PKF | CONSULTING
CAPITAL
HOSPITALITY RESEARCH

Forecasting the Recovery

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Presentation Outline

I. PKF Consulting and PKF Capital Introduction
II. National Hotel Market Overview
III. Seattle Market Overview and Four Year Forecast
IV. Portland Four Year Forecast

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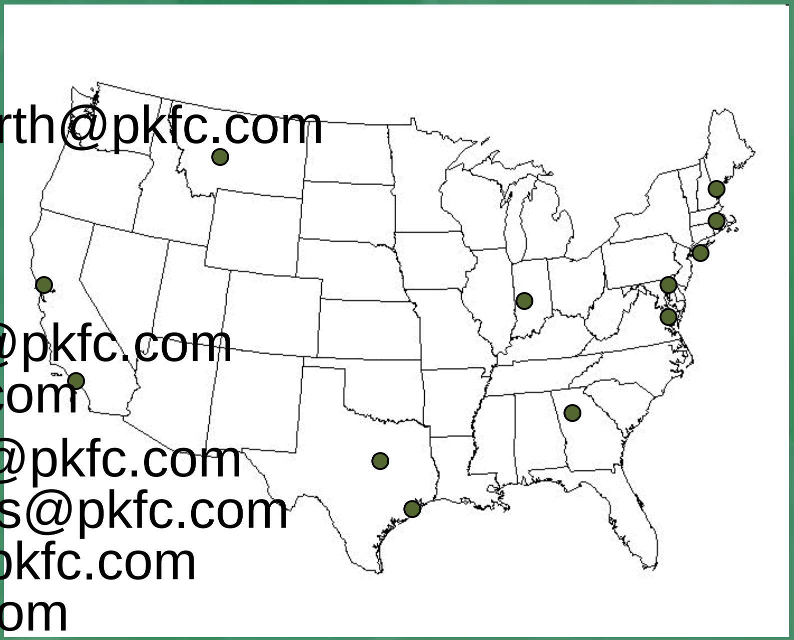

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Listing of Properties Appraised or Evaluated - Seattle Metropolitan Area -

Hotel 1000	Seattle	Chambers Bay*	University Place
Pan Pacific Hotel	Seattle	University Place Town Center*	University Place
Sheraton Hotel	Seattle	Point Ruston Hotel*	Tacoma
W Hotel	Seattle	Doubletree Hotel	SeaTac
Fairmont Olympic Hotel	Seattle	AmeriSuites	Renton
Hotel Monaco	Seattle	Homegate Suites	Renton
Hotel Vintage Court	Seattle	Residence Inn	Redmond
1 Hotel (2nd & Pine)*	Seattle	Fairfield Inn*	Lacey
Hampton Inn & Suites*	Seattle	Courtyard by Marriott	Kirkland
Olympic Club*	Seattle	Hawthorn Suites	Kent
Homewood Suites*	Seattle	Hawthorn Suites	Kent
Carsberg Hotel*	Seattle	Holiday Inn	Issaquah
Crowne Plaza Hotel	Seattle	Residence Inn*	Issaquah
Mayflower Park Hotel	Seattle	Holiday Inn	Federal Way
Red Lion	Seattle	Bel-Red Corridor Hotel*	Bellevue
Ritz Carlton Hotel*	Seattle	Courtyard by Marriott	Bellevue
Rosewood Hotel*	Seattle	Doubletree Hotel	Bellevue
Seattle Waterfront Marriott	Seattle	Marriott Hotel*	Bellevue
Sorrento Hotel	Seattle	Residence Inn Hotel*	Bellevue
Warwick Hotel	Seattle		
Westlodge Seattle	Seattle		
* Proposed			

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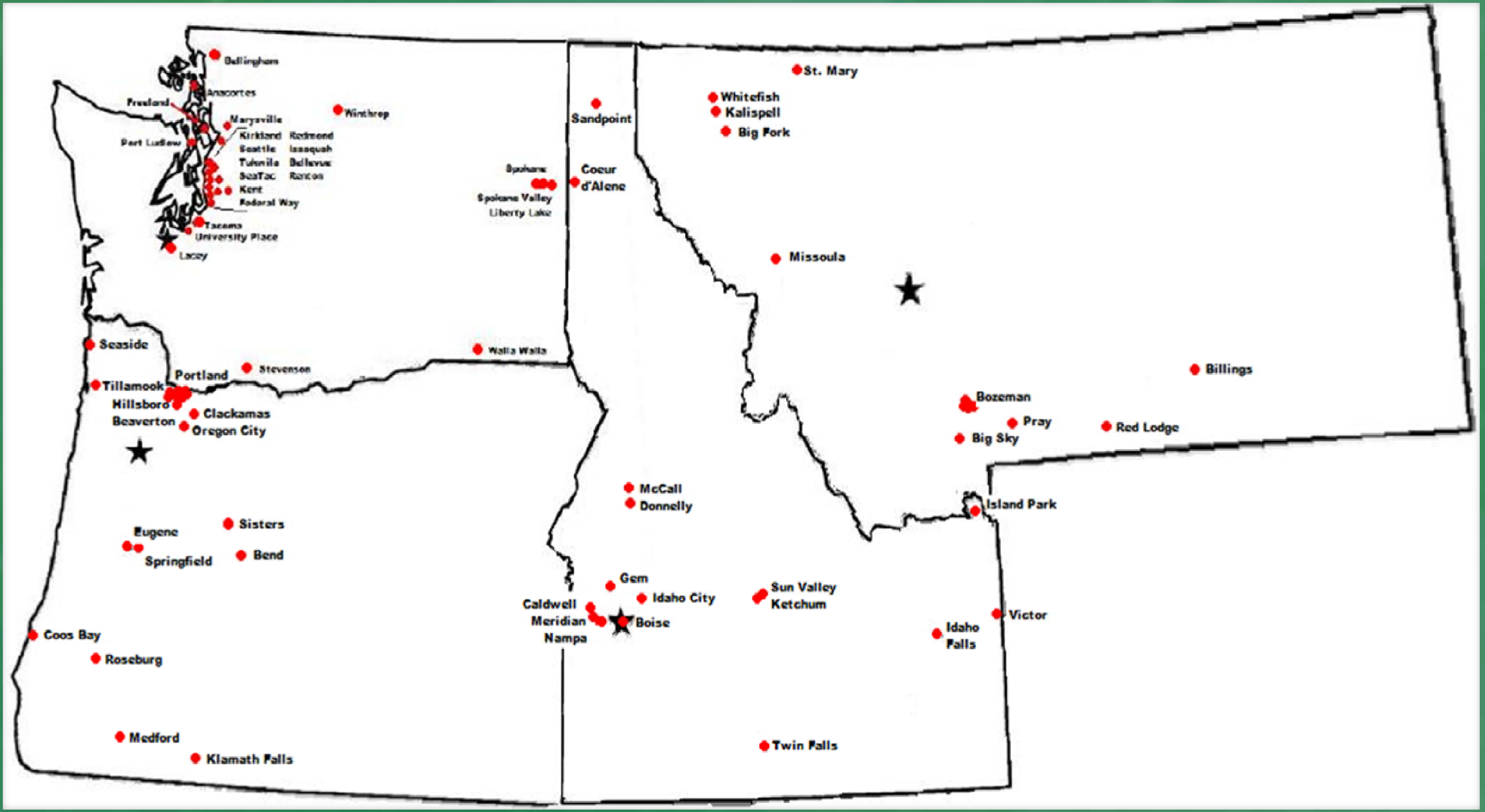
Locations of Properties Appraised or Evaluated

