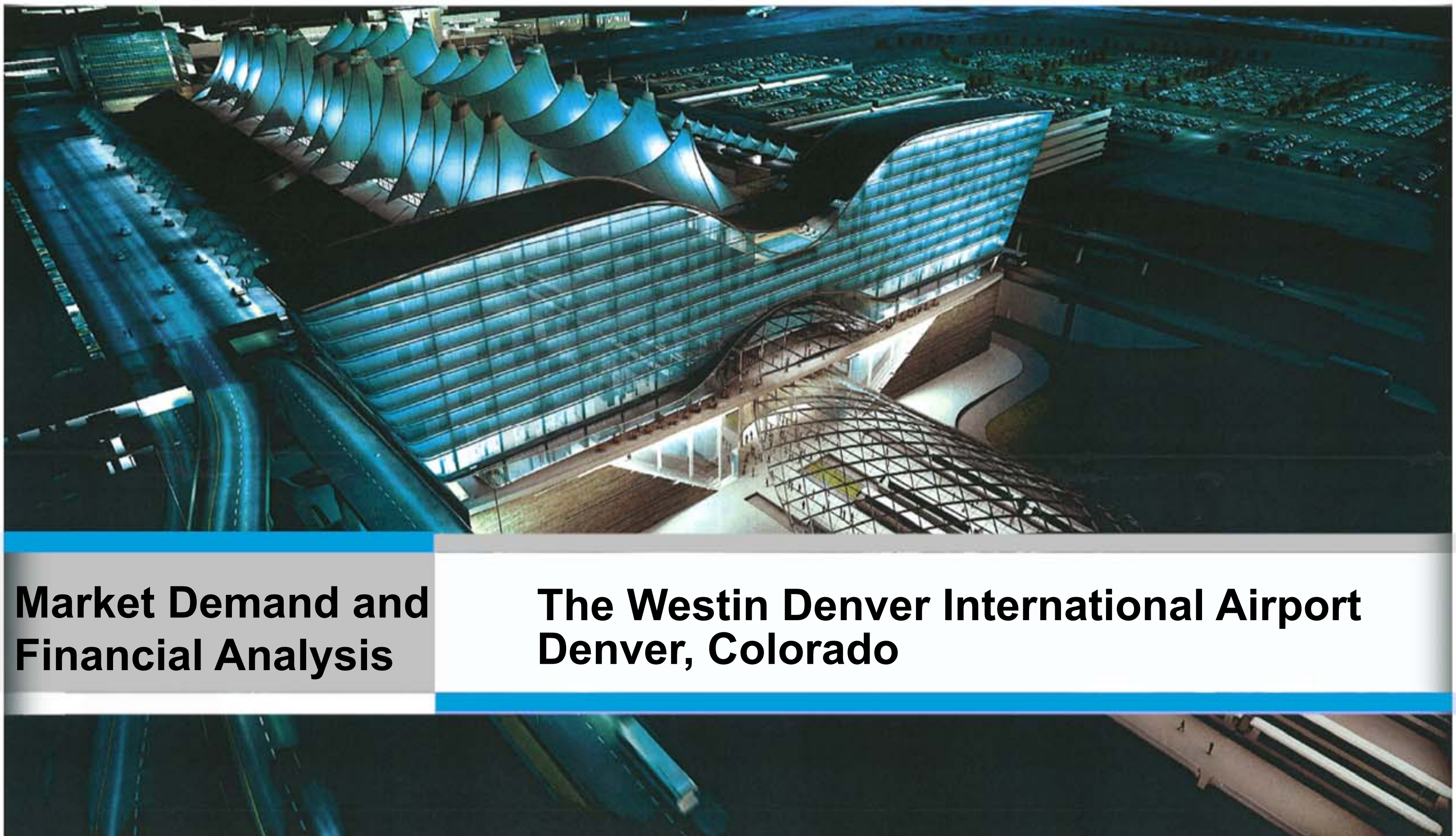

Market Demand and Financial Analysis

The Westin Denver International Airport Denver, Colorado

Prepared For:
Mr. Patrick Heck
Deputy Chief Financial Officer
Denver International Airport
201 West Colfax Avenue
Denver, Colorado 80202

Prepared By:
PKF Consulting USA
San Francisco

Date of the Report:
September 18, 2012

91378

PKF CONSULTING USA
www.pkfc.com

September 18, 2012

Mr. Patrick Heck
Deputy Chief Financial Officer
Denver International Airport
201 West Colfax Avenue
Denver, Colorado 80202

Re: The Westin Denver International Airport – Denver, Colorado

Dear Mr. Heck:

Pursuant to your request, we have conducted a study of the potential market demand and developed a statement of the estimated annual operating results for a proposed 519-room Westin hotel (the "Subject") to be located at the south terminal of the Denver International Airport ("DIA") in Denver, Colorado. Throughout this analysis, we formally refer to the Subject as The Westin Denver International Airport.

The development of the Subject hotel is expected to be financed through the issuance of tax-exempt bonds coupled with some form of public subsidies/guarantees/loans. This report has been prepared for use by the Denver International Airport and its financial advisors in determining the estimated annual operating results of the proposed Subject. The conclusions set forth in this report are based on an analysis for supply and demand for the transient lodging market in the Denver-Aurora market area as of August 8, 2012, the completion date of our fieldwork and primary market research.

As in all studies of this type, the estimated results assume competent and efficient marketing and operational management, and presume no significant change in the status of the competitive lodging industry from that as set forth in this report. The terms of this engagement are such that we have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of completion of our fieldwork; however, we are available to discuss the necessity for revision in view of changes in the economy or market factors which have a material effect on the project.

Since our projections of the market performance of the hotel are based on estimations and assumptions, which are subject to uncertainty and variation, we do not represent them as results that will actually be achieved; however, our projections have been conscientiously prepared on the basis of information obtained during the course of this assignment and in our capacity as professional analysts in both the real estate and lodging industries.

This report is subject to the Certification and Statement of Assumptions and Limiting Conditions presented in the Addenda. The report is also subject to the following three special assumptions.

- *For the purpose of this analysis, we have assumed an opening date of August 1, 2015.*

- *We understand that the Subject will be affiliated with and operated by Starwood Hotels and Resorts. For the purpose of this analysis, we have projected management fees in line with those stipulated in the Qualified Management Agreement ("QMA") between the City and County of Denver on behalf of its Department of Aviation and Westin DIA Operator, LLC.*

- *The Subject is a component of a larger $500 million development at DIA. Due to the fact that the Subject will be owned by the City and County of Denver and DIA, there are certain elements of the project that we have excluded from our projections of revenues and expenses including parking, property taxes, and restaurant lease income. These elements will be explained in further detail throughout this report.*

PKF Consulting USA ("PKF Consulting") appreciates this opportunity to be of service to you. Should you have any questions, or if we can be of further assistance, please do not hesitate to contact us.

Yours sincerely,

PKF Consulting USA

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SECTION IV
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SECTION V
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SECTION I

EXECUTIVE SUMMARY

A. INTRODUCTION

1. Overview of Study

PKF Consulting has been retained by the Denver International Airport to conduct a study of the potential market demand and to prepare a ten-year statement of the estimated annual operating results for a proposed 519-room Westin hotel to be located at the south terminal of the Denver International Airport in Denver, Colorado.

2. Proposed Hotel Financing Structure

The development of a 519-room Westin hotel is currently underway at the south terminal of the Denver International Airport, a project that is controlled by the Denver International Airport. The hotel project is expected to be funded through an issuance of tax-exempt bonds. Presented in the following paragraphs is a brief description of the financing structure and a discussion of the Qualified Management Agreement ("QMA").

a. Financing Structure

The proposed Subject is currently planned to be funded by a part of Airport Systems Revenue Bonds Series 2012 A and Series 2012 B.

b. Qualified Management Agreement ("QMA")

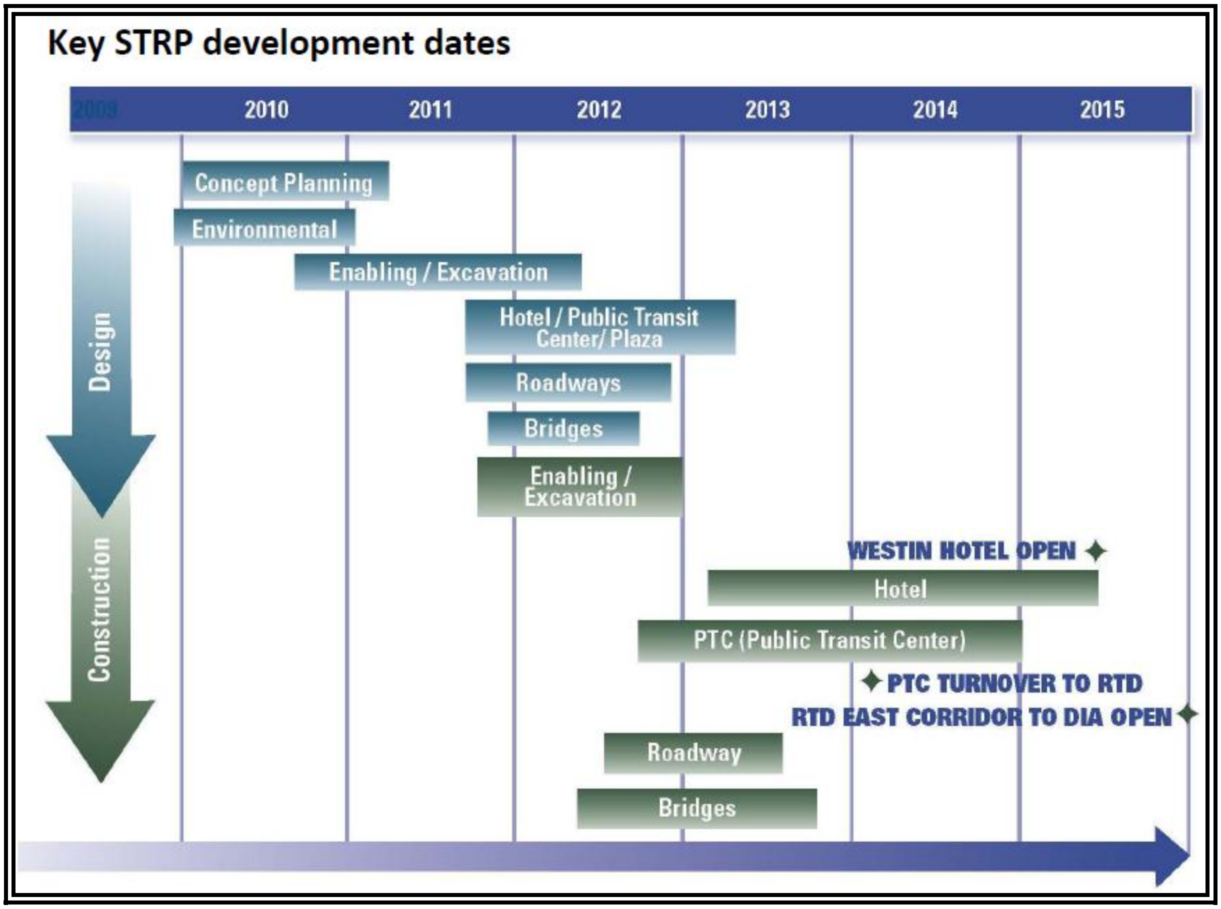
We have been provided with a Qualified Management Agreement dated April 11, 2011. The QMA is by and between the City and County of Denver, Colorado for and on behalf of its Department of Aviation, a Colorado municipal corporation (the "Owner") and Westin DIA Operator, LLC, a Delaware limited liability company authorized to do business in the State of Colorado ("Hotel Manager"). The term of this agreement is 15 years, commencing on the opening date. The QMA stipulates a base management fee, subordinate management fee, and subordinate reserve for capital expenditures. A more detailed discussion of these fees is presented in Sections III and V of this report.

3. Important Dates

This analysis has been prepared based on the assumption that the proposed hotel will be completed and open for business on August 1, 2015. Christopher A. Kraus, MAI, and Catherine E. Bolstad have inspected the Subject site on numerous occasions in conjunction with this assignment, as well as previous assignments completed for the DIA for this project in 2009, 2010, and 2011. Our fieldwork for this particular assignment was conducted in July 2012 and this report was written in July and August 2012.

4. Development Timeline

The proposed Subject is projected to open and be available for occupancy on August 1, 2015. Presented below is a development timeline for the overall project provided to us by Piper Jaffray.



5. Scope and Methodology

In conducting the study, we:

- Inspected the proposed Subject site and assessed the characteristics of the site on factors such as accessibility, visibility, and location relative to demand generators on the marketability, and likely market mix of the project;

- Researched and analyzed current economic and demographic trends in the greater Denver MSA to determine the impact on future lodging demand in the market;

- Identified the competitive lodging supply located in the local market area and interviewed managers of many of these competitive hotels. We also reviewed the historical performance levels for each of the hotels in the identified competitive supply;

- Estimated the anticipated growth in demand for, and supply of, lodging accommodations in the competitive market area;

- Prepared a ten-year forecast of future lodging demand, market segmentation and occupancy rate for the identified competitive market;

- Developed a forecast of the likely occupancy levels and average daily room rates ("ADR") the Subject could reasonably achieve over its first ten years of operation (2015 to 2024); and,

- Developed a statement of estimated annual operating results of revenues, expenses, and the net operating income before the deduction of interest, amortization, and depreciation for the first ten years of operation for the proposed Subject. We based our analysis upon our review of the financial operating performance of six comparable in-terminal hotels located throughout North America, five comparable Westin hotels located throughout the U.S., and on our own general knowledge of the operating performance of upper upscale, full-service hotels in the Denver region.

Several sources were used in compiling the background information and preparing the analyses contained in this report. These resources included *Trends in the Hotel Industry*, published by PKF Consulting USA; *Hotel Horizons*®, published by PKF Hospitality Research; data on the local lodging market gathered through direct interviews with managers of the competitive properties; data provided by sources in the lodging chains with which competitive properties are affiliated; and, economic data on the region from various local governmental and planning entities.

B. SUMMARY OF CONCLUSIONS

Based on the work program outlined above, we have developed an estimate of the potential future operating performance of the proposed 519-room Westin. The results of our research and analyses are summarized in the following statements.

- The Denver MSA has experienced expansion in many sectors and continues to attract commercial business. Economic indicators such as population and employment growth, commercial office space absorption, and increased airport passenger traffic all reflect the steady growth of the Denver MSA. Despite the recent economic downturn, Denver continues to benefit from its designation as the hub for the U.S., and DIA currently receives one of the highest levels of passenger volume across airports nationwide, which is anticipated to benefit the proposed Subject in the future.

- The proposed Subject will benefit from its affiliation with Starwood Hotels and Resorts as an upper upscale Westin hotel. The proposed Subject will represent the only full-service Starwood hotel in the Denver International Airport lodging market.

- The hotels that form the overall identified competitive market achieved occupancy levels in the low 60s to low 70s from 2007 to 2011. Growth in average daily room rate (ADR) of 5.5 percent was achieved in 2008 before ADR declined 10.8 percent in 2009 as a result of the economic downturn. In 2010 and 2011, the competitive market achieved ADR growth of 4.2 percent per annum. Demand increased through YTD June 2012 while ADR remained relatively unchanged. Presented in the following table is the historical and projected performance of the identified competitive market.

Competitive Hotel Market
Historical and Projected Growth in Supply and Demand
2012 to 2019

Year	Total Supply[1]	Total Demand[2]	Market Occupancy
2007	1,794,340	1,263,201	70%
2008	1,868,070	1,313,504	70%
2009	1,892,525	1,210,102	64%
2010	1,948,735	1,351,501	69%
2011	2,161,165	1,535,193	71%
2012	2,161,165	1,564,300	72%
2013	2,161,165	1,556,100	72%
2014	2,245,480	1,571,900	70%
2015	2,324,320	1,627,100	70%
2016	2,434,915	1,704,400	70%
2017	2,434,915	1,704,500	70%
2018	2,434,915	1,704,500	70%
2019	2,434,915	1,704,400	70%
CAGR	**1.7%**	**1.2%**	**-**

Note: CAGR (Compound Annual Growth Rate 2012 to 2019)
[1] Total Supply equals annual room nights available
[2] Total demand equals annual room nights occupied
Source: **PKF Consulting USA**

- The Subject will be positioned as an upper upscale hotel that will cater primarily to the transient and group market segments. Specifically, we estimate the Subject will have a market mix comprised of 60 percent transient demand, 30 percent group demand, and 10 percent contract/crew demand.

- The proposed Subject is estimated to achieve above its fair share of market demand beginning in the second full year of operation. We estimate that the Westin will achieve a stabilized occupancy of 74 percent in the third full year of operation with an average rate of $180 expressed in 2012 value dollars. The following table reflects the estimated occupancy, market penetration, and average daily rate ("ADR") for the Subject's first five years of operation beginning August 1, 2015.

Estimated Occupancy, Market Penetration, and ADR
Calendar Years 2015 to 2019

Year	Occupancy	Market Penetration	ADR
2015[1]	68%	94%	$209
2016	72%	100%	$224
2017	74%	106%	$231
2018	74%	106%	$238
2019	74%	106%	$245

[1] 2015 represents a stub year beginning August 1, 2015 and ending December 31, 2015

Source: **PKF Consulting USA**

- Based on the projected occupancy and ADR for the proposed Subject, and our estimates of other operating revenues and expenses, we have projected the net operating income for the proposed Westin for a ten-year holding period beginning August 1, 2015. The following table summarizes the results of our analysis.

Summary of Estimated Annual Operating Results			
Year	Total Revenue	Net Operating Income[1]	Ratio to Total Revenues
2015[2]	$16,495,000	$5,839,000	35.4%
2016	44,367,000	17,314,000	39.0%
2017	47,008,000	17,997,000	38.3%
2018	48,427,000	17,178,000	35.5%
2019	49,860,000	17,046,000	34.2%
2020	51,307,000	16,485,000	32.1%
2021	52,909,000	16,503,000	31.2%
2022	54,523,000	17,022,000	31.2%
2023	56,154,000	16,972,000	30.2%
2024	57,799,000	17,447,000	30.2%

[1] Income before the deduction of depreciation, interest, amortization, and income taxes, but after the deduction of a reserve for capital replacement, a subordinate management fee, and a subordinate reserve for capital expenditures. This income excludes the deduction of property taxes.

[2] 2015 represents a stub year beginning August 1, 2015 and ending December 31, 2015

SECTION II

AREA AND NEIGHBORHOOD REVIEW

A. INTRODUCTION

For the financial feasibility and analysis of a hotel and related developments, the projected earnings stream is often influenced by factors that can be broadly categorized as economic, governmental, social, and environmental. It is, therefore, necessary to evaluate the dynamics of these factors within a market to understand their effect on the financial feasibility of such projects.

The proposed Westin will be located at the south terminal of the Denver International Airport. Presented in the following paragraphs is a brief discussion of economic and social factors affecting the Subject.

B. AREA REVIEW

In analyzing the Subject, it is necessary to understand the current state of the U.S. economy. The United States fell into the worst recession since the 1930s beginning in December 2007. The downturn was exacerbated by the financial crisis that took hold of markets in September 2008. The U.S. economy was essentially in decline until approximately August 2009 when experts claim that the recession likely ended. Over this period, employers eliminated approximately eight million jobs, the largest drop in any post-World War II economic downturn. Credit was largely unavailable as banks worldwide recorded approximately $1.6 trillion of losses and write-downs since the start of 2007.

Following the official end of the recession in August 2009, U.S. Gross Domestic Profit (“GDP”) posted an annually adjusted gain of approximately 3.8 percent in the fourth quarter of 2009; however, the annual GDP declined by (3.5) percent for all of 2009. The real GDP then increased by an annualized rate of 3.0 percent in 2010. However, with the unexpected slowdown in the economy, GDP increased by only an annualized gain of 1.8 percent in 2011. According to Moody’s Analytics, GDP is forecast to increase by 2.6 percent in 2012 and by 3.3 percent in 2013.

The unemployment rate for the U.S. rose to 8.2 percent in June 2012 unchanged from the prior month, due in part to weak national job growth. Unemployment levels above eight percent remain an area of concern for the recovery of the U.S. economy.

An additional area of significant concern is the federal government’s fiscal policy. The federal deficit has increased from approximately $459 billion in 2008 to $1.3 trillion in fiscal year 2011. With this looming deficit, much of the focus in Washington is centered on the balance between increasing revenues by raising taxes and cutting costs by reducing the size and cost of government and entitlement programs such as Social Security and Medicare. In early August 2011, last-minute legislation was signed into law by the President to raise the debt ceiling and reduce the Federal deficit. However, as a result of the political turmoil surrounding this decision and ongoing fiscal concern for the U.S., Standard and Poor's ("S&P") downgraded their AAA+ credit rating for the U.S. to AA+ resulting in escalating fears of the U.S. slipping back into recession and negatively impacting the global financial markets.

Coinciding with the sluggish recovery of the U.S. economy are the growing concerns over the "Euro Zone" as the countries of Greece, Spain, and Italy struggle with significant debt crises. As of the date of this report, many professional economists are concerned about the threat of a second global slowdown.

It should be noted that global economic forecasting is beyond the scope of this assignment. While there are numerous factors, both economic and geopolitical, that could continue to stall a global and national recovery or further induce a double dip recession, for the purpose of this analysis we have assumed that countries around the world will take the necessary steps to avoid a second recession, and have therefore based our analysis on an ongoing gradual recovery of the national economy over the forecast period.

In addition to understanding the issues affecting the U.S. economy, it is also necessary to review the dynamics of the local market. Presented in the following paragraphs is a brief overview of the local socio-economic factors directly or indirectly impacting the performance of the proposed Subject.

1. State of Colorado

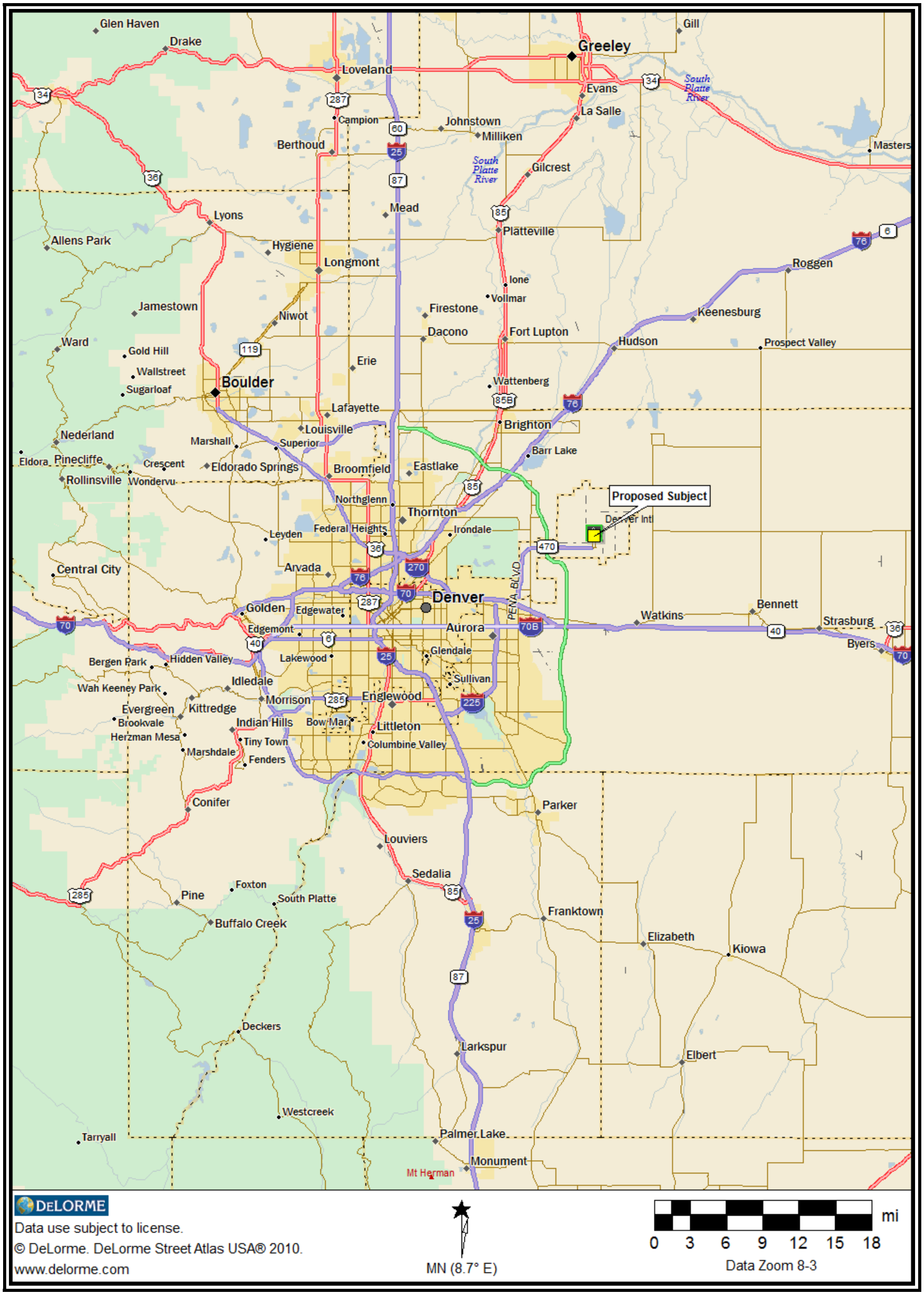
Colorado is the eighth largest State in the U.S. with a total land area of approximately 104,485 square miles. The State encompasses most of the Southern Rocky Mountains, the northeastern portion of the Colorado Plateau, and the western edge of the Great Plains. It is nicknamed the "Centennial State" because it was admitted to the Union as the 38th state in 1876, the centennial year of the United States Declaration of Independence. Colorado is bordered to the north by Wyoming and Nebraska, to the east by Nebraska and Kansas, to the south by Oklahoma and New Mexico, and to the West by Utah. The states of Colorado, New Mexico, Arizona, and Utah meet at one common point known as the Four Corners. Colorado is one of only three states with no natural borders.

Colorado is well known for its vivid landscape of mountains, plains, mesas, and canyons. The 30 highest major summits of the Rocky Mountains all lay within the State. Colorado is home to numerous national parks, forests, monuments, recreation areas, and wilderness/ wildlife refuge and conservation areas.

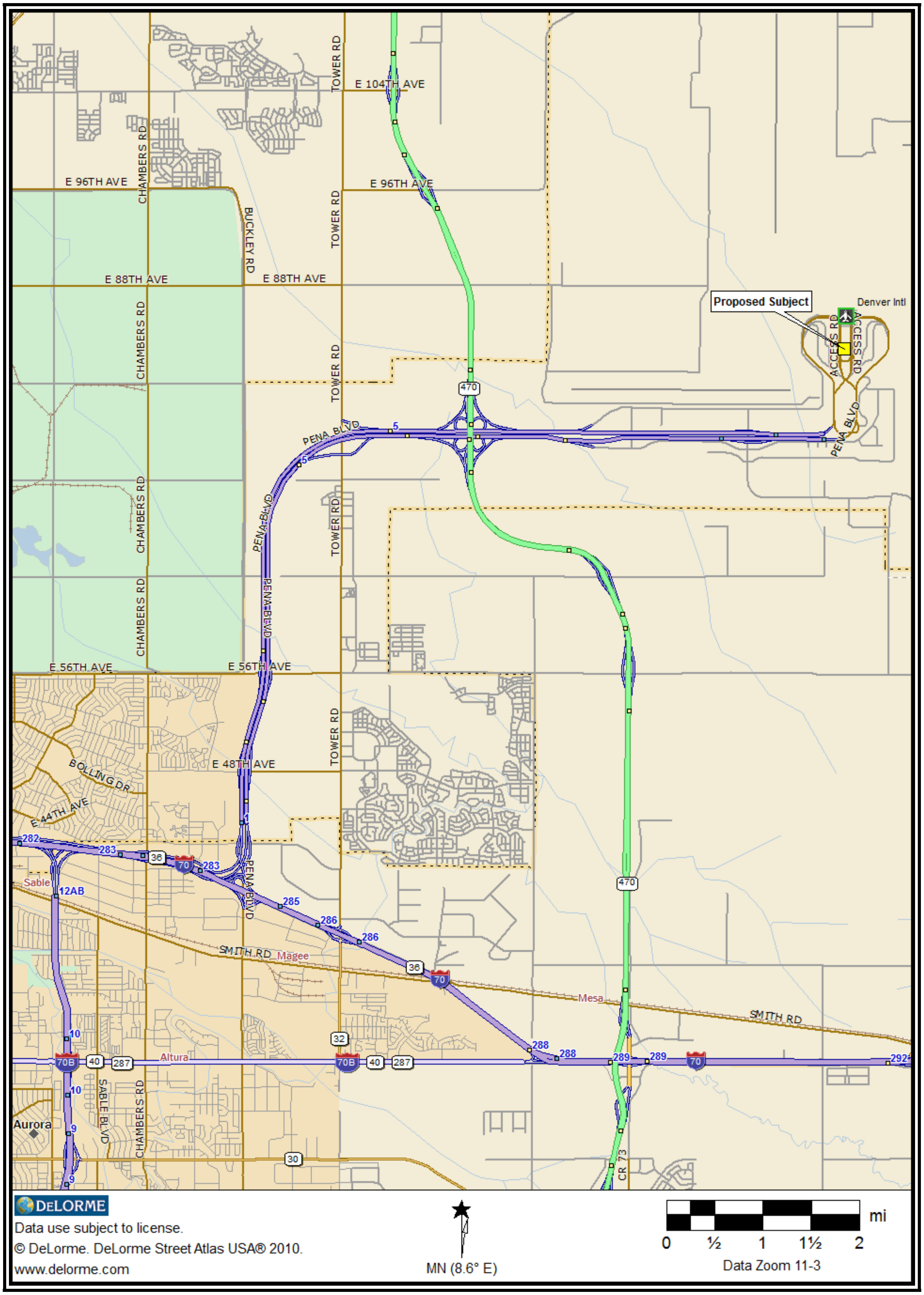
With regard to population, Colorado is ranked 22nd in the United States. As of 2010, the state population of Colorado was approximately 5,029,000, a 16.9 percent increase since 2000. Approximately 60 percent of the state population resides in the Denver-Aurora-Boulder Combined Statistical Area. In 2010, the median income of residents in Colorado from 2006-2010 was $56,456.

Agriculture, mining, and related support businesses are the backbone of Colorado's economy. Currently cattle, wheat, dairy products, corn and hay are the state's largest crops. However, Denver, the State Capitol of Colorado, is a rapidly growing City. Denver is the State's economic hub and benefits from its central location within the U.S. and has become a strategic location for federal, high-tech, commercial, financial, telecom, cultural, tourist and distribution services. More recently, demand for clean energy is helping spur growth in the State. This development and growth of clean energy companies in Colorado will increase Colorado's economic diversity, which will ultimately strengthen the State's economy going forward.

We have presented two maps indicating the location of the Subject site in relation to the surrounding region and local area on the following two pages.



Regional Map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Local Map

Presented in the following text is a more detailed discussion of the Denver-Aurora area.

2. Denver Metropolitan Statistical Area (MSA)

The Denver MSA is comprised of the seven counties of Adams, Arapahoe, Denver, Broomfield, Douglas, Jefferson, and Boulder. Denver, Boulder and Longmont are the major cities within the Denver MSA. As Denver has grown in recent years, more economic activity has spilled over into the adjoining Boulder submarket.

Denver is famous for its somewhat mild climate, extraordinary sightseeing opportunities, and performing arts orientation. The economy of Denver is well balanced, with strong representation by industries related to retail and wholesale trade, financial services, and tourism. The technology sector of Denver is growing, and manufacturers of electronic and aerospace items are located in this region.

Denver is continually listed in surveys and studies as one of the premier cities in which to conduct business. Denver has earned a place high on *Fortune Magazine's* list of "Best Cities for Business." With a central location, good infrastructure, and an excellent airport, Denver provides excellent access to both national and international markets. Mining once drove Denver's economy; now, due to Denver's strong pro-business climate, highly educated workforce, and a relatively low cost of living, business has diversified into telecommunications, aerospace, biomedical, and other high tech sectors. In addition, Denver enjoys over 300 days of sunshine annually, adding to the attraction of the City overall.

C. ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

1. Introduction

To assess the environment and economic and demographic factors in which the proposed Subject will operate, data was gathered from a number of different sources including various city and county agencies, as well as sources within the private sector. Analysis of this data provides a mean of measuring the economic climate in which the Subject functions. In the assessment of the general economic climate for a hotel to be located within the Denver International Airport lodging market, and specifically an in-terminal hotel, particular emphasis was placed on key indicators such as population, airport passenger volume, office space absorption, employment, and miscellaneous new developments.

2. Population

According to the U.S. Census Bureau, the City of Denver had a 2010 population of approximately 600,200 residents, representing an 8.2 percent increase over the 2000 year level. Denver is most populous city within a 500-mile radius and is the second largest city in the Mountain West and Southwest regions (after Phoenix). It is the 26th most populous U.S. city and has a density of 3,979 persons per square mile.

3. Employment

Due to Denver's central location and large size, it has become a primary site for the distribution of goods and services to the Mountain, Southwest, and Western States. Furthermore, several major companies have strong ties to the Denver area. Companies headquartered in Denver include Apartment Investment Management Company, the largest owner and operator of apartment communities in the country; MapQuest, an online map resource; and Molson Coors Brewing Company. Companies which began operations in Denver include Big O Tires, Russell Stover Candies, Inc, the luggage manufacturer Samsonite Corporation, and the jewelry chain The Shane Company. Presented below is a list of the top 20 employers in Denver as of year-end 2011.

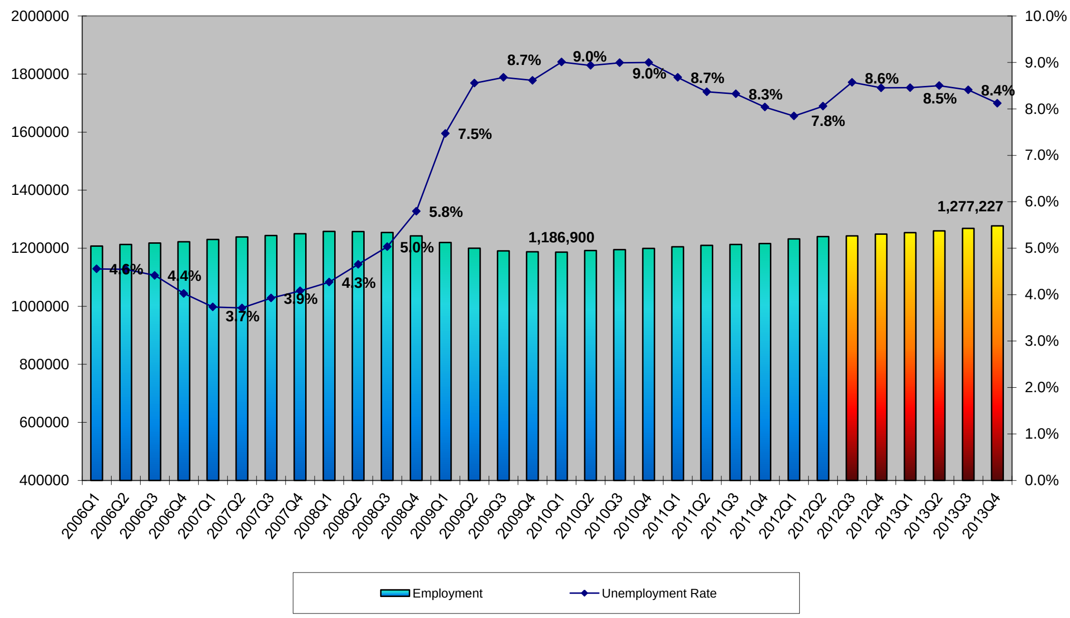
Major Employers in Denver

Employer	Industry	Employees
U.S. Government	Government	36,878
State of Colorado	Government	33,476
University of Colorado System	Education	15,205
Denver Public Schools	Education	13,587
City & County of Denver	Government	12,000
HealthONE Corporation	Healthcare	9,640
CenturyLink	Telecommunications	7,380
Exempla Healthcare	Healthcare	7,320
Lockheed Martin Corporation	Aerospace & Defense	7,220
Centura Health	Healthcare	6.370
Kaiser Permanente	Healthcare	5,870
Denver Health	Healthcare	5,331
Adams 12 Five Star Schools	Education	5,160
Aurora Public Schools	Education	5,000
DISH Network	Telecommunications	4,690
United Airlines	Transportation	4,310
Wells Fargo Bank	Financial Services	4,400
Boulder Valley School District	Education	4,335
University of Denver	Education	4,310

Source: **Metro Denver**

Given Denver's designation as state capitol, the U.S. Government represents the largest employer in Denver. The State of Colorado is the second largest employer. Presented in the following chart are the historical and projected employment statistics for the Denver MSA.

Denver MSA Employment Statistics



Source: Moody's Analytics

As noted, prior to the Great Recession, which occurred between December 2007 and August 2009, the Denver MSA experienced unemployment rates in the high 3.0 percent to mid-4.0 percent range. Since then, unemployment rates have fluctuated between the high 7.0 percent range and 9.0 percent. In the second quarter 2012, the unemployment rate was 8.1 percent with an employment base of approximately 1,240,500. Unemployment is projected to remain in the mid-8.0 percent range through the fourth quarter of 2013.

As of June 2012, Denver had an unemployment rate of 8.2 percent, up 0.1 percent in May 2012. As a point of comparison, the State of Colorado and the U.S. also indicated an unemployment rate of 8.2 percent during this same time.

4. Commercial Office Market

According to the *MarketView Report – Denver Office Second Quarter 2012* published by CB Richard Ellis, the Denver office market showed positive signs in the second quarter 2012. Improvements in vacancy and absorption bolstered gains achieved in the previous quarter. Notable increases in direct asking rates were also realized. With a recorded 605,617 square feet of positive net absorption, the overall Denver office market experienced a fifth straight quarter of increase in occupied space. The resulting direct vacancy rate was 14.2 percent. The total availability rate decreased in the second quarter to 21.4 percent. There is 911,000 square feet of office space currently under construction, most of which is located in the Downtown and Northwest submarkets. Lease rates of the local office market have increased notably and currently average $20.00 per square foot per year.

Denver Market Statistics

Market	Rentable Area	Direct Vacancy Rate %	Net Absorption SF	Under Construction SF	Average Asking Lease Rate -$ SF/ YR (Full Service)	Availability Rate %	Total Vacancy Rate %
Aurora	5,878,269	19.4%	50,081		$14.66	25.9%	19.6%
Boulder	5,811,264	10.5%	37,427		$18.38	17.2%	11.4%
Capital Hill	1,034,247	6.3%	10,998	38,000	$18.87	7.1%	6.3%
Cherry Creek	3,956,825	14.3%	(13,853)		$21.21	19.3%	14.4%
S. Colorado/Midtown	6,487,352	20.4%	(19,709)		$16.66	24.3%	20.4%
Downtown	25,613,020	11.4%	185,577	382,000	$26.05	21.3%	11.9%
Longmont	974,909	11.6%	15,222		$14.63	18.6%	11.9%
North	2,303,342	20.4%	(4,394)		$14.53	35.7%	21.9%
Northeast	830,790	17.9%	(10,416)		$16.89	27.0%	19.8%
Northwest	7,541,180	16.5%	25,135	311,000	$21.77	24.9%	18.3%
Southeast	33,459,513	13.8%	350,587	180,000	$19.10	19.4%	14.4%
Southwest	5,669,818	11.9%	(68,295)		$17.00	18.2%	12.1%
West	7,094,005	16.6%	21,268		$17.92	24.7%	17.5%
West Hamp-Alameda	999,668	22.3%	25,989		$13.90	25.8%	22.3%
Denver	**107,654,202**	**14.2%**	**605,617**	**911,000**	**$20.00**	**21.4%**	**14.8%**

Source: CB Richard Ellis

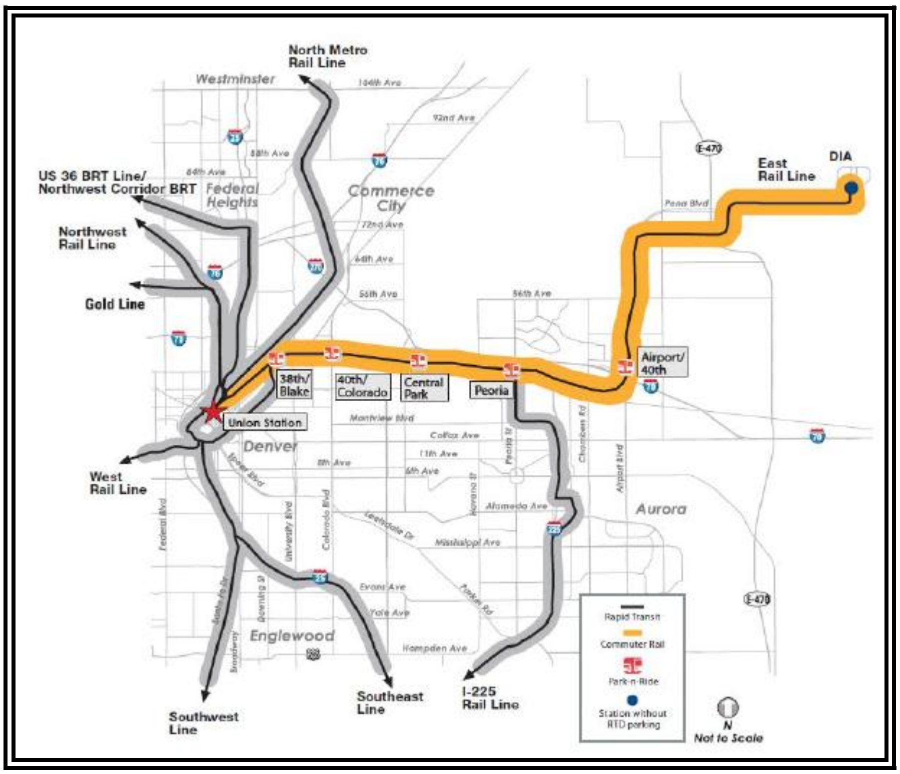
The proposed Subject is located in the Aurora submarket. The Aurora submarket had a rentable area of 5,878,269 and a direct vacancy rate of 19.4 percent as of the second quarter 2012. This vacancy rate is approximately five percentage points above the direct vacancy rate of the overall Denver office market. The average asking lease rate for the Aurora office market was $14.66 per square foot per year. The total vacancy rate was 19.6 percent, above the total vacancy rate for the overall Denver office market.

5. Transportation

Denver is primarily served by Interstates I-25 and I-70. I-70 runs east-west from Utah to Kansas. I-25 runs north-south from the New Mexico border through Denver to the Wyoming border. I-225 traverses neighboring Aurora and connects with I-25 in the southeastern corner of Denver. Additionally, I-76 begins from I-70 just west of the City of Arvada. It intersects I-25 north of the City and runs northeast to Nebraska where it ends at I-80. US Route 6 connects Downtown Denver to the suburb of Golden.

Mass transportation throughout the Denver-Aurora metropolitan area is managed and coordinated by the Regional Transportation District ("RTD"). RTD currently operates more than 1,000 buses serving 10,000 bus stops in 38 municipal jurisdictions. Additionally, RTD operates two light rail lines (the C Line and D Line) with a total of 15.8 miles of track, serving 24 stations.

