US LODGING INDUSTRY OVERVIEW

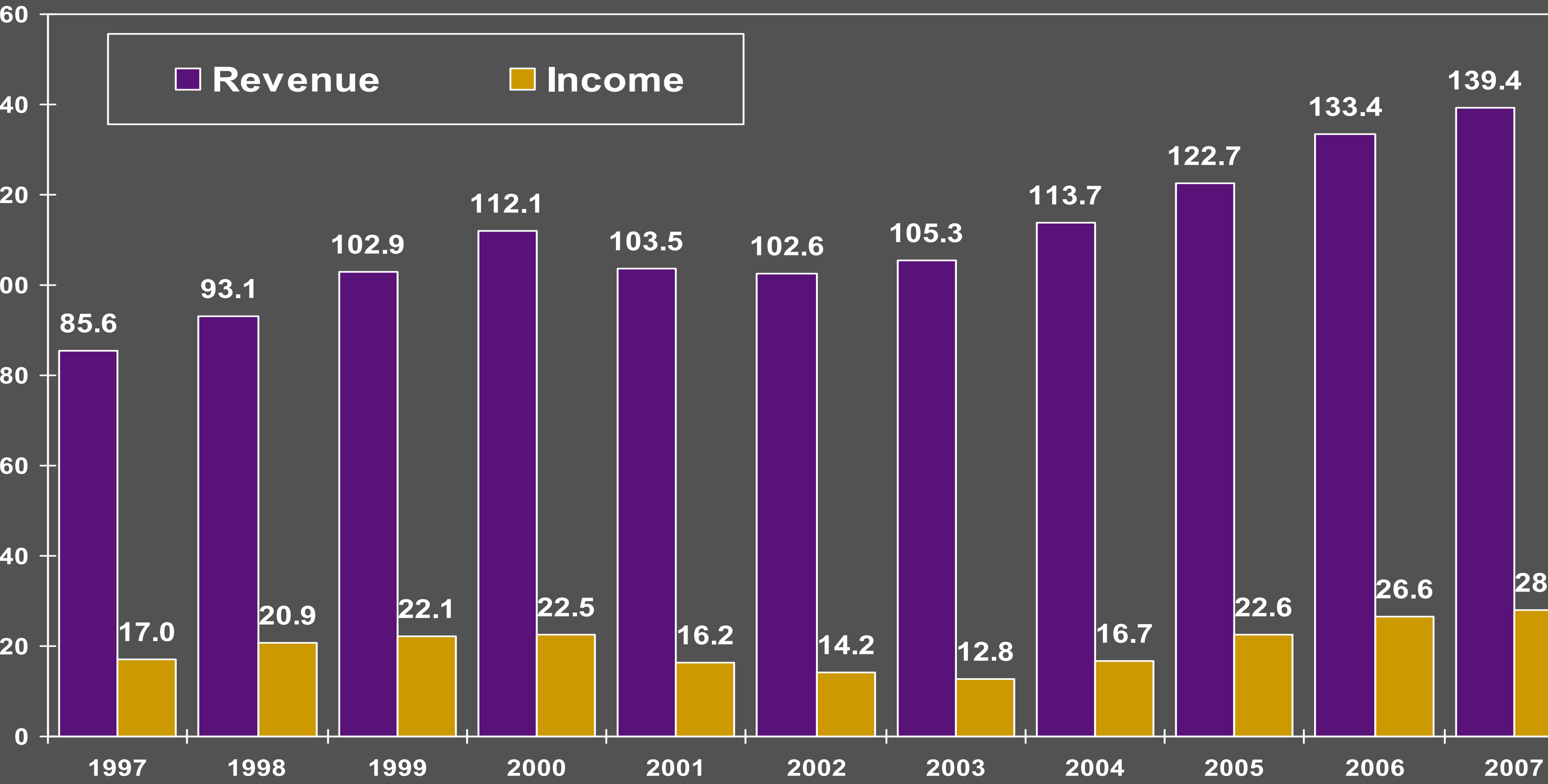
Mark V. Lomanno

President

Total United States

Estimated Revenue and Profitability

Years 1997 - 2007



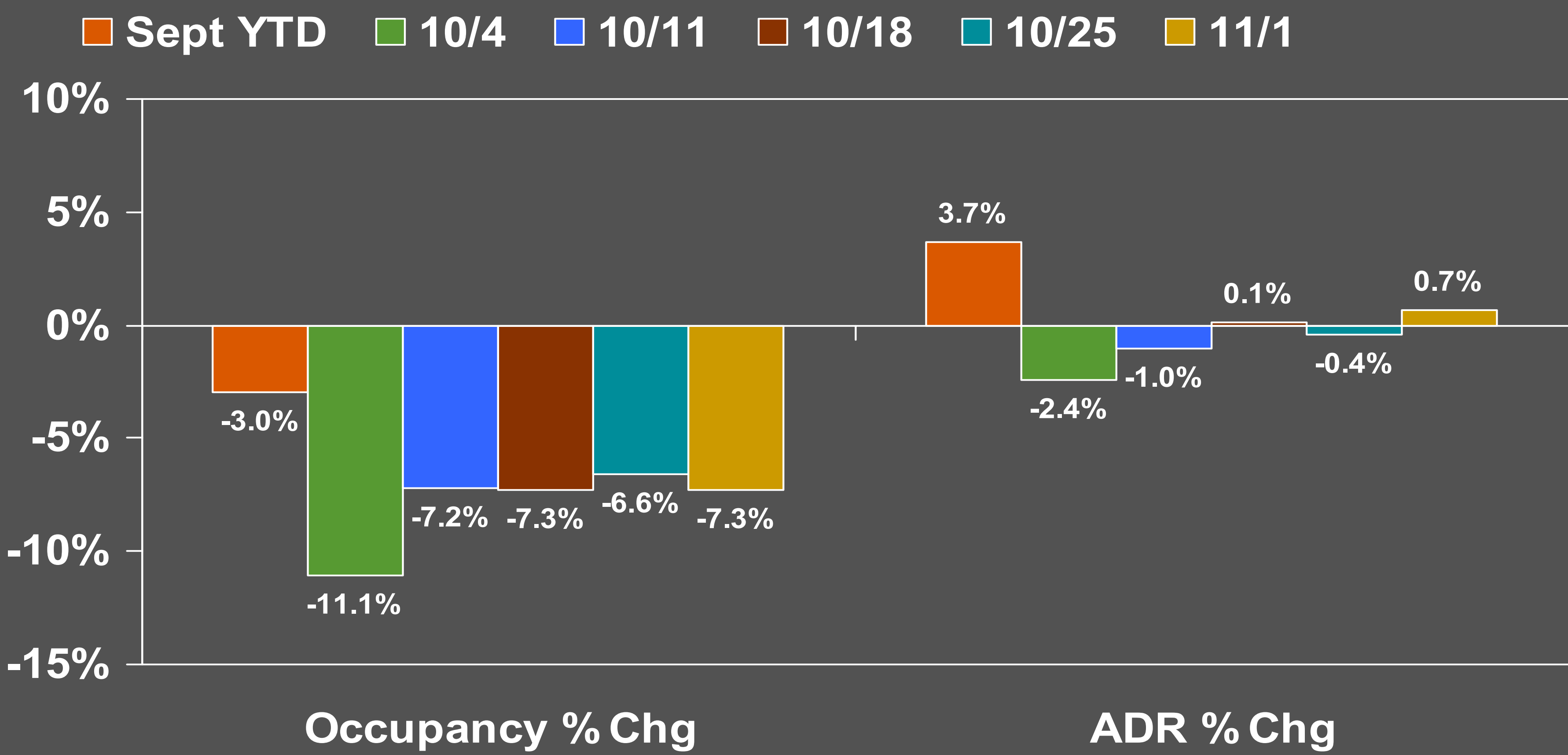
Continually Profitable

Total US Industry - Key Statistics
September 2008 YTD

		% Change
• Room Supply	1.2 bn	2.5%
• Room Demand	785 mm	- 0.6%
• Occupancy	62.9%	- 3.1%
• Average Daily Rate	$107.41	3.7%
• RevPAR	$67.58	.6%
• Room Revenue	$84 bn	3.1%

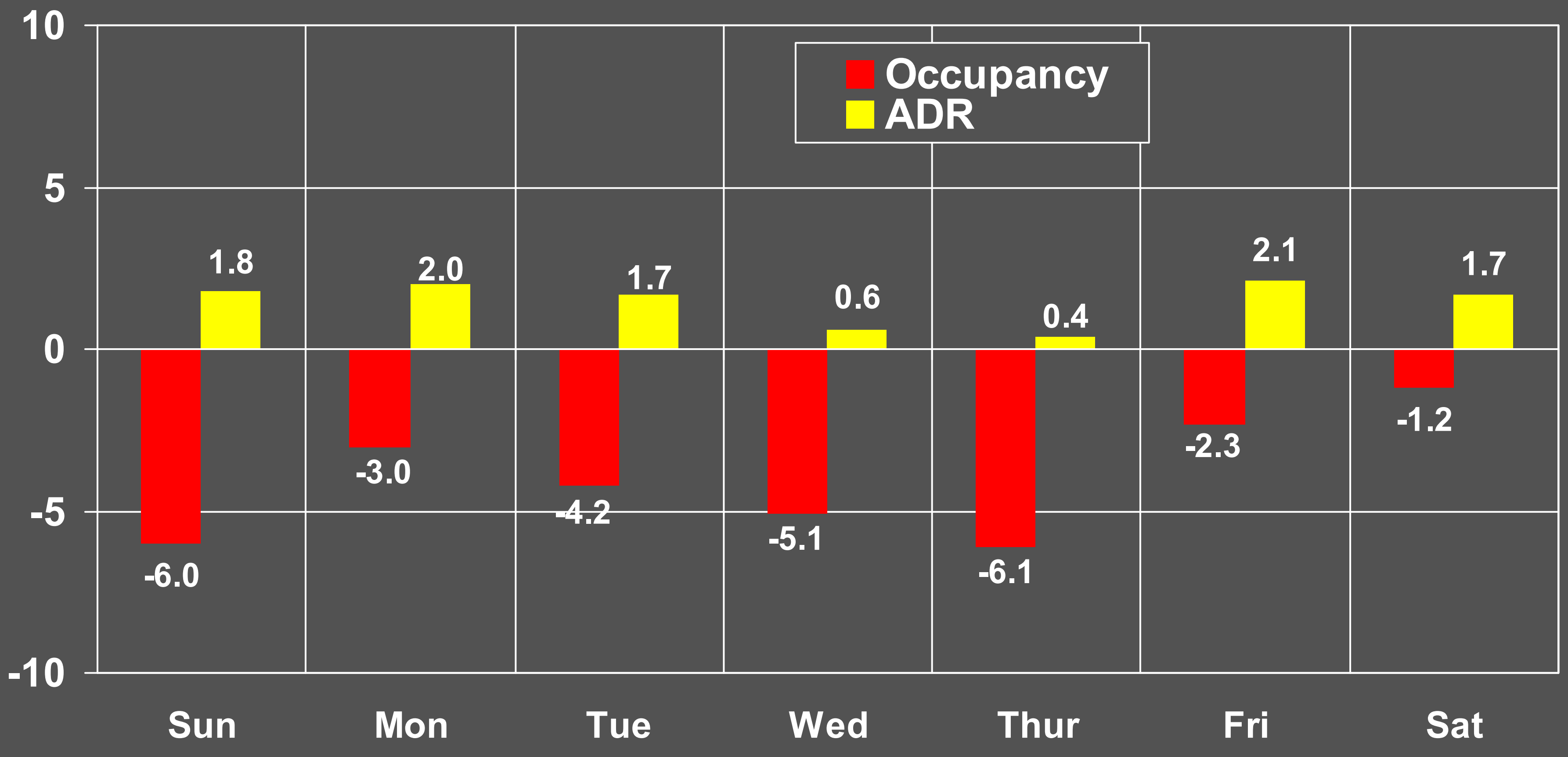
Total United States

Occupancy and ADR Percent Change
YTD through 11/1



Total U.S. Daily Performance

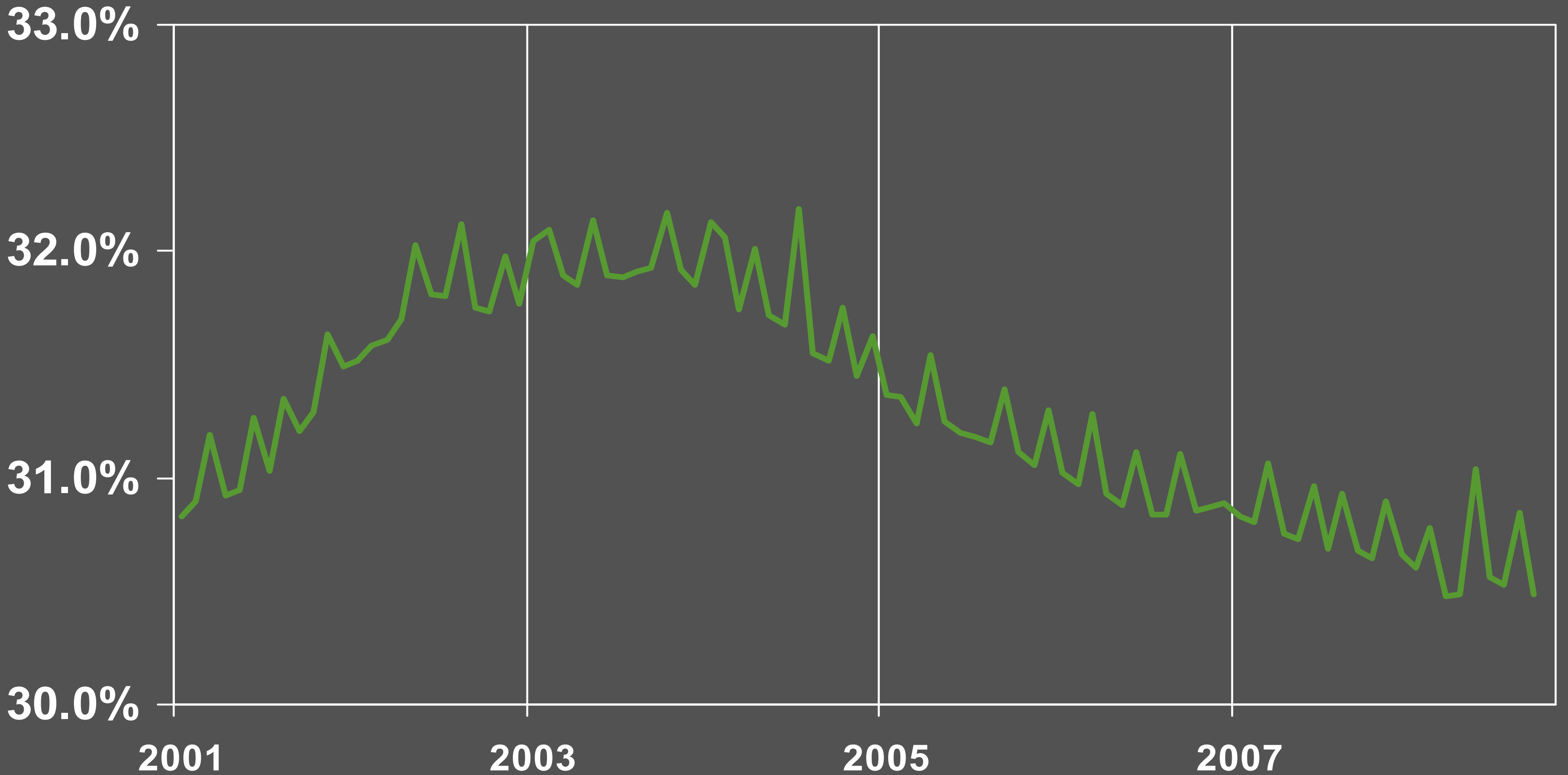
Occupancy/ADR Percent Change
September 2008 YTD



Weekend Demand Share of Total United States

January 2001 – September 2008

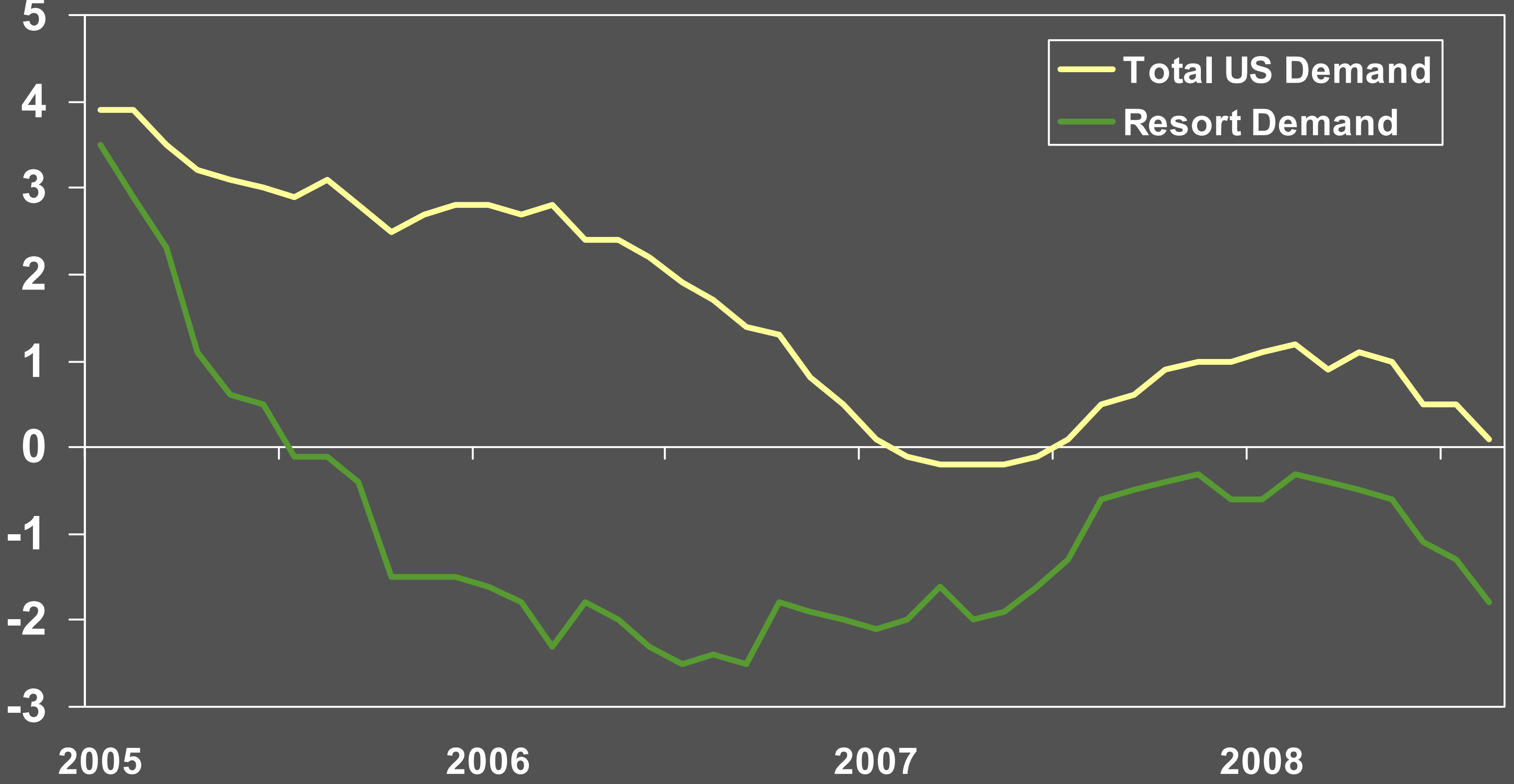
12 Month Moving Average



Total US vs. Resort Locations

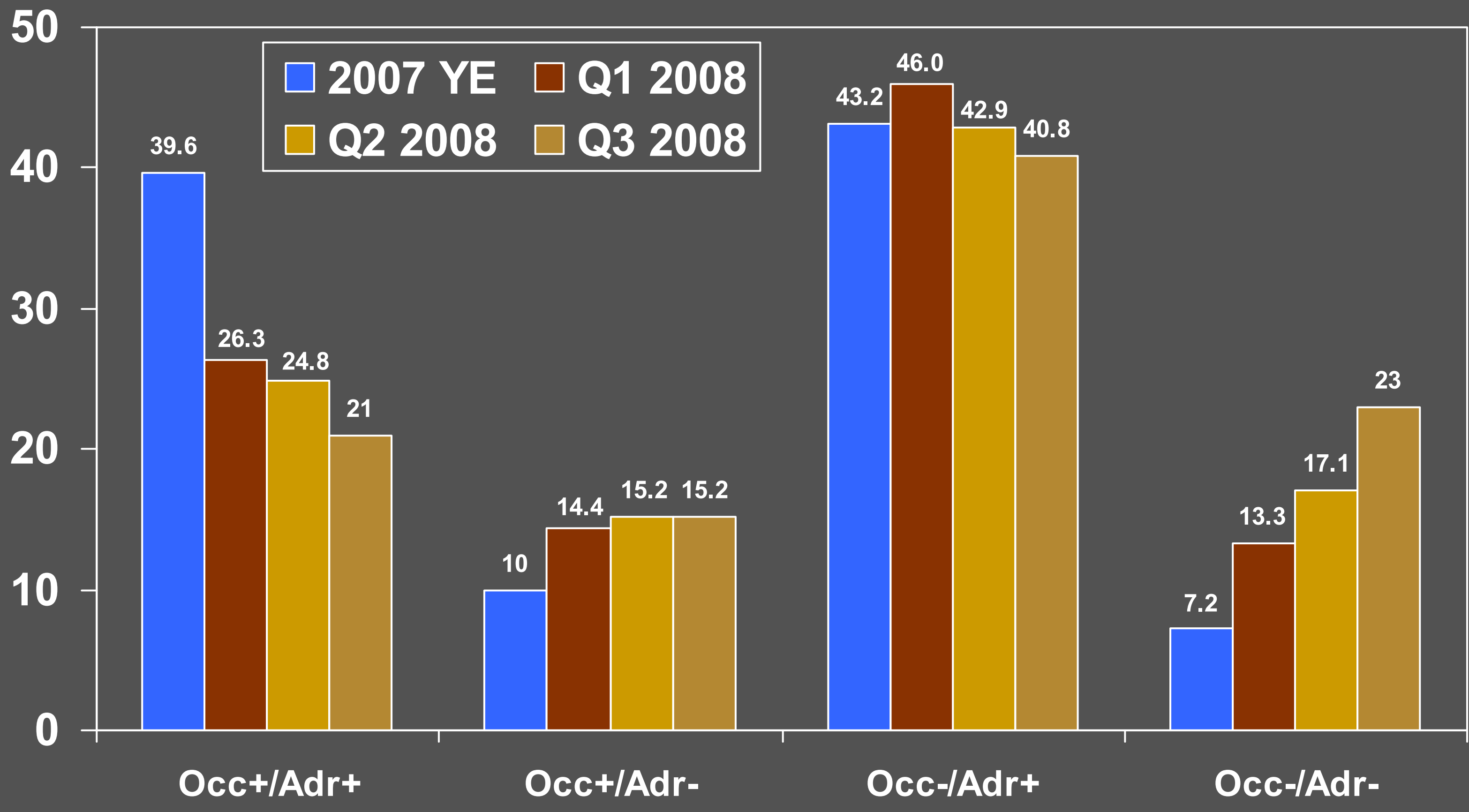
Demand Percent Change

Twelve Month Moving Average – 2005 to August 2008



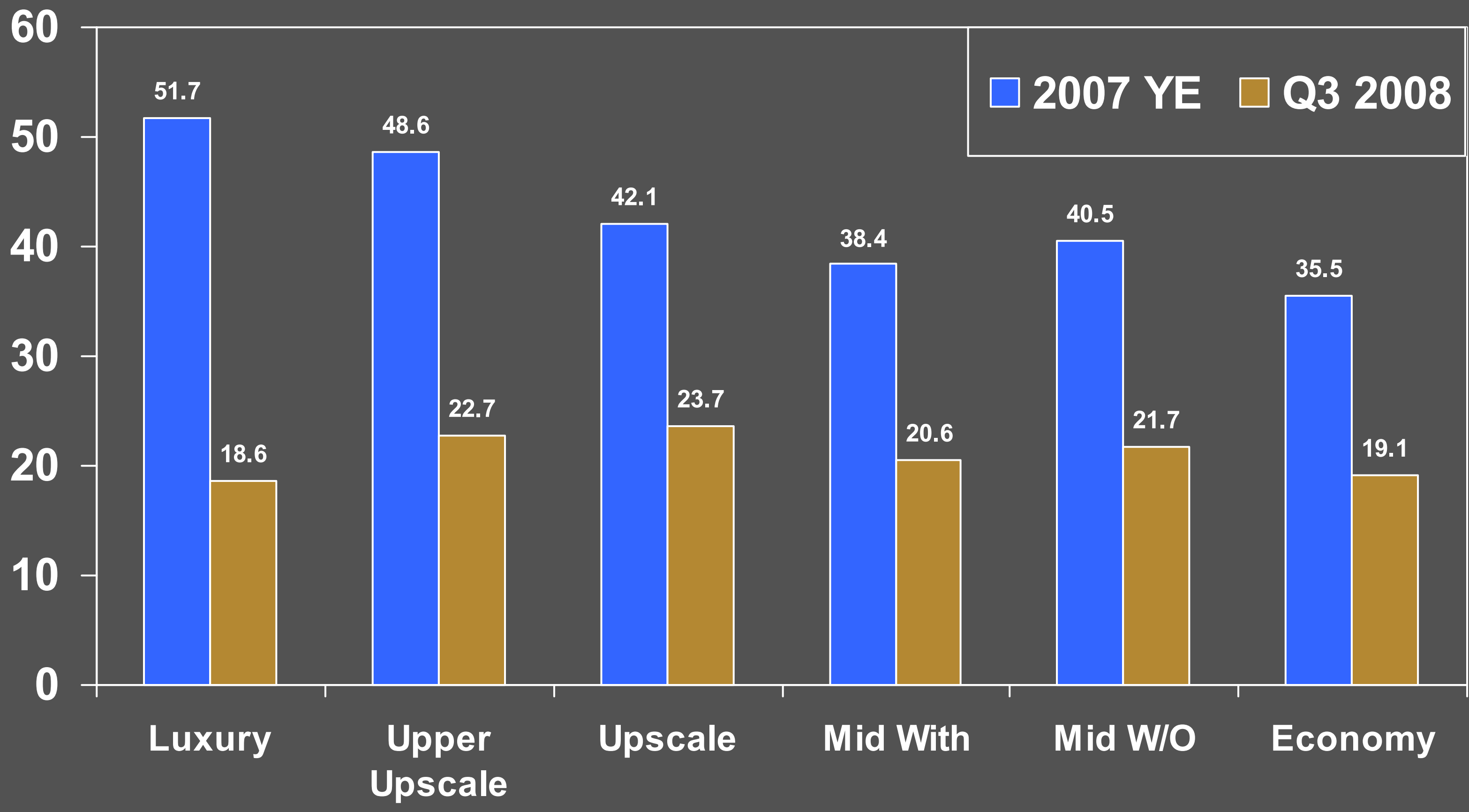
Resort Demand Drops Faster / More Steeply

Total United States
Occ/Adr Winners & Losers
Year End 2007 – Quarterly 2008



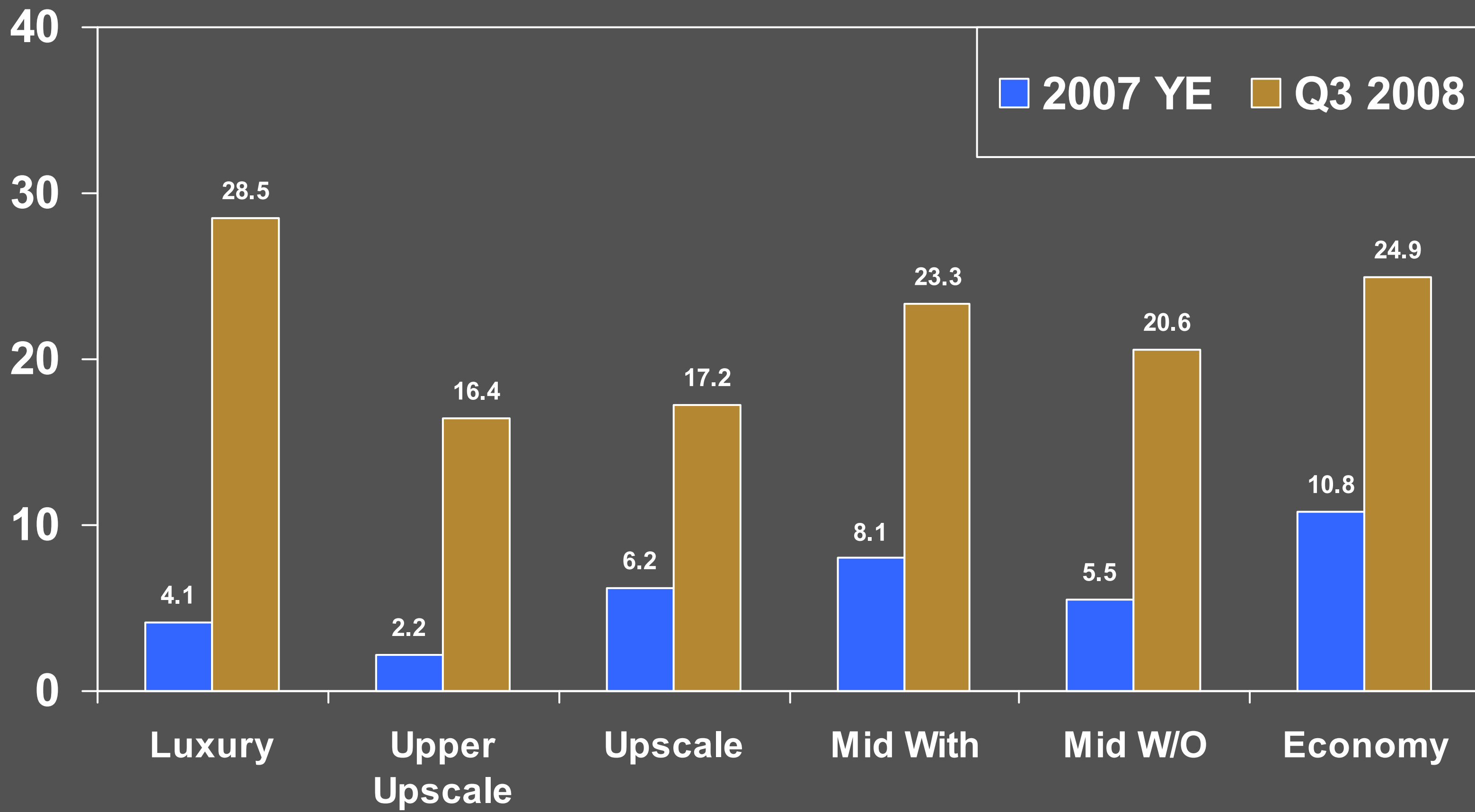
Increasing Occupancy and ADR Chain Scales

Year End 2007 – 3rd Quarter 2008



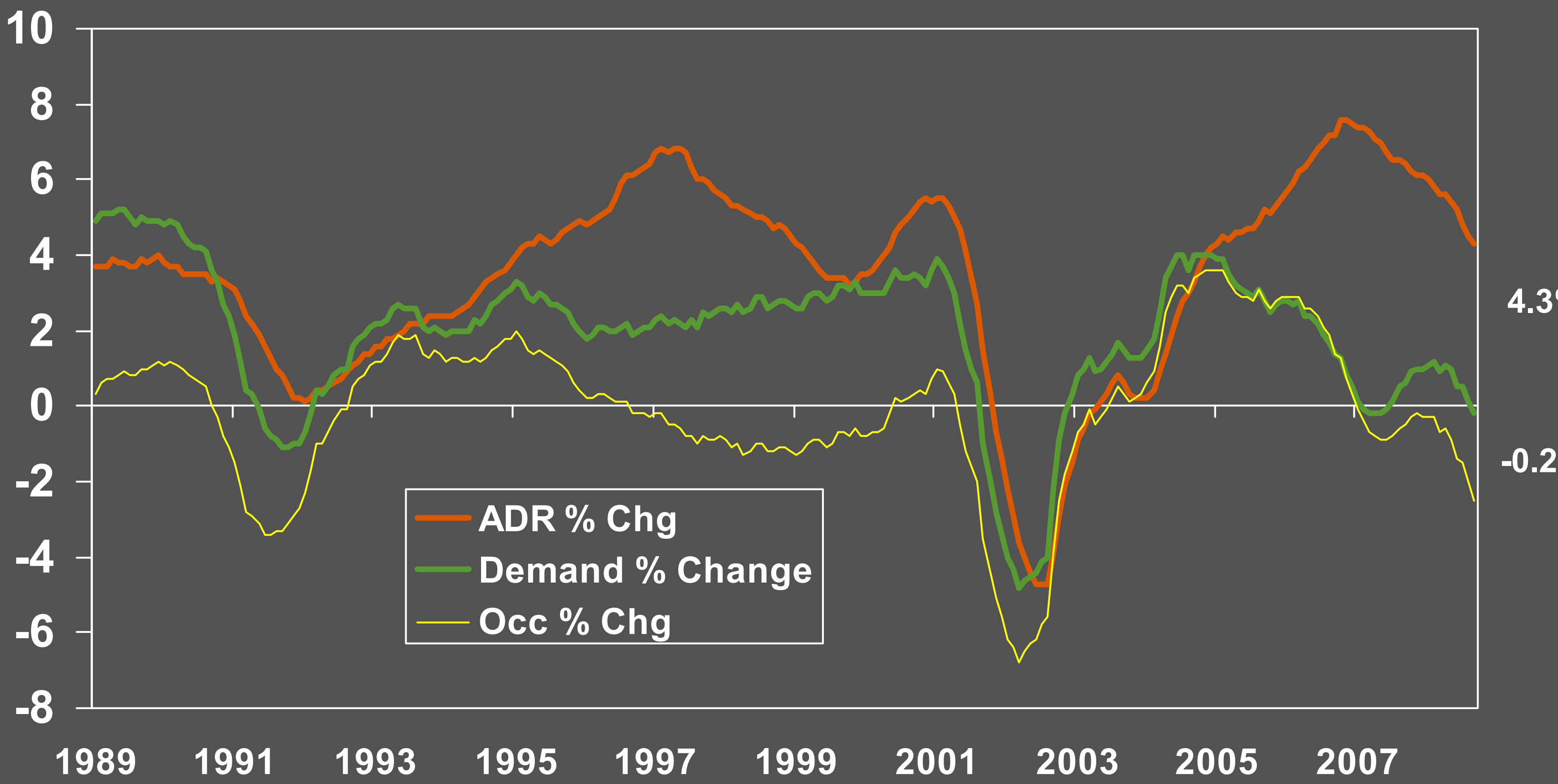
Declining Occupancy and ADR Chain Scales

Year End 2007 – 3rd Quarter 2008



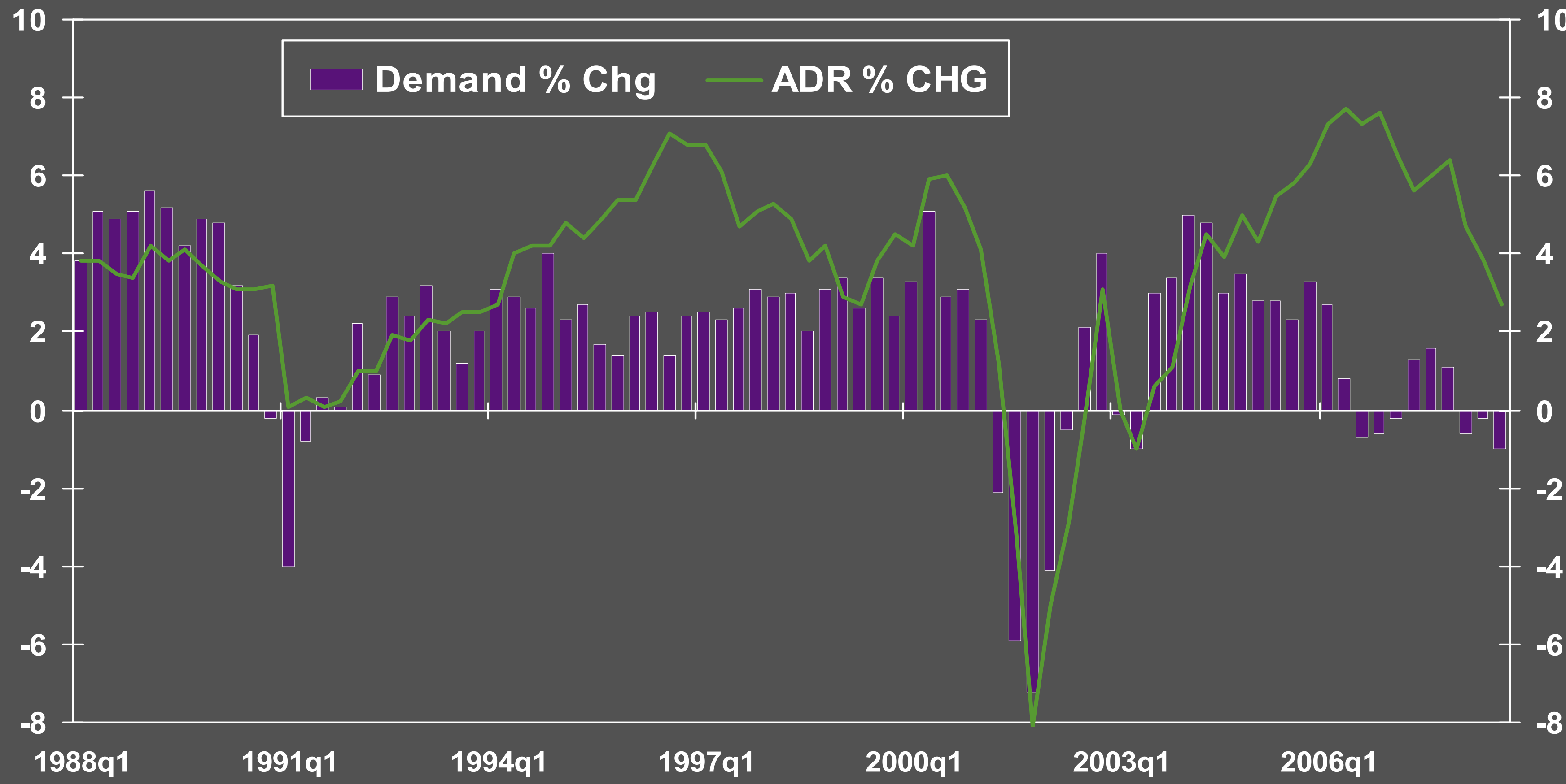
Total United States

Room Demand/Occ/ADR Percent Change
Twelve Month Moving Average – 1989 to September 2008



Total United States

Hotel Rooms Sold vs. ADR Change
Quarterly Change – 1988 to Q3 2008

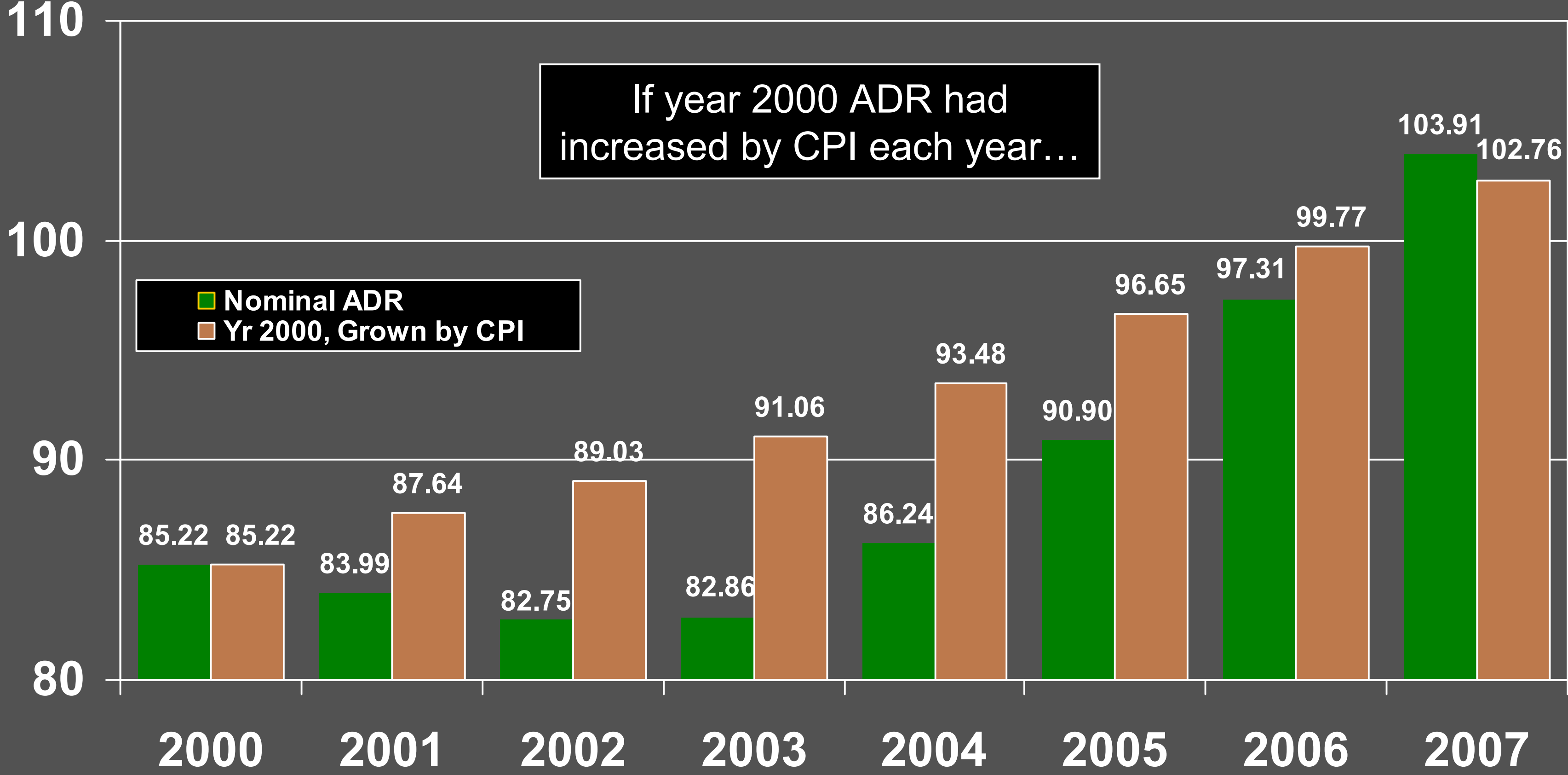


Total US Industry
Consecutive Quarterly Declines
Key Indicators

	1990/1991	2001/2002	Current
• Room Demand	3	5	3
• Occupancy	7	6	4*
• Average Daily Rate	0	5	0
• RevPAR	5	5	1
• Room Revenue	2	5	0

