

Crowne Plaza San Francisco International Airport

BURLINGAME, CALIFORNIA



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By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confident nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CB Richard Ellis, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CB Richard Ellis, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CB Richard Ellis, Inc.

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Executive Summary





Opportunity Overview

CB Richard Ellis Hotels has been retained by The Carlyle Group as the exclusive advisor with respect to the sale of the Crowne Plaza San Francisco International Airport located at 1177 Airport Boulevard in Burlingame, California. Located only three miles south of the South Francisco International Airport (SFO) and conveniently situated between San Francisco and Silicon Valley, the 10-story Crowne Plaza features 309 guest rooms including 11 suites, the West Bay Café and Lounge, an indoor swimming pool, fitness room, business center and nearly 12,000 SF of meeting space. The property has outstanding access and visibility, standing alone along U.S. Highway 101, where approximately 250,000 cars pass each day.

The San Francisco International Airport lodging submarket (SFO Market) has a unique mix of demand generators. The

area has developed into its own corporate center with a large biotechnology center to the immediate north and the predominantly technology-focused firms located on the "Peninsula" just to the south. Still, the center of demand lies in its proximity to SFO, which is driven by business, convention and leisure activity for the entire Bay Area, emanating primarily from San Francisco and Silicon Valley.

The San Francisco/San Mateo lodging market has performed exceptionally well year to date through July, with the fourth highest overall market RevPAR of all major US hotel markets after New York, Honolulu and Miami. RevPAR growth year-to-date through July is 21.0%, the best growth number for any of the top 25 markets and is projected to outperform every other major market in terms of ADR growth over the next two years. The lodging

market's stellar performance has provided a boost to the SFO market, resulting in occupancy in the upper 70% level.

This is an exceptional opportunity to acquire a hotel with a unique freeway location that offers tremendous visibility for the property and the brand in an extremely strong airport market. The Crowne Plaza is a solid asset and well-positioned to benefit from an upswing in market conditions. Offered free of management encumbrance with the potential to rebrand the hotel, this is a rare and strategic opportunity for an investor to immediately obtain access to an international gateway market and to quickly implement a value-added refurbishment program that elevates the asset to a premium position.



San Francisco International
Airport

Crowne Plaza
San Francisco
International
Airport

BROADWAY

101

ROLLINS ROAD

BAYSHORE
FREEWAY

Address	1177 Airport Boulevard Burlingame, California 94010
Site	4.97-acres
Zoning	SL (Shoreline District), Permitted uses in this district include a wide variety of commercial, retail and recreational uses. Hotels with more than 65 rooms are a conditional use.
Property Design	10-story interior corridor tower with two single story wings
Number of Rooms	309, including 11 suites
Year Built	1973
Food and Beverage	West Bay Café and Lounge
Meeting Space	± 12,000 SF, including 5,040 SF Plaza Ballroom and 2,640 SF Peninsula Ballroom
Additional Amenities	Gift shop, fitness center, business center, indoor swimming pool with whirlpool, room service, barber shop, wireless internet access and courtesy airport shuttles
Parking	337 total parking spaces, allocated among 277 surface and 60 subterranean parking spaces
Management	The property is being offered free of any management encumbrances
Franchise	The hotel is subject to a Crowne Plaza franchise agreement executed on July 2007 for a term of 10 years. Termination of this agreement results in liquidated damages based on 36 months of calculated fees, as such: (1) 5% royalty fee of gross room revenue, (2) 3% service contribution fee of gross room revenue, (3) monthly technology fee of \$11.34 per guest room
Union	Local 39 – Engineers Local 856 – Front Desk, Bell Stand, Accounting Local 2 Unite Here – Restaurant, Banquets





Property & Investment Highlights

- **Outstanding San Francisco Bay Area Market** – The Crowne Plaza is located in the heart of the San Francisco Bay Area, which ranks first in product innovation with the number of produced patents and further attracts 36% of the nation's venture capital investments. With major corporations based in the cities of San Francisco, San Jose and Oakland, the region ranks second in the number of Fortune 500 companies, after New York. YTD RevPAR growth for the San Francisco/San Mateo lodging market through July is 21.0%.
- **Gateway Airport** – SFO is the international hub for the entire region; a world-class airport serving nearly 39.4 million domestic and international passengers in 2010. Twenty-nine international carriers and twenty domestic airlines conduct operations at the airport. The facility underwent a significant expansion in 2000 with the addition of the International Terminal designed to accommodate the massive Airbus 380, and in 2011 opened the renovated Terminal 2, the new home for American Airlines and Virgin America.
- **Strong Local Market Demand History** – Showing resiliency during the last economic downturn, the SFO submarket has exhibited strong performance, rebounding to a new occupancy high of 74.6% in 2010 from a low of 70.8% in 2009 during the past 5 years. The market's solid performance is attributed to its central location, only 15 miles from downtown San Francisco, 20 miles from Palo Alto and 35 miles from San Jose. YTD RevPAR growth through June for the SFO submarket tract of full-service hotels is 14.6%.





- **Solid Product** – The 10-story, 309-room hotel underwent a significant renovation in 2002 upon its conversion to Crowne Plaza, and continues to be renovated today. The full-service property includes a restaurant/bar, fitness center, indoor swimming pool, business center and nearly 12,000 square feet of meeting space. The property amenities, services, and rooms are competitive with any hotel in the SFO submarket.

- **Rare Investment Opportunity** – The Crowne Plaza is being offered on a fee simple basis and unencumbered by management. There is an opportunity to reposition the asset through extensive renovation or a new brand. The 4.97-acre hotel site can even accommodate an independent 4,600 square foot retail pad, which has already been identified and marketed.



Property Description



Property Overview

The hotel was built in 1973 and later converted to a Crowne Plaza in 2002. The property consists of a 10-story tower with two single story wings, which are located above a subterranean parking garage. The first floor of the tower features the lobby, gift shop, business center and meeting space, while floors two through ten are allocated among the Crowne Plaza's 309 guest rooms. Additional meeting space is also available on both wings. The West Bay Café and Lounge is located in the north wing while the fitness center and indoor swimming pool are located in the south wing.

Guest Rooms

The property's 309 guest rooms include 11 suites, which offer an additional parlor room that serves as either a living room or office area with a sofa bed couch. Located on the top floor of the hotel, the one-bedroom Presidential Suite features a large bedroom plus a separate seating and dining area for up to six people. Floors eight through ten are designated as the Executive Club Level, which offers the Crowne Plaza's recently renovated guest rooms.

The Crowne Plaza's guest room mix is distributed as follows:

King	119
Double Double	133
Queen	46
Suite	10
Presidential Suite	1

Guest room baths, all renovated in 2007 and 2008, have granite vanities, tiled floors and three fixtures with a tub/shower combination. Additionally, standard guest room amenities include: 37" flat-screen television, CD player, high speed internet access and 24-hour in-room dining.

Food & Beverage

Offering an on-site food and beverage outlet, the West Bay Café and Lounge serves breakfast, lunch, dinner and 24-hour room service with its menu heavily influenced by regional American, French, Italian and Spanish flavors. Located adjacent to the restaurant, the lounge provides a relaxed ambience where guests can enjoy light appetizers, cocktails and wine.



