Market Analysis
Branson Landing
Mixed Use Development

Prepared for

City of Branson

Submitted by

Economics Research Associates

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City of Branson
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We have prepared a market feasibility analysis of the proposed Branson Landing project to be located in the City of Branson, Missouri. The project will consist of a retail/entertainment complex of approximately 445,000 square feet; common areas including a lakefront boardwalk, marinas, amphitheater, and centerpiece fountain show; two hotels with a total of 512 rentable rooms; 106 residential condominiums; and a 220,000-square-foot convention center to be owned by the City. HCW Development Company, LLP (HCW or developer) is the master developer of the project and will be the principal owner with the exception of the convention center and condominium units.

The retail complex and certain street and other public infrastructure improvements are under construction, with the retail complex scheduled to open in April of 2006 and one hotel in June of 2006. The convention center and the adjacent hotel are planned to begin construction in July of 2005 and be completed in April of 2007.

A tax increment financing (TIF) district has been established over the project site, which will enable incremental taxes generated by the project to be applied towards debt service on bonds which are proposed to be issued to finance construction of the City-owned convention center and to subsidize a portion of the retail complex.

This market feasibility analysis was undertaken to project taxable revenues that will be generated by the various elements of the project over the first six years of operations, to evaluate the projected tax revenues relative to the proposed issuance of two series of revenue bonds, one for approximately $80 million, the other for approximately $18 million, which are anticipated to be underwritten by Citigroup in May 2005. This analysis was prepared for the purpose of assisting in the offerings of the bonds and should not be used for any other purpose.

The financial forecast is based on the market analysis and on certain assumptions provided by or reviewed with the developer. The financial forecast

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indicates that sufficient funds could be generated to meet the debt service requirements associated with the proposed total of $98 million financing, as well as the $40 million in previous City financing for the project, during the financial forecast period. However, the achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured. There will be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Specific risk factors pertaining to the proposed development are discussed in the Executive Summary and elsewhere in this following report.

The conclusions expressed herein are based on the effect that various assumptions may have on economic performance and the ability to service debt for the proposed facilities. However, economic performance is influenced by many factors which cannot be foreseen. Other significant influencing factors, many of which are unquantifiable and unpredictable, include weather, the general state of the local and regional economy, changing laws governing benefits and taxes, construction delays, cost overruns, labor availability and costs, ability to successfully negotiate and execute all necessary agreements on terms satisfactory to HCW and the City, environmental factors, changing competitive circumstances, management strength and marketing approach, quality and effectiveness of design, market appeal of the tenants and other program content of the facility, and other intangible circumstances. Under differing scenarios, these other significant influencing factors can have either a positive or negative effect on economic performance. Unless expressly identified, we have not considered such other influencing factors.

The scope of our research consisted primarily of a review of the developer's internal documentation, plans, assumptions, and financial projections; and gathering and analysis of data from secondary sources, and inspections of selected properties, supplemented by interviews with representatives of the City, HCW, and other individuals involved in retailing, convention centers, hotels, and related tourist industries. Most of our research was conducted from December 2004 through February 2005. While the projections reflect project status as of April 2005, we have not conducted an update of overall research findings since February 2005. No responsibility is assumed for inaccuracies in reporting by HCW or the City, its agents and representatives or any other data source used in preparing or presenting this study.

We make no warranty or representation that any of the projected values or results contained in the projections will actually be achieved.

Economics Research Associates is not an accounting firm and has not followed the procedures established by the American Institute of Certified Public Accountants in connection with prospective financial statements.

This document and all analyses and conclusions contained herein are qualified in their entirety by, and should be considered in light of, these limitations, conditions and considerations.

/s/ *Economics Research Associates*
ECONOMICS RESEARCH ASSOCIATES

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I. *Executive Summary*

Project Background

Branson Landing is a multi-use complex being developed by HCW Development Company, LLC (HCW or developer), in conjunction with the City of Branson, Missouri. The project will include retail, hotel, convention center, and residential condominium elements. Economics Research Associates (ERA) was retained by the City of Branson to prepare projections of sales revenues of the various elements of the projects which will be used in estimating the amount of tax revenues that are expected to be generated by the project.

The sole purpose of this engagement is for use in two proposed bond offerings to fund land acquisition, public improvements serving the site, the convention center, and partial costs of the Bass Pro Shop store. This summary should be read together with the entire ERA report, the body of which contains analysis, additional risk factors, assumptions, explanation of data sources, and other important information that must be considered in evaluation of the projections.

The Project

Proposed uses at the project include:

- A convention center of 220,000 square feet, with an adjacent convention-oriented hotel of 267 total rooms including 76 rental pool condominiums.
- An entertainment-oriented retail complex anchored by a 60,000-square-foot Bass Pro Shop store with restaurant and marina and a 67,500-square-foot Belk Department Store.
- Approximately 310,000 square feet of additional retail and food service outlets.
- A boutique hotel of 102 guestrooms, located above the retail buildings.
- A condominium hotel with a total of 143 units, also above the retail buildings.
- 106 residential condominiums above the retail buildings.
- The project is proposed to be heavily themed and include a boardwalk, amphitheater, town square area, lakefront fountain spectacle, two marinas, and other entertainment elements to engage tourist volumes.

Proposed Tenants

The retail complex is being leased by, and is proposed to be operated by, Urban Retail Properties of Chicago. Leasing has been underway over the past year, and according to HCW leases have been executed with tenants comprising approximately 125,000 square feet of the general tenancy space, in addition to the two anchors. Leases are under active negotiation and basic terms have been approved for an additional approximately 100,000 square feet. This proposed tenant list includes many of the leading apparel and specialty chain outlets, as well as several national and regional chain specialty restaurants. Also, a number of local merchandise outlets are in advanced negotiation. The project will not include a cinema complex.

The Branson Region

General Economic Environment

The City of Branson is located in Taney County, Missouri, approximately 40 miles south of downtown Springfield. Branson has a current estimated population of approximately 6,300 persons, and Taney County contains a total population of approximately 42,000 persons. Immediately to the west of the City of Branson is Stone County, which has a population of about 30,000. During the decade of the 1990s, Branson grew at a 5.02 percent annual compounded growth rate, while Taney County grew at a 4.5 percent rate and Stone County at a 4.15 percent rate. Some key economic characteristics include the following:

- The area economy is driven in large part by the tourist trade. About two-thirds of Taney County total employment is in services and trade, mostly tourism-related.

- Over the past seven years, Branson area construction permit value has varied from $41 million to a peak of $76.5 million reached in 2004. Timeshare and other condominiums account for about one-third of recent construction value. In 2004, a total of 316 condominium or timeshare units were permitted.

- Sales tax revenues provide a direct measure of certain aspects of tourist activity. As shown below, the five major components of taxable sales in the City of Branson totaled $806.4 million for 2004, an increase of 13.6 percent since 1998, but a decline of 1.4 percent from the 2003 peak. For the first three months of 2005, total sales taxes are up by over 7 percent from the same months of 2004.

	Sales ($000)	Change (2000-2004)
Amusements	$ 33,768	+79.4%
Theaters	91,834	-11.4%
Overnight Accommodations	116,270	- 0.3%
Food and Beverage	140,683	+ 6.3%
Retail, Other	423,822	+ 4.4%
Total	$806,377	+ 3.8%

- Following strong growth through the 1990s, sales tax revenues since 2000 have increased at less than the rate of CPI inflation. Amusement revenues have shown by far the biggest percentage increase, driven in substantial part by the opening of Celebration City as well as other ticketed attractions. Theater taxable revenues have declined since the peak of 1999, although a portion of this decline is explained by the growth in wholesale ticket sales through brokers.

- There are currently approximately 17,686 hotel rooms in Branson, including many in the economy and limited service categories. For a sample of reporting hotels, 2004 occupancy is estimated at approximately 46.5 percent, with an average daily rate of approximately $65.

- Timeshare units represent an increasing share of the Branson overnight accommodations market, with an estimated total of over 511,000 occupied unit room-nights in 2003, equivalent to approximately 3,000 hotel units at a 50 percent occupancy rate.

Residential Market Size

Population, number of households, and median household income for 2003 are shown below for various radii about the subject site:

	Population	Households	Median Income	Average Disposable Income
0-20 Miles	72,704	20,860	$34,976	$39,243
20-30 Miles	103,549	40,459	36,871	39,801
30-50 Miles	429,084	173,263	37,100	39,682
Total/Average	605,337	234,582	$36,800	$39,600

As shown, total population within 50 miles is estimated at more than 600,000 persons, over 250,000 of which are in Green County which contains the City of Springfield.

The Tourist Market

It is not possible to make a precise count of the number of annual visitors to a typical destination, so indirect measures are employed. The Branson Convention and Visitors Bureau (CVB) estimates that approximately 4.7 million persons stayed overnight in the Branson vicinity in 2004, plus over 2.5 million day visitors, for an estimated total in excess of 7.2 million. The CVB estimates indicate that overnight visitation has been relatively stable since 1999, following a decade of strong growth. Based on hotel and other data, we estimate the current volume of overnight visitation at approximately 4.5 million persons annually.

The estimated volume of day visitors varies greatly depending upon whether passing-through traffic is included, the radius of the defined local resident area, and whether all business visitors are included. We estimate that day trip visitors from residences located more than a 50-mile radius from the site add approximately 8 percent to the buying power of overnight tourists.

Day visitors from Springfield and other areas as far out as 50 miles will constitute a significant source of market support for the retail center. For purposes this analysis, such visitors are considered part of the secondary residential market.

Surveys conducted for the CVB over the past three years suggest an average stay for the overnight visitors surveyed of approximately 3.9 nights, an average party size of close to three persons, and reported average total spending per person of approximately $280. Over 85 percent arrive by personal car, 6 percent by RV or camper, and about 4.5 percent by tour bus. Less than 2 percent report arriving by air, mostly through the Springfield-Branson Regional Airport, located approximately 50 miles distant. Missouri and Arkansas account for about 41 percent of overnight visitors, and on average about 44 percent of overnight visitors travel over 300 miles one-way to visit Branson. Excluding children under 18, the median age of adult visitors is approximately 57 years.

Existing Branson Retail

Three large outlet malls account for a substantial share of tourist-related retail spending in Branson. Totaling over 880,000 rentable square feet, the three malls average about $170 per square foot of taxable sales applied to gross area, and roughly $200 per square foot if vacancies, theaters, and non-retail tenants are excluded. Sales performance varies widely among the centers, with the Tanger Center achieving sales far above the average of the other two centers.

Principal regional competition for the proposed complex will be the Battlefield Mall in Springfield. This conventional, enclosed, regional mall contains a total of 1,171,339 square feet of space, and is reported to perform at a very high level. It was renovated extensively in 1997,

and expanded in 2003. It includes four major department stores as well as a full array of in-line stores including many of those proposed for Branson Landing.

Specialty retail space is scattered throughout Branson in several small tourist-oriented complexes. There is a Wal-Mart store, two supermarkets, and four neighborhood shopping centers.

A major retail center mall is under development in north Branson near I-65 to include Target, Home Depot, and T.J. Maxx stores, with a Wal-Mart under consideration. Also, a 125,000-square-foot tourist-oriented Boyd's Bear store is approved to be constructed near the Dixie Stampede Theater, and several other projects are proposed or underway that will offer indirect competition to the proposed project.

The historic downtown commercial district of Branson directly to the west of the Branson Landing site contains over 35 retail and restaurant outlets generally oriented to the tourist market, generating total taxable retail and restaurant sales of approximately $19 million in 2004.

Theaters and Entertainment Attractions

Branson's most famous tourist attraction is its 40 music theaters, which total over 53,000 seats, most of which are located from two to five miles west of the project site. Although attendance is not tabulated, tax receipts suggest well over 5 million in annual attendance at shows within the city limits.

Major commercial attractions include Silver Dollar City, a high-quality theme and ride park with 2004 attendance of approximately 1.8 million persons, located to the west of Branson city limits. Other larger attractions include the Celebration City nighttime entertainment park, White Water water park, go-cart tracks, museums, and other attractions.

Natural attractions include fishing, boating, and swimming at Table Rock Lake to the west and Bull Shoals Lake to the south, and fishing and boating on Lake Taneycomo, which is too cold for swimming.

Existing Restaurants

Branson claims over 400 restaurants and food services outlets, which includes many small coffee shops and facilities in hotels. The larger and more successful restaurants include Outback, Red Lobster, Olive Garden, Landry's, Lone Star, and Cracker Barrel. The largest eight restaurants total approximately 60,000 square feet in area, and generated total taxable sales in excess of $29 million in 2004, an increase of approximately 8 percent from 2002 to 2004. Although performance of the individual restaurants within the group varies substantially, sales average $3.5

million per restaurant, or approximately $400 per square foot. These eight restaurants accounted for about 21 percent of taxable restaurant sales in Branson in 2004.

Retail Sales Projections

Branson Landing will draw sales from the tourist market as well as from local residents. To succeed and achieve projected performance, the project must attract well over half of all existing visitor volumes to the site, and generate a significant increase to overall Branson tourism. We believe this could be achieved through creation of a unique and appealing overall site environment, including a waterfront boardwalk area with a variety of activities and points of interest, programmed events and entertainment activities, the fountain show which is intended to become a signature Branson attraction, as well as dynamic retail and theme restaurant tenants, including some high performing and tourist-oriented outlets not available in the existing Springfield or Branson markets.

None of the existing retail centers in Branson present direct competition for the national apparel and specialty stores proposed for Branson Landing.

Entertainment retail complexes of the nature proposed are "show business" ventures, based on establishing an emotional appeal with the market. Most spending at Branson Landing would be for discretionary items, as opposed to utilitarian purchases where market projections can be made with less uncertainty. The range of performance for entertainment/tourist-oriented retail complexes is greater than the range of performance for more conventional retail centers, and the possibility of failure is therefore higher.

National Retail Models

Branson Landing will be a unique retail complex, involving characteristics typical of entertainment retail centers, lifestyle centers, as well as regional malls. Although we are aware of no centers that provide a direct comparison to the proposed configuration and unique Branson market environment, a variety of retail complexes in other markets were evaluated for illustrations regarding the potentials at Branson Landing.

Destin Commons, in Fort Myers Beach, Florida, has the same anchors and a somewhat similar tenant list, except that it also includes a major cinema. Broadway at the Beach in Myrtle Beach, South Carolina also has concept similarities, although it includes a cinema, aquarium, water park, and other attractions. Both of these complexes have reportedly been highly successful and are planning expansions. Other tourist-oriented complexes in urban locations, including Peabody Place in Memphis, and Newport on the Levy in Newport, Kentucky, are performing well in urban

locations. The entertainment/tourist retail form was originally formulated by the Rouse Corporation at such projects as Harbor Place in Baltimore, Faneuil Hall in Boston, Riverwalk in New Orleans, Union Station in St. Louis, and other projects.

The risks and uncertainty inherent in entertainment/tourist-oriented retail development are illustrated by the Neonopolis retail center which opened in downtown Las Vegas in 2003 and is now over 50 percent vacant and performing at a small fraction of original expectation. Also, the Pike, opened in 2003 adjacent to the Long Beach (California) Convention Center and waterfront, has failed to attract significant retail tenancy, and while its excellent restaurant tenants are performing well, its overall sales are far less than expected.

Resident Market Sales

The project is projected to achieve stabilization in its fifth year of operation, 2010. Based on extrapolation from historical growth rates, the populations within 20-mile, 20- to 30-mile, and 30- to 50-mile radii are projected at 81,000, 120,000, and 456,000 persons, respectively. Including assumed 2 percent annual inflation and disposable income at 80 percent of total income, average 2010 disposable income is projected at approximately $45,600 per household. Based on Department of Commerce expenditure surveys, average retail spending is estimated at 12 percent of disposable income, or about $5,500 per household. These assumptions result in potential retail spending projected at $185 million from within the 20-mile primary resident area, $254 million from the 20- to 30-mile secondary area, and $1.05 billion from the tertiary area.

PROJECTED RETAIL SALES – 2010
BRANSON LANDING

	Population	Households	Total Retail Potential ($000)	Projected Capture	Projected Branson Landing Sales (000)
Resident Market					
Radius					
0-20 Miles	81,200	34,300	$ 185,540	8.00%	$ 14,843
20-30 Miles	120,000	46,475	254,971	4.00	10,199
30-50 Miles	456,000	192,295	1,051,816	1.25	13,148
Total Residents	---	---	---		$ 38,190
Tourist Market					
Overnight Tourists	5,067,000	n.a.	$335,646	20.0	$ 67,129
Day Trip Tourists	n.a.	n.a.	26,852	20.0	5,371
Total Tourist	---	---	---		$ 72,500
Total Retail Sales					$110,689

Projecting that Branson Landing would capture 8 percent of retail potential within the primary market area, 4 percent within the secondary area, and 1.25 percent in the tertiary, residents would spend a total of approximately $38.2 million for retail merchandise at the project in 2010.

Tourist Sales

With its anticipated highly themed environment and entertainment attractions, as well as conference center and new hotels, during its first five years of operation Branson Landing is projected to generate a significant increase in total tourism to Branson. Including the effects of market growth and other new attraction development, overnight tourist volume is projected at 5,067,000 persons in 2010. At a per-visitor retail spending level of $60 per person reflecting Branson tourism survey results and including 2 percent annual inflation, a total retail market of $335 million annually is projected for 2010. In addition, daytime visitors from outside the 50-mile radius are projected to add approximately 8 percent to the total, suggesting a total market of $362 million. Based on the assumption that Branson Landing can achieve a 20 percent capture of this total tourist spending, retail merchandise purchases of $72.5 million are projected.

Including both resident and tourist markets, total retail merchandise sales are projected at $110.7 million in terms of 2010 dollars.

Restaurant Sales

Restaurant sales are projected on a similar basis. Food and drink expenditures away from home are estimated at 6 percent of disposable household income. Branson Landing's capture of residents' restaurant purchases is projected at 6 percent within the primary market area, 3 percent within the secondary area, and 0.6 percent in the tertiary, result in total purchases by residents of $12.5 million in 2010.

Based on taxable sales data and tourist surveys, total restaurant and bar purchases from overnight tourists in the Branson vicinity are estimated at roughly $30 per overnight tourist, and projected at $33 per visitor in 2010, reflecting 2 percent inflation. Applied to 5,067,000 projected overnight tourists, these assumptions generate $181 million in total potential. At a 15 percent capture of this total market, and adding 8 percent for day trip visitors from outside the 50-mile radius, the tourist market is projected to account for $27.2 million in restaurant sales.

Total restaurant sales at the retail complex are thus projected at $39.7 million in 2010. Food and beverage sales from the hotels and convention center are projected subsequently.

PROJECTED RESTAURANT SALES – 2010
BRANSON LANDING

	Population	Households	Total Restaurant Potential ($000)	Projected Capture	Projected Branson Landing Sales (000)
Resident Market					
Radius					
0-20 Miles	81,200	33,620	$ 92,771	6.0%	$ 5,566
20-30 Miles	---	47,034	127,485	3.0%	3,825
30-50 Miles	---	187,100	525,908	0.6%	3,155
Total Residents	---	---	---		$12,546
Tourist Market					
Overnight Tourists	5,067,000	n.a.	$167,832	15.0%	$25,173
Day Trip Tourists	n.a.	n.a.	13,426	15.0%	2,014
Total Tourist	---	---	---		$27,187
Total Restaurant Sales					$39,733

Total Sales

Including merchandise and food and beverages, total sales at stabilization in 2010 dollars are projected at $150.4 million. In addition, entertainment cruises and valet/priority parking revenues of approximately $2.9 million are projected, for a total of $153.3 million. Sales are projected to build up to this stabilized level as the project establishes its reputation in the marketplace, as leasing is completed, as the market size increases, and reflecting 2 percent annual inflation in dollar values. Projected total retail complex sales starting from the opening year in 2006 are shown below:

Year	Total
2006	$124,887,000
2007	134,002,000
2008	142,807,000
2009	148,448,000
2010	153,324,000

Projected stable year sales levels can be expressed in terms of 2005 dollar values for comparison with recent retail operating data. Subtracting six years of 2 percent inflation from 2010 sales, excluding cruises and parking, yields merchandise sales volumes of $100.3 million and restaurant sales of $36.0 million in 2005 dollar values, which could be allocated among the proposed components approximately as follows:

	Stabilized Sales in 2005 Dollars	Estimated Floor Area (sq.ft.)	Projected Sales per Square Foot
Anchors	$ 39,200,000	117,500	$333
Retail	61,050,000	205,000	298
Restaurant/Bar	36,000,000	88,000*	409
Total	$136,250,000	410,500*	

*Per occupied store area assuming 5% vacancy and 4% non-retail.

As shown, in 2005 dollar values, at stabilization the anchor stores are projected to average approximately $330 per square foot, with the Bass Pro Shop store (excluding the restaurant) expected to generate roughly double the per-square-foot taxable sales performance of the Belk department store, based on historical performance by store type. Projected average sales of in-line stores of $298 per square foot, including kiosk sales, would be representative of performance at typical in-line stores at regional shopping centers in the United States. Projected restaurant sales of $409 per square foot would be roughly equivalent to the better performing major restaurants in the Branson area.

Risk Considerations

Although the risk inherent in entertainment/tourist-oriented retail development cannot be eliminated, the risk can be managed through a variety of efforts. First is to ensure substantial pre-leasing to dynamic retail and theme restaurant tenants. To succeed, the tenant roster must include a high percentage of high-quality, tourist-oriented stores and restaurants that will appeal to the tastes of younger and more affluent visitors as well as to a wide range of all Branson visitors. While we have not examined any individual leases, Urban Retail Properties staff indicates that the leasing program is proceeding well and that they expect to be over 90 percent leased at time of opening. Expected tenants include a range of good apparel stores as well as restaurants, although some of the top performing outlets (Gap, Banana Republic, Borders, Pottery Barn, P.F. Chang's, Cheesecake Factory, etc.) appear unlikely.

The second approach to minimizing risk is through ensuring that the physical environment will be sufficient to have a high probability of creating a true attraction. This includes interior areas of the retail mall and common areas, and the large waterfront area, boardwalk, and a town square which is intended to become the principal meandering place for Branson tourists. The architects, designers, and associated team consultants are highly regarded, and the renderings we have seen appear attractive. Of course, the funding should include controls to ensure that the final landscaping and theming elements are fully completed.

A third necessary element is creation of an overall marketing and operating plan including programmatic events, entertainment activities, exhibits, and points of interest. The Fountain Show is intended to be the key thematic attraction and a true spectacle. Several different versions of the computer-controlled six-minute show are intended to operate every half hour, including lights, music, fire, and over 100-foot water jets. Inclusion of street entertainment, periodic festivals, and regular attractions are highly important, more so with the absence of a cinema or major showroom attraction. The complex is proposed to be managed and marketed by Urban Retail Properties, which firm has managed the Chicago summertime lakefront entertainment programs, and the Desert Passage shops on the Las Vegas Strip, as well as many other retail complexes. The actual program of activities and interest points will be developed during the construction period.

Branson is unique, unlike any other community in the United States, with its many large entertainment showrooms, lakes, natural attractions, major theme park, commercial attractions, 17,000 hotel rooms, absence of gambling casinos, and small local population base.

Also, Branson Landing is a unique project, unlike any other retail complex of which we are aware. It combines characteristics of several different retail center types -- it is an entertainment/retail center, but without a cinema; the tenant list includes many of those within a typical regional mall, but it does not have large conventional department store anchors; and it might be considered a "lifestyle" center, but the tenant list includes few of the bookstores, household furnishings, and other non-apparel merchandise tenants usually found at lifestyle centers.

With its relatively small local population, the retail project will primarily depend upon the tourist market. A tourist market is subject to more uncertainty than a permanent residential market. First, the actual size of a tourist market must be estimated from indirect measures, since no precise census count is possible. Secondly, the tourist market can vary subject to competition with other resort areas, economic conditions, weather, and fashions in entertainment preferences.

To achieve the forecasted levels of sales, we estimate that the complex must attract more than half of the existing tourist volume to the Branson area, which will require a significant modification to existing visitor traffic patterns, which are concentrated well to the west of the site. Significant road improvements serving the site are under construction. ERA has not analyzed the ability of these improvements to accommodate the needed traffic volumes.

The high variation among entertainment/tourist-oriented retail complexes is illustrated by recent performance of several new facilities over the past few years, which varies from highly successful to apparent failures. Regardless of careful planning, the possibility must be recognized that the

Branson Landing project may fail to attract the market adequately, and that actual sales performance and resulting tax revenues may be a fraction of that forecast.

Convention Center Analysis

The convention center is intended to attract a variety of conventions, tradeshows, corporate events, consumer shows, smaller meetings, and banquets. In addition, the facility is expected to book concerts, other entertainment shows, sports events and miscellaneous other activities. Given the limited air service to the Branson market, the majority of events will be sponsored by state and regional organizations, relying upon the drive-in market.

Industry Trends

Because there are many different types of meetings, events, and venues, no available data series accurately tracks total conventions and meeting activity. However, a variety of data suggest that following a period of substantial growth through the late 1990s, general convention and tradeshow activity declined from 2000 through 2002, and has remained relatively flat since then. The strongest segment of the market has been consumer shows, which have apparently increased in volume by close to 5 percent annually over the first part of this decade.

Competitive Facilities

Over the past 10 years there has been a substantial increase in supply and upgrading in quality of the inventory of convention centers throughout the United States, and the result has been highly competitive market conditions.

Sixteen facilities in the surrounding region which are expected to compete to some degree with the new convention center were reviewed. These included the following:

- America's Center, St. Louis, Missouri
- Kansas City Convention Center, Kansas City, Missouri
- Kansas City Market Center, Kansas City, Missouri
- Crowne Center, Kansas City, Missouri
- Tan-Tar-A Resort, Lake of the Ozarks, Missouri
- Lodge of the Four Seasons, Lake of the Ozarks, Missouri
- Chateau on the Lake, Branson, Missouri
- Springfield Expo Center, Springfield, Missouri
- Century II Convention Center, Wichita, Kansas
- Overland Park Convention Center, Overland Park, Kansas
- Cox Convention Center, Oklahoma City, Oklahoma

- Tulsa Convention Center, Tulsa, Oklahoma
- Hot Springs, Convention Center, Hot Springs, Arkansas
- State House Convention Center, Little Rock, Arkansas
- Memphis Cooke Convention Center, Memphis, Tennessee
- Prairie Capital Convention Center, Springfield, Illinois

The majority of these facilities were either expanded, renovated, or completed within the past five years, and of course many other facilities throughout the central United States will offer indirect competition to the proposed Branson Convention Center. In addition, a new convention center with adjacent 300-room hotel is scheduled to open this spring in St. Charles, Missouri.

The facilities proposed at the Branson convention center appear appropriate in comparison with the amounts of exhibit area, ballrooms, and meeting space provided at the competitive facilities. Although Branson's local close-in population is less than at most of the other competitive facilities, several of the competitive facilities have similar populations within 50- and 100-mile radii. Branson also has a relatively large number of hotel rooms, although with the exception of the on-site proposed 512 rooms, additional larger hotels are located several miles to the west and will require a shuttle transit system for major events.

Comparable Facilities

ERA also reviewed the physical characteristics, market sizes, and activity at ten convention centers which are not considered directly competitive with Branson, but which have some similarities to Branson, including centers in Gatlinburg and Chattanooga in Tennessee; Ontario, California; Covington, Kentucky; Myrtle Beach, South Carolina; and others.

Survey of Meeting Planners

A survey of meeting planners representing key event segments was conducted for the city of Branson in December of 2002, resulting in 173 completed interviews. A total of 7 percent of the national and regional planners, and 43 percent of the state groups, indicated that they would likely or definitely use the proposed Branson facility, and an additional 33 percent of the national/ regional respondents indicate a possible interest. The survey also provided input on requirements for facility sizes, length of stay, hotel rooms, meeting attendees, and meeting duration, which data were utilized in preparing the use projections.

Projected Utilization

The following table shows the projected number of events to be held at the Branson convention center after the project has achieved stabilization in 2010, its projected fourth year of operation.

The table also shows the average number of days per event, and average attendance per day. The activity projections for the convention center are subject to uncertainty and involve many of the risk factors described previously. The number of events is expected to build up over the first several years with aggressive marketing starting well prior to construction, allowing time for the center to become part of the rotational schedule for the state and regional association events. During the first year, the number of national and regional events will be less than half that projected for the stabilized year.

Estimated Stabilized Year Event Levels and Attendance

	Events (Year 4)	Days Per Event	Average Event Day Attendance
National/Regional Association	7	3.7	1,038
National/Regional SMERF	10	3.7	1,730
National/Regional Corp/TS	6	2.8	1,179
State Groups	12	3.0	347
Consumer Shows	16	3.0	2,600
Meetings/Banquets	85	1.0	150
Other	18	2.0	1,650
TOTAL	**154**		

Source: Economics Research Associates

It is estimated that on average close to 80 percent of attendees at conventions would be out-of-towners staying overnight in the Branson area. For the public shows, meetings, and entertainment events, a much lower percentage are estimated to be overnight out-of-towners, with day-trippers accounting for about one-third of attendance at these events.

These projections are based on the assumptions that an aggressive marketing program will be undertaken budgeted at an annual cost of approximately $650,000; that the Branson's Landing common areas, waterfront, and overall development will create a highly attractive environment for delegate entertainment; that a transit system will be provided to area hotels; that facility management will actively pursue and promote concerts, other entertainment shows, and sports events; and other assumptions set forth in the body of this report.

Operating Financial Projections

Projected operating performance for the convention center, based on the utilization assumptions and per capita factors presented subsequently in this report is presented below for the stabilized fourth year. Food and beverage revenues from catering and concessions are projected at $2.4 million. Note that the facility is projected to stabilize in 2010 at an operating deficit of

approximately $528,000 annually, in addition to the cost of the marketing program, which is budgeted at $650,000 annually in 2005 dollars.

Operating costs are based on the assumption that Hilton Hotels will operate the convention center and provide all food service, realizing significant savings on management and overhead functions compared to independent management, and yielding $550,000 in net food and beverage profits to the center. However, no management agreement has been executed as of the date of this report.

Convention Center Operating Projection – 2010

Space Rental	$ 875,000
Food and Beverage	2,401,000
Equipment & Services	485,000
Total Operating Revenues	$3,761,000
Departmental Expenses	$1,994,000
Salaries & Benefits	$1,270,000
Utilities (net)	403,000
Management Fees	150,000
Other Operating Expenses	472,000
Total Expenses	$4,289,000
Net Operating Income (Loss)	($ 528,000)
Additional Marketing Program Costs	$ 718,000

Also, admission ticket revenues from public and consumer shows, concerts, entertainment and sports events are projected at $870,000 in the stable year of 2010. Such revenues would be passed through to event promoters, but would be subject to sales and tourism taxes.

Hotel Projections

Existing Hotels

Operating data was obtained for 11 hotel facilities in the Branson vicinity totaling approximately 2,000 rooms, which represent principal competitors for the proposed Branson Landing hotels. This competitive set averaged approximately 59 percent occupancy for 2004, with occupancy showing a relatively steady increase from an average of 53.4 percent in 1998. The Average Daily Rate (ADR) of the competitive set for 2004 is approximately $100.25, continuing a downward trend from a peak of $103.83 in the year 2000. These higher quality hotels have significantly higher occupancy and average room rates than the larger sample noted previously. Occupancy has a definite seasonal pattern, only around 15 percent in January, increasing steadily each month thereafter to about 70 percent in June, and with peaks over 75 percent in July and for the November Christmas decoration season. These competitive hotels include:

- Big Cedar Lodge, with 244 units, is located approximately ten miles south of the site outside the Branson city limits. Big Cedar Lodge, commands the highest average daily rate in the market. Groups apparently account for about a third of occupancy.

- Chateau on the Lake, with 301 rooms and extensive meeting space and recreational amenities, is the highest quality hotel in the City of Branson, located approximately eight miles west of the project site on Table Rock Lake. Groups account for a majority of occupancy.

- The 472-room Radisson Hotel is located about three miles east of the project site. With estimated 45 percent group business, the Radisson ADR is far lower than that of the Chateau.

- The Lodge of the Ozarks, located within central Branson with 190 rooms, is the other facility commanding significant group business (roughly 50 percent of total occupancy).

Other significant properties in the competitive set include the Residence Inn by Marriott, Fairfield Inn by Marriott, Hampton Inn Central, Holiday Inn Express, Clarion Hotel, La Quinta Inn, and Comfort Inn and Suites – all ranging from 85 to 166 rooms, and generally averaging approximately 10 percent group business.

Timeshare resorts compete in the high-quality lodging segment, with the Fairfield Branson Resorts, Stillwater Resorts, and Thousand Hills Resort each offering about 200 units operating in the nightly rental programs, with high quality amenities, but with very low percentages of group business.

Other Convention Center Hotels

To provide a measure of competition in the convention and meeting market, operating data were obtained for six convention center hotels located in mid-sized markets (Chattanooga, Tennessee; Hot Springs, Arkansas; Savannah, Georgia; Wichita, Kansas; Overland Park, Kansas; and Palm Springs, California). This hotel sample reported an ADR of $108 and an average occupancy of 61 percent in calendar year 2002.

Room Occupancy and Rate Projections

The hotel properties proposed at Branson Landing will draw occupancy primarily from independent tourists, from convention center events, and from their own group marketing business.

The actual future performance of the hotels proposed for Branson Landing is subject to a variety of fundamental risk factors, some of which are similar to those outlined above for the retail component.

Convention Center Hotel. With its location adjacent to the proposed convention center that is also proposed to be operated by the Hilton Corporation, the convention center hotel will enjoy a significant competitive advantage for convention and meeting business, as the center is projected to generate more room-nights than the convention center hotel can accommodate. Given its proximity and facilities, the convention hotel should have first competitive advantage at this business. Based on the assumption that the convention center hotel will offer rooms, furnishings, service, and amenities quality above all Branson hotels with the exception of the Chateau and Big Cedar Lodge, we project a stable year average occupancy of 66 percent for the combined conventional and condominium rooms, which compares to the recent competitive set average of approximately 59 percent. Average daily rate in current dollar values is projected at $117 (in 2005 dollars), compared to the competitive set average of $100, but well below that obtained by the Chateau and Big Cedar.

We project that group business from the convention center and other groups will account for over 55 percent of occupancy at the hotel including its condominium-based units.

Boutique Hotel/Condominium Hotel. The boutique and condominium hotels, located within the center of the Branson Landing commercial district, will be developed with larger rooms and with higher furnishings and finish quality (intended to be comparable to that of the Chateau on the Lake). While they will receive significant benefit from locations close to the convention center, they are projected to achieve a substantially higher percentage of individual business than the convention center hotel. The success of the boutique and condominium hotels will be substantially determined by the environmental appeal of the Branson Landing commercial project and waterfront development.

Group business is projected to account for approximately 30 percent of total room-night occupancy at the combined boutique/condominium hotel, with the boutique hotel portion accounting for most of the group occupancy. The allocation of occupancy and business type between the two facilities will be determined in large part by management policies of the Hilton operator. Since owner occupancies may account for up to 6 percent of occupancy at the condominium hotel, we project a combined average occupancy of approximately 57.5 percent, with the hotel operating at 65 percent and the condominium portion at 52 percent on a paid room basis.

The condominium units are projected to achieve an ADR of $140 in terms of current dollar values, and the boutique hotel is projected to average $135 per night.

Condominium Sales

The proposed project includes 79 condominium units in the convention center hotel, 143 condominium hotel units, plus 106 residential condominiums. We have been informed by HCW that reservations with deposits have been obtained for 70 percent of the residential condominiums and all of the condominium hotel units, with marketing of the convention hotel condominium units to proceed later this year. However, it is not within the scope of this study to evaluate market potentials or proposed price levels for condominium sales or to verify the status of sales progress of any of the condominiums.

Hotel Food and Beverage Sales

Food and beverage sales at the convention center hotel restaurants and bars are projected equivalent to approximately 28 percent of room revenue, which equals approximately $31 per occupied room-night in terms of 2004 dollar values. In addition, a substantial portion of hotel guests will eat and drink at catered events at the convention center. Those revenues are projected elsewhere in this report.

Food and beverage revenues at the boutique hotel and condominium hotel are projected at a total of approximately 32 percent of room revenue, or approximately $40 per occupied room-night allowing for 5 percent occupancy of the condominiums by their owners.

A significant portion of restaurant sales from hotel guests will be realized at the array of restaurants within the retail complex, and conversely the tourists drawn to the overall complex will represent a market for the boutique hotel restaurant, and to a lesser extent for the convention hotel restaurants.

Hotel food and beverage sales are in addition to those projected for the retail complex above, and equal approximately 12 percent of the total projected restaurant food and beverage sales.

Total Hotel Sales by Year

Room revenues and food and beverage sales of the hotel properties are expected to build up to stabilized levels over the first four years, as the market expands and as the hotels are established in the marketplace. First-year occupancy for the Hilton convention center hotel is projected to increase from approximately 51 percent in the first year to 66 percent at stabilization, while the boutique hotel and condominiums combined are projected to grow from 48 percent in year 1 to 58 percent at stabilization. Projected room and food and beverages for the hotels are projected below for the first four years of operation, including 2 percent annual inflation.

