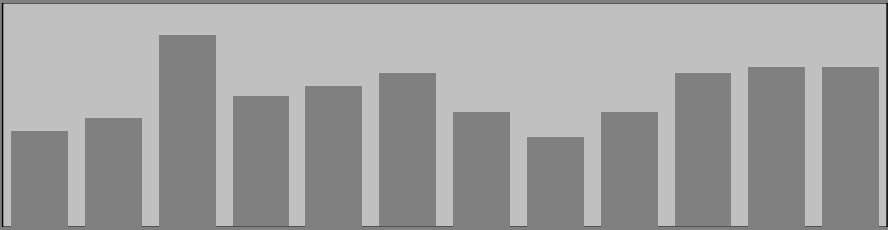


PKF



OUTLOOK 2009/2010

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Canadian Travel Outlook



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National Economic/Travel Outlook 2009/10

	2008 Actual	2009 Forecast	2010 Projection
GDP Growth National	0.5%	(2.1%)	2.8%
Business Travel Overnight Domestic	(2.4%)	(6.2%)	4.5%
Pleasure Travel Overnight Domestic	(1.0%)	(4.2%)	3.0%
U.S. Overnight Travel	(7.9%)	(5.3%)	1.9%
Overseas Overnight Travel	(1.4%)	(9.5%)	3.8%
TOTAL	(1.7%)	(4.1%)	2.7%

Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2009



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Economic & Travel Indicators Central versus Western Canada

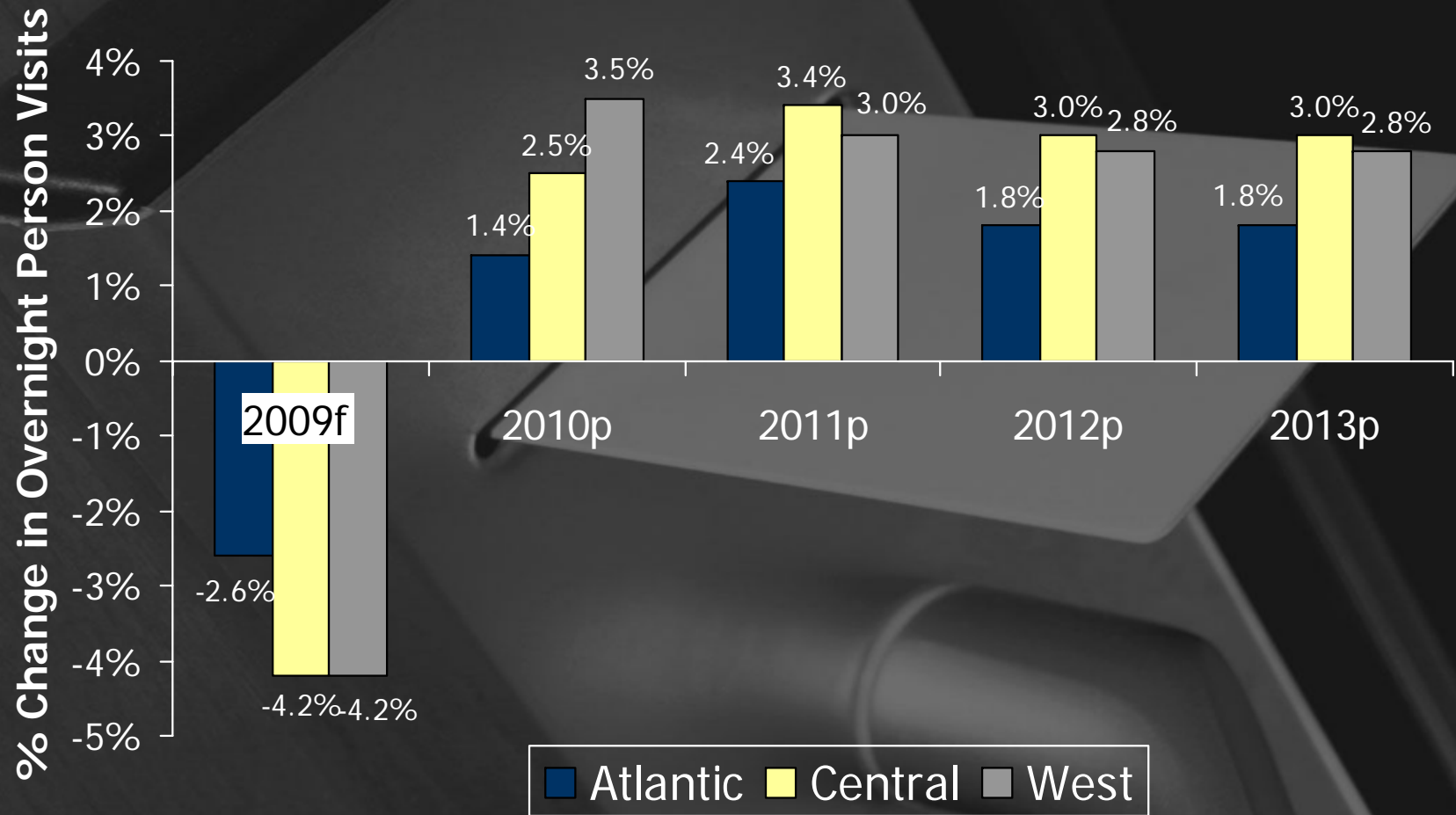
2009 Outlook	CENTRAL CANADA		WESTERN CANADA	
	As at Fall 2008	As at Fall 2009	As at Fall 2008	As at Fall 2009
GDP Growth	2.5%	(2.2%)	3.1%	(2.3%)
Business Travel Overnight Domestic	1.8%	(6.1%)	3.6%	(6.7%)
Pleasure Travel Overnight Domestic	1.2%	(4.2%)	3.1%	(4.4%)
U.S. Overnight Travel	(4.9%)	(6.4%)	(4.1%)	(3.4%)
Overseas Overnight Travel	1.3%	(8.7%)	0.7%	(10.4%)
Occupied Room Nights	1.2%	(6.2%)	3.1%	(7.9%)
Average Daily Rate	2.3%	(5.2%)	3.7%	(3.0%)

Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2008 and 2009; PKF Consulting Inc.



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Regional Travel Outlooks



Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2009



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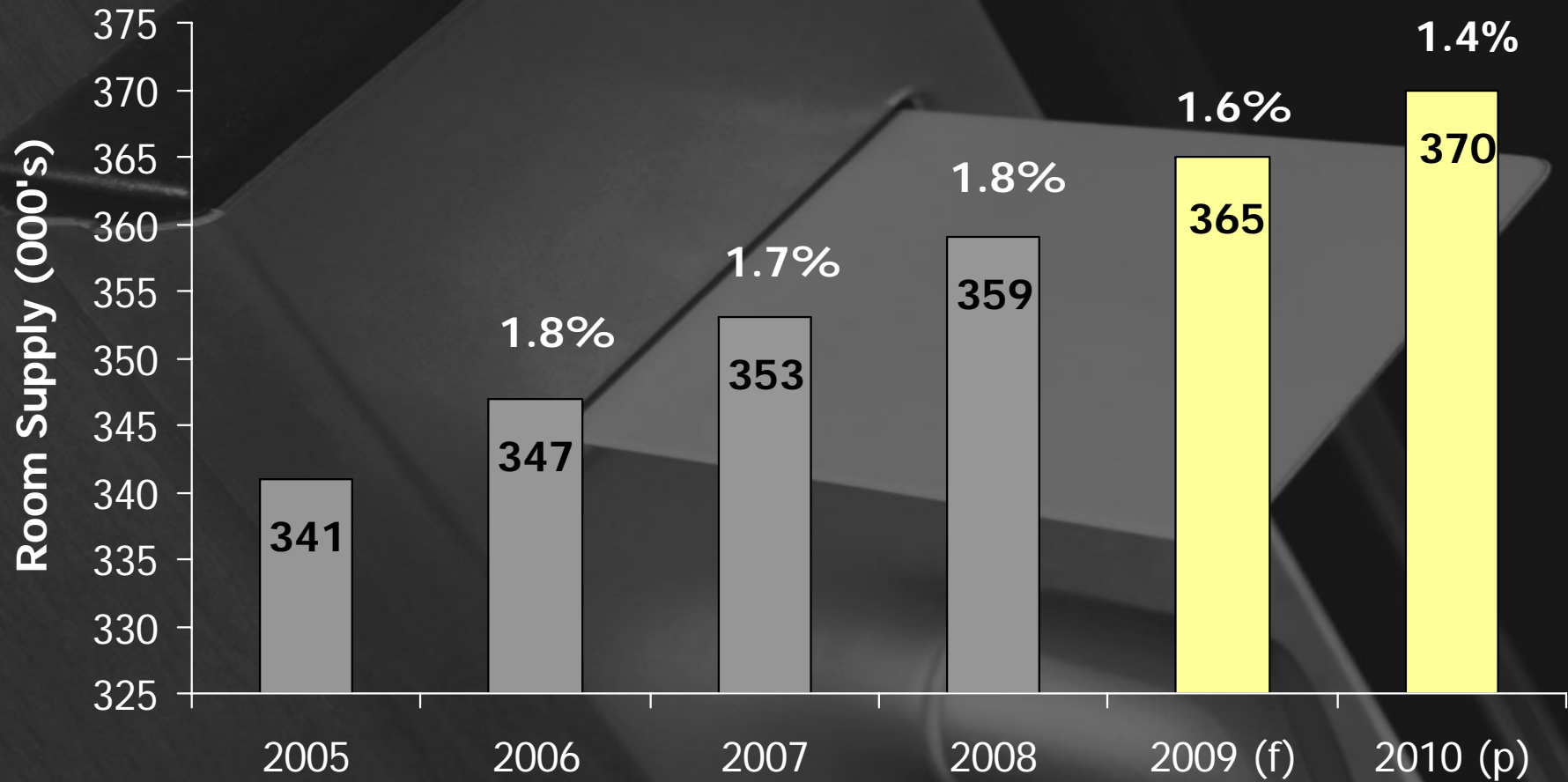