Boding well to attract group and meeting demand, the Crowne Plaza has nearly 12,000 SF of meeting space allocated among 17 meeting and conference rooms. The largest meeting room is the 5,040-square foot Plaza Ballroom, which can seat approximately 750 people for a reception. The ballroom is divisible into three smaller rooms. The property has a second ballroom, the Peninsula Ballroom, which seats 300 people for a reception. This 2,640-square foot ballroom is divisible into four meeting rooms. In addition to these two ballrooms, there are three other smaller meeting rooms, five boardrooms and two rooms located in the West Bay Café and Lounge.

Meeting Room	Dimensions	Square Feet	Ceiling Height	Theatre Style	Classroom	Reception	Banquet	Boardroom	U-Shape
Plaza Ballroom [1]	84'x60'	5,040	11'11"	600	300	750	450		
Plaza I	28'x60'	1,680	11'11"	150	100	200	150	40	45
Plaza II	28'x60'	1,680	11'11"	150	100	200	150	40	45
Plaza III	28'x60'	1,680	11'11"	150	100	200	150	40	45
Peninsula Ballroom	88'x30'	2,640	11'3"	300	128	300	200	80	88
Peninsula I	22'x30'	660	11'3"	50	30	70	50	20	22
Peninsula II	22'x30'	660	11'3"	50	30	70	50	20	22
Peninsula III	22'x30'	660	11'3"	50	30	70	50	20	22
Peninsula IV	22'x30'	660	11'3"	50	30	70	50	20	22
Parkside	42'x19'	798	8'5"	75	75	80	50	30	30
Bayside	40'x31'	1,240	11'11"	120	50	150	90	35	35
Bayside I	20'x31'	620	11'11"	60	25	75	45	22	22
Bayside II	20'x31'	620	11'11"	60	25	75	45	22	22
Cypress	11'x20'	660						16	
Cypress I	11'x20'	220							
Cypress II	11'x20'	220							
Cypress III	11'x20'	220							
Terra	11'x20'	220						16	
Redwood	11'x20'	220						16	
West Bay I	20'x28'	560	10'8"			50	40		
West Bay II	22'x28'	616	10'8"			50	40		
TOTAL		11,994 [2]							



[1] Excludes Pre-function space of 2,731 SF. [2] Sum of Meeting Space as shown above in bold numbers.

Property Taxes

The hotel's real property taxes based on the 2010/2011 fiscal year ending June 30, 2011 tax bill is summarized below:

Taxing Jurisdiction: San Mateo County

Identification Number: 026-290-310

Assessment Value: \$22,704,588

- Land: \$11,100,000
- Improvements: \$9,400,000
- Fixtures: \$49,423
- Personal Property: \$2,155,165

Total Tax Rate: 1.0935%

Local Assessments: \$8,791.16

Payment: \$257,065, due in two installments in February & November

Barber Shop Lease

Operated as Michael's Barber Shop, the hotel offers a barber shop located on lobby level.

Tenant: Michael Handley, sole proprietor of Michael's Barber Shop

Term: As of May 10, 2010, all term and extension options of the original lease dated January 1, 1989 have been exercised with no term remaining. The term of the lease has been extended through June 9, 2015.

Rent: \$1,236/month (6/10/2011 – 6/9/2012)
 \$1,273/month (6/10/2012 – 6/9/2013)
 \$1,311/month (6/10/2013 – 6/9/2014)
 \$1,351/month (6/10/2014 – 6/9/2015)

Gift Shop Lease

The hotel features a gift shop located on lobby level, adjacent to the front desk that is leased to Amerika International Group.

Tenant: Amerika International Group, Inc.

Initial Term: October 1, 2010 – September 30, 2013

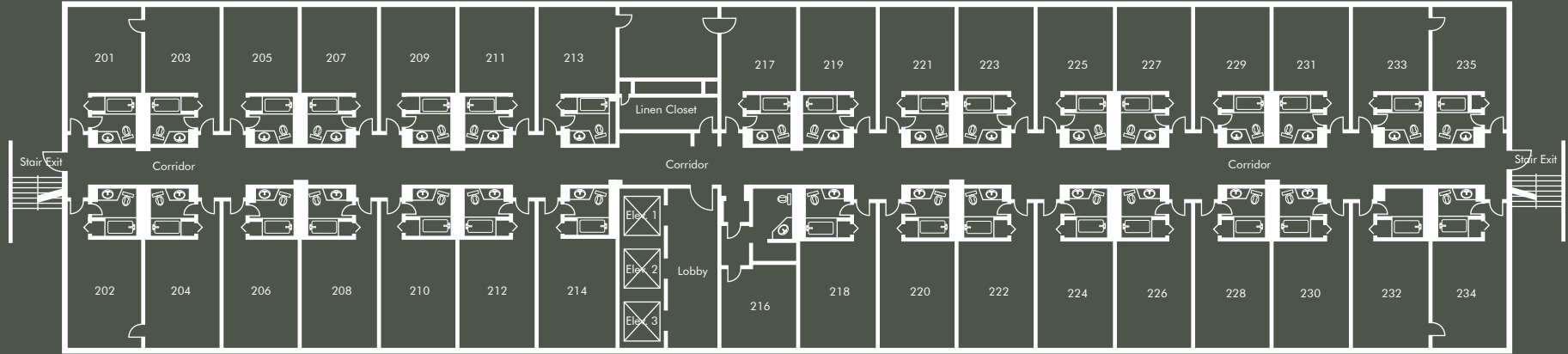
Renewal Term: Tenant may renew the lease for one extended term

