

**Acquisition Price:** \$110.0M (\$244K per room)  
**Location:** Gaslamp Quarter, San Diego, CA  
**Acquired:** April 6, 2011  
**Rooms:** 450  
**Type:** Upper Upscale, Full-Service  
**Built / Renovated:** 1987 / 2011

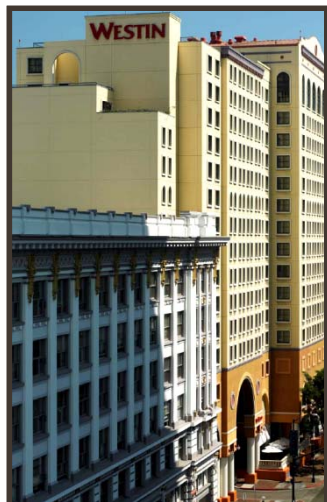
**Property Amenities:**

- 450 guest rooms, including 8 suites, with views of the San Diego Bay and downtown San Diego
- Comprehensive hotel renovation – recently completed guestroom renovation totaling \$12.0M; public area renovation totaling \$13.0M, to be completed late 2011 or early 2012
- Over 32,000 SF of meeting space spread across 22 rooms, including the 9,000 SF California Ballroom and the 6,000 SF indoor/outdoor San Diego Ballroom and Terrace
- Horton's Bar & Grill is a full-service restaurant serving regionally inspired American cuisine
- Lobby Lounge offers cocktails, with available food service from Horton's Bar & Grill menu
- Café Express is a stylish café serving lighter fare and Starbucks coffee
- WestinWORKOUT gym with massage room
- Outdoor swimming pool with whirlpool
- 164 on-site, in-building parking spaces

**Market Highlights:**

**Market Overview:**

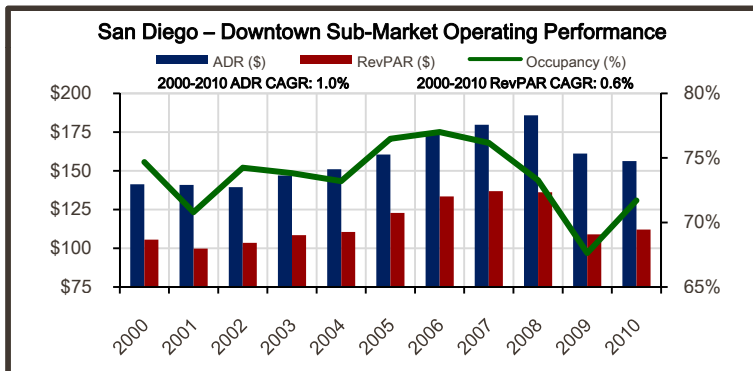
- The Gaslamp Quarter is a premier shopping, dining and entertainment district with over 200 restaurants, bars and nightclubs, along with boutiques, art galleries and shops.
- Consistent RevPAR growth, with 2008 RevPAR up 37% over 2001's trough and a compounded annual growth rate of 3.5% over the past 20 years.
- San Diego is the eighth-largest city in the United States and the second-largest city in California.



(Exterior)

**Demand Generators:**

- Tourism:
  - Gaslamp Quarter - Balboa Park
  - San Diego Zoo - PETCO Park
  - Sea World - Mission Bay Park
  - LEGOLAND - Qualcomm Park
  - Westfield Horton Plaza
  - San Diego Wild Animal Park
  - Torrey Pines Golf Courses
- San Diego Convention Center
- Port of San Diego
- Two professional sports teams
- Biotechnology – Third-strongest biotech industry in the country
- San Diego has a diversified workforce spanning a number of different industries:
  - Lockheed Martin - Sharp Healthcare
  - Scripps Health - Kaiser Permanente
  - US Navy - Sony Electronics



**Historic Performance and Valuation:**

**Estimated Discount to Replacement Cost (post-renovation):** 25% -30%  
**2010 Occupancy:** 72%  
**2010 ADR:** \$157

**Forward 12-Month Cap Rate (Projected EBITDA)<sup>(1,2)</sup>:** 6.8% - 7.3%  
**Forward 12-Month Cap Rate (Projected NOI)<sup>(1,2)</sup>:** 5.9% - 6.4%

(1) Based on previously disclosed forecasted net operating income after capital reserves ("NOI") and previously disclosed forecasted hotel earnings before interest, taxes, depreciation and amortization ("EBITDA")  
 (2) Projected cap rates are after the significant negative impact expected from the \$25.0M comprehensive renovation commenced in Q4 2010



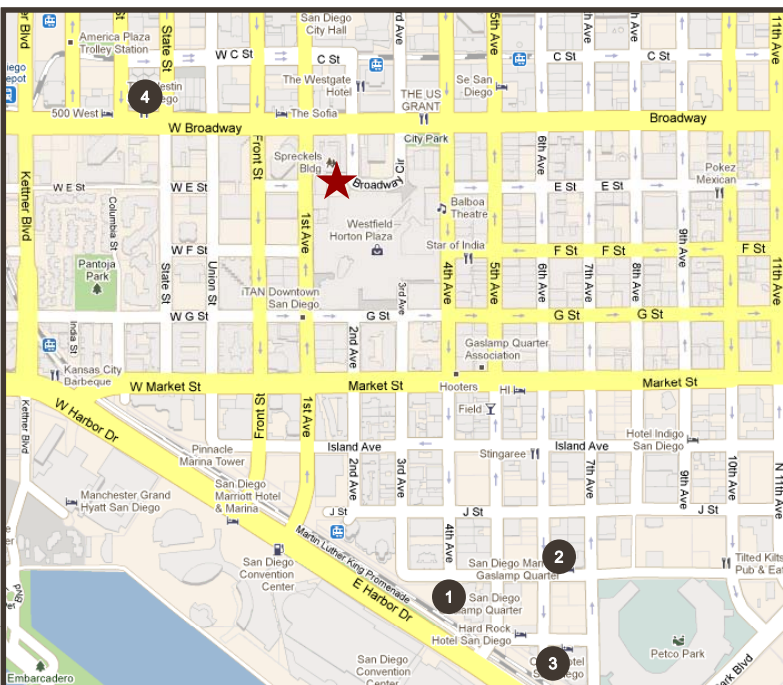
(Pool)



(Guest Room – pre-renovation)

**Competitive Set:**

Hotels	Map Marker	Rooms	Year Opened
<b>The Westin Gaslamp Quarter</b>	★	<b>450</b>	<b>1987</b>
Hilton San Diego Gaslamp Quarter	1	283	2000
Marriott San Diego Gaslamp Quarter	2	306	1988
Omni San Diego Hotel	3	511	2004
Westin San Diego	4	436	1991
<b>Total (excluding The Westin Gaslamp Quarter)</b>		<b>1,536</b>	



**Investment Highlights:**

**Strengths**

- Strong, consistent growth in hotel demand
- Top convention destination
- High-barrier-to-entry market
- Premier Gaslamp Quarter location
- Significant discount to replacement cost

**Opportunities**

- Significant upside from comprehensive hotel renovation
- Planned expansion of convention center
- Extensive renovation and revitalization of Horton Plaza and Westfield Mall
- Improved cash flow through asset management and best practice initiatives