

ANAHEIM

REGIONAL ECONOMIC SUMMARY

"Economic activity in the Twelfth District expanded at a modest pace during the reporting period of late May through early July. Price inflation was minimal for most final goods and services, and upward wage pressures were mostly muted. Retail sales of goods grew modestly overall, although demand for business and consumer services was mixed. District manufacturing activity improved. Production and sales of agricultural items expanded. Demand for housing strengthened, and commercial real estate activity trended up further. Contacts from financial institutions reported increased overall loan demand."

Demand for business and consumer services remained mixed. Robust activity in Hawaii supported the District's travel and tourism sector, although there is some concern that the flow of international visitors could subside in coming months due to weakness in the global economy. After slipping early in the year, travel and tourist activity in Southern California appeared to pick up somewhat toward the end of the second quarter. However, tourist activity in Las Vegas remained soft through the first half of 2013. Demand for elective health-care services stayed relatively weak, while demand for other discretionary services, such as restaurant dining, appeared to strengthen."

Federal Reserve Bank Beige Book, July 17, 2013

ANAHEIM: NEXT FOUR QUARTERS

The arrows show the forecast direction of change over the next 4 quarters vs. the previous 4 quarters. Green indicates the change will be above the long run average, and red indicates it will be below.

Occupancy

Occupancy will increase to 74.7%, better than the previous 4 quarters' rate of 74.3%, and above the long run average of 67.1%



Average Daily Rate

ADR growth expectations are weakening, 5.9% vs. the past 4 quarters' rate of 6.5%, but are above the long run average of 3.3%



Revenue Per Available Room

RevPAR growth projections are falling to 6.5% as compared to the past 4 quarters' rate of 10.2%, but are greater than the long run average of 3.8%



Supply*

* Red indicates above long-term average

Supply growth is climbing, 0.8% vs. the past 4 quarters' rate of 0.2%, though it is under the long run average of 1.5%



Demand

Forecast demand growth is falling, 1.4% vs. the past 4 quarters' rate of 3.7%, and is below the long run average of 1.9%



Source: PKF Hospitality Research, LLC

HOTEL MARKET SUMMARY

By year-end 2013, Anaheim hotels are forecast to see a RevPAR increase of 8.3%. This is the result of an estimated increase in occupancy of 1.9% and a 6.2% gain in average daily room rates (ADR). The 8.3% boost in Anaheim RevPAR is better than the national projection of a 5.9% increase.

Leading the way in 2013 RevPAR growth is the upper-priced segment of Anaheim. The properties in this category are forecast to achieve a 6.3% gain in ADR and see a 1.9% increase in occupancy, resulting in an 8.3% RevPAR increase. Lower-priced hotels are projected to experience an ADR growth rate of 6.0%, along with a 2.0% gain in occupancy, resulting in an 8.2% RevPAR increase.

Looking towards 2014, Anaheim RevPAR is expected to grow 7.0%. This is less than the rate of growth in 2013. Prospects for RevPAR growth in the upper-priced segment (positive 6.7%) are the same as in the lower-priced segment (positive 6.7%). Anaheim market occupancy levels are expected to range from 73.9% to 75.6% during the 5-year forecast period.

ANAHEIM FORECAST SUMMARY

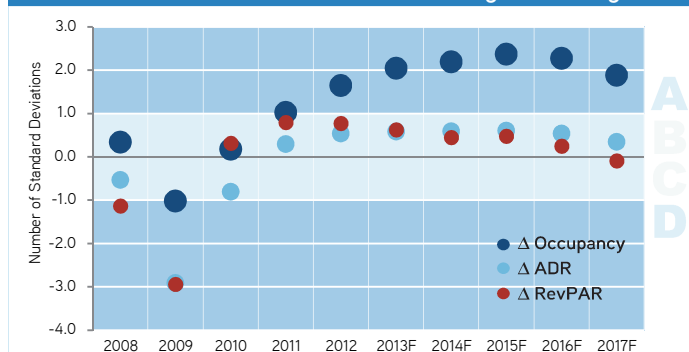
Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	68.3%	-5.0%	\$122.66	0.7%	\$83.80	-4.4%
2009	63.5%	-7.1%	\$109.00	-11.1%	\$69.17	-17.5%
2010	67.8%	6.8%	\$108.28	-0.7%	\$73.36	6.1%
2011	70.8%	4.5%	\$113.49	4.8%	\$80.34	9.5%
2012	73.0%	3.2%	\$120.30	6.0%	\$87.85	9.4%
2013F	74.4%	1.9%	\$127.78	6.2%	\$95.13	8.3%
2014F	75.0%	0.7%	\$135.79	6.3%	\$101.82	7.0%
2015F	75.6%	0.9%	\$144.38	6.3%	\$109.18	7.2%
2016F	75.3%	-0.4%	\$153.07	6.0%	\$115.24	5.6%
2017F	73.9%	-1.9%	\$160.83	5.1%	\$118.82	3.1%

Long Run Averages - 1988 to 2012

Occupancy: 67.1% Δ ADR: 3.3% Δ RevPAR: 3.8%

Source: PKF Hospitality Research, LLC, Smith Travel Research

EXHIBIT 1*: Performance Grade vs. Long Run Average



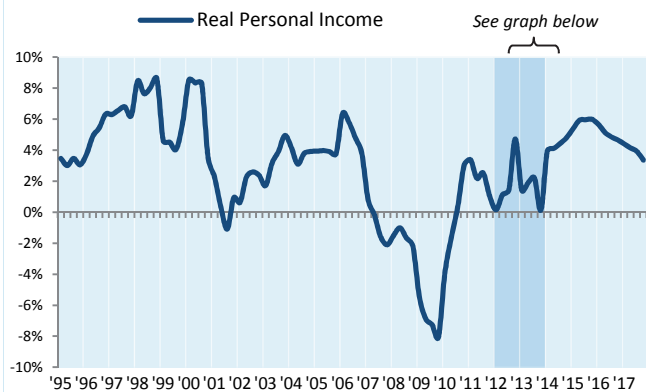
Source: PKF Hospitality Research, LLC, Smith Travel Research

** See Appendix for exhibit descriptions

Anaheim Economic Summary

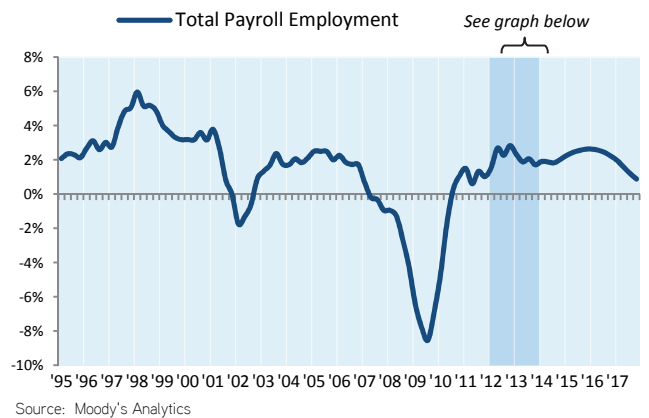
Below are a select number of variables that drive the PKF-HR econometric forecasts contained in this report. Income and employment are important barometers of economic health and are used in every *Hotel Horizons*® forecast model. The lodging market is part of the larger economy, and the forces that affect us nationally also affect lodging, but in different magnitudes and time periods (see Exhibits 4 and 5 below). Exhibits 2 - 6 provide an overview of current economic history and forecast, and provide explanation of what to expect in the future, and how that affects the lodging industry.

Exhibit 2*: Income Change



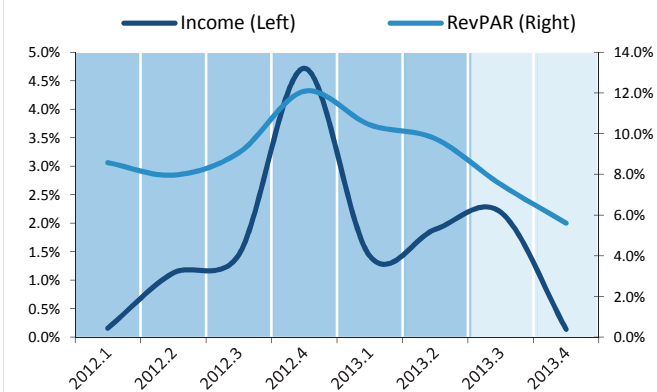
*See Appendix for exhibit descriptions

Exhibit 3*: Employment Change



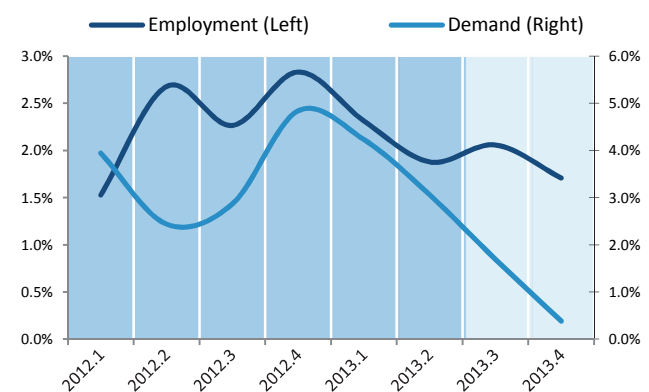
*See Appendix for exhibit descriptions

Exhibit 4*: Quarterly Income vs. RevPAR Change



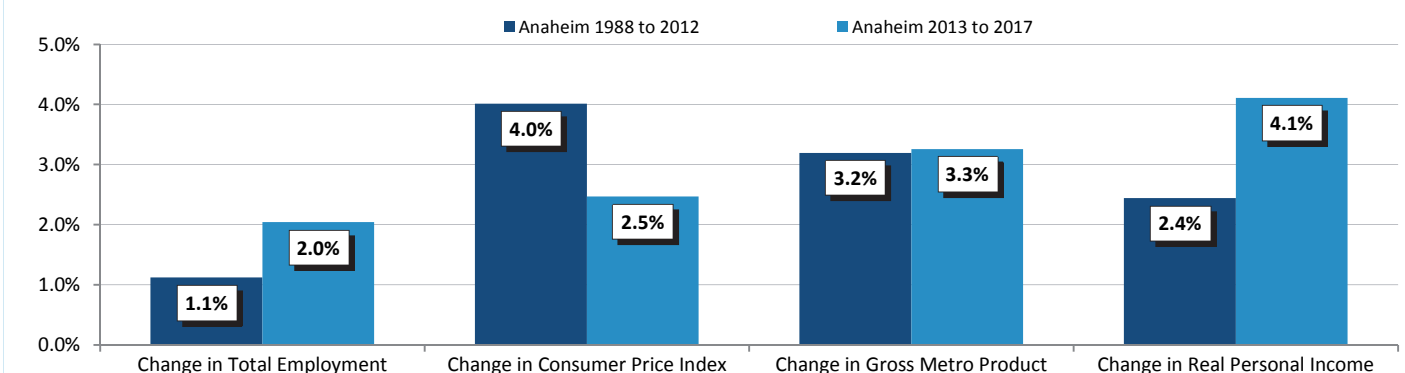
*See Appendix for exhibit descriptions

Exhibit 5*: Quarterly Employment vs. Demand Change



*See Appendix for exhibit descriptions

Exhibit 6*: Average Annual Growth Rates

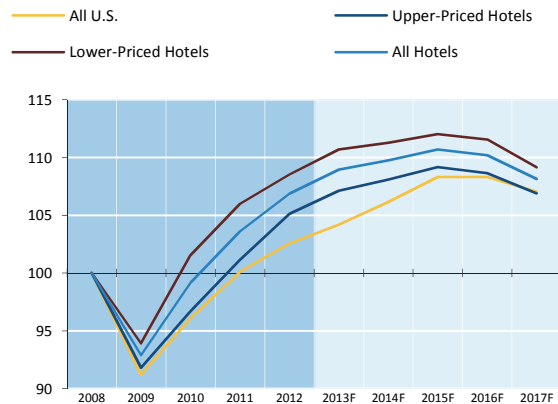


*See Appendix for exhibit descriptions

Anaheim Hotel Summary

The graphs on the left illustrate the magnitude of change in performance during the historical and forecasted period 2008 to 2017. Used as a relative benchmark, each market segment is plotted against a common index value of 2008 = 100. This method provides clear insight of how each market segment performed and is expected to perform in relation to others in the specified period. The charts on the right compare near-term historical compound annual growth rates (CAGR) to the CAGRs for the forecast period.