National & Regional Outlooks



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National Room Supply

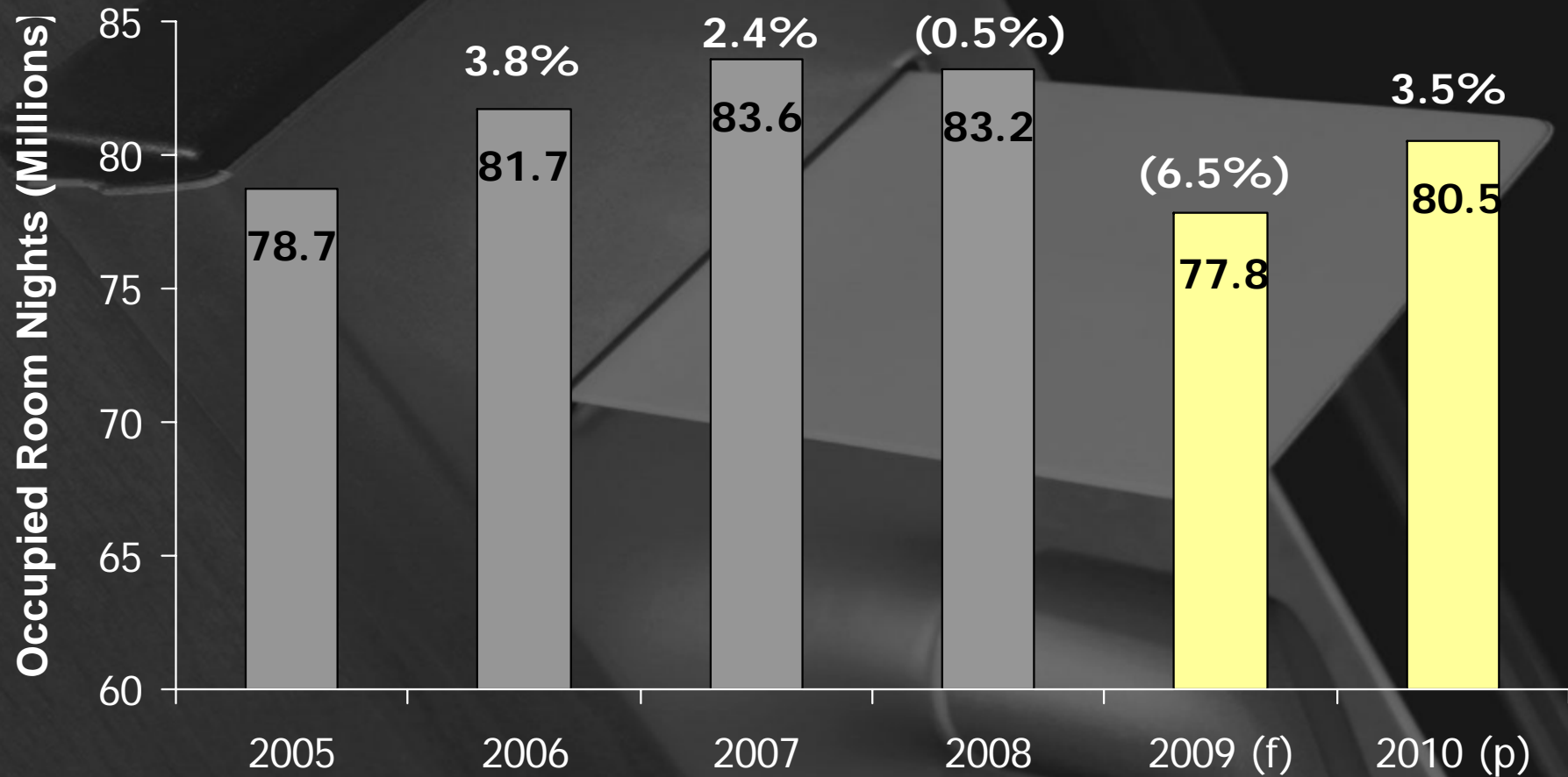


Note: Room supply is year round supply greater than 29 rooms.

Source: PKF Consulting Inc.



National Accommodation Demand



Source: PKF Consulting Inc.



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National Market Outlook

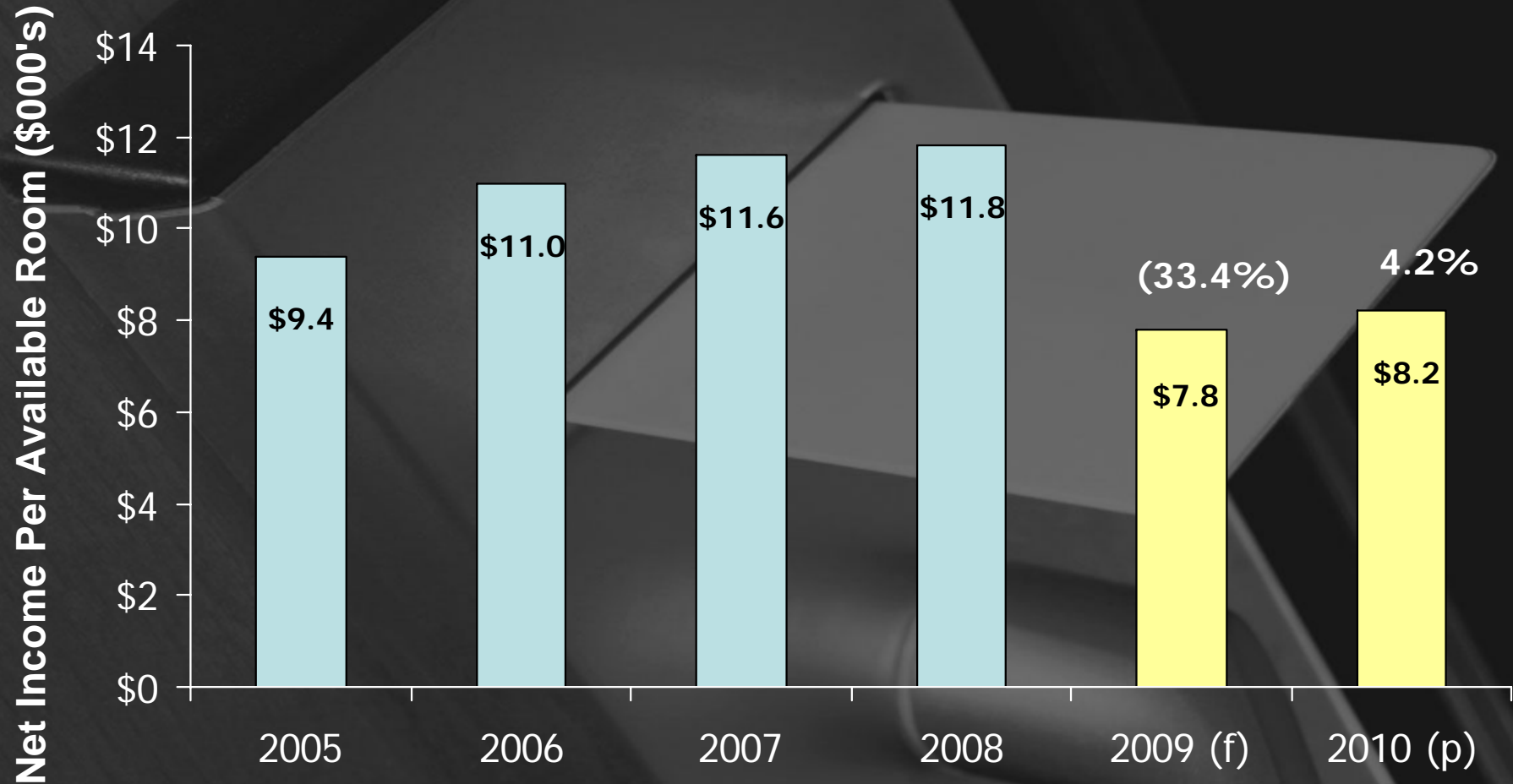
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	65%	63%	58%	60%
ADR	\$127	\$131	\$125	\$128
RevPAR	\$83	\$83	\$73	\$76

Source: PKF Consulting Inc.



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National Financial Outlook



Source: PKF Consulting Inc.