Termination: Tenant may terminate the lease after 12 months with a 30 day notice

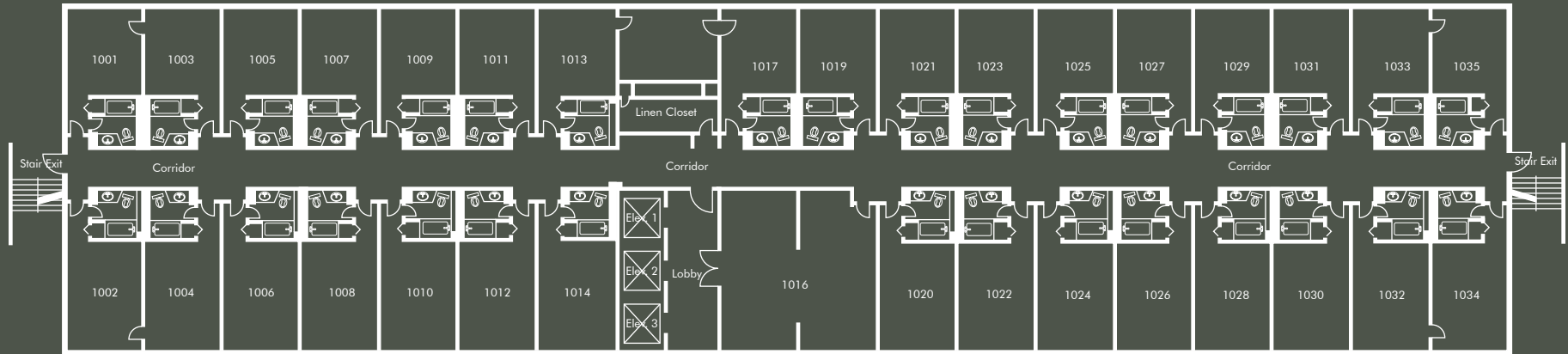
Rent: \$400/month



Floor Plans

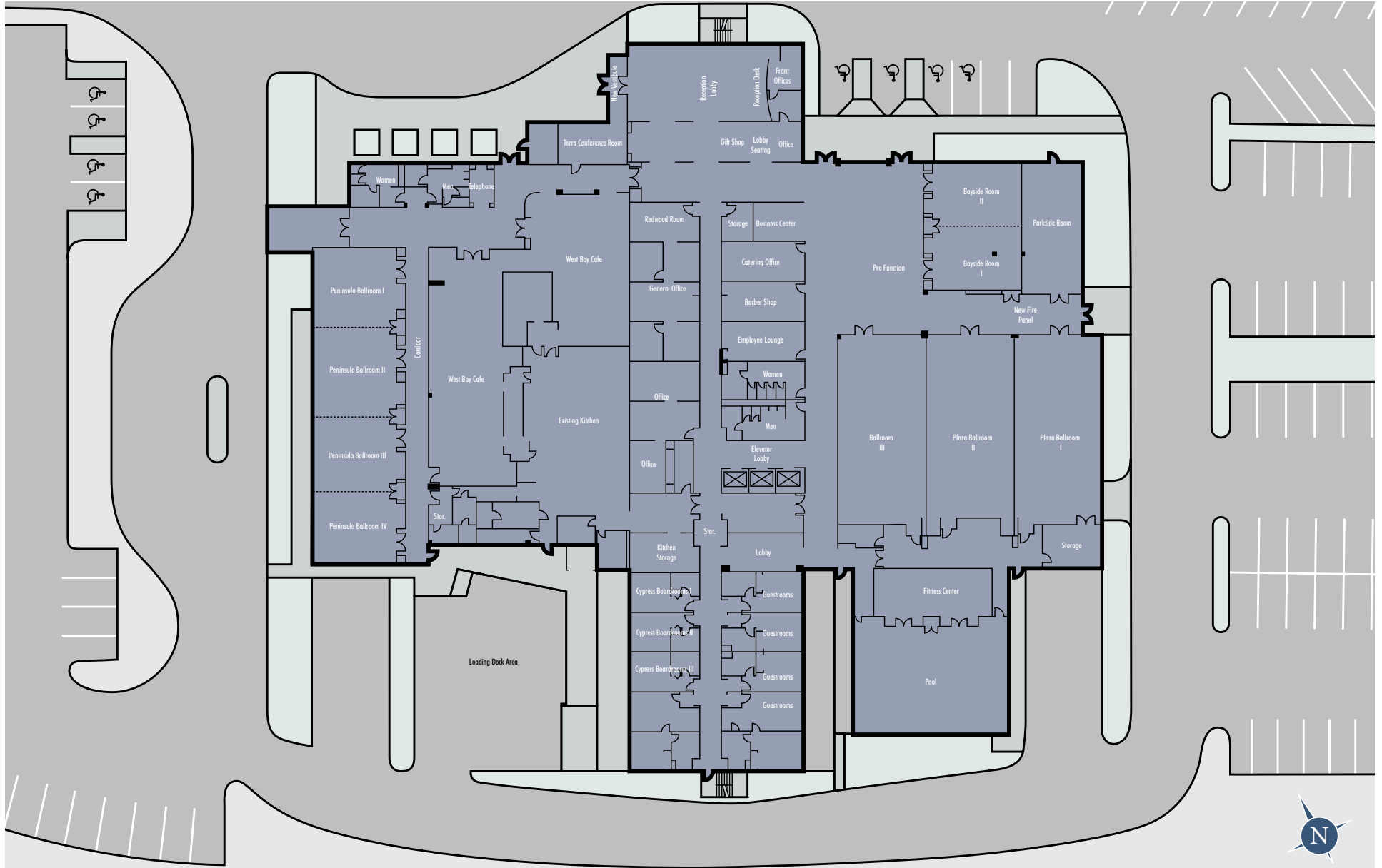


Typical Guest Room 2nd Through 9th Floor



Typical Guest Room 10th Floor

Site Plan



Area Overview





San Francisco Bay Area

The Crowne Plaza is located in the heart of the San Francisco Bay Area, which consists of nine counties including San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa, Solano, Napa, Sonoma and Marin, situated on the perimeter of San Francisco Bay and San Pablo Bay.

- Ranked first in product innovation with the number of produced patents, and further attracting 36% of the nation's venture capital investments, the Bay Area is anchored by three major cities: San Francisco, San Jose and Oakland. Major corporations in these cities and surrounding area make the region second in the nation in concentration of Fortune 500 companies, after New York.
- Well-known for its iconic skyline, steep hills, cable cars and historic streetcars, Fisherman's Wharf and

the Golden Gate Bridge, the city of San Francisco is voted the Best US City per Conde Nast Traveler magazine and has maintained this ranking for the past 18 years. The cultural and financial center of the metropolitan area and Northern California, noteworthy company headquarters in San Francisco include Gap Inc., McKesson Corporation, Charles Schwab and Wells Fargo.

- Located in the South Bay, the cities of San Jose, Santa Clara, Sunnyvale, Mountain View, Palo Alto, Menlo Park and Redwood Shores are home to the world renown technology hub known as the Silicon Valley with numerous tech companies headquartered here, including are AMD, Adobe, Intel, Cisco Systems, Hewlett-Packard, Apple, Google, eBay, Netflix, Facebook and Yahoo!.

- Serving as a central hub for the East Bay, Oakland is major industrial center and contains the Port of Oakland, which is the fifth busiest intermodal container port in the US.
- Recognized for its natural beauty attracting international tourists, the region's northern counties compose California's famous Wine Country, home to hundreds of vineyards and wineries, and its Pacific Ocean coastline features numerous beautiful beaches, national and regional parks and quaint coastal towns.
- Having a significant economic impact, the Bay Area is a leader in sustainable agriculture, organic farming and sustainable energy and is also a recognized innovator in the culinary arts.

San Francisco International Airport (SFO)

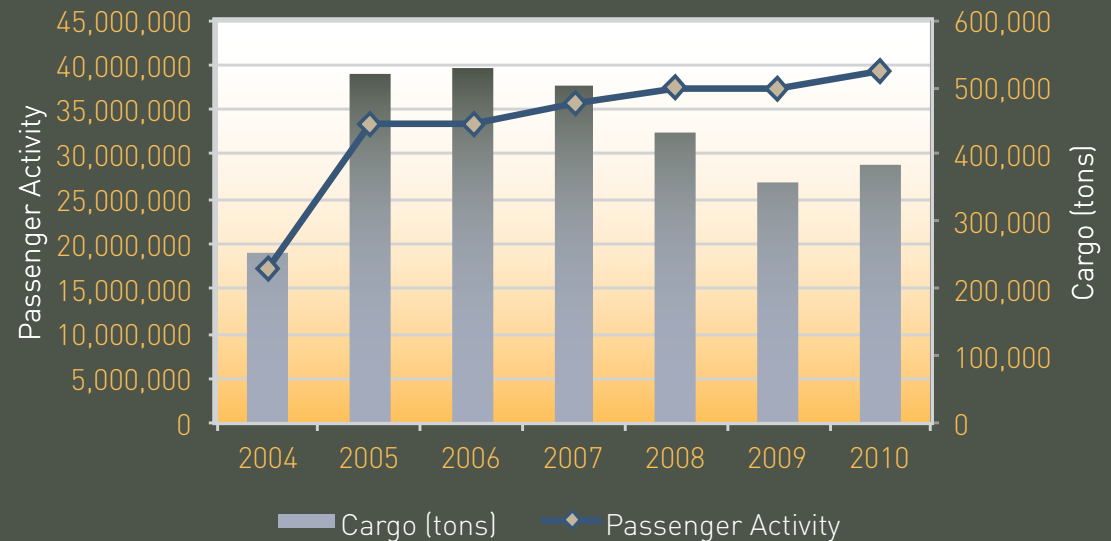
Known as the “gateway to the Pacific”, San Francisco International Airport is a world-class airport serving nearly 39.4 million domestic and international passengers in 2010. The Bay Area’s largest airport is only 15 miles south of San Francisco, and offers travelers a direct link from the airport to the city on BART, the region’s principal rail system.

