

Subject: RE: 15045 ROS FW: When???

From: J Braley <jbraley@pencoeng.com>

Date: Tue, 30 Aug 2016 16:39:12 +0000

To: Carlos Marquez <carlosma@ci.garden-grove.ca.us>, "matt.reid@scgamerica.com" <matt.reid@scgamerica.com>

CC: Matt Reid <matt.reid@scgamerica.com>, Greg Blodgett <greg1@ci.garden-grove.ca.us>, Theresa Kwang <theresa.kw@scgamerica.com>, Jennifer Garcia <jen.garcia@scgamerica.com>, Michelle Wang <michelle.wang@scgamerica.com>

Let me know when it is decided so I can adjust the limits of the ALTA and design survey accordingly. Thank you

Best Regards,

J Braley

Survey Manager



16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Carlos Marquez [mailto:carlosma@ci.garden-grove.ca.us]

Sent: Tuesday, August 30, 2016 9:35 AM

To: J Braley; matt.reid@scgamerica.com

Cc: Matt Reid; Greg Blodgett; Theresa Kwang; Jennifer Garcia; Michelle Wang

Subject: RE: 15045 ROS FW: When???

Matt,

I think the sunbelt parcel will not be a part of the project. We need to talk to Glen Trowbridge at First American to know if First Am will issue a title policy for the Tract Map and the transaction. Let us know when you are free so that we can conference call him. Thanks.

-Carlos

----- Original Message -----

From: J Braley <jbraley@pencoeng.com>

To: Matt Reid <matt.reid@scgamerica.com>

Cc: Carlos Marquez <carlosma@ci.garden-grove.ca.us>, Greg Blodgett <greg1@ci.garden-grove.ca.us>,
Theresa Kwang <theresa.kw@scgamerica.com>, Jennifer Garcia <jen.garcia@scgamerica.com>,
Michelle Wang <michelle.wang@scgamerica.com>

Sent: Tue, 30 Aug 2016 09:29:21 -0700 (PDT)
Subject: RE: 15045 ROS FW: When???

@font-face

{font-family:Calibri;
panose-1:2 15 5 2 2 2 4 3 2 4;}

@font-face

{font-family:Tahoma;
panose-1:2 11 6 4 3 5 4 4 2 4;}

p.MsoNormal, li.MsoNormal, div.MsoNormal

{margin:0in;
margin-bottom:.0001pt;
font-size:12.0pt;
font-family:"Times New Roman","serif";}

a:link, span.MsoHyperlink

{mso-style-priority:99;
color:blue;
text-decoration:underline;}

a:visited, span.MsoHyperlinkFollowed

{mso-style-priority:99;
color:purple;
text-decoration:underline;}

p.MsoAcetate, li.MsoAcetate, div.MsoAcetate

{mso-style-priority:99;
mso-style-link:"Balloon Text Char";
margin:0in;

margin-bottom:.0001pt;
font-size:8.0pt;
font-family:"Tahoma","sans-serif";}

span.apple-converted-space

{mso-style-name:apple-converted-space;}

span.EmailStyle18

{mso-style-type:personal-reply;
font-family:"Calibri","sans-serif";
color:#4F6228;}

span.BalloonTextChar

{mso-style-name:"Balloon Text Char";
mso-style-priority:99;
mso-style-link:"Balloon Text";
font-family:"Tahoma","sans-serif";}

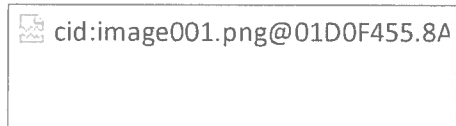
.MsoChpDefault
{mso-style-type:export-only;
font-size:10.0pt;}
@page WordSection1
{size:8.5in 11.0in;
margin:1.0in 1.0in 1.0in 1.0in;}
div.WordSection1
{page:WordSection1;}
-->

Do we know the limits of the ALTA Survey? I know the northerly parcels were in question. Will a new title report be delivered to update any changes in parcel configuration? Thank you

Best Regards,

J Braley

Survey Manager



16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [<mailto:matt.reid@scgamerica.com>]

Sent: Tuesday, August 30, 2016 9:18 AM

To: J Braley

Cc: Carlos Marquez; Greg Blodgett; Theresa Kwang; Jennifer Garcia; Michelle Wang

Subject: Re: 15045 ROS FW: When???

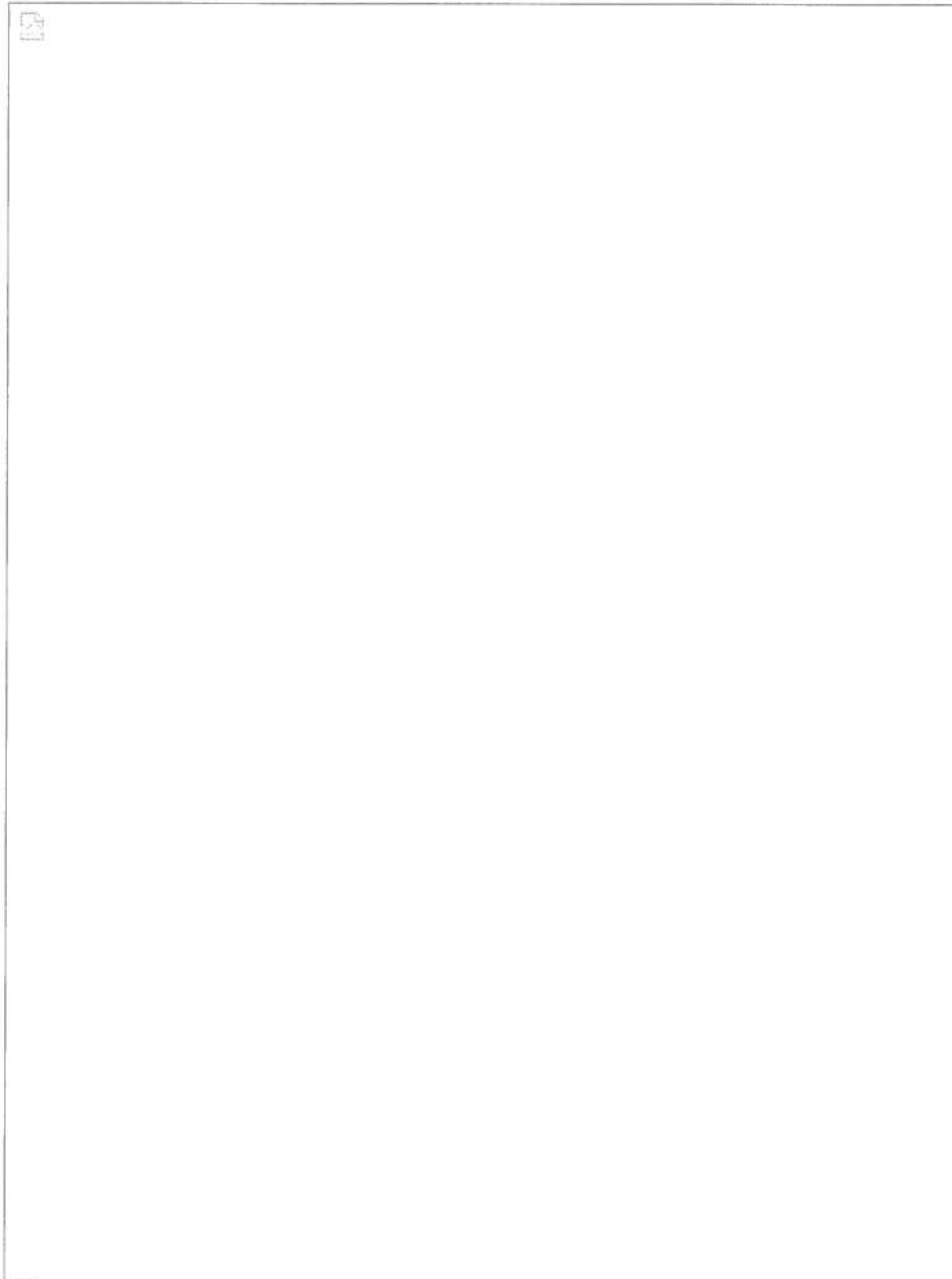
You are approved to proceed. Here is your signed proposal.

Please forward over Certificate of Insurance naming Shanghai Construction Group America and Investel Garden Resorts LLC as additionally insured prior to entering the site.

Matthew Reid
SCG America
858.735.1858 c
matt.reid@scgamerica.com
skype: [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without SCG America's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**.*

If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.



On Aug 29, 2016, at 12:38 PM, J Braley <jbraley@pencoeng.com> wrote:

Howdy Matt,

This is me being a squeaky wheel... Any update on the NTP for design topography and ALTA... Thank you for your time.

Best Regards,

J Braley

Survey Manager

<image001.png>

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt

Reid [<mailto:matt.reid@landanddesign.com>]

Sent: Wednesday, August 24, 2016 2:54 PM

To: J Braley

Subject: Re: 15045 ROS FW: When???

Jeff,

I'm awaiting approval for the work from SCG corporate. Should be today.

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

858.735.1858 cell

Skype - [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Aug 24, 2016, at 1:39 PM, J Braley <jbraley@pencoeng.com> wrote:

Greetings Matt,

When might we expect the NTP for the design topography and ALTA, Thank you..

Best Regards,

J Braley
Survey Manager

<image001.png>

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [<mailto:matt.reid@landanddesign.com>]
Sent: Wednesday, August 24, 2016 9:48 AM
To: Greg Blodgett
Cc: Lisa Kim; Grace Lee; J Braley; Carlos Marquez
Subject: Re: 15045 ROS FW: When???

Please send me copy when recorded.

Sent from my iPhone
Matthew Reid
Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
858.735.1858 cell
Skype - matthew.reid.ca
matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Aug 24, 2016, at 9:38 AM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

The Record of survey review for site C is completed and the County will record it in the next few days. The next step is to start the parcel map once we get the

final site plan from SCG we will set a meeting with our consultant Penco Engineering and SCG and the City to start the Parcel Map.

Greg Blodgett

SR Project Manager

City of Garden Grove

Economic Development

----- Original Message -----

From: "Lisa Kim" <lisak@ci.garden-grove.ca.us>

To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>

Sent: Tuesday, August 23, 2016 8:43:38 PM

Subject: Fwd: 15045 ROS FW: When???

Keep me posted on this

Sent from my iPad

Begin forwarded message:

From: Scott Stiles <ssstiles@ci.garden-grove.ca.us>

Date: April 5, 2016 at 9:12:33 AM PDT

To: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Cc: lisak@ci.garden-grove.ca.us

Subject: Re: 15045 ROS FW: When???

From: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>

To: ssstiles@ci.garden-grove.ca.us, lisak@ci.garden-grove.ca.us

Sent: Tuesday, April 5, 2016 7:14:36 AM

Subject: Fwd: 15045 ROS FW: When???

FYI

Our site c map has has been in waiting mode for 6 weeks and.... I do not know how to speed up the county review process. Any suggestions?

The county needs to finalize the boundary and record of survey

Before we can prepare the track map.

I will also check our title rep and see is she can

expedite the process they have helped us in the past
Sent from my iPhone

Begin forwarded message:

From: J Braley <jbraley@pencoeng.com>
Date: April 4, 2016 at 8:02:00 AM PDT
To: Carlos Marquez <carlosma@ci.garden-grove.ca.us>
Cc: Greg Blodgett <greg1@ci.garden-grove.ca.us>, John Koepke <JKoepke@pencoeng.com>
Subject: 15045 ROS FW: When???

Guys,

Please see below the map
Best Regards,

J Braley
Survey Manager

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Direct: 949-777-1584
Office: 949-753-8111 Ext 261
Fax: 949-753-0775
Mobile: 916-837-2999 (best number)
jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against

PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Foster, Ian
[mailto:Ian.Foster@ocpw.ocgov.com]
Sent: Monday, April 04, 2016 7:57 AM
To: J Braley
Subject: RE: When???

Morning Mr. J. Braley.

I have just returned to the office this morning. Our office was dealt a tragic blow two weeks ago. We loss a young Land Surveyor with service to the County of Orange of 29 years. James Richard Estep, IV. Funeral preparations are in process.

Currently, your map is in the 23rd spot within the queue of 76 maps. I should have another update by this Friday.

Regards,

Ian R. Foster PLS
County of Orange – OC Public Works
OC Survey Division
Survey Office Unit
Senior Land Surveyor
300 N. Flower St.

Santa Ana, CA 92703
(714) 967-0808 office

From: J Braley [<mailto:jbraley@pencoeng.com>]
Sent: Monday, March 28, 2016 12:00 PM
To: Foster, Ian
Subject: When???

Greetings Ian,

Client getting antsy any idea when we will be receiving
check prints.

Best Regards,

J Braley
Survey Manager

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Direct: 949-777-1584
Office: 949-753-8111 Ext 261
Fax: 949-753-0775
Mobile: 916-837-2999 (best number)
jbraley@pencoeng.com

In accepting and utilizing electronic project files or
other data or any form of electronic media generated
and provided by PENCO Engineering, Inc., the
recipient covenants and agrees that all such drawings
and data are transmitted without
warranty as to their accuracy or suitability for the
purpose to which the recipient intends to use them.
The recipient agrees to waive all claims against
PENCO Engineering, Inc. resulting in any way from
any unauthorized changes or reuse of the electronic

project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

--

Carlos Marquez

Sr. Real Property Agent
City of Garden Grove
Real Property Division/Finance Department
11222 Acacia Parkway
Garden Grove, CA 92840

(714) 741-5181

Subject: Re: 15045 ROS FW: When???

From: Matt Reid <matt.reid@scgamerica.com>

Date: Tue, 30 Aug 2016 09:47:23 -0700

To: Carlos Marquez <carlosma@ci.garden-grove.ca.us>

CC: "Jeffrey Cooper,P.E." <jbraley@pencoeng.com>, Greg Blodgett <greg1@ci.garden-grove.ca.us>, Theresa Kwang <theresa.kw@scgamerica.com>, Jennifer Garcia <jen.garcia@scgamerica.com>, Michelle Wang <michelle.wang@scgamerica.com>

As of now, the Sunbelt parcel will NOT be apart of the parcel map.

Matthew Reid
SCG America
858.735.1858 c
matt.reid@scgamerica.com
skype: [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without SCG America's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Aug 30, 2016, at 9:34 AM, Carlos Marquez <carlosma@ci.garden-grove.ca.us> wrote:

Matt,

I think the sunbelt parcel will not be a part of the project. We need to talk to Glen Trowbridge at First American to know if First Am will issue a title policy for the Tract Map and the transaction. Let us know when you are free so that we can conference call him. Thanks.

-Carlos

----- Original Message -----

From: J Braley <jbraley@pencoeng.com>

To: Matt Reid <matt.reid@scgamerica.com>

Cc: Carlos Marquez <carlosma@ci.garden-grove.ca.us>, Greg Blodgett <greg1@ci.garden-grove.ca.us>, Theresa Kwang <theresa.kw@scgamerica.com>, Jennifer Garcia <jen.garcia@scgamerica.com>, Michelle Wang <michelle.wang@scgamerica.com>

Sent: Tue, 30 Aug 2016 09:29:21 -0700 (PDT)

Subject: RE: 15045 ROS FW: When???

Do we know the limits of the ALTA Survey? I know the northerly parcels were in question. Will a new title report be delivered to update any changes in parcel configuration? Thank you

Best Regards,

J Braley

Survey Manager

 cid:image001.png@01D0F455.8A

16842 Von Karman Avenue, Suite 150

Irvine, CA 92606

Mobile: 916-837-2999 (best number)

Office: 949-777-1584 Direct

Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [<mailto:matt.reid@scgamerica.com>]

Sent: Tuesday, August 30, 2016 9:18 AM

To: J Braley

Cc: Carlos Marquez; Greg Blodgett; Theresa Kwang; Jennifer Garcia; Michelle Wang

Subject: Re: 15045 ROS FW: When???

You are approved to proceed. Here is your signed proposal.

Please forward over Certificate of Insurance naming Shanghai Construction Group America and Investel Garden Resorts LLC as additionally insured prior to entering the site.

Matthew Reid

SCG America

858.735.1858 c

matt.reid@scgamerica.com

skype: [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without SCG America's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*



On Aug 29, 2016, at 12:38 PM, J Braley <jbraley@pencoeng.com> wrote:

Howdy Matt,

This is me being a squeaky wheel... Any update on the NTP for design topography and ALTA...
Thank you for your time.

Best Regards,

J Braley

Survey Manager

<image001.png>

16842 Von Karman Avenue, Suite 150

Irvine, CA 92606

Mobile: 916-837-2999 (best number)

Office: 949-777-1584 Direct

Fax 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [<mailto:matt.reid@landanddesign.com>]
Sent: Wednesday, August 24, 2016 2:54 PM
To: J Braley
Subject: Re: 15045 ROS FW: When???

Jeff,

I'm awaiting approval for the work from SCG corporate. Should be today.

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

858.735.1858 cell

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Aug 24, 2016, at 1:39 PM, J Braley <jbraley@pencoeng.com> wrote:

Greetings Matt,

When might we expect the NTP for the design topography and ALTA, Thank you..

Best Regards,

J Braley

Survey Manager

<image001.png>

16842 Von Karman Avenue, Suite 150

Irvine, CA 92606

Mobile: 916-837-2999 (best number)

Office: 949-777-1584 Direct

Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [<mailto:matt.reid@landanddesign.com>]
Sent: Wednesday, August 24, 2016 9:48 AM
To: Greg Blodgett
Cc: Lisa Kim; Grace Lee; J Braley; Carlos Marquez
Subject: Re: 15045 ROS FW: When???

Please send me copy when recorded.

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

858.735.1858 cell

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**.*

If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.

On Aug 24, 2016, at 9:38 AM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

The Record of survey review for site C is completed and the County will record it in the next few days. The next step is to start the parcel map once we get the

final site plan from SCG we will set a meeting with our consultant Penco Engineering and SCG and the City to start the Parcel Map.

Greg Blodgett

SR Project Manager

City of Garden Grove

Economic Development

----- Original Message -----

From: "Lisa Kim" <lisak@ci.garden-grove.ca.us>

To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>

Sent: Tuesday, August 23, 2016 8:43:38 PM

Subject: Fwd: 15045 ROS FW: When???

Keep me posted on this

Sent from my iPad

Begin forwarded message:

From: Scott Stiles <sstiles@ci.garden-grove.ca.us>

Date: April 5, 2016 at 9:12:33 AM PDT

To: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Cc: lisak@ci.garden-grove.ca.us

Subject: Re: 15045 ROS FW: When???

From: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>

To: sstiles@ci.garden-grove.ca.us, lisak@ci.garden-grove.ca.us

Sent: Tuesday, April 5, 2016 7:14:36 AM

Subject: Fwd: 15045 ROS FW: When???

FYI

Our site c map has has been in waiting mode for 6 weeks and.... I do not know how to speed up the county review process. Any suggestions?

The county needs to finalize the boundary and record of survey

Before we can prepare the track map.

I will also check our title rep and see is she can expedite the process they have helped us in the past

Sent from my iPhone

Begin forwarded message:

From: J Braley <jbale@pencoeng.com>

Date: April 4, 2016 at 8:02:00 AM PDT

To: Carlos Marquez <carlosma@ci.garden-grove.ca.us>

Cc: Greg Blodgett <greg1@ci.garden-grove.ca.us>, John Koepke <JKoepke@pencoeng.com>

Subject: 15045 ROS FW: When???

Guys,

Please see below the map

Best Regards,

J Braley

Survey Manager

16842 Von Karman Avenue, Suite 150

Irvine, CA 92606

Direct: 949-777-1584

Office: 949-753-8111 Ext 261

Fax: 949-753-0775

Mobile: 916-837-2999 (best number)

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them.

The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Foster, Ian
[mailto:Ian.Foster@ocpw.ocgov.com]

Sent: Monday, April 04, 2016 7:57 AM

To: J Braley

Subject: RE: When???

Morning Mr. J. Braley,

I have just returned to the office this morning. Our office was dealt a tragic blow two weeks ago. We loss a young Land Surveyor with service to the County of Orange of 29 years. James Richard Estep, IV. Funeral preparations are in process.

Currently, your map is in the 23rd spot within the queue of 76 maps. I should have another update by this Friday.

Regards,

Ian R. Foster PLS
County of Orange – OC Public Works
OC Survey Division
Survey Office Unit
Senior Land Surveyor
300 N. Flower St.
Santa Ana, CA 92703
(714) 967-0808 office

From: J Braley [<mailto:jbraley@pencoeng.com>]

Sent: Monday, March 28, 2016 12:00 PM

To: Foster, Ian

Subject: When???

Greetings Ian,

Client getting antsy any idea when we will be receiving check prints.

Best Regards,

J Braley

Survey Manager

16842 Von Karman Avenue, Suite 150

Irvine, CA 92606

Direct: 949-777-1584

Office: 949-753-8111 Ext 261

Fax: 949-753-0775

Mobile: 916-837-2999 (best number)

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

--

Carlos Marquez

Sr. Real Property Agent
City of Garden Grove
Real Property Division/Finance Department
11222 Acacia Parkway
Garden Grove, CA 92840
(714) 741-5181

Subject: RE: 15045 ROS FW: When???

From: J Braley <jbraley@pencoeng.com>

Date: Tue, 30 Aug 2016 18:02:11 +0000

To: Matt Reid <matt.reid@scgamerica.com>, Carlos Marquez <carlosma@ci.garden-grove.ca.us>

CC: Greg Blodgett <greg1@ci.garden-grove.ca.us>, Theresa Kwang <theresa.kw@scgamerica.com>, Jennifer Garcia <jen.garcia@scgamerica.com>, Michelle Wang <michelle.wang@scgamerica.com>

I am setting up the ALTA for the Site C project and have enclosed the final parcel configuration for your review. Please let me know if these are all of the parcels included. Thank you

Best Regards,

J Braley

Survey Manager



PENCOENG
Client Success is Our Success

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [mailto:matt.reid@scgamerica.com]

Sent: Tuesday, August 30, 2016 9:47 AM

To: Carlos Marquez

Cc: J Braley; Greg Blodgett; Theresa Kwang; Jennifer Garcia; Michelle Wang

Subject: Re: 15045 ROS FW: When???

As of now, the Sunbelt parcel will NOT be apart of the parcel map.

Matthew Reid

SCG America

858.735.1858 c

matt.reid@scgamerica.com

skype: [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

All Information, documents, files or previous e-mail messages contained, attached or reproduced in

*this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without SCG America's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Aug 30, 2016, at 9:34 AM, Carlos Marquez <carlosma@ci.garden-grove.ca.us> wrote:

Matt,

I think the sunbelt parcel will not be a part of the project. We need to talk to Glen Trowbridge at First American to know if First Am will issue a title policy for the Tract Map and the transaction. Let us know when you are free so that we can conference call him.
Thanks.

-Carlos

----- Original Message -----

From: J Braley <jbraley@pencoeng.com>

To: Matt Reid <matt.reid@scgamerica.com>

Cc: Carlos Marquez <carlosma@ci.garden-grove.ca.us>, Greg Blodgett <greg1@ci.garden-grove.ca.us>, Theresa Kwang <theresa.kw@scgamerica.com>, Jennifer Garcia <jen.garcia@scgamerica.com>, Michelle Wang <michelle.wang@scgamerica.com>

Sent: Tue, 30 Aug 2016 09:29:21 -0700 (PDT)

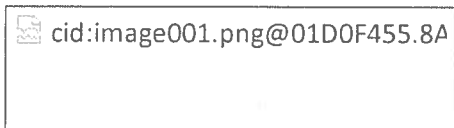
Subject: RE: 15045 ROS FW: When???

Do we know the limits of the ALTA Survey? I know the northerly parcels were in question. Will a new title report be delivered to update any changes in parcel configuration? Thank you

Best Regards,

J Braley

Survey Manager



16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents.

In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [<mailto:matt.reid@scgamerica.com>]

Sent: Tuesday, August 30, 2016 9:18 AM

To: J Braley

Cc: Carlos Marquez; Greg Blodgett; Theresa Kwang; Jennifer Garcia; Michelle Wang

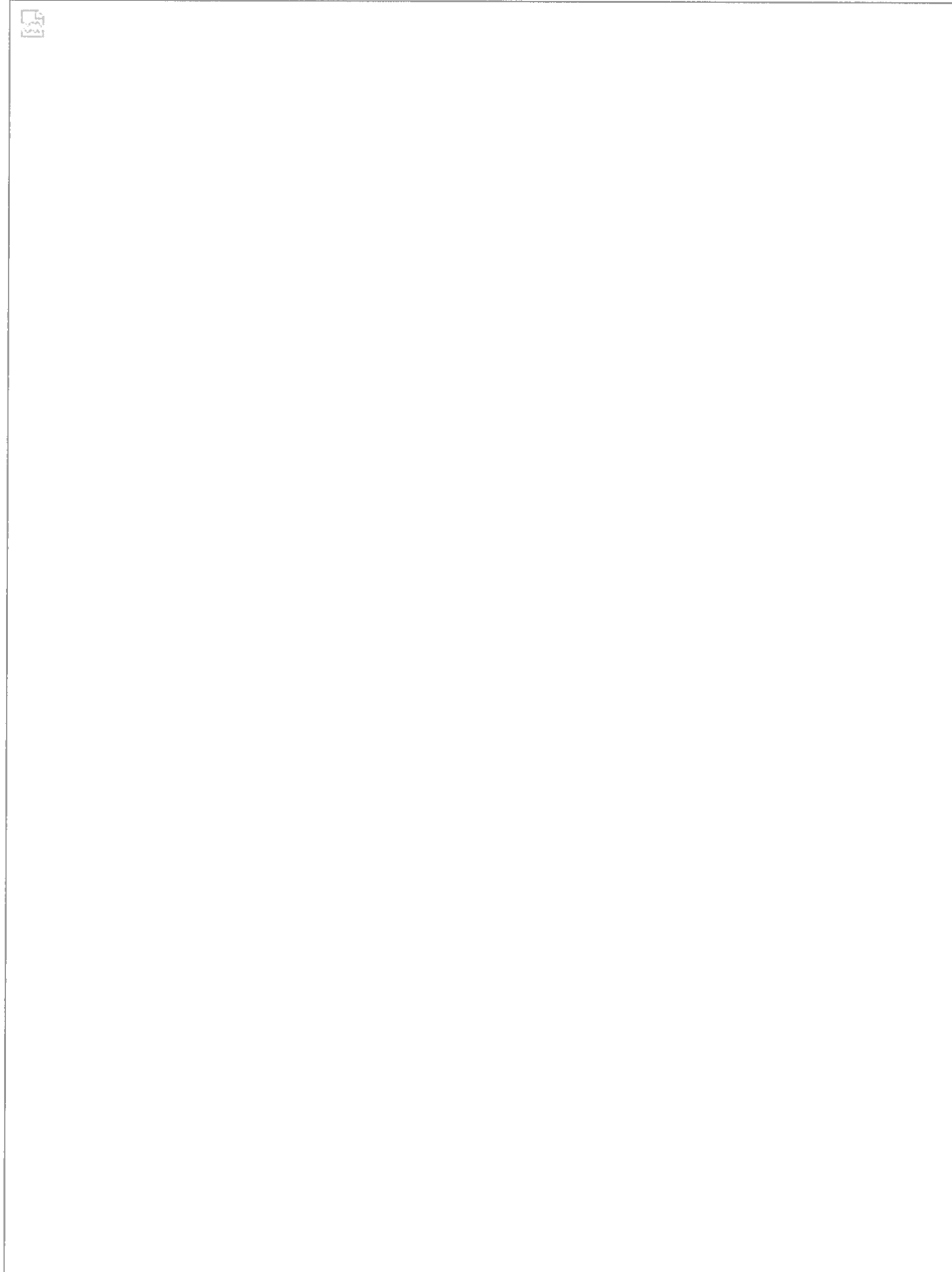
Subject: Re: 15045 ROS FW: When???

You are approved to proceed. Here is your signed proposal.

Please forward over Certificate of Insurance naming Shanghai Construction Group America and Investel Garden Resorts LLC as additionally insured prior to entering the site.

Matthew Reid
SCG America
858.735.1858 c
matt.reid@scgamerica.com
skype: [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without SCG America's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*



On Aug 29, 2016, at 12:38 PM, J Braley <jbraley@pencoeng.com> wrote:

Howdy Matt,

This is me being a squeaky wheel... Any update on the NTP for design topography and ALTA... Thank you for your time.

Best Regards,

J Braley
Survey Manager

<image001.png>

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606

Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [<mailto:matt.reid@landanddesign.com>]
Sent: Wednesday, August 24, 2016 2:54 PM
To: J Braley
Subject: Re: 15045 ROS FW: When???

Jeff,
I'm awaiting approval for the work from SCG corporate. Should be today.

Sent from my iPhone
Matthew Reid
Land & Design, Inc.
[3755 Avocado Blvd | #516 | LaMesa, CA 91942](https://www.landanddesign.com)
[858.735.1858 cell](tel:858.735.1858)
Skype - [matthew.reid.ca](https://www.skype.com/people/matthew.reid)
matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Aug 24, 2016, at 1:39 PM, J Braley <jbraley@pencoeng.com> wrote:

Greetings Matt,

When might we expect the NTP for the design topography and ALTA,
Thank you..

Best Regards,

J Braley
Survey Manager

<image001.png>

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Matt Reid [<mailto:matt.reid@landanddesign.com>]
Sent: Wednesday, August 24, 2016 9:48 AM
To: Greg Blodgett
Cc: Lisa Kim; Grace Lee; J Braley; Carlos Marquez
Subject: Re: 15045 ROS FW: When???

Please send me copy when recorded.

Sent from my iPhone
Matthew Reid
Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
858.735.1858 cell
Skype - [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)
matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**.*

If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.

On Aug 24, 2016, at 9:38 AM, Greg Blodgett <gregl@ci.garden-grove.ca.us> wrote:

The Record of survey review for site C is completed and the County will record it in the next few days.

The next step is to start the parcel map once we get the

final site plan from SCG we will set a meeting with our consultant Penco Engineering and SCG and the City to start the Parcel Map.

Greg Blodgett

SR Project Manager

City of Garden Grove

Economic Development

----- Original Message -----

From: "Lisa Kim" <lisak@ci.garden-grove.ca.us>

To: "Greg Blodgett" <gregl@ci.garden-grove.ca.us>

Sent: Tuesday, August 23, 2016 8:43:38 PM

Subject: Fwd: 15045 ROS FW: When???

Keep me posted on this

Sent from my iPad

Begin forwarded message:

From: Scott Stiles <sstiles@ci.garden-grove.ca.us>
Date: April 5, 2016 at 9:12:33 AM PDT
To: Greg Blodgett <greg1@ci.garden-grove.ca.us>
Cc: lisak@ci.garden-grove.ca.us
Subject: Re: 15045 ROS FW: When???

From: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
To: sstiles@ci.garden-grove.ca.us, lisak@ci.garden-grove.ca.us
Sent: Tuesday, April 5, 2016 7:14:36 AM
Subject: Fwd: 15045 ROS FW: When???

FYI

Our site c map has has been in waiting mode for 6 weeks and.... I do not know how to speed up the county review process. Any suggestions?

The county needs to finalize the boundary and record of survey
Before we can prepare the track map.

I will also check our title rep and see is she can expedite the process they have helped us in the past

Sent from my iPhone

Begin forwarded message:

From: J Braley <jbraley@pencoeng.com>

Date: April 4, 2016 at 8:02:00 AM PDT

To: Carlos Marquez
<carlosma@ci.garden-grove.ca.us>

Cc: Greg Blodgett <greg1@ci.garden-grove.ca.us>, John Koepke
<JKoepke@pencoeng.com>

Subject: 15045 ROS FW: When???

Guys,

Please see below the map

Best Regards,

J Braley
Survey Manager

16842 Von Karman Avenue, Suite 150

Irvine, CA 92606

Direct: 949-777-1584

Office: 949-753-8111 Ext 261

Fax: 949-753-0775

Mobile: 916-837-2999 (best number)

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees

to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files.

All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

From: Foster, Ian
[mailto:Ian.Foster@ocpw.ocgov.com]
Sent: Monday, April 04, 2016 7:57 AM
To: J Braley
Subject: RE: When???

Morning Mr. J. Braley.

I have just returned to the office this morning. Our office was dealt a tragic blow two weeks ago. We loss a young Land Surveyor with service to the County of Orange of 29 years. James Richard Estep, IV. Funeral preparations are in process.

Currently, your map is in the 23rd spot within the queue of 76 maps. I should have another update by this Friday.

Regards,
Ian R. Foster PLS
County of Orange – OC Public Works
OC Survey Division
Survey Office Unit
Senior Land Surveyor
300 N. Flower St.
Santa Ana, CA 92703
(714) 967-0808 office

From: J Braley
[mailto:jbraley@pencoeng.com]
Sent: Monday, March 28, 2016 12:00 PM
To: Foster, Ian
Subject: When???

Greetings Ian,

Client getting antsy any idea when we will
be receiving check prints.

Best Regards,

J Braley
Survey Manager

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Direct: 949-777-1584
Office: 949-753-8111 Ext 261
Fax: 949-753-0775
Mobile: 916-837-2999 (best number)
jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

--

Carlos Marquez

Sr. Real Property Agent
City of Garden Grove
Real Property Division/Finance Department
11222 Acacia Parkway
Garden Grove, CA 92840

(714) 741-5181

16050 ALTA Final Parcel Configuration.pdf

Content-Description: 16050 ALTA Final Parcel Configuration.pdf

Content-Type: application/pdf

Content-Encoding: base64

Subject: Fwd: Message from "ricoh108"

From: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Date: Wed, 31 Aug 2016 12:02:42 -0700 (PDT)

To: "Reid, Matthew" <matt.reid@landanddesign.com>

CC: Lisa Kim <lisak@ci.garden-grove.ca.us>, Greg Blodgett <greg1@ch.ci.garden-grove.ca.us>, Grace Lee <gracel@ci.garden-grove.ca.us>

Attached is an exhibit for a new billboard located at on the north side of the SR 22 and Newhope which we are scheduling for the City Planning Commission .

The City is still in negotiations to get some use of the proposed billboard for Grove District advertising.

If we are successful in our negotiations which side of the proposed billboard would best suite your proposed users for advertising.

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

----- Forwarded Message -----

From: "ricoh108" <ricoh108@ci.garden-grove.ca.us>

To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>

Sent: Wednesday, August 31, 2016 11:19:29 AM

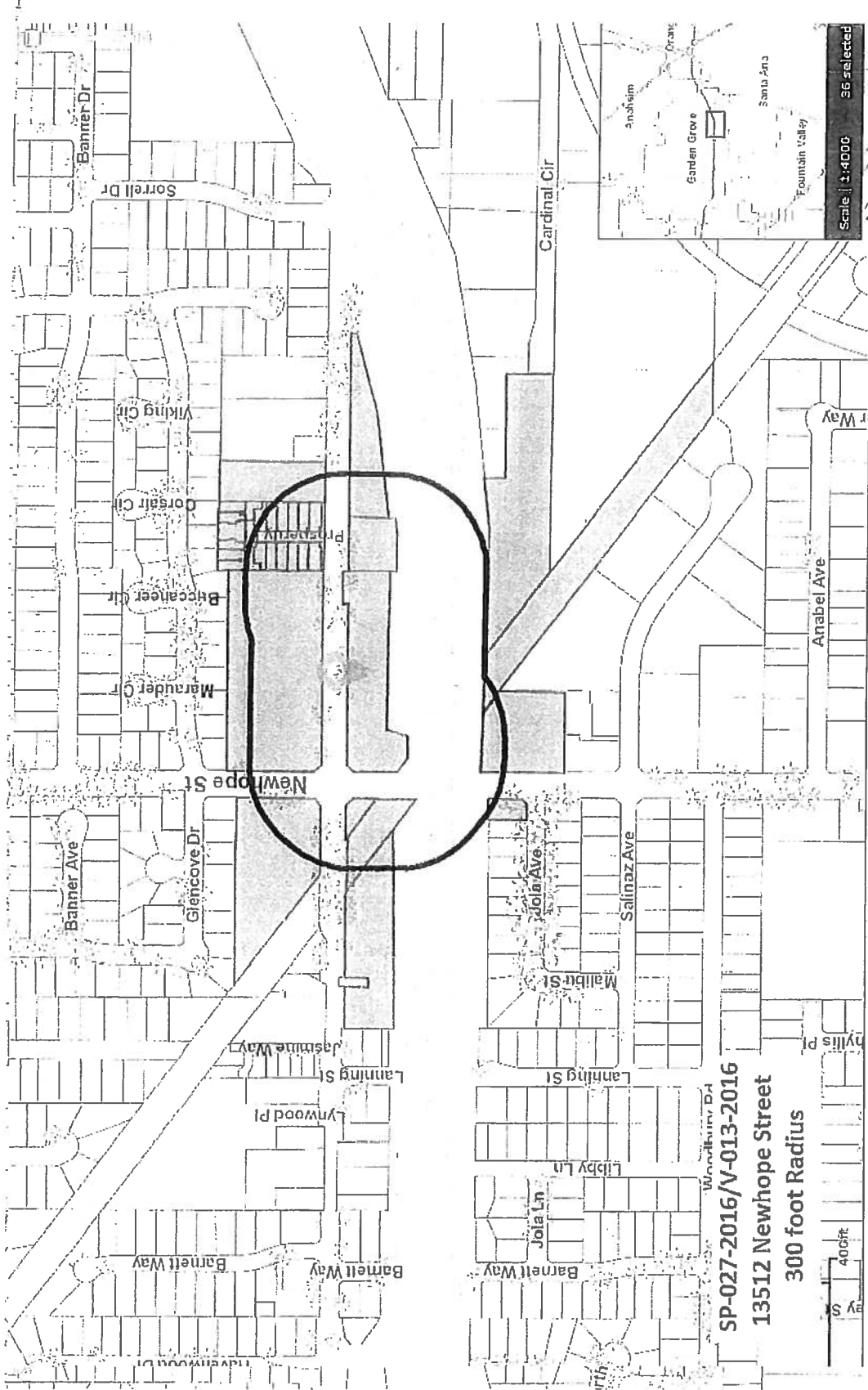
Subject: Message from "ricoh108"

This E-mail was sent from "ricoh108" (Aficio MP C5502A).

Scan Date: 08.31.2016 11:19:28 (-0700)

Queries to: ricoh108@ci.garden-grove.ca.us

201608311119.pdf	Content-Type: application/pdf
	Content-Encoding: base64



SP-027-2016/V-013-2016
 13512 Newhope Street
 300 foot Radius

Scale | 1:4000
 36 selected

Re:

Subject: Re:

From: Matt Reid <matt.reid@landanddesign.com>

Date: Wed, 31 Aug 2016 18:16:10 -0700

To: Greg Blodgett <greg1@ci.garden-grove.ca.us>

I believe the property is encumbered by the Wyndham flag for quite some time as they put key money in the deal...

Probability of changes flags is small...probably why Sage backed away.

How much TOT is generated from the property?

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

858.735.1858 cell

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Aug 31, 2016, at 4:56 PM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

contact for Wyndham

Steve Arnold

, 2532 Dupont Drive, Irvine, CA 92612-1524

©2009-2012 Pacific Hospitality Group, LLC.

(949) 474-7368, 2532

Wyndham has 376 spacious guest rooms, and state-of-the-art meeting and event rooms, totaling over 36,000-square-feet of event space

SR Project Manager
City of Garden Grove
Economic Development

Subject: Fwd: Message from "ricoh106"

From: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Date: Thu, 1 Sep 2016 16:49:22 -0700 (PDT)

To: Lisa Kim <lisak@ci.garden-grove.ca.us>, Grace Lee <gracel@ci.garden-grove.ca.us>, "Reid, Matthew" <matt.reid@landanddesign.com>, Matt Reid <matt.reid@scgamerica.com>, dannywei@scgamerica.com

CC: James Eggart <jamese@ci.garden-grove.ca.us>, Scott Stiles <sstiles@ci.garden-grove.ca.us>

Danny,

Attached is a letter from the City regarding our response to you request to build "Upper Upscale" Hotels pursuant to the terms of the Resort Hotel Development Agreement ("Agreement").

The City concurs that all three hotels may be designated as "Upper Upscale" in accordance with the Agreement, provided they are designed and constructed to the standards for "Upper Upscale" Hotels set forth in the Agreement. Construction of these hotels are, of course, subject to all other approvals required by the Agreement, including, without limitation, City's approval of the Hotel Operator and Franchisors for each.

For purposes of your compliance with the Agreement, as amended, the City deems your August 30, 2016 letter sufficient to satisfy the obligation set forth in Item No. 6 of the Condensed Schedule of Performance. (See Attached Letter)

If you have any question please call me at (714) 309-1328

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

----- Forwarded Message -----

From: katrenas@ci.garden-grove.ca.us
To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
Sent: Thursday, September 1, 2016 4:22:24 PM
Subject: Message from "ricoh106"

This E-mail was sent from "ricoh106" (Aficio MP 6001).

Scan Date: 09.01.2016 16:22:24 (-0700)
Queries to: katrenas@ci.garden-grove.ca.us

20160901162224348.pdf	Content-Type: application/pdf
	Content-Encoding: base64



CITY OF GARDEN GROVE

September 1, 2016

Mr. Danny Wei
SCG America
Hyatt Regency Orange County
11999 Harbor Boulevard
Garden Grove, CA 92840, USA

Bao Nguyen

Steven R. Jones

Christopher V. Phan

Phat Bui

Kris Beard

VIA E-MAIL

RE: Your letter of August 30, 2016

Dear Mr. Wei:

The City is receipt of your letter of August 30, 2016 (attached) designating each of the three contemplated Hotels on the Site as "Upper Upscale" Hotels pursuant to the terms of the Resort Hotel Development Agreement ("Agreement"). The City concurs that all three hotels may be designated as "Upper Upscale" in accordance with the Agreement, provided they are designed and constructed to the standards for "Upper Upscale" Hotels set forth in the Agreement. Construction of these hotels are, of course, subject to all other approvals required by the Agreement, including, without limitation, City's approval of the Hotel Operator and Franchisors for each. For purposes of your compliance with the Agreement, as amended, the City deems your August 30, 2016 letter sufficient to satisfy the obligation set forth in Item No. 6 of the Condensed Schedule of Performance.

Sincerely,

Scott C. Stiles
City Manager

CC: Lisa Kim – Community Development Director
CC: James Eggart - City Attorney



August 30, 2016

Mr. Greg Blodgett
City of Garden Grove
11222 Acacia Parkway
Garden Grove CA 92840

Dear Mr. Blodgett,

In accordance with the REVISED Schedule of Performance –Condensed Schedule approved by City Manager, Scott C. Stiles and attested by Teresa Pomeroy, Deputy City Clerk of City of Garden Grove, dated June 30, 2016, please review the following.

Pursuant to Item No 6: "City and Developer agree which Hotel(s) constitute Upper Upscale Hotel(s)". Please see the following exhibit indicating this designation. Please note, final hotel locations to be determined.

Please provide your signature below indicating your agreement with this designation.

If you should have any questions, please let us know.

SCG America

A handwritten signature in black ink, appearing to be 'D. Wei', written over a horizontal line.

Danny Wei

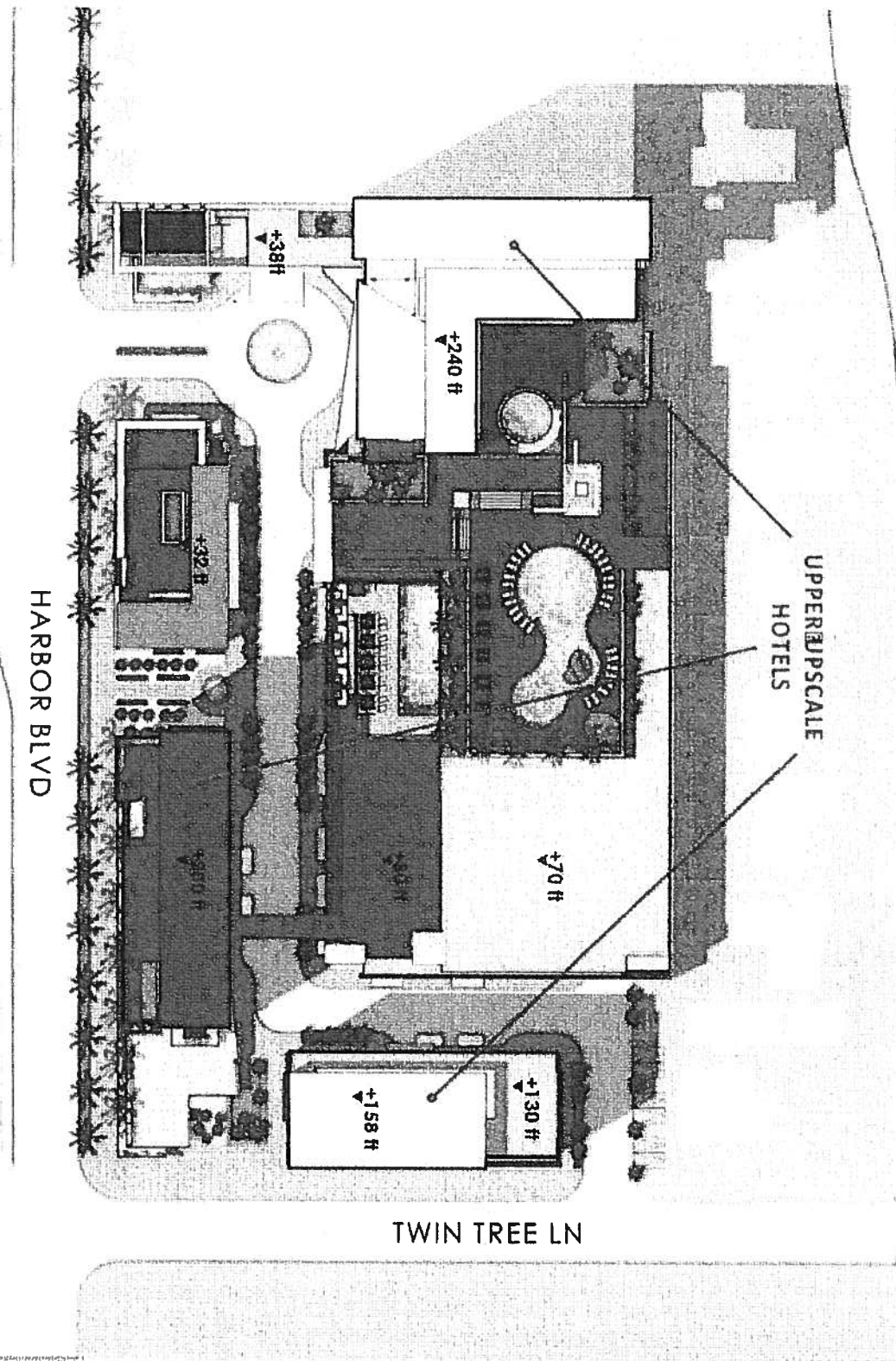
Cc: Matthew Reid / SCG America
Lorraina Pang / SCG America

Accepted and Agreed by: _____

Date: _____

Enclosure: Upper Upscale designation exhibit

SITE PLAN | TOP VIEW



UPPERUPSCALE
HOTELS

TWIN TREE LN

HARBOR BLVD

N
0 10 20 50 100 FEET

UPPER UPSCALE DESIGNATION EXHIBIT
(Please note final hotel locations yet to be determined)



Subject: Land Use Applications

From: Maria Parra <mariap@ci.garden-grove.ca.us>

Date: Tue, 6 Sep 2016 07:48:44 -0700 (PDT)

To: Matt Reid <matt.reid@landanddesign.com>, Matt Reid <matt.reid@scgamerica.com>

CC: Greg Blodgett <greg1@ci.garden-grove.ca.us>, Lisa Kim <lisak@ci.garden-grove.ca.us>, Karl Hill <karlh@ci.garden-grove.ca.us>

Hi Matt,

Attached is a copy of the City's land use application and land use filing instructions.

Let me know if you have any questions.

Also, the Fire Department has a copy of the new site plan, and I am waiting to hear a response. I will follow-up this week.

Best regards,

Maria Parra

Urban Planner

City of Garden Grove | Planning Services Division

11222 Acacia Parkway, Garden Grove, CA 92840

(714) 741-5312 | (714) 741-5578 fax

mariap@ci.garden-grove.ca.us | www.ci.garden-grove.ca.us

Community and Economic Development Department of the City of Garden Grove

"Providing Quality Services Through Creativity and Collaboration"

City Hall Hours:

Monday-Thursday: 7:30 a.m. to 5:30 p.m.

Alternating Fridays: 7:30 a.m. to 5:00 p.m.

Direct Website Links:

[Planning Division](#)

[Municipal Code, Title 9, Land Use](#)

[Zoning Map](#)

ENVIRONMENTAL INFORMATION FORM.pdf	Content-Type: application/pdf Content-Encoding: base64
---	---

—Master Land Use Application.pdf—

Master Land Use Application.pdf	Content-Type: application/pdf Content-Encoding: base64
--	---

— Land Use Permit Instructions.pdf

Land Use Permit Instructions.pdf	Content-Type: application/pdf Content-Encoding: base64
---	---

Tue 6 Sep 2016
07:48:44-0700

ENVIRONMENTAL INFORMATION FORM
(To Be Completed By Applicant)

Date Filed: _____

GENERAL INFORMATION:

1. Name and address of developer or project sponsor: _____

2. Address of project: _____
3. Assessor's Block and Lot Number: _____
4. Name, address, and telephone number of person to be contacted concerning this project: _____

5. List and describe any other related permits and other public approvals required for this project, including those required by city, regional, state and federal agencies: _____

6. Existing zoning district and General Plan designation: _____

7. Proposed use of site (project for which this form is filed): _____

PROJECT DESCRIPTION:

8. Site size (gross acres/square feet): _____
9. Square footage of structures/buildings: _____
10. Number of floors of construction: _____
11. Amount of off-street parking provided: _____
12. Expected percent change in pervious surface area of the site: _____
13. Proposed scheduling (phasing): _____
14. Associated projects: _____
15. Anticipated phased development: _____
16. Associated projects: _____
17. Anticipated incremental Development: _____

18. If residential, include the number of units, schedule of unit sizes, range of sale prices or rents and type of household size expected:

19. If commercial, indicate the type, whether neighborhood, city, or regionally-oriented, square footage, and loading and trash facilities:

20. If Industrial, indicate the type of project, estimated employment per shift, and loading facilities: _____

21. If institutional, indicate the major function, estimated employment per shift, estimated occupancy, loading facilities, and community benefits to be derived from the project:

22. If the project involves a Variance, Conditional Use Permit, or rezoning application, state this and indicate clearly why the application is required:

ENVIRONMENTAL CHECKLIST:

Are the following items applicable to the project or its effects? Discuss below all items checked "Yes" (attach additional sheets as necessary).

	Yes	No
23. Change in existing features of any bays, tidelands, beaches, lakes or hills, or substantial alteration of ground contours.	<input type="checkbox"/>	<input type="checkbox"/>
24. Change in scenic views or vistas from existing residential areas or public lands or roads.	<input type="checkbox"/>	<input type="checkbox"/>
25. Change in pattern, scale or character of general area of project.	<input type="checkbox"/>	<input type="checkbox"/>
25. Significant amounts of solid waste or litter.	<input type="checkbox"/>	<input type="checkbox"/>
26. Change in dust, ash, smoke, fumes or odors in vicinity.	<input type="checkbox"/>	<input type="checkbox"/>
27. Change in ocean, bay, lake, stream or ground water quality or quantity, or alteration of existing drainage patterns.	<input type="checkbox"/>	<input type="checkbox"/>
28. Substantial change in existing noise or vibration levels in the vicinity.	<input type="checkbox"/>	<input type="checkbox"/>
29. Site on filled land or slope of 10 percent or more.	<input type="checkbox"/>	<input type="checkbox"/>
30. Use or disposal of potentially hazardous materials, such as	<input type="checkbox"/>	<input type="checkbox"/>

toxic substances, flammable or explosives.

- 31. Substantial change in demand for municipal services (police, fire, water, sewage, etc.).
- 32. Substantially increase fossil fuel consumption (electricity, oil, natural gas, etc.).
- 33. Relationship to a larger project or series of projects.

ENVIRONMENTAL SETTING:

- 34. Describe the project site as it exists before the project, including information on topography, soil stability, plants and animals, and any cultural, historical, or scenic aspects. Describe any existing structures on the site, and the use of the structures.

- 35. Describe the surrounding properties, including information on plants and animals and any cultural, historical or scenic aspects. Indicate the type of land use (residential, commercial, etc.), intensity of land use (one-family, apartment houses, shops, department stores, etc.), and scale of development (height, frontage, setback, rear yard, etc.).

- 36. Hazardous waste and substances disclosure. Is the development project and any alternatives proposed in this application contained on any lists compiled pursuant to Section 65962.5 of the Government Code? Specify any lists:

CERTIFICATION:

I hereby certify that the statements furnished above and in the attached exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief. I further understand that additional information may be required to be submitted to the City of Garden Grove to complete my review.

Signature

Date



CITY OF GARDEN GROVE
PLANNING SERVICES DIVISION
11222 ACACIA PARKWAY
GARDEN GROVE, CA 92840
TEL: (714) 741-5312 FAX: (714) 741-5578
www.ci.garden-grove.ca.us

IMPORTANT NOTICE:

Please contact the Planning Services Division at (714) 741-5312 to inquire about the zoning requirements that will apply to your project, and the discretionary review process. Please be advised that the project may also be subject to the requirements of other City Departments. The Planning Services Division highly encourages, prior to filling out and completing any entitlement application, that all applicants submit a **Preliminary Review Application** for all projects to verify zoning compliance and compliance with the requirements of other City Departments. Possible consequences for not performing a preliminary review may include delays to the project, redesigning of the project, and unexpected financial costs incurred by the applicant.

EXCERPTS FROM TITLE 9 OF THE MUNICIPAL CODE
OF THE CITY OF GARDEN GROVE, CALIFORNIA

Section 9.32.100.C Effective Date of Order Granting or Denying Land Use Actions.

The order granting or denying a land use action shall become final twenty-one days after the order, unless within such twenty-one day period an appeal in writing is filed with the City Clerk by either an applicant or opponent. The filing of the appeal within such time limit shall stay the effective date of the order until such time as the City Council has acted upon the appeal as hereafter set forth in this Chapter.

9.32.010.D. Fees Required. All applicants described in Section 9.32.030 shall require fees paid in accordance with a Resolution adopted by the City Council. A copy of the resolution and information may be obtained from the Office of the City Clerk.

NOTE: Evidence not presented to the Planning Commission or Zoning Administrator in connection with this case will not be considered by the Council. All maps, petitions, plans, testimony, and other facts or opinions must have been heard by the Planning Commission or Zoning Administrator in order to be heard by the City Council.

Any new evidence which you desire to submit must be presented as part of a new application for which the normal filing fees will be charged. The new application will be heard by the Planning Commission or Zoning Administrator in the manner set forth in Title 9 of the Garden Grove Municipal Code.

9.32.010.E. LIMITATION OF REILING OF APPLICATIONS. A final action denying an application for a land use action shall prohibit the further filing of the same type application on a property until not less than one year shall have elapsed from the date of denial of any application.

9.32.160 EXPIRATION OF GRANTED LAND USE ACTIONS. Unless a time extension is granted in accordance with Section 9.24.030, any discretionary action becomes null and void if not exercised within the time specified in the approval of the discretionary action or, if not date is specified, within one year from the date of approval of said discretionary action.

9.32.030.10 REVOCATION. Applicability. The City Council, Hearing Body, or City Manager may initiate revocation procedures for any land use action designated by this Title. The Hearing Body may revoke or modify a land use action if any one of the following findings are made:

- The approval was obtained by fraud;
- The approved use has ceased to exist or has been suspended for one year or a lesser time as established by land use ordinance;
- That the approved use is being, or recently has been, exercised contrary to the terms or conditions of such approval, or in violation of any stature, ordinance or regulation;
- That the approved use was so exercised as to be detrimental to the public safety or so as to constitute a public nuisance.

COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING SERVICES DIVISION

**LETTER OF AUTHORIZATION
(TO BE NOTARIZED)**

NOTE: If the Applicant is not the sole record owner of the property, a Letter of Authorization must be signed by each owner of the property, notarized, and submitted as a part of the Application.

To: City of Garden Grove

Application for _____

I, _____, owner of the below-described property, do hereby authorize the filing and processing of the above-described Application, appoint _____ as my agent for the purpose of consummating the Application, and agree to accept and fulfill any and all requirements which may be imposed as conditions of approval of any resulting Permit or Approval approved by the City of Garden Grove. I further acknowledge and agree that such Permit or Approval, including all conditions of approval may be required to be recorded on the title of the property in the form of a Notice of Discretionary Permit Approval and Agreement With Conditions of Approval, will run with the land and constitute express limitations and restrictions on the use of the Property, and will be binding on all persons who own or occupy the Property now or in the future.

LEGAL PROPERTY DESCRIPTION: _____

Signature(s) of legal property owner(s):

Date: _____

Date: _____



CITY OF GARDEN GROVE
PLANNING SERVICES DIVISION
11222 ACACIA PARKWAY
GARDEN GROVE, CA 92840
TEL: (714) 741-5312 FAX: (714) 741-5578
www.ci.garden-grove.ca.us

IMPORTANT NOTICE:

Please contact the Planning Services Division at (714) 741-5312 to inquire about the zoning requirements that will apply to your project, and the discretionary review process. Please be advised that the project may also be subject to the requirements of other City Departments. The Planning Services Division highly encourages, prior to filling out and completing any entitlement application, that all applicants submit a **Preliminary Review Application** for all projects to verify zoning compliance and compliance with the requirements of other City Departments. Possible consequences for not performing a preliminary review may include delays to the project, redesigning of the project, and unexpected financial costs incurred by the applicant.



CITY OF GARDEN GROVE
PLANNING SERVICES DIVISION
11222 ACACIA PARKWAY
GARDEN GROVE, CA 92840
TEL: (714) 741-5312 FAX: (714) 741-5578
www.ci.garden-grove.ca.us

LAND USE PERMIT GENERAL INFORMATION

I. Land Use Permit

A Land Use Permit is required when a request is made that requires a discretionary approval, such requests include constructing new multi-family residences, commercial, and industrial developments; to rezone or to change the land use designation of a property; to subdivide a property; to deviate from the development standards; or to amend the permitted uses of a zone. Title 9 of the Municipal Code Section 9.32.030 explains various types of land use entitlements, required findings, and procedures.

Please contact the Planning Division to discuss the proposed project and the application process before detailed plans are prepared. The initial contact should take place prior to any substantial investment (i.e., leasing of property, or construction plans) in the preparation of the proposed application.

II. Preliminary Review

The preliminary review process is the first step in the Land Use Permit process that allows the appropriate City Departments to review the project for code compliance. Depending on the complexity of the project, the initial preliminary review period is approximately two (2) to three (3) weeks. During this time, a Planner will be assigned to the project to work with the applicant through the entire process. The preliminary review process provides a one-on-one opportunity for the Planner to outline specific zoning issues and procedures associated with the project.

The Planner will review the preliminary plans, and route the plans to the appropriate City Departments for comments. The Planner will provide the applicant with comments and corrections for the proposed project, and may recommend possible alternatives and modifications to the project in order to comply with the code. The Planner may schedule a meeting with the applicant to discuss the project, and the Planner can also facilitate meetings between the other City Departments.

The Planner will continue to work with the applicant through the subsequent plan revisions, if necessary, until the project complies with all applicable codes and can be submitted officially for Land Use Permit processing. The preliminary review process does not guarantee approval of the Land Use Permit, nor can a Planner assure approval.

III. Official Submittal

The applicant is required to schedule an appointment with the Planner to formally submit an application. Please contact the Planner at (714) 741-5312 to schedule an appointment. The Planner will meet with the applicant to review the plans, collect fees, and ensure that all items on the Land Use Permit Review Submittal

LAND USE PERMIT SUBMITTAL CHECKLIST

Checklist have been submitted. All items on the checklist must be submitted before an application will be accepted by the Planner. The Planner does not have the authority to "hold" an incomplete application. The acceptance of an application as being complete does not guarantee its approval. The acceptance only indicates that there is adequate information to evaluate the project.

IV. Application Processing

After a project is submitted, the Planner will review the application thoroughly to determine that it is complete and acceptable for processing. As a permit granting Agency, the City is allowed thirty (30) days from the date of official submittal to determine if an application is complete. If an application is not complete, the applicant will be notified in writing of the status of the application. Incomplete applications will not be processed and may be returned. If an application is determined to be complete, the project will be processed and scheduled for a Public Hearing within a typical time frame of eight (8) to ten (10) weeks, but note that the processing time may be longer due to certain circumstances. The applicant may contact the Planner three (3) weeks after submittal to verify the status of the application, and the tentative Public Hearing date.

During this time, the Planner will route the project plans to the appropriate City Departments for review and comments. Environment review and legal notices are also prepared as required by state law. The legal notices are published and mailed to the applicant and to all property owners located within 500 feet of the project site. The legal notice will specify the date, time, and location of the Public Hearing, and provide a brief description of the project.

The Planner will prepare the staff report for the project. A copy of the staff report will be mailed to the applicant one week prior to the Public Hearing. The applicant is encouraged to review the staff report prior to the Public Hearing, and to contact the Planner if there are any questions about the report and/or conditions of approval.

V. Public Hearing

The Public Hearing Body conducts a public hearing and approves or denies a project based upon staff's analysis and recommendation, and public testimony received on the project. The applicant or the applicant's representative are required to attend the hearing and may address the Hearing Body. Testimony from the public can be provided in person at the hearing or in written form. The decision of the Hearing Body may be appealed with the timeframes indentified in Section 9.32.110.C of the Garden Grove Municipal Code.

VI. After the Public Hearing

There is a 21-day appeal period after the Public Hearing. During this time, the applicant or other interested party may appeal the decision of the Public Hearing Body to the next appealing body. All appeals are filed through the City Clerk's Office, and the appropriate fees are paid pursuant to Section 9.32.130 of the Municipal Code. If no appeal is filed, the decision becomes effective, and the applicant can proceed with the project, which may include submitting construction drawings to the Building Services Division, and obtaining a business license.