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Regional Market Outlooks

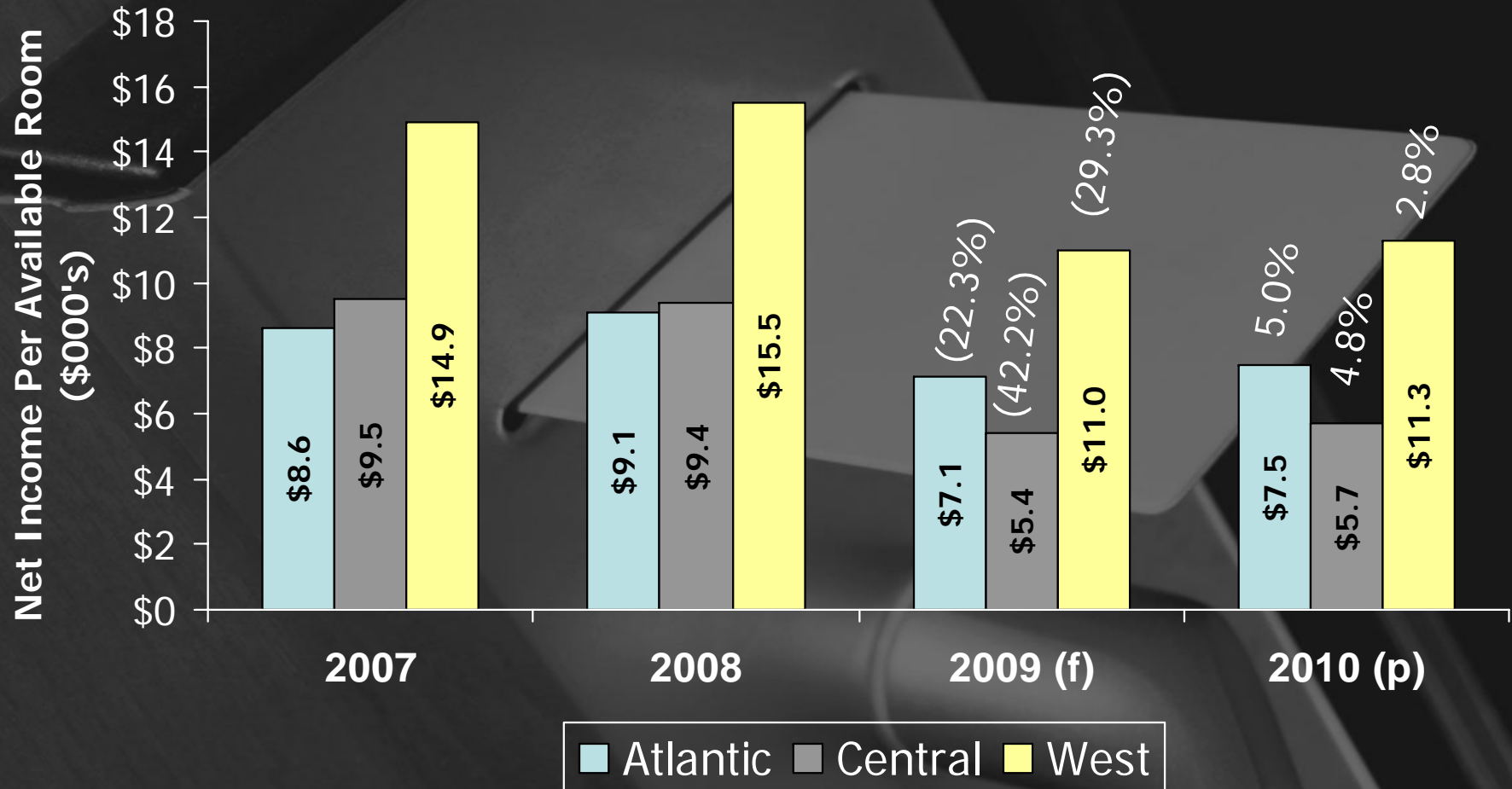
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Atlantic Canada	62%	60%	57%	59%
	\$115	\$119	\$116	\$118
RevPAR	\$71	\$71	\$66	\$69
Central Canada	63%	61%	57%	59%
	\$128	\$130	\$123	\$125
RevPAR	\$81	\$80	\$70	\$73
Western Canada	68%	66%	60%	62%
	\$128	\$133	\$129	\$131
RevPAR	\$87	\$89	\$78	\$81

Source: PKF Consulting Inc.



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Regional Financial Outlook



Source: PKF Consulting Inc.



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Atlantic Canada Market Outlook

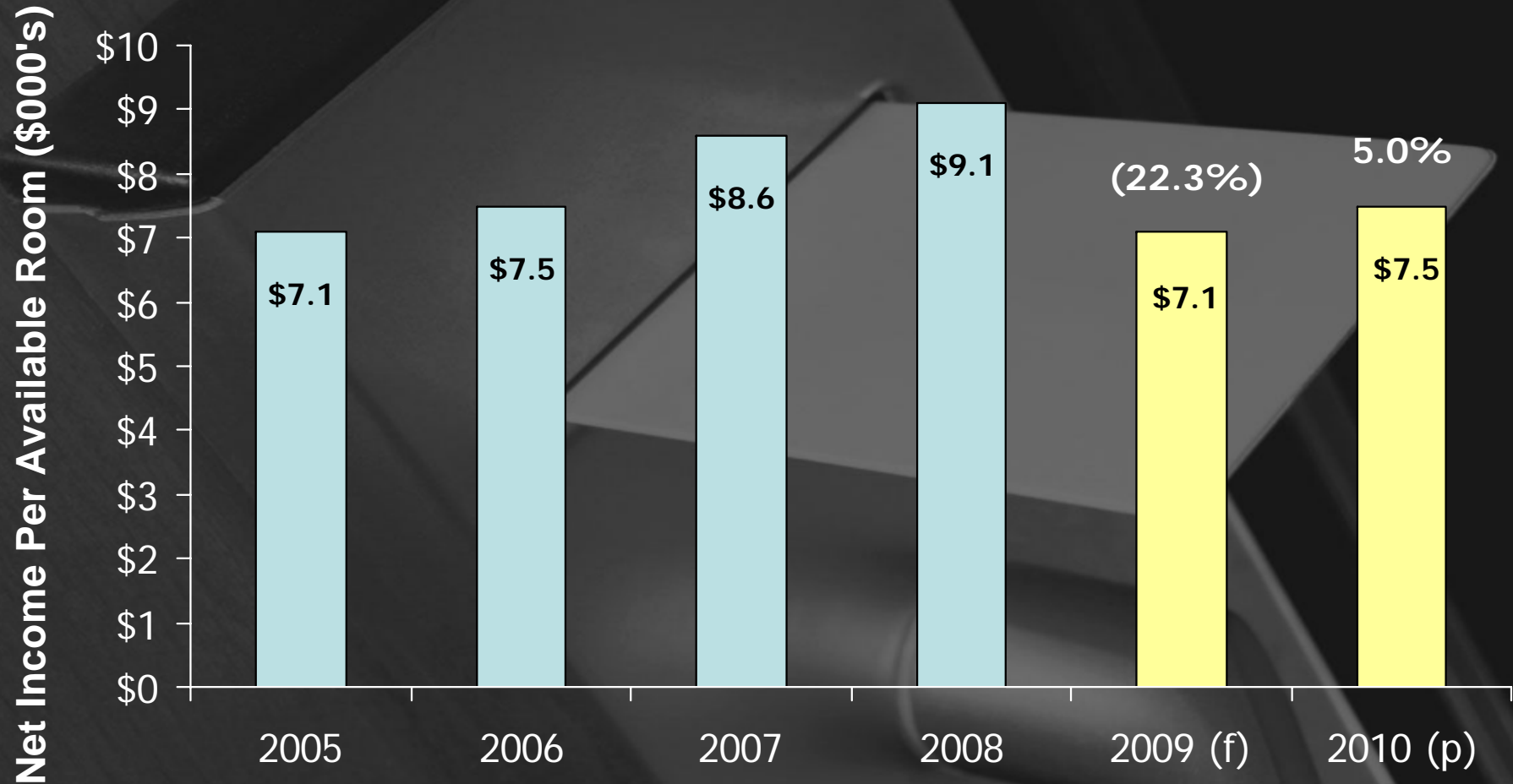
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	62%	60%	57%	59%
ADR	\$115	\$119	\$116	\$118
RevPAR	\$71	\$71	\$66	\$69

Source: PKF Consulting Inc.



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Atlantic Canada Financial Outlook



Source: PKF Consulting Inc.



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Central Canada Market Outlook

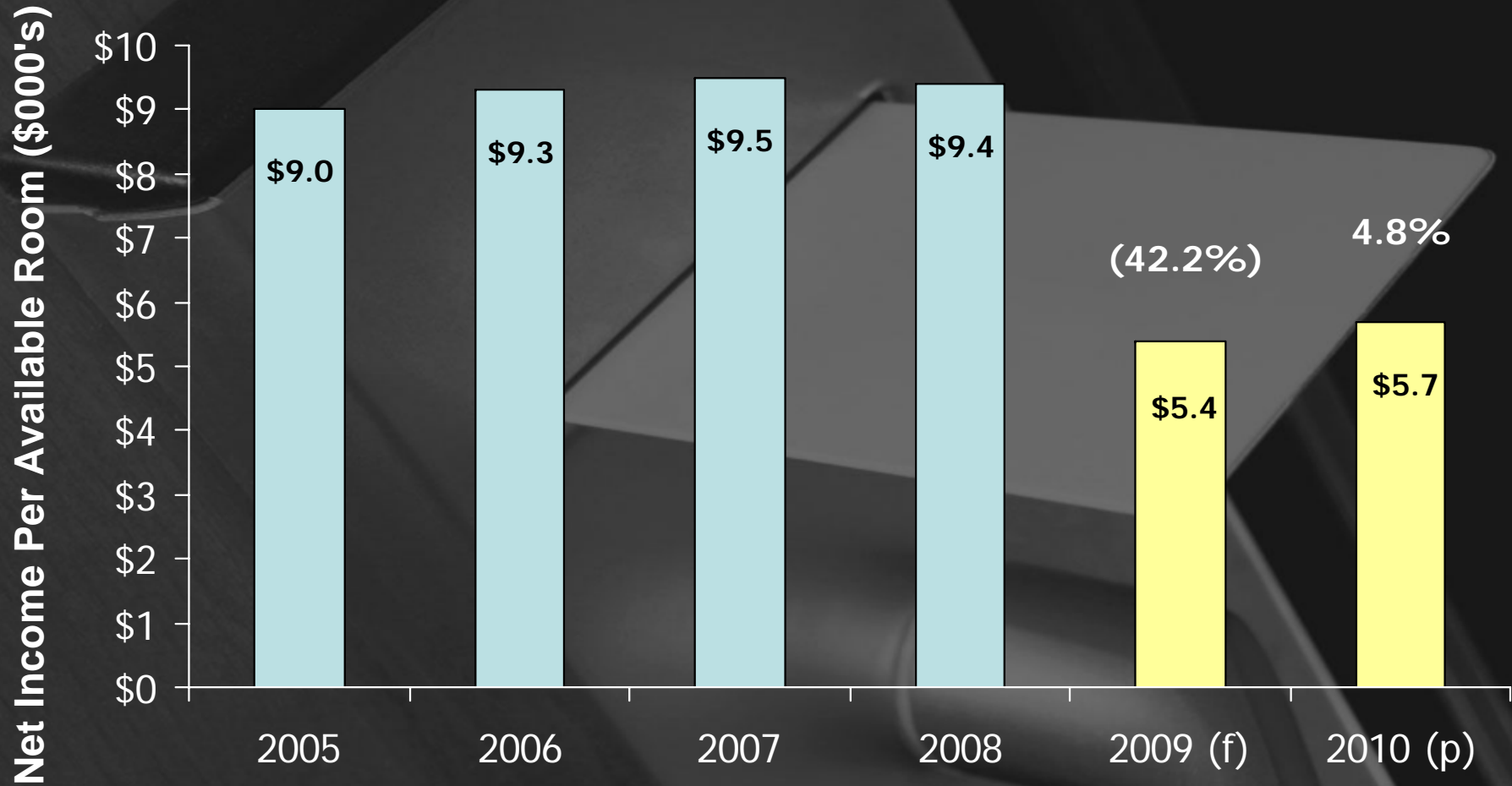
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	63%	61%	57%	59%
ADR	\$128	\$130	\$123	\$125
RevPAR	\$81	\$80	\$70	\$73

