



Special Use Properties

Hospitality



Appraisal Institute

Professionals Providing Real Estate Solutions



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Hotels: What Makes Them Different?

Operating Business

Unlike other classes of real estate, hotels typically contain hundreds (in some cases over one thousand) of employees. Properties are reliant on the quality of management, the brand, the employees and other factors.

No Credit

Hotels do not benefit from long-term leases or credit tenancies; the inventory is sold on a daily/nightly basis.

Compounded Complexity

The success of a hotel investment is heavily influenced by multiple parties, each of which may have competing and/or complimentary interests in the underlying property. In addition to the traditional interests of owner/sponsors, third party equity investors, and lenders, additional complexity is derived from the interests of the property manager and/or brand. These complexities can result in competing economic and operating influences that may not be common to other forms of real estate investment.

Highly Leveraged, High Fixed Cost Business:

Regardless of whether a hotel property is 10% occupied, or 100% occupied, ownership is still exposed to fixed costs.

Reliance On Other Intermediaries:

The hotel business is directly tied to uncontrollable “outside” parties including travel agents, internet sites, etc.

The Hotel Industry is a Complex and Volatile Business

Macro Overview

	1/1/2009	1/1/2011	11/1/2012	1/1/2014
Economy	Contracting	Expanding	Expanding (Slowly)	Expanding (Still Slowly)
Jobs	Declining	Declining	Increasing (Slowly)	Increasing (Still Slowly)
Consumer Spending	Declining	Expanding	Increasing	Increasing
Business Spending	Declining	Expanding	Increased (Now Stagnant)	Accelerating
Supply Growth	Accelerating	Stabilized	Muted	Accelerating (Modestly)
Room Night Demand	Declining	Growing	Record Levels	Continued Record Levels

<u>U.S. Hotel Performance</u>	2008	2009	2010	2011	2012	2013	Projected 2014	Projected 2015
Supply	▲ 2.6%	▲ 3.2%	▲ 2.0%	▲ 0.6%	▲ 0.5%	▲ 0.7%	▲ 1.2%	▲ 1.6%
Demand	▼ 1.9%	▼ 5.8%	▲ 7.8%	▲ 5.0%	▲ 3.0%	▲ 2.2%	▲ 2.3%	▲ 2.1%
Occupancy	▼ 4.4%	▼ 8.7%	▲ 5.7%	▲ 4.4%	▲ 2.5%	▲ 1.5%	▲ 1.1%	▲ 0.5%
ADR	▲ 2.7%	▼ 8.8%	▼ 0.1%	▲ 3.7%	▲ 4.2%	▲ 3.9%	▲ 4.2%	▲ 4.2%
RevPAR	▼ 1.8%	▼ 16.7%	▲ 5.5%	▲ 8.2%	▲ 6.8%	▲ 5.4%	▲ 5.3%	▲ 4.7%

Source: (Data Only) Smith Travel Research

January 2014 (12 Month Moving Average): Strongest Demand Ever

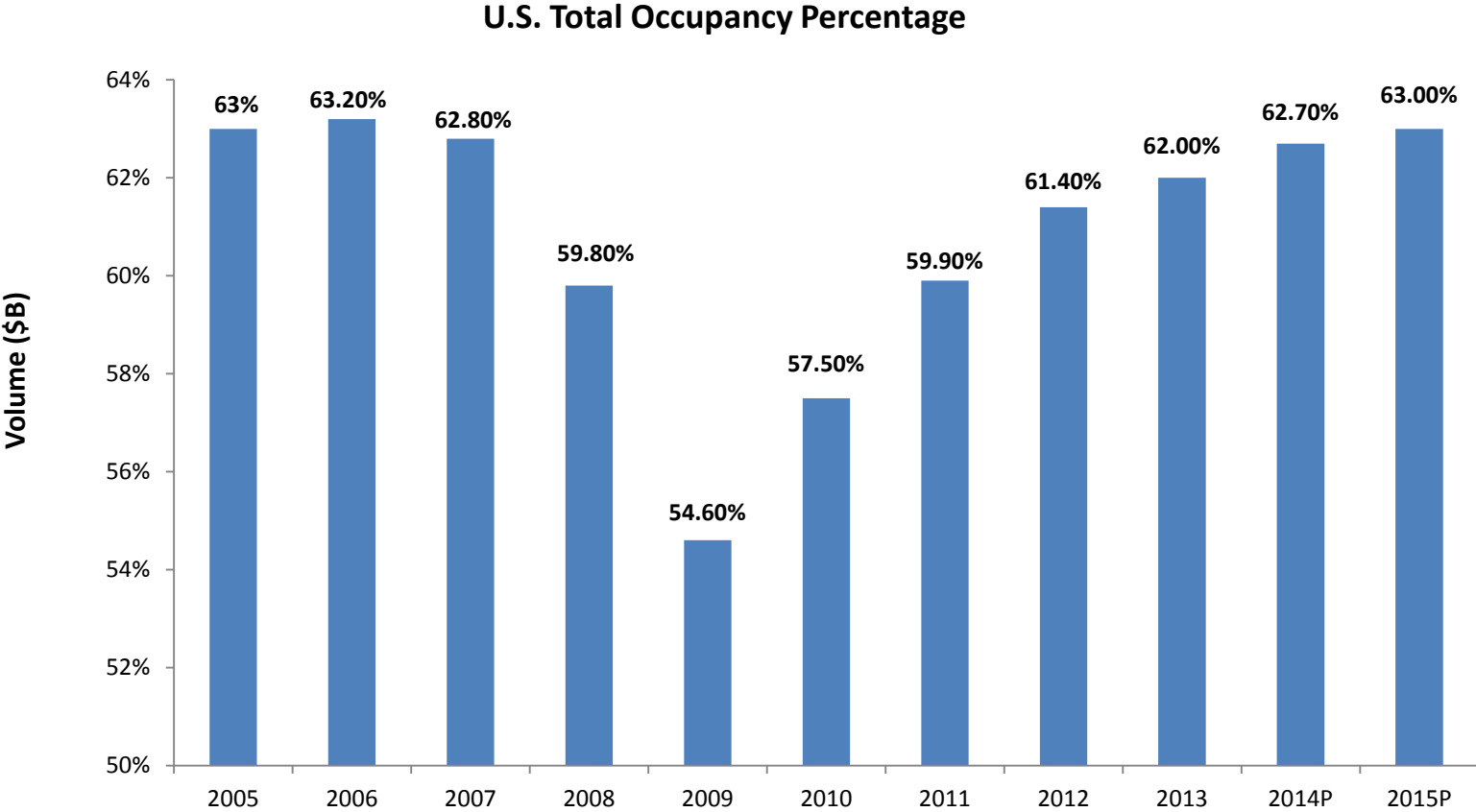
		<u>% Change</u>
• Room Supply*	1.8 bn	0.7%
• Room Demand*	1.1 bn	2.2%
• Occupancy	62.3%	1.4%
• A.D.R.*	\$110	3.7%
• RevPAR*	\$69	5.2%
• Room Revenue*	\$123 bn	6.0%

January 12 MMA, Total US Results

* All Time High

Source: Smith Travel Research

Slowly Catching Up to Prior Peaks

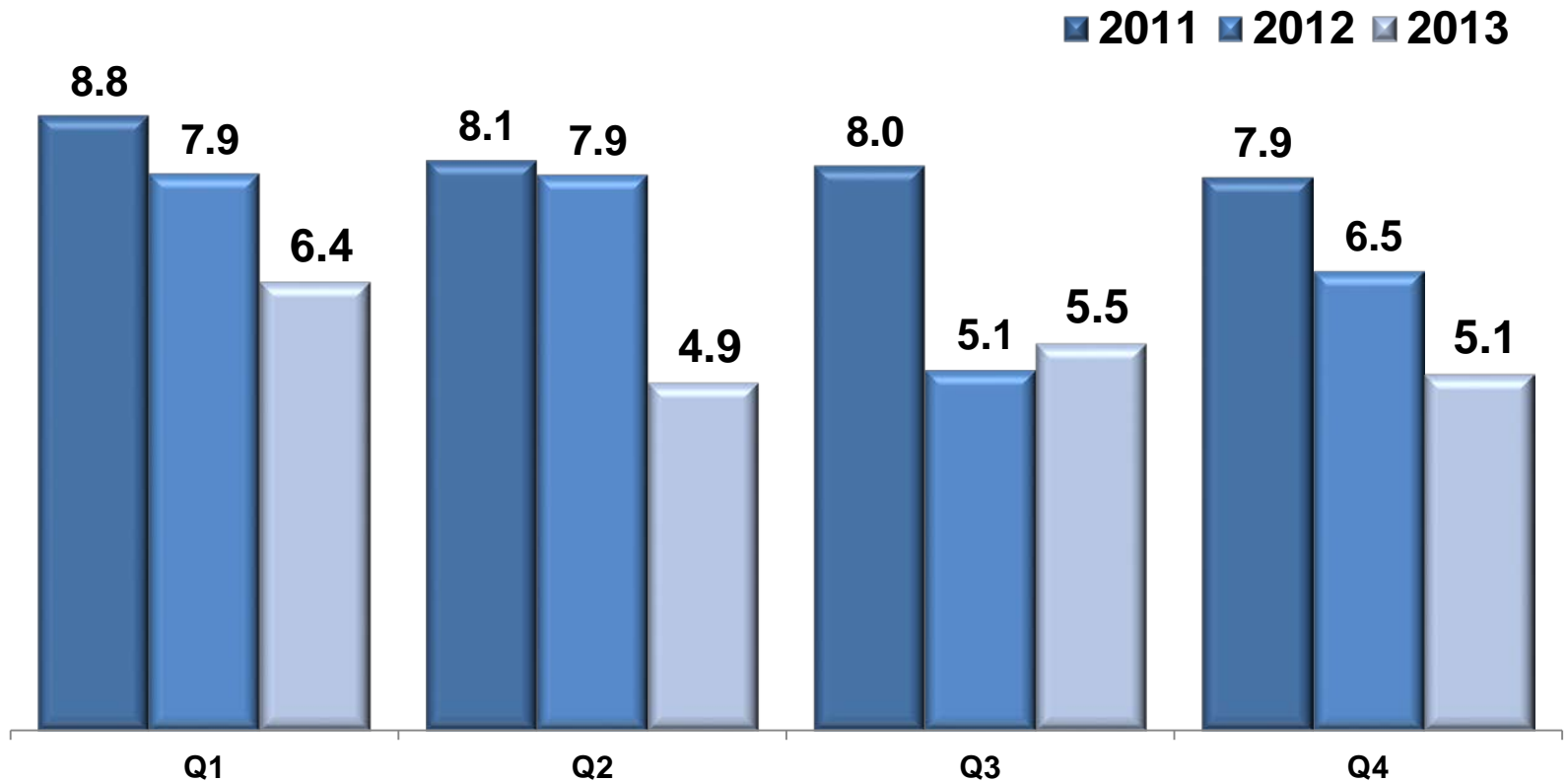


Total U.S.: Occupancy Percentage

Source: Smith Travel Research



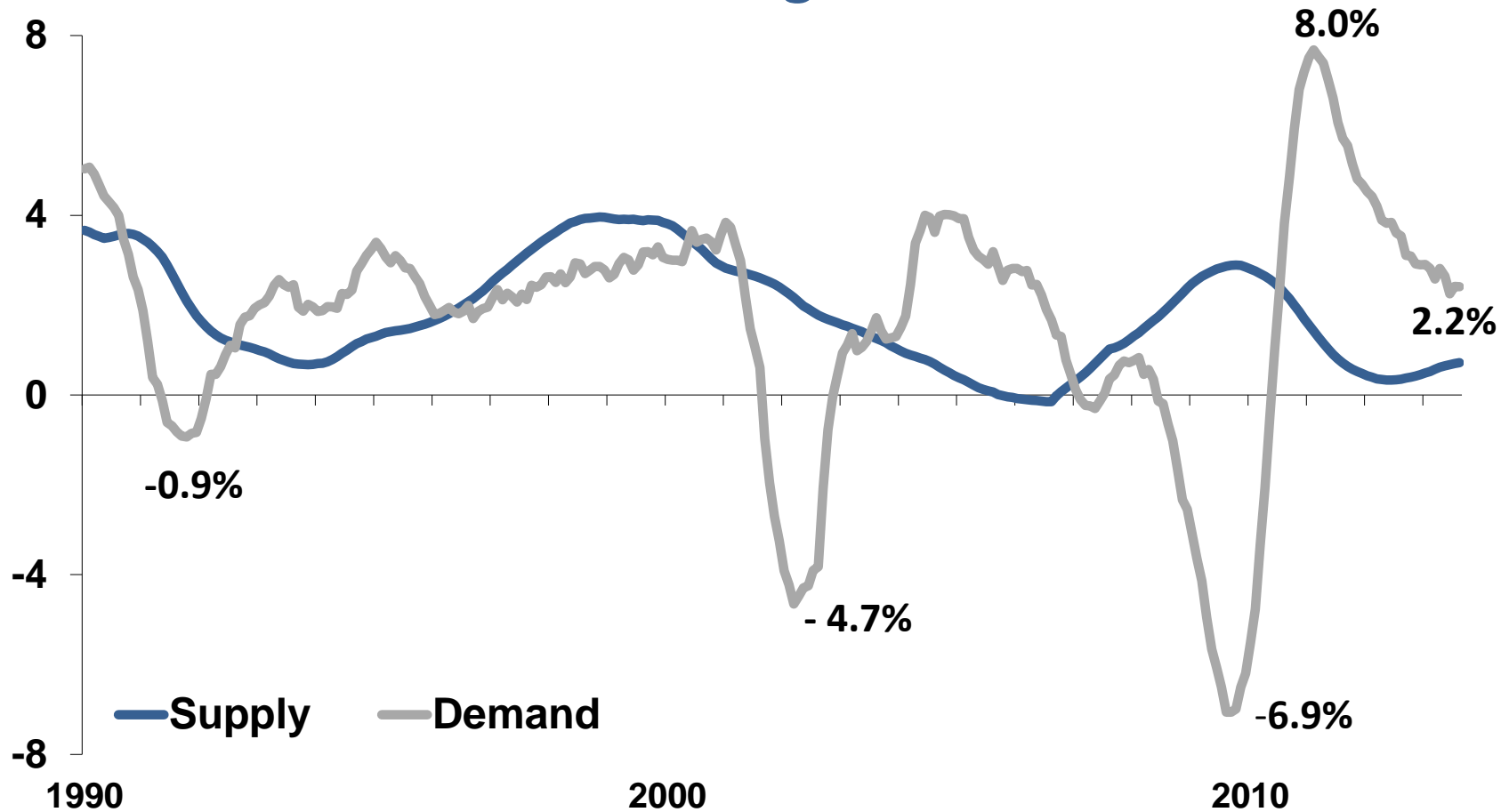
Quarterly RevPAR % Change: ADR Drives Growth