A component of the $500 million DIA project is the extension of the RTD FasTracks rail line. The East Rail line is a 22.8-mile commuter rail transit corridor that will operate between the downtown Denver Union Station and DIA. In addition to connecting these two vital areas of the Denver region, the rail line will also serve adjacent employment centers, neighborhoods and development areas in Denver and Aurora. A map with the East Rail line highlighted in yellow is presented below.



The RTD rail line podium will be located on Level 1 of DIA and the Subject hotel. It As a result, riders will have access to the proposed Subject and the airport by way of escalators and elevators. This rail line will benefit the proposed Subject tremendously given the ease of access to the many attractions of downtown Denver, including the convention center, thus providing guests direct access to downtown with the convenience of an airport location.

6. Denver International Airport

Domestic and international air travel activity within the MSA indicated stability of the transportation and infrastructure of the MSA to bring demand for hotel rooms by commercial, leisure, and convention travelers.

The Denver metro area is serviced by DIA, which opened on February 28, 1995. The $4.9 billion, 53 square mile facility is now the largest airfield of any US airport and is designed to incorporate the latest technology and safety. In addition, the airport has developed an accomplished record for on-time performance, safety, and convenience. In 2000, the United States Department of Transportation granted $21.5 million to Denver International Airport for construction of a sixth runway. The purpose of this runway is to increase the number of international flights that can be accommodated, as well as ensure that the airport is operating efficiently. In 2011, DIA ranked as the 15th busiest airport worldwide. DIA ranked as the fifth busiest airport nationwide in 2010 (the most recent information available).

In the table below we have provided airport passenger statistics at the Denver International Airport (DIA) from 2000 through 2011, as well as year-to-date (YTD) April 2011 and 2012.

Denver Air Travel Traffic

	Domestic			International				Percentage
Year	**Inbound**	**Outbound**	**Subtotal**	**Inbound**	**Outbound**	**Subtotal**	**Total**	**Change**
2000	18,926,570	18,963,023	37,889,593	432,121	429,973	862,094	38,751,687	-
2001	17,626,640	17,634,502	35,261,142	420,057	411,607	831,664	36,092,806	-6.9%
2002	17,432,875	17,447,202	34,880,077	389,645	382,362	772,007	35,652,084	-1.2%
2003	18,263,806	18,296,014	36,559,820	480,453	464,865	945,318	37,505,138	5.2%
2004	20,517,023	20,546,850	41,063,873	614,948	597,092	1,212,040	42,275,913	12.7%
2005	20,872,569	20,910,073	41,782,642	812,969	791,902	1,604,871	43,387,513	2.6%
2006	22,693,908	22,728,322	45,422,230	967,286	937,036	1,904,322	47,326,552	9.1%
2007	23,810,915	23,862,374	47,673,289	1,111,484	1,078,579	2,190,063	49,863,352	5.4%
2008	24,485,128	24,560,170	49,045,298	1,109,963	1,090,073	2,200,036	51,245,334	2.8%
2009	24,092,818	24,183,236	48,276,054	946,634	944,797	1,891,431	50,167,485	-2.1%
2010	24,992,757	25,071,981	50,064,738	967,359	952,941	1,920,300	51,985,038	3.6%
2011	25,531,777	25,603,170	51,134,947	861,560	852,625	1,714,185	52,849,132	1.7%
CAGR	**-**	**-**	**2.8%**	**-**	**-**	**6.4%**	**2.9%**	**-**
YTD 4/11	7,746,506	7,829,542	15,576,048	326,169	319,369	645,538	16,221,586	-
YTD 4/12	7,801,265	7,852,346	15,653,611	302,298	304,051	606,349	16,259,960	0.2%

Source: Denver International Airport Business Center

As noted, passenger volume has increased to its highest level over this twelve-year period to approximately 52.849 million in 2011. Of this total, international enplanements and deplanements totaled approximately 1.714 million. Passenger volume increased at a compound annual growth rate of 2.9 percent between 2000 and 2011. Through YTD April 2012, passenger volume increase 0.2 percent over prior year levels. The international passenger volume represented approximately 3.2 percent of overall passenger volume in 2011. The ratio of international travel to domestic travel was highest between 2006 and 2008 and is assumed to be partially attributable to the weak U.S. dollar during this time.

Presented below is a table that summarizes total passengers by airline for year-end 2010 and 2011. As can be noted, United Airlines (23.67 percent market share), Southwest Airlines (21.17 percent market share), and Frontier Airlines (17.83 percent market share) held the top three largest market share percentages at DIA in 2011.

Summary of Total Passengers by Airline (2010 and 2011)

	December 2011 vs. 2010				Year To Date					
Airline (1)	2011	2010	Increase/ Decrease	% Incr./ Decr.	2011 (3)	Mkt Share 2011	2010 (2)	Mkt Share 2010	Increase/ Decrease	% Incr/ Decr.
Aerovias de Mexico S.A. de C.V.	3,920	1,677	2,243	133.8%	12,978	0.02%	25,473	0.05%	(12,495)	-49.1%
Air Canada	11,980	10,850	1,130	10.4%	168,385	0.32%	158,245	0.30%	10,140	6.4%
AirTran Airways, Inc.	19,240	24,059	(4,819)	-20.0%	305,225	0.58%	367,276	0.71%	(62,051)	-16.9%
Alaska Airlines, Inc.	25,846	24,370	1,476	6.1%	355,586	0.67%	420,173	0.81%	(64,587)	-15.4%
Allegiant Air, Inc.	420	69	351	508.7%	4,723	0.01%	1,798	0.00%	2,925	162.7%
American Airlines, Inc.	103,119	104,149	(1,030)	-1.0%	1,252,162	2.37%	1,408,578	2.71%	(156,416)	-11.1%
American Eagle Airlines, Inc.	21,279	17,908	3,371	18.8%	229,326	0.43%	60,514	0.12%	168,812	279.0%
Atlantic Southeast Airlines	213	3,571	(3,358)	-94.0%	18,027	0.03%	21,899	0.04%	(3,872)	-17.7%
Atlantic Southeast/Continental Exp.	0	0	0	0.0%	445	0.00%	0	0.00%	445	100.0%
Atlantic Southeast/United Exp.	0	0	0	0.0%	58,688	0.11%	0	0.00%	58,688	100.0%
British Airways, Plc	12,839	10,923	1,916	17.5%	165,897	0.31%	157,770	0.30%	8,127	5.2%
Casino	0	295	(295)	-100.0%	213	0.00%	2,015	0.00%	(1,802)	-89.4%
Comair/Delta Connection	394	1,557	(1,163)	-74.7%	35,241	0.07%	12,412	0.02%	22,829	183.9%
Compania Mexicana de Aviacion, S.A. de C.V.	0	0	0	0.0%	0	0.00%	40,876	0.08%	(40,876)	-100.0%
Compass Airlines	0	294	(294)	-100.0%	69	0.00%	294	0.00%	(225)	-76.5%
Continental Airlines, Inc. (4)	183,408	110,308	73,100	66.3%	1,759,296	3.33%	1,098,644	2.11%	660,652	60.1%
Delta (Int'l)	0	0	0	0.0%	310	0.00%	0	0.00%	310	100.0%
Delta Air Lines, Inc.	150,119	148,474	1,645	1.1%	1,948,827	3.69%	2,045,165	3.93%	(96,338)	-4.7%
ExpressJet, Inc./Continental Express	0	589	(589)	-100.0%	0	0.00%	8,346	0.02%	(8,346)	-100.0%
ExpressJet/United Express	143,820	0	143,820	100.0%	1,334,188	2.52%	3,504	0.01%	1,330,684	37976.1%
Frontier Airlines, Inc.	813,992	624,092	189,900	30.4%	9,420,667	17.83%	8,453,121	16.26%	967,546	11.4%
Frontier Int'l	33,581	35,536	(1,955)	-5.5%	319,088	0.60%	328,725	0.63%	(9,637)	-2.9%
Frontier/Republic	149,910	182,779	(32,869)	-18.0%	1,970,204	3.73%	1,719,231	3.31%	250,973	14.6%
Frontier/Republic Int'l	0	0	0	0.0%	2,294	0.00%	0	0.00%	2,294	100.0%
GoJet Airlines, LLC	60,719	49,479	11,240	22.7%	681,662	1.29%	389,425	0.75%	292,237	75.0%
GoJet Int'l.	2,487	0	2,487	100.0%	45,746	0.09%	0	0.00%	45,746	100.0%
Great Lakes Aviation, LTD.	41,174	38,928	2,246	5.8%	494,288	0.94%	449,016	0.86%	45,272	10.1%
Interjet	0	0	0	0.0%	0	0.00%	431	0.00%	(431)	-100.0%
JetBlue Airways Corporation	21,282	16,136	5,146	31.9%	256,766	0.49%	233,448	0.45%	23,318	10.0%
Lufthansa German Airlines	16,213	15,800	413	2.6%	201,136	0.38%	191,664	0.37%	9,472	4.9%
Lynx Aviation	0	32,379	(32,379)	-100.0%	60,984	0.12%	623,913	1.20%	(562,929)	-90.2%
Mesa/UAX	0	0	0	0.0%	0	0.00%	165,426	0.32%	(165,426)	-100.0%
Mesa/US Airways Express	1,069	337	732	217.2%	4,437	0.01%	1,955	0.00%	2,482	127.0%
Mesaba/Delta Connection	13,555	5,980	7,575	126.7%	117,667	0.22%	172,080	0.33%	(54,413)	-31.6%
Miami Air International, Inc.	0	0	0	0.0%	0	0.00%	741	0.00%	(741)	-100.0%
Midwest Airlines, Inc.	0	0	0	0.0%	0	0.00%	50,425	0.10%	(50,425)	-100.0%
Miscellaneous	3	0	3	100.0%	3	0.00%	0	0.00%	3	100.0%
Miscellaneous - International	2	0	2	100.0%	242	0.00%	314	0.00%	(72)	-22.9%
Pinnacle/Delta Connectioin	132	0	132	100.0%	132	0.00%	0	0.00%	132	100.0%
Ryan International Airlines, Inc.	0	0	0	0.0%	647	0.00%	88	0.00%	559	635.2%
Shuttle America	51,764	62,672	(10,908)	-17.4%	660,767	1.25%	780,645	1.50%	(119,878)	-15.4%
Shuttle America/UAX Int'l.	9,211	14,932	(5,721)	-38.3%	113,403	0.21%	208,962	0.40%	(95,559)	-45.7%
SkyWest Airlines, Inc.	339,042	517,552	(178,510)	-34.5%	4,860,551	9.20%	6,185,418	11.90%	(1,324,867)	-21.4%
SkyWest Airlines/UAX Int'l.	33,644	35,106	(1,462)	-4.2%	441,228	0.83%	422,120	0.81%	19,108	4.5%
SkyWest/Delta Connection	21,174	31,179	(10,005)	-32.1%	339,296	0.64%	301,715	0.58%	37,581	12.5%
Southwest Airlines Co.	936,255	862,077	74,178	8.6%	11,185,877	21.17%	9,415,876	18.11%	1,770,001	18.8%
Sun Country	0	91	(91)	-100.0%	2,740	0.01%	2,689	0.01%	51	1.9%
Trans States Airlines/UAX	0	0	0	0.0%	0	0.00%	122,861	0.24%	(122,861)	-100.0%
United Air Lines, Inc. (4)	937,304	1,103,610	(166,306)	-15.1%	12,506,854	23.67%	14,354,346	27.61%	(1,847,492)	-12.9%
United Int'l (4)	12,362	20,903	(8,541)	-40.9%	122,865	0.23%	385,720	0.74%	(262,855)	-68.1%
United Int'l Pre-clear (4)	5,236	0	5,236	100.0%	120,613	0.23%	0	0.00%	120,613	100.0%
US Airways, Inc.	119,788	100,825	18,963	18.8%	1,269,389	2.40%	1,191,701	2.29%	77,688	6.5%
Totals	4,296,496	4,209,486	87,010	2.1%	52,849,132	100.0%	51,985,038	100.0%	864,094	1.7%
Deplaned Passengers	2,166,019	2,122,411	43,608	2.1%	26,393,337		25,960,116		433,221	1.7%
Enplaned Passengers	2,130,477	2,087,075	43,402	2.1%	26,455,795		26,024,922		430,873	1.7%
Total Passengers	4,296,496	4,209,486	87,010	2.1%	52,849,132		51,985,038		864,094	1.7%

Source: Denver International Airport Business Center

Presented in the following table are the projected passenger enplanements at DIA from 2012 through 2018.

Projected Enplaned Passengers by Airline (Baseline Projections)							
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
United Airlines Group							
Mainline	7,018,000	7,116,000	7,209,000	7,297,000	7,378,000	7,452,000	7,521,000
United Express	4,358,000	4,434,000	4,517,000	4,608,000	4,707,000	4,815,000	4,930,000
Subtotal	11,376,000	11,550,000	11,726,000	11,905,000	12,085,000	12,267,000	12,451,000
Frontier	5,722,000	5,800,000	5,878,000	5,958,000	6,040,000	6,123,000	6,207,000
Southwest	5,750,000	5,947,000	6,129,000	6,296,000	6,467,000	6,634,000	6,805,000
Other	4,376,000	4,458,000	4,544,000	4,629,000	4,717,000	4,807,000	4,895,000
Subtotal	15,848,000	16,205,000	16,551,000	16,883,000	17,224,000	17,564,000	17,907,000
Total	**27,224,000**	**27,755,000**	**28,277,000**	**28,788,000**	**29,309,000**	**29,831,000**	**30,358,000**

Source: Denver International Airport

Total passenger enplanements are projected to increase from approximately 27.224 million in 2012 to 30.358 million in 2018. The United Airlines Group is estimated to accommodate approximately 41.0 percent of total passenger enplanements.

The proposed Subject is part of a $500 million expansion at DIA. An adjunct terminal is being built next to the Jeppesen terminal and will house a railway station, to be run by RTD's FasTracks systems, as stated previously in this section, and a 519-room hotel (the proposed Subject). The rail link will provide a direct linkage between downtown Denver and the airport. The hotel component of this project is projected to be completed in August 2015.

One of the biggest advantages DIA has over other U.S. international airports is its potential for expansion. With a significant amount of vacant space surrounding the airport, we understand that there is the potential to build six additional runways as well as additional gates to the existing and new concourses. This potential build-out can only serve to benefit the proposed Subject immensely as passenger traffic increases in the coming years and decades. Should DIA continue to be built out, we understand that the development of additional hotels would be considered to accommodate an increase in passenger traffic and lodging demand.

7. Colorado Convention Center

The $126.3 million Colorado Convention Center was completed in the spring of 1990 and became a strong influence on the area lodging industry, acting as both a major generator of room nights downtown and room night compression citywide. Currently, the convention center contains a 292,000 square foot exhibit hall, which features clear span seating for 7,000 people. At street level, the convention center maintains 65,000 square feet of meeting space contained in 46 rooms. In addition, the center features 46,250 square feet of registration space. Below the ground floor is a 35,000 square foot sunken ballroom that is divisible and features 30-foot ceiling heights.

With limited square footage of exhibition space relative to other major urban destinations, the Colorado Convention Center accommodates primarily regional corporate and association groups. Through year-end 2012, there are 438 definite events that have generated approximately 585,000 room nights throughout the Denver area. The City of Denver is a popular destination for groups due to its central location within the U.S. For this reason, the proposed Subject with approximately 29,000 square feet of meeting space is expected to benefit greatly from group traffic that originates from both east and west coasts. While the proposed Subject is not anticipated to compete with the downtown market for conventions, it will certainly benefit from compression from the downtown market with the ease of commuting via the RTD rail line.

8. Tourism

Tourism is a strong component of the Denver MSA economy. Denver is 20 miles east of the Rocky Mountain region, the gateway to some of the world's most renowned national parks and ski resorts, as well as nationally acclaimed sports centers and tourist attractions. Visitors to the Denver area enjoy a wide variety of entertainment and recreational activities. Attractions in Denver include: Six Flags Elitch Gardens Theme Park; Heritage Square; Water World; Colorado's Ocean Journey; the fossils of Dinosaur Ridge; and, a network of beer breweries.

The Denver Performing Arts Complex is the second largest such center in the nation, after Lincoln Center in New York. Sporting activities, including river running, hiking, and mountain biking, are popular among Denver tourists due to the sunny climate and extensive park system in the area. Denver is also home to professional sports teams, including the NFL Broncos, NBA Nuggets, major league baseball Rockies, and the NHL Avalanche. The following table highlights some of the top Denver attractions.

Top Denver Attractions	
Attraction	Location
Cherry Creek Shopping Center	Denver
16th Street Mall	Downtown Denver
LoDo Historic District	Downtown Denver
Castle Rock Factory outlets Science/IMAX	Castle Rock
Denver Zoo Museum	Denver
Colorado State Capitol	Downtown Denver
Park Meadows Retail Resort	Littleton
Flatirons Crossing Mall	Bloomfield
Colorado Rockies	Downtown Denver
Coors Brewery	Golden
Denver Pavilions	Downtown Denver
Denver Museum of Nature & Science	Denver
Red Rock Amphitheater	Morrison
Buffalo Bill's Grave	Golden
Larimer Square	Downtown Denver
Source: Longwoods Report	

In addition, Denver has realized significant growth in tourist-related facilities over the past several years. Most noteworthy is the opening of three new stadiums: 76,000-seat Invesco Field at Mile High for the NFL Denver Broncos; 50,000-seat Coors Field for the MLB Colorado Rockies; and, 20,000-seat Pepsi Center for the NHL Colorado Avalanche and NBA Denver Nuggets. In addition, Ocean Journey, a world class $93-million aquarium and $125 million Six Flags at Elitch Garden downtown amusement park also represent popular tourist attractions.

The lower downtown Denver area, known as “LoDo,” has been completely restored. LoDo is bounded by Larimer Street on the southeast and the Central Platte Valley on the northwest. This area is known for its numerous restaurants, nightclubs, and art galleries. Completion of Coors Field in 1995 sparked extensive redevelopment, with warehouses originally constructed in the late-1800s being converted to restaurants, residential lofts, and night clubs. Over 40 restaurants have opened since 1995, mostly near Coors Field revitalizing the downtown area with new residential projects, retail and the aforementioned dining options.

D. AREA SUMMARY

The Denver MSA has experienced expansion in many sectors and continues to attract commercial business. Economic indicators such as population and employment growth, commercial office space absorption, and increased airport passenger traffic all reflect the steady growth of the Denver MSA. Denver is projected to continue to experience growth going forward, thus benefiting the proposed Subject upon completion.

SECTION III

PROPERTY DESCRIPTION

A. INTRODUCTION

In the following section, we have provided a description of the Subject site, immediate neighborhood, and proposed improvements of the 519-room Westin. Site plans, floor plans, and renderings of the proposed Subject are presented throughout this section.

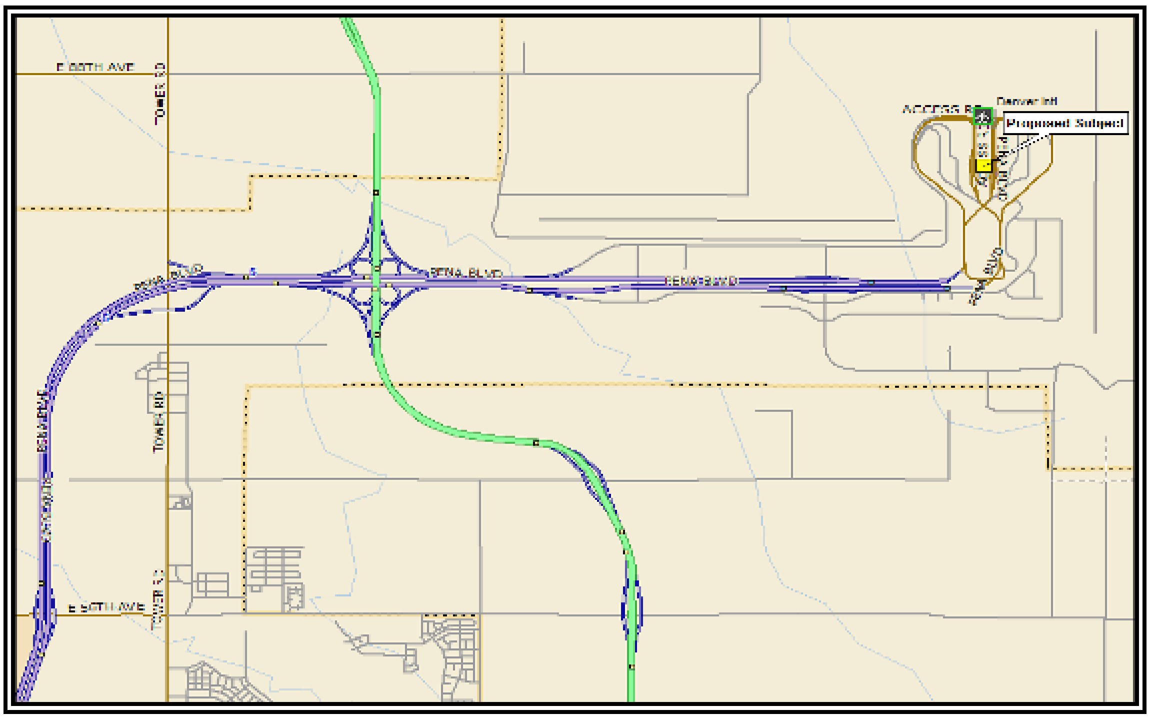
B. SITE DESCRIPTION

1. Location, Access, and Visibility

The Subject site is located at the south terminal of the Denver International Airport (DIA), the area pictured in the photographs below. DIA is located in a remote area of Denver-Aurora, approximately 25 miles from downtown and approximately seven miles from the closest amenities such as lodging facilities and restaurants along Tower Road. DIA is surrounded by many acres of vacant airport-owned land, and, therefore, has excellent visibility from surrounding thoroughfares.

Presented below is an aerial view of the Subject site which is outlined in red. A neighborhood map is presented below the aerial view.

Aerial View



Neighborhood Map

The Subject site is easily accessible from Interstate 70, which connects to Interstates 270 and 25. In western Colorado, Interstate 70 ("I-70") connects the metropolitan areas of Grand Junction and Denver via a route through the Rocky Mountains; it is an east-west thoroughfare. In eastern Colorado, I-70 crosses the Great Plains, connecting Denver with metropolitan areas in Kansas and Missouri. To reach the proposed Subject by automobile from the west, one would travel east on I-70 and take a slight right onto Pena Boulevard. After traveling approximately 12 miles, Pena Boulevard leads directly to DIA. It is anticipated that there will be an exit ramp leading directly to the entrance point of the proposed Subject upon completion of the overall development.

The main vehicular access point to the hotel will be on the west side of the development on Level 1. This access point will be covered by a porte-cochere. Guests will have the option of valet parking or self-parking. The proposed Subject will be connected to the main terminal. As such, arriving passengers on the RTD rail line will be able to access the hotel via elevators and escalators at the south end of the airport. With RTD access, it is anticipated that a majority of overnight guests will not arrive via a car.

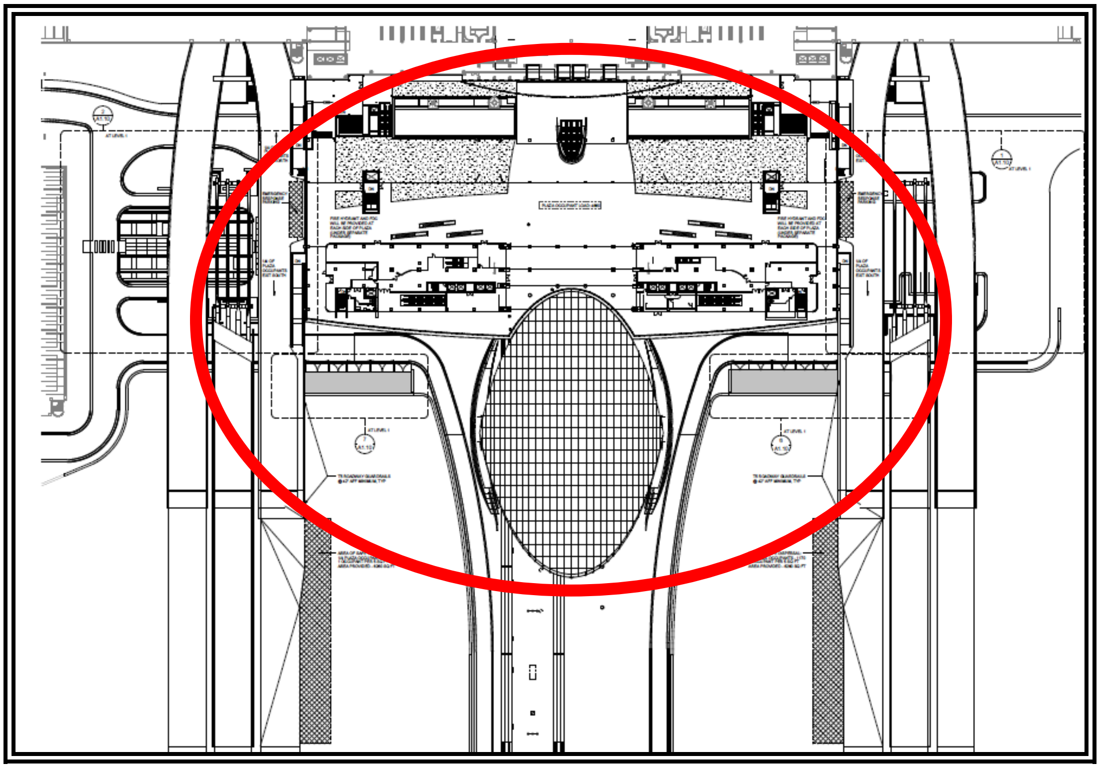
Overall, the location of the site is ranked “excellent,” as outlined in the following table.

Site Analysis

	Excellent	Very Good	Good	Fair	Poor
Accessibility	X				
Visibility	X				
Proximity to Demand	X				
Long-term Strategic Potential	X				

C. PLANNED IMPROVEMENTS DESCRIPTION

As discussed, we have been provided with a preliminary development program for the proposed Subject. While site work has commenced on the overall terminal project, there are still minor changes occurring to the hotel development program. Our description of the improvements is based on this development program, which is, therefore, subject to modification.



DIA South Terminal Redevelopment Program Site Plan

1. Property Description and Configuration

The proposed Westin will represent an upper upscale, full-service hotel. At 519 guestrooms, the gross building area of the hotel is estimated to be approximately 473,229 square feet, or 912 square feet per guestroom. The proposed Subject is estimated to be open and available for occupancy on August 1, 2015. The main facilities of the proposed Subject will include an all-purpose restaurant and bar, coffee express outlet, 29,000 square feet of meeting space, a 6,000 square-foot health club, featuring an indoor swimming pool and whirlpool, fitness center, and Kids Club, business center, and a gift shop. The Westin hotel is only one component of the overall redevelopment program. Other major components of the redevelopment plan include the RTD light rail extension, which will connect downtown Denver to DIA, a new runway, more than 20 new gates, two additional international gates, and an improved baggage system and passenger train.

Based on our review of the preliminary development program and on conversations with representatives of DIA, we understand that the RTD rail line will connect to DIA on Level 1. The proposed Subject's meeting space will be located on Level 2 with mechanical systems and back-of-house operations located on Levels 3 and 4. Level 5 will contain the proposed Subject's restaurants (both the hotel-operated restaurant and DIA leased restaurant). This level will also be the access point to the main terminal of the airport. Level 6 will feature the proposed Subject's lobby and public space. The proposed Subject's guestrooms will be located on Levels 6 through 14. It is anticipated that guests traveling by way of the RTD rail line will be able to access the hotel's lobby via a separate elevator bank than those used to access the main terminal.

2. Guestrooms

The Subject will contain a total of 519 guestrooms. The guestroom mix will be as follows: 286 standard king rooms, 192 standard queen/queen rooms, 16 executive suites, 1 renewal suite, 12 junior suites, 4 deluxe suites (2 keys per suite), and 2 hospitality suites (2 keys per suite). We have assumed that the furniture, fixtures, and guestroom amenities will be consistent with that of the Westin brand and will adhere to the operational and quality standards established by Starwood Hotels and Resorts for the Starwood brand.

The Westin Denver International Airport
Guestrooms Distribution by Type

Level	Standard King	Standard Double Queen	Executive Suite	Renewal Suite	Junior Suite	Deluxe Suite (2 Keys per Suite)	Hospitality Suite (2 Keys per Suite)	Total
6	12	12	2		2		4	32
7	28	18	4		2			52
8	38	24			6			68
9	38	26	2			4		70
10	40	29						69
11	27	20	2	1	2	4		56
12	36	22	2					60
13	35	23						58
14	32	18	4					54
Total	**286**	**192**	**16**	**1**	**12**	**8**	**4**	**519**

The standard king guestrooms will range in size between 383 and 580 square feet, and the standard queen/queen guestrooms will range in size between 416 and 680 square feet. The executive suites are anticipated to be between 710 and 868 square feet while the junior suite will be between 675 and 703 square feet. The deluxe and hospitality suites (2 keys per suite) will be between 1,200 and 1,234 square feet. The largest suite, the renewal suite, is projected to be 1,492 square feet.

Typical Westin guestrooms feature the following amenities:

- King, or double queen pillow-top beds with the Westin Heavenly Bed®;
- Smart desk with iPod and laptop interfacing capabilities;
- Two telephones with international direct dialing, data port and voicemail;
- Sitting area;

- Iron and pressing board;
- Coffee and tea maker;
- Mini bar;
- Refreshment center;
- Refrigerator available (charge);
- 37” flat screen LCD televisions;
- In-room movies;
- Digital alarm clock/radio;
- Laptop safe;
- Bathrobes;
- High-speed internet;
- White Tea by Westin™ bath products; and,
- Hairdryer.

3. Food and Beverage

Based on a preliminary development program provided to us by DIA, we understand that the proposed Subject will feature an all-purpose restaurant and bar and a coffee express outlet. Additionally, the proposed Subject will generate revenue through catering and banquet services. The restaurant is estimated to accommodate up to 120 people; the bar will accommodate 140 people, and the coffee express people will accommodate 25 people. Additionally, it should be noted that there will be a second “all purpose” restaurant adjacent to the proposed Subject’s restaurant. However, any revenue or expenses associated with this operation will not flow through the financial statement of the hotel.

4. Meeting Space

Based on a preliminary development program provided to us by DIA, we understand that the proposed Subject will feature approximately 29,000 square feet of flexible function space, or 56 square feet per guestroom. The proposed Subject’s meeting space will primarily be located on Level 2 of the development. Presented in the following table is the breakdown of meeting space.

The Westin Denver International Airport Summary of Meeting Facilities				
Function Rooms	**Quantity**	**Square Footage Each**	**Net Area**	**Seats**
Jr. Ballroom	1	8,282	8,282	750
Banquet Room "A"	2	3,373	6,746	560
Banquet Room "B"	2	2,398	4,796	415
Meeting Room "A"	2	988	1,976	140
Meeting Room "B"	3	980	2,940	210
Meeting Room "C"	1	584	584	40
Board Room "A"	2	991	1,982	75
Board Room "B"	3	565	1,695	65
Total	**16**		**29,001**	**2,255**

Source: Denver International Airport

At 57 square feet per guest room, the proposed Subject is expected to be competitive in its ability to compete for group demand in the local market. As a point of comparison, the only hotel in the competitive airport lodging market to feature more meeting space per guestroom than the proposed Subject is the Crowne Plaza, which has approximately 275 square feet of meeting space per guestroom. The remainder of the hotels comprising the primary competitive market feature between approximately 15 and 30 square feet per guestroom. It is anticipated that a significant number of groups will come from both coasts to the DIA location and stay at the proposed Subject in part due to the convenience of not having to rent a car but still being able to commute downtown via the RTD rail line.

5. Public Areas

The proposed Subject's public areas will include a 6,000 square-foot health club, featuring an indoor swimming pool and whirlpool, fitness center, and Kids Club. Additionally, the proposed Subject will feature a business center and gift shop.

6. Parking

For the purpose of this analysis, we have assumed that parking at the Subject would be provided by the airport surface and structure parking lots. It should be noted that we have not modeled any parking revenues or expenses for the Subject in our cash flow projections.

D. MANAGEMENT AND AFFILIATION

1. Management Agreement

The Subject will be affiliated with and operated by Starwood Hotels and Resorts under a long term management agreement. Under this agreement, the hotel will be encumbered with a management fee, national marketing assessment, and other affiliation fees. These fees have been included in our forecast of marketing expense as will be presented in Section V of this report. We have based our fees on a qualified Management Agreement ("QMA") dated April 11, 2011. Presented in the following table is a summary of the fees stipulated in the QMA.

The Westin Denver International Airport
Summary of the Qualified Management Agreement

Owner:	City and County of Denver on behalf of its Department of Aviation			
Manager:	Westin DIA Operator, LLC			
Date:	April 11, 2011			
Term:	15 years			
Fees:	**Base Management Fee**	**Subordinate Management Fee**	**Senior CapEx Reserve**	**Subordinate CapEx Reserve**
First 12 months	$684,309	$0	1.0%	0.0%
Second 12 months	$788,119	$197,030	2.0%	0.0%
Third 12 months	$1,319,743	$219,957	3.0%	0.0%
Fourth 12 months	$1,355,622	$451,874	5.0%	0.0%
Fifth 12 months	$1,399,739	$466,580	6.0%	1.0%
Sixth 12 months	$1,440,091	$480,030	6.0%	1.5%
Seventh 12 months	$1,489,171	$496,390	6.0%	2.0%
Eighth 12 months	$1,526,375	$508,791	6.0%	3.0%
Ninth 12 months	$1,572,334	$524,111	6.0%	3.0%
Tenth 12 months	$1,618,789	$539,596	6.0%	3.0%

Source: Denver International Airport

E. DEVELOPMENT COSTS

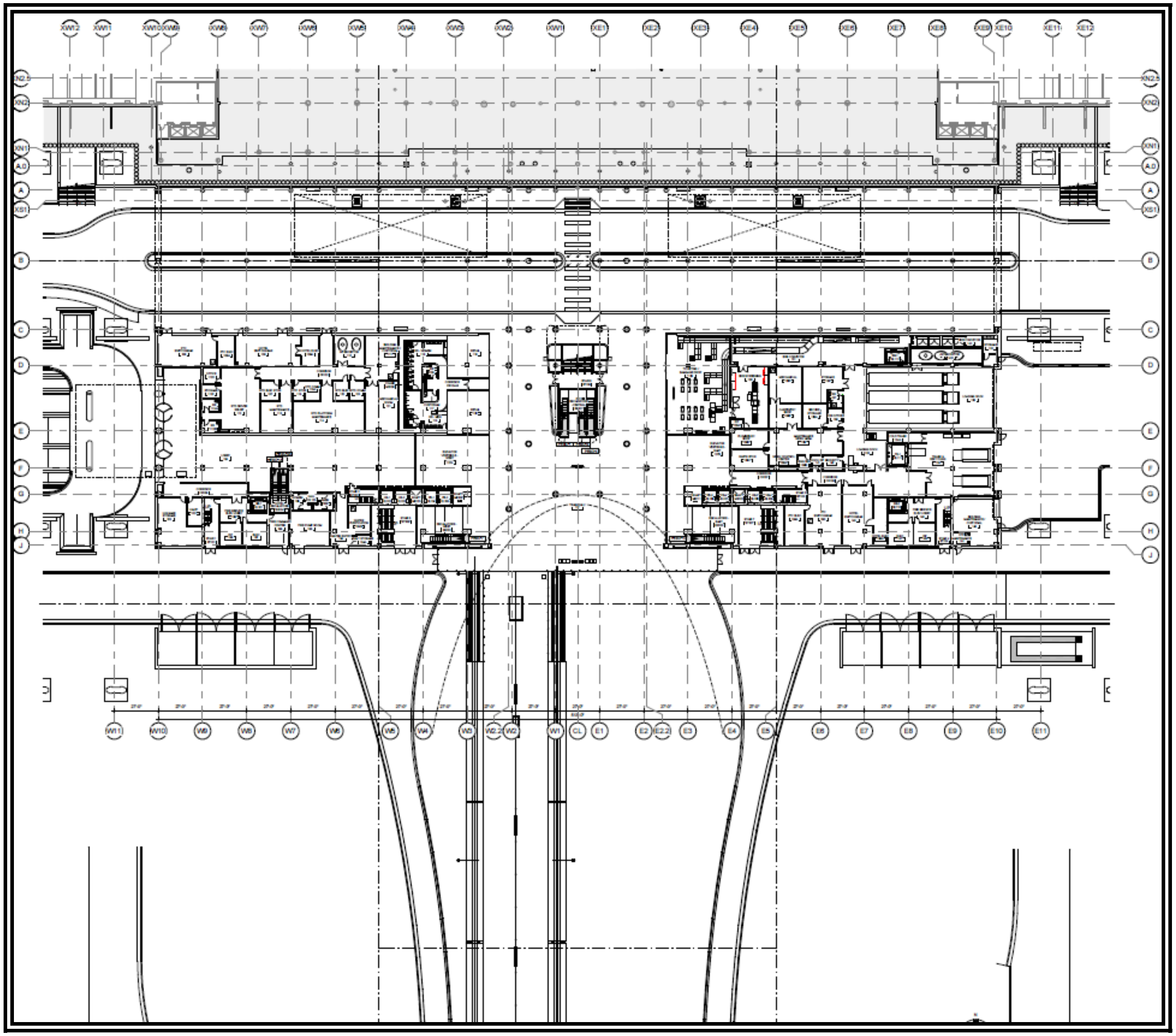
Presented in the following table is a summary of the development costs for the hotel piece of the overall project. As can be noted, development costs for the proposed Subject, inclusive of capitalized interest during construction, a debt service reserve fund, and the cost of issuing bonds, less operator key money of $3,500,000, is approximately $221,100,000, or $426,000 per room.

The Westin Denver International Airport Development Costs		
Hotel construction and development costs	$	180,000,000
Hotel operating account		700,000
Hotel operating reserve fund		1,500,000
Capitalized interest during construction		27,106,111
Debt service reserve fund		12,672,000
Costs of issuing bonds		2,640,000
Subtotal	$	224,618,111
Operator key money		(3,500,000)
Total funding requirements	**$**	**221,118,111**
Source: Piper Jaffray		

F. CONCLUSION

The 519-room Westin will offer contemporary lodging services, surrounded by modern furnishings, in a newly constructed facility built at the south terminal of DIA. Features and amenities at the property will include an all-purpose restaurant and bar, coffee express outlet, 29,000 square feet of meeting space, a 6,000 square-foot health club, featuring an indoor swimming pool and whirlpool, fitness center, and Kids Club, business center, and a gift shop.

The proposed Subject will represent an upper upscale, full-service hotel located at the south terminal of DIA. Upon completion of the development in August 2015, the proposed Subject will represent the highest quality and newest lodging product in the Denver Airport lodging market and the newest in-terminal hotel in the U.S. We are of the opinion that the proposed Subject will be well received in the competitive market, as will be detailed in Sections IV and V of this report.



