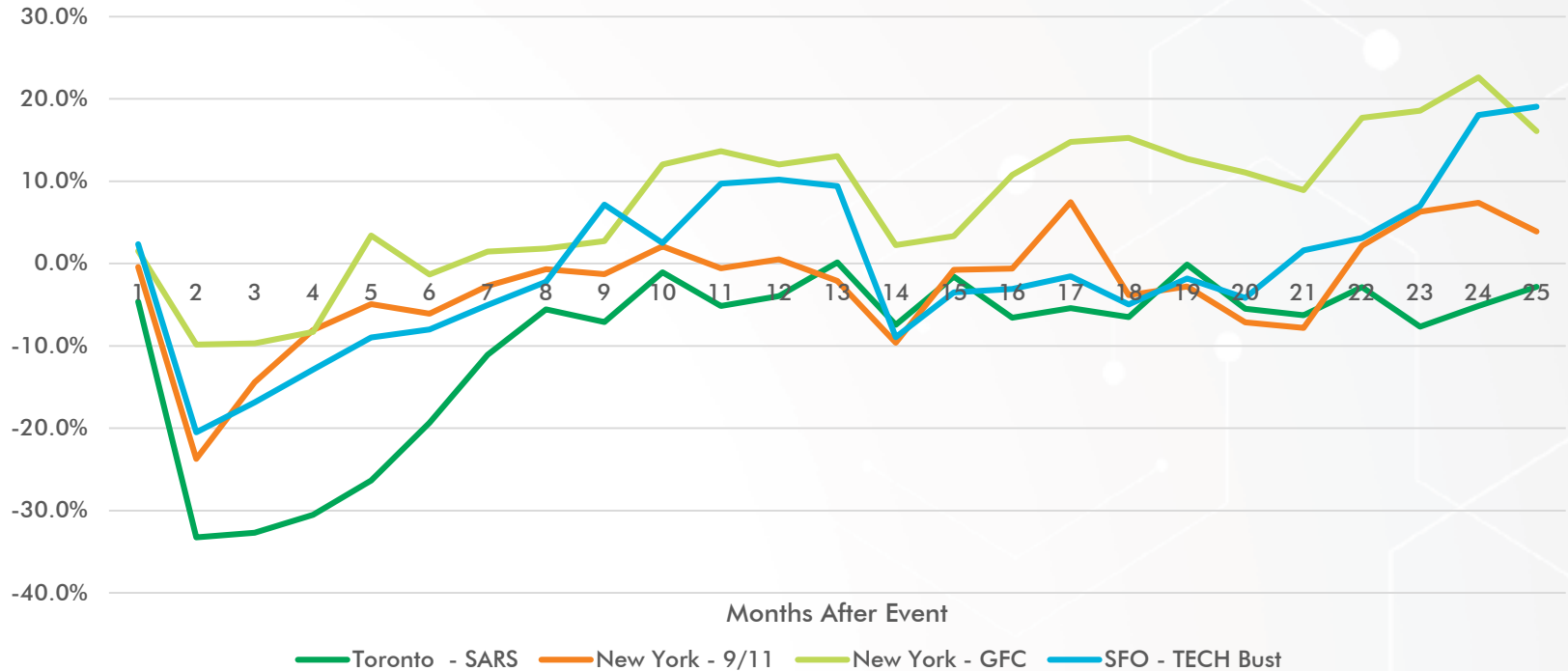


U.S. Outlook for 2020

Coronavirus and the Risk to Hotels

PAST DEMAND SHOCKS - IMPACT ON MARKET HOTEL DEMAND

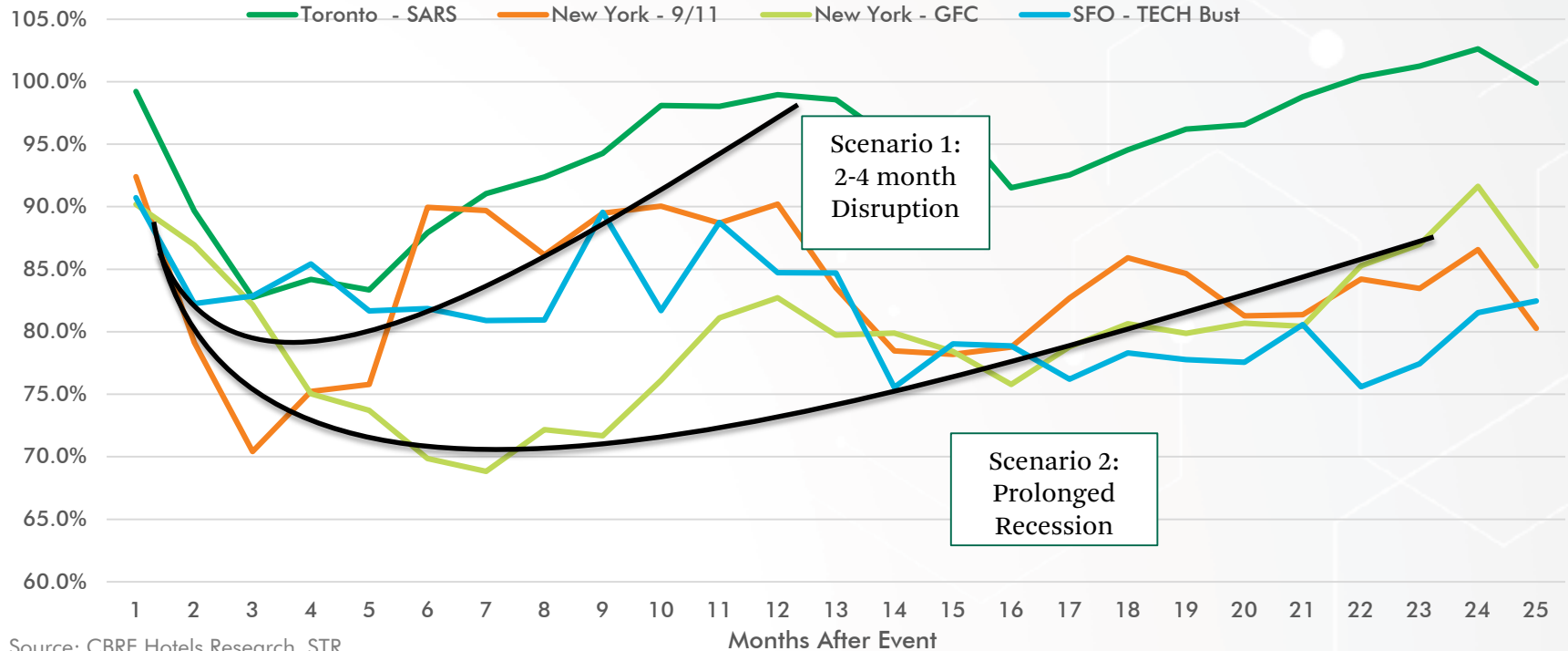
% Difference from month prior to event



Source: CBRE Hotels Research, STR

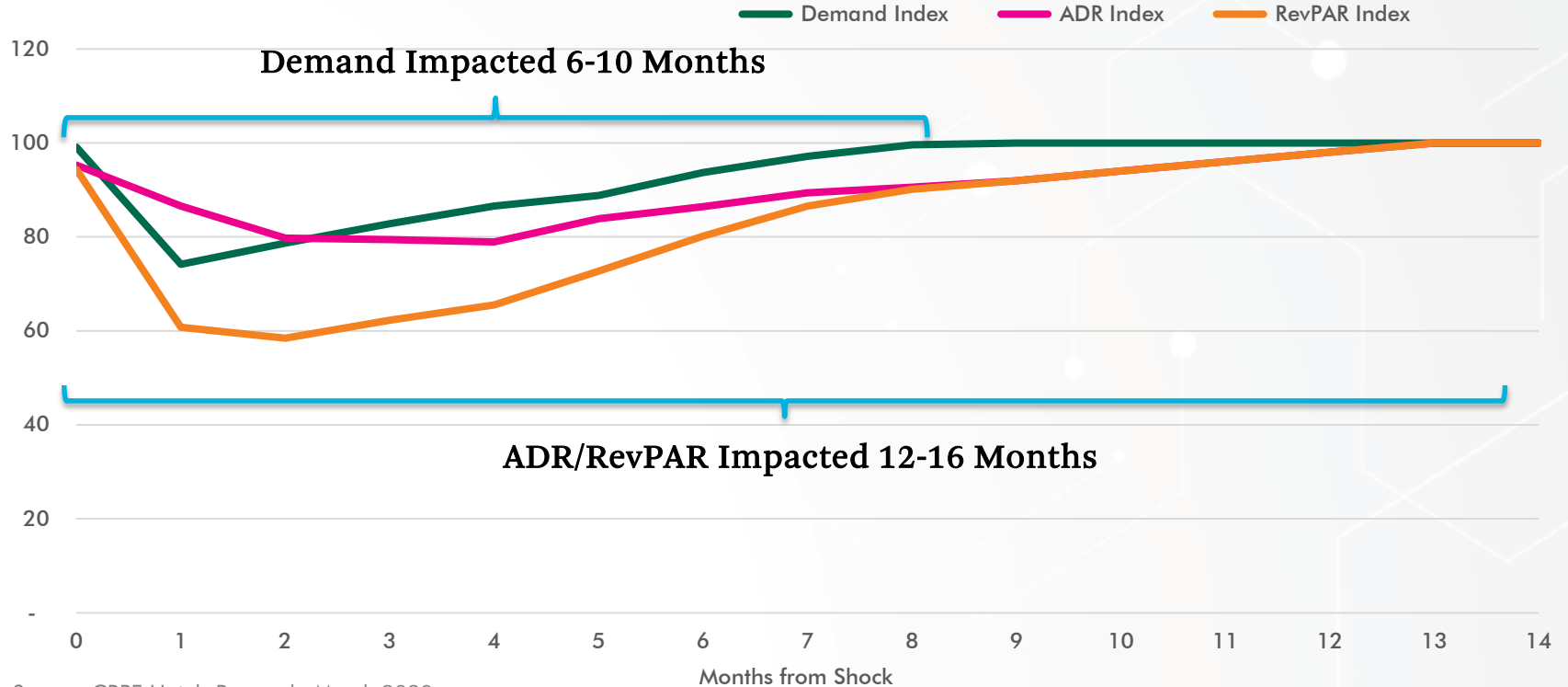
PAST DEMAND SHOCKS - IMPACT ON MARKET HOTEL ADR