- Pacific Northwest -



U.S. Lodging Market Overview

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Historical Performance 2004-2008 US Lodging Market

	Long Term Average	2004	2005	2006	2007	2008
Supply	1.9%	0.4%	-0.1%	0.2%	1.3%	2.7%
Demand	1.9%	4.0%	2.8%	0.5%	1.0%	-1.6%
Occupancy	62.8%	61.3%	63.1%	63.3%	63.1%	60.4%
ADR	3.5%	4.2%	5.5%	7.5%	6.1%	2.4%
RevPAR	3.5%	7.9%	8.5%	7.8%	5.7%	-1.9%

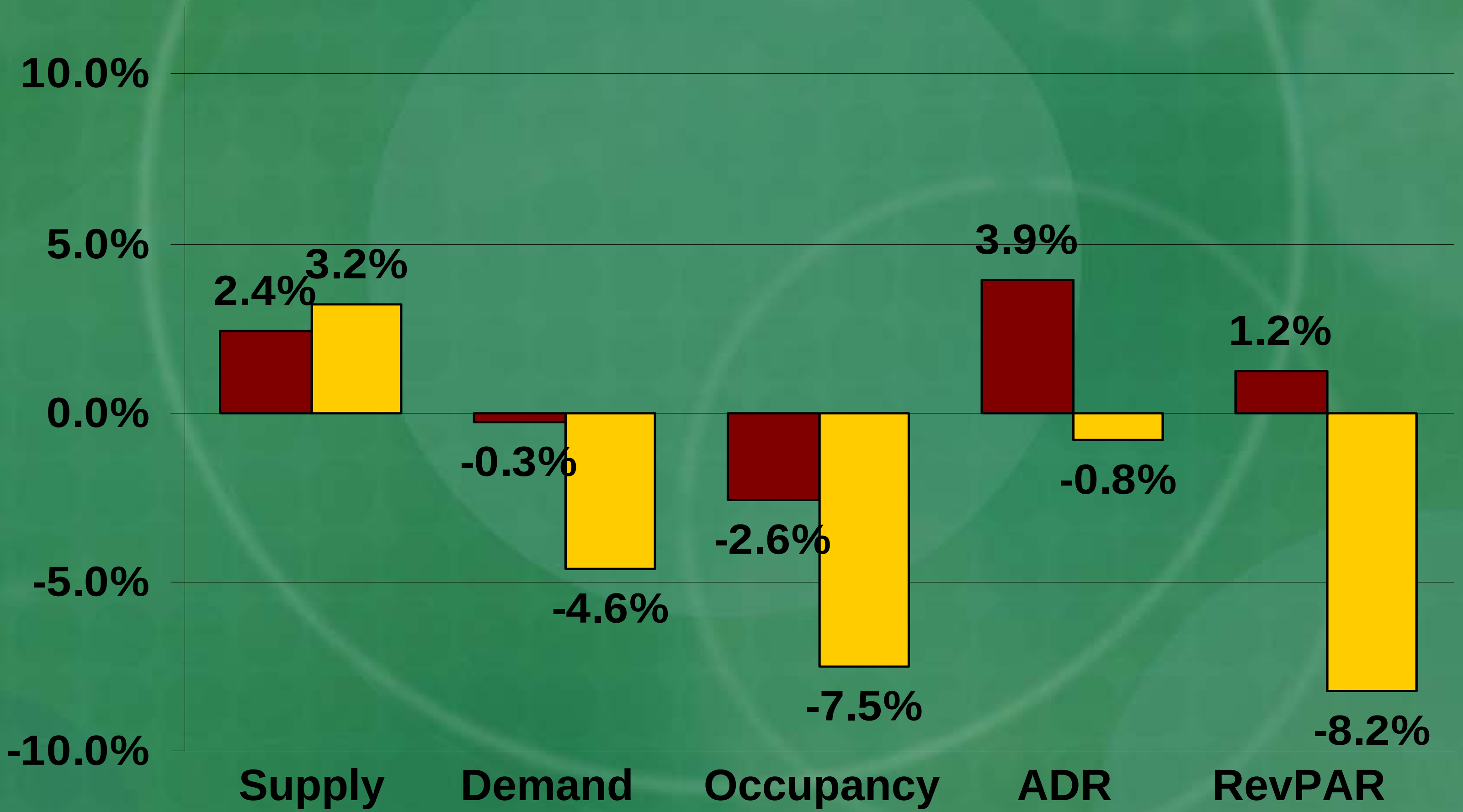
Above/Below Long Term Average (from 1988 to 2008)

