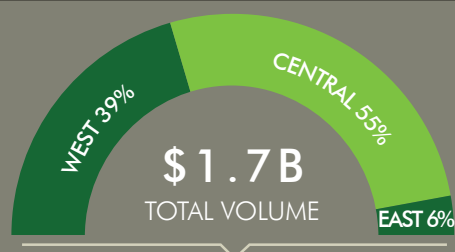


CANADIAN HOTEL INVESTMENT TRENDS

TRANSACTION ACTIVITY



Number of Trades:	78
Transaction Volume:	\$1.7B
Price Per Room:	\$130,000

INTEREST RATES & FINANCIAL INDICATORS

Prime (Canada)	3.00%
Prime (U.S.)	3.25%
5 Yr Gov. Bond	1.70%
10 Yr Gov. Bond	2.41%
LIBOR 3-month	0.25%
S&P/TSX Composite	13,372
2013 GDP Forecast	1.7%

As of October 29, 2013
Sources: Bloomberg, Bank of Canada, TMX, Conference Board of Canada

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TRANSACTION REPORT

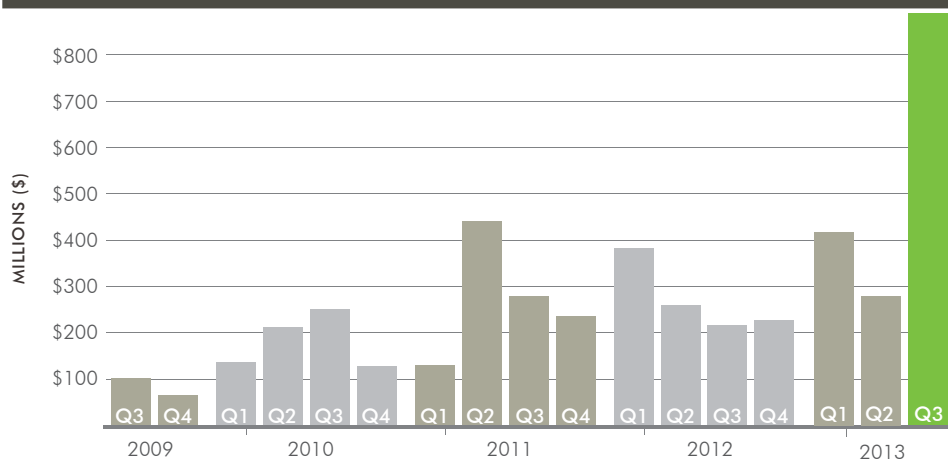
With the largest portfolio sale since 2007 occurring in Q3, Canadian hotel transaction volume surged to \$1.7 billion as of YTD Q3 2013, significantly surpassing year-end volumes for the past five years. The portfolio, comprised of five Westins, located in Vancouver, Calgary, Edmonton, Toronto and Ottawa, was acquired by Starwood Capital Group for a total of \$765 million. Even without this portfolio, hotel transaction volume is up more than 10% over the same period last year.

Some notable trends YTD Q3 include:

- Q3 transaction volume reached approximately \$893 million, the highest quarterly volume achieved since Q4 2007, when quarterly volume topped \$1.3 billion, as a result of bclMC's acquisition of CHIP REIT's portfolio.
- Of the 78 trades completed, ten exceeded \$150,000 per room, two times the number this time last year. Despite the number of trades over this threshold, almost a third of all trades to-date this year were under \$50,000 per room.

- Average per room pricing is up 20% over the same period last year, at approximately \$130,000, influenced by the Westin hotel portfolio. Excluding the Westins, the price per room is down 13% over the same period last year, at approximately \$93,000.
- More than 50% of total transaction volume occurred in Ontario, with the Greater Toronto Area alone accounting for 38% of national volume. Provincially, Alberta ranked second reporting 23% of total volume, followed by British Columbia at 16%.
- Institutions and Equity Funds were the dominant buyer group at 48% of transaction volume (as a result of the Westin portfolio sale), with Hotel Investment Companies the second most active group representing just under a quarter of the volume. Although only 3% of total volume came from Offshore buyers, they are a buyer group that is increasingly showing more interest in acquiring Canadian hotels, the most recent example being the purchase of the Super 8 Abbotsford by a high net worth Korean investor for \$12.1 million.

