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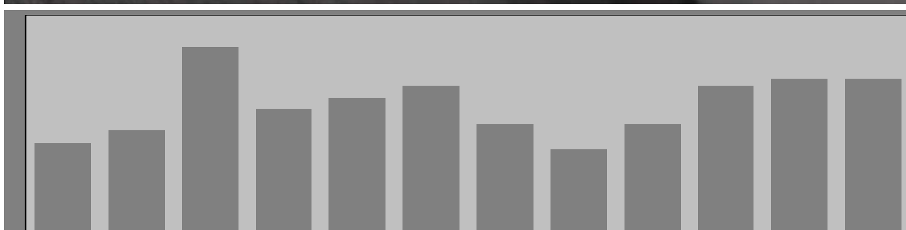
Hospitality Financial and Technology Professionals

Regional Conference

May 19, 2010



OUTLOOK 2010

Today’s Agenda:

What the “hell” happened in 2009?
&
Where are we headed?

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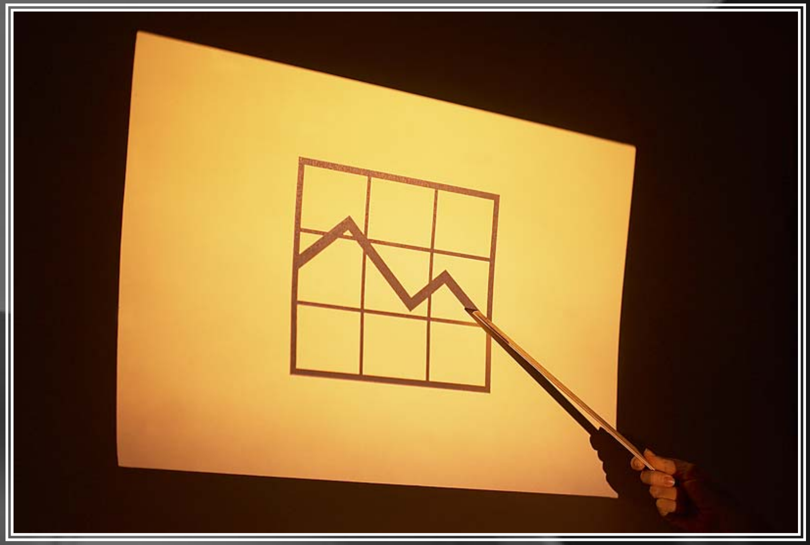
What the “hell” happened in 2009?

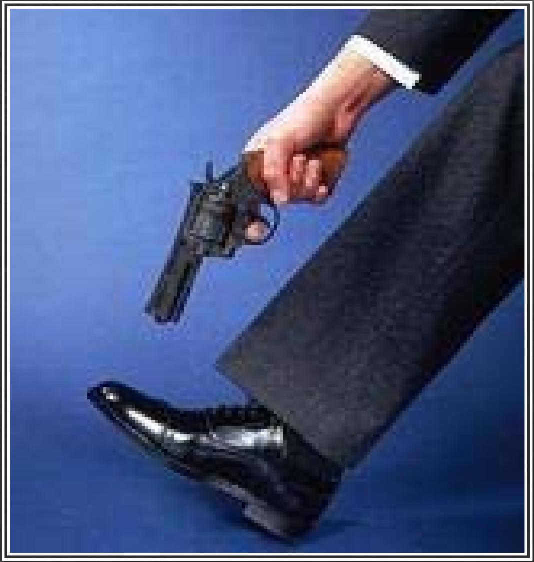
1. The disconnect between hotel demand and the economy

2. Impacts in Central versus Western Canada

3. The impacts of industry-led discounting



We know what we did….



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National Economic & Travel Indicators

2009 Outlook	As at Fall 2008	As at Fall 2009
GDP Growth National	2.8%	(2.1%)
Business Travel Overnight Domestic	2.5%	(6.2%)
Pleasure Travel Overnight Domestic	1.9%	(4.2%)
U.S. Overnight Travel	(4.7%)	(5.3%)
Overseas Overnight Travel	1.0%	(9.5%)
Occupied Room Nights	1.5%	(6.3%)
Average Daily Rate	2.3%	(4.5%)

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

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Economic & Travel Indicators
Central versus Western Canada

