

CELEBRATING 20 YEARS

ISHC

INTERNATIONAL SOCIETY OF
HOSPITALITY CONSULTANTS



Global “Sound bites”

Around the World in 45 Minutes

ISHC

International Society of
Hospitality Consultants



Washington DC Conference 2008

TOURISM&LEISURE
EUROPRACTISCONSULTING

Global “Sound bites”: around the world in 45 minutes

Europe

Christophe de Bruyn, Principal, ISHC

31 October 2008

Already at the end of Q2, there were signs of downturn in the European construction pipeline

- Europe's Total Construction Pipeline was more than 1,000 projects/ 170,000 rooms at the end of Q2 (*).
- Signs of economic slowdown and tight lending environment
- Half of these projects are under construction
- More than 20% are projects scheduled to start construction in the Next 12 Months
- Early Planning declined to less than 20% of the pipeline

Where are we now in Q3 and where are we heading to?

() Source: Lodging Econometrics*

All Europe is affected but at different levels

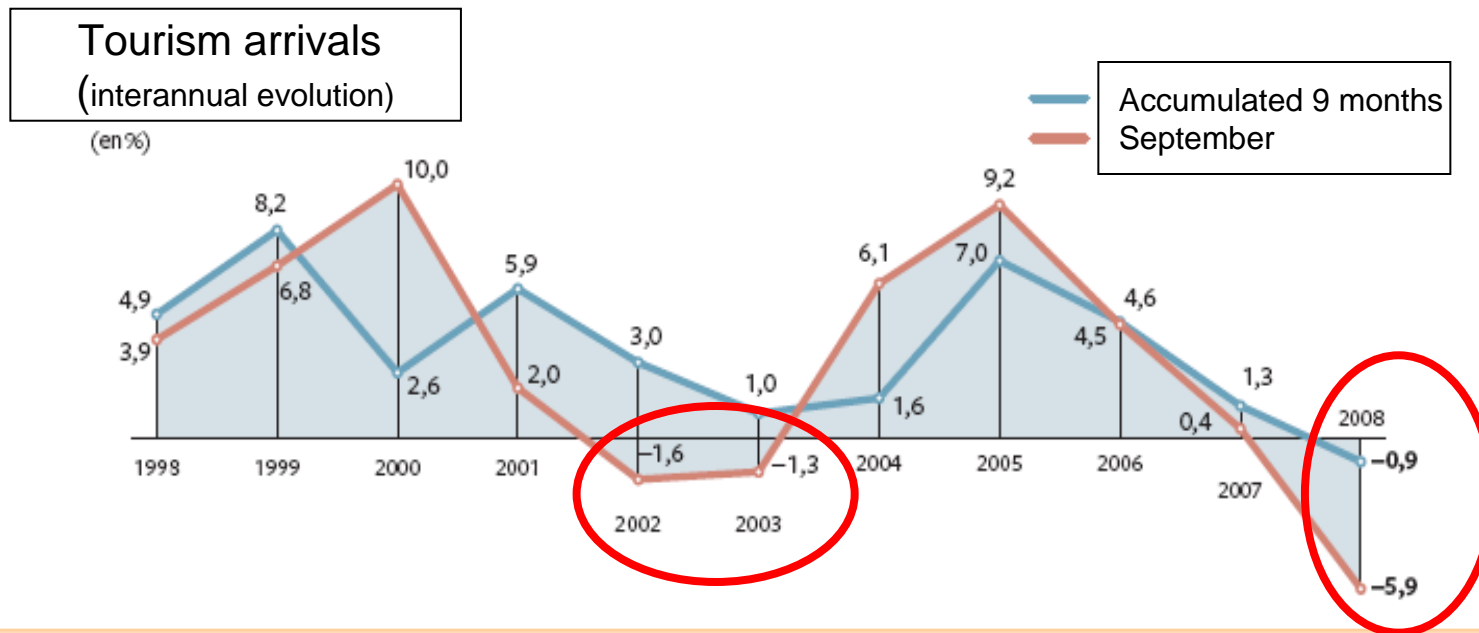
Uneven situation:

- ▶ Hard "hits": Spain, Ireland, UK
- ▶ "Surviving": Western Europe
- ▶ Keeping the balance until now: Eastern Europe

Tourism travel is stagnating or going down: both business and leisure

Showcase: Spain leisure tourism

- ▶ Loss of 1,2 million tourist arrivals during the Summer season
- ▶ 6% less tourist arrivals in September
- ▶ More people choose apartments instead of hotels



But more domestic and regional tourism, travelling by car

Hotel performance is getting worse...

Showcase: Spain – Barcelona city

- ▶ Luxury hotels are reducing their rates by 20%
- ▶ Rest of hotels are keeping their rates...for the time being
- ▶ Profitability has gone down in average by 6%

What about the future?

- 2009 looks bad for the hotel development business
- Recovery in 2010...or in 2012?

What about consultancy business?

- Working with transactions: less activity except for management contracts ,although opportunities with distressed properties
- Working with new developments: less projects but more professional insight needed
- Restructuring / operations streamlining: more opportunities.



