



U.S. LODGING FUNDAMENTALS & NYC HOTEL MARKET OVERVIEW

Presented by:

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Daniel H. Lesser

Daniel H. Lesser, President & CEO of LW Hospitality Advisors, brings more than 30 years of expertise in a wide range of hospitality operational, investment counseling, valuation, advisory, and transactional services. He provides services to corporate, institutional, and individual clients as well as public agencies on all facets of hospitality real estate including: litigation support and expert testimony, site evaluation, highest and best use analysis, appraisals for mortgage, acquisition, and portfolio management, workout strategies, operational analysis, property tax assessment appeal evaluations, economic impact studies, deal structuring, and fairness opinions.

Mr. Lesser is a leading authority on hotel feasibility and valuation, and is highly sought after to speak at lodging and real estate events, as well as lectures at prestigious institutions of higher education, including Cornell University, Columbia University and New York University. He is widely published and quoted, and serves as a quarterly columnist for HotelNewsNow.com and GlobeSt.com.

Most recently, Mr. Lesser created and served as the Senior Managing Director- Industry Leader of the Hospitality & Gaming Valuation Advisory Services Group at CB Richard Ellis Hotels (CBRE). Prior to joining CBRE, Mr. Lesser founded and led the Hospitality & Gaming Group at Cushman & Wakefield and was a founding member of the team at HVS International. Mr. Lesser has also held operational and administrative positions with Hilton Hotels Corporation and Eurotels-Switzerland.

Mr. Lesser earned a Bachelor of Science degree in Hotel Administration from Cornell University, and also attended the Ecole hôtelière de Lausanne, Switzerland and Baruch College- City University of New York. Mr. Lesser holds the following professional designations: MAI (Member of the Appraisal Institute), FRICS (Fellow of The Royal Institution of Chartered Surveyors), CRE (Counselor of Real Estate), and CHA (Certified Hotel Administrator).

Mr. Lesser is a member of and has served on numerous committees for the Counselors of Real Estate, the Appraisal Institute, the American Hotel & Lodging Association, and the Board of Directors of the New York City Chapter of the Cornell Hotel Society. He is a former Advisory Board member and member of the Fundraising Subcommittee for the New York University Preston Robert Tisch Center for Hospitality, Tourism and Sports Management. Mr. Lesser is a founding member of the Lodging Industry Investment Council (LIIC), the hotel industry “think tank.” Furthermore, Mr. Lesser served as an Honorary Committee Member of the annual UJA-Federation New York Hotel & Hospitality Division Dinner, and is a member of the AIPAC Real Estate Division.



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

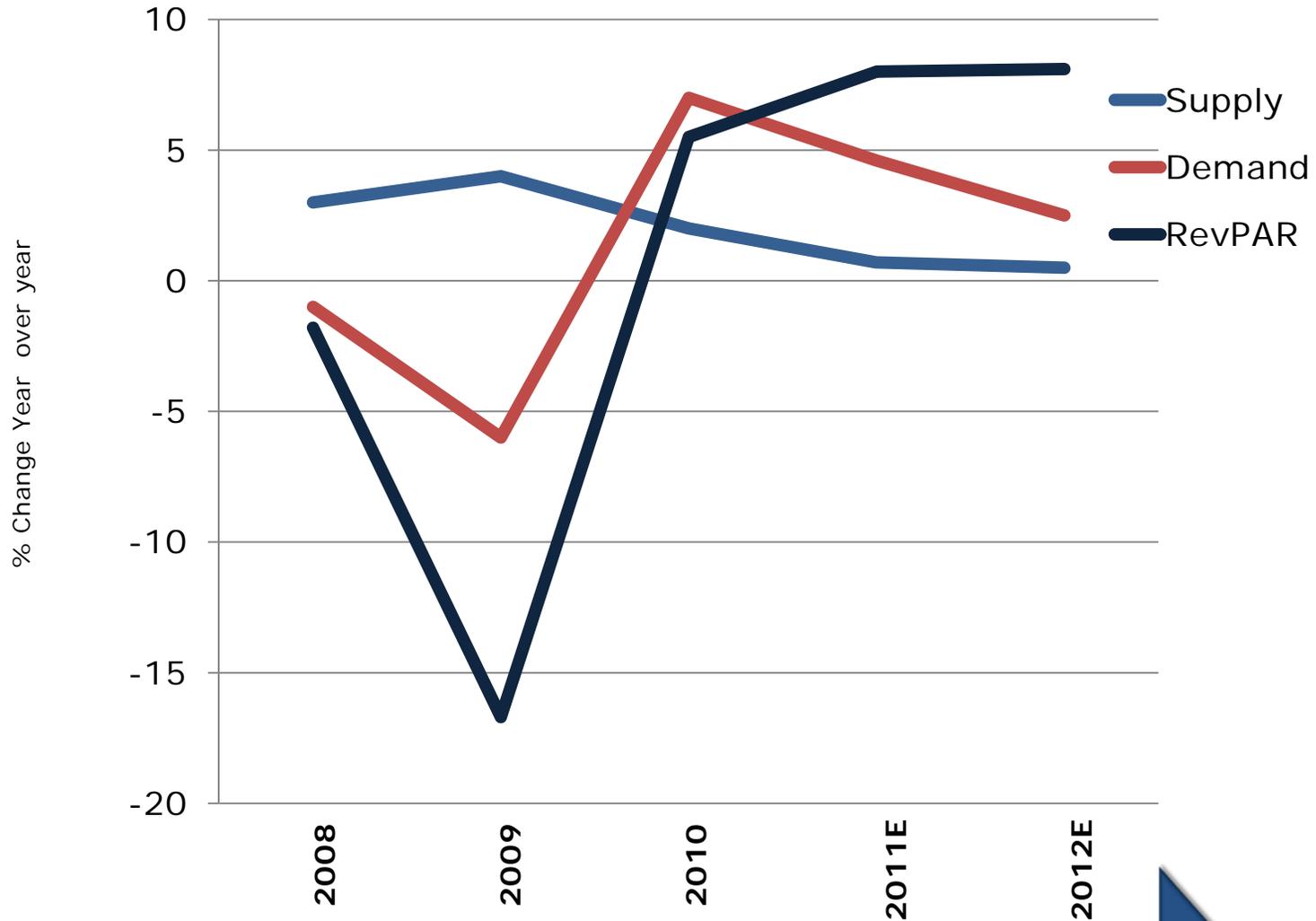
	1/1/2009	1/1/2011	9/1/2011
Economy	Contracting	Expanding	Flat
Job Losses	Accelerating	Decelerating	Stabilized
Consumer Spending	Declining	Expanding	Flat
Business Spending	Declining	Expanding	Flat
Supply Growth	Accelerating	Decelerating	Decelerating
Room Night Demand	Declining	Growing	Growing

<u>U.S. Hotel Performance</u>	2008	2009	2010	YTD July 2011	Projected 2011	Projected 2012
Supply	▲ 2.6%	▲ 3.2%	▲ 2.0%	▲ 1.0%	▲ 0.7%	▲ 0.5%
Demand	▼ 1.9%	▼ 5.8%	▲ 7.8%	▲ 5.8%	▲ 4.7%	▲ 2.5%
Occupancy	▼ 4.4%	▼ 8.7%	▲ 5.7%	▲ 5.5%	▲ 3.9%	▲ 2.0%
ADR	▲ 2.7%	▼ 8.8%	▼ 0.1%	▲ 2.8%	▲ 3.7%	▲ 4.9%
RevPAR	▼ 1.8%	▼ 16.7%	▲ 5.5%	▲ 8.5%	▲ 7.8%	▲ 7.0%

Source: Smith Travel Research

U.S. Supply, Demand, and the Impact on RevPAR

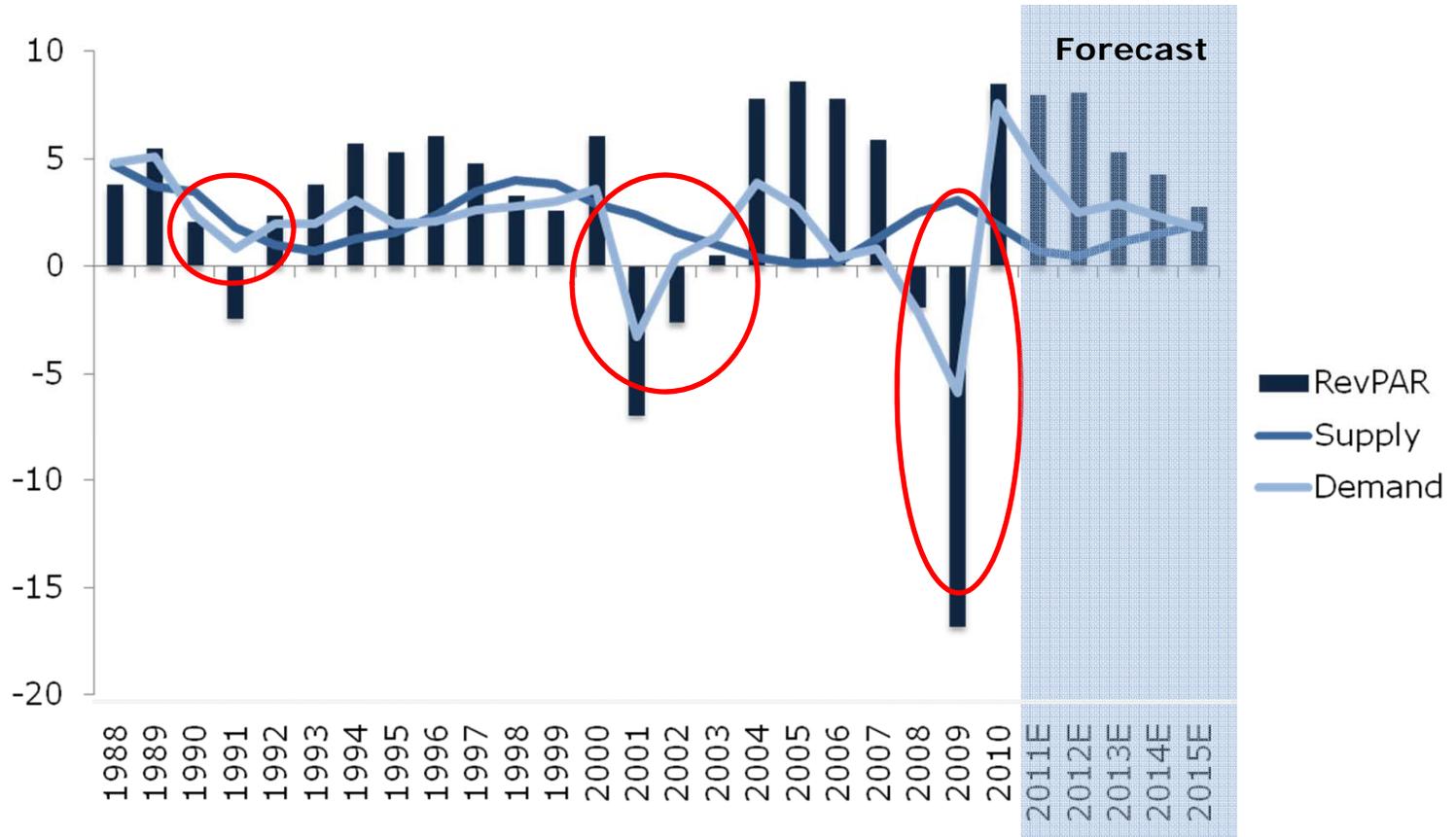
Annual Percentage Change in U.S. Hotel Room Supply, Demand and RevPAR