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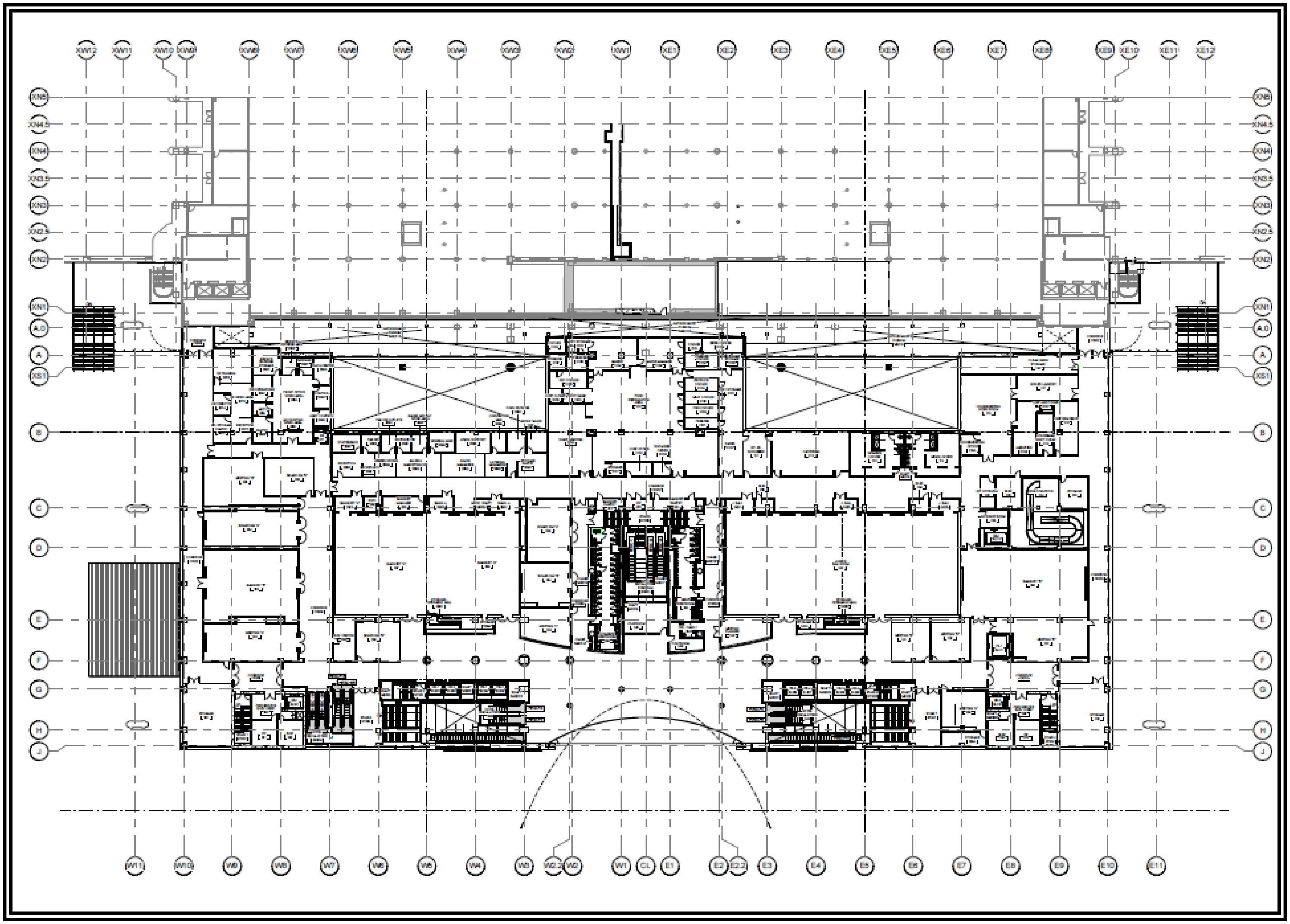

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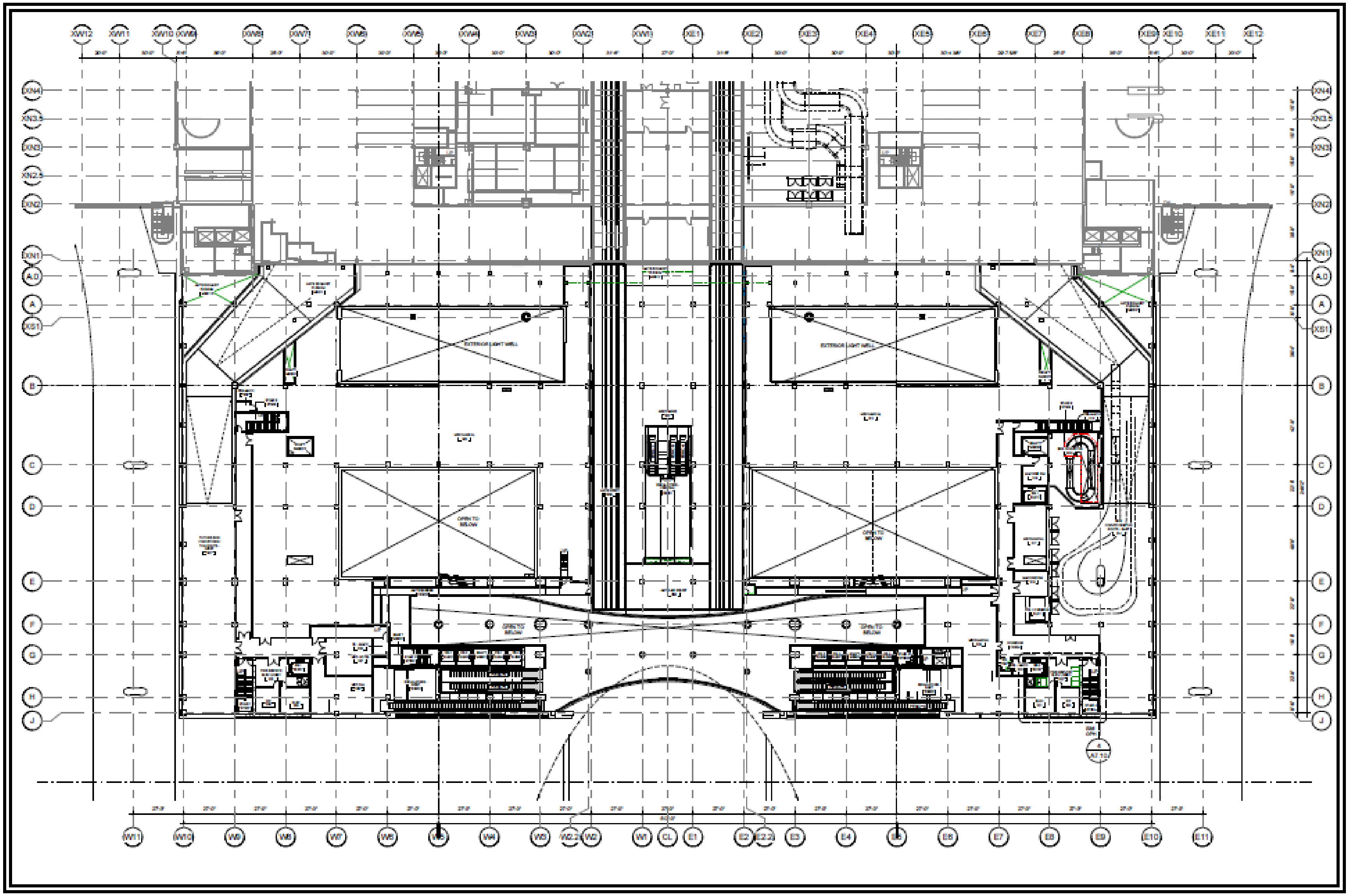

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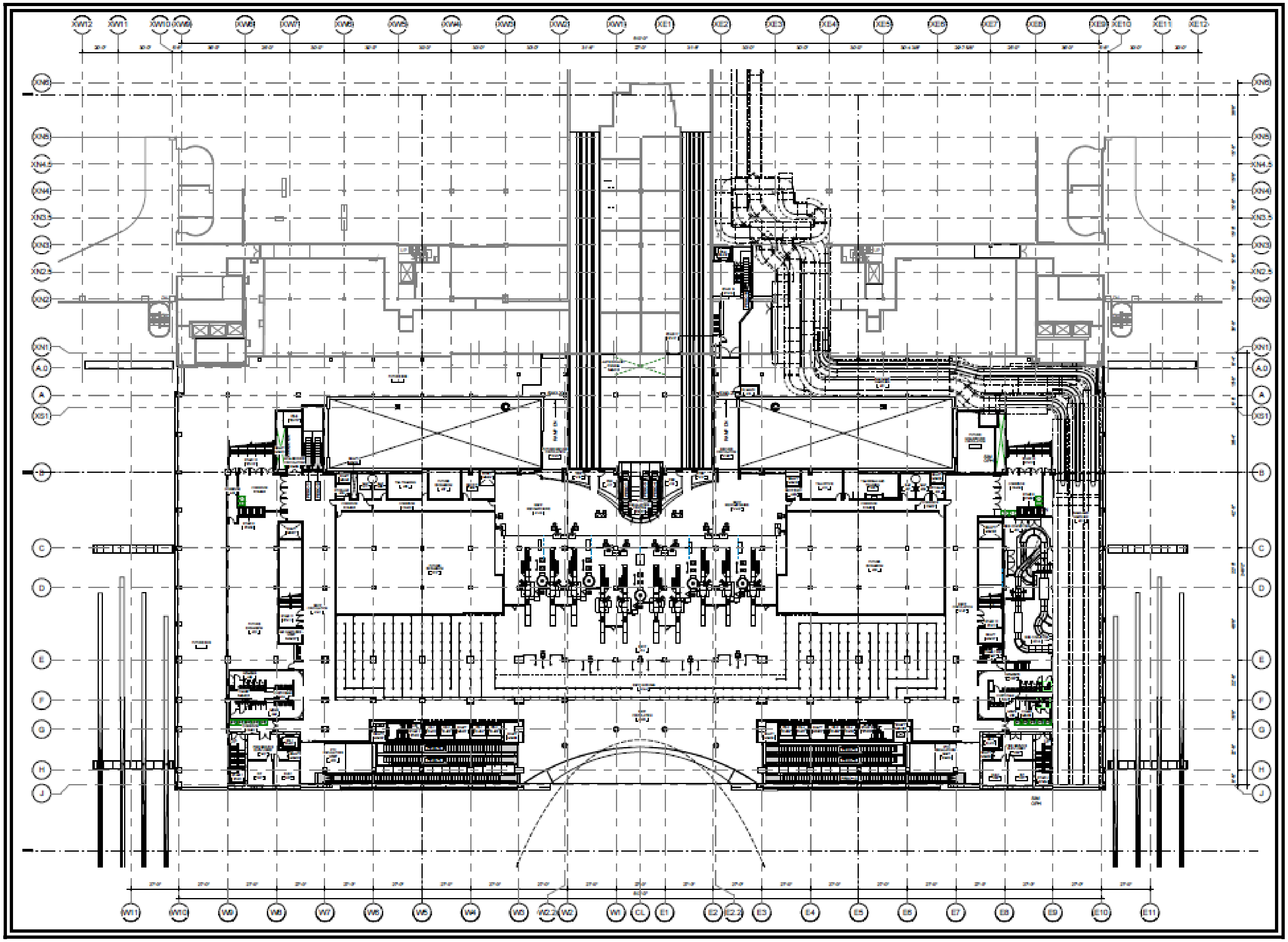

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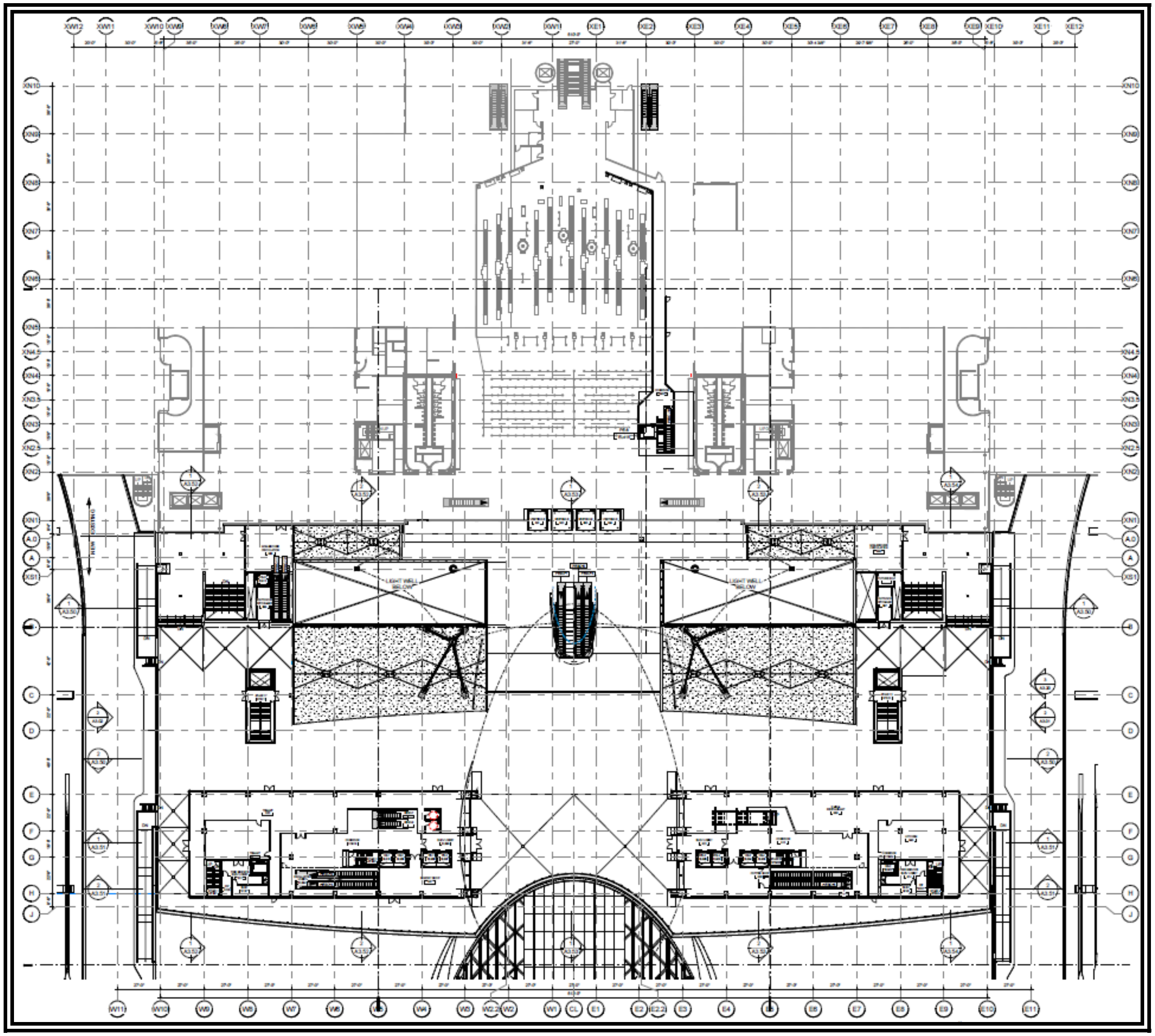

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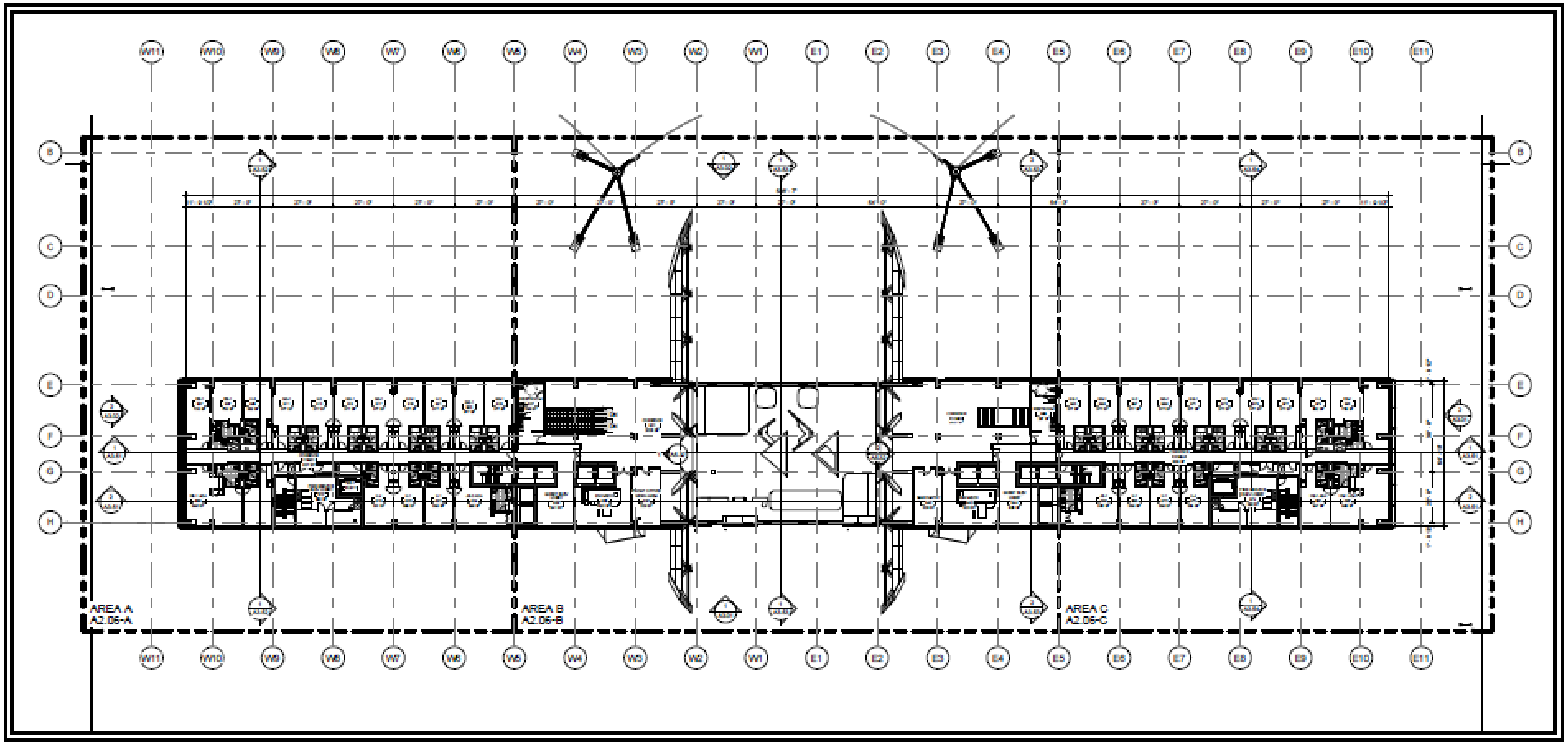

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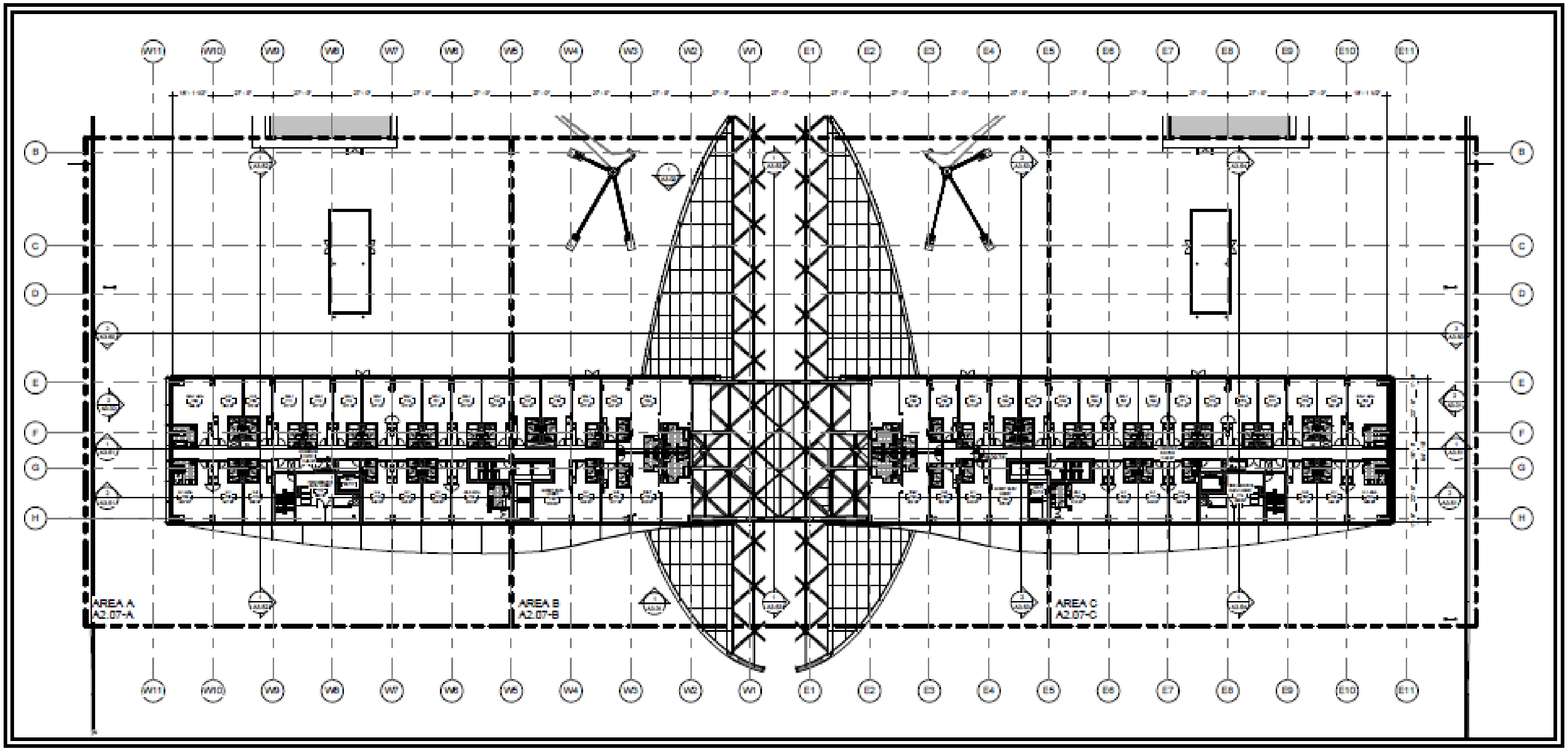
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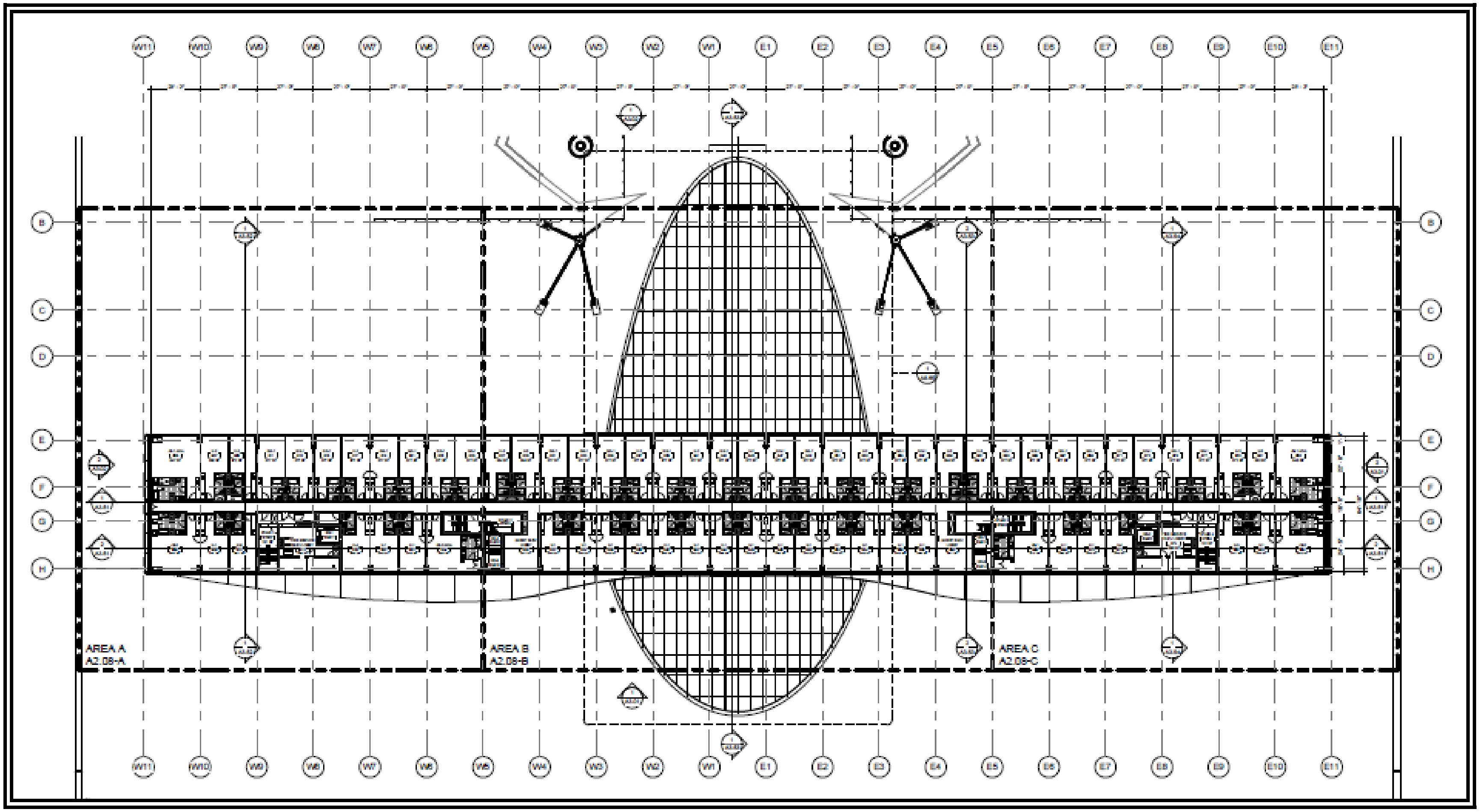

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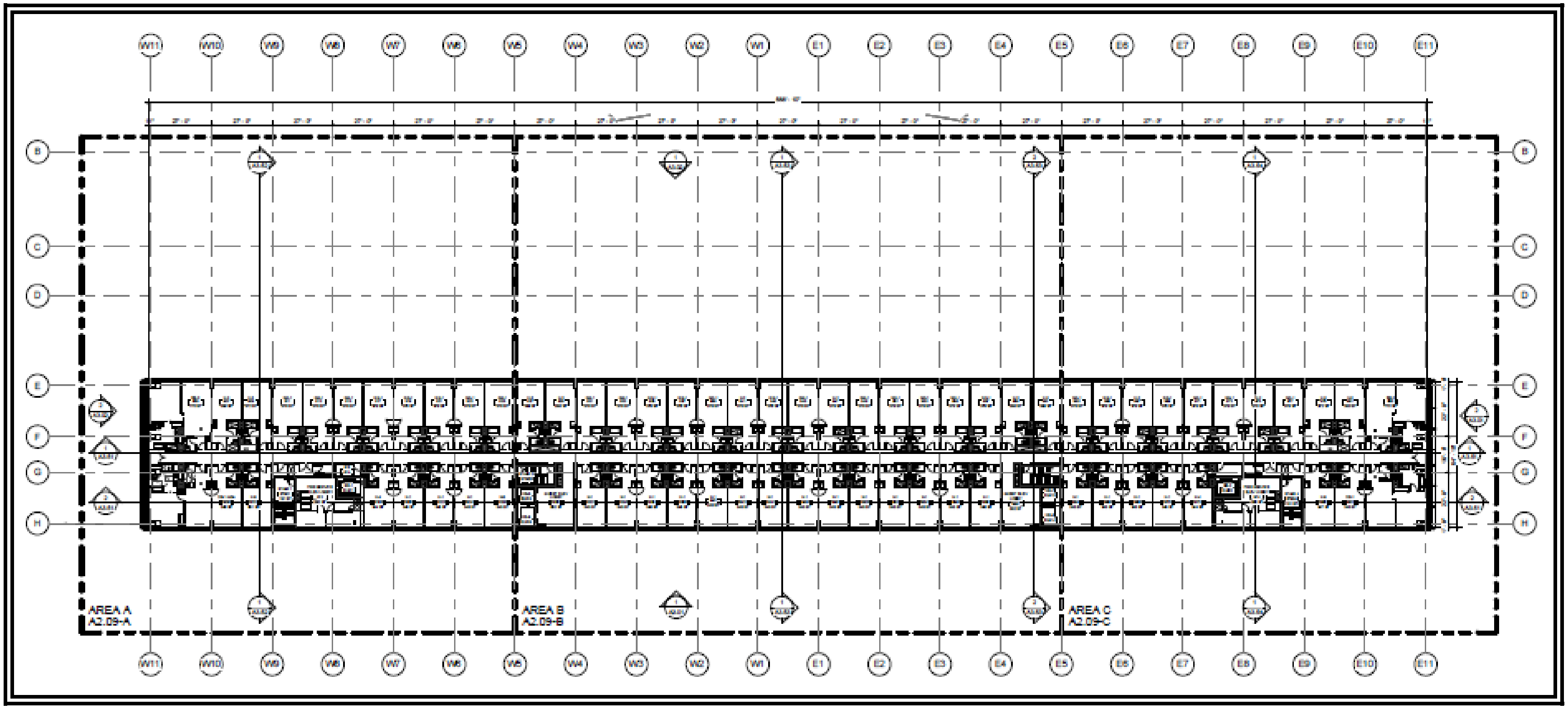

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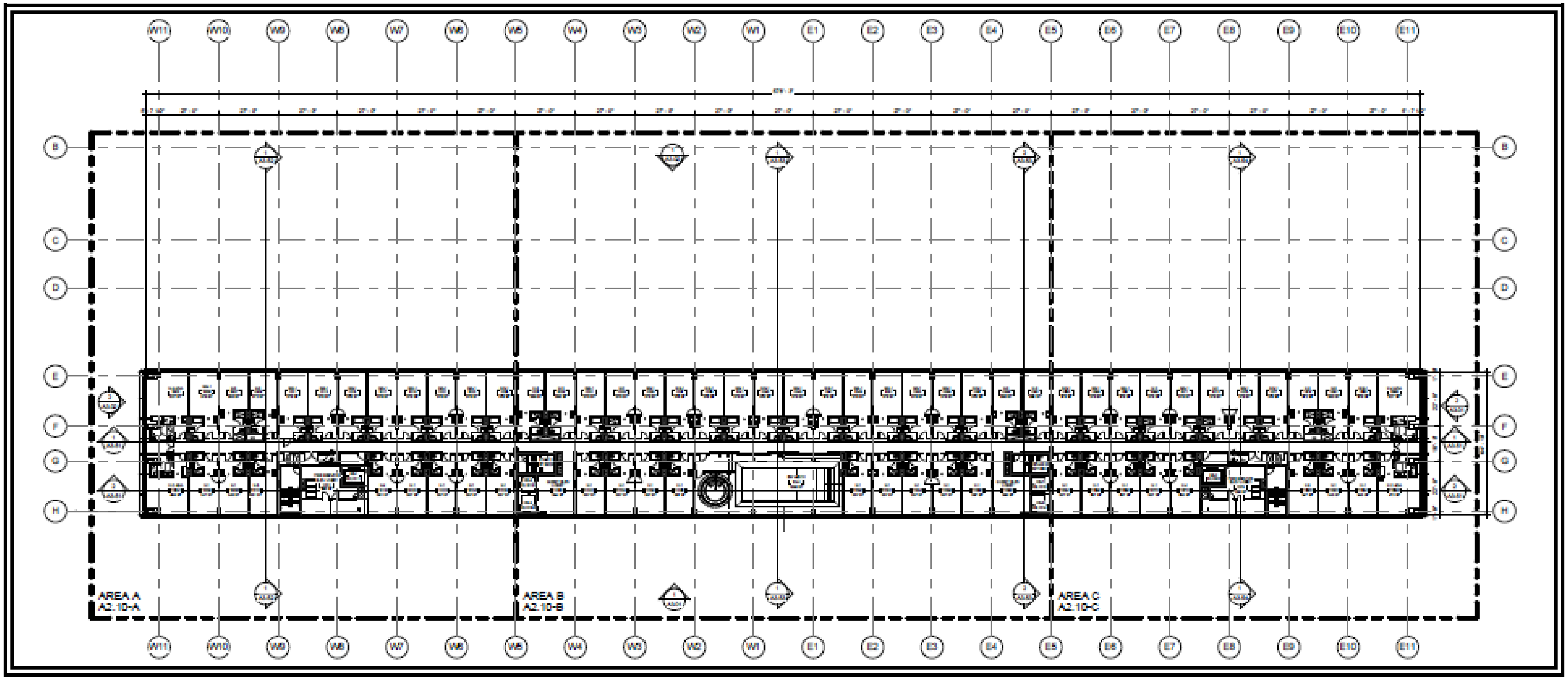

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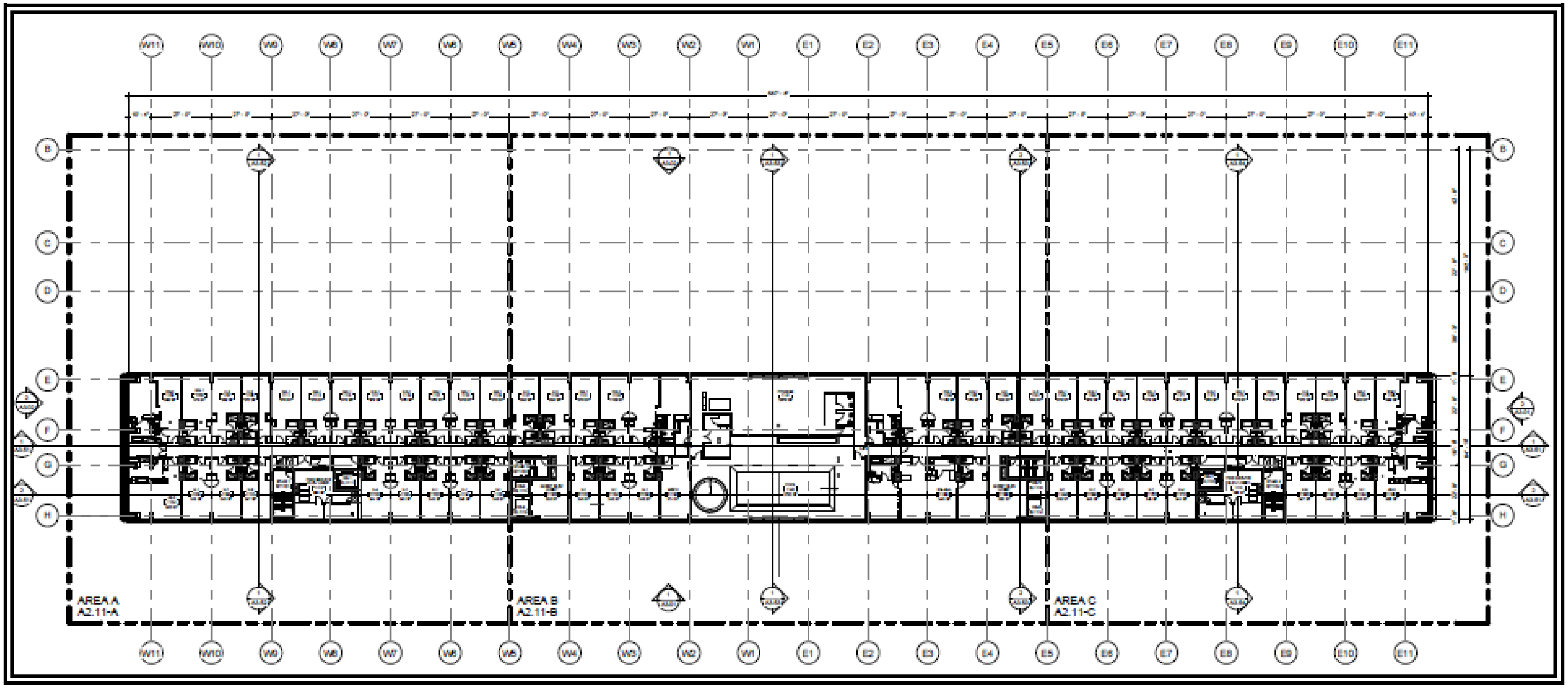

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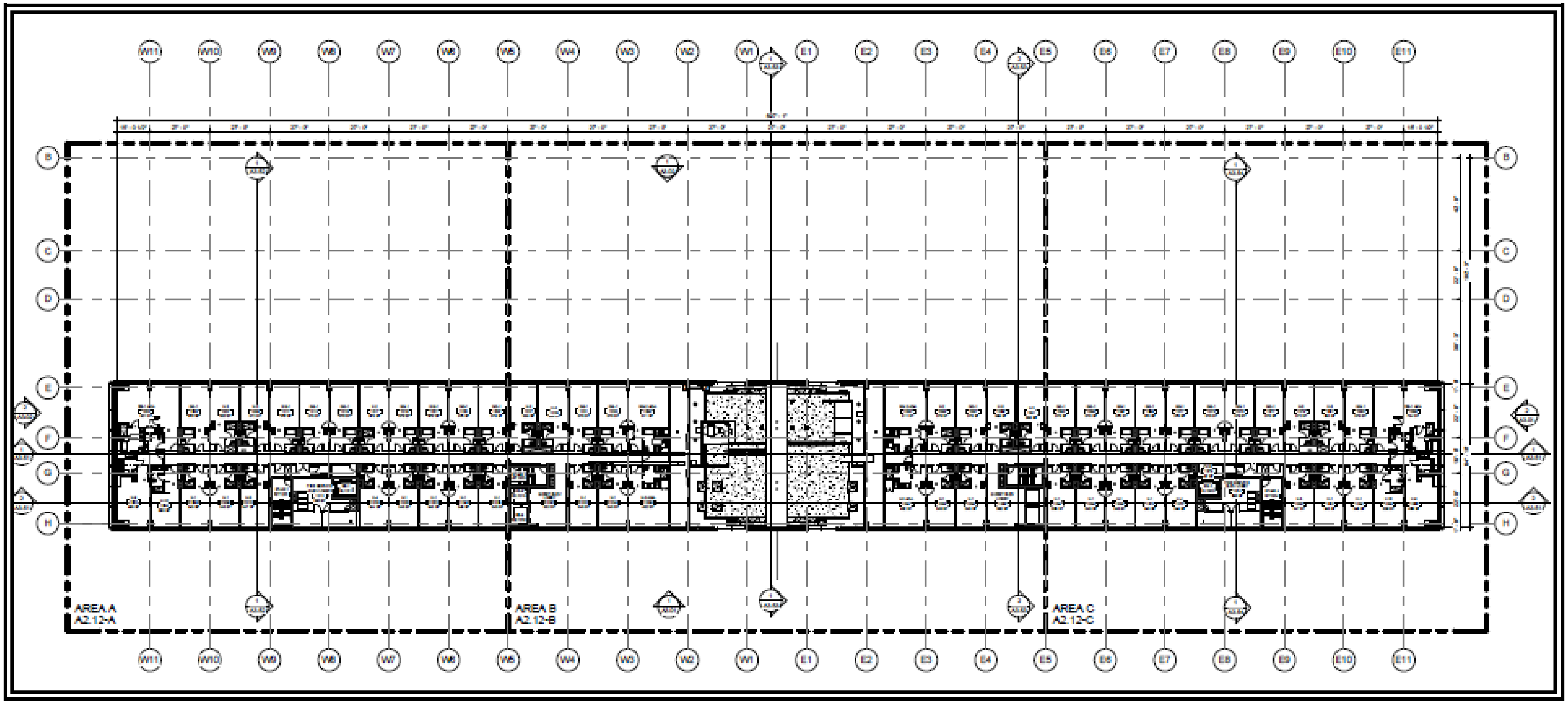
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A2.12-C

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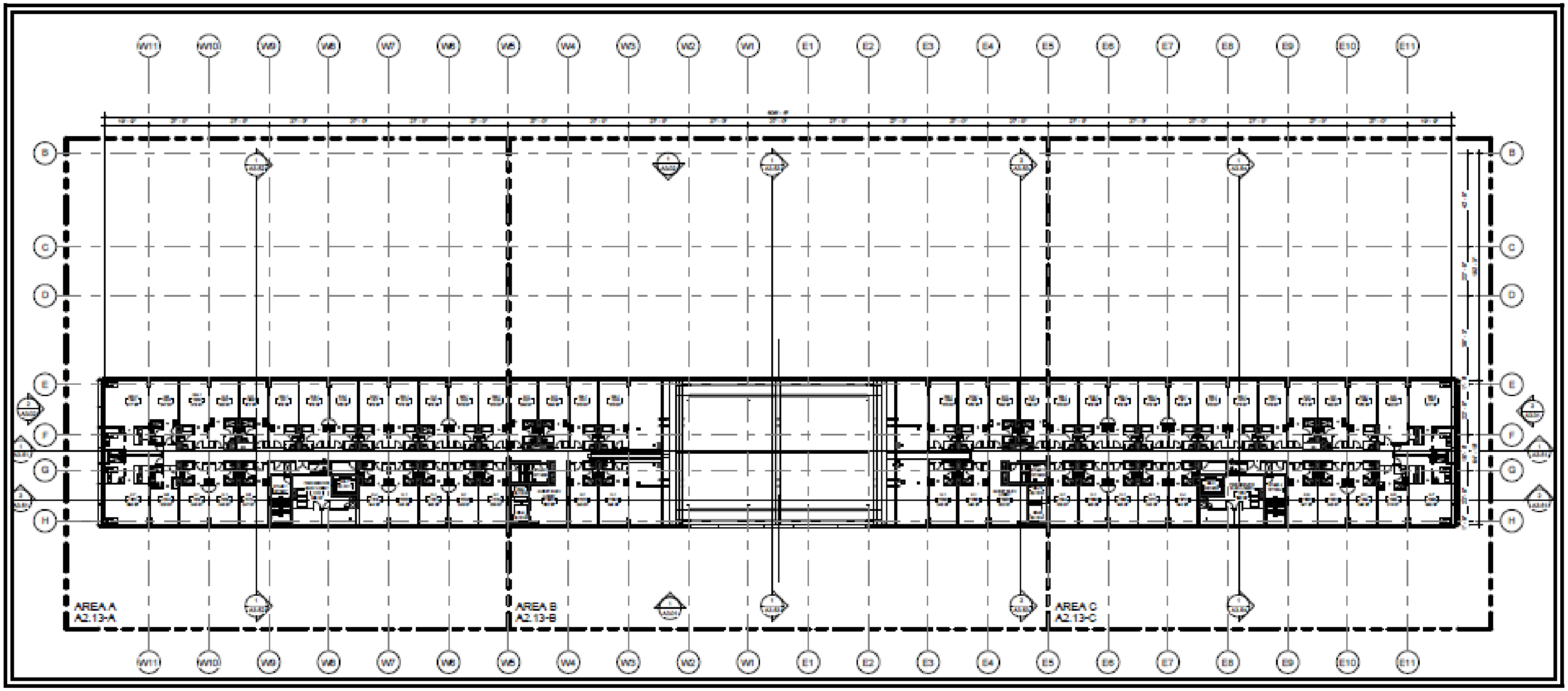

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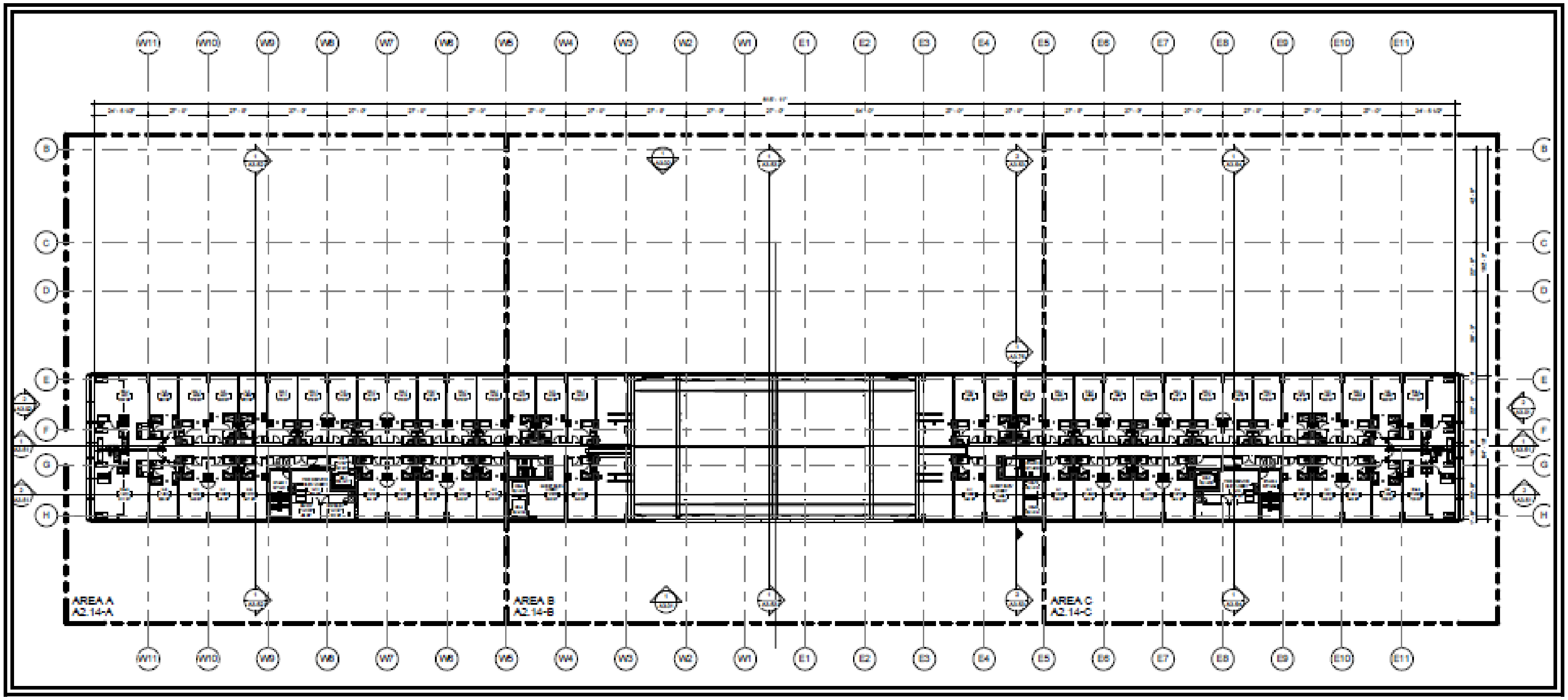