CANADIAN QUARTERLY HOTEL TRANSACTION VOLUME



Source: CBRE Hotels Canada

Q3 CAP RATE TRENDS

The national average cap rate for all commercial real estate asset types and classes increased for the first time since Q2 2009, moving up 2 bps quarter over quarter to 5.98%.

Class AA and A Office cap rates held steady, however, upward shifts occurred for Class B Office in Calgary, Edmonton, Montreal and Halifax.

Hotel cap rates are largely unchanged from Q2 2013 with the exception of Calgary. Cap rates in each of the three categories are up 25 bps in Calgary over the previous quarter to closely match Vancouver and Toronto. There is upward pressure on Calgary cap rates given concerns about supply growth and continued strength in operating performance.

HOTEL PERFORMANCE

Smith Travel Research ("STR") results to August 2013 indicate national hotel occupancy was 64.1% versus 63.2% for the same period in 2012. Room demand

increased 1.9% while supply grew by just 0.6%. ADR for YTD August 2013 rose by 2.1%, pushing RevPAR growth to 3.5%.

According to STR, lead markets for occupancy growth year over year included Vancouver North (8.4%), Vancouver South Area/Surrey (5.9%) and Edmonton (5.6%), while the strongest ADR growth was reported by Alberta North (7.1%), Regina (6.7%) and Victoria (6.6%). For RevPAR, the top growth occurred in Regina (11.5%), Vancouver South Area/Surrey (10.1%) and Alberta North Area (9.3%). Regina and Alberta North continue to benefit from the strength of the resource markets.

MARKET SPOTLIGHT - ST. JOHN'S, NEWFOUNDLAND

After a drop in GDP in 2012, the St. John's economy is expected to expand by 5.0% this year according to the Conference Board of Canada, largely a result of recovery in the offshore oil industry after 2012's natural production declines and scheduled offshore oil well maintenance. This GDP growth is second to only Saskatoon, and tied with

Regina. Despite economic declines last year, the City's hotel market has remained strong. According to PKF Consulting Inc, RevPAR grew 8.1% in 2012 and improved 6.1% in the trailing twelve month ("TTM") period ending July 2013.

In terms of supply, the St. John's market is undergoing significant changes, including:

- The closure of the 127-room Battery Hotel & Conference Centre in 2012 for conversion to a student residence and conference and office space by Memorial University;
- The opening of the 148-room Fairfield Inn & Suites in May 2013;
- Manga Hotels' 129-room Hampton Inn on Stavanger Drive (near the airport) will open in December 2013 and a 155-room Hilton Garden Inn on New Gower Street has been proposed and would open in 2016.
- Southwest Properties and Newcastle Hotels & Resorts have proposed a 155-room Residence Inn on Water Street to be completed by 2015.

Q3 2013 CAP RATE SURVEY

		Vancouver	Calgary	Edmonton	Winnipeg	SW Ontario	Toronto	Ottawa	Montreal	Halifax
HOTEL	Downtown Full-Service	6.50-7.50%	6.75-7.75%▲	7.00-8.00%	8.00-9.00%	8.50-9.50%	6.75-7.75%	7.50-8.50%	7.75-8.75%	8.75-9.75%
	Suburban Limited-Service	7.50-8.50%	7.75-8.75%▲	9.00-9.50%	9.50-10.50%	9.00-10.00%	8.00-9.00%	8.75-9.25%	9.50-10.50%	9.50-10.50%
	Focused Service	7.00-8.00%	7.25-8.25%▲	8.00-9.00%	8.00-9.00%	8.00-9.50%	8.00-8.50%	8.00-9.00%	8.25-9.00%	8.25-9.50%
OTHER COMMERCIAL REAL ESTATE	Downtown Office (AA)	4.50-5.00%	5.00-5.50%	5.25-5.75%	N/A	N/A	4.75-5.25%	5.00-5.75%	5.00-5.50%	N/A
	Suburban Office (A)	5.75-6.25%	5.75-6.25%	6.25-6.75%	7.00-7.50%	7.50-8.00%	6.00-6.75%	6.25-7.25%	6.50-7.50%▲	7.00-7.50%
	Industrial (A)	5.50-6.00%	5.50-6.00%	5.50-6.00%	6.50-7.00%	6.75-7.50%▼	5.75-6.25%	6.00-6.25%	6.25-7.25%▲	6.50-7.00%
	Retail (Regional)	5.00-5.50%	5.00-5.50%	5.00-5.50%	5.75-6.25%	6.75-7.25%	4.75-5.50%	5.00-6.00%	5.50-6.25%	5.50-6.00%
	Apartment High Rise (A)	3.50-4.00%	4.00-4.50%	4.50-5.00%	N/A	4.50-5.25%	3.50-4.25%	4.25-4.75%	4.75-5.50%	5.25-5.75%

Source: CBRE Limited

Note: ▼ decline from previous quarter; ▲ increase from previous quarter; no arrow reflects no change from previous quarter.



