598	0.0%	4,497,632	4,046,281	0.4%	3,838,762	87.6%	207,519
2017/2018F	1,366,132	13.2%	4,497,632	4,462,647	10.3%	3,838,762	87.6%	623,885
2018/2019F	1,433,033	4.9%	4,497,632	4,642,682	4.0%	3,838,762	87.6%	803,921
2019/2020F	1,453,618	1.4%	4,497,632	4,709,243	1.4%	3,838,762	87.6%	870,481
2020/2021F	1,474,203	1.4%	4,497,632	4,776,037	1.4%	3,838,762	87.6%	937,275
2021/2022F	1,494,787	1.4%	4,497,632	4,843,069	1.4%	3,838,762	87.6%	1,004,307

Correlation 1989/1990 - 2010/2011	Total Hotel Room Night Demand Change	
Convention Attendance, Hotel Demand	CAGR 1989/1990 - 2010/2011	1.4%
0.75	CAGR 2011/2012 - 2021/2022	2.6%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

Based on the projection methodology detailed in the body of the report, the rise in hotel demand amid steady supply will yield a projected occupancy rate of 87.6% in FY 2013/2014. An analysis of long-term trends in San Francisco and other lodging markets evidences that annual hotel occupancy rarely exceeds mid 80s occupancy levels given the periods of lower demand such as holidays. As such, it is considered unlikely that occupancy would grow above this level, resulting in a considerable amount of unaccommodated hotel room night demand as displayed in the table. If no new room supply is introduced to the market, JLLH estimates a potential loss in economic benefit of approximately $17 million for FY 2013/2014 and increasing each additional year with the loss in unaccommodated demand for the market as a whole.

JLLH believes that, based on the incremental convention center attendance resulting from the recommended expansion, there is strong evidence to suggest that the market be able to support the addition of new hotel stock over the medium term. The addition of hotel rooms, whether part of an official convention center headquarters hotel, or another hotel in the local area, will have an additional positive impact on area employment and tax revenues beyond what is quantified in this report.

6 Appendices

6.1 Glossary

- Average Daily Rate (ADR): A measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold.

- Chain Scales: Seven segments defined by Smith Travel Research based on actual average room rates. Independent hotels, regardless of their room rates are included as a separate chain scale category. The chain scale segments are: Luxury Chains, Upper Upscale Chains, Upscale Chains, Upper Midscale Chains, Midscale Chains, Economy Chains, and Independents.

- Compounded Annual Growth Rate (CAGR): The year-over-year growth rate of a measure over a period of time.

- Internal Rate of Return (IRR): The rate of return used in capital budgeting to measure and compare the profitability of investments by making the net present value of all cash flows from a project equal to zero.

- Net Present Value (NPV): The sum of the present value of all cash flows, both incoming and outgoing.

- Occupancy: The percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available.

- Revenue per Available Room (RevPAR): The total room revenue divided by total rooms available. Occupancy multiplied by ADR is equal to RevPAR.

- Smith Travel Research (STR): STR tracks supply and demand data for the hotel industry within the U.S. and globally.

6.2 Moscone Center Existing Facility SWOT Analysis

Moscone Center Strength, Weakness, Opportunity and Threat Analysis	
Strengths • Draw of San Francisco as a destination, strong airlift • Proximity to high-quality hotel inventory • Proximity to significant number of country's high-tech companies • Professional and dedicated convention sales team	**Weaknesses** • Constraints on physical expansion: limited ability to expand vertically and create more venues with natural lighting • Some parts of convention center are in need of renovation • Lack of adjoining or adjacent headquarters hotel • Limited staging area for trucks delivering exhibitors' equipment
Opportunities • Addition of contiguous exhibit space to better accommodate groups that are outgrowing the current facility	**Threats** • Loss of convention rotations to other cities • Expansion of convention centers in San Diego and Los Angeles • Increases to cost structure with regard to union labor, hotel rates, air travel

6.3 Summary Attendance Projection Pro-Forma

The table below shows JLLH's detailed attendance projections for each expansion scenario.

Attendance Projection Moscone N/S/W and No Expansion

Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,206,514	2.1%	2.2
2015/2016F	1,206,598	0.0%	2.2
2016/2017F	1,206,598	0.0%	2.2
2017/2018F	1,206,598	0.0%	2.2
2018/2019F	1,206,598	0.0%	2.2
2019/2020F	1,206,598	0.0%	2.2
2020/2021F	1,206,598	0.0%	2.2
2021/2022F	1,206,598	0.0%	2.2
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		0.9%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.2
Construction Cost & Attendance Adjusted Gross Income			
Construction Cost			
2011/2012F			
2012/2013F			
2013/2014F			
2014/2015F			
2015/2016F			
2016/2017F			
2017/2018F			
2018/2019F			
2019/2020F			
2020/2021F			
2021/2022F			
IRR			

Attendance Projection Moscone N/S/W and Third Street Addition Expansion

Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,165,344	-1.3%	2.2
2015/2016F	1,172,290	0.6%	2.2
2016/2017F	1,216,891	3.8%	2.3
2017/2018F	1,216,891	0.0%	2.3
2018/2019F	1,227,183	0.8%	2.3
2019/2020F	1,237,476	0.8%	2.3
2020/2021F	1,237,476	0.0%	2.3
2021/2022F	1,237,476	0.0%	2.3
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		1.1%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.2
Construction Cost & Attendance Adjusted Gross Income			
Construction Co	-227,906,386		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,034,855		
2015/2016F	27,196,008		
2016/2017F	28,230,702		
2017/2018F	28,230,702		
2018/2019F	28,469,477		
2019/2020F	28,708,252		
2020/2021F	28,708,252		
2021/2022F	28,708,252		
IRR	5%		

Attendance Projection Moscone N/S/W and Howard Street Connector Expansion

Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,206,514	2.1%	2.2
2015/2016F	1,206,598	0.0%	2.2
2016/2017F	1,206,598	0.0%	2.1
2017/2018F	1,309,523	8.5%	2.0
2018/2019F	1,309,523	0.0%	2.0
2019/2020F	1,319,816	0.8%	2.0
2020/2021F	1,330,108	0.8%	2.1
2021/2022F	1,340,400	0.8%	2.1
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		1.9%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Incom			
	-244,593,614		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,989,957		
2015/2016F	27,991,926		
2016/2017F	27,991,926		
2017/2018F	30,379,680		
2018/2019F	30,379,680		
2019/2020F	30,618,455		
2020/2021F	30,857,231		
2021/2022F	31,096,006		
IRR	4%		

Attendance Projection Moscone N/S/W and Moscone East Expansion

Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,206,514	2.1%	2.2
2015/2016F	1,206,598	0.0%	2.2
2016/2017F	1,206,598	0.0%	2.2
2017/2018F	1,263,207	4.7%	2.1
2018/2019F	1,330,108	5.3%	2.1
2019/2020F	1,340,400	0.8%	2.1
2020/2021F	1,350,693	0.8%	2.1
2021/2022F	1,360,985	0.8%	2.1
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		2.0%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Incor			
	-670,000,000		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,989,957		
2015/2016F	27,991,926		
2016/2017F	27,991,926		
2017/2018F	29,305,191		
2018/2019F	30,857,231		
2019/2020F	31,096,006		
2020/2021F	31,334,781		
2021/2022F	31,573,557		
IRR	-10%		

Moscone N/S/W and Third Street Addition and Howard Street Connector Expansion

Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,165,344	-1.3%	2.2
2015/2016F	1,172,290	0.6%	2.2
2016/2017F	1,216,891	3.8%	2.2
2017/2018F	1,319,816	8.5%	2.0
2018/2019F	1,330,108	0.8%	2.1
2019/2020F	1,350,693	1.5%	2.1
2020/2021F	1,360,985	0.8%	2.1
2021/2022F	1,371,278	0.8%	2.1
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		2.1%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Income			
	-472,500,000		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,034,855		
2015/2016F	27,196,008		
2016/2017F	28,230,702		
2017/2018F	30,618,455		
2018/2019F	30,857,231		
2019/2020F	31,334,781		
2020/2021F	31,573,557		
2021/2022F	31,812,332		
IRR	-6%		
Source: San Francisco Travel, Jones Lang LaSalle Hotels			

Moscone N/S/W and Third Street Addition and Moscone East Construction

Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,165,344	-1.3%	2.2
2015/2016F	1,172,290	0.6%	2.2
2016/2017F	1,216,891	3.8%	2.3
2017/2018F	1,273,499	4.7%	2.2
2018/2019F	1,350,693	6.1%	2.1
2019/2020F	1,371,278	1.5%	2.1
2020/2021F	1,381,570	0.8%	2.2
2021/2022F	1,391,863	0.7%	2.2
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		2.2%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.2
Construction Cost & Attendance Adjusted Gross Income			
	-897,906,386		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,034,855		
2015/2016F	27,196,008		
2016/2017F	28,230,702		
2017/2018F	29,543,966		
2018/2019F	31,334,781		
2019/2020F	31,812,332		
2020/2021F	32,051,107		
2021/2022F	32,289,883		
IRR	-14%		

Moscone N/S/W and Howard Street Connector Expansion and Moscone East Construction

Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,206,514	2.1%	2.2
2015/2016F	1,206,598	0.0%	2.2
2016/2017F	1,206,598	0.0%	2.1
2017/2018F	1,366,132	13.2%	2.0
2018/2019F	1,433,033	4.9%	1.9
2019/2020F	1,453,618	1.4%	1.9
2020/2021F	1,474,203	1.4%	2.0
2021/2022F	1,494,787	1.4%	2.0
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		2.9%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Incom			
	-914,593,614		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,989,957		
2015/2016F	27,991,926		
2016/2017F	27,991,926		
2017/2018F	31,692,944		
2018/2019F	33,244,984		
2019/2020F	33,722,535		
2020/2021F	34,200,086		
2021/2022F	34,677,636		
IRR	-13%		

Moscone N/S/W and All Three Expansions

Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,165,344	-1.3%	2.2
2015/2016F	1,172,290	0.6%	2.2
2016/2017F	1,216,891	3.8%	2.2
2017/2018F	1,376,424	13.1%	2.0
2018/2019F	1,453,618	5.6%	1.9
2019/2020F	1,484,495	2.1%	2.0
2020/2021F	1,505,080	1.4%	2.0
2021/2022F	1,525,665	1.4%	2.0
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		3.1%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Incor			
	-1,142,500,000		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,034,855		
2015/2016F	27,196,008		
2016/2017F	28,230,702		
2017/2018F	31,931,720		
2018/2019F	33,722,535		
2019/2020F	34,438,861		
2020/2021F	34,916,412		
2021/2022F	35,393,963		
IRR	-16%		

6.4 Visitor Spend Impact based on Incremental Attendance

The below table details the visitor spending impact resulting from the incremental attendance projected in Scenario 6, which pertains to the Howard Street Connector Expansion and Moscone East Expansion. For each fiscal year, the incremental attendance figures are multiplied by the average per person spend figures for each of the categories as provided by San Francisco Travel. The tables for the other six expansion scenarios are saved in JLLH's project files.

Scenario 6: Moscone N/S/W and Howard Street Connector Expansion and Moscone East Construction			
	2014/2015		
Category	$/Person	Net Attendees	Net Difference
Lodging	$350.61	0	$0
Restaurants in Hotels	$78.11	0	$0
All Other Restaurants	$165.99	0	$0
Retail	$150.94	0	$0
Entertainment & Sightseeing	$98.07	0	$0
Local Transportation	$36.31	0	$0
Gas/Auto Services	$53.11	0	$0
Car Rental	$18.38	0	$0
	2015/2016		
Category	$/Person	Net Attendees	Net Difference
Lodging	$361.12	0	$0
Restaurants in Hotels	$80.45	0	$0
All Other Restaurants	$170.97	0	$0
Retail	$155.47	0	$0
Entertainment & Sightseeing	$101.01	0	$0
Local Transportation	$37.40	0	$0
Gas/Auto Services	$54.71	0	$0
Car Rental	$18.93	0	$0
	2016/2017		
Category	$/Person	Net Attendees	Net Difference
Lodging	$371.96	0	$0
Restaurants in Hotels	$82.86	0	$0
All Other Restaurants	$176.10	0	$0
Retail	$160.13	0	$0
Entertainment & Sightseeing	$104.04	0	$0
Local Transportation	$38.53	0	$0
Gas/Auto Services	$56.35	0	$0
Car Rental	$19.50	0	$0
	2017/2018		
Category	$/Person	Net Attendees	Net Difference
Lodging	$383.12	158,626	$60,771,988
Restaurants in Hotels	$85.35	158,626	$13,538,488
All Other Restaurants	$181.38	159,533	$28,936,534
Retail	$164.93	159,533	$26,312,370
Entertainment & Sightseeing	$107.16	159,533	$17,095,967
Local Transportation	$39.68	159,533	$6,330,530
Gas/Auto Services	$58.04	159,533	$9,258,842
Car Rental	$20.08	159,533	$3,204,168
	2018/2019		
Category	$/Person	Net Attendees	Net Difference
Lodging	$394.61	225,146	$88,844,726
Restaurants in Hotels	$87.91	225,146	$19,792,396
All Other Restaurants	$186.82	226,434	$42,303,346
Retail	$169.88	226,434	$38,466,987
Entertainment & Sightseeing	$110.38	226,434	$24,993,201
Local Transportation	$40.87	226,434	$9,254,826
Gas/Auto Services	$59.78	226,434	$13,535,830
Car Rental	$20.69	226,434	$4,684,286
	2019/2020		
Category	$/Person	Net Attendees	Net Difference
Lodging	$406.45	245,614	$99,829,165
Restaurants in Hotels	$90.55	245,614	$22,239,456
All Other Restaurants	$192.43	247,019	$47,533,577
Retail	$174.98	247,019	$43,222,906
Entertainment & Sightseeing	$113.69	247,019	$28,083,270
Local Transportation	$42.10	247,019	$10,399,059
Gas/Auto Services	$61.57	247,019	$15,209,350
Car Rental	$21.31	247,019	$5,263,435
	2020/2021		
Category	$/Person	Net Attendees	Net Difference
Lodging	$418.64	266,082	$111,392,710
Restaurants in Hotels	$93.26	266,082	$24,815,527
All Other Restaurants	$198.20	267,604	$53,039,550
Retail	$180.23	267,604	$48,229,559
Entertainment & Sightseeing	$117.10	267,604	$31,336,248
Local Transportation	$43.36	267,604	$11,603,617
Gas/Auto Services	$63.42	267,604	$16,971,100
Car Rental	$21.95	267,604	$5,873,116
	2021/2022		
Category	$/Person	Net Attendees	Net Difference
Lodging	$431.20	286,550	$123,560,221
Restaurants in Hotels	$96.06	286,550	$27,526,146
All Other Restaurants	$204.15	288,189	$58,833,101
Retail	$185.63	288,189	$53,497,711
Entertainment & Sightseeing	$120.61	288,189	$34,759,131
Local Transportation	$44.66	288,189	$12,871,089
Gas/Auto Services	$65.32	288,189	$18,824,867
Car Rental	$22.61	288,189	$6,514,641

Source: Jones Lang LaSalle Hotels, based on IMPLAN data

6.5 Total Visitor Spend Economic Impact based on IMPLAN Multipliers

The below table details the full economic impact from visitor spending resulting from the incremental additional attendance levels as projected in Scenario 6, which pertains to the Howard Street Connector Expansion and Moscone East Expansion. The tables for the other six scenarios are saved in JLLH's project files.

	Scenario 6 Visitor Spending Impact (in 2012 $)				
2014/2015	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	0.0	$0	$0	$0
	Indirect Effect	0.0	$0	$0	$0
	Induced Effect	0.0	$0	$0	$0
	Total Effect	0.00	$0	$0	$0
2015/2016	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	0.0	$0	$0	$0
	Indirect Effect	0.0	$0	$0	$0
	Induced Effect	0.0	$0	$0	$0
	Total Effect	0.00	$0	$0	$0
2016/2017	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	0.0	$0	$0	$0
	Indirect Effect	0.0	$0	$0	$0
	Induced Effect	0.0	$0	$0	$0
	Total Effect	0.00	$0	$0	$0
2017/2018	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	664.70	$25,027,734	$34,683,683	$54,197,384
	Indirect Effect	89	$6,964,135	$10,398,544	$15,129,935
	Induced Effect	115.4	$7,558,263	$12,777,520	$18,379,116
	Total Effect	869.10	$39,550,132	$57,859,747	$87,706,435
2018/2019	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	952.00	$35,849,755	$49,680,726	$77,769,371
	Indirect Effect	127.7	$9,986,014	$14,912,199	$21,696,778
	Induced Effect	165.4	$10,828,968	$18,306,765	$26,332,352
	Total Effect	1,245.00	$56,664,737	$82,899,691	$125,798,501
2019/2020	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,048.40	$39,479,857	$54,711,335	$85,799,699
	Indirect Effect	140.8	$11,008,912	$16,441,859	$23,921,697
	Induced Effect	182.1	$11,928,221	$20,165,091	$29,005,359
	Total Effect	1,371.30	$62,416,990	$91,318,284	$138,726,755
2020/2021	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,146.60	$43,175,610	$59,832,924	$94,005,015
	Indirect Effect	154.1	$12,052,554	$18,002,946	$26,192,200
	Induced Effect	199.2	$13,047,875	$22,057,907	$31,727,975
	Total Effect	1,499.90	$68,276,039	$99,893,777	$151,925,190
2021/2022	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,246.50	$46,937,935	$65,046,768	$102,389,081
	Indirect Effect	167.7	$13,117,329	$19,596,068	$28,509,160
	Induced Effect	216.6	$14,188,241	$23,985,736	$34,500,953
	Total Effect	1,630.90	$74,243,505	$108,628,571	$165,399,195

Source: Jones Lang LaSalle Hotels, based on IMPLAN data

6.6 Tax Benefits based on Incremental Attendance Increase

The below table shows in detail the full methodology and calculation supporting the incremental tax receipts based on the expansion scenarios. Expansion Scenario 6, which pertains to the Howard Street Connector Expansion and Moscone East Expansion is illustrated below; the tables for the other six scenarios are saved in JLLH's project files.

	Scenario 6 Tax Benefits (in 2012 $)				
2014/2015		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$0	$0	$0	$0
	Total Public Resources	$0	$0	$0	$0
2015/2016		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$0	$0	$0	$0
	Total Public Resources	$0	$0	$0	$0
2016/2017		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$0	$0	$0	$0
	Total Public Resources	$0	$0	$0	$0
2017/2018		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$47,973,969	$54,301,403	$39,550,132	$47,973,969
	Total Public Resources	$6,716,356	$950,275	$593,252	$719,610
2018/2019		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$68,092,085	$77,072,958	$56,664,737	$68,092,085
	Total Public Resources	$9,532,892	$1,348,777	$849,971	$1,021,381
2019/2020		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$74,282,274	$84,079,591	$62,416,990	$74,282,274
	Total Public Resources	$10,399,518	$1,471,393	$936,255	$1,114,234
2020/2021		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$80,472,464	$91,086,224	$68,276,039	$80,472,464
	Total Public Resources	$11,266,145	$1,594,009	$1,024,141	$1,207,087
2021/2022		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$86,662,653	$98,092,856	$74,243,505	$86,662,653
	Total Public Resources	$12,132,771	$1,716,625	$1,113,653	$1,299,940

Source: Jones Lang LaSalle Hotels, based on IMPLAN data

6.7 Assumed Construction Cost Phasing

The table below depicts the assumed construction cost phasing as described in Section 5.4.

Construction Cost Phasing Assumptions									
			Construction Costs			Construction Cash Flow (2012 $)			
Scenario	Components	Schedule (FY)	Estimated Soft Costs (20%)	Estimated Hard Costs (80%)	Total Cost	2014/2015	2015/2016	2016/2017	2017/2018
1	Third Street Addition	2014/2015-2016/2017	$45,581,277	$182,325,109	$227,906,386	$106,356,313	$60,775,036	$60,775,036	$0
2	Howard Street Connector Expansion	2016/2017	$48,918,723	$195,674,891	$244,593,614	$0	$0	$244,593,614	$0
3	Moscone East Construction	2014/2015-2017/2018	$134,000,000	$536,000,000	$670,000,000	$268,000,000	$134,000,000	$134,000,000	$134,000,000
4	Third Street Addition and Howard Street Connector Expansion	2014/2015-2016/2017	$94,500,000	$378,000,000	$472,500,000	$220,500,000	$126,000,000	$126,000,000	$0
5	Third Street Addition and Moscone East Construction	2014/2015-2017/2018	$179,581,277	$718,325,109	$897,906,386	$359,162,554	$179,581,277	$179,581,277	$179,581,277
6	Howard Street Connector Expansion and Moscone East Construction	2014/2015-2017/2018	$182,918,723	$731,674,891	$914,593,614	$365,837,446	$182,918,723	$182,918,723	$182,918,723
7	All Three Expansions	2014/2015-2017/2018	$228,500,000	$914,000,000	$1,142,500,000	$457,000,000	$228,500,000	$228,500,000	$228,500,000

Source: San Francisco Travel, Jones Lang LaSalle Hotels

6.8 Annual Incremental Economic Impact by Expansion Scenario

The two tables below depict the annual incremental economic impact for each of the seven expansion scenarios.

Scenario 1 Total Economic Impact (in 2012 $)

	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$2,354,362	-$25,817,588	-$106,356,313	-$132,173,901
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$1,963,336	-$21,640,503	-$60,775,036	-$82,415,540
2016/2017F	$238,775	-12.0%	-$1,235	$5,626,571	$579,118	$6,204,454	-$60,775,036	-$54,570,582
2017/2018F	$238,775	-11.0%	-$1,132	$5,658,479	$579,322	$6,236,669	$0	$6,236,669
2018/2019F	$477,551	-10.0%	-$2,058	$11,436,227	$1,159,366	$12,593,534	$0	$12,593,534
2019/2020F	$716,326	-9.0%	-$2,779	$17,340,843	$1,740,175	$19,078,239	$0	$19,078,239
2020/2021F	$716,326	-9.0%	-$2,779	$17,529,829	$1,741,313	$19,268,363	$0	$19,268,363
2021/2022F	$716,326	-9.0%	-$2,779	$17,721,343	$1,742,463	$19,461,027	$0	$19,461,027
2022/2023F								$19,461,027
2023/2024F								$19,461,027
2024/2025F								$19,461,027
2025/2026F								$19,461,027
NPV								-$114,678,083
IRR								-7.7%

Scenario 2 Total Economic Impact (in 2012 $)

	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2015/2016F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2016/2017F	$0	-13.2%	$0	$0	$0	$0	-$244,593,614	-$244,593,614
2017/2018F	$2,387,754	-11.0%	-$11,322	$56,584,796	$5,793,220	$62,366,695	$0	$62,366,695
2018/2019F	$2,387,754	-9.0%	-$9,263	$57,181,136	$5,796,828	$62,968,700	$0	$62,968,700
2019/2020F	$2,626,529	-8.0%	-$9,057	$63,583,096	$6,380,642	$69,954,680	$0	$69,954,680
2020/2021F	$2,865,304	-8.0%	-$9,881	$70,119,319	$6,965,253	$77,074,691	$0	$77,074,691
2021/2022F	$3,104,080	-8.0%	-$10,704	$76,792,484	$7,550,673	$84,332,453	$0	$84,332,453
2022/2023F								$84,332,453
2023/2024F								$84,332,453
2024/2025F								$84,332,453
2025/2026F								$84,332,453
NPV								$449,433,419
IRR								25.8%

Scenario 3 Total Economic Impact (in 2012 $)

	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	$0	-13.2%	$0	$0	$0	$0	-$268,000,000	-$268,000,000
2015/2016F	$0	-13.2%	$0	$0	$0	$0	-$134,000,000	-$134,000,000
2016/2017F	$0	-13.2%	$0	$0	$0	$0	-$134,000,000	-$134,000,000
2017/2018F	$1,313,265	-11.0%	-$6,227	$31,121,638	$3,186,271	$34,301,682	-$134,000,000	-$99,698,318
2018/2019F	$2,865,304	-9.0%	-$11,116	$68,617,363	$6,956,193	$75,562,440	$0	$75,562,440
2019/2020F	$3,104,080	-7.0%	-$9,366	$75,143,658	$7,540,758	$82,675,050	$0	$82,675,050
2020/2021F	$3,342,855	-7.0%	-$10,087	$81,805,872	$8,126,128	$89,921,914	$0	$89,921,914
2021/2022F	$3,581,631	-7.0%	-$10,807	$88,606,711	$8,712,315	$97,308,219	$0	$97,308,219
2022/2023F								$97,308,219
2023/2024F								$97,308,219
2024/2025F								$97,308,219
2025/2026F								$97,308,219
NPV								$99,002,183
IRR								2.2%

Scenario 4 Total Economic Impact (in 2012 $)

	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$2,354,362	-$25,817,588	-$220,500,000	-$246,317,588
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$1,963,336	-$21,640,503	-$126,000,000	-$147,640,503
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$579,118	$6,204,557	-$126,000,000	-$119,795,443
2017/2018F	$2,626,529	-8.0%	-$9,057	$62,243,276	$6,372,542	$68,606,761	$0	$68,606,761
2018/2019F	$2,865,304	-7.0%	-$8,646	$68,617,363	$6,956,193	$75,564,911	$0	$75,564,911
2019/2020F	$3,342,855	-6.0%	-$8,646	$80,923,940	$8,120,817	$89,036,111	$0	$89,036,111
2020/2021F	$3,581,631	-6.0%	-$9,263	$87,649,147	$8,706,566	$96,346,450	$0	$96,346,450
2021/2022F	$3,820,406	-6.0%	-$9,881	$94,513,826	$9,293,136	$103,797,082	$0	$103,797,082
2022/2023F								$103,797,082
2023/2024F								$103,797,082
2024/2025F								$103,797,082
2025/2026F								$103,797,082
NPV								$334,786,107
IRR								8.2%

Scenario 5 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$2,354,362	-$25,817,588	-$359,162,554	-$384,980,142
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$1,963,336	-$21,640,503	-$179,581,277	-$201,221,781
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$579,118	$6,204,557	-$179,581,277	-$173,376,720
2017/2018F	$1,552,040	-8.0%	-$5,352	$36,780,117	$3,765,593	$40,540,358	-$179,581,277	-$139,040,919
2018/2019F	$3,342,855	-7.0%	-$10,087	$80,053,592	$8,115,559	$88,159,064	$0	$88,159,064
2019/2020F	$3,820,406	-5.0%	-$8,234	$92,484,503	$9,280,933	$101,757,202	$0	$101,757,202
2020/2021F	$4,059,181	-5.0%	-$8,749	$99,335,702	$9,867,442	$109,194,395	$0	$109,194,395
2021/2022F	$4,297,957	-5.0%	-$9,263	$106,328,054	$10,454,779	$116,773,569	$0	$116,773,569
2022/2023F								$116,773,569
2023/2024F								$116,773,569
2024/2025F								$116,773,569
2025/2026F								$116,773,569
NPV								-$15,641,054
IRR								-0.3%

Scenario 6 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	$0	-13.2%	$0	$0	$0	$0	-$365,837,446	-$365,837,446
2015/2016F	$0	-13.2%	$0	$0	$0	$0	-$182,918,723	-$182,918,723
2016/2017F	$0	-11.0%	$0	$0	$0	$0	-$182,918,723	-$182,918,723
2017/2018F	$3,701,018	-8.0%	-$12,763	$87,706,435	$8,979,492	$96,673,164	-$182,918,723	-$86,245,559
2018/2019F	$5,253,058	-7.0%	-$15,850	$125,798,501	$12,753,021	$138,535,672	$0	$138,535,672
2019/2020F	$5,730,609	-5.0%	-$12,351	$138,726,755	$13,921,400	$152,635,804	$0	$152,635,804
2020/2021F	$6,208,160	-5.0%	-$13,380	$151,925,190	$15,091,381	$167,003,191	$0	$167,003,191
2021/2022F	$6,685,710	-5.0%	-$14,409	$165,399,195	$16,262,989	$181,647,774	$0	$181,647,774
2022/2023F								$181,647,774
2023/2024F								$181,647,774
2024/2025F								$181,647,774
2025/2026F								$181,647,774
NPV								$548,493,089
IRR								8.2%

Scenario 7 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$2,354,362	-$25,817,588	-$457,000,000	-$482,817,588
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$1,963,336	-$21,640,503	-$228,500,000	-$250,140,503
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$579,118	$6,204,557	-$228,500,000	-$222,295,443
2017/2018F	$3,939,794	-7.0%	-$11,888	$93,364,914	$9,558,814	$102,911,840	-$228,500,000	-$125,588,160
2018/2019F	$5,730,609	-5.0%	-$12,351	$137,234,728	$13,912,386	$151,134,764	$0	$151,134,764
2019/2020F	$6,446,935	-4.0%	-$11,116	$156,067,600	$15,661,575	$171,718,059	$0	$171,718,059
2020/2021F	$6,924,486	-4.0%	-$11,939	$169,455,019	$16,832,695	$186,275,774	$0	$186,275,774
2021/2022F	$7,402,036	-4.0%	-$12,763	$183,120,536	$18,005,452	$201,113,225	$0	$201,113,225
2022/2023F								$201,113,225
2023/2024F								$201,113,225
2024/2025F								$201,113,225
2025/2026F								$201,113,225
NPV								$433,853,029
IRR								5.3%

Source: Jones Lang LaSalle Hotels, IMPLAN

6.9 Change in Employment by Expansion Scenario

The below table details the change in employment based on each of the seven expansion scenarios.

Scenario 1 Employment							
	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	43	6	7	43	6	7	56
2018/2019F	87	12	15	87	12	15	113
2019/2020F	131	18	23	131	18	23	172
2020/2021F	132	18	23	132	18	23	173
2021/2022F	136	18	23	136	18	23	178
							264

Scenario 2 Employment							
	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	-	-	-	-	-	-	-
2015/2016F	-	-	-	-	-	-	-
2016/2017F	-	-	-	-	-	-	-
2017/2018F	429	57	75	429	57	75	561
2018/2019F	433	58	75	433	58	75	566
2019/2020F	481	65	84	481	65	84	629
2020/2021F	529	71	92	529	71	92	692
2021/2022F	591	78	101	591	78	101	769
							3,216

Scenario 3 Employment							
	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	-	-	-	-	-	-	-
2015/2016F	-	-	-	-	-	-	-
2016/2017F	-	-	-	-	-	-	-
2017/2018F	236	32	41	236	32	41	309
2018/2019F	519	70	90	519	70	90	679
2019/2020F	568	76	99	568	76	99	743
2020/2021F	617	83	107	617	83	107	808
2021/2022F	668	90	116	668	90	116	874
							3,412

Scenario 4 Employment							
	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	472	63	82	472	63	82	617
2018/2019F	519	70	90	519	70	90	679
2019/2020F	612	82	106	612	82	106	800
2020/2021F	662	89	115	662	89	115	865
2021/2022F	727	96	124	727	96	124	946
							3,480

Scenario 5 Employment							
	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	279	37	48	279	37	48	364
2018/2019F	606	81	105	606	81	105	792
2019/2020F	699	94	121	699	94	121	914
2020/2021F	750	101	130	750	101	130	981
2021/2022F	810	108	139	810	108	139	1,057
							3,682

Scenario 6 Employment							
	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	-	-	-	-	-	-	-
2015/2016F	-	-	-	-	-	-	-
2016/2017F	-	-	-	-	-	-	-
2017/2018F	665	89	115	665	89	115	869
2018/2019F	952	128	165	952	128	165	1,245
2019/2020F	1,048	141	182	1,048	141	182	1,371
2020/2021F	1,147	154	199	1,147	154	199	1,500
2021/2022F	1,247	168	217	1,247	168	217	1,631
							6,616

Scenario 7 Employment							
	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	708	95	123	708	95	123	925
2018/2019F	1,039	139	180	1,039	139	180	1,358
2019/2020F	1,180	158	205	1,180	158	205	1,543
2020/2021F	1,279	172	222	1,279	172	222	1,673
2021/2022F	1,380	186	240	1,380	186	240	1,806
							6,878

Source: Jones Lang LaSalle Hotels, IMPLAN

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Appendix E

Jones Lang LaSalle Hotels "San Francisco Lodging Market Forecast"

Real value in a changing world

MOSCONE CONVENTION CENTER EXPANSION IMPACT

San Francisco Lodging Market Forecasting Study Prepared for *San Francisco Tourism Improvement District Management Corporation*

June 21, 2012

June 21, 2012

Ms. Lynn Farzaroli
Senior Manager
TID/Foundation
San Francisco Travel
201 Third Street, Suite 900
San Francisco, CA 94103

Re: San Francisco Lodging Market – Forecasting Study

Dear Ms. Farzaroli:

Jones Lang LaSalle Hotels ("JLLH"), a division of Jones Lang LaSalle Americas, Inc, is pleased to submit herewith our comprehensive draft in connection with performing a Lodging Market Forecasting Study for the San Francisco market as it relates to the proposed expansion of the Moscone Center. The information gleaned from the review process of San Francisco's existing hotel inventory and historical performance, impact of previous and other comparable convention center expansions, along with JLLH's experience in the hotel, convention and real estate sector collectively form the basis of the conclusions, recommendations and 32-year lodging forecast presented in this report.

Please do not hesitate to contact us if you have any questions regarding the report.

Respectfully submitted,

Jones Lang LaSalle Hotels,
a division of Jones Lang LaSalle Americas, Inc.

Contents

1 Executive Summary

1.1 Scope of Work

Jones Lang LaSalle Hotels ("JLLH") has been engaged by TID/Foundation ("Client") to perform a lodging market forecasting study in connection with the proposed expansion of the Moscone Center located in San Francisco, California. Pursuant to our engagement, JLLH has completed the following tasks and scope of work:

Market Research

- We have conducted an analysis of the San Francisco existing hotel inventory, lodging supply and development trends over the past 25 years.
- We have analyzed the market's historical hotel performance over the past 25 years, which highlights market cycles and events which may have impacted lodging performance during the analyzed period.
- We have reviewed the correlation that Moscone Center's past expansions, events and activities have had on lodging performance for the overall City of San Francisco and, specifically, for Zone 1 and 2 Hotels.

Comparable Convention Center Research

- We researched and studied the relationship that other convention center expansions had on their respective lodging markets.

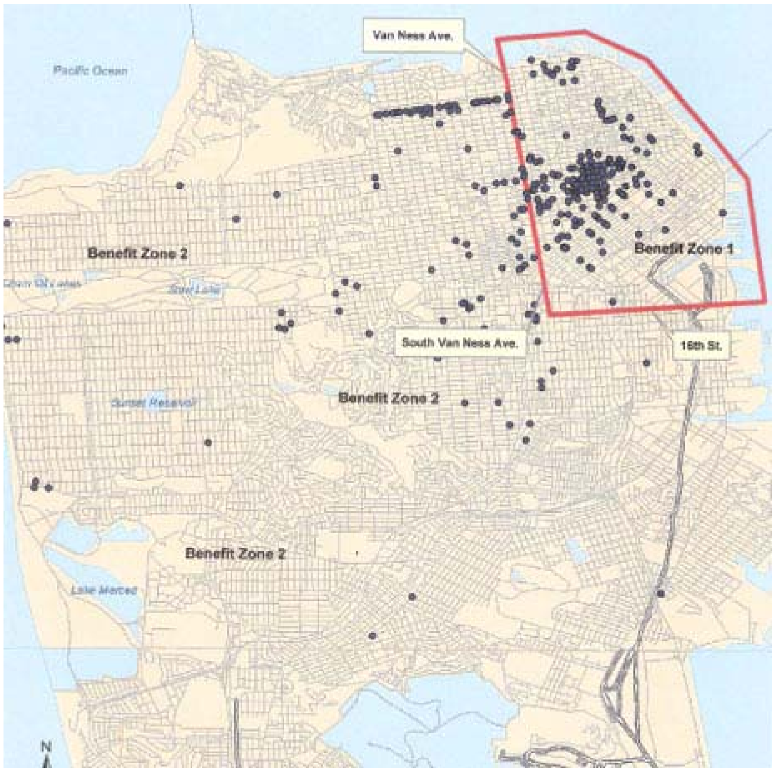
Forecast

- We have prepared a forecast of Revenue per Available Room ("RevPAR") for 32 years following the Moscone Center's expansion, assuming a completion of future expansions such as: expansions to Moscone East, Third Street Addition, and Howard Street Connector.

1.2 Definitions

For the lodging market forecast, we have separated the hotels in the City of San Francisco into two groups, as defined by the Client below:

- **Zone 1 Tourist Hotels ("Zone 1"):** All tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16th Street as if it continued east to the Bay.
- **Zone 2 Tourist Hotels ("Zone 2"):** All tourist hotels with addresses west of the Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street.



Source: SF Tourism Improvement District

1.3 Overall Conclusion

From our analysis of the last two major expansions that occurred at the Moscone Center in 1992 and 2003, we have observed the following:

- There is a strong correlation between Convention Attendance and Zone 1 Supply, Convention Attendance and Zone 1 Demand, Convention Space and Zone 1 Supply, and Convention Space and Zone 1 Demand. This shows that Moscone Center does impact hotel supply and demand for hotels in Zone 1, while Zone 2 is not as directly correlated to convention activity due to its locations and less reliance on groups from its smaller room stock.

- Zone 1 and Zone 2 Hotels mirror a similar trend throughout the years, although Zone 1 has a higher RevPAR than both Zone 2 and Total U.S. Urban.