CELEBRATING 20 YEARS

ISHC

INTERNATIONAL SOCIETY OF
HOSPITALITY CONSULTANTS

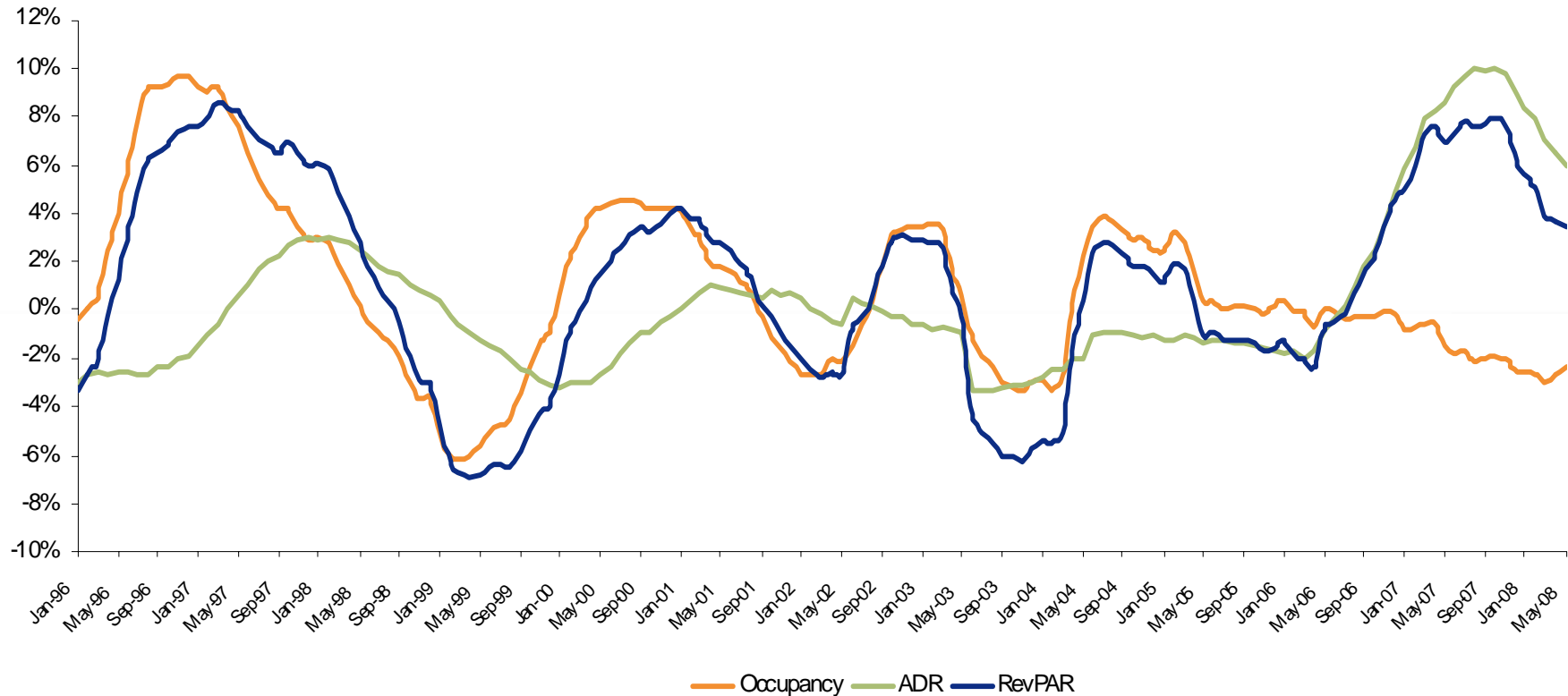
*Five Minutes
Overview
on*

*Japan Hotels
Market*

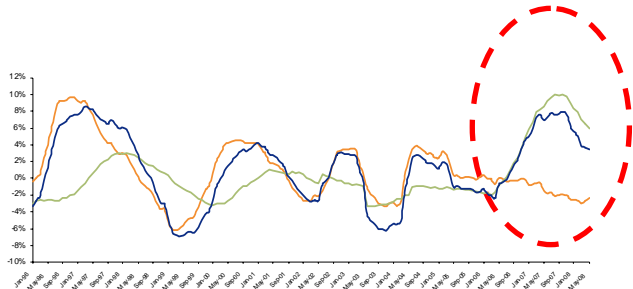
November 4, 2008

Ryu Iwaya, ISHC

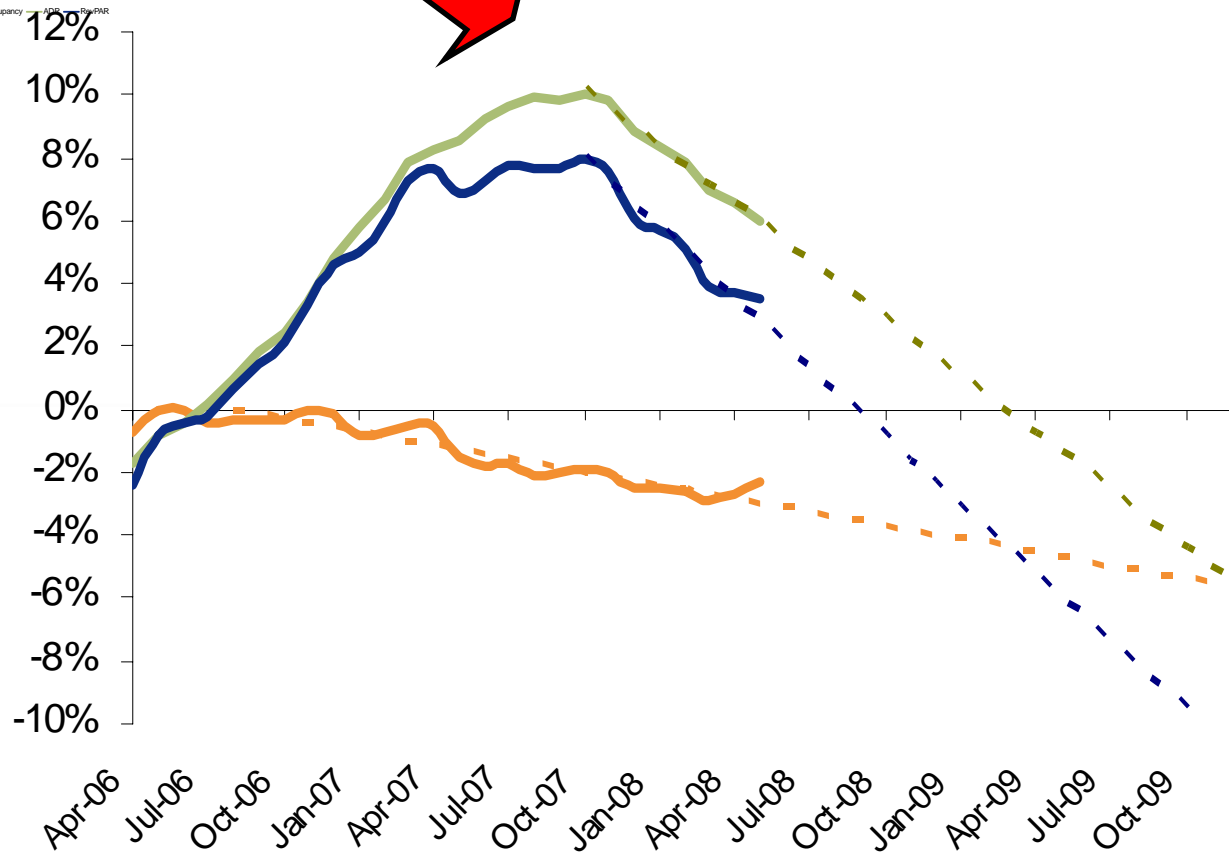
Tokyo 1st Tier Hotels Rooms KPI Monthly Changes August '96 – August '08 (12-month moving average)