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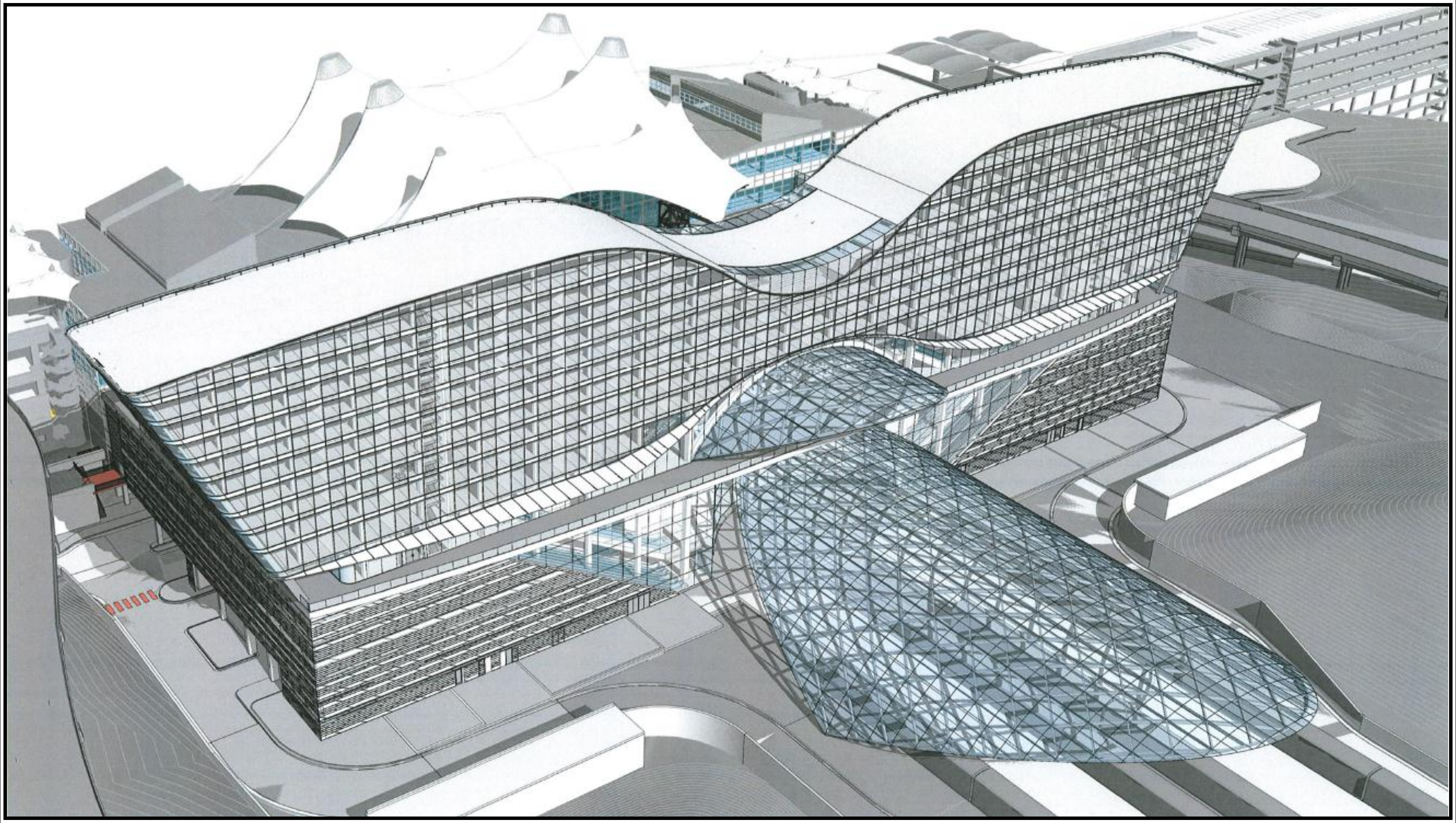


Illustration – Aerial Perspective

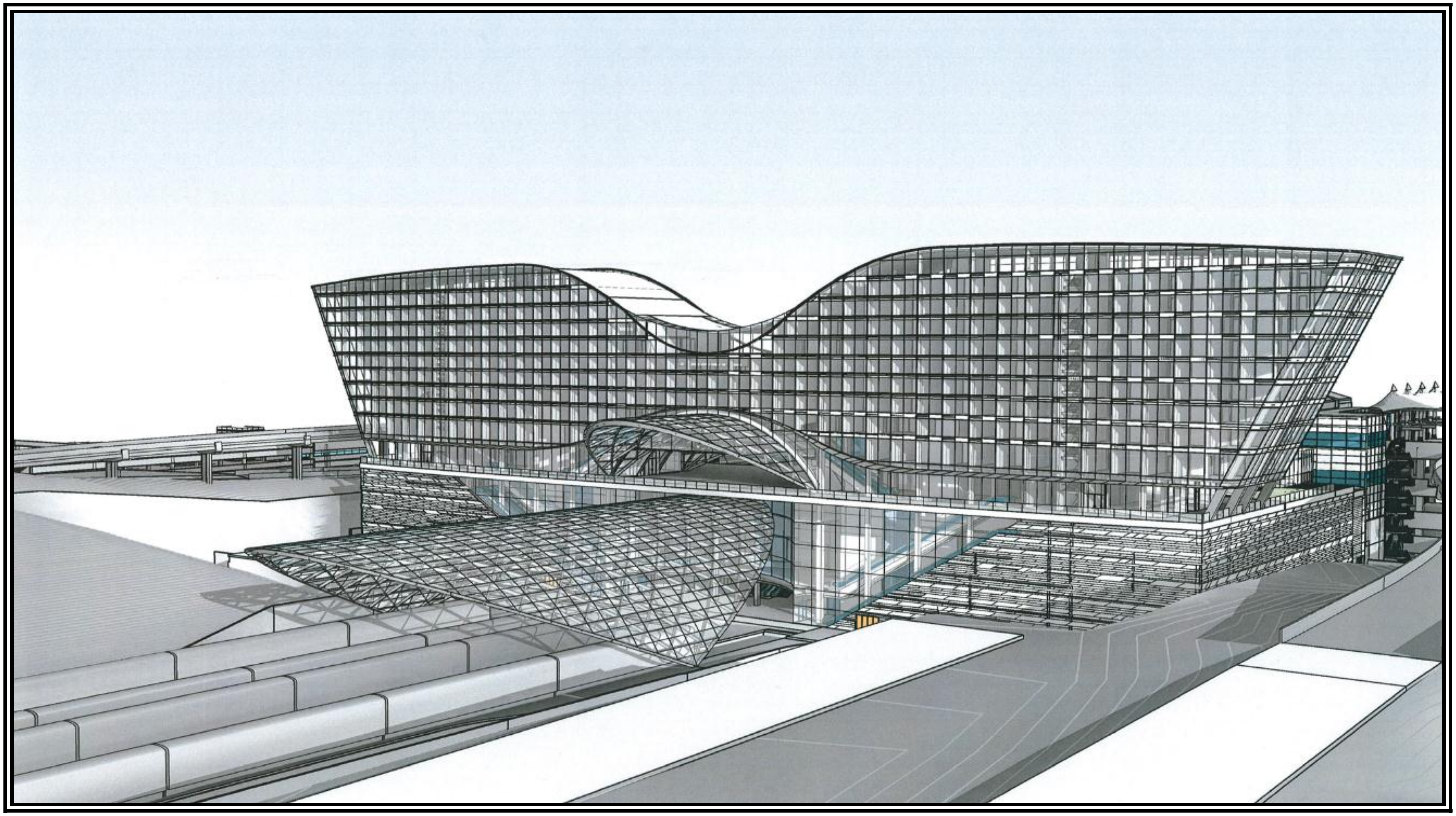


Illustration from Level 5 Roadway

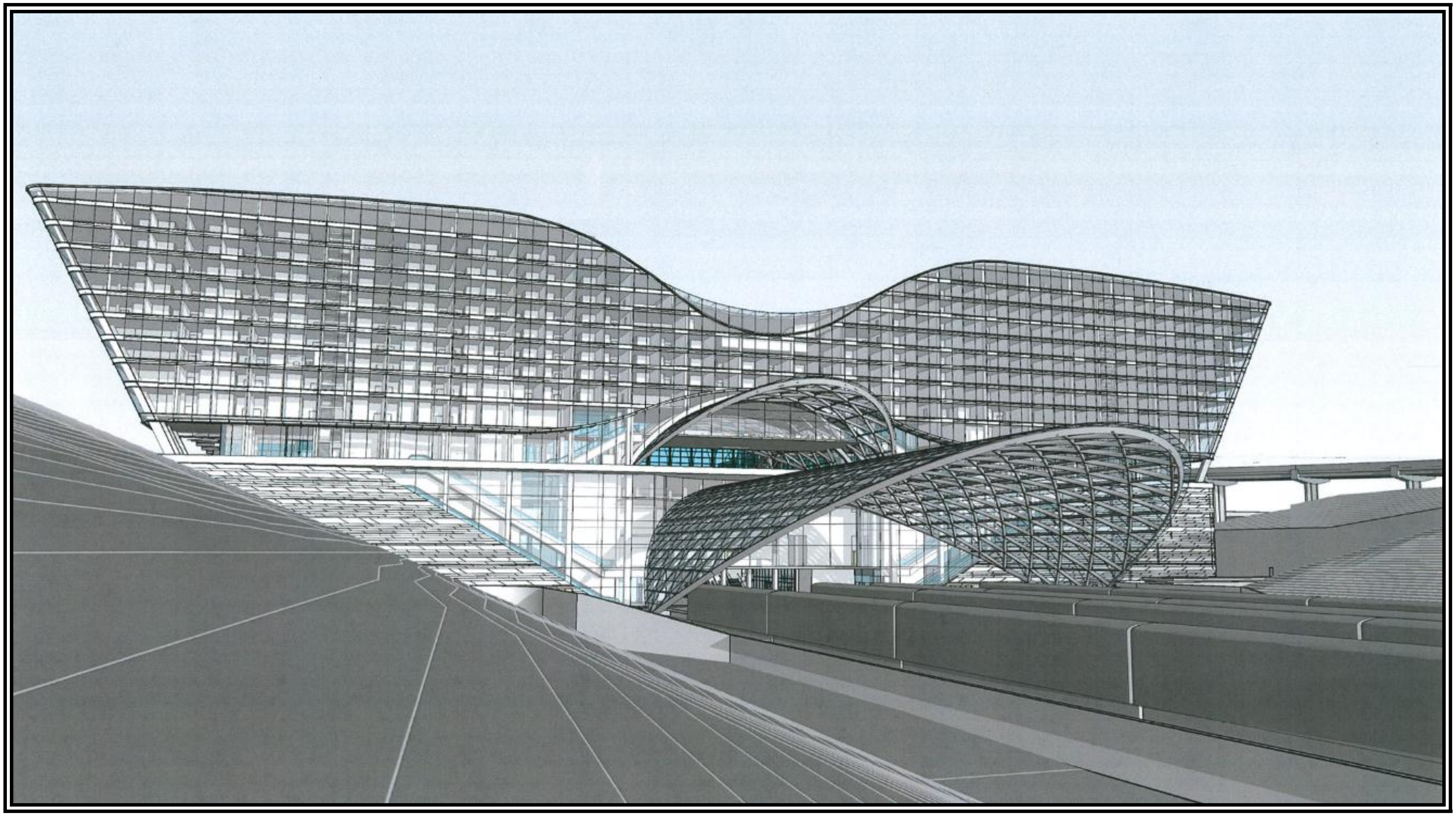
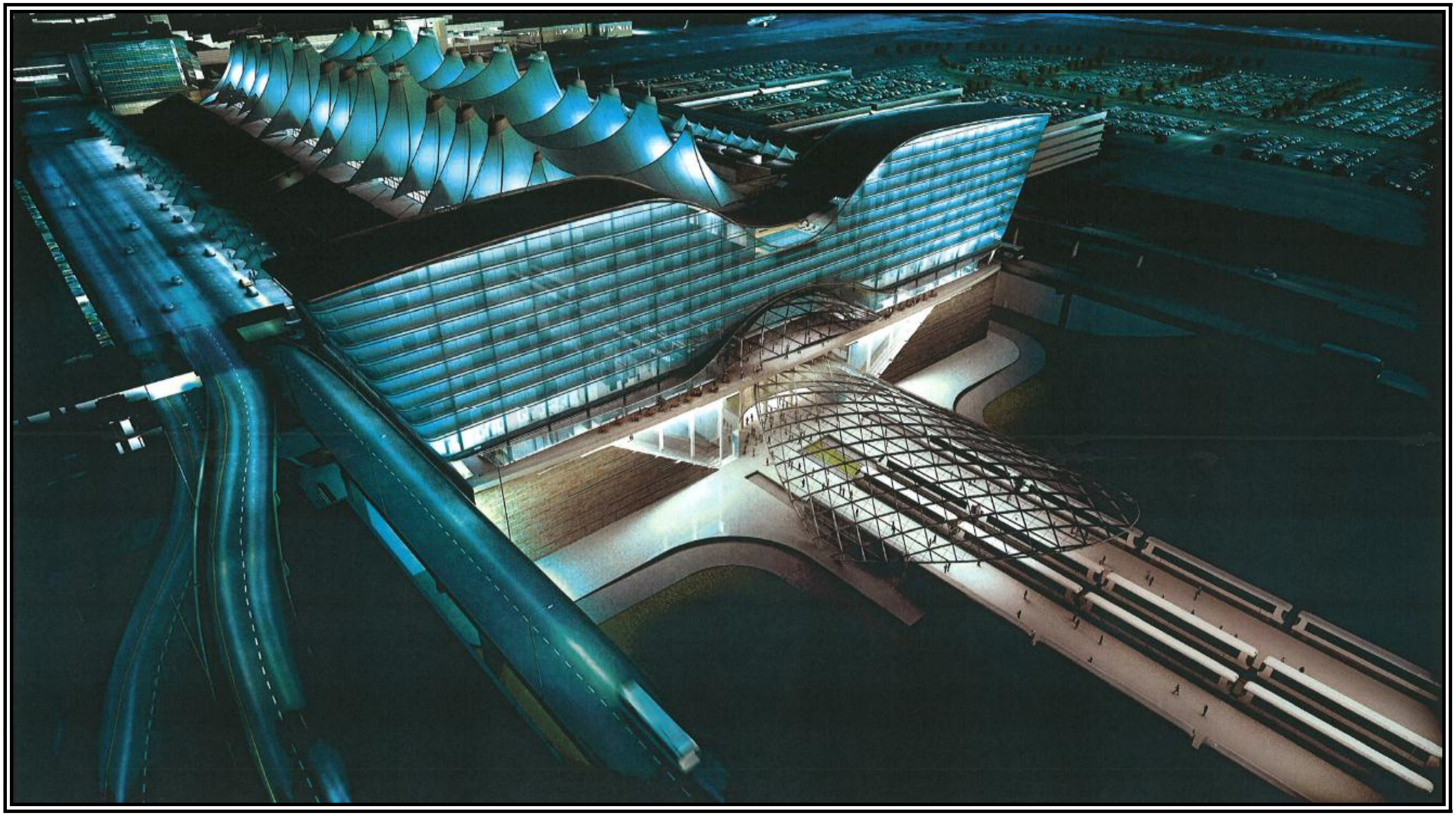
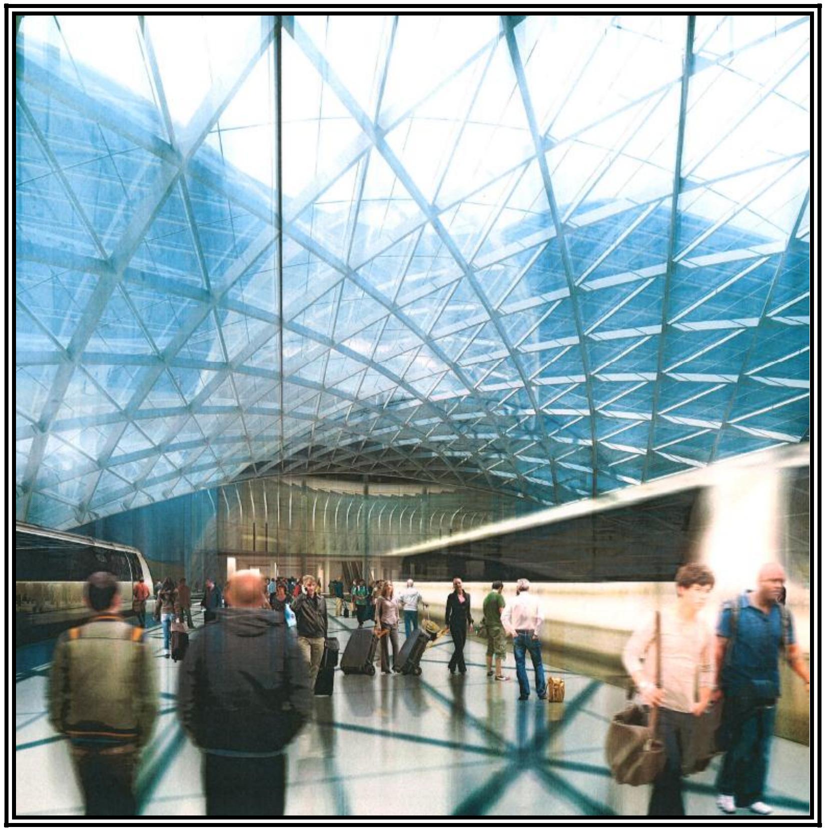


Illustration from Level 1 Landscaped Berms



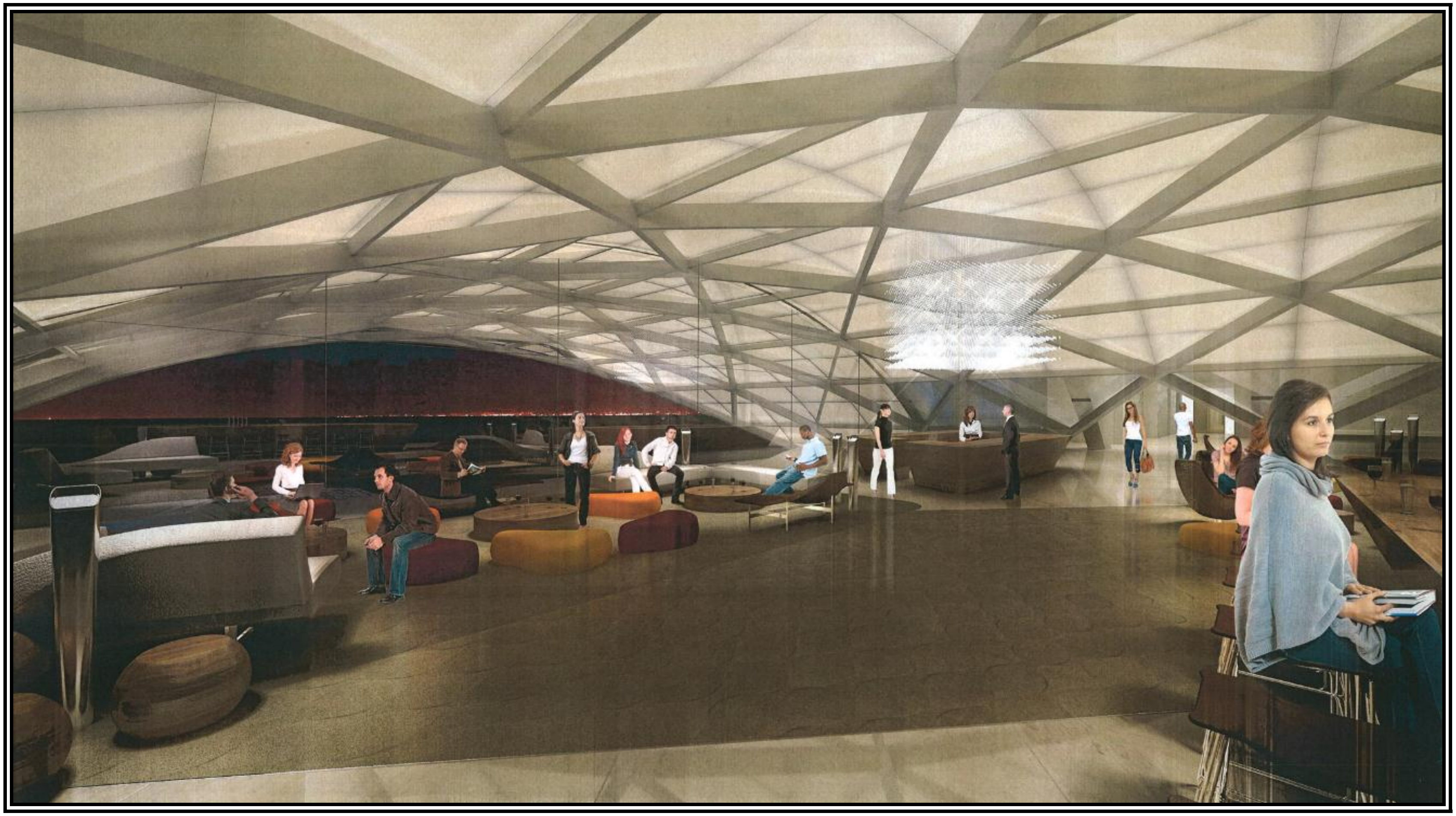
Southwest Aerial Perspective

South Perspective

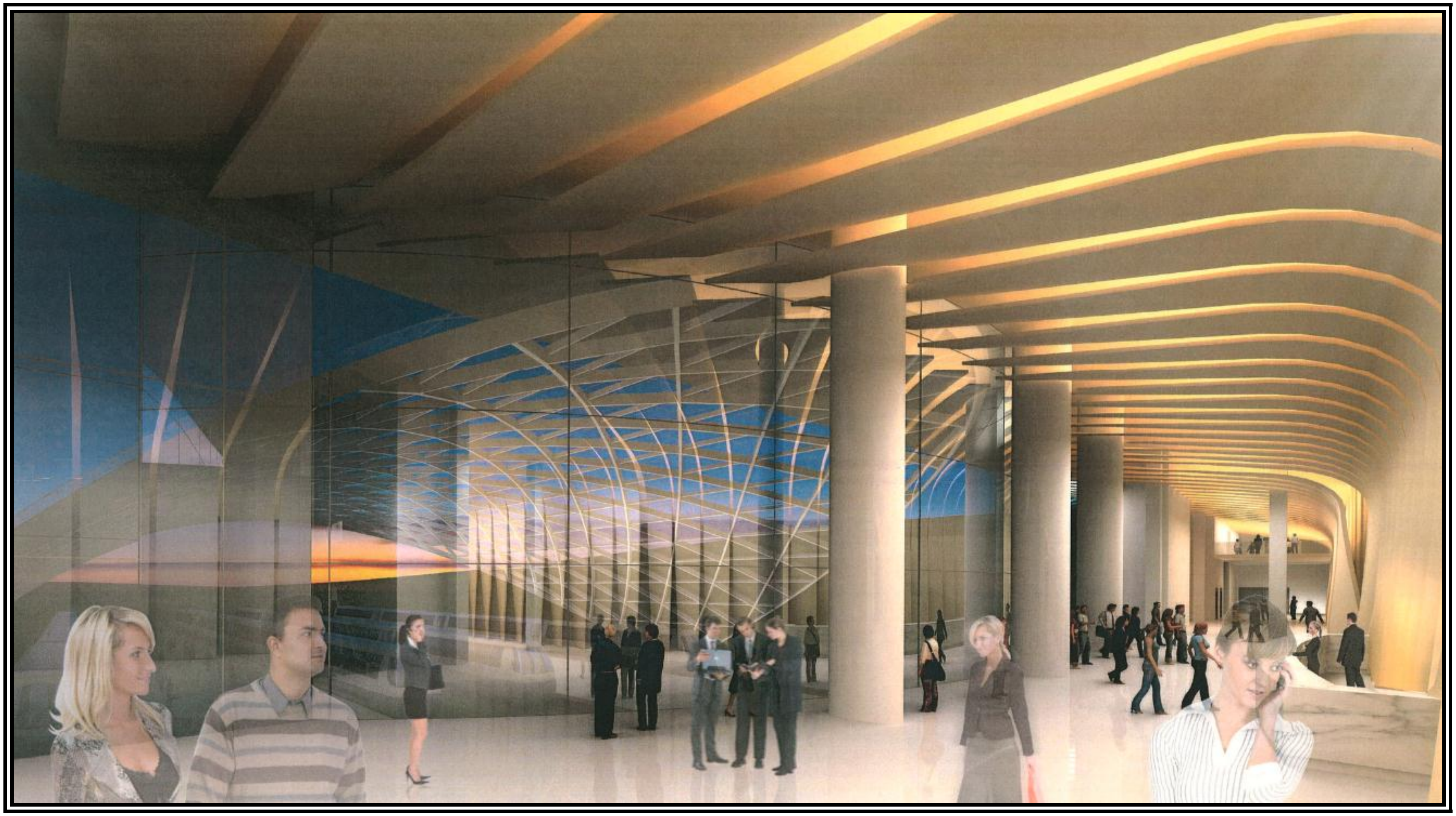


Train Platform Perspective

Train Hall Perspective

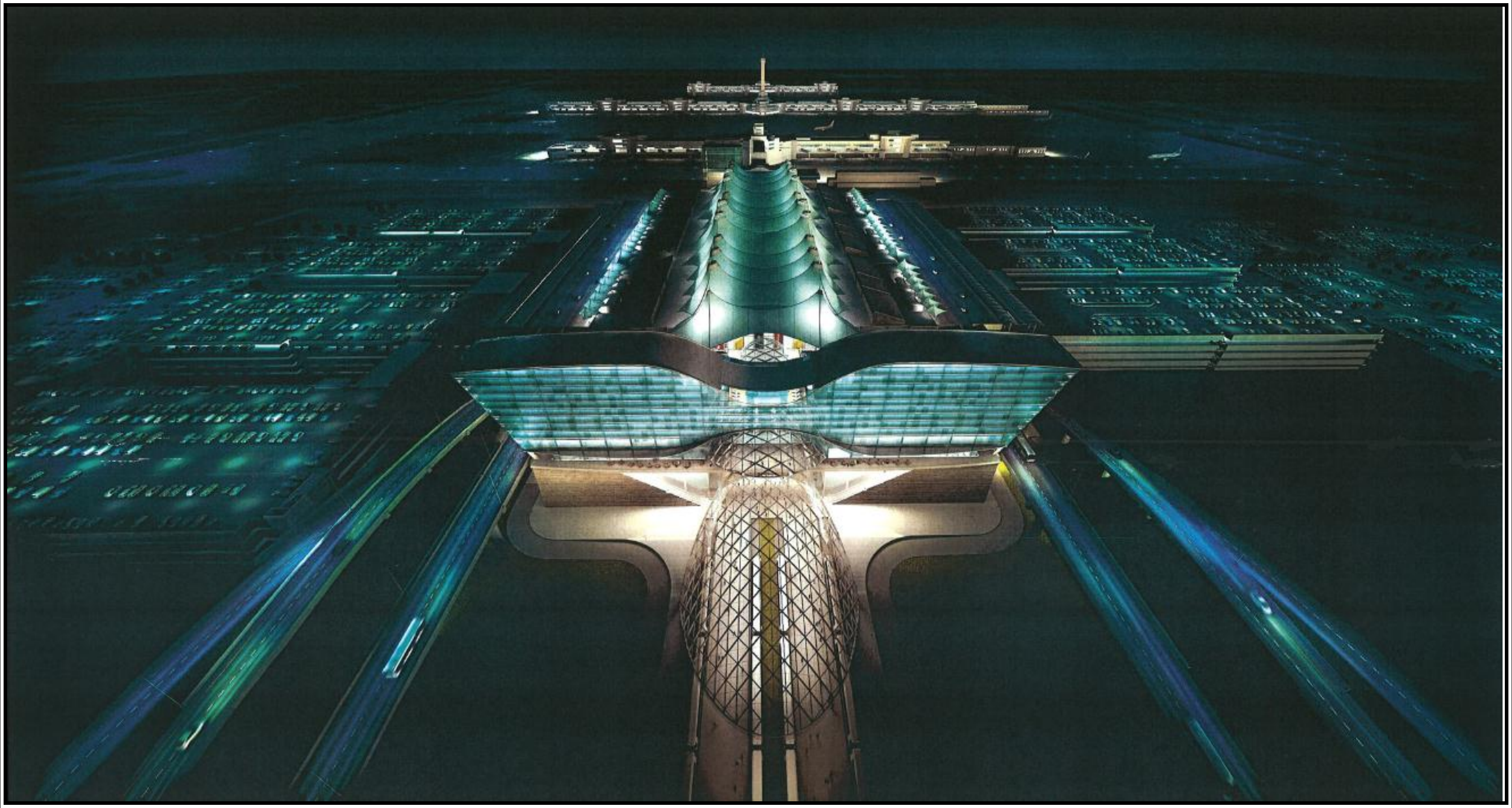


Hotel Lobby Interior Perspective

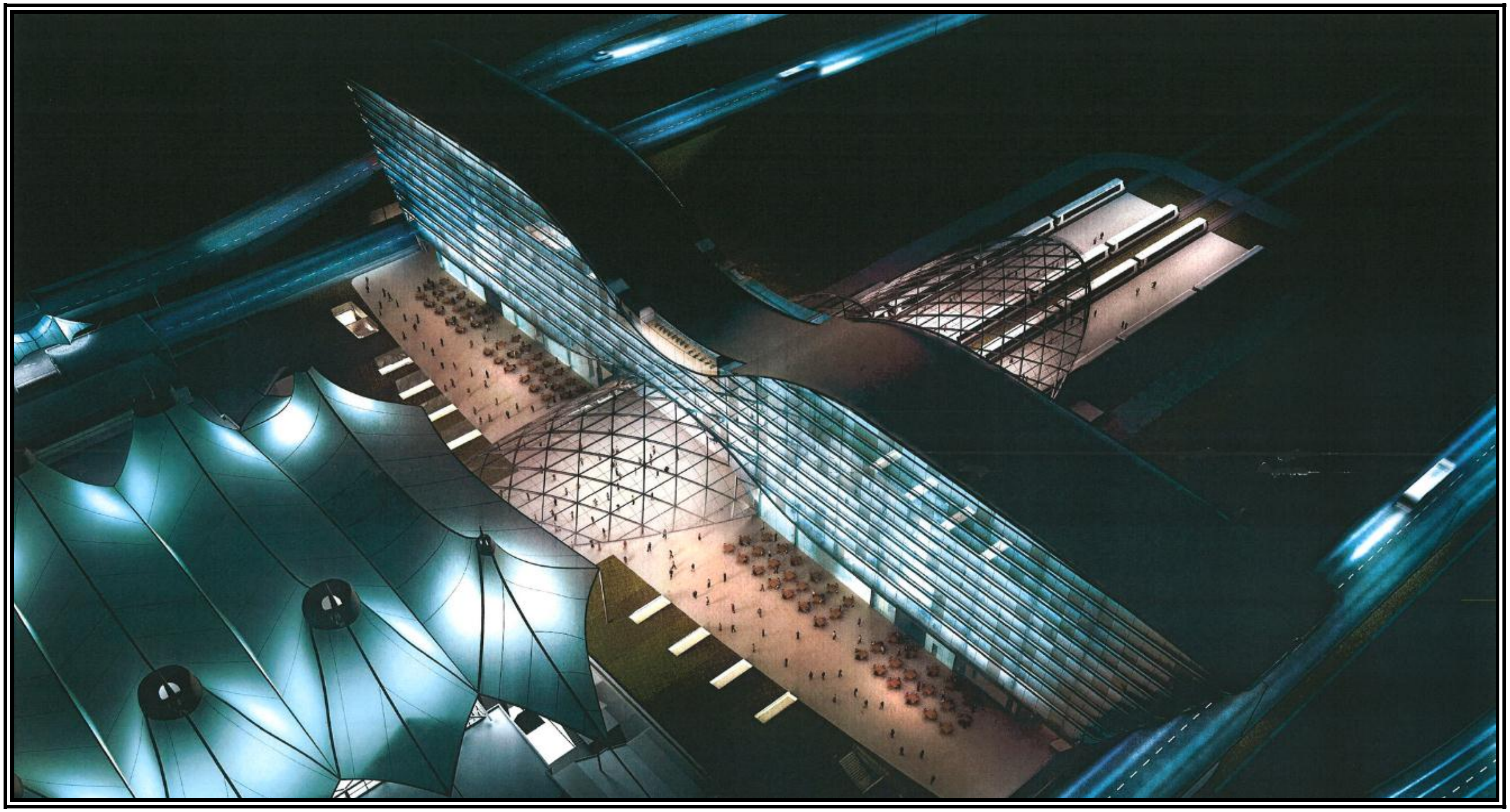


Convention Center Interior Perspective

Hotel Pool and Fitness Interior Perspective

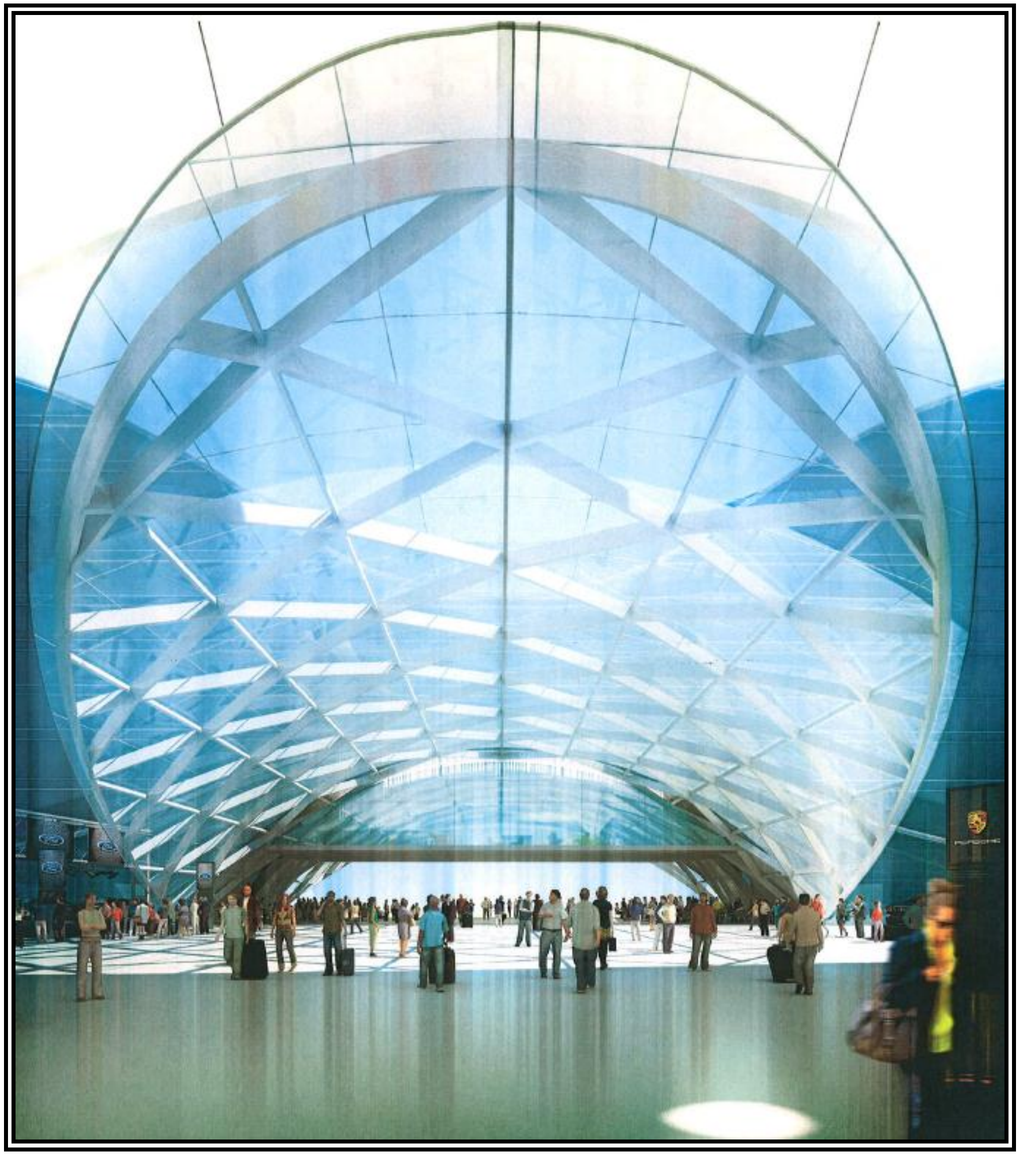


South Aerial Perspective



Northwest Perspective

Plaza Perspective



Plaza Perspective

SECTION IV

HOTEL MARKET ANALYSIS

A. INTRODUCTION

The market and financial feasibility of a lodging facility is a direct function of the supply and demand for hotel rooms within the market. Accordingly, an analysis of the local area lodging market is a key component of the financial process.

Presented in this section is an overview of the overall Denver-Aurora area lodging market, followed by a more detailed analysis of the competitive local hotel market of the proposed Subject. Based on this analysis, we have projected the occupancy, average daily room rate, and revenue per available room for the proposed Westin Denver International Airport for its first ten years of operation (2015 to 2024).

B. NATIONAL MARKET OVERVIEW

In addition to PKF Consulting, our Firm contains a research division, PKF Hospitality Research. PKF Hospitality Research owns the database for *Trends® in the Hotel Industry*, the statistical review of U.S. hotel operations which first appeared in 1935 and has been published every year since. Beginning in 2007, PKF unveiled its powerful *Hotel Horizons®*, an economics-based hotel forecasting model that projects five years of supply, demand, occupancy, ADR, and RevPAR for the U.S. lodging industry with a high degree of accuracy. *Hotel Horizons®* reports are published on a quarterly basis for 50 markets and six national chain-scales.

Based on the *June – August 2012 National Edition* of Hotel Horizons® prepared by PKF Hospitality Research, in 2010 and 2011 the U.S. lodging market experienced an increase in revenue per available room (RevPAR) of 5.4 and 8.2 percent, respectively. As a point of comparison, the U.S. lodging market experienced a decline in RevPAR of 16.7 percent in 2009, the largest percentage decline since PKF Research began tracking lodging performance back in 1935. This significant decline in RevPAR was a direct result of the severe national and global recession which began in the fall of 2007 and lasted well into 2009. Further, this significant decline in RevPAR resulted in an even greater decline in the net operating income (NOI) of hotels of nearly 40 percent, subsequently impacting hotel values throughout the nation. PKF Hospitality Research is projecting RevPAR growth of 5.8 percent in 2012 due to gains primarily in ADR. In 2013 and 2014, the overall U.S. lodging market is projected to achieve RevPAR growth of 6.6 and 7.8 percent, respectively. Thereafter, RevPAR growth is projected to taper to long-run average rates.

The proposed Subject can be identified in the upper upscale hotel segment. The RevPAR for the U.S. upper upscale hotel segment experienced a decline in RevPAR of 17.2 percent, slightly above the decline for all U.S. hotels during this time. RevPAR for this segment increased 5.9 percent in 2010 and 6.6 percent in 2011. In 2012 and 2013, RevPAR is projected to increase 5.5 and 5.4 percent, respectively. Thereafter, RevPAR for the U.S upper upscale hotel segment is projected to taper to long-run averages.

C. DENVER LODGING MARKET

1. Overview

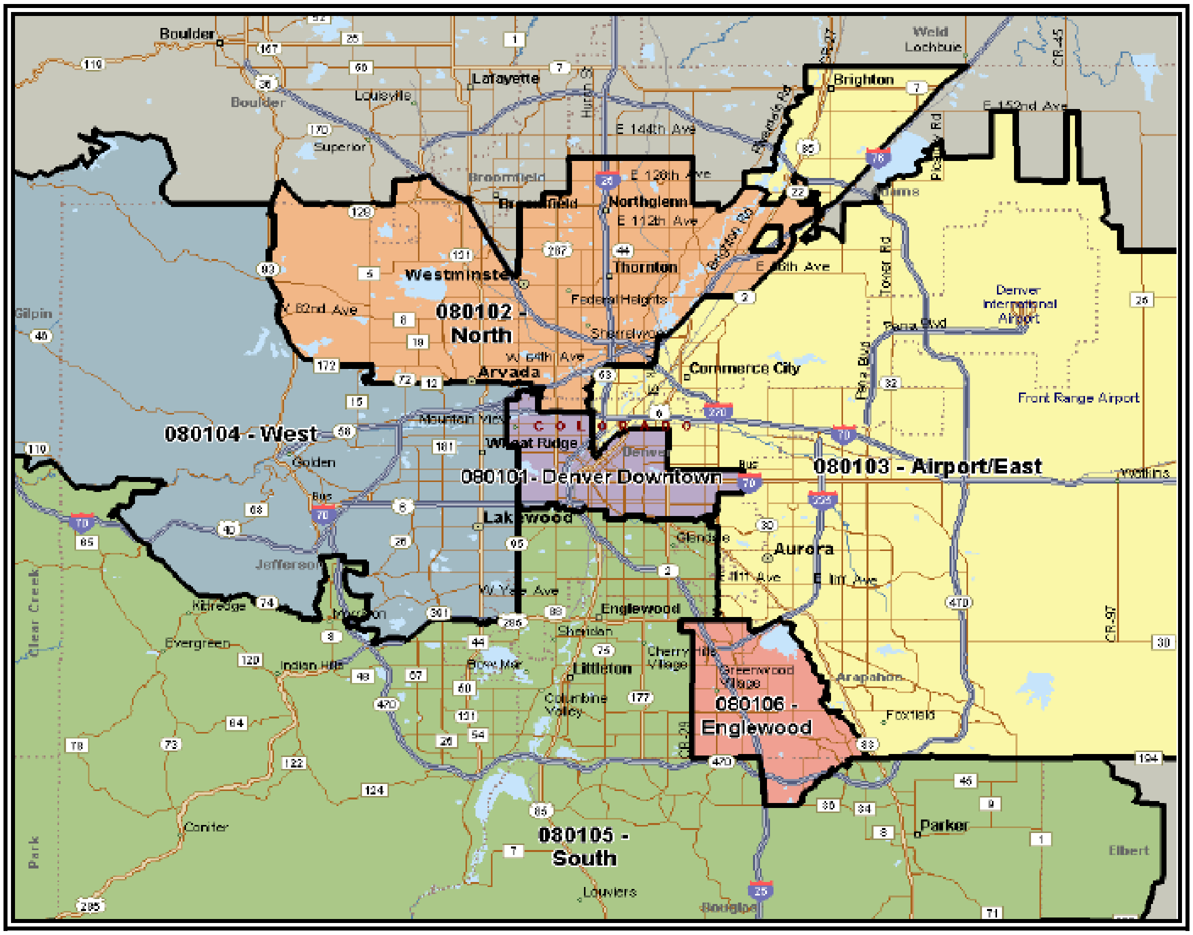
The greater Denver lodging market offers a variety of lodging options in all segments of the market. Travelers have a diverse selection of accommodations. The region offers boutique, full-service, focus-service, limited-service, extended-stay, and economy hotels. The Denver lodging market incorporates the following submarkets: Central Business District, North, Airport/East, West, South, and Englewood. The proposed Subject is located in the Airport/East submarket. In total, the greater Denver lodging market consists of 40,316 hotel rooms. The following table summarizes the supply of hotel rooms in each of the aforementioned submarkets.

Denver Lodging Market
Submarket Summary

	Upper-Priced			Lower-Priced			Totals		
Submarket	Hotels	Rooms	% Market	Hotels	Rooms	% Market	Hotels	Rooms	% Market
Central Business District	24	7,635	18.9%	21	1,653	4.1%	45	9,288	23.0%
North	10	1,841	4.6%	23	2,355	5.8%	33	4,196	10.4%
Airport/East	**21**	**4,131**	**10.2%**	**62**	**7,620**	**18.9%**	**83**	**11,751**	**29.1%**
West	10	1,210	3.0%	32	2,899	7.2%	42	4,109	10.2%
South	12	1,743	4.3%	37	3,102	7.7%	49	4,845	12.0%
Englewood	16	3,574	8.9%	24	2,553	6.3%	40	6,127	15.2%
Total	**93**	**20,134**	**49.9%**	**199**	**20,182**	**50.1%**	**292**	**40,316**	**100.0%**

Source: **PKF Hospitality Research** and Smith Travel Research

As noted, the Airport/East submarket contains the largest supply of hotel rooms throughout the greater Denver region with a total of 83 hotels, 62 of which are categorized as lower-priced hotels, and 11,751 guestrooms (29.1 percent of the overall market). The Central Business District (downtown Denver) contains 45 hotels, 24 of which are categorized as upper-priced hotels, and 9,288 guestrooms (23.0 percent of the overall market). The West submarket, which includes the city of Golden amongst others, contains the smallest supply of hotel rooms and a market share of only 10.2 percent. A map outlining the different submarkets is presented on the following page.