LAND USE PERMIT SUBMITTAL CHECKLIST

The following are the submittal requirements for a Land Use Review application. In order for the project application to be deemed complete, the Planner will review the plans against the checklist. Incomplete submittal packages will not be accepted. Please contact the Planning Services Division for any questions regarding the submittal requirements or the information needed.

1. Application Fees
2. Completed Land Use Permit Application
3. Signed and notarized Letter of Authorization
4. Preliminary Title Report, less than 180 days old
5. Environmental Information Form
6. Colored Exhibits (**not** to be folded or mounted on boards)
 - a. Site Plan
 - b. Elevations
7. Materials and Color Board
8. List of property owners located within 500 feet of the project site for any properties outside of the City limits
9. Approved Preliminary Water Quality Management Plan (WQMP)
10. Other supporting documents as required by the City
11. **Twenty-five (25)** complete and fully dimensioned sets of plans. Each set of plans must be stapled together in the following order, from top to bottom, and include the following:
 - a. Area Map
 - b. Existing Facilities Plan
 - c. Site Plan
 - d. Tentative Subdivision Map (if applicable)
 - e. Floor Plan
 - f. Elevations
 - g. Roof Plan
 - h. Landscape Plan
 - i. Sign Plans and Program
 - j. Preliminary Grading Plan
 - k. Lighting Plan

Plans must be folded to a notebook size or 11 inches by 14 inches, and a manner to expose the title block. **Plans which are not folded will not be accepted.**

12. One (1) set of reduced plans printed on 8-1/2" by 11" sheet of paper (Note: An electronic copy of the plans may also be required)

LAND USE PERMIT SUBMITTAL CHECKLIST

APPENDIX A REQUIREMENTS FOR AREA MAP, SITE PLAN, FLOOR PLAN, AND ELEVATIONS

AREA MAP

Quantity Required-25 copies at 8-1/2" X 11"

The Area Map must be drawn at a scale of 1" = 100 feet or 1" = 200 feet, and must include all of the following information:

1. North Arrow, Scale, and Title Block (name of project, applicant, and date prepared).
2. Show all properties located within 500 feet of the project site, with the subject site clearly designated.
3. Show the Assessors, Book, Block, and Parcel Number(s) for the development site and all properties within 500 feet.
4. Show all streets and their names.
5. Show all Municipal and County boundaries.

EXISTING FACILITIES PLAN

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

The Existing Facilities Plan must be drawn at the same scale as the Plot Plan and at a scale large enough to clearly indicate all of the following:

1. North Arrow, Scale, and Title Block.
2. Show all property lines of the subject site and dimensions of each.
3. Show all existing building and structure locations, dimensioned to show size, setbacks, distance between buildings, etc.
4. Show and label existing streets, drives, and alleys adjacent to the subject site, including any necessary dedications and medians to show widths and distance from street centerlines. Show all driveways on the opposite side of all streets, drives, and alleys from the project.
5. Show all existing signs including location, size, height, and type.
6. Show and label all existing utilities, including water, sewer, electric, gas, cable, etc., serving the project site.
7. Show and label all existing easements affecting the project site.
8. Show all existing landscaping on the site. Indicate type (Latin and common name), and where appropriate approximate, size (caliper and height).
9. Show all existing perimeter fences and walls labeling each as to material, type, height, and condition.
10. Show all structures, fences, and walls located on contiguous properties within 30 feet of the subject property. For residential projects, indicate the use of buildings on adjacent properties and identify building fronts, sides, and rear.

LAND USE PERMIT SUBMITTAL CHECKLIST

SITE PLAN

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

The Site Plan must be drawn to scale, and must include the following information:

1. North arrow, scale, and title block, including the name and telephone number of the person preparing the plan.
2. Show property lines of the subject property and dimensions of each.
3. Show proposed building locations, dimensions to show building sizes, setbacks, distance between buildings, etc.
4. Show and label proposed streets and drives, including any necessary dedications, and dimension to show widths and distance from street centerlines.
5. Show all proposed parking spaces and aisles, including dimensions.
6. Show all proposed signs including location and dimensions, with reference to the sign program.
7. Indicate proposed utility meter locations and electrical transformers.
8. Show all structures on contiguous properties within 30 feet of the subject property.
9. Show all proposed walls and fences, and label each as to type of dimensions on the subject property.
10. Show all landscaped areas and dimensions of each.
11. Show the following in tabular form:
 - a. Net size of parcel(s)
 - b. Total square feet of parking areas, including areas used for ingress or egress, drives, aisles, stalls, and maneuvering
 - c. Total area of landscaping within parking area
 - d. Total landscaping area within parking area as a percent of the parking area
 - e. Building area, coverage, and height
 - f. Total number of parking spaces on the site and number of compact and handicap spaces, and percentages of each
 - g. Total square feet of landscaped area excluding setbacks.
12. For residential projects, show the following information in tabular form:
 - a. Number of units
 - b. Total building coverage in square feet and as a percent of the site area
 - c. Total number of covered and guest parking spaces, both compact and regular-sized and percentages of each
 - d. Total square feet of all common recreation areas and average common area per unit
 - e. Show all common recreation areas and private patio areas and dimensions of each.
 - f. Density as square feet per unit
 - g. Density as number of units per acre
 - h. Numbers of one, two, and three bedroom units, including the number of bathrooms, and square footage of each type of unit
 - i. Building height

LAND USE PERMIT SUBMITTAL CHECKLIST

- j. Total landscape area within parking area in square feet and a percent of the parking area
 - k. Total square feet of landscaped area, including setbacks and parking area, but excluding common and private recreation area.
13. For all nonresidential projects, indicate the proposed uses and the amount of square footage for each use.

Note: All portions of the site plan shall be plainly visible, unobstructed by conceptual landscaping items (trees, shrubs, etc.) or other opaque features. Landscaping plans shall be submitted on separate plans. Landscaping, signs or other architectural features added or an artist's rendering of the proposed project may be submitted as supplemental information.

TENTATIVE SUBDIVISION MAP (IF APPLICABLE)

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

All Tentative Subdivision Maps shall be submitted in conjunction with a proposed development. The Tentative Subdivision Map shall contain the following information:

- 1. Tentative Tract or Tentative Parcel Map number.
- 2. Name, address, and phone number of the owner or owners whose property is proposed to be subdivided.
- 3. Name, address, and phone number of registered civil engineer or licensed surveyor, who prepared the plan.
- 4. Date of preparation.
- 5. North arrow.
- 6. Area within the boundaries of the tract or parcel map, to the nearest acre.
- 7. Scale.
- 8. Basis of bearings.
- 9. Boundary lines.
- 10. The location, width, approximate grade, and proposed names of all streets within the proposed subdivision. (If applicable).
- 11. Location and width of alleys.
- 12. Name, location, and width of adjacent streets.
- 13. Lot number, lot lines, and approximate dimensions of each lot.
- 14. Approximate location and width of water course or areas subject to inundation from floods, location of structures, irrigation ditches, railroads and other permanent physical features.
- 15. Description of the exterior boundaries of the subdivision or legal description of the property comprising the subdivision.
- 16. Width and location of all existing recorded public and private easements, and proposed easements, which may be required.
- 17. Classification of lots as to intended land use: residential, commercial, industrial, or other use.
- 18. Proposed direction of flow and rate of grade of street drainage.
- 19. Approximate radii or curves.
- 20. Contours at one-foot intervals based on the City Survey Datum.

LAND USE PERMIT SUBMITTAL CHECKLIST

21. The location and type of all buildings within the subdivision, which are proposed to remain, and the location and type of all buildings adjacent to the subdivision.
22. Source of water supply.
23. Type of street improvement, which the subdividor proposes to install.
24. Proposed storm water sewer or other means of drainage (grade and size).
25. Protective covenants to be recorded.
26. Proposed method of sewage disposal.
27. Vicinity map (showing the property in relation to its setting in Garden Grove).
28. Reference documents.
29. List of all easements, its holder's name, purpose, and recordation information.
30. Adjacent subdivision maps and recordation information.

FLOOR PLAN

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

The Floor Plans must be fully dimensioned and drawn to a scale and must include the following information:

1. Title block.
2. Type: One of each type of unit or building proposed.
3. Each floor plan shall indicate:
 - a. Overall square footage
 - b. Each room shall be labeled as to use with dimensions, and sizes.
 - c. Doorway locations
 - d. Window types, sizes, and locations
4. Each residential floor plan shall show fully dimensioned patio and balcony area.

ELEVATION PLAN

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches
(For existing developments, one set of color photographs mounted on an 8-1/2 inch by 11 inch sheet of paper may be used.)

Elevations are required for all developments. The Elevation Plan must be fully dimensioned and drawn to a scale, and include the following information:

1. Elevations shall include all sides of each building type proposed for the site.
2. Scale: Not less than 1/8" = 1'-0"
3. All exterior building materials and colors labeled and identified.
4. All roof, window, and door heights shall be dimensioned.
5. Title block.

LAND USE PERMIT SUBMITTAL CHECKLIST

Note: All portions of the elevations shall be plainly visible, unobstructed by conceptual landscaping items (trees, shrubs, etc.) or other opaque features. However, supplemental plans may be submitted showing building elevations with landscaping, signs or other architectural features added or an artist's rendering of the proposed project.

ROOF PLAN

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

Roof Plans are required for all developments. The Roof Plans must be fully dimensioned and drawn to a scale large enough to clearly indicate all features and shall include the following:

1. Ridge, valley, and hip line locations.
2. Roof slope and type.
3. Roofing material (e.g., composition shingles, concrete tile, etc.)

LANDSCAPE PLAN

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

Landscape Plans are required for all developments. The Landscape plans must be drawn at the same scale as the Plot Plan. This plan shall indicate type, common and Latin name, size and location of trees, and type and location of shrubs and groundcovers. Existing trees on-site, which are to be incorporated into the proposed project, shall also be shown. The landscaping plan shall take into account any grade differences as shown on the preliminary grading plan. Please consult the Garden Grove Municipal Code for specific design requirements for landscape plans including percentages, location, type, and size of landscape materials.

Note: Beginning January 1, 2010, new landscape projects with a landscaped area, including pools or other water features, equal to or greater than 2,500 square feet are subject to the Landscaping Water Efficiency provisions.

SIGN PROGRAM

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

Sign Plans and a Sign Program are required for all developments. The Sign plans must be drawn to a scale large enough to clearly indicate all details, including the following:

1. Pylon Signs (Five-acre minimum development site)
 - a. Location, number, and height (above natural grade)
 - b. Square footage of sign face(s) plus overall dimensions
 - c. Color and style of letters, trim, and background clearly designated.
 - d. Elevation above natural grad, sign with materials and colors indicated
2. Monument Signs

LAND USE PERMIT SUBMITTAL CHECKLIST

- a. Location, number, and height
 - b. Square footage of sign face plus overall dimensions
 - c. Color and style of letters, trim, and background
 - d. Elevation above natural grade, sign with materials and colors indicated
3. Wall signs
- a. Applicant shall submit building elevations incorporating typical wall signage for each proposed tenant or use, including a detail indicating size, height, materials, and colors. These elevations shall be separate from the building elevations required as part of the Site Plan submittal.
4. Other Signage (as applicable)
- a. Directional signs, logos, canopy signs, etc., may be required depending upon the type of project and location. Signage shall comply with all provisions of the Municipal Code.

PRELIMINARY GRADING PLAN AND CROSS SECTIONS

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

Grading Plans are required for all developments. The grading plans must be drawn at the same scale as the Plot Plan and shall indicate any existing or proposed grade change and its relationship to the project.

LIGHTING PLAN

Quantity Required-25 copies with a maximum size of 30 inches by 42 inches

A Lighting Plan shall be submitted in conjunction with the landscape plan indicating the following:

1. Height of lighting standards.
2. Placement.
3. Method of Shielding.
4. Dramatic lighting (building accent, security, or for special landscaping effect).
5. Minimum lighting levels in all parking and pedestrian areas.

PRELIMINARY WATER QUALITY MANAGEMENT PLAN (WQMP) OR NON-PRIORITY PROJECT WATER QUALITY PLAN (WQP)

The City of Garden Grove requires a Preliminary WQMP for new developments and significant redevelopment projects called "Priority Projects." To determine if your project is considered a "Priority Project," please refer to page 7.11 1-5 of the 2011 Model WQMP, Table 7.11-2: Priority Projects Categories for North County Permit Area.

"Non-Priority Projects" are projects that do not fall under one of the "Priority Project" categories as defined in the 2011 Model WQMP, but meet one of the conditions listed on page 7.11 1-7 of the 2011 Model WQMP. The City of Garden

LAND USE PERMIT SUBMITTAL CHECKLIST

Grove requires a Non-Priority Project Water Quality Plan for private new development and significant redevelopment projects that qualify as "Non-Priority Projects."

Either the Preliminary WQMP or the Non-Priority Project Water Quality Plan are required as part of the discretionary approval process. The City's Engineering Division reviews and approves the Preliminary WQMP or the Non-Priority Project Water Quality Plan **prior** to official submittal of the development plans to the Planning Services Division for Public Hearing review. The Engineering Division will review and evaluate the Preliminary WQMP or the Non-Priority Project Water Quality Plan for preliminary approval. In addition, the Engineering Division will offer guidance toward plan elements necessary for approval of the full Project WQMP or the Non-Priority Water Quality Plan.

For additional information about the Preliminary WQMP or Non-Priority Water Quality Plan, please visit the Public Works Engineering Division webpage at:

<http://www.ci.garden-grove.ca.us/?q=pw/engineering>

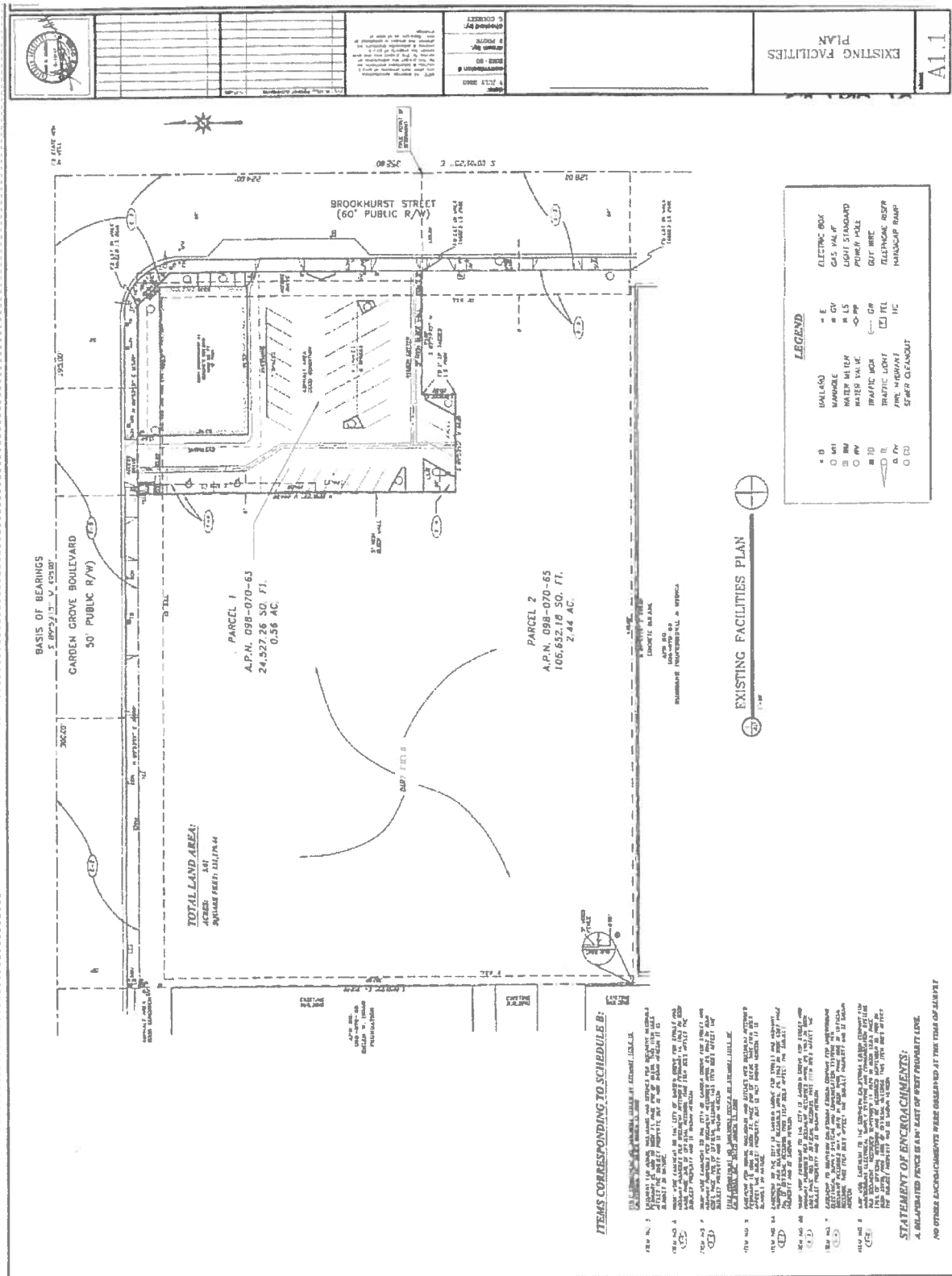
Refer to the Environmental Section, and select the appropriate link on the webpage as shown in the example menu below to access the appropriate document(s):

Environmental

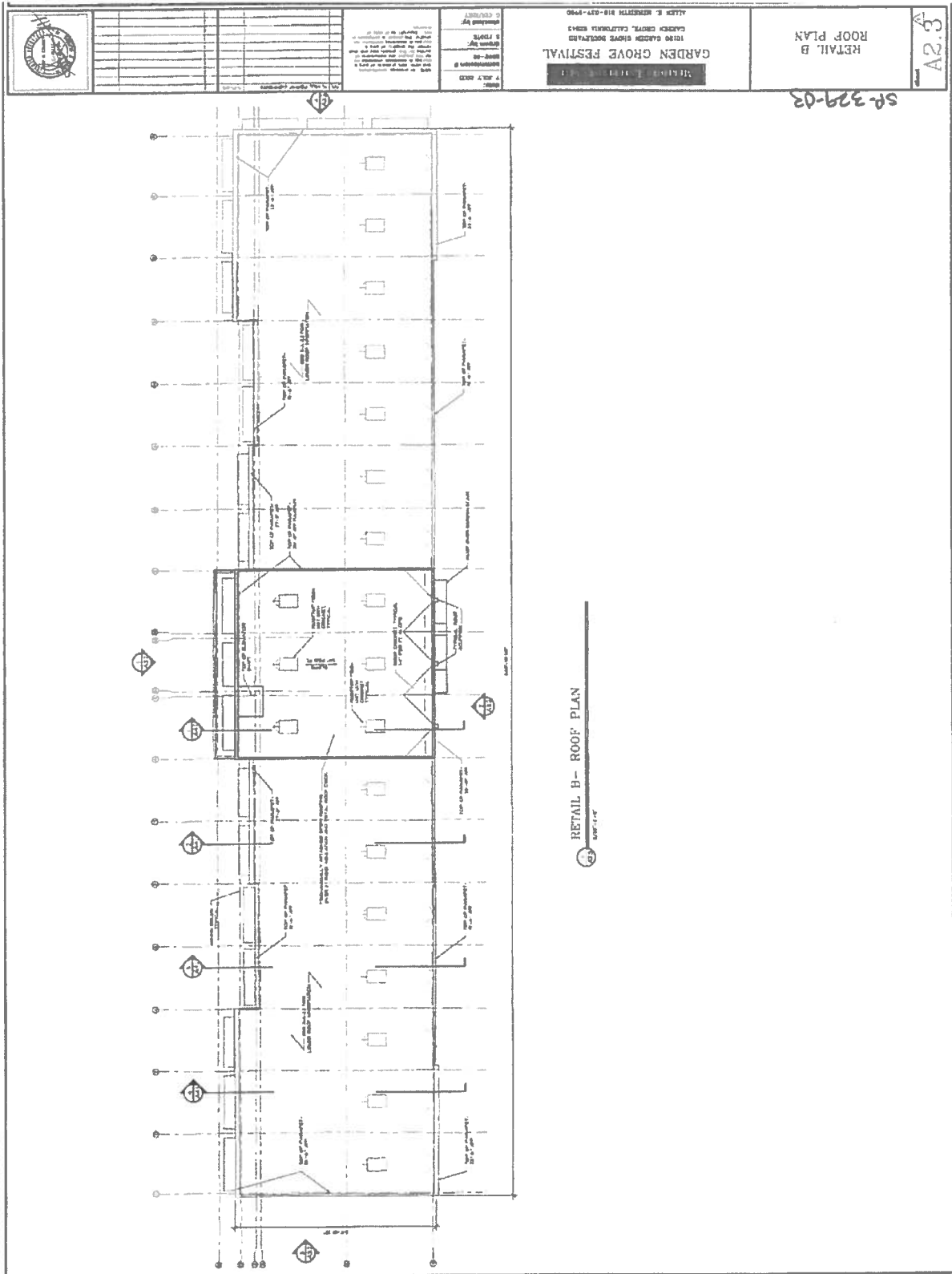
- [Model SWPPP](#)
- [OC Model WQMP information here](#)
- [GG PRELIMINARY WQMP Guidance \(doc\)](#)
- [GG Non-Priority WQP Template \(doc\)](#)
- [GG WQMP Template \(doc\)](#)
- [WQMP Worksheets from OC TGD \(doc\)](#)
- [Green Bldg Code Infiltration/ SWPPP Stds.](#)

If you have additional questions about the Preliminary WQMP or the Non-Priority WQP requirements or the submittal and review process, please contact the Public Works Engineering Division at (714) 741-5181.

LAND USE PERMIT SUBMITTAL CHECKLIST



LAND USE PERMIT SUBMITTAL CHECKLIST



Subject: Site "C"

From: Maria Parra <mariap@ci.garden-grove.ca.us>

Date: Thu, 8 Sep 2016 14:25:59 -0700 (PDT)

To: Matt Reid <matt.reid@landanddesign.com>, Matt Reid <matt.reid@scgamerica.com>

CC: Greg Blodgett <gregl@ci.garden-grove.ca.us>, Lisa Kim <lisak@ci.garden-grove.ca.us>, Karl Hill <karlh@ci.garden-grove.ca.us>

Hi Matt,

I spoke with Nate Brady from Fire, and Fire is okay with the north building setback as well as the parking structure access provided the entire structure complies with the high-rise code requirement, which includes 1) fully sprinklered, 2) smoke control system, 2) alarm system, and 3) fire control room.

The Building Division is also okay with the north building setback provided the structure complies with the fire protection requirement of the building code.

Best regards,

Maria Parra

Urban Planner

City of Garden Grove | Planning Services Division

11222 Acacia Parkway, Garden Grove, CA 92840

(714) 741-5312 | (714) 741-5578 fax

mariap@ci.garden-grove.ca.us | www.ci.garden-grove.ca.us

Community and Economic Development Department of the City of Garden Grove

"Providing Quality Services Through Creativity and Collaboration"

City Hall Hours:

Monday-Thursday: 7:30 a.m. to 5:30 p.m.

Alternating Fridays: 7:30 a.m. to 5:00 p.m.

Direct Website Links:

[Planning Division](#)

[Municipal Code, Title 9, Land Use](#)

[Zoning Map](#)

Subject:

From: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Date: Mon, 12 Sep 2016 12:55:15 -0700 (PDT)

To: Carlos Marquez <carlosma@ci.garden-grove.ca.us>, James Eggart <jamese@ci.garden-grove.ca.us>, Lisa Kim <lisak@ci.garden-grove.ca.us>, Grace Lee <gracel@ci.garden-grove.ca.us>, Lee Marino <leem@ci.garden-grove.ca.us>, "Reid, Matthew" <matt.reid@landanddesign.com>, Kamyar Dibaj <kdibaj@ci.garden-grove.ca.us>

There is no Site C 1:30 Project meeting today we will schedule the next meeting soon.

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

Subject: Fwd: Shanghai Memo for Oct. 25 Agenda
From: Greg Blodgett <greg1@ci.garden-grove.ca.us>
Date: Wed, 19 Oct 2016 17:04:07 -0700 (PDT)
To: Scott Stiles <sstiles@ci.garden-grove.ca.us>, Teresa Pomeroy <teresap@ci.garden-grove.ca.us>, Omar Sandoval <osandoval@wss-law.com>
CC: "Reid, Matthew" <matt.reid@landanddesign.com>

Draft Memo for out of state travel
Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

----- Forwarded Message -----
From: "Grace Lee" <gracel@ci.garden-grove.ca.us>
To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
Sent: Wednesday, October 19, 2016 4:56:18 PM
Subject: RE: Shanghai Memo for Oct. 25 Agenda

For your review Omar, please find attached the Shanghai memo.

Grace E. Lee
Sr. Economic Development Specialist
City of Garden Grove | Economic Development Division
11222 Acacia Parkway, Garden Grove, CA 92840
Tel. 714.741.5130 | Fax (714) 741-5205

Shanghai Memo.docx	Content-Type: application/vnd.openxmlformats-officedocument.wordprocessingml.document Content-Encoding: base64
---------------------------	---

City of Garden Grove
INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles

From: Lisa Kim

Dept.: City Manager

Dept.: Community and Economic Development

Subject: Approval of travel and related expenses
for travel to Shanghai (Estimated Cost: \$13,000)
(Action Item)

Date: October 25, 2016

OBJECTIVE

To obtain authorization for travel related expenses for a small Garden Grove working team of 5-6 City Council Members and staff to travel to Shanghai for three days of meetings between December 2016 and June 2017. SCG America has invited the City to meet with their Board of Directors to discuss several important initiatives (please see below).

The cost will be covered by the Garden Grove Tourism Improvement District ("GGTID") assessment.

BACKGROUND

As economic development efforts to promote tourism and investment in the Grove District continue, a key priority is building and strengthening relationships with key stakeholders in the Grove District. The partnership with SCG America began with the acquisition of the Hyatt Regency Orange County in November 2015, the purchase of 12361 Chapman Avenue in March 2016 and in June 2016, the City Council approved the assignment of the Grove District Resort Hotel Development Agreement pertaining to Site C from Land & Design, Inc., to Investel Garden Resorts, LLC (an entity of SCG America). SCG America and their continued commitment to invest locally in Garden Grove has expanded with the purchase of the former Fandango's restaurant site and selection of the world renowned architectural firm, Gensler, to design and reposition the restaurant use. SCG America is further evaluating opportunities to expand their presence in Garden Grove and exploring the potential development of the Hyatt parking lot located west of the Hyatt Regency Orange County. To foster collaboration and strengthen relationships with Garden Grove, SCG America has invited a City delegation to meet with SCG officials in Shanghai in order to foster collaboration and strengthen its relationship with the City and to further explore tourism and development opportunities in the Grove District resort area.

DISCUSSION

SCG America is the U.S. entity of Shanghai Construction Group ("SCG") that was established in 1991. As a world leader in the construction of high-rise developments, hotels and public infrastructure projects, SCG has extended an invitation to the City of Garden Grove officials and key staff to visit its corporate headquarters in Shanghai, meet members of the board of directors and the executive team, and tour signature SCG projects. SCG desires to continue to build relationships with City officials and understand the vision of the Grove District. Discussions will revolve around:

- The Hyatt Regency Orange County expansion which is estimated to be a \$500 million investment in the Grove District;
- Signing a License Agreement regarding the renting of four (4) homes on Choisser Avenue behind their currently Site C project;
- Establishment of SCG America's Orange County headquarters in Garden Grove;
- Expediting and advancement of the existing Site C project;
- Presenting the key projects planned in the resort area, and the City's strategy for attracting and retaining businesses to the City; and
- Visiting the Orange County Visitor Association's (OCVA), Shanghai office that the City is in participation with.

FINANCIAL IMPACT

The Garden Grove Tourism Promotion Corporation ("GGTPC") has determined that these meetings will benefit the visitor accommodation facilities within the GGTID. The GGTPC is in agreement with the use of the assessment funds to cover all travel, lodging, meal and related costs.

RECOMMENDATION

It is recommended that the City Council:

- Authorize travel related expenses for 5-6 City Council Members and staff to travel to Shanghai between December 2016 and June 2017, to meet with SCG America Board of Directors.
- Require that a full report on the outcomes of the trip be reported to the City Council by the City Administration.

Subject: SCG meeting today

From: Lisa Kim <lisak@ci.garden-grove.ca.us>

Date: Thu, 27 Oct 2016 09:49:48 -0700 (PDT)

To: "Reid, Matt (Site C)" <matt.reid@landanddesign.com>, Greg Blodgett <greg1@ci.garden-grove.ca.us>, "James H. Eggart" <jeggart@wss-law.com>

FYI. I am attending a luncheon at the Irvine Spectrum and will be late for the 1pm meeting. Hope to make the meeting by 1:30p at the latest.

L

Re:

Subject: Re:

From: Matt Reid <matt.reid@landanddesign.com>

Date: Thu, 3 Nov 2016 11:38:36 -0700

To: Greg Blodgett <greg1@ci.garden-grove.ca.us>

What is his title?

Maria's title?

Karl's title?

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

858.735.1858 cell

Skype - [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Nov 3, 2016, at 11:22 AM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

"Lee Marino" <leem@ci.garden-grove.ca.us>

Greg Blodgett

SR Project Manager

City of Garden Grove

Economic Development

Fwd:

Subject: Fwd:

From: Grace Lee <gracel@ci.garden-grove.ca.us>

Date: Thu, 3 Nov 2016 14:25:23 -0700 (PDT)

To: Matt Reid <matt.reid@scgamerica.com>

CC: Jennifer Garcia <jen.garcia@scgamerica.com>

Maria Parra

Urban Planner

City of Garden Grove | Planning Services Division

11222 Acacia Parkway, Garden Grove, CA 92840

(714) 741-5312 | (714) 741-5578 fax

mariap@ci.garden-grove.ca.us | www.ci.garden-grove.ca.us

Lee Marino

Senior Planner

Planning Division

Phone: 714-741-5302

Fax: 714-741-5578

leem@ci.garden-grove.ca.us

Grace E. Lee

Sr. Economic Development Specialist

City of Garden Grove | Economic Development Division

11222 Acacia Parkway, Garden Grove, CA 92840

Tel. 714.741.5130 | Fax (714) 741-5205

From: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>

To: "Grace Lee" <gracel@ci.garden-grove.ca.us>

Sent: Thursday, November 3, 2016 11:56:58 AM

Subject: Fwd:

can you send planning contacts to Matt Reid

Greg Blodgett

SR Project Manager

City of Garden Grove

Economic Development

----- Forwarded Message -----

From: "Matthew Reid" <matt.reid@landanddesign.com>

To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>

Sent: Thursday, November 3, 2016 11:38:36 AM

Fwd:

Subject: Re:

What is his title?

Maria's title?

Karl's title?

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

858.735.1858 cell

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is STRICTLY PROHIBITED. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.

> On Nov 3, 2016, at 11:22 AM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

>

> "Lee Marino" <leem@ci.garden-grove.ca.us>

>

> Greg Blodgett

> SR Project Manager

> City of Garden Grove

> Economic Development

Re:

Subject: Re:

From: Matt Reid <matt.reid@landanddesign.com>

Date: Wed, 9 Nov 2016 16:18:14 -0800

To: Greg Blodgett <greg1@ci.garden-grove.ca.us>

They're going to have to reduce their price a lot more than that!

What are they smokin'?

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

858.735.1858 cell

Skype - [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Nov 9, 2016, at 11:38 AM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

12344 Harbor is now has reduced their price this is the NEC of harbor and Twintree adjacent to your hotel 3

Greg Blodgett

SR Project Manager

City of Garden Grove

Economic Development

<Screen Shot 2016-11-09 at 11.33.35 AM.png>

Subject:

From: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Date: Fri, 18 Nov 2016 13:54:51 -0800 (PST)

To: Matthew Reid <matt.reid@landanddesign.com>, lorraina_usa <lorraina_usa@yahoo.com>, dannywei@scgamerica.com

CC: Lisa Kim <lisak@ci.garden-grove.ca.us>, Grace Lee <gracel@ci.garden-grove.ca.us>

Attached is a copy of The 2017 Southern California Lodging Forecast.

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

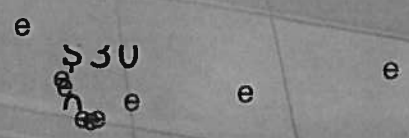
2017 So. Cal Lodging Forecast.pdf	Content-Type: application/pdf Content-Encoding: base64
--	---



2016 SOUTHERN CALIFORNIA LODGING FORECAST

CBRE Hotels | Consulting is a regional firm of management consultants, industry specialists, and appraisers who provide a full range of services to the hospitality and tourism industries.

COACHELLA VALLEY | COASTAL | INLAND EMPIRE
LOS ANGELES | ORANGE COUNTY | SAN DIEGO
SAN LUIS OBISPO | SANTA BARBARA | VENTURA





CBRE Hotels, Consulting

CBRE, Inc.
400 South Hope Street, 25th Floor
Los Angeles, CA 90071
www.cbrehotels.com

October 18, 2016

It is our pleasure to present *The 2017 Southern California Lodging Forecast*. This forecast has been prepared using our database, as well as information and comments solicited from local hoteliers, hotel owners, hotel developers, representatives of Destination Marketing Organizations, and others. We hope that this document will be helpful for planning and budgeting purposes. To those who have assisted us with this analysis, we extend our sincere appreciation. Without your assistance, this forecast could not have been completed.

As with previous forecasts, this year's document has been divided into the major markets that comprise the Southern California region. These include Los Angeles, Orange County, San Diego, Inland Empire, Coachella Valley, Ventura, Santa Barbara, and San Luis Obispo. Also included is the Coastal Resort market, comprised of hotels on the Southern California coast from San Luis Obispo to San Diego.

In addition, it should be noted that certain properties are included in multiple submarkets, but are not reported twice in the overall sample for their respective county or area. Each of these markets and the various submarkets therein, will be discussed in further detail in the pages to follow. If we can be of further assistance in the interpretation of this data, please feel free to contact us.

CBRE Hotels | Consulting is one of the only organizations in the world with the focused expertise, market intelligence and global connections to secure that kind of success for its clients. Whether institutional or individual, investor or lender, clients benefit from the fact that CBRE Hotels | Consulting is uniquely positioned as a comprehensive, international service provider focused exclusively on hospitality.

Sincerely,

CBRE Hotels, Consulting

A handwritten signature in black ink, appearing to read 'Bruce Baltin'.

Bruce Baltin
Managing Director

INTRODUCTION AND REGIONAL OVERVIEW	IV
LOS ANGELES COUNTY.....	2
EXECUTIVE SUMMARY	2
Total Visitor Volume.....	3
LAX Modernization.....	5
Los Angeles Convention Center	6
Additions to Supply.....	8
DOWNTOWN LOS ANGELES	9
Residential Developments.....	9
Wilshire Grand Redevelopment	10
The Bloc	10
Metropolis	11
Avenue of the Angels	11
Oceanwide Plaza	11
Circa.....	12
Luxe City Center Redevelopment/W Hotel Downtown	12
LONG BEACH	13
SOUTH BAY.....	15
LOS ANGELES INTERNATIONAL AIRPORT	15
SANTA MONICA	16
MARINA DEL REY.....	17
BEVERLY HILLS/WEST LOS ANGELES	18
HOLLYWOOD	21
WEST HOLLYWOOD	22
PASADENA/ARCADIA/MONROVIA.....	22
SAN FERNANDO VALLEY	24
THOUSAND OAKS/AGOURA HILLS	26
SAN GABRIEL VALLEY	26
WHITTIER/I-5 CORRIDOR	27
SANTA CLARITA	28
SAN DIEGO COUNTY.....	31
EXECUTIVE SUMMARY	31
Additions to Supply.....	35
DOWNTOWN SAN DIEGO/EMBARCADERO.....	35
SAN DIEGO BAY MARKET.....	36
LA JOLLA	37
MISSION BAY	37
MISSION VALLEY/OLD TOWN	38
NORTH CITY/UNIVERSITY TOWNE CENTER (UTC)/SORRENTO MESA	39
NORTH COASTAL MARKET.....	40
I-15/KEARNY MESA	41
SOUTH BAY	41
ORANGE COUNTY.....	44
EXECUTIVE SUMMARY	44
Additions to Supply.....	48
CENTRAL ORANGE COUNTY.....	48
ANAHEIM AND GREATER ANAHEIM.....	49
ORANGE COUNTY AIRPORT.....	54
SOUTH COAST METRO MARKET	55
NORTH ORANGE COUNTY	56

Table of Contents

	<u>Page Number</u>
NEWPORT BEACH.....	57
COASTAL ORANGE COUNTY	58
COACHELLA VALLEY	61
EXECUTIVE SUMMARY	61
Economic Indicators	61
Employment	62
Seasonality	63
Palm Springs International Airport	64
Convention Activity	65
Transient Occupancy Tax Trends	66
Tourism Activity	67
Hotel Market Analysis	67
Additions to Supply	68
INDIVIDUAL MARKET ANALYSIS.....	68
PALM SPRINGS/CATHEDRAL CITY	69
Palm Springs	69
Cathedral City.....	70
Hotel Renovations, Changes in Ownership, and Proposed Development	70
Hotel Market Analysis	72
DOWN VALLEY: RESORTS.....	72
Hotel Renovations, Changes in Ownership, and Proposed Development	73
Hotel Market Analysis	73
DOWN VALLEY: LIMITED AND SELECT-SERVICE HOTELS.....	74
Hotel Renovations, Changes in Ownership, and Proposed Development	74
Hotel Market Analysis	74
SANTA BARBARA COUNTY	77
EXECUTIVE SUMMARY	77
Additions to Supply	80
Beach Resort Areas.....	80
Town	81
Goleta	82
Northern Santa Barbara	83
VENTURA COUNTY	86
EXECUTIVE SUMMARY	86
CITY OF VENTURA	88
CAMARILLO	89
OXNARD	91
SIMI VALLEY	93
SAN LUIS OBISPO COUNTY.....	96
EXECUTIVE SUMMARY	96
Additions to Supply	100
PISMO BEACH	100
SAN LUIS OBISPO CITY	101
PASO ROBLES	102
NORTH COASTAL	104
COASTAL RESORT MARKET	107
EXECUTIVE SUMMARY	107
Additions to Supply	108

Table of Contents

	Page <u>Number</u>
FIRST TIER	108
SECOND TIER	108
THIRD TIER.....	109
INLAND EMPIRE.....	111
EXECUTIVE SUMMARY	111
Additions to Supply.....	116
ONTARIO/RANCHO CUCAMONGA	116
CORONA, RIVERSIDE, SAN BERNARDINO	118
Riverside Metropolitan Area.....	118
San Bernardino Metropolitan Area	119
TEMECULA MURRIETA AREA	121

CBRE Hotels | Consulting, Offices

Introduction and Regional Overview

The *2017 Southern California Lodging Forecast* estimates the growth in available and occupied rooms in major submarkets of Southern California and comments on trends in each of these areas. While we have made every effort to portray an accurate picture of each submarket, we cannot guarantee the accuracy of the historical or future occupancy levels or average daily room rates. Once again, this year we have redefined some of the submarkets based on market orientation and maturity. Therefore, the 2017 Southern California Lodging Forecast is not directly comparable with previous years' Forecasts, but historical data for each submarket within this forecast is consistent.

The Southern California lodging market is supported by sound fundamentals, which while tested during the worldwide recession and following economic certainty, have rebounded strongly and today Southern California as a destination remains well positioned as one of the most visible and popular regions in the United States. The region has been a thriving economic powerhouse with technology and biotech, apparel manufacturing, shipping and freight, creative and financial services, aerospace engineering and manufacturing, and entertainment production providing the area with a large base of commercial demand generators. Favorable climate, hundreds of miles of pristine beaches, world-class theme parks, and unparalleled dining and shopping make Southern California a popular leisure destination for travelers from around the country and around the world. Cities like Los Angeles, Anaheim, and San Diego also boast state-of-the-art convention centers that draw large group meetings from both coasts to Southern California.

The Southern California lodging market experienced a period of great expansion coming out of the recession, reaching record levels in all available metrics recently, but an influx of supply on the horizon in a number of markets heightens uncertainty for the future. Additionally, the unfortunate natural gas leak in Porter Ranch not only impacted Los Angeles County, the region's largest hotel market, but also led to atypical gains in occupied room nights and average daily rates in neighboring areas that may not quickly be replicated, as thousands of families were displaced from their homes this year. Further, experts are divided on the impact of shared accommodations on traditional hotels, although the data suggests that at the very least, the ability for hoteliers to raise rates during peak demand periods has been negatively impacted.

Thus, in looking forward, we are optimistic about the continued demand for hotel rooms as lodging fundamentals are projected to remain positive entering the eighth year of economic expansion. Although, for the first time in recent memory, new hotel supply is projected to exceed demand as projects that have long been in development (some since before the recession) finally come to fruition. In markets with supply and demand imbalances, we are anticipating that average daily rate growth will be muted in the short term, but in nearly all instances, the new hotel rooms will be absorbed rather quickly and rate growth will return anew. Southern California remains one of the most dynamic and attractive regions in the United States, with world class facilities, excellent airlift, near perfect weather and internationally recognized attractions, all attributes that position the region solidly amid uncertainty in the coming years.

The following sections present our estimates for the Southern California lodging market and submarkets.

LOS ANGELES COUNTY

Los Angeles County

EXECUTIVE SUMMARY

Los Angeles County typically acts as an excellent barometer for the performance of the greater Southern California lodging market. As the largest and most diverse of the major Southern California markets, individual hotel performance often greatly varies. However, when taken as a whole, the growing pains and opportunities of the Los Angeles County area often reflect those seen in other areas.

Los Angeles County, otherwise referred to as the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), includes 88 incorporated cities, covers an area of 4,084 square miles, and as of July 2015, had an estimated population of approximately 10.2 million people. In the past 80 years, the county has evolved into a large commercial/industrial urban community and has become the business and financial center of California and the Western United States. The regional economy has become more diversified with a larger number of people employed in aerospace and defense, apparel design and manufacturing, computer and electronic product manufacturing, professional and business services, financial services, health care services and biomedical, international trade, motion picture and video production, real estate and construction, retail, and travel and tourism.

The national economy is expected to see slightly faster growth over the next two years, than years prior, due to an increase in housing and construction, steady job growth across most sectors, and a general improvement in sentiment across the nation. In 2015, the U.S. labor market grew at a pace not seen in 15 years; the unemployment rate reached its lowest in eight years. Los Angeles County finished 2015 with a 5.6 percent unemployment rate, down from 7.0 percent in 2014. As of June 2016, the unemployment rate in Los Angeles County was 4.8 percent, compared to 6.2 percent in June 2015. Between December 2014 and December 2015, total employment in Los Angeles County increased by 61,800 to 6,228,000. Employment increased by 24,100 to 6,349,400 in June 2016, while unemployment increased by 17,900 to 317,200 over the month. The civilian labor force increased by 41,900 over the month to 6,666,700 in June 2016.

According to a report by the Los Angeles County Economic Development Corporation (LAEDC), LA County added 94,700 nonfarm jobs in 2015, equivalent to a 2.2 percent annual increase and in line with the U.S. as a whole. Health care and social assistance posted the largest year-over-year increase, adding 21,800 jobs. The leisure and hospitality industry added 19,600 jobs. Administrative, support and waste services recorded an increase in employment of 4,900 jobs. Professional, scientific and technical services (up 5,800), construction (up 7,100), transportation and warehousing (up 3,000), wholesale trade (up 7,800), government (up 10,000) and management of enterprises (up 1,700) all posted year-over-year gains. The manufacturing (down 3,300), finance and insurance (down 900) and entertainment (down 600) sectors all lost employment over the year.

LAEDC forecasts Los Angeles County to continue the steady improvement it has been experiencing for the past four years. Most of these gains have been supported by a handful of industries and it's expected for this pattern to continue for the next few years, although at a slower pace. The long-term prospects for international trade are promising, with heavy investment in trade-related infrastructure being made and important new trade agreements in place or currently being negotiated. The "new economy" of Los Angeles County is largely technology driven, which includes bio-medical, digital information technology, and environmental technology. This new economy is built upon the advanced

technical research capabilities present in the county. Another key economic driver is the creative industry, with firms combining technology and creativity into their products such as video games and film production. Silicon Beach in the Westside region of Los Angeles, home to hundreds of tech startups, video game, and video production companies, is an example of Los Angeles' booming creativity. El Segundo is also revamping the city and there is talk of big tech companies like Google opening headquarters in the area and moving from the San Francisco area. The LAEDC forecasts the Southern California region to see job gains through 2016 and into 2017 with the biggest job gains in health care, leisure and hospitality, professional and business services, retail trade, administrative and support services, and the government sector. Construction and goods movement, including transportation and warehousing, will also see substantial advances.

July 2015, the Los Angeles County Board of Supervisors approved raising the minimum wage gradually over the next five years, following Los Angeles City Council's and other U.S. cities' similar decisions to raise their minimum wages. In January of 2016, California's first wave of minimum wage hikes took place, raising the benchmark from \$9 to \$10 per hour. Within the Los Angeles city boundaries, the minimum wage increased to \$10.50 per hour on July 1, 2016. The minimum wage is expected to reach \$15 per hour by 2020. It is uncertain what economic impact a minimum wage increase will have on the region's growth.

Total Visitor Volume

According to Los Angeles Tourism & Convention Board, total visitation to Los Angeles County in 2015 was 45.5 million people, reflective of a 2.9 percent increase over 2014, marking the fifth consecutive year of record-breaking tourism. 38.8 million of the 45.5 million were domestic travelers, a record-setting number. International visitors made one of the largest impacts on Los Angeles' tourism with 6.7 million visitors to the city, a 3.1 percent increase over 2014. Visitors from China drove international tourist numbers with a year-over-year growth of 13.6 percent, officially becoming Los Angeles' number two international market, behind Mexico, which had 779,000 visitors. Travelers from South Korea also grew by double digits, up 11 percent to more than 282,000 visitors.

The overall increase in visitation stems from Los Angeles Tourism & Convention Board's successful digital, television, and online advertising campaigns launched in multiple domestic feeder cities such as San Francisco, San Diego, Phoenix, New York City, coupled with improvements made to the city's tourism website, discoverLosAngeles.com. Furthermore, to spread awareness abroad, the tourism board operates two tourism offices in the cities of Shanghai and Beijing in China.

The following table summarizes the number of overnight visitors to Los Angeles County and their direct spending between 2005 and 2015. According to the Los Angeles Tourism & Convention Board, the total overnight visitor count in 2015 was at 30.2 million visitors. 85.7 percent of all 2015 visitors were domestic, and the remaining 14.3 percent were international visitors, with 11.6 percent of the international travelers arriving from China. These travelers contributed to Los Angeles' 2015 average daily rate as it rose by 7.4 percent over 2014.

Overnight Visitor Volumes and Expenditures Los Angeles County				
Year	Overnight Visitation (Millions)	Percent Change	Direct Spending (Billions)	Percent Change
2005	25.0	2.9%	\$12.9	7.7%
2006	25.7	2.8	13.6	5.4
2007	25.9	0.8	14.2	4.4
2008	25.7	(1.2)	13.8	(2.8)
2009	23.9	(7.0)	11.8	(14.5)
2010	26.1	8.4	14.1	19.5
2011	27.0	4.2	15.2	7.8
2012	27.9	3.7	16.5	7.1
2013	28.5	4.5	17.5	6.1
2014	29.5	3.5	18.6	4.4
2015	30.2	2.2	20.6	10.8

Source: CIC Research and Los Angeles Tourism & Convention Board

The Los Angeles Tourism & Convention Board forecasts overnight visitation to Los Angeles to reach over 30 million in 2016, comprised of over 24 million domestic visitors and 7 million international visitors. The new addition of the NFL team, the Los Angeles Rams, and new sports and entertainment venues is anticipated to entice more visitors in the years to come. With global interest and desire for the Los Angeles experience growing rapidly, Los Angeles Tourism also highlighted its global sales and marketing plans to extend a new version of its successful "Get Lost In L.A." campaign to Australia, China and the United Kingdom, Los Angeles' top international markets. Chinese travelers are the second largest international inbound market for Los Angeles with 779,000 visitors in 2015, or 14.3 percent of international inbound travel.

Los Angeles International Airport (LAX), the busiest airport on the West Coast, is a bustling domestic stop and an important international hub. The airport has an enormous impact on tourism and travel in the greater Los Angeles area as many international tourists use LAX as a gateway to the United States. The following table shows the history of passenger travel at Los Angeles International Airport.

Los Angeles International Airport Passenger Counts 2006 – 2015 & YTD 2016			
Year	Domestic	International	Total
2006	44,100,000	16,900,000	61,000,000
2007	45,200,000	17,200,000	62,400,000
2008	43,100,000	16,700,000	58,800,000
2009	41,400,000	15,100,000	56,500,000
2010	43,100,000	15,900,000	59,100,000
2011	45,100,000	16,700,000	61,800,000
2012	46,500,000	17,200,000	63,700,000
2013	48,800,000	17,900,000	66,700,000
2014	51,600,000	19,100,000	70,700,000
2015	54,200,000	20,700,000	74,900,000
CAAG	2.3%	2.3%	2.3%
YTD 8/15	36,185,946	13,946,820	50,132,766
YTD 8/16	38,848,600	15,239,433	54,088,033

Source: Los Angeles World Airports and CBRE Hotels

Emerging from the recession passenger travel at LAX is showing continued signs of recovery, beginning in 2010 and through 2015. Overall, from 2006 to 2015, total passenger counts increased by an annual average of 2.3 percent, and recently reached a record level of more than 70 million

passengers. Additionally, through the first eight months of 2016, total passenger arrivals increased by 7.9 percent as compared to the prior period last year.

LAX Modernization

Los Angeles World Airports (LAWA) is in the midst of a multi-billion dollar development program for Los Angeles International Airport (LAX). The centerpiece of the program is the recently Tom Bradley International Terminal Modernization (TBIT) Project which includes new gate and concourse areas and a great hall for luxury dining and retail. LAWA also completed a \$737 million renovation in 2010 of the existing TBIT that upgraded the facility with a new in-line baggage screening system and interior improvements to enhance service and convenience to the passengers and tenants who use LAX's premier international terminal. Additionally, there are several major airfield and facility projects underway that are in support of the development program. These include a new Central Utility Plant, new taxiways and taxi lanes, and renovations to other terminals.

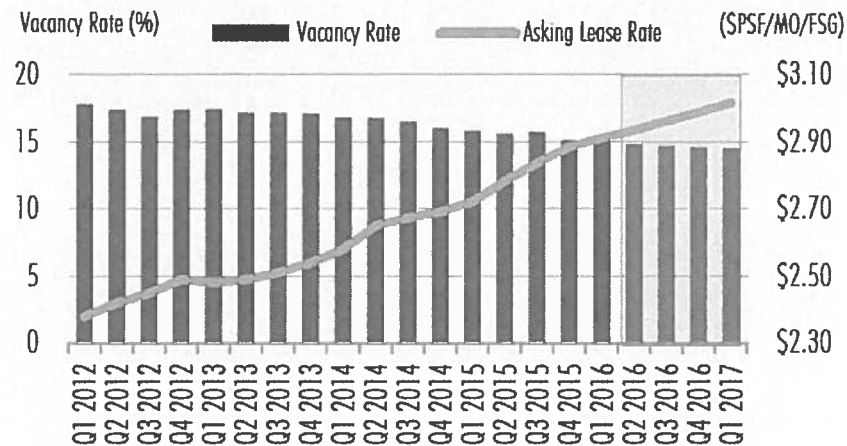
In September 2013, the LAX revealed a \$1.9 billion renovation to its Tom Bradley International Terminal. The renovation included nine new gates big enough to accommodate the Airbus A380, the world's largest passenger airliner. Furthermore, the waiting areas have been upgraded with new furniture, massive art displays, and more than 60 local and luxury restaurants and shops. With the latest expansion, the terminal doubled in size from 1.2 million square feet to 2.2 million. Phase II of the renovation, which will be completed by year-end 2016, will add nine more gates and update the security and customs areas.

In addition, other planned renovations include the \$270 million Elevator, Escalator, and Moving Walkway project that will replace or refurbish 212 outdated systems with new, modern units throughout the airport; the \$613 million In-Line Baggage Handling & Screening System program will improve and automate the security screening of checked baggage at all LAX terminals and will make travel through LAX safer, faster and more convenient. The total cost of the program covers all nine LAX terminals including the \$508 million renovation to Terminal 1 in collaboration with Southwest Airlines which will modernize the terminal's outdated equipment and infrastructure, double the amount of available concessions, create a brighter more open lobby, and introduce an automated system to handle checked bags. The project began in the summer of 2014, and is expected to be completed in 2018. The \$229 million renovation/modernization of Terminal 5 will improve passenger service and security with a completed new in-line baggage screening system, expansion and streamlining of the passenger screening check points and international passenger processing facilities. These renovations are expected to be completed in late 2016, with the exception of the Terminal 1 renovation.

Office market activity is an excellent indicator of the county's economy. According to CBRE, the Los Angeles County office market consists of the Tri-Cities/Glendale, Los Angeles Downtown, Hollywood/Wilshire Corridor, San Fernando Valley, San Gabriel Valley, mid-Counties, South Bay, and West Los Angeles submarkets. The County recorded a net absorption of 2,554,387 square feet through year-end 2015. Q4 2015 regained momentum lost in the prior quarter as net absorption returned to high levels seen back in Q2 2015. Nine out of ten submarkets showed positive net absorption, with the West Los Angeles area having the most at 879,407 square feet. The surge in absorption has led to a decrease in vacancy rates to 15.0 percent, down from 15.8 percent in Q3 2015. Weighted average asking rental rates increased to \$2.96 per square foot, per month full service gross, up from \$2.84 per square foot, per month compared to the last quarter.

The Greater Los Angeles office market sustained its growth moving into the latter part of 2016. The market's key health indicators such as employment growth, improved demand, and increased rental rates are expected to continue throughout the year and into next. According to CBRE EA, office employment is projected to continue on an upward trend and vacancy levels are expected to remain steady over the next 12 months. Lease rates are projected to expand by 2.4 percent by Q2 2017. The following table summarizes the Greater Los Angeles office market performance from Q2 2012 to Q2 2016, along with CBRE's 12-month forecast.

12-Month Forecast



Source: CBRE Econometric Advisors, Q1 2016.

Los Angeles Convention Center

The main demand generator for large convention and meeting activity in Los Angeles is the Los Angeles Convention Center, which contributes a large number of annual group room nights to the Los Angeles hotel market. The center offers approximately 720,000 square feet of exhibit hall space and 150,000 square feet of meeting space split between its two halls. Its enclosed space makes it one of the largest meeting and convention facilities in the country. The Los Angeles Convention Center is owned and historically has been operated by the City of Los Angeles. Its operation has been privatized and AEG assumed management of the Center as of December 8, 2013.

The following table presents the actual and projected room nights generated by the Los Angeles Convention Center through 2019, based on definite convention bookings as of October 4, 2016. It can be anticipated that additional conventions will continue to be booked in 2016 for the coming years.

Los Angeles Convention Center Current and Projected Activity				
Year	Definite ¹	Tentative ²	Prospect ³	Total Room Nights
2004	226,414			226,414
2005	187,225			187,225
2006	171,463			171,463
2007	112,876			112,876
2008	231,695			231,695
2009	178,376			178,376
2010	207,320			207,320
2011	256,529			256,529
2012	290,528			290,528
2013	187,623			191,823
2014	212,586			212,586
2015	202,431			202,431
2016	232,807			232,807
2017	264,597	30,411	16,600	311,608
2018	102,553	111,631	84,950	299,134
2019	58,066	108,100	151,709	317,875

¹Contracted peak and total rooms for executed LACC License Agreement.

²As executed a Letter of Agreement.

³A group considering Los Angeles as a meeting destination for which a Sales Lead has been issued.

Source: Los Angeles Tourism & Convention Board and CBRE Hotels

The Los Angeles Convention Center is slated for a renovation and upgrade in the coming years to bring the quality of the center up to par with other west coast convention centers including San Diego, San Francisco, and Las Vegas. The main concerns regarding the Convention Center in its current state revolve around the difference in age and condition of the older West Hall and newer South Hall, as well as the lack of contiguous meeting space between the two. As currently configured, the two halls are separated by a concourse of more than 700 feet long over West Pico Boulevard. The City released request for proposals for a comprehensive overhaul of the Convention Center to expand its meeting space capacity to one million square feet within a \$350 million budget.

In June of 2015, the architectural plans designed by the team of Populous and HMC Architects were chosen by the City. The design features a number of major additions to the Convention Center, including plans to connect the South Hall with the West Hall via a new structure over Pico Boulevard with several levels of meeting space and an open courtyard. Plans for the West Hall include the creation of a large "outdoor ballroom" space, with a grand staircase drawing people in from the existing Gilbert Lindsay Plaza. The top floor of the West Hall would also be converted in a large ballroom with outdoor terraces that offer views of the Downtown skyline. According to the Chief Legislative Analyst's office, final design and financing details are expected to be decided upon in the near future as the plan goes before the City Council, which recently announced a second dual-track, exploring the potential of a public-private-partnership in which investors would renovate and expand the convention center, then operate it. In exchange the investors would get an annual operating fee and the right to develop up to 14 acres in the booming South Park neighborhood. The land, owned by the city and adjacent to the convention hall, could also include shops, offices, or apartments.

The following table displays our *Los Angeles County* lodging sample set in terms of average daily and total annual rooms supply, annual occupied rooms, market occupancy percentage, and average daily room rate. These statistics illustrate the total lodging supply and demand for the county, including all types of lodging properties. Overall occupancy levels and average daily room rates reflect the composite forecast for the submarkets presented herein, extrapolated to the overall Los Angeles

County hotel supply. The table presented below includes the sum of our aggregated sub markets, extrapolated to the overall supply.

Los Angeles County Historical Market Performance of the Competitive Supply										
Year	Daily Supply	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	98,212	35,847,380	N/A	26,941,391	N/A	75.2%	\$145.74	N/A	\$109.53	N/A
2012	97,061	35,427,265	-1.2%	27,208,316	1.0%	76.8	154.51	6.0%	118.67	8.3%
2013	96,963	35,391,495	-0.1	28,296,601	4.0	80.0	162.11	4.9	129.61	9.2
2014	97,673	35,650,645	0.7	28,917,760	2.2	81.1	174.88	7.9	141.85	9.4
2015	98,198	35,842,270	0.5	29,331,200	1.4	81.8	187.77	7.4	153.66	8.3
2016E	98,871	36,087,854	0.7	29,963,938	2.2	83.0	203.53	8.4	168.99	10.0
2017F	103,079	37,623,873	4.3	30,377,023	1.4	80.7	210.90	3.6	170.28	0.8
CAAG	0.8%	0.8%		2.0%			6.4%		7.6%	

Source: CBRE Hotels

Los Angeles County finished 2015 at an occupancy rate of 81.8 percent. This signifies an increase in occupied room nights of 1.4 percent last year amidst a 0.5 percent increase in annual supply. With supply increasing in 2016 at 0.7 percent, we estimate that the county's occupancy will increase to 83.0 percent as occupied room nights grow by 2.2 percent. In 2016, we estimate ADR (Average Daily Room Rate) to increase to \$203.53, an increase of 8.4 percent. With supply increasing in 2017 at 4.3 percent, we forecast that the county's occupancy will decrease to 80.7 percent as occupied room nights increase by 1.4 percent. In 2017, we forecast ADR to increase to \$210.90, an increase of 3.6 percent. It should be noted that many submarkets and the County as a whole are currently experiencing occupancy levels above their long term averages and, in some cases, previous highs. Several of the submarkets detailed further herein were positively impacted by the Porter Ranch gas leak, and achieved above average occupancy and ADR for the months of October 2015 through May 2016. Santa Clarita and San Fernando Valley saw the biggest impact due to customers being placed into hotel properties throughout the County because of the gas leak. While we anticipate continued demand growth county wide, in certain submarkets the addition of new hotel rooms may outpace the gain in occupied room nights, as many markets are currently exceeding their long term stabilized level of occupancy.

Additions to Supply

Based on our research and findings the following table details the new hotels that have been included in this year's edition of our Southern California Lodging Forecast located within the Los Angeles County market.

Lodging Forecast - Additions to Supply				
Hotel Name	City	Submarket	Room Count	Opening Date
aloft	El Segundo	LAX	246	April 2016
Residence Inn	Pasadena	Pasadena	144	July 2016
Hampton Inn and Suites	Glendale	ESFV	93	September 2016
Hilton Garden Inn	Burbank	ESFV	209	September 2016
Fairfield Inn	El Segundo	LAX	350	October 2016
Hampton Inn and Suites	El Segundo	LAX	171	October 2016
Shade Hotel	Redondo Beach	South Bay	54	October 2016
Dream Hotel	Hollywood	Hollywood	179	December 2016
Freehand Hotel	Downtown L.A.	Downtown 2	228	December 2016
Hotel Figueroa	Downtown L.A.	Downtown 1	268	December 2016
Courtyard	Santa Monica	Santa Monica	136	January 2017
Hampton Inn and Suites	Santa Monica	Santa Monica	143	January 2017
Metropolis Hotel	Downtown L.A.	Downtown 1	350	January 2017
Cambria	El Segundo	LAX	152	February 2017
James Hotel	West Hollywood	West Hollywood	286	March 2017
Proper Hotel	Downtown L.A.	Downtown 1	148	March 2017
Hampton Inn and Suites	Hollywood	Hollywood	112	April 2017
Hilton Garden Inn	El Monte	SGV	133	April 2017
Kimpton Hotel	West Hollywood	West Hollywood	105	April 2017
Wilshire Grand Hotel	Downtown L.A.	Downtown 1	900	April 2017
U/C Homewood Suites	Redondo Beach	South Bay	184	May 2017
H Hotel	Los Angeles	LAX	168	June 2017
Homewood Suites	El Segundo	LAX	122	June 2017
Hyatt Place	Glendale	ESFV	173	June 2017
Waldorf Astoria	Beverly Hills	Beverly Hills	170	June 2017
Kimpton Hotel	Hollywood	Hollywood	225	July 2017

Source: CBRE Hotels

DOWNTOWN LOS ANGELES

Downtown Los Angeles, following a model set forth in other city centers where redevelopment has been successful, has been working to improve its image and attract more residents and consumers. Some of the initial catalysts were the openings of the \$375 million Staples Center in 1999 and the \$274 million Walt Disney Concert Hall in 2003, which spurred new restaurants, such as the Patina Group's Patina, Kendall's Brasserie, the Daily Grill, and Pinot Grill, as well as other residential and commercial developments in Downtown Los Angeles. This momentum continued at a strong pace and even to some degree through the Great Recession, in large part to the continued success of L.A. LIVE, South Park's \$3.5 billion entertainment, lodging and residential complex.