* Total US, RevPAR % Change, by Quarter, Q1 2011 – Q4 2013

Source: Smith Travel Research

Demand & Supply Move Back Towards Long Run Averages

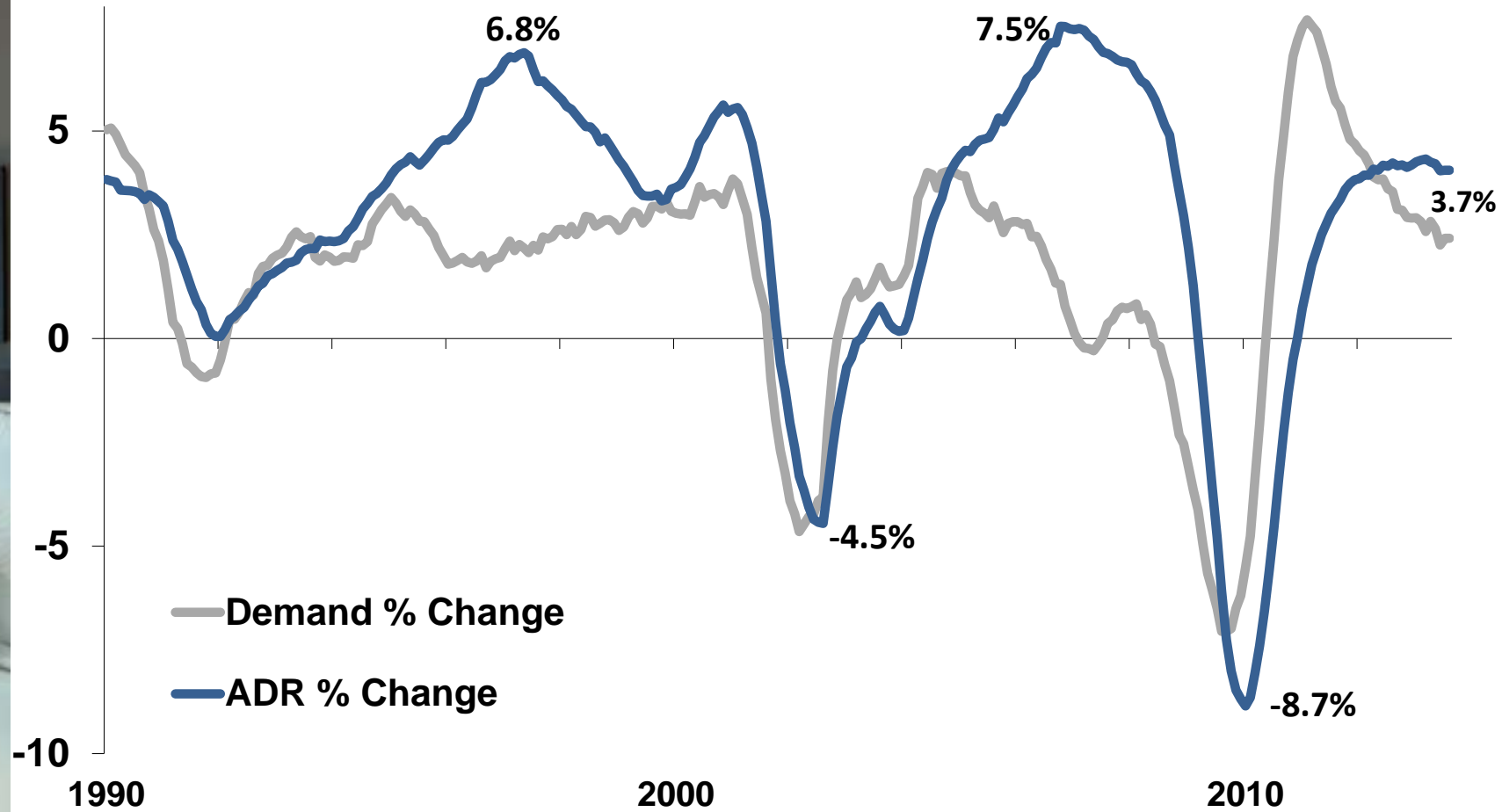


Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 1/2014

Source: Smith Travel Research



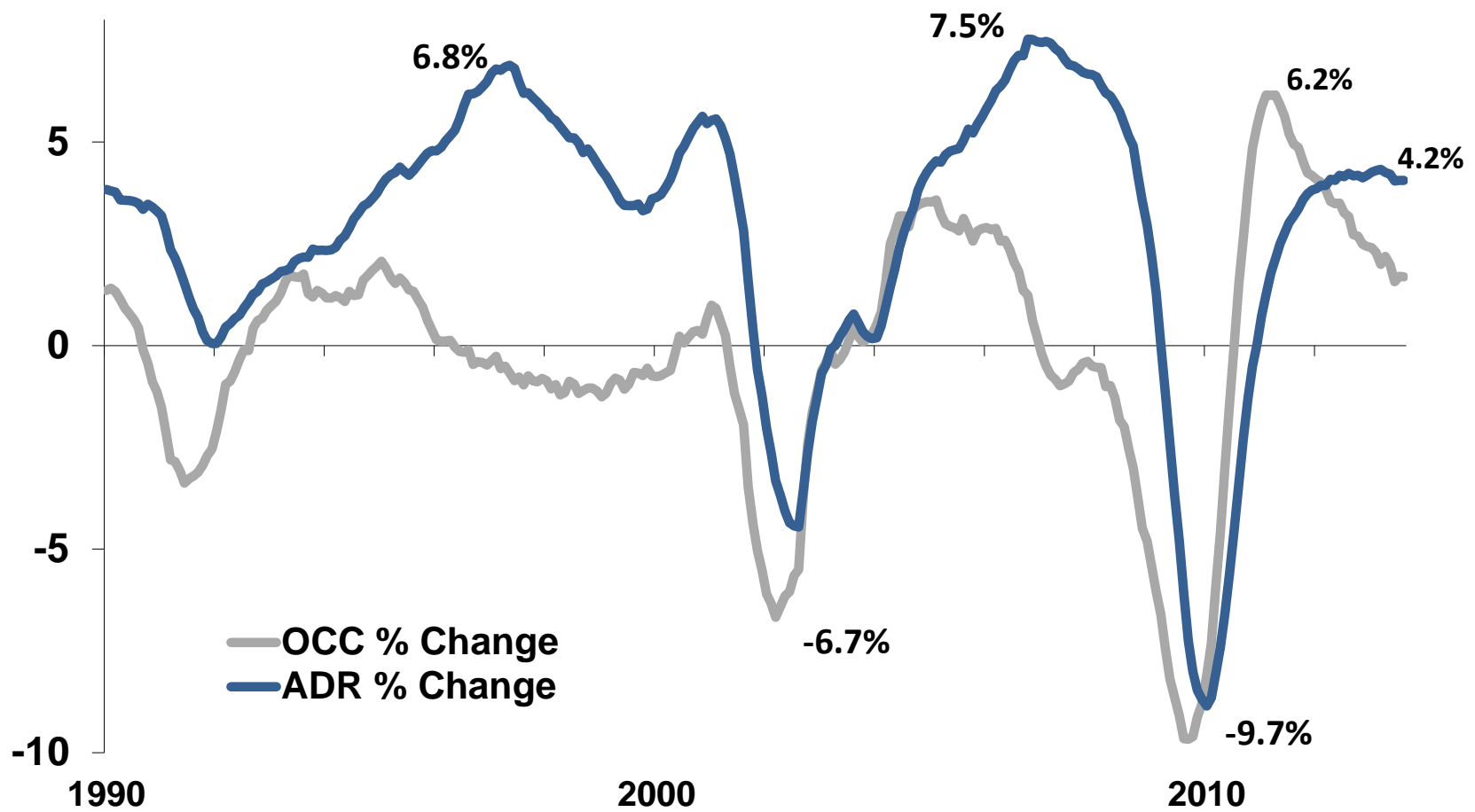
ADR Growth Anemic This Time Around



Total U.S., ADR & Demand % Change, 12 MMA 1/1990 – 1/2014

Source: Smith Travel Research

Occupancy Will Continue To Slow; Steady ADR Growth

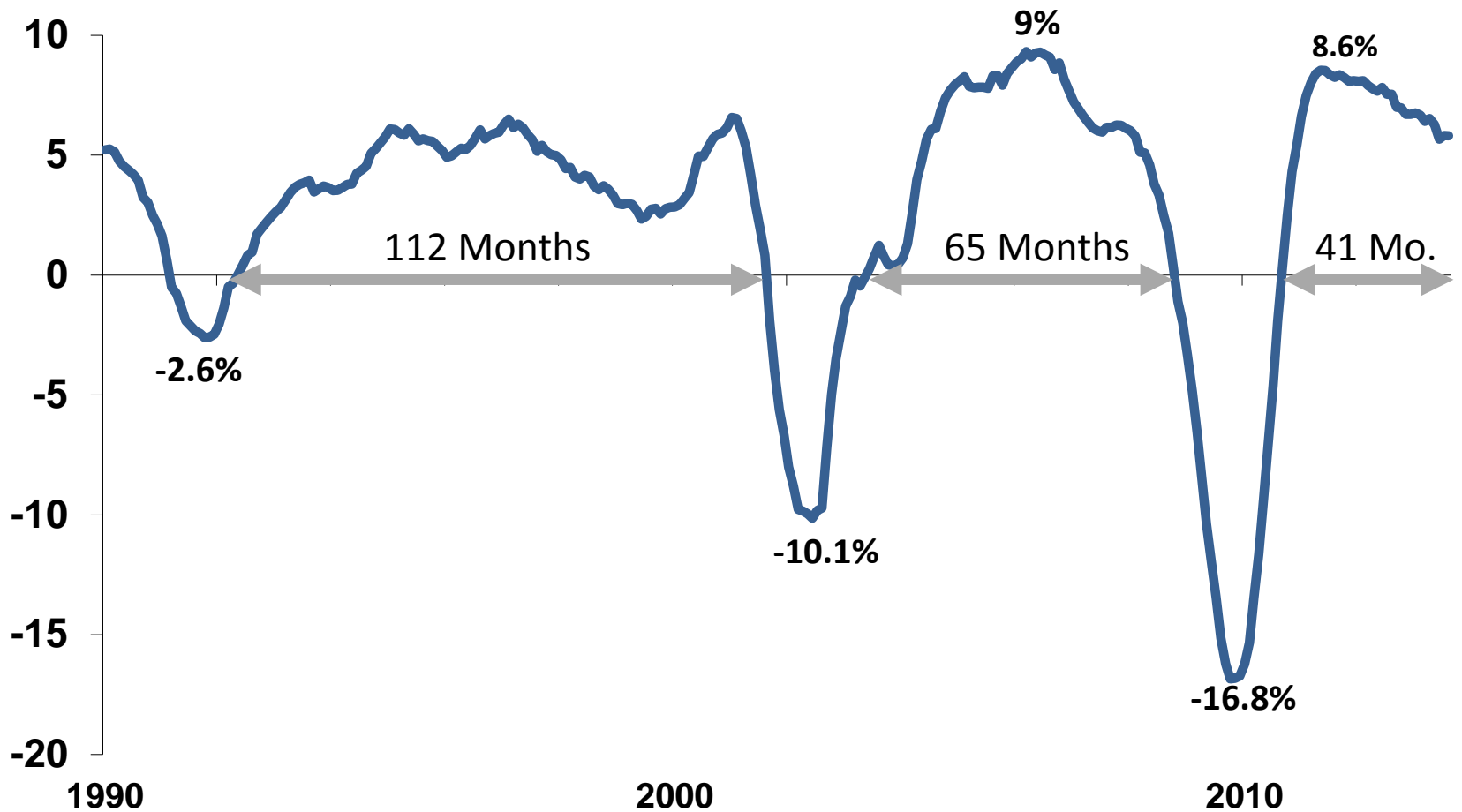


Total U.S., ADR & OCC % Change, 12 MMA 1/1990 – 1/2014

Source: Smith Travel Research



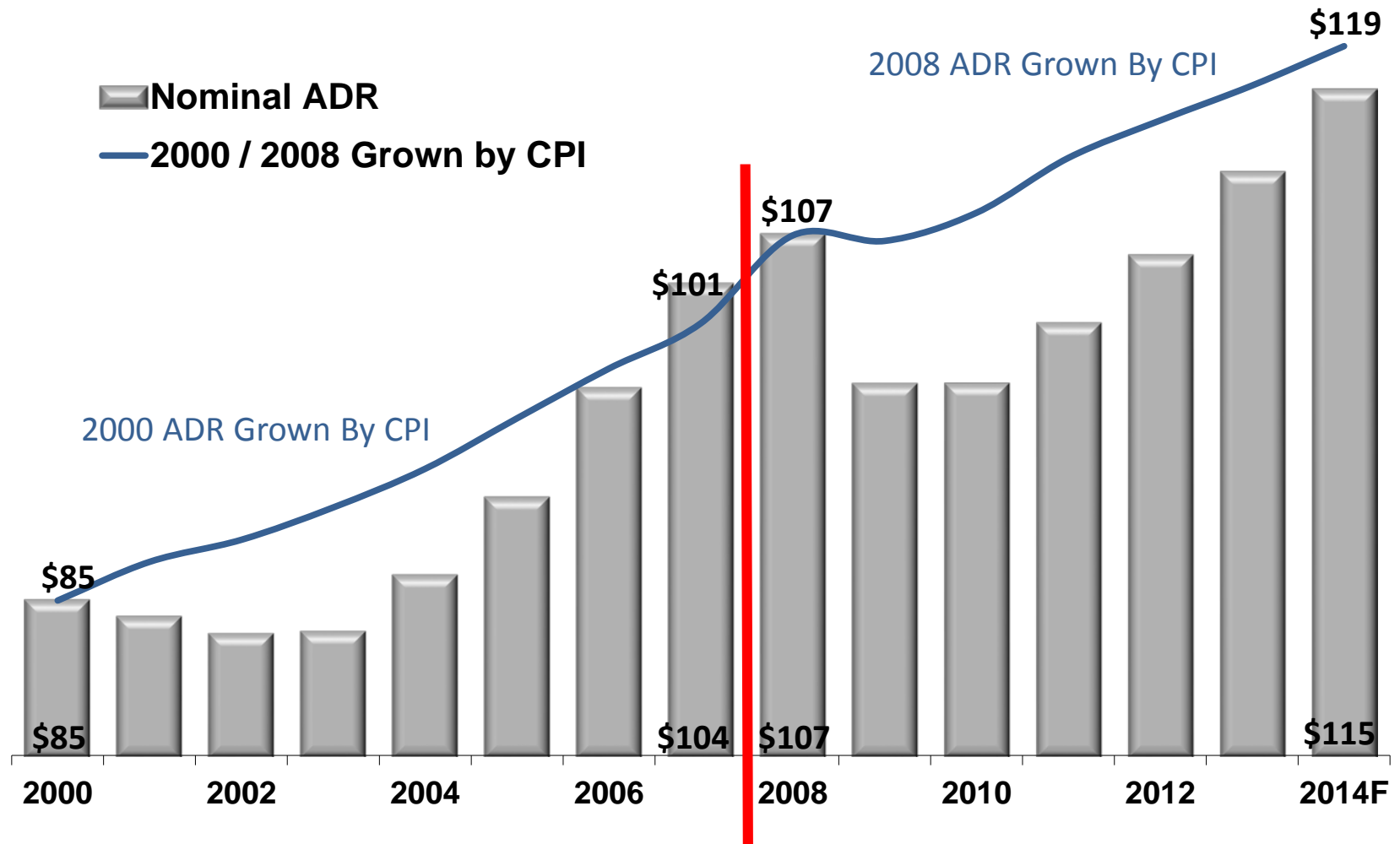
Positive RevPAR Growth For The Foreseeable Future