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

Tale of Two Seasons

2008 Key Indicators:

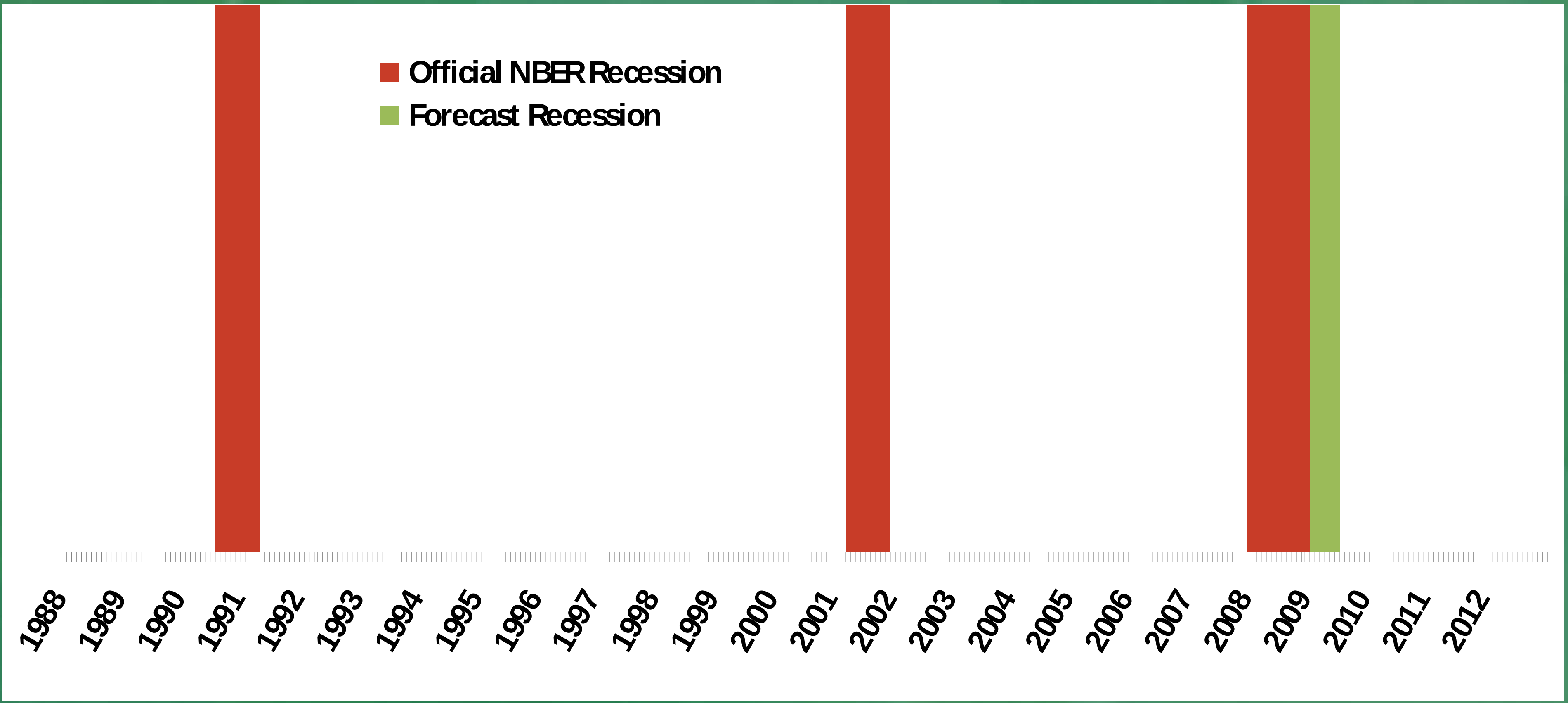
January – September vs. October – December



Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

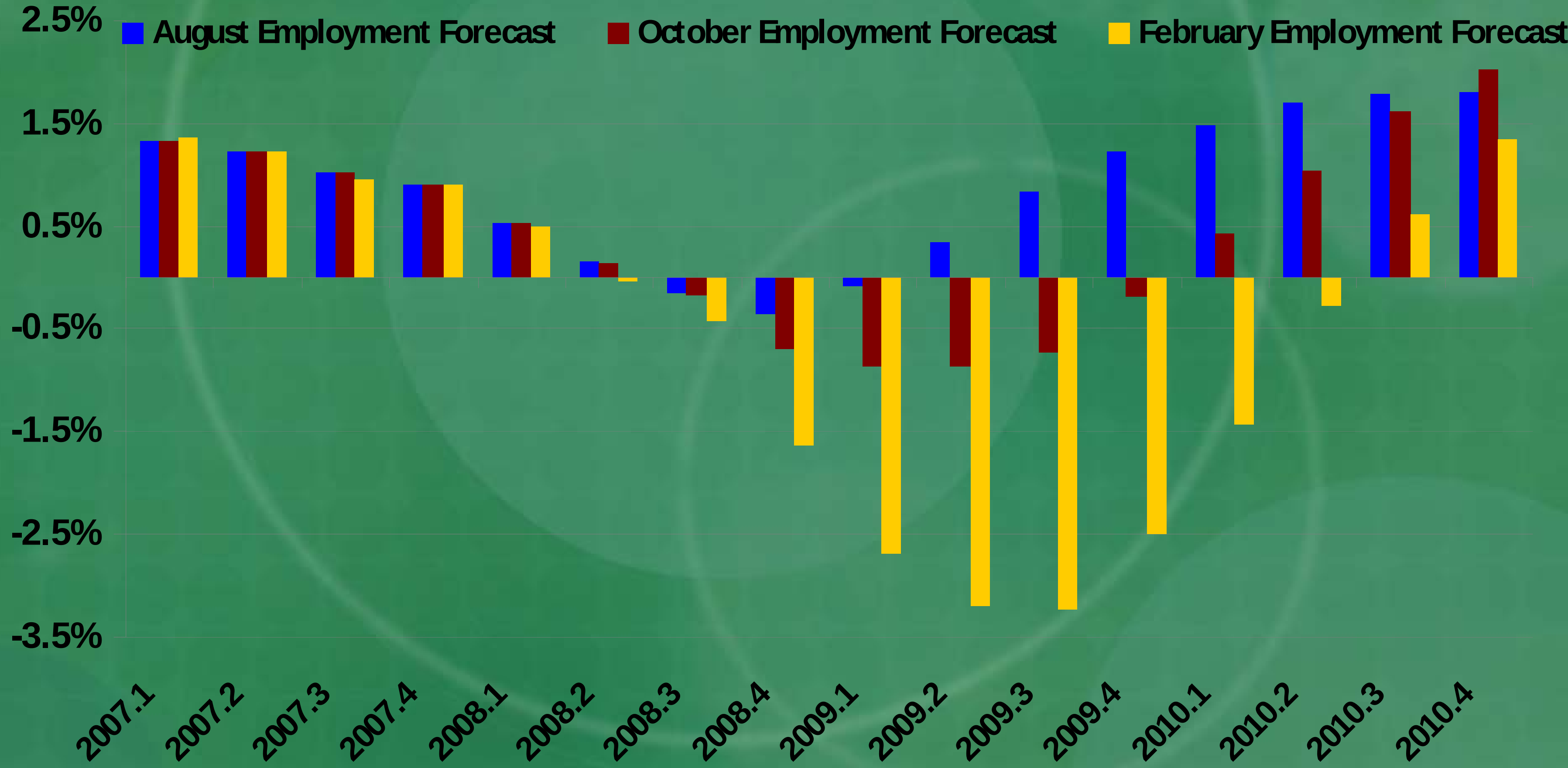
Current Recession Much Longer than Last Two