% Difference from month prior to event



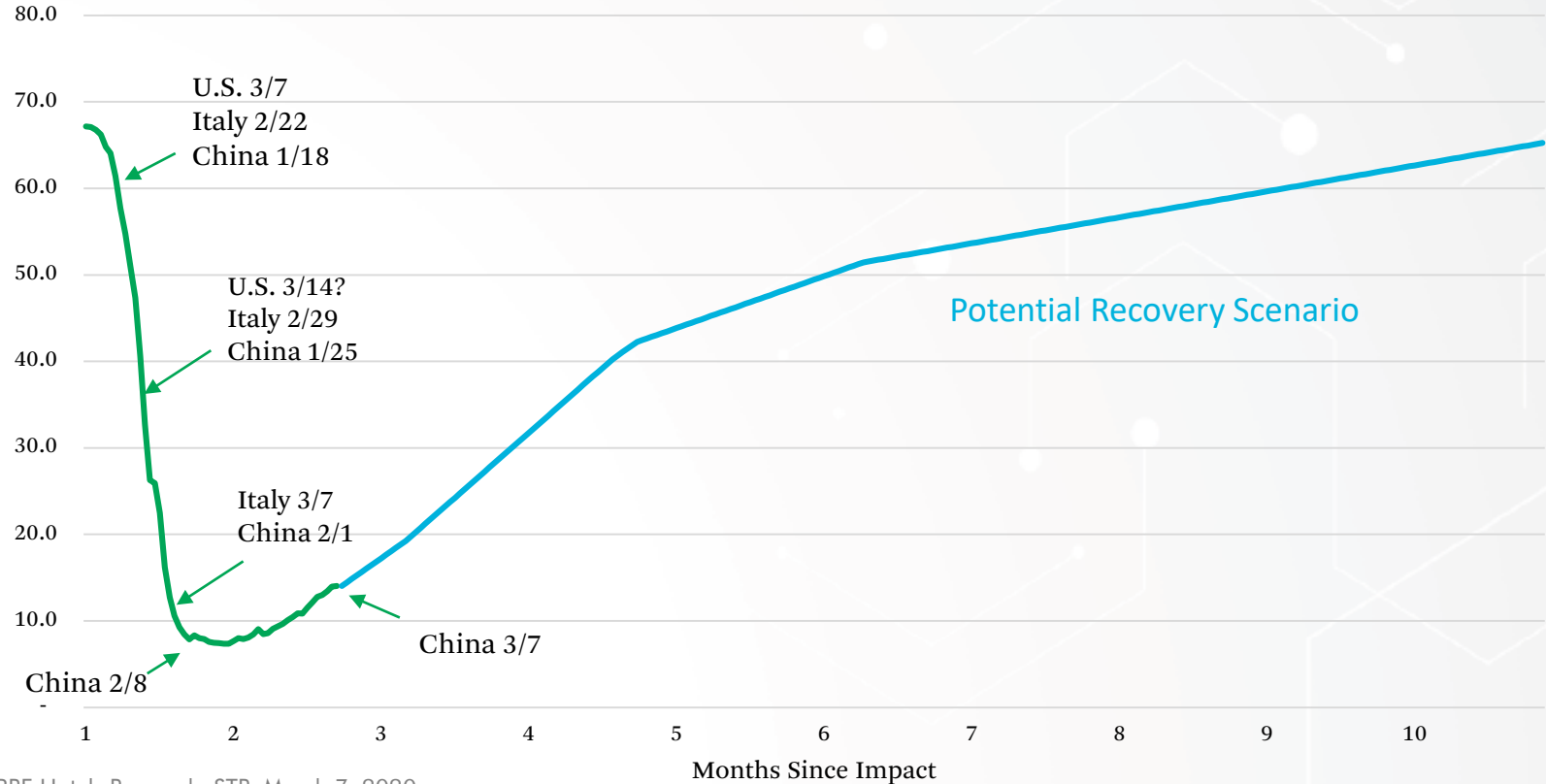
Source: CBRE Hotels Research, STR

CORONAVIRUS U.S. HOTEL IMPACT – DOWNSIDE SCENARIO 3/11/2020



Source: CBRE Hotels Research, March 2020.

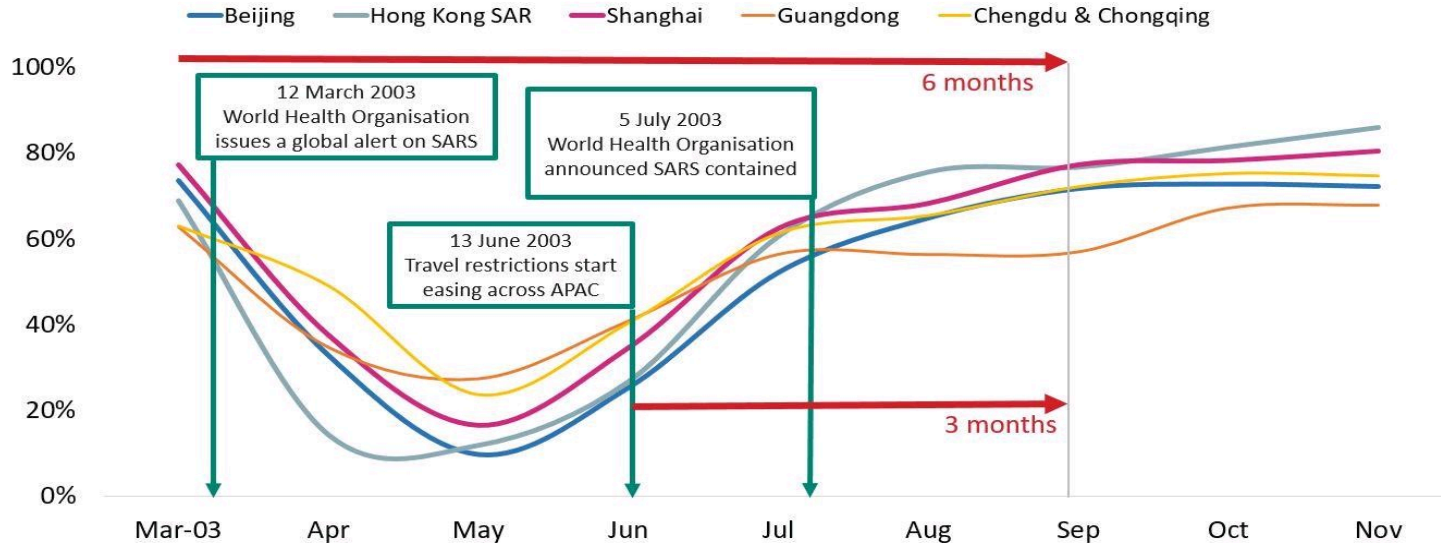
DISRUPTION CURVE – HOTEL OCCUPANCY



Source: CBRE Hotels Research, STR, March 7, 2020.

STR REPORTS HOTELS IN CHINA RECOVERED QUICKLY, POINTING TO POTENTIAL FOR FAST RECOVERY

China hotels recovered sharply after SARS travel restrictions eased
China Hotel Occupancy March-November 2003



Source: STR / 2020 © CoStar Realty Information, Inc..

PUBLISHED FORECASTS - NO GROWTH FOR 2020

Before COVID-19 Transmission outside of China

Market Data

Submarket Data

Economics

Submarket Locator

Investment Performance

Five Year History and Forecast (Annual)

United States — All Hotels — Baseline Forecast Scenario

YEAR	OCC	ΔOCC	ADR	ΔADR	REVPAR	ΔREVPAR	SUPPLY	ΔSUPPLY	DEMAND	ΔDEMAND
2015	65.4%	-	\$120.41	-	\$78.69	-	4,951,673	-	3,235,921	-
2016	65.4%	0.1%	\$124.06	3.0%	\$81.14	3.1%	5,021,012	1.4%	3,283,828	1.5%
2017	65.9%	0.7%	\$126.81	2.2%	\$83.52	2.9%	5,106,199	1.7%	3,363,052	2.4%
2018	66.1%	0.4%	\$129.96	2.5%	\$85.94	2.9%	5,206,614	2.0%	3,442,727	2.4%
2019	66.1%	0.0%	\$131.20	1.0%	\$86.73	0.9%	5,311,653	2.0%	3,511,367	2.0%
2020	65.6%	-0.8%	\$132.09	0.7%	\$86.63	-0.1%	5,417,265	2.0%	3,552,637	1.2%
2021	65.8%	0.3%	\$133.54	1.1%	\$87.86	1.4%	5,515,924	1.8%	3,629,089	2.2%

Down from -0.6%

Down from 1.4%

Down from 0.7%

Source: CBRE Hotels Research, STR, February 2020.

UPDATED DOWNSIDE FORECAST – PRELIMINARY 3/12/2020

Year	Occ	Occ ^	ADR	ADR ^	RevPAR	RevPAR ^	Supply	Supply ^	Demand	Demand ^
2016	65.4%		\$ 124.06		\$ 81.14		5,021,012		3,283,828	
2017	65.9%	0.7%	\$ 126.81	2.2%	\$ 83.52	2.9%	5,106,199	1.7%	3,363,052	2.4%
2018	66.1%	0.4%	\$ 129.96	2.5%	\$ 85.94	2.9%	5,206,614	2.0%	3,442,727	2.4%
2019	66.1%	0.0%	\$ 131.20	1.0%	\$ 86.73	0.9%	5,311,653	2.0%	3,511,367	2.0%
2020	59.3%	-10.2%	\$ 117.58	-10.4%	\$ 69.78	-19.5%	5,418,543	2.0%	3,215,740	-8.4%
2021	61.4%	3.5%	\$ 124.93	6.2%	\$ 76.75	10.0%	5,501,826	1.5%	3,380,068	5.1%
2022	64.2%	4.6%	\$ 134.83	7.9%	\$ 86.61	12.8%	5,520,763	0.3%	3,546,212	4.9%

RevPAR Recovery by 2022

Source: CBRE Hotels Research, STR, March 2020.