* 7 out of last 9 Quarters

Total US Room Rates
Actual vs Inflation Adjusted
2000 - 2007



It took 6 years to recover from Rate Reductions in 2001

U.S. Lodging Industry Projections

As of October 15, 2008

Total US Pipeline

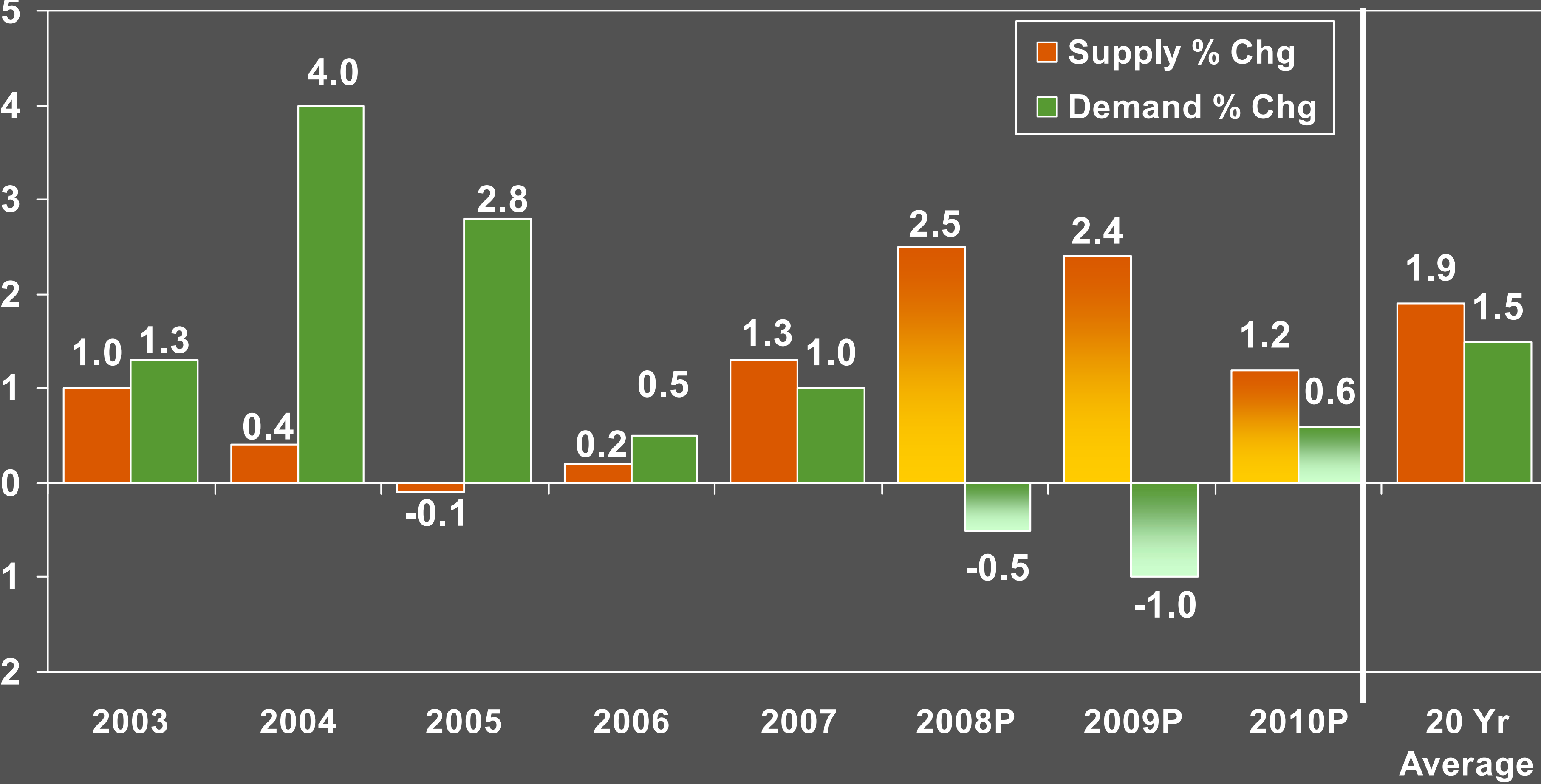
September 2008 vs. Year End 2007
Percent Change by Phase

Phase	YE 2007
In Construction	(7.6)%
Final Planning	27.7%
Planning	9.9%
Pre-Planning	18.8%
Total	8.4%

Current Financial Crisis Could Hold Future Supply in Check

Total United States

Supply/Demand Percent Change
2003 – 2010P



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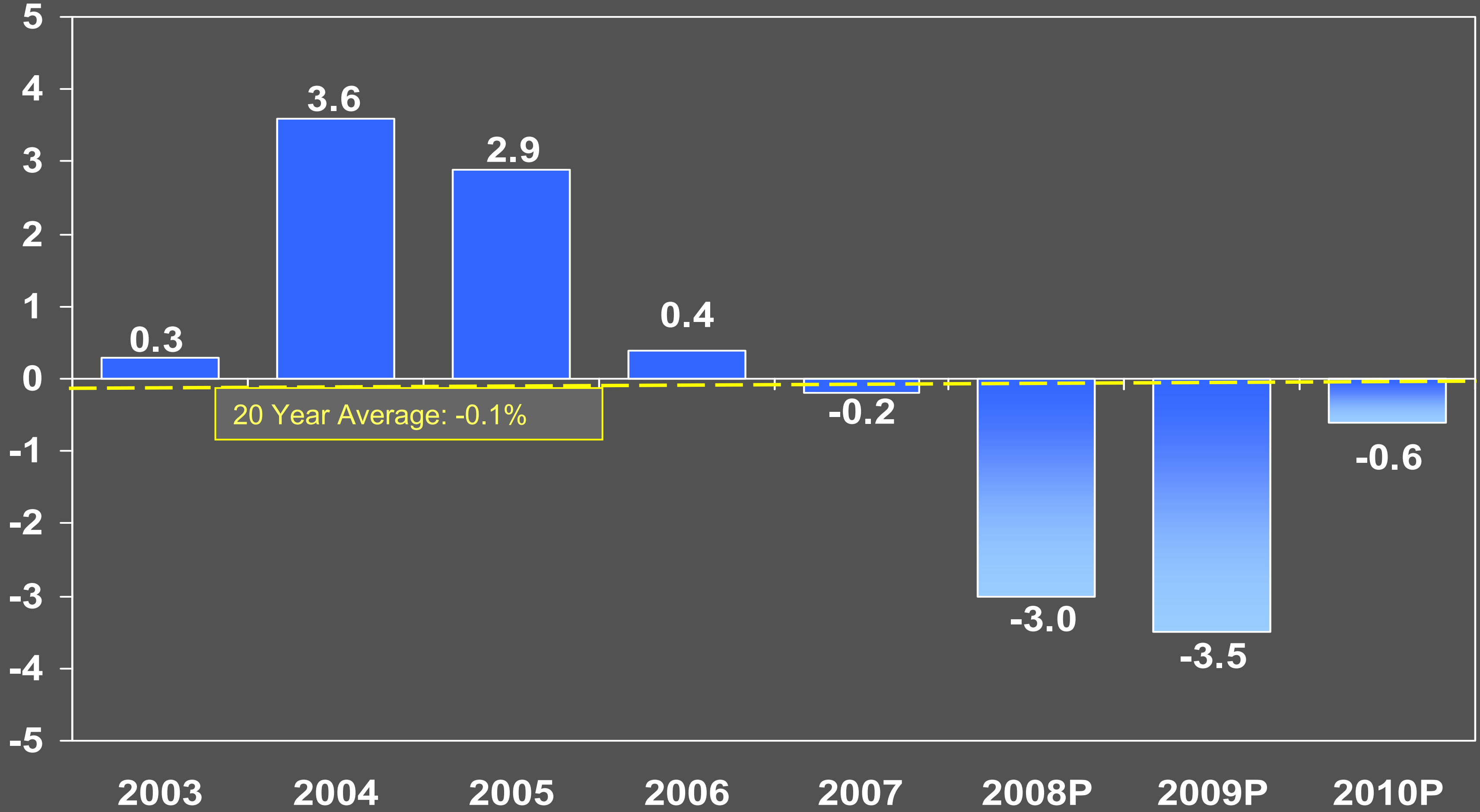
Total United States

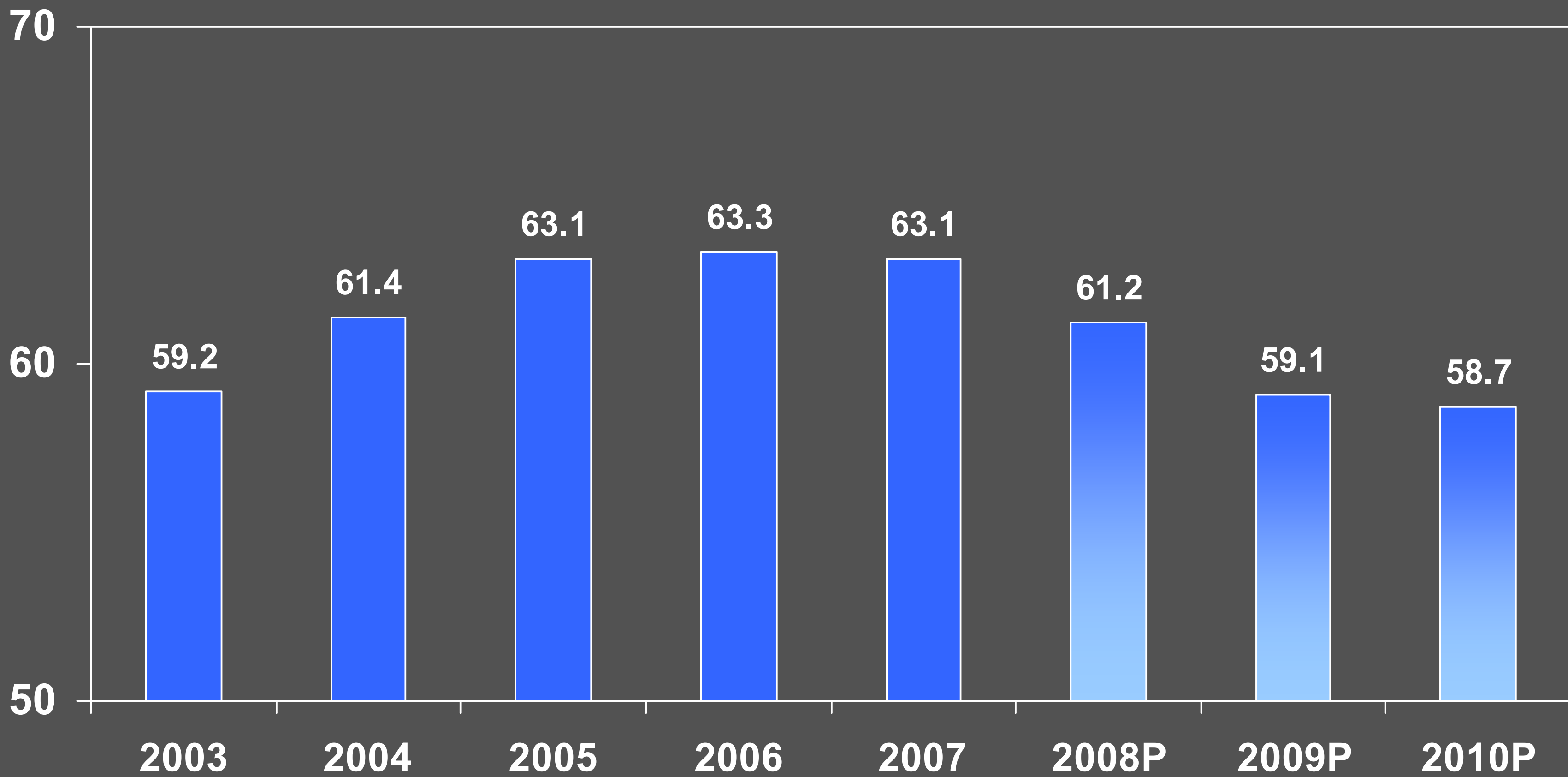
Occupancy Percent Change
2003 – 2010P



Total United States

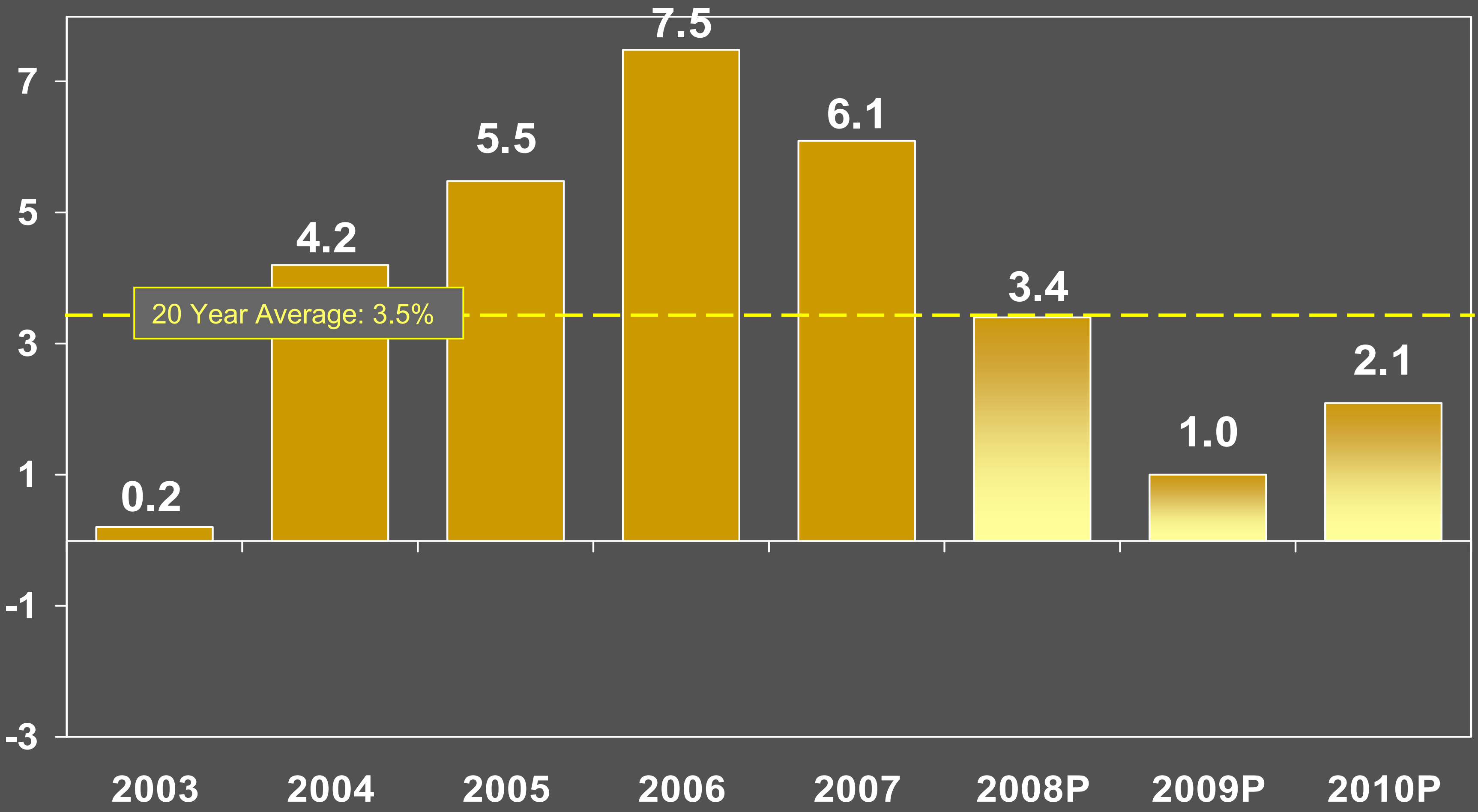
Occupancy Percent

2003 – 2010P



Total United States

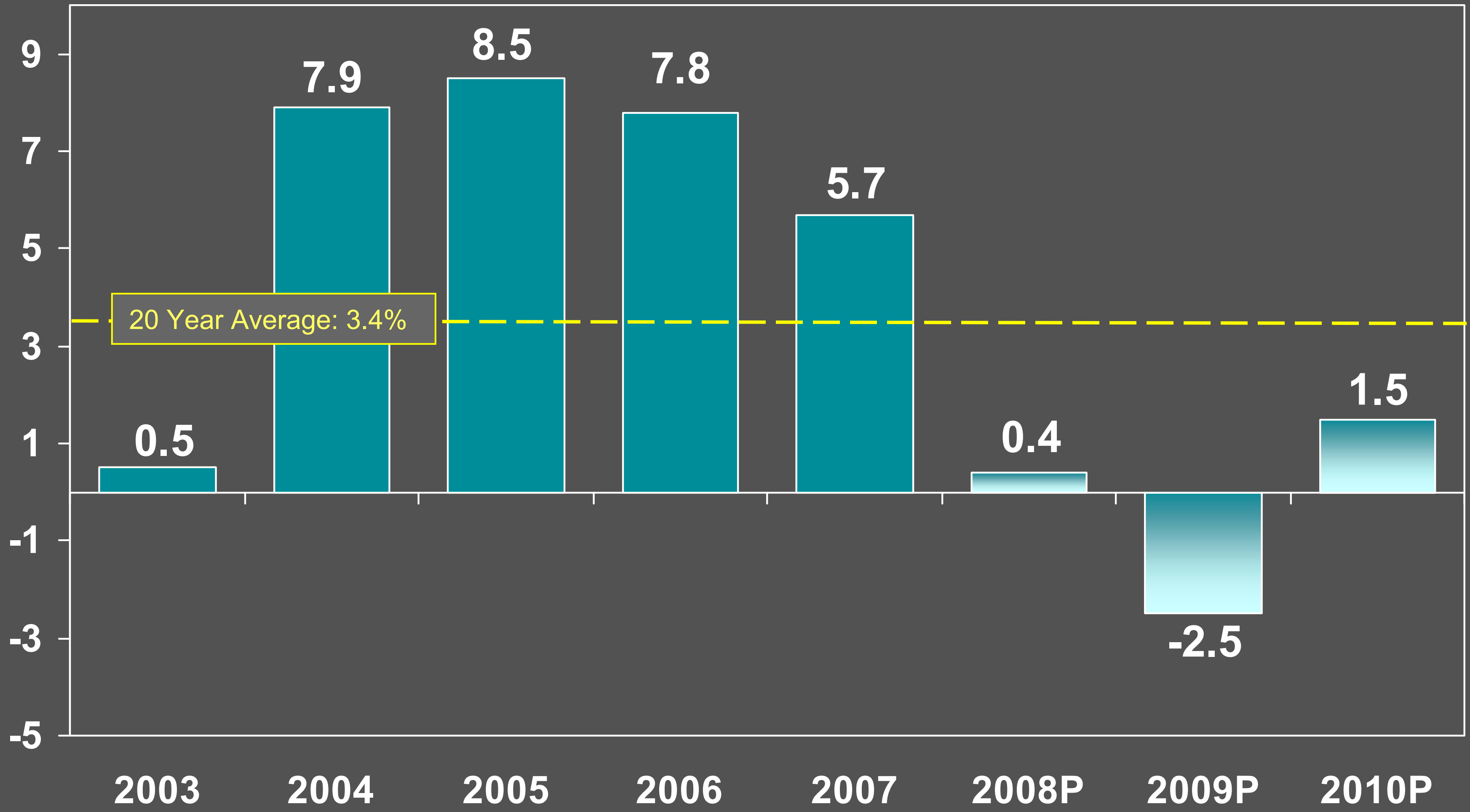
ADR Percent Change
2003 – 2010P



Total United States

RevPAR Percent Change

2003 – 2010P



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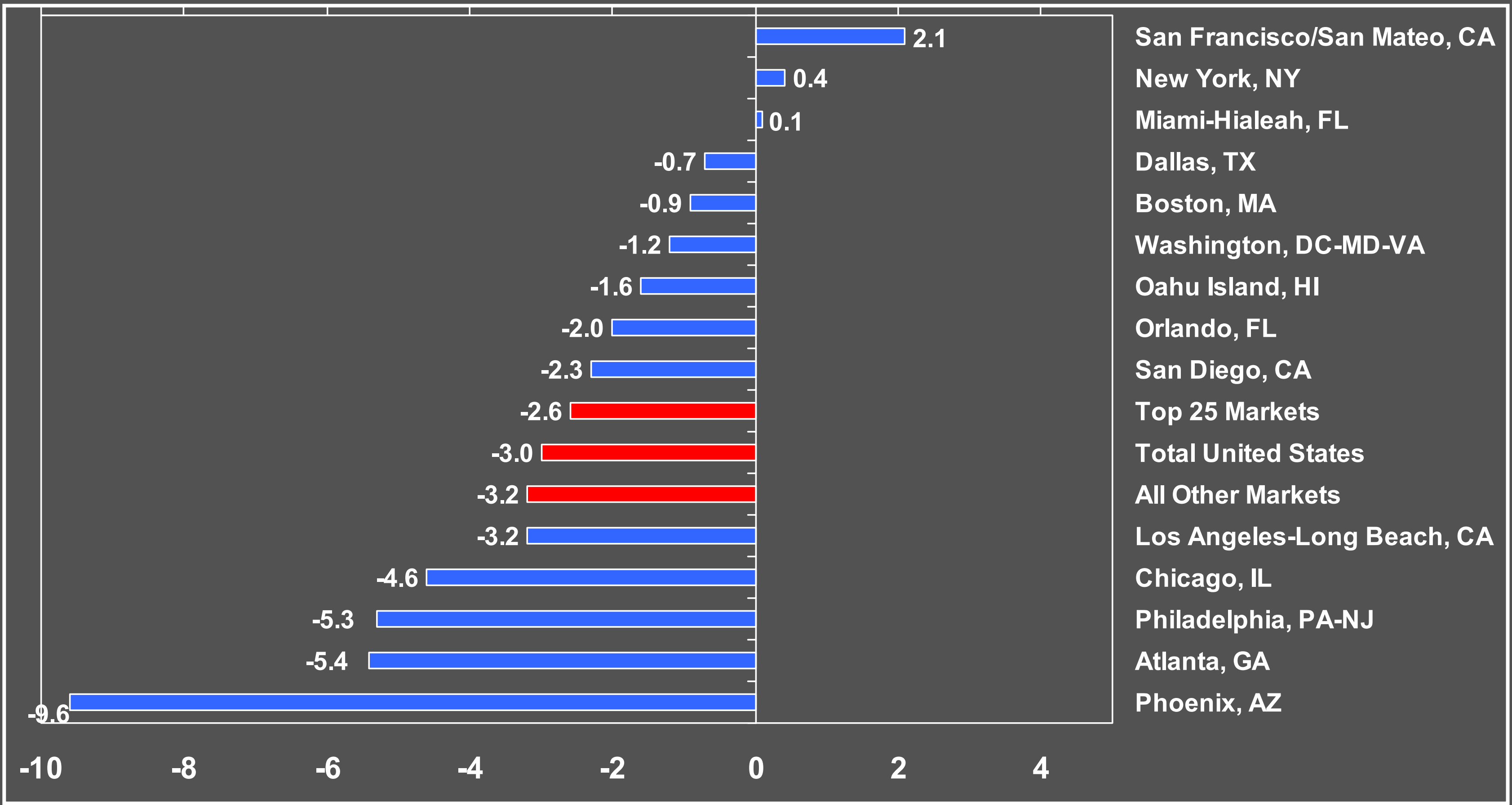
Key 15 Markets

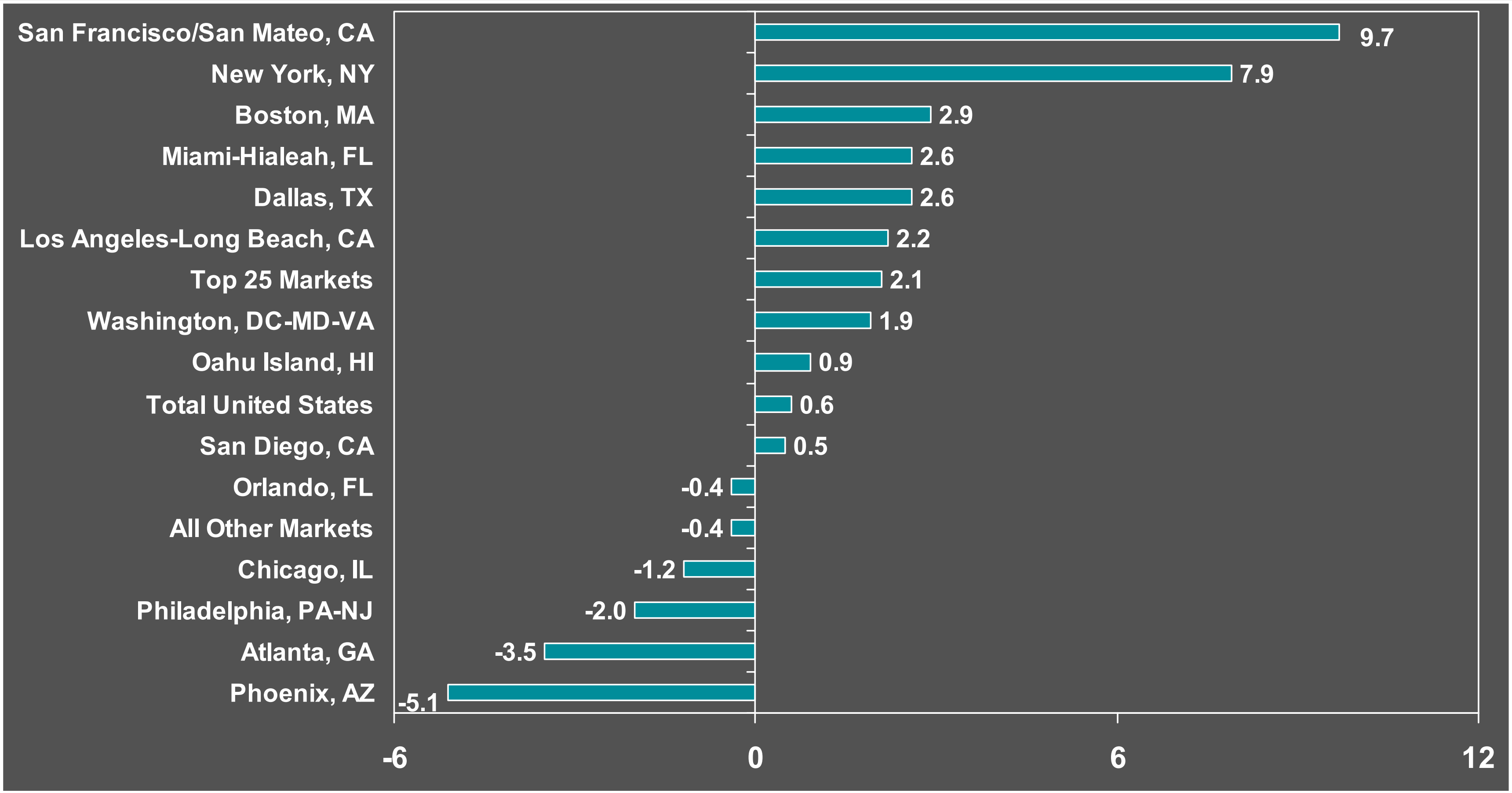
Occupancy Percent Change
September 2008 YTD Year over Year



Key 15 Markets

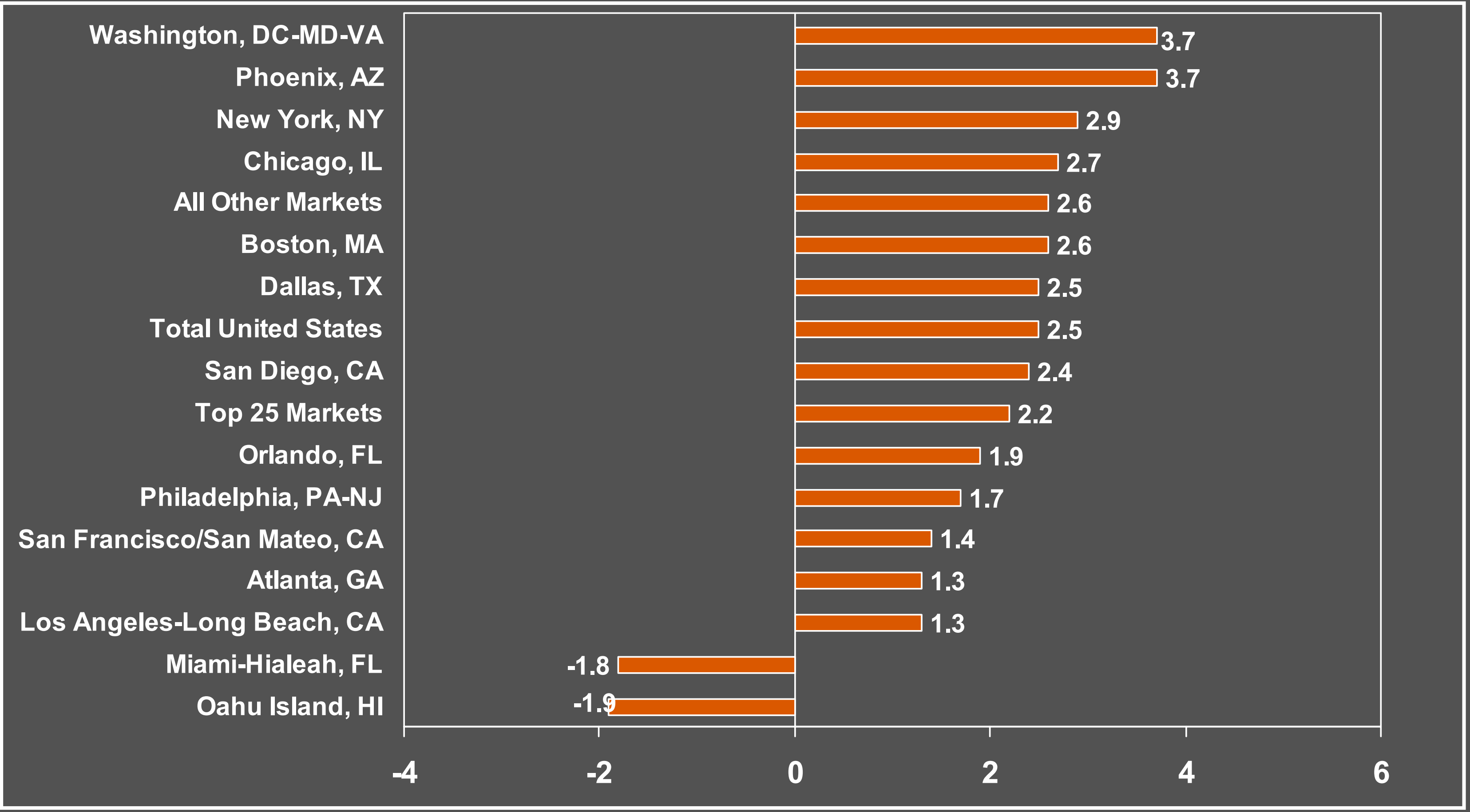
RevPAR Percent Change

September 2008 YTD Year over Year



Key 15 Markets

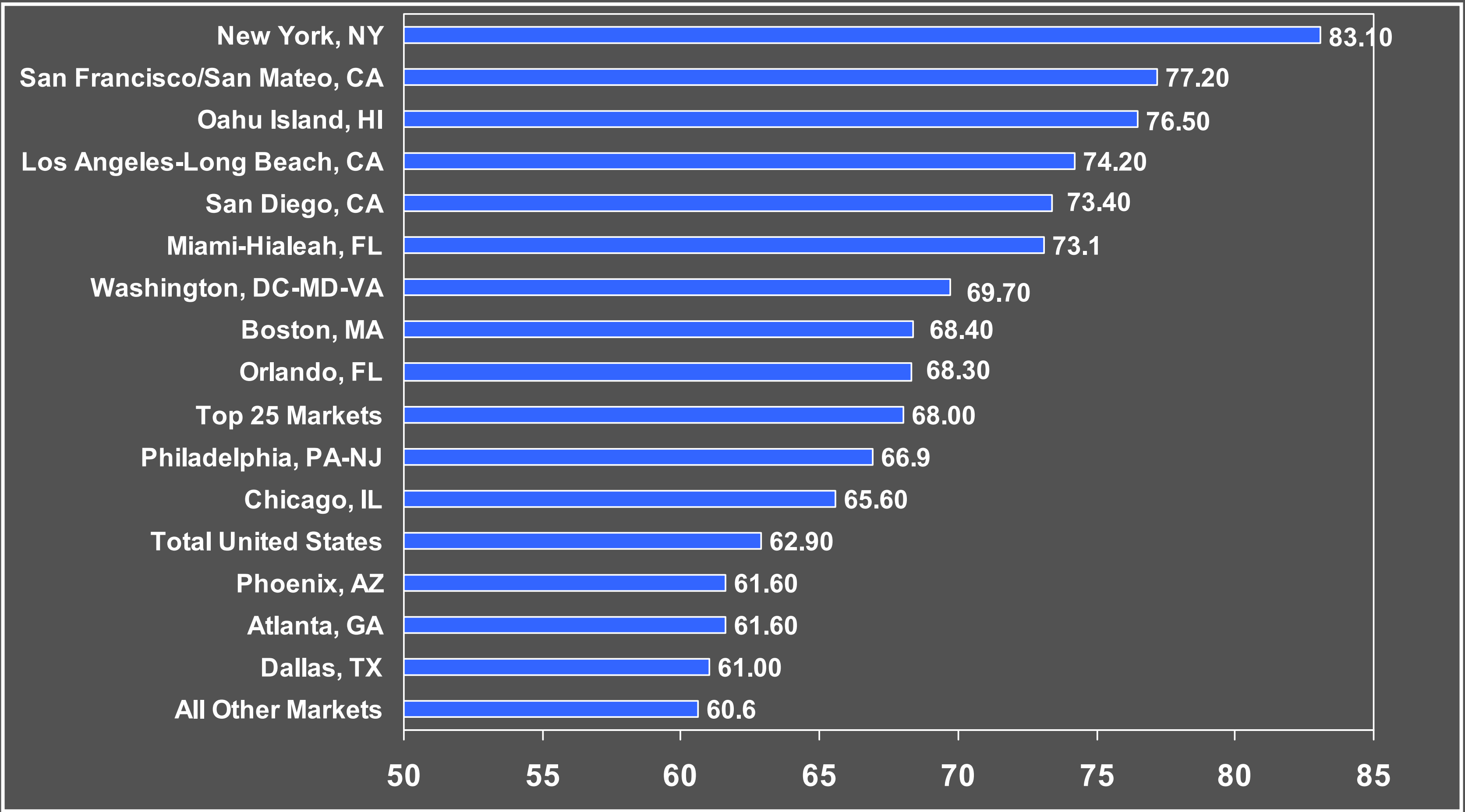
Room Supply Percent Change
September 2008 YTD Year over Year



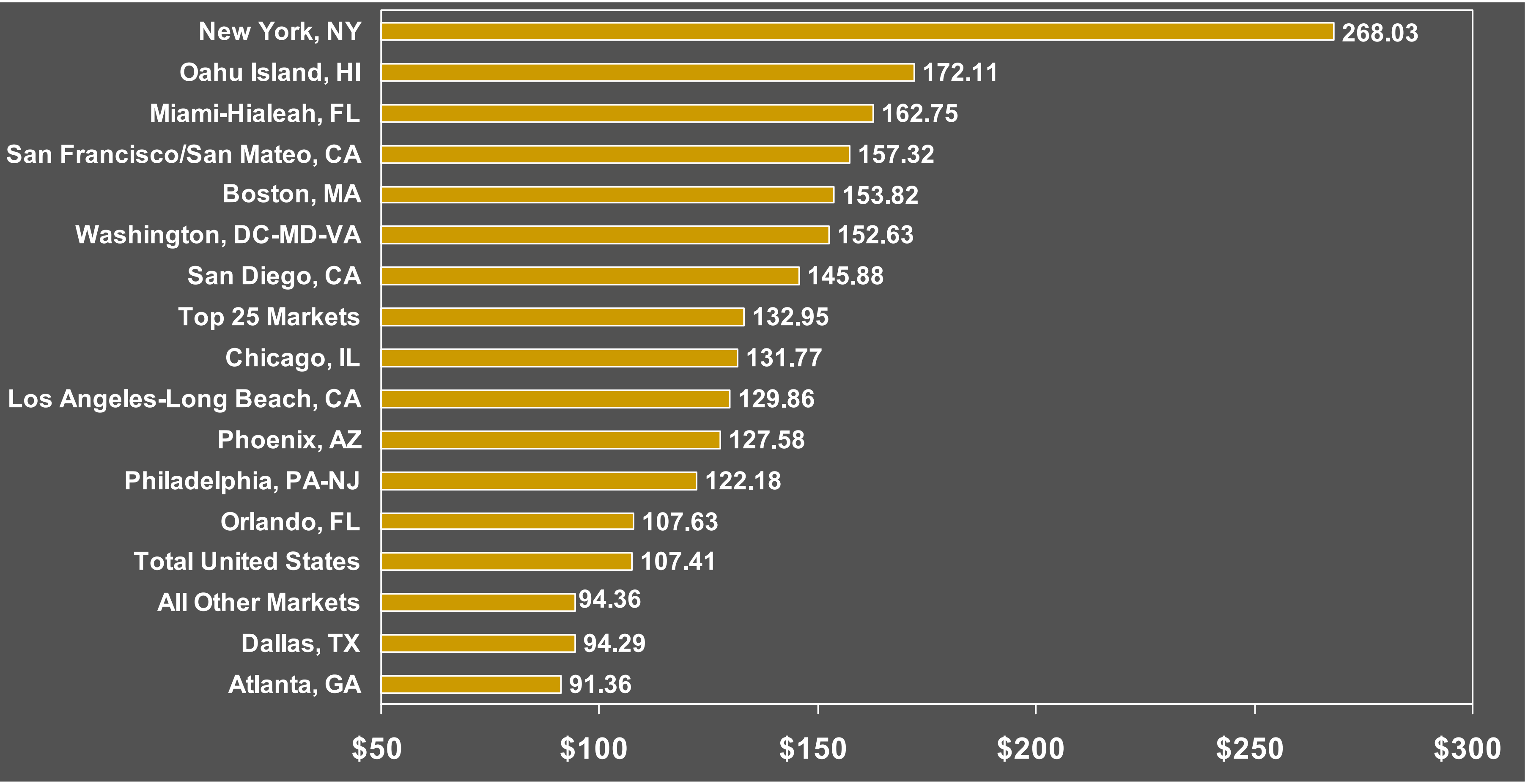
Key 15 Markets

Occupancy Percent

September 2008 YTD



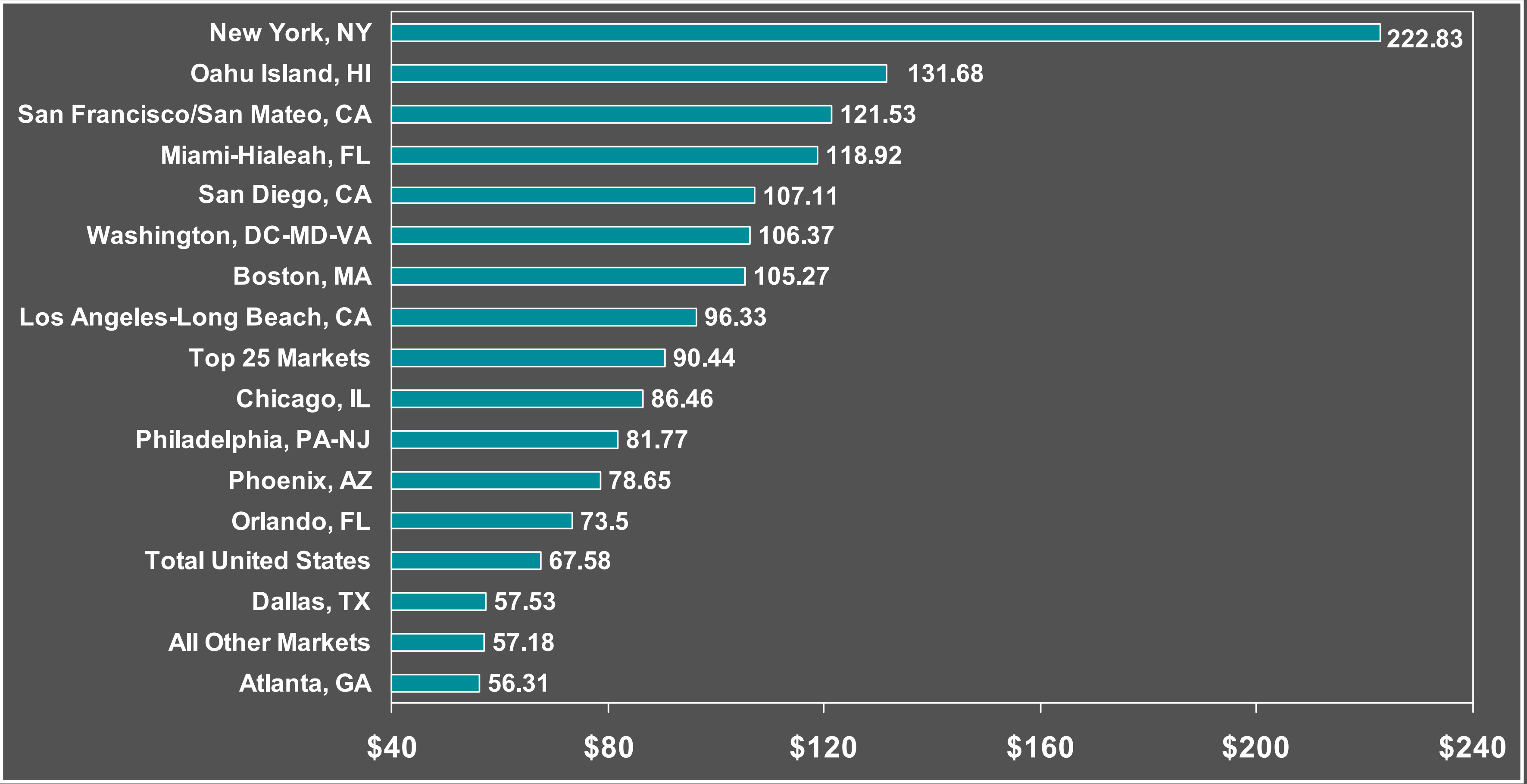
Top 15 Markets
ADR
September 2008 YTD



Top 15 Markets

RevPAR ($)

September 2008 YTD



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Agenda

- <u>Where are we now?</u>
- Long term trends
- Focus on Key Markets
- Conclusion