- Ranked as the tenth busiest airport in the United States in 2009, San Francisco International Airport is currently the twentieth largest airport in the world in terms of passenger volume. In 2010 SFO was voted “North America’s Best Airport” by passengers.
- The airport is comprised of four different terminals, including a separate international terminal that offers non-stop flights to more than 31 international points on 29 international carriers. SFO connects passengers to more than 69 cities in the U.S. on 20 domestic airlines.
- In April 2011, Terminal 2 completed a \$383 million renovation making it one of the most sustainable and modern airport terminals in the United States. American Airlines and Virgin America will be the airlines utilizing the renovated terminal. Positioned to handle increased traffic activity, the renovation allows capacity for 5.5 million enplaned passengers per year with a projected 3.2 million enplaned passengers in the first full year in operation.

- SFO’s total number of passengers increased year-over-year by nearly 5% in 2010, marking the sixth consecutive year of growth at the airport. The strong growth in traffic can be attributed to several factors, including the addition of international service Air Berlin, Swiss, LAN-Peru and Virgin America, as well as continued expansion of service from United Airlines, Continental, Delta, Virgin America, JetBlue and Southwest.
- In 2010, the airport also raised its overall share of Bay Area traffic, handling 63.5% of all domestic passengers and 96.1% of all international passengers in the Bay Area.

- Year to date July 2011 passenger activity is up 3.5%. With increased tourism driving the number of travelers that come through SFO, the future outlook for passenger activity at SFO continues to appear positive. The city recently hosted the US Travel Association’s International Pow Wow convention in May 2011, where the greater San Francisco Bay Area was showcased to convention attendees including tour operators, travel wholesalers, travel agents and travel journalists. An economic impact of \$350 million from tourism over the next three years is anticipated from the International Pow Wow convention.

SFO Passenger & Cargo Activity



Colleges & Universities

Within the Bay Area there are over 80 public and private colleges and universities; among them are over 30 community colleges, four California State University campuses, the University of California at Berkeley, University of California San Francisco and Stanford University in Palo Alto. The University of California at Berkeley, University of California San Francisco and Stanford University, attract well-educated people to the area and provide the nucleus of activity in bio-medical technology, genetic engineering and software production.

Transportation

Air transportation is available through a number of airports in the Bay Area: San Francisco International Airport in San Mateo County, Oakland International Airport in Alameda County, and San Jose International Airport in Santa Clara County offer facilities for international travel, air taxi, charter and cargo.

For the past 40 years, San Francisco has operated the Bay Area Rapid Transit (BART), a heavy-rail public transit system linking the San Francisco Peninsula with Oakland, Berkeley, Fremont, Walnut Creek and other

cities in the East Bay. The system operates five lines on more than 100 miles of track, and has average weekday ridership of 340,000 passengers. With a line connecting SFO to all parts of downtown San Francisco, BART is a very convenient form of transportation for travelers to San Francisco as it is quicker and more cost effective than a cab or rental car.





Tourism

San Francisco is the cultural center of the Bay Area. Cultural and entertainment activities include nationally renowned live theaters, art museums, local symphonies, operas and dance companies. In addition, local theaters, symphonies and ballet companies are found in Oakland, San Jose and other communities. The area supports six major professional sports teams, as well as college-level athletic programs of the University of California at Berkeley, Stanford University and other regional colleges and universities.

- Tourism has a significant impact on San Francisco's economy, and in 2010 the city welcomed 15.92 million visitors, up 3.1% from 2009 visitation. With spending of \$8.34 billion (up 6.2% from 2009), the tourism industry supports more than 67,000 jobs with a payroll of \$1.9 billion.
 - The city of San Francisco is a leading U.S. tourist destination with its diversity of visitor attractions that generates demand in the lodging market. Guests at the Crowne Plaza are only a short drive away from popular tourist attractions such as Candlestick Park (home of the San Francisco 49ers), Ferry Building Marketplace, Cable Cars, Lombard Street, Pier 39, Chinatown, Union Square (downtown San Francisco), Alcatraz Island Tour and the Golden Gate Bridge.
 - With its beautiful coastline, tourists can enjoy blocks of popular waterfront attractions such as Fisherman's Wharf and Ghirardelli Square. Considered a major and diverse international center of culture, travelers can also enjoy the many museums and arts of San Francisco including the Museum of Modern Art, Asian Art Museum, Palace of Fine Arts, Yerba Buena Center for Arts and the Contemporary Jewish Museum.
-

San Francisco Peninsula

The Crowne Plaza is located in Burlingame, San Mateo County, situated approximately 17 miles south of San Francisco and 30 miles north of San Jose within the San Francisco Peninsula. Showcasing a significant shoreline of the San Francisco Bay, the Peninsula is the area defined from San Francisco to the Silicon Valley.

- With the presence of Stanford University, San Mateo County continues to a center for innovation, developing a diversified economy well-represented by bioscience, computer software, green technology, hospitality, financial management, health care and transportation companies. Top employers in the Peninsula include: United Airlines, Genentech Inc., Oracle Corporation, Kaiser Permanente, Safeway Inc., Electronic Arts Inc. and Mills-Peninsula Health Services.
- Known as the Gateway to San Francisco, the city of Burlingame benefits from its central location; attracting visitors year round with its beautiful view of the San Francisco Bay shoreline. Only three miles from San Francisco International Airport, the area provides excellent access and is

nearly 17 miles from both the famous attractions in downtown San Francisco and to the heart of Silicon Valley, which is home to several Fortune 1000 technology companies such as Hewlett-Packard, McKesson, Cisco Systems, Intel and Apple. Other local technology companies include Oracle, Google, eBay and Applied Materials among other notables.

- Signifying growth in the market, the new \$630 million Mills-Peninsula Medical Center in Burlingame opened in mid-May 2011, replacing the existing hospital.
- To better facilitate increased traffic from growth in this vibrant market, the California Department of Transportation and the San Mateo County Transportation Authority are planning to reconfigure the US 101/Broadway interchange in Burlingame with the construction of a new seven lane overpass to replace the existing four lane Broadway overcrossing. The proposed project is designed to improve traffic movements and access around the interchange, accommodate future traffic increases at

adjacent intersections, improve operations at the southbound US 101 ramps and increase bicyclist, and pedestrian access.