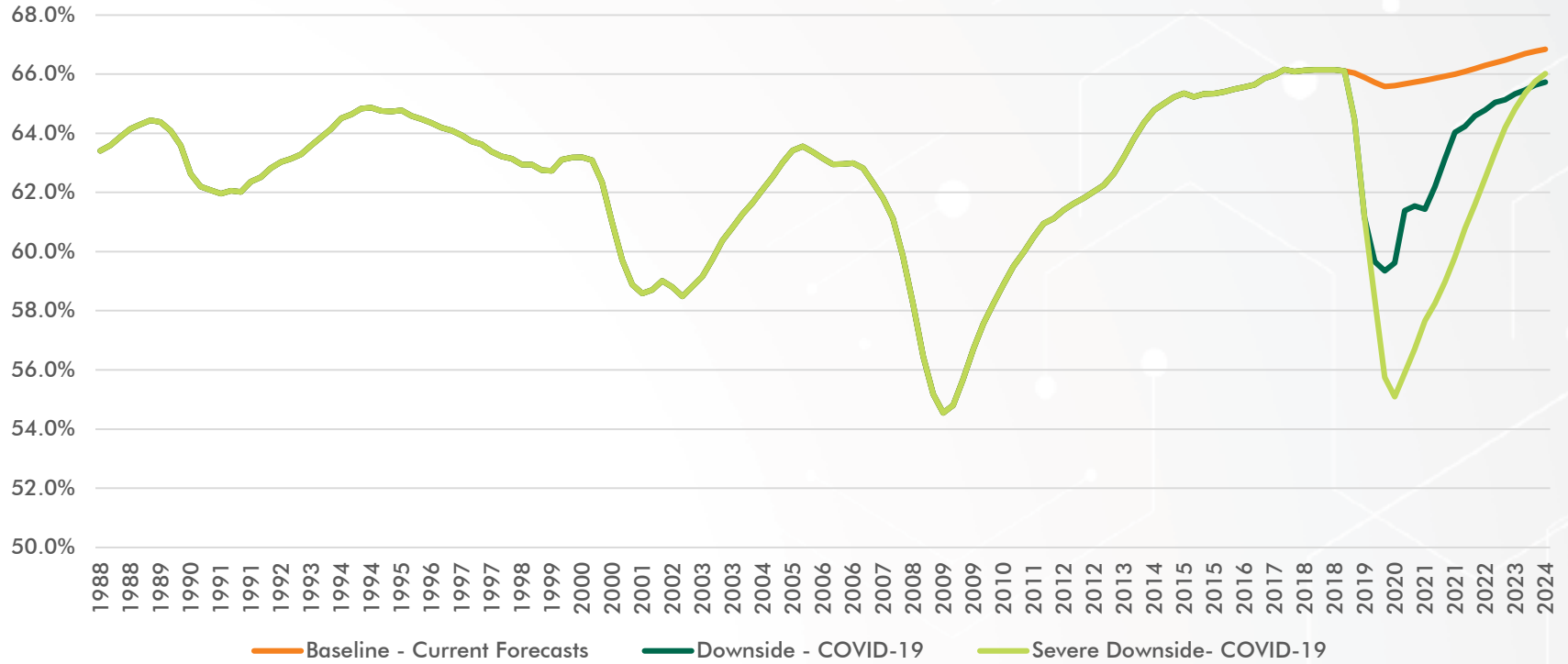


UPDATED SEVERE-DOWNSIDE FORECAST – PRELIMINARY 3/12/2020

Year	Occ	Occ ^	ADR	ADR ^	RevPAR	RevPAR ^	Supply	Supply ^	Demand	Demand ^
2016	65.4%		\$ 124.06		\$ 81.14		5,021,012		3,283,828	
2017	65.9%	0.7%	\$ 126.81	2.2%	\$ 83.52	2.9%	5,106,199	1.7%	3,363,052	2.4%
2018	66.1%	0.4%	\$ 129.96	2.5%	\$ 85.94	2.9%	5,206,614	2.0%	3,442,727	2.4%
2019	66.1%	0.0%	\$ 131.20	1.0%	\$ 86.73	0.9%	5,311,653	2.0%	3,511,367	2.0%
2020	55.7%	-15.7%	\$ 113.80	-13.3%	\$ 63.44	-26.9%	5,418,543	2.0%	3,020,817	-14.0%
2021	57.7%	3.4%	\$ 107.34	-5.7%	\$ 61.90	-2.4%	5,501,428	1.5%	3,172,378	5.0%
2022	60.8%	5.4%	\$ 105.03	-2.2%	\$ 63.83	3.1%	5,504,418	0.1%	3,345,368	5.5%

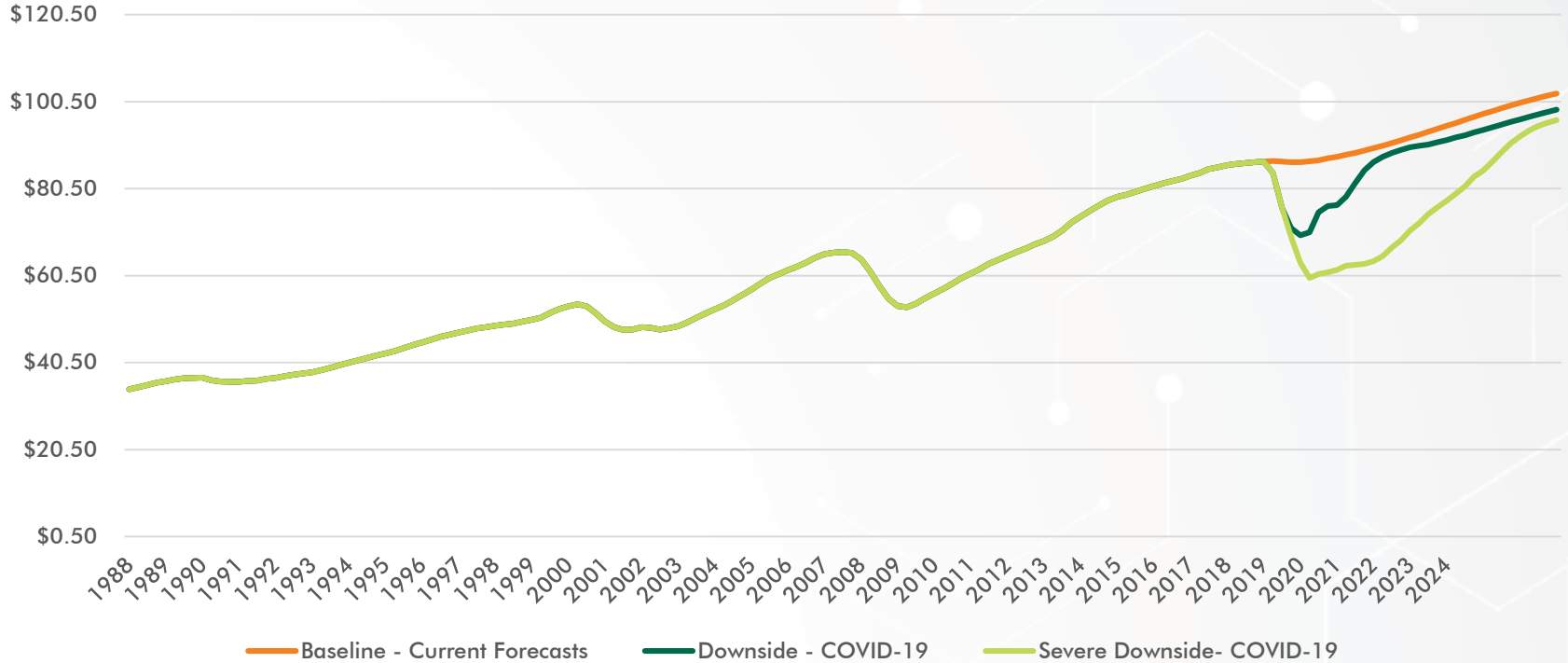
Source: CBRE Hotels Research, STR, March 2020.

OCCUPANCY- 4QTR. MOVING AVG. – BY SCENARIO



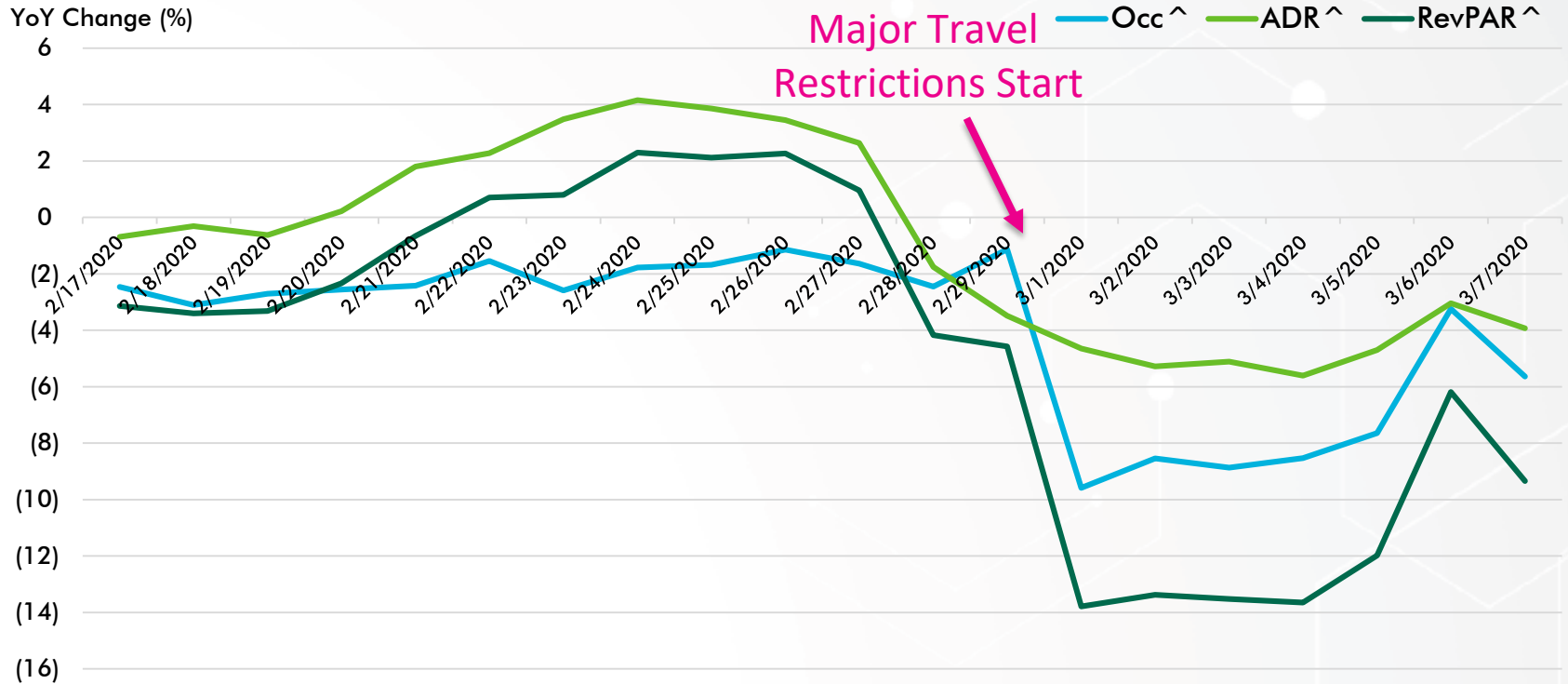
Source: CBRE Hotels Research, STR, March 2020.

