



JONES LANG
LASALLE® Hotels & Hospitality

Real value in a changing world

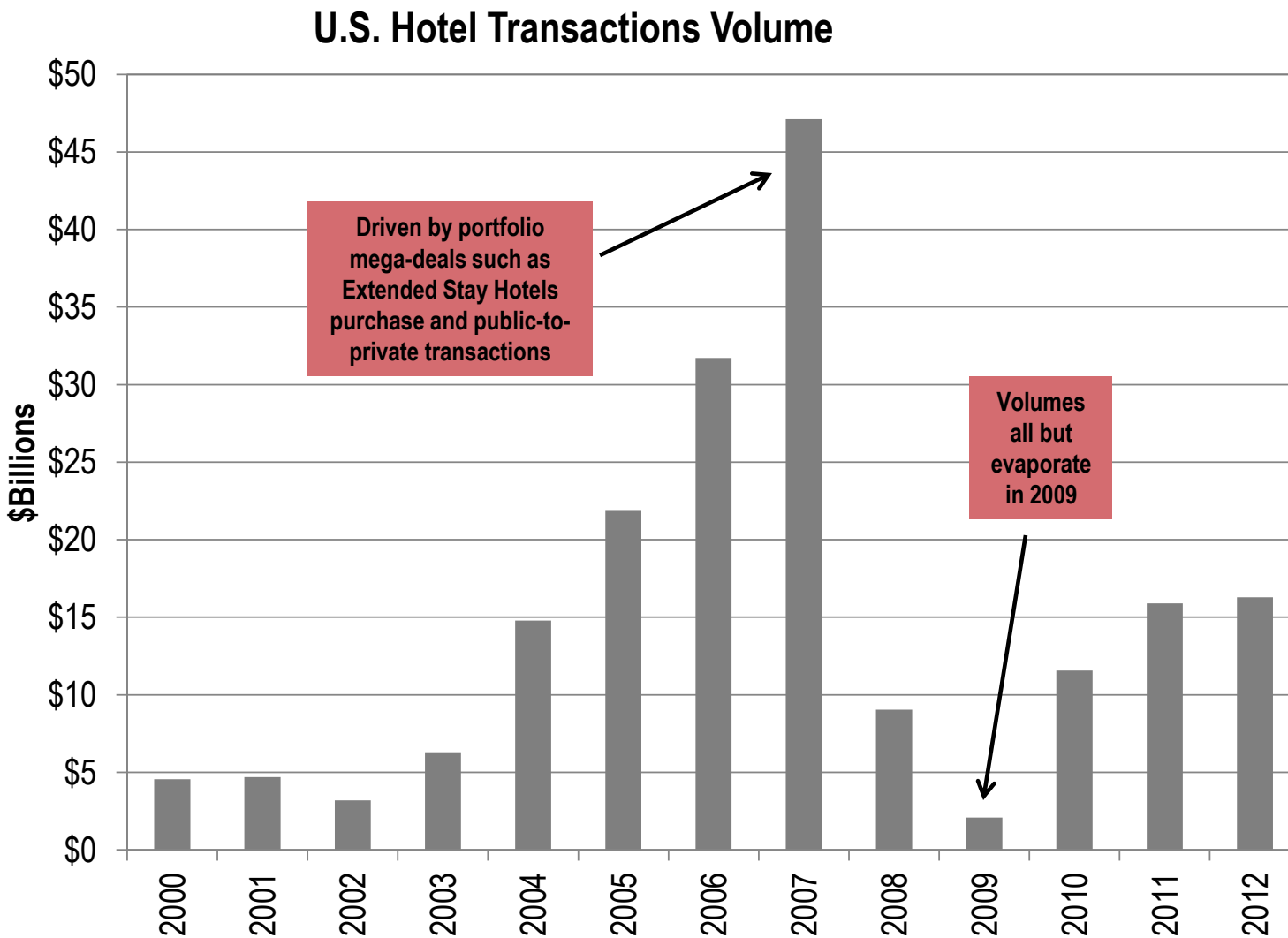
Capital Markets Update: Transactions, Financing and Market Value

State of the Industry Alert – Meet the Money Conference | May 7, 2013

Greg Hartmann, MAI, MRICS, CHA | Executive Vice President



■ Transactions volume recovers to five-year high in 2012



Source: Jones Lang LaSalle

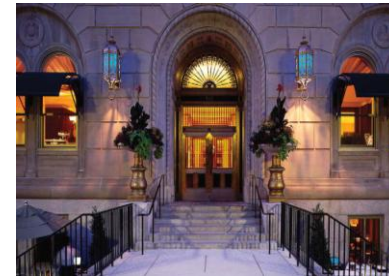


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Significant U.S. single-asset transactions in YTD 2013

