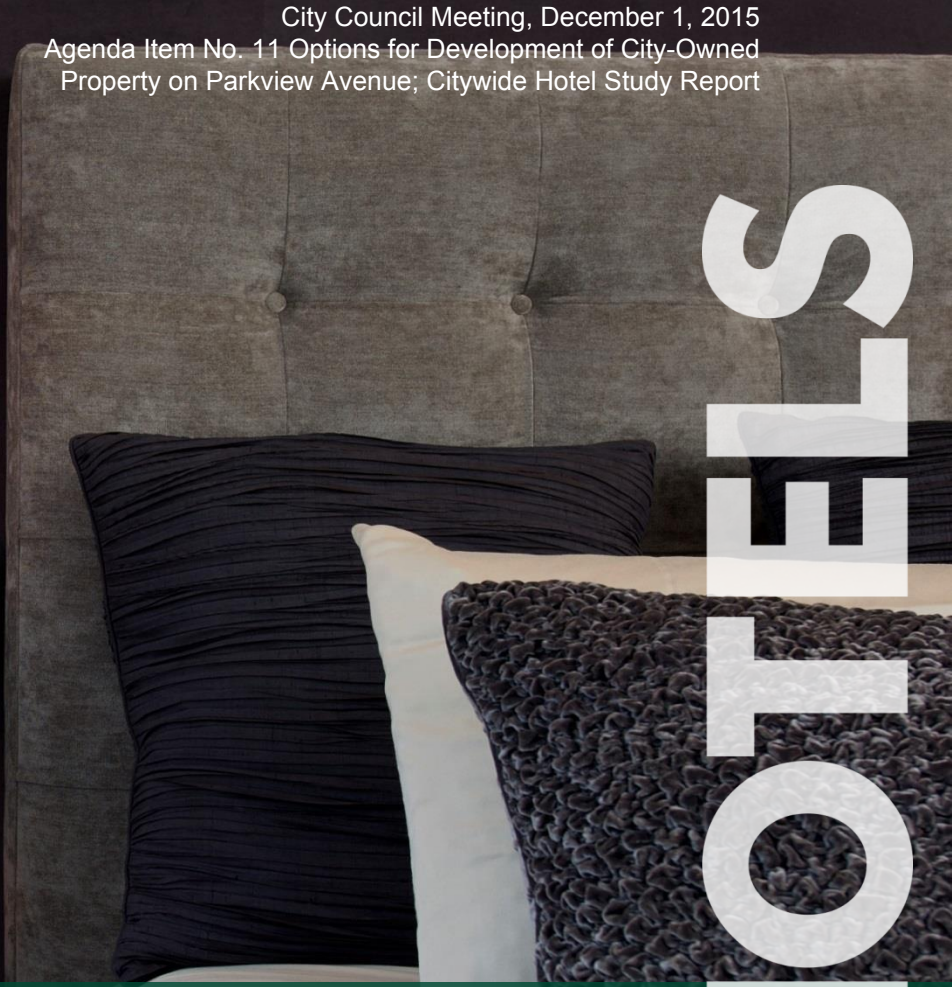


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STREET

PKF CONSULTING, A CBRE COMPANY

DECEMBER 1, 2015

Manhattan Beach Hotel Market Analysis



CBRE HOTELS
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POSSIBLE ADDITIONS TO SUPPLY