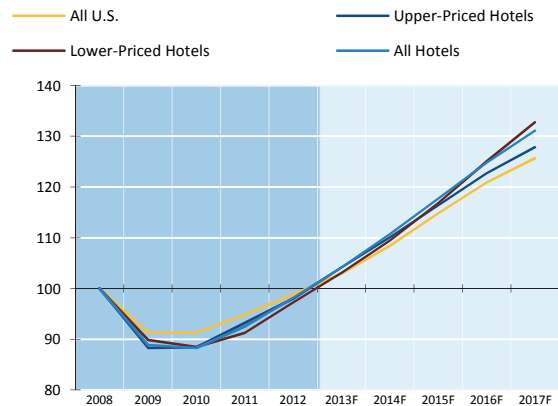
Exhibit 7*: Occupancy Change



Source: PKF Hospitality Research, LLC, Smith Travel Research

*See Appendix for exhibit descriptions

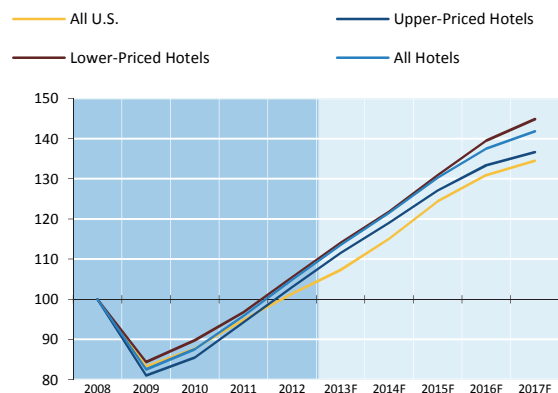
Exhibit 8*: ADR Change



Source: PKF Hospitality Research, LLC, Smith Travel Research

*See Appendix for exhibit descriptions

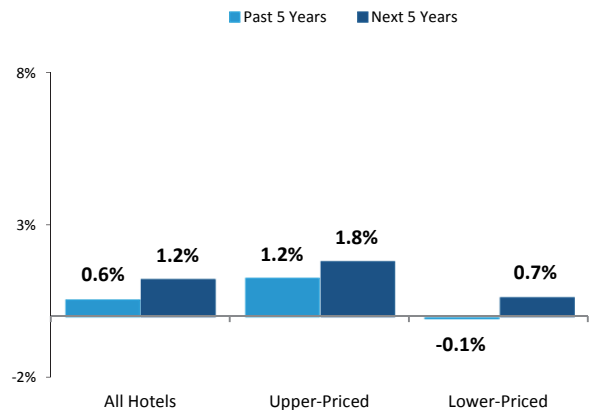
Exhibit 9*: RevPAR Change



Source: PKF Hospitality Research, LLC, Smith Travel Research

*See Appendix for exhibit descriptions

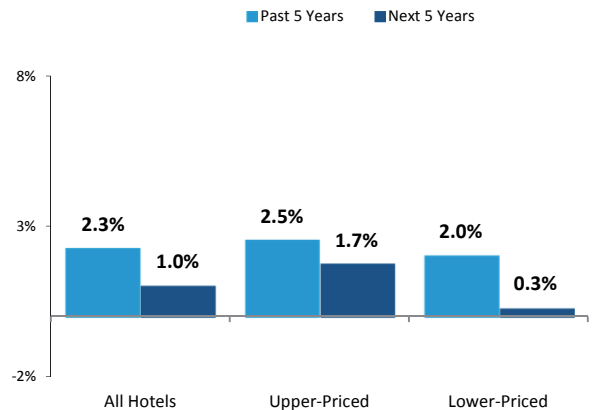
Exhibit 10*: Compound Average Annual Supply Change



Source: PKF Hospitality Research, LLC, Smith Travel Research

*See Appendix for exhibit descriptions

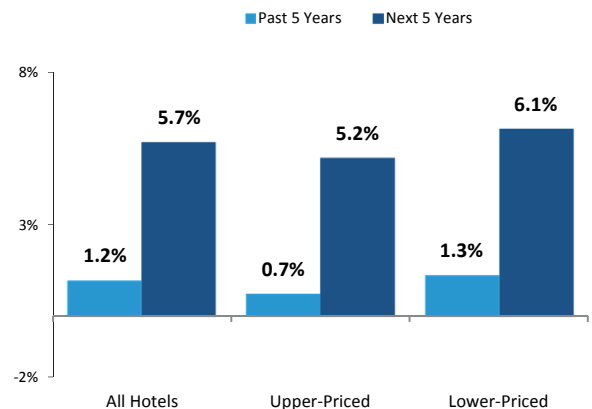
Exhibit 11*: Compound Average Annual Demand Change



Source: PKF Hospitality Research, LLC, Smith Travel Research

*See Appendix for exhibit descriptions

Exhibit 12*: Compound Average Annual RevPAR Change



Source: PKF Hospitality Research, LLC, Smith Travel Research

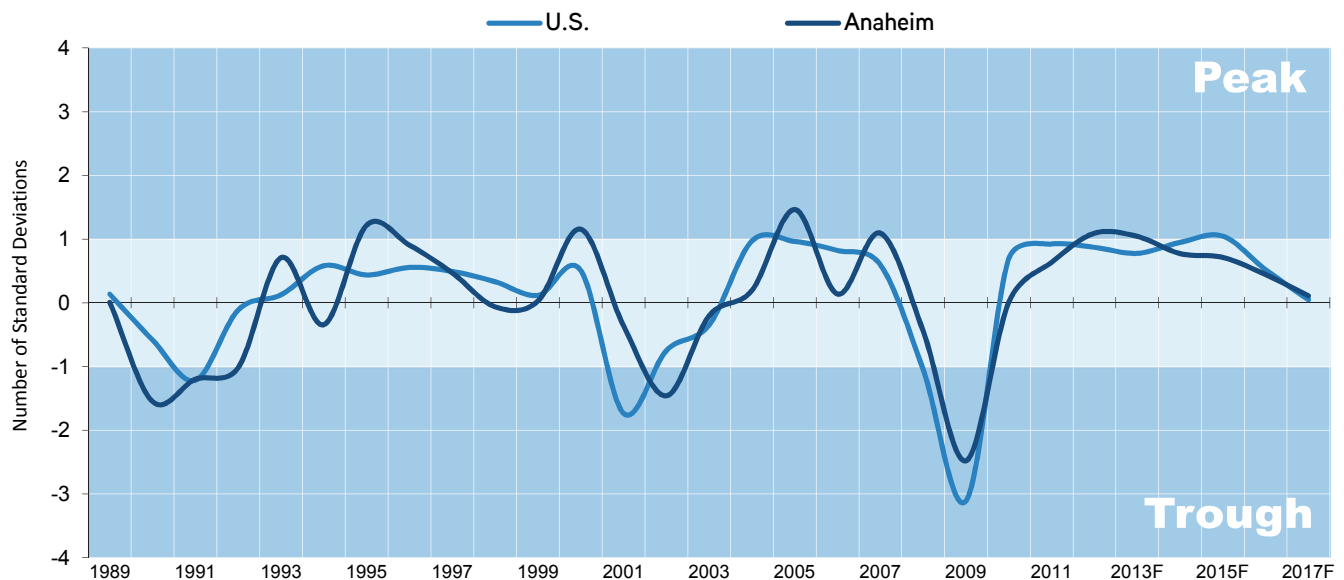
*See Appendix for exhibit descriptions

Anaheim Forecast - All Hotels

Year	Period	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR	Δ Supply	Δ Demand
2008	Annual	68.3%	-5.0%	\$122.66	0.7%	\$83.80	-4.4%	0.1%	-4.9%
2009	Annual	63.5%	-7.1%	\$109.00	-11.1%	\$69.17	-17.5%	1.1%	-6.1%
2010	1	62.3%	4.5%	\$105.04	-7.7%	\$65.40	-3.6%	1.5%	6.0%
2010	2	70.5%	7.7%	\$106.36	-1.6%	\$75.01	6.0%	1.0%	8.9%
2010	3	74.2%	7.3%	\$115.17	3.3%	\$85.47	10.8%	0.5%	7.8%
2010	4	64.0%	7.4%	\$105.54	3.1%	\$67.57	10.7%	0.0%	7.4%
2010	Annual	67.8%	6.8%	\$108.28	-0.7%	\$73.36	6.1%	0.8%	7.6%
2011	1	66.2%	6.3%	\$110.17	4.9%	\$72.89	11.5%	0.0%	6.3%
2011	2	73.5%	4.3%	\$111.89	5.2%	\$82.27	9.7%	0.2%	4.5%
2011	3	77.6%	4.6%	\$120.29	4.4%	\$93.34	9.2%	0.2%	4.7%
2011	4	65.8%	2.9%	\$110.60	4.8%	\$72.83	7.8%	0.2%	3.0%
2011	Annual	70.8%	4.5%	\$113.49	4.8%	\$80.34	9.5%	0.1%	4.6%
2012	1	68.5%	3.6%	\$115.46	4.8%	\$79.14	8.6%	0.3%	3.9%
2012	2	75.1%	2.2%	\$118.22	5.7%	\$88.82	8.0%	0.3%	2.4%
2012	3	79.6%	2.6%	\$127.91	6.3%	\$101.80	9.1%	0.3%	2.9%
2012	4	68.8%	4.5%	\$118.60	7.2%	\$81.63	12.1%	0.3%	4.8%
2012	Annual	73.0%	3.2%	\$120.30	6.0%	\$87.85	9.4%	0.3%	3.5%
2013	1	71.3%	4.1%	\$122.54	6.1%	\$87.40	10.4%	0.2%	4.2%
2013	2	77.3%	2.9%	\$126.04	6.6%	\$97.49	9.8%	0.1%	3.1%
2013F	3	80.6%	1.3%	\$135.78	6.2%	\$109.44	7.5%	0.4%	1.7%
2013F	4	68.5%	-0.4%	\$125.79	6.1%	\$86.20	5.6%	0.8%	0.4%
2013F	Annual	74.4%	1.9%	\$127.78	6.2%	\$95.13	8.3%	0.4%	2.3%
2014F	Annual	75.0%	0.7%	\$135.79	6.3%	\$101.82	7.0%	1.2%	1.9%
2015F	Annual	75.6%	0.9%	\$144.38	6.3%	\$109.18	7.2%	1.0%	1.8%
2016F	Annual	75.3%	-0.4%	\$153.07	6.0%	\$115.24	5.6%	1.1%	0.7%
2017F	Annual	73.9%	-1.9%	\$160.83	5.1%	\$118.82	3.1%	1.6%	-0.3%
2012 2Q	Year to Date	71.8%	2.8%	\$116.91	5.3%	\$83.99	8.2%	0.3%	3.2%
2013 2Q	Year to Date	74.3%	3.5%	\$124.36	6.4%	\$92.44	10.1%	0.1%	3.6%
2013 2Q	Trailing 4 Qtrs	74.3%	3.5%	\$123.97	6.5%	\$92.08	10.2%	0.2%	3.7%