Source: PKF Consulting Inc.



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Central Canada Financial Outlook



Source: PKF Consulting Inc.



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Western Canada Market Outlook

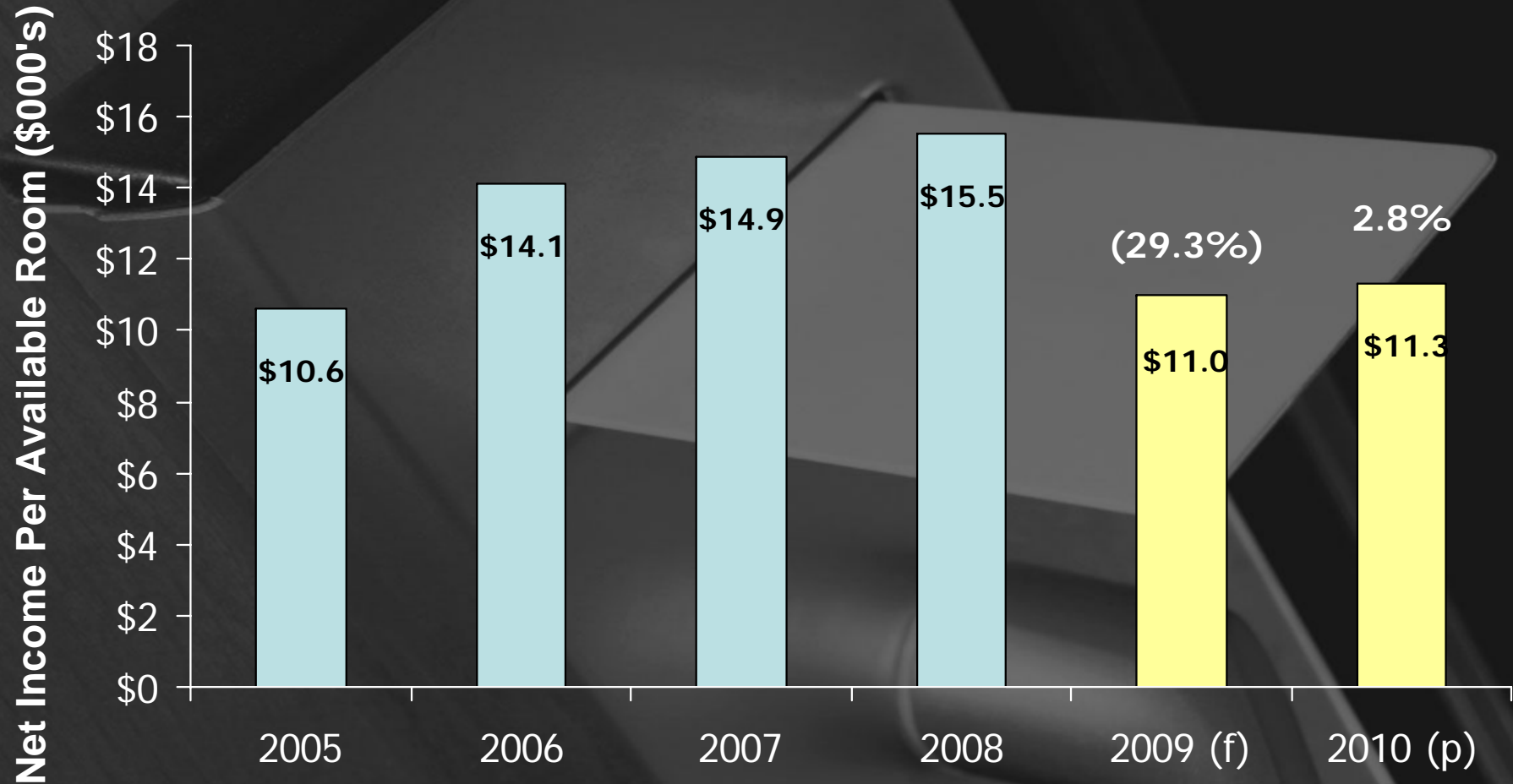
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	68%	66%	60%	62%
ADR	\$128	\$133	\$129	\$131
RevPAR	\$87	\$89	\$78	\$81

Source: PKF Consulting Inc.



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Western Canada Financial Outlook



Source: PKF Consulting Inc.



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Product Segment Market Outlooks

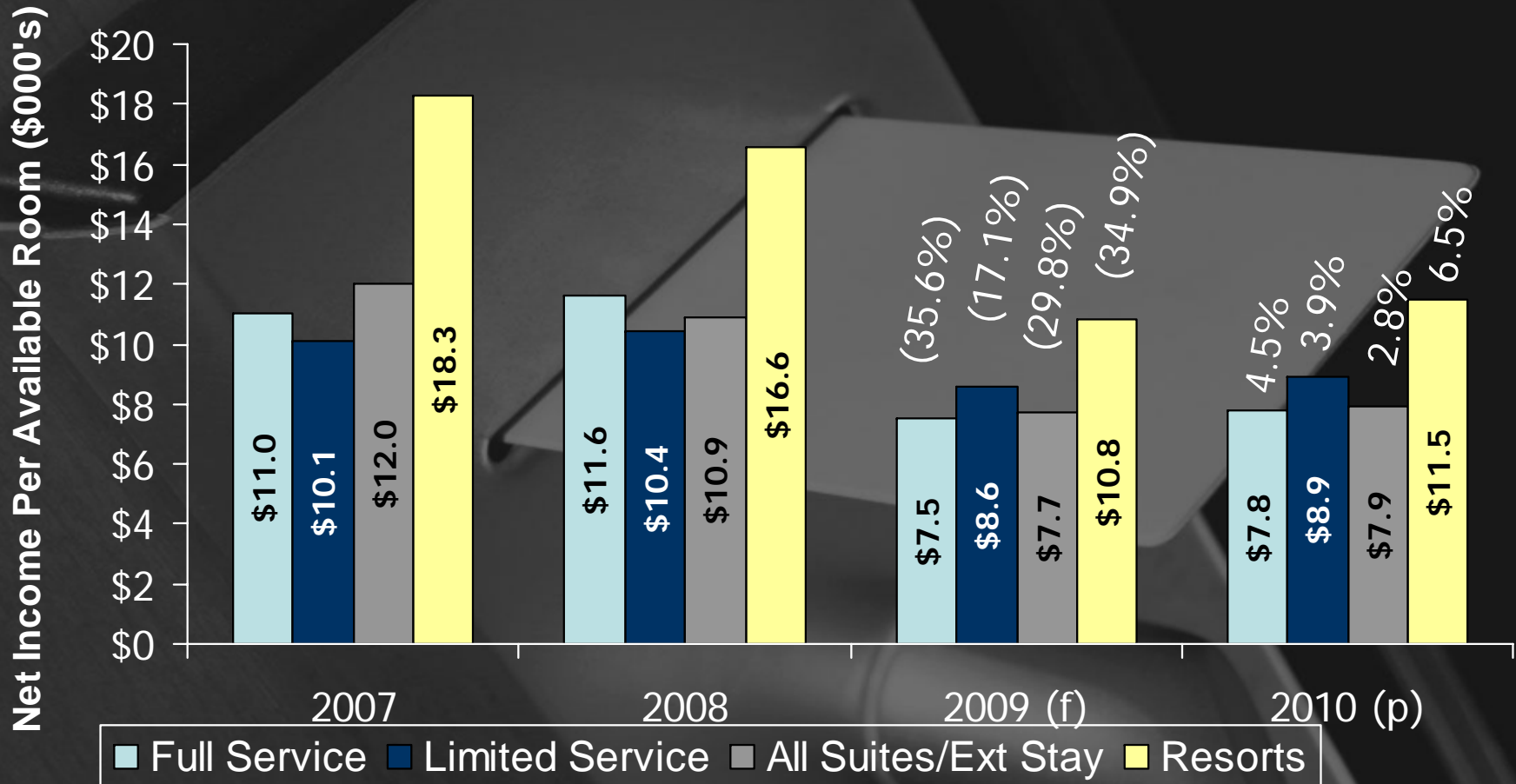
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Full Service	68%	66%	61%	62%
	\$133	\$137	\$131	\$133
RevPAR	\$90	\$90	\$79	\$83
Limited Service	61%	59%	55%	56%
	\$94	\$99	\$99	\$100
RevPAR	\$57	\$59	\$54	\$56
All Suites/Ext Stay	69%	68%	64%	66%
	\$139	\$143	\$136	\$138
RevPAR	\$96	\$97	\$88	\$91
Resorts	55%	54%	50%	52%
	\$192	\$197	\$187	\$190
RevPAR	\$107	\$107	\$94	\$98

Source: PKF Consulting Inc.



