Atlas Hospitality Group 2009 Sales Survey

2009 Predictions

• Prices will fall 20% - 40%

Result: Median Price per Room down 38%

• The number of lender-owned deals will increase dramatically

Result: Hotel foreclosure up over 300% and notice of default up 480%

• RevPAR will continue to decline 15% - 20%

Result: Down 19.3%

• Sales volume to pick up in the second half of the year and will be dominated by lender sales

Result: Sales in 2nd half increased over 20%

THE PERFECT STORM



- * Record decline in RevPAR
- * Record number of hotels available for sale
- * Record low in number of sold hotels
- Record increase in the number of distressed hotels

California Distressed Hotel Market

• 347 Hotels in Default

• 87 Foreclosed on

• 1,000+ Operating Under Forbearance Agreements

Foreclosures

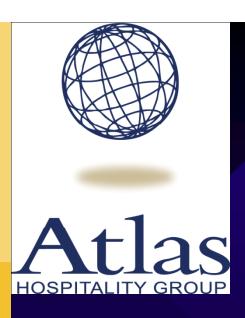
- 73% of the foreclosed hotels were financed 2005 2007
- 82% of the hotels were independent
- Riverside County accounts for the highest percentage of foreclosed hotels with 13%
- Only 10% of the foreclosed hotels have been re-sold
- CMBS accounts for a very small percentage of the foreclosed hotels less than 3%

Defaults

- 80% of the hotels in default were financed 2005 2007, with 48% of these in 2007
- 60 % are franchised hotels
- Los Angeles County accounts for the highest percentage of hotels in default (13%), followed by San Diego County (10%)
- CMBS loans account for 45% of the defaults

Forecast

- Lenders will finally realize that "extend & Pretend" is not working
- Sales volume will jump 50% 70% in 2010
- Lender/Distress deals will dominate the market
- Huge back log of deals will put downward pressure on hotel values in "B" and "C" markets
- Tremendous buyer demand for quality assets and "A" locations; Prices already driven up



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