Source: PKF Hospitality Research, LLC, Smith Travel Research

Exhibit 13*: Anaheim Standardized Changes in Real RevPAR Movements Over Time



Source: PKF Hospitality Research, LLC, Smith Travel Research

*See Appendix for exhibit description

Anaheim Forecast - Upper-Priced Hotels

Year	Period	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR	Δ Supply	Δ Demand
2008	Annual	70.5%	-4.7%	\$168.20	0.5%	\$118.52	-4.2%	1.0%	-3.7%
2009	Annual	64.7%	-8.2%	\$148.45	-11.7%	\$96.03	-19.0%	2.6%	-5.8%
2010	1	62.9%	4.0%	\$144.07	-7.6%	\$90.56	-3.9%	2.0%	6.0%
2010	2	71.5%	8.0%	\$144.76	-1.3%	\$103.52	6.5%	1.6%	9.7%
2010	3	74.8%	4.7%	\$158.49	5.1%	\$118.47	10.0%	1.2%	6.0%
2010	4	63.5%	4.7%	\$146.31	4.4%	\$92.89	9.2%	0.5%	5.2%
2010	Annual	68.2%	5.4%	\$148.73	0.2%	\$101.36	5.6%	1.3%	6.8%
2011	1	66.5%	5.7%	\$152.89	6.1%	\$101.59	12.2%	0.2%	5.9%
2011	2	73.3%	2.5%	\$154.22	6.5%	\$113.08	9.2%	0.5%	3.1%
2011	3	78.3%	4.7%	\$166.23	4.9%	\$130.15	9.9%	0.6%	5.3%
2011	4	67.0%	5.5%	\$152.05	3.9%	\$101.84	9.6%	0.6%	6.1%
2011	Annual	71.3%	4.6%	\$156.71	5.4%	\$111.68	10.2%	0.5%	5.0%
2012	1	69.9%	5.2%	\$158.14	3.4%	\$110.55	8.8%	0.9%	6.1%
2012	2	75.9%	3.5%	\$161.42	4.7%	\$122.48	8.3%	0.7%	4.2%
2012	3	80.2%	2.4%	\$175.84	5.8%	\$141.04	8.4%	0.5%	2.9%
2012	4	70.3%	4.9%	\$162.40	6.8%	\$114.10	12.0%	0.5%	5.4%
2012	Annual	74.1%	3.9%	\$164.78	5.2%	\$122.05	9.3%	0.6%	4.6%
2013	1	72.6%	3.8%	\$166.90	5.5%	\$121.09	9.5%	0.2%	4.0%
2013	2	78.9%	4.0%	\$171.32	6.1%	\$135.18	10.4%	0.0%	4.0%
2013F	3	80.9%	0.8%	\$188.44	7.2%	\$152.36	8.0%	0.4%	1.2%
2013F	4	69.6%	-0.9%	\$172.76	6.4%	\$120.27	5.4%	1.0%	0.1%
2013F	Annual	75.5%	1.9%	\$175.18	6.3%	\$132.22	8.3%	0.4%	2.3%
2014F	Annual	76.2%	0.9%	\$185.22	5.7%	\$141.05	6.7%	2.0%	2.9%
2015F	Annual	76.9%	1.0%	\$195.84	5.7%	\$150.63	6.8%	1.5%	2.5%
2016F	Annual	76.5%	-0.5%	\$206.45	5.4%	\$158.03	4.9%	1.5%	1.0%
2017F	Annual	75.3%	-1.6%	\$214.96	4.1%	\$161.93	2.5%	2.1%	0.5%
2012 2Q	Year to Date	72.9%	4.3%	\$159.85	4.1%	\$116.52	8.5%	0.8%	5.1%
2013 2Q	Year to Date	75.7%	3.9%	\$169.20	5.9%	\$128.14	10.0%	0.1%	4.0%
2013 2Q	Trailing 4 Qtrs	75.5%	3.7%	\$169.38	6.0%	\$127.86	10.0%	0.3%	4.0%

Source: PKF Hospitality Research, LLC, Smith Travel Research

Anaheim Financial Benchmarks* - Full-Service Hotels

Full-Service Hotels - Percent of Total Revenue - 2012			
Financial Line Item	Mountain / Pacific Region	ADR Between \$100 & \$200†	150 to 300 Rooms‡
Rooms Revenue	67.0%	69.5%	68.3%
Food and Beverage Revenue	27.0%	26.0%	26.8%
Total Departmental Expenses	44.4%	38.6%	41.7%
Total Departmental Income	55.6%	61.4%	58.3%
Total Undistributed Expenses	25.7%	27.6%	27.7%
Gross Operating Profit	30.0%	33.8%	30.6%
Management Fees, Property Taxes, and Insurance	7.4%	7.7%	7.8%
Net Operating Income**	22.5%	26.1%	22.8%

*Data from 2013 "Trends® in the Hotel Industry" report

Source: PKF Hospitality Research, LLC

**Before deductions for capital reserves, rent, interest, income taxes, depreciation, and amortization.

† Anaheim Upper-Price Average ADR: \$164.78

‡ Anaheim Upper-Price Average Size: 246 Rooms

404-809-

For a more comparable and detailed financial comparison, we recommend a PKF *Benchmark*™ report.

Please contact Viet Vo at (404) 809-3958 for more information.

Anaheim Forecast - Lower-Priced Hotels

Year	Period	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR	Δ Supply	Δ Demand
2008	Annual	66.3%	-5.4%	\$77.94	-0.5%	\$51.71	-5.9%	-0.7%	-6.1%
2009	Annual	62.3%	-6.1%	\$70.05	-10.1%	\$43.64	-15.6%	-0.3%	-6.4%
2010	1	61.7%	4.9%	\$66.90	-7.9%	\$41.27	-3.3%	1.0%	6.0%
2010	2	69.6%	7.5%	\$68.44	-3.0%	\$47.61	4.3%	0.5%	8.1%
2010	3	73.7%	9.9%	\$72.89	1.7%	\$53.72	11.7%	-0.1%	9.7%
2010	4	64.5%	10.1%	\$66.95	2.9%	\$43.20	13.3%	-0.4%	9.6%
2010	Annual	67.4%	8.1%	\$68.95	-1.6%	\$46.45	6.5%	0.2%	8.4%
2011	1	65.9%	6.8%	\$68.71	2.7%	\$45.27	9.7%	-0.2%	6.6%
2011	2	73.7%	6.0%	\$71.19	4.0%	\$52.49	10.3%	-0.1%	5.9%
2011	3	76.9%	4.4%	\$74.93	2.8%	\$57.64	7.3%	-0.2%	4.1%
2011	4	64.8%	0.3%	\$69.01	3.1%	\$44.68	3.4%	-0.2%	0.1%
2011	Annual	70.3%	4.4%	\$71.13	3.2%	\$50.02	7.7%	-0.2%	4.2%
2012	1	67.2%	2.0%	\$72.28	5.2%	\$48.59	7.3%	-0.2%	1.8%
2012	2	74.4%	0.9%	\$75.30	5.8%	\$56.03	6.7%	-0.1%	0.8%
2012	3	79.0%	2.7%	\$80.52	7.5%	\$63.59	10.3%	0.1%	2.8%
2012	4	67.4%	4.1%	\$74.18	7.5%	\$50.02	11.9%	0.1%	4.3%
2012	Annual	72.0%	2.4%	\$75.77	6.5%	\$54.56	9.1%	0.0%	2.4%
2013	1	70.1%	4.3%	\$77.89	7.7%	\$54.62	12.4%	0.2%	4.5%
2013	2	75.8%	1.9%	\$80.20	6.5%	\$60.82	8.6%	0.2%	2.1%
2013F	3	80.4%	1.7%	\$84.23	4.6%	\$67.69	6.4%	0.4%	2.2%
2013F	4	67.5%	0.0%	\$78.41	5.7%	\$52.90	5.8%	0.6%	0.6%
2013F	Annual	73.4%	2.0%	\$80.34	6.0%	\$59.01	8.2%	0.3%	2.3%
2014F	Annual	73.8%	0.5%	\$85.31	6.2%	\$62.97	6.7%	0.4%	0.9%
2015F	Annual	74.3%	0.7%	\$91.09	6.8%	\$67.70	7.5%	0.4%	1.1%
2016F	Annual	74.0%	-0.4%	\$97.47	7.0%	\$72.14	6.6%	0.8%	0.4%
2017F	Annual	72.4%	-2.2%	\$103.45	6.1%	\$74.90	3.8%	1.0%	-1.2%
2012 2Q	Year to Date	70.8%	1.4%	\$73.87	5.5%	\$52.31	7.0%	-0.2%	1.3%
2013 2Q	Year to Date	73.0%	3.1%	\$79.09	7.1%	\$57.72	10.3%	0.2%	3.2%
2013 2Q	Trailing 4 Qtrs	73.1%	3.2%	\$78.34	7.3%	\$57.26	10.7%	0.2%	3.4%

Source: PKF Hospitality Research, LLC, Smith Travel Research

Anaheim Financial Benchmarks* - Limited-Service Hotels

Limited-Service Hotels - Percent of Total Revenue - 2012			
Financial Line Item	Mountain / Pacific Region	ADR Between \$70 & \$100†	Under 100 Rooms‡
Rooms Revenue	97.7%	98.1%	99.1%
Food and Beverage Revenue	0.0%	0.0%	0.0%
Total Departmental Expenses	27.0%	27.0%	27.7%
Total Departmental Income	73.0%	73.0%	72.3%
Total Undistributed Expenses	27.4%	28.8%	30.0%
Gross Operating Profit	45.7%	44.3%	42.2%
Management Fees, Property Taxes, and Insurance	7.9%	8.9%	9.2%
Net Operating Income**	37.7%	35.4%	33.0%

*Data from 2013 "Trends® in the Hotel Industry" report

Source: PKF Hospitality Research, LLC

**Before deductions for capital reserves, rent, interest, income taxes, depreciation, and amortization.

† Anaheim Lower-Price Average ADR: \$75.77

‡ Anaheim Lower-Price Average Size: 86 Rooms

For a more comparable and detailed financial comparison, we recommend a PKF *Benchmarker*™ report.

