

Florida Lodging Investment Update

Opal Sands Resort

Clearwater Beach, Florida

May 5, 2016

Presented by:



THE PLASENCIA GROUP

Passion. Access. Certainty.



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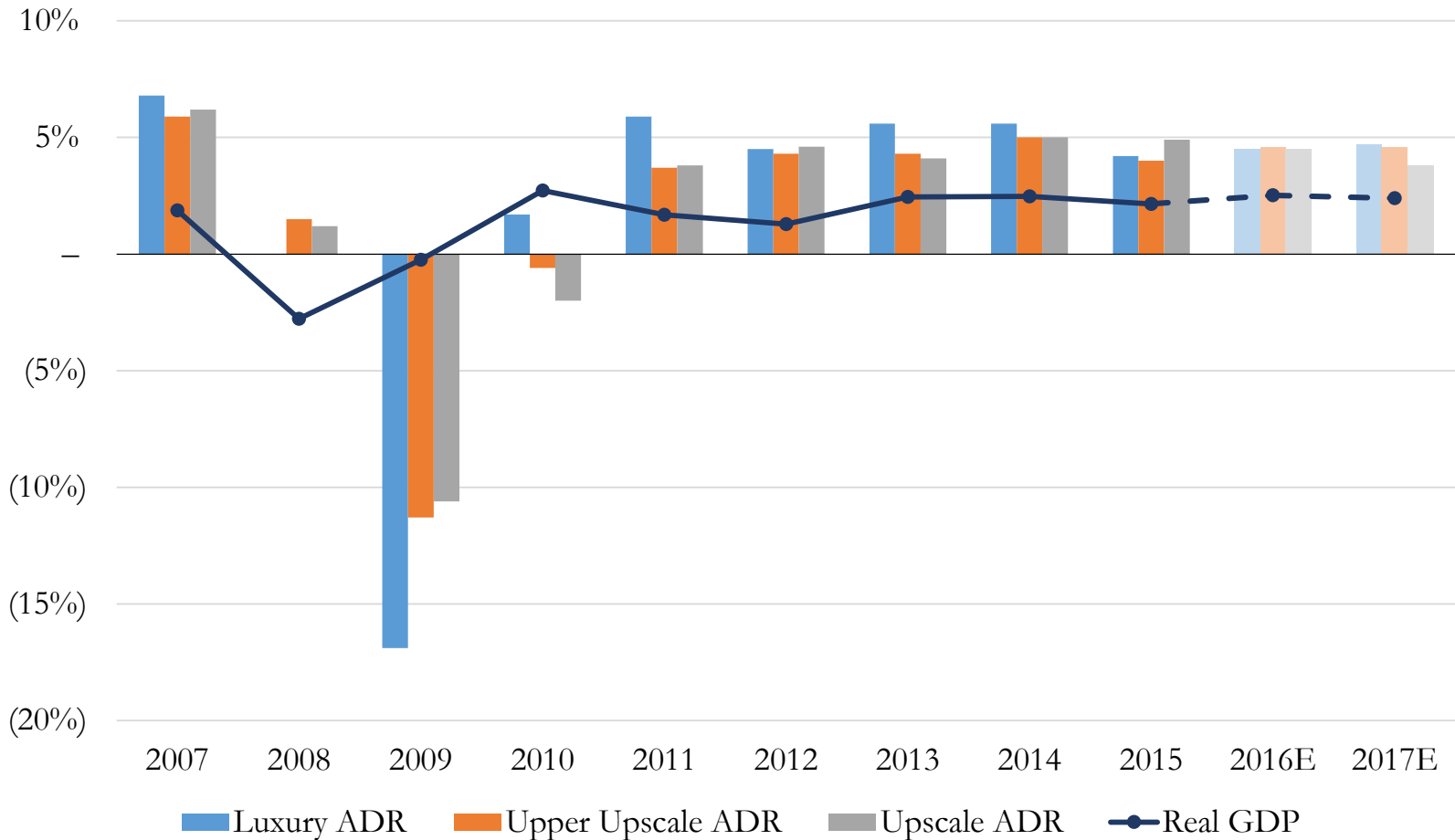
Section 1

 **U.S. Hotel Market**



ADR Growth versus GDP Growth

The pace of Average Daily Rate increases continue to track and actually outpace GDP growth in the United States. Estimates for the rate of ADR growth remain positive for the foreseeable future.

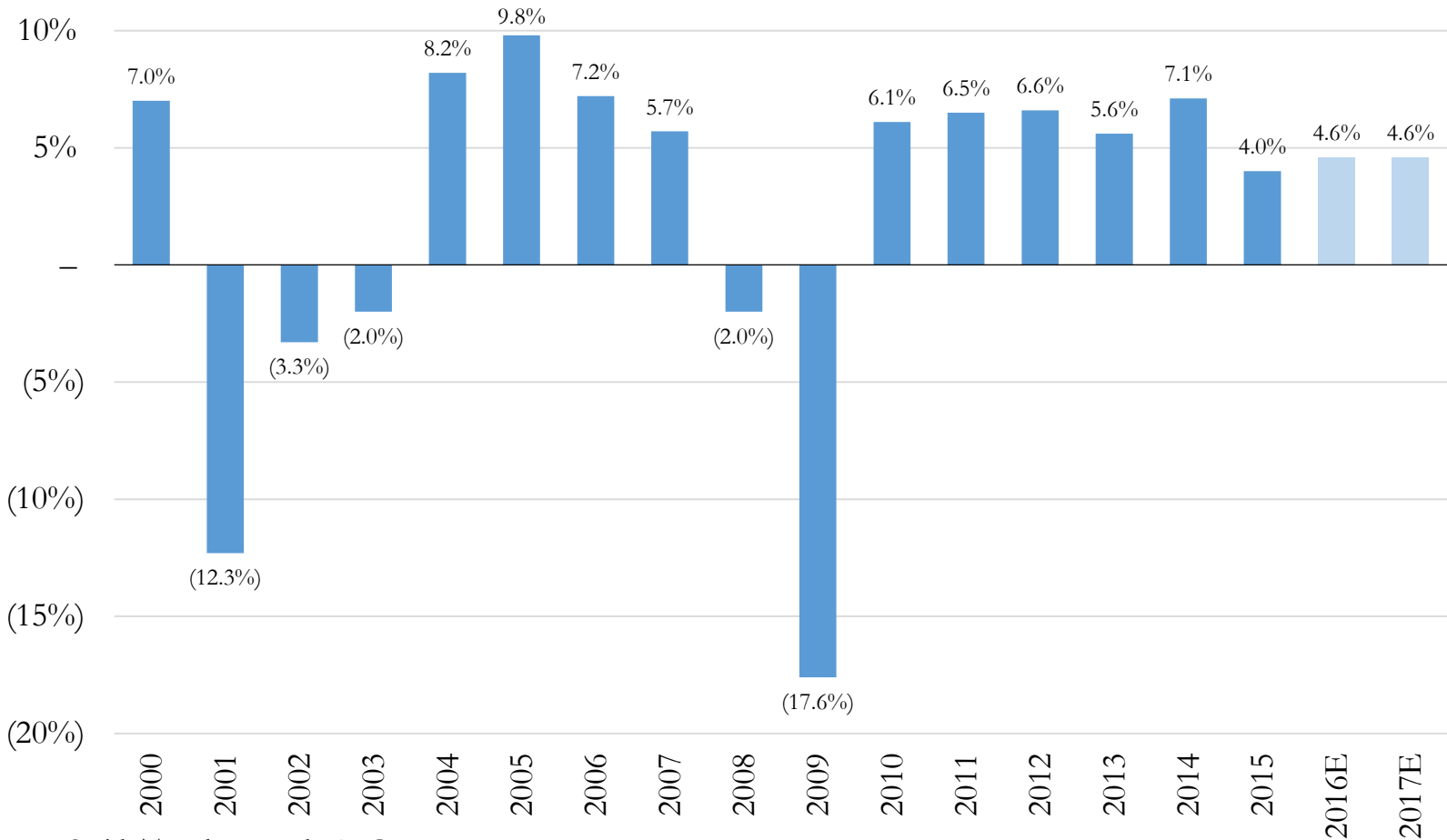


Source: Smith Travel Research and U.S. Bureau of Economic Analysis



RevPAR Change – Upper-Upscale Segment

The rate of growth in Revenue per Available Room in Upper-Upscale hotels across the U.S. moderated somewhat in 2015, but it nevertheless remains positive for the foreseeable future.