More than Half Is Behind Us: Q209



Source: PKF Hospitality Research, Smith Travel Research, Dr. Edward Leamer, UCLA

Jobs Becoming More Scarce Total Payroll Employment in a Long Contraction



Source: Moody's Economy.com

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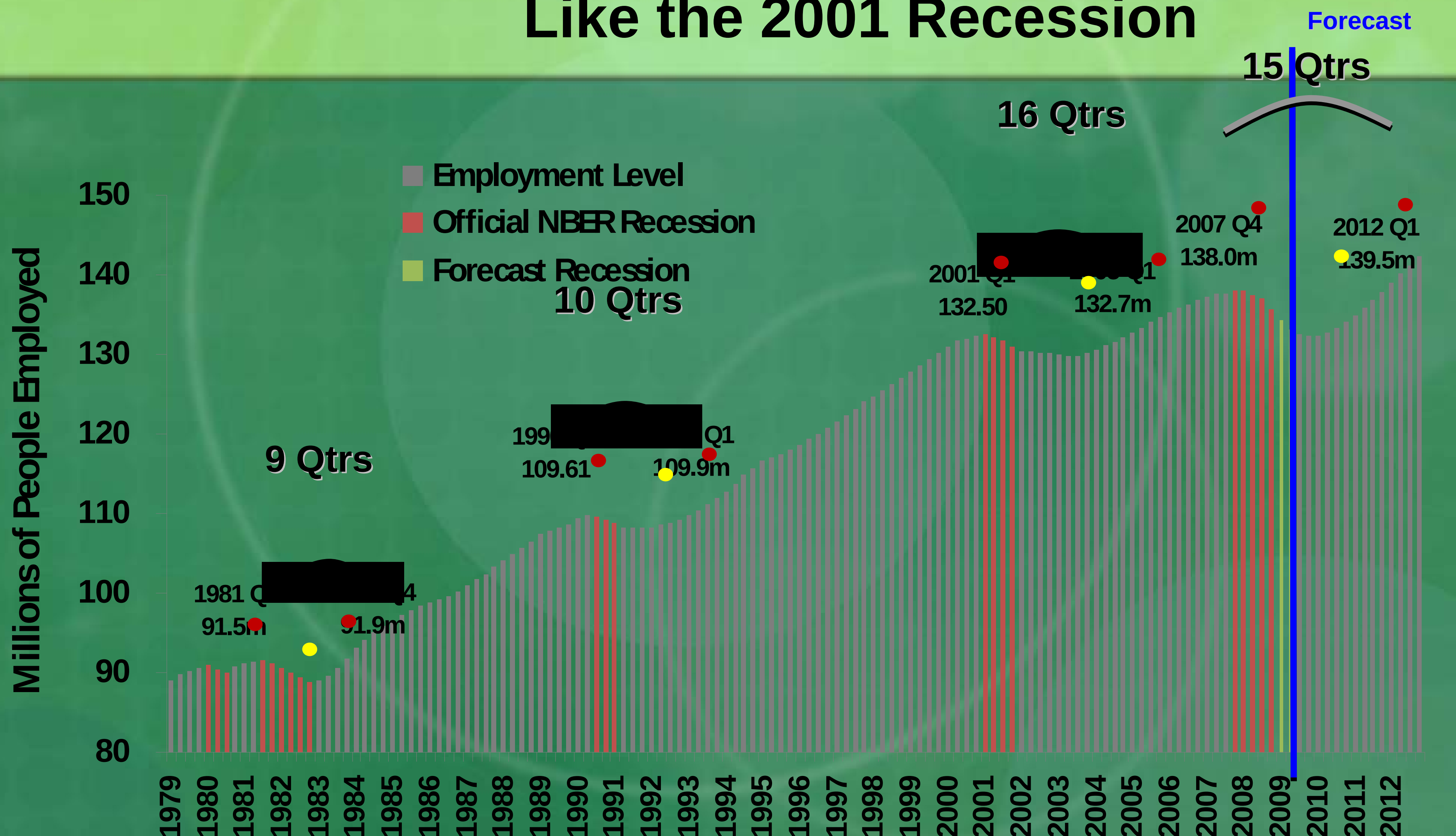
Long Run Employment Levels

Current Contraction Looks Like the 2001 Recession



Beginning / End of Contraction Period

Turning Point

Source: Moody's Economy.com

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What does this mean to the U.S. Lodging Industry?

	Long Term Average	2004	2005	2006	2007	2008	2009F	2010F	2011F	2012F
Supply	1.9%	0.4%	-0.1%	0.2%	1.3%	2.7%	2.9%	2.0%	0.6%	0.8%
Demand	1.9%	4.0%	2.8%	0.5%	1.0%	-1.6%	-5.9%	0.1%	4.3%	3.3%
Occupancy	62.8%	61.3%	63.1%	63.3%	63.1%	60.4%	55.4%	54.3%	56.3%	57.7%
ADR	3.5%	4.2%	5.5%	7.5%	6.1%	2.4%	-6.5%	-2.7%	4.8%	6.8%
RevPAR	3.5%	7.9%	8.5%	7.8%	5.7%	-1.9%	-14.3%	-4.5%	8.6%	9.5%

Above/Below Long Term Average (from 1988 to 2008)

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

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Seattle Lodging Market Overview

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Seattle
Historical Performance 2000-2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Supply	5.4%	4.4%	3.5%	1.7%	1.8%	0.3%	2.8%	2.5%	2.4%
Demand	6.9%	-4.7%	0.2%	3.8%	5.2%	6.2%	6.2%	3.3%	-2.4%
Occupancy	69.9%	63.8%	61.8%	63.0%	65.1%	68.9%	71.2%	71.7%	68.4%
ADR	1.3%	0.8%	-3.5%	-1.5%	2.6%	6.0%	11.5%	7.4%	3.8%
RevPAR	2.9%	-8.0%	-6.6%	0.5%	6.0%	12.3%	15.1%	8.2%	-1.1%