Over the past ten years, Downtown Los Angeles has experienced an extraordinary commercial and residential renaissance. With some 57,000 residents, 500,000+ weekday employees and more than ten million annual non-local visitors, Downtown Los Angeles has become Southern California's economic engine. According to the Downtown Center Business Improvement District, approximately \$25 billion has been invested in Downtown Los Angeles since 1999. As a whole, given these and other exciting developments, Downtown Los Angeles is quickly becoming a world-class destination.

Residential Developments

Downtown Los Angeles continues to build towards a residential core, and to create a 24-hour activity zone in the central city. Throughout the downtown area, empty buildings have been, and continue to be redeveloped into residential units. A combination of new residential, market-rate units and redevelopment of existing historic buildings into loft-style units created a very attractive place to live for many people who had previously commuted to downtown from the Westside, San Fernando Valley,

and Orange County. The renovation of existing historic buildings in downtown's South Park, Bank, and Historic Districts has become increasingly popular with developers who are taking advantage of the 1999 Adaptive Re-Use Ordinance for the downtown Business District of Los Angeles.

Over a period of many years, several historic office buildings became vacant upward of the first story. Storefronts were maintained on the street level and continued to be successful while the upper floors fell into disrepair. With vacant office space in abundance, combined with a shortage of residential units and a lack of activity in Los Angeles' downtown District, the Adaptive Re-Use Ordinance was born in 1999. The ordinance provided for several pockets of commercial-zoned land to be rezoned as commercial/residential or mixed-use areas, allowing the redevelopment of office buildings into rental apartments and live-work lofts. According to the Downtown Los Angeles Business Improvement District, Downtown's resident population has increased from 18,700 people in 1999 to 58,000 residents in 2015.

According to the Downtown Center Business Improvement District, as of 2015, there were approximately 35,500 residential units that exist in Downtown Los Angeles. Market-rate units comprise approximately 64 percent of the total units. There are currently 10,170 units under development, of which almost 99 percent are market rate. As of the most recent estimate another more than 15,300 units are proposed, 99 percent of which would be market rate units. If all of the under construction and proposed units were to come to fruition, it would add an additional 25,470 residential units to Downtown. The downtown lodging market is expected to benefit from this increase in residential development as visitors to these apartments and condominiums will seek lodging in the immediate area. The influx of residential developments will increase the hotels' abilities to capture higher food and beverage revenues from local residents and clientele.

With the Sports and Entertainment district developed and other cultural icons being constructed, Downtown Los Angeles is able to draw visitors from all across Southern California and the world. Coupled with the creation of a viable residential base, Downtown Los Angeles is steadily becoming a place that can sustain its own tourism segment and continues to be a driving submarket in the region.

Wilshire Grand Redevelopment

The owner of the Wilshire Grand, the parent company of Korean Airlines, is in the process of implementing the replacement/redevelopment of the hotel. Korean Airlines had originally partnered with Thomas Properties Group to potentially redevelop the Wilshire Grand site into a 45-story tower with 560 hotel rooms and a second-phase 60-story office complex. However, Korean Airlines has now partnered with Martin Project Management and new plans call for a 900-room InterContinental Hotel, with a diminished office component. Demolition of the former hotel is complete and construction of the new hotel is under way. This project, which we have assumed will be completed in spring 2017, will add another block of good quality guestrooms that will assist the convention center and overall downtown area in attracting additional demand.

The Bloc

In June 2013, The Ratkovich Company acquired the dated Macy's Plaza from Jamison Services, Inc. for \$241 million, which includes the retail portion (Macy's, Express, Bath and Body Works, LA Fitness, etc.) as well as the 23-story, 485-room Sheraton hotel and the 33-story, 700 South Flower office tower, totaling 2.4 million square feet. Ratkovich plans to spend \$160 million in renovations to the entire complex that will dramatically alter the urban landscape of the Financial District in Downtown Los Angeles. The Macy's Plaza has been renamed "The Bloc" and will transform into premium

shopping, dining, business, and leisure destination in the heart of downtown. The retail component of the renovation is well underway, with the roof of a large portion of the building having been removed in mid-June of 2015. Macy's plans to upgrade the department store to a potential flagship store, and the existing Sheraton is undergoing a comprehensive renovation as well, although certain portions, including the rooms, lobby, meeting space, swimming pool, and gym, have already been completed. The office tower will be repositioned to offer creative office space aimed at the growing entertainment, technology, and media companies in Los Angeles. The development has also been approved for a direct access portal to the heavily-traveled 7th & Metro subway station. Renovations are expected to be completed soon.

Metropolis

The owner of a 6.3 acre parcel located adjacent to the I-110 freeway in Downtown Los Angeles is planning to develop a mixed-use center that will include hotel rooms, residential, office, and retail. IDS Real Estate Group purchased the parcel located between 8th and 9th Streets and Francisco Street and the I-110 in 2005 with initial plans to develop several hundred thousand feet of retail, a select service/extended stay hotel, a convention center hotel, residential towers, and office space. However, construction was stalled due to the economic recession. In 2013, Shanghai-based Greenland Group acquired the site and is undertaking the development of the 6.3-acre parcel. Metropolis is expected to contribute to, and benefit from, the synergy created by the proximate L.A. LIVE, Convention Center, FIGat7th, and Wilshire Grand developments. The project is expected to be constructed in phases, with the first phase completed within two years. During the summer of 2014, the developer began preliminary site and excavation work and construction of Phase I is now in process, which includes a 38-story condo tower with 310 units, and a 19-story Hotel Indigo. The condominium tower topped out in early December of 2015, and is expected to be completed in 2016, while the Hotel Indigo under construction will include 350 rooms, and is expected to open in January of 2017. Phase two of the project broke ground in December of 2014, and will include a 54-story tower with 740 condos, and another 40-story tower with 510 condos, both atop an eight-story mixed-use parking podium. This phase is expected to be completed around the fall of 2017.

Avenue of the Angels

A joint effort by local Downtown Los Angeles stakeholders is working to bring an iconic pedestrian-friendly street connecting Wilshire Grand to the L.A. LIVE complex. IDS Real Estate Group, Thomas Properties, AEG, and FIGat7th, among others, are in the preliminary planning stages of designing the Avenue of the Angels that would run from Wilshire Grand at 7th and Figueroa, through the redevelopment of FIGat7th, alongside the Metropolis development on Francisco Street, through to L.A. LIVE. Still in the planning stages, the iconic pedestrian-friendly street will provide Downtown Los Angeles with a highly sought after walkable environment that will include attractions and amenities for both residents and visitors alike.

Oceanwide Plaza

China-based Oceanwide Real Estate Group has acquired a 4.6-acre site at the southeast corner 11th and Figueroa Streets stretching all the way to Flower Street, and has plans to develop it into a high-end, mixed-use complex. Plans originally called for two towers, including a 51-story "North Tower" and a "South Tower" standing at 37 stories. The most recent plans, however, now call for three towers atop a five-story parking and retail podium, with the two southern towers being 40 stories high, and the third northern tower being 49 stories. Plans for the northern tower include a luxury hotel with 183 rooms, with 164 residential units on the floors above. The two south towers show plans for 170

residential units each. Along with the residential and hotel portions, the development is expected to have approximately 200,000 square feet of retail space fronting both Figueroa and Flower Streets, and 1,444 parking spaces with two levels below grade. The \$1 billion project began demolition on the site in December of 2014, broke ground on the project in early 2015, and as of November 2015 has had most of its excavation work done with portions of the concrete base already poured. The apartment complexes are expected to enter the market in 2017, with the rest of the development following suit in 2018.

Circa

On the parking lot just south of Fig Central at 1200 S. Figueroa Street, a 648-unit luxury rental development is being developed by a partnership between Hankey Investment Company, Jamison Services Inc., Falcon California Investments, and Highlands Capital Inc. The \$500 million project began construction in mid-2015, and will include 1.6 million square feet of usable space on a 2.7-acre site. In addition to the 648 luxury rental units within two 35-story towers, the development will also include a 10-story podium with 48,000 square feet of retail space, 1,770 parking spaces, 15,000 square feet of digital signage, and 12,500 square feet of static signage. The two-acre residential amenity deck within the podium will provide residents with a pool, private cabanas, spas, a sun deck, BBQ stations with open-air dining areas, two dog parks and a dog owners lounge, fire pits and fireplaces, a fitness building with a dedicated lap pool, and a club house with multiple bars, recreation and event rooms, and skyline viewing areas. As of November 2015, the project has begun construction of its concrete foundation. The entire project is slated for completion in late 2017.

Luxe City Center Redevelopment/W Hotel Downtown

The 178-room Luxe Hotel located on Figueroa Street between Olympic Boulevard and 11th Street was purchased in August 2014 by the Hazens Group for approximately \$104 million. In addition to the hotel, the purchase included an additional three parcels of land, totaling 1.77 acres or 77,246 square feet of developable land. Ownership has submitted plans to the city to redevelop the site which would include building a new 300-room W Hotel and razing the existing Luxe Hotel to allow for a larger mixed-use development that will also include as many as 650 condominiums and approximately 80,000 square feet of retail and restaurant space. The existing Luxe hotel is expected to close in spring of 2019, with the new W Hotel anticipated to open in early 2020. The residential and retail uses are expected to open approximately two years thereafter.

The following tables represent the historical and projected performance of the Downtown Los Angeles lodging market, which is segmented into two markets based on average rate. The first segment, Downtown 1, is made of the downtown hotels that typically have average daily rates exceeding \$130.00.

Downtown 1 Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,976,475	N/A	1,320,148	N/A	66.8%	\$141.27	N/A	\$ 94.36	N/A
2012	2,290,375	15.9%	1,460,966	10.7%	63.8	168.11	19.0%	107.23	13.6%
2013	2,014,800	-12.0	1,532,402	4.9	76.1	178.44	6.1	135.71	26.6
2014	2,050,570	1.8	1,557,699	1.7	76.0	192.46	7.9	146.20	7.7
2015	2,218,105	8.2	1,706,855	9.6	77.0	207.72	7.9	159.84	9.3
2016E	2,237,085	0.9	1,776,418	4.1	79.4	224.35	8.0	178.15	11.5
2017F	2,982,635	33.3	2,184,995	23.0	73.3	235.56	5.0	172.57	-3.1
CAAG	7.1%		8.8%			8.9%		10.6%	

Source: CBRE Hotels

We estimate that the Downtown 1 market will see an increase in occupied room nights of 4.1 percent in 2016 amid a 0.9 percent increase in supply, due to the reopening of the 268-room Hotel Figueroa, following a substantial renovation. Average daily rate is estimated to increase 8.0 percent in 2016 to \$224.35. In 2017, we forecast occupied rooms to increase by 23.0 percent amid an average daily rate increase of 5.0 percent. Supply in 2017 is forecast to experience a 33.3 percent increase, as the combined market absorbs the remaining rooms of the Hotel Figueroa, and the opening of the 148-room Proper Hotel, the 350-room Metropolis Hotel, and the 900-room Wilshire Grand Hotel.

The Downtown 2 Los Angeles hotel market is made of the smaller downtown hotels and those that have average daily rates typically not exceeding \$130.00 or are located outside of the downtown core.

Downtown 2 Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	491,290	N/A	341,234	N/A	69.5%	\$ 88.52	N/A	\$ 61.48	N/A
2012	423,765	-13.7%	307,556	-9.9%	72.6	94.45	6.7%	68.55	11.5%
2013	355,875	-16.0	269,736	-12.3	75.8	97.42	3.2	73.84	7.7
2014	495,670	39.3	370,908	37.5	74.8	118.55	21.7	88.71	20.1
2015	495,670	0.0	395,625	6.7	79.8	129.46	9.2	103.33	16.5
2016E	502,605	1.4	407,162	2.9	81.0	149.23	15.3	120.89	17.0
2017F	578,890	15.2	456,021	12.0	78.8	155.20	4.0	122.26	1.1
CAAG	2.8%		5.0%			9.8%		12.1%	

Source: CBRE Hotels

For the year ending 2016, we estimate that occupied room nights will increase by 2.9 percent in the Downtown 2 market with supply increasing by 1.4 percent with the opening of the 228-room Freehand Hotel. This would create a year-end 2016 occupancy for this market of 81.0 percent. In addition, we estimate that average daily rate in the market will increase by 15.3 percent in 2016, finishing 2016 with an ADR of \$149.23. Occupancy level is forecast to decrease to 78.8 percent and average daily rate is expected to grow 4.0 percent to \$155.20 in 2017, amidst the absorption of the remaining rooms of the Freehand Hotel.

LONG BEACH

In the last decade few cities have seen as large a turnaround as the City of Long Beach. Its downtown area has been revitalized with ample shopping and dining opportunities. The Grand Prix of Long

Beach, the Aquarium of the Pacific, and the redevelopment of downtown with mixed-use developments have all provided Long Beach with a growing base of leisure business to complement its traditional commercial business.

Long Beach continues to position itself as a regional destination, offering numerous quality lodging facilities, leisure amenities, a 340,000 square foot convention center, and a vibrant downtown area. The Convention Center Arena completed a \$10 million renovation in November 2013, redesigning the meeting spaces and customizing the 45,000 square foot Ballroom to accommodate all types of groups or events. The Ballroom features a floating tension grid and moveable, floor to ceiling curtain walls, and state of the art lighting, sound and video system that is controlled by an iPad.

Long Beach Airport (LGB) is often seen as an excellent alternative to other regional airports. With what was once one of the best kept secrets in Los Angeles County, the addition of flights from JetBlue has boosted the visibility of this airport and the terminal renovation that completed in December 2012 has also increased airport popularity. The Long Beach Airport Modernization project was approved in 2010 and was completed in 2012. The \$45 million dollar renovation project has completely modernized the airport, while maintaining its art-deco, vintage appeal. Offering a variety of new shopping destinations, the concourse is comprised of 74,000 square feet of new construction with a peaceful garden core with a variety of vibrant, native plant life. This project brings the overall terminal area to 77,850 square feet. Plans included a new 1,989 space parking structure which opened in July 2011, ramp improvements, a concourse with a central garden, and 11 gates to replace temporary passenger waiting trailers. The new modernized terminal was completed and opened to the public on December 12, 2012. Approximately \$2 million was spent in refurbishing the terminal. The airport maintains its open feel with passengers boarding planes directly from the tarmac. Year to date through July 2016, LGB posted a 3.9 percent increase in passenger counts, at 1,526,807 in 2016 versus 1,469,029 for the prior year.

Long Beach									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,426,055	N/A	975,473	N/A	68.4%	\$124.09	N/A	\$ 84.88	N/A
2012	1,426,055	0.0%	1,034,594	6.1%	72.5	129.40	4.3%	93.88	10.6%
2013	1,472,775	3.3	1,088,552	5.2	73.9	131.01	1.2	96.83	3.1
2014	1,484,090	0.8	1,133,772	4.2	76.4	138.13	5.4	105.53	9.0
2015	1,484,090	0.0	1,137,247	0.3	76.6	152.32	10.3	116.72	10.6
2016E	1,484,090	0.0	1,150,509	1.2	77.5	163.74	7.5	126.93	8.8
2017F	1,484,090	0.0	1,156,262	0.5	77.9	171.10	4.5	133.31	5.0
CAAG	0.7%		2.9%			5.5%		7.8%	

Source: CBRE Hotels

We estimate that occupied rooms will have increased in the Long Beach market by 1.2 percent in 2016, as supply in the market remains unchanged. This results in estimated market occupancy of 77.5 percent. We estimate a 7.5 percent increase in ADR to \$163.74 in 2016, results of a strong convention calendar and effective revenue management by hotels. 2017 is forecast to have a 0.5 percent increase in demand as hotels continue to raise rates; we forecast an increase in average daily rate of 4.5 percent. We expect no additions to supply in 2017.

SOUTH BAY

Comprised of a large number of beach and industrial communities south of Los Angeles International Airport, the South Bay is typically known to be industrial due to its location near the Ports of Los Angeles and Long Beach. The Port of Los Angeles, located in San Pedro, represents one of the busiest ports in the United States and generates a significant amount of commercial demand, as well some transient demand from the daily departures and arrivals of cruise lines.

In addition to a large industrial base, the South Bay is home to the StubHub Center. Located in Carson, the former Home Depot Center continues to draw major events and concerts, including sports teams, X-Games, and headliners. The center contains a 27,000 seat stadium that is home to the Los Angeles Galaxy Major League Soccer team. This state-of-the-art stadium also features a 8,000-seat tennis stadium and a number of other training facilities for track and field, baseball, softball, crossfit, and cycling. In addition, the owners of this center also host a significant number of concerts at this venue when it is not in use for athletic events. In recent years attendance numbers for Major League Soccer games have increased and this trend is expected to continue into the future.

South Bay									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	2,185,255	N/A	1,633,336	N/A	74.7%	\$125.18	N/A	\$ 93.56	N/A
2012	2,208,980	1.1%	1,688,286	3.4%	76.4	131.11	4.7%	100.21	7.1%
2013	2,208,980	0.0	1,748,141	3.5	79.1	138.13	5.4	109.31	9.1
2014	2,242,195	1.5	1,858,247	6.3	82.9	147.81	7.0	122.50	12.1
2015	2,325,415	3.7	1,949,334	4.9	83.8	153.77	4.0	128.91	5.2
2016E	2,330,343	0.2	1,964,979	0.8	84.3	168.59	9.6	142.16	10.3
2017F	2,389,838	2.6	2,004,278	2.0	83.9	175.33	4.0	147.04	3.4
CAAG	1.5%		3.5%			5.8%		7.8%	

Source: CBRE Hotels

In 2016, we estimate that occupied rooms will increase 0.8 percent to an occupancy of 84.3 percent, with a 0.2 percent change in supply due to the opening of the 54-room Shade Hotel Redondo Beach by year end. Average daily rate is estimated to increase 9.6 percent to \$168.59 for 2016. In 2017, we expect total occupied rooms to grow by 2.0 percent, resulting in 83.9 percent occupancy, and 4.0 percent growth in average daily rate to \$175.33. Supply in 2017 is expected to grow 2.6 percent as the remaining rooms of the Shade Hotel Redondo Beach are absorbed into the market and with the opening of the 184-room Homewood Suites Redondo Beach in May 2017.

LOS ANGELES INTERNATIONAL AIRPORT

The Los Angeles International Airport market has typically been one of the best performing markets in Los Angeles County from an occupancy standpoint. This market has historically been resilient in maintaining occupancy in the face of a recession and slowdown in travel. This is partially attributed to this being an airport market with captive streams of demand such as airline crews and distressed passengers. The airport market also serves SMERF, corporate and association group demand. However more recently commercial and leisure travel within the market is increasing as the level of room product increases.

Los Angeles International Airport Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	3,903,675	N/A	3,217,190	N/A	82.4%	\$ 96.32	N/A	\$79.38	N/A
2012	3,903,675	0.0%	3,271,035	1.7%	83.8	101.32	5.2%	84.90	7.0%
2013	3,951,490	1.2	3,402,993	4.0	86.1	107.17	5.8	92.30	8.7
2014	3,996,568	1.1	3,443,530	1.2	86.2	117.38	9.5	101.14	9.6
2015	3,830,310	-4.2	3,341,595	-3.0	87.2	134.73	14.8	117.54	16.2
2016E	3,961,391	3.4	3,423,827	2.5	86.4	147.94	9.8	127.86	8.8
2017F	4,230,837	6.8	3,560,780	4.0	84.2	155.33	5.0	130.73	2.2
CAAG	1.4%		1.7%			8.3%		8.7%	

Source: CBRE Hotels

In 2016, we estimate that demand, as measured by occupied rooms will increase by 2.5 percent as hotel operators continue to push rate, with a 3.4 percent increase to supply reflecting the October opening of the 171-room Hampton Inn El Segundo and the 350-room Fairfield Inn El Segundo. This results in estimated market occupancy of 86.4 percent. Average daily rate is estimated to increase by 9.8 percent, reflecting an ADR of \$147.94 for 2016. We forecast that occupied rooms will have an increase of 4.0 percent in 2017, resulting in estimated market occupancy of 84.2 percent. For 2017, we forecast that average daily rates will increase by 5.0 percent. Supply will increase 6.8 percent in 2017 due to the 152-room Cambria Hotel & Suites, 122-room Homewood Suites LAX, the 168-room H Hotel (Curio Collection), and the remaining rooms of the Hampton Inn and Fairfield Inn El Segundo.

SANTA MONICA

Santa Monica presents a number of luxury and mid-level, full-service ocean front properties. Its waterfront location and vibrant atmosphere assisted in making this market one of the strongest in the county. The stability of the market can be attributed to the presence of a stable commercial segment combined with high end group and leisure business. Local businesses consist of entertainment, financial services, and creative arts businesses that are based in Santa Monica, as well as new incoming tech companies settling into Silicon Beach. Many of the hotels in this market are located within walking distance of the Pacific Ocean, one of the most important demand generators in Southern California. The hotels and resorts that line the beaches provide accommodations for travelers from virtually every price point.

In recent years "Silicon Beach," a burgeoning high-technology hub comprising the coastal areas stretching from Santa Monica through the South Bay, including Playa Vista, Santa Monica, Venice and Marina del Rey, has begun to emerge. These coastal communities have attracted some of the most innovative companies in the country, including Facebook (Playa Vista), Yahoo! (Santa Monica), YouTube (Playa Vista), Microsoft (Playa Vista), Electronic Arts (Playa Vista), high-tech manufacturer Equipos (Playa Vista) and search engine giant Google (Venice and Playa Vista). In addition, YouTube recently converted a 41,000 square-foot aircraft hangar into a production facility in Playa Vista for its Los Angeles Next Lab outpost. Snapchat recently signed a ten year lease for a 47,000-square-foot expansion of their Venice-based headquarters and signed a multi-million dollar lease for two building and eight hangars at the Santa Monica Airport.

These technology- and entertainment-based companies are expected to fuel the current expansion phase as growth in both sectors is accelerating. Companies, such as Core Digital Media, Riot Games, IMAX, and Twitter are expanding their presence in Silicon Beach, which is already home to more than

500 tech startups. Tech companies are staffing up, and the outlook for job growth is strong in Silicon Beach. Continued growth of technology clusters is expected to attract other Internet companies and related enterprises, such as entertainment, advertising and digital media firms.

The LA Metro Expo Line extension to Santa Monica opened on May 20, 2016. Metro Rail passengers are able to travel between Downtown Los Angeles and Santa Monica directly and is expected to boost visitation between the two submarkets.

Santa Monica									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	989,880	N/A	822,835	N/A	83.1%	\$275.65	N/A	\$229.13	N/A
2012	1,034,775	4.5%	867,540	5.4%	83.8	289.28	4.9%	242.52	5.8%
2013	1,034,775	0.0	882,125	1.7	85.2	308.52	6.7	263.00	8.4
2014	1,035,870	0.1	888,620	0.7	85.8	335.65	8.8	287.94	9.5
2015	1,036,600	0.1	870,215	-2.1	83.9	354.61	5.6	297.69	3.4
2016E	1,036,600	0.0	873,518	0.4	84.3	370.83	4.6	312.49	5.0
2017F	1,138,435	9.8	943,399	8.0	82.9	383.81	3.5	318.06	1.8
CAAG	2.4%		2.3%			5.7%		5.6%	

Source: CBRE Hotels

We estimate that the Santa Monica hotel market will see an increase in occupied rooms of 0.4 percent in 2016 as hotels continue to push rate. This will result in market occupancy of 84.3 percent, with no change to supply. We estimate that average daily rate will increase by 4.6 percent to \$370.83. We forecast that growth in occupied rooms will increase by 8.0 percent and supply will increase by 9.8 percent in 2017, amid a 3.5 percent increase in ADR. The supply increase is due to the 136-room Courtyard and the 143-room Hampton Inn at the beginning of next year.

MARINA DEL REY

South of Santa Monica lies the Marina del Rey area. While this market lies proximate to the ocean, most of the hotels in the competitive market are not the ocean front hotels that can be found in the Santa Monica market. This market serves as a lower-priced alternative for Santa Monica and other West Los Angeles hotel markets. However, properties such as the Ritz Carlton, Marriott, and independent Marina del Rey hotels have completed extensive capital programs in order to compete with the full-service and luxury properties in the surrounding markets.

Located to the south of Marina del Rey is the Playa Vista area. This area was once used by Howard Hughes to test aircraft. Now is the Runway Playa Vista, a mixed-use development in its final stages of completion, as the new and upcoming residential neighborhood and technology hub. The mixed-use project was recently sold to an investment firm in Dallas for \$475 million, and will feature about 3,200 new residential units available in a variety of housing types. In addition to numerous parks and recreational amenities, this residential development also includes Concert Park and the Shops at Concert Park, the Playa Vista Branch of the Los Angeles Public Library, the Center Pointe, Los Angeles Fire Department station number 67, and the Los Angeles Clippers practice facility. Playa Vista is home to tech giants like Facebook, YouTube, and Microsoft. Playa Vista is well on its way to becoming a major master planned community that will offer extensive amenities and facilities.

Marina del Rey Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	541,295	N/A	404,367	N/A	74.7%	\$168.65	N/A	\$125.99	N/A
2012	527,790	-2.5%	412,074	1.9%	78.1	181.73	7.8%	141.88	12.6%
2013	485,450	-8.0	386,912	-6.1	79.7	200.03	10.1	159.43	12.4
2014	485,085	-0.1	383,068	-1.0	79.0	223.15	11.6	176.22	10.5
2015	547,135	12.8	439,246	14.7	80.3	236.04	5.8	189.50	7.5
2016E	547,135	0.0	449,001	2.2	82.1	255.88	8.4	209.99	10.8
2017F	547,135	0.0	444,511	-1.0	81.2	268.68	5.0	218.28	3.9
CAAG	0.2%		1.6%			8.1%		9.6%	

Source: CBRE Hotels

In 2016 there are no changes to supply. We estimate that the Marina del Rey market will see an increase in occupied rooms of 2.2 percent in 2016 and the market ADR is estimated to end 2016 with an 8.4 percent increase to \$255.88. In 2017, we forecast occupied rooms to decrease 1.0 percent and ADR to increase 5.0 percent. There are no forecasted additions to supply in 2017.

BEVERLY HILLS/WEST LOS ANGELES

The Beverly Hills and West Los Angeles hotel markets have historically been positioned among the highest rated markets in the United States. The Beverly Hills and West Los Angeles hotel markets include hotels in and around the City of Beverly Hills, as well as areas such as: Century City, Hollywood, Westwood, West Hollywood, and other neighborhoods; it does not include Santa Monica and Marina del Rey. The following table presents the historical and projected market performance for hotels within the city limits of Beverly Hills only.

Beverly Hills Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	757,740	N/A	559,987	N/A	73.9%	\$399.94	N/A	\$295.56	N/A
2012	757,740	0.0%	578,228	3.3%	76.3	416.02	4.0%	317.46	7.4%
2013	757,740	0.0	586,202	1.4	77.4	430.13	3.4	332.76	4.8
2014	757,740	0.0	598,957	2.2	79.0	471.86	9.7	372.98	12.1
2015	757,740	0.0	586,551	-2.1	77.4	496.39	5.2	384.24	3.0
2016E	757,740	0.0	591,311	0.8	78.0	525.63	5.9	410.18	6.8
2017F	793,875	4.8	609,050	3.0	76.7	546.65	4.0	419.39	2.2
CAAG	0.8%		1.4%			5.3%		6.0%	

Source: CBRE Hotels

In Beverly Hills, we estimate that occupied rooms will increase 0.8 percent in 2016, resulting in market occupancy increasing to 78.0 percent. We expect there will be no additions in supply for 2016. Average daily rate is estimated to increase 5.9 percent in 2016. In turn, RevPAR will increase 6.8 percent. We forecast a 4.0 percent growth in average daily rate in 2017. Occupied rooms are forecast to increase by 3.0 percent in 2017, resulting in market occupancy of 76.7 percent, which takes into account the 170-room Waldorf Astoria Beverly Hills that is expected to open June 2017. The Waldorf Astoria will have luxury retail space and four acres of open space and gardens.

The following table shows the performance of the combined Beverly Hills and West Los Angeles hotel markets. This discussion is then followed by an analysis of the three primary segments that make up the West Los Angeles hotel market: the Luxury, Deluxe, and First Class markets. The Luxury segment is

defined as those hotels that have average daily rates in excess of \$450 on a stabilized basis. The Deluxe market contains West Los Angeles hotels that have average daily rates generally between \$275 and \$450 on a stabilized basis. The First Class market is comprised of hotels that have average daily rates below \$275 on a stabilized basis.

Beverly Hills/West Los Angeles									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	2,742,245	N/A	2,096,733	N/A	76.5%	\$275.39	N/A	\$210.57	N/A
2012	2,868,535	4.6%	2,251,909	7.4%	78.5	289.77	5.2%	227.48	8.0%
2013	2,869,630	0.0	2,323,745	3.2	81.0	303.04	4.6	245.39	7.9
2014	2,871,820	0.1	2,339,743	0.7	81.5	328.33	8.3	267.50	9.0
2015	2,882,770	0.4	2,321,599	-0.8	80.5	346.90	5.7	279.37	4.4
2016E	2,666,203	-7.5	2,215,134	-4.6	83.1	373.95	7.8	310.69	11.2
2017F	2,769,985	3.9	2,280,738	3.0	82.3	391.60	4.7	322.44	3.8
CAAG	0.2%		1.4%			6.0%		7.4%	

Source: CBRE Hotels

The combined Beverly Hills/West Los Angeles hotel market is estimated to experience a decrease in occupied rooms of 4.6 percent in 2016 amidst a decreased change in supply of 7.5 percent, due to the closing of the 724-room Hyatt Century Plaza Hotel in March to make way for a significant luxury redevelopment of the site. Market occupancy in 2016 is estimated to increase to 83.1 percent with average daily rate increasing by 7.8 percent to \$373.95. We forecast a growth in occupied room nights of 3.0 percent in 2017 resulting in market occupancy of 82.3 percent, amid an increase in supply of 3.9 percent. Average daily rate in 2017 is forecast to grow 4.7 percent, which results in a RevPAR increase of 3.8 percent.

West Los Angeles Luxury									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	543,120	N/A	387,575	N/A	71.4%	\$538.25	N/A	\$384.10	N/A
2012	573,050	5.5%	420,631	8.5%	73.4	567.32	5.4%	416.42	8.4%
2013	573,050	0.0	434,678	3.3	75.9	590.90	4.2	448.22	7.6
2014	573,050	0.0	445,863	2.6	77.8	645.87	9.3	502.52	12.1
2015	573,050	0.0	441,021	-1.1	77.0	679.46	5.2	522.91	4.1
2016E	573,050	0.0	443,307	0.5	77.4	710.62	4.6	549.73	5.1
2017F	609,185	6.3	465,472	5.0	76.4	739.05	4.0	564.70	2.7
CAAG	1.9%		3.1%			5.4%		6.6%	

Source: CBRE Hotels

The West Los Angeles Luxury Segment is projected to have a slight increase in demand in 2016 while average daily rate is expected to grow 4.6 percent, finishing the year at \$710.62. There will be no change in supply in 2016. We forecast demand to increase by 5.0 percent from the year prior in 2017, equating to a market occupancy of 76.4 percent factoring in the addition of the aforementioned Waldorf Astoria, with 4.0 percent growth in average daily rate.

West Los Angeles Deluxe Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,449,050	N/A	1,107,699	N/A	76.4%	\$241.88	N/A	\$184.90	N/A
2012	1,495,405	3.2%	1,200,618	8.4%	80.3	251.42	3.9%	201.86	9.2%
2013	1,495,405	0.0	1,228,645	2.3	82.2	261.15	3.9	214.56	6.3
2014	1,497,595	0.1	1,224,926	-0.3	81.8	280.42	7.4	229.36	6.9
2015	1,507,815	0.7	1,227,319	0.2	81.4	294.21	4.9	239.48	4.4
2016E	1,291,248	-14.4	1,085,959	-11.5	84.1	319.71	8.7	268.88	12.3
2017F	1,358,895	5.2	1,129,397	4.0	83.1	332.50	4.0	276.34	2.8
CAAG	-1.1%		0.3%			5.4%		6.9%	

Source: CBRE Hotel

In the past seven years, several West Los Angeles Deluxe properties have undergone major renovations and repositioning efforts, such as the renovation of the Mondrian, Wyndham Bel Age into the London West Hollywood, and Hyatt West Hollywood into the Andaz, as well as the closing of Le Meridien and subsequent re-opening as the first SLS-branded hotel by Starwood. The James Hotel West Hollywood is due to open March 2017 and is part of the CIM Group's Sunset La Cienega mixed use project, featuring 286 rooms, two restaurants, a rooftop bar, 10,000 square feet of meeting space, 40,000 square feet of retail space, and 190-unit residential building.

Given the aforementioned closing of the Hyatt Century Plaza and a reduction in supply of 14.4 percent, the number of occupied rooms is estimated to decrease in 2016 by 11.5 percent, resulting in market occupancy of 84.1 percent. Average daily rate is expected to increase 8.7 percent in 2016 to \$319.71 resulting in a RevPAR growth of 12.3 percent. Supply is forecasted to increase in 2017 by 5.2 percent as the 286-room James Hotel and 105-room Kimpton La Peer open. Demand will increase by 4.0 percent, resulting in market occupancy of 83.1 percent. In 2017, we forecast ADR to grow by 4.0 percent ending the year at \$332.50.

West Los Angeles First Class Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	750,075	N/A	601,458	N/A	80.2%	\$167.73	N/A	\$134.50	N/A
2012	800,080	6.7%	630,661	4.9%	78.8	177.67	5.9%	140.05	4.1%
2013	801,175	0.1	660,422	4.7	82.4	191.51	7.8	157.87	12.7
2014	801,175	0.0	668,953	1.3	83.5	204.42	6.7	170.69	8.1
2015	801,905	0.1	653,259	-2.3	81.5	221.39	8.3	180.35	5.7
2016E	801,905	0.0	685,868	5.0	85.5	242.24	9.4	207.18	14.9
2017F	801,905	0.0	685,868	0.0	85.5	253.14	4.5	216.51	4.5
CAAG	1.1%		2.2%			7.1%		8.3%	

Source: CBRE Hotels

The West Los Angeles First Class hotel market has maintained occupancy percentages in the high 70's to mid-80's during the five-year period and is projected to close 2016 with market occupancy of 85.5 percent. Average daily rate is estimated to increase 9.4 percent in 2016, with a rate of \$242.24. In 2017, we forecast that occupied rooms will remain flat, amid no change in supply. Average daily rate is forecast to grow 4.5 percent to \$253.14 in 2017.

HOLLYWOOD

Hollywood has been one of the most visible hotel and retail markets in the recent years. The opening of the Renaissance Hollywood Hotel (now Loews Hollywood Hotel) in late 2001, the repositioning of the Hollywood Roosevelt, and the opening of the W Hollywood Hotel and Residences have redefined the quality level of this market. Many other area attractions continue to assist in making Hollywood the place to stay for visitors to the area as Hollywood is most famous for its movie stars and movie theaters. Recent and future additions to this vibrant community have included, and will continue to include cutting edge restaurants, supper clubs and nightclubs, which are anticipated to cement Hollywood's place among the top entertainment destinations in the country. Considering the number of changes being made to restore the glitter of Hollywood, the overall long-term outlook for the neighborhood is good. The commitments of the Hollywood Business Improvement District and the Hollywood Chamber of Commerce are to create a safer and more attractive neighborhood and a number of significant renovations and new projects will allow Hollywood to continue to evolve as a tourism destination.

The Hollywood submarket is experiencing revitalization in the office sector. Hollywood remained the most active district in the Los Angeles Basin, with 533,600 square feet of office product currently under construction, which equates to 18 percent of all new construction in Los Angeles County. The city has recently approved plans for a 15-story office tower in Hollywood. The developer, Hudson Pacific Properties, plans for 300,000 square feet and will be located at the cross streets of Sunset Boulevard and Bronson Avenue. The first floor will feature retailers, followed by five levels of parking, and the remaining stories featuring office space. Construction is scheduled to start early 2017. The CIM Group sold the 87,000-square foot office tower at 1800 N. Highland Ave in September 2015 with sources saying the purchase price was \$45 million. CIM purchased the property in 2004 for \$14 million and implemented a significant renovation and capital improvements program into the property. Kilroy Realty's Columbia Square and Hudson Pacific Properties' ICON at Sunset Bronson Studios are the two largest developments in the Hollywood market currently. At Columbia Square, Kilroy recently inked leases with Viacom—for 180,000 square feet—and private workspace collective NeueHouse, while Hudson Pacific Properties signed a major deal with Netflix for 200,000 square feet at ICON.

Hollywood									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	622,690	N/A	497,478	N/A	79.9%	\$195.23	N/A	\$155.97	N/A
2012	622,690	0.0%	508,718	2.3%	81.7	204.08	4.5%	166.73	6.9%
2013	622,690	0.0	511,646	0.6	82.2	208.76	2.3	171.53	2.9
2014	622,690	0.0	509,750	-0.4	81.9	232.89	11.6	190.65	11.1
2015	635,465	2.1	518,717	1.8	81.6	242.86	4.3	198.24	4.0
2016E	653,715	2.9	534,868	3.1	81.8	256.48	5.6	209.85	5.9
2017F	825,630	26.3	641,842	20.0	77.7	266.74	4.0	207.36	-1.2
CAAG	4.8%		4.3%			5.3%		4.9%	

Source: CBRE Hotels

We estimate that the market will see an increase in occupied room nights in 2016 of 3.1 percent, with market occupancy increasing to 81.8 percent. Supply in the Hollywood submarket is expected to grow 2.9 percent due to the projected December opening of the 179-room Dream Hotel. Average daily rate is expected to increase to \$256.48 in 2016, commensurate with an increase of 5.6 percent. We forecast occupied room nights to increase 20.0 percent and average daily rate to increase 4.0

percent in 2017 as the remaining rooms of the Dream Hotel enter the market and 112-room Hampton Inn & Suites opens in April 2017 and the 225-room Kimpton Hotel in June 2017. The openings of these two hotels represent a 26.3 percent increase in supply.

WEST HOLLYWOOD

West Hollywood and the Sunset Strip have always been associated with the creative industries and tourism and an exciting night life. From its beginnings as a decadent night club scene to the present where the most hip come to play, West Hollywood features unique properties such as the Standard, Mondrian, London, and Andaz which continue to reinvent themselves.

West Hollywood									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	676,710	N/A	526,744	N/A	77.8%	\$231.69	N/A	\$180.34	N/A
2012	676,710	0.0%	533,408	1.3%	78.8	241.24	4.1%	190.15	5.4%
2013	676,710	0.0	553,508	3.8	81.8	249.74	3.5	204.27	7.4
2014	678,900	0.3	571,015	3.2	84.1	263.52	5.5	221.65	8.5
2015	686,200	1.1	570,728	-0.1	83.2	282.68	7.3	235.11	6.1
2016E	686,200	0.0	592,183	3.8	86.3	295.26	4.5	254.81	8.4
2017F	797,890	16.3	663,245	12.0	83.1	305.60	3.5	254.03	-0.3
CAAG	2.8%		3.9%			4.7%		5.9%	

Source: CBRE Hotel

We estimate that the West Hollywood market will experience an increase in average daily rate of 4.5 percent in 2016. There are no known additions to the market in 2016. We estimate that the West Hollywood hotel market will see an increase in occupancy to 86.3 percent for 2016, with an increase in occupied rooms of 3.8 percent. We forecast a 12.0 percent increase in occupied rooms in 2017. Average daily rate is forecasted to grow 3.5 percent in 2017 to \$305.60. Annual supply is forecasted to increase by 16.3 percent in 2017 as the 286-room James Hotel and 105-room Kimpton La Peer enter into the market.

PASADENA/ARCADIA/MONROVIA

Best known for the annual Rose Bowl and Tournament of Roses Parade, the City of Pasadena was incorporated in 1886, making it one of the oldest suburbs of Los Angeles. Located ten miles northeast of downtown Los Angeles, the City of Pasadena is bordered by neighboring cities including La Canada Flintridge, South Pasadena, Arcadia, and Sierra Madre located to the east and south, Glendale and Los Angeles located to the west, and unincorporated Altadena located to the north.

The City of Pasadena encompasses more than 23 square miles. As an independent city, and part of the San Gabriel Valley, Pasadena is known for its historic architecture and many restored craftsman-style homes. Since 1980, the City of Pasadena has undergone an aggressive development program in an effort to attract major corporations. These efforts have been successful as industry leaders such as Jacobs Engineering, The Parsons Company, Avery Dennison, and the J.G. Boswell Company have made Pasadena their home. The \$162 million renovation and expansion of the convention center, which was completed in February 2009, and continued investment of \$1.9 million on maintenance, has sparked the interest of developers to add more hotels to the area. Chinese e-commerce giant Alibaba Group has chosen Pasadena for the first U.S. branch of its movie licensing and distribution arm, Alibaba Pictures. Alibaba Group, one of the most valuable tech companies in the world, signed

a top floor 22,000-square foot, 10-year lease in the newly constructed 155,000-square foot Playhouse Plaza.

Pasadena									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	602,615	N/A	461,742	N/A	76.6%	\$149.62	N/A	\$114.65	N/A
2012	602,615	0.0%	505,862	9.6%	83.9	155.85	4.2%	130.83	14.1%
2013	602,615	0.0	509,699	0.8	84.6	162.44	4.2	137.39	5.0
2014	612,470	1.6	513,391	0.7	83.8	179.93	10.8	150.83	9.8
2015	650,430	6.2	550,456	7.2	84.6	183.54	2.0	155.33	3.0
2016E	673,060	3.5	576,289	4.7	85.6	200.98	9.5	172.08	10.8
2017F	703,720	4.6	593,577	3.0	84.3	205.00	2.0	172.91	0.5
CAAG	2.6%		4.3%			5.4%		7.1%	

Source: CBRE Hotels

We estimate that occupied room nights will increase in this market by 4.7 percent in 2016, with market occupancy estimated at 85.6 percent. Average daily rate is estimated to increase 9.5 percent to \$200.98 in 2016. ADR is forecast to grow 2.0 percent in 2017, while occupied room nights are forecast to grow by 3.0 percent in 2017. Annual supply is projected to increase by 3.5 percent in 2016 as the 144-room Residence Inn entered the market in July and increase by 4.8 percent in 2017 as the market continues to absorb the Residence Inn.

The Cities of Arcadia and Monrovia are located just east of Pasadena and are proximate to Interstate 210 (Foothill Freeway). Commercial enterprises, as well as the expanded Santa Anita Mall and Santa Anita Race Track, are the main demand generators for the City of Arcadia. With the completion of the Gold Line, people can travel directly from Los Angeles to Pasadena, Arcadia, Monrovia, Duarte, Irwindale, and Azusa and has been able to increase its sphere of influence, attracting a broader range of travelers from surrounding areas.

Arcadia/Monrovia									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	355,875	N/A	277,661	N/A	78.0%	\$115.71	N/A	\$90.28	N/A
2012	355,875	0.0%	288,585	3.9%	81.1	122.47	5.8%	99.31	10.0%
2013	355,875	0.0	292,117	1.2	82.1	128.18	4.7	105.21	5.9
2014	355,875	0.0	301,466	3.2	84.7	137.44	7.2	116.43	10.7
2015	355,875	0.0	298,958	-0.8	84.0	143.54	4.4	120.58	3.6
2016E	355,875	0.0	301,978	1.0	84.9	153.91	7.2	130.60	8.3
2017F	355,875	0.0	298,958	-1.0	84.0	160.07	4.0	134.47	3.0
CAAG	0.0%		1.2%			5.6%		6.9%	

Source: CBRE Hotels

We estimate an increase of 1.0 percent in occupied rooms for 2016, concurrent with a 7.2 percent increase in average daily rate to \$153.91. In turn, RevPAR will increase 8.3 percent for the Arcadia/Monrovia market. For 2017, occupied rooms are forecast to decrease by 1.0 percent with occupancy of 84.0 percent. Additionally, we forecast average daily rate to increase by 4.0 percent in 2017, as the market achieves a stabilized level of occupancy. We are not aware of any additions to market supply for 2017.

SAN FERNANDO VALLEY

The San Fernando Valley, located to the north and east of downtown Los Angeles, contains the production centers for a large number of television, film, and music firms. The eastern portion of the Valley is a mix of traditional office space commingled with entertainment giants like Walt Disney and DreamWorks. The western portion of the Valley is more heavily dependent on traditional sources of commercial and leisure demand. While it may lack some of the glamour of its eastern counterpart, this market is still a powerful force in the Los Angeles economy.

The new Fast & Furious – Supercharged attraction opened at Universal Studios Hollywood in 2015, capitalizing off the successful Fast and Furious movie franchise with the most recent film in the franchise Furious 7 also released in 2015. The Wizarding World of Harry Potter opened in April 2016, and features a hyper realistic 3D ride “Harry Potter and the Forbidden Journey”, outdoor ride “Flight of the Hippogriff”, and various dining and retail operations. The first Wizarding World of Harry Potter opened in Orlando in 2010 and was successful in boosting park attendance.

San Fernando Valley Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	2,023,925	N/A	1,482,308	N/A	73.2%	\$131.34	N/A	\$ 96.19	N/A
2012	1,998,010	-1.3%	1,523,208	2.8%	76.2	135.65	3.3%	103.41	7.5%
2013	2,029,400	1.6	1,587,420	4.2	78.2	139.95	3.2	109.47	5.9
2014	2,065,535	1.8	1,654,696	4.2	80.1	149.29	6.7	119.60	9.3
2015	2,093,975	1.4	1,719,087	3.9	82.1	160.70	7.6	131.93	10.3
2016E	2,157,971	3.1	1,801,705	4.8	83.5	185.04	15.1	154.49	17.1
2017F	2,274,650	5.4	1,855,055	3.0	81.6	181.33	-2.0	147.88	-4.3
CAAG	2.0%		3.8%			5.5%		7.4%	

Source: CBRE Hotels

This year we estimate that the San Fernando Valley hotel market should experience an increase in occupied rooms of 4.8 percent in 2016, amid an increase of 3.1 percent in supply, with the opening of the 93-room Hampton Inn and Suites Glendale and the 209-room Hilton Garden Inn Burbank. The market ADR is estimated to end 2016 with a 15.1 percent increase to \$185.04. This growth is largely due to the Porter Ranch gas leak as displaced residents were reimbursed for hotel stays at the rate of \$250 or more per night. We forecast occupied rooms to increase 3.0 percent and the average daily rate to decrease 2.0 percent in 2017, with an increase in supply of 5.4 percent. This increase in supply in 2017 is represented by the market’s continued absorption of the Hampton Inn and Suites Glendale, and the Hilton Garden Inn Burbank and the opening of the 173-room Hyatt Place Glendale due to enter the market June 2017.

The Eastern San Fernando Valley consists of cities such as Burbank, Universal City, and Glendale. Burbank has been called the “Media Capital of the World” as it plays host to a number of media and entertainment companies, including The Walt Disney Company, and Warner Brothers. Glendale is the third largest city in Los Angeles County. An ethnically diverse city, Glendale is known for its rich history, natural beauty, and commercial accomplishments. In the past, it has been rated the safest city in California with a population over 200,000 people. Its neighborhoods are clean, business districts are intelligently designed, and social amenities are abundant. It has also been estimated that Glendale is the third largest financial center in the state, where its economy is dominated primarily by retail and service industry, including the recently developed Caruso’s Americana at Brand Shopping Center. Nestled beneath the Verdugo Mountains, Glendale is approximately eight miles north of Los

Angeles and is bordered by the City of Pasadena to the east, the City of Los Angeles to the south, to the north by the Verdugo Mountains and the Cities of La Crescenta and La Canada/Flintridge, to the west by Los Angeles and Burbank.

East San Fernando Valley									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,364,005	N/A	1,044,765	N/A	76.6%	\$134.98	N/A	\$103.39	N/A
2012	1,373,495	0.7%	1,073,369	2.7%	78.1	139.80	3.6%	109.25	5.7%
2013	1,377,510	0.3	1,084,789	1.1	78.8	145.68	4.2	114.72	5.0
2014	1,406,345	2.1	1,118,699	3.1	79.5	156.73	7.6	124.67	8.7
2015	1,434,785	2.0	1,170,889	4.7	81.6	168.55	7.5	137.55	10.3
2016E	1,498,781	4.5	1,266,886	8.2	84.5	190.56	13.1	161.07	17.1
2017F	1,615,460	7.8	1,317,561	4.0	81.6	188.65	-1.0	153.86	-4.5
CAAG	2.9%		3.9%			5.7%		6.9%	

Source: CBRE Hotels

The East San Fernando Valley is estimated to see an increase in occupied room nights of 8.2 percent in 2016. The market occupancy will increase to 84.5 percent, with a 4.5 percent increase in supply with the opening of the of the 93-room Hampton Inn and Suites Glendale, and the 209-room Hilton Garden Inn Burbank, opened September 2016. Average daily rate is estimated to increase 13.1 percent in 2016. The East San Fernando Valley market will see a 7.8 percent increase in annual supply for 2017 with the market's continued absorption of the Hampton Inn and Suites Glendale, and the Hilton Garden Inn Burbank and the opening of the 173-room Hyatt Place Glendale. ADR is forecast to decrease 1.0 percent in 2017, resulting in a RevPAR decrease of 4.5 percent.

The West San Fernando Valley is composed of cities such as Calabasas, Sherman Oaks, Van Nuys, and Woodland Hills.

West San Fernando Valley									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	659,920	N/A	437,543	N/A	66.3%	\$122.64	N/A	\$ 81.31	N/A
2012	624,515	-5.4%	449,840	2.8%	72.0	125.74	2.5%	90.57	11.4%
2013	651,890	4.4	502,630	11.7	77.1	127.59	1.5	98.37	8.6
2014	659,190	1.1	535,997	6.6	81.3	133.78	4.9	108.78	10.6
2015	659,190	0.0	548,198	2.3	83.2	143.94	7.6	119.70	10.0
2016E	659,190	0.0	534,820	-2.4	81.1	171.97	19.5	139.53	16.6
2017F	659,190	0.0	537,494	0.5	81.5	163.38	-5.0	133.21	-4.5
CAAG	0.0%		3.5%			4.9%		8.6%	

Source: CBRE Hotels

We estimate that this half of the Valley will see a decrease in occupied rooms of 2.4 percent in 2016 with no change in market supply, resulting in market occupancy of 81.1 percent. Average daily rate is estimated to increase 19.5 percent in 2016, ending the year at \$171.97. We forecast demand to slightly increase in 2017, with no additional supply in the market, and ADR to decrease by 5.0 percent to \$163.38.

THOUSAND OAKS/AGOURA HILLS

Agoura Hills is a small community contained in 7.9 square miles. Agoura Hills also offers a number of neighborhood amenities including restaurants, shopping, and entertainment. Overall, Agoura Hills and the surrounding areas of Westlake Village and Thousand Oaks are continuing to grow and develop.

Agoura Hills attracts primarily business travelers, as well as leisure demand mostly from travelers along the 101 Freeway, and from visitors to families in the area. Additional leisure demand is captured in the summer months from the beaches of Malibu, located approximately 12 miles away. Other leisure attractions in the area include the Camarillo Premiere Outlet Malls, Thousand Oaks Civic Arts Plaza, Ronald Reagan Presidential Library, and the areas proximate to Los Angeles, Universal Studios & Hollywood. Group business in this market is derived mainly from the residents and smaller businesses in the surrounding area. Group demand consists of weddings, restaurant marketing, social venues, and mitzvahs.

Thousand Oaks is located in the Conejo Valley. The city was incorporated in 1964 and has been developed under a master-plan community concept. The city's location tucked away in a quiet valley and proximity to Los Angeles allows it to offer a unique blend of rural and urban lifestyles. Thousand Oaks has gained nationwide recognition as one of the safest cities of its size, as noted by the Federal Bureau of Investigation.

Over the last ten years, Thousand Oaks has become an attractive locale for high- and biotechnology companies and has evolved as part of the Technology Corridor which houses aerospace, electronics and defense system manufacturing, computer-related business and research and development firms along a 26-mile expanse.

Thousand Oaks - Agoura Hills									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	664,665	N/A	484,487	N/A	72.9%	\$121.30	N/A	\$ 88.42	N/A
2012	664,665	0.0%	495,424	2.3%	74.5	126.11	4.0%	94.00	6.3%
2013	664,665	0.0	495,800	0.1	74.6	132.26	4.9	98.66	5.0
2014	664,665	0.0	516,652	4.2	77.7	142.87	8.0	111.06	12.6
2015	664,665	0.0	528,868	2.4	79.6	153.24	7.3	121.93	9.8
2016E	664,665	0.0	559,330	5.8	84.2	168.77	10.1	142.02	16.5
2017F	664,665	0.0	539,753	-3.5	81.2	168.77	0.0	137.05	-3.5
CAAG	0.0%		1.8%			5.7%		7.6%	

Source: CBRE Hotels

We estimate that the market will increase 5.8 percent in occupied rooms in 2016 with no change in supply; ending the year at an expected occupancy of 84.2 percent. Furthermore, we estimate a 10.1 percent increase in ADR for 2016. In 2017, we forecast a 3.5 percent decrease in occupied rooms and ADR remaining flat with no change in supply.

SAN GABRIEL VALLEY

The San Gabriel Valley is bordered by the San Gabriel Mountains to the north, Los Angeles and Orange County to the south, San Bernardino County line to the east and Interstate 5 to the west. The San Gabriel Valley is comprised of approximately 30 incorporated cities including Alhambra, Arcadia, Azusa, Baldwin Park, Bradbury, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora,

Industry, Irwindale, La Cañada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Pomona, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, and West Covina, as well as unincorporated parts of Los Angeles County.

The San Gabriel Valley was settled in 1771 and was known for its abundant harvest of wheat, corn, barley, citrus fruits and herds of cattle and sheep. Today, the San Gabriel Valley is home to many corporations such as Edison International, Avery Dennison Corporation, Trader Joe's Company, Ameron International Incorporated, and International Aluminum. Additionally, the Valley has become a very important center of the Asian community within the United States.

San Gabriel Valley									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	921,625	N/A	596,307	N/A	64.7%	\$ 99.07	N/A	\$ 64.10	N/A
2012	938,780	1.9%	654,145	9.7%	69.7	102.35	3.3%	71.32	11.3%
2013	888,045	-5.4	625,839	-4.3	70.5	109.59	7.1	77.24	8.3
2014	905,565	2.0	645,156	3.1	71.2	116.14	6.0	82.74	7.1
2015	924,910	2.1	684,708	6.1	74.0	121.22	4.4	89.74	8.5
2016E	912,500	-1.3	691,533	1.0	75.8	126.85	4.6	96.13	7.1
2017F	973,455	6.7	726,109	5.0	74.6	130.66	3.0	97.46	1.4
CAAG	0.9%		3.3%			4.7%		7.2%	

Source: CBRE Hotels

The San Gabriel Valley market is estimated to realize an increase of 1.0 percent in occupied rooms in 2016. This would increase market occupancy to 75.8 percent. The average daily rate in the San Gabriel Valley is estimated to experience an increase of 4.6 percent in 2016, ending the year at \$126.85. We forecast occupied rooms to increase by 5.0 percent in 2017 with market occupancy of 74.6 percent. Average daily rate is forecasted to realize an increase of 3.0 percent in 2017. The DoubleTree Rosemead has recently completed a \$19 million expansion, which included a new 53-room guestroom tower, and upgrades to common areas and amenities. We have included the remaining 26 rooms entering the market in 2016. Other changes to supply in 2016 include the Hilltop Suites Hotel (formerly known as the Shilo Inn & Suites) exiting the market as they undergo renovation and rebrand as a Doubletree, scheduled to re-enter the market in July 2017. In aggregate, supply in 2016 is expected to decrease 1.3 percent. In 2017, supply is forecasted to increase 6.7 percent as the expected opening of the 133-room Hilton Garden Inn El Monte, and the aforementioned reopening of the Doubletree Pomona.

WHITTIER/I-5 CORRIDOR

The Whittier/I-5 Corridor is composed of hotels in the cities of Whittier, Norwalk, Downey, La Mirada, Cerritos, and Commerce. This area has a large base of commercial business that is related to the extensive manufacturing, distribution, technology services that have come to characterize these cities. While this market does not typically get a large amount of leisure business, it has a strong commercial base and captures SMERF group demand during the weekends and summer months.

Whittier/I-5 Corridor									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	601,520	N/A	461,437	N/A	76.7%	\$106.24	N/A	\$ 81.49	N/A
2012	601,520	0.0%	482,390	4.5%	80.2	108.14	1.8%	86.73	6.4%
2013	601,520	0.0	497,315	3.1	82.7	113.34	4.8	93.70	8.0
2014	601,520	0.0	504,964	1.5	83.9	120.11	6.0	100.83	7.6
2015	601,520	0.0	504,686	-0.1	83.9	132.12	10.0	110.85	9.9
2016E	637,655	6.0	543,211	7.6	85.2	141.17	6.8	120.26	8.5
2017F	637,655	0.0	537,779	-1.0	84.3	146.11	3.5	123.22	2.5
CAAG	1.0%		2.6%			5.5%		7.1%	

Source: CBRE Hotels

We estimate that the Whittier/I-5 Corridor market will see a increase in occupied room nights of 7.6 percent in 2016. This corresponds with occupancy of 85.2 percent. Average daily rate is estimated to increase in 2016 by 6.8 percent, equating to a 8.5 percent increase in RevPAR for the year. We forecast that the number of occupied rooms will decrease by 1.0 percent and average daily rate will increase 3.5 percent in 2017. Supply in the Whittier/I-5 Corridor market is expected to increase by 6.0 percent in 2016. This is due to the Bicycle Casino adding a hotel component which opened at the end of 2015. The 99-room Bicycle Hotel & Casino stands seven stories tall and includes The Bike Brewery dining, full spa, and outdoor pool deck.

SANTA CLARITA

The City of Santa Clarita and its surrounding communities of Valencia, Stevenson Ranch, and Newhall are located just to the north of Los Angeles. This area, due to its proximity to Los Angeles and the San Fernando Valley, has seen an explosion in growth over the past 20 years. Housing, commercial, and retail development have thrived in recent years as people have moved out of the City of Los Angeles and into this community for safety, education, and lifestyle reasons. The Santa Clarita community not only benefitted from its expanding business and residential base, but from its proximity to Magic Mountain as well. Major employment sectors include professional business services, leisure and hospitality, government, manufacturing, and some entertainment due to several rental sound stages in the area.

Santa Clarita Valley									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	521,585	N/A	376,704	N/A	72.2%	\$101.22	N/A	\$ 73.10	N/A
2012	521,585	0.0%	390,587	3.7%	74.9	104.65	3.4%	78.37	7.2%
2013	521,585	0.0	396,702	1.6	76.1	109.77	4.9	83.49	6.5
2014	521,585	0.0	408,433	3.0	78.3	119.60	9.0	93.65	12.2
2015	521,585	0.0	427,546	4.7	82.0	128.58	7.5	105.40	12.5
2016E	521,585	0.0	449,585	5.2	86.2	147.09	14.4	126.79	20.3
2017F	521,585	0.0	438,345	-2.5	84.0	151.50	3.0	127.33	0.4
CAAG	0.0%		2.6%			7.0%		9.7%	

Source: CBRE Hotels

We estimate that occupied rooms in the Santa Clarita Valley hotel market will increase 5.2 percent in 2016, amidst no change in rooms supply; ending the year with a market occupancy of 86.2 percent. Average daily rate is estimated to increase 14.4 percent, resulting in 20.3 percent growth in RevPAR for this submarket. This growth is largely due to the impact of the Porter Ranch gas leak. We forecast

that there will be a 2.5 percent decrease in occupied rooms in 2017, amidst no change in rooms supply, ending the year with market occupancy of 84.0 percent. The market's average daily rate is expected to increase 3.0 percent to end 2017 at \$151.50.

SAN DIEGO COUNTY

San Diego County

EXECUTIVE SUMMARY

The San Diego Metropolitan Statistical Area (MSA), which consists of San Diego County, is located approximately 125 miles south of Los Angeles and is immediately north of the Mexican border. The San Diego community, once dominated by the presence of nearby Naval, Air Force, and Marine bases, as well as the defense-related aerospace industry, has diversified. San Diego continues to be one of America's foremost centers of technology, particularly in the emerging biomedical field. Manufacturing has shifted towards electronics, computers, instrumentation and other high technology products, and development of such sectors as services, research and development, and health services has been strong. According to the United States Census Bureau, San Diego County had an estimated population of approximately 3.3 million as of January 1, 2016.

San Diego is home to LEGOLAND, SeaWorld, and the San Diego Zoo and Safari Park. Additional activities in the region include beaches, casinos, racetracks, concert and sports facilities, numerous shopping venues, dozens of golf facilities, and the San Diego Convention Center. These attractions provide for a popular destination amongst international/domestic tourists and business travelers. Throughout the periods of economic growth and decline, these sources are the major drivers of tourism activity and, ultimately, hotel demand. San Diego heavily relies on tourism as one of its primary economic drivers, and marketing and funding challenges impacted the market's performance for late 2012 and 2013. Funding for San Diego Tourism marketing returned in 2014. In March 2014, the Tourism Marketing District allocated \$25.5 million to ten groups and organizations. Nearly \$23.8 million went to the San Diego Tourism Authority for national advertising, promotional outreach at industry conventions and personnel and overhead expenses. Of that, approximately \$3.0 million was set aside for sub regional promotions in Mission Bay, Mission Valley and La Jolla.

The San Diego hotel sector has regained ground since 2012 and some of the markets continue to maintain premium occupancy rates and prices. Following dismal growth for the first half of 2016, San Diego is on pace to achieve between one and two percent RevPAR growth through year-end. For 2016, we estimate a growth in occupied rooms slightly below the growth in supply. This is estimated to combine with a 2.0 percent growth in ADR to post RevPAR growth of 1.5 percent. In 2017, we forecast that growth in occupied rooms, 1.4 percent will again be slightly below the growth in supply, 2.2 percent, as numerous new hotels continue to enter the markets across the county, a majority of which are expected in Downtown San Diego. However, with a year of ADR growth close to inflationary levels at 2.9 percent, we estimate a RevPAR growth of 2.1 percent.

