

Property Site Inspection (Hotel)

CSFB 2004 C1

MERISTAR HOSPITALITY PORTFOLIO B

CPKN1050

Prepared By Abcde Mnopqr
 Date 12/8/2003
 Telephone Number 777-777-7777
 Firm ABC Prop

Reviewed By Jklmn Uvwxyz
 Date 1/23/2004

Property Characteristics

Property Name	MeriStar Columbia	Occupancy	66.90%
Property Address	10207 Wincopin Circle	ADR/Year To Date	\$116
Property City, State, Zip	Columbia, MD 21044	Occupancy Source	Appraisal, YTD through May, 2003
Property Type	Hospitality		
Nearest Major City to the Subject	Baltimore, MD, and Washington, DC		

Distance & Direction of Major City from Subject Baltimore, MD is approximately fifteen miles north of Columbia; Washington, DC is approximately thirty miles south of Columbia.

Location

	Best									Worst	
Rating	1	1.5	2	2.5	3	3.5	4	4.5	5		(Within Region)

Comments

The subject is located in Columbia, MD, midway between Washington, DC and Baltimore, MD. Columbia is master-planned community encompassing over 14,000 acres. It opened in 1967 and its buildout will include nine "villages". Six villages are complete and three are now in various stages of development. Within Columbia, there are over 34,000 residential units, 3,500 businesses in over 26 million square feet of office and industrial space, close to 5 million square feet of retail space, 27 public schools, 30 child care centers, and adult education branches of Johns Hopkins University, Loyola College, and Howard Community College. The population of 96,000 persons has an average household income of \$90,500. Seventy percent of the community's adults have a college degree and more than one-third have post-graduate degrees. Finally, Columbia is noted for its park land and open areas - over 5,300 acres have been set aside for these uses.

Columbia is part of the Baltimore, MD MSA, which is considered to be in the mature phase of its growth cycle.

The November, 2003 MSA unemployment rate was 4.7%; it averaged 4.8% for 2002. The November, 2003 Howard County unemployment rate was 2.5%; it averaged 2.9% for 2002. The unemployment rate may improve due to increased federal defense spending, as the area is expected to receive an above-average share of federal procurement and payroll spending.

Ratings:	1 - Excellent	2.5 - Above Average	4 - Fair
	1.5 - Very Good	3 - Average	4.5 - Poor
	2 - Good	3.5 - Below Average	5 - Very Poor

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Neighborhood

	Best								Worst	
Rating	1	1.5	2	2.5	3	3.5	4	4.5	5	(Within Market)

Area Type

Suburban

Comments

The subject property is located within the original town center of Columbia. The neighborhood is still considered Columbia's main 'downtown' area with a large concentration of both commercial and retail use. Specifically, the property is located on the east side of Wincopin Circle, at #10207, overlooking Lake Kittamaqundi. Access into Columbia from the east is from either Route 175 or Route 32; both intersect Interstate 95, as well as Route 295, the Baltimore-Washington Parkway. There is local access from Route 29, which, like I-95 and the BW Parkway, are north/south roads.

The neighborhood of the subject is bounded by Route 29 to the east; Route 175 to the north; Route 32 to the south and Little Patuxent Parkway to the west. The largest development within the neighborhood is Columbia Mall. It is a 942,000 square foot regional mall with over 230 stores. Other uses include commercial development - there is approximately 2,567,000 square feet of office space - and residential uses. Residential uses include single family homes, townhomes and multi-family properties.

The largest development outside the immediate neighborhood but still within the market is Fort Meade. Fort Meade is a large army base on 5,400 acres. It contains over 65 miles of paved roads and 1,300 buildings. NSA - the National Security Agency is located at the intersection of Route 32 and Route 295. Fort Meade and NSA are important demand generators. Nearly every large government contractor is in the market - Booz, Allen and Hamilton; Boeing; Raytheon, Applied Signal Technology, General Dynamics, and Northrop Grumman are all located nearby.

The Baltimore-Washington Parkway was the primary connector between Washington, DC and Baltimore before the construction of I-95 which is to its west. Both still carry a good deal of traffic between the two cities; however, the parkway carries more local traffic. The BWI airport is about 5 miles northeast of the subject with access to and from the subject via Route 32 to Route 295.

Subject

General Property Description

The subject is a 288 room, three- and ten-story hotel with a lounge, restaurant, and 12,540 square feet of meeting space which was constructed in 1972, and 1982.