2009 Outlook	CENTRAL CANADA As at Fall 2008	CENTRAL CANADA As at Fall 2009	WESTERN CANADA As at Fall 2008	WESTERN CANADA 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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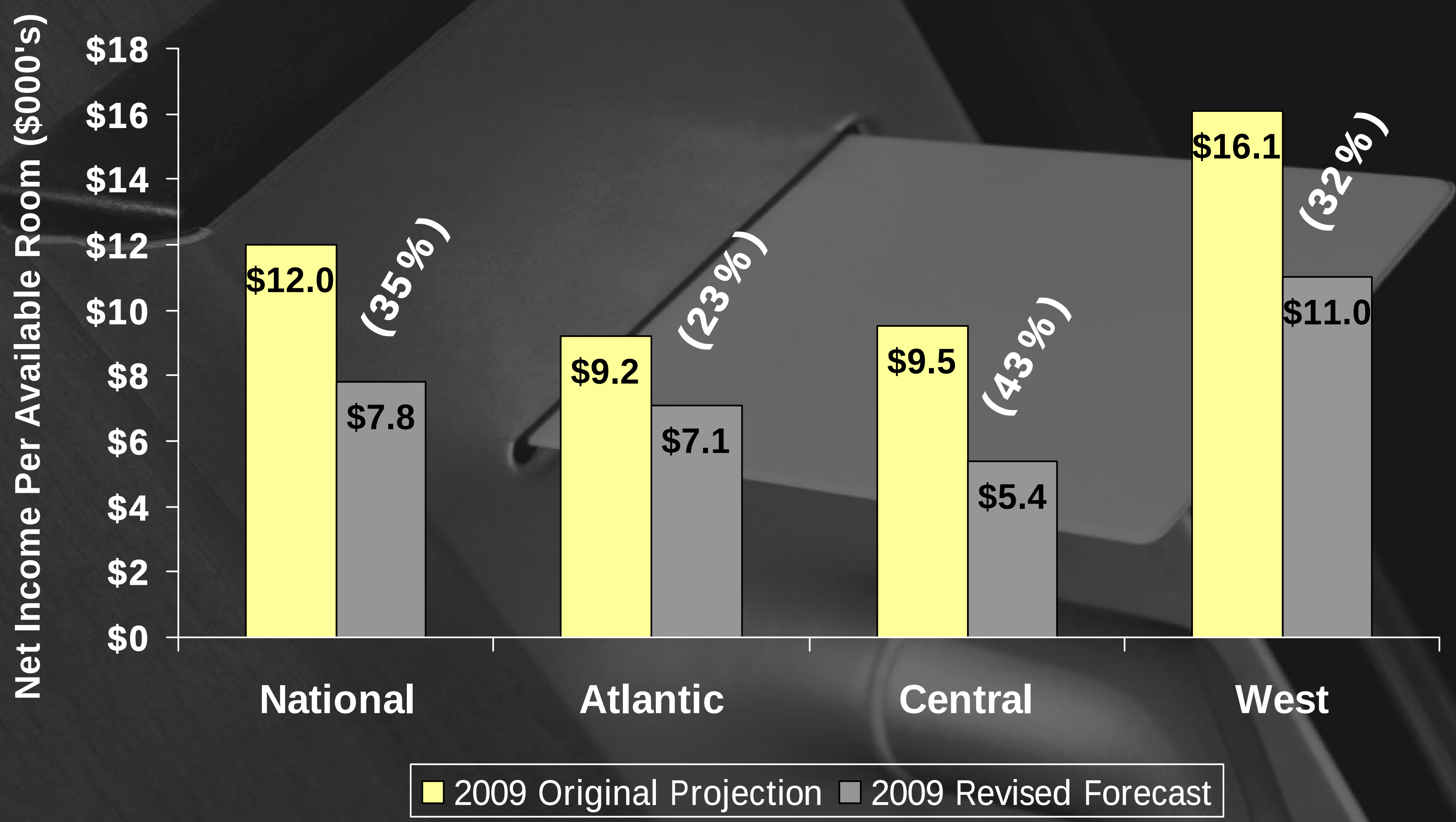
2009 Market Outlooks

2009 Outlook	Actual 2008	PKF Proj. As at Fall 2008	Actual 2009	RevPAR Variance
Atlantic Canada	60%	61%	57%	
	$119	$122	$117	
RevPAR	$71	$74	$67	**(10%)**
Central Canada	61%	63%	57%	
	$130	$134	$122	
RevPAR	$80	$84	$70	**(17%)**
Western Canada	66%	68%	60%	
	$133	$140	$129	
RevPAR	$89	$95	$77	**(18%)**
CANADA	63%	65%	58%	
	$131	$135	$125	
RevPAR	$83	$88	$73	**(17%)**

Source: PKF Consulting Inc.

2009 Financial Outlooks



Source: PKF Consulting Inc.

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Industry Driven Impacts

Overall 2009 Impact

- A $1.5 billion bottom line impact nationally

Market/Economic Driven Impact

- 5 million ORN/5 points in occupancy

Industry Driven Impact

- A $6 decrease in rates
- A $500 million bottom line impact nationally

If rates were held in 2009…

- Demand could have dropped another 3-4 million ORN (3-4 points)

Long Term Impact

- This represents a $5 billion balance sheet impact nationally

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What Happened in Western Canada?

- Strength of Alberta, benefits of Olympics, thought the west would be OK
- Impacts came later, but they came
- Went from good to bad

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What happened in Atlantic & Central Canada?

- Prior to the economic downturn the industry was already anticipating a decline
- Supply has been outpacing demand
- Continued decline within manufacturing sector
- Overall, went from bad to worse

Atlantic & Central Canada

	2008 Actual	Original 2009 Projection	Actual 2009	RevPAR Variance
Montreal	64%	64%	60%	
	$138	$137	$129	
RevPAR	$88	$88	$77	(13%)
Ottawa	71%	70%	66%	
	$136	$140	$133	
RevPAR	$96	$98	$87	(12%)
Toronto	66%	67%	60%	
	$136	$141	$124	
RevPAR	$90	$94	$75	(21%)
Halifax	66%	68%	63%	
	$129	$134	$124	
RevPAR	$86	$91	$78	(15%)

Source: PKF Consulting Inc.

Where are we headed?

1. National Economic/Travel Outlook
2. Regional Travel Outlooks
3. 2010 Outlook
4. Beyond 2010

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Travel Outlooks

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National Economic/Travel Outlook 2009/10