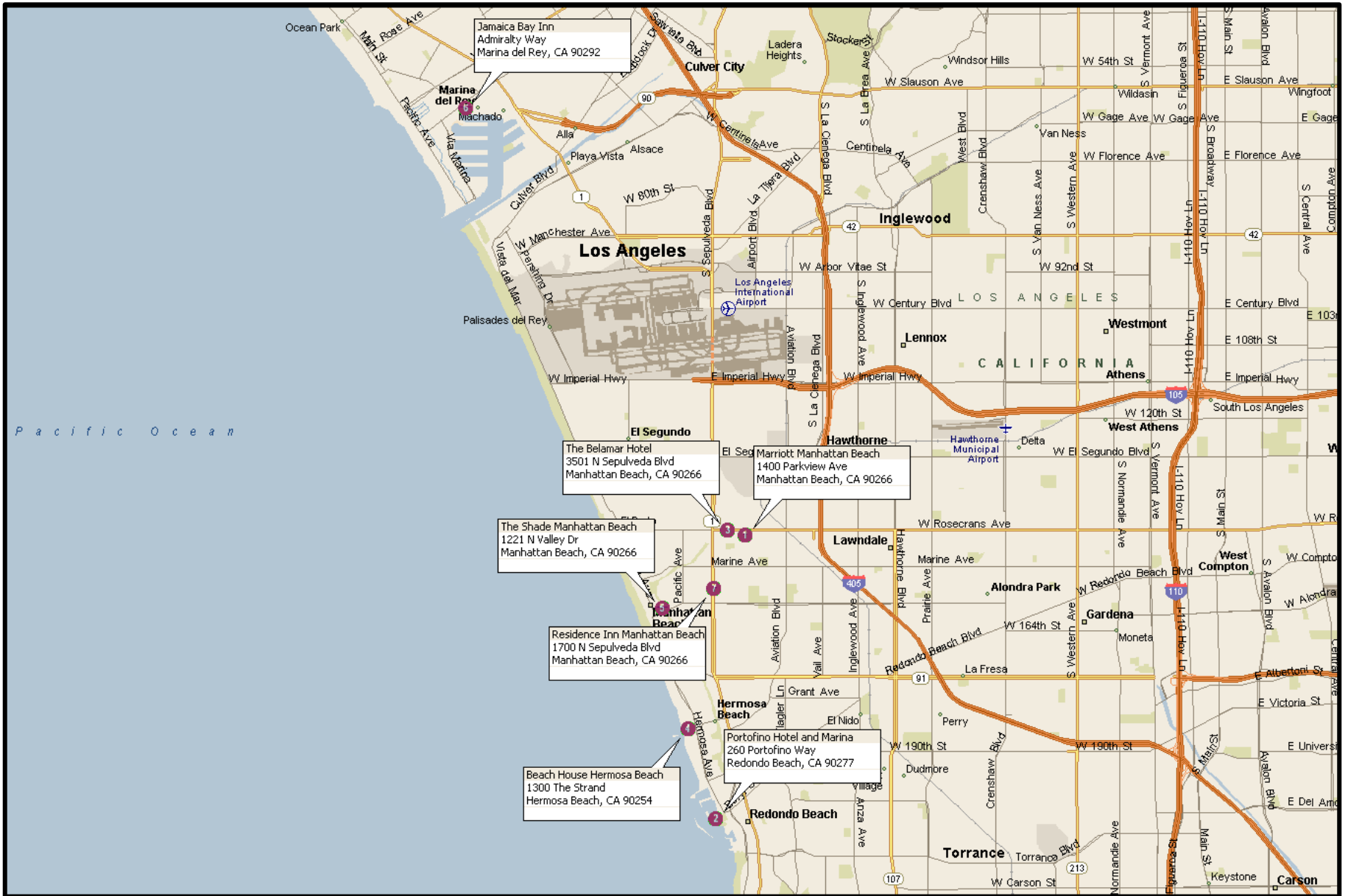
- Parkview Avenue Site
- Rosecrans and Highland Site
- Fry's Electronics Site
- Shade Hotel Expansion Site
- Vons Grocery Site
- Highland Avenue Boutique Site

PARKVIEW AVENUE SITE:

- Assumptions
 - Located on the corner of Parkview Avenue and Park Place
 - High-quality 150-room lifestyle hotel
 - January 1, 2018 opening
 - On-site restaurant/lounge
 - Approx. 7,500 SF meeting space



PARKVIEW HOTEL COMPETITIVE MARKET



HISTORICAL MARKET PERFORMANCE

Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2010	358,795	N/A	287,497	N/A	80.1%	\$149.58	N/A	\$119.86	N/A
2011	399,310	11.3%	318,399	10.7%	79.7	157.49	5.3%	125.57	4.8%
2012	399,310	0.0	331,586	4.1	83.0	162.51	3.2	134.95	7.5
2013	399,310	0.0	331,009	-0.2	82.9	174.07	7.1	144.30	6.9
2014	399,310	0.0	344,573	4.1	86.3	187.80	7.9	162.06	12.3
CAAG	2.7%		4.6%			5.9%		7.8%	
8/14 ytd	266,085	N/A	237,063	N/A	89.1%	\$191.44	N/A	\$170.56	N/A
8/15 ytd	266,085	0.0%	231,797	-2.2%	87.1%	207.50	8.4%	180.76	6.0%