Property name	Location	Closing date	Price (\$M)	Rooms	Price per key (\$)
Atlanta Marriott Marquis*	Atlanta, GA	Jan-13	Undisclosed	1,663	Undisclosed
Flatotel New York	New York, NY	Feb-13	\$180.0	288	\$625,000
Lowes Madison Hotel	Washington, D.C.	Feb-13	\$140.0	356	\$393,300
Courtyard Waikiki	Honolulu, HI	Apr-13	\$127.0	401	\$316,700
Miami Beach Resort and Spa*	Miami Beach, FL	Mar-13	\$117.0	424	\$275,900
Alex Hotel New York	New York, NY	Feb-13	\$115.0	203	\$566,500
Embassy Suites San Diego	San Diego, CA	Jan-13	\$112.5	337	\$333,800
Boston Back Bay Hotel*	Boston, MA	Feb-13	\$94.5	225	\$420,000
The James Hotel SoHo	New York, NY	Mar-13	\$85.0	114	\$745,600
The Driskill Hotel*	Austin, TX	Mar-13	\$84.5	189	\$447,100
Residence Inn Denver City Center	Denver, CO	Apr-13	\$80.0	228	\$350,900
Hyatt Place Midtown	New York, NY	Apr-13	\$76.2	185	\$411,900
Hilton Cabana Miami Beach*	Miami Beach, FL	Jan-13	\$71.6	231	\$310,000
W Hotel New Orleans	New Orleans, LA	Apr-13	\$65.0	410	\$158,500
Omni Providence	Providence, RI	Jan-13	\$65.0	564	\$115,200
Holiday Inn Express Fisherman's Wharf	San Francisco, CA	Feb-13	\$60.5	252	\$240,100
InterContinental New Orleans*	New Orleans, LA	Jan-13	\$60.0	479	\$125,300

*Seller advised by Jones Lang LaSalle



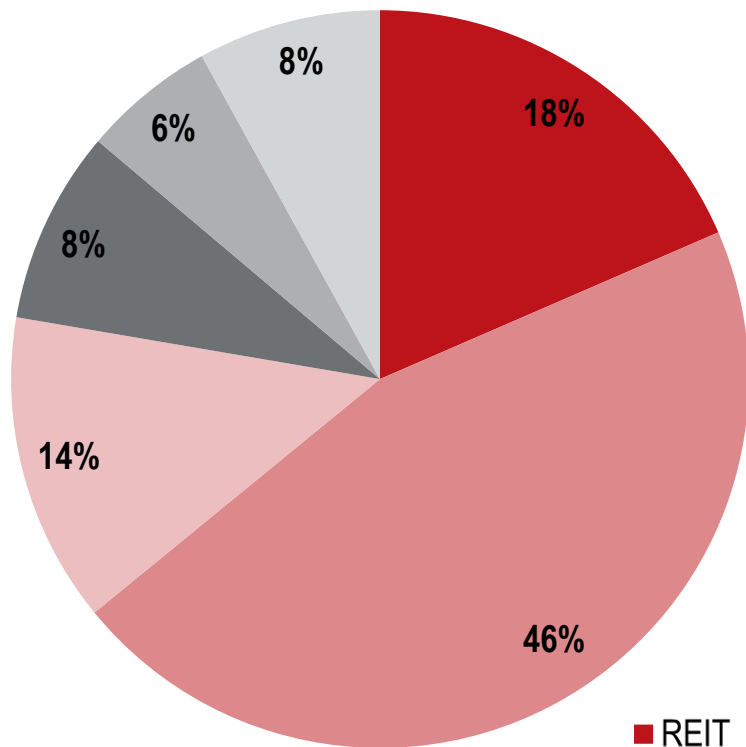
Source: Jones Lang LaSalle



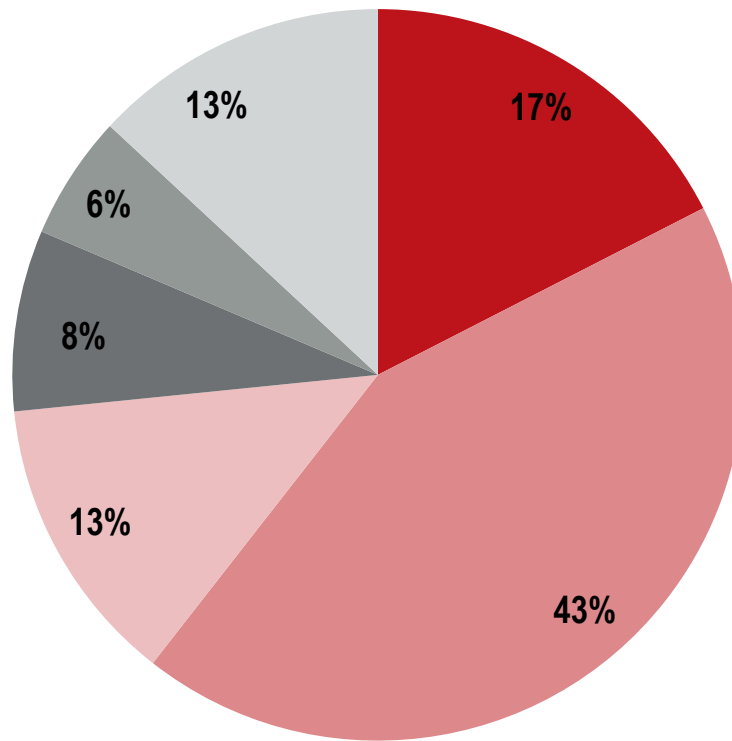
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Private equity dominates acquisitions in Q1 2013