- In terms of demand, both Zone 1 and Zone 2's CAGR surpassed Total U.S. Urban's average during the post expansion years. During Expansion I, Zone 1 saw a higher 3-year CAGR than Zone 2, and during Expansion II, Zone 2 saw a higher CAGR. The first expansion brought a new higher rated business to the immediate hotels around the Moscone Center (Zone 1), but since those hotels were saturated by the time of the second expansion, Zone 2 had a greater incremental increase as the benefit is spread further out with more meeting capacity for the city.

- Beyond demand and room rates (ADR) and RevPAR, hotels can capture additional revenues from food and beverage, convention services, spa and other ancillary facilities. As discussed, the types of hotel existing and likely to be developed in Zone 1 are significantly different from those located in Zone 2. As displayed in the above table, there is a much higher concentration of Upscale & Above hotels in Zone 1 (in terms of room count), and a much higher ratio of Midscale, Economy, & Independent hotels in Zone 2 (in terms of room count). Zone 1 comprises of predominantly Upscale & Above hotels (70.5%), as Zone 2 comprises of primarily Midscale, Economy, and Independent hotels (78.4%).

- Based on our analysis of lodging types in San Francisco, we have concluded that Upscale and Above chain hotels, the majority representative of the inventory of hotels located in Zone 1, achieve RevPAR premiums that are 50% to 60% greater than midscale, economy, and independent hotels in San Francisco representative of those located in Zone 2. However, our in-depth analysis of hotel operating statements for over 50 hotels in San Francisco indicates Upscale and Above chain hotels in San Francisco achieve 50% to 80% greater profit per available room premiums than the midscale, economy and independent hotels in San Francisco.

- From JLLH's experience, sales and marketing, and in particular sales and marketing of expanded convention facilities, is necessary in maximizing lodging performance.

From the aforementioned analyses, we have established the following conclusions:

- Historic trends clearly indicate that future expansions of the Moscone Center should have significant positive impact on the Revenue per Available Room (RevPAR) of hotels in Zone 1 and Zone 2; however, Zone 1 is expected to achieve three times RevPAR benefit as Zone 2.

- We have concluded that both zones are expected to gain incremental benefit from the proposed Moscone expansion, but Zone 1 is expected to achieve four times the Profit per available room benefit of Zone 2.

- Based on our analysis, the lodging sector is expected to be the greatest beneficiary in increased revenue dollars when compared to the other sectors on an individual basis as a result of the proposed Moscone expansions.

2 San Francisco Lodging Market

2.1 Market Overview

San Francisco is a major gateway to Europe, Asia, and Australia, and the San Francisco International Airport ("SFO") is the tenth busiest airport in the U.S. The San Francisco lodging market posts higher overall occupancy rates than many other U.S. gateway markets. The city is home to numerous international renowned tourist attractions, including Fisherman's Wharf, the Golden Gate Bridge, Alcatraz, wine country, among many others. In addition, the economy and commercial real estate market is thriving with the influx of start-up companies and the technology boom, including companies like Zynga and Salesforce. According to latest data provided by San Francisco Travel, the city hosted 15.9 million visitors in 2010 and these visitors spent $8.3 billion in local businesses.

2.2 Existing Hotel Inventory

According to Smith Travel Research, there are currently 224 hotels in San Francisco with a total of 34,257 guest rooms, roughly 25,000 of which are within walking distance of the Moscone Center. No new supply has entered San Francisco since 2008, a stark contrast to other major U.S. gateway markets. The following table summarizes the number of hotels and total room count for San Francisco by chain scale.

San Francisco Current Inventory by Chain Scale				
Chain Scale	No. of Hotels	%	Room Count	%
Independents	139	62%	10,624	31%
Luxury Chains	14	6%	4,804	14%
Upper Upscale Chains	37	17%	14,499	42%
Upscale Chains	3	1%	887	3%
Upper Midscale Chains	9	4%	2,363	7%
Midscale Chains	4	2%	266	1%
Economy Chains	18	8%	814	2%
Total	224		34,257	
Source: Smith Travel Research				

San Francisco has the highest number of independent/unbranded hotels as a proportion of total hotel stock among U.S. gateway markets. Historically, independent hotels' ADR performance has been more volatile, but San Francisco's strong occupancy levels, second only to New York, support the level of independent hotels that exist in the market.

2.3 New Supply Pipeline

The lack of recent supply openings affirms the exceedingly high barriers to entry in the San Francisco hotel market and explains investors' high interest in acquiring existing hotels, as seen from the abundant transactions over the past 18 months. Over the last ten years, the hotel room supply in San Francisco has grown on average by 1.0% annually (CAGR or compound annual growth rate), considerably below nationwide growth. The most recent hotel openings occurred in 2008, with the opening of the 550-key InterContinental in February and the 53-room Fairmont Heritage Place in August. The following table presents the total new supply inventory that entered the San Francisco market since 2000. The only hotel opening expected in 2012 is the 22-room Inn at the Presidio, which debut in April 2012.

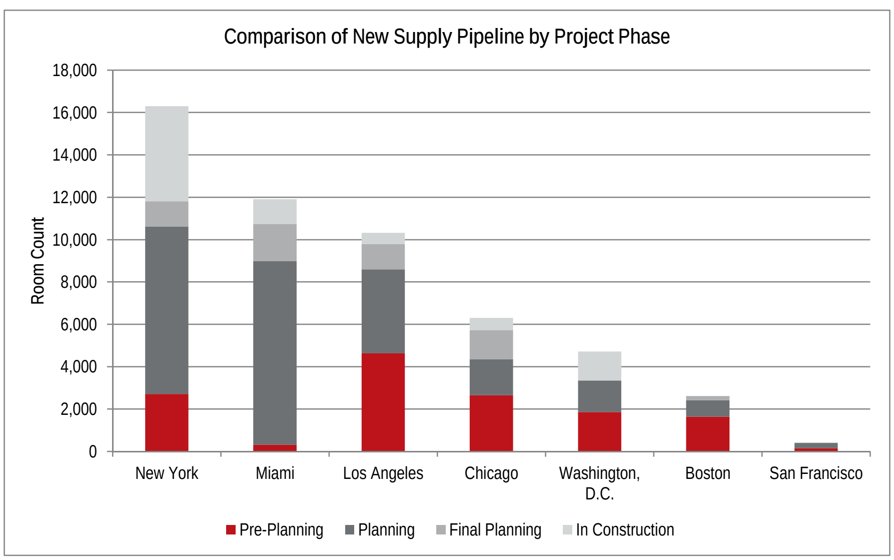
The following tables display the potential hotels projects in the pipeline in the early planning stage and the historical new supply growth trends.

San Francisco New Supply Pipeline					
Hotel Name	Address	Room Count	Projected Opening Date	Chain Scale	Project Phase
Unamed Hotel & Transbay	Mission St. & 1st St.	N/A	N/A	Independent	Planning
Unnamed Hotel	942 Mission St	172	N/A	Independent	Planning
Hotel SoMa	690 5th St	75	N/A	Independent	Planning
Unnamed Hotel	Yerba Buena Island	50	N/A	Independent	Pre-Planning
Source: Smith Travel Research					

New Supply to San Francisco by Year			
Year	No. of Hotels	Room Count	% Chg
2000	1	104	0.3%
2001	4	1,023	3.3%
2002	1	362	1.1%
2003	2	698	2.2%
2004	0	0	0.0%
2005	2	460	1.4%
2006	1	86	0.3%
2007	1	33	0.1%
2008	2	603	1.8%
2009	1	80	0.2%
2010	0	0	0.0%
2011	0	0	0.0%
2012	1	22	0.1%
CAGR ('00-'06)		1.4%	
CAGR ('00-'12)		0.9%	

Source: Smith Travel Research

While the supply pipeline has shrunk greatly across the country, most gateway cities still experience a backlog of new rooms that are expected to open by 2013. As an example 2,900 rooms were introduced in New York in 2011 and an additional 1,050 rooms are expected to open in 2012. The complete lack of new supply in San Francisco in the near term will significantly strengthen the potential for growth in average daily rates in the city, as seen from the significant year-to-date growth in 2011.

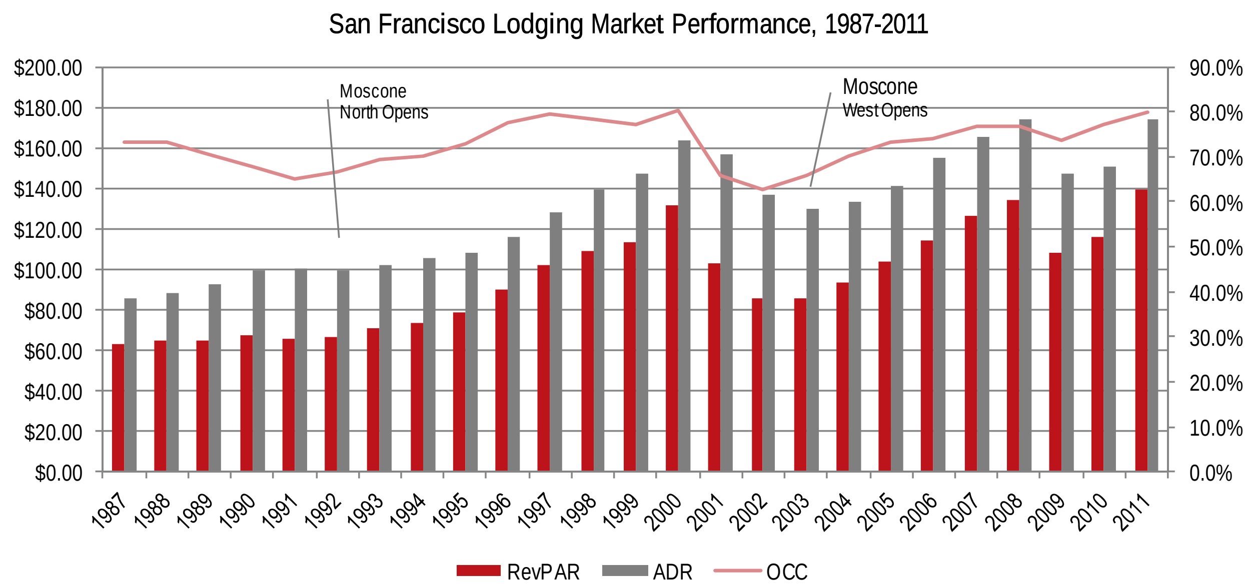


Source: Smith Travel Research

2.4 San Francisco Historical Hotel Performance

Hotel benchmark includes three key terms: occupancy, average daily rate (ADR), revenue per available room (RevPAR). RevPAR is an indicator of both occupancy and ADR. Occupancy is the percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available. ADR is a measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold. RevPAR is the total room revenue divided by total rooms available, or the product of occupancy and ADR.

The following table presents the market's lodging performance since 1987:



Source: Smith Travel Research

San Francisco posts higher overall occupancy rates than many other U.S. gateway markets. Though the market suffered more than the average of other major markets during the double-hit of the tech bust and the events of 9/11, San Francisco has consistently shown above-average growth in occupancy rates partly due to the minimal supply increases. By year-end 2011, not only did occupancy peak at 80%, but the ADR has grown significantly; posting 15.6% growth in ADR among the market.

Despite the year-over-year growth in ADR, on an inflation-adjusted basis, ADRs remained below previous peak 2000 levels in 2008—an anomaly not witnessed in many other large U.S. markets. However, the spread of ADR between San Francisco and the average of the other top U.S. gateway markets has begun to lessen notably. The gains in occupancy and ADR have led to a jump in revenue per available room (RevPAR) of 19.7% for the market, among the highest of any major U.S. market.

3 Moscone Center Expansions

3.1 Moscone Center Overview

The Moscone Center is located in San Francisco's SOMA / Yerba Buena district. The convention center is comprised of three main buildings, Moscone North and Moscone South, which are connected underground, and Moscone West, a free-standing building. The three buildings comprise of approximately two million square feet of building area. The center is named after George R. Moscone, a former mayor of San Francisco. There are approximately 25,000 hotel rooms within walking distance of the convention center.

Moscone South opened in 1981, and consists of 260,600 s.f. of exhibit space in Halls A, B and C. Moscone North opened in 1992, adding 181,400 s.f. of exhibit space in Halls D and E. This addition is connected to Moscone South via underground corridors and meeting space. The latest addition to the center is Moscone West, a stand-along building located one-half block to the west of the other two buildings. Moscone West features 96,700 s.f. of exhibit space on the first level.

Source: Moscone Center website

The Moscone Center is owned by the City and County of San Francisco. The Moscone Center is privately managed by SMG, an entertainment and convention center venue manager. Convention business for the center is booked by San Francisco Travel which serves as the city's conventions and visitors' bureau.

3.2 Marketing

We were provided with the historical convention marketing expenses used to promote the city of San Francisco, as summarized in the following table.

San Francisco Convention Marketing Expenses		
Fiscal Year	Total	% Change
1992/1993	$1,329,000	-
1993/1994	$1,307,000	-1.7%
1994/1995	$1,483,000	13.5%
1995/1996	$1,650,000	11.3%
1996/1997	$1,866,000	13.1%
1997/1998	$2,005,000	7.4%
1998/1999	$2,087,000	4.1%
1999/2000	$2,515,000	20.5%
2000/2001	$2,388,000	-5.0%
2001/2002	$2,390,000	0.1%
2002/2003	$2,620,000	9.6%
2003/2004	$2,776,000	6.0%
2004/2005	$2,705,000	-2.6%
2005/2006	$2,695,000	-0.4%
2006/2007	$2,662,000	-1.2%
2007/2008	$3,270,000	22.8%
2008/2009	$3,995,000	22.2%
2009/2010	$4,085,000	2.3%
2010/2011	$4,883,000	19.5%
2011/2012	$5,646,000	15.6%

Source: Client

From JLLH's experience, sales and marketing, and in particular sales and marketing of expanded convention facilities, is necessary in maximizing lodging performance.

3.3 Moscone Center Expansion Impact on Hotel Performance

The Moscone Center underwent the following major expansions since the opening of Moscone South in 1981:

- May 1992: Opening of Moscone North, which added 53,410 sq.ft. of meeting space and 181,400 sq.ft. of exhibit space
- June 2003: Opening of Moscone West, which added 199,432 sq.ft. of meeting space and 99,660 sq.ft. of exhibit space

The following tables summarize San Francisco's lodging performance (grouped by Zone 1 and Zone 2) compared to Total U.S. Urban cities during the years prior and post expansions.

San Francisco Expansion Analysis																		
	Supply			Demand			Real Revenue			OCC			Real ADR			Real RevPAR		
Year	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2
1987	208,176,268	9,117,798	1,192,569	134,841,264	6,653,357	909,858	-	-	-	64.8	73.0	76.3	-	-	-	-	-	-
1988	213,799,871	9,386,407	1,195,740	138,444,662	6,861,031	891,083	$9,207,750,349	$599,524,168	$59,257,698	64.8	73.1	74.5	$66.44	$87.28	$66.56	$43.02	$63.79	$49.55
1989	216,804,567	9,677,813	1,206,440	140,649,346	6,836,870	843,843	$9,290,014,017	$595,288,642	$54,491,815	64.9	70.6	69.9	$65.93	$86.97	$64.82	$42.78	$61.34	$45.15
1990	220,796,968	10,131,807	1,224,088	142,579,928	6,866,405	837,868	$9,260,860,160	$618,423,409	$51,166,639	64.6	67.8	68.4	$64.79	$89.95	$61.32	$41.83	$60.73	$41.74
1991	220,932,167	10,255,202	1,226,035	138,663,548	6,620,199	843,328	$8,640,835,375	$574,050,789	$50,310,336	62.8	64.6	68.8	$62.23	$86.74	$59.89	$39.00	$55.66	$40.97
1992	222,519,962	10,263,177	1,226,035	140,579,713	6,823,656	841,509	$8,622,731,540	$567,452,176	$48,315,773	63.2	66.5	68.6	$61.23	$83.11	$57.64	$38.63	$54.98	$39.35
1993	222,651,601	10,189,271	1,226,035	143,283,434	7,064,402	872,396	$8,790,539,239	$586,607,903	$48,421,987	64.4	69.3	71.2	$61.21	$82.90	$55.66	$39.36	$57.25	$39.43
1994	221,934,603	10,201,767	1,241,048	147,423,649	7,135,768	880,832	$9,199,057,475	$599,206,133	$47,668,339	66.4	69.9	71.0	$62.21	$83.81	$54.25	$41.33	$58.41	$38.34
1995	222,564,180	10,246,443	1,248,380	149,405,578	7,460,728	907,324	$9,577,533,149	$623,393,995	$49,465,118	67.1	72.8	72.7	$63.89	$83.30	$54.61	$42.91	$60.49	$39.55
1996	224,915,104	10,257,504	1,244,285	152,966,286	7,969,457	965,365	$10,254,994,404	$694,186,790	$56,193,673	68.0	77.7	77.6	$66.77	$86.67	$58.22	$45.44	$67.29	$45.07
1997	228,432,540	10,255,770	1,256,055	155,250,597	8,154,511	1,014,095	$10,976,012,156	$770,952,135	$63,978,021	68.0	79.5	80.7	$70.39	$94.03	$63.03	$47.88	$74.75	$50.83
1998	232,265,410	10,170,015	1,264,360	156,893,230	7,933,375	1,003,145	$11,736,474,524	$805,531,925	$66,956,128	67.5	78.0	79.3	$74.47	$101.03	$66.69	$50.33	$78.77	$52.84
1999	236,948,344	10,251,044	1,264,360	158,752,658	7,877,109	1,024,853	$12,235,727,874	$827,697,438	$69,987,266	67.0	76.8	81.1	$76.71	$104.57	$68.20	$51.42	$80.28	$55.23
2000	242,365,494	10,408,410	1,259,866	164,612,960	8,343,477	1,040,560	$13,125,171,116	$947,870,598	$74,734,708	67.9	80.2	82.6	$79.26	$112.86	$71.70	$53.88	$90.51	$59.19
2001	249,522,460	10,503,577	1,240,217	156,071,037	6,872,582	855,491	$11,578,079,302	$720,941,846	$56,569,120	62.5	65.4	69.0	$73.87	$104.89	$66.44	$46.13	$68.19	$45.54
2002	253,199,719	10,840,063	1,228,590	157,155,480	6,817,541	743,568	$11,222,237,483	$610,016,940	$41,331,566	62.1	62.9	60.5	$71.09	$89.48	$56.02	$44.05	$55.88	$33.60
2003	255,117,493	10,900,893	1,228,590	159,490,707	7,209,195	768,740	$10,985,913,624	$602,219,951	$38,896,499	62.5	66.1	62.6	$68.56	$83.42	$50.94	$42.79	$54.85	$31.62
2004	256,094,717	11,011,017	1,222,170	167,293,666	7,769,150	817,193	$11,899,984,093	$646,180,555	$41,506,586	65.3	70.6	66.9	$70.71	$82.91	$51.06	$46.17	$58.25	$33.92
2005	253,432,415	10,870,462	1,217,640	172,268,032	8,001,742	873,566	$12,748,591,280	$685,076,124	$45,255,286	68.0	73.6	71.7	$73.50	$85.26	$51.97	$49.99	$62.58	$37.13
2006	251,141,981	11,045,257	1,218,510	171,370,724	8,165,708	906,236	$13,520,770,517	$746,978,746	$48,171,781	68.2	73.9	74.4	$78.37	$91.04	$53.26	$53.52	$67.12	$39.49
2007	253,761,161	11,026,393	1,184,790	173,348,506	8,431,968	916,516	$14,441,152,091	$802,227,746	$51,318,450	68.3	76.5	77.4	$82.72	$94.60	$56.09	$56.56	$72.21	$43.30
2008	258,398,178	11,086,329	1,184,790	171,236,378	8,469,979	959,032	$14,233,626,229	$816,639,845	$57,092,632	66.3	76.4	80.9	$82.58	$95.86	$59.54	$54.71	$73.09	$48.17
2009	265,459,705	11,120,905	1,184,790	163,898,171	8,194,333	874,415	$12,041,819,851	$668,053,331	$44,829,570	61.7	73.7	73.8	$72.98	$81.04	$51.25	$45.06	$59.61	$37.82
2010	269,945,653	11,142,028	1,178,706	176,841,301	8,635,883	882,500	$13,109,497,439	$707,491,517	$45,095,567	65.5	77.5	74.9	$73.55	$81.37	$51.08	$48.22	$63.01	$38.25
2011	273,541,194	11,113,442	1,174,205	184,728,101	8,924,865	907,935	$13,958,639,614	$820,150,769	$54,751,095	67.5	80.3	77.3	$74.87	$91.19	$60.24	$50.65	$73.23	$46.62
Long-term CAGR	1.1%	0.8%	-0.1%	1.3%	1.2%	0.0%	1.8%	1.4%	-0.3%	0.2%	0.4%	0.1%	0.5%	0.2%	-0.4%	0.7%	0.6%	-0.3%

Denotes Expansion Completion Year

Source: Smith Travel Research, Jones Lang LaSalle Hotels

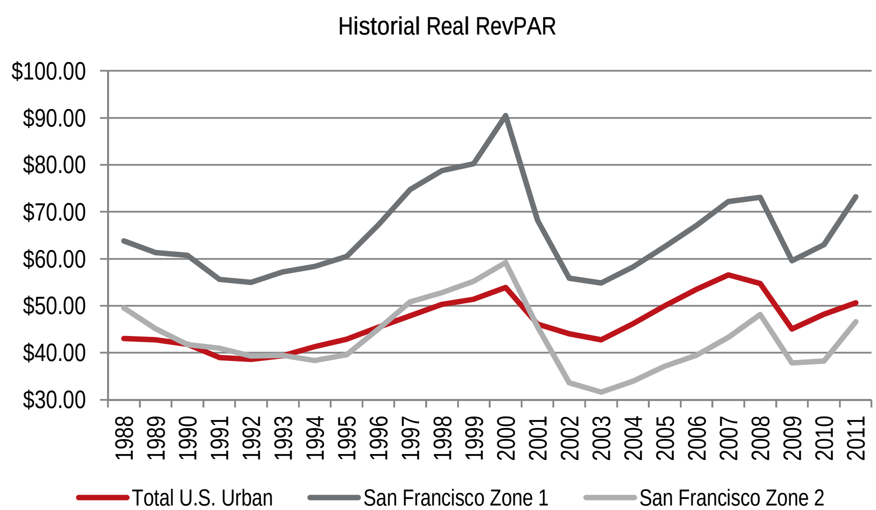
San Francisco Expansion Analysis (Year-over-Year % Change)

	Supply			Demand			Real Revenue			OCC			Real ADR			Real RevPAR		
Year	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2	Total U.S. Urban	San Francisco Zone 1	San Francisco Zone 2
1987	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1988	2.7%	2.9%	0.3%	2.7%	3.1%	-2.1%	-	-	-	-	-	-	-	-	-	-	-	-
1989	1.4%	3.1%	0.9%	1.6%	-0.4%	-5.3%	0.9%	-0.7%	-8.0%	0.2%	-3.4%	-6.2%	-0.8%	-0.3%	-2.6%	-0.6%	-3.8%	-8.9%
1990	1.8%	4.7%	1.5%	1.4%	0.4%	-0.7%	-0.3%	3.9%	-6.1%	-0.5%	-4.0%	-2.1%	-1.7%	3.4%	-5.4%	-2.2%	-1.0%	-7.5%
1991	0.1%	1.2%	0.2%	-2.7%	-3.6%	0.7%	-6.7%	-7.2%	-1.7%	-2.8%	-4.7%	0.6%	-3.9%	-3.6%	-2.3%	-6.7%	-8.3%	-1.8%
1992	0.7%	0.1%	0.0%	1.4%	3.1%	-0.2%	-0.2%	-1.1%	-4.0%	0.6%	2.9%	-0.3%	-1.6%	-4.2%	-3.7%	-1.0%	-1.2%	-4.0%
1993	0.1%	-0.7%	0.0%	1.9%	3.5%	3.7%	1.9%	3.4%	0.2%	1.9%	4.2%	3.8%	0.0%	-0.2%	-3.4%	1.9%	4.1%	0.2%
1994	-0.3%	0.1%	1.2%	2.9%	1.0%	1.0%	4.6%	2.1%	-1.6%	3.1%	0.9%	-0.3%	1.6%	1.1%	-2.5%	5.0%	2.0%	-2.8%
1995	0.3%	0.4%	0.6%	1.3%	4.6%	3.0%	4.1%	4.0%	3.8%	1.1%	4.1%	2.4%	2.7%	-0.6%	0.7%	3.8%	3.6%	3.1%
1996	1.1%	0.1%	-0.3%	2.4%	6.8%	6.4%	7.1%	11.4%	13.6%	1.3%	6.7%	6.7%	4.5%	4.1%	6.6%	5.9%	11.2%	14.0%
1997	1.6%	0.0%	0.9%	1.5%	2.3%	5.0%	7.0%	11.1%	13.9%	0.0%	2.3%	4.0%	5.4%	8.5%	8.3%	5.4%	11.1%	12.8%
1998	1.7%	-0.8%	0.7%	1.1%	-2.7%	-1.1%	6.9%	4.5%	4.7%	-0.7%	-1.9%	-1.7%	5.8%	7.4%	5.8%	5.1%	5.4%	4.0%
1999	2.0%	0.8%	0.0%	1.2%	-0.7%	2.2%	4.3%	2.8%	4.5%	-0.7%	-1.5%	2.3%	3.0%	3.5%	2.3%	2.1%	1.9%	4.5%
2000	2.3%	1.5%	-0.4%	3.7%	5.9%	1.5%	7.3%	14.5%	6.8%	1.3%	4.4%	1.8%	3.3%	7.9%	5.1%	4.8%	12.7%	7.2%
2001	3.0%	0.9%	-1.6%	-5.2%	-17.6%	-17.8%	-11.8%	-23.9%	-24.3%	-8.0%	-18.5%	-16.5%	-6.8%	-7.1%	-7.3%	-14.4%	-24.7%	-23.1%
2002	1.5%	3.2%	-0.9%	0.7%	-0.8%	-13.1%	-3.1%	-15.4%	-26.9%	-0.6%	-3.8%	-12.3%	-3.8%	-14.7%	-15.7%	-4.5%	-18.1%	-26.2%
2003	0.8%	0.6%	0.0%	1.5%	5.7%	3.4%	-2.1%	-1.3%	-5.9%	0.6%	5.1%	3.5%	-3.6%	-6.8%	-9.1%	-2.9%	-1.8%	-5.9%
2004	0.4%	1.0%	-0.5%	4.9%	7.8%	6.3%	8.3%	7.3%	6.7%	4.5%	6.8%	6.9%	3.1%	-0.6%	0.2%	7.9%	6.2%	7.3%
2005	-1.0%	-1.3%	-0.4%	3.0%	3.0%	6.9%	7.1%	6.0%	9.0%	4.1%	4.2%	7.2%	3.9%	2.8%	1.8%	8.3%	7.4%	9.5%
2006	-0.9%	1.6%	0.1%	-0.5%	2.0%	3.7%	6.1%	9.0%	6.4%	0.3%	0.4%	3.8%	6.6%	6.8%	2.5%	7.1%	7.3%	6.4%
2007	1.0%	-0.2%	-2.8%	1.2%	3.3%	1.1%	6.8%	7.4%	6.5%	0.1%	3.5%	4.0%	5.6%	3.9%	5.3%	5.7%	7.6%	9.6%
2008	1.8%	0.5%	0.0%	-1.2%	0.5%	4.6%	-1.4%	1.8%	11.3%	-2.9%	-0.1%	4.5%	-0.2%	1.3%	6.2%	-3.3%	1.2%	11.2%
2009	2.7%	0.3%	0.0%	-4.3%	-3.3%	-8.8%	-15.4%	-18.2%	-21.5%	-6.9%	-3.5%	-8.8%	-11.6%	-15.5%	-13.9%	-17.6%	-18.4%	-21.5%
2010	1.7%	0.2%	-0.5%	7.9%	5.4%	0.9%	8.9%	5.9%	0.6%	6.2%	5.2%	1.5%	0.8%	0.4%	-0.3%	7.0%	5.7%	1.1%
2011	1.3%	-0.3%	-0.4%	4.5%	3.3%	2.9%	6.5%	15.9%	21.4%	3.1%	3.6%	3.2%	1.8%	12.1%	17.9%	5.0%	16.2%	21.9%

In order to analyze the relationship between lodging performance for the two hotel zones and Moscone convention space and convention attendance, we have calculated the correlation between these variables, as presented in the subsequent table.

Correlation with Convention Space												
	Zone 1						Zone 2					
	Supply	Demand	Real Revenue	OCC	Real ADR	Real RevPAR	Supply	Demand	Real Revenue	OCC	Real ADR	Real RevPAR
Meeting Space	0.86	0.74	0.33	0.33	-0.18	0.05	-0.53	-0.06	-0.39	0.10	-0.60	-0.32
Exhibit Space	0.87	0.77	0.46	0.37	0.00	0.20	-0.13	0.11	-0.23	0.16	-0.51	-0.21
Total Space	0.90	0.79	0.41	0.37	-0.10	0.13	-0.35	0.03	-0.32	0.14	-0.58	-0.28
Correlation with Convention Attendance												
	Zone 1						Zone 2					
	Supply	Demand	Real Revenue	OCC	Real ADR	Real RevPAR	Supply	Demand	Real Revenue	OCC	Real ADR	Real RevPAR
Attendance	0.73	0.80	0.45	0.54	-0.01	0.26	-0.57	0.24	-0.08	0.41	-0.34	-0.01

In addition, historical RevPAR was converted into real values in order to analyze trends without the fluctuations of inflation, as shown in the following chart.



Source: Smith Travel Research

From the above analyses, we have observed the following trends:

- There is a strong correlation between Convention Attendance and Zone 1 Supply, Convention Attendance and Zone 1 Demand, Convention Space and Zone 1 Supply, and Convention Space and Zone 1 Demand. Moscone Center previous expansions has increased convention attendance, at the very least contributing to and at the very most driving demand for hotels in Zone 1, while Zone 2 is not as directly correlated to convention activity due to its locations and less reliance on groups from its smaller room stock.

- Throughout the historic period, the long-term CAGR for Zone 1 was a positive 0.8% as Zone 2 experienced a negative 0.1% with a declining trend in supply. The decrease in hotel supply in Zone 2 results primarily from existing hotels being converted to other uses such as condominiums and multi-family units. When this type of gentrification takes place, it is typically the older properties that underperform their peer group and thus when they are removed from inventory, impact the aggregate performance numbers of the market overall.

- As availability of space decreases in the urban city, the annual average growth rate in supply for both zones decrease throughout the latter historical years.

- Zone 1 and Zone 2 Hotels mirror a similar trend throughout the past 25 years, although Zone 1 has a higher RevPAR than both Zone 2 and Total U.S. Urban.

- In terms of demand, both Zone 1 and Zone 2's CAGR surpassed Total U.S. Urban's average during the post expansion years. During Expansion I, Zone 1 saw a higher 3-year CAGR than Zone 2, and during Expansion II, Zone 2 saw a higher CAGR. What we observed is that as Zone 2 decreased inventory and as occupancy exceeds 70% and even approaches 80%, the impact of increased convention attendance is greater on ADR than it is on occupancy. By way of example, an unoccupied room that is filled with a new visitor (even one paying only $100 in room rate) has a greater impact than a previously occupied room which is able to increase room rate by increasing the premium earned on the room. The first expansion brought a new higher rated business to the immediate hotels around the Moscone Center (Zone 1), but since those hotels were largely occupied by the time of the second expansion, Zone 2 had a greater incremental increase as the benefit is spread further out with more meeting capacity for the city. However, although both zones should benefit either directly or by compression from future expansions, since both zones are currently achieving strong occupancy and Zone 1's hotels are in better position to increase rates to a larger extent than Zone 2 properties, we anticipate the impact of the future expansions to be greater for Zone 1 than Zone 2.

JLLH also analyzed historical operating performance by chain scale (as defined by Smith Travel Research) and composition of hotels in the two zones in order to compare the difference between potential Profit PAR.

The following table summarizes San Francisco's historical performance, which are categorized into two groups for two different years.

SAN FRANCISCO Operating Performance by Chain Scale	Midscale, Economy & Independents (Peak Performance)		Midscale, Economy & Independents (Low Performance)		Upscale & Above (Peak Performance)		Upscale & Above (Low Performance)	
	PAR	*POR*	*PAR*	*POR*	*PAR*	*POR*	*PAR*	*POR*
REVENUES								
Rooms	$42,665	$151.24	$33,057	$128.39	$64,587	$224.67	$53,342	$192.40
Food & Beverage	$5,291	$18.76	$5,265	$20.45	$24,560	$85.44	$22,419	$80.86
Telephone	$240	$0.85	$190	$0.74	$751	$2.61	$672	$2.42
Rentals and Other Income	$2,313	$8.20	$1,523	$5.92	$1,766	$6.14	$2,038	$7.35
Other Income	$1,614	$5.72	$1,656	$6.43	$2,619	$9.11	$2,239	$8.08
Total Revenues	$52,124	$184.77	$41,691	$161.93	$94,283	$327.97	$80,710	$291.11
DEPARTMENTAL EXPENSES								
Rooms Expense	$15,058	$53.38	$14,296	$55.52	$20,628	$71.76	$19,559	$70.55
Food & Beverage Expense	$5,314	$18.84	$5,097	$19.80	$21,604	$75.15	$20,646	$74.47
Telephone Expense	$633	$2.24	$716	$2.78	$841	$2.93	$858	$3.10
Other Income Expense	$376	$1.33	$408	$1.58	$1,705	$5.93	$1,404	$5.07
Total Departmental Expenses	$21,382	$75.79	$20,517	$79.69	$44,778	$155.77	$42,468	$153.17
Total Departmental Income	$30,742	$108.97	$21,174	$82.24	$49,505	$172.21	$38,242	$137.93
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$5,371	$19.04	$4,928	$19.14	$8,150	$28.35	$7,484	$27.00
Sales & Marketing	$3,757	$13.32	$3,209	$12.46	$5,648	$19.65	$5,131	$18.51
Franchise Fee	$569	$2.02	$596	$2.31	$242	$0.84	$270	$0.97
Property Operations and Maintenance	$2,731	$9.68	$2,606	$10.12	$4,340	$15.10	$4,170	$15.04
Utilities	$1,850	$6.56	$1,690	$6.56	$2,829	$9.84	$2,713	$9.78
Total Undistributed Expenses	$14,279	$50.62	$13,028	$50.60	$21,209	$73.78	$19,767	$71.30
Gross Operating Profit	$16,463	$58.36	$8,146	$31.64	$28,296	$98.43	$18,475	$66.64
Management Fee	$1,950	$6.91	$1,592	$6.18	$2,987	$10.39	$2,208	$7.96
Income Before Fixed Charges	$14,513	$51.44	$6,554	$25.46	$25,310	$88.04	$16,267	$58.67
FIXED CHARGES								
Real Estate Taxes	$1,274	$4.52	$1,396	$5.42	$2,809	$9.77	$3,419	$12.33
Insurance	$951	$3.37	$954	$3.70	$1,981	$6.89	$2,137	$7.71
Rent	$1,238	$4.39	$247	$0.96	$1,909	$6.64	$1,090	$3.93
Other Fixed Charges	$3,096	$10.98	$1,100	$4.27	$631	$2.20	$1,175	$4.24
Total Fixed Charges	$6,559	$23.25	$3,696	$14.36	$7,331	$25.50	$7,821	$28.21
EBITDA*	$7,954	$28.19	$2,858	$11.10	$17,979	$62.54	$8,446	$30.46
Less: Replacement Reserves (FF&E)	$743	$2.63	$370	$1.44	$1,783	$6.20	$1,738	$6.27
Net Operating Income**	$7,211	$25.56	$2,488	$9.66	$16,196	$56.34	$6,708	$24.19

*USALI 10th Edition refers to "EBITDA" as "NOI" **USALI 10th Edition refers to "NOI" as "Adjusted NOI"

Source: Smith Travel Research

The following table summarizes the composition of hotels in the two designated zones.

Zone 1 Hotels Composition	
Chain Scale	% Ratio
Luxury Chains	15.1%
Upper Upscale Chains	45.2%
Upper Midscale Chains	6.9%
Upscale Chains	3.2%
Midscale Chains	0.3%
Economy Chains	1.6%
Independents	27.5%
Upscale & Above	70.5%
Midscale, Economy, & Independents	29.5%
Zone 2 Hotels Composition	
Chain Scale	% Ratio
Luxury Chains	0.0%
Upper Upscale Chains	16.5%
Upper Midscale Chains	5.1%
Upscale Chains	0.0%
Midscale Chains	1.4%
Economy Chains	11.4%
Independents	65.6%
Upscale & Above	21.6%
Midscale, Economy, & Independents	78.4%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

From the two previous tables, we have observed the following trends:

- Beyond demand and room rates (ADR) and RevPAR, hotels can capture additional revenues from food and beverage, convention services, spa and other ancillary facilities. As discussed, the types of hotel existing and likely to be developed in Zone 1 are significantly different from those located in Zone 2. As displayed in the above table, there is a much higher concentration of Upscale & Above hotels in Zone 1 (in terms of room count), and a much higher ratio of Midscale, Economy, & Independent hotels in Zone 2 (in terms of room count). Zone 1 comprises of predominantly Upscale & Above hotels (70.5%), as Zone 2 comprises of primarily Midscale, Economy, and Independent hotels (78.4%).