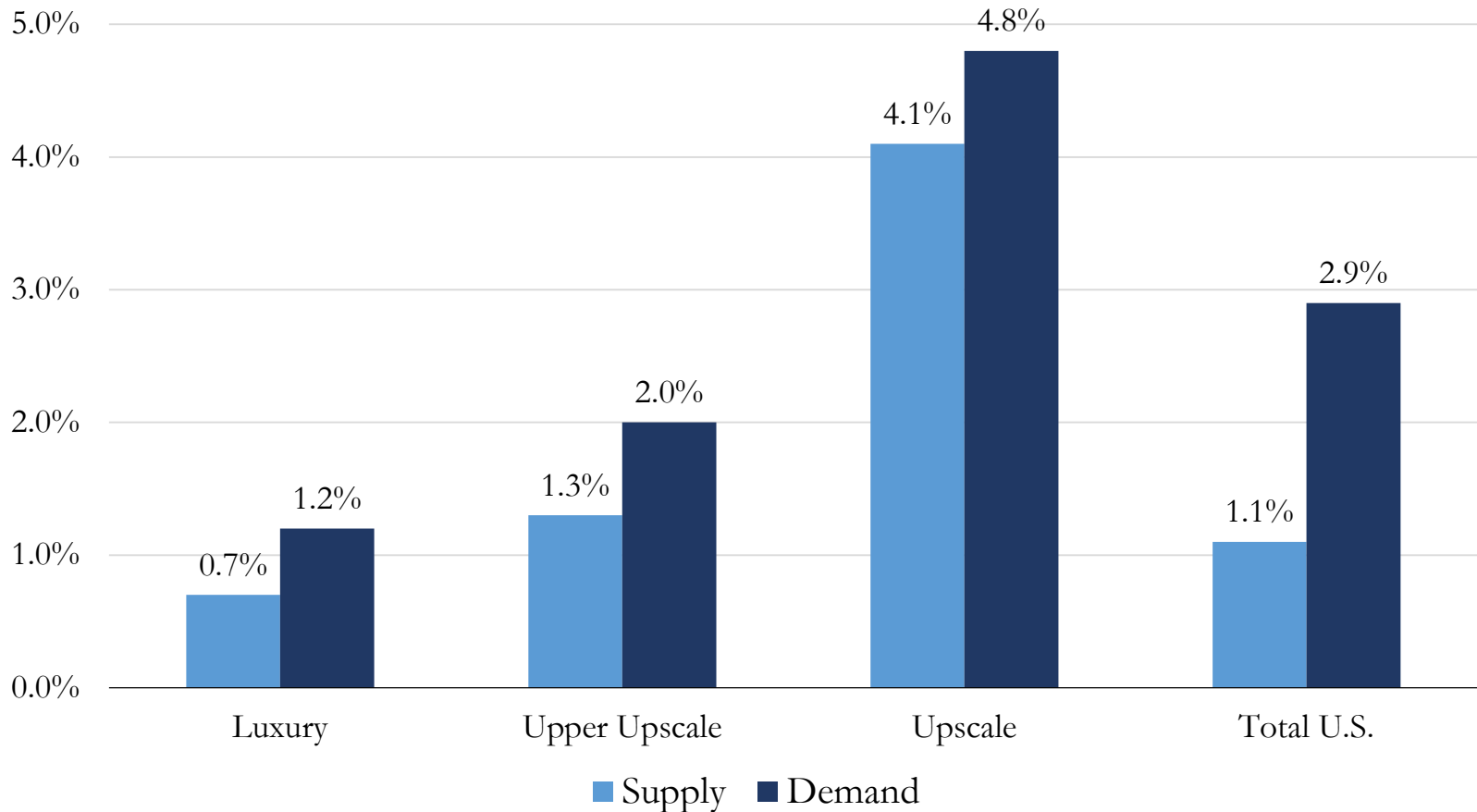


Source: Smith Travel Research, PwC



2015 Supply & Demand Growth

Demand continued to outpace supply nationally in 2015, however, the number of new rooms opening across the U.S., mainly in the higher end select service segment, will definitely have an impact in 2016 and 2017. Fortunately, the tightening of construction financing will slow the pace of new supply.

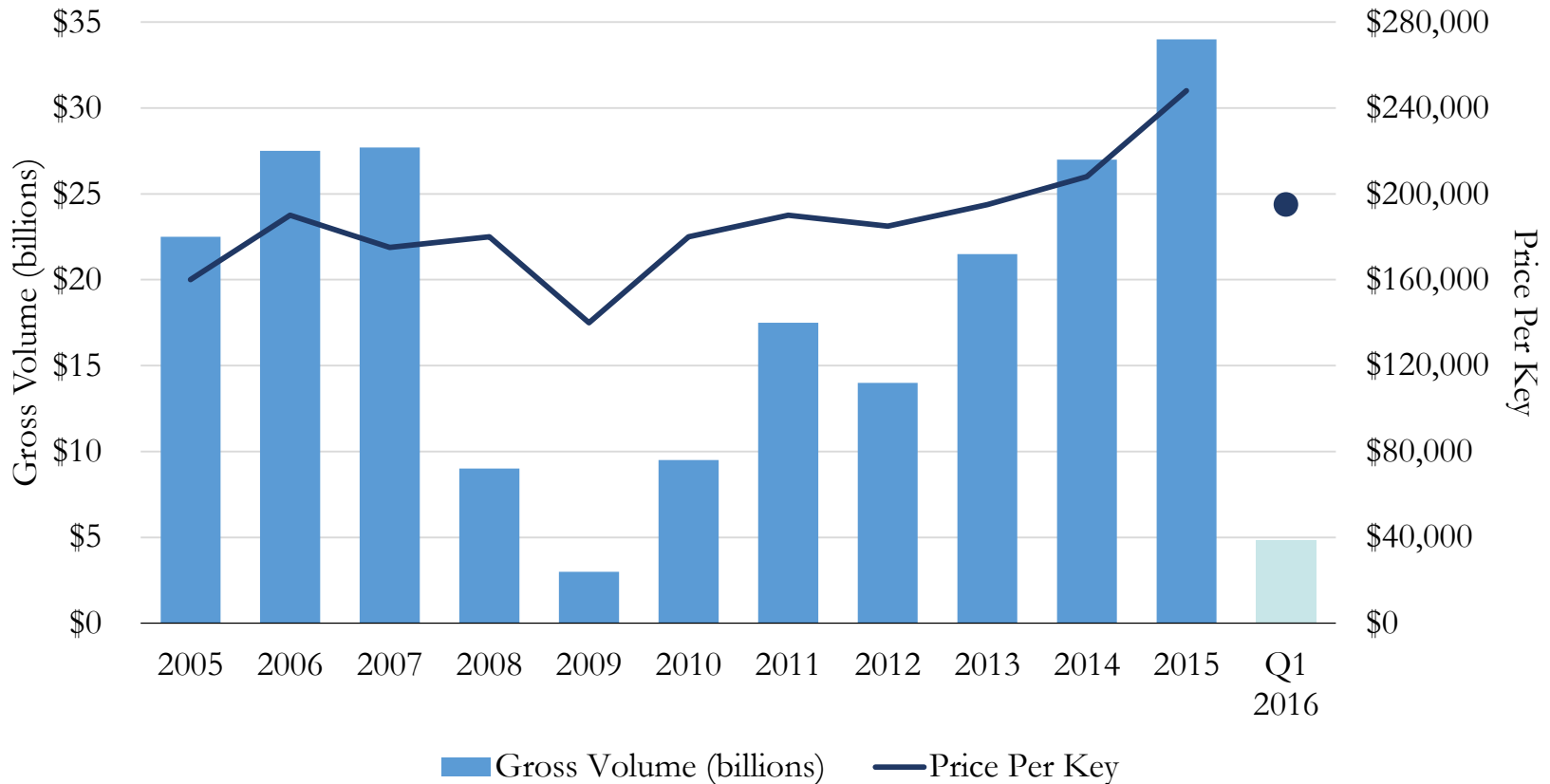


Source: Smith Travel Research



Transaction Volume

Transaction volume and price per key metrics hit ten-year highs in 2015. Industry analysts suggest that the investment market has peaked, although transaction is expected to pick up again, particularly in the second half of 2016.