Source: PKF Consulting USA

- Annual average demand growth of 4.6%
- Annual ADR growth of 5.9%
- Annual RevPAR growth of 7.8%

PROJECTED MARKET PERFORMANCE

Projected Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2015	399,310	0.0%	335,400	-2.7%	84%	\$203.00	8.1%	\$170.51	5.2%
2016	414,275	3.7%	343,900	2.5%	83	215.00	5.9	178.48	4.7
2017	419,020	1.1%	347,800	1.1%	83	226.00	5.1	187.59	5.1
2018	473,770	13.1%	393,200	13.1%	83	236.00	4.4	195.87	4.4
2019	473,770	0.0%	393,300	0.0%	83	243.00	3.0	201.73	3.0
2020	473,770	0.0%	393,200	0.0%	83	250.00	2.9	207.48	2.9
2021	473,770	0.0%	393,200	0.0%	83	258.00	3.2	214.12	3.2
2022	473,770	0.0%	393,200	0.0%	83	265.00	2.7	219.93	2.7
CAAG	2.5%		2.3%			3.9%		3.7%	

Source: PKF Consulting USA

- Stabilized market occupancy of 83%
- Annual ADR growth of 3.9%
- Annual RevPAR growth of 3.7%

PROJECTED PARKVIEW HOTEL PERFORMANCE

Projected Market Performance of the Subject Hotel											
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Occupancy Percentage	Average Daily Rate	Percent Change	REVPAR	Percent Change	Market Penetration	Revenue Yield
2018	54,750	N/A	39,600	N/A	72%	\$240.00	3.0%	\$173.59	N/A	87%	89%
2019	54,750	0.0%	41,600	5.1%	76	248.00	3.0	188.43	8.6%	92	93
2020	54,750	0.0	43,900	5.5%	80	255.00	3.0	204.47	8.5	97	99
2021	54,750	0.0	43,900	0.0%	80	263.00	3.0	210.88	3.1	97	98
2022	54,750	0.0	43,900	0.0%	80	271.00	3.0	217.29	3.0	97	99
CAAG	0.0%		2.6%			3.1%		5.8%			

Source: PKF Consulting USA

- Stabilized subject occupancy of 80%
- Annual ADR growth of 3.1%
- Annual RevPAR growth of 5.8%

PROJECTED PARKVIEW HOTEL PERFORMANCE

Estimated Rooms Revenue			
	Average	Annual	Rooms
Year	Daily Rate	Occupancy	Revenue
2018	\$240.00	72.0%	\$ 9,461,000
2019	248.00	76.0	10,319,000
2020	255.00	80.0	11,169,000
2021	263.00	80.0	11,519,000
2022	271.00	80.0	11,870,000
2023	279.00	80.0	12,220,000
2024	287.00	80.0	12,571,000
2025	296.00	80.0	12,965,000
2026	305.00	80.0	13,359,000
2027	314.00	80.0	13,753,000

Summary of Estimated Annual Operating Results			
	Total	Net Operating	Ratio to
Year	Revenue	Income	Total Revenues
2018	\$13,811,000	\$2,618,000	19%
2019	15,049,000	3,078,000	20
2020	16,297,000	3,529,000	22
2021	16,801,000	3,652,000	22
2022	17,311,000	3,774,000	22
2023	17,824,000	3,884,000	22
2024	18,343,000	3,992,000	22
2025	18,910,000	4,132,000	22
2026	19,483,000	4,266,000	22
2027	20,060,000	4,391,000	22

EXISTING HOTEL SUPPLY – MANHATTAN BEACH



HISTORICAL MANHATTAN BEACH PERFORMANCE

Historical Market Performance of Manhattan Beach									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2010	362,810	N/A	267,373	N/A	73.7%	\$127.11	N/A	\$ 93.67	N/A
2011	362,810	0.0%	264,768	-1.0%	73.0	130.85	2.9%	95.49	1.9%
2012	362,810	0.0	276,790	4.5	76.3	134.14	2.5	102.34	7.2
2013	362,810	0.0	273,420	-1.2	75.4	146.01	8.8	110.03	7.5
2014	362,810	0.0	286,166	4.7	78.9	160.27	9.8	126.41	14.9
CAAG	0.0%		1.7%			6.0%		7.8%	
8/14 ytd	241,995	N/A	191,713	N/A	79.2%	\$160.97	N/A	\$127.52	N/A
8/15 ytd	241,995	0.0%	191,001	-0.4%	78.9%	177.90	10.5%	140.41	10.1%