Year	Convention Hotel ($000)		Boutique Condominium ($000)			Total ($000)
	Rooms	F&B	Rooms	F&B	Parking	
2006	---	---	$6,340	$2,029	$ 67	$ 8,435
2007	$6,660	$1,865	6,948	2,223	301	17,997
2008	7,400	2,072	7,441	2,381	351	19,646
2009	7,919	2,217	7,952	2,545	395	21,029
2010	8,330	2,332	8,111	2,596	418	21,787

With the boutique hotel and condominiums projected to open in mid-2006 and with the convention center hotel scheduled for one year later, combined revenue from the two properties, including about $418,000 in valet parking revenue at stabilization, is projected to increase from approximately $8.4 million in 2006 (on a full year basis) to a total of $21.8 million in 2010.

Total Branson Landing Projected Revenues

The following table presents a summary of revenue projections for the entertainment retail complex, for the convention center, and for the hotels, for fiscal years starting approximately April 1. As shown, total revenues are projected at $133,323,000 in the first full year of operation, and to grow to $179,697,000 at stabilization in 2010.

The retail-entertainment complex component generates most of this projected taxable revenue, with projected retail merchandise sales accounting for roughly 62 percent of the total in 2010, food and beverage sales at the retail complex accounting for 23 percent, the convention center less than 3 percent, and the hotels accounting for 12 percent.

Tax Revenues Generated

The tax increment financing (TIF) district will receive tax revenues from the following sources, according to the City of Branson Finance Department:

- 0.875 percent County sales tax on all taxable items, excluding hotel room revenues.
- 1.5 percent City sales tax on all taxable revenues.
- State sales tax revenues of 1.5 percent on all taxable sales, or the amounts from a negotiated schedule, whichever is less. The scheduled amounts are less than the amounts calculated at 1.5 percent, so the projected amounts received for all years are those from the schedule.

TABLE I-1
PROJECTED SALES REVENUE SCHEDULE (in 000's)

Fiscal Year [1]	2006	2007	2008	2009	2010	2011
ENTERTAINMENT RETAIL						
Bass Pro	22,950	24,293	25,681	27,060	27,602	28,154
Belks	12,383	13,343	14,310	15,343	15,650	15,963
General Retail	50,492	55,129	59,826	61,174	63,800	65,076
Food & Beverage	33,968	35,563	36,985	38,464	39,734	40,528
Boardwalk/RMU's	2,688	3,084	3,226	3,566	3,637	3,710
Marina & Cruiseboat	2,157	2,323	2,494	2,544	2,595	2,646
Parking & Valet	249	267	285	296	306	312
Subtotal	*124,887*	*134,002*	*142,807*	*148,448*	*153,324*	*156,390*
CONVENTION CENTER [2]						
Space Rental	0	489	650	793	875	893
Equipment Rental	0	252	331	400	440	449
Food & Beverage	0	1,296	1,734	2,153	2,401	2,449
Admissions Total	0	649	760	853	870	888
Subtotal	*0*	*2,687*	*3,474*	*4,199*	*4,586*	*4,678*
HOTELS						
Convention Center Hotel						
Accommodations	0	6,660	7,400	7,919	8,330	8,497
Food, Beverage, Other	0	1,865	2,072	2,217	2,332	2,379
Boutique Hotel						
Accommodations	3,033	3,254	3,427	3,607	3,679	3,753
Food, Beverage, Other	2,029	2,223	2,381	2,545	2,596	2,647
Condominium Overnight	3,307	3,694	4,014	4,345	4,432	4,521
Parking & Valet	67	301	351	395	418	426
Subtotal	*8,435*	*17,997*	*19,646*	*21,029*	*21,787*	*22,223*
TOTAL SALES REVENUES	133,323	154,686	165,927	173,676	179,697	183,291

Note: Projections include Inflation at 2%.
(1) Fiscal years starting approximately April 1.
(2) Convention center operations and marketing budget of approximately $1.25 million annually covered by the city and is not shown.

- Food and beverage taxes at 0.5 percent of all food and beverages.

- Tourism tax of 4 percent applied to all room revenues and ticketed admissions.

- Payments in lieu of ad valorem property taxes (PILOTS) equals the projected amount of ad valorem property taxes to be received. The amounts in the projections are estimates by the City of Branson Finance Department, based on current property tax rates applied to projected assessed values. ERA has not conducted any independent analysis or verification of projected PILOTS revenues.

- The project will pay a land lease payment to the City starting in 2009, based on a fixed component plus a percentage of gross sales, with a maximum of $450,000 annually. The land lease payment is projected at $450,000 annually.

Table I-2 summarizes the projected taxable revenue items presented previously, according to taxable categories. As shown, in the stable year of 2010, total revenues subject to sales taxes equal $179.7 million, food and beverage sales total $48.1 million, and revenues subject to tourism taxes equal $18.9 million.

Table I-3 shows projected combined local and state TIF and TDD revenues, at the time they are earned. As shown, including PILOTS revenue of $555,000, first year combined total revenues available for service of the debt offerings equal $5,544,000, increasing to $11,046,000 in 2011, the final year of the projection period. The 1 percent TDD tax revenues are projected at $1,333,000 in the first year, and at $1,833,000 during 2011, the final year of the projection period.

Projected tax revenues are shown on an as-earned basis, for fiscal years starting approximately April 1. There will be a delay of up to several months between the time each tax is earned and the receipt of funds for payment of debt service. Remittance of funds from the State TIF are limited to the certificated amounts shown.

Table I-2
Summary of Projected Taxable Sales (in 000's)

Fiscal Year [1]	2006	2007	2008	2009	2010	2011
Period	1	2	3	4	5	6
Total Taxable Sales	$133,323	$154,686	$165,927	$173,676	$179,697	$183,291
County TIF Taxable Sales	$126,983	$141,078	$151,086	$157,804	$163,255	$166,521
Food and Beverage Revenues						
Entertainment Retail	$33,968	$35,563	$36,985	$38,464	$39,734	$40,528
Convention Center	$0	$1,296	$1,734	$2,153	$2,401	$2,449
Convention Center Hotel	$0	$1,865	$2,072	$2,217	$2,332	$2,379
Boutique Hotel	$2,029	$2,223	$2,381	$2,545	$2,596	$2,647
Marina & Cruiseboat (40%)	$863	$929	$998	$1,017	$1,038	$1,059
Total	$36,860	$41,876	$44,170	$46,397	$48,100	$49,062
Tourism Tax Revenues						
Marina & Cruiseboat (60%)	$1,294	$1,394	$1,496	$1,526	$1,557	$1,588
Convention Center Admissions Total	$0	$649	$760	$853	$870	$888
Convention Center Hotel Accomodations	$0	$6,660	$7,400	$7,919	$8,330	$8,497
Boutique Hotel Accomodations	$3,033	$3,254	$3,427	$3,607	$3,679	$3,753
Condominium Overnight Accomodations	$3,307	$3,694	$4,014	$4,345	$4,432	$4,521
Total	$7,634	$15,651	$17,098	$18,251	$18,868	$19,245

(1) Fiscal years starting approximately April 1.

Table I-3

Combined Local/State TIF and TDD Revenues (in 000's) - As Earned Basis [1]

Fiscal Year [1]		2006	2007	2008	2009	2010	2011
Period	Assumptions	1	2	3	4	5	6
County TIF	0.875%	$1,167	$1,354	$1,452	$1,520	$1,572	$1,604
City TIF	1.500%	$2,000	$2,320	$2,489	$2,605	$2,695	$2,749
Food and Beverage	0.500%	$184	$209	$221	$232	$241	$245
Tourism Tax	4.000%	$305	$626	$684	$730	$755	$770
State TIF [2]		$0	$1,839	$1,968	$2,062	$2,116	$2,170
PILOTS		$555	$1,131	$1,154	$1,177	$1,201	$1,225
Land Lease		$0	$0	$0	$450	$450	$450
Subtotal		$4,211	$7,480	$7,968	$8,776	$9,029	$9,213
TDD Revenues @ 1.0%	1.000%	$1,333	$1,547	$1,659	$1,737	$1,797	$1,833
Total		$5,544	$9,027	$9,627	$10,513	$10,826	$11,046

(1) Fiscal years starting approximately April 1. Funds will be received from one to several months after the period in which they are earned.

(2) Minimum of earned amounts or certificate maximum. Certificate amounts are reflected above.

II. Project Description and Scope of Services

Branson Landing Description and Assumptions

Branson Landing is under costructon and will be located on a 95-acre site on Lake Taneycomo and east of U.S. Highway 65 in downtown Branson, Missouri. The mixed-use project is being developed by HCW Development Company, LLC (HCW) in conjunction with the City of Branson. Upon opening, the project is planned to include approximately 445,000 square feet of retail space, a convention center, two full-service hotels, condominiums, and entertainment. The City's objectives in supporting this project are to generate a long-term increase in tourist visitation and related economic activities.

The outdoor common areas are intended to be a major tourist attraction and to become the principal public gathering place for visitors to Branson as well as for residents. The common areas are proposed to be extensively landscaped and to include a central town square with amphitheater, a water show/fountain centerpiece attraction, a mile-long boardwalk with two marinas along Lake Taneycomo, a rubber-tire trolley system which will connect the various retail and entertainment "districts", as well as other attractions and ongoing entertainment and programmed activities.

The proposed themed districts include a country district (to be anchored by Bass Pro Shops), a neighborhood district with family restaurants, an uptown district which will include the majority of retail shops, a downtown district, a wharf district, and a station district which will serve as the north entry point to the project and include the trolley station. Nautical themes will also be incorporated throughout the project. The following specific project parameters have been provided by HCW:

- The convention center will encompass approximately 220,000 square feet of total space, including 56,000 square feet of exhibition space, 23,000 square feet of ballroom and banquet space, and a business center with 15,000 square feet of meeting rooms. The rest of the building area consists of pre-function spaces; other common areas; and administrative, storage, kitchen, and other service areas. The convention center will open in Spring of 2007 and is proposed to be operated by Hilton Hotels.

- Anchor retail stores include Bass Pro Shop and Belk Department Store. The Bass Pro Shop store is planned to encompass approximately 50,000 square feet of new retail space, plus a 10,000-square-foot restaurant in an existing building on the lake to be renovated, plus an approximately 4,500-square-foot boat rental and service center

building for an operating marina. The waterfront location will allow customers to test drive boats, thus distinguishing the store from the flagship Springfield store.

- The Belk store will be a single level, general merchandise department store of approximately 67,500 square feet, which will be the first Belk store in Missouri.

- When complete, Branson Landing will include approximately 311,000 square feet of additional specialty retail and restaurant space. HCW reports that about 40 percent of the in-line space has been leased, with terms approved for an additional 30 percent. It is assumed that approximately 60,000 square feet will be leased to sit-down restaurants and bars, and approximately 18,000 square feet will be leased to smaller restaurants/ food operators, with the balance of 233,000 square feet of specialty retail leased to a mix of chain and independent apparel and specialty stores. A kiosk program with approximately 24 individual units will generate additional retail revenues. Prospective tenants are described in Section IV of this report.

- Urban Retail Properties is responsible for leasing and is proposed to operate the retail property.

- Hilton Hotels Corporation is proposed to operate both the convention center and the boutique/condominium hotel properties.

- The proposed boutique hotel will include 102 guest rooms. The hotel will be operated together with a condominium hotel component which will include 143 units that will be part of a nightly rental pool (the second floor of the boutique hotel will contain approximately 20 percent of the condominium units). The condominium units will be designed as full-suite guestrooms with kitchens in studio and one-bedroom configurations. The condominium units will be privately owned – owners of the units will share in revenues generated by nightly rentals with the ownership of the hotel. A small lounge and full service restaurant are proposed for the hotel. The hotel is also expected to include three meeting rooms, an indoor pool, whirlpool, and exercise room.

- The proposed convention center hotel is slated to include a total of 267 guest rooms including 203 conventional units plus 75 units which will be individually owned as condominium units and placed in a nightly rental pool (including a revenue-sharing agreement as described above. Other proposed elements include approximately 1,500 square feet of meeting space, an indoor/outdoor pool, a restaurant and lounge, a spa, a business center, and an exercise room. Of the 267 total rooms, 43 will be configured as guest suites. A skywalk is proposed to connect the convention center hotel with the

retail area. The condominium units may be occupied by their owners for up to fourteen nights annually.

- The fountain show, designed by the Wet Design Group with a budgeted cost of $7.7 million, is planned to be the key thematic attraction and a true spectacle. Several different versions of the computer-controlled six-minute show are intended to operate every half hour, including lights, music, fire, and over 100-foot water jets.

- A dinner excursion cruise boat and other entertainment boats will be docked at the north marina.

- The amphitheater will host special events, including corporate events. The town square and amphitheater will be capable of holding 5,000 people for shows, festivals and other various forms of entertainment.

- The majority of pre-leased tenants have agreed to a $2 per square foot charge for marketing of the property. HCW plans to provide an additional $1 million annually for promotional purposes.

- Parking for 3,500+ cars will be provided. Our projections assume free parking will be provided for retail and hotel customers, with valet parking available for a charge.

A formal groundbreaking ceremony was held in May 2004, and construction of waterfront retaining walls and roadway improvements proceeded thereafter. Foundations for the retail complex and boutique/condominium hotels are under construction. An April 2006 opening is anticipated for the retail component and waterfront boardwalk, and the boutique/condominium hotel will open in June 2006. The convention center and convention center hotel are expected to begin construction this July and to open in April 2007.

Scope of Services

ERA was retained by the City of Branson to prepare the following market feasibility analysis and projection of revenues for the Branson Landing project, for use in proposed bond offerings to finance land acquisition, public improvements serving the site, construction of a parking structure, construction of the convention center, and a portion of the development costs of the Bass Pro Shop store.

ERA's assignment involved market analysis and revenue projections for the three principal components of the proposed project – retail/restaurant/entertainment complex; convention center;

and hotels. Following this introduction and the preceding Executive Summary, research findings, analyses, and findings are presented in four sections, as follows:

- Section III presents data defining the Branson population and economic activity, historical growth trends, sales and tourism tax collection trends, tourism visitation patterns, and related material pertinent to projections of the three uses. Existing Branson area restaurants, retail complexes, and entertainment attractions are identified and evaluated. Our community research included inspection of tourist-serving facilities and interviews with City staff, developer representatives, and personnel of various tourist-serving enterprises throughout the city.

- Section IV presents research, analysis, and projections relative to the retail/restaurant complex, including a review of other selected facilities with comparable characteristics in other market areas, and a review of leasing activity to date. Projections for taxable sales volume by the major components of the project are presented, based on a market share approach applied to projected tourism visitation and resident population, and also reflecting interviews with selected tenant representatives and review of tenant sales targets prepared by the developers and retail managers.

- Section V outlines our conclusions regarding the convention center, based on a review of national meetings market trends, an analysis of competitive centers in other communities, and analysis of performance at selected convention centers in somewhat comparable, if non-competitive, communities. This section includes projections of events and attendance projections by event type, and projections of operating income, expenses and deficits, under the assumption that the facility will be managed by Hilton.

- Market performance of the convention center hotel and boutique/condominium hotel is projected in the final Section VI. Tasks included identification of existing competition, research into performance of the existing hotels, review of projections prepared by the developer, interviews with developer and proposed operator representatives, analysis of operating data for selected convention center hotels in other markets, review of operating data for national hotel samples, and projection of hotel performance based on a market share approach.

III. Branson Economic and Demographic Characteristics

The Branson area economy is driven in large part by the tourist trade. Following is a discussion of area trends with respect to employment, construction, sales and tourism tax revenues, lodging trends, population characteristics, and tourist trends.

Employment

Employment data by industry over the past 13 years in Taney County reflects the following trends:

- Total employment in Taney County increased 5.7 percent annually from 1990 to 2003, or from 14,900 to 31,100. The rate of growth decreased notably to 1.5 percent from 2000 to 2003.

- From 1990 to 2000, the manufacturing sector contracted (as a percent of total employment) while the construction, trade, and FIRE (finance, insurance, and real estate) sectors expanded. In 1990, manufacturing accounted for 5.4 percent of total employment. Today the manufacturing sector accounts for only 3.2 percent of total employment. Over the same time period, construction, as a percent of total employment, grew from 6.0 percent to 8.0 percent, trade grew from 28.2 percent to 30.5 percent, and FIRE increased from 5.4 percent to 8.4 percent.

- Total service sector employment has increased from approximately 5,700 in 1990 to 11,500 in 2003. The increase in the number of service jobs is consistent with national trends and also with a tourist driven economy. While total service sector employment has increased significantly, as a percent of total employment, the service sector has remained fairly stable, accounting for about 37 percent of total employment in 2003.

Table III-1
Employment Trends by Industry, Taney County

	1990		2000		2003	
	Total	% Total	Total	% Total	Total	% Total
Farming	600	4.0%	500	1.7%	500	1.6%
Agriculture	100	0.7%	200	0.7%	200	0.6%
Mining	100	0.7%	100	0.3%	100	0.3%
Construction	900	6.0%	2,200	7.4%	2,500	8.0%
Manufacturing	800	5.4%	1,000	3.4%	1,000	3.2%
Transportation, Communication, Public Utilities	600	4.0%	1,100	3.7%	1,100	3.5%
Trade	4,200	28.2%	8,800	29.6%	9,500	30.5%
FIRE	800	5.4%	2,600	8.8%	2,600	8.4%
Services	5,700	38.3%	11,300	38.0%	11,500	37.0%
Government	1,100	7.4%	1,900	6.4%	2,100	6.8%
Total	14,900	100.0%	29,700	100.0%	31,100	100.0%

Source: Woods and Poole, Economics Research Associates

The unemployment rates in Taney and Stone counties are above those for the state, with Taney County reporting an average rate of 7.7 percent in 2003 and Stone Country reporting a rate of 10.0 percent. This compares to the 2003 average unemployment rate for the state of 5.6 percent. Unemployment rates within the two counties are seasonal, with Taney County and Stone County reporting an October 2004 unemployment rate of 4.2 percent and 5.8 percent, respectively (October reflecting the shoulder season in Branson). This is an increase from October 2003 rates of 3.4 percent for Taney County and 5.6 percent for Stone County. The seasonality of tourism employment explains, in part, the higher than average annual unemployment rates in the two counties.

Unemployment Rates, Branson Area vs. State of Missouri

	Yearly Average		
	2001	2002	2003
Taney County	7.8%	8.2%	7.7%
Stone County	9.6%	10.5%	10.0%
State of Missouri	4.7%	5.5%	5.6%

Source: Missouri Department of Economic Development, Economics Research Associates

Construction

For 2004, new construction totaled $76.6 million, a 25 percent increase over 2003. Local observers report that a renewed interest in Branson has resulted from the announcement of Branson Landing. While the total increase in construction from 2002 to 2003 was minor, residential construction has accounted for an increasing share of the total.

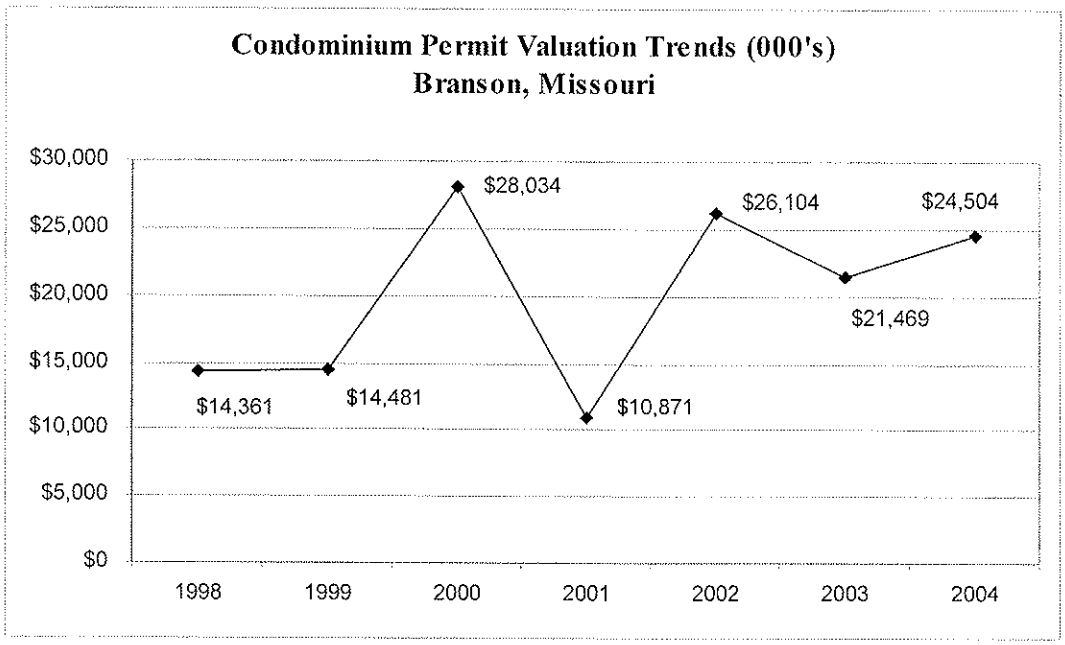
Table III-2
Construction Trends, Branson

	Total Construction Value				
	Commercial	Residential	Other 1/	Total	% Change
1998	$38,013,563	$ 1,746,949	$4,114,945	$43,875,457	--
1999	$57,429,040	$ 3,441,490	$4,854,994	$65,725,524	50%
2000	$49,804,751	$ 4,202,466	$7,398,281	$61,405,498	-7%
2001	$29,535,309	$ 4,069,908	$7,753,974	$41,359,191	-33%
2002	$47,995,233	$ 6,187,985	$6,391,613	$60,574,831	46%
2003	$44,516,780	$ 9,698,688	$7,192,749	$61,408,217	1%
2004	$61,254,721	$10,256,668	$5,041,629	$76,558,018	25%

1/ Defined as out-of-scope items (e.g. landscaping, electric, plumbing)

Source: City of Branson, Economics Research Associates

Branson has experienced a significant growth in the construction of condominium and timeshare units over the past several years. The ability to enter into a nightly rental program enhances the investment appeal of these units. As reflected below, over the past six years, total condominium construction peaked in 2000 with $28 million in new construction. New construction has bounced back after a downturn in 2001, with an average of about $24 million in new construction annually over the past three years.



Taxable Sales Trends

While total taxable sales in Branson increased by 15.2 percent from 1998 through 2003, for 2004 taxable sales decreased by 1.4 percent. Total 2004 sales in Branson were reported at about $806 million. Over the past six years, Branson's total retail sales growth has fallen slightly short of the national rate of consumer price inflation. With the exception of food and beverage, all categories of sales (amusements, theaters, overnight accommodations, retail) trended downward in 2004. For the first three months of 2005, taxable sales are up by over 7 percent, but this is too short a period to establish a meaningful trend.

Theater ticket sales decreased notably from 2002 to 2004, from about $105 million to $92 million. City officials believe that much of the reason that theater revenues are down is that over the past several years, ticket agencies and timeshare marketing firms are accounting for an increasing share of ticket sales. These organizations purchase blocks of tickets on an advance wholesale basis, often at far less than full box office price. Since the City tax has been levied on the price paid to the theater, the result has been to reduce tax receipts relative to actual attendance levels. Also, last year the popular Rockettes Christmas season show did not appear in Branson.

Retail merchandise sales account for about 52 percent of total taxable sales, followed by food and beverage sales and overnight accommodations. Of the $423 million in retail sales in 2004, it is estimated that roughly $225 million was attributable to the three large discount malls, downtown businesses, and the Wal-Mart store located along Highway 76 (it should be noted that taxable retail sales figures include a wide variety of sales including plumbing supplies, tire and auto supply, etc.). The remainder of retail sales are scattered among smaller strip retail centers and individual stores located throughout the city. Many of the entertainment complexes and music theaters also include a retail component.

Table III-3

Total Sales by Source, Branson, Missouri

Total Sales (000's), Calendar Year

	Amusements	Percent Change	Theaters	Percent Change	Overnight Accommodations	Percent Change	Food and Beverage	Percent Change	Retail Sales	Percent Change	Total	Percent Change
1998	$17,407	--	$99,919	--	$99,050	--	$109,493	--	$383,621	--	$709,490	--
1999	$16,513	- 5.1%	$108,979	9.1%	$110,965	12.0%	$121,314	10.8%	$374,341	-2.4%	$732,113	3.2%
2000	$18,818	14.0%	$103,420	-5.1%	$116,557	5.0%	$132,420	9.2%	$405,862	8.4%	$777,078	6.1%
2001	$21,537	14.5%	$102,974	-0.4%	$116,203	- 0.3%	$133,259	0.6%	$416,326	2.6%	$790,299	1.7%
2002	$26,777	24.3%	$104,982	1.9%	$119,707	3.0%	$131,883	- 1.0%	$429,468	3.2%	$812,816	2.8%
2003	$34,698	29.6%	$94,948	-9.6%	$119,276	- 0.4%	$136,399	3.4%	$432,196	0.6%	$817,517	0.6%
2004	$33,768	- 2.7%	$91,834	-3.3%	$116,270	- 2.5%	$140,683	+ 3.1%	$423,822	-1.9%	$806,377	-1.4%

Source: City of Branson, Economics Research Associates.

The City of Branson accounts for only a portion of total sales revenues in the area, with significant additional spending occurring in the surrounding region. In 2003, Branson sales revenues accounted for 77 percent of total Taney County revenues. Including both Taney and Stone county to the west, taxable area sales totaled $1.40 billion in 2003 – a decrease from peak sales of $1.46 billion in 2002, but an overall increase of over 5 percent from 2001.

Table III-4
Taxable Sales, Stone and Taney Counties

	(000's) Stone County Taxable Sales	Taney County Taxable Sales	Total	% Change
1995	$231,085	$ 824,756	$1,055,842	--
1996	$259,851	$ 853,501	$1,113,352	5.4%
1997	$259,383	$ 886,677	$1,146,060	2.9%
1998	$266,492	$ 926,450	$1,192,943	4.1%
1999	$290,399	$ 975,061	$1,265,460	6.1%
2000	$293,388	$ 989,241	$1,282,629	1.4%
2001	$303,998	$1,028,749	$1,332,747	3.9%
2002	$366,648	$1,091,120	$1,457,768	9.4%
2003	$328,558	$1,071,738	$1,400,296	-3.9%

Source: City of Branson, Economics Research Associates

Tourism Taxes

Tourism tax revenues, computed at 0.5 percent of restaurant sales and 4 percent of other categories, provide a parallel measure of sales trends. Tourism taxes totaled $10.6 million in calendar year 2003, a decrease of .8 percent over year 2002 levels. In 2003, a 30 percent increase in amusement revenues and 3.5 percent increase in food and beverage sales was more than offset by a decrease in theater tourism tax revenues (10 percent), hotel/motel revenues (1%), and campground revenues (7%). Tourism tax revenues had increased each of the previous four years, with the largest increase recorded in 1999 (9%).

As mentioned earlier, apparently theater taxable revenues are down in part due to a change in ticket marketing methods. From 2002 to 2004, theater taxes declined by $523,000, while taxes from all other categories combined increased by $181,000.

Tourism tax receipts for 2004 are 2.5 percent below tax receipts for 2003. The three categories reflecting an increase were nightly (condominium and timeshare) rentals (up 5.6%), food (up 3.0%) and campgrounds (up 19.2%). For 2004, amusement revenues are down 2.7 percent, theater tourism tax revenues are down 3.3 percent, and hotel/motel revenues are down 3.7 percent. For the first two months of 2005, total tourism taxes are up by over 6 percent from 2004.

Table III-5
Tourism Tax Trends

	Amusements	Annual Pct Change	Theaters	Annual Pct Change	Hotels/Motels	Annual Pct Change	Nightly Rentals	Annual Pct Change	Food	Annual Pct Change	Camp-grounds	Annual Pct Change	Total	Annual Pct Change
1994	283,321	--	1,802,865	--	1,955,104	--	na	--	512,107	--	na	--	4,553,396	--
1995	260,487	-8.1%	1,854,046	2.8%	1,956,576	0.1%	na	--	514,621	0.5%	na	--	4,585,729	0.7%
1996	285,977	9.8%	1,975,715	6.6%	2,101,842	7.4%	na	--	481,924	-6.4%	na	--	4,845,457	5.7%
1997	na	--	na	--	na	--	na	--	na	--	na	--	na	--
1998	696,296	--	3,996,768	--	3,735,177	--	161,015	--	547,463	--	65,819	--	9,202,538	--
1999	660,537	-5.1%	4,359,168	9.1%	4,055,346	8.6%	304,870	89.3%	606,569	10.8%	78,388	19.1%	10,064,879	9.4%
2000	752,718	14.0%	4,136,798	-5.1%	4,258,124	5.0%	331,199	8.6%	662,070	9.2%	72,970	-6.9%	10,213,881	1.5%
2001	861,496	14.5%	4,118,948	-0.4%	4,204,649	-1.3%	371,594	12.2%	666,296	0.6%	71,870	-1.5%	10,294,853	0.8%
2002	1,071,077	24.3%	4,201,088	2.0%	4,346,418	3.4%	365,479	-1.6%	659,380	-1.0%	77,289	7.5%	10,720,730	4.1%
2003	1,388,050	29.6%	3,796,460	-9.6%	4,285,781	-1.4%	414,538	13.4%	683,162	3.6%	71,621	-7.3%	10,639,612	-0.8%
2004	1,350,701	-2.7%	3,673,373	-3.3%	4,127,621	-3.7%	437,855	5.6%	703,414	3.1%	85,345	19.2%	10,378,663	-2.5%

Note: Reflects calendar year data.

Source: City of Branson, Economics Research Associates

Lodging Industry Trends

There are currently an estimated 17,686 hotel rooms in the Branson area, including a significant number of economy and limited service hotels. The following industry trends are based on data provided by Smith Travel Research. Smith Travel Research provides data with respect to occupancy, average daily rate (ADR), RevPar (room revenues divided by rooms available, which is also approximated by occupancy times average room rate), supply, and demand. It should be noted that the following trends are based on a sample of the entire room supply, and that not all hotels report consistently every month. Since most independently run, older, smaller hotels do not report to Smith Travel Research, the data presumably overstate ADR and RevPar for the total Branson inventory.

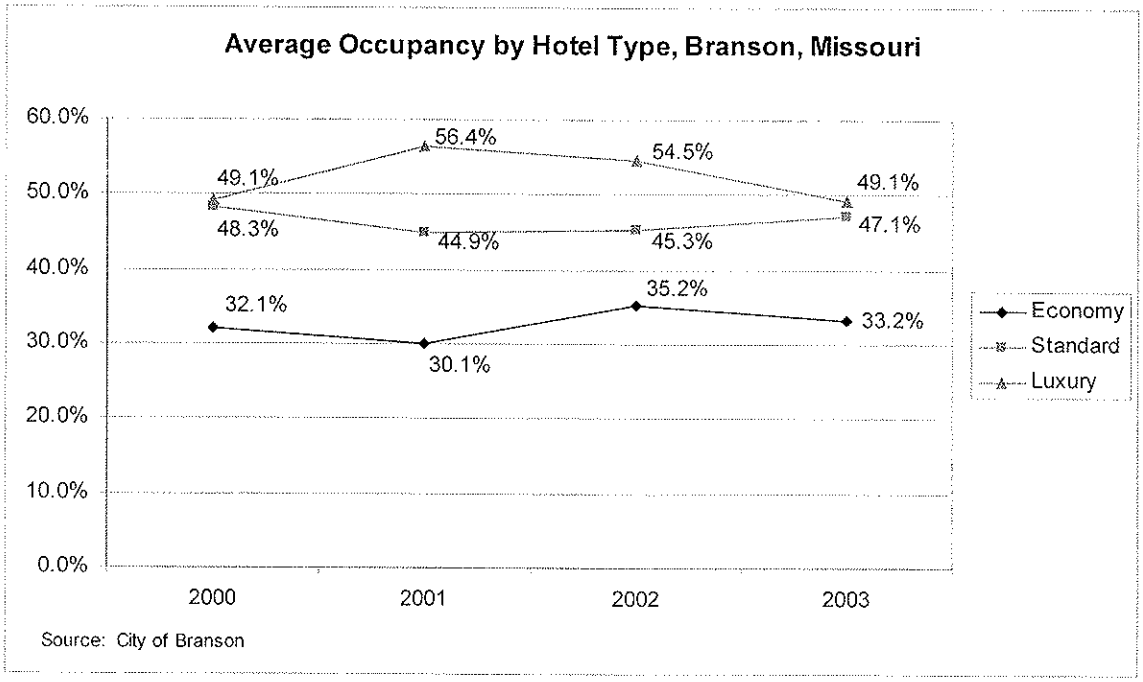
At year-end 2003, occupancy for this sample of Branson hotels was reported at 45.9 percent, with an ADR of $63.70 and RevPar of $29.27. Occupancy, ADR, RevPar, and room demand are all indicating an upward trend in 2004 based on data provided through October.

Table III-6
Hotel Operating Characteristics, Branson Area

	Occupancy	% Change	ADR	% Change	RevPar	% Change	Supply	% Change	Demand	% Change
2002	45.3%	--	$61.87	--	$28.02	--	6,141,801	--	2,781,263	--
2003	45.9%	1.3%	$63.70	3.0%	$29.27	4.5%	6,089,185	-0.9%	2,797,883	0.6%
2003 Oct YTD	44.3%	--	$62.97	--	$27.88	--	5,069,310	--	2,244,012	--
2004 Oct YTD	45.2%	2.0%	$64.30	2.1%	$29.09	4.3%	4,971,296	-1.9%	2,248,910	0.2%

Source: Smith Travel Research, Economics Research Associates

The exhibit below reflects current occupancy trends for three categories of hotels in Branson: Luxury - $75+ average daily rate (ADR); Standard - $50 to $75 ADR; and, Economy – less than $50 ADR. The occupancy levels are based on data reported to the City of Branson. While not all hotels report occupancy data, it does provide a general indicator of occupancy trends by room category. As shown, the luxury category occupancy rate has declined from 56 percent in 2001 to 49 percent in 2003 while standard room occupancy rate increased, approaching luxury room levels. The economy hotel occupancy rate suffers from an inventory of older, and in some cases obsolete, hotel rooms.



The condominium and time share market remains strong in Branson, with estimated condominium stays up 29 percent from 2002 to 2003. Estimates of condo stays are provided by the CVB based on total room demand in Branson (from Smith Travel Research) and estimates of the percent of visitors staying in a condo unit. Estimated condo stays were up notably during the month of November, the height of the holiday season on Branson, from 50,414 estimated stays in 2002 to 143,440 stays in 2003.

Table III-7
Estimated Condo Stays - Branson Area, 2001 - 2003

Month	2001	2002	2003	% Change 2002 - 2003
January	6,556	6,608	11,132	68.5%
February	8,070	7,811	13,753	76.1%
March	33,892	21,731	28,542	31.3%
April	28,485	23,202	48,986	111.1%
May	46,810	39,880	26,201	-34.3%
June	33,120	41,488	30,722	-25.9%
July	26,676	50,485	34,229	-32.2%
August	46,327	41,741	43,626	4.5%
September	35,935	41,941	37,415	-10.8%
October	45,325	39,648	42,902	8.2%
November	49,610	50,414	143,440	184.5%
December	51,745	32,576	50,380	54.7%
Total	**412,551**	**397,525**	**511,328**	**28.6%**

Note: Figures based on Smith Travel room demand and travel survey data
Source: Branson Lakes Area CVB, Economics Research Associates

The 511,320 estimated overnight stays for 2003 would represent the equivalent of approximately 3,000 hotel units at a 50 percent average occupancy rate.

Resident Population Characteristics

The immediate resident market for Branson Landing includes both Stone and Taney counties. Based on current population estimates, the two counties account for over 72,000 residents. From 1990 to 2000, Taney County recorded an average annual growth rate of 4.50 percent while Stone County grew at an average annual rate of 4.15 percent. The City of Branson includes approximately 6,300 residents, although the actual average daytime population is many times this, given the large influx of tourists throughout the year.

Table III-8
Population Trends, Stone and Taney Counties

	1980	1990	2000	2002 est. 1/	2003 est. 1/.	1990 to 2000 Average Annual growth
Branson	2,550	3,706	6,050	6,170	6,231	5.02%
Hollister	---	2,658	3,867	3,863	3,884	3.82%
Taney County	20,467	25,561	39,703	40,601	41,403	4.50%
Stone County	15,587	19,078	28,658	29,381	29,941	4.15%
Total 2/	**36,054**	**44,639**	**68,361**	**69,982**	**71,344**	4.35%

1/ Estimates as of July 1st.
2/ Reflects total for Stone and Taney counties
Source: US Census, Economics Research Associates

Typical regional malls draw their primary market support from a 10 to 20 mile radius, depending upon the pattern of population density and the competitive environment. It has been assumed that the primary market for Branson Landing will include those residents living within a 20-mile radius given the lack of a full price regional mall in Branson and the unique shopping environment provided at Branson Landing.

It is assumed that the population from 20- to 30-mile radii will provide a strong secondary market for Branson Landing and the population within 30- to 50-mile radii, encompassing the City of Springfield, is a larger tertiary resident market with approximately 533,000 residents.