U.S. Transactions by Buyer Volume



U.S. Transactions by Seller Volume



- REIT
- Private equity
- Hotel owner/operator
- Institutional investor
- Sovereign wealth fund
- Other

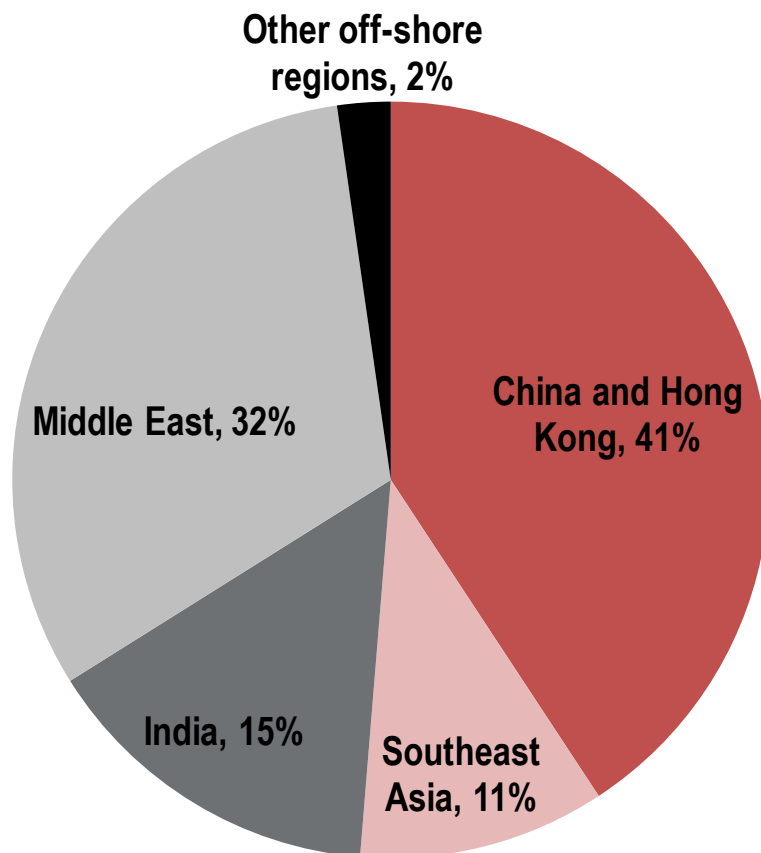
Source: Jones Lang LaSalle



Real value in a changing world

■ Off-shore investment into U.S. hotel market

Off-Shore Investment into U.S. since 2010



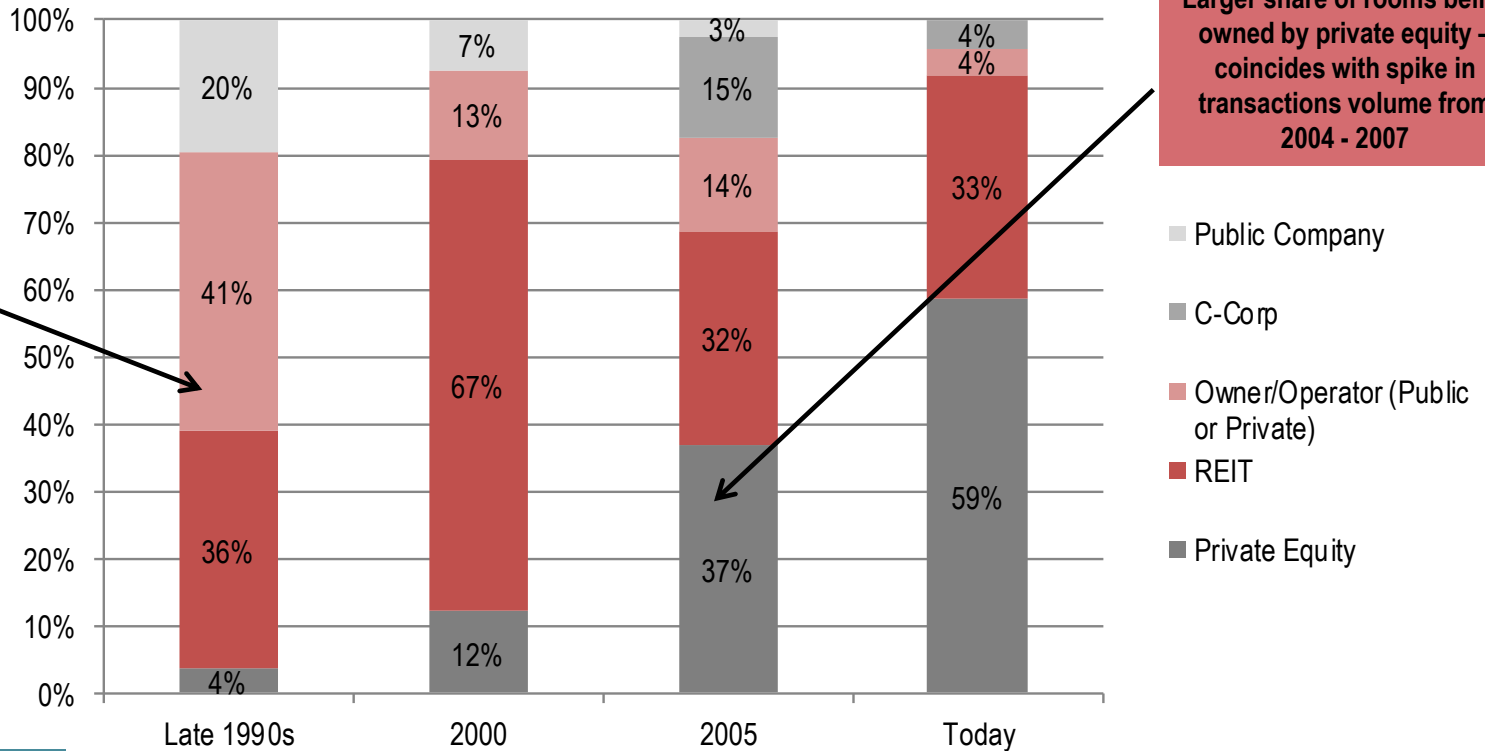
Investment Targets:

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

Source: Jones Lang LaSalle

Hotel ownership increasingly consolidated

Proportion of rooms owned by investor type for 10 largest hotel owners



Hotel ownership dominated by owner/operator companies such as John Q Hammons in late 1990s

Larger share of rooms being owned by private equity – coincides with spike in transactions volume from 2004 - 2007

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

14%

27%

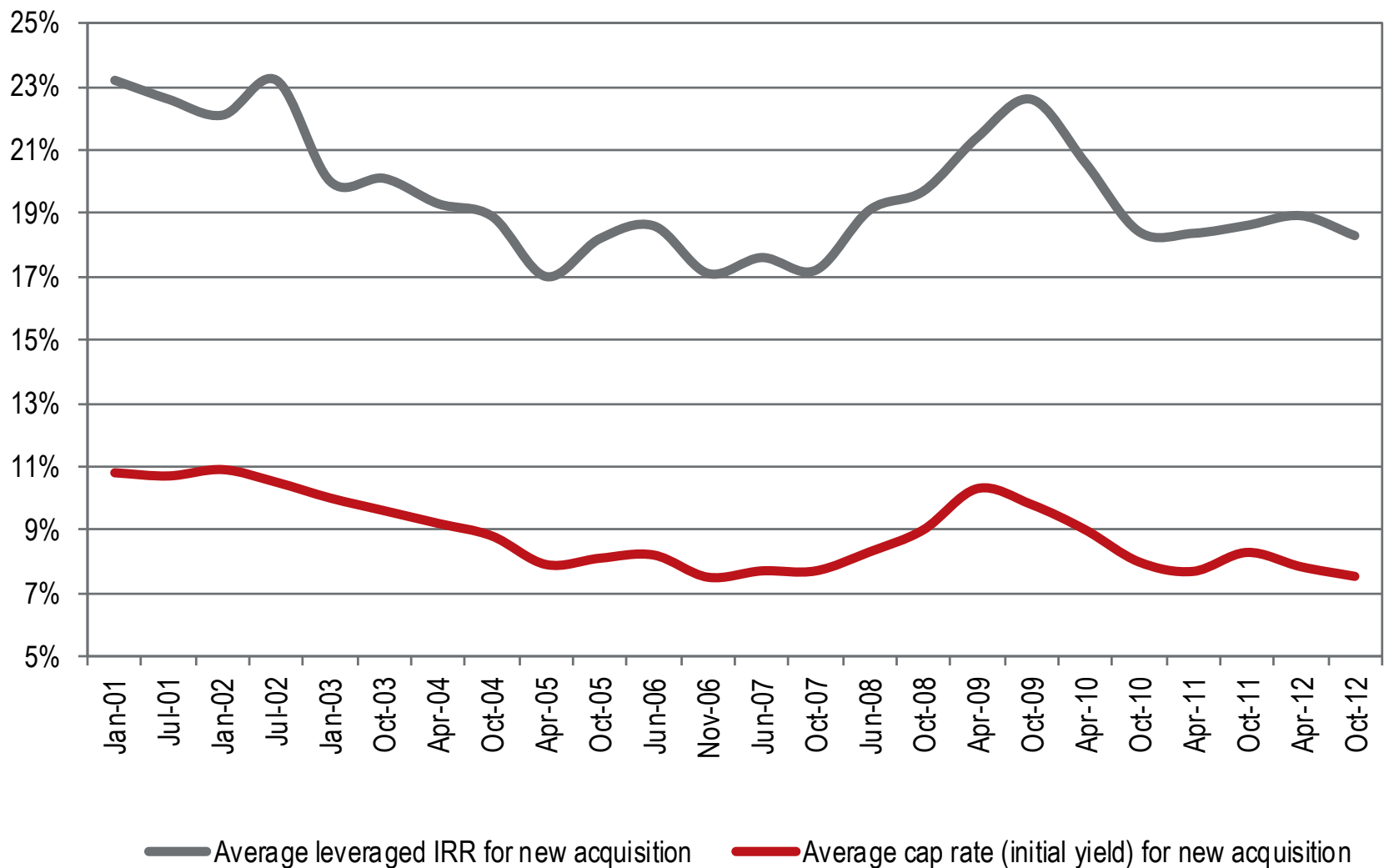
44%

44%

Source: Jones Lang LaSalle, Hotel Business, NREI, companies' websites
 Note: data above is based only on the ten largest hotel owners (by room count) for the given time periods

