in greater detail above, by the first valuation date, the near monopoly enjoyed by Atlantic City casino-hotels for decades had ended. Numerous casinos in areas convenient to the Borgata's customer base in other States had been constructed or were planned. The trend continued through the second valuation date, further tightening what had become a difficult competitive market. In addition, the well-documented downturn in the national economy, evidenced by startling developments in the financial markets in the period around October 1, 2008 had solidified into a deep economic crisis by October 1, 2009. There was little evidence on those dates that economic conditions would in the near-term improve to a degree that would restore the revenue figures that the Borgata once enjoyed. While the Borgata continued to lead the Atlantic City casino-hotel market, its dimmed revenue earning potential would have been obvious to participants in the casino-hotel market as of both of the valuation dates. Plaintiff's second appraisal expert credibly captured this reality in her net operating income estimates and capitalization rates for the two tax years.

Defendant's appraisal expert did not adequately account for the change in the national economy and the Atlantic City casino-hotel market when she estimated net operating income for the Borgata. ***526** Her attempt to stabilize future net operating income for the subject property by averaging actual income data from 2006, 2007, 2008 and 2009 lacks credibility for several reasons. First, as noted above, the credible evidence in the record established that declining revenue at the subject was not the result of transitory influences. The regional competitive environment had changed in a fundamental way. Atlantic City casino-hotels, including the Borgata, were, by October 1, 2008, in a new reality of decreased revenue and increased marketing expenses arising from the expansion of casino gaming in surrounding States. By averaging net income figures from the years before these changes with net income figures from the years after these changes, defendant's appraisal expert inflated net operating income in a way that lacks credibility.

In addition, the Appellate Division has twice held that simple averaging is not an appropriate appraisal technique. In *Rodwood Gardens, Inc. v. City of Summit,* 188 *N.J.Super.* 34, 40–42, 455 *A.*2d 1136 (App.Div.1982), the court rejected an expert's averaging of a property's actual, annual four-year income figures to determine future net operating income under the income approach. The court held that mechanical calculation of an average of historical income figures failed to result in "an informed estimate of the probable prospective income from the property" through analysis of market data. *Id.* at 43, 455 *A.*2d 1136. The court noted that "projected gross income estimate for appraisal purposes may be quite different from actual past or current figures." *Id.* at 42, 455 *A.*2d 1136. Similarly, in *Pansini Construction Design Assocs., LLC v. City of Ocean City,* 407 *N.J.Super.* 137, 146, 969 *A.*2d 1163 (App.Div.2009), the court rejected a trial court's averaging of adjusted sales prices of comparable sales to determine value under the comparable sales approach. The court noted that averaging has the potential to skew outcomes and is not an appropriate substitute for the informed and reasoned weighing of data to reconcile evidence of value. The use of averaging by defendant's expert, while intended to reach a stabilized net operating income, negated the most recent downward trend in the ***527** Atlantic City casino-hotel market and included in the calculation historic high figures which may never be achieved again.

[22] In addition, defendant's expert used in her averaging calculation actual net income data from 2009. It is axiomatic that, in tax appeal cases, "the valuation, although based upon a forecast of earnings, must be found upon what was known and anticipated as of the assessing date, unaided by hindsight." *City of New Brunswick, supra,* 39 *N.J.* at 545, 189 *A.*2d 702; *see also Tamburelli Props. Ass'n v. Borough of Creskill,* 17 *N.J.Tax* 600, 601 (App.Div.1998), *certif. denied,* 157 *N.J.* 646, 725 *A.*2d 1127 (1999); *200 43rd Street, LLC v. City of Union City,* 16 *N.J.Tax* 138, 141 (Tax 1996). As of October 1, 2008, market participants could not have been aware of the 2009 income data because it did not exist. That data, therefore, could not possibly have been considered by the hypothetical buyer and hypothetical seller on the valuation date for tax year 2009. Similarly, as of October 1, 2009, market participants would not have had a full year of income information for 2009. Defendant's expert recognized the legal precedents that preclude an expert from using post-valuation-date information to formulate an opinion of value for tax appeal purposes. She explained her departure from the legal standard as necessary in light of the extraordinary changes underway in the Atlantic City casino-hotel market and at the subject property on and immediately after the valuation dates. The court concludes that the record contains no credible justification for departing from the long-established rule articulated by the Supreme Court in *City of New Brunswick.*

[23] The court also finds that the income approach opinion of defendant's expert lacks credibility because she did not extract the value of the Borgata's business enterprise through application of an artificial management fee. All

three appraisal experts agreed that where a property is likely to be sold along with other assets of an ongoing business enterprise it is necessary to extract from the value conclusion the value of personal property and the value of the business. This extraction of value is necessary because New Jersey law assesses local property tax on real property only. ***528** Our courts have regularly applied what has been called the Rushmore approach to estimate business value in these circumstances. *See Prudential Ins. Co., supra; Westmount Plaza, supra.* The appraisal theory is that by hypothesizing that the property owner employs a professional management agent to take over the day-to-day operations of the business enterprise, the property owner is in the position of a passive investor in real property who makes no profit from the business operation at the property. The business value—deducted in the form of a hypothetical market rate management fee—represents the value of the business enterprise.

As this court explained in *Westmount Plaza,*

> Plaintiff's expert adjusted for the hotel's business value by extracting from hotel revenues the fee customarily paid to a management company pursuant to a management contract. This is a method sanctioned by the appraisal community. See e.g., Rushmore, Hotels, Motels and Restaurant: Valuations and Market Studies (1983) at 105–106; Nelson, Messer and Allen, "Hotel Enterprise Valuation," The Appraisal Journal (April 1988) at 163–164....
>
> [11 *N.J.Tax* at 135.]

Defendant's expert did not make a hypothetical management fee deduction because she was of the opinion that the salaries and benefits paid to high-level management employees at the Borgata already effectively served as a management fee for the operation of the casino-hotel. The court finds the expert's analysis to lack credibility for several reasons. First, the expert could not identify with precision the amount paid to those employees as compensation for services. According to her testimony, her efforts to determine the salaries and benefits paid to these employees were unsuccessful. As a result, she could not offer an opinion on whether the compensation represented the market rate for a management fee for a casino-hotel. The expert merely assumed that plaintiff was paying high-level management the equivalent of a market management fee. Second, to accept the expert's opinion in this regard would equate to a determination that plaintiff is content to distribute all of the value of its casino-hotel business to its high-level employees as compensation for their services. The high-level employees to whom defendant's expert refers do not own the Borgata. The court finds as lacking in credibility the ***529** proposition that plaintiff, a limited partnership of two publically traded entities, is effectively in a the position of a passive real property owner who allows a handful of high-level employees to take all of the profits of the Borgata casino-hotel as compensation. The court concludes that the hypothetical management fee offered by plaintiff's second appraisal expert, who happens to be the business partner of Steven Rushmore, the appraiser for whom the Rushmore approach has been named, to be the more credible method for extracting business value from the subject property.

Finally, the court concludes that the capitalization rate offered by defendant's appraisal expert lacks credibility. The overall capitalization rate is an "income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value...." Appraisal Institute, *The Appraisal of Real Estate* 462 (13th ed 2008). Selection of a capitalization rate "is often one of the most difficult aspects of valuing" property and, "[t]herefore, a thorough study ... is a must." *Gale & Kitson, supra,* 26 *N.J.Tax* at 281.

> "[W]hat is *required* is that reliable market data be furnished to the court as the basis for the expert's opinion so that the court may evaluate the opinion." *Glen Wall Assoc.* [*v. Township of Wall,* 99 *N.J.* 265, 279–80, 491 *A.*2d 1247 (1985)]. The "probative value of an expert's opinion depends entirely upon the facts and reasoning adduced in support of it." *Kearny Leasing Corp. v. Town of Kearny,* 6 *N.J.Tax* 363, 376 (Tax 1984), *aff'd,* 7 *N.J.Tax* 665 (App.Div.), *certif. denied,* 102 *N.J.* 340 [508 *A.*2d 215] (1985). Stated otherwise, an "expert's conclusion rises no higher than the data which provide the foundation." *Town of West Orange v. Goldman,* 2 *N.J.Tax* 582, 588 (Tax 1981); *See* 43 *New Jersey Practice, State and Local Taxation, supra,* at 111 ("the determination of the appropriate [capitalization] rate depends upon the credible evidence and the persuasive powers of the experts").
>
> [*Ibid.*]

Defendant's expert selected a capitalization rate from data relating to sales of hotels not associated with casinos. Casino-hotels, however, are not operated in the same manner as non-casino hotels. As Judge Bianco noted, the "nature of the casino business, even with overnight accommodations available, is vastly different from that of a conventional hotel." *Ace Gaming, supra,* 23 *N.J.Tax* at 89. Room rentals, occupancy and other factors associated with a casino-hotel are closely associated with gaming ***530** operations. Revenue from the rental of hotel rooms, which accounts for most or all of the income generated by non-casino hotels, generally is a small percentage of the income generated by a casino-hotel, which derives the vast majority of its revenue from gaming. This is true of the subject property.

Another significant difference between casino hotels and non-casino hotels, as adduced during the trial, is that casino-hotel operators frequently offer gaming patrons free rooms in order to encourage continued gaming. Non-casino hotels have little incentive to give customers free rooms. In addition, the investment risks associated with casino-hotels differ in significant ways from the risk associated with non-casino hotels, in light of the fact that casino-hotel revenues are tied to the competitive gaming environments for their locality. Casino-hotels carry the risk of a large loss in gaming operations, as well as the higher risk associated with the close regulation of the casino industry. In addition, casino-hotels are more difficult to manage than non-casino hotels, given the complexity of the casino-hotel's relationship to gaming activities. Defendant's expert undertook no analysis of differences in risks, revenues, expenses, occupancy levels or room rates between casino-hotels and non-casino hotels when selecting a capitalization rate.

The court finds that the capitalization rate of plaintiff's second appraisal expert, derived from the EBITDA multiples of casino-hotel sales, as well as the analysis of financial firms that monitor the casino-hotel industry, is the more credible evidence of an appropriate capitalization rate for the subject property.

In light of these findings, the court adopts the conclusions of value of plaintiff's second appraisal expert: $880,000,000 as of October 1, 2008 and $870,000,000 as of October 1, 2009.

D. *Calculation of Value of the Subject Property.*

Pursuant to *N.J.S.A.* 54:51A–6c, commonly known as Chapter 123, in a non-revaluation year, when both the ratio of the assessed value of the subject property to its true value and the average ratio of the municipality exceed the county percentage level (in ***531** this case 100%), the assessment shall be revised by applying the county percentage level (100%) to the true market value of the subject property. This is the case with respect to both tax years at issue here.

The formula to determine the subject property's ratio of assessed value to true value is:

Assessment ÷ True Value = Ratio

1. *Tax Year 2009*

$2,260,470,200 ÷ $880,000,000 = 2.57

As noted above, the average ratio for Atlantic City for tax year 2009 is 100.46%. *See N.J.S.A.* 54:1–35a(a). Both figures exceed 100%. Consequently, the court will issue Judgments setting the assessment on the subject property for tax year 2009 at 100% of its true market value. The assessments will be allocated among the relevant parcels as follows (the allocations roughly reflect the percentage allocations in the original assessments):

Block and Lot	Description	Land Assessment	Improvement Assessment	Total Assessment
Block 576; Lot 1.03	Casino/Hotel/Garage	$153,993,303	$445,902,697	$599,896,000
Block 576; Lot 1.05	Employee Garage	$ 12,128,618	$ 12,863,382	$ 24,992,000
Block 576; Lot 1.07	Surface Parking	$ 49,544,000	$ 00	$ 49,544,000
Block 576; Lot 1.08	Casino Expansion	$ 21,030,768	$ 66,089,232	$ 87,120,000
Block 576; Lot 1.10	Employee Garage	$ 16,288,536	$ 21,199,464	$ 37,488,000
Block 576; Lot 1.11	Water Club Tower	$ 8,569,915	$ 64,118,085	$ 72,688,000
Block 576; Lot 1.12	Vacant Land	$ 8,272,000	$ 00	$ 8,272,000

Total		$	$	$880,000,000

2. *Tax Year 2010*

$2,262,391,300 ÷ $870,000,000 = 2.60

As noted above, the average ratio for Atlantic City for tax year 2010 is 102.16%. *See N.J.S.A.* 54:1–35a(a). Both figures exceed 100%. Consequently, the court will issue Judgments setting the assessment on the subject property for tax year 2010 at 100% of its true market value. The assessments will be allocated among the relevant parcels as follows (the allocations roughly reflect the percentage allocations in the original assessments):

***532**

Block and Lot	Description	Land Assessment	Improvement Assessment	Total Assessment
Block 576; Lot 1.03	Casino/Hotel/Garage	$152,264,790	$440,205,210	$592,470,000
Block 576; Lot 1.05	Employee Garage	$ 11,990,792	$ 12,717,208	$ 24,708,000
Block 576; Lot 1.07	Surface Parking	$ 48,981,000	$ 00	$ 48,981,000
Block 576; Lot 1.08	Casino Expansion	$ 20,791,782	$ 65,338,218	$ 86,130,000
Block 576; Lot 1.10	Employee Garage	$ 16,070,083	$ 20,991,917	$ 37,062,000
Block 576; Lot 1.11	Water Club Tower	$ 9,196,570	$ 63,274,430	$ 72,471,000
Block 576; Lot 1.12	Vacant Land	$ 8,178,000	$ 00	$ 8,178,000
Total		$	$	$870,000,000

All Citations

27 N.J.Tax 469

Footnotes

1 The subject property is the beneficiary of rights under a reciprocal easement between MAC Corp. and MDDC that includes two parcels, Block 576, Lot 1.04 and 1.06, commonly known as the Ring Road, a privately owned roadway. The agreement concerns utilities, infrastructure, and access rights benefiting the subject property. The assessments on the Ring Road parcels are not before the court.

2 Notably, on April 30, 2008, the governing body of Atlantic City adopted an ordinance banning smoking on all casino gaming floors effective October 15, 2008. Atlantic City Ord. 27–2008. On October 27, 2008, shortly after the ban took effect, the municipality's governing body amended the smoking ban to apply only to 75% of casino gaming floors, effective immediately. Atlantic City Ord. 95–2008. The smoking ban's effect on casino revenue in the City is not clear from the record. Plaintiff's experts suggested that casino revenue was harmed by smokers electing to frequent casinos outside of New Jersey that do not ban smoking. They did not, however, precisely quantify the effect of the partial smoking ban. The municipality's expert testified that the effect of the partial smoking ban on revenue has not been determined with certainty and that smoking bans were in place in competing markets. The court concludes that there is insufficient evidence in the record to make a finding of fact quantifying the impact, if any, of Atlantic City's partial smoking ban on the value of the subject property.

3 The municipality's appraisal expert testified that she was unaware of the Treasure Island sale at the time that she completed her appraisal report. She did not rely on the Treasure Island sale to determine a capitalization rate. She relied instead on published capitalization rates for non-casino hotel sales. During her testimony, defendant's expert pointed out that a financial firm that monitors the casino-hotel industry reported an EBITDA multiple for the Treasure Island sale of 9.2. This figure was based on the Treasure Island's trailing 12 months of EBITDA prior to the March 2009 closing

date. Because income at the Treasure Island was declining between December 2008 and March 2009, use of the March 2009 figures resulted in a higher EBITDA multiple. The court adopts as credible the opinion of plaintiff's second appraisal expert with respect to the EBITDA multiple of the Treasure Island sale.

4 Plaintiff's first appraisal expert rejected the comparable sales approach for three reasons. First, he was of the opinion that comparable sales are not used by participants in the casino-hotel marketplace and would not, therefore, reflect the sales price that would be reached by a hypothetical seller and hypothetical buyer in the marketplace. Second, the expert could not identify a reliable comparison measure (*e.g.,* square footage, number of hotel rooms, number of gaming positions) on which to make an accurate comparison of casino-hotel sales. Third, the expert could identify no non-distress sales in Atlantic City on which to rely, rendering the comparable sales approach less reliable. The expert undertook a superficial cost approach analysis as a "check" on his value conclusion under the income approach. He did not, however, give any weight to the cost approach when reaching his final value conclusion.

5 Plaintiff's second appraisal expert originally reported a purchase price of $775 million. She conceded during cross-examination that a $20 million discount realized by the purchaser because he made an early payment of debt reduced the purchase price to $755 million. Her EBITDA multiple for the transaction was revised accordingly. This revision did not alter the expert's EBITDA multiple for the subject property or her ultimate opinion of value.

6 $181,233,262 x 5.52 actually equals $1,000,407,606. Plaintiff's second appraisal expert used unrounded figures when making her calculations, but used rounded figures for purposes of presentation in her report. The unrounded figures from the expert's report are included in the court's opinion, given that the expert relied on the unrounded figures when determining the true market value of the subject property.

7 Plaintiff's first appraisal expert began his live testimony in the courtroom. His testimony was stopped before its conclusion at the end of a trial day. The expert completed his testimony before the court via live video feed from Reno, Nevada on a subsequent date due to scheduling concerns. Plaintiff's second appraisal expert testified live in the courtroom on several days. Her courtroom testimony was supplemented by a day of videotaped testimony. The court reviewed the videotape and transcript of that testimony before the conclusion of trial.

End of Document

CUSHMAN & WAKEFIELD

Cushman & Wakefield and DTZ have recently merged. We appreciate your patience as we integrate our legacy websites to create a new online presence.

Home (/en) > Services (/en/services) > Valuation for Hospitality & Gaming

VALUATION FOR HOSPITALITY & GAMING

The Hospitality & Gaming Practice Group offers a full range of valuation, advisory, property tax and litigation support services. The team is distinguished by its combination of industry experience, local market knowledge, global coverage and responsive service. The Hospitality & Gaming Practice Group operates in four continents with offices across the globe – United States, Canada, United Kingdom, India, Japan, China, Czech Republic, Spain, Portugal, Hungary, Australia and Singapore.

In addition, our staff of seasoned professionals has extensive experience and the ability to draw upon the diverse disciplines available from other Cushman & Wakefield core businesses, including Capital Markets, Consulting, Corporate Occupier & Investor Services and Leasing.

Our Services

- appraisal review
- expense analysis
- feasibility studies
- financial reporting
- impact studies
- litigation support
- market studies
- portfolio valuation
- property tax consulting
- real property appraisal

Property Types

- condominium hotels
- conference centers
- dockside and riverboat casinos
- existing and proposed properties
- extended stay hotels
- fractional properties
- full service hotels

CONTACTS


(/en/people/new-york-metro/eric-lewis)

Eric Lewis (/en/people/new-york-metro/eric-lewis)
VA Hospitality & Gaming
New York, NY
T: +1 212 841-5964 (tel:+1 212 841-5964)
Contact (/en/people/contact-broker?eref={95A3A925-D53C-40BA-A30B-D3BBA901ABBD})


(/en/people/california-south/mark-capasso)

Mark Capasso (/en/people/california-south/mark-capasso)
VA Hospitality & Gaming
Los Angeles, CA
T: +1 213 955-6442 (tel:+1 213 955-6442)
Contact (/en/people/contact-broker?eref={7A0DE975-AC93-42A2-A24F-CDC118335223})


(/en/people/central-canada/charles-suddaby)

Charles Suddaby (/en/people/central-canada/charles-suddaby)
VA Valuation & Advisory
Toronto, ON
T: +1 416 359-2407 (tel:+1 416 359-2407)

- horse and dog tracks
- limited and select service hotels
- lodging related mixed use projects
- middle market and economy facilities
- Native American casinos
- resorts
- timeshare properties
- traditional land-based casinos

Contact (/en/people/contact-broker?eref={6369896F-92A3-4958-A316-7F8BC3DBF227})

HIDE [-]

RELATED SERVICES

Valuation for Agribusiness, Natural Resources & Energy (/en/services/va-ag-natres-energy)
Valuation for Automobile Dealerships (/en/services/va-automobile-dealerships)
Valuation for Gas Stations & Convenience Stores (/en/services/va-gas-stations-convenience-stores)
Valuation for Golf Property (/en/services/va-golf)
Valuation for Government Property (/en/services/va-government)
Valuation for Industrial (/en/services/va-industrial)
Valuation for Manufactured Housing (/en/services/va-manufactured-housing)
Valuation for Mission Critical Facilities (/en/services/va-mission-critical-facilities)
Valuation for Multifamily (/en/services/va-multifamily)
Valuation for Offices (/en/services/va-offices)
Valuation for Residential Development (/en/services/va-residential)
Valuation for Restaurants (/en/services/va-restaurants)
Valuation for Retail (/en/services/va-retail)
Valuation for Self Storage (/en/services/va-self-storage)
Valuation for Senior Housing/Healthcare (/en/services/va-senior)
Valuation for Sports & Entertainment (/en/services/va-sports)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re	)	
	)	**Chapter 11**
SW BOSTON HOTEL VENTURE LLC,	)	**Case No. 10-14535 (JNF)**
	)	
Debtor.	)	
	)	

AFFIDAVIT OF ERIC B. LEWIS

Eric B. Lewis, being duly sworn and deposed, states as follows:

1. I am the Executive Managing Director and Industry Leader of the Hospitality and Gaming Group of Cushman & Wakefield's Valuation and Advisory Services ("Cushman & Wakefield"). I have held that position since 2006. Prior to my employment at Cushman & Wakefield, I was employed by Mason-Helmsetter Associates, LLC. I joined Cushman and Wakefield in 1992. I have over 23 years experience in appraisal of real property.

2. I have made due inquiry or have personal knowledge of the facts set forth herein.

3. I offer this affidavit in support of the Motion of Prudential Insurance Company of American for Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362(d).

4. Cushman & Wakefield was retained by Goodwin Procter LLP, as counsel to The Prudential Insurance Company of America on behalf of and solely for the benefit of its insurance company separate account, PRISA, for the purpose of providing certain appraisal services in relation to the real property located at 100 Stuart Street, Boston Massachusetts (the "Property"), owned by SW Boston Hotel Venture, LLC, including the building located on the Property within which is located the W Hotel Boston (the "Hotel").

5. As part of Cushman & Wakefield's appraisal of the Property, I prepared an appraisal of the Hotel, a true and correct copy of which is attached hereto as Exhibit A (the "Hotel Appraisal").

6. As set forth in greater detail in the Hotel Appraisal, in generating the Hotel Appraisal, I (i) performed an analysis of the geographical region and the local region, (ii) took into consideration real property taxes and assessments, zoning requirements, and market supply and demand, (iii) generated projections regarding occupancy and room rental rates, (iv) performed an analysis to determine the highest and best use of the Property, and (v) applied several valuation approaches to determine my final opinion of the fair market value of the Hotel. Additional assumptions underlying the Hotel Appraisal and a description of the methodologies that I employed in completing the Hotel Appraisal are accurately set forth in greater detail therein.

7. The scope of the Hotel Appraisal required collecting primary and secondary data relative to the subject property. I analyzed the data and confirmed the data with sources I believe to be reliable, in the normal course of business, leading to the value conclusions set forth in the Hotel Appraisal. I prepared the Hotel Appraisal without limitation of scope and conducted thorough collection, checking and analysis of economic data, sales data, competitive market data and other information required in the appraisal process.

8. As set forth in greater detail in the Hotel Appraisal, based on my knowledge and industry experience, I estimate the fair market value of the Hotel to be $55,000,000, as of May 24, 2010.

[*Signature Page Follows*]

EXHIBIT A

(Hotel Appraisal)

APPRAISAL OF REAL PROPERTY

W Hotel Boston
100 Stuart Street
Boston, Suffolk County, Massachusetts 02116
Latitude: 42.35103 Longitude: -71.064714

IN A SUMMARY APPRAISAL REPORT

As of May 24, 2010

Prepared For:
Goodwin Procter LLP
53 State Street
Boston, Massachusetts 02109

Photograph of Subject Property

Prepared By:
Cushman & Wakefield of Massachusetts, Inc.
Valuation & Advisory Services
125 Summer Street, Suite 1500
Boston, Massachusetts 02110
C&W File ID: 10-27001-9272-1

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions℠

CUSHMAN & WAKEFIELD

CUSHMAN & WAKEFIELD OF MASSACHUSETTS, INC.
125 SUMMER STREET, SUITE 1500
BOSTON, MASSACHUSETTS 02110

June 21, 2010

Ms. Minta E. Kay, Esq.
Partner
Goodwin Procter LLP
53 State Street
Boston, Massachusetts 02109

Re: **Appraisal of Real Property**
In a Summary Report

W Hotel Boston
100 Stuart Street
Boston, Suffolk County, Massachusetts 02116

C&W File ID: 10-27001-9272-1

Dear Ms. Kay:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above-captioned property in a summary report dated June 21, 2010. The effective date of value is May 24, 2010.

This appraisal report has been prepared in compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP). In addition, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) specifies that a Federally-regulated financial institution must be the Client in the appraiser-client relationship under the terms of an assignment agreement. To the extent the Client is governed by FIRREA, this appraisal meets all applicable requirements.

MARKET VALUE AS IS

Based on the agreed to Scope of Work, and as a result of our analysis, we have developed an opinion that the Market Value of the Fee Simple Estate of the Condominium Interest of the above-referenced property, subject to the assumptions and limiting conditions, certifications, extraordinary and hypothetical conditions, if any, and definitions, on May 24, 2010, was:

FIFTY FIVE MILLION DOLLARS

$55,000,000 or $234,043 per room

The opinions of value include the land, the improvements thereto, and the contributory value of the furniture, fixtures and equipment. The appraisers assume that the hotel will be, and shall remain, open and operational.

The analysis contained in this appraisal is based upon assumptions and estimates that are subject to uncertainty and variation. These estimates are often based on data obtained in interviews with third parties, and such data are not always completely reliable. In addition, we make assumptions as to the future behavior of consumers and the general economy, which are highly uncertain. However, it is inevitable that some assumptions will not materialize and unanticipated events may occur that will cause actual achieved operating results to differ from the financial analyses contained in this report and these differences may be material. Therefore, while our analysis was conscientiously prepared on the basis of our experience and the data available, we make no warranty that the conclusions presented will, in fact, be achieved. Additionally, we have not been engaged to evaluate the effectiveness of management and we are not responsible for future marketing efforts and other management actions upon which actual results may depend.