The party was over!



The growth has been ended at the beginning



India' Hotel Industry

Assessment of The Investment and Business Climate

Current Situation: Impact of Global Financial Crisis

- **Positive Impacts:** currency deflation, minimal impact on banking sector
- **Negative Impacts:** Interest rates, development projects, consumer spending
- **What is Driving Hotel Industry Performance?**
 - It's the Economy: Post Economic Reforms
 - Steady liberalization of industries
 - Special Economic Zones
 - Growth of Foreign Direct Investments
 - Growth of International Hotel Brands with India Strategy
 - Growth of Middle Class
 - Sophistication of life style and purchase decisions
 - Growth of Domestic Businesses
 - Growth of International Businesses
 - Deregulation of Civil Aviation
 - India Branding: "Incredible India"
- **Barriers to Hotel Industry Performance?**
 - Infrastructure Development
 - Security Threat





EVERYTHING MATTERS

GLOBAL PERSPECTIVES: THE MIDDLE EAST REGION

David Sanson

Partner, DLA Piper Middle East LLP

International Society of Hospitality Consultants Annual Conference

1 November 2008

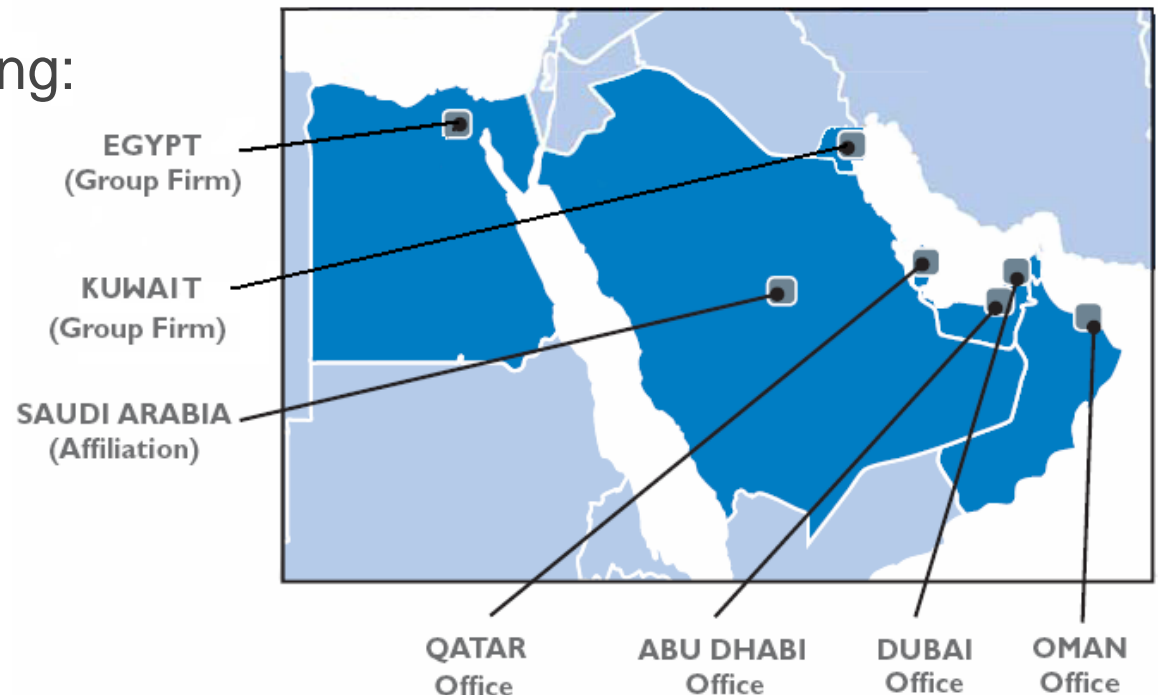
Introduction: DLA Piper



- A leading global business law firm with over 3,700 lawyers across 26 countries
- Middle East real estate practice comprising 4 partners and 10 lawyers in Abu Dhabi, Doha and Dubai

- Wide expertise including:

- Hospitality and leisure
- Development
- Investment
- Asset management



- Where we are now:
 - 47.6 million international tourists in 2007
 - \$34.2 billion in international tourist receipts in 2007
 - Regional occupancy 76.6%, revPAR \$138, average room rate \$180
 - Dubai occupancy 88.3%, revPAR \$315, average room rate \$356

- Challenges facing the region:
 - Infrastructure
 - Consumer confidence
 - Distinctiveness

- \$3 trillion of projects completing by 2020

- Set piece developments:
 - Dubai - Dubailand, Waterfront, the World
 - Abu Dhabi – Guggenheim and Louvre museums
 - Oman – The Wave
 - Kuwait – Failaka Island

- Other innovations:
 - Halal tourism
 - Niche markets



GLOBAL PERSPECTIVES: THE MIDDLE EAST REGION

David Sanson

Partner, DLA Piper Middle East LLP

International Society of Hospitality Consultants Annual Conference

1 November 2008

**TREVOR WARD
W HOSPITALITY GROUP
LAGOS & NAIROBI**

W Hospitality Group

To the next map...