Total U.S., RevPAR % Change, 12 MMA 1/1990 – 1/2014

Source: Smith Travel Research

Inflation Adjusted ADRs Still Not Reached – Yet



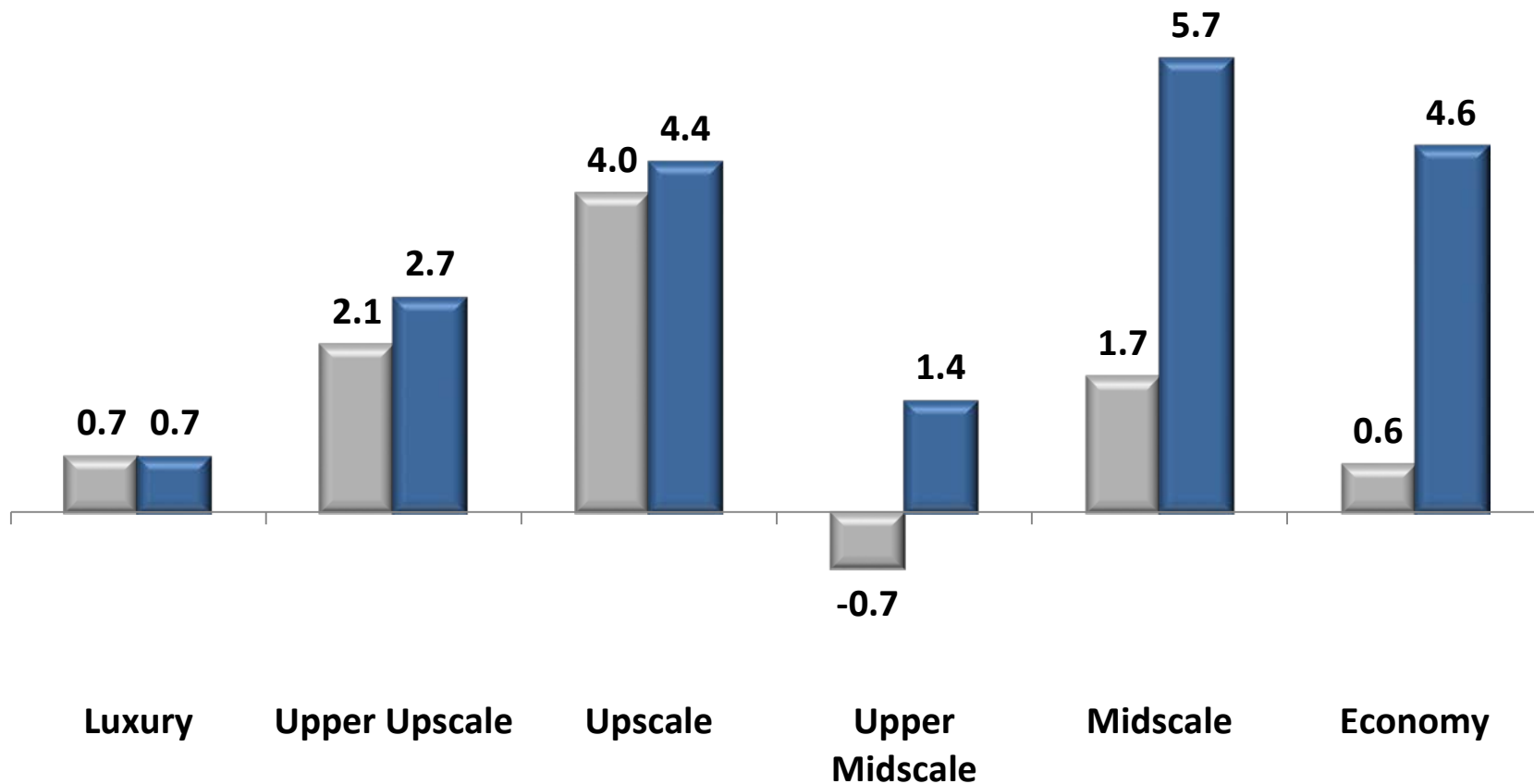
Total U.S., ADR \$ and Inflation Adjusted ADR \$, 2000 – 2014F

2000 – 2013 CPI from bls.gov, – 2014 CPI from Blue Chip Economic Indicators

Source: Smith Travel Research

Scales: Upscale Supply Growth Now Noticeable

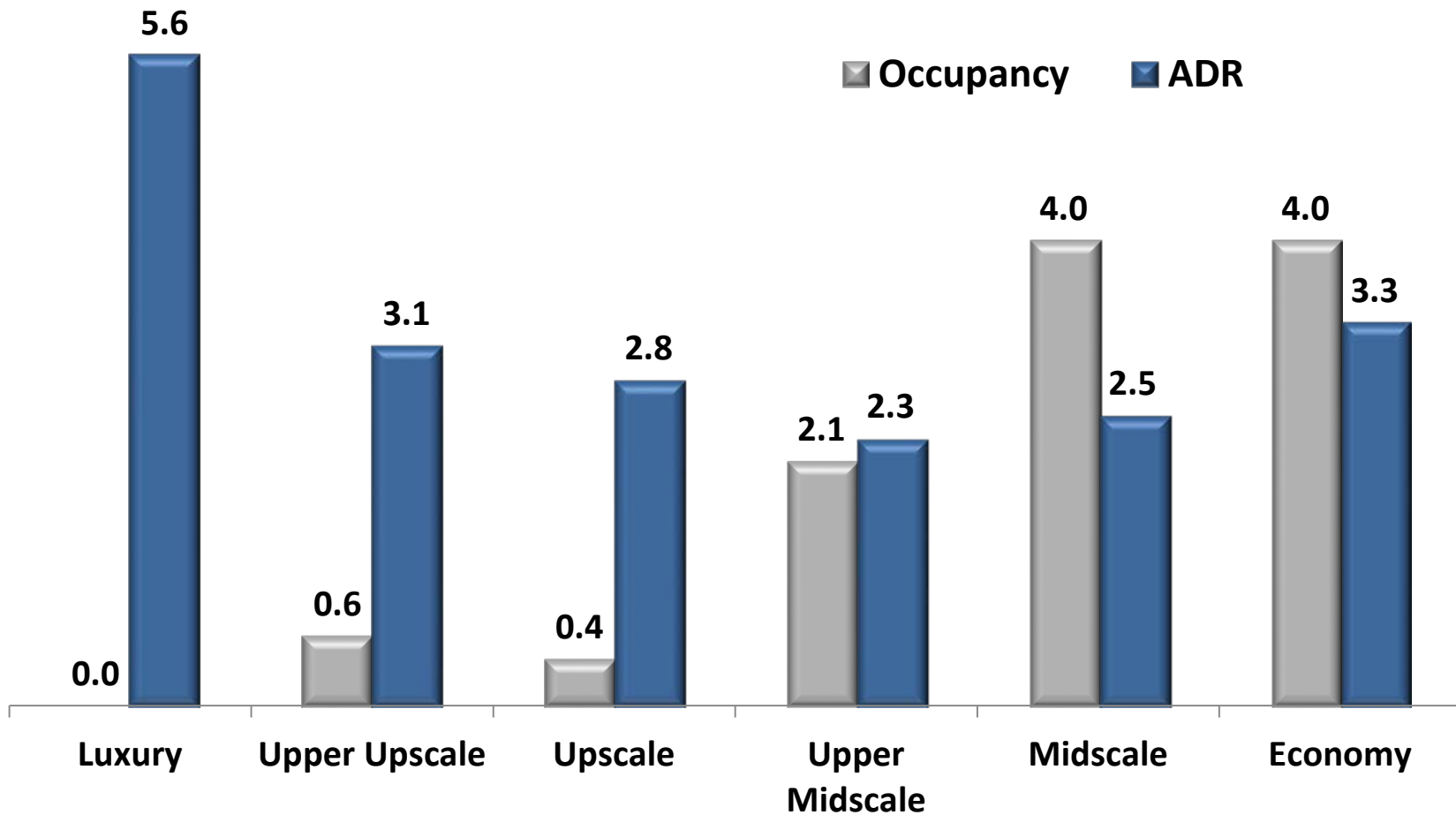
■ Supply ■ Demand



*Supply / Demand % Change, by Scale, January 2014

Source: Smith Travel Research

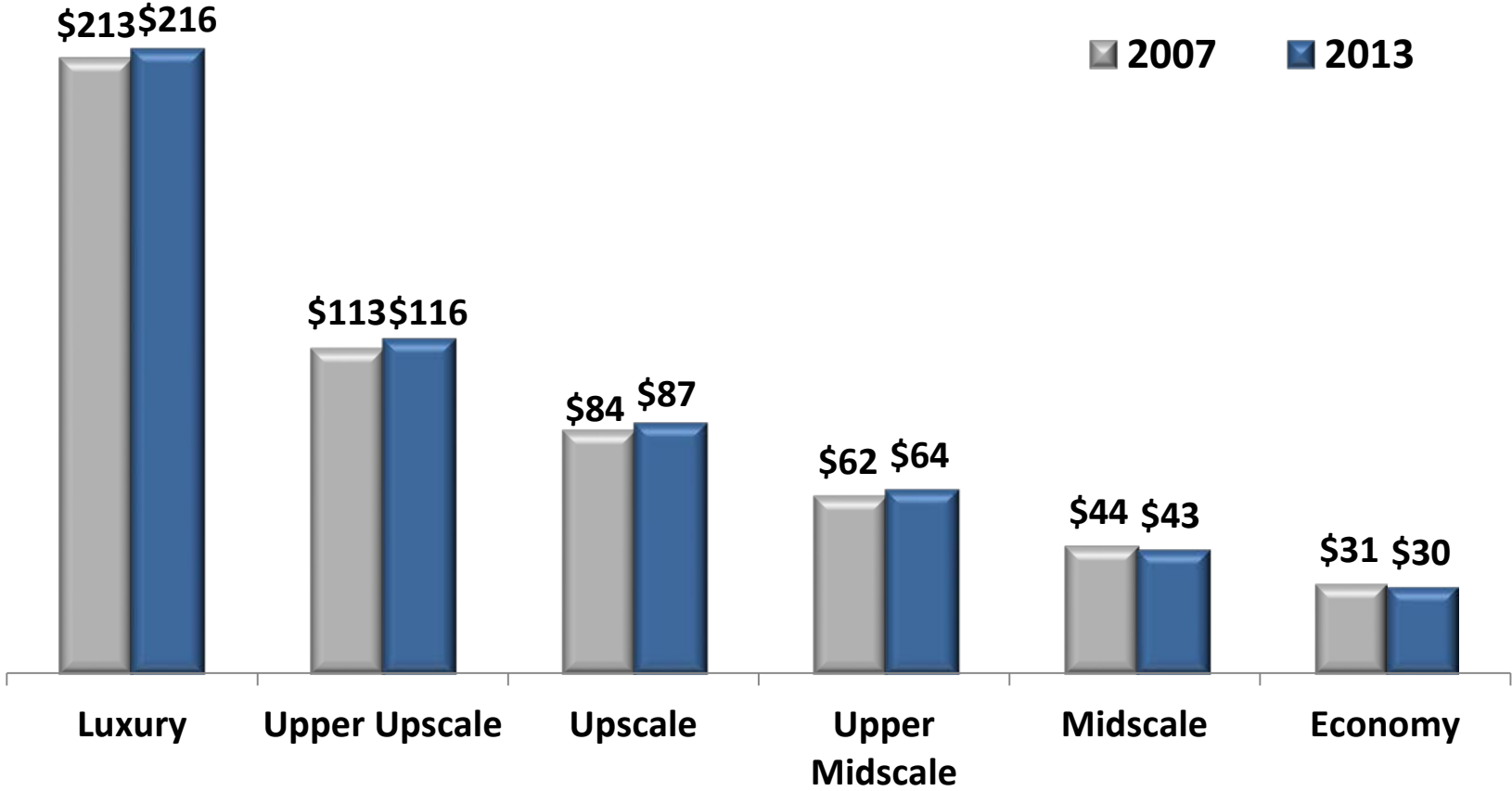
ADR Growth Strong For Luxury & Economy Hotels