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

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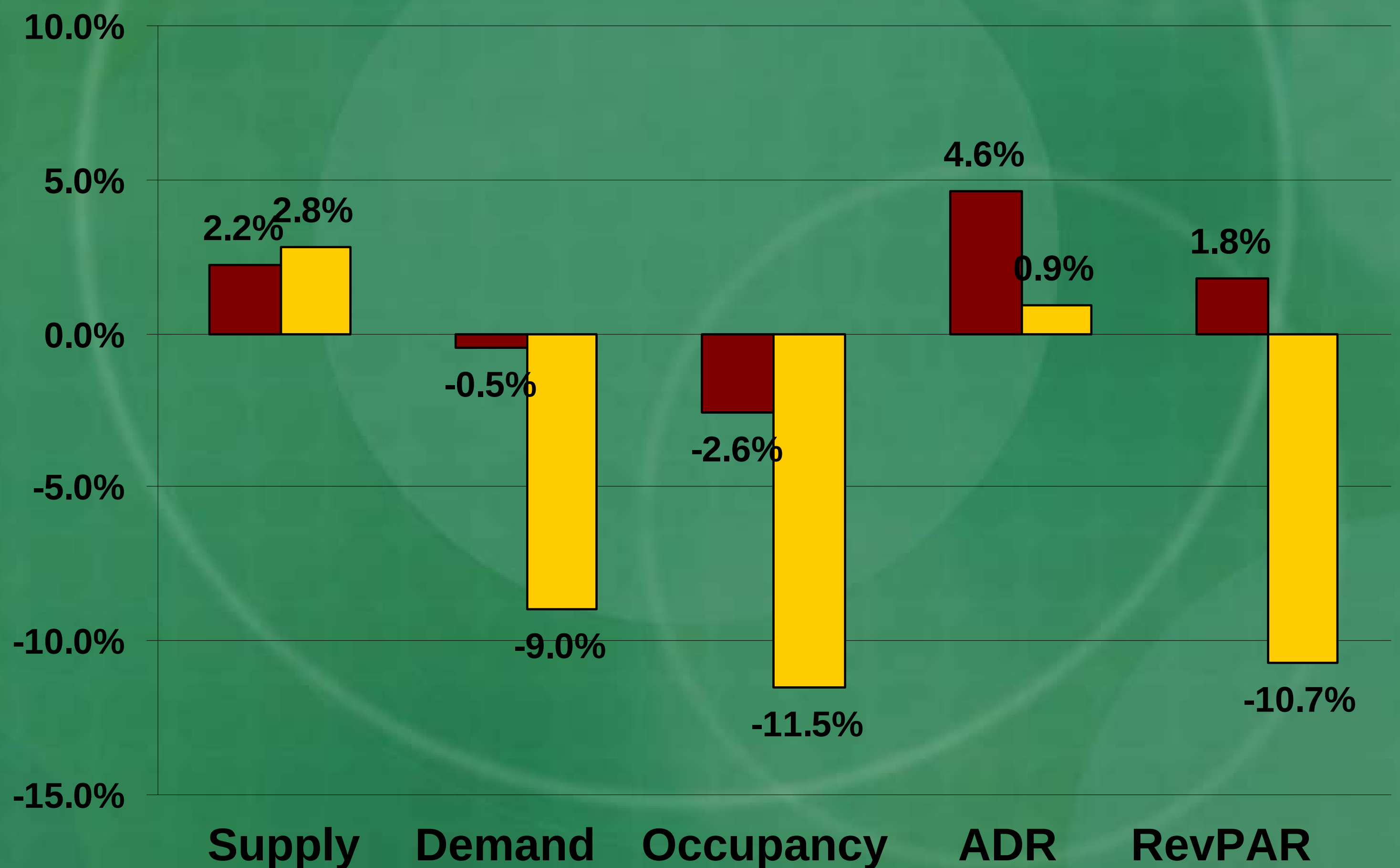
Tale of Two Seasons - Seattle

2008 Key Indicators:
January – September vs. October – December



Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

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Factors Impacting Lodging Demand

LOCAL ECONOMY

WASHINGTON STATE CONVENTION AND TRADE CENTER

LODGING SUPPLY

SEA-TAC AIRPORT

Seattle
Employment Change Forecast

Source: Moody's Economy.com

Supply additions in 2009 will continue to drive down occupancies

Seattle

Lodging Supply Change

Property	Location	New Rooms	Status	Date Open
Hotel 1000	1st & Madison	120	Open	June 2006
Pan Pacific	Westlake & Denny	160	Open	November 2006
Sheraton - Union Street Tower	6th & Union	415	Open	June 8, 2007
Arctic Club	3rd & Cherry	120	Open	July 9, 2008
Four Seasons	1st and Union	147	Open	November 3, 2008
The Hyatt at Olive 8	8th and Olive	346	Open	January 30, 2009
Recently Opened		**1,308**		
Maxwell Hotel	3rd & Roy	140	Under Construction	July 2009
Courtyard by Marriott	2nd & Cherry	262	Under Construction	September 2009
Hyatt Place	6th & Denny	158	Under Construction	Late 2009
Under Construction		**560**		
Total Recently Opened & Under Construction		**1,868**		
Hampton Inn & Suites	7th & Jackson	137	Proposed	2011
1st & Stewart	1st & Stewart	+/-100	Proposed	2012
Hummingbird Development	5th & Virginia	185	Proposed	2012
Candela Hotel	2nd & Pike	150	Proposed	2012
Greyhound Property	8th & Stewart	+/-1,200	Proposed	Unknown
The "1" Hotel	2nd & Pine	120	On hold	-
Hotel Ava	8th & Pine	190	On hold	-
Proposed & On Hold		**2,082**		

Other than projects currently under construction, NEW SUPPLY IS UNLIKELY IN THE NEAR TERM

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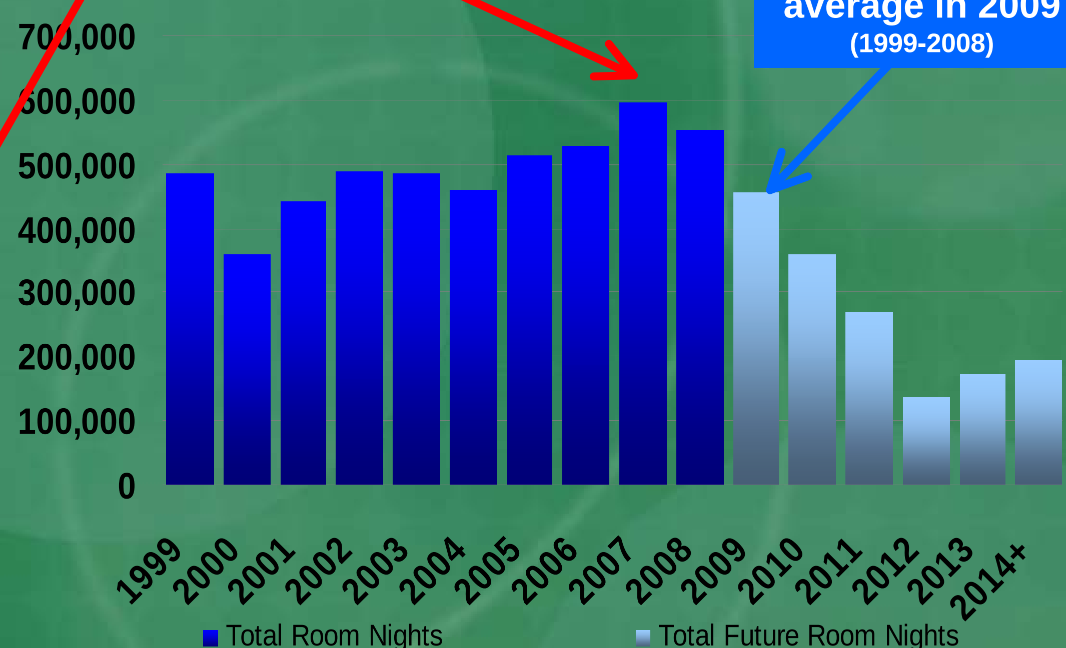
Seattle Visitors & Convention Bureau

