

HOTEL CLASS	OPERATING EXP RATIO	CAP RATE	OCCUPANCY LEVEL
SUPER LUXURY	65%-75%	31.5%-33.5%	40%-50%
LUXURY (UPPER UPSCALE)	65%-75%	31.5%-33.5%	40%-50%
CLASS1 (UPSCALE)	65%-75%	32.5%-34.5%	50%-56%
CLASS2 (UPPER MIDSACLE)	60%-72%	32.5%-34.5%	50%-56%
CLASS3 (MIDSACLE)	55%-67%	33.5%-35.5%	48%-54%
CLASS4 (ECONOMY)	55%-67%	33.5%-35.5%	48%-54%

Generally, brand and independent, boutique hotels are classified as being concentrated in the Luxury, Upper Upscale and Upscale chain and class categories.

Operating expenses are largely reflective of whether or not the property is in *full-service* (Food & Beverage, minimum service level), or *limited service* (Rooms-only operation and very few services and amenities) class, as defined by STR. Hotels in the three upper most categories are generally considered as being in *full service*.