GTHA

PKF OUTLOOK
FOR THE CANADIAN LODGING SECTOR

2011/2012

OCTOBER 13, 2011

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AGENDA

- Factors Driving Industry Performance and Investment
- PKF's 2011/2012 National/Regional Industry Outlooks
- Toronto Hotel Industry Outlook

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Factors Driving Industry Performance & Investment

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National Economic Outlook 2011/12

GDP Growth National	2010 Estimate	2011 Forecast	2012 Projection
Conference Board	3.3%	2.1%	2.4%
Scotiabank Group	3.2%	2.2%	2.1%
CIBC World Markets Inc.	3.2%	2.3%	2.3%
RBC Economics Research	3.2%	2.4%	2.5%

Source: Conference Board of Canada, Fall 2011 Forecast, Scotiabank Group – Global