- Based on our analysis of lodging types in San Francisco, we have concluded that Upscale and Above chain hotels, the majority representative of the inventory of hotels located in Zone 1, achieve RevPAR premiums that are 50% to 60% greater than midscale, economy, and independent hotels in San Francisco representative of those located in Zone 2. However, our in-depth analysis of hotel operating statements for over 50 hotels in San Francisco indicates Upscale and Above chain hotels in San Francisco achieve 50% to 80% greater profit per available room premiums than the midscale, economy and independent hotels in San Francisco.

3.4 Moscone Center Proposed Expansion Plans

According to Tom Eliot Fisch's preliminary design (dated November 30, 2011), the Moscone Center proposed expansion includes three expansion schemes. The three schemes are listed below:

- Third Street Addition: 6-story building totaling 260,000 gross s.f.
- Howard Street Connection: Underground conversion of space, which will create 107,000 s.f. of exhibit space.
- Moscone East: 4-story building (1 below grade) totaling 264,000 gross s.f. with additional air rights for hotel or office space.

The table below outlines the assumed construction dates and duration of the various scenarios, along with the specifics of the expansions. The starting date for construction was given by San Francisco Travel as FY 2014/2015. In the plans provided by San Francisco Travel, the Howard Street Connector Expansion was deemed to be part of the Third Street Addition (in total, the Moscone North/South expansion) project. JLLH assumed that the Third Street addition would be constructed during the first two thirds of the overall expansion timeframe, and that the Howard Street Connector expansion would take place during the last third of the overall Moscone North/South expansion timeframe. It should be noted that these are only preliminary plans, and specific programming may change with the recently chosen project architect, although there is little capacity for changes in total square footage, which is what our analysis is based on.

Assumed Construction Timeline			
	Howard Street Connector	Third Street Addition	Moscone East Construction
Start Construction	4/30/16	7/1/2014	7/1/2014
Open for Use	3/30/17	4/30/2016	12/29/2017

Summary of Construction			
	Howard Street Connector	Third Street Addition	Moscone East Construction
Location	Connection between Moscone North and South	Vertically stacked above Moscone South	Separate building across from Moscone South on Third Street
Exhibit Space s.f.	107,000	-	102,650
Meeting Space s.f.	-	99,700	67,500
Total Saleable Space	107,000	99,700	170,150

4 Comparable Convention Center Expansions

4.1 Comparable Convention Center Overview

Jones Lang LaSalle Hotels based on convention centers' websites JLLH conducted a detailed comparison and analysis of competitive convention centers in the U.S. Throughout this section, JLLH will continuously refer to 12 convention centers deemed primarily competitive to the Moscone Center. This list of competitive convention centers was compiled based on feedback from discussions and interviews with San Francisco Travel senior staff, Moscone Center executives, senior meeting planners of past and current Moscone Center groups and general managers of a number of convention centers across the country. In addition, JLLH reviewed the cities which frequently came up on the Moscone Center's lost business report.

Convention Center Name (Alphabetical Order)	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.
Anaheim Convention Center	Anaheim	945,000	815,000	130,000
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000
McCormick Place	Chicago	3,200,000	2,600,000	600,000
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000
San Diego Convention Center	San Diego	819,800	615,700	204,100
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000
Moscone Convention Center	San Francisco	852,100	538,700	313,400

Source: Jones Lang LaSalle Hotels based on convention centers' websites

4.2 Comparison Matrix of Competitive Facilities

JLLH evaluated 12 competitive convention markets in order to analyze similarities and differences between San Francisco and the competitive convention markets and their respective expansions.

Other convention centers with similar size expansions as the proposed Moscone Center's expansions, ranging from approximately 150,000 to 250,000 in additional exhibit space, include the following:

- San Diego Convention Center (2001)
- Los Angeles Convention Center (1997)
- Pennsylvania Convention Center (2010)
- Anaheim Convention Center (1991, 2001)
- Miami Beach Convention Center (1989)

Convention Center Name	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.	Largest Ballroom s.f.	Open Year	Expansion I Complete	Expansion II Complete	Expansion III Complete	Hotel Rooms within 1-Mile Radius[1]	Number of Hotels within 1-Mile Radius[1]	Total Air Passenger Traffic (2011)	Based on Airports	Gross Metro Product 2011, Chained 2005 $s, Millions	MSA Population, 2011
Moscone Convention Center	San Francisco	852,100	538,700	313,400	42,675	1981	1992	2003	n/a	25,317	104	50,312,001	SFO, OAK	$ 315,991	4,389,800
San Diego Convention Center	San Diego	819,800	615,700	204,100	40,706	1989	2001	n/a	n/a	11,258	35	16,890,722	SAN	$ 159,533	3,152,900
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000	11,200	1971	1993	1997	n/a	7,002	23	64,977,485	LAX, LGB	$ 689,349	12,930,800
McCormick Place	Chicago	3,200,000	2,600,000	600,000	100,000	1960	1996	2007	n/a	1,082	3	66,793,081	ORD, MDW	$ 484,337	9,522,400
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200	61,200	1983	1989	1996	2003	14,440	33	35,426,006	MCO	$ 95,659	2,172,300
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000	55,400	1993	2010	n/a	n/a	10,335	35	30,839,175	PHL	$ 317,003	5,997,200
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400	33,000	1976	1992	2002	n/a	12,336	31	92,389,023	ATL	$ 250,554	5,369,500
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000	52,000	1983	2003	n/a	n/a	9,510	34	64,426,735	BWI, IAD, DCA	$ 391,323	5,723,700
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000	16,900	1959	1997	2003	n/a	29,561	28	41,479,814	LAS	$ 82,543	1,993,300
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500	36,500	1985	1991	1999	n/a	19,138	70	8,546,890	MSY	$ 68,492	1,185,500
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000	40,020	2004	n/a	n/a	n/a	2,664	6	28,907,938	BOS	$ 291,013	4,592,600
Anaheim Convention Center	Anaheim	945,000	815,000	130,000	38,100	1967	1991	2001	n/a	15,606	61	11,724,441	SNA, LGB	$ 187,491	3,055,700
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500	-	1957	1989	n/a	n/a	7,758	53	18,417,513	MIA	$ 239,009	5,646,400
Averages		1,358,300	1,091,908	266,392	40,592					12,770	40				

Note: [1]Based on hotels with 50+ rooms

Source: Convention center website, website research, Smith Travel Research, Bureau of Transportation Statistics, IHS Global Insight, Moody's economy.com

							Expansion I					
Center Name	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.	Largest Ballroom s.f.	CC Open Year	Year Complete	Added Meeting Space s.f.	Added Exhibit Space s.f.	RevPAR Growth (3-Yr CAGR)	Notes
Moscone Convention Center	San Francisco	718,200	538,700	179,500	42,675	1981	1992	53,410	181,400	3.4%	Moscone North
San Diego Convention Center	San Diego	819,800	615,700	204,100	40,706	1989	2001	100,333	276,363	-0.6%	$216M expansion
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000	11,200	1971	1993	43 meeting rooms	347,000	4.2%	
McCormick Place	Chicago	3,200,000	2,600,000	600,000	100,000	1960	1996	160,000	840,000	2.9%	
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200	61,200	1983	1989	73,179	344,790	-1.3%	
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000	55,400	1993	2010	157,000	239,000	8.4%	
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400	33,000	1976	1992	47 meeting rooms	67,500	4.2%	
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000	52,000	1983	2003	125,000	703,000	3.6%	$685M new build. Marriott Marquis (1,200 rooms broke ground in Q1 2011)
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000	16,900	1959	1997		409,077	n/a	addition of North Halls
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500	36,500	1985	1991	549,127	340,208	3.5%	"doubled building in size"
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000	40,020	2004					
Anaheim Convention Center	Anaheim	945,000	815,000	130,000	38,100	1967	1991		143,474	n/a	Costs $8 million
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500	-	1957	1989	62,250	251,400	4.2%	Doubled in size via $92 million renovation

	Expansion II					Expansion III			
Center Name	Year Complete	Added Meeting Space s.f.	Added Exhibit Space s.f.	RevPAR Growth (3-Yr CAGR)	Notes	Year Complete	Added Meeting Space s.f.	Added Exhibit Space s.f.	Notes/Source
Moscone Convention Center	2003	199,432	96,660	6.3%	Moscone West				
San Diego Convention Center									
Los Angeles Convention Center	1997		162,000	6.6%					
McCormick Place	2007	250,000	460,000	-10.4%					
Orange County Convention Center	1996	245,899	750,600	3.7%		2003		950,282	
Pennsylvania Convention Center									
Georgia World Congress Center	2002	29 meeting rooms	418,500	4.8%					
Walter E Washington Convention Center									
Las Vegas Convention Center	2003		908,496	12.9%	South Hall was added				
Ernest N. Morial Convention Center	1999	876,334	401,049	-9.4%	major expansion				
Boston Convention and Exhibition Center									
Anaheim Convention Center	2001	119,423	220,133	6.4%					
Miami Beach Convention Center									

Source: Convention center website, website research, Convention Center Staff, CVB

4.3 Impact of Other Convention Center Expansions on Lodging Market

JLLH studied the impact that substantial expansions of competitive convention centers have had on their respective lodging markets. JLLH conducted this analysis for the 12 convention centers deemed most competitive to the Moscone Center. All convention centers in the study had at least 500,000 s.f. of saleable exhibit space and have undergone one or more substantial expansions—in most cases an addition of 200,000 or more square feet over the past 20 years.

For the 12 markets where these convention centers are located, along with San Francisco, JLLH computed the historic CAGR of hotel RevPAR for each of the cities. In most cases, JLLH had access to historic RevPAR data going back to 1987. JLLH used hotel revenue per available room as a metric to quantify hotel revenues. The selected RevPAR data largely pertains to hotel brands that typically serve a significant amount of group-related demand, such as Marriott, Hilton and Westin hotels and the sample is thus deemed representative. The properties in the sample are, in most cases, located in the downtown and thus highest-rated submarkets of the metropolitan areas.

JLLH then computed the RevPAR CAGR for two time periods: The three-year period beginning in the year after a substantial convention center expansion was completed, and the five-year period starting in the year after the substantial convention center expansion. JLLH conducted this analysis on an inflation-adjusted basis. JLLH then compared the long-term RevPAR CAGR for the market and with the RevPAR CAGR for the three and five years following the convention center expansion as defined above.

For the markets in the analysis, real hotel RevPAR increased by an average of 0.5% per year over the historic time period reviewed. The analysis yielded a measurable impact that the various convention center expansions had: in the three years after an expansion was completed, real RevPAR increased on average by 3.2% per annum; in the five years after an expansion, real RevPAR increased on average by 0.7% per annum. When real hotel RevPAR for just the five convention centers listed in Section 4.2 with similar expansion size as the proposed Moscone Center expansions, there was a three-year CAGR of 4.7%.

This represents a RevPAR growth premium (compared to if no expansion took place) of 2.7 percentage points per year in the three-year timeframe (or 4.2 percentage points for just the five selected convention centers) and 0.2 percentage points in the five-year timeframe. This analysis shows that an expansion of a convention center can enhance hotel RevPAR in the proximate market area.

Convention Center Expansion Impact on Real Hotel RevPAR During Three- and Five-Year Post Expansion Periods

	Year	Total U.S.	San Francisco	San Diego	Los Angeles	Chicago	Orlando[1]	Philadelphia[2]	Atlanta	Miami-Miami Beach	Anaheim	Washington, D.C.[3]	Boston	New Orleans	Las Vegas
	1988	33.48	76.95	68.75	69.19	70.08	70.46	n/a	54.23	53.82	n/a	77.39	77.68	n/a	n/a
	1989	33.61	72.58	68.11	70.88	68.73	77.16	n/a	55.88	56.44	n/a	79.73	81.42	n/a	n/a
	1990	32.47	74.17	63.93	70.04	66.72	74.11	n/a	55.06	57.36	n/a	72.26	87.36	n/a	n/a
	1991	30.27	67.07	62.38	61.93	61.57	68.96	66.15	51.34	54.12	n/a	68.42	79.03	n/a	n/a
	1992	30.11	66.27	60.48	57.84	58.25	69.30	64.52	50.35	62.27	n/a	70.52	76.12	55.92	n/a
	1993	30.35	69.82	59.59	60.06	61.42	66.55	62.34	55.37	57.94	n/a	75.63	79.33	54.55	n/a
	1994	31.30	72.45	61.89	64.50	65.65	68.19	68.97	57.87	53.97	n/a	69.75	83.80	59.96	n/a
	1995	32.08	74.64	66.11	63.37	68.38	69.86	71.15	60.18	59.19	n/a	72.31	86.57	61.06	n/a
	1996	33.10	83.12	73.18	70.06	77.08	73.55	80.99	68.04	63.45	n/a	71.38	92.72	60.13	n/a
	1997	33.89	91.54	81.07	74.99	83.26	78.32	86.95	64.33	69.71	n/a	75.65	99.25	61.74	n/a
	1998	34.48	97.02	88.15	79.44	86.48	76.65	89.43	66.55	73.77	n/a	76.93	105.85	63.53	n/a
	1999	34.64	97.83	88.88	85.87	88.23	76.26	83.72	68.16	81.85	n/a	80.10	106.18	65.91	n/a
	2000	35.59	109.92	90.46	90.27	91.77	77.82	78.48	66.50	83.53	n/a	85.02	116.21	66.77	n/a
	2001	32.11	84.08	81.08	70.15	74.39	64.87	66.88	58.45	72.79	n/a	75.35	89.88	58.88	n/a
	2002	30.74	70.38	79.73	69.95	70.43	63.95	74.85	55.93	66.20	54.73	76.29	83.32	54.78	63.40
	2003	30.20	68.80	80.95	68.99	73.44	59.44	67.88	49.70	72.09	58.93	74.60	73.45	50.68	67.55
	2004	31.78	72.45	78.81	80.03	71.30	64.74	74.14	51.56	79.97	61.90	80.80	82.37	51.37	74.84
	2005	33.43	77.42	84.34	86.39	77.54	67.46	78.39	54.54	91.99	69.28	89.38	84.00	53.96	84.02
	2006	34.95	81.92	88.88	94.74	89.36	69.58	81.45	59.16	100.48	72.03	86.73	91.93	49.75	95.33
	2007	35.97	87.70	87.08	103.65	91.21	73.10	83.12	59.65	112.17	75.58	91.49	97.29	43.51	103.33
	2008	33.95	88.41	82.16	104.86	85.15	68.54	79.13	54.07	102.05	69.72	88.17	89.60	46.65	84.75
	2009	28.41	71.91	65.61	79.63	65.80	53.27	67.81	43.32	75.21	58.13	83.92	74.51	41.44	62.90
	2010	29.40	75.10	66.65	87.24	68.42	55.28	67.81	49.71	84.73	60.29	86.31	81.88	46.72	62.34
	2011	30.86	85.62	70.35	96.99	71.49	57.44	72.08	47.72	96.51	63.73	87.32	84.65	47.40	71.04
Long-term RevPAR CAGR		-0.4%	0.5%	0.1%	1.5%	0.1%	-0.9%	0.4%	-0.6%	2.6%	1.7%	0.5%	0.4%	-0.9%	1.3%
Expansion I															
3-Year Post Expansion RevPAR CAGR			3.4%	-0.6%	4.2%	2.9%	-1.3%	8.4%	4.2%	4.2%	n/a	3.6%	7.6%	3.5%	n/a
5-Year Post Expansion RevPAR CAGR			7.0%	2.8%	5.3%	-2.8%	-4.6%	6.7%	3.8%	-1.5%	n/a	2.2%	-3.0%	1.8%	n/a
Expansion II[4]															
3-Year Post Expansion RevPAR CAGR			6.3%	n/a	6.6%	-10.4%	3.7%	n/a	4.8%	n/a	6.4%	n/a	n/a	-9.4%	12.9%
5-Year Post Expansion RevPAR CAGR			5.1%	n/a	-3.1%	-5.7%	1.4%	n/a	4.7%	n/a	7.1%	n/a	n/a	-6.3%	-7.0%

Hotel RevPAR Analysis: Conclusion	
Changes to RevPAR	
Long-Term CAGR	0.5%
3-Year Post Expansion RevPAR CAGR	3.2%
5-Year Post Expansion RevPAR CAGR	0.7%

Impact of Expansion on RevPAR		
3-Year Post Expansion Impact	2.7	Percentage points annual RevPAR increase premium
5-Year Post Expansion Impact	0.2	Percentage points annual RevPAR increase premium

Denotes Expansion Completion Year

Note: Hotel RevPAR data displayed above is expressed in real terms (adjusted for inflation)

Note: For all markets with exception of Las Vegas, Anaheim and New Orleans, RevPAR is based on Upper Upscale, Luxury and Independents in Luxury Tier in downtown area; for Las Vegas, Anaheim and New Orleans data is based on all reporting properties in MSA

[1]The Orange County Convention Center in Orlando also marked a substantial expansion in 1989, but the analysis considers only its two largest expansions, which were completed in 1996 and 2003, respectively

[2]Pennsylvania Convention Center opened in 1993; its opening was treated the same way as expansions. The center was expanded in 2010, but three- and five-year time frames do not apply to this recent addition

[3]The Walter E. Washington Convention Center in Washington, D.C., the center was a new build in 2003 as opposed to an expansion

[4]RevPAR CAGR for Expansion III was presented for Anaheim Convention Center, since no data was available for the previous two expansions.

Source: Smith Travel Research for hotel RevPAR; LVCVA for Las Vegas hotel RevPAR; Bureau of Labor Statistics for Consumer Price Index; U.S. Bureau of Economic Analysis for GDP/GMP

5 Lodging Market Forecast

5.1 Lodging Revenues vs. Ancillary Revenues

In order to estimate the incremental revenues from visitor spending to the lodging sector versus other sectors in the market, JLLH calculated the net difference in attendance between the scenario of having all three expansions and the base case of no expansion as part of JLLH's "Moscone Expansion Cost Benefit Analysis." The 2010/2011 Moscone Annual Report (latest data available) aggregated three attendee origin categories: National/International, State/Regional, and Local. In order to estimate the percent of total out-of-town attendees, we have assumed that 100% of National/International and State/Regional attendees are from out of town, while assuming that all Local attendees are from within the San Francisco area. This results in a total out-of-town percentage of 99%.

Moscone Attendance Regions: FY 2010/2011			
	FY 2010/2011 Figures	JLLH Assumed	Total Out-of-Town %
National/International	78%	100%	78%
State/Regional	22%	100%	22%
Local	1%	0%	0%
Total			99%
Source: Moscone Annual Report			

JLLH relied on San Francisco Travel's 2010 statistics (latest year available) on the visitor spending by segment and average length of stay in order to derive the revenue generated per visitor for various categories, indicated in the below table.

Spending by Visitor Segment (SF Hotel/Motel Visitor): 2010		
Category	$/Day/Person	$ per Person at 3.5 Days
Lodging	$86.41	$302.44
Restaurants in Hotels	$19.25	$67.38
All Other Restaurants	$40.91	$143.19
Retail	$37.20	$130.20
Entertainment & Sightseeing	$24.17	$84.60
Local Transportation	$8.95	$31.33
Gas/Auto Services	$13.09	$45.82
Car Rental	$4.53	$15.86
Exhibitor/Assoc. Expends	$36.91	$129.19
Total Spending	$271.43	$950.01
Length of Stay	3.5	
Source: San Francisco Travel Association, JLLH		

The increase (or loss) in attendance for the expansion scenario compared to the base (no expansion) scenario was converted to incremental revenues according to the average spending per category data accumulated by San Francisco Travel. Because the "Exhibitor/Assoc. Expends" sector included anything an exhibitor/association would spend during their time in San Francisco (i.e. lodging, restaurants, etc.), JLLH assumed that this sector has been accounted for in the economic impact through the allocation for the remaining sectors.

Spend pertaining to the Lodging and Restaurants in the Hotels sector was applied only the net out-of-town attendees, while the remaining sectors were attributed to all net attendees. The following table summarizes JLL's attendance forecast for the expansion and no expansion scenarios.

Moscone N/S/W and All Three Expansions				
Fiscal Year	No Expansion Scenario	Expansion Scenario	Net Difference	Out-of-Town (99%)
2011/2012F	1,115,319	1,115,319	0	0
2012/2013F	1,146,315	1,146,315	0	0
2013/2014F	1,181,134	1,181,134	0	0
2014/2015F	1,206,514	1,165,344	-41,170	-40,936
2015/2016F	1,206,598	1,172,290	-34,308	-34,113
2016/2017F	1,206,598	1,216,891	10,292	10,234
2017/2018F	1,206,598	1,376,424	169,826	168,860
2018/2019F	1,206,598	1,453,618	247,019	245,614
2019/2020F	1,206,598	1,484,495	277,897	276,316
2020/2021F	1,206,598	1,505,080	298,482	296,784
2021/2022F	1,206,598	1,525,665	319,066	317,251

The forecast attendance figures were applied to 2010's average visitor spending per sector in order to estimate the revenues for various sectors in the market. The result is presented in the subsequent table, which depicts how the lodging sector is expected to continuously surpass the other sectors in revenues.

Moscone N/S/W and All Three Expansions (in 2012$)				
2016/2017				
Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$386,539,006	$3,269,348
Restaurants in Hotels	$71.48	$85,382,952	$86,111,282	$728,330
All Other Restaurants	$151.90	$183,288,290	$184,851,766	$1,563,477
Retail	$138.13	$166,666,448	$168,088,138	$1,421,690
Entertainment & Sightseeing	$89.75	$108,288,388	$109,212,104	$923,716
Local Transportation	$33.23	$40,098,514	$40,440,560	$342,046
Gas/Auto Services	$48.61	$58,646,876	$59,147,143	$500,267
Car Rental	$16.82	$20,295,672	$20,468,797	$173,125
2017/2018				
Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$437,213,903	$53,944,246
Restaurants in Hotels	$71.48	$85,382,952	$97,400,389	$12,017,437
All Other Restaurants	$151.90	$183,288,290	$209,085,658	$25,797,368
Retail	$138.13	$166,666,448	$190,124,333	$23,457,886
Entertainment & Sightseeing	$89.75	$108,288,388	$123,529,708	$15,241,320
Local Transportation	$33.23	$40,098,514	$45,742,279	$5,643,766
Gas/Auto Services	$48.61	$58,646,876	$66,901,277	$8,254,401
Car Rental	$16.82	$20,295,672	$23,152,237	$2,856,565
2018/2019				
Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$461,734,015	$78,464,358
Restaurants in Hotels	$71.48	$85,382,952	$102,862,861	$17,479,908
All Other Restaurants	$151.90	$183,288,290	$220,811,734	$37,523,445
Retail	$138.13	$166,666,448	$200,787,009	$34,120,561
Entertainment & Sightseeing	$89.75	$108,288,388	$130,457,581	$22,169,192
Local Transportation	$33.23	$40,098,514	$48,307,627	$8,209,113
Gas/Auto Services	$48.61	$58,646,876	$70,653,278	$12,006,402
Car Rental	$16.82	$20,295,672	$24,450,676	$4,155,004
2019/2020				
Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$471,542,060	$88,272,402
Restaurants in Hotels	$71.48	$85,382,952	$105,047,849	$19,664,897
All Other Restaurants	$151.90	$183,288,290	$225,502,165	$42,213,876
Retail	$138.13	$166,666,448	$205,052,079	$38,385,631
Entertainment & Sightseeing	$89.75	$108,288,388	$133,228,730	$24,940,342
Local Transportation	$33.23	$40,098,514	$49,333,766	$9,235,253
Gas/Auto Services	$48.61	$58,646,876	$72,154,078	$13,507,202
Car Rental	$16.82	$20,295,672	$24,970,052	$4,674,379
2020/2021				
Category	$/Person	No Expansion	Expansion	Variance
Lodging	$320.85	$383,269,657	$478,080,756	$94,811,099
Restaurants in Hotels	$71.48	$85,382,952	$106,504,508	$21,121,556
All Other Restaurants	$151.90	$183,288,290	$228,629,119	$45,340,829
Retail	$138.13	$166,666,448	$207,895,459	$41,229,011
Entertainment & Sightseeing	$89.75	$108,288,388	$135,076,162	$26,787,774
Local Transportation	$33.23	$40,098,514	$50,017,859	$9,919,345
Gas/Auto Services	$48.61	$58,646,876	$73,154,612	$14,507,735
Car Rental	$16.82	$20,295,672	$25,316,302	$5,020,630

Based on our analysis, the lodging sector is expected to be the greatest beneficiary in increased revenue dollars when compared to the other sectors on an individual basis as a result of the proposed Moscone expansions.

5.2 Lodging Forecast

Based on our analysis of the impact on Moscone Center's past expansions to the lodging market, the RevPAR growth seen with other competitive convention centers' expansions, the historical lodging trends from the San Francisco market, and our forecast of the market's future performance, JLLH has projected the lodging forecast for Zone 1 and Zone 2 hotels for the 32 years post expansion.

Our forecast is based on the following assumptions:

- Using STR Pipeline for San Francisco, we have assumed that the identified hotel developments (listed in Section 2.3) will progress in the next 3 to 5 years.

- With the proposed Moscone expansion, we have assumed that a 500-room hotel will be built on top of Moscone East (part of the current expansion plan) by 2018.

- For supply forecast post 2018, JLLH has assumed that supply trend will be similar to the average annual growth rate in the previous five years (since land becomes more limited throughout the period) for Zone 1. For Zone 2, because there is more availability of land, we have built in cycles of peaks and troughs in supply growth, which is expected to result in a similar historical average growth rate if no expansion occurs.

- We have utilized historical growth rate trends from Moscone's historical expansions on Zone 1 and Zone 2's RevPAR in order to forecast the potential premiums from the proposed Moscone expansion.

- From analyzing historical real RevPAR trends, we have assumed downward trends occurring every 6 to 8 years following the growth from the proposed expansion in order to show cyclical nature of the market.

The subsequent tables provide the details of our analysis.

San Francisco Lodging Forecast								
	Zone 1-No Expansion				Zone 1 - Expansion			
Year	Annual Supply	% Change	Real RevPAR	% Change	Annual Supply	% Change	Real RevPAR	% Change
1987	9,117,798	-	-	-	9,117,798	-	-	-
1988	9,386,407	2.9%	$63.79	-	9,386,407	2.9%	$63.79	-
1989	9,677,813	3.1%	$61.34	-3.8%	9,677,813	3.1%	$61.34	-3.8%
1990	10,131,807	4.7%	$60.73	-1.0%	10,131,807	4.7%	$60.73	-1.0%
1991	10,255,202	1.2%	$55.66	-8.3%	10,255,202	1.2%	$55.66	-8.3%
1992	10,263,177	0.1%	$54.98	-1.2%	10,263,177	0.1%	$54.98	-1.2%
1993	10,189,271	-0.7%	$57.25	4.1%	10,189,271	-0.7%	$57.25	4.1%
1994	10,201,767	0.1%	$58.41	2.0%	10,201,767	0.1%	$58.41	2.0%
1995	10,246,443	0.4%	$60.49	3.6%	10,246,443	0.4%	$60.49	3.6%
1996	10,257,504	0.1%	$67.29	11.2%	10,257,504	0.1%	$67.29	11.2%
1997	10,255,770	0.0%	$74.75	11.1%	10,255,770	0.0%	$74.75	11.1%
1998	10,170,015	-0.8%	$78.77	5.4%	10,170,015	-0.8%	$78.77	5.4%
1999	10,251,044	0.8%	$80.28	1.9%	10,251,044	0.8%	$80.28	1.9%
2000	10,408,410	1.5%	$90.51	12.7%	10,408,410	1.5%	$90.51	12.7%
2001	10,503,577	0.9%	$68.19	-24.7%	10,503,577	0.9%	$68.19	-24.7%
2002	10,840,063	3.2%	$55.88	-18.1%	10,840,063	3.2%	$55.88	-18.1%
2003	10,900,893	0.6%	$54.85	-1.8%	10,900,893	0.6%	$54.85	-1.8%
2004	11,011,017	1.0%	$58.25	6.2%	11,011,017	1.0%	$58.25	6.2%
2005	10,870,462	-1.3%	$62.58	7.4%	10,870,462	-1.3%	$62.58	7.4%
2006	11,045,257	1.6%	$67.12	7.3%	11,045,257	1.6%	$67.12	7.3%
2007	11,026,393	-0.2%	$72.21	7.6%	11,026,393	-0.2%	$72.21	7.6%
2008	11,086,329	0.5%	$73.09	1.2%	11,086,329	0.5%	$73.09	1.2%
2009	11,120,905	0.3%	$59.61	-18.4%	11,120,905	0.3%	$59.61	-18.4%
2010	11,142,028	0.2%	$63.01	5.7%	11,142,028	0.2%	$63.01	5.7%
2011	11,113,442	-0.3%	$73.23	16.2%	11,113,442	-0.3%	$73.23	16.2%
2012F	11,113,442	0.0%	$80.56	10.0%	11,113,442	0.0%	$80.56	10.0%
2013F	11,113,442	0.0%	$87.00	8.0%	11,113,442	0.0%	$87.00	8.0%
2014F	11,113,442	0.0%	$92.22	6.0%	11,113,442	0.0%	$92.22	6.0%
2015F	11,186,442	0.7%	$94.99	3.0%	11,186,442	0.7%	$94.99	3.0%
2016F	11,259,442	0.7%	$95.94	1.0%	11,259,442	0.7%	$95.94	1.0%
2017F	11,277,692	0.2%	$94.02	-2.0%	11,277,692	0.2%	$94.02	-2.0%
2018F	11,300,247	0.2%	$93.08	-1.0%	11,460,192	1.6%	$93.08	-1.0%
2019F	11,311,548	0.1%	$94.94	2.0%	11,483,112	0.2%	$98.66	6.0%
2020F	11,322,859	0.1%	$97.79	3.0%	11,506,079	0.2%	$105.57	7.0%
2021F	11,334,182	0.1%	$101.70	4.0%	11,529,091	0.2%	$112.96	7.0%
2022F	11,345,516	0.1%	$105.26	3.5%	11,540,620	0.1%	$121.43	7.5%
2023F	11,356,862	0.1%	$105.26	0.0%	11,552,160	0.1%	$123.86	2.0%
2024F	11,368,219	0.1%	$105.89	0.6%	11,563,713	0.1%	$124.60	0.6%
2025F	11,379,587	0.1%	$106.53	0.6%	11,575,276	0.1%	$125.35	0.6%
2026F	11,390,966	0.1%	$107.17	0.6%	11,586,852	0.1%	$126.10	0.6%
2027F	11,402,357	0.1%	$102.88	-4.0%	11,598,438	0.1%	$121.06	-4.0%
2028F	11,413,760	0.1%	$99.79	-3.0%	11,610,037	0.1%	$117.43	-3.0%
2029F	11,425,173	0.1%	$97.80	-2.0%	11,621,647	0.1%	$115.08	-2.0%
2030F	11,436,599	0.1%	$99.75	2.0%	11,633,269	0.1%	$117.38	2.0%
2031F	11,448,035	0.1%	$100.75	1.0%	11,644,902	0.1%	$118.56	1.0%
2032F	11,459,483	0.1%	$101.36	0.6%	11,656,547	0.1%	$119.27	0.6%
2033F	11,470,943	0.1%	$101.96	0.6%	11,668,203	0.1%	$119.98	0.6%
2034F	11,482,414	0.1%	$102.58	0.6%	11,679,872	0.1%	$120.70	0.6%
2035F	11,493,896	0.1%	$103.19	0.6%	11,691,551	0.1%	$121.43	0.6%
2036F	11,505,390	0.1%	$103.81	0.6%	11,703,243	0.1%	$122.16	0.6%
2037F	11,516,895	0.1%	$104.43	0.6%	11,714,946	0.1%	$122.89	0.6%
2038F	11,528,412	0.1%	$99.21	-5.0%	11,726,661	0.1%	$116.74	-5.0%
2039F	11,539,941	0.1%	$95.24	-4.0%	11,738,388	0.1%	$112.07	-4.0%
2040F	11,551,481	0.1%	$93.34	-2.0%	11,750,126	0.1%	$109.83	-2.0%
2041F	11,563,032	0.1%	$95.20	2.0%	11,761,876	0.1%	$112.03	2.0%
2042F	11,574,595	0.1%	$96.16	1.0%	11,773,638	0.1%	$113.15	1.0%
2043F	11,586,170	0.1%	$96.73	0.6%	11,785,412	0.1%	$113.83	0.6%
2044F	11,597,756	0.1%	$97.31	0.6%	11,797,197	0.1%	$114.51	0.6%
2045F	11,609,354	0.1%	$97.90	0.6%	11,808,994	0.1%	$115.20	0.6%
2046F	11,620,963	0.1%	$98.49	0.6%	11,820,803	0.1%	$115.89	0.6%
2047F	11,632,584	0.1%	$99.08	0.6%	11,832,624	0.1%	$116.58	0.6%
2048F	11,644,217	0.1%	$99.67	0.6%	11,844,457	0.1%	$117.28	0.6%
2049F	11,655,861	0.1%	$100.27	0.6%	11,856,301	0.1%	$117.99	0.6%
2050F	11,667,517	0.1%	$100.87	0.6%	11,868,158	0.1%	$118.70	0.6%

Supply		RevPAR		Supply		RevPAR	
CAGR 1987 - 2011	0.8%	CAGR 1987 - 2011	0.6%	CAGR 1987 - 2011	0.8%	CAGR 1987 - 2011	0.6%
CAGR 2012 - 2050	0.1%	CAGR 2012 - 2050	0.6%	CAGR 2012 - 2050	0.2%	CAGR 2012 - 2050	1.0%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

San Francisco Lodging Forecast								
	Zone 2 - No Expansion				Zone 2 - Expansion			
Year	Annual Supply	% Change	Real RevPAR	% Change	Annual Supply	% Change	Real RevPAR	% Change
1987	1,192,569	-	-	-	1,192,569	-	-	-
1988	1,195,740	0.3%	$49.55	-	1,195,740	0.3%	$49.55	-
1989	1,206,440	0.9%	$45.15	-8.9%	1,206,440	0.9%	$45.15	-8.9%
1990	1,224,088	1.5%	$41.74	-7.5%	1,224,088	1.5%	$41.74	-7.5%
1991	1,226,035	0.2%	$40.97	-1.8%	1,226,035	0.2%	$40.97	-1.8%
1992	1,226,035	0.0%	$39.35	-4.0%	1,226,035	0.0%	$39.35	-4.0%
1993	1,226,035	0.0%	$39.43	0.2%	1,226,035	0.0%	$39.43	0.2%
1994	1,241,048	1.2%	$38.34	-2.8%	1,241,048	1.2%	$38.34	-2.8%
1995	1,248,380	0.6%	$39.55	3.1%	1,248,380	0.6%	$39.55	3.1%
1996	1,244,285	-0.3%	$45.07	14.0%	1,244,285	-0.3%	$45.07	14.0%
1997	1,256,055	0.9%	$50.83	12.8%	1,256,055	0.9%	$50.83	12.8%
1998	1,264,360	0.7%	$52.84	4.0%	1,264,360	0.7%	$52.84	4.0%
1999	1,264,360	0.0%	$55.23	4.5%	1,264,360	0.0%	$55.23	4.5%
2000	1,259,866	-0.4%	$59.19	7.2%	1,259,866	-0.4%	$59.19	7.2%
2001	1,240,217	-1.6%	$45.54	-23.1%	1,240,217	-1.6%	$45.54	-23.1%
2002	1,228,590	-0.9%	$33.60	-26.2%	1,228,590	-0.9%	$33.60	-26.2%
2003	1,228,590	0.0%	$31.62	-5.9%	1,228,590	0.0%	$31.62	-5.9%
2004	1,222,170	-0.5%	$33.92	7.3%	1,222,170	-0.5%	$33.92	7.3%
2005	1,217,640	-0.4%	$37.13	9.5%	1,217,640	-0.4%	$37.13	9.5%
2006	1,218,510	0.1%	$39.49	6.4%	1,218,510	0.1%	$39.49	6.4%
2007	1,184,790	-2.8%	$43.30	9.6%	1,184,790	-2.8%	$43.30	9.6%
2008	1,184,790	0.0%	$48.17	11.2%	1,184,790	0.0%	$48.17	11.2%
2009	1,184,790	0.0%	$37.82	-21.5%	1,184,790	0.0%	$37.82	-21.5%
2010	1,178,706	-0.5%	$38.25	1.1%	1,178,706	-0.5%	$38.25	1.1%
2011	1,174,205	-0.4%	$46.62	21.9%	1,174,205	-0.4%	$46.62	21.9%
2012F	1,182,235	0.7%	$50.35	8.0%	1,182,235	0.7%	$50.35	8.0%
2013F	1,182,235	0.0%	$53.37	6.0%	1,182,235	0.0%	$53.37	6.0%
2014F	1,182,235	0.0%	$55.51	4.0%	1,182,235	0.0%	$55.51	4.0%
2015F	1,182,235	0.0%	$56.06	1.0%	1,182,235	0.0%	$56.06	1.0%
2016F	1,182,235	0.0%	$56.62	1.0%	1,182,235	0.0%	$56.62	1.0%
2017F	1,201,151	1.6%	$55.49	-2.0%	1,201,151	1.6%	$55.49	-2.0%
2018F	1,201,151	0.0%	$54.94	-1.0%	1,201,151	0.0%	$54.94	-1.0%
2019F	1,201,151	0.0%	$57.13	4.0%	1,201,151	0.0%	$58.23	6.0%
2020F	1,201,151	0.0%	$59.99	5.0%	1,201,151	0.0%	$62.31	7.0%
2021F	1,201,151	0.0%	$62.99	5.0%	1,201,151	0.0%	$66.98	7.5%
2022F	1,204,754	0.3%	$66.77	6.0%	1,207,157	0.5%	$72.34	8.0%
2023F	1,204,766	0.0%	$68.77	3.0%	1,207,169	0.0%	$75.23	4.0%
2024F	1,204,778	0.0%	$68.57	-0.3%	1,207,181	0.0%	$75.08	-0.2%
2025F	1,204,790	0.0%	$68.36	-0.3%	1,207,193	0.0%	$74.93	-0.2%
2026F	1,208,405	0.3%	$68.15	-0.3%	1,210,814	0.3%	$74.78	-0.2%
2027F	1,208,405	0.0%	$64.75	-5.0%	1,210,814	0.0%	$71.04	-5.0%
2028F	1,190,279	-1.5%	$62.16	-4.0%	1,204,760	-0.5%	$68.20	-4.0%
2029F	1,178,376	-1.0%	$60.29	-3.0%	1,201,146	-0.3%	$66.16	-3.0%
2030F	1,178,376	0.0%	$60.89	1.0%	1,201,146	0.0%	$66.82	1.0%
2031F	1,178,376	0.0%	$60.71	-0.3%	1,201,146	0.0%	$66.68	-0.2%
2032F	1,178,376	0.0%	$60.53	-0.3%	1,201,146	0.0%	$66.55	-0.2%
2033F	1,180,733	0.2%	$60.35	-0.3%	1,203,548	0.2%	$66.42	-0.2%
2034F	1,180,733	0.0%	$60.17	-0.3%	1,203,548	0.0%	$66.28	-0.2%
2035F	1,180,733	0.0%	$59.99	-0.3%	1,203,548	0.0%	$66.15	-0.2%
2036F	1,180,733	0.0%	$59.81	-0.3%	1,203,548	0.0%	$66.02	-0.2%
2037F	1,180,733	0.0%	$59.63	-0.3%	1,203,548	0.0%	$65.89	-0.2%
2038F	1,180,733	0.0%	$56.05	-6.0%	1,203,548	0.0%	$61.93	-6.0%
2039F	1,163,022	-1.5%	$53.25	-5.0%	1,185,495	-1.5%	$58.84	-5.0%
2040F	1,151,391	-1.0%	$51.65	-3.0%	1,173,640	-1.0%	$58.72	-0.2%
2041F	1,151,391	0.0%	$52.17	1.0%	1,173,640	0.0%	$59.31	1.0%
2042F	1,151,391	0.0%	$52.01	-0.3%	1,173,640	0.0%	$59.19	-0.2%
2043F	1,151,391	0.0%	$51.85	-0.3%	1,173,640	0.0%	$59.07	-0.2%
2044F	1,152,543	0.1%	$51.70	-0.3%	1,174,814	0.1%	$58.95	-0.2%
2045F	1,152,543	0.0%	$51.54	-0.3%	1,174,814	0.0%	$58.83	-0.2%
2046F	1,152,543	0.0%	$51.39	-0.3%	1,174,814	0.0%	$58.72	-0.2%
2047F	1,152,543	0.0%	$51.23	-0.3%	1,174,814	0.0%	$58.60	-0.2%
2048F	1,152,543	0.0%	$51.08	-0.3%	1,174,814	0.0%	$58.48	-0.2%
2049F	1,152,543	0.0%	$50.93	-0.3%	1,174,814	0.0%	$58.36	-0.2%
2050F	1,152,543	0.0%	$50.77	-0.3%	1,174,814	0.0%	$58.25	-0.2%

Supply		RevPAR		Supply		RevPAR	
CAGR 1987 - 2011	-0.1%	CAGR 1987 - 2011	-0.3%	CAGR 1987 - 2011	-0.1%	CAGR 1987 - 2011	-0.3%
CAGR 2012 - 2050	-0.1%	CAGR 2012 - 2050	0.0%	CAGR 2012 - 2050	0.0%	CAGR 2012 - 2050	0.4%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

Although different types of hotels may achieve similar levels of RevPAR (which is an acronym for Rooms Revenue Per Available Room) their ancillary facilities such as restaurants, bars, meeting space, spas etc. can generate substantially different revenue and thereby profit for the hotels. In order to assess the true impact of the potential expansions on the local hotels we must focus on the bottom line benefit that the hotels are likely to garner as a result of the increased ancillary revenues beyond the rooms business they are expected to drive. Our research indicates that the profit differential generated by hotels in San Francisco during both high and low cycles in the economy is largely driven by their ancillary facilities. For analytical purposes we have divided the various chain scales as set forth by STR Inc, into two groups. The first group contains the (typically) larger branded hotels comprised of upscale, upper upscale and luxury branded hotels. Roughly 70% of the rooms in Zone 1 fall into this category and roughly 20% of the rooms in Zone 2. The second group contains independent properties along with midscale and economy properties. Roughly 30 % of Zone 1 and nearly 80% of Zone 2 are comprised of these types of hotels. It is important to note that independent hotels can be luxury, economy or anywhere in between but like most midscale hotels, do not typically contain an abundance of meeting space and F&B facilities relative to the larger chain hotels. Similarly, some upscale (select services) hotels do not offer much in the way of meeting space and F&B facilities. However, we believe that these two groups most accurately reflect the general differences in the additional facilities in each category and thereby are most useful in terms of application to each zone.