REVPAR – 4 QTR. MOVING AVG. – BY SCENARIO



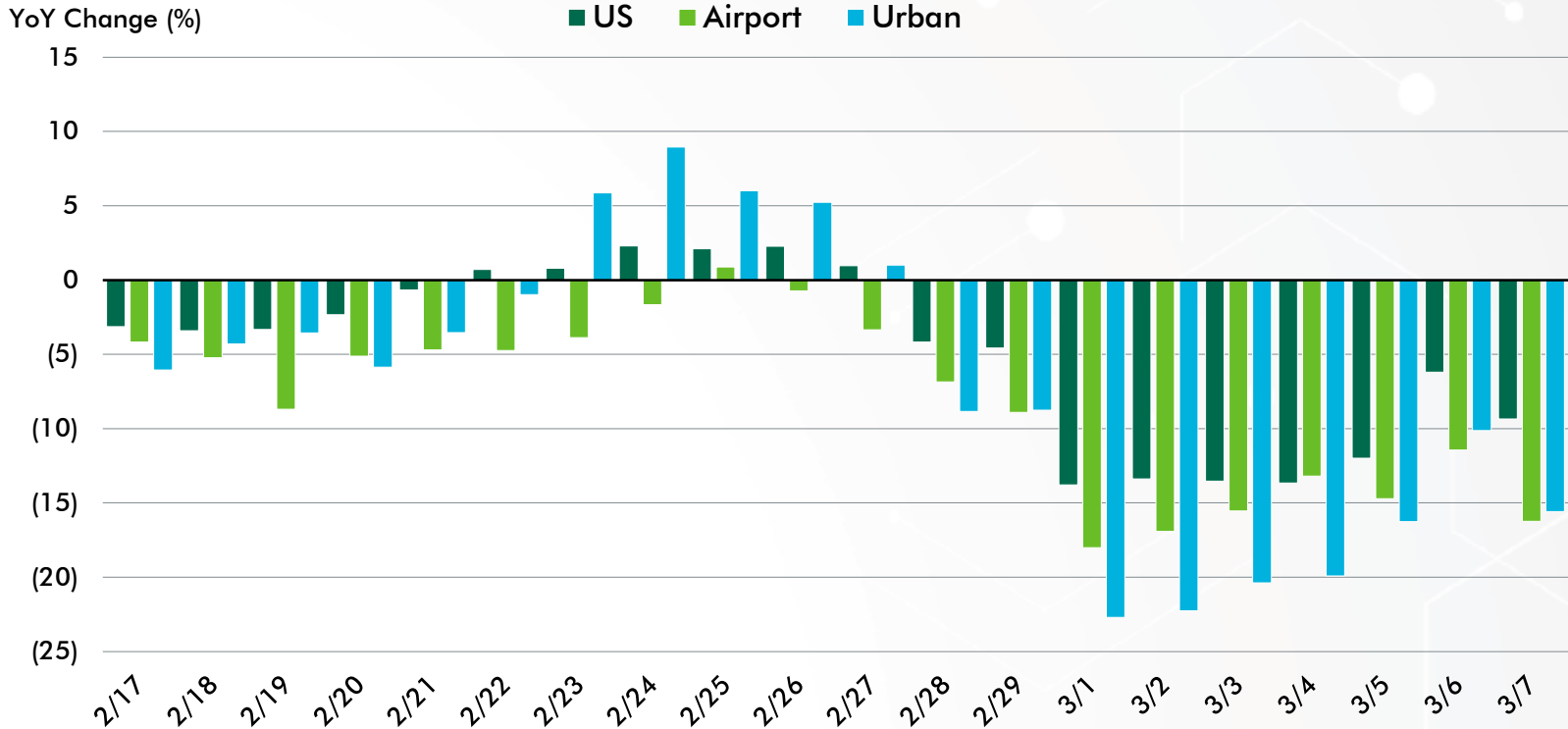
Source: CBRE Hotels Research, STR, March 2020.

WEEKLY US HOTEL PERFORMANCE



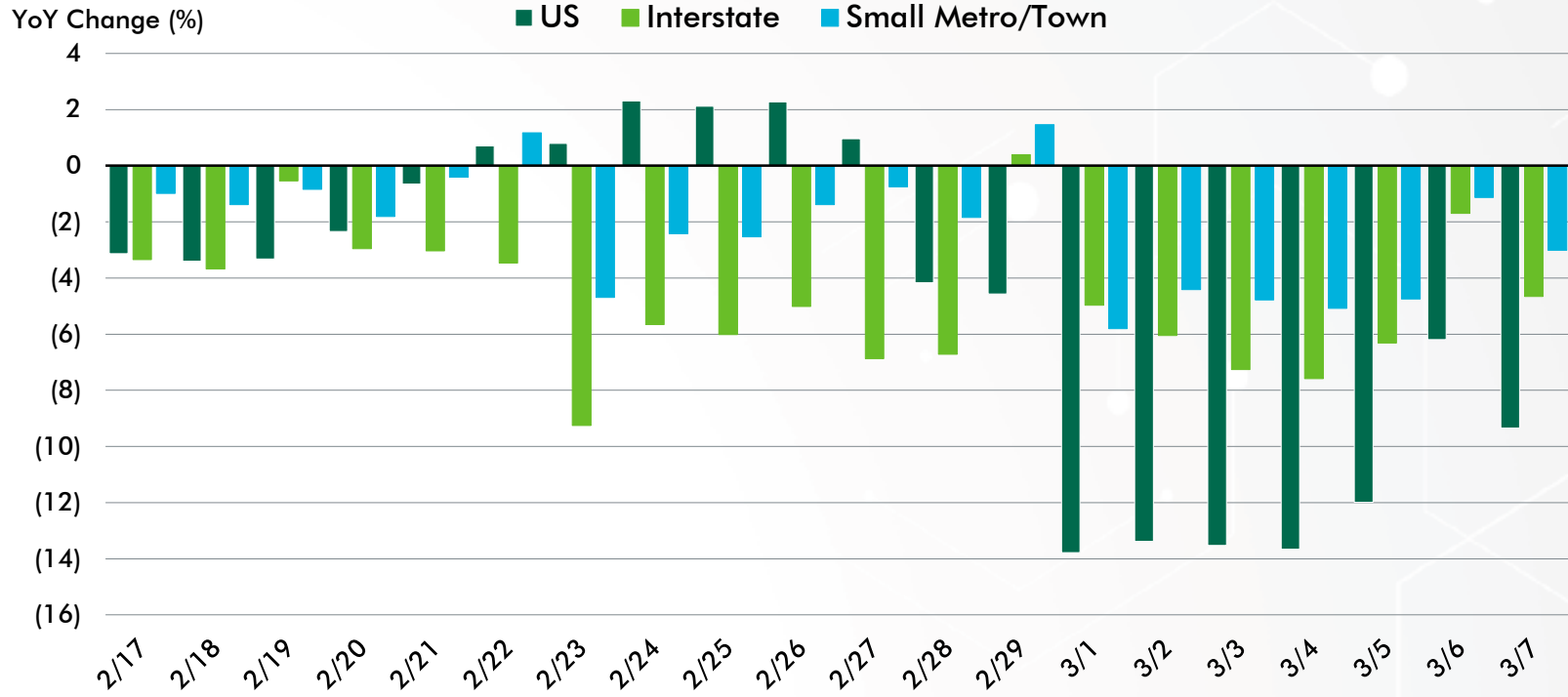
Source: CBRE Hotels Research, STR, March 2020.