*OCC / ADR % Change, by Scale, January 2014

Source: Smith Travel Research

RevPAR Catches Up To Prior Record Highs

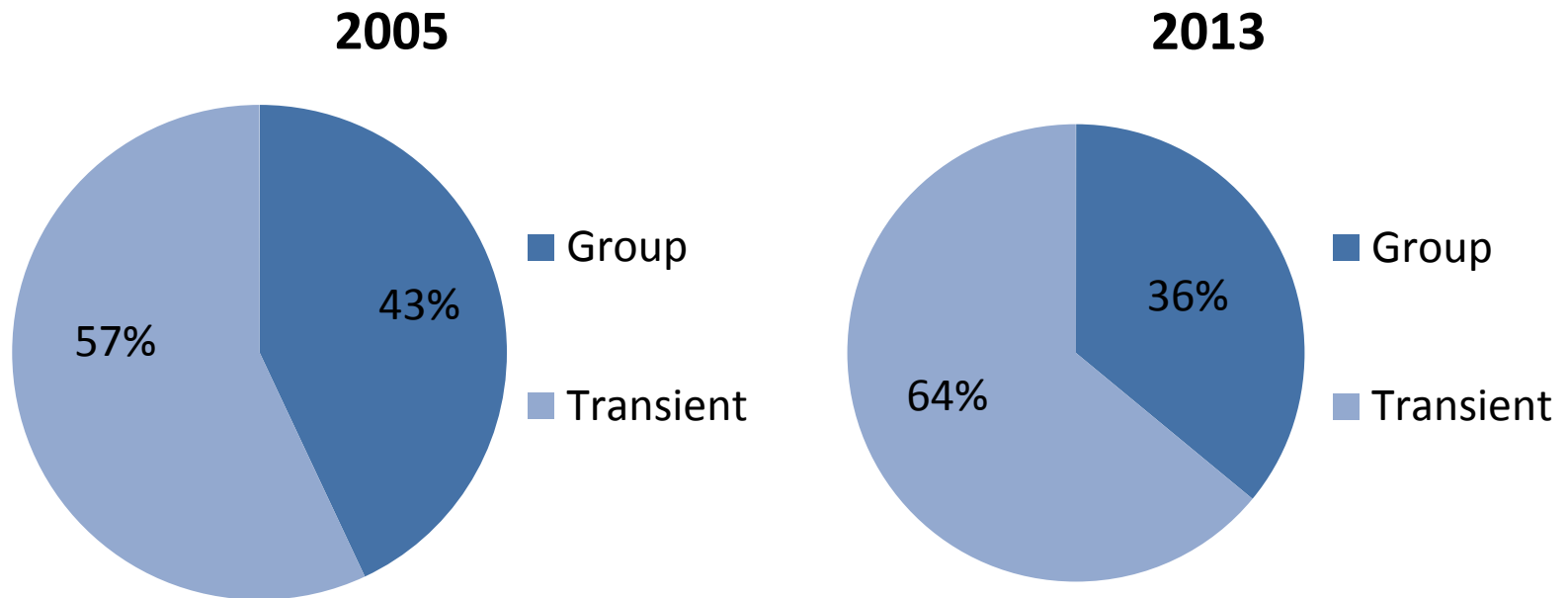


*RevPAR \$, by Scale, 2007 & 2013

Source: Smith Travel Research



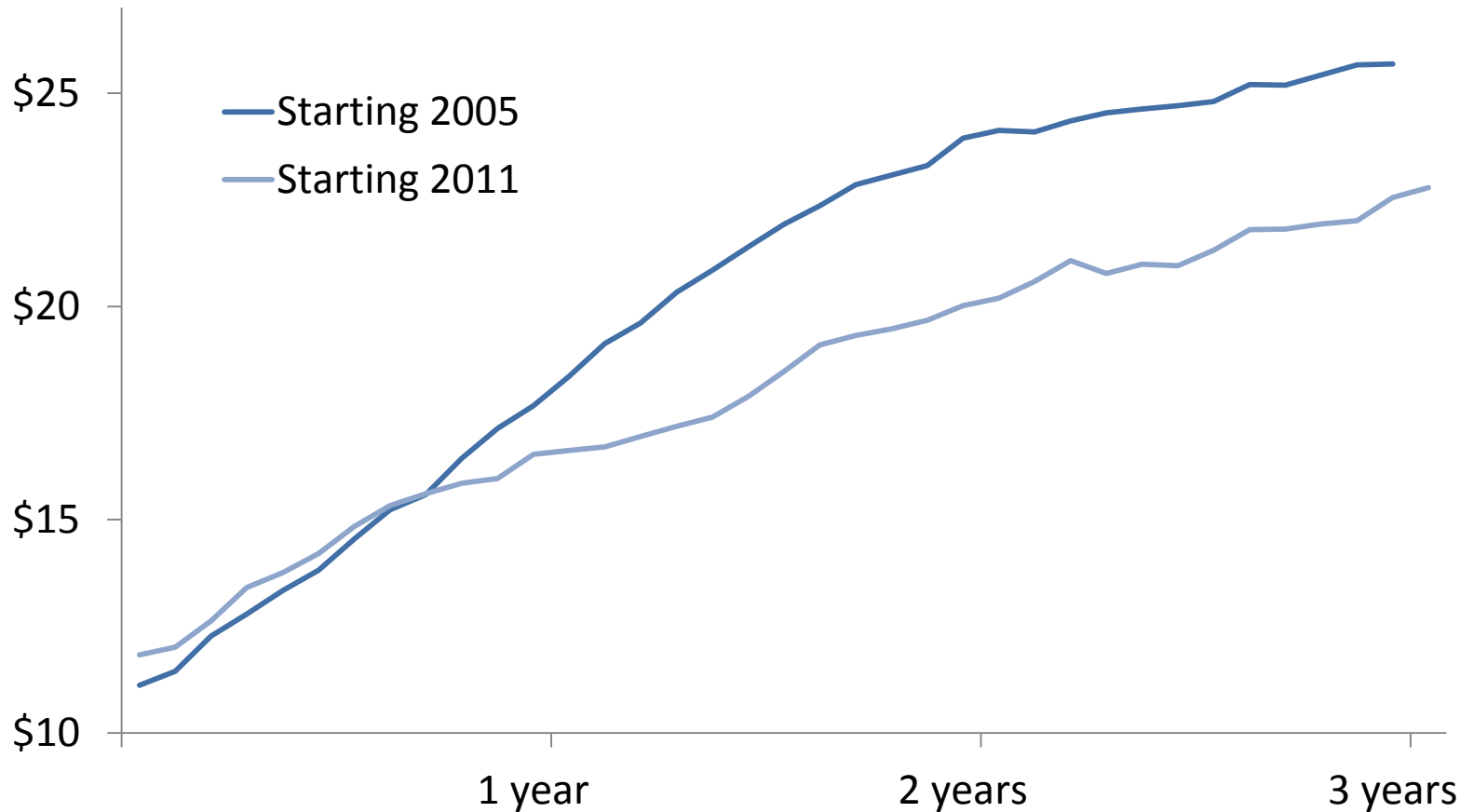
Transient Occupancy Share Increases



*Transient and Group Occupancy as Share of Total OCC, 2005 and 2013

Source: Smith Travel Research

Transient ADR Premium Not As Strong As In Last Upturn



*Transient ADR Premium over Group ADR, 12 MMA, 1/05-12/07 & 1/11-1/14

Source: Smith Travel Research

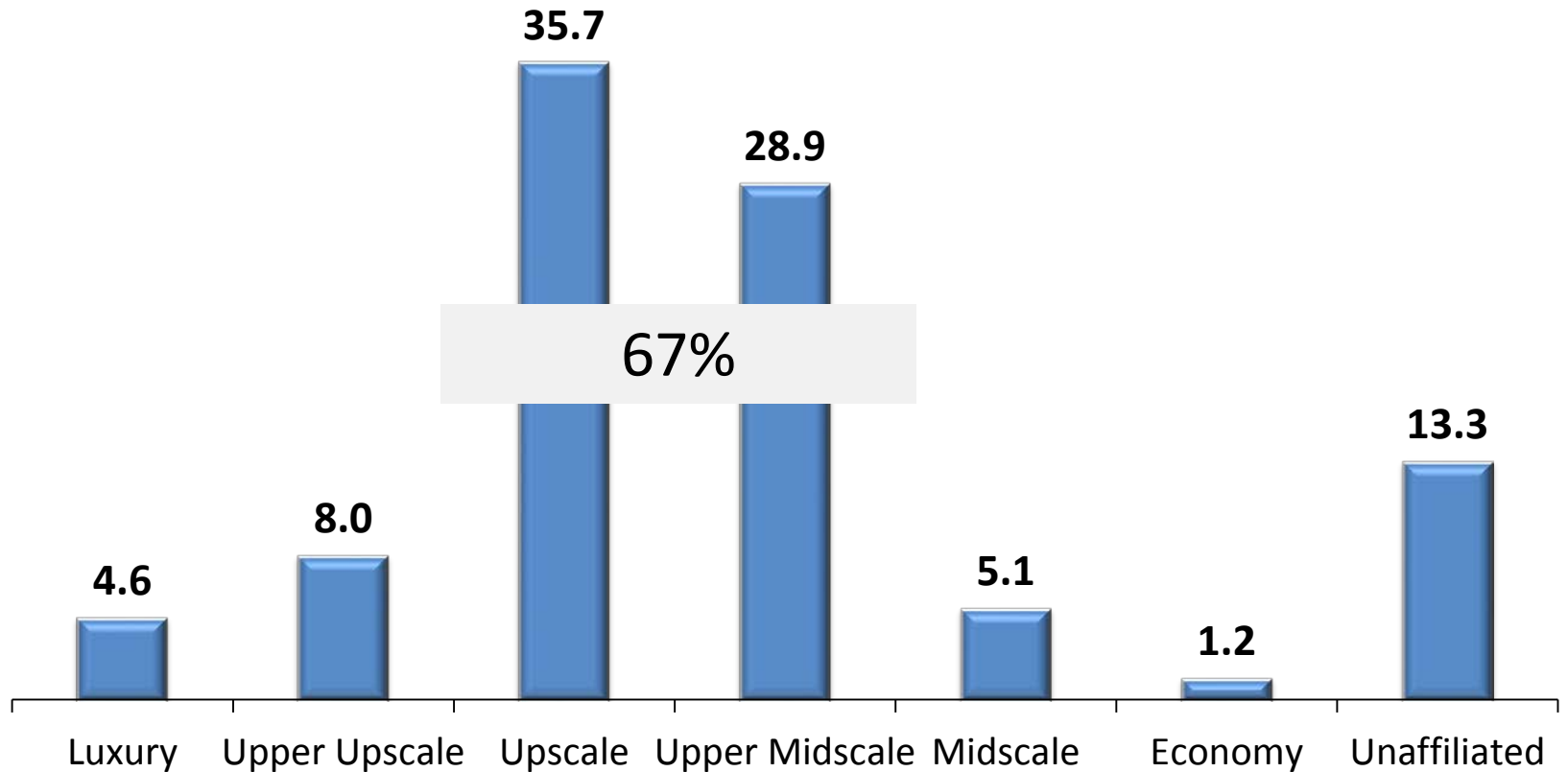
US Pipeline: Construction Accelerates

<u>Phase</u>	<u>2014</u>	<u>2013</u>	<u>% Change</u>
In Construction	96	72	34%
Final Planning	137	96	42%
Planning	123	137	-10%
Active Pipeline	357	307	16%

*Total US Pipeline, by Phase, '000s Rooms, January 2014 and 2013

Source: Smith Travel Research

Under Construction Rooms Mostly In Middle Segments



*US Pipeline, Rooms Under Construction , '000s Rooms, by Scale, January 2014

Source: Smith Travel Research

Construction In Top 26 Markets: 12 With 2%+ Of Supply

Market		Rooms UC	% Of Existing
Las Vegas, NV	169,480		0.0%
Oahu Island, HI	29,337		0.0%
Norfolk-Virginia Beach, VA	38,537	168	0.4%
Minneapolis-St Paul, MN-WI	38,450	190	0.5%
San Francisco/San Mateo, CA	51,167	312	0.6%
Phoenix, AZ	62,061	438	0.7%
Detroit, MI	41,980	384	0.9%
Atlanta, GA	93,713	899	1.0%
Tampa-St Petersburg, FL	44,297	471	1.1%
San Diego, CA	59,162	734	1.2%
St Louis, MO-IL	38,007	538	1.4%
Chicago, IL	109,180	1,671	1.5%
Dallas, TX	78,384	1,299	1.7%
Philadelphia, PA-NJ	45,524	778	1.7%
Orlando, FL	118,462	2,358	2.0%
Boston, MA	51,086	1,043	2.0%
New Orleans, LA	37,470	866	2.3%
Anaheim-Santa Ana, CA	54,186	1,287	2.4%
Los Angeles-Long Beach, CA	97,702	2,323	2.4%
Washington, DC-MD-VA	105,663	2,965	2.8%
Nashville, TN	37,620	1,127	3.0%
Houston, TX	75,109	2,361	3.1%
Miami-Hialeah, FL	48,817	1,706	3.5%
Seattle, WA	40,734	1,914	4.7%
Denver, CO	41,496	2,193	5.3%
New York, NY	109,852	12,201	11.1%

*US Pipeline, Top 26 Markets, U/C Rooms as % of Existing Supply, January 2014

Source: Smith Travel Research

Total United States

Chain Scale Key Performance Indicator Outlook

2014F by Chain Scale

2014 Year End Outlook			
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (%chg)
Luxury	1.6%	4.8%	6.5%
Upper Upscale	0.1%	4.4%	4.5%
Upscale	2.2%	4.2%	6.6%
Upper Midscale	0.5%	3.2%	3.7%
Midscale	0.9%	3.1%	4.1%
Economy	1.7%	3.3%	5.1%
Independent	0.6%	4.5%	5.1%
Total United States	1.1%	4.2%	5.3%

*As of January 24th, 2014

Source: Smith Travel Research

Total United States

Chain Scale Key Performance Indicator Outlook

2015F by Chain Scale

2015 Year End Outlook			
Chain Scale	Occupancy (% chg)	ADR (% chg)	RevPAR (%chg)
Luxury	0.8%	4.8%	6.0%
Upper Upscale	0.2%	4.4%	4.6%
Upscale	0.5%	4.2%	5.1%
Upper Midscale	-0.4%	3.2%	2.1%
Midscale	0.2%	3.1%	3.5%
Economy	2.6%	3.3%	6.2%
Independent	-0.1%	4.5%	4.3%
Total United States	0.5%	4.2%	4.7%