Agenda

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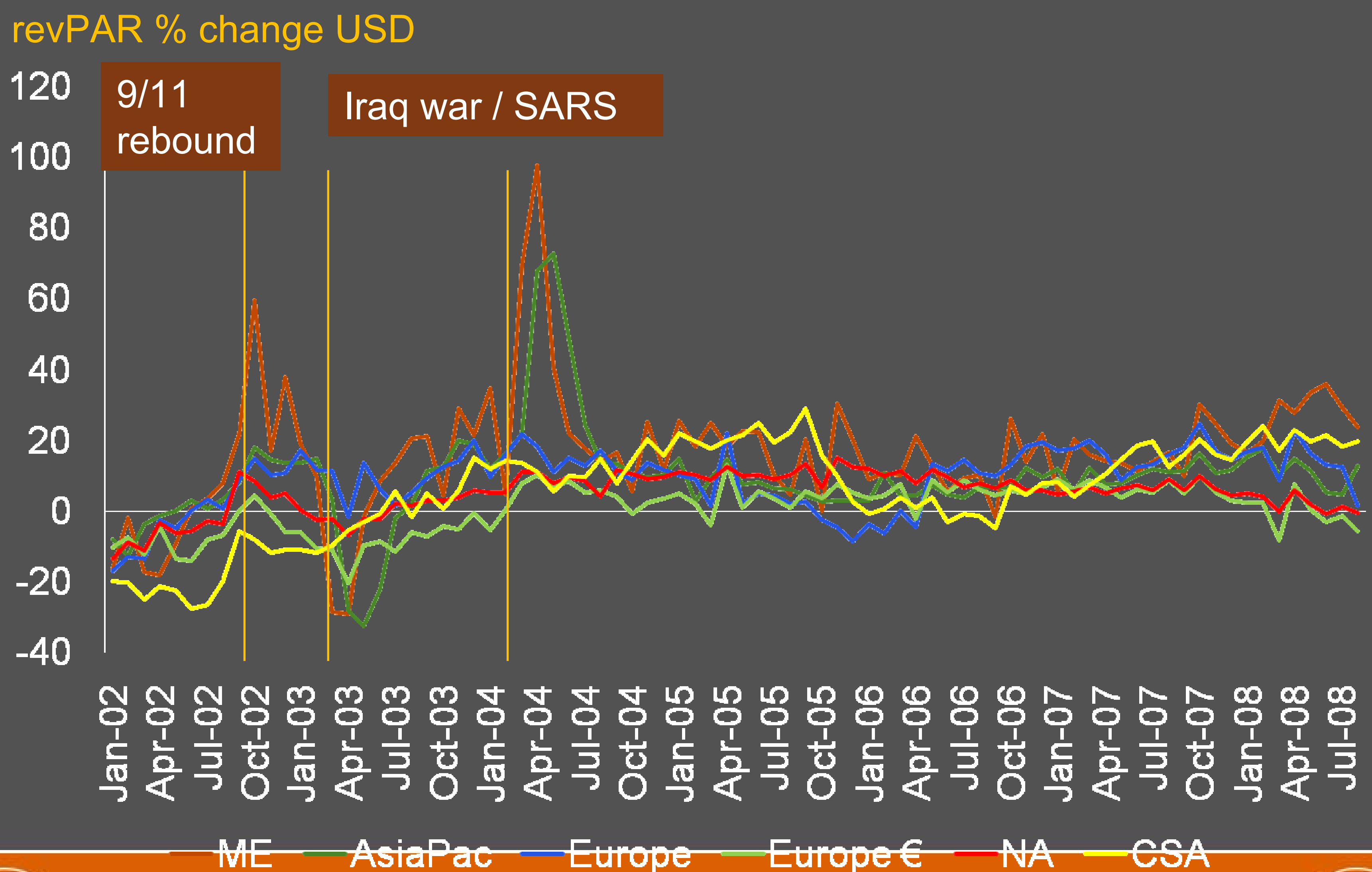
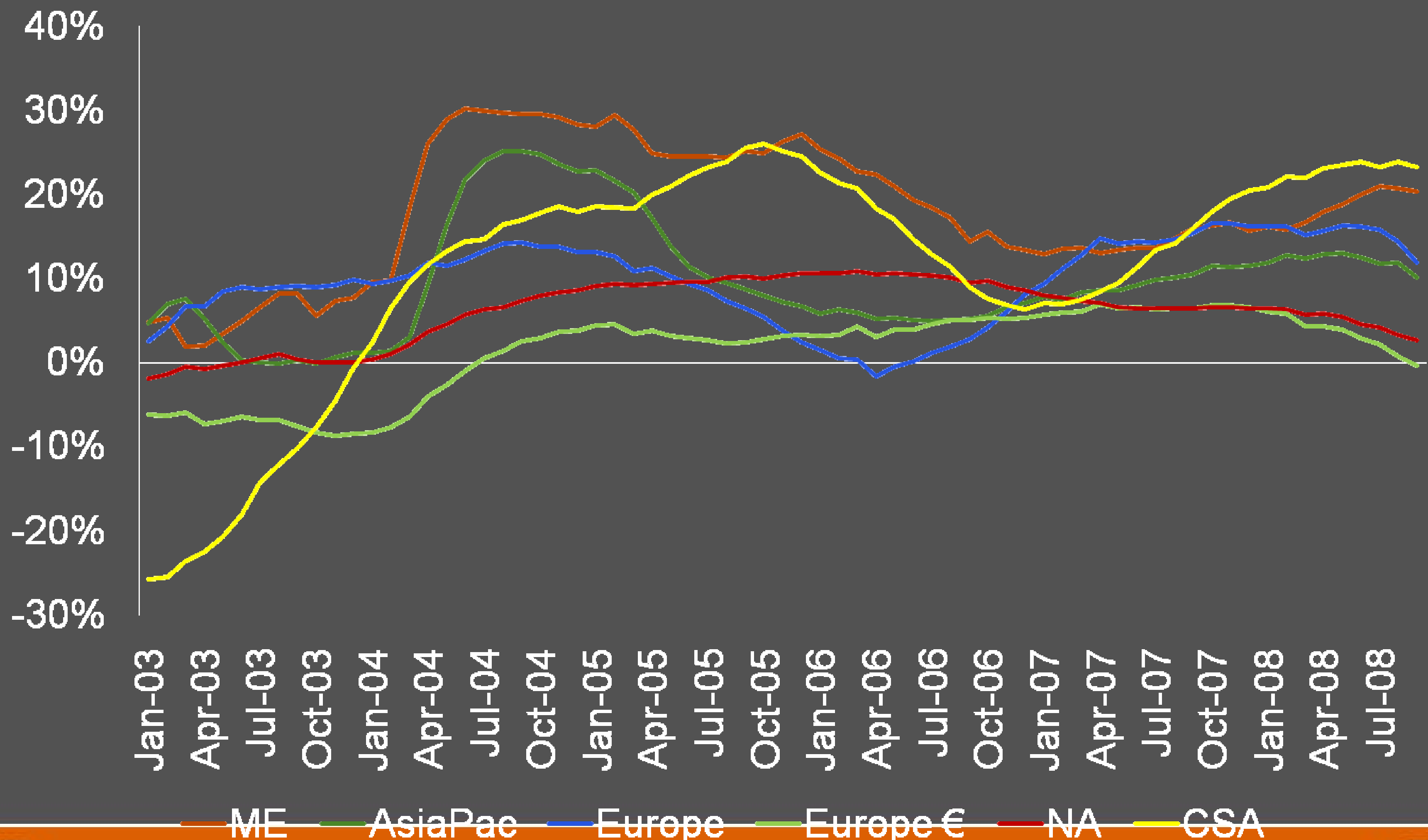
So far so good?– global revPAR



Mixed messages

Seasonally adjusted RevPAR % change USD



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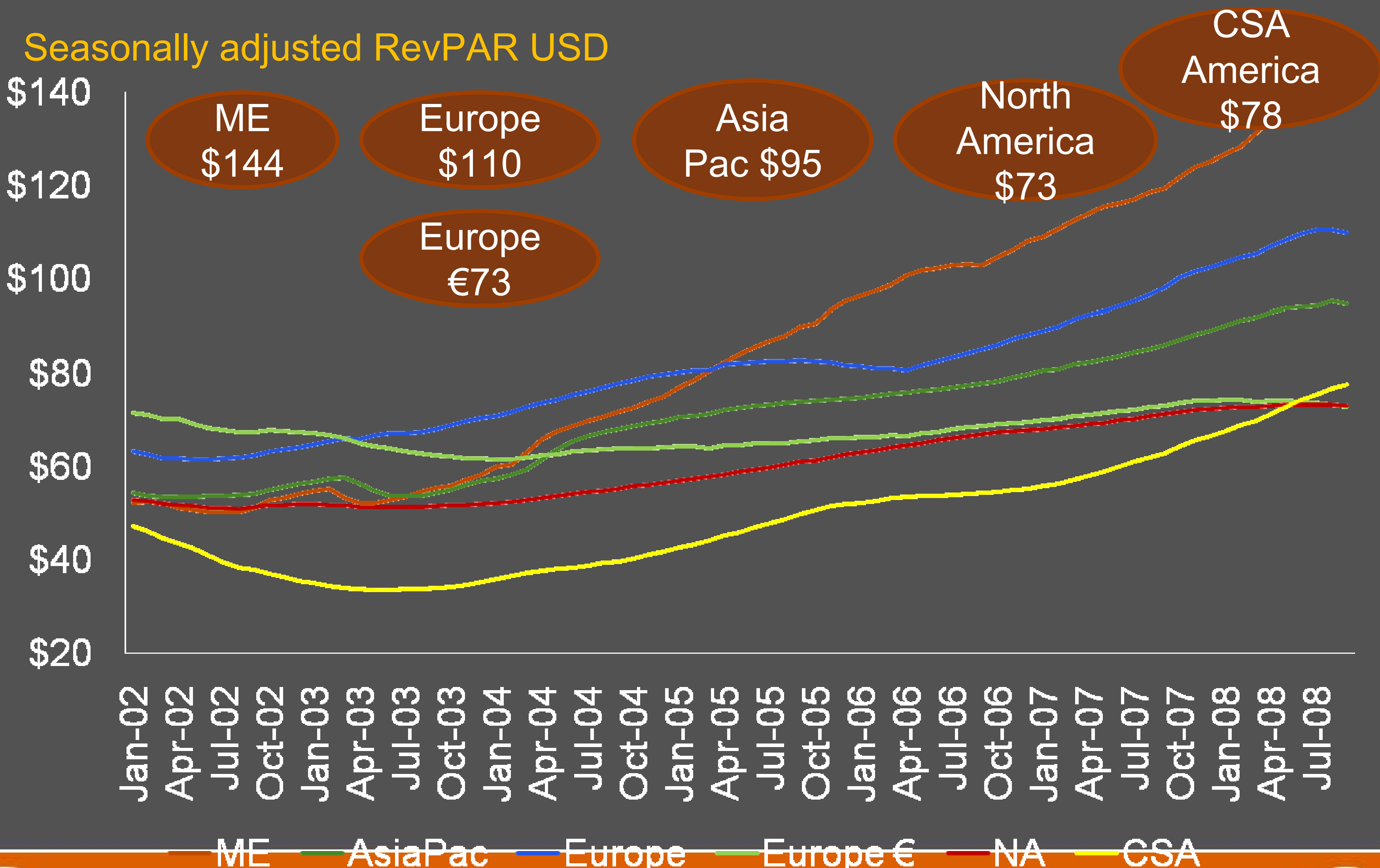
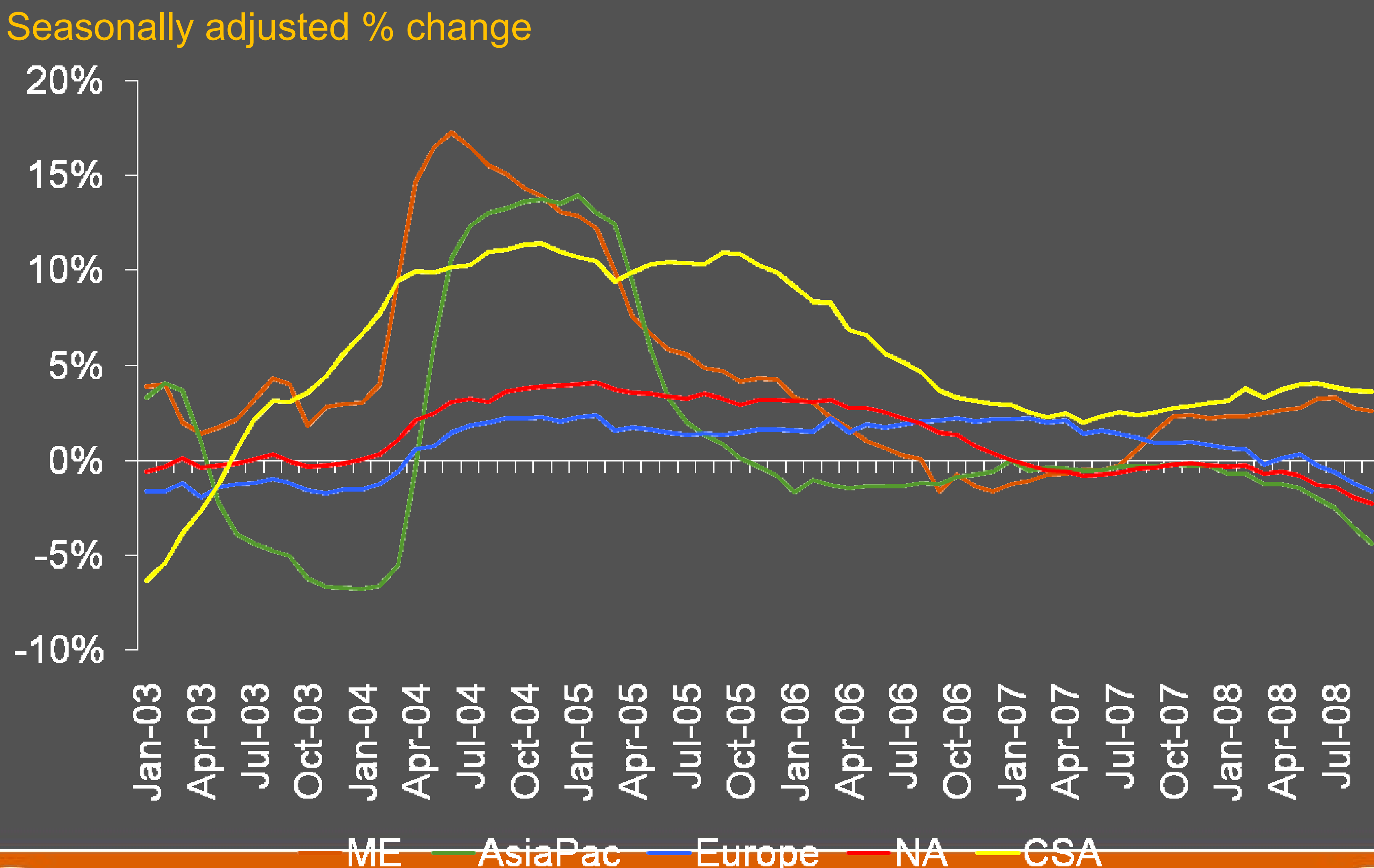
Still upward momentum.. So far

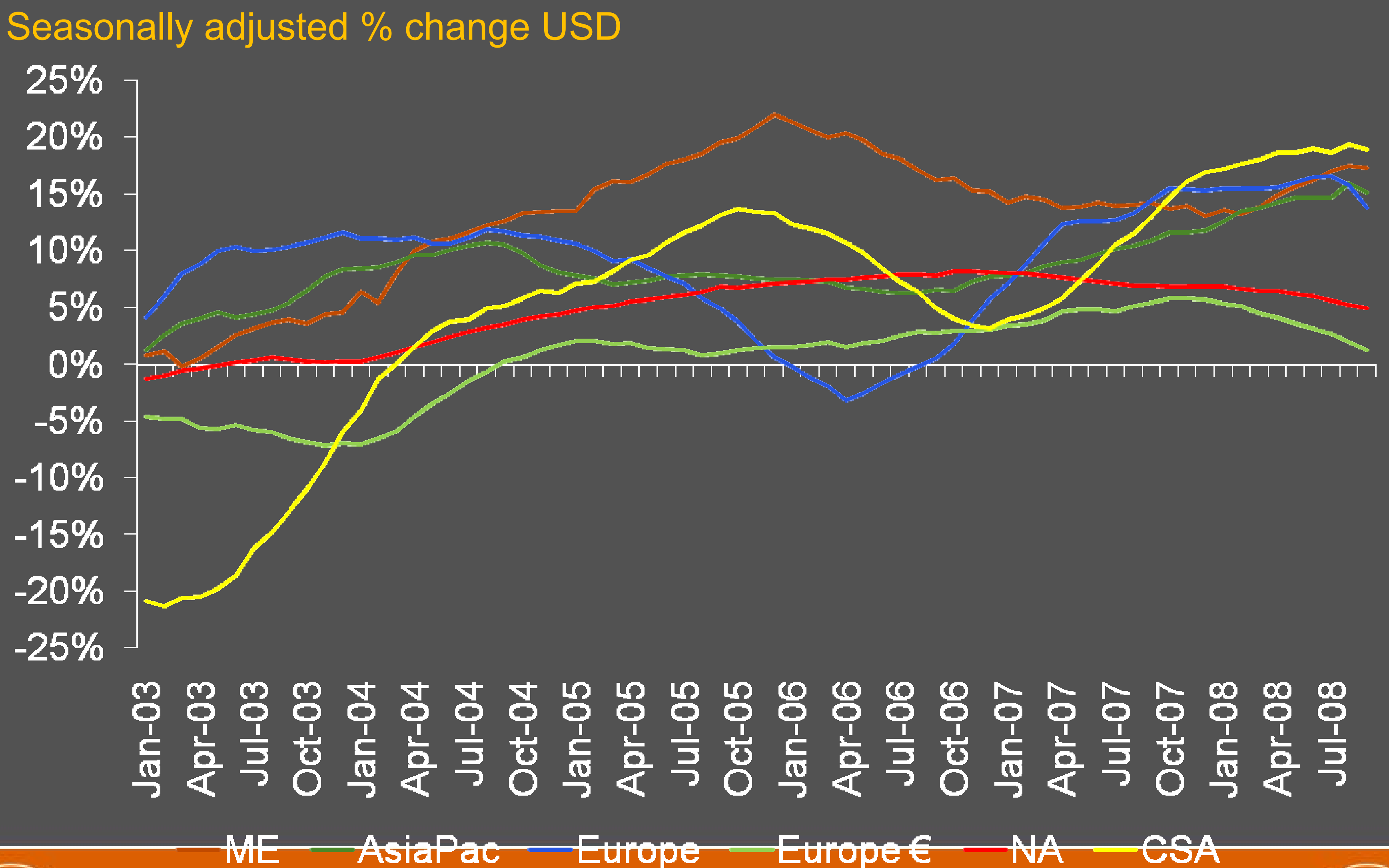


What’s driving RevPAR?

Occupancy drops in 3 regions



Average rate growth in all regions



Agenda

- Where are we now?
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Conclusion

•Growth is slowing but absolute rates are still increasing

•Supply growth is lower in Europe and the US than previous cycles

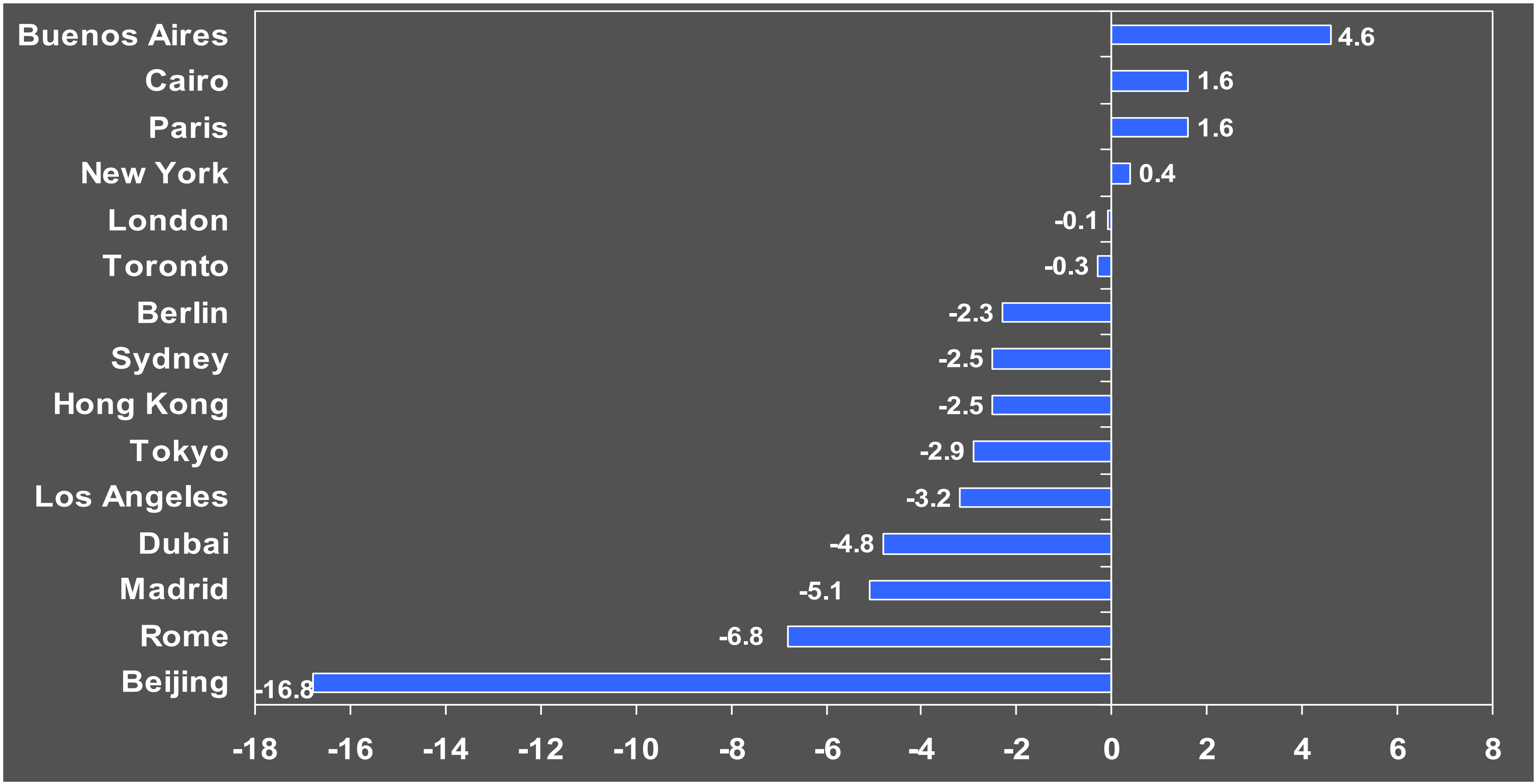
• All markets are in the correct place for the current cycle

•Primary markets will weather any storm better than previous cycles

•Economic uncertainty will continue

Key 15 Global Markets

Occupancy Percent Change
September 2008 YTD Year over Year



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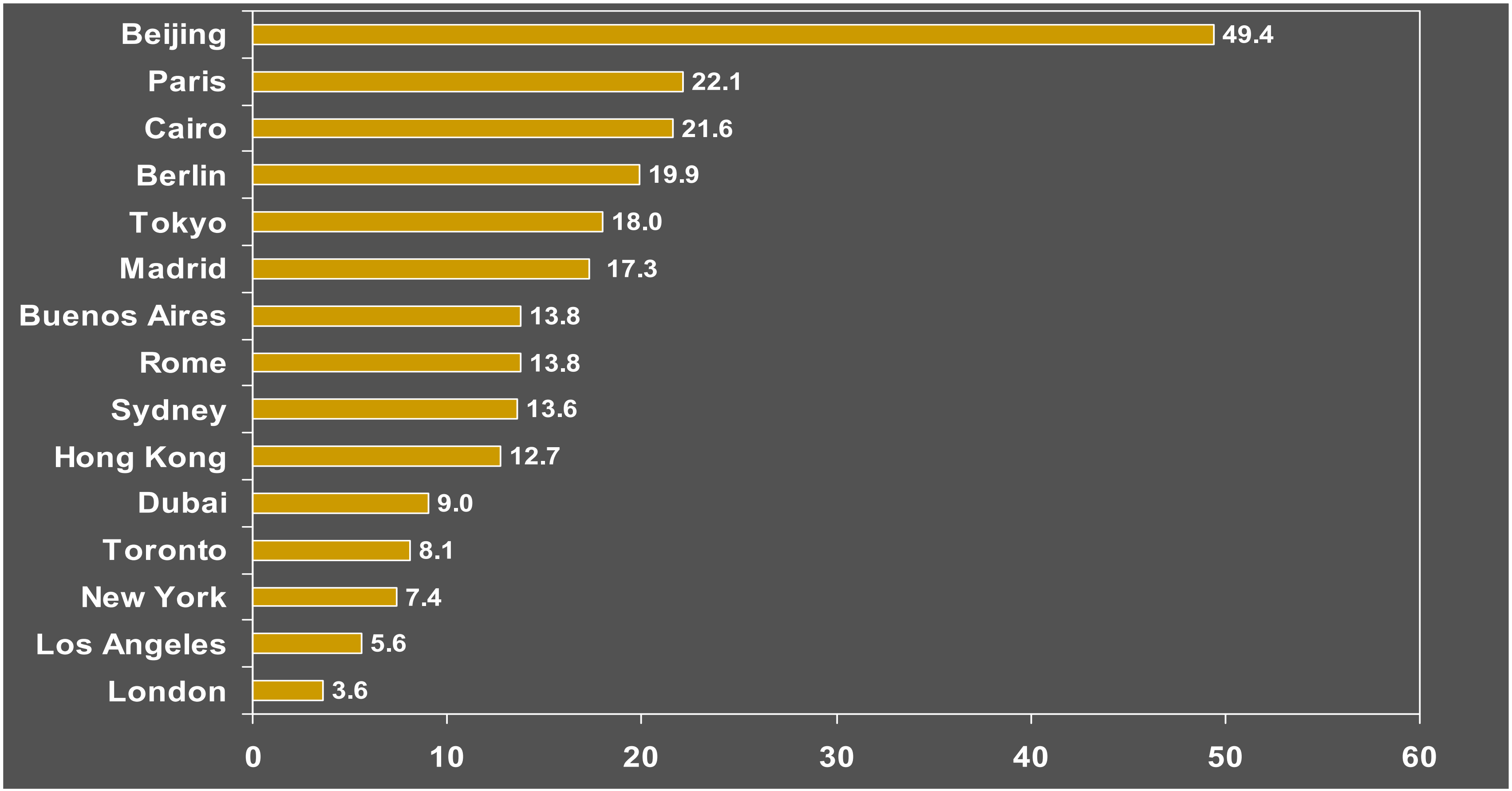
Key 15 Global Markets

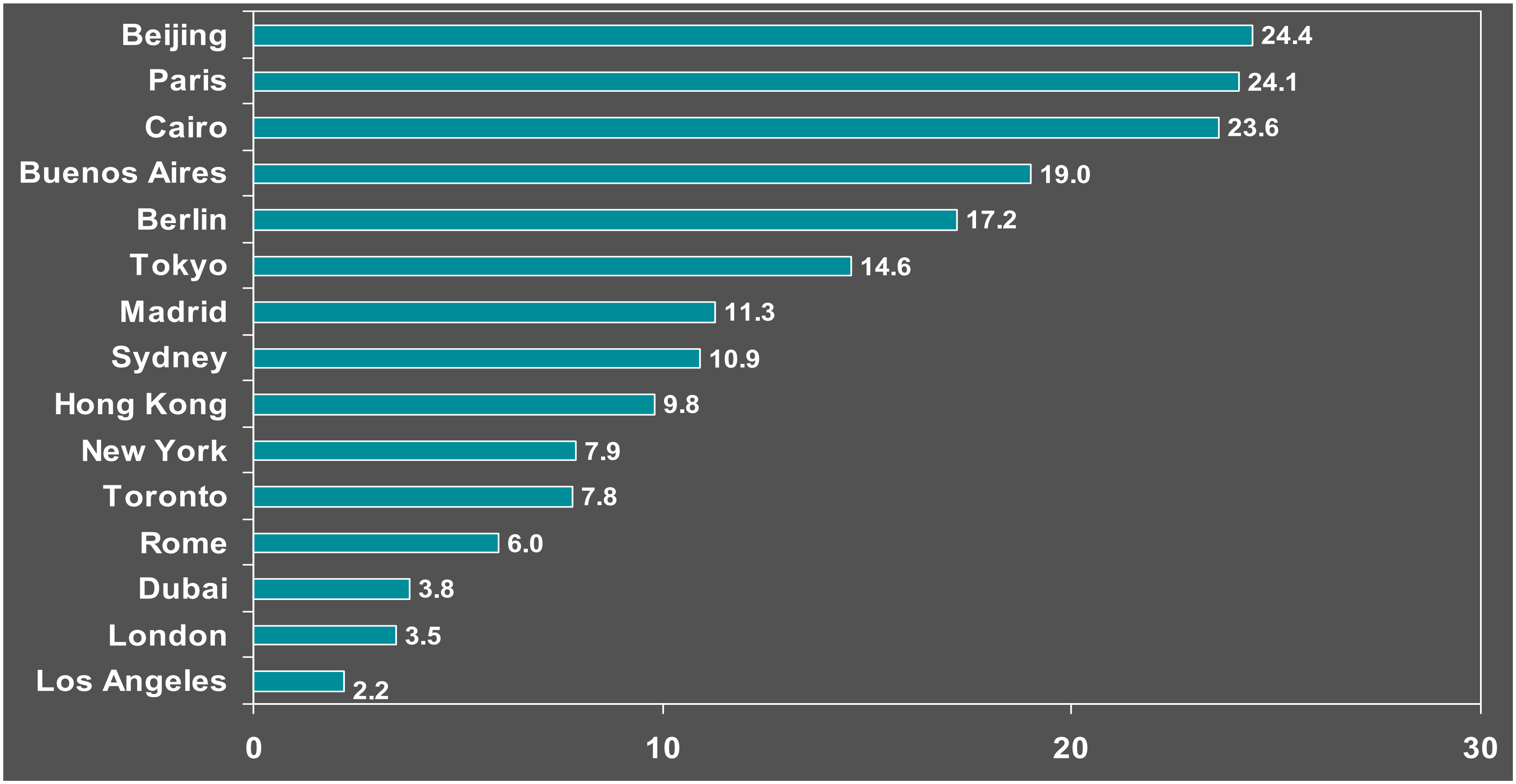
ADR Percent Change (In US $)

September 2008 YTD Year over Year



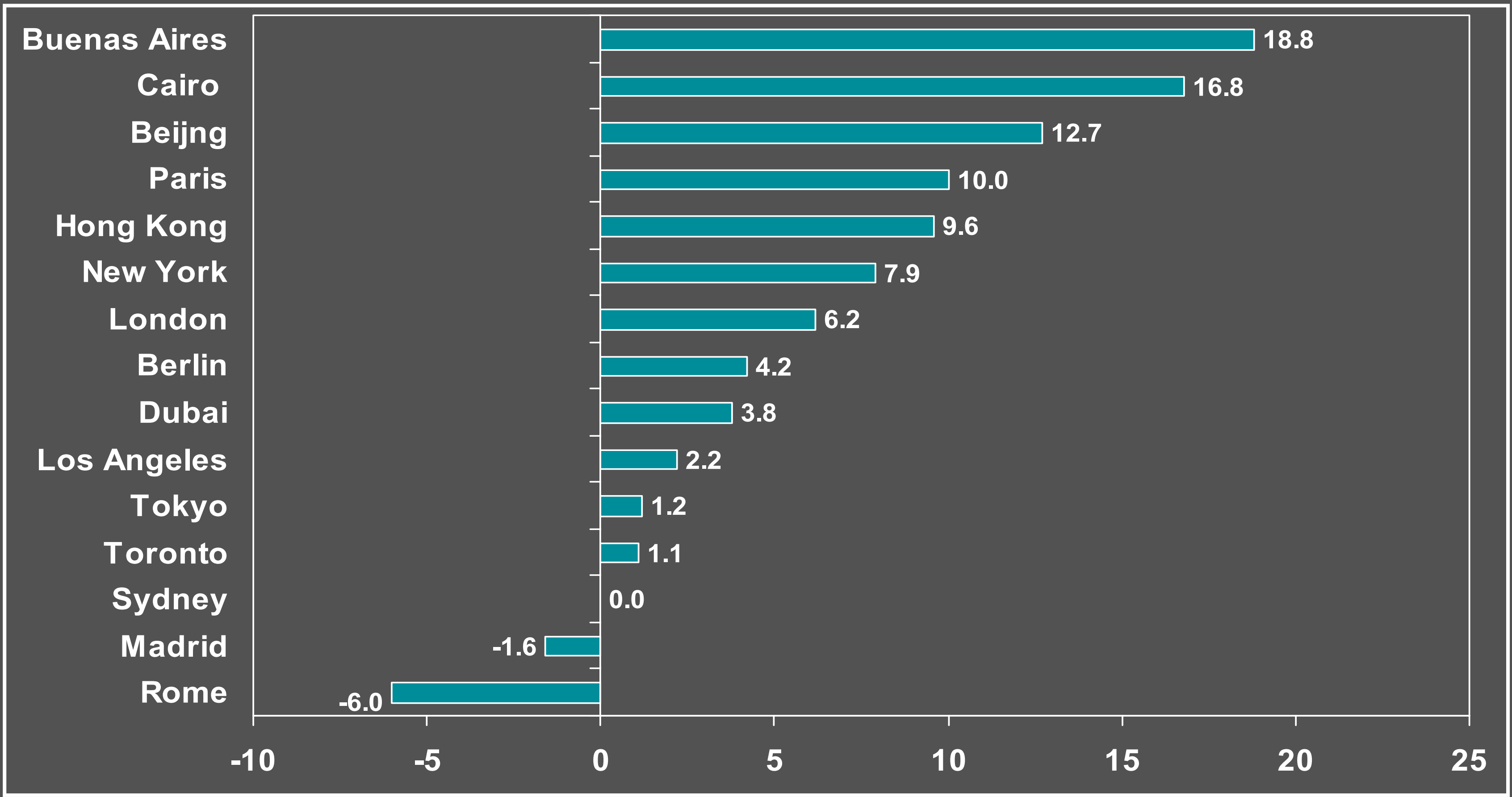
Key 15 Global Markets

RevPAR Percent Change (In US $)
September 2008 YTD Year over Year



Key 15 Global Markets

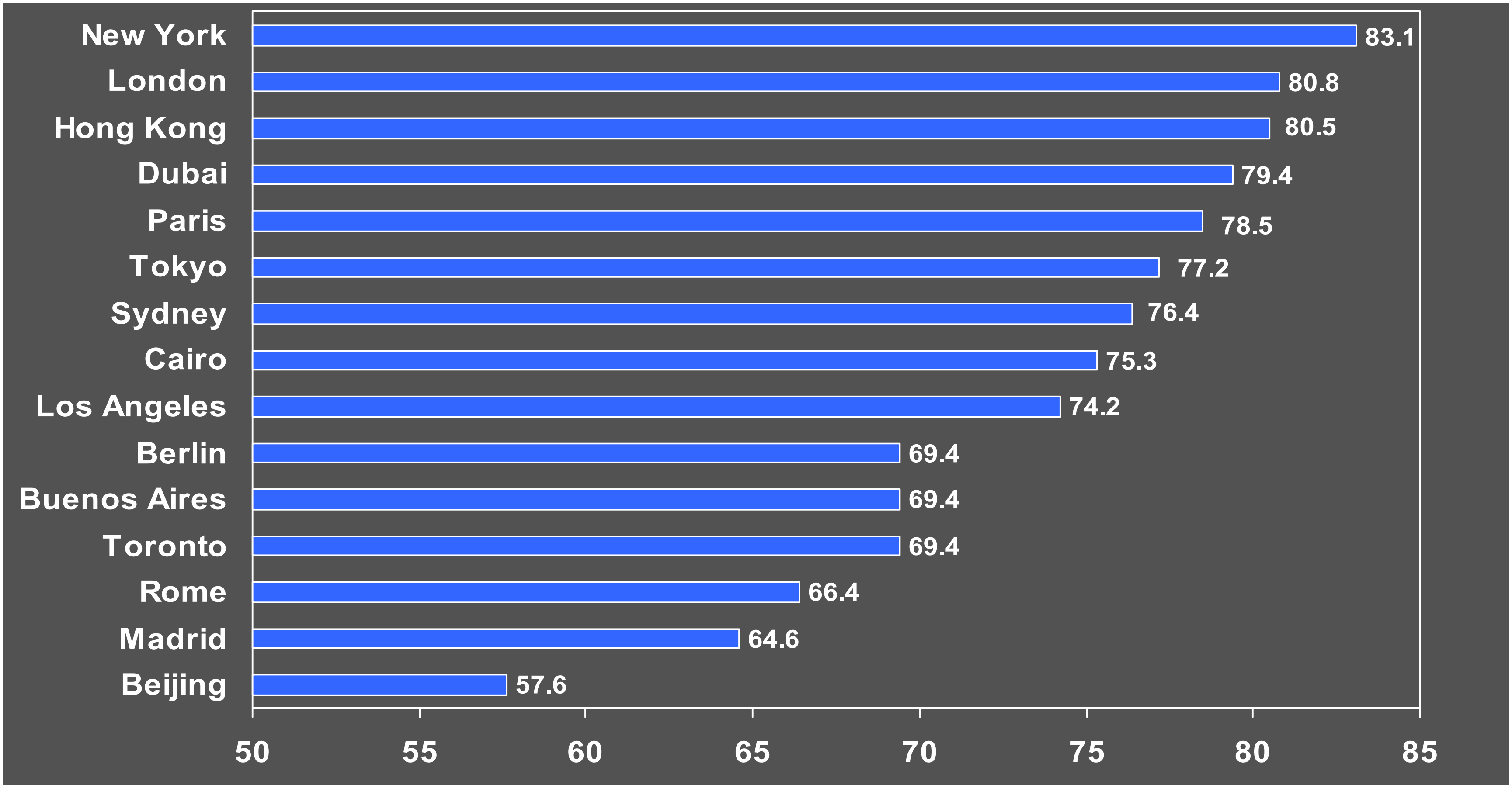
RevPAR Percent Change (In Local Currency)
September 2008 YTD Year over Year



Key 15 Global Markets

Occupancy Percent

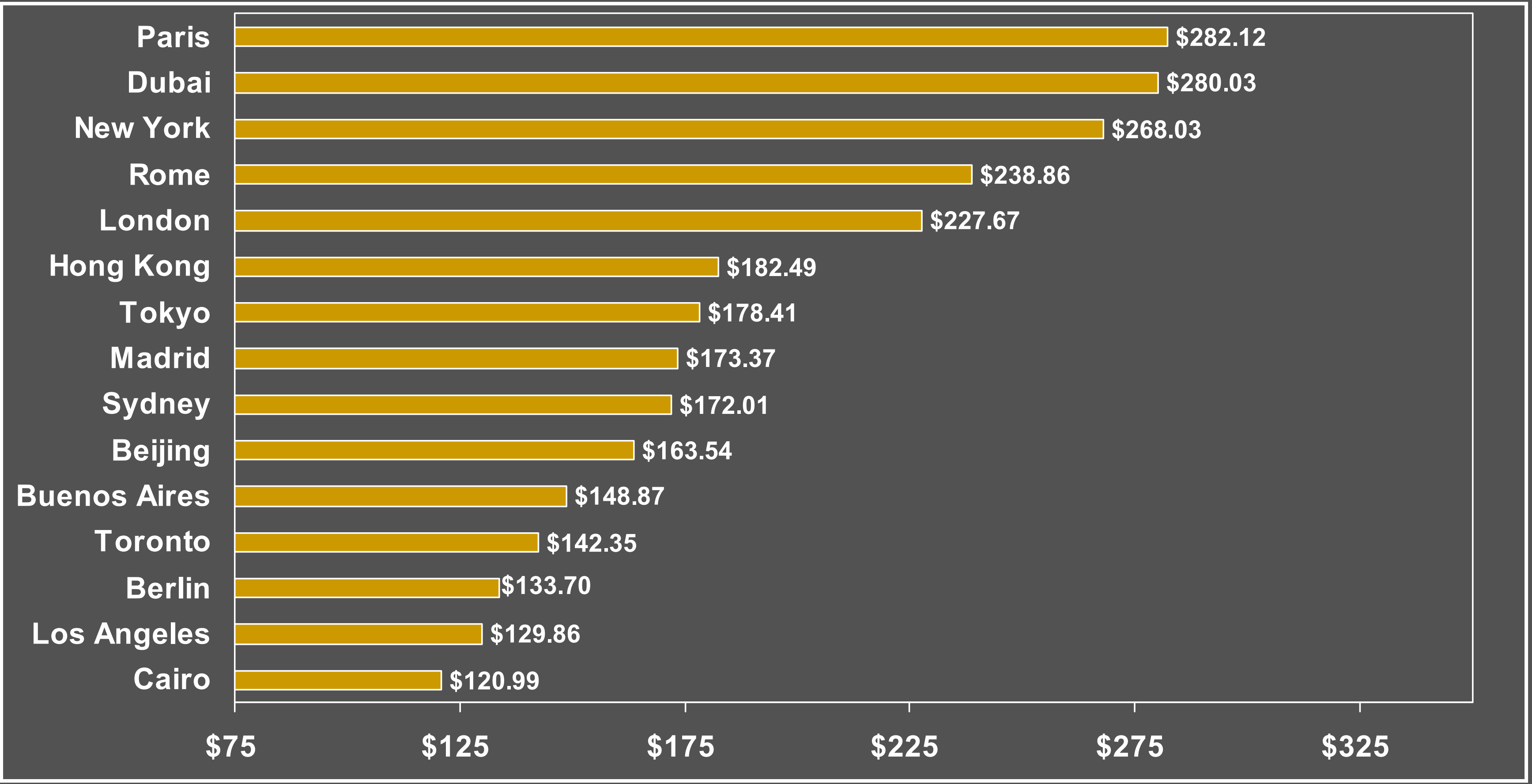
September 2008 YTD Year over Year



Key 15 Global Markets

ADR (In US $)

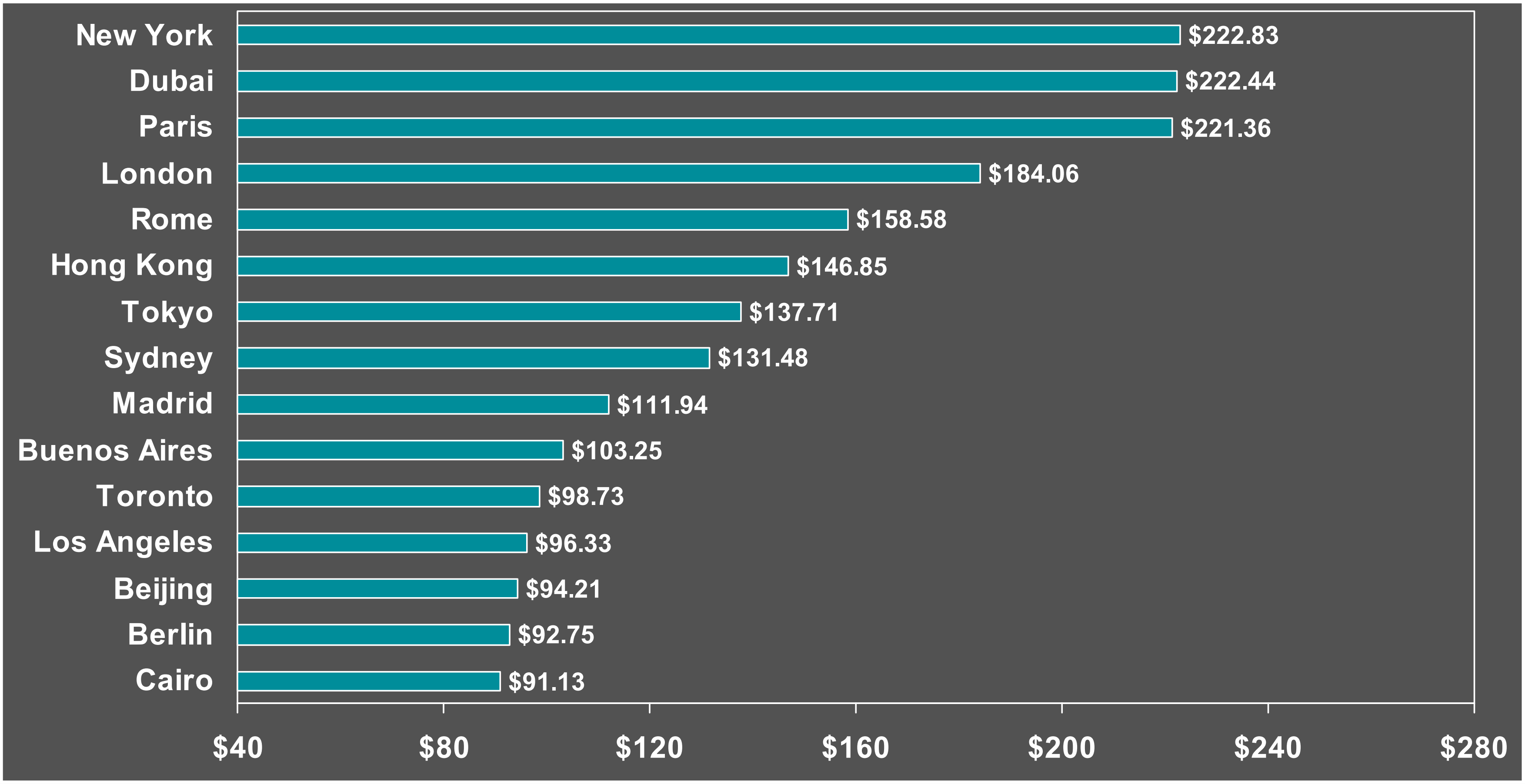
September 2008 YTD Year over Year



Key 15 Global Markets

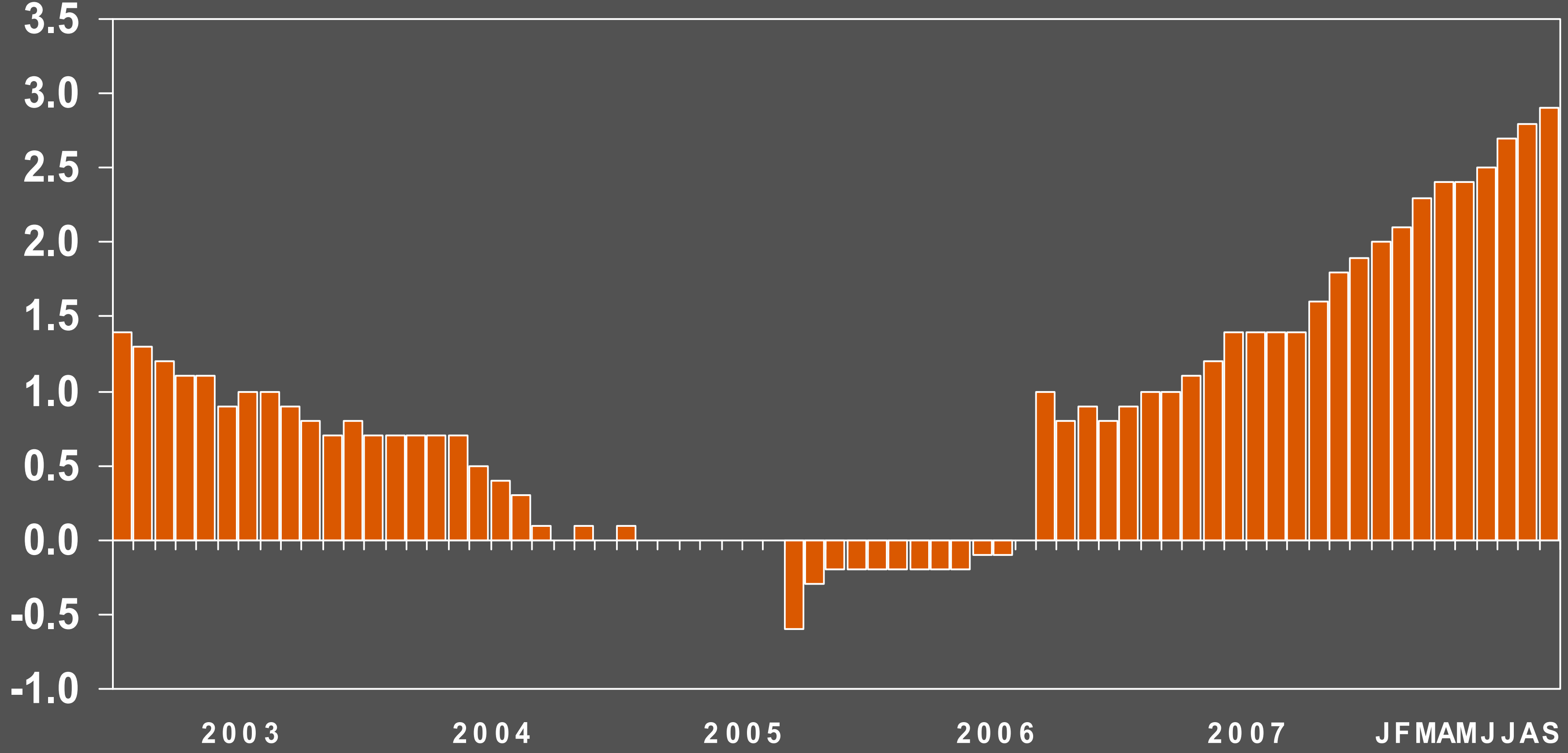
RevPAR (In US $)