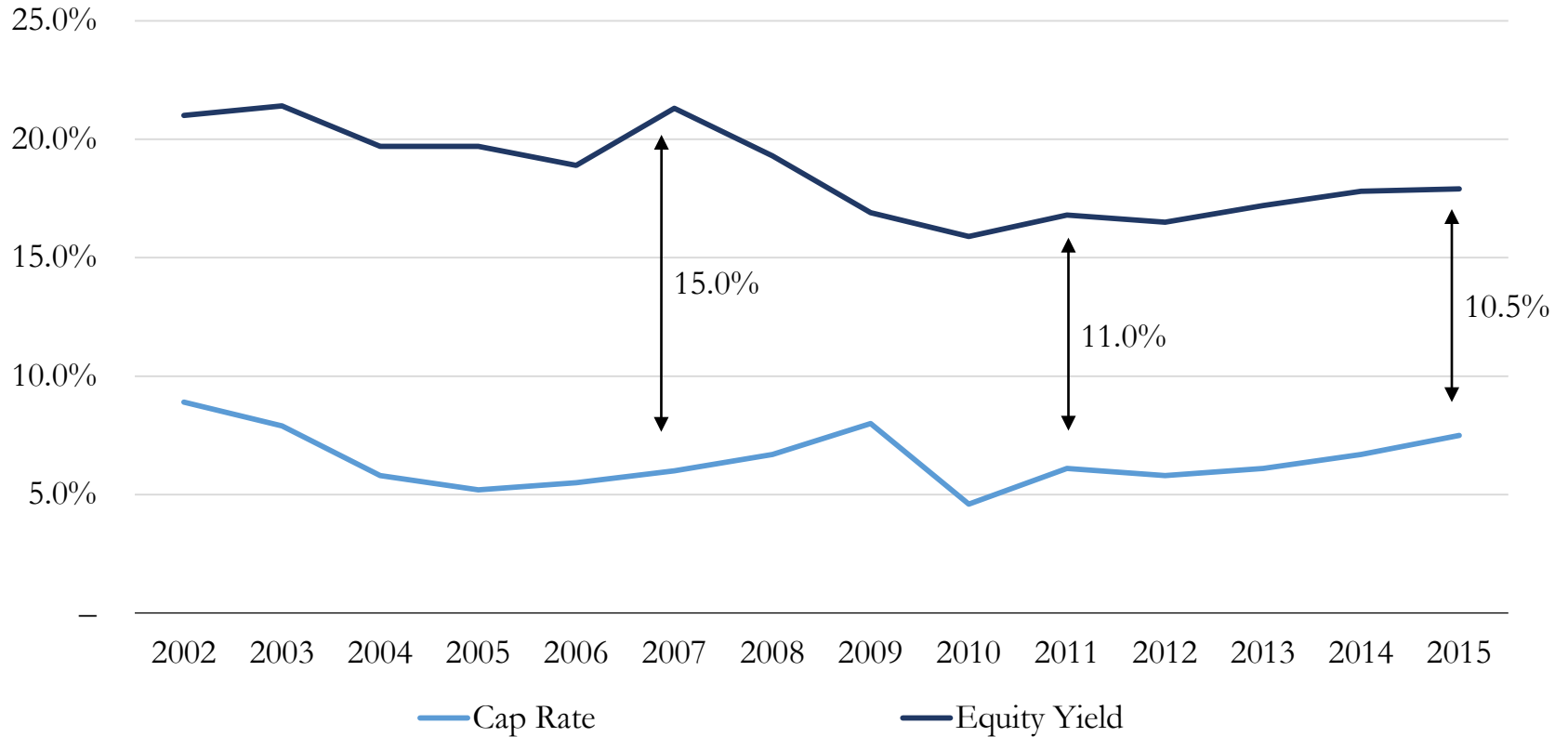


Note: Includes transactions of greater than \$10 million.

Source: Real Capital Analytics



Cap Rates vs. Equity Yields



Note: Cap rates calculated off of historical NOI.
Source: HVS



Lodging Capitalization Rates and Investor Returns

Cap Rates (Stabilized Properties)

- 6.0% to 7.0% for luxury hotels or full-service hotels in gateway markets
- 7.0% to 8.0% for full-service hotels in secondary markets
- 8.0% to 9.5% for select-service hotels in primary and secondary markets