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Product Segment Financial Outlook



Source: PKF Consulting Inc.



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Full Service Outlook

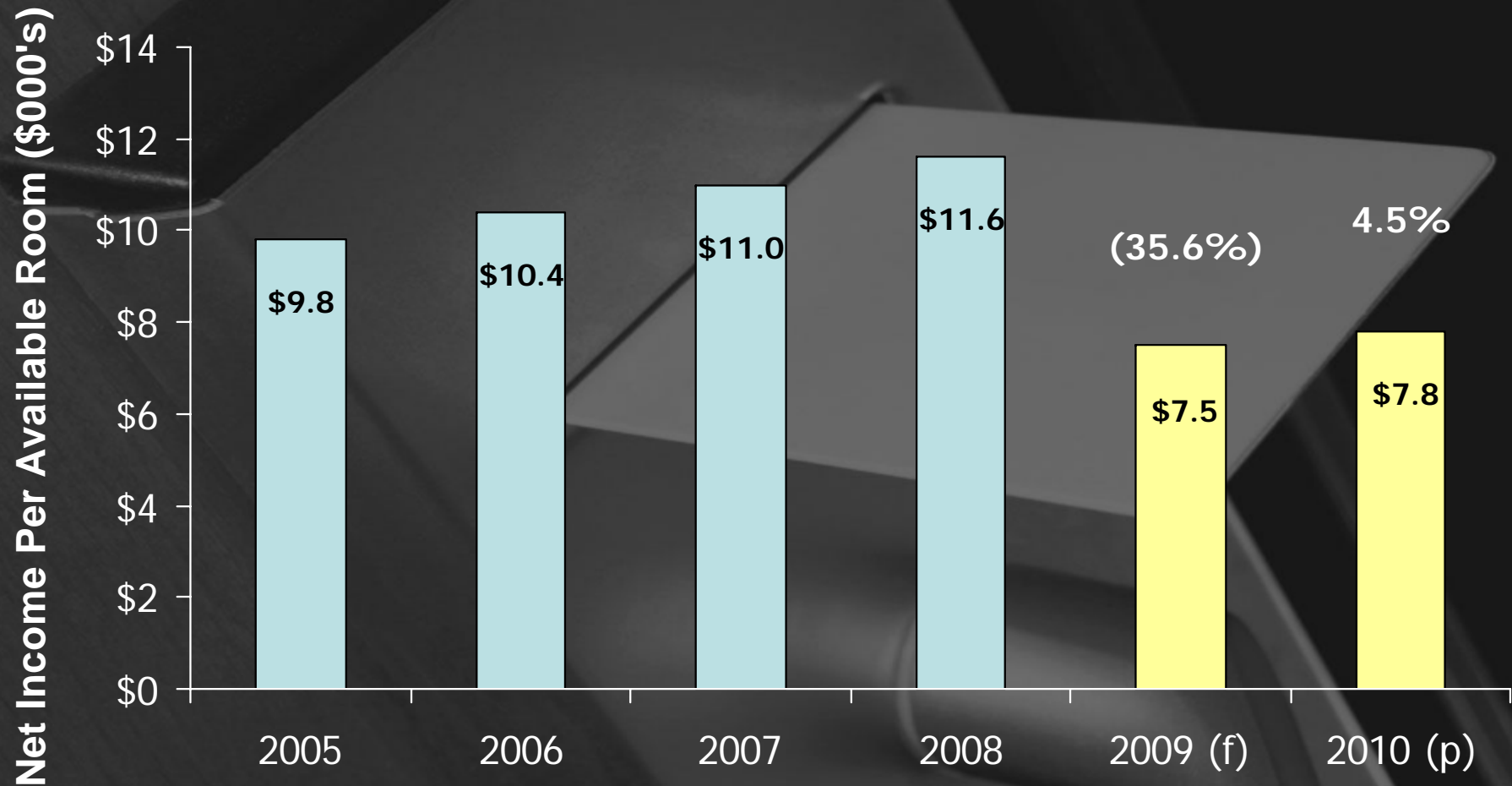
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	68%	66%	61%	62%
ADR	\$133	\$137	\$131	\$133
RevPAR	\$90	\$90	\$79	\$83

Source: PKF Consulting Inc.



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Full Service Financial Outlook



Source: PKF Consulting Inc.



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Limited Service Outlook

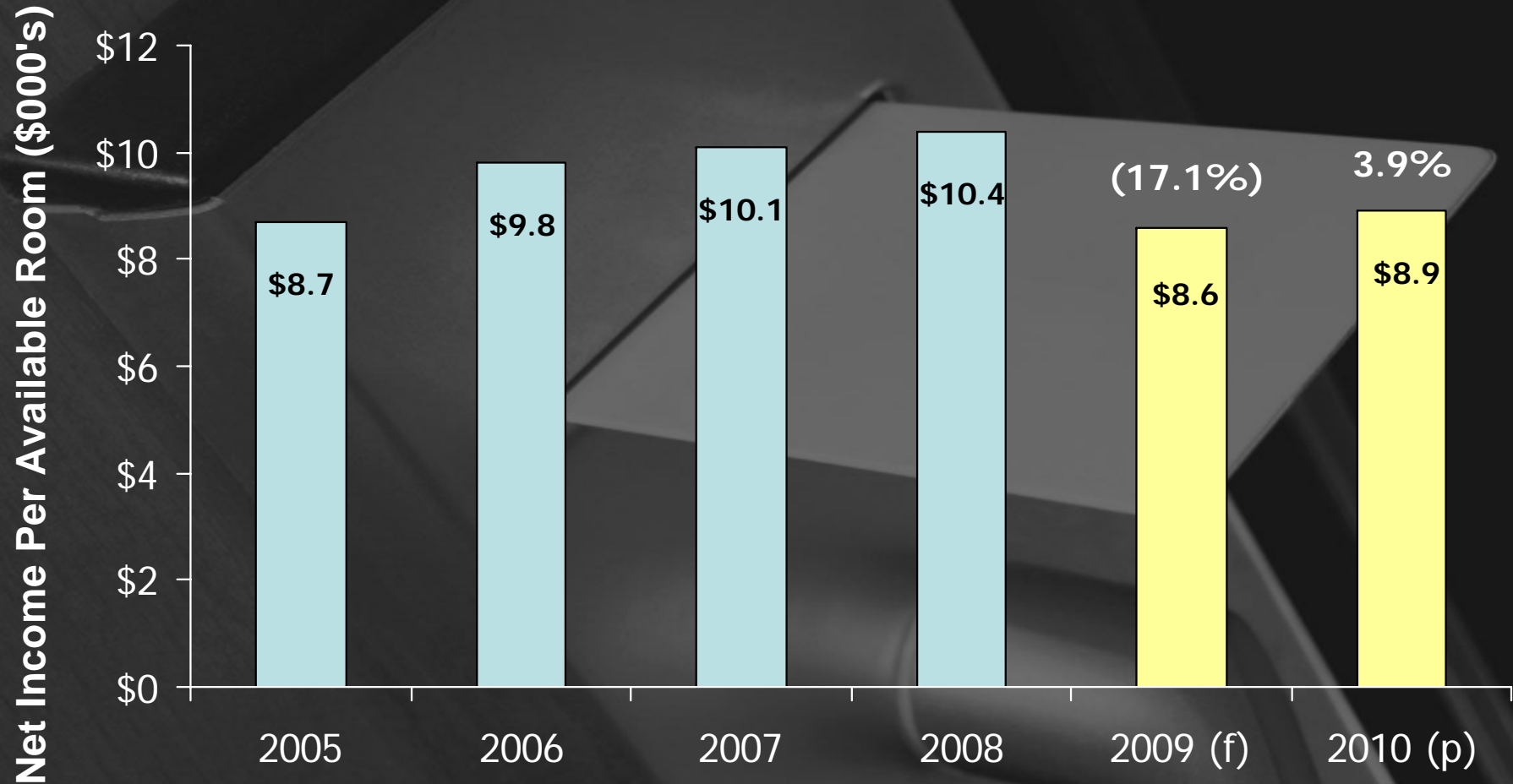
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	61%	59%	55%	56%
ADR	\$94	\$99	\$99	\$100
RevPAR	\$57	\$59	\$54	\$56

Source: PKF Consulting Inc.



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Limited Service Financial Outlook



Source: PKF Consulting Inc.



