LAS VEGAS | NEVADA

RESEARCH & FORECAST REPORT

HOSPITALITY SALES*

YEAR	VOLUME	UNITS SOLD	PRICE/ UNIT
2013 YTD	$3 MM	106	$31,000
2012	$121 MM	2,613	$46,000
2011	$3,009 MM	7,369	$408,000
2010	$858 MM	8,883	$97,000
2009	$1,226 MM	4,913	$249,000
2008	$86 MM	889	$97,000
2007	$2,199 M	4,452	$495,000

** Only includes properties with 100 or more units, arm's-length sales*

CLARK COUNTY ECONOMIC DATA

	2013	2012
Unemployment Rate (Jan)	10.2%	12.5%
Visitor Volume (Jan YTD)	3.1 MM	3.2 MM
Gaming Revenue (Jan YTD)	$0.8 BB	$0.9 BB
Taxable Sales*	$16.3 BB	$15.4 BB
Commercial Occupancy (Q1)	85.1%	83.7%

SOURCE: THE CENTER FOR BUSINESS & ECONOMIC RESEARCH, UNLV

**Compares 2013 to 2012, the most recent stats available*

Dawn of a New Era

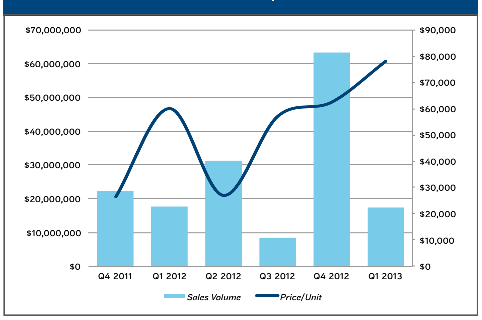
With a successful 2012 behind it, Southern Nevada's hospitality industry embarked on 2013 with a great deal of promise. With only January data in, 2013 has gotten off to a strong start, though perhaps not as strong as 2012. Hotel occupancy in Clark County in January 2013 was 81.7 percent, a 5.7 point decrease from 2012's average, and a 0.5 point decrease from January 2012. Clark County's ADR (average daily rate) averaged $108.02 in 2012. In January 2013, the ADR was $114.22.

Visitor volume in January 2013 was 3.1 MM people, lower than in January 2012, but a bit better than January 2011. Convention attendance has been strong so far in 2013, with 572,000 conventioneers visiting Southern Nevada. This is approximately 40,000 more people than visited in January 2012. Passenger traffic through McCarran International Airport, on the other hand, was down by about 50,000 from January 2012, with 3.1 million people flying into Southern Nevada in January 2013. Gaming revenue for Clark County stood at $803 million in January 2013, down significantly from January 2012. Gaming revenue on the Las Vegas "Strip" was $507 million in January 2013, also down significantly from January 2012. RevPAR (revenue per available room) was $93.32 in January 2013, an increase from the fourth quarter of 2012, but down from the 2012 monthly average of $94.36. All in all, a mixed bag of results for the beginning of the new year, but certainly nothing dire.

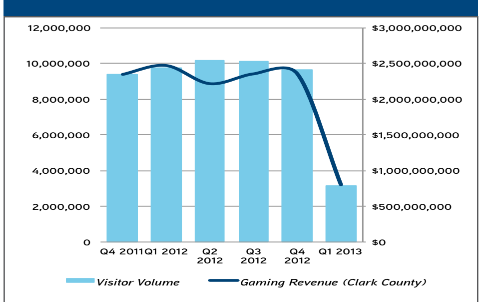
While leisure and hospitality jobs were on the rise through the first half of 2012, they have fallen off since. Between December 2012 and January 2013, the leisure and hospitality sector shed itself of 1,900 jobs. This is not good news, of course, but the pending re-openings of the SLS (the former Sahara) and Quad (the former Imperial Palace) on the Las Vegas "Strip" should go a long way to counter this negative movement. Over the past twelve months, employment in the leisure and hospitality sector is actually up by 6,200 jobs, pointing to renewed strength in the industry and a brighter future for Southern Nevada's economy.