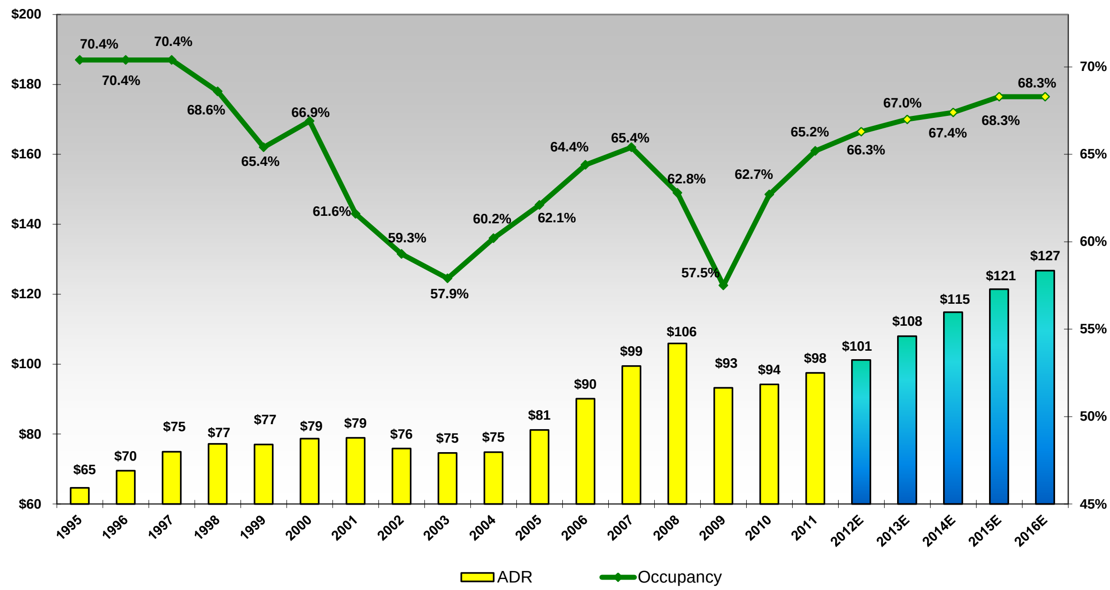


Map of Denver Submarkets

2. Historical and Projected Performance

Presented in the following graph are the historical occupancy and average daily room rate (“ADR”) levels for the Denver lodging market since 1995. Additionally, we have also included the projected performance of the Denver lodging market from 2012 through 2016.

Denver Lodging Market
Historical and Projected Performance



Source: PKF Hospitality Research – *Hotel Horizons*® *June – August 2012* and Smith Travel Research

The overall Denver lodging market achieved a consistent occupancy level of 70.4 percent between 1995 and 1997. Occupancy declined in 1998 and 1999 as a result of an increase in supply of 10.2 and 11.6 percent, respectively. At this point in time, market occupancy fell to 65.4 percent. As new supply was absorbed, occupancy increased 1.5 percentage points in 1999 before declining significantly between 2000 and 2003, which can be attributable to the negative impact of the terrorist attacks on September 11, 2001 (9/11), the war with Iraq, and an outbreak of Severe Acute Respiratory Syndrome (SARS). Occupancy began to show signs of improvement in 2004, which lasted through 2007 with steady increases in demand. However, the Denver lodging market experienced another significant decline in demand between 2007 and 2009 as a result of the Great Recession, which negatively impacted demand for hotel room nights across that nation. At this point in time, market occupancy decreased to 57.5 percent, which is in line with the occupancy level achieved in 2003. As the economy began to show signs of recovery, occupancy increased to 62.7 percent in 2010 and 65.2 percent in 2011, which represents increases in demand of 9.8 and 5.8 percent, respectively. Between 2012 and 2016, the Denver lodging market is projected to continue to experience increases in demand. Market occupancy over this period is projected to increase from approximately 66 percent in 2012 to a stabilized level of approximately 68 percent beginning in 2015.

The ADR of the Denver lodging market fluctuated between approximately $65 and $75 between 1995 and 2004. Beginning in 2005, management of hotels throughout the region focused on increasing rates as demand returned to the local market. This focus on increasing ADR resulted in rate growth of 8.4 percent in 2005 with ADR increasing from approximately $75 to $81. Significant rate growth of 11.0, 10.4, and 6.5 percent was achieved in 2006, 2007, and 2008, respectively, which resulted in an ADR of approximately $106 in 2008. As demand declined year-over-year due to the recent economic downturn, management discounted rates, which resulted in a decrease in ADR of 12.0 percent in 2009. As demand returned to the local lodging market, modest increases in ADR were achieved in 2010 and 2011, resulting in an ADR of approximately $98 through year-end 2011. As the economy continues to improve and demand returns to the Denver lodging market, rate growth of between approximately 4.0 and 7.0 percent is projected over the next five years, resulting in an ADR of approximately $127 in 2016. This ADR growth is deemed reasonable as the market operates on a stabilized level and management focuses primarily on increasing room rates.

D. COMPETITIVE LODGING MARKET ANALYSIS

Within the greater Denver lodging market, the proposed Subject is projected to compete primarily with the nationally-affiliated, full-service and some focus-service hotels located proximate to the Denver International Airport (DIA) (in the Airport/East submarket). As the Subject will represent the highest quality hotel in the Airport/East submarket, it is also projected to compete secondarily with the nationally-affiliated, full-service hotels located in downtown Denver (Central Business District submarket). Accordingly, we have presented an overview of the most direct competitors located in the local Airport/East market as well as the secondary competitors located in the Central Business District lodging market.

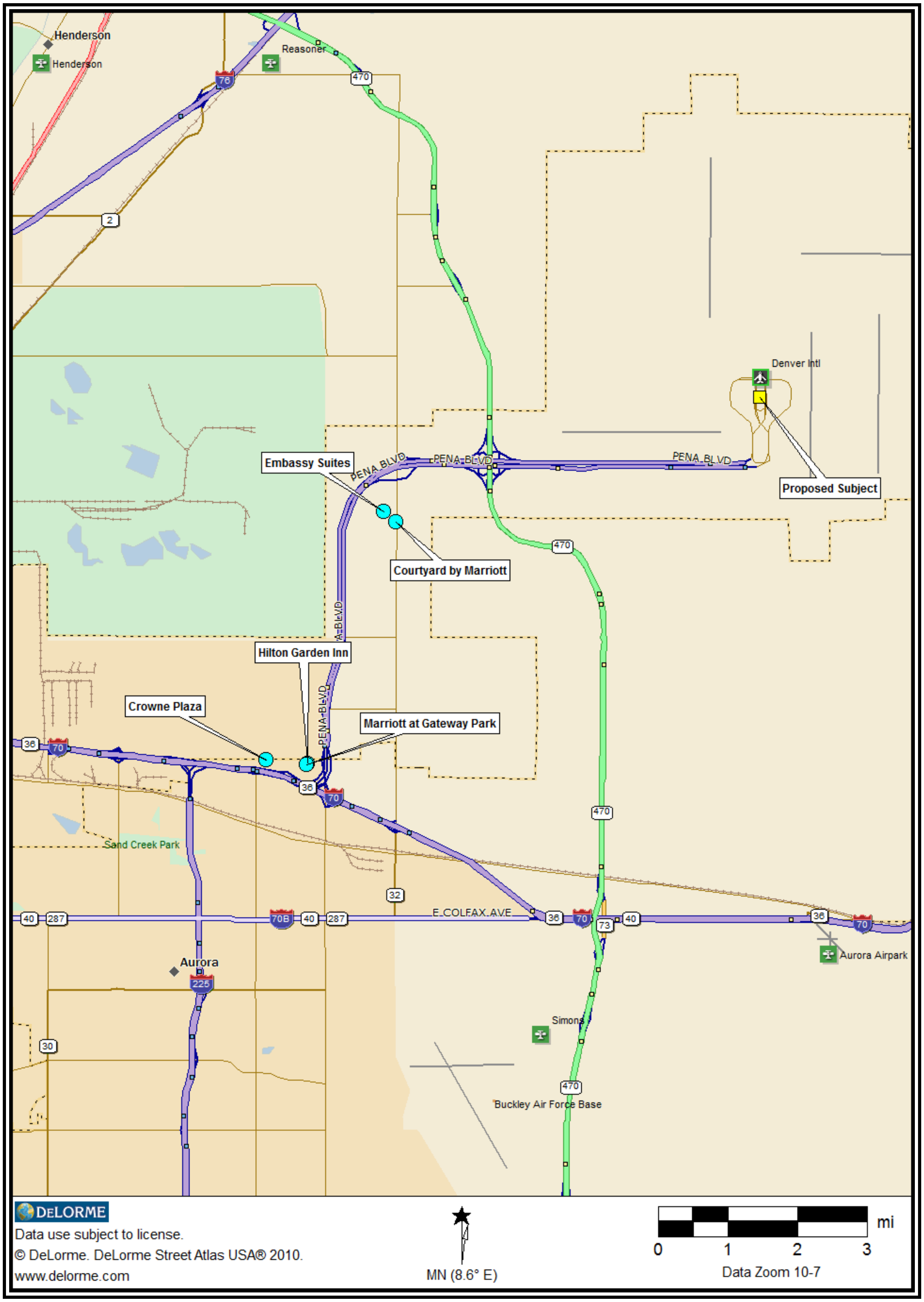
Lastly, as the Subject will represent an in-terminal hotel, or hotel physically connected to a major international airport, we have also presented an overview of the performance of the in-terminal lodging market within the United States and Canada. Our review of the other in-terminal hotels is presented later in this section and serves more as a test of reasonableness against the unique performance for the select number of hotels that are physically connected to a major, international airport.

1. Competitive Airport Lodging Market

The airport lodging market primarily includes those hotels located on Tower Road, approximately eight miles southwest of DIA and the group of hotels located in and around Gateway Park along 40th Street, approximately 12 miles southwest of DIA. For the purpose of this analysis, we have focused on six hotels in these two locations as representing the primary competitive market for the proposed Westin. Competitive properties were identified on the basis of product quality, room rate structure, amenities offered, and overall market positioning. These hotels include the Marriott Gateway, Embassy Suites, Hilton Garden Inn, Courtyard by Marriott, Crowne Plaza, and the Holiday Inn. It should be noted that while we have selected these six hotels as the primary airport competitors, the proposed Westin may compete indirectly with many other hotels in the airport market for select segments of transient or group demand. However, our selection of these six properties represents the most competitive sample of hotels in the airport market. The following table provides a brief summary of these competitive airport properties. A map and additional information on each individual property is presented on the following pages.

The Westin Denver International Airport
Summary of the Competitive Airport Lodging Market

Property	Rooms	Year Open
Denver International Airport Marriott at Gateway Park	238	1998
Embassy Suites Denver International Airport	174	2002
Hilton Garden Inn Denver International Airport	157	1999
Courtyard Denver International Airport	202	1997
Crowne Plaza Denver International Airport	255	1982
Holiday Inn Denver International Airport	161	2009
Total	**1,187**	**-**



Competitive Airport Hotel Market

Competitive Property Number One (Airport)
Denver International Airport Marriott at Gateway Park

Location

Address: 16455 E. 40th Circle
Aurora, CO 80011

Distance from Subject: 11.8 miles

Description

Date opened: 1998
Guestrooms: 238

Amenities

- Fire + Spice Grill
- Great Room Lounge
- In-room dining
- Approximately 7,000 square feet of meeting space
- Fitness center
- Indoor swimming pool and whirlpool
- Denver Airport shuttle, available 24 hours a day
- High-speed Internet access throughout the hotel
- Complimentary on-site parking
- Business center
- Laundry/valet service

Picture

Notes

The Marriott at Gateway Park is located approximately 12 miles southwest of the proposed Subject. Gateway Park is a business park but also attracts overflow demand from the hotels located on Tower Road, proximate to the Denver International Airport. The hotel opened in 1998 and features 238 guestrooms. Additionally, the hotel is affiliated with Marriott International and benefits from Marriott's guest rewards program and marketing efforts. This hotel represents one of Marriott's full-service products.

Historical Performance

In 2011, the Marriott at Gateway Park achieved an occupancy level and ADR above the competitive market average. It should be noted that the Marriott at Gateway Park achieves one of the highest ADRs in the competitive airport lodging market.

Competitive Property Number Two (Airport)

Embassy Suites Denver International Airport

Location

Address: 7001 Yampa Street
Denver, CO 80249

Distance from Subject: 7.8 miles

Description

Date opened: 2002
Guestrooms: 174

Amenities

- Complimentary cooked-to-order breakfast
- Manager's evening reception
- Diazza Restaurant
- In-room dining
- Approximately 5,000 square feet of meeting space
- Fitness center
- Indoor swimming pool and whirlpool
- Coin-operated laundry facilities
- Laundry/valet service
- Business center
- Gift shop
- Local area transportation
- High-speed Internet access throughout the hotel

Picture

Notes

The Embassy Suites is located approximately eight miles southwest of the proposed Subject in the Tower Road hotel market. The hotel opened in 2002 and features 174 guestrooms. The Embassy Suites is affiliated with Hilton Hotels and Resorts and benefits from Hilton's guest reward program and marketing efforts. This hotel represents Hilton's all-suite, full-service product.

Historical Performance

The Embassy Suites achieved an occupancy level and ADR above the competitive market average in 2011. It should be noted that the Embassy Suites achieves one of the highest ADRs in the competitive airport lodging market.

Competitive Property Number Three (Airport)	
Hilton Garden Inn Denver International Airport	
Location	**Description**
Address: 16475 E. 40th Circle, Aurora, CO 80011	**Date opened:** 1999
Distance from Subject: 11.7 miles	**Guestrooms:** 157

Amenities

- The Great American Grill (breakfast and dinner)
- 24-hour Pavilion Pantry Market
- Airline desk
- Approximately 3,100 square feet of meeting space
- Indoor swimming pool and whirlpool
- Business center
- Denver Airport shuttle, 24 hours a day
- High-speed Internet access throughout the hotel
- Laundry/valet service
- Coin-operated laundry facilities
- In-room dining
- Fitness center

Picture

Notes

The Hilton Garden Inn is located approximately 12 miles southwest of the proposed Subject in the Gateway Corporate Park. The hotel opened in 1999 and features 157 guestrooms. The Hilton Garden Inn is affiliated with Hilton Hotels and Resorts and benefits from Hilton's guest reward program and marketing efforts. This hotel represents Hilton's focus-service product.

Historical Performance

The Hilton Garden Inn achieved an occupancy level in line with the competitive market average and an ADR above the competitive market average in 2011.

Competitive Property Number Four (Airport)	
Courtyard Denver International Airport	
Location	**Description**
Address: 6901 Tower Road Denver, CO 80249 **Distance from Subject:** 7.7 miles	**Date opened:** 1997 **Guestrooms:** 202
Amenities	**Picture**
• The Bistro • Starbucks® Coffee House • Approximately 2,900 square feet of meeting space • Indoor swimming pool and whirlpool • Business center • Denver Airport shuttle, 24 hours a day • High-speed Internet access throughout the hotel • Laundry/valet service • Fitness center	
Notes	**Historical Performance**
The Courtyard is located approximately eight miles southwest of the proposed Subject in the Tower Road hotel market. The hotel opened in 1997 and features 202 guestrooms. The Courtyard is affiliated with Marriott International and benefits from Marriott's guest reward program and marketing efforts. This hotel represents Marriott's focus-service product.	In 2011, the Courtyard achieved an occupancy level above the competitive market average and an ADR below the competitive market average.

Competitive Property Number Five (Airport)

Crowne Plaza Denver International Airport

Location

Address: 15500 E. 40th Avenue
Denver, CO 80239

Distance from Subject: 12.4 miles

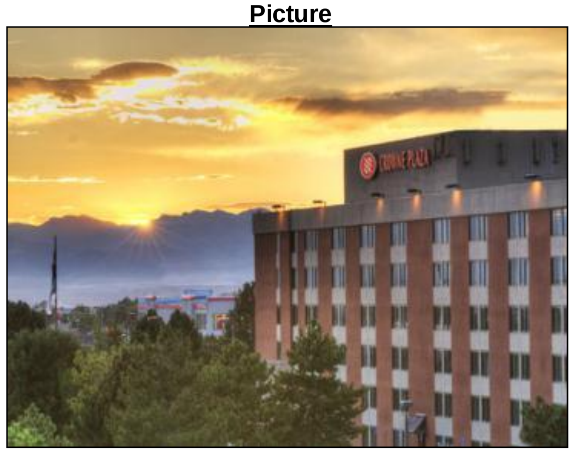
Description

Date opened: 1982
Guestrooms: 255

Amenities

- Terrace Restaurant
- Atrium Lounge
- 50,000-square-foot convention center
- Approximately 70,000 square feet of meeting space
- Indoor swimming pool and whirlpool
- Fitness center
- Executive floors
- Gift shop
- High-speed Internet access throughout the hotel
- Laundry/valet service
- Denver Airport shuttle, 24 hours a day
- Business center

Picture



Notes

The Crowne Plaza is located approximately 12 miles southwest of the proposed Subject in the Gateway Corporate Park. The hotel opened in 1982 and features 255 guestrooms. The hotel is a convention center hotel, featuring over 50,000-square-foot convention center and over 70,000 square feet of meeting space. The hotel is affiliated with the InterContinental Hotels Group and benefits from IHG's guest reward program and marketing efforts. This hotel represents one of IHG's full-service products.

Historical Performance

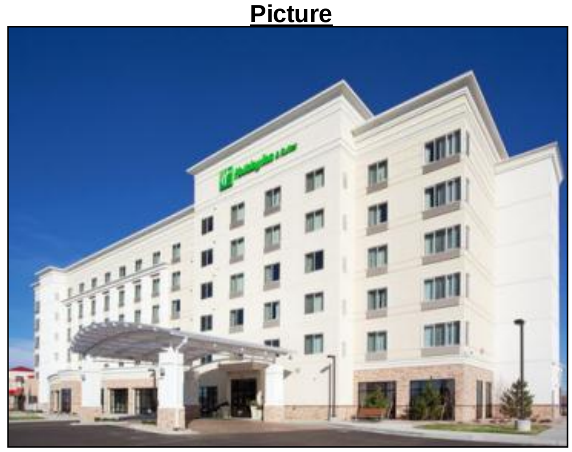
The Crowne Plaza achieved an occupancy level and ADR below the competitive market average in 2011. It should be noted that the Crowne Plaza achieves one of the lowest ADRs in the competitive airport lodging market.

Competitive Property Number Six (Airport)	
Holiday Inn Denver International Airport	
Location	**Description**
Address: 6900 Tower Road Aurora, CO 80249	**Date opened:** 2009 **Guestrooms:** 161
Distance from Subject: 7.9 miles	

Amenities

- Sporting News Grill Restaurant and Bar
- In-room dining
- Approximately 4,100 square feet of meeting space
- Indoor swimming pool and whirlpool
- Business center
- Fitness center
- High-speed Internet access throughout the hotel
- Laundry/valet service
- Denver Airport shuttle, 24 hours a day

Picture



Notes

The Holiday Inn is located approximately eight miles southwest of the proposed Subject in the Tower Road hotel market. The hotel recently opened in 2009, representing the newest hotel to enter the competitive airport market, and features 161 guestrooms. The Holiday Inn is affiliated with the InterContinental Hotels Group and benefits from IHG's guest reward program and marketing efforts. This hotel represents one of IHG's full-service products.

Historical Performance

The Holiday Inn achieved an occupancy level and ADR below the competitive market average in 2011.

a. Historical Performance of the Competitive Airport Lodging Market

Presented in the following table is the historical performance of the competitive airport lodging market from 2007 through 2011, as well as year-to-date ("YTD") June 2011 and 2012.

The Westin Denver International Airport
Historical Performance of the Competitive Airport Lodging Market

Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2007	374,490	-	276,689	-	73.9%	$127.71	-	$94.36	-
2008	374,490	0.0%	276,112	-0.2%	73.7%	$131.93	3.3%	$97.27	3.1%
2009	398,945	6.5%	291,682	5.6%	73.1%	$107.71	-18.4%	$78.75	-19.0%
2010	433,255	8.6%	320,717	10.0%	74.0%	$106.34	-1.3%	$78.72	0.0%
2011	433,255	0.0%	327,399	2.1%	75.6%	$108.00	1.6%	$81.61	3.7%
CAGR	**3.7%**	**-**	**4.3%**	**-**	**-**	**-4.1%**	**-**	**-3.6%**	**-**
YTD Jun '11	216,628	-	165,262	-	76.3%	$106.79	-	$81.47	-
YTD Jun '12	216,628	0.0%	165,668	0.2%	76.5%	$108.76	1.8%	$83.17	2.1%

Source: **PKF Consulting USA**

As noted, supply for the competitive airport lodging market increased at a compound annual growth rate ("CAGR") of 3.7 percent over the past five years. The 6.5 and 8.6 percent increases in supply in 2009 and 2010, respectively, are attributable to the annualized addition of the 161-room Holiday Inn which opened in August 2009. Supply remained stable through YTD June 2012 with no further additions.

Demand for the competitive airport lodging market increased at a CAGR of 4.3 percent between 2007 and 2011, outpacing the increase in supply during this time. Over the past five years, market occupancy fluctuated between 73.1 and 75.6 percent despite the economic downturn during this time. The number of occupied rooms declined 0.2 percent in 2008, which resulted in a 0.2 percentage point decrease in occupancy. Market occupancy further declined 0.6 percentage points in 2009 as the increase in supply exceeded the increase in demand, which resulted in the five-year low occupancy level of 73.1 percent. As the economy began to show signs of recovery, the number of occupied rooms increased 10.0 percent over prior year levels in 2010 and further increased 2.1 percent through year-end 2011, resulting in the five-year high occupancy level of 75.6 percent. It is interesting to note that while most lodging markets across the nation experienced significant declines in demand during the Great Recession, airport lodging markets typically experienced only modest declines in demand with much of the loss in revenue per available room ("RevPAR") attributable to heavily discounted rates. Through YTD June 2012, demand remained relatively flat with occupancy increasing only 0.2 percentage points to 76.5 percent.

The ADR for the competitive airport lodging market decreased at a CAGR of 4.1 percent over the past five years with ADR ranging from a low of $106.34 in 2010 to a high of $131.93 in 2008. During the height of the Great Recession (2009), the identified competitive market experienced a significant decline in ADR of 18.4 percent. This decrease resulted in an ADR of $107.71, an approximately $24 decline. The market ADR further declined 1.3 percent in 2010 to $106.34, the five-year low ADR level achieved by the competitive airport lodging market. Through year-end 2011, ADR increased a modest 1.6 percent over prior year levels, resulting in an ADR of $108. Through YTD June 2012, ADR increased from $106.79 to $108.76 or 1.8 percent.

As a result of fluctuations in occupancy and ADR, RevPAR declined at a CAGR of 3.6 percent between 2007 and 2011. In 2009, the competitive market experienced a decline in RevPAR of 19.0 percent, primarily as a result of an 18.4 percent decrease in ADR. Comparatively, the U.S. overall lodging market experienced a decline in RevPAR of only 16.7 percent during this time. Through YTD June 2012, RevPAR increased 2.1 percent over prior year levels, resulting in RevPAR of $83.17, which is below 2007 levels.

A majority of demand at the hotels comprising the competitive airport lodging market is from the transient market segment (approximately 55 percent) with group demand representing the second largest market segment (approximately 30 percent). Based on conversations with management of the competitive hotels, we understand that the airport lodging market attracts group business that prefers the convenience of being near the airport. The remainder of demand in the competitive airport lodging market is comprised of contract/crew demand. The competitive airport lodging market also benefits from distressed passenger demand, which is created due to flight cancellations which are primarily attributable to inclement weather and airplane mechanical malfunctions. Demand for the full-service hotels comprising the competitive airport lodging market is typically highest between the months of May and September.

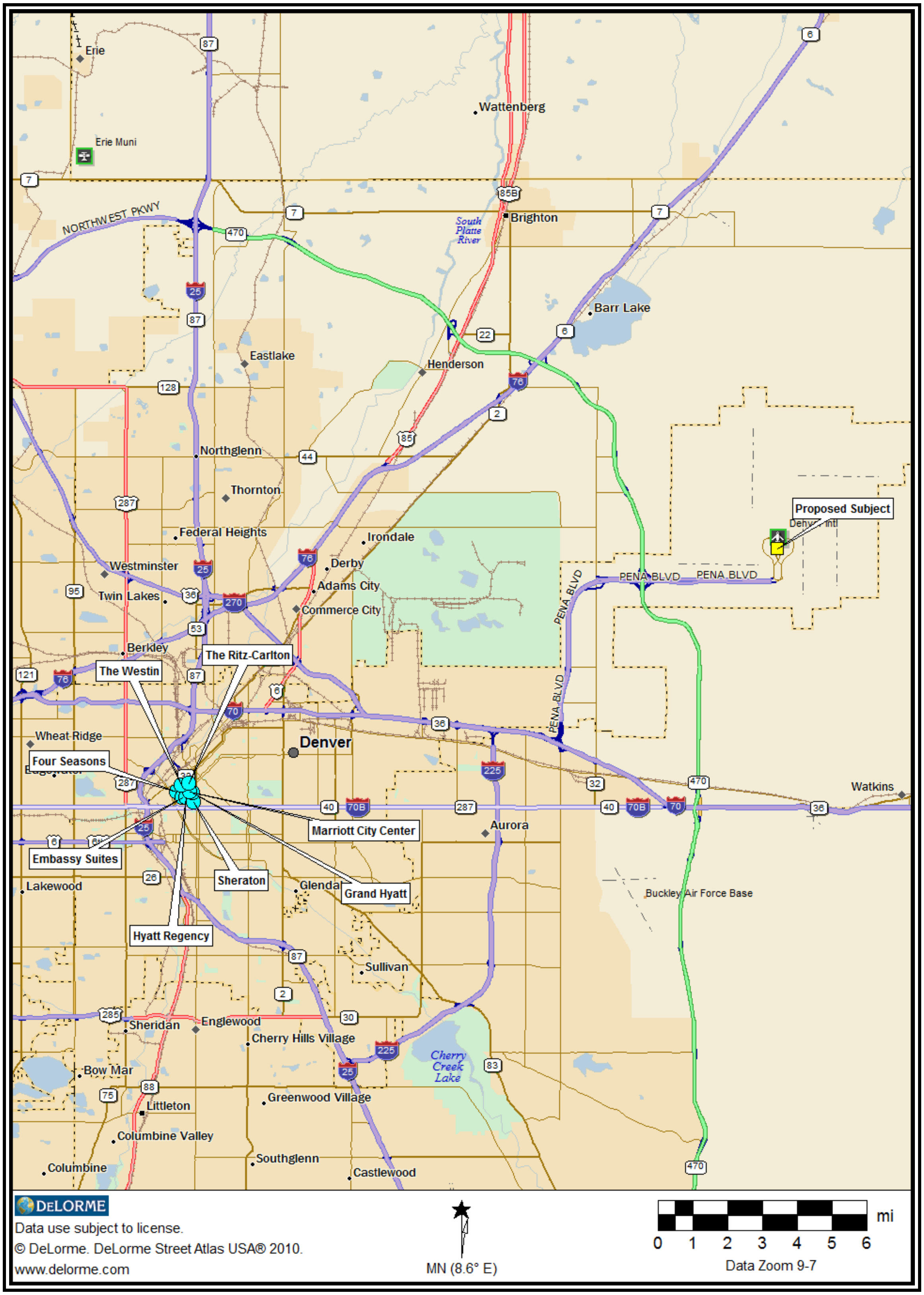
2. Competitive Downtown Lodging Market

As previously stated, given the fact that the proposed Subject will represent the highest quality hotel in the airport submarket, we have also identified a sample of competitive full-service hotels in downtown Denver. While these hotels are located approximately 25 miles from the proposed Subject, it is likely that the proposed Subject will compete with these hotels for group demand associated mainly with corporate groups and national associations that involve attendees that must travel to Denver by air. The Subject will also compete with these hotels for transient demand that would prefer the convenience of an airport location but that have to travel downtown due to the current lack of quality, upper upscale accommodations and/or lack of Starwood affiliated, full-service hotels in the airport market. As a result, a review of the performance of these hotels, both in aggregate and on an individual basis is necessary, particularly as it relates to the future occupancy and ADR performance of the proposed Subject.

The downtown Denver lodging market is primarily comprised of first class/convention, luxury, upscale, midscale, and extended-stay hotels. Based on the proposed attributes of the Subject and its affiliation with Starwood Hotels and Resorts and the Westin brand, we have selected eight hotels as representing the secondary competitive downtown lodging market. Competitive properties were identified on the basis of product quality, room rate structure, amenities offered, and overall market positioning. These hotels include the Westin, Grand Hyatt, Marriott City Center, Hyatt Regency, Ritz-Carlton, Sheraton, Four Seasons, and the Embassy Suites. As with these secondary competitive hotels, we have selected this sample as representing the most likely competitors to the proposed Subject in the downtown market. However, the proposed Westin may compete indirectly with many other hotels in the downtown market for select segments of transient or group demand. Our selection of these eight properties represents the most competitive sample of hotels in the downtown market. The following table provides a brief summary of the competitive properties. A map and additional information on each individual property is presented on the following pages.

The Westin Denver International Airport
Summary of the Competitive Downtown Lodging Market

Property	Rooms	Year Open
The Westin Denver Downtown	430	1985
Grand Hyatt Denver	516	1979
Denver Marriott City Center	613	1982
Hyatt Regency Denver at Colorado Convention Center	1,100	2005
The Ritz-Carlton Denver	202	2008
Sheraton Denver Downtown Hotel	1,231	1985
Four Seasons Hotel Denver	239	2011
Embassy Suites Denver Downtown/Convention Center	403	2010
Total	**4,734**	**-**



Competitive Downtown Hotel Market

Competitive Property Number One (Downtown)

The Westin Denver Downtown

Location

Address: 1672 Lawrence Street
Denver, CO 80202

Distance from Subject: 25.2 miles

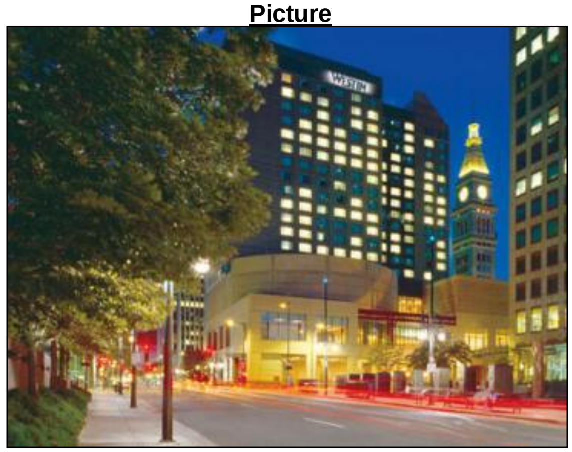
Description

Date opened: 1985
Guestrooms: 430

Amenities

- Augusta Restaurant
- Starbucks® Coffee Kiosk
- The Palm Restaurant
- V's Lounge
- Approximately 32,000 square feet of meeting space
- Rooftop pool and deck
- Indoor swimming pool and whirlpool
- Concierge service
- Business center
- Fitness center
- High-speed Internet access throughout the hotel
- In-room dining
- Laundry/valet service

Picture



Notes

The Westin is located approximately 25 miles southwest of the proposed Subject in downtown Denver. The hotel opened in 1985 and features 430 guestrooms. Based on conversations with management, we understand that this hotel is to undergo a renovation in 2013. The Westin is affiliated with Starwood Hotels & Resorts and benefits from Starwood's guest reward program and marketing efforts. This hotel represents one of Starwood's upscale, full-service products. It is assumed that the proposed Subject will also be affiliated with Starwood under the Westin brand.

Historical Performance

The Westin achieved an occupancy and ADR above the competitive market average in 2011.

Competitive Property Number Two (Downtown)

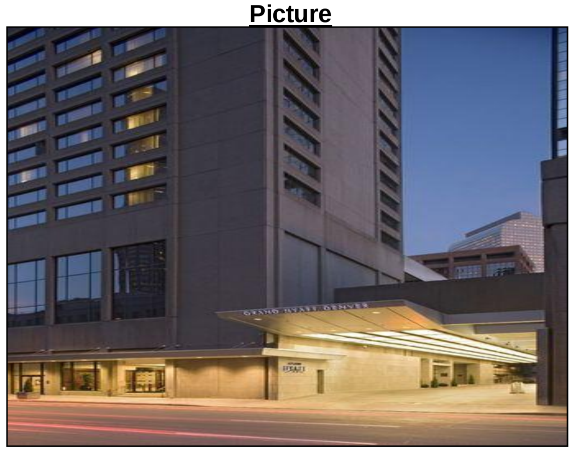
Grand Hyatt Denver

Location	**Description**
Address: 1750 Welton Street Denver, CO 80202 **Distance from Subject:** 25.1 miles	**Date opened:** 1979 **Guestrooms:** 516

Amenities

- Pub 17 on Welton Street
- Starbucks® Café
- Fireside Terrace
- Approximately 60,000 square feet of meeting space
- Sun deck
- Indoor swimming pool and whirlpool
- Business center
- Fitness center
- Concierge service
- Laundry/valet service
- High-speed Internet access throughout the hotel
- In-room dining
- Valet covered parking

Picture



Notes

The Grand Hyatt is located approximately 25 miles southwest of the proposed Subject in downtown Denver, approximately one block from 16th Street Mall. The hotel opened in 1979 and features 516 guestrooms. The hotel is affiliated with Hyatt Hotels and Resorts and benefits from Hyatt's guest reward program and marketing efforts. This hotel represents one of Hyatt's upscale, full-service products.

Historical Performance

In 2011, the Grand Hyatt achieved an occupancy and ADR above the competitive market average.

Competitive Property Number Three (Downtown)	
Denver Marriott City Center	
Location	**Description**
Address: 1701 California Street Denver, CO 80202 **Distance from Subject:** 24.9 miles	**Date opened:** 1982 **Guestrooms:** 613

Amenities

- Allie's American Grill
- D-Spot Lounge
- Starbucks® Coffee House
- In-room dining
- Approximately 30,000 square feet of meeting space
- Fitness center
- Business center
- Concierge service
- Four concierge levels
- High-speed Internet access throughout the hotel
- Valet covered parking
- Sauna
- Laundry/valet service

Picture

Notes

The Marriott City Center is located approximately 25 miles southwest of the proposed Subject in downtown Denver. The hotel opened in 1982 and features 613 guestrooms. The Marriott City Center is affiliated with Marriott International and benefits from Marriott's guest reward program and marketing efforts. The hotel represents one of Marriott's full-service products.

Historical Performance

In 2011, the Marriott City Center achieved an occupancy level below the competitive market average and an ADR above the competitive market average.

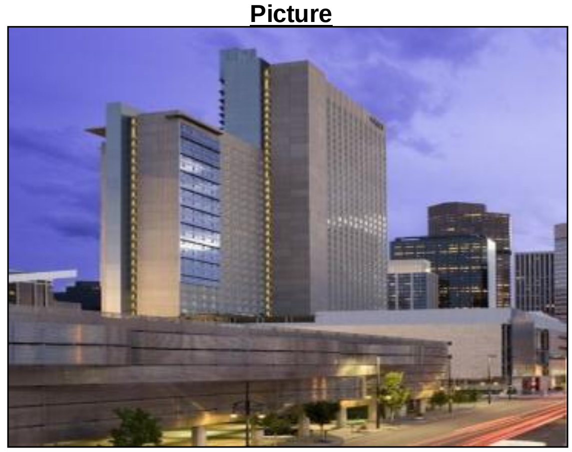
Competitive Property Number Four (Downtown)	
Hyatt Regency Denver at Colorado Convention Center	

Location	**Description**
Address: 650 15th Street Denver, CO 80202 **Distance from Subject:** 25.3 miles	**Date opened:** 2005 **Guestrooms:** 1,100

Amenities

- Altitude Restaurant
- Perks Coffee & More
- Peaks Lounge
- Strata Bar
- In-room dining
- Approximately 61,000 square feet of meeting space
- Indoor swimming pool and whirlpool
- Concierge service
- Fitness center
- Business center
- Spa Universaire
- Valet covered parking
- Laundry/valet service

Picture



Notes

The Hyatt Regency is located approximately 25 miles southwest of the proposed Subject in downtown Denver, adjacent to the Colorado Convention Center. The hotel opened in 2005 and features 1,100 guestrooms. The Hyatt Regency is affiliated with Hyatt Hotels and Resorts and benefits from Hyatt's guest reward program and marketing efforts. The hotel represents one of Hyatt's upscale, full-service products.

Historical Performance

In 2011, the Hyatt Regency achieved an occupancy level and ADR above the competitive market average.

Competitive Property Number Five (Downtown)

The Ritz-Carlton Denver

Location

Address: 1881 Curtis Street
Denver, CO 80202

Distance from Subject: 24.9 miles

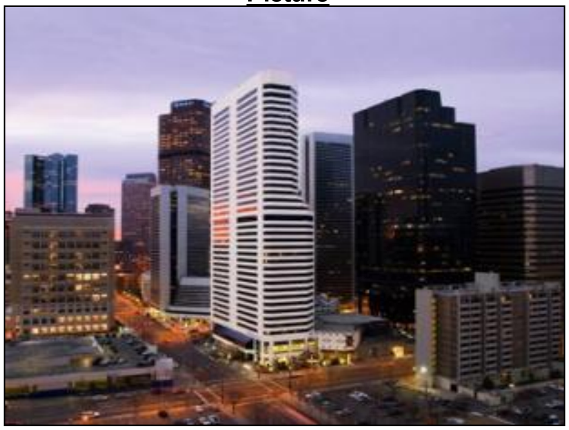
Description

Date opened: 2008
Guestrooms: 202

Amenities

- Elway's Restaurant
- In-room dining
- Approximately 13,000 square feet of meeting space
- The Ritz-Carlton Spa
- Access to the adjacent FORZA fitness club
- Business center
- Concierge service
- High-speed Internet access throughout the hotel
- Valet covered parking
- Laundry/valet service
- 32 Club Level rooms

Picture



Notes

The Ritz-Carlton is located approximately 25 miles southwest of the proposed Subject in downtown Denver. The hotel opened in 2008 and features 202 guestrooms. The Ritz-Carlton is affiliated with Marriott International and benefits from Marriott's guest reward program and marketing efforts. The hotel represents Marriott's high-end, full-service product.

Historical Performance

In 2011, the Ritz-Carlton achieved an occupancy level and ADR above the competitive market average. It should be noted that the Ritz-Carlton achieves one of the highest ADRs in the overall competitive market.

Competitive Property Number Six (Downtown)

Sheraton Denver Downtown Hotel

Location	**Description**
Address: 1550 Court Place, Denver, CO 80202	**Date opened:** 1985
Distance from Subject: 25.4 miles	**Guestrooms:** 1,231

Amenities

- 15/Fifty Restaurant
- 16Mix Lounge
- Yard House
- Katie Mullen's Irish Restaurant & Pub
- Peet's Coffee & Tea
- In-room dining
- Approximately 133,000 square feet of meeting space
- Outdoor swimming pool and whirlpool
- Gift/sundry shop
- Business center
- Fitness center
- VIP Floor
- Concierge service

Picture

Notes

The Sheraton is located approximately 25 miles southwest of the proposed Subject in downtown Denver. The hotel opened in 1985 and features 1,231 guestrooms, representing the largest hotel in the competitive market. The hotel underwent an extensive renovation in 2009, at which time it began operating under the Sheraton brand. The hotel is affiliated with Starwood Hotels and Resorts and benefits from Starwood's guest reward program and marketing efforts. The hotel represents one of Starwood's full-service products.

Historical Performance

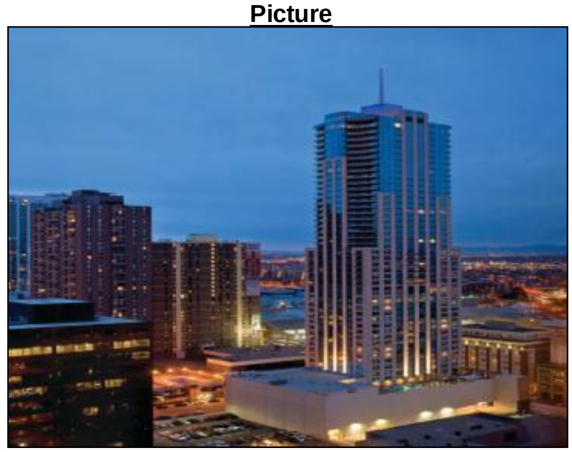
The Sheraton achieved an occupancy level and ADR below the competitive market average. It should be noted that the hotel penetrates the downtown competitive market below its fair share with regard to occupancy due to its larger size.

Competitive Property Number Seven (Downtown)	
Four Seasons Hotel Denver	
Location	**Description**
Address: 1111 14th Street Denver, CO 80202 **Distance from Subject:** 25.0 miles	**Date opened:** 2011 **Guestrooms:** 239

Amenities

- EDGE restaurant and Bar
- In-room dining
- Approximately 17,000 square feet of meeting space
- Rooftop terrace with swimming pool and whirlpool
- Fitness center
- Business center
- High-speed Internet throughout the hotel
- The 10-treatement room Four Seasons Spa
- Concierge service
- Valet covered parking
- Laundry/valet service

Picture



Notes

The Four Seasons Hotel is located 25 miles southwest of the proposed Subject in downtown Denver. The 239-room hotel recently opened in 2011, making it the newest addition to the competitive market. The Four Seasons is affiliated with Four Seasons Hotels and Resorts and benefits from Four Seasons' reputation and marketing efforts. The hotel represents one of the most luxurious hotels in the Denver-Aurora area.

Historical Performance

In 2011, its first full year of operation, the Four Seasons achieved an occupancy level below the competitive market average of the downtown hotels. However, the Four Seasons achieves one of the highest ADRs in the overall competitive market.

Competitive Property Number Eight (Downtown)	
Embassy Suites Denver Downtown/Convention Center	
Location	**Description**
Address: 1420 Stout Street, Denver, CO 80202	**Date opened:** 2010
Distance from Subject: 25.3 miles	**Guestrooms:** 403

Amenities

- Complimentary cooked-to-order breakfast
- Manager's evening reception
- In-room dining
- Approximately 5,000 square feet of meeting space
- Fitness center
- Indoor swimming pool and whirlpool
- Coin-operated laundry facilities
- laundry/valet service
- Business center
- Gift shop
- Local area transportation
- High-speed Internet located throughout the hotel

Picture

Notes

The Embassy Suites is located approximately 25 miles southwest of the Subject in downtown Denver, adjacent to the Colorado Convention Center. The hotel opened in 2010 and features 403 guestrooms. The Embassy Suites is affiliated with Hilton Hotels and Resorts and benefits from Hilton's guest reward program and marketing efforts. The hotel represents Hilton's all-suite product.

Historical Performance

In 2011, its first full year of operation, the Embassy Suites achieved an occupancy level below the competitive market average and an ADR above the competitive market average.

a. Historical Performance of the Competitive Downtown Lodging Market

Presented in the following table is the historical performance of the competitive downtown lodging market from 2007 through 2011, as well as YTD June 2011 and 2012.