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All Suites/Extended Stay Outlook

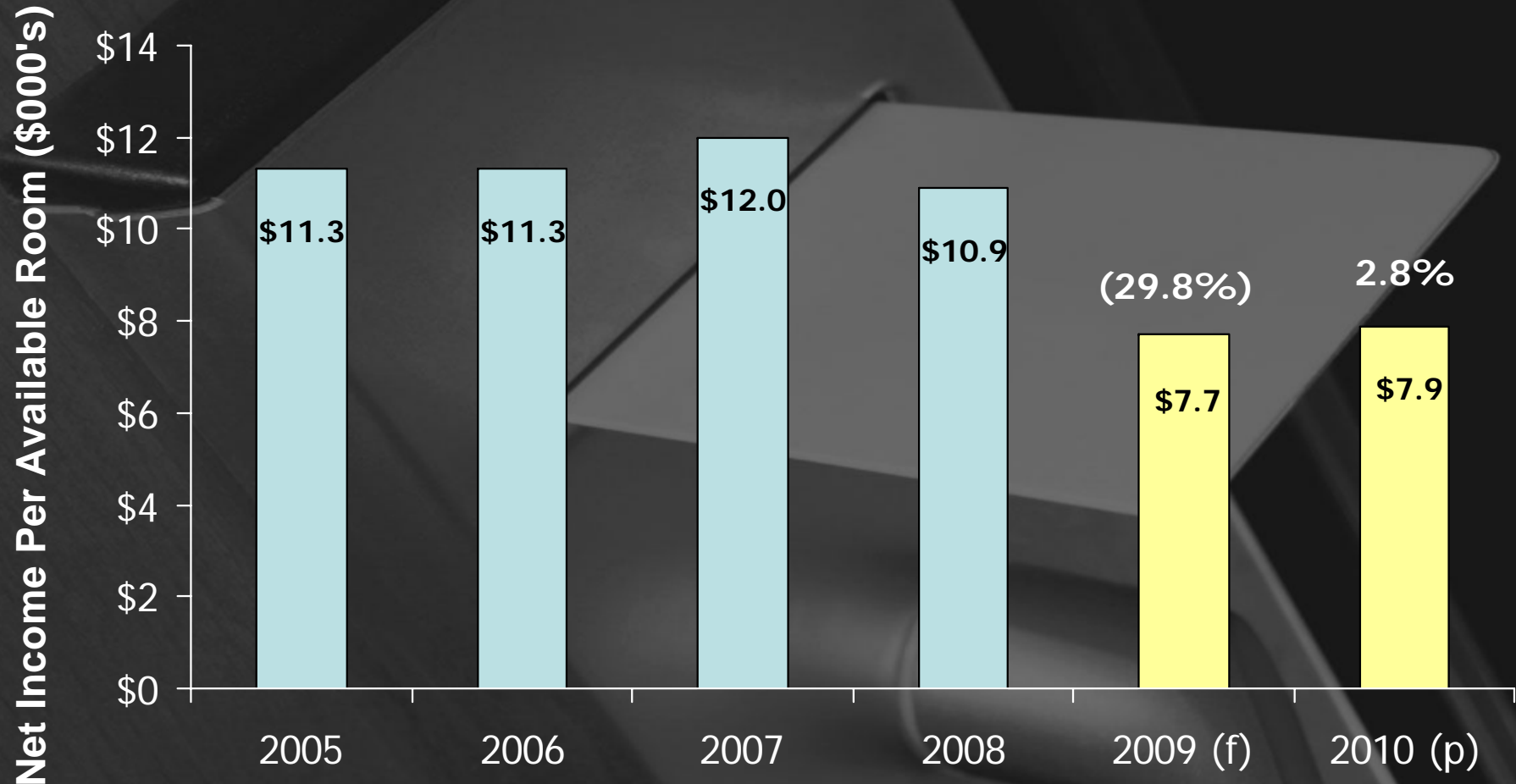
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	69%	68%	64%	66%
ADR	\$139	\$143	\$136	\$138
RevPAR	\$96	\$97	\$88	\$91

Source: PKF Consulting Inc.



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All Suites/Extended Stay Financial Outlook



Source: PKF Consulting Inc.



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Resort Outlook

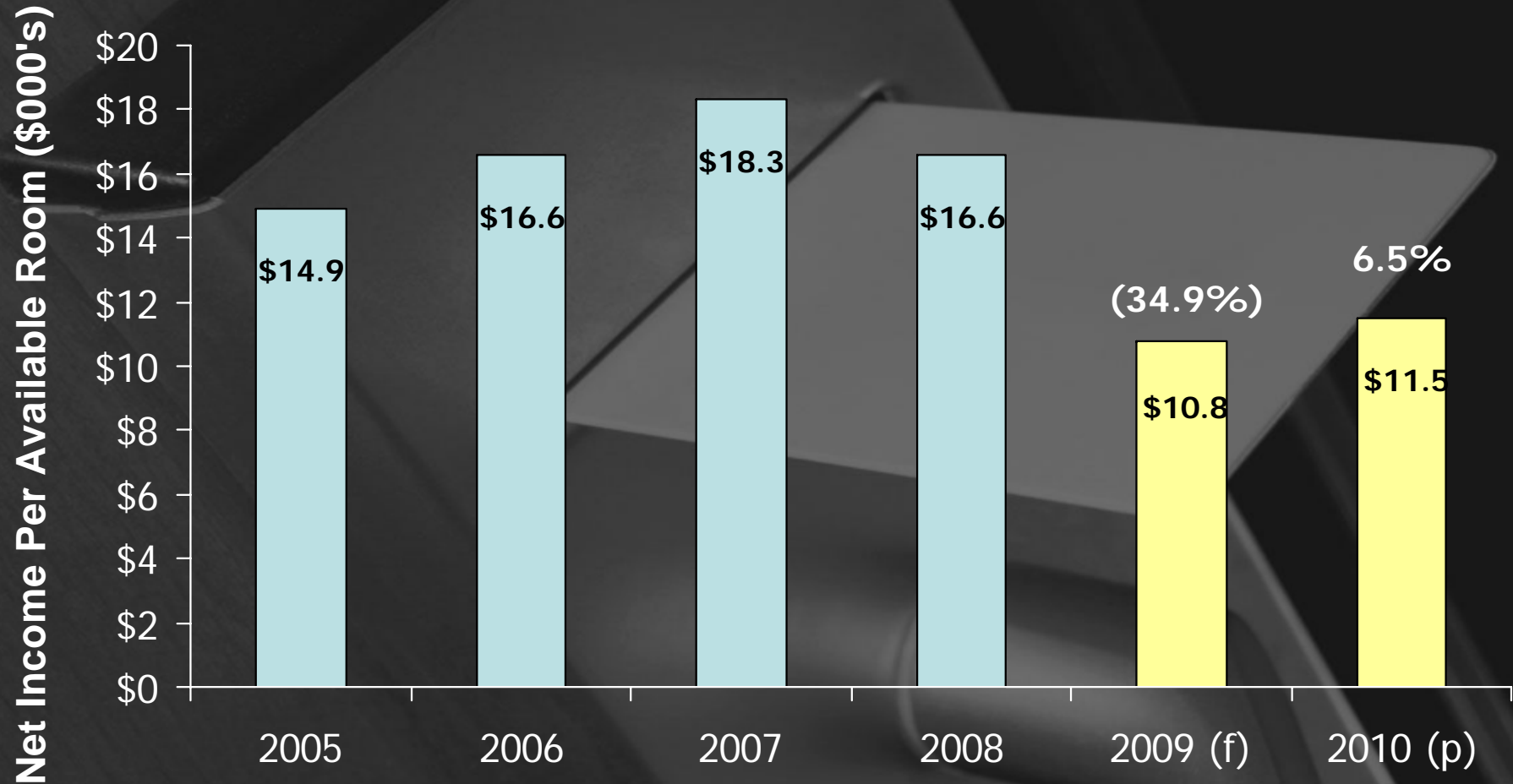
	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	55%	54%	50%	52%
ADR	\$192	\$197	\$187	\$190
RevPAR	\$107	\$107	\$94	\$98

Source: PKF Consulting Inc.