A total of 128 rooms were added (net) to the inventory in 2012, with 782 new rooms being added at the Octavius Tower at Caesar's Palace and Howard Johnson in North Las Vegas, and 673 rooms being taken off the market at the Fremont Plaza Motel, Siegel Suites Twain II, Todd Hostel Motel and Centurion Tower at Caesar's Palace. These closures are not worrisome, as they are generally part of a movement to refurbish, renovate or rebrand existing properties. So far in 2013, the Centurion

SALES VOLUME VS. PRICE / ROOM



VISITOR VOLUME VS. GAMING REVENUE (CC)



MARKET COMPARISONS

HOTEL MARKET

YEAR	UNIT INVENTORY	UNITS ADDED	UNITS PLANNED	UNITS SOLD	SALES VOLUME	PRICE/ UNIT	DISTR-ESSED	VISITOR VOLUME	HOTEL OC-CUPANCY	ADR	REV PAR	CONVENTION ATTENDANCE	PASSENGERS	GAMING REVENUE (CLARK COUNTY)	GAMING REV-ENUE (STRIP)	EMPLOY-MENT
2010	150,133	2,792	7,509	8,883	$858,000,000	$96,589	7,515	38,196,795	83.5%	$94.94	$79.27	4,473,134	39,757,359	$8,908,703,143	$5,777,469,000	252,600
2011	151,359	1,226	6,283	7,369	$3,008,571,140	$408,274	4,753	38,928,707	86.9%	$104.97	$91.26	4,865,272	41,479,814	$9,222,906,100	$6,068,986,000	260,150
2012	151,487	128	5,963	2,613	$120,741,294	$46,208	9,245	39,727,022	87.4%	$108.02	$94.36	4,933,220	41,667,596	$9,399,882,000	$6,207,229,000	263,200
2013 YTD	151,596	109	9,732	222	$17,325,000	$78,041	10,404	3,132,122	81.7%	$114.22	$93.32	571,964	3,124,987	$802,504,000	$507,002,000	261,700

QUARTER	UNIT INVEN-TORY	UNITS ADDED	UNITS PLANNED	UNITS SOLD	SALES VOLUME	PRICE/ UNIT	DITR ES-SED	VISITOR VOLUME	HOTEL OCCU-PANCY	ADR	REV PAR	CONVEN-TION ATTEN-DANCE	PASSEN-GERS	GAMING REV-ENUE (CLARK COUNTY)	GAMING REVENUE (STRIP)	EM-PLOY-MENT
Q4 2010	150,133	2,642	7,509	330	$5,000,000	$15,152	7,515	9,151,361	81.0%	$96.27	$78.01	946,966	9,863,225	$2,207,095,000	$1,449,790,000	252,600
Q 1 2011	150,836	703	6,806	490	$500,000,000	$1,020,408	7,515	9,417,336	84.9%	$105.61	$89.63	1,608,056	9,646,201	$2,366,567,362	$1,523,736,000	257,800
Q2 2011	149,931	-905	7,711	1,722	$1,016,521,140	$590,314	4,649	10,047,835	90.2%	$105.10	$94.80	1,155,949	10,705,393	$2,304,154,225	$1,514,651,000	264,100
Q3 2011	151,623	1,692	6,019	4,317	$1,469,850,000	$340,479	4,205	10,057,450	89.9%	$102.62	$92.22	1,110,716	10,860,702	$2,201,429,513	$1,456,345,000	261,800
Q4 2011	151,359	-264	6,283	840	$22,200,000	$26,429	4,753	9,406,086	82.8%	$106.53	$88.25	990,551	10,267,518	$2,350,755,000	$1,574,254,000	256,900
Q1 2012	152,013	654	5,524	297	$17,833,961	$60,047	5,440	9,756,587	86.1%	$109.94	$94.70	1,616,485	9,938,640	$2,471,116,000	$1,602,885,000	260,600
Q2 2012	151,785	-228	6,199	1,154	$31,128,333	$26,974	5,844	10,168,651	90.3%	$110.20	$99.55	1,158,329	10,806,743	$2,217,040,000	$1,418,177,000	266,300
Q3 2012	151,785	0	6,199	149	$8,500,000	$57,047	5,745	10,137,642	89.2%	$103.91	$92.65	1,099,131	10,746,191	$2,354,569,000	$1,585,219,000	262,300
Q4 2012	151,487	-298	5,963	1,013	$63,279,000	$62,467	9,245	9,664,142	83.8%	$108.01	$90.51	1,059,275	10,176,022	$2,357,157,000	$1,600,948,000	263,600
Q1 2013	151,596	109	9,732	222	$17,325,000	$78,041	10,404	3,132,122	81.7%	$114.22	$93.32	571,964	3,124,987	$802,504,000	$507,002,000	261,700