Following is a ring analysis of the population living within 50 miles of the project site (0 – 20 miles, 20 – 30 miles, 30 – 40 miles, and 40 – 50 miles). The areas within 50 miles include a total of approximately 605,000 residents. As shown:

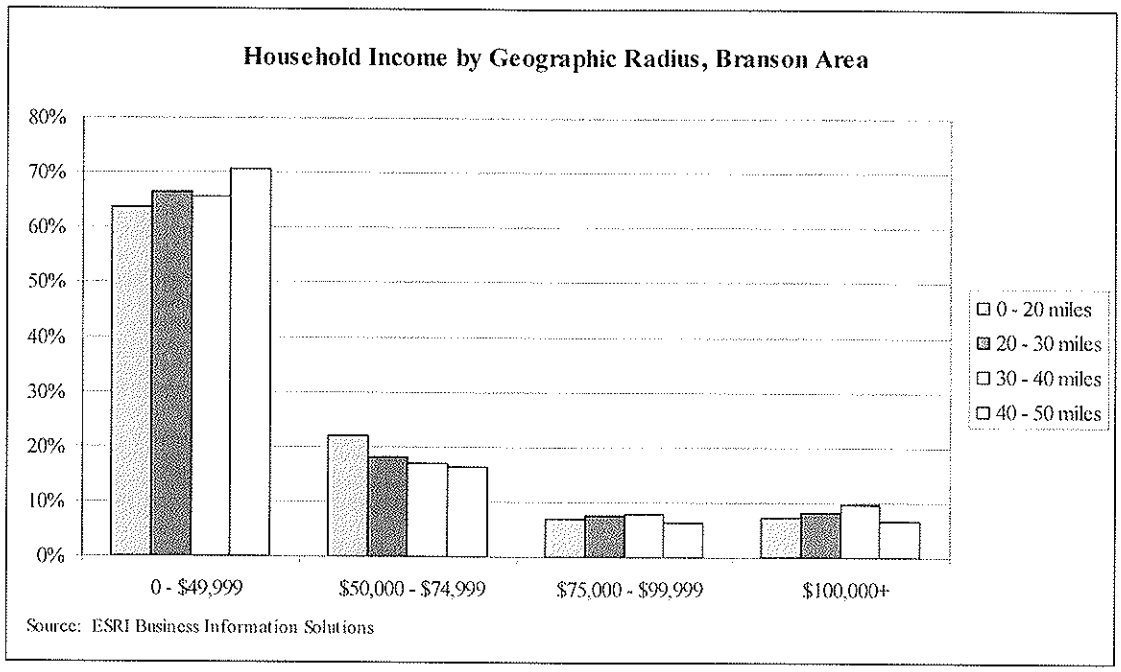
- The highest average household income occurs within the 30 to 40 mile radius, with the lowest average income occurring in the outer (40 to 50 mile) ring. The average household income of the primary market (0 to 20 miles) is estimated at $49,054 for 2003. The region is characterized by generally moderate incomes, with primary area median household income of approximately $35,000 compared to the overall U.S. median of approximately $45,000 at the same time.
- ESRI projects median household income growth from 2003 to 2008 at around 3 percent annually, with average income growth projected at close to 4.5 percent. Our market projections set forth subsequently are based on a more conservative income growth rate of 2 percent annually.
- Median age is highest within the local 20-mile, slightly above the U.S. median age of about 36 years.
- Population density is greatest within the 30 to 40 mile ring, with an estimated 263,712 residents living within this defined area, including most of Springfield.
- Modest growth is projected by ESRI for the immediate (0 to 20 mile) market, or about 2.2 percent annually from 2003 to 2008. Our market projections set forth subsequently are based on slightly more conservative population growth projections at 2 percent annually for 0 to 30 miles and 1.5 percent annually for 30 to 50 miles.

Table III-9
Branson Area Demographics

	0 - 20 miles		20 - 30 miles		30 - 40 miles		40 - 50 miles	
		Projected		Projected		Projected		Projected
	2003	2008	2003	2008	2003	2008	2003	2008
Population	72,704	81,186	103,549	119,128	263,712	280,077	165,372	176,445
Households	29,860	33,761	40,459	47,034	108,931	117,640	64,332	69,526
Average Household Size	2.4	2.4	2.5	2.5	2.3	2.3	2.5	2.5
Median Household Income	$34,976	$40,626	$36,871	$43,939	$39,036	$46,433	$34,711	$40,763
Average Household Income	$49,054	$60,423	$49,751	$62,208	$52,170	$64,773	$45,254	$55,922
Housing Units								
Owner-occupied	22,137	24,840	30,148	34,963	72,391	78,382	47,135	50,989
Renter-occupied	7,787	8,990	12,212	12,212	36,540	39,259	17,198	18,537
Median Age	42.1	44.0	37.8	39.2	37.5	39.0	38.2	39.8

Source: ESRI Business Information Solutions, Economics Research Associates

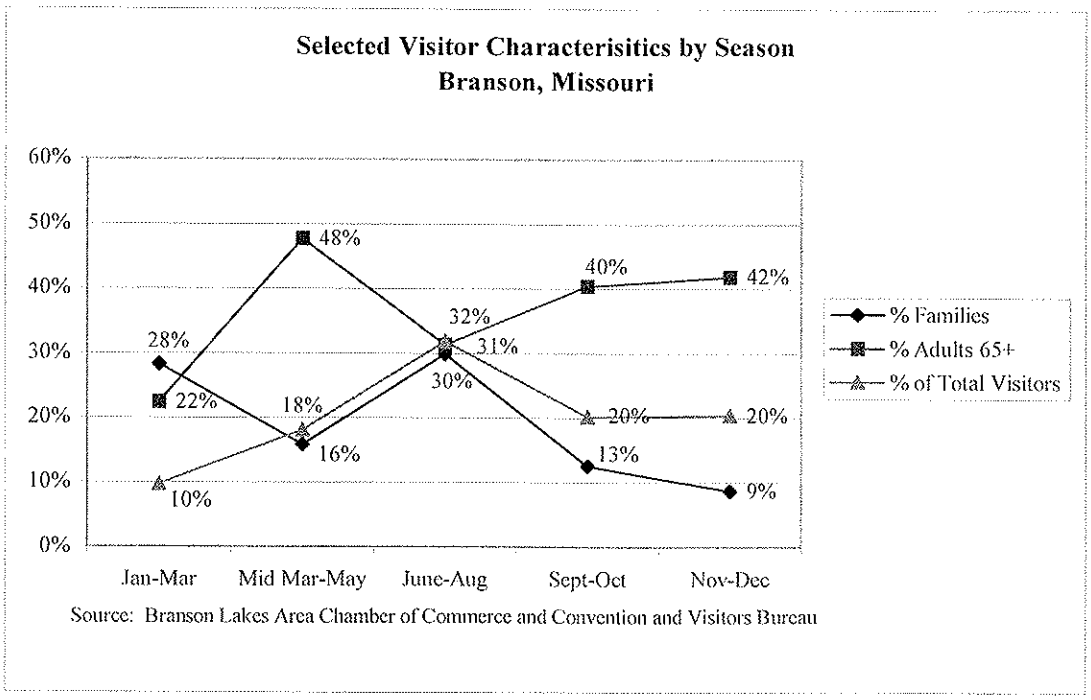
The graphic shown below further highlights the differences with respect to average 2003 household income within the various defined regions. As shown, the 40 to 50 mile ring has the highest percentage of households with incomes under $49,999, while the highest percentage of $100,000+ households are located within the 30 to 40 mile ring.



The Visitor Market

Visitor Seasonality

The Branson area experiences five distinct tourist seasons. As reflected in the exhibit below,



January through March is the slowest season, generating about 10 percent of total tourist traffic. As a result, some theaters and hotels are closed during the winter season. Mid-March through May represents the spring season with a high percentage of retirees/bus tours visiting Branson. The summer season represents 32 percent of total visitor traffic, with a high percentage of families visiting (30 percent). During the fall and holiday seasons, the percentage of adults aged 65+ once again increases (40 percent of total visitors during the fall and 42 percent of holiday visitors). Holiday travel to Branson typically slows down by mid-December.

Visitor Profile

Visitor profile trends for the past three years are shown in the table below (calendar year-to-date data through November is reflected). These trends reflect data from an intercept survey conducted by Marketsource for the Branson Lakes Area Convention and Visitors Bureau. Over 3,000 intercept surveys are collected annually at 32 different locations throughout Branson in order to profile the typical Branson visitor.

These survey responses should be considered as indications of visitor behavior, but some factors may not be properly applied to all visitors to Branson. Also, variations in responses between the years are not necessarily significant, and may represent random statistical sampling variance or reflect changes in interview locations or times.

As shown, the reported average length of stay is currently 3.95 nights – up slightly from 3.82 nights in 2003. Currently about 74 percent of travelers are staying in a hotel/motel with another 11 percent staying in a condo, 6 percent staying in a resort, 5 percent staying in a RV park/campground, and the remaining 3 percent visiting friends and family. Airline travel to Branson has increased slightly over the past three years, but still accounts for only about 2 percent of travelers. The average household income of the Branson visitor is $51,740, with an average age of 58 years.

The average reported age of the Branson visitor has steadily increased over the past three years, while average household income has fluctuated slightly. Average spending per person has also increased, from $269 in 2003 to $304 in 2004. There is some concern that the average spending figure is overestimated as the survey asks for spending figures for the entire trip, which could include spending outside of the Branson area (e.g. trips to Branson are sometimes included as part of package tours or trips that also visit other areas in the region). The percent of visitors listing shopping as an activity decreased from 90 percent in 2002 to about 60 percent in 2004. Attending a performance at one of the local theaters remains the top Branson activity (85% of visitors attended a theater performance in 2004).

Table III-10
Visitor Profile – Year-to-date through November, 2002 - 2004

	2002	2003	2004
Average Length of Stay (nights)	3.95	3.82	3.95
Accommodations			
Hotel/Motel	61.6%	73.0%	73.8%
RV Park/Campground	9.0%	6.7%	5.4%
Resort	7.8%	3.3%	5.7%
Condo	12.5%	14.1%	11.0%
Friends/Family	3.3%	2.7%	2.7%
Visitor Composition			
Families	35.3%	34.1%	33.1%
Adults	64.7%	65.9%	66.9%
Average Party Size	2.86	3.00	2.98
Mode of Travel			
Personal Vehicle	84.7%	85.0%	85.8%
Rented Vehicle	0.6%	1.4%	1.0%
RV/Camper	7.3%	6.1%	4.9%
Tour Bus	4.4%	3.8%	5.2%
Fly/rent/drive	1.5%	1.6%	1.9%
Amount Spent			
Per Person	$275.63	$268.64	$303.66
Per Person Per Day	$69.62	$70.26	$77.21
Activities			
Shopping	90.2%	74.3%	59.5%
Theaters	84.9%	86.4%	84.9%
Theme Park	46.6%	35.2%	29.2%
Historic Sites	64.3%	11.4%	27.3%
Water Activities	13.1%	16.9%	14.9%
Outdoors	21.8%	13.8%	6.8%
Excursions	23.3%	10.2%	14.5%
Museums	16.0%	13.4%	11.3%
Average Age	*54.9*	*56.6*	*58.0*
18-24	3.0%	2.1%	1.9%
25-34	7.6%	6.6%	6.5%
35-44	14.1%	10.7%	9.7%
45-54	22.3%	15.8%	16.8%
55-64	23.4%	25.7%	27.4%
65-74	26.3%	26.5%	27.1%
75+	3.3%	4.7%	8.0%
Average Income	$52,671	$50,663	$51,740
Survey Sample Size	3,450	3,562	3,730

Source: Branson Chamber of Commerce and Convention and Visitors Bureau (Marketsource Survey), Economics Research Associates

D.K Shifflet (DKSA) provides data for the Branson market with respect to total number of visitors, point of origin and day versus overnight visitors. The DKSA figures are based on a monthly travel survey which is stratified demographically to match U.S. Census data. DKSA annually mails out surveys to 540,000 households inquiring about their travel behavior over the past three months. Travel is defined as any night away from home or a day trip over 50 miles one-way from home. About 50 percent of the surveys are routinely returned.

As shown, it is most recently estimated that about 69 percent of visitors to the Branson area are overnight visitors. This suggests a slight increase in the day visitor market over the past few years. Currently, the majority of Branson visitors, or about 55 percent, are traveling from more than 100 miles and less than 300 miles. Based on 2003 figures, the largest percentage of visitors to Branson are traveling from Missouri (27.7%), followed by Arkansas (12.8%), Oklahoma (9.7%), Texas (9.0%), Illinois (6.9%), and Kansas (6.0%). It should be noted that the survey data shown below reflects figures for the domestic overnight traveler.

Table III-11
Branson Visitor Characteristics

	2001	2002	2003
% Day Trip	25%	27%	32%
% Overnight	75%	73%	69%
Point of Origin			
Missouri	30.6%	23.4%	27.7%
Arkansas	12.6%	16.3%	12.8%
Oklahoma	8.8%	7.4%	9.7%
Illinois	6.9%	6.5%	6.9%
Kansas	7.7%	7.4%	6.0%
Texas	5.2%	7.1%	9.0%
California	2.1%	1.5%	1.3%
Mississippi	2.7%	2.9%	3.1%
Indiana	2.3%	3.7%	2.3%
Iowa	1.0%	2.0%	2.8%
Distance Traveled (one way)			
1-100 miles	3.0%	6.4%	2.9%
101-300 miles	51.1%	50.9%	55.0%
301-500 miles	17.1%	17.9%	15.3%
501+miles	28.8%	24.7%	26.8%

Source: DK Shifflet, Branson CVB, Economics Research Associates

Airport Service

U.S. Highway 65 is the main route to Branson with an estimated 75 to 80 percent of visitors arriving from the north. Branson is served by the Springfield/Branson Regional Airport which is located in Springfield about 45 miles to the north of Branson. In 2003, the airport recorded

653,253 passengers, a slight increase over 2002 levels. As with the majority of airports across the country, traffic declined after the events of September 11th, but appears to have recently stabilized. Visitor surveys outlined subsequently indicate that less than 2 percent of Branson tourists arrive by air. While daily air service is limited, the airport does serve many of the major nearby hub airports, as shown below.

Daily Service - Springfield-Branson Regional Airport

	Destination	Daily Flights	Jet Service
American Connection	St. Louis	4	No
	Chicago	4	Yes
American Eagle	Dallas/Ft. Worth	6	Yes
Northwest Airlink	Memphis	3	Yes
	Detroit	1	Yes
	Minneapolis/St. Paul	3	Yes
United Express	Chicago	5	Yes
	Denver	3	Yes
Delta Connection	Cincinnati	3	Yes
TOTAL	**8 cities**	**32**	--

Source: Springfield-Branson Regional Airport, Economics Research Associates

A private partnership has proposed a new full-service commercial airport for a site owned by the partnership and located approximately 10 miles south of Branson. The proposed airport would be designed to serve both scheduled and chartered airlines and would include an all-weather runway and passenger terminal. It is believed that new airline service would increase the visitor market in Branson, expanding the "fly-in" market. Negotiations are on-going with various commercial airlines. The cost to operate the airport is proposed to be generated by rental car companies, fuel sales, airlines, and other businesses that would use the airport. The probability and timing of development of this facility has not been determined.

Total Visitation Trends

It is difficult to accurately estimate the number of visitors to a region in any given year. As such, there has been some debate about the number of annual tourists visiting the Branson area. The numbers reflected below were released by the Branson Lakes Area Convention and Visitors Bureau (CVB).

In order to derive the tourist numbers enumerated below, the CVB used DKSA projections of seven million total visitors in 2000 as the base year. Projections beyond or before the year 2000 are based on other empirical factors that indicate tourism demand. These factors include: the 1 percent city sales tax; tourism tax; overall room demand; and Taney County general tax. Each of the factors are then weighted and visitor estimates are increased or decreased by the cumulative factor. As shown, estimated overnight visitation declined by 0.4 percent in 2004, and estimated

total visitation declined by 0.3 percent, after a modest increase of 1 percent in 2003. On this basis, it is estimated that 7.24 million tourists visited Branson in 2004.

Overnight visitation has been adjusted from the 2000 "base year" reflecting estimated changes to overnight room demand. As shown, the CVB estimates approximately 4,710,000 overnight visitors for 2003, and, on a preliminary basis, a slight decrease to 4,690,000 for 2004. Increased gasoline prices may have caused the slight decline for 2004. Overall, the estimated overnight stay volume increased rapidly during the 1990s, declined slightly or was stable through 2001, and has since risen back to peak levels.

Table III-12
Branson Area Estimated Tourist Visitation

	Total Visitors	Overnight Visitors	Day Visitors	% Change Total Visitors
1995	5,630,613	3,719,749	1,910,864	---
1996	6,269,798	4,231,095	2,038,703	11.4%
1997	6,466,169	4,337,025	2,129,144	3.1%
1998	6,724,041	4,503,770	2,220,271	4.0%
1999	7,087,890	4,731,405	2,356,485	5.4%
2000	7,000,000	4,580,000	2,420,000	-1.2%
2001	6,912,290	4,468,889	2,443,401	-1.3%
2002	7,173,989	4,641,768	2,532,221	3.8%
2003	7,254,262	4,710,026	2,544,236	1.1%
2004f	7,237,493	4,689,822	2,547,671	-0.3%

Source: Branson Lakes Area Convention and Visitors Bureau.

Overnight visitation can also be approximated based on the number of hotel rooms and other lodging in the region, the average length of stay in a Branson hotel, the average traveling party size, and average occupancy. Considering this methodology, we believe that the number of overnight visitors staying in the Branson area is approximately 4.5 million, slightly less than estimated by the CVB.

As mentioned, current survey data reflects that approximately 69 percent of Branson visitors are staying overnight. This would imply about 2 million day visitors, and total visitation to the Branson area of approximately 6.5 million in 2003, but this total would not include a number of "day trip" visitors driving less than 50 miles.

Existing Entertainment Venues

Theaters: Branson is home to 40 music theaters, a total of over 53,000 theater seats, as listed in Table III-13. Live entertainment started in the area in the early 1950's when Richard Foley moved to Springfield to host the "Ozark Jubilee". In 1967, the Presley family started the first

theater that located along Missouri State Highway 76, now the main "strip" through Branson. Theater development intensified after "60 Minutes" ran a story about Branson in 1991, labeling it a "Country Music Mecca". Most of the theaters are located along Highway 76, extending from about two to four miles west of the old downtown. As Highway 76 has become built-out, theater development has spread to surrounding commercial corridors. Top performing theaters include Shoji Entertainment, Dixie Stampede, the Grand Palace, and Moon River Theater (Andy Williams).

Over the past few years, there has been a transition in theater ownership as syndicates have purchased theaters, increasing the rotation of shows through various theaters. Two theater projects are currently proposed or under construction in Branson. One theater is being built for a specific performer/troop and the second will host a variety of shows. A number of new shows have recently been added, including *Broadway! The Star Spangled Celebration* (returning after a successful first year), *The Rat Pack – Direct from Las Vegas*, *Christmas on Broadway*, and *Cirque by Neil Goldberg*. In 2004, Yakov Smirnoff moved his show to a larger theater in Branson.

Table III-13
Branson Area Theaters

Theater	Capacity	Address
50's at the Hop	741	2206 W Highway 76
Ain't Misbehavin' Theater and Lounge	600	625 S. 165
Americana Theater	878	2905 W Highway 76
Baldknobber's Theater	1,700	2835 W Highway 76
Branson Variety Theater	1,650	2701 W Highway 76
Caravelle Theater	818	3446 W Highway 76
Celebration City Theater	756	1383 State Highway 376
Country Tonite Theater	2,000	4080 W Highway 76
Dixie Stampede	2,124	1525 W Highway 76
Dutton's Family Theater	901	3454A W Highway 76
Elvis & Superstars Theater	248	203 N. Commercial
Grand Country Music Hall	550	1945 W Highway 76
Grand Palace Theater	4,000	2700 W Highway 76
Hughes Brothers Celebrity Theater	915	3425 W Highway 76
Hughes Brothers Dinner Theater	194	3425 W Highway 76
Jim Stafford Theater	1,400	3440 W Highway 76
Jimmy Osmond's American Juke Box	1,067	3600 W Highway 76
Legend's Dinner Theater	1,498	3216 W Highway 76
Majestic Theater	598	2215 W Highway 76
Mansion America	2,000	187 Expressway Ln
MGH Performing Arts Center	2,230	464 Highway 248
Mickey Gilley Theater	980	3455 W Highway 76
Moon River Theater	2,234	2500 W Highway 76
Music City Center Theater	650	1835 W Highway 76
Pierce Arrow Theater	817	3069 Shepherd of the Hills Expressway
Planet Branson	560	440 Highway 248
Presley's Jubilee Theater	1,950	2920 West Highway 76
Remington Theater	3,000	3701 W. Highway 76
Roy Rogers and Dales Evans Theater	325	3950 Green Mountain Drive
Shohi Tabuchi Theater	1,990	3260 Shepherd of the Hills Expresseway

Table III-13 (continued)
Branson Area Theaters

Theater	Capacity	Address
Showtown Theater	676	310 Gretna Road
Sons of the Pioneers Theater	700	3044 Shepherd of the Hills Expressway
Starlite Theater	880	3115 W. Highway 76
Tri-Lakes Center	2,700	2527 Highway 248
Waltzing Waters	250	3617 W. Highway 76
Welk Theater	2,244	1984 S Highway 165
White House Theater	1,974	2255 N Gretna Rd
Will Rogers Theater	2,100	470 Highway 248
World of Magic Theater	873	2353 Highway 248
Yakov Smirnoff Theater	1,350	3750 W. Highway 40
Total Capacity	**53,121**	

Source: City of Branson, Economics Research Associates

Cinemas: The Branson area is served by 18 screens in three cinemas. The largest is somewhat removed from the center of tourist activity, thus traffic has suffered. The cinema located along Highway 76 was recently bought by Nova and includes four screens. The third theater is included as part of the Branson IMAX complex located along Shepard of the Hills Expressway and includes three screens.

Branson Cinemas

No of Screens	Name	Location
4	Nova 4 Theaters	1840 W. Highway 76
11	Nova Cinetech Inc. Branson Meadows Cinema	4740 Gretna Road
2	Elite Cinema III (Branson IMAX)	3562 Shepard of the Hills Expressway
18		

Source: Economics Research Associates.

Other Area Attractions: The Branson area is also home to a variety of entertainment venues, listed in Table III-14, and including the following major attractions.

Silver Dollar City – Rides, over 100 demonstrating craftsmen, and festivals contribute to the success of Silver Dollar City. The park, located west of the city of Branson, about a nine-mile drive from the Branson Landing site, is modeled after an 1890's Ozark Village. It drew approximately 1.8 million persons in 2004, down somewhat over the past few years, due in part to the competitive impact of the new Celebration City. A new $10 million dollar roller coaster named Powder Keg is scheduled to open in 2005. The ride will be capable of carrying more than 1,000 people per hour or 16 passengers per train. Silver Dollar City is operated by the Herschend Family Entertainment Corporation. Herschend also owns Celebration City and White Water (described below).

Celebration City – Celebration City is a multi-themed nighttime park featuring a classic wood roller coaster and with over 30 other rides and attractions, a boardwalk with games, shopping and dining, and a nightly laser, fireworks and music show. The park opened in early 2003 and is drawing at a rate of roughly 600,000 persons annually. A laser and fireworks show will be added for 2005 at a cost of $2 million.

White Water – White Water is a themed attraction which offers a wave pool, a "lazy river" for relaxation, and several faster rides, including Raging River Rapids, the newest ride at the park which features two slides that plunge 400 feet. New cabanas have also been added for relaxing by the pool.

Shepherd of the Hills Homestead and Outdoor Theater – Located northwest of the city of Branson, the attraction is named for Harold Bell Wright's novel, "The Shepherd of the Hills". Each evening 70 players bring the story to life in the large outdoor amphitheater.

Outdoor Activities: Table Rock Lake and Bull Shoals Lake offer fishing, boating, parasailing and swimming. Lake Taneycomo is famous for trout fishing and the Missouri Department of Conservation stocks the trout population from a hatchery near Table Rock Dam. Taneycomo, however, is too cold for recreational swimming. Table Rock Lake offers world-class bass fishing. Bull Shoals Lake is less densely developed, with campgrounds and resorts scattered along its shoreline. The Ozark Mountains also offer opportunities for hiking, hunting, biking, and cave exploration.

A detailed list of area attractions is presented below:

Table III-14
Branson Area Attractions

Attraction	Address	Schedule
American Presidential Museum	3107 W Hwy 76	March - December
Antique Toy Museum	3609 W Hwy 76	Year-round
Bonniebrook	Rose O'Neill Rd and US 65	April 1 - Dec 30
Branson Scenic Railway	206 E. Main	March - December
The Butterfly Place	2400 Hwy 165	March - December
Celebration City	1383 St. Hwy 376	May 1 - November 1
Cool Off Water Chutes	2115 W Hwy 76	Varies
Hillbilly Hideout Mini Golf	3000 Block W Hwy 76	Varies
Hollywood Wax Museum	3030 W. Hwy 76	Year-round
IMAX Entertainment Complex	3562 Shepherd of the Hills Expressway	Year-round
Indoor Mini-Golf at Grand Country Square	1945 W Hwy 76	Year-round
Kids Kountry	2435 W Hwy 76	March - December
Lost Treasure Golf	3346 W Hwy 76	March - October
Original Branson Carriage Co	Commercial St	March - December
Ozark Mountain Water Ducks	1838 W Hwy 76	March - November
Pirates Cove Adventure Golf and Games	2901 Green Mountain Dr	March - December

Table III-14 (continued)
Branson Area Attractions

Attraction	Address	Schedule
Ride the Ducks	2320 W Hwy 76	March - December
Ridge Runner Family Park	3350 W Hwy 76	Varies
Ripley's Believe It or Not!	3326 W Hwy 76	Year-round
Roy Rodgers/Dale Evans Museum	3950 Green Mountain Drive	Year-round
Shepherd of the Hills Homestead	5586 W. Hwy 76	Year-round
Silver Dollar City	399 Indian Point Rd	Mar 17 - Dec 30
Singing Sensations Recording Studio	Grand Village	Year-round
Splash Country Indoor Water Park	Grand Country Square	Year-round
Stone Hill Winery	601 St. Hwy 165	Year-round
Table Rock Helicopters	3309 W Hwy 76	March - December
Table Rock Powerhouse and Dam Tour	760 Hatchery Road	April - November
Thunder Road	3235 W Hwy 76	March - December
Track Family Fun Park #2	1615 W Hwy 76	March - December
Track Family Fun Park #3	2505 W Hwy 76	March - December
Track Family Fun Park #4	3345 W Hwy 76	March - December
Track Family Fun Park #5	3525 W Hwy 76	March - December
Trek the Ozarks Outdoor Adventures	1116 W Hwy 76	Year-round
Veterans Memorial Museum	1250 W Hwy 76	Year-round
White Water	3505 W Hwy 76	May 17 - Sept 7

Source: Branson Lakes Area Chamber of Commerce and CVB, Economics Research Associates

IV. Retail Analysis

Existing Area Retail Centers

The Branson area is currently served by three factory outlet centers, and a variety of strip malls and small gift-oriented shopping centers. The three large off-price malls in Branson are located from three to four miles west of the site: Factory Merchants at Branson; Factory Stores at Branson Meadows; and, Tanger Outlet Center. Battlefield Mall, located approximately 40 miles from Branson in Springfield, Missouri, is the only full-price regional center in the vicinity.

ERA has reviewed sales taxes from the individual stores comprising the tenancies of these three outlet centers. While these data must be kept confidential, together the three outlet malls generated average taxable sales of approximately $170 per square foot from June 2003 through May 2004. While this sales productivity is considerably lower than that for the average regional mall, it should be noted that the range of sales productivities for the individual malls was large.

Factory Stores at Branson Meadows: This center is somewhat removed from the major tourist corridor, thus sales are reportedly lower than at the other two centers. The retail center is owned by the Chelsea Property Group and includes 287,522 square feet of leasable space. An anchor tenant (approximately 25,000 square feet) is currently vacant. Other anchor tenants include Branson Meadows Cinemas, US Factory Outlets, and VF Factory Outlet. The center was opened in 1995.

Tanger Outlet: Tanger Outlet is the most successful of the local outlet centers, with sales ratios far greater than the other two ceners. The center is 100 percent leased and is located about three miles west of the Branson Landing site along Highway 76, proximate to most of the theaters, hotels, and restaurants in Branson. Sales are reportedly up slightly over the past year, although total traffic is down. The preponderant majority of customers at Tanger Outlet are tourists, reportedly with a majority of these visiting from throughout Missouri. There is limited opportunity for expansion at Tanger because of the cost associated with excavating on the site, which is primarily granite stone. Tenants include Gap Outlet, Banana Republic, Liz Claiborne, J. Crew, Polo Ralph Lauren Factory Store, Tommy Hillfiger, and Bose. Tanger has operated the center since it's opening in 1994.

Factory Merchants at Branson: The Factory Merchants at Branson is the largest of the three retail centers, however, it also suffers from large blocks of vacant space. Examples of tenants include Dress Barn, Petite Sophisticate, Easy Spirit, Casual Corner, and Reebok. Factory Merchants is also operated by Chelsea Property Group and includes 317,482 square feet of gross leasable area.

Battlefield Mall: Battlefield Mall is located about 30 miles north of Branson in Springfield, Missouri, about two miles west of Highway 65. The mall is anchored by Sears (178,170 square feet), JCPenney (212,407 square feet), Famous Barr (125,056 square feet), and Dillard's (125,241 square feet, two units – women's and men's). The mall is managed by Simon Property Group. It is reputedly a highly successful regional mall, and recently expanded with the addition of several added lifestyle stores at the eastern entrance to the mall, which would suggest average in-line store sales in excess of $300 per square foot. Tenants added include Joseph A. Banks, Ann Taylor Loft, Coldwater Creek, Chicos, and Ruby Tuesday. Previous to the addition, the last renovation was completed in 1997. Other smaller "anchor" tenants include Old Navy (14,816 square feet), Express (15,422 square feet), and Ethan Allen (12,589 square feet). The center includes a total of 1,171,339 square feet of space and was opened in 1970. Further expansion is limited by adjacent development.

Branson Retail Centers

Center	Location	Size	Anchors	Opened
Factory Merchants at Branson	Hwy 76 & Pat Nash Dr	317,462	--	1994 expansion
Factory Stores at Branson Meadows	Branson Ln and Gretna Rd	287,522	Theaters , 30,122 sq ft US Factory Outlet, 22,560 sq ft VF Factory Outlet, 30,340 sq ft	1995
Tanger Outlet Center	W Highway 76	277,494	--	1994

Source: 2004 National Research Bureau, Economics Research Associates

Additional specialty retail space is scattered throughout the Branson area. The Grand Village Shops are located along Highway 76 next to the Grand Palace and includes 26 local/regional shops (primarily gift/artisan shops) and two restaurants. The Grand Village includes the Thomas Kinkade Signature Art Gallery and Kringles (Missouri's largest Christmas store). The historic downtown district includes also has a variety of local retailers, including a classic five and dime store (Dick's 5 & 10), Mountain Man Nut & Fruit, and Ivy Rose Quilts and Gifts. Wal-Mart has a store located along Highway 76. The Engler Block is an indoor marketplace featuring unique artists and two restaurants. The Grand Country Square (formerly 76 Mall) features gifts, souvenirs, and restaurants as well as entertainment such as miniature golf and three music shows. The IMAX entertainment complex on Shepherd of the Hills Expressway includes specialty clothing, houseware, and gift retailers.

There are also several neighborhood retail centers scattered throughout the area, including Cedar Ridge Plaza which is anchored by a K-Mart store. The neighborhood centers include the following:

Branson Neighborhood Retail Centers

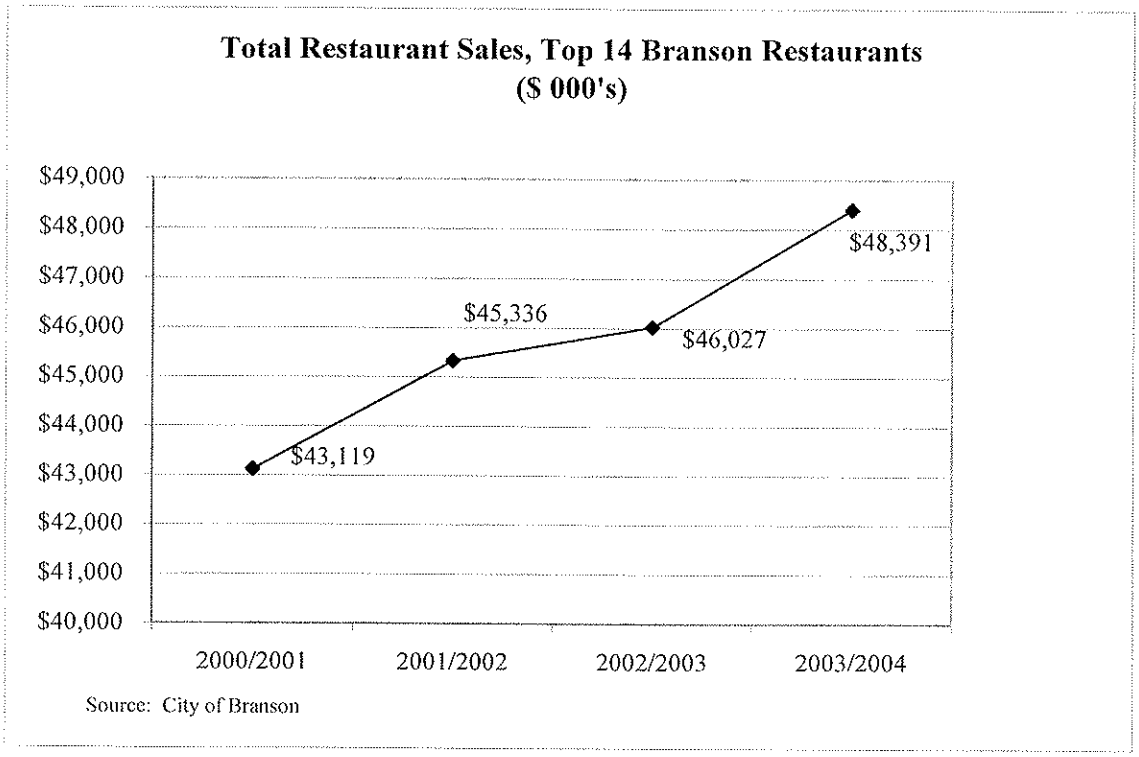
Center Name	Location	Total GLA (sq ft)	Year Opened	Anchor Tenants
Vista Plaza	Forsyth and Highway 76	39,600	2001	--
Rainbow Hills Village	NWC MO 76 and MO 13	54,450	Na	--
The Marketplace on I65	1972 State Highway 165	32,400	1995	--
Cedar Ridge Plaza	MO 248 and Epps Rd	191,000	1994	Big Kmart (117,162 sq ft) Country Mart (44,000 sq ft)
Branson Heights Shopping Center	1157 W Hwy 76	na	1965	--

Source: National Research Bureau Shopping Center database, 2004, Economics Research Associates

Existing Branson Food and Beverage Outlets

The City of Branson currently has over 400 licensed food and beverage outlets, with a total capacity of over 34,000 seats. However, many of these are food or drink stands in theaters and attractions, limited food outlets in hotels, or other very small outlets. Branson's restaurants include national chains as well as a significant number of independent locally-owned establishments, mostly located along the Highway 76 "strip" extending to four miles west of the subject site. Top performers include national chains Cracker Barrel, Olive Garden, Red Lobster, Landry's, Ruby Tuesday, and Lone Star. Outback Steak & Oyster Bar (not part of the national Outback chain) is also among the top performing restaurants in Branson. The most successful restaurants in Branson are generating sales of $400 to $500 per square foot.

Restaurant sales at the top Branson restaurants have been increasing over the past four years, at an average annual growth of 3.9 percent, which is above the rate of inflation during this period. The top 14 restaurants generated taxable sales of $48.4 million from May 2003 through June 2004, or about $3.5 million per restaurant, or about $400 per square foot, with some local restaurants generating sales of over $4.5 million.



Proposed/Recently Built Retail Projects

Following is a summary of recent retail developments/proposed developments in the Branson area:

- Target, Home Depot, and TJ Maxx will open this year at Branson Hills, with a Wal-Mart under consideration. Branson Hills is located at the north end of Branson about ½ mile west of I-65. The retail center is part of a 1,100 acre development which will include a new high school, recreation complex, and medium density housing. The Target and TJ Maxx stores will have an indirect competitive impact on the retail stores at Branson Landing.

- Boyd's Bear will open a 125,000 square foot store across from the Dixie Stampede Theater. The store will include a bakery, restaurant, and large atrium (similar to Bass Pro Shops). Other Boyd's Bear stores have opened in Pigeon Forge and Myrtle Beach. It is anticipated that the store will open in February/March of 2006.

- Dixie Station, next to the Dixie Stampede Dinner Theater, recently opened with Fuddruckers and Cold Stone Creamery.

- A Krispy Kreme outlet recently opened near the entrance to Tanger Mall.