Franchise Affiliation

Sheraton

National Reservation System

Sheraton

Comments

The subject is a 288 room full-service hotel operated as a Sheraton. It has a ten-story tower and a three-story low-rise building. The two buildings are connected. The three-story building was constructed in 1972 as the 145 room Cross Keys Inn. It was purchased in 1981 and the tower was then added in 1982. The property was renovated and reflagged as the Sheraton Columbia in October, 1998.

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The tower is rectangular in shape and is built around an enclosed atrium. Its lobby level - the second floor - has guest registration, the 60-seat Keys Lounge, sitting area, business center and a gift shop. There are 143 guest rooms and suites on floors three through ten. A flight of marble steps, embellished by a small waterfall, go down to the first floor and the 220-seat Waterside Restaurant. The land has a downward slope toward the lake so that the lobby level is at grade at the front of the building; the lower level is at grade at the rear of the building. Thus, there are numerous public areas with sweeping views of the lake. The land on the other side is undeveloped; the views across the lake are to trees.

The three story building is long and narrow and is situated on the site to parallel the bank's of the lake. The small building is actually a series of four connected buildings. The first structure contains the hotel's two ballrooms. The remaining three structures contain 145 guestrooms, two additional meeting rooms, four boardrooms and an exercise facility.

The grounds are attractively landscaped with gardens which slope downward to the lake. There are terraces at the tower and a large swimming pool and sundeck at the small building.

Improvements

	Best									Worst	
Rating	1	1.5	2	2.5	3	3.5	4	4.5	5	(Within Market)	

Deferred Maintenance There was no deferred maintenance noted.

Estimated Cost to Cure \$

Estimated Time to Cure NAP

Comments The subject improvements are in good condition; its renovation is just five years old. The condition of the exterior of the building, and that of its interior, reflects ongoing and appropriate management upkeep and care.

Exterior/Interior

	Best									Worst	
Rating	1	1.5	2	2.5	3	3.5	4	4.5	5	(Within Market)	

Overall Exterior Condition Good

Overall Interior Condition Good

Comments The structural elements of the tower include reinforced concrete footings with steel and concrete framing. There are brick and concrete walls, double-paned windows and an asphalt and rubber roof. The low rise building has a timber frame and reinforced concrete footings. Windows are single-paned and there is a wood and metal roof. Both buildings are sprinklered and are hard wired with smoke detectors.

The typical guestroom has been furnished with one king-size bed, or two double beds; nightstand with lamp, telephone with voice mail and dataport, and digital clock radio; an armoire with remote-

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controlled, 21-inch television with in-room movies; work desk with lamp, chair, telephone, high-speed Internet connection and wall-mounted mirror; and an upholstered chair, floor lamp and small table.

The HVAC is provided by a decentralized two-pipe, through-the-wall cooling system, in which the guestrooms are individually controlled. Heating is provided by one boiler.

Competitiveness

	Best									Worst	
Overall Comp. Rating	1	1.5	2	2.5	3	3.5	4	4.5	5	(Within Market)	

Comments

The subject is very competitive in its market at this time; it is the only hotel within the downtown Columbia market. It is a full-service hotel with good curb appeal and an excellent location overlooking the lake. The hotel should remain competitive in its market; there are no known reasons why this would change.

Market Overview

Market Occupancy 57.60%

Occupancy SubType

Comments

There are several hotels under construction, or planned, which will provide direct competition to the subject. Comfort Suites is opening a Columbia/Jessup location with 80 guest suites in June 2004. Homewood Suites is about to break ground on a hotel in Columbia, and Comfort Inn and Suites is about to break ground on a hotel close to the airport.

The subject now competes in a competitive set which includes 1,096 rooms in six hotels. These hotels include the Columbia Sheraton; the Columbia Hilton; the Columbia Courtyard; Holiday Inn Jessup; Residence Inn; and Turf Valley Inn.

The Year to date, May, 2003 occupancy level is 57.6% and the Average Daily Rate is \$109.89. RevPAR is \$63.35. These numbers are all slightly down from the Year to Date, May, 2002 levels of an occupancy of 60.0%; ADR of \$111.36; and RevPAR of \$66.78. The 2002 Year End occupancy level was 62.1%, the ADR was \$111.60, and the RevPAR was \$69.26.