Source: Smith Travel Research

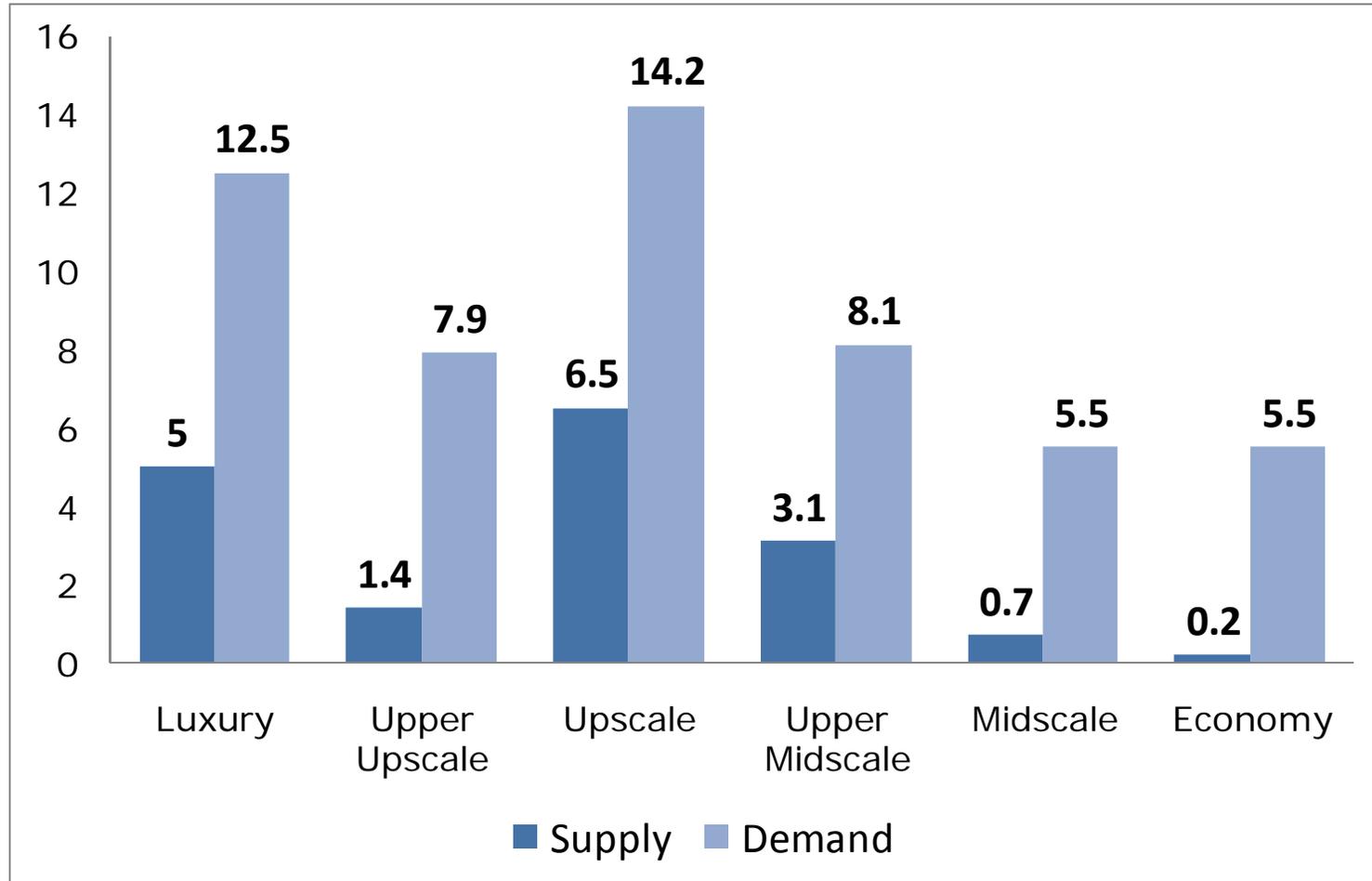
U.S. Supply, Demand, and the Impact on RevPAR

U.S. Hotel Industry - Annual Historical and Projected % Change in RevPar, Room Demand, and Room Supply



Source: Smith Travel Research (1988-2011 & Projected 2012)

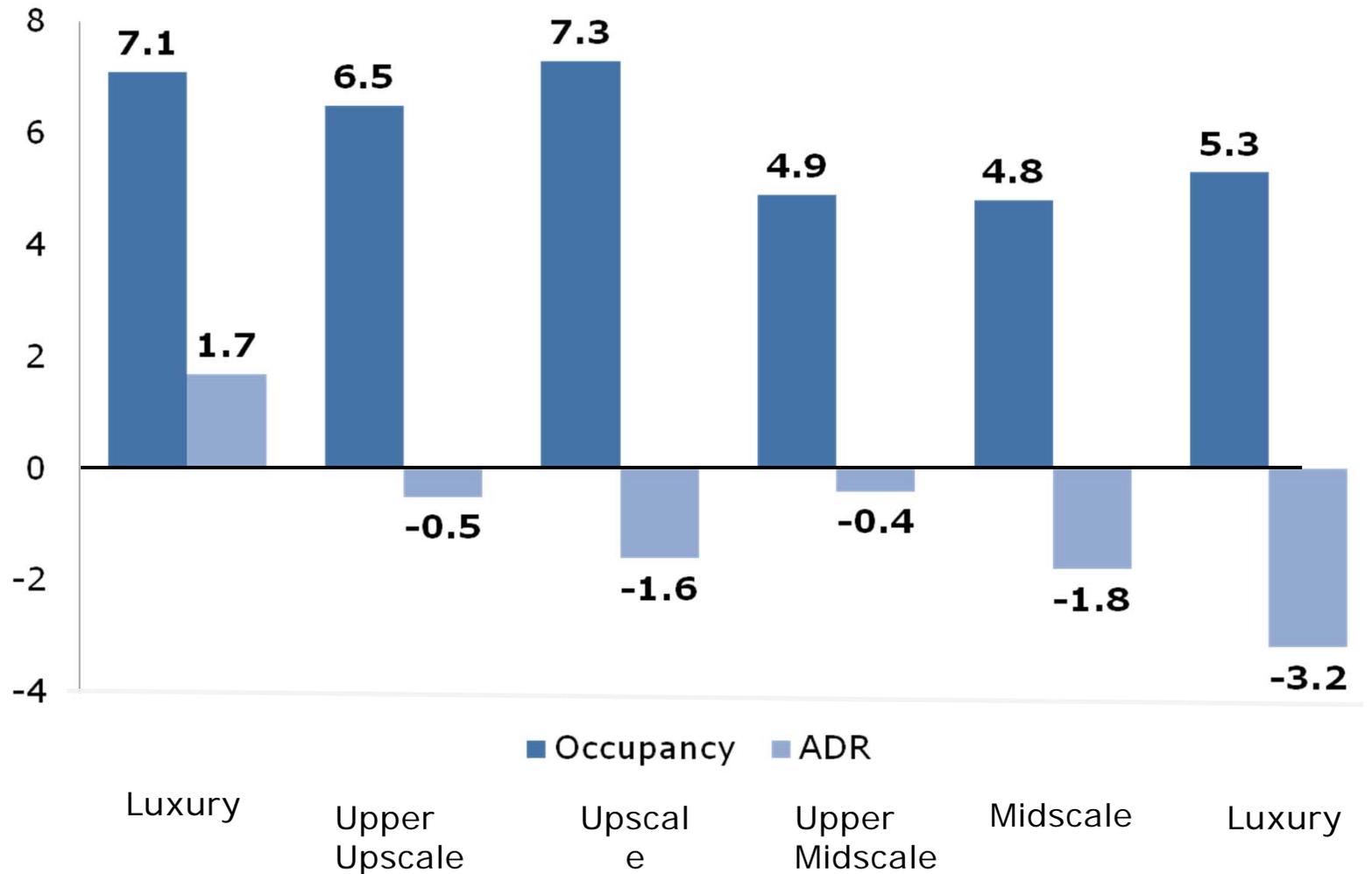
U.S. Upper End Leads the Recovery / Supply Growth Muted



Chain Scales, Supply & Demand % Change, 2010

Source: Smith Travel Research

U.S. ADR Recovery Still Elusive



Chain Scales, OCC & ADR % Change, 2010

Source: Smith Travel Research

U.S. Total US Active Development Pipeline

Phase	June 2011	June 2010	% Change
In Construction	50,209	64,807	▼ 22.5%
"Planned Pipeline"	267,732	293,932	▼ 8.9%
Active Pipeline	317,941	358,739	▼ 11.4%