IRRs

- Unlevered: 8.0% to 10.0%
- Levered: 18.0% to 20.0%

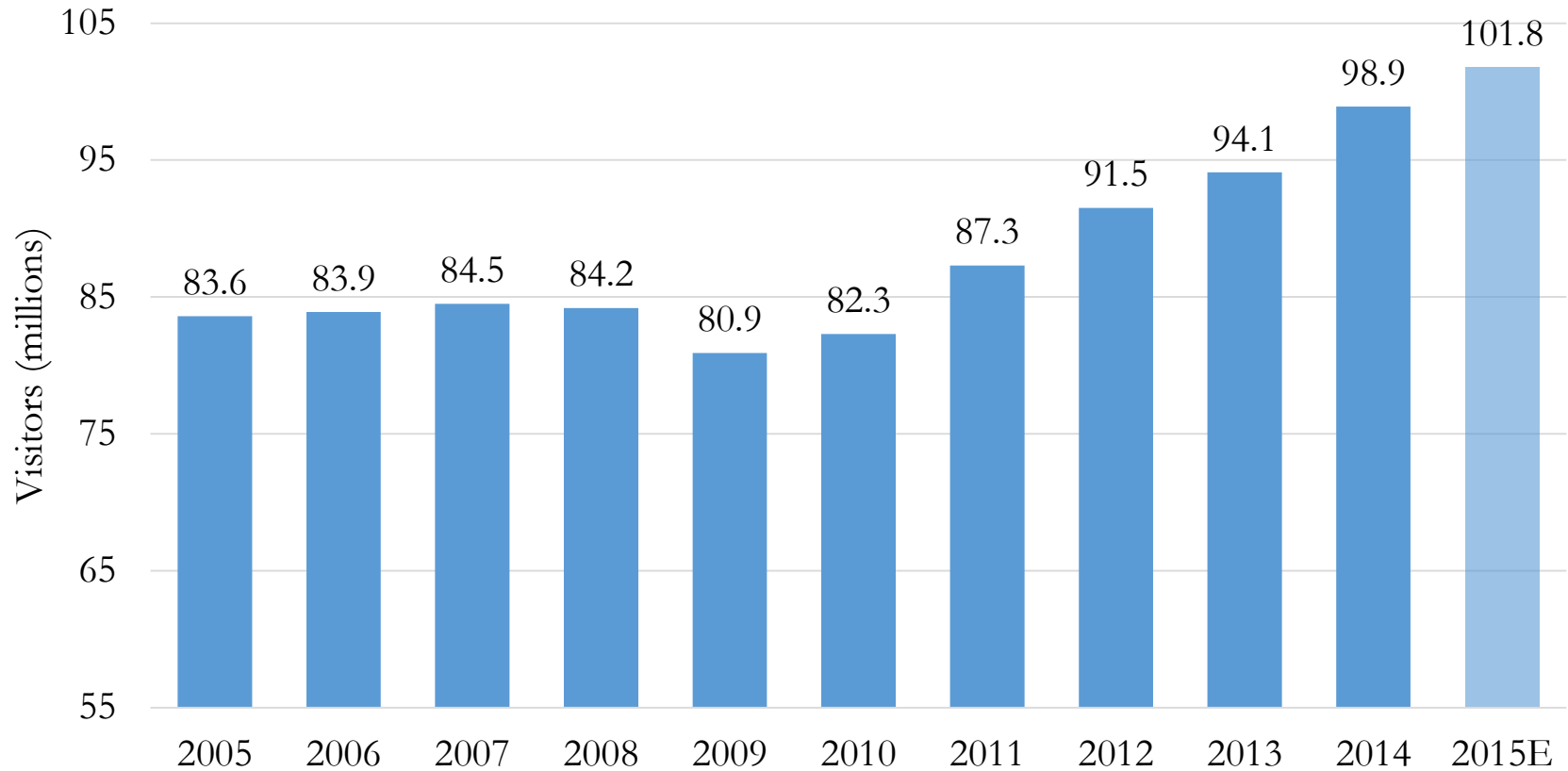
Section 2



Florida Visitor and Lodging Profile



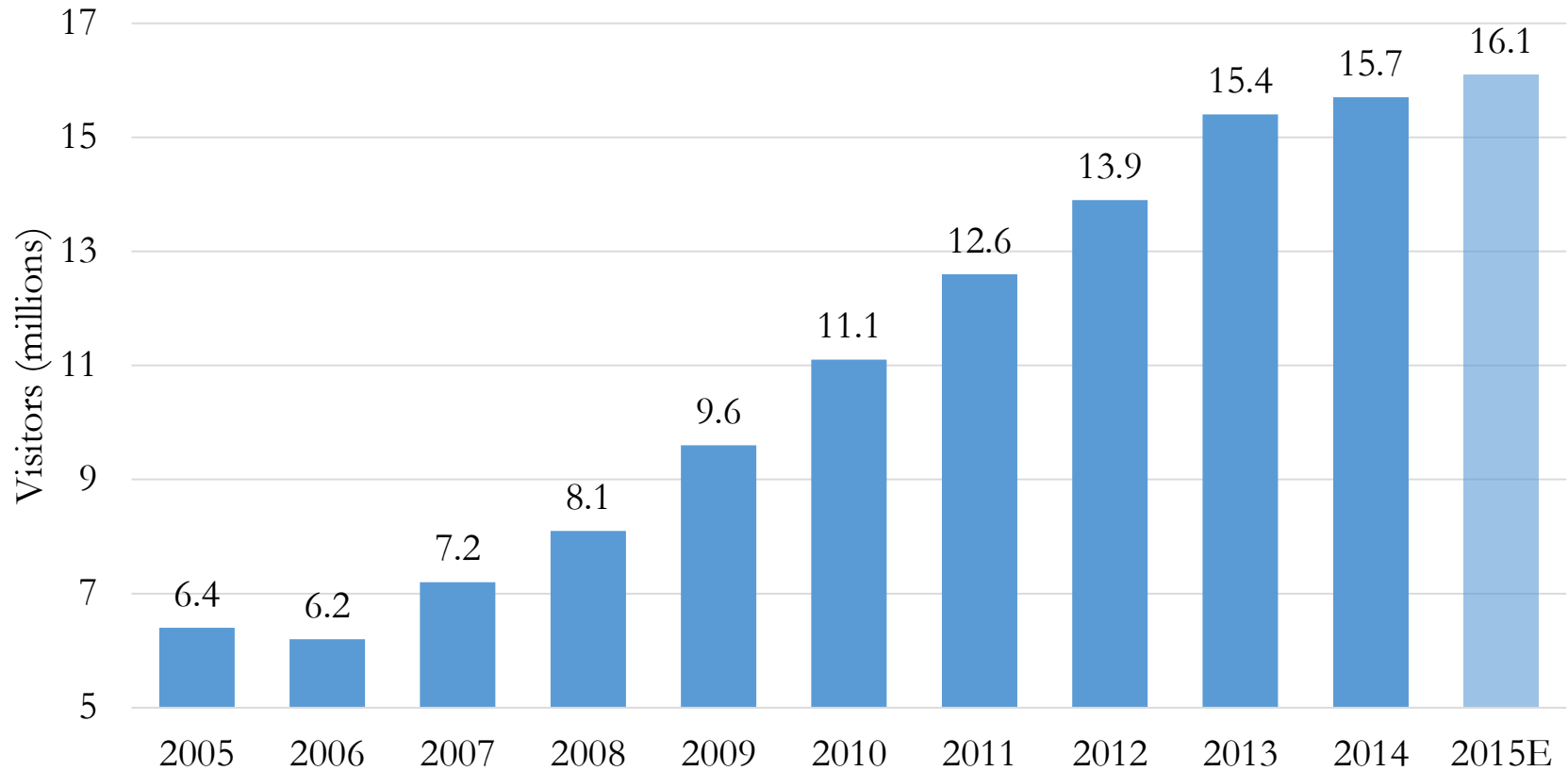
Florida Visitor Volume (2005-2015)



Source: Visit Florida



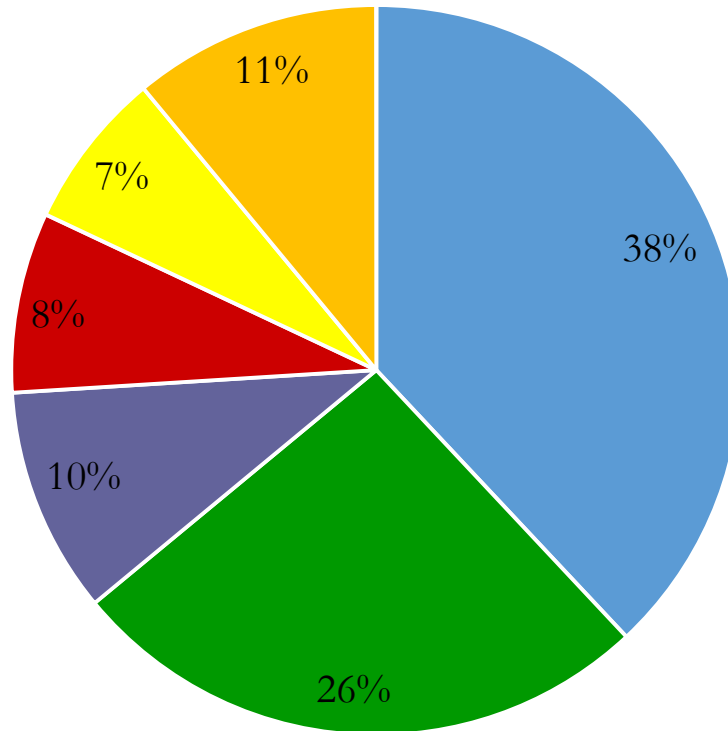
Florida International Visitor Volume (2005-2015)



Source: Visit Florida



Florida Visitor Trip Purpose (2015)



- General Vacation
- Visit Relatives/Friends
- Weekend Getaway
- Special Event
- Other Leisure
- Business

Source: D.K. Shifflet & Associates; Visit Florida



Florida Visitor Profile by Trip Purpose (2015)

	Leisure	Visiting Friends & Relatives ⁽¹⁾	Business
Percentage of Total Domestic Visitation	89%	26%	11%
Per Day Spend	\$145	\$97 ⁽²⁾	\$260
Average Length of Stay	4.5 nights	4.3 nights	3.1 nights
Paid Accommodation	60%	21%	84%
Average Party Size	2.3	1.9	1.4
Leading Season	Summer (30%)	Winter (29%)	Fall (29%)
States of Origin	Georgia (10%) New York (9%) Ohio (5%)	New York (12%) Georgia (10%) Pennsylvania (5%)	Georgia (13%) New York (11%) Texas (9%)
Trip Value	\$1,751	\$931	\$1,401

(1) Visiting Friends & Relatives data is included in Leisure.

(2) Visitors visiting friends and relatives typically inspire increased entertainment and travel spending by their hosts, which is not reflected in this study.

Source: D.K. Shifflet & Associates; Visit Florida



Top 25 Markets 2015 RevPAR (ranked by RevPAR % Change)

Market	RevPAR	% Change	ADR	% Change	Occ.	% Change
Tampa/St. Petersburg	\$82.28	13.8%	\$114.56	7.7%	71.8%	5.6%
Phoenix	\$79.77	12.8%	\$121.09	8.0%	65.9%	4.4%
Nashville	\$93.11	11.1%	\$126.67	8.7%	73.5%	2.2%
Dallas	\$69.81	10.0%	\$98.91	5.7%	70.6%	4.1%
Anaheim/Santa Ana	\$113.31	9.4%	\$143.98	6.2%	78.7%	3.0%
Atlanta	\$68.40	9.3%	\$97.78	6.4%	69.9%	2.7%
Orlando	\$86.19	9.1%	\$112.00	4.8%	77.0%	4.1%
Los Angeles/Long Beach	\$126.19	8.8%	\$158.37	7.5%	79.7%	1.2%
Seattle	\$113.14	8.8%	\$148.45	7.8%	76.2%	0.9%
San Diego	\$115.11	8.6%	\$150.73	6.1%	76.4%	2.4%
Boston	\$143.81	7.9%	\$188.08	6.2%	76.5%	1.5%
Denver	\$91.41	7.9%	\$120.78	7.4%	75.7%	0.5%
San Francisco	\$188.05	7.5%	\$222.90	7.1%	84.4%	0.4%
Norfolk/Virginia Beach	\$53.87	7.4%	\$94.45	3.3%	57.0%	4.0%
Chicago	\$99.88	6.9%	\$142.69	5.9%	70.0%	1.0%
Detroit	\$61.91	6.6%	\$94.14	5.5%	65.8%	1.0%
Miami	\$152.83	6.0%	\$195.75	5.9%	78.1%	–
Minneapolis/St. Paul	\$76.72	5.8%	\$112.17	4.2%	68.4%	1.5%
Philadelphia	\$87.24	5.5%	\$128.01	4.3%	68.2%	1.2%
Washington, D.C.	\$105.75	5.4%	\$149.64	3.0%	70.7%	2.3%
St. Louis	\$64.73	5.3%	\$99.03	3.5%	65.4%	1.8%
Oahu Island	\$187.32	4.1%	\$219.55	3.0%	85.3%	1.1%
New Orleans	\$103.30	3.4%	\$148.20	2.3%	69.7%	1.0%
New York	\$219.39	(1.7%)	\$259.11	(1.6%)	84.7%	–
Houston	\$74.42	(3.3%)	\$108.63	1.6%	68.5%	(4.8%)
Top 25 Markets	\$108.47	6.1%	\$147.30	4.3%	73.6%	1.7%
All Other Markets	\$64.88	6.4%	\$104.97	4.5%	61.8%	1.8%
Total United States	\$78.67	6.3%	\$120.01	4.4%	65.6%	1.7%

Tampa Bay led the country in RevPAR growth in 2015, mainly with increases in ADR. Two other key Florida markets, Orlando and Miami, were also strong performers.



