COVID-19 HAS BROUGHT AN ABRUPT END TO THIS CYCLE

U.S. unemployment rate %, a common indicator of economic cycle

Six economic cycles since 1970

WE ARE PASSED THE PEAK IN NEW INFECTIONS

Daily new cases in 7-day moving averages

Source: CBRE Research, European Centre for Disease Prevention, Macrobond, 14 May 2020.
Note: Number reported as a 7-day moving average.
RATE OF NEW CASE NUMBERS NOW PEAKING
Daily new cases confirmed, Indexed and aligned from historical peak

Days to/from Peak

Re-opening to Travel 8-12 Weeks after Peak

Source: CBRE Research, European Centre for Disease Prevention, Macrobond, 15 May 2020.
Note: Number reporting as a 7-day moving average with each country indexed and aligned from its peak.
PROGRESS OUT OF LOCKDOWN IS SLOW
GDP-lead indicator and lockdown stage comparison

ASSUMED EMPLOYMENT IMPACT BY INDUSTRY
U.S. employment change in Q2 2020

-7 -6 -5 -4 -3 -2 -1 0 1

- Accommodation and food services
- Retail trade
- Manufacturing
- Utilities, transportation and warehousing
- Wholesale trade
- Administrative and waste services
- Construction
- Arts, entertainment, and recreation
- Other services, except public administration
- Professional, scientific, and technical
- Finance and insurance
- Educational services
- Real estate and rental and leasing
- Management of companies and enterprises
- Information
- Mining
- State and local government
- Health care and social assistance
- Federal government

- Accommodation, Food Service, and Retail Jobs account for half of all job losses.
- Office Using Employment expected to be down by 4.3 million Jobs in Q2 vs. Q1

ACTUAL EMPLOYMENT IMPACT BY INDUSTRY
U.S. employment change in Q2 2020

Accommodation and food services
Retail trade
Manufacturing
Utilities, transportation and warehousing
Wholesale trade
Administrative and waste services
Construction
Arts, entertainment, and recreation
Professional, scientific, and technical services
Other services, except public administration
Finance and insurance
Educational services
Real estate and rental and leasing
Management of companies and enterprises
Information
Mining
State and local government
Health care and social assistance
Federal government
INDUSTRIAL RESILIENT; RETAIL AND HOTEL STRUGGLING
U.S. REIT Index by sectors

US OCCUPANCY LEVELS ARE SLOWLY RISING

TSA CHECKPOINTS - WEEK OVER WEEK CHANGE IN NUMBER OF TRAVELERS, 7 DAY MOVING AVERAGE

SOURCE: TSA, CBRE HOTELS RESEARCH, 5/12/2020
SIGN OF LIFE IN THE RESTAURANT SECTOR
Y-o-Y change in OpenTable restaurant booking

Source: OpenTable, 14 May 2020.
TRAVEL DATA – GREEN SHOOTS?

ARRIVALIST: US DAILY TRAVEL INDEX

ADARA: US HOTEL BOOKING VOLUME

Arrivalist US Daily Travel Index

<table>
<thead>
<tr>
<th>Daily Travel Index</th>
<th>Day of Week Change</th>
<th>Week over Week Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 47.1%</td>
<td>+ 2.9%</td>
<td>+ 7.7%</td>
</tr>
</tbody>
</table>

SOURCE: ARRIVALIST, 5/14/2020

Hotel Volume by Purpose

SOURCE: ADARA, 5/14/2020
DISRUPTION CURVE – HOTEL OCCUPANCY

Source: CBRE, STR, Morgan Stanley. Note: China data beginning week ending 16th Jan, France and Germany from w/e 15th Feb, UK and Europe from w/e 22nd Feb, US from w/e 29th Feb, which all correspond to the weekly occupancy highs this year.
DEEP DECLINES IN PERFORMANCE ARE STABILIZING

Note: 7 Day Moving Avg.
HOTEL CLOSURES HAVE PEAKED

HOTELS CLOSED BY CHAIN SCALE

<table>
<thead>
<tr>
<th></th>
<th>LUXURY</th>
<th>UPPER UPScale</th>
<th>UPScale</th>
<th>UPPER Midscale</th>
<th>Midscale</th>
<th>Economy</th>
<th>Independents</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Hotels</td>
<td>234</td>
<td>729</td>
<td>811</td>
<td>895</td>
<td>377</td>
<td>676</td>
<td>1,231</td>
<td>4,953</td>
</tr>
<tr>
<td>% of Rooms</td>
<td>59.4%</td>
<td>43.6%</td>
<td>16.2%</td>
<td>9.4%</td>
<td>7.8%</td>
<td>7.6%</td>
<td>12.5%</td>
<td>16.2%</td>
</tr>
</tbody>
</table>