We then utilized our findings from historical lodging performance by chain scale and the composition of Zone 1 and Zone 2 hotels in order to estimate the anticipated Profit PAR (ProPAR) relative to the forecasted RevPAR previously presented in order to analyze the incremental difference in profit PAR between the two zones. The ProPAR (in real dollars) is estimated by applying the weighted average profit per available room (inclusive of FF&E Reserve) for each zone based on chain scale composition and its average ProPAR (as shown in the table below) as a percentage of the projected RevPAR.

Net Operating Income ProPAR/RevPAR (incl. of FF&E Reserve)	
Upscale & Above	22%
Midscale, Economy, & Independents	14%

San Francisco Lodging Forecast						
	Profit PAR				Profit PAR Incremental Difference	
Year	Zone 1 No Expansion	Zone 1 Expansion	Zone 2 No Expansion	Zone 2 Expansion	Zone 1	Zone 2
2012F	$15.82	$15.82	$7.92	$7.92	$0.00	$0.00
2013F	$17.09	$17.09	$8.39	$8.39	$0.00	$0.00
2014F	$18.11	$18.11	$8.73	$8.73	$0.00	$0.00
2015F	$18.66	$18.66	$8.82	$8.82	$0.00	$0.00
2016F	$18.84	$18.84	$8.91	$8.91	$0.00	$0.00
2017F	$18.47	$18.47	$8.73	$8.73	$0.00	$0.00
2018F	$18.28	$18.28	$8.64	$8.64	$0.00	$0.00
2019F	$18.65	$19.38	$8.99	$9.16	$0.73	$0.17
2020F	$19.21	$20.73	$9.43	$9.80	$1.53	$0.36
2021F	$19.97	$22.19	$9.91	$10.53	$2.21	$0.63
2022F	$20.67	$23.85	$10.50	$11.38	$3.18	$0.88
2023F	$20.67	$24.33	$10.82	$11.83	$3.65	$1.02
2024F	$20.80	$24.47	$10.78	$11.81	$3.68	$1.03
2025F	$20.92	$24.62	$10.75	$11.79	$3.70	$1.03
2026F	$21.05	$24.77	$10.72	$11.76	$3.72	$1.04
2027F	$20.21	$23.78	$10.18	$11.17	$3.57	$0.99
2028F	$19.60	$23.06	$9.78	$10.73	$3.46	$0.95
2029F	$19.21	$22.60	$9.48	$10.40	$3.39	$0.92
2030F	$19.59	$23.05	$9.58	$10.51	$3.46	$0.93
2031F	$19.79	$23.28	$9.55	$10.49	$3.50	$0.94
2032F	$19.91	$23.42	$9.52	$10.47	$3.52	$0.95
2033F	$20.03	$23.56	$9.49	$10.45	$3.54	$0.95
2034F	$20.15	$23.71	$9.46	$10.42	$3.56	$0.96
2035F	$20.27	$23.85	$9.43	$10.40	$3.58	$0.97
2036F	$20.39	$23.99	$9.41	$10.38	$3.60	$0.98
2037F	$20.51	$24.14	$9.38	$10.36	$3.62	$0.98
2038F	$19.49	$22.93	$8.82	$9.74	$3.44	$0.93
2039F	$18.71	$22.01	$8.37	$9.25	$3.31	$0.88
2040F	$18.33	$21.57	$8.12	$9.24	$3.24	$1.11
2041F	$18.70	$22.00	$8.20	$9.33	$3.30	$1.12
2042F	$18.89	$22.22	$8.18	$9.31	$3.34	$1.13
2043F	$19.00	$22.36	$8.16	$9.29	$3.36	$1.13
2044F	$19.11	$22.49	$8.13	$9.27	$3.38	$1.14
2045F	$19.23	$22.62	$8.11	$9.25	$3.40	$1.15
2046F	$19.34	$22.76	$8.08	$9.23	$3.42	$1.15
2047F	$19.46	$22.90	$8.06	$9.22	$3.44	$1.16
2048F	$19.58	$23.03	$8.03	$9.20	$3.46	$1.16
2049F	$19.69	$23.17	$8.01	$9.18	$3.48	$1.17
2050F	$19.81	$23.31	$7.99	$9.16	$3.50	$1.18

Source: Smith Travel Research, Jones Lang LaSalle Hotels

Based on the previous forecast, we have concluded that both zones are expected to gain incremental benefit from the proposed Moscone expansion, but Zone 1 is expected to achieve three times the RevPAR benefit of Zone 2; however, Zone 1 is estimated to achieve four times the Profit per available room benefit of Zone 2.

6 Appendices

6.1 Glossary

- Average Daily Rate (ADR): A measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold.

- Compounded Annual Growth Rate (CAGR): The year-over-year growth rate of a measure over a period of time.

- Occupancy: The percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available.

- Revenue per Available Room (RevPAR): The total room revenue divided by total rooms available. Occupancy multiplied by ADR is equal to RevPAR.

- Smith Travel Research (STR): STR tracks supply and demand data for the hotel industry within the U.S. and globally.

- Per Available Room (PAR): Total rooms available.

ASSUMPTIONS AND LIMITING CONDITIONS

This report is made with the following general assumptions and limiting conditions:

1. As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the economic environment from that as set forth in this report. Since our forecasts are based on estimates and assumptions which are subject to uncertainty and variation, we do not represent them as results which will actually be achieved.

2. Responsible ownership and competent property management are assumed.

3. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures.

5. It is assumed that the property will be in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report.

6. It is assumed that the property will conform to all applicable zoning and use regulations and restrictions.

8. Possession of this report, or a copy thereof, does not carry with it the right of publication.

9. The consultant, by reason of this report, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the consultant, or the firm with which the consultant is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the consultant.

JONES LANG LASALLE HOTELS®

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Appendix F

Jones Lang LaSalle Hotels “San Francisco Hotel Value Forecast”

Jones Lang LaSalle Hotels®

Real value in a changing world

MOSCONE CONVENTION CENTER EXPANSION

Cost Benefit Phase II Analysis Prepared for *San Francisco Tourism Improvement District Management*

March 16, 2012

March 16, 2012

Ms. Lynn Farzaroli
Senior Manager TID/Foundation
San Francisco Travel
201 Third Street, Suite 900
San Francisco, CA 94103

Re: Strategic Advisory Services – Moscone Expansion Cost Benefit Analysis – Phase II Analysis

Dear Ms. Farzaroli:

Jones Lang LaSalle Hotels ("JLLH"), a division of Jones Lang LaSalle Americas, Inc, is pleased to submit herewith our comprehensive review of the performance of the Moscone Center's existing facilities, competitive environment, potential for expansion and lodging market analysis. The information gleaned from the review process of the property and its market, along with the cost-benefit analysis conducted by JLLH and the assumptions stated herein, collectively form the basis of the conclusions and recommendations of this report.

Please do not hesitate to contact either of us if you have any questions regarding the report.

Respectfully submitted,

Andrea Grigg
Senior Vice President
Jones Lang LaSalle Hotels

Harry Schoening
Managing Director
Jones Lang LaSalle

Cc: Michael Yarne, City of San Francisco
Greg Hartmann
Amelia Lim
Lauro Ferroni
Tu-Uyen Do

Contents

1 Executive Summary

1.1 Scope of Work

Jones Lang LaSalle Hotels ("JLLH") has been engaged by the San Francisco Tourism Improvement District Management Corporation ("TID") to perform a cost/benefit and return on investment analysis in connection with the contemplated expansion of the Moscone Convention Center ("Moscone Center"). To arrive at the conclusions and recommendations presented in this report, JLLH has undertaken the following scope of work:

- Review of Existing Facility Performance, to include analysis of on-the-books events, booking patterns, utilization rates and user profile, interviews of key personnel, development of a SWOT analysis to inform the future attendance projections for the various contemplated expansion scenarios;
- Survey of Competitive Environment and Potential for Expansion, to include the study of expansions implemented at comparable convention centers, survey of competitive supply, interviews with competitive convention center managers and research on how the proposed facility can fill a market niche;
- Analysis of San Francisco Lodging Market, to include historic analysis of supply and demand, assessment of the impact that previous Moscone Center expansions have had on hotel revenue, and regression analysis of attendance figures to key economic metrics;
- Expansion Cost Benefit Analysis, to include attendance projections for a variety of expansion scenarios, forming the basis for determining the economic impact and calculating a return on investment analysis. The return on investment analysis led to JLLH's cost benefit conclusion for the financially soundest expansion.

1.2 Key Findings – Review of Existing Facility Performance

The Moscone Center is located in San Francisco's SOMA / Yerba Buena district. The convention center is comprised of three main buildings, Moscone North and Moscone South, which are connected underground, and Moscone West, a free-standing building.

Moscone South opened in 1981, and consists of 260,600 s.f. of exhibit space. Moscone North opened in 1992, adding 181,400 s.f. of exhibit space to the facility. The latest addition is Moscone West which features 96,700 s.f. of exhibit space.

The Moscone Center is owned by the City and County of San Francisco. The Moscone Center is privately managed by SMG, an entertainment and convention center venue manager. Convention business for the center is booked by San Francisco Travel which serves as the city's conventions and visitors' bureau.

Attendance data analyzed by JLLH highlights that Moscone Center convention attendee levels can fluctuate considerably from year to year. The volatility in attendance is driven by economic changes along with the schedule of rotations of the center's largest groups. Consistent with other convention centers in large U.S. cities, the convention calendar has a significant impact on lodging market performance and economic output.

The JLLH Consulting Team reviewed Moscone Center annual reports, definite group booking reports and lost business reports in order to determine booking patterns, utilization rates, user profile by business sector, average spend and space utilization. This analysis was employed to inform future attendance projections and the cost benefit analysis of the various expansion scenarios.

Attendance trends: The two largest business sectors of groups that convene at the Moscone Center are High Tech/Computer and Medical, together accounting for two thirds of attendees.

Average Gross Exhibit Space Used per Attendee: The amount of gross exhibit space used per attendee approximated 40 s.f. in FY 2010/2011. For groups booked in future years, the metric generally marks a gradual decline, suggesting that more attendees are convening in the same amount of space—a trend which generally supports that an addition of exhibit space is warranted.

Average Direct Spend per Attendee: From FY 2011/2012 onward, per-attendee direct spend is expected to remain flat/mark a slight decrease.

Average Number of Event Days per Convention: JLLH concluded that the Moscone Center is currently not exposed to any significant convention industry trends whereby the average length of a convention is increasing or decreasing substantially.

Summary of Previous User Surveys

In an attempt to uncover other trends or insight for its attendance projections and subsequent economic impact calculations, JLLH also evaluated existing Moscone User surveys. Surveys reviewed generally indicate users' satisfaction with San Francisco Travel from a convention sales aspect and affirm the draw of San Francisco as a destination. Furthermore, some respondents noted dissatisfaction with the non-renovated areas of the Moscone Center; and, in some cases, respondents cited space constraints as a potential future impediment.

Analysis of Key Lost Groups

To quantify the loss in attendee spend due to Moscone Center space constraints based on the lost business report provided by San Francisco Travel, JLLH established a methodology whereby each reason for loss of a group was assigned a factor in terms of how much the loss was related to space constraints. This factor was multiplied by the estimated direct spend for the groups lost due to that particular reason. The analysis leads to the conclusion that the total assumed loss in direct spend resulting from Moscone Center space constraints and related categories is $2.1 billion for the years 2010/2011 through 2019/2020.

Reason - JLLH Adapted Categories	JLLH Assumed Factor in Being Related to Space Constraints	Direct Spend of Lost Business per Category ($M)	Atributted Result of Loss in Direct Spend ($M)
First Option Went Definite	5%	$ 1,112	$ 56
Board Decision	15%	$ 3,110	$ 467
Change in Rotation	15%	$ 1,276	$ 191
Dates Not Available	10%	$ 1,715	$ 172
Does Not Meet Center Requirements	0%	$ 455	$ -
Economic Reasons	0%	$ 931	$ -
Space constraints	100%	$ 950	$ 950
Other	25%	$ 887	$ 222
Total Assumed Loss in Direct Spend due to Space Constraints (Groups Lost from 2010-2019)			$ 2,057

Source: Jones Lang LaSalle Hotels

1.3 Key Findings – Survey of Competitive Environment and Potential for Expansion

JLLH evaluated competitive convention centers in the U.S. In summary, the Moscone Center is smaller than the 12 convention centers that JLLH deemed most competitive to it, especially with regard to exhibit space: the Moscone Center has 1.7 s.f. of exhibit space per square foot of meeting space, while the competitive set's average is 4.3 s.f. of exhibit space per square foot of meeting space—supporting the case for an addition of exhibit space at the Moscone Center.

JLLH independently demonstrated that a market growth rate applied to the current number of attendees warrants the addition of exhibit space at the Moscone Center in the future. JLLH demonstrated that by FY 2021/2022, the growth in attendance will warrant an additional 120,000 s.f. of exhibit space.

Competitive Convention Center Expansions: Impact on Lodging Market

JLLH studied the impact that substantial expansions of the 12 competitive convention centers had on their respective lodging markets. The analysis yielded a measurable impact that the various convention center expansions had on hotel revenue: the three years after a convention center expansion was completed saw an annual RevPAR growth premium of 2.6 percentage points (compared to if no expansion took place). This analysis shows that an expansion of a convention center can enhance hotel RevPAR across the relevant market areas.

Filling Market Niche with Expansion

JLLH examined how the proposed expansion can fill a market niche to lead to a competitive advantage. Elements for success include:

- Allow for natural light where possible.
- The additional exhibit space should be contiguous with the Moscone Center's largest exhibit hall.
- Any additional buildings should be physically connected with Moscone North/South.

1.4 Key findings – Analysis of San Francisco Lodging Market

There are currently 224 hotels in San Francisco with a total of approximately 34,300 guest rooms, roughly 25,000 of which are within walking distance of the Moscone Center. No new supply has entered San Francisco since 2008, a stark contrast to other major U.S. gateway markets.

San Francisco Lodging Market Outperformed Post Previous Moscone Expansions

Having demonstrated on a *national* basis that convention center area hotels generally garner higher revenue growth after a convention center expansion (compared to the long term average), JLLH analyzed the impact to RevPAR three to five years after the year of expansion for *San Francisco specifically*.

The three-year post expansion real RevPAR compounded annual growth rate ranged from 5.4% to 8.4%, and the five-year post expansion real RevPAR CAGR ranged from 7.8% to 12.1%. These growth rates generally exceed the 6.6% long-term real RevPAR CAGR that the city's core convention center hotels experienced, and as such supports that significant Moscone Center expansions have led to higher real RevPAR growth than witnessed during non-expansion periods.

Gross Metro Product and Hotel Demand Correlated to Convention Attendance

JLLH performed a regression analysis between convention attendance hotel demand, RevPAR, retail sales revenues, wage and salary disbursements, gross metro product, air passenger traffic, leisure and hospitality employment and hotel tax revenues. The highest correlation resulted between convention attendance and San Francisco County gross metro product, hotel demand for core convention area hotels and San Francisco County wage & salary disbursements, all of which exhibited a correlation of 0.70 and above, exhibiting the relatively strong relationship between convention attendance and economic factors in San Francisco.

1.5 Key findings – Expansion Cost Benefit Analysis

JLLH conducted a cost benefit analysis of the various Moscone Center expansion scenarios to address the business case for optimum expansion of the current facilities. JLLH's conclusion is based on a return on investment analysis, where the investment equals the cost to construct the expansion space while considering lost business during construction; and return refers to the projected incremental income to the expanded facility and economic impact derived from incremental visitor spend and tax revenues generated by expansion.

Evaluation of Various Expansion Scenarios

JLLH projected the growth in attendance from FY 2011/2012 through FY 2025/2026 for a variety of expansion scenarios, summarized below:

Moscone Center Expansion Scenarios			
Scenario	Component(s)	Construction Cost	Saleable Space (s.f.)
1	Third Street Addition[1]	227,906,386	99,700
2	Howard Street Connector Expansion[1]	244,593,614	107,000
3	Moscone East Construction	670,000,000	170,150
4	Third Street Addition and Howard Street Connector Expansion	472,500,000	206,700
5	Third Street Addition and Moscone East Construction	897,906,386	269,850
6	Howard Street Connector Expansion and Moscone East Construction	914,593,614	277,150
7	All Three Expansions	1,142,500,000	376,850

[1]San Francisco Travel did not break down construction cost for Third Street Addition and Howard Street Connector individually, JLLH therefore allocated it based on each components' saleable s.f. of space

Note: Construction cost for all expanson scenarios was provided as a range; JLLH used the mid-point of the range in its study

JLLH first calculated organic growth rates in Moscone Center attendance assuming no expansion in space. An assumed growth rate of 2.5% per annum was applied to the attendance for FY 2010/2011.

JLLH subsequently calculated attendance projections for the three expansion scenarios detailed below, along with all possible combinations thereof. JLLH took the organic attendance growth figures (capped at a space utilization rate of 2.2 as described in the body of the report), and calculated the induced demand, expressed as number of groups multiplied by average historic group size. The final projected attendance figures for each of the expansion cases thus represent organic growth, plus induced demand, minus displaced demand.

Calculation of Economic Impact Scenario

JLLH studied the economic impact that various expansion scenarios are expected to yield; the IRR of the associated construction costs against the incremental economic impact were used in formulating JLLH's final recommendation.

To compute the full economic impact of the various expansion scenarios, JLLH relied on data from IMPLAN. IMPLAN's multipliers consist of three types of impact: direct, indirect and induced effects. Direct effects are those related to the initial spending in the economy, and indirect effects measure the additional businesses needed to purchase goods and services to produce the product purchased by the direct effect. Induced effects are the response by an economy to the initial change causing further local economic activity.

In computing the full economic impact per the above-referenced methodology, JLLH calculated the impact of incremental Moscone Center Net Operating Income, incremental visitor spending and associated tax benefits. JLLH excluded the economic impact from the construction from the construction itself in the analysis of the seven expansion scenarios.

Cost Benefit Conclusion

For each of the seven expansion scenarios, JLLH computed the 15-year IRR of construction costs and economic impact of incremental increased attendance. The table below shows the forecasted IRR and employment change summary for each scenario:

Economic Impact - Conclusion					
IRR Rank	Scenario	Components	NPV	IRR	Change in Employment
1	2	Howard Street Connector Expansion	$449,433,419	25.8%	3,216
2	6	Howard Street Connector Expansion and Moscone East Construction	$548,493,089	8.2%	6,616
3	4	Third Street Addition and Howard Street Connector Expansion	$334,786,107	8.2%	3,480
4	7	All Three Expansions	$433,853,029	5.3%	6,878
5	3	Moscone East Construction	$99,002,183	2.2%	3,412
6	5	Third Street Addition and Moscone East Construction	-$15,641,054	-0.3%	3,682
7	1	Third Street Addition	-$114,678,083	-7.7%	264

Scenario 2, the Howard Street Connector Expansion is expected to generate the highest return on investment given the anticipated high degree of economic impact relative to a proportionately modest capital investment. However the total impact and induced employment is also limited due to the addition of only 107,000 square feet of space. Although Scenario 2 (Howard Street Connector Expansion) yields the highest IRR, operationally, it needs to be linked with either Moscone East or Third Street Addition in order to accommodate displaced demand during the construction period. Scenario 6 (Howard Street Connector Expansion and Moscone East Construction) yields the second highest IRR with the second highest employment growth, and has the capacity to generate growth in convention attendance to generate economic impact to offset its high construction cost. Conversely, the larger expansion options such as Scenario 3, Moscone East Construction, Scenario 1, Third Street Addition and the combination of both (Scenario 5) or all three (Scenario 7) are expected to generate minimal to negative IRR in terms of economic impact but still generate significant job growth for the area.

In addition, it should be noted that the economic impact of the various development scenarios would be augmented by the economic impact from the construction spending for each respective project. The economic impact from construction spending is presented in the following table.

Economic Impact from Construction				
Scenario	Components	Construction Cost	Economic Impact	Change in Employment
1	Third Street Addition	$227,906,386	$341,048,076	1,978
2	Howard Street Connector Expansion	$244,593,614	$359,237,924	2,029
3	Moscone East Construction	$670,000,000	$994,024,872	5,616
4	Third Street Addition and Howard Street Connector Expansion	$472,500,000	$704,480,214	3,980
5	Third Street Addition and Moscone East Construction	$897,906,386	$1,332,151,164	7,526
6	Howard Street Connector Expansion and Moscone East Construction	$914,593,614	$1,356,908,657	7,666
7	All Three Expansions	$1,142,500,000	$1,695,034,950	9,576

Furthermore, based on our analysis, Jones Lang LaSalle believes that all seven scenarios can generate positive operational IRR's and be substantially improved (effectively paying for the development) by the additional development of a Headquarters Hotel attached or adjacent to the Moscone Center.

Impact on Hotel Market Occupancy

JLLH projected future hotel demand, assuming no supply increases to core convention center hotels, to demonstrate how increased attendance associated with the recommended expansion will likely warrant the addition of new hotel supply in the future.

Based on the projection methodology detailed in the body of the report, the rise in convention attendees amid minimal supply increases is expected to be limited by an annual occupancy likely not to exceed low to mid 80s occupancy levels given the weekly and seasonal cyclical periods of lower demand such as Sundays and holidays. These cyclical limitations indicates that a high degree of lodging demand will go unaccommodated and/or be turned away toward hotels outside of San Francisco or diverted from their trip all together. Therefore, based on the incremental convention center attendance resulting from the various expansion scenarios, there is strong evidence to suggest that the market will be able to support the addition of new hotel stock over the medium term. The addition of hotel rooms, whether part of an official convention center headquarters hotel, or another hotel in the immediate area, will have an additional positive impact on area employment, economic impact, tax revenues and forecasted Internal rates of return beyond what is quantified in this report.

JLLH thus concludes that when considering only cost/benefit, the minimal cost relative to the likely economic benefit of expansion of the Howard Street Connector is considered the best use of roughly $250 million dollars of capital funding. However, when considering return on investment construction, employment impact and qualitative research from our interviews with event planners and competitive convention centers' managers, the optimal expansion scenario is the combination of the Howard Street Connector Expansion and Moscone East Construction, since they are considered financially sound while generating high employment levels, and fulfilling user groups' needs.

2 Review of Existing Facility Performance

2.1 Property Overview

The Moscone Center is located in San Francisco's SOMA / Yerba Buena district. The convention center is comprised of three main buildings, Moscone North and Moscone South, which are connected underground, and Moscone West, a free-standing building. The three buildings comprise of approximately two million square feet of building area. The center is named after George R. Moscone, a former mayor of San Francisco. There are approximately 25,000 hotel rooms within walking distance of the convention center.

Moscone South opened in 1981, and consists of 260,600 s.f. of exhibit space in Halls A, B and C. Moscone North opened in 1992, adding 181,400 s.f. of exhibit space in Halls D and E. This addition is connected to Moscone South via underground corridors and meeting space. The latest addition to the center is Moscone West, a stand-along building located one-half block to the west of the other two buildings. Moscone West features 96,700 s.f. of exhibit space on the first level.

Source: Moscone Center website

The Moscone Center is owned by the City and County of San Francisco. The Moscone Center is privately managed by SMG, an entertainment and convention center venue manager. Convention business for the center is booked by San Francisco Travel which serves as the city's conventions and visitors' bureau.

The JLLH Consulting Team performed a comprehensive review of the historic performance of the Moscone Center by analyzing annual reports, definite group booking reports and lost business reports in order to determine booking patterns, utilization rates, user profile by business sector, average spend and space utilization. This analysis was used to inform the Moscone Center and future projections and the cost benefit analysis of various expansion scenarios.

JLLH toured the North, South and West buildings of the Moscone Center on January 20, 2012, viewing both front-of-house and back-of-house areas. JLLH was able to visually inspect non-renovated areas and renovated spaces, along with Moscone West, the newest building of the Moscone Center. JLLH also viewed the Third Street Garage (from the outside) which represents a potential expansion site for Moscone East.

In addition, JLLH held in-person meetings and interviews with senior personnel from the Moscone Center and San Francisco Travel, to include the Senior Manager of the TID Foundation, the EVP & Chief Customer Officer of San Francisco Travel, the VP of Convention Sales for San Francisco Travel and the Assistant General Manager of the Moscone Center. Content from these meetings was central in informing JLLH's recommendations and is summarized in JLLH's files.

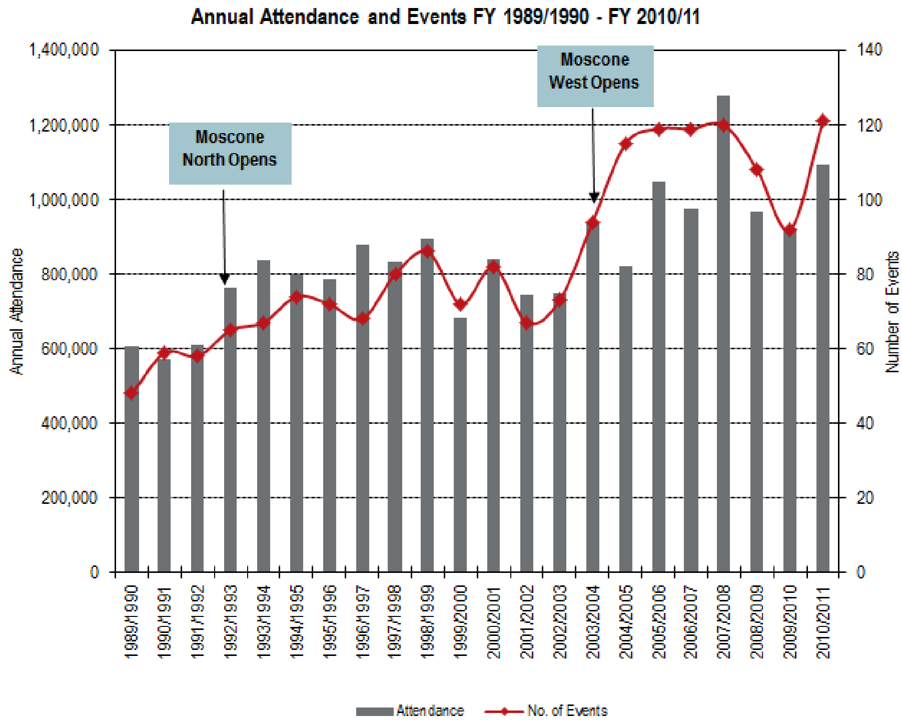
In order to ensure a complete review and assessment of the Moscone Center, JLLH also obtained background on the operating structure of the Moscone Center and the center's collaboration with San Francisco Travel and the TID during these meetings. JLLH confirmed that the Moscone Center's mandate to achieve maximum economic impact for the City of San Francisco supersedes its objective to itself turn an operating profit. As such, the Moscone Center often operates at a net operating income loss, which is typical of convention centers across the country.

JLLH also established during the above-referenced meetings that it is the Moscone Center's policy to generally not hold any public shows at the center, the exception being the San Francisco International Automobile Show. This event takes place each November and typically draws up to 300,000 attendees which purchase a ticket to enter the show, thus marking a significant difference from other convention attendees (delegates) who attend a convention due to their affiliation with a certain company, association or business sector.

Representatives from San Francisco Travel and the TID stated that the Moscone Center is unlikely to consider holding more public shows such as the auto show. Therefore, JLLH did not consider this scenario in its recommendations or projections.

2.2 Moscone Center Historic Attendance and Event Volume

JLLH conducted a thorough analysis of the Moscone Center's historic performance and definite groups on the books. San Francisco Travel provided JLLH with the annual attendance and number of events from FY 1989/1990 through FY 2010/2011, displayed in the chart below.



Source: Moscone Center management (SMG)

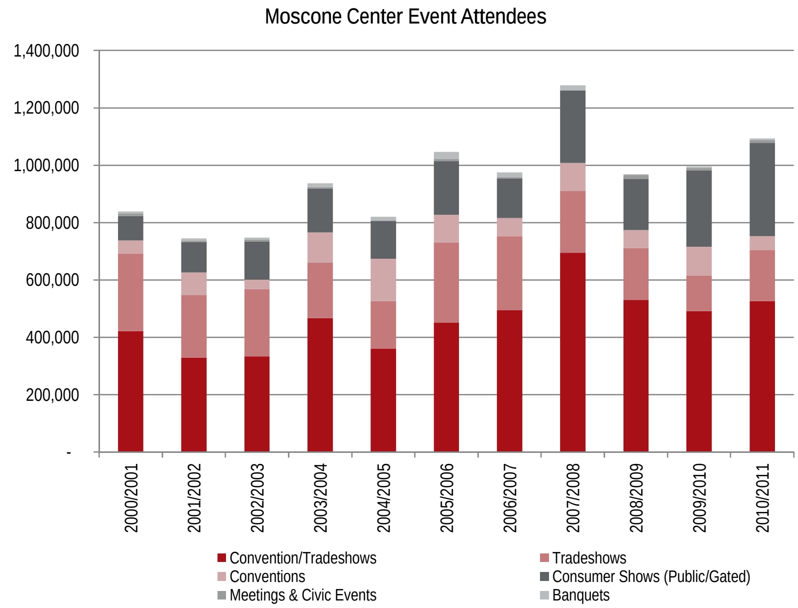
JLLH was provided with Moscone Center Annual Reports for FY 1990/1991 onward. Overall attendance reached an interim peak of 894,800 during 1998/1999. Attendance thereafter dipped slightly in 1999/2000, but the volume of convention attendees increased in 2000/2001 to 839,400. This time period marked the height of the technology boom in the San Francisco area, which was a driver for technology-related conventions. Consistent with national trends, convention attendance declined following the events of 9/11 and the ensuing economic downturn.

In San Francisco, the dip in the technology sector further contributed to an ongoing slowdown in convention attendance. As is described in more detail in Section 4 of this report, San Francisco experienced a longer and deeper lodging market downturn following 9/11 than most other large U.S. markets, and convention center attendance figures mirror this trend. The Moscone Center's attendance hit trough levels in FY 2001/2002 at 744,700 attendees, and FY 2002/2003 showed an increase of only 3,000 attendees. Moscone West opened at the end of FY 2002/2003, and total attendance increased by 25% in FY 2003/2004.

Amid accelerating economic growth, annual attendance increased to a then record-high in FY 2005/2006 of 1,046,300 attendees. Due to the rotation of several large groups, FY 2006/2007 saw a 7% decline in attendance, but attendees thereafter grew to an all-time high of 1,279,000 in FY 2007/2008. The economic downturn then contributed to a 24% attendance decline in FY 2008/2009 and a further 5% dip in FY 2009/2010 to 919,800 attendees. Attendance rose by 19% in FY 2010/2011 to reach 1,093,000, representing the highest level in four years, but still 15% below the record FY 2007/2008 peak.

Attendance data analyzed by JLLH highlights that Moscone Center convention attendee levels can fluctuate considerably from year to year. The volatility in attendance is driven by economic changes along with the schedule of rotations of the center's largest groups. Consistent with the convention center in many large U.S. cities, the convention calendar has a significant impact on lodging market performance and economic output.

The annual reports contain more detailed attendance data based on type of event, which JLLH plotted for 2000/2001 onward to show additional detail in the chart below. The largest subcategory of convention attendance as defined by San Francisco Travel is the Convention/Tradeshows category, which comprises roughly 50% of total attendance each year. The next-largest categories are Tradeshows and Consumer Shows (Public/Gated). Consumer Shows include public shows such as the San Francisco Automobile Show.



Source: Moscone Center annual reports

2.3 Profile of Facility Users and Associated Trends

Following the review of the annual aggregate figures, JLLH conducted a more detailed analysis of both historic group bookings since FY 2001/2002 along with definite bookings on the books through FY 2019/2020 based on a report provided by San Francisco Travel.