	2008 Actual	2009 Forecast	2010 Projection
GDP Growth National	0.5%	(2.5%)	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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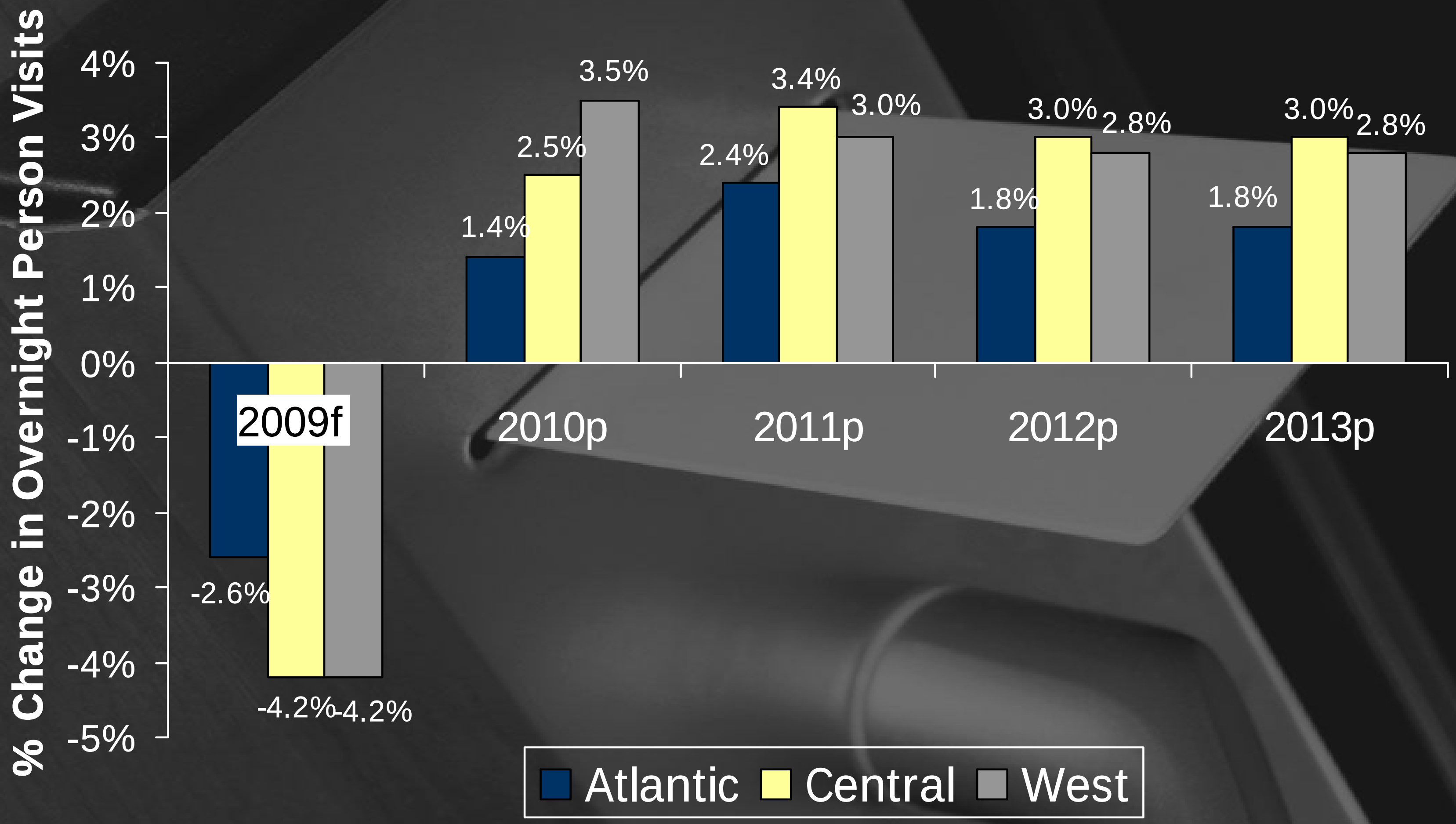
What's driving demand growth? Regional Travel Outlooks