Convention Calendar Outlook

	Total Number of Booked Room Nights	
1999	484,395	-
2000	359,848	-26%
2001	441,078	23%
2002	488,440	11%
2003	484,493	-1%
2004	459,632	0%
2005	514,766	10%
2006	529,128	2%
2007	**594,372**	**11%**
2008	553,426	-7%
2009	454,881	-21%
2010	359,238	-30%
2011	270,849	-20%
2012	135,287	-54%
2013	170,596	35%
2014+	192,601	9%

2007 was the strongest convention year on record

Room nights are projected to be 7% below average in 2009 (1999-2008)



The Good News?
The Washington State Convention & Trade Center is projected to continue to provide for a strong base of demand for Seattle's downtown lodging market

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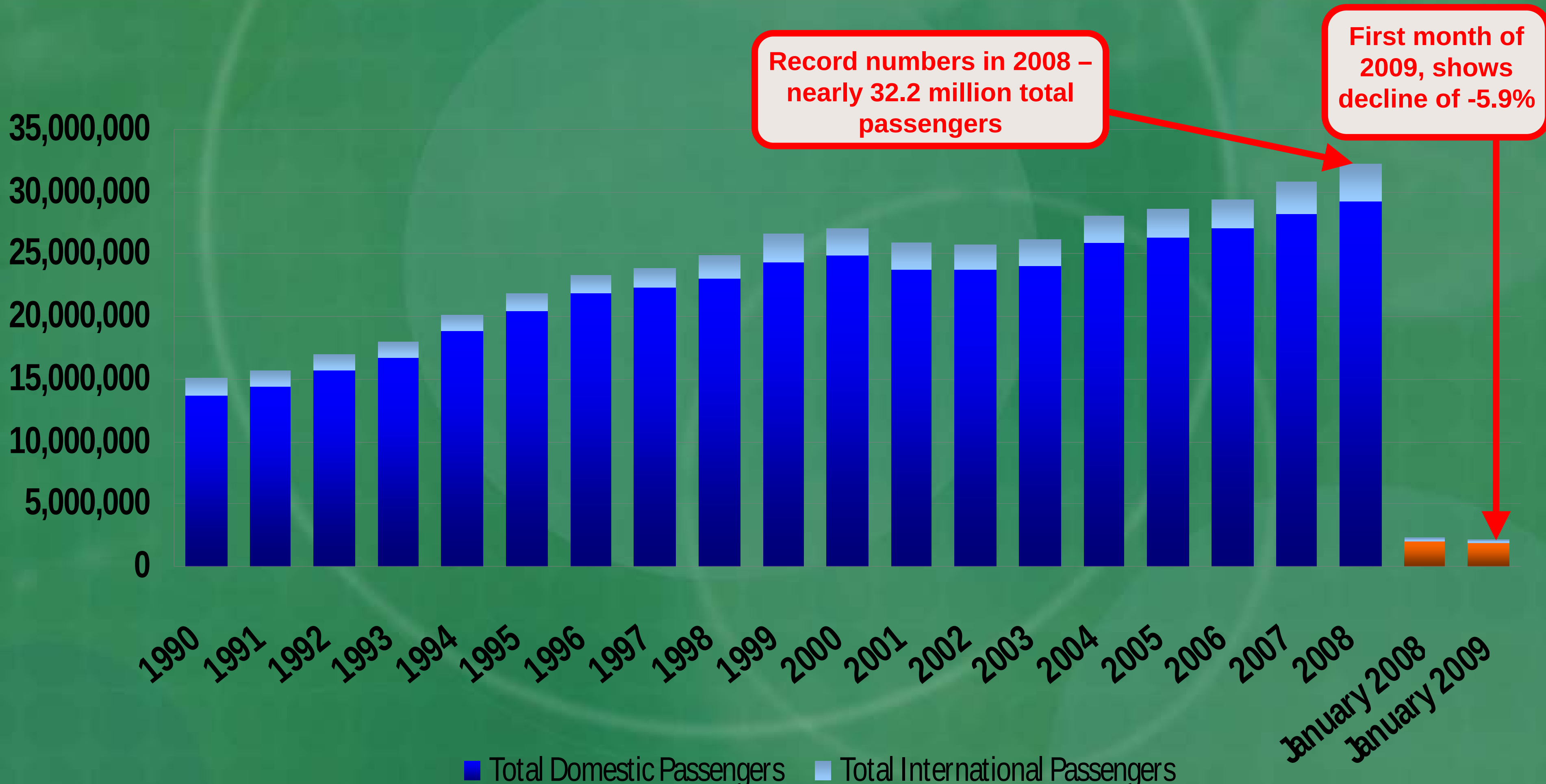
Sea-Tac

Airport Passenger Statistics



Source: Bureau of Transporation Statistics

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How will this Impact Seattle?