- A strip shopping center at 550 Gretna Road (across from the Factory Merchants at Branson) is under construction and will be called Red Roof Discount City.

- A large Play Time Pizza Restaurant recently opened on Gretna Road. The restaurant includes entertainment such as an arcade and go-carts.

- A second Ruby Tuesday recently opened next to Wal-Mart. It is reportedly the largest Ruby Tuesday in the portfolio with 500 seats.

- A new power center/lifestyle center is proposed for Branson Meadows.

- Downtown merchants plan to renovate buildings and the downtown streetscape in anticipation of the opening of Branson Landing. Organized merchants have applied for grant dollars in order to help pay for the improvements.

Existing Entertainment/Retail Centers Nationwide

Although several variables contribute to the performance of a particular retail project, it is useful to look at sales at other retail entertainment projects across the country in order to project sales performance. While Branson is located in a unique market, sales at other retail centers provide useful benchmarks for comparisons. Leasing strategies at other entertainment centers are also informative. Although Branson Landing may be considered an "entertainment retail" center in that it will be themed and offer attractions such as a water show and dinner cruise, it will not, at least initially, include a megaplex theater or other major ticketed attractions. The multi-screen theater has served as the primary anchor for the majority of entertainment enhanced retail centers built over the past few years, providing the ability to draw large segments of the nearby population on a consistent basis. Large clusters of restaurants, as well as "lifestyle" retailers (e.g. Tommy Bahamas, Build A Bear, Restoration Hardware, ABC Carpet) have also contributed to the changing nature of the new entertainment retail center. Brand stores (e.g. Skechers, Apple, Swatch) further contribute to the changing mix.

Broadway at the Beach in Myrtle Beach, South Carolina and Destin Commons near Ft. Meyers Beach, Florida are successful projects with some similarities to the proposed Branson Landing, and both are in communities with high tourist volumes. However, both projects also include megaplex theaters. Festival oriented retail malls in urban markets are capable of generating sales in excess of $400 per square foot, with projects such as Harborplace in Baltimore and Bayside in Miami generating annual sales of over $500 per square foot. The Forum Shops on the Las Vegas

Strip achieve perhaps the top sales performance of entertainment-oriented malls, an average of well over $1,000 per square foot. Conversely, Neonopolis, a new project in downtown Las Vegas, has been unable to attract a market and has minimal merchandise sales, showing the unpredictability of entertainment/tourism-based retailing. Festival marketplace centers such as those developed by The Rouse Company (Faneuil Hall, Harborplace) typically include a significant food service component, often approaching 40 to 50 percent of total space. As festival marketplace centers have aged and are no longer considered unique by local residents, the visitor market has become increasingly important and can account for as much as 80 percent of total center sales. As the markets have changes, so too have the merchandising strategies for the centers. Average sales vary widely by region and vitality of the downtown district, although sales for urban centers are typically higher than those for suburban centers because the higher costs associated with occupancy demand high sales productivity.

The following retail and entertainment complexes are reviewed in greater detail below:

- Destin Commons - Okaloosa County, Florida
- Broadway at the Beach – Myrtle Beach, South Carolina
- Neonopolis – Las Vegas, Nevada
- Faneuil Hall – Boston, Massachusetts
- Harborplace – Baltimore, Maryland
- Peabody Place – Memphis, Tennessee
- Newport on the Levee – Newport, Kentucky
- The Pike at Rainbow Harbor – Long Beach, California

Destin Commons – Okaloosa County, Florida

Destin Commons is an open-air retail complex which opened in November of 2003 in Okaloosa County, Florida. The center includes 660,000 square feet of retail space and 70,000 square feet of office space and was developed by Turnberry Associates. The proposed configuration and tenant list of Branson Landing is similar to Destin Commons in many respects. Destin Commons also includes a Belk Department store (67,000 square feet) and Bass Pro Shop (54,500 square feet) as anchor stores. Unlike Branson Landing, Destin Commons is also anchored by a 14-screen Rave Cinema. Other retailers located at Destin Commons include Victoria's Secret, Bennetton, Abercrombie & Fitch, Ann Taylor Loft, Cache, Hollister, Build A Bear, Wet Seal, Coldstone Creamery, Chico's, Talbot's, and Bombay Company. The Bass Pro Shop store is the chain's fourth Florida location. Average in-line retail merchandise store sales are reportedly well in excess of $300 per square foot. Destin Commons is located within the Emerald Coast, with an estimated seven million annual visitors and 73,000 hotel rooms, which is over three times the inventory in Branson. There are about 500,000 residents living within a 40-minute drive.

Broadway at the Beach – Myrtle Beach, South Carolina

Broadway at the Beach encompasses a 350-acre site in Myrtle Beach and was developed by Burroughs & Chapin Company, Inc. The complex opened in 1995, with the entire complex completed two years later in 1997. The project includes 20 restaurants, 100 specialty retail shops and six nightclubs, with yearly attendance estimated at 11 million (approximately 40 percent of the traffic is generated by the local resident market). Parking is provided for 6,000 cars, not including overflow parking areas. Broadway at the Beach is located in close proximity to the Myrtle Beach Convention Center and to the beach. There are an estimated 13 million overnight visitors to the Myrtle Beach area every year.

Restaurants located at Broadway at the Beach include Hard Rock Café, Planet Hollywood, NASCAR Café, Joe's Crab Shack, Jimmy Buffet's Margaritaville, Landry's Seafood, Tony Roma's, Johnny Rockets, and Uno Chicago Grill. In addition, there are numerous entertainment anchors located at the complex, including: Adventure in Science, History, and Nature; Carmike's Broadway Cinema 16; Myrtle Waves Water Park; NASCAR Speed Park; The Palace Theater (with live performances such as "Spirit of the Dance"); IMAX Discovery Theater; Dragon's Lair Fantasy Golf; and, Ripley's Aquarium. Current average retail store sales are estimated to exceed $300 per square foot, with restaurants averaging over $400 per square foot, but with the Cinema and nightclubs at a much lower sales ratio.

Neonopolis

Neonopolis is a three-story, 240,000-square-foot entertainment retail complex that opened in downtown Las Vegas in May of 2003. This $99 million complex was a project of Prudential Real Estate investors, with significant assistance from the City of Las Vegas. The project opened with a Crown 14 multiplex theater, a La Salsa restaurant, food court, plus three small retail tenants. By September, a Jillian's restaurant and game complex of over 50,000 square feet had been added, as well as another restaurant and reportedly a few additional small retail tenants.

Despite being proximate to an estimated 21 million annual visitors to downtown Las Vegas, the reported performance of the cinema, restaurants, and other tenants has been very disappointing since the beginning, and today the complex is about half vacant, although the cinema and Jillian's, and some of the original tenants, remain in operation. Total sales performance is believed to be less than 25 percent of original expectations, and the center has not achieved the objective of encouraging expanded upscale visitation to the downtown area. The property is for sale, and various alternative strategies for future tenanting and marketing are under consideration.

Neonopolis obviously has some fundamental dissimilarities to Branson Landing, being a multi-story retail complex, with a theater anchor, that began construction without extensive retail pre-

leasing. Nonetheless, the failure of this complex illustrates the inherent uncertainty and risk in tourist-entertainment-oriented development, where success depends upon attracting nearby tourist volumes to a new location.

Faneuil Hall – Boston, Massachusetts

At Faneuil Hall, the original intent was to create a sense of community built around a retail food market. It was initially designed as a public space with pedestrian streets and primarily local merchants. The terms of the public/private agreement included a 99-year ground lease to the developer, infrastructure improvements financed by the city, and a percentage return to the city based on profits.

Faneuil Hall is located on Boston's Freedom Trail near the Financial District. The marketplace center includes 198,000 square feet of leasable space, of which 40 percent is dedicated to food tenants, including 14 restaurants and 36 pushcarts and kiosks. Faneuil Hall includes three market buildings, all opened in the mid to late 1970's. There are currently 3,000 parking spaces located within a five-minute walk of the project. The center recently underwent a $12 million renovation and expansion program. The resident trade area, or metropolitan area, includes 3.9 million residents. An estimated 10.6 million tourists visit the Boston area every year. According to Rouse Company estimates, approximately seventy percent of all adults in the Boston area visited Faneuil Hall in the past year, with an average frequency of once every two months. An estimated 70 percent of sales are generated by the visitor market.

Harborplace – Baltimore, Maryland

Development of the Inner Harbor in Baltimore began in 1959 with a complex including office buildings, multi-family housing, hotels, retail and a theater. The 33-acre project was not completed until 27 years later in 1986. Construction of Harborplace, the festival marketplace located on the Harbor, began in 1979. The project was developed by The Rouse Company and was funded privately. In its first year of operation, the City received approximately $3 million in revenues (including rent, tax, and parking revenues). The Gallery at Harborplace is located across the street from Harborplace and is configured more like a traditional mall (although there are no traditional department store anchors). It is part of larger mixed-use development which includes a 622-room hotel and office space. Both projects were included in the first phase of the entire redevelopment process. The project was implemented as a public-private partnership.

It is estimated that approximately 40 to 45 percent of traffic at Harborplace is generated by the resident market, including downtown employees. This percentage had been trending downward in the mid/late 1990's as retail competition within the suburbs proliferated. Moreover, the buildings were not constructed to withstand the major crowds which were attracted to the site.

Sales are estimated at over $500 per square foot. The center underwent a major remerchandising program in the 1997/1998. Cheesecake Factory, Planet Hollywood (which anchors the Pratt Street Pavilion), and Rock Bottom Brewery were added as part of the redevelopment effort. The addition of restaurant space was part of the developer's intention to better serve the growing tourist market. The food court at Harborplace is currently undergoing renovation. Harborplace, including the Gallery, totals 282,000 square feet of leasable retail space. The Gallery has more traditional retail, with about 50 percent of the leasable space dedicated to non-food tenants. According to the Rouse Company, the combined retail project draws 30 percent of its traffic from residents, 14 percent from downtown workers, and 56 percent from out-of-state visitors (estimated at 13 million annually). The resident trade area population is estimated at 2.5 million.

Peabody Place – Memphis, Tennessee

Peabody Place covers eight city blocks and is located in the center of downtown Memphis. The retail center is proximate to The Peabody Hotel, Beale Street, Fed Ex Forum (home of the NBA Memphis Grizzlies), and the Orpheum Theater. The Peabody Place Entertainment and Retail Center is part of a much larger mixed-use complex (two million square feet) which includes a 15-story office tower, apartments, and restaurants. The retail component was completed in 2001 and is modeled after a typical town square and includes a total of approximately 300,000 square feet of leasable space.

Entertainment anchors include a 22-screen Muvico Theater (including a 550-seat, 60-foot tall large-screen theater), Jillian's, and Tower Records (including live entertainment). Peabody Place restaurants include Isaac Hayes', Texas De Brazil (a Brazilian steakhouse), and Dan McGuinness Irish Pub (built in Dublin, Ireland and shipped to Memphis). Specialty retail tenants include Ann Taylor Loft, GAP (including GAP Kids and Baby GAP), Claire's, DAPY, and Victoria's Secret. Peabody Place is a Belz Enterprise project.

Newport on the Levee – Newport, Kentucky

Newport on the Levee is a $210 million retail complex located in on 10 acres in Northern Kentucky. The site looks out over the river to Cincinnati. The City acquired the land for the project for $12 million and also secured plans for a new aquarium on the site. The state also passed a tourism tax credit which allows developers of tourism-related projects to keep a percentage of the sales tax each year for up to ten years. The developer for the project was Steiner & Associates. It is projected that the new complex will attract 7.2 million visitors annually to Newport.

Entertainment tenants at Newport on the Levee include AMC 20 Theaters, The Funny Bone Comedy Club, GameWorks, and Shadowbox Cabaret. The retail center also includes a significant cluster of restaurants, including The Bamboo Club, BRIO Tuscan Grille, Café Istanbul, Dewey's Pizza, Johnny Rockets, Mitchell's Fish Market, and Mrs. Fields Bakery Café. In-line tenants include American Eagle, Barnes & Noble, Claire's, Hollister, Limited Too, PacSun, and Sunglass Station.

The Pike at Rainbow Harbor

The Pike entertainment-retail complex opened adjacent to the Long Beach Convention Center on the Long Beach waterfront in 2004. This 370,000-square-foot complex was developed by Developers Diversified Realty (DDR) with City participation. The current complex has 21 tenants including some of the most successful restaurant chains (P.F. Chang's, Bubba Gump's, California Pizza Kitchen, Islands, Gladstone's, Outback) as well as a Cinemark 14-screen cineplex and Gameworks of 40,000 square feet. Restaurants on average have performed as expected, but the retail leasing has been extremely slow since opening, such that the projected total sales revenues of the complex are far less than originally planned. Downtown Long Beach waterfront claims of 5.1 million annual visitors, and of course the total resident market within a 30-mile radius is well in excess of 10 million persons. A variety of explanations for the disappointing performance of the non-restaurant portions of the center thus far have been offered, involving the design environment, accessibility, competition, and the lack of an anchor tenant or in-line retail leasing prior to construction. Regardless, this project also illustrates the downside potentials of retail development where success depends upon creation of an attractive environment.

Retail Sales per Square Foot

The results of a survey of United States shopping centers were published in 2004 by the International Council of Shopping Centers (ICSC). The survey found the following median sales ratios for the year 2002:

Table IV-1
Retail Center Sales per Square Foot

	Lifestyle Centers	Enclosed Malls
Anchors	$169	$190
Non-Anchors/Mall Stores	310	318

The sample sizes were 16 for lifestyle centers and 162 for enclosed malls. A lifestyle center was defined as an open-air center containing upscale national chain specialty stores, dining, and

entertainment. The sales levels for the non-anchor stores in the bottom and top quartiles of the lifestyle sample were $211 and $335 per square foot, respectively, and $145 and $245 per square foot for the anchor stores.

National Restaurant Performance

The quality and diversity of the restaurants that locate at Branson Landing will have a significant impact on the appeal of the center and its ability to approach or exceed projected sales levels. ERA reviewed average sales data for a cross section of national chain restaurants, including some of those proposed for Branson Landing. Some of the more popular national chain restaurants are included in most entertainment retail developments and attract visitation. As shown in Table IV-2, average sales within chains varies widely, from $350 per square foot to over $1,000 per square foot at top performing chains. Almost all restaurants surveyed reported average unit sales of over $3 million.

Outback Steakhouse, Inc. – Outback Steakhouse Inc. includes Outback Steakhouse, Carrabba's, Fleming's, Roy's, Selmon's, and Cheeseburger in Paradise. Carrabba's features Italian cuisine. Cheeseburger in Paradise serves gourmet hamburgers and sandwiches and also sells retail merchandise inspired by Jimmy Buffet.

Buca di Beppo – Buca di Beppo is a large scale (averaging 8,000 square feet in size) Italian restaurant which specializes in family style meals. Buca, Inc. owns and operates 105 full-service restaurants under the names Buca di Beppo and Vinny T's of Boston. In fiscal 2004, restaurant expansion was slowed down.

Joe's Crab Shack – Joe's Crab Shack is operated by Landry's Restaurants, Inc., with average unit sales of $3.5 million. Joe's Crab Shack is a full-service casual seafood restaurant with décor influenced by beachfront fish shacks. Many restaurants incorporate a small playground area for children.

Cheesecake Factory – Cheesecake Factory is one of the most successful national chain restaurants and typically locates in higher-end shopping malls or retail complexes. Sales average $900 to $1,000 per square foot.

Copeland's Cheesecake Bistro – Copeland's Cheesecake Bistro is part of Al Copeland Investments (Al Copeland is the founder of Popeye's Fried Chicken). There are currently four locations: three in Louisiana (Baton Rouge, Metairie (opened in 2002), and St. Charles); and, one in Richmond, Virginia (opened 2002).

PF Chang's – PF Chang's averages sales of $5.6 million per restaurant. The restaurant offers Chinese cuisine and features display kitchens and exhibition wok cooking. Restaurants average 6,000 to 7,600 square feet in size, suggesting an average of about $800 per square foot.

McCormick & Schmick's – McCormick & Schmick's seafood restaurants generate average sales of $5.2 million per restaurant, which range in size from 6,000 to 14,000 square feet (250 seats) and include a full-service bar.

Wolfgang Puck – Wolfgang Puck companies include Wolfgang Puck Worldwide, Inc. and Wolfgang Puck Fine Dining Group. Wolfgang Puck Worldwide, Inc. includes 16 Wolfgang Puck Cafes and 18 Wolfgang Puck Express outlets including 8 at airports. The Fine Dining Group operates 12 restaurants, with average sales of between $4.5 and $4.8 million, located in Las Vegas, Los Angeles, Maui, Palo Alto, and San Francisco.

Ruth's Chris Steak House – Ruth's Chris Steak House was founded in 1965 in New Orleans. Restaurants average about $4.5 million annually in sales. Dinners are typically priced from $19.00 to $45.00.

Biaggi's – Biaggi's opened its first restaurant in 1999 in Bloomington, Illinois. It is a casual white-cloth restaurant that features pastas. Sales average $4 million per restaurant with 18 currently in operation.

Johnny Carino's – Carino's is a full-service casual Italian restaurant catering to families. In 2002, sales averaged $2.5 million per restaurant. Fired Up Inc. is the parent company.

Kahunaville – Kahunaville is a tropical themed restaurant which first opened in Wilmington, Delaware in 1993. Entrees are moderately priced and include Caribbean and Cajun influences. Outlets typically are over 20,000 square feet and include a large arcade and bar with televisions that broadcast sporting events.

Table IV-2
Selected National Chain Restaurant Operating Characteristics

Selected Restaurant Concepts	Average Unit Sales	Average Size (sq ft)	No. of Units
Outback Steak House	$3.4 M *Est. ave. $550 psf*	6,200	869
Carrabba's Italian Grill	$3.1 M *Est. ave. $466 psf*	6,650	163
Buca di Beppo	$2.5 to $3 M *Est. ave. $340 to $400 psf*	8,000 (300 seats)	94
Joe's Crab Shack	$3.5 M	6,818 to 13,000	138
Cheesecake Factory	*$11 M* $1,000 psf	5,400 to 17,300	87 Cheesecake Factory 3 Grand Lux
PF Chang's	$5.6 M	6,000-7,600	103
McCormick & Schmick	$5.2 M *Est. ave. $590 psf*	6,000-14,000 ave 8,500	52
Wolfgang Puck – Full Service	$4.5 to $4.8 M	4,300	59
Ruth Chris Steakhouse	$4.5 M	7,500	88
Cheeseburger in Paradise	$4 to $4.5 M	6,650 250 seats	6
Copeland's Cheesecake Bistro	na	10,000	4
Biaggi's	$4 M	250 to 275 seats	18
Johnny Carino's	$2.5 M (in 2002)	6,430	109
Kahunaville	$7.5 to $8 M (selected units reportedly do up to $9 M)	18,000 to 30,000 (350 to 500 seats)	11

Source: Various restaurants; Chainleader magazine; Economics Research Associates.

Proposed Branson Landing Tenants

Anchor Tenants

Belk Department Store. Belk is proposing a store of 67,500 square feet at the north end of the complex. Belk stores are privately owned and operated by the Belk families, with more than 220 stores in 14 states currently operating in the southeast and mid-Atlantic regions. The company is currently focusing its expansion in mid-sized markets with stores in the 50,000 to 80,000 square foot range. Belk's target customer is a 35 to 54-year old female with a middle to upper level household income who works outside the home. Belk's completed the following new stores/major renovations in fiscal year 2004:

--Gulfport, MS (Crossroads Center), 60,000 square feet
--Gallatin, TN (Village Green Commons), 52,300 square feet
--Columbia, TN (The Shoppes of Columbia), 58,000 square feet
--Springfield, TN (Centre Stage Shopping Center), 46,500 square feet
--Lufkin, TX, 56,300 square feet
--Hot Springs, AR (Cornerstone Market Place), 64,100 square feet
--Destin, FL (Destin Commons), 59,600 square feet
--Conway, AR (Conway Commons), 67,300 square feet

Bass Pro Shop. Bass Pro Shop is proposing a 60,000 square foot anchor store including a 9,000-square-foot restaurant, plus renovation of an existing building of about 9,000 square feet at the marina. The proposed store is smaller than most of the other existing Bass Pro Shops, which typically range in size from about 125,000 to 170,000 square feet. As mentioned, the configuration of Destin Commons in Florida is somewhat similar to Branson Landing and also includes similar scale Bass Pro Shop and Belk's stores. As a result of its waterfront site, the store plans to focus a portion of their operations on boat sales. The store plans to feature an operating marina, guide service, boat rentals, and a boat service center. Most boat sales would not contribute to taxes within the TIF district, since boat sales in Missouri are taxable where registered by the owner. The waterfront site will also differentiate the store from the flagship Springfield store, which totals over 350,000 square feet.

The original Bass Pro Shop flagship store in Springfield was opened in 1981 and is located adjacent to the American National Fish and Wildlife Living Museum and Aquarium. The store includes a four-story waterfall, rifle and archery ranges, four aquariums, a barbershop, McDonald's, and a 40,000 square foot Tracker boat and RV showroom. Recent press releases state that the store attracts over four million visitors annually. There are currently 39 existing and proposed Bass Pro Shop stores. In addition to the Branson store, new stores proposed for Spanish Ft., AL; Leeds, AL; Ft. Meyers, FL; Council Bluffs, IA; Clarksville, IN; Denham Springs, LA; Independence, MO; Columbia, MO; Pearl, MS; Buffalo, NY; Broken Arrow, OK; Sevierville, TN; and, Garland, TX.

According to the project leasing agents, the tenants detailed in the table below have deals approved at Branson Landing. Those with executed leases are noted with an asterisk. Generally, the tenant list has a strong group of mid-market apparel-oriented stores. Housewares and non-apparel merchandise stores appear to be somewhat under-represented compared to a typical lifestyle or regional mall. In order to better understand the competitive environment, ERA looked at potential retail tenant overlap with Battlefield Mall in Springfield. We also looked at selected operating characteristics (e.g. typical sales, size, target market) of the proposed retailers. Other proposed tenants for Branson Landing are included at the end of the table.

Apparel/Shoes

Several of the proposed apparel tenants at Branson Landing are also located at Battlefield Mall (Victoria's Secret, Pacific Sun, Coldwater Creek, Christopher Banks, Chico's, Charlotte Russe, Hollister, Ann Taylor Loft). Dress Barn has other existing locations in Springfield and Branson. Other potential apparel tenants including J.Jill and Whitehouse/Black Market are not currently located in the region. In regions with two or more regional malls, it is typical for local residents to shop at more than one regional mall.

The target markets for the apparel tenants are varied, with two of the retailers appealing to a younger market (Justice and Pacific Sun) and the others appealing to a broader/older customer. Apparel stores for men and children are also among those listed as potential tenants (S&K Menswear, Gymboree, Children's Place).

Three of the four proposed shoe stores are also located at Battlefield Mall (Finish Line, Journeys, Payless Shoes).

Gifts/Specialty/Other

The tenant list at Branson Landing includes some successful local tenants (Best of Branson, Branson Quilts) which will help to differentiate the project from Battlefield Mall and other conventional shopping centers. Other proposed chain specialty/gift retailers such as Brookstone, Disney, and Yankee Candle are not yet located in the region. Brookstone, Disney, and Yankee Candle are capable of generating sales of over $500 per square foot in strong locations.

Food Service

Strong and varied restaurant tenants would also draw visitors to Branson Landing, as will the unique outdoor setting, creating a destination for both local residents and visitors. In addition to the Bass Pro restaurant and Liberty Tavern hotel restaurant, restaurant tenants with deals approved include Sullivan's Steakhouse, Red Robin, and Famous Dave's. Sullivan's Steakhouse is owned by Lone Star and will offer live entertainment. Other proposed restaurants under active negotiations include Joe's Crab Shack, Asian Fusion, Yia Yia's, Granite City, WJ McBride Irish Pub, and Hard Rock Café. Restaurants can serve as an effective anchor for a specialty retail center. Some restaurants are experimenting with showcasing the kitchen. Other popular restaurant concepts include celebrity chef restaurants such as Wolfgang Puck and Emeril. Combining entertainment with dining (House of Blues and Jillian's are examples) is also a way to create repeat visitation and attract the tourist market.

Tenants Not Expected

A cinema and performance theater component, which would augment the drawing power of the center, are not on the tenant list. Other successful national tenants not currently expected to lease space at the opening of the center include the following. The list is representational only, with the understanding that individual retailers have varying expansion strategies that may prevent Branson from being a viable site at this time.

- GAP – GAP currently has a strong presence at Tanger outlet mall with Old Navy, Gap, and Banana Republic outlets, and may not want to split the market with a store at Branson Landing
- Limited Too, Limited (strong presence at Battlefield Mall)
- Talbot's – caters to an older market, moderately upscale
- J.Crew – J. Crew Outlet store at Tanger
- Home furnishings/specialty – Pottery Barn, Williams Sonoma, Pier 1, Apple
- Bookstores – Borders, Barnes & Noble. Both stores have locations in Springfield
- Restaurants – Cheesecake Factory, P.F. Chang's, Kahunaville, Houston's, Wolfgang Puck

Table IV-3
Proposed Branson Landing Tenant Listing (* signifies executed lease)

Proposed Tenants (Deals Approved)	At Battlefield Mall	Comments
Apparel		
Dress Barn		Career and casual fashion at value prices. Also operates Dress Barn Woman stores (larger sized merchandise). As of July, 2003, Dress Barn operated 772 stores. Existing stores in Springfield, Factory Merchants, and Branson Meadows.
*Victoria's Secret	X	Limited Brand store. Operates more than 1,000 stores nationwide. Catalogue and internet services also available.
*Pacific Sunwear	X	Mall-based retailer with casual apparel, accessories and shoes for active teens and young adults (typically aged 12 to 22). Fashion influence from surfing, skateboarding, and snowboarding. The company also operates an outlet division with a store at Tanger Mall.
Coldwater Creek	X	Specialize in casual women's apparel, jewelry, accessories, and gifts. Target customer is between ages 30 and 60, with household income of $75,000+. Typical store size of 5,000 to 6,000 square feet. Also introducing smaller format (3,000 to 4,000 square feet). Usually project sales of $500 per square foot in third year of operations in larger format, $600 per square foot in smaller format.
*Christopher & Banks	X	Minnesota based retailer of women's apparel. The company currently operates 463 stores. Divisions include CJ Banks (size 14+) and Acorn.
*Justice		Owned by Inc.Too, sells fashion forward private label sportswear and accessories for girls aged 7 to 14. Competitors include Limited Too, Old Navy, and Target.
Chico's	X	Focuses on women aged 35+ with moderate to high incomes. Also operates outlet stores. The company has been testing stores in smaller markets with positive results. For the fiscal year 2003-2004, the company had average net full-year sales per net selling square foot of $924.

Table IV-3 (continued)
Proposed Branson Landing Tenant Listing (* signifies executed lease)

Proposed Tenants (Deals Approved)	At Battlefield Mall	Comments
Apparel (cont.)		
Whitehouse/Black Market		Features clothing and accessories only in shades of white and black. In 2003 the chain became a subsidiary of Chico's FAS. The store focuses on women aged 25 to 45 with moderate to high income levels.
*Charlotte Russe	X	Targeted at young women in their teens and twenties, with a current average store size of between 6,500 and 7,000 square feet. Typical dresses range in price from $19.99 to $60.00. As of September 2003, there were 256 company stores.
Hollister	X	Division of Abercrombie & Fitch. West coast inspired brand targeted at 14 to 17 year olds, with lower price point than Abercrombie & Fitch. In fiscal year 2003, retail sales per average gross square foot for Abercrombie were $345.
*Ann Taylor Loft	X	Competes in upper moderate price category. Clothing designed for the value conscious woman.
*J. Jill		Target market of active affluent women aged 35+. Brand is sold through catalogs, the Internet, and retail stores.
*Casual Corner Annex		Division of the Casual Corner Group, the Annex targets the value oriented customer.
*Children's Place		
Shoes		
Famous Footwear		Division of Brown Shoe Company, Inc. based in Missouri. Sells brand name shoes at a discount - more than 100 brands carried.
Finish Line	X	In addition to athletic and lifestyle shoes, Finish Line also sells activewear and accessories. Stores average 5,802 square feet and net sales per square foot for comparative stores averaged $325 as of Feb 2004. The company operates 507 traditional stores less than 10,000 sq ft and 38 larger format stores (over 10,000 sq ft.).
*Journeys	X	Foot and accessories store appealing to the teen market. With more than 600 stores nationwide, brands sold include Dr. Martens, Converse, Steve Madden, and Timberland.
*Payless	X	Discount shoe store.
*Rack Room Shoes		
Gifts/Specialty		
*Best of Branson		National chain gifts outlets.
*Brookstone		Offering unique, proprietary branded products through stores, internet, and catalog sales. Also operates temporary stores and kiosks during the holidays. In fiscal year 2003, net sales per selling square foot averaged $539 for stores open all year.
*Yankee Candle		Operations include retail stores, catalog, and internet sales. In 2003, stores (excluding the flagship store) averaged sales per selling square foot of $614. Forty-nine new stores opened in 2003. Stores average 1,677 square feet.
*Father Time Clocks		
*Ozark Mountain Quilts		Local Branson retailer.

Table IV-3 (continued)
Proposed Branson Landing Tenant Listing (* signifies executed lease)

Proposed Tenants (Deals Approved)	At Battlefield Mall	Comments
Giffts/Specialty (cont.)		
*Claire's Accessories	X	Offers value priced costume jewelry, accessories and cosmetics to tweens, teens and young adults. Operates Claire's (North American, Europe) and Icing by Claire's. Merchandise typically ranges in price between $2 and $20. Icing store located at Tanger Mall.
*Hat World		National chain.
*Cardinal Clubhouse		St. Louis Cardinals merchandise.
*Five and Dime General Store		Local retailer.
Lids	X	A division of Hat World Corp. Offers an assortment of officially licensed and branded baseball style hats.
*Bath and Body	X	Limited Brand store. Undergoing makeover to more modern style. Average store size of 2,200 square feet and average sales per selling square foot of $544. Outlet store at Tanger.
3 Dog Bakery		Specializes in natural dog treats.
*Bath Junkie (pending financials)		Sells bath and body related products in New York loft environment. Target market is women aged 20 to 55 with middle to upper income levels.
*Disney		Sells Disney related merchandise
Kay Jewelers	X	
*Sunglass Hut	X	
*Build a Bear	X	Provides an interactive retail/entertainment environment for building your own stuffed animal. Concept appeals to children, teens, parents, and grandparents. Currently 170 stores in US and Canada.
Budweiser Store		Novelty retail store.
Other		
Books-A-Million		Chain bookstore proposing a 15,000-square-foot store.
*Regis	X	Beauty salon.
*West Gate		Real estate and ticket sales.
*Branson Realty		Real estate.
*Trade Secret	X	Division of Regis.
*GNC	X	Health and nutrition store.
Food Service		
*Subway	X	
*Candy Emporium		
*Haagan Daz		
*Bakery Café		
*Rocky Mountain Chocolate Factory		
*Fudgery		Existing stores at Factory Merchants, Tanger.
*Gloria Jeans Coffee		
Asian Fusion		
Joe's Crab Shack		Operated by Landry's Restaurants, Inc., average unit sales for Joe's Crab Shack are $3.5 million. A full-service casual seafood restaurant with family appeal.

Table IV-3 (continued)
Proposed Branson Landing Tenant Listing

Proposed Tenants (Deals Approved)	At Battlefield Mall	Comments
Food Service (continued)		
Sullivan's Steakhouse		1940s inspired steakhouse with live entertainment offered seven nights a week. There are currently 15 Sullivan's located across the country. Sullivan's is ownee by Lone Star Steakhouse & Saloon.
Yia Yia's		Owned by PB&J Restaurant, Inc., which operates six casual restaurants in the Kansas City area. Yia Yia's has locations in Wichita, Denver, St. Louis, and Memphis, features American, Italian, French, and Greek cuisines. The original Yia Yia's opened in Overland Park, Kansas in 1993.
Famous Dave's		Restaurants feature hickory smoked off-the-grill meat entrees served in one of three casual décor styles (lodge, roadhouse shack, or blues club featuring nightly entertainment). Smokehouse prototype is being developed for future restaurants.
*WJ McBride Irish Pub		WJ McBride opened in the Overland Park restaurant district in 1999. The restaurant offers entertainment and a classic pub menu.
Dueling Piano Bar		Entertainment.
Pizza Uno Chicago Grille		Regional chain.
Fudruckers		National chain informal dining.
Other Potential		
Branson Landing Tenants		
Apparel		
S & K Menswear		
Deb Shop	X	
New York and Company	X	
Aeropostale		
American Eagle	X	
Rave		
Go Fish Clothing		
Casual Corner/Petite Sophisticate		
Buckle	X	
Jewelry		
Rogers Jewelers		
Children's		
Gymboree	X	
Gifts/Specialty		
Alaska Down South		
Thomas Kincaid		
Kringles		
Le Creuset		
Brighton		
Spencer		
Sharper Image		
Build a Bear	X	
The Flag Store		
Sunglass Hut	X	

Table IV-3 (continued)
Proposed Branson Landing Tenant Listing

Other Potential Branson Landing Tenants	At Battlefield Mall	Comments
Gifts/Specialty (continued)		
Perfumania		
Antebellum Charm		
Other		
GNC	X	
Lifeway Christian Store		
Shoes		
Footlocker	X	
Food Service		
Cheeseburger in Paradise		Owned by Outback Steakhouse Inc., serves gourmet hamburgers and sandwiches and also operates a retail store with merchandise inspired by Jimmy Buffet.
Starbucks	X	Starbucks opened 634 new company operated stores during the fiscal year ended October 3, 2004. Focused on drive through retail stores.
Carrabba's		Owned by Outback Steakhouse, Inc., features Italian cuisine.
Granite City		Granite City operates eight casual dining restaurants with on-premise breweries. The company has a patent pending brewing process. Each unit is approximately 10,000 square feet. The initial restaurant opened in 1999 in St. Cloud, Minnesota. A unit in Wichita, KS is planned for 2005.
Jason's Deli		National chain deli offering trans fat free items and organic produce.
Nestle Tollhouse		Nestle Toll House chocolate chips as well as Nescafe coffee. Indoor locations average 500-800 square feet.

Retail Sales Projections

Retail market analysis starts with identification of the market segments that will generate spending at a particular destination or within a specific district. The total spending potential of each of these markets is calculated based on population size and average household income. Next, an estimate is made of the "capture" of sales potential that might be achieved at the project site, in consideration of the competitive context and the appropriateness of the tenant mix to the tastes and incomes of markets. Tables outlining the sales analysis are included at the end of this section.

Sales potential at Branson Landing is further influenced by the following factors and assumptions:

- As noted earlier, Urban Retail Properties Company reports that, as of May 4, 2005, leases have been executed with 39 tenants for over 125,200 square feet of general tenancy space, in addition to the two anchor tenants. Also, terms have been agreed with tenants

for an additional 100,000 square feet of the in-line space. We assume 90 percent of the space will be leased to permanent tenants at opening, with a stabilized level of over 95 percent reached during the second full year of operation. Attracting an array of diverse, quality tenants is critical to the success of the project.

- While Bass Pro Shop is a significant anchor, the complex will lack a cinema, at least in the opening phase of the project. Many of the entertainment retail projects surveyed include a theater component, providing an important synergy with nearby restaurants and retailers.

- The project must be accessible to the tourists who are concentrated along the Highway 76 theater and hotel "strip". Road improvements must be adequate to handle peak day traffic volumes between Branson Landing and the strip. Road improvements currently under construction include widening and improving Business 65 from the interchange at US 65 to the project, and a four-lane bridge across Roark Creek providing a new access road directly into the retail complex. Business 65 extends into Shepard of the Hills Expressway which is expected to be the principal east-west traffic connection between the project and the theater district. Other road system improvements include three new railway crossings, and upgrading of Long Street and Commercial Street.

- Branson Landing will function much like a regional mall within the greater Branson area. With only one other regional mall located in the area (Battlefield Mall in Springfield), there appears to be potential demand for a second regional mall given population within the area (about 600,000 residents within 50 miles).

Resident Market

The local resident market for Branson Landing has been divided into three submarkets – residents living within 20 miles of the site, residents of from 20 to 30 miles of the site, and those from 30 to 50 miles. Total spending potential for the resident market is based on average disposable income anticipated by the average spending on retail-type goods and food away from home (estimated by the U.S. Consumer Expenditure Survey at about 12 percent of total disposable income for retail merchandise and 6 percent for food).