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

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National Industry Outlook

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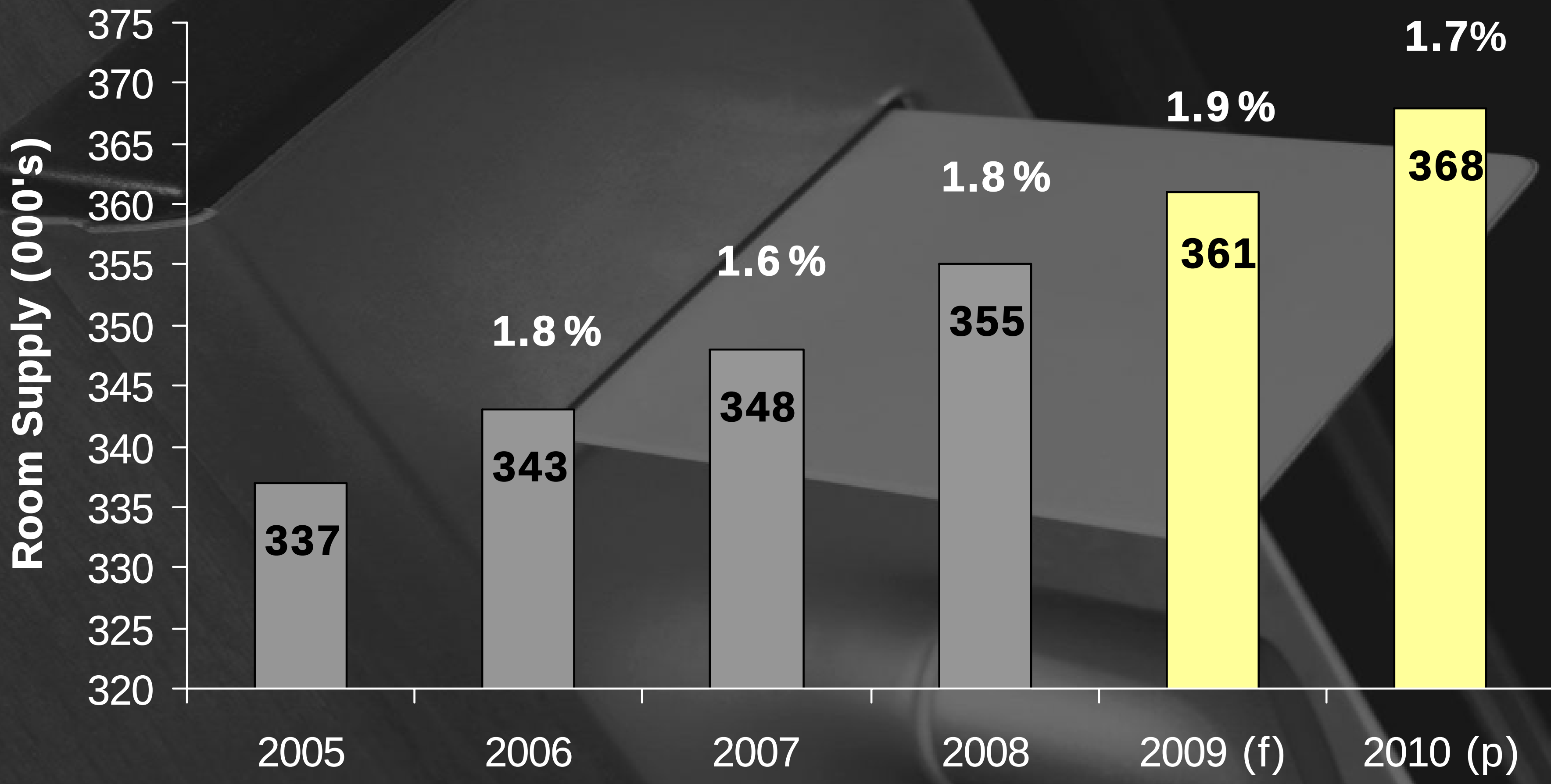
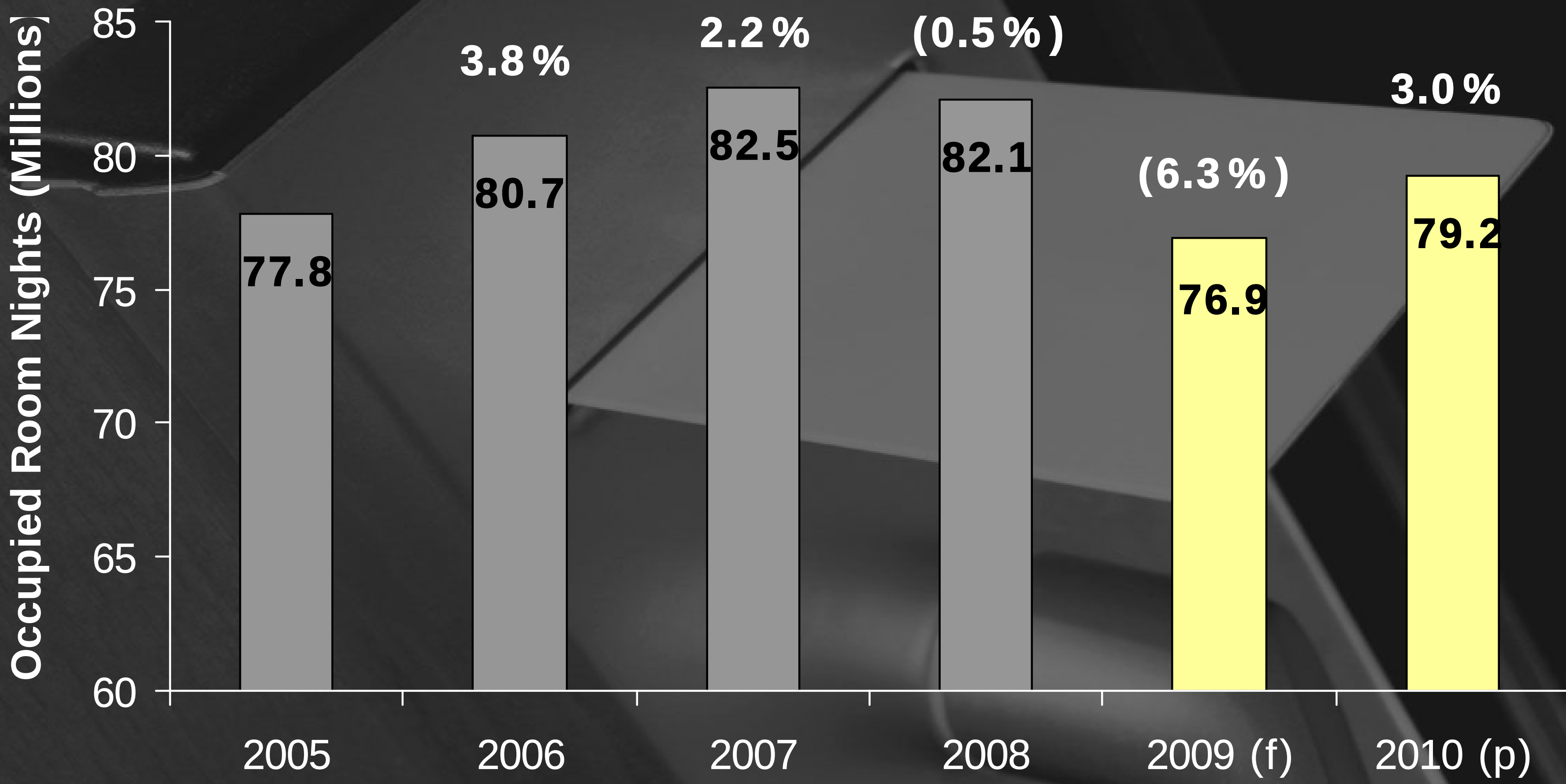
National Room Supply



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

Source: PKF Consulting Inc.

National Accommodation Demand



Source: PKF Consulting Inc.

National Market Outlook

	2007 Actual	2008 Actual	2009 Forecast	2010 Projection
Occupancy	65%	63%	58%	59%
ADR	$127	$131	$125	$127
RevPAR	$83	$83	$73	$75

Source: PKF Consulting Inc.