Top 25 Markets Q1 2016 RevPAR (ranked by RevPAR % Change)

Market	RevPAR	% Change	ADR	% Change	Occ.	% Change
Los Angeles/Long Beach	\$138.58	16.6%	\$169.92	11.3%	81.6%	16.6%
San Francisco	\$189.62	15.7%	\$235.57	13.0%	80.5%	15.7%
Norfolk/Virginia Beach	\$36.09	11.2%	\$75.78	4.7%	47.6%	11.2%
Nashville	\$87.69	8.5%	\$125.80	5.0%	69.7%	8.5%
Anaheim/Santa Ana	\$111.44	6.5%	\$145.55	5.0%	76.6%	6.5%
Atlanta	\$72.03	6.5%	\$103.51	7.2%	69.6%	6.5%
Tampa/St. Petersburg	\$110.71	6.2%	\$138.01	7.4%	80.2%	6.2%
Orlando	\$104.87	4.7%	\$129.48	6.4%	81.0%	4.7%
Dallas	\$74.75	4.3%	\$104.87	4.2%	71.3%	4.3%
Oahu Island	\$185.61	3.4%	\$220.41	2.5%	84.2%	3.4%
Washington, D.C.	\$92.89	3.1%	\$146.06	1.1%	63.6%	3.1%
St. Louis	\$55.06	2.7%	\$94.34	0.1%	58.4%	2.7%
Seattle	\$88.32	2.6%	\$130.44	3.0%	67.7%	2.6%
Detroit	\$57.37	2.5%	\$97.14	4.0%	59.1%	2.5%
Minneapolis/St. Paul	\$61.89	1.6%	\$106.15	3.5%	58.3%	1.6%
San Diego	\$107.54	1.4%	\$144.40	2.1%	74.5%	1.4%
Philadelphia	\$69.47	(0.5%)	\$117.07	(0.4%)	59.3%	(0.5%)
Phoenix	\$126.63	(1.1%)	\$157.62	(1.1%)	80.3%	(1.1%)
New York	\$156.33	(1.2%)	\$202.07	(3.1%)	77.4%	(1.2%)
Denver	\$75.63	(2.6%)	\$114.52	3.1%	66.0%	(2.6%)
Boston	\$97.03	(3.0%)	\$156.34	1.4%	62.1%	(3.0%)
Miami	\$205.03	(3.6%)	\$246.30	(1.7%)	83.2%	(3.6%)
Chicago	\$62.36	(4.8%)	\$112.65	(1.9%)	55.4%	(4.8%)
New Orleans	\$110.54	(5.6%)	\$158.67	(0.1%)	69.7%	(5.6%)
Houston	\$72.26	(9.5%)	\$109.87	(1.5%)	65.8%	(9.5%)
Top 25 Markets	\$102.45	2.8%	\$145.49	3.2%	70.4%	(0.4%)
All Other Markets	\$59.80	2.5%	\$106.57	3.1%	56.1%	(0.6%)
Total United States	\$73.34	2.7%	\$120.92	3.2%	60.7%	(0.5%)

Through the end of the first quarter of 2016, the Tampa Bay area still ranks in the Top Ten, with ADR growth still above 7.0%.

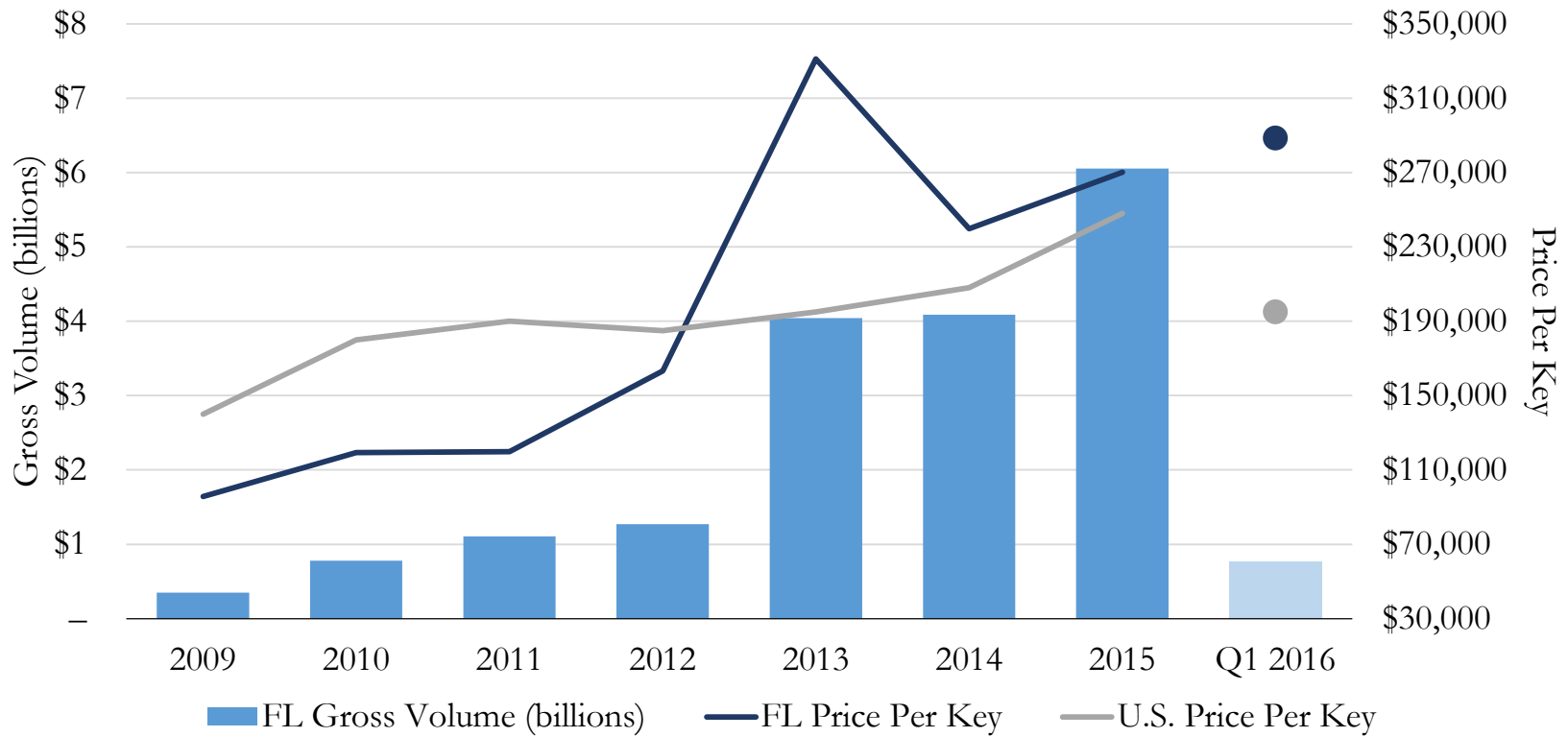
Section 3



Florida Hotel Investments



Florida Hotel Investment Trends



Note: 2013 data includes the transactions of the Fontainebleau Miami Beach and the Hyatt Regency Orlando Convention Center, the two largest transactions by volume in the entire date range, which accounts for peak in FL Price Per Key in that year.

Source: Real Capital Analytics. Includes all transactions over \$10 million.