September 2008 YTD Year over Year



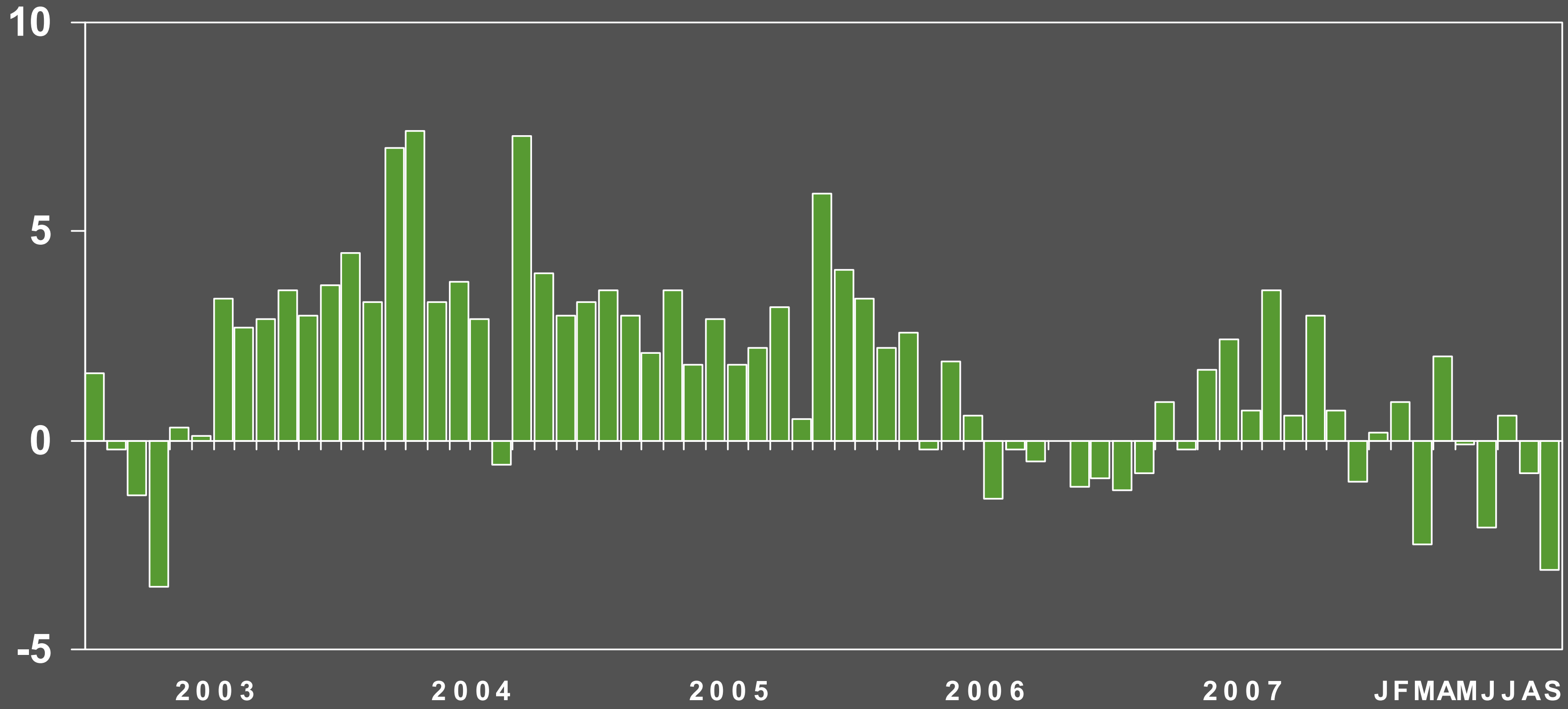
Total United States

Room Supply Percent Change
Jan 2003 – September 2008



Total United States

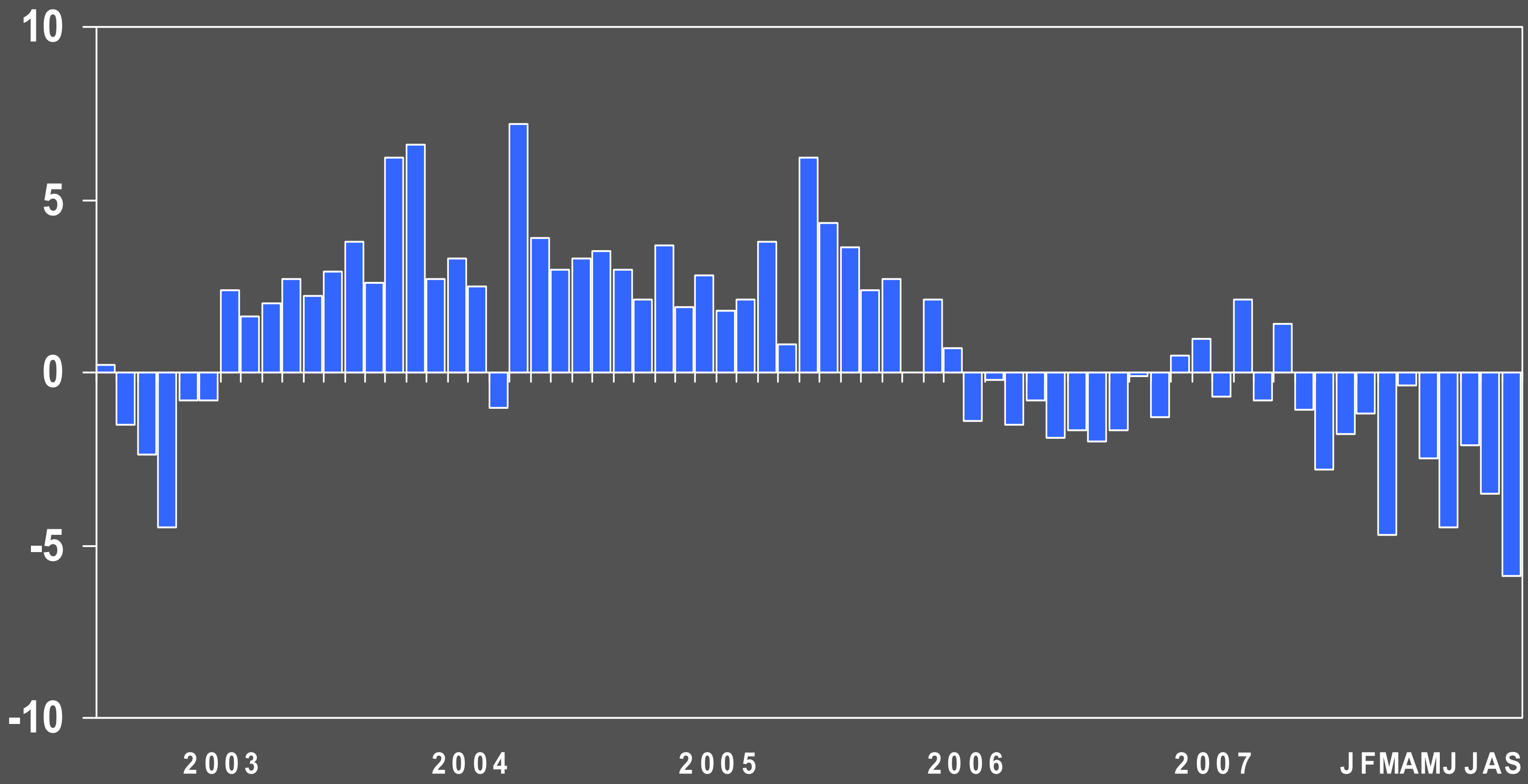
Room Demand Percent Change
Jan 2003 – September 2008



Total United States

Occupancy Percent Change

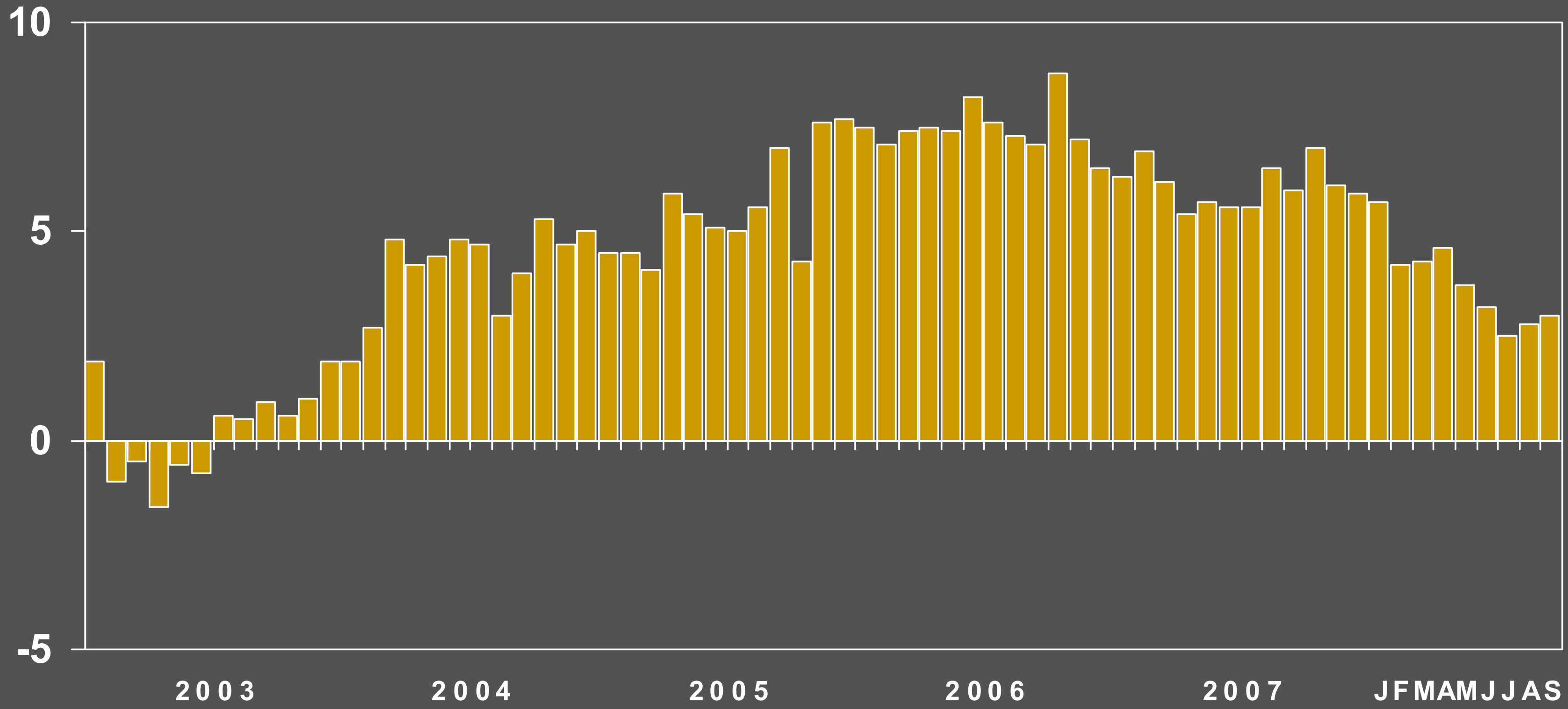
Jan 2003 – September 2008



Total United States

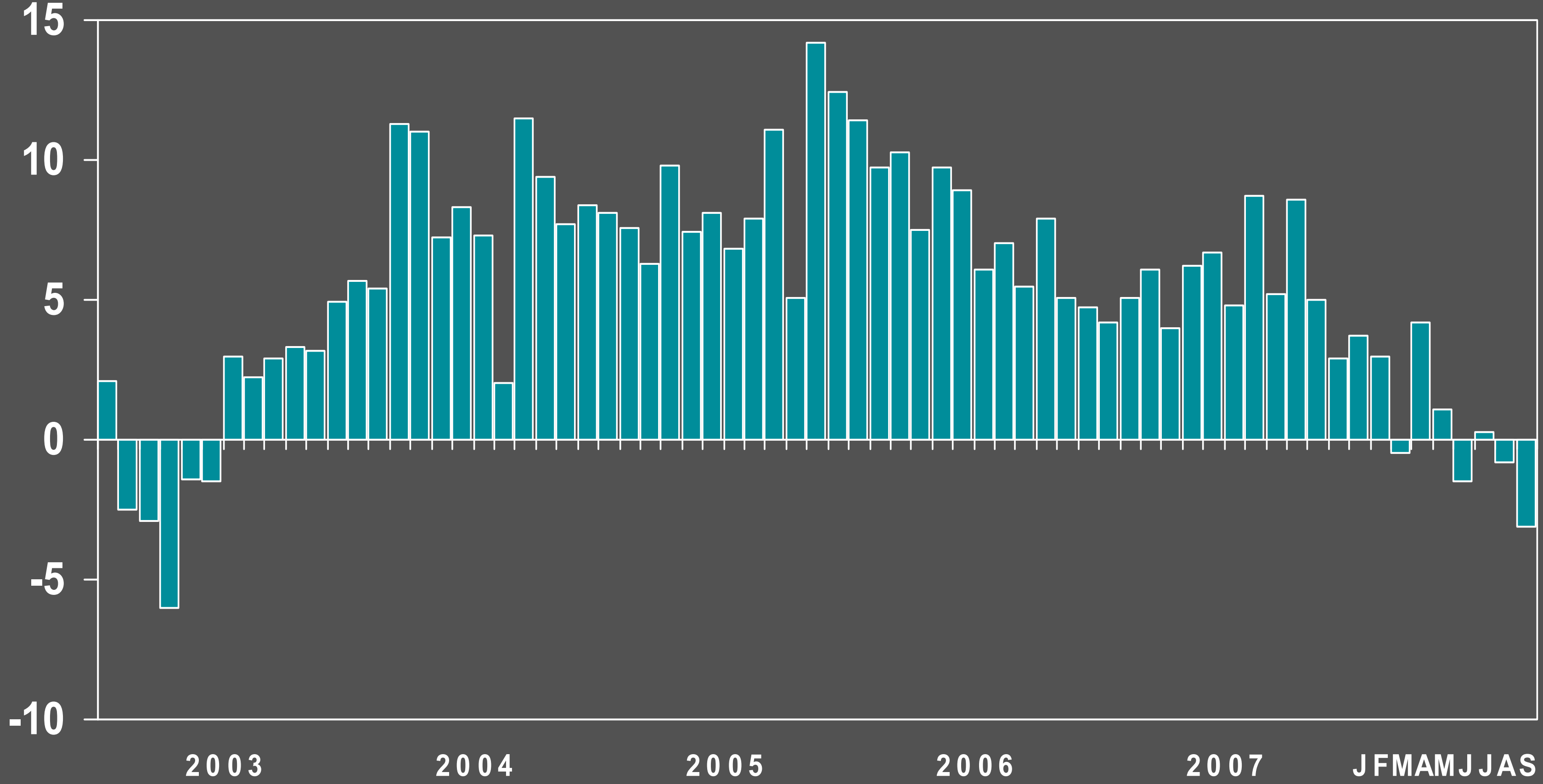
Room Rate Percent Change

Jan 2003 – September 2008



Total United States

RevPAR Percent Change
Jan 2003 – September 2008



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All US Hotels

OCC / ADR Winners & Losers

August YTD 2008

OCC \ ADR	-	+
+	14%	24%
-	17%	45%

YTD: 7 out of 10 Hotels Increased Rate… 62% Despite Loosing OCC.

Takeaways

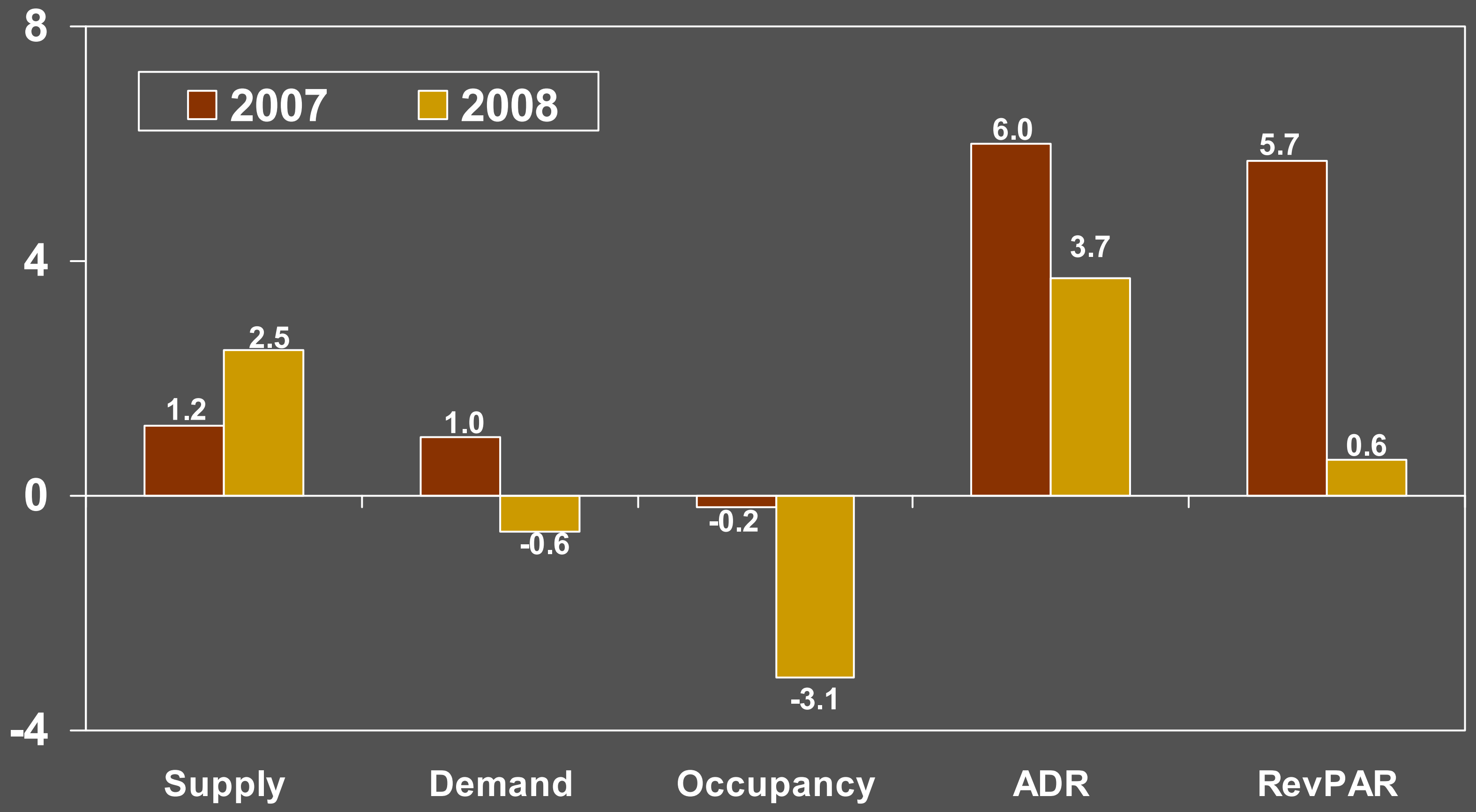
- US: Demand ➡ + Supply ⬆
  = Occupancy ⬇
- ADR Growth: The $110 bn Question
- Resorts: Tougher Headwinds

2008 Lodging Industry Takeaways

- Supply Growth – Pipeline Attrition?...Have we peaked?
- Slowing Economy = Slower Demand Growth (Perceptions of Disp. Income)
- Top Markets may outperform
- Airline Woes
- Gas/Energy Prices
- Financial Institutions
- “In to be Green”
- Weak Dollar = U.S. Bargain
- Leisure feels greater impact than business
- Revenue Management Discipline

Total United States

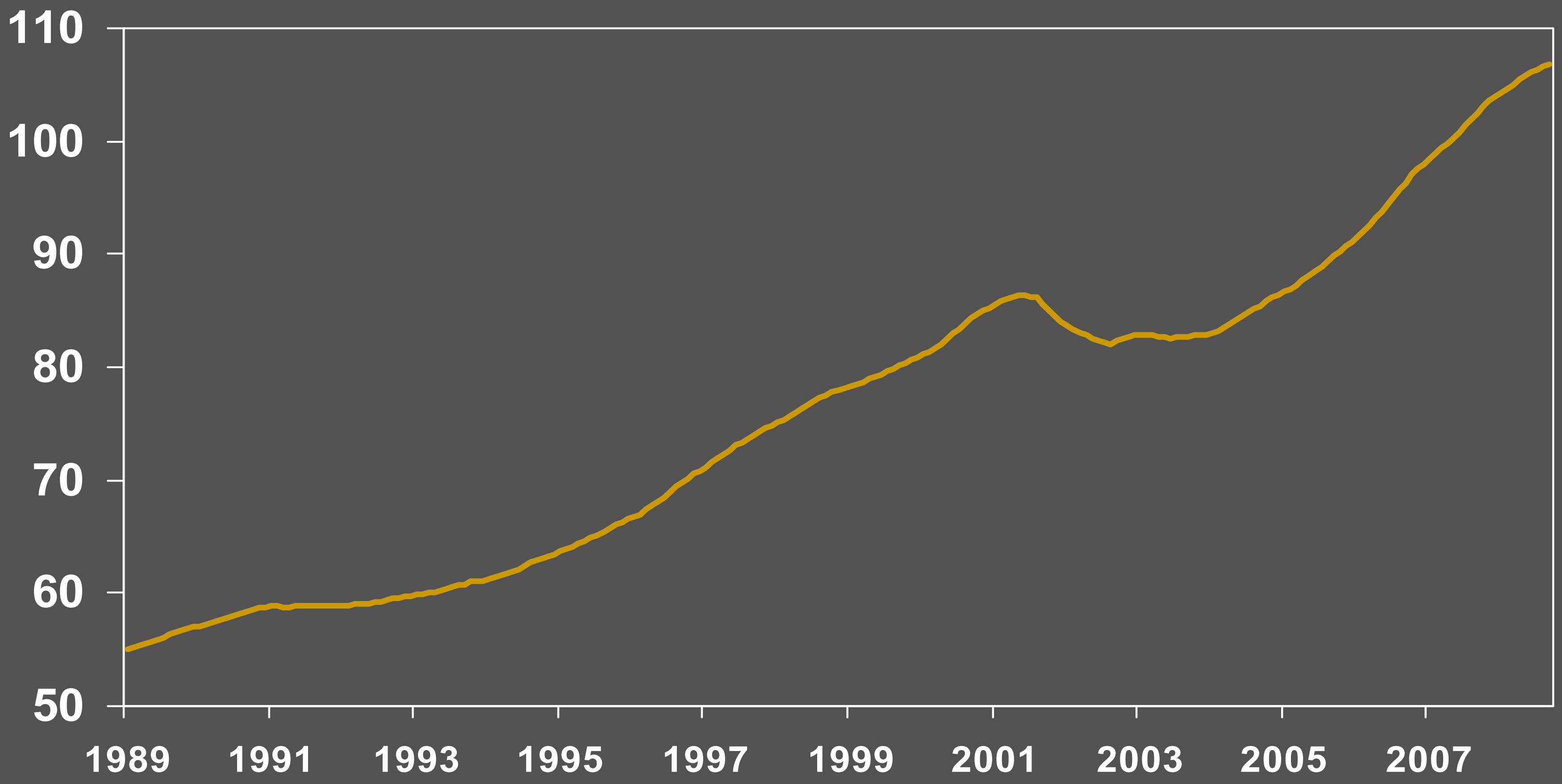
Key Performance Indicators Percent Change
September YTD



Total United States

Average Daily Rate

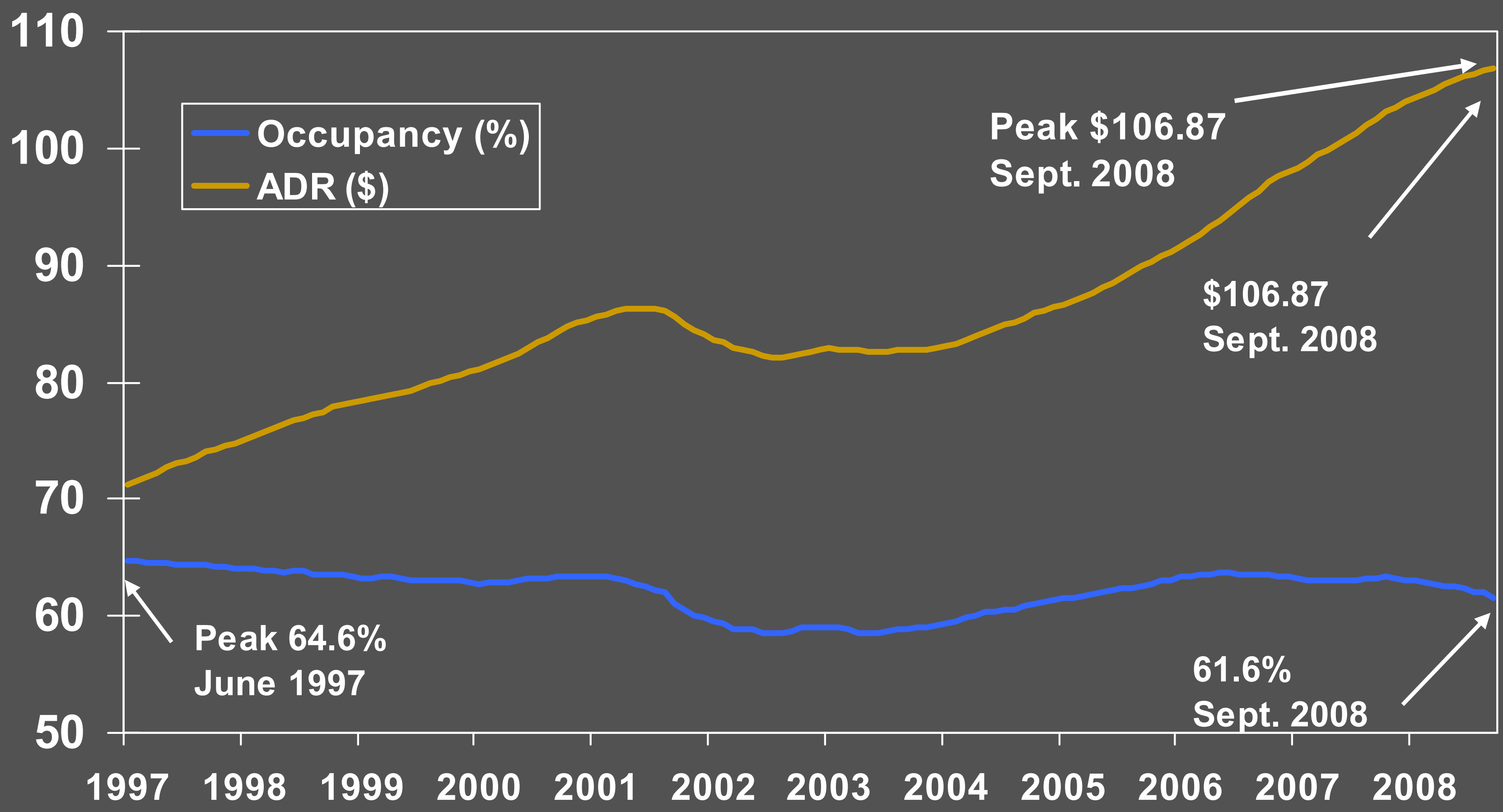
Twelve Month Moving Average – 1989 to September 2008



Total United States

Occupancy and ADR

Twelve Month Moving Average – September 2008

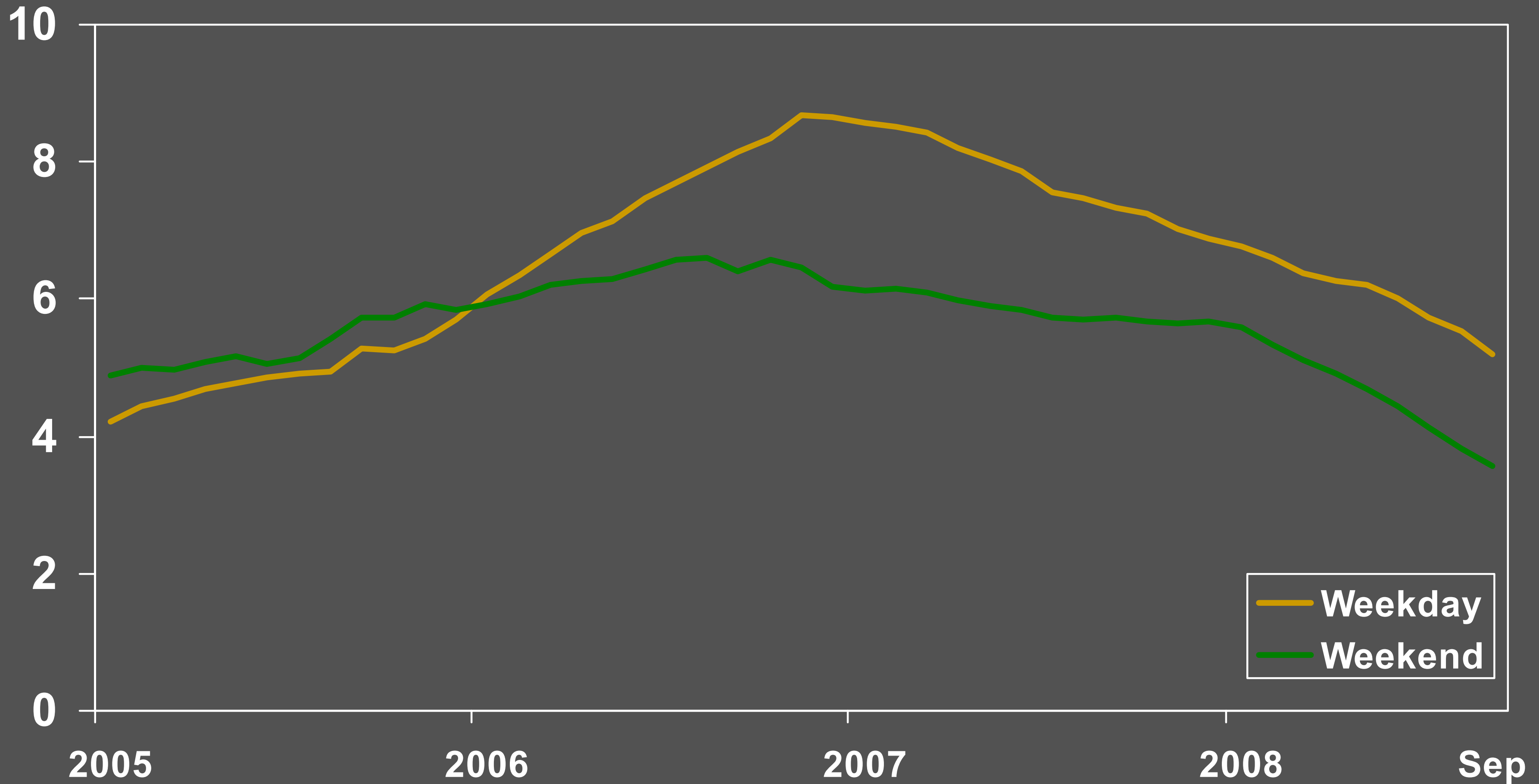


Total United States

ADR – Weekday vs. Weekend
12 Mo. Moving Average
Jan 2004 – Sep 2008

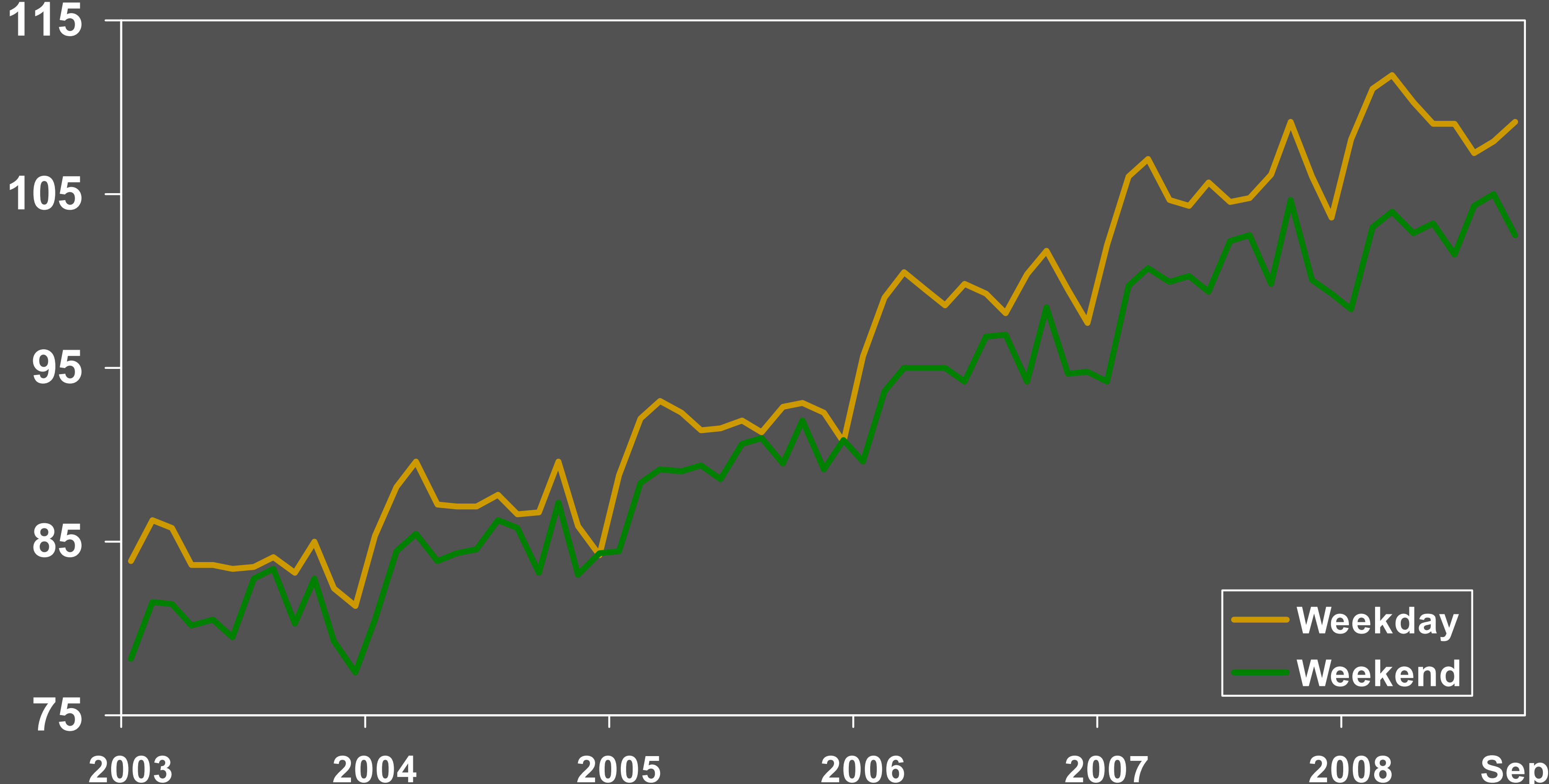
Total United States

ADR – Weekday vs. Weekend
12 Mo. Moving Average Year-Over-Year Percent Change
Jan 2005 – Sep 2008

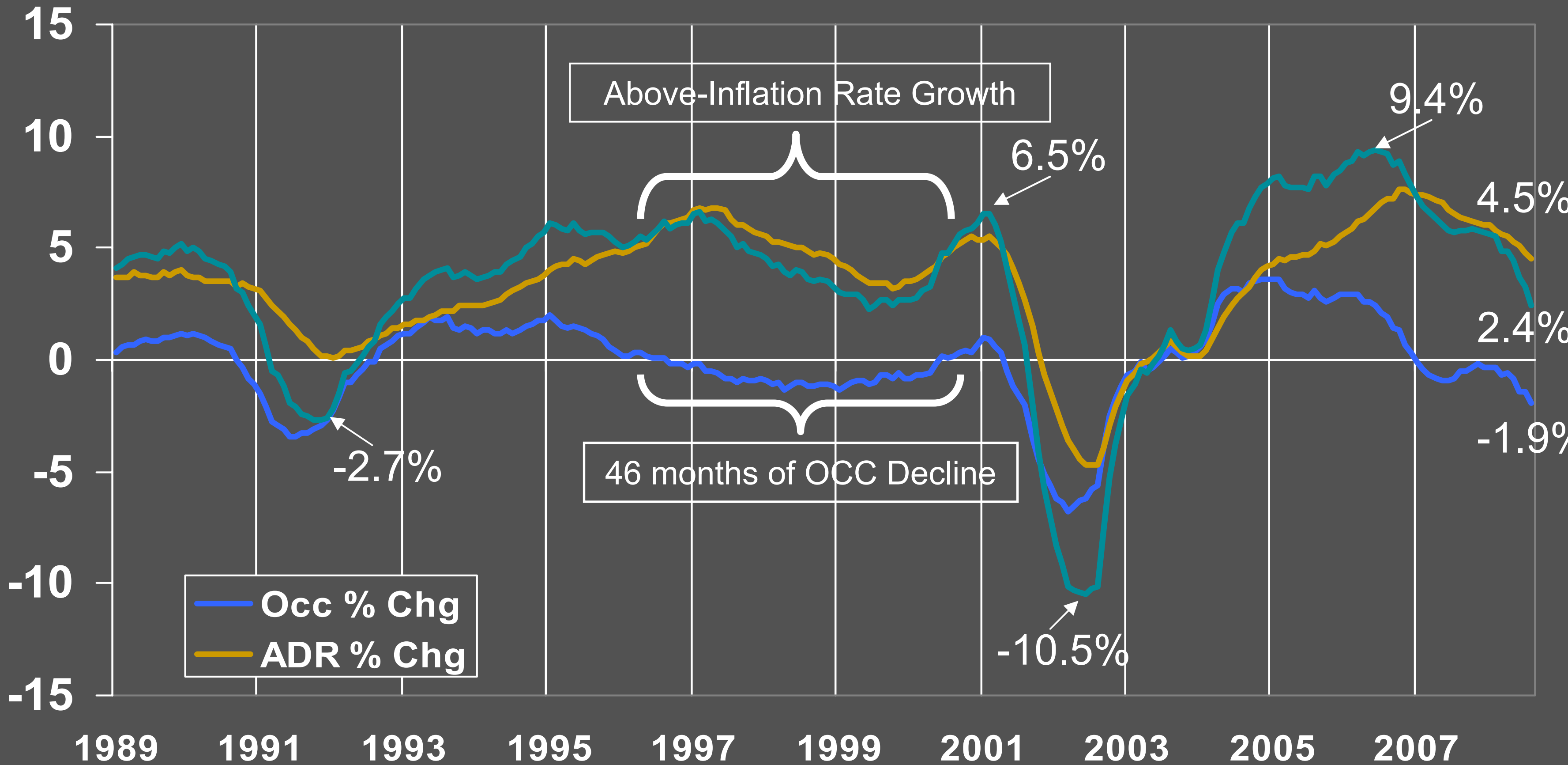


Total United States

ADR – Weekday vs. Weekend
Monthly
Jan 2003 – Sep 2008



Total United States
Occupancy/ADR/RevPAR Percent Change
Twelve Month Moving Average – 1989 to August 2008