*As of January 24th, 2014

Source: Smith Travel Research

Good News Outlook

Supply Growth: Below Average through 2016

Demand Growth: Above Average through 2016

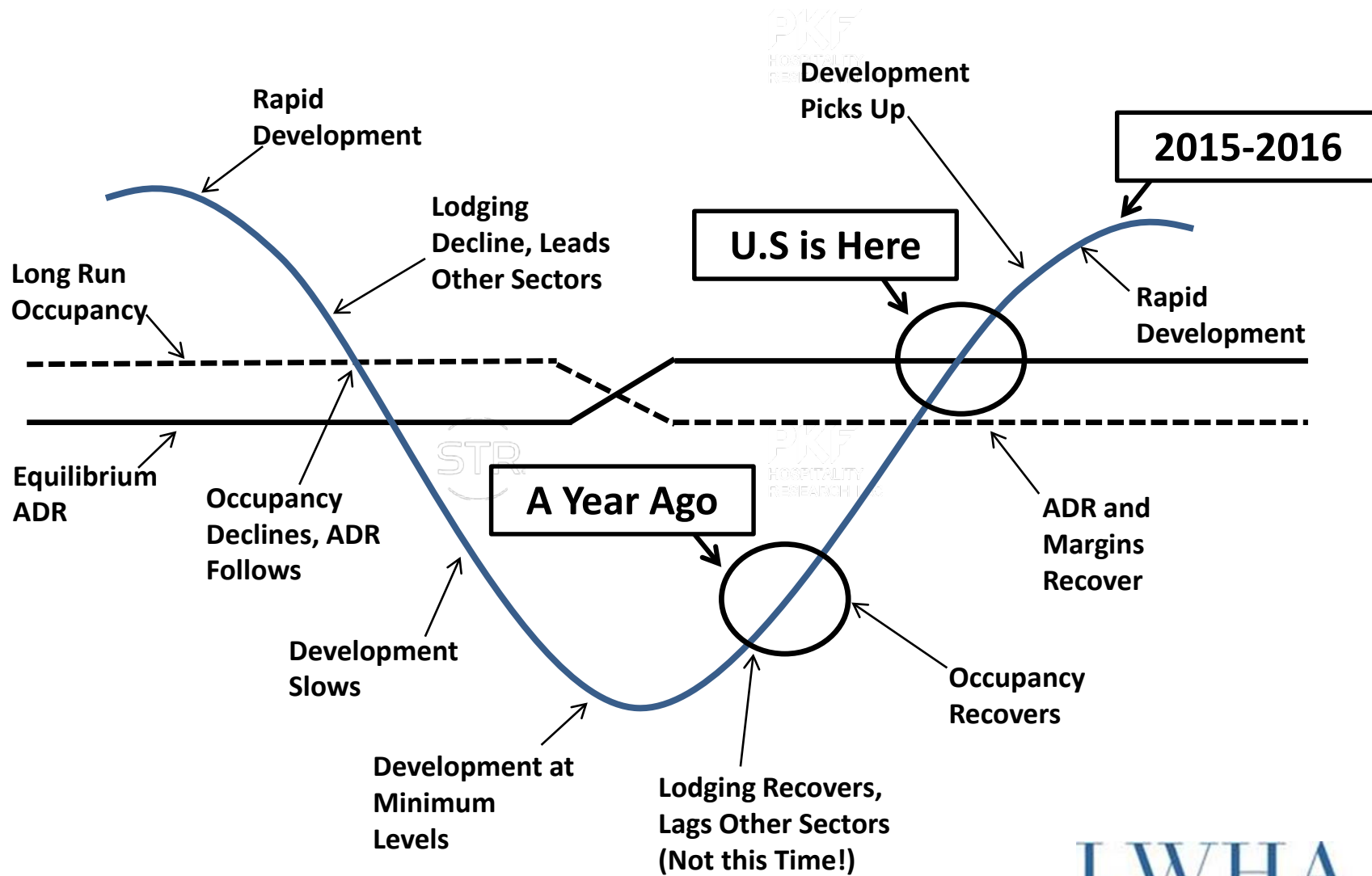
Occupancy: Above Average through 2016

ADR Growth: 2X Average through 2016

RevPAR Growth: 2.5X Average through 2016

Hotel Market Cycle

U.S. Passing through Long Run Averages



Source: PKF Consulting USA

Ask the Audience:

Of the 6 New England States, which achieved the highest RevPAR growth in 2013?



New England Trends

And the winner is....Green Mountain State



Key Hotel Operating Statistics Year to Date Percent Change Through December 2013						
Market Area	Supply	Demand	Occupancy	Average Rate	RevPAR	
Total United States	0.7%	2.2%	1.5%	3.9%	5.4%	
New England	0.4%	2.2%	1.8%	3.4%	5.2%	
Connecticut	0.2%	1.8%	1.8%	3.4%	5.2%	
Maine	0.2%	1.3%	1.1%	4.1%	5.2%	
Massachusetts	0.4%	2.2%	1.8%	3.6%	5.5%	
New Hampshire	0.8%	2.7%	1.9%	2.5%	4.4%	
Rhode Island	0.6%	2.6%	1.9%	1.8%	3.7%	
Vermont	0.2%	3.4%	3.1%	2.8%	6.1%	

Source: Smith Travel Research

Suburban Boston Historical and Projected Performance



	2000	2003	2007	2011	2012	2013	2014 (est.)
Occupancy	73.3%	54.8%	62.8%	66.6%	66.7%	67%	68%
ADR	\$107.73	\$90.76	\$105.96	\$103.89	\$110.96	\$115.50	\$120.12
RevPAR	\$79.31	\$49.76	\$66.50	\$69.23	\$74.01	\$77.39	\$81.68

Source: STR (actual); PAG (est)

Source: Smith Travel Research/Pinnacle Advisory Group

Boston/Cambridge Historical and Projected Performance

	2000	2003	2007	2011	2012	2013	2014 (est.)
Occupancy	79%	70%	77%	77%	79%	80%	80%
ADR	\$199.74	\$154.01	\$208.89	\$198.22	\$214.97	\$222.51	\$236.97
RevPAR	\$156.80	\$108.12	\$106.85	\$153.35	\$169.83	\$178.63	\$189.58

Source: Pinnacle Advisory Group



Source: Pinnacle Advisory Group

Hotel Property Types/Chain Scales

- **Luxury**
- **Upper Upscale**
- **Upscale**
- **Upper Midscale**
- **Midscale**
- **Economy**



Source: Smith Travel Research



Hotel Property Types/Chain Scales: Luxury

- **Examples include Conrad, InterContinental, Four Seasons, Ritz-Carlton, etc...**



Source: Smith Travel Research

Hotel Property Types/Chain Scales: Upper Upscale

- **Examples include Embassy Suites, Kimpton, Le Meridien, Marriott, Sheraton, etc...**



Source: Smith Travel Research

Hotel Property Types/Chain Scales: Upscale

- **Examples include Courtyard, Hilton Garden Inn, Four Points, Radisson, Crowne Plaza, etc...**



Source: Smith Travel Research

Hotel Property Types/Chain Scales: Upper Midscale

- **Examples include Best Western Plus, Holiday Inn, Comfort Suites, Home2 Suites, etc...**



Source: Smith Travel Research

Hotel Property Types/Chain Scales: Midscale

- **Examples include Candlewood Suites, Hawthorn Suites, La Quinta, Quality Inn, etc...**



Source: Smith Travel Research

Hotel Property Types/Chain Scales: Economy

- **Examples include America's Best Inn, Super 8, Motel 6, Howard Johnson, Value Place, etc...**

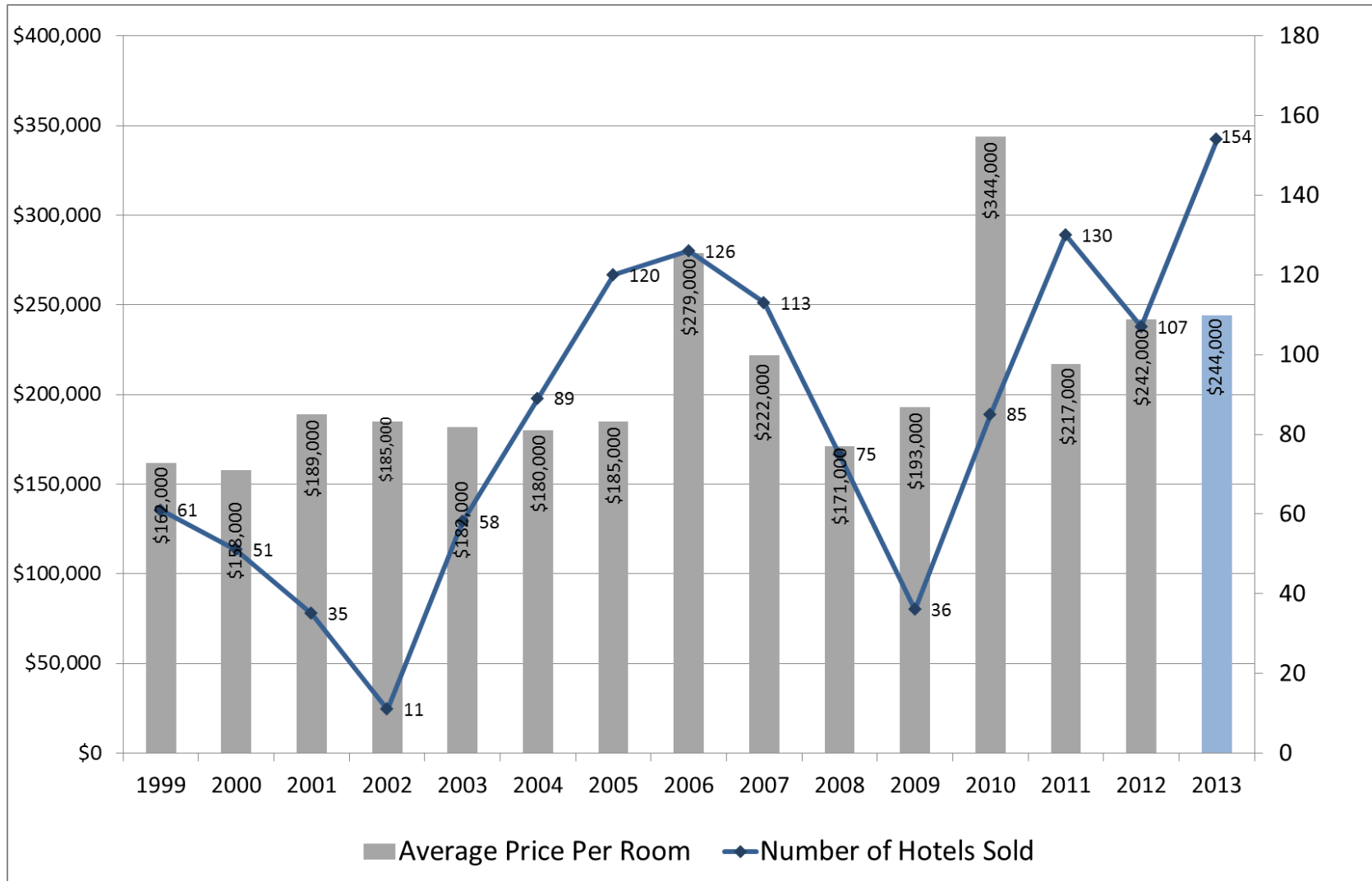


Source: Smith Travel Research



LW Hospitality Advisors 2013 Major U.S. Hotel Transactions

Major Hotel Sales Transactions 1999-2013



2013 Major U.S. Sales - Top 10 by Total Price

Qtr.	Property	Location		No. of Rooms	Estimated Sales Price	Estimated Price/Room	Buyer	Seller
Q3	Peabody Orlando	Orlando	FL	1641	\$717,000,000	\$436,929	Hyatt Hotels Corp.	UST Hotel Joint Venture Ltd.
Q3	Park Lane Hotel	New York	NY	605	\$650,000,000	\$1,074,380	Witkoff Group	Estate of Leona Helmsley
Q2	Hyatt Regency Waikiki Beach Resort and Spa	Honolulu	HI	1230	\$450,000,000	\$365,854	Blackstone Group	JV Whitehall Street Real Estate Funds & Hyatt Hotels Corp.
Q4	Philadelphia Marriott Downtown	Philadelphia	PA	1408	\$305,000,000	\$176,188	JV Oaktree Capital & Clearview Hotel Investors	Host Hotels & Resorts, Inc.
Q1	Atlanta Marriott Marquis	Atlanta	GA	1663	\$293,000,000	\$176,188	N/A	Host Hotels & Resorts, Inc.
Q4	Hyatt Regency San Francisco	San Francisco	CA	802	\$262,500,000	\$237,417	Sunstone Hotel Investors, Inc.	JV Rockpoint Group & Donald Saunders
Q2	Boston Park Plaza Hotel & Towers	Boston	MA	1053	\$250,000,000	\$237,417	Sunstone Hotel Investors, Inc.	JV Rockpoint Group & Donald Saunders
Q3	Setai Fifth Avenue	New York	NY	214	\$229,000,000	\$1,070,093	Great Eagle Group	Bizzi & Partners Development
Q3	Westin Galleria & Westin Oaks	Houston	TX	893	\$220,000,000	\$246,361	Inland American Lodging Group	Walton Street Capital
Q4	Waldorf Astoria Naples	Naples	FL	474	\$200,000,000	\$975,000	Northwood Investors LLC	Blackstone Group LP

Source: LW Hospitality Advisors has compiled the above information from sources deemed reliable, and the information is thought to be correct, however LWHA cannot warrant absolute accuracy of all the data. Use of this information without verification from original sources is at your own risk.