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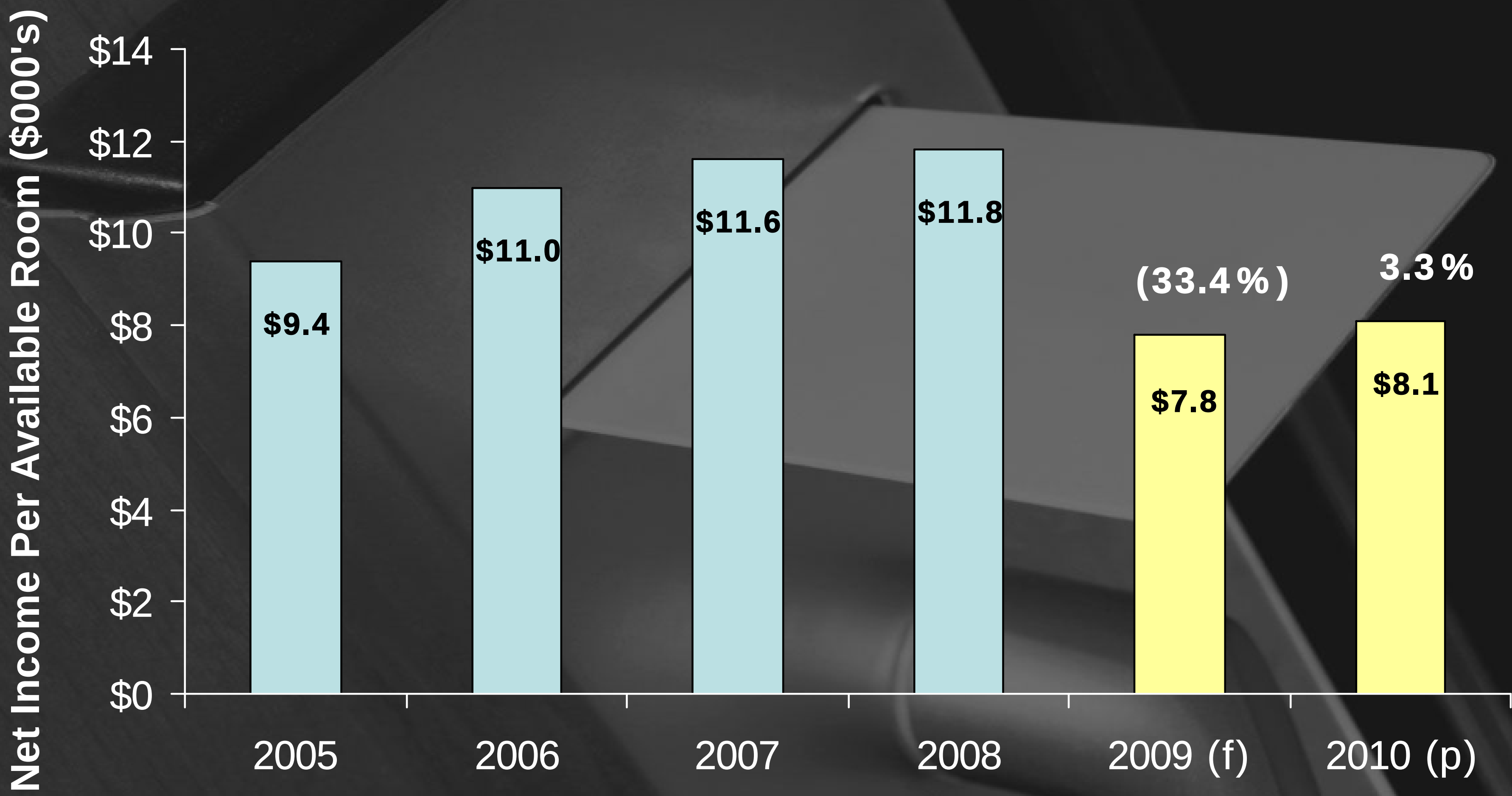
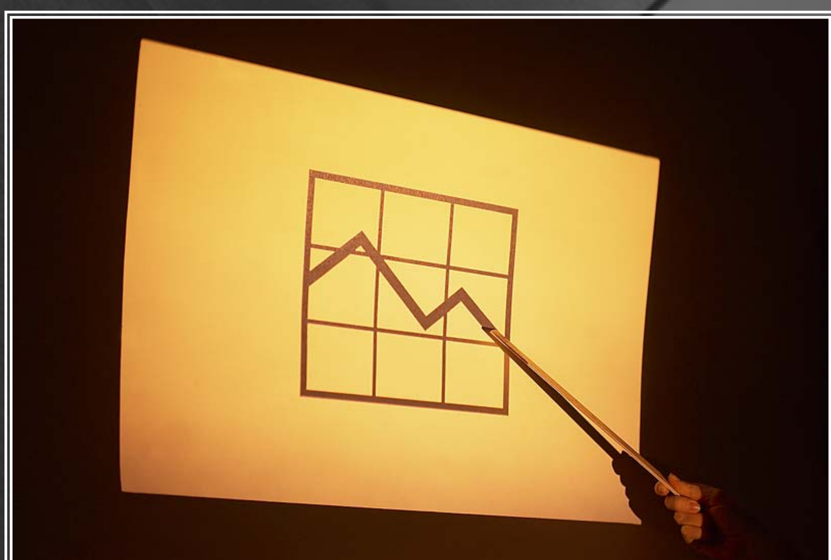
National Financial Outlook



Source: PKF Consulting Inc.