ADR Growth Is Slowing… But Not Falling

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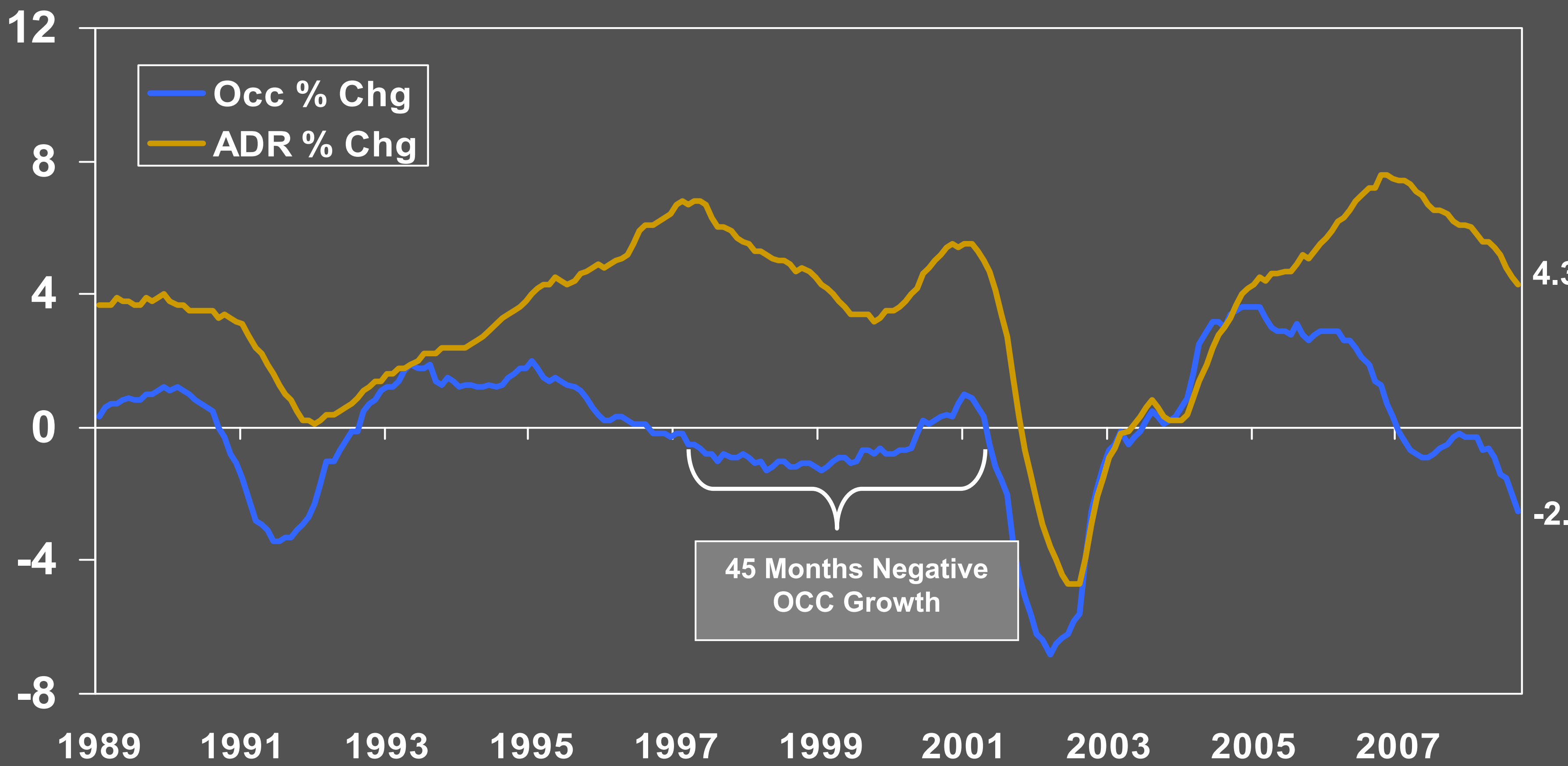
Total United States

Occupancy/ADR Percent Change
Twelve Month Moving Average – 1989 to September 2008

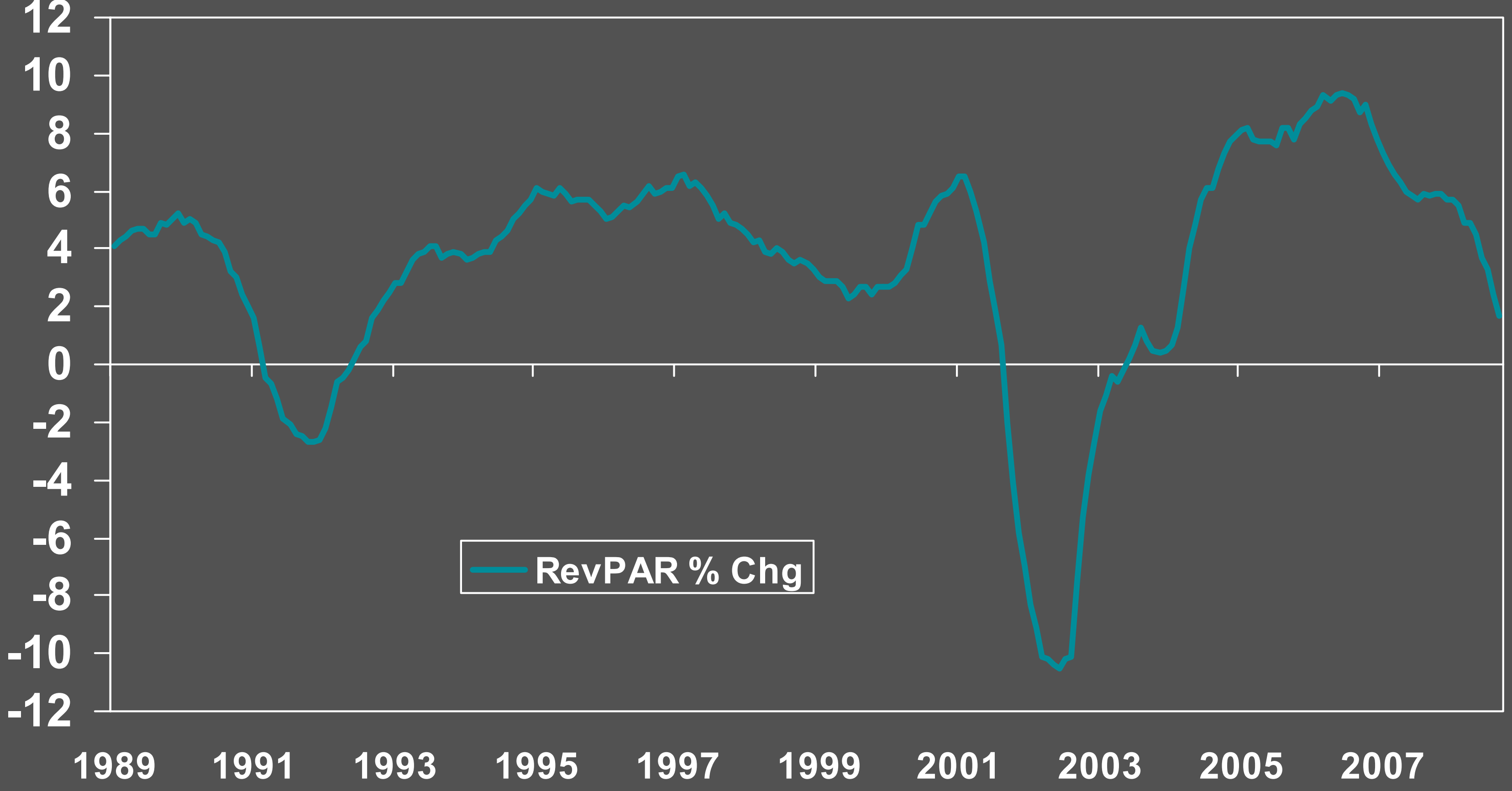


ADR Growth Is Slowing… But Not Falling

Total United States

RevPAR Percent Change

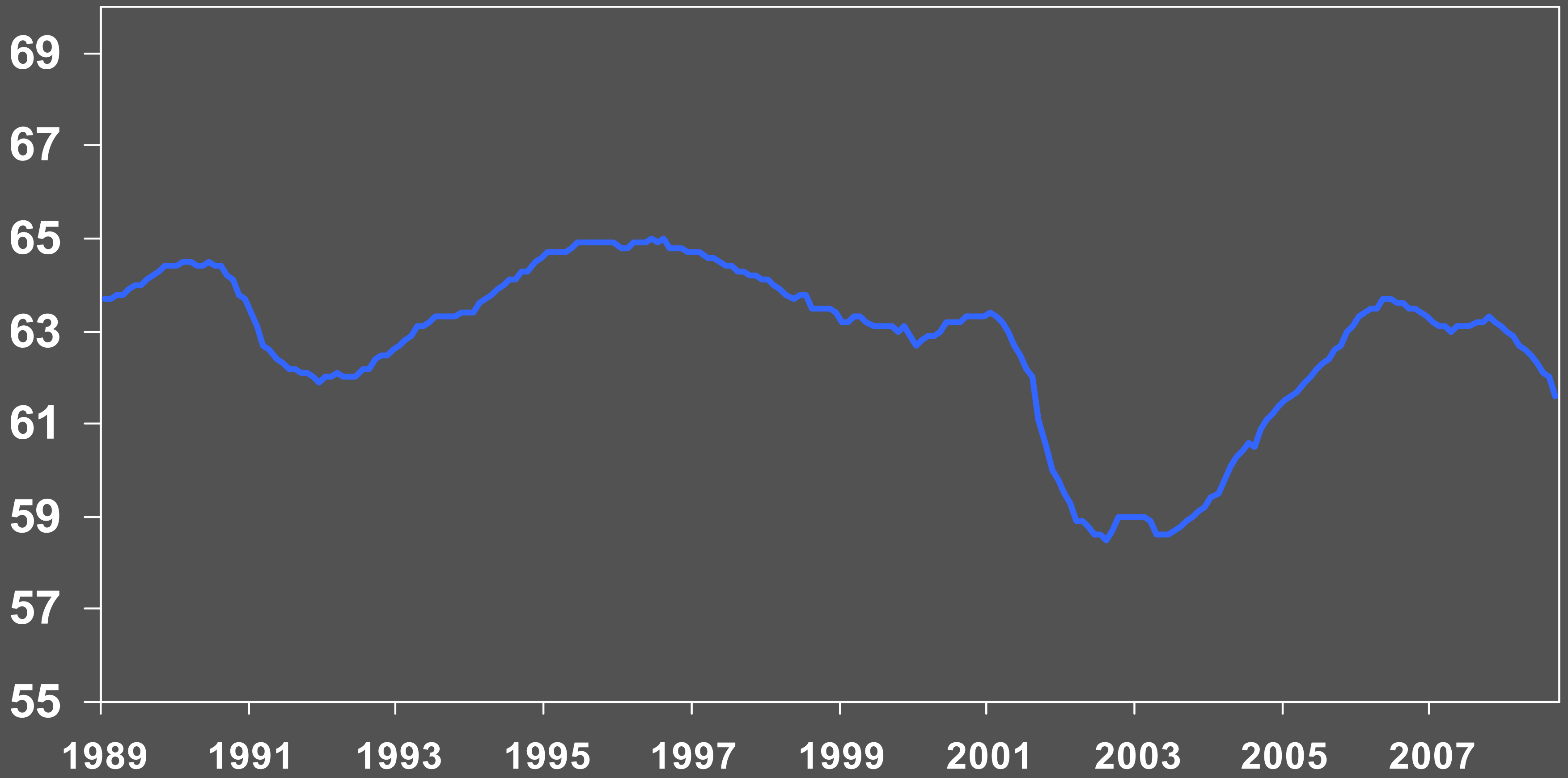
Twelve Month Moving Average – 1989 to September 2008



Total United States

Occupancy Percent

Twelve Month Moving Average – 1989 to September 2008



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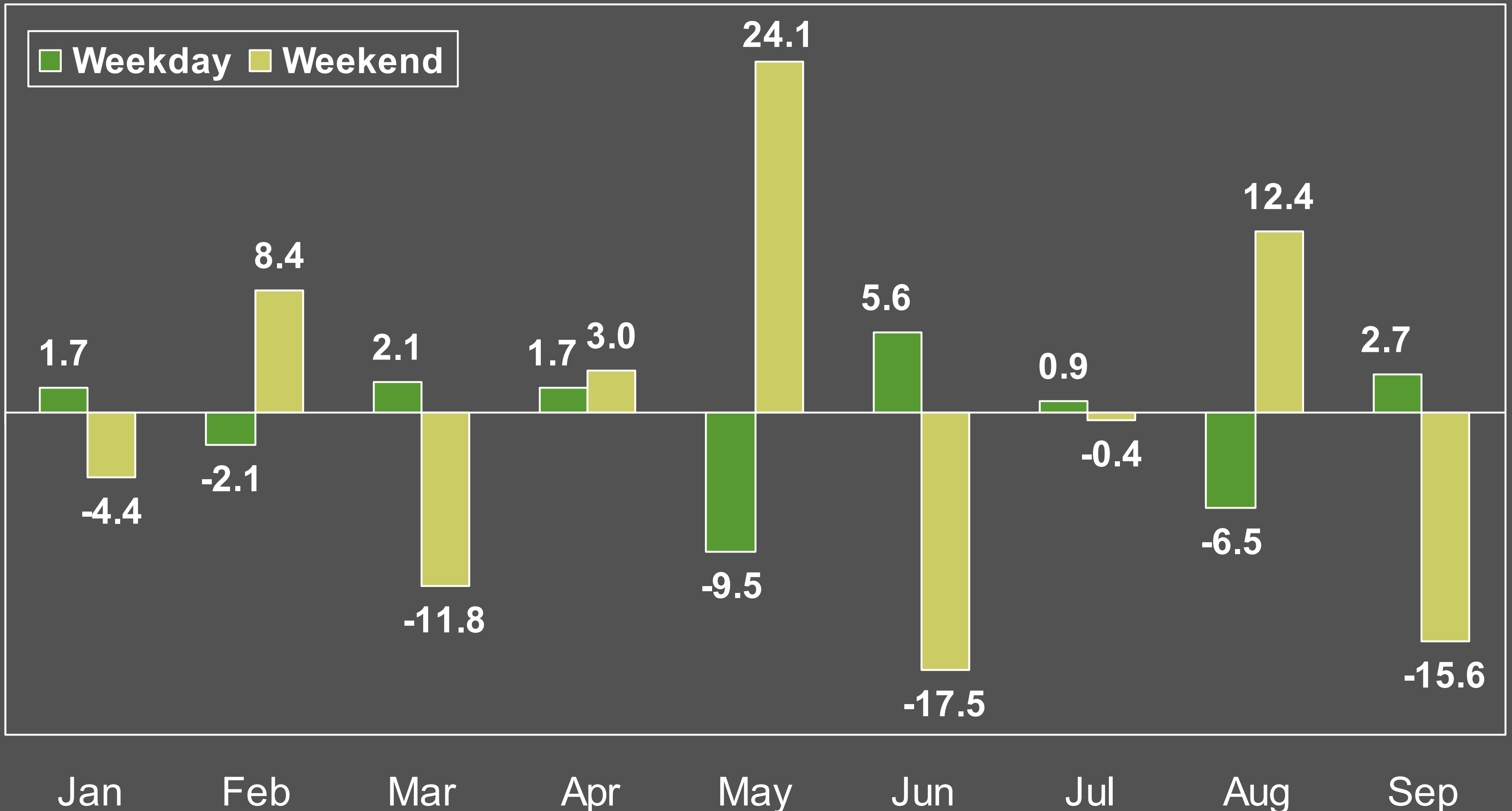
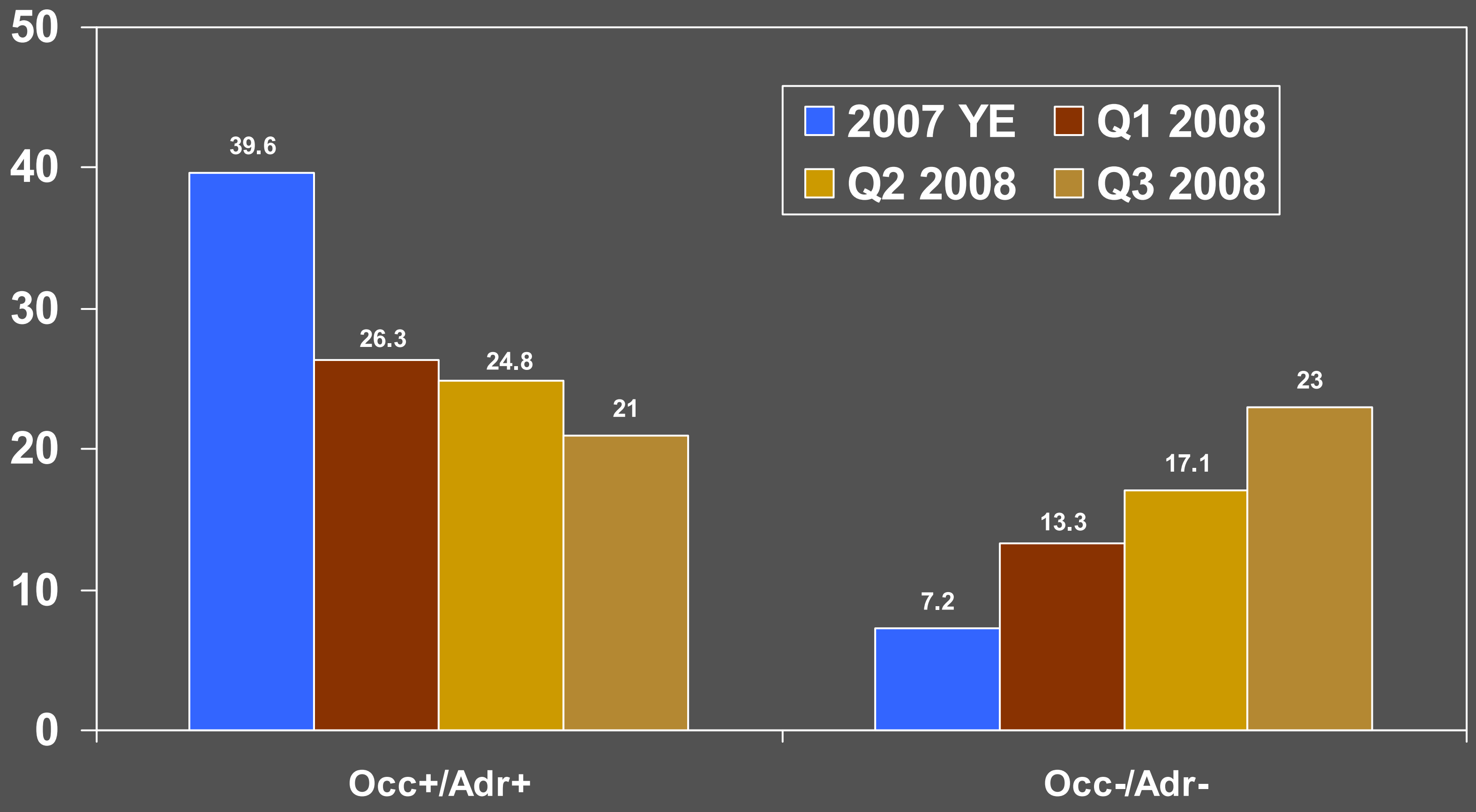
Total United States

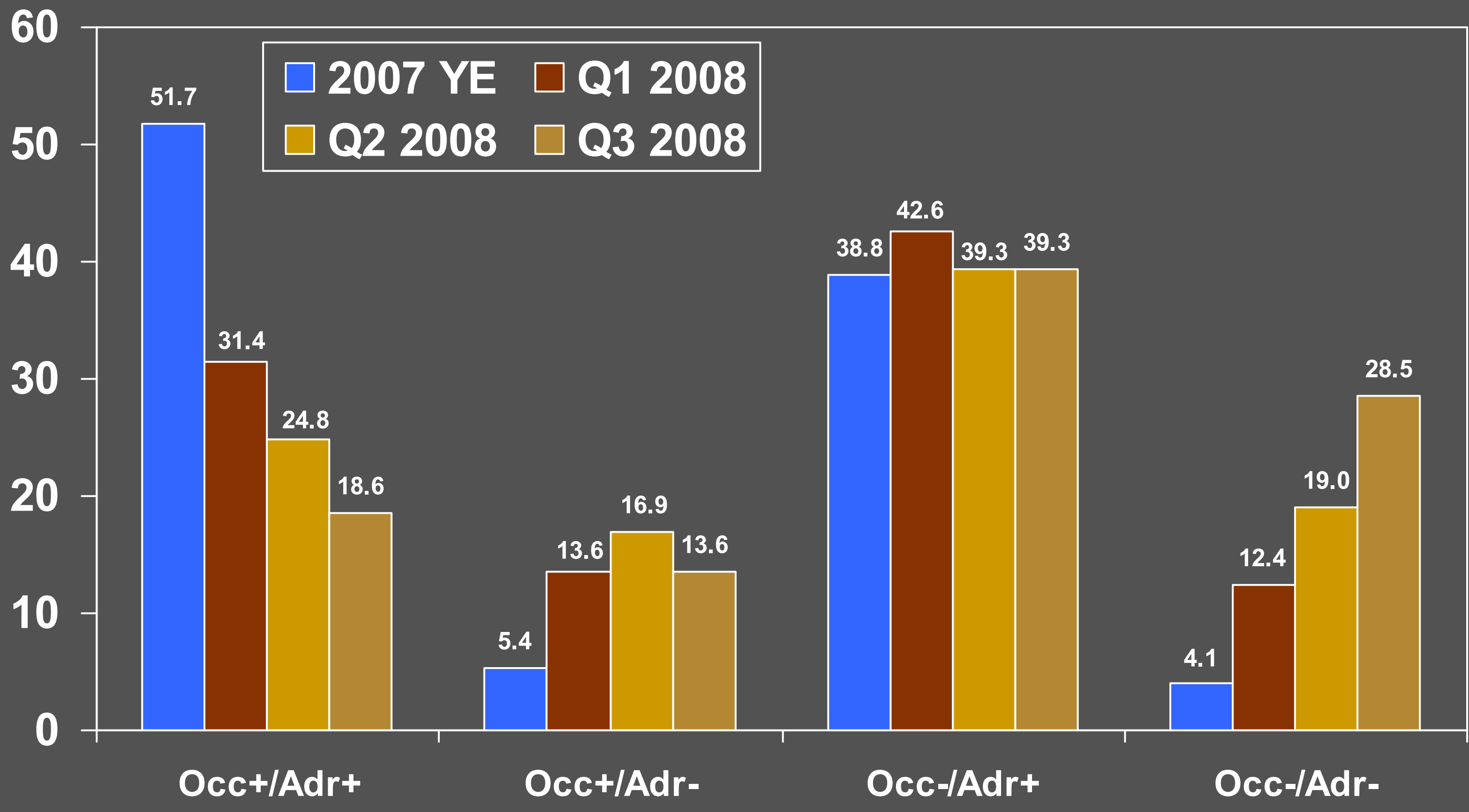
Weekend vs. Weekend Demand Percent Change
September YTD 2008



Total United States
Occ/Adr Winners & Losers
Year End 2007 – Quarterly 2008

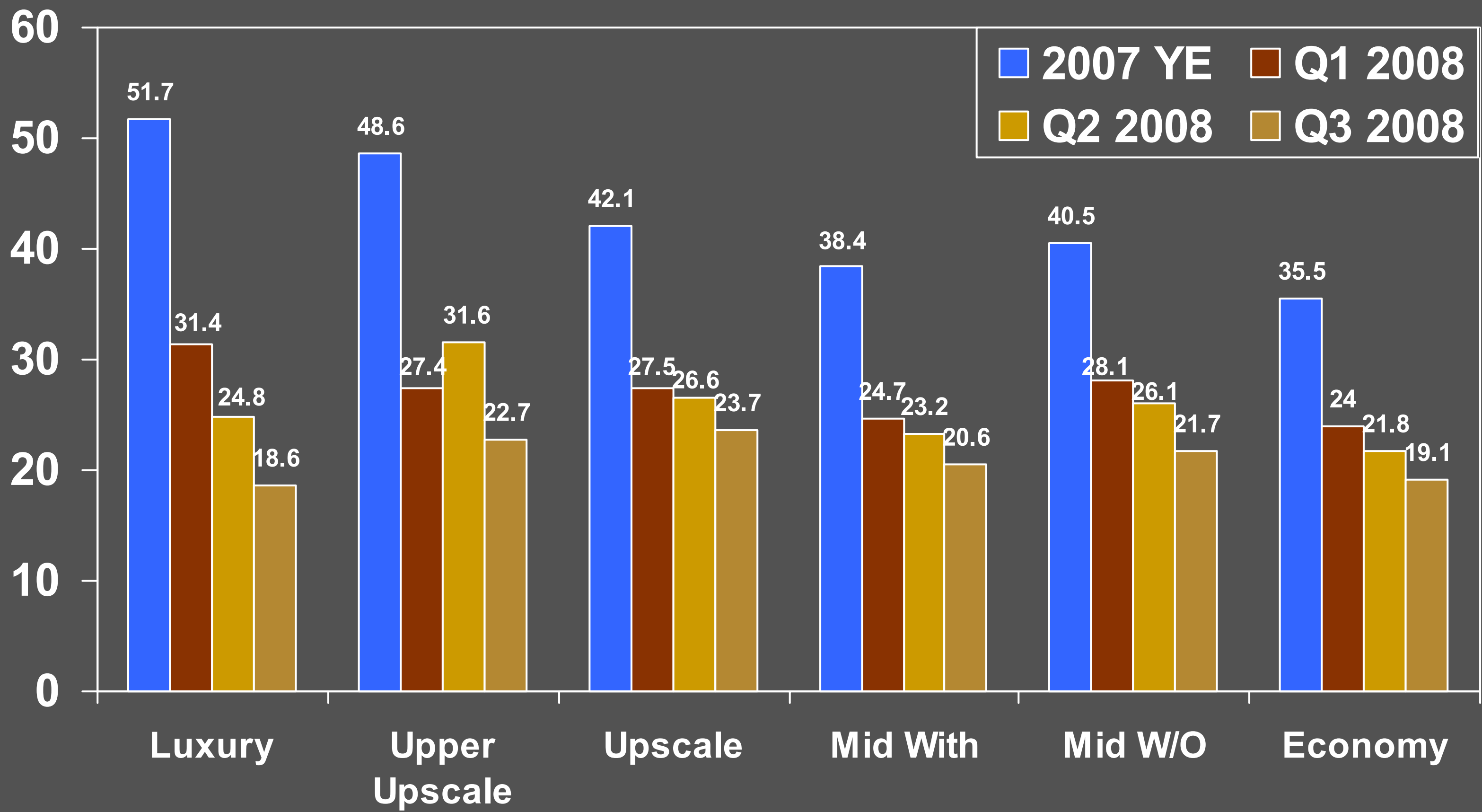


Luxury Chains
Occ/Adr Winners & Losers
Year End 2007 – Quarterly 2008



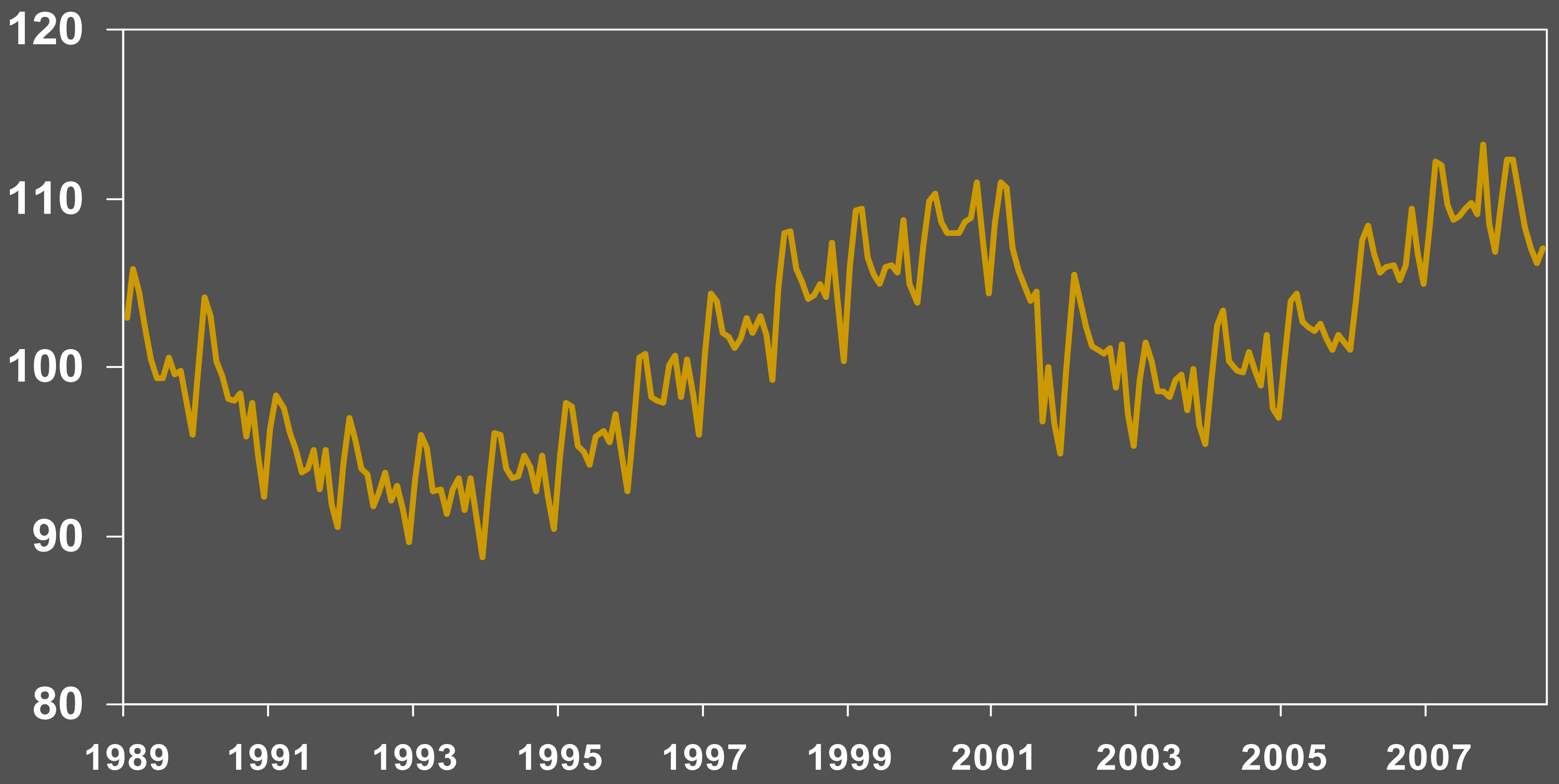
Increasing Occupancy and ADR Chain Scales

Year End 2007 – Quarterly 2008



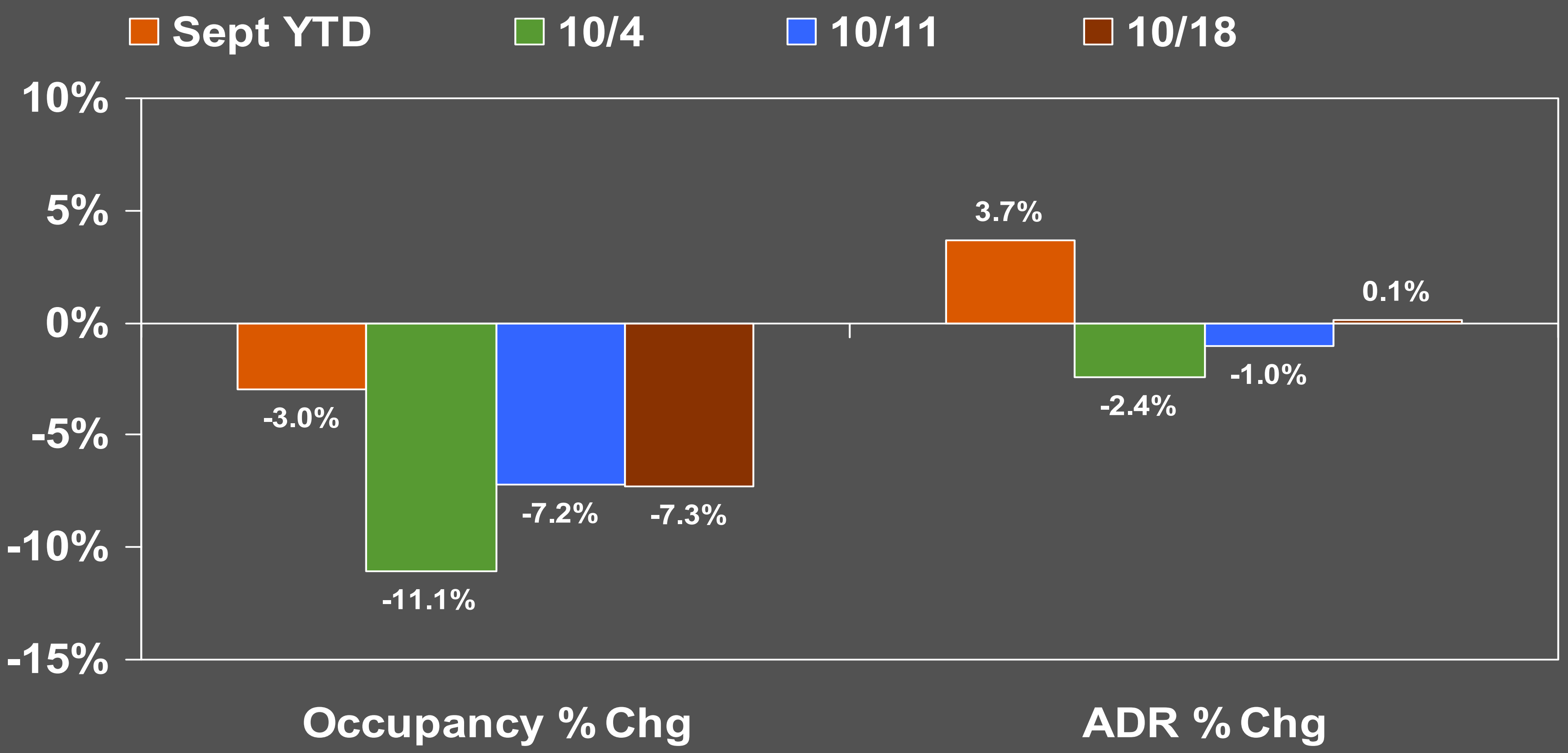
Total United States

Real Average Daily Rate
Inflation Adjusted to Aug 2008 Dollars
Jan 1989 - Aug 2008



Total United States

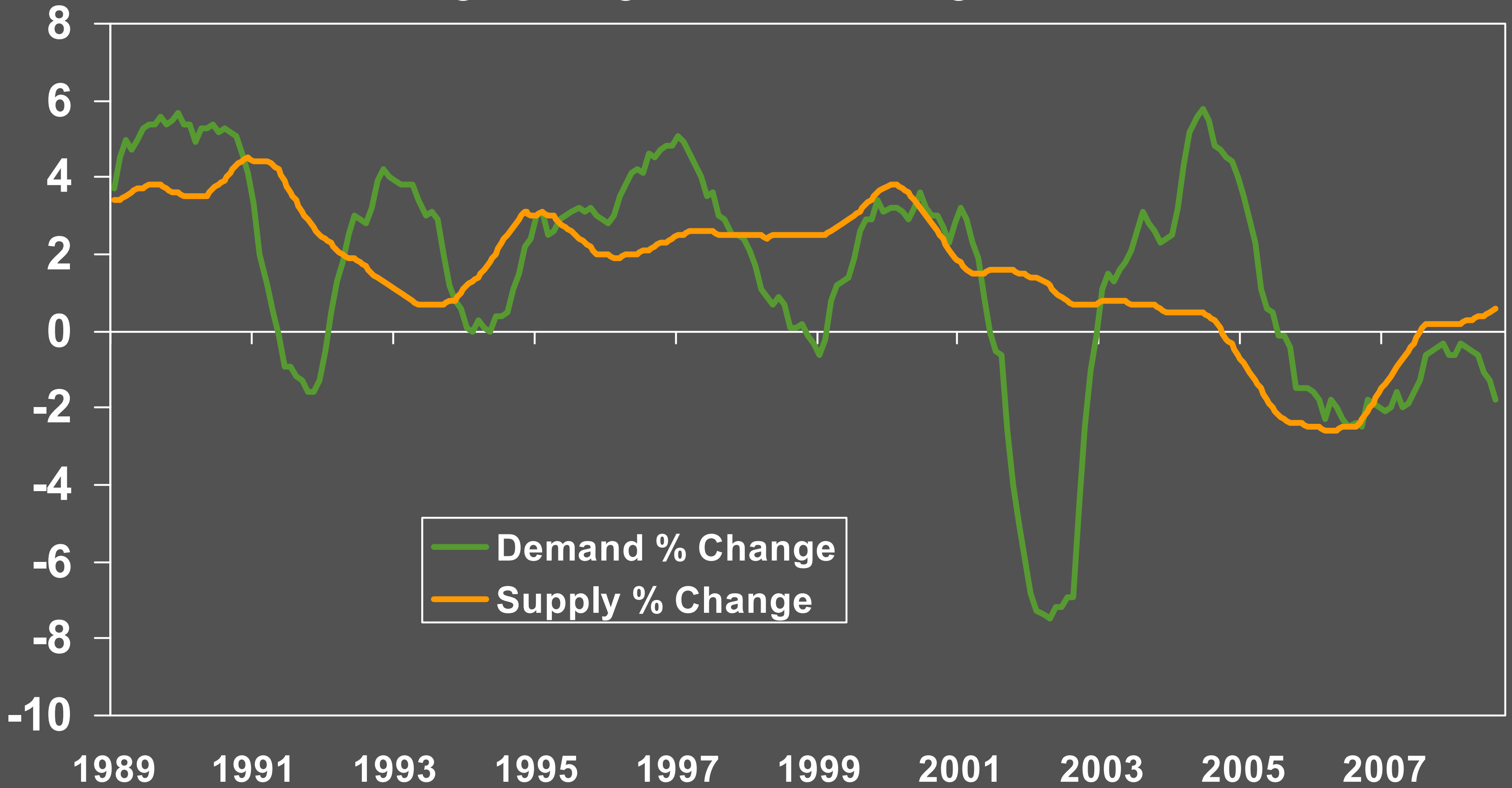
Occupancy and ADR Percent Change
YTD through 10/18



Total US – Resort Locations Only

Room Supply/Demand Percent Change

Twelve Month Moving Average – 1989 to August 2008

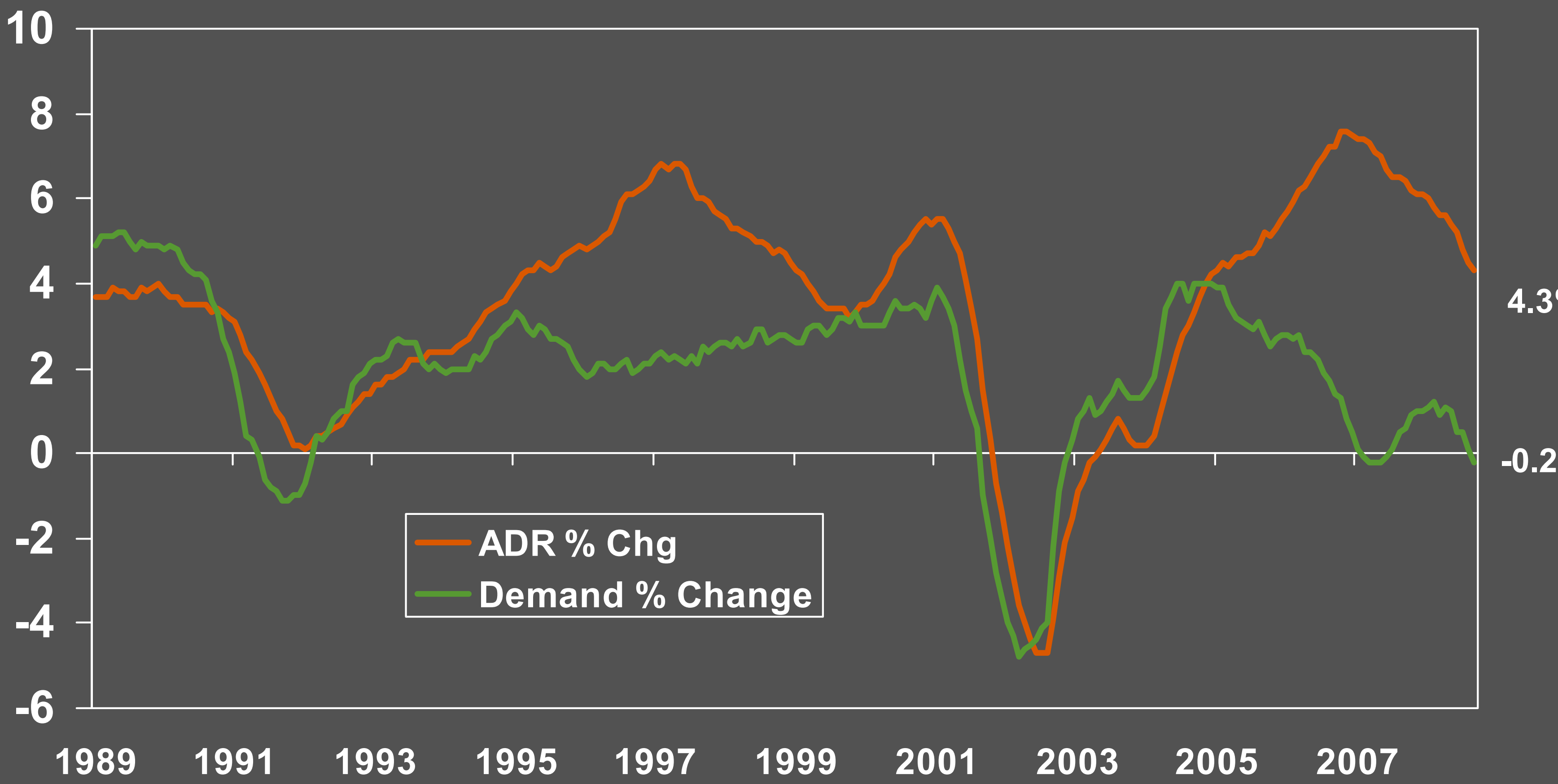


Demand Cyclicality More Pronounced

Total United States

Room Demand/ADR Percent Change

Twelve Month Moving Average – 1989 to September 2008



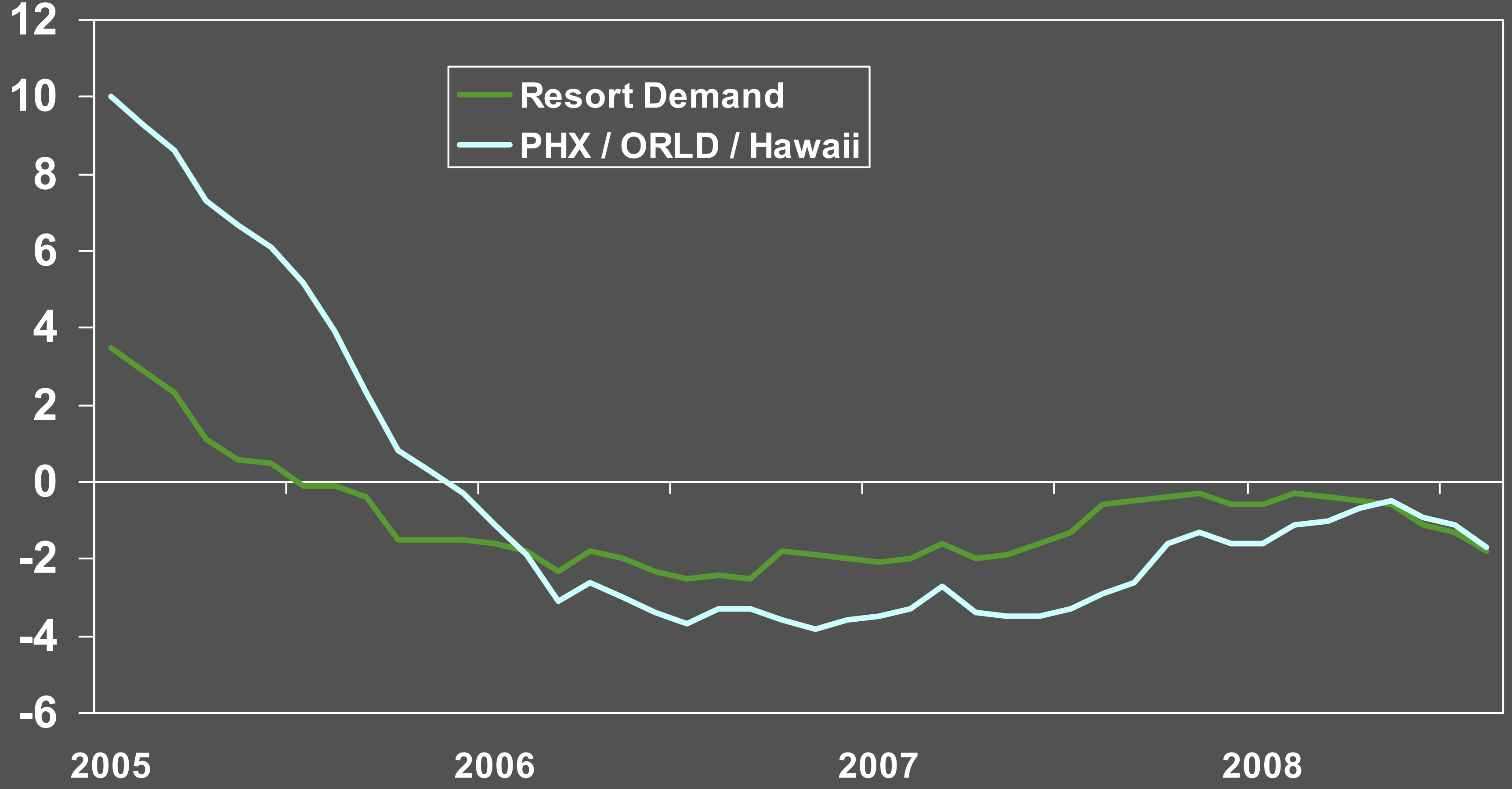
Resort Hotel / Resort Market

Demand Trends

Resort Location vs. Select Markets (PHX / ORLD / HI)