Source: STR

2011 Chain Scale Outlook

Chain Scale	Occupancy (% change)	ADR (% change)	RevPAR (% change)
Luxury	4.7	6.7	11.7
Upper Upscale	2.6	5.0	7.7
Upscale	3.7	4.7	8.6
Upper Midscale	4.8	4.2	9.4
Midscale	4.0	0.1	4.1
Economy	2.9	2.0	5.4
Total US	3.9	3.7	7.8

Source: Smith Travel Research

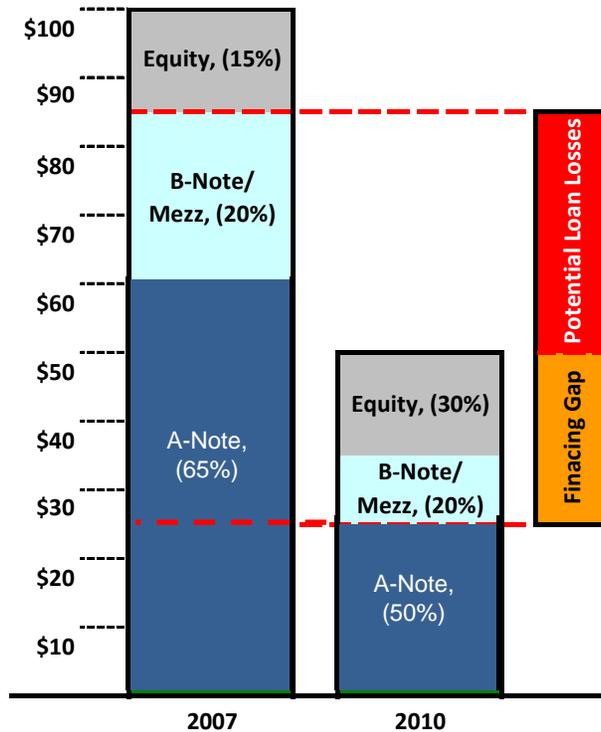
2012 Chain Scale Outlook

Chain Scale	Occupancy (% change)	ADR (% change)	RevPAR (% change)
Luxury	2.5	7.7	10.2
Upper Upscale	1.6	5.0	6.7
Upscale	3.6	6.8	10.4
Upper Midscale	1.4	5.6	6.5
Midscale	2.5	2.3	4.8
Economy	2.5	3.0	5.5
Total US	2.0	4.9	7.0

Source: Smith Travel Research

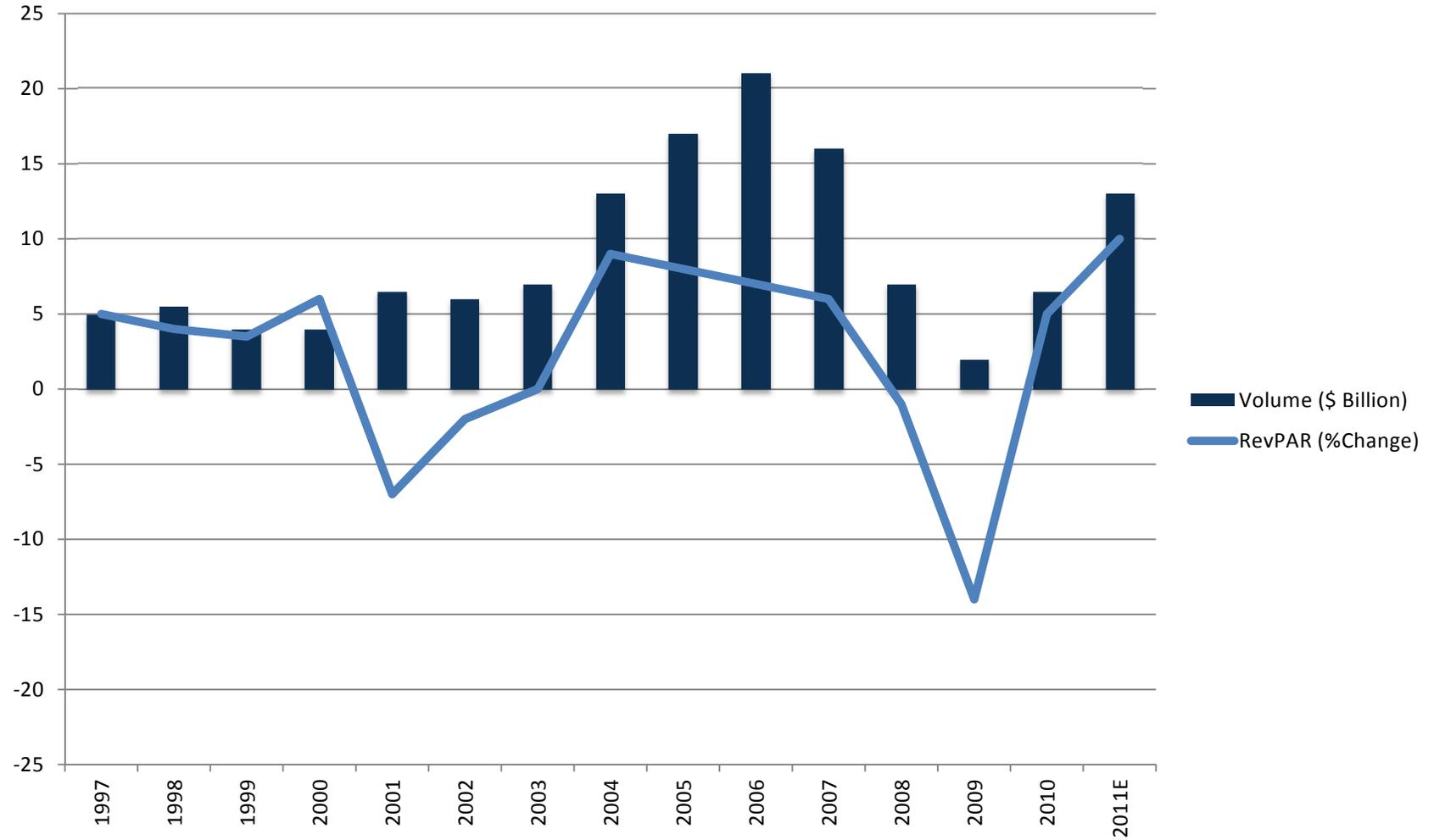
Hotel Capital Stack

Sample Capital Stack for a Hotel

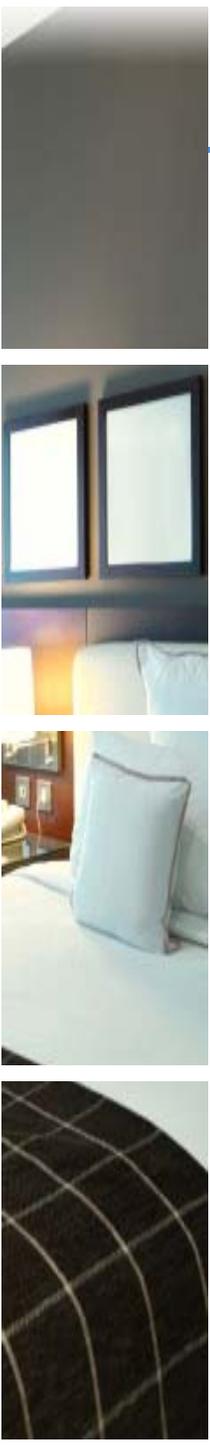


2005 - 2007	2008 - 2010	2010 – Mid 2011
CMBS	On-Book Lending	CMBS Slowly Coming Back
High Octane Capital Stack	Conservative Leverage	Senior Leverage up to 70% (12%-14% Debt Yield)
Cash Out Financing	Equity In-Deal	Equity In-Deal
Inefficient Pricing of Capital	Risk Based Pricing	Risk Based Pricing
Loan Brokerage	Correspondent & Relationship Lending	Loan Brokerage
Interest Only	Interest & Amortization	Interest & Amortization
30 Year Amortization/Interest Only	Amortization- 25 Year Schedule	Amortization- 25 Year Schedule
No Funded Escrow	Reserves Funded in Cash	No Funded Escrow
100+/- Spreads	450+/- Spreads	325-450+/- Spreads
Proforma DCR's	DCR's In-Place	DCR's In-Place
Non-Recourse	Recourse	Non-Recourse

U.S. Hotel Transaction Volume



Source: Smith Travel Research





2011 Mid Year Major U.S. Hotel Sale Transactions

Top 10 by Total Price

Property	Location	No. of Rooms	Estimated Sales Price	Estimated Price/Room	Buyer	Seller
Manchester Grand Hyatt San Diego	San Diego, CA	1,625	\$570,000,000	\$350,769	Host Hotels & Resorts	Manchester Financial Group
New York Palace Hotel	New York, NY	899	\$400,000,000	\$444,939	Northwood Investors LLC	Brunei Investment Agency
Radisson Lexington Hotel	New York, NY	712	\$335,000,000	\$470,506	Diamond Rock Hospitality	JV Blackstone Group, Goldman Sachs, Highgate Holdings
Doubletree Metropolitan Hotel	New York, NY	755	\$335,000,000	\$443,709	RLJ Development LLC	JV Highgate Holdings, Whitehall Goldman Sachs, Rockwood Capital LLC
YOTEL New York	New York, NY	669	\$315,000,000	\$470,852	JV IFA Hotels and Resorts, Kuwait Real Estate Co. & United	Related Company
New York Helmsley Hotel	New York, NY	775	\$313,300,000	\$404,258	Host Hotels & Resorts	Helmsley Enterprises Inc.
Jumer's Casino Hotel	Rock Island, IL	205	\$180,000,000	\$878,049	Delaware North Companies	Jumer Family
Mondrian Los Angeles	West Hollywood, CA	237	\$137,000,000	\$578,059	Pebblebrook Hotel Trust	Morgans Hotel Group Co.
San Juan Marriott Resort & Stellaris Casino	San Juan, Puerto Rico	525	\$133,000,000	\$253,333	Rockwood Capital	American International Group
Royal Palm Hotel	Miami Beach, FL	409	\$130,000,000	\$317,848	KSL Capital Partners	Sunstone Hotel investors

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.