SUBTYPE	UNIT INVEN-TORY	UNITS ADDED	UNITS PLANNED	UNITS SOLD	SALES VOLUME	PRICE/ UNIT	DITR-ES-SED
Casino Hotel (CAS)	115,501	109	9,190	0	$0		7,592
Full Service (FS)	15,501	0	188	0	$0		825
Limited Service (LS)	20,594	0	354	222	$17,325,000	$78,041	1,987

SUBMARKET	UNIT INVENTORY	UNITS ADDED	UNITS PLANNED	UNITS SOLD	SALES VOLUME	PRICE/ UNIT	DISTRESSED
Downtown	9,295	0	0	116	$14,000,000	$120,690	0
Casino (CAS)	8,239	0	0	0			0
Full Service (FS)	0	0	0	0			0
Limited Service (LS)	1,056	0	0	116	$14,000,000	$120,690	0
"Strip"	91,787	109	9,177	0			0
Casino (CAS)	84,033	109	8,989	0			0
Full Service (FS)	7,017	0	188	0			0
Limited Service (LS)	737	0	0	0			0
Resort Corridor	21,985	0	201	106	$3,325,000	$31,368	5,203
Casino (CAS)	10,634	0	201	0			3,854
Full Service (FS)	4,214	0	0	0			825
Limited Service (LS)	7,137	0	0	106	$3,325,000	$31,368	524
Airport	1,256	0	145	0			291
Casino (CAS)	0	0	0	0			0
Full Service (FS)	0	0	0	0			0
Limited Service (LS)	1,256	0	145	0			291
East Vegas	4,901	0	0	0			750
Casino (CAS)	1,914	0	0	0			300
Full Service (FS)	0	0	0	0			0
Limited Service (LS)	2,987	0	0	0			450
North Vegas	2,637	0	0	0			611
Casino (CAS)	1,030	0	0	0			500
Full Service (FS)	0	0	0	0			0
Limited Service (LS)	1,607	0	0	0			111
South Vegas	6,236	0	209	0			0
Casino (CAS)	2,463	0	0	0			0
Full Service (FS)	2,704	0	0	0			0
Limited Service (LS)	1,069	0	209	0			0
West Vegas	6,247	0	0	0			1,855
Casino (CAS)	3,673	0	0	0			1,530
Full Service (FS)	0	0	0	0			0
Limited Service (LS)	2,574	0	0	0			325
Henderson	4,619	0	0	0			1,694
Casino (CAS)	2,268	0	0	0			1,408
Full Service (FS)	871	0	0	0			0
Limited Service (LS)	1,480	0	0	0			286
Summerlin	2,633	0	0	0			1,387
Casino (CAS)	1,247	0	0	0			815
Full Service (FS)	695	0	0	0			572
Limited Service (LS)	691	0	0	0			0

Tower has re-opened as the NOBU Hotel at Caesar's Palace, a new 127-room tower has been opened at the Tropicana Hotel & Casino, and Bill's Gamblin' Hall has been closed so that it can be renovated and turned into the Gansevoort Las Vegas, a boutique hotel. In all, 2013 has seen a new increase in room inventory of 109 rooms. Planned additions to the room inventory total 8,132 rooms, including the 3,500-room World Resorts Las Vegas project that will replace the defunct Echelon Resort project that stopped construction in August 2008.