2013 Major U.S. Hotel Sales - Top 10 by Number of Rooms

Qtr.	Property	Location		No. of Rooms	Estimated Sales Price	Estimated Price/Room	Buyer	Seller
Q1	Atlanta Marriott Marquis	Atlanta	GA	1663	\$293,000,000	\$176,188	N/A	Host Hotels & Resorts, Inc.
Q3	Peabody Orlando	Orlando	FL	1641	\$717,000,000	\$436,929	Hyatt Hotels Corp.	UST Hotel Joint Venture Ltd.
Q4	Philadelphia Marriott Downtown	Philadelphia	PA	1408	\$305,000,000	\$216,619	JV Oaktree Capital & Clearview Hotel Investors	Host Hotels & Resorts, Inc.
Q2	Hyatt Regency Waikiki Beach Resort and Spa	Honolulu	HI	1230	\$450,000,000	\$365,854	Blackstone Group	JV Whitehall Street Real Estate Funds & Hyatt Hotels Corp.
Q2	Boston Park Plaza Hotel & Towers	Boston	MA	1053	\$250,000,000	\$237,417	Sunstone Hotel Investors, Inc.	JV Rockpoint Group & Donald Saunders
Q4	Renaissance St. Louis Grand Hotel	St. Louis	MO	917	\$26,000,000	\$28,353	800 Washington LLC	N/A
Q3	Westin Galleria & Westin Oaks	Houston	TX	893	\$220,000,000	\$246,361	Inland American Lodging Group	Walton Street Capital
Q4	Hyatt Regency San Francisco	San Francisco	CA	802	\$262,500,000	\$327,307	Sunstone Hotel Investors, Inc.	JV Dune Capital Management & DiNapoli Capital Partners
Q4	Sheraton Gateway LAX	Los Angeles	CA	802	\$96,000,000	\$119,701	Hazens Real Estate Group	Long Wharf Real Estate Partners
Q4	Astor Crowne Plaza	New Orleans	LA	693	\$114,000,000	\$164,502	Starwood Capital	LNR Property LLC

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2013 Major U.S. Hotel Sales - Top 10 by Price Per Room

Qtr.	Property	Location		No. of Rooms	Estimated Sales Price	Estimated Price/Room	Buyer	Seller
Q4	Calistoga Ranch	Napa	CA	50	\$55,000,000	\$1,100,000	JV Auberge Resorts, AJ Capital Partners, William P. Foley II, & Michael Uytengsu	Olympus Real Estate Partners
Q3	Park Lane Hotel	New York	NY	605	\$650,000,000	\$1,074,380	Witkoff Group	Estate of Leona Helmsley
Q3	Setai Fifth Avenue	New York	NY	214	\$229,000,000	\$1,070,093	Great Eagle Group	Bizzi & Partners Development
Q3	London West Hollywood	West Hollywood	CA	200	\$195,000,000	\$975,000	Northwood Investors LLC	Blackstone Group LP
Q4	Hawks Cay Resort ¹	Duck Key	FL	177	\$133,800,000	\$755,932	Carey Watermark Investors Incorporated	Behringer Harvard
Q2	James New York	New York	NY	114	\$85,000,000	\$745,614	Brack Capital Real Estate	Prudential Finance
Q4	Hyatt Key West Resort and Spa	Key West	FL	118	\$76,000,000	\$644,068	Inland American Lodging Group, Inc.	Hyatt Hotels Corporation
Q2	Pier House Resort and Caribbean Spa	Key West	FL	142	\$90,000,000	\$633,803	Ashford Hospitality Trust, Inc.	Richard E. Jacobs Group
Q2	Lake Placid Lodge	Lake Placid	NY	30	\$19,000,000	\$633,333	Ocean Properties	Ramsfield Hospitality Finance
Q1	Flatotel ²	New York	NY	289	\$180,000,000	\$622,837	JV Chetrit Group LLC & Clipper Equity LLC	JV Rockpoint Group, Atlas Capital Group & Procaccianti Group

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¹ Hawks Cay includes 177 resort guestrooms and a resort residential management program that includes over 250 two-three-and four-bedroom villas

² Buyer plans to convert hotel to extended stay corporate suites

2013 Major U.S. Hotel Sales Top 5 Markets

Location		No. of Sales	No. of Rooms	Estimated Sales Price	Estimated Price/Room
New York	NY	11	2,501	\$1,808,200,000	\$722,991
Honolulu	HI	5	2,530	\$866,000,000	\$342,292
San Francisco	CA	7	2,452	\$808,500,000	\$329,731
Orlando	FL	2	1,975	\$742,700,000	\$376,051
Boston	MA	4	1,719	\$569,300,000	\$331,181

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Hotel Valuation – Income/Expense Analysis

Appraiser Hotel Operating History				
	Actual			
Fiscal Year Ending December 31:	2013			
Number of Days in Year:	365			
Number of Rooms:	216			
Annual Available Rooms:	78,840			
Occupied Rooms:	63,034			
Annual Occupancy:	79.95%			
Average Rate:	135.80			
RevPAR:	108.57			
Revenue	\$ (000's)	Gross %	PAR	POR
Rooms	8,432	90.9%	39,036	133.77
Food & Beverage Revenue	771	8.3%	3,571	12.24
Other Operated Departments	73	0.8%	336	1.15
Total Revenue	9,276	100.0%	42,943	147.15
Departmental Expenses				
Rooms - Combined	1,851	22.0%	8,570	29.37
Food & Beverage - Combined	609	79.0%	2,821	9.67
Other Operated Departments - Combined	95	130.5%	439	1.50
Total Departmental Expenses	2,655	28.6%	12,292	42.12
Departmental Income (Loss)	6,621	71.4%	30,651	105.03
Undistributed Operating Expenses				
Administrative & General - Combined	722	7.8%	3,342	11.45
Marketing - Combined	649	7.0%	3,005	10.30
Franchise Fees	465	5.0%	2,151	7.37
Utility Costs	326	3.5%	1,507	5.16
Property Operation & Maintenance - Combined	339	3.7%	1,571	5.38
Total Undistributed Operating Expenses	2,500	27.0%	11,576	39.67
Income After Undistributed Operating Expenses	4,120	44.4%	19,075	65.36
Fixed Charges				
Management Fee	371	4.0%	1,718	5.89
Property Taxes	903	9.7%	4,179	14.32
Insurance	81	0.9%	373	1.28
Reserve for Replacement	464	5.0%	2,147	7.36
Total Fixed Charges	1,818	19.6%	8,417	28.84
Hotel Cash Flow	2,302	24.8%	10,657	36.52



**Appraiser Hotel
Competitive Review**

Category	Comp Hotel 1 Inflated Values			Comp Hotel 2 Inflated Values			Comp Hotel 3 Inflated Values		
Occupancy (of Sample)	63.90%			62.95%			77.86%		
Average Size Of Property (Rooms)	155			153			150		
Average Daily Rate	126.61			98.44			124.71		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE									
Rooms	93.7%	29,611	126.61	90.0%	22,680	98.44	85.0%	35,439	124.71
Food	4.2%	1,342	5.74	8.6%	2,174	9.44	8.0%	3,325	11.70
Beverage	0.0%	-	-	0.0%	-	-	4.0%	1,661	5.85
Telecommunications	0.1%	33	0.14	0.1%	20	0.09	0.1%	54	0.19
Other Operated Departments	1.8%	578	2.47	1.3%	323	1.40	2.9%	1,229	4.33
Rentals & Other Income	0.1%	40	0.17	0.0%	-	-	0.0%	-	-
Total Revenue	100.0%	31,604	135.13	100.0%	25,198	109.37	100.0%	41,708	146.77
DEPARTMENTAL EXPENSES									
Rooms	23.3%	6,911	29.55	21.5%	4,881	21.18	20.4%	7,247	25.50
Food & Beverage	92.6%	1,243	5.31	61.0%	1,326	5.76	78.4%	3,911	13.76
Telecommunications	320.0%	106	0.45	400.0%	81	0.35	666.9%	362	1.27
Other Operated Depts & Rentals	42.5%	246	1.05	45.8%	148	0.64	24.5%	301	1.06
Total Departmental Expenses	26.9%	8,506	36.37	25.5%	6,436	27.93	28.3%	11,822	41.60
Total Departmental Profit	73.1%	23,099	98.76	74.5%	18,762	81.44	71.7%	29,886	105.17
UNDISTRIBUTED OPERATING EXPENSES									
Administrative & General	8.7%	2,751	11.76	10.6%	2,679	11.63	8.0%	3,330	11.72
Marketing	8.6%	2,718	11.62	6.0%	1,508	6.55	8.2%	3,412	12.01
Utility Costs	5.4%	1,701	7.27	5.2%	1,299	5.64	3.8%	1,582	5.57
Property Operations & Maintenance	4.8%	1,528	6.53	4.3%	1,091	4.73	4.1%	1,704	6.00
Total Undistributed Operating Expenses	27.5%	8,699	37.19	26.1%	6,577	28.55	24.0%	10,027	35.29
GROSS OPERATING PROFIT	45.6%	14,400	61.57	48.4%	12,185	52.89	47.6%	19,859	69.88
Franchise Fees (Royalty)	0.0%	-	-	1.8%	451	1.96	4.7%	1,953	6.87
Management Fees	7.0%	2,213	9.46	6.9%	1,730	7.51	3.0%	1,251	4.40
INCOME BEFORE FIXED CHARGES	38.6%	12,187	52.11	39.7%	10,004	43.42	39.9%	16,655	58.61
Selected Fixed Charges									
Property Taxes	7.7%	2,432	10.40	5.5%	1,373	5.96	2.1%	880	3.10
Insurance	0.3%	106	0.45	0.6%	155	0.67	1.5%	644	2.27
Reserve For Capital Replacement	5.0%	1,582	6.76	5.0%	1,260	5.47	4.0%	1,668	5.87
AMOUNT AVAILABLE FOR DEBT SERVICE & OTHER FIXED CHARGES*	25.5%	8,067	34.49	28.6%	7,216	31.32	32.3%	13,462	47.37

STR HOST Data

Appraiser Hotel Host Comparison (Host Study 2012)																		
Category	Host Weighted Average			Affiliation Limited_Service Chain-Affiliated			Geographic Region Limited_Service New England			Location Limited_Service Urban			Price Category Limited_Service Upscale			Size Limited_Service 150 to 300 Rooms		
Occupancy (of Sample)	69.54%			70.10%			71.90%			71.10%			67.90%			67.00%		
Average Size Of Property (Rooms)	220			115			114			402			252			217		
Average Daily Rate	146.66			88.73			96.58			176.85			148.93			145.01		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE																		
Rooms	73.1%	36,734	146.66	96.8%	22,465	88.73	97.0%	25,100	96.58	66.6%	45,284	176.85	66.8%	36,239	148.93	66.6%	34,978	145.01
Food	13.7%	8,325	33.33	0.0%	-	-	0.0%	-	-	18.1%	12,313	48.08	17.0%	9,229	37.93	16.6%	8,729	36.19
Beverage	4.0%	2,403	9.63	0.0%	-	-	0.0%	-	-	5.2%	3,507	13.70	4.6%	2,484	10.21	5.4%	2,822	11.70
Other Food & Beverage	3.6%	2,186	8.77	0.0%	-	-	0.0%	-	-	4.5%	3,078	12.02	4.7%	2,564	10.54	4.6%	2,433	10.09
Telecommunications	0.4%	237	0.94	0.2%	40	0.16	0.2%	40	0.15	0.6%	380	1.48	0.4%	233	0.96	0.3%	182	0.75
Other Operated Departments	3.2%	1,783	7.18	1.5%	338	1.34	1.7%	447	1.72	2.9%	1,965	7.68	4.3%	2,306	9.48	4.5%	2,366	9.81
Rentals & Other Income	1.7%	940	3.76	1.5%	345	1.36	1.1%	278	1.07	1.8%	1,236	4.83	1.9%	1,057	4.34	1.8%	925	3.83
Total Revenue	100.0%	52,712	210.69	100.0%	23,193	91.61	100.0%	25,870	99.54	100.0%	67,913	265.23	100.0%	54,234	222.89	100.0%	52,538	217.81
DEPARTMENTAL EXPENSES																		
Rooms	26.5%	9,880	39.45	24.0%	5,394	21.30	23.0%	5,783	22.25	27.9%	12,643	49.37	27.2%	9,856	40.51	26.5%	9,271	38.44
Food & Beverage	61.4%	10,082	40.38	0.0%	-	-	0.0%	-	-	78.4%	14,821	57.88	77.7%	11,087	45.56	77.6%	10,856	45.01
Telecommunications	209.3%	378	1.51	400.3%	161	0.64	409.6%	162	0.63	136.1%	517	2.02	168.6%	393	1.61	182.4%	331	1.37
Other Operated Depts & Rentals	2.6%	1,400	5.64	1.5%	337	1.33	1.4%	368	1.42	2.2%	1,466	5.72	3.3%	1,810	7.43	3.8%	1,960	8.13
Total Departmental Expenses	39.2%	21,740	86.97	25.4%	5,892	23.27	24.4%	6,313	24.30	43.4%	29,447	114.99	42.7%	23,146	95.11	42.7%	22,418	92.95
Total Departmental Profit	60.8%	30,972	123.72	74.6%	17,301	68.34	75.6%	19,557	75.24	56.6%	38,466	150.24	57.3%	31,088	127.78	57.3%	30,120	124.86
UNDISTRIBUTED OPERATING EXPENSES																		
Administrative & General	8.9%	4,648	18.60	9.2%	2,128	8.41	9.3%	2,411	9.28	8.5%	5,742	22.43	8.7%	4,745	19.50	9.6%	5,043	20.91
Marketing	6.8%	3,661	14.65	5.7%	1,329	5.25	5.5%	1,426	5.49	6.9%	4,664	18.21	7.3%	3,947	16.22	7.4%	3,904	16.18
Utility Costs	4.5%	2,240	8.96	5.3%	1,220	4.82	6.6%	1,710	6.58	3.8%	2,560	10.00	4.4%	2,381	9.78	4.4%	2,309	9.57
Property Operations & Maintenance	4.8%	2,496	9.98	5.2%	1,211	4.78	5.3%	1,383	5.32	4.5%	3,055	11.93	4.8%	2,621	10.77	4.9%	2,592	10.74
Total Undistributed Operating Expenses	25.0%	13,045	52.19	25.4%	5,888	23.26	26.8%	6,930	26.67	23.6%	16,021	62.57	25.2%	13,694	56.27	26.4%	13,848	57.40
GROSS OPERATING PROFIT	35.8%	17,927	71.53	49.2%	11,413	45.08	48.8%	12,627	48.57	33.0%	22,445	87.67	32.1%	17,394	71.51	30.9%	16,272	67.46
Franchise Fees (Royalty)	1.5%	672	2.70	3.2%	736	2.91	2.8%	725	2.79	0.7%	480	1.88	1.3%	697	2.87	1.8%	954	3.96
Management Fees	3.1%	1,636	6.54	3.1%	715	2.82	3.0%	785	3.02	3.1%	2,132	8.33	3.2%	1,714	7.04	3.0%	1,561	6.47
INCOME BEFORE FIXED CHARGES	31.2%	15,619	62.29	42.9%	9,962	39.35	43.0%	11,117	42.76	29.2%	19,833	77.46	27.6%	14,983	61.60	26.2%	13,757	57.03
Selected Fixed Charges																		
Property Taxes	3.9%	1,976	7.87	4.9%	1,132	4.47	5.6%	1,441	5.54	3.9%	2,654	10.37	3.2%	1,717	7.06	3.3%	1,720	7.13
Insurance	1.0%	521	2.08	1.2%	270	1.06	0.9%	236	0.91	0.9%	628	2.45	1.1%	582	2.39	1.0%	539	2.23
Reserve For Capital Replacement	2.1%	1,084	4.32	2.0%	454	1.79	2.5%	656	2.52	2.1%	1,425	5.56	2.0%	1,073	4.41	1.9%	1,017	4.22
AMOUNT AVAILABLE FOR DEBT SERVICE & OTHER FIXED CHARGES*	24.2%	12,037	48.01	34.8%	8,106	32.03	34.0%	8,784	33.79	22.3%	15,126	59.08	21.3%	11,611	47.74	20.0%	10,481	43.45