Top 10 by Number of Rooms

Property	Location	No. of Rooms	Estimated Sales Price	Estimated Price/Room	Buyer	Seller
Manchester Grand Hyatt San Diego	San Diego, CA	1,625	\$570,000,000	\$350,769	Host Hotels & Resorts	Manchester Financial Group
New York Palace Hotel	New York, NY	899	\$400,000,000	\$444,939	Northwood Investors LLC	Brunei Investment Agency
New York Helmsley Hotel	New York, NY	775	\$313,300,000	\$404,258	Host Hotels & Resorts	Helmsley Enterprises, Inc.
Doubletree Metropolitan Hotel	New York, NY	755	\$335,000,000	\$443,709	RLJ Development LLC	JV Highgate Holdings, Whitehall Holdman Sachs, Rockwood Capital LLC
Trump Marina Casino & Hotel	Atlantic City, NJ	728	\$38,000,000	\$52,198	Landry's Inc.	Trump Entertainment Resorts, Inc.
Radisson Lexington Hotel	New York, NY	712	\$335,000,000	\$470,506	Diamond Rock Hospitality	JV Blackstone Group, Goldman Sachs, Highgate Holdings
YOTEL New York	New York, NY	669	\$315,000,000	\$470,852	JV IFA Hotels and Resorts, Kuwait Real Estate Co. & United	Related Company
Sheraton Bloomington Hotel	Minneapolis, MN	564	\$20,000,000	\$35,461	Platinum Equity	LaSalle Hotel Properties
San Juan Marriott Resort & Stellaris Casino	San Juan, Puerto Rico	525	\$133,000,000	\$253,333	Rockwood Capital	American International Group
Sheraton Keauhou Bay Resort and Spa	Kailua-Kona, HI	521	\$26,200,000	\$50,288	Kona Surf Partners LLC (Avenue Capital Management II LP)	JV Arlen Capital LLC & Brickman Associates

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Top 10 by Price Per Room

Property	Location	No. of Rooms	Estimated Sales Price	Estimated Price/Room	Buyer	Seller
Jumer's Casino & Hotel	Rock Island, IL	205	\$180,000,000	\$878,049	Delaware North Companies	Jumer Family
Ocean House Hotel	Westerly, RI	49	\$36,600,000	\$746,939	Ocean House Hotel Partners LLC	Bluff Ave LLC
Mondrian Los Angeles	West Hollywood, CA	237	\$137,000,000	\$578,059	Pebblebrook Hotel Trust	Morgans Hotel Group Co
St. Regis Washington DC	Washington DC	182	\$100,000,000	\$549,451	Westbrook Partners	Barclays Capital
Viceroy Santa Monica	Santa Monica, CA	162	\$80,000,000	\$494,444	LaSalle Hotel Properties	Kor Group
Algonquin Hotel	New York, NY	174	\$82,000,000	\$471,264	Cornerstone Real Estate Advisors	HEI Hotels & Resorts
YOTEL New York	New York, NY	669	\$315,000,000	\$470,852	JV IFA Hotels and Resorts, Kuwait Real Estate Co. & United	Related Company
Radisson Lexington Hotel	New York, NY	712	\$335,000,000	\$470,506	Diamond Rock Hospitality	JV Blackgroup, Goldman Sachs, Highgate Holdings
Four Points by Sheraton Midtown Times Square	New York, NY	244	\$112,000,000	\$459,018	Gehr Group	N/A
New York Palace Hotel	New York, NY	899	\$400,000,000	\$444,939	Northwood Investors LLC	Bunei Investment Agency

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Top 5 Markets

Location	Number of Sales	No. of Rooms	Total Sales Price	Total Price/Room
New York, NY	10	4,715	\$2,052,870,000	\$435,391
San Diego, CA	6	2,786	\$852,000,000	\$305,815
San Francisco, CA	3	810	\$232,500,000	\$287,037
Scottsdale, AZ	3	913	\$165,250,000	\$180,997
Seattle, WA	3	681	\$175,200,000	\$257,269

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Top 5 Buyers

Buyer	Number of Sales	No. of Rooms	Total Sales Price	Total Price/Room
Pebblebrook Hotel Trust	6	1,511	\$508,200,000	\$336,334
Chesapeake Lodging Trust	4	977	\$305,300,000	\$312,487
HERSHA Hospitality Trust	4	715	\$146,700,000	\$205,175
RLJ Development LLC	3	1,244	\$401,150,000	\$322,468
Diamond Rock Hospitality	2	908	\$407,600,000	\$448,899

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Top Sellers

Seller	Number of Sales	No. of Rooms	Total Sales Price	Total Price/Room
Ashford Hospitality Trust	2	784	\$131,500,000	\$167,730
Sage Hospitality Resources	2	487	\$118,000,000	\$242,300

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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
DEBT										
Debt To Value	60%	70%	75%	80%	75%	65%	55%	55%	65%	65%
Interest Rate	6.00%	6.50%	6.20%	5.75%	6.50%	7.10%	8.00%	8.00%	6.50%	5.50%
Amortization	25	30	1/0	1/0	30	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%
EQUITY										
Equity To Value	40%	30%	25%	20%	25%	35%	45%	45%	35%	35%
Equity Dividend	10.00%	10.00%	9.00%	8.00%	9.00%	10.00%	11.00%	11.00%	9.00%	8.00%
Weighted Average Cost Of Capital (WACC)	8.64%	8.31%	6.90%	6.20%	7.94%	9.06%	10.04%	10.04%	8.42%	7.6%
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
% Change WACC From Previous Period	N/A	-3.80%	-17.00%	-10.10%	28.00%	14.20%	10.80%	0.00%	-16.20%	-9.8%
% Change WACC From 2005	N/A	N/A	-20.10%	-28.20%	-8.10%	4.90%	16.30%	16.30%	-2.60%	-12.1%
% Change WACC From Peak	N/A	N/A	N/A	N/A	28.00%	46.20%	62.00%	62.00%	35.80%	22.4%
% Change Value From Previous Period	N/A	4.00%	20.40%	11.30%	-21.90%	-12.40%	-9.80%	0.00%	19.30%	10.9%
% Change Value From 2005	N/A	N/A	25.20%	39.30%	8.80%	-4.70%	-14.00%	-14.00%	2.60%	13.8%
% Change Value From Peak	N/A	N/A	N/A	N/A	-21.90%	-31.60%	-38.30%	-38.30%	-26.30%	-18.3%

Source: LW Hospitality Advisors

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

Change in Weighted Cost of Capital

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

Change in NOI

Source: LW Hospitality Advisors

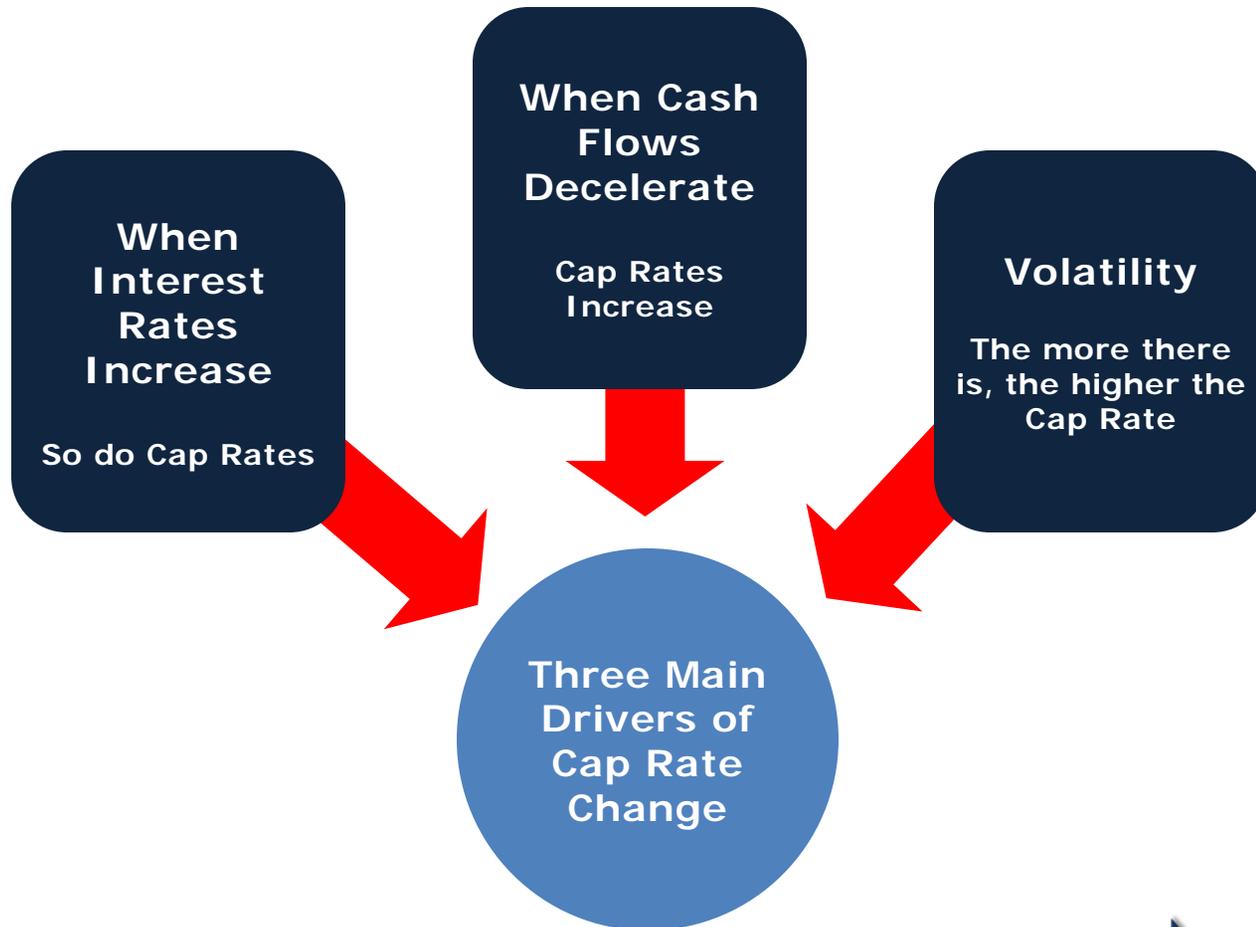
Hotel Percent Price Change (Since Early 2007 Peak)