TRANSACTION HIGHLIGHT: The King Edward Hotel
Toronto, ON

TRANSACTION HIGHLIGHT	
Hotel	The King Edward Hotel
Rooms	301
Vendor	King Edward Realty Inc.
Purchaser	Omni Hotels Corporation

- Steele Hotels began construction on a 90-room hotel on Water Street at Buchanan Street, which is scheduled to open in late 2014.
- A 200-room Sandman Signature hotel has been proposed, near the new Fairfield Inn & Suites.

In addition to new hotel supply in the market, the St. John’s Convention Centre is undergoing a \$60 million expansion which will double its current size to 100,000 SF. The Centre’s expansion will include a direct link to the Delta St. John’s Hotel and is scheduled to open in January of 2016. Further, the St. John’s International Airport is undergoing a \$200-million expansion and renovation to support the anticipated growth in passengers to 1.9 million by 2020, all of which should help to boost travel to the City.

TRANSACTION HIGHLIGHT

The King Edward Hotel is an historic landmark in downtown Toronto, originally built for \$6 million by George Gooderham. Since opening in 1903, the Hotel has enjoyed a strong reputation as one of Toronto’s premier hotels.

The 301-room hotel is well located on the edge of Toronto’s financial core, within walking distance of the City’s vibrant entertainment and theatre districts. The building’s third, fourth and fifth floors were recently renovated to luxury condominiums, and were not included in the offering.

Omni Hotels Corporation acquired a large minority position in the hotel joining a private ownership group. Omni will contribute financially to the estimated \$40 million of continued renovations to the

hotel, including the iconic Crystal Ballroom and will provide management. The hotel, now known as The Omni King Edward Hotel, is the second Omni branded hotel in Canada, the other being in Montreal, and holds a CAA/AAA Four Diamond rating.