The Westin Denver International Airport
Historical Performance of the Competitive Market

Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2007	1,419,850	-	986,512	-	69.5%	$154.23	-	$107.16	-
2008	1,493,580	5.2%	1,037,392	5.2%	69.5%	$163.21	5.8%	$113.36	5.8%
2009	1,493,580	0.0%	918,420	-11.5%	61.5%	$149.80	-8.2%	$92.11	-18.7%
2010	1,515,480	1.5%	1,030,784	12.2%	68.0%	$157.64	5.2%	$107.22	16.4%
2011	1,727,910	14.0%	1,207,794	17.2%	69.9%	$163.37	3.6%	$114.19	6.5%
CAGR	**5.0%**	**-**	**5.2%**	**-**	**-**	**1.4%**	**-**	**1.6%**	**-**
YTD Jun '11	863,955	-	587,505	-	68.0%	$161.42	-	$109.77	-
YTD Jun '12	863,955	0.0%	612,970	4.3%	70.9%	$160.01	-0.9%	$113.52	3.4%

Source: **PKF Consulting USA**

As noted, supply for the competitive downtown lodging market increased at a CAGR of 5.0 percent over the past five years. In 2008, supply increased 5.2 percent over prior year levels as a result of the addition of the 202-room Ritz-Carlton in January 2008. The 1.5 percent increase in supply in 2010 is attributable to the annualized addition of the 239-room Four Seasons in October 2010. Lastly, the 14.0 percent increase in supply in 2011 is reflective of the annualized addition of the Four Seasons as well as the addition of the 403-room Embassy Suites in January 2011. Through YTD June 2012, supply remained stable with no further additions.

Demand for the competitive downtown lodging market increased at a CAGR of 5.2 percent between 2007 and 2011, in line with the increase in supply during this time. Over the past five years, market occupancy ranged from a low of 61.5 percent in 2009, the height of the Great Recession, to a high of 69.9 percent through year-end 2011. On average, the downtown competitive lodging market achieved a market occupancy of approximately 68 percent over the past five years. While demand increased 5.2 percent in 2008, on par with the increase in supply during this time, a significant decline in demand of 11.5 percent was experienced in 2009, which resulted in the five-year low occupancy level of 61.5 percent. As the economy began to improve, the competitive downtown lodging market experienced an increase in demand of 12.2 percent in 2010 and 17.2 percent in 2011, resulting in a five-year high occupancy level of 69.9 percent. Through YTD June 2012, demand increased 4.3 percent over prior year levels to 70.9 percent.

The ADR for the competitive downtown lodging market increased at a CAGR of 1.4 percent between 2007 and 2011 with ADRs ranging from a low of$149.80 in 2009 to a high of $163.37 in 2011. Rate growth of 5.8 percent was achieved in 2008 before ADR declined 8.2 percent in 2009. This decline in ADR is less than half of the decline experienced by the competitive airport lodging market during this time. In 2010 and 2011, market ADR increased 5.2 and 3.6 percent to $163.37. Through YTD June 2012, ADR remained relatively flat at approximately $160.

As a result of fluctuations in occupancy and ADR, RevPAR increased at a CAGR of 1.6 percent between 2007 and 2011. In 2009, the competitive market experienced a decline in RevPAR of 18.7 percent, as a result of an 11.5 percent decrease in demand and 8.2 percent decrease in ADR. In 2010, the performance of the competitive downtown lodging market rebounded, experiencing an increase in RevPAR of 16.4 percent. Through YTD June 2012, RevPAR increased 3.4 percent over prior year levels, resulting in RevPAR of $113.52, in line with 2008 levels.

A majority of demand at the hotels comprising the competitive downtown lodging market is from the transient and group market segments (approximately 45 and 50 percent, respectively). Only approximately five percent of demand represents the contract/crew market segment. Guests who choose to stay in the downtown Denver area primarily do so to be proximate to the convention center, downtown tourist attractions, and/or within the Denver CBD where most commercial business is conducted.

3. Combined Historical Performance of the Primary and Secondary Competitive Lodging Markets

Presented in the following table is the historical performance of the aforementioned combined competitive airport and downtown lodging markets from 2007 through 2011, as well as YTD June 2011 and 2012.

The Westin Denver International Airport
Historical Performance of the Competitive Market

Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2007	1,794,340	-	1,263,201	-	70.4%	$148.42	-	$104.49	-
2008	1,868,070	4.1%	1,313,504	4.0%	70.3%	$156.63	5.5%	$110.13	5.4%
2009	1,892,525	1.3%	1,210,102	-7.9%	63.9%	$139.66	-10.8%	$89.30	-18.9%
2010	1,948,735	3.0%	1,351,501	11.7%	69.4%	$145.46	4.2%	$100.88	13.0%
2011	2,161,165	10.9%	1,535,193	13.6%	71.0%	$151.56	4.2%	$107.66	6.7%
CAGR	**4.8%**	**-**	**5.0%**	**-**	**-**	**0.5%**	**-**	**0.8%**	**-**
YTD Jun '11	1,080,583	-	752,767	-	69.7%	$149.43	-	$104.10	-
YTD Jun '12	1,080,583	0.0%	778,637	3.4%	72.1%	$149.10	-0.2%	$107.44	3.2%

Source: **PKF Consulting USA**

Supply for the overall competitive market increased at a CAGR of 4.8 percent over the past five years as a result of the aforementioned additions to supply. Market occupancy ranged from a low of 63.9 percent in 2009, the height of the Great Recession, to a high of 71.0 percent in 2011, which was attainable due to an 11.7 percent increase in demand in 2010 and 13.6 percent increase in demand in 2011. Through YTD June 2012, occupancy increased from 69.7 to 72.1 percent or 3.4 percent over prior year levels. ADR for the overall competitive market remained relatively unchanged between 2007 and 2011 due to an offset in ADR declines and increases. The year-end 2011 ADR is approximately $3 higher than 2007 levels. Through YTD June 2012, the competitive market experienced a modest decline in ADR of 0.2 percent, resulting in an ADR of $149.10. Due to the aforementioned fluctuations in occupancy and ADR RevPAR increased at a CAGR of 0.8 percent. In 2009, RevPAR decreased 18.9 percent before increasing 13.0 percent in 2010 and 6.7 percent in 2011, resulting in a RevPAR of $107.66. RevPAR increased 3.2 percent over prior year levels through YTD June 2012 to $107.44.

Presented in the following table is a summary of the estimated year-end 2012 ADRs for the primary and secondary competitive markets. Due to the confidential nature of this information, we have not disclosed the identity of the hotels.

Estimated Year-End 2012 ADR			
Primary Competitive Market		Secondary Competitive Market	
Property	ADR	Property	ADR
Hotel A	$90	Hotel A	$165
Hotel B	$85	Hotel B	$240
Hotel C	$100	Hotel C	$140
Hotel D	$115	Hotel D	$225
Hotel E	$145	Hotel E	$170
Hotel F	$130	Hotel F	$155
		Hotel G	$150
		Hotel H	$165

We estimate the primary competitive market to achieve ADRs ranging between approximately $85 and $145 through year-end 2012. We estimate the secondary competitive market to achieve ADRs ranging between approximately $155 and $240 through year-end 2012. As noted, the low-end of the range in estimated 2012 ADRs for the secondary competitive market is approximately $10 above the high-end of the range of the primary competitive market. The hotels comprising the competitive downtown lodging market, in general, represent upper upscale and luxury properties with superior guestroom products and are located in prime downtown locations, thus warranting a premium in ADR.

4. Additions to Supply

Based on our research, we have identified a number of potential additions to supply in the Denver lodging market. Numerous hotels are in various planning stages in the downtown and airport hotel markets. However, due to the speculative nature of the proposed properties, coupled with the high cost of construction, it is unlikely that many of these projects are expected to come to fruition in the near term, thus limiting the number of rooms that will actually enter the market. For the purpose of this analysis, we have only included one hotel development in our analysis of supply and demand for the proposed Subject due to the speculative nature or lack of competitiveness of each project. The project we included is the 231-room Renaissance hotel which is located in downtown Denver and is scheduled to open in 2014. Presented in the following paragraphs is a review of each of the various proposed projects.

Aurora:

- **Anschutz Medial Campus Village Project:** A proposed 250 to 300-room full-service hotel is planned as part of the Anschutz Medical Campus Village project. The hotel is proposed by Corporex Colorado and is proposed to feature a 30,000-square-foot conference center, a full-service restaurant, and state-of-the-art meeting facilities. This hotel is part of the Phase I development project.

- **Anschutz Medical Campus:** Approximately 15 acres of this development have been set aside for the development of two or three hotels. This hotel is still in the pre-planning stage.

- **Gaylord Resort & Convention Center:** Gaylord Hotels & Resorts is proposing a Western-style convention hotel featuring 1,500 guestrooms and more than 400,000 square feet of exhibition space. Plans also include outdoor event space, a children's playground, a large parking area, future waterpark, several gardens and an outdoor fireplace. Development plans also include a retail town center and restaurants. The development site for this $800 million project is located within the High Point Master Plan Development near DIA at 64th Avenue and Tower Road. Based on discussions with representatives of Gaylord Hotels & Resorts, we understand that this project has been terminated.

- **Hyatt Place Hotel & Conference Center:** A 163-room Hyatt Place and conference center are proposed in the Anschutz Medical Campus development at Montview Boulevard and Ursala Drive. The hotel and conference center are proposed as part of a mixed-use development also containing an office building for University Physicians, Inc. Site plans have been set; however, construction is scheduled for the coming years. Officials are hoping that the credits markets will improve for construction to commence.

- **Woolley Classic Suites Hotel:** The first Woolley Class Suites Hotel is proposed in the Denver-Aurora hotel market, proximate to Gateway Park. The 248-room proposed full-service luxury, all-suite hotel will be comprised of eight stories on 5.17 acres with guestrooms ranging in size from 650 to 950 square feet. The project is estimated to cost $50 million.

Denver:

- **Belleview Station:** A 2.3 million square-foot development on 18 acres of land is proposed to include at least one 240-room full-service hotel, along with homes, offices, and stores. The location of this large development is at Interstate 25 and Belleview Avenue. The infrastructure is currently being installed, and construction of the Phase I residential units was completed in 2009. Most of the Belleview Station development is projected to be completed in the next five to seven years.

- **Cable Building Hotel:** The Cable Building is located at 1801 Lawrence Street in downtown Denver. Between 13 and 14 stories are proposed to be added to the existing building and will feature retail, meeting space, and 217 guestrooms. The project is being developed by Central Development LLC. Construction on this project is to be determined.

- **Hotel Gold Crown:** This site for this project is located at the corner of 15th and Champa Streets. The original proposed project entailed a 17-story hotel and condo tower. The tower would feature 264 guestrooms on floors three through 14 and 12 condominiums on floors 15 through 17. Architects of this project were forced to reduce the number of stories of this project from 17 to 13 floors. The firm is currently finalizing the redesign with a construction date to be determined.

- **Hotel Palomar:** A Hotel Palomar is proposed for the Greenwood Village at Interstate 25 and Arapahoe Road. The project is being developed by ING Clarion Partners and Kimpton Hotels. The 200-room hotel is planned to contain 25 condominium units, 10,000 square feet of meeting space, and a restaurant. The hotel will be adjacent to the Arapahoe light rail station.

- **Renaissance Denver City Center:** The $50 million project will bring the old Colorado National Bank Building back to life as a 231-room full-service Renaissance by Marriott hotel. The physical address of the project is 918 17th Street. Development plans call for the addition of two stories to the six-story building. Features include a full-service restaurant, café, and a 1,000-square-foot fitness center. The developer of this project is the Stonebridge Company. The development is projected to be completed in 2014. As stated, this hotel has been included as an addition in our supply and demand and analysis.

- **Sunshine Towers:** This mixed-use development is proposed to be located at 1601 Wewatta Street in downtown Denver and will include an 110,000-square-foot boutique hotel. Construction is projected to take 18 to 24 months once the permitting process is complete.

- **Denver Union Terminal:** Under the Regional Transportation District's Master Plan for the historic station site, the station will be turned into a 130-room boutique hotel to be affiliated with Oxford Hotels. The hotel is proposed to feature restaurants and retail. The developer of this project is Union Station Alliance. The plans are currently being finalized and are required to go through a rigorous historical preservation review process.

E. PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET

Typically, demand for hotel rooms in a given market area can be categorized in one of three ways:

Demonstrated or Accommodated Demand – The demand that can be quantified as existing occupancy levels at competitive hotels;

Unsatisfied Demand – The demand that seeks hotel accommodations in the competitive market, but is turned away due to capacity restraints; and,

Induced Demand – The demand that does not presently seek hotel accommodations in the competitive market, but could be persuaded to do so through marketing efforts, room rates, location, new facilities, services, and amenities.

The demand captured by the competitive market (demonstrated demand) is oriented predominately towards the transient market segment (50 percent), with the group and contract/crew segments generating the balance. The 2011 market mix for the competitive market is presented in the following table.

2011 Mix of Demand Overall Competitive Market		
Market Segment	**Room Nights**	**Ratio**
Transient	769,400	50%
Group	683,600	45%
Contract/Crew	82,200	5%
Total	1,535,200	100%

Source: **PKF Consulting USA**

The **transient (commercial and leisure/discount) market segment** comprised approximately 50 percent, or approximately 769,400 room nights, of the total market demand for 2011. The transient commercial market segment consists primarily of managers, sales representatives, lawyers, investors, potential employees, and other travelers visiting local companies based in Denver. This segment also includes transient government demand and travelers from private and public companies, interest groups visiting local government offices, and visitors to the many medical facilities located throughout the region. As Denver is the capital of Colorado, there is a large government presence. Demand for rooms in this segment is highest Monday through Thursday.

The transient leisure/discount market segment consists of demand primarily driven by the numerous scenic attractions and bountiful recreational activities offered throughout the region. Leisure/discount travel includes those who travel to the Denver area to experience its year-round recreational opportunities, myriad of sports teams and arenas, and those who patron the many museums and historical venues of Denver. One of Denver's largest demand generators is its abundance of cultural events and venues centered in and around downtown Denver. This segment also includes visitors to residents in the area, as well as motorists on the major Interstates in the region.

The **group market segment** comprised approximately 45 percent of the overall market, or 683,600 room nights in 2011. The group market segment consists primarily of demand generated from events at the Colorado Convention Center, in-house association meetings, and social, military, educational, religious, and fraternal groups (SMERF) that are traveling to the area, and special events such as festivals and weddings. Federal and state government groups are also included in this segment. As Denver as the central hub of the U.S., this segment generates a large amount of room nights on an annual basis.

The contract/**crew market segment** comprised 5.0 percent of the overall market, or approximately 82,200 room nights, in 2011. The contract/crew market segment is comprised primarily of pilots, flight attendants, and airline crew business from those airlines utilizing DIA. Despite usual lower rates in comparison to other segments, this market is primarily attractive for its consistency. This demand is accommodated by the primary competitive airport hotels.

Presented in the following table is the projected performance of the competitive market for the period 2012 to 2019. We have provided the 2011 performance of the competitive market as a basis of comparison.

The Westin Denver International Airport
Competitive Market
Estimated Future Growth in Lodging Supply and Demand
2012 - 2019

	2011	2012	2013	2014	2015	2016	2017	2018	2019
ROOMS SUPPLY	5,339								
Additions/(Deletions) to Supply									
The Westin Denver International Airport					216	303			
Four Seasons Downtown Denver (239 rms 10/2010)	179								
Embassy Suites Downtown Denver (403 rms 12/2010)	403								
Renaissance Hotel (231 rms 1/2014)				231					
Cumulative Rooms Supply	5,921	5,921	5,921	6,152	6,368	6,671	6,671	6,671	6,671
Total Annual Rooms Supply	2,161,165	2,161,165	2,161,165	2,245,480	2,324,320	2,434,915	2,434,915	2,434,915	2,434,915
Growth Over the Prior Year	10.9%	0.0%	0.0%	3.9%	3.5%	4.8%	0.0%	0.0%	0.0%
DEMONSTRATED DEMAND IN BASE YR									
Transient	769,358	50%							
Group	683,649	45%							
Contract/Crew	82,186	5%							
TOTAL DEMONSTRATED DEMAND	1,535,193	100%							
PROJECTED DEMAND									
Transient									
Demonstrated	769,358	784,745	800,440	816,449	855,218	887,622	925,775	944,290	963,176
Induced/(Unsatisfied)	0	0	(18,991)	(18,824)	(26,855)	(16,983)	(54,420)	(72,144)	(90,254)
Total	769,400	784,700	781,400	797,600	828,400	870,600	871,400	872,100	872,900
Growth Over Prior Year	N/A	2.0%	-0.4%	2.1%	3.9%	5.1%	0.1%	0.1%	0.1%
Group									
Demonstrated	683,649	697,322	711,268	725,494	747,144	772,286	803,032	819,093	835,475
Induced/(Unsatisfied)	0	0	(16,875)	(29,276)	(26,566)	(17,178)	(47,205)	(62,579)	(78,287)
Total	683,600	697,300	694,400	696,200	720,600	755,100	755,800	756,500	757,200
Growth Over Prior Year	N/A	2.0%	-0.4%	0.3%	3.5%	4.8%	0.1%	0.1%	0.1%
Contract/Crew									
Demonstrated	82,186	82,186	82,186	82,186	82,186	82,186	82,186	82,186	82,186
Induced/(Unsatisfied)	0	0	(1,989)	(4,192)	(4,103)	(3,493)	(4,928)	(6,405)	(7,855)
Total	82,200	82,200	80,200	78,000	78,100	78,700	77,300	75,800	74,300
Growth Over Prior Year	N/A	0.0%	-2.4%	-2.7%	0.1%	0.8%	-1.8%	-1.9%	-2.0%
Total Market Demand	1,535,200	1,564,200	1,556,000	1,571,800	1,627,100	1,704,400	1,704,500	1,704,400	1,704,400
Growth Over Prior Year	N/A	1.9%	-0.5%	1.0%	3.5%	4.8%	0.0%	0.0%	0.0%
Market Occupancy	**71%**	**72%**	**72%**	**70%**	**70%**	**70%**	**70%**	**70%**	**70%**

Source: **PKF Consulting USA**

As noted, we project accommodated demand to increase 1.9 percent in 2012, resulting in a market occupancy level of 72 percent. This estimate is slightly lower than the performance of the competitive market through YTD June 2012. Accommodated demand is projected to remain relatively unchanged in 2013 resulting in continued occupancy at 72 percent. Beginning in 2014, we project the competitive market to achieve a stabilized occupancy level of 70 percent. While accommodated demand is projected to increase in 2014, as a result of the opening of the 231-room Renaissance hotel, and in 2015 and 2016 as a result of the addition of the 519-room proposed Subject, market occupancy is projected to remain at 70 percent due to the increase in annual supply. This stabilized occupancy level is in line with the average annual occupancy level of the competitive market achieved over the past five years. It should be noted that while the identified competitive market occupancy may exceed or fall below 70 percent in any specific year, our projection of a stabilized occupancy of 70 percent represents the most likely level of performance of the market over our 10-year projection period.

F. IN-TERMINAL LODGING MARKET OVERVIEW

In our review of the proposed Subject as an in-terminal hotel, we have also performed an analysis of other in-terminal hotels located at the major airports throughout the U.S. and Canada. Hotels that are physically attached to a major U.S. airport, classified as “in-terminal” hotels, are relatively rare in the United States, but we have identified all of these hotels throughout the U.S. and Canada. These hotels represent nationally affiliated, luxury and upper upscale chain hotels, many of which are more than 20 years old. Presented in the table on the following page is a summary of in-terminal hotels, which include ten hotels in the U.S. and two in Canada. Also included in this table is the year-end 2011 total passenger volume for each of the hotels. As noted, there are a total of 5,319 guestrooms amongst these 12 in-terminal hotels.

Summary of In-Terminal Hotels

Property	Location	Rooms	Year Open	Airport	2011 Passenger Volume
Proposed Westin Denver International Airport	Denver, CO	519	2015	Denver International Airport	52,849,132
Hilton Chicago O'Hare	Chicago, IL	860	1973	O'Hare International Airport	66,793,081
Hilton Boston Logan Airport	Boston, MA	599	1999	Boston Logan International Airport	28,907,938
Houston Airport Marriott	Houston, TX	559	1982	George Bush Intercontinental Airport	9,843,302
Hyatt Regency Orlando International Airport	Orlando, FL	445	1992	Orlando International Airport	35,426,006
Philadelphia Airport Marriott	Philadelphia, PA	419	1995	Philadelphia International Airport	30,839,175
Westin Detroit Metro Airport	Detroit, MI	404	2002	Detroit Metro Airport	32,406,159
Hyatt Regency Pittsburgh International Airport	Pittsburgh, PA	336	2000	Pittsburgh International Airport	8,300,310
Grand Hyatt DFW	Dallas, TX	298	2005	Dallas/Fort Worth International Airport	57,806,918
Tampa Airport Marriott	Tampa, FL	296	1982	Tampa International Airport	16,732,051
Sheraton Bradley Airport	Windsor Locks, CT	237	1987	Bradley International Airport	5,607,756
Sheraton Gateway Toronto International Airport	Toronto, Canada	474	1991	Toronto Pearson International Airport	33,400,000
Fairmont Vancouver Airport	Richmond, Canada	392	1999	Vancouver International Airport	17,032,780
Total		**5,319**			

1. Historical Performance of the In-Terminal Hotels

Presented in the following table is the historical performance of the in-terminal lodging market from 2007 through 2011, as well as YTD June 2011 and 2012.

The Westin Denver International Airport
Historical Performance of the Competitive Market

Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2007	1,941,435	-	1,556,749	-	80.2%	$164.46	-	$131.87	-
2008	1,941,435	0.0%	1,476,369	-5.2%	76.0%	$160.58	-2.4%	$122.11	-7.4%
2009	1,941,435	0.0%	1,401,656	-5.1%	72.2%	$140.74	-12.4%	$101.61	-16.8%
2010	1,941,435	0.0%	1,517,808	8.3%	78.2%	$140.08	-0.5%	$109.51	7.8%
2011	1,941,435	0.0%	1,542,975	1.7%	79.5%	$146.67	4.7%	$116.57	6.4%
CAGR	**0.0%**	**-**	**-0.2%**	**-**	**-**	**-2.8%**	**-**	**-3.0%**	**-**
YTD Jun '11	970,718	-	784,654	-	80.8%	$148.43	-	$119.98	-
YTD Jun '12	970,718	0.0%	791,873	0.9%	81.6%	$150.62	1.5%	$122.87	2.4%

Source: **PKF Consulting USA**

Demand at the in-terminal hotels decreased at a CAGR of 0.2 percent over the past five years with occupancy ranging from a low of 72.2 percent in 2009 to a high of 80.2 percent in 2007. Similar to the performance of most lodging markets across the U.S., demand declined in 2008 and 2009 as a result of the economic downturn. The in-terminal hotels experienced a decline of 5.2 and 5.1 percent in 2008 and 2009, respectively. As the economy began to improve and air travel returned to prior year levels, demand at the in-terminal hotels increased 8.3 percent in 2010, resulting in an occupancy level of 78.2 percent. Demand further increased 1.7 percent in 2011, resulting in an occupancy level of nearly 80 percent. Occupancy for the in-terminal hotels remained flat over prior year levels at approximately 81 percent through YTD June 2012. It is worth noting that an overall occupancy of approximately 80 percent represents the maximum level of performance for this sample of hotels given market segmentation and demand seasonality and explains the flat five-year CAGR in demand and minimal YTD demand growth.

It is also worth noting that over the five year historical period, the occupancy for the in-terminal hotels has averaged 77.2 percent and that the average size of the 12 hotels is 443 rooms. When reviewing the local DIA competitive airport hotels, the five year occupancy average was lower at 74 percent and yet the average hotel size was much smaller at 198 rooms. This indicates that there is a clear competitive advantage, which translates into an occupancy performance premium, for in-terminal hotels when compared to their respective competitors that are not physically attached to the airport.

ADR for the in-terminal hotels decreased at a CAGR of 2.8 percent between 2007 and 2011. While the aggregate ADR was in the low to mid-$160 range in 2007 and

2008, ADR between 2009 and 2011 fluctuated between the low to mid-$140 range, a $20 difference. Specifically, the in-terminal hotels experienced a decline in ADR of 2.4 percent in 2008, 12.4 percent in 2009, and 0.5 percent in 2010. In 2011, ADR increased 4.7 percent over prior year levels. Through YTD June 2012, ADR further increased 1.5 percent to $150.62.

As a result of the fluctuations in occupancy and ADR, RevPAR for the in-terminal hotels decreased at a CAGR of 3.0 percent over the past five years. In 2009, the in-terminal hotels experienced a decline in RevPAR of16.8 percent, which is in line with the decline in RevPAR experienced by the overall U.S hotel segment. RevPAR increased 7.8 and 6.4 percent in 2010 and 2011, respectively, to $116.57, which is approximately $15 below 2007 levels. Through YTD June 2012, RevPAR increased 2.4 percent to $122.87.

It should be noted that in-terminal hotels typically outperform their respective urban counterparts due to their in-terminal location. The reason for this is that customers are typically willing to pay a premium for the convenience factor of an in-terminal hotel. This is especially true in the case of distressed passengers and travelers with early AM flights who would prefer to be as close as possible to the airport and not have to worry about logistics. As indicated, DIA is one of the busiest airports throughout the U.S. and benefits from its central location. The proposed Subject is projected to benefit from its in-terminal location based on these factors. Additionally, as the other hotels in the immediate area are at least eight miles away from DIA, the proposed Subject is projected to benefit even more so. Given its in-terminal status, the proposed Subject is projected to achieve an occupancy level above the overall competitive market. Additionally, because the hotel will be affiliated with Starwood as a Westin hotel and will be located at one of the most highly trafficked airports in the U.S., we are of the opinion that the proposed Subject will also achieve a premium in ADR. Our projections of occupancy and ADR for the proposed Subject are presented in the following paragraphs.

G. PROJECTED PERFORMANCE OF THE PROPOSED SUBJECT

1. Occupancy

In order to project the future occupancy levels of the proposed Subject, we have estimated the level of patronage by market segment that can be reasonably captured. The extent to which the Subject can capture demand from each market segment was estimated by performing a fair share penetration analysis.

A hotel's fair share of the market is defined as the number of available rooms of the proposed Subject hotel divided by the total supply of available rooms in the competitive market, including the Subject. Factors indicating a hotel would possess competitive advantages suggest a market penetration in excess of 100 percent of fair market share, while competitive weaknesses are reflected in penetration less than 100 percent. We have formulated our assumptions and analysis on a projected opening date of the hotel of August 1, 2015.

Based on the expected attributes of the proposed Subject, we anticipate that it will have various advantages within the market in location and in product quality. A summary of the proposed Subject's competitive advantages are presented in the following statements.

- *The proposed Subject will be a state-of-the-art, newly-built prototype featuring the latest in engineering, design, and innovation. Additionally, the proposed Subject will represent the newest upper upscale, full-service hotel in the Denver-Aurora lodging market and the highest quality hotel in the Denver Airport lodging market;*

- *The proposed Subject will be affiliated with Starwood Hotels and Resorts and the Preferred Guest® reward program, which encompasses 850 hotels worldwide. Furthermore, the Subject will benefit from the strong recognition of the Westin hotel brand and will represent the only full service Starwood affiliated hotel in the Airport/East submarket;*

- *The proposed Subject will benefit from its designation as an in-terminal hotel at DIA, a central hub within the U.S. that represents one of the highest trafficked airports nationwide. This central, strategic location will be a significant advantage point with regard to attracting nationwide meetings and group demand that can easily converge at DIA without the inefficiency and cost of having to commute from the airport to an alternate meeting and lodging venue.*

- *With plenty of room for expansion surrounding DIA, the proposed Subject is also situated to benefit from any future growth that might occur. This is a unique situation when compared to other major airports with in-terminal hotels, which typically do not have room for runway, concourse, or gate expansions.*

In review of the aforementioned competitive advantages affecting the proposed Subject and after our analysis of the competitive market, similar airport markets, and, more specifically, in-terminal hotels, we project that the proposed Subject can achieve a stabilized market penetration level of 106 percent, more than its fair share of demand. This results in a stabilized occupancy of 74 percent. During the first two years of operation, we estimate the proposed Subject's occupancy level to "ramp up" from 68 percent in 2015 to 72 percent in 2016 before stabilizing at 74 percent in 2017. As previously stated, the in-terminal hotels that we analyzed throughout the U.S. achieved an average occupancy of roundly 77 percent over the past five years with the aggregate occupancy level ranging from a low of 72.2

percent to a high of 80.2 percent from 2007 to 2011. However, prior to the severe economic downturn in 2008 and 2009, the average occupancy level for the in-terminal hotels was approximately 79 percent. These in-terminal hotels range in size from 237 rooms to 860 rooms with an average of 443 rooms. Based on the proposed Subject's aforementioned advantages and its size at 519 rooms, we are of the opinion that a stabilized occupancy level of 74 percent is reasonable.

The table on the following page summarizes our analysis of penetration by market segment and the resulting occupancy levels for the proposed Subject for the five-year period of 2015 to 2019. This penetration analysis is based on the identified competitive airport and downtown hotel market previously presented.

The Westin Denver International Airport
Market Penetration and Projected Occupancy

	2015	2016	2017	2018	2019	2020
TOTAL ROOMS AVAILABLE						
The Westin Denver International Airport	**78,840**	**189,435**	**189,435**	**189,435**	**189,435**	**189,435**
Competitive Market	2,324,320	2,434,915	2,434,915	2,434,915	2,434,915	2,434,915
	====	====	====	====	====	====
Fair Share of Supply	3.4%	7.8%	7.8%	7.8%	7.8%	7.8%
	====	====	====	====	====	====
ESTIMATED TOTAL MARKET DEMAND						
Transient	828,400	870,600	871,400	872,100	872,900	873,700
Group	720,600	755,100	755,800	756,500	757,200	757,800
Contract/Crew	78,100	78,700	77,300	75,800	74,300	72,900
	-------	-------	-------	-------	-------	-------
TOTAL	1,627,100	1,704,400	1,704,500	1,704,400	1,704,400	1,704,400
	-------	-------	-------	-------	-------	-------
	1,627,100	1,704,400	1,704,500	1,704,400	1,704,400	1,704,400
FAIR SHARE OF DEMAND						
Transient	28,100	67,700	67,800	67,800	67,900	68,000
Group	24,400	58,700	58,800	58,900	58,900	59,000
Contract/Crew	2,600	6,100	6,000	5,900	5,800	5,700
	-------	-------	-------	-------	-------	-------
TOTAL	55,100	132,500	132,600	132,600	132,600	132,700
	-------	-------	-------	-------	-------	-------
SUBJECT PENETRATION						
Transient	115%	121%	124%	127%	125%	125%
Group	67%	70%	74%	70%	72%	72%
Contract/Crew	200%	215%	222%	228%	229%	235%
	-------	-------	-------	-------	-------	-------
ROOM NIGHTS CAPTURED						
Transient	32,300	82,000	84,100	86,200	84,900	85,000
Group	16,400	41,100	43,500	41,200	42,400	42,400
Contract/Crew	5,300	13,200	13,400	13,400	13,200	13,300
	-------	-------	-------	-------	-------	-------
TOTAL CAPTURED DEMAND	54,000	136,300	141,000	140,800	140,500	140,700
	====	====	====	====	====	====
MARKET SHARE CAPTURED	3.3%	8.0%	8.3%	8.3%	8.2%	8.3%
OVERALL MARKET PENETRATION	**98%**	**103%**	**106%**	**106%**	**106%**	**106%**
	-------	-------	-------	-------	-------	-------
SUBJECT OCCUPANCY	**68%**	**72%**	**74%**	**74%**	**74%**	**74%**
	-------	-------	-------	-------	-------	-------
MARKET MIX						
Transient	60%	60%	60%	60%	60%	60%
Group	30%	30%	30%	30%	30%	30%
Contract/Crew	10%	10%	10%	10%	10%	10%
	-------	-------	-------	-------	-------	-------
TOTAL	100%	100%	100%	100%	100%	100%
	====	====	====	====	====	====

Source: **PKF Consulting USA**

As previously presented, the comparable in-terminal hotels located throughout the U.S. and Canada achieved an average occupancy level of 77.2 percent over the past five years, ranging from a low of 72.2 percent to a high of 80.2 percent. A stabilized occupancy level below the average annual occupancy of the in-terminal hotels is deemed reasonable for the proposed Subject given its size, which is larger than most in-terminal hotels, as well as our projected ADR for the proposed Subject, which will be discussed in the following paragraphs. On a stabilized basis, we estimate the proposed Subject to receive approximately 60 percent of its demand from the transient market segment, 30 percent of its demand from the group market segment, and approximately 10 percent of its demand from the contract/crew market segment.

2. Projected Average Daily Room Rate

In order to project the future ADR of the Subject, we first estimated a *hypothetical* ADR if the Subject were open as of year-end 2012. Based on our analysis of the competitive market, the performance of the surrounding Westin hotels located throughout the Denver region, and the performance of other in-terminal hotels located throughout the U.S., we are of the opinion that the Subject could achieve a hypothetical ADR of $180 stated in 2012 value dollars. This would position the Subject above the estimated 2012 year-end ADR of the Westin Tabor Center located in downtown Denver and above the Marriott Gateway and Embassy Suites, both of which are located proximate to the airport. This hypothetical ADR of $180 would position the Subject below the Ritz-Carlton and the Four Seasons but above the remainder of the previously identified competitive market. In addition, this rate positions the proposed Subject above the average of the comparable in-terminal airport hotels we evaluated throughout the U.S.

After concluding to a hypothetical ADR, we then projected the ADR growth of the market based on current trends. As previously discussed, the competitive market experienced an increase in ADR of 4.2 percent in 2010 and 2011. Through YTD June 2012, ADR for the overall competitive market was relatively unchanged. Through year-end 2012, ADR is projected to increase modestly. Specifically, we project ADR to increase 3.0 percent through year-end 2012. In 2013 and 2014, more aggressive rate growth of 7.0 and 6.0 percent, respectively, is projected as the local, national, and global economy continues to improve and properties achieve their long-run average occupancy levels, thus giving way to an emphasis on ADR growth. Going forward, ADR growth is projected to taper to 5.0 percent in 2015, 4.0 percent in 2016, and 3.0 percent per annum thereafter, which is in line with the assumed long-term outlook on inflation. This projected ADR growth would result in an ADR of $215 for the proposed Subject upon opening in 2015. However, as a result of some discounting, which is expected as the proposed Subject is introduced into the market, the Subject's projected ADR in 2015 is expected to be approximately $209.

The proposed Subject will undoubtedly represent the most superior asset in the primary competitive market. Due to the inferior product and location of the hotels comprising the competitive airport lodging market, the proposed Subject is projected to outperform these hotels. We project the proposed Subject to achieve an ADR level at the midpoint of the range indicated by the hotels comprising the competitive downtown lodging market. Lastly, when benchmarked against other in-terminal hotels located throughout the U.S. and Canada, we project the proposed Subject to achieve an ADR at the high-end of the range as it will represent the newest state-of-the-art in-terminal hotel located at one of the busiest airports in the U.S. with a central location.

The following table summarizes our estimated annual market performance for the Subject from 2015 through 2019, representing the first five years of operation.

The Westin Denver International Airport
Projected Performance

Year	Hypothetical ADR	Market Growth	Introductory Discount	Actual ADR	Percent Change	Subject Occupancy	Market Occupancy	Market Penetration	RevPAR	Percent Change
2012	$180.00	-	0.0%	$180.00	-	-		-	-	-
2013	$193.00	7.0%	0.0%	$193.00	7.0%	-		-	-	-
2014	$205.00	6.0%	0.0%	$205.00	6.0%	-		-	-	-
2015[1]	$215.00	5.0%	3.0%	$209.00	2.0%	68%	72%	94%	$142.12	-
2016	$224.00	4.0%	0.0%	$224.00	7.0%	72%	72%	100%	$161.28	13.5%
2017	$231.00	3.0%	0.0%	$231.00	3.0%	74%	70%	105%	$170.94	6.0%
2018	$238.00	3.0%	0.0%	$238.00	3.0%	74%	70%	105%	$176.12	3.0%
2019	$245.00	3.0%	0.0%	$245.00	3.0%	74%	70%	105%	$181.30	2.9%

[1] Assumed opening of the proposed Subject on August 1, 2015
Note: Numbers may not foot due to rounding
Source: **PKF Consulting USA**

Although it is possible that the Subject will experience growth in occupancy and ADRs above those estimated above, it is also possible that sudden economic downturns, unexpected additions to room supply, or other external factors will force the property below the selected point of stability. Consequently, the estimated occupancy and ADR levels are representative of the most likely potential operations of the Subject over the projection period based on our analysis of the market as of the date of this report.

SECTION V

STATEMENT OF ESTIMATED ANNUAL OPERATING RESULTS

A. INTRODUCTION

In the previous sections of this report, we have described the demographic and economic trends occurring in the Denver area. We have also provided a description of the proposed hotel improvements and have determined the projected operating occupancy and average daily rate for the proposed 519-room Westin to be located at the south terminal of the Denver International Airport in Denver, Colorado. In the following section, we provide an analysis of the projected financial operating results for the proposed Subject over the first ten years of operation.

The earnings stream most commonly used is the projected net operating income ("NOI") from operations after the deduction of management fees, real estate taxes, insurance, and ground rent (if applicable), but before the deduction of interest, depreciation, amortization, and taxes on income which vary from owner to owner. Also deducted from the profit from operations is a reserve for capital improvements to the property. As will be discussed in further detail, the projected NOI for the proposed Subject includes the deduction of a subordinate management fee and subordinate reserve for capital expenditures; however excludes a deduction for property taxes (as the owner is a government agency).

The income expectancy used as a basis for our cash flow forecast is the anticipated income for a typical, or stabilized, year of operation, stated in current value dollars. The performance of the property in the stabilized year reflects the normal level or operation of the hotel at its expected long-term stabilized occupancy (in the case of the Subject, 74 percent), unaffected by temporary non-recurring expenses such as extraordinary start-up marketing, administrative, or operation costs, which can occur in the initial years of a new hotel. Our cash flow projections for the first ten years of operation of the proposed Subject are based on this stabilized year estimate, adjusted to reflect such factors as changes in room rates, occupancy, inflation and the fixed and variable components of each revenue and expense item.

The financial format used in our analysis of the hotel is the *Uniform System of Accounts for Hotels*, developed by the American Hotel & Motel Association and in general uses throughout the hospitality industry. In conformity with this system of account classifications, only direct operating expenses are charged to operating departments of the hotel. The general overhead items which are applicable to operations as a whole are classified as deductions from income and include administrative and general expenses, franchise fees, marketing expenses, property operations and maintenance expenses, utility costs, and a reserve for replacement.

B. BASIS FOR CASH FLOW PROJECTIONS

In order to develop our estimate of the net operating income (cash flow) for the Subject for both a stabilized year of operation and for the first ten years of operation of the hotel, we have analyzed in detail the following:

1) The 2011 year-end financial performance of six in-terminal hotels located throughout North America deemed most comparable to the Subject in terms of performance and size;

2) The 2011 year-end financial performance of five Westin hotels located throughout the U.S. deemed most comparable to the Subject in term of performance and size; and,

3) Our general knowledge of the performance of upper upscale hotels in the Denver region.

As stated, in order to develop our estimate of the NOI (cash flow) for the Subject for both a stabilized year of operation and for the first ten years of operation, we have relied upon the operating performance of in-terminal hotels located throughout North American and five comparable Westin hotels located throughout the U.S. This information was obtained from confidential financial statements submitted in compilation of the 2012 edition (summarizing year-end 2011 data) of PKF Consulting's publication *Trends in the Hotel Industry*. The hotels are generally comparable due to their size, location, national affiliation, operating concept, and market orientation.

The six in-terminal hotels range in size from 336 to 860 guestrooms. Occupancies for the comparable in-terminal hotels ranged from 74.5 to 85.2 percent, and ADRs ranged from $109.65 to $167.46 in 2011. The gross operating profit ("GOP"), before the deduction management fees, property taxes, insurance, and reserve for capital replacements, for the comparable in-terminal hotels ranged from 24.7 to 38.7 percent of total revenue with an average of 36.6 percent. The NOI for the comparable in-terminal hotels, after the deduction of a reserve for replacement expense of four percent of gross revenues, ranged from 13.3 to 33.4 percent of total revenue, with an average of 26.5 percent. On the following two pages, we have summarized the financial statements for these comparable in-terminal hotels. For reasons of confidentiality, we have not disclosed the identity of the specific hotels.