Change in Weighted Cost of Capital

Change in NOI	Early 2007 (Peak)	Late 2007	Mid 2008	Late 2008	Late 2009	Late 2010	Mid 2011
	6.20%	7.94%	9.06%	10.04%	10.04%	8.42%	7.59%
25.00%	25.0%	-2.4%	-14.5%	-22.8%	-22.8%	-7.9%	2.1%
20.00%	20.0%	-6.3%	-17.9%	-25.9%	-25.9%	-11.6%	-2.0%
15.00%	15.0%	-10.2%	-21.3%	-29.0%	-29.0%	-15.3%	-6.1%
10.00%	10.0%	-14.1%	-24.7%	-32.1%	-32.1%	-19.0%	-10.1%
5.00%	5.0%	-18.0%	-28.2%	-35.2%	-35.2%	-22.7%	-14.2%
0.00%	0.0%	-21.9%	-31.6%	-38.3%	-38.3%	-26.3%	-18.3%
-5.00%	-5.0%	-25.8%	-35.0%	-41.4%	-41.4%	-30.0%	-22.4%
-10.00%	-10.0%	-29.7%	-38.4%	-44.4%	-44.4%	-33.7%	-26.5%
-15.00%	-15.0%	-33.6%	-41.8%	-47.5%	-47.5%	-37.4%	-30.6%
-20.00%	-20.0%	-37.5%	-45.3%	-50.6%	-50.6%	-41.1%	-34.6%
-25.00%	-25.0%	-41.4%	-48.7%	-53.7%	53.7%	-44.8%	-38.7%

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Where are Cap Rates Going?

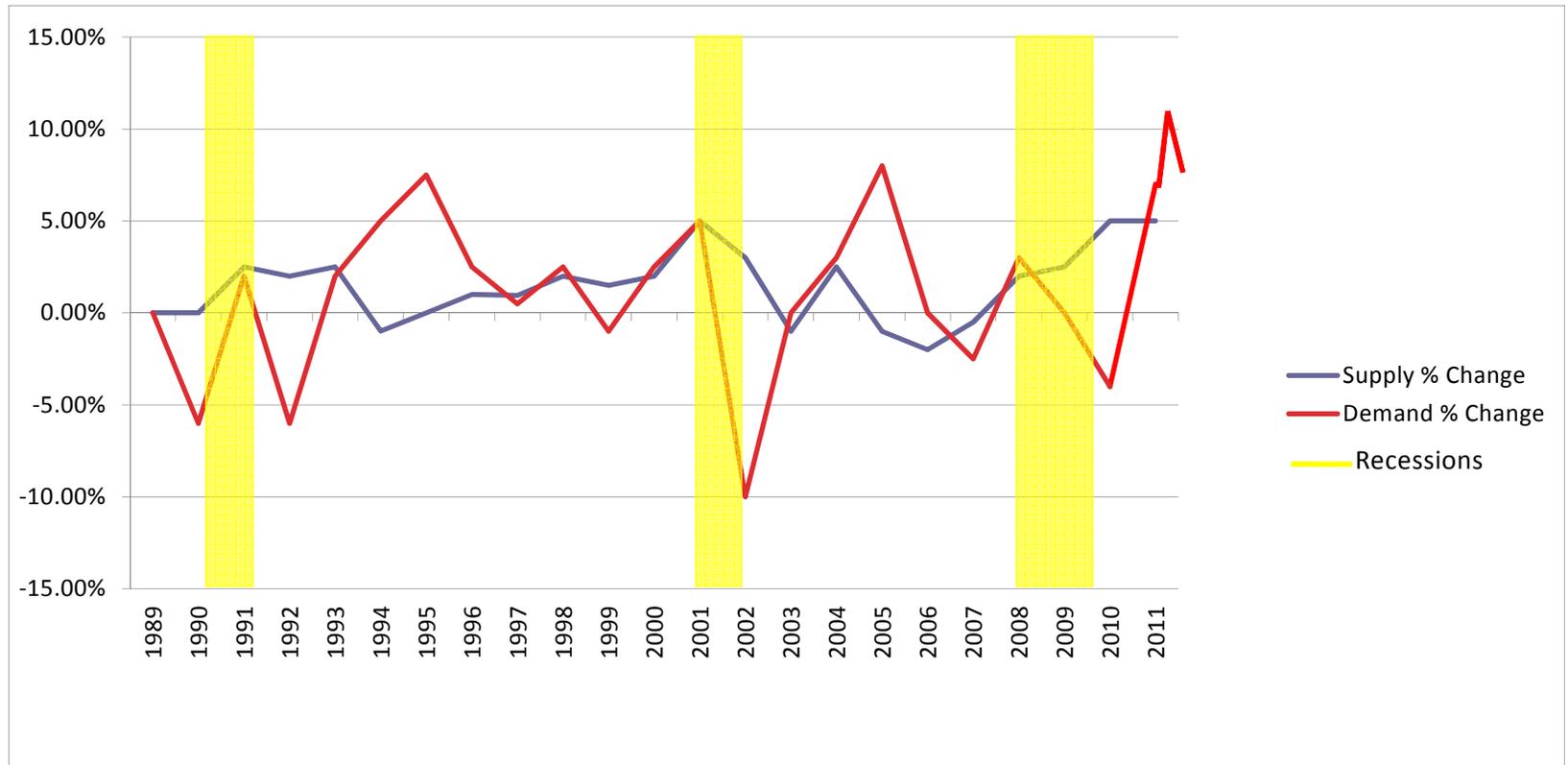


Hotel Cap Rates

	<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%

Manhattan Long-Term Historical Performance

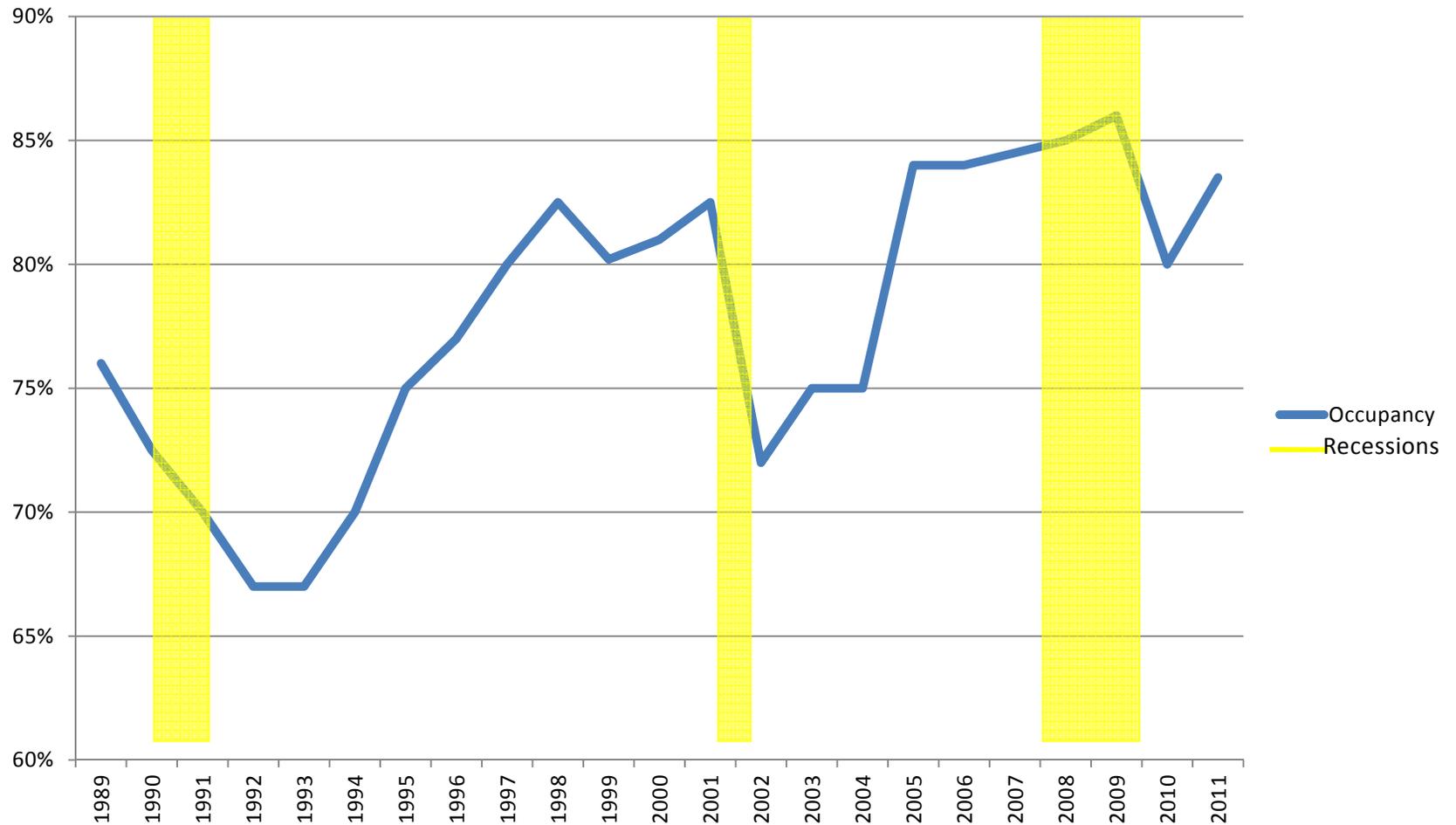
Long-Term Supply and Demand Percent Changes – 12-Month Moving Average