Hotel values in Florida reflect increased profitability, having grown sharply in recent years and having surpassed both prior peaks and the national average. Florida assets continue to garner attention from domestic and foreign capital sources seeking to invest in a robust lodging market.



Florida Gulf Coast Hotel Sales (25 Most Recent Transactions)

Date	Hotel	City	Keys	Price	Per Key
May-15	LaPlaya Beach & Golf Resort	Naples	189	\$185,500,000	\$981,481
Feb-16	Hyatt Regency Clearwater Beach Resort	Clearwater Beach	250	\$120,500,000	\$482,000
Nov-13	Waldorf Astoria Edgewater Beach	Naples	126	\$55,000,000	\$436,508
Oct-14	Waterside Inn	Sanibel	27	\$10,000,100	\$370,374
Jan-15	Hilton Clearwater Beach Resort	Clearwater Beach	416	\$134,000,000	\$322,115
Sep-14	Tampa Marriott Waterside Hotel & Marina	Tampa	719	\$199,000,000	\$276,773
Dec-15	Holiday Inn Sanibel Island	Sanibel	98	\$27,000,000	\$275,510
Feb-14	The Sandcastle Resort At Lido Beach	Sarasota	177	\$45,000,000	\$254,237
Nov-15	Aloft Tampa Downtown	Tampa	130	\$28,621,500	\$220,165
Oct-14	Inn At The Beach	Venice	49	\$10,750,100	\$219,390
May-15	Beachview Inn	Clearwater Beach	68	\$13,000,000	\$191,176
Feb-15	Postcard Inn	Saint Petersburg	200	\$32,500,000	\$162,500
Aug-15	Pierview Hotel & Suites	Fort Myers Beach	70	\$10,900,000	\$155,714
Dec-12	Hampton Inn & Suites	Tampa	138	\$20,900,000	\$151,449
Oct-15	Bay Harbor Hotel	Tampa	257	\$34,500,000	\$134,241
Jan-15	InterContinental	Tampa	322	\$40,200,000	\$124,845
Dec-12	Hilton	Tampa	521	\$63,000,000	\$120,921
Nov-15	Sheraton Riverwalk	Tampa	277	\$32,875,000	\$118,682
Oct-15	The Suites at Mainsail Village	Tampa	360	\$39,000,000	\$108,333
Mar-14	Bilmar Beach Resort	Saint Petersburg	165	\$16,400,000	\$99,394
Jun-15	Holiday Inn Express	Clearwater	110	\$10,600,000	\$96,364
Mar-13	Hilton Garden Inn Tampa East	Tampa	152	\$12,500,000	\$82,237
Dec-15	Doubletree	Tampa	489	\$40,000,000	\$81,800
Mar-15	Hilton Garden Inn Tampa N	Tampa	148	\$11,150,000	\$75,338
Jan-15	Former Ambassador Hotel	Fort Myers	417	\$12,575,000	\$30,156

Note: Includes transactions over \$10 Million. Source: Real Capital Analytics



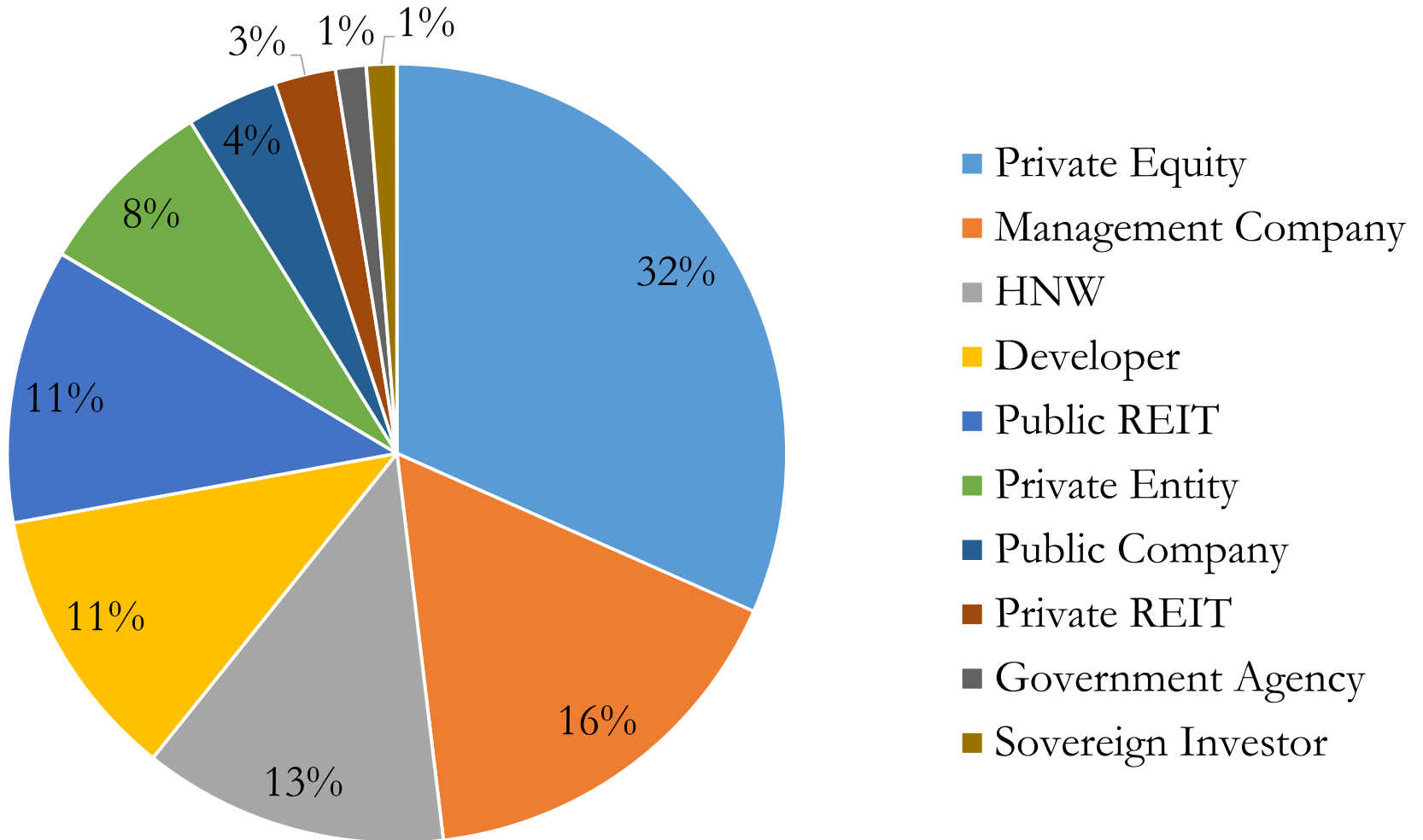
Florida Atlantic Coast Hotel Sales (25 Most Recent Transactions)

Date	Hotel	City	Keys	Price	Per Key
Mar-15	The Marker Resort Key West	Key West	96	\$96,183,333	\$1,001,910
Apr-15	SLS Hotel South Beach	Miami Beach	142	\$125,000,000	\$880,282
Jan-16	Boulan South Beach (Bulk Condo)	Miami Beach	30	\$22,000,000	\$733,333
Feb-16	The Sagamore Hotel	Miami Beach	93	\$63,000,000	\$677,419
Mar-16	Thompson Miami Beach	Miami Beach	380	\$229,400,000	\$603,684
Jun-15	Sheraton Suites	Key West	180	\$94,000,000	\$522,222
Nov-15	Marriott Vacation Club South Beach	Miami Beach	49	\$22,647,000	\$462,184
Nov-15	Hilton Beach Resort Key Largo	Key Largo	200	\$82,000,000	\$410,000
Aug-15	Hampton Inn Key West Keys Collection	Key West	145	\$55,500,000	\$382,759
Oct-15	future World Trade Center of the Americas	Miami	200	\$65,000,000	\$325,000
May-15	Clinton Hotel	Miami Beach	89	\$28,500,000	\$320,225
Jun-15	Residence Inn	Fort Lauderdale	106	\$33,500,000	\$316,038
Feb-16	Holiday Inn	Miami	155	\$44,000,000	\$283,871
Jul-15	Residence Inn by Marriott	Pompano Beach	89	\$24,800,000	\$278,652
Jul-15	Hyatt House	Miami	156	\$39,000,000	\$250,000
Jun-15	Tropic Cay	Fort Lauderdale	43	\$10,000,000	\$232,558
Jun-15	Sheraton Miami Airport Hotel	Miami	405	\$69,595,000	\$171,840
Jun-15	Hotel Indigo	Miami	115	\$18,630,000	\$162,000
Apr-15	Holiday Inn Express	Miami	103	\$16,000,000	\$155,340
Jun-15	Hilton Garden Inn - Miramar	Hollywood	149	\$22,100,000	\$148,322
Jun-15	Hampton Inn Ft. Lauderdale City Center	Fort Lauderdale	156	\$23,000,000	\$147,436
Jun-15	Ramada Hollywood Downtown	Hollywood	95	\$12,500,000	\$131,579
Nov-15	Best Western On The Bay Inn & Marina	Miami Beach	127	\$15,000,000	\$118,110
Jun-15	Residence Inn Miami Airport West	Miami	112	\$10,400,000	\$92,857
Aug-15	Holiday Inn Express	Hialeah	144	\$12,000,000	\$83,333