Source: CBRE Hotels Research, Hotel Compete, Kalibri Labs, Q1 2020.
ADR DECLINES BOTTOMING OUT, SHIFTS IN DEMAND IMPACTING NATIONAL AVERAGES

Y-o-Y Change in ADR

Note: 7 Day Moving Avg.
URBAN & RESORT SHOWING LOWEST OCCUPANCY LEVELS

Note: 7 Day Moving Avg.
TOP 25 METRO PERFORMANCE - WEEK OF MAY 3RD

### Updated Baseline Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>Occ</th>
<th>ΔOcc</th>
<th>ADR</th>
<th>ΔADR</th>
<th>RevPAR</th>
<th>ΔRevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>65.4%</td>
<td>0.1%</td>
<td>$124.06</td>
<td>3.0%</td>
<td>$81.13</td>
<td>3.1%</td>
</tr>
<tr>
<td>2017</td>
<td>65.9%</td>
<td>0.7%</td>
<td>$126.81</td>
<td>2.2%</td>
<td>$83.52</td>
<td>2.9%</td>
</tr>
<tr>
<td>2018</td>
<td>66.1%</td>
<td>0.4%</td>
<td>$129.91</td>
<td>2.4%</td>
<td>$85.90</td>
<td>2.9%</td>
</tr>
<tr>
<td>2019</td>
<td>66.1%</td>
<td>-0.1%</td>
<td>$131.11</td>
<td>0.9%</td>
<td>$86.64</td>
<td>0.9%</td>
</tr>
<tr>
<td>2020</td>
<td>41.0%</td>
<td>-38.0%</td>
<td>$101.67</td>
<td>-22.5%</td>
<td>$41.67</td>
<td>-51.9%</td>
</tr>
<tr>
<td>2021</td>
<td>55.9%</td>
<td>36.3%</td>
<td>$110.69</td>
<td>8.9%</td>
<td>$61.83</td>
<td>48.4%</td>
</tr>
<tr>
<td>2022</td>
<td>65.0%</td>
<td>16.4%</td>
<td>$122.93</td>
<td>11.1%</td>
<td>$79.95</td>
<td>29.3%</td>
</tr>
<tr>
<td>2023</td>
<td>66.6%</td>
<td>2.4%</td>
<td>$130.47</td>
<td>6.1%</td>
<td>$86.92</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

US HOTEL REVPAR
CURRENT FORECAST SCENARIOS COMPARED TO PAST RECESSIONS

Note: RevPAR Indexed to Pre-recession levels
2020 REVPAR Y-O-Y % CHANGE

THANK YOU!

PLEASE DON’T HESITATE TO CONTACT ME.

Jamie Lane
Sr. Director, Economics & Forecasting
CBRE Hotels Research
Jamie.lane@cbre.com
We understand the impact the current pandemic crisis is taking on your day-to-day operations and business models. As you evaluate the implications on your assets, CBRE Hotels stands ready to assist with the most up-to-date information, data, and customized services. The US CBRE Hotels Advisory team covers all territories and is backed by the #1 US Hotel Research group in the nation, enabling us to be the best equipped professionals for this situation.

We have identified the following services that can be offered in expedited fashion. They are largely desktop based but incorporate real-time data that can be applied to your specific property or portfolio. Given the scale and experience of our professional team, together with the unparalleled strength of the world’s leading hospitality group, CBRE Hotels Advisory is prepared to offer these services on a weekly, bi-weekly, monthly or one-time basis. We are prepared to immediately help you navigate through the current environment with confidence.

Our Select Service Offering:

**Advisory Services**
Underwriting Due Diligence Package:
Red Flag Report, Supply & Demand Analysis, Financial Diagnostic with Sensitivity Analysis included

**Asset Management**
Desktop Operational Analysis:
Detailed Property Diagnostics, Interviews with Management Team, and a Strategic Business Plan for COVID-19 Situation

**Valuation Services**
Restricted Appraisal Report:
Desktop Income Approach, Guidance on Current Transaction, and Asset Stress Test
CBRE HOTELS ADVISORY
ADDITIONAL SUITE OF SERVICES

- Market Demand & Financial Feasibility Analysis (Both New & Existing)
- Appraisals:
  + Real Estate Appraisals
  + Business Valuations
- Stress Tests
- Impairment Testing
- Liquidity Assessment
- Asset Management
- Financial Benchmarking
- Operational Reviews
- Occupancy Forecasting
- Litigation Support
- Debt Advisory
- Operator/Brand Selection
- Branding, Re-Branding & Marketing
- Development Advisory
- Management Company Selection
- Acquisition Due Diligence:
  + Buy Side
  + Sell Side
  + Technical

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CANADA LEADERSHIP