Demand Percent Change

Twelve Month Moving Average – 2005 to August 2008

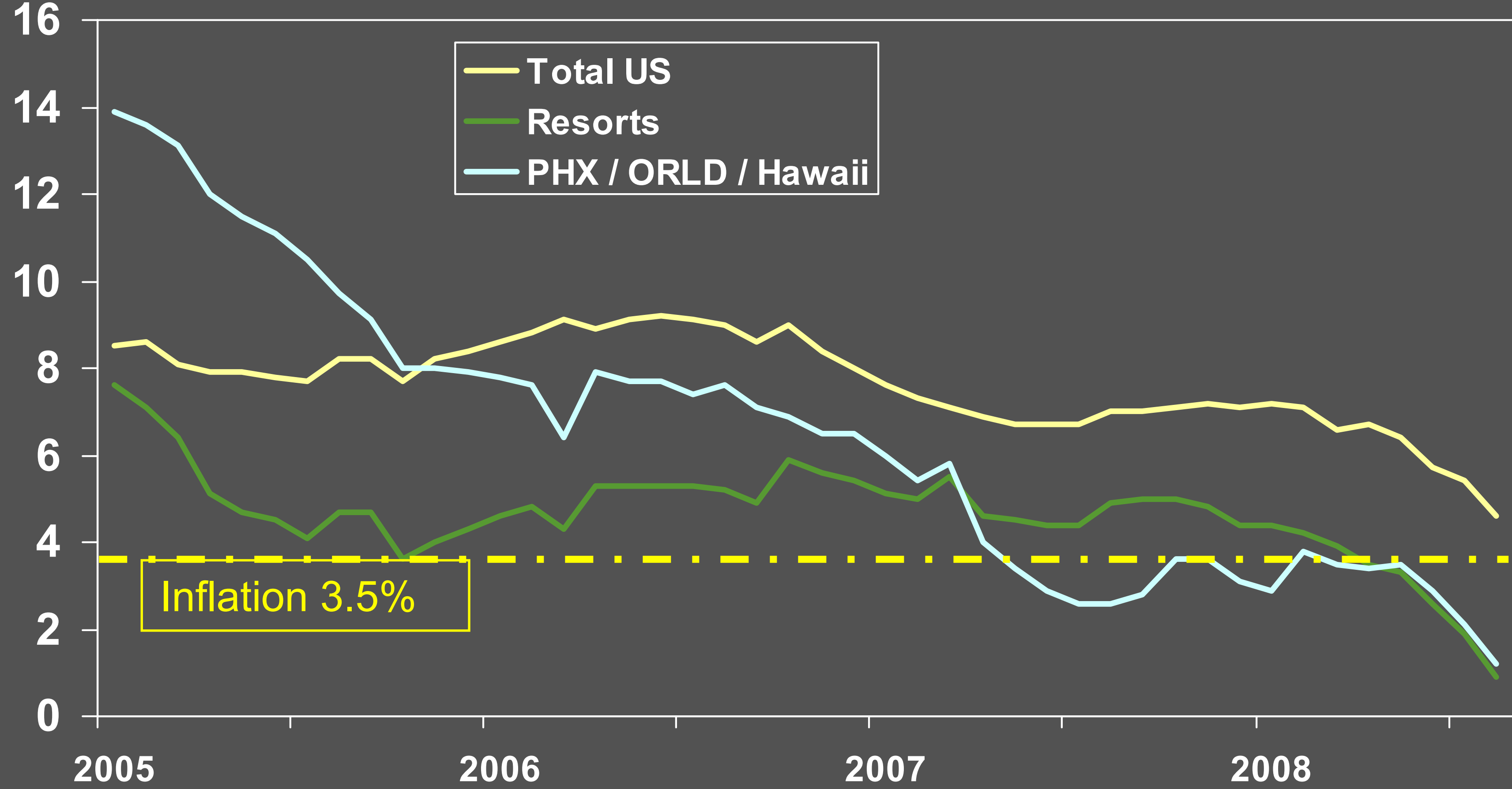


Demand in 3 Major Markets Deteriorates

Total US vs. Resorts vs. Select Markets (PHX / ORLD / HI)

Revenue Percent Change

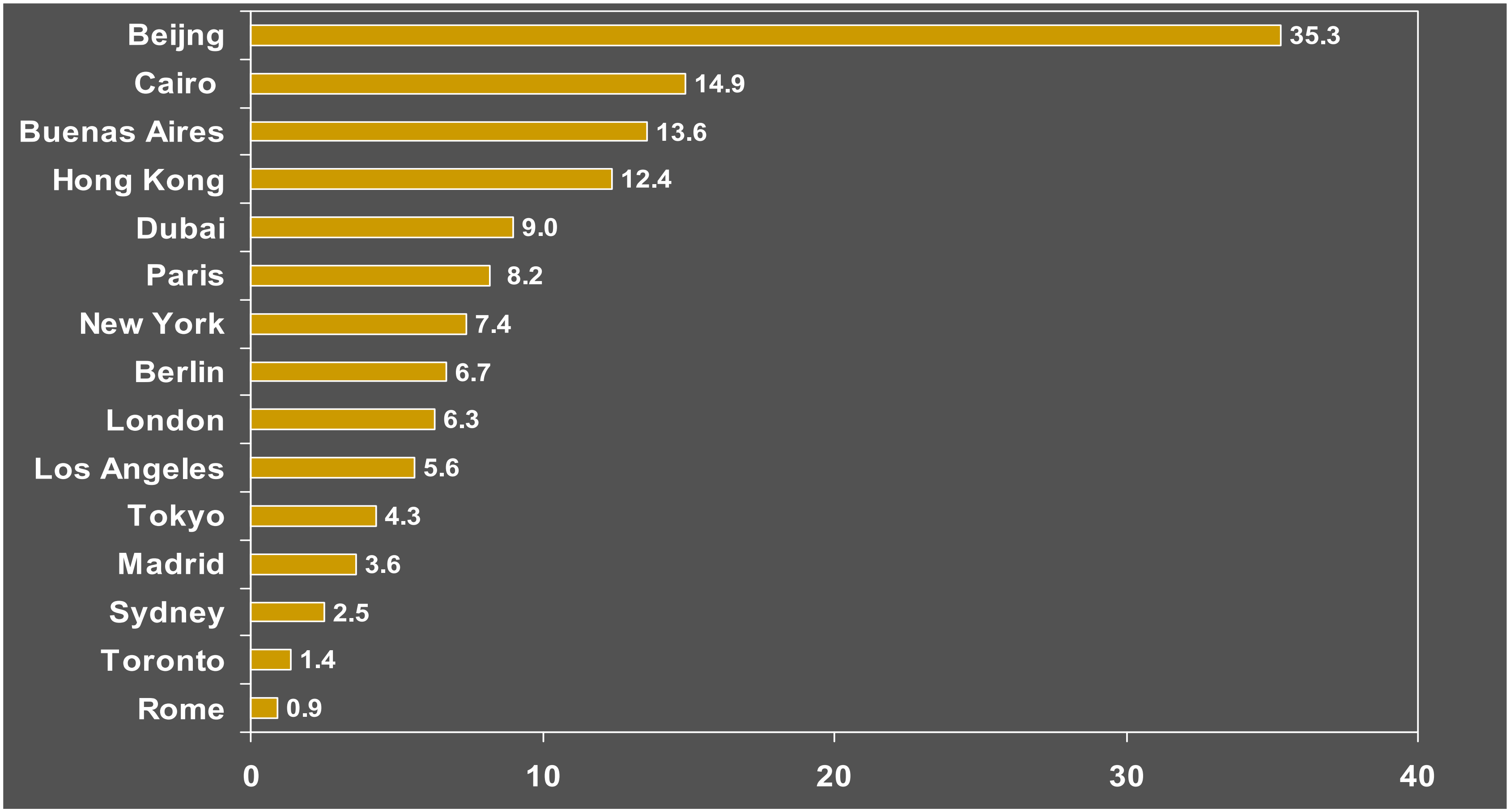
Twelve Month Moving Average – 2005 to August 2008



Revenue Growth Is Slowing Rapidly

Key 15 Global Markets

ADR Percent Change (In Local Currency)
September 2008 YTD Year over Year



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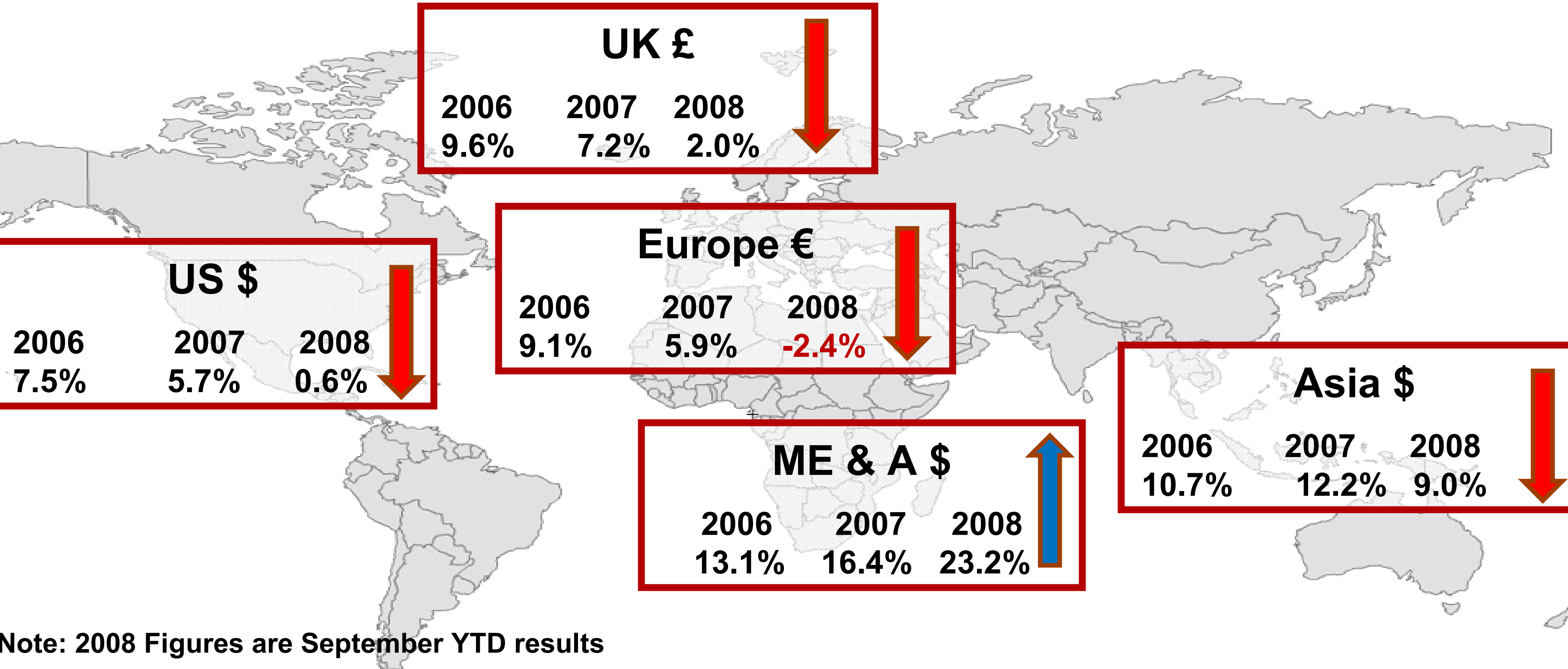
Global: RevPAR growth slowing

RevPAR % change



Note: 2008 Figures are September YTD results

Focus on Europe: RevPAR Growth 2008

revPAR % change

UK £

2007	2008
7.2%	2.0%

US $

2007	2008
5.7%	0.6%

Asia $

2007	2008
12.2%	9.0%

ME & A $

2007	2008
16.4%	23.2%

Europe €

2007	2008
5.9%	-2.4%

Europe 2008

Belgium	8.8%
Germany	5.6%
Italy	-7.9%
Netherlands	-0.1%
Spain	-3.8%
UK	-11.9%

Note: 2008 Figures are September YTD results

Focus on Americas: RevPAR Growth 2008

revPAR % change

UK £

2007	2008
7.2%	2.0%

Europe €

2007	2008
5.9%	-2.4%

Asia $

2007	2008
12.2%	9.0%

ME & A $

2007	2008
16.4%	23.2%

US $

2007	2008
5.7%	0.6%

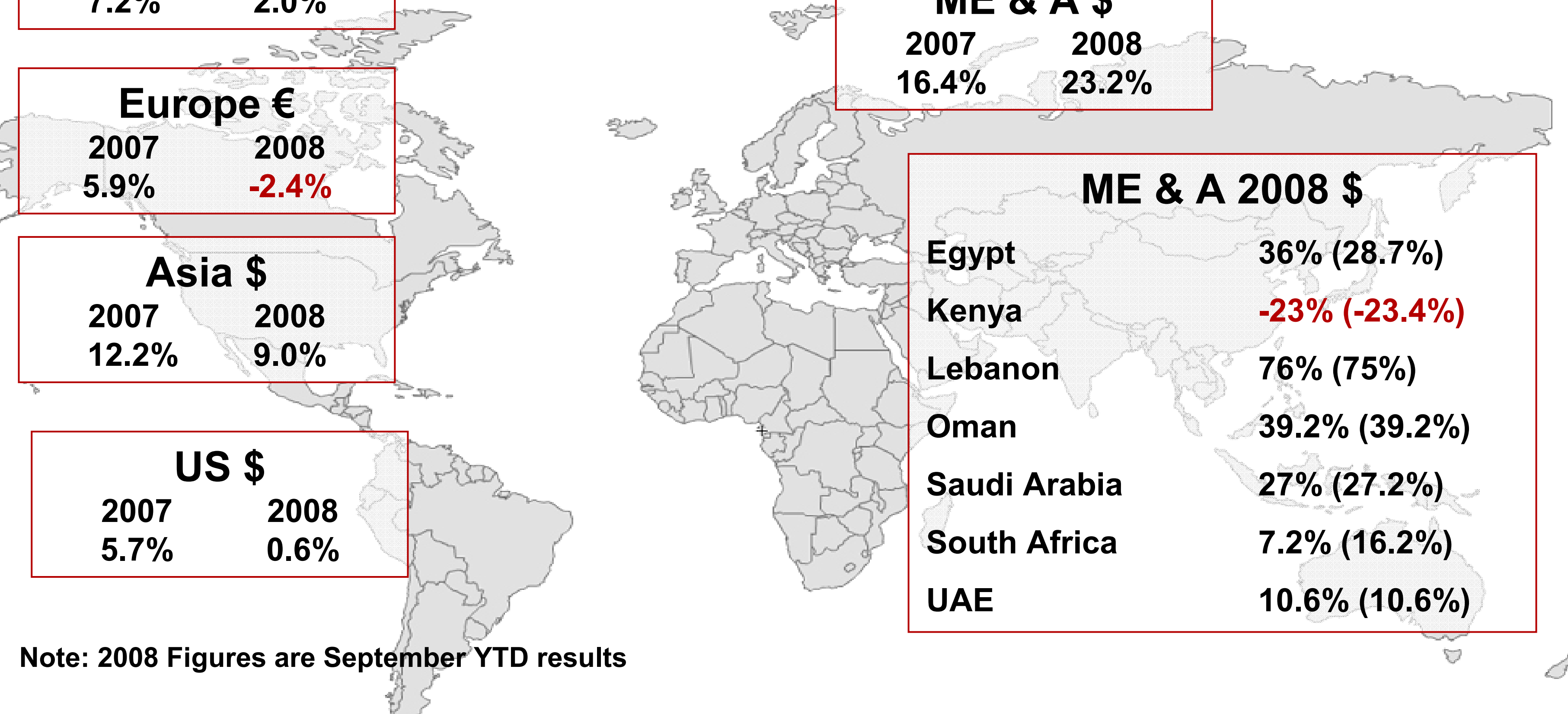
Americas 2008 $

Boston:	2.9%
Buenos Aires:	19.0% (18.8%)
Los Angeles:	2.2%
New York:	7.9%
Sao Paulo :	35% (14.7%)
Santiago:	34.9% (23.0%)
Toronto:	7.8% (1.1%)

Note: 2008 Figures are September YTD results

Focus on Middle East & Africa: RevPAR 2008

revPAR % change



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Asia $

2007	2008
12.2%	9.0%

US $

2007	2008
5.7%	0.6%

ME & A $

2007	2008
16.4%	23.2%

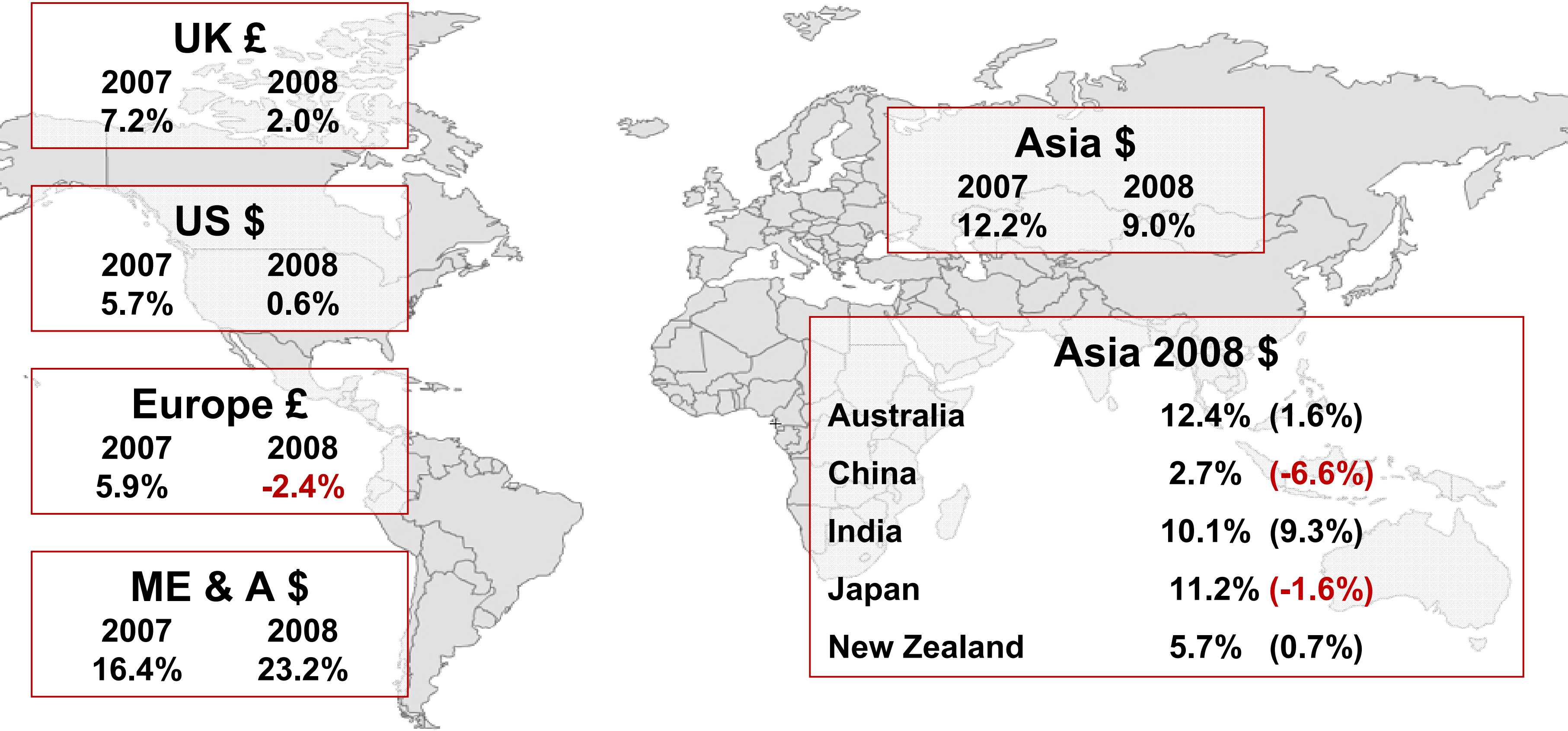
ME & A 2008 $

Egypt	36% (28.7%)
Kenya	-23% (-23.4%)
Lebanon	76% (75%)
Oman	39.2% (39.2%)
Saudi Arabia	27% (27.2%)
South Africa	7.2% (16.2%)
UAE	10.6% (10.6%)

Note: 2008 Figures are September YTD results

Focus on Asia: RevPAR Growth 2008

revPAR % change



UK £

2007	2008
7.2%	2.0%

US $

2007	2008
5.7%	0.6%

Europe £

2007	2008
5.9%	-2.4%

ME & A $

2007	2008
16.4%	23.2%

Asia $

2007	2008
12.2%	9.0%

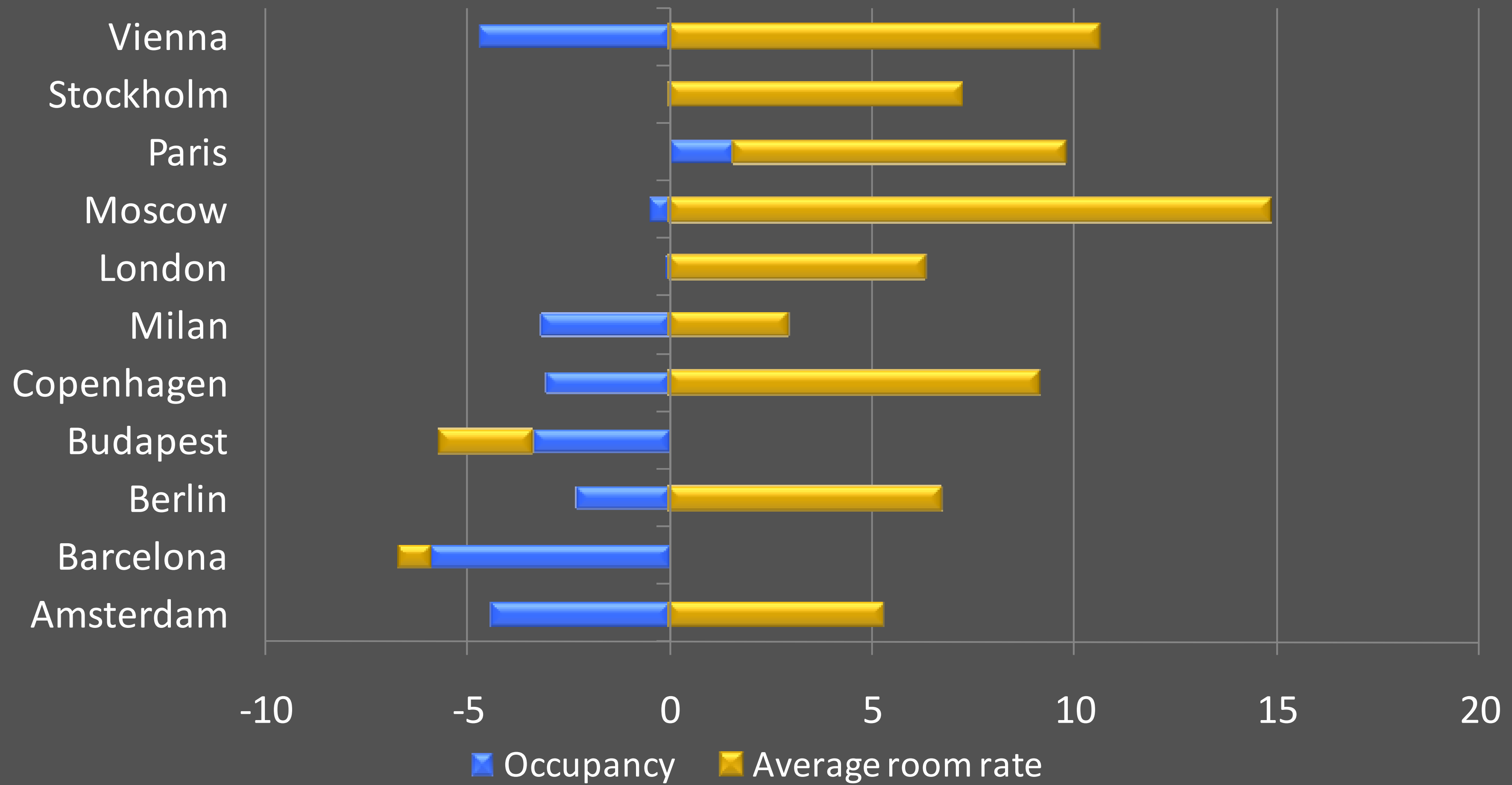
Asia 2008 $

Australia	12.4%	(1.6%)
China	2.7%	(-6.6%)
India	10.1%	(9.3%)
Japan	11.2%	(-1.6%)
New Zealand	5.7%	(0.7%)

Note: 2008 Figures are September YTD results

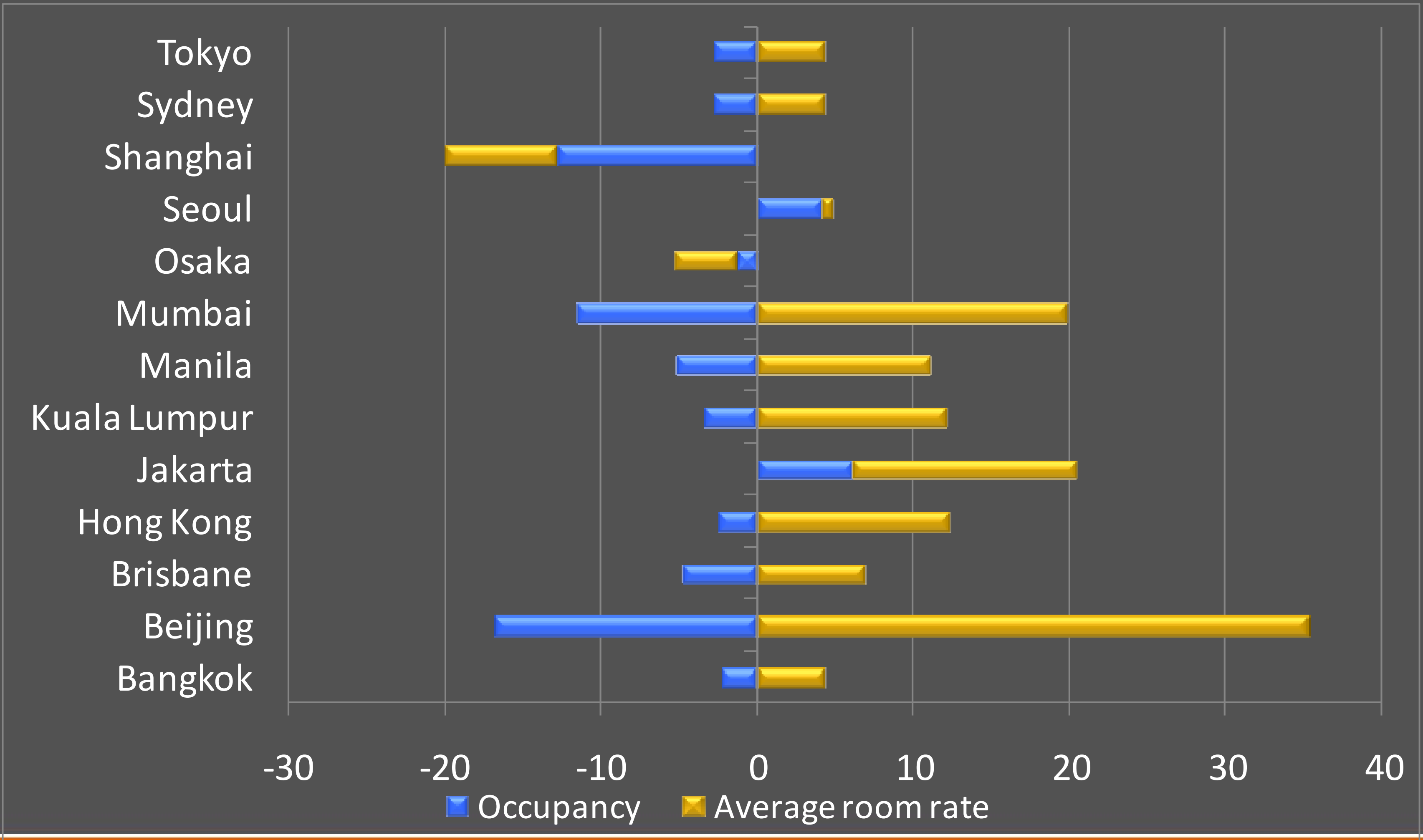
What's driving RevPAR?

% change year-to-September 08 in local currency



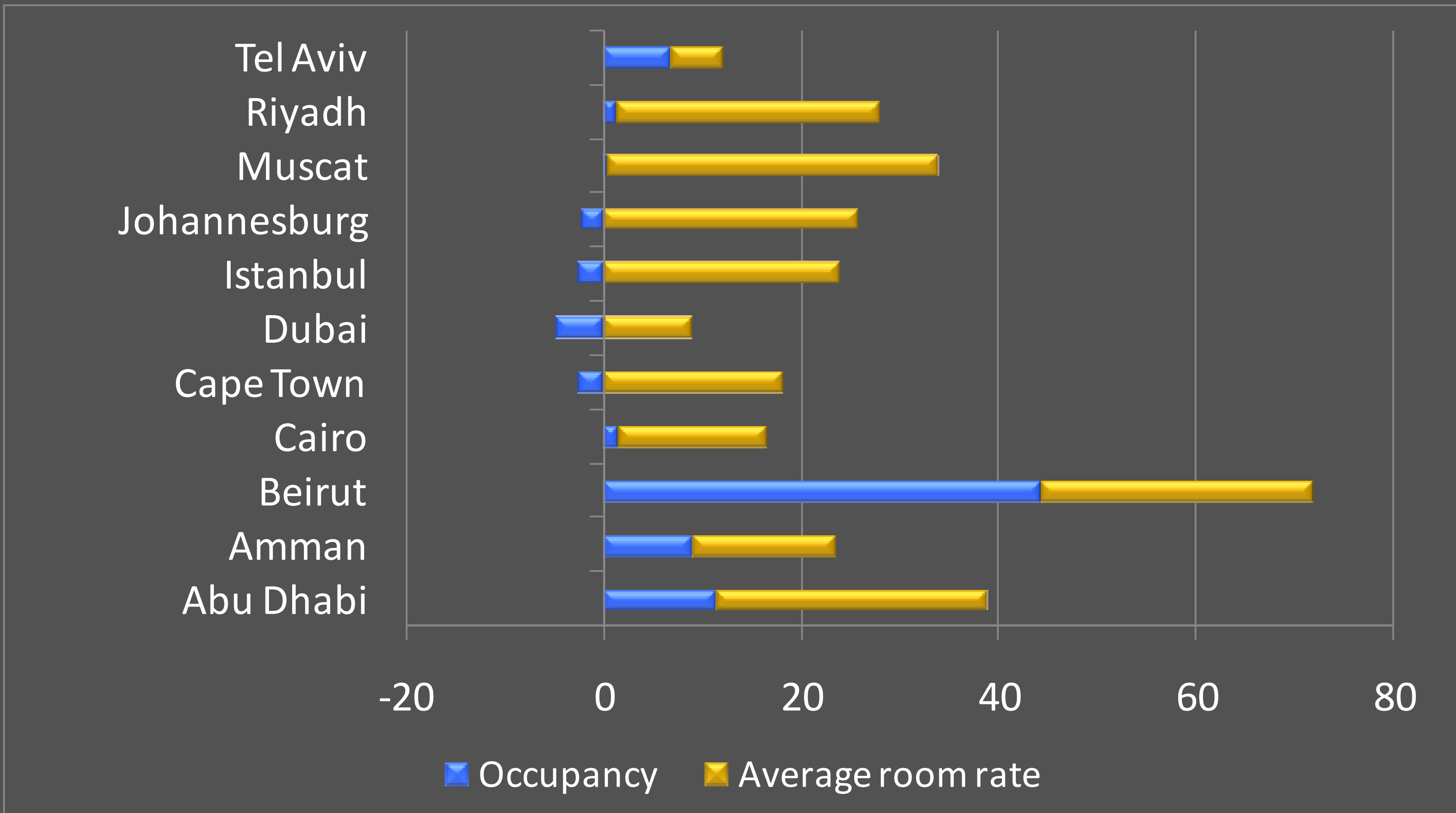
What's driving RevPAR?

% change year-to-September 08 in local currency



What's driving RevPAR?

% change year-to-September 08 in local currency



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U.S. Lodging Industry Pipeline

As of October 15, 2008

Total United States
Active Development Pipeline - Rooms
Change From Last Year

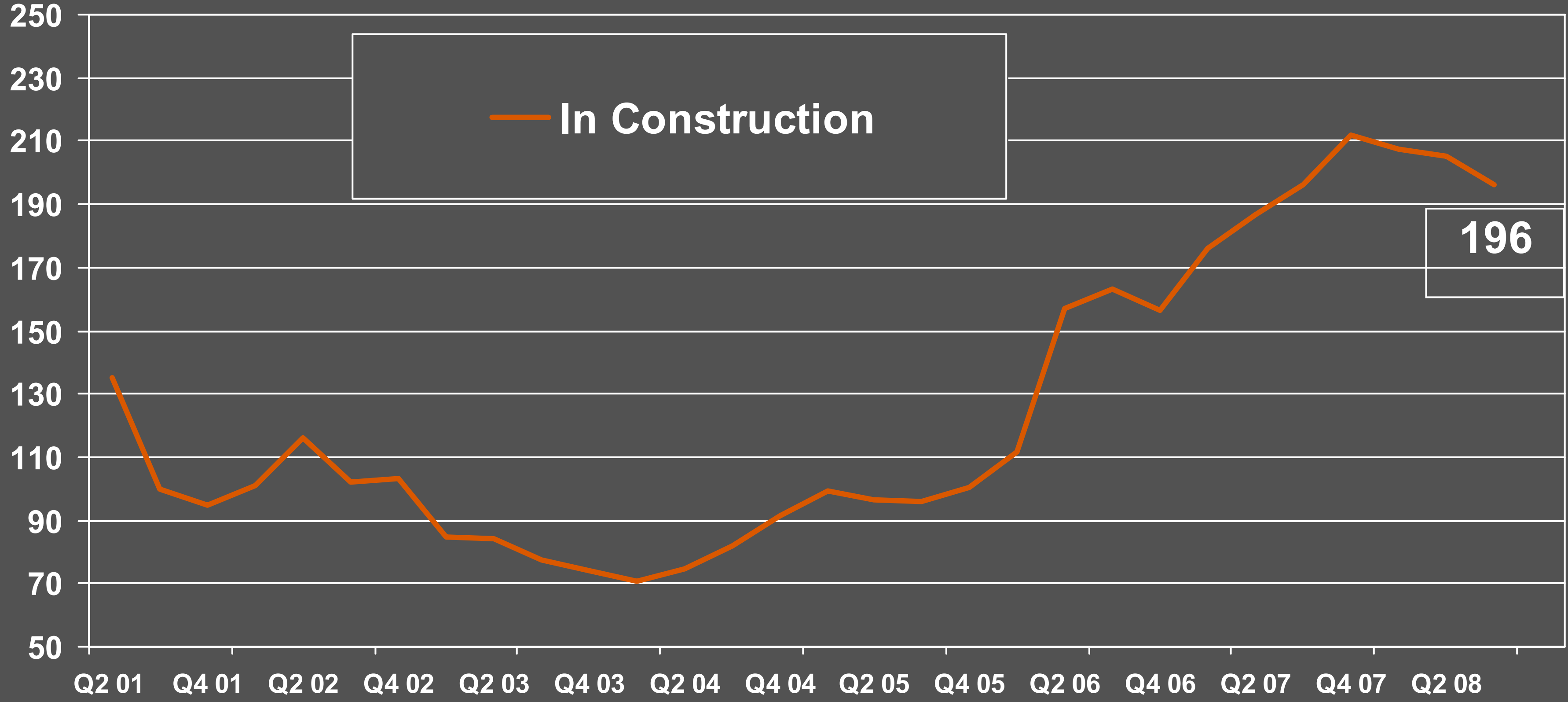
Phase	September 2008	September 2007	Difference	% Change
In Construction	195,699	196,356	-657	-0.3%
Final Planning	107,239	58,395	48,844	83.6%
Planning	351,652	315,064	36,588	11.6%
Active Pipeline	654,590	569,815	84,775	14.9%
Pre-Planning	147,854	134,668	13,186	9.8%
Total	802,444	704,483	97,961	13.9%