IMPACT WORSE IN URBAN AND AIRPORT LOCATIONS



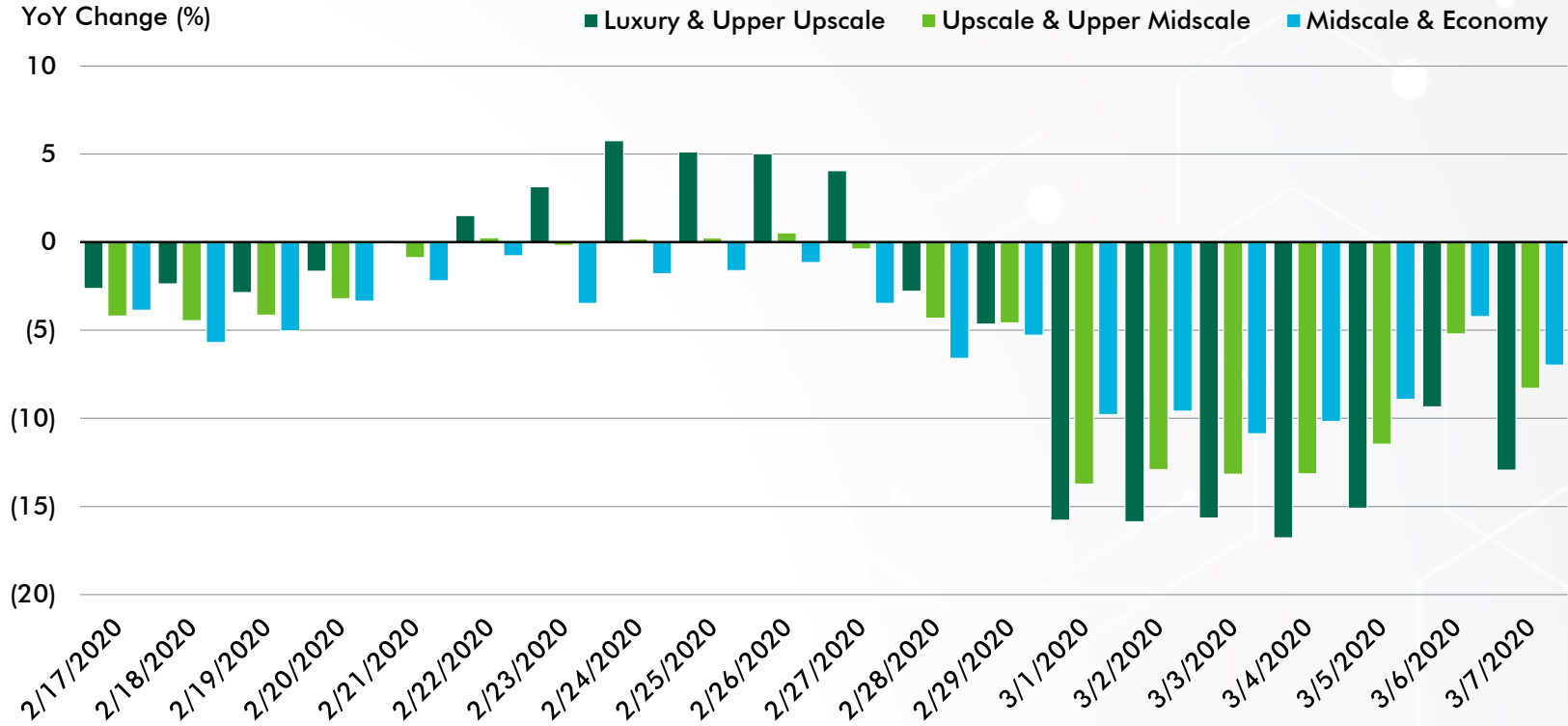
Source: CBRE Hotels Research, STR, March 2020.

MUCH LESS IMPACT IN INTERSTATE & SMALL METROS.... SO FAR



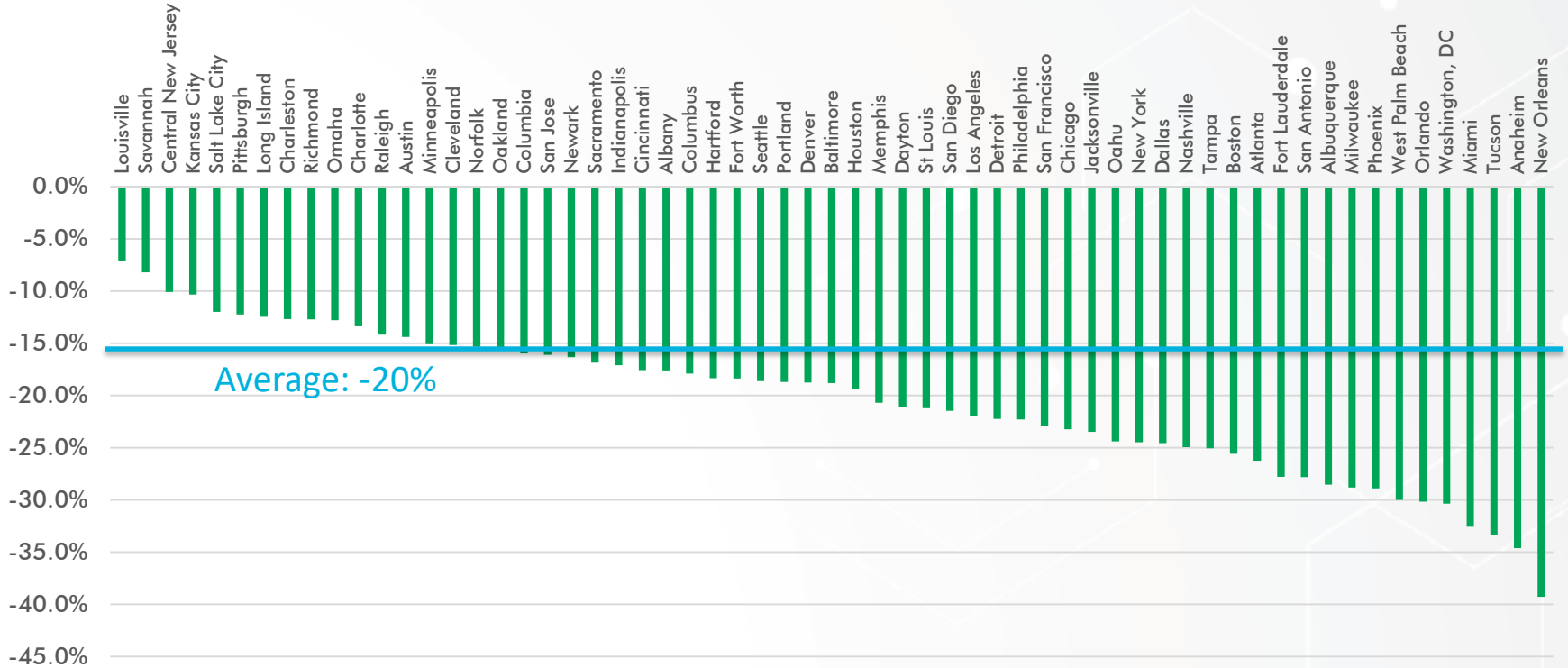
Source: CBRE Hotels Research, STR, March 2020.

HIGHER THE ADR, LARGER THE Y-O-Y PERCENT DECLINE



Source: CBRE Hotels Research, STR, March 2020.

DEMAND REVPAR IMPACT OF 9/11, BY MARKET – UPPER PRICED HOTELS

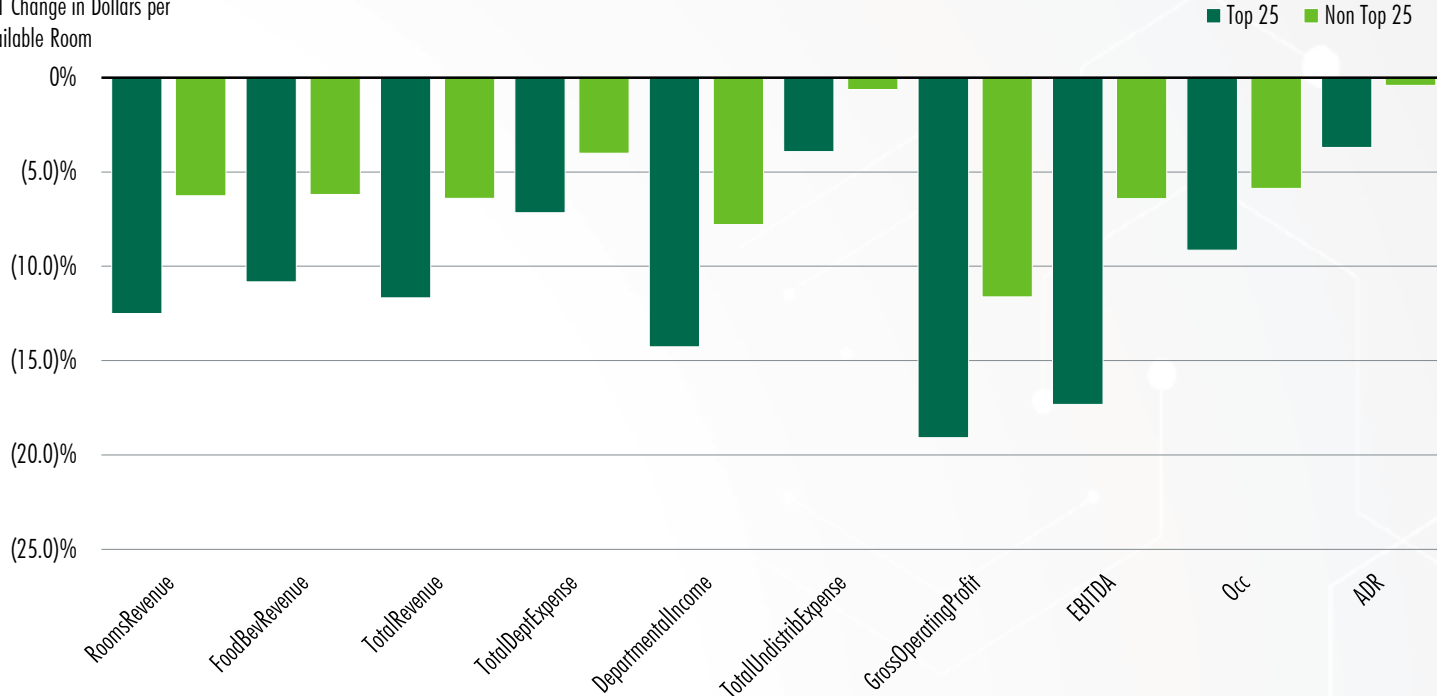


Source: CBRE Hotels Research, STR, March 2020.