U.S. average hotel investment yields

According to client survey, yields continue to narrow indicating value increases



Source: Jones Lang LaSalle; From the Hotel Investor Sentiment Survey

Data through October 2012



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Current REIT and C-Corp metrics

Lodging REIT and C-Corp key T-12 operating and balance sheet data

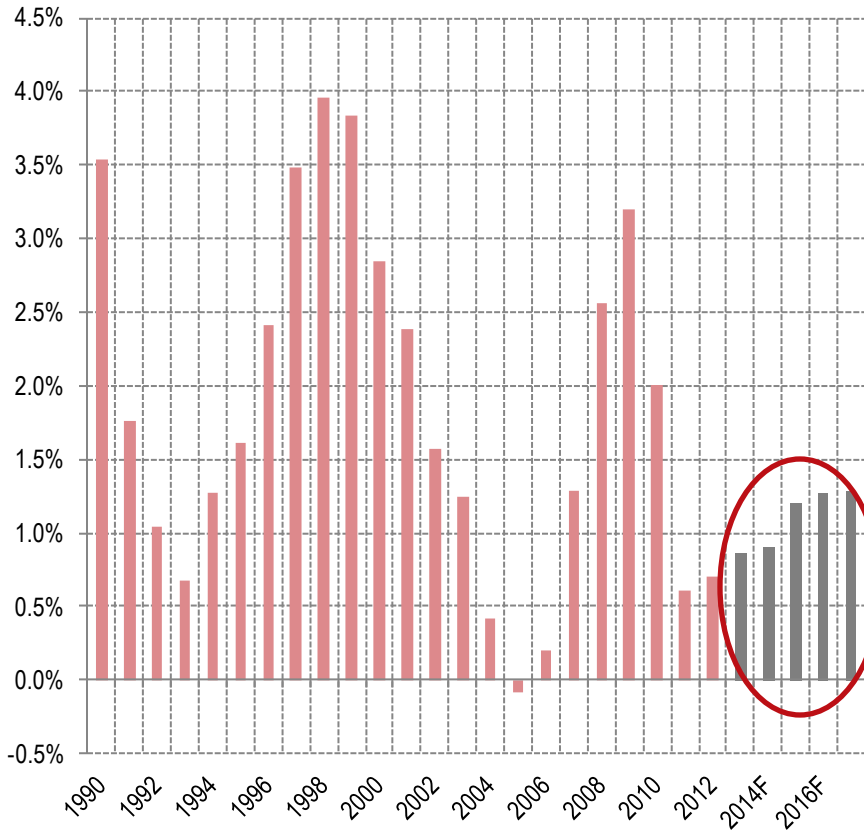
T-12 Data as of Q1 2013	Ticker	EBITDA multiple 2013E	T-12 cap rate	Revenue (\$M)	EBITDA (\$M)	Net income (\$M)*	Share price as of 4/23/2013	Market cap (\$M)	Total debt (\$M)	Cash (\$M)	Enterprise value (\$M)	Enterprise value / Owned rooms	Total debt / Enterprise value
REITs													
HOST HOTELS & RESORTS INC	HST	14.0X	5.0%	5,303.0	1,125.0	912.9	18.02	13,095.1	5,411.0	417.0	18,089.1	305,946.7	30%
HOSPITALITY PROPERTIES TRUST	HPT	12.4X	7.0%	1,297.3	552.3	500.4	28.43	3,972.7	2,722.4	20.0	7,132.5	166,337.3	38%
SUNSTONE HOTEL INVESTORS INC	SHO	15.3X	5.4%	897.1	229.7	193.8	12.24	1,943.4	1,406.3	157.2	3,583.7	316,781.4	39%
LASALLE HOTEL PROPERTIES	LHO	13.7X	5.7%	886.5	261.6	226.1	25.97	2,481.1	1,148.8	19.8	3,947.6	464,420.3	29%
HERSHA HOSPITALITY TRUST	HT	13.5X	4.9%	358.2	115.2	100.9	5.91	1,174.4	792.7	69.1	2,073.1	202,016.9	38%
ASHFORD HOSPITALITY TRUST	AHT	8.3X	6.8%	945.8	243.6	205.7	12.56	856.0	2,339.4	185.9	3,009.7	147,113.6	78%
STRATEGIC HOTELS & RESORTS	BEE	15.4X	3.8%	808.3	153.6	121.3	8.01	1,636.5	1,322.3	80.1	3,158.3	459,520.4	42%
FELCOR LODGING TRUST INC	FCH	14.2X	4.7%	936.9	169.7	132.3	5.97	741.0	1,630.5	45.7	2,817.7	120,746.8	58%
DIAMONDROCK HOSPITALITY CO	DRH	14.4X	5.0%	757.2	174.4	144.1	9.80	1,915.1	988.7	9.6	2,894.2	270,488.0	34%
CHESAPEAKE LODGING TRUST	CHSP	13.6X	4.7%	278.3	81.1	70.0	23.33	1,133.2	405.2	33.2	1,505.3	521,039.9	27%
PEBBLEBROOK HOTEL TRUST	PEB	15.0X	3.0%	380.7	82.1	66.9	26.33	1,609.6	468.5	85.9	2,217.2	480,427.2	21%
CHATHAM LODGING TRUST	CLDT	11.5X	4.5%	100.5	29.2	25.1	18.28	321.3	239.2	4.5	556.1	230,350.2	43%
RLJ LODGING TRUST	RLJ	13.2X	5.4%	854.2	253.9	219.7	22.55	2,767.6	1,413.7	115.9	4,065.4	198,428.0	35%
SUMMIT HOTEL PROPERTIES INC	INN	11.4X	3.7%	189.9	46.6	39.0	10.05	758.2	312.6	14.0	1,056.9	145,883.1	30%
Weighted average		13.5X	5.3%				\$17.85						
C-Corps													
MARRIOTT INTERNATIONAL-CL A	MAR	12.9X	3.8%	11,814.0	1,085.0	612.4	41.80	13,103.3	2,936.0	88.0	15,951.3	N/A	18%
STARWOOD HOTELS & RESORTS	HOT	11.4X	6.7%	6,321.0	1,151.0	898.2	61.93	11,997.0	1,808.0	305.0	13,500.0	N/A	13%
INTERCONTINENTAL HOTELS-ADR	IHG	11.4X	7.3%	1,835.0	708.0	634.6	28.64	7,645.6	1,258.0	195.0	8,708.6	N/A	14%
WYNDHAM WORLDWIDE CORP	WYN	11.3X	6.6%	4,534.0	1,052.0	870.6	64.25	8,778.8	4,562.0	195.0	13,145.8	N/A	35%
CHOICE HOTELS INTL INC	CHH	15.3X	5.2%	691.5	201.4	173.7	44.69	2,596.7	855.3	134.2	3,317.9	N/A	26%
HYATT HOTELS CORP - CL A	H	11.5X	4.6%	3,949.0	512.0	354.0	41.34	6,831.5	1,233.0	413.0	7,651.5	N/A	16%
Weighted average		12.0X	5.7%				\$49.16						