Africa is Hugel

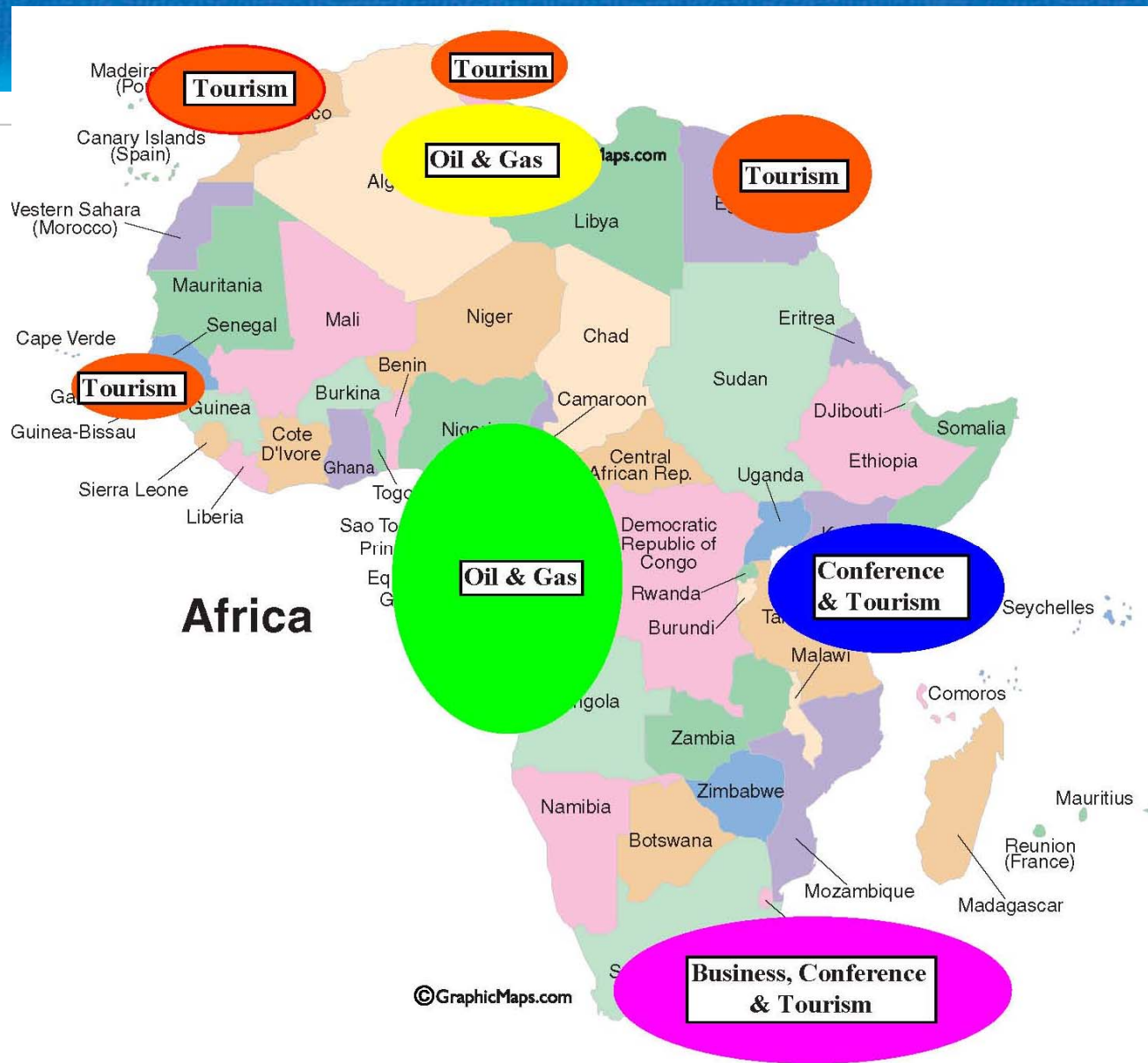
The following countries
could fit within Africa:

	Area (sq. mi)
China	3,705,390
United States	3,618,770
India	1,266,595
Europe	1,905,000
Argentina	1,065,189
New Zealand	103,736
	<hr/>
	11,664,680 sq. mi or 30,211,551 km ²

Africa's area: 11,707,000 sq. mi.
or 30,321,130 km²

Copyright 1999 W. Bedialko Lamouse Smith and Joseph School





The Challenges of Africa



- Climate
- Disease
- Corruption
- Conflict
- Tribalism
- Infrastructure
- Image
- Ignorance
- Ethics
- Land title

....and the opportunities



- Geography
- Natural resources
- Tourism assets
- Labour supply
- Global focus on Africa