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Resort Financial Outlook

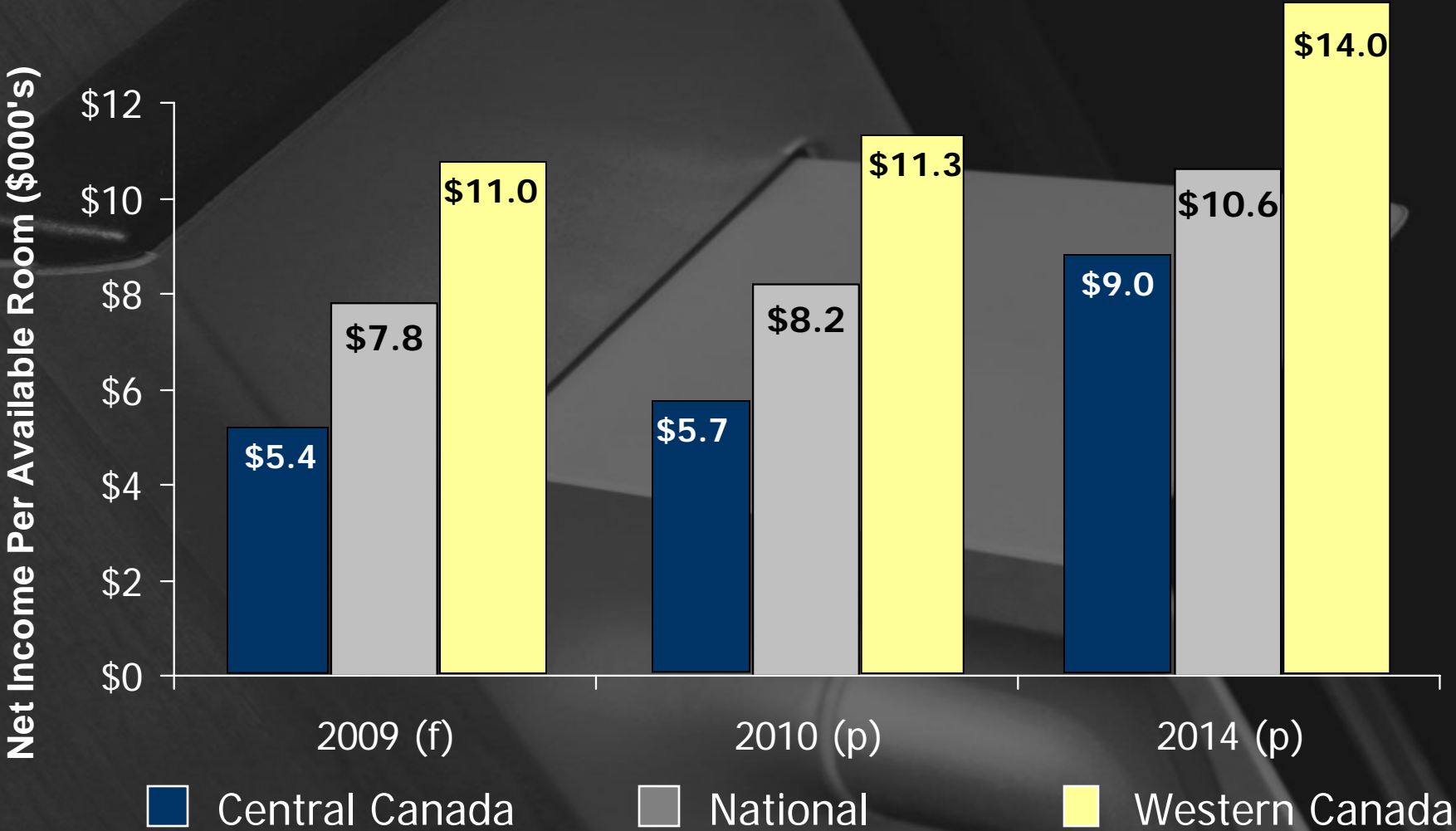


Source: PKF Consulting Inc.



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National Financial Outlook Beyond 2009



Source: PKF Consulting Inc.



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Major Market Outlooks



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Western Canada Outlooks



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Western Canada Outlooks

	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Vancouver	74%	72%	64%	68%
	\$133	\$138	\$131	\$140
RevPAR	\$98	\$99	\$84	\$95
Calgary	74%	72%	65%	64%
	\$142	\$151	\$144	\$149
RevPAR	\$105	\$109	\$94	\$95
Western Canada	68%	66%	60%	62%
	\$128	\$133	\$129	\$131
RevPAR	\$87	\$89	\$78	\$81

Source: PKF Consulting Inc.



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Western Canada Outlooks

	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Edmonton	75%	73%	66%	65%
	\$113	\$122	\$122	\$124
RevPAR	\$85	\$89	\$80	\$81
Winnipeg	68%	69%	65%	66%
	\$103	\$111	\$113	\$115
RevPAR	\$70	\$77	\$73	\$76
Western Canada	68%	66%	60%	62%
	\$128	\$133	\$129	\$131
RevPAR	\$87	\$89	\$78	\$81

Source: PKF Consulting Inc.



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Central Canada Outlooks



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Central Canada Outlooks

	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Toronto	67%	66%	60%	61%
	\$136	\$136	\$126	\$128
RevPAR	\$91	\$90	\$76	\$78
Niagara Falls	57%	55%	52%	53%
	\$144	\$140	\$129	\$131
RevPAR	\$82	\$77	\$67	\$70
Ottawa	70%	71%	67%	68%
	\$133	\$136	\$136	\$138
RevPAR	\$94	\$96	\$90	\$94
Central Canada	63%	61%	57%	59%
	\$128	\$130	\$123	\$125
RevPAR	\$81	\$80	\$70	\$73

Source: PKF Consulting Inc.



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Central Canada Outlooks

	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Montreal	67%	64%	60%	60%
	\$137	\$138	\$129	\$132
RevPAR	\$92	\$88	\$78	\$80
Quebec City	62%	67%	56%	57%
	\$138	\$158	\$142	\$144
RevPAR	\$85	\$105	\$79	\$82
Central Canada	63%	61%	57%	59%
	\$128	\$130	\$123	\$125
RevPAR	\$81	\$80	\$70	\$73

Source: PKF Consulting Inc.



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Atlantic Canada Outlooks



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Atlantic Canada Outlooks

	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Halifax	69%	66%	61%	63%
	\$126	\$129	\$126	\$128
RevPAR	\$88	\$86	\$77	\$80
Atlantic Canada	62%	60%	57%	59%
	\$115	\$119	\$116	\$118
RevPAR	\$71	\$71	\$66	\$69

Source: PKF Consulting Inc.



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2010 Major Market Outlooks



Vancouver	13%	>10% RevPAR Growth
Halifax	5%	
Toronto	4%	4% - 5% RevPAR Growth
Ottawa	4%	
Winnipeg	3%	2% - 3% RevPAR Growth
Niagara Falls	3%	
Quebec City	3%	
Montreal	3%	
Calgary	1%	0% - 1% RevPAR Growth
Edmonton	1%	

Source: PKF Consulting Inc.



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Industry Review

Source: PKF Consulting Inc.



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2009 Market Outlooks

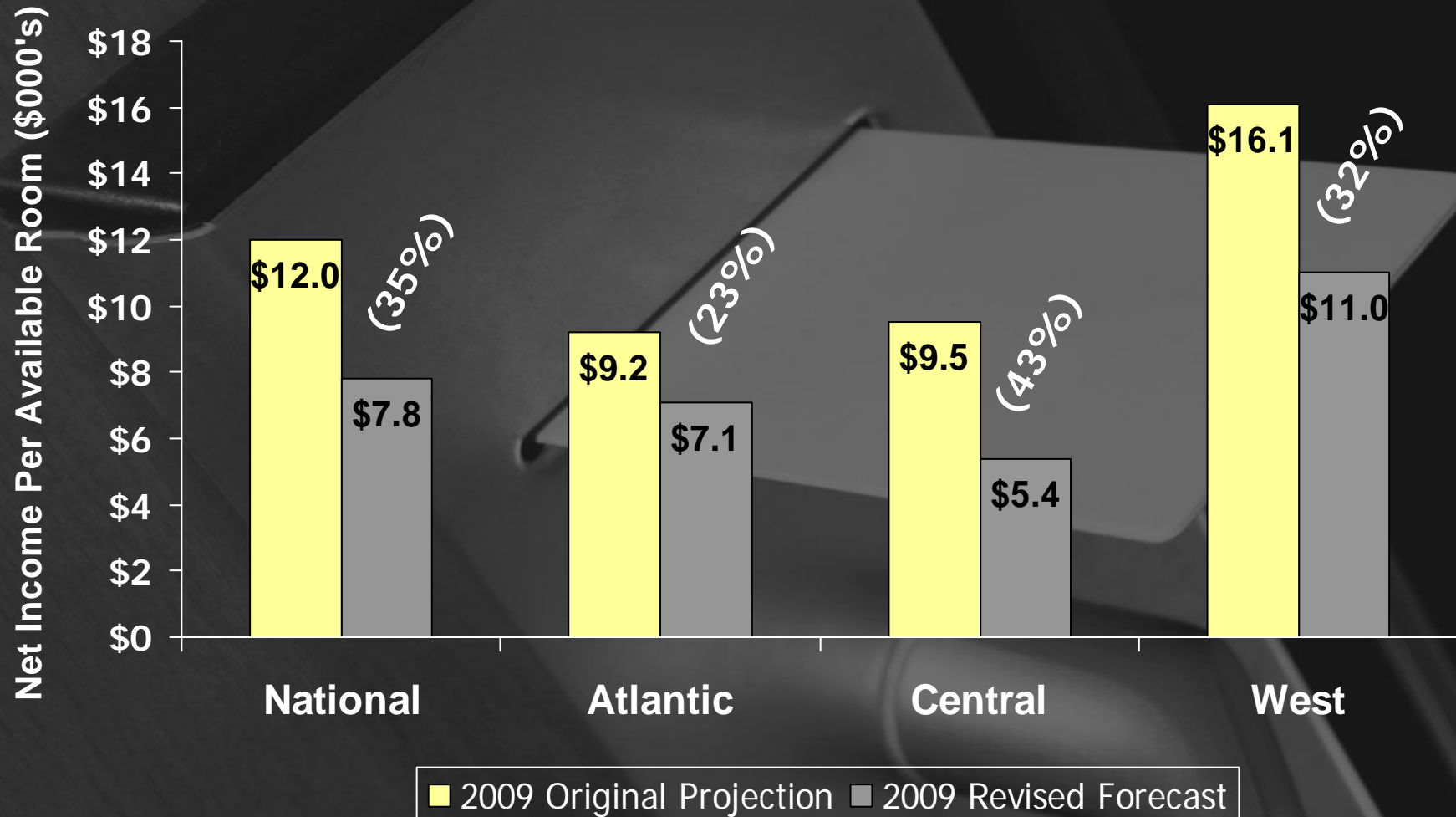
2009 Outlook	As at Fall 2008	As at Fall 2009	RevPAR Variance
Atlantic Canada	61%	57%	
	\$122	\$116	
RevPAR	\$74	\$66	(11%)
Central Canada	63%	57%	
	\$134	\$123	
RevPAR	\$84	\$70	(17%)
Western Canada	68%	60%	
	\$140	\$129	
RevPAR	\$95	\$78	(18%)
CANADA	65%	58%	
	\$135	\$126	
RevPAR	\$88	\$73	(17%)

Source: PKF Consulting Inc.



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2009 Financial Outlooks



Source: PKF Consulting Inc.