Note: Includes transactions over \$10 Million. Source: Real Capital Analytics



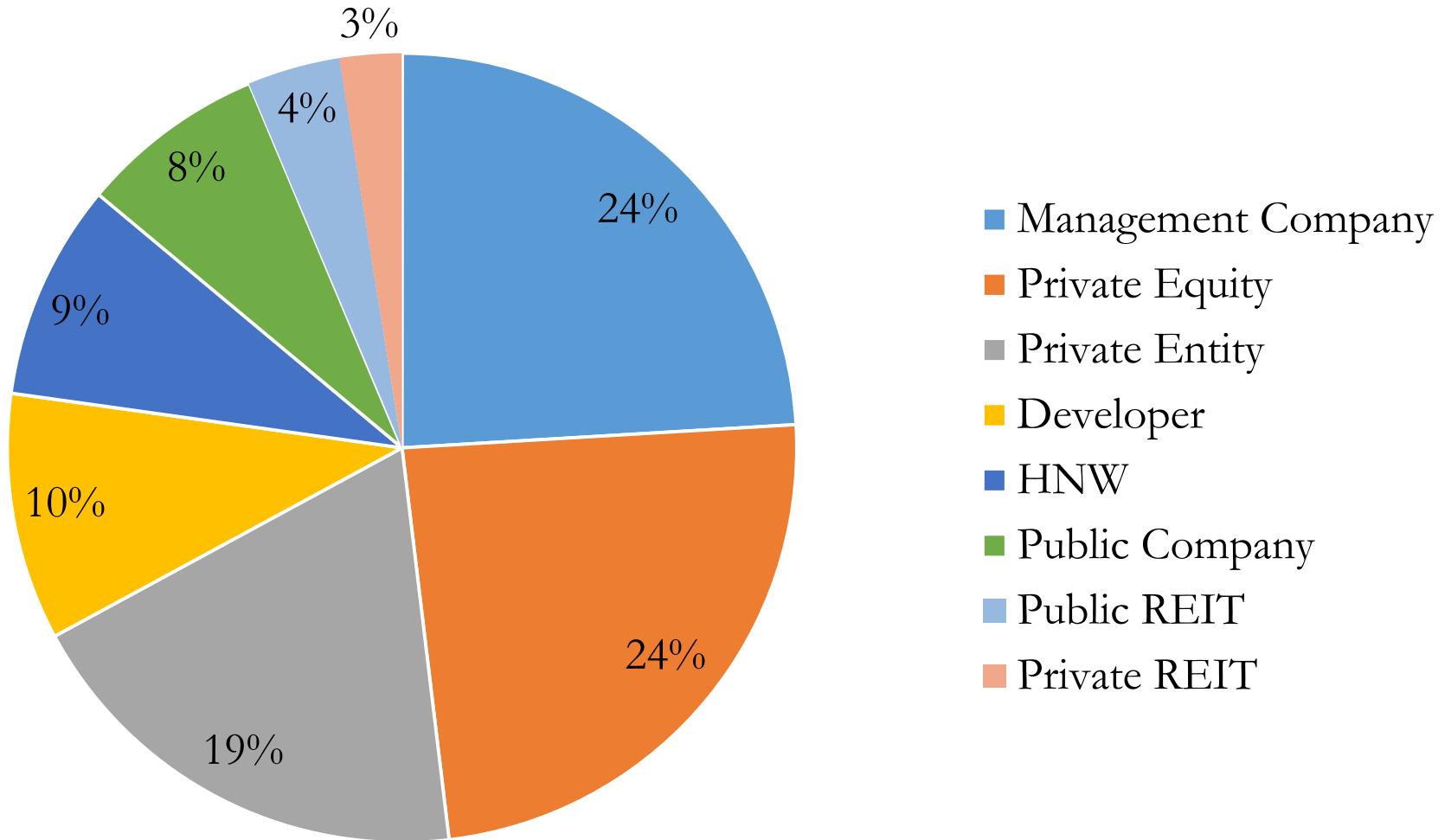
Florida Hotel Buyers, By Type (since January 2015)



Source: Real Capital Analytics



Florida Hotel Sellers, By Type (since January 2015)



Source: Real Capital Analytics



Active Buyers and Sellers in Florida (since January 2015)

Buyers	Sellers
ADIA	Baywood Hotels
Apple Hospitality	Benjamin Mallah
Carlyle Group	Blackstone
Claremont Companies	Elad Group
Garrison Investment Group	HEI Hospitality
Hyatt Hotels	J.L. Woode
Insite Group	Jack Latrobe
Key International	Noble House
North Beach Development	Paulson & Co
Ocean Properties	Peebles Corporation
Schulte Hospitality Group	Thayer Brookfield
Starwood Capital Group	Wells Fargo

Section 4



Florida Hotel Development



Hotels Now Under Construction in Florida

Hotel	City	Class	Open Date	Hotel	City	Class	Open Date
AC Hotel Corporate Center	Aventura	U	Nov-16	Hampton Inn Midtown	Miami	UM	Q1 2017
Aloft Hotel at ParkSquare	Aventura	U	Jul-17	Hotel Indigo Brickell	Miami	U	Q1 2017
Holiday Inn Express & Suites	Aventura	UM	Oct-16	Hyde Midtown	Miami	UM	Q4 2017
Hyatt Place at CityScape	Boca Raton	U	Q3 2016	Overtown Gateway	Miami	U	Q4 2017
Holiday Inn Express & Suites	Boynton Beach	UM	Q2 2016	Panorama Tower	Miami	UU	Q1 2018
Hyatt Place Lakewood Ranch	Bradenton	U	Q1 2017	Residence Inn Sunny Isles	Miami	U	Q3 2017
Bay Esplanade Hotel	Clearwater	UM	Q1 2017	SLS Lux Brickell	Miami	L	Q4 2016
Entrada Clearwater Beach	Clearwater	UM	Dec-16	TownePlace Suites Airport	Miami	UM	Q1 2017
Hampton Inn & Suites	Clearwater	UM	Q2 2016	Triptych Miami, Curio	Miami	UU	Q1 2018
SpringHillSuites/Residence Inn	Clearwater	U	Q2 2017	Twelfth on West Hotel	Miami	U	Q1 2017
Wyndham Grand Resort	Clearwater	UU	Q3 2017	Berkeley Shore	Miami Beach	U	Q2 2016
Aloft	Coral Gables	U	Jan-17	Collins Park	Miami Beach	UU	Q4 2017
Conrad	Ft. Lauderdale	L	Sep-16	Esplendor Bay	Miami Beach	U	Q3 2016
Four Seasons	Ft. Lauderdale	L	Q1 2018	Fasano Shore Club	Miami Beach	L	Q3 2017
Hampton Inn & Suites	Ft. Lauderdale	UM	Q2 2017	The Greystone Hotel	Miami Beach	UU	Q1 2017
Hotel Indigo	Ft. Lauderdale	U	Q1 2017	Residence Inn West	Pompano Beach	U	Q1 2017
Tribute/Element	Ft. Lauderdale	UU	Q1 2018	Embassy Suites	Sarasota	UU	Q2 2017
TRYP Marina	Ft. Lauderdale	UM	Dec-16	Hotel Sarasota, Curio	Sarasota	UU	Q3 2017
Hyde Resort	Hollywood	UU	Q1 2018	Westin Sarasota	Sarasota	UU	Q4 2016
The Circ at Hollywood Circle	Hollywood	UU	Q1 2017	Four Seasons Surf Club	Surfside	L	Q5 2015
Hampton Inn Marathon Key	Marathon	UM	Q4 2016	Hampton Inn Airport	Tampa	UM	Q3 2016
Aloft Airport	Miami	U	Mar-17	Hampton Inn Busch Gardens	Tampa	UM	Q4 2016
Four Points Airport	Miami	U	Q3 2017	Holiday Inn Express	Wesley Chapel	UM	Q4 2016