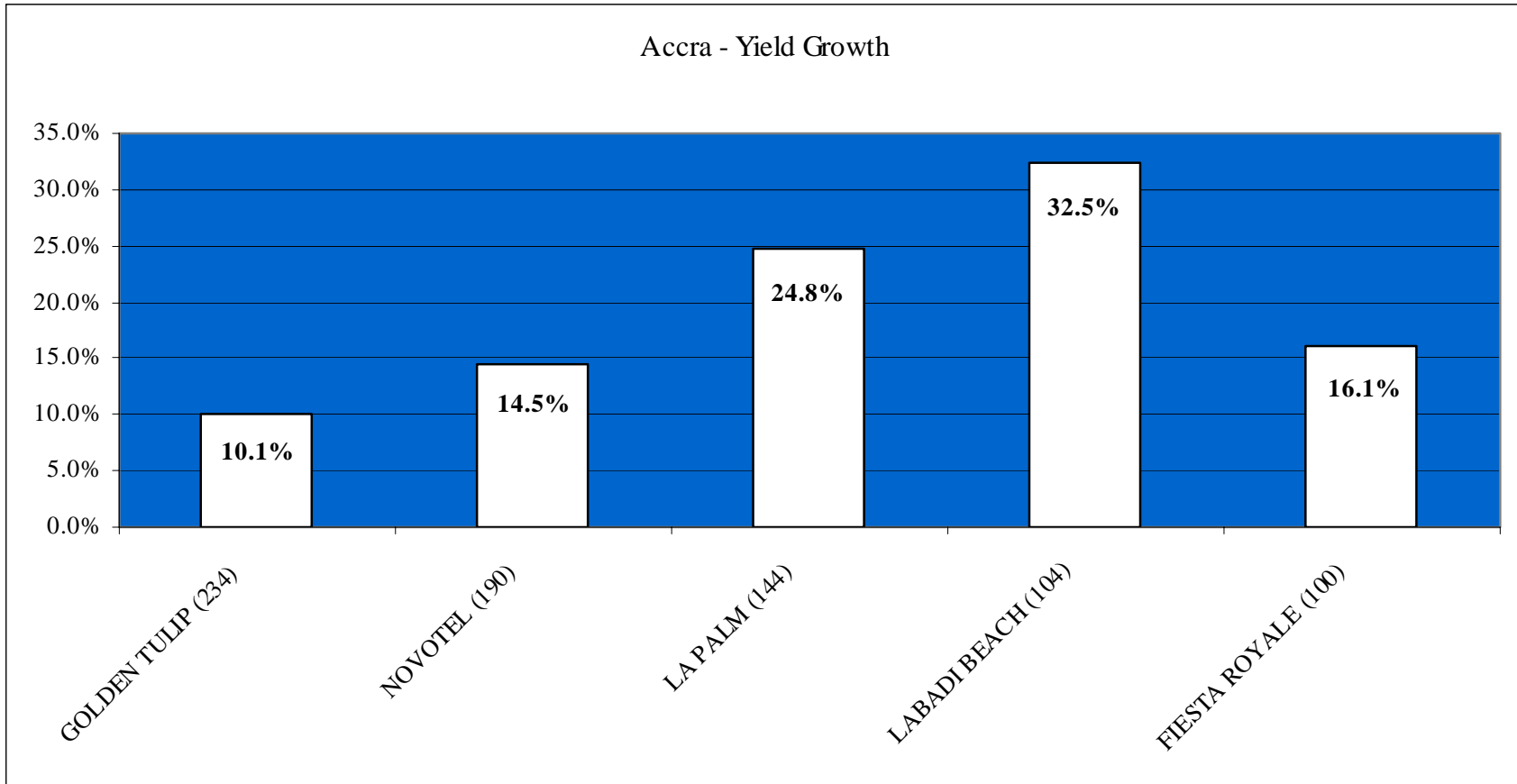
North Africa



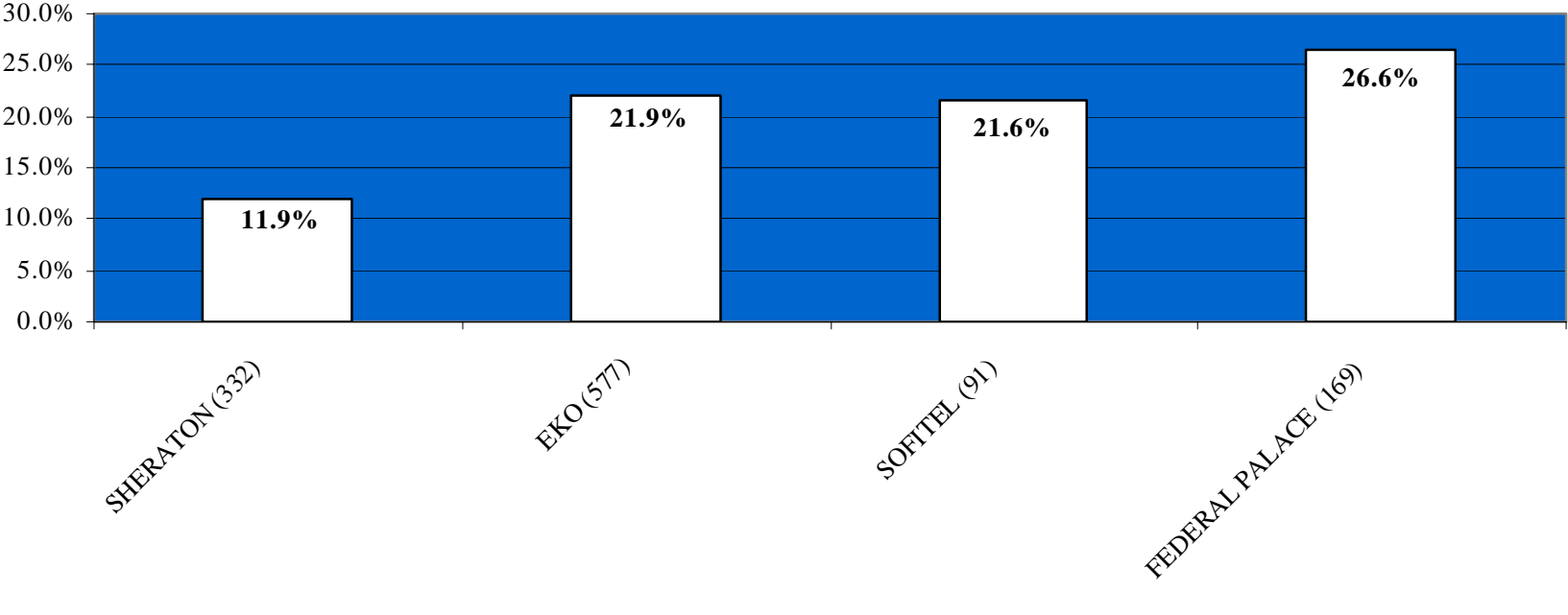
West Africa



Accra - Yield Growth



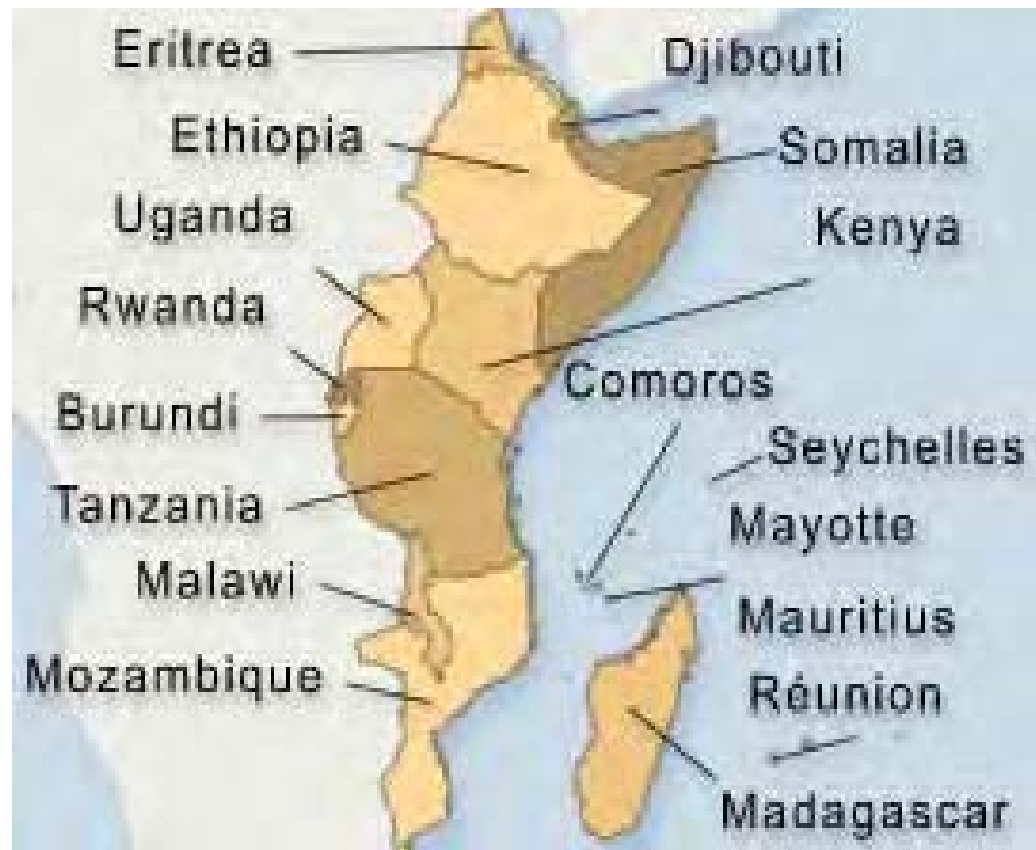
Lagos - Yield Growth



Central Africa



East Africa



South and Southern Africa



GLOBAL HOTELS & ROOMS

GROUP	GLOBAL TOTAL		SUB-SAHARAN AFRICA		% Rooms
	HOTELS	ROOMS	HOTELS	ROOMS	
Accor	4,121	486,512	60	7,268	1.49%
Golden Tulip	512	51,182	2	325	0.63%
Hilton	2,935	501,478	8	2,493	0.50%
Hyatt	749	140,416	1	259	0.18%
IHG	3,741	556,246	20	4,322	0.78%
Kempinski	53	12,464	5	741	5.95%
Mövenpick	58	13,768	2	411	2.99%
Rezidor/Carlson	225	45,463	2	346	0.76%
Starwood	871	265,600	20	4,308	1.62%

**TREVOR WARD
W HOSPITALITY GROUP
LAGOS & NAIROBI**

W Hospitality Group

WWW.W-HOSPITALITYGROUP.COM

CANADIAN HOTEL MARKET OVERVIEW

PREPARED BY:
CHARLES SUDDABY

OCTOBER 28, 2008



CANADA

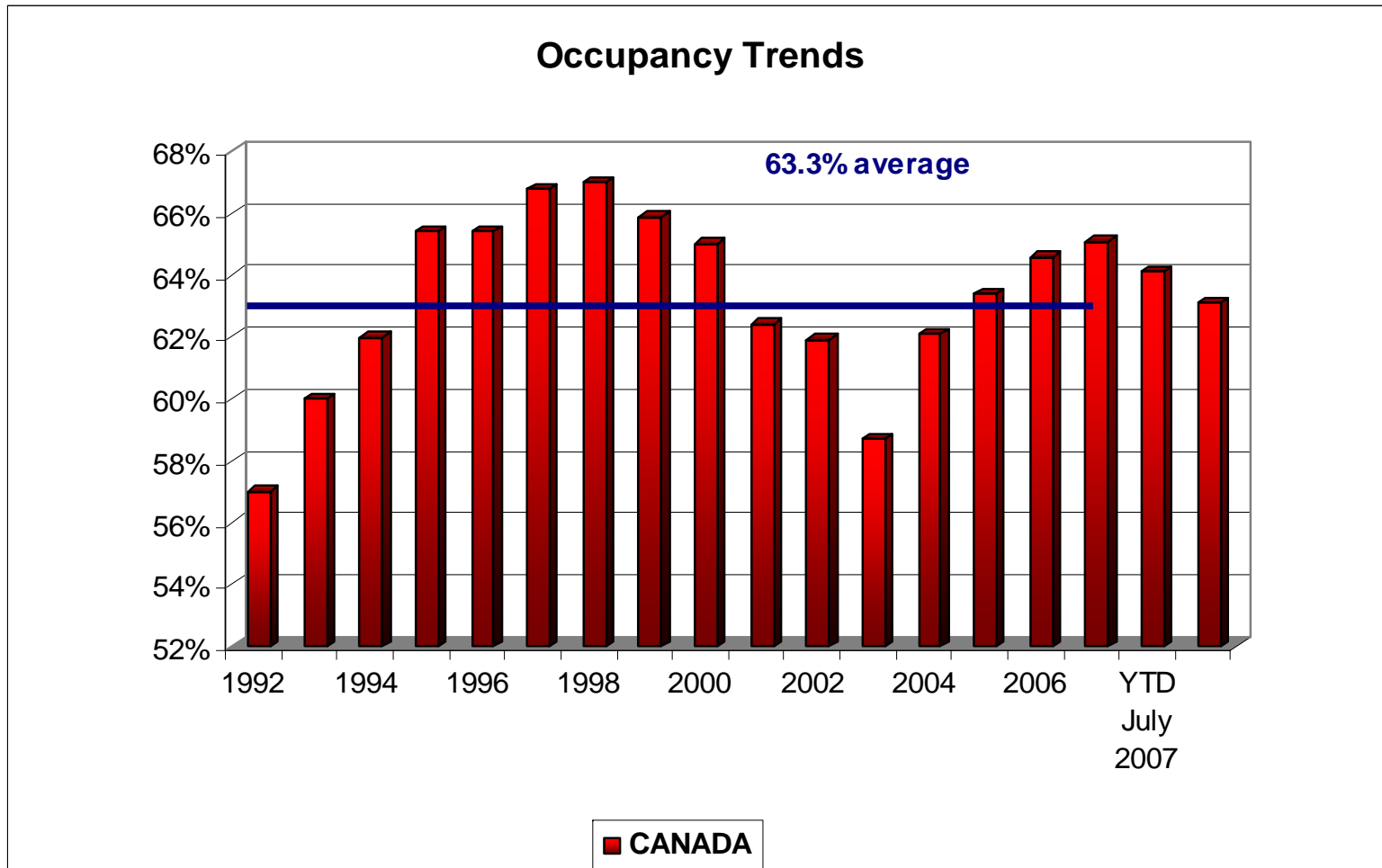
- Population of 33.4 million – Annual growth of about 0.9%
- 8th largest global economy
- 2008 GDP forecasts have been revised downward to 0.7% from 1.0%
- Anticipate continued lower export demand, a slowdown in the housing market, weaker employment growth and reduced business and consumer expenditures
- Recovery of the economy is anticipated in late 2009 and 2010 – 2% GDP growth?
- TSX has seen heavy fluctuations as speculation continues. On September 29th, when the US bailout package was turned down, the market lost \$100-billion in value. By the next day, the market had increased approximately 465 basis points. Downward trend looks like it will continue for a while
- At year end 2007, the TSX was at 13,833.06, peaking in June 2008 at over 15,000 and since dropping to 8,500 at the middle of October
- Provincial disparity due to differing economic bases – commodities in the west and manufacturing in the central provinces