Table IV-4 derives the total retail, food and beverage purchasing power within the three resident submarkets, from potential through the projection period, based on the population and income statistics presented previously. As shown, in 2009, the year when the retail complex is projected to achieve its stabilized level of performance, residents within a 20-mile radius are projected to represent potential retail spending of over $267 million, the residents from a 20- to 30-mile radius are projected at $367 million of potential spending, while the much larger population extending

Table IV-4
Resident Spending Potential

	2003	2004	2005	2006	2007	2008	2009	2010
Total Households 1/								
0-20 miles	29,860	30,457	31,066	31,688	32,321	32,968	33,627	34,300
20 - 30 miles	40,459	41,268	42,094	42,935	43,794	44,670	45,563	46,475
30-50 miles	173,263	175,862	178,500	181,177	183,895	186,653	189,453	192,295
Total	**243,582**	**247,587**	**251,660**	**255,800**	**260,011**	**264,291**	**268,644**	**273,069**
0 - 20 miles								
Average Disposable Income 2/	$39,243	$40,028	$40,829	$41,645	$42,478	$43,328	$44,194	$45,078
Total Spending Potential 3/								
Retail				$158,356,719	$164,754,330	$171,410,405	$178,335,385	$185,540,135
Meals and Beverages				$79,178,359	$82,377,165	$85,705,202	$89,167,693	$92,770,067
Total				**$237,535,078**	**$247,131,495**	**$257,115,607**	**$267,503,078**	**$278,310,202**
20 - 30 miles								
Average Disposable Income 2/				$42,237	$43,082	$43,943	$44,822	$45,719
Total Spending Potential 3/								
Retail				$217,615,198	$226,406,852	$235,553,689	$245,070,058	$254,970,888
Meals and Beverages				$108,807,599	$113,203,426	$117,776,844	$122,535,029	$127,485,444
Total				**$326,422,797**	**$339,610,278**	**$353,330,533**	**$367,605,087**	**$382,456,332**
30 - 50 miles								
Average Disposable Income 2/				$42,110	$42,953	$43,812	$44,688	$45,582
Total Spending Potential 3/								
Retail				$915,534,876	$947,853,257	$981,312,477	$1,015,952,808	$1,051,815,942
Meals and Beverages				$457,767,438	$473,926,629	$490,656,239	$507,976,404	$525,907,971
Total				**$1,373,302,314**	**$1,421,779,886**	**$1,471,968,716**	**$1,523,929,212**	**$1,577,723,913**

1/ Household growth rate assumed at 2% annually for 0 - 30 miles and 1.5% annually for 20 - 50 miles.

2/ Income growth rate assumed at 2.0 % annually. Average disposable income calculated as 80% of average household income.

3/ Spending based on the US Census Consumer Expenditure Survey and thus assumes 12 percent of total expenditures spent on retail and 6 percent spent on food away from home.

Source: ESRI Business Information Solutions, US Census, Economics Research Associates

from 30 out to 50 miles from the site represents over $1.5 billion in retail, food and beverage spending power. Based on projected population growth and 2 percent inflation, the dollar value of spending power from all residents within a 50-mile radius is projected to increase from approximately $1.8 billion in 2004 to $2.15 billion in 2009.

Visitor Market Potential

Projected Tourism

Spending potential from the visitor market was derived from projected overnight visitation to Branson. Overnight visitation is estimated at approximately 4.5 million in 2004, with a one percent increase estimated for 2005 based on historic trends and the assumption that gasoline prices will stabilize. Tourist visitation is forecast to increase by 3 percent in 2006, due primarily to the opening of the Branson Landing complex, and the 3 percent growth rate is continued into the second year of operation, when the convention center will open in the spring. Over the next two years as the complex continues to build its reputation in the market, overnight tourism growth is projected at 2 percent annually, and with one percent growth projected for 2010. Branson overnight visitation is thus forecast to grow to close to 5.1 million persons by 2010.

Table IV-5
Branson Area Projected Overnight Tourism

Year	Growth Rate	Overnight Visitors
2004	---	4,500,000
2005	1.0%	4,545,000
2006	3.0%	4,681,000
2007	3.0%	4,822,000
2008	2.0%	4,918,000
2009	2.0%	5,017,000
2010	1.0%	5,067,000

Source: Economics Research Associates.

Visitor surveys estimate day trip visitors account for approximately 30 percent of total Branson tourism, which would suggest a current level of almost two million day trip visitors. However, since day visitors are by definition in the Branson area for less than a day, while overnight visitors are estimated to spend an average of around three days in the region, the per capita spending impact of day visitors is roughly one-third that of overnight visitors, or roughly 10 percent of the overnight visitor amount.

This projection equates to a total increase in estimated overnight visitation to Branson of approximately 567,000 visitors, an increase over six years of approximately 12.6 percent from 2004 levels, with Branson Landing directly or indirectly responsible for a majority of the projected increase. Without the Branson Landing development, based on historical trends, it

would be reasonable to anticipate slight growth in overnight tourism, due to ongoing growth in the central United States resident population and to expected increases in per capita real income. Under the assumption of a 0.5 percent annual increase without Branson Landing, tourism might increase by about 136,000 persons by 2010. Subtracting this from total projected growth implies that the Branson Landing development and convention center would be responsible for generating about 430,000 new overnight tourists annually.

As outlined in the subsequent section of this report, convention center events are expected to draw close to 100,000 net additional persons to Branson annually at stabilization, with about 70,000 of these projected to be net new overnight visitors. The average age of convention delegates and event attendees is anticipated to be significantly less than the 55 to 58 years (excluding children) average of existing Branson tourists. One of the City's key objectives in supporting Branson Landing is to attract additional and somewhat younger average age tourists, and to increase the tourist appeal of the Branson area.

Thus, apart from the 70,000 projected overnight convention event delegates and attendees, Branson Landing is projected to attract a total of 360,000 additional visitors annually in five years, or about an 8 percent increase over currently projected levels.

The principal attractions of Branson are spread over an eight-mile drive from east to west, and Branson lacks a principal meeting place for tourists to mingle, as occurs, for example, at beaches, at the Riverfront in San Antonio, at Central Park in New York, and at shopping districts, town squares, or parks in many cities. The projected increase in tourism is based on Branson Landing providing such a meeting place, and creating a significant addition to Branson's inventory of attractions and activities for tourists. Also, the projections reflect the promotional and advertising dollars that will be expended by the new complex, and the exposure to an ongoing volume of convention delegates who are expected to generate positive word-of-mouth about Branson as a vacation destination. Over 85 percent of Branson's tourists surveyed report a high degree of satisfaction in their experience at Branson.

Tourist Spending

Per capita and total spending potential from the visitor market is projected based on average spending figures from the CVB's intercept survey, from taxable sales data compiled by the City of Branson, and from spending surveys from other tourist markets. The CVB surveys for the past three years estimate total spending by overnight visitors at approximately $283 per person per trip. Based on national surveys and other sources, the CVB estimates that $134 is spent on retail purchases and food and beverage while in the area, with retail merchandise accounting for close to 50 percent of the total. These estimates are slightly conservative relative to per capita spending at other major tourist destinations. However, the taxable sales data presented previously suggest

that the survey extrapolations may over-estimate the spending within the immediate Branson vicinity, particularly for the food and beverage category.

To define the market available for penetration by the proposed facility, we project per-visitor retail merchandise shopping at $60 per person per trip, which generates a 2005 retail spending by overnight visitors of $272.7 million. Food and beverage spending at restaurants and other public facilities in Branson is projected at $30 per capita, which yields a total spending potential by overnight visitors of $136.3 million in 2005. Considering projected growth in the overnight tourist market and 2 percent inflation, this food and beverage potential is approaching $163 million in 2010, the year when the center is projected to achieve its stabilized level of performance.

Table IV-6
Overnight Visitor Spending Potential

	2006	2010
Estimated Total Overnight Visitors	4,545,000	5,016,591
Estimated Spending by Category per Trip		
Shopping	$60	$65
Food and Beverage	$30	$32
Overnight Visitor		
Spending on Retail	$272,700,000	$325,807,155
Spending on Food and Beverage	$136,350,000	$162,903,578
Total Spending	$409,050,000	$488,710,733

Source: Economics Research Associates.

The Branson Landing project will represent a major increase in the Branson area retail inventory, and in addition to generating increased tourist volumes, it is expected to generate increased per capita spending from otherwise existing tourists because of the broad selection offered, and also to attract tourists with a greater than average retail spending pattern. Since the magnitude of these factors is more speculative, our approach is based on a capture of estimated current expenditure patterns, brought forward for projected tourism growth.

Retail Merchandise Projections

Retail sales projections for the Branson Landing project are derived by estimating the amount of spending within each submarket that could be captured by the Branson Landing merchants. Capture rates reflect the anticipated tenant mix, existing and under development competitive projects in Branson, and experience in similar markets around the country.
The retail portion of Branson Landing will function much like a regional mall within the local market. It is common for regional malls to capture approximately 10 percent of spending potential within their local markets, and a review of estimated sales for Battlefield Mall in Springfield suggests that that mall captures over 10 percent of the Springfield market in the retail

categories considered in our methodology. Given that the tenant mix at Branson Landing will have lower representation in housewares, furnishings, books, and other non-apparel merchandise categories, we project an 8 percent capture within the close-in market radius, dropping to 4 percent within 20 to 30 miles, and capturing 1.25 percent of the retail potential within the 30- to 50-mile radius. Note that the radii equate to map miles, and driving distances are longer (except for directly north along Highway 65).

Tourist purchases of retail merchandise by tourists are projected at 20 percent capture of market potential at stabilization. During the first two years of center operation, this penetration rate has been reduced slightly to reflect anticipated initial vacancies, and to allow for build-up of project reputation in the overall market.

Additional potential sales from day trip visitors are projected to add 8 percent to the overnight visitor potential. While the available data suggest that day-trippers account for approximately 10 percent of visitor days, the definition method for day-trip tourists excludes persons making less than 50-mile (driving distance) trips. This indicates that some of the resident market calculated within the outer edges of the 50-mile radius would also be counted as day trip visitors. Statistics are not available to accurately measure this potential overlap, but a reduction from 10 to 8 percent for the day trip market in our judgment realistically adjusts for double counting with the resident market.

The upper half of Table IV-7 shows the results of these calculations. In the first year of operation, the defined resident markets are projected to generate sales at Branson Landing of approximately $32.8 million, while the overnight and day tourist market as defined would generate approximately $56.7 million, for total retail merchandise sales of $88.5 million. Through growth in the markets and increased penetration of the tourist market, by 2010 total merchandise sales are projected at $110.7 million, with the resident market accounting for approximately 34.5 percent of this total.

Restaurant Sales Projections

Food and beverage sales at Branson Landing were projected based on a similar market penetration methodology, and also in relation to existing restaurant sales in the Branson area, and average restaurant sales at selected national chains, as described previously. Food and beverage is projected with lower capture rates than merchandise, since a substantial portion of restaurant expenditures are made based on proximity and convenience, and there is a greater level of competition presented by existing restaurants throughout Branson and other areas of the market area. As shown in Table IV-7, penetration rates range from one-half to three-quarters of the rates

Table IV-7
Sales Projections - Branson Landing

	2006			2007			2008			2009			2010		
	Projected Spending Potential	Capture Rate	Projected Sales	Projected Spending Potential	Capture Rate	Projected Sales	Projected Spending Potential	Capture Rate	Projected Sales	Projected Spending Potential	Capture Rate	Projected Sales	Projected Spending Potential	Capture Rate	Projected Sales
Retail Component															
Branson Area Resident															
0-20 miles	$158,356,719	8.0%	$12,668,537	$164,754,330	8.0%	$13,180,346	$171,410,405	8.0%	$13,712,832	$178,335,385	8.0%	$14,266,831	$185,540,135	8.0%	$14,843,211
20-30 miles	$217,615,198	4.0%	$8,704,608	$226,406,852	4.0%	$9,056,274	$235,553,689	4.0%	$9,422,148	$245,070,058	4.0%	$9,802,802	$254,970,888	4.0%	$10,198,836
30-50 miles	$915,534,876	1.25%	$11,444,186	$947,853,257	1.25%	$11,848,166	$981,312,477	1.25%	$12,266,406	$1,015,952,808	1.25%	$12,699,410	$1,051,815,942	1.25%	$13,147,699
Subtotal	$1,291,506,793	2.5%	$32,817,331	$1,339,014,439	2.5%	$34,084,786	$1,388,276,571	2.6%	$35,401,386	$1,439,358,251	2.6%	$36,769,043	$1,492,326,965	2.6%	$38,189,746
Tourist Market															
Overnight Visitor	$286,498,620	18.0%	$51,569,752	$300,995,450	19.0%	$57,189,136	$313,155,666	20.0%	$62,631,133	$325,807,155	20.0%	$65,161,431	$335,646,531	20.0%	$67,129,306
Day Visitor	$22,919,890	18.0%	$4,125,580	$24,079,636	19.0%	$4,575,131	$25,052,453	20.0%	$5,010,491	$26,064,572	20.0%	$5,212,914	$26,851,723	20.0%	$5,370,345
Subtotal	$309,418,510	18.0%	$55,695,332	$325,075,086	19.0%	$61,764,266	$338,208,120	20.0%	$67,641,624	$351,871,728	20.0%	$70,374,346	$362,498,254	20.0%	$72,499,651
Total Retail Sales			**$88,512,663**			**$95,849,053**			**$103,043,010**			**$107,143,389**			**$110,689,396**
Growth			--			*8.3%*			*7.5%*			*4.0%*			*3.3%*
Food and Beverage Component															
Branson Area Resident															
0-20 miles	$79,178,359	6.0%	$4,750,702	$82,377,165	6.0%	$4,942,630	$85,705,202	6.0%	$5,142,312	$89,167,693	6.0%	$5,350,062	$92,770,067	6.0%	$5,566,204
20-30 miles	$108,807,599	3.0%	$3,264,228	$113,203,426	3.0%	$3,396,103	$117,776,844	3.0%	$3,533,305	$122,535,029	3.0%	$3,676,051	$127,485,444	3.0%	$3,824,563
30-50 miles	$457,767,438	0.6%	$2,746,605	$473,926,629	0.6%	$2,843,560	$490,656,239	0.6%	$2,943,937	$507,976,404	0.6%	$3,047,858	$525,907,971	0.6%	$3,155,448
Subtotal	$645,753,396	1.7%	$10,761,534	$669,507,220	1.7%	$11,182,292	$694,138,285	1.7%	$11,619,555	$719,679,125	1.7%	$12,073,971	$746,163,482	1.7%	$12,546,215
Tourist Market															
Overnight Visitor	$143,249,310	15.0%	$21,487,397	$150,497,725	15.0%	$22,574,659	$156,577,833	15.0%	$23,486,675	$162,903,578	15.0%	$24,435,537	$167,823,266	15.0%	$25,173,490
Day Visitor	$11,459,945	15.0%	$1,718,992	$12,039,818	15.0%	$1,805,973	$12,526,227	15.0%	$1,878,934	$13,032,286	15.0%	$1,954,843	$13,425,861	15.0%	$2,013,879
Subtotal	$154,709,255	15.0%	$23,206,388	$162,537,543	15.0%	$24,380,631	$169,104,060	15.0%	$25,365,609	$175,935,864	15.0%	$26,390,380	$181,249,127	15.0%	$27,187,369
Total Food and Beverage Sales			**$33,967,922**			**$35,562,924**			**$36,985,164**			**$38,464,350**			**$39,733,584**
Growth			--			*4.7%*			*4.0%*			*4.0%*			*3.3%*
TOTAL SALES			**$122,480,585**			**$131,411,976**			**$140,028,174**			**$145,607,739**			**$150,422,981**

Source: Economics Research Associates

that were applied to the same market segments for merchandise analysis. Branson Landing's capture of the local (20-mile) resident market is projected at 6 percent, with 15 percent capture of the tourist market potential.

On this basis, total food and beverage sales at Branson Landing are projected at $34.3 million in the first year of operation, increasing to $39.7 million at stabilization, with the resident markets within 50 miles accounting for about one-third of total restaurant sales.

Allocation of Sales

The preceding paragraphs estimate total sales for the entire Branson Landing complex, excluding the hotels and convention center components. In the following paragraphs, these total projected sales are allocated among the principal elements of the project, and the resulting projections expressed in terms of dollars per square foot of store area, for comparison with the typical levels achieved by various tenant and shopping center types as described previously in this report.

Belk Department Store. Belk is proposing a 67,500 square foot store at the north end of the project site. Store sales at the Branson Landing store are projected to open at approximately $180 per square foot in the first year (in 2005 dollars), and to build steadily, to $210 per square foot in the fifth year of operation (in 2005 dollars), plus increasing with 2 percent inflation over the projection period.

Bass Pro Shop. Bass Pro Shop is proposing a 50,000 square foot retail building plus a 10,000 square foot restaurant, plus a marina building of about 4,500 square feet. Taxable sales at Branson Landing are based on estimated sales at existing Bass Pro Shop stores and are projected at $450 per square foot (2005 dollars) for the retail component in the first year and growing to $500 per square foot at stabilization in the fifth year, plus inflation. Projected sales do not include boat sales which would not be subject to sales taxes locally. Bass Pro restaurant sales are included in the food and beverage category.

Kiosk Sales. Kiosks/carts are modular moveable units that offer seasonal flexibility in merchandise and location. Most are operated by individuals, some by chain networks, and a few will be occupied as satellites by building tenants. They can easily be adapted to changing traffic patterns and space configurations. During peak season, up to 33 units are proposed, with very few, if any, expected during January and February. An average of $14,000 per cart per month times an average of 24 carts over a ten-month season results in a total sales estimate of $3.6 million annually at stabilization in 2010, with first year sales at 80 percent of stabilized levels.

As shown in Table IV-8, after subtracting the two principal anchor outlets and the kiosk sales from total retail sales, taxable merchandise sales by the in-line tenants are projected to increase

from approximately $50.5 million in the first full year, to $63.8 million in the stabilized year. Allowing for expected typical vacancy from 10 percent in the opening year to 5 percent on a stabilized basis, and allowing 4 percent for the estimated area of non-retail service tenants, projected merchandise sales range from an average of $246 per square foot in the first year, up to $311 per square foot in the stabilized year of 2010.

As shown in the lower portion of the table, assuming a total of 88,000 square feet of space occupied by restaurants, cafés, bars, and other food service establishments, projected restaurant sales would range from $380 per square foot in the first year, and increasing to $452 per square foot in the stabilized year of 2010.

Spending per Capita

Retail sales projections can also be expressed on a per capita basis. Considering aggregate retail and food and beverage spending, the projections suggest that the Branson Landing will capture a over 7 percent of total potential retail and restaurant purchases by residents within a 20-mile radius, which equates to annual expenditures of about $220 per capita in 2005 dollars. Within the resident radius of 20 to 30 miles, the projection of $14 million in annual expenditures equates to approximately $110 per capita applied to the total population within the radius, and the projections for the 30- to 50-mile radius equal about $31 per capita.

The day visitor population as defined consists of two groups, although their percentage composition are not known. One group is residents of more than 50 miles distant making a day-trip to Branson. Most of these would be from less than 100 miles. The second group is persons traveling through from longer distances, but not making an overnight stay in Branson.

As noted previously, the population from 50 to 75 miles from Branson Landing is approximately 600,000 persons, similar to the population from 75 to 100 miles, for a total of about 1.2 million from 50 to 100 miles. Based on similar factors as applied to the resident market, this population represents a total sales potential of close to $4 billion. For purposes of comparison, if we make an assumption that this group will account for slightly over half of the projected day visitor expenditures, or say $3.5 million at stabilization in today's dollar values, this would equal approximately $3 per capita. This population group would also contribute to sales in the overnight visitor category. At least initially this group may represent a disproportionately large share of the projected increase in overnight tourism, because they may have a greater awareness of the new Branson Landing project through local media and word-of-mouth.

Table IV-8
Allocation of Sales

	2006	2007	2008	2009	2010
Retail Component					
Allocation of sales:					
Bass Pro 1/	$22,950,000	$24,293,000	$25,681,000	$27,060,000	$27,602,000
Department Store 2/	$12,383,000	$13,343,000	$14,310,000	$15,343,000	$15,650,000
Less Kiosk Sales	$2,688,000	$3,084,000	$3,226,000	$3,566,000	$3,637,000
In-line Tenant Sales	$50,491,663	$55,129,053	$59,826,010	$61,174,389	$63,800,396
Total Retail Sales	$88,512,663	$95,849,053	$103,043,010	$107,143,389	$110,689,396
Food and Beverage Component					
Total Food and Beverage	$33,967,922	$35,562,924	$36,985,164	$38,464,350	$39,733,584
TOTAL SALES	**$122,480,585**	**$131,411,976**	**$140,028,174**	**$145,607,739**	**$150,422,981**
Average Inline Retail Sales/Occupid Square Foot @ 205,000 square feet	**$246**	**$269**	**$292**	**$298**	**$311**
Total Restaurant Sales/Occupied Square Foot @ 88,000 square feet	**$386**	**$404**	**$420**	**$437**	**$452**

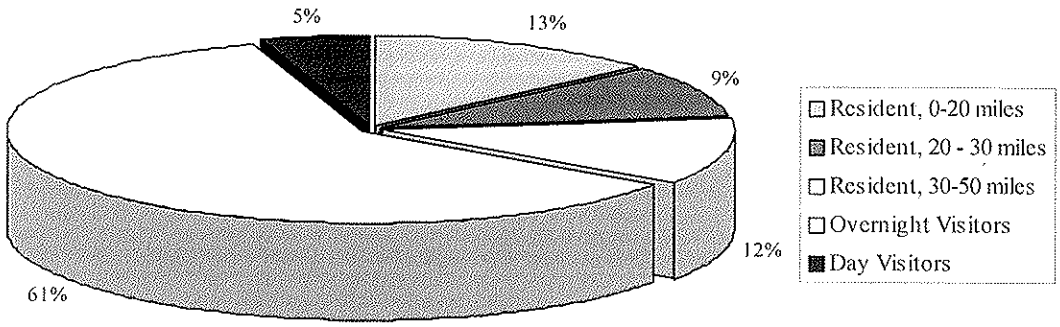
1/ 50,000 square feet @ $459 psf in 2006, $552 psf in 2010.
2/ 67,500 square feet @ $184 psf in 2006, $232 psf in 2010.

Source: Economics Research Associates

The overnight visitor population is projected to generate sales of $92.2 million at Branson Landing in 2010, which equals about $16 per Branson visitor in terms of today's dollars, when divided by the projected volume of 5.1 million overnight tourists. Of course, not all tourists will visit Branson Landing.

Retail Sales Projections

Projected Retail Sales by Market Segment, 2009



Spending per Visitor

The actual average expenditure at an entertainment or "lifestyle" mall is difficult to determine with precision, in part due to the difficulty of defining and counting the number of visitors in an open-air mall with high sightseer volumes. A published survey of visitors to five lifestyle shopping centers conducted by the ICSC (International Council of Shopping Centers) in 2002 found an average expenditure per shopper trip of approximately $79.80, comprised of $75.70 for merchandise and $4.10 for food. This expenditure amount was found to be similar to that at a regional mall. This per-shopper expenditure is more than double that at typical entertainment-oriented retail centers, where food and beverage expenditures typically account for almost half of total expenditure, and where a substantial percentage of visitors are walking through to enjoy the entertainment without making significant purchases. Also, this survey of the five lifestyle centers involved trade areas with an average household income of $72,288, which is much higher than the average income of the Branson 50-mile trade area. The survey also found that per-visitor

spending was correlated to visitor income, although at far less than a proportional rate. Also, the surveyed centers included a substantially higher proportion of housewares and other non-apparel outlets than expected at Branson Landing, which would tend to increase the average expenditure.

If an average expenditure of $25 to $30 per visitor is assumed for Branson Landing, achieving a total sales of $136 million (in current dollar values) would require a total annual visitation of about five million. Further assuming that if 60 percent of these visitors are overnight tourists, this would suggest about three million overnight tourists annually visiting Branson Landing, which is equivalent to over 65 percent of all overnight tourists currently estimated to visit Branson and the surrounding area.

V. Convention Center Analysis

The following section presents a forecast of operations at the proposed Branson convention center. The forecasts are based primarily on a review of the suitability and appeal of Branson as an event destination, a review of current industry trends, a survey of meeting planners conducted in late 2002 by CS&L International, an evaluation of competitive facilities located within the region, and a review of comparable convention centers from across the country.

Project Overview

The new Branson Convention Center will be a component of the Branson Landing development. The convention center is proposed to encompass approximately 220,000 square feet of total space, including 56,000 square feet of exhibition space, 23,000 square feet of ballroom and banquet space, and 15,000 square feet of meeting rooms in a business center. The convention center is proposed to open in spring of 2007 and to be operated by Hilton Hotels, subject to finalization of an agreement in that regard. The new 267-room convention center hotel will be located adjacent to the convention center and will open concurrently. Convention center delegates will also have the option of staying at the nearby proposed boutique hotel with 102 guest rooms or the condominium hotel with 145 units. While smaller scale meeting space is available at several resorts and hotels in the area, this will be the first full scale modern convention center built in Branson.

Definitions

The public assembly facilities market includes a wide category of events. For purposes of clarity, the following definitions are used to describe the relevant type of events which represent potential market support for the new facility in Branson:

- *Conventions*: Events at which members of specific trade, professional, and SMERF (social, military, educational, religious, fraternal) associations meet for the purpose of exchanging information. Many of these organizations hold annual meetings that rotate to various locations within a specific region. SMERF events are typically more price sensitive and to seek lower cost accommodations and convention facilities.
- *Trade Shows*: Events at which products related to a specific industry are introduced, promoted, and sold to industry members. These events are often combined with a convention. In recent years, there has been an increasing tendency to combine convention and trade show activity in a single event. The term "exposition" often refers to trade shows. Conventions and trade shows draw visitors from outside of the immediate area, thus contributing to hotel occupancy as well as retail sales.

- *Public/Consumer Shows*: Exhibition events similar to trade shows, but allowing admission to the general public, typically on a ticketed admission basis. Consumer shows include boat, auto, home, garden, craft, pet, memorabilia, and similar shows, and the like. Public shows often draw attendance primarily from the local market, but in Branson, visitors far outnumber the local population.
- *Meetings*: Includes local and civic functions, weekly or monthly gatherings of service clubs, other groups and organizations, educational seminars, and various other non-ticketed gatherings. This category also includes meetings held by local area companies, or corporate meetings, as well as smaller SMERF meetings and events.
- *Banquets*: Wedding receptions, birthdays, testimonials, charity events, etc.
- *Other*: This category includes concerts, entertainment shows, family shows, charity functions, speakers, sports events and tournaments, other types of ticketed functions, and miscellaneous.

Convention Center Industry Trends

The convention center industry does not compile or produce consistent data accurately tracking conventions and meeting activity on an annual basis. There are too many different types of events and too many types of venues, many of which keep their data confidential. The following pages outline some of the available indicators. Including consideration of hotel occupancy data discussed in a subsequent section of this report, it appears that general event activity grew during the mid to late 1990s, declined from 1999-2000 levels through 2002, and has remained flat or rebounded slightly since then.

Convention and Tradeshow Industry Trends

Conventions and tradeshows are most often sponsored by associations representing a particular industry or interest. As mentioned above, recent trends show that conventions and trade shows are oftentimes combined into one event, thus the distinction between the two types of events is often blurred.

Tradeshow Week tracks the state of the convention and trade show industry. For 2004, the publication tabulates about 2,500 trade shows with over 5,000 square feet of exhibit space, and about 2,300 consumer shows or combination trade/consumer shows. Data tabulated by Tradeshow Week provide an indication of the state of the industry. In summary, the data suggest a substantial decline from 2000 to 2002, and generally stable levels of overall activity since then.

Three measures of industry performance include square feet of utilized space, number of exhibitors, and overall attendance. From 2000 to 2001, all three measures reflected a decline, the first time that Tradeshow Week recorded a decrease in all three indicators. From 2001 to 2002,

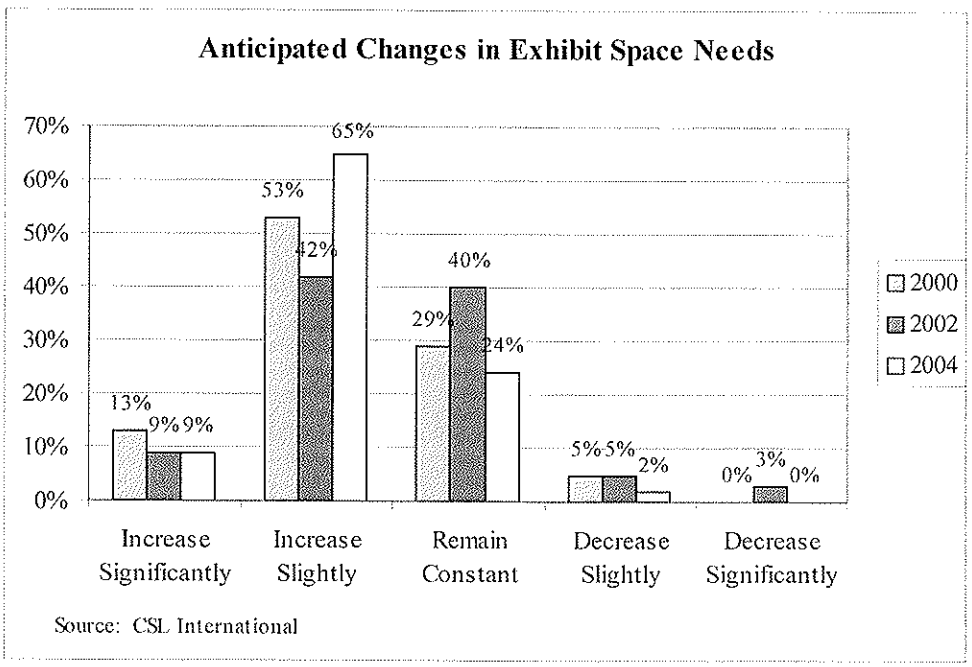
tradeshows declined further, and from 2002 to 2003, industry data showed a slight recovery. Tradeshow statistics for the first three quarters of 2004 suggest a continuing slight growth.

Table V-1
U.S. Tradeshow Trends – Year to Year Change

Year	Sq.Ft.	Exhibitors	Attendees
2000-2001	(1.5%)	(2.7%)	(5.8%)
2001-2002	(5.2%)	(2.4%)	(4.3%)
2002-2003	0.4%	0.6%	3.6%
2003-2004 (Q3, est.)	1.5%	2.8%	2.8%

Source: Tradeshow Week and Economics Research Associates.

CS&L International tracks convention industry expectations through telephone surveys of over 250 convention and tradeshow planners throughout North America. Surveys were conducted in 2000, 2002, and 2004. Findings with respect to anticipated changes in exhibit space needs are illustrated in the graphic below. As might be expected, there was a decline in expected exhibit space needs in 2002 after the events of September 11th. In 2004, the survey showed a rebound in expectations, with 65 percent of respondents expecting a slight increase in exhibit space needs. Thus planners are cautiously optimistic about future needs.



A recently published report by the Brookings Institution entitled *Space Available: The Realities of Convention Centers as Economic Development Strategy* (January 2005) focuses primarily on convention and trade show activity. The report states that the convention industry began declining prior to September 11th, due in part to improved communication technologies. The

analysis notes that recent attendance at the 200 largest tradeshows has declined to levels not seen since 1993. While convention attendance has declined at certain centers, the supply of total convention space has increased by over 50 percent since 1990, and there are 44 new or expanded convention centers currently under construction or being planned.

The report analyzed attendance within groupings defined as major national centers (Chicago, New York, Atlanta, and New Orleans), emergent centers (Orlando, Las Vegas), prime urban visitor destinations (Boston, San Francisco), and several regional centers including Baltimore, Washington DC, Charlotte, Cincinnati, Denver, Dallas, and Indianapolis. The report identifies a decline in recent convention activity at most of the major centers, in part a reflection of the emergence of the tourist destinations of Orlando and Las Vegas as dominant convention locations. Convention centers in Orlando and Las Vegas have increased attendance over the past few years, although major new expansions have not lead to the expected incremental increases in business. Convention centers in Boston and San Francisco have also experienced a drop in convention activity over the past few years. Other regional locations such as Denver, Dallas, and Indianapolis have experienced similar declines in convention attendance.

According to the analysis, part of the decrease in attendance is due to industry consolidation, a decrease in business travel, and improvements in telecommunications. While attendance has been slipping, many existing centers continue to expand. The largest convention centers are not necessarily expanding to accommodate the small number of large events, but rather to be able to hold several smaller events simultaneously. Thus bigger centers are now attracting some smaller events that they might have turned away in previous years. The new Branson facility is anticipated to compete primarily for smaller regional events and meetings.

Douglas Ducate, president and CEO of the Center for Exhibition Industry Research, forecasts that the days of high growth in the trade show industry are over. According to Ducate, one of the reasons for the slowdown in growth is the need to launch new products more quickly. As a result, companies can't wait for the trade show cycle in order to showcase their products. Also, as exhibition costs increase, the cost of generating sales leads through shows is now comparable to the costs associated with cold calling. Ducate predicts that the demand for continuing education at shows will increase. He also sees corporate trade shows as a continuing growth trend.

Conventions and Corporate Meetings

Table V-2 shows another estimate of trends in the market, from a biannual survey of meeting planners conducted for Meetings and Conventions magazine. The reported number of conventions and corporate meetings grew from 1995 through 2003, while the number of association-sponsored events declined significantly since 1997. Reported total attendance at conventions and association events has fluctuated very slightly since 1995, while corporate

attendance has grown, now exceeding the 1993 peak. Average attendance for 2003 at these reported events was 1,016 for conventions and 63 for the corporate events, and average expenditure per attendee was estimated at $860 for associations, $1,290 for conventions, and $264 for corporate.

Table V-2

Conventions and Meetings Market Trends

	Number of Meetings (000)				Number of Attendees (millions)			
Year	Assocs.	Convs.	Corp.	Total	Assocs.	Convs.	Corp.	Total
1993	206.5	44.8	801.3	1,019.6	18.7	10.7	55.1	84.5
1995	175.6	10.9	797.1	983.6	15.1	13.0	49.3	77.4
1997	189.5	11.3	783.9	984.7	17.9	11.7	49.9	79.5
1999	174.2	11.6	835.7	1,021.5	15.9	12.3	51.0	78.9
2001	177.7	11.8	844.1	1,033.6	15.9	12.5	51.5	79.9
2003	155.6	12.2	890.9	1,058.8	15.8	12.4	56.4	84.6

Source: 2004 Meetings Market Report, Meetings & Conventions Publications.

Consumer Shows

According to data compiled by Tradeshow Week, consumer shows showed a solid growth pattern from 2000 to 2003, with square feet leased increasing by close to 5 percent each year. It should be noted that these data are based on tabulations of events and do not necessarily measure all activity precisely and consistently. Data for 2004 were not available.

U.S. Consumer Show Trends – Year to Year Changes

Year	Sq.Ft.	Exhibitors	Attendance
2000-2001	5.0%	2.0%	7.0%
2001-2002	4.8%	4.5%	2.6%
2002-2003	4.9%	3.9%	0.8%

Source: Tradeshow Week and Economics Research Associates.

While consumer shows do not typically generate the hotel room night revenues associated with trade shows, they can help fill exhibit hall space at convention centers during voids throughout the calendar year. Consumer shows more dependent on small businesses that rely on the face-to-face contact of consumer shows. Home shows, automobile and recreation vehicle shows, continue to thrive. Consumer shows also typically generate a loyal local following. The average of 223 consumer shows tracked by Tradeshow Week in 2003 used 77,638 square feet of exhibit space, with an average of 214 exhibiting companies.

Meetings

According to a survey by Successful Meetings magazine, the average attendance at management and training meetings has declined from 2000 to 2002, but incentive travel meetings grew. More recent data were unavailable. According to this source, management meetings declined from an average attendance of 83 people in 2000 to 63 in 2002 and training meetings declined from 170 in 2000 to 128. Sales meetings were stable, at an average of 160 people in 2000 and 161 in 2002, while incentive travel meetings grew substantially from 117 in 2000 to 177 in 2002.

Competitive Facilities

The following reviews 16 facilities that are anticipated to compete to some degree with the new convention center in Branson. We have included area resorts that will compete for local and regional meetings and association events. Also included are the larger convention facilities located in Missouri and Kansas. We have reviewed each of the competitors with respect to sizing, facilities, expansion plans, surrounding population, event scheduling (when available), and hotel room availability. Following is a list of selected nearby competitors:

1. Missouri: America's Center, Kansas City Convention Center, Kansas City Market Exhibition Center, Crown Center, Tan-Tar-A Resort, The Lodge of the Four Seasons, Chateau on the Lake, Springfield Expo Center.
2. Kansas: Century II Convention Center, Overland Park Convention Center.
3. Oklahoma: Cox Convention Center, Tulsa Convention Center.
4. Arkansas: Hot Springs Convention Center, Statehouse Convention Center.
5. Tennessee: Memphis/Cook Convention Center.
6. Illinois: Prairie Capital Convention Center

This is not intended as a comprehensive listing of all the facilities that would compete with the proposed Branson center. A new convention center of 144,000 square feet and adjacent 300-room Embassy Suites hotel (owned by J.Q. Hammons) is scheduled to open this spring in St. Charles, Missouri. Large resort hotels near casinos in surrounding states are increasingly pursuing group and meetings business. Also, many convention centers, although more distant from Branson than these listed 16, represent competition for national events or for smaller groups located near their regions.