Please contact Viet Vo at (404) 809-3958 for more information.

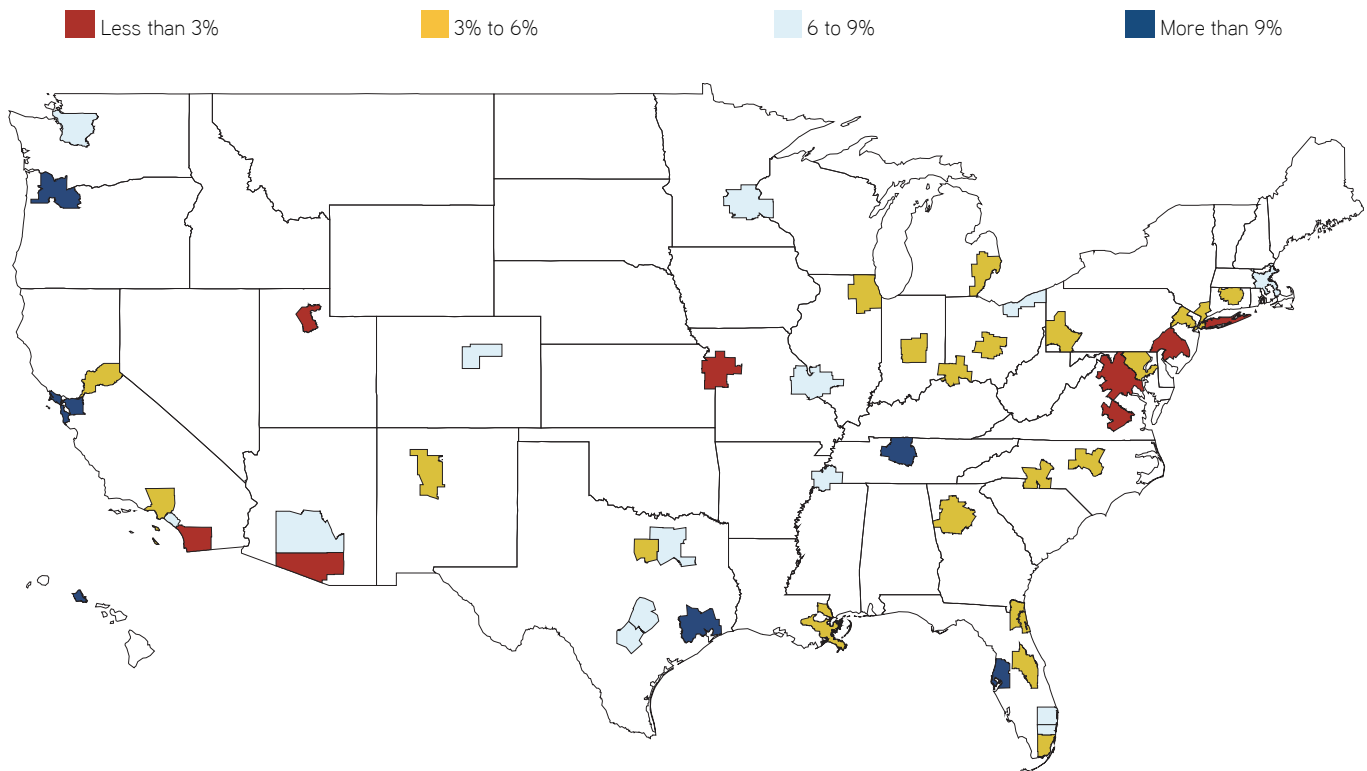
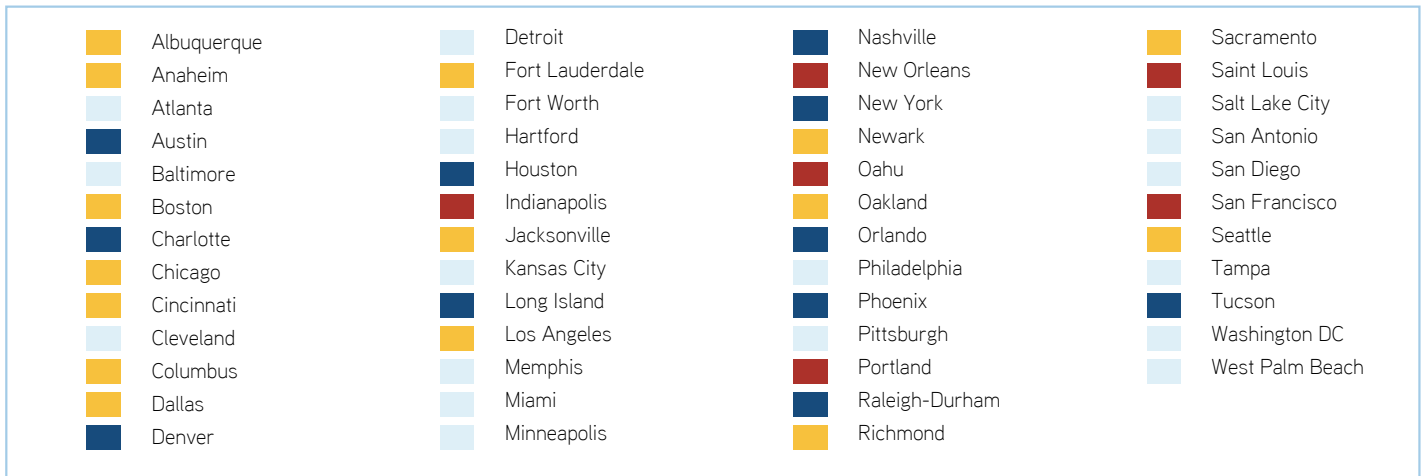
National Horizon Profile

Average Annual Change in RevPAR for the Second Half of 2013

This page showcases the PKF Hospitality Research, LLC *Hotel Horizons*® forecasting universe. The map below displays the average year over year change in RevPAR forecasted for each market for the 3rd and 4th quarters of 2013.

Quarterly *Hotel Horizons*® reports are available for the nation and all the markets shown below.

www.hotelhorizons.com



Source: PKF Hospitality Research, LLC

Anaheim Market Profile

Total Room Supply: 53,818

Anaheim Top Brands

Upper-Priced Brands	Properties	Rooms	% Market	Lower-Priced Brands	Properties	Rooms	% Market
Marriott	8	3,526	6.6%	Motel 6	12	1,584	2.9%
Hilton	5	2,870	5.3%	Best Western Plus	14	1,559	2.9%
Hyatt	4	2,113	3.9%	Holiday Inn	8	1,313	2.4%
Residence Inn	10	1,477	2.7%	Extended Stay America	10	1,284	2.4%
Embassy Suites	5	1,418	2.6%	Ayres	8	1,110	2.1%

Source: Smith Travel Research

Anaheim Supply Pipeline

Phase	Upper-Priced			Lower-Priced			Unclassified / Independent		
	Properties	Rooms	% Market	Properties	Rooms	% Market	Properties	Rooms	% Market
Pre-Planning	0	0	0.0%	0	0	0.0%	2	530	1.0%
Planning	5	927	1.7%	1	100	0.2%	3	447	0.8%
Final Planning	1	600	1.1%	0	0	0.0%	1	192	0.4%
In Construction	6	1,081	2.0%	3	409	0.8%	0	0	0.0%
Total	12	2,608	4.8%	4	509	0.9%	6	1,169	2.2%

Source: Dodge / TWR / STR / PKF-HR

Pipeline Status Definitions

Phase	Definition
Pre-Planning	No architect has been selected
Planning	An architect or engineer has been selected for the project and plans are underway. Initial approvals have usually been granted.
Final Planning	The project will go out for bids, or construction will start within 4 months.
In Construction	Ground has been broken or the owner is finalizing bids on the prime (general) contract.

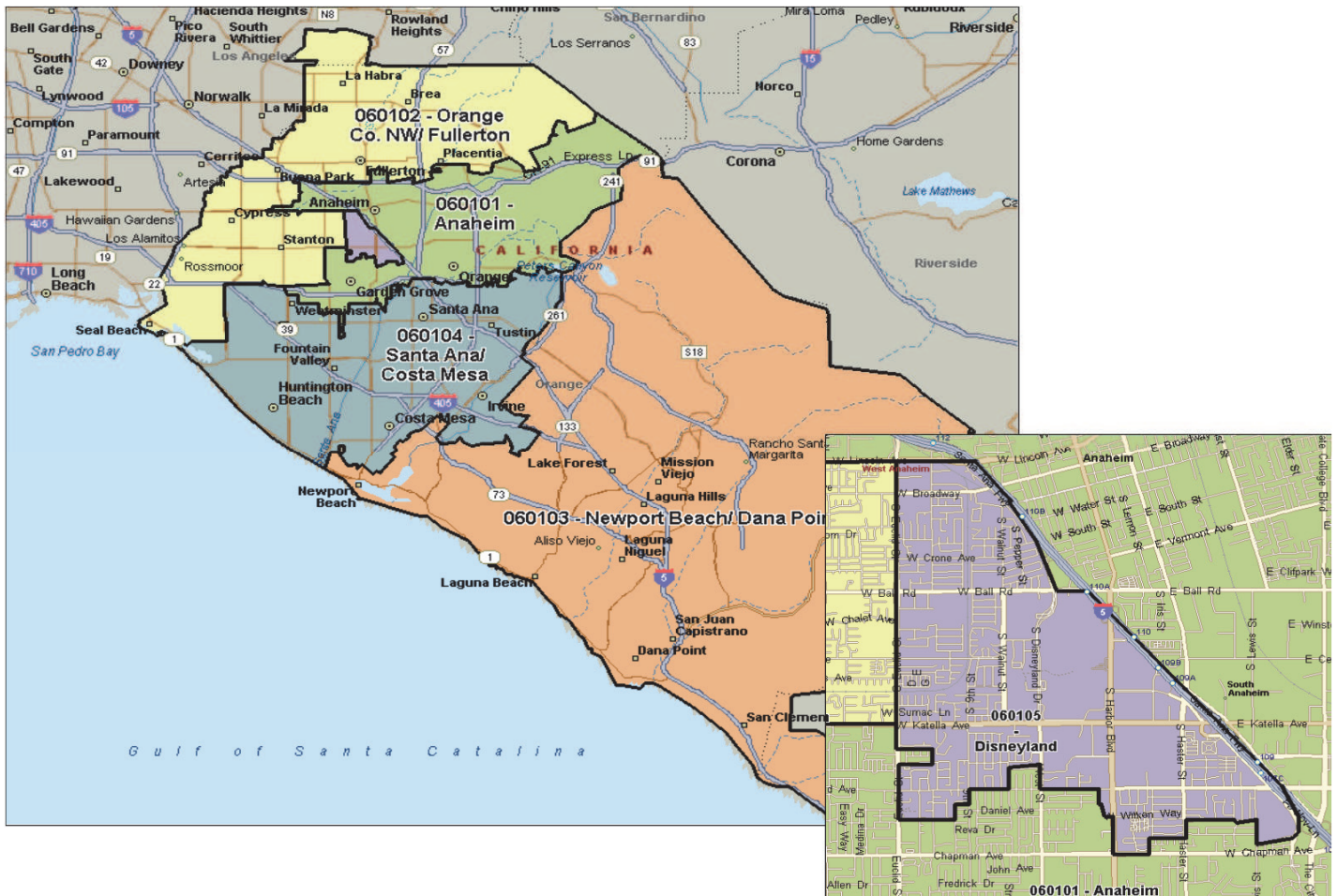
Source: Dodge / TWR / STR

For sources of information regarding local convention, air travel, and economic development activity, please visit

www.pkfc.com/localmarketinfo

Anaheim Submarket Map

Total Room Supply: 53,818



Anaheim Submarket Summary

Source: Smith Travel Research

Submarket	Upper-Priced			Lower-Priced			Totals		
	Properties	Rooms	% Market	Properties	Rooms	% Market	Properties	Rooms	% Market
Northwest / Fullerton	11	2,027	3.8%	76	5,606	10.4%	87	7,633	14.2%
Santa Ana / Costa Mesa	24	6,240	11.6%	78	6,387	11.9%	102	12,627	23.5%
Newport Beach / Dana Point	43	6,628	12.3%	47	3,582	6.7%	90	10,210	19.0%
Anaheim	13	3,788	7.0%	64	4,882	9.1%	77	8,670	16.1%
Disneyland	17	7,853	14.6%	54	6,825	12.7%	71	14,678	27.3%
Total	108	26,536	49.3%	319	27,282	50.7%	427	53,818	100.0%