Source: STR Global and National Bureau of Economic Research

Manhattan Long-Term Historical Performance

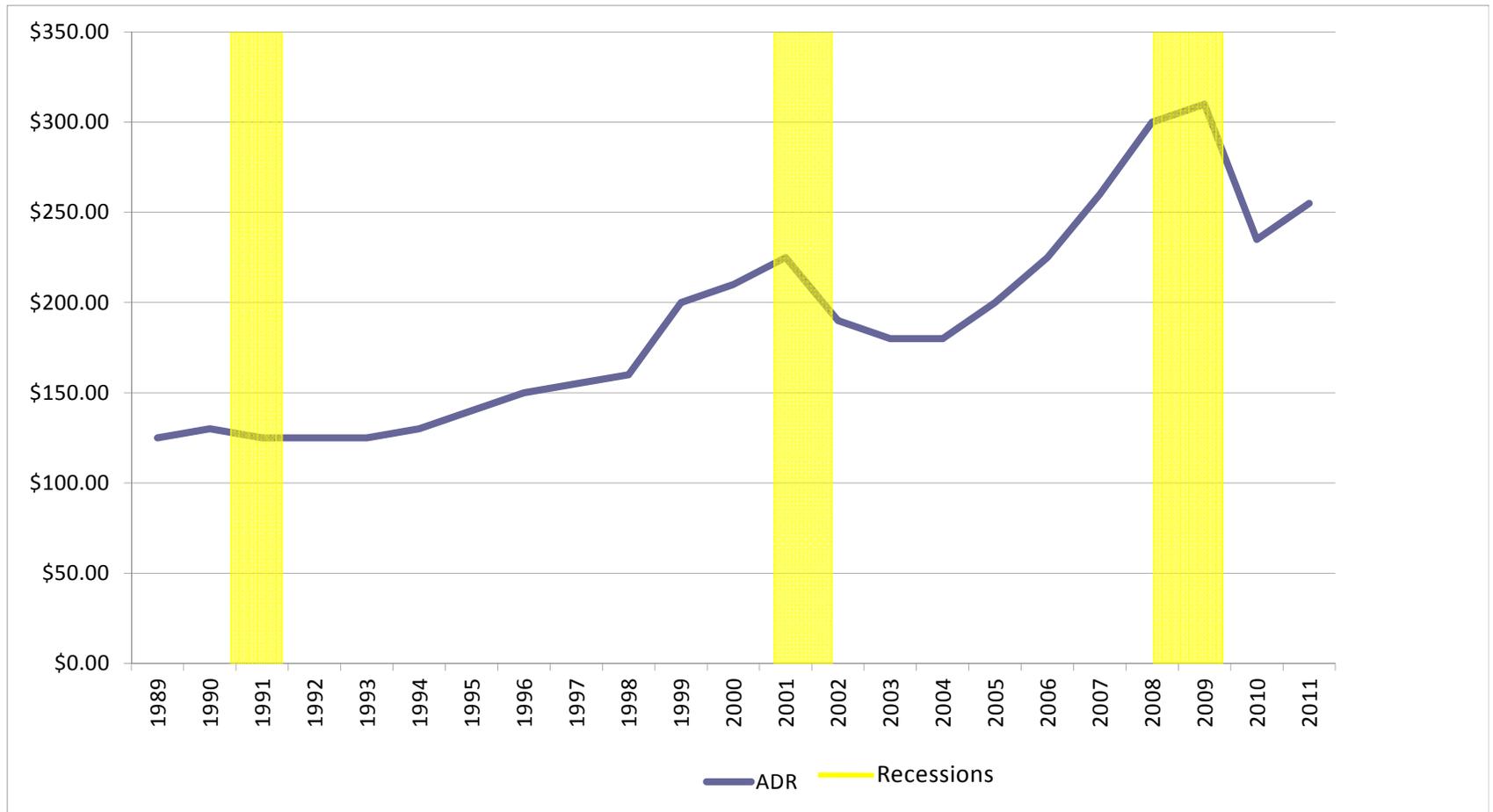
Long-Term Occupancy Levels – 12-Month Moving Average



Source: STR Global and National Bureau of Economic Research

Manhattan Long-Term Historical Performance

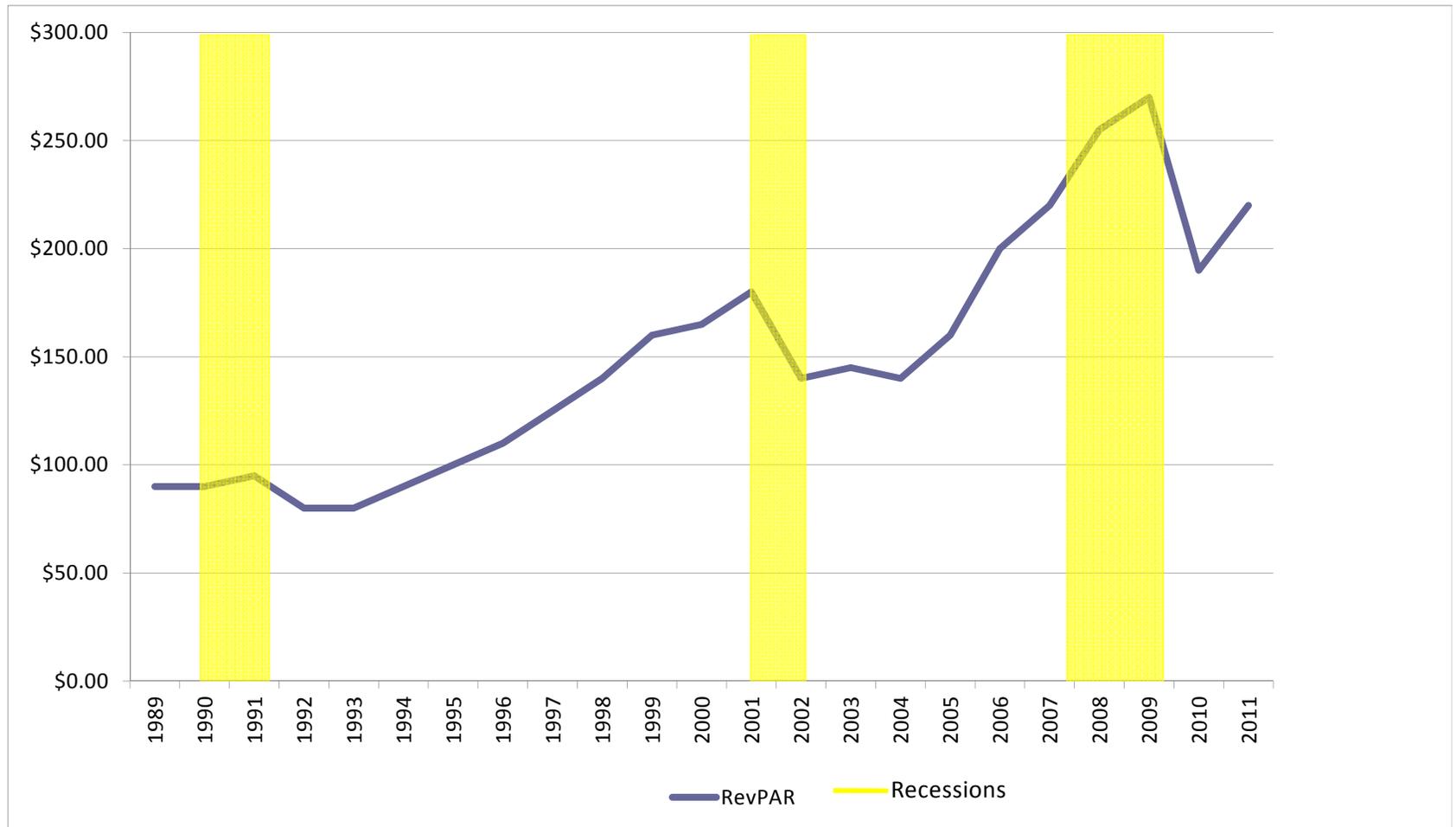
Long-Term ADR Levels – 12-Month Moving Average