We did not ascertain the legal, engineering, and regulatory requirements applicable to the property, including zoning and other state and local government regulations, permits and licenses. No effort has been made to determine the possible impact on the property of present or future federal, state or local legislation, including any environmental or ecological matters or interpretations thereof. With respect to the market demand analysis, our work did not include analysis of the potential impact of any significant rise or decline in local or general economic conditions.

We believe, based on the assumptions employed in our cash flow, as well as our selection of investment parameters for the subject, that the value conclusion represents a market price achievable within 12 months exposure prior to the date of value.

We take no responsibility for any events, conditions, or circumstances affecting the market that exists subsequent to the last day of our fieldwork, May 24, 2010.

The value opinion in this report is qualified by certain assumptions, limiting conditions, certifications, and definitions. We particularly call your attention to the extraordinary assumptions and hypothetical conditions listed below.

EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

This appraisal employs the extraordinary assumption that the spa opens for business as of August 1, 2010. This appraisal also assumes that the subject remains affiliated with the W Hotel brand and operated by Starwood Hotels and Resorts Worldwide Inc. under the terms of the current agreement.

HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

James M. Berry, MAI
Cushman & Wakefield of Massachusetts, Inc.
Senior Director
Massachusetts State-Certified General Appraiser
License No. 102791
jim.berry@cushwake.com
(617) 204-5954 Office Direct
(617) 951-1349 Fax

Eric B. Lewis, MAI, MRICS
Cushman & Wakefield, Inc.
Executive Managing Director - National Practice Leader Hospitality & Gaming Group
Massachusetts State-Certified General Appraiser
Temporary Permit - 1239
eric.lewis@cushwake.com
212-841-5694 Office Direct

GENERAL DESCRIPTION

The following is an executive summary of the information that we present in more detail in the report.

BASIC INFORMATION			
Common Property Name:	W Hotel Boston	Report Type:	Summary
Address:	100 Stuart Street	Interest Appraised:	Fee Simple Estate of the Condominium Interest
City:	Boston	Date of Value:	5/24/10
State:	Massachusetts	Date of Inspection:	5/24/10
Zip Code:	02116	Date of Report:	6/21/10
County:	Suffolk		
Property Ownership Entity:	SW Boston Hotel Venture, LLC		
CW File Reference:	10-27001-9272-1		

SITE INFORMATION			
Land Area Gross SF:	26,135	Site Utility:	Good
Land Area Acres:	0.60	Site Topography:	Level at street grade
Is there Excess Land?	No	Site Shape:	Irregularly shaped
Flood Zone:	X	Frontage:	Good
Flood Map Number:	25025C 0077G	Access:	Good
Flood Map Date:	9/25/09	Visibility:	Good
		Location Rating:	Good
		Number of Parking Spaces:	142
		Parking Ratio (per room):	0.60:1
		Parking Type:	Garage

BUILDING INFORMATION			
Type of Property:	Hotel	Quality:	Excellent
Type of Construction:	Steel and masonry	Condition:	Excellent
Rooms	235	Year Built:	2009
Gross Building Area:	191,286 SF	Land to Building Ratio:	0.14:1
Number of Stories:	26		
Cost to Complete the Spa	$1,900,000		

MUNICIPAL INFORMATION			
Assessor's Parcel Identification:	05000075020	Subject's assessment is:	Below market levels
Assessing Authority:	City of Boston	Municipality Governing Zoning:	City of Boston
Current Tax Year:	2010	Current Zoning:	Midtown
Taxable Assessment:	$26,554,900	Is current use permitted:	Yes
Assessment per Room:	$113,000	Current Use Conformance:	Pre-existing, non-conforming use
Current Tax Liability:	$780,183		

HIGHEST & BEST USE	
As Vacant:	As Improved:
hold until a commercial, mixed-use, or dense residential development is dictated by the market	A mixed-use development as it is currently improved.

Operating Data and Projections			
Projected First Year Occupancy:	64.0%	Projected First Year ADR:	$238.26
Projected Stabilized Occupancy:	74.0%	Projected Stabilized ADR:	$291.40

Valuation Assumptions	
Stabilized Inflation Rate:	3.0%
Discount Rate:	11.0%
Terminal Capitalization Rate:	7.5%
Cost of Sale at Reversion:	3.0%
Holding Period (years):	10

VALUATION INDICES	Market Value As Is
COST APPROACH	
Indicated Value:	N/A
SALES COMPARISON APPROACH	
Indicated Value (Low-End):	$54,050,000
Per Room:	$230,000
Indicated Value (High-End):	$59,925,000
Per Room:	$255,000
INCOME CAPITALIZATION APPROACH	
Discounted Cash Flow	
Projection Period:	10 Years
Holding Period:	10 Years
Terminal Capitalization Rate:	7.50%
Discount Rate:	11.00%
Indicated Value:	$55,000,000
FINAL VALUE CONCLUSION	
Concluded Value:	$55,000,000
Per Room	$234,043
INSURABLE VALUE	
Conclusion:	$31,000,000
EXPOSURE TIME	
Exposure Time:	12 Months

EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

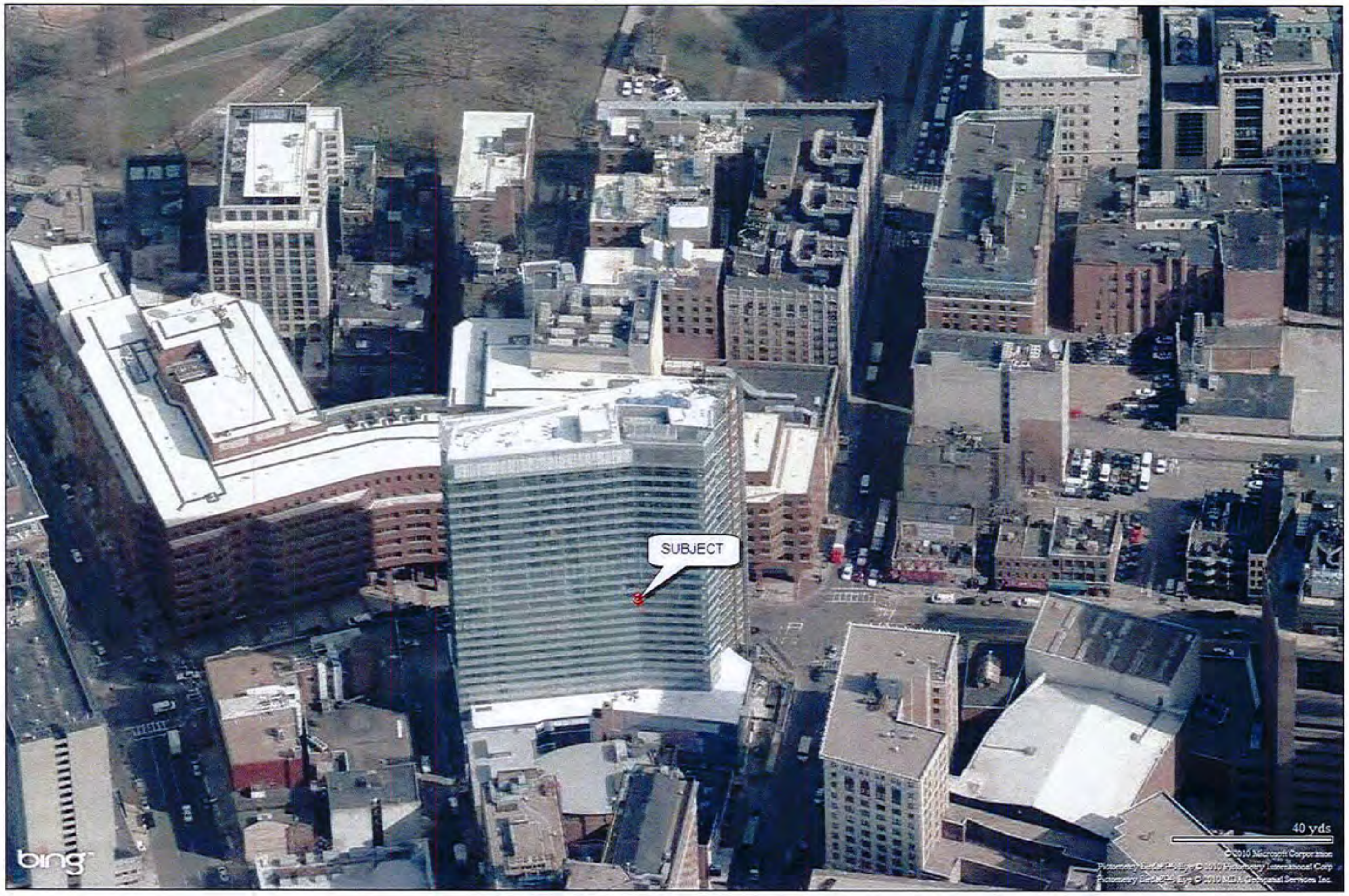
This appraisal employs the extraordinary assumption that the spa opens for business as of August 1, 2010. This appraisal also assumes that the subject remains affiliated with the W Hotel brand and operated by Starwood Hotels and Resorts Worldwide Inc. under the terms of the current agreement.

HYPOTHETICAL CONDITIONS

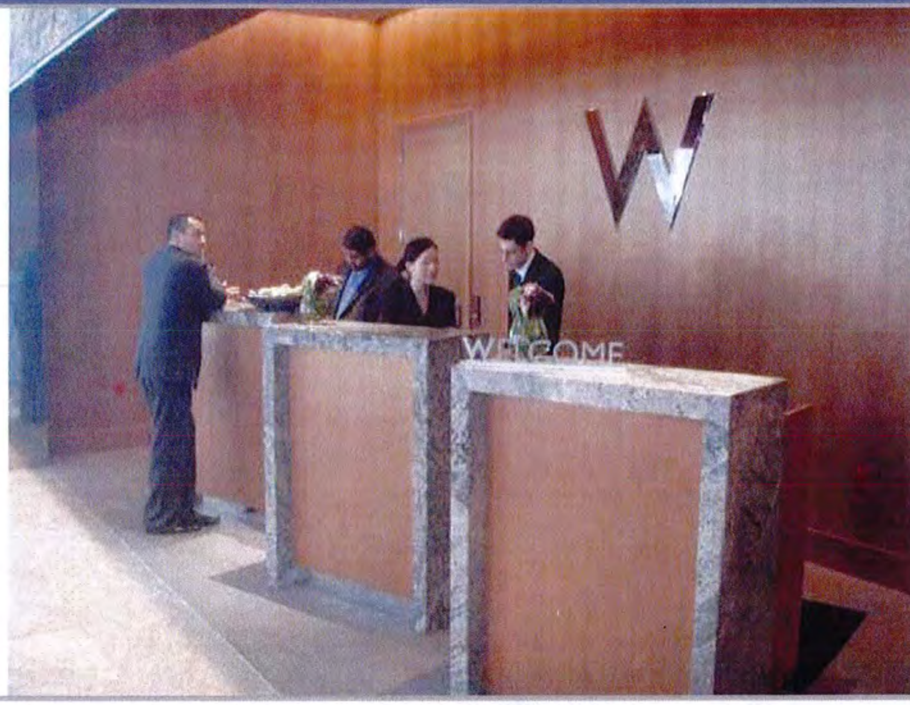
For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

This appraisal does not employ any hypothetical conditions.

BIRD'S EYE VIEW

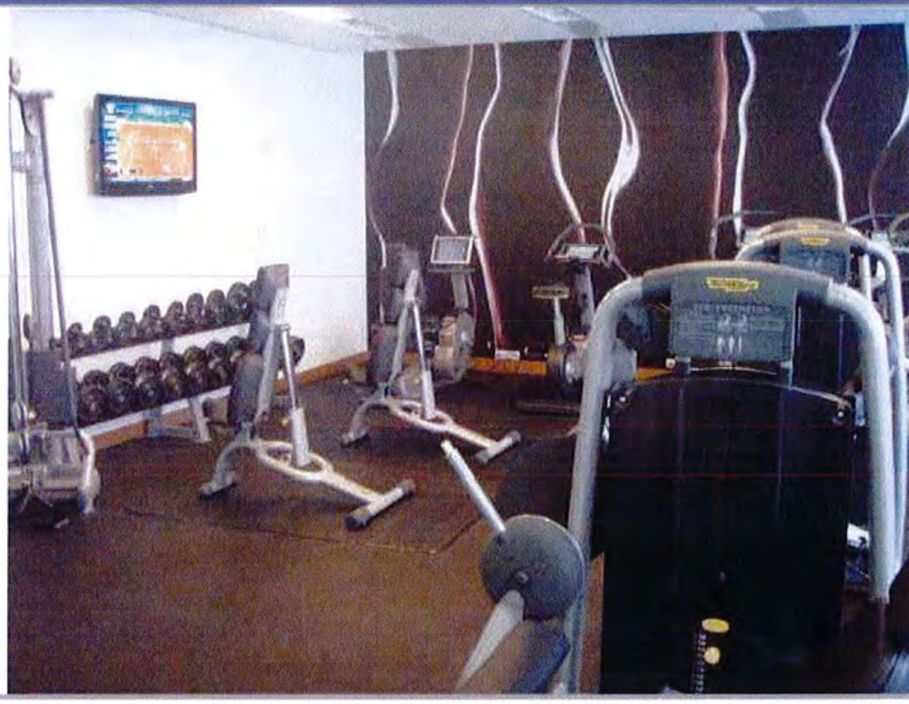


SUBJECT PROPERTY PICTURES



Reception Desk

Bar



Fitness Room

Kitchen

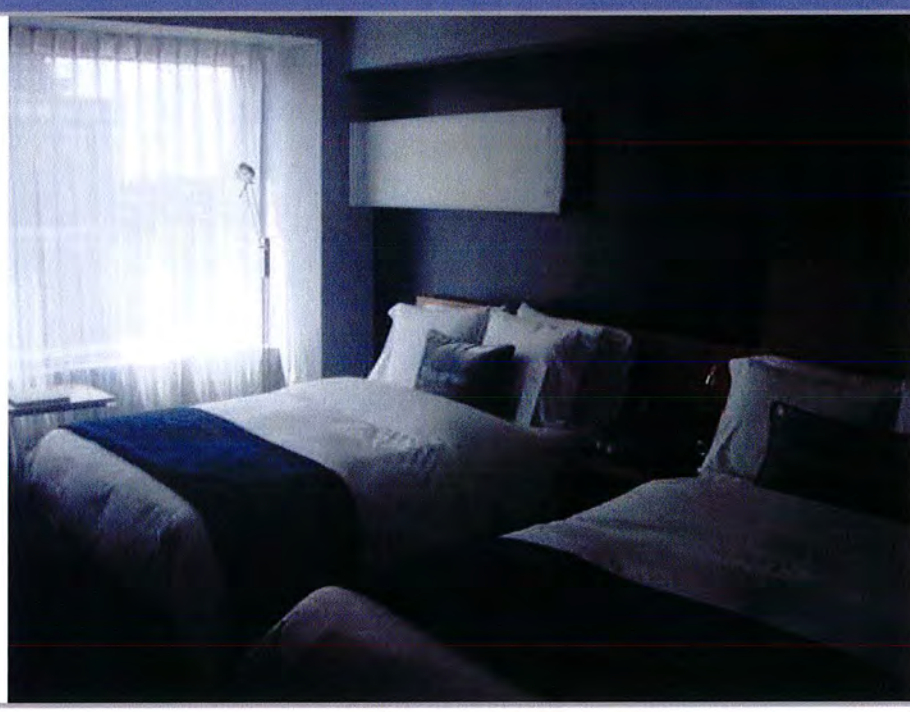
Business Center

Meeting Space

Retail Shop

Meeting Room

Common Area



Typical Guestroom

Typical Guestroom

View of Stuart Street

Below Grade Parking

TABLE OF CONTENTS

INTRODUCTION ---- 1
REGIONAL MAP ---- 4
REGIONAL ANALYSIS ---- 5
LOCAL AREA MAP ---- 12
LOCAL AREA ANALYSIS ---- 13
SITE DESCRIPTION ---- 16
IMPROVEMENTS DESCRIPTION ---- 19
REAL PROPERTY TAXES AND ASSESSMENTS ---- 25
ZONING ---- 27
LODGING MARKET SUPPLY AND DEMAND ANALYSIS ---- 29
PROJECTION OF OCCUPANCY AND AVERAGE ROOM RATE ---- 39
HIGHEST AND BEST USE ---- 46
VALUATION PROCESS ---- 47
INCOME CAPITALIZATION APPROACH ---- 49
SALES COMPARISON APPROACH ---- 64
COST APPROACH ---- 69
RECONCILIATION AND FINAL VALUE OPINION ---- 70
ASSUMPTIONS AND LIMITING CONDITIONS ---- 73
CERTIFICATION OF APPRAISAL ---- 76
GLOSSARY OF TERMS & DEFINITIONS ---- 77
ADDENDA CONTENTS ---- 79

INTRODUCTION

SCOPE OF WORK

This appraisal, presented in a summary report, is intended to comply with the reporting requirements set forth under the USPAP for a summary appraisal report. In addition, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) specifies that a Federally-regulated financial institution must be the Client in the appraiser-client relationship under the terms of an assignment agreement. To the extent the Client is governed by FIRREA, this appraisal meets all applicable requirements.

The scope of this appraisal required collecting primary and secondary data relative to the subject property. The depth of the analysis is intended to be appropriate in relation to the significance of the appraisal issues as presented herein. The data have been analyzed and confirmed with sources believed to be reliable, in the normal course of business, leading to the value conclusions set forth in this report.

This appraisal was prepared without limitation of scope and involved thorough collection, checking and analysis of economic data, sales data, competitive market data and other information required in the appraisal process. The appraisal will consider the three standard approaches to value: income capitalization, sales comparison, and cost. Because lodging facilities are income-producing properties that are normally bought and sold on the basis of capitalization of their anticipated stabilized earning power, the greatest weight is given to the value indicated by the income capitalization approach. We find that most hotel investors employ a similar procedure in formulating their purchase decisions, and thus the income capitalization approach most closely reflects the rational of typical buyers. When appropriate the sales comparison and cost approaches are used to test the reasonableness of the results indicated by the income capitalization approach.

IDENTIFICATION OF PROPERTY

Common Property Name:	W Hotel Boston
Location:	100 Stuart Street Boston, Suffolk County, Massachusetts 02116
Assessor's Parcel Number:	05000075020
Legal Description:	The legal description is presented in the Addenda of the report.

PROPERTY OWNERSHIP AND RECENT HISTORY

Current Ownership:	SW Boston Hotel Venture, LLC
Sale History:	To the best of our knowledge, the property has not transferred within the past three years.
Current Disposition:	To the best of our knowledge, the property is not under contract for sale nor is it being professionally marketed for sale.

DATES OF INSPECTION AND VALUATION

Date of Valuation:	May 24, 2010
Date of Inspection:	May 24, 2010
Property inspection was performed by:	Eric B. Lewis, MAI, MRICS on May 24, 2010 James M. Berry, MAI inspected the property on October 28, 2009 and June 16, 2010.

INTENDED USE AND USERS OF THE APPRAISAL

Intended Use:	This appraisal is intended to provide an opinion of the Market Value of the Fee Simple Estate of the Condominium Interest in the property in connection with lender actions against the borrower and potential litigation support. The report produced by C&W will constitute work product prepared in anticipation of litigation, and may be used by the Client in connection therewith. This report is not intended for any other use.
Intended User:	This appraisal report was prepared for the exclusive use of Goodwin Procter LLP. Use of this report by others is not intended by the appraiser.

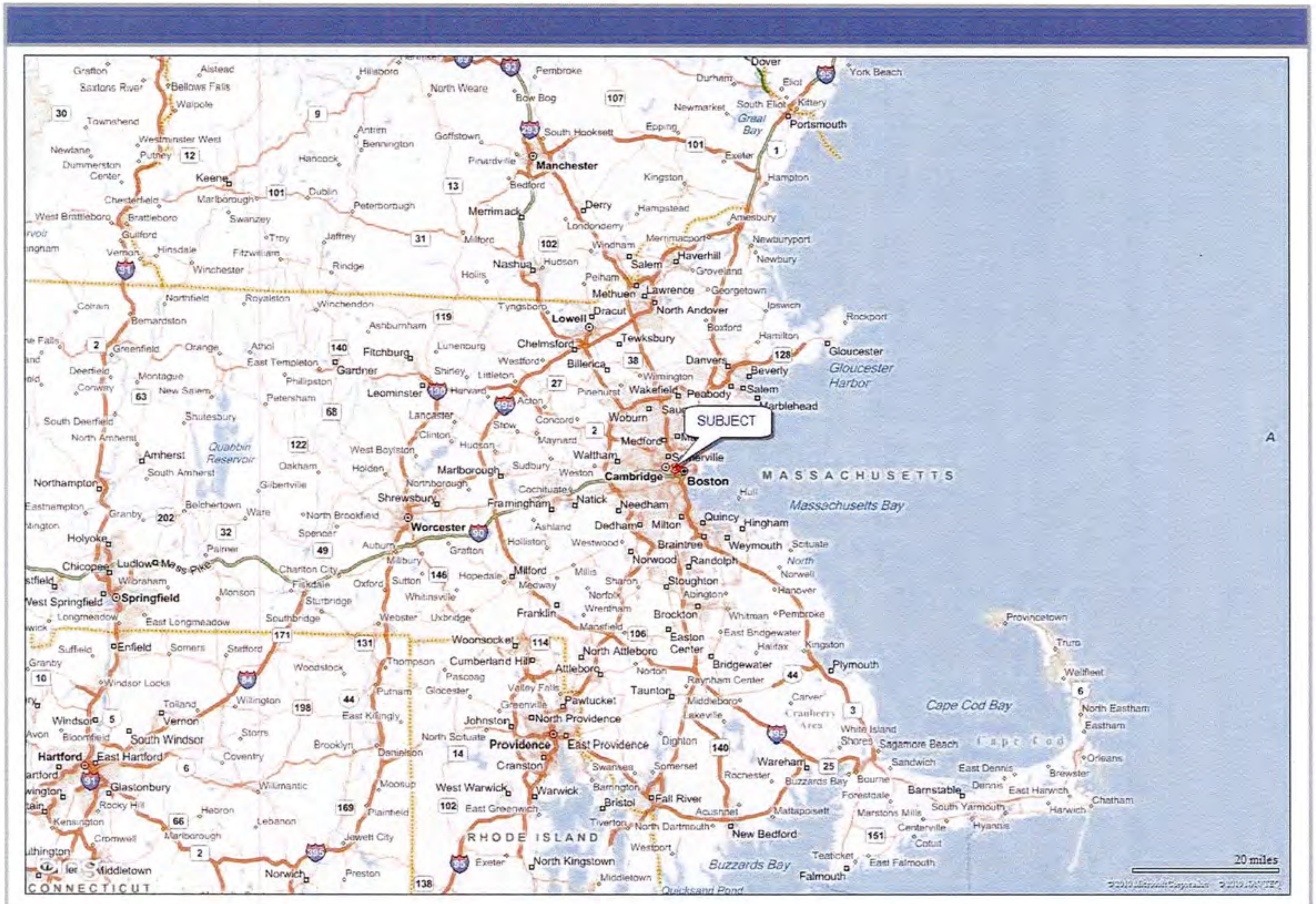
OPERATIONAL ASSUMPTIONS

For the purposes of this report, we assumed that the subject will be operated as a full service, chain-affiliated hotel with a supporting reservation system. We further assumed that the subject will be operated by competent and experienced management familiar with the operation of full service hotels in the United States, and more specifically, Boston, Massachusetts. For the purpose of this appraisal, we assumed that the subject property remains operated by Starwood Hotels & Resorts and operated as a W Hotel (which is a hotel brand of Starwood), under the terms of the current management agreement.

PROPERTY RIGHTS APPRAISED

Fee Simple Estate of the Condominium Interest, including the contributory value of the furniture, fixtures and equipment. The appraisers assume that the hotel will be, and shall remain, open and operational.

REGIONAL MAP

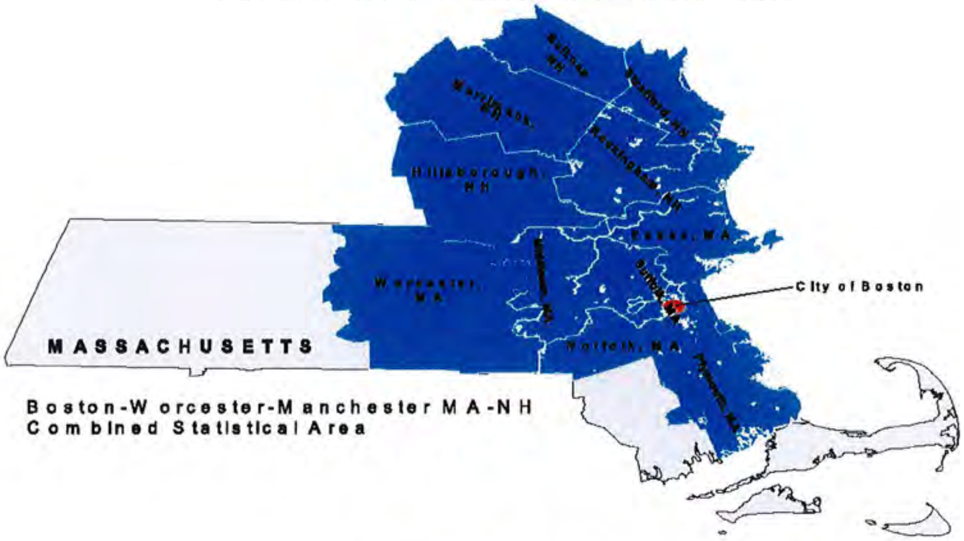


REGIONAL ANALYSIS

MARKET DEFINITION

The Boston CSA is composed of six counties in eastern Massachusetts (Suffolk, Middlesex, Norfolk, Essex, Plymouth, and Worcester) and five counties in southern New Hampshire (Hillsborough, Rockingham, Merrimack, Belknap, and Strafford). The area is home to 5.8 million residents and is anchored by the City of Boston, the capital of the Commonwealth of Massachusetts and the seat of Suffolk County.

BOSTON-WORCESTER-MANCHESTER, MA-NH
COMBINED STATISTICAL AREA (BOSTON CSA)



Source: Claritas, Inc.