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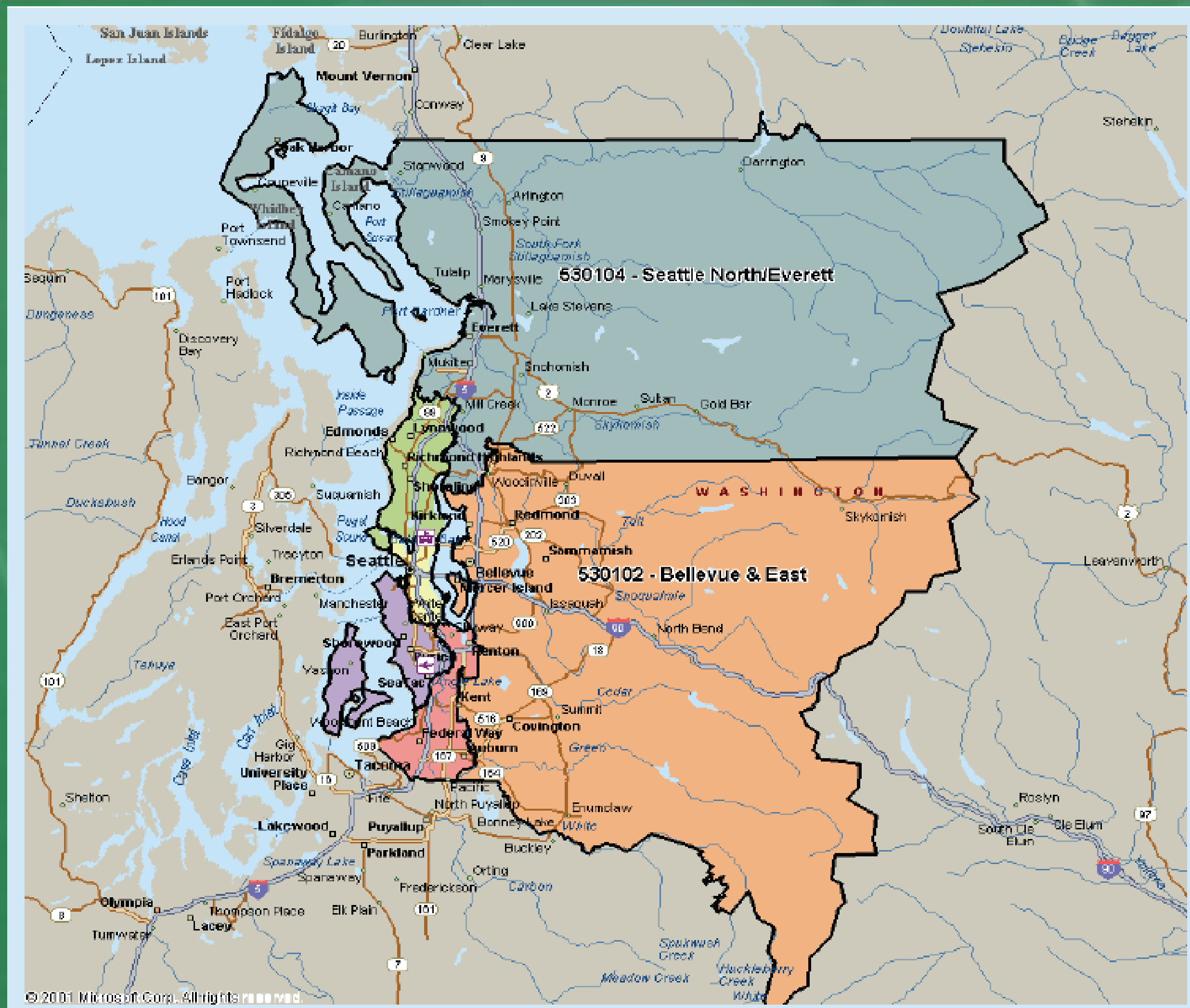
Seattle MSA Submarkets



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Seattle

All Hotels

	Long Term Average	2004	2005	2006	2007	2008	2009P	2010P	2011P	2012P
Supply	3.2%	1.8%	0.3%	2.8%	2.5%	2.4%	3.4%	3.0%	1.2%	1.3%
Demand	3.6%	5.2%	6.2%	6.2%	3.3%	-2.4%	-7.7%	4.3%	4.8%	3.4%
Occupancy	69.6%	65.1%	68.9%	71.2%	71.7%	68.4%	61.0%	61.8%	64.0%	65.3%
ADR	4.1%	2.6%	6.0%	11.5%	7.4%	3.8%	-6.8%	-2.8%	4.6%	6.3%
RevPAR	4.1%	6.0%	12.3%	15.1%	8.2%	-1.1%	-16.8%	-1.5%	8.3%	8.5%

Note: Long-Term Average = 1988 to 2007

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

= Below/Above Long Run Average

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Representative Brands

Upper and Lower Tiers

Upper-Priced	Lower-Priced
Courtyard by Marriott	Days Inn
Holiday Inn	Fairfield Inn
Hyatt	Hampton Inn
Marriott Hotels	Microtel
Ritz-Carlton	TownePlace Suites

Source: Smith Travel Research

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Seattle

Upper Tier Hotels

	Long Term Average	2004	2005	2006	2007	2008	2009P	2010P	2011P	2012P
Supply	3.2%	1.3%	0.3%	4.9%	3.1%	3.1%	5.1%	4.3%	2.0%	1.0%
Demand	3.4%	3.8%	4.8%	6.6%	3.4%	1.2%	-5.5%	4.2%	4.5%	3.1%
Occupancy	71.2%	67.9%	71.0%	72.1%	72.4%	71.0%	63.9%	63.8%	65.4%	66.8%
ADR	4.1%	3.1%	6.5%	11.5%	6.5%	1.4%	-7.8%	-4.2%	3.1%	5.5%
RevPAR	4.3%	5.5%	11.3%	13.4%	6.8%	-0.5%	-17.0%	-4.3%	5.7%	7.7%

Note: Long-Term Average = 1988 to 2008

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

= Below/Above Long Run Average

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Seattle

Lower Tier Hotels

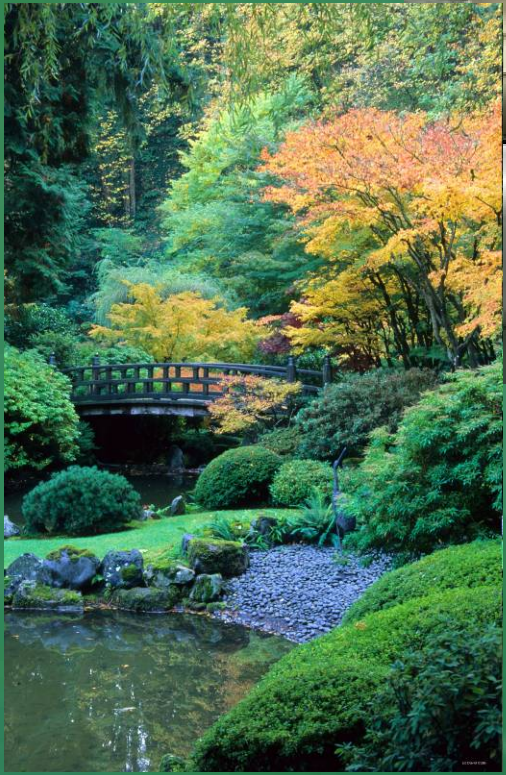
	Long Term Average	2004	2005	2006	2007	2008	2009P	2010P	2011P	2012P
Supply	4.6%	2.5%	0.4%	0.1%	1.7%	1.3%	0.9%	1.0%	0.1%	1.8%
Demand	4.2%	7.5%	8.3%	5.7%	3.0%	-7.8%	-11.3%	4.6%	5.3%	4.0%
Occupancy	67.0%	61.3%	66.2%	69.9%	70.8%	64.5%	56.6%	58.7%	61.7%	63.0%
ADR	4.1%	2.8%	6.4%	11.0%	9.7%	6.2%	-6.6%	1.3%	8.5%	8.5%
RevPAR	4.3%	7.8%	14.9%	17.2%	11.1%	-3.3%	-17.9%	4.9%	14.1%	10.7%

Note: Long-Term Average = 1988 to 2008

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

= Below/Above Long Run Average

How about Portland?