Class Legend:

UM: Upper Midscale; U: Upscale; UU: Upper Upscale; L: Luxury

Source: Lodging Development Corporation

Section 5



TPG Investment Market Observations



Factors Affecting Hotel Values

- **Cap Rate Decompression:** Cap rates are rising as public REITs slowed their acquisition pace last summer. Pricing has plateaued, with sale values now down roughly seven to ten percent in STR's Top 25 markets. Lenders have also pulled back, keeping their powder dry to refinance upcoming CMBS maturities while others are simply pricing their product more conservatively.
- **Portfolio Dynamics:** Several REITs placed non-core assets on the market beginning in mid-2015 as bulk portfolios. Several of those efforts were unsuccessful as (a) pricing came in lower than expected, and (b) debt was not available to finance these sizeable portfolio transactions. REITs have been selling properties for the past 6 months, mainly on a direct, one-off basis, but are now gearing up for formal marketing processes for individual assets.
- **Market Window:** Notwithstanding the recent market pricing moderation, a robust hotel investment marketplace continues. Many active investors are now attempting to execute on opportunities on which they have been previously preempted. Debt underwriting standards have tightened, but financing is still available for relationship borrowers.
- **Investor Profile:** Private equity firms, regional owner/operators and high-net-worth investors have quickly filled the void in the hotel marketplace left by the public REITs. Private REITs as well as foreign capital (co-investing mainly with domestic partners) will also play a big role for the remainder of 2016 and into 2017.



Factors Affecting Hotel Values (continued)

- **Foreign Capital Influx:** Foreign investors continue to acquire mainly in gateway markets, but they are now exploring “A” assets in “B” markets. The most attractive investment markets have a strong leisure component. Notwithstanding anemic GDP, offshore investors continue to view the U.S. the safest investment market in the world.
- **Challenged Profitability:** Property tax assessors in many markets have taken a much more aggressive posture of late. Boston, Chicago, New Orleans and Orlando, in particular, are experiencing large tax increases. Labor costs are also becoming a major looming issue as numerous communities enact minimum wage and living wage legislation.
- **PIP Overreach:** Hotel brands are delivering challenging PIPs on changes of ownership. Marriott has reportedly been the most demanding, especially on franchised assets, as they mandate “Room of the Future” renovations, often ranging from \$35,000 to \$40,000 per key.
- **Marriott/Starwood Merger:** A number of key markets will be greatly impacted by the merger. These include New York (170 combined properties), Los Angeles (135), Houston (107), Chicago (100), Boston (93), Orlando (71) and New Orleans (35).

Section 6

 **Executive Roundtable Discussion**



Roundtable Discussion Topics

- **A nine-inning game:** Is this an typical investment cycle?
- **Airbnb:** The stealth bomber.
- **The Empire Strikes Back:** Marwood!
- **If you build it...:** Do we have too many rooms, or too few?
- **Tampa Bay – Where the good life gets better every day:** Challenges and opportunities.
- **Open Forum**

Lagniappe



Tampa International Airport



Airport Statistics

- Over 70% of domestic and international visitors to the Tampa/St. Petersburg/Clearwater area fly into the region through Tampa International Airport.
- Tampa International will welcome nearly 20 million passengers in 2016, setting an all-time-high record. Approximately 950,000 travelers will arrive from international feeder markets this year.
- A total of 17 airlines serve Tampa International, with Southwest and Delta being the dominant carriers. Other airlines include American, JetBlue, United, British Airways, Lufthansa, Edelweiss, Cayman, Copa and WestJet.
- Top Ten feeder markets are:
 1. New York
 2. Chicago
 3. Washington, DC
 4. Philadelphia
 5. Detroit
 6. Atlanta
 7. Boston
 8. Baltimore
 9. Dallas
 10. Denver
- Notwithstanding its record-setting pace, the airport's 3,300-acre campus is undergoing a \$1.3 billion expansion of its main terminal, airside and ancillary amenities.



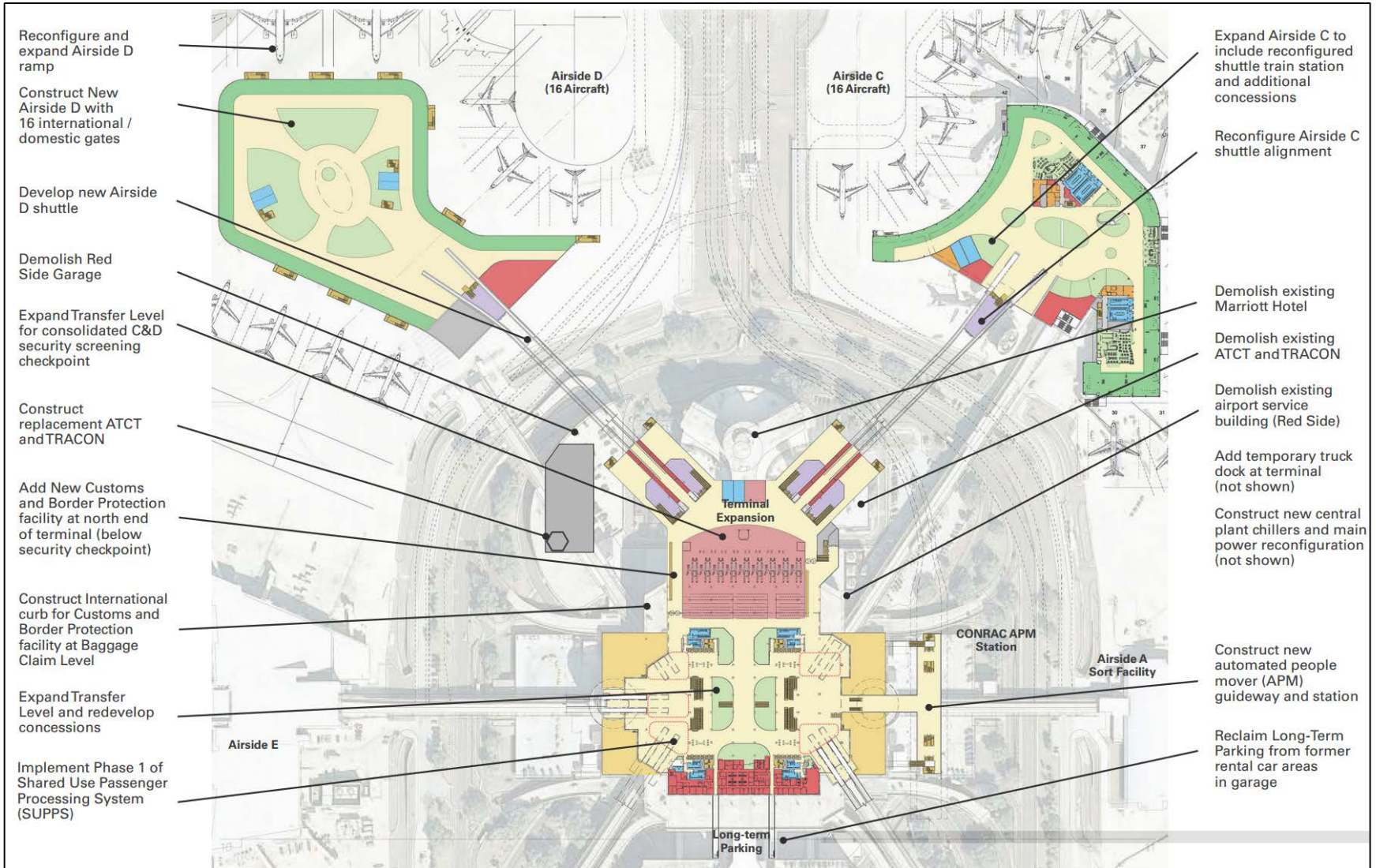
Airport Development

- Tampa International Airport (TPA) is undertaking a master plan to accommodate 35 million passengers each year, more than twice the current number of annual passengers.
- The first phase of the expansion includes a reconcepting of airport roadways and the Main Terminal. It includes a 2.6 million-square-foot consolidated rental center near the entrance to the airport, a 1.4-mile automated people mover and an expansion of the Main Terminal.
- The initial project will cost \$955 million and will create 9,000 construction-related jobs.
- The expansion is underway and is expected to be completed by the end of 2017.





Airport Development





Airport Development





Airport Development





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