The Convention Center has demonstrated a high level of success in capturing convention demand, though the 2008-2009 downturn impacted this market along with every other convention market. Lack of funding along with uncertainty on the expansion project impacted the center's ability to generate room nights in 2013 and 2014. However, according to the San Diego Convention and Visitors Bureau, the events of 2015 generated 693,772 hotel room nights, up from 2014. A study completed by CIC Research indicated that 30 to 40 percent of hotel room nights that attendees' book are not part of the official block. The following presents historical bookings through year end 2015.

San Diego Convention Center Actual Bookings	
Fiscal Year	Room Nights
2000	502,000
2001	519,000
2002	564,000
2003	667,000
2004	536,000
2005	633,000
2006	714,000
2007	745,000
2008	696,000
2009	750,000
2010	704,000
2011	728,000
2012	766,810
2013	704,029
2014	679,262
2015	693,772

Source: San Diego Convention Center Corporation

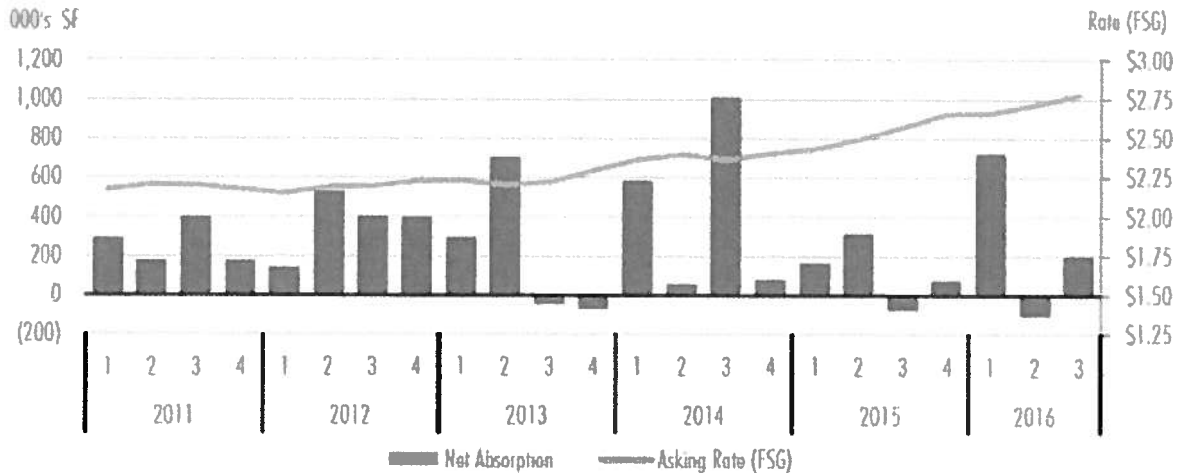
Through August 2016, the center has achieved 583,528 room nights, representing an 18.7 percent increase over the same period in 2015. Based on our discussions with Convention Center officials, we expect a strong convention calendar for the remainder of 2016 and the entirety of 2017. The San Diego Convention Center plans to continue to attract more conventions and meetings during the slow periods of the year, such as during holidays and the winter season. They continue to attract groups with incentives and discounts, in an effort to fill the convention center in the shoulder months.

In December 2015, the San Diego Convention Center Corporation announced that 66 primary citywide conventions in 2016 are expected to attract an all-time facility record of 673,814 primary attendees, surpassing the previous record set in 2008. Additionally, a record 856,035 hotel room nights are projected in 2016, beating the previous high mark set in 2003.

On July 2 2015, San Diego Mayor Kevin Faulconer announced that Comic-Con International, organizers of SDCC's largest event San Diego Comic-Con, had agreed to extend their stay in San Diego through 2018. San Diego Comic-Con 2016 is estimated to have 130,000 attendees, and generate 62,922 room nights with \$82,800,000 in direct attendee spending.

An expansion is still being evaluated of the San Diego Convention Center. On October 10, 2013, the California Coastal Commission unanimously approved the expansion plan. However, on August 1, 2014, the financing plan for the expansion project was ruled invalid by a state appeals court. The court said the plan was a tax that should have been put before voters. The litigation challenging the ruling is still underway, but is expected to be over within the next year. A study conducted in 2015 found that a contiguous expansion along the waterfront would be more beneficial for all parties invested in the Convention Center. Additionally, there is a high level of uncertainty surrounding the decisions of the San Diego Chargers leaving Qualcomm Stadium to relocate to a new stadium in Los Angeles. It appears the Chargers are still open to negotiating with San Diego County to remain in Mission Valley but are still pursuing opportunities in the Los Angeles area for relocation. There is a ballot initiative in the November 2016 election to raise taxes to cover a convention center expansion/football stadium in downtown near the existing Center.

According to CBRE, the San Diego office market recorded 201,596 square feet of positive net absorption in the third quarter of 2016, the 19th quarter of positive net absorption out of the last 23. The majority of the positive net absorption can be attributed to substantial transactions completed within Downtown and the Central San Diego corridors. San Diego’s overall office vacancy experienced a slight decrease in the third quarter of 2016, dropping 30 basis points over the previous quarter, to its current rate of 12.4 percent. Reinforced by an impressive volume of on-going construction, most notably in Central San Diego with the construction of BioMed’s Reality’s 3 316,662 square foot Campus in UTC, San Diego’s office market appears to be in a growth cycle.



Source: CBRE Research, Q3 2016

San Diego International Airport at Lindbergh Field had approximately 20.1 million airport passengers in 2015. Year to date through July 2016, total passenger traffic is up 3.3 percent over the same period in 2015. Presented in the following table is a summary of airport activity at Lindbergh Field, including year-to-date figures through July 2016.

San Diego International Airport at Lindbergh Field Passenger Counts			
Year	Enplaned	Deplaned	Total
2004	8,200,687	8,176,617	16,377,304
2005	8,692,694	8,679,827	17,372,521
2006	8,759,668	8,722,273	17,481,941
2007	9,040,280	9,016,691	18,056,971
2008	9,061,155	9,064,478	18,125,633
2009	8,472,781	8,501,391	16,974,172
2010	8,456,176	8,433,446	16,889,622
2011	8,441,987	8,449,703	16,891,690
2012	8,642,830	8,607,435	17,250,265
2013	8,860,009	8,850,232	17,710,241
2014	9,384,869	9,373,882	18,758,751
2015	10,053,201	10,028,057	20,081,258
CAAG	1.9%	1.9%	1.9%
07/15	5,776,474	5,773,387	11,549,861
07/16	5,962,877	5,962,971	11,925,848

Source: San Diego County Regional Airport Authority

In August 2013, San Diego International Airport completed its \$900 million “Green Build” expansion of Terminal 2 which included ten new jet gates, additional shopping and dining options, check-in enhancements, improved security, new baggage handling system, and dual-level roadway for arrivals and departures. In September 2016, construction began on a \$127.8 million parking plaza at Terminal 2, slated to open in the second quarter of 2018. The plaza will have three floors with approximately 3,000 parking stalls.

The table below presents a summary of the most recent data available for visitor activity between 2004 and 2015.

Year	Overnight Visitors	Visitor Spending (millions)	Attraction Attendance
2004	15,741,000	\$6,871	11,408,266
2005	15,724,000	7,224	12,014,917
2006	15,812,000	7,719	12,576,044
2007	15,356,000	7,899	12,808,097
2008	15,160,000	7,908	12,835,746
2009	14,435,000	6,958	12,406,951
2010	15,080,000	7,080	12,637,391
2011	15,760,000	7,485	13,796,344
2012	16,129,000	7,979	14,322,658
2013	16,671,000	8,394	14,763,787
2014	16,879,000	9,209	14,372,244
2015	17,055,000	9,921	14,623,535
CAAG	0.7%	3.4%	2.3%

Source: San Diego Convention and Visitors Bureau; CIC Research

The following table sets forth our estimate of historical and projected supply, demand, occupancy, and average room rate for the overall San Diego market. We have estimated the overall San Diego hotel market occupancy to decrease slightly to 77.3 percent by year-end 2016, correlating to a 2.1 percent increase in occupied room nights amidst a 2.7 percent increase in supply. Average daily rate is estimated to increase 2.0 percent to \$182.82, as the San Diego market continues to hold significant growth year-over-year. In 2017, we forecast growth of 1.4 percent in occupied rooms amidst a 2.2 percent increase in supply. We forecast 2.9 percent growth in ADR to result in RevPAR growth of 2.1 percent. We are aware that the previously defined market area as a whole contains approximately 22.1 million annual hotel rooms. However, the table presented below includes the sum of our aggregated sub markets, representing approximately 65 percent of the total existing lodging supply.

Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	13,228,330	N/A	9,569,106	N/A	72.3%	\$151.54	N/A	\$109.62	N/A
2012	13,326,211	0.7%	9,830,398	2.7%	73.8	156.21	3.1%	115.23	5.1%
2013	13,471,055	1.1	10,022,271	2.0	74.4	161.43	3.3	120.10	4.2
2014	13,610,283	1.0	10,384,073	3.6	76.3	170.52	5.6	130.10	8.3
2015	13,790,552	1.3	10,723,085	3.3	77.8	179.17	5.1	139.32	7.1
2016E	14,163,886	2.7	10,952,627	2.1	77.3	182.82	2.0	141.37	1.5
2017F	14,474,410	2.2	11,101,719	1.4	76.7	188.13	2.9	144.29	2.1
CAAG	1.5%		2.5%			3.7%		4.7%	

Source: CBRE Hotels

Additions to Supply

Based on our research and findings the table below details the new hotels that have been included in this year's edition of our Southern California Lodging Forecast located within the San Diego County market.

Lodging Forecast - Additions to Supply				
Hotel Name	City	Submarket	Room Count	Opening Date
SpringHill Suites Lane Field	San Diego	Downtown	253	February 2016
Residence Inn Lane Field	San Diego	Downtown	147	February 2016
SpringHill Suites Mission Valley	San Diego	Mission Valley - Old Town	135	March 2016
Homewood Suites Mission Valley	San Diego	Mission Valley - Old Town	118	April 2016
Hilton Garden Inn Bayside	San Diego	Downtown	204	July 2016
Homewood Suites Bayside	San Diego	Downtown	160	July 2016
Pendry Hotel	San Diego	Downtown	317	November 2016
Fairfield Inn & Suites	San Marcos	I-15 Kearny Mesa	116	January 2017
Residence Inn	Carlsbad	North Coastal	104	July 2017
Ayres Hotel	Chula Vista	South Bay	135	September 2017
Hampton Inn & Suites Liberty Station	San Diego	Downtown	181	October 2017

Source: CBRE Hotels

DOWNTOWN SAN DIEGO/EMBARCADERO

Downtown San Diego has undergone a significant expansion in recent years, including hotel, residential, entertainment, and supporting amenities and facilities. For the lodging industry, this was realized in the form of 65 percent of all additions to San Diego County over the last decade. While this market has historically absorbed new supply at a healthy rate, 2008 and 2009 brought the culmination of economic woes, including an impacted convention calendar with reduced pickup, contraction of corporate and leisure demand, and a reduction in airline travel as well as travel in general. After several years of slow recovery, the impacts from tourism defunding further dinged the market in 2013 and 2014, with sub-markets such as Downtown leading the way. The San Diego convention market has regained business and is expected to continue growing through 2016 and beyond as they invest in capital improvements. The leisure and corporate business to Downtown remains a strong driver of business to the area when group business is slow. Based on year to date 2016 data, the market has begun to recover from a dismal first half of the year, which is estimated to end the year with slight growth in both metrics.

To add to the city's continued positioning as a national and regionally competitive Convention destination, the proposed expansion of the convention center would include an additional 200,000 square feet of exhibit space, a third ballroom, and 100,000 square feet of meeting rooms. The project may also include additional hotel rooms proximate to the Center. This would give the center a total of 815,000 square feet of exhibition space, similar to the size of Anaheim's convention center and sufficient to keep conventions such as Comic-Con. There is not available funding for this plan as of the current date.

In 2016, Downtown San Diego experienced the February openings of the 253-room SpringHill Suites and 147-room Residence Inn at Lane Field North. Additionally, the 204-room Hilton Garden Inn and 160-room Homewood Suites dual project opened in July. These openings will be followed by the November opening of the 317-room Pendry Hotel. Currently under construction and opening in October 2017 in Downtown San Diego is the 181-room Hampton Inn and Suites to be located in Liberty Station adjacent to an Embassy Suites and TownePlace Suites which are expected to be complete in 2018.

San Diego has historically had challenges in pushing rates, which was further magnified by the limitations in tourism marketing efforts. However, with the return of marketing efforts, San Diego was able to significantly push rates in 2014 and 2015. In 2016, as the numerous hotels enter the market, we estimate growth in occupied rooms at 3.6 percent, below the growth in supply of 4.6 percent, correlating to an occupancy rate of 81.5 percent as the market begins to absorb the significant increase in available hotel rooms. Average daily rate is expected to increase 1.8 percent from 2015 levels, correlating to a \$205.87 market average daily rate as older hotels in the market move their marketing efforts to attracting room nights and the new hotels stabilize within the market. In 2017, we estimate ADR will grow at inflationary levels of 3.0 percent as high-quality new hotel rooms stabilize in the market. Supply is anticipated to continue to outpace demand next year as we forecast a 3.7 percent increase in supply and a 2.0 percent increase in the number of occupied rooms, resulting in an aggregate market occupancy of 80.2 percent.

San Diego Downtown Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	4,216,845	N/A	3,258,251	N/A	77.3%	\$169.34	N/A	\$130.85	N/A
2012	4,216,845	0.0%	3,324,182	2.0%	78.8	175.89	3.9%	138.65	6.0%
2013	4,216,845	0.0	3,359,463	1.1	79.7	179.26	1.9	142.81	3.0
2014	4,216,845	0.0	3,445,994	2.6	81.7	188.91	5.4	154.38	8.1
2015	4,242,578	0.6	3,492,371	1.3	82.3	202.29	7.1	166.52	7.9
2016E	4,435,906	4.6	3,616,518	3.6	81.5	205.87	1.8	167.84	0.8
2017F	4,599,456	3.7	3,688,848	2.0	80.2	212.04	3.0	170.06	1.3
CAAG	1.5%		2.1%			3.8%		4.5%	

Source: CBRE Hotels

SAN DIEGO BAY MARKET

The San Diego Bay submarket includes hotels on Harbor Island, Shelter Island, and Coronado Island. Catering primarily to group and leisure business with an emphasis on boating and beach activities, these resorts and waterfront properties have earned some of the highest occupancies and rates in San Diego County. There have been no changes in supply in the San Diego Bay hotel market through the historical period, nor are there any expected in 2016 or 2017. Plans for the addition of 41 rooms to the Kona Kai Resort and Spa have been submitted; however, financing has not been secured and thus the proposed expansion has not been included in our analysis.

The Bay Areas’ market is driven primarily by leisure and group demand. The existing inventory consists largely of full service hotels with significant food and beverage facilities and meeting space. With renovations at the Marriott Coronado, we anticipate occupied room nights to decrease by 1.7 percent to 76.1 percent occupancy in 2016. Average daily rate is anticipated to end the year with a 3.0 percent increase at \$224.39. In 2017, we forecast the number occupied rooms to remain stable resulting in a 76.1 percent occupancy. We forecast rate to increase by 3.0 percent to \$231.12.

Bay Areas									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,341,740	N/A	997,593	N/A	74.4%	\$180.70	N/A	\$134.35	N/A
2012	1,341,740	0.0%	1,012,477	1.5%	75.5	184.80	2.3%	139.45	3.8%
2013	1,341,740	0.0	1,000,582	-1.2	74.6	194.89	5.5	145.34	4.2
2014	1,341,740	0.0	1,000,656	0.0	74.6	206.11	5.8	153.72	5.8
2015	1,341,740	0.0	1,038,799	3.8	77.4	217.95	5.7	168.74	9.8
2016E	1,341,740	0.0	1,020,887	-1.7	76.1	224.39	3.0	170.73	1.2
2017F	1,341,740	0.0	1,020,887	0.0	76.1	231.12	3.0	175.85	3.0
CAAG	0.0%		0.4%			4.2%		4.6%	

Source: CBRE Hotels

LA JOLLA

The community of La Jolla lies within the boundaries and jurisdiction of the City of San Diego, in the County of San Diego. Its location approximately 12 miles north of downtown has helped it establish its own identity as a refuge from “big city” life and La Jolla continues to be a popular destination for the high-end leisure market. La Jolla is the jewel of the City of San Diego featuring secluded coves and beaches, numerous small parks, the renowned Coast Walk cliff-top promenade, cafes, boutiques, fine restaurants, and thriving commercial business centers. La Jolla is also home to several renowned academic and scientific institutions, including the University of California at San Diego, the Salk Institute for Biological Studies, and the Scripps Institution of Oceanography.

We are not aware of any hotel openings in the La Jolla area for either 2016 or 2017. Following a slow first half of the year due to property renovations, it is estimated that the La Jolla submarket will end 2016 with a 75.2 percent occupancy rate and an average daily rate of \$234.82, representing a 1.4 percent decrease in occupied rooms and a 1.6 percent increase in average daily rate, respectively. In 2017, we forecast occupied rooms to be consistent and the market to remain at an occupancy of 75.2 percent, while ADR is forecast to increase by 3.0 percent to \$241.86.

La Jolla									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	587,650	N/A	407,279	N/A	69.3%	\$185.28	N/A	\$128.41	N/A
2012	587,650	0.0%	417,582	2.5%	71.1	194.05	4.7%	137.89	7.4%
2013	587,650	0.0	441,598	5.8	75.1	196.71	1.4	147.82	7.2
2014	587,650	0.0	444,611	0.7	75.7	216.16	9.9	163.54	10.6
2015	587,650	0.0	448,082	0.8	76.2	231.07	6.9	176.19	7.7
2016E	587,650	0.0	441,654	-1.4	75.2	234.82	1.6	176.48	0.2
2017F	587,650	0.0	441,654	0.0	75.2	241.86	3.0	181.78	3.0
CAAG	0.0%		1.4%			4.5%		6.0%	

Source: CBRE Hotels

MISSION BAY

The hotels in this market orient themselves around Mission Bay, a protected bay environment with sandy beaches used by families, and a premier site for many water sports such as jet skiing, windsurfing, sailing, and more. Occupancies are heavily influenced by visitation to SeaWorld, a major demand generator, which posted a 7.0 percent decline in visitation for 2015. Factors influencing this significant decrease in visitation include higher ticket prices, continued criticism of its treatment of killer whales, and an inability to lure visitors from other theme parks that are debuting mega

attractions. In an effort to increase visitation, SeaWorld announced in late 2014 an extensive expansion plan of their orca tanks, beginning at the park in San Diego. On October 8, 2015 the Coastal Commission approved SeaWorld San Diego's \$100 million plan to build a ten million gallon tank for the orcas, although with conditions that would have placed a 15 orca cap on the new tank. The plan to expand the orca habitat was subsequently abandoned by SeaWorld. Although SeaWorld no longer plans to build the new orca habitat, they plan to divert some of the budgeted \$100 million to new attractions designed to showcase the park's conservation efforts while enticing people to return to SeaWorld. Other attractions in the Mission Bay area include Belmont Park and a boardwalk stretching miles for biking, jogging, and rollerblading.

With the exception of the addition of the 48-room boutique hotel Tower 23 in 2005, the lodging supply in the Mission Bay area has not changed in over 15 years. Furthermore, to our knowledge there are no planned additions to supply in 2016 or 2017. Of note, the Hampton Inn SeaWorld recently completed an \$8 million dollar transformation to a Four Points by Sheraton at the beginning of this year.

The Mission Bay submarket is anticipated to complete 2016 with an occupancy rate of 76.7 percent and an average daily rate of \$193.27, reflecting growth of 0.3 percent in occupied rooms and a decrease of 0.7 percent in ADR. In 2017, we expect the market to rebound slightly, with the market achieving a 2.0 percent growth in ADR to \$197.13. Occupancy is forecasted to increase slightly to 77.1 percent, representing an increase of 0.5 percent.

Mission Bay									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	896,805	N/A	664,266	N/A	74.1%	\$162.52	N/A	\$120.38	N/A
2012	896,805	0.0%	688,547	3.7%	76.8	167.95	3.3%	128.95	7.1%
2013	896,805	0.0	675,853	-1.8	75.4	172.54	2.7	130.03	0.8
2014	896,805	0.0	690,572	2.2	77.0	184.74	7.1	142.26	9.4
2015	896,805	0.0	686,008	-0.7	76.5	194.62	5.4	148.88	4.7
2016E	896,805	0.0	688,200	0.3	76.7	193.27	-0.7	148.31	-0.4
2017F	896,805	0.0	691,641	0.5	77.1	197.13	2.0	152.03	2.5
CAAG	0.0%		0.7%			3.3%		4.0%	

Source: CBRE Hotels

MISSION VALLEY/OLD TOWN

Mission Valley is located just north of the downtown area between the San Diego Sports Arena area and Qualcomm Stadium (formerly Jack Murphy Stadium), current home of the San Diego Chargers. The area is known as the region's retail hub, with nearly 4.4 million square feet of retail space in ten major centers including Fashion Valley and the Fenton Marketplace, which is located just west of Qualcomm Stadium. The majority of hotels in the Mission Valley submarket are located along Interstate 8 from Interstate 5 to Interstate 15. The uncertainty surrounding the future of the San Diego Chargers at Qualcomm Stadium has the possibility to add a moderate level of risk to hotels within the Mission Valley submarket.

Old Town is located just southwest of the heart of Mission Valley and was the original center of San Diego. Now, Old Town is a designated historic area and includes the popular Bazaar del Mundo, Heritage Square, and a number of historic buildings that give the flavor of San Diego under Spanish and Mexican rule.

In addition to self-contained group business and military related demand, the hotels in Old Town and Mission Valley accommodate the overflow demand from the downtown convention market. Lack of overflow from downtown, combined with a challenging group segment, has resulted in significant impact to this submarket. This compression has dropped significantly in recent years, largely as a result of new supply in Downtown and an increase in rooms dedicated to convention room blocks. However, year-to-date results suggest continued strength of leisure travel to the area and a regain of all occupied room nights and rates lost during the recession and marketing challenges.

The 118-room Homewood Suites Mission Valley and 135-room SpringHill Suites opened in March of 2016. Additionally, the Mission Valley hotel market is expected to experience the opening of the 236-room Homewood Suites Hotel Circle in June 2017.

The Mission Valley and Old Town submarket is expected to end 2016 at a 73.4 percent occupancy rate and a \$137.88 average daily rate. This reflects a 7.5 percent increase in occupied rooms amidst a 5.7 percent increase in ADR as new hotels and existing hotels such as the Hilton Garden Inn Mission Valley Stadium complete extensive renovations. Given the supply increase of 3.6 percent in 2017, we forecast that the market will decrease slightly to 72.9 percent occupancy, with the increase in hotel room nights, and obtain an average daily rate of \$142.70. This equates to a 3.0 percent increase in occupied rooms and a 3.5 percent growth in ADR.

Mission Valley - Old Town									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,687,395	N/A	1,140,384	N/A	67.6%	\$111.57	N/A	\$ 75.40	N/A
2012	1,687,395	0.0%	1,154,718	1.3%	68.4	112.42	0.8%	76.93	2.0%
2013	1,687,395	0.0	1,169,289	1.3	69.3	120.84	7.5	83.73	8.8
2014	1,720,610	2.0	1,201,660	2.8	69.8	127.55	5.6	89.08	6.4
2015	1,786,249	3.8	1,313,716	9.3	73.5	130.49	2.3	95.97	7.7
2016E	1,925,010	7.8	1,412,280	7.5	73.4	137.88	5.7	101.15	5.4
2017F	1,994,238	3.6	1,454,648	3.0	72.9	142.70	3.5	104.09	2.9
CAAG	2.8%		4.1%			4.2%		5.5%	

Source: CBRE Hotels

NORTH CITY/UNIVERSITY TOWNE CENTER (UTC)/SORRENTO MESA

The North City/University Towne Center (UTC) areas are two distinct communities. Neighborhoods of condominiums, apartments, and commercial development make up the north, and the south is a collection of older homes situated inside the semi-circular Marian Bear Memorial Park. It is a closely-knit community devoted to school, local organizations, churches, and sports leagues.

University City is generally known as the “Golden Triangle,” named by developers of the University Towne Centre Mall for the triangle formed by Highways 5, 805, and 52 and the collection of hotels, office buildings, and restaurants that fill the triangle’s northern point. The southern portion of the triangle includes family oriented neighborhoods and a plethora of open space. A mixture of residents including singles, young married couples, and business and academic professionals live in University City mostly because of its central location to San Diego and other northerly communities.

This sub-market also includes Sorrento Mesa, which lies just north of the UTC area and east of the 805 Freeway. Known as “Wireless Valley,” Sorrento Mesa/Sorrento Valley is the third largest office market in San Diego County, after Downtown and Kearny Mesa. Located just east of the 805 Freeway

and just outside of the UTC/Golden Triangle border, the area is home to many telecommunication companies including Qualcomm.

The UTC/North City/Sorrento Mesa market is estimated to achieve an occupancy and average daily rate in 2016 of 82.6 percent and \$164.57, with no additions to supply. This represents a 0.8 percent increase in occupied room nights, and an increase of 1.3 percent in average daily rate over 2015 levels. In 2017, we forecast occupied room nights to remain at 2016 levels at an 82.6 percent market occupancy, and a 3.5 percent increase in ADR to \$170.33.

North City - UTC									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	922,355	N/A	661,907	N/A	71.8%	\$139.36	N/A	\$100.01	N/A
2012	922,355	0.0%	681,491	3.0%	73.9	146.41	5.1%	108.18	8.2%
2013	922,355	0.0	703,513	3.2	76.3	149.91	2.4	114.35	5.7
2014	922,355	0.0	729,222	3.7	79.1	154.19	2.8	121.90	6.6
2015	922,355	0.0	756,069	3.7	82.0	162.49	5.4	133.20	9.3
2016E	922,355	0.0	761,996	0.8	82.6	164.57	1.3	135.96	2.1
2017F	922,355	0.0	761,996	0.0	82.6	170.33	3.5	140.72	3.5
CAAG	0.0%		2.4%			3.4%		5.9%	

Source: CBRE Hotels

NORTH COASTAL MARKET

The North Coastal market includes the beach communities in northern San Diego including the cities of Del Mar, Carlsbad, and Oceanside. The area stretches as far inland as Rancho Santa Fe with a northern boundary formed by the Camp Pendleton Marine Corps Base. The location of the communities within this market along the beach and surrounding concentrations of commercial office parks has enabled the resort properties and hotels to capture demand from the commercial, leisure, and group segments.

Due to the La Jolla, UTC, and Sorrento Mesa areas having approached build-out, the North County area has experienced growth in the commercial office space market. North County experienced the largest positive net absorption for the San Diego region in the third quarter of 2016. More than 64,000 square feet of office space is currently under construction in North County.

Although a majority of the North County caters to commercial demand, area attractions such as the Del Mar racetrack, fairgrounds, beaches, shopping outlets and LEGOLAND in Carlsbad, and San Diego Safari Park have contributed to the growth of the leisure segment. The hotels surrounding the Del Mar racetrack were able to capture additional demand with the introduction of an additional 24-day racing season which began November 2014 following the closing of the Hollywood Park Race Track.

Following five years of consecutive supply increases, the North Coastal market is expected to experience one supply addition in 2017 with the July opening of the Residence Inn Carlsbad.

We estimate that year-end 2016 occupancy will decrease minimally to 74.8 percent. This represents a 1.8 percent increase in occupied rooms from 2015, with a 2.0 percent increase in supply. We estimate average daily rate to finish 2016 at \$186.14, an increase of 2.0 percent attributable to increases in limited-service supply to this generally resort market. In 2017, we forecast occupied

rooms to increase by 0.5 percent, resulting in market occupancy of 74.5 percent amidst a 0.9 percent increase in supply. We forecast ADR to grow at inflationary rates of 3.0 percent to \$191.73.

North Coastal									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,749,810	N/A	1,203,818	N/A	68.8%	\$156.60	N/A	\$107.73	N/A
2012	1,821,776	4.1%	1,255,475	4.3%	68.9	158.94	1.5%	109.53	1.7%
2013	1,937,420	6.3	1,350,074	7.5	69.7	168.23	5.8	117.23	7.0
2014	2,014,963	4.0	1,487,369	10.2	73.8	177.25	5.4	130.84	11.6
2015	2,103,860	4.4	1,575,825	5.9	74.9	182.46	2.9	136.67	4.5
2016E	2,145,105	2.0	1,604,781	1.8	74.8	186.14	2.0	139.25	1.9
2017F	2,164,085	0.9	1,612,805	0.5	74.5	191.73	3.0	142.88	2.6
CAAG	3.6%		5.0%			3.4%		4.8%	

Source: CBRE Hotels

I-15/KEARNY MESA

This market encompasses hotels located along Interstate 15 in the inland, northern and central portions of San Diego County. This area is part of a growing market, which includes the cities and communities of Escondido, Fallbrook, Vista, and San Marcos. Also included in this submarket are the communities of Rancho Penasquitos, Rancho Bernardo, Kearny Mesa, Miramar, and Poway. The Miramar Naval Air Station is located in this area as are concentrations of commercial and industrial office markets.

We estimate the market to end 2016 with an occupancy rate of 74.0 percent, an increase of 0.2 percent in occupied rooms over 2015. There are no changes to supply expected for the I-15/Kearny Mesa market for 2016. We estimate a 2.1 percent increase in ADR to \$130.47 for the I-15/Kearny Mesa submarket in 2016. In January 2017, the 116-room Fairfield Inn and Suites San Marcos is expected to open. In 2017, we forecast occupied rooms to grow by 1.5 percent amidst supply growth of 3.0 percent, resulting in a year end market occupancy of 72.9 percent. We forecast ADR to increase 2.5 percent to \$133.74.

I-15 Kearny Mesa									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,350,500	N/A	924,481	N/A	68.5%	\$111.52	N/A	\$76.34	N/A
2012	1,376,415	1.9%	975,792	5.6%	70.9	114.56	2.7%	81.22	6.4%
2013	1,405,615	2.1	996,282	2.1	70.9	116.70	1.9	82.71	1.8
2014	1,405,615	0.0	1,019,903	2.4	72.6	123.45	5.8	89.57	8.3
2015	1,405,615	0.0	1,037,502	1.7	73.8	127.77	3.5	94.31	5.3
2016E	1,405,615	0.0	1,039,593	0.2	74.0	130.47	2.1	96.50	2.3
2017F	1,447,955	3.0	1,055,187	1.5	72.9	133.74	2.5	97.46	1.0
CAAG	1.2%		2.2%			3.1%		4.2%	

Source: CBRE Hotels

SOUTH BAY

Situated between downtown San Diego and the Mexican border is the South Bay submarket, which includes the cities of Chula Vista, Imperial Beach, National City, and San Ysidro. The South Bay area is particularly known for its huge naval presence, with the 32nd Street Naval Base, or Naval Station San Diego, as the center of activity and as the gateway to Mexico. The Navy SEALs have proposed a

new \$1 billion campus south of their current Silver Strand South Training Campus. The 60-acre complex would add 1.5 million square feet of additional facilities for the Naval Base Coronado. The new complex is expected to bring in 3,500 additional personnel. Hotels in this submarket serve largely a commercial market and some leisure business from area attractions and from border traffic.

The South Bay has been affected by San Diego’s flux in tourism efforts, though it has still achieved significant growth. The South County Economic Development Council found that South County is outpacing the rest of San Diego County and the rest of the nation in terms of economic growth. We credit this to the lower starting point, as South Bay experienced more significant declines during the downturn.

The only change in supply during the historical period was the opening of the 78-room Pier South Resort in Imperial Beach in January 2014 as a Marriott affiliated Autograph Collection property. We are not aware of any other definitive additions to supply in 2016. In 2017, the 135-room Ayres Hotel Chula Vista is expected to open by September.

The South Bay submarket is anticipated to end 2016 with an occupancy rate of 72.8 percent and an average daily rate of \$102.55. Occupied rooms are estimated to decrease by 2.1 percent and average daily rate to increase 3.9 percent as hotels focus their efforts on raising rates. In 2017, demand is forecast to increase 2.0 percent amidst a supply increase of 3.3 percent, resulting in an occupancy of 71.9 percent. ADR is forecast to increase by 3.0 percent, ending the year at \$105.62 as additional higher quality supply enters this lower rated market.

South Bay									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	475,230	N/A	311,127	N/A	65.5%	\$ 75.92	N/A	\$49.71	N/A
2012	475,230	0.0%	320,131	2.9%	67.4	81.86	7.8%	55.14	10.9%
2013	475,230	0.0	325,617	1.7	68.5	83.09	1.5	56.93	3.3
2014	503,700	6.0	364,086	11.8	72.3	94.88	14.2	68.58	20.5
2015	503,700	0.0	374,712	2.9	74.4	98.70	4.0	73.43	7.1
2016E	503,700	0.0	366,719	-2.1	72.8	102.55	3.9	74.66	1.7
2017F	520,125	3.3	374,054	2.0	71.9	105.62	3.0	75.96	1.7
CAAG	1.5%		3.1%			5.7%		7.3%	

Source: CBRE Hotels

ORANGE COUNTY

Orange County

EXECUTIVE SUMMARY

Orange County, which includes 34 incorporated cities and a number of unincorporated communities, had an estimated 2016 population of 3.18 million people based on numbers from the US Census Bureau, making it the third most populous county in California behind Los Angeles and San Diego Counties. Known for its ideal year-round climate, Orange County spans 798 square miles and includes 42 miles of scenic coastline. During the past 30 years, Orange County has evolved from an agricultural economy into a large commercial, industrial, and urban community. As a result of this growth, Orange County has developed into a well-respected business, financial, and recreational center of California and the Western United States. The County has attracted both national and regional offices for a number of the nation's most successful electronics, computer, wholesale and retail firms.

Orange County continues to attract a large number of visitors to the area. In 2015, the estimated number of visitors totaled 47.4 million. These visitors to the county spent an estimated \$11.3 billion. In 2015, the number of visitors increase by 2.8 percent, and spending increased by 5.6 percent over 2014. Of the overnight visitors that visited Orange County, 91 percent were from the domestic United States, and 9.0 percent were international travelers. The peak months of visitation for the county are typically from July through September.

Orange County is also home to the Disneyland Resort and Knott's Berry Farm theme parks, two of the nation's most popular recreational attractions. Additional activities in the County include beautiful beaches, numerous shopping venues, and the Anaheim Convention Center, together providing for a popular destination amongst international/domestic tourists and business travelers. Two professional sports teams, the Anaheim Ducks of the NHL and the Los Angeles Angels of Anaheim of the MLB, also have their home venues located in Orange County.

Throughout the recent years, Orange County has undergone, and is continuing to undergo, changes that enhance its offerings to both visitors and residents. In the greater Anaheim area, the completion of the Anaheim Regional Transportation Intermodal Center (ARTIC) transportation facility in 2014 has created a new state-of-the-art transportation hub in the heart of Orange County. Disneyland began its 60-year diamond celebration in May of 2015, offering brand new attractions and decorations that have attracted a record number of visitors to the park. By the same token, Knott's Berry Farm has also expanded numerous rides and completed renovations of its Boardwalk area. The Anaheim Convention Center also began work in April of 2015 on an expansion to increase total meeting space to one million square feet, bringing it up to the level of or surpassing the other premiere convention centers along the west coast. Further south within the county and along the coast, developments such as Huntington Beach's Pacific City and Irvine's Great Park are creating more and more reasons for travelers to visit Orange County.

In efforts to increase awareness of Orange County as a premier destination, the Orange County Visitors Association (OCVA) has embarked on a marketing initiative to differentiate the county from other Southern California leisure markets and improve branding of the county abroad. In order to promote Orange County to international markets, the OCVA opened sales offices in Beijing and Shanghai in 2013 with the goal of increasing exposure of the county as a destination to the rapidly expanding Asian market. As part of a promotional deal, special room rates across all price tiers will

be offered at 28 Orange County hotels in cities such as Anaheim, Huntington Beach, Costa Mesa, Laguna Beach, Tustin, Newport Beach, Buena Park, and Dana Point. Furthermore, a Chinese language website highlighting attractions, events, and activities in Orange County, went live in March of 2014. Additional overseas missions have been added. The Anaheim/Orange County Visitor & Convention Bureau (AOCVCB) changed its name to Visit Anaheim in June of 2015, reaffirming its focus on bringing more tourism dollars to the area via the Disneyland theme parks, sports stadiums, and the Anaheim Convention Center.

John Wayne Airport has, in recent years, become one of the country's busiest regional airports. As such, the County of Orange approved the John Wayne Airport Improvement Program to increase the terminal size and accommodate six additional gates. A \$543 million Airport Improvement Program to expand the airport facilities at John Wayne Airport was finalized in November 2011. The improvements include a new terminal (Terminal C) with six new bridged aircraft gates, two new commuter terminals, more security checkpoints, new dining and shopping options, a Parking Structure C with 2,000+ parking spaces, and a Central Utility Plant. The Improvement Program adds 282,000 square feet of new space to the existing 448,000 square feet in Terminals A and B at the Thomas F. Riley Terminal. With the majority of these improvements now having been individually approved after review, construction began in July 2014 for several of the projects, including the Thomas F. Riley Terminal overhaul and the second phase of the Parking Structure C revamp.

Since 2006, annual passenger traffic has increased at a compound annual rate of 0.6 percent as demonstrated in the following table. Passenger counts have experienced four consecutive years of increases which can be attributed to the addition of service to three new destinations in Mexico by AirTran and Interjet, as well as the new international service and improvements in the general domestic travel market. Most recently, 2015 saw an increase of 8.5 percent over 2014, and was the first time that the airport serviced more than 10.0 million passengers in a year. The following table details the historical passenger traffic at John Wayne Airport from 2006 to 2015, as well as year-to-date through July of 2015 and 2016.

John Wayne Airport Activity 2006 – 2015 & YTD 2016		
Year	Total Passengers	Percent Change
2006	9,613,480	N/A
2007	9,979,699	3.8%
2008	8,989,603	-9.9
2009	8,705,199	-3.2
2010	8,663,452	-0.5
2011	8,609,008	-0.6
2012	8,857,944	2.9
2013	9,232,789	4.2
2014	9,386,033	1.7
2015	10,180,258	8.5
CAAG	0.6%	
YTD 7/15	5,720,699	N/A
YTD 7/16	6,206,858	8.5%

Source: John Wayne Airport

The Orange County area has a diverse employment structure with major employers in industries including tourism, theme parks, recreation, businesses, government, healthcare, education, high-tech, manufacturing, service, and finance. Construction of new business parks is expected to continue over the long-term to create jobs in business services, engineering services, and wholesale trade. As of the

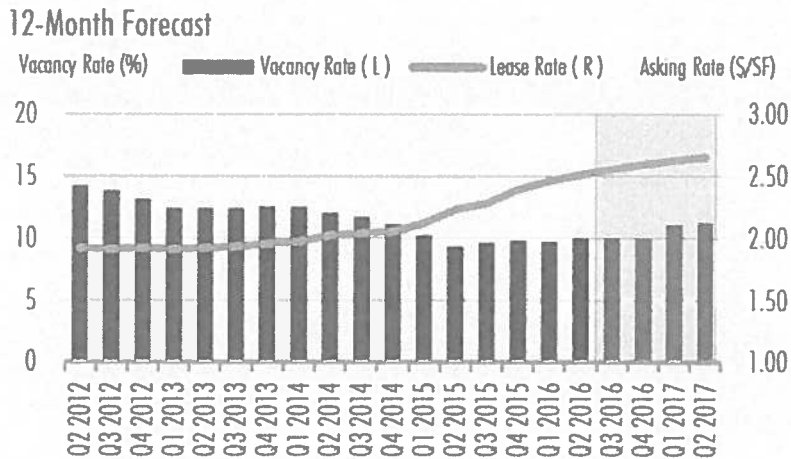
second quarter of 2016, there is approximately 3.5 million square feet of office space under construction. Other notable projects in the works include various renovations of existing office structures, as well as others new-build campuses, such as Broadcom's 1.1 million-square-foot corporate campus. Another notable project under construction includes The Boardwalk project in the airport office area, which will feature 545,000 square feet of office campus across two nine-story towers separated by pedestrian-friendly areas and accessory retail.

After exiting the economic recession, Orange County has shown strong growth in relation to its housing market and leisure activity. With the economy on its steady upward path, the County has pushed forward with the help of its strong leisure and commercial demand generators. As of July 2016, the unemployment rate in Orange County was 4.6 percent, down by 10 basis points from July 2015. As a point of comparison, California's unemployment rate as of July 2016 was 5.9 percent, and the nation's unemployment rate was 4.9 percent. In 2015, employment gains were made primarily in the Health Care, Professional & Business Services, Construction, and Manufacturing industries. Occupations within the International Trade, Informational Technology, Creativity, and Green Technology industries present the greatest potential for growth.

With strong employment growth and very low vacancy, the amount of office product under construction has started to rapidly rise, stoking fears of an upcoming end to the cycle. Net absorption in the second quarter of 2016 (Q2 2016) was negative for the third time in four quarters. Though not a positive development, it can be attributed to a combination of factors. Structural trends in space usage efficiency, rapidly rising rental rates, continued consolidation in the financial sector and merger and acquisition activity all contributed to the disconnect between employment growth and net absorption during Q2 2016.

Net absorption in Q2 2016 totaled negative 464,494 square feet. The area in Orange County with the strongest net absorption relative to the size of the market was South Orange County where there was 81,494 square feet of positive absorption. The negative movement was driven by several consolidations and move-outs by larger financial and healthcare occupiers in the market. As a result, the vacancy rate in Orange County increased to 10.0 percent in Q2, up from 9.7 percent recorded in the previous quarter. Lease rate growth has been exceptionally strong over the last year. Asking lease rates rose 2.0 percent from Q1 2016 and were up 12.6 percent from the second quarter of 2015.

The following table summarizes the Orange County office market performance from Q2 2012 to Q2 2016, along with CBRE's 12-month forecast.



Source: CBRE Econometric Advisors, Q2 2016.

Our sample set of hotels includes the sum of our aggregated sub markets, which we estimate to be approximately 80 percent of the total existing lodging supply in Orange County. Based on the sample set of hotels used in our analysis, the overall Orange County lodging market supply is estimated to increase by 3.0 percent in 2016. This increase in annual supply is due to the actual and anticipated openings of the following hotels: 96-room Holiday Inn Express & Suites Anaheim Resort, 129-room Homewood Suites Aliso Viejo, 250-room Paséa Hotel & Spa, 262-room Hyatt House Anaheim Resort/Convention Center, 292-room Residence Inn Anaheim Resort/Convention Center, 126-room Staybridge Suites Anaheim at The Park, 174-room Country Inn & Suites Anaheim, and 100-room Holiday Inn Express in Fullerton.

Additionally, the rooms supply in the Orange County market is estimated to further increase by 4.0 percent in 2017 with the annualized rooms of the previously mentioned hotels entering the market, in addition to the opening of nine more hotel projects. These include the 101-room Hampton Inn & Suites Mission Viejo, 127-room SpringHill Suites Santa Ana Huntington Beach, 149-room Hyatt House Irvine, 164-room Hampton Inn & Suites Irvine, 132-room AC Hotel Irvine, 102-room Hampton Inn & Suites Buena Park, 271-room Marriott Irvine Spectrum, 130-room Lido House Hotel, and the 147-room expansion of the Waterfront Resort in Huntington Beach.

Our 2016 estimate for the overall Orange County market is positive across all econometric indicators. We anticipate a 3.2 percent increase in occupied rooms, absorbing all of the additions to supply entering into the market in 2016, and resulting in a market occupancy of 78.1 percent. During the same year, the market is projected to experience a 4.6 percent increase in ADR. These increases in occupancy and ADR are projected to produce a year-over-year 4.9 percent increase in revenue per available room.

In the following year, the market supply is estimated to increase by 4.0 percent, and demand, as measured by occupied rooms, is projected to increase by 2.5 percent. Given the significant number of hotels projected to come online, supply is projected to outpace demand, ending 2017 with a projected occupancy of 77.0 percent, down 110 basis points from 2016. We forecast moderate ADR growth, with 2017 ending with an ADR of \$161.04, a 3.5 percent increase over the previous year.

Orange County Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	15,532,940	N/A	11,069,315	N/A	71.3%	\$119.10	N/A	\$ 84.87	N/A
2012	15,616,160	0.5%	11,445,068	3.4%	73.3	125.97	5.8%	92.33	8.8%
2013	15,641,345	0.2	11,720,289	2.4	74.9	133.35	5.9	99.92	8.2
2014	15,807,755	1.1	12,077,989	3.1	76.4	142.12	6.6	108.59	8.7
2015	16,155,995	2.2	12,589,677	4.2	77.9	148.73	4.6	115.90	6.7
2016E	16,635,149	3.0	12,992,456	3.2	78.1	155.59	4.6	121.52	4.9
2017F	17,299,373	4.0	13,319,741	2.5	77.0	161.04	3.5	123.99	2.0
CAAG	1.8%		3.1%			5.2%		6.5%	

Source: CBRE Hotels

Additions to Supply

Based on our research and findings the table below details the new hotels that have been included in this year's edition of our Southern California Lodging Forecast located within the Orange County market.

Lodging Forecast - Additions to Supply				
Hotel Name	City	Submarket	Room Count	Opening Date
Holiday Inn Express & Suites	Anaheim	Anaheim	96	February 2016
Homewood Suites	Aliso Viejo	Central OC	129	March 2016
Paséa Hotel & Spa	Huntington Beach	Coastal	250	June 2016
Hyatt House	Anaheim	Anaheim	262	July 2016
Residence Inn	Anaheim	Anaheim	292	August 2016
Staybridge Suites	Anaheim	Anaheim	126	November 2016
Country Inn & Suites	Anaheim	Anaheim	174	December 2016
Holiday Inn Express	Fullerton	North OC	100	December 2016
Homewood Suites	Irvine	OC Airport	161	December 2016
Hampton Inn & Suites	Mission Viejo	Central OC	101	February 2017
SpringHill Suites	Huntington Beach	OC Airport	127	February 2017
Hyatt House	Irvine	OC Airport	149	March 2017
Hampton Inn & Suites	Irvine	OC Airport	164	April 2017
AC Hotel	Irvine	OC Airport	132	April 2017
Hampton Inn & Suites	Buena Park	North OC	102	July 2017
Waterfront Hilton Expansion	Huntington Beach	Coastal	147	June 2017
Marriott	Irvine	Central OC	271	October 2017
Lido House Hotel	Newport Beach	Newport Beach	130	October 2017

Source: CBRE Hotels

CENTRAL ORANGE COUNTY

The Central Orange County market includes: Laguna Hills, Lake Forest, Foothill Ranch, Irvine Spectrum, Aliso Viejo, Laguna Woods, Mission Viejo, and Rancho Margarita. This market has continuously outpaced other markets in terms of residential and commercial development through the historical period. The Central Orange County market caters primarily to the business and leisure market segments, as well as some group travel business. While the Central Orange Coast submarket is home to a variety of businesses based in the cities of Aliso Viejo and Mission Viejo that create the base of the business demand, this market, particularly the lodging properties to the north, also receives compression from the neighboring Orange County/John Wayne Airport market.

We expect 2016 to end with a 2.6 percent increase in occupied rooms amidst a 4.7 percent increase in supply, equating to a market occupancy rate of 77.6 percent. The 4.7 percent increase in supply in

2016 can be attributed to the March opening of the 129-room Homewood Suites in Aliso Viejo. ADR is expected to continue climbing, growing at 3.7 percent in 2016. Revenue per available room is expected to increase by 1.6 percent to \$112.33.

In 2017, rooms supply is anticipated to increase by 7.5 percent with the annualized rooms of the Homewood Suites Aliso Viejo and two new hotels entering into the market. More specifically, there is a 101-room Hampton Inn & Suites in the City of Mission Viejo and the full-service Marriott hotel in Irvine Spectrum, that are slated to open in February and October of 2017, respectively. We estimate a 5.5 percent growth in occupied rooms, resulting in a market occupancy of 76.1 percent in 2017. We project an ADR growth of 3.0 percent next year for the Central Orange County market, in line with the general rate of economic growth. Revenue per available room is expected to increase by 1.1 percent to \$113.59. We anticipate that as this submarket's performance balances out, occupancy will stabilize at around this level and rate will grow at approximately the general rate of inflation going forward.

Central Orange County Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	762,120	N/A	551,643	N/A	72.4%	\$109.42	N/A	\$ 79.20	N/A
2012	762,120	0.0%	539,207	-2.3%	70.8	115.50	5.6%	81.72	3.2%
2013	762,120	0.0	565,861	4.9	74.2	123.60	7.0	91.77	12.3
2014	800,445	5.0	619,890	9.5	77.4	130.95	5.9	101.41	10.5
2015	838,770	4.8	663,936	7.1	79.2	139.64	6.6	110.53	9.0
2016E	878,008	4.7	680,973	2.6	77.6	144.83	3.7	112.33	1.6
2017F	943,510	7.5	718,427	5.5	76.1	149.18	3.0	113.59	1.1
CAAG	3.6%		4.5%			5.3%		6.2%	

Source: CBRE Hotels

ANAHEIM AND GREATER ANAHEIM

Tourism in Anaheim is the principal economic force and the center of Orange County's lodging industry. The Greater Anaheim submarket, the largest in Orange County in terms of rooms revenue, is situated in north-central Orange County, and also includes those properties in the cities of Garden Grove and Orange that compete directly with Anaheim Resort hotels. For presentation purposes, we have separated the Anaheim and Greater Anaheim (Garden Grove, Orange) properties.

Located in the heart of Southern California, Anaheim is one of the most dynamic communities for residents, businesses, and visitors alike. Between 1880 and 1960, Anaheim was host to several orange growers and processors who used their orange crate labels to identify their brand and advertise a golden California lifestyle. Anaheim has since been transformed from a small farming community to a major sports, entertainment, recreational, and industrial community. The city offers the "best of both worlds" with its strong and diverse economy coupled with its position as an internationally recognized leisure and convention destination.

Orange County, one of the nation's most populous and affluent regions, is famous for world-class theme parks such as Disneyland, Disney California Adventure and Knott's Berry Farm, distinguished shopping centers and trendy beach towns such as Huntington Beach, Newport Beach and Laguna Beach. The hub of Orange County's tourism industry is in Anaheim, the largest city in the county and home to Disneyland, the Anaheim Convention Center, Angel Stadium of Anaheim, home to the

Anaheim Angels of the MLB, the Honda Center, home to the NHL's Anaheim Ducks, as well as a number of unique entertainment and dining venues.

The Anaheim Convention Center is a critical draw for the group and convention business in Anaheim, which has spurred further expansion. Located immediately across from Disneyland, the Anaheim Convention Center is one of the major sources of hotel room demand in the Orange County area, with almost 20 percent of total visitors to Anaheim attending a convention. The Anaheim Convention Center is a critical draw for the group and convention business in Anaheim, especially as a result of the renovations done to the center.

The Anaheim Convention Center completed a \$180 million expansion and refurbishment project on December 28, 2000, propelling it into the position of largest and one of the most modern exhibit facilities on the West Coast. Meeting space totaled more than 1.4 million square feet after the renovation, and allowed it to simultaneously accommodate larger groups and multiple medium sized groups. Renovations and expansions continued at a regular interval through January of 2013, when the Convention Center completed its sixth expansion and welcomed the Grand Plaza, a 100,000 square foot multi-use space located outside the Center's front entrance off Convention Way. The pedestrian plaza features a 48-foot illuminated entry monument and fountain followed by a pathway of LED lights which ultimately leads to an ocean fountain that can shoot water up to 40 feet. The Grand Plaza provides lush landscaping and flexible outdoor space that can be used for dining, exhibit space, outdoor concerts, and other uses.

Recently plans for the next expansion of the Anaheim Convention Center were solidified, which will add significantly more meeting and exhibit space to the already 1.7 million-square-foot center. The expansion will include an additional 200,000 square feet of space for exhibits and meetings, with an estimated 3,200 parking spaces. The expansion will increase meeting space at the Convention Center to over 1.9 million square feet including the open air Grand Plaza. Overall, the expansion aims to attract higher-tiered convention business meetings in the national convention market. According to Anaheim Convention Center officials, the \$180 million expansion was originally expected to break ground by mid-2014 and be completed by mid to late-2016. However, in May of 2014, Citigroup Bank's decision to back out of underwriting bonds to finance the expansion forced the council to look for alternative financing options, which has been done. The expansion is now moving forward with the official groundbreaking for the expansion having occurred on April 21, 2015. The expansion is anticipated to be completed in approximately one year's time and open in September of 2017.

The following table summarizes the historical data on overall convention attendance as provided by Visit Anaheim, as well as the number of bookings based on actual bookings through 2015. Prior to the start of the expansion and refurbishment of the Anaheim Convention Center in 1998, the group meeting market in the Anaheim area averaged approximately 950,000 attendees per year. In the most recent two calendar years, the number of convention delegates has increased at a rate of 5.5 and 27.5 percent, respectively. One of the Center's most loyal and profitable conventions, the National Association of Music Merchants (NAMM), committed in 2013 to keep its annual gathering at the Anaheim Convention Center through 2018. The NAMM Show produces more than 94,000 attendees and is estimated to contribute approximately \$70 million in economic spending.

**Anaheim/Orange County Convention and Meeting Activity
2006 – 2015**

Year	Number of Delegates	Percent Change	Number of Bookings
2006	1,126,000	N/A	630
2007	1,197,168	6.3%	746
2008	1,252,067	4.6	764
2009	1,292,179	3.2	583
2010	1,128,285	-12.7	465
2011	1,066,650	-5.5	508
2012	1,002,846	-6.0	500
2013	1,187,920	18.5	558
2014	1,253,633	5.5	503
2015	1,597,929	27.5	542

Source: Visit Anaheim

The following table presents historical and future room nights associated with Anaheim Convention Center bookings derived from Anaheim and Garden Grove lodging. The historical information is based on actual room nights consumed and/or booked as of January 2016. Projected room nights are those booked as definite as of that date. Based on the uncertainty of the economy and convention trends, it should be noted that more or less groups may be booked from that date through 2016 and beyond.

**Convention Related Definite Room Nights & Groups
Anaheim/Garden Grove**

Year	Room Nights	Groups
Historical		
2006	459,954	35
2007	586,262	41
2008	508,890	37
2009	550,494	43
2010	502,849	41
2011	426,693	33
2012	401,442	34
2013	415,426	37
2014	444,631	37
2015	466,928	41
Future Bookings		
2016	455,625	37
2017	477,302	30
2018	311,246	20
2019	296,993	18

Source: Visit Anaheim

Disneyland, which opened on July 17, 1955, began celebrations for its 60th birthday on May 22 of 2015. The Diamond Celebration brought several new evening shows, new rides, and redesigned areas of the park. With record numbers of visitors to the parks, Disney has also continued focusing on expanding its parks, while also receiving support from the city in the form of a tax ban on ticket sales at the parks. Disney announced in August of 2015 that its expansion would feature a new 14-acre "Star Wars" land; construction on the expansion began in January 2016. As part of the addition of the new Star Wars land, several rides are temporarily unavailable and four attractions will be permanently closed. In June of 2016, Disneyland announced plans to construct an approximately 700-room 4-diamond luxury hotel to complement its two other 4-diamond properties in the area: The Disneyland Hotel and Disney's Grand Californian Hotel & Spa. The property would be located at

1401 Disneyland Drive at the north end of Downtown Disney's parking lot, and construction would begin in 2018 and be completed in 2021.

Other notable destinations within the Anaheim area include Knott's Berry Farm, one of the top 20 tourist attractions in the United States. Near both the Convention Center and the Disneyland theme parks, Anaheim Garden Walk is a 440,000 square-foot mall featuring retail, dining, and entertainment space in a unique outdoor setting. Opened in December of 2014, ARTIC is Anaheim's regional transportation gateway that connects multiple types of transportation in one location. The 67,000 square foot structure contains retail, office, and restaurant space, and is designed to become the hub through which all public transportation passes through in Anaheim.

The Greater Anaheim market is anticipated to experience an increase of 3.9 percent in annual rooms supply in 2016, which can be attributed to the annualized rooms of the Courtyard by Marriott and Homewood Suites rooms entering into the market, the February opening of the 96-room Holiday Inn Express & Suites in the Anaheim Resort District, the March opening of the 650-room Great Wolf Lodge in Garden Grove, the July and August openings of the 262-room Hyatt House and 292-room Residence Inn (formerly the site of the Jolly Roger Hotel), respectively, by the Convention Center, as well as the November and December openings of the 126-room Staybridge Suites and 174-room Country Inn & Suites. As can be seen from the table on the following page, demand in the market has absorbed the additions to supply during the historical period, and we anticipate this to be the case in 2016 as well. Amidst the 3.9 percent increase in supply, we estimate a 4.9 percent increase in occupied room nights, resulting in a 78.5 percent occupancy for the Greater Anaheim market. Given the amount of high quality supply that has entered the market, ADR will increase by 6.5 percent in 2016. Continuing the positive growth pace from the previous year, 2016 is expected to close with a 7.5 percent increase in RevPAR to \$109.06 for the Greater Anaheim submarket.

In 2017, we anticipate further increases in supply, which are largely attributed to the annualized rooms of the hotels opening in 2016, in addition to a five-room expansion taking place at the Hotel Menage, which is currently in the process of converting to a Four Points by Sheraton Hotel. We estimate the Greater Anaheim submarket to achieve 1.9 percent growth in occupied room nights, resulting in a market occupancy rate of 77.7 percent. We believe this properly reflects the changes taking place in the market, including the addition of new attractions, new hotels, and hotel renovations and expansions. We forecast average daily rate will increase by 4.0 percent to \$144.51, a historical high. When combined, we expect revenue per available room will reach \$112.30 in 2017, representing a year-over-year increase of 3.0 percent.

The following table presents the market results for Greater Anaheim, including Garden Grove, during the period 2011 through 2015, as well as our 2016 estimate and 2017 forecast. It must be noted that our historical figures have been revised from previous years to reflect updated data that we have received from the City of Anaheim.

Greater Anaheim Hotels Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	8,566,185	N/A	6,101,850	N/A	71.2%	\$101.78	N/A	\$ 72.50	N/A
2012	8,566,185	0.0%	6,320,845	3.6%	73.8	108.71	6.8%	80.22	10.6%
2013	8,566,185	0.0	6,442,881	1.9	75.2	116.14	6.8	87.35	8.9
2014	8,645,633	0.9	6,624,449	2.8	76.6	123.28	6.1	94.46	8.1
2015	8,823,510	2.1	6,862,926	3.6	77.8	130.46	5.8	101.47	7.4
2016E	9,168,435	3.9	7,197,333	4.9	78.5	138.93	6.5	109.06	7.5
2017F	9,442,033	3.0	7,337,526	1.9	77.7	144.51	4.0	112.30	3.0
CAAG	1.6%		3.1%			6.0%		7.6%	

Source: CBRE Hotels

We forecast continued growth going into 2017 for the Anaheim submarket. Occupied rooms are anticipated to grow by 1.7 percent reaching a market occupancy rate of 77.4 percent. We expect this submarket will stabilize at or near this rate, which takes into consideration historical market performance and anticipated improvements within the area. Furthermore, we forecast average daily rate to increase by 3.7 percent to \$140.63. Combined, revenue per available room will grow by 2.6 percent in 2017 to \$108.83 for the Anaheim submarket.

Total Anaheim Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	7,206,560	N/A	5,115,751	N/A	71.0%	\$100.25	N/A	\$ 71.17	N/A
2012	7,206,560	0.0%	5,287,274	3.4%	73.4	107.96	7.7%	79.21	11.3%
2013	7,206,560	0.0	5,390,342	1.9	74.8	115.72	7.2	86.56	9.3
2014	7,264,838	0.8	5,555,852	3.1	76.5	122.53	5.9	93.71	8.3
2015	7,413,150	2.0	5,737,021	3.3	77.4	129.82	6.0	100.47	7.2
2016E	7,575,575	2.2	5,930,133	3.4	78.3	135.55	4.4	106.11	5.6
2017F	7,794,423	2.9	6,032,310	1.7	77.4	140.63	3.7	108.83	2.6
CAAG	1.3%		2.8%			5.8%		7.3%	

Source: CBRE Hotels

The following table presents the market summary for those hotels, in this sub-market, located outside the City of Anaheim, but within the greater Disneyland Resort area. As can be seen from the table below, the non-Anaheim/Garden Grove hotels experienced a 12.9 percent increase in 2016 with the March opening of the Great Wolf Lodge. We estimate that the market's average daily rate will increase by 15.7 percent, due to the Great Wolf Lodge's much higher-rated positioning. For 2017, we forecast a 3.0 percent increase in occupied rooms to 79.2 percent occupancy and a 5.0 percent increase in ADR to \$162.44. Combined, revenue per available room is forecasted to increase by 4.6 percent to \$128.69.

Non-Anaheim/Garden Grove Hotels Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,359,625	N/A	986,100	N/A	72.5%	\$109.73	N/A	\$ 79.58	N/A
2012	1,359,625	0.0%	1,033,571	4.8%	76.0	112.53	2.6%	85.54	7.5%
2013	1,359,625	0.0	1,052,538	1.8	77.4	118.28	5.1	91.57	7.0
2014	1,380,795	1.6	1,068,597	1.5	77.4	127.17	7.5	98.42	7.5
2015	1,410,360	2.1	1,125,906	5.4	79.8	133.68	5.1	106.72	8.4
2016E	1,592,860	12.9	1,267,200	12.5	79.6	154.71	15.7	123.08	15.3
2017F	1,647,610	3.4	1,305,216	3.0	79.2	162.44	5.0	128.69	4.6
CAAG	3.3%		4.8%			6.8%		8.3%	

Source: CBRE Hotels

ORANGE COUNTY AIRPORT

The Orange County Airport market includes cities proximate to John Wayne Airport including Irvine, Santa Ana, Tustin, parts of Newport Beach, and extends to Fountain Valley. This area is a dynamic business center and home to dozens of Fortune 500 companies. The area primarily caters to business travelers and secondarily to the leisure and group market segments. The Orange County Airport market is heavily dependent on commercial travel generated by the John Wayne Airport and businesses in the area. There is a significant amount of Class A office space currently under construction, and much of the office space interest is focused in the Airport Area and in Irvine Spectrum. The area's attributes, including proximity to freeway access, surrounding amenity base, and high quality office product, make the area attractive to businesses looking to move into the area. The various hotels currently under construction in this market are intended to service the rapidly expanding business and residential base.