Expense Analysis Chart

Expense Analysis: Rooms - Combined

Subject	Occ %	ADR	\$ 1000's	% of Rooms Revenue	\$ per Available Room	\$ per Occupied Room
2010	73.2%	124.62	1,498	21.0%	6,937	25.96
2011	72.0%	126.49	1,460	20.5%	6,759	25.72
2012	76.4%	129.70	1,676	21.7%	7,758	27.73
2013	80.0%	135.80	1,851	22.0%	8,570	29.37
Trailing 12 Month	79.9%	134.46	1,892	22.3%	8,759	30.04
<u>Industry Averages</u>						
Chain-Affiliated	70.1%	88.73	NA	24.0%	5,394	21.30
New England	71.9%	96.58	NA	23.0%	5,783	22.25
Urban	71.1%	176.85	NA	27.9%	12,643	49.37
Upscale	67.9%	148.93	NA	27.2%	9,856	40.51
150 to 300 Rooms	67.0%	145.01	NA	26.5%	9,271	38.44
<u>Comparable Hotels</u>						
Comp Hotel 1	79.4%	214.35	1,798	15.5%	9,615	33.18
Comp Hotel 1	63.9%	126.61	1,071	23.3%	6,911	29.55
Comp Hotel 2	62.9%	98.44	747	21.5%	4,881	21.18
Comp Hotel 4	48.7%	122.33	427	11.2%	2,437	13.66
Comp Hotel 3	77.9%	124.71	1,087	20.4%	7,247	25.50
<u>Projections</u>						
DCF Year 1	76.0%	141.94	1,897	22.3%	8,781	31.65
DCF Stabilized	78.0%	157.98	2,049	21.0%	9,485	33.23
DCF Stabilized (Deflated)	78.0%	148.36	1,924	21.0%	8,908	31.20

Discounted Cash Flow (DCF)

Appraiser Hotel DCF Analysis										
Assumptions			Reversion Calculation (10Y)				Returns (10Y)			
Discount Rate	11.0%		Year 11 CF:	4,068,238		PV of Cash:	19,755,189			
Residual Cap Rate	8.5%		Gross Reversion:	47,861,620		PV of Reversion:	16,350,436			
Cost of Sale	3.0%		Cost of Sale:	(1,435,849)		Avg Annual Cash on Cash	9.54%			
Hold Period (Years)	10		Net Reversion:	46,425,772		CF % of Yield:	54.71%			
Reversion Year +	1		Stabilized Year:	3		Reversion % of Yield:	45.28%			
Analysis Year	Year	Fiscal Year End	Net Cash Flow	Net Reversion	Adjustments	Undiscounted CF	Discount Factor	Discounted CF	% of Yield	Annual Cash on Cash
0	2014	2/28/2014			-	-	1.000000	-	0.00%	NA
1	2015	2/28/2015	2,985,951	-	-	2,985,951	0.900901	2,690,046	7.45%	8.27%
2	2016	2/28/2016	2,994,818	-	-	2,994,818	0.811622	2,430,661	6.73%	8.29%
3	2017	2/28/2017	3,211,504	-	-	3,211,504	0.731191	2,348,224	6.50%	8.89%
4	2018	2/28/2018	3,296,127	-	-	3,296,127	0.658731	2,171,261	6.01%	9.13%
5	2019	2/28/2019	3,395,011	-	-	3,395,011	0.593451	2,014,774	5.58%	9.40%
6	2020	2/28/2020	3,496,861	-	-	3,496,861	0.534641	1,869,565	5.18%	9.68%
7	2021	2/28/2021	3,614,577	-	-	3,614,577	0.481658	1,740,991	4.82%	10.01%
8	2022	2/28/2022	3,709,820	-	-	3,709,820	0.433926	1,609,789	4.46%	10.27%
9	2023	2/28/2023	3,821,114	-	-	3,821,114	0.390925	1,493,768	4.14%	10.58%
10	2024	2/28/2024	3,935,748	46,425,772	-	50,361,520	0.352184	17,736,546	49.12%	139.48%
		Reversion NOI:	4,068,238		Total:	80,887,302		36,106,000	100.00%	
								(1,849,900)	PIP Deduction	
								34,256,100	As Is Value	
								158,593	Per Room	

6 Step Process

How does it relate to hotels?

- 1. Analyze productivity attributes**
- 2. Delineate the market of property users**
- 3. Forecast demand**
- 4. Measure competitive supply**
- 5. Analyze market equilibrium/disequilibrium**
- 6. Forecast subject capture**

Source: Stephen F. Fanning, MAI

Hotel Market Analysis

- **Location**
- **Distance to demand generators**
- **Type of Facility**
- **Quality**
- **Accessibility**
- **Visibility**

- **Who are the intended users/demand?**
- **Segmentation**

- **STR Data (see next tab)**
- **Identify a competitive set**
- **How to identify new supply?**
- **Seasonality trends**
- **Employment and demographic data**
- **Identify metrics for each segment – corporate user example**

Hotel Market Analysis STR Report

Occupancy (%)	Year To Date			Running 3 Month			Running 12 Month		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
My Property	62.4	69.2	65.9	59.0	57.7	55.2	62.4	69.2	65.9
Competitive Set	65.1	66.4	72.3	60.4	62.5	64.8	65.1	66.4	72.3
Index (MPI)	95.9	104.3	91.1	97.6	92.3	85.2	95.9	104.3	91.1
Rank	4 of 5	3 of 5	5 of 5	3 of 5	4 of 5	5 of 5	4 of 5	3 of 5	5 of 5

% Chg

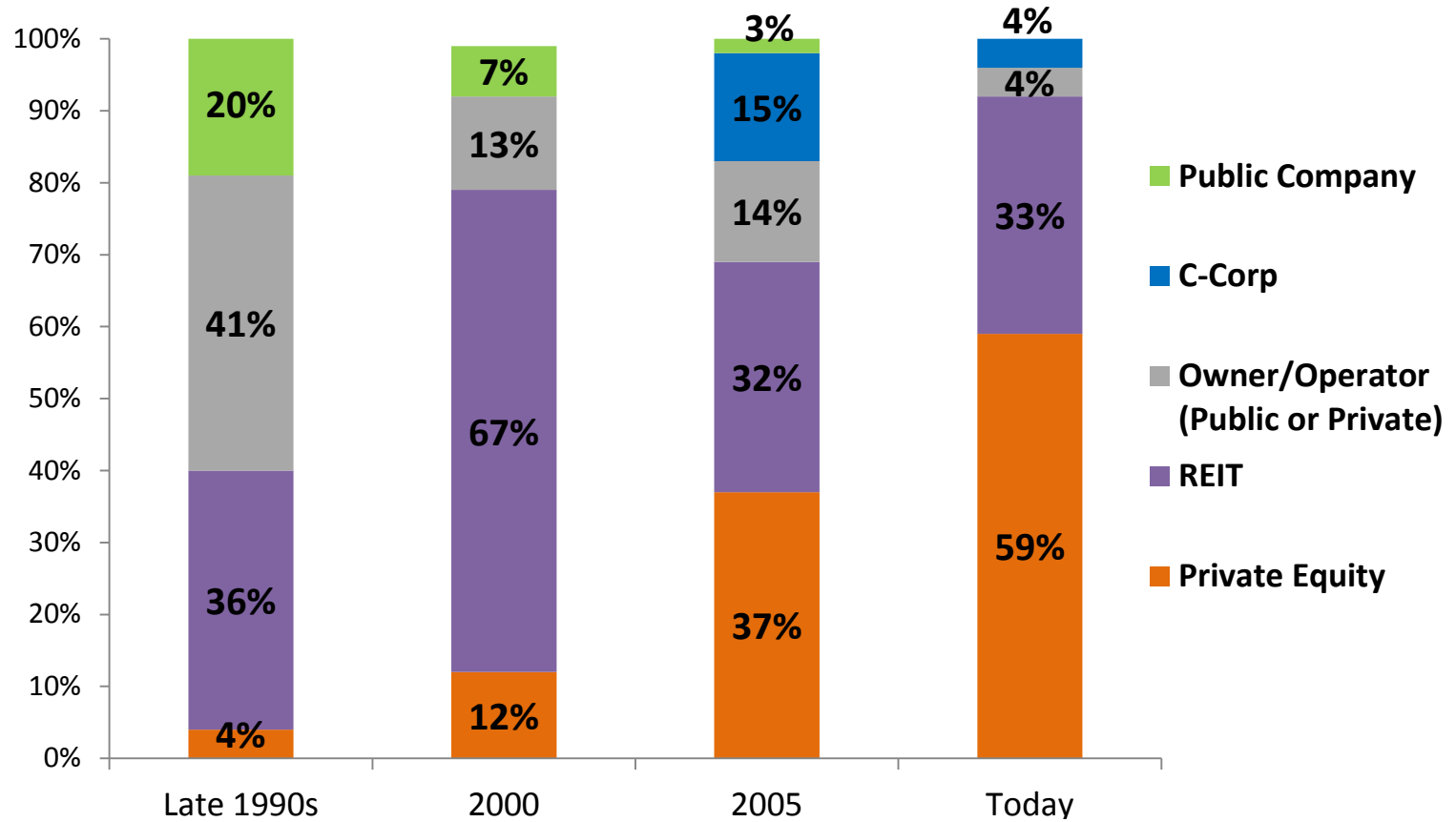
My Property	1.9	10.9	-4.9	4.0	-2.1	-4.4	1.9	10.9	-4.9
Competitive Set	2.2	2.0	9.0	-2.1	3.5	3.5	2.2	2.0	9.0
Index (MPI)	-0.3	8.8	-12.7	6.2	-5.4	-7.6	-0.3	8.8	-12.7
Rank	3 of 5	2 of 5	5 of 5	1 of 5	4 of 5	4 of 5	3 of 5	2 of 5	5 of 5

Hotel Market Analysis STR Report

Day of Week	Time Period	Occupancy (%)					
		Mg Property		Competitive Set		Index (MPI)	
			% Chg		% Chg		% Chg
Sunday	Current Month	16.6	-20.0	27.9	-21.6	59.5	2.0
	Year To Date	35.6	-2.5	45.9	7.8	77.5	-9.6
	Running 3 Month	21.2	-26.2	35.1	-3.8	60.4	-23.3
	Running 12 Month	35.6	-2.5	45.9	7.8	77.5	-9.6
Monday	Current Month	33.7	-12.6	48.7	-6.2	69.2	-6.8
	Year To Date	58.7	-12.9	70.3	10.9	83.6	-21.4
	Running 3 Month	48.7	-12.1	61.8	4.0	78.8	-15.5
	Running 12 Month	58.7	-12.9	70.3	10.9	83.6	-21.4
Tuesday	Current Month	44.5	-12.8	58.9	2.1	75.5	-14.5
	Year To Date	74.8	-8.3	80.4	9.7	93.0	-16.5
	Running 3 Month	61.1	-9.1	70.7	0.3	86.4	-9.4
	Running 12 Month	74.8	-8.3	80.4	9.7	93.0	-16.5
Wednesday	Current Month	41.5	5.1	55.8	5.9	74.3	-0.8
	Year To Date	77.8	-2.6	81.6	10.8	95.3	-12.1
	Running 3 Month	63.1	-4.8	72.3	2.9	87.3	-7.5
	Running 12 Month	77.8	-2.6	81.6	10.8	95.3	-12.1
Thursday	Current Month	33.3	-18.1	47.2	-3.6	70.5	-15.1
	Year To Date	72.2	6.8	77.2	11.2	93.6	-4.0
	Running 3 Month	60.7	2.1	70.5	10.7	86.1	-7.8
	Running 12 Month	72.2	6.8	77.2	11.2	93.6	-4.0
Friday	Current Month	37.3	4.0	45.0	-2.9	83.1	7.1
	Year To Date	71.7	-5.1	75.8	6.2	94.6	-10.6
	Running 3 Month	69.4	9.0	73.4	6.5	94.7	2.3
	Running 12 Month	71.7	-5.1	75.8	6.2	94.6	-10.6
Saturday	Current Month	41.6	-9.7	47.7	-3.4	87.3	-6.5
	Year To Date	71.0	-6.7	75.8	6.8	93.7	-12.6
	Running 3 Month	62.5	-0.4	69.8	2.4	89.6	-2.7
	Running 12 Month	71.0	-6.7	75.8	6.8	93.7	-12.6

Hotel Ownership Increasingly Consolidated

Proportion of Rooms Owned by Investor Type for 10 Largest Hotel Owners



Approximate share of U.S. institutional quality room stock owned by 10 largest owners