Source: Smith Travel Research

Submarket Profile - Northwest / Fullerton

Total Rooms: 7,633

The Orange County Northwest submarket consists of hotels located within Orange County north of Anaheim and Disneyland. Included in this submarket are hotels located in the communities of Buena Park, Cypress, Fullerton, and Stanton.

Submarket Rank*

3

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

57%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Northwest / Fullerton Submarket Inventory

Upper-Priced	Properties	Rooms	% Submkt.	Lower-Priced	Properties	Rooms	% Submkt.
Inventory	11	2,027	26.6%	Inventory	76	5,606	73.4%
Upper-Priced Brands by Share	Properties	Rooms	% Submkt.	Lower-Priced Brands by Share	Properties	Rooms	% Submkt.
Courtyard	2	325	4.3%	Motel 6	3	423	5.5%
Residence Inn	2	267	3.5%	Howard Johnson	2	389	5.1%
Embassy Suites	1	228	3.0%	Holiday Inn	2	344	4.5%

Northwest / Fullerton Construction Pipeline

Source: Smith Travel Research

Phase	Upper-Priced			Lower-Priced			Unclassified / Independent		
	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.
Pre-Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
Final Planning	0	0	0.0%	0	0	0.0%	1	192	2.5%
In Construction	0	0	0.0%	0	0	0.0%	0	0	0.0%
Total	0	0	0.0%	0	0	0.0%	1	192	2.5%

Source: Dodge / TWR / STR / PKF-HR

Northwest / Fullerton Performance - All Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	61.8%	-5.1%	\$80.66	1.5%	\$49.86	-3.7%
2009	57.3%	-7.3%	\$73.58	-8.8%	\$42.16	-15.4%
2010	62.2%	8.6%	\$71.49	-2.8%	\$44.47	5.5%
2011	65.7%	5.7%	\$70.76	-1.0%	\$46.51	4.6%
2012	66.8%	1.6%	\$74.92	5.9%	\$50.05	7.6%
2Q12 YTD	65.4%	0.2%	\$74.31	5.7%	\$48.61	5.9%
2Q13 YTD	69.4%	6.1%	\$76.92	3.5%	\$53.37	9.8%

All Hotels Penetration vs. Market Total

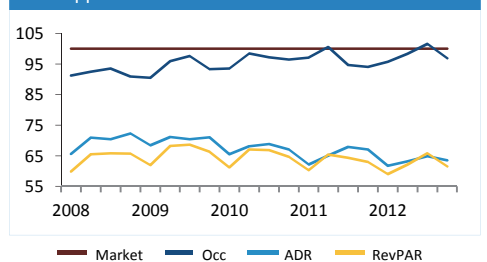
Year	Occ	ADR	RevPAR
2008	90.5%	65.8%	59.5%
2009	90.3%	67.5%	60.9%
2010	91.8%	66.0%	60.6%
2011	92.9%	62.4%	57.9%
2012	91.5%	62.3%	57.0%
2Q12 YTD	91.0%	63.6%	57.9%
2Q13 YTD	93.3%	61.9%	57.7%

Source: Smith Travel Research

Northwest / Fullerton Performance - Upper-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	65.7%	-3.1%	\$114.43	0.0%	\$75.14	-3.1%
2009	59.9%	-8.8%	\$104.61	-8.6%	\$62.62	-16.7%
2010	65.1%	8.8%	\$102.01	-2.5%	\$66.42	6.1%
2011	69.7%	7.0%	\$102.73	0.7%	\$71.55	7.7%
2012	70.8%	1.7%	\$106.75	3.9%	\$75.62	5.7%
2Q12 YTD	68.8%	1.6%	\$107.83	3.4%	\$74.15	5.1%
2Q13 YTD	75.0%	9.1%	\$108.51	0.6%	\$81.42	9.8%

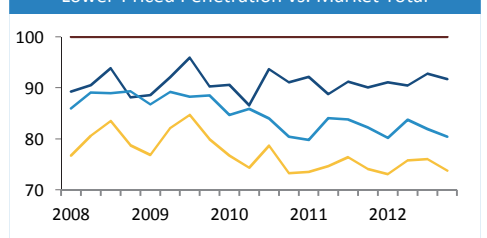
Upper-Priced Penetration vs. Market Total



Northwest / Fullerton Performance - Lower-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	60.5%	-5.9%	\$67.78	1.9%	\$40.99	-4.1%
2009	56.4%	-6.7%	\$61.99	-8.5%	\$34.96	-14.7%
2010	61.2%	8.4%	\$59.83	-3.5%	\$36.59	4.7%
2011	64.3%	5.2%	\$58.25	-2.6%	\$37.47	2.4%
2012	65.3%	1.6%	\$62.40	7.1%	\$40.78	8.8%
2Q12 YTD	64.2%	-0.4%	\$61.29	6.6%	\$39.34	6.2%
2Q13 YTD	67.3%	4.9%	\$64.18	4.7%	\$43.21	9.9%

Lower-Priced Penetration vs. Market Total



Source: Smith Travel Research

Source: Smith Travel Research

Submarket Profile - Santa Ana / Costa Mesa

Total Rooms: 12,627

The Orange County Santa Ana / Costa Mesa submarket consists of hotels located along the coast near Huntington Beach, as well as the inland communities of Costa Mesa, Santa Ana, Irvine, and Westminster. The John Wayne Airport is located in this submarket.

Submarket Rank*

4

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

88%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Santa Ana / Costa Mesa Submarket Inventory

Upper-Priced	Properties	Rooms	% Submkt.	Lower-Priced	Properties	Rooms	% Submkt.
Inventory	24	6,240	49.4%	Inventory	78	6,387	50.6%
Upper-Priced Brands by Share	Properties	Rooms	% Submkt.	Lower-Priced Brands by Share	Properties	Rooms	% Submkt.
Hilton	3	1,068	8.5%	Motel 6	6	642	5.1%
Hyatt	2	1,053	8.3%	Ayres	1	282	2.2%
Marriott	2	737	5.8%	Best Western Plus	2	245	1.9%

Santa Ana / Costa Mesa Construction Pipeline

Source: Smith Travel Research

Phase	Upper-Priced			Lower-Priced			Unclassified / Independent		
	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.
Pre-Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
Planning	3	400	3.2%	0	0	0.0%	1	250	2.0%
Final Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
In Construction	1	149	1.2%	2	266	2.1%	0	0	0.0%
Total	4	549	4.3%	2	266	2.1%	1	250	2.0%

Source: Dodge / TWR / STR / PKF-HR

Santa Ana / Costa Mesa Performance - All Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	71.1%	-4.6%	\$111.44	-1.3%	\$79.21	-5.8%
2009	65.2%	-8.2%	\$97.21	-12.8%	\$63.41	-19.9%
2010	69.8%	7.0%	\$97.64	0.4%	\$68.15	7.5%
2011	72.2%	3.4%	\$101.32	3.8%	\$73.15	7.3%
2012	74.8%	3.7%	\$103.93	2.6%	\$77.78	6.3%
2Q12 YTD	74.2%	2.8%	\$102.56	2.2%	\$76.12	5.2%
2Q13 YTD	77.4%	4.3%	\$105.75	3.1%	\$81.85	7.5%

All Hotels Penetration vs. Market Total

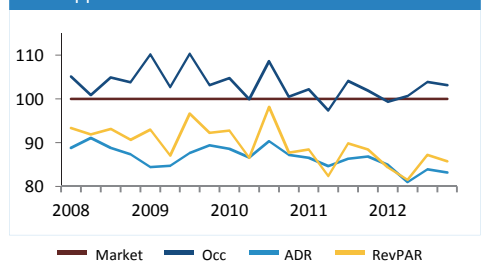
Year	Occ	ADR	RevPAR
2008	104.0%	90.9%	94.5%
2009	102.8%	89.2%	91.7%
2010	103.0%	90.2%	92.9%
2011	102.0%	89.3%	91.1%
2012	102.5%	86.4%	88.5%
2Q12 YTD	103.3%	87.7%	90.6%
2Q13 YTD	104.1%	85.0%	88.5%

Source: Smith Travel Research

Santa Ana / Costa Mesa Performance - Upper-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	71.5%	-4.1%	\$153.61	-2.3%	\$109.82	-6.2%
2009	68.3%	-4.4%	\$128.04	-16.6%	\$87.47	-20.3%
2010	71.2%	4.2%	\$131.09	2.4%	\$93.35	6.7%
2011	72.8%	2.2%	\$136.67	4.3%	\$99.45	6.5%
2012	75.1%	3.3%	\$139.67	2.2%	\$104.93	5.5%
2Q12 YTD	75.0%	2.9%	\$138.36	1.5%	\$103.84	4.4%
2Q13 YTD	78.4%	4.4%	\$141.32	2.1%	\$110.78	6.7%

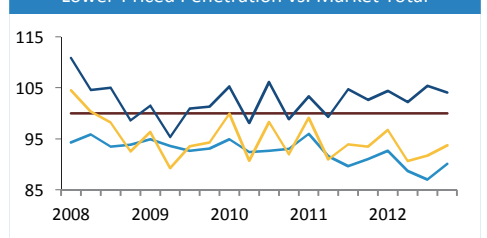
Upper-Priced Penetration vs. Market Total



Santa Ana / Costa Mesa Performance - Lower-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	70.7%	-5.1%	\$73.61	-0.8%	\$52.04	-5.9%
2009	62.4%	-11.8%	\$65.94	-10.4%	\$41.13	-21.0%
2010	68.4%	9.7%	\$64.47	-2.2%	\$44.13	7.3%
2011	71.7%	4.7%	\$66.52	3.2%	\$47.66	8.0%
2012	74.6%	4.0%	\$68.74	3.3%	\$51.25	7.5%
2Q12 YTD	73.4%	2.8%	\$66.79	2.8%	\$49.03	5.7%
2Q13 YTD	76.4%	4.1%	\$70.11	5.0%	\$53.59	9.3%

Lower-Priced Penetration vs. Market Total



Source: Smith Travel Research

Source: Smith Travel Research

Submarket Profile - Newport Beach / Dana Point

Total Rooms: 10,210

The Newport Beach / Dana Point submarket covers the southern portion of Orange County all the way down to San Diego County. The coastal communities of Newport Beach, Laguna Beach, Dana Point, and San Clemente are located within this sector.