OPERATING METRICS DURING 2001

NON TOP & TOP 25 MARKETS 2001 RECESSION CHANGE IN DOLLARS PER AVAILABLE ROOM

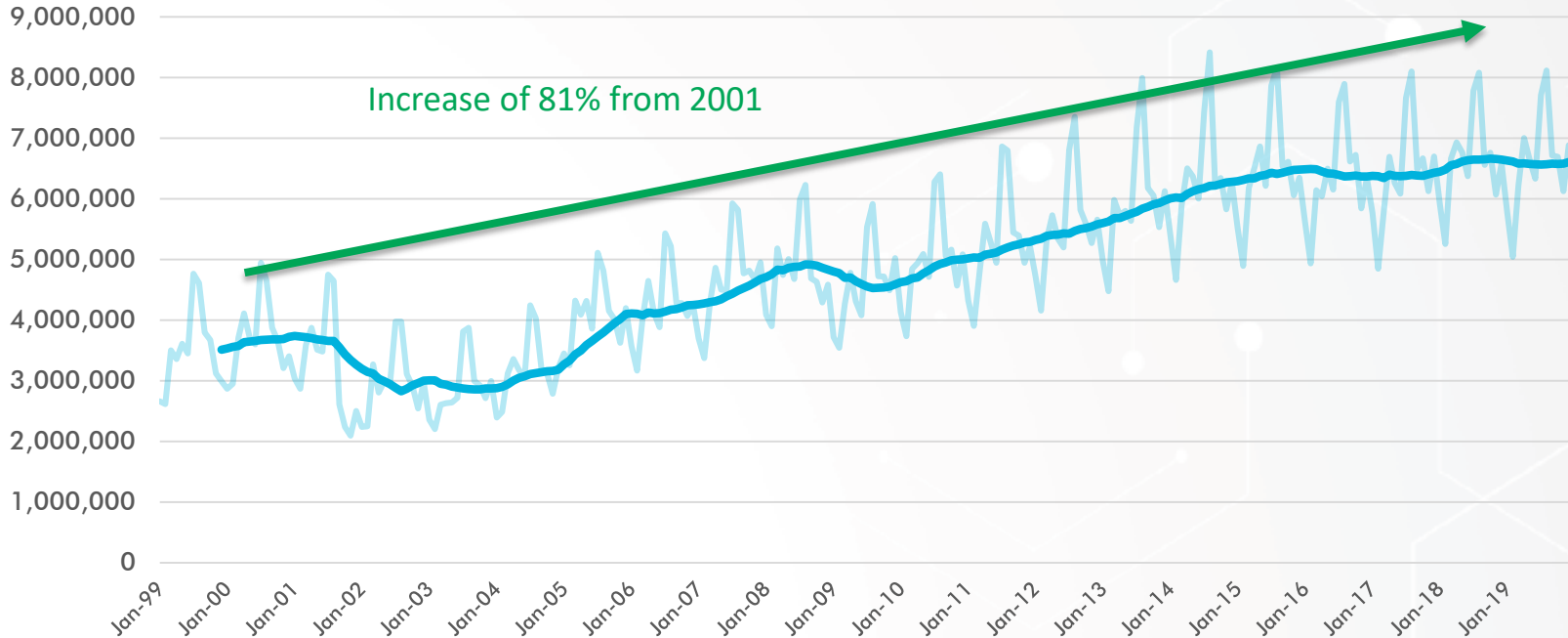
2000 to 2001 Change in Dollars per Available Room



Note: * Before deduction for Management Fees and Non-Operating Income and Expenses
Source: 2019 Trends® in the Hotel Industry.

TOTAL AMOUNT OF INTERNATIONAL ARRIVALS INTO THE U.S.

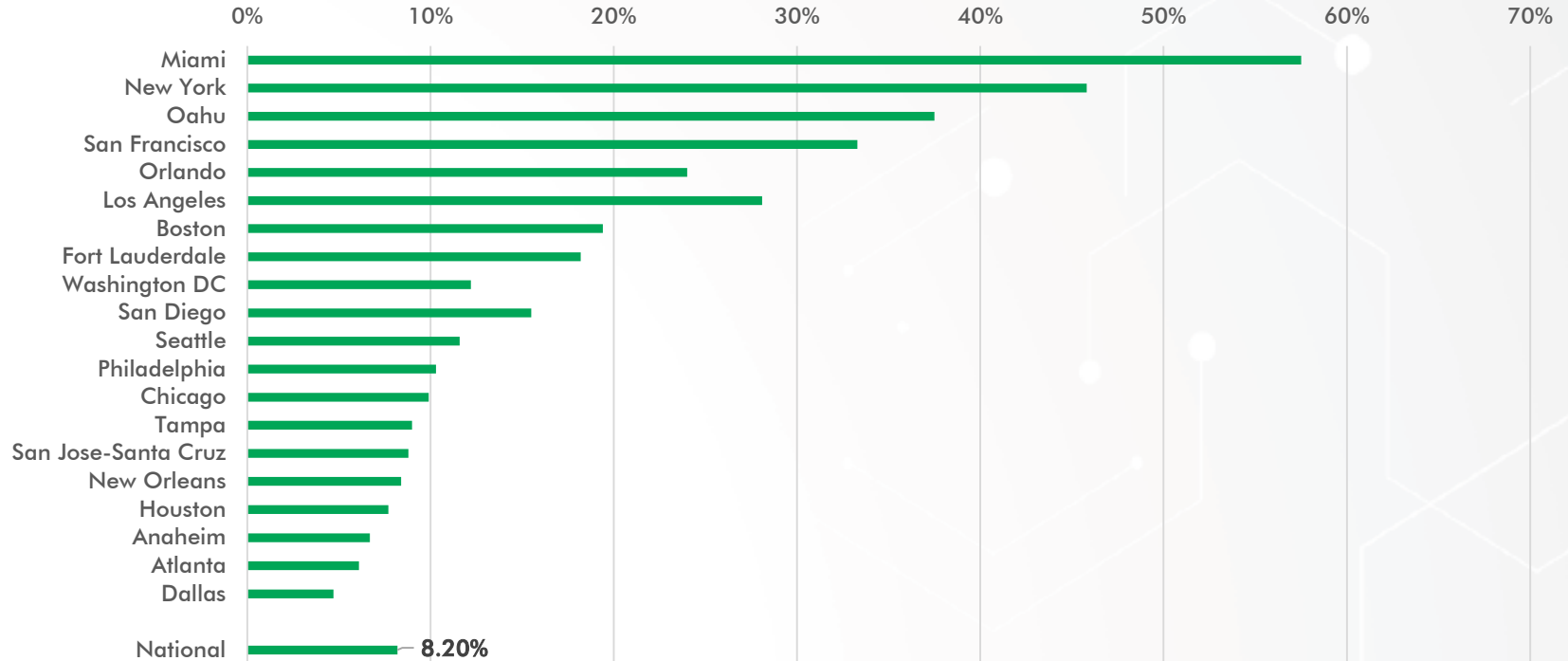
Monthly Arrivals



Source: CBRE Hotels Research, NTTO, 2020 Q1

INTERNATIONAL HOTEL STAYS / HOTEL DEMAND

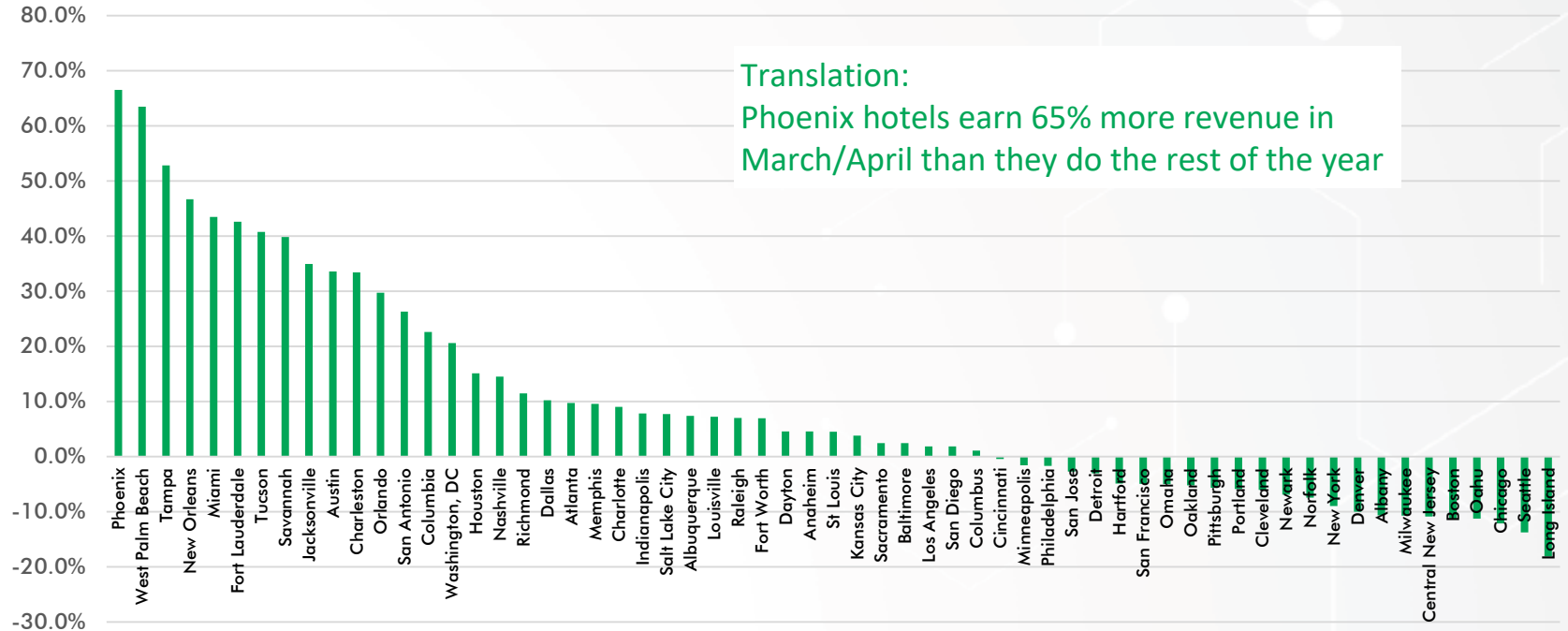
8% of U.S. Hotel demand is generated from international visitations



Sources: U.S. Department of Commerce International Trade Administration; STR, and City Visitor Reports.