Regional & Major Market Outlooks

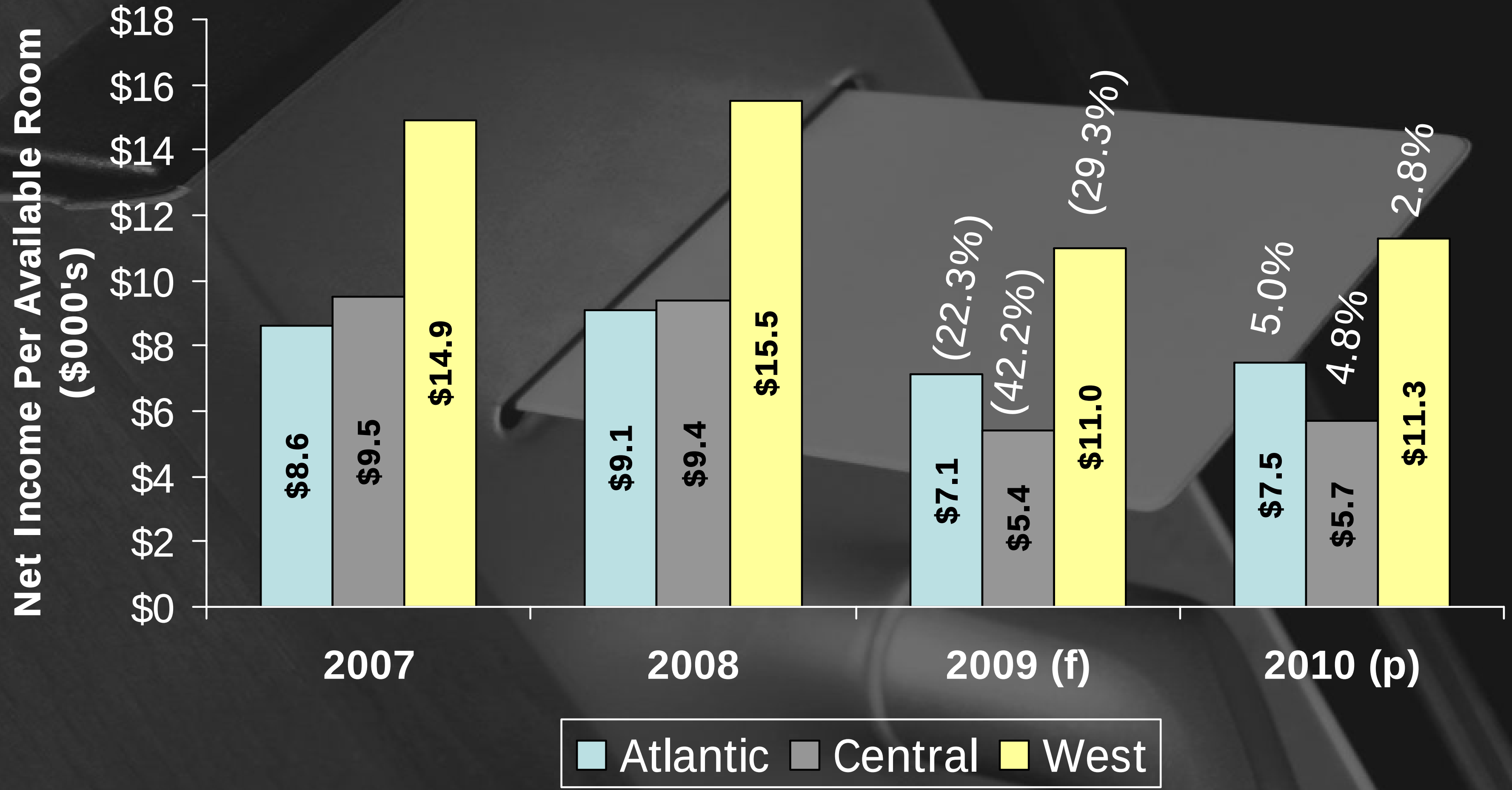


Regional Market Outlooks

	2007 Actual	2008 Actual	2009 Actual	2010 Projection
Atlantic Canada	62%	60%	57%	59%
	$115	$119	$117	$118
RevPAR	$71	$71	$67	$69
Central Canada	63%	61%	57%	59%
	$128	$130	$122	$125
RevPAR	$81	$80	$70	$73
Western Canada	68%	66%	60%	62%
	$128	$133	$129	$131
RevPAR	$87	$89	$77	$81

Source: PKF Consulting Inc.

Regional Financial Outlook



Source: PKF Consulting Inc.

2010 Major Market Outlooks

Vancouver	**12%**	**>10% RevPAR Growth**
Halifax	**4%**	**4% - 5% RevPAR Growth**
Toronto	**4%**	
Ottawa	**4%**	
Niagara Falls	**5%**	
Quebec City	**4%**	
Winnipeg	**3%**	**2% - 3% RevPAR Growth**
Montreal	**2%**	
Calgary	**-4%**	**(3%) - (4%) RevPAR Growth**
Edmonton	**-3%**	

