

LE RELEASES ITS 2015 FORECAST FOR NEW HOTEL OPENINGS IN ITS MID-YEAR REPORT

Lodging Econometrics' (LE's) forecast predicts New Hotel Openings of 739 Projects/ 82,587 Rooms for 2015, representing a growth rate for new supply of 1.6%. This is a slow, moderate but steady uptrend improvement over 2011's cyclical bottom of 346 Projects/ 37,193 Rooms. Despite these increases, the industry is still far away from the peak for New Openings of 1,341 Projects/ 154,258 Rooms set in 2008, a feat that will not likely be repeated until late this decade, if at all.

The 2015 forecast is contingent upon two factors; that the hotels already in the Pipeline continue to migrate forward at the quickened pace established, and that the current steady trend of smaller Economy through Upper Upscale New Project Announcements continue to flow into the Pipeline, uninterrupted by any reversal in developer sentiment.

THE CONSTRUCTION PIPELINE AT MID-YEAR

At mid-year the Total Construction Pipeline stands at 2,822 Projects/ 350,151 Rooms, a modest 4% increase for projects Year Over Year (YoY). Projects Under Construction have been on the rise for eight quarters. At 646 Projects they are up 23% YoY, while Rooms at 81,531 are up 22% YoY. Projects expected to Start in the Next 12 Months are up 36% at 1,116 Projects. Rooms at 128,861 are up 38% and have been trending upwards for four quarters. Projects in Early Planning are down 23%. Early Planning currently stands at 1,060 Projects/ 139,759 Rooms. This indicates that fewer luxury and upper upscale resort and city center projects are entering the Pipeline.

SMALLER ECONOMY THROUGH UPPER UPSCALE PROJECTS PREDOMINATE THROUGHOUT THE PIPELINE

Currently 91% of all projects in the Pipeline are smaller than 200 rooms. A disproportionately high volume of select service projects is common at the beginning of each new real estate cycle as the industry awaits a more complete recovery of the capital markets. They are often prototype projects, are less complex to build and can be easily financed at community banks. It's too early in the new cycle for larger projects that require institutional financing. Neither the economy nor capital markets have progressed sufficiently. With the exception of a few markets, neither guest room demand nor room rates have recovered sufficiently either.

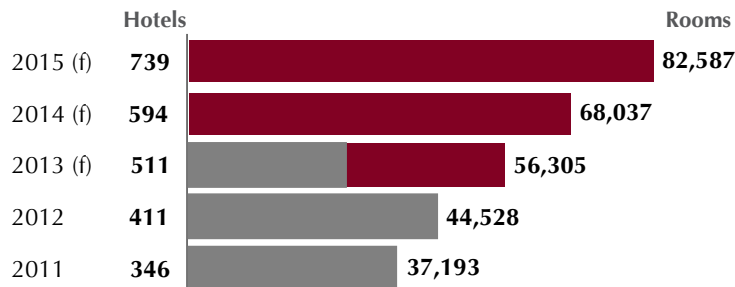
For development projects that have already selected a brand, the mid-year report shows that the Upscale and Upper Midscale chain scales combine for 75% of the projects in the Pipeline and 71% of the Rooms. 574 Projects, or 20% of the Pipeline, have yet to make a branding decision. When decisions are formalized, history shows that 75% of those decisions will be in either upscale or upper midscale brands.

LOOKING AHEAD

Growth in the Pipeline, although uptrending modestly, is sluggish by historic standards. There is no visible accelerator for development on the horizon. Due to the severity of the "Great Recession", compared to other lodging real estate cycles, this one appears destined to be prolonged a minimum of two extra years before hitting stride, if in fact developer activity eventually does accelerate into a higher gear.

The hurdles to a normal acceleration in development are substantial. The economy is still recovering. The administration and the Congress are at "do nothing" loggerheads. New regulatory policies and capital market improvements languish, economic growth policies are few, hence unemployment levels and consumer sentiment are problematic. Lodging demand growth and the rate of price expansion is slowing. Transaction volume is poor. Overall, development is likely to continue sailing against the wind into the second half of the decade.

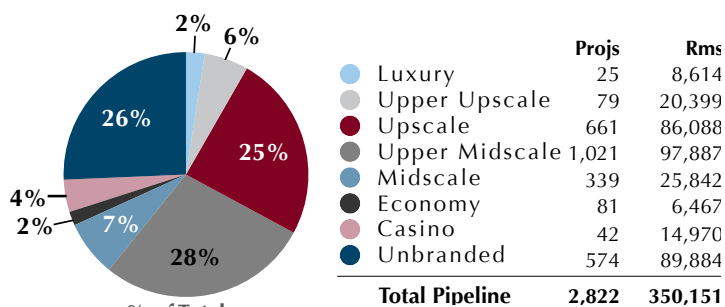
LE's Forecast for New Hotel Openings



LE's Construction Pipeline by Project Stage - YoY

| Stage | Q2 2013 | | Q2 2012 | | % Variance | |
|-----------------------|--------------|----------------|--------------|----------------|------------|-----------|
| | Projs | Rms | Projs | Rms | Projs | Rms |
| Under Construction | 646 | 81,531 | 525 | 66,917 | 23% | 22% |
| Start Next 12 Mths | 1,116 | 128,861 | 823 | 93,645 | 36% | 38% |
| Early Planning | 1,060 | 139,759 | 1,373 | 172,241 | -23% | -19% |
| Total Pipeline | 2,822 | 350,151 | 2,721 | 332,803 | 4% | 5% |

LE's Construction Pipeline by Chain Scale



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| <p><input type="checkbox"/> Contact Names for Owners & Management of Open & Operating Hotels (Census)</p> | <p>Individual Hotel Records include:</p> <p>Comprehensive Contact Information</p> <ul style="list-style-type: none"> • Name, address, phone and fax numbers for the Owner, Management Group and Hotel • Property details are included <p>Customized Sorts for your exacting specifications</p> <ul style="list-style-type: none"> • By particular market, brand, chain scale or hotel size | <p>Investigate opportunities for: <i>Real estate acquisitions or adding to your asset management portfolio</i></p> <p>Ideal for those executives involved in: <i>Acquisitions, Business Development, Asset Management, Strategic Planning, M&A and Direct Mail or Telemarketing Programs</i></p> |
| <p><input type="checkbox"/> Transaction Trend Report - A Companion Lodging Real Estate Review</p> <p><input type="checkbox"/> Individual Sales Comps Report</p> | <p>A 5 Year Summary of Transaction Trends with:</p> <ul style="list-style-type: none"> • Total transactions, average room count and average selling price per room • By brand, chain scale, region, location and hotel size <p>Comprehensive Transaction Records detail:</p> <ul style="list-style-type: none"> • Selling price, room count, date of transaction, hotel letterhead, and complete contact data for buyer and seller • By brand, chain scale, region, location and hotel size | <p>Evaluate historic valuation trends and estimate your optimum timing for acquisition/disposition decisions with: <i>Transaction volume and selling price trends for the current lodging real estate cycle</i></p> <p>A necessity for those who must re-verify current asset values: <i>Appraisers, Asset Managers, Consultants, Acquisition/Disposition Officers and Lenders</i></p> |

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