The Westin Denver International Airport
Operating Results of Comparable In-Terminal Hotels

	Hotel A			Hotel B			Hotel C		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
Revenues									
Rooms	75.2%	$51,270	$167.46	70.5%	$48,663	$160.19	60.0%	$41,298	$132.85
Food & Beverage	21.2%	14,432	47.14	26.4%	18,265	60.12	38.7%	26,592	85.54
Other Operated Departments	3.2%	2,173	7.10	3.1%	2,142	7.05	0.7%	452	1.45
Rentals and Other Income	0.4%	272	0.89	0.0%	0	0.00	0.7%	454	1.46
Total Revenues	100.0%	68,146	222.58	100.0%	69,070	227.36	100.0%	68,797	221.30
Departmental Expenses									
Rooms	31.2%	15,985	52.21	26.0%	12,655	41.66	26.9%	11,113	35.75
Food & Beverage	72.4%	10,446	34.12	70.7%	12,916	42.52	77.5%	20,617	66.32
Other Operated Departments	38.9%	846	2.76	74.4%	1,593	5.24	194.1%	878	2.82
Total Departmental Expenses	40.0%	27,277	89.09	39.3%	27,164	89.42	47.4%	32,609	104.89
Departmental Profit	60.0%	40,869	133.49	60.7%	41,906	137.94	52.6%	36,188	116.41
Undistributed Expenses									
Administrative & General	8.1%	5,540	18.09	9.3%	6,449	21.23	10.3%	7,089	22.80
Marketing (Including Franchise Fees)	6.2%	4,212	13.76	6.4%	4,388	14.44	6.9%	4,739	15.24
Property Operation and Maintenance	3.3%	2,253	7.36	4.1%	2,829	9.31	5.5%	3,804	12.24
Utility Costs	3.7%	2,494	8.15	3.5%	2,414	7.95	5.1%	3,537	11.38
Total Undistributed Operating Expenses	21.3%	14,499	47.36	23.3%	16,080	52.93	27.9%	19,169	61.66
Gross Operating Profit	38.7%	26,370	86.13	37.4%	25,826	85.01	24.7%	17,019	54.75
Base Management Fee	2.5%	1,704	5.57	3.0%	2,072	6.82	3.9%	2,678	8.61
Fixed Expenses									
Incentive Management Fee	0.0%	0	0.00	1.3%	900	2.96	0.0%	0	0.00
Property Taxes	0.1%	53	0.17	0.5%	335	1.10	2.6%	1,803	5.80
Insurance	0.6%	431	1.41	0.5%	379	1.25	0.9%	613	1.97
Total Fixed Expenses	0.7%	484	1.58	2.3%	1,615	5.32	3.5%	2,416	7.77
Net Operating Income	35.5%	24,182	78.98	32.1%	22,139	72.88	17.3%	11,925	38.36
FF&E Reserve/Capital Expenditures	4.0%	2,726	8.90	4.0%	2,763	9.09	4.0%	2,752	8.85
Net Operating Income After Reserve	31.5%	$21,456	$70.08	28.1%	$19,376	$63.78	13.3%	$9,173	$29.51

Source: **PKF Consulting USA**

The Westin Denver International Airport
Operating Results of Comparable In-Terminal Hotels

	Hotel D			Hotel E			Hotel F		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
Revenues									
Rooms	64.8%	$35,968	$117.83	67.0%	$50,539	$109.65	59.9%	$39,751	$146.13
Food & Beverage	33.3%	18,491	60.57	29.3%	22,096	47.94	33.7%	22,354	82.18
Other Operated Departments	0.8%	451	1.48	3.7%	2,786	6.04	3.8%	2,515	9.25
Rentals and Other Income	1.1%	623	2.04	0.0%	0	0.00	2.6%	1,695	6.23
Total Revenues	100.0%	55,533	181.92	100.0%	75,421	163.63	100.0%	66,315	243.78
Departmental Expenses									
Rooms	26.4%	9,513	31.16	25.6%	12,958	28.11	27.7%	11,014	40.49
Food & Beverage	63.7%	11,782	38.60	59.9%	13,245	28.74	48.7%	10,895	40.05
Other Operated Departments	49.4%	223	0.73	67.2%	1,871	4.06	32.8%	825	3.03
Total Departmental Expenses	38.7%	21,518	70.49	37.2%	28,075	60.91	34.3%	22,735	83.57
Departmental Profit	61.3%	34,015	111.43	62.8%	47,346	102.72	65.7%	43,581	160.21
Undistributed Expenses									
Administrative & General	9.4%	5,233	17.14	9.0%	6,791	14.73	7.9%	5,206	19.14
Marketing (Including Franchise Fees)	7.6%	4,227	13.85	6.1%	4,610	10.00	6.5%	4,287	15.76
Property Operation and Maintenance	3.1%	1,718	5.63	5.8%	4,387	9.52	4.8%	3,212	11.81
Utility Costs	3.9%	2,180	7.14	4.8%	3,656	7.93	2.0%	1,318	4.84
Total Undistributed Operating Expenses	24.1%	13,358	43.76	25.8%	19,445	42.19	21.1%	14,023	51.55
Gross Operating Profit	37.2%	20,657	67.67	37.0%	27,901	60.53	44.6%	29,558	108.66
Base Management Fee	5.6%	3,091	10.13	3.0%	2,263	4.91	2.5%	1,658	6.09
Fixed Expenses									
Incentive Management Fee	0.0%	0	0.00	2.3%	1,728	3.75	0.0%	0	0.00
Property Taxes	0.0%	0	0.00	0.8%	602	1.31	4.1%	2,721	10.00
Insurance	0.5%	280	0.92	1.0%	772	1.67	0.6%	407	1.49
Total Fixed Expenses	0.5%	280	0.92	4.1%	3,102	6.73	4.7%	3,127	11.50
Net Operating Income	31.1%	17,286	56.63	29.9%	22,537	48.89	37.4%	24,773	91.07
FF&E Reserve/Capital Expenditures	4.0%	2,221	7.28	4.0%	3,017	6.55	4.0%	2,653	9.75
Net Operating Income After Reserve	27.1%	$15,065	$49.35	25.9%	$19,520	$42.35	33.4%	$22,120	$81.32

Source: **PKF Consulting USA**

Additionally, in order to develop our estimate of the NOI (cash flow) for the Subject for both a stabilized year of operation and for the first ten years of operation, we have relied upon the operating performance of five comparable Westin hotels located throughout the U.S. The five comparable Westin hotels range in size from 337 to 430 guestrooms. Occupancies for the comparable Westin hotels ranged from 75.2 to 80.7 percent, and ADRs ranged from $137.79 to $218.73. The GOP for the comparable Westin hotels ranged from 35.0 to 48.9 percent of total revenue. The NOI for the comparable Westin hotels, after the deduction of a reserve for replacement expense of four percent of gross revenues, ranged from 24.3 to 34.0 percent of total revenue. On the following two pages, we have summarized the financial statements for these comparable Westin hotels. For reasons of confidentiality, we have not disclosed the identity of the specific hotels. The weighted average presented in the second table below includes the performance of the comparable in-terminal hotels.

The Westin Denver International Airport
Operating Results of Comparable Westin Hotels

	Hotel G			Hotel H			Hotel I		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
Revenues									
Rooms	60.5%	$39,167	$137.79	66.9%	$46,144	$168.15	66.1%	$64,420	$218.73
Food & Beverage	34.5%	22,347	78.62	28.8%	19,888	72.47	30.3%	29,501	100.17
Other Operated Departments	4.4%	2,861	10.07	3.5%	2,446	8.91	1.3%	1,258	4.27
Rentals and Other Income	0.6%	375	1.32	0.7%	505	1.84	2.4%	2,306	7.83
Total Revenues	100.0%	64,750	227.79	100.0%	68,983	251.37	100.0%	97,485	331.00
Departmental Expenses									
Rooms	23.8%	9,314	32.77	20.8%	9,606	35.00	23.6%	15,202	51.62
Food & Beverage	63.9%	14,281	50.24	66.7%	13,258	48.31	67.2%	19,825	67.31
Other Operated Departments	73.2%	2,094	7.37	78.3%	1,915	6.98	108.3%	1,363	4.63
Total Departmental Expenses	39.7%	25,689	90.37	35.9%	24,779	90.30	37.3%	36,390	123.56
Departmental Profit	60.3%	39,061	137.41	64.1%	44,204	161.08	62.7%	61,095	207.44
Undistributed Expenses									
Administrative & General	7.4%	4,776	16.80	9.0%	6,180	22.52	6.4%	6,259	21.25
Marketing (Including Franchise Fees)	6.6%	4,262	14.99	12.9%	8,866	32.31	7.1%	6,963	23.64
Property Operation and Maintenance	3.3%	2,135	7.51	3.6%	2,465	8.98	3.9%	3,849	13.07
Utility Costs	2.9%	1,909	6.72	3.7%	2,545	9.27	2.2%	2,166	7.36
Total Undistributed Operating Expenses	20.2%	13,082	46.02	29.1%	20,056	73.08	19.7%	19,237	65.32
Gross Operating Profit	40.1%	25,979	91.39	35.0%	24,147	87.99	42.9%	41,858	142.13
Base Management Fee	7.0%	4,511	15.87	1.0%	690	2.51	2.8%	2,770	9.40
Fixed Expenses									
Incentive Management Fee	0.0%	0	0.00	0.0%	0	0.00			
Property Taxes	0.0%	0	0.00	5.2%	3,611	13.16	5.5%	5,404	18.35
Insurance	0.8%	545	1.92	0.4%	296	1.08	0.6%	580	1.97
Total Fixed Expenses	0.8%	545	1.92	5.7%	3,908	14.24	6.1%	5,984	20.32
Net Operating Income	32.3%	20,923	73.61	28.3%	19,550	71.24	34.0%	33,104	112.40
FF&E Reserve/Capital Expenditures	4.0%	2,590	9.11	4.0%	2,759	10.05	4.0%	3,899	13.24
Net Operating Income After Reserve	28.3%	$18,333	$64.50	24.3%	$16,791	$61.18	30.0%	$29,205	$99.16

Source: **PKF Consulting USA**

The Westin Denver International Airport
Operating Results of Comparable Westin Hotels

	Hotel J			Hotel K			Weighted Average		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
Revenues									
Rooms	66.6%	$54,534	$194.29	79.5%	$54,746	$196.49	66.7%	$47,301	$156.93
Food & Beverage	28.2%	23,115	82.35	17.1%	11,805	42.37	29.3%	$20,750	$68.84
Other Operated Departments	4.5%	3,647	12.99	3.4%	2,337	8.39	3.0%	$2,116	$7.02
Rentals and Other Income	0.6%	526	1.87	0.0%	0	0.00	1.0%	$712	$2.36
Total Revenues	100.0%	81,822	291.51	100.0%	68,888	247.25	100.0%	$70,878	$235.16
Departmental Expenses									
Rooms	20.3%	11,056	39.39	16.0%	8,769	31.47	24.7%	$11,703	38.83
Food & Beverage	65.2%	15,064	53.67	63.7%	7,524	27.00	64.3%	$13,337	44.25
Other Operated Departments	96.2%	3,507	12.49	77.0%	1,798	6.45	67.5%	$1,429	4.74
Total Departmental Expenses	36.2%	29,626	105.55	26.3%	18,090	64.93	37.3%	$26,469	87.82
Departmental Profit	63.8%	52,196	185.96	73.7%	50,798	182.32	62.7%	$44,409	147.34
Undistributed Expenses									
Administrative & General	8.7%	7,135	25.42	6.0%	4,124	14.80	8.2%	$5,807	19.27
Marketing (Including Franchise Fees)	7.6%	6,212	22.13	12.3%	8,464	30.38	7.7%	$5,433	18.03
Property Operation and Maintenance	3.4%	2,819	10.04	3.1%	2,133	7.66	4.1%	$2,885	9.57
Utility Costs	2.5%	2,014	7.17	3.4%	2,360	8.47	3.3%	$2,321	7.70
Total Undistributed Operating Expenses	22.2%	18,180	64.77	24.8%	17,081	61.31	23.2%	$16,446	54.56
Gross Operating Profit	41.6%	34,016	121.19	48.9%	33,717	121.01	39.5%	$27,964	92.78
Base Management Fee	2.9%	2,398	8.54	1.5%	1,046	3.75	3.1%	$2,168	7.19
Fixed Expenses									
Incentive Management Fee	0.0%	0	0.00	0.8%	565	2.03	0.3%	$238	0.79
Property Taxes	2.3%	1,875	6.68	7.6%	5,265	18.90	2.9%	$2,028	6.73
Insurance	1.4%	1,166	4.15	0.9%	646	2.32	0.7%	$529	1.75
Total Fixed Expenses	3.7%	3,041	10.83	9.4%	6,477	23.24	3.6%	$2,557	8.48
Net Operating Income	34.9%	28,577	101.81	38.0%	26,194	94.01	32.8%	$23,239	77.10
FF&E Reserve/Capital Expenditures	4.0%	3,273	11.66	4.0%	2,756	9.89	4.0%	$2,835	9.41
Net Operating Income After Reserve	30.9%	$25,305	$90.15	34.0%	$23,439	$84.12	28.8%	$20,404	$67.69

Source: PKF Consulting USA

C. STABILIZED YEAR ESTIMATE

As indicated previously, in order to develop our cash flow forecast for the proposed Westin, we first have estimated the operating performance of the proposed Subject for a stabilized year of operation based on our review of the performance of the comparable in-terminal and Westin hotels and our knowledge of the performance of upper upscale hotels in the local market area. It should be noted that our stabilized, or representative, year estimate detailed in the following paragraphs is stated in calendar-year value dollars beginning January 1, 2012 and ending December 31, 2012.

1. Departmental Revenues and Expenses

In the *Uniform System of Accounts for the Lodging Industry*, revenues of the facility are categorized by the department from which they are derived. In the case of the Subject, these include income from rooms, food and beverage, other operated departments, and rentals and other income. In the *Uniform System of Accounts for Hotels*, only direct operating expenses associated with each department are charged to the operating departments. General overhead items that are applicable to the overall operation of the facility are classified as undistributed operating expenses.

Direct or departmental revenues and expenses, which typically vary with occupancy, are generally analyzed on a per-occupied-room (POR) basis, which varies with occupancy, while undistributed expenses, which are more fixed in nature, are typically analyzed on total expense or a per-available-room (PAR) basis.

a. Rooms Revenue and Expense

Rooms revenue is based on the number of occupied rooms multiplied by the ADR for each respective year as presented in Section IV of this report. We estimate that the long-term stabilized occupancy rate of the Subject would be 74 percent with an ADR equal to $200 stated in 2012 value dollars. This ADR of $200 stated in 2012 value dollars is determined by discounting (deflating) the future ADR of the proposed Subject on a stabilized basis (approximately $284 in 2024) at 3.0 percent annually to 2012.

519 Rooms x 365 Days x 74% Occupancy x $200 Room Rate = $28,036,000

Rooms expense consists of salaries and wages, employee benefits, commissions, contract cleaning, guest transportation, laundry and dry cleaning, linen, operating supplies, reservation costs, uniforms, and other items related to the rooms department. Presented in the following table are the historical rooms expenses of the comparable hotels.

Rooms Expense		
	Per Occupied Room	Ratio to Rms Revenue
In-Terminal Hotels		
Hotel A	$52.21	31.2%
Hotel B	41.66	26.0%
Hotel C	35.75	26.9%
Hotel D	31.16	26.4%
Hotel E	28.11	25.6%
Hotel F	40.49	27.7%
Westin Hotels		
Hotel G	$32.77	23.8%
Hotel H	35.00	20.8%
Hotel I	51.62	23.6%
Hotel J	39.39	20.3%
Hotel K	31.47	16.0%
Weighted Average	38.83	24.7%
Subject Stabilized Year	**$42.00**	**21.0%**

The comparable hotels achieved rooms expense between $28.11 and $52.21 POR with a weighted average of $38.83, or 24.7 percent of rooms revenue. For a stabilized year of operation, we project rooms expense of $42.00 POR, or 21.0 percent of rooms revenue. Our estimate falls within the range of the comparable hotels on a POR and ratio basis. It should be noted that our ratio to rooms revenue is at the lower end of the range as the proposed Subject is projected to achieve higher room revenues in a stabilized year of operation due to our projected ADR.

b. Food and Beverage Revenue and Expense

Food and Beverage Revenues will be generated by sales in the restaurant and lounge, as well as through room service and banquets and catering. As previously stated, while the proposed Subject will have a second restaurant located on the main terminal level (Level 5), this restaurant will be independently controlled by DIA such that no food and beverage revenue (or restaurant lease income) will pass through the Subject hotel. Presented in the following table are the historical food and beverage revenues of the comparable hotels.

Food & Beverage Revenue		
	Total Amount	Per Occupied Room
In-Terminal Hotels		
Hotel A	$8,644,505	$47.14
Hotel B	7,634,817	60.12
Hotel C	11,833,408	85.54
Hotel D	6,212,911	60.57
Hotel E	7,424,159	47.94
Hotel F	$19,224,327	82.18
Westin Hotels		
Hotel G	$9,028,241	78.62
Hotel H	8,551,741	72.47
Hotel I	12,508,359	100.17
Hotel J	7,789,645	82.35
Hotel K	4,792,990	42.37
Weighted Average	N/A	68.84
Subject Stabilized Year	**$11,915,000**	**$85.00**

The comparable hotels indicated a range in food and beverage revenue of between $42.37 and $100.17 POR. For a stabilized year of operation, we estimate food and beverage revenue at the proposed Subject to be approximately $85.00 POR, or a total of $11,915,000, stated in 2012 value dollars. Our estimate falls within the range indicated by the comparable hotels. Furthermore, based on 29,000 square feet of meeting space, our estimate indicates that approximately $410 of food and beverage revenue will be generated per square foot of meeting space. This is in line with the food and beverage revenue generated on a price per square foot basis of the comparable hotels and reflects the fact that the Subject, with approximately 30 percent of its demand from the group segment, is projected to be a popular venue for group meetings and banquet functions given its strategic location.

Food and beverage expense includes product costs, payroll and related expenses, and other items such as laundry and linen, china, glassware and silverware, uniform costs, supplies, and other miscellaneous items. Presented in the following table are the historical food and beverage expenses of the comparable hotels.

Food & Beverage Expense	
	Ratio to F&B Rev.
In-Terminal Hotels	
Hotel A	72.4%
Hotel B	70.7%
Hotel C	77.5%
Hotel D	63.7%
Hotel E	59.9%
Hotel F	48.7%
Westin Hotels	
Hotel G	63.9%
Hotel H	66.7%
Hotel I	67.2%
Hotel J	65.2%
Hotel K	63.7%
Weighted Average	64.3%
Subject Stabilized Year	**65.0%**

Food and beverage expense at the Subject is estimated to be approximately 65.0 percent of departmental revenue. As noted, our estimate is in line with the food and beverage expense ratio of the weighted average of the comparable hotels and is deemed reasonable based on the high percentage of banquet food, beverage and meeting space rental revenues.

c. Other Operated Departments Revenue and Expense

Other operated departments revenue primarily includes revenue from telecommunications services (phone and Internet), business services, guest laundry services, in-room movies, and other miscellaneous items. Presented in the following table are the historical other operated departments revenue for the comparable hotels.

Other Operated Departments Revenue	
	Per Occupied Room
In-Terminal Hotels	
Hotel A	$7.10
Hotel B	7.05
Hotel C	1.45
Hotel D	1.48
Hotel E	6.04
Hotel F	9.25
Westin Hotels	
Hotel G	$10.07
Hotel H	8.91
Hotel I	4.27
Hotel J	12.99
Hotel K	8.39
Weighted Average	7.02
Subject Stabilized Year	**$3.00**

The comparable hotels indicated a range in other operated departments revenue of between $1.45 and $12.99 POR, with an average of $7.02. Focusing primarily on the performance of the in-terminal hotels, we estimate other operated departments revenue at the proposed Subject to be $3.00 POR for a stabilized year of operation. This equates to projected revenues of $461,000 for the Subject's first full year of operation (2016).

Other operated departments expense primarily includes expenses associated with other operated departments revenues. Presented in the following table are the historical other operated departments expenses of the comparable hotels.

Other Operated Departments Expense	
	Ratio to O.O.D. Rev.
In-Terminal Hotels	
Hotel A	38.9%
Hotel B	74.4%
Hotel C	194.1%
Hotel D	49.4%
Hotel E	67.2%
Hotel F	32.8%
Westin Hotels	
Hotel G	73.2%
Hotel H	78.3%
Hotel I	108.3%
Hotel J	96.2%
Hotel K	77.0%
Weighted Average	67.5%
Subject Stabilized Year	**80.0%**

Based on our projections of departmental revenue in this department, we estimate other operated departments expense to be 80.0 percent of departmental revenue for a stabilized year of operation. Our estimate falls within the range indicated by the comparable hotels.

d. Rentals and Other Income

Rentals and other income primarily include revenue from space rental, commissions, attrition and cancellation fees, and miscellaneous income. Presented in the following table are the historical rentals and other income of the comparable hotels.

Rentals and Other Income		
	Per Occupied Room	Per Day
In-Terminal Hotels		
Hotel A	$0.89	$446
Hotel B	0.00	0
Hotel C	1.46	554
Hotel D	2.04	574
Hotel E	0.00	0
Hotel F	6.23	3,993
Westin Hotels		
Hotel G	$1.32	$415
Hotel H	1.84	595
Hotel I	7.83	2,679
Hotel J	1.87	486
Hotel K	0.00	0
Weighted Average	2.36	1,948
Subject Stabilized Year	**$2.00**	**$768**

As noted, the comparable hotels indicated rentals and other income ranging between $0.00 and $7.83. For a stabilized year of operation, we estimate rentals and other income to be $2.00 POR for the proposed Subject, which equates to revenue of $307,000 in the first full year operation.

2. Undistributed Operating Expenses

Operating expenses that are not chargeable to a particular operating department are presented as undistributed operating expenses, in accordance with the *Uniform System of Accounts for the Lodging Industry*. These expenses include administrative and general, marketing, property operation and maintenance, and utilities. These expenses are relatively unaffected by fluctuations in occupancies and room rates. These expenses are typically analyzed on a dollar amount per available room basis.

a. Administrative and General

This category includes the salary and wages of the general manager and office staff, cash overages and shortages, credit card commissions, bad debt expense, security, accounting expense, and office supplies. Presented in the following table are the historical administrative and general expenses of the comparable hotels.

Administrative and General		
	Per Available Room	Ratio to Total Rev.
In-Terminal Hotels		
Hotel A	$5,540	8.1%
Hotel B	6,449	9.3%
Hotel C	7,089	10.3%
Hotel D	5,233	9.4%
Hotel E	6,791	9.0%
Hotel F	5,206	7.9%
Westin Hotels		
Hotel G	$4,776	7.4%
Hotel H	6,180	9.0%
Hotel I	6,259	6.4%
Hotel J	7,135	8.7%
Hotel K	4,124	6.0%
Weighted Average	5,807	8.2%
Subject Stabilized Year	**$5,975**	**7.6%**

The comparable hotels indicated historical administrative and general expenses of between $4,124 and $7,135 PAR with a weighted average of $5,807, or 8.2 percent of total revenues. For a stabilized year of operation, we estimate administrative and general expense at the proposed Subject to be $5,975 PAR, or 7.6 percent of total revenues. Included in this expense are the variable costs of credit card commissions, which are estimated to be approximately 2.5 percent of total revenues. Our estimate is in line with the weighted average of the comparable hotels on a PAR basis and slightly lower on ratio basis.

b. Marketing

This expense includes the cost of advertising, printing of brochures, salary associated with sales and marketing personnel, and other costs associated with an ongoing sales and promotion program. Also included in this department are the costs associated with the Starwood national chain marketing costs. Presented in the following table are the historical marketing expenses of the comparable hotels.

Marketing		
	Per Available Room	Ratio to Total Rev.
In-Terminal Hotels		
Hotel A	$4,212	6.2%
Hotel B	4,388	6.4%
Hotel C	4,739	6.9%
Hotel D	4,227	7.6%
Hotel E	4,610	6.1%
Hotel F	4,287	6.5%
Westin Hotels		
Hotel G	$4,262	6.6%
Hotel H	8,866	12.9%
Hotel I	6,963	7.1%
Hotel J	6,212	7.6%
Hotel K	8,464	12.3%
Weighted Average	5,433	7.7%
Subject Stabilized Year	**$5,700**	**7.3%**

Marketing expense for the comparable hotels ranged from $4,212 to $8,866 PAR. As indicated, the marketing expense for the in-terminal hotels is generally lower than the comparable Westin hotels. For a stabilized year of operation, we estimate marketing expense of $5,700 PAR or 7.3 percent of total revenues for the proposed Subject. Our estimate is in line with the weighted average of the comparable hotels on a PAR and ratio basis.

c. Property Operations and Maintenance

Property operations and maintenance (POM) expense is a function of building age and usage. This expense category is comprised of engineering salaries, wages, employee benefits, normal maintenance of the building, normal maintenance of electrical, mechanical, and refrigeration equipment, and other operating supplies. Presented in the following table are the historical POM expenses of the comparable hotels.

Property Operation and Maintenance		
	Per Available Room	Ratio to Total Rev.
In-Terminal Hotels		
Hotel A	$2,253	3.3%
Hotel B	2,829	4.1%
Hotel C	3,804	5.5%
Hotel D	1,718	3.1%
Hotel E	4,387	5.8%
Hotel F	3,212	4.8%
Westin Hotels		
Hotel G	$2,135	3.3%
Hotel H	2,465	3.6%
Hotel I	3,849	3.9%
Hotel J	2,819	3.4%
Hotel K	2,133	3.1%
Weighted Average	2,885	4.1%
Subject Stabilized Year	**$2,800**	**3.6%**

For a stabilized year of operation, POM expense is projected to be $2,800 PAR, or 3.6 percent of total revenues. Based on our experience of evaluating new full-service hotels, we are of the opinion that our estimate for the proposed Subject is reasonable. Our estimate is in line with the weighted average of the comparable hotels on a PAR and ratio basis.

d. Utility Costs

Utility cost includes electricity, gas, water, and steam. These costs vary among hotels given the different building characteristics, HVAC systems, and building age. Presented in the following table are the historical utility costs of the comparable hotels.

Utility Costs		
	Per Available Room	Ratio to Total Rev.
In-Terminal Hotels		
Hotel A	$2,494	3.7%
Hotel B	2,414	3.5%
Hotel C	3,537	5.1%
Hotel D	2,180	3.9%
Hotel E	3,656	4.8%
Hotel F	1,318	2.0%
Westin Hotels		
Hotel G	$1,909	2.9%
Hotel H	2,545	3.7%
Hotel I	2,166	2.2%
Hotel J	2,014	2.5%
Hotel K	2,360	3.4%
Weighted Average	2,321	3.3%
Subject Stabilized Year	**$2,500**	**3.2%**

Utility costs are generally particular to the location, climate, and type of hotel structure. Placing primary reliance on the comparable Westin hotels, we estimate utility costs to be $2,500 PAR, or 3.2 percent of total revenues. Furthermore, our estimate is in line with the weighted average of the comparable in-terminal hotels on a PAR and ratio basis.

3. Management Fees and Fixed Charges

a. Base and Subordinate Management Fees

As previously discussed, we have been provided with a QMA between the City and County of Denver, on behalf of the Denver International Airport, and Starwood Hotels and Resorts ("Starwood"). This analysis assumes that the proposed Subject will be operated by Starwood under the Westin brand. Based on our current forecast, base management fees are projected to be $1,220,000, or 3.0 percent of total revenues, for a stabilized year of operation.

Subordinate management fees are payable below the NOI line. For a stabilized year of operation, we estimate subordinate management fees of $407,000. Our calculation of both base and subordinate management fees over the first ten years of operation for the proposed Subject is presented in the following table.

Management Fees Per the Qualified Management Agreement								
	Base Management Fee				Subordinate Management Fee			
Year	Fee Based on 500 Rooms	Per Room	Fee Based on 519 Rooms	Fees (Rounded)	Fee Based on 500 Rooms	Per Room	Fee Based on 519 Rooms	Fees (Rounded)
2015	$659,257	$1,319	$684,309	$285,000	$0	$0	$0	$0
2016	$759,267	$1,519	$788,119	$728,000	$189,817	$380	$197,030	$82,000
2017	$1,271,429	$2,543	$1,319,743	$1,010,000	$211,905	$424	$219,957	$207,000
2018	$1,305,994	$2,612	$1,355,622	$1,335,000	$435,331	$871	$451,874	$317,000
2019	$1,348,496	$2,697	$1,399,739	$1,374,000	$449,499	$899	$466,580	$458,000
2020	$1,387,371	$2,775	$1,440,091	$1,417,000	$462,457	$925	$480,030	$472,000
2021	$1,434,654	$2,869	$1,489,171	$1,461,000	$478,218	$956	$496,390	$487,000
2022	$1,470,496	$2,941	$1,526,375	$1,505,000	$490,165	$980	$508,791	$502,000
2023	$1,514,773	$3,030	$1,572,334	$1,546,000	$504,924	$1,010	$524,111	$515,000
2024	$1,559,527	$3,119	$1,618,789	$1,592,000	$519,842	$1,040	$539,596	$531,000

In total, management fees are stated at 3.7 percent of total revenues, within the typical range of total management fees for an asset such as the proposed Subject.

b. Real Estate and Property Taxes

Based on our conversations with the representatives of the Denver International Airport, as the Subject will be owned by a government agency, it will not be required to pay property taxes. As such, we have not modeled a property tax expense into our projections.

c. Insurance

Insurance expense at the proposed Subject is for both general liability and property coverage. Presented in the following table are the insurance expenses of the comparable hotels.

Insurance	
	Per Available Room
In-Terminal Hotels	
Hotel A	$431
Hotel B	379
Hotel C	613
Hotel D	280
Hotel E	772
Hotel F	407
Westin Hotels	
Hotel G	$545
Hotel H	296
Hotel I	580
Hotel J	1,166
Hotel K	646
Weighted Average	529
Subject Stabilized Year	**$750**

The comparable hotels indicated a wide range of insurance expense between $296 and $1,166 PAR. For a stabilized year of operation, we project insurance expense for the proposed Subject to be $750 PAR, slightly above average of all of the comparable hotels.

d. Reserves for Replacements

An additional item not typically listed on an owner's income statement is the amount required for the periodic replacement of certain short-lived items such as carpeting, draperies, and other furniture, fixtures and equipment. The QMA stipulates a reserve for capital expenditures of 1.0 percent of total revenues during the first twelve months of operation, ramping up to 6.0 percent of total revenues in the fifth twelve-month period and thereafter. Additionally, the QMA stipulates a subordinate reserve for capital expenditures, which falls below the NOI line. During the first four years of operation, the stipulated reserve is 0.0 percent of total revenues, ramping up to 3.0 percent in the eighth year and thereafter. The following table summarizes the increase in reserves for the proposed Subject.

Reserves for Capital Expenditures Per the Qualified Management Agreement									
Senior CapEx Reserve					Subordinate CapEx Reserve				
12-Month Period	Senior CapEx Reserve	Year	Fiscal Year Conversion	Fees (Rounded)	12-Month Period	Subordinate CapEx Reserve	Year	Fiscal Year Conversion	Fees (Rounded)
First 12 months	1.0%	2015	1.0%	$165,000	First 12 months	0.0%	2015	0.0%	$0
Second 12 months	2.0%	2016	1.0%	$444,000	Second 12 months	0.0%	2016	0.0%	$0
Third 12 months	3.0%	2017	2.0%	$940,000	Third 12 months	0.0%	2017	0.0%	$0
Fourth 12 months	5.0%	2018	4.0%	$1,937,000	Fourth 12 months	0.0%	2018	0.0%	$0
Fifth 12 months	6.0%	2019	5.0%	$2,493,000	Fifth 12 months	1.0%	2019	0.0%	$0
Sixth 12 months	6.0%	2020	6.0%	$3,078,000	Sixth 12 months	1.5%	2020	1.0%	$513,000
Seventh 12 months	6.0%	2021	6.0%	$3,175,000	Seventh 12 months	2.0%	2021	2.0%	$1,058,000
Eighth 12 months	6.0%	2022	6.0%	$3,271,000	Eighth 12 months	3.0%	2022	2.0%	$1,090,000
Ninth 12 months	6.0%	2023	6.0%	$3,369,000	Ninth 12 months	3.0%	2023	3.0%	$1,685,000
Tenth 12 months	6.0%	2024	6.0%	$3,468,000	Tenth 12 months	3.0%	2024	3.0%	$1,734,000

For a stabilized year of operation, a senior capital expenditure reserve of six percent of total revenues and subordinate capital expenditure reserve of three percent of total revenues is projected for the proposed Subject.

D. STABILIZED YEAR OPERATING RESULTS

Presented on page V-20 is an estimate of the Subject's stabilized year operating results expressed in 2012 value dollars, which is based on our foregoing analysis. For this 12-month period, revenues are projected to total approximately $40,652,000. Gross operating profit, which does not include property taxes, insurance, base management fees, or reserves for replacements, totals approximately $17,874,000, or 44.0 percent of total revenues, within the range indicated by the comparable Westin hotels and slightly above the range indicated by the comparable in-terminal hotels. Operating income after the deduction of base management fees, insurance, property taxes, and reserves for replacements totals $13,826,000 or 34.0 percent of total revenues. Furthermore, operating income after the deduction of a subordinate base management fee and subordinate reserve for capital expenditures totals $12,199,000, or 30.0 percent of total revenues.

The Westin Denver International Airport
Representative Year of Operation

	Stated in 2012 Dollars			
Number of Units:	519			
Number of Annual Rooms Available:	189,435			
Number of Rooms Occupied:	140,182			
Annual Occupancy:	74.0%			
Average Daily Rate:	$200.00			
Revenue Per Available Room:	$148.00			
	Amount	Ratio	Per Room	P.O.R.
Revenues				
Rooms	$28,036,000	69.0%	$54,019	$200.00
Food & Beverage	11,915,000	29.3%	22,958	85.00
Other Operated Departments	421,000	1.0%	811	3.00
Rentals and Other Income	280,000	0.7%	539	2.00
Total Revenues	40,652,000	100.0%	78,328	289.99
Departmental Expenses				
Rooms	5,888,000	21.0%	11,345	42.00
Food & Beverage	7,745,000	65.0%	14,923	55.25
Other Operated Departments	336,000	79.8%	647	2.40
Total Departmental Expenses	13,969,000	34.4%	26,915	99.65
Departmental Profit	26,683,000	65.6%	51,412	190.35
Undistributed Expenses				
Administrative & General	3,100,000	7.6%	5,973	22.11
Marketing	2,958,000	7.3%	5,699	21.10
Property Operation and Maintenance	1,453,000	3.6%	2,800	10.37
Utility Costs	1,298,000	3.2%	2,501	9.26
Total Undistributed Operating Expenses	8,809,000	21.7%	16,973	62.84
Gross Operating Profit	17,874,000	44.0%	34,439	127.51
Base Management Fee	1,220,000	3.0%	2,351	8.70
Fixed Expenses				
Property Taxes	0	0.0%	0	0.00
Insurance	389,000	1.0%	750	2.77
Total Fixed Expenses	389,000	1.0%	750	2.77
Net Operating Income	16,265,000	40.0%	31,339	116.03
FF&E Reserve	2,439,000	6.0%	4,699	17.40
Net Operating Income After Reserve	13,826,000	34.0%	26,640	98.63
Subordinate Fees				
Subordinate Management Fee	407,000	1.0%	797	$3
Subordinate CapEx Reserve	1,220,000	3.0%	2,366	$9
Total Senior Fees	1,627,000	4.0%	3,163	$12
Net Operating Income After Subordinate Fees	$12,199,000	30.0%	23,505	$87.02

Source: **PKF Consulting USA**

E. ESTIMATED ANNUAL OPERATING RESULTS FOR THE HOLDING PERIOD

The previous analysis provided for the income and expenses incurred in the operation of the Subject in a hypothetical stabilized year of operation stated in 2012 value dollars. In the following analysis, we provide estimated income and expenses for the Subject during each year of the holding period anticipated by a typical investor. The estimate of the performance for the Subject in the base year is used as a basis for our analysis, adjusted to reflect the effects of inflation, business development, and variations in occupancy.

1. Holding Period

In the 2012 issue of the PKF Consulting's publication *Hospitality Investment Survey*, the average holding period for investors interviewed for full-service hotels is 6.8 years, with a range of between 4.0 and 15.0 years. The Summer 2012 *Investor Survey* published by Real Estate Research Corporation indicates a typical projection (holding) period of 7.5 years.

Based on the foregoing investor surveys, but relying more on our experience regarding hotel acquisitions, we have utilized a ten-year holding period, representing the period from August 1, 2015 to December 31, 2024. While we are not assuming a sale of the asset, we have opted to reflect a ten-year period for the purpose of this economic analysis. It should be noted that the first year of our projections reflects a five month "stub" year, or the period from opening on August 1 to the end of the calendar year on December 31. All future years reflect a full, twelve month calendar year.

2. Inflation

To portray price level changes, we have assumed an inflation rate of three percent throughout the holding period. This rate reflects the consensus of several well-recognized economists for the current long-term outlook pertaining to the future movement of prices and is consistent with the inflation rates of the last five years. All revenues and expenses are projected to increase at three percent.

It should be noted that inflation is caused by many factors, and unanticipated events and circumstances can affect the forecasted rate. Therefore, the estimated operating results computed over the projection period will vary from the actual operating results, and the variations may be material. Our assumption of an annual three percent inflation factor portrays an expected long-term trend in price movements over the projection period rather than a point in time. This level of inflation is comparable to the compound annual change in the Consumer Price Index (CPI) for U.S. Cities since 1990 as shown in the following table.

U. S. Cities Average Increase in Consumer Price Index (CPI) 1990 to 2011		
Year	**CPI**	**Percent Change**
1990	130.7	-
1991	136.2	4.2%
1992	140.3	3.0%
1993	144.5	3.0%
1994	148.2	2.6%
1995	152.4	2.8%
1996	156.9	3.0%
1997	160.5	2.3%
1998	163.0	1.6%
1999	166.6	2.2%
2000	172.2	3.4%
2001	177.1	2.8%
2002	179.9	1.6%
2003	184.0	2.3%
2004	188.9	2.7%
2005	195.3	3.4%
2006	201.6	3.2%
2007	207.3	2.8%
2008	215.3	3.9%
2009	214.5	-0.4%
2010	218.1	1.7%
2011	224.9	3.1%
CAGR	**2.6%**	-
2012(F)	229.6	2.1%
2013(F)	234.7	2.2%
2014(F)	241.5	2.9%

Source: U.S. Department of Labor Statistics
Note: CPI forecast provided by Moody's Analytics

As noted by the table above, while inflation rates have been lower over the past five years, future inflationary growth is projected to increase back closer to approximately three percent per year by 2014. While there is some uncertainty about the future growth of inflation over the long term, many groups that we have worked with that are institutional investors in hotels continue to utilize a long term growth rate of three percent. Therefore, for the purpose of this analysis, we have utilized a long term growth rate of three percent in our analysis.

3. ADR and Occupancy during the Holding Period

For the first year of our ten-year forecast, we project the Subject to achieve an ADR of $209. Over the first five years, we project the proposed Subject's ADR to increase at a CAGR of 4.1 percent. For the last five years of our projections, the Subject's ADR is projected to increase at three percent per annum.

Our estimate for the ADR, occupancy, and resulting total annual rooms revenue for the Subject during the holding period, is presented in the following table.

Estimated Rooms Revenue

Year	Average Daily Rate	Annual Occupancy	Rooms Revenue
2015	$209.00	68.0%	$11,217,000
2016	224.00	72.0%	30,551,000
2017	231.00	74.0%	32,382,000
2018	238.00	74.0%	33,363,000
2019	245.00	74.0%	34,344,000
2020	252.00	74.0%	35,325,000
2021	260.00	74.0%	36,447,000
2022	268.00	74.0%	37,568,000
2023	276.00	74.0%	38,690,000
2024	284.00	74.0%	39,811,000

4. Operating Revenues and Expenses during the Holding Period

Operating revenues and expenses for the Subject are projected using a computer model developed by PKF Consulting especially for use in hotel feasibility analysis. The estimated operating revenues and expenses are based on the same assumptions used to develop our base year projection. Each item, however, is adjusted to reflect the varying impact of the fixed and variable components, i.e., the proportion of each that is affected by variations in occupancy. In addition, each item is adjusted for inflation as previously discussed. It should be noted, while the actual performance over the ten year period may flatten, or in fact decrease due to national recessions or unforeseen geopolitical events, these fluctuations in operational projections are typically not recognized by market participants. Therefore, it is our opinion that projecting a stabilized occupancy of 74 percent throughout the ten-year projection period is consistent with the approach utilized by most market participants.

5. Estimated Annual Operating Results during the Holding Period

The estimated annual operating results for the Subject for the ten-year period beginning August 1, 2015, are presented on the following pages. The following table summarizes the estimated operating income for the Subject throughout the ten-year projection period.

Summary of Estimated Annual Operating Results			
Year	**Total Revenue**	**Net Operating Income[1]**	**Ratio to Total Revenues**
2015[2]	$16,495,000	$5,839,000	35.4%
2016	44,367,000	17,314,000	39.0%
2017	47,008,000	17,997,000	38.3%
2018	48,427,000	17,178,000	35.5%
2019	49,860,000	17,046,000	34.2%
2020	51,307,000	16,485,000	32.1%
2021	52,909,000	16,503,000	31.2%
2022	54,523,000	17,022,000	31.2%
2023	56,154,000	16,972,000	30.2%
2024	57,799,000	17,447,000	30.2%

[1] Income before the deduction of depreciation, interest, amortization, and income taxes, but after the deduction of a reserve for capital replacement, a subordinate management fee, and a subordinate reserve for capital expenditures. This income excludes the deduction of property taxes.
[2] 2015 represents a stub year beginning August 1, 2015 and ending December 31, 2015

As noted, revenues for the Subject are projected to increase from $16,495,000 in the five-month stub year 2015 to $39,811,000 in 2024. Net operating income is projected to increase from $5,839,000 in 2015 to $17,447,000 in 2024. It should be noted that NOI peaks at $17,997,000 in 2017. As a result of an increase in the subordinate reserve for capital expenditures, NOI declines between 2017 and 2022 before increasing year-over-year. Net operating income as a ratio to total revenues is projected to decline from 35.4 percent in 2015 to 30.2 percent in 2024.

On a stabilized basis, the proposed Subject is projected to achieve an NOI ratio of 30.0 percent, in line with the weighted average of the comparable Westin hotels and the comparable in-terminal hotels.