Submarket Rank*

5

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

136%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Newport Beach / Dana Point Submarket Inventory

Upper-Priced	Properties	Rooms	% Submkt.	Lower-Priced	Properties	Rooms	% Submkt.
Inventory	43	6,628	64.9%	Inventory	47	3,582	35.1%
Upper-Priced Brands by Share	Properties	Rooms	% Submkt.	Lower-Priced Brands by Share	Properties	Rooms	% Submkt.
Marriott	3	1,164	11.4%	Extended Stay America	3	432	4.2%
DoubleTree	2	448	4.4%	Ayres	3	343	3.4%
Fairmont	1	444	4.3%	Best Western Plus	5	292	2.9%

Newport Beach / Dana Point Construction Pipeline

Source: Smith Travel Research

Phase	Upper-Priced			Lower-Priced			Unclassified / Independent		
	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.
Pre-Planning	0	0	0.0%	0	0	0.0%	1	130	1.3%
Planning	1	275	2.7%	1	100	1.0%	2	197	1.9%
Final Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
In Construction	1	202	2.0%	0	0	0.0%	0	0	0.0%
Total	2	477	4.7%	1	100	1.0%	3	327	3.2%

Source: Dodge / TWR / STR / PKF-HR

Newport Beach / Dana Point Performance - All Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	65.9%	-7.1%	\$178.88	0.1%	\$117.91	-7.0%
2009	59.0%	-10.5%	\$155.14	-13.3%	\$91.56	-22.3%
2010	64.8%	9.7%	\$152.15	-1.9%	\$98.55	7.6%
2011	68.7%	6.1%	\$162.88	7.1%	\$111.93	13.6%
2012	69.5%	1.2%	\$174.39	7.1%	\$121.29	8.4%
2Q12 YTD	69.9%	2.7%	\$163.62	7.1%	\$114.35	10.0%
2Q13 YTD	69.8%	-0.2%	\$175.26	7.1%	\$122.26	6.9%

Newport Beach / Dana Point Performance - Upper-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	65.9%	-5.8%	\$221.18	-1.8%	\$145.84	-7.6%
2009	57.5%	-12.8%	\$193.58	-12.5%	\$111.27	-23.7%
2010	63.6%	10.6%	\$191.15	-1.3%	\$121.50	9.2%
2011	68.0%	7.0%	\$204.84	7.2%	\$139.35	14.7%
2012	69.5%	2.2%	\$218.07	6.5%	\$151.57	8.8%
2Q12 YTD	69.6%	3.4%	\$204.11	6.8%	\$142.14	10.4%
2Q13 YTD	70.0%	0.5%	\$219.50	7.5%	\$153.63	8.1%

Newport Beach / Dana Point Performance - Lower-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	65.9%	-9.2%	\$103.15	3.1%	\$67.94	-6.4%
2009	61.9%	-6.0%	\$87.55	-15.1%	\$54.22	-20.2%
2010	67.0%	8.1%	\$84.79	-3.1%	\$56.78	4.7%
2011	70.0%	4.5%	\$88.45	4.3%	\$61.90	9.0%
2012	69.6%	-0.5%	\$93.64	5.9%	\$65.20	5.3%
2Q12 YTD	70.3%	1.5%	\$89.31	5.3%	\$62.82	6.9%
2Q13 YTD	69.3%	-1.4%	\$92.60	3.7%	\$64.19	2.2%

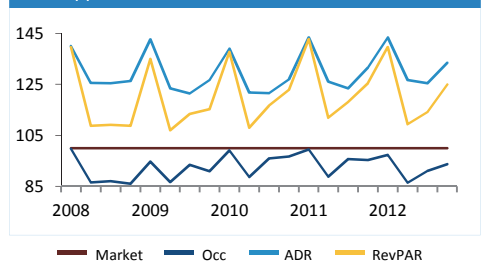
Source: Smith Travel Research

All Hotels Penetration vs. Market Total

Year	Occ	ADR	RevPAR
2008	96.5%	145.8%	140.7%
2009	93.0%	142.3%	132.4%
2010	95.6%	140.5%	134.3%
2011	97.1%	143.5%	139.3%
2012	95.2%	145.0%	138.1%
2Q12 YTD	97.3%	140.0%	136.2%
2Q13 YTD	93.8%	140.9%	132.3%

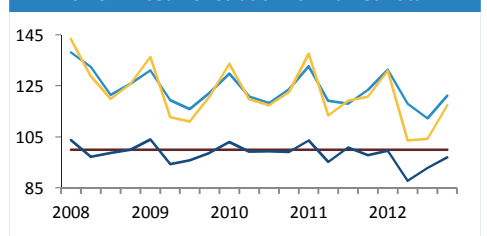
Source: Smith Travel Research

Upper-Priced Penetration vs. Market Total



Market Occ ADR RevPAR

Lower-Priced Penetration vs. Market Total



Source: Smith Travel Research

Submarket Profile - Anaheim

Total Rooms: 8,670

The Anaheim submarket of Orange County consists of the hotels located in the City of Anaheim, excluding those hotels located in or near Disneyland.

Submarket Rank*

2

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

75%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Anaheim Submarket Inventory

Upper-Priced	Properties	Rooms	% Submkt.	Lower-Priced	Properties	Rooms	% Submkt.
Inventory	13	3,788	43.7%	Inventory	64	4,882	56.3%
Upper-Priced Brands by Share	Properties	Rooms	% Submkt.	Lower-Priced Brands by Share	Properties	Rooms	% Submkt.
Hyatt	1	653	7.5%	Ayres	3	373	4.3%
Embassy Suites	2	597	6.9%	Extended Stay America	3	357	4.1%
DoubleTree	1	461	5.3%	Motel 6	2	279	3.2%

Anaheim Construction Pipeline

Source: Smith Travel Research

Phase	Upper-Priced			Lower-Priced			Unclassified / Independent		
	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.
Pre-Planning	0	0	0.0%	0	0	0.0%	1	400	4.6%
Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
Final Planning	1	600	6.9%	0	0	0.0%	0	0	0.0%
In Construction	0	0	0.0%	1	143	1.6%	0	0	0.0%
Total	1	600	6.9%	1	143	1.6%	1	400	4.6%

Source: Dodge / TWR / STR / PKF-HR

Anaheim Performance - All Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	67.0%	-5.0%	\$93.17	0.2%	\$62.41	-4.8%
2009	63.6%	-5.0%	\$81.97	-12.0%	\$52.15	-16.5%
2010	68.4%	7.6%	\$80.48	-1.8%	\$55.08	5.6%
2011	71.9%	5.1%	\$84.83	5.4%	\$61.01	10.8%
2012	74.4%	3.4%	\$88.63	4.5%	\$65.90	8.0%
2Q12 YTD	72.2%	0.8%	\$88.42	3.8%	\$63.88	4.6%
2Q13 YTD	74.8%	3.5%	\$94.49	6.9%	\$70.64	10.6%

Anaheim Performance - Upper-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	70.9%	-5.1%	\$122.07	-0.9%	\$86.54	-5.9%
2009	65.2%	-8.0%	\$108.32	-11.3%	\$70.66	-18.3%
2010	69.2%	6.1%	\$107.47	-0.8%	\$74.40	5.3%
2011	73.4%	6.0%	\$112.53	4.7%	\$82.62	11.0%
2012	76.9%	4.7%	\$114.97	2.2%	\$88.36	6.9%
2Q12 YTD	75.3%	2.7%	\$115.66	1.3%	\$87.12	4.0%
2Q13 YTD	76.9%	2.1%	\$123.27	6.6%	\$94.84	8.9%

Anaheim Performance - Lower-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	64.0%	-5.1%	\$68.65	-0.2%	\$43.93	-5.3%
2009	62.3%	-2.6%	\$60.47	-11.9%	\$37.70	-14.2%
2010	67.8%	8.8%	\$59.13	-2.2%	\$40.11	6.4%
2011	70.8%	4.3%	\$62.55	5.8%	\$44.26	10.3%
2012	72.4%	2.3%	\$66.96	7.1%	\$48.49	9.6%
2Q12 YTD	69.9%	-0.8%	\$65.66	6.4%	\$45.86	5.6%
2Q13 YTD	73.1%	4.6%	\$70.98	8.1%	\$51.86	13.1%

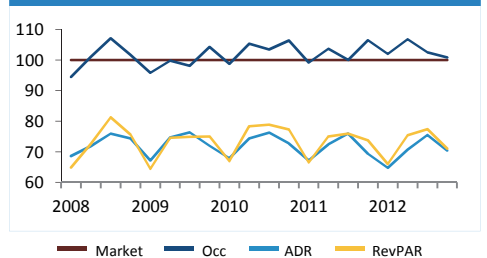
Source: Smith Travel Research

All Hotels Penetration vs. Market Total

Year	Occ	ADR	RevPAR
2008	98.1%	76.0%	74.5%
2009	100.2%	75.2%	75.4%
2010	101.0%	74.3%	75.1%
2011	101.6%	74.7%	75.9%
2012	101.8%	73.7%	75.0%
2Q12 YTD	100.6%	75.6%	76.1%
2Q13 YTD	100.6%	76.0%	76.4%

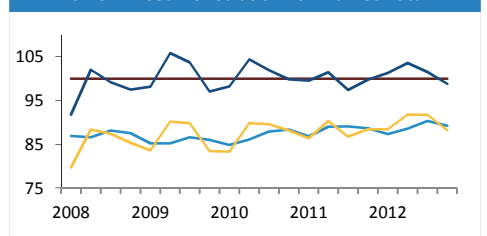
Source: Smith Travel Research

Upper-Priced Penetration vs. Market Total



Market Occ ADR RevPAR

Lower-Priced Penetration vs. Market Total



Source: Smith Travel Research

Submarket Profile - Disneyland

Total Rooms: 14,678

Hotels located in or near Disneyland (zip code 92802).