Source: PKF Consulting USA

- Annual average demand growth of 1.7%
- Annual ADR growth of 6.0%
- Annual RevPAR growth of 7.8%

PROJECTED MARKET PERFORMANCE – NO ADDITIONS

Projected Market Performance of Manhattan Beach									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2015	362,810	0.0%	283,000	-1.1%	78%	\$175.00	9.2%	\$136.50	8.0%
2016	362,810	0.0	279,400	-1.3	77	187.00	6.9	144.01	5.5
2017	362,810	0.0	279,400	0.0	77	197.00	5.3	151.71	5.3
2018	362,810	0.0	279,400	0.0	77	203.00	3.0	156.33	3.0
2019	362,810	0.0	279,400	0.0	77	209.00	3.0	160.95	3.0
2020	362,810	0.0	279,400	0.0	77	215.00	2.9	165.57	2.9
2021	362,810	0.0	279,400	0.0	77	221.00	2.8	170.19	2.8
2022	362,810	0.0	279,400	0.0	77	228.00	3.2	175.58	3.2
2023	362,810	0.0	279,400	0.0	77	235.00	3.1	180.97	3.1
CAAG	0.0%		-0.2%			3.8%		3.6%	

Source: PKF Consulting USA

- Stabilized market occupancy of 77%
- Annual ADR growth of 3.8%
- Annual RevPAR growth of 3.6%

POTENTIAL MANHATTAN BEACH SUPPLY ADDITIONS



PROJECTED MARKET PERFORMANCE – WITH ADDITIONS

Projected Market Performance of Manhattan Beach									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2015	362,810	0.0%	283,000	-1.1%	78%	\$175.00	9.2%	\$136.50	8.0%
2016	362,810	0.0	279,400	-1.3	77	187.00	6.9	144.01	5.5
2017	366,460	1.0	282,200	1.0	77	198.00	5.9	152.47	5.9
2018	421,210	14.9	324,300	14.9	77	208.00	5.1	160.14	5.0
2019	472,310	12.1	351,900	8.5	75	217.00	4.3	161.68	1.0
2020	563,560	19.3	407,500	15.8	72	225.00	3.7	162.69	0.6
2021	600,060	6.5	434,700	6.7	72	232.00	3.1	168.07	3.3
2022	600,060	0.0	447,700	3.0	75	239.00	3.0	178.32	6.1
2023	600,060	0.0	456,000	1.9	76	246.00	2.9	186.94	4.8
CAAG	6.5%		6.1%			4.3%		4.0%	

Source: PKF Consulting USA

- Stabilized market occupancy of 76%
- Annual ADR growth of 4.3%
- Annual RevPAR growth of 4.0%

ESTIMATED TOTAL ROOMS REVENUE

Projected Total Rooms Revenue without Supply Additions

Manhattan Beach Hotel Market Total Rooms Revenue									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual Occupied Rooms	283,000	279,400	279,400	279,400	279,400	279,400	279,400	279,400	279,400
Average Daily Rate	\$175	\$187	\$197	\$203	\$209	\$215	\$221	\$228	\$235
Total Rooms Revenue	\$49,525,000	\$52,247,800	\$55,041,800	\$56,718,200	\$58,394,600	\$60,071,000	\$61,747,400	\$63,703,200	65,659,000

Source: PKF Consulting USA

Projected Total Rooms Revenue with Supply Additions

Manhattan Beach Hotel Market Total Rooms Revenue									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual Occupied Rooms	283,000	279,400	282,200	324,300	351,900	407,500	434,700	447,700	456,000
Average Daily Rate	\$175	\$187	\$198	\$208	\$217	\$225	\$232	\$239	\$246
Total Rooms Revenue	\$49,525,000	\$52,247,800	\$55,875,600	\$67,454,400	\$76,362,300	\$60,071,000	\$100,850,400	\$107,000,300	112,176,000

Source: PKF Consulting USA



QUESTIONS?