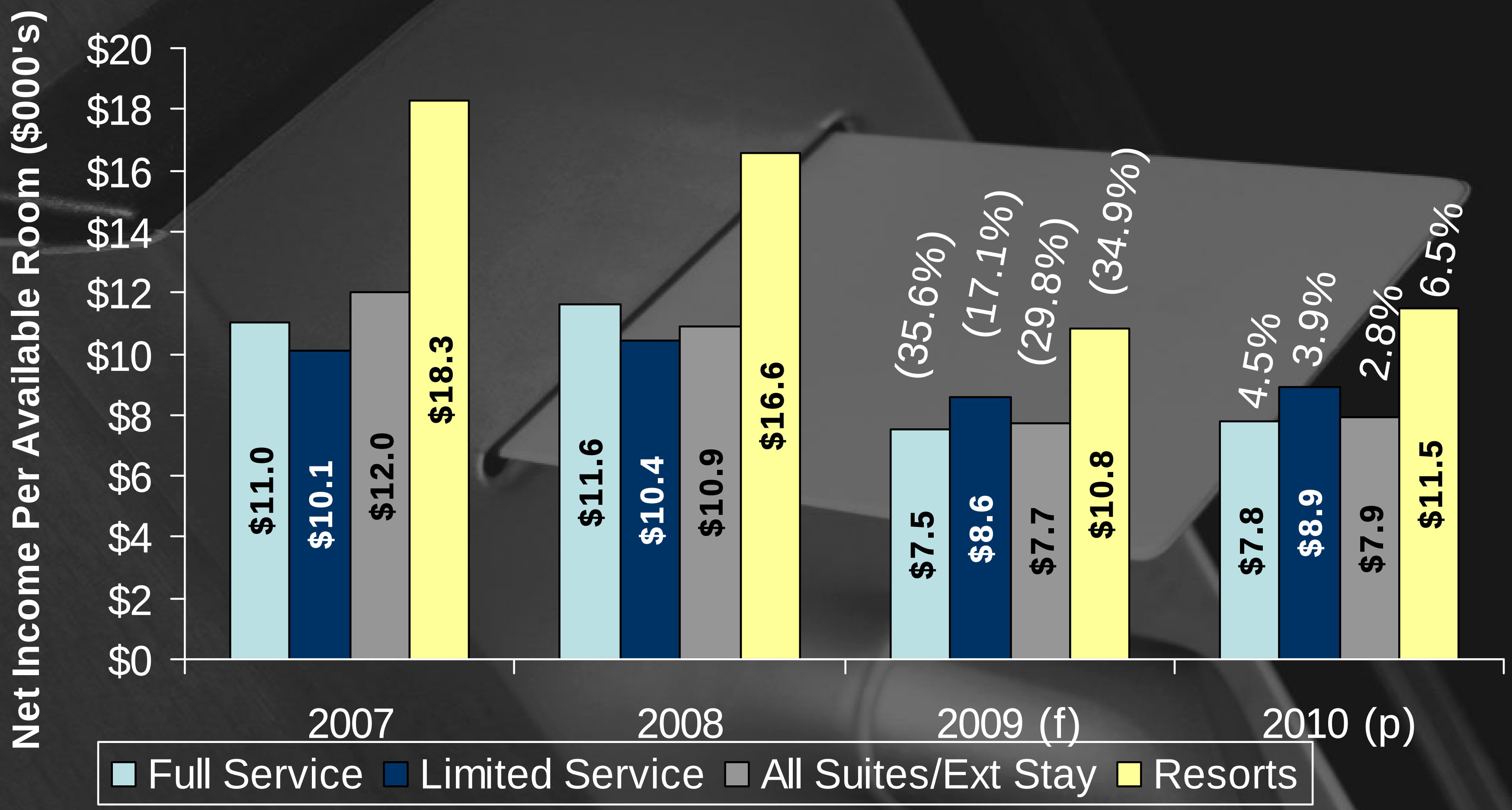
Source: PKF Consulting Inc.

Product Segment Market Outlooks

	2007 Actual	**2008** Actual	**2009 Actual**	**2010** Projection
Full Service	68%	66%	**61%**	61%
	$133	$137	**$130**	$132
RevPAR	$90	$90	**$79**	$81
Limited Service	61%	59%	**55%**	55%
	$94	$99	**$100**	$102
RevPAR	$57	$59	**$54**	$56
All Suites/Ext Stay	69%	68%	**64%**	66%
	$139	$143	**$135**	$138
RevPAR	$96	$97	**$87**	$91
Resorts	55%	54%	**51%**	52%
	$192	$197	**$185**	$190
RevPAR	$107	$107	**$94**	$98

Source: PKF Consulting Inc.

Product Segment Financial Outlook



Source: PKF Consulting Inc.