Source: STR Global and National Bureau of Economic Research

Manhattan Long-Term Historical Performance

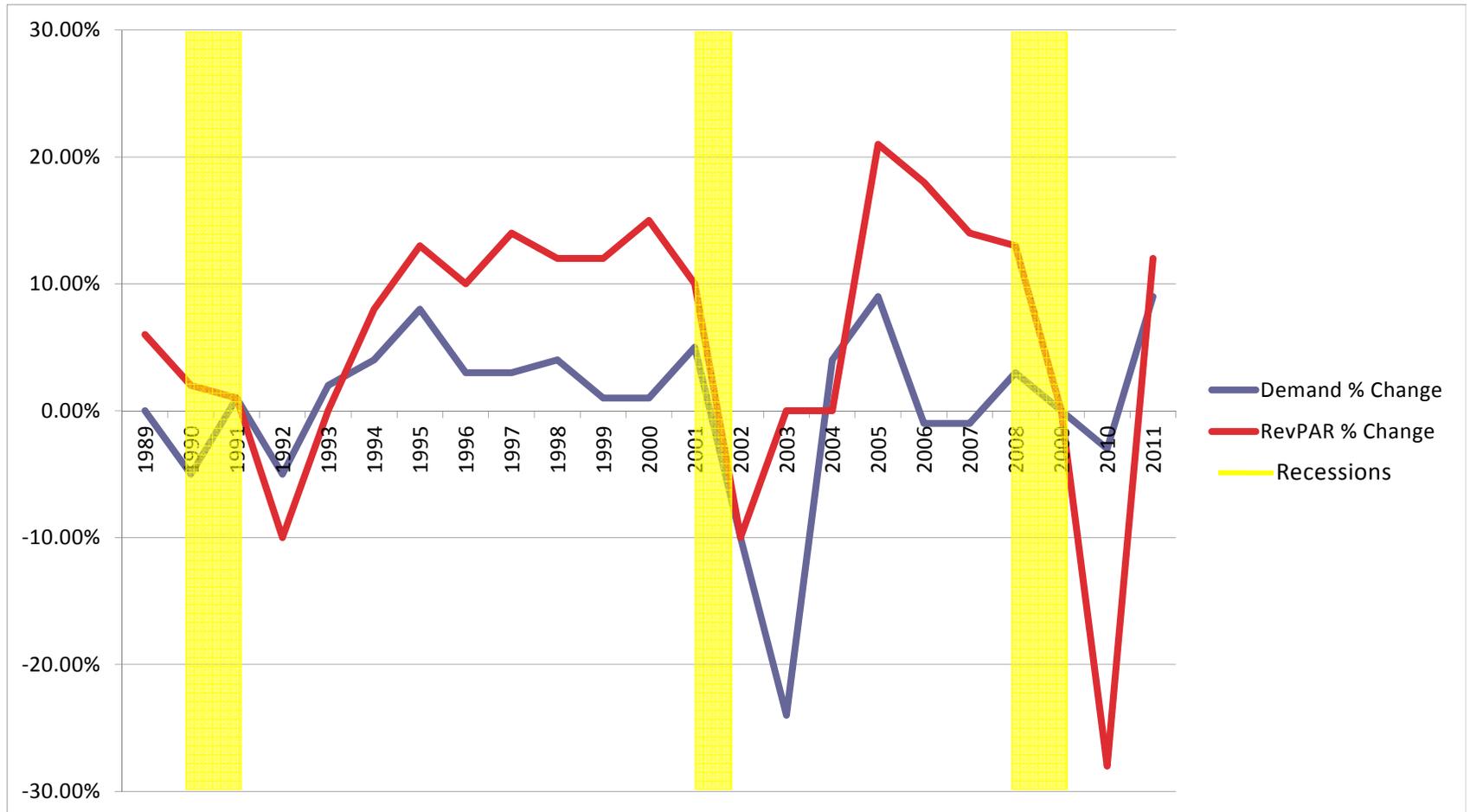
Long-Term RevPAR Levels – 12-Month Moving Average



Source: STR Global and National Bureau of Economic Research

Manhattan Long-Term Historical Performance

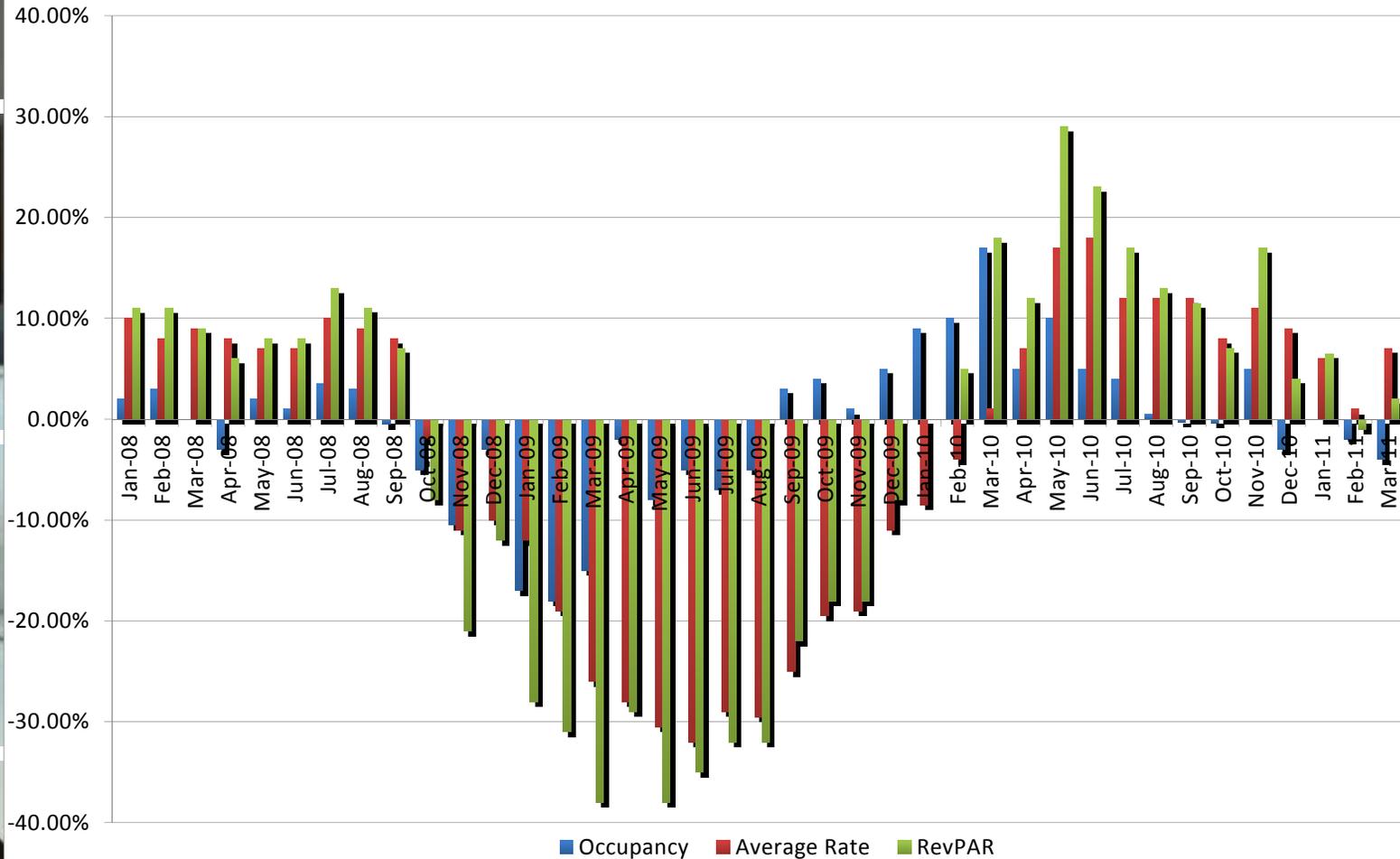
Long-Term Demand and RevPAR Percent Changes – 12-Month Moving Average



Source: STR Global and National Bureau of Economic Research

Manhattan Long-Term Historical Performance

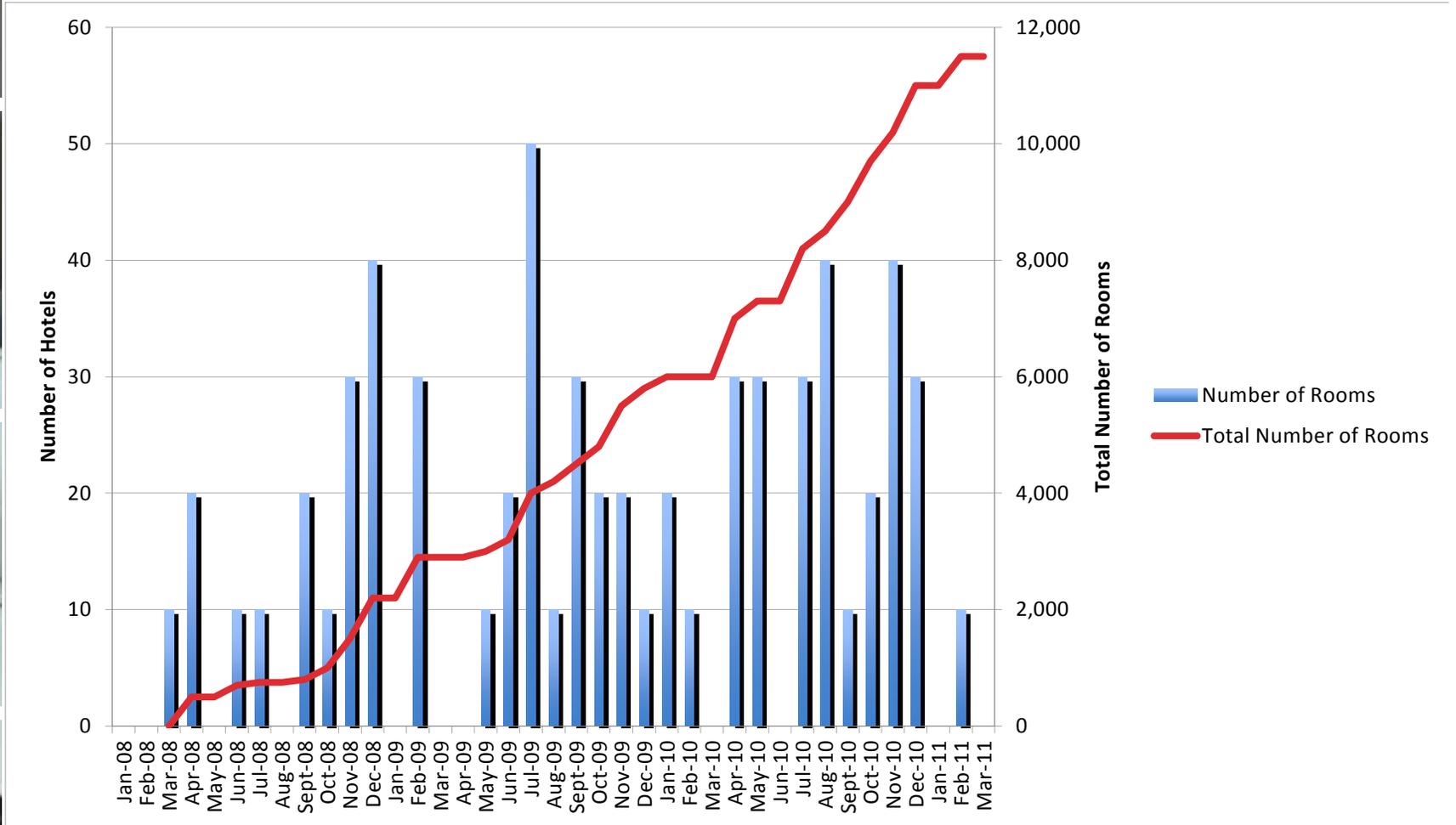
Monthly Occupancy, ADR, and RevPAR Changes – January 2008 Through March 2011