America's Center – St. Louis, Missouri

The convention center complex for St. Louis, Missouri is known as America's Center. The convention center includes over 502,000 square feet of contiguous exhibit space, including six

convention halls and 69 meeting rooms, or a total of 664,000 square feet of total sellable space. The complex also includes the following major components: the St. Louis Executive Conference Center, with conference suites and state-of-the-art technology; the Edward Jones Dome (home of the St. Louis Rams), which can provide 162,300 square feet of exhibit space and can be converted to a football field or concert venue; and, the Ferrara Theater which is a 1,400-seat venue for concerts. The new Renaissance headquarters hotel was opened in February of 2003. In 2003, total convention attendance was estimated at 155,700 (25 major conventions), a slight increase over 154,800 in 2002. A larger increase in attendance had been anticipated given the opening of the new headquarters hotel. In 2003, the Renaissance Hotel averaged under 50 percent occupancy at an average daily rate of about $110. Twenty three major conventions were expected for 2004.

Kansas City Convention Center – Kansas City, Missouri

The Kansas City Convention Center is sited over eight blocks in downtown Kansas City, Missouri and offers 388,800 square feet of contiguous exhibit space and 29 meeting rooms. The Conference Center is a three-story complex with an additional 19 meeting rooms, a 33,000 square foot lobby and a 24,000 square foot ballroom. Also included in the complex is a 2,400-seat fine arts theater and Municipal Auditorium Arena that can seat over 10,700 people. The center is connected to surrounding hotels and parking via glass-enclosed skywalks as well as underground walkways.

Plans are currently moving forward for a $135 million expansion and renovation of the center. The focal point of the 135,000 square foot expansion is a new 40,000 square foot ballroom, which will accommodate events for over 6,000 people. The expansion will also include a new kitchen and 1,000 parking spaces. At the same time, a renovation of the existing convention center will take place, including technological upgrades. The expansion is expected to open in 2007.

Kansas City Market Center – Kansas City, Missouri

The privately owned and operated Kansas City Market Center is located 15 minutes from downtown Kansas City and includes 70,000 square feet of exhibit space and 11,000 square feet of meeting space. Free ground level parking is available at the facility. The center also includes meeting rooms that accommodate from 10 to 500 individuals. The Kansas City Market Center is located adjacent to the 330-room Park Place Hotel.

Crown Center – Kansas City, Missouri

Crown Center was recently renovated and includes 52,000 square feet of exhibit space with indoor access to both on-site hotels (the Hyatt Regency Crown Center and the Westin Crown

Center – offering 1,460 hotel rooms and a total of 86,000 square feet of additional meeting space). The exhibit hall was built in 2000 to service meetings and events at the two adjoining hotels. In addition, there is over 33,000 square feet of ballroom space located within the two hotels. Crown Center is part of a larger complex that includes the world headquarters of Hallmark Cards, Inc., theaters, and shopping. Crown Center is privately owned and operated. According to a representative for the center, last year was the best year since opening in terms of event levels and attendance.

Tan-Tar-A Resort – Lake of the Ozarks, Missouri

Tan-Tar-A Resort is a 497-room property located about two hours north of Branson at Lake of the Ozarks. The fully amenitized resort also includes over 600 privately owned timeshare units. Tan-Tar-A caters to group demand and includes 56,000 square feet of meeting space, a 30,000 square foot exhibit hall, and outdoor terraces for private functions. The largest ballroom is 23,160 square feet in size. Group demand is largely attributable to state associations and SMERF groups.

Lodge of the Four Seasons – Lake of the Ozarks, Missouri

Lodge of the Four Seasons is a 300-unit resort also located at the Lake of the Ozarks. The property was originally constructed in 1965 and has been undergoing renovations over the past four years, including improvements to meeting facilities. The resort includes 40,000 square feet of meeting space, not including outdoor space suitable for meetings and private functions. The largest single space, the Granada Ballroom, is 10,962 square feet in size. A second ballroom encompasses about 7,200 square feet of space.

Chateau on the Lake – Branson, Missouri

The 301-room Chateau on the Lake has 43,500 square feet of meeting space – the largest concentration of meeting space in Branson. The largest contiguous conference space configuration is 32,000 square feet. There are currently plans to build an 8,500 square foot spa in order to both expand and retain the group component.

Reportedly, up to 60 percent of business at Chateau on the Lake is group related. The largest portion of group business is group corporate (53%), followed by association (26%), and SMERF (17%). A small amount of group business is generated by government and motor coach groups. Management continues to market to expand the group corporate business. According to hotel management, some associations are reportedly deterred by the high cost of flying to the Branson area. Group related demand generates approximately 36,000 to 38,000 annual room nights. Prior

to construction of Chateau on the Lake, Branson lacked suitably large conference space for association meetings.

Springfield Expo Center – Springfield, Missouri

The new Springfield Expo Center, which opened in September of 2003, includes 44,000 square feet of new exhibit space and 13,200 square feet of pre-function space. The new expo center is adjacent to the renovated Trade Center, with two levels of space with columns totaling 46,000 square feet, providing up to 90,000 square feet of adjacent space. The building can accommodate up to 4,400 people, with a seating capacity of 3,000. Also included is a 950-car parking garage. The new exposition hall can be used for classrooms, banquets, receptions, or as a theater. The center is publicly owned, but privately managed by the 270-room University Plaza Hotel directly across the street (which has a 25,000-square-foot ballroom and other meeting space, and is owned by John Q. Hammons). A new 120-room hotel is the only other sizeable hotel within close proximity. According to a representative of the local convention and visitors bureau, utilization was slow the first year, attributed in part to limited pre-selling and advertising of the facility. Two recent public tradeshows of two and three days have averaged well over 10,000 attendance. A few conventions of well over 1,000 delegates have been booked.

The new Expo Center will represent competition for Branson for regional and state rotating mid-sized and smaller events. Completion of a proposed nearby arena could increase competitiveness for some larger events.

Century II Convention Center – Wichita, Kansas

The Century II Convention Center has 198,800 square feet of open floor space and is connected to the Hyatt Regency Wichita – a 303-room convention center hotel. Facility components include:

- Bob Brown Expo Hall – includes 93,000 square feet of exhibit space and can be configured to allow free flowing space between the Convention Hall and Exhibition Hall (allowing for the maximum of 198,800 square feet of space).
- Concert Hall – is a 2,178-seat concert hall which can be used for large sessions requiring tiered seating.
- Convention Hall – provides tiered seating for 5,244 people , with the flexibility to convert to 35,000 square feet of exhibit space.
- Exhibition Hall – includes 45,000 square feet of exhibit space on the main floor and an additional 17,500 square feet of space on the mezzanine level. The hall can be used for banquets of up to 2,000 people.

- Meeting Rooms – were recently remodeled and include a total of 19 rooms ranging in size from 420 square feet to 7,750 square feet.
- Mary Jane Teall Theater – is used primarily for drama productions, but can also be adapted for meetings and seminars. The theater seats 646 people.

It is our understanding that a recent feasibility study identified the need for an expansion of the facility to include 225,000 square feet of exhibit space and separate facilities for the concert hall and theater. Potential expansion of the center is contingent upon funding. According to local management of the facility, operations declined slightly following September 11th, and decreased once again following the opening of the Overland Park Convention Center in 2002. It is projected that business levels will increase over the next few years as the center has successfully bid on several national events.

Overland Park Convention Center – Overland Park, Kansas

The Overland Park Convention Center was completed in 2002 and according to local officials, turned a profit in its second year of operation. The 237,000 square foot facility includes 58,500 square feet of exhibit space, a 25,000 square foot ballroom, and over 15,000 square feet of meeting space. The 412-room Sheraton Overland Park Hotel functions as the new headquarters hotel. It is estimated that visitation to the convention center resulted in 40,000 hotel room nights in the Overland Park area in 2004. Reported attendance in 2004 totaled 327,730, with 421 events booked. For 2005, the center has 12 conventions booked with a total of 70,000 hotel room nights anticipated.

Overland Park Convention Center Attendance/Event Levels, 2004

	No. of Events	Attendance
Conventions	8	66,069
Trade Shows	23	46,901
Consumer Shows	25	88,118
Special Events	34	30,002
Meetings	234	66,720
Banquets	97	29,920
Total	**421**	**327,730**

Source: Overland Park Convention Center, Economics Research Associates.

Cox Convention Center – Oklahoma City, Oklahoma

The Cox Convention Center includes 80,000 square feet of column-free space, or a total of 100,000 square feet of exhibit space. A central arena for sporting events and concerts is capable of seating 15,000 people in 32,000 square feet of space. The convention center is connected to

the adjacent Renaissance Oklahoma City by an enclosed skywalk. A relatively new addition (1999) includes a 25,000 square foot ballroom and 27,500 square feet of flexible meeting space. The convention center is managed by SMG.

Tulsa Convention Center – Tulsa, Oklahoma

The Tulsa Convention Center includes a total of 227,000 square feet of space, including the following components:

- A 102,600 square foot exhibit hall, divisible into three separate halls.
- An 8,900-seat arena.
- A total of 23 meeting rooms, including a conference hall with 20,000 square feet of meeting space and an executive conference room of 2,750 square feet.

The convention center is attached to the 417-room DoubleTree Headquarters Hotel. According to a representative for the center, business levels have generally been flat or decreasing over the past few years. From March 2003 to March 2004, the center hosted 116 events – a decrease of seven events from the previous fiscal year. Public consumer shows account for the largest share (24%), followed by corporate events (19%) and religious events (16%). Tulsa books a notable amount of state conventions, as their rates are currently cheaper than the convention center in Oklahoma City. The center books few national conventions (about four per year), primarily due to the aging of the facility. An expansion is currently planned to include an 18,000 square foot arena, a new ballroom (formerly the old arena), and additional meeting rooms, as well as an upgrade to available technology in the center (e.g. internet access). The arena is slated to open in fall of 2007 and the renovated center is forecast to open in fall of 2008.

Hot Springs Convention Center – Hot Springs, Arkansas

The Hot Springs Convention Center offers a total of 360,000 square feet of meeting space, with a recent expansion (2003) to the Summit Arena. The arena seats 6,000, and can be opened up to the adjacent exhibit halls for a total of 103,000 square feet of contiguous exhibit hall space. In addition, the convention center has 15 meeting rooms, ranging from the remodeled Horner Hall with 16,000 square feet to smaller rooms with just 345 square feet. Since the opening of the arena in 2003, event bookings are anticipated to increase from a total of 285 in 2002. As of December 2004, 227 events (both definite and tentative) had been booked for 2005.

Statehouse Convention Center – Little Rock, Arkansas

The Peabody Little Rock Hotel is connected to the 200,000 square foot Little Rock Statehouse Convention Center. The center was renovated in 1999 and now includes 82,000 square feet of

exhibit space, 15,000 square feet of meeting space, and 20,000 square feet of ballroom. In addition to those meeting facilities located at the convention center, the Peabody Hotel includes 11,000 square feet of ballroom space and about 14,000 square feet of meeting space.

Memphis Cook Convention Center – Memphis, Tennessee

The main exhibit hall at the Memphis Convention Center includes 125,000 square feet of column free space, which can be subdivided into three smaller halls. A 2002 expansion added 80,000 square feet of new exhibition and meeting space. The center also includes 28,000 square feet of ballroom space and a 2,100-seat performing arts center. The mezzanine level connects via a skywalk to the adjacent Marriott Hotel. The convention is managed by SMG. In June 2004, the facility hosted about 60,000 delegates for the National Baptist Convention, generating an estimated 33,600 room nights.

Prairie Capital Convention Center – Springfield, Illinois

The Prairie Capital Convention Center includes a total of 62,000 square feet of sellable space, with 41,000 square feet of column free space for exhibits and 21,000 square feet of meeting space. Concerts in the round can accommodate anywhere from 1,200 to 8,900 people. The convention center is adjacent to the 330-room Renaissance Springfield Hotel. There are no current plans for expansion.

In 2004, the center hosted 140 events – the majority of conferences and conventions consisting of regional and statewide events. It is our understanding that event levels have generally been increasing slightly over the past few years.

Summary of Competitive Facilities

Shown below is a summary of locations and facility sizing for each of the 16 competitive facilities, showing straight-line distance from Branson Landing and sizing for exhibit space, meeting rooms, and ballrooms. With the exception of the three resorts (The Lodge of the Four Seasons, Chateau on the Lake, Tan-Tar-A Resort), Crown Center in Kansas City, and Prairie Capital Convention Center in Springfield, IL, the convention centers have larger exhibit areas than what is proposed at Branson. The average amount of exhibit space for the competitive facilities is about 137,000 square feet. The average is skewed by the large amount of exhibit space at America's Center in St. Louis and at the Kansas City Convention Center – two large convention centers serving major metropolitan markets. If these two largest centers are not included, the average amount of exhibit space is reduced to 85,825 square feet.

Additional meeting space is important for attracting a wider variety of local and regional events, as well as in providing break-out space for larger conventions and association events. As might be expected, the larger convention centers also provide more meeting space. The proposed meeting room space at Branson Landing is in line with other mid-sized convention centers such as Statehouse Convention Center in Little Rock and Overland Park Convention Center in Overland Park, Kansas. The three resorts have a relatively large amount of meeting space, highlighting their emphasis on attracting smaller corporate and SMERF meetings and events.

Many groups also desire ballroom space for their events, although not all of the competitive facilities offer a dedicated ballroom. Of the convention centers that do offer ballroom space (excluding resorts), the smallest dedicated ballroom is 16,000 square feet (Hot Springs Convention Center). As with meeting room space, the amount of ballroom space proposed at Branson appears similar to that at other mid-sized convention centers.

Table V-3
Competitive Convention Facilities

		Total Sq Ft		
	Location: Miles from Branson	Exhibit Space	Meeting Space	Ballroom Space
1 America's Center	St. Louis, MO: 210	502,000	134,000	28,000
2 Kansas City Convention Center	Kansas City, MO: 170	388,800	97,900	33,600
3 Kansas City Market Exhibition Center	Kansas City, MO: 170	70,000	11,000	0
4 Crown Center	Kansas City, MO: 170	52,000	35,200	33,000
5 Tan-Tar-A Resort	Lake of the Ozarks, MO: 110	30,000	53,246	23,160
6 The Lodge of the Four Seasons	Lake of the Ozarks, MO: 115	0	29,038	10,962
7 Chateau on the Lake	Branson, MO: 8	0	11,500	32,000
8 Springfield Expo Center	Springfield, MO: 40	95,000		
9 Century II Convention Center	Wichita, Kansas: 225	198,800	22,000	0
10 Overland Park Convention Center	Overland Park, Kansa: 150	58,500	15,000	25,000
11 Cox Convention Center	Oklahoma City, Oklahoma: 260	100,000	27,500	25,000
12 Tulsa Convention Center	Tulsa, Oklahoma: 160	102,600	20,000	0
13 Hot Springs Convention Center	Hot Springs, Arkansas: 155	103,000	14,100	16,000
14 Statehouse Convention Center	Little Rock, Arkansas: 140	82,000	15,000	20,000
15 Memphis/Cook Convention Center	Memphis, Tennessee: 200	125,000	45,900	28,000
16 Prairie Capital Convention Center	Springfield, Illinois: 290	41,000	21,000	0
Average 1/		*139,193*	*36,826*	*24,975*
Proposed - Branson Convention Center	**Branson, Missouri**	**56,000**	**15,000**	**23,000**

1/ Average does not include those centers that do not have any exhibit space.

Source: Various Centers, Economics Research Associates

While the immediate surrounding area in Branson is relatively sparsely populated, there are about 600,000 residents living within 50 miles of the Branson Landing site. Other competitive facilities with a similar or smaller population base within 50 miles include Prairie Capital Convention Center (Illinois), Statehouse Convention Center (Little Rock), Hot Springs Convention Center, Century II Convention Center (Wichita), the Springfield Expo Center (mostly the same 50-mile

radius population as Branson), and the resorts at Lake of the Ozarks. Of these centers, only the Prairie Capital Convention Center has a 100-mile radius population larger than at Branson.

The total population within 200 miles of all these centers, except for Prairie Capital in Illinois and Cox in Oklahoma City, are remarkably similar, averaging around 8.5 million persons.

Table V-4
Competitive Convention Facilities - Resident Population Comparison

	Population 2004		
	Within 50 Miles	Within 100 Miles	Within 200 Miles
America's Center	2,683,217	3,940,453	9,443,905
Kansas City Convention Center	2,111,362	2,836,799	8,280,080
Kansas City Market Exhibition Center	2,087,643	2,829,560	8,281,485
Crown Center	2,109,418	2,839,510	8,302,298
Tan-Tar-A Resort	- 385,504	1,694,980	9,746,159
The Lodge of the Four Seasons	- 398,043	1,758,164	9,699,600
Chateau on the Lake	+ 570,180	1,835,481	8,559,256
Springfield Expo Center	- 607,553	1,734,582	10,368,401
Century II Convention Center	- 686,212	1,184,700	7,158,602
Overland Park Convention Center	2,080,704	2,866,003	8,298,329
Cox Convention Center	8,141,182	9,181,929	17,323,111
Tulsa Convention Center	1,030,022	2,770,784	7,491,341
Hot Springs Convention Center	- 558,214	1,666,745	7,813,237
Statehouse Convention Center	- 846,753	1,543,934	7,427,226
Memphis/Cook Convention Center	1,396,633	2,557,559	8,283,766
Prairie Capital Convention Center	- 648,449	3,991,191	20,788,151
Average	1,646,318	2,827,023	9,829,059
Proposed - Branson Convention Center	604,000	1,850,000	8,500,000

Source: ESRI Business Information Solutions, Economics Research Associates

The number of available hotel rooms is an important consideration for meeting planners. The figures below reflect the number of hotel rooms located within each of the competitive markets.

While the larger markets (St. Louis, Kansas City) have an extensive inventory of hotel rooms, Branson's hotel room inventory is significant for a mid-sized convention center. However, the total numbers do not account for the quality of the hotel offerings within each of the respective markets, and many of the older, smaller properties in Branson are not of suitable quality for most convention and conferences. Also, Branson's hotels are scattered for several miles to the west of the convention center site, and a transportation system must be established to serve conventions requiring more hotel rooms than planned at the Branson Landing project.

Table V-5
Competitive Convention Facilities - Relative Number of Hotel Rooms

Convention Center	Market	Number of Hotel Rooms
America's Center 1/	St. Louis, Missouri	28,500
Kansas City Convention Center 2/	Kansas City, Missouri	26,000
Kansas City Market Exhibition Center 2/	Kansas City, Missouri	26,000
Crown Center 2/	Kansas City, Missouri	26,000
Tan-Tar-A Resort	Lake of the Ozarks, Missouri	6,200
The Lodge of the Four Seasons	Lake of the Ozarks, Missouri	6,200
Chateau on the Lake	Branson, Missouri	17,686
Springfield Expo Center	Springfield, Missouri	5,400
Century II Convention Center	Wichita, Kansas	7,630
Overland Park Convention Center	Overland Park, Kansas	5,000
Cox Convention Center	Oklahoma City, Oklahoma	12,000
Tulsa Convention Center	Tulsa, Oklahoma	10,000
Hot Springs Convention Center	Hot Springs, Arkansas	4,000
Statehouse Convention Center	Little Rock, Arkansas	6,000
Memphis/Cook Convention Center	Memphis, Tennessee	20,321
Prairie Capital Convention Center	Springfield, Illinois	4,000
Proposed - Branson Convention Center	**Branson, Missouri**	**17,686**

1/ There are about 7,600 rooms located near the center.

2/ Includes entire six county area.

Source: Various Convention and Visitor Bureaus, Economics Research Associates

The larger convention centers such as America's Center and the Kansas City Convention Center will compete with the new Branson Convention Center on a limited basis, potentially for mid-sized regional conventions that could utilize either facility. The primary competition for the new convention center will be nearby mid-sized centers such as the new Springfield Expo Center, Overland Park Convention Center, Kansas City Market Exhibition Center, Hot Springs Convention Center and Statehouse Convention Center. The nearby Chateau on the Lake and Radisson hotels, and Lake of the Ozark resorts will compete with the new Branson center for smaller group corporate/association and SMERF meetings.

Within the competitive set, there has been a recent surge of new construction, renovations and expansions, that has intensified competition for a fairly stable number of events. Five convention centers have either recently renovated or expanded, or are planning for a renovation, including: Tulsa, Kansas City, Century II, Crown Center, and Hot Springs. In addition, two of the centers opened within just the past few years – Springfield Expo Center in 2003 and Overland Park Convention Center in 2002, and St. Charles will open this year.

Business levels at the competitive facilities have been varied over the past few years. As mentioned earlier, convention attendance at the St. Louis Convention Center has shown a small increase even though a new headquarters hotel was recently completed. The Springfield Expo Center has reported slow business since opening, and the Tulsa Convention Center has also reported a decrease in business in 2004. While the Century II Convention Center in Wichita reported a decrease in business during 2001/2002, attendance is forecast to increase in the coming years. Overland Park, which opened in 2002, reportedly turned a profit in its second year of operations and the Hot Springs Convention Center has also reported an increase in bookings with the addition of a new arena in 2003.

The addition of two new convention centers to the southwest Missouri market should increase awareness of this area as a convention destination, thus adding the region as a potential location when rotating state and regional events. Springfield and Branson offer two distinct locations (smaller metropolitan market versus a major tourist destination), thus while competitive with each other, they will each serve a potential niche market.

Comparable Facilities

ERA also reviewed the performance of comparably sized facilities within similar markets in order to better estimate potential utilization of the new Branson convention center. We reviewed 11 cities, with similarity of markets based on population size, size of the exhibit hall, and/or size of the visitor market. Because of their distant locations, these are not expected to offer direct competition for most events that would consider the Branson center. The 11 comparable convention center facilities are Chattanooga Convention Center; Gatlinburg Convention Center; Myrtle Beach Convention Center; Northern Kentucky Convention Center; Ontario Convention Center; Palm Beach County Convention Center; Pontchartrain Center; Roland E. Powell Convention Center; Savannah Convention Center; and, Wildwoods Convention Center.

Chattanooga Convention Center – Chattanooga, Tennessee

The Chattanooga Convention Center was expanded in 2002 and now measures 312,000 square feet of total space, including 100,800 square feet of clear span exhibit space, 21 meeting rooms, and six ballrooms. Removable walls allow the space to be divided in numerous configurations in order to meet user needs. The expansion in 2002 increased the amount of usable space as follows: exhibit space increased from 50,000 square feet to 100,000 square feet; ballroom space increased from 9,000 square feet to 18,000 square feet; and, meeting space increased from 2,600 square feet to 21,000 square feet. There are a total of 3,500 close-in parking spaces. Attendance has remained fairly steady over the past few years and now stands at about 600,000 annually.

Gatlinburg Convention Center – Gatlinburg, Tennessee

The Gatlinburg Convention Center is located in downtown Gatlinburg and includes 67,000 square feet of contiguous exhibit space and about 16,500 square feet of meeting space. The original convention center was built in 1989, and is currently being expanded and renovated. The adjacent Mills Complex is being renovated to accommodate larger banquets, including a 17,000 square foot ballroom, an 8,800 square foot auditorium, and about 18,000 square feet of pre-function space. Upon completion, the Tennessee Ballroom will be capable of seating more than 1,000 people for a banquet. The center will increase in size from a total of 188,000 square feet to 272,000 square feet. Completion is slated for March of 2006.

The Gatlinburg Convention Center attracts mostly local and regional events. The 220 events held in 2003 included about 50 conventions, 20 consumer shows, 25 church groups, and 30 sporting/entertainment events. The remainder of events consisted of banquets and smaller meetings. For fiscal year 2003/2004, building rental income was approximately $896,500. Food and beverage sales are based on a percentage commission (e.g. banquet food commission at 15% was $63,200, alcohol and beer at $50,839, concession commission at 13% was $39,100).

Myrtle Beach Convention Center – Myrtle Beach, South Carolina

The exhibit space at the Myrtle Beach Convention Center includes 100,800 square feet of column-free space that is 35 feet high and can be subdivided into three separate halls as needed. The exhibit hall can accommodate 522 exhibit booths, a reception for 10,000 or a banquet for 7,350. A new 402-room Radisson headquarters hotel was recently completed. The center also includes about 14,500 square feet of meeting/breakout space. Events include a wide variety of consumer shows, state association meetings, regional expos, local festivals, and national conventions.

Northern Kentucky Convention Center – Covington, Kentucky

The Northern Kentucky Convention Center is located along the banks of the Ohio River, just across from downtown Cincinnati, within a developing business and entertainment district. The total center includes 204,000 square feet of multi-purpose space, with 46,200 square feet dedicated to exhibition space. A recent feasibility study concluded that a major expansion is not necessary at this time. Following are the major components of the center:

- Brereton C. Jones Exhibition Center – includes 46,200 square feet of exhibit space and can accommodate receptions for up to 2,500 people and meetings for up to 3,000.
- Main Lobby – the two-story main lobby includes 8,000 square feet of space for registration and receptions.

- Conference Level – includes 10 breakout spaces totaling 13,288 square feet and a 22,800 square foot ballroom which can be subdivided into five separate spaces.

Ontario Convention Center – Ontario, California

The Ontario Convention Center measures 225,000 square feet in total, with a 70,000 square foot exhibit hall, 24,000 square feet of meeting space, and a 20,000-square-foot ballroom divisible into three separate sections. Available technological services include video-conferencing, satellite capabilities, and Internet access throughout the building.

According to a representative for the center, in fiscal year 2002/2003, the facility hosted 422 events with a total of 261,153 attendees. In fiscal year 2003/2004, the convention center saw event and attendance levels increase to 434 events and 314,074 attendees. Business levels have generally been increasing over the past several years.

Palm Beach County Convention Center – Palm Beach County, Florida

The new Palm Beach County Convention Center (which opened in November of 2003) is located opposite the Kravis Center for the Performing Arts and CityPlace, a new mixed-use with shopping and entertainment complex. The convention center has a total of 350,000 square feet of space, including a 100,000 square foot exhibition hall (divisible into two equal sized spaces), a 25,000 square foot ballroom (with a pre-function area and outdoor terrace), and 23,000 square feet of break-out space (divisible into 23 separate rooms). There are more than 16,000 guest rooms located in the area, and 3,000 guest rooms within three miles of the convention center site.

During its first year of operation, the center hosted 144 events (including approximately 20 consumer/trade shows) and recorded attendance of 225,000. Most of the events were small to medium sized meetings since a convention center hotel has not yet been constructed. During the past fiscal year, gross revenues were estimated as follows: $1.0 million for facility rental; $1.4 million for food and beverage; and $800,000 for other revenues. Total operating expenses were approximately $3.0 million.

Pontchartrain Center – Kenner, Louisiana

The Pontchartrain Center hosts a variety of events, including Mardi Gras, concerts, and sporting events. Concert seating can be configured from 800 up to a maximum of 3,700. The center is located about fifteen minutes from downtown New Orleans, thus offering a secondary location for conventions outside of the large New Orleans convention center market (and home of the New Orleans' Morial Convention Center). The convention center is located adjacent to a Hilton Garden Hotel and across the street from a casino. The center includes approximately 61,000

square feet of exhibit space (46,080 square feet of column free space), 14,681 square feet of meeting rooms, and a 9,750 square foot main lobby. The convention center also has the largest ballroom in Jefferson Parrish.

According to a representative for the center, attendance and event levels have decreased over the past year, from 309 events in 2002/2003 to 288 events in 2003/2004.

Roland E. Powell Convention Center – Ocean City, Maryland

The Roland E. Powell Convention Center was last expanded in 1997, and includes 182,000 square feet of multi-use space:

- The main exhibition hall encompasses 45,000 square feet, with a 257-booth capacity, divisible into two distinct halls.
- The grand ballroom includes 22,000 square feet of space with 35-foot ceilings and can be divided into three sections.
- The exhibit hall contains 18,000 square feet of space with columns. Three adjacent meeting rooms can be included as part of the exhibit hall.
- There are 22 meeting rooms, including six sky boxes, or a total of 24,000 square feet of break-out/meeting space.

Over the past few years, attendance at the center has been fairly stable as the center is running at near capacity. Estimated attendance in 2004 was 408,000 with a total of 118 events, generating 134,921 hotel room nights. Airport access to the convention center is limited, thus most events are from within a four to five hour drive. The center attracts many Maryland and Mid Atlantic association events. Due to the limited accessibility, the convention center is not able to attract many national conventions. Gross rental income is estimated at $800,000, with an additional $750,000 generated by internal services (decorating, electricity, etc.). The center has a percentage income agreement with an outside caterer for food and beverage services, with gross food and beverage revenues estimated at about $1.2 million.

Roland E. Powell Convention Center Attendance/Event Levels, 2004

	No. of Events	Attendance
Conventions	37	176,000
Competitions	11	44,900
Consumer Shows	46	173,325
Meetings	24	14,030
TOTAL	**118**	**408,255**

Source: Roland E. Powell Convention Center, Economics Research Associates

Over the past four years, local officials have been attempting to expand the center, however, the cost of structured parking has been prohibitive. The proposed expanded center would include 75,000 square feet of exhibit space, an additional 30,000 square feet of meeting space, a second 12,000 square foot junior ballroom, and additional parking.

Savannah Convention Center – Savannah, Georgia

The Savannah Convention Center, which is managed by SMG, was completed in 2000 and includes 365,000 square feet of total convention center space. The facility includes 100,000 square feet of divisible exhibit space, 50,000 square feet of meeting space, a 25,000 square foot ballroom, and a 367-seat auditorium. The facility booked 25 conventions in its first year of operation. From spring of 2000 through 2003, the facility drew 455,772 attendees, an average of 130,000 per year. The facility is linked by a water ferry with other convention center hotels across the river. The convention center hosts conventions and meetings for out-of-town groups as well as local trade shows and expos, with a regional audience of up to 18,000 guests per event.

Wildwoods Convention Center – Wildwood, New Jersey

The new Wildwoods Convention Center was completed in February of 2002 and includes flexible seating for up to 7,000 in the main hall, 11,700 square feet of divisible ballroom space, 8,675 square feet of meeting space, a 30,000 square foot lobby for registration and pre-function events, 75,000 square feet of divisible exhibit space, and 600+ on-site parking spaces. The center was expanded from an 18,000-square-foot civic center to a 250,000-square-foot convention center in 2002. As a result, group bookings grew from 42 in 2002 to 155 in 2004. There are no national chain hotels in the immediate area. There are plans for a 500-room hotel to be located across the street from the convention center. The convention center does not book corporate events because of the lack of national chain hotels. The center is able to book several concerts, as well as events targeted at the youth market (e.g., dance, cheerleading, wrestling). Banquet business is also an important component of group demand. The local population base fluctuates greatly based on tourism, ranging from 100,000 during the winter months to over one million during the summer.

Summary of Comparable Facilities

As in the analysis of competitive facilities, ERA reviewed facility sizing, resident population base, and area-wide hotel rooms for each of the comparable facilities.

As shown in the table below, sizing for the exhibit space and meeting space at the proposed Branson convention center is slightly below the average for the comparable set, although seven of the comparable facilities have exhibit space measuring 70,000 square feet of less. The larger facilities include Chattanooga, Myrtle Beach, Palm Beach County, and Savannah, two of which

(Savannah and Palm Beach County) were recently constructed. The Savannah Convention Center includes a large amount of meeting space (50,000 square feet) relative to the rest of the comparable centers. The average amount of meeting space is 20,040 square feet, slightly over the 15,000 square feet proposed for Branson. The amount of ballroom space proposed for Branson also appear in line with the other comparable facilities (23,000 square feet at Branson versus an average of about 17,000 square feet for the comparable set).

Table V-6
Comparable Convention Facilities

		Total Sq Ft		
	Location	Exhibit Space	Meeting Space	Ballroom Space
Northern Kentucky Convention Center	Covington, Kentucky	46,200	13,288	22,800
Pontchartrain Center	Kenner, Louisiana	61,000	14,681	11,500
Roland E. Powell Convention Center	Ocean City, Maryland	63,000	24,000	22,000
Chattanooga Convention Center	Chattanooga, Tennessee	100,800	21,000	18,000
Gatlinburg Convention Center	Gatlinburg, Tennessee	67,000	16,500	0
Ontario Convention Center	Ontario, California	70,000	24,000	20,000
Myrtle Beach Convention Center	Myrtle Beach, South Carolina	100,800	14,500	16,900
Palm Beach County Convention Center	Palm Beach County, Florida	100,000	23,000	25,000
Savannah Convention Center	Savannah, Georgia	100,000	50,000	25,000
Wildwoods Convention Center	Wildwood, New Jersey	75,000	8,675	11,700
Average	--	*78,000*	*21,000*	*17,500*
Branson Convention Center	**Branson, Missouri**	**56,000**	**15,000**	**23,000**

Source: Various convention centers, Economics Research Associates

As illustrated below, Branson's surrounding population is far less than at most of these centers. Similar to Branson, the high tourist volume locations of Myrtle Beach, Ocean City, Savannah, and Wildwoods have low resident populations living within 50 miles of the facility. However, all of these except Myrtle Beach and Savannah have far greater populations within 100 miles, and most of these have a much larger close-in population, unlike Branson where much of the 50-mile radius population is concentrated towards the edge of the radius, in Springfield. Four of the comparable convention centers (Northern Kentucky, Palm Beach County, Ontario, and Pontchartrain) are densely populated within 50 miles, indicating a close proximity to major markets. Excluding Ontario, the average 50-mile population is about 1.2 million.

Table V-7
Comparable Convention Facilities - Resident Population Comparison

	Population 2004		
	Within 50 Miles	Within 100 Miles	Within 200 Miles
Northern Kentucky Convention Center	2,650,051	7,457,818	18,642,224
Pontchartrain Center	1,730,812	3,185,490	6,545,759
Roland E. Powell Convention Center	442,951	3,558,604	39,435,094
Chattanooga Convention Center	1,051,957	5,550,498	18,097,418
Gatlinburg Convention Center	1,173,500	4,272,107	20,773,790
Ontario Convention Center	14,643,843	19,855,930	23,249,808
Myrtle Beach Convention Center	500,391	2,188,833	11,343,363
Palm Beach County Convention Center	2,349,785	6,211,385	13,866,467
Savannah Convention Center	636,232	1,718,655	8,742,408
Wildwoods Convention Center	109,972	9,879,068	53,624,890
Average	*2,500,000*	*6,380,000*	*21,300,000*
Proposed Branson Convention Center	**600,000**	**1,850,000**	**8,500,000**

Source: ESRI Business Information Solutions, Economics Research Associates

The Myrtle Beach area includes approximately 22,000 hotel rooms, or a larger inventory of rooms than any other market within the comparable set. Branson is the second largest hotel market among the comparable cities, although subject to the limitations noted previously. Other large tourist destinations within the comparable set include Ocean City, Maryland, and Palm Beach County, Florida. The smallest hotel room market is Kenner, Louisiana, however, the center is located close to the much larger New Orleans visitor market. The average number of hotel rooms for the comparable set is 10,460.

Table V-8
Comparable Convention Facilities - Area Hotel Rooms

	Market	Number of Area Hotel Rooms	Total Exhibit Space
Northern Kentucky Convention Center	Covington, Kentucky	7,000	46,200
Pontchartrain Center	Kenner, Louisiana	4,000	61,000
Roland E. Powell Convention Center	Ocean City, Maryland	12,000	63,000
Chattanooga Convention Center	Chattanooga, Tennessee	8,000	100,800
Gatlinburg Convention Center	Gatlinburg, Tennessee	6,000	67,000
Ontario Convention Center	Ontario, California	5,800	70,000
Myrtle Beach Convention Center 1/	Myrtle Beach, South Carolina	22,000	100,800
Palm Beach County Convention Center	Palm Beach County, Florida	16,000	100,000
Savannah Convention Center	Savannah, Georgia	9,400	100,000
Wildwoods Convention Center	Wildwood, New Jersey	9,000	75,000
Average		*10,000*	*78,000*
Branson	**Branson, Missouri**	**17,686**	**56,000**

1/ The number increases to 60,000 rooms when condominium units are added.

Source: CS&L International, various convention and visitor bureaus, Economics Research Associates

Several of the comparable convention centers are either new facilities or currently undergoing expansion and/or renovation. Three of the facilities – Palm Beach County Convention Center, Savannah Convention Center, and Wildwoods Convention Center – were built over the past five years. Other centers such as the Chattanooga Convention Center, and Gatlinburg Convention Center are currently, or have recently, expanded or renovated. The Myrtle Beach facility recently added a new convention center hotel.

Among the comparable centers, recent business levels have been varied. Of those for whom trends were disclosed, attendance levels at the Chattanooga Convention Center and Roland E. Powell Convention Center have been fairly stable over the past few years, while the Ontario Convention Center has reported an increase, and the Pontchartrain Center has recorded a decrease in event levels. Reported event activity for these centers is presented subsequently in this section.

Survey of Meeting Planners

To assist in evaluating the underlying demand and in planning for a new convention center in Branson, a survey of meeting planners representing key event segments was conducted for the City by the consulting firm CS&L International in December 2002. ERA participated in the design of the questionnaire and overall survey methodology. Individual interviews were conducted with representatives of various national, regional, and state event groups, as well as with regional public/consumer show producers and promoters. As shown in the following table, a total of 173 interviews were completed with representatives of national and regional associations and SMERF groups, national and regional corporate meeting planners, and tradeshow planners, as well as meeting planners for state groups. The interviews represent on average roughly 5 percent of the total estimated number of similar groups. Percentage results for the combined national and regional sample can be viewed with some confidence, but the percentage results within the SMERF and corporate subgroups in particular, should be considered only as indications, with very limited statistical reliability.