14%

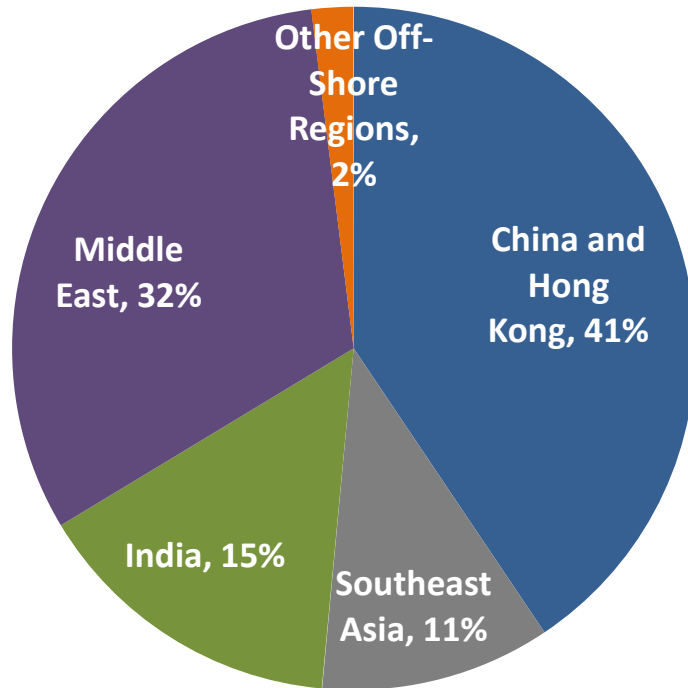
27%

44%

44%

Off-Shore Investment into U.S. Hotel Market

Off-Shore Investment into U.S. Since 2010



Investment Targets:

- Coastal gateway markets
- Urban locations and resorts
- Institutional quality assets, often unbranded
- Single assets

Source: Jones Lang LaSalle

Hotel Capital Stack Returns/Price Movements

	2005	Early 2006	Late 2006	Early 2007 (Peak)	Late 2007	Mid 2008	Late 2008	Late 2009	Late 2010	Mid 2011	Late 2012	Late 2013
DEBT												
Debt To Value	60%	70%	75%	80%	75%	65%	55%	55%	65%	65%	65%	70%
Interest Rate	6.00%	6.50%	6.20%	5.75%	6.50%	7.10%	8.00%	8.00%	6.50%	5.50%	5.25%	5.00%
Amortization	25	30	I/O	I/O	30	25	25	25	25	25	25	25
Debt Constant	7.73%	7.58%	6.20%	5.75%	7.58%	8.56%	9.26%	9.26%	8.10%	7.37%	7.19%	7.02%
EQUITY												
Equity To Value	40%	30%	25%	20%	25%	35%	45%	45%	35%	35%	35%	30%
Equity Dividend	10.00%	10.00%	9.00%	8.00%	9.00%	10.00%	11.00%	11.00%	9.00%	8.00%	8.00%	7.00%
Weighted Average Cost Of Capital (WACC)	8.64%	8.31%	6.90%	6.20%	7.94%	9.06%	10.04%	10.04%	8.42%	7.59%	7.47%	7.01%
Implied Value of \$1,000 NOI	\$11,575	\$12,035	\$14,493	\$16,129	\$12,597	\$11,034	\$9,956	\$9,956	\$11,881	\$13,175	\$13,379	\$14,264
% Change WACC From Previous Period	N/A	-3.80%	-17.00%	-10.10%	28.00%	14.20%	10.80%	0.00%	-16.20%	-9.82%	-1.53%	-6.20%
% Change WACC From 2005	N/A	N/A	-20.10%	-28.20%	-8.10%	4.90%	16.30%	16.30%	-2.60%	-12.14%	-13.48%	-18.85%
% Change WACC From Peak	N/A	N/A	N/A	N/A	28.00%	46.20%	62.00%	62.00%	35.80%	22.42%	20.55%	13.07%
% Change Value From Previous Period	N/A	4.00%	20.40%	11.30%	-21.90%	-12.40%	-9.80%	0.00%	19.30%	10.89%	1.55%	6.61%
% Change Value From 2005	N/A	N/A	25.20%	39.30%	8.80%	-4.70%	-14.00%	-14.00%	2.60%	13.82%	15.58%	23.23%
% Change Value From Peak	N/A	N/A	N/A	N/A	-21.90%	-31.60%	-38.30%	-38.30%	-26.30%	-18.31%	-17.05%	-11.56%

Source: LW Hospitality Advisors

Hotel Price Changes (Implied Value Of \$1,000 NOI)

Change in Weighted Cost of Capital

Change in NOI

	2005	Early 2006	Late 2006	Early 2007 (Peak)	Late 2007	Mid 2008	Late 2008	Late 2009	Late 2010	Mid 2011	Late 2012	Late 2013
	8.64%	8.31%	6.90%	6.20%	7.94%	9.06%	10.04%	10.04%	8.42%	7.59%	7.47%	7.01%
25.00%	\$14,469	\$15,043	\$18,116	\$20,161	\$15,746	\$13,793	\$12,445	\$12,445	\$14,852	\$16,469	\$16,724	\$17,830
20.00%	\$13,891	\$14,442	\$17,391	\$19,355	\$15,116	\$13,241	\$11,947	\$11,947	\$14,258	\$15,811	\$16,055	\$17,117
15.00%	\$13,312	\$13,840	\$166,678	\$18,548	\$14,486	\$12,689	\$11,450	\$11,450	\$13,663	\$15,152	\$15,386	\$16,404
10.00%	\$12,733	\$13,238	\$15,942	\$17,742	\$13,856	\$12,138	\$10,952	\$10,952	\$13,069	\$14,493	\$14,717	\$15,691
5.00%	\$12,154	\$12,636	\$15,217	\$16,935	\$13,226	\$11,586	\$10,454	\$10,454	\$12,475	\$13,834	\$14,048	\$14,977
0.00%	\$1,575	\$12,035	\$14,493	\$16,129	\$12,597	\$11,034	\$9,956	\$9,956	\$11,881	\$13,175	\$13,379	\$14,264
-5.00%	\$10,997	\$11,433	\$13,768	\$15,323	\$11,967	\$10,482	\$9,458	\$9,458	\$11,287	\$12,517	\$12,711	\$13,551
-10.00%	\$10,418	\$10,831	\$13,043	\$14,516	\$11,337	\$9,931	\$8,961	\$8,961	\$10,693	\$11,858	\$12,042	\$12,838
-15.00%	\$9,839	\$10,229	\$12,319	\$13,710	\$10,707	\$9,379	\$8,463	\$8,463	\$10,099	\$11,199	\$11,373	\$12,125
-20.00%	\$9,260	\$9,628	\$11,594	\$12,903	\$10,077	\$8,827	\$7,965	\$7,965	\$9,505	\$10,540	\$10,704	\$11,411
-25.00%	\$8,682	\$9,026	\$10,870	\$12,097	\$9,447	\$8,276	\$7,467	\$7,467	\$8,911	\$9,882	\$10,035	\$10,698

Source: LW Hospitality Advisors

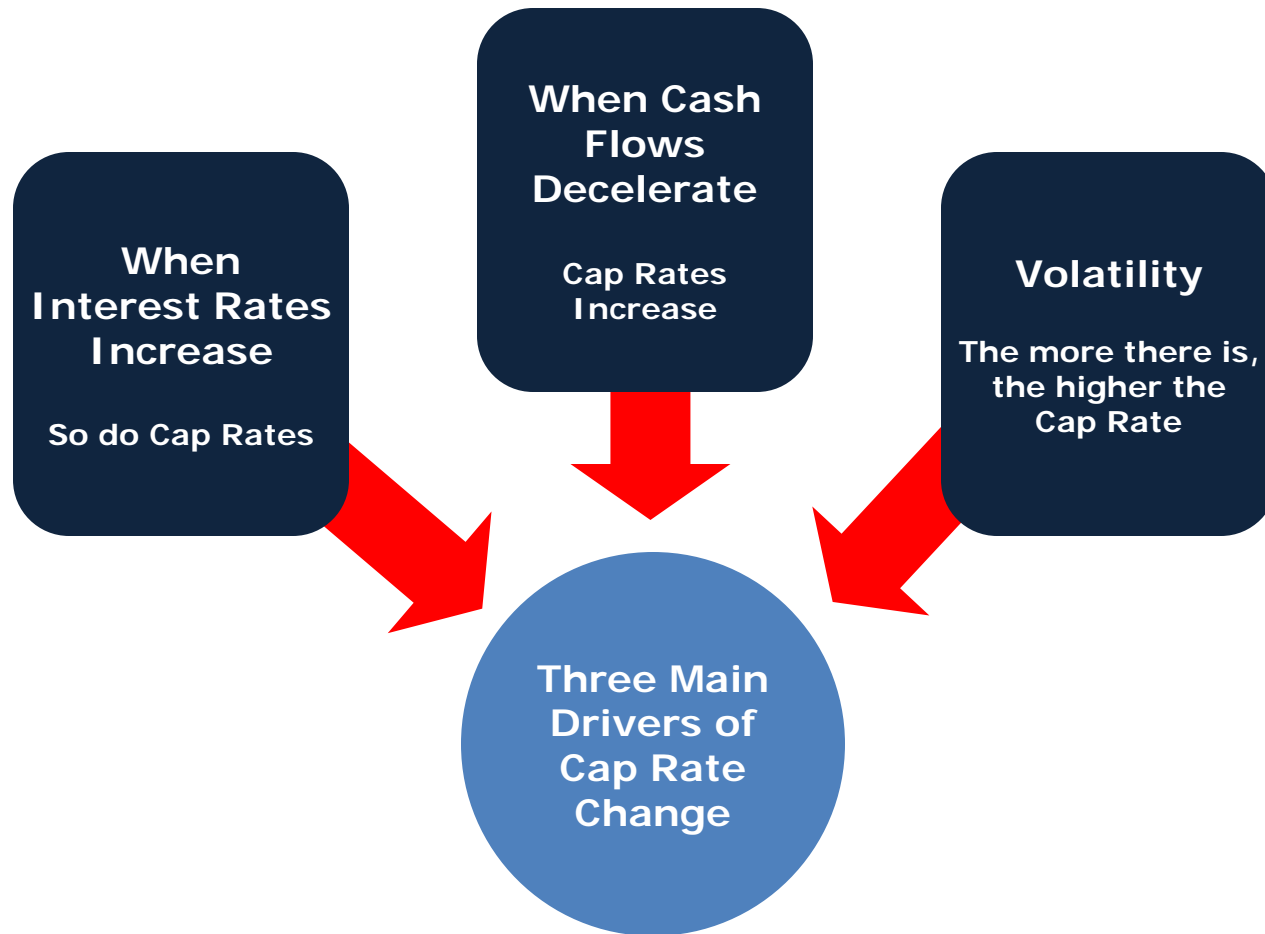
Hotel Percent Price Change (Since Early 2007 Peak)

Change in Weighted Cost of Capital

Change in NOI	Early 2007 (Peak)	Late 2007	Mid 2008	Late 2008	Late 2009	Late 2010	Mid 2011	Late 2012	Late 2013
	6.20%	7.94%	9.06%	10.04%	10.04%	8.42%	7.59%	7.47%	7.01%
25.00%	25.00%	-2.40%	-14.50%	-22.80%	-22.80%	-7.90%	2.11%	3.69%	10.55%
20.00%	20.00%	-6.30%	-17.90%	-25.90%	-25.90%	-11.60%	-1.97%	-0.46%	6.13%
15.00%	15.00%	-10.20%	-21.30%	-29.00%	-29.00%	-15.30%	-6.06%	-4.60%	1.70%
10.00%	10.00%	-14.10%	-24.70%	-32.10%	-32.10%	-19.00%	-10.14%	-8.75%	-2.72%
5.00%	5.00%	-18.00%	-28.20%	-35.20%	-35.20%	-22.70%	-14.23%	-12.90%	-7.14%
0.00%	0.00%	-21.90%	-31.60%	-38.30%	-38.30%	-26.30%	-18.31%	-17.05%	-11.56%
-5.00%	-5.00%	-25.80%	-35.00%	-41.40%	-41.40%	-30.00%	-22.40%	-21.19%	-15.98%
-10.00%	-10.00%	-29.70%	-38.40%	-44.40%	-44.40%	-33.70%	-26.48%	-25.34%	-20.41%
-15.00%	-15.00%	-33.60%	-41.80%	-47.50%	-47.50%	-37.40%	-30.57%	-29.49%	-24.83%
-20.00%	-20.00%	-37.50%	-45.30%	-50.60%	-50.60%	-41.10%	-34.65%	-33.64%	-29.25%
-25.00%	-25.00%	-41.40%	-48.70%	-53.70%	53.70%	-44.80%	-38.73%	-37.79%	-33.67%

Source: LW Hospitality Advisors

Where are Cap Rates Going?



Hotel Capitalization Rates

	<u>Trailing 12 Months</u>	<u>% of Gross Revenues</u>	<u>Implied Cap Rate Assumed \$50 Million Sale</u>
Gross Revenues	\$18,000,000	100.00%	
GOP Before Mgt Fees and Reserves	\$4,320,000	24.0%	8.6%
Gross Management Fee	\$540,000	3.0%	
Incentive Management Fee	\$180,000	1.0%	
Reserve for Replacement	\$900,000	5.0%	
NOI After Base Management Fee	\$3,780,000	21.0%	7.6%
NOI After Base & Incentive Management Fee	\$3,600,000	20.0%	7.2%
NOI After Base & Incentive Management Fee & Reserves	\$2,700,000	15.0%	5.4%
	<u>Projected Year One</u>	<u>% of Gross Revenues</u>	<u>Implied Cap Rate Assumed \$50 Million Sale</u>
Gross Revenues	\$20,000,000	100.00%	
GOP Before Management Fee	\$5,200,000	26.0%	10.4%
Base Management Fee	\$600,000	3.0%	
Incentive Management Fee	\$200,000	1.0%	
Reserve for Replacement	\$1,000,000	5.0%	
NOI After Base Management Fee	\$4,600,000	23.0%	9.2%
NOI After Base & Incentive Management Fee	\$4,400,000	22.0%	8.8%
NOI After Base & Incentive Management Fee & Reserves	\$3,400,000	17.0%	6.8%

Source: LW Hospitality Advisors

Conclusion

Economic Environment

- Tepid growth which appears to be losing steam

Lodging Fundamentals

- Demand is strongly rebounding
- Construction accelerating
- RevPAR is growing

Investor Interest

- Public REITs
- Private Equity Funds
- Sovereign Wealth Funds
- Non-traded REITs
- Family Offices

Capital Markets

- Robust lending environment has led to more refinancing than transaction activity
- Lower cost of debt at higher leverage has increased equity returns
- Near term outlook is favorable as far as cost and availability of capital

Transaction Activity

- Capitalization rates and discount rates have reached a point of stabilization
- Values expected to continue to rise at moderate rate primarily due to RevPAR gains
- New supply and/or economic factors are starting to impact cap rates and values in some markets



Special Use Properties

Hospitality



Appraisal Institute

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