This definite booking report contained data on 766 meetings. The overall attendance figures in this report do not necessarily match the overall attendance figures stated in the Moscone Center's annual reports for previous years because a number of confidential conventions were omitted from the detail report furnished by San Francisco Travel. The number of groups listed for FY 2001/2002 and FY 2002/2003 was considerably sparser than for the subsequent years; the data for these years was included only where it did not skew the findings. The report did not contain the headquarters location of the group nor did it state the point of origin of the attendees so JLLH did not analyze this.

JLLH conducted an analysis of the definite booking report to tabulate data and establish trends in the following categories by year and primary business sector:

- Attendance
- Average gross exhibit space used per attendee
- Average direct spend per attendee
- Average number of event days per convention

JLLH drew comparisons to national trends in the meetings industry where appropriate. JLLH synthesized information from the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners to assess the macro perspective in the meetings industry and inform findings about overall issues the industry faces. The number of responses collected for the survey (805 responses) is considered a statistically significant number.

According to the survey, the three largest challenges that meeting planners expect to face in 2012 are increasing costs, a lower budget, and declining attendance. These concerns were consistent with themes picked up during the Moscone user interviews and competitive convention center management interviews.

The *2012 Meetings Market Trends Survey* also summarized meeting planners' main overall perceived threats to the meetings industry going forward. Economic pressures were the most frequent response, accounting for 70% of responses. The other selections received far fewer responses. Only one in ten respondents cited virtual meetings as a threat to the industry.

Lastly, JLLH reviewed the most likely changes that meeting planners expect to see in the future based on the survey. The methodology for this question was unclear as the responses did not total 100%, but JLLH nonetheless reviewed the most frequent responses. Among the most common responses was "more complicated contract negotiations", often due to organizations' desire to monitor budgets and mitigate risk. Meeting planners and convention center managers that JLLH interviewed also cited this as a prominent trend that is likely here to stay.

Another common response in the *2012 Meetings Market Trends Survey* was the "greater emphasis on ROI", which again is consistent with responses gathered during JLLH's interviews. Another frequent reply was that meeting planners concurrently cited "less entertainment" along with "more meeting sessions per day" as trends for the future. This implies that meetings' programs are getting fuller and condensed in order to focus more on the business purpose.

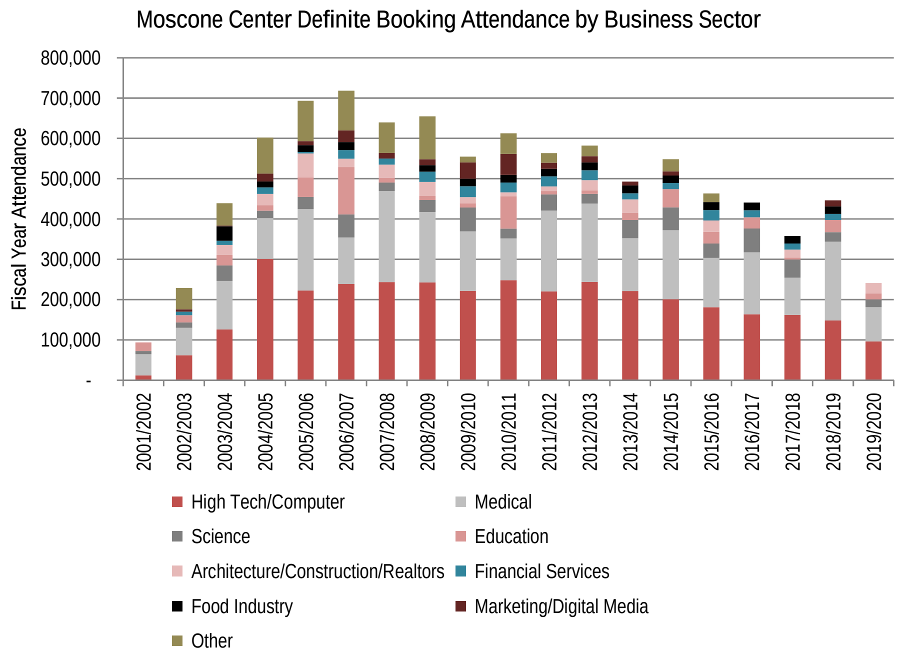
JLLH deems the review of the *2012 Meetings Market Trends Survey* as an important component in assessing the national meetings industry broadly and the Moscone Center user profile specifically. Following the above review of high-level trends, JLLH presents below the user profile analysis with regard to the Moscone Center specifically.

<u>Attendance Trends</u>

As a basis for conducting an informed projection for future convention center attendance, JLLH analyzed Moscone Center annual attendance by business sector. The definite bookings reported provided by San Francisco Travel contained a category titled "Meeting Account Market Segment", which classified each group as Association, Corporate or Trade Shows & Expositions business. For the Association and Corporate business, a business sector was identified, but JLLH often deemed the categories as too broad and/or not mutually exclusive. Moreover, 16% of the groups were classified as Trade Shows & Expositions without mention of business sector.

JLLH therefore attributed each group to one of nine business sector categories defined by JLLH to more accurately capture the business industry attributable to the group: High Tech/Computer, Medical, Science, Education, Architecture/Construction/Real Estate, Financial Services, Food Industry, Marketing/Digital Media and Other. Public shows, such as the annual San Francisco International Auto Show, along with the Major League Baseball DHL All-Star FanFest held in 2007 were excluded from the analysis as these groups are driven by different business factors and have a less significant economic impact on the surrounding hotels.

The two largest business sectors of groups that convene at the Moscone Center are High Tech/Computer and Medical, together accounting for two thirds of attendees during the time frame studied. Based on interviews with competitive convention center managers, these two sectors are considered among the most lucrative in terms of economic spend.

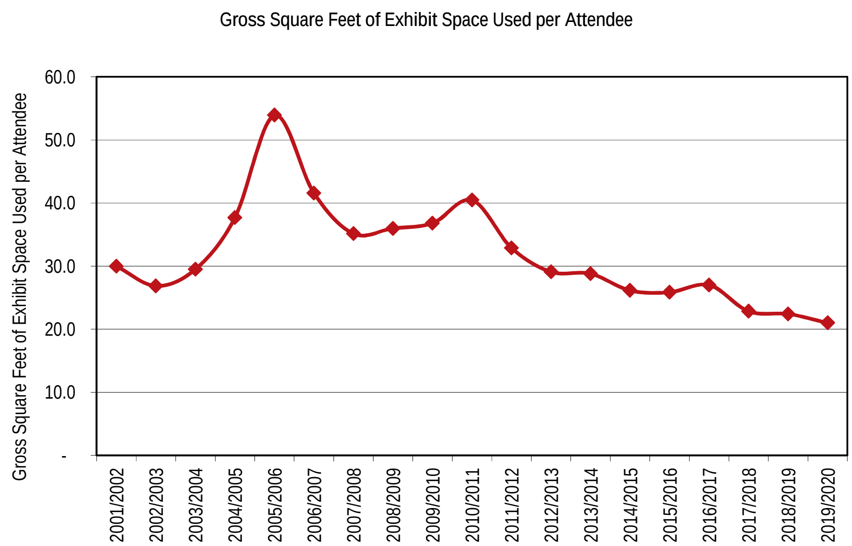


Source: San Francisco Travel, Definite Booking Pace Report

JLLH calculated the standard deviation by which annual attendance varied from all years, and determined that the attendance count in the High Tech/Computer business sector generally was most volatile. The business sector with the second greatest standard deviation was the Medical sector. JLLH however cautions that this analysis is influenced greatly by the completeness of the data. Any omitted (confidential) groups can skew the volatility of the group, and as such did not assign much weight to the volatility of groups in its analysis.

<u>Average Gross Exhibit Space Used per Attendee</u>

JLLH analyzed the average gross exhibit space used per attendee as a basis for its attendance projections. The definite booking report stated which buildings the groups occupied (Moscone North/South/West). JLLH considered the exhibit space square footage of the space(s) in question and divided it by total attendance for the group. The chart below depicts average gross exhibit space square footage occupied by attendee averaged across all business sectors.



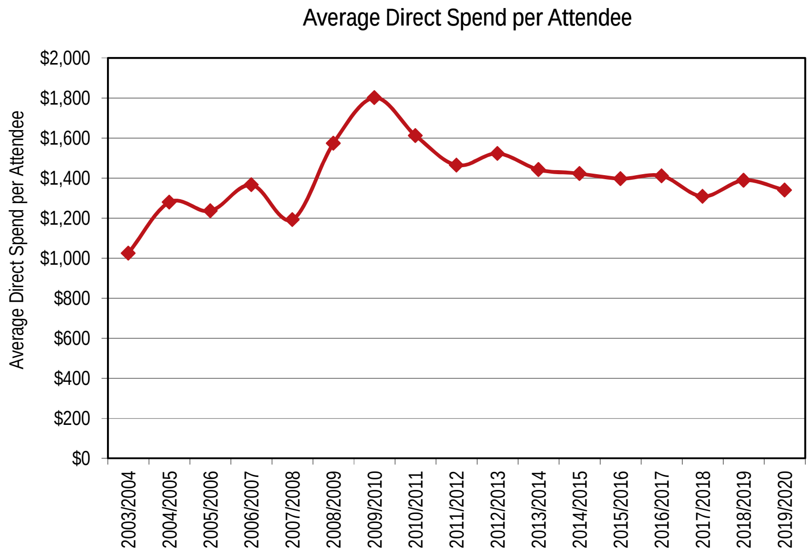
Source: San Francisco Travel, Definite Booking Pace Report

The amount of gross exhibit space used per attendee peaked in FY 2005/2006 at 54 s.f. per attendee and thereafter has generally marked a softening. For groups booked in future years, the metric thereafter generally marks a gradual decline, suggesting that more attendees are convening on the same amount of space—a trend which generally supports an addition in exhibit space is warranted for the Moscone Center.

Average Direct Spend per Attendee

JLLH evaluated the average direct spend per attendee based on the definite group booking report. According to San Francisco Travel, the direct spend category refers to spending in San Francisco only and is comprised of the following three categories: a) local spending on lodging, dining, entertainment, retail and local transit based on San Francisco Travel surveys; b) local spending by meeting sponsors based on Destination Marketing Association International estimates; and c) local spending by exhibitors on booths and entertainment based on Destination Marketing Association International estimates. Together, this comprises the estimated direct spend of a group in San Francisco, which JLLH divided by the number of attendees stated in the same file.

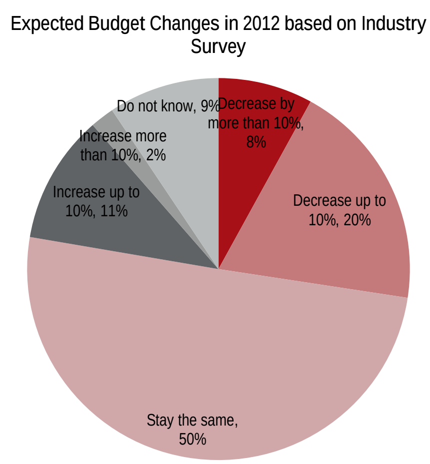
Direct spend represents a lower figure than the overall economic impact. Direct spend data for FY 2001/2002 and FY 2002/2003 are not always reported so JLLH commenced the analysis for FY 2003/2004 onward. The aforementioned analysis was conducted separately from the economic impact analysis in Section 5. The purpose of the analysis described in this section was primarily to ascertain how average direct spend per attendance is trending. Average direct spend per attendee peaked in FY 2009/2010 driven by several groups which represented a high level of expenditure and lower than average number of attendees as a denominator. San Francisco Travel did not specify whether the figures are adjusted for inflation, so it is assumed that the figures represent actual spend in the respective years at that year's current dollars.



Source: San Francisco Travel, Definite Booking Pace Report

From FY 2011/2012 onward, the average direct spend per Moscone Center attendee stabilizes at roughly $1,400 per year. As such, there are no striking trends to be ascertained from this analysis and per-attendee direct spend is expected to remain flat or mark a slight decrease over the forecast horizon based on the data provided.

JLLH also evaluated industry trends with regard to meetings budgets. While data containing a national long-term trend line was not readily available, JLLH did review the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners, which stated that 50% of respondents expect their meetings budget to be flat in 2012. Another 27% of those surveyed expect their budgets to decrease, while 13% expect an increase. The findings from this survey are largely consistent with the data analyzed from San Francisco Travel for the Moscone Center.

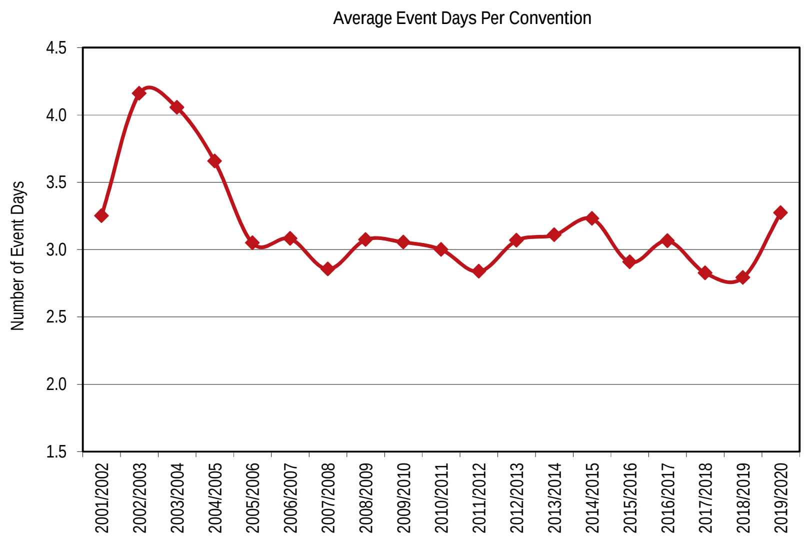


Source: 2012 Meetings Market Trends Survey

Average Number of Event Days per Convention

In establishing a profile of past facility use, JLLH also calculated the average length of conventions for each of the fiscal years contained in the definite booking report. The length of a convention is expressed in event days, which refers to days on which the convention has a scheduled program. The event day measure excludes the move-in days leading up to the show and break-down days following the meeting.

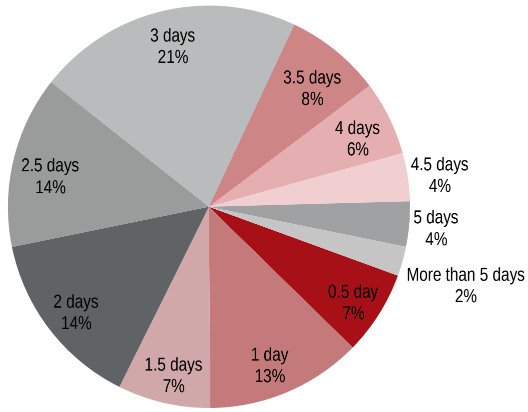
The average number of event days for groups from FY 2001/2002 through FY 2019/2020 is 3.2 days. Aside from FY 2002/2003 and FY2003/2004, there has been relatively little variation. In future years for which definite meetings are on the books, there is little variation in average annual number of event days. As such, JLLH concludes that the Moscone Center is currently not exposed to any significant industry trends whereby the average length of a convention is increasing or decreasing substantially.



Source: San Francisco Travel, Definite Booking Pace Report

The average number of event days for conventions held at the Moscone Center is in line with industry averages. According to the *2012 Meetings Market Trends Survey*, an online survey completed by 805 meeting planners, 43% of respondents stated that their typical meeting duration is 2.5 – 3.5 days.

Typical Meeting Duration based on Industry Survey



Source: 2012 Meetings Market Trends Survey

2.4 Analysis of Existing Users' Surveys

To garner any other insight for its attendance projections and subsequent economic impact study, JLLH also evaluated existing Moscone User surveys. San Francisco Travel provided JLLH with the results of approximately 30 surveys completed by Moscone Center users following their events held at the Moscone Center between 2009 and 2011.The surveys were generally completed by the lead meeting planner of the convention.

On average, JLLH was provided with one survey per month for the above-referenced time period. The average attendance size of conventions for which a survey was received by JLLH was 9,400 attendees (based on self-reported figures). The majority of surveys indicated that the groups used two or more buildings of Moscone. The analysis below is based on the 30 surveys received from San Francisco Travel and does not contain any data from surveys that were reviewed by AECOM as part of their 2009 report.

Below is a list of the organizations that responded to the Convention Services Critique Form.:

Organizations Responding to Convention Services Critique Survey
ad:tech
American Academy of Dermatology
American Chemical Society
American Geophysical Union
American Psychiatric Association
American Society for Surgery of the Hand
ASCD
California Dental Association
Cambridge Healthtech Inst.
Cardiovascular Research Foundation
Citrix
IDG World Expo, Inc.
Intel Corporation
International Trademark Association
Java
National Association for the Specialty Food Trade
National Association of Independent Schools
National Association of Secondary School Principals
RSA, the Security Division of EMC
Semiconductor Equipment and Materials International
Society of Gynecologic Oncologists
SPIE
Subway Franchise World Headquarters
SunGard Higher Education
UCSF
Urban Land Institute

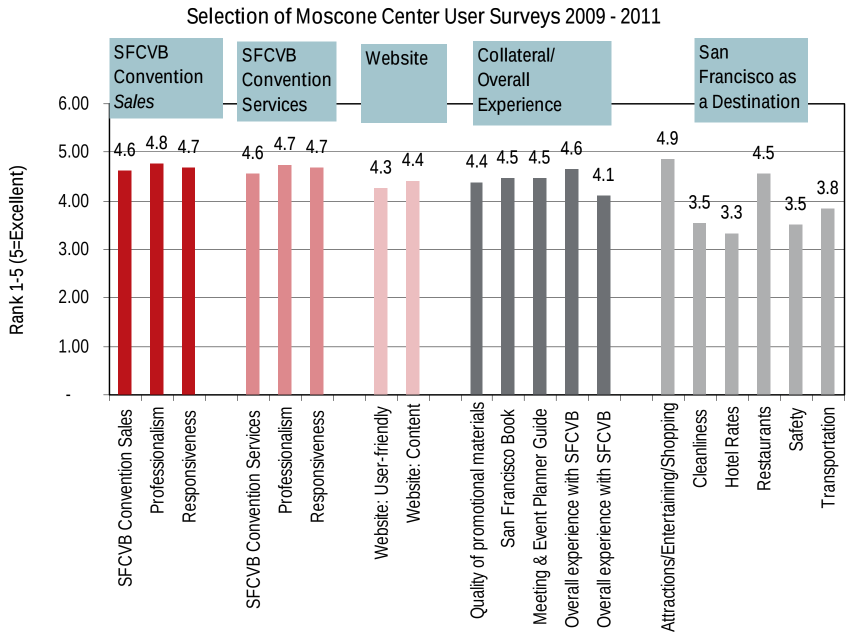
Below is a list of the questions contained in the survey:

Convention Services Critique Form - Moscone Center Users
1. Meeting Information
Name of Meeting
Date of Meeting
Attendance
Facilities Used
2. Convention Sales Department
How would you rate the SFCVB Convention Sales Representative's knowledge of your meeting?
How would you rate the professionalism?
How would you rate the responsiveness?
3. Convention Services Department
How would you rate the SFCVB Convention Services Representative's knowledge of your meeting?
How would you rate the professionalism?
How would you rate the responsiveness?
4. Website
User-friendly
Content
5. Collateral
Quality of promotional materials
San Francisco Book
Meeting & Event Planner Guide
6. Rate overall experience with SFCVB.
7. Rate overall experience with SFCVB Member suppliers.
8. San Francisco, The City
Attractions/Entertaining/Shopping
Cleanliness
Hotel Rates
Restaurants
Safety
Transportation
9. Describe overall experience in San Francisco
10. Will San Francisco be considered for this event again?
11. If no, rank the reasons for not returning, in order of priority
12. Please comment on any areas of service which you feel we can improve upon:
13. Please list any additional comments you may have:
14. Organization Information

For most of the questions, respondents were given the option of providing a score of up to 5, with 5 representing "excellent", 4 meaning "very good", 3 representing "good", and 2 meaning "fair". None of the surveys evaluated had a score below "2" in any of the categories.

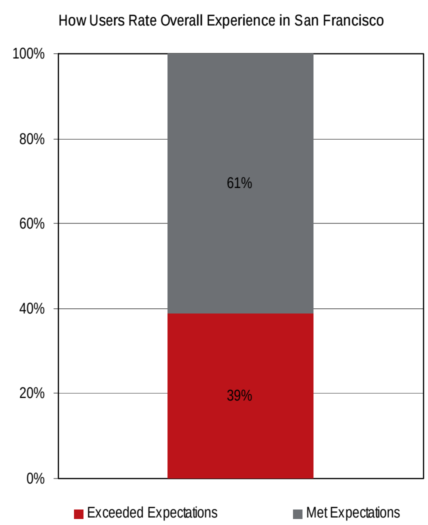
JLLH averaged the scores for each of the major categories. The average scores are displayed in detail in the graph below. In summary, satisfaction with the Convention Sales Department received the highest scores, at an average of 4.69. This was followed by the Convention Services Department, with an average score of 4.66. Respondents' satisfaction with Collateral averaged 4.42 points. The Website category followed at 4.33.

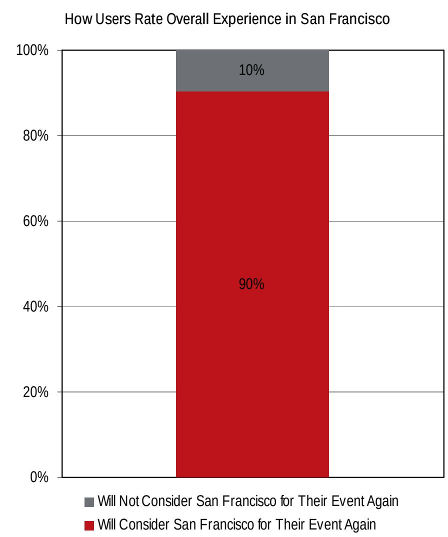
Respondents' satisfaction with San Francisco as a whole averaged 3.94 points. This category was negatively affected by respondents' perception of cleanliness, which averaged 3.55, and the Hotel Rate category, which averaged 3.34. JLLH attributes these two below-average scoring categories to meeting planners' concerns regarding the homeless population around the Moscone Center and the downtown hotels, and the fact that hotel rates were often perceived as being high.



Source: San Francisco Travel

For the surveys reviewed, 61% of respondents indicated that their overall experience in San Francisco met expectations, and 39% stated that their expectations were exceeded. Additionally, 90% of those surveyed indicated that they will consider San Francisco for a future event.





Source: San Francisco Travel

Three questions on the survey allowed respondents to provide free-form commentary. While these responses cannot be statistically tabulated, common themes were as follows:

- Conventions achieved record-breaking attendance in San Francisco, attributed to San Francisco's allure as a destination and popularity among attendees;
- Need for renovation of sections of the Moscone North and South;

- City is more expensive than other cities in the convention's rotation. This primarily referred to Moscone Center rental rates, Moscone vendor and labor rates and hotel rates along with perceived rigidness of hotels when negotiating room blocks and rates;
- Concern about homeless population in the area surrounding the Moscone Center; cleanliness of sidewalks around the Moscone Center.

In summary, the surveys reviewed by JLLH indicate users' satisfaction with San Francisco Travel from a convention sales aspect and affirm the draw of San Francisco as a destination. Some respondents noted dissatisfaction with the non-renovated areas of the Moscone Center; and, in some cases, the respondents cited space constraints as a potential future impediment. The responses are largely consistent with what JLLH observed during the tour of the facility and surrounding hotels and phone interviews with select convention center users.

2.5 Analysis of Key Lost Groups

JLLH conducted a detailed review of groups that tentatively held dates and space at the Moscone Center but were subsequently lost, as opposed to being converted to the "definite" category. A review of this data was deemed essential in reaching an informed decision regarding the current constraints that the Moscone Center faces and for the formulation of recommendations for the future.

San Francisco Travel provided JLLH with a list of "Citywide Lost & Turned-Down Groups". The report was run for meeting dates from January 1, 2010 through December 31, 2019. The report contained 904 lost and turned-down groups for that time period. As part of its analysis of the performance of the existing facility, JLLH reviewed this report and tabulated data points to summarize data as a basis for drawing conclusions.

Based on the report, 884 groups on the list were lost and 20 groups were turned down. According to the report, the reason that groups were turned down is because they did not meet the center requirements, which is assumed to be because of size (i.e. too small) or type of group (i.e. public show). The turned down business represented a minimum of 2% of total non-materialized business and was as such not analyzed further.

For each group that was lost, the report stated a "Reason 1" why the business did not materialize. Additionally, 13% of the groups lost listed a "Reason 2", and 2% of groups lost listed a "Reason 3". JLLH focused its analysis on "Reason 1" since it had the most complete data.

On the report from San Francisco Travel containing the 884 lost groups, some 362 groups stated "Reason 1" lost as "Other". JLLH asked San Francisco Travel for additional detail on the "Other" category for this large proportion of groups in order to be able to conduct a more complete analysis. San Francisco Travel provided a separate file which contained free-form written commentary for each of the "Other" categories on the first report. Based on this supplementary report, JLLH categorized as many of the "Other" responses into one of the existing San Francisco Travel-defined 'reason lost' categories as possible.

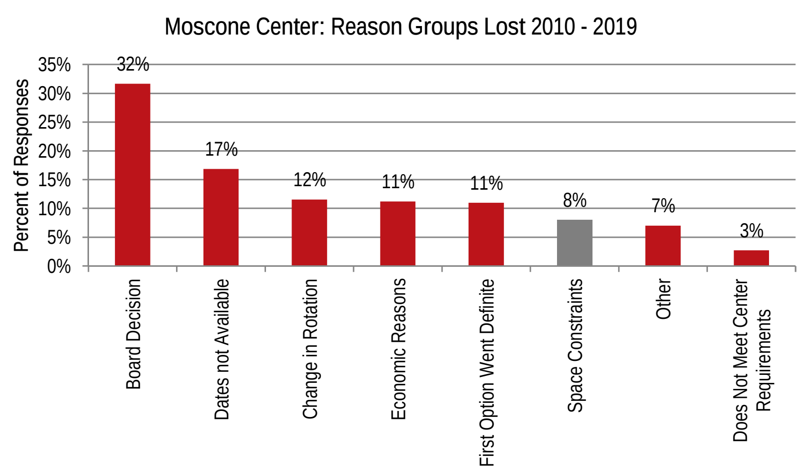
Subsequently, JLLH reviewed the results for each of San Francisco Travel's pre-defined categories, and consolidated several similar categories to make the analysis more streamlined. For example, JLLH determined that three categories—"Appropriate space not available", "Convention Center too Small" and "Non-contiguous space/Split Exhibits"—relate to physical space constraints and were combined by JLLH in a category named "Space Constraints." The number of categories was thereby consolidated from 17 reasons to eight reasons as detailed below:

All Reason Lost 1 Categories	JLLH Adapted Categories
1st Option Went Definite (95)	First Option Went Definite
Appropriate space not available (72)	Space constraints
Better Draw of Clients in Selected Area (80)	Board Decision
Board Decision (20)	Board Decision
Change in Rotation (85)	Change in Rotation
Convention Center Rates Too High (60)	Economic Reasons
Convention Center too Small (30)	Space constraints
Dates Not Available (40)	Dates Not Available
Does not meet Center Requirements (70)	Does Not Meet Center Requirements
Economic Reasons (42)	Economic Reasons
Labor Negotiations (87)	Other
Meeting Cancelled (45)	Board Decision
No viable bids received (71)	Other
Non-contiguous space/Split Exhibits (73)	Space constraints
Political Reasons (50)	Board Decision
Other (See Recommended Action Section) (90)	Other
Room Rates Too High (10)	Economic Reasons

JLLH notes that several of the categories as defined by San Francisco Travel are not necessarily mutually exclusive. For example, a common reason for the loss of business was due to “Board Decision”. This could be the result of “Economic Factors” or “Dates not Available”, both of which are their own separate categories. JLLH therefore advises that this analysis be considered in aggregate with other factors. None of San Francisco Travel’s categories referred to displacement due to the impact of the on-going renovation, as such this was not given as a reason for any lost business.

The most common reason why a group was lost was due to a board decision (32% of lost groups). This category was followed by lack of suitable dates (17%), change in rotation (12%), economic reasons (11%) and first option went definite (11%). Another 8% of groups were lost due to Moscone space constraints.

The analysis found that no single category relating to Moscone Center’s physical facility stood out as being the reason for the lion’s share of lost business. Aside from “Board Decision”, the distribution of reasons for lost business is relatively balanced.



Source: San Francisco Travel

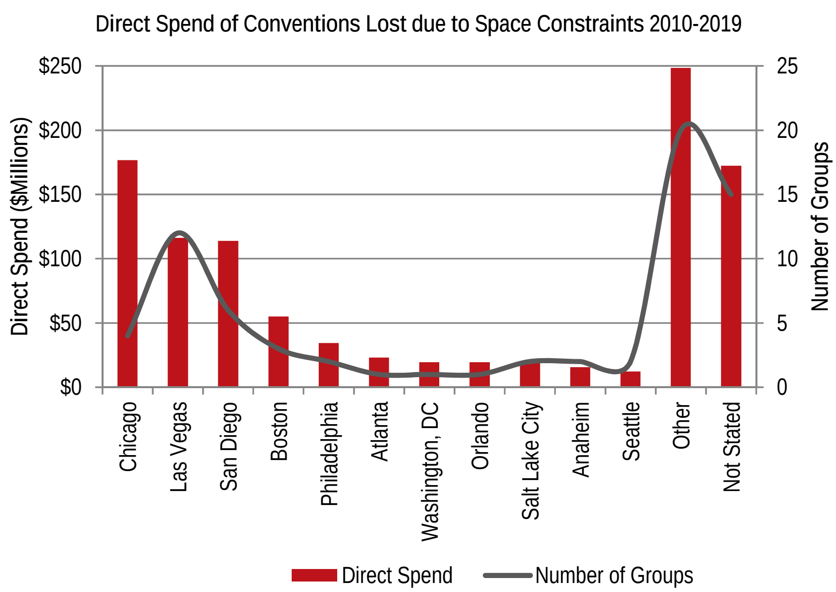
JLLH further broke down the “Economic Reasons” category. Of the 99 responses in this category, 35 stated “Hotels too Expensive” and 28 stated “Convention Center Rates too Expensive”. The remaining did not specify more detail.

Additionally, JLLH took a closer look at the "Space Constraints" category. Of the 71 responses in this category, 36 were attributed to "Convention Center too Small". The "Non-contiguous space/Split Exhibits" category was only selected in two instances and was as such not plotted individually in the graph above.

In order to attempt to quantify the economic impact of groups lost due to space constraints at the Moscone Center, JLLH more closely analyzed which cities the Moscone Center lost groups chose in instances where the reason of "space constraint" was given.

Ranked by amount of foregone direct spend, the Moscone Center lost four groups to Chicago, resulting in an estimated loss of direct spend to the City of San Francisco of roughly $177 million. Chicago was followed by Las Vegas, which captured 12 groups lost from the Moscone Center due to space constraints, at an estimated foregone direct spend in San Francisco of roughly $116 million. San Diego was third, capturing six conventions with estimated direct spend of $114 million.

The other cities, as tracked in the report, are displayed in the graph below. The fact that Chicago, Las Vegas and San Diego were the primary cities which accommodated groups lost by the Moscone Center is consistent with commentary that JLLH gained from senior-level meeting planners of conventions which currently convene at the Moscone Center or have held events at there in the past.



Source: San Francisco Travel

In order to approximate the full direct spend of groups that were lost due to space constraints, JLLH recognized the need to cast a wider net and also evaluate the potential direct spend of groups lost for reasons other than "space constraints" as the different reasons influence each other and cannot simply be examined in isolation.

JLLH established a methodology whereby each of its consolidated list of nine reasons for loss of group was assigned a factor, and this factor was multiplied by the estimated direct spend for the groups lost to that particular reason. The assumed factors are displayed below:

Reason - JLLH Adapted Categories	JLLH Assumed Factor in Being Related to Space Constraints	Direct Spend of Lost Business per Category ($M)	Atributted Result of Loss in Direct Spend ($M)
First Option Went Definite	5%	$ 1,112	$ 56
Board Decision	15%	$ 3,110	$ 467
Change in Rotation	15%	$ 1,276	$ 191
Dates Not Available	10%	$ 1,715	$ 172
Does Not Meet Center Requirements	0%	$ 455	$ -
Economic Reasons	0%	$ 931	$ -
Space constraints	100%	$ 950	$ 950
Other	25%	$ 887	$ 222
Total Assumed Loss in Direct Spend due to Space Constraints (Groups Lost from 2010-2019)			$ 2,057

Source: Jones Lang LaSalle Hotels

The analysis leads to the conclusion that the total assumed loss in direct spend resulting from Moscone Center space constraints and related categories is $2.1 billion for the years 2010/2011 through 2019/2020.

2.6 Macro Level Factors that Impact Historical Attendance

San Francisco is a unique destination that draws visitors to the city due to its renowned reputation, which often translates to attendance records for groups that hold meetings at the Moscone Center. From our analysis of the market, meetings with sales managers at convention hotels in San Francisco, and interviews with user groups that currently use the Moscone or have in the past, the following factors (exogenous to Moscone Center size and configuration) were identified that impact attendance:

- Demand shocks from economic and natural disasters, such as the Asian Financial Crisis, Dot-Com Bubble, 9/11 and the Loma Prieta Earthquake.
- Number of flights offered at San Francisco International Airport to both U.S. and international destinations.
- The compressed geography of San Francisco enhances the walkability from the hotels to the Moscone Center, which eases transportation planning and diminishes costs.
- San Francisco is a renowned and unique destination and offers major international tourist attractions. Many attendees bring their significant others, because the city offers many tourism activities.
- Cost and availability of accommodations within the city.
- Proximity of San Francisco to other tourist attractions, such as Wine Country and Monterey/Carmel.
- The year-round mild climate in San Francisco.
- Proximity to Silicon Valley's high-tech companies and South San Francisco as a growing hot-bed for the biotechnology firms.

2.7 Conclusions from Interviews with Moscone User Groups

JLLH conducted interviews with six Moscone Center users who may require more space in the future, in order to obtain comments from these groups on their current and future convention needs as well as suggestions on how to increase the competitiveness of the Moscone Center going forward. The interviews' salient points are summarized in the following:

- Comments about the Lodging Market
  - Risk of not having sufficient number of quality hotel rooms to accommodate large groups.
  - Tend to need to contract room blocks with a higher number of hotels in San Francisco versus other cities.
- Competitive convention center markets in U.S include Chicago, Las Vegas, New Orleans, San Diego, Los Angeles, Boston, Orlando and Atlanta.

- Pros of Moscone Center
    - Location: In San Francisco and within the city limits.
    - Walkability of San Francisco.
    - Strong airlift with regard to domestic and international destinations.
    - San Francisco attracts more attendees, especially with regard to international attendees.
    - Favorable partnership with San Francisco hotels.
    - Proximity of the Moscone to the company's headquarters.
    - Renovation with upgraded technology and meeting space.
    - Users stated that they favor the layout and finishes of Moscone West.
- Cons of Moscone Center
    - Disconnection of Moscone West to North and South.
    - Lack of contiguous space as exhibit halls are separated among the three buildings.
    - Arches in the exhibit space add restriction to the viewing and usage of the space.
    - Do not like 100-series meeting rooms due to the tight corridors and small rooms.
- Desired Changes to the Moscone Center
    - Add 100,000 to 150,000 s.f. of contiguous exhibit space.
    - Add additional meeting space in North and South (flexible space).
    - Add more natural light in hallways and around meeting space.
    - Connect existing exhibit halls in North and South.
    - Connect buildings with either a sky bridge or underground passage.
    - Convention center expansion should correspond with additional adjacent or connected hotel rooms.

2.8 Conclusions from Interviews with Competitive Convention Centers

In order to form a more comprehensive understanding of the possible impact of a convention center expansion, JLLH conducted interviews with seven competitive convention centers that have experienced a previous expansion and/or have plans for future expansions. The key findings from the interviews are below:

- Trends in Convention Bookings
    - Attendance levels have flattened or declined since 2000.
    - Projecting annual attendance growth rates of 2% to 5% over next five years.
    - A number of annual conventions have been eliminated.
    - Saw attendance growth in 2011, but attendance has not returned to peak levels.

- Impact of Expansion
    - Minimal disruptions were seen in previous expansions with only some noise complaints.
    - General consensus that convention centers cannot afford to displace business; therefore, development plans are structured to avoid disruption wherever possible.
    - Event planners will secure future events at the convention center as soon as expansion plans are finalized. Typically, the sales team will start selling the space two to two and one-half years in advance of the new space coming online.
    - Uptick in bookings was seen two to three years after the completion of the expansion.

- Expansion Improvements
    - Upgrades of existing technology, such as audio visual equipment and Wi-Fi throughout deemed a necessity.
    - Increase amount of contiguous space and ballroom space.
    - Connect every building either by underground passage or connecting bridge.
- Comments on Moscone Center

    - Advantages include San Francisco as a destination, international draw of city with a strong airlift, downtown location of Moscone Center, and the quality of hotels in the area.
    - Disadvantages include the high costs of holding an event in San Francisco and interrupted flow of the convention center with Moscone West as a standalone building.
- Important Factors to Consider for Expansion Plans
    - Flow of convention center as a whole; allow for flexible registration space as technology trends are shaping space requirements (due to online registration, etc.)
    - Fully understand details of construction schedule and communicate it clearly to convention sales team so groups' expectations are managed.
    - Design flexible space in order to adjust to changes in consumer needs.