Table V-9
Survey of Rotating Event Planners

	National / Regional				State
	Assoc.	SMERF	Corp./T.S.	Overall	Groups
Estimated Total Population	1,885	649	556	3,090	300
Completed Interviews	91	32	27	150	23
Percent of Population	4.8%	4.9%	4.9%	4.9%	7.7%
Questions:					
Previous Event in Branson?					
Yes:	4%	6%	0%	4%	N.A.
Would Use a Branson Convention Center?					
Definitely Use:	1%	9%	0%	2%	14%
Likely:	4%	13%	4%	5%	29%
Possibly:	30%	44%	41%	33%	5%
Not Likely:	65%	34%	56%	61%	52%
Total Positive (possibly to definitely)	35%	66%	44%	39%	48%
Number of Positives (in utilization survey)	32	23	12	59	10

Less than 4 percent of the national groups had ever held a previous event in Branson. However, in total approximately 7 percent of the national and regional sample indicated definite or probable use of a Branson Convention Center, and an additional one-third of respondents indicated a significant possibility that they would use such a facility. Within the national and regional category, SMERF groups showed the highest level of interest, with approximately 22 percent of the sample indicating strong interest in Branson, compared to 4 to 5 percent for the other associations and corporate staff.

State groups had by far the highest level of interest, with 43 percent indicating definite or likely use of the facility.

As shown in the lower portion of the table, about 39 percent of the national/regional sample indicated some level of possible interest in the Branson facility, again with the SMERF category having the highest level of response. The reasons for not considering the Branson facility among national and regional planners included lack of area delegates in the area (mentioned by 24%), a preference for "first tier" cities (18%), lack of air access (18%), and preferences for hotel space unavailable in Branson (10%).

There was a total of 59 respondents from the national and regional sample indicating some level of positive response, and 10 from the much smaller state sample. These respondents were asked further questions about potential usage including length of stay, ballroom requirements, fixed seating requirements, hotel requirements, seasonality, rotational frequency, and other considerations. Selected most significant responses for the national, regional, and state grouping are summarized in the table below.

Table V-10

Potential Branson Convention Center Usage, Survey of Event Planners

	National/ Regional	State
Average Length of Stay		
Move in Days	2.5	--
Meeting Days	3.5	--
Move-out Days	1	--
Require a Ballroom		
Yes	80%	80%
No	20%	20%
Require Fixed Seating		
Use if Offered	69%	70%
Would Not Use	31%	30%
Number of Hotels Willing to Use		
One	100%	100%
Two or Less	52%	40%
Three or Less	31%	10%
Four or Less 1/	22%	10%
Five or More	13%	--

1/ Reflects four or more for state groups.

Note: Reflects data for positive respondents only.

Source: CS&L International 2002 Survey, Economics Research Associates

Based on the survey, the average duration including moving days for national/regional conventions is six days, with 3.5 days devoted to actual meetings. Event planners also indicated that the average rotation time for returning to a favored venue was about once every five years.

Respondents were also asked about their needs for a ballroom or theater-style fixed seating. Fixed seating can be used to serve a variety of events including general assemblies, presentations, and spectator events. As shown, 80 percent of both national/regional and state events stated a need for a ballroom. Fixed seating was preferred by about 70 percent of both national and state groups. About 17 percent of the national/regional groups require sloping theater-style seating.

National/regional and state convention representatives were asked about their needs with respect to area hotels. About 50 percent of the national convention market would require two or fewer hotels in order to host their delegates, and just 13 percent would be willing to use five or more hotels. For state representatives, 40 percent stated that they would require two or fewer hotels to accommodate delegates. Since they are proposed to be operated by the same operator and are very close, the boutique and convention hotels might be considered as one facility for some event planners.

The table below highlights room night demand, delegate attendance, and convention center space needs. The average number of peak night hotel rooms required by national/regional conventions is 780. Fifty percent of the national/regional market consists of conventions requiring 400 or fewer rooms. Given 520 hotel rooms to be located at Branson Landing, the new complex would be able to accommodate the room needs of a majority of conventions. As might be expected, state convention room needs are far fewer, averaging 250 rooms for peak nights.

The average national/regional convention size is 1,800, with 50 percent of potential conventions generating attendance of 1,000 or less. The average attendance for state conventions is estimated at 400 delegates.

Table V-11
Potential Branson Convention Center Space Requirements, Survey of Event Planners

	National/ Regional	State
Number of Rooms Occupied, Peak Night		
Average	780	246
Median	400	175
Summary of Delegate Attendance 1/		
Average	1,800	N.A.
Median	1,000	N.A.
Gross Square Feet of Exhibit Space Needed		
Average	37,900	13,500
Median	24,000	6,500
Gross Square Feet of Meeting Space Needed 2/		
Average	31,900	7,100
Median	24,000	5,800
Gross Square Feet of Ballroom Space Needed		
Average	15,800	3,400
Median	9,400	2,600

Note: Reflects data for positive respondents only.
1/ Reflects data for delegates only, does not include spouses or other guests.
2/ Reflects space needs for non-exhibit functions.

Source: CS&L International 2002 Survey, Economics Research Associates

The survey found that the average exhibit space needed for a national/regional convention is 37,900 square feet, with approximately 22,000 square feet needed to satisfy 50 percent of the market. A total of 56,000 square feet is planned for the Branson facility, thus accommodating most convention needs.

As noted, meeting space demand includes all non-exhibit space needed. For example, the figures may also include space for large assemblies. Average non-exhibit space demand for national/regional events is 31,900 square feet versus 7,100 square feet for state events.

The average ballroom space needs for a national/regional convention is 15,800 square feet, with 50 percent of the market requiring 8,300 square feet or less. A total of 20,000 square feet of ballroom space is planned for Branson, thus satisfying most of the potential demand.

The market survey also attempted to gauge interest in holding public consumer shows at the new facility in Branson. Based on interviews with ten regional public show producers, 40 percent of the respondents might consider hosting a show at the Branson convention center. The 60 percent who would not consider a Branson location were concerned with the low population densities.

Estimated Utilization of Branson Convention Center

An estimate of utilization is based on the performance and characteristics of competitive and comparable facilities, the market survey (indicating level of interest in the new facility), recent trends in the convention industry, and the perceived competitive strengths and weaknesses of the overall proposed Branson Convention Center.

Although the meetings market is highly competitive and there are a number of new or recently improved facilities in the surrounding regions, Branson, with all of its showrooms and other attractions, is a unique and appealing resort area that potentially should be highly attractive to many medium-sized meetings and conventions. The following utilization projections are based on a number of assumptions that are consistent with the stated plans of the City and developers of Branson Landing. Most importantly, the overall Branson Landing project, especially the common areas and lakefront boardwalk and marina areas, must create an appealing and entertaining environment for convention delegates and others to spend time before and after activities, similar to, if on a smaller scale than, the San Antonio Riverwalk District or the Savannah, Georgia riverfront. As noted previously under the retail section, this will require well executed landscaping, walkways, points of interest, and programmatic entertainment, as well as architectural theming and strong tenants.

Other assumptions underlying our utilization projections include:

- Completion of a high-quality, state-of-the-art, efficient complex including the components outlined in the introduction.
- A well-executed marketing program budgeted at a cost of $700,000 annually, working cooperatively with effective facility management.
- A bus system to transport delegates from other hotels to the west during large convention events. We have not prepared or reviewed any budget for the cost of such a system.
- The convention center hotel, and to a lesser extent the other project hotels, will block out large numbers of rooms at competitive rates for future convention use.

The advantages of Branson must compensate for certain limitations that will apply particularly to larger events. These include:

- The Springfield-Branson Airport is roughly a one-hour drive away, and provides very limited non-stop connections to market cities, at relatively high ticket prices for available flights. This will limit activity primarily to drive-in events where most delegates will arrive by car.
- The small local population and employment base of Branson. The completion of the Expo Center in Springfield will compete for events drawing from that metro market, and for state events rotating through southwest Missouri.
- Branson's other higher quality hotels are over two miles to the west, which could be partly mitigated by the aforementioned transit system.

In consideration of the above, projected event levels for year 1 through year 4 (stable year) at the Branson Convention Center are shown below. The convention and trade show projections reflect primarily regional, state, and SMERF events. Other events include sports, concerts, festivals, and other spectator events.

Table V-12
Projected Number of Events

	Year 1	Year 2	Year 3	Year 4
National/Regional Association	2	4	6	7
National/Regional SMERF	5	7	9	10
National/Regional Corp/TS	3	4	5	6
State Groups	5	8	10	12
Public/Consumer Shows	13	15	16	16
Meetings/Banquets	72	78	82	15
Other	14	16	18	18
TOTAL	**114**	**132**	**146**	**154**

Stable operations are an average forecast, four years from the opening date, allowing for a "ramp up" period for bookings at the facility. The initial years allow time for the center to become part of the rotational schedule for many of the state and regional association events.

Existing Event Levels at Competitive and Comparable Facilities

Event levels at the comparable and competitive facilities are informative in determining potential event levels at a proposed facility. Given the unique nature of the Branson market, comparable figures should be used cautiously. Following are recent year event levels by category (convention/trade show, public/consumer show, meetings/banquets, other) as reported by several of the competitive and comparable facilities highlighted above. It should be noted that event level data was not available for all competitive and comparable centers. We would estimate that in its first full year of operation, the new Expo Center in Springfield held far fewer events with

far less attendance that at the centers reporting data. Data shown for Hot Springs, Chattanooga, and northern Kentucky are from the February 3, 2003 CS&L study. Hot Springs reports a slight increase in activity since 2002, and Chattanooga reports generally flat activity since then. Also, the centers have differing methods and definitions for estimating attendance. Attendance figures are reported by facility staff and should be considered as rough approximations.

- As shown below, the highest number of conventions/trade shows booked was at the Gatlinburg Convention Center with 50. It is important to note that most of the conventions and tradeshows booked at the Gatlinburg center are smaller, regional events, and the center is currently being expanded in order to increase its competitiveness. The Gatlinburg tourist market is estimated to be smaller than the Branson visitor market, although the resident market within 50 miles of the center includes 1.2 million residents, versus 600,000 for Branson.
- The Roland E. Powell center, with a high percentage of drive-in attendees, recorded 37 conventions and 46 public/consumer shows. The relatively high number of conventions is attributable largely to a state and regional market, much like what is anticipated at the Branson center.
- After two years in operation, the Overland Park Convention Center is booking 31 conventions and 25 consumer shows, with exhibit space sized much like that proposed for Branson. The center also books an unusually high number of smaller meetings and banquets, with 15,000 square feet of meeting space and 25,000 square feet of ballroom space. The amount of meeting space is similar to other mid-sized centers located in the region.
- While the Tulsa center booked only 18 conventions and trade shows in 2002, this may be in part due to the aging of the facility (an expansion and upgrade is currently planned). Total activity is down by 4 percent since then. While the center remains competitively priced, events are oftentimes attracted to the newer centers located in the region.
- The only convention center to book more than 40 consumer shows was the Roland E. Powell Convention Center in Maryland. For those centers for which data was available, the average number of public/consumer shows held annually was 22.
- Reported attendance levels vary widely, from an estimated 200,000 at Prairie Capital (Springfield, Illinois) to about 600,000 at Chattanooga and Gatlinburg. The average reported attendance for the facilities surveyed was about 382,000. As noted above, these are management's rough estimates in most cases.
- The number of meetings and banquets held at the various facilities varies from a low of 24 at Roland E. Powell to a high of 331 at Overland Park. The low number of meetings and banquets at the Roland Powell facility is partly due to its location within a high tourist destination, with a more limited corporate/resident base. Those with very high numbers of events usually have a large number of small meetings and banquets in their counts.

Table V-13
Event Levels - Competitive and Comparable Facilities

Convention Center	Total Exhibit Space	Conventions/ Trade Shows	Public/Consumer Shows	Meetings/ Banquets	Other	Total	Attendance
Competitive							
Overland Park	58,500	31	25	331	34	421	327,730
Tulsa	102,600	dna	28	dna	dna	116	dna
Hot Springs	103,000	29	17	155	84	285	dna
Prairie Capital 1/	41,000	36	16	51	37	140	200,000
Comparable							
Chattanooga	100,800	31	17	259	27	334	600,000
Ontario	70,000	dna	dna	dna	dna	434	314,074
Northern Kentucky	46,200	26	22	192	45	285	dna
Roland E. Powell 2/	63,000	37	46	24	11	118	409,000
Gatlinburg 3/	67,000	50	20	95	55	220	600,000
Palm Beach County 4/	100,000	dna	20	dna	dna	144	225,000
Average	*73,918*	*34*	*23*	*158*	*42*	*253*	*382,258*
Projected Branson	**56,000**	**35**	**16**	**85**	**18**	**154**	**367,576**

1/ Other category includes concerts, sporting events, graduations, and training. 2/ Other category includes competitions.

3/ Other category includes church groups and sporting events.

4/ The Palm Beach County Center did not hold any conventions, pending construction of a new headquarters hotel.

Note: dna – data not available. Average includes only those faculties for which data were available.

Source: CS&L International, various convention centers, Economics Research Associates.

Conventions and Tradeshows

It is assumed that the majority of conventions and trade shows held at the Branson Convention Center will be state and regional events. This is due partly to the size of the facility relative to other larger convention centers in the area such as America's Center in St. Louis and the Kansas City Convention Center. It is also a reflection of limited air service to the Branson area, with few direct long-distance flights into the Springfield-Branson Regional Airport.

State and regional associations, as well as SMERF groups, present a real opportunity for the new Branson center. Until the Springfield Expo Center was completed in 2003, the southwest region of Missouri lacked major convention facilities. The Branson center will offer a competitive advantage for some groups given its proximity to an inventory of affordable hotel rooms as well as its position next to a large entertainment/retail complex. Thus, the Branson facility will offer a new site for those state groups that are required to rotate their meetings through various regions of the state. Since SMERF groups are typically price sensitive, the Branson area, with a wide variety of hotels at different price points, will offer an attractive alternative.

Consumer Shows

Unlike many consumer shows that typically attract primarily a local crowd, consumer shows at the Branson convention center will likely attract both residents from the regional market as well as area visitors. The market survey revealed that there was some concern by interviewed public show producers about the small market size of Branson, preferring to hold shows in more densely populated areas. Nevertheless, 40 percent of the respondents expressed an interest in holding a public show at the new center. Gatlinburg, also primarily a tourist market, reported about 20 public shows.

Meetings and Banquets

The proposed Branson convention center will compete with existing nearby resorts and hotels for a portion of the meeting and banquet business. Tan-Tar-A Resort, Lodge of the Four Seasons and Chateau on the Lake offer a total of about 94,000 square feet of meeting space as well as an additional 66,000 square feet of ballroom space. In addition, the Radisson and a few other local hotels offer small-scale meeting rooms for local and regional groups. Given the accessibility to Springfield via Highway 65, a significant portion of projected meetings and banquets would be drawn from that metro area by the appealing environment of Branson Landing.

Other Events

Projections for the other category assumes that facility management will actively pursue and promote concerts and other forms of entertainment shows, in addition to charity functions, speakers, and sports events.

Projection of Event Activity and Attendance

Projections for total events and attendance for the proposed Branson convention center are derived below. As mentioned, the event forecasts are based on an analysis of current market conditions, existing and anticipated competition, the opportunities (and constraints) offered by the Branson location, and a review of operating parameters for comparable and competitive facilities. The attendance forecasts are derived from the projected event levels, with assumptions (based in part on the market survey results) for event days and average event day attendance.

Table V-14
Estimated Stabilized Year Event Levels and Attendance

	Events (Year 4)	Days Per Event	Average Event Day Attendance	Average Exhibit Space (sq.ft.)	Percent Overnight Stay Visitors
National/Regional Association	7	3.7	1,038	34,000	85%
National/Regional SMERF	10	3.7	1,730	31,000	85
National/Regional Corp/TS	6	2.8	1,179	30,000	75
State Groups	12	3.0	347	13,500	80
Consumer Shows	16	3.0	2,600	40,000	60
Meetings/Banquets	85	1.0	150	500	40
Entertainment/Other	18	2.0	1,650	17,000	50
TOTAL	154				

Source: Economics Research Associates

Basic parameters for forecasting convention center utilization are shown above. The first column shows the projected number of event days at stabilization. The second column shows the number of active event days, estimated at 3.7 average days for the national and regional conventions, down to 1 day for typical meetings and banquets. Total days required by an event includes additional setup and move-out days, so a typical convention requires use of their space over 6 days in total.

Average event day attendance is based on market data presented above, and this multiplied times the event days equals total attendance. Note that for typical multi-day conventions and meetings, many attendees/delegates do not attend every day, so the total number of attendees per convention is about 15 percent higher than the average day's attendance.

The fourth column shows the average amount of gross exhibit space is that assumed to be rented for each type of event.

As shown in the final column, it is estimated from 75 to 85 percent of attendees at conventions would be out-of-towners staying overnight in the Branson area. In addition, 10 to 15 percent of convention visitors would be expected to be day-trip visitors, including mostly persons from Springfield and the surrounding vicinity. Of the public shows, meetings, and entertainment events, a lower percentage is estimated to be overnight out-of-towners. Of these events, day-trippers from surrounding areas would account for around one-third of estimated attendance, with local residents (within 30 miles) accounting for 15 percent of attendance at consumer shows and up to 30 percent of meetings and banquet activity.

Based on the preceding assumptions, the estimated annual number of visitors to the convention center and total estimated attendance are summarized below for the first four years of operation.

For the first stable year, an estimated 205,000 persons generating a total attendance of 320,000 are projected. Public and consumer shows and various entertainment, sports, and other events are projected to account for about 57 percent of total attendance. About 62 percent of this total day attendance, or close to 200,000 visits, are projected to be generated by persons staying overnight in the Branson area.

Table V-15
Branson Convention Center Attendance

	Total Annual Visitors	Total Daily Attendance	Overnight Stay Attendance
2007	149,700	213,200	123,900
2008	177,760	265,200	157,800
2009	199,000	304,000	186,600
2010	205,000	320,100	199,600

Operating Projections for Branson Convention Center

Projected operating performance for the convention center, based on the utilization assumptions presented previously, are presented in Table V-16.

Revenues

Space rent is based on the exhibit space for each event type times a rental rate. The projected daily rent averages $0.14 per net square foot for the national, regional, and state groups, and $0.15 per square foot for public meetings and other shows, in the first year of operation (2007). The convention rate equals approximately $0.133 per day per square foot in terms of current dollar values, brought forward over the projection period reflecting 2 percent annual inflation. Net square feet is computed at 55 percent of gross area used. These rental rates are projected to be charged for the number of utilization days, plus 20 percent to account for additional rent for move-in and -out days and for ballroom and meeting room rent.

The largest revenue source is catering and other food and beverage, which is based on daily per capita figures shown below, ranging from $2.00 per capita for concessions at public/consumer shows, to $10.00 for SMERF events, to $13.50 for national and regional association conventions. These figures are for the first year of 2007, and are brought forward at 2 percent annual inflation.

TABLE V-16
PROJECTED CONVENTION CENTER INCOME (in 000s)

Year Beginning	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of Events	114	132	146	154	154	154	154	154	154	154
Annual Visitors	149,700	177,700	199,000	204,950	204,950	204,950	204,950	204,950	204,950	204,950
Out-of-Towners	85,535	103,320	117,065	121,730	121,730	121,730	121,730	121,730	121,730	121,730
Locals	64,165	74,380	81,935	83,220	83,220	83,220	83,220	83,220	83,220	83,220
Operating Revenues										
Space Rental	489	650	793	875	893	911	929	948	967	986
Food & Beverage	1,296	1,734	2,153	2,401	2,449	2,498	2,548	2,599	2,651	2,704
Equipment & Services	288	371	443	485	495	505	515	525	535	546
Total Operating Revenues	$2,073	$2,754	$3,389	$3,761	$3,836	$3,913	$3,991	$4,071	$4,153	$4,236
Expenses										
Departmental Expenses										
Space Rental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Food & Beverage	998	1,335	1,658	1,849	1,885	1,923	1,962	2,001	2,041	2,082
Equipment & Services	86	111	133	145	148	151	154	157	161	164
Total Departmental Expenses	1,084	1,446	1,790	1,994	2,034	2,075	2,116	2,158	2,202	2,246
Operating Expenses										
Salaries & Benefits	962	1,082	1,191	1,270	1,295	1,321	1,347	1,374	1,402	1,430
Utilities (Net)	312	356	395	403	411	419	428	436	445	454
Repair & Maintenance	65	87	114	144	146	149	152	155	158	162
General & Administrative	130	133	135	138	141	144	146	149	152	155
Insurance	81	83	84	86	88	90	91	93	95	97
Miscellaneous/Reserves	99	101	103	105	107	109	111	114	116	118
Management Fees	150	150	150	150	153	156	159	162	166	169
Total Operating Expenses	1,799	1,991	2,172	2,295	2,341	2,388	2,436	2,485	2,534	2,585
Total Expenses [1]	$2,883	$3,437	$3,963	$4,289	$4,375	$4,463	$4,552	$4,643	$4,736	$4,831
Net Operating Income (Loss) [1]	($810)	($683)	($574)	($528)	($539)	($550)	($561)	($572)	($583)	($595)
Additional Marketing Program Costs	676	690	704	718	732	747	762	777	792	808
Taxable Admissions										
Public & Consumer Shows	274	323	351	358	366	373	380	388	396	404
Entertainment/Other	375	437	502	512	522	532	543	554	565	576
Total Admissions	649	760	853	870	888	905	923	942	961	980

Note: [1] Not including marketing costs assumed to be separately funded.

Table V-17
Projected per Capita Food and Beverage Sales

	2007 Per Capita Per Day
National/Regional Association	$13.50
National/Regional SMERF	10.00
National/Regional Corporate/Tradeshows	13.00
State Groups	13.00
Public/Consumer Shows	2.00
Meetings/Banquets	16.00
Entertainment, Other	6.50

As shown in Table V-16, including 2 percent inflation, food and beverage sales are projected to stabilize at $2,401,000 in 2010.

Additional charges for equipment and services including audio-visual and sound equipment, special security, and the like are estimated at $6,000 per event except for the small meetings and banquets, which are projected at $500 per event. While there would be some additional charges associated with many events, such costs are assumed to be contracted through with no net impact to the convention center.

Including the three basic revenue categories, gross revenue is projected to increase from$2,065,000 in the first full year of operation to $3,751,000 in the fourth, stabilized year.

Operating Expenses

The convention center will be constructed adjacent to the 267-room convention center hotel. Hilton Hotels is proposed to manage, operate, and market the convention center as well as the convention center hotel and boutique/condominium hotels, which are to be located about 200 feet east of the convention center. Representatives of HCW, Hilton, and the City have been in negotiations to establish an agreement for the operation and marketing of the convention center. However, at this date, a final agreement and contract have not been executed, and a business plan with utilization forecasts and financial projections has not been finalized by Hilton or HCW.

The common management and adjacent location of the convention center and hotels should enable significant operating costs savings compared to independent operations, through sharing of executive management and overhead functions such as human relations, accounting, and purchasing; availability of staffing for peak events; and common use of facilities. The operating cost projections set forth below are based on the assumption that these savings will be realized. However, the method used to allocate costs and revenues between the privately owned hotel and the publicly owned convention center could substantially impact the financial performance for the convention center.

The largest operating cost item is the department expense for food and beverage, projected at 77 percent of gross food and beverage/catering sales within the convention center. This assumption, applied to the projected gross revenue, yields an approximate gross department profit of $552,000 in the stabilized year. Direct costs of equipment and special services charges are projected at 30 percent of charges.

Salaries and benefits include all salaries to operate the convention center, not including the marketing program. This reflects savings from shared administrative and operating functions, as noted above. Staffing levels are projected to build up over the first four years as the project achieves stabilization. The total salaries and benefits are projected at $1,150,000 in 2005 dollar values, projected to increase, including the effects of 2 percent annual inflation, to $1,270,000 in the year 2010. Utility costs are projected at $403,000 including inflation at the first stable year, equivalent to slightly less than $2 per square foot annually applied to the gross building area of the convention center.

Other principal operating expense items, including repair and maintenance, general and administrative, insurance, miscellaneous costs, and equipment reserves are projected as shown in the pro forma, including the impact of 2 percent annual inflation.

The cash projection includes management fees at a level of $150,000 annually through stabilization, and increasing with inflation thereafter. This is roughly one-third the amount of an incentive-based fee that might be expected for a successful, independently managed convention center. This low projected fee is based on the statements of both HCW and Hilton, justified because Hilton is also compensated for management of all of the hotel properties.

Total operating expenses at stabilization are thus projected at $4,289,000, not including marketing costs.

Net Deficit

Based on the preceding assumptions, the facility is projected to generate a net operating deficit of $810,000 in the first year of operations, declining as event activity increases to approximately $528,000 in the stable year 2010, and increasing thereafter at the rate of an underlying assumed annual 2 percent inflation.

Marketing Costs

This operating deficit does not include the costs of marketing the convention center. As noted above, the projected event activity levels are based on the assumption that an aggressive and well executed marketing program, dedicated specifically to the convention center, will be carried out,

in addition to expected marketing programs for the hotels, the retail project, and ongoing Convention and Visitors Bureau marketing of the overall Branson community. As shown, this marketing program is budgeted at a level of $650,000 annually in current dollar levels, brought forward at 2 percent annually. About half of this budget would consist of compensation and benefits for sales staff, including incentive bonuses for achieving objectives. Other major expense categories would be travel and entertainment; advertising; participation in meetings, conventions, and tradeshows; special promotions and incentive services; communications; and general and administrative/miscellaneous. It is assumed that this marketing program will be funded from other sources.

Including the separately funded marketing program, the total projected annual deficit at stabilization in 2010 is projected at $1,246,000.

Taxable Admissions Revenues

In addition to revenue items that will contribute to the operating performance of the convention center, it is expected that the convention center will have a number of ticketed events where event promoters retain ticket revenue, but wherein the admissions sales will be subject to City sales and tourism taxes. It is projected that approximately half of the public and consumer shows will provide free admission, with the other half averaging admission charges of $5 per capita, which thus yields an average factor of $2.50 per daily attendance at public and consumer shows. On a similar basis, the entertainment/ other category will include a variety of events ranging from free festival exhibition events to community sports and tournament events with low ticket prices, and including a substantial percentage of high quality musical and other entertainment shows with prices commensurate to better quality live shows in Branson. An overall per capita average taxable ticket price of $7.50 is applied to attendance in the "Other/Entertainment" category. In total, at stabilization and including 2 percent forecast inflation, additional taxable admission ticket sales of $870,000 is forecast in the stable year 2010.

VI. Hotel Market Analysis

Performance of the proposed hotels will depend upon their ability to tap into the existing tourist market as well as their ability to penetrate the convention center market. The hotels at Branson Landing, which are proposed to be operated by Hilton, include a 267-room convention center hotel, 102-room boutique hotel, and 143-room condominium hotel. The following performance estimates are based on evaluation of the new hotels positioning within the existing market, and evaluation of demand from the new convention center and induced tourist demand.

Competitive Market Analysis

As outlined previously in Section III of this report, there are about 17,686 hotel rooms in Branson, including many at small, limited service, economy hotels, some of which are becoming deteriorated. A sample of this total inventory for 2003 estimated an overall occupancy rate of 45.9 percent and an ADR of $63.70. However, the smaller and lower rate properties are under-represented in this sample.

The development of the convention center hotel, condominium hotel and boutique hotel will modify the competitive mix by adding high quality full-service hotels to the market. The proposed hotels will compete to varying degrees with several existing properties, depending upon their physical offerings, management and service levels, and rate structure.

For purposes of analysis, a competitive set of 15 hotels has been defined, including most of the top tier properties and condominium/rental pool resorts as well as some of the branded limited service hotels in the area. These competitive hotels are located from two to eight miles to the west of the Branson Landing site, except for Big Cedar Lodge to the south. The hotels included in the competitive set include the Radisson, Chateau on the Lake, Big Cedar Lodge, Residence Inn by Marriott, Fairfield Inn by Marriott, Hampton Inn Central, Holiday Inn Express, Clarion, La Quinta Inn, Comfort Inn, Comfort Inn and Suites, Thousand Hills Resort, Lodge of the Ozarks, Fairfield Resort, and the Stillwater Resort.

	Number of Rooms
Radisson	472
Chateau on the Lake	301
Big Cedar Lodge	244
Fairfield Inn by Marriott	100*
Hampton Inn Central	113
Holiday Inn Express	121
Residence Inn by Marriott	85
Clarion	166
La Quinta Inn	100
Comfort Inn	108
Comfort Inn and Suites	102
Fairfield Resort	200
Thousand Hills Resort	230*
Stillwater Resort	200*
Lodge of the Ozarks	190*
TOTAL	**2,732**

*Not included in Smith Travel data.

Competitive Set Performance

Recent trends for 11 of the 15 hotels within the competitive set with respect to occupancy, average daily rate, RevPar (room revenue divided by rooms available), supply and demand are reflected in the table below. The data shown is from Smith Travel Research and Lodge of the Ozarks, Thousand Hills Golf & Resort, Fairfield Resort, and Stillwater Resort do not report their results to Smith Travel. These four properties include about 720 available rooms.

Table VI-1
Operating Characteristics, Competitive Set

	Occupancy	Ave. Annual % Change	ADR	Ave. Annual % Change	RevPar	Ave. Annual % Change	Supply	Ave. Annual % Change	Demand	Ave. Annual % Change
1998	53.4%	--	$90.95	--	$48.55	--	669,945	--	357,656	--
1999	54.9%	2.8%	$100.44	10.4%	$55.10	13.5%	634,005	-5.4%	347,765	-2.8%
2000	54.1%	-1.5%	$103.83	3.4%	$56.18	2.0%	634,005	0.0%	343,015	-1.4%
2001	54.6%	0.9%	$103.62	-0.2%	$56.60	0.7%	643,389	1.5%	351,471	2.5%
2002	55.8%	2.2%	$101.61	-1.9%	$56.70	0.2%	695,817	8.1%	388,255	10.5%
2003	56.1%	0.5%	$101.93	0.3%	$57.17	0.8%	691,497	-0.6%	387,830	-0.1%
2003 Nov. YTD	56.9%	--	$102.41	--	$58.24	--	632,256	--	359,586	--
2004 Nov. YTD	59.4%	4.4%	$100.57	-1.8%	$59.75	2.6%	632,256	0.0%	375,643	4.5%

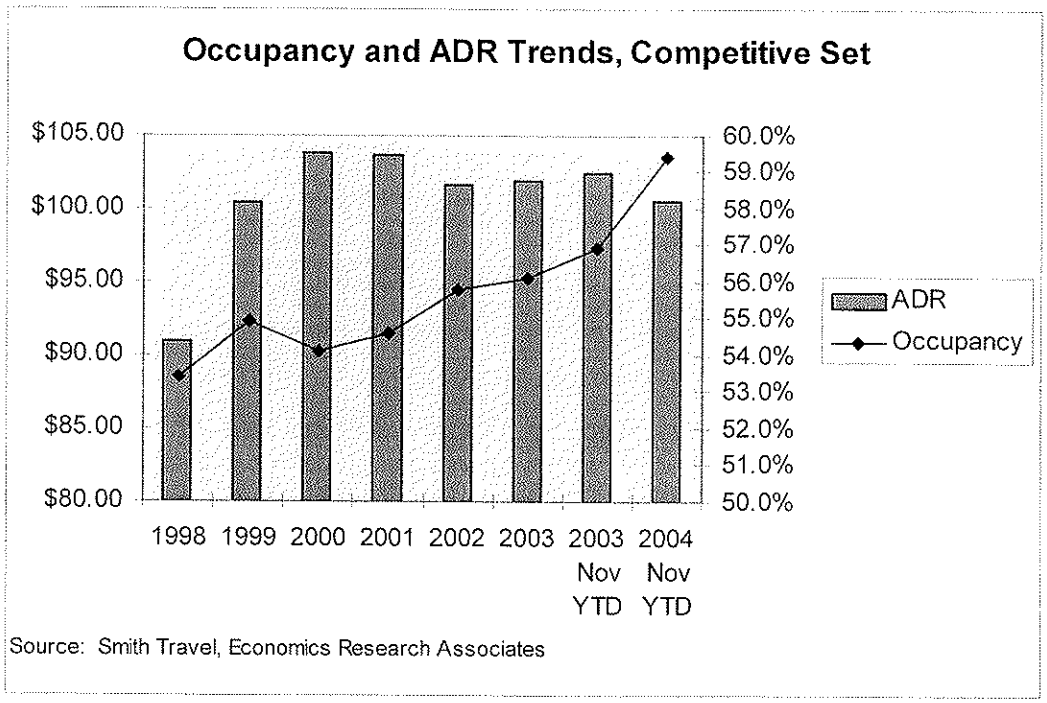
Source: Smith Travel Research, Economics Research Associates

Through 2003, occupancy was reported at 56 percent, a slight 0.5 percent increase over 2002 levels. Year-to-date data for 2004 through November shows that occupancy has increased relative to 2003. This increase in occupancy has been accompanied by a decrease in ADR. ADR

for the set has decreased slightly over the past four years, and is at $100.57 for the first 11 months of 2004. As the increase in occupancy has more than compensated for the decrease in ADR, RevPar increased almost 1 percent in 2003 (from $56.70 to $57.17) and year-to-date data reflects that RevPar has increased 2.6 percent over 2003 levels (from $58.24 to $59.75).

Total demand (number of rooms sold) has increased over 2003 year-to-date figures, from 359,586 in 2003 to 375,643, or an increase of almost 5 percent through November. The large increase in demand reported in 2002 was due primarily to an increase in the number of hotels reporting to Smith Travel as two independent hotels (Clarion and La Quinta Inn) converted to national franchises, and the new Comfort Inn and Suites opened in 2002. This is also reflected in the 8.1 percent increase in supply in 2002.

Occupancy and ADR trends are illustrated more clearly in the graphic shown below. After 2000, ADR has declined while occupancy rates for the competitive set have been steadily increasing, with a notable increase from 2003 to 2004 (year-to-date data through November).



The table below highlights operating trends with respect to seasonality (year 2003 data) for the competitive set of hotels. Occupancy fluctuated greatly, from a low of 14.5 percent during January to a high of just over 76 percent during the months of July and November. As might be expected, ADR rises during the peak summer months (between $111 and $115), however, ADR is relatively low during the second peak holiday season (at about $95 during November).

Table VI-2
Competitive Set - Seasonal Characteristics

2003	Occupancy	ADR	RevPar
January	14.5%	$101.76	$14.79
February	24.0%	$92.66	$22.22
March	44.3%	$81.24	$36.00
April	47.7%	$91.72	$43.71
May	61.1%	$95.39	$58.33
June	69.8%	$111.16	$77.58
July	76.2%	$115.93	$88.30
August	69.6%	$115.64	$80.46
September	62.9%	$103.06	$64.88
October	72.9%	$103.44	$75.39
November	76.6%	$94.46	$72.31
December	47.7%	$95.90	$45.72

Source: Smith Travel Research, Economics Research Associates

Description of Competitive Set

Chateau on the Lake: This property is a 301-room hotel overlooking Table Rock Lake, about eight miles southwest of the Branson Landing site. It is one of the few full-service hotels in the area and is owned and operated by John Q. Hammons. The hotel, which opened in 1997, has 43,500 square feet of meeting space (the largest concentration of meeting space of competitive hotels in the area), a full-service marina, swimming pools, a fitness center, tennis courts, a salon, and a children's playground. Dining options include the Chateau Grille, Atrium Café and Wine Bar, the Sweet Shoppe, and the Library Lounge (seasonal entertainment). The largest contiguous conference space configuration is 32,000 square feet. There are currently plans to build an 8,500 square foot spa in order to both expand and retain the group component. Hammons has proposed a condominium/hotel project for a site adjacent to the existing hotel. The project is planned to include two bedroom condominiums which would also be included in a nightly rental pool. Due to the high quality of the facility, Chateau on the Lake has one of the highest average daily rates in the area. Although occupancy has been fairly stable in recent years, ADR has continued to rise.

About 65 percent of business at Chateau on the Lake is group related. The largest percentage of group business is group corporate, followed by association, and SMERF (social, military, educational, religious, fraternal). Management continues to market to expand the group corporate business. Some associations are reportedly deterred by the high cost of flying to the Branson area. Prior to construction of Chateau on the Lake, Branson lacked large conference space for association meetings. Sometimes part of groups using meeting space at the Chateau on the Lake stay at less expensive hotels in Branson, although contract clauses can prevent this practice.

Radisson: The 472-room Radisson is located along Highway 76, about three miles west of the Branson Landing site. The hotel was converted from a Crowne Plaza to a Radisson in 1998, downsizing the number of rooms from 497 to 472 in order to add meeting space. The hotel includes indoor and outdoor pools; two restaurants; 16,000 square feet of meeting space; a lounge; a whirlpool and sauna; and, an exercise room.