Beyond 2010

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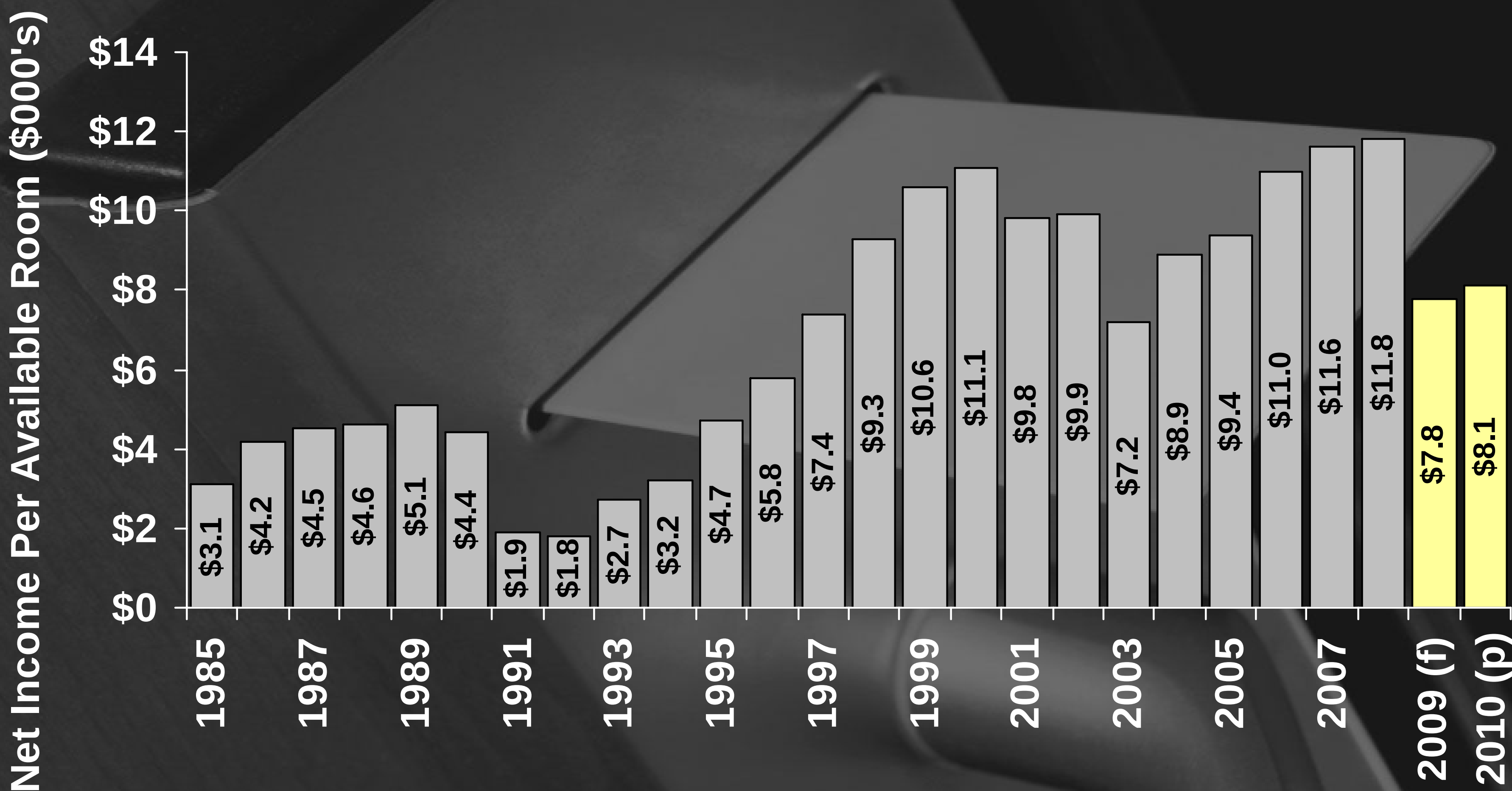
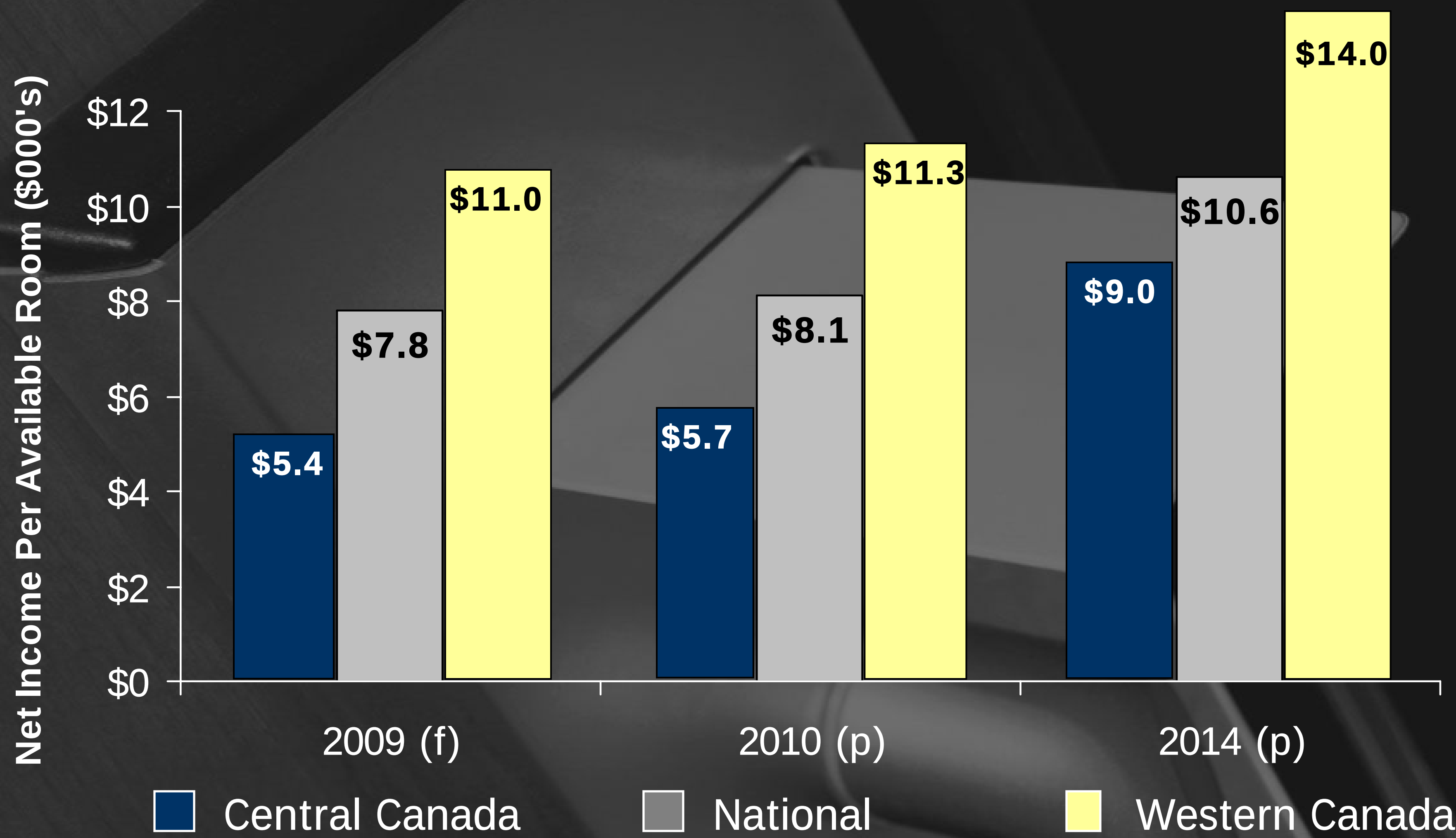
National Financial Outlook



Source: PKF Consulting Inc.

National Financial Outlook Beyond 2010



Source: PKF Consulting Inc.

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Concluding Remarks

We do not want a repeat of the year 2009.

We are in a much better position than the U.S.

We are poised for growth.

PKF TORONTO

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OUTLOOK 2010

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