MARKETS WITH A HIGH PERCENT OF REVENUES GENERATED DURING MARCH/APRIL

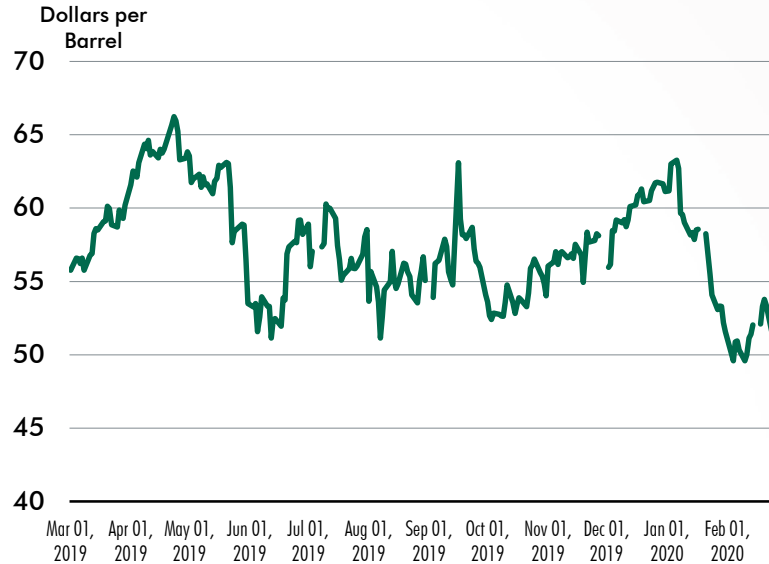
Average March/April revenue as compared to the rest of the year



Source: CBRE Hotels Research, STR, March 2020.

ADDITIONAL EFFECTS TO BE CONSIDERED: LOWER OIL PRICES DUE TO ANTICIPATED LOWER CHINESE DEMAND COULD AFFECT TRAVEL TO OIL MARKETS

Cushing Spot Price, Crude Oil, Previous Year



Source: eia.gov Q1 2020.

Cushing Spot Price, Crude Oil, Previous Decade

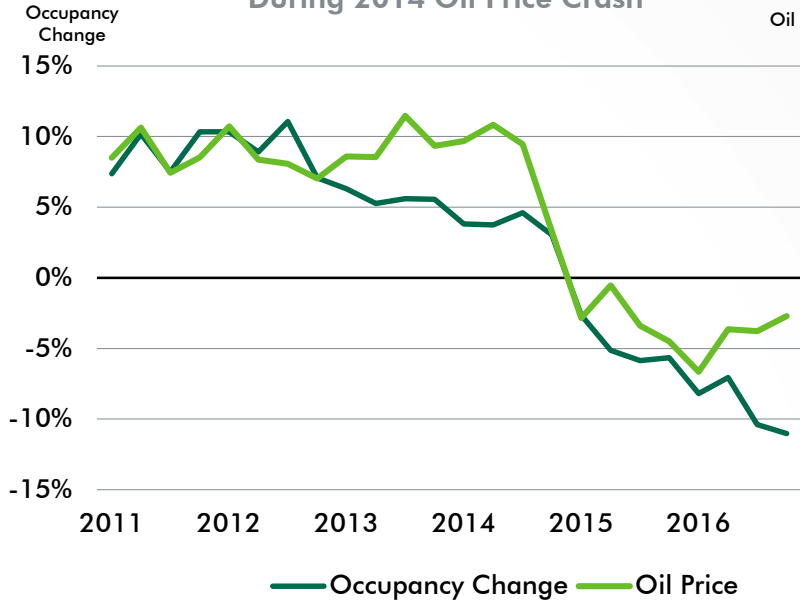


Source: eia.gov Q1 2020.

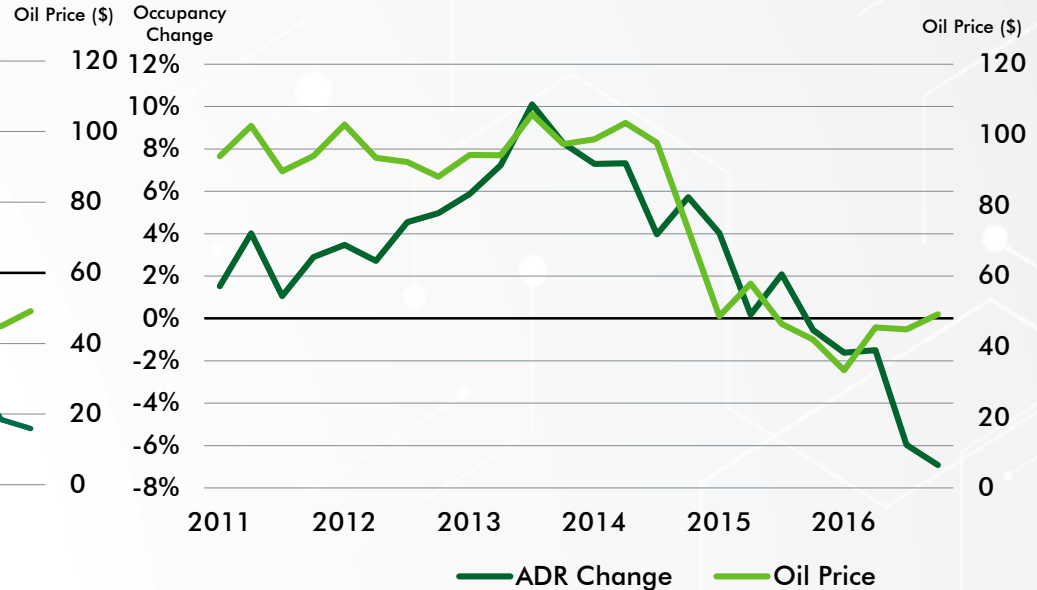
HOUSTON ALREADY BUFFETED BY OIL PRICES, HURRICANE DISRUPTION

Continued slide in prices could exacerbate future weakness

Houston Occupancy and Oil Price Change During 2014 Oil Price Crash



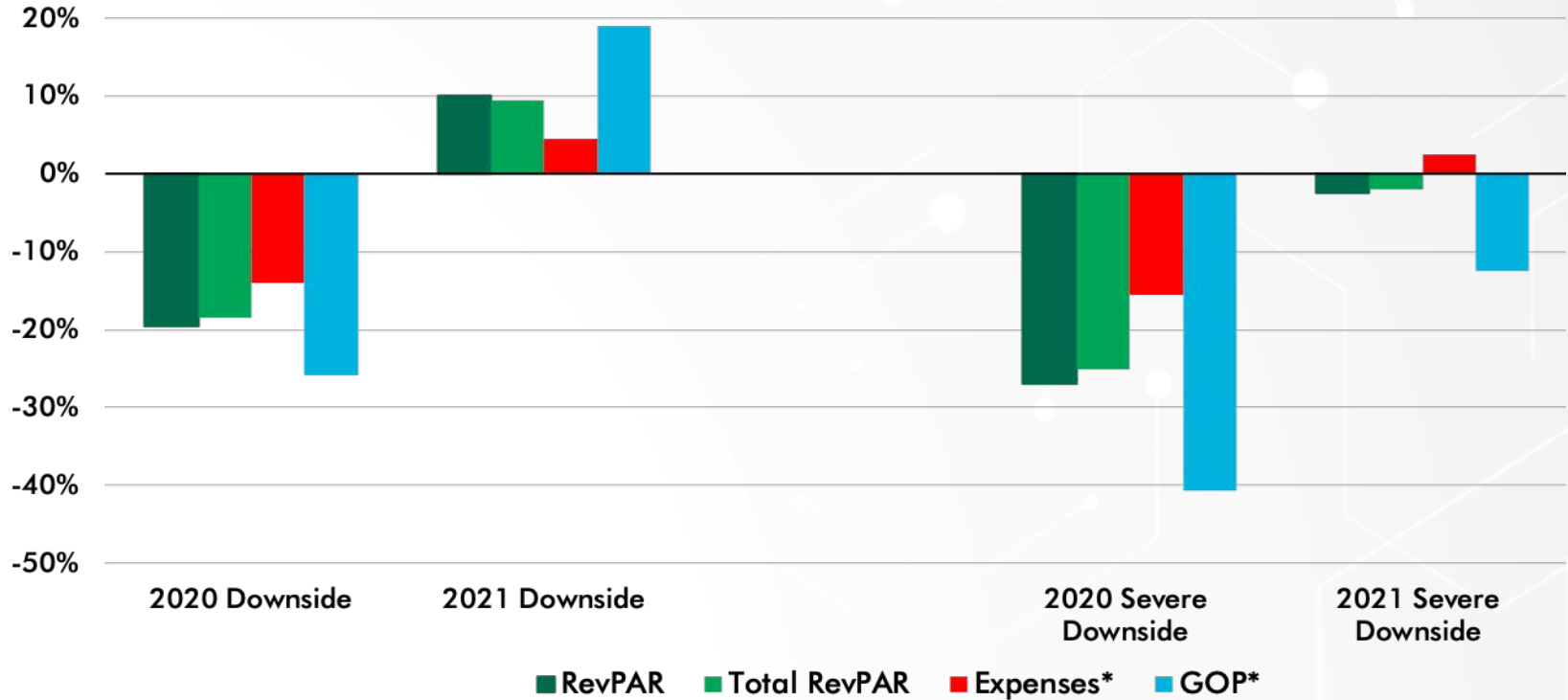
Houston ADR and Oil Price Change During 2014 Oil Price Crash



Sources: CBRE Hotels, STR Q1 2020.