About 45 percent of demand at the Radisson is group business and approximately 25 percent is attributable to motor coach travel. Motor coach business peaks during the months of October and November, with occupancy slowing down after mid December. SMERF groups account for the largest percentage of group room nights. The largest growth in group business has been in military related group business. Student travel has also been an important component of demand – filling room nights during the slow season (December, January, and February).

Both occupancy and ADR have been increasing recently. In the past, ADR had been held stable in order to maximize occupancy levels. In order to remain competitive, the Radisson is undergoing a $2.5 million soft goods renovation (carpets, beds, lobby, new nautilus equipment).

Big Cedar Lodge: Located approximately 10 miles south of the Branson Landing site, the property was purchased in 1988 by Johnny Morris (Bass Pro Shops), at which time significant renovations were made to the property. The lodge includes 244 units, approximately 10,000 square feet of meeting space, and three restaurants/bars (Devil's Pool Restaurant, Truman Smoke House, and Buzzard's Bar). Other facility amenities include an outdoor swimming pool, fitness center, spa, full-service marina, stables, playground, trails, miniature golf, and access to the Top of the Rock golf course and restaurant. The resort includes numerous private cabins, with many sited adjacent to Table Rock Lake. Big Cedar Lodge and Chateau on the Lake are considered the top facilities in the market.

Approximately 75 percent of the business at Big Cedar Lodge is repeat or referral. The market segmentation at the lodge is approximately 70 percent individual and 30 percent group. The Lakeside cabins are the newest addition to Big Cedar Lodge, with 50 additional units completed in 1998. The Falls Lodge opened in 1995 with 65 guest rooms. Similar to seasonality throughout Branson, January and February are the quiet months, with the peak season occurring during the summer.

Secondary Competition:

Residence Inn by Marriott: The Residence Inn is located just off of Highway 76 near the Thousand Hills Golf Resort. The hotel includes 85 one and two-bedroom units with full kitchens. Amenities at the Residence Inn include an indoor swimming pool, exercise room, and sport court. Rates include a complimentary breakfast. The hotel was built in 1994 and is well maintained. It is estimated that groups account for approximately 10 percent of total business.

Fairfield Inn by Marriott: The Fairfield Inn by Marriott was constructed in 1994 and includes 100 guestrooms. Similar to the Residence Inn, this limited-service hotel includes an indoor pool and exercise room as well as complimentary breakfast. It is estimated that approximately 15 percent of business demand is group-related. The hotel offers moderately priced rooms in good condition.

Hampton Inn Central: The Hampton Inn Central has 113 rooms and is located near the Radisson. The Hampton Inn offers free complimentary breakfast daily. It is estimated that approximately 10 percent of demand is generated by small groups. The hotel competes on price with other limited service branded hotels in the area.

Holiday Inn Express: The Holiday Inn Express was recently renovated in 2003 and includes 121 guest rooms. Other features include an outdoor pool and free daily breakfast. Similar to other limited service hotels in Branson, approximately 10 percent of demand is group generated.

Clarion Hotel: The Clarion Hotel is also located along Highway 76 and includes 166 rooms. The hotel was recently re-opened as a Clarion Hotel (it was previously independently owned and operated). Amenities include indoor/outdoor swimming pools, an exercise room, a restaurant/lounge, and meeting space of about 4,300 square feet. Group demand is estimated at 40 percent of total demand.

La Quinta Inn: The 100-room La Quinta Inn is attached to the Music City Center Theater. The hotel includes amenities such as a business center (including 1,500 square feet of meeting space) and an exercise room. Originally operating as an independent hotel, it added the La Quinta flag in 2002. Approximately 15 percent of demand is group-related.

The Lodge of the Ozarks: The Lodge of the Ozarks is an independently owned and operated hotel with 190 guest rooms. The hotel also includes approximately 11,000 square feet of meeting space, thus group demand accounts for about 50 percent of total demand. Amenities at Lodge of the Ozarks include a restaurant, indoor pool, hair salon, gift shops, and two dinner theaters. The hotel was built in 1988 and is centrally located within the Branson entertainment district.

Comfort Inn: The Comfort Inn is included as a mid-priced limited service hotel (108 rooms). The Comfort Inn includes amenities similar to other limited service hotels – an indoor pool, sauna, meeting room, exercise room, and complimentary breakfast. Group demand is estimated at 20 percent of total room demand.

Comfort Inn and Suites: The Comfort Inn and Suites is located on Gretna Road near the Factory Shops of Branson and is one of the newest hotels in Branson (built in 2001). The 102-unit hotel includes 30 suites in addition to the 72 guest rooms. Amenities at the hotel include an indoor pool, sauna, exercise room, game room and complimentary breakfast. The majority of demand (85%) is attributable to the independent traveler.

Condominiums/Nightly Rentals

Thousand Hills Resort: Thousand Hills Resort is located adjacent to an 18-hole golf course in the center of Branson. The resort includes a mix of cabins and condominiums. Approximately 230 rooms are included as part of the nightly rental program. Amenities at Thousand Hills are numerous, including several pools, a fitness center, and tennis courts. An estimated five percent of room demand is generated by groups. Mr. Dan Reuda, a partner in the Branson Landing development team, was a principal in development of Thousand Hills.

Stillwater Resort: Stillwater Resort is located on Table Rock Lake and similar to other nightly rental programs in the area, offers one and two-bedroom condominiums in a resort setting. There are approximately 200 units available for rent at any one time. As with the other condominium projects, approximately 95 percent of demand is generated by individual travelers. Amenities at Stillwater Resort include swimming pools, boat and jet ski rental, a marina, hiking, tennis, and volleyball.

Fairfield Branson Resort: Fairfield Resorts includes three separate properties: The Falls, Mountain Vista, and The Meadows properties. Among the properties, there are an estimated 200 units operating in the nightly rental program. Units included in the rental program are primarily one and two-bedroom condos. Amenities are numerous at the various properties and include swimming pools, tennis, golf, boating, picnic areas, and playgrounds. It is estimated that most of the demand at Fairfield Resorts is driven by the individual traveler.

Other Branson Hotels

Other significant hotels in Branson include the 425-room Days Inn, 345-room Howard Johnson, 165-room Best Western Centerpoint, 210-room Branson Towers, and two other Best Western hotels. These were not selected for the competitive set because they do not report data to Smith

Travel, or because of a lower rate structure, smaller size, lack of meeting rooms, or distance from the subject site.

Segmentation

In order to better understand potential market demand for the new hotels at Branson Landing, ERA looked at segmentation within the identified competitive set (results are presented in the following table). For the majority of hotels within the competitive set, individual travelers provide the dominant form of market demand, accounting for an estimated 71 percent of total occupancy.

Group demand includes large convention and association meetings as well as SMERF groups. SMERF groups are typically sensitive to price, and currently account for a substantial portion of group business in Branson. Group business has been subdivided into three categories. The convention category includes seminars, trade association shows, and larger conventions of the type that might be targeted by the proposed convention center. Large association and convention delegates typically stay longer and are less price-sensitive than SMERF groups. The high-end and moderate-price group segments include smaller meetings, corporate events, and seminars. The two subgroups are distinguished by their willingness to pay for accommodations and amenities. The high-end groups will be attracted to the higher-rate lodging such as Chateau on the Lake while the moderate groups will favor the numerous limited-service hotels included within the competitive set.

Leisure travelers account for the great majority of individual travelers to the Branson area. Leisure travelers are typically price sensitive, although some of the properties within the competitive set attract a more affluent and less price sensitive traveler (e.g. Big Cedar Lodge, Chateau on the Lake, and condominium resorts).

Table VI-3
Competitive Set - Estimated Segmentation

	Individual/ Leisure	Group		
		Convention	High-End	Moderate
Radisson	55%	20%	10%	15%
Chateau on the Lake	35%	20%	45%	0%
Big Cedar Lodge	70%	15%	15%	0%
Fairfield Inn by Marriott	85%	0%	0%	15%
Hampton Inn Central	90%	0%	0%	10%
Holiday Inn Express	90%	0%	0%	10%
Residence Inn by Marriott	90%	5%	0%	5%
Clarion	60%	10%	0%	30%
La Quinta Inn	85%	0%	0%	15%
Fairfield Resort	95%	0%	5%	0%
Thousand Hills Resort	95%	0%	5%	0%
Stillwater Resort	95%	0%	5%	0%
Lodge of the Ozarks	50%	10%	20%	20%
Comfort Inn	80%	5%	0%	15%
Comfort Inn and Suites	85%	0%	0%	15%
Market Segmentation	71%	9%	11%	9%

Source: Various hotels, Economics Research Associates

Operating Characteristics for Selected Convention Center Hotels in Other Markets

In order to better understand trends in performance at convention center hotels adjacent to convention centers, ERA considered hotel occupancy and pricing at convention center hotels in mid-sized markets across the country. Specifically, we looked at average occupancy, ADR, RevPar, and demand for six convention center hotels located in mid-sized markets (Marriott in Chattanooga, Tennessee; Wyndham in Palm Springs, California; Austin Hotel in Hot Springs, Arkansas; Westin in Savannah, Georgia; Hyatt in Wichita, Kansas; and the Sheraton in Overland Park, Kansas). While there are similarities between these hotels and the proposed Branson Landing convention hotel, and while Savannah, Palm Springs, and Hot Springs are tourist-oriented markets, the local residential populations of these six markets are far greater than for Branson. The data are based on research provided by Smith Travel.

Chattanooga Marriott at the Convention Center: The Chattanooga Marriott is located in the downtown business district and connected to the Chattanooga Convention Center. The hotel opened in 1985 and includes 342 hotel rooms over 16 floors. Meeting facilities include 11 meeting rooms, or a total of 7,512 square feet of usable space (including the Plaza Ballroom). Other amenities include heated indoor/outdoor pools, sauna, a concierge level with a private club, and the Terrace restaurant.

Wyndham Palm Springs Hotel: Opened in 1987, the Wyndham Palm Springs is directly linked to the Palm Springs Convention Center. The five-story hotel has 410 guest rooms, including 158 suites. Meeting space facilities include 16 event rooms (30,000 square feet), with event rooms ranging in size from 529 square feet to 12,571 square feet. Other hotel amenities include a restaurant (Café Jardin), health club, outdoor heated pool, sauna, and spa.

Austin Hotel: The Austin Hotel is located in Hot Springs National Park in Arkansas and is connected to the Hot Springs Civic and Convention Center and new Summit Arena. The 14-story hotel opened in September of 1986 and includes 200 hotel rooms. Amenities at the Austin Hotel include a full-service spa, southern style restaurant, and a heated indoor/outdoor pool and hot tub. The hotel also has eight meeting rooms, with theater seating for up to 800, classroom seating for a maximum of 375, and banquet seating for up to 380.

Westin Savannah Harbor Golf Resort & Spa: The Westin Savannah Harbor is a 403-room hotel located on Hutchinson Island next to the Savannah River. The hotel, which opened in December of 1999, is located adjacent to the Savannah International Trade and Convention Center. Guests staying at the hotel can also play golf at an 18-hole championship golf course or use facilities at the Greenbrier Spa. Other amenities include a restaurant and lounge, riverside Jacuzzi, cabanas, heated pool, tennis courts, and a 400 foot deepwater dock for fishing excursions. Meeting facilities include an 11,500 square foot ballroom, an 8,000 square foot deck overlooking the golf course, a smaller 3,400 square foot ballroom, and the 6,000 square foot harbor front lawn.
Hyatt Regency Wichita: The 303-room Hyatt Regency Wichita is connected to the Century II Performing Arts and Convention Center. The Hyatt Regency is located four blocks from historic Old Town and waterfront museums. Among the hotel amenities are two restaurants, a cigar lounge, health club, and indoor pool. In addition to the convention center facilities, the hotel has 23 meeting rooms, including three separate ballrooms. The Hyatt's Grand Eagle Ballroom is the largest in the city.

Sheraton Overland Park Hotel at the Convention Center: The 412-room Sheraton Overland Park Hotel is the newest among the convention center hotels analyzed – opening in November of 2002. Country Club Plaza, a successful outdoor retail center, is located within 20 minutes of the hotel. Other amenities include a restaurant, indoor pool, and exercise facility. The 12 meeting rooms located on site range in size from 493 square feet to 10,800 square feet.

Operating Trends

In 2004, the average occupancy for the selected set of convention center hotels was 64.0 percent, with an ADR of $113.79 and RevPar of $72.86. After declines in 2001 and 2002, occupancy, ADR, and RevPar all increased significantly in 2003, with a larger increase in 2004 in part as the Sheraton Overland Park established itself in the market. Supply increased significantly in 2000,

and again in 2003, with the addition of the Westin Savannah Harbor Golf Resort in December of 1999, and the opening of the Sheraton Hotel Overland Park in November of 2002.

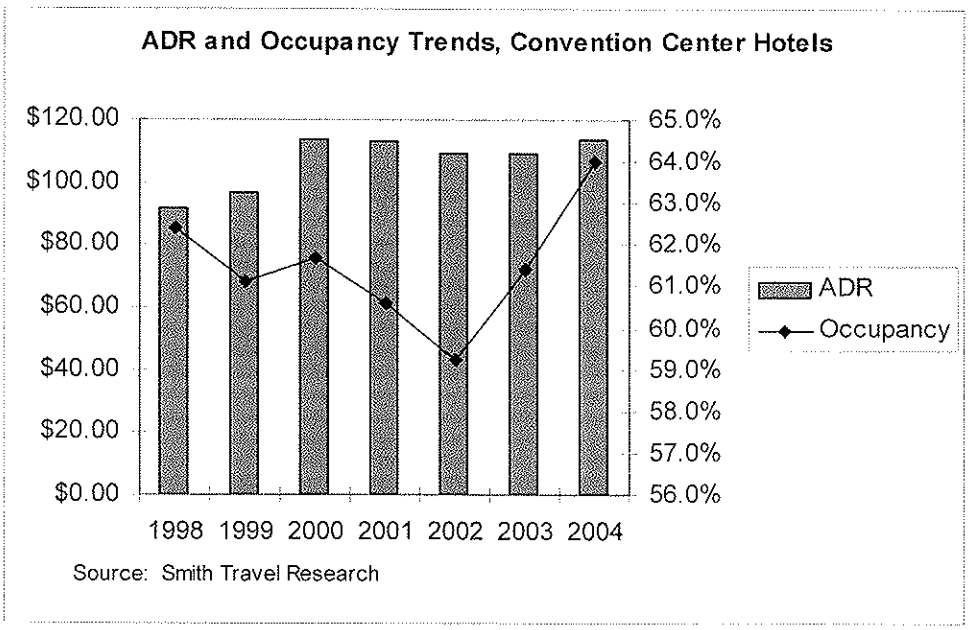
Table VI-4
Operating Characteristics, Selected Convention Center Hotels

	Occupancy	Ave. Annual % Change	ADR	Ave. Annual % Change	RevPar	Ave. Annual % Change	Supply	Ave. Annual % Change	Demand	Ave. Annual % Change
1998	62.4%	--	$91.39	--	$57.02	--	458,075	--	285,781	--
1999	61.1%	-2.1%	$96.65	5.8%	$59.10	3.6%	470,568	2.7%	287,750	0.7%
2000	61.7%	1.0%	$113.55	17.5%	$70.08	18.6%	605,170	28.6%	373,511	29.8%
2001	60.6%	-1.8%	$112.94	-0.5%	$68.43	-2.4%	605,170	0.0%	366,652	-1.8%
2002	59.2%	-2.3%	$109.44	-3.1%	$64.81	-5.3%	630,302	4.2%	373,284	1.8%
2003	61.4%	3.7%	$109.44	0.0%	$67.15	3.6%	755,550	19.9%	463,631	24.2%
2004	64.0%	4.2%	$113.79	4.0%	$72.86	8.5%	755,550	0.0%	483,753	4.3%

Note: Hotels included in above trends:
Marriott Chattanooga Convention Center
Wyndham Hotels Palm Springs
Austin Hotel and Convention Center (Hot Springs, AR)
Westin Savannah Harbor Golf Resort
Hyatt Regency Wichita
Sheraton Hotel Overland Park Hotel and Conference Center

Source: Smith Travel Research, Economics Research Associates

As illustrated below, occupancy and ADR for the convention center hotels began to slip from 2000 to 2001, falling even further after the events of September 11th and the general downturn in the tourism industry. However, occupancy levels for the six hotels have been increasing since 2002. The average daily rate did not increase from 2002 to 2003, most likely reflecting an attempt to increase occupancy levels. The current ADR has returned to a level not seen since the year 2000.



Seasonality patterns for the six hotels are reflected in the following table. Occupancy, ADR and RevPar appear to peak during the spring months (March and April) and than again during the fall (October), reflecting the seasonal pattern of convention activity. In 2004, occupancy also peaked again in July, but this appears to be an anomaly given July occupancy levels in previous years. The months of January and December appear to be the slowest.

Table VI-5
Seasonality, Selected Convention Center Hotels

2004	Occupancy	ADR	RevPar
January	55.3%	$115.32	$63.78
February	62.2%	$116.96	$72.80
March	70.0%	$126.61	$88.62
April	72.9%	$123.73	$90.19
May	67.0%	$115.02	$77.01
June	66.8%	$114.66	$76.54
July	72.9%	$99.77	$72.75
August	57.6%	$97.33	$56.09
September	62.5%	$106.00	$66.21
October	70.1%	$120.22	$84.32
November	64.5%	$118.71	$76.61
December	46.7%	$107.00	$49.92

Source: Smith Travel Research, Economics Research Associates

National Sample Trends

These data from the selected sample of mid-market convention hotels can be compared with statistical information of hotel operations compiled by PKF Consulting, that indicated a 2003 occupancy rate of slightly over 68 percent for a sample of national convention hotels, with an ADR close to $150. This sample includes hotels in major urban markets, which would command substantially higher ADR's than those in smaller city markets. These data also indicate a substantial decline in occupancy rate and ADR from the peak in 2000 to low points in 2002.

Projected Occupancy Rates

As derived previously in Section IV of this report, attendees at events during the first year of convention center operations are estimated to directly require approximately 83,562 room-nights annually. Once the convention center has achieved stabilized operation, demand for 134,856 room-nights annually is projected. After adjusting for the fact that a portion of this hotel occupancy by convention center event attendees will not represent net new visitation to Branson, and that about 20 percent of visitors will extend their stay beyond the duration of their convention or event attendance, a net new demand for approximately 116,200 room-nights annually is projected at stabilization. The convention center hotel will enjoy a substantial competitive advantage for accommodating this projected demand, based on its location and marketing

orientation. The boutique hotel and condominium hotel will also benefit from their proximate locations as well as from proposed common management by Hilton. However, a substantial portion of this generated demand will be accommodated by other lodging in Branson, for the following principal reasons:

- Some events are projected to require more rooms than the total 513 rooms provided within the project. Also, management will presumably be unable to block out 100 percent of rooms for a single large event, especially for the condominium and boutique hotel.
- The hotels within the project are projected to compete within the higher priced ranges of the Branson market. Branson includes a large inventory of economy hotels with rooms available in the $30 to $60 range, and a significant portion of the SMERF market and other price-conscious segments of the meetings market will prefer to shuttle or drive to lower-priced accommodations.
- A significant portion of the market will prefer other hotel properties based on historical experience, membership in brand-affiliated plans, and other personal preferences.

In addition to new demand proposed to be generated by the convention center, the three hotel properties will compete for a share of the existing visitor market, including anticipated future growth in the visitor market. The following projection of occupancy and rate levels is based on the assumption that all hotel properties will contain an array of amenities and common areas as well as room and furnishings quality to compare favorably with similarly priced competition in the local market. The new hotels should realize a competitive advantage from the anticipated attractive surrounding environment of the Branson Landing waterfront complex. Compensating for these anticipated competitive advantages are the project's location some distance from the showrooms and other existing commercial attractions of Branson, and lack of an outdoor pool complex at the boutique and condominium properties.

The hotel will compete primarily within the competitive set of 14 properties with approximately 2,732 rooms, defined previously. As shown below, at a projected 2004 occupancy rate of 58.5 percent for the reporting approximately 2,012 rooms, and including an estimated 50 percent average occupancy for the four properties not reporting (720 rooms, one resort, and three properties with timeshare units available for overnight occupancy), a total existing competitive utilization of approximately 561,000 room-nights is estimated.

Competitive Set Utilization	Room-Nights
Reporting Sample – 2,012 Rooms @ 58.5%	430,000
Not Reporting – 720 Rooms @ 50% est.	131,400
Total Estimated 2004 Utilization	**561,400**

Table VI-6 derives a projection of occupancy rates for the combined three proposed hotels, utilizing a market share approach. As outlined previously in this section, conferences, conventions, other meetings, and group business currently accounts for about 29 percent of room demand within the competitive set of hotels, with individual travelers accounting for the balance. The first line in the table divides current competitive set utilization accordingly, with an estimated 162,800 room-nights in the group category, and 398,600 in the individual, primarily leisure traveler category.

Table VI-6
Projected Occupancy – Branson Landing Hotels

	Group Business	Leisure Travelers	Total
Competitive Set Room Nights – 2004	162,800	398,600	561,400
Competitive Set Room Nights – 2010 1/	179,000	438,500	617,500
Convention Center Additional Generated 2/	83,660	20,920	104,580
Projected Room Nights – 2010	262,660	459,420	722,080
Branson Landing Share /3	18.3%	14.7%	---
Branson Landing Room Nights	48,100	67,500	115,600
Resulting Occupancy of 512 Rooms	25.7%	36.1%	61.8%

1/ With 10% market growth.
2/ 116,200 net new room nights, including 20% for extended leisure stays. Assuming 90% are captured by the competitive set.
3/ 512 rooms is 14.7% of total competition of 3,494 rooms. Branson Landing has 25% advantage for group business.

Section IV of this report set forth projections that overnight tourism to Branson would increase by approximately 10 percent over current levels by 2010, in addition to new attendees drawn to convention center events. This growth is forecast based on expected increase in origin area populations, and from the anticipated attraction of the Branson Landing development and other ongoing new attraction development in the Branson area. Reflecting this projected increase, the second line of Table VI-6 shows the current room-nights for the competitive set, brought forward to 2010 levels at the expected 10 percent growth rate.

The third line in the table allocates the new demand expected to be generated by the convention center. As noted previously, convention center attendees will generate approximately 116,2000 new room-nights, of which an estimated 20 percent are for extended recreational stays before and after convention activities. Assuming that 90 percent of these generated room-nights will be captured by the hotels in the competitive set, this would indicate an additional 83,660 room-nights in the group activity column, and an additional approximately 20,920 room-nights in the leisure activity column.

The defined competitive set of hotels contains 2,732 rooms, to which the proposed properties at Branson Landing will add 512 rooms. As discussed previously, it is probable that other hotel properties will be developed and in operation well prior to 2010. Allowing 250 rooms for other

new hotels that may be developed, a future competitive set of 3,494 rooms would be defined, with the Branson Landing rooms comprising 14.7 percent of this competitive set.

On a simple "fair share" basis, the Branson Landing hotels would be expected to capture approximately 14.7 percent of the projected room-nights within the competitive set. However, the convention center hotel, and to a lesser extent the other Branson Landing properties, will enjoy a significant competitive advantage for capture of the group business segment. The center portion of the table projects the estimated capture of room-nights by the combined Branson Landing hotels, assuming that the hotels achieve a proportional fair share capture of the leisure segment, and enjoy a 25 percent competitive advantage in the group segment, yielding 18.3 percent capture of group business (14.2% x 1.25 = 18.3%). These assumptions yield a projection of 48,100 room-nights from the group segments, and 67,500 room-nights from the independent traveler segment, for a total of 115,600 room-nights in the first stabilized year for the Branson Landing hotels.

115,600 room-nights applied to 512 rooms yields an average annual occupancy rate of 61.8 percent. Also, note that the 48,100 room-nights from the group segment represent approximately 46 percent of the projected net new demand generated by the convention center.

The following table presents an allocation of room-nights by basic demand source among the three proposed hotel properties. The convention center hotel, because of its adjacency and marketing focus, will capture the bulk of the group demand, which is projected to generate approximately 58 percent of total occupancy at the convention center hotel. Group business is projected to account for approximately 26 percent of activity at the boutique hotel, and less than 20 percent for the condominiums.

Table VI-7
Room Nights by Hotel and Type

	Share of Occupancy		Room-Nights			
Hotel	Meetings/ Groups	Individual/ Leisure	Meetings/ Groups	Individual/ Leisure	Total	Occupancy Rate
Convention Center	58%	42%	37,500	26,800	64,300	66.0%
Boutique	26	74	6,300	17,900	24.200	65.0
Condominium	16	84	4,300	22,800	27,100	52.0
Total	42%	58%	48,100	67,500	115,600	61.8%

Based on these allocations, occupancy rates at stabilization are projected at 66 percent for the convention center hotel, 65 percent for the boutique hotel, and 52 percent for the condominium complex.

The lower occupancy rate of the condominium segment is consistent with the typical performance of condominium hotels compared with conventional hotels. The lower usual occupancy at condominiums is a result of several factors, including displacement from paying occupancy by unit owners, higher room rates reflecting larger unit sizes, and operating practices of management.

It should be noted that the actual percentages will in significant part be determined by booking policies of the hotel managers and by the success of the convention center, and will also depend upon the success of the hotels in attracting independent travelers and internally generated group business. If the boutique and condominium hotels are successful in achieving high occupancy at higher rate individual traveler business, management may be unwilling to block out rooms for convention center events at lower rates.

Occupancy of the proposed hotels could also be projected based on direct comparison with existing competition and comparables. As summarized below, the 10 reporting competitive hotels are operating at a current rate of about 58.5 percent, with an increasing occupancy trend. As a new property, and benefiting from adjacency to the convention center, it is reasonable to anticipate that they would operate at an overall occupancy rate above this existing older competition. While the proposed hotels represent almost a 20 percent increase to the defined competitive inventory, it is less than a 3 percent increase to the total Branson area hotel volume.

Table VI-8
Comparative Occupancy Rates

Competitive Set – 10 hotels, approximately 2,000 rooms	58.5%
National Small Market Convention Center Hotels	64.0%
All Reporting Branson Hotels	49.0%

In summary, the convention center and boutique hotels are projected to operate at an occupancy rate above the average reported of the competitive set, consistent with the selected national mid-market models, but well above the reported average for the overall Branson inventory, which contains a number of older and independent properties.

Projected Average Daily Rate

In order to estimate the average daily room rate for the various properties, we analyzed historical rates achieved by the proposed competitors, the published rate structures currently in place at the competitive hotels, and the appropriate rate positioning of the new hotels relative to the competitive supply. The average daily rate is defined as total room revenues divided by the number of rooms sold over a defined period of time. The average daily rate is impacted by the

various rates offered throughout the year, including discounted rates for certain groups of commercial travelers, contract rates for high volume users such as bus tours, and complimentary rooms for certain important guests. The average daily rate is also influenced by seasonal variations in room rates.

The following table presents published rates for typical rooms at selected higher end properties in the Branson competitive set and for two resorts at Lake of the Ozarks. ADR is often far lower than average published rates due to discounting.

Table VI-9
Published Rates of Selected Competitive Hotels

	Low Season	High Season
Chateau on the Lake		
Standard Room	$ 89-149	$149-169
Traditional	$109-179	$170-199
Big Cedar, Valley View Lodge		
Standard, Double/Queen	$ 79-129	$129-149
Two Bedroom, Kitchenette	$159-219	$219-259
Radisson		
Standard Room	$ 74	$ 86
Suite	$112	$121
Lodge of the Ozarks		
Double/Queen	$62	$79
Comfort Inn		
Standard, 2 Queen Beds	$67	$97
Thousand Hills Resort		
1 Bedroom/1 Bath Condo	$109	$139
2 Bedroom/2 Bath Condo	$139	$189
Tan Tar A, Resort Complex		
Standard Room, Non-Lake View	$ 80-100	$134-154
1 Bedroom Unit, Lake View	$110-150	$169-219
2 Bedroom Unit	$200-230	$309-359
Lodge of the Four Seasons, Lodge		
Main Lodge, North Atrium	$109-129	$189-209
Executive Suites	$175-198	$175-295

Source: Various hotel internet sites, Economics Research Associates.

As reflected below, average daily rates as estimated range from over $65 for the Radisson to around $200 for Big Cedar Lodge, a full-scale resort. Chateau on the Lake and condominium resorts achieve estimated average daily rates of between $120 and $145. In 2003, the competitive set of hotels reported an ADR of $102, with ADR generally decreasing since 2000, at which time year-end ADR was reported at $103.83 (although ADR increased slightly in 2003).

Table VI-10
Estimated Average Room Rates, Top Competitors

	Estimated Average Daily Rate
Big Cedar Lodge	$180-220
Chateau on the Lake	120-145
Radisson	60- 75
Condominium Resorts	130-145
Average	*$138*
Competitive Set, Year end 2003	$102

Source: Smith Travel Research, Economics Research Associates

The proposed convention center hotel is expected to offer a competitive product, although one of a slightly different character and service level compared to the competition. We estimate that the new convention center hotel will enter the market at an ADR below Chateau on the Lake and the condominium resorts, thereby better penetrating all market segments and maximizing RevPar. Accordingly, we estimate an ADR of $115 (in 2004 dollars). Assuming an inflation rate of 2 percent, ADR is estimated at $132 during the fifth year of operations (2011).

The boutique and condominium hotels will enter the market at an average daily rate similar to the condominium resorts and Chateau on the Lake as they will offer a more upscale/unique character relative to much of the hotel supply existing in Branson today. Since the condominium hotel units will offer full-suite guestrooms, we have assumed that the pricing will be slightly higher than that for the boutique hotel. Thus, we have estimated an ADR of $135 for the boutique hotel and $145 for the condominium hotel (both in 2004 dollars).

Table VI-11
Forecast Average Daily Rate, Proposed Hotels

	Average Daily Rate		
	Convention Center Hotel	Boutique Hotel	Condominium Hotel
2006	--	$140	$151
2007	$122.04	$143	$154
2008	$124.80	$146	$157
2009	$126.97	$149	$160
2010	$129.50	$152	$163
2011	$132.10	$155	$167

Note: Assumes inflation rate of 2% annually.

Source: Economics Research Associates

Food and Beverage Sales

Convention Center Hotel

The convention center hotel is planned to include a 120-seat restaurant including full bar, plus a coffee shop with 30 seats, which will include an outdoor seating area for up to 60 additional persons. Total building area allocated to these food service functions is approximately 10,000 square feet. In addition, there will be three meeting rooms and two board-type meeting rooms comprising a total of 1,500 square feet, in addition to the adjacent convention center.

Food and beverage service from the convention center hotel will include restaurant and bar sales, room service and poolside service, as well as catered functions at the in-house meeting rooms. Additional food and beverage service to be provided within the convention center is calculated separately in the preceding convention center Section V, and is estimated at $2,401,000 at stabilization.

Projected food and beverage sales at the convention center hotel have been considered on three approaches – as a percentage of room revenue, sales per square foot, and sales per occupied room.

The basic method is as a percentage of room sales. Total food and beverage revenues within the hotel are calculated at 28 percent of room revenues. This generates a projection of $2,332,000 of sales in the stable year of 2010. This can be compared to results for a sample of national convention center hotels as referenced previously in this section. For 2003, food and beverage sales averaged approximately 52.5 percent of room revenues for the sample which included some which provided catering within adjacent convention centers, some which owned and served their own convention facility, and others which were adjacent to separately catered facilities. The food and beverage percentage was relatively similar among samples of convention hotels of different sizes and geographic locations. For those convention hotels in the $100 to $140 average room rate group, the food and beverage ratio was 54 percent.

In the previous section, projected food and beverage sales within the convention center itself were projected at stabilization at $2.4 million, and it is forecast that guests of the convention center hotel will account for well under half of food and beverage sales at the convention center. Adding the total projected sales at the convention center to the projections for within the hotel yields total food and beverage sales of approximately $4.73 million at stabilization, equivalent to approximately 57 percent of hotel room revenues.

Hotel restaurants typically under-perform freestanding chain restaurants in terms of sales performance per square foot. Applying projected food and beverage sales of $2.33 million to the estimated indoor seating area of 10,000 square feet, adjusting for inflation, would indicate a current dollar sales level of approximately $211 per square foot, or well under $200 per square foot if room service and other in-hotel catering is excluded.

Projected stable year food and beverage sales equate to a factor of $32.80 per occupied room, in terms of 2005 dollar values. Assuming that non-hotel guests would account for 30 percent of hotel food and beverage sales, at a factor of 1.7 persons per occupied room, this would equate to an expenditure rate within the hotel facilities averaging approximately $14 per person per day.

Projected at 28 percent of room revenue, total food and beverage sales grow with increasing occupancy rate and inflation, from $1.7 million in the first year of operation to $2,332,000 million at stabilization in 2010.

Boutique/Condominium Hotel

The boutique/condominium hotel is planning to include approximately 11,000 square feet of food and beverage space, including a "Liberty Tavern" themed restaurant and bar with 165 seats, three private meeting and banquet rooms totaling 1,500 square feet, and 1,500 square feet of outside street-front café area, for about 50 persons. The restaurant will be internally accessible to hotel guests, but will be oriented to the street and will be marketed to compete with the numerous restaurants planned for the retail complex. Since the boutique/condominium hotel is projected to operate at significantly higher daily rates than the convention center hotel, per capita spending would be expected to be higher, and the restaurant should draw a substantial percentage of patronage from non-hotel guests. Also, a much smaller percentage of guests at the boutique/ condominium hotel will be having food and beverage at convention center events, and resort hotels typically have a slightly higher food and beverage percentage than convention hotels. However, boutique/condominium hotel patrons will be in close proximity to the restaurants in the retail complex, and 76 of the rentable units will be condominium suites with kitchens, which will tend to reduce per-unit spending.

Food and beverage sales for the combined boutique/condominium hotel, including all catering and related charges, are projected at 32 percent of room revenues. This yields a value of approximately $2.5 million at stabilization in 2010 dollars.

Adjusting for projected inflation, this would yield a current sales ratio of $207 per square foot applied to the 11,000-square-foot service area. If the hotel restaurant is effectively executed and operated, it could perform substantially above this level, although any such increase would be largely drawn from projected sales at other hotels within the retail complex.

The food and beverage sales projection equates to $44.30 per occupied room-night. Assuming that non-hotel guests account for half of food and beverage revenues, at a ratio of two persons per room, this equates to a current average expenditure factor for hotel guests of $11 per person per day, with the boutique hotel expected to be slightly above this rate, and with the condominium portion slightly below because of their kitchens.

Parking Revenues

The hotels in the Branson market area offer free parking, with valet parking available at the better quality hotels. Both hotel properties at Branson Landing will be served by a combination of parking structures and lots, and in our judgment accessible free parking is expected within the marketplace. Estimated valet parking revenues at the hotels are projected based on the assumption of 0.25 cars utilizing valet parking per occupied room-night, at a current rate of $6.00 per night, yielding revenue in 2006 from the boutique/condominium hotel of $67,000 increasing to approximately $192,000 at stabilization for both hotels, including inflation. In addition, convention center parking will be operated together with hotel parking. Additional convention center parking revenues are based on the assumptions of 320,000 total attendees at stabilization, less 20 percent of convention center attendees staying at the hotels, 80 percent of others arrive by car at two persons per car, with 40 percent of these cars paying for parking at an average of $4 per day. This results in an additional projected $226,000 in parking revenues in 2010. Total parking revenue for the hotels and convention center is thus $418,000 at stabilization.

Total Revenue Projection

Room revenues and other revenue streams from the hotels are projected to build up to stabilized levels over the first four years of operation of each hotel, as the market expands and as the hotels become established in the marketplace. First year occupancy rates for the hotels are estimated on the same basic methodology employed above. The boutique and condominium hotel is projected to achieve a combined average vacancy rate of approximately 47 percent in the first year of operation starting in 2006, and achieving stabilization four years thereafter. The convention center hotel is projected to achieve 56 percent occupancy in its first year of operation starting in 2007, and achieve stabilization in 2010 at 66 percent.

Projected room and food and beverage revenues for the hotels are projected below for 2006 through 2010, based on the assumptions presented above and including the effects of 2 percent annual inflation.

Table VI-12
Projected Hotel Revenues (000)

Convention Center Hotel		Revenues – 2005 ADR of $117.30		
Year	Occupancy	Rooms	F&B	Total
2006	---	---	---	---
2007	56%	$6,660	$1,865	$ 8,525
2008	61	7,400	2,072	9,472
2009	64	7,919	2,217	10,136
2010	66	8,330	2,332	10,662

Boutique/Condominium Hotel			Revenues – 2005 ADR of $138/$148			
	Occupancy		Rooms			
Year	Boutique	Condo	Boutique	Condo	F&B	Total
2006	58%	42%	$3,033	$3,307	$2,029	$ 8,369
2007	61	46	3,254	3,694	2,223	9,171
2008	63	49	3,427	4,014	2,381	9,882
2009	65	52	3,607	4,345	2,545	10,497
2010	65	32	3,679	4,432	2,596	10,707

Combined revenues from the two properties, including valet and convention center parking revenue, is projected to increase from approximately $8.4 million in the first full year starting in 2006, and increasing to a total of approximately $21.8 million in the fully stabilized year of 2010.