The hotels in the market are primarily corporate hotels. There has been a downward trend in corporate travel on a national level. However, the subject has the unique position of being in a market where most of the nearby corporate users are defense-related. Demand, while possibly not increasing significantly, will likely not decrease due to these users, as well as the presence of National Security Agency (NSA) and Fort Meade.

Broker / Investor Interview (Hotel)

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Telephone Number	777-777-7777		
Firm	Abc Prop		

Property Characteristics

Property Name	MeriStar Columbia	Property Type	Hospitality
Street Address	10207 Wincopin Circle	SF	375,880
City/State/Zip	Columbia, MD 21044	Units	497

Interviews

	Interview 1	Interview 2	Interview 3
Market Contact	Abcdef Uvwxy	Abcdef Qrs	Ghij Klm
Phone	777-777-7777	777-777-7777	777-777-7777
Firm	ABC Properties	XYZ Service	LMN Opqrs
Estimated ADR	\$100 To \$120	\$120 To \$150	\$120 To \$160
Market Occupancy Rate	65.00% To 70.00%	65.00% To 70.00%	65.00% To 70.00%
Market Cap Rate	8.50% To 9.00%	8.00% To 8.50%	8.75% To 9.25%
Value Estimate (Per Room)	\$120,000 To \$140,000	\$120,000 To \$130,000	\$130,000 To \$140,000
Recent Sales Comp (Per Room)	\$120,000	\$130,000	\$130,000

Comments - Interview 1

Recent Sales Comp Comments A Sheraton in Arlington, Virginia sold for \$120,000 per room in June.

Additional Comments This broker referenced a recent article that addressed the state of the lodging industry post-recession, post catastrophic events and post SARS. 2003 was to be the beginning of the economic turn-around. The Hospitality Research Group sampled chain-affiliated hotels in the top 51 US markets and found there had actually been a 1.1% decline in occupancy and a 0.8% drop in daily room rates.

Comments - Interview 2

Recent Sales Comp Comments The Arlington, VA Doubletree Hotel with similar amenities and nearby corporate base, sold for \$130,000 per room.

Additional Comments Mr. [REDACTED] is a [REDACTED] at a nationally recognized [REDACTED]. He feels the DC market has softened, but was more optimistic about a hotel in a setting such as that of the subject due to the proximity to the defense contractors in the business park.

Comments - Interview 3

Recent Sales Comp Comments This broker said the BWI Marriott sold for over \$200,000 per room; it, however, is adjacent to the airport; it has a large number of amenities and is a full service hotel. He also reported the Doubletree Hotel sale at \$130,000 per room which is more comparable.

Additional Comments The hotel sector was expected to fully recover by 2004; however, he noted that this expectation has been in the air for some time now. He did report on a January 19th Americas Lodging Investment Summit where Deloitte and Smith Travel Research presented an outlook on the market. Data shows some markets are showing signs of a recovery. However, it is now expected that it will take until 2006 before levels of performance seen in 2000 are matched.

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Front of the Building - West Elevation



Front of the Building - West Elevation from the South



Hotel Entrance



Side of the Building - North Elevation



Side of the Building - South Elevation



Rear of the Building - East Elevation

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Parking Deck



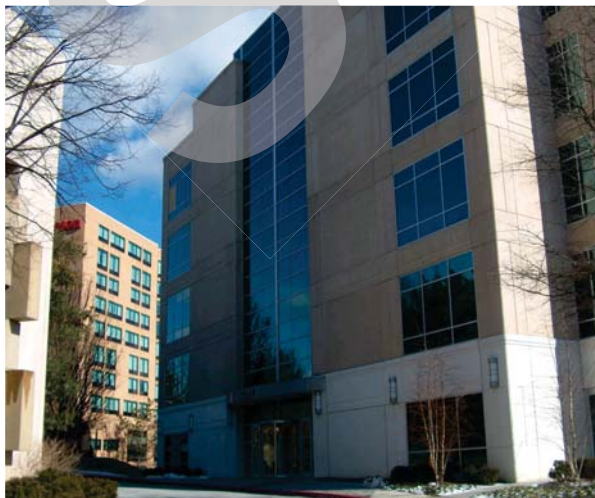
Lobby



Ballroom



Lake to the East as Seen from the Lobby



Commercial Building to the South of the Subject



Little Patuxent Parkway to the South in the Vicinity