Submarket Rank*

1

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

123%



*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Disneyland Submarket Inventory

Upper-Priced	Properties	Rooms	% Submkt.	Lower-Priced	Properties	Rooms	% Submkt.
Inventory	17	7,853	53.5%	Inventory	54	6,825	46.5%
Upper-Priced Brands by Share	Properties	Rooms	% Submkt.	Lower-Priced Brands by Share	Properties	Rooms	% Submkt.
Hilton	1	1,572	10.7%	Best Western Plus	5	782	5.3%
Marriott	1	1,030	7.0%	Holiday Inn	2	519	3.5%
Sheraton Hotel	2	979	6.7%	Fairfield Inn	1	467	3.2%

Disneyland Construction Pipeline

Source: Smith Travel Research

Phase	Upper-Priced			Lower-Priced			Unclassified / Independent		
	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.
Pre-Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
Planning	1	252	1.7%	0	0	0.0%	0	0	0.0%
Final Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
In Construction	4	730	5.0%	0	0	0.0%	0	0	0.0%
Total	5	982	6.7%	0	0	0.0%	0	0	0.0%

Source: Dodge / TWR / STR / PKF-HR

Disneyland Performance - All Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	71.8%	-4.1%	\$133.46	2.7%	\$95.82	-1.6%
2009	68.2%	-5.0%	\$122.30	-8.4%	\$83.47	-12.9%
2010	70.6%	3.5%	\$122.60	0.2%	\$86.61	3.8%
2011	73.0%	3.4%	\$128.71	5.0%	\$93.99	8.5%
2012	76.4%	4.6%	\$138.85	7.9%	\$106.06	12.8%
2Q12 YTD	74.3%	5.4%	\$134.66	5.1%	\$100.06	10.8%
2Q13 YTD	77.3%	4.0%	\$147.68	9.7%	\$114.11	14.0%

Disneyland Performance - Upper-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	74.3%	-4.4%	\$174.68	5.6%	\$129.81	0.9%
2009	69.0%	-7.2%	\$160.98	-7.8%	\$111.07	-14.4%
2010	69.9%	1.3%	\$161.85	0.5%	\$113.14	1.9%
2011	72.2%	3.3%	\$170.25	5.2%	\$122.96	8.7%
2012	76.6%	6.1%	\$181.73	6.7%	\$139.23	13.2%
2Q12 YTD	73.9%	7.7%	\$176.36	3.6%	\$130.27	11.5%
2Q13 YTD	78.1%	5.8%	\$190.31	7.9%	\$148.66	14.1%

Disneyland Performance - Lower-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2008	69.0%	-3.7%	\$83.63	-3.6%	\$57.69	-7.2%
2009	67.4%	-2.3%	\$77.51	-7.3%	\$52.24	-9.5%
2010	71.5%	6.1%	\$78.38	1.1%	\$56.04	7.3%
2011	73.9%	3.4%	\$81.91	4.5%	\$60.57	8.1%
2012	76.1%	2.9%	\$89.13	8.8%	\$67.84	12.0%
2Q12 YTD	74.8%	2.9%	\$87.18	6.0%	\$65.22	9.1%
2Q13 YTD	76.3%	2.0%	\$97.45	11.8%	\$74.35	14.0%

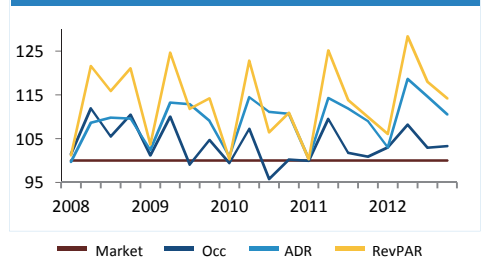
Source: Smith Travel Research

All Hotels Penetration vs. Market Total

Year	Occ	ADR	RevPAR
2008	105.1%	108.8%	114.3%
2009	107.5%	112.2%	120.7%
2010	104.3%	113.2%	118.1%
2011	103.2%	113.4%	117.0%
2012	104.6%	115.4%	120.7%
2Q12 YTD	103.4%	115.2%	119.1%
2Q13 YTD	103.9%	118.8%	123.4%

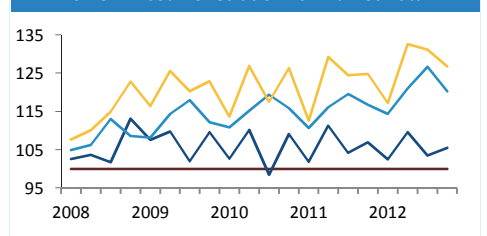
Source: Smith Travel Research

Upper-Priced Penetration vs. Market Total



Market Occ ADR RevPAR

Lower-Priced Penetration vs. Market Total



Source: Smith Travel Research

Market Segments - Representative Brands

UPPER-PRICED			LOWER-PRICED		
Fairmont	Embassy Suites	Courtyard by Marriott	Best Western Plus	Best Western	Days Inn
Four Seasons	Hilton	Crowne Plaza	Comfort Inn	Country Inn & Suites	Econo Lodge
Loews	Hyatt	Hyatt Place	Hampton Inn	La Quinta	Extended Stay America
Ritz Carlton	Marriott	Radisson	Holiday Inn	Mainstay Suites	Red Roof
W Hotels	Westin	Residence Inn	TownePlace Suites	Quality Inn	Value Place

Exhibit Definitions

Exhibit 1	Occupancy levels, ADR change and RevPAR change are plotted on a fixed "grade" scale. Measured as current value minus the mean, divided by the series' standard deviation. Grades: A: Very strong, greater than one standard deviation above long run average. B: Strong, within one standard deviation above long run average C: Somewhat weak, within one standard deviation below long run average. D: Weak, below one standard deviation of the long run average.
Exhibits 2 - 5	Year over year change in Income, Employment, RevPAR and Demand, displayed as annual (Exhibits 2 and 3) and quarterly (Exhibits 4 and 5).
Exhibit 6	Average annual Employment, Consumer Price Index, Gross Domestic Product, and Real Personal Income change for the MSA.
Exhibits 7 - 9	Index based change charts with base year 2008 = 100. These exhibits illustrate the magnitude of change.
Exhibits 10 - 12	Compound average annual RevPAR, Demand and Supply change for Upper Priced, Lower Priced, and combined (All) hotels within the MSA.
Exhibit 13	Real RevPAR change (inflation adjusted, CPI) of the current period minus the historical mean of Real RevPAR change, divided by the historical standard deviation of Real RevPAR change.

Financial Benchmarks

The financial benchmarks come from the 2013 edition (2012 data) of Trends® in the Hotel Industry. Trends® is PKF Hospitality Research's annual analysis of hotel financial statements received from thousands of properties located across the nation. These data serve as financial performance benchmarks for hotels within the designated market. The average room count, occupancy, and ADR of upper-priced hotels were used to analyze the performance of full-service hotels. The average room count, occupancy, and ADR of lower-priced hotels were used to analyze the performance of limited-service hotels. For a more in-depth report with a custom comparable set designed for your individual property, see our PKF-HR BenchmarkSM service. (www.pkfc.com/benchmark)

Forecasting Method

Wikipedia defines 'forecasting' as:

"the process of estimation in unknown situations. Prediction is a similar, but more general term, and usually refers to estimation of time series, cross-sectional or longitudinal data. In more recent years, forecasting has evolved into the practice of demand planning in everyday business forecasting for manufacturing companies. The discipline of demand planning, also sometimes referred to as supply chain forecasting, embraces both statistical forecasting and consensus process... (emphasis added)"

Consistent with this definition, PKF Hospitality Research prepares forecasts of the hotel markets in the U.S. based on generally accepted econometric procedures and sound judgment regarding fundamental relationships between the economic and behavioral market indicators and hotel financial performance, relationships that PKF has tracked for over 70 years.

The Econometric Component

Econometric forecasting represents one of the most sophisticated approaches to gaining insights about future economic activity. Unlike some forecasting methods used in business practice, the models that underlie econometric forecasts rely on historical relationships, similar to statistical correlations, between economic variables. The data for measuring these variables come from actual market transactions involving individuals and firms interacting in the economy. Moreover, these economic variables allowed to enter econometric models have conceptual linkages to economic theory.

Positive Features of an Econometric Model

1. The variables included in the models follow from economic theory.
2. The relationships between economic variables are estimated with advanced statistical methods.
3. The forecasts developed with econometric models are more objective than forecasts purely based on judgmental approaches.

Gaining insight to the future of complicated economic environments requires the introduction of multidimensional forecasting models. Thus, several equations often need to be identified and estimated to model complex economic conditions, as in the national economy. Multi-equation models have considerable appeal for economic forecasting because they explicitly recognize the interdependence of relationships commonly encountered in business and economics. The best examples of this type of model are demand and supply models, in which prices of goods are set by the interaction of buyers and sellers in the market. Thus, price appears as a variable in both the demand and supply equations.

The Equations

The Hotel Horizons® econometric forecasting models, because they represent an entire sector of the national and MSA economies, fall into the category of multi-equation, demand and supply models. These models have a general structure as defined below, but vary in their form for particular market applications:

1. Demand (the number of rooms occupied - accommodated demand) is the dependent variable in this equation, and equals either Gross Domestic (Metropolitan) Product, Real Personal Income, or Total Employment, which serve as the main independent variable, along with the lagged changes in any of these variables and the lagged demand from the prior year (different numbers of lags are used for independent variables based upon statistical significance).
2. Supply Change (change in the number of rooms available) is the dependent variable, equals ADR and Occupancy, which serve as the main independent variables along with the change in supply from the prior period (different numbers of lags are used for independent variables based upon statistical significance).
3. ADR (Real) is the dependent variable, equals Occupancy, which is the main independent variable along with ADR from the prior period (different numbers of lags are used for independent variables based upon statistical significance). ADR is represented as nominal in the preceding report.

These equations are estimated with ordinary least squares in a non-simultaneous fashion using data from Smith Travel Research and Moody's Analytics dating back to the late 1980s. The parameters (coefficients on each variable) then are used to forecast demand, supply change, and ADR by multiplying the parameters with Moody's Analytics forecast of the economic variables and relevant previously estimated values (lagged variables). Two additional calculations are made with these results as follows:

1. The Supply Change is added to the previous period number of rooms available to produce a rooms available level in future periods.
2. Number of rooms sold is divided by number of rooms available to obtain occupancy percent in each future period.

Regression equation estimations using time-series data, such as the work done to produce our Hotel Horizons® forecasts, may have an econometric problem known as autocorrelation. For each of the equations estimated by PKF Hospitality Research, we run tests to detect the presence of autocorrelation, and if the problem is found, corrective measures are introduced. Some tests and corrective measures are highly specialized for situations like when equations have lagged dependent variables as in some of our equations.

The Judgmental Component

The econometric model predicts future room supply in small increments (e.g., 100 rooms per quarter). In reality, rooms enter the market in large blocks (e.g., 1000 rooms) as new hotels are placed in service. When it becomes apparent that a new hotel(s) will be placed in service within the next 18 months, the modeled supply change will be manually adjusted to account for the opening of the new hotel(s). The reverse also is true when it become apparent that a hotel (s) will be taken out of service (e.g., demolished or converted to an alternative use).

Finally, a committee of hotel experts from PKF Hospitality Research performs a thorough review of each model prediction. The quarterly forecasts for the current year, as well as the annual forecasts beyond the current year, are subject to this review. In the spirit of forecasting described above in the Wikipedia definition, this committee modifies predictions from the model when there is compelling evidence that factors have come into play in a market which the model could not possibly foresee. In the extreme case, a Katrina-style event causes the Committee's forecast to differ noticeably from the model's prediction. In most instances, however, the committee either defers to the model's prediction or makes modest adjustments.