DEMOGRAPHIC TRENDS

DEMOGRAPHIC CHARACTERISTICS

Boston's median age of 38.6 years is nearly two years higher than the U.S. median age of 36.8 years. Boston's population is extremely well-educated with 36.5 percent of Bostonians having attained a Bachelor's degree or higher. This share is considerably higher than the U.S. (24.7 percent) average. Similarly, the 45.5 percent share of households with annual incomes above $75,000 easily exceeds the U.S. average.

The following chart presents the demographic characteristics of the Boston MSA as compared to those of the United States as a whole:

Demographic Characteristics Boston MSA vs. United States 2009 Estimates		
Characteristic	**Boston MSA**	**U.S.**
Median Age (years)	38.6	36.8
Average Annual Household Income	$90,843	$69,376
Median Annual Household Income	$68,820	$51,433
Households by Annual Income Level:		
<$25,000	17.4%	22.9%
$25,000 to $49,999	19.1%	26.0%
$50,000 to $74,999	18.0%	19.6%
$75,000 to $99,999	14..2%	12.3%
$100,000 plus	31.3%	19.3%
Education Breakdown:		
< High School	13.6%	19.4%
High School Graduate	26.0%	28.3%
College < Bachelor Degree	23.9%	27.7%
Bachelor Degree	21.4%	15.8%
Advanced Degree	15.1%	8.9%

Source: Claritas, Inc., Cushman & Wakefield Valuation Services

Boston's income distribution shows a higher percentage of households earning more than $75,000 than the U.S. (35.5 percent as compared to 31.6 percent).

Further considerations are as follows:

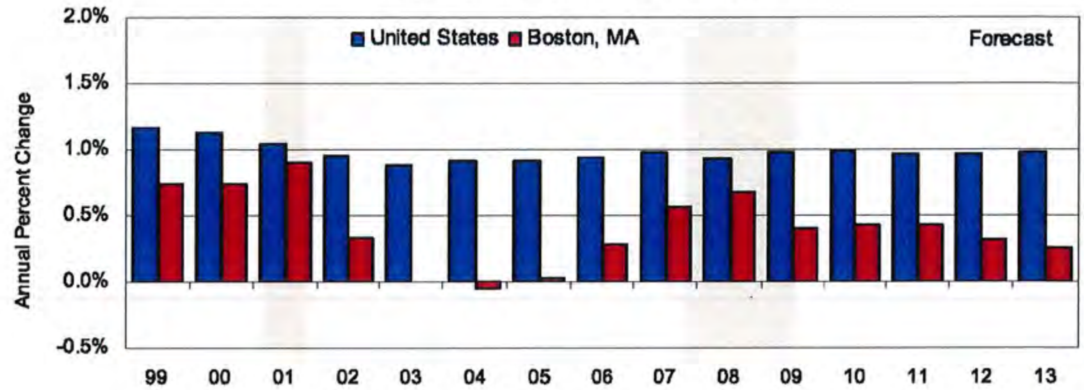
- In 2009, Boston's median household income is $68,820, 33.8 percent higher than the national average of $50,170.
- Between 1999 and 2008, Boston's 3.2 percent average annual growth in median household income exceeded the national average of 2.9 percent.
- Through 2013, Boston's household median income growth rate is expected to drop to 2.0 percent annually, 40 basis points behind the U.S.' projected annual growth rate.

POPULATION

The Boston CSA's population growth rates have historically lagged behind national averages. That being said, the City of Boston, thanks to its numerous leading educational institutions and tremendous cosmopolitan reputation, is able to attract and retain significant numbers of young professionals despite the high cost of living in the area.

The following chart details the fluctuations in population growth within the Boston CSA and the U.S.:

POPULATION GROWTH BY YEAR
Boston CSA vs. United States, 1999-2013



Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield, Valuation & Advisory Services
Note: Shaded bars indicate periods of recession

Further considerations are as follows:

- The Boston CSA, with a current population of 4.54 million, grew at an average annual rate of 0.4 percent over the ten year period between 1999 and 2008, while the population of the U.S. grew at a more rapid average of 1.0 percent per year.
- Boston's population growth rates are expected to stay the same at 0.4 percent annually over the next five years through 2013, in comparison to the national average of 1.0 percent for the U.S.
- Among the region's counties, the highest population growth has occurred in Suffolk County, centered on the City of Boston, and Worcester County, to the west of Boston.

The following chart details the annualized population growth within the Boston CSA over the next five years:

Annualized Population Growth by County
Boston MSA
1999-2013

Population (000's)	1999	2009	2013 Forecast	Annual Growth 99-08	Annual Growth 09-13
United States	279,437.3	307,420.2	319,539.4	1.0%	1.0%
Boston MSA	**4,369.7**	**4,541.1**	**4,605.9**	**0.4%**	**0.4%**
Middlesex County	1,459.8	1,488.0	1,507.9	0.2%	0.3%
Worcester County	744.6	786.6	796.0	0.6%	0.3%
Essex County	718.6	739.1	748.3	0.3%	0.3%
Suffolk County	689.1	736.9	753.0	0.7%	0.5%
Other Counties	757.6	790.5	800.8	0.4%	0.1%

Source: Data Courtesy of Moody's Economy.com, Cushman & Wakefield Valuation Services

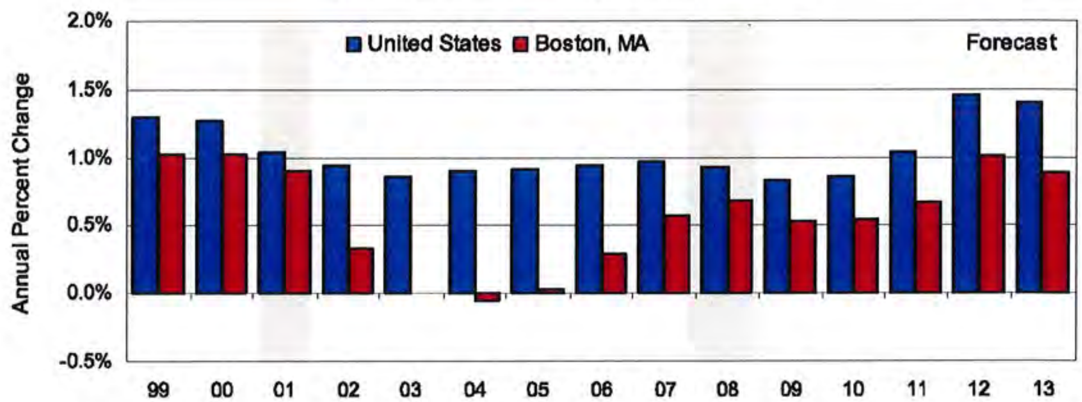
Boston CSA's most affluent areas are located primarily west of the City in the western part of Suffolk County and in Middlesex County, and include the affluent neighborhoods of Chestnut Hill, Lexington, Brookline and Wellesley. Downtown Boston is also home to some of the region's most affluent neighborhoods, in particular the area around Beacon Hill and the Boston Common.

HOUSEHOLDS

Over the past decade, household formation in Boston roughly coincided with overall population growth rates (0.5 percent to 0.4 percent), while lagging behind national household growth rates of 1.0 percent over this time period. Through 2013, Boston's household formation growth rate will exceed its population growth rate, 0.7 percent to 0.4 percent annually, while still lagging behind the national household growth rate of 1.1 percent annually. There are several outside sociological factors that the trend of increasing household formation versus lower population growth rates can be traced to, such as: longer life expectancies, increasing divorce rates, and young professionals postponing marriage.

The following graph details the fluctuations in household formation in the Boston CSA and the United States:

HOUSEHOLD FORMATION BY YEAR
Boston CSA vs. United States, 1999-2013



Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield Valuation Services
Note: Shaded bars indicate periods of recession

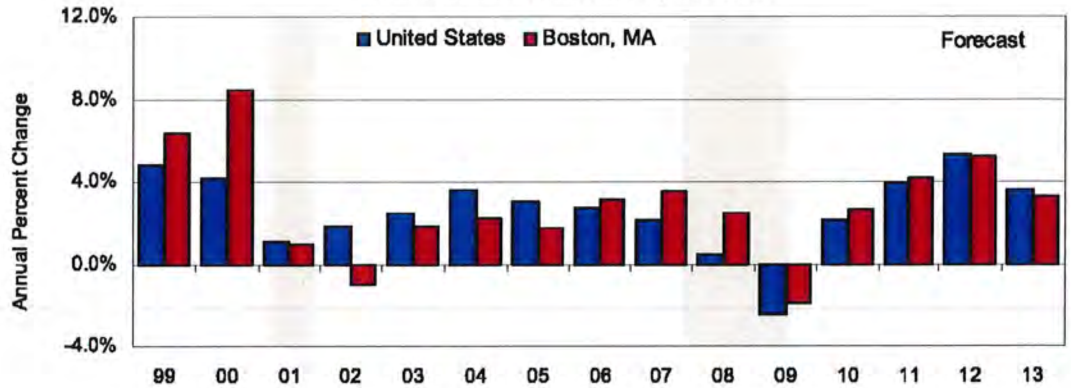
ECONOMIC TRENDS

GROSS METRO PRODUCT

Following six consecutive years of positive gains, growth in Boston's Gross Metro Product (GMP) has slowed considerably. In 2007, the GMP grew by 2.5 percent, 50 basis points ahead of the national average. In 2008, however, as the country began to slip into recession, Boston's GMP grew by only 1.0 percent, 10 basis points behind the national average. In 2009, with the country in the full grips of recession, Boston's GMP decline by 1.9 percent, however, this is 50 basis points ahead of the national average.

The following graph details the fluctuations in real gross product within the Boston CSA as compared to United States:

REAL GROSS PRODUCT BY YEAR
Boston CSA vs. United States, 1999-2013



Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield, Valuation & Advisory Services
Note: Shaded bars indicate periods of recession

Further considerations are as follows:

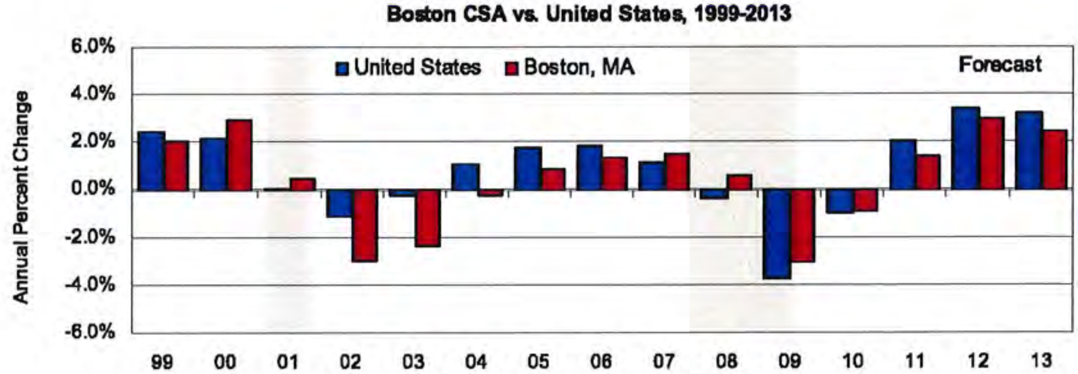
- From 1999 to 2008, Boston's GMP grew at an average annual rate of 2.9 percent, 30 basis points ahead of the national average.
- Boston's annual GMP growth rate over the next five years is predicted to decline to 2.7 percent annually, 20 basis points behind the national average.

EMPLOYMENT GROWTH

Every major employment sector in the Boston CSA save Education and Health Services saw their job growth rates decline in 2009. Some sectors such as Construction (-15.8 percent) and Manufacturing (-5.7 percent) are expected to continue a long decline. Others, such as Information (-3.7 percent) are predicted to achieve positive growth in 2010.

The following graph compares total non-farm employment growth per year for the Boston CSA and the United States:

TOTAL EMPLOYMENT GROWTH BY YEAR
Boston CSA vs. United States, 1999-2013



Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield, Valuation & Advisory Services
Note: Shaded bars indicate periods of recession

Further considerations are as follows:

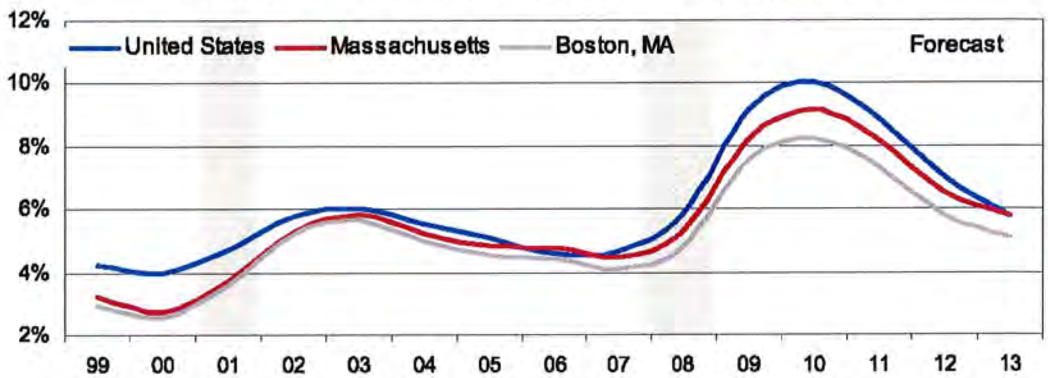
- Even within the traditional powerhouse of Education and Health Services, future improvements are based on predictions of the national economy turning around in the second half of 2010. A prolonged recession would therefore result in continuing employment reductions, particularly at many of the area's colleges and universities.
- Harvard University, for example, has seen its endowment decline by billions since July 2008, and has frozen faculty and non-union salaries, offered early retirement to some 1,600 workers, and delayed its planned expansion (though its endowment is still worth nearly $28 billion).
- Governor Deval Patrick has pursued various initiatives to promote the growth of clean energy industries within the Boston CSA. Specifically, he has cited the solar industry, which has more than doubled the number of jobs it has and quadrupled the number of offices it has within Massachusetts since he became governor.

UNEMPLOYMENT

The Massachusetts Department of Labor reports the unemployment rate for the Boston-Cambridge-Quincy, MA-NH MSA for November 2009 stood at 7.7 percent, a decrease of 1.1 percentage points from the September 2009 figure, and a 2.4 percent increase over September 2008. The overall unemployment rate for the Commonwealth of Massachusetts stood at 8.3 percent for September 2009.

The following graph compares historical and projected unemployment levels for the Boston CSA and the U.S. as a whole:

UNEMPLOYMENT RATE BY YEAR
Boston CSA vs. Massachusetts vs. United States, 1999-2013



Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield Valuation Services
Note: Shaded bars indicate periods of recession

Further considerations are as follows:

- The Boston CSA reached its lowest jobless rate of the last ten years in 2000, with an unemployment rate of 2.57 percent. From that point, the unemployment rate continued to rise annually during the 2001 recession, peaking at 5.64 percent in 2003 (below the United States average of 5.99 percent). The next few years saw Boston's unemployment rate begin to decrease as the economy began to improve, peaking at 4.10 percent in 2007. Since then, Boston's unemployment rates have continued to increase, particularly between 2008 and 2009 as the economy slipped into recession.

- Over the next five years, Boston's unemployment rate is forecast to increase significantly, trending over 8.25 percent (but below both state and national levels), before finally declining at the conclusion of 2010. This predicted decline, however, is based on the national economy recovering from the recession by this point; a prolonged recession would most likely cause unemployment rates to continue to increase.

CONCLUSION

The cost of doing business and cost of living in Boston are among the highest in the nation and are a constraint on long-term economic and population growth. The recession-related decline of the Education and Health Services employment sector is worrying, as it is the Boston CSA's largest employment sector and a backbone of the regional economy. Through the encouragement of the State government, the area is trying to diversify its economy through the clean energy industry.

In spite of the recession, the Boston CSA still has its share of strengths, from one of the most talented and educated workforces in the country, to the City of Boston's desirable living environment and cosmopolitan reputation attracting and retaining talented young professionals. The recession is having a negative effect on Boston, but these strengths are hoped to prevent the region from experiencing the worst while ensuring a quick turnaround.

LOCAL AREA MAP

CUSHMAN & WAKEFIELD.

LOCAL AREA ANALYSIS

The subject property is located on the south side of Stuart Street, the north side of Seaver Place, east side of Warrenton Street, and the west side of Tremont Street in the Theater District of downtown Boston. The Theater District contains Boston's playhouses and similar venues. The specific location of the Theatre District is adjacent to the Boston Common and between the Back Bay and Financial District neighborhoods of Boston. The subject neighborhood is within a very short walk of several retail establishments and office buildings. The Financial District, with its large concentration of office buildings, is approximately 8 - 10 blocks northeast of the subject. The Back Bay, a popular residential and commercial district, is located 6 – 8 blocks southwest of the subject. The Back Bay contains Boston's two largest office buildings, several parks, high-end restaurants, Hynes Memorial Veterans Convention Center, boutique retailers, luxury hotels, and upscale residences. The Back Bay is considered Boston's 24-hour district. Boston's Chinatown neighborhood is adjacent to the south. Other Boston landmarks in close proximity to the subject neighborhood include: Tufts Medical Center, Emerson College, Wang Center for the Performing Arts, Charles Playhouse, Mass Pike (I-90), South Station, and Copley Square.

Over the past ten years, the subject's neighborhood has been revitalized. This includes several residential developments that have increased the desirability of the subject's neighborhood. Still, in regards to a location for a hotel, the subject's neighborhood remains a second tier destination as compared to the Back Bay or Financial District. Besides the playhouses, the subject's location does not have a large concentration of office buildings or tourist attractions. As it is a second tier location, most of the hotels in the Theater District achieve lower ADR's than hotels in the Back Bay or Financial District.

SPECIAL HAZARDS OR ADVERSE INFLUENCES

There are no noted adverse influences or other potential negative influences affecting the subject. The local area is intensely developed and the subject will be consistent with other surrounding activities and uses.

DEMAND GENERATORS

LEISURE

The City of Boston has several leisure demand generators such as the TD BankNorth Garden, Museum of Science, Charles River, Faneuil Hall, North End, Boston Common, Boston Harbor, Freedom Trail, Fenway Park, Charles River, Promenade, and the New England Aquarium. All are within a short distance via walking, public transportation, or cab from the subject. Just across the Charles River is Cambridge, MA. Cambridge also has several leisure demand generators including MIT, Harvard, Cambridge Square, several public parks, museums, and the CambridgeSide Galleria Mall. Downtown Boston and Cambridge are major leisure destinations for domestic and international travelers.

CONVENTION

The subject's neighborhood is located outside the primary market area of Boston's two convention centers: the Hynes Convention Center and Boston Convention and Exhibition Center. Thus, hotels in the subject's market area receive secondary convention demand during peak times.

AIRPORT

The subject is approximately 3.0 miles from Logan International Airport. As there are several hotels at the airport, the subject's market area mostly receives airline demand during peak times when there is inclement weather. In 2008 and 2009, passenger activity at Logan International Airport was down similar to national trends. International airline carriers at Logan will use Downtown Boston and Cambridge hotels.

OFFICE MARKET

Large users of commercial space typically provide nightly room demand. The subject's immediate location is between two major office submarkets being the Financial District and Back Bay of Boston. The Financial District contains Boston's largest concentration of office buildings with approximately 33.1 million square feet of office space within 167 buildings. The Back Bay office submarket contains a total of 13.0 million square feet of office space within 64 buildings.

OTHER DEMAND GENERATORS

Other demand generators in the subject's area include several hospitals and universities. Massachusetts General Hospital (MGH) is a major economic and lodging demand driver for the City of Boston. Harvard, MIT, Suffolk, Emerson, Northeastern, Boston University, Tufts, and several other institutional entities additionally provide substantial lodging demand. In fact, several universities in Boston and Cambridge use hotel rooms as dormitories.

Located only a few blocks from the subject is Tufts Medical Center. Tufts Medical Center is an academic medical institution and is home to two full-service hospitals: one serving adults and another dedicated exclusively to all levels of pediatric care. The Medical Center is also the principal teaching hospital for Tufts University School of Medicine. The Medical Center currently has 451 licensed beds. The hospital is a solid and stable source of lodging demand in the subject's immediate Theater District neighborhood.

Boston is home to several professional sport teams including the Bruins, Celtics, and Red Sox. All three sports teams are extremely popular regionally. These sports teams generate substantial amounts of room demand. In the recent past, all three teams have been successful including the Red Sox and Celtics winning championships. The success of the teams has increased sports based lodging demand for the City over the past several years. Visiting sports teams also provide room demand. The subject is located relatively close to the TD BankNorth Garden (Celtics and Bruins) and Fenway Park (Red Sox). The TD BankNorth Garden is also used for large concerts and various entertainment events.

In the recent past, the City of Boston has been a popular destination for filming movies. The State of Massachusetts is providing substantial tax credits to attract film crews. The tax credit program has been successful to date. Most market participants have noted that movie actors typically stay in luxury accommodations in the City, while movie crews often stay in more affordable accommodations in Cambridge or the suburbs.

CONCLUSION

Overall, the subject's area is densely developed and there are high barriers to entry. Thus, the likelihood of new construction, given the current weak economy in the near term is slim. With over 13.0 million square feet of office space in the Back Bay submarket and approximately 33.1 million square feet in the Financial District, commercial lodging demand is ample. This also benefits the subject in regards to food and beverage opportunities as well as demand for meeting space from nearby companies and law firms. We should note the subject is in proximity to multiple tourist destinations in Cambridge and Boston. Also important to the subject, is its proximity to hospitals and universities. Specifically, Tufts Medical Center is located in the subject's Theater District neighborhood.

As noted previously, the subject's immediate location is peripheral to the large office submarkets and tourist attractions. Thus, the hotels in the subject's immediate area tend to attract the cost conscious traveler wanting to be in Boston, but stay outside core locations such as the Back Bay or Financial District.

CONCLUSION

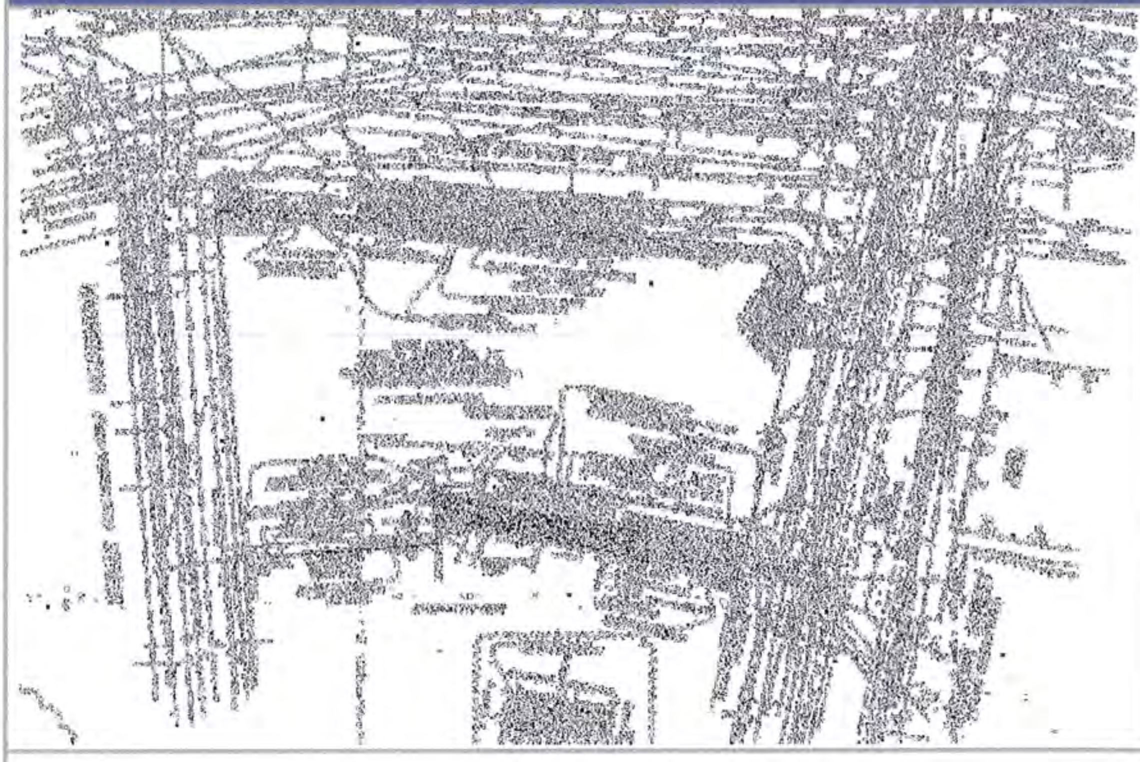
The subject benefits from its City of Boston location near a large number of lodging demand generators including employment centers, tourist attractions, hospitals, and colleges. Access is considered good. Thus, the subject is near several demand generators that support a full service hotel.

SITE DESCRIPTION

Location:	100 Stuart Street Boston, Suffolk County, Massachusetts 02116 The subject property is located on the south side of Stuart Street, the north side of Seaver Place, east side of Warrenton Street, and the west side of Tremont Street in the Theater District of downtown Boston.
Shape:	Irregularly shaped
Topography:	Level at street grade
Land Area:	0.60 acres / 26,135 square feet
Frontage:	The subject property has good frontage on Stuart Street, Seaver Place, Warrenton Street, and Tremont Street.
Access:	The subject property has good access.
Visibility:	The subject property has good visibility.
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support the existing structure. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Utilities:	All utilities are available.
Site Improvements:	The site improvements include curbing, signage, yard lighting, and drainage.
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Flood Zone:	The subject property is located in flood zone X.
FEMA Map & Date:	25025C 0077G, dated September 25, 2009
Wetlands:	We were not given a Wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.

Overall Site Utility:	The subject site is functional for its current use.
Location Rating:	Good

ALTA SURVEY



IMPROVEMENTS DESCRIPTION

The subject improvements consist of a new luxury mixed-use development comprised of a 237-room hotel and 123 residential condominium units branded with Starwood's W flag. In addition to hotel and residential condominium units, the property offers multiple food and beverage outlets, a spa (projected to be open for business in August of 2010), an array of business and recreational amenities, and back-of-the-house facilities.

The improvements are housed in one vertical structure with 26 stories. The hotel and commercial space (spa, retail store, restaurant, and lounge) occupy floors 1 through 13 and opened for business in October of 2009. Floors 14 through 26 include the residential condominium units. The subject's design is new and modern. Overall, the hotel is in excellent condition and appears to meet current W brand standards.

GUESTROOMS

The following table summarizes the subject property's guestroom facilities, based on representation by the current management.

Guestroom Breakdown

Room Type	Unit Count
Standard King	126
Standard Double Queen	85
Standard Suite	20
Wow Suite	3
E-Wow Suite	1
Total	**235**

Each of the guestrooms feature amenities consistent with W brand standards, including: one king or two queen "Heavenly Beds" beds, 37-inch flat screen remote control televisions (wall mounted), DVD / CD player, chaise lounge / day bed sofa, work desk with ergonomic chairs, nightstands, floor lamps, armoire, in-room safes, iron and ironing board, radio/CD player/alarm clock, I-Pod docking stations, cordless telephones, wireless Internet access, goose down comforters, 350-thread count sheets, complimentary cotton bathrobes, Bliss bath products, extensive CD library, and coffeemaker with W's own blend of coffee.

Standard guestrooms measure approximately 375 square feet. Suites are considerably larger and include additional soft and case goods and living areas.

Guestroom drapes, mattresses and bedspreads, carpeting and case goods were all in excellent overall condition. The overall quality and condition of the guestrooms is excellent.

FOOD AND BEVERAGE OUTLETS

The subject has several beverage outlets all of which are located on the first floor.

- Market by Jean-Georges – This outlet offers three-meal service, catering, and in-room dining services. The restaurant occupies approximately 2,501 square feet of space and offers a seating capacity for 110 people. The restaurant is managed by Culinary Concepts (owned by Starwood Hotels & Resorts).
- Living Room – Lobby lounge located on the first floor. This outlet opens for lunch and closes at 2:00 am. The lounge is a popular locally and attracts ample non-hotel guests.

At the time of our inspection, the subject's food and beverage outlets were in excellent overall condition.

The seating capacity and square footage of each outlet is presented in the following table.

Food & Beverage Outlets		
Outlet	**Size (SF)**	**Number of Seats**
Main Dining Room	2,501	110
Living Room	1,923	40

At the time of our inspection, the subject's food and beverage outlets were in excellent overall condition.

We should note that there are plans for a basement entertainment venue that if constructed, would generate primarily beverage revenues. However at this time, the space is unfinished and ownership can not obtain an occupancy permit from the Fire Marshall. For this analysis, we have not included any revenues from this space as it does not have an occupancy permit and the market would not treat the potential source as a definite income source.

MEETING AND BANQUET SPACE

The subject property contains approximately 4,097 square feet of meeting and function space. At the time of our inspection, the subject's meeting and banquet space was in excellent overall condition.

Meeting Space	
Room	**Size (SF)**
Great Room	1,900
Studio 1	360
Studio 2	396
Studio 3	567
Studio 4	437
Studio 5	437
Pre-Function Space	2,500
Total	**4,097**
Total with Pre-Function	**6,597**

BLISS SPA

The hotel spa is under a management agreement with Bliss World, LLC. Per the last management agreement amendment, the spa was supposed to be open for business on February 26, 2010. However, this did not occur and the spa was partially constructed as of our inspection date. It was reported to us that it will take $1.9 million to finish the spa and it would be operational as of August 1, 2010. This appraisal assumes the spa will be open for business as of August 1, 2010.

The spa will contain 5,672 square feet, of which 4,613 square feet will be located on the second floor of the subject. The remainder, 1,059 square feet, will be located on the first floor and be used as a reception and retail shop. The spa will contain a total of 12 treatment rooms.

Spa Facilities

Treatment Rooms	Size (SF)
Treatment Rooms	7
Body Treatment Room	1
Nail Station	4
Total Number of Rooms	**12**
Total Square Feet	**5,672**

OTHER

- Retail shop
- Fitness center -1,100 square feet
- Business center

HISTORICAL & PLANNED CAPITAL EXPENDITURES

Historical Capital Expenditures

Per the fourth amendment of the current management agreement with Starwood Hotels and Resorts, the cost to construct the hotel as of September 2009 was $111,539,000 or $474,634 per guestroom. Of this amount, $5.7 million was attributed to the land (hotel portion). In another provided document dated March 31st, 2010, the cost to construct the hotel portion of the entire development was $110,588,000 or $470,587 per guestroom. We were provided no other information of costs attributed to the hotel except that an additional $1.9 million is necessary to complete the spa.

Planned Capital Expenditures

We are unaware of any planned capital expenditures impacting the subject hotel at this time beyond the $1.9 million needed to finish the spa. We have not considered the costs to construct the basement entertainment space as the Fire Marshall will not provide an occupancy permit.

Conclusion

Overall, the subject property's condition is considered to be: Excellent. In order to ensure that the subject property is maintained in a competitive position throughout the holding period, we deducted a reserve for replacement in accordance with the management agreement. The agreement stipulates that the subject property will maintain an annual 5.0 percent reserve for replacement of gross revenue beginning in year four (not including parking revenues). Prior to year four the reserve requirement is as follows:

Year 1: 2.0 percent

Year 2: 3.0 percent

Year 3: 4.0 percent

We believe the scheduled reserve requirement is market oriented for a new hotel and have included it in our analysis. Additionally, the reserve should be adequate to fund all future capital expenditures.

CONSTRUCTION DETAIL - HOTEL	
Year Built:	2009
Gross Building Area:	±191,286 square feet
Number of Stories:	26
Structural Frame:	Steel and masonry
Foundation:	Reinforced concrete slab
Floors:	Concrete poured over a metal deck
Exterior Walls:	Glass curtainwall
Roof:	Flat with parapet walls
Windows:	Thermal double pane windows in aluminum frames
Doors:	Glass, wood, and metal.
MECHANICAL DETAIL	
Heating and Cooling:	All areas of the complex are heated and cooled with a four-pipe system. Chillers are located in the basement while the roof contains a cooling tower. A generator supplies emergency power to select equipment and all life safety systems. Domestic hot water is provided by steam.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. The plumbing system is typical of other properties in the area with a combination of PVC, steel, copper and cast iron piping throughout the building.
Electrical Service:	Electrical service is provided by public utility and is assumed to be adequate.
Emergency Power:	The building has a back-up generator for life safety systems
Elevator Service:	The building contains 5 passenger elevators, and 3 freight elevators.
Fire Protection:	100 percent sprinklered
Security:	Exterior monitors
INTERIOR DETAIL	
Layout:	Functionally efficient guestrooms and public areas.
Floor Covering:	Carpet, tile, stone, and wood

Walls:	Typically vinyl wall covering with areas of painted drywall
Ceilings:	Painted drywall, acoustic tiles
Lighting:	Fluorescent and incandescent
Restrooms:	The property features adequate public restrooms for men and women. Typically, guestroom bathrooms have a three-fixture configuration and offer tub/shower, sink, and toilet. Walls in the tub/shower and floors are ceramic tiled. The counter tops are granite.
American with Disabilities Act	The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, we have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Because we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in developing an opinion of the value of the property.

SITE IMPROVEMENTS

Parking Capacity:	142 spaces for the entire development including the residential condominiums. However, 51 spaces are dedicated to the hotel per the management agreement.
Parking Description:	Garage
Onsite Landscaping:	The site is not landscaped
Other:	The site improvements include curbing, signage, yard lighting, and drainage.

SUMMARY

Condition:	Excellent
Quality:	Excellent
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is excellent, when measured against other properties in this marketplace.

Roof & Mechanical Inspections:	We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
Actual Age:	1 year
Effective Age:	1 year
Expected Economic Life:	50 years
Remaining Economic Life:	49 years

REAL PROPERTY TAXES AND ASSESSMENTS

CURRENT PROPERTY TAXES

The subject property is located in the taxing jurisdiction of the City of Boston. The assessor's parcel identification number is 05000075020. Reassessments take place every calendar year and the tax rate is also changed annually. Reassessments are as of January 1st, while the tax rate changes fiscally on July 1st.

The assessment and taxes for the property are presented in the following chart. Please note the assessment includes all three condominium units including the hotel (includes the food and beverage outlets and spa), residences, and garage. The hotel is identified as "condominium unit 1" in legal documents. Additionally, the below assessment is for a partially constructed improvement. The property will not be reassessed until January 1, 2011. Therefore, real estate taxes for the first fiscal year of our cash flow (June 1 – May 31) represent a partially and fully constructed improvement. Thus, the real estate tax burden in year one is significantly less than fiscal year two.

PROPERTY ASSESSMENT INFORMATION	
Assessor's Parcel Number:	05000075020
Assessing Authority:	City of Boston
Current Tax Year:	2010
Assessment Ratio (% of market Value):	100%
ASSESSMENT INFORMATION	
Assessed Value	**Totals**
Land:	$5,190,100
Improvements:	$21,364,800
Total:	$26,554,900
TAX LIABILITY	
Total Tax Rate	2.9380%
Total Property Taxes	**$780,183**
Number of Units	235
Property Taxes per Unit	$3,320
Building Area (SF)	191,286
Property Taxes per Square Foot	$4.08
Rooms	235
Real Property Taxes per Unit	$113,000

Compiled by Cushman & Wakefield of Massachusetts, Inc.

Total taxes for the property are $780,183 based on a partially constructed improvement. Please note there is no personal property assessment in calendar year 2010 due to the partially constructed assessed nature of the improvements. We have assumed the personal property of the hotel will be assessed as of January 1, 2011.

TAX BURDEN ESTIMATE

The following table is our estimate of the subject's (condominium unit 1) real estate tax burden for calendar year 2010, calendar year 2011, and fiscal year 2010 (based on valuation date) assuming a full assessment:

Estimated Hotel Taxes - Assuming Full Assessment		
Est. Assessment Per Room	$180,000	
No. of Rooms	235	
Total Real Property Taxes	$42,300,000	
Tax Rate	2.938	
Real Property Tax Burden Calendar Year 2010		**$1,242,774**
Est. Personal Property Assessment Per Room	$47,000	
No. of Rooms	235	
Total Replacement Cost:	$11,045,000	
Replacement Cost Depreciated:	$8,283,750	
Tax Rate	2.938	
Personal Property Tax Burden Calendar Year 2010		**$243,377**
Total Tax Burden 2010	**$1,486,151**	
Inflated Calendar Year 2011 (3.0%)	**$1,530,735**	
Fiscal Year Adjustment 2011/12	**$1,553,696**	

CONCLUSION

For year one of this analysis, we have used a blend of the current tax burden and project tax burden for calendar year 2011. The subject hotel comprises approximately 50.0 percent of the total project (including the residential and garage condominium units) gross square footage. Thus, our year one blended fiscal tax burden is as follows:

Six months of calendar year 2010:	$195,046 ($780,183 * 50% * 50% (hotel's portion of current tax burden))
Six months of calendar year 2011:	$765,368 ($1,530,735 * 50%)
Total Fiscal Year One:	$960,414
Fiscal Year Two:	$1,553,696 (see table above)

Based on historical trends, we have assumed taxes will increase 3.0 percent per annum over the projection period.

To further support our tax burden estimate, as stabilized the subject's percentage of real estate taxes to total revenues equals 5.1 percent. For the City of Boston, we find that the percentage of real estate taxes to total revenues generally ranges from 4.0 to 6.0 percent. Thus, our estimate of 5.1 percent as stabilized is reasonable.

ZONING

GENERAL INFORMATION

The property is zoned Midtown by the City of Boston. A summary of the subject's zoning is provided in the following table:

ZONING	
Municipality Governing Zoning:	City of Boston
Current Zoning:	Midtown
Zoning Overlays	Urban Renewal, Ground Water Conservation, & Restricted Parking
Planned Unit Development	Yes, PDA III
Current Use:	Hotel
Is current use permitted:	Yes

ZONING REQUIREMENTS	CODE	SUBJECT CONFORMANCE
Minimum Lot Area:	None	Conforming
Maximum Building Height:	155 - 300 feet or up to 465' if on a three acre or larger site. If over 155', 50% of the gross square footage over 155' must be something other than office or institutional use.	Non-Conforming
Maximum Floor Area Ratio (FAR):	10 - 14 times lot area	Pre-Existing, Non-Conforming
Required On-Site Parking:	Not required	Conforming

Compiled by Cushman & Wakefield of Massachusetts, Inc.

ZONING CONFORMANCE

Property value is affected by whether or not an existing or proposed improvement conforms to zoning regulations.

CONFORMING USES

An existing or proposed use that conforms to zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

PRE-EXISTING, NON-CONFORMING USES

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-conforming use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

NON-CONFORMING USES

A proposed non-conforming use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-conforming use, it is important to understand the local laws governing this use.

OTHER RESTRICTIONS

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by those qualified such as an attorney or title company can uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

ZONING CONCLUSIONS

We have analyzed the zoning requirements in relation to the subject property, and considered the conformance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property is a pre-existing, non-conforming use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

LODGING MARKET SUPPLY AND DEMAND ANALYSIS

SUPPLY ANALYSIS-EXISTING COMPETITIVE SUPPLY

The subject property is a 235-unit, full service hotel affiliated with W Hotels and located in Boston, Massachusetts. The property competes to varying degrees with numerous hotels in the area.

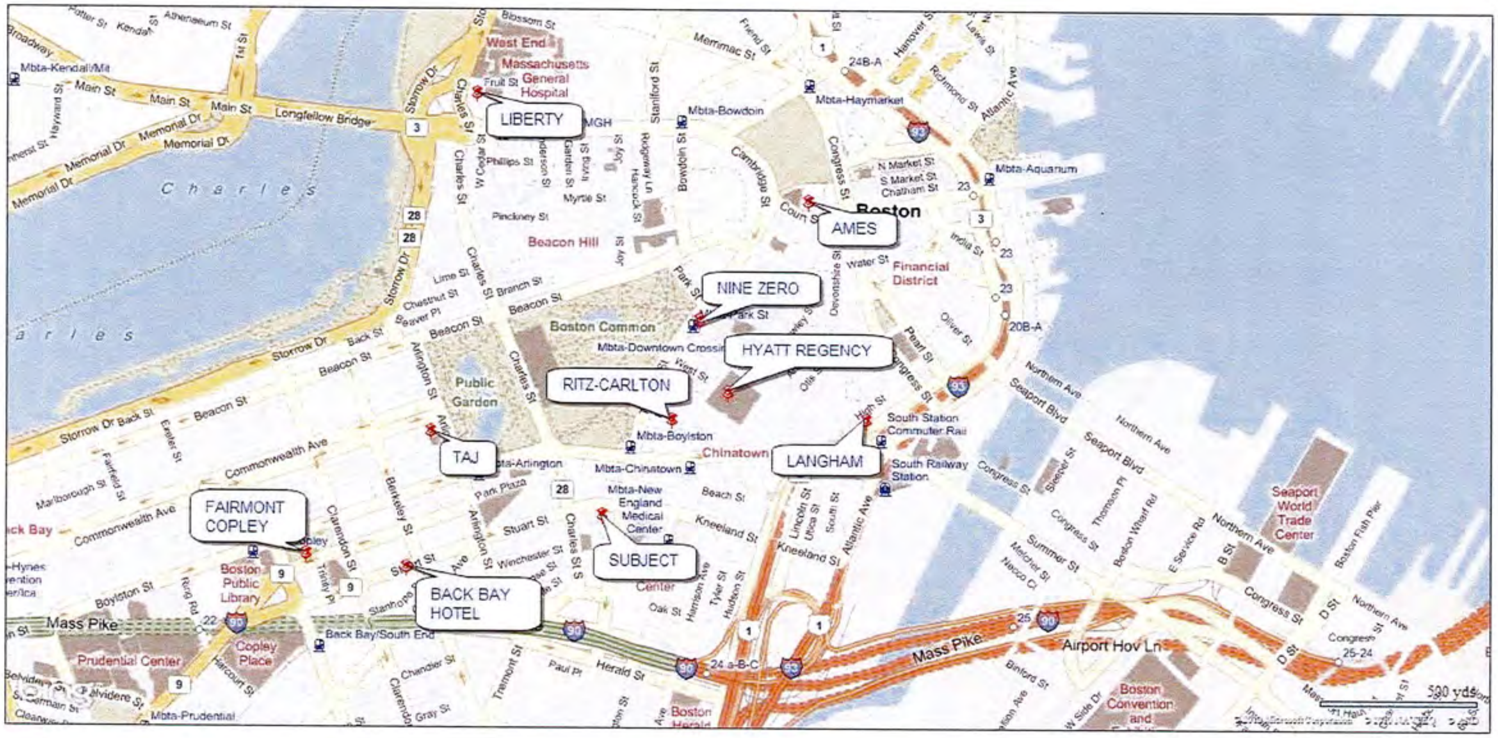
The Competitive Hotel Supply tables on the following pages outline relevant operating statistics for the subject property and its competitors. The Competitive Hotels Profile table illustrates the amenities for the competitive set, while the map depicts the location of the competitors in relation to the subject.

COMPETITIVE HOTEL SUPPLY

Property	Number of Rooms	Percentage Competitive	Competitive Rooms	Estimated 2008 Occupancy	Estimated 2008 Average Rate	Estimated 2008 Rev PAR	Estimated 2008 Occupancy Penetration	Estimated 2008 ADR Penetration	Estimated 2008 RevPAR Penetration	Estimated 2009 Occupancy	Estimated 2009 Average Rate	Estimated 2009 Rev PAR	Estimated 2009 Occupancy Penetration	Estimated 2009 ADR Penetration	Estimated 2009 RevPAR Penetration
Primary Competition															
W Hotel Boston	235	100.0%	235			*The Property Was Not Open*				31.3%	$209.66	$65.60	46.7%	99.6%	46.6%
The Liberty Hotel	298	100.0%	298	66%	251.00	165.66	91.3%	98.4%	89.8%	67%	222.00	148.74	100.1%	105.5%	105.6%
Langham Hotel	318	100.0%	318	66%	248.00	163.68	91.3%	97.2%	88.7%	59%	212.00	125.08	88.1%	100.7%	88.8%
Taj Boston	273	100.0%	273	64%	310.00	198.40	88.5%	121.5%	107.5%	52%	256.00	133.12	77.7%	121.6%	94.5%
Ritz-Carlton Boston Common	193	100.0%	193	70%	390.00	273.00	96.8%	152.8%	148.0%	63%	311.00	195.93	94.1%	147.8%	139.1%
Nine Zero	190	100.0%	190	76%	259.00	196.84	105.1%	101.5%	106.7%	74%	202.00	149.48	110.6%	96.0%	106.1%
The Back Bay Hotel	225	100.0%	225	82%	229.00	187.78	113.4%	89.7%	101.8%	70%	197.00	137.90	104.6%	93.6%	97.9%
Hyatt Regency Boston	498	100.0%	498	80%	200.00	160.00	110.6%	78.4%	86.7%	83%	161.00	133.63	124.0%	76.5%	94.9%
Fairmont Copley Plaza	383	100.0%	383	72%	258.00	185.76	99.6%	101.1%	100.7%	67%	220.00	147.40	100.1%	104.5%	104.6%
The Ames Hotel	114	100.0%	114			*The Property Was Not Open*				35%	215.00	75.25	52.3%	102.2%	53.4%
Overall Totals/Averages	**2,727**		**2,727**	**72.3%**	**$255.17**	**$184.50**	**100.0%**	**100.0%**	**100.0%**	**66.9%**	**$210.46**	**$140.87**	**100.0%**	**100.0%**	**100.0%**
Total Room Nights Occupied				627,596						600,090					
Percentage Change from Previous Year										-4.4%					

CUSHMAN & WAKEFIELD.

COMPETITION MAP



Smith Travel Research (STR), an independent research firm that is recognized by the lodging industry as the standard source of reliable data, provided operating statistics on the local market as a whole. In reviewing the data compiled by STR, it is important to note some of its limitations. We have found that because hotels are occasionally dropped in and out of STR samples, and not every property reports data in a consistent and timely manner, the overall quality of this information may be affected. These variables can sometimes skew the data for a particular market. However, we find that STR data is generally relied upon by typical hotel investors. Therefore, it has been considered in this study. The table shown below illustrates the combined operating statistics for the competitive set.

Market Supply, Demand, Occupancy, ADR and RevPAR

Year	Supply	% Change	Demand	% Change	Eq. Index	Occ %	% Change	ADR	% Change	RevPAR	% Change
2004	1,968	—	489,832	—	0.0%	68.2%	—	$209.82	—	$143.05	—
2005	2,080	5.7%	546,393	11.5%	5.9%	72.0%	5.6%	$217.05	3.4%	$156.21	9.2%
2006	2,080	0.0%	580,024	6.2%	6.2%	76.4%	6.2%	$244.10	12.5%	$186.49	19.4%
2007	2,180	4.8%	584,337	0.7%	-4.0%	73.5%	-3.9%	$265.40	8.7%	$194.94	4.5%
2008	2,378	9.1%	626,841	7.3%	-1.8%	72.2%	-1.7%	$256.73	-3.3%	$185.41	-4.9%
2009	2,456	3.3%	599,669	-4.3%	-7.6%	66.9%	-7.4%	$214.29	-16.5%	$143.33	-22.7%
Avg Annual % Change		4.5%		4.1%	-0.4%		-0.4%		0.4%		0.0%
YTD (4/30/2009)	2,378	—	153,462	—	0.0%	53.8%	—	$195.69	—	$105.24	—
YTD (4/30/2010)	2,727	14.7%	198,775	29.5%	14.9%	60.7%	13.0%	$197.91	1.1%	$120.22	14.2%

SOURCE: SMITH TRAVEL RESEARCH, INC.

From 2004 to 2007, RevPAR increased considerably as ADR had exceptional gains and room demand was positive. Supply remained fairly constant until the 298-room Liberty Hotel opened in late 2007. In 2008, as the Liberty began to penetrate the market, room demand increased by 7.3 percent. However, occupancy fell slightly as supply outpaced demand. Still, it appears the Liberty was able to satisfy latent room demand.

In 2008, RevPAR was negative 4.9 percent as during the fourth quarter room demand declined and hotel operators cut rates to entice users. Job losses in Boston and nearby Cambridge began to climb. The charts below show percentage change in supply, demand, occupancy, ADR, and RevPAR from the previous year. What is noticeable is that market fundamentals began to consistently decline beginning in July of 2008, but it was the fourth quarter where things fell significantly. For 2009, occupancy declines were sharp for the first four months, but generally mitigated thereafter except for November. However, ADR declines remained strong through out the year.

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08
Occ	-2.1	4.3	1.8	10.9	-4.1	-4.6	-3.4	-7.2	1.2	-4.1	-3.8	-8.0
ADR	5.5	4.0	0.9	6.6	1.4	9.3	-0.7	-2.1	-3.4	-14.5	-20.0	-10.1
RevPAR	3.3	8.5	2.7	18.2	-2.8	4.3	-4.1	-9.1	-2.3	-18.0	-23.0	-17.3
Supply	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	0.0	0.0	0.0	0.0
Demand	11.9	19.2	16.4	26.8	9.6	9.1	10.4	6.1	1.2	-4.1	-3.8	-8.0
Revenue	18.1	24.1	17.4	35.2	11.1	19.2	9.6	3.9	-2.3	-18.0	-23.0	-17.3

SOURCE: SMITH TRAVEL RESEARCH, INC.

	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09
Occ	-17.2	-22.7	-18.3	-17.3	3.1	-7.5	-2.5	-0.7	0.9	-0.5	-10.9	1.4
ADR	-9.7	-13.0	-13.3	-21.4	-15.3	-24.0	-16.3	-18.0	-22.6	-15.1	-13.6	-8.2
RevPAR	-25.2	-32.7	-29.1	-35.0	-12.7	-29.7	-18.4	-18.5	-21.9	-15.6	-23.0	-6.9
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.9	14.7	14.7
Demand	-17.2	-22.7	-18.3	-17.3	3.1	-7.5	-2.5	-0.7	0.9	9.3	2.2	16.3
Revenue	-25.2	-32.7	-29.1	-35.0	-12.7	-29.7	-18.4	-18.5	-21.9	-7.2	-11.7	6.7

SOURCE: SMITH TRAVEL RESEARCH, INC.

In 2009, RevPAR declined by 22.7 percent. As noted in the monthly ADR chart above, most of the 2009 decline in RevPAR was attributed to rate. Rates were reduced to entice users or add market share. One way hotels have attempted to grow market share is by reducing corporate contract rates. Most hotels report corporate contract rates are down 15% to 35% from two years ago. Room demand only fell by 4.3 percent in 2009; however supply additions caused occupancy to decline by 7.4 percent.

Below is a chart showing occupancy by day for the past three fiscal years.

Three Year Occupancy (%)	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
May 07 - Apr 08	59.4	74.6	79.5	80.5	76.6	70.2	76.5	73.9
May 08 - Apr 09	55.5	65.1	71.1	73.3	70.7	67.6	73.6	68.1
May 09 - Apr 10	56.3	65.6	71.5	72.8	69.8	68.7	76.3	68.7
Total 3 Yr	57.0	68.3	73.9	75.4	72.2	68.8	75.5	70.2
Year-Over-Year Change	1.43%	0.80%	0.58%	-0.60%	-1.23%	1.74%	3.70%	0.89%

SOURCE: SMITH TRAVEL RESEARCH, INC.

What stands out is the substantial drop in occupancy Sunday through Thursday over the past two fiscal years. This is when the majority of market demand is commercial or corporate. However, group or convention demand can also be prevalent during these days depending on convention activity. On Friday and Saturday, room demand fell slightly in fiscal year 2009 and rebounded in fiscal year 2010. This suggests the leisure market is relatively healthy. Thus, the recent decline in occupancy can be attributed to the commercial and meeting and group segments. This suggests the market won't improve until job growth is significant.

So far in 2010, room demand has increased by an astounding 29.5 percent. Average daily rate however only increased in April as noted in the table on the following page.

	Jan 10	Feb 10	Mar 10	Apr 10
Occ	17.2	1.2	14.6	17.1
ADR	-7.9	-4.6	-5.2	13.4
RevPAR	8.0	-3.4	8.6	32.8
Supply	14.7	14.7	14.7	14.7
Demand	34.4	16.1	31.4	34.3
Revenue	23.8	10.7	24.6	52.2

SOURCE: SMITH TRAVEL RESEARCH, INC.REPUBLICATION OR OTHER RE-USE OF THIS DATA WITHOUT THE EXPRESS WRITTEN PERMISSION OF STR IS STRICTLY PROHIBITED

PROPOSED HOTEL FACILITIES

Our fieldwork did not reveal any directly competitive properties which are either proposed or under construction. We have, however, implicitly included the possibility of new supply in our conclusion of a stabilized occupancy rate for the subject property.

While we have taken reasonable steps to determine the potential of new supply within the market, it is impossible to determine every property that will be developed in the future, or what their impact in the market will be. Depending on the outcome of future hotel development projects, the value of the subject property may be positively or negatively affected.

DEMAND ANALYSIS

Commercial demand arises from individuals who are conducting business and visiting various firms in the subject's market area. Commercial/corporate demand is strongest Monday through Thursday nights, declining significantly on Friday and Saturday, and increasing somewhat on Sunday. Commercial/corporate traveler's typical length of stay ranges from one to three days, and this demand is relatively constant throughout the year, although some declines are noticeable in late December and during other holiday periods.

Commercial travelers generally are not rate sensitive and represent a very desirable and lucrative market that provides a consistent level of demand at relatively high room rates. Commercial demand in the subject's market area is generated primarily by the wide variety of corporate tenants in the surrounding area.

The Downtown Boston office market remained strong as compared to peer national markets in 2009. However, job losses were prevalent in the financial sector causing overall vacancy to increase nearly 240 basis points (10.6 percent to 13.0 percent) year-over-year. Through the first three months of 2010, vacancy has continued to climb as net absorption has been negative. Most market participants note that vacancy should begin to stabilize in late 2010.

FIRST QUARTER 2010 DOWNTOWN OFFICE MARKET STATISTICS

[illegible]

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Source: Cushman and Wakefield of Massachusetts

The Boston office market is currently experiencing negative trends in market fundamentals. However, the market is expected to reach bottom in the second half of 2010. Thus, in 2011 and 2012, we project the office vacancy rate will decline.

Market participants we have interviewed have stated there has generally been a moderate increase in commercial room demand. This counters trends in the office market. Typically lodging fundamentals in Boston follow trends of the office market. However, it appears existing office users have expanded sales, marketing, and training efforts in anticipation of the next market cycle. This would also include the local hospitals in Boston. The increase in commercial demand is evident in the strong increase in room demand for the Boston market year-to-date. The subject's competitive set has especially experienced a strong increase in weekday room demand. In total, the market has experienced an increase of over 45,313 sold rooms year-over-year. The subject hotel and Ames hotel have accounted for approximately half of the increase in rooms sold.

Meeting and group demand includes groups who reserve blocks of rooms for meetings, seminars, trade association shows, and other similar gatherings of ten or more persons. Group meetings and convention demand is typically strongest during the spring and fall months, while the summer months represent the slowest period for this market segment, and the winter demand varies. Meeting and group travelers typically achieve an average length of stay of three to five days. Historically, most corporate groups met on weekdays and social groups used the weekend periods. However, in the recent past the corporate group booking trends changed to include some or all of the weekend. Many corporate groups use weekend meetings as a cost containment measure. This can result in lower airfares and hotel room rates, especially in non-resort markets.

Meeting and group demand is generally quite profitable for hotels and resorts. Although room rates are sometimes discounted for large groups, the hotel benefits from use of meeting space and the inclusion of in-house banquets and cocktail receptions. Facilities required to attract meetings and groups include meeting and banquet rooms with adequate number of guest rooms to house the attendees. Meeting and group demand in the subject's area is generated primarily by local businesses, large groups, SMERF (Social, Military, Education, Religious, and Fraternal) events, and the local convention and exhibition centers. Most of the meetings and conventions in the area are held at facilities in local hotels, the Boston Convention and Exhibition Center, and the Hynes Veterans Memorial Convention Center. Meeting and group demand within the Boston market has grown substantially as several new hotels and the relatively new Boston Convention and Exhibition Center have induced significant amounts of demand over the past several years.

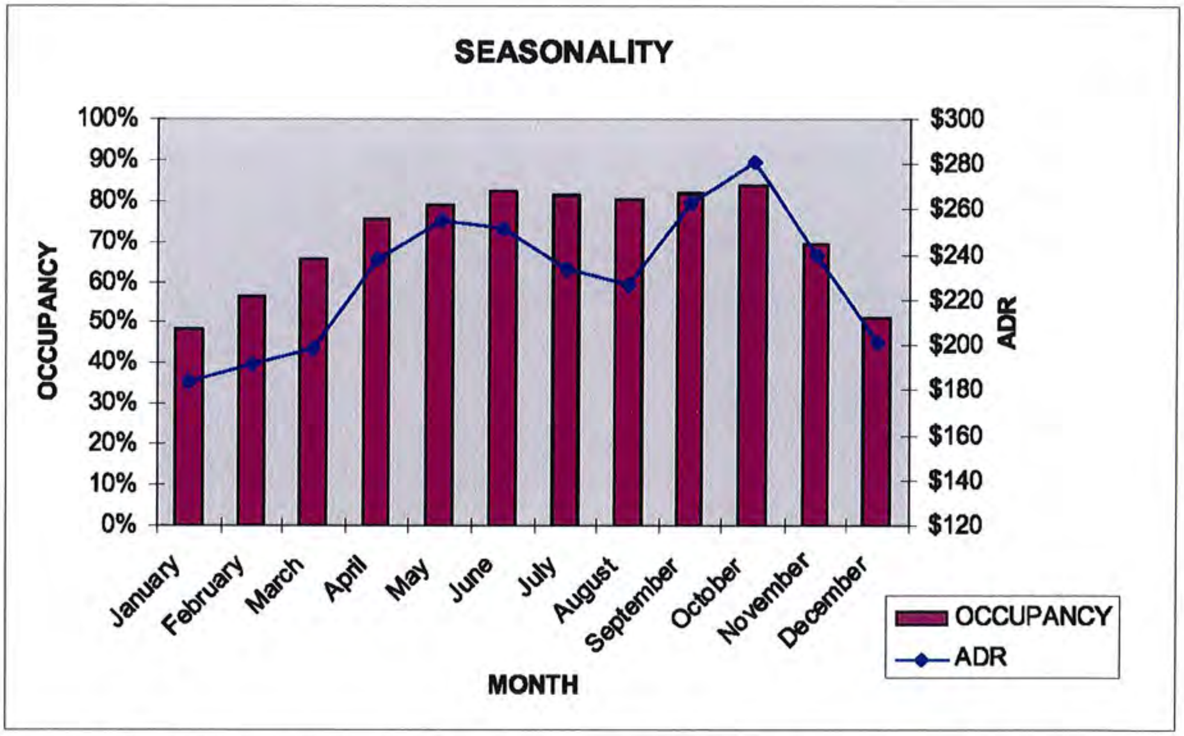
Additionally, an important source of group business comes from the nearby universities such as MIT, Boston University, Emerson, Northeastern, Suffolk, and Harvard. All of these universities have various schools that hold conferences and exhibitions. Also, most of the universities participate in Division I NCAA athletics. Athletic events generate room nights from travelling teams and fans. Business, hospitals, and government also provide substantial group and meeting demand.

The leisure demand segment consists of individual tourists and families visiting the attractions of a local market and/or passing through en route to other destinations. Leisure demand is strongest Friday and Saturday nights, holiday periods, and the summer months. These peak periods generally are negatively correlated with commercial and meeting and group demand. The spring and summer is also a prime period for weddings and other social activities.

Leisure travelers tend to be the most price-sensitive segment in the lodging market and typically demand extensive recreational facilities and amenities. Ease of highway access and proximity to vacation-related attractions are important hotel locational considerations. In the subject property's area, most leisure demand is generated by travelers visiting friends and relatives, or those who are taking advantage of the numerous recreational opportunities, and tourist attractions available in the Boston metropolitan area. These people may be traveling alone, or with families or tour groups.

SEASONALITY

For the subject's competitive set, occupancy peaks during the warmer months and through the fall. Rates however decline during the summer months indicating leisure travels are price sensitive. ADR peaks in October when many local corporations are conducting business and meetings. Also, the subject's area is a popular tourist destination in the third quarter due to the Fall foliage and university related events. Below is a chart showing seasonality trends for the subject and its competitive set since 2004:



SOURCE: SMITH TRAVEL RESEARCH, INC. REPUBLICATION OR OTHER RE-USE OF THIS DATA WITHOUT THE EXPRESS WRITTEN PERMISSION OF STR IS STRICTLY PROHIBITED

LATENT DEMAND

Because the local market demand estimate is based on hotel occupancies, it considers only those hotel rooms that were utilized by guests. Latent demand accounts for guests who could not be accommodated by the existing competitive supply for a variety of reasons. Latent demand can be divided into displaced demand and induced demand.

INDUCED DEMAND

Induced demand is additional demand created by the existence of a new demand generator or the addition to the competitive supply of new lodging properties which feature specialized facilities designed to cater to a particular segment and attract demand that previously did not exist in the area, or increase the attraction of that demand.

As the subject and Ames hotels have recently opened, both will continue to induce room demand over the next few years until stabilization. Thus far in 2010, both hotels have accounted for well over 20,000 additional room nights to the market. The subject in particular has a very strong brand identity with a rewards program, national marketing campaign, and on-line reservation system. We have included an estimate of induced room demand.

DISPLACED DEMAND

Displaced demand refers to individuals who are unable to secure accommodations in the market because all of the local hotels are full. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside of the market area. Because this demand did not yield occupied room nights, it is not included in the historical accommodated room night demand estimate.

Displaced demand is actually a form of excess demand, which results from the cyclical nature of the hotel business. For example, in commercial markets where demand is not equally spaced throughout the week, hotels often exhibit peaks and valleys in their daily occupancies. In general, commercial hotels enjoy strong occupancies Monday through Thursday, when business travel is most frequent, and significantly lower occupancies on Friday and Saturday. When hotels operating under these conditions realize annual occupancies of between 70 and 75 percent, or more, or when weekly demand patterns fill area hotels to capacity one or more nights per week, it can generally be assumed that excess weekday demand exists, and a certain amount of patronage must be turned away. If additional lodging facilities are expected to enter the market, it is reasonable to assume that this displaced demand will be accommodated, and thus an estimate of the amount of displaced demand should be made. Displaced demand is generally estimated as a percentage of accommodated demand.

Occupancy for the subject's competitive set has historically exceeded 75.0 percent seven months of the year and 80 percent from June through October. Thus, the competitive market displaced room demand during these peak months. Thus, we have included a conservative estimate of captured displaced room demand for both the subject and Ames hotels.

AREA-WIDE OCCUPANCY PROJECTION

The projection of area-wide occupancy is derived from the relationship between estimated future room night demand and future guestroom supply. Annual growth rates are applied to the estimated current year-end area-wide room night demand to arrive at a projection of area-wide annual lodging demand as set forth in the table on the following page. As mentioned previously, based on our analysis of the local market for transient accommodations for the current year, we have projected varying growth rates in each of the market demand segments over the course of our projection.

The following table summarizes our projection of area-wide room night demand, supply, and occupancy rates.

Projection of Base Room Night Demand and Annual Growth

Segment	Historical	2010	2011	2012	2013	2014	2015
Total Market Demand	600,090	675,027	700,326	714,168	721,228	724,794	728,378
% Change	-----	12.5%	3.7%	2.0%	1.0%	0.5%	0.5%
Market Statistics							
Total Rooms Supply	2,456	2,727	2,727	2,727	2,727	2,727	2,727
Total Available Room Nights	896,544	995,355	995,355	995,355	995,355	995,355	995,355
% Change	----	11.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Market-wide Occupancy	**66.9%**	**67.8%**	**70.4%**	**71.8%**	**72.5%**	**72.8%**	**73.2%**

Through the first four months of 2010, room demand for the competitive set has increased by 45,313 year-over-year. Thus, our estimate of approximately 75,000 room nights for calendar year 2010 appears reasonable. Beyond 2010, we have tempered room demand growth rates. As occupancy increases, market hotels will increase rates. This will thus displace room demand for rate, mitigating further occupancy growth.

As shown in the previous table, market occupancy is forecast to surpass 70.0 percent in 2011. During the past market cycle, occupancy peaked at 76.4 percent in 2006. Given the subject, Liberty, and Ames have added 647 additional room nights to the market since 2006, we believe the market will not experience occupancy greater than 73.2 during the next market cycle.

CONCLUSION DEMAND GROWTH

Overall, demand is projected to increase by 12.5 percent during 2010, 3.7 percent during 2011, 2.0 percent during 2012, 1.0 percent during 2013, and stabilize at 0.5 percent annually thereafter.

PROJECTION OF OCCUPANCY AND AVERAGE ROOM RATE

A hotel's ability to generate rooms revenue is determined by two operating statistics: annual occupancy and average daily room rate. In most markets, a room night analysis may be performed to quantify and forecast room night demand. The occupancy of a given hotel may be projected based on its relative competitiveness with other hotels and its penetration through the market. Individual lodging facilities may operate above or below the area-wide occupancy or average rate, depending upon the particular attributes of the property.

HISTORICAL OPERATING PERFORMANCE

The table illustrated below summarizes the subject property's historical occupancy, average daily room rate and corresponding RevPAR (occupancy multiplied by average rate) for partial year 2009 and year-to-date 2010.

Subject Property's Historical Operating Statistics

Year	Occ %	% Change	ADR	% Change	RevPAR	% Change
Partial Year 2009	31.3%	----	$209.66	----	$65.60	----
YTD (4/30/2010)	60.5%	----	$220.50	----	$133.43	----

As the subject recently opened, it is in the process of being marketed to the public. We believe the year-to-date occupancy of 60.5 percent, given seasonal lodging fundamentals of the Boston market, which are relatively weak during the first quarter of the year, suggests the subject is being well accepted by the market.

PENETRATION FACTOR ANALYSIS

The projected market share of the subject property is based on a penetration factor analysis. As previously stated, a penetration factor is the ratio between a property's market share and its fair share. Penetration factors were used to project the subject property's ability to capture room night demand. A hotel's fair share of lodging demand is equal to its number of rooms divided by the total competitive supply of rooms. For example, the subject's 235 rooms equate to 2.4 percent of the total supply of 2,456 rooms. If the subject property were to capture its fair share, or 2.4 percent of the room night demand, it would penetrate the market by 100 percent. A penetration factor above or below 100 percent indicates a hotel's greater or lesser ability to compete in the marketplace.

The following table illustrates the estimated 2009 penetration factors for the subject property and its competitors. Please note that the penetration rates of the subject and Ames are artificially low as both hotels opened in late 2010. Both hotels are expected to have significantly greater penetration rates in 2010 as they will be open for a full calendar year.

HISTORIC PENETRATION

Property	Average Room Count	Fair Share	Estimated 2009 Occupancy	Market Segmentation	Estimated 2009 Rooms Occupied	Market Share	Penetration Factor
			Overall				
W Hotel Boston	59	2.4%	31%	100%	6,765	1.1%	46.7%
The Liberty Hotel	298	12.1%	67%	100%	72,876	12.1%	100.1%
Langham Hotel	318	12.9%	59%	100%	68,481	11.4%	88.1%
Taj Boston	273	11.1%	52%	100%	51,815	8.6%	77.7%
Ritz-Carlton Boston Common	193	7.9%	63%	100%	44,380	7.4%	94.1%
Nine Zero	190	7.7%	74%	100%	51,319	8.6%	110.6%
The Back Bay Hotel	225	9.2%	70%	100%	57,488	9.6%	104.6%
Hyatt Regency Boston	498	20.3%	83%	100%	150,869	25.1%	124.0%
Fairmont Copley Plaza	383	15.6%	67%	100%	93,663	15.6%	100.1%
The Ames Hotel	19	0.8%	35%	100%	2,434	0.4%	52.3%
Totals	**2,456**	**100.0%**	**67%**		**600,090**	**100.0%**	

The projected room night demand is multiplied by the subject property's fair share percentage and by the projected penetration factor to derive the number of room nights captured during each year. The number of room nights captured is then totaled and divided by the annual number of rooms available at the subject property to estimate the projected annual occupancy level.

A brief summary of the rationale used to project the penetration rates for the subject by market segment follows.

PENETRATION

The subject hotel is affiliated with the W hotel chain, which is recognized by business, leisure, and group travelers for excellent quality accommodations. The strong brand identity has been considered when estimating our overall penetration rate and stabilized occupancy. We project that the subject will continue to have a good appeal to this segment going forward. The subject's competitive advantages for this segment include franchise affiliation, new and modern design, rewards program, project amenities, meeting space, access to multiple public transportation stops, central reservation system, and national marketing campaign.

The following table illustrates our estimated penetration rates over the projection period and resultant occupancy levels.

Subject's Projected Penetration, Market Share and Occupancy	Historical	2010	2011	2012	2013	2014	2015
Subject Property Fair Share							
Market Room Supply	2,456	2,727	2,727	2,727	2,727	2,727	2,727
Subject Property Room Count	59	235	235	235	235	235	235
Fair Share	2.4%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
Room Nights Captured by Subject							
Total Capture	6,765	52,906	57,911	61,613	63,705	64,020	64,337
Subject Property Projected Occupancy							
Calendar Years		2010	2011	2012	2013	2014	2015
Room Nights Captured		52,906	57,911	61,613	63,705	64,020	64,337
Available Room Nights		85,775	85,775	85,775	85,775	85,775	85,775
Occupancy		61.7%	67.5%	71.8%	74.3%	74.6%	75.0%
Fiscal Year Adjustment		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
First Calendar Year %		58.6%	58.6%	58.6%	58.6%	58.6%	58.6%
Second Calendar Year %		41.4%	41.4%	41.4%	41.4%	41.4%	41.4%
Adjusted Room Nights Accommodated		54,977	59,443	62,479	63,835	64,151	64,468
Occupancy		64.1%	69.3%	72.8%	74.4%	74.8%	75.2%
Rounded Occupancy		64%	69%	73%	74%	75%	75%
Overall Market Share		8.0%	8.4%	8.7%	8.8%	8.8%	8.8%
Overall Penetration		93.1%	97.7%	101.1%	102.5%	102.5%	102.5%

The projected room night demand is multiplied by the subject property's fair share percentage and by the projected penetration factor to derive the number of forecast room nights captured during each year. The number of room nights captured is then totaled and divided by the annual number of rooms available at the subject property to estimate the projected annual occupancy level.

We have selected 74.0 percent as the subject's stabilized occupancy as of May 24, 2013. The stabilized occupancy level is intended to reflect the anticipated results of the property over its remaining economic life given any and all changes in the life cycle of the hotel.

Overall, penetration levels for the subject property are estimated at 102.5 percent as of the stabilized value date of May 24, 2013.

AVERAGE RATE PROJECTION

One of the most important considerations in developing an estimate of the value of a lodging facility is a supportable projection of its attainable average rate, which is more formally defined as the average rate per occupied room. Average rate can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The average rate and the anticipated occupancy percentage are used to project rooms revenue, which in turn provides the basis for developing an opinion of most other income and expense categories.

Although the average rate analysis presented here follows the occupancy projections, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding average rate. This relationship is best illustrated by RevPAR, which reflects a property's ability to maximize rooms revenue.

We have examined the rate structure and achieved average room rates and RevPARs of the competitive hotels in the market, in concluding the subject property's average room rate. These are depicted in the following table.

2009 Estimated Competitive ADR		
Property	ADR	RevPAR
W Hotel Boston	$209.66	$65.60
The Liberty Hotel	$222.00	$148.74
Langham Hotel	$212.00	$125.08
Taj Boston	$256.00	$133.12
Ritz-Carlton Boston Common	$311.00	$195.93
Nine Zero	$202.00	$149.48
The Back Bay Hotel	$197.00	$137.90
Hyatt Regency Boston	$161.00	$133.63
Fairmont Copley Plaza	$220.00	$147.40
The Ames Hotel	$215.00	$75.25
Market Average	$210.46	$140.87

As shown, the subject achieved an average room rate of $209.66 during partial calendar year 2009. Please note that RevPAR for the subject and Ames are low as both hotels were not open for a full calendar year. The low occupancy for both hotels is causing RevPAR to be lower than the rest of the competitive set. Both hotels are expected to have significantly greater RevPARs in 2010 as they will be open for a full calendar year.

The following table depicts the subject's ADR for partial year 2009 and year-to-date.

Subject's Historical ADR Growth		
Year	ADR	%CHANGE
Partial Year 2009	$209.66	----
YTD (4/30/2010)	$220.50	----

A hotel's ability to raise room rates is affected by several factors as indicated below.

- **Supply and Demand Relationships** – The relationship between supply and demand is one of the factors that determine hotel occupancies and average rates. Strong markets where lodging demand is increasing faster than supply are often characterized by rate growth that exceeds inflation. Markets that are overbuilt or suffering from declining demand are unlikely to exhibit any significant increases in average rates.
- **Inflationary Pressures** – Price increases caused by inflation affect hotel room rates by eroding profit margins and encouraging operators to raise prices. This strategy is effective only in markets that are characterized by a healthy supply and demand relationship.
- **Improving the Competitive Standard** – When a new lodging facility enters a mature market, its rates may be set higher than the market wide average in an effort to justify the development costs. This may allow other competitors to achieve corresponding gains by effectively raising the amount the market will bear. However, if the addition to supply has a severe impact on the occupancy levels of other hotels, price competition may ensue.
- **Property-Specific Improvements** – Changes that make a hotel more or less attractive to guests can have an impact on average rate. An expansion, renovation, upgrading, or the introduction of additional facilities and amenities may enable greater-than-inflationary room rate increases. Likewise, deferred maintenance may make a property less competitive, engendering a decline in room rates.

ADR for the subject's competitive market declined by 16.5 percent in 2009. Thus far in 2010, ADR is up slightly (1.1 percent). In order to entice guests, management of the subject has offered discount rates to entice new customers. As occupancy for the subject is over 60.0 percent year-to-date, we believe the practice of discounting rate can begin to lessen in frequency. This will have a positive effect and in turn, allow ADR to increase over the near term.

We have forecast an increase of 10.0 percent in 2010. Year-to-date, the subject's ADR is over $220.00. ADR is at its lowest point of the year during the first quarter. Thus, the subject's ADR should be greater than $220.00 by year-end. Again, as the subject's occupancy increases, the practice of discounting rooms will mitigate. This will allow ADR to grow considerably in 2010. We should also note that new hotels will also offer introductory rates to introduce the property to the public. This introductory period should be brief for the subject as occupancy year-to-date is over 60.0.

In 2011, we have forecast rate to increase by 8.0 percent as the market continues to recover. In 2012, average rate is forecast to increase by 8.0 percent. In 2013, average rate is forecast to increase by 7.0 percent. In subsequent years, average rate is forecast to increase at the underlying rate of inflation of 3.0 percent per year. A discussion of our inflation forecast is included in the Income Capitalization Approach section of this report.

As stabilized in year four of our analysis, the projected ADR is $291.40. Given the subject's quality, new construction, amenities, and, brand identity, we believe ADR should be towards the high-end of the comparable market as stabilized. An ADR near $300 would be towards the high end of the range depicted by the comparables in 2008. We believe it will take approximately four years for the competitive hotel's ADR to rebound to these levels. Our projected ADR as stabilized is however not anticipated to lead the competitive market as the subject's immediate location is inferior to most of the competitive hotels.

Based on the foregoing, the projection of the subject's average daily rate is illustrated in the following tables, first on a calendar year basis and then on a fiscal year basis to coincide with the date of value.

Subject's Projected ADR - Calendar Year		
Year	Projected ADR Growth	Projected ADR
Positioned ADR	---	$209.66
2010	10.0%	$230.63
2011	8.0%	$249.08
2012	8.0%	$269.00
2013	7.0%	$287.83
2014	3.0%	$296.47

Subject's Projected ADR - Fiscal Year		
Year	Projected ADR Growth	Projected ADR
Positioned ADR	---	$209.66
2010/11	9.4%	$238.26
2011/12	8.0%	$257.32
2012/13	7.6%	$276.79
Stabilized	5.3%	$291.40
2014/15	3.0%	$300.15

The operating performance of the subject hotel is projected in terms of annual guestroom occupancy and average daily room rate. Based on the previously concluded occupancy and average room rate, the subject's room revenue is projected as illustrated below.

W Hotel Boston					
Boston, MA Projected Rooms Revenue					
Projection Year	**2010/11**	**2011/12**	**2012/13**	**Stabilized**	**2014/15**
Number of Days	365	365	365	365	365
Number of Rooms	235	235	235	235	235
Occupancy	64%	69%	73%	74%	74%
Occupied Rooms	54,896	59,185	62,616	63,474	63,474
Average Rate	$238.26	$257.32	$276.79	$291.40	$300.15
RevPAR	$152.49	$177.55	$202.06	$215.64	$222.11
Rooms Revenue	$13,079,000	$15,229,000	$17,332,000	$18,496,000	$19,051,000

HIGHEST AND BEST USE

HIGHEST AND BEST USE CRITERIA

The Dictionary of Real Estate Appraisal, Fourth Edition (2002), a publication of the Appraisal Institute, defines the highest and best use as:

> The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

HIGHEST AND BEST USE OF PROPERTY AS IF VACANT

CONCLUSION

We have considered the legal issues related to zoning and legal restrictions. We have analyzed the physical characteristics of the site to determine what legal uses would be possible and have considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as if vacant is hold until a commercial, mixed-use, or dense residential development is dictated by the market

HIGHEST AND BEST USE OF PROPERTY AS IMPROVED

The Dictionary of Real Estate Appraisal defines highest and best use of the property as improved as:

> The use that should be made of a property as it exists. An existing improvement should be renovated or retained "as is" so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

CONCLUSION

It is our opinion that the existing building adds value to the site as if vacant, dictating a continuation of its current use. It is our opinion that the Highest and Best Use of the subject property as improved is a mixed-use development as it is currently improved.

VALUATION PROCESS

METHODOLOGY

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. The approach used depends on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We have considered each approach in developing our opinion of the market value of the subject property. We discuss each below and conclude with a summary of their applicability to the subject property.

COST APPROACH

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

We find that knowledgeable hotel buyers base their purchase decisions on economic factors, such as projected net income and return on investment. Because the cost approach does not reflect these income-related considerations and requires a number of highly subjective depreciation estimates, this approach is given minimal weight in the hotel valuation process.

SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of developing an opinion of market value in which a subject property is compared with comparable properties that have been recently sold. Preferably, all properties are in the same geographic area and/or of the same property type. One premise of the Sales Comparison Approach is that the market will establish a price for the subject property in the same manner that the prices of comparable, competitive properties are established.

The sales prices of the properties deemed most comparable to the subject property tend to set the range in which the value of the subject property will fall. Further consideration of the comparative data allows the appraiser to derive an amount representing the value of the appraised property, in keeping with the definition of value sought, as of the date of the appraisal.

The Sales Comparison Approach may provide a useful value opinion in the case of simple forms of real estate such as vacant land and single-family homes, where the properties are homogeneous and the adjustments are few and relatively simple to compute. In the case of complex investments such as lodging facilities, where the adjustments are numerous and more difficult to quantify, the Sales Comparison Approach loses a large degree of reliability.

Hotel investors typically do not employ the Sales Comparison Approach in reaching their final purchase decisions. Factors such as the lack of recent comparable sales data and the numerous adjustments that are necessary often make the results of the Sales Comparison Approach questionable. Although the Sales Comparison Approach may provide a range of values that supports the final opinion of value, reliance on this approach beyond the establishment of broad parameters is rarely justified by the quality of the sales data.

As an appraiser, one attempts to mirror the actions of the marketplace. In that our experience indicates that sophisticated hotel investors depend largely on financial considerations when making final purchase decisions, we generally do not give the Sales Comparison Approach strong consideration in the hotel appraisal process beyond establishing a probable range of value.

INCOME CAPITALIZATION APPROACH

This approach first determines the income-producing capacity of a property by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Discounted Cash Flow Method. In this method, periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Our experience with hotel investors indicates that the methodology used in estimating market value by the Income Capitalization Approach is comparable to that employed by typical hotel and motel investors. For this reason, the Income Capitalization Approach produces the most supportable market value opinion, and it generally is given the greatest weight in the hotel valuation process.

RECONCILIATION

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

Our nationwide experience with numerous hotel buyers and sellers indicates that the procedures used in developing our opinion of market value by the Income Capitalization Approach are comparable to those employed by the investors who constitute the marketplace. For this reason, the Income Capitalization Approach produces the most supportable value opinion, and it is given the greatest weight in the hotel valuation process.

INCOME CAPITALIZATION APPROACH

METHODOLOGY

The Income Capitalization Approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing properties, such as hotels and motels, is net income before debt service and depreciation, derived by a projection of income and expense, along with any expected reversionary proceeds from a sale.

The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted from the market to indicate a value. In the discounted cash flow method, anticipated future net income streams and a reversionary value are discounted to provide an opinion of net present value at a chosen yield rate (internal rate of return or discount rate). In this section of the report, we have utilized the discounted cash flow method to value the subject property and considered the implied historical, first year, stabilized year and deflated stabilized direct capitalization rates.

Based on the market for transient accommodations in the subject's area, we have forecast future rooms revenue for the subject property, which was detailed in a previous section of this report. In this section of the report, we provide an analysis of the subject's historical performance, the performance of comparable properties, and industry averages, in order to forecast all other revenues and expenses for the subject property through a 10-year holding period. The projection begins on May 24, 2010. The subject property is projected to reach a stabilized level of operation in year four of the 10-year holding period.

REVIEW OF FINANCIAL OPERATING STATEMENTS

The subject property is an existing hotel with a brief operating history. The income and expense statements, illustrated in the table on the following page, were provided by our client and management of the subject property, and are unaudited. The statement details the subject's partial year 2009 operating history. Furthermore, we have analyzed a year to date April 30 income and expense statement for the past four months. Where applicable, we have reorganized the statements in accordance with *the Uniform System of Accounts For The Lodging Industry* (Tenth Revised Edition), published by the Educational Institute of the American Hotel and Motel Association.

Please note the following:

1. The spa is not open. Thus historical operating statements do not include spa revenues and expenses.
2. Property insurance has been included in Real Estate Taxes in the 2009 partial operating statement.
3. In the 2009 partial year statement, telecommunications revenue and expenses were included in other income.

W Hotel Boston
Boston, MA
Operating History

Calendar Year:	2009
Days Open:	92
Total Rooms:	235
Occupied Rooms:	6,765
Occupancy:	31.3%
Average Rate:	$209.66
RevPAR:	$65.60

	$ (000's)	% Gross	$ PAR	$ POR
REVENUES				
Rooms	$1,419	43.6%	$6,037	$209.69
Food & Beverage	1,703	52.4%	7,249	251.80
Parking	59	1.8%	251	8.72
Other Income	73	2.2%	309	10.72
Total	3,254	100.0%	13,845	480.93
DEPARTMENTAL COSTS				
Rooms	479	33.8%	2,039	70.82
Food & Beverage	1,669	98.0%	7,102	246.71
Parking	69	117.5%	295	10.24
Other Income	87	120.0%	370	12.86
Total	2,304	70.8%	9,806	340.64
DEPARTMENTAL INCOME	949	29.2%	4,039	140.29
UNDISTRIB. OPERATING EXPENSES				
Administrative & General	399	12.3%	1,698	58.99
Management Fee	81	2.5%	343	11.91
Marketing	323	9.9%	1,373	47.69
Property Oper. & Maintenance	106	3.2%	450	15.62
Utility Costs	209	6.4%	888	30.86
Total	1,117	34.3%	4,752	165.06
INCOME BEFORE FIXED CHARGES	(168)	-5.1%	(713)	(24.77)
FIXED CHARGES				
Property Taxes & Insurance	81	2.5%	345	11.98
Reserve for Replacement	40	1.2%	171	5.95
HOA Fee/Owner's Expense	3	0.1%	11	0.39
Total	124	3.8%	527	18.32
NET OPERATING INCOME	(292)	-8.9%	(1,240)	(43.09)

W Hotel Boston

Boston, MA

Operating History

Year-to-date April 30:	2010
Days Open:	120
Total Rooms:	235
Occupied Rooms:	17,065
Occupancy:	60.5%
Average Rate:	$220.50
RevPAR:	$133.43

	$ (000's)	% Gross	$ PAR	$ POR
REVENUES				
Rooms	$3,763	51.0%	$16,012	$220.50
Food & Beverage	3,163	42.9%	13,458	185.33
Telecommunications	66	0.9%	283	3.90
Parking	312	4.2%	1,329	18.31
Other Income	70	0.9%	296	4.08
Total	7,374	99.9%	31,379	432.11
DEPARTMENTAL COSTS				
Rooms	1,113	29.6%	4,736	65.22
Food & Beverage	3,148	99.5%	13,396	184.47
Telecommunications	80	120.1%	340	4.68
Parking	249	79.6%	1,058	14.57
Other Income	68	97.8%	290	3.99
Total	4,658	63.2%	19,819	272.93
DEPARTMENTAL INCOME	$2,716	36.7%	11,559	159.18
UNDISTRIB. OPERATING EXPENSES				
Administrative & General	723	9.8%	3,076	42.37
Management Fee	192	2.6%	817	11.25
Marketing	602	8.2%	2,563	35.30
Property Oper. & Maintenance	215	2.9%	913	12.58
Utility Costs	309	4.2%	1,314	18.10
Total	2,041	27.7%	8,684	119.58
INCOME BEFORE FIXED CHARGES	$676	9.0%	2,875	39.60
FIXED CHARGES				
Property Taxes	153	2.1%	650	8.95
Insurance	92	1.2%	391	5.39
Reserve for Replacement	96	1.3%	408	5.62
HOA Fee/Owner's Expense	168	2.3%	716	9.86
Total	509	6.9%	2,166	29.83
NET OPERATING INCOME	$167	2.1%	709	9.77

COMPARABLE ANALYSIS – INDUSTRY AVERAGES AND COMPARABLE W HOTELS AND CITY OF BOSTON HOTELS

In order to bolster our forecast for the subject property, we have analyzed the operating performance of the subject versus hotel industry averages and various comparable hotels.

Illustrated on the following page are aggregate averages for five selected property descriptive categories from the most recent HOST Report, published by Smith Travel Research.

Those comparative categories that were analyzed include:

Affiliation:	Chain-Affiliated
Geographic Region:	New England
Location:	Urban
Price Category:	Luxury
Size:	150 - 300 Rooms

A table detailing the operating performance of five comparable W hotels and City of Boston hotels follows the industry averages table. In this analysis, we have given considerable weight to the comparable City of Boston hotels. The comparable statements were taken from our in house database.

INCOME & EXPENSE INDUSTRY AVERAGES

Full Service Hotels

Category	Chain-Affiliated			New England			Urban			Luxury			150 - 300 Rooms		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
Occupancy	68.2%			66.4%			70.0%			68.7%			65.0%		
Average Size (Rooms)		314			262			413			361			217	
Average Rate			$163.32			$168.14			$184.34			$180.51			$149.68
REVENUE															
Rooms	64.1%	$40,422	$163.32	65.5%	$40,885	$168.14	66.2%	$47,099	$184.34	60.8%	$44,973	$180.50	66.2%	$35,269	$149.68
Food	19.3%	$12,188	$49.24	18.9%	$11,817	$48.60	18.4%	$13,091	$51.11	20.3%	$15,026	$60.31	17.1%	$9,088	$38.57
Beverage	4.6%	$2,897	$11.71	4.6%	$2,885	$11.86	4.6%	$3,273	$12.92	5.2%	$3,832	$15.38	4.7%	$2,496	$10.58
Other Food & Beverage	5.2%	$3,309	$13.37	5.3%	$3,305	$13.59	5.1%	$3,628	$14.08	5.2%	$3,874	$15.55	5.3%	$2,806	$11.91
Telecommunications	0.6%	$401	$1.62	0.5%	$317	$1.31	0.7%	$498	$1.87	0.6%	$480	$1.93	0.4%	$234	$1.00
Minor Operated Departments	3.9%	$2,462	$9.95	3.6%	$2,228	$9.16	2.8%	$1,992	$7.75	5.3%	$3,955	$15.87	4.4%	$2,334	$9.91
Rental & Other Income	2.2%	$1,442	$5.83	1.6%	$967	$3.98	2.3%	$1,637	$6.34	2.6%	$1,909	$7.66	1.9%	$1,029	$4.34
TOTAL REVENUE	100.0%	$63,121	$255.04	100.0%	$62,404	$256.64	100.0%	$71,147	$278.41	100.0%	$74,049	$297.20	100.0%	$53,256	$226.03
DEPARTMENTAL EXPENSES															
Rooms	25.1%	$10,161	$41.06	25.4%	$10,389	$42.72	25.8%	$12,152	$47.57	25.1%	$11,282	$45.28	25.1%	$8,849	$37.55
Food & Beverage	72.6%	$13,353	$53.95	75.2%	$13,539	$55.68	76.5%	$15,294	$59.75	71.9%	$16,351	$65.63	75.6%	$10,880	$46.17
Telecommunications	113.5%	$455	$1.84	117.5%	$373	$1.53	110.3%	$549	$2.06	108.4%	$520	$2.09	145.0%	$340	$1.44
Other Departmental Expenses	2.9%	$1,835	$7.41	2.5%	$1,544	$6.35	2.1%	$1,494	$5.68	3.9%	$2,893	$11.61	3.3%	$1,785	$7.57
TOTAL DEPARTMENTAL EXPENSES	40.9%	$25,804	$104.26	41.7%	$25,845	$106.28	41.3%	$29,489	$115.06	41.9%	$31,046	$124.61	41.0%	$21,854	$92.73
UNDISTRIBUTED OPERATING EXPENSES															
Administrative & General	8.3%	$5,245	$21.19	8.6%	$5,350	$22.00	8.3%	$5,905	$23.00	8.2%	$6,093	$24.46	9.4%	$4,994	$21.20
Marketing	6.7%	$4,233	$17.10	6.8%	$4,248	$17.47	6.4%	$4,553	$17.91	6.6%	$4,852	$19.47	7.4%	$3,924	$16.65
Franchise Fees	0.9%	$573	$2.31	1.0%	$618	$2.54	0.6%	$427	$1.54	0.7%	$491	$1.97	1.7%	$916	$3.89
Utility Costs	4.2%	$2,674	$10.80	5.3%	$3,325	$13.68	4.0%	$2,846	$11.10	4.0%	$2,934	$11.78	4.6%	$2,424	$10.29
Property Operations & Maintenance	4.6%	$2,873	$11.61	4.7%	$2,918	$12.00	4.3%	$3,059	$12.06	4.4%	$3,278	$13.16	4.8%	$2,548	$10.81
TOTAL UNDISTRIBUTED OPERATING EXPENSES	24.7%	$15,598	$63.01	26.4%	$16,459	$67.69	23.6%	$16,791	$65.61	23.9%	$17,648	$70.84	27.8%	$14,806	$62.84
GROSS OPERATING PROFIT	34.4%	$21,719	$87.77	32.2%	$20,100	$82.67	35.1%	$24,867	$97.74	34.2%	$25,355	$101.75	31.1%	$16,596	$70.46
Management Fee	3.4%	$2,125	$8.58	3.3%	$2,072	$8.52	3.5%	$2,490	$9.78	3.2%	$2,390	$9.59	3.0%	$1,624	$6.89
INCOME BEFORE FIXED CHARGES	31.0%	$19,594	$79.19	28.9%	$18,028	$74.15	31.6%	$22,377	$87.96	31.0%	$22,965	$92.16	28.1%	$14,972	$63.57
Taxes	3.3%	$2,087	$8.43	3.9%	$2,448	$10.07	3.7%	$2,632	$10.31	3.3%	$2,425	$9.73	3.1%	$1,629	$6.91
Insurance	1.2%	$726	$2.93	0.8%	$492	$2.02	1.0%	$711	$2.92	1.1%	$847	$3.40	1.2%	$616	$2.61
Reserve for Replacement	2.1%	$1,337	$5.40	1.9%	$1,209	$4.97	1.9%	$1,352	$5.32	2.1%	$1,525	$6.12	1.9%	$1,008	$4.28
INCOME BEFORE OTHER FIXED CHARGES	24.4%	$15,444	$62.43	22.3%	$13,879	$57.09	25.0%	$17,681	$69.41	24.5%	$18,168	$72.91	21.9%	$11,719	$49.77

Totals may not add due to rounding

SOURCE: THE HOST REPORT 2008, SMITH TRAVEL RESEARCH, INC. REPUBLICATION OR OTHER RE-USE OF THIS DATA WITHOUT THE EXPRESS WRITTEN PERMISSION OF STR IS STRICTLY PROHIBITED

COMPARABLE INCOME & EXPENSE DATA
City of Boston Hotels

Category	Hotel 1			Hotel 2			Hotel 3			Hotel 4			Hotel 5		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
Occupancy	64%			84%			67%			66%			77%		
Average Size (Rooms)		471			350-500			298			318			350-500	
Average Rate			$216			$244			$222			$285			$272
REVENUE															
Rooms	63.0%	$43,949	$215.74	67.6%	$74,696	$244.09	53.3%	$54,148	$222.14	64.7%	$68,772	$284.76	65.3%	$76,580	$272.48
Food & Beverage	32.3%	$22,537	$110.63	23.8%	$26,295	$85.93	38.6%	$39,147	$160.61	33.0%	$35,087	$145.28	28.2%	$33,015	$117.47
Telecommunications	1.3%	$928	$4.56	0.4%	$482	$1.57	0.1%	$135	$0.55	0.8%	$834	$3.45	0.4%	$452	$1.61
Minor Operated Departments	2.2%	$1,543	$7.57	0.0%	$0	$0.00	3.9%	$3,940	$16.16	0.0%	$0	$0.00	0.0%	$0	$0.00
Rental & Other Income	1.1%	$782	$3.69	8.1%	$8,990	$29.38	4.1%	$4,167	$17.09	1.5%	$1,634	$6.76	6.1%	$7,142	$25.42
TOTAL REVENUE	100.0%	$69,709	$342.19	100.0%	$110,463	$360.97	100.0%	$101,535	$416.56	100.0%	$106,326	$440.25	100.0%	$117,189	$416.98
DEPARTMENTAL EXPENSES															
Rooms	28.1%	$12,366	$60.70	21.7%	$16,232	$53.04	30.1%	$16,320	$66.95	25.8%	$17,755	$73.52	23.4%	$17,826	$63.78
Food & Beverage	81.8%	$18,442	$90.53	73.7%	$19,371	$63.30	73.0%	$28,597	$117.32	75.6%	$26,539	$109.89	80.4%	$26,550	$94.47
Telecommunications	26.0%	$241	$1.18	273.8%	$1,319	$4.31	319.3%	$430	$1.77	129.6%	$1,080	$4.47	270.0%	$1,221	$4.34
Other Departmental Expenses	41.8%	$2,056	$10.09	29.7%	$2,674	$8.74	5.1%	$2,427	$9.96	78.4%	$1,281	$5.30	66.9%	$4,777	$16.99
TOTAL DEPARTMENTAL EXPENSES	47.5%	$33,106	$162.51	35.8%	$39,596	$129.39	47.1%	$47,774	$196.00	43.9%	$46,656	$193.18	43.1%	$50,474	$178.58
DEPARTMENTAL INCOME	52.5%	$36,603	$179.68	64.2%	$70,867	$231.58	52.9%	$53,761	$220.56	56.1%	$59,671	$247.07	56.9%	$66,715	$237.40
UNDISTRIBUTED OPERATING EXPENSES															
Administrative & General	10.1%	$7,057	$34.64	8.8%	$9,703	$31.71	8.8%	$8,977	$36.83	9.7%	$10,297	$42.63	7.7%	$9,008	$32.05
Marketing	8.6%	$5,965	$29.28	5.4%	$5,991	$19.58	7.3%	$7,422	$30.45	8.5%	$9,046	$37.46	6.2%	$7,217	$25.68
Franchise Fees	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00
Utility Costs	4.0%	$2,808	$13.79	3.7%	$4,112	$13.44	3.9%	$3,962	$16.26	4.6%	$4,854	$20.10	3.8%	$4,497	$16.00
Property Operations & Maintenance	4.5%	$3,159	$15.51	3.9%	$4,337	$14.17	4.3%	$4,353	$17.86	4.9%	$5,183	$21.46	3.4%	$4,023	$14.32
TOTAL UNDISTRIBUTED OPERATING EXPENSES	27.2%	$18,989	$93.22	21.8%	$24,142	$78.89	24.3%	$24,714	$101.39	27.7%	$29,380	$121.65	21.1%	$24,745	$88.05
GROSS OPERATING PROFIT	25.3%	$17,614	$86.47	42.4%	$46,725	$152.69	28.6%	$29,046	$119.17	28.4%	$30,291	$125.42	35.8%	$41,970	$149.35
Management Fee	3.0%	$2,091	$10.27	3.0%	$3,385	$11.00	2.9%	$2,959	$12.14	0.0%	$0	$0.00	3.0%	$3,516	$12.51
INCOME BEFORE FIXED CHARGES	22.3%	$15,523	$76.20	39.4%	$43,360	$141.69	25.7%	$26,087	$107.02	28.4%	$30,291	$125.42	32.8%	$38,454	$136.84
Taxes	2.5%	$1,720	$8.45	5.2%	$5,707	$18.65	7.2%	$7,328	$30.07	4.3%	$4,585	$18.98	2.4%	$2,822	$10.04
Insurance	0.4%	$295	$1.45	0.4%	$497	$1.62	0.9%	$947	$3.89	1.1%	$1,123	$4.65	0.5%	$626	$2.23
Reserve for Replacement	2.0%	$1,318	$6.47	3.9%	$4,358	$14.24	3.5%	$3,554	$14.58	3.0%	$3,190	$13.21	5.0%	$4,688	$16.68
INCOME BEFORE OTHER FIXED CHARGES	17.4%	$12,188	$59.83	29.9%	$32,797	$107.17	14.1%	$14,258	$58.49	20.0%	$21,394	$88.58	24.9%	$30,318	$107.89

COMPARABLE INCOME & EXPENSE DATA
W Hotels

Category	Hotel 1			Hotel 2			Hotel 3			Hotel 4			Hotel 5		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
Occupancy	78%			78%			45%			70.0%			75%		
Average Size (Rooms)		258			Over 500			237			252			Over 500	
Average Rate			$229			$405			$186			$267.00			$355
REVENUE															
Rooms	62.6%	$65,593	$229.44	78.8%	$114,933	$405.00	50.6%	$28,536	$185.69	65.6%	$68,218	$267.00	73.4%	$97,459	$355.00
Food	30.4%	$31,858	$111.44	13.8%	$20,182	$71.07	25.0%	$14,112	$91.83	17.6%	$18,294	$71.60	21.7%	$28,758	$104.78
Beverage	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	2.3%	$2,393	$9.37	0.0%	$0	$0.00
Telecommunications	1.5%	$1,528	$5.34	0.0%	$0	$0.00	1.2%	$659	$4.29	1.5%	$1,567	$6.13	0.0%	$0	$0.00
Minor Operated Departments	4.2%	$4,411	$15.43	0.0%	$0	$0.00	22.1%	$12,503	$81.36	9.0%	$9,353	$36.61	0.0%	$0	$0.00
Rental & Other Income	1.3%	$1,333	$4.66	7.4%	$10,722	$37.76	1.1%	$628	$4.08	4.0%	$4,111	$16.09	4.9%	$6,504	$23.70
TOTAL REVENUE	100.0%	$104,722	$366.31	100.0%	$145,837	$513.82	100.0%	$56,437	$367.25	100.0%	$103,937	$406.80	100.0%	$132,721	$483.48
DEPARTMENTAL EXPENSES															
Rooms	24.1%	$15,800	$55.27	24.7%	$28,413	$100.05	30.3%	$8,652	$56.30	23.0%	$15,690	$61.41	31.4%	$30,614	$111.54
Food & Beverage	86.8%	$27,640	$96.68	86.9%	$17,536	$61.75	92.5%	$13,053	$84.94	72.9%	$15,079	$59.02	107.8%	$31,004	$112.96
Telecommunications	90.3%	$1,379	$4.82	0.0%	$0	$0.00	144.6%	$953	$6.20	89.1%	$1,397	$5.47	0.0%	$0	$0.00
Other Departmental Expenses	58.1%	$3,120	$10.91	42.3%	$4,535	$15.97	8.2%	$15,723	$102.32	58.8%	$4,194	$16.42	59.6%	$3,880	$14.14
TOTAL DEPARTMENTAL EXPENSES	45.8%	$47,939	$167.69	34.6%	$50,484	$177.77	68.0%	$38,382	$249.76	35.0%	$36,361	$142.31	49.4%	$65,498	$238.64
DEPARTMENTAL INCOME	54.2%	$56,783	$198.62	65.4%	$95,354	$335.77	32.0%	$18,056	$117.49	65.0%	$67,575	$264.48	50.6%	$67,223	$244.93
UNDISTRIBUTED OPERATING EXPENSES															
Administrative & General	9.1%	$9,512	$33.27	8.6%	$12,524	$44.10	13.1%	$7,389	$48.08	9.1%	$9,468	$37.06	7.8%	$10,288	$37.48
Marketing	6.8%	$7,112	$24.88	6.5%	$9,437	$33.23	10.6%	$5,998	$39.03	8.5%	$8,810	$34.48	7.1%	$9,423	$34.33
Franchise Fees	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00
Utility Costs	2.3%	$2,359	$8.25	3.1%	$4,489	$15.81	4.6%	$2,608	$16.97	1.7%	$1,766	$6.91	3.2%	$4,235	$15.43
Property Operations & Maintenance	3.9%	$4,089	$14.30	3.3%	$4,786	$16.85	3.4%	$1,915	$12.46	4.2%	$4,357	$17.05	3.4%	$4,473	$16.30
TOTAL UNDISTRIBUTED OPERATING EXPENSES	22.1%	$23,071	$80.70	21.5%	$31,237	$109.99	31.7%	$17,910	$116.54	23.5%	$24,401	$95.50	21.5%	$28,419	$103.54
GROSS OPERATING PROFIT	32.1%	$33,712	$117.92	43.9%	$64,117	$225.77	0.3%	$146	$0.95	41.5%	$43,175	$168.98	29.1%	$38,804	$141.38
Management Fee	3.0%	$3,131	$10.95	4.0%	$5,834	$20.54	3.4%	$1,934	$12.58	3.7%	$3,845	$15.05	3.5%	$4,645	$16.92
INCOME BEFORE FIXED CHARGES	29.1%	$30,581	$106.97	39.9%	$58,284	$205.23	-3.1%	-$1,788	-$11.64	37.8%	$39,329	$153.93	25.6%	$34,159	$124.46
Taxes	2.6%	$2,700	$9.44	7.6%	$11,023	$38.81	6.9%	$3,869	$25.18	4.1%	$4,310	$16.87	5.6%	$7,492	$27.30
Insurance	1.3%	$1,410	$4.93	1.4%	$2,050	$7.22	0.8%	$448	$2.91	1.5%	$1,567	$6.13	0.5%	$707	$2.57
Reserve for Replacement	5.0%	$5,236	$18.32	4.0%	$5,834	$20.54	0.0%	$0	$0.00	4.0%	$4,159	$16.28	4.0%	$5,309	$19.34
INCOME BEFORE OTHER FIXED CHARGES	20.2%	$21,236	$74.28	26.9%	$39,377	$138.66	-10.8%	-$6,105	-$39.73	28.2%	$29,294	$114.65	15.5%	$20,651	$75.24

FINANCIAL PROJECTIONS

A summary of the underlying rationale and assumptions used in developing the annual operating performance for the subject hotel is presented in the following text. Fundamental to the opinions of operating results is the assumption of competent and efficient management at the property level, a well-coordinated marketing plan for the hotel, and a well-devised yield management strategy. Among the primary responsibilities of management are the maintenance of a quality facility, the execution of an adequate marketing effort, and operating in a cost efficient manner.

GENERAL INFLATION AND GROWTH ASSUMPTIONS

Our projections incorporate an opinion of general price inflation based upon economic projections from various sources (including the U.S. Congressional Budget Office), tempered by our observations and expectations derived from historical perspectives both locally and nationally. Accordingly, to portray price level changes, we have assumed an average CPI inflation rate of 3.0 percent per year throughout the 10-year projection period. This assumption is intended only to portray an expected long-term trend in price movements, rather than for a specific interval in time.

OPERATING REVENUES AND EXPENSES DURING THE HOLDING PERIOD

After reviewing the subject property's historical operating statistics, U.S. hotel industry averages, and the performance of comparable W hotels and City of Boston hotels, we have developed a 10-year projection of income and expense, with the first year beginning May 24, 2010. Considering the current state of the competitive hotel market, we believe that the subject property will achieve stabilization by May 24, 2013.

The projection of income and expense is intended to reflect the appraiser's opinion of how a typical buyer would project the subject property's operating results. Depending on the dynamics of the local market, a typical buyer's projection may be adjusted upward or downward. We have attempted to incorporate these considerations into this analysis.

TEN-YEAR PROJECTION OF INCOME AND EXPENSE

The following 10-year projection of income and expense reflects the subject property's anticipated performance on a fiscal basis beginning May 24, 2010. Stabilization is assumed to occur as of May 24, 2013. The statements are expressed in inflated dollars for each fiscal year.

SPA REVENUES AND EXPENSES YEAR ONE

Please note the spa revenues and expenses assume the spa is operational as of August 1, 2010. Additionally, the spa expense includes a deduction of $1.9 million for the cost to complete construction as of our date of value. Thus, spa expenses in year one exceed revenues.

W Hotel Boston

Boston, MA

Projection Year:	1		2		3		4		5	
Fiscal Year April 30:	2010/11		2011/12		2012/13		Stabilized		2014/15	
Days In Year:	365		365		365		365		365	
Number of Rooms:	235		235		235		235		235	
Rooms Available:	85,775		85,775		85,775		85,775		85,775	
Occupied Rooms:	54,896		59,185		62,616		63,474		63,474	
Occupancy:	64.0%		69.0%		73.0%		74.0%		74.0%	
Average Rate:	$238.26		$257.32		$276.79		$291.40		$300.15	
RevPAR:	$152.49		$177.55		$202.06		$215.64		$222.11	
	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross
REVENUES										
Rooms	13,078	54.0%	15,229	55.0%	17,332	56.4%	18,496	57.0%	19,051	57.0%
Food & Beverage	8,221	33.9%	8,029	32.8%	9,762	31.7%	10,173	31.3%	10,479	31.3%
Telecommunications	198	0.8%	219	0.8%	237	0.8%	247	0.8%	254	0.8%
Parking	970	4.0%	1,038	3.7%	1,101	3.6%	1,142	3.5%	1,176	3.5%
Spa	1,427	5.9%	1,831	6.6%	1,943	6.3%	2,015	6.2%	2,076	6.2%
Other Income	344	1.4%	362	1.3%	380	1.2%	383	1.2%	405	1.2%
Total Revenues	24,239	100.0%	27,708	100.0%	30,755	100.0%	32,465	100.0%	33,441	100.0%
DEPARTMENTAL COSTS										
Rooms	3,573	27.3%	3,794	24.9%	4,001	23.1%	4,145	22.4%	4,270	22.4%
Food & Beverage	7,048	85.7%	7,474	92.8%	7,875	80.7%	8,155	80.2%	8,401	80.2%
Telecommunications	187	94.4%	199	90.9%	209	88.2%	216	87.4%	222	87.4%
Parking	881	90.8%	907	87.4%	935	84.9%	963	84.3%	992	84.4%
Spa	3,041	213.2%	1,423	77.7%	1,466	75.5%	1,510	74.9%	1,555	74.9%
Other Income	321	93.3%	333	92.0%	345	90.8%	355	90.3%	366	90.4%
Total Departmental Costs	15,051	62.1%	14,130	51.0%	14,831	48.2%	15,345	47.3%	15,806	47.3%
DEPARTMENTAL INCOME	9,187	37.9%	13,578	49.0%	15,924	51.8%	17,121	52.7%	17,635	52.7%
UNDISTRIB. OPERATING EXPENSES										
Administrative & General	2,185	9.0%	2,311	8.3%	2,430	7.9%	2,520	7.8%	2,596	7.8%
Management Fee	970	4.0%	1,108	4.0%	1,230	4.0%	1,299	4.0%	1,338	4.0%
Marketing	1,714	7.1%	1,822	6.6%	1,923	6.3%	1,997	6.2%	2,057	6.2%
Property Operations & Maintenance	830	3.4%	882	3.2%	931	3.0%	967	3.0%	996	3.0%
Utility Costs	954	3.9%	993	3.6%	1,032	3.4%	1,068	3.3%	1,098	3.3%
Total Undistrib. Operating Expenses	6,653	27.4%	7,116	25.7%	7,546	24.6%	7,849	24.3%	8,085	24.3%
INCOME BEFORE FIXED CHARGES	2,534	10.5%	6,462	23.3%	8,378	27.2%	9,272	28.6%	9,550	28.6%
FIXED CHARGES										
Property Taxes	960	4.0%	1,554	5.6%	1,601	5.2%	1,649	5.1%	1,698	5.1%
Insurance	218	0.9%	224	0.8%	231	0.8%	238	0.7%	245	0.7%
Reserve for Replacement	620	2.6%	978	3.5%	1,384	4.5%	1,566	4.8%	1,613	4.8%
HOA Fee/Owner's Expense	515	2.1%	530	1.9%	546	1.8%	563	1.7%	580	1.7%
Total Fixed Charges	2,314	9.6%	3,286	11.8%	3,762	12.3%	4,016	12.3%	4,136	12.3%
NET OPERATING INCOME	220	0.9%	3,176	11.5%	4,616	14.9%	5,256	16.1%	5,414	16.1%

Projection Year:	6		7		8		9		10	
Fiscal Year April 30:	2015/16		2016/17		2017/18		2018/19		2019/20	
Days In Year:	365		365		365		365		366	
Number of Rooms:	235		235		235		235		235	
Rooms Available:	85,775		85,775		85,775		85,775		85,775	
Occupied Rooms:	63,474		63,474		63,474		63,474		63,474	
Occupancy:	74.0%		74.0%		74.0%		74.0%		74.0%	
Average Rate:	$309.15		$318.43		$327.98		$337.82		$347.95	
RevPAR:	$228.77		$235.63		$242.70		$249.99		$257.48	
	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross
REVENUES										
Rooms	19,623	57.0%	20,212	57.0%	20,818	57.0%	21,442	57.0%	22,086	57.0%
Food & Beverage	10,793	31.3%	11,117	31.3%	11,450	31.3%	11,794	31.3%	12,148	31.3%
Telecommunications	282	0.8%	270	0.8%	278	0.8%	288	0.8%	295	0.8%
Parking	1,212	3.5%	1,248	3.5%	1,285	3.5%	1,324	3.5%	1,364	3.5%
Spa	2,138	6.2%	2,202	6.2%	2,268	6.2%	2,336	6.2%	2,406	6.2%
Other Income	417	1.2%	429	1.2%	442	1.2%	455	1.2%	469	1.2%
Total Revenues	34,445	100.0%	35,476	100.0%	36,541	100.0%	37,637	100.0%	38,768	100.0%
DEPARTMENTAL COSTS										
Rooms	4,398	22.4%	4,530	22.4%	4,666	22.4%	4,806	22.4%	4,950	22.4%
Food & Beverage	8,653	80.2%	8,913	80.2%	9,180	80.2%	9,455	80.2%	9,739	80.2%
Telecommunications	229	87.4%	236	87.4%	243	87.4%	250	87.4%	258	87.6%
Parking	1,021	84.2%	1,052	84.3%	1,083	84.3%	1,116	84.3%	1,149	84.2%
Spa	1,602	74.9%	1,650	74.9%	1,700	75.0%	1,751	75.0%	1,803	74.9%
Other Income	377	90.4%	388	90.4%	400	90.5%	412	90.5%	424	90.4%
Total Departmental Costs	16,280	47.3%	16,769	47.3%	17,272	47.3%	17,790	47.3%	18,323	47.3%
DEPARTMENTAL INCOME	18,165	52.7%	18,709	52.7%	19,269	52.7%	19,847	52.7%	20,445	52.7%
UNDISTRIB. OPERATING EXPENSES										
Administrative & General	2,674	7.8%	2,754	7.8%	2,836	7.8%	2,921	7.8%	3,009	7.8%
Management Fee	1,378	4.0%	1,419	4.0%	1,462	4.0%	1,505	4.0%	1,551	4.0%
Marketing	2,119	6.2%	2,183	6.2%	2,248	6.2%	2,315	6.2%	2,385	6.2%
Property Operations & Maintenance	1,026	3.0%	1,057	3.0%	1,088	3.0%	1,121	3.0%	1,155	3.0%
Utility Costs	1,131	3.3%	1,164	3.3%	1,199	3.3%	1,235	3.3%	1,272	3.3%
Total Undistrib. Operating Expenses	8,328	24.3%	8,577	24.3%	8,834	24.3%	9,097	24.3%	9,372	24.3%
INCOME BEFORE FIXED CHARGES	9,837	28.6%	10,132	28.6%	10,435	28.6%	10,750	28.6%	11,073	28.6%
FIXED CHARGES										
Property Taxes	1,749	5.1%	1,802	5.1%	1,856	5.1%	1,911	5.1%	1,989	5.1%
Insurance	253	0.7%	260	0.7%	268	0.7%	276	0.7%	284	0.7%
Reserve for Replacement	1,662	4.8%	1,712	4.8%	1,763	4.8%	1,816	4.8%	1,870	4.8%
HOA Fee/Owner's Expense	597	1.7%	615	1.7%	633	1.7%	652	1.7%	672	1.7%
Total Fixed Charges	4,261	12.3%	4,389	12.3%	4,520	12.3%	4,655	12.3%	4,796	12.3%
NET OPERATING INCOME	5,576	16.1%	5,744	16.1%	5,915	16.1%	6,095	16.1%	6,278	16.1%

CAPITALIZATION

Capitalization is defined as the process of converting a series of anticipated future periodic installments of net income into present value. The anticipated net income stream is converted into a value opinion by a rate that attracts capital to purchase investments with similar characteristics, such as risk, terms and liquidity. The capitalization process takes into consideration the quantity, quality and durability of the income stream in determining which rates are appropriate for valuing the subject hotel.

DISCOUNTED CASH FLOW ANALYSIS

Discounted cash flow analysis can be used to develop an opinion of present value of an income stream. Periodic cash flows and the projected reversion amount at the end of a holding period are discounted at an appropriate rate. Our analysis refers to an all-cash purchase. The following text details our analysis.

REVERSIONARY CAPITALIZATION

Based upon our knowledge of current investment returns required by typical hotel investors, along with factors affecting investment risk specific to the subject property, we have employed a reversionary capitalization rate of 7.50 percent for the subject property.

DISCOUNT RATE SELECTION

The discount rate is the rate of return which equals the sum of the real return anticipated in the investment plus a change in value and any risk premiums associated with the specific investment when compared to alternative investments. It is the average annual rate of return necessary to attract capital based upon the overall investment characteristics.

The discount rate selection requires the appraiser to interpret the attitudes and expectations of market participants. Discount rates are partly a function of perceived risks. Risk is a function of general economic conditions and characteristics of the investment. The critical elements of an investment include the quantity and certainty of gross income, operating expenses, and resultant net income over some future time period. Value is a reflection of future income expectations and such elements are risky.

A determination of the proper discount and capitalization rates for the subject involved speaking with investors and brokers of hotel properties throughout the country, discussing investment parameters with other hospitality industry experts, and considering the results of several published investment surveys.

SELECTION OF APPLICABLE RATES OF RETURN

The investor surveys summarized in the following chart have been used in our selection of the appropriate discount and terminal capitalization rates for the subject hotel.

INVESTOR SURVEYS						
	Discount Rate Range	Avg.	Going-In Cap. Rate Range	Avg.	Terminal Cap. Rate Range	Avg.
Korpacz Real Estate Investor Survey - 1st Quarter 2010						
Luxury/Upper-Upscale	9.0% - 18.0%	12.3%	7.0%-13.0%	9.3%	7.0% - 12.0%	9.8%
Full Service	10.0% - 16.0%	12.4%	6.0%-14.0%	10.1%	7.5% - 12.0%	10.3%
Limited Service	10.0% - 15.0%	12.8%	9.0%-12.0%	10.8%	9.0% - 12.5%	11.3%
Extended Stay	10.0% - 16.0%	12.7%	9.0%-13.0%	10.9%	9.0% - 13.5%	11.2%
PKF Consulting - 2010*						
All Properties	-- -	15.4%	–	10.4%	– - –	10.2%
Full Service	9.0% - 26.0%	15.5%	7.0%-15.0%	10.0%	7.0% - 22.0%	9.7%
Limited Service	9.0% - 23.0%	15.2%	7.0%-17.0%	10.7%	7.0% - 16.0%	10.7%
US Realty Consultants - Winter 2010						
Full Service	10.0% - 15.0%	12.1%	5.0%-12.0%	9.3%	8.0% - 11.0%	9.3%
Limited Service	11.0% - 15.0%	13.2%	7.0%-13.5%	11.0%	9.0% - 12.0%	10.7%

** Going In Cap Rate is based on Trailing 12-month NOI*

Our analysis of applicable terminal capitalization and discount rates for the subject property specifically considered the building type and condition, the current local hotel market conditions, estimated future trends in the local and national market for transient accommodations, and current investor considerations and required returns on investment for similar investments in full service hotels where the fee simple estate of the condominium interest is being conveyed.

As market observers who simulate behavior rather than affect it, we await market evidence as to the long term impact of the credit crisis. Risk is considered in the context of our anticipation of rental growth and most vividly in our cap and discount rate selections. Current investor behavior reflects a higher cost of capital, concern about the economy, a reduced pool of investors, and more conservative rent growth and cash flow modeling assumptions. We recognize also that the new market purchasers will have a greater equity interest and lenders will be working with more conventional lending margins, debt and equity coverage ratios.

The subject property is located in a core market which has remained a top tier choice for debt and equity investment. While underwriting terms may have become more restrictive, it is considered a financeable location.

Real estate fundamentals in the form of constrained supply, balanced against perceived long-term stability in the local employment base, will alleviate pressure on occupancy rates and increase/neutralize cash flow risk over the projected holding period. A more conservative lending environment will likely curtail any material speculative development and suppress new supply. This will create a more favorable balance in the market and have a positive impact on long-term real estate fundamentals.

In the surveys presented previously, discount rates for full service hotels ranged from 9.0 percent to 26.0 percent with averages ranging from 12.1 percent to 15.5 percent. In the Korpacz Survey, upper upscale and luxury hotels indicate a discount rate range of 9.0 to 18.0 percent with an average of 12.3 percent. Given the subject's desirable Boston location near major employment centers, universities, leisure attractions, and hospitals, as well as having ample modern amenities and a luxury design, we believe a discount rate of 11.0 percent is appropriate. Our discount rate also considers that the subject is relatively new, opened during a recession, and is unstabilized.

In the surveys, terminal capitalization rates for full service hotels ranged from 7.0 percent to 22.0 percent with averages ranging from 9.3 percent to 10.3 percent. In the Korpacz Survey, upper upscale and luxury hotels indicate a terminal capitalization rate range of 7.0 to 12.0 percent with an average of 9.8 percent. We utilized a terminal capitalization rate of 7.50 percent. Our terminal capitalization rate is below the average of the range due to new construction. Based on the surveys, a terminal capitalization rate below 7.0 percent is not reasonable.

In addition to the current state of the credit markets, the discount and terminal capitalization rates selected are warranted based on the following attributes and weaknesses of the subject property:

STRENGTHS

- Local market has a high barrier-to-entry
- Interior corridor design with modern amenities
- Proximity to employment centers, hospitals, and universities
- Multiple sources of income including food and beverage, spa, meeting space rental, and parking
- Proximity to mass transit
- Franchise affiliation and strong brand identity
- New construction

WEAKNESSES

- The subject's Theater District location is a secondary hotel site in the City of Boston
- Lack of Class A office buildings and tourist attractions in a two block radius
- Long-term potential for new supply.
- Risk to stabilize the asset

DISCOUNTED CASH FLOW MODEL

Our valuation analysis and discounted cash flow model are presented on the following page. Incorporated in our model are these assumptions and opinions.

Projection Period:	10 years with sale/refinancing at beginning of the following year.
Internal Rate of Return:	We have utilized a discount rate of 11.0 percent (annually) in this analysis.
Terminal Capitalization Rate:	We have utilized a terminal capitalization rate of 7.50 percent in this analysis. We have deducted 3.0 percent for closing costs from the projected sale price to determine the reversionary value.

The discounted cash flow analysis indicates a rounded market value of $55,000,000 ($234,043 per room).

W Hotel Boston

Boston, MA

Discounted Cash Flow Analysis

PROJECTION YEAR	NET CASH FLOW		DISCOUNT FACTOR		PRESENT VALUE	COMPOSITION OF YIELD	ANNUAL CASH ON CASH RETURN
			11.00%				
2010/11	$220,000	x	0.900901	=	$198,198	0.36%	0.40%
2011/12	$3,176,000	x	0.811622	=	$2,577,711	4.67%	5.77%
2012/13	$4,616,000	x	0.731191	=	$3,375,178	6.12%	8.39%
Stabilized	$5,256,000	x	0.658731	=	$3,462,290	6.27%	9.56%
2014/15	$5,414,000	x	0.593451	=	$3,212,944	5.82%	9.84%
2015/16	$5,576,000	x	0.534641	=	$2,981,158	5.40%	10.14%
2016/17	$5,744,000	x	0.481658	=	$2,766,644	5.01%	10.44%
2017/18	$5,915,000	x	0.433926	=	$2,566,672	4.65%	10.75%
2018/19	$6,095,000	x	0.390925	=	$2,382,688	4.32%	11.08%
2019/20	$6,278,000	x	0.352184	=	$2,211,011	4.01%	11.41%
Total Present Value of Cash Flows					$25,734,494	46.63%	8.78% Average
REVERSION							
2020/21	$6,466,000	/	7.50%		$86,213,333		
	Less: Cost of Sale	@	3.00%		2,586,400		
	Net Reversion				$83,626,933		
	x Discount Factor				0.352184		
					$29,452,068		
Total Present Value of Reversion					$29,452,068	53.37%	
Total Present Value					$55,186,562	100.00%	
		ROUNDED:			$55,000,000		

Number of Rooms	235
Estimated Value Per Room	$234,043
Year-One Statistics	
Room Revenue Multiplier	4.2
Gross Revenue Multiplier	2.3
Going-In Capitalization Rate	0.4%
Stabilized Statistics	
Room Revenue Multiplier	3.0
Gross Revenue Multiplier	1.7
Stabilized Capitalization Rate	9.6%
Stabilized Deflated	
Room Revenue Multiplier	3.2
Gross Revenue Multiplier	1.9
Stabilized Capitalization Rate	8.7%

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert an opinion of a single year's income expectancy into an indication of value. The single year's income is typically designed to reflect a subject property's stabilized level of operation and revenue potential. The conversion into a value indication is accomplished in one direct step by dividing the income by an appropriate capitalization rate.

The previously illustrated investor surveys revealed a range of going-in overall rates for hotels are as follows:

	GOING-IN CAP. RATE RANGE	AVG.
Korpacz Real Estate Investor Survey - 1st Quarter 2010		
Luxury/Upper-Upscale	7.0%-13.0%	9.3%
Full Service	6.0%-14.0%	10.1%
Limited Service	9.0%-12.0%	10.8%
Extended Stay	9.0%-13.0%	10.9%
PKF Consulting - 2010*		
All Properties	-	10.4%
Full Service	7.0%-15.0%	10.0%
Limited Service	7.0%-17.0%	10.7%
US Realty Consultants - Winter 2010		
Full Service	5.0%-12.0%	9.3%
Limited Service	7.0%-13.5%	11.0%

** Going in Cap Rate is based on Trailing 12-month NOI*

The table below shows extracted capitalization rates for the City of Boston, Cambridge, and Brookline since 2005:

Hotel	Location	Date	Cap Rate	Type	Comments
Hyatt Regency Boston	Boston, MA	Mar-10	7.00%	Full-Service	Cap Rate is based on T-12 operating statement
Hyatt Regency Boston	Boston, MA	Feb-09	8.10%	Full-Service	Seller's going forward cap rate.
Hotel @ MIT	Cambridge, MA	Nov-07	5.5%/7.0%	Full-Service	5.5% T-12/7.0% year one
Embassy Suites Boston Logan Airport	East Boston, MA	Sep-07	3.5%/6.1%	Full-Service	3.5% T-12/6.1% year one
Hilton Boston Back Bay	Boston, MA	Jul-07	5.7%/6.1%	Full-Service	4.8% T-12/6.4% year one
Courtyard Boston Tremont	Boston, MA	Jul-07	4.8%/6.4%	Limited-Service	5.7% T-12/6.1% year one
Marriott Long Wharf	Boston, MA	Mar-07	5.9%	Full-Service	Cap Rate is based on T-12 operating statement
Holiday Inn Boston Logan Airport	East Boston, MA	Feb-07	2.6	Full-Service	Cap Rate is based on T-12 operating statement. Will renovate and convert to a Courtyard.
Westin Boston Waterfront	Boston, MA	Jan-07	7.8%	Full-Service	Cap Rate range is based on year one projected operating statement
Ritz Carlton Boston	Boston, MA	Jan-07	1.5%	Full-Service	Cap Rate range is based on T-12 operating statement. Became Taj Boston after sale.
Nine Zero	Boston, MA	May-06	6.8%	Full-Service	Cap Rate is based on T-12 operating statement
Bulfinch Hotel	Boston, MA	Nov-05	6.6%	Full-Service	Cap Rate is based on T-12 operating statement
Westin Copley Place	Boston, MA	Aug-05	6.5%	Full-Service	Cap Rate is based on T-12 operating statement
Courtyard Marriott Brookline	Brookline, MA	Jun-05	7.0%	Full-Service	Cap Rate is based on T-12 operating statement

The following table illustrates overall capitalization rates for the subject property that have been derived based on our opinion of value via the discounted cash flow method. Note that the stabilized year's net income has been deflated to first projection year dollars at the underlying 3.0 percent inflation rate.

Implied Overall Capitalization Rates

Year	Net Operating Income	Overall Capitalization Rate
Year One	$220,365	0.4%
Stabilized Year	$5,255,800	9.6%
Stabilized Year Deflated to Year One	$4,810,000	8.7%

The year one implied capitalization rates is zero percent due to the current recession impacting hotel net operating income and the fact that the subject is relatively new and has yet to stabilized. Additionally, it considers a $1.9 million deduction to complete the spa. Our stabilized rates assume the market recovers and the subject reaches stabilization in year four. The stabilized capitalization rates also consider risk to stabilize operations.

SALES COMPARISON APPROACH

METHODOLOGY

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

We have researched comparable hotels sales throughout Boston, Cambridge, and Brookline that have sold recently and there has been very limited number of transactions in the past several years. The lack of credit, coupled with the current economic conditions has combined to slow the hotel transaction market. According to several brokers we have interviewed, prices dropped drastically in 2009 with underwriting criteria becoming extremely conservative for buyers and the very few lenders that exist today.

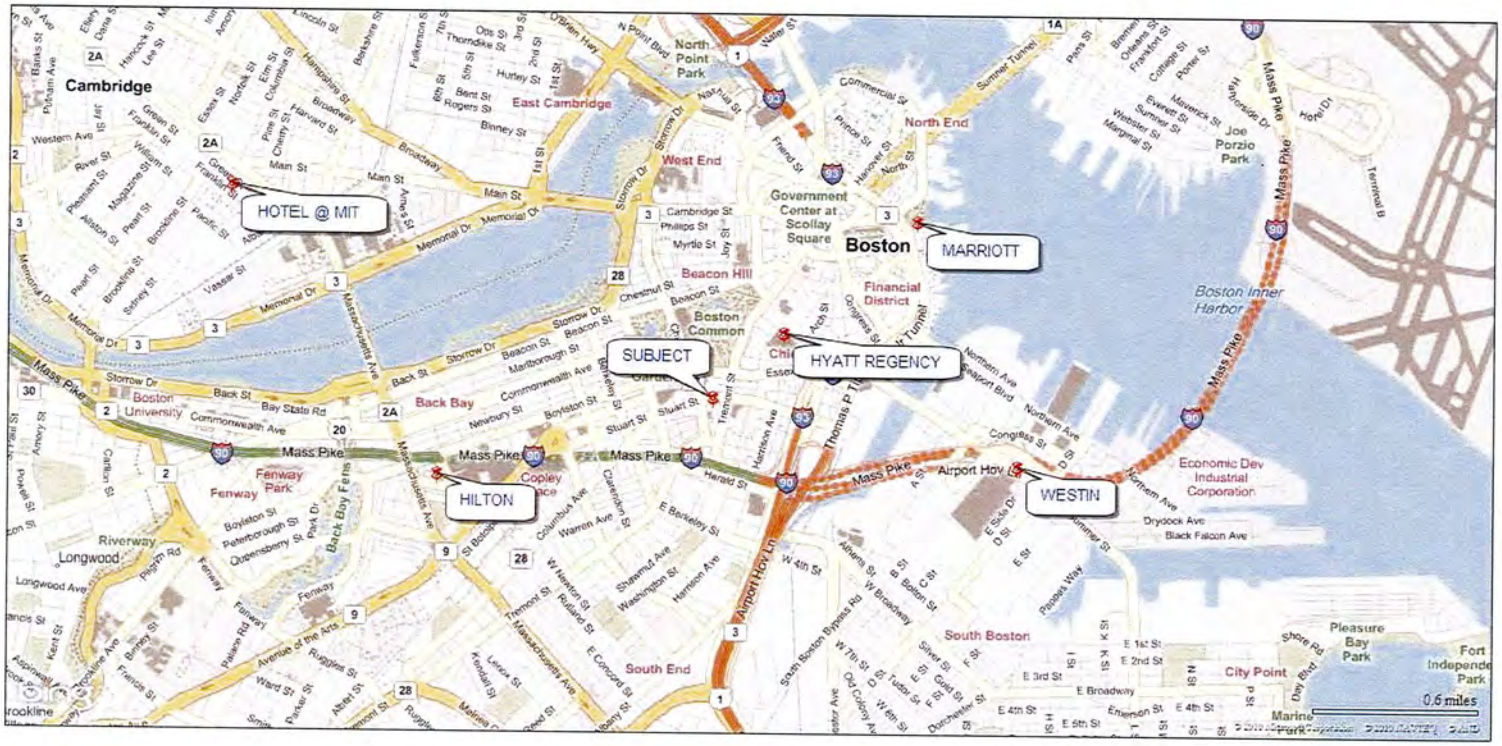
A table summarizing the transactions that were reportedly arms-length sales are presented on the following page.

SUMMARY OF IMPROVED SALES

PROPERTY INFORMATION							TRANSACTION INFORMATION							
No.	Property Name	Address	City	State	Number of Units	Year Built	Grantor	Grantee	Sale Date	Sale Price	$/Unit	OAR	RevPAR	ERRM
1	Hyatt Boston Regency	1 Avenue de Lafayette	Boston	MA	498	1984	Hyatt Hotels Corporation	Chesapeake Lodging Trust	Mar-10	$112,000,000	$224,900	7.0%	$133.65	4.6
2	Hotel @ MIT	20 Sidney Street	Cambridge	MA	210	1998	Forest City and MIT	HEI Hotels & Resorts	Nov-07	$63,200,000	$300,952	5.5%	$164.26	5.0
3	Hilton Boston Back Bay	40 Dalton Street	Boston	MA	385	1982	Highland Hospitality Corporation	JER Partners	Jul-07	$159,405,177	$414,039	5.7%	$164.94	6.9
4	Marriott Long Wharf	296 State Street	Boston	MA	402	1982	ZL Hotel LLC	Sunstone Wharf LLC	Mar-07	$231,000,000	$574,627	5.9%	$204.06	7.7
5	Westin Boston Harbor	425 Summer Street	Boston	MA	793	2006	Boston Convention Center Hotel, LLC	DiamondRock Hospitality	Jan-07	$330,300,000	$416,520	10.0%	$144.02	7.9
Low					210	1982		Survey Minimum	Jan-07	$63,200,000	$224,900	5.5%	$133.65	4.6
High					793	2006		Survey Maximum	Mar-10	$330,300,000	$574,627	10.0%	$204.06	7.9
Average					458	1990			Dec-07	$179,181,035	$386,208	6.8%	$162.19	6.4

Compiled by Cushman & Wakefield of Massachusetts, Inc.

IMPROVED HOTEL SALES MAP



Some of the differences between the comparable sales and the subject property can often include location and accessibility, size, services and facilities offered, market conditions, chain affiliation, market orientation, management, rate structure, age, physical condition, date of sale, the highest and best use of the land, and the anticipated profitability of the operation. Circumstances surrounding a sale, including financing terms, tax considerations, income guarantees, sales of partial interests, duress on the part of the buyer or seller, or a particular deal structure, result in disparities between the actual sales price and pure market value. Additionally, it is usually very difficult to obtain the marketing period, and an accurate capitalization rate, for the comparable sales. In practice, it is virtually impossible to quantify the appropriate adjustment factors accurately because of their number and complexity, as well as the difficulty in obtaining specific, detailed information. Any attempt to manipulate the necessary adjustments is insupportable and purely speculative.

Because an appraiser is expected to reflect the analytical processes and actions of typical buyers and sellers rather than to create an insupportable and highly subjective valuation approach, the investment rationale of hotel owners is an essential consideration. As specialists in the valuation of hotels, we find that typical buyers and sellers purchase properties based upon a thorough analysis of anticipated future economic benefits of property ownership rather than on historical sales data. The Sales Comparison Approach should therefore be used to provide a general range of values that will serve as a check against the value indicated by the Income Capitalization Approach.

CONCLUSION

Unfortunately, there have only been two significant hotel transactions since 2007 in Boston. Both hotel transactions were for the same hotel just over one year apart. Those sales that occurred in 2007 would require significant downwards adjustments for market conditions. The most recent sale, the Hyatt Regency, is a direct competitor of the subject. Although the Hyatt Regency is in inferior condition to the subject, it generates significant room, parking, meeting rental, and food and beverage revenues. Thus, the sale of the Hyatt Regency is a good comparable for the subject and has been given the most weight.

Based upon our analysis of these sales as well as our familiarity with investor return requirements for other similar type hotels, on a Sales Comparison Approach basis our opinion of market value for the subject property is between $230,000 per room and $255,000 per room. Applying this range to the subject's room count of 235 units equates to a market value range of roughly $54,050,000 to $59,925,000. The following is a summary of our concluded values within the Sales Comparison Approach:

SALES COMPARISON APPROACH CONCLUSION

Methodology	As Is Value	Per Room
(Low-End of Range)	$54,050,000	$230,000
(High-End of Range)	$59,925,000	$255,000

Compiled by Cushman & Wakefield of Massachusetts, Inc.

The market value derived by the Income Capitalization Approach of $55,000,000 appears to be well supported.

In appraising lodging facilities, it is often difficult to find an adequate number of recent sales that are truly comparable to the subject property. Although it is often necessary to consider comparable sales outside the subject property's market area, the resulting adjustments greatly diminish the reliability of the conclusions. Most observers of hotel transactions are unable to determine the true motivations of the buyers and sellers. Acquiring a hotel often represents a highly ego-driven process where many external, non-market factors influence the purchase price. Unless the appraiser can quantify these influences, there is no way of knowing whether the purchase price paid actually reflects market value. Finally, when appraising hotels, the degree of comparability between the subject property and a comparable sale is usually so diverse that many subjective and unsubstantiated adjustments are required. Each adjustment represents a potential for error and thereby diminishes the reliability of this approach. As a result of these shortcomings, the use of the Sales Comparison Approach in valuing hotels is primarily limited to checking the value indicated by the Income Capitalization Approach.

COST APPROACH

METHODOLOGY

The Cost Approach is founded on the principle of substitution, which implies that no prudent person will pay more for a property than the amount for which a site can be acquired and a building constructed of equal desirability and utility without undue delay. The Cost Approach develops an opinion of market value by first calculating the current cost of replacing the improvements. Appropriate deductions are then made for depreciation resulting from physical deterioration and functional and external obsolescence. Finally, the value of the land is added to the depreciated replacement cost to provide an opinion of market value.

As addressed in prior sections of this report, the Cost Approach has limited utility in the valuation of existing hotels. Along with the difficulty in accurately quantifying physical deterioration, it is our experience that knowledgeable purchasers of complex hotel properties are more concerned with the economics of the investment. Hence, typical practice does not rely on the Cost Approach. We should also note that given current weak market fundamentals, economic obsolescence is evident. Estimating economic obsolescence is highly subjective and further weakens the cost approach. Lastly, there has been a lack of land sales in which to estimate and value.

RECONCILIATION AND FINAL VALUE OPINION

VALUATION METHODOLOGY REVIEW AND RECONCILIATION

In our valuation of the subject property, we relied primarily on the Income Capitalization Approach to value. The Sales Comparison Approach was applied and is considered to provide reasonable support to the conclusion of the Income Capitalization Approach. We have not utilized the Cost Approach to value in this analysis. Typically, the Cost Approach offers limited utility in the valuation of existing hotels. Along with the difficulty in accurately quantifying physical deterioration, it is our experience that knowledgeable purchasers of complex hotel properties are more concerned with the economics of the investment. Additionally, there is economic obsolescence in the market and there have been no recent land sales for hotel development in which to use to determine land value.

The Sales Comparison Approach reflects an opinion of value as indicated by the actual sales of hotels. In this approach, we searched the regional and national market for transactions of similar property types. Several sales of major full-service hotels were examined, and this approach was useful in providing value parameters.

In our Income Capitalization Approach to value, the subject property was valued by analyzing the local market for transient accommodations and developing a projection of income and expense that reflects the current and future anticipated income and expense trends over a ten-year holding period. The net income was then discounted to the date of value by an appropriate internal rate of return through a discounted cash flow analysis. Implied direct capitalization rates were also illustrated.

The approaches indicated the following:

FINAL VALUE RECONCILIATION

Date of Value	As Is Value May 24, 2010	Per Room
Cost Approach		
Conclusion	**N/A**	**N/A**
Sales Comparison Approach		
(Low-End of Range)	$54,050,000	$230,000
(High-End of Range)	$59,925,000	$255,000
Income Capitalization Approach		
Discounted Cash Flow	$55,000,000	$234,043
Conclusion	$55,000,000	$234,043
Final Value Conclusion	**$55,000,000**	**$234,043**

Compiled by Cushman & Wakefield of Massachusetts, Inc.

We have given most weight to the Income Capitalization Approach because this method mirrors the methodology used by purchasers of this property type. We used the Sales Comparison Approach as a check for reasonableness.

MARKET VALUE AS IS

Based on the agreed to Scope of Work, and as outlined in the report, we have developed an opinion that the Market Value of the Fee Simple Estate of the Condominium Interest estate of the W Hotel Boston, subject to the assumptions and limiting conditions, certifications, extraordinary and hypothetical conditions, if any, and definitions, "As-Is" on May 24, 2010, was:

FIFTY FIVE MILLION DOLLARS

$55,000,000 or $234,043 per room

EXPOSURE TIME AND MARKETING TIME

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately 12 months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within 12 months.

PERSONAL PROPERTY ALLOCATION

Included in the above estimate of market value is the contributing value of the personal property at the subject property, or the furnishings, fixtures, and equipment (FF&E). FF&E is generally considered to be part of the hotel property and is typically sold with the building. It is therefore considered to be a part of the property's total value. FF&E includes the hotel's guest room and public area furnishings, kitchen equipment, service/maintenance equipment and other machinery. According to the 2009 HVS International *Development Cost Survey*, the range of FF&E by property type is as follows:

Budget Economy:	$4,600 - $17,100
Midscale without F&B:	$5,700 - $26,400
Extended-Stay:	$3,600 - $24,500
Midscale with F&B:	$6,900 - $37,400
Full-Service:	$8,600 - $54,600
Luxury and Resort:	$34,400 - $121,900

Based on our review of the subject, we have concluded that the value of the FF&E as new is approximately $47,000 per unit, or a total replacement cost of $11,050,000. Although hotel FF&E typically have a useful life of five to ten years, depreciation of these assets occurs at a much faster rate than straight-line and depreciate to some degree immediately upon being placed into service. Accordingly, we conclude that the contributory value of the subject's FF&E, would be no more than 75.0 percent of cost. Once FF&E is installed and used, the contributory value declines substantially. The contributory value of the FF&E is estimated to be $8,300,000, rounded.

BUSINESS VALUE (GOING CONCERN)

Hotels are undisputedly a combination of business and real estate; the day-to-day operation of a hotel represents a business over and above the real estate value. Numerous theories have been developed in an attempt to isolate the business component of a hotel. When hotels were routinely leased to hotel operators, separating the income and value attributable to each component was a simple matter. However, during the 1970s, the hotel property lease was replaced with the hotel management contract.

It is widely accepted today that managing agents are hired by hotel owners to operate a property in return for a management fee. The fee is paid to the operator as an operating expense, and what remains is net income available to pay debt service and generate a return on the owner's equity. Purchasers of hotels as real estate investments are able to passively own the property by employing a managing agent, as was the case with the property lease in earlier years.

The real and personal property components of the subject property have already been valued in this appraisal and any business component has been accounted for through the deduction of market rate management fee. By making this deduction, we believe that there is no business value included in our conclusion of market value.

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural members or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.
- The estimated operating results presented in this report are based on an evaluation of the overall economy, and neither take into account nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to at least offset these advances. We do not warrant that the estimates will be attained, but they have been prepared on the basis of information obtained during the course of this study and are intended to reflect the expectations of typical investors.
- Appraising hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.
- Any distribution of the total value between the land and improvements or between partial ownership interests applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.
- This report assumes that the subject will stay maintain an affiliation with W. If the subject does not maintain a similar affiliation, it could have a negative impact on the subject's market value.

- Our financial analyses are based on estimates and assumptions which were developed in connection with this appraisal engagement. It is, however, inevitable that some assumptions will not materialize and that unanticipated events may occur which will cause actual achieved operating results to differ from the financial analyses contained in this report, and these differences may be material. It should be further noted that we are not responsible for the effectiveness of future management and marketing efforts upon which the projected results contained in this report may depend.

CERTIFICATION OF APPRAISAL

We 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, and 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 opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- James M. Berry, MAI and Eric B. Lewis, MAI, MRICS did make a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this report.
- James M. Berry, MAI and Eric B. Lewis, MAI, MRICS have not provided services regarding the subject property within the prior three years.
- As of the date of this report, James M. Berry, MAI and Eric B. Lewis, MAI, MRICS have completed the continuing education program of the Appraisal Institute.
- This assignment was made subject to regulations of the Commonwealth of Massachusetts Real Estate Appraisers Board.
- The undersigned state certified appraiser has met the requirements of the board that allow this report to be regarded as a certified appraisal.

James M. Berry, MAI
Senior Director
Massachusetts State-Certified General Appraiser
License No. 102791
jim.berry@cushwake.com
(617) 204-5954 Office Direct
(617) 951-1349 Fax

Eric B. Lewis, MAI, MRICS
Executive Managing Director - National Practice Leader Hospitality & Gaming Group
Massachusetts State-Certified General Appraiser
License No. Temporary Permit - 1239
eric.lewis@cushwake.com
212-841-5694 Office Direct

GLOSSARY OF TERMS & DEFINITIONS

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Fourth Edition (2002), published by the Appraisal Institute, Chicago, IL, as well as other sources.

Accrued Depreciation

1. In appraisal, a loss in property value from any cause; the difference between the reproduction or replacement cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In regard to improvements, depreciation encompasses both deterioration and obsolescence. 3. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specific method.

Band of Investment Analysis

A technique in which the capitalization rates attributable to components of capital investment are weighted and computed to derive a weighted average rate attributable to the total investment.

Cash Equivalence

A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts. Calculating the cash-equivalent price requires an appraiser to compare transactions involving atypical financing to transactions involving comparable properties financed at typical market terms.

Ellwood Formula

Yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern.

Exposure Time

The length of time the property being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal. Exposure time is presumed to precede the effective date of the appraisal.

The reasonable exposure period is a function of price, time and use. It is not an isolated opinion of time alone. Exposure time is different for various types of property and under various market conditions. It is a retrospective opinion based on an analysis of past events, assuming a competitive and open market. It assumes not only adequate, sufficient and reasonable time but adequate, sufficient and a reasonable marketing effort. Exposure time and conclusion of value are therefore interrelated.

Extraordinary Assumptions

An extraordinary assumption is "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

GOING CONCERN

An operating business enterprise that is expected to continue.

Hypothetical Conditions

A hypothetical condition is "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

Insurable Value

- The value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of noninsurable items (e.g., land value) from market value.
- Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept. (Marshall & Swift LP)

Leased Fee Interest

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

Leasehold Interest

The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

- Lessee and lessor are typically motivated.
- Both parties are well informed or well advised, and acting in what they consider their best interests.
- A reasonable time is allowed for exposure in the open market.
- The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
- The rental amount represents the normal consideration for the property lease unaffected by special fees or concessions granted by anyone associated with the transaction.

MARKET VALUE

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g) *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1992; 59 *Federal Register* 29499, June 7, 1994)

MARKETING TIME

1. The time it takes an interest in real property to sell on the market sub-sequent to the date of an appraisal. 2. An estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)

MORTGAGE-EQUITY ANALYSIS

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

PROSPECTIVE VALUE OPINION

A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

PROSPECTIVE VALUE UPON REACHING STABILIZED OCCUPANCY

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

However, for hotel properties, Cushman & Wakefield, Inc. defines the Prospective Value Upon Reaching Stabilized Occupancy as the value of a hotel property at a point in time when all improvements have been physically constructed and the hotel property is operating at a level of occupancy, ADR, and expense which it could expect to maintain, on average, over the projected holding period.

VALUE AS IS

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal. It relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

ADDENDA CONTENTS

ADDENDUM A: PHOTOGRAPHS OF COMPETITIVE HOTEL PROPERTIES
ADDENDUM B: LEGAL DESCRIPTION
ADDENDUM C: QUALIFICATIONS OF THE APPRAISERS

ADDENDUM A:
PHOTOGRAPHS OF COMPETITIVE HOTEL PROPERTIES

The Liberty Hotel

Langham Hotel

COMPETITIVE HOTEL PHOTOGRAPHS

Taj Boston

Ritz-Carlton Boston Common

COMPETITIVE HOTEL PHOTOGRAPHS

Nine Zero

COMPETITIVE HOTEL PHOTOGRAPHS

The Back Bay Hotel

Hyatt Regency Boston

COMPETITIVE HOTEL PHOTOGRAPHS

Fairmont Copley Plaza

COMPETITIVE HOTEL PHOTOGRAPHS

The Ames Hotel

ADDENDUM B:
LEGAL DESCRIPTION

Schedule 1 to Exhibit A

Legal Description

Parcel one:

A certain parcel of land situated in the City of Boston, Suffolk County, Commonwealth of Massachusetts bounded and described as follows:

Beginning at a point, said point being the intersection of the westerly sideline of Tremont Street and northerly sideline of Seaver Place:

Thence running n 79 degrees 13'01" w, a distance of 80.73 feet by the northerly sideline of Seaver Place to a point;

Thence running n 79 degrees 50'30" w, a distance of 22.07 feet along the northerly sideline of Seaver Place to a point;

Thence turning and running in 75 degrees 04'00" w, a distance of 4.84 feet along the northerly sideline of Seaver Place to a point;

Thence turning and running s 7 degrees 13'56" w, a distance of 4.65 feet along the westerly sideline of Seaver Place to a point;

Thence turning and running n 89 degrees 42'46" w, a distance of 4.31 feet along the northerly sideline of Seaver Place to a point;

Thence turning and running s 85 degrees 50'06" w, a distance of 15.74 feet along the northerly sideline of Seaver Place to a point;

Thence turning and running in n 4 degrees 35'10" w, a distance of 11.48 feet to a point;

Thence turning and running s 85 degrees 09'11" w, a distance of 77.08 feet to a point on the easterly sideline of Warrenton Street;

Thence turning and running n 4 degrees 46'17" w, a distance of 105.81 feet along the easterly sideline of Warrenton Street to a point on the southerly sideline of Stuart Street;

Thence turning and running along a curve to the right having a radius of 180.00 feet a length of 25.69 feet along the southerly sideline of Stuart Street to a point of tangency;

Thence running s 85 degrees 49'58" e, a distance of 189.92 feet along the southerly sideline of Stuart Street to a point of curvature;

Thence turning and running along a curve to the right having a radius of 18.00 feet a length of 30.67 feet to a point of tangency of the westerly sideline of Tremont Street;

Thence running s 11 degrees 47'35" w, a distance of 91.35 feet along the westerly sideline of Tremont Street to the point of beginning.

Containing an area of 22,700 s.f. or 0.521 acres.

ADDENDUM C:
QUALIFICATIONS OF THE APPRAISERS

ERIC B. LEWIS, MAI, MRICS

Executive Managing Director, Industry Leader
Hospitality & Gaming Group

Background

Mr. Lewis is an alumnus of Lehigh University, having graduated Cum Laude in 1985 with a Bachelor of Science Degree in Accounting. He received his Masters in Real Estate Valuation from New York University in 1991, and has been involved in the appraisal of real estate since 1987.

Eric B. Lewis is the Executive Managing Director and Industry Leader of the Hospitality & Gaming Group of Cushman & Wakefield's Valuation & Advisory Services. The Hospitality & Gaming Group consists of nearly 30 senior valuation professionals dedicated to the hospitality industry. The group was responsible for over $340 billion in valuations in 2007 on virtually every hospitality property type, including full-, limited-, and select-service hotels, conference centers, time shares, fractionals, resorts, and condominium hotels. Work scope includes appraisals, feasibility studies, market surveys, litigation support, and investment analysis.

Following a career as a CPA with Arthur Young & Co. in New York, Mr. Lewis entered the real estate appraisal business in 1987 with Mason-Helmstetter in Hasbrouck Heights, NJ. In 1992, he joined Cushman & Wakefield's Stamford, Connecticut office where he worked on a variety of property types and began to specialize in hotels. He moved to C&W's World Headquarters in New York in 1997, and was promoted to his current position in 2010.

Professional Affiliations

Member, The Appraisal Institute - MAI, (Certificate No. 9798)
Member, Royal Institution of Chartered Surveyors - MRICS (Membership No. 1278634)
Board of Directors, Metropolitan NY Chapter of The Appraisal Institute (2005-2007)
Regional Representative to the National Appraisal Institute (2008)
Certified General Real Estate Appraiser-State of Connecticut (License No. RCG.373)
Certified General Real Estate Appraiser-State of Maryland (License No. 12182)
Certified General Real Estate Appraiser-State of New Jersey (License No. RG. 0092200)
Certified General Real Estate Appraiser-State of New York (License No. 46000022963)
Certified General Real Estate Appraiser-State of Ohio (License No. 2001011863)
Certified General Real Estate Appraiser-State of Pennsylvania (No. GA-001608R)
Advisory Board Member – The Stoler Report

Education:

New York University
New York, New York
Master of Science-Real Estate Valuation and Analysis: December, 1991

Lehigh University
Bethlehem, Pennsylvania
Bachelor of Science-Accounting - Cum Laude June, 1985

CUSHMAN & WAKEFIELD

Awards

1999 - James F. Ryan Humanitarian Award
1999 Cushman & Wakefield – New York Area VAS – Bronze Production Award
2000 Cushman & Wakefield – New York Area VAS – Silver Production Award
2001 Cushman & Wakefield – New York Area VAS – Gold Production Award
2002 Cushman & Wakefield – New York Area VAS – Silver Production Award
2003 Cushman & Wakefield – New York Area VAS – Gold Production Award
2003 Leading Valuation Services Professional in the Firm
2004 Cushman & Wakefield – New York Area VAS – Silver Production Award
2007 Person of the Year – Metropolitan New York Chapter of the Appraisal Institute

Other

Spoke before the Real Estate Lenders Association. Lectured at New York University. Spoke before the Royal Institute of Chartered Surveyors. Appeared as a guest on the television show The Stoler Report, commenting on the New York City Hotel Market. He and his family are active participants in the Fresh Air Fund.

PROFESSIONAL QUALIFICATIONS

James M. Berry, MAI

Senior Director
Valuation and Advisory Services & Hospitality and Gaming Group

Mr. Berry is an Appraiser in Cushman & Wakefield's Valuation and Advisory Services as well as Hospitality and Gaming Group. Mr. Berry has completed over 160 hospitality related appraisals and consulting assignments over the past three years. The majority of the assignments have been located in New England, while 26 were in the City of Boston. Mr. Berry however has experience appraising hospitality related properties throughout the East Coast of the United States. Property types range from independently operated luxury resorts to economy franchise hotels.

Mr. Berry has the MAI designation and is a Certified General Real Estate Appraiser in the states of Maryland, Massachusetts, Connecticut, Vermont, Maine, Georgia, Texas, Alabama, Rhode Island, and New Hampshire. He earned a MS in Real Estate at Johns Hopkins University in Baltimore, MD. The program completed was geared towards valuation and appraisal. In addition, Mr. Berry has earned a MA in Geography and Planning at Towson University in Baltimore, MD. He has supplemented his degree with Appraisal Institute and CCIM courses.

Experience

Cushman & Wakefield of Massachusetts, Inc., Boston, Massachusetts, Valuation Advisory Services, a division of the full service real estate organization, appraising and consulting focusing on hospitality property types, September 2006 to present.

Joseph J. Blake and Associates, Washington, D.C. Independent Fee Appraiser focusing on office, multi-family, and hospitality property types, April 2003 to June 2006.

Colliers Pinker, Baltimore, MD. Junior Appraiser assisting in the appraisal of all property types, August 2001 to March 2003.

Education

Johns Hopkins University, 2004, MS in Real Estate
Towson University, 2000, MA in Geography and Planning
Towson University, 1998, BA in International Studies and double major in Economics

Memberships, Licenses and Professional Affiliations

MAI, Appraisal Institute
CCIM Candidate
Maryland Certified General License No. 11724
New Hampshire Certified General License No. NHCG-700
Massachusetts Certified General License No. 102791
Connecticut Certified General License No. RCG.1112
Georgia Certified General License No. CG319876
Alabama Certified General License No. G00789
Maine Certified General License No. CG000000002516
Rhode Island Certified General License No. A01318G
Vermont Certified General License No. 80-0000262
Texas Certified General License No. 1338448

Sample of Hospitality Assignments
Liberty Hotel – Boston, MA
Mandarin Oriental Hotel – Boston, MA
Marriott Long Wharf Hotel – Boston, MA
Renaissance Boston Waterfront Hotel – Boston, MA
Preferred Boston Harbor Hotel – Boston, MA
Hilton Garden Inn – Burlington, MA
Best Western – Chelmsford, MA
Embassy Suites – East Boston, MA
Four Points by Sheraton – Eastham, MA
Ramada Inn – Seekonk, MA
Marriott – Springfield, MA
Super 8 – Weymouth, MA
Courtyard by Marriott – Westborough, MA
Holiday Inn Select – Woburn, MA
Hampton Inn – Bath, ME
Holiday Inn – Ellsworth, ME
Sheraton – South Portland, ME
Comfort Inn – Wilton, ME
Residence Inn – Williston, VT
Hampton Inn – Brattleboro, VT
Residence Inn – Colchester, VT
Hampton Inn – Nashua, NH
Residence Inn – Concord, NH
Holiday Inn – Manchester, NH
Residence Inn – Conway, NH
Fairfield Inn – Exeter, NH
Sheraton – Warwick, RI
Courtyard by Marriott – Providence, RI
Residence Inn – West Greenwich, RI
Wingate by Wyndham – Coventry, RI

Bar Harbor Grand – Bar Harbor, ME
Oceans Edge – Brewster, MA
White Barn Inn – Kennebunk, ME
Stone House Club – Little Compton, RI
Merrimack Hotel & Conference Center – Merrimack, NH
Windham Hill Inn – West Townshend, VT
Vanderbilt Hall Hotel – Newport, RI
Breakwater Inn and Spa – Kennebunkport, ME
Preferred Wequasett Inn and Golf Club – Harwich, MA
Cape Codder Resort – Hyannis, MA
Daniel Webster – Sandwich, MA
Sea Chambers – Ogunquit, ME
Hawthorne Hotel – Salem, MA
Newagen Inn – Southport, ME
Alpine Inn – Killington, VT