- The San Francisco Peninsula office market experienced positive absorption in 2010, as the Peninsula usually outpaces national trends with its presence of leading-edge technology companies. Vacancy rates had dropped to 16.3% in 2010 while net asking rent on a price per SF basis remained relatively flat year over year around \$23.00.
- Given the array of industries, the Bay area is clearly leading the state of California's recovery with 19,500 jobs added in June 2011, accounting for more than half of the state's nearly 29,000 added payroll jobs. According to Beacon Economics, the Bay area is anticipated to continue this leadership.
- With minimal additions in office supply, the CBRE-EA Q2 2011 San Francisco Peninsula office market forecast estimates positive net absorption coupled with a 8.3% compound annual growth rate for rental rates from 2011 through 2015.

San Francisco Peninsula Office Market (Class A) Fundamentals Data as of Q2 2011

Year	NRA ^[1] (SF x 1000)**	Completions (SF x 1000)	Vacancy Rate (%)	Net Absorption (SF x 1000)	Gross Asking Rent (\$/SF)	% SF Quoting Gross	Net Asking Rent (\$/SF)	% SF Quoting Net
2005		0	19.20	1,140	25.97	52.90	14.54	47.10
2006	15,175	0	13.80	784	26.80	63.40	20.60	36.60
2007	15,175	0	13.80	-75	39.89	55.40	29.90	44.60
2008	15,175	783	12.90	870	36.76	60.80	23.16	39.20
2009	15,958	116	19.20	-940	31.40	65.00	18.14	35.00
2010	16,074	0	16.50	462	27.70	63.70	18.58	36.30
2011	16,074	0	12.70	622	29.35	67.00	23.92	33.00

Source: CBRE-EA
[1] NRA is Net Rentable Area

Lodging Market Overview



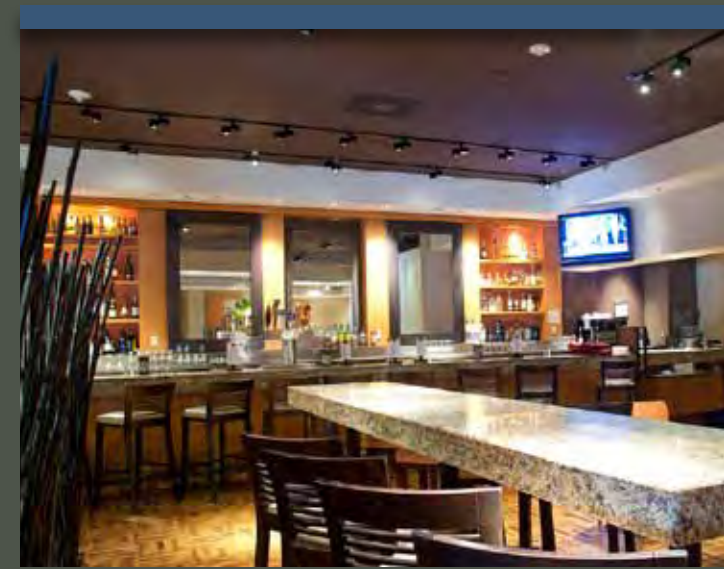
Market Summary

The San Francisco/San Mateo lodging market has performed exceptionally well year to date through July, with the fourth highest overall market RevPAR of all major US hotel markets after New York, Honolulu and Miami. RevPAR growth year-to-date through July is 21.0%, the best growth number for any of the top 25 markets, and is projected to outperform every other major market in terms of ADR growth over the next two years.

According to CBRE-EA, the San Francisco lodging market consists of 51,921 hotel rooms. The total market ended 2010 with an occupancy rate of 75.5%, up 4.4 percentage points from 2009 levels, and an Average Daily Rate (ADR) of \$138.15, an increase of \$2.12. RevPAR levels increased 7.9%.

The SFO hotel submarket, which contains the Crowne Plaza, consists of nearly 6,000 hotel full-service rooms as identified by CBRE-EA. The full-service hotels in the submarket finished 2010 with an occupancy rate of 74.6% and an ADR of \$99.57, an increase in overall RevPAR of 5.6%. With a rebound in market conditions, the SFO hotel submarket achieved a 14.6% gain in RevPAR for the second quarter 2011 compared to the same period last year. The historical performance of the submarket is detailed below.

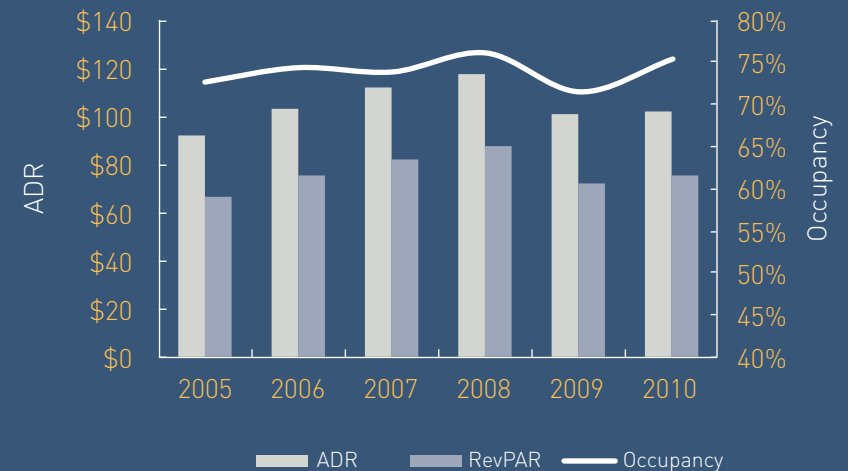
SFO Hotel Submarket



SFO Airport Full-Service Submarket Hotel Statistics

	Supply (Rooms)	Demand (Rooms)	Occ. Rate (%)	ADR (\$/Rm)	RevPAR (\$/Rm)	YOY % Change RevPAR
2005	5,864	4,223	72.00	90.40	65.10	14.50
2006	5,722	4,211	73.60	101.12	74.42	14.30
2007	5,935	4,340	73.10	109.99	80.42	8.10
2008	5,858	4,409	75.30	114.45	86.14	7.10
2009	5,803	4,107	70.80	99.30	70.28	-18.40
2010	5,912	4,409	74.60	99.57	74.25	5.60
2011	5,934	4,647	78.30	103.24	80.85	14.60

Source: CBRE-EA



Competitive Hotel Market

A competitive set of six hotels in the SFO hotel submarket, including the Crowne Plaza, are identified in the property's Smith Travel Research Report. This set consist of properties that are all full-service hotels with national franchise affiliations. The properties range in size from 132 to 400 rooms with an average size of 282 rooms.