The Westin Denver International Airport
Projected Operating Results
Calendar Years

	2015		2016		2017		2018		2019	
Number of Units:	216		519		519		519		519	
Number of Annual Rooms Available:	78,931		189,435		189,435		189,435		189,435	
Number of Rooms Occupied:	53,670		136,390		140,180		140,180		140,180	
Annual Occupancy:	68.0%		72.0%		74.0%		74.0%		74.0%	
Average Daily Rate:	$209.00		$224.00		$231.00		$238.00		$245.00	
Revenue Per Available Room:	$142.12		$161.28		$170.94		$176.12		$181.30	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues										
Rooms	$11,217,000	68.0%	$30,551,000	68.9%	$32,382,000	68.9%	$33,363,000	68.9%	$34,344,000	68.9%
Food & Beverage	4,985,000	30.2%	13,048,000	29.4%	13,813,000	29.4%	14,227,000	29.4%	14,654,000	29.4%
Other Operated Departments	176,000	1.1%	461,000	1.0%	488,000	1.0%	502,000	1.0%	517,000	1.0%
Rentals and Other Income	117,000	0.7%	307,000	0.7%	325,000	0.7%	335,000	0.7%	345,000	0.7%
Total Revenues	16,495,000	100.0%	44,367,000	100.0%	47,008,000	100.0%	48,427,000	100.0%	49,860,000	100.0%
Departmental Expenses										
Rooms	2,572,000	22.9%	6,537,000	21.4%	6,825,000	21.1%	7,030,000	21.1%	7,241,000	21.1%
Food & Beverage	3,355,000	67.3%	8,576,000	65.7%	8,979,000	65.0%	9,248,000	65.0%	9,525,000	65.0%
Other Operated Departments	141,000	80.1%	368,000	79.8%	390,000	79.9%	402,000	80.1%	414,000	80.1%
Total Departmental Expenses	6,068,000	36.8%	15,481,000	34.9%	16,194,000	34.4%	16,680,000	34.4%	17,180,000	34.5%
Departmental Profit	10,427,000	63.2%	28,886,000	65.1%	30,814,000	65.6%	31,747,000	65.6%	32,680,000	65.5%
Undistributed Expenses										
Administrative & General	1,361,000	8.3%	3,454,000	7.8%	3,591,000	7.6%	3,699,000	7.6%	3,809,000	7.6%
Marketing	1,347,000	8.2%	3,330,000	7.5%	3,429,000	7.3%	3,532,000	7.3%	3,638,000	7.3%
Property Operation and Maintenance	662,000	4.0%	1,636,000	3.7%	1,685,000	3.6%	1,735,000	3.6%	1,787,000	3.6%
Utility Costs	591,000	3.6%	1,460,000	3.3%	1,504,000	3.2%	1,549,000	3.2%	1,596,000	3.2%
Total Undistributed Operating Expenses	3,961,000	24.0%	9,880,000	22.3%	10,209,000	21.7%	10,515,000	21.7%	10,830,000	21.7%
Gross Operating Profit	6,466,000	39.2%	19,006,000	42.8%	20,605,000	43.8%	21,232,000	43.8%	21,850,000	43.8%
Base Management Fee	285,000	1.7%	728,000	1.6%	1,010,000	2.1%	1,335,000	2.8%	1,374,000	2.8%
Fixed Expenses										
Property Taxes	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Insurance	177,000	1.1%	438,000	1.0%	451,000	1.0%	465,000	1.0%	479,000	1.0%
Total Fixed Expenses	177,000	1.1%	438,000	1.0%	451,000	1.0%	465,000	1.0%	479,000	1.0%
Net Operating Income	6,004,000	36.4%	17,840,000	40.2%	19,144,000	40.7%	19,432,000	40.1%	19,997,000	40.1%
FF&E Reserve	165,000	1.0%	444,000	1.0%	940,000	2.0%	1,937,000	4.0%	2,493,000	5.0%
Net Operating Income After Reserve	$5,839,000	35.4%	$17,396,000	39.2%	$18,204,000	38.7%	$17,495,000	36.1%	$17,504,000	35.1%
Subordinate Fees										
Subordinate Management Fee	$0	0.0%	$82,000	0.2%	$207,000	0.4%	$317,000	0.7%	$458,000	0.9%
Subordinate CapEx Reserve	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
Total Senior Fees	$0	0.0%	$82,000	0.2%	$207,000	0.4%	$317,000	0.7%	$458,000	0.9%
Net Operating Income After Subordinate Fees	$5,839,000	35.4%	$17,314,000	39.0%	$17,997,000	38.3%	$17,178,000	35.5%	$17,046,000	34.2%
Source: **PKF Consulting USA**	Five Months of Operation									

The Westin Denver International Airport
Projected Operating Results
Calendar Years

	2020		2021		2022		2023		2024	
Number of Units:	519		519		519		519		519	
Number of Annual Rooms Available:	189,435		189,435		189,435		189,435		189,435	
Number of Rooms Occupied:	140,180		140,180		140,180		140,180		140,180	
Annual Occupancy:	74.0%		74.0%		74.0%		74.0%		74.0%	
Average Daily Rate:	$252.00		$260.00		$268.00		$276.00		$284.00	
Revenue Per Available Room:	$186.48		$192.40		$198.32		$204.24		$210.16	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues										
Rooms	$35,325,000	68.9%	$36,447,000	68.9%	$37,568,000	68.9%	$38,690,000	68.9%	$39,811,000	68.9%
Food & Beverage	15,094,000	29.4%	15,547,000	29.4%	16,013,000	29.4%	16,494,000	29.4%	16,988,000	29.4%
Other Operated Departments	533,000	1.0%	549,000	1.0%	565,000	1.0%	582,000	1.0%	600,000	1.0%
Rentals and Other Income	355,000	0.7%	366,000	0.7%	377,000	0.7%	388,000	0.7%	400,000	0.7%
Total Revenues	51,307,000	100.0%	52,909,000	100.0%	54,523,000	100.0%	56,154,000	100.0%	57,799,000	100.0%
Departmental Expenses										
Rooms	7,458,000	21.1%	7,682,000	21.1%	7,912,000	21.1%	8,150,000	21.1%	8,394,000	21.1%
Food & Beverage	9,811,000	65.0%	10,105,000	65.0%	10,409,000	65.0%	10,721,000	65.0%	11,042,000	65.0%
Other Operated Departments	426,000	79.9%	439,000	80.0%	452,000	80.0%	466,000	80.1%	480,000	80.0%
Total Departmental Expenses	17,695,000	34.5%	18,226,000	34.4%	18,773,000	34.4%	19,337,000	34.4%	19,916,000	34.5%
Departmental Profit	33,612,000	65.5%	34,683,000	65.6%	35,750,000	65.6%	36,817,000	65.6%	37,883,000	65.5%
Undistributed Expenses										
Administrative & General	3,922,000	7.6%	4,042,000	7.6%	4,164,000	7.6%	4,288,000	7.6%	4,416,000	7.6%
Marketing	3,747,000	7.3%	3,860,000	7.3%	3,976,000	7.3%	4,095,000	7.3%	4,218,000	7.3%
Property Operation and Maintenance	1,841,000	3.6%	1,896,000	3.6%	1,953,000	3.6%	2,012,000	3.6%	2,072,000	3.6%
Utility Costs	1,644,000	3.2%	1,693,000	3.2%	1,744,000	3.2%	1,796,000	3.2%	1,850,000	3.2%
Total Undistributed Operating Expenses	11,154,000	21.7%	11,491,000	21.7%	11,837,000	21.7%	12,191,000	21.7%	12,556,000	21.7%
Gross Operating Profit	22,458,000	43.8%	23,192,000	43.8%	23,913,000	43.9%	24,626,000	43.9%	25,327,000	43.8%
Base Management Fee	1,417,000	2.8%	1,461,000	2.8%	1,505,000	2.8%	1,546,000	2.8%	1,592,000	2.8%
Fixed Expenses										
Property Taxes	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Insurance	493,000	1.0%	508,000	1.0%	523,000	1.0%	539,000	1.0%	555,000	1.0%
Total Fixed Expenses	493,000	1.0%	508,000	1.0%	523,000	1.0%	539,000	1.0%	555,000	1.0%
Net Operating Income	20,548,000	40.0%	21,223,000	40.1%	21,885,000	40.1%	22,541,000	40.1%	23,180,000	40.1%
FF&E Reserve	3,078,000	6.0%	3,175,000	6.0%	3,271,000	6.0%	3,369,000	6.0%	3,468,000	6.0%
Net Operating Income After Reserve	$17,470,000	34.0%	$18,048,000	34.1%	$18,614,000	34.1%	$19,172,000	34.1%	$19,712,000	34.1%
Subordinate Fees										
Subordinate Management Fee	$472,000	0.9%	$487,000	0.9%	$502,000	0.9%	$515,000	0.9%	$531,000	0.9%
Subordinate CapEx Reserve	$513,000	1.0%	$1,058,000	2.0%	$1,090,000	2.0%	$1,685,000	3.0%	$1,734,000	3.0%
Total Senior Fees	$985,000	1.9%	$1,545,000	2.9%	$1,592,000	2.9%	$2,200,000	3.9%	$2,265,000	3.9%
Net Operating Income After Subordinate Fees	$16,485,000	32.1%	$16,503,000	31.2%	$17,022,000	31.2%	$16,972,000	30.2%	$17,447,000	30.2%

Source: **PKF Consulting USA**

ADDENDA

ADDENDA

A. CERTIFICATION OF THE CONSULTANTS

B. STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

C. QUALIFICATIONS OF THE CONSULTANTS

D. COPY OF THE ENGAGEMENT LETTER

E. SENSITIVITY ANALYSIS

ADDENDUM A

CERTIFICATION OF THE CONSULTANTS

CERTIFICATION OF THE CONSULTANTS

We, Christopher A. Kraus, MAI, and Catherine E. Bolstad certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- We have made a personal inspection of the property that is the subject of this report.
- No one has provided significant professional assistance in completing this report.
- Christopher A. Kraus, MAI, is a Certified General Real Estate Appraiser in the State of California.
- As of the date of this report, Christopher A. Kraus, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.

PKF Consulting appreciates the opportunity to be of service to you. Should you have any questions, or if we can be of further assistance, please do not hesitate to contact us.

Yours sincerely,

PKF Consulting USA

By: Christopher A. Kraus, MAI
Senior Vice President
chris.kraus@pkfc.com | 406.582.8189

By: Catherine E. Bolstad
Vice President
catherine.bolstad@pkfc.com | 415.288.7834

ADDENDUM B

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

Economic and Social Trends - The consultant assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of the letter of transmittal accompanying this report. The consultant is not obligated to predict future political, economic or social trends.

Information Furnished by Others - In preparing the report, the consultant was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either express or implied, is given by the consultant for the accuracy of such information and the consultant assumes no responsibility for information relied upon later found to have been inaccurate. The consultant reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

Hidden Conditions - The consultant assumes no responsibility for hidden or unapparent conditions of the properties, subsoil, ground water or structures. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

Hazardous Materials - The consultant has not been provided any information regarding the presence of any material or substance on or in any portion of the subject property, which material or substance possesses or may possess toxic, hazardous and/or other harmful and/or dangerous characteristics. Unless otherwise stated in the report, the consultant did not become aware of the presence of any such material or substance during the consultant's inspection of the subject property. However, the consultant is not qualified to investigate or test for the presence of such materials or substances. The consultant assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material. Unless otherwise stated, this report assumes the subject property is in compliance with all federal, state and local environmental laws, regulations and rules.

Zoning and Land Use - Unless otherwise stated, the subject property is assumed to be in full compliance with all applicable zoning and land use regulations and restrictions.

Licenses and Permits - Unless otherwise stated, the property is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization that have been or can be obtained or renewed for any use on which the performance estimates contained in this report are based.

Engineering Survey - No engineering survey has been made by the consultant. Except as specifically stated, data relative to size and area of the subject property was taken from sources considered reliable and no encroachment of the subject property is considered to exist.

Subsurface Rights - No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

Maps, Plats and Exhibits - Maps, plats and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS
(Continued)

Legal Matters - No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants.

Right of Publication - Possession of this report, or a copy of it, does not carry with it the right of publication. Without the written consent of the consultant, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with properly written qualification and only in its entirety for its stated purpose.

Archeological Significance - No investigation has been made by the consultant and no information has been provided to the consultant regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

Compliance with the Americans with Disabilities Act - The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is assumed that the property will be in direct compliance with the various detailed requirements of the ADA.

Definitions and Assumptions - The definitions and assumptions upon which our analyses, opinions and conclusions are based are set forth in appropriate sections of this report and are to be part of these general assumptions as if included here in their entirety.

Utilization of the Land and/or Improvements - It is assumed that the utilization of the land and/or improvements is within the boundaries or property described herein and that there is no encroachment or trespass.

Dissemination of Material - Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, new media or other public means of communication without the prior written consent and approval of the consultant(s).

Distribution and Liability to Third Parties - The party of whom this report was prepared may distribute copies of this report only in its entirety to such third parties as may be selected by the party for whom this report was prepared; however, portions of this report shall not be given to third parties without our written consent. Liability to third parties will not be accepted.

Use in Offering Materials - This report, including all cash flow forecasts, market surveys and related data, conclusions, exhibits and supporting documentation may not be reproduced or references made to the report or to PKF Consulting in any sale offering, prospectus, public or private placement memorandum, proxy statement or other document ("Offering Material") in connection with a merger, liquidation or other corporate transaction unless PKF Consulting has approved in writing the text of any such reference or reproduction prior to the distribution and filing thereof.

Limits to Liability - PKF Consulting cannot be held liable in any cause of action resulting in litigation for any dollar amount which exceeds the total fees collected from this individual engagement.

Legal Expenses - Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.

ADDENDUM C

QUALIFICATIONS OF THE CONSULTANTS

QUALIFICATIONS OF
CHRISTOPHER A. KRAUS, MAI
SENIOR VICE PRESIDENT

PROFESSIONAL HISTORY

2003 -Present	PKF Consulting, Bozeman, Montana Practice Leader and Senior Vice President
1997 -2003	PKF Consulting, San Francisco Vice President
Prior 1992 - 1997	Winegardner and Hammons, Inc. – Cincinnati, Ohio General Manager: various hotels throughout Midwest

AREAS OF EXPERTISE

Preparation of market feasibility studies for hotels, resorts, conference centers, golf courses, vacation ownership developments, and related facilities including estimated financial income statements.

Preparation of full narrative appraisals of lodging properties and related facilities focusing on the valuation of projected operating income. Skills include fee simple, leasehold, and leased fee estate interest valuation.

Operational planning and evaluation of hospitality industry activities. Extensive experience in the pre-opening and on-going daily operation of hotels, motels, resorts, restaurants, golf courses, and conference centers.

Litigation support analysis involving the valuation of hotel assets and real estate valuations.

Preparation of offering memorandums for the potential sale of land and hospitality assets.

REPRESENTATIVE PROJECTS

Market feasibility analysis utilized in support of the development of a proposed $180 million mixed-use Four Seasons Resort, which contains a 120-room luxury hotel, whole ownership condominiums, and vacation ownership units, located in Vail, Colorado.

Negotiation of a DDA (Disposition and Development Agreement) for the sale of land to be utilized for a Resort Development adjacent to two 18-hole golf courses in Monterey, California to include a 330-room Marriott Resort, 170-unit Vacation Ownership development, and 125 residential lots.

REPRESENTATIVE PROJECTS (Continued)

Market feasibility analysis utilized in support of the development of a proposed $130 million luxury hotel and whole ownership condominium development in downtown Seattle, Washington.

Market feasibility analysis utilized in support of the development of a 500-room convention center hotel located in downtown Sacramento collateralized by a $90.0 million bond offering.

Valuation of the Pebble Beach Company for Bank of America, the lender on the $800 million acquisition. The Pebble Beach Company includes three hotels, four golf courses, retail, and land being held for future development.

Market study and valuation of the proposed 379-room Montalcino Resort and Vacation Ownership development to be located in Napa Valley, California. The to be built facility will include an 18-hole signature golf course and a 16,000 square foot spa facility.

Ongoing operational review and asset management of a newly constructed 500-room convention center hotel located in Sacramento, California.

Valuation of the to be built 350-room Ritz-Carlton Resort located at Lake Las Vegas in Henderson, Nevada. This development is the premier hotel facility in the master-planned Lake Las Vegas development.

Market positioning study for a proposed hotel and signature golf course within a 2,000-acre, master-planned development located at Punta Colorada in La Paz, Baja California Sur, Mexico.

Detailed review of food and beverage operations, including profitability analysis and review of member services for a private country club located in Oakland, California.

Market positioning study and valuation of the Chardonnay Golf Club located in Napa Valley, California.

QUALIFICATIONS OF
CHRISTOPHER A. KRAUS, MAI

REPRESENTATIVE PROJECTS (Continued)	Market demand analysis for more than 50 limited-service, extended-stay, and full-service lodging properties located throughout the San Francisco Bay Area. Appraisal of more than 60 full-service and limited-service hotels and resorts located throughout the United States.
EDUCATION	Cornell University, Ithaca, New York Bachelor of Science, School of Hotel Administration Specialty in Hotel Operations and Finance Appraisal Institute Completed All Courses Required for Designated Membership
PROFESSIONAL ACTIVITIES	Guest speaker at various industry seminars
PROFESSIONAL MEMBERSHIPS	Treasurer – Northern California Chapter of the Cornell Hotel Society (1999 to 2006) The Appraisal Institute - Designated Member Certified General Real Estate Appraiser: State of California, Certificate AG029222 State of Montana, Certificate 672RAG State of Washington Certificate 1101672 State of Wyoming, Permit Number 597

QUALIFICATIONS OF
CATHERINE E. BOLSTAD
VICE PRESIDENT

PROFESSIONAL HISTORY

Present	PKF Consulting USA, San Francisco, CA Associate
Prior	Hilton Hotels, Hilton & Towers, San Francisco, CA Sales & Marketing/Public Relations
	Colliers International Hotels, San Francisco, CA Analyst
	TasteBuds, Inc., Los Angeles, CA Analyst

EDUCATION

University of San Francisco, San Francisco, California
School of Business
Hospitality Industry Management and Finance
Bachelor of Science/Bachelor of Arts, 2006

SUMMARY OF REPRESENTATIVE PROJECTS

Market demand and feasibility analysis for a proposed hotel located in West Sacramento, California

Market demand and feasibility analysis for a proposed hotel located in Palo Alto, California.

Appraisal for a proposed hotel located in Cottonwood, California

Market demand and feasibility analysis for a proposed hotel located in Walnut Creek, California.

Appraisal for a proposed hotel located in North Natomas/Sacramento, California

Appraisal for the Napa Valley Lodge located in Yountville, California

Market demand and feasibility analysis for the Embassy Suites Denver – Aurora located in Denver, Colorado

Appraisal for the Hotel Mark Twain located in San Francisco, California

Market demand and feasibility analysis for the Homewood Suites Oakland – Waterfront located in Oakland, California

Market demand and feasibility analysis for the proposed Westin Jack London Square to be located in Oakland, California

Appraisal for the proposed Hilton Garden Inn located in Billings, Montana

Appraisal for the Best Western Creekside Inn located in Bishop, California

Appraisal for the proposed Montalcino Resort located in Napa, California

Appraisal for the FountainGrove Inn located in Santa Rosa, California

Appraisal for the Lodge at Calistoga located in Calistoga, California

Appraisal for the Calistoga Spa Hot Springs located in Calistoga, California

Appraisal for the Holiday Inn Walnut Creek located in Walnut Creek, California

Appraisal for the Holiday Inn Concord located in Concord, California

Appraisal for the Sheraton Petaluma located in Petaluma, California

Market demand analysis for the Galleria Park Hotel located in San Francisco, California

Appraisal for the proposed SpringHill Suites located in Napa, California

Appraisal for the Yountville Inn located in Yountville, California

Appraisal for the Hotel Abrego located in Monterey, California

Appraisal for the Pacific Gardens Inn located in Pacific Grove, California

Appraisal for the Meritage Resort and Spa located in Napa, California

Appraisal of the Residence Inn Downtown at Capitol Park located in Sacramento, California

Appraisal for the Four Points by Sheraton located in Natomas/Sacramento, California

Appraisal for the proposed Hampton Inn & Suites located in Spokane Valley, Washington

Appraisal for the Hyatt Regency located in Sacramento, California

Appraisal for the Holiday Inn Express located in Mill Valley, California

Appraisal for the proposed Hotel Adelaide to be located in Teton Village, Wyoming

Appraisal of the Four Seasons Resort located in Scottsdale, Arizona

Appraisal of the Vintage Estate located in Yountville, California

Market demand analysis for a proposed in-terminal Westin Hotel to be located at the Denver International Airport

Market demand analysis for a proposed resort to be located in Healdsburg, California

Market demand analysis for a proposed hotel and conference center to be located in Roseville, California

ADDENDUM D

COPY OF THE ENGAGEMENT LETTER

PKF CONSULTING USA

Sent via email to: patrick.heck@flydenver.com
No hardcopy to follow

June 6, 2012

Mr. Patrick Heck
Chief Financial Officer
Denver International Airport
201 West Colfax Avenue
Denver, CO 80202

Re: Proposed Westin Denver International Airport – Denver, Colorado
2012 Update Analysis

Dear Mr. Heck:

Pursuant to our recent discussions with Mr. Mark Tobin of HREC Development Resources, we are pleased to submit this proposal to perform an updated study on the potential market demand and prepare a statement of the estimated annual operating results associated with the development of a +/- 516 room Westin hotel (the "Hotel") to be located at the Denver International Airport ("DIA") in Denver, Colorado.

A. Introduction

As we understand it, the City and County of Denver Colorado in conjunction with the Denver International Airport Authority are working with Starwood Hotels and Resorts and Mortenson Construction to develop a 516 room Westin hotel at DIA. We further understand that the development of the hotel would be financed through the sale of tax exempt bonds as a registered security offering. As a component of the offering circular, you require an evaluation of the market and economic potential of the proposed hotel. In order to assist you in evaluating the future market performance and prepare a statement of the estimated annual operating results of the proposed Hotel, we propose to perform a study that would encompass the following:

- Evaluate the appropriateness of the site for the development of the planned hotel facility;

- Analyze the current and future market demand for upscale full service lodging accommodations in the local and regional market areas;

- Review and evaluate existing plans and provide key planning criteria as to the sizing, concept, amenities to be provided, and timing of the development;

- Develop a forecast of the likely occupancy levels and average daily room rates ("ADR") the Hotel could reasonably achieve for its first ten-years of operation;

- Develop a statement of estimated annual operating results for the proposed project for its first ten years of operation. This statement would reflect all potential revenues and expenses associated with ongoing operations;

- At the appropriate time, prepare a formal report on the market and financial performance of the proposed development. This report would be suitable for inclusion in the tax exempt bond offering circular presentation that would be distributed to third parties for the purpose of securing mortgage financing and/or equity participation. This report would also be suitable for use in the negotiation of a lease, management or franchise agreement, as well as for presentation to representatives of local government agencies.

The work program for the study will be concerned with the determination of current and potential future demand for hotel rooms, assessment of the existing and potential future competitive hotel supply, and the share of the market that could reasonably be attained by the subject facility.

It should be noted that PKF Consulting USA ("PKF Consulting") performed an analysis of the potential market performance and prepared a statement of the estimated annual operating results for this project in December 2009, October 2010 and again in the summer of 2011. For this updated analysis, the scope of work will be identical to that performed in these prior studies, but updated reflect not only the change in market conditions since 2011, but also the revised development program of the proposed Hotel.

B. PKF Consulting USA

As a point of background, we would like to provide you with a brief overview of our Firm. PKF Consulting USA ("PKF") is a division of Colliers International (NASDAQ:FSRV), the third largest real estate services firm in the World. PKF is a national firm of management consultants, appraisers, real estate brokers and industry specialists who provide a full range of services to the hospitality and tourism industries. Headquartered in San Francisco, the Firm has offices in Boston, New York, Philadelphia, Portland, ME, Atlanta, Miami, Washington, D.C., Houston, Dallas, Indianapolis, Los Angeles, Seattle, Sacramento, and Bozeman with nearly 100 professionals and support staff.

Our Firm is comprised of three integrated divisions which provide consulting, brokerage and research services to the hospitality industry.

1. **Consulting**

Our consulting group provides advisory services and industry expertise to help our clients in planning, developing, managing, financing, problem-solving, improving operations, and valuing hotels and other hospitality assets. Our engagements range from hotel market and financial feasibility studies to investment structuring, and from hotel appraisals to asset management.

Our consulting group is constantly providing clients both large and small with the most constructive and valuable advice in the industry, performing feasibility and market studies, acquisition due diligence and valuations involving hotels, resorts, restaurants, golf courses, and a variety of mixed-use developments and other hospitality products. We have the distinct advantage of being the only hospitality consulting firm with its own, proprietary database of U.S. hotel financial statistics.

2. **Brokerage**

PKF's brokerage group, Colliers International Hotels ("CIH"), serves the investment market primarily as exclusive agents for owners/sellers managing the sale and disposition process. The team members of CIH have extensive backgrounds in hotel and resort transactions as well backgrounds in hotel consulting and operations. CIH's presentation of prospective hotel investments reflects a thorough understanding of hotels, their branding/affiliations, management issues, operating margins, market dynamics, and capitalization.

Our hotel brokerage team has been retained for other services that include specific buyer-representation assignments, RFPs (Request for Proposals) for management organizations, executing ground leases, development financing, joint venture partnerships, and land sales. The scope of our business includes all tiers of the lodging industry including hotels and resorts, vacation-ownership, residential/hotel mixed-use, conference centers, and recreational facilities.
Because of its close working relationship with the consulting and research groups of Colliers PKF, our dedicated lodging brokerage platform offers clients an unparalleled level of market knowledge with a proven track record of sales and marketing successes.

3. **Research**

PKF Hospitality Research owns the database for *Trends® in the Hotel Industry*, the statistical review of U.S. hotel operations which first appeared in 1935 and has been published every year since. PKF's professionals use the *Trends*® database to assist their clients in making informed decisions. In addition, the *Trends*® data is used to produce custom financial reports for clients that enable them to benchmark hotel revenues, expenses, and profits.

Beginning in 2007, PKF unveiled its powerful *Hotel Horizons*®, an economics-based hotel forecasting model that projects five years of supply, demand, occupancy, ADR, and RevPAR for the U.S. lodging industry. *Hotel Horizons*® reports are published on a quarterly basis for 50 markets and six national chain-scales.

With a long-standing tradition of tracking and forecasting the lodging industry, our Research Group has the technical capacity to conduct custom research, the analytical skills to interpret the data, and the access necessary to gather confidential performance information from the industry.

4. PKF Consulting USA Services

- Asset Management and Management Company Selection
- Real Estate Appraisals and Business Valuation
- Market and Financial Feasibility Studies
- Litigation Support and Expert Testimony
- Acquisition Due Diligence
- Operational Studies
- Tourism and Recreational Studies
- Resort and Recreation Services
- Conference, Convention, and Public Assembly Facilities
- Financial Benchmarking
- Econometric Forecasting
- Custom Research
- Transaction (brokerage) Advisory Services
- Development Financing
- Property Tax Appeals

5. Local Market Knowledge

In addition to our long-standing expertise in the hotel industry, we would bring to you in this engagement substantial familiarity with the Denver area hotel market as well as the general market for "in terminal" airport hotels throughout the United States (e.g. Hilton Chicago O'Hare, Hilton Boston Logan, Houston Airport Marriott, Hyatt Regency Orlando, Philadelphia Airport Marriott, Westin Detroit Metro, Hyatt Regency Pittsburgh, Grand Hyatt DFW, Tampa Airport Marriott, Sheraton Bradley Airport, etc).

In order to give you an understanding of the depth of our experience, attached for your review is a partial listing of existing and proposed hotels, resorts and other types of properties our office has evaluated over the past several years.

Given the historical role of PKF in the hospitality and real estate industries, and our knowledge of the local market, we are of the opinion that there is no firm that can provide the services available through us. More background and information on our Firm can be obtained from our web site at www.pkfc.com.

C. Proposed Work Program

1. Introductory Meeting

The first phase of our engagement will involve meeting with you and your associates for the purpose of understanding your goals and objectives for this project, as well as to review in detail any preliminary development programming you may have for this development.

2. Site Analysis

Since the location of a hotel development within its market is of major importance to the success of a project, we will analyze and evaluate the following factors regarding the subject's location and possible advantages/disadvantages in comparison with potential competitors:

- Accessibility of the transportation network and demand generators
- Visibility from various access points
- Ambiance of the area as it might impact demand
- Relationship to demand sources and attractions
- Climate and seasonality which may impact demand

3. Area Review

We will gather and analyze relevant statistical data regarding the local and regional market area to determine whether the economic environment appears suitable for the project. We will examine possible correlation between key economic factors and the demand for hotel rooms and will use available forecasts of these indicators in our evaluation of potential future demand.

4. Primary Research

We will perform primary market research within the local market. This will include interviews with key demand generators, inspection and evaluation of competitive and comparable facilities and discussions with executives knowledgeable about the area's lodging market. Among those whom we may conduct such interviews are:

- Owners and managers of potentially competitive hotels in the DIA area as well as comparable “in terminal” hotels located at other major airports
- Appropriate city and county officials
- Major employers in the market area
- Management of local tourist attractions
- Officials in tourism, development, and transportation
- Bankers, editors, and development-organization representatives
- Convention Bureau authorities
- Redevelopment Agency officials
- Local Real Estate professionals

5. Supply and Demand Estimates

On the basis of the foregoing analysis, we will estimate potential growth in both the demand for, and the supply of lodging facilities in the competitive market area. We will then evaluate each of the principal segments of demand and describe their characteristics in this particular market and their historical performance. Then we will estimate growth rates in demand for each of these market segments and project the anticipated future demand.

The next step is an estimate of the competitive supply, including historical growth trends and potential additions to the supply. We will evaluate the competitive potential of proposed or rumored projects with respect to your development, and estimate expected performance of the competitive supply over the projection period for the subject property.

6. Facilities Recommendations

We will review plans you may have for the project and prepare recommendations for facilities that, in our opinion, will best meet demonstrated market demand, including:

- Concept and quality level of the property;
- Number, size and mix of hotel rooms;
- Appropriate franchise (“brand”) affiliations (if appropriate);
- Sizing of restaurant and banquet and meeting space; and,
- Related services and amenities to be provided, including parking, recreation and other facilities.

These recommendations can provide you with background for a design program and will serve as the basis for our estimate of operating results.

7. Market Share Estimates

As a starting point for our estimate of the proposed hotel's operating performance, we will relate the property's size to the competitive supply, both existing and potential. This ratio, called fair share, is then related to projected competitive demand and adjusted to reflect the share of the market which we would reasonably expect the property to capture in its first five years of operation based on identifiable attributes demanded in the market such as: location, price, quality, and amenities. Based on this analysis, we will develop our projection of the potential occupancy and average room rate the hotel could achieve over its first five years of operation.

8. Projected Operating Results

Using our market research as a basis, we would develop a detailed cash flow forecast for the first ten years of operation of the proposed hotel. This forecast would include all revenues and expenses and result in a "bottom line" of income before depreciation, amortization, interest, and taxes on income ("EBITDA").

Since the estimated operating results will be based on estimates and assumptions, which are subject to uncertainty and variation, we will not represent them as results that will actually be achieved. The estimated operating results will be used to evaluate the overall feasibility of the project.

9. Formal Report Presentation

At the conclusion of our foregoing analysis, we will prepare a detailed report outlining our conclusions and recommendations concerning the proposed hotel development. The report will be presented in a format generally acceptable to major sources of debt and equity financing and franchise and management organizations. Furthermore, if required, the report will be designed for inclusion in an Offering Memorandum ("OM") associated with a bond offering to finance the hotel. Though the exact format of the reports will evolve as the engagement progresses, the following probable section headings provide an outline of the expected final reports.

- Introduction (Project Concept and Study Methodology)
- Summary of Conclusions and Recommendations
- Area Economic/Demographic Review
- Site Location Evaluation
- Competitive Supply and Demand
- Recommended Facilities
- Market Position - Subject Property
- Statement of Estimated Annual Operating Result

D. Anticipated Delivery Date

We should be able to commence the engagement within approximately two weeks of receiving your authorization to proceed. Barring unforeseen circumstances, we envision completing our market and cash flow projections within approximately two additional weeks. The formal report will require an additional one to two weeks to complete, but per your request, a draft copy of our report will be provided to you no later than August 1, 2012.

E. Professional Fees

Our fees are commensurate with services rendered and are based on time expended by our professionals, charged at our normal billing rates as indicated below, and are not in any way contingent upon the results of our work. Our normal hourly billing rates at this time are as follows.

Executive and Senior Vice Presidents	\$350 - \$500
Vice Presidents	\$250 - \$325
Associates	\$175 - \$225
Consultants	\$125 - \$150

Given the nature of this assignment, our fees will be charged on a per diem basis at the billing rates stated above for all professional time associated with the project, from commencement of the assignment until completion, including all meetings, revisions, and updates. While not limited to this amount, our estimated fees to complete the full updated analysis and formal report would be between **\$30,000 and \$35,000.** It should be noted that this professional fee does not include the time associated with meetings with bond underwriters and legal counsel, our review of the offering circular, and updates to our analysis. Our experience in other projects of this type is that the additional fee for this "follow-up" work typically ranges from between **\$20,000 and \$30,000**. Accordingly, our total professional fee for this engagement may range from between **\$50,000 and \$65,000.**

Should a representative of PKF Consulting be required to attend committee meetings or presentations, our fees will continue to be billed to you on a per diem basis. As a point of reference, my billing rate is \$350 per hour, and the average billing rate for a consultant is approximately \$225 per hour.

In addition to our professional fees, we require reimbursement for any out-of-pocket expenses incurred in the performance of the assignment. Such expenses may include transportation and lodging costs, out-of-pocket expenses incurred by us while in the field, supplies, and report printing costs.

As it is customary in assignments of with government agencies, we will bill you for our professional fees and out-of-pocket expenses on a monthly basis. These invoices are due within 30 days of your receipt.

Our report will be subject to the attached standard statement of assumptions and limiting conditions.

F. Approval and Acceptance

If this letter correctly states the nature of the work to be undertaken and the arrangements are satisfactory, please sign the enclosed copy of this letter and return it to us as our authorization to commence the assignment.

We appreciate the opportunity to submit this proposal and we look forward to working with you on this very interesting assignment.

Yours sincerely,

PKF Consulting USA

Christopher A. Kraus, MAI
Senior Vice President
406-582-8189 | chris.kraus@pkfc.com

Approved and Accepted

By: ____________

Title: CHIEF FINANCIAL OFFICER

Date: 6/21/12

ADDENDUM E

SENSITIVITY ANALYSIS

August 28, 2012

Mr. Patrick Heck
Deputy Chief Financial Officer
Denver International Airport
201 West Colfax Avenue
Denver, Colorado 80202

Re: Sensitivity Analysis – Alternative Forecast
The Westin Denver International Airport – Denver, Colorado

Dear Mr. Heck:

Pursuant to your recent request, we have provided an alternate, more conservative statement of estimated annual operating results for the proposed 519-room Westin hotel (the "Subject") to be located at the south terminal of the Denver International Airport ("DIA") in Denver, Colorado. As we discussed, this sensitivity analysis has been prepared at the specific request of representatives of the DIA as an addendum to our actual forecast for the proposed hotel contained in this report. Accordingly, while the numbers presented in this addendum letter reflect a more conservative level of performance for the Subject, they do not reflect the actual conclusions contained in PKF Consulting's formal report dated September 18, 2012.

Specifically, in modifying our forecast, we have made the following changes:

- Lowered our "hypothetical" ADR, stated in $2012 from $180 to $175;
- Reduced our assumed rate of ADR growth between 2013 and 2016; and,
- Modified the operating expenses that are associated with the decrease in revenues.

A summary of the variance in the average daily rate and net operating income between our original (baseline) and revised forecast is presented in the following two tables. We have attached our revised statement of estimated annual operating results to the end of this letter.

Westin Denver International Airport Projected Performance					
Baseline Projection					
Year	**Hypothetical ADR**	**Market Growth**	**Introductory Discount**	**Actual ADR**	**Subject Occupancy**
2012	$180	-			
2013	$193	7.0%			
2014	$205	6.0%			
2015	$215	5.0%	3.0%	$209	68%
2016	$224	4.0%	0.0%	$224	72%
2017	$231	3.0%	0.0%	$231	74%
2018	$238	3.0%	0.0%	$238	74%
2019	$245	3.0%	0.0%	$245	74%
Conservative Projection					
Year	**Hypothetical ADR**	**Market Growth**	**Introductory Discount**	**Actual ADR**	**Subject Occupancy**
2012	$175	-			
2013	$184	5.0%			
2014	$191	4.0%			
2015	$197	3.0%	3.0%	$191	68%
2016	$203	3.0%	0.0%	$203	72%
2017	$209	3.0%	0.0%	$209	74%
2018	$215	3.0%	0.0%	$215	74%
2019	$221	3.0%	0.0%	$221	74%

Westin Denver International Airport Projected Performance			
Year	**Baseline NOI**	**Conservative NOI**	**Difference**
2015	$5,839,000	$4,907,000	-16.0%
2016	$17,314,000	$14,550,000	-16.0%
2017	$17,997,000	$15,052,000	-16.4%
2018	$17,178,000	$14,164,000	-17.5%
2019	$17,046,000	$13,934,000	-18.3%
2020	$16,485,000	$13,440,000	-18.5%
2021	$16,503,000	$13,367,000	-19.0%
2022	$17,022,000	$13,760,000	-19.2%
2023	$16,972,000	$13,622,000	-19.7%
2024	$17,447,000	$13,974,000	-19.9%

Should you have any questions, or if we can be of further assistance, please do not hesitate to contact us.

Yours sincerely,

PKF Consulting USA

By: Christopher A. Kraus, MAI
Senior Vice President
chris.kraus@pkfc.com | 406.582.8189

By: Catherine E. Bolstad
Vice President
catherine.bolstad@pkfc.com | 415.288.7834

The Westin Denver International Airport
Projected Operating Results
Calendar Years

	2015		2016		2017		2018		2019	
Number of Units:	216		519		519		519		519	
Number of Annual Rooms Available:	78,931		189,435		189,435		189,435		189,435	
Number of Rooms Occupied:	53,670		136,390		140,180		140,180		140,180	
Annual Occupancy:	68.0%		72.0%		74.0%		74.0%		74.0%	
Average Daily Rate:	$191.00		$203.00		$209.00		$215.00		$221.00	
Revenue Per Available Room:	$129.88		$146.16		$154.66		$159.10		$163.54	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues										
Rooms	$10,251,000	66.0%	$27,687,000	66.7%	$29,298,000	66.7%	$30,139,000	66.7%	$30,980,000	66.6%
Food & Beverage	4,985,000	32.1%	13,048,000	31.4%	13,813,000	31.4%	14,227,000	31.5%	14,654,000	31.5%
Other Operated Departments	176,000	1.1%	461,000	1.1%	488,000	1.1%	502,000	1.1%	517,000	1.1%
Rentals and Other Income	117,000	0.8%	307,000	0.7%	325,000	0.7%	335,000	0.7%	345,000	0.7%
Total Revenues	15,529,000	100.0%	41,503,000	100.0%	43,924,000	100.0%	45,203,000	100.0%	46,496,000	100.0%
Departmental Expenses										
Rooms	2,572,000	25.1%	6,537,000	23.6%	6,825,000	23.3%	7,030,000	23.3%	7,241,000	23.4%
Food & Beverage	3,355,000	67.3%	8,576,000	65.7%	8,979,000	65.0%	9,248,000	65.0%	9,525,000	65.0%
Other Operated Departments	141,000	80.1%	368,000	79.8%	390,000	79.9%	402,000	80.1%	414,000	80.1%
Total Departmental Expenses	6,068,000	39.1%	15,481,000	37.3%	16,194,000	36.9%	16,680,000	36.9%	17,180,000	36.9%
Departmental Profit	9,461,000	60.9%	26,022,000	62.7%	27,730,000	63.1%	28,523,000	63.1%	29,316,000	63.1%
Undistributed Expenses										
Administrative & General	1,337,000	8.6%	3,383,000	8.2%	3,514,000	8.0%	3,618,000	8.0%	3,725,000	8.0%
Marketing	1,347,000	8.7%	3,330,000	8.0%	3,429,000	7.8%	3,532,000	7.8%	3,638,000	7.8%
Property Operation and Maintenance	662,000	4.3%	1,636,000	3.9%	1,685,000	3.8%	1,735,000	3.8%	1,787,000	3.8%
Utility Costs	591,000	3.8%	1,460,000	3.5%	1,504,000	3.4%	1,549,000	3.4%	1,596,000	3.4%
Total Undistributed Operating Expenses	3,937,000	25.4%	9,809,000	23.6%	10,132,000	23.1%	10,434,000	23.1%	10,746,000	23.1%
Gross Operating Profit	5,524,000	35.6%	16,213,000	39.1%	17,598,000	40.1%	18,089,000	40.0%	18,570,000	39.9%
Base Management Fee	285,000	1.8%	728,000	1.8%	1,010,000	2.3%	1,335,000	3.0%	1,374,000	3.0%
Fixed Expenses										
Property Taxes	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Insurance	177,000	1.1%	438,000	1.1%	451,000	1.0%	465,000	1.0%	479,000	1.0%
Total Fixed Expenses	177,000	1.1%	438,000	1.1%	451,000	1.0%	465,000	1.0%	479,000	1.0%
Net Operating Income	5,062,000	32.6%	15,047,000	36.3%	16,137,000	36.7%	16,289,000	36.0%	16,717,000	36.0%
FF&E Reserve	155,000	1.0%	415,000	1.0%	878,000	2.0%	1,808,000	4.0%	2,325,000	5.0%
Net Operating Income After Reserve	$4,907,000	31.6%	$14,632,000	35.3%	$15,259,000	34.7%	$14,481,000	32.0%	$14,392,000	31.0%
Subordinate Fees										
Subordinate Management Fee	$0	0.0%	$82,000	0.2%	$207,000	0.5%	$317,000	0.7%	$458,000	1.0%
Subordinate CapEx Reserve	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
Total Senior Fees	$0	0.0%	$82,000	0.2%	$207,000	0.5%	$317,000	0.7%	$458,000	1.0%
Net Operating Income After Subordinate Fees	$4,907,000	31.6%	$14,550,000	35.1%	$15,052,000	34.3%	$14,164,000	31.3%	$13,934,000	30.0%
Source: **PKF Consulting USA**	Five Months of Operation									

The Westin Denver International Airport
Projected Operating Results
Calendar Years

	2020		2021		2022		2023		2024	
Number of Units:	519		519		519		519		519	
Number of Annual Rooms Available:	189,435		189,435		189,435		189,435		189,435	
Number of Rooms Occupied:	140,180		140,180		140,180		140,180		140,180	
Annual Occupancy:	74.0%		74.0%		74.0%		74.0%		74.0%	
Average Daily Rate:	$228.00		$235.00		$242.00		$249.00		$256.00	
Revenue Per Available Room:	$168.72		$173.90		$179.08		$184.26		$189.44	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues										
Rooms	$31,961,000	66.7%	$32,942,000	66.7%	$33,924,000	66.7%	$34,905,000	66.7%	$35,886,000	66.6%
Food & Beverage	15,094,000	31.5%	15,547,000	31.5%	16,013,000	31.5%	16,494,000	31.5%	16,988,000	31.5%
Other Operated Departments	533,000	1.1%	549,000	1.1%	565,000	1.1%	582,000	1.1%	600,000	1.1%
Rentals and Other Income	355,000	0.7%	366,000	0.7%	377,000	0.7%	388,000	0.7%	400,000	0.7%
Total Revenues	47,943,000	100.0%	49,404,000	100.0%	50,879,000	100.0%	52,369,000	100.0%	53,874,000	100.0%
Departmental Expenses										
Rooms	7,458,000	23.3%	7,682,000	23.3%	7,912,000	23.3%	8,150,000	23.3%	8,394,000	23.4%
Food & Beverage	9,811,000	65.0%	10,105,000	65.0%	10,409,000	65.0%	10,721,000	65.0%	11,042,000	65.0%
Other Operated Departments	426,000	79.9%	439,000	80.0%	452,000	80.0%	466,000	80.1%	480,000	80.0%
Total Departmental Expenses	17,695,000	36.9%	18,226,000	36.9%	18,773,000	36.9%	19,337,000	36.9%	19,916,000	37.0%
Departmental Profit	30,248,000	63.1%	31,178,000	63.1%	32,106,000	63.1%	33,032,000	63.1%	33,958,000	63.0%
Undistributed Expenses										
Administrative & General	3,838,000	8.0%	3,954,000	8.0%	4,072,000	8.0%	4,194,000	8.0%	4,318,000	8.0%
Marketing	3,747,000	7.8%	3,860,000	7.8%	3,976,000	7.8%	4,095,000	7.8%	4,218,000	7.8%
Property Operation and Maintenance	1,841,000	3.8%	1,896,000	3.8%	1,953,000	3.8%	2,012,000	3.8%	2,072,000	3.8%
Utility Costs	1,644,000	3.4%	1,693,000	3.4%	1,744,000	3.4%	1,796,000	3.4%	1,850,000	3.4%
Total Undistributed Operating Expenses	11,070,000	23.1%	11,403,000	23.1%	11,745,000	23.1%	12,097,000	23.1%	12,458,000	23.1%
Gross Operating Profit	19,178,000	40.0%	19,775,000	40.0%	20,361,000	40.0%	20,935,000	40.0%	21,500,000	39.9%
Base Management Fee	1,417,000	3.0%	1,461,000	3.0%	1,505,000	3.0%	1,546,000	3.0%	1,592,000	3.0%
Fixed Expenses										
Property Taxes	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Insurance	493,000	1.0%	508,000	1.0%	523,000	1.0%	539,000	1.0%	555,000	1.0%
Total Fixed Expenses	493,000	1.0%	508,000	1.0%	523,000	1.0%	539,000	1.0%	555,000	1.0%
Net Operating Income	17,268,000	36.0%	17,806,000	36.0%	18,333,000	36.0%	18,850,000	36.0%	19,353,000	35.9%
FF&E Reserve	2,877,000	6.0%	2,964,000	6.0%	3,053,000	6.0%	3,142,000	6.0%	3,232,000	6.0%
Net Operating Income After Reserve	$14,391,000	30.0%	$14,842,000	30.0%	$15,280,000	30.0%	$15,708,000	30.0%	$16,121,000	29.9%
Subordinate Fees										
Subordinate Management Fee	$472,000	1.0%	$487,000	1.0%	$502,000	1.0%	$515,000	1.0%	$531,000	1.0%
Subordinate CapEx Reserve	$479,000	1.0%	$988,000	2.0%	$1,018,000	2.0%	$1,571,000	3.0%	$1,616,000	3.0%
Total Senior Fees	$951,000	2.0%	$1,475,000	3.0%	$1,520,000	3.0%	$2,086,000	4.0%	$2,147,000	4.0%
Net Operating Income After Subordinate Fees	$13,440,000	28.0%	$13,367,000	27.1%	$13,760,000	27.0%	$13,622,000	26.0%	$13,974,000	25.9%

Source: **PKF Consulting USA**