*Reserve for replacement of 4% of revenue deducted

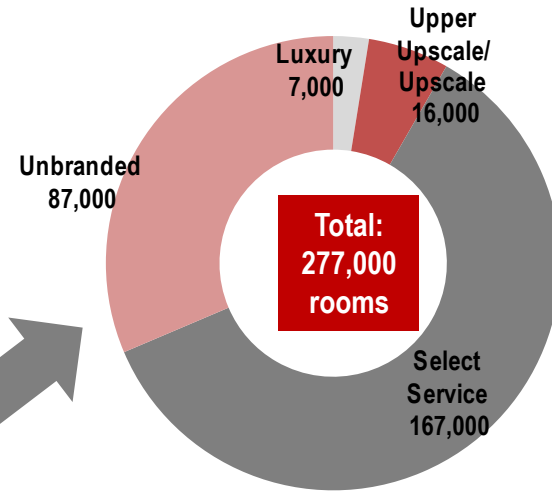
Source: Bloomberg, Jones Lang LaSalle

A closer look at the new supply coming in

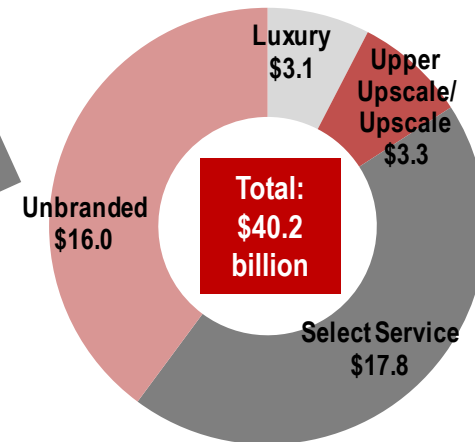
U.S. Lodging Supply % Change



Expected Room Openings through 2017



Value of Expected Hotel Openings through 2017



Pipeline building only slowly; and remains well below long-term average; will underpin performance of existing hotels

Source: Jones Lang LaSalle, Smith Travel Research

■ Buyers are paying less than developers are building for.

Average transactions
(acquisitions price) in 2012

\$105,000 per key



Average development cost of
all projects in new (odds
adjusted) supply pipeline

\$145,000 per key

Overbuilt or Under-demolished?