ource: STR / TWR / Dodge Construction Pipeline

Total United States

Quarterly Construction Pipeline – Rooms in Thousands

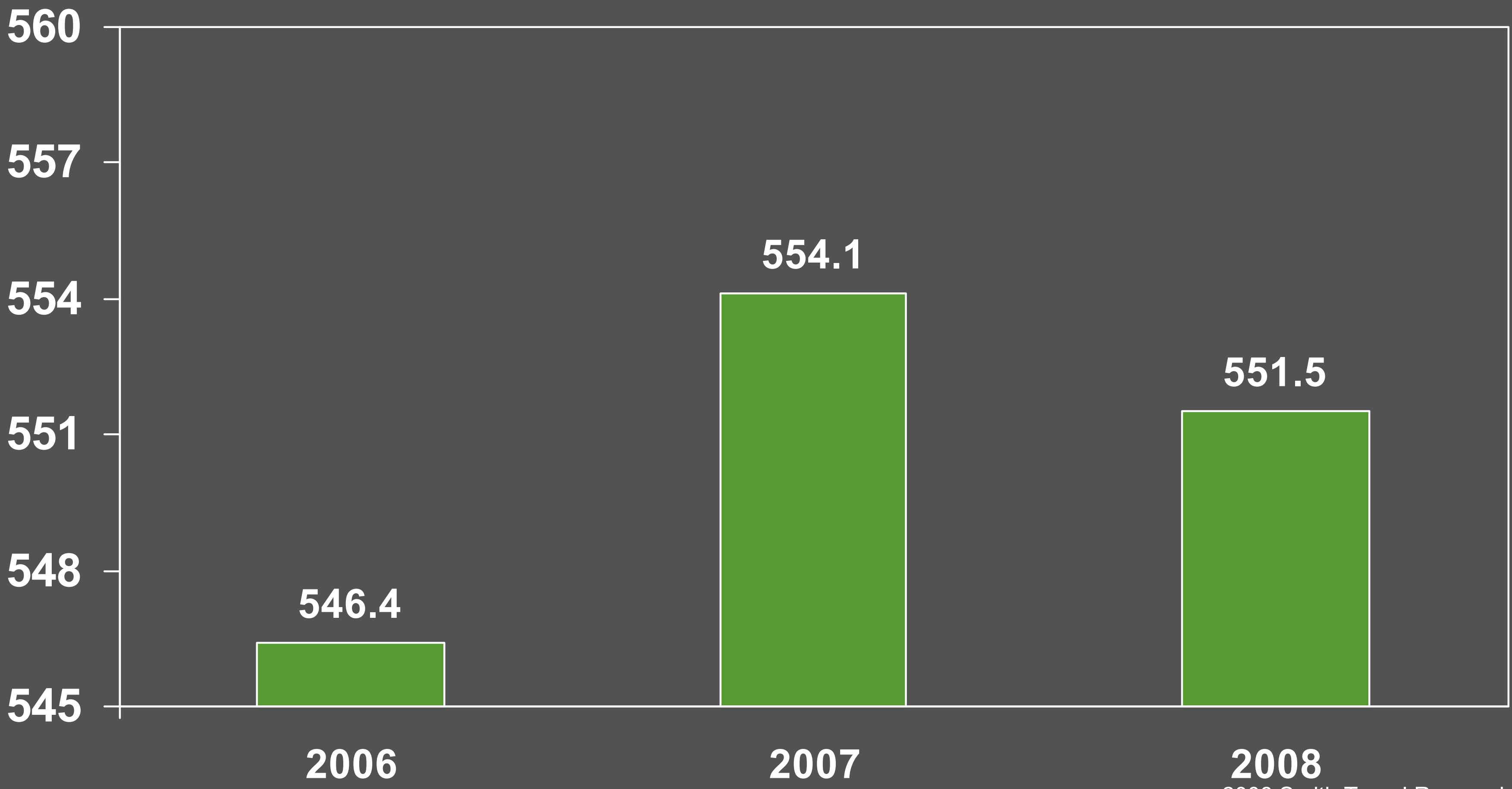
Q2 2001 – Q3 2008



Source: STR / TWR / Dodge Construction Pipeline

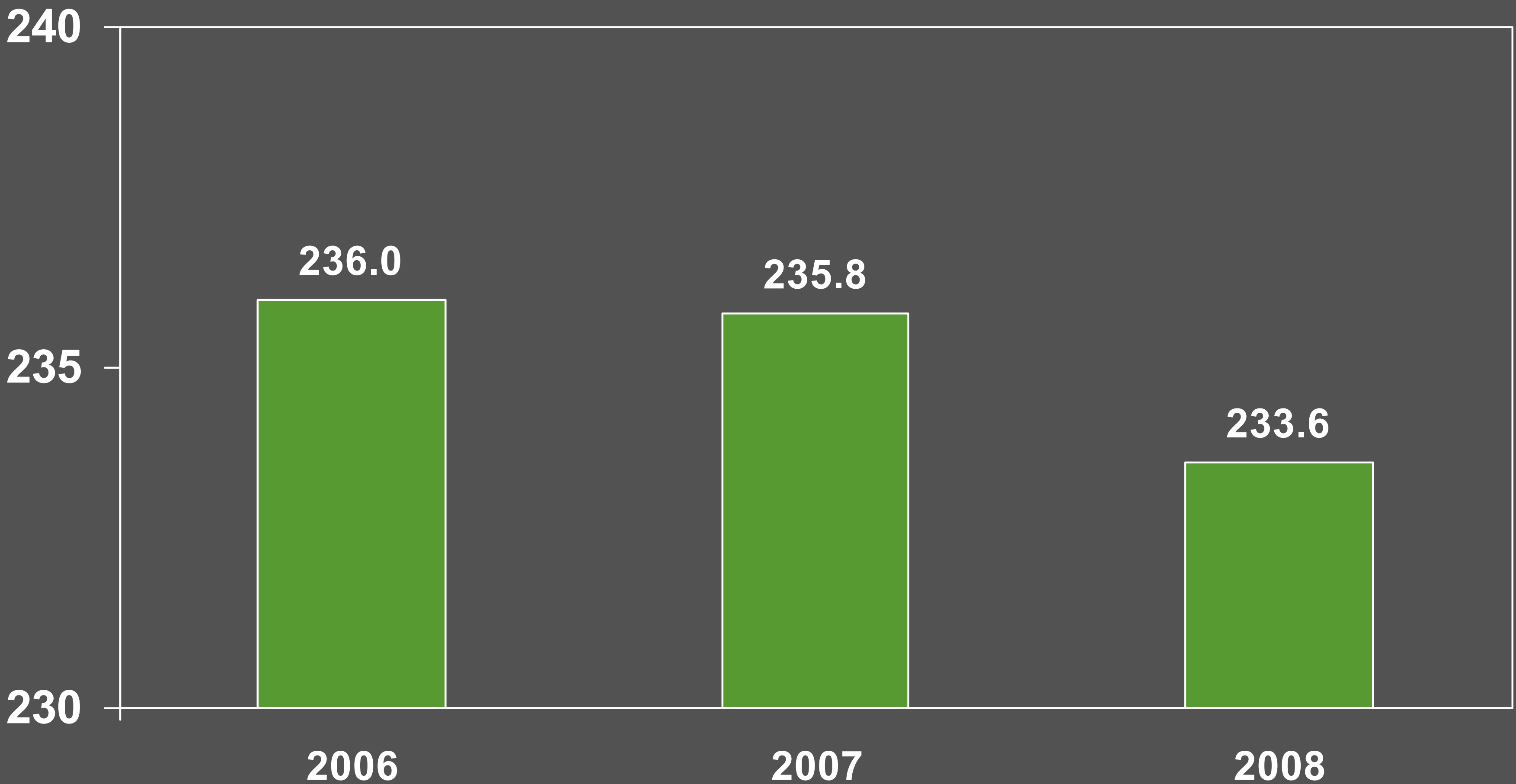
Total United States

Weekday Demand (Millions of Room Nights)
September YTD 2006 - 2008



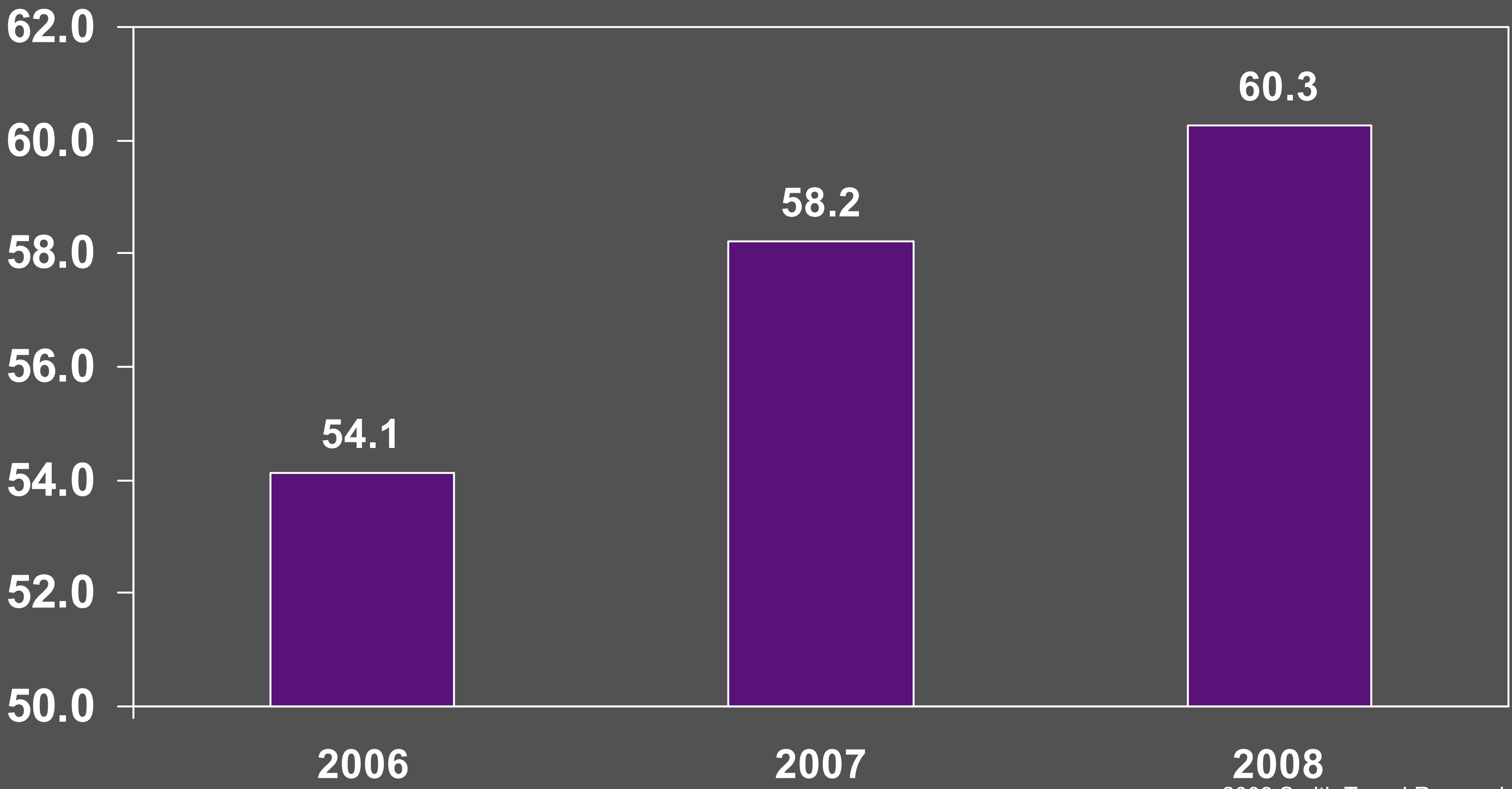
Total United States

Weekend Demand (Millions of Room Nights)
September YTD 2006 - 2008



Total United States

Weekday Room Revenue (Billion $)
September YTD 2006 - 2008



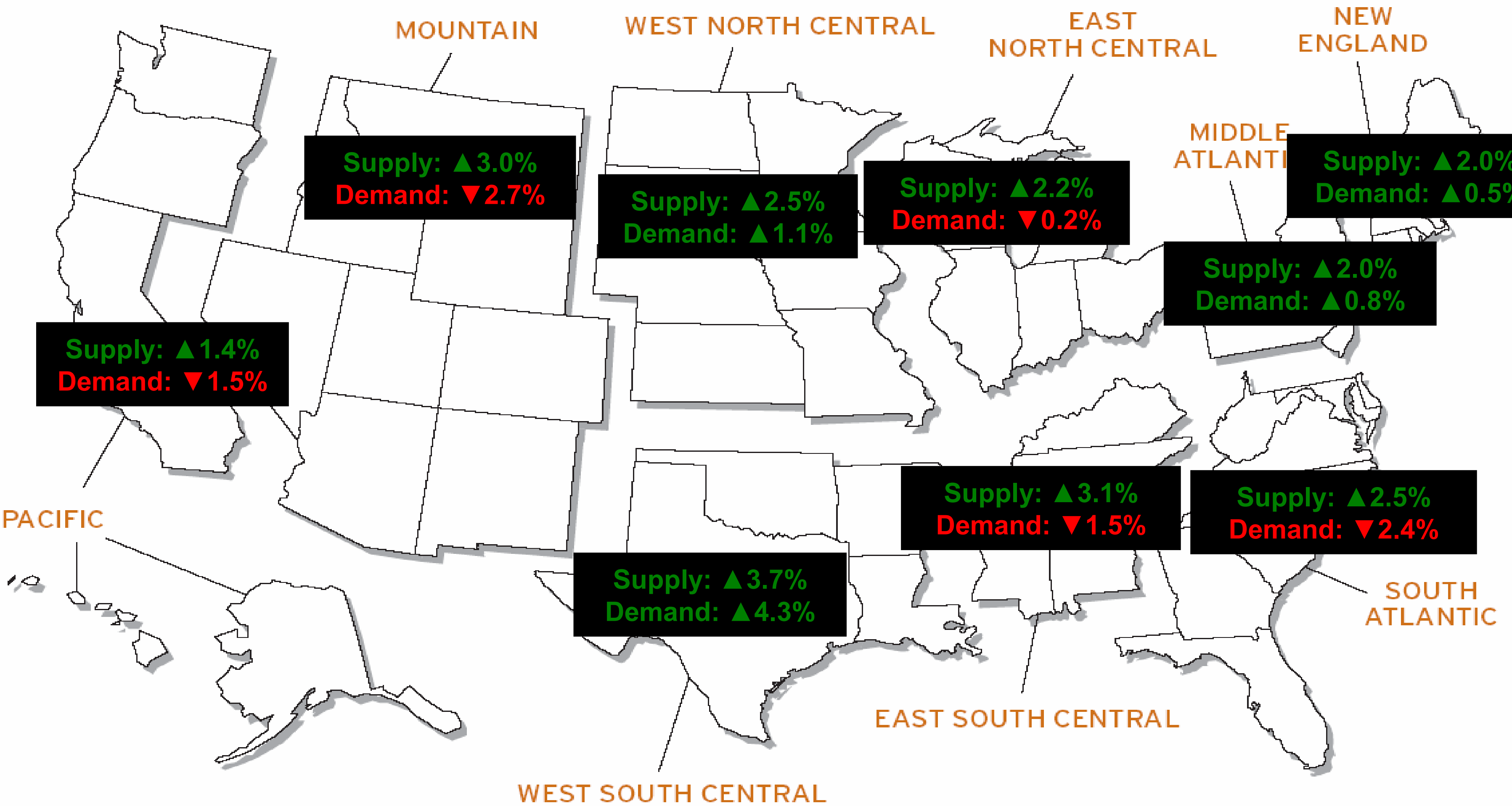
Total United States

Weekend Room Revenue (Billion $)
September YTD 2006 - 2008

U.S. Regions

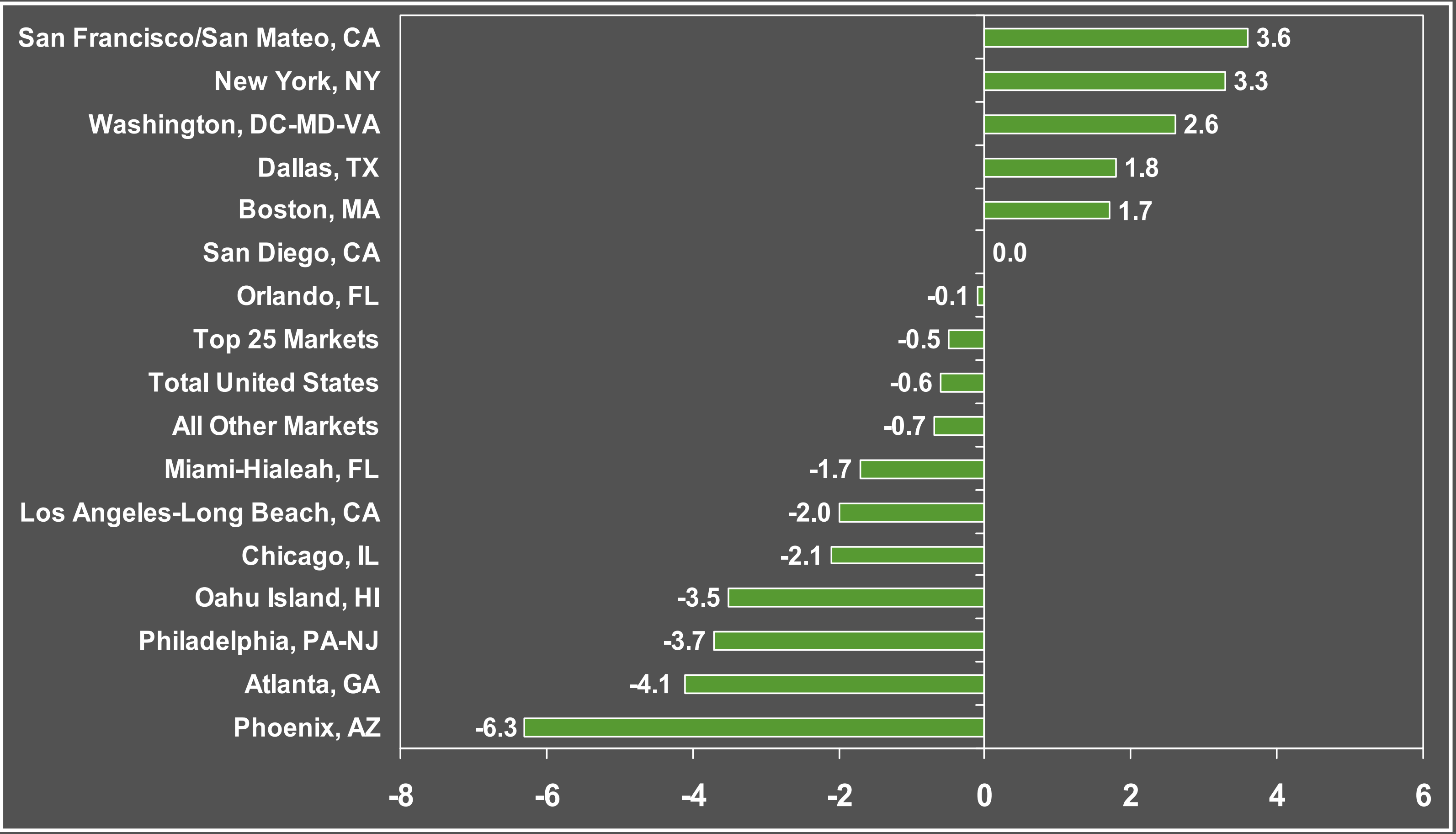
United States Regions

Supply & Demand Percent Change – September 2008 YTD

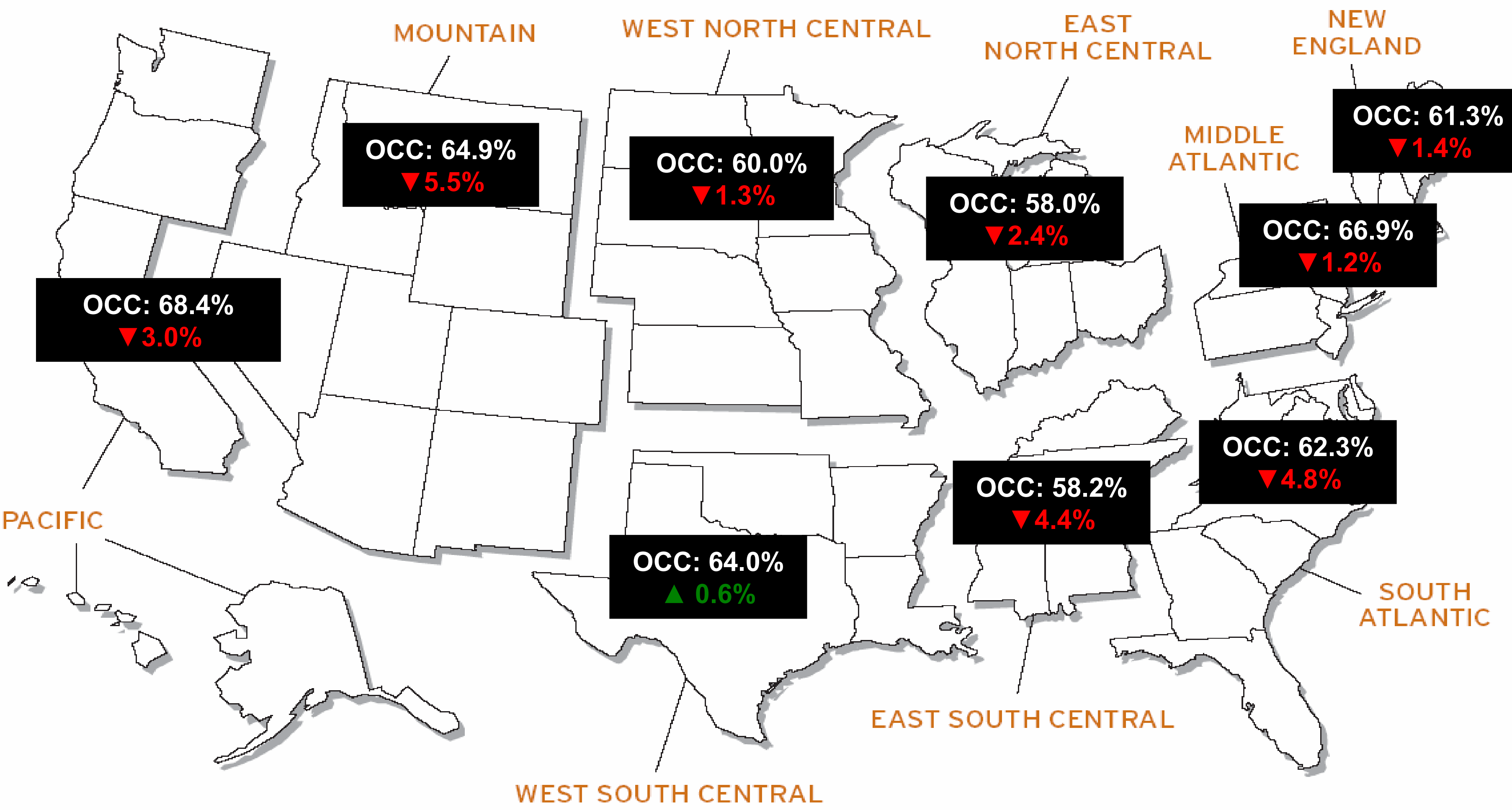


Key 15 Markets

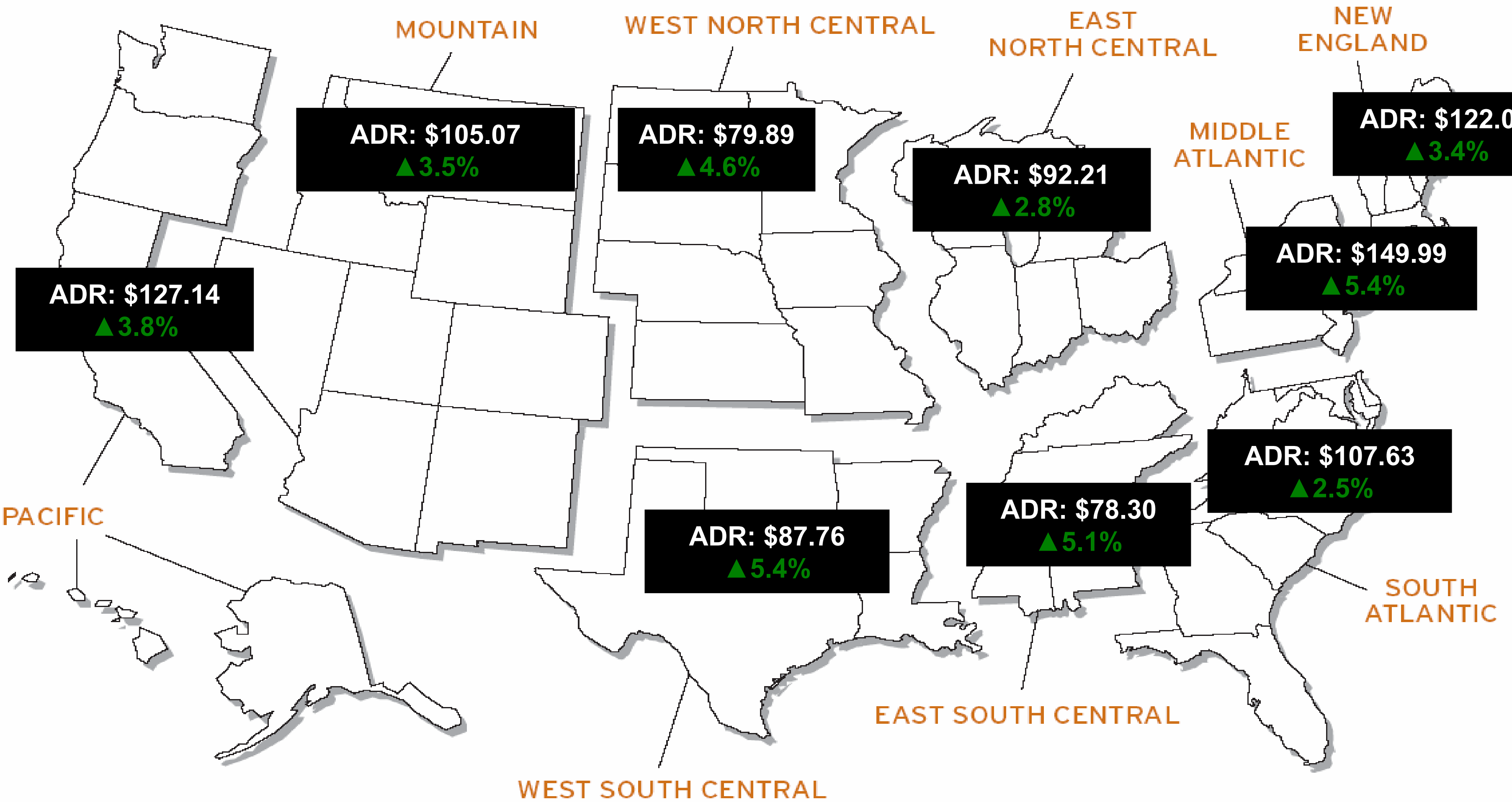
Room Demand Percent Change
September 2008 YTD Year over Year



United States Regions
Occupancy & Percent Change – September 2008 YTD

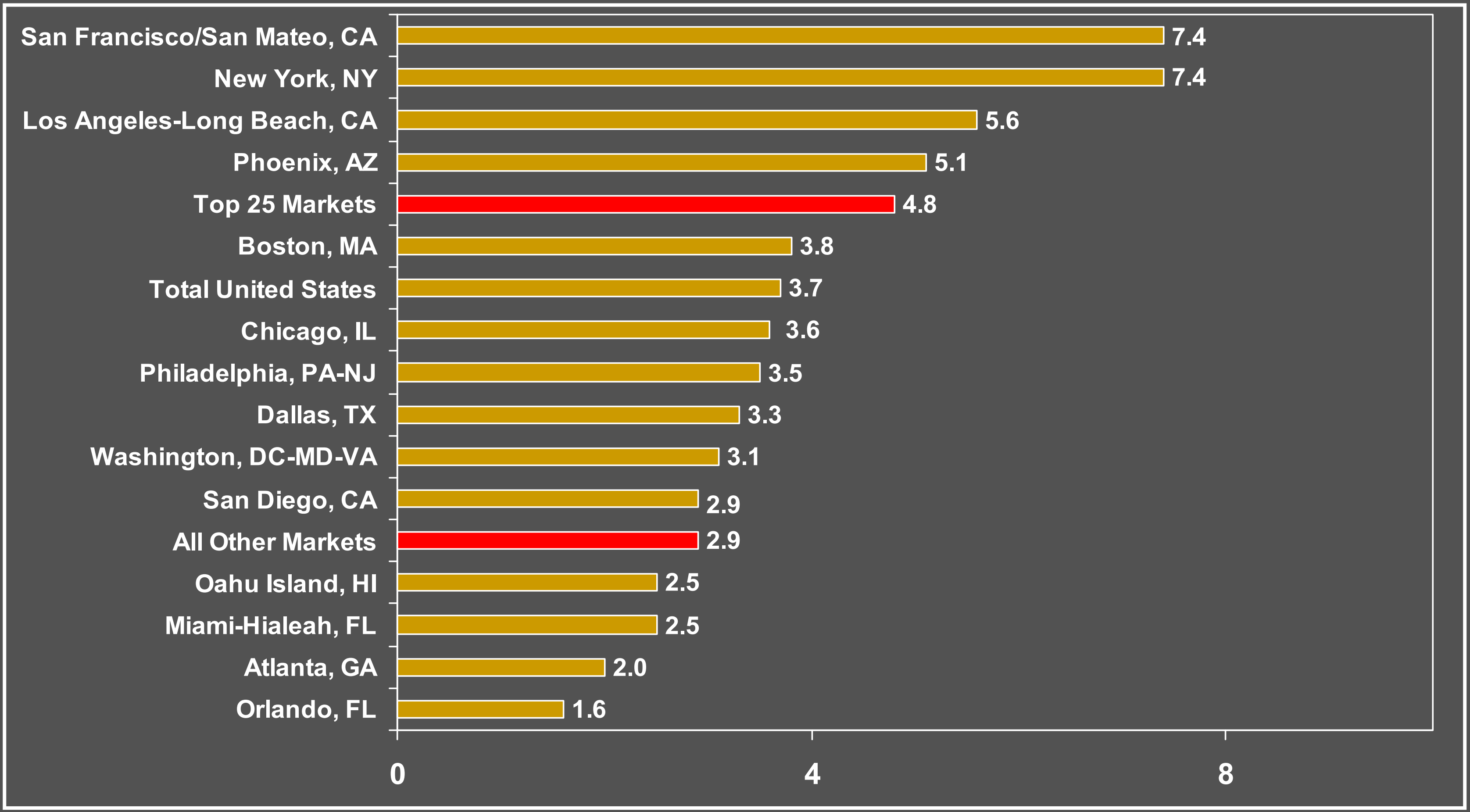


United States Regions
ADR & Percent Change – September 2008 YTD



Key 15 Markets

ADR Percent Change
September 2008 YTD Year over Year

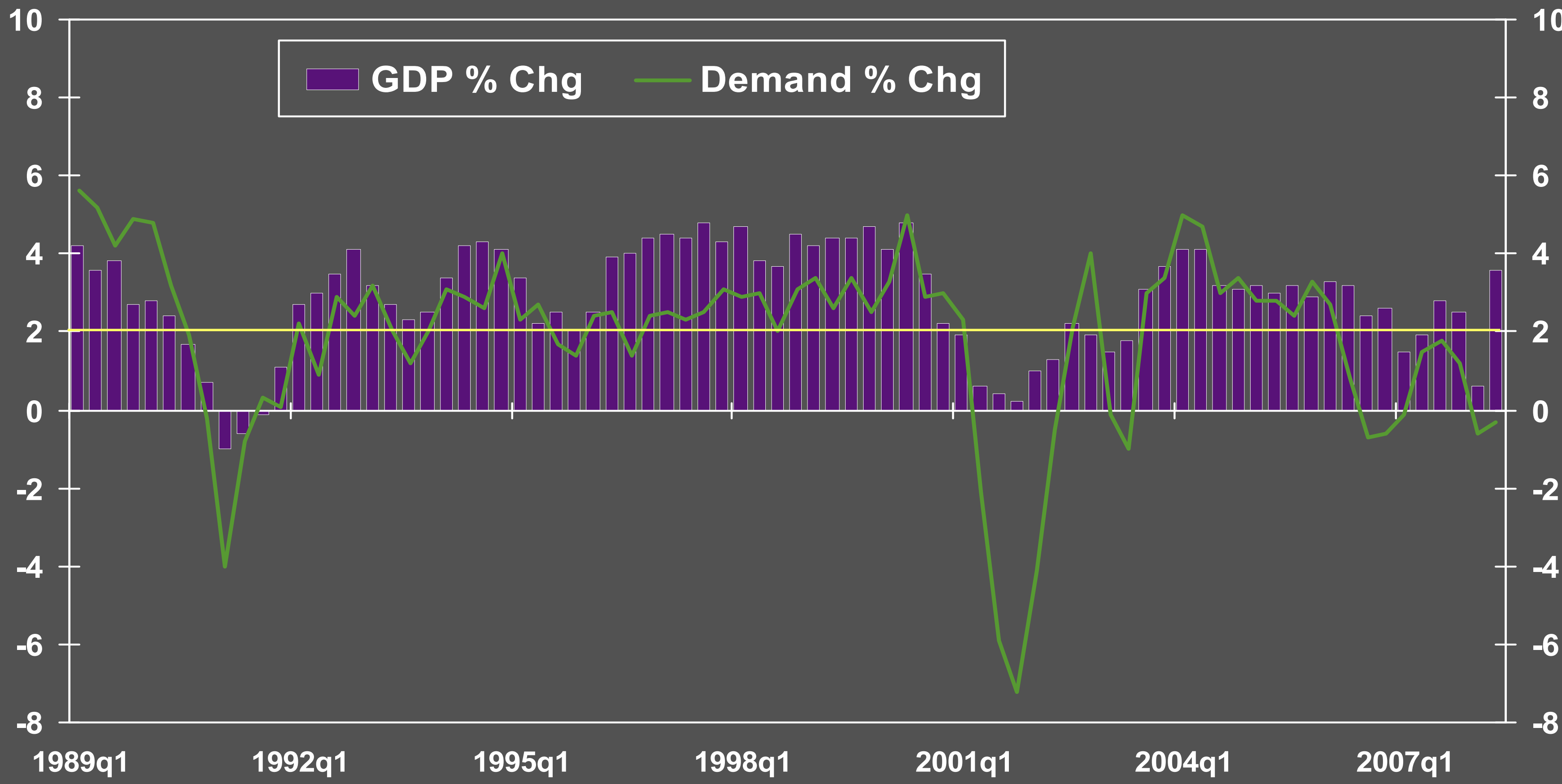


U.S. Economic Outlook
Blue Chip Economic Indicators – October 2008

	2007	2008F	2009F
Real GDP	+2.2%	+1.5%	+0.5%
CPI	+2.8%	+4.4%	+2.5%
Corporate Profits	+3.9%	-6.4%	+0.1%
Disp Personal Income	+3.2%	+1.4%	+0.9%
Unemployment Rate	5.7%	5.5%	6.9%

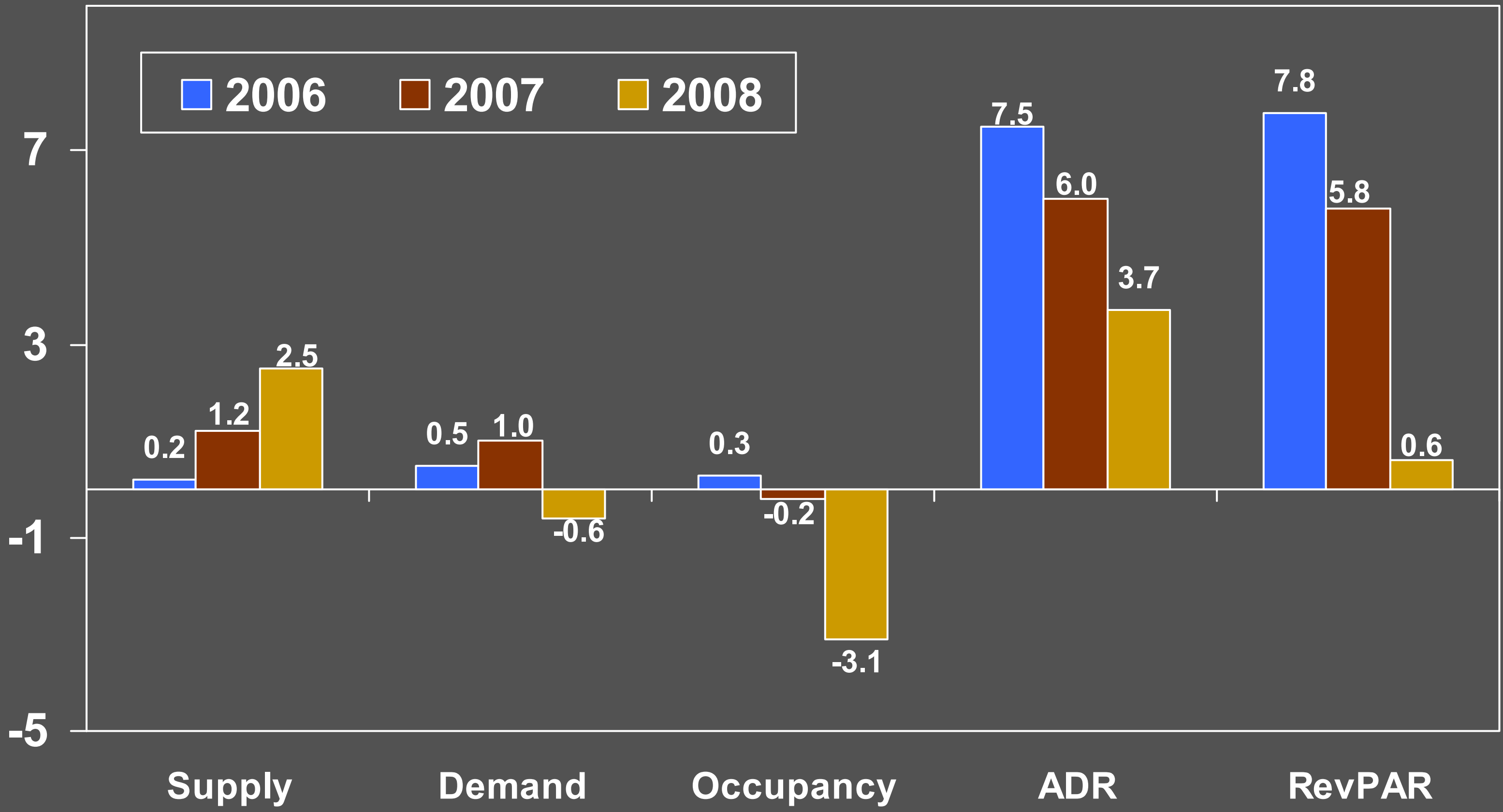
Total United States

Hotel Rooms Sold vs. GDP Change
Quarterly Change – 1988 to Q2 2008



Total United States

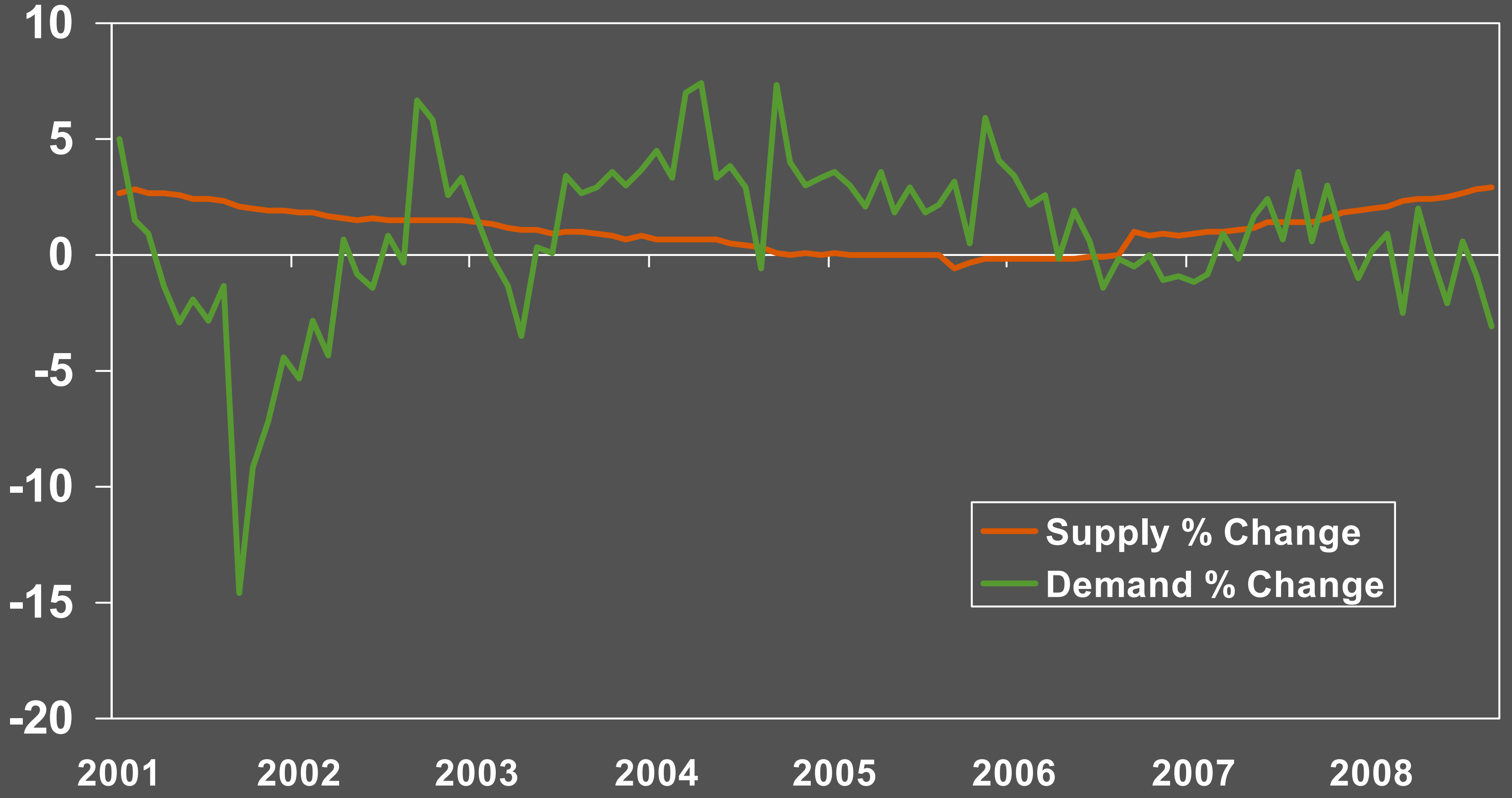
Key Performance Indicators Percent Change
Year End 2006, 2007 and September 2008 YTD



Total United States

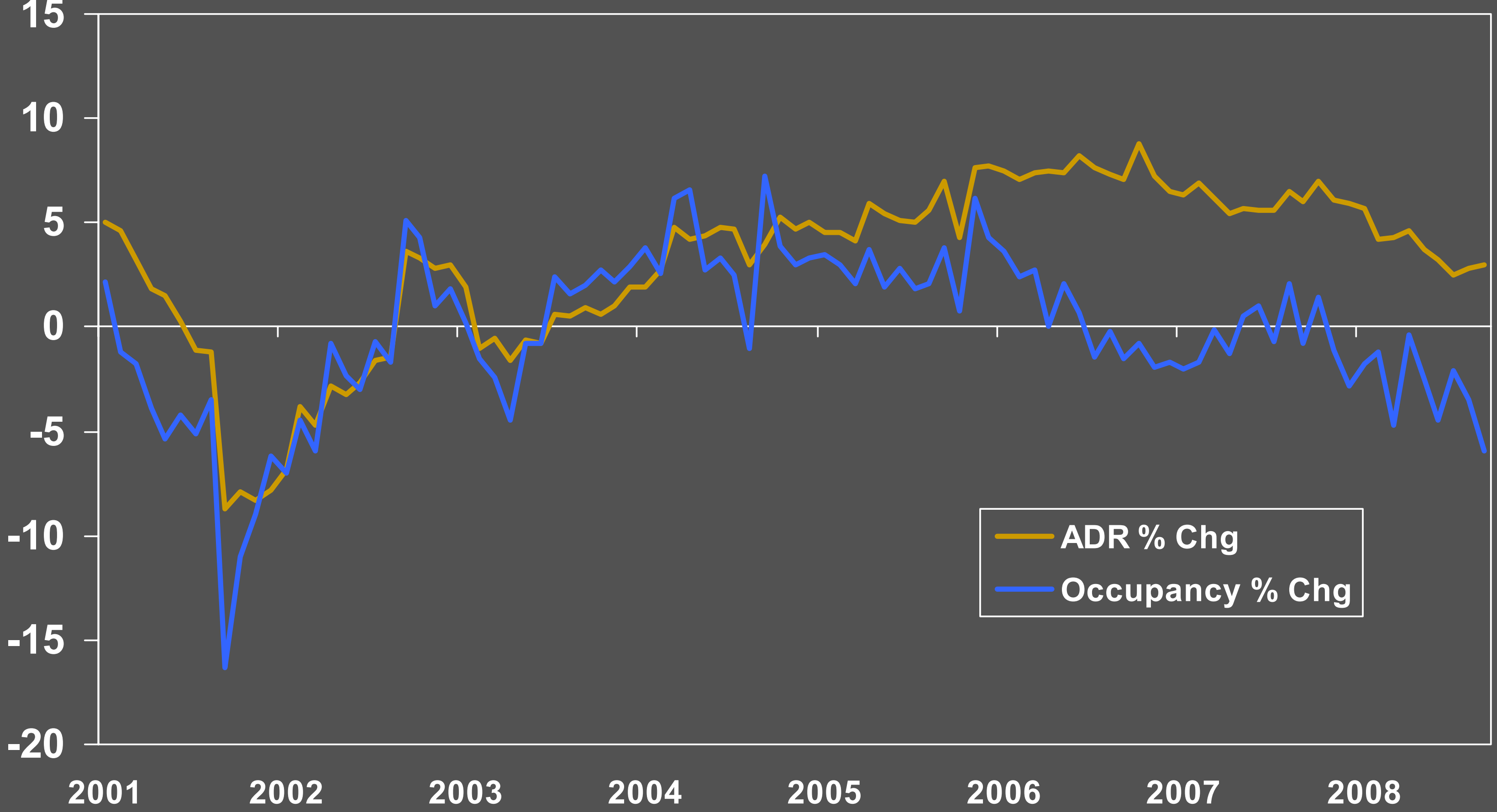
Room Supply/Demand Percent Change

Monthly Year-Over-Year 2001 – September 2008



Total United States

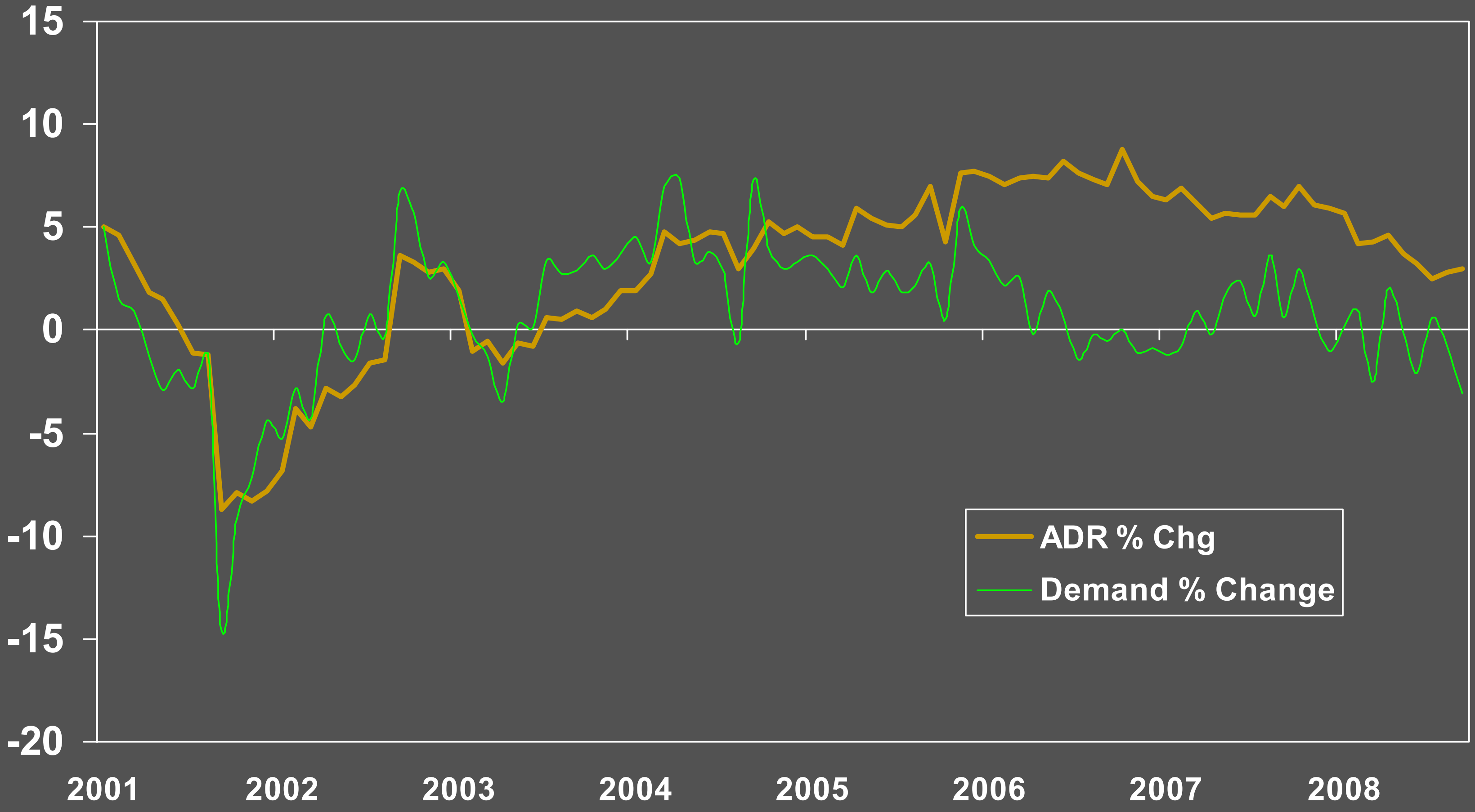
Occupancy / ADR Percent Change
Monthly Year-Over-Year 2001 – September 2008