	Property Name	City	Province	Rms	Purchase Price	Price/Rm	Cap Rate
JANUARY	Hotel Elan	Calgary	AB	62	\$11,422,000	\$184,200	N/A
	Super 8 Fort Saskatchewan	Fort Saskatchewan	AB	85	\$8,712,500	\$102,500	12.7%
	Super 8 Innisfail	Innisfail	AB	50	\$4,900,000	\$98,000	N/A
	Super 8 Red Deer	Red Deer	AB	72	\$1,650,000	\$22,900	N/A
	Canada's Best Value Inn by Vantage (1)	Langley	BC	46	\$2,400,000	\$52,200	11.0%
	Holiday Inn Winnipeg South (2)	Winnipeg	MB	170	\$5,500,000	\$64,700	10.0%
	Quality Hotel Burlington	Burlington	ON	110	\$9,750,000	\$88,600	N/A
	Residence Inn Downtown London (3)	London	ON	116	\$6,000,000	\$103,400	10.0%
	Hampton Inn Napanee	Napanee	ON	58	\$6,500,000	\$112,100	N/A
	Metropolitan Hotel Toronto (4)	Toronto	ON	428	\$39,700,000	\$92,800	N/A
FEBRUARY	Motel Rustik	Chateauguay	QC	23	\$1,725,000	\$75,000	N/A
	Rockyview Hotel	Cochrane	AB	15	\$1,660,000	N/A	N/A
	Travelodge Edmonton West	Edmonton	AB	220	\$13,000,000	\$59,100	6.0%
	Best Western Plus Abercorn Inn	Richmond	BC	99	\$14,250,000	\$143,900	5.0%
	St. Regis Hotel (5)	Winnipeg	MB	100	\$5,000,000	N/A	N/A
	Comfort Motel	Bradford	ON	18	\$1,420,000	\$78,900	N/A
	Holiday Inn Express Brampton	Brampton	ON	84	\$8,050,000	\$95,800	8.1%
	Hilton Toronto	Toronto	ON	600	\$140,000,000	\$233,300	7.6%
	Comfort Inn & Suites Shawinigan	Shawinigan	QC	71	\$3,550,000	\$50,000	N/A
	Travelodge Brooks	Brooks	AB	61	\$2,800,000	\$45,900	6.0%
MARCH	Quality Hotel & Conference Centre	Grande Prairie	AB	102	\$5,500,000	\$53,900	Confidential
	Coast Vancouver Airport Hotel	Richmond	BC	133	\$15,000,000	\$112,800	N/A
	Parkside Victoria Resort & Spa (6)*	Victoria	BC	126	\$23,000,000	N/A	N/A
	Battery Hotel & Conference Centre (7)	St. John's	NL	127	\$9,500,000	\$74,800	N/A
	Cambridge Suites Hotel Sydney (8)	Sydney	NS				
	Cambridge Suites Hotel Halifax (8)	Halifax	NS	549	\$87,250,000	\$158,900	Confidential
	Prince George Hotel (8)	Halifax	NS				
	Econo Lodge London	London	ON	86	\$2,800,000	\$32,600	N/A
	Microtel Inn & Suites Woodstock	Woodstock	ON	74	\$3,347,000	\$45,200	N/A
	Chateau Lacombe*	Edmonton	AB	307	\$27,500,000	\$89,600	N/A
APRIL	Harrison Hot Springs Resort and Spa	Harrison Hot Springs	BC	337	\$32,300,000	\$95,800	9.2%
	Econo Lodge Fort Erie (9)	Fort Erie	ON	70	\$1,850,000	\$26,400	N/A
	Travelodge Huntsville	Huntsville	ON	37	\$1,440,000	\$38,900	N/A
	Edgewater Hotel	Whitehorse	YK	32	\$1,600,000	\$50,000	N/A
	Super 8 Langley	Langley	BC	80	\$5,700,000	\$71,300	N/A
MAY	Executive Express Inn	Richmond	BC	81	\$4,174,500	\$51,500	N/A
	Royal Inn & Suites	Guelph	ON	65	\$3,500,000	\$53,800	N/A
	Holiday Inn Markham	Markham	ON	299	\$11,000,000	\$36,800	3.8%
	Park Villa Motel	Midland	ON	41	\$1,670,000	\$40,700	N/A
	Diamond Motor Inn	Owen Sound	ON	22	\$1,025,000	\$46,600	N/A
	Harbour Inn and Resort Club	Ramara	ON	43	\$1,400,000	\$32,600	N/A

* Receivership/lender driven sale.