Annual supply will increase by 1.7 percent in 2016 with the annualized rooms of the Hilton Garden Inn Irvine John Wayne Airport, which introduced 170 rooms in August 2015, and the under construction 161-room Homewood Suites which is anticipated to be open by December 2016. Occupied room nights are expected to increase by 1.8 percent, absorbing all the additions to supply. This reflects a market occupancy of 78.6 percent in 2016. Average daily rate is anticipated to increase by 3.4 percent over the previous year to \$139.55. Due to increases in both occupancy and average daily rate, revenue per available room is expected to increase by 3.5 percent to \$109.74.

In addition to the aforementioned Homewood Suites, there are four other hotels currently under construction, all of which are anticipated to be open and operational in 2017. These hotels include the following: 127-room SpringHill Suites in Huntington Beach (February 2017 opening), 149-room Hyatt House in Irvine (March 2017 opening), 176-room AC Hotel in Irvine (April 2017 opening), and 164-room Hampton Inn & Suites in Irvine (October 2017 opening). Together, these hotel openings will result in an 8.4 percent increase in annual rooms supply in 2017. Occupied room nights are forecasted to grow by 5.5 percent, resulting in a decrease in market occupancy to 76.5 percent. Average daily rate is forecasted to grow by 3.0 percent to \$143.74. As such, revenue per available room is expected to grow by 0.2 percent, driven by increases in ADR amidst a decrease in occupancy.

OC AIRPORT									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	2,096,925	N/A	1,540,137	N/A	73.4%	\$113.13	N/A	\$ 83.09	N/A
2012	2,132,330	1.7%	1,582,436	2.7%	74.2	115.65	2.2%	85.82	3.3%
2013	2,153,500	1.0	1,630,011	3.0	75.7	120.49	4.2	91.20	6.3
2014	2,202,136	2.3	1,638,977	0.6	74.4	128.67	6.8	95.76	5.0
2015	2,334,175	6.0	1,834,744	11.9	78.6	134.91	4.8	106.04	10.7
2016E	2,374,842	1.7	1,867,570	1.8	78.6	139.55	3.4	109.74	3.5
2017F	2,574,710	8.4	1,970,287	5.5	76.5	143.74	3.0	109.99	0.2
CAAG	2.1%		3.3%			3.6%		4.7%	

Source: CBRE Hotels

SOUTH COAST METRO MARKET

The City of Costa Mesa is a discernible entity, characterized physically by its strategic crossroads location, proximity to the Pacific Ocean, richness in culture, shopping and dining, and comfortable year-round climate. Costa Mesa encompasses a total of 16 square miles with its southernmost border only one mile from the Pacific Ocean. The City was incorporated in 1953 and since that time, it has evolved from a semi-rural farming community to a city with its local economy primarily based upon retail, commercial business, and manufacturing of electronics, pharmaceuticals and plastics. According to the Employment Development Department, the unemployment rate in Costa Mesa was at 4.6 percent as of July 2016, 10 basis points lower than the same period last year. As of January 2016, the California Department of Finance estimated a population for Costa Mesa of 114,603, which is above the 2000 Census population of 108,724, as Costa Mesa is largely built out.

The City of Costa Mesa is considered to already have been a viable municipal economy prior to the overall county's growth observed in the last five years. This notion is reflected in the strength of the city's lodging market in comparison to other markets in Orange County. The Costa Mesa hotel market primarily caters to business travelers; however, it also caters to the leisure and group segments. Commercial demand is based primarily upon a hotel's location near the commercial business districts of Costa Mesa and Santa Ana, as well as their location relatively proximate to John Wayne Airport. Group demand is a combination of incentive meetings for sales and marketing staffs, executive level conferences, educational sessions for professionals such as doctors and attorneys, and social and fraternal retreats. The leisure demand consists of pleasure travelers to and around Southern California. South Coast Plaza and the Segerstrom Center for the Arts also contribute to the strength of the local lodging market.

Annual supply has remained constant at 781,465 rooms, with no hotels slated to open in the near future. Although market occupancy has hovered at or just above 80 percent in the past three years, we expect market occupancy to slightly decrease to 79.1 percent in 2016 as hoteliers in the market place their emphasis on increasing rate. This is evidenced by the 6.1 percent increase in ADR estimated for 2016. Revenue per available room is estimated to increase by 4.3 percent in 2016. The increase in supply in Anaheim also results in less compression from that market.

For 2017, we forecast that market occupancy will stay flat, and ADR will increase by 4.0 percent to \$149.62. Revenue per available room is also expected to increase by 4.0 percent in 2017.

Costa Mesa									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	781,465	N/A	573,478	N/A	73.4%	\$113.19	N/A	\$ 83.06	N/A
2012	781,465	0.0%	578,812	0.9%	74.1	118.14	4.4%	87.51	5.3%
2013	781,465	0.0	625,565	8.1	80.1	121.33	2.7	97.13	11.0
2014	781,465	0.0	632,249	1.1	80.9	129.66	6.9	104.90	8.0
2015	781,465	0.0	629,010	-0.5	80.5	135.61	4.6	109.15	4.1
2016E	781,465	0.0	618,171	-1.7	79.1	143.86	6.1	113.80	4.3
2017F	781,465	0.0	618,171	0.0	79.1	149.62	4.0	118.35	4.0
CAAG	0.0%		1.3%			4.8%		6.1%	

Source: CBRE Hotels

NORTH ORANGE COUNTY

The North Orange County submarket follows the northern border of the county and includes the cities of Yorba Linda, Placentia, Brea, Fullerton, Buena Park, Cypress, Los Alamitos, and Seal Beach. Lodging demand is largely driven by the strong commercial sector in Yorba Linda, Brea, Cypress, Los Alamitos, and Seal Beach, while Fullerton generates demand through its numerous higher education campuses and Buena Park relies heavily on leisure business generated by Knott's Berry Farm.

Knott's Berry Farm revealed a multimillion dollar expansion in summer 2013 which included renovation of the west-side Boardwalk area, the addition of three new family style rides, and the renovation of one of the park's most popular rides. The new rides include the Coast Rider roller coaster, Surfside Glider aerial view ride, and the Pacific Scrambler spin ride. 2014 saw a refresh to the 1969 Timber Mountain log ride. The most recent update to the park was the opening of the Voyage to the Iron Reef interactive 4D ride. The ride, which opened in May of 2015, takes guests on a four minute interactive shooter ride fighting deep sea creatures that are tied into the park's actual 2013 renovation of the Boardwalk area. More recently, the theme park's wooden-coaster GhostRider attraction was renovated.

The North Orange County market has maintained an annual room count of 1,431,165 for the past several years. However, there are currently two hotels under construction: a 100-room Holiday Inn Express in Fullerton and a 102-room Hampton Inn & Suites in Buena Park. The North Orange County market is estimated to experience a minor 0.1 percent increase in annual rooms supply with the opening of the Holiday Inn Express in December 2016. Occupied rooms are anticipated to grow by 1.1 percent, resulting in a market occupancy of 78.8 percent. Average daily rate is expected to increase to \$113.09, up 4.5 percent from 2015. Combined, revenue per available room is expected to grow by 5.6 percent by year-end 2016 to \$89.17.

In 2017, we forecast continued growth in the North Orange County submarket. The July 2017 opening of the Hampton Inn & Suites is estimated to produce a 3.8 percent increase in annual rooms supply in 2017. At the same time, occupied room nights are estimated to increase by 1.5 percent, resulting in a slightly lower market occupancy of 77.1 percent in 2017. Average daily rate and revenue per available room is forecasted to increase by 3.0 percent and 0.7 percent, respectively.

North Orange County Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,431,165	N/A	999,479	N/A	69.8%	\$ 91.06	N/A	\$63.59	N/A
2012	1,431,165	0.0%	1,034,139	3.5%	72.3	93.58	2.8%	67.62	6.3%
2013	1,431,165	0.0	1,057,458	2.3	73.9	96.92	3.6	71.61	5.9
2014	1,431,165	0.0	1,086,121	2.7	75.9	102.10	5.3	77.49	8.2
2015	1,431,165	0.0	1,117,014	2.8	78.0	108.19	6.0	84.45	9.0
2016E	1,432,260	0.1	1,129,272	1.1	78.8	113.09	4.5	89.17	5.6
2017F	1,486,280	3.8	1,146,211	1.5	77.1	116.48	3.0	89.83	0.7
CAAG	0.0%		2.1%			3.7%		5.8%	

Source: CBRE Hotels

NEWPORT BEACH

Newport Beach is situated in southern Orange County between Huntington Beach to the north and Laguna Beach to the south. The city is approximately 50 miles southeasterly of Los Angeles and 85 miles northerly of San Diego. Newport Beach is approximately 40 square miles, of which 22 square miles is water. The city is acclaimed for its beaches, mild year-round weather, boating/yachting community, sophisticated atmosphere, international film festival, three annual epicurean festivals and the oldest holiday boat parade in the nation.

Nine district neighborhoods make up Newport Beach, each lending a unique culture, charm, natural beauty and history to the city. They are: Balboa Island and surrounding islands, Balboa Peninsula, Corona Del Mar, Mariner's Mile, Cannery Village, Back Bay, Airport/Business District, Fashion Island and Newport Coast/Crystal Cove.

Newport Beach is a leisure destination area, and relies heavily upon retail and leisure expenditures along with its strong commercial base. The community is home to 17 full-service resorts, hotels, boutique hotels and inns, accounting for more than 2,900 hotel rooms and 17,000 square feet of meeting space under a variety of branded and independent hotel flags. There are over 300 restaurants in Newport Beach. Development consists primarily of restaurant, and commercial uses including a concentration of marine oriented businesses. In addition, Newport Beach is a well-known shopping destination featuring Fashion Island, an outdoor mecca filled with over 200 specialty shops and chic boutiques, as well as quaint retail storefronts along Pacific Coast Highway.

The Newport Beach submarket is expected to experience a 0.8 percent decrease in occupied room nights. The slight decrease in demand can be attributed to rooms taken out of order at the Holiday Inn Express for renovations, as well as a general tapering of occupancy. Average daily rate is expected to increase by 1.6 percent, up to \$252.57 from \$248.62 in the previous year. The decrease in demand and increase in ADR is expected to produce a 0.7 percent increase in revenue per available room.

The Lido House Hotel development on the former City Hall site on Newport Beach broke ground in July 2016 and is anticipated to open in the fourth quarter of 2017. The opening of this hotel is expected to produce a 1.2 percent increase in annual rooms supply in 2017. We forecast the occupancy rate to remain at 78.6 percent; this reflects our belief that the market will stabilize near this rate. Average daily rate is estimated to grow by 2.5 percent, and revenue per available room is estimated to increase by 2.3 percent to \$203.40.

Newport Beach Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,046,090	N/A	739,029	N/A	70.6%	\$189.32	N/A	\$133.75	N/A
2012	1,046,090	0.0%	755,615	2.2%	72.2	205.48	8.5%	148.42	11.0%
2013	1,046,090	0.0	760,203	0.6	72.7	223.57	8.8	162.47	9.5
2014	1,046,090	0.0	791,465	4.1	75.7	240.14	7.4	181.69	11.8
2015	1,046,090	0.0	830,035	4.9	79.3	248.62	3.5	197.27	8.6
2016E	1,046,090	0.0	823,104	-0.8	78.7	252.57	1.6	198.74	0.7
2017F	1,058,135	1.2	831,335	1.0	78.6	258.89	2.5	203.40	2.3
CAAG	0.2%		2.0%			5.4%		7.2%	

Source: CBRE Hotels

COASTAL ORANGE COUNTY

The coastal area of Orange County includes: Huntington Beach and communities located south along the coast, including Newport Beach, Laguna Beach, Dana Point, Corona Del Mar, San Clemente and San Juan Capistrano. This area primarily caters to group and leisure travelers, but also captures a significant level of business travel.

Coastal Orange County is home to several hotels with some of the highest average daily rates in Southern California, including the Ritz-Carlton Laguna Niguel, the Montage Laguna Beach, and Pelican Hill Resort. In addition to the inflow of travelers visiting the area, investors have also taken interest in the high-quality hotels in the area. In 2016, the former St. Regis Monarch Beach deflagged as a St. Regis and Starwood Hotels-affiliated hotel and is now operating as the independent Monarch Beach Resort. During this conversion process, the property also completed a \$40 million renovation of the resort, upgrading the guestrooms, public spaces, five upgraded food and beverage outlets, and an expanded pool and pool bar. As part of the renovation, the 30,000-square-foot Miraval Life in Balance Spa was added to the property and features 24 treatment rooms and a full menu of spa and salon services.

The Coastal Orange County market experienced one hotel opening in 2016. The 250-room Paséa Hotel & Spa opened its doors in June 2016, introducing 250 rooms into the market. With the opening of the Paséa Hotel, annual rooms supply is projected to increase by 2.7 percent in 2016, and occupied room nights is projected to increase by 1.2 percent. Together, these changes produce a 0.7 percent increase in revenue per available room.

In 2017, supply is anticipated to experience further growth of 3.6 percent due to not only the annualized rooms of the Paséa Hotel, but also the 147-room expansion of the Waterfront Hilton in Huntington Beach. Occupied rooms are forecasted to grow by 2.0 percent to a market occupancy rate of 73.8 percent, and average daily rate is forecasted to grow by 3.0 percent, reaching \$306.23. Overall, revenue per available room is forecasted to grow by 1.4 percent to reach \$226.06 by year-end 2017.

Coastal Orange County Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,895,080	N/A	1,302,727	N/A	68.7%	\$235.46	N/A	\$161.86	N/A
2012	1,942,895	2.5%	1,389,630	6.7%	71.5	247.69	5.2%	177.16	9.4%
2013	1,946,910	0.2	1,398,514	0.6	71.8	264.46	6.8	189.97	7.2
2014	1,946,910	0.0	1,476,303	5.6	75.8	281.07	6.3	213.13	12.2
2015	1,946,910	0.0	1,482,047	0.4	76.1	290.63	3.4	221.23	3.8
2016E	2,000,139	2.7	1,499,137	1.2	75.0	297.31	2.3	222.84	0.7
2017F	2,071,375	3.6	1,529,119	2.0	73.8	306.23	3.0	226.06	1.4
CAAG	1.5%		2.7%			4.5%		5.7%	

Source: CBRE Hotels

COACHELLA VALLEY

Coachella Valley

EXECUTIVE SUMMARY

Situated in Riverside County, the Coachella Valley is a collection of resort communities including Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Desert Hot Springs, Indian Wells, La Quinta, Indio, and Coachella. Given the abundance of sunshine and its proximity to the Greater Los Angeles area, the Coachella Valley is a popular winter and weekend retreat for Southern California residents. With its large inventory of recreational facilities in the area, including 125 golf courses and over 600 tennis courts, the valley is also an established group destination. The Palm Springs valley, as it has been termed, has also become a known location for casinos, as supported by the 2004 openings of the Spa Resort Casino, the 310-room Casino Morongo in Cabazon, the 250-room Fantasy Springs Casino Hotel in Indio, and the 340-room Agua Caliente Hotel in Rancho Mirage, which opened in the spring of 2008 and added a state of the art entertainment venue in 2009.

The Coachella Valley occupies an area of approximately 600 square miles. The year-round climate averages 74 degrees, with average daytime temperatures of 89 degrees and nighttime temperatures dropping to an average of 60 degrees. A low average rainfall of approximately 5.5 inches per year ensures that the skies are sunny almost 350 days per year. While the climate attracts a large number of visitors during the winter months, the extreme hot weather conditions in the summer generally cause a significant decrease in economic activity and visitors during this period.

The Coachella Valley appeals to an essential base of business, the baby boomers, given their desire to retire in a place with good weather, a high quality of life, and many recreational opportunities. Yet over the past couple of years, millennials have increasingly looked to the Coachella Valley, for its burgeoning music festival scene, its summer pool parties, and its desert characteristics, as a weekend getaway. At the beginning of the decade, the Coachella Valley's economy continued experiencing difficult short term economic challenges mostly due to the lengthy recession impacting the U.S. and the hangover from the mortgage crisis that affected Southern California's residential markets. However, the valley's economy has recovered well in the post-recession environment, though occupancy levels are unlikely to hit pre-recession peaks in the near future. In 2015, the Coachella Valley's economy displayed positive indicators coming from the tourism, health care, agriculture, retail trade and housing industries, though hotel demand remained relatively stagnant compared to the previous year. With improving economic conditions forecast for the remainder of 2016 and for the coming years combined with new attractions and events in the Coachella Valley, as well as hundreds of millions of dollars of hotel improvements in recent years, prospects for the tourism industry appear bright.

Economic Indicators

As urban sprawl continued beyond the Inland Empire, residential development flourished in the Coachella Valley. However, the Coachella Valley economy was greatly impacted by the collapse of the housing and construction industries, which reflected national trends. By early 2011, the Valley's economy began to show some signs of recovery. This is especially true thanks to its role as a destination for national tourism, conventions, and off-season living, as well as its potential as a home to aging baby boomers looking to retire in a recreational mecca. Additionally, its agricultural production and medical care add to the economic diversity of the area. These trends carried over to the local hotel market and particularly the high-end hotel market, which began to rebound as pent-up leisure demand returned to the marketplace. The past couple of years have seen favorable economic conditions and with similar conditions forecast for the next year, new attractions and events in the

Coachella Valley, including the wildly popular Coachella Valley Music and Arts and Stagecoach festivals as well as the corresponding Desert Trip festival, geared at baby boomers, and hundreds of millions of dollars of hotel improvements as well as new hotels opening downtown. All signs point to continued growth in the Coachella Valley.

Employment

Due to the extreme seasonality, the Coachella Valley region experiences lower unemployment during the fall, winter, and spring months as there is an influx of seasonal and special event visitors. The highest unemployment rates are historically found during the summer months and then improve come September, when job gains occur in the education and government sectors.

Nationwide, the unemployment rate has dropped significantly since the recession. In 2014, the national unemployment rate was 5.6 percent, which is 1.5 points lower than the previous year. In 2015, the unemployment rate was at 5.0 percent, which is the lowest unemployment has been since 2008, at the beginning of the recession. About half of that decline was due to new job growth. By the end of 2015, California's statewide unemployment rate decreased to 5.7 percent down 1.4 percentage points from the previous year. The unemployment rate in Riverside County was at 6.0 percent at the end of 2015. The following table details the historical annual unemployment rate over the past two years, as well as the most current monthly figure.

Unemployment Rate Comparison			
Location	December 2014	December 2015	July 2016
Riverside County	7.1%	6.0%	7.1%
California	7.1	5.7	5.9
U.S.	5.6	5.0	4.9

Source: U.S. Bureau of Labor Statistics

Presented in the following table are unemployment statistics for each of the Coachella Valley's named communities, including year-end 2014 and 2015 unemployment rates, as well as data for July 2016, the most current data available.

Unemployment Rate Comparison			
City	December 2014	December 2015	July 2016
Cathedral City	6.7%	4.9%	5.8%
Coachella	12.6	9.3	11.0
Desert Hot Springs	9.8	7.2	8.5
Indian Wells	6.0	4.3	5.2
Indio	8.9	6.5	7.7
La Quinta	5.2	3.8	4.5
Palm Desert	5.9	4.3	5.1
Palm Springs	6.8	4.9	5.8
Rancho Mirage	7.0	5.1	6.0

Source: U.S. Bureau of Labor Statistics

The Coachella Valley was hit harder by the negative effects of the recession, with an estimated GDP decline that is significant by historical standards, when compared to most other regions in the Inland Empire. The sectors of employment that suffered the most were the industries with some of the highest salaries in the area, such as construction and financial services. This, coupled with the decline in government employment, created a near-perfect economic storm. The composition of the Coachella Valley economy, with its reliance on high paying manufacturing and construction jobs, which seemed to work in the Coachella Valley's favor prior to the recession, made the economic meltdown a tough

situation to recover from. Yet the region has recovered and growth is predicted to continue for the next few years. The region has recovered jobs by making gains in healthcare and education, although it has been unable to recover the construction jobs lost during the recession. The recent job growth has been significant, but the post-recession trade-off has been lower-paying healthcare jobs to account for the losses in the construction and manufacturing sectors. Nonetheless, local economists predict that the recovery in employment will help drive the real estate market subsequently incentivizing new construction and therefore construction jobs. The outlook for economic growth in the region is, therefore, quite positive.

Seasonality

The Coachella Valley exhibits a high degree of seasonality in demand. The length of each season is a function of weather and the timing of holidays. The high season occurs between January and April, when the weather is most desirable and the hotels exhibit the highest occupancies and rates. There is more travel by individuals rather than groups during this period. During the high season the number of special events and festivals that occur in the Coachella Valley typically result in occupancy levels in the 80 percent range and hotels often sell out during weekends given the large influx of weekend visitors from Southern California. Events such as the Coachella and Stagecoach Music Festivals and BNP Paribas Open tennis tournament attract hundreds of thousands of visitors to the Coachella Valley.

The shoulder seasons occur from May through June and from October through December. Since there are fewer individual travelers during this period, the hotels focus on attracting a higher proportion of group business. The low season occurs in the summer months of July, August, and September due to the increase in temperature. Individual travel during the low season outnumbers groups, which are reluctant to commit to room blocks during potentially intense heat periods, whereas individual travelers can opportunistically capitalize on low seasonal summer rates when fluctuations in the normally high season temperatures permit. The following table illustrates an estimate of the monthly occupancy and average room rates experienced by hotels in the Coachella Valley for the trailing twelve month period ended July 2016, and the monthly and the year-over-year RevPAR (revenue per available room) change from the prior year.

Coachella Valley Monthly Hotel Trends*				
Trailing 12 Month as of July 2016				
	Occupancy	Average Daily Rate	RevPAR	RevPAR YOY Change
August 2015	44.1%	\$112.92	\$49.80	-11.7%
September 2015	50.8	131.38	66.68	17.8
October 2015	58.0	154.62	89.65	9.7
November 2015	60.6	106.77	64.69	-18.5
December 2015	53.9	149.99	80.80	-4.4
January 2016	66.6	181.01	120.63	4.3
February 2016	73.0	200.90	146.59	4.7
March 2016	83.5	239.03	199.59	7.3
April 2016	71.3	264.92	188.88	4.8
May 2016	62.6	170.98	107.03	4.5
June 2016	52.5	128.96	67.70	5.2
July 2016	56.6	120.64	68.28	11.1
Annual	53.6%	\$160.99	\$100.75	2.7%

*Based on sampling of Coachella Valley hotels totaling approximately 7,800 rooms
Source: CBRE Hotels

Palm Springs International Airport

Palm Springs International Airport (PSP) is the only commercial airport in the Coachella Valley. It is considered to be a potential positive growth factor as it works to meet the challenge of a potentially expanding convention market and tourism-based economy. However, the airport inhibits growth in the Valley as frequency is reduced during the summer to match demand, which poses a challenge for a destination that would like to reach beyond Southern California as a feeder market. The airport also lacks direct service to many major markets. While the airport offers direct flights to the Mid-West, West Coast, and Canada, direct service to the East Coast is limited, though JetBlue recently added a nonstop flight to New York City. Furthermore, airfares are relatively expensive, putting Palm Springs at a disadvantage in terms of attracting national groups relative to competing destinations, such as Phoenix, Scottsdale, and Tucson.

Presented in the following table are air passenger counts for the years 2002 through 2015, and year-to-date through July 2016. The CAAG (compound average annual growth) for the period was 4.6 percent. Passenger counts reached a pre-recession high of approximately 1.6 million persons in 2007 as the airport experienced record usage by both tourists and area residents. However, in 2008 travel began to wane and this downward trend continued throughout 2009 with passenger traffic declining to a four-year low of approximately 1.5 million passengers. Over the past few years, air travel has been on the upswing again, with year-over-year growth experienced in each of the last five years, with the exception of 2015, which is primarily due to 2014 being a historic year in terms of total passengers.

Palm Springs International Airport Annual Passenger Traffic		
Year	Total Passengers	Percent Change
2002	1,110,118	N/A
2003	1,246,842	12.3%
2004	1,367,804	9.7
2005	1,419,087	3.7
2006	1,529,005	7.7
2007	1,610,943	5.4
2008	1,542,924	-4.2
2009	1,465,751	-5.0
2010	1,495,167	2.0
2011	1,511,150	1.1
2012	1,727,122	14.3
2013	1,752,180	1.5
2014	1,914,402	9.3
2015	1,888,657	-1.3
CAGR	4.6%	-
YTD 07/15	1,250,273	N/A
YTD 07/16	1,287,914	3.0%

Source: Palm Springs International Airport

Year-to-date figures through July 2016 show an increase of 3.0 percent in enplaned and deplaned passengers over the same period last year. 2016 is on pace to outperform relative to 2015 figures. Additionally, the CVB is also exploring funding options for further air service subsidies to address off-season and shoulder season airlift capacity, including the recent addition of non-stop JetBlue flights to New York City.

Convention Activity

As previously mentioned, the Coachella Valley is primarily a tourism-based economy, which generates most of its group demand from self-contained resorts with meeting space and the Palm Springs Convention Center located in Downtown Palm Springs. In 2000, it was determined that the Palm Springs Convention Center was too small to remain competitive with other regional convention centers. To address this issue, the Palm Springs City Council approved the increase of transient occupancy tax for local hotels in order to subsidize the 100,000 square foot expansion of the existing center. In September 2005 the center's expansion was completed allowing it to accommodate approximately 60 percent more groups, although demand did not materialize as projected, in the immediate term.

Booking numbers in 2009 and 2010 were historically low for the Convention Center but as business began to return to more normalized levels in 2011, the Convention Center, Palm Springs, and neighboring cities within the Coachella Valley began to benefit. According to the most recent data provided by the CVB in the Palm Springs Convention Center Bookings Calendar report, group business continues to rebound, with approximately 66,000 room nights for 2014, compared with approximately 52,000 room nights actualized in 2013, which represents a 22.8 percent increase. 2015 seems to have been solid as the CVB's booking pace for 2015 exceeded its target goal by 7.0 percent.

Palm Springs Convention Center Historical Convention Center Bookings					
Year	Number of Events	Room Nights Consumed	Percent Change	Average Room Nights per Bookings	Total Attendance
2008	134	48,597	-19.3%	363	124,555
2009	112	46,701	-3.9	417	91,988
2010	82	39,281	-15.9	479	102,270
2011	101	56,920	44.9	564	129,350
2012	91	53,743	-0.1	591	146,264
2013	100	52,129	-8.4	521	120,578
2014	102	65,994	22.8	N/A	130,460

Source: Palm Springs Convention Center

The following table shows the total future room nights booked in the Coachella Valley by the Greater Palm Springs CVB for years 2015 through 2022. It should be noted that this includes convention groups, as well as self-contained meetings booked by CBS sales staff to be held at member hotels. While 2015 outpaced its target goals, CVB executives are also confident that 2016 and 2017 are shaping up to be extremely strong years from a group booking standpoint, which bodes well for the whole valley.

Palm Springs Convention & Visitors Bureau Future Bookings as of November 2015					
Year	Number of Events	Definite Room Nights Booked	Average Room Nights per Booking	Room Night Target Pace	Pace Percentage
2015	264	182,294	690	175,547	104%
2016	179	136,845	764	144,999	94
2017	69	88,376	1,280	88,584	100
2018	32	54,837	1,713	49,938	110
2019	14	28,384	2,027	29,266	97
2020	7	11,436	1,633	15,360	74
2021	4	8,328	2,082	5,938	140
2022	1	1,900	1,900	3,254	58

Source: Greater Palm Springs Convention & Visitors Bureau

Transient Occupancy Tax Trends

Below is a snapshot of the transient occupancy tax collected from each city in the Coachella Valley from 2006 through 2015, for fiscal years ending June 30; the most recent comprehensive data available. According to the most recent data available, transient occupancy collections increased in all cities in the Coachella Valley communities in 2014/2015. According to the Greater Palm Springs CVB and the City of Palm Springs (the largest municipal generator of TOT in the Coachella Valley) Finance Department, business and tourism grew overall every month in fiscal year 2014/2015. City officials attribute the success both to improving market conditions and to the more than \$200 million reinvestment in hotel stock by hotel owners, resulting in newer, and more refreshed hotel product. The following table shows that although Indio has shown the most growth during this ten-year period on a CAAG basis, Palm Springs contributes approximately 39.1 percent of the TOT for the entire valley. According to the City of Palm Springs (the largest municipal generator of TOT in the Coachella Valley) Finance Department, significant growth has been experienced in each fiscal year since 2011. City officials attribute the success to the addition of new hotel supply and a successful international and domestic marketing strategy.

Coachella Valley Transient Occupancy Tax (Amounts in \$000)												
City	Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	CAAG
Cathedral City	12.00%	\$1,426	\$1,575	\$1,632	\$1,150	\$1,023	\$999	\$1,136	\$1,114	\$1,350	\$1,447	0.1%
Desert Hot Springs	10.00	905	969	984	934	892	1,090	1,089	1,221	1,314	1,352	4.1
Indian Wells	11.25*	5,353	5,940	5,874	4,805	4,294	4,802	5,690	6,342	6,329	6,407	1.8
Indio	10.00	1,331	1,818	2,070	1,941	1,845	1,945	2,547	2,820	3,078	3,860	11.2
La Quinta	11.00	5,437	5,448	5,327	4,481	4,265	4,738	5,447	5,981	6,286	6,615	2.0
Palm Desert	9.00	8,133	8,620	8,603	7,030	6,848	7,422	8,085	9,189	10,049	10,752	2.8
Palm Springs	12.50	14,683	14,521	13,924	12,753	13,371	15,731	17,874	19,396	22,344	24,487	5.2
Rancho Mirage	10.00	5,775	5,177	5,157	4,634	3,893	4,302	4,291	5,607	5,241	7,783	3.0
Total		\$43,043	\$44,068	\$43,571	\$37,728	\$36,431	\$41,029	\$46,159	\$51,670	\$58,005	\$62,703	3.8%

*During FY 2011/12, the TOT rate increased from 9.25% to 11.25%.

Source: Dean Runyan Associates Inc., City Annual Financial Reports

The desert has historically focused on capturing its transient base and maintaining its group market. As challenges presented themselves during a slowing economy, incentive groups and other corporate business significantly decreased with groups shortening their length of stay and traveling alone without their family. However, these trends began to reverse themselves in recent years and all indications are that the worst is behind the Valley. As such, tourism leaders in the valley are optimistic regarding future trends, as they believe travel is inherently tied to the economy and housing market. It is worth noting that the historical TOT data in the previous table presents an accurate picture of increasing room revenues throughout the Coachella Valley's primary cities.

Tourism Activity

With regards to tourism, the number of visitors to the Coachella Valley has risen as tourism in California, in general, increases as well. It is expected that the number of both foreign and domestic tourists will increase steadily in the coming years. The housing market will have to continue to grow in order to accommodate population growth both in Riverside County and the Coachella Valley. This should generate increased activity in the construction and finance industries, specifically. Economists are optimistic that this uptick will continue well into 2017. It is believed that government employment has stabilized, albeit at a lower level than during the boom years, as tax receipts recover. The positive from the depressed levels of economic activity over the recession years is that there has been more diversity in job creation as healthcare and professional business services in the Coachella Valley area have grown, which should make the region less susceptible to the extreme swings experienced over the last decade.

According to recent estimates detailed in the Coachella Valley economic partnership's report, the Coachella Valley experienced growth in jobs and revenues in 2015, driven primarily by gains in the tourism sector, healthcare, and construction sector as well as the continued strength of the residential market. Unsurprisingly, the tourism sector represented the largest sector of the local economy in 2015. Housing prices have increased: as the July 2015 median home price was up 1.5 percent from the same time in 2014, and sales of existing single family homes was up 2.0 percent from 2014. As the Inland Empire as a whole continues to outpace the rest of California, in terms of job creation, growth in the Coachella Valley should continue, especially in regions with land available for development.

Hotel Market Analysis

While the past economic crisis undoubtedly took its toll on the Coachella Valley, as it did on much of the United States, by all accounts the industry has turned the corner. With a steady, but slow overall recovery, the Valley's main industries of tourism, retail sales, and agriculture are helping to maintain steady growth. Increased visitation from Canadian tourists and more recently, an increase in visitors from the greater New York area due to new direct air service has only furthered these positive trends. Further, the Coachella Valley still appeals to its essential base of business, the baby boomers, given their desire to retire in a place with good weather, a high quality of life, and many recreational opportunities. This coupled with the growing base of millennial travelers that see the valley as a desert getaway with a unique history and an artistic vibe, has helped to raise area demand levels. Furthermore, demand from the leisure and group segments have continued to exhibit growth. It is our opinion that Coachella Valley's reputation as an established resort location will allow the destination to continue to grow as the economy continues its upward path, albeit at a much slower rate as general economic trends suggest. Though, given the attractiveness of the Coachella Valley to leisure travelers and the Valley's proximity to the Los Angeles Basin and more than 20 million residents, it's well positioned to continue to be a preferred leisure destination.

While there are over five million annual room nights available in the overall Coachella Valley, the following analysis represents the sum of the selected hotels in our submarkets that we believe best represent the overall lodging market. Our representative sample set comprises approximately 75.0 percent of the total room nights in this market. The historical and estimated performance of our sampling of the overall Coachella Valley lodging market is presented in the following table.

Coachella Valley Market									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	3,672,054	N/A	2,009,851	N/A	54.7%	\$136.09	N/A	\$ 74.48	N/A
2012	3,698,629	0.7%	2,107,203	4.8%	57.0	142.28	4.6%	81.06	8.8%
2013	3,703,079	0.1	2,130,949	1.1	57.5	150.98	6.1	86.88	7.2
2014	3,748,659	1.2	2,234,847	4.9	59.6	161.90	7.2	96.52	11.1
2015	3,756,945	0.2	2,236,370	0.1	59.5	164.99	1.9	98.22	1.8
2016E	3,756,945	0.0	2,339,223	4.6	62.3	172.86	4.8	107.63	9.6
2017F	3,866,080	2.9	2,402,204	2.7	62.1	178.25	3.1	110.75	2.9
CAAG	0.9%		3.0%			4.6%		6.8%	

Source: CBRE Hotels

For our representative sample in 2016, with no additions to supply this year we estimate an increase in occupied rooms of 4.6 percent resulting in an occupancy of 62.3 percent, while average daily rate (ADR) is estimated to increase by 4.8 percent to \$172.86. As a result, RevPAR is expected to increase by 9.6 percent to \$107.63. In 2017, we anticipate that leisure and group travel will continue to show improvement. Annual supply within the market is anticipated to increase by 2.9 percent in 2017 with the February 2017 opening of the Hotel Palomar in downtown Palm Springs, the anticipated February 2017 opening of the Fairfield Inn and Suites Palm Desert, and the October 2017 opening of the Autograph Collection El Paseo Hotel in Palm Desert. As such, we have projected growth in demand of 2.7 percent and a 3.1 percent increase in ADR, resulting in year-end occupancy of 62.1 percent at an ADR of \$178.25. As a result, RevPAR is projected to increase to \$110.75 in 2017, an increase of 2.9 percent.

Additions to Supply

Based on our research and findings the table below details the new hotels that have been included in this year's edition of our Southern California Lodging Forecast located within the Coachella Valley market.

Lodging Forecast - Additions to Supply				
Hotel Name	City	Submarket	Room Count	Opening Date
Kimpton Palomar Hotel	Palm Springs	Palm Springs/Cathedral City	155	February 2017
Fairfield Inn and Suites	Palm Desert	Down Valley Select-Service Hotels	108	February 2017
El Paseo Hotel	Palm Desert	Down Valley Select-Service Hotels	152	October 2017

Source: CBRE Hotels

INDIVIDUAL MARKET ANALYSIS

Similar to our forecast last year, we have considered all properties located in Palm Springs, Cathedral City, Palm Desert, Rancho Mirage, La Quinta, Indian Wells, Desert Hot Springs, Indio, and Coachella and then categorized them into three defining submarkets, in an effort to make the data more meaningful. Due to extreme seasonality and some of the large events such as the Coachella Music Festival and the BNP Paribas Open, most hotels, across the three markets, will compete with each other at some point during the year. However, based on our analysis of market trends, the Coachella Valley hotel market has been divided into three main areas: Palm Springs/Cathedral City, Down Valley Resorts, and Down Valley Limited and Select-Service Hotels.

PALM SPRINGS/CATHEDRAL CITY

Palm Springs

According to the California Department of Finance, the 2015 population of Palm Springs was estimated to be over 46,600 people. Permanent resident population in Palm Springs has grown 15.0 percent since 1990. In addition to the permanent population, another 29,000 to 32,000 people live in the city on a part-time basis, bringing the total population to more than 80,000 residents at various times of the year. Approximately two and a half to three million tourists that stay in hotels visit the Coachella Valley annually and it is estimated that a third of these tourists stay in hotels in the City of Palm Springs.

Palm Springs has many attributes that enhance the reputation of the valley, including the international airport, the village center, the convention center, upscale hotels and resorts, the Desert Museum, and a picturesque setting and climate. But in order to maintain this reputation and sell the Valley as a resort destination, the city has begun to take steps to revitalize downtown. This desert submarket had been affected by the economic downturn in previous years, followed by a slow convention pace and a demand shift toward the down-valley areas. Conversely in the past couple years; Palm Springs has seen growth, given the number of retail developments in planning and ongoing expansion of the tourism industry. In addition, Palm Springs remains the most popular city within the Coachella Valley. With extensive hotel construction underway and the development of mixed-use projects, it is apparent the city is taking steps to transform itself into an entertainment, cultural, and lifestyle destination. The city is also realizing that the expanded convention center has potential to attract larger, more upscale groups; the convention center has seen significant expansion in booking numbers. Therefore, there is a continuing need for more sophisticated guestrooms and facilities.

Additionally, since the 1920's Palm Springs has been Hollywood's desert playground for celebrities looking to relax and escape the hustle of showbiz. The legendary "Two-Hour Rule" of Hollywood studios, which mandated that actors be within two-hours from the studio in case of last minute film shoots, helped put Palm Springs on the map as a Hollywood getaway. The connection with Hollywood has remained and continues to add to the lure and glamor of Palm Springs as a luxury destination. As a result, a new generation of Hollywood A-listers has succumbed to the lure of the desert and the relaxing privacy it offers. Palm Springs is being rediscovered by today's Hollywood stars, especially during the Palm Springs International Film Festival held annually in January.

Palm Springs is beginning to see the results of city-wide improvement from Measure J funding, which is a voter-approved local revenue measure that maintains local community services and continues to economically revitalize downtown Palm Springs. The voters approved a 1.0 percent sales and use tax increase for the next 25 years, which is anticipated to generate \$200 million to be spent to enhance neighborhood services and safety, reinvesting in streets and parks, and specifically to earmark \$43 million, which was for the demolition of the 44-year-old Desert Fashion Plaza and the creation of a new retail and entertainment center, a partnership between the City and developer John Wessman. In addition to redeveloping the mall property, Measure J money will continue to go toward city capital projects such as street repairs, park improvements and other infrastructure needs. The first phase of the Desert Fashion Plaza project began at the end of 2014. Block C of this redevelopment will include a Kimpton Hotel, the Palomar, developed by a partnership of Mr. Wessman and Kimpton Hotels and Restaurants, that will open in February of 2017. With extensive hotel renovations and the development of mixed-use projects, the city has taken steps to transform itself into an entertainment, cultural, and lifestyle destination, making it well positioned to attract larger, more upscale groups in upcoming years.

Cathedral City

Cathedral City is Coachella Valley's second largest city by population and is the estimated home to more than 54,000 residents. It ranks in the top three cities in the Coachella Valley in terms of retail sales and total taxable sales, and serves as a destination of pleasant neighborhoods, championship golf courses, country clubs, diverse shopping, and business potential. In addition, the city boasts a diverse and affordable real estate market.

Incorporated in 1981, Cathedral City is dedicated to providing a quality lifestyle and business climate for the current and future residents and visitors. Strategically located, with borders on both sides of Interstate 10, Cathedral City provides opportunity for expanding and relocating businesses. In recent years, Cathedral City has undergone major changes that have also affected other cities in the region. Population has grown, once-rural roads have become busy commercial corridors, and business activity has shifted from older centers to shopping plazas and malls in scattered locations. Through a public workshop process, the community resolved to revitalize the city's social and physical center. Cathedral City has committed itself to creating a unique, high quality downtown that is the heart of the city's community pride and identity, bringing with it expanded opportunities for employment, housing, business and entertainment.

The revitalization strategy of Cathedral City's city center will continue to focus on the site of the historic downtown area in an effort to bring value and cache to this disinvested commercial strip. The master plan includes both public and private investment to reorganize East Palm Canyon Drive into a "Grand Boulevard" with frontage to include a broad promenade for outdoor cafes, storefronts, and a protected, slow-traffic lane with angled parking. Downtown Cathedral City will ultimately consist of a centrally located Downtown Core flanked by mixed-use commercial districts to the south, east, and west. The Downtown Core will consist of a tight cluster of commercial, entertainment and mixed-use buildings. Design guidelines for the area will ensure the addition of lush landscaping including flowers, arbors, colonnades, and window boxes. The new Downtown Core began to emerge as the focal destination of the Boulevard with the development of the Desert IMAX Theater and the Mary Pickford Theater, both of which are linked together by the new Civic Center. Furthermore, the ultra-modern Cathedral City Public Library provides a host of exhibits, historical collections, art, computer services and books from around the world. Cathedral City is home to four parks, which offer a variety of fun-filled activities for the whole family. Other attractions in Cathedral City include the 28-acre Big League Dreams Sports Park, the public Cimarrón Golf Resort, and antique and consignment shops along Perez Road.

Hotel Renovations, Changes in Ownership, and Proposed Development

According to the Convention and Visitors Bureau, more than \$2 billion has been invested in the hospitality industry since 2007, as several hotels renovated or expanding their properties, complimenting the area's repositioning. For instance, the Wyndham Hotel, previously owned by Highland Hospitality as of mid-2005, was purchased in 2007 by JER Partners. This property's success was inherently linked to the convention center and as a result, the city had a vested interest in ensuring its quality level. The city contributed several million dollars towards the Product Improvement Plan that was completed at the end of 2010. The approximately \$25 million renovation to the property included the exterior and interior areas, including a new curb side front, fountain, Porte cochere, and re-designed lobby into Marriott's "great room." The renovation also included the refurbishment of all meeting space, sleeping rooms and the pool area. Following the renovation the property was converted from a Wyndham Hotel to the Renaissance Palm Springs.

In 2012, the Hilton Palm Springs began an \$11 million renovation that was completed in January 2013. The renovation included improvements to the guestrooms and suites, lobby, meeting space, and the Terrace Restaurant in January 2013. As part of its renovation, standard guestrooms at the Hilton Palm Springs were converted to presidential suites, bringing the room count from 261 down to 257.

The Hard Rock Hotel Palm Springs, formerly the Hotel Zoso, closed in July of 2013 to complete a multimillion dollar renovation and reopened in October 2013, introducing 163 guestrooms to the market. This hotel features 20,500 square feet of meeting space, a VIP rock star suite, gym facility, spa, retail shop, a restaurant and "local hotspot lobby bar." True to Hard Rock's musical roots, music and pop culture lovers are treated to music memorabilia lining the hotel walls from local and global icons, and builds upon the area's rich music traditions like the Coachella and Stagecoach music festivals.

The Triada Palm Springs, a Marriott Autograph Collection hotel, opened November 1, 2014. Located in the Movie Colony area, this 56-room property is the completion of a renovation that began prior to the economic downturn. This Spanish-style hotel features the Illuminara Restaurant & Lounge, a spa with four treatment rooms, and an outdoor heated pool.

2016 saw the opening of the 25-room Arrive Hotel and Restaurant in the north end of the Uptown Design District proximate to the subject hotel. The owner, Ezra Callahan, is a tech entrepreneur and the sixth employee of Facebook who is now investing in the desert oasis; the hotel is driven by the restaurant and focuses on attracting local guests to the food and beverage concept. Additionally, the L'Horizon Hotel underwent a significant renovation and opened as a hotel this year.

Other notable hotel updates in the area included the conversion of the Holiday Inn Palm Springs to the Saguaro Palm Springs. In September 2011, Sydell Group acquired the 229-room Holiday Inn Palm Springs for approximately \$10.2 million. The hotel was closed upon acquisition and an approximately \$10.0 million renovation was completed to reposition the hotel as the 245-room Saguaro Palm Springs. Saguaro was one of Joie de Vivre Hospitality's (JDV) boutique brands that began making its way to the United States in 2011, with the first opening happening in Scottsdale, Arizona. The hotel recently left the JDV brand to be managed by Sydell group earlier this year. The 285-room Doral Desert Princess Resort recently completed a renovation and was rebranded as the Doubletree Cathedral City in December 2015. The recently repositioned Riviera Hotel converted to a Starwood property in 2016, being rebranded into Starwood's Tribute portfolio. Finally, the 229-room Spa Casino Hotel was recently closed and has been demolished. A new hotel is planned just north of the existing hotel, but no details or timelines have been announced.

We are aware of one major hotel development that will open in Palm Springs in 2017 after being in the development stage for some time. The following paragraph details the project that is anticipated to offer competition to the already existing hotels in the Palm Springs and Cathedral City market.

The Palomar Palm Springs will be the first new-build, full-service hotel in Palm Springs in decades. The 155-room Palomar Hotel by Kimpton will be developed as part of the Desert Fashion Plaza redevelopment and is anticipated to open February 2017. The Palomar will feature a lively rooftop bar and pool, a chef-driven, destination restaurant and more than 24,000 square feet of total event and meeting space. Benefiting from an estimated \$43 million dollar in subsidies provided to the overall Plaza redevelopment by Measure J, the lifestyle hotel is being constructed as part of a larger

13.2-acre development spanning mostly the area south of the Hyatt Regency on Palm Canyon Drive down to Tahquitz Canyon Way that will also include retail, restaurants, and office space.

Hotel Market Analysis

In 2015, available rooms decreased by approximately 2.0 percent due to the Spa Casino Hotel closure. Occupied rooms decreased by 5.2 percent and average daily rate increased by 3.1 percent in 2015, resulting in an occupancy of 56.4 percent, ADR of \$145.95 and a RevPAR of \$82.27. In 2016, occupied rooms are estimated to increase by 5.7 percent, making up for the drop in 2015, and ADR is estimated to increase by 5.7 percent, which would bring the occupancy at year-end to 59.6 percent and the ADR to \$154.33. In 2017, available rooms are projected to increase by 4.4 percent due to the Kimpton Hotel Palomar entering the market in early 2017. Occupied rooms are projected to increase by 3.0 percent, as not all the additional supply will initially be absorbed, and average daily rate is projected to increase by 4.0 percent in 2017, which will result in an occupancy of 58.8 percent, ADR of \$160.51 and a RevPAR of \$94.37.

Palm Springs & Cathedral City Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,216,545	N/A	649,758	N/A	53.4%	\$126.06	N/A	\$67.33	N/A
2012	1,219,465	0.2%	652,151	0.4%	53.5	133.78	6.1%	71.54	6.3%
2013	1,220,195	0.1	667,907	2.4	54.7	133.92	0.1	73.30	2.5
2014	1,200,850	-1.6	699,470	4.7	58.2	141.55	5.7	82.45	12.5
2015	1,176,395	-2.0	663,108	-5.2	56.4	145.95	3.1	82.27	-0.2
2016E	1,176,395	0.0	701,139	5.7	59.6	154.33	5.7	91.98	11.8
2017F	1,228,225	4.4	722,174	3.0	58.8	160.51	4.0	94.37	2.6
CAAG	0.2%		1.8%			4.1%		5.8%	

Source: CBRE Hotels

DOWN VALLEY: RESORTS

The Down Valley resorts in the Coachella Valley are located in the upscale cities of Rancho Mirage, Palm Desert, Indian Wells and La Quinta. The Two Bunch Palms Resort & Spa is considered part of this submarket; however it is located outside of the designated resort area in the city of Desert Hot Springs.

With the exception of Desert Hot Springs, the above mentioned cities represent the more exclusive communities within the Coachella Valley. Palm Desert is the retail center of the valley, featuring over 1,000 retail establishments in more than 14 shopping districts including the area's only regional mall, the Palm Desert Town Center and El Paseo, an upscale boulevard of fine clothing shops. Rancho Mirage is home to The River, a \$50 million retail, dining, and entertainment development located on Highway 111 in the heart of Rancho Mirage. Significant leisure demand is generated from these retail facilities, as well as from the numerous recreational amenities in the area, such as golf, tennis, and spa facilities.

The cities of Indian Wells and La Quinta consist largely of residential neighborhoods. Hotels in these communities are primarily self-contained resorts catering to groups, and to a lesser extent, transient leisure business. Development in the Coachella Valley continues moving eastward as further commercial, residential, and mixed-use projects proceed. As this trend continues, the economy will further strengthen in the cities of Indian Wells and La Quinta. La Quinta's crown jewels continue to be La Quinta Resort and the SilverRock golf course.

The down valley resorts benefited from the record number of fans (an upwards attendance of 457,000) who attended the BNP Paribas Open tennis tournament in 2015, and while the attendance numbers for 2016 were slightly below these record levels at 438,000, the Open continues to be a significant draw. A major expansion of the Indian Wells Tennis Garden (IWTG) in 2013/2014 included the addition of 8,000 permanent seats, three fine-dining restaurants and new concession, exhibition and parking spaces. The IWTG is home to the world's second-largest tennis stadium. In July 2014, the United States Tennis Association announced that the facility received the featured facility of the year award. In 2016, approximately 594,000 people attended the Coachella Valley Music and Arts Festival, and more than 210,000 attended the Stagecoach Country Music Festival for 2015, which are held on the Indio polo fields. In 2016, the council approved raising the total number of Coachella attendees to 750,000 for future festivals. In May 2016, Goldenvoice announced plans for a megafest to take place over two weekends in October at the Empire Polo Grounds, entitled Desert Trip. The festival was intended to attract an older demographic by featuring six of the most famous rock n' roll performers as headliners including The Rolling Stones, Bob Dylan, and Paul McCartney. The festival is anticipated to have attracted approximately 90,000 attendees per day by capitalizing on the baby boomer population that resides in the Coachella Valley and throughout Southern California, as well as attracting nationwide visitors. Additionally, the festival is helping to boost tourism numbers by bringing significant demand outside of the spring concert season window to the shoulder season.

Hotel Renovations, Changes in Ownership, and Proposed Development

The Ritz-Carlton Rancho Mirage recently opened its doors in May of 2014. The former Lodge at Rancho Mirage closed its 240 rooms in 2006 before commencing a major renovation. However, when the project's primary lender and equity partner, Lehman Brothers, filed for bankruptcy in September 2008 the project was put on hold indefinitely. In 2010, Rancho California Investments purchased the property, but was unable to move forward with the planned development. The conversion was finally completed, and the resort reopened in early May 2014.

The JW Marriott Desert Springs Resort & Spa completed a \$36 million renovation of its 884 guestrooms and suites, guestroom corridors, and meeting space, in 2013. The resort also added three new restaurants: Fisherman's Landing, Rockwood Grill, and the Bluestar Lounge. The renovation also included both the Palm and Valley golf courses.

In 2008, the Hyatt Grand Champions Resort and Spa added the Lantana restaurant and 24 luxury villas, which increased the hotel's room count to 530. In 2011, the Hyatt Grand Champions began a \$3 million renovation project which included its penthouse suites, the Agave Sunset Lounge, the hotel lobby and front desk area. The second phase of the lobby renovation and the guestroom corridors was completed in 2012, and the restaurant and bar patios were completed in 2013. In order to complete these renovations, without negatively impacting the guest experience, the hotel closed for three to four weeks each summer. In August of 2012, the hotel was renamed the Hyatt Regency Indian Wells Resort & Spa. The La Quinta Resort and Club completed a renovation of its guest rooms in 2014.

Hotel Market Analysis

In 2015, the market finished the year with a 3.1 percent increase in occupied rooms. ADR increased 1.0 percent to \$208.71 in 2015, as these larger hotels focused on maintaining occupancy levels in the face of increased levels of supply and lower demand levels in the valley as a whole. Revenue per available room (RevPAR) finished the year at \$122.88, an increase of 2.0 percent. For 2016, available rooms are estimated to remain flat with no additions to the market, with an increase in

occupied rooms of 5.0 percent, resulting in occupancy of 61.8 percent for the year. ADR is estimated to further increase 4.1 percent to \$217.19, which will result in RevPAR of \$134.29, an increase of 9.3 percent. For 2017, we forecast occupied rooms to increase by 2.0 percent resulting in an occupancy of 63.1 percent as well as a 3.0 percent growth in ADR, resulting in a year-end average daily rate of \$223.71.

Down Valley Resorts Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,525,489	N/A	847,550	N/A	55.6%	\$167.55	N/A	\$ 93.09	N/A
2012	1,549,144	1.6%	887,595	4.7%	57.3	174.93	4.4%	100.23	7.7%
2013	1,552,864	0.2	894,642	0.8	57.6	192.95	10.3	111.16	10.9
2014	1,624,085	4.6	947,160	5.9	58.3	206.62	7.1	120.50	8.4
2015	1,658,925	2.1	976,689	3.1	58.9	208.71	1.0	122.88	2.0
2016E	1,658,925	0.0	1,025,730	5.0	61.8	217.19	4.1	134.29	9.3
2017F	1,658,925	0.0	1,046,245	2.0	63.1	223.71	3.0	141.09	5.1
CAAG	1.4%		3.6%			4.9%		7.2%	

Source: CBRE Hotels

DOWN VALLEY: LIMITED AND SELECT-SERVICE HOTELS

Down Valley features an array of limited and select-service hotels, ranging in product from Motel 6 to Courtyard by Marriott. This submarket also includes smaller independently operated budget hotels. The hotels included in this submarket are located within all down valley cities, specifically in Indio, Coachella and Desert Hot Springs, as well as Palm Desert and Rancho Mirage.

The cities of Indio and Coachella are located both to the north and south of Highway 111 in Coachella Valley, and hotels in this sub-market are largely smaller motels catering to transient leisure demand traveling to the Coachella Valley or to the Joshua Tree National Park. Desert Hot Springs is a unique city of spas and resorts located 110 miles east of Los Angeles nestled in the foothills of the San Bernardino Mountains and Joshua Tree National Park, overlooking Palm Springs and the down valley cities. Desert Hot Springs is built over one of the world's finest natural hot mineral water aquifers.

Hotel Renovations, Changes in Ownership, and Proposed Development

The Fairfield Inn in Palm Desert caught fire and closed its doors in April 2014, and plans to re-open as a Springhill Suites are in place. An 89-room Holiday Inn Express opened in March 2014 and is located at 84054 Indio Springs Drive in Indio near the Fantasy Springs Resort Casino. Additionally a new El Paseo Hotel is slated to open in October 2017 with amended plans for a three story, 152 room boutique hotel approved in June of 2015 to located on Larkspur Lane. The \$36 million hotel will fall under the Marriott Autograph Collection and will be well-positioned to take advantage of area demand generators including the high-priced El Paseo shopping district and add to amenities in the region. Finally, a 108-room Fairfield Inn and Suites in Palm Desert is expected to open in February of 2017.

Hotel Market Analysis

In 2015, the market finished the year with a 1.4 percent increase in occupied room nights, resulting in occupancy of 64.7 percent. ADR finished the year at \$114.59, a 0.4 percent increase over 2014. For 2016, we estimate that occupied room nights and ADR will increase by 2.6 percent and 4.6 percent, respectively, resulting in an occupancy of 66.4 percent at a \$119.81 average rate. As a result,

RevPAR is estimated to increase by 7.3 percent to \$79.61 in 2016. In 2017, we forecast annual supply to increase by 6.2 percent with the opening of the Fairfield Inn and the El Paseo Hotel, while occupied rooms will increase by 3.5 percent resulting in a drop in occupancy to 64.7 percent. We project ADR to grow by 3.0 percent resulting in an ADR of \$123.40 and a RevPAR of \$79.90.

Down Valley Limited and Focused-Service Hotels Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	930,020	N/A	512,543	N/A	55.1%	\$ 96.77	N/A	\$53.33	N/A
2012	930,020	0.0%	567,457	10.7%	61.0	100.99	4.4%	61.62	15.5%
2013	930,020	0.0	568,399	0.2	61.1	104.97	3.9	64.15	4.1
2014	923,724	-0.7	588,216	3.5	63.7	114.08	8.7	72.65	13.2
2015	921,625	-0.2	596,573	1.4	64.7	114.59	0.4	74.17	2.1
2016E	921,625	0.0	612,353	2.6	66.4	119.81	4.6	79.61	7.3
2017F	978,930	6.2	633,786	3.5	64.7	123.40	3.0	79.90	0.4
CAAG	0.9%		3.6%			4.1%		7.0%	

Source: CBRE Hotels

SANTA BARBARA COUNTY

Santa Barbara County

EXECUTIVE SUMMARY

Santa Barbara is considered one of the most prestigious California destination markets due to more than 50 miles of beautiful coastline, great beaches, world-class wineries, mild climate, its artists' colony, and exclusive shopping all in a picturesque setting. Located 95 miles north of Los Angeles on the Pacific Ocean, Santa Barbara has been a well-known vacation spot since before the 1920s. The county is made up of eight cities and four of the Channel Islands and features beautiful Spanish-style architecture, reflecting Old California and the Santa Barbara Mission. The city's relaxed beachfront ambiance, reminiscent of the French Riviera, continues appealing to visitors in the regional areas and internationally. Santa Barbara has earned the label "American Riviera," because of its architecture and Spanish culture.

In addition, Santa Barbara County hosts world-class wineries that stretch along 50 miles from downtown Santa Barbara in the south to Santa Maria in the north. The county is home to over 175 wineries that spread across 21,000 acres. Santa Ynez Valley is located approximately 35 miles north of Santa Barbara and consists of six distinctive communities, including Ballard, Buellton, Los Alamos, Los Olivos, Santa Ynez, and Solvang, that feature well-known wineries, upscale lodging, and fine dining amenities. Attractions and activities in the area include Chumash Casino, Cachuma Lake, the Danish village of Solvang, vineyard tours and wine tasting, annual special events, horseback riding, ATV tours, performing arts, golf, fishing, and wildlife viewing.

According to the Employment Development Department of California, the top five sectors of Santa Barbara County's economy in 2015 by total number of jobs were state and local government (35,500), leisure and hospitality (26,700), education and health services (25,700), professional and business services (22,400) and agricultural/farm occupations (21,000). The occupations with the fastest job growth in the county through 2022 are projected to be health care, professional and business services, and construction and extraction services. The combination of the county's aging population and increasing insurance coverage through the Affordable Care Act (ACA) has contributed to robust employment growth in health services. This trend is expected to continue and the health care sector will continue to be a key component of the county's economy.

Santa Barbara County has seen an average increase in population of 0.7 percent annually since 2006. As of 2015, the population of Santa Barbara County was estimated at approximately 437,600 people. The unemployment rate across the county through July 2016 was 5.1 percent, which is down from the prior year-to-date rate of 5.2 percent, reflecting continuing improvements to the labor market. The following table outlines the historical population and unemployment rate in Santa Barbara County.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	CAAG	2016*
Population	412,271	414,750	418,309	421,197	423,470	424,732	426,351	429,631	433,398	437,643	0.7%	-
Unemployment	4.0%	4.3%	5.4%	8.4%	9.4%	8.9%	8.0%	6.8%	5.7%	5.3%	-	5.1%

*Unemployment rate estimate as of July 2016.

Source: California Department of Finance, State of California Employment Development Department

It is important to note that as a tourist destination, the Santa Barbara County's lodging market is heavily driven by the drive-in markets in the Greater Southern California area, which includes the counties of Los Angeles, Ventura, San Bernardino, Riverside and Orange. With the economies of these counties displaying relatively low unemployment levels and healthy consumer spending, the Santa Barbara County lodging market should continue to benefit from economic growth in these Southern California counties.

The Santa Barbara Municipal Airport (SBA) serves the immediate Santa Barbara area with airlines: American Eagle, U.S. Airways, Delta Connection, Horizon Air, United Express, Express Jet and Allegiant Air currently providing flights at the airport. Santa Barbara Airport also offers nonstop service and over 40 daily departures to major Western States cities including Los Angeles, Las Vegas, San Jose, San Francisco, San Diego, Sacramento, Phoenix, Portland, Denver, Dallas, Seattle, and Salt Lake City.

Opened in August 2011, the new Spanish Colonial Revival-style airline terminal, which defines the city of Santa Barbara's culture, consists of a 72,000 square foot building with runways capable of accommodating aircraft up to the size of a Boeing 737. The relocation and refurbishment of the 7,000 square foot historic terminal building was completed in November 2012. The Project incorporates sustainable design and is registered with the U.S. Green Building Council Leadership in Energy and Environmental Design (LEED). In January of 2014, SBA completed a pavement rehabilitation project that included removing the surface pavement, filling existing under pavement cracks, and then re-paving a new asphalt surface on one of the three runways.

Due to economic conditions, ongoing Airport Safety Projects, capital improvements, and airlines cutting flights, passenger traffic has steadily decreased for Santa Barbara since 2009. In 2009, American Airlines discontinued their service to Denver, the airport's most popular destination, and reduced flights to San Jose and Portland. Additional reductions included United Airway's flights to San Jose, Skywest's flights to Salt Lake City, Horizon Air's flights to Sacramento and Allegiant Air's flights to Las Vegas. However, in June 2010 Frontier Airlines began offering non-stop service to/from Santa Barbara and Denver. Current plans by SBA include continuing service to its most important routes (Denver, Los Angeles, San Francisco and Seattle) and adding services to extend connections to the east, as well as adding more low-cost carriers.