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Western Canada

	2008 Actual	Original 2009 Projection	Revised 2009 Forecast	RevPAR Variance
Vancouver	72%	75%	64%	
	\$138	\$149	\$131	
RevPAR	\$99	\$112	\$84	(25%)
Calgary	72%	74%	65%	
	\$151	\$166	\$144	
RevPAR	\$109	\$123	\$94	(24%)
Edmonton	73%	75%	66%	
	\$122	\$132	\$122	
RevPAR	\$89	\$99	\$80	(19%)

Source: PKF Consulting Inc.



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Western Canada

Which Markets are holding their own in 2009?

	2008 Actual	2009 Forecast	RevPAR Variance
Brandon	66%	67%	
	\$84	\$89	
RevPAR	\$55	\$60	7%
Regina	71%	67%	
	\$110	\$118	
RevPAR	\$78	\$79	1%
Saskatoon	77%	75%	
	\$120	\$129	
RevPAR	\$92	\$97	5%
Lethbridge	61%	64%	
	\$102	\$104	
RevPAR	\$62	\$67	7%

Source: PKF Consulting Inc.



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Atlantic & Central Canada

	2008 Actual	Original 2009 Projection	Revised 2009 Forecast	RevPAR Variance
Montreal	64%	64%	60%	
	\$138	\$137	\$129	
RevPAR	\$88	\$88	\$78	(11%)
Ottawa	71%	70%	67%	
	\$136	\$140	\$136	
RevPAR	\$96	\$98	\$90	(8%)
Toronto	66%	67%	60%	
	\$136	\$141	\$126	
RevPAR	\$90	\$94	\$76	(19%)
Halifax	66%	68%	61%	
	\$129	\$134	\$126	
RevPAR	\$86	\$91	\$77	(15%)

Source: PKF Consulting Inc.



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Atlantic & Central Canada

Which Markets are holding their own in 2009?

	2008 Actual	2009 Forecast	RevPAR Variance
St. John's	67%	68%	
	\$129	\$130	
RevPAR	\$85	\$88	4%
Kingston	62%	63%	
	\$121	\$120	
RevPAR	\$75	\$76	1%
North Bay	65%	65%	
	\$101	\$103	
RevPAR	\$66	\$67	2%

Source: PKF Consulting Inc.



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Investment Implications

National Transaction Overview Canada

	2005	2006	2007	2008	YTD June09
Total Transactions	110	115	150	73	24
Volume (\$ Millions)	\$1,660	\$2,594	\$4,423	\$912	\$157
Yield (%)	9.7%	10.8%	9.8%	9.0%	10.7%
Adjusted Volume ¹	\$1,660	\$1,100	\$1,100	\$912	\$157

¹ Adjusted transactions exclude major portfolio acquisitions by OMERS in 2006, and Legacy REIT/CHIP REIT in 2007

	YTD June 07	YTD June 08	YTD June 09
Transactions	68	48	24
Volume (\$ Millions)	\$814	\$538	\$157
Yield (%)	10.1%	9.2%	10.7%

Source: Colliers Investment Report; PKF Consulting Inc.



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Investment Implications



US INVESTMENT SURVEY – CAPITALIZATION RATES

Hotel Investment Criteria – US	2007	2008	2009 Outlook
OCR (Trailing 12 Mos.)	8.7%	9.2%	10.3%
OCR (Next 12 Mos.)	9.1%	9.7%	10.7%
Terminal Cap Rate	9.8%	10.0%	10.1%
Discount Rate	13.0%	13.1%	15.2%

Source: PKF Hospitality Research US., Spring 2009



CANADIAN CAPITALIZATION RATES

Hotel Investment Criteria – CAN	2007	2008	2009 Outlook
OCR (Trailing 12 Mos.)	9.8%	9.0%	9.5%-10.0%
OCR (Next 12 Mos.)	10.3%	9.5%	10.0%-10.5%
Terminal Cap Rate	10.8%	10.0%	10.5%-11.0%
Discount Rate	13.0%	12.0%	13.0%-14.0%

Source: PKF Consulting Inc., Spring 2009



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Investment Outlook





The Economic Downturn –National

1991-92	1989	1990	1991	1992	89-92
Occupancy	66%	65%	59%	58%	(8pts)
ADR	\$81	\$84	\$84	\$83	\$2
NOI Per Room	\$5,100	\$4,400	\$1,900	\$1,800	(65%)
Supply	3%	4%	4%	2%	12%
Demand	1%	2%	(6%)	1%	(3%)
911/SARS	2000	2001	2002	2003	00-03
Occupancy	65%	62%	62%	59%	(6pts)
ADR	\$111	\$114	\$116	\$114	\$3
NOI Per Room	\$11,100	\$9,800	\$9,900	\$7,200	(35%)
Supply	2%	2%	2%	2%	8%
Demand	1%	(2%)	1%	(6%)	(4%)
2007-10	2007	2008	2009(f)	2010(p)	07-10
Occupancy	65%	63%	58%	60%	(5pts)
ADR	\$127	\$131	\$125	\$128	\$1
NOI Per Room	\$11,600	\$11,800	\$7,800	\$8,200	(29%)
Supply	1.7%	1.8%	1.6%	1.4%	4.9%
Demand	2.4%	(0.5%)	(6.5%)	3.5%	(3.8%)



Canada Vs. U.S.

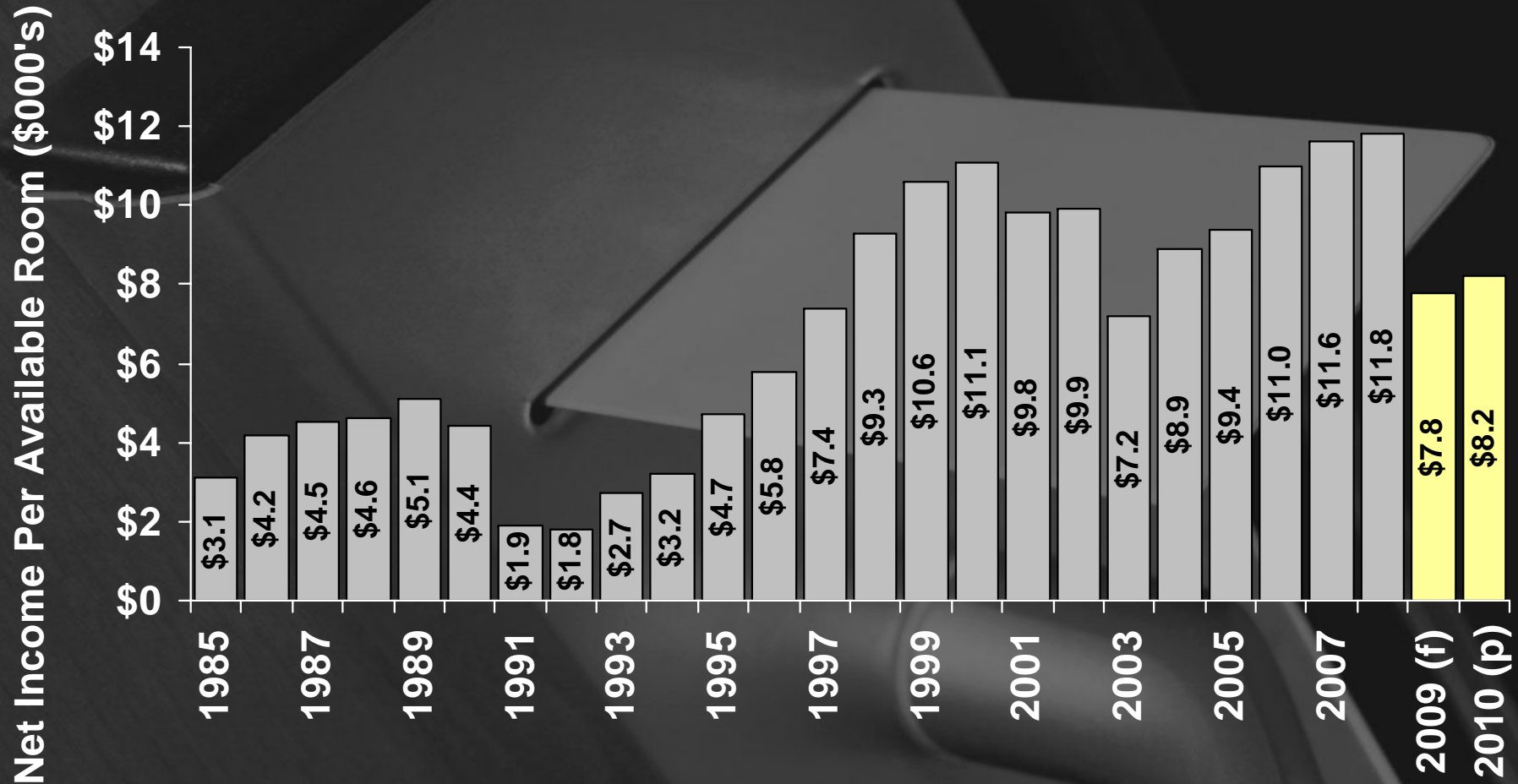
		Canada			U.S.	
YEAR	2008	2009(f)	2010(p)	2008	2009(f)	2010(p)
Supply	1.8%	1.6%	1.4%	2.6%	3.0%	1.2%
Demand	(0.5%)	(6.5%)	3.5%	(1.8%)	(6.3%)	1.7%
Occupancy	63.4%	58.0%	60.0%	60.4%	54.9%	55.2%
ADR	3.0%	(4.5%)	2.5%	2.6%	(10.4%)	(3.1%)
RevPAR	0.6%	(12.2%)	4.0%	(1.8%)	(18.5%)	(2.7%)

Source: PKF Consulting Inc., PKF Hospitality Research US



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National Financial Outlook



Source: PKF Consulting Inc.



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Jon Lantz

OUTLOOK 2009/2010



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