The last wave of hospitality sales in Las Vegas was in the pre-recession days of 2007. While sales in 2011 did not surpass the number of rooms sold in 2010, when almost 9,000 units were sold, the price per room rebounded to pre-recession levels. Prices fell back to the normal range in 2012, with the average unit price being $46,207 on $120 MM of total sales volume and 2,613 rooms sold. Year-to-date in 2013, sales volume has been weak, with only 222 units selling at $78,041 per unit, for a total sales volume of $17.3 MM. Compare this to $77.8 MM of sales volume in the first three quarters of 2012.

When one takes into account smaller motel properties, below the normal purview of this report, Downtown Las Vegas has seen an impressive rash of sales over the past two years. Since 2011, 767 rooms have been sold in the Downtown submarket with a total sales volume of $33.7 MM. This was an average price of $43,922 per room in motels with an average year built of 1954. The majority of these sales were to Tony Hsieh's development group, and thus do not represent investment sales. They do, however, represent a likely future contraction of the total number of available rooms in the Downtown submarket, and thus they will have an impact on the Downtown submarket as a whole.

Las Vegas is potentially on the verge of a new era, much as the construction of the Mirage in 1989 represented the beginning of the last era. Not only do we have the re-opening and re-branding of several properties in Downtown Las Vegas and on the Las Vegas "Strip", but we have the announcement of the future completion of the Echelon project as the 3,500-room World Resorts Las Vegas by the Genting Group out of Kuala Lumpur. The Genting Group paid $350 MM for the Echelon site, a significant investment in Southern Nevada by an international corporation, and a sign that the rise of gaming in Macau, far from destroying Las Vegas, has perhaps been the seed of new growth.

KEY TRADES

PROPERTY	SALE DATE	UNITS	PRICE	PRICE/ UNIT	SUBMARKET	PROPERTY TYPE
Travel Lodge	Mar 2013	106	$3,325,000	$31,000	Resort Corridor	Limited Service
Downtowner Motel	Dec 2012	202	$5,450,000	$27,000	Downtown	Limited Service
Hotel Suites of America	Nov 2012	360	$9,920,000	$28,000	Resort Corridor	Limited Service
Monte Lago / Ravella	Nov 2012	349	$46,859,000	$134,000	Henderson	Casino Hotel
St Tropez All Suite Hotel	Jul 2012	149	$8,500,000	$57,000	Resort Corridor	Limited Service

** Indicates a non-arms length transaction*

MARKET HEALTH (MONTHLY)

MONTHLY AVERAGE	2013 YTD*	2012	2011
Visitor Volume	3,132,000	3,311,000	3,292,000
Hotel Occupancy	81.7%	87.4%	86.9%
ADR	$114.22	$108.02	$104.97
RevPAR	$93.32	$94.36	$91.26
Convention Attendance	572,000	411,000	405,000
Passengers McCarran International	3,125,000	3,472,000	3,457,000
Gaming Revenue (Clark County)	$803 MM	$783 MM	$769 MM
Gaming Revenue ("Strip")	$507 MM	$517 MM	$506 MM

** As of January 2013; data from Las Vegas Convention & Visitors Authority*

482 offices in 62 countries on 6 continents

United States: 140
Canada: 42
Latin America: 20
Asia Pacific: 195
EMEA: 85

- $2.0 billion in annual revenue
- 1.12 billion square feet under management
- Over 13,500 professionals

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