Total United States

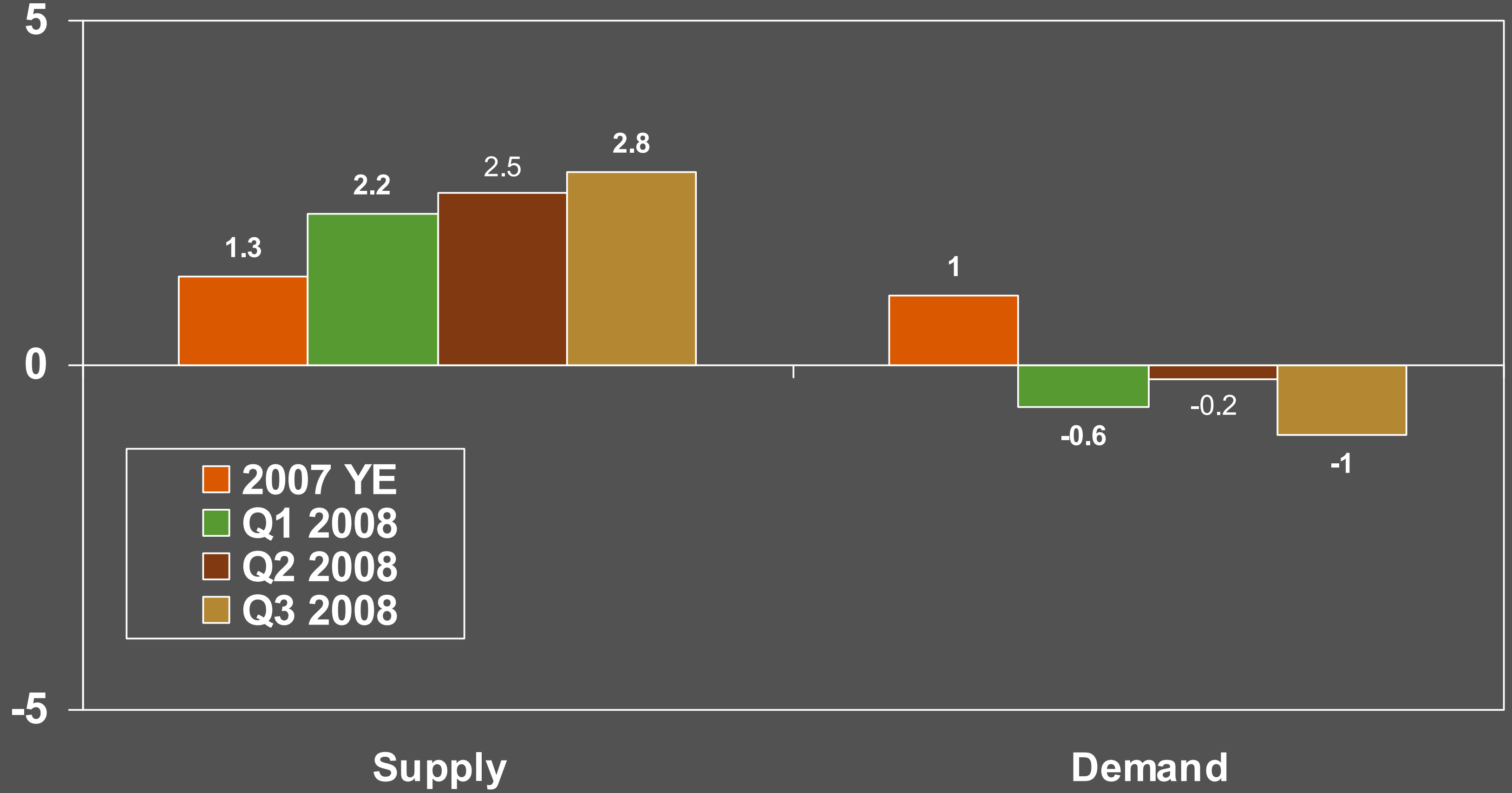
Demand / ADR Percent Change

Monthly Year-Over-Year 2001 – September 2008



Total US

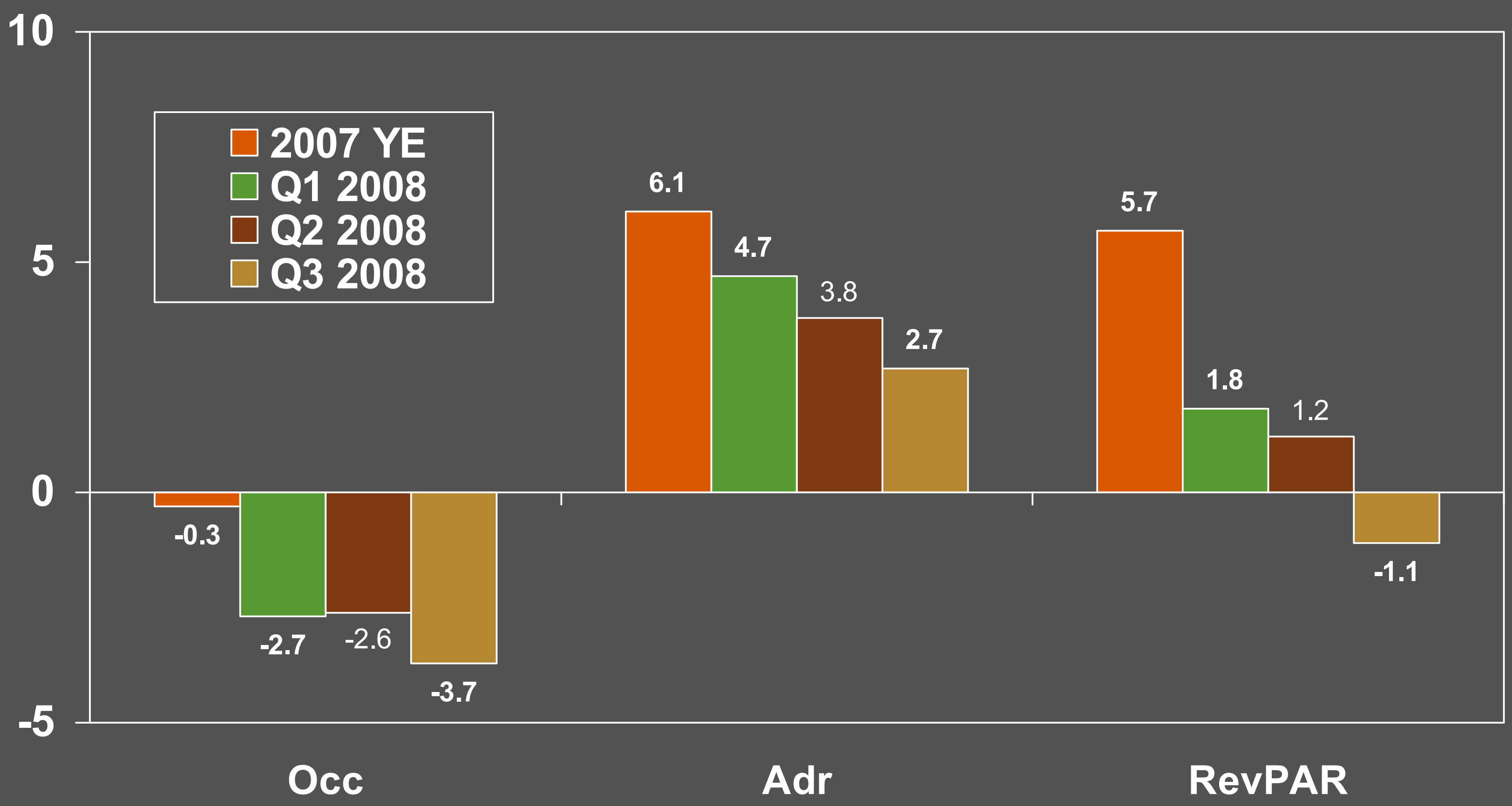
Supply/Demand Percent Change
Year End 2007 – Quarterly Results 2008



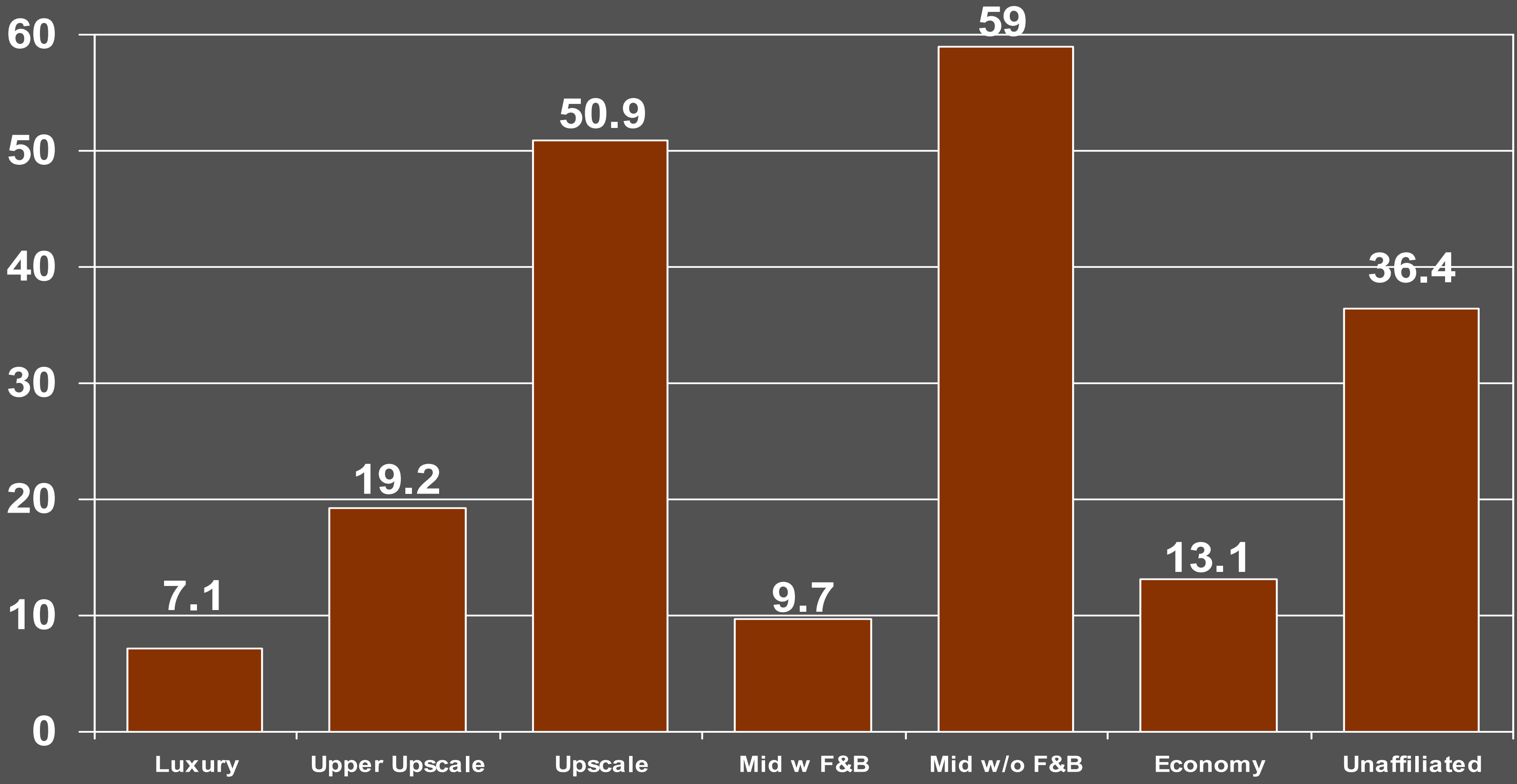
Total US

Occupancy/Adr/RevPAR Percent Change

Year End 2007 – Quarterly Results 2008



Total United States
Rooms In Construction by Scale – In Thousands
September 2008



ource: STR / TWR / Dodge Construction Pipeline

Top 10 Construction Brands
September 2008

Brand	Rooms
HI Express	41,708
Hampton*	40,698
Holiday Inn	24,161
Hilton Garden Inn	23,981
Comfort*	23,232
Courtyard	20,424
Candlewood Suites	19,280
Residence Inn	18,598
SpringHill Suites	16,573
Fairfield Inn	15,809

* Includes Inns and Inns & Suites

ource: STR / TWR / Dodge Construction Pipeline

Markets with Highest Construction Activity September 2008

Market	# Rooms	% Existing Supply
Las Vegas	13,997	9.1
New York	10,472	12.3
Orlando	6,094	5.3
Washington, DC	5,683	5.9
Atlanta	3,941	4.3
Houston	3,865	6.1
Phoenix	3,832	6.9

ource: STR / TWR / Dodge Construction Pipeline

Update Weekly

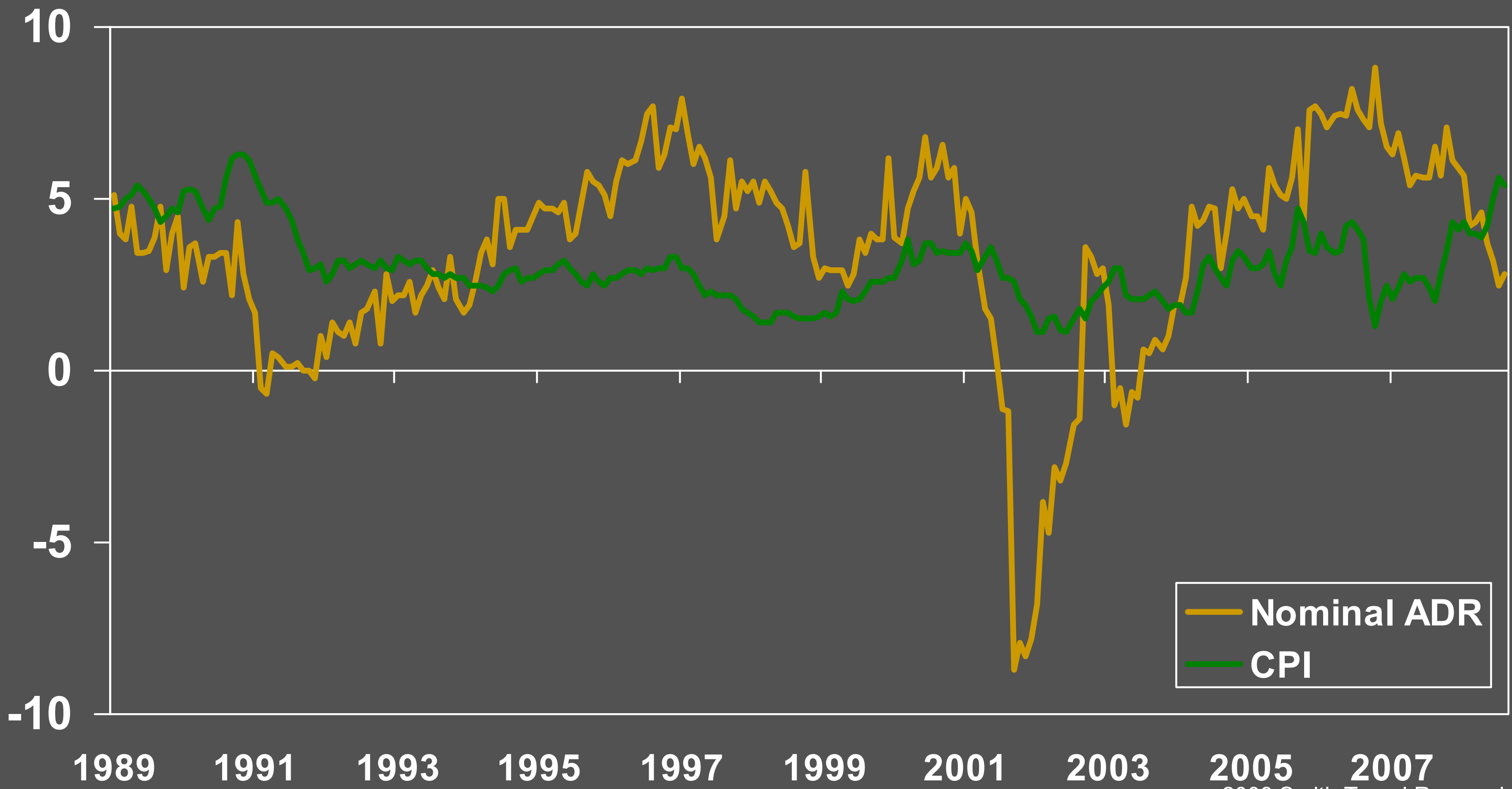
STR Chain Scales

Selected chains from each segment

- Luxury – Four Seasons, Ritz Carlton, Fairmont
- Upper Upscale – Hyatt, Embassy, Hilton, Marriott, Omni
- Upscale – Hyatt Place, Hilton Garden Inn, Courtyard
- Mid with F&B – Holiday Inn, Ramada, Quality Inn
- Mid no F&B – Hampton Inn, HI Express, Comfort Inn
- Economy – Econolodge, Red Roof, Days Inn

Total United States

Nominal ADR vs. CPI Percent Change
Monthly Year-Over-Year
Jan 1989 - Aug 2008



2008 Smith Travel Research, I

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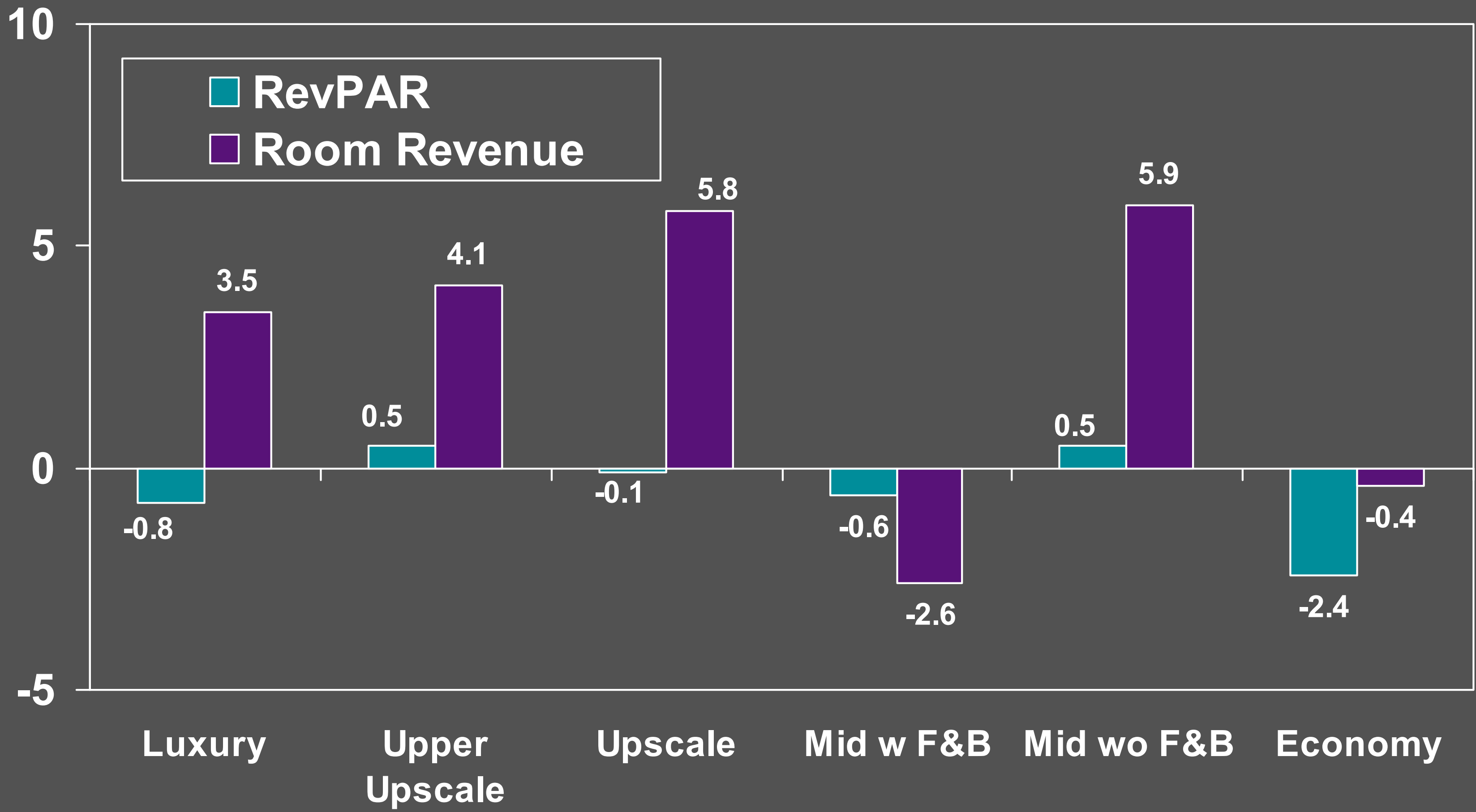
Chain Scales

RevPAR/Room Revenue Percent Change
September 2008 YTD



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Total United States

Average Daily Rate (In Dollars)
2003 – 2010P

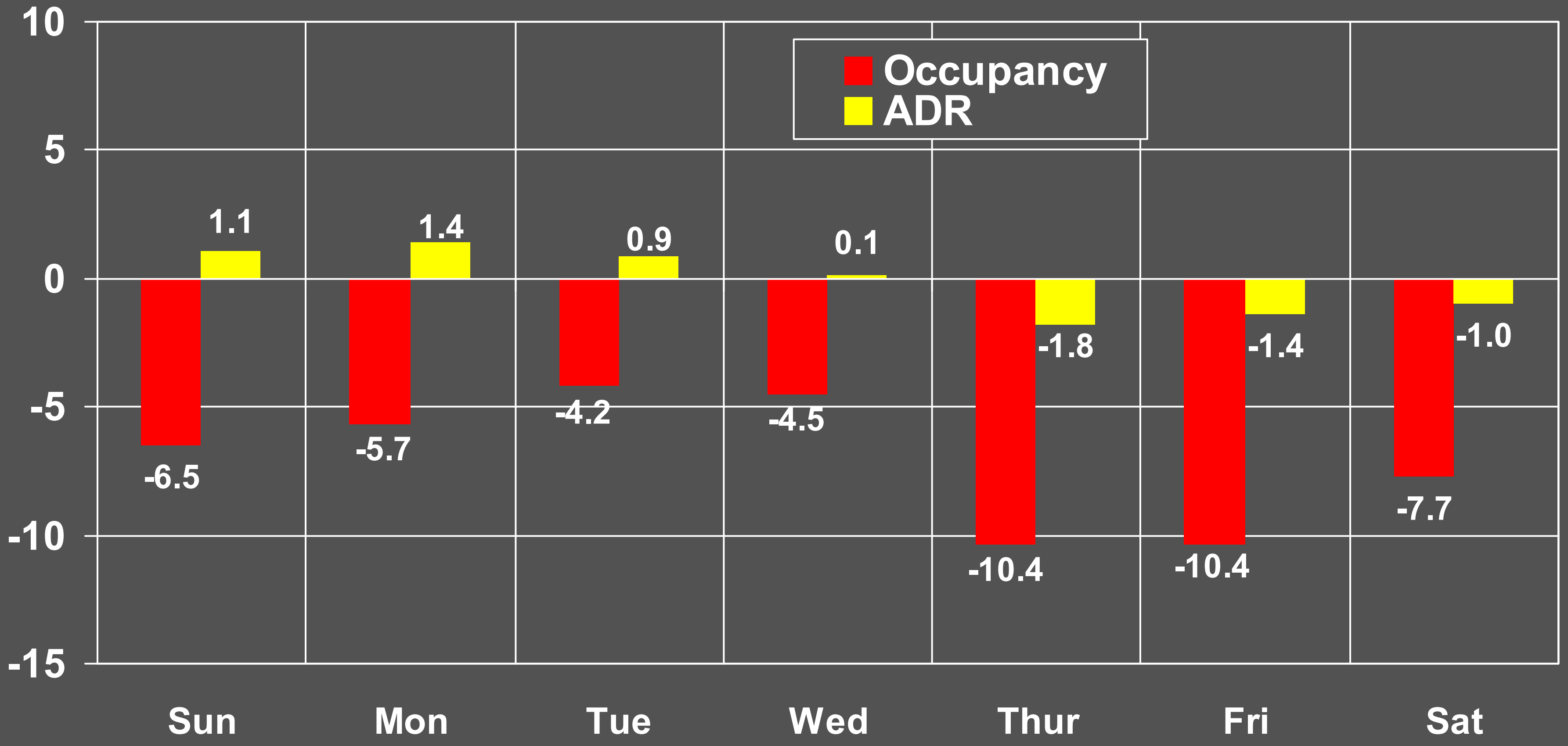
Total US Overview

U.S. Lodging Industry Weekday/Weekend

As of October 15, 2008

Total U.S. Daily Performance

Occupancy/ADR Percent Change
Last Four Weeks Ending November 1, 2008



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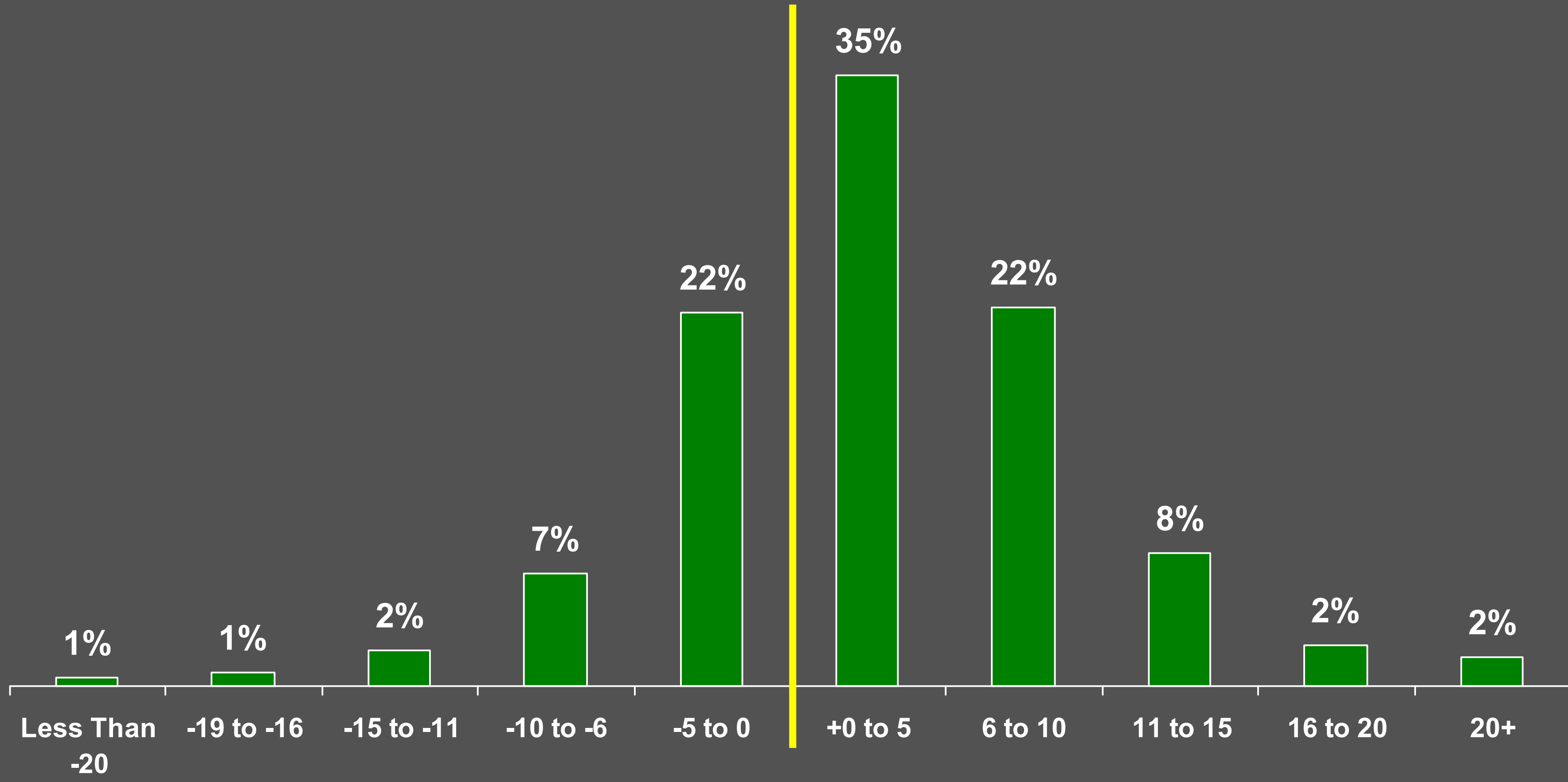
2008 Lodging Industry Takeaways

- Supply Growth – Pipeline Attrition?...Have we peaked?
    - Increased attrition rate in planning & final planning
    - We probably haven't peaked yet
- Slowing Economy = Slower Demand Growth (Perceptions of Disp. Income)
    - Another stimulus check
    - Leisure feels greater impact than business
- Airline Woes
    - Decreased routes and capacity impacts fly-in destination significantly
    - Routes may be added back once things improve
- Gas/Energy Prices
- Financial Institutions
    - Impacts much in our industry…development, reinvestment, etc.
- Revenue Management Discipline

Total United States

ADR % Change Histogram

September YTD 2008

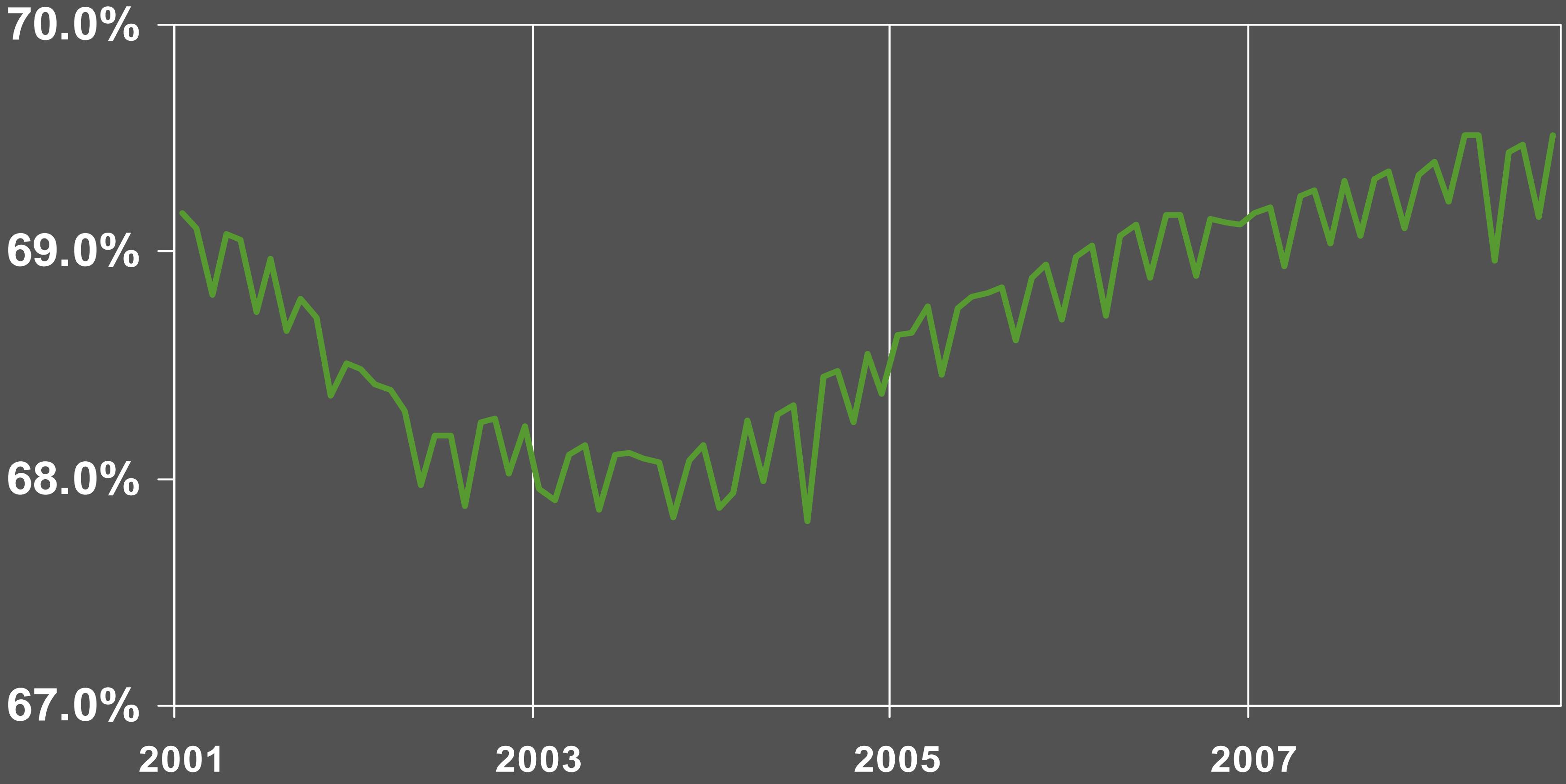


Almost 6 in 10 Hotels Change Rate Between -5% and +5%

Weekday Demand Share of Total United States

January 2001 – September 2008

12 Month Moving Average



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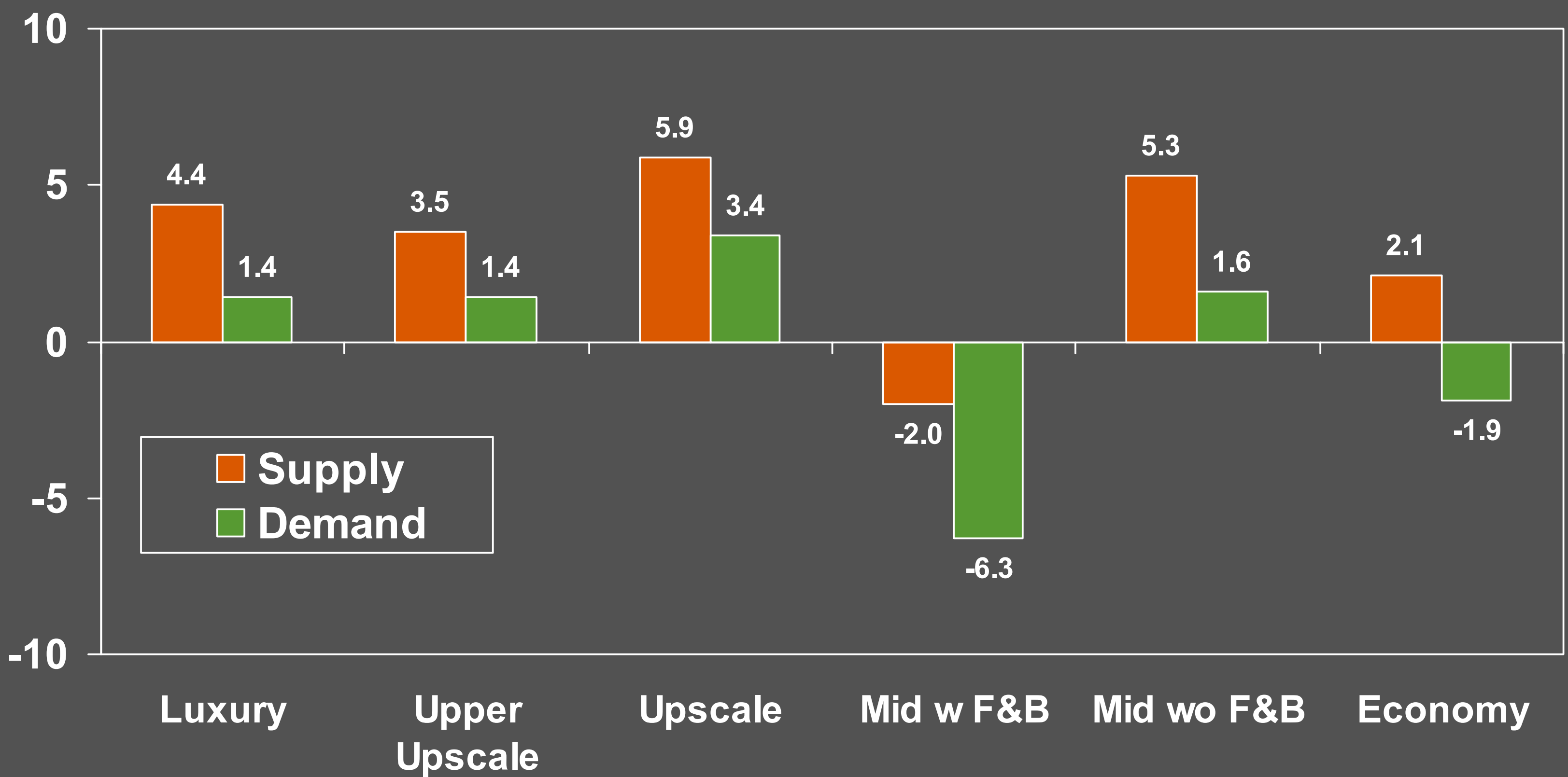
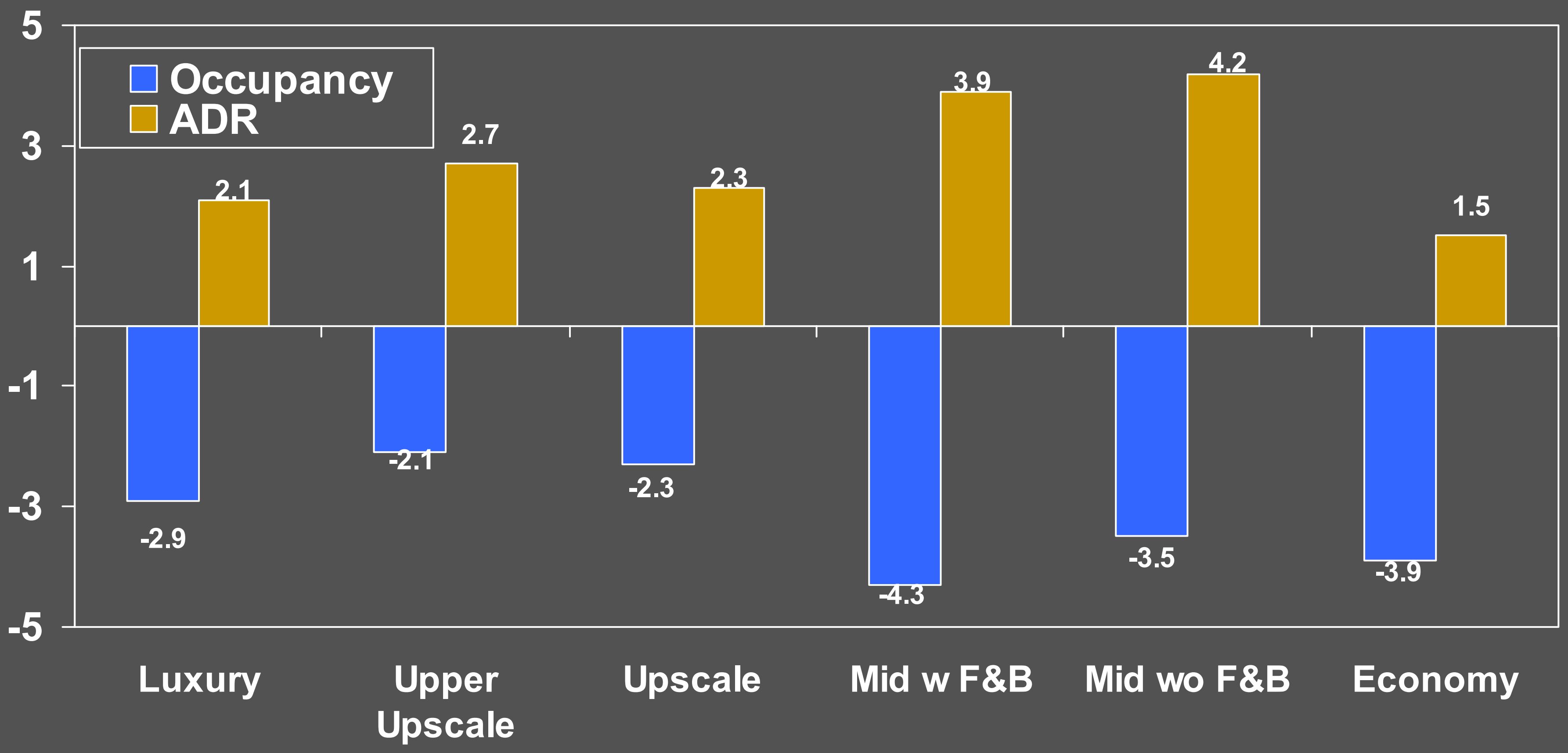
Chain Scales

Supply/Demand Percent Change
September 2008 YTD



Chain Scales

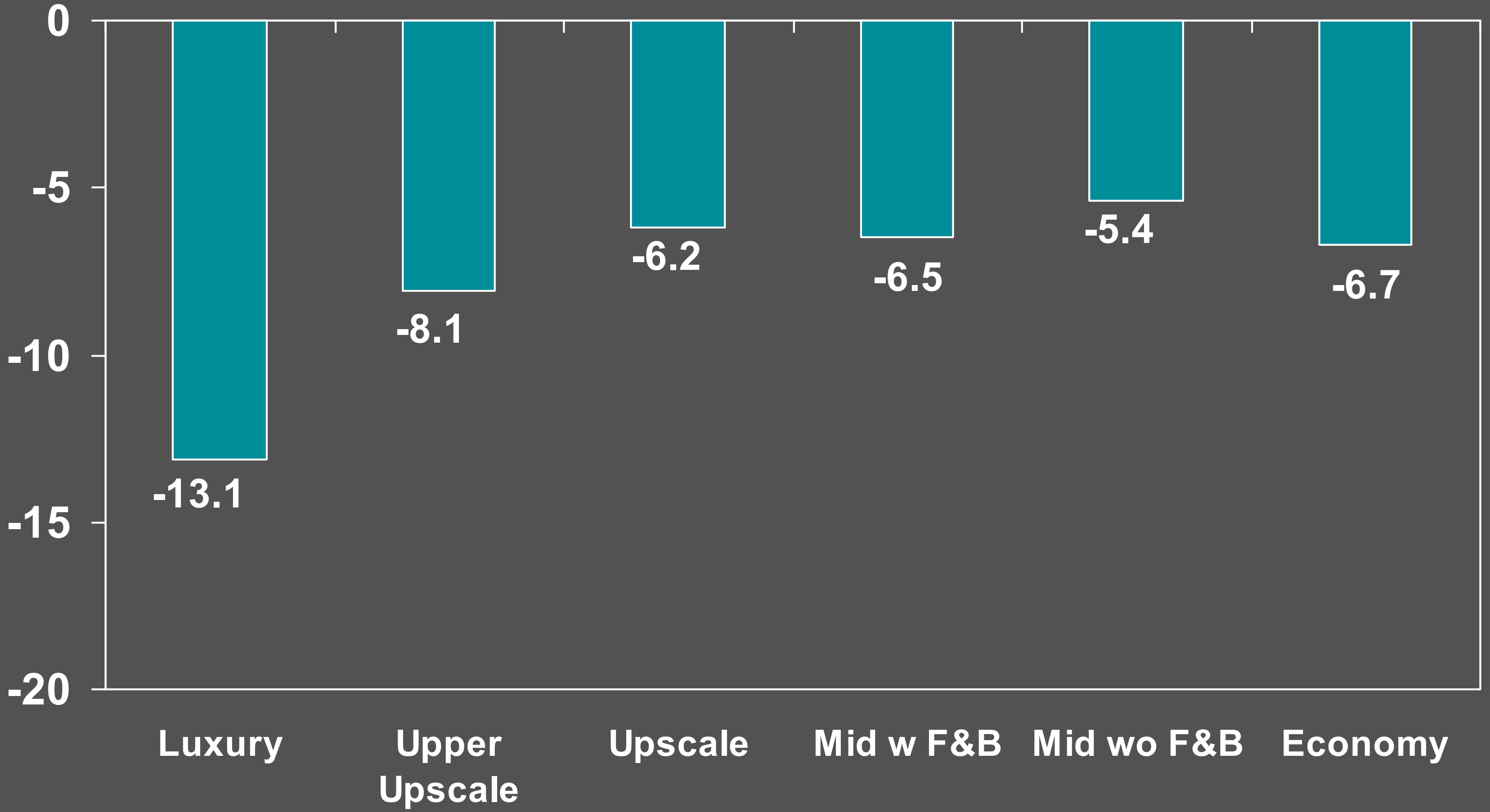
Occupancy/ADR Percent Change
September 2008 YTD



Chain Scales

RevPAR Percent Change

28 Day Moving Average Ended November 1, 2008



Total United States

Room Supply/Demand Percent Change

Twelve Month Moving Average – 1989 to September 2008