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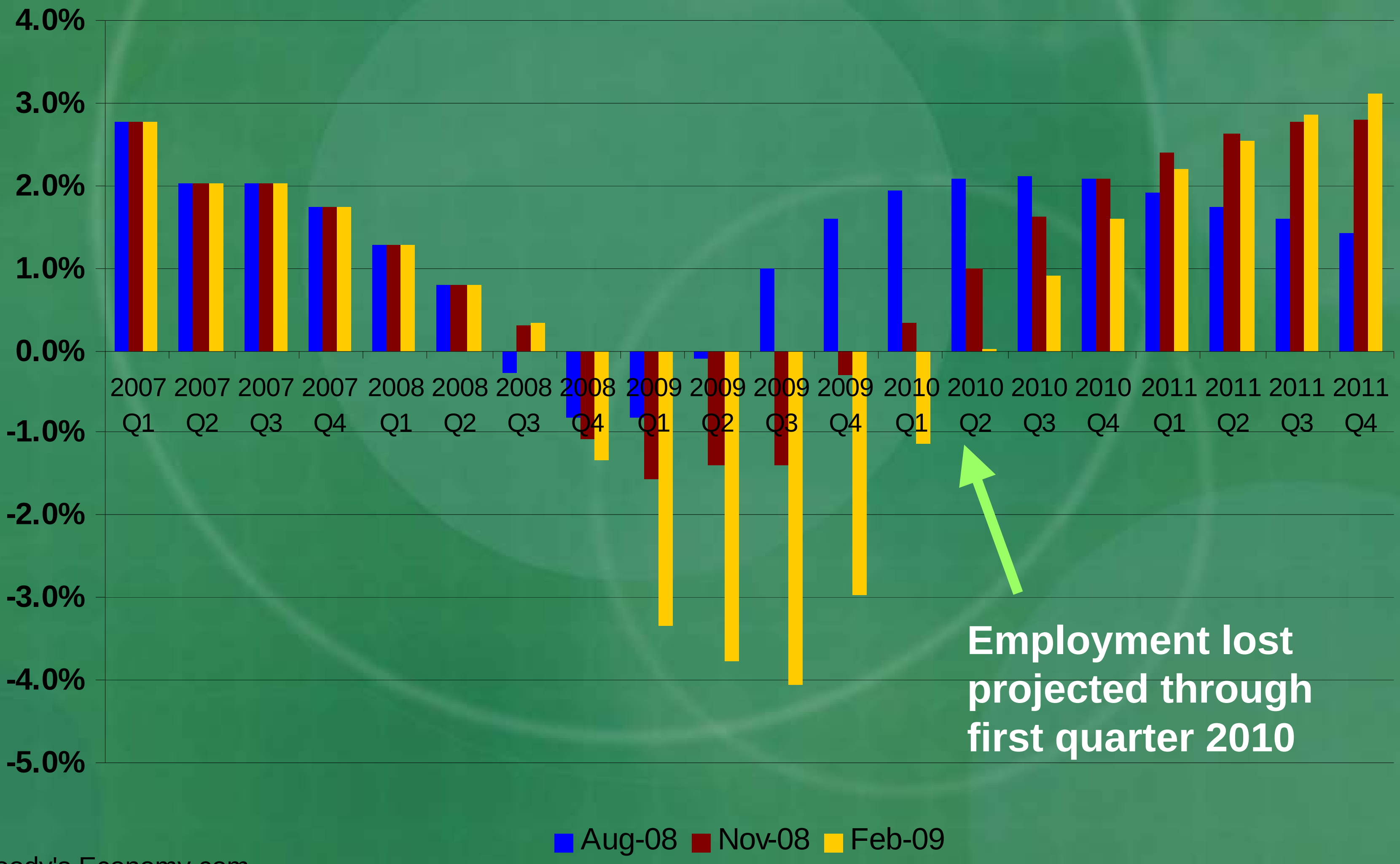
Portland
Employment Change Forecast



Source: Moody's Economy.com

Portland

All Hotels

	Long Term Average	2004	2005	2006	2007	2008	2009P	2010P	2011P	2012P
Supply	3.4%	0.5%	0.6%	0.7%	1.0%	1.0%	3.9%	1.9%	1.9%	1.7%
Demand	3.6%	6.5%	7.6%	3.7%	3.1%	-1.1%	-10.0%	2.0%	5.6%	4.2%
Occupancy	65.6%	59.9%	64.0%	65.9%	67.3%	65.8%	57.1%	57.1%	59.2%	60.6%
ADR	3.5%	1.1%	5.6%	8.7%	8.7%	5.3%	-5.9%	-3.4%	3.6%	5.3%
RevPAR	3.8%	7.1%	12.9%	11.9%	11.0%	3.0%	-18.4%	-3.2%	7.3%	7.9%

Note: Long-Term Average = 1988 to 2008

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

= Below/Above Long Run Average

Portland

Upper Tier Hotels

	Long Term Average	2004	2005	2006	2007	2008	2009P	2010P	2011P	2012P
Supply	3.4%	1.2%	1.8%	1.3%	1.9%	1.1%	5.9%	2.6%	2.8%	2.4%
Demand	3.6%	6.0%	8.3%	2.8%	3.6%	-1.7%	-10.1%	4.4%	7.3%	3.9%
Occupancy	65.6%	63.6%	67.7%	68.7%	69.8%	67.9%	57.6%	58.6%	61.2%	62.0%
ADR	3.5%	1.1%	4.7%	8.4%	8.1%	5.1%	-6.1%	-4.6%	3.3%	5.1%
RevPAR	3.8%	5.9%	11.4%	10.0%	9.9%	2.1%	-20.3%	-2.9%	7.8%	6.7%

Note: Long-Term Average = 1988 to 2008

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

= Below/Above Long Run Average

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Portland

Lower Tier Hotels

	Long Term Average	2004	2005	2006	2007	2008	2009P	2010P	2011P	2012P
Supply	3.6%	-0.3%	-0.8%	0.0%	-0.2%	0.9%	1.1%	0.9%	0.6%	0.6%
Demand	3.9%	7.1%	6.5%	5.1%	2.3%	-0.3%	-9.8%	-1.4%	3.0%	4.6%
Occupancy	62.3%	55.2%	59.3%	62.3%	63.9%	63.1%	56.3%	55.0%	56.3%	58.5%
ADR	4.5%	1.7%	7.3%	10.1%	9.7%	6.1%	-5.3%	-2.2%	3.0%	5.9%
RevPAR	5.0%	9.3%	15.2%	15.7%	12.5%	4.8%	-15.5%	-4.4%	5.4%	10.0%

Note: Long-Term Average = 1988 to 2008

Source: PKF Hospitality Research, 1Q09 Hotel Horizons, Smith Travel Research

= Below/Above Long Run Average

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Questions?