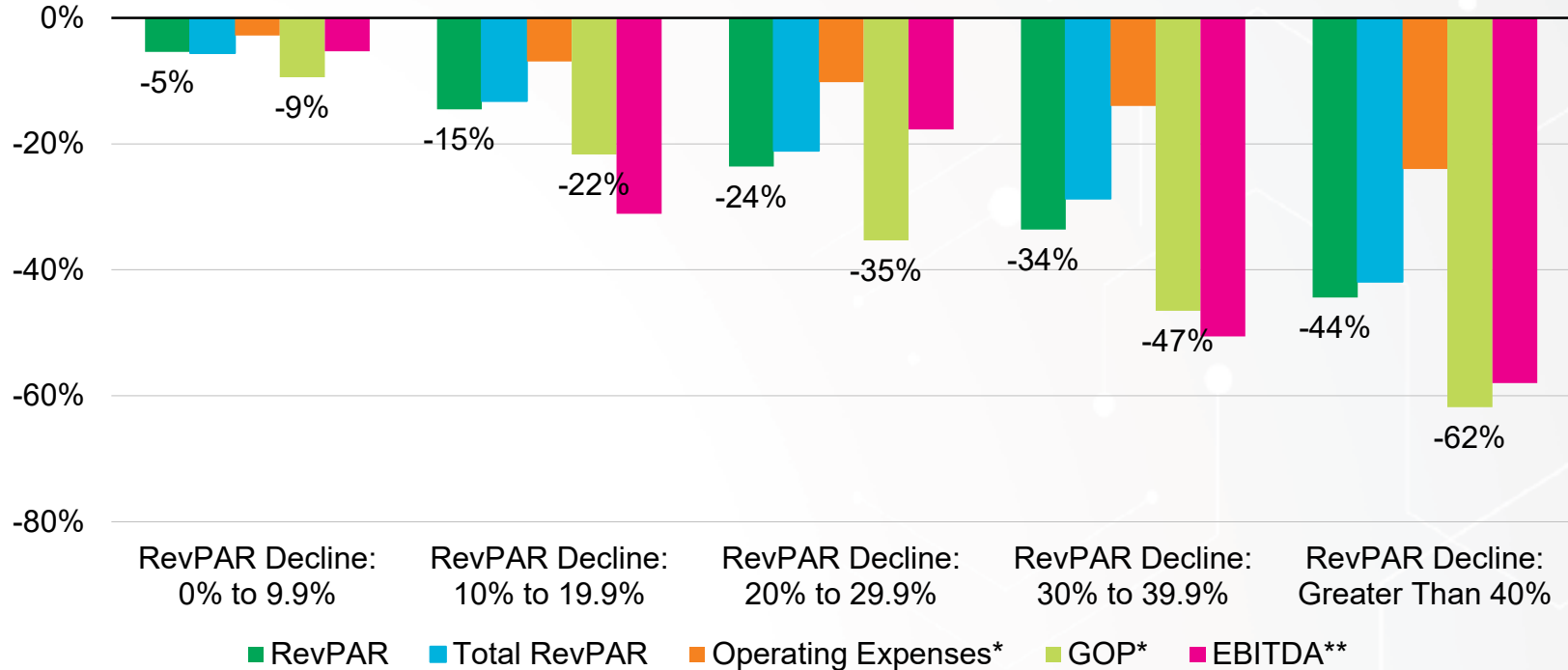
Sources: CBRE Hotels, STR Q1 2020.

ANNUAL CHANGE IN REVENUES, EXPENSES AND PROFITS*



2001 CHANGE IN OPERATING PERFORMANCE

MULTIPLE REVPAR CHANGE SCENARIOS - 2000 - 2001



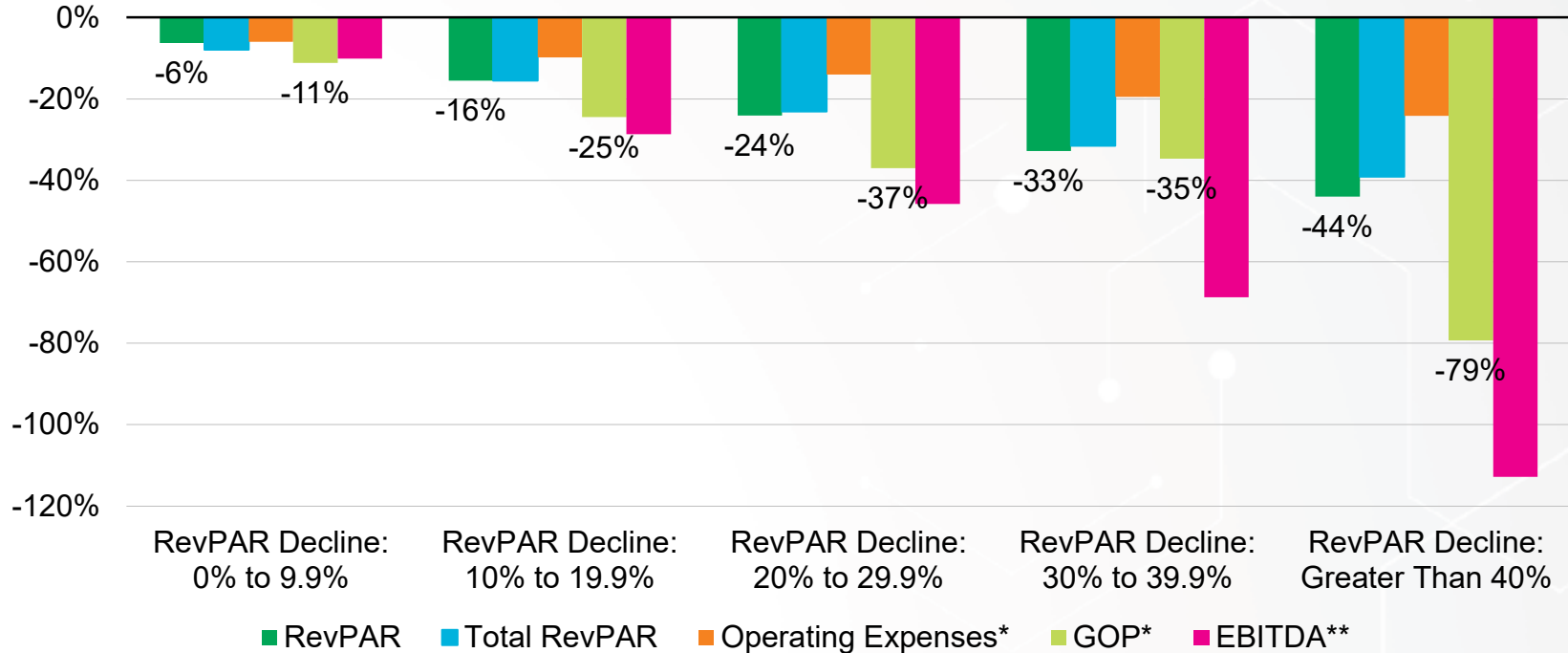
Note: * Profit Before Management Fees and Non-Operating Income and Expenses

** Earnings Before Interest, Taxes, Depreciation and Amortization.

Source: CBRE, Trends® in the Hotel Industry

2009 CHANGE IN OPERATING PERFORMANCE

MULTIPLE REVPAR CHANGE SCENARIOS 2008 - 2009



Note: * Profit Before Management Fees and Non-Operating Income and Expenses

** Earnings Before Interest, Taxes, Depreciation and Amortization.

Source: CBRE, Trends® in the Hotel Industry

SUMMARY THOUGHTS

- THE HOTEL MARKET'S RECOVERY FROM PAST MAJOR SHOCKS, SUCH AS 9/11 NATIONALLY, SARS OUTBREAK IN TORONTO, ZIKA OUTBREAK IN MIAMI, TYPICALLY TOOK 14 TO 24 MONTHS.
- OUR DOWNSIDE SCENARIO INDICATES IT WILL TAKE SIX TO EIGHT MONTHS FOR US HOTEL DEMAND TO RECOVER, AND 12 TO 14 MONTHS FOR ADR AND REVPAR TO RECOVER.
- THE IMPACT IN RECENT WEEKS HAS BEEN NEGATIVE FOR NEARLY ALL HOTEL OPERATORS. BUT IT HAS BEEN MORE ACUTE FOR URBAN AND AIRPORT LOCATIONS, AND LESS SO FOR SMALL METROS AND INTERSTATE HOTELS. THE HIGHER THE HOTEL SEGMENT'S ADR, THE LARGER THE YEAR-OVER-YEAR DECLINE.
- THE IMPACT SO FAR HAS BEEN GREATEST, IN GENERAL, FOR WEST COAST MARKETS AND NEW YORK CITY. MEANWHILE, IT HAS BEEN LESSER FOR EAST COAST MARKETS SUCH AS BOSTON, WASHINGTON DC, MIAMI AND (IN THE MIDWEST) CHICAGO.
- CAUSE FOR HOPE FOR FAST RECOVERY: CHINESE HOTELS HAD NEARLY FULLY RECOVERED FROM THE MARCH 2003 SARS OUTBREAK BY JULY OF THAT YEAR WHEN SARS WAS CONTAINED.
- MARKETS LIKELY TO SEE THE MOST SEVERE IMMEDIATE IMPACT ARE THOSE THAT GAIN A HIGH PERCENTAGE OF THEIR REVENUE FROM MARCH AND APRIL: PHOENIX, WEST PALM BEACH, TAMPA, NEW ORLEANS, MIAMI, FORT LAUDERDALE, TUCSON.

HOW WE CAN HELP

CBRE HOTELS ADVISORY

We understand the impact the current pandemic crisis is taking on your day-to-day operations and business models. As you evaluate the implications on your assets, CBRE Hotels stands ready to assist with the most up-to-date information, data, and customized services. The US CBRE Hotels Advisory team covers all territories and is backed by the #1 US Hotel Research group in the nation, enabling us to be the best equipped professionals for this situation.

We have identified the following services that can be offered in expedited fashion. They are largely desktop based but incorporate real-time data that can be applied to your specific property or portfolio. Given the scale and experience of our professional team, together with the unparalleled strength of the world's leading hospitality group, CBRE Hotels Advisory is prepared to offer these services on a weekly, bi-weekly, monthly or one-time basis. Act NOW by contacting our National Director below. CBRE Hotels Advisory is prepared to immediately help you navigate through the current environment with confidence.

Our Select Service Offering:



Advisory Services

Underwriting Due Diligence Package:

Red Flag Report, Supply & Demand Analysis, Financial Diagnostic with Sensitivity Analysis included



Asset Management

Desktop Operational Analysis:

Detailed Property Diagnostics, Interviews with Management Team, and a Strategic Business Plan for COVID-19 Situation



Valuation Services

Restricted Appraisal Report:

Desktop Income Approach, Guidance on Current Transaction, and Asset Stress Test

CBRE HOTELS ADVISORY

ADDITIONAL SUITE OF SERVICES

- Market Demand & Financial Feasibility Analysis
- *(Both New & Existing)*
- Destination/Tourism Analysis
- Valuations:
 - + Real Estate Appraisals
 - + Business Valuations
- Asset Management
- Financial Benchmarking
- Litigation Support
- Acquisition Due Diligence:
 - + Buy Side
 - + Sell Side
 - + Technical
- Debt Advisory
- Operator/Brand Selection
- Operational Reviews
- Branding, Re-Branding & Marketing
- Food & Beverage



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