Source: Jones Lang LaSalle,



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■ Hotel financing continues its strong run

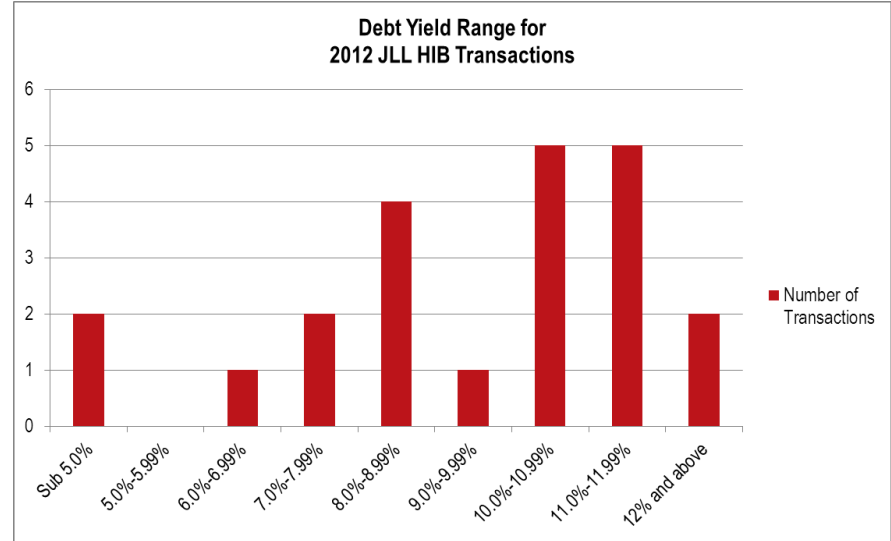
- Hotel debt markets have continued to gain momentum.
- **Barring any major setbacks in economy, hotel lending will continue to remain strong through 2013.**
- Hotels with strong sponsorship and solid performance or good stories are well positioned to obtain competitively bid financing.
- **The number of active lenders seeking hotel product has increased dramatically due to higher yields.**
- Resurgence in hotel lending is driven by securitized market: The volume of securitized lending increased 70 percent in 2012 and 2013 is poised to continue seeing growth.
- **CMBS lenders increased their allocations to hospitality product by 2x.**
- Insurance companies, domestic and foreign banks and debt funds ramping up their hotel lending programs to offer competitive terms.
- **Interest rates and indices expected to remain low resulting in an environment where lenders are able to obtain outsized spreads and still offer compelling rates.**

Debt Yields for JLL Financing Transactions 2012

- Nearly 55% of our transactions had a debt yield of 10% or greater, but...

Debt Yield	Number of Transactions
Sub 5.0%	2
5.0%-5.99%	0
6.0%-6.99%	1
7.0%-7.99%	2
8.0%-8.99%	4
9.0%-9.99%	1
10.0%-10.99%	5
11.0%-11.99%	5
12% and above	2

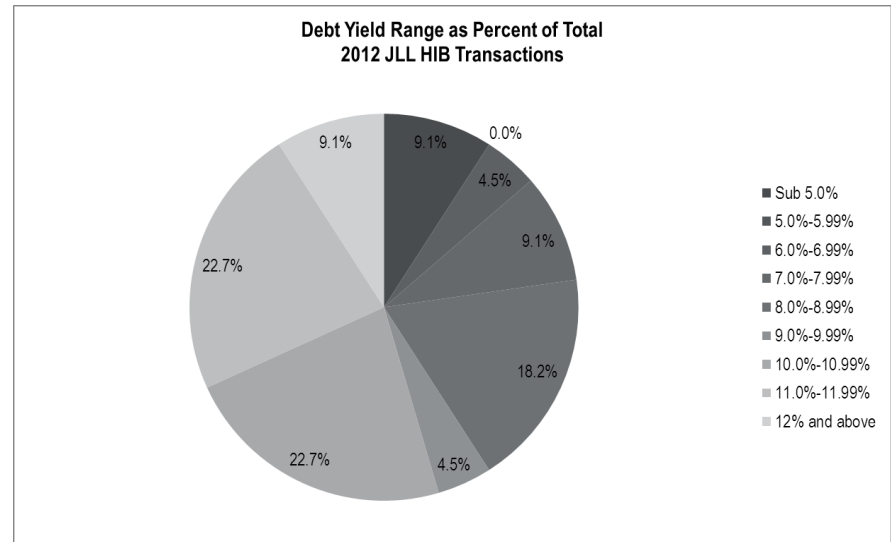
Total **22**



- ...that means almost half of the transactions we closed had a debt yield of less than 10%.