Passenger volume at the Santa Barbara Municipal Airport (SBA) fluctuated from approximately 856,000 passengers in 2006 to 626,000 passengers in 2015, representing a compound average annual decline of 3.4 percent. For the trailing twelve months ending June 2016 (the most recent data available), the total passenger count at the Santa Barbara Airport was approximately 625,000 down from 634,000 recorded in the same period in the previous year. Presented in the following table is a summary of airport activity at Santa Barbara Municipal Airport from 2006 to 2015.

Santa Barbara Municipal Airport Passenger Volume 2006 - 2015	
Year	Number of Passengers
2006	856,000
2007	819,000
2008	822,000
2009	747,000
2010	756,000
2011	722,000
2012	728,000
2013	714,000
2014	661,000
2015	626,000
CAAG	-3.4%
TTM 6/15	634,000
TTM 6/16	625,000
% Change	-1.4%

Source: Bureau of Transportation Statistics

It is important to note that the decline in passenger volume reflects a similar trend at small to medium size airports across the country. Airline industry consolidation as well as a focus on removing redundant flights and increasing efficiency has driven the decline in the number of flights and passenger volume at small and medium size airports over the past several years. In June 2016, the Santa Barbara Airport added the Dallas/Fort Worth (DFW) Airport to the list of airports that can be reached on nonstop flights. The Santa Barbara Airport previously had flights through DFW from 2004 through 2009. Airport officials believe the new Dallas connection will have a positive economic impact on the county given that DFW is the second largest airport hub in the nation.

The following table sets forth the historical and projected supply, demand, occupancy, and average room rate for the overall Santa Barbara County hotel market. We have estimated the overall Santa Barbara market to experience a 0.7 percent decrease in occupied room nights in 2016, correlating to an occupancy rate of 76.6 percent by year-end 2016. Average daily rate is estimated to increase 3.3 percent to \$214.00. The combined changes in occupancy and average daily rate result in a 2.6 percent increase in revenue per available room (RevPAR). In 2017, we forecast an increase of 4.7 percent in occupied rooms amidst a 7.3 percent increase in supply. This results in a market occupancy of 74.8 by year-end 2017. We forecast 2.8 percent growth in average daily rate in 2017 to result in RevPAR growth of 0.3 percent. It should be noted that while Santa Barbara County as a whole includes approximately 2.3 million rooms on an annual basis, the figures presented in the table below depict only the sum of our aggregated submarkets, which represent a majority of the countywide total.

Santa Barbara County Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,954,210	N/A	1,365,334	N/A	69.9%	\$168.80	N/A	\$117.93	N/A
2012	1,980,855	1.4%	1,415,645	3.6%	71.5	174.72	3.5%	124.87	5.9%
2013	2,011,241	1.5	1,460,900	3.2	72.6	182.57	4.5	132.61	6.2
2014	2,015,165	0.2	1,517,573	3.9	75.3	196.45	7.6	147.94	11.6
2015	1,986,573	-1.4	1,533,045	1.0	77.2	207.13	5.4	159.84	8.0
2016E	1,986,391	0.0	1,522,047	-0.7	76.6	214.00	3.3	163.97	2.6
2017F	2,132,026	7.3	1,593,847	4.7	74.8	220.01	2.8	164.47	0.3
CAAG	1.5%		2.6%			4.5%		5.7%	

Source: CBRE Hotels

Additions to Supply

Based on our research and findings the table below details the new hotels that have been included in this year's edition of our Southern California Lodging Forecast located within the Santa Barbara County market.

Lodging Forecast - Additions to Supply				
Hotel Name	City	Submarket	Room Count	Opening Date
SB Inn	Santa Barbara	Beach Resort	70	August 2016
Hampton Inn	Buellton	Northern Santa Barbara	138	February 2017
Hilton Garden Inn	Lompoc	Northern Santa Barbara	156	May 2017
Hilton Garden Inn	Goleta	Goleta	138	April 2017
La Entrada	Santa Barbara	Beach Resort	123	July 2017
Residence Inn	Goleta	Goleta	118	November 2017

Source: CBRE Hotels

Beach Resort Areas

The hotels comprising the Beach/Resort Areas submarket generally line the beachfront of the City of Santa Barbara, usually with ocean views, and many times are mixed in among residential areas and parks. This market also includes Montecito, a separate upscale residential and retail area in the hills just south of Santa Barbara representing the luxury segment of the Santa Barbara area, as well as Bacara Resort located in the City of Goleta. The beach resort market caters primarily to the leisure and group travelers who enjoy shopping, relaxing, and beach activities.

The majority of visitors to the beach resort areas in Santa Barbara are from within California. The area's accessibility via Highway 101 has enhanced the popularity of the city as a drive-in destination. Weekend leisure business, generated largely from Southern California, is expected to remain strong in Santa Barbara over the long term, due to the uniqueness of the area's attractions, culture, and comfortable climate. Santa Barbara's beach resorts should continue to appeal to a niche market deriving visitation from regional Californians and international tourists.

The Beach/Resort submarket has undergone changes in recent years that we believe will impact future lodging performance. In recent years hotels in this market have undergone repositionings, such as the Santa Barbara Inn and the Hotel Milo, formerly known as the Hotel Oceana. These properties are anticipated to achieve a higher rated positioning following the enhancements and changes to their facilities.

In 2016 supply in the Beach Resort submarket is projected to increase by 1.4 percent given the reopening of the 70-room Santa Barbara Inn in August 2016. By year-end 2016, we estimate occupied rooms will grow by 0.8 percent, resulting in a market occupancy rate of 75.1 percent. Average daily rate is expected to grow by 3.9 percent to \$302.59. Growth in both occupancy and average daily rate will result in a revenue per available room increase for 2016 of 3.2 percent, equating to \$227.33

In 2017, annual room supply is expected to grow by 4.5 percent due to the annualized rooms of the reopened Santa Barbara Inn and the 123-room La Entrada in July 2017. Occupied room nights are forecast to grow by 3.5 percent, resulting in a market occupancy rate of 74.4 percent, as additions to supply outpace growth in demand. We anticipate a 3.5 percent growth in average daily rate. Together, occupancy and average daily rate should result in revenue per available room growth rate of 2.5 percent in 2017, up to \$233.03.

Beach Resort									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	809,570	N/A	559,060	N/A	69.1%	\$231.75	N/A	\$160.04	N/A
2012	809,570	0.0%	580,139	3.8%	71.7	239.60	3.4%	171.70	7.3%
2013	812,946	0.4	592,591	2.1	72.9	254.34	6.2	185.40	8.0
2014	817,235	0.5	622,471	5.0	76.2	275.89	8.5	210.14	13.3
2015	817,965	0.1	618,573	-0.6	75.6	291.16	5.5	220.18	4.8
2016E	829,706	1.4	623,337	0.8	75.1	302.59	3.9	227.33	3.2
2017F	867,058	4.5	645,153	3.5	74.4	313.18	3.5	233.03	2.5
CAAG	1.1%		2.4%			5.1%		6.5%	

Source: CBRE Hotels

Town

Hotels in the Santa Barbara Town submarket are generally located on, or within a few blocks of, State Street in the downtown area of Santa Barbara and are proximate to the numerous retail establishments. Accordingly, these hotels serve the commercial traveler visiting downtown businesses and leisure visitors who want to be within walking distance of the downtown retail area and other shopping and dining areas in downtown Santa Barbara.

Historically, this submarket has been able to hold onto an above average occupancy rate based, in-part due to its proximity to the popular shops, restaurants and beaches, combined with relatively lower rates for the area.

In 2015, the annual rooms supply decreased by 10.6 percent, which is attributed to the closing of the 112-room Sandman Inn in March 2015. This hotel closed permanently and will be replaced with a residential condominium development. Occupied rooms in 2015 declined by 7.3 percent which was less than the decline in supply, resulting in a market occupancy of 81.8 percent. Average daily rate increased by 8.9 percent in 2015, with RevPAR growing by 13.0 percent to \$158.16.

The supply is estimated to decrease by another 4.9 percent in 2016 given the permanent closure of the 112-room Sandman Inn in March 2015. The occupied room nights are estimated to decline by 5.5 percent in 2016 resulting in a market occupancy of 81.3 percent. Average daily rate is expected to grow by 3.3 percent in 2016, with RevPAR growing by 2.6 percent to \$162.34.

With no new supply in 2017, we forecast this market to remain steady with an 81.3 percent occupancy rate. Average daily rate is expected to increase by 3.0 percent over the previous year to \$205.64. Combined, revenue per available room should increase by 3.0 percent to \$167.21.

Santa Barbara Town Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	257,690	N/A	188,528	N/A	73.2%	\$155.98	N/A	\$114.12	N/A
2012	271,560	5.4%	204,714	8.6%	75.4	159.09	2.0%	119.93	5.1%
2013	272,655	0.4	209,599	2.4	76.9	167.03	5.0	128.40	7.1
2014	272,655	0.0	215,071	2.6	78.9	177.47	6.3	139.99	9.0
2015	243,698	-10.6	199,444	-7.3	81.8	193.25	8.9	158.16	13.0
2016E	231,775	-4.9	188,462	-5.5	81.3	199.65	3.3	162.34	2.6
2017F	231,775	0.0	188,462	0.0	81.3	205.64	3.0	167.21	3.0
CAAG	-1.8%		0.0%			4.7%		6.6%	

Source: CBRE Hotels

Goleta

The City of Goleta is located west of the City of Santa Barbara and is internationally known for the University of Santa Barbara at California (UCSB), the pleasant climate, and beaches. Also, the Goleta Valley is the location of the principal industrial sector of Santa Barbara County and is often referred to as "Silicon Beach." The city is fairly young and was not incorporated until February of 2002, but is built around historic landmarks. High technology, including diversified electronics, telecommunications, medical device, and remote sensing manufacturing industries are the primary wealth producing sectors of the local economy. Known as a research and development center, Goleta Valley is home to approximately 80 research and development firms, individually employing staffs from two to more than 1,000 persons.

The Goleta office market is the location of choice for many of the South Coast's medium to large sized companies. Its proximity to UCSB, the Santa Barbara Airport, and a highly educated workforce makes Goleta a very desirable location for business. High-tech businesses that help drive the local economy include Raytheon, Citrix Online, Yardi Systems, and FLIR Commercial Vision Systems. According to Radius Commercial Real Estate, the Goleta office market in Second Quarter 2016 had a vacancy rate of 8.3 percent. While this is higher than the 7.6 percent vacancy rate in Second Quarter 2015, it is well below the nearly 16.0 percent vacancy rate experienced in 2010. New commercial and mixed-use development projects continue to bring new businesses to the city. These include the recently completed mixed-use Hollister Village project which includes 76,000 square feet of retail and a 266-unit luxury apartment community. In addition, Pacific Beverage broke ground in 2016 on a new 100,000 square foot office/warehouse distribution facility in the Cabrillo Business Park. The industrial vacancy rate remains quite low with Radius Commercial Real Estate reporting a Second Quarter 2016 industrial vacancy rate of 4.4 percent.

The Goleta hotel submarket is an exceptionally strong market with occupancy rates historically hovering in the upper 70's. The success of this lodging submarket is due to the proximity of UCSB, business parks, and the Santa Barbara Airport, as well as its proximity to area attractions and ability to capture overflow from Santa Barbara hotels.

The annual room supply will remain unchanged in 2016. With occupancy at a historically high level, the Goleta market is estimated to experience a 1.1 percent decline in occupied rooms in 2016 resulting in a market occupancy of 79.3 percent. Average daily rate is expected to grow by 1.2 percent in 2016, with RevPAR growing by 0.1 percent to \$131.54. In 2017 two new hotels will open in Goleta as represented by the 138-room Hilton Garden Inn in April 2017 and the 118-room Residence Inn in November 2017. Occupied rooms are forecast to increase by 9.0 percent in 2017

resulting in a market occupancy of 75.5 percent. The average daily rate is expected to grow by 3.0 percent. With supply growth outpacing demand growth, the revenue per available room is forecast to decrease by 2.0 percent to \$128.95 by year-end 2017.

Goleta									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	271,560	N/A	214,679	N/A	79.1%	\$124.99	N/A	\$ 98.81	N/A
2012	284,335	4.7%	220,160	2.6%	77.4	134.66	7.7%	104.27	5.5%
2013	310,250	9.1	234,578	6.5	75.6	140.20	4.1	106.00	1.7
2014	309,885	-0.1	232,451	-0.9	75.0	147.97	5.5	110.99	4.7
2015	309,520	-0.1	248,236	6.8	80.2	163.78	10.7	131.36	18.3
2016E	309,520	0.0	245,603	-1.1	79.3	165.77	1.2	131.54	0.1
2017F	354,476	14.5	267,708	9.0	75.5	170.75	3.0	128.95	-2.0
CAAG	4.5%		3.7%			5.3%		4.5%	

Source: CBRE Hotels

Northern Santa Barbara

Hotels in the Northern Santa Barbara sub-market are generally located in or near the Santa Barbara wineries in the overall Santa Ynez Valley and in the cities of Santa Maria, Buellton, Lompoc, and Solvang. This submarket was largely impacted initially by the popularity of the film, "Sideways" and the growing trend in winery tourism, which has sustained much of the market's occupancy and rate growth in recent years.

The abundance of activities and tourist attractions in the Santa Ynez Valley provides for a popular drive destination. As such, aggressive marketing to showcase the valley as a whole is currently taking place by the Santa Ynez Valley Visitors Association. Visitors can tour and taste acclaimed Pinot Noir, Chardonnay, Syrah and other varietals at over 120 wineries and tasting rooms. Outdoor activities can allow a guest to golf, hike, bike, fish, see wildlife, tour a horse ranch, or take a horseback ride. A variety of lodging options from luxury wine inspired bed and breakfasts to affordable limited-service properties are readily available for overnight guests.

For 2016, the Northern Santa Barbara market is estimated to experience a decrease in occupied rooms of 0.5 percent, resulting in a market occupancy rate of 75.5 percent. Average daily rate is estimated to increase by 1.4 percent, to an estimated \$126.45. RevPAR is expected to finish 2016 with a 0.9 percent growth rate to \$95.47.

In 2017, the submarket's supply will increase by 10.3 percent due to the addition of the 99-room Hampton Inn Buellton which is expected to open in February 2017 and the 156-room Hilton Garden Inn Lompoc which is expected to open in May 2017. Occupied rooms are expected to increase by 6.0 percent resulting in a market occupancy of 72.6 percent by year-end 2017. Furthermore, we forecast average daily rate to increase by 3.0 percent to \$130.24. Revenue per available room is estimated to decrease by 1.0 percent to \$94.51.

Northern Santa Barbara Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	615,390	N/A	403,068	N/A	65.5%	\$110.80	N/A	\$72.57	N/A
2012	615,390	0.0%	410,632	1.9%	66.7	112.33	1.4%	74.95	3.3%
2013	615,390	0.0	424,132	3.3	68.9	113.41	1.0	78.16	4.3
2014	615,390	0.0	447,579	5.5	72.7	120.28	6.1	87.48	11.9
2015	615,390	0.0	466,793	4.3	75.9	124.76	3.7	94.63	8.2
2016E	615,390	0.0	464,645	-0.5	75.5	126.45	1.4	95.47	0.9
2017F	678,718	10.3	492,524	6.0	72.6	130.24	3.0	94.51	-1.0
CAAG	1.6%		3.4%			2.7%		4.5%	

Source: CBRE Hotels

VENTURA COUNTY

Ventura County

EXECUTIVE SUMMARY

In recent years, Ventura County has shifted from being an agricultural center to a more diversified, semi-metropolitan region. Growth in Los Angeles and other Southern California cities has spurred development in the County, which includes the cities of Camarillo, Fillmore, Moorpark, Ojai, Oxnard, Port Hueneme, San Buenaventura (Ventura), Santa Paula, Simi Valley, and Thousand Oaks.

As Ventura County's economy has diversified, tourism has become an important sector. The leisure dominated market's many small communities with quaint downtowns are popular among those traveling from Los Angeles looking for a quick getaway. Ventura County's greatest strength in terms of attracting visitors is its proximity to Los Angeles and the Greater Five County area, as well as its beaches, mountains and overall atmosphere. Ventura County also benefits from price sensitive business and leisure travelers who prefer lodging in more affordable sub-markets than the City of Santa Barbara to the north.

Ventura County's visitors can enjoy abundant outdoor activities that range from whale watching near the Channel Islands, to kayaking in Ventura harbor, to sailing off the coast, to surfing at some of the best surfing beaches in the State and also biking or hiking the Topatopa Mountains near charming Ojai. The Channel Islands National Park encompasses nearly 250,000 acres of wilderness preserve/marine sanctuary, of which about half is underwater. Of the eight islands dubbed the Channel Islands that lie off the Ventura County coast, five of the islands, San Miguel, Santa Rosa, Santa Cruz, Anacapa, and Santa Barbara, became the Channel Islands National Park in 1980. Ventura County also offers approximately 40 miles of beaches including Hollywood Beach in Oxnard and Ventura Beach in Ventura. Furthermore, the picturesque Topatopa Mountains can be conveniently explored via access through the destination town of Ojai, ideally nestled in the mountain range and only 18 miles inland from the Pacific Ocean.

Aside from outdoor activities, Ventura County is becoming a shopping and dining destination. Ventura has transformed its downtown area into a shopping district for those seeking rare and esoteric items. In line with the small town feel of most of the cities in Ventura County, many people visit the area to peruse antique shops in both Ventura and Oxnard. Camarillo, with the Premium Outlets Mall, is known around Southern California as a central shopping destination. Newly developed upscale restaurants complement the various distilleries, craft breweries, wine tasting and harvest activities in the area. For example, Oxnard is known for its Strawberry Festival held every May at Oxnard College and the Celebration of the Whales Festival. Moreover, the charming town of Ojai features sought after one-of-a-kind boutique clothing, fine art, hand-crafted jewelry and home furnishings at close to fifty specialty stores and art galleries, in addition to numerous annual festival and events.

Situated between Los Angeles County to the south and Santa Barbara County to the north, Ventura County supports a population of more than 848,000 people, and is the 12th most populous county in the State of California. The area encompasses 1,845 square miles, including 40 miles of coastline, in which nearly eight miles of shoreline are public beaches, 411 acres of State beach parks, 36 square miles of county parks, and islands offshore.

Owing to its location along the 101 Technology Freeway, the high technology industry has a presence in Ventura County. Occupations with past job growth have been technology focused, including

desktop publishers, computer support specialists and network administrators. As of June 2016, Ventura County supported a total civilian labor force of 428,000 with an unemployment rate of 5.4 percent. This compares with an unadjusted unemployment rate of 5.7 percent for California and 5.1 percent for the nation during the same period. Occupations with the fastest job growth in the county include construction, education and healthcare, leisure and hospitality, and professional services.

The Naval Construction Battalion Center in Port Hueneme is one of two bases in the United States dedicated to the support of the naval construction force, known as the Seabees. The Naval Air Station at Point Mugu is home to research, development and test evaluation for weapons systems. California's smallest and only deep-water port between Los Angeles and San Francisco is Port Hueneme, which plays a sizeable role in the local economy, serving as the western U.S. distribution network for many imported vehicles. It is also the shipping point for agriculture with the largest refrigerated fruit terminal on the West Coast.

Officially formed in 2011, the Ventura County Lodging Association (VCLA) is comprised of 70 lodging facilities and destination marketing organizations in the Cities of Camarillo, Oxnard, and Ventura. Collectively branded as "Ventura County West," the VCLA's goals are to increase marketing and awareness of the three cities as a destination in Southern California. The association launched its first marketing campaign in April of 2012 to highlight the area's assets, which include the beaches, recreational activities, 200,000 square feet of conference and meeting room space, and 4,000 guest rooms available in the region. Generating revenue from a 2.0 percent self-assessment on all room revenues, the group has an annual budget of approximately \$2.0 million to market Ventura County as a destination. According to VCLA, the overall overnight visitors to Ventura County West increased from approximately 1.14 million in 2011 to over 1.3 million in 2015, representing an average annual increase of over 4.2 percent over the four-year period. Largely due to the success witnessed through the marketing efforts of the Association, the renewal of VCLA was recently approved by the three Cities with the City of Port Hueneme joining in July of 2015.

The Ventura County forecast includes four sub-markets: the cities of Ventura, Oxnard, Camarillo, and Simi Valley. There were no additions to hotel supply in the county during 2016. There are several projects either approved or in planning stages; however, since none of these projects are expected to open in 2016 or 2017, they have not been included in our market projections. Although no new hotels are anticipated to open within the next two years, we note the October 2015 closure of the 57-room GrandStay Residential Suites Hotel, which will be converting into a senior assisted living center. Although the County has not experienced any new additions to supply since the opening of the Homewood Suites Oxnard in April 2010, development interest continues to be strong due to the improving metrics exhibited by the existing hotels. Much of the lodging supply in Ventura County is dated, and the continued renovation of properties will be key to improve the tourist experience and to further fortify the image the Ventura County destination as a whole.

With the entire Southern California region experiencing recovery, no scheduled additions to supply in the county for 2016, and the VCLA's aggressive marketing efforts to attract tourism to the "West" county, the Ventura County hotel market is projected to continue its strong performance in the upcoming years. We estimate the county will finish 2016 with an increase in occupied room nights of 2.8 percent to reach a 76.9 percent occupancy. ADR is estimated to finish the year at \$123.79, a 5.3 percent increase over 2015. For 2017, demand is expected to experience a slight decrease, resulting in an occupancy of 76.5 percent. Ventura County also benefited in early 2016 from the Porter Ranch gas leak in Los Angeles County. Average daily rate is forecasted to continue its positive growth with a

3.0 percent increase to \$127.54. Combined, these result in a revenue per available room increase of 2.5 percent to \$97.54 in 2017.

The following table estimates Ventura County's historical and projected supply, demand, occupancy and average room rate. We are aware that Ventura County as a whole has a total of more than 2.5 million annual hotel rooms. However, the table presented below includes the sum of our aggregated sub-markets, representing more than 65 percent of the total existing lodging supply.

Ventura County Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,673,890	N/A	1,078,694	N/A	64.4%	\$ 98.07	N/A	\$63.20	N/A
2012	1,673,890	0.0%	1,115,862	3.4%	66.7	100.03	2.0%	66.69	5.5%
2013	1,673,890	0.0	1,138,217	2.0	68.0	101.71	1.7	69.16	3.7
2014	1,673,525	0.0	1,214,067	6.7	72.5	109.07	7.2	79.13	14.4
2015	1,652,720	-1.2	1,235,540	1.8	74.8	117.57	7.8	87.90	11.1
2016E	1,652,720	0.0	1,270,689	2.8	76.9	123.79	5.3	95.18	8.3
2017F	1,651,990	0.0	1,263,380	-0.6	76.5	127.54	3.0	97.54	2.5
CAAG	-0.2%		2.7%			4.5%		7.5%	

Source: CBRE Hotels

CITY OF VENTURA

With its lively tourist harbor and vast stretches of un-crowded beaches, the City of Ventura's hotel market is primarily leisure oriented. The 33-acre Ventura Harbor district consists of a small boat marina with retail, restaurant, and residential components. The Harbor is located off of Harbor Boulevard on Spinnaker Drive. Ventura Harbor Village features over 35 retail and restaurant facilities with additional office space. The Channel Islands National Park Visitor Center is also located at the Ventura Harbor. The Ventura Harbor is a gateway to the Channel Islands National Park, a popular tourist destination that offers camping, whale watching, kayaking, deep-sea fishing, hiking, and scuba diving. The Channel Island National Park experienced nearly 325,000 visitors in 2015, a record for the park.

The Ventura Beach area is characterized by the San Buenaventura State Beach located west of the 101 Freeway, accessed off of San Pedro Road. The State Beach extends north to the Ventura Pier and features a 13-mile bikeway. Shops, and restaurants are offered along the coast. Historic Downtown Ventura has become an entertainment and shopping destination thriving with art galleries, book stores, coffee houses, boutiques, a wide variety of restaurants and entertainment, all within walking distance of each other. A vibrant art district, theatre performances, historical structures, and several notable museums, are popular tourist destinations. Ventura's classic Main Street is a bustling, yet quaint shopping attraction with restaurants, distinctive inns, boutiques, and antique shops.

Throughout the year, the City of Ventura hosts a range of special events from the Ventura County Fair in August at the Ventura Fairgrounds, Monarch Butterfly Walking Tour and Dog Shows in January; Point Mugu Air Show in October; Chamber Music Festival in May; to wine tastings in July. In any given month, there are in excess of 12 events scheduled to attract tourists. Furthermore, Ventura continues to undergo a renaissance with recent revitalization efforts taking place in the Downtown area. The Main Street area celebrates the art deco, craftsman, neoclassical, and Victorian architectural design and is home to a number of antique shops. New additions to the downtown

corridor, such as a new information kiosk, colorful banners, and festive lights, have helped to turn the area into more of an evening destination.

With the recent transaction activity of hotels in Ventura, much of the hotel inventory in the City is anticipated to continue to undergo renovations. DKN Hotels purchased the Pierpont Inn from Brighton Management and completed the property's renovation in early 2016. Furthermore, the Ventura Beach Marriott is anticipated to complete a comprehensive rooms renovation by January 2017. Similarly, the Crowne Plaza is also anticipated to complete a property improvement required by the brand franchise in early 2017; the renovation includes improving the exterior of the building, a comprehensive renovation of public spaces, and additional changes to the guestrooms. As the City's hotel inventory is updated, the Visit Ventura Visitors & Convention Bureau (VVCB) can continue to aggressively market Ventura. As evidence of their recent success, VVCB reported a 13.4 percent increase in Transient Occupancy Tax from the same period of the previous year, as of July 2016.

The Ventura submarket achieved a 2015 occupancy of 75.2 percent, an increase of 4.7 percent from the previous period of 2014, and average daily rate grew 6.4 percent to a historical high of \$107.27. The Ventura submarket is expected to continue its upward trend across all econometric indicators in 2016. Occupied room nights is estimated to increase by 2.3 percent in 2016, equal to a market occupancy of 76.9 percent, and average daily rate is expected to finish the year with an 3.4 percent increase to \$110.88. The increases in both occupancy and average daily rate result in a 5.7 percent increase in revenue per available room in 2016. For 2017, we forecast annual supply in the City of Ventura will remain flat as there are no expected additions to supply. Similarly, occupied rooms are expected to remain flat at a market occupancy of 76.9 percent. Average daily rate is projected to grow by 3.5 percent in 2017; we anticipate that average daily rate will continue to grow above inflationary rates as properties in Ventura continue to be upgraded.

City of Ventura									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	599,330	N/A	380,851	N/A	63.5%	\$92.38	N/A	\$58.70	N/A
2012	599,330	0.0%	394,549	3.6%	65.8	94.35	2.1%	62.11	5.8%
2013	599,330	0.0	405,711	2.8	67.7	94.42	0.1	63.92	2.9
2014	599,330	0.0	430,500	6.1	71.8	100.86	6.8	72.45	13.3
2015	599,330	0.0	450,945	4.7	75.2	107.27	6.4	80.71	11.4
2016E	599,330	0.0	461,094	2.3	76.9	110.88	3.4	85.30	5.7
2017F	599,330	0.0	461,094	0.0	76.9	114.76	3.5	88.29	3.5
CAAG	0.0%		3.2%			3.7%		7.0%	

Source: CBRE Hotels

CAMARILLO

Camarillo is home to a number of high tech and specialty product companies as well as media and post-production companies, due to its location along the Ventura (101) Freeway Tech Corridor, which stretches from Woodland Hills to Camarillo. Companies previously located in Los Angeles County have chosen to expand to the Camarillo area due to its relatively low land costs, and the city's business-friendly approach to attracting employers. Camarillo houses many museums, the Studio Channel Islands Art Center, and has a wide variety of outdoor options for the hikers and bikers.

One of the major attractions in Camarillo is the Camarillo Premium Outlets. The Camarillo Outlets contains over 160 outlet stores and is the largest Outlet Center in Southern California. These shops at

the outlets generate additional sales tax revenue for the city and have made Camarillo a shopping destination for not only local and regional residents, but also for domestic and international visitors. Through strategic partnerships with travel and tour companies that provide charter buses and tour guides, the Camarillo Outlets enjoys a steady inflow of both domestic and international visitors because of the wide variety of name brand merchandise. The continued development of Camarillo's retail and food and beverage offerings, including the 500,000 square foot Amara Shopping Center, is anticipated to encourage increased visitation to the area. Moreover, the city has been pushing for a convention center, preliminarily selecting Mian Companies to develop the facility; however plans have not been approved as of July 2016.

The city of Camarillo introduced California State University Channel Islands (CSUCI) in 2002 and joined the CSU system as the 23rd campus. CSU Channel Islands is the first four-year university in Ventura County and includes a 2015 student enrollment of 6,170. In its first decade, the university has doubled in size to more than 1,200 acres and developed more than \$230 million in building and renovation projects. According to an economic impact study completed in 2010, annual spending related to CSU Channel Islands in the Central Coast region (\$135.5 million) generates a total impact of more than \$114.4 million on the regional economy and nearly \$240.5 million statewide. This impact sustains 1,200 jobs in the region and 2,000 statewide. The university generates nearly \$6 million per year in tax revenue and \$13.7 million statewide. More than \$48.8 million of the earnings from alumni are attributable to their CSU Channel Islands degree, which creates an additional \$302.5 million of industry activity throughout the state.

As the newest university in the CSU system, the university has recently commenced on a \$600 million long range plan titled, "CSUCI 2025," which aims to over double its full-time enrollment to 15,000 students in a ten-year time frame. The expansion is planned to include new academic buildings, in addition to on-campus housing for faculty and students, an event center, new science building, and a second entrance to campus. Future phases of the development will also include a conference and recreation center, more parking facilities, and additional student housing. Ultimately, the university strives to move away from being a commuter based school and sustain itself as a self-contained community, and growth at the campus should continue to generate room nights for the existing supply of hotels in Camarillo.

In September 2014, the City of Camarillo established its own Camarillo Tourism Marketing District (CTMD) which allows the City to levy a two percent assessment on lodging facilities in the City. With an annual budget of approximately \$450,000 per year, the CTMD aims to execute direct marketing and sale campaigns to increase exposure of the City as a tourist and meeting and events destination.

After achieving a historical peak in 2015, we estimate that the Camarillo submarket will continue to experience positive growth, with a majority of the gains in the market's average daily rate. Occupancy in the market has ramped up from a low of 64.0 percent in 2011 to a high of 74.2 percent in 2015. Based on year-to-date trends, we estimate that the market will experience growth, with a 1.4 percent increase in occupied room nights. Average daily rate will continue to achieve growth, and we estimate that the Camarillo submarket will end 2016 with a 3.3 percent increase to \$114.37. The growth in occupancy and average daily rate is anticipated to generate a year-over-year revenue per available room increase of 4.7 percent. Going forward, annual supply in the market is estimated to decrease by 0.2 percent in 2017, as the Holiday Inn Express converts two of its guestrooms into expanded public areas during its conversion to a Fairfield Inn, which was approved in January 2016. Furthermore, we anticipate occupied rooms to slightly increase to a market occupancy of 76.2 percent, while average

daily rate is projected to grow by 2.0 percent to \$116.65; equaling a 2017 revenue per available room of \$88.86.

Camarillo									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	317,550	N/A	203,130	N/A	64.0%	\$ 89.93	N/A	\$57.52	N/A
2012	317,550	0.0%	214,529	5.6%	67.6	90.82	1.0%	61.35	6.7%
2013	317,550	0.0	215,199	0.3	67.8	95.40	5.0	64.65	5.4
2014	317,550	0.0	235,427	9.4	74.1	105.24	10.3	78.03	20.7
2015	317,550	0.0	235,710	0.1	74.2	110.73	5.2	82.19	5.3
2016E	317,550	0.0	238,947	1.4	75.2	114.37	3.3	86.06	4.7
2017F	316,820	-0.2	241,337	1.0	76.2	116.65	2.0	88.86	3.3
CAAG	0.0%		2.9%			4.4%		7.5%	

Source: CBRE Hotels

OXNARD

Once known only for its May strawberry festival and military bases, the City of Oxnard has greatly diversified its economy, which is now comprised of agriculture and related businesses, retail, various services, and governmental agencies. Oxnard is Ventura County's largest city with over 200,000 residents. The area's storied military presence include Port Hueneme, Point Mugu, and San Nicolas Island, which supports more than 100 tenant commands with a base population of more than 19,000 personnel, making it Ventura County's largest employer. Agriculture has additionally remained a major industry for the city; however the city's population has been increasing steadily. The City of Oxnard now has Ventura County's largest industrial sector as well. Aside from federal, state and local government, the largest employers are in biotechnology, health insurance, telephone services and equipment, mortgage lending, and education. The Highway 101 corridor represents a concentration of high-technology industries. The establishment of military bases during World War II, and the rise of electronic, aerospace, other manufacturing industries and tourism have contributed to the growth of the city.

With its proximity to the Channel Islands, the Channel Islands Harbor in Oxnard is a destination for travelers from the Five County area. Activities in the Channel Islands Harbor include shopping at harbor boutiques, dining at a variety of restaurants, sport fishing, diving, whale watching, and renting boats and kayaks. The harbor offers nine full-service marinas, as well as a scenic bike path and Maritime Museum. The Channel Islands Harbor offers departures to the Channel Islands National Park & Channel Islands National Marine Sanctuary, a five-island park and underwater sanctuary home to more than 2,000 plants and animals. The continued redevelopment of the Channel Islands Harbor area continues to be a priority for City and County officials. As part of the overall redevelopment, developer Brighton Management has proposed a Hyatt House to replace the shuttered Casa Sirena Hotel. Given the favorable economic conditions, it is the County's hope that private developers will undertake and complete proposed projects in the harbor area to revitalize and amenitize the Fisherman's Wharf and Channel Islands Harbor.

Downtown Oxnard offers museums, theatre performances, and Heritage Square, which encompasses 15 restored turn-of-the-century buildings. Park Plaza is located in the center of Oxnard. The Carnegie Art Museum displays contemporary and traditional art, while the Gull Wings museum is designed especially for children. There are several cultural events throughout the year designed to attract tourists, including the Strawberry and Salsa Festivals.

Many of the projects that had been stymied by the recession are once again active in the development process. Of note is Shea Properties' The Collection at RiverPark development, Oxnard's newest dining and shopping destination featuring an array of retail, commercial, and restaurant options, as well as a state-of-the-art 16-screen Century Theaters. We note Shea Properties has proposed a hotel at the Collection, however construction has not commenced as of July 2016. Completed in 2012, the open-air, LEED-certified specialty retail center fronts U.S. Route 101 and includes approximately 570,000 square feet of retail space and 60,000 square feet of office space with an additional 80,000 square feet under development. The complex is currently anchored by popular national retailers REI, Target, and Whole Foods Market. The Collection is located within RiverPark, a 700-acre master planned, mixed-use community located in the northeast portion of the intersection of the Ventura Freeway and Santa Clara River. At full build out, the community will include fifteen distinct neighborhoods with up to 3,050 single-family and multi-family units and over 2,100,000 square feet of retail, hotel, office, and parking uses to support and serve the community. Furthermore, on the south side of U.S. 101, site work has also begun on The Village development, also known as the "Wagon Wheel" development. The project broke ground in 2013, and the initial phase of the project debuted 120 affordable housing units, which was completed in August 2014. Future phases will include market-rate apartments, retail space, and open space. Based on conversations with developers, the Village development includes approximately 21 planning areas with an anticipated ten year build out. Additionally, as of January 2016, over 40 residential projects (3,800 units), 19 commercial (730,000 square feet), and 9 industrial (180,000 square feet) projects have been processed for development with the majority of the first phases breaking ground as of August 2016.

The Dallas Cowboys have exclusive use of training camp facilities at the four-acre River Ridge Fields in Oxnard through 2017. Although the team is contractually committed through 2017, the Cowboys spent part of their 2016 summer training in their new practice grounds in Frisco, Texas. Not only does the team and its supporting staff generate a significant number of room nights for hotels in west Ventura County, but they also attract fans from all over Southern California to watch them train. Additionally, the newly branded Los Angeles Rams started their training camp at the same facility as the Cowboys between April and June 2016. This new demand was magnified as the Rams were the focus of a five episode HBO series titled "Hard Knocks", which documented the team's relocation from St. Louis and their training camp in Oxnard. Similar to the Cowboys, room night demand was not only created by the team and supporting staff, but the HBO production crew and spectators were noticeably present.

The Oxnard market achieved a 2015 occupancy of 74.1 percent, an increase from the previous period's occupancy of 71.9 percent amidst a 3.8 percent decrease in room supply. The decrease in the annual room supply can be attributed to the closure of the 57-room GrandStay Residential Suites Hotel in October 2015. Based on the year-to-date performance of the Oxnard market, 2016 is estimated to finish with an occupancy of 76.9 percent, reflecting a 3.8 percent increase in occupied room nights. The market's average daily rate finished 2015 at \$138.22, an increase of 10.0 percent from the previous period. 2016 is estimated to continue its growth, achieving an average daily rate of \$146.31, an increase of 5.9 percent compared to 2015. As a result of the foregoing, 2016 revenue per available room is expected to grow by 9.9 percent to \$112.58. It is our understanding that a significant amount of the room night increase achieved in 2016 can be attributed to the demand created by the Los Angeles Rams training camp and HBO media coverage, as previously discussed. With the exit of the Los Angeles Rams and Dallas Cowboys training camps, we expect growth to slow in 2017, achieving a RevPAR increase of approximately 3.5 percent to \$116.52.

Oxnard									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	549,690	N/A	349,394	N/A	63.6%	\$111.39	N/A	\$ 70.80	N/A
2012	549,690	0.0%	359,084	2.8%	65.3	114.52	2.8%	74.81	5.7%
2013	549,690	0.0	368,650	2.7	67.1	115.54	0.9	77.48	3.6
2014	549,325	-0.1	394,783	7.1	71.9	125.67	8.8	90.31	16.6
2015	528,520	-3.8	391,713	-0.8	74.1	138.22	10.0	102.44	13.4
2016E	528,520	0.0	406,668	3.8	76.9	146.31	5.9	112.58	9.9
2017F	528,520	0.0	406,668	0.0	76.9	151.43	3.5	116.52	3.5
CAAG	-0.7%		2.6%			5.3%		8.7%	

Source: CBRE Hotels

SIMI VALLEY

Simi Valley encompasses 42 square miles and is located 45 minutes northwest of Los Angeles in eastern Ventura County. According to the California Department of Finance, Simi Valley had an estimated population of nearly 127,000 and is the third largest city in Ventura County. The city's proximity to Los Angeles allows it to offer a unique blend of rural and urban lifestyles. Simi Valley is home to more than 30 parks, four golf courses, a performing art center, and theaters. Simi Valley is consistently rated by the FBI as one of the safest cities in the United States. It is the only Ventura County city included in the Los Angeles film 'Zone' and within the last few years, has attracted feature film and television series crews.

The Ronald Reagan Presidential Library and Museum is Simi Valley's main tourist attraction, hosting an average of over 500,000 visitors annually and consistently ranking as the second most visited Presidential Library. President Reagan's grave has recently been incorporated to the site. Additionally, the back section of the lawn has been expanded to resemble the South Lawn of the White House. The Library has been host to several events, including political seminars in addition to Republican presidential debates.

Simi Valley features over 7,500 businesses including Hitachi Koki Corporation, Seagate Technology, Standard Abrasives, Alcoa Fastening Systems, Ensign-Bickford Aerospace, among others. Additionally, smaller companies in related fields and many different suppliers to major companies are located in the Simi Valley area, providing a mix of large and small operations for the community and its residents. As of the third quarter 2016, the unemployment rate in Simi Valley was estimated at 5.7 percent, which is down approximately 100 basis points from the same time in the previous year.

Simi Valley has not experienced an increase in rooms supply over the last five years. Simi Valley experienced a 2015 market occupancy of 75.8 percent, an increase of 2.5 percent from the prior period. Moreover, the market is anticipated to continue its growth trajectory with an estimated market occupancy of 79.1 percent in 2016, reflecting a 4.3 percent increase in occupied room nights. However, we are of the understanding that a piece of this growth experienced in 2016 is due to the nearby Porter Ranch gas leak, which displaced families from their primary residence in the immediate area from at least January through April of 2016 and we expect this demand to not be present in the market going forward. Moreover, Simi Valley achieved a 2015 average daily rate of \$105.94, an increase of 11.2 percent from the prior period. Based on the year-to-date performance of the market, average daily rate is estimated to increase by 11.4 percent to \$117.99 in 2016. As a result of both increases in both occupancy and average daily rate, 2016 revenue per available room is expected to increase by 16.2 percent to \$93.32. We anticipate Simi Valley's occupied room nights to decrease by

3.0 percent in 2017 and average daily rate to remain flat at \$117.99, equaling a revenue per available room of \$90.52.

Simi Valley									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	207,320	N/A	145,319	N/A	70.1%	\$ 92.31	N/A	\$64.70	N/A
2012	207,320	0.0%	147,701	1.6%	71.2	93.38	1.2%	66.53	2.8%
2013	207,320	0.0	148,657	0.6	71.7	96.47	3.3	69.17	4.0
2014	207,320	0.0	153,357	3.2	74.0	95.29	-1.2	70.49	1.9
2015	207,320	0.0	157,172	2.5	75.8	105.94	11.2	80.32	13.9
2016E	207,320	0.0	163,980	4.3	79.1	117.99	11.4	93.32	16.2
2017F	207,320	0.0	159,061	-3.0	76.7	117.99	0.0	90.52	-3.0
CAAG	0.0%		1.5%			4.2%		5.8%	

Source: CBRE Hotels

SAN LUIS OBISPO COUNTY

San Luis Obispo County

EXECUTIVE SUMMARY

San Luis Obispo (SLO) County is a popular drive destination that covers an area of 3,316 square miles and is located at the approximate midpoint between San Francisco and Los Angeles. Farms and small towns characterize the county, as a large portion of the land is utilized for agricultural purposes. With a fairly diverse workforce and relatively isolated location, San Luis Obispo is better positioned to weather the fluctuations in the economic cycle as evidenced by the hotel market’s performance during the last recession. In addition to these sectors of the economy, the excellent coastal location attracts visitors from throughout the inland region and also serves as a rest stop for tourists traveling along the coast. Hearst Castle and the numerous local wineries have also served to make the area a destination for domestic and international travelers. The area’s natural amenities such as the weather and attractive coastal characteristics continue to attract overnight visitors to the area.

Throughout the economic recovery, San Luis Obispo County’s growth profile has been different from the state in that it has been relatively insulated from most fluctuations in the economy. The county is not seen as a rapidly growing economy, but rather a stable one that is characterized by lower than average unemployment rates and a diverse workforce. The unemployment rate in San Luis Obispo County was 4.7 percent in July 2016, down from 4.9 percent in July 2015. This compares favorably with an unadjusted unemployment rate of 5.9 percent for California in July 2016 and a rate of 6.5 percent one year ago.

The county’s economy is largely based on tourism and education; as a result, services, government, and retail trade are the dominant industries. Local hotel average daily room rates as well as demand for rooms have increased over the past year, indicating that more visitors are looking to travel to the county as well as pay more to do so. Jobs have also been increasing steadily in the county since exiting the recession. Many of the jobs that have been created during this growth have also generated more taxable sales for the county, mainly in the booming wine industry. The following is a list of the county’s top ten employers.

San Luis Obispo County Major Employers	
	# of Employees
Cal Poly State University	3,055
County of San Luis Obispo	2,800
Atascadero State Hospital	2,000
California’s Men Colony	1,540
Pacific Gas and Electric Company	1,900
Cal Poly Corporation	1,400
Tenet Healthcare	1,272
Compass Health Inc.	1,200
Lucia Mar Unified School District	1,000
Paso Robles Public Schools	935

Source: San Luis Obispo County Comprehensive Annual Financial Report (CAFR) June 30, 2015

Between 2010 and 2015, San Luis Obispo County’s population grew at approximately 0.9 percent on an annual basis, slightly below the 1.0 percent growth demonstrated by the State of California. The seven incorporated cities included within the MSA are Arroyo Grande, Atascadero, Grover beach,

Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo. The following table presents the historical population estimates for the cities in 2015.

San Luis Obispo County	
2015 Population Estimate Breakdown by City	
Arroyo Grande	17,731
Atascadero	30,879
El Paso de Robles	31,398
Grover Beach	13,397
Morro Bay	10,722
Pismo Beach	8,181
San Luis Obispo	46,117
Balance of County	119,552
Total:	277,977

Source: California Department of Finance

Commercial air service to San Luis Obispo County Regional Airport is provided by American Airlines and United. According to the San Luis Obispo County Regional Airport, approximately 20 total inbound and outbound flights are processed per day. Although direct flights from Los Angeles, San Francisco, and Phoenix are available, direct service from other Pacific States, the mid-West, and East Coast is not. Service to Sacramento and Las Vegas was once provided but flights to these destinations have since ceased. The following table presents the historical passenger counts through the San Luis Obispo County Airport from 2004 through 2015, as well as through July 2016 as compared to the same period in 2015.

San Luis Obispo Airport Activity				
2004 –2015 & YTD				
Year	Enplanements	Deplanements	Total Passengers	Percent Change
2004	163,203	158,015	321,218	N/A
2005	181,019	177,409	358,428	11.6%
2006	180,361	174,637	354,998	-1.0
2007	187,120	181,303	368,423	1.4
2008	157,421	154,756	312,177	-15.3
2009	121,326	119,735	241,061	-22.8
2010	133,740	130,992	264,732	9.8
2011	137,604	134,816	272,420	2.9
2012	131,427	128,078	259,505	-4.7
2013	131,985	134,283	272,268	4.9
2014	152,829	149,823	302,652	11.1
2015	146,769	145,693	292,462	-3.4
CAAG	-1.0%	-0.7%	-0.8%	
YTD 7/15	82,450	81,438	163,888	
YTD 7/16	94,308	93,704	188,012	
% Change	14.4%	15.1%	14.7%	

Source: San Luis Obispo County Regional Airport

Total passenger counts have decreased at an average rate of 0.8 percent annually in the last eleven years. After experiencing a minimal decrease of 1.0 percent in 2006, the total number of passengers exceeded 360,000 for the first time ever in 2007. The 15.3 percent decline in passenger count for 2008 was mainly caused by American Eagle and Delta stopping their flight services to the San Luis Obispo Airport. In 2009, the airport passenger count showed a further decrease of 22.8 percent, which was primarily an effect of the recession on the travel and tourism industry. More recently passenger counts have rebounded from recessionary levels, increasing by 9.8 percent in 2010 and a further 2.9 percent in 2011, although 2012 saw a 4.7 percent decline. 2013, however, saw a

recovery of 4.9 percent over the previous year, and 2014 saw an increase of 11.1 percent over that. Total passenger volume decreased by 3.4 percent in 2015. According to the most recent information available, through the first seven months of 2016 passenger counts have increased by a rate of 14.7 percent over the prior period last year as larger aircraft are being accommodated.

Four daily flights between San Luis Obispo and Los Angeles by American Eagle ended on November 1, 2008, while one daily flight to Salt Lake City by Delta Connection stopped on September 1st of the same year due to increased fuel costs and restructuring in the airline industry. This reduction in flights has decreased the number of options for flyers and also reduced the county's ability to generate midweek conference and corporate business. The airport seemed likely to secure a direct flight to Denver, but the plan ultimately did not come to fruition. The airport recently announced nonstop service to Seattle on Alaska Airlines, with service beginning in April 2017.

On March 17, 2015, the San Luis Obispo County Airport received authorization from the County's board of supervisors to begin looking for designs bids for the airport's new passenger terminal. The \$35 million project will replace the existing 44-year old, 12,000-square foot terminal with a single building terminal approximately 50,000 square feet in size. Other improvements include updated bag systems, flight information displays, security access equipment, passenger boarding bridges, improved rental access, and bringing airport runway conditions up to standard. The project was approved with construction beginning in October 2015.

Tourism is a significant part of the SLO economy. The origin of the visitors is primarily Southern California, Bakersfield, and Fresno, via Highways 101 and 46. Other visitors are likely to come from Portland, Phoenix, Washington D.C., and Florida. Owing to increased marketing and publicity efforts by the SLO County VCB and the relative affordability of the area compared to competitive destinations such as Monterey, the number of visitors from Northern California is also on the rise. Approximately 55 percent of visitors to SLO County travel with children and visitation is highest between June through August.

Tourism in San Luis Obispo County holds strong and will continue to see growth in 2016 and 2017. The county continues to build awareness among key drive markets as well as nationally through the collective marketing and public relations outreach efforts by the county and community tourism partners. International travel will be an area of growth for San Luis Obispo County, especially with visitors looking for an active environment to play and seek out adventure.

According to the April 2016 California Travel Impacts by County report, total visitor direct spending in San Luis Obispo County in 2015 has increased as compared to 2014 to approximately \$1.576 billion, representing a 3.9 percent year-over-year increase. The following table summarizes the total direct spending and spending on accommodations (hotel/motel) between 2006 and 2015.

Visitor Expenditures - San Luis Obispo County				
Year	Total Direct		Visitor Spending	
	Spending (\$ millions)	Percent Change	on Hotel/Motel (\$ millions)	Percent Change
2006	1,252	22.1%	609	9.9%
2007	1,262	0.8	626	2.8
2008	1,272	0.8	644	2.9
2009	1,265	-0.6	652	1.2
2010	1,258	-0.6	661	1.4
2011	1,335	6.1	705	6.7
2012	1,422	6.5	770	9.2
2013	1,467	3.2	806	4.7
2014	1,517	3.4	848	5.2
2015	1,576	3.9	908	7.1
CAAG	2.6%		4.5%	

Source: Dean Runyan Associates California Travel Impacts by County 1992-2015

Overall, between 2006 and 2015 total direct spending has increased on a compounded annual level at 2.6 percent, and visitor spending on accommodations, hotels and motels specifically, has increased 4.5 percent annually over the same period.

San Luis Obispo County is also home to the award-winning "Savor the Central Coast" food and wine event. The four-day event held throughout San Luis Obispo County, started in 2011, features dozens of local chefs, hundreds of wineries, and several special events. Places featured as part of the event include Santa Margarita Ranch, Hearst Castle, Pismo Pier, San Luis Obispo Mission Plaza, Paso Robles Downtown Square, the coastline from Cambria to Morro Bay to Avila Beach and area artisanal farms and wineries. In 2015, the festival turned a profit of \$12,116 and generated an economic impact of \$3.47 million, down from \$4.48 million in 2014. In 2014, the festival had a loss of \$76,186. Included in the \$3.47 million figure, an estimated \$1.91 million was spent to prepare and operate the event, with 5,063 visitors spending approximately \$1.61 million on lodging, food, and other expenses. In January 2016, the San Luis Obispo County Board of Directors voted to put the Sunset Savor the Central Coast festival on hold. The event was originally scheduled for September 22nd through the 25th.

San Luis Obispo County is currently divided into four separate sub-markets: Pismo Beach, San Luis Obispo City, Paso Robles, and North Coastal. The Overall San Luis Obispo County lodging sample set is estimated to increase by 4.6 percent this year with the annualized room addition of three hotels that opened last year: the 37-room expansion of the La Quinta Paso Robles from June to July, the June opening of the 130-room SpringHill Suites Atascadero, and the October opening of the 171-room Ayres Allegretto Vineyard Resort Paso Robles. Overall market occupancy for the area is estimated to finish 2016 at 71.1 percent, which is equal to a 1.7 percent increase in occupied room nights over 2015. Average daily rate is estimated to increase 4.8 percent to post a 2016 average daily rate of \$158.14. As a result, RevPAR is estimated to increase by 1.8 percent over 2015.

We are forecasting annual rooms supply to increase by 1.1 percent in 2017 with the openings of the 104-room Inn at the Pier Pismo Beach and the 64-room Hotel Serra in San Luis Obispo City. Occupied rooms are forecast to realize a 2.1 percent increase over 2016 levels. This equates to a market occupancy of 71.8 percent. Average daily rate is forecast to increase by 2.6 percent over 2016. We are aware that the previously defined market area as a whole has a total of approximately

3.3 million annual hotel rooms. However, the table presented below includes the sum of our aggregated sub markets, representing approximately 55 percent of the total existing lodging supply.

San Luis Obispo Combined Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,561,105	N/A	1,040,987	N/A	66.7%	\$129.04	N/A	\$ 86.05	N/A
2012	1,607,825	3.0%	1,110,325	6.7%	69.1	132.24	2.5%	91.32	6.1%
2013	1,646,880	2.4	1,175,542	5.9	71.4	136.75	3.4	97.61	6.9
2014	1,646,880	0.0	1,205,879	2.6	73.2	144.07	5.4	105.49	8.1
2015	1,691,958	2.7	1,238,005	2.7	73.2	150.96	4.8	110.46	4.7
2016E	1,770,250	4.6	1,258,673	1.7	71.1	158.14	4.8	112.44	1.8
2017F	1,788,865	1.1	1,284,992	2.1	71.8	162.28	2.6	116.57	3.7
CAAG	2.3%		3.6%			3.9%		5.2%	

Source: CBRE Hotels

Additions to Supply

Based on our research and findings the table below details the new hotels that have been included in this year's edition of our Southern California Lodging Forecast located within the San Luis Obispo market.

Lodging Forecast - Additions to Supply				
Hotel Name	City	Submarket	Room Count	Opening Date
Inn at the Pier	Pismo Beach	Pismo Beach	104	September 2017
Hotel Serra	San Luis Obispo City	San Luis Obispo City	64	October 2017

Source: CBRE Hotels

PISMO BEACH

The Pismo Beach sub-market consists of properties located along the scenic coast spanning from Pismo Beach to Avila Beach, as well as the adjacent communities of Grover Beach and Arroyo Grande. Pismo Beach is the only oceanfront community on U.S. Highway 101 between Santa Barbara and San Francisco, and because it faces directly west, the sunsets are spectacular. Popular activities on its expansive beaches north of Grand Avenue include beach-combing, jogging, sunbathing, surfing, scuba diving, kayaking, and surf fishing. Wildlife sightings in the area are also common. Sea otters and sea lions are often spotted in the protected coves and kelp beds, and whales can also be seen during their migration south between December and March. For those desiring to shop, Downtown Pismo Beach offers a variety of surf and gift shops, art galleries, antique stores restaurants, and local wine tasting rooms. The combination of diverse landscapes, pleasant weather and a plethora of activities creates an oceanfront destination that appeals to the leisure crowd.

Tourism is a major component of the Pismo Beach area economy. Demand in Pismo Beach is almost entirely leisure driven, although several hotels derive some group meetings demand from their respective meeting facilities. Leisure visitors enjoy a myriad of activities including wine tasting, golfing, bicycling, walking through the Monarch Butterfly Grove, tennis, horseback riding, scuba diving, bowling, hiking, miles of beautiful and clean beaches, exploring tide pools, coves, and caves, as well as relaxing on the 1,200 foot Pismo Pier. In addition, the city is also accessible to various other attractions located in San Luis Obispo County such as Hearst Castle and Morro Bay via Highway 101 as well as California State Route 1 (also referred to as Pacific Coast Highway).

Pismo Beach, like other coastal leisure destinations located along the central coast of California, exhibits a high degree of seasonality in demand. The length of each season is a function of weather, as well as the timing of events and holidays. The high season occurs in the summer season from July through August, when the weather is most desirable and the hotels exhibit the highest occupancies and rates. Hotels also run extremely high occupancies during special events and holidays, such as Presidents' Day weekend, Easter weekend, homecoming week, and the annual Clam Festival. Demand is traditionally softest following Thanksgiving week to Christmas season, as temperatures fall and visitors redirect travel plans towards family-related purposes. Regardless of the season, it should be noted that owing to the fact that the majority of visitors to the area are leisure travelers who drive from nearby destinations such as Southern California, Bakersfield, and Fresno, weekend visitation is consistently higher than weekday visitation throughout the year.

The majority of visitors to Pismo Beach are from within California. The major feeder cities are: Fresno, Modesto, Sacramento, Bakersfield, Visalia and greater Los Angeles. The Pismo Beach Conference and Visitor's Bureau (CVB) has been successful and is continuing to attract group tours and individual travelers from within California and within the International market. Consistent marketing to regional magazines such as: Sunset, Travel 50 and Beyond, Westways, Meetings West as well as newspaper travel sections, enhances the visibility of Pismo Beach to the surrounding regional areas. The area's accessibility via U.S. Highways 46 and 101 has enhanced the popularity of the city as a drive-in destination.

In 2016 it is estimated that the number of occupied rooms will increase by 0.1 percent to finish the year at an occupancy of 73.3 percent. It is estimated that average daily rate will increase by 4.0 percent this year. In 2017, we forecast a 1.5 percent growth in occupied rooms amid a 2.4 percent growth in supply with the opening of the 104-room Inn at the Pier Pismo Beach, resulting in a market occupancy of 72.6 percent. Average daily rate is forecast to increase by 3.0 percent in 2017 as compared to 2015, resulting in an average daily rate of \$188.27.

Pismo Beach									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	505,525	N/A	329,662	N/A	65.2%	\$147.51	N/A	\$ 96.20	N/A
2012	527,790	4.4%	363,947	10.4%	69.0	148.85	0.9%	102.65	6.7%
2013	527,790	0.0	376,946	3.6	71.4	156.28	5.0	111.61	8.7
2014	527,790	0.0	388,333	3.0	73.6	164.87	5.5	121.31	8.7
2015	527,790	0.0	386,359	-0.5	73.2	175.81	6.6	128.70	6.1
2016E	527,790	0.0	386,776	0.1	73.3	182.79	4.0	133.95	4.1
2017F	540,565	2.4	392,578	1.5	72.6	188.27	3.0	136.73	2.1
CAAG	1.1%		3.0%			4.1%		6.0%	
07/15 ytd	308,060	N/A	227,014	N/A	73.7%	\$175.54	N/A	\$129.36	N/A
07/16 ytd	308,060	0.0%	228,123	0.5%	74.1%	182.77	4.1%	135.35	4.6%

Source: CBRE Hotels

SAN LUIS OBISPO CITY

The City of San Luis Obispo serves as the commercial, governmental and cultural hub of California's Central Coast. One of California's oldest communities, it began with the founding of Mission San Luis Obispo de Tolosa in 1772 by Father Junípero Serra as the fifth mission in the California chain of 21 missions. The mission was named after Saint Louis, a 13th Century Bishop of Toulouse, France. While San Luis Obispo grew relatively slowly during most of the 19th century, the coming of Southern Pacific

Railroad in 1894 opened up the area to the rest of California. The city's distance from major metropolitan areas to the north (San Francisco Bay Area) and south (Los Angeles) have allowed the area to retain its historic and scenic qualities. These qualities continue today contributing to the superb quality of life the residents enjoy and attracting visitors from many other areas.

Hotels in the San Luis Obispo City sub-market are generally located on, or within a few blocks of Monterey Street proximate to the downtown area. Accordingly, these hotels serve the commercial traveler visiting downtown businesses, leisure visitors who want to visit various sites and partake in recreational activities in the surrounding area and visitors to Cal Poly, San Luis Obispo. Developments in the neighborhood are attractive, maintained in good condition, and both finished and landscaped to be consistent with the resort feel of the area

Another key feature contributing to the city's great quality of life is the downtown district. The heart of downtown is Mission Plaza. With its wonderful creek side setting and beautifully restored mission (that continues to serve as a parish church to this day), Mission Plaza is the community's cultural and social center. This historic plaza is complemented by the downtown district which offers great shopping, outdoor and indoor dining, night life, and the famous Thursday Night Farmers' Market, where one can buy locally grown fresh produce and enjoy an outdoor BBQ. This unique blend of history, culture, commerce and entertainment make San Luis Obispo's downtown one of the most attractive, interesting and economically vibrant downtowns in America.

In the short term it is estimated that the San Luis Obispo City submarket will end 2016 with a 74.5 percent occupancy rate and an average daily rate of \$149.93, representing a 6.0 percent decrease in occupied rooms and a 6.0 percent increase in rate. The decrease in occupied rooms is primarily the result of significant renovations in progress at several hotels. For 2017, occupied room nights are forecast to increase 3.0 percent amid a 1.4 percent increase in supply due to the opening of the 64-room Hotel Serra, resulting in a market occupancy of 75.7 percent. Average daily rate is forecast to increase an additional 3.0 percent.

San Luis Obispo City Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	384,345	N/A	283,600	N/A	73.8%	\$121.51	N/A	\$ 89.66	N/A
2012	403,325	4.9%	297,300	4.8%	73.7	125.68	3.4%	92.64	3.3%
2013	415,005	2.9	312,706	5.2	75.3	129.30	2.9	97.42	5.2
2014	415,005	0.0	320,363	2.4	77.2	135.43	4.7	104.55	7.3
2015	415,005	0.0	329,265	2.8	79.3	141.46	4.5	112.23	7.4
2016E	415,005	0.0	309,374	-6.0	74.5	149.93	6.0	111.76	-0.4
2017F	420,845	1.4	318,655	3.0	75.7	154.42	3.0	116.93	4.6
CAAG	1.5%		2.0%			4.1%		4.5%	
07/15 ytd	241,995	N/A	193,322	N/A	79.9%	\$142.36	N/A	\$113.73	N/A
07/16 ytd	241,995	0.0%	181,926	-5.9%	75.2%	151.30	6.3%	113.74	0.0%

Source: CBRE Hotels

PASO ROBLES

The Paso Robles sub-market includes properties in the cities of Paso Robles and Atascadero. Paso Robles is a small inland community in San Luis Obispo County surrounded by the rolling hills of the Central Coast. Paso Robles is located approximately 28 miles north of San Luis Obispo along Interstate 101. For years, Paso Robles was known as the half-way stop for motorists traveling between

Northern and Southern California. However, the increased popularity of this award-winning wine region has caused the city to become a destination unto itself. The city was originally the Paso Robles Rancho, a 25,993 acre plot of land granted to Pedro Narvaez. The land passed through several owners who realized the potential of the area's hot springs, reputed to relieve various ailments. The area continued to develop, and was eventually incorporated in 1889. For a brief time, the town was known as the "Almond City" for its local almond growers. Presently, much of the surrounding land is occupied by thriving vineyards, which have become popular among tourists.

With over 200 wineries, the City of Paso Robles thrives on its wine production and the tourism related to this booming industry. The Paso Robles wine industry has become a well-respected wine-destination, much more so than many of its regional counterparts within California. In 1797, Father Junipero Serra planted 1,000-grapevines to make sacramental wines. Later, French and Italian immigrants brought European vine cuttings. Today, the area contains nearly 40,000 vineyard acres. Tourists throughout the region visit Paso Robles for wine tasting tours amidst the beauty of the Central Coast, with most wineries being located immediately off Route 46. The eastern half of the Paso Robles American Viticulture Area (AVA) tends to be warmer and drier. Wineries in this section of the AVA typically produce full bodied wines with rich fruit character. These wines often have softer tannins and lower acidity compared to the west, making them more approachable in their youth.