CURRENT STATISTICS

Canadian Hotel Statistics

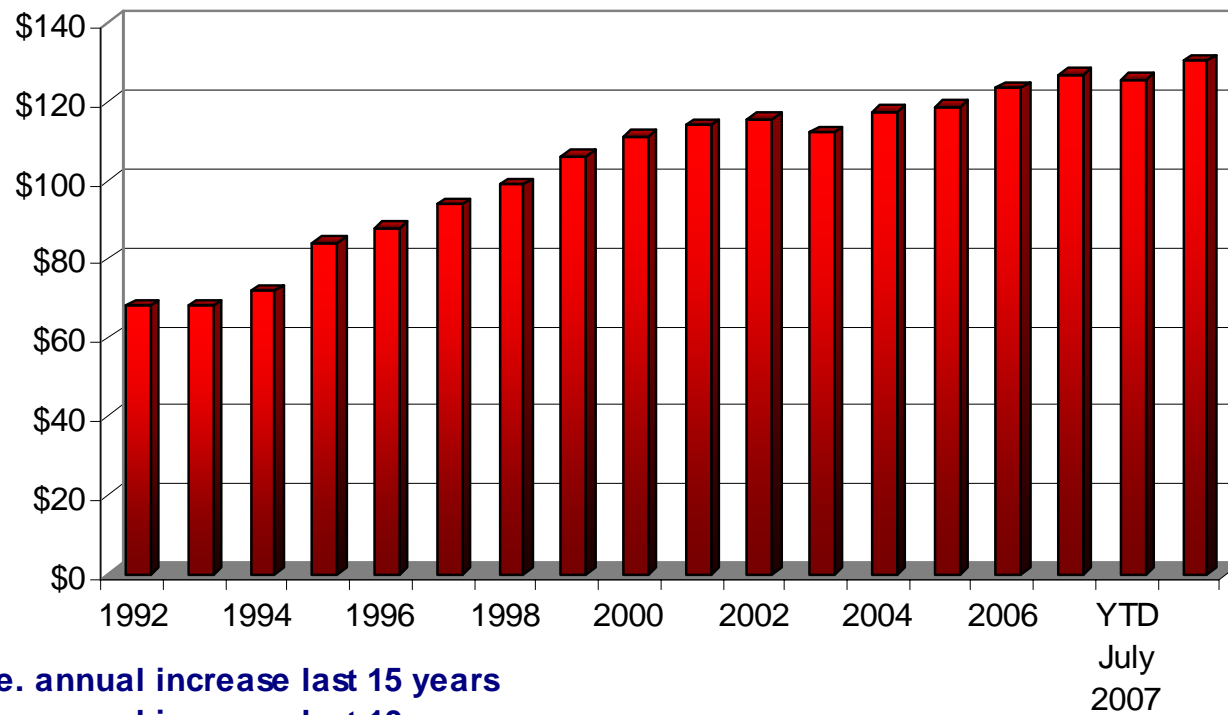
- 8,356 properties
- 446,318 rooms
- 378,000 employees
- 65% Occupancy Rate
- \$127 Average Daily Rate
- \$83 RevPAR
- \$18.8 billion National Accommodation Revenue
- 41.1% of properties with 30 rooms or more are branded
- 55.3% of rooms in properties with 30 rooms or more are branded
- 66.2% of hotels with 100 rooms or more are branded