Economic Data from July 2013

Hotel Data from June 2013

What Has Changed Since The Last Report?

Forecasts are valuable tools for developing expectations of key variables. Changes to forecasts occur for two primary reasons. The first is adjustments to historical series made by the data provider, causing future periods to vary due to changes in their base. The second is that economic expectations tend to shift as more information becomes available, thus moving the hotel variables according to their underlying relationships. We are constantly re-evaluating the performance of Hotel Horizons® forecasts, and presented below is a view on how the world has changed since the June - August 2013 issue, presented in same period, prior year change format. All data under "This Report" are actual through 2nd Quarter 2013. Data marked as "Last Report" are actual through 1st Quarter 2013, with 2nd Quarter 2013 being the first forecast period for that report. As noted on earlier pages, all of the hotel variables below are modeled using data from Moody's Analytics. It is important to note that all historical data are subject to revision.

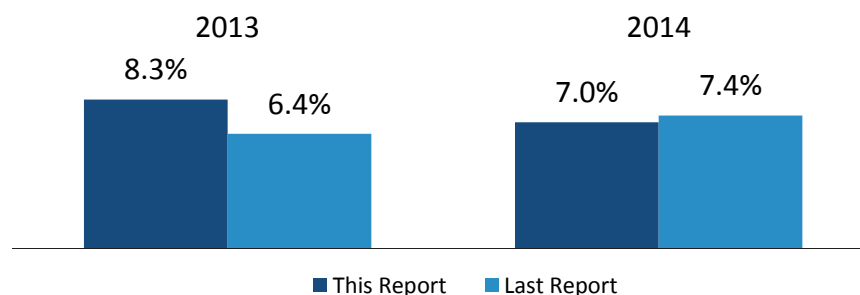
At the beginning of each year, Smith Travel Research, our source for historical lodging data, repositions the chain-scale classifications for branded properties, and chain-class categories for independent hotels. The reclassifications are based on the ADR achieved the prior year. Because of these reclassifications, the historical data presented in this report may differ from the historical data presented in prior *Hotel Horizons®* reports. Further, the reclassifications may have influenced our forecasts of future performance.

	2013					2014	2015
	1st Qtr	2nd Qtr	3rd Qtr F	4th Qtr F	Year End	Year End	Year End
Change in Real Personal Income*							
This Report	1.4%	1.9%	2.2%	0.1%	1.4%	4.3%	5.8%
Last Report	1.6%	2.3%	2.5%	2.4%	2.2%	4.6%	5.8%
Change in Total Payroll Employment*							
This Report	2.3%	1.9%	2.1%	1.7%	2.0%	1.9%	2.5%
Last Report	2.5%	2.2%	2.1%	1.7%	2.1%	1.9%	2.8%
Change in Supply**							
This Report	0.2%	0.1%	0.4%	0.8%	0.4%	1.2%	1.0%
Last Report	0.2%	0.1%	0.2%	0.8%	0.3%	1.0%	0.8%
Change in Demand**							
This Report	4.2%	3.1%	1.7%	0.4%	2.3%	1.9%	1.8%
Last Report	4.3%	1.7%	-0.1%	-0.5%	1.3%	2.3%	1.7%
Change in Occupancy**							
This Report	4.1%	2.9%	1.3%	-0.4%	1.9%	0.7%	0.9%
Last Report	4.1%	1.7%	-0.3%	-1.2%	1.0%	1.2%	1.0%
Change in ADR**							
This Report	6.1%	6.6%	6.2%	6.1%	6.2%	6.3%	6.3%
Last Report	6.1%	4.8%	4.8%	6.0%	5.3%	6.1%	6.5%
Change in RevPAR**							
This Report	10.4%	9.8%	7.5%	5.6%	8.3%	7.0%	7.2%
Last Report	10.5%	6.5%	4.4%	4.7%	6.4%	7.4%	7.5%

* Economic data (history and forecast) are from Moody's Analytics

** Hotel performance data: History supplied by Smith Travel Research; Forecast developed by PKF Hospitality Research, LLC

2013 and 2014 Year End Forecast Change in RevPAR



Hotel Horizons® myShare®



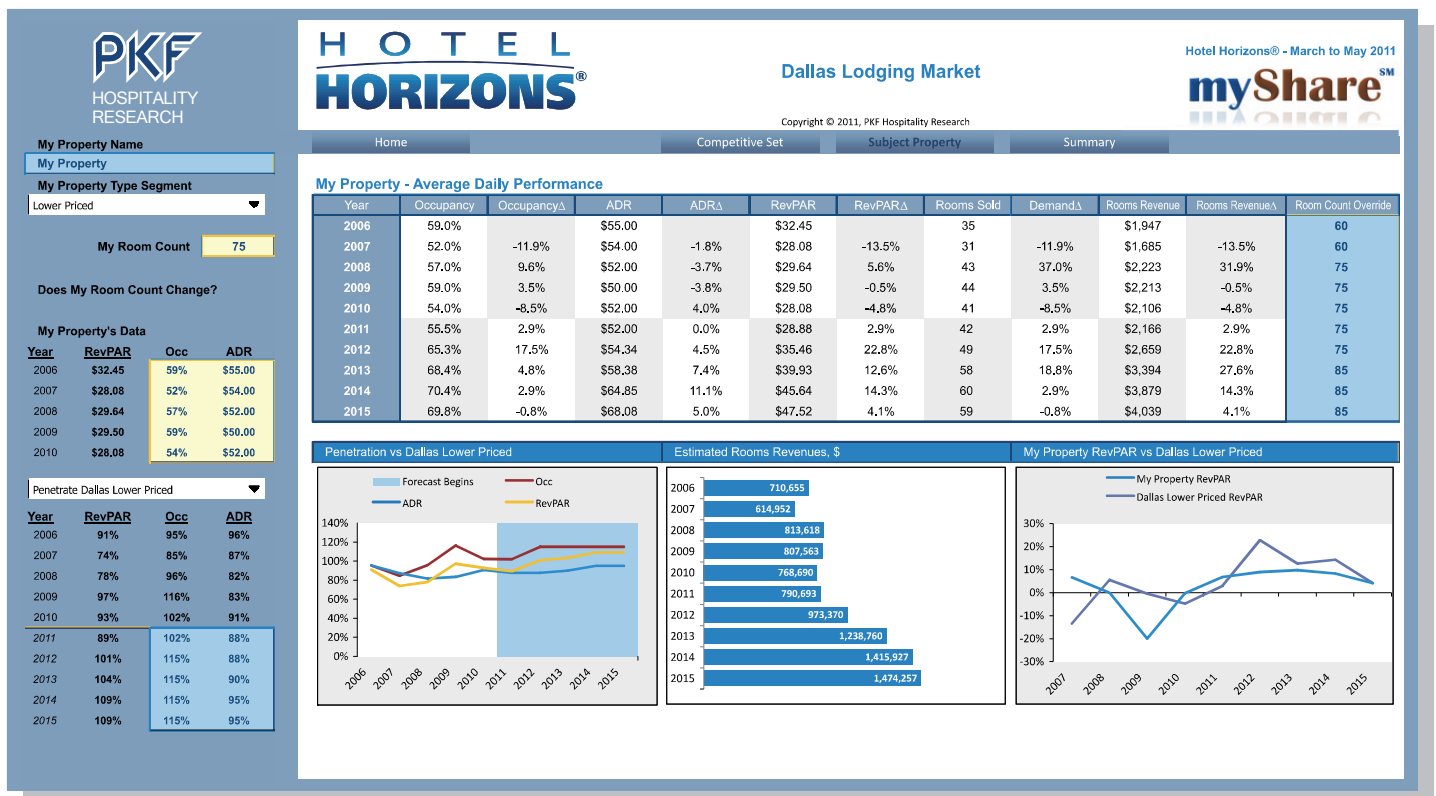
Hotel Horizons® myShare® is an informed way to estimate the future performance of any submarket, competitive set, or subject property based on the behavior of the overall market. Seventy five to eighty percent of all occupancy and rate movements experienced by a property, or group of properties, can be explained through movements in the larger market. The remaining twenty to twenty-five percent is endemic to the property or submarket itself, and those individuals who deal with the day to day operations of these properties are best suited to understand and account for these differences.

The Penetration Rate

myShare® utilizes historical penetration rates of the submarket, competitive set, and subject property to the larger market to produce informed micro-forecasts. myShare® gives the user the tools necessary to understand the historic movements of their subset, and apply that knowledge to future periods in time. myShare® is being introduced on a complimentary basis in time for budget season, and is included with every Hotel Horizons single market report, including this one. Check your original download or email hotelhorizonssupport@pkfc.com.

View the video tutorial online at:

www.pkfmyshare.com



Glossary of Terms

ADR	Average Daily Rate - rooms revenue divided by paid rooms occupied.
Occupancy	Paid rooms occupied divided by available rooms.
RevPAR	Revenue per Available Room - rooms revenue divided by available rooms.
Supply	Average daily room nights available per quarter, represented as a change over previous year, same quarter except where noted annually.
Demand	(Accommodated Demand) Average daily room nights occupied per quarter, represented as a change over previous year, same quarter except where noted annually.
LRA	Long Run Average - Annual average from 1988 to 2012
Penetration	Market area (or sub-market area) measurement as a percent of national (or market area) measurement.
Standard Deviation	The plotting of a normal data series and how far each individual data point lies from the mean: 68.2% of the series will fall within 1 standard deviation, 95.4% of all data points will fall within 2 standard deviations, and 99.7% falling within 3 standard deviations of the mean.

PKF CONSULTING USA LLC

Advisory &
Consulting Services

Atlanta

Contact: Mark Woodworth
mark.woodworth@pkfc.com
Contact: Scott Smith
scott.smith@pkfc.com

Boston

Contact: Reed Woodworth
reed.woodworth@pkfc.com
Contact: Andrea Foster
andrea.foster@pkfc.com

Bozeman, MT

Contact: Christopher Kraus
chris.kraus@pkfc.com

Chicago

Contact: Mark Eble
mark.eble@pkfc.com

Dallas / Houston

Contact: Randy McCaslin
randy.mccaslin@pkfc.com

Indianapolis

Contact: Mark Eble
mark.eble@pkfc.com

Jacksonville

Contact: Hank Staley
hank.staley@pkfc.com

Los Angeles

Contact: Bruce Baltin
bruce.baltin@pkfc.com
Contact: Jeff Lugosi
jeff.lugosi@pkfc.com

New York

Contact: John A. Fox
john.fox@pkfc.com

Orlando

Contact: Chuck Ross
chuck.ross@pkfc.com

Philadelphia

Contact: David E. Arnold
dave.arnold@pkfc.com

San Francisco

Contact: Tom Callahan
thomas.callahan@pkfc.com

Tampa

Contact: Chuck Ross
chuck.ross@pkfc.com

Washington, D.C.

Contact: Kannan Sankaran
kannan.sankaran@pkfc.com
Contact: Thomas Lewerenz
tom.lewerenz@pkfc.com

PKF HOSPITALITY RESEARCH LLC

Industry Research
& Publications

Atlanta

Contact: Mark Woodworth
mark.woodworth@pkfc.com

For more reports visit our website at

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