The Chamber of Commerce works with local wine growers in planning events throughout the year to promote tourism. The Paso Robles Wine Country Alliance is a non-profit organization dedicated to the marketing and promotion of this world-class wine region. This cooperative marketing alliance consisting of wineries, vineyards, and related businesses is committed to attracting tourists and generating traffic through the Paso Robles wine region. The booming wine industry has led to the beginnings of a viable destination, in particular the downtown area. Currently, a myriad of restaurants, wine-tasting rooms, and cheese shops line the sidewalks in downtown. Furthermore, notable restaurants such as the Artisan and Villa Creek have received both local and regional recognition.

Additionally, there are four major wine-related events held annually in Paso Robles which attract both enthusiasts and newcomers alike. BlendFest on the Coast, which started in 2015, is hosted just north of Paso Robles in San Simeon and provides guests with beautiful coastal views while they taste wines from 30 of Paso Robles' wineries. Vintage Paso: Zinfandel Weekend is held during the third week of March and is the second largest Zinfandel tasting in the state. This weekend event also includes special events happening at area wineries, such as winemaker dinners, special tastings, seminars, and open house events. Held in May, the Paso Robles Wine Festival is one of the largest outdoor wine festivals in California. The weekend event at the Paso Robles City Park features winemaker dinners, live music, newly released wines, and open house festivities at area wineries. The Harvest Wine Weekend, which is held in the third week of October, allows guests to enjoy activities such as winemaker dinners, barrel samples, seminars, barbeques, live music, and winery tours.

According to the economic impact study commissioned in 2015 and prepared by the University of California Agricultural Issues Center at UC Davis, the county attracts approximately 1.5 million wine related visits by tourists, who spend approximately \$194 million dollars when visiting the area. The Paso Robles AVA accounts for 87 percent of SLO County wine industry output and economic impact. Demographically, wine-related tourists are well educated and tend to have a relatively high income (over \$100,000 per year). Wine-related tourists are likely to patronize quality restaurants and lodgings and also have a high rate of return.

The historical trends in economic and demographic data suggest that the future prospect for Paso Robles is favorable. Paso Robles has been the economic engine that continues to drive the county with its healthier than average job market and viable tourism sector. Paso Robles has become a sophisticated wine-based tourist destination, which has contributed to much of its growth in the local economy. Unlike many other cities that are change-averse, Paso Robles has been proactive in promoting change that has had a positive impact on the community as a whole.

We estimate that the Paso Robles lodging market will increase in occupied room nights by 11.6 percent in 2016 resulting in a market occupancy of 66.7 percent as the expansion at the La Quinta Inn & Suites and openings of the SpringHill Suites Atascadero and the Ayres Allegretto Vineyard Resort Paso Robles are absorbed into the competitive market. In terms of average daily rate, we estimate a 7.4 percent increase for the market as a whole. In 2017, occupied rooms are forecast to increase by 3.0 percent, resulting in a market occupancy of 68.7 percent. Average daily rate is forecast to increase by 2.5 percent as compared to 2016 estimates, ending the year at \$148.35.

Paso Robles Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	405,150	N/A	270,145	N/A	66.7%	\$117.09	N/A	\$ 78.08	N/A
2012	410,625	1.4%	279,746	3.6%	68.1	120.16	2.6%	81.86	4.8%
2013	438,000	6.7	301,034	7.6	68.7	123.35	2.7	84.78	3.6
2014	438,000	0.0	306,372	1.8	69.9	130.32	5.7	91.16	7.5
2015	483,078	10.3	335,566	9.5	69.5	134.76	3.4	93.61	2.7
2016E	561,370	16.2	374,527	11.6	66.7	144.73	7.4	96.56	3.2
2017F	561,370	0.0	385,762	3.0	68.7	148.35	2.5	101.94	5.6
CAAG	5.6%		6.1%			4.0%		4.5%	
07/15 ytd	281,780	N/A	199,084	N/A	70.7%	\$134.40	N/A	\$ 94.95	N/A
07/16 ytd	327,405	16.2%	219,253	10.1%	67.0%	144.09	7.2%	96.49	1.6%

Source: CBRE Hotels

NORTH COASTAL

The North Coastal sub-market is comprised primarily of lodging facilities in Morro Bay and Cambria. The City of Morro Bay was incorporated in 1964 and is located on the Pacific Coast of California about half way between San Francisco and Los Angeles near Hearst Castle and the Big Sur Coast. The city's name came from its famous landmark, Morro Rock, named by Juan Rodriguez Cabrillo when he first charted this coast during his 16th Century voyage of discovery. South of the City of Morro Bay is the expansive Morro Bay State Park, spread over 1,905 acres of winding landscape and lush vegetation. The park is laid out around an 18-hole golf course. The vast grounds cover a portion of the Morro Bay Estuary and tree-shaded camping and picnic grounds. Morro Rock, the landmark 581 square feet-high rock formation that covers 50 feet at its base, sits at the center of the park and is the westernmost volcano in a chain of seven volcanic peaks reaching to the City of San Luis Obispo. Other park attractions include a natural history museum dedicated to local wildlife and the environment, as well as a small boat harbor that provides launching facilities, boat rentals, a fishing tackle and supplies shop, and a café.

Cambria, a small unincorporated coastal community, was founded in 1862 and is located approximately 34 miles north of San Luis Obispo and six miles south of the famous Hearst Castle along popular Highway 1. Cambria covers an area of approximately three square miles at an elevation approximately 200 feet above sea level. The small coastal town attracts a large degree of

retirees and vacationers who appreciate the area's undisturbed atmosphere. The area depends primarily on tourism and agricultural businesses. Commercially, the town of Cambria can be divided into three distinct areas: East and West Village and Moonstone Beach Drive. Much of Cambria's commercial buildings and older converted homes can be found in the East and West Village area. Also of note in the East Village are several areas designated for historic preservation. The East Village is also home to a large number of the community's upscale restaurants. In the last twenty years commercial development has spilled over to the West Village due to the availability of space and its proximity to State Highway 1. The third distinct area of Cambria is Moonstone Beach Drive, which is located one mile north of the East and West Village Districts. The Moonstone Beach area is home to several lodging and restaurant facilities. Cambria offers an ideal setting for a range of outdoor activities including hiking, jogging, and biking along the dramatic coastline. Many visitors enjoy swimming, surfing, kayaking, and other ocean activities. Local fruit farms offer 'pick your own' activities and many visitors choose to taste wines at nearby vineyards and wineries.

One of the most popular destinations for visitors is the famous Hearst Castle, which is located in San Simeon. One of the largest of approximately 5,000 historic house museums in the U.S., Hearst Castle features 56 bedrooms, 61 bathrooms, 19 sitting rooms, and provides one of the most sophisticated guided tour programs in the country. The estate's magnificent main house, "Casa Grande," and three guest houses are of the Mediterranean Revival style, while the imposing towers of Casa Grande were inspired by a Spanish cathedral. Art treasures can be found in every room of Hearst Castle and include antique ceilings, ancient Greek vases, rare oriental rugs, and a variety of work originating primarily from Spain and Italy. The grounds and formal gardens of the 127-acre estate are ornamented with tiled pools, fountains and statuary.

In 2016, we estimate that demand as measured by occupied rooms will increase by 0.6 percent resulting in market occupancy of 70.7 percent, while average daily rate will increase by 1.6 percent to \$147.67. In regard to 2017, we forecast no increase in occupied rooms resulting in an occupancy of 70.7 percent, but a 1.5 percent increase in average daily rate as the North Coastal area approaches a stabilized occupancy level. This equates to a year-end 2017 average daily rate of \$149.89.

North Coastal									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	266,085	N/A	157,579	N/A	59.2%	\$124.44	N/A	\$ 73.69	N/A
2012	266,085	0.0%	169,332	7.5%	63.6	128.03	2.9%	81.48	10.6%
2013	266,085	0.0	184,857	9.2	69.5	131.34	2.6	91.24	12.0
2014	266,085	0.0	190,811	3.2	71.7	138.33	5.3	99.20	8.7
2015	266,085	0.0	186,815	-2.1	70.2	145.39	5.1	102.08	2.9
2016E	266,085	0.0	187,997	0.6	70.7	147.67	1.6	104.34	2.2
2017F	266,085	0.0	187,997	0.0	70.7	149.89	1.5	105.90	1.5
CAAG	0.0%		3.0%			3.2%		6.2%	
07/15 ytd	155,125	N/A	107,192	N/A	69.1%	\$141.99	N/A	\$ 98.12	N/A
07/16 ytd	155,125	0.0%	108,351	1.1%	69.8%	144.56	1.8%	100.97	2.9%

Source: CBRE Hotels

COASTAL RESORT

Coastal Resort Market

EXECUTIVE SUMMARY

The Coastal Resort market includes destination resort hotels located in coastal locations in the counties of Santa Barbara, Los Angeles, Orange, and San Diego. For the most part, the sample set of resorts are characterized as four to five star level properties that cater primarily to groups and high-end leisure travelers. These properties play an important role in the California lodging market due to their ability to attract regional business and garner nationwide attention. California's temperate climate, stretches of ocean and beaches, and tourist attractions contribute to the appeal of these resorts.

Over the last five years, the Coastal Resort market has seen several additions to supply, such as the opening of the 215-room Hilton Carlsbad in July 2012, now the Cape Rey, a Hilton Resort, and the May 2013 re-opening of El Encanto, a 92-room luxury hotel located in Santa Barbara, which is affiliated with the Belmond hotel collection. The hotel had been closed for nearly seven years as it underwent an extensive renovation. In 2014 the 78-room Pier South Resort opened in Imperial Beach as part of Marriott's Autograph Collection of hotels. No Coastal Resort hotels opened since that time until the recent opening of the 250-room Paséa Hotel & Spa, which was developed by a partnership between R.D. Olson and Pacific Hospitality Group. The beach-inspired lifestyle hotel officially opened to the public on Memorial Day weekend this year. Looking forward to 2017, the Coastal Resort market will see the opening of the 123-room La Entrada in Santa Barbara and a 147 room (net) expansion of The Waterfront Resort, a Hilton Hotel in Huntington Beach.

The properties in this market typically target the high-end group and local and regional leisure travelers to help boost occupancy and rate. Coming out of the recession, the coastal properties recaptured significant growth in occupied rooms in 2012 through 2014, helped along by relatively low increases in supply. Further, during the historical period average daily rates outpaced inflation each year between 2012 and 2015. In 2016, we estimate a 0.4 percent growth in occupied rooms amidst a 1.6 percent growth in supply, resulting in an occupancy of 72.6 percent. Average daily rate is estimated to increase by 2.7 percent to \$363.11 in 2016. In 2017, supply is expected to increase by 2.5 percent with the opening of La Entrada and the expansion of the Waterfront Resort mid-year, and the addition of the annualized rooms at the Paséa Hotel & Spa. Demand as measured by occupied rooms is forecast to increase by 1.9 percent along with a 2.4 percent increase in ADR.

Coastal Market									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	3,105,785	N/A	2,051,479	N/A	66.1%	\$293.39	N/A	\$193.79	N/A
2012	3,145,205	1.3%	2,167,571	5.7%	68.9	305.62	4.2%	210.63	8.7%
2013	3,203,240	1.8	2,252,619	3.9	70.3	321.50	5.2	226.09	7.3
2014	3,245,945	1.3	2,366,762	5.1	72.9	341.56	6.2	249.05	10.2
2015	3,248,135	0.1	2,387,785	0.9	73.5	353.58	3.5	259.93	4.4
2016E	3,301,364	1.6	2,397,543	0.4	72.6	363.11	2.7	263.70	1.5
2017F	3,383,003	2.5	2,443,945	1.9	72.2	371.93	2.4	268.69	1.9
CAAG	1.4%		3.0%			4.0%		5.6%	

Source: CBRE Hotels

Additions to Supply

Based on our research and findings the table below details the new hotels that have been included in this year's edition of our Southern California Lodging Forecast located within the Coastal Resort market.

Lodging Forecast - Additions to Supply				
Hotel Name	City	Submarket	Room Count	Opening Date
Pasea Hotel & Resort	Huntington Beach	Second Tier	250	June 2016
Waterfront Hilton Resort Expansion	Huntington Beach	Third Tier	147	June 2017
La Entrada	Santa Barbara	First Tier	123	July 2017
Source: CBRE Hotels				

FIRST TIER

We have divided the market into three tiers in order to analyze the coastal market in further detail. The first tier includes properties with stabilized average daily rates projected to be above \$400.00. For year-end 2016, we estimate a market occupancy rate of 72.8 percent and an average daily rate of \$603.03. This equates to a 1.2 percent increase in occupied rooms and a 1.9 percent increase in average daily rate. We are not aware of any hotel openings within this tier for the remainder of 2016, although La Entrada de Santa Barbara is anticipated to open mid next year, thereby increasing the available supply of hotel rooms by 3.3 percent. Looking forward, in 2017 we have forecast occupied rooms to grow by 3.5 percent as luxury travel is projected to remain strong in the coming year. We project that average daily rate will grow by 2.5 percent. This equates to a forecasted occupancy of 72.9 percent and a rate of \$618.11 in 2017.

First Tier (ADR Above \$400)									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	649,335	N/A	394,307	N/A	60.7%	\$477.71	N/A	\$290.09	N/A
2012	649,335	0.0%	434,345	10.2%	66.9	491.46	2.9%	328.74	13.3%
2013	668,315	2.9	460,966	6.1	69.0	523.76	6.6	361.26	9.9
2014	682,915	2.2	492,399	6.8	72.1	562.50	7.4	405.58	12.3
2015	682,915	0.0	491,178	-0.2	71.9	591.55	5.2	425.46	4.9
2016E	682,915	0.0	497,090	1.2	72.8	603.03	1.9	438.94	3.2
2017F	705,363	3.3	514,488	3.5	72.9	618.11	2.5	450.84	2.7
CAAG	1.4%		4.5%			4.4%		7.6%	
Source: CBRE Hotels									

SECOND TIER

The market's second tier includes properties with stabilized average daily rates that are projected to be below \$400.00 but above \$275.00. For this market, we estimate an occupancy rate and average daily rate for year-end 2016 of 69.8 percent and \$360.11, which translates to an increase in occupied rooms of 2.3 percent and 1.7 percent increase in average daily rate. Supply is projected to increase by 4.0 percent in 2016 with the recent opening of the 250-room Paséa Hotel & Spa and additional 2.0 percent as the remainder of its rooms are annualized into the market next year. For 2017, we forecast the demand for occupied rooms will increase by 2.0 percent amidst the aforementioned 2.8 percent increase in supply. This equates to a market occupancy rate of 69.2 percent. Average daily rate is forecast to increase by 2.0 percent for an average daily rate of \$367.31.

Second Tier (ADR below \$400 above \$275) Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,321,665	N/A	847,447	N/A	64.1%	\$297.27	N/A	\$190.61	N/A
2012	1,321,665	0.0%	881,374	4.0%	66.7	314.62	5.8%	209.81	10.1%
2013	1,321,665	0.0	904,185	2.6	68.4	325.94	3.6	222.99	6.3
2014	1,322,760	0.1	936,811	3.6	70.8	340.71	4.5	241.30	8.2
2015	1,323,490	0.1	939,196	0.3	71.0	354.06	3.9	251.25	4.1
2016E	1,376,719	4.0	960,458	2.3	69.8	360.11	1.7	251.23	0.0
2017F	1,414,740	2.8	979,667	2.0	69.2	367.31	2.0	254.35	1.2
CAAG	1.1%		2.4%			3.6%		4.9%	

Source: CBRE Hotels

THIRD TIER

Lastly, the third tier includes properties with stabilized average daily rates projected to be under \$275.00. In 2016, occupied rooms are estimated to decrease by 1.8 percent resulting in a market occupancy of 75.7 percent. Average daily rate is estimated to increase by 2.8 percent, equating to \$237.40. In 2017, with expansion of the Waterfront Resort, we forecast occupied rooms will increase by 1.0 percent, for a market occupancy of 75.2 percent. We forecast average daily rate to increase by 2.5 percent in 2017, ending the year at \$243.34.

Third Tier (ADR Below \$275) Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,134,785	N/A	809,725	N/A	71.4%	\$199.56	N/A	\$142.40	N/A
2012	1,174,205	3.5%	851,852	5.2%	72.5	201.56	1.0%	146.23	2.7%
2013	1,213,260	3.3	887,468	4.2	73.1	211.90	5.1	155.00	6.0
2014	1,240,270	2.2	937,552	5.6	75.6	226.37	6.8	171.12	10.4
2015	1,241,730	0.1	957,412	2.1	77.1	231.04	2.1	178.14	4.1
2016E	1,241,730	0.0	940,386	-1.8	75.7	237.40	2.8	179.79	0.9
2017F	1,262,900	1.7	949,790	1.0	75.2	243.34	2.5	183.01	1.8
CAAG	1.8%		2.7%			3.4%		4.3%	

Source: CBRE Hotels

INLAND EMPIRE

Inland Empire

EXECUTIVE SUMMARY

The metropolitan area is comprised of Riverside and San Bernardino counties, and is often called the "Inland Empire." The Inland Empire refers to a collection of Southern California cities located in Riverside and San Bernardino Counties. The Inland Empire is comprised of some of the oldest cities in the region: Ontario, San Bernardino, Redlands, and Riverside. These cities were established near the end of the 19th century and were major centers of agriculture including citrus, dairy, and wine-making. The name "Inland Empire" was first used in the 1950s to distinguish the region from the communities of the Los Angeles area.

The "Inland" part of the name is derived from the region's location about 37 miles inland from the Pacific Ocean and east of Downtown Los Angeles. Between the Los Angeles area and the Inland Empire, there was limited development until the 1970s, and this relatively open, rural space between two developed regions served as a natural boundary. However, since then, a rapidly growing population and, therefore, commercial, and industrial development, has led to cities being established in this rural, intermediate area. Interconnectivity provided by a vast automobile-oriented transportation network, including perhaps one of the most comprehensive freeway systems in the United States, has further eroded any real or perceived boundary between the Inland Empire and its surrounding counties.

The "Inland Empire." is bordered by Los Angeles and Orange County to the west, and to the east by the states of Nevada and Arizona. Riverside County covers 7,304 square miles while San Bernardino covers 20,106. The January 2015 population of the area totals approximately 4.4 million people. The area's population count makes it larger than 24 states. The majority of the county's acreage is a mixture of mountainous terrain and arid deserts. The center of the Inland Empire is located approximately 60 miles east of the center of Los Angeles, 110 miles northeast of San Diego, and 200 miles southwest of Las Vegas.

The Inland Empire and specifically Ontario, is the hub of the Southern California Global Gateway. It is a major transportation hub for both rail and truck service, is home to the LA/Ontario International Airport (a UPS hub, both small packages and air freight, and for service from Asia), and is a major distribution center for firms moving goods through Southern California's ports to the rest of the U.S. The LA/Ontario International Airport, strategic freeway access, two rail lines, and service by Amtrak and MetroLink make the region a transportation hub. There are also three ex-military air fields that are being redeveloped for commercial use: George Air Force Base as the Southern California Logistics Airport, Norton AFB as the San Bernardino International Airport, and March AFB as the March Inland Port. Norton AFB completed the majority of its renovations in 2011. The airport is now used as a cargo and general aviation facility, with no commercial flights contracted to pass through the airport.

This area also has an impressive array of higher educational institutions, including the University of California Riverside (UCR), Cal State San Bernardino, University of Redlands, Loma Linda School of Medicine, and the University of La Verne College of Law, the Inland Empire's only ABA accredited law school. In 2013 UCR welcomed its charter class of medical students to the University of California, Riverside School of Medicine. Just to the west of the county line in Los Angeles are the Claremont College group and Cal Poly Pomona. There are also numerous community colleges serving the area. The two-county area also has a diverse portfolio of quality of life elements. These include desert

resorts with championship golf courses, mountain resorts that offer skiing in the winter and biking and hiking trails in the summer, Southern California's leading wine country, a natural hot springs spa destination, and relative proximity to internationally recognized destinations in Los Angeles and Orange Counties. There are also fine and performing arts centers. The Auto Club Speedway in Fontana is the largest auto racetrack in Southern California.

Affordable home ownership had historically been the primary motivating factor behind job growth in the Inland Empire as homes in these communities are generally less expensive than comparable homes in Orange and Los Angeles Counties, and employees are willing to work for less to avoid long commutes. However, the Inland Empire was one of the local economies hit hardest by the recession, but the region has shown resiliency. Over the past several years more and more positive signs have continued to emerge. It is anticipated that by the end of 2016, the Inland Empire will exhibit a job total eight percent higher than pre-recession highs, driven by a quickly accelerating housing recovery and an upswing in job gains from the professional and business services sector, which are helping to fuel the regional economy.

The Inland Empire continues to lead Southern California in job growth adding 44,600 jobs in the past year, for a 3.3 percent annual growth. In particular, transportation and warehousing employment rose by 6,400 jobs for an annual gain of 7.3 percent. In 2016, the job market is forecasted to add another 48,700 jobs. In the Inland Empire quarterly economic report, John Husing predicts that the region will exhibit 3.5 percent growth in terms of jobs in 2016, with the largest gains coming from the blue collar sectors (with a primary focus on growth in logistics jobs), followed by office jobs (with growth coming primarily from the healthcare sector), and nominal growth in the high paying sector. The diversity of hiring across pay scales and industries has ensured that wages and salaries are currently rising much faster than in the rest of California and the rest of the U.S. Job growth and expansion is driven primarily by the traditional advantages that the Inland Empire provides for the blue-collar sector, including undeveloped land, moderately priced labor, and a growing population. As expansion continues in the healthcare industry coupled with moderate growth in the higher paying sectors, the forecasted growth bodes well for the overall prosperity of the region. 26.9 percent of growth is forecasted for the lower paying sectors, while the majority, 73.1 percent, of growth is forecasted in the moderate and higher-paying job sector. This kind of spread suggests that the additional dollars earned will be brought into the local economy, which will have spillover effects on service-related industries.

Additionally, the continued availability of land has ensured that homebuilding has continued to increase, positively affecting the housing market. As of the first quarter of 2016, new homes were up 5.0 percent from 2015, and existing home prices rose 6.6 percent. Foreclosures also fell to roughly 1,000 per month, down well below the recession peak of 12,500. The strength of the housing market bodes well for continued growth in construction employment. Traditionally, the construction sector has represented the strongest job creator in the Inland Empire, but the recession saw construction jobs cut by more than 50 percent. Since 2012, this sector has recovered effectively to reach a total of 85,200 jobs, which is still 42,300 short of pre-recession highs, but represents an important sign of strength in the area economy. We anticipate that the construction sector will continue to see a resurgence as the availability of land will continue to lead to increased development. From 2013 to 2014 the household formation in Riverside, alone, increased from 400,000 to 1.4 million units. This type of growth in the housing supply can be expected to continue across the entire Inland Empire, which can be expected to have a positive effect on the housing market with spillover positive impacts on the labor market. An encouraging aspect of the current period of economic growth in the Inland Empire has been that the growth has extended beyond the traditional construction sector to include sectors such as professional

services and, primarily, goods distribution. Taxable sales receipts in the area are at an all-time high, largely due to residents being more willing to spend at local restaurants and establishments. Economic growth for the Inland Empire is looking very bright, and is actually predicted to be the highest in California, according to HIS Global Insight, growing at an average of 4.2 percent annually through 2020 and beating out both Phoenix and Houston.

As the e-commerce industry continues to grow nationwide, traditional retailers have been forced to embrace the idea of creating regional fulfillment centers, and as they do, they come to the Inland Empire for its available land for these large types of facilities. The majority of these fulfillment centers are located in the Inland Empire, making it the “big box capital” of the US. The Inland Empire continues to be a prime location for the construction of warehouse complexes as well as sorting and logistics facilities. Much of the large volume of imports that make their way through the San Pedro ports make their way to distribution centers in the Inland Empire where they are sorted and distributed. According to industry experts, the Inland Empire leads the nation in both leasing activity and net absorption for “big-box” industrial development. At mid-year 2016, the Inland Empire had 15.7 million square feet under construction along with 12.4 million square feet of newly completed industrial space, the most in the nation. The 640,000 square foot Goodman Logistics Center in Fontana was recently completed in August 2015, and secured a lease with Walmart. The proposed World Logistics facility in the Moreno Valley would span more than 40 million square feet and recently settled a lawsuit with the South Coast Air Quality Management District Board, paving the way for development of one of the largest warehouse facilities in the world. QVC recently opened its first West Coast distribution center in Ontario. The one million square foot center is projected to add 1,000 jobs to Ontario by 2020. Increasing development activity in this sector is forecasted through 2017.

In 2015, employment in the logistics sector grew by 13,600 jobs and is forecasted to increase by 13,000 in 2016. The prime hotspots for warehouse development continue to be the Ontario corridor, including Rancho Cucamonga, as well as Fontana, Colton, Rialto, and Redlands. The top five industrial tenants in the Inland Empire are Amazon, Home Depot, Walmart, NFI, and Ross, with a few expected to expand their footprint in the Inland Empire. The continued challenge is to ensure that this growth in construction and subsequent, often temporary, employment is able to have a lasting, permanent effect on employment in the region. The potential spillover effect onto job growth in professional and business services sectors still remains to be seen. Overall, the rapid growth in the warehouse sector is a positive indicator for economic growth in the Inland Empire.

Overall, the long term outlook for the Inland Empire is favorable. Both San Bernardino and Riverside Counties are anticipated to benefit from an increase in residents, businesses, and amenities over the next five to ten years as development has naturally progressed inland from the nearly fully developed Counties of Los Angeles and Orange. While this trend reversed sharply in recent years due to the credit crisis, mortgage meltdown and resulting foreclosures, as well as historically high employment rates, economic trends have turned positive, and the Inland Empire, undeniably, remains California’s region for future expansion. As the E-Commerce industry continues to expand, the Inland Empire’s role as the big-box capital of the nation will continue to be important and will likely see a spill over into other aspects of the area economy.

LA/Ontario International Airport (ONT) is a medium-hub, full-service airport with direct service to major US cities and several international destinations. It is located approximately 38 miles east of downtown Los Angeles. LA/Ontario International Airport’s service area includes San Bernardino and Riverside Counties and portions of north Orange County and East Los Angeles County. The following table provides year-end data on LA/Ontario International Airport passenger and cargo statistics from

2006 through 2015, as well as year to date figures through July 2016 as compared to the prior period last year.

Volume of Air Traffic LA/Ontario International Airport		
Year	Passengers	Cargo (Tons)
2006	7,049,904	544,600
2007	7,207,150	532,865
2008	6,232,761	481,284
2009	4,886,695	391,060
2010	4,808,241	392,427
2011	4,551,875	417,686
2012	4,305,426	454,880
2013	3,969,974	460,535
2014	4,127,280	474,502
2015	4,209,311	509,809
*CAAC 2006-2015	-5.6%	-0.7%
Ytd July-15	2,409,600	276,854
Ytd July-16	2,403,091	313,530

*CAAC = Compound Annual Average Change
Source: Los Angeles World Airports

With the continued rising costs of fuel and airline cutbacks, LA/Ontario International Airport lost nearly one third of its flights between 2008 and 2010, making the airport one of the nation's hardest hit by an industry-wide rush to cut flights amid difficult economic conditions. However, in the mid to long-term, healthy growth is still expected as many of the area's other airports are unable to expand to accommodate the anticipated increases in demand. It was estimated by the Southern California Association of Governments (SCAG) that LA/Ontario International Airport could service as many as 20 million air passengers by 2025. Despite the steep declines during the recession years, this estimate may not be overly optimistic considering recent developments in the transfer of ownership. After a long legal process and negotiations, the City of Los Angeles has agreed to return local control of the Ontario International airport to the City of Ontario. The City of Ontario relinquished control of the Airport in 1985, but had been fighting to regain control of the airport since alleged mismanagement and apathy by the City of Los Angeles led to sharp passenger declines from 2007 to 2012. The city of Ontario had filed a lawsuit in order to regain control of operations, and in August 2015, the City of Los Angeles agreed to return the airport to local control provided that roughly \$250 million in reimbursement costs and debt be paid and assumed. After finalizing a settle agreement in early 2016, the official transfer is slated to take place on November 1st, 2016, with the airport dropping LA from the name so that it will now be called the Ontario International Airport once again. This local ownership will allow the Ontario airport to reduce its cost structure and increase marketing, advertising, and promotion of the airport. Such a change is anticipated to allow Ontario to better compete with other Southern California destinations and will ultimately benefit the local and regional hotel communities.

The Inland Empire is home to, and proximate to an increasing number of leisure demand generators that have brought a small measure of prominence to the area. The Ontario Mills Mall is the largest outlet mall in Southern California and is a source of significant leisure demand. The outlet recently added several well-known retail stores, including EXPRESS Factory Outlet, New York & Company Outlet, PINK, and ASICS Outlet.

Located just three miles north of Ontario in Rancho Cucamonga is Victoria Gardens, a 147-acre urban shopping town center, which is anchored by major tenants such as Macy's, JC Penney, and Bass Pro Shops, as well as hundreds of other fine retailers and dozens of restaurants and specialty food retailers. The outdoor mixed-use town center reached 12 years of operation in 2016, and is continually expanding, recently adding upscale food and beverage outlet Paul Martin's American Grill, conceived by Brian Bennett and restaurateur Paul Fleming. Riverside boasts its own shopping mall with the Galleria at Tyler, a significantly smaller development. The Auto Club Speedway, located in Fontana, is home to world-class motor sports events, and has additional configurations and facilities to accommodate road races, motorcycle races, vehicle testing, and drag races. Every year, in March, NASCAR hosts the Auto Club 400 at the race track, which generates significant tourist demand. The San Manuel Amphitheater (formerly the Glen Helen Pavilion, Hyundai Pavilion, and the Blockbuster Pavilion), is a 65,000-seat amphitheater located in the hills of Glen Helen Regional Park in Devore, California. Given that it is one of the largest amphitheaters in North America, it has become a concert venue of choice for promoters looking for large venues in Southern California.

Our forecast for the Inland Empire includes three distinct submarkets: the greater Ontario market, including adjacent Rancho Cucamonga, the Riverside/San Bernardino metropolitan market, including the cities of Colton, Corona, Loma Linda, Highland, Norco, Redlands, Riverside, and San Bernardino and the Murrieta/Temecula Valley market. With regards to lodging supply, we note that after a number of years of rapid expansion, very few hotels have opened in the past few years with the majority of expansion happening in the Murrieta/Temecula Valley. In 2012, the 125-room Hyatt Place Hotel in Downtown Riverside developed by MetroPacific Properties opened. In 2014, two properties, the Fairfield Inn & Suites in Norco, and the Homewood Suites in San Bernardino opened, bringing in slightly over 200 rooms to the market. In 2015, the Residence Inn Temecula and the Holiday Inn Express Loma Linda entered the market. New supply is anticipated to be significant by comparison in 2016 and 2017, with the Fairfield Inn in Rancho Cucamonga, the Towneplace Suites in Loma Linda, as well as the Hampton Inn and Courtyard in Murrieta slated to open during the remainder of 2016 and 2017.

For 2016, the Inland Empire's lodging demand is estimated to increase by 2.5 percent, outpacing supply growth of 1.5 percent, with occupancy levels estimated to end the year at 75.3 percent at an average daily rate of \$106.53. In 2017, overall occupancy is forecast to decrease to 74.7 percent, with the number of occupied rooms forecasted to increase by 2.5 percent compared to a 3.4 percent increase in supply; while average rate is forecast to increase by 3.9 percent to \$110.65. The following table estimates the Inland Empire's historical and projected supply, demand, occupancy and average room rate. We are aware that the previously defined market area as a whole has a total of approximately 4.8 million annual hotel rooms. However, the table presented on the following page includes the sum of our aggregated sub markets, representing approximately 75 percent of the total existing lodging supply.

Inland Empire Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	3,607,295	N/A	2,241,012	N/A	62.1%	\$ 84.80	N/A	\$52.68	N/A
2012	3,663,140	1.5%	2,339,678	4.4%	63.9	86.54	2.0%	55.27	4.9%
2013	3,682,120	0.5	2,464,799	5.3	66.9	88.67	2.5	59.36	7.4
2014	3,756,945	2.0	2,665,973	8.2	71.0	93.26	5.2	66.18	11.5
2015	3,819,360	1.7	2,846,692	6.8	74.5	100.25	7.5	74.72	12.9
2016E	3,875,205	1.5	2,917,989	2.5	75.3	106.53	6.3	80.22	7.4
2017F	4,005,875	3.4	2,990,764	2.5	74.7	110.65	3.9	82.61	3.0
CAAG	1.8%		4.9%			4.5%		7.8%	

Source: CBRE Hotels

Additions to Supply

Based on our research and findings the table below details the new hotels that have been included in this year's edition of our Southern California Lodging Forecast located within the Inland Empire market.

Lodging Forecast - Additions to Supply				
Hotel Name	City	Submarket	Room Count	Opening Date
Hampton Inn and Suites Murrieta	Murrieta	Temecula/Murrieta Valley	106	December 2016
Courtyard Murrieta	Murrieta	Temecula/Murrieta Valley	210	December 2016
Fairfield Inn and Suites	Rancho Cucamonga	Ontario/Rancho Cucamonga	105	April 2017
Towneplace Suites	Loma Linda	Corona/Redlands/SB	85	November 2017

Source: CBRE Hotels

ONTARIO/RANCHO CUCAMONGA

The City of Ontario is located along the Interstate 10 and Route 60 corridors, proximate to where they meet the Interstate 15. Ontario is one of Southern California's oldest municipalities, dating back to its date of incorporation in 1891, and has been an economic and logistics hub for more than a century. The city is well located relative to some of the busiest transportation corridors in Southern California, and benefits from its proximity to the County of Los Angeles. It is home to nearly 100 million square feet of industrial space, and nearly four million square feet of current commercial office space. In particular, tenants involved in third party logistics as well as the distribution of consumer goods have been major players in the industrial markets of Rancho Cucamonga and Ontario in 2016. On the office side, Rancho Cucamonga and Ontario have become more attractive options as office rents continue to rise in markets such as Riverside and the Eastern Inland empire. Furthermore, Ontario is home to the LA/Ontario International Airport, Ontario Convention Center, Citizens Business Bank Arena while Rancho Cucamonga houses Victoria Gardens. Additionally, the region boasts a number of significant development projects intended to position the city as Southern California's next urban center, and a regional destination for commerce, entertainment and lifestyle.

For many years, the city of Ontario has focused on planning large scale development rather than piecemeal growth by developing thorough plans. In 1998 the City of Ontario prepared and adopted the Sphere of Influence General Plan Amendment, an amendment to the general plan of the City of Ontario. Some of the exciting, recently-opened, or planned developments for the greater Ontario area include the New Model Colony, comprised of roughly 30,000 new homes including the Park Place and Parkside developments, the recently completed Downtown Ontario Town Square project, which includes an open air amphitheater and Piemonte at Ontario Center, which will welcome Big Al's (a cross between Dave and Buster's and Lucky Strike) in 2017. The General Plan for the New

Model Colony (recently renamed the Ontario Ranch) intends to provide the long term vision to create a high quality environment where residents can live, work, and play with a sense of individual neighborhoods. The Ontario Ranch, formerly part of the San Bernardino County Agricultural Preserve, encompasses approximately 8,200 acres and is bounded by Riverside Drive to the north, Milliken Avenue and Hamner Avenue to the east, the Riverside County line and Merrill Avenue to the south, and Euclid Avenue to the west. Upon full build-out the Ontario Ranch would feature as many as 30,000 new homes. More than 160,000 residents are expected to call the community home when it is finished in the coming decades, nearly doubling the city's population.

Ontario Ranch is zoned for upscale housing to cater to the influx of home buyers from Los Angeles and Orange Counties. The first neighborhood, Eden Glen consisting of 542 residences opened in April 2007, and although the sales pace was slower than anticipated in 2008 in response to rising mortgage defaults, foreclosures, and the impact of subprime loan woes, the fact remains that the very high cost of housing in California's coastal communities will continue to drive thousands of technicians, professionals and executives inland to acquire upscale homes at prices they can afford. According to city officials, to date, six specific plan applications have been submitted to the City envisioning the development of 5,285 single family residences, 2,029 multi-family units, over 400,000 square feet of commercial development, and over 500,000 square feet of business park/light industrial development. While some have been delayed, ultimately these landmark projects are anticipated to bring retail, restaurant, sports and entertainment, as well as residential developments to the city in the mid to long-term. Thus, even though development within the city had paused, as the economy continues to exhibit strong fundamentals, Ontario will be well positioned to once again be a model of growth for the Inland Empire.

In terms of new hotel supply, growth had slowed markedly in the region with no new hotels opening in the past couple of years. By contrast, next year will see the opening of the under-construction 105-room Fairfield Inn in Rancho Cucamonga in April of 2017, with a potential for additional hotels in the years that follow. Therefore, we have estimated that market occupancy will increase to 74.2 percent in 2016 as demand is estimated to grow by 0.9 percent. Average Daily Rate (ADR) is estimated to increase by 6.8 percent to finish 2016 at \$103.33.

Given projected market conditions and the fact that one new hotel is projected to open in 2017, we are forecasting that the greater Ontario market will continue to exhibit growth in 2017. We project an increase in annual supply of 1.1 percent coupled with a growth in occupied rooms of 1.0 percent resulting in a very slight drop in occupancy to 74.1 percent. Additionally, for the sixth consecutive year in a row, we are projecting a continued increase in rate, with average daily rate estimated to increase by 3.5 percent to \$106.95 at year's end. Given the overall strength of this market and the slow development of new hotel construction, we anticipate that rate will continue to exhibit growth over the next few years. This results in a RevPAR growth of 3.4 percent to finish 2017 at \$79.28.

Ontario/Rancho Cucamonga Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,729,735	N/A	1,080,730	N/A	62.5%	\$82.06	N/A	\$51.27	N/A
2012	1,758,935	1.7%	1,124,142	4.0%	63.9	84.35	2.8%	53.91	5.1%
2013	1,758,935	0.0	1,151,469	2.4	65.5	86.82	2.9	56.84	5.4
2014	1,758,935	0.0	1,250,458	8.6	71.1	90.02	3.7	64.00	12.6
2015	1,758,935	0.0	1,294,246	3.5	73.6	96.78	7.5	71.21	11.3
2016E	1,758,935	0.0	1,305,700	0.9	74.2	103.33	6.8	76.71	7.7
2017F	1,779,010	1.1	1,318,757	1.0	74.1	106.95	3.5	79.28	3.4
CAAG	0.5%		3.4%			4.5%		7.5%	

Source: CBRE Hotels

CORONA, RIVERSIDE, SAN BERNARDINO

Riverside Metropolitan Area

The City of Riverside has the sixth largest population in Southern California and the 11th largest in the state, and has a large and diverse economy with the Inland Empire's largest number of businesses and total jobs. Riverside's vibrant downtown, anchored by the historic Mission Inn, has earned a reputation as the "Downtown of the Inland Empire." It is home to many state government offices, the Riverside County Administrative Center, and a Justice Center Complex consisting of County, State and Federal courts. Riverside is an important financial and professional center with numerous legal, accounting, brokerage, architectural, engineering, software firms, and banking institutions. Riverside's diverse manufacturing base includes such sectors as electrical instruments, plastics, wood and metal fabrication, food processing, commercial printing and recreational vehicles. Technological and manufacturing companies are supported by the University of California campus, and other educational institutions offering specialized training and research partnerships.

Businesses benefit from excellent freeway and rail access, high speed fiber optic telecommunications, reasonable land and building costs, city-owned electrical and water systems, and a general aviation airport facility. The city's prime industrial land is located within what had been classified as enterprise zones before the expiration of these classifications, which offered an opportunity for these companies to establish a firm foothold and bolster their performance through the end of 2013 by taking advantage of the offered tax advantages. The heart of the Inland Empire is within 30 minutes of 21 private and public colleges and universities with an enrollment of over 165,000 students. Riverside is home to four internationally recognized colleges and universities including the prestigious University of California, Riverside (UCR). The University of California-Riverside, with a student population of more than 21,000, is one of the fastest growing campuses in the UC system and its well-endowed research program has significant potential to benefit the region's high-tech economy in the years ahead. Further, in August 2013 UCR opened its much anticipated School of Medicine, with 50 students in the inaugural class who transferred to UCLA's David Geffen School of Medicine to complete their degrees after spending two years at UCR. Riverside also offers a variety of entertainment and retail attractions consisting of a one million-square foot super regional mall, the historic Fox Theater, various fine dining opportunities, hotels, and the Riverside Convention Center, which completed a \$43.6 million renovation in March of 2014.

Additionally, the city recently completed its Riverside Renaissance initiative, an ambitious mix of improvements to the city's water, sewer and electric systems, as well as development of new parks, fire stations, resident services and pedestrian walkways, rail and road improvements. Riverside's City Council's approval of the \$1.6 billion capital improvement/strategic investment program in 2006 was

earmarked to improve the quality of life in tackling nearly 30 years' worth of projects over roughly five years. Specific enhancement projects targeted a number of the city's historic landmarks including the Fox Theater, Main Library, Riverside Metropolitan Museum and Municipal Auditorium. A downtown beautification program was also part of the spending plan. It was also announced in October 2013 that Live Nation, one the country's leading providers of live entertainment, would operate Riverside's historic Fox Performing Arts Center and the Riverside Municipal Auditorium, following the unanimous approval of a three-year contract by the Riverside City Council. The City Council voted to enter into a contract with Live Nation that called for 60 shows at the Fox and 50 shows and special events at the Municipal Auditorium in its first year. Additionally, the Fox Center includes a site for a restaurant, which the city hopes will be filled by a name-brand restaurant in the next five years. Additional, future development is planned for the downtown area including a \$22 million residential and retail development on the site of the historic Imperial Hardware Building, which officially broke ground in October 2016. The project entitled the Imperial Hardware Lofts will combine six stories and roughly 91 units with 8,000 square feet of ground floor retail and market. The project will have a potentially revitalizing effect on downtown Riverside and is slated for completion in 2018. Additional hotel projects in the region near Market Street have been proposed. In addition to hotel projects, the availability of land in Riverside and the Moreno Valley make them viable locations for industrial development.

In terms of future hotel demand, it is important to note the closing and renovation of the Riverside Convention Center from June of 2012 through March of 2014, which impacted numbers for that period. The downtown area was impacted in the short term by the closure, but has begun to grow and expand again now that the convention center has re-opened. The completed renovations to the convention center include an expanded 30,000 square foot exhibit hall, an additional 4,000 square foot banquet room, more breakout rooms, and a new foyer and landscaped lawn area. The continued effort to revitalize the downtown area should continue to have gradual, positive effects on hotel demand in the region, though it is unlikely that we will see significant changes in the short term.

San Bernardino Metropolitan Area

As mentioned previously, for the past 25 years, most of the Inland Empire's job creation has been along its western edge adjacent to Los Angeles and Orange counties. As a result, much of that area's land has been developed, forcing economic activity deeper into the region. Going forward, cities to the east, such as San Bernardino, will be at a competitive advantage given the sheer acreage of undeveloped land. The City of San Bernardino represents one of Southern California's oldest and fastest changing communities. Incorporated in 1854, the City's approximately 214,000 residents make it the second largest municipality east of Los Angeles and seventeenth largest in California according to recent estimates made by the State of California, Department of Finance. As the county seat of San Bernardino County, it lies in the heart of the Inland Empire region.

San Bernardino's ground transportation system will likely be an asset in fostering future growth. The I-215 and I-10 freeway intersection in the city provides access routes connecting Southern California to the rest of the United States. Meanwhile, the San Bernardino-L.A. Union Station MetroLink route is Southern California's most used commuter rail line with its current terminus at the city's Santa Fe Depot, with a proposal to extend service to a downtown San Bernardino transit center currently being forwarded. Additionally a nine mile commuter rail line from San Bernardino to Redlands has been approved by voters, but the city is still at least two years away from breaking ground. San Bernardino's centralized location relative to an ever evolving freeway system will allow it to remain a regional retail hub for Eastern San Bernardino County, an area with nearly one million people.

As a city that is both well-located and a county seat, San Bernardino is home to one of the Inland Empire's largest office markets. While this market has been tested as of late with historically high unemployment levels and slowed population growth, the market has shown signs of recovery and the mid to long term viability of the city remains intact. The State of California operates from a 15-story office tower in the city. The San Bernardino County Court House and the county's administrative centers are nearby along with City Hall and the offices of the San Bernardino Associated Governments. The federal government is a major presence with the regional Internal Revenue and Immigration and Nationalization offices. San Bernardino's centralized location coupled with this base of governmental operations has led legal, accounting, financial and insurance operations to maintain offices in the city's downtown region. Also in the city are St. Bernardine Medical Center and the Community Hospital of San Bernardino, two of the county's largest health facilities, plus Patton State Hospital, while the Arrowhead Regional Medical Center and the world-famous Loma Linda University Hospital and Medical Center as well as Children's Hospital are located nearby.

The market should continue to grow in 2017, as only one new hotel, the TownePlace Suites in Loma Linda is projected to open late in the year, though the market will also have to absorb the remainder of the annualized rooms from the Holiday Inn Express Loma Linda. In July of 2015, DKN Hotels announced the completion of a \$10 million renovation of the Hotel San Bernardino and its reopening under the DoubleTree by Hilton Flag. Additionally, the property remains one of the few in the region to offer meeting space and conference facilities for social and corporate events. While both the renovation of the Hotel San Bernardino and the opening of the Holiday Inn Express Loma Linda occurred in mid-2015, there are no new hotels projected to open in 2016, but it is estimated that annual supply increased by 0.9 percent in 2016 due to the annualized rooms of the Holiday Inn Express Loma Linda. Therefore it is estimated that the San Bernardino/Riverside metropolitan market will experience an increase in occupied rooms of 2.3 percent in 2016, resulting in a market occupancy of 75.6 percent by year-end. Average daily rate (ADR) is estimated to increase at a rate of 6.1 percent, to an estimated \$106.02 by the end of 2016.

In 2017, annual supply is forecasted to increase by 0.3 percent, as the 85-room Towneplace Suites Loma Linda, adjacent to the existing Holiday Inn Express is slated to open in late 2017. Growth in occupied rooms is expected to slow somewhat, as we are projecting a 1.0 percent increase, resulting in a market occupancy of 76.2 percent. ADR is expected to continue to grow at above inflationary levels, as we are projecting a 4.0 percent increase in rate, which results in a year-end ADR of \$110.26. This translates to a RevPAR growth of 4.7 percent in 2017 resulting in a year-end RevPAR of \$83.98.

Corona, Riverside, San Bernardino									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	1,527,890	N/A	928,196	N/A	60.8%	\$ 83.91	N/A	\$50.97	N/A
2012	1,554,535	1.7%	977,208	5.3%	62.9	84.52	0.7%	53.13	4.2%
2013	1,573,515	1.2	1,062,303	8.7	67.5	86.28	2.1	58.25	9.6
2014	1,648,340	4.8	1,152,946	8.5	69.9	92.33	7.0	64.58	10.9
2015	1,704,550	3.4	1,271,191	10.3	74.6	99.94	8.2	74.53	15.4
2016E	1,719,880	0.9	1,300,897	2.3	75.6	106.02	6.1	80.19	7.6
2017F	1,724,990	0.3	1,313,905	1.0	76.2	110.26	4.0	83.98	4.7
CAAG	2.0%		6.0%			4.7%		8.7%	

Source: CBRE Hotels

TEMECULA MURRIETA AREA

The cities of Temecula and Murrieta are situated along Interstate 15 approximately 80 miles southeast of Los Angeles and 60 miles north of San Diego. The city of Temecula comprises 30.2 square miles, located south of the city of Riverside and east of the Cleveland National Forest in western Riverside County. Local housing in Temecula has experienced astounding growth and is within a relatively easy commute of the major employment centers near the Ontario Airport, in San Bernardino and Riverside, as well as eastern Orange County and northern San Diego County. Lake Elsinore and Murrieta are also experiencing rapid growth in both commercial and retail.

The name Temecula comes from the Luiseno Indian word, which translated means “where the sun breaks through the mist.” The Luiseno Indians inhabited Temecula in the 1700’s when the first Spanish padres visited. In 1858, Temecula became a stop on the Butterfield Overland Stage Route. Temecula’s post office was established in 1859, making it the first in inland Southern California and second in the state. Locomotive service began in 1882 between Temecula and National City, which was extended the following year to San Bernardino. The Temecula Valley is bordered on the west by Camp Pendleton Marine Corps Base and the Cleveland National Forest, with elevations of up to 2,600 feet. A mountain gap that allows ocean breezes to flow into the city provides a moderate climate by inland standards.

The Temecula Valley is characterized by numerous leisure amenities, from adventure sports to wineries and casinos. Coupled with a growing labor force that is becoming increasingly diversified, continued growth in the region is expected. As the popularity of the Temecula Valley as a tourist destination grows, the effects are being felt across the region. Recreational amenities in the region include Lake Elsinore, the largest natural lake in Southern California, nine golf courses, including Bear Creek Golf Club, three Las Vegas style casinos, including Pechanga Resort and Casino, and the largest wine producing area south of Santa Barbara County, comprised of over thirty wineries. Leisure tourism in the area has grown significantly in the post-recession environment, with demand levels in 2015 exceeding the pre-recession peak. 2015 saw the opening of the 101 room Residence Inn Murrieta/Temecula in November. Additional hotels are planned in Murrieta, including the Hampton Inn and Courtyard by Marriott Murrieta, which should be completed by the end of this year, as well as other planned hotels in Old Town Temecula. Plans have been approved for additional hotels in the area, which will help to accommodate increased levels of demand. The Pechanga Resort and Casino has also initiated a \$285 million expansion which would double the size of the resort. It is estimated that this development will bring an economic output of over \$550 million to the region, while generating roughly 3,000 construction jobs in the short term. In order to prep the city for the additional development, Pechanga has committed \$20 million for various public projects including a revamping of the Temecula Parkway off-ramp on the Interstate 15, which should go a long way in mitigating traffic concerns during large events. The construction is expected to be completed by late 2017

In addition to leisure tourism, corporate demand generators have increased in the years following the recession. The Temecula/Murrieta Valley has emerged as a healthcare hub for the Inland Empire with the 2011 opening of the Loma Linda University Medical Center. The hospital is comprised of 109 beds, with Phase II expansion discussions already underway for additional towers on the remainder of the campus. Earlier this year, the Murrieta city council approved plans for the development of an 825,000 square foot Kaiser Permanente Medical Center, with the first phase scheduled to open in 2017 and the full hospital to open in 2023 in North Murrieta’s Technology Corridor. Finally, Rady

Children's Hospital (based in San Diego) has acquired land in Central Murrieta with the intention to develop the first phase of a 62,000 square foot pediatrics healthcare facility.

In addition to healthcare, the region has seen growth in the technology and manufacturing industries. During the first quarter in 2016, the industrial vacancy rate in Southwest Riverside County dropped from 3.7 percent to 2.0 percent, according to Westmar Commercial Real Estate. Net absorption was a positive 1,795,040 square feet with approximately 1,957,000 square feet of industrial space under construction in Southwest Riverside County. Abbot Laboratories, a pharmaceuticals healthcare company, serves as a primary employer in neighboring Temecula, highlighting the importance of the life sciences/technology sector in the Murrieta/Temecula Valley market. As a whole, the high number of commercial and retail developments which have entered the local market reflects the existing confidence businesses have in the region. In light of these trends, the Murrieta and Temecula Valley is positioned to attract additional residential and commercial growth and will likely present significant opportunities for future developers and business owners in the area.

Overall, the Temecula market has exhibited steady recovery as improving economic conditions have boosted leisure visitor numbers in the region. A popular weekend getaway highlighted by local wineries and vineyards, the strength of the Temecula market in recent times bodes well for the greater Inland Empire in the near future.

The annual supply in the market is estimated to increase by 11.4 percent by the end of 2016, as two additional hotels are projected to open, as well as the remainder of the annualized rooms from the Residence Inn Temecula/Murrieta, which opened in 2015. The Courtyard and Hampton Inn Murrieta are both projected to open in December of 2016. Given the location and positioning of the additions to supply as well as the historically strong performance of the market, we estimate a 10.7 percent increase in occupied rooms in 2016. This results in a drop in occupancy to 78.6 percent. ADR is estimated to finish the year at \$122.07, which translates to a 3.8 percent increase.

In 2017, we forecast a 26.6 percent increase in annual supply as the annualized rooms of the Hampton Inn and Courtyard Murrieta enter the market. We forecast a 15.0 percent increase in occupied rooms in 2017, which results in a further drop in market occupancy to 71.4 percent as the market deals with the influx of new supply. ADR is forecasted to increase by 3.0 percent to finish 2017 at \$125.73, which translates to a year-end RevPAR of \$89.71.

Temecula/Murrieta Valley									
Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2011	349,670	N/A	232,086	N/A	66.4%	\$101.14	N/A	\$67.13	N/A
2012	349,670	0.0%	238,328	2.7%	68.2	105.11	3.9%	71.64	6.7%
2013	349,670	0.0	251,027	5.3	71.8	107.30	2.1	77.03	7.5
2014	349,670	0.0	262,569	4.6	75.1	112.73	5.1	84.65	9.9
2015	355,875	1.8	281,256	7.1	79.0	117.60	4.3	92.94	9.8
2016E	396,390	11.4	311,393	10.7	78.6	122.07	3.8	95.89	3.2
2017F	501,875	26.6	358,101	15.0	71.4	125.73	3.0	89.71	-6.4
CAAG	6.2%		7.5%			3.7%		5.0%	

Source: CBRE Hotels

CBRE HOTELS | CONSULTING

OFFICES

Atlanta Office
3280 Peachtree Road
Suite 1400
Atlanta, GA 30305
Managing Director
Scott Smith
Tel: 404.504.5948

Jacksonville
225 Water Street
Suite 110
Jacksonville, FL 32202
Managing Director
Hank Staley
Tel: 904.633.2615

San Francisco Office
101 California Street
Suite 4400
San Francisco, CA 94111
Managing Director
Chris Kraus
Tel: 415.772.0123

Asheville Office
43 Cherokee Trail
Fletcher, NC 28732
Managing Director
Michael Kryzaneck
Tel: 828.231.5220

Los Angeles Office
400 South Hope Street
25th Floor
Los Angeles, CA 90071
Managing Director
Bruce Balin
Tel: 213.613.3370
Managing Director
Jeff Lugosi
Tel: 213.613.3375

Seattle Office
1420 Fifth Avenue
Suite 1700
Seattle, WA 98101
Senior Managing Director
Scott Biethan
Tel: 206.292.6198

Bozeman Office
321 East Main Street
Suite 322
Bozeman, MT 59715
Managing Director
Chris Kraus
Tel: 406.582.8189

Nashville Office
150 4th Avenue North
Suite 2110
Nashville, TN 37219
Associate
Heidi Burns
Tel: 615.248.1154

Washington D.C. Office
750 Ninth Street, NW
Suite 900
Washington, DC 20001
Managing Director
Kannan Sankaran
Tel: 202.585.5603

Chicago Office
321 North Clark Street
Suite 3400
Chicago, IL 60654
Managing Director
Mark Eble
Tel: 312-297-7665

New York Office
One Penn Plaza
Suite 1835
New York, NY 10119
Managing Director
Mark VanStekelenburg
Tel: 212.984.7125

Hotels – Asset Management
225 Water Street
Suite 110
Jacksonville, FL 32202
Managing Director
Hank Fonde
Tel: 904.633.2616

Dallas Office
2100 McKinney Avenue
Suite 700
Dallas, TX 75201
Vice President
Jeff Binford
Tel: 214.979.6166

Philadelphia Office
Two Liberty Place
30th Floor
Philadelphia, PA 19102
Managing Director
Peter Tyson
Tel: 215.561.8900

Houston Office
2800 Post Oak Boulevard
Suite 2300
Houston, TX 77056
Managing Director
Randy McCaslin
Tel: 713.621.5252

Subject: Re: Chossier Lease
From: Matt Reid <matt.reid@landanddesign.com>
Date: Thu, 8 Dec 2016 10:01:52 -0800
To: Lisa Kim <lisak@ci.garden-grove.ca.us>

Great spending time with you in NY!!

Is this close?

Sent from my iPhone
Matthew Reid
Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
858.735.1858 cell
Skype - matthew.reid.ca
matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Dec 2, 2016, at 8:16 AM, Lisa Kim <lisak@ci.garden-grove.ca.us> wrote:

| Got your V/M. We should have a draft to you next week

| L

Subject: Re: Dinner
From: Matt Reid <matt.reid@landanddesign.com>
Date: Wed, 21 Dec 2016 07:59:38 -0800
To: Scott Stiles <sstiles@ci.garden-grove.ca.us>

I know the flu is going around. We missed you. Was a good dinner, good meeting and great company. Thanks for all you do!

Matthew Reid
Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
858.735.1858 cell
Skype - [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)
matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Dec 20, 2016, at 3:10 PM, Scott Stiles <sstiles@ci.garden-grove.ca.us> wrote:

Matt: so sorry I am missing the dinner tonight. Couldn't make it thru our holiday lunch with dept directors yesterday. Got hit with some sort of stomach/flu bug. Fever and chills all night. Better today but don't want to spread anything around. Let's get together with wives after the new year. Happy holidays. Scott

Scott C. Stiles, ICMA-CM
City Manager / City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840
714-741-5100 (o) / 714-719-1810 (c)
www.ci.garden-grove.ca.us

Sent from my iPhone

Subject: Fwd: Site C site plan

From: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Date: Fri, 23 Dec 2016 09:16:25 -0800 (PST)

To: Matthew Reid <matt.reid@landanddesign.com>, Grace Lee <gracel@ci.garden-grove.ca.us>, Lisa Kim <lisak@ci.garden-grove.ca.us>, Kamyar Dibaj <kdibaj@ci.garden-grove.ca.us>, Lee Marino <leem@ci.garden-grove.ca.us>, Dan Candelaria <danc@ci.garden-grove.ca.us>

Matt,

Attached is the latest alta survey from our Consultant Penco. J from Penco will make a new map with both SCE easments and ATT only.

Would we also like us to include cable easments. J will have the easment map revised by next week and foavailable for our next meeting. Penco is available for Jan 3-4th to start to discuss the Parcel map and would like to get some input from develoment team and the city.

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

----- Forwarded Message -----

From: "J Braley" <jbraley@pencoeng.com>
To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
Sent: Tuesday, December 20, 2016 12:49:08 PM
Subject: RE: Site C site plan

Here is the latest ALTA Update. Easements are listed on sheets 1-2 and graphically shown on sheet 2

Best Regards,

J Braley
Survey Manager

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents

prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

-----Original Message-----

From: Greg Blodgett [<mailto:greg1@ci.garden-grove.ca.us>]
Sent: Tuesday, December 20, 2016 12:28 PM
To: J Braley
Subject: RE: Site C site plan

We will have the developer send you a copy Tommorrow

Also can you send a copy of of a l t a With only the utility easements to us

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

----- Original Message -----

From: J Braley <jbraley@pencoeng.com>
To: Greg Blodgett <greg1@ci.garden-grove.ca.us>
Sent: Tue, 20 Dec 2016 10:16:30 -0800 (PST)
Subject: RE: Site C site plan

Greg,

Do we have an update on the Site C Final Map contract? Thank you

Best Regards,

J Braley
Survey Manager

16842 Von Karman Avenue, Suite 150
Irvine, CA 92606
Mobile: 916-837-2999 (best number)
Office: 949-777-1584 Direct
Fax: 949-753-0775

jbraley@pencoeng.com

In accepting and utilizing electronic project files or other data or any form of electronic media generated and provided by PENCO Engineering, Inc., the recipient covenants and agrees that all such drawings and data are transmitted without warranty as to their accuracy or suitability for the purpose to which the recipient intends to use them. The recipient agrees to waive all claims against PENCO Engineering, Inc. resulting in any way from any unauthorized changes or reuse of the electronic project file or data. The recipient is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed or sealed hard-copy construction documents shall govern. In addition, the recipient agrees to indemnify

and hold PENCO Engineering, Inc. harmless from any damage, liability or cost, including attorney's fees and costs of defense, arising from any change or reuse of files. All terms and conditions above are hereby agreed to and accepted in their entirety as a condition of receipt of the referenced electronic file(s). In no way shall these files be interpreted to supersede any construction documents or specifications. Use of these files indicates agreement to this form.

-----Original Message-----

From: Greg Blodgett [mailto:gregl@ci.garden-grove.ca.us]
Sent: Wednesday, December 14, 2016 4:57 PM
To: J Braley
Subject: Fwd: Site C site plan

can you get us a bid for site c map

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

----- Forwarded Message -----

From: "Grace Lee" <gracel@ci.garden-grove.ca.us>
To: "Greg Blodgett" <gregl@ci.garden-grove.ca.us>
Sent: Wednesday, December 14, 2016 12:50:03 PM
Subject: Fwd: Site C site plan

Grace E. Lee
Sr. Economic Development Specialist
City of Garden Grove | Economic Development Division
11222 Acacia Parkway, Garden Grove, CA 92840 Tel. 714.741.5130 | Fax (714) 741-5205

"Christmas waves a magic wand over the world, and behold, everything is softer and more beautiful." - Norman Vincent Peale

From: "Jennifer Garcia" <jen.garcia@scgamerica.com>
To: "Grace Lee" <gracel@ci.garden-grove.ca.us>
Cc: "Matt Reid" <matt.reid@scgamerica.com>
Sent: Wednesday, December 14, 2016 12:40:53 PM
Subject: Site C site plan

Hi Grace,
Attached is the Site plan for your meeting today.

If you need anything else, please let me know.