3 Survey of Competitive Environment and Potential for Expansion

JLLH conducted a detailed comparison and analysis of competitive convention centers in the U.S. Throughout this section, JLLH will continuously refer to 12 convention centers deemed primarily competitive to the Moscone Center. This list of competitive convention centers was compiled based on feedback from discussions and interviews with San Francisco Travel senior staff, Moscone Center executives, senior meeting planners of past and current Moscone Center groups and general managers of a number of convention centers across the country. In addition, JLLH reviewed the cities which frequently came up on the Moscone Center's lost business report.

Convention Center Name (Alphabetical Order)	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.
Anaheim Convention Center	Anaheim	945,000	815,000	130,000
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000
McCormick Place	Chicago	3,200,000	2,600,000	600,000
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000
San Diego Convention Center	San Diego	819,800	615,700	204,100
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000
Moscone Convention Center	San Francisco	852,100	538,700	313,400

Source: Jones Lang LaSalle Hotels based on convention centers' websites

3.1 Impact of Other Convention Center Expansions on Lodging Market

JLLH studied the impact that substantial expansions of competitive convention centers have had on their respective lodging markets. JLLH conducted this analysis for the 12 convention centers deemed most competitive to the Moscone Center. All convention centers in the study had at least 500,000 s.f. of saleable exhibit space and have undergone one or more substantial expansions—in most cases an addition of 200,000 or more square feet over the past 20 years.

For the 12 markets where these convention centers are located, along with San Francisco, JLLH computed the historic CAGR of hotel RevPAR for each of the cities. In most cases, JLLH had access to historic RevPAR data going back to 1987. JLLH used hotel revenue per available room as a metric to quantify hotel revenues. The selected RevPAR data largely pertains to hotel brands that typically serve a significant amount of group-related demand, such as Marriott, Hilton and Westin hotels and the sample is thus deemed representative. The properties in the sample are, in most cases, located in the downtown and thus highest-rated submarkets of the metropolitan areas.

JLLH then computed the RevPAR CAGR for two time periods: The three-year period beginning in the year after a substantial convention center expansion was completed, and the five-year period starting in the year after the substantial convention center expansion. JLLH conducted this analysis on an inflation-adjusted basis. JLLH then compared the long-term RevPAR CAGR for the market and with the RevPAR CAGR for the three and five years following the convention center expansion as defined above.

For the markets in the analysis, real hotel RevPAR increased by an average of 0.5% per year over the historic time period reviewed. The analysis yielded a measurable impact that the various convention center expansions had: in the three years after an expansion was completed, real RevPAR increased on average by 3.1% per annum; in the five years after an expansion, real RevPAR increased on average by 0.7% per annum.

This represents a RevPAR growth premium (compared to if no expansion took place) of 2.6 percentage points per year in the three-year timeframe and 0.2 percentage points in the five-year timeframe. This analysis shows that an expansion of a convention center can enhance hotel RevPAR in the proximate market area. A similar analysis was conducted for San Francisco's core convention market hotels in Section 4.

Convention Center Expansion Impact on Real Hotel RevPAR During Three- and Five-Year Post Expansion Periods

	Year	Total U.S.	San Francisco	San Diego	Los Angeles	Chicago	Orlando[1]	Philadelphia[2]	Atlanta	Miami-Miami Beach	Anaheim	Washington, D.C.[3]	Boston	New Orleans	Las Vegas
	1988	33.48	76.95	68.75	69.19	70.08	70.46	n/a	54.23	53.82	n/a	77.39	77.68	n/a	n/a
	1989	33.61	72.58	68.11	70.88	68.73	77.16	n/a	55.88	**56.44**	n/a	79.73	81.42	n/a	n/a
	1990	32.47	74.17	63.93	70.04	66.72	74.11	n/a	55.06	57.36	n/a	72.26	87.36	n/a	n/a
	1991	30.27	67.07	62.38	61.93	61.57	68.96	66.15	51.34	54.12	n/a	68.42	79.03	**n/a**	n/a
	1992	30.11	**66.27**	60.48	57.84	58.25	69.30	64.52	**50.35**	62.27	n/a	70.52	76.12	55.92	n/a
	1993	30.35	69.82	59.59	**60.06**	61.42	66.55	**62.34**	55.37	57.94	**n/a**	75.63	79.33	54.55	n/a
	1994	31.30	72.45	61.89	64.50	65.65	68.19	68.97	57.87	53.97	n/a	69.75	83.80	59.96	n/a
	1995	32.08	74.64	66.11	63.37	68.38	69.86	71.15	60.18	59.19	n/a	72.31	86.57	61.06	n/a
	1996	33.10	83.12	73.18	70.06	**77.08**	**73.55**	80.99	68.04	63.45	n/a	71.38	92.72	60.13	n/a
	1997	33.89	91.54	81.07	**74.99**	83.26	78.32	86.95	64.33	69.71	n/a	75.65	99.25	61.74	n/a
	1998	34.48	97.02	88.15	79.44	86.48	76.65	89.43	66.55	73.77	n/a	76.93	105.85	63.53	**n/a**
	1999	34.64	97.83	88.88	85.87	88.23	76.26	83.72	68.16	81.85	n/a	80.10	106.18	**65.91**	n/a
	2000	35.59	109.92	90.46	90.27	91.77	77.82	78.48	66.50	83.53	**n/a**	85.02	116.21	66.77	n/a
	2001	32.11	84.08	**81.08**	70.15	74.39	64.87	66.88	58.45	72.79	n/a	75.35	89.88	58.88	n/a
	2002	30.74	70.38	79.73	69.95	70.43	63.95	74.85	**55.93**	66.20	54.73	76.29	83.32	54.78	63.40
	2003	30.20	**68.80**	80.95	68.99	73.44	**59.44**	67.88	49.70	72.09	58.93	**74.60**	73.45	50.68	67.55
	2004	31.78	72.45	78.81	80.03	71.30	64.74	74.14	51.56	79.97	61.90	80.80	**82.37**	51.37	**74.84**
	2005	33.43	77.42	84.34	86.39	77.54	67.46	78.39	54.54	91.99	69.28	89.38	84.00	53.96	84.02
	2006	34.95	81.92	88.88	94.74	89.36	69.58	81.45	59.16	100.48	72.03	86.73	91.93	49.75	95.33
	2007	35.97	87.70	87.08	103.65	**91.21**	73.10	83.12	59.65	112.17	75.58	91.49	97.29	43.51	103.33
	2008	33.95	88.41	82.16	104.86	85.15	68.54	79.13	54.07	102.05	69.72	88.17	89.60	46.65	84.75
	2009	28.41	71.91	65.61	79.63	65.80	53.27	67.81	43.32	75.21	58.13	83.92	74.51	41.44	62.90
	2010	29.40	75.10	66.65	87.24	68.42	55.28	**67.81**	49.71	84.73	60.29	86.31	81.88	46.72	62.34
	2011	30.86	85.62	70.35	96.99	71.49	57.44	72.08	47.72	96.51	63.73	87.32	84.65	47.40	71.04
Long-term RevPAR CAGR		-0.4%	0.5%	0.1%	1.5%	0.1%	-0.9%	0.4%	-0.6%	2.6%	1.7%	0.5%	0.4%	-0.9%	1.3%
Long-term GDP/GMP CAGR		2.6%	2.2%	3.1%	2.1%	2.0%	4.2%	1.8%	3.3%	4.0%	3.0%	2.8%	2.3%	5.7%	0.0%
Expansion I															
3-Year Post Expansion RevPAR CAGR			3.4%	-0.6%	4.2%	2.9%	-1.3%	8.4%	4.2%	4.2%	n/a	3.6%	7.6%	3.5%	n/a
5-Year Post Expansion RevPAR CAGR			7.0%	2.8%	5.3%	-2.8%	-4.6%	6.7%	3.8%	-1.5%	n/a	2.2%	-3.0%	1.8%	n/a
Expansion II															
3-Year Post Expansion RevPAR CAGR			6.3%	n/a	6.6%	-10.4%	3.7%	n/a	4.8%	n/a	6.4%	n/a	n/a	-9.4%	10.9%
5-Year Post Expansion RevPAR CAGR			5.1%	n/a	-3.1%	-5.7%	1.4%	n/a	4.7%	n/a	7.1%	n/a	n/a	-6.3%	-7.0%

Hotel RevPAR Analysis: Conclusion	
Changes to RevPAR	
Long-Term CAGR	0.5%
3-Year Post Expansion RevPAR CAGR	3.1%
5-Year Post Expansion RevPAR CAGR	0.7%

Broader Economic Analysis: Conclusion	
Changes to GDP/GMP	
Long-Term CAGR	2.8%
3-Year Post Expansion RevPAR C	3.2%
5-Year Post Expansion RevPAR C	3.3%

Impact of Expansion on RevPAR		
3-Year Post Expansion Impact	2.6	Percentage points annual RevPAR increase premium
5-Year Post Expansion Impact	0.2	Percentage points annual RevPAR increase premium

Impact of Expansion on RevPAR		
3-Year Post Expansion Impact	0.4	Percentage points annual RevPAR increase premium
5-Year Post Expansion Impact	0.5	Percentage points annual RevPAR increase premium

Denotes Expansion Completion Year

Note: Hotel RevPAR data displayed above is expressed in real terms (adjusted for inflation)

Note: For all markets with exception of Las Vegas, Anaheim and New Orleans, RevPAR is based on Upper Upscale, Luxury and Independents in Luxury Tier in downtown area; for Las Vegas, Anaheim and New Orleans data is based on all reporting properties in MSA

[1]The Orange County Convention Center in Orlando also marked a substantial expansion in 1989, but the analysis considers only its two largest expansions, which were completed in 1996 and 2003, respectively

[2]Pennsylvania Convention Center opened in 1993; its opening was treated the same way as expansions. The center was expanded in 2010, but three- and five-year time frames do not apply to this recent addition

[3]The Walter E. Washington Convention Center in Washington, D.C., the center was a new build in 2003 as opposed to an expansion

Source: Smith Travel Research for hotel RevPAR; LVCVA for Las Vegas hotel RevPAR; Bureau of Labor Statistics for Consumer Price Index; U.S. Bureau of Economic Analysis for GDP/GMP

3.2 Comparison Matrix of Competitive Facilities

JLLH evaluated 12 competitive convention markets to draw comparisons with the Moscone Center. The primary purpose of this analysis was to help identify gaps in the market nationally and discern what shape the proposed Moscone Center should take and how the Moscone Center can fill a market niche to benefit from a competitive advantage. The recommended competitive positioning of the Moscone Center is discussed further Section 3.3.

Convention Center Name	City	Total Facility s.f.	Exhibit Space s.f.	Meeting Space s.f.	Largest Ballroom s.f.	Open Year	Expansion I Complete	Expansion II Complete	Expansion III Complete	Ratio of Meeting Space to Exhibit Space	Exhibit Space Published Rent per s.f. per Day	Notes on Published Rates
Moscone Convention Center	San Francisco	852,100	538,700	313,400	42,675	1981	1992	2003	n/a	1.7	$ 0.39	1 Complimentary move-in/out day for every Paid Event Day
San Diego Convention Center	San Diego	819,800	615,700	204,100	40,706	1989	2001	n/a	n/a	3.0	$ 0.16	Additional costs for move-in/out days
Los Angeles Convention Center	Los Angeles	867,000	720,000	147,000	11,200	1971	1993	1997	n/a	4.9	$ 0.32	N/A
McCormick Place	Chicago	3,200,000	2,600,000	600,000	100,000	1960	1996	2007	n/a	4.3	$ 1.70	Includes move-in/out days and discounts on meeting rooms
Orange County Convention Center	Orlando	2,533,000	2,053,800	479,200	61,200	1983	1989	1996	2003	4.3	N/A	N/A
Pennsylvania Convention Center	Philadelphia	1,000,000	679,000	321,000	55,400	1993	2010	n/a	n/a	2.1	N/A	N/A
Georgia World Congress Center	Atlanta	1,708,400	1,366,000	342,400	33,000	1976	1992	2002	n/a	4.0	$ 1.70	Includes 5 move-in/out days and a number of other discounts and included services
Walter E Washington Convention Center	Washington, D.C.	828,000	703,000	125,000	52,000	1983	2003	n/a	n/a	5.6	$ 0.11	Additional costs for move-in/out days
Las Vegas Convention Center	Las Vegas	2,225,800	1,984,800	241,000	16,900	1959	1998	2004	n/a	8.2	$ 0.29	1 complimentary move-in or move-out day per paid show day for 250,000+SF show
Ernest N. Morial Convention Center	New Orleans	1,375,500	1,100,000	275,500	36,500	1985	1991	1999	n/a	4.0	N/A	N/A
Boston Convention and Exhibition Center	Boston	676,000	516,000	160,000	40,020	2004	n/a	n/a	n/a	3.2	N/A	N/A
Anaheim Convention Center	Anaheim	945,000	815,000	130,000	38,100	1967	1993	2000	n/a	6.3	$ 0.36	1 Complimentary move-in or move-out day is provided for each exhibit event date
Miami Beach Convention Center	Miami Beach	627,300	502,800	124,500	-	1957	1989	n/a	n/a	4.0	$ 0.70	For first 6 days, and $0.08 per net square foot for each additional day
Averages		1,358,300	1,091,908	266,392	40,592					4.3	$ 0.64	

Convention Center Name	City	Hotel Rooms within 1-Mile Radius[1]	Number of Hotels within 1-Mile Radius[1]	Exhibit Space s.f. per Hotel room within 1-Mile Radius[1]	Total Air Passenger Deplanments (2010)	Based on Airports	Gross Metro Product 2011, Chained 2005 $s, Millions	MSA Population, 2011	Government Per Diem Sept 2011-Oct 2012 Average	Hotel Room Tax Rate
Moscone Convention Center	San Francisco	25,317	104	21	23,987,896	SFO, OAK	$ 315,991	4,389,800	$ 237	16.0%
San Diego Convention Center	San Diego	11,258	35	55	8,416,837	SAN	$ 159,533	3,152,900	$ 204	12.5%
Los Angeles Convention Center	Los Angeles	7,002	23	103	30,274,614	LAX, LGB	$ 689,349	12,930,800	$ 196	15.5%
McCormick Place	Chicago	1,082	3	2,403	40,651,565	ORD, MDW	$ 484,337	9,522,400	$ 230	16.4%
Orange County Convention Center	Orlando	14,440	33	142	16,940,010	MCO	$ 95,659	2,172,300	$ 159	12.5%
Pennsylvania Convention Center	Philadelphia	10,335	35	66	14,926,045	PHL	$ 317,003	5,997,200	$ 205	15.2%
Georgia World Congress Center	Atlanta	12,336	31	111	42,984,548	ATL	$ 250,554	5,369,500	$ 189	16.0%
Walter E Washington Convention Center	Washington, D.C.	9,510	34	74	30,748,197	BWI, IAD, DCA	$ 391,323	5,723,700	$ 273	14.5%
Las Vegas Convention Center	Las Vegas	29,561	28	67	18,829,150	LAS	$ 82,543	1,993,300	$ 170	12.0%
Ernest N. Morial Convention Center	New Orleans	19,138	70	57	4,071,582	MSY	$ 68,492	1,185,500	$ 198	13.4%
Boston Convention and Exhibition Center	Boston	2,664	6	194	13,541,787	BOS	$ 291,013	4,592,600	$ 254	14.4%
Anaheim Convention Center	Anaheim	15,606	61	52	5,723,549	SNA, LGB	n/a	n/a	$ 196	17.6%
Miami Beach Convention Center	Miami Beach	7,758	53	65	16,748,218	MIA	$ 239,009	5,646,400	$ 190	13.0%
Averages		12,770	40	262					$ 208	14.5%

Notes [1]Based on hotels with 50+ rooms Includes Lodging and Food and Incidentals

Source: Convention center websites, convention center managers, Smith Travel Research, Bureau of Transportation Statistic, IHS Global Insight, U.S. General Services Administration, hotel websites

In summary, the Moscone Center is smaller than the other 12 convention centers analyzed, on average, especially with regard to exhibit space. In terms of meeting space, the Moscone Center is more on par with the average of the sample, and the Moscone Center's largest ballroom is largely consistent with the sample average. Compared to the other convention centers in the analysis, the Moscone Center shows a considerable imbalance in its ratio of exhibit space to meeting space: the Moscone Center has 1.7 s.f. of exhibit space per square foot of meeting space, while the set's average is 4.3 s.f. of exhibit space per square foot of meeting space—supporting the case for an addition to exhibit space at the Moscone Center.

While the average published rental rates vary from market to market, they must be considered in aggregate with the entire package offered by the city and JLLH as such did not assign much weight to the differences.

JLLH also counted the number of hotel rooms within a one-mile radius (deemed a walkable distance) for each of the convention centers. San Francisco ranks second after Las Vegas. The fact that the Moscone Center is located in downtown San Francisco is one of the driving factors for the high room stock proximate to the Center. Even though there are 25,300 hotel rooms within a one-mile radius of the Moscone Center, meeting planners of the Center's largest groups stated that their attendees in some cases have to stay as far away as Oakland and the San Francisco Airport submarket due to the generally high demand for San Francisco hotels from non-convention demand sources.

3.3 Evaluation of Additional Exhibit Space Warranted

Independently of the attendance projections from which the economic impact is calculated in section 5, JLLH attempted to demonstrate that a reasonable growth rate applied to the current level of attendees warrants the addition of exhibit space at the Moscone Center in the future. JLLH computed the average annual total attendance for the Moscone Center for the years since the opening of Moscone West and subsequently calculated the average attendees accommodated per square foot of available exhibit space to devise a utilization ratio.

Moscone Center Attendance Projections: Market Case			
	Total Attendees	Available s.f. of Exhibit Space	Attendees per s.f. of Exhibit Space
1989/1990	606,425	260,560	2.3
1990/1991	572,395	260,560	2.2
1991/1992	611,381	260,560	2.3
1992/1993	765,202	442,000	1.7
1993/1994	835,762	442,000	1.9
1994/1995	798,824	442,000	1.8
1995/1996	787,276	442,000	1.8
1996/1997	877,627	442,000	2.0
1997/1998	834,243	442,000	1.9
1998/1999	894,818	442,000	2.0
1999/2000	684,266	442,000	1.5
2000/2001	839,390	442,000	1.9
2001/2002	744,746	442,000	1.7
2002/2003	747,832	442,000	1.7
2003/2004	937,440	538,660	1.7
2004/2005	819,843	538,660	1.5
2005/2006	1,046,272	538,660	1.9
2006/2007	974,676	538,660	1.8
2007/2008	1,279,000	538,660	2.4
2008/2009	968,664	538,660	1.8
2009/2010	919,811	538,660	1.7
2010/2011	1,092,975	538,660	2.0
2011/2012F	1,025,377	512,689	2.0
2012/2013F	1,053,873	526,937	2.0
2013/2014F	1,085,885	542,942	2.0
2014/2015F	1,109,218	554,609	2.0
2015/2016F	1,141,980	570,990	2.0
2016/2017F	1,175,710	587,855	2.0
2017/2018F	1,199,709	599,855	2.0
2018/2019F	1,229,935	614,967	2.0
2019/2020F	1,247,319	623,660	2.0
2020/2021F	1,279,493	639,746	2.0
2021/2022F	1,318,255	659,128	2.0
Average Annual Growth in Attendees (JLLH Assum			2.5%
Additional Exhibit Space s.f. Needed by 2021/2022			120,468
Various Averages: Attendees per s.f. of Exhibit Space			
Average Moscone N/S			1.91
Average Moscone N/S/W			1.87
Long-Term Average			1.90
Recent 5-Year Average			1.94

Note: The light red rows pertain to historic expansion years
Note: JLLH assumptions are in blue font
Source: San Francisco Travel, Jones Lang LaSalle Hotels

JLLH then applied this exhibit space consumption per attendee to what it deemed a reasonable growth assumption (2.5% per year) in the number of annual attendees based on its research and interviews.

Applying this growth rate per the above methodology, JLLH demonstrated that by FY 2021/2022, the organic growth in attendance (assuming no expansion) would potentially warrant an additional 120,500 s.f. of exhibit space. Having independently demonstrated that growth in attendees is indeed expected to warrant the addition of exhibit (and other supporting space), JLLH continued its analysis with regard to determining the optimal expansion scenario.

JLLH also assessed the capacity to retain and grow demand through non-expansionary measures such as property configuration or marketing. Based on its tour of the Moscone Center, JLLH did not find that permanent changes can be made to the existing space which would yield in a more efficient layout and/or flow of space. Based on its meetings with San Francisco Travel, JLLH did not identify any apparent changes that could be made to the bureau's marketing strategy which would result in a material increase in attendance assuming static facility layout.

3.4 Marketing Moscone West as a Stand-Alone Facility

JLLH evaluated whether Moscone West could be marketed as a stand-alone facility following an expansion of the Moscone Center. From reviewing definite booking reports, JLLH notes that Moscone West is in some instances already being used to accommodate groups on a self-sufficient basis, meaning that all activities are housed in Moscone West without making use of Moscone North and Moscone South. But for large groups, no matter which of the expansion scenarios is selected, Moscone West will continue to be required to accommodate the needs of the group. JLLH therefore does not deem it strategic to permanently market Moscone West as a stand-alone facility, but rather recommends continuing to use it as a stand-alone facility when it best fits the needs of a given group.

3.5 Filling Market Niche with Expansion

JLLH examined how the proposed expansion could fill a market niche which would lead to a competitive advantage. JLLH drew its analysis on interviews with senior-level staff from San Francisco Travel, Moscone Center executives, senior-level meeting planners who have used the Moscone Center and online research of competitive facilities.

The purpose of the detailed competitive analysis was to determine how an expansion of the Moscone Center could offer facilities that will make the market more competitive among its peer set, to realize operational efficiencies and economies and to most effectively yield manage the facility, all with the purpose of distinguishing the complex from its competitive set to be able to retain and grow core clients. Below is a broad assessment of high-impact points that should be considered in the proposed Moscone Center expansion:

San Francisco as a destination has significant draw and allure. The consensus among senior meeting planners was that their San Francisco rotation often garners the highest attendance of any city in the country. San Francisco ranks particularly favorably among international conventioneers due to the direct air linkages.

San Francisco is gateway to Asia, boding well for technology and medical meetings in particular, which are attracting a growing number of Asian attendees. As such, the Moscone Center benefits from being in a marquis location which in itself forms a significant competitive advantage in attracting conventions.

Many large convention centers, like the Moscone Center, were built in phases and, due to space constraints, often do not have the most ideal flow and layout. The senior-level meeting planners that JLLH interviewed spoke favorably of the layout and scale of the convention centers in Orlando, Boston and New Orleans, but aside from these three, the meeting planners cited few “must replicate” physical characteristics of other convention centers. Favorable aspects of these convention centers to be considered in the Moscone Center expansion include:

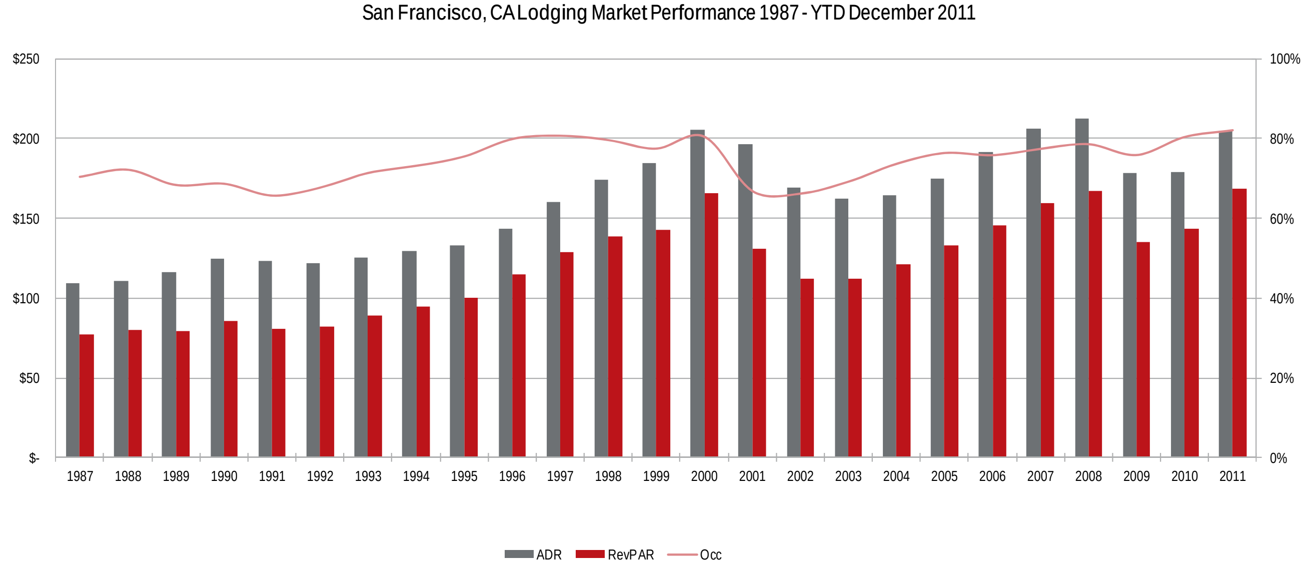
- Allow for natural light where possible.
- The additional exhibit space should be contiguous with the Moscone Center’s largest exhibit hall.
- Any additional buildings should be physically connected with Moscone North/South.
- A number of competitive convention centers have not had a substantial renovation in recent years; as such the buildings’ technological outfitting is often below state-of-the art standards. Due to the Moscone Center’s proximity to Silicon Valley, any expansion should be of the highest technology standard, and this should be marketed and promoted to meeting planners. The expansion should include technology elements such as Wi-Fi throughout that are not present at all other convention centers.
- Additionally, commensurate with San Francisco’s positioning as an upscale international gateway market, JLLH deemed that the corporations and associations that hold conventions at the Moscone Center often have attendees of a higher demographic segment and education level than the average conventioneer in the country. As such, the level of finishes in the expanded facility should be at the upper level of what Moscone Center’s competitive set currently offers.

4 Analysis of San Francisco Lodging Market

4.1 San Francisco Lodging Market Overview – Historic Performance

San Francisco posts higher overall occupancy rates than many other U.S. gateway markets. Though the market suffered more than the average of other major markets during the double-hit of the tech bust and the events of 9/11, San Francisco has consistently shown above-average growth in occupancy rates, especially since 2007, partly due to the minimal supply increases. By year-end 2011, not only did occupancy continue its trend, but the average daily rate (ADR) has grown significantly; posting 2.1% growth in occupancy and 14.7% growth in ADR among the city's set of upper upscale and luxury hotels.

Despite the year-over-year growth in ADR, on an inflation-adjusted basis, ADRs remained below previous peak 2000 levels in 2008—an anomaly not witnessed in many other large U.S. markets. However, the spread of ADR between San Francisco and the average of the other top U.S. gateway markets has begun to lessen notably. The gains in occupancy and ADR have led to a jump in revenue per available room (RevPAR) of 17.2% for the city's upper upscale and luxury hotels, among the highest of any major U.S. market.



Source: Smith Travel Research

Note: Data is based on Tract: San Francisco | Chain Scales: Upper Upscale, Luxury, Independents in Luxury Class

4.2 Existing Hotel Inventory

According to Smith Travel Research, there are currently 224 hotels in San Francisco with a total of 34,257 guest rooms, roughly 25,000 of which are within walking distance of the Moscone Center. No new supply has entered San Francisco since 2008, a stark contrast to other major U.S. gateway markets. The following table summarizes the number of hotels and total room count for San Francisco by chain scale.

San Francisco Current Inventory by Chain Scale				
Chain Scale	No. of Hotels	%	Room Count	%
Independents	139	62%	10,624	31%
Luxury Chains	14	6%	4,804	14%
Upper Upscale Chains	37	17%	14,499	42%
Upscale Chains	3	1%	887	3%
Upper Midscale Chains	9	4%	2,363	7%
Midscale Chains	4	2%	266	1%
Economy Chains	18	8%	814	2%
Total	224		34,257	
Source: Smith Travel Research				

San Francisco has the highest number of independent/unbranded hotels as a proportion of total hotel stock among U.S. gateway markets. Historically, independent hotels' ADR performance has been more volatile, but San Francisco's strong occupancy levels, second only to New York, support the level of independent hotels that exist in the market.

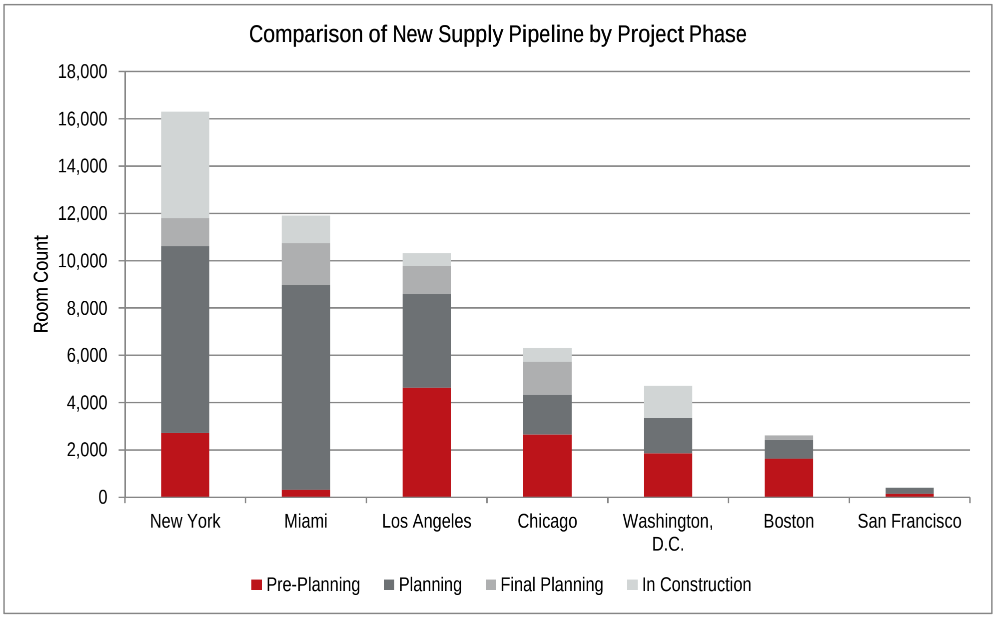
4.3 New Supply Pipeline

The lack of recent supply openings affirms the exceedingly high barriers to entry in the San Francisco hotel market and explains investors' high interest in acquiring existing hotels, as seen from the abundant transactions over the past 18 months. Over the last ten years, the hotel room supply in San Francisco has grown on average by 1.0% annually, considerably below nationwide growth. The most recent hotel openings occurred in 2008, with the opening of the 550-key InterContinental in February and the 53-room Fairmont Heritage Place in August. The following table presents the total new supply inventory that entered the San Francisco market since 2000. The only hotel opening expected in 2012 is the 22-room Inn at the Presidio.

New Supply to San Francisco by Year			
Year	No. of Hotels	Room Count	% Chg
2000	1	104	0.3%
2001	4	1,023	3.3%
2002	1	362	1.1%
2003	2	698	2.2%
2004	0	0	0.0%
2005	2	460	1.4%
2006	1	86	0.3%
2007	1	33	0.1%
2008	2	603	1.8%
2009	1	80	0.2%
2010	0	0	0.0%
2011	0	0	0.0%
2012	1	22	0.1%
CAGR ('00-'06)		1.4%	
CAGR ('00-'12)		0.9%	

Source: Smith Travel Research

While the supply pipeline has shrunk greatly across the country, most gateway cities still experience a backlog of new rooms that are expected to open by 2013. As an example 2,900 rooms were introduced in New York in 2011 and an additional 1,050 rooms are expected to open in 2012. The complete lack of new supply in San Francisco in the near term will significantly strengthen the potential for growth in average daily rates in the city, as seen from the significant year-to-date growth in 2011.



Source: Smith Travel Research

4.4 Performance by Submarket

In the past ten years, supply growth has been concentrated around the Moscone Center. New large full service hotels have typically entered the market south of Market Street by the Moscone Center because this district had the highest amount of buildable space. As these new developments increased, the Nob Hill submarket, which was previously the center of development for luxury hotels, has become less attractive. As the Moscone Center becomes the center of development, room rates in this area grew at a greater pace than in some of the other submarkets. The Moscone area, around South of Market Avenue ("SoMA"), therefore accommodates more hotel demand and group business while the Nob Hill area has a greater share of leisure transient room nights.

The Financial District continues to lead with the highest ADR, followed by Union Square/Nob Hill/Moscone, Fisherman's Wharf, and Civic Center/Van Ness. From full-year 1998 to 2011, the Union Square/Nob Hill/Moscone submarket achieved the highest RevPAR growth on a compounded annual growth rate of 2.1%. The following table summarizes the historical performance by submarket as provided by PKF.