Source: STR

Manhattan New Supply

New Supply – January 2008 to March 2011



Source: STR Global

Manhattan New Supply

The following table lists all the hotels opened in January 2010 – October 2010:

Name of the Hotel	Room Count	Opening Date
Andaz Wall Street	253	Jan-10
Sutton Court Hotel & Residences	71	Jan-10
Ascend Collection Distrikt Hotel	155	Feb-10
Staybridge Suites Times Square	310	Apr-10
Trump Hotel SoHo	376	Apr-10
Hilton Fashion District	280	Apr-10
Kimpton Hotel Eventi	292	May-10
Comfort Inn Lower East Side	32	May-10
Hotel Mulberry	34	May-10
Andaz 5th Avenue	184	Jul-10
InerContinental Times Square	547	Jul-10
Holiday Inn Express Wall Street	112	Jul-10
W Hotel Downtwon	217	Aug-10
The Chatwal Starwood Luxury Collection	83	Aug-10
Cassa Hotel	165	Aug-10
Gansevoort Park Hotel	249	Aug-10
James SoHo	114	Sep-10
The Gotham Hotel	66	Oct-10
Sheraton TriBeca	369	Oct-10

Source: LW Hospitality Advisors

Manhattan New Supply

The following table lists all the hotels opened in November 2010 – September 2011:

Name of the Hotel	Room Count	Opening Date
The Jewel	135	Nov-10
Courtyard SoHo	120	Nov-10
The Setai Fifth Avenue	214	Nov-10
element Times Square	411	Nov-10
Nolitan Hotel	55	Nov-10
Doubletree Financial District	399	Dec-10
Fairfield Inn Chelsea	110	Dec-10
Aloft Hotel Harlem	124	Dec-10
Mondrian Hotel	274	Jan-11
YOTEL Hotel	669	Jun-11
Dream Downtown	316	Jun-11
Bowery House	104	Jul-11
Hyatt 48 Lex	116	Sept-11
Total	6956	

Source: LW Hospitality Advisors

Overview of Hotel Transactions in Manhattan

Manhattan Hotel Sales – 2010

Property	Date of Sale	No. of Rooms	Seller	Buyer	Price	Price per Room
Candlewood Suites Times Square South	Feb-10	188	McSam Hotel Group	Hersha Hospitality Trust	\$51,000,000	\$271,000
Hampton Inn Times Square South	Feb-10	184	McSam Hotel Group	Hersha Hospitality Trust	\$56,000,000	\$304,000
Holiday Inn Express Times Square South	Feb-10	210	McSam Hotel Group	Hersha Hospitality Trust	\$58,000,000	\$276,000
Helmsley Carlton House	Mar-10	160	Leona Helmsley/Helmsley Hotels	Angelo, Gordon & Company and Extell Development Company	\$170,000,000	\$1,063,000
W New York - The Court & The Tuscany	Apr-10	320	Starwood Hotels & Resorts Worldwide	St. Giles Hotels, LLC	\$78,000,000	\$244,000
Holiday Inn at Wall Street	May-10	113	McSam Hotel Group	Hersha Hospitality Trust	\$34,800,000	\$308,000
Roger Williams	Sep-10	193	JRK Hotel Group	LaSalle Hotel Group	\$94,500,000	\$490,000
Fashion 26 Hotel (Wyndham)	Sep-10	280	Infinity Real Estate	RLJ Development	\$122,000,000	\$436,000
W Union Square	Sep-10	270	LEM Mezzanine	JV Host Hotels & Resorts/Istithmar	\$188,000,000	\$696,000
Hilton Garden Inn Chelsea	Sep-10	169	Inland American Winston Hotels	DiamondRock Hospitality Co.	\$68,400,000	\$405,000
Milford Plaza	Oct-10	1300	Milford Plaza Associates	Highgate Holdings/Rockpoint Group	\$230,000,000	\$177,000

Source: LW Hospitality Advisors

Overview of Hotel Transactions in Manhattan

Manhattan Hotel Sales – YTD June 2011

Property	Date of Sale	No. of Rooms	Seller	Buyer	Price	Price per Room
Helmsley New York	Jan-11	775	Estate of Leona Helmsley	Host Hotels	\$313,500,000	\$405,000
Doubletree Metropolitan	Jan-11	759	Highgate Holdings, Whitehall, and Rockwood Capital	RLJ Development	\$335,000,000	\$441,000
Doubletree Guest Suites Times Square	Jan-11	460	Whitehall Street Real Estate	Sunstone Hotel Investors	\$286,000,000	\$621,739
Holiday Inn Express Fifth Avenue	Feb-11	125	Magna Hospitality Group	Walnut Hill Group	\$43,870,000	\$351,000
Royalton	Apr-11	168	Morgans Hotel Group	Felcor Lodging Trust	\$83,400,000	\$496,000
Morgans	Apr-11	114	Morgans Hotel Group	Felcor Lodging Trust	\$56,600,000	\$496,000
Holiday Inn Express	Apr-11	112	Metro Six Hotel LLC	Hersha Hospitality Trust	\$36,700,000	\$328,000
Cassa Hotel	Apr-11	165	Waterscape Resorts LLC	Not Available	\$130,000,000	\$788,000
Hotel Chelsea	May-11	225	N/A	Chetrit Group	\$80,000,000	\$355,556
Radisson Lexington	May-11	712	Whitehall Street Real Estate/Highgate Holdings	DiamondRock Hospitality Co.	\$335,000,000	\$471,000
New York Palace	May-11	899	Royal Family of Brunei	Northwood Investors LLC	\$400,000,000	\$445,000
Yotel NY	Jun-11	669	Related Company	Investments Portugal	\$315,000,000	\$470,852
Algonquin Hotel	Jun-11	174	HEI Hotels & Resorts	Cornerstone Real Estate Advisers	\$85,500,000	\$491,379
Paramount Hotel	Jun-11	597	Walton Street Capital and Highgate Holdings	RFR Holding LLC	\$275,000,000	\$460,637
Park Central Hotel	Jun-11	934	Highgate Holdings	LaSalle Hotel Group	\$404,500,000	\$433,084
Sheraton Four Points Times Square	Jun-11	244	The Lam Group	The Gehr Group	\$112,000,000	\$459,016

Source: LW Hospitality Advisors



Conclusion

Slowly Improving Economic Environment

Positive Lodging Fundamentals

New Supply is Limited, Demand is strongly rebounding, RevPAR is growing

Increasing Investor Interest

Ability to underwrite growth with increased transparency in the current environment
REITs (blind pool and traditional), Private Equity, Limited Institutional Allocations, High Net-Worth Individuals/Families

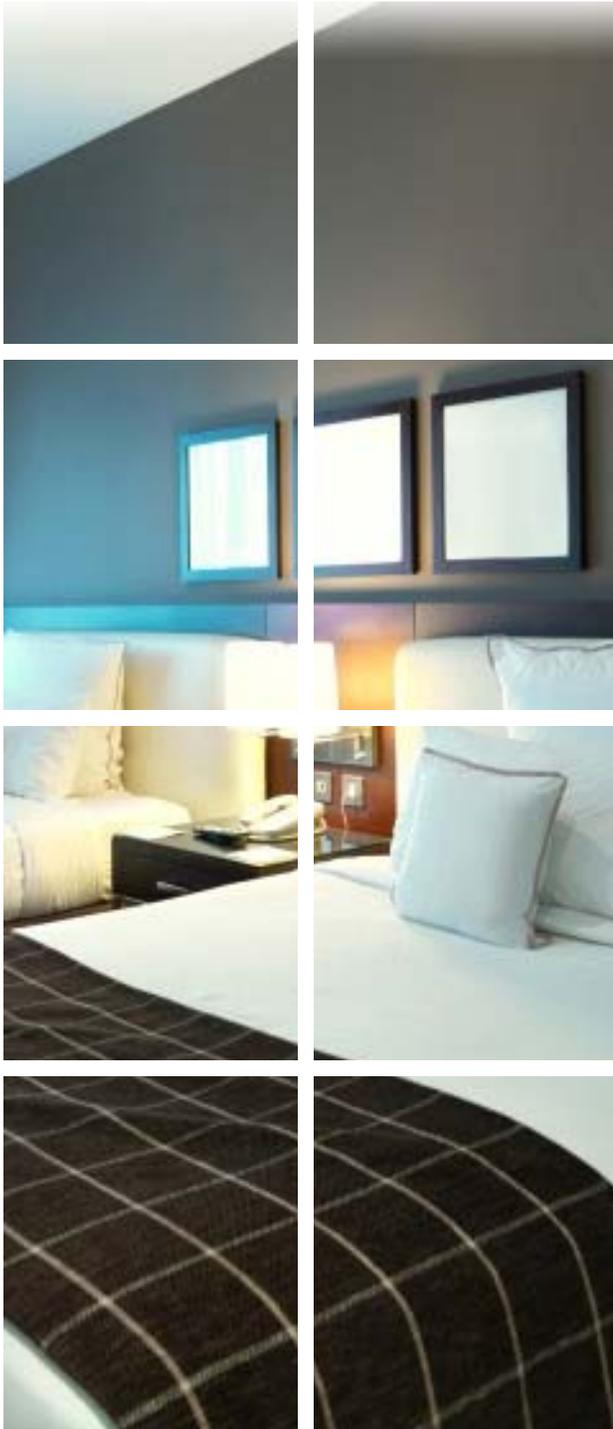
Improving Capital Market

Mounting Transaction Activity

High Quality and Distressed assets leading the way

Long Term Up-Cycle Has Begun; Current Pause In The Action

Epic Appreciation Potential



U.S. LODGING FUNDAMENTALS & NYC HOTEL MARKET OVERVIEW

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