	Property Name	City	Province	Rms	Purchase Price	Price/Rm	Cap Rate
MAY	Courtyard Toronto Downtown	Toronto	ON	575	\$76,250,000	\$132,600	7.7%
	Hilton Toronto Airport	Toronto	ON	419	\$25,000,000	\$59,700	8.6%
	Hilton Windsor and Windsor Riverside Inn	Windsor	ON	512	\$10,250,000	\$20,000	5.2%
	Hotel Chateau Roberval	Roberval	QC	124	\$3,800,000	\$30,600	N/A
	Au Doc Motel	Repentigny	QC	24	\$1,895,000	\$79,000	N/A
	Motel Aubin	Montreal	QC	20	\$1,700,000	\$85,000	N/A
JUNE	Holiday Inn Express Sherwood Park	Edmonton	AB	90	\$15,150,000	\$168,300	9.0%
	Travelodge Medicine Hat	Medicine Hat	AB	128	\$3,570,000	\$27,900	7.9%
	Quality Hotel & Suites	Langley	BC	50	\$2,581,000	\$51,600	N/A
	Days Inn Guelph	Guelph	ON	87	\$3,400,000	\$39,100	N/A
	Residence Inn Toronto Markham (10)	Markham	ON	100	\$10,700,000	\$107,000	7.2%
	Courtyard Toronto Markham (10)	Markham	ON	144	\$14,700,000	\$102,100	8.2%
	Courtyard Toronto Mississauga (10)	Mississauga	ON	144	\$14,650,000	\$101,700	7.7%
	Residence Inn Toronto Mississauga (10)	Mississauga	ON	100	\$13,250,000	\$132,500	7.3%
	Courtyard Toronto Vaughan (10)	Vaughan	ON	144	\$17,250,000	\$119,800	7.3%
	Quality Inn & Suites Toronto Airport	Mississauga	ON	197	\$9,750,000	\$49,500	N/A
	Fairfield Inn & Suites Toronto Airport	Mississauga	ON	170	\$16,000,000	\$94,100	N/A
	Travelodge Oshawa	Oshawa	ON	120	\$8,150,000	\$67,900	9.0%
	Super 8 Sudbury	Sudbury	ON	85	\$4,050,000	\$47,600	5.4%
	Crowne Plaza Gatineau (11)	Gatineau	QC	224	N/A	N/A	N/A
	Delta Hotel Centre-Ville (12)	Montreal	QC	711	\$51,250,000	\$72,100	N/A
JULY	Clarion Hotel Calgary Airport	Calgary	AB	185	Confidential	Confidential	Confidential
	Comfort Inn Vancouver Airport	Richmond	BC	129	\$16,000,000	\$124,000	N/A
	Comfort Inn Midtown Kingston	Kingston	ON	57	Confidential	Confidential	Confidential
	Motel 6 Peterborough	Peterborough	ON	85	\$4,350,000	\$51,200	N/A
AUGUST	Holiday Inn Express Bowmanville	Bowmanville	ON	95	\$8,377,348	\$88,200	8.4%
	Stage West Hotel Toronto Airport	Mississauga	ON	224	\$13,800,000	\$61,600	N/A
	Former Best Days Inn Niagara* (13)	Niagara Falls	ON	94	Confidential	Confidential	Confidential
	King Edward Hotel (14)	Toronto	ON	301	Confidential	Confidential	Confidential
	Super 8 Abbotsford* (15)	Abbotsford	BC	99	\$12,050,000	N/A	N/A
	Comfort Inn Chilliwack	Chilliwack	BC	83	\$4,292,500	\$51,700	N/A
	Westin Bayshore (16)	Vancouver	BC	511	\$150,800,000	\$295,100	5.0%
SEPTEMBER	Westin Calgary (16)	Calgary	AB	525	\$192,100,000	\$365,900	8.8%
	Westin Edmonton (16)	Edmonton	AB	416	\$86,200,000	\$207,200	7.7%
	Westin Ottawa (16)	Ottawa	ON	496	\$139,000,000	\$280,200	8.3%
	Westin Harbour Castle (16)	Toronto	ON	977	\$196,900,000	\$201,500	8.1%
	Comfort Inn Burlington	Burlington	ON	99	\$4,500,000	\$45,500	7.0%
	The Walper Hotel	Kitchener	ON	82	\$4,600,000	\$56,100	N/A
	Comfort Inn London	London	ON	80	\$2,700,000	\$33,800	N/A
	Red Carpet Inn & Suites	Sudbury	ON	37	\$1,607,500	\$43,500	N/A
	Hotel Gouverneur Trois Rivières	Trois Rivières	ON	128	\$7,899,000	\$61,700	N/A

* Receivership/lender driven sale.

Notes:

- (1) Formerly the Super 8 Glover Road.
- (2) The purchaser, Temple Hotels Inc., completed the acquisition of the remaining 50% limited partnership interest in the hotel and now owns a 100% interest. Price per room has been calculated on a pro-rated 100% basis.
- (3) 50% ownership interest acquired. The purchaser, Temple Hotels Inc. expects to acquire the remaining 50% ownership of the Hotel. Price per room has been calculated on a pro-rated 100% basis.
- (4) Hotel will be renovated and re-branded as a DoubleTree by Hilton.
- (5) Accompanying surface parking lots in the 200 block of Smith Street were also purchased. Purchaser plans to build two high-rise commercial/residential towers on the site as part of an estimated \$80-million development.
- (6) Structured with fractional interests. Price per room is not applicable. Sold under receivership.
- (7) Purchased by Memorial University for conversion to office space and student residences.
- (8) Sold as a portfolio of three hotels.
- (9) Hotel will be renovated and converted to a Comfort Inn.
- (10) Sold as a portfolio of five hotels.
- (11) Part of a larger transaction including office space. Purchased by the federal government. Total acquisition cost of \$54 million. Individual pricing has not been made public.
- (12) Purchased for conversion to student residences. The hotel will shut down in October 2013.
- (13) Receivership. Property was closed at time of sale.
- (14) Omni Hotels Corporation acquired a large minority position in the hotel and will manage the property. The hotel is now known as The Omni King Edward Hotel, the second Omni branded hotel in Canada.
- (15) Purchase price was inclusive of three free-standing retail units. Price per room is not applicable.
- (16) Sold as a portfolio of five hotels.

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