San Francisco Historical Performance by Submarket

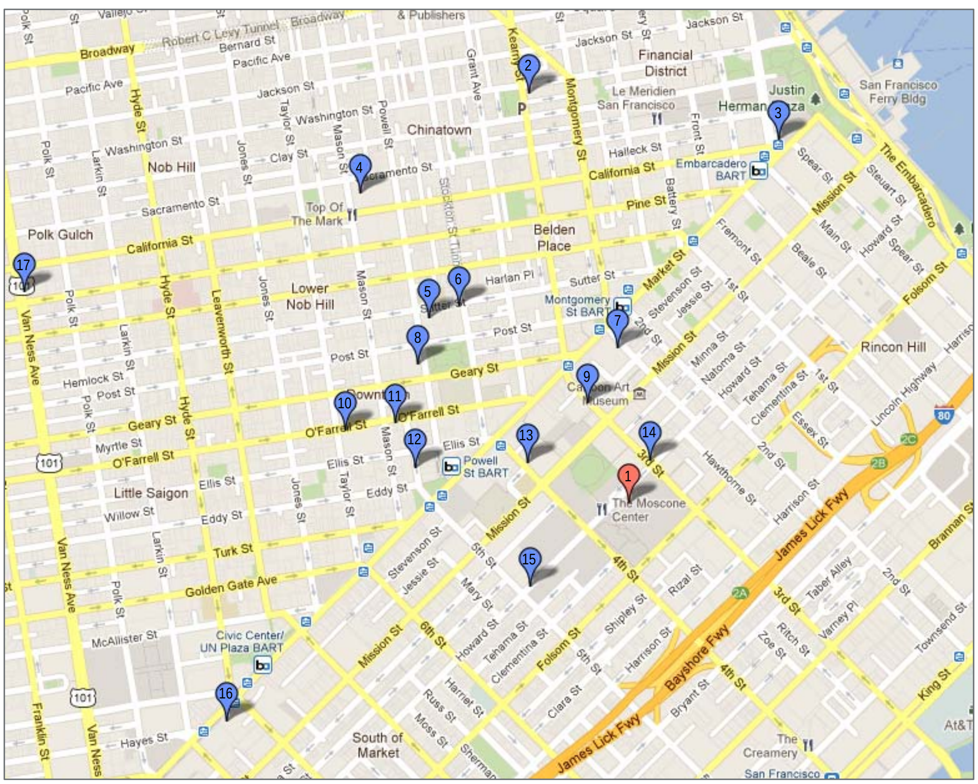
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR ('98-'04)	CAGR ('98-'11)
Occupancy																
Union Square/Nob Hill/Moscone	79.9%	79.4%	79.7%	66.7%	62.9%	66.9%	73.8%	74.8%	75.7%	77.9%	78.8%	75.1%	79.0%	81.7%	-1.3%	0.2%
Financial District	84.3%	84.2%	87.0%	68.6%	66.8%	70.9%	75.6%	75.9%	75.3%	80.2%	77.8%	75.9%	80.1%	84.2%	-1.8%	0.0%
Fisherman's Wharf	85.6%	85.5%	85.0%	69.6%	72.6%	75.2%	76.8%	80.4%	79.2%	76.6%	81.0%	76.9%	82.5%	83.3%	-1.8%	-0.2%
Civic Center/Van Ness	79.4%	82.2%	83.8%	69.8%	63.8%	69.0%	69.0%	73.4%	76.6%	78.1%	80.1%	73.3%	78.8%	79.4%	-2.3%	0.0%
San Francisco Overall	80.7%	80.7%	81.7%	67.7%	64.6%	67.9%	73.2%	75.7%	76.4%	78.0%	79.2%	75.2%	79.5%	81.9%	-1.6%	0.1%
ADR																
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR ('98-'04)	CAGR ('98-'11)
Union Square/Nob Hill/Moscone	$153.66	$160.80	$173.26	$168.21	$156.32	$148.94	$160.30	$173.18	$184.62	$191.91	$200.81	$169.66	$170.25	$196.10	0.7%	1.9%
Financial District	$191.03	$209.50	$222.81	$214.51	$168.30	$158.28	$186.85	$198.99	$215.81	$238.75	$245.84	$188.84	$194.32	$224.14	-0.4%	1.2%
Fisherman's Wharf	$142.65	$151.61	$169.55	$153.94	$124.45	$116.46	$123.60	$133.82	$145.44	$161.60	$166.61	$136.57	$141.31	$164.29	-2.4%	1.1%
Civic Center/Van Ness	$98.87	$104.15	$124.29	$117.93	$95.53	$86.83	$94.45	$91.73	$98.99	$107.59	$114.36	$106.08	$106.62	$120.77	-0.8%	1.6%
San Francisco Overall	$147.44	$155.11	$169.74	$162.51	$145.74	$138.31	$147.23	$156.55	$167.63	$183.42	$190.28	$160.40	$161.99	$187.90	0.0%	1.9%
RevPAR																
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR ('98-'04)	CAGR ('98-'11)
Union Square/Nob Hill/Moscone	$122.77	$127.68	$138.09	$112.20	$98.33	$99.64	$118.30	$129.54	$139.76	$150.28	$158.24	$127.41	$134.50	$160.15	-0.6%	2.1%
Financial District	$161.04	$176.40	$193.84	$147.15	$112.42	$112.22	$141.26	$151.03	$162.50	$191.48	$191.26	$143.33	$155.65	$188.75	-2.2%	1.2%
Fisherman's Wharf	$122.11	$129.63	$144.12	$107.14	$90.35	$87.58	$94.92	$107.59	$115.19	$123.79	$134.95	$105.02	$116.58	$136.79	-4.1%	0.9%
Civic Center/Van Ness	$78.50	$85.61	$104.16	$82.32	$60.95	$59.91	$65.17	$67.33	$75.83	$84.03	$91.60	$77.76	$84.02	$95.87	-3.1%	1.5%
San Francisco Overall	$118.98	$125.17	$138.68	$110.02	$94.15	$93.91	$107.77	$118.51	$128.07	$143.07	$150.70	$120.62	$128.78	$153.95	-1.6%	2.0%

Source: PKF

4.5 Moscone Center Impact on Hotel Performance

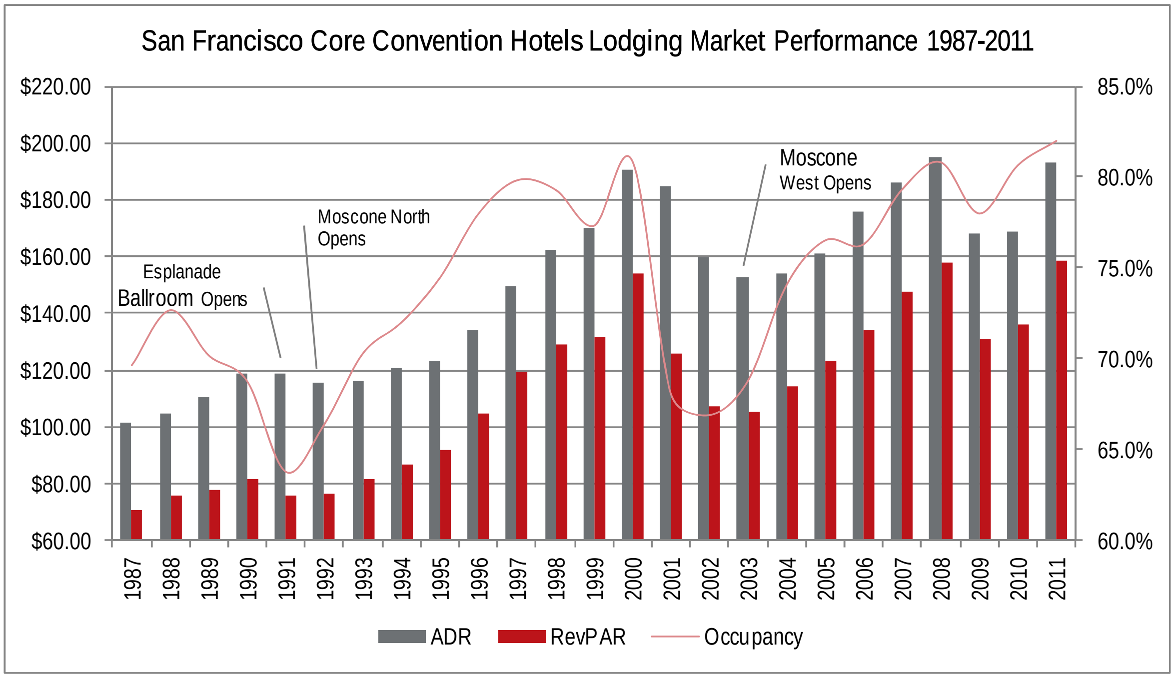
San Francisco Travel provided JLLH with a list of “Level 4” hotels, which are considered as convention headquarters hotels due to their room size (200+ guest rooms) and meeting space (over 10,000 s.f.). JLLH filtered the Level 4 hotels further by extracting the hotels with fewer than 400 guest rooms. The filter resulted in the following convention hotels in the market:

San Francisco Core Convention Hotels Facilities					
Hotel	Affiliated Date	Open Date	Room Count	Total Meeting Space	Largest Meeting Space
Westin St. Francis	1/1998	3/1904	1,195	51,840	10,700
Fairmont San Francisco	4/1907	4/1907	591	55,000	11,362
Luxury Collection Palace Hotel	12/1909	12/1909	553	51,266	8,964
Hotel Whitcomb	8/2007	6/1919	459	14,467	6,300
Kimpton Sir Francis Drake Hotel	1/2009	6/1928	416	14,956	3,081
Hilton San Francisco Union Square	8/1964	8/1964	1,908	140,698	29,637
Hilton San Francisco Financial Dist	1/2006	11/1970	542	18,655	4,396
Grand Hyatt San Francisco	1/1973	1/1973	659	30,268	7,056
Hyatt Regency San Francisco	5/1973	5/1973	802	65,543	17,064
Holiday Inn San Francisco Golden Gateway	3/1974	3/1974	499	18,079	5,600
Westin San Francisco Market Street	4/2007	4/1983	676	24,486	9,040
Parc 55 Wyndham San Francisco Union Square	5/2010	5/1984	1,013	30,859	5,670
Hotel Nikko San Francisco	1/1991	10/1987	532	23,250	6,658
Marriott San Francisco Marquis	10/1989	10/1989	1,499	168,506	39,621
W Hotel San Francisco	5/1999	5/1999	404	16,482	3,430
InterContinental San Francisco	2/2008	2/2008	550	36,731	6,800



Legend
1 - Moscone Center
2 - Hilton San Francisco Financial District
3 - Hyatt Regency San Francisco
4 - Fairmont San Francisco
5 - Kimpton Sir Francis Drake
6 - Grand Hyatt San Francisco
7 - Luxury Collection Palace Hotel
8 - Westin St. Francis
9 - Westin San Francisco Market Street
10 - Hilton San Francisco Union Square
11 - Hotel Nikko San Francisco
12 - Parc 55 Wyndham
13 - Marriott Marquis
14 - W San Francisco
15 - InterContinental Hotel
16 - Hotel Whitcomb
17 - Holiday Inn Golden Gateway

Due to the density of the San Francisco market, the hotels in the previous list are located in various submarkets, although the highest concentration is located in SoMa and Union Square. As the largest hotel closest to the Moscone Center, the Marriott San Francisco Marquis offers the highest amount of meeting space within the set, although the Hilton San Francisco Union Square has the highest room count. Despite its large size, the Marriott Marquis maintains an annual occupancy slightly above the market average and an average daily rate roughly 10% above the market average for core convention hotels in San Francisco. The following chart presents lodging market performance for the core convention hotels since 1987.



Source: Smith Travel Research

The Moscone Center underwent the following major expansions since the opening of Moscone South in 1981:

- 1992: Opening of Moscone North
- 2003: Opening of Moscone West

JLLH analyzed the impact to RevPAR three to five years after the year of expansion on an inflation-adjusted basis, computing a three-year and five-year real RevPAR CAGR following the years after the aforementioned expansions. The expansions' impact on real RevPAR is displayed in detail in the below table:

San Francisco Core Convention Hotels Lodging Market Performance											
Year	Supply	Demand	Revenue	Occupancy	ADR	RevPAR	Occ % Chg	ADR % Chg	RevPAR % Chg	Real RevPAR	Real RevPAR % Chg
1987	3,464,789	2,413,169	$245,567,855	69.6%	$101.76	$70.88					
1988	3,607,295	2,621,699	$274,230,750	72.7%	$104.60	$76.02	4.3%	2.8%	7.3%	$78.42	
1989	3,745,203	2,628,677	$290,753,105	70.2%	$110.61	$77.63	-3.4%	5.7%	2.1%	$75.56	-3.7%
1990	4,154,430	2,856,301	$339,060,580	68.8%	$118.71	$81.61	-2.0%	7.3%	5.1%	$81.38	7.7%
1991	4,154,430	2,649,926	$315,684,290	63.8%	$119.13	$75.99	-7.2%	0.4%	-6.9%	$67.54	-17.0%
1992	4,154,430	2,759,006	$318,202,527	66.4%	$115.33	$76.59	4.1%	-3.2%	0.8%	$74.87	10.9%
1993	4,154,430	2,920,487	$339,453,208	70.3%	$116.23	$81.71	5.9%	0.8%	6.7%	$84.74	13.2%
1994	4,154,430	2,991,375	$361,031,188	72.0%	$120.69	$86.90	2.4%	3.8%	6.4%	$90.17	6.4%
1995	4,154,430	3,093,408	$380,710,412	74.5%	$123.07	$91.64	3.4%	2.0%	5.5%	$94.06	4.3%
1996	4,154,430	3,239,570	$433,829,335	78.0%	$133.92	$104.43	4.7%	8.8%	14.0%	$115.93	23.2%
1997	4,154,430	3,316,084	$495,870,497	79.8%	$149.53	$119.36	2.4%	11.7%	14.3%	$133.64	15.3%
1998	4,154,430	3,294,486	$535,061,572	79.3%	$162.41	$128.79	-0.7%	8.6%	7.9%	$136.98	2.5%
1999	4,256,595	3,291,360	$560,082,320	77.3%	$170.17	$131.58	-2.5%	4.8%	2.2%	$131.54	-4.0%
2000	4,309,385	3,484,168	$662,964,250	80.9%	$190.28	$153.84	4.6%	11.8%	16.9%	$174.69	32.8%
2001	4,282,893	2,913,689	$538,010,849	68.0%	$184.65	$125.62	-15.9%	-3.0%	-18.3%	$99.03	-43.3%
2002	4,292,820	2,872,196	$459,783,498	66.9%	$160.08	$107.11	-1.7%	-13.3%	-14.7%	$89.61	-9.5%
2003	4,309,920	2,965,829	$453,752,788	68.8%	$152.99	$105.28	2.9%	-4.4%	-1.7%	$101.07	12.8%
2004	4,309,920	3,192,677	$491,479,972	74.1%	$153.94	$114.03	7.6%	0.6%	8.3%	$120.47	19.2%
2005	4,184,668	3,201,890	$516,171,754	76.5%	$161.21	$123.35	3.3%	4.7%	8.2%	$129.27	7.3%
2006	4,297,510	3,279,237	$576,629,299	76.3%	$175.84	$134.18	-0.3%	9.1%	8.8%	$141.63	9.6%
2007	4,297,510	3,409,082	$633,283,204	79.3%	$185.76	$147.36	4.0%	5.6%	9.8%	$157.61	11.3%
2008	4,481,210	3,621,277	$706,823,165	80.8%	$195.19	$157.73	1.9%	5.1%	7.0%	$162.81	3.3%
2009	4,498,260	3,508,327	$588,884,440	78.0%	$167.85	$130.91	-3.5%	-14.0%	-17.0%	$109.08	-33.0%
2010	4,498,260	3,627,440	$612,076,039	80.6%	$168.73	$136.07	3.4%	0.5%	3.9%	$139.19	27.6%
2011	4,493,032	3,683,667	$712,058,110	82.0%	$193.30	$158.48	1.7%	14.6%	16.5%	$179.56	29.0%

Source: Smith Travel Research, Bureau Labor of Statistics

Expansion I (Moscone North)	
3-Year Post Expansion RevPAR CAGR	5.4%
5-Year Post Expansion RevPAR CAGR	12.1%

Expansion II (Moscone West)	
3-Year Post Expansion RevPAR CAGR	8.4%
5-Year Post Expansion RevPAR CAGR	7.8%

Long-Term Average (All Years)	
Real RevPAR CAGR 1988 - 2011	6.6%

The three-year post expansion real RevPAR CAGR ranged from 5.4% to 8.4% and the five-year post expansion real RevPAR CAGR ranged from 7.8% to 12.1%. These growth rates generally exceed the 6.6% long-term real RevPAR CAGR that the city's core convention center hotels experienced, and as such support that significant convention space expansions in San Francisco have led to higher real RevPAR growth than is witnessed in non-expansion periods, on average.

4.6 Regression Analysis of Moscone Attendance on Hotel Performance and Local Economy

JLLH performed a regression analysis between convention attendance and hotel demand, RevPAR, retail sales revenues, wage and salary disbursements, gross metro product, air passenger traffic, leisure and hospitality employment and hotel tax revenues. The hotel demand and RevPAR data for the selected core convention hotel set was used along with air passenger traffic data at San Francisco International Airport and economic data specifically for San Francisco County.

In the analysis, we performed both a correlation test and a linear regression. Correlation quantifies the degree to which two variables are related, but does not fit a line through the data points. The correlation coefficient determines how much one variable tends to change when the other variable does. It ranges from -1 (inverse relationship) to +1 (positive relationship), and a 0 means there is no relationship. Linear regression finds the best line that predicts the outcome from the constant variable. The fit is quantified with R^2, which is the square of the correlation coefficient. The value ranges from 0 to 1; a perfect fit would be equivalent to a value of 1.

The following tables present the data used for the regression analysis and the results of the correlation and linear regression tests.

Fiscal Year	No. of Events	Convention Attendance	Hotel Demand	Real RevPAR	SF County Leisure & Hospitality Employment	SF Hotel Tax Revenues	Hotel Tax Rate	Gross Metro Product (Mil. $)	SF County Wage and salary disbursements (Mil. $)	Retail sales: Total, (Mil. $)	SFO Total Airport Passengers
1989/1990	48	606,425	2,732,220	$77.30	n/a	n/a	n/a	$36,044	$18,876	$6,664	n/a
1990/1991	59	572,395	2,672,889	$77.56	n/a	n/a	n/a	$38,452	$19,379	$6,847	n/a
1991/1992	58	611,381	2,706,555	$75.61	54,700	$72,030,000	11.0%	$39,484	$19,876	$6,749	n/a
1992/1993	65	765,202	2,859,199	$80.07	55,700	$76,250,000	11.0%	$39,593	$20,499	$6,771	n/a
1993/1994	67	835,762	2,951,213	$83.43	56,900	$86,480,000	12.0%	$40,498	$20,974	$7,010	n/a
1994/1995	74	798,824	3,084,491	$90.71	60,900	$94,100,000	12.0%	$41,989	$21,819	$7,239	n/a
1995/1996	72	787,276	3,117,998	$95.39	61,900	$102,960,000	12.0%	$44,664	$23,169	$7,621	n/a
1996/1997	68	877,627	3,317,700	$113.36	67,700	$137,650,000	14.0%	$47,943	$25,147	$8,212	n/a
1997/1998	80	834,243	3,313,002	$123.91	69,800	$150,160,000	14.0%	$51,297	$27,589	$8,942	40,514,461
1998/1999	86	894,818	3,274,929	$130.97	74,000	$161,520,000	14.0%	$54,906	$30,529	$9,688	39,994,532
1999/2000	72	684,266	3,445,126	$143.16	74,400	$182,100,000	14.0%	$59,408	$34,835	$10,607	40,984,461
2000/2001	82	839,390	3,274,276	$148.79	75,400	$188,380,000	14.0%	$61,899	$37,702	$11,264	39,481,008
2001/2002	67	744,746	2,753,942	$109.19	72,300	$132,230,000	14.0%	$61,053	$36,076	$11,294	31,606,059
2002/2003	73	747,832	2,864,997	$102.39	71,200	$128,590,000	14.0%	$60,530	$33,861	$11,471	29,780,463
2003/2004	94	937,440	3,162,960	$112.83	71,900	$148,230,000	14.0%	$61,801	$34,236	$11,918	31,628,256
2004/2005	115	819,843	3,177,229	$115.18	73,400	$157,950,000	14.0%	$65,014	$36,249	$12,503	33,200,760
2005/2006	119	1,046,272	3,208,835	$128.47	75,300	$179,470,000	14.0%	$69,242	$39,089	$13,154	33,564,798
2006/2007	119	974,676	3,321,572	$138.24	76,800	$199,770,000	14.0%	$73,412	$42,629	$13,839	34,346,413
2007/2008	120	1,279,000	3,525,393	$155.06	80,600	$210,340,000	14.0%	$77,391	$45,185	$14,430	37,121,365
2008/2009	108	968,664	3,513,193	$142.42	80,600	$219,800,000	14.0%	$78,225	$44,372	$13,987	36,733,910
2009/2010	92	919,811	3,621,242	$132.65	77,000	$210,000,000	14.0%	$78,217	$43,826	$13,550	38,448,243
2010/2011	121	1,092,975	3,677,706	$147.86	78,300	$212,500,000	14.0%	$80,003	$45,766	n/a	39,980,029

Source: San Francisco Travel, Smith Travel Research, State of California Employment Development Department, U.S. Bureau of Economic Analysis (BEA), U.S. Census Bureau (BOC), Moody's Analytics Estimate, SFO Airport

Correlation	
	Convention Attendance
SF County Gross Metro Product	0.76
Hotel Demand-Core Convention Center Area	0.75
SF County Wage & Salary Disbursements	0.74
Real RevPAR-Core Convention Center Area	0.73
SF County Retail Sales	0.72
SF Hotel Tax Revenues	0.68
SF County Leisure & Hospitality Employment	0.64
SFO Total Airport Passengers	0.11

Regression (R^2)	
	Convention Attendance
SF County Gross Metro Product	0.5752
Hotel Demand-Core Convention Center Area	0.5647
SF County Wage & Salary Disbursements	0.5469
Real RevPAR-Core Convention Center Area	0.5341
SF County Retail Sales	0.5165
SF Hotel Tax Revenues	0.4625
SF County Leisure & Hospitality Employment	0.4102
SFO Total Airport Passengers	0.0120

The highest correlation was observed between convention center attendance and San Francisco County gross metro product, hotel demand for core convention area hotels and San Francisco County wage & salary disbursements, all of which exhibited a correlation of 0.70 and above, exhibiting the relatively strong relationship between the convention attendance and hotel-related and economic factors in San Francisco.

5 Expansion Cost Benefit Analysis

JLLH conducted a comprehensive cost benefit analysis of various Moscone Center expansion scenarios to determine the optimal expansion of the current facilities. JLLH's conclusion is based on a return on investment analysis, where ***investment*** equals the cost to construct the expansion space while considering lost business during construction; and ***return*** refers to the forecasted incremental income to the expanded facility and employment, economic and tax benefits to be generated by expansion. This return on investment analysis is synonymous with the internal rate of return (IRR) of the construction cost and incremental economic impact resulting from the increased attendance levels following the expansion of space.

5.1 Evaluation of Various Expansion Scenarios

JLLH projected the growth in attendance for a variety of expansion scenarios as summarized below:

Moscone Center Expansion Scenarios			
Scenario	Component(s)	Construction Cost	Saleable Space (s.f.)
1	Third Street Addition[1]	227,906,386	99,700
2	Howard Street Connector Expansion[1]	244,593,614	107,000
3	Moscone East Construction	670,000,000	170,150
4	Third Street Addition and Howard Street Connector Expansion	472,500,000	206,700
5	Third Street Addition and Moscone East Construction	897,906,386	269,850
6	Howard Street Connector Expansion and Moscone East Construction	914,593,614	277,150
7	All Three Expansions	1,142,500,000	376,850

[1]San Francisco Travel did not break down construction cost for Third Street Addition and Howard Street Connector individually, JLLH therefore allocated it based on each components' saleable s.f. of space

Note: Construction cost for all expanson scenarios was provided as a range; JLLH used the mid-point of the range in its study

The table below outlines the assumed construction dates and duration of the various scenarios, along with the specifics of the expansions. The starting date for construction was given by San Francisco Travel as FY 2014/2015. In the plans provided by San Francisco Travel, the Howard Street Connector Expansion was deemed to be part of the Third Street Addition (in total, the Moscone North/South expansion) project. JLLH assumed that the Third Street addition would be constructed during the first two thirds of the overall expansion timeframe, and that the Howard Street Connector expansion would take place during the last third of the overall Moscone North/South expansion timeframe.

Assumed Construction Timeline			
	Howard Street Connector	Third Street Addition	Moscone East Construction
Start Construction	4/30/16	7/1/2014	7/1/2014
Open for Use	3/30/17	4/30/2016	12/29/2017

Summary of Construction			
	Howard Street Connector	Third Street Addition	Moscone East Construction
Location	Connection between Moscone North and South	Vertically stacked above Moscone South	Separate building across from Moscone South on Third Street
Exhibit Space s.f.	107,000	-	102,650
Meeting Space s.f.	-	99,700	67,500
Total Saleable Space	107,000	99,700	170,150

JLLH first weighed the pros and cons of each of the three individual expansion options on a high-level basis before more closely evaluating economic impact and forming its cost benefit conclusion.

Expansion Scenario	Pros	Cons
Third Street Addition	Adds meeting space with natural light Construction cost is lower than Moscone East	Does not add exhibit space, nor does it add any contiguous space Construction expected to displace some groups
Howard Street Connector	Addresses lack of contiguous exhibit space Little disruption of existing booked business Construction cost is lower than Moscone East	Underground, no natural light Construction expected to displace some groups
Moscone East	Addresses lack of contiguous exhibit space Little disruption of existing booked business Could be used as for self-contained events like Moscone West	Higher cost to construct compared to the other expansion scenarios

5.2 Methodology of Attendance Projections based on Expansion Scenario

JLLH first calculated organic growth rates in Moscone Center attendance assuming no expansion in space. An assumed growth rate of 2.5% per annum was applied to the total attendance figures for FY 2010/2011.

Based on this methodology, JLLH calculated that attendance would rise to 1.434 million in FY 2021/2022. This attendance level yielded a ratio of 2.7 attendees per square foot of exhibit space, deemed as infeasible, since the ratio from FY 1989/1990 to FY 2011/2011 averaged 1.9.

JLLH as such added an attrition factor to the model, capping future attendance per square foot of exhibit space at a ratio of 2.2. When accounting for attrition, the organic growth scenario yielded annual attendance of 1.207 million in FY 2021/2022. For purposes of the 15-year IRR, JLLH took this attendance figure, deemed to be a stabilized figure, and applied it to all years from FY 2022/2012 through FY 2025/2026.

A space utilization ratio of 2.2 marks an increase on the historic ratio. JLLH deems the increase reasonable because meeting planners of the Moscone Center's largest groups unanimously stated that they can make the space work up to a certain point of growth in attendance. This implies that groups strive to keep making more efficient use of the space available.

Based on this analysis, JLLH concluded that it is unlikely that Moscone Center attendance will decline if the convention center is not expanded. While the absence of an expansion may result in the loss of several of the center's largest groups to other cities, JLLH expects that San Francisco Travel will be able to manage demand accordingly and accommodate another group, or multiple smaller groups in the time blocks made available by such lost groups. While the replaced business may have a lesser economic impact on the city, JLLH did not lower any projected attendance figures due to the presumed loss of any groups that are turned away due to space constraints.

JLLH subsequently calculated attendance projections for the three expansion scenarios detailed below, along with all possible combinations thereof. In its methodology, JLLH took the organic attendance growth figures (capped at a space utilization rate of 2.2 as described above), and calculated the induced demand, expressed as number of induced groups multiplied by average historic group size. JLLH also made assumptions as to the expected number of groups displaced during the construction of each of the expansion scenarios based on insight garnered during interviews with competitive convention center managers, among other factors.

For all expansion scenarios, JLLH computed average space utilization ratios and considered these when determining the reasonableness of assumed attendance growth rates. The attendance projection summary table (Appendix 6.3) highlights the average attendance per square foot of exhibit space for each expansion scenario.

JLLH also evaluated the potential for demand dilution for each of the expansion scenarios. Demand dilution refers to the risk of a group preferring a certain space over another space of the Moscone Center. JLLH believes that if a group is of the appropriate size to be self-contained in Moscone West, they will often favor this space, but larger groups that require the full facility will use it as needed to accommodate their exhibitors and attendees. As such, JLLH does not expect that demand dilution will become a material challenge, and did not consider this matter further when determining the recommended expansion scenario.

The final projected attendance figure for each of the expansion cases thus represents organic growth, plus induced demand, minus displaced demand. These projections were used as the basis of determining the economic impact of the incremental attendance figures of the various expansion scenarios.

5.3 Calculation of Economic Impact of Expansion Scenarios

JLLH calculated the economic impact that various expansion scenarios are expected to yield based on the increased attendance levels associated with the expansion. The IRR of the associated construction costs against the incremental economic impact was used in formulating JLLH's final recommendation.

In order to estimate economic impact, JLLH relied on the IMPLAN software and data package, which uses multipliers based on data from the Bureau of Labor Statistics, the U.S. Census, and other agencies to describe and quantify economic changes. IMPLAN is considered a comprehensive and reliable source by economists and makes use of multipliers to provide estimates of economic activity associated with some other economic activity or changes to an activity level. JLLH used 2010 IMPLAN data (which represents the latest year available) for San Francisco County in the economic impact analysis; therefore, the multipliers are specific to the market at hand.

IMPLAN's multipliers consist of three types of impact: direct, indirect, and induced effects. Direct effects are those related to the initial spending in the economy, and indirect effects measure the additional businesses needed to purchase goods and services to produce the product purchased by the direct effect. Induced effects are the response by an economy to the initial change causing further local economic activity. Each of these effects is categorized into employment, labor income, value-added, or output as defined below:

- **Employment**: Annual average full-time and part-time jobs throughout the economy that are needed, directly and indirectly, to deliver $1 million of output.

- **Labor Income**: All forms of employment income, including Employee Compensation (wages and benefits) and Proprietary Income. Proprietary Income encompasses payments received by self-employed individuals as well as income.

- **Value-Added**: Represents the sum of Labor Income, Other Property Type Income, and Indirect Business Taxes. Other Property Type Income consists of payments from rents, royalties and dividends, and Indirect Business Taxes consist primarily of excise and sales taxes paid by individuals to businesses. These taxes occur during the normal operations of these businesses, but do not include taxes on profit or income.

- **Output**: The total value of the industry production; intermediate purchases plus value-added. Output incorporates all of the components in Labor Income and Value-Added.

In computing the full economic impact per the above-referenced methodology, JLLH computed the impact of **incremental Moscone Center Net Operating Income**, **incremental visitor spending** and **associated tax benefits** as described below. JLLH excluded the economic impact from the construction (job, spending on materials, etc.) from the construction itself in the analysis of the seven expansion scenarios.

Moscone Center Facility Impact

JLLH analyzed trends in Moscone Center facility revenues, expenses and operating income to incorporate the impact of attendance on the financial performance of the convention center under various expansion scenarios. In order to estimate an overall 15-year IRR from the total economic impact compared to the construction costs, JLLH also added in the Convention Center Net Income attributable to incremental attendance resulting from the expansion.

A profit margin ranging from -13.2% (similar to FY 2010/2011) to -4.0% was applied to the forecast Adjusted Gross Income (AGI) for the convention center operations to obtain a forecast for Convention Center Net Income throughout the forecast horizon for the seven scenarios. JLLH determined that there is not an attendance level that will result in breakeven profitability. Moscone Center operations are expected to continue to yield a slight loss as they have in the past, but will increase its efficiency with a greater inventory of convention space.

Visitor Spending Impact

In order to estimate the incremental revenues from visitor spending, JLLH calculated the net difference in attendance between each of the seven scenarios and the base case of no expansion. The 2010/2011 Moscone Annual Report (latest data available) aggregated three attendee origin categories: National/International, State/Regional, and Local. In order to estimate the percent of total out-of-town attendees, we have assumed that 100% of National/International and State/Regional attendees are from out of town, while assuming that all Local attendees are from within the San Francisco area. This results in a total out-of-town percentage of 99%.

Moscone Attendance Regions: FY 2010/2011			
	FY 2010/2011 Figures	JLLH Assumed	Total Out-of-Town %
National/International	78%	100%	78%
State/Regional	22%	100%	22%
Local	1%	0%	0%
Total			99%
Source: Moscone Annual Report			

JLLH relied on San Francisco Travel's 2010 statistics (latest year available) on the visitor spending by segment and average length of stay in order to derive the revenue generated per visitor for various categories, indicated in the below table. The detailed calculation based on expansion Scenario 6 is contained in Appendix 6.4.

Spending by Visitor Segment (SF Hotel/Motel Visitor): 2010		
Category	$/Day/Person	$ per Person at 3.5 Days
Lodging	$86.41	$302.44
Restaurants in Hotels	$19.25	$67.38
All Other Restaurants	$40.91	$143.19
Retail	$37.20	$130.20
Entertainment & Sightseeing	$24.17	$84.60
Local Transportation	$8.95	$31.33
Gas/Auto Services	$13.09	$45.82
Car Rental	$4.53	$15.86
Exhibitor/Assoc. Expends	$36.91	$129.19
Total Spending	$271.43	$950.01
Length of Stay	3.5	
Source: San Francisco Travel Association, JLLH		

The increase (or loss) in attendance for all seven scenarios compared to the base (no expansion) scenario were converted to incremental revenues according to the average spending per category data accumulated by San Francisco Travel. Because the "Exhibitor/Assoc. Expends" sector included anything an exhibitor/association would spend during their time in San Francisco (i.e. lodging, restaurants, etc.), JLLH assumed that this sector has been accounted for in the economic impact through the allocation for the remaining sectors.

IMPLAN Sectors		
Category	IMPLAN Sector	IMPLAN Description
Lodging	411	Hotels and motels, including casino hotels
Restaurants in Hotels	411	Hotels and motels, including casino hotels
All Other Restaurants	413	Food services and drinking places
Retail	329	Retail - General Merchandise
Entertainment & Sightseeing	338	Scenic and sightseeing transportation and support activities for transportation
Local Transportation	336	Transit and ground passenger transportation
Gas/Auto Services	326	Retail - Gasoline stations
Car Rental	362	Automotive equipment rental and leasing
Construction	34	Construction of new nonresidential commercial and health care structures
Source: JLLH, IMPLAN		

Spend pertaining to the Lodging and Restaurants in the Hotels sector was applied only the net *out-of-town* attendees, while the remaining sectors were attributed to *all* net attendees.

The average spend per person at 3.5 days (from 2010) was inflated to the specific years in which the expanded space opened (which started earliest from 2014/2015 depending on the construction schedule for the scenario). The calculation for expansion Scenario 6 is detailed in Appendix 6.5. This calculation was repeated for all seven scenarios.

Tax Impact

Lastly, JLLH estimated the potential tax benefits from the visitor spending, as follows:

- **Hotel Taxes:** 14.0% of Net Direct Lodging Revenues.
- **Retail Sales Tax:** 1.75% of the following net revenues: Restaurants in Hotels, All Other Restaurants, and Retail.
- **Payroll Taxes/Business Tax:** 1.5% of incremental Labor Income from Visitor Spending.
- **San Francisco TID Assessments:** 1.5% of Net Direct Lodging Revenues.

This analysis was completed for all seven scenarios. Appendix 6.6 depicts the detail calculation for the incremental tax benefits for Scenario 6. The detail calculation for the remaining six scenarios is saved in JLLH's project files.

5.4 Cost Benefit Conclusion

For each of the seven expansion scenarios, JLLH computed return on investment of construction costs and economic impact resulting from the incremental increased attendance. As mentioned previously, we were only provided with an estimate of the total construction budget for the Moscone North/South Expansion and Moscone East Expansion with no detailed breakdown or cash flow schedule. For the purpose of the analysis, we have made the following assumptions:

- Allocated construction cost based on additions in square footage;
- Estimated Soft Costs at 20% of Total Construction Costs and Hard Costs at 80% of Total Construction Costs;
- Soft Costs will be spent by the end of the first year of construction; and
- Hard Costs are evenly distributed throughout the construction period.

The detail table showing the phasing of construction costs is displayed in Appendix 6.7. The following table presents the return on investment summary and the change in employment for all seven scenarios based on the projection period through FY 2025/2026. The detailed calculations for all seven scenarios are displayed in Appendix 6.8.

Economic Impact - Conclusion					
IRR Rank	Scenario	Components	NPV	IRR	Change in Employment
1	2	Howard Street Connector Expansion	$449,433,419	25.8%	3,216
2	6	Howard Street Connector Expansion and Moscone East Construction	$548,493,089	8.2%	6,616
3	4	Third Street Addition and Howard Street Connector Expansion	$334,786,107	8.2%	3,480
4	7	All Three Expansions	$433,853,029	5.3%	6,878
5	3	Moscone East Construction	$99,002,183	2.2%	3,412
6	5	Third Street Addition and Moscone East Construction	-$15,641,054	-0.3%	3,682
7	1	Third Street Addition	-$114,678,083	-7.7%	264

In addition, we also analyzed the economic impact from the construction spending for all seven scenarios. The economic impact from construction spending is presented in the following table.

Economic Impact from Construction				
Scenario	Components	Construction Cost	Economic Impact	Change in Employment
1	Third Street Addition	$227,906,386	$341,048,076	1,978
2	Howard Street Connector Expansion	$244,593,614	$359,237,924	2,029
3	Moscone East Construction	$670,000,000	$994,024,872	5,616
4	Third Street Addition and Howard Street Connector Expansion	$472,500,000	$704,480,214	3,980
5	Third Street Addition and Moscone East Construction	$897,906,386	$1,332,151,164	7,526
6	Howard Street Connector Expansion and Moscone East Construction	$914,593,614	$1,356,908,657	7,666
7	All Three Expansions	$1,142,500,000	$1,695,034,950	9,576

Based on the return on investment analysis by JLLH, Scenario 2 and Scenario 6 yield the highest IRR and Net Present Value ("NPV"). Driving the positive IRR of 25.8% for Scenario 2, which consists of the Howard Street Connector Expansion, is the fact that this expansion option is among the less expensive expansion options, and, through the addition of the highest amount of exhibit space of the three individual expansion options, results in one of the highest incremental attendance increases.

It should be noted that although the Howard Street Connector Expansion yields the highest IRR, operationally, it needs to be linked with either Moscone East or Third Street Addition in order to accommodate displaced demand. Scenario 6, which encompasses Howard Street Connector Expansion and Moscone East Construction, has the capacity to grow incremental convention attendance to generate enough economic impact to offset high construction cost. In addition, the additional economic impact from construction spending showed that the impact is greater with more construction spending going into the economy.

From our interviews with the user groups, we also learned that event planners prefer more contiguous space, increase in natural lighting, and more flexible space similar to the layout of Moscone West. According to them, Moscone West's disadvantage is its lack of connection to Moscone North and South. From a qualitative analysis, Scenario 6 will provide more contiguous and meeting space, and at the same time fulfill the remaining demands from the event planners.

JLLH thus concludes that when considering only cost/benefit, the minimal cost relative to the likely economic benefit of expansion of the Howard Street Connector is considered the best use of roughly $250 million dollars of capital funding. However, when considering return on investment construction and employment impact and research from our interviews with event planners and competitive convention centers' managers, the best expansion scenario is the combination of the Howard Street Connector Expansion and Moscone East Construction, since they are considered financially sound while generating high employment levels, and fulfilling user groups' needs.

The following table depicts the annual incremental economic impact for each of the seven expansion scenarios. The detailed employment figures are displayed in Appendix 6.9.

Impact on Hotel Market Occupancy

JLLH projected hotel demand starting in 2011/2012 over a future 10-year period, assuming no supply increases to core convention center lodging area, to demonstrate how undergoing the expansion recommended in the cost benefit analysis likely warrants the addition of new hotel supply in the future.

As presented in Section 3 of this report, the correlation of Moscone Center convention attendance to hotel demand among the set of convention center hotels equals 0.75. JLLH as such calculated the projected hotel demand level annual percent change from 2011/2012 onward by adding the convention attendance percent change multiplied by 75% with the long-term average demand percent change multiplied by 25%. Note that hotel demand and hotel supply are expressed on total room night (annual) basis.

This calculation yields a CAGR in hotel demand of 2.6% for the years in the forecast horizon, notably above the historic 1.4%, suggesting that the increased exhibit space square footage built in the Howard Street Connector and Moscone East will yield higher hotel demand.