CANADIAN HOTEL INDUSTRY OVERVIEW



CANADIAN HOTEL INDUSTRY OVERVIEW

ADR Trends

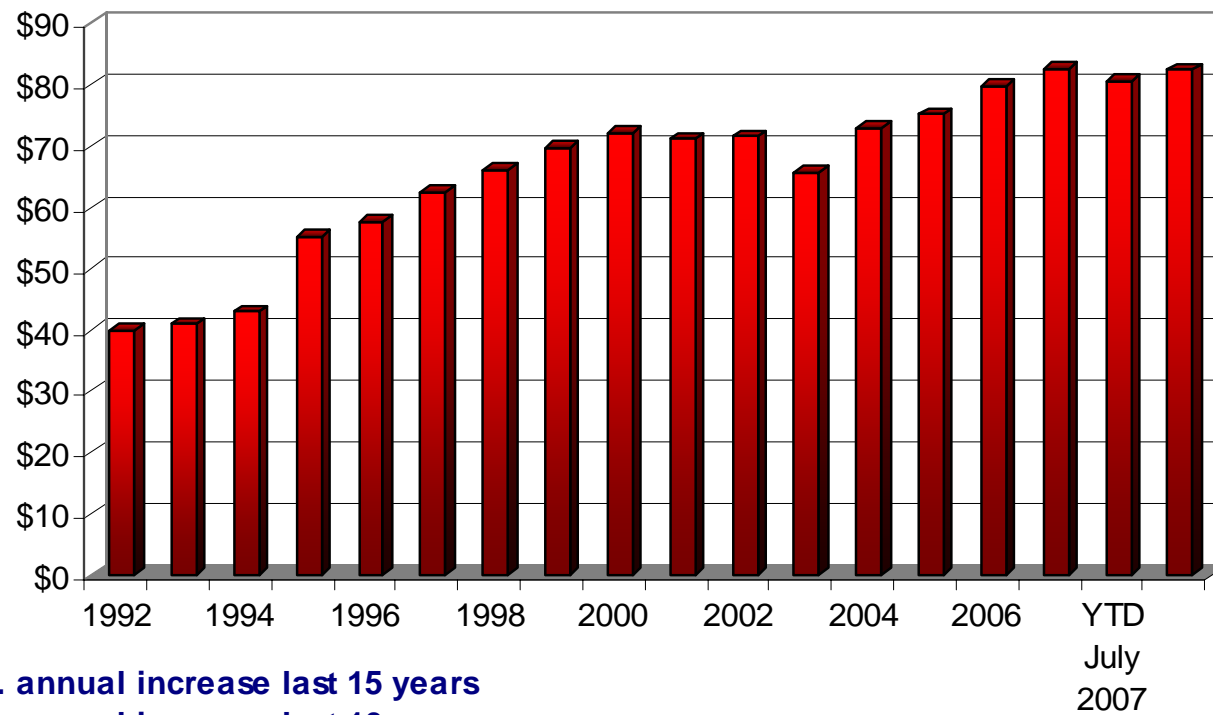


4.3% ave. annual increase last 15 years
3.1% ave. annual increase last 10 years
2.6% ave. annual increase last 3 years

CANADA

CANADIAN HOTEL INDUSTRY OVERVIEW

RevPAR Trends



5.0% ave. annual increase last 15 years

2.8% ave. annual increase last 10 years

4.3% ave. annual increase last 3 years

■ CANADA

CANADIAN HOTEL INDUSTRY OVERVIEW

■ ECONOMIC ISSUES IMPACTING HOTEL SECTOR

- Oil
 - Price
 - Impact on travel
 - Impact on cost of operations
- Labour – low unemployment. Difficulty of finding staff. High pay scales in western Canada
- Exchange Rate – after rising above parity, the Canadian dollar is beginning to fall relative to the USD, down to \$0.77 on October 22nd
- Inflation
 - Averaged 2.0% over last 5 years
 - Bank of Canada target between 1% and 3%
 - Will this hold?

CANADIAN HOTEL INDUSTRY OVERVIEW

■ HOTEL INVESTMENT

– Major Transactions 2007

- **Legacy Hotels REIT → LGY Acquisitions LP**
 - 23 hotels, 10,276 rooms - \$195,000 per room
- **CHIP REIT → bcIMC**
 - 32 hotels, 7,700 rooms - \$156,000 per room
- **Pomeroy Group → Holloway Lodging REIT**
 - 10 hotels, 1,079 room - \$199,000 per room
- **Fort McMurray Portfolio → Temple REIT**
 - 4 hotels, 333 rooms - \$207,000 per room
- **Hyatt Regency Montreal**
 - \$61 million, 605 rooms, \$100,800 per room
- **InterContinental Montreal**
 - \$49 million, 357 rooms, \$137,300 per room. 3.5% cap
- **Westin Prince**
 - \$45 million, 384 rooms, \$117,200 per room. 5.0% cap

CANADIAN HOTEL INDUSTRY OVERVIEW

■ HOTEL INVESTMENT

– Major Transactions 2008

- **Delta Bow Valley**
 - \$120 million, 394 rooms, \$304,600 per room. 5.0% cap rate.
- **Delta Bessborough**
 - \$40 million, 225 rooms, \$177,800 per room. 6.5% cap rate.
- **Delta Toronto Airport**
 - \$40 million, 297 rooms, \$135,000 per room. 7.0% cap rate.
- **Staybridge Suites Guelph**
 - \$17.3 million, 120 rooms, \$143,800 per room.
- **Howard Johnson Toronto East**
 - \$11.0 million, 191 rooms, \$57,600 per room.
- **Hyatt Regency Montreal (see 2007)**
 - \$58.5 million, 605 rooms, \$97,900 per room. 3.7% cap rate.
- **Four Points by Sheraton Prince George**
 - \$9.7 million, 75 rooms, \$129,000 per room.

CANADIAN HOTEL INDUSTRY OVERVIEW

■ HOTEL INVESTMENT

– Major Transactions 2008

■ Holiday Inn The Palace

- \$25.0 million, 137 rooms, \$182,500 per room. 8.0% cap rate.

■ Best Western Wayside Inn, Lloydminster

- \$22.5 million, 130 rooms, \$173,100 per room. 10.2% cap rate.

■ Ramada Fredericton

- \$5.0 million, 115 rooms, \$43,700 per room. 11.4% cap rate.

CANADIAN HOTEL INDUSTRY OVERVIEW

■ HOTEL INVESTMENT

- Cap Rates (typically branded hotels of reasonable quality)