Sincerely,
Jen

Jennifer Garcia
Senior Project Manager
SCG America, LLC

626-390-5687
Jen.garcia@scgamerica.com

16050.02 ALTA Sht 1 signed.pdf	Content-Description: 16050.02 ALTA Sht 1 signed.pdf Content-Type: application/pdf Content-Encoding: base64
---------------------------------------	---

— 16050.02 ALTA Sht 2.pdf —

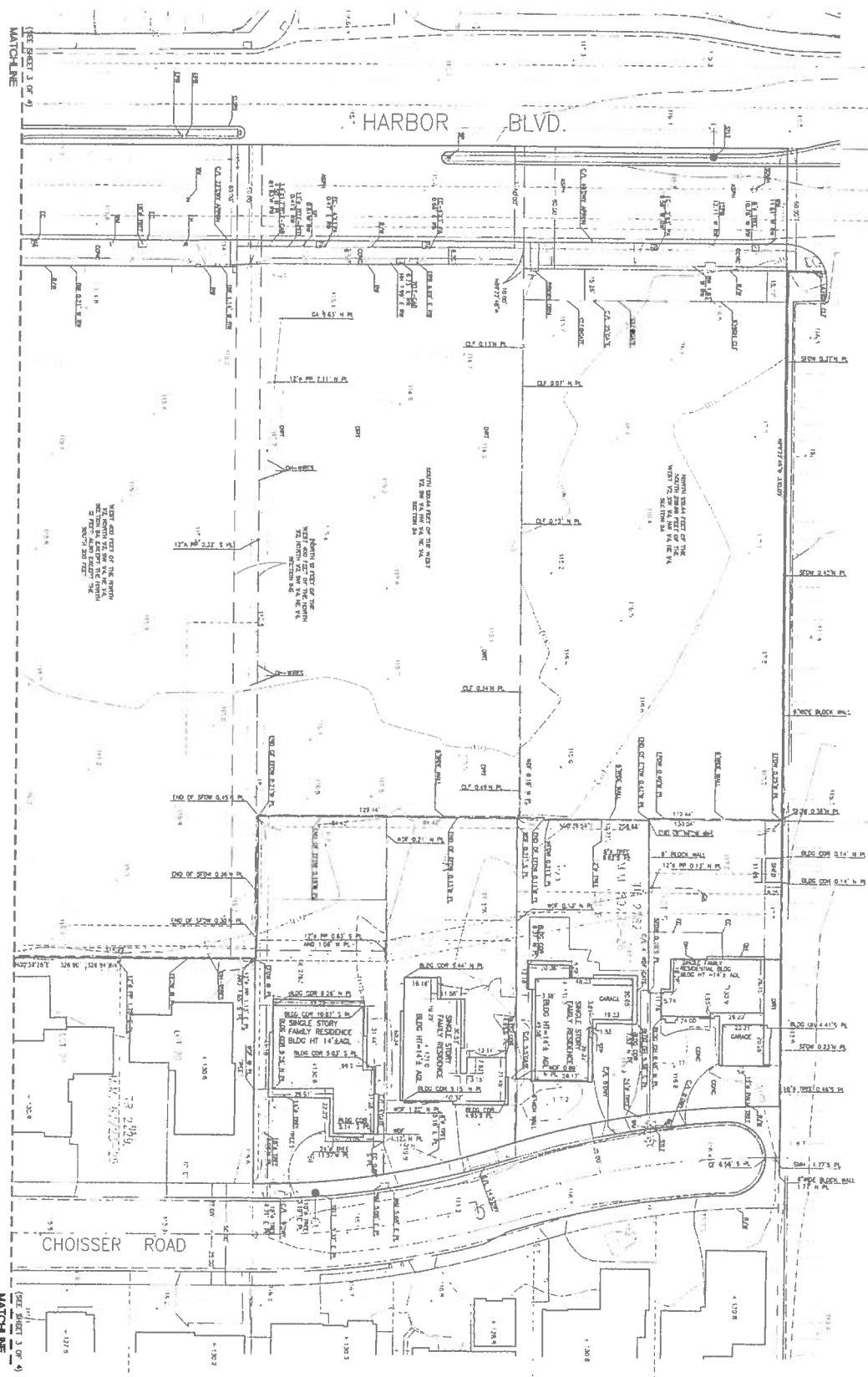
16050.02 ALTA Sht 2.pdf	Content-Description: 16050.02 ALTA Sht 2.pdf Content-Type: application/pdf Content-Encoding: base64
--------------------------------	--

— 16050.02 ALTA Sht 3.pdf —

16050.02 ALTA Sht 3.pdf	Content-Description: 16050.02 ALTA Sht 3.pdf Content-Type: application/pdf Content-Encoding: base64
--------------------------------	--

— 16050.02 ALTA Sht 4.pdf —

16050.02 ALTA Sht 4.pdf	Content-Description: 16050.02 ALTA Sht 4.pdf Content-Type: application/pdf Content-Encoding: base64
--------------------------------	--



ABBREVIATION

- 1" = 10' 0"
- 2" = 20' 0"
- 3" = 30' 0"
- 4" = 40' 0"
- 5" = 50' 0"
- 6" = 60' 0"
- 7" = 70' 0"
- 8" = 80' 0"
- 9" = 90' 0"
- 10" = 100' 0"
- 11" = 110' 0"
- 12" = 120' 0"
- 13" = 130' 0"
- 14" = 140' 0"
- 15" = 150' 0"
- 16" = 160' 0"
- 17" = 170' 0"
- 18" = 180' 0"
- 19" = 190' 0"
- 20" = 200' 0"
- 21" = 210' 0"
- 22" = 220' 0"
- 23" = 230' 0"
- 24" = 240' 0"
- 25" = 250' 0"
- 26" = 260' 0"
- 27" = 270' 0"
- 28" = 280' 0"
- 29" = 290' 0"
- 30" = 300' 0"
- 31" = 310' 0"
- 32" = 320' 0"
- 33" = 330' 0"
- 34" = 340' 0"
- 35" = 350' 0"
- 36" = 360' 0"
- 37" = 370' 0"
- 38" = 380' 0"
- 39" = 390' 0"
- 40" = 400' 0"
- 41" = 410' 0"
- 42" = 420' 0"
- 43" = 430' 0"
- 44" = 440' 0"
- 45" = 450' 0"
- 46" = 460' 0"
- 47" = 470' 0"
- 48" = 480' 0"
- 49" = 490' 0"
- 50" = 500' 0"
- 51" = 510' 0"
- 52" = 520' 0"
- 53" = 530' 0"
- 54" = 540' 0"
- 55" = 550' 0"
- 56" = 560' 0"
- 57" = 570' 0"
- 58" = 580' 0"
- 59" = 590' 0"
- 60" = 600' 0"
- 61" = 610' 0"
- 62" = 620' 0"
- 63" = 630' 0"
- 64" = 640' 0"
- 65" = 650' 0"
- 66" = 660' 0"
- 67" = 670' 0"
- 68" = 680' 0"
- 69" = 690' 0"
- 70" = 700' 0"
- 71" = 710' 0"
- 72" = 720' 0"
- 73" = 730' 0"
- 74" = 740' 0"
- 75" = 750' 0"
- 76" = 760' 0"
- 77" = 770' 0"
- 78" = 780' 0"
- 79" = 790' 0"
- 80" = 800' 0"
- 81" = 810' 0"
- 82" = 820' 0"
- 83" = 830' 0"
- 84" = 840' 0"
- 85" = 850' 0"
- 86" = 860' 0"
- 87" = 870' 0"
- 88" = 880' 0"
- 89" = 890' 0"
- 90" = 900' 0"
- 91" = 910' 0"
- 92" = 920' 0"
- 93" = 930' 0"
- 94" = 940' 0"
- 95" = 950' 0"
- 96" = 960' 0"
- 97" = 970' 0"
- 98" = 980' 0"
- 99" = 990' 0"
- 100" = 1000' 0"

LEGEND



REVISIONS

NO.	DESCRIPTION	DATE
1	DATE OF PREPARATION AND REVIEW BY: 11/27/2017 - 11/27/2017	11/27/2017

BASES OF BEARINGS

The bearings shown herein are based on the true meridian. The bearings are given in degrees, minutes and seconds, and are measured clockwise from the meridian to the line.

BENCH MARK

THE BENCH MARK SHOWN HEREIN IS THE CORNER OF THE SECTION 24, TOWNSHIP 11N, RANGE 11E, S. 41ST. THE BENCH MARK IS A 6" DIA. IRON PIPE SET IN CONCRETE. THE BENCH MARK IS AT THE CORNER OF THE SECTION 24, TOWNSHIP 11N, RANGE 11E, S. 41ST. THE BENCH MARK IS AT THE CORNER OF THE SECTION 24, TOWNSHIP 11N, RANGE 11E, S. 41ST.

PREPARED FOR

SHAWSON CONSTRUCTION
11891 HUNTER BLVD
DANA POINT, CA 92629

PREPARED BY

PINCO ENGINEERING, INC.
Pinco Engineering, Inc.
14400 S. GARDEN GROVE BLVD
GARDEN GROVE, CA 92641
TEL: (714) 261-0205

ALTA LAND TITLE SURVEY
GARDEN GROVE AGENCY FOR "C"
COMMON INTEREST DEVELOPMENT
GARDEN GROVE, CA

DATE: 11/27/2017
SHEET 3 OF 4

Subject: Re: 12239 Choisser Rd Lease
From: Lisa Kim <lisak@ci.garden-grove.ca.us>
Date: Fri, 23 Dec 2016 10:44:33 -0800 (PST)
To: Matt Reid <matt.reid@scgamerica.com>

No worries. We are good. I appreciate our open dialogue and feel free to let me know areas we can improve and work productively. Happy Holidays and see you in 2017.

L

Sent from my iPad

On Dec 23, 2016, at 10:21 AM, Matt Reid <matt.reid@scgamerica.com> wrote:

Lisa,
My apologies. I was wrong. Jennifer corrected me. They gave it to us timely....

Guess I have too much on my mind these days...

All my best to you and yours this holiday season!

Sent from my iPhone

Matthew Reid
SCG America
858.735.1858 c
matt.reid@scgamerica.com
skype: [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without SCG America's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Dec 23, 2016, at 9:39 AM, Matt Reid <matt.reid@scgamerica.com> wrote:

Lisa, do you know why this sat for 10 days before we got the draft? We need to be better than this...

I'm not trying to pick on anyone, just feel we need to be more efficient especially because we've been waiting for this for a while now...

Moving forward...

Sent from my iPhone

Matthew Reid
SCG America
858.735.1858 c
matt.reid@scgamerica.com
skype: [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without SCG America's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

Begin forwarded message:

From: Greg Blodgett <greg1@ci.garden-grove.ca.us>
Date: December 23, 2016 at 9:23:13 AM PST
To: Matthew Reid <matt.reid@landanddesign.com>
Subject: Fwd: 12239 Choisser Rd Lease

This is the draft lease . Take a look and give us some feed back.. We will need from SCG a list of proposed improvements and cost to improve the property.

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

----- Forwarded Message -----

From: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
To: "Grace Lee" <gracel@ci.garden-grove.ca.us>
Sent: Wednesday, December 14, 2016 10:19:05 AM
Subject: Fwd: 12239 Choisser Rd Lease

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

----- Forwarded Message -----

From: "Omar Sandoval" <OSandoval@wss-law.com>
To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
Cc: "Lisa Kim" <lisak@ci.garden-grove.ca.us>
Sent: Tuesday, December 13, 2016 1:08:10 PM
Subject: 12239 Choisser Rd Lease

Attached is a draft lease. Note the highlighted areas that need additional information. Please

review and let me know if there are any items that we should revise/add prior to sending it to the developer. Thanks. Omar.

Omar Sandoval, Esq.
Woodruff, Spradlin & Smart
555 Anton Boulevard, Suite 1200
Costa Mesa, California 92626
Tel. (714) 415-1049
osandoval@wss-law.com<<mailto:osandoval@wss-law.com>>

CONFIDENTIALITY NOTICE - This e-mail transmission, and any documents, files or previous e-mail messages attached to it may contain information that is confidential or legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, you are hereby notified that you must not read this transmission and that any disclosure, copying, printing, distribution or use of any of the information contained in or attached to this transmission is STRICTLY PROHIBITED. If you have received this transmission in error, please immediately notify the sender by telephone at (714) 415-1049 or return e-mail and delete the original transmission and its attachments without reading or saving in any manner. Thank you.

<GG LEASE-12239 CHOISSER ROAD.DOCX>

**LEASE AGREEMENT BETWEEN
THE CITY OF GARDEN GROVE AND
INVESTEL GARDEN RESORTS, LLC**

This Lease Agreement ("Lease") is made and entered into by and between the CITY OF GARDEN GROVE, a Municipal Corporation ("Landlord") and INVESTEL GARDEN RESORTS, LLC, a Delaware limited liability company ("Tenant"). Landlord and Tenant are referenced in the aggregate as the "Parties" and sometimes, when a provision applies to each of them individually, as a "Party."

Recitals

- A. Landlord currently owns certain real property located at 12239 Choisser Road, in the City of Garden Grove, County of Orange, State of California, identified as Assessor's Parcel No. 231-49-112 ("Premises"). Tenant wishes to lease the Premises, which is comprised of approximately 7,254 sq. ft. of improved land, with a ___ sq. ft. single family home structure ("Building"), and a _____ sq. ft. garage ("Garage").
- B. Tenant wishes to use the Premises for the purpose of housing its development and construction office for the adjacent Grove District Resort Hotel Project.
- C. Landlord has agreed to let the Premises to Tenant subject to the terms and conditions of this Lease.

NOW THEREFORE, the Parties hereto agree as follows:

Agreement

1. Lease of Premises.

(a) Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises according to the terms of this Lease.

(b) The Effective Date of this Lease is _____.

(c) Tenant accepts the Premises in an "As Is" condition without any representations or warranties being made by Landlord. Landlord expressly disclaims any warranty or representation with regard to the condition, safety or security of the Premises or the suitability of the Premises for Tenant's intended use.

(d) This is a Triple-Net Lease.

2. Rent.

(a) Monthly Base Rent. Tenant agrees to pay Landlord, without notice or demand, offset or deduction, monthly rent in the sum of \$1,800.00 per month commencing on the Effective Date, in advance, on or before the 5th day of each month. The Monthly Base Rent shall be increased 3% annually upon any extensions and/or holdover period.

(b) Additional Rent. Tenant shall be required to pay any other expenses incurred by Landlord for the operation, ownership and/or maintenance of the Premises, including without limitation, all utilities, taxes and insurance not payable by Landlord. All sums required to be paid by Tenant to Landlord in addition to Monthly Base Rent whether or not such sums are designated as "rent" shall be included in rent ("Additional Rent"). Monthly Base Rent and Additional Rent are collectively referred to herein as "Rent."

(c) Proration. Rent for any period which is less than one month shall be a prorated portion of the monthly installment based upon a 30 day month. Rent shall be paid to Landlord without deduction or offset, in lawful money of the United States of America and at such place as Landlord may from time to time designate in writing.

(d) Late Charges. Tenant acknowledges that late payment of rent or other sums due will cause Landlord to incur costs, the exact amount of which will be difficult to ascertain. Accordingly, if any installment of rent or any other sum due from the Tenant is not received by Landlord within five (5) days of the date on which it is due, Tenant shall pay to Landlord as additional rent the lesser of the maximum amount allowed by law or five percent (5%) of such overdue amount. In addition, Tenant shall pay Landlord any attorneys' fees or notice/process service fees incurred by Landlord by reason of Tenant's failure to pay rent or other charges when due hereunder. In addition, all unpaid amounts shall accrue interest from the date due the lesser of the maximum rate allowed by law or 10% per annum until paid.

(e) No Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than any payment of Rent due shall be deemed to be other than on account of the amount due, and no endorsement or statement on any check or any letter accompanying any check or payment of Rent shall be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such payment of Rent or to pursue any other remedies available to Landlord. No receipt of money by Landlord from Tenant after the termination of this Lease or Tenant's right of possession of the Premises shall reinstate, continue or extend the Term.

(f) Credit for Approved Improvements. Tenant may receive credit towards Rent for improvements to the Premises approved by Landlord pursuant to Section 9, subject to a separate written credit acknowledgment based upon the cost of the approved improvement as of the date the certificate of completion or occupancy has been granted for the work. It is intended that the credit shall be granted only for permanent improvements adding value to the Premises, and remaining after the termination of the Lease. Landlord's City Manager shall have authority to approve the improvements and credit thereof.

3. Term and Termination.

(a) Term and Renewal. This Lease shall be for a 3 year term, commencing as of the Effective Date. The Parties may extend the term of this Lease for up three terms of 12 months each, for a total of 6 years. Tenant shall provide landlord at least 180 days' notice (but no more than 365 days) of its intent to seek an extension of the Lease for each extension period. The Parties agree to meet, confer, and memorialize the agreement to extend the lease for each

additional extension period prior to the expiration of the then current term. Landlord's City Manager shall have the authority to approve each extension.

(b) Termination and Holding Over. Landlord or Tenant may terminate this Lease for any reason upon 30 days written notice to the other Party, termination of which shall be effective immediately upon the end of the 30 days' period. Upon termination of this Lease, possession of the Premises, including all structures, building, and/or improvements thereon, shall be surrendered to Landlord immediately. In the event Tenant holds over beyond the term herein provided with the express or implied consent of the Landlord, such holding over shall be from month to month only, subject to the conditions of this Lease. Such holding over shall not be construed as a renewal of this Lease and shall be at the monthly compensation provided in this Lease. Such holdover period shall be subject to termination upon 30 days' notice.

(c) Trade Fixtures and Personal Property. Upon the termination of the Lease, Tenant shall remove all of its trade fixtures, furniture, and equipment on the Premises to the extent they are not permanently affixed, and immediately repair any damage resulting from such removal so as to leave the Premises in the condition required in this section. Tenant may finance its movable fixtures and equipment installed in the Premises, and such financing will not be considered an Assignment, provided it does not confer an interest in the Premises.

(d) Ownership of Improvements; Condition on Tenant's Surrender. The Building, Garage, and all improvements constructed, attached or used on the Premises are and shall remain the property of Landlord. On the date of termination of this Lease, Tenant shall peaceably surrender and quit the Premises and all improvements broom clean, in good order, condition and repair, reasonable wear and tear excepted only, free of Hazardous Materials caused to have occurred or been released at, on, or about the Premises during Tenant's occupancy during this Lease, and lien free, except to the extent that the condition of disrepair existed at the Effective Date.

4. Security Deposit. Upon execution of this Lease, Tenant will pay Landlord a Security Deposit in the sum of \$5,000.00. The Security Deposit shall not bear interest and will be held by Landlord as security for Tenant's faithful performance of all of Tenant obligations under this Lease. If Landlord applies all or part of the Security Deposit to the payment of Rent or to any loss or damage to Landlord due to Tenant's default, then within 5 days after Notice, Tenant will deposit sufficient cash with Landlord to restore the Security Deposit to the amount originally deposited. If Tenant performs all of its obligations under this Lease, the Security Deposit or any remaining balance will be returned to Tenant within 30 days of the expiration or earlier termination of this Lease. Tenant expressly waives any statutory right to the return of the Security Deposit earlier than said 30 day period.

5. Possession and Opening Date.

(a) Tenant's Right of Possession. Landlord shall not be obligated to deliver possession of the Premises to Tenant until Landlord has received from Tenant certificates of insurance as required in this Lease. Commencing on the Effective Date, Tenant shall pay the first installments of Monthly Base Rent, the estimated share of Additional Rent and Taxes, and any other sum of money or charges due hereunder.

(b) Delivery of Possession. Landlord shall be deemed to have delivered possession of the Premises to Tenant upon the Effective Date.

(c) Governmental Approvals. Tenant shall be responsible for achieving all approvals and permits from all governmental agencies having jurisdiction over the Premises.

6. Use of Premises.

(a) General Use. Tenant shall use and occupy the Premises to house its development and construction office related to the adjacent Grove District Resort Hotel project, and other reasonably necessary related uses. Tenant understands that although the City acquired the Premises in relation to Tenant's project, the Premises are located in a residential neighborhood on which other properties not a part of Tenant's project are located. Consequently, Tenant agrees to limit access to the Premises on Choisser Road by personal vehicles only. Tenant shall not allow construction equipment and large vehicles to access the Premises or park said vehicles on Choisser Road. Construction equipment and large vehicles may access the Premises through the rear of the Premises adjacent to Tenant's construction project.

(b) Limitations. Notwithstanding the foregoing permitted uses in subsection 6(a), Tenant shall not cause or permit the Premises to be used in any way that: (i) constitutes a violation of any law, ordinance, or governmental regulation or order regulating the manner of use by Tenant of the Premises (including, without limitation, any law, ordinance, regulation or order relating to Hazardous Materials), (ii) constitutes a nuisance or waste, or (iii) increases the cost of any insurance relating to the Premises paid by Landlord. Tenant shall obtain, at its sole cost and expense, all governmental permits, licenses and authorizations of whatever nature required by any governmental agencies having jurisdiction over Tenant's use of the Premises. Further, Tenant, at its sole cost, will comply with all applicable governmental laws and regulations in connection with its operations.

(c) Safety. Tenant shall immediately correct any unsafe condition of the Premises, as well as any unsafe practices occurring thereon. Tenant shall cooperate fully with Landlord in the investigation of any injury or death occurring on the Premises, including a prompt report thereof to Landlord's City Manager or designee.

(d) Nuisances and Annoyances. Tenant shall not use or permit the use of the Premises in any manner which creates a nuisance or measurable annoyance to persons outside the Premises, including, without limitation, live, recorded or broadcast entertainment or the use of loudspeakers or sound or light apparatus other than as may be required by law or necessary or advisable for safety purposes.

7. Taxes.

(a) Real Property Taxes. Should the property interest conveyed by this Lease be subject to real property taxation and/or assessments, Tenant shall pay, before delinquency, all lawful taxes, assessments, fees or charges which may be levied by the State, County, City, or any other tax or assessment-levying body upon the Premises and any improvements thereon. "Taxes"

shall include any form of tax or assessment, including possessory interest taxes, if any (whether special or general, ordinary or extraordinary, foreseen or unforeseen), license fee, license tax, tax or excise on Rent or any interest of Landlord or Tenant (including any legal or equitable interest of Landlord or its beneficiary under a deed of trust, if any) in the Premises or the underlying realty. Pursuant to Revenue & Taxation Code §107.6, should a property interest be created herein, it may be subject to property taxation and Tenant may be subject to property taxes levied on such interest. In no event shall Landlord be liable for any taxes owed as a result of this Lease or Tenant's use of the Premises. Landlord shall use reasonable efforts to cause all bills for Taxes payable by Tenant hereunder to be sent directly to Tenant, in which event, from and after the Effective Date, Tenant shall pay, prior to delinquency, all Taxes assessed during the Term. Taxes for any partial year shall be prorated.

(b) Personal Property Taxes. Tenant shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall use commercially reasonable efforts to have personal property taxed separately from the Premises. If any of Tenant's personal property is taxed with the Premises and paid by Landlord, Tenant shall reimburse Landlord the taxes for the personal property within 15 days after Tenant receives a written statement from Landlord for such personal property taxes, together with reasonable evidence showing the amount of personal property taxes paid by Landlord.

(c) Contesting Taxes. Tenant shall have the right to contest any Taxes, at its own cost and in its own name, and Landlord shall not pay any such Taxes; provided, however, that Tenant shall take such steps as may be required to perfect the contest, including payment of the Taxes under protest prior to an appeal of adverse determination of the contest. Upon final determination of any such contest (and if the Taxes have not already been paid under protest), Tenant shall pay the Taxes for which it is responsible hereunder as they are finally determined and all penalties, interest, costs, and expenses which may thereupon be due or have resulted therefrom. If Tenant contests any Taxes and such contest interferes with any proposed sale, financing or refinancing affecting the Premises, which Landlord has either commenced or is about to commence, upon Landlord's written request, Tenant shall either furnish to Landlord security in the amount of such contested Taxes, plus estimated costs and interest, or a bond of a responsible corporate surety in such amount.

8. Utilities.

(a) Electrical and Plumbing. Landlord shall provide the physical installation of electrical and plumbing utilities to the Premises, excluding any service charges for starting service.

(b) Utility Charges. Tenant agrees to pay directly to the appropriate utility company all charges for all utilities, including electric, gas, telephone, cable television, telecommunications, water, sanitary sewer lines, drainage facilities, trash or any other utilities and other systems and lines exclusively serving the Premises.

(c) Waiver of Liability. Regardless of the entity supplying any of the utilities or providing any service referred to in this section, Landlord shall not be liable in damages for any failure or interruption of any utility or service unless such failure was due to the intentional or negligent acts of Landlord or its agents. No failure or interruption of any utility or service shall

entitle Tenant to terminate this Lease or discontinue making payments of Rent.

(d) Tenant's Nonpayment. If Tenant fails to timely pay any charges referred to in this section, Landlord may pay the charge and Tenant shall reimburse Landlord such amount, as Additional Rent, within 5 days of demand therefor.

9. Improvements and Signage. No structure, sign or other improvement of any kind shall be constructed on the Premises by Tenant, its employees, agents or contractors without the prior written approval of Landlord in each case. Approval may be withheld, conditioned or delayed in Landlord's sole and absolute discretion. No changes, modifications or alterations from approved plans and specifications may be made without Landlord's prior written approval. No approval by Landlord of any plans or specifications shall constitute (i) approval of architectural or engineering sufficiency or representation, or (ii) warranty by Landlord as to the adequacy or sufficiency of the plans and specifications or the improvements contemplated for Tenant's use or purpose. Landlord, by approving the plans and specifications, assumes no responsibility or liability for any defect in any improvements constructed on the basis of the plans and specifications. Tenant expressly agrees to comply with all applicable signage ordinances and shall be responsible for the general maintenance and repair of any signage to the Landlord's satisfaction.

10. Maintenance and Repairs.

(a) Maintenance. Tenant shall keep all portions of the Premises in a clean and orderly condition to the satisfaction of Landlord. Tenant shall keep the Premises presentable, consistent with their age, and shall make replacements necessary to keep the Premises in such condition. All replacements shall be of a quality equal to or exceeding that of the original. Should Tenant fail to make these repairs and replacements or otherwise maintain the Premises within 15 days after Notice by Landlord, or should Tenant begin but fail to complete any repairs or replacements within a reasonable time after Notice by Landlord, Landlord may, but shall not be obligated to, make the repairs or replacements expressly without liability to Tenant for any loss that may accrue to Tenant as a result thereof. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair within 15 days of Landlord's demand. Tenant shall fulfill all of Tenant's obligations under this section at Tenant's sole expense.

(b) Damage. Tenant shall be responsible for any damage done in or to the Premises caused by Tenant or its employees, agents, contractors and invitees. Upon termination of this Lease, Tenant shall peaceably surrender and quit the Premises in good order, condition and repair, reasonable wear and tear excepted only and, at its expense, shall remove all of its trade fixtures and personal property and repair any damage to the Premises occasioned by removal of these items.

(c) Capital Repairs and Improvements. Tenant acknowledges and agrees that Tenant has inspected the Premises and has substantial knowledge as to the condition of the Premises. As such, should the need for capital repairs or improvements to the Premises arise during the Lease (including, without limitation (i) improvement or repair of the structural components of any improvements on the Premises, including, the exterior walls, foundation, slab and structural columns and all components of the roof, (ii) improvement, repair or replacement of any plumbing, electric, fire sprinkler, lighting, heating, cooling, mechanical and sewer systems in or servicing

any improvements on the Premises, or (iii) any retrofits, upgrades, replacements and the like), such repairs or improvements shall be made by Tenant and at Tenant's sole cost and expense. Tenant hereby waives and releases its right to terminate this Lease or to make repairs at Landlord's expense under Sections 1932, 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

11. Compliance with Laws.

The term "Governmental Regulations" means all federal, state, county, or municipal laws, ordinances, rules, regulations, directives, orders, or requirements now in force or which may hereafter be in force. Subject to Tenant's right to contest the same, Tenant shall, at all times, comply with all applicable Governmental Regulations, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards, applicable federal and state labor standards, applicable prevailing wage requirements, zoning and development, building, plumbing, mechanical and electrical codes, and all other provisions of the City of Garden Grove Municipal Code, and all applicable disabled and handicapped access requirements, including, without the limitation, the Americans With Disability Act, 42 U.S.C. §12101 et seq., Government Code §4450 et seq., and the Unruh Civil Rights Act, Civil Code §51 et seq. Nothing in this Lease is a representation or warranty by Landlord, and Tenant hereby expressly acknowledges and agrees that Landlord has not previously affirmatively represented to Tenant or its agents, in writing or otherwise, that any Tenant improvement or construction or erection of improvements performed on the Premises on or after the date of this Lease is not a "public work," as defined in Section 1720 et seq. of the California Labor Code, including but not limited to Sections 1771 and 1781. Tenant hereby agrees that Tenant shall have the obligation to provide any and all disclosures or identifications required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. In addition to any other Tenant indemnifications of Landlord set forth in this Lease, Tenant shall indemnify, protect, defend and hold harmless the Landlord and its officers, employees, contractors and agents, with counsel reasonably acceptable to Landlord, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorney's fees, court and litigation costs, and fees of expert witnesses) which, in connection with the construction (as defined by applicable law) and/or operation of the Premises, results or arises in any way from any of the following: (1) the noncompliance by Tenant of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and to hire apprentices); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Tenant to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the Parties that, in connection with any construction (as defined by applicable law) of improvements on the Premises, maintenance and repairs by Tenant, Tenant shall bear all risks of payment or non-payment of prevailing wages and hiring of apprentices under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Lease.

12. **Landlord's Right of Entry.** Landlord or its authorized representatives may enter the Premises following reasonable Notice to Tenant (except in a case of emergency) to: (a) inspect the Premises; (b) perform any obligation or exercise any right or remedy of Landlord under this Lease; (c) make repairs, alterations, improvements or additions to the Building, Garage or to other portions of the Premises; (d) perform work necessary to comply with laws, ordinances, rules or regulations of any public authority or of any insurance underwriter; and (e) perform work that Landlord deems necessary to prevent waste or deterioration of the Premises should Tenant fail to promptly commence and complete such repairs within 15 days after Notice.

13. **Liens.** Tenant shall not permit to be placed against the Premises, or any other part of the Premises, any mechanics', materialmen's, contractors', subcontractors' or other liens. Tenant shall indemnify, defend (with counsel acceptable to Landlord) and hold Landlord harmless from all liability for any and all liens, claims and demands, together with the costs of defense and reasonable attorneys' fees related to same. Landlord reserves the right, at any time and from time to time, to post and maintain on the Premises, any portion thereof or on the improvements on the Premises any notices of non-responsibility or other notice as may be desirable to protect Landlord against liability. In addition to and not in limitation of Landlord's other rights and remedies under this Lease, should Tenant fail, within 15 days of a written request from Landlord, to discharge any lien or claim related to Tenant's use of the Premises or the Premises, or to indemnify, hold harmless and defend Landlord from and against any loss, damage, injury, liability or claim arising out of Tenant's use of the Premises as provided above, then Landlord, at its option, may elect to pay any lien, claim, loss, demand, injury, liability or damages, or settle or discharge any action or satisfy any judgment and all costs, expenses and attorneys' fees incurred in doing so shall be paid to Landlord by Tenant upon written demand, together with interest thereon at the rate of 7% per annum (but in no event more than the maximum interest rate permitted by law) from the date incurred or paid through and including the date of payment.

14. **Drainage and Water Quality Requirements.** Without limiting any other provisions contained in this Lease, Tenant acknowledges that with regard to surface drainage and groundwater and surface water quality, the Premises are subject to the requirements of the United States Environmental Protection Agency ("EPA"), the California State Water Resources Control Board ("State Board"), the Regional Water Quality Control Board ("Regional Board"), the County of Orange, and the City of Garden Grove. Accordingly, Tenant shall comply, at its sole cost and expense, with all laws, rules and regulations regarding drainage and water quality (collectively, "Water Quality Laws") including the Federal Clean Water Act, the Federal Coastal Zone Management Act, the Porter-Cologne Water Quality Control Act and The California Coastal Act. In addition, Tenant agrees to obtain any and all permits which may be required pursuant to the Water Quality Laws in connection with Tenant's use or operation of the Premises to comply with the requirements of any such permits and, to the extent applicable, the requirements of any similar permits covering the Premises generally. Such permits may include, without limitation, National Pollutant Discharge Elimination System ("NPDES") permits (and the associated Storm Water Pollution Prevention Plan ("SWPPP") required by the State of California General Permit for storm water associated construction activity), County storm water permits, County drainage area management plans or Regional Board issued *de minimis* permits. Furthermore, Tenant agrees to comply with all rules and regulations adopted by the State Board, Regional Board or other governmental authority authorized by the EPA to implement the NPDES or similar programs. Tenant shall coordinate with the appropriate governmental authorities to ensure Tenant's

compliance with the requirements of this section.

15. Environmental Matters.

(a) Hazardous Materials Laws; Hazardous Materials. "Hazardous Materials Laws" means any and all federal, state or local laws, ordinances, rules, decrees, orders, regulations or court decisions (including the so-called "common law") relating to hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq., any amendments to the foregoing, and any similar federal, state or local laws, ordinances, rules, decrees, orders or regulations. "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (i) is a flammable explosive, asbestos, radioactive material, nuclear medicine material, drug, vaccine, bacteria, virus, hazardous waste, toxic substance, gasoline, petroleum product or other product used in the servicing of motor vehicles, polychlorinated biphenyls or related injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (ii) is controlled, designated in or governed by any Hazardous Materials Law; (iii) gives rise to any reporting, notice or publication requirements under any Hazardous Materials Law; or (iv) gives rise to any liability, responsibility or duty on the part of Tenant or Landlord with respect to any third person under any Hazardous Materials Law.

(b) Use. Tenant shall not allow any Hazardous Material to be used, generated, released, stored or disposed of on, under or about, or transported from, the Premises, unless: (a) such use is specifically disclosed to and approved by Landlord (which approval may be granted or withheld in Landlord's sole discretion) prior to such use; and (b) such use is conducted in compliance with the provisions of this section. Landlord may approve such use subject to conditions to protect the Premises and Landlord's interests. Landlord may, without limitation, withhold approval if Landlord determines that such proposed use involves a risk of a release or discharge of Hazardous Materials or a violation of any Hazardous Materials Laws or that Tenant has not provided adequate assurances of its ability to remedy such a violation and fulfill its obligations under this section. Notwithstanding the foregoing, this provision shall not be construed or understood to prohibit Tenant from allowing Hazardous Materials to be brought upon the Premises so long as they are Hazardous Materials which are customary and common to the normal course of business and so long as such Hazardous Materials are used, stored and disposed of in strict accordance with all applicable Hazardous Materials Laws. Upon the expiration of the Term, any extensions or holdover period, or sooner termination of this Lease, Tenant shall remove any equipment, improvements or storage facilities utilized by Tenant or any assignee or subtenant of Tenant or their respective agents, contractors, employees, concessionaires, licensees, or invitees in connection with any Hazardous Materials and shall clean up, detoxify, repair and otherwise restore the Premises to a condition free of Hazardous Materials. Tenant shall be solely responsible, both financially and legally, for remediation of Hazardous Materials on the Premises to the extent such Hazardous Materials were released, discharged, used, or stored on or about the Premises during the Term or any extension or holdover period of this Lease.

(c) Compliance with Hazardous Materials Laws. Tenant and its agents, contractors,

employees, assignees, sublessees, licensees, concessionaires, and invitees shall strictly comply with, and shall operate and maintain the Premises in compliance with Hazardous Materials Laws. Tenant shall obtain and maintain in full force and effect all permits, licenses and other governmental approvals required for Tenant's operations on the Premises under any Hazardous Materials Laws and shall comply with all terms and conditions thereof. At Landlord's request, Tenant shall deliver copies of, or allow Landlord to inspect, all such permits, licenses and approvals. Tenant shall not perform any monitoring, investigation, clean-up, removal or other remedial work including, without limitation, the preparation and implementation of any closure, remedial action or other required plans in connection therewith (collectively, "Remedial Work") in response to the presence of any Hazardous Materials in or about the Premises, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear or otherwise appropriately assert and protect Landlord's interest with respect thereto. Landlord shall have the right to intervene in any governmental action or proceeding involving any Remedial Work, and to approve performance of the work, in order to protect Landlord's interests. Upon Landlord's approval of the work to be performed and provided that Landlord does not elect to perform said work as provided hereinbelow, Tenant shall perform any Remedial Work required as a result of any release or discharge by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees, concessionaires, or invitees of Hazardous Materials affecting the Premises or any violation of Hazardous Materials Laws by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees, concessionaires, or invitees. Landlord shall have the right, but not the obligation, to remedy any violation by Tenant of the provisions of this section or to perform any Remedial Work which is necessary or appropriate as a result of any governmental order, investigation or proceeding and Tenant shall pay, upon demand, all costs (including attorneys' fees and other costs) incurred by Landlord in remedying such violations or performing all Remedial Work, together with interest thereon at the legal rate from the date of payment by Landlord. Tenant shall not be responsible for remediation of Hazardous Materials on the Premises which were released, discharged, used, or stored prior to the Effective Date.

(d) Notice; Reporting. Tenant shall notify Landlord within 2 days after any of the following: (1) a release or discharge of any Hazardous Materials, whether or not the release or discharge is in quantities that would otherwise be reportable to a public agency; (2) Tenant's receipt of any order of a governmental agency requiring any Remedial Work pursuant to any Hazardous Materials Laws; (3) Tenant's receipt of any warning, notice of inspection, notice of violation or alleged violation, or Tenant's receipt of notice or knowledge of any proceeding, investigation or enforcement or regulatory action, pursuant to any Hazardous Materials Laws; (4) Tenant's receipt of notice or knowledge of any report made to any environmental agency arising out of or in connection with any Hazardous Materials in or about the Premises or removed therefrom, including any complaints, notices, warnings or asserted violations in connection therewith; or (5) Tenant's receipt of notice or knowledge of any claims made or threatened by any third party against Landlord or Tenant relating to any loss or injury resulting from Hazardous Materials. Tenant shall deliver to Landlord copies of all test results, reports and business or management plans required to be filed with any governmental agency pursuant to any Hazardous Materials Laws, including without limitation copies of hazardous waste manifests reflecting the

legal and proper disposal of all Hazardous Materials removed from the Premises. In connection with any Hazardous Materials involving the Premises with respect to which Tenant is responsible hereunder, Tenant shall make all reports and filings required by any Hazardous Materials Laws, and provide Landlord with the same for Landlord's review and approval prior to filing.

(e) Other Requirements.

(1) Additional Insurance or Financial Capacity. If at any time it reasonably appears to Landlord that Tenant is not maintaining sufficient insurance or other means of financial capacity to enable Tenant to fulfill its obligations to Landlord under this Lease, whether or not then accrued, liquidated, conditional or contingent, Tenant shall procure and thereafter maintain in full force and effect such insurance or other form of financial assurance, with or from companies or persons and in forms reasonably acceptable to Landlord, as Landlord may from time to time reasonably request.

(2) Landlord's Maintenance. The parties agree that although Landlord shall have the right to enter upon the Premises at any time to monitor and enforce Tenant's compliance with the requirements of this section, Landlord does not have the power or authority to control Tenant's actual use of the Premises beyond the commitments and covenants set forth herein and therefore shall have no responsibility for the same.

16. Indemnity. As a material part of the consideration to Landlord, Tenant shall pay for, defend (with an attorney approved by Landlord), indemnify, and hold Landlord and its elected and appointed officials, officers, employees, representatives and agents (together "Indemnitees") harmless from any real or alleged damage or injury and from all claims, judgments, liabilities, penalties, costs and expenses, including attorneys' fees and costs (collectively, "Costs"), in any way connected to Tenant's (or anyone acting directly or indirectly by or through Tenant) use or operation of the Premises, or any repairs, alterations or improvements which Tenant may make or cause to be made on the Premises, or by any breach of this Lease by Tenant, or by any existing or future condition, defect, matter or thing or about the Premises or any part thereof or any equipment or appurtenance therein and any loss or interruption of business or loss of Rent income resulting from any of the foregoing; provided, however, Tenant shall not be liable for Costs to the extent such damage or injury is ultimately determined to be caused by the willful negligence or misconduct of Landlord. Notwithstanding the foregoing, Tenant shall in all cases accept any tender of defense of any action or proceeding in which any of the Indemnitees is or are named or made a party and shall, notwithstanding any allegations of willful negligence or misconduct on the part of any of the Indemnitees, defend the Indemnitees as provided herein until a final determination of willful negligence or misconduct is made. Costs shall also include all of Indemnitees' attorneys' fees, litigation costs, investigation costs and court costs and all other costs, expenses and liabilities incurred by any of the Indemnitees or their counsel(s) from the first Notice that any claim or demand is to be made or may be made. Notwithstanding any other provision hereof, Tenant's obligations under this section shall survive the termination of this Lease.

17. Insurance.

(a) Commercial General Liability. Tenant, at its sole cost and expense, shall, during the entire Term, any extension and holdover period, keep in full force and effect a policy or

policies of commercial general liability insurance and property damage insurance with respect to the Premises and Tenant's operations or business in which the combined single limit of liability shall be not less than \$2,000,000. Tenant shall also maintain a standard form all-risk policy covering fire and extended coverage, vandalism, malicious mischief, sprinkler leakage and other perils of direct physical loss or damage insuring the personal property, trade fixtures and equipment of Tenant. Said policies shall name Landlord as additional insured and contain a clause that the insurer may not cancel or change the insurance coverage limits without first giving Landlord 30 days' prior written notice, except cancellation for nonpayment of premium, in which case only 10 days' prior written notice shall be required. Tenant's commercial general liability insurance shall include a contractual liability endorsement insuring performance of all indemnities of Tenant under this Lease and a cross-liability endorsement to the extent insurable. Said insurance policy shall be with an insurance company or companies with general policy holders' rating of not less than "A-VIII" as rated in the most current available Best's Key Rating Guide and which are qualified to do business in the state in which the Premises are located.

(b) Risk of Loss. Landlord shall not be liable for injury to any person or for any damage to personal property sustained by Tenant or others that are caused by any defects in said Premises or the Premises, or any service facilities or due to the happening of accident, including any damage caused by water, wind storm, or by any gas, steam, electrical wiring, sprinkler system, plumbing, heating or conditioning apparatus; theft; or acts or omissions of co-tenants or other occupants of the Premises, or hereafter occurring therein or due to any part or appurtenance thereof, including any and all furniture, fixtures, and equipment of Tenant becoming out of repair, or from any act or omission of Tenant.

(c) Waiver of Subrogation. Tenant hereby releases Landlord from liability and waives all right of recovery against Landlord for any loss in or around the Premises from perils insured against under its fire or liability insurance contracts, including any all-risk endorsements thereof, whether due to negligence or any other cause, provided that this section shall be inapplicable if it would have the effect, but only to the extent it would have the effect, of invalidating any insurance coverage of Landlord or Tenant. Nothing herein shall relieve Tenant of its obligation to request and procure, to the extent available on a commercially reasonable basis, the necessary endorsements required to validly waive subrogation in accordance with this section. Tenant shall, at the request of Landlord, execute and deliver to Landlord a Waiver of Subrogation in the form and content as reasonably required by Landlord's insurance carrier. To the extent Tenant fails to maintain the insurance required under the terms of this Lease, such failure shall be a defense to any claim asserted by Tenant against Landlord by reason of any loss sustained by Tenant due to circumstances that would have been covered had such required insurance been maintained.

(d) Certificate of Insurance. A certificate issued by the insurance carrier for each policy of insurance required to be maintained by Tenant under the provisions of this Lease shall be delivered to Landlord upon or before the delivery of the Premises to Tenant for any purpose. Each of said certificates of insurance and each such policy of insurance required to be maintained by Tenant hereunder shall expressly evidence insurance coverage as required by this Lease.

18. Destruction.

(a) Non-Termination and Non-Abatement. Except as expressly provided in subsection

(b)(1), no destruction or damage to the Premises or any improvements located thereon by fire, windstorm or other casualty, whether insured or uninsured, shall entitle Tenant to terminate this Lease or to an abatement of Rent hereunder; provided, however, that both Landlord and Tenant each reserve rights to terminate this Lease upon 30 days' notice as provided herein.

(b) Repair of Damage.

(1) Destruction. If the Building and/or Garage is/are totally destroyed or damaged or rendered wholly untenable by fire or other casualty, then Landlord and Tenant shall each have the right to terminate this Lease by giving Notice to the other Party within 30 days after the date of destruction. If Tenant does not terminate the Lease within 30 days from the expiration of such 30 day period, Tenant shall pay Rent unabated and all insurance proceeds shall be paid to Landlord. If the Building is partially damaged or rendered partially untenable by fire or other casualty, Tenant shall, within 30 days from the date of such destruction, begin the repair or replacement of the portion of the Building affected; provided, however, that both Landlord and Tenant each reserve rights to terminate this Lease upon 30 days' notice as provided herein.

(2) Application of Insurance Proceeds. All insurance proceeds recovered on account of damage or destruction less the cost of such recovery, shall be paid to Landlord or, if partially damaged or rendered partially untenable under the last sentence of the subsection immediately above then such proceeds shall be applied to the payment of the cost of repairing and replacing the Building and/or Garage. Whether or not the Lease is terminated, if net available insurance proceeds are insufficient to pay the entire cost of such work, or if the damage or destruction is the result of a cause not required to be insured against, then Tenant shall bear the cost thereof in excess of the net available insurance proceeds. Upon termination of this Lease, the Premises shall be redelivered to Landlord after removal, at Tenant's expense, of debris and all removable fixtures, furniture and equipment, if requested by Landlord, and all insurance proceeds received by or due to Tenant shall be paid to Landlord after deducting such expenses.

(c) Continued Rent. There shall be no abatement of Rent during any period of repair, irrespective of the continued operation of Tenant's use of the Premises during such period.

(d) Waiver of Statutory Rights of Termination. Tenant waives any statutory rights of termination based on a partial or total destruction of the Premises.

19. Default and Remedies. Should Tenant be in default with respect to any monetary obligation pursuant to the terms of this Lease for a period of 15 days, or should Tenant vacate or abandon the Premises, then Landlord may treat any such event as a material breach of this Lease and in addition to any or all other rights or remedies of Landlord by law provided, should Tenant be in default with respect to any other obligation contained in this Lease, then Landlord may request by written notice that Tenant cure the breach within 15 days. If Tenant does not cure the breach within 15 days, then Landlord may terminate this Lease. Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to Tenant or any other person to declare the Lease terminated and to re-enter and take possession of the Premises and remove all persons therefrom. Should Landlord elect to terminate this Lease pursuant to this section, Landlord may recover from Tenant all damages caused as a result of Tenant's default.

20. **Waiver.** Any waiver by Landlord of any default or breach of any covenant, condition, term, and agreement contained in this Lease, shall not be construed to be a waiver of any subsequent or other default or breach, nor shall failure by Landlord to require exact, full, and complete compliance with any of the covenants, conditions, terms, or agreements contained in this Lease be construed as changing the terms of this Lease in any manner or preventing Landlord from enforcing the full provisions hereof. No delay, failure, omission of Landlord to exercise any right, power, privilege, or option arising from any default or breach, nor any subsequent acceptance of payment then or thereafter by Landlord, shall impair any such right, power, privilege, or option or be construed as a waiver of or acquiescence in such default or breach, or as a relinquishment of any right. The rights, powers, options, privileges, and remedies available to Landlord under this Lease shall be cumulative.

21. **Attorneys' Fees.** Should either party to this Lease have to resort to litigation to enforce any provision of this Lease, the prevailing party shall be entitled to its attorneys' fees and reasonable costs incurred in litigating any dispute.

22. **Inspection.** Landlord and its representatives, employees, agents or independent contractors may enter and inspect the Premises or any portion of the Premises or any improvements on the Premises at any time during business hours and at other times after Landlord has provided Tenant with 48 hours advanced notice to show the Premises to potential buyers, investors or tenants or other parties, inspect the Premises, make repairs or replacements, or for any other purpose Landlord reasonably deems necessary.

23. **Prohibition on Assignment and Subletting.** Tenant may not assign, sublet or otherwise transfer its interest under this Lease without Landlord's prior written consent, which consent may be withheld, conditioned or delayed in Landlord's sole and absolute discretion. Any attempted assignment, sublet or transfer made in violation of this provision shall be void.

24. **Notices.** All notices, demands and requests which may be given or which are required to be given by any party to this Agreement, and any exercise of a right of termination provided by this Agreement, shall be in writing and shall be deemed effective either: (1) on the date personally delivered to the address below prior to 5:00 p.m. (Pacific Standard Time), as evidenced by written receipt therefor, whether or not actually received by the person to whom addressed; (2) on the third (3rd) business day after being sent, by certified or registered mail, return receipt requested, addressed to the intended recipient at the address specified below; (3) on the first (1st) business day after being deposited into the custody of a nationally recognized overnight delivery service (i.e., FedEx, UPS, or DHL) addressed to such party at the address specified below; or (4) on the business day sent via facsimile transmission to the facsimile numbers below, as evidenced by a printed confirmation of the successful electronic transmission of the message prior to 2:00 p.m. (Pacific Standard Time), or otherwise delivery shall be considered to be on the following business day. For purposes of this section, the addresses of the parties for all notices are as follows:

To Landlord: City of Garden Grove
Attn.: City Manager
11222 Acacia Parkway
Garden Grove, CA 92840
Fax (714) 741-5044

To Tenant: Investel Garden Resorts, LLC
Attn.: _____

25. No Principal/Agent Relationship and No Third Party Beneficiary. Nothing contained in this Lease shall be construed as creating the relationship of principal and agent or of partnership or joint venture between Landlord and Tenant, nor shall it be construed to benefit any third party.

26. Authority to Enter Into Agreement. Each Party to this Lease represents and warrants that its respective signatory has the authority to enter into this Lease and to bind it to the terms of this Lease.

27. Waiver of Relocation Rights. As consideration for entering into this Lease, Tenant expressly, voluntarily and knowingly understands, acknowledges and agrees that its status is and will be and remain as a "post acquisition tenant" with no eligibility or rights to relocation assistance or benefits thereunder pursuant to the Relocation Assistance Laws. Tenant acknowledges the rights granted by State and/or Federal Relocation Assistance Laws and regulations and, notwithstanding any other provision of this Lease, expressly waives all such past, present and future rights, if any, to which Tenant might otherwise be or become entitled with regard to this Lease. Tenant hereby waives any right to relocation assistance, moving expenses, goodwill or other payments to which Tenant might otherwise be entitled under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. § 4601 et seq., and/or the California Relocation Assistance Law, as amended, Government Code § 7260 et seq. Tenant fully, intentionally, knowingly and voluntarily waives, releases and discharges Landlord, and its appointed and elected officials, officers, directors, employees, contractors, and agents (together "Indemnitees") from all and any manner of rights, demands, liabilities, obligations, claims, or cause of actions, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which arise from or relate in any manner to (i) the sale of the Premises or the relocation of any of Tenant's operations or the relocation of any person or persons, business or businesses, or other occupant or occupants located on the Premises, including the specific waiver and release of any right to any relocation benefits, assistance and/or payments under the Relocation Assistance Laws notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under such state or federal law; and (ii) compensation for any interest in the operations at, on, or about the Premises including, but not limited to, land and improvements, fixtures, furniture, or equipment thereon, leasehold interest, goodwill, severance damage, attorneys' fees or any other compensation of any nature whatsoever.

28. Reservations. Landlord reserves to itself, its successors and assigns, along with the right to grant and transfer:

(a) Nonexclusive easements on behalf of itself for the installation, emplacement, maintenance and replacement of electric, gas, telephone, cable television, telecommunications, water, sanitary sewer lines, drainage facilities or any other utilities (collectively, "Utilities"),

together with the right to enter upon the Premises in order to service, maintain, repair, reconstruct, relocate or replace any Utilities. Landlord shall repair, reconstruct and restore any Utilities to its condition prior to such entry by Landlord for the purposes set forth in this section.

(b) Nonexclusive easements on, over, under or across the Premises within 10 feet from all property lines bordering on a public or private street or drive for the installation, emplacement, replacement, repair, operation and maintenance of any Utilities.

(c) All oil, oil rights, petroleum, minerals, mineral rights, natural gas rights and other hydrocarbon substances by whatsoever name known, geothermal resources (as defined in California Public Resources Code, Section 6903) and all products derived from any of the foregoing that may be within or under the Premises together with the perpetual right of drilling, mining, exploring, prospecting, operating, storing in and removing the same from the Premises, including the right to whipstock or directionally drill and mine from lands other than the Premises, oil or gas wells, tunnels and shafts into, through or across the subsurface of the Premises, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines; without, however, the right to enter, drill, mine, store, explore and operate on or through the surface or the subsurface of the Premises.

(d) Any and all water, and all rights or interests therein, together with the right to explore, drill, redrill, remove and store the same from the Premises or to divert or otherwise utilize such water, rights or interests on any other property owned or leased by Landlord, but without, however, any right to enter upon the surface of the Premises in the exercise of such rights. In exercising its rights reserved herein, Landlord shall use commercially reasonable efforts not to materially and unreasonably interfere with Tenant's use of, or operations on, the Premises.

29. Applicable Law and Venue. This Lease shall be construed and enforced in accordance with, and governed by, the laws of the State of California. The parties consent to the jurisdiction of the California courts with venue in Orange County.

30. Counterparts and Facsimiles. This Lease may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Any facsimile of any original document shall be treated as an original document. The Party submitting any facsimile must also submit a copy of the original to the other Party within a reasonable time after the transmission of the facsimile.

31. Miscellaneous.

(a) The headings of this Lease are for purposes of reference only and shall not limit or define the meaning of any provision.

(b) The above Recitals are an integral part of this Lease and made part hereof.

(c) If any provision of this Lease or its application is found to be invalid or unenforceable, such determination shall not affect the other provisions of this Lease and they shall

remain valid and enforceable.

(d) Time is of the essence in all provisions of this Lease.

32. Complete Agreement. This Lease constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter of this Lease and supersedes all prior and contemporaneous agreements, representations and understandings of Landlord and Tenant, oral or written.

33. Brokers. There have been no brokers, finders or agents involved in this Lease, and each party agrees to hold the other harmless from the failure to pay any other broker, finder or agent making a claim for compensation, commission or charges with respect to this Lease and/or the negotiation hereof.

34. Modification. No supplement, modification, amendment or change in any terms of this Lease shall be binding on the Parties unless in writing and executed by Tenant and Landlord.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have executed this instrument as of the dates below stated.

LANDLORD

TENANT

CITY OF GARDEN GROVE,
a California municipal corporation

INVESTEL GARDEN REPORTS, LLC
A Delaware Limited Liability Company

By: _____
Its: City Manager
Dated: _____

By: _____
Its: _____
Dated: _____

Attest:

By: _____
Its: _____
Dated: _____

City Clerk
Dated: _____

Approved as to form:

City Attorney

Subject: Fwd: Hello from GG

From: Lisa Kim <lisak@ci.garden-grove.ca.us>

Date: Fri, 30 Dec 2016 12:11:15 -0800 (PST)

To: Scott Stiles <sstiles@ci.garden-grove.ca.us>, "Matt (Site C) Reid" <matt.reid@landanddesign.com>

FYI...sent a note to Winfred.

L

Sent from my iPhone

Begin forwarded message:

From: Lisa Kim <lisak@ci.garden-grove.ca.us>

To: Winfred Zhang <zwf@scgamerica.com>

Subject: Hello from GG

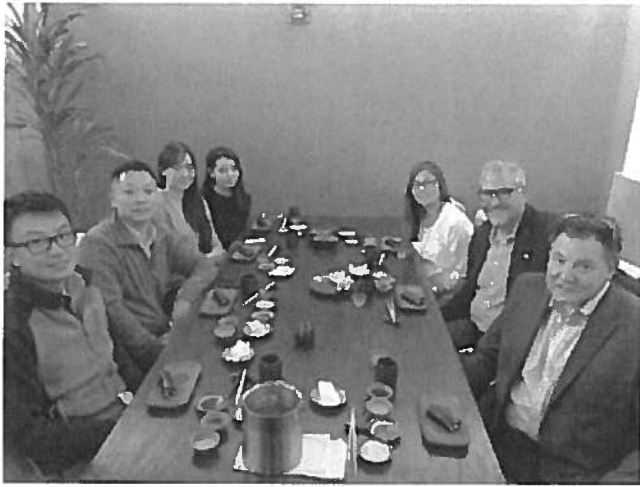
Good Afternoon Winfred,

In this time of reflection, I wanted to extend my gratitude and personal thanks for all your continued support and partnership with the City of Garden Grove. I believe 2017 will be a year of prosperity and success for our partnership with SCG America and Land & Design. Looking forward to celebrating the unveiling of the Site C hotel brands along side the SCG America team in GG. On behalf of my family to yours...wishing you and yours a very Happy New Year and see you in 2017.

BTW, your NYC team is absolutely exceptional and most gracious in showcasing all the successful projects in Manhattan and Flushing. It is truly a testament to the high caliber of projects to come in GG.

All the Best,
Lisa





Subject: Re: Hello from GG
From: Lisa Kim <lisak@ci.garden-grove.ca.us>
Date: Fri, 30 Dec 2016 13:26:09 -0800 (PST)
To: Scott Stiles <sstiles@ci.garden-grove.ca.us>
CC: "Matt (Site C) Reid" <matt.reid@landanddesign.com>

Work it...

Sent from my iPhone

On Dec 30, 2016, at 1:19 PM, Scott Stiles <sstiles@ci.garden-grove.ca.us> wrote:

Thanks Lisa. I like Matt's new middle name. He sounds like a rapper!

Scott C. Stiles, ICMA-CM
City Manager / City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840
714-741-5100 (o) / 714-719-1810 (c)
www.ci.garden-grove.ca.us

Sent from my iPhone

On Dec 30, 2016, at 12:11 PM, Lisa Kim <lisak@ci.garden-grove.ca.us> wrote:

FYI...sent a note to Winfred.

L

Sent from my iPhone

Begin forwarded message:

From: Lisa Kim <lisak@ci.garden-grove.ca.us>
To: Winfred Zhang <zwf@scgamerica.com>
Subject: Hello from GG

Good Afternoon Winfred,

In this time of reflection, I wanted to extend my gratitude and personal thanks for all your continued support and partnership with the City of Garden Grove. I believe 2017 will be a year of prosperity and success for our partnership with SCG America and Land & Design. Looking forward to celebrating the unveiling of the Site C hotel brands along side the SCG America team in GG. On behalf of my family to yours...wishing you and yours a very Happy New Year and see you in 2017.

BTW, your NYC team is absolutely exceptional and most gracious in showcasing all the successful projects in Manhattan and Flushing. It is truly a testament to the high caliber of projects to come in GG.

||| All the Best,
Lisa

<image1.JPG>

<image2.JPG>

Subject: Re: Hello from GG
From: Matt Reid <matt.reid@landanddesign.com>
Date: Fri, 30 Dec 2016 13:51:22 -0800
To: Lisa Kim <lisak@ci.garden-grove.ca.us>
CC: Scott Stiles <sstiles@ci.garden-grove.ca.us>

Well said. I forwarded to Winfred through WeChat as well... depending upon where he is (in the world) he may or may not see your email...

Looking forward to a great 2017!

Happy New Year to you both!

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

858.735.1858 cell

Skype - [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)

matt.reid@landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Dec 30, 2016, at 12:11 PM, Lisa Kim <lisak@ci.garden-grove.ca.us> wrote:

FYI...sent a note to Winfred.

L

Sent from my iPhone

Begin forwarded message:

From: Lisa Kim <lisak@ci.garden-grove.ca.us>
To: Winfred Zhang <zwf@scgamerica.com>
Subject: Hello from GG

Good Afternoon Winfred,

In this time of reflection, I wanted to extend my gratitude and personal thanks for all your continued support and partnership with the City of Garden Grove. I believe 2017 will be a year of prosperity

and success for our partnership with SCG America and Land & Design. Looking forward to celebrating the unveiling of the Site C hotel brands along side the SCG America team in GG. On behalf of my family to yours...wishing you and yours a very Happy New Year and see you in 2017.

BTW, your NYC team is absolutely exceptional and most gracious in showcasing all the successful projects in Manhattan and Flushing. It is truly a testament to the high caliber of projects to come in GG.

All the Best,
Lisa

<image1.JPG>

<image2.JPG>

Re: Hello from GG

Subject: Re: Hello from GG
From: Matt Reid <matt.reid@landanddesign.com>
Date: Fri, 30 Dec 2016 13:51:37 -0800
To: Scott Stiles <sstiles@ci.garden-grove.ca.us>
CC: Lisa Kim <lisak@ci.garden-grove.ca.us>

Yo yo yo....

Sent from my iPhone
Matthew Reid
Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
858.735.1858 cell
Skype - matthew.reid.ca
matt.reid@landanddesign.com

*All Information, documents, files or previous e-mail messages contained, attached or reproduced in this email communication is confidential and/or privileged information. If you are not an intended recipient or this information or has been provided to you without Land & Design, Inc's expressed and written consent, you are hereby notified that you must not read this transmission and that disclosure, copying, printing, or dissemination of anything contained herein is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify the sender by phone or return email and delete the original transmission and its attachments without reading or saving in any manner.*

On Dec 30, 2016, at 1:19 PM, Scott Stiles <sstiles@ci.garden-grove.ca.us> wrote:

Thanks Lisa. I like Matt's new middle name. He sounds like a rapper!

Scott C. Stiles, ICMA-CM
City Manager / City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840
714-741-5100 (o) / 714-719-1810 (c)
www.ci.garden-grove.ca.us

Sent from my iPhone

On Dec 30, 2016, at 12:11 PM, Lisa Kim <lisak@ci.garden-grove.ca.us> wrote:

FYI...sent a note to Winfred.

L

Sent from my iPhone

Begin forwarded message:

From: Lisa Kim <lisak@ci.garden-grove.ca.us>
To: Winfred Zhang <zwf@scgamerica.com>
Subject: Hello from GG

Good Afternoon Winfred,

In this time of reflection, I wanted to extend my gratitude and personal thanks for all your continued support and partnership with the City of Garden Grove. I believe 2017 will be a year of prosperity and success for our partnership with SCG America and Land & Design. Looking forward to celebrating the unveiling of the Site C hotel brands along side the SCG America team in GG. On behalf of my family to yours...wishing you and yours a very Happy New Year and see you in 2017.

BTW, your NYC team is absolutely exceptional and most gracious in showcasing all the successful projects in Manhattan and Flushing. It is truly a testament to the high caliber of projects to come in GG.

All the Best,
Lisa

<image1.JPG>

<image2.JPG>