San Francisco Core Convention Hotels - Future Occupancy Projection Based on Recommended Expansion Scenario

Fiscal Year	Convention Attendance (Recommended Expansion Scenario)	% Change	Hotel Supply	Projected Hotel Total Room Night Demand	% Hotel Room Night Change	Accomodated Room Night Demand	Actual Projected Occupancy	Unaccommodated Room Night Demand
1989/1990	606,425		4,016,522	2,732,220		2,732,220	68.0%	
1990/1991	572,395	-5.6%	4,154,430	2,672,889	-2.2%	2,672,889	64.3%	
1991/1992	611,381	6.8%	4,154,430	2,706,555	1.3%	2,706,555	65.1%	
1992/1993	765,202	25.2%	4,154,430	2,859,199	5.6%	2,859,199	68.8%	
1993/1994	835,762	9.2%	4,154,430	2,951,213	3.2%	2,951,213	71.0%	
1994/1995	798,824	-4.4%	4,154,430	3,084,491	4.5%	3,084,491	74.2%	
1995/1996	787,276	-1.4%	4,154,430	3,117,998	1.1%	3,117,998	75.1%	
1996/1997	877,627	11.5%	4,154,430	3,317,700	6.4%	3,317,700	79.9%	
1997/1998	834,243	-4.9%	4,154,430	3,313,002	-0.1%	3,313,002	79.7%	
1998/1999	894,818	7.3%	4,179,867	3,274,929	-1.1%	3,274,929	78.4%	
1999/2000	684,266	-23.5%	4,307,545	3,445,126	5.2%	3,445,126	80.0%	
2000/2001	839,390	22.7%	4,306,445	3,274,276	-5.0%	3,274,276	76.0%	
2001/2002	744,746	-11.3%	4,269,452	2,753,942	-15.9%	2,753,942	64.5%	
2002/2003	747,832	0.4%	4,309,920	2,864,997	4.0%	2,864,997	66.5%	
2003/2004	937,440	25.4%	4,309,920	3,162,960	10.4%	3,162,960	73.4%	
2004/2005	819,843	-12.5%	4,291,020	3,177,229	0.5%	3,177,229	74.0%	
2005/2006	1,046,272	27.6%	4,197,414	3,208,835	1.0%	3,208,835	76.4%	
2006/2007	974,676	-6.8%	4,297,510	3,321,572	3.5%	3,321,572	77.3%	
2007/2008	1,279,000	31.2%	4,380,010	3,525,393	6.1%	3,525,393	80.5%	
2008/2009	968,664	-24.3%	4,498,260	3,513,193	-0.3%	3,513,193	78.1%	
2009/2010	919,811	-5.0%	4,498,260	3,621,242	3.1%	3,621,242	80.5%	
2010/2011	1,092,975	18.8%	4,497,632	3,677,706	1.6%	3,677,706	81.8%	
2011/2012F	1,115,319	2.0%	4,497,632	3,747,232	1.9%	3,747,232	83.3%	
2012/2013F	1,146,315	2.8%	4,497,632	3,838,762	2.4%	3,838,762	85.4%	
2013/2014F	1,181,134	3.0%	4,497,632	3,939,982	2.6%	3,838,762	87.6%	101,221
2014/2015F	1,206,514	2.1%	4,497,632	4,017,558	2.0%	3,838,762	87.6%	178,796
2015/2016F	1,206,598	0.0%	4,497,632	4,032,000	0.4%	3,838,762	87.6%	193,238
2016/2017F	1,206,598	0.0%	4,497,632	4,046,281	0.4%	3,838,762	87.6%	207,519
2017/2018F	1,366,132	13.2%	4,497,632	4,462,647	10.3%	3,838,762	87.6%	623,885
2018/2019F	1,433,033	4.9%	4,497,632	4,642,682	4.0%	3,838,762	87.6%	803,921
2019/2020F	1,453,618	1.4%	4,497,632	4,709,243	1.4%	3,838,762	87.6%	870,481
2020/2021F	1,474,203	1.4%	4,497,632	4,776,037	1.4%	3,838,762	87.6%	937,275
2021/2022F	1,494,787	1.4%	4,497,632	4,843,069	1.4%	3,838,762	87.6%	1,004,307

Correlation 1989/1990 - 2010/2011	Total Hotel Room Night Demand Change	
Convention Attendance, Hotel Demand	CAGR 1989/1990 - 2010/2011	1.4%
0.75	CAGR 2011/2012 - 2021/2022	2.6%

Source: Smith Travel Research, Jones Lang LaSalle Hotels

Based on the projection methodology detailed in the body of the report, the rise in hotel demand amid steady supply will yield a projected occupancy rate of 87.6% in FY 2013/2014. An analysis of long-term trends in San Francisco and other lodging markets evidences that annual hotel occupancy rarely exceeds mid 80s occupancy levels given the periods of lower demand such as holidays. As such, it is considered unlikely that occupancy would grow above this level, resulting in a considerable amount of unaccommodated hotel room night demand as displayed in the table. If no new room supply is introduced to the market, JLLH estimates a potential loss in economic benefit of approximately $17 million for FY 2013/2014 and increasing each additional year with the loss in unaccommodated demand for the market as a whole.

JLLH believes that, based on the incremental convention center attendance resulting from the recommended expansion, there is strong evidence to suggest that the market be able to support the addition of new hotel stock over the medium term. The addition of hotel rooms, whether part of an official convention center headquarters hotel, or another hotel in the local area, will have an additional positive impact on area employment and tax revenues beyond what is quantified in this report.

6 Appendices

6.1 Glossary

- Average Daily Rate (ADR): A measure of the average rate paid for rooms sold, which is calculated by dividing total room revenue by total rooms sold.

- Chain Scales: Seven segments defined by Smith Travel Research based on actual average room rates. Independent hotels, regardless of their room rates are included as a separate chain scale category. The chain scale segments are: Luxury Chains, Upper Upscale Chains, Upscale Chains, Upper Midscale Chains, Midscale Chains, Economy Chains, and Independents.

- Compounded Annual Growth Rate (CAGR): The year-over-year growth rate of a measure over a period of time.

- Internal Rate of Return (IRR): The rate of return used in capital budgeting to measure and compare the profitability of investments by making the net present value of all cash flows from a project equal to zero.

- Net Present Value (NPV): The sum of the present value of all cash flows, both incoming and outgoing.

- Occupancy: The percentage of available rooms that were sold during a specified period of time, which is calculated by dividing total rooms sold by total rooms available.

- Revenue per Available Room (RevPAR): The total room revenue divided by total rooms available. Occupancy multiplied by ADR is equal to RevPAR.

- Smith Travel Research (STR): STR tracks supply and demand data for the hotel industry within the U.S. and globally.

6.2 Moscone Center Existing Facility SWOT Analysis

Moscone Center Strength, Weakness, Opportunity and Threat Analysis	
Strengths • Draw of San Francisco as a destination, strong airlift • Proximity to high-quality hotel inventory • Proximity to significant number of country's high-tech companies • Professional and dedicated convention sales team	**Weaknesses** • Constraints on physical expansion: limited ability to expand vertically and create more venues with natural lighting • Some parts of convention center are in need of renovation • Lack of adjoining or adjacent headquarters hotel • Limited staging area for trucks delivering exhibitors' equipment
Opportunities • Addition of contiguous exhibit space to better accommodate groups that are outgrowing the current facility	**Threats** • Loss of convention rotations to other cities • Expansion of convention centers in San Diego and Los Angeles • Increases to cost structure with regard to union labor, hotel rates, air travel

6.3 Summary Attendance Projection Pro-Forma

The table below shows JLLH's detailed attendance projections for each expansion scenario.

Attendance Projection Moscone N/S/W and No Expansion			
Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,206,514	2.1%	2.2
2015/2016F	1,206,598	0.0%	2.2
2016/2017F	1,206,598	0.0%	2.2
2017/2018F	1,206,598	0.0%	2.2
2018/2019F	1,206,598	0.0%	2.2
2019/2020F	1,206,598	0.0%	2.2
2020/2021F	1,206,598	0.0%	2.2
2021/2022F	1,206,598	0.0%	2.2
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		0.9%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.2
Construction Cost & Attendance Adjusted Gross Income			
Construction Cost			
2011/2012F			
2012/2013F			
2013/2014F			
2014/2015F			
2015/2016F			
2016/2017F			
2017/2018F			
2018/2019F			
2019/2020F			
2020/2021F			
2021/2022F			
IRR			

Attendance Projection Moscone N/S/W and Third Street Addition Expansion			
Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,165,344	-1.3%	2.2
2015/2016F	1,172,290	0.6%	2.2
2016/2017F	1,216,891	3.8%	2.3
2017/2018F	1,216,891	0.0%	2.3
2018/2019F	1,227,183	0.8%	2.3
2019/2020F	1,237,476	0.8%	2.3
2020/2021F	1,237,476	0.0%	2.3
2021/2022F	1,237,476	0.0%	2.3
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		1.1%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.2
Construction Cost & Attendance Adjusted Gross Income			
Construction Co	-227,906,386		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,034,855		
2015/2016F	27,196,008		
2016/2017F	28,230,702		
2017/2018F	28,230,702		
2018/2019F	28,469,477		
2019/2020F	28,708,252		
2020/2021F	28,708,252		
2021/2022F	28,708,252		
IRR	5%		

Attendance Projection Moscone N/S/W and Howard Street Connector Expansion			
Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,206,514	2.1%	2.2
2015/2016F	1,206,598	0.0%	2.2
2016/2017F	1,206,598	0.0%	2.1
2017/2018F	1,309,523	8.5%	2.0
2018/2019F	1,309,523	0.0%	2.0
2019/2020F	1,319,816	0.8%	2.0
2020/2021F	1,330,108	0.8%	2.1
2021/2022F	1,340,400	0.8%	2.1
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		1.9%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Income			
	-244,593,614		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,989,957		
2015/2016F	27,991,926		
2016/2017F	27,991,926		
2017/2018F	30,379,680		
2018/2019F	30,379,680		
2019/2020F	30,618,455		
2020/2021F	30,857,231		
2021/2022F	31,096,006		
IRR	4%		

Attendance Projection Moscone N/S/W and Moscone East Expansion			
Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,206,514	2.1%	2.2
2015/2016F	1,206,598	0.0%	2.2
2016/2017F	1,206,598	0.0%	2.2
2017/2018F	1,263,207	4.7%	2.1
2018/2019F	1,330,108	5.3%	2.1
2019/2020F	1,340,400	0.8%	2.1
2020/2021F	1,350,693	0.8%	2.1
2021/2022F	1,360,985	0.8%	2.1
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		2.0%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Income			
	-670,000,000		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,989,957		
2015/2016F	27,991,926		
2016/2017F	27,991,926		
2017/2018F	29,305,191		
2018/2019F	30,857,231		
2019/2020F	31,096,006		
2020/2021F	31,334,781		
2021/2022F	31,573,557		
IRR	-10%		

Moscone N/S/W and Third Street Addition and Howard Street Connector Expansion			
Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,165,344	-1.3%	2.2
2015/2016F	1,172,290	0.6%	2.2
2016/2017F	1,216,891	3.8%	2.2
2017/2018F	1,319,816	8.5%	2.0
2018/2019F	1,330,108	0.8%	2.1
2019/2020F	1,350,693	1.5%	2.1
2020/2021F	1,360,985	0.8%	2.1
2021/2022F	1,371,278	0.8%	2.1
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		2.1%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Income			
	-472,500,000		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,034,855		
2015/2016F	27,196,008		
2016/2017F	28,230,702		
2017/2018F	30,618,455		
2018/2019F	30,857,231		
2019/2020F	31,334,781		
2020/2021F	31,573,557		
2021/2022F	31,812,332		
IRR	-6%		

Moscone N/S/W and Third Street Addition and Moscone East Construction			
Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,165,344	-1.3%	2.2
2015/2016F	1,172,290	0.6%	2.2
2016/2017F	1,216,891	3.8%	2.3
2017/2018F	1,273,499	4.7%	2.2
2018/2019F	1,350,693	6.1%	2.1
2019/2020F	1,371,278	1.5%	2.1
2020/2021F	1,381,570	0.8%	2.2
2021/2022F	1,391,863	0.7%	2.2
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		2.2%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.2
Construction Cost & Attendance Adjusted Gross Income			
	-897,906,386		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,034,855		
2015/2016F	27,196,008		
2016/2017F	28,230,702		
2017/2018F	29,543,966		
2018/2019F	31,334,781		
2019/2020F	31,812,332		
2020/2021F	32,051,107		
2021/2022F	32,289,883		
IRR	-14%		

Moscone N/S/W and Howard Street Connector Expansion and Moscone East Construction			
Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,206,514	2.1%	2.2
2015/2016F	1,206,598	0.0%	2.2
2016/2017F	1,206,598	0.0%	2.1
2017/2018F	1,366,132	13.2%	2.0
2018/2019F	1,433,033	4.9%	1.9
2019/2020F	1,453,618	1.4%	1.9
2020/2021F	1,474,203	1.4%	2.0
2021/2022F	1,494,787	1.4%	2.0
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		2.9%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Income			
	-914,593,614		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,989,957		
2015/2016F	27,991,926		
2016/2017F	27,991,926		
2017/2018F	31,692,944		
2018/2019F	33,244,984		
2019/2020F	33,722,535		
2020/2021F	34,200,086		
2021/2022F	34,677,636		
IRR	-13%		

Moscone N/S/W and All Three Expansions			
Fiscal Year	Attendance	% Change	Space Efficiency
1989/1990	606,425		2.3
1990/1991	572,395	-5.6%	2.2
1991/1992	611,381	6.8%	2.3
1992/1993	765,202	25.2%	1.7
1993/1994	835,762	9.2%	1.9
1994/1995	798,824	-4.4%	1.8
1995/1996	787,276	-1.4%	1.8
1996/1997	877,627	11.5%	2.0
1997/1998	834,243	-4.9%	1.9
1998/1999	894,818	7.3%	2.0
1999/2000	684,266	-23.5%	1.5
2000/2001	839,390	22.7%	1.9
2001/2002	744,746	-11.3%	1.7
2002/2003	747,832	0.4%	1.7
2003/2004	937,440	25.4%	1.7
2004/2005	819,843	-12.5%	1.5
2005/2006	1,046,272	27.6%	1.9
2006/2007	974,676	-6.8%	1.8
2007/2008	1,279,000	31.2%	2.4
2008/2009	968,664	-24.3%	1.8
2009/2010	919,811	-5.0%	1.7
2010/2011	1,092,975	18.8%	2.0
2011/2012F	1,115,319	2.0%	2.1
2012/2013F	1,146,315	2.8%	2.1
2013/2014F	1,181,134	3.0%	2.2
2014/2015F	1,165,344	-1.3%	2.2
2015/2016F	1,172,290	0.6%	2.2
2016/2017F	1,216,891	3.8%	2.2
2017/2018F	1,376,424	13.1%	2.0
2018/2019F	1,453,618	5.6%	1.9
2019/2020F	1,484,495	2.1%	2.0
2020/2021F	1,505,080	1.4%	2.0
2021/2022F	1,525,665	1.4%	2.0
Long-Term Averages			
Average Attendance % Change			
Historic		4.1%	
Future		3.1%	
Efficiency of Space: Attendees per Exhibit Space s.f.			
Historic			1.9
Future			2.1
Construction Cost & Attendance Adjusted Gross Income			
	-1,142,500,000		
2011/2012F	25,874,333		
2012/2013F	26,593,399		
2013/2014F	27,401,171		
2014/2015F	27,034,855		
2015/2016F	27,196,008		
2016/2017F	28,230,702		
2017/2018F	31,931,720		
2018/2019F	33,722,535		
2019/2020F	34,438,861		
2020/2021F	34,916,412		
2021/2022F	35,393,963		
IRR	-16%		

Source: San Francisco Travel, Jones Lang LaSalle Hotels

6.4 Visitor Spend Impact based on Incremental Attendance

The below table details the visitor spending impact resulting from the incremental attendance projected in Scenario 6, which pertains to the Howard Street Connector Expansion and Moscone East Expansion. For each fiscal year, the incremental attendance figures are multiplied by the average per person spend figures for each of the categories as provided by San Francisco Travel. The tables for the other six expansion scenarios are saved in JLLH's project files.

Scenario 6: Moscone N/S/W and Howard Street Connector Expansion and Moscone East Construction			
	2014/2015		
Category	$/Person	Net Attendees	Net Difference
Lodging	$350.61	0	$0
Restaurants in Hotels	$78.11	0	$0
All Other Restaurants	$165.99	0	$0
Retail	$150.94	0	$0
Entertainment & Sightseeing	$98.07	0	$0
Local Transportation	$36.31	0	$0
Gas/Auto Services	$53.11	0	$0
Car Rental	$18.38	0	$0
	2015/2016		
Category	$/Person	Net Attendees	Net Difference
Lodging	$361.12	0	$0
Restaurants in Hotels	$80.45	0	$0
All Other Restaurants	$170.97	0	$0
Retail	$155.47	0	$0
Entertainment & Sightseeing	$101.01	0	$0
Local Transportation	$37.40	0	$0
Gas/Auto Services	$54.71	0	$0
Car Rental	$18.93	0	$0
	2016/2017		
Category	$/Person	Net Attendees	Net Difference
Lodging	$371.96	0	$0
Restaurants in Hotels	$82.86	0	$0
All Other Restaurants	$176.10	0	$0
Retail	$160.13	0	$0
Entertainment & Sightseeing	$104.04	0	$0
Local Transportation	$38.53	0	$0
Gas/Auto Services	$56.35	0	$0
Car Rental	$19.50	0	$0
	2017/2018		
Category	$/Person	Net Attendees	Net Difference
Lodging	$383.12	158,626	$60,771,988
Restaurants in Hotels	$85.35	158,626	$13,538,488
All Other Restaurants	$181.38	159,533	$28,936,534
Retail	$164.93	159,533	$26,312,370
Entertainment & Sightseeing	$107.16	159,533	$17,095,967
Local Transportation	$39.68	159,533	$6,330,530
Gas/Auto Services	$58.04	159,533	$9,258,842
Car Rental	$20.08	159,533	$3,204,168
	2018/2019		
Category	$/Person	Net Attendees	Net Difference
Lodging	$394.61	225,146	$88,844,726
Restaurants in Hotels	$87.91	225,146	$19,792,396
All Other Restaurants	$186.82	226,434	$42,303,346
Retail	$169.88	226,434	$38,466,987
Entertainment & Sightseeing	$110.38	226,434	$24,993,201
Local Transportation	$40.87	226,434	$9,254,826
Gas/Auto Services	$59.78	226,434	$13,535,830
Car Rental	$20.69	226,434	$4,684,286
	2019/2020		
Category	$/Person	Net Attendees	Net Difference
Lodging	$406.45	245,614	$99,829,165
Restaurants in Hotels	$90.55	245,614	$22,239,456
All Other Restaurants	$192.43	247,019	$47,533,577
Retail	$174.98	247,019	$43,222,906
Entertainment & Sightseeing	$113.69	247,019	$28,083,270
Local Transportation	$42.10	247,019	$10,399,059
Gas/Auto Services	$61.57	247,019	$15,209,350
Car Rental	$21.31	247,019	$5,263,435
	2020/2021		
Category	$/Person	Net Attendees	Net Difference
Lodging	$418.64	266,082	$111,392,710
Restaurants in Hotels	$93.26	266,082	$24,815,527
All Other Restaurants	$198.20	267,604	$53,039,550
Retail	$180.23	267,604	$48,229,559
Entertainment & Sightseeing	$117.10	267,604	$31,336,248
Local Transportation	$43.36	267,604	$11,603,617
Gas/Auto Services	$63.42	267,604	$16,971,100
Car Rental	$21.95	267,604	$5,873,116
	2021/2022		
Category	$/Person	Net Attendees	Net Difference
Lodging	$431.20	286,550	$123,560,221
Restaurants in Hotels	$96.06	286,550	$27,526,146
All Other Restaurants	$204.15	288,189	$58,833,101
Retail	$185.63	288,189	$53,497,711
Entertainment & Sightseeing	$120.61	288,189	$34,759,131
Local Transportation	$44.66	288,189	$12,871,089
Gas/Auto Services	$65.32	288,189	$18,824,867
Car Rental	$22.61	288,189	$6,514,641

Source: Jones Lang LaSalle Hotels, based on IMPLAN data

6.5 Total Visitor Spend Economic Impact based on IMPLAN Multipliers

The below table details the full economic impact from visitor spending resulting from the incremental additional attendance levels as projected in Scenario 6, which pertains to the Howard Street Connector Expansion and Moscone East Expansion. The tables for the other six scenarios are saved in JLLH's project files.

	Scenario 6 Visitor Spending Impact (in 2012 $)				
2014/2015	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	0.0	$0	$0	$0
	Indirect Effect	0.0	$0	$0	$0
	Induced Effect	0.0	$0	$0	$0
	Total Effect	0.00	$0	$0	$0
2015/2016	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	0.0	$0	$0	$0
	Indirect Effect	0.0	$0	$0	$0
	Induced Effect	0.0	$0	$0	$0
	Total Effect	0.00	$0	$0	$0
2016/2017	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	0.0	$0	$0	$0
	Indirect Effect	0.0	$0	$0	$0
	Induced Effect	0.0	$0	$0	$0
	Total Effect	0.00	$0	$0	$0
2017/2018	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	664.70	$25,027,734	$34,683,683	$54,197,384
	Indirect Effect	89	$6,964,135	$10,398,544	$15,129,935
	Induced Effect	115.4	$7,558,263	$12,777,520	$18,379,116
	Total Effect	869.10	$39,550,132	$57,859,747	$87,706,435
2018/2019	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	952.00	$35,849,755	$49,680,726	$77,769,371
	Indirect Effect	127.7	$9,986,014	$14,912,199	$21,696,778
	Induced Effect	165.4	$10,828,968	$18,306,765	$26,332,352
	Total Effect	1,245.00	$56,664,737	$82,899,691	$125,798,501
2019/2020	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,048.40	$39,479,857	$54,711,335	$85,799,699
	Indirect Effect	140.8	$11,008,912	$16,441,859	$23,921,697
	Induced Effect	182.1	$11,928,221	$20,165,091	$29,005,359
	Total Effect	1,371.30	$62,416,990	$91,318,284	$138,726,755
2020/2021	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,146.60	$43,175,610	$59,832,924	$94,005,015
	Indirect Effect	154.1	$12,052,554	$18,002,946	$26,192,200
	Induced Effect	199.2	$13,047,875	$22,057,907	$31,727,975
	Total Effect	1,499.90	$68,276,039	$99,893,777	$151,925,190
2021/2022	Impact Type	Employment	Labor Income	Value Added	Output
	Direct Effect	1,246.50	$46,937,935	$65,046,768	$102,389,081
	Indirect Effect	167.7	$13,117,329	$19,596,068	$28,509,160
	Induced Effect	216.6	$14,188,241	$23,985,736	$34,500,953
	Total Effect	1,630.90	$74,243,505	$108,628,571	$165,399,195

Source: Jones Lang LaSalle Hotels, based on IMPLAN data

6.6 Tax Benefits based on Incremental Attendance Increase

The below table shows in detail the full methodology and calculation supporting the incremental tax receipts based on the expansion scenarios. Expansion Scenario 6, which pertains to the Howard Street Connector Expansion and Moscone East Expansion is illustrated below; the tables for the other six scenarios are saved in JLLH's project files.

	Scenario 6 Tax Benefits (in 2012 $)				
2014/2015		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$0	$0	$0	$0
	Total Public Resources	$0	$0	$0	$0
2015/2016		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$0	$0	$0	$0
	Total Public Resources	$0	$0	$0	$0
2016/2017		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$0	$0	$0	$0
	Total Public Resources	$0	$0	$0	$0
2017/2018		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$47,973,969	$54,301,403	$39,550,132	$47,973,969
	Total Public Resources	$6,716,356	$950,275	$593,252	$719,610
2018/2019		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$68,092,085	$77,072,958	$56,664,737	$68,092,085
	Total Public Resources	$9,532,892	$1,348,777	$849,971	$1,021,381
2019/2020		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$74,282,274	$84,079,591	$62,416,990	$74,282,274
	Total Public Resources	$10,399,518	$1,471,393	$936,255	$1,114,234
2020/2021		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$80,472,464	$91,086,224	$68,276,039	$80,472,464
	Total Public Resources	$11,266,145	$1,594,009	$1,024,141	$1,207,087
2021/2022		Hotel Taxes	Retail Sales Tax	Payroll Taxes	San Francisco TID Assessments
	Rate	14.0%	1.8%	1.5%	1.5%
	Net New Spending	$86,662,653	$98,092,856	$74,243,505	$86,662,653
	Total Public Resources	$12,132,771	$1,716,625	$1,113,653	$1,299,940

Source: Jones Lang LaSalle Hotels, based on IMPLAN data

6.7 Assumed Construction Cost Phasing

The table below depicts the assumed construction cost phasing as described in Section 5.4.

Construction Cost Phasing Assumptions									
			Construction Costs			Construction Cash Flow (2012 $)			
Scenario	Components	Schedule (FY)	Estimated Soft Costs (20%)	Estimated Hard Costs (80%)	Total Cost	2014/2015	2015/2016	2016/2017	2017/2018
1	Third Street Addition	2014/2015-2016/2017	$45,581,277	$182,325,109	$227,906,386	$106,356,313	$60,775,036	$60,775,036	$0
2	Howard Street Connector Expansion	2016/2017	$48,918,723	$195,674,891	$244,593,614	$0	$0	$244,593,614	$0
3	Moscone East Construction	2014/2015-2017/2018	$134,000,000	$536,000,000	$670,000,000	$268,000,000	$134,000,000	$134,000,000	$134,000,000
4	Third Street Addition and Howard Street Connector Expansion	2014/2015-2016/2017	$94,500,000	$378,000,000	$472,500,000	$220,500,000	$126,000,000	$126,000,000	$0
5	Third Street Addition and Moscone East Construction	2014/2015-2017/2018	$179,581,277	$718,325,109	$897,906,386	$359,162,554	$179,581,277	$179,581,277	$179,581,277
6	Howard Street Connector Expansion and Moscone East Construction	2014/2015-2017/2018	$182,918,723	$731,674,891	$914,593,614	$365,837,446	$182,918,723	$182,918,723	$182,918,723
7	All Three Expansions	2014/2015-2017/2018	$228,500,000	$914,000,000	$1,142,500,000	$457,000,000	$228,500,000	$228,500,000	$228,500,000

Source: San Francisco Travel, Jones Lang LaSalle Hotels

6.8 Annual Incremental Economic Impact by Expansion Scenario

The two tables below depict the annual incremental economic impact for each of the seven expansion scenarios.

Scenario 1 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$2,354,362	-$25,817,588	-$106,356,313	-$132,173,901
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$1,963,336	-$21,640,503	-$60,775,036	-$82,415,540
2016/2017F	$238,775	-12.0%	-$1,235	$5,626,571	$579,118	$6,204,454	-$60,775,036	-$54,570,582
2017/2018F	$238,775	-11.0%	-$1,132	$5,658,479	$579,322	$6,236,669	$0	$6,236,669
2018/2019F	$477,551	-10.0%	-$2,058	$11,436,227	$1,159,366	$12,593,534	$0	$12,593,534
2019/2020F	$716,326	-9.0%	-$2,779	$17,340,843	$1,740,175	$19,078,239	$0	$19,078,239
2020/2021F	$716,326	-9.0%	-$2,779	$17,529,829	$1,741,313	$19,268,363	$0	$19,268,363
2021/2022F	$716,326	-9.0%	-$2,779	$17,721,343	$1,742,463	$19,461,027	$0	$19,461,027
2022/2023F								$19,461,027
2023/2024F								$19,461,027
2024/2025F								$19,461,027
2025/2026F								$19,461,027
NPV								-$114,678,083
IRR								-7.7%

Scenario 2 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2015/2016F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2016/2017F	$0	-13.2%	$0	$0	$0	$0	-$244,593,614	-$244,593,614
2017/2018F	$2,387,754	-11.0%	-$11,322	$56,584,796	$5,793,220	$62,366,695	$0	$62,366,695
2018/2019F	$2,387,754	-9.0%	-$9,263	$57,181,136	$5,796,828	$62,968,700	$0	$62,968,700
2019/2020F	$2,626,529	-8.0%	-$9,057	$63,583,096	$6,380,642	$69,954,680	$0	$69,954,680
2020/2021F	$2,865,304	-8.0%	-$9,881	$70,119,319	$6,965,253	$77,074,691	$0	$77,074,691
2021/2022F	$3,104,080	-8.0%	-$10,704	$76,792,484	$7,550,673	$84,332,453	$0	$84,332,453
2022/2023F								$84,332,453
2023/2024F								$84,332,453
2024/2025F								$84,332,453
2025/2026F								$84,332,453
NPV								$449,433,419
IRR								25.8%

Scenario 3 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	$0	-13.2%	$0	$0	$0	$0	-$268,000,000	-$268,000,000
2015/2016F	$0	-13.2%	$0	$0	$0	$0	-$134,000,000	-$134,000,000
2016/2017F	$0	-13.2%	$0	$0	$0	$0	-$134,000,000	-$134,000,000
2017/2018F	$1,313,265	-11.0%	-$6,227	$31,121,638	$3,186,271	$34,301,682	-$134,000,000	-$99,698,318
2018/2019F	$2,865,304	-9.0%	-$11,116	$68,617,363	$6,956,193	$75,562,440	$0	$75,562,440
2019/2020F	$3,104,080	-7.0%	-$9,366	$75,143,658	$7,540,758	$82,675,050	$0	$82,675,050
2020/2021F	$3,342,855	-7.0%	-$10,087	$81,805,872	$8,126,128	$89,921,914	$0	$89,921,914
2021/2022F	$3,581,631	-7.0%	-$10,807	$88,606,711	$8,712,315	$97,308,219	$0	$97,308,219
2022/2023F								$97,308,219
2023/2024F								$97,308,219
2024/2025F								$97,308,219
2025/2026F								$97,308,219
NPV								$99,002,183
IRR								2.2%

Scenario 4 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$2,354,362	-$25,817,588	-$220,500,000	-$246,317,588
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$1,963,336	-$21,640,503	-$126,000,000	-$147,640,503
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$579,118	$6,204,557	-$126,000,000	-$119,795,443
2017/2018F	$2,626,529	-8.0%	-$9,057	$62,243,276	$6,372,542	$68,606,761	$0	$68,606,761
2018/2019F	$2,865,304	-7.0%	-$8,646	$68,617,363	$6,956,193	$75,564,911	$0	$75,564,911
2019/2020F	$3,342,855	-6.0%	-$8,646	$80,923,940	$8,120,817	$89,036,111	$0	$89,036,111
2020/2021F	$3,581,631	-6.0%	-$9,263	$87,649,147	$8,706,566	$96,346,450	$0	$96,346,450
2021/2022F	$3,820,406	-6.0%	-$9,881	$94,513,826	$9,293,136	$103,797,082	$0	$103,797,082
2022/2023F								$103,797,082
2023/2024F								$103,797,082
2024/2025F								$103,797,082
2025/2026F								$103,797,082
NPV								$334,786,107
IRR								8.2%

Scenario 5 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$2,354,362	-$25,817,588	-$359,162,554	-$384,980,142
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$1,963,336	-$21,640,503	-$179,581,277	-$201,221,781
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$579,118	$6,204,557	-$179,581,277	-$173,376,720
2017/2018F	$1,552,040	-8.0%	-$5,352	$36,780,117	$3,765,593	$40,540,358	-$179,581,277	-$139,040,919
2018/2019F	$3,342,855	-7.0%	-$10,087	$80,053,592	$8,115,559	$88,159,064	$0	$88,159,064
2019/2020F	$3,820,406	-5.0%	-$8,234	$92,484,503	$9,280,933	$101,757,202	$0	$101,757,202
2020/2021F	$4,059,181	-5.0%	-$8,749	$99,335,702	$9,867,442	$109,194,395	$0	$109,194,395
2021/2022F	$4,297,957	-5.0%	-$9,263	$106,328,054	$10,454,779	$116,773,569	$0	$116,773,569
2022/2023F								$116,773,569
2023/2024F								$116,773,569
2024/2025F								$116,773,569
2025/2026F								$116,773,569
NPV								-$15,641,054
IRR								-0.3%

Scenario 6 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	$0	-13.2%	$0	$0	$0	$0	-$365,837,446	-$365,837,446
2015/2016F	$0	-13.2%	$0	$0	$0	$0	-$182,918,723	-$182,918,723
2016/2017F	$0	-11.0%	$0	$0	$0	$0	-$182,918,723	-$182,918,723
2017/2018F	$3,701,018	-8.0%	-$12,763	$87,706,435	$8,979,492	$96,673,164	-$182,918,723	-$86,245,559
2018/2019F	$5,253,058	-7.0%	-$15,850	$125,798,501	$12,753,021	$138,535,672	$0	$138,535,672
2019/2020F	$5,730,609	-5.0%	-$12,351	$138,726,755	$13,921,400	$152,635,804	$0	$152,635,804
2020/2021F	$6,208,160	-5.0%	-$13,380	$151,925,190	$15,091,381	$167,003,191	$0	$167,003,191
2021/2022F	$6,685,710	-5.0%	-$14,409	$165,399,195	$16,262,989	$181,647,774	$0	$181,647,774
2022/2023F								$181,647,774
2023/2024F								$181,647,774
2024/2025F								$181,647,774
2025/2026F								$181,647,774
NPV								$548,493,089
IRR								8.2%

Scenario 7 Total Economic Impact (in 2012 $)								
	Convention AGI	% Profit Margin	Convention Net Income	Visitor Spending Impact	Tax Benefits	Total Economic Impact	Construction Costs	Net
2011/2012F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2012/2013F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2013/2014F	$0	-13.2%	$0	$0	$0	$0	$0	$0
2014/2015F	-$955,101	-13.2%	$5,434	-$23,468,660	-$2,354,362	-$25,817,588	-$457,000,000	-$482,817,588
2015/2016F	-$795,918	-13.2%	$4,529	-$19,681,696	-$1,963,336	-$21,640,503	-$228,500,000	-$250,140,503
2016/2017F	$238,775	-11.0%	-$1,132	$5,626,571	$579,118	$6,204,557	-$228,500,000	-$222,295,443
2017/2018F	$3,939,794	-7.0%	-$11,888	$93,364,914	$9,558,814	$102,911,840	-$228,500,000	-$125,588,160
2018/2019F	$5,730,609	-5.0%	-$12,351	$137,234,728	$13,912,386	$151,134,764	$0	$151,134,764
2019/2020F	$6,446,935	-4.0%	-$11,116	$156,067,600	$15,661,575	$171,718,059	$0	$171,718,059
2020/2021F	$6,924,486	-4.0%	-$11,939	$169,455,019	$16,832,695	$186,275,774	$0	$186,275,774
2021/2022F	$7,402,036	-4.0%	-$12,763	$183,120,536	$18,005,452	$201,113,225	$0	$201,113,225
2022/2023F								$201,113,225
2023/2024F								$201,113,225
2024/2025F								$201,113,225
2025/2026F								$201,113,225
NPV								$433,853,029
IRR								5.3%

Source: Jones Lang LaSalle Hotels, IMPLAN

6.9 Change in Employment by Expansion Scenario

The below table details the change in employment based on each of the seven expansion scenarios.

Scenario 1 Employment	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	43	6	7	43	6	7	56
2018/2019F	87	12	15	87	12	15	113
2019/2020F	131	18	23	131	18	23	172
2020/2021F	132	18	23	132	18	23	173
2021/2022F	136	18	23	136	18	23	178
							264

Scenario 2 Employment	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	-	-	-	-	-	-	-
2015/2016F	-	-	-	-	-	-	-
2016/2017F	-	-	-	-	-	-	-
2017/2018F	429	57	75	429	57	75	561
2018/2019F	433	58	75	433	58	75	566
2019/2020F	481	65	84	481	65	84	629
2020/2021F	529	71	92	529	71	92	692
2021/2022F	591	78	101	591	78	101	769
							3,216

Scenario 3 Employment	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	-	-	-	-	-	-	-
2015/2016F	-	-	-	-	-	-	-
2016/2017F	-	-	-	-	-	-	-
2017/2018F	236	32	41	236	32	41	309
2018/2019F	519	70	90	519	70	90	679
2019/2020F	568	76	99	568	76	99	743
2020/2021F	617	83	107	617	83	107	808
2021/2022F	668	90	116	668	90	116	874
							3,412

Scenario 4 Employment	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	472	63	82	472	63	82	617
2018/2019F	519	70	90	519	70	90	679
2019/2020F	612	82	106	612	82	106	800
2020/2021F	662	89	115	662	89	115	865
2021/2022F	727	96	124	727	96	124	946
							3,480

Scenario 5 Employment	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	279	37	48	279	37	48	364
2018/2019F	606	81	105	606	81	105	792
2019/2020F	699	94	121	699	94	121	914
2020/2021F	750	101	130	750	101	130	981
2021/2022F	810	108	139	810	108	139	1,057
							3,682

Scenario 6 Employment	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	-	-	-	-	-	-	-
2015/2016F	-	-	-	-	-	-	-
2016/2017F	-	-	-	-	-	-	-
2017/2018F	665	89	115	665	89	115	869
2018/2019F	952	128	165	952	128	165	1,245
2019/2020F	1,048	141	182	1,048	141	182	1,371
2020/2021F	1,147	154	199	1,147	154	199	1,500
2021/2022F	1,247	168	217	1,247	168	217	1,631
							6,616

Scenario 7 Employment	Visitor Spending			Total			
	Direct Effect	Indirect Effect	Induced Effect	Direct Effect	Indirect Effect	Induced Effect	Total
2011/2012F	-	-	-	-	-	-	-
2012/2013F	-	-	-	-	-	-	-
2013/2014F	-	-	-	-	-	-	-
2014/2015F	(203)	(23)	(37)	(203)	(23)	(37)	(263)
2015/2016F	(171)	(19)	(31)	(171)	(19)	(31)	(221)
2016/2017F	43	6	7	43	6	7	56
2017/2018F	708	95	123	708	95	123	925
2018/2019F	1,039	139	180	1,039	139	180	1,358
2019/2020F	1,180	158	205	1,180	158	205	1,543
2020/2021F	1,279	172	222	1,279	172	222	1,673
2021/2022F	1,380	186	240	1,380	186	240	1,806
							6,878

Source: Jones Lang LaSalle Hotels, IMPLAN

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