Debt Yield	Percent of Total
Sub 5.0%	9.1%
5.0%-5.99%	0.0%
6.0%-6.99%	4.5%
7.0%-7.99%	9.1%
8.0%-8.99%	18.2%
9.0%-9.99%	4.5%
10.0%-10.99%	22.7%
11.0%-11.99%	22.7%
12% and above	9.1%

Total **100.0%**

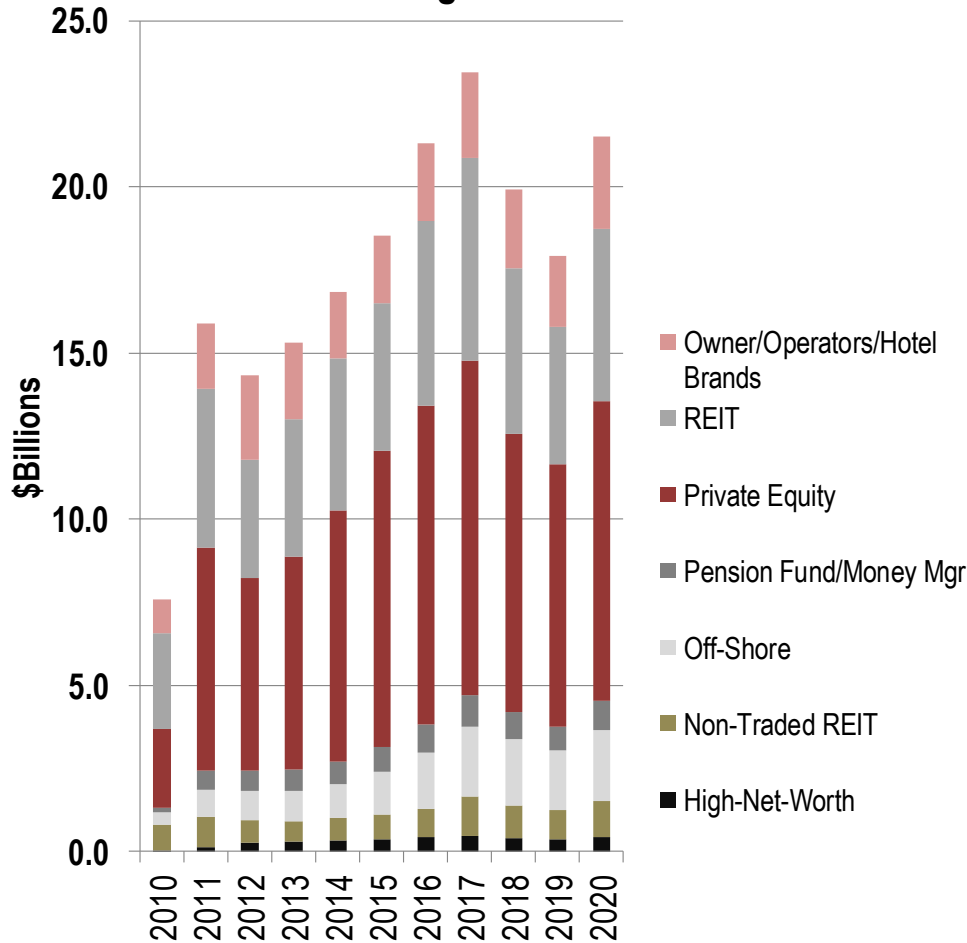


■ Key drivers of hotel transaction volumes going forward

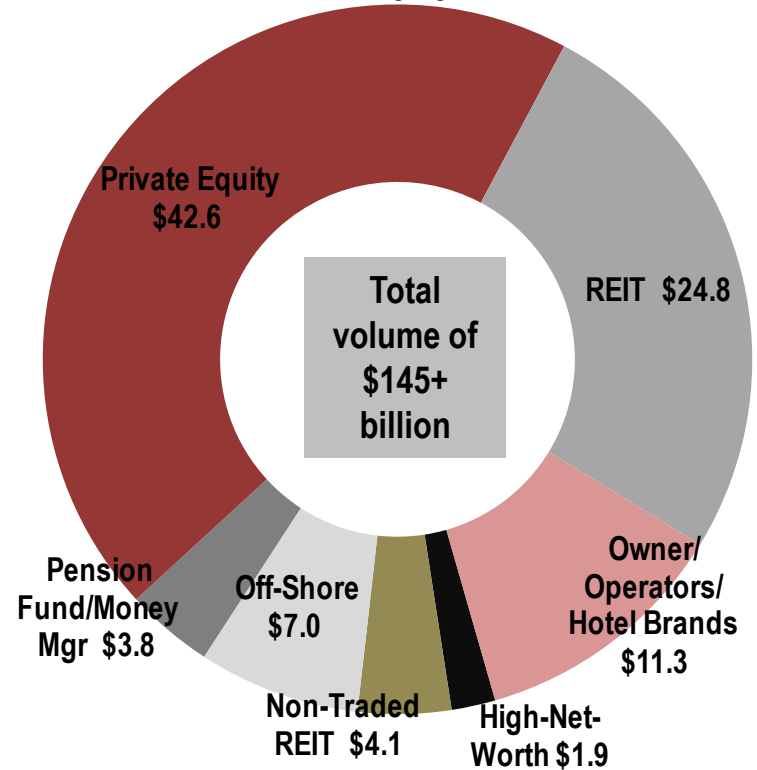
1. Industry fundamentals
2. Availability and cost of capital
3. REITs' stock prices
4. **Amount of product on the market?**
5. Hotel ownership composition

A closer look at who's buying over the next five years

U.S. Hotel Transaction Volume Projections through 2020



Acquisition Volume by Buyer Type Through 2020



Source: Jones Lang LaSalle



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