HOTEL	Crowne Plaza San Francisco Intrntl Airport	Hilton San Francisco Airport	Clarion Hotel San Francisco Airport ⁽¹⁾	Doubletree San Francisco Airport	Hilton Garden Inn San Francisco Airport Burlingame	Radisson San Francisco Airport Bay Front
ADDRESS	1177 Airport Blvd	600 Airport Blvd	401 E. Millbrae Ave	835 Airport Blvd	765 Airport Blvd	5000 Sierra Point Parkway
CITY	Burlingame	Burlingame	Millbrae	Burlingame	Burlingame	Brisbane
OPENING	1984	1983	1962	1986	2000	2000
NUMBER OF ROOMS	309	400	251	388	132	210
RESTAURANT/LOUNGES	West Bay Café & Lounge	Windows on the Bay Lobby Lounge	Bay Side Bar and Grill	Chutney Grill & Lounge	Great American Grill	Xebec Restaurant & Bar
MEETING SPACE						
Total Net Meeting Space (SF)	11,944	11,000	20,000	8,400	1,830	3,500
Largest Room / Ballroom (SF)	5,040	5,832	3,420	4,050	1,323	1,550
Space (SF) / Guest Room	39	28	80	22	14	17
AMENITIES						
Swimming Pool	Indoor	Indoor	Outdoor	None	Indoor	Indoor
Fitness Room	Yes	Yes	Yes	Yes	Yes	Yes
Business Center	Yes	Yes	Yes	Yes	Yes	Yes

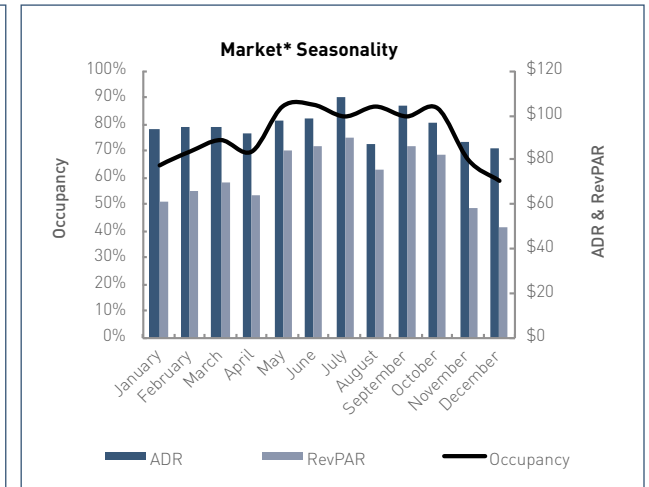
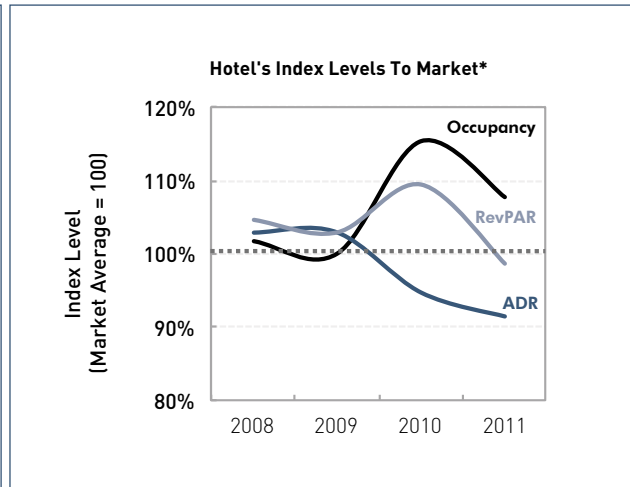
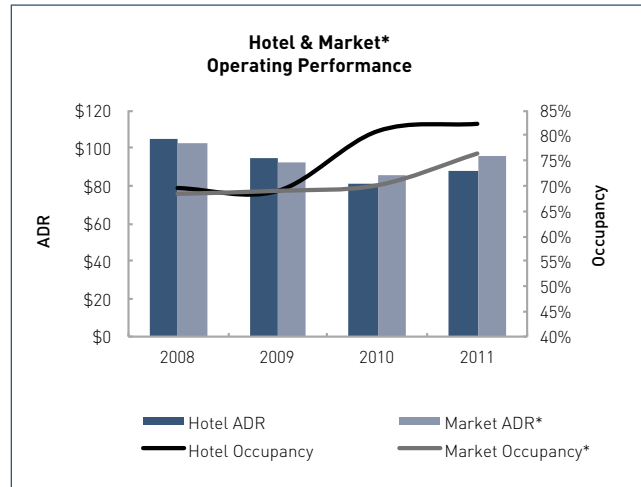
⁽¹⁾ Clarion Hotel now undergoing a renovation plan to convert to an Aloft, a vision of W Hotels



Historical performance of the Crowne Plaza and its competitive set are summarized below.

Burlingame, CA Market & Crowne Plaza San Francisco International Airport Operating Statistics

TTM as of July 2011	Market*						Hotel					
	Occupancy	% Change	ADR	% Change	RevPAR	% Change	Occupancy	% Change	ADR	% Change	RevPAR	% Change
2008	68.4%	---	\$102.33	---	\$70.01	---	69.5%	---	\$105.38	---	\$73.23	---
2009	69.0%	0.9%	\$92.05	-10.0%	\$63.51	-9.3%	69.0%	-0.7%	\$94.73	-10.1%	\$65.36	-10.8%
2010	70.1%	1.6%	\$85.94	-6.6%	\$60.15	-5.3%	80.9%	17.2%	\$81.39	-14.1%	\$65.83	0.7%
2011	76.4%	9.0%	\$95.57	11.2%	\$72.93	21.3%	82.3%	1.8%	\$87.38	7.4%	\$71.94	9.3%
Year to Date, January – July												
YTD July '09	67.5%	---	\$85.57	---	\$57.74	---	68.7%	---	\$88.39	---	\$60.74	---
YTD July '10	71.1%	5.3%	\$84.63	-1.1%	\$60.14	4.1%	79.1%	15.1%	\$81.43	-7.9%	\$64.41	6.0%
YTD July '11	76.6%	7.8%	\$97.49	15.2%	\$74.64	24.1%	82.5%	4.3%	\$89.29	9.7%	\$73.64	14.3%



Notes: * Market includes competitive set and Hotel
 Source: Smith Travel Research & Hotel



- Occupancy:** Room night demand has grown for both the Crowne Plaza and competitive market at a compound annual growth rate of nearly 6% and 4% per year, respectively since the trailing twelve months (TTM) July 2008, attributed to the market's diverse base of demand generators. This dynamic activity resulted in occupancy growth of 9.0% and 1.8% for the competitive set and Crowne Plaza, respectively, bringing occupancy to levels exceeding 75% for TTM July 2011. With lower growth in year over year occupancy compared to the competitive market, the Crowne Plaza's occupancy index dropped from nearly 115% to 108%.
- Average Daily Rate:** ADR for the Crowne Plaza and market achieved peak room rates around \$100 in 2008, but then declined in 2010 to ADR levels in the low to mid \$80 range as the overall economy suffered. Levels have rebounded significantly in 2011, with increases of 15.2% for the market and 9.7% for the Crowne Plaza during year to date through July.

- RevPAR:** The Crowne Plaza and market have achieved explosive double-digit gains in RevPAR through this year ending July, with increases of 14.3% and 24.1%, respectively. Achieving a RevPAR around \$70 for TTM July 2011, performance for the market has quickly rebounded exceeding

peak levels in 2008. With a drop in RevPAR index from approximately 109% to 99%, an opportunity exists to increase the Crowne Plaza's fair share with value-add strategies, including property renovation and brand repositioning.

Segmentation

The Crowne Plaza and its full-service competitors target transient, group and contract business, where the market's close proximity to SFO particularly lends well for airline contract business. A property renovation and brand repositioning may provide an opportunity to raise the Crowne Plaza's transient and contract room rates, which appear to significantly lag the competitive market as highlighted below.

Occupancy (%)								
	Transient		Group		Contract		Total	
	My Prop	Comp Set	My Prop	Comp Set	My Prop	Comp Set	My Prop	Comp Set
Running 12 Month (July)								
2009	43.9	42.3	14.5	7.5	10.7	19.2	69.0	69.0
2010	56.4	45.7	12.6	7.8	11.9	14.2	80.9	67.7
2011	56.1	49.7	10.8	10.8	15.4	14.6	82.3	75.1
ADR (\$)								
Running 12 Month (July)								
2009	96.9	99.2	103.6	105.6	74.0	68.9	94.7	91.4
2010	83.9	94.0	92.2	85.2	58.0	65.1	81.4	87.0
2011	92.7	107.1	101.4	90.2	57.9	69.7	87.4	97.4

Financial Performance



The following pages contain historical operating results for the Crowne Plaza for the years of 2008 through 2010, and budgeted performance for the year ending December 2011 forecasted performance to the year ending December 2011 as of September 1, 2011. Please note that a three percent management fee and a four percent reserve for replacement were deducted, in accordance with industry standards.

Historical Profit & Loss Statements

Crowne Plaza San Francisco Intrntl Airport - Burlingame, CA	Actual 2008				Actual 2009				Actual 2010				Forecast 2011			
	\$	%	POR	PAR	\$	%	POR	PAR	\$	%	POR	PAR	\$	%	POR	PAR
Rooms	309				309				309				309			
Days in Period	366				365				365				365			
Available Rooms	113,094				112,785				112,785				112,785			
Occupied Rooms	77,155				83,122				89,889				93,837			
Occupancy	68.2%				73.7%				79.7%				83.2%			
ADR	\$106.58				\$86.54				\$83.60				\$92.31			
RevPAR	\$72.71				\$63.78				\$66.63				\$76.80			
RevPAR Growth	---				-12.3%				4.5%				15.3%			
Departmental Revenues																
Rooms	\$8,223,009	68.3%	106.58	26,612	\$7,193,727	69.6%	86.54	23,281	\$7,517,497	71.9%	83.63	24,328	\$8,663,167	73.5%	92.32	28,036
Food & Beverage	3,142,125	26.1%	40.72	10,169	2,612,892	25.3%	31.43	8,456	2,485,901	23.8%	27.66	8,045	2,679,771	22.7%	28.56	8,672
Minor Operating Departments	454,439	3.8%	5.89	1,471	375,563	3.6%	4.52	1,215	84,740	0.8%	0.94	274	96,649	0.8%	1.03	313
Rent & Other Income	222,653	1.8%	2.89	721	156,215	1.5%	1.88	506	368,660	3.5%	4.10	1,193	342,183	2.9%	3.65	1,107
Total Revenue	12,042,226	100.0%	156.08	38,972	10,338,397	100.0%	124.38	33,458	10,456,798	100.0%	116.33	33,841	11,781,770	100.0%	125.56	38,129
Departmental Expenses																
Rooms	\$3,391,935	41.2%	43.96	10,977	\$3,397,128	47.2%	40.87	10,994	\$3,480,274	46.3%	38.72	11,263	\$3,618,995	41.8%	38.57	11,712
Food & Beverage	3,000,300	95.5%	38.89	9,710	2,610,709	99.9%	31.41	8,449	2,375,172	95.5%	26.42	7,687	2,435,833	90.9%	25.96	7,883
Minor Operating Departments	273,425	60.2%	3.54	885	165,828	44.2%	1.99	537	27,650	32.6%	0.31	89	32,031	33.1%	0.34	104
Total Departmental Expenses	6,665,660	55.4%	86.39	21,572	6,173,665	59.7%	74.27	19,979	5,883,096	56.3%	65.45	19,039	6,086,859	51.7%	64.87	19,699
DEPARTMENTAL PROFIT	\$5,376,566	44.6%	69.69	17,400	\$4,164,732	40.3%	50.10	13,478	\$4,573,702	43.7%	50.88	14,802	\$5,694,911	48.3%	60.69	18,430
Undistributed Expenses																
Admin. & General	\$1,104,800	9.2%	14.32	3,575	\$1,317,058	12.7%	15.84	4,262	\$1,279,870	12.2%	14.24	4,142	\$1,365,749	11.6%	14.55	4,420
Marketing	1,106,671	9.2%	14.34	3,581	1,038,560	10.0%	12.49	3,361	1,145,339	11.0%	12.74	3,707	1,268,567	10.8%	13.52	4,105
Franchise Royalty Fee	85,770	0.7%	1.11	278	381,413	3.7%	4.59	1,234	481,184	4.6%	5.35	1,557	541,961	4.6%	5.78	1,754
Prop. Operations & Maintenance	656,074	5.4%	8.50	2,123	707,293	6.8%	8.51	2,289	705,798	6.7%	7.85	2,284	728,910	6.2%	7.77	2,359
Utilities	605,420	5.0%	7.85	1,959	641,014	6.2%	7.71	2,074	654,116	6.3%	7.28	2,117	709,699	6.0%	7.56	2,297
Total	3,558,735	29.6%	46.12	11,517	4,085,338	39.5%	49.15	13,221	4,266,307	40.8%	47.46	13,807	4,614,886	39.2%	49.18	14,935
GROSS OPERATING PROFIT	\$1,817,831	15.1%	23.56	5,883	\$79,394	0.8%	0.96	257	\$307,395	2.9%	3.42	995	\$1,080,025	9.2%	11.51	3,495
Management Fee	\$361,267	3.0%	4.68	1,169	\$310,152	3.0%	3.73	1,004	\$313,704	3.0%	3.49	1,015	\$353,453	3.0%	3.77	1,144
INCOME BEFORE FIXED CHARGES	\$1,456,564	12.1%	18.88	4,714	(\$230,758)	-2.2%	-2.78	-747	(\$6,309)	-0.1%	-0.07	-20	\$726,572	6.2%	7.74	2,351
Fixed Expenses																
Property Taxes	\$423,260	3.5%	5.49	1,370	\$159,610	1.5%	1.92	517	\$280,735	2.7%	3.12	909	\$256,823	2.2%	2.74	831
Insurance	382,813	3.2%	4.96	1,239	418,053	4.0%	5.03	1,353	364,282	3.5%	4.05	1,179	302,304	2.6%	3.22	978
Lease Expense	15,660	0.1%	0.20	51	15,986	0.2%	0.19	52	11,623	0.1%	0.13	38	11,474	0.1%	0.12	37
Total	821,733	6.8%	10.65	2,659	593,649	5.7%	7.14	1,921	656,640	6.3%	7.31	2,125	570,601	4.8%	6.08	1,847
PROPERTY EBITDA	\$634,831	5.3%	8.23	2,054	(\$824,407)	-8.0%	-9.92	-2,668	(\$662,949)	-6.3%	-7.38	-2,145	\$155,971	1.3%	1.66	505
Reserve for Replacement	\$481,689	4.0%	6.24	1,559	\$413,536	4.0%	4.98	1,338	\$418,272	4.0%	4.65	1,354	\$471,271	4.0%	5.02	1,525
NET OPERATING INCOME	\$153,142	1.3%	1.98	496	(\$1,237,943)	-12.0%	-14.89	-4,006	(\$1,081,221)	-10.3%	-12.03	-3,499	(\$315,300)	-2.7%	-3.36	-1,020

Forecast 2011 includes the actual operating performance of the hotel from January through July, and a projection for the four month period, August – December made on September 1, 2011

Assumptions

Room Count: 309

Inflation: 3 percent

Top Line Performance

Average Daily Rate (ADR): With a planned product improvement along with continued market growth for the remainder of 2011 and for the near term, the Crowne Plaza is anticipated to increase its ADR performance, stabilizing at \$136.75 in year four with inflationary growth thereafter.

Occupancy: Driven by strong room demand in the SFO market plus a renovated hotel product, the Crowne Plaza is estimated to achieve a stabilized occupancy level of 81%. Accounting for renovations, we projected a dip in occupancy level in year one.

Departmental Revenues

Food and Beverage: Revenues for Food and Beverage are estimated at \$34.00 per occupied room and increased based on completion of property renovations, achieving a stabilized revenue level of approximately \$3.8 million in year four.

Minor Operating Departments (MOD): This line item includes revenues from telecommunications and guest laundry, and is projected at \$0.90 per occupied room and increased with inflation.

Rent & Other Income: This income has been estimated in line with Budget 2011, accounting for items such as space rental and concessions.

Departmental Expenses

Rooms: With improved top line performance, Rooms expense is assumed to stabilize near the low-30 percent level of departmental revenues.

Food and Beverage: This expense is anticipated to stabilize near the low 80 percent level of departmental revenue.

MOD: Departmental expenses are based on 2011 budget levels.

Undistributed Expenses

Administrative & General (A&G): This expense is based on Budget 2011, and assumed to stabilize near 9.0 percent of Total Revenue.

Marketing: Expenses related to sales and marketing are assumed to stabilize at approximately 6 percent of Total Revenue.

Franchise Royalty Fee: Based on Budget 2011, Crowne Plaza licensing fees are estimated at 6.4 percent of Rooms Revenue.

Property Operations and Maintenance: With estimates in line per Budget 2011, this line item is assumed to stabilize near 4.5 percent of Total Revenue.

Utilities: Expenses for utilities are anticipated to stabilize near 5.0 percent of Total Revenue.

Fixed Expenses

Management Fees: 3.0 percent of Gross Revenues.

Taxes: Based on California tax codes, set at 1.2 percent of property value and increased at an estimated growth rate of 2.0 percent per year.

Insurance: Estimates are based on 2011 Budget.

Lease: Estimates related to the expense for equipment rental are based on 2011 Budget.

FF&E Reserve: With completion of property renovations, FF&E Reserve is estimated to ramp up from 0.0 percent, 2.0 percent, 3.0 percent, and 4.0 percent of Gross Revenues in years 1 through 4 of the prospective financial analysis, respectively.

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Prospective Financial Analysis

Crowne Plaza San Francisco Intrntl Airport - Burlingame, CA	Year 1		Year 2		Year 3		Year 4		Year 5	
	\$	%	\$	%	\$	%	\$	%	\$	%
Rooms	309		309		309		309		309	
Days in Period	366		365		365		365		366	
Available Rooms	113,094		112,785		112,785		112,785		113,094	
Occupied Rooms	88,213		90,228		91,356		91,356		91,606	
Occupancy	78.0%		80.0%		81.0%		81.0%		81.0%	
ADR	\$95.00		\$115.25		\$130.25		\$136.75		\$140.75	
RevPAR	\$74.10		\$92.20		\$105.50		\$110.77		\$114.01	
RevPAR Growth	4.4%		24.4%		14.4%		5.0%		2.9%	
Departmental Revenues										
Rooms	\$8,380,265	69.9%	\$10,398,777	72.5%	\$11,899,099	73.9%	\$12,492,912	74.3%	\$12,893,564	74.3%
Food & Beverage	3,167,670	26.4%	3,484,437	24.3%	3,728,347	23.2%	3,840,198	22.8%	3,955,404	22.8%
Minor Operating Departments	84,882	0.7%	88,286	0.6%	91,499	0.6%	94,244	0.6%	97,338	0.6%
Rent & Other Income	354,078	3.0%	364,605	2.5%	376,007	2.3%	387,287	2.3%	399,999	2.3%
Total Revenue	11,986,895	100.0%	14,336,105	100.0%	16,094,954	100.0%	16,814,642	100.0%	17,346,305	100.0%
Departmental Expenses										
Rooms	3,544,770	42.3%	3,677,640	35.4%	3,806,768	32.0%	3,844,836	30.8%	3,883,284	30.1%
Food & Beverage	2,837,675	89.6%	2,977,524	85.5%	3,014,743	80.9%	3,075,038	80.1%	3,167,289	80.1%
Minor Operating Departments	28,766	33.9%	29,920	33.9%	31,009	33.9%	31,939	33.9%	32,987	33.9%
Total Departmental Expenses	6,411,211	53.5%	6,685,084	46.6%	6,852,520	42.6%	6,951,813	41.3%	7,083,561	40.8%
DEPARTMENTAL PROFIT	5,575,684	46.5%	7,651,021	53.4%	9,242,433	57.4%	9,862,829	58.7%	10,262,744	59.2%
Undistributed Expenses										
Admin. & General	1,303,639	10.9%	1,381,109	9.6%	1,450,847	9.0%	1,499,648	8.9%	1,548,869	8.9%
Marketing	1,035,600	8.6%	1,040,778	7.3%	1,045,982	6.5%	1,051,212	6.3%	1,056,468	6.1%
Franchise Royalty Fee	536,337	4.5%	665,522	4.6%	761,542	4.7%	799,546	4.8%	825,188	4.8%
Prop. Operations & Maintenance	659,320	5.5%	685,474	4.8%	711,581	4.4%	733,961	4.4%	758,051	4.4%
Utilities	681,483	5.7%	736,368	5.1%	782,945	4.9%	810,996	4.8%	837,615	4.8%
Total	4,216,379	35.2%	4,509,251	31.5%	4,752,897	29.5%	4,895,363	29.1%	5,026,191	29.0%
GROSS OPERATING PROFIT	1,359,305	11.3%	3,141,770	21.9%	4,489,536	27.9%	4,967,466	29.5%	5,236,553	30.2%
Management Fee	359,607	3.0%	430,083	3.0%	482,849	3.0%	504,439	3.0%	520,389	3.0%
INCOME BEFORE FIXED EXPENSES	999,698	8.3%	2,711,687	18.9%	4,006,688	24.9%	4,463,027	26.5%	4,716,164	27.2%
Fixed Expenses										
Property Taxes	381,600	3.2%	389,232	2.7%	397,017	2.5%	404,957	2.4%	413,056	2.4%
Insurance	353,528	2.9%	363,139	2.5%	374,033	2.3%	385,254	2.3%	397,899	2.3%
Lease Expense	12,105	0.1%	12,434	0.1%	12,807	0.1%	13,191	0.1%	13,624	0.1%
Total	747,233	6.2%	764,805	5.3%	783,857	4.9%	803,402	4.8%	824,579	4.8%
PROPERTY EBITDA	252,465	2.1%	1,946,882	13.6%	3,222,831	20.0%	3,659,624	21.8%	3,891,585	22.4%
Reserve for Replacement	0	0.0%	286,722	2.0%	482,849	3.0%	672,586	4.0%	693,852	4.0%
NET OPERATING INCOME	252,465	2.1%	1,660,160	11.6%	2,739,982	17.0%	2,987,039	17.8%	3,197,732	18.4%

Crowne Plaza San Francisco International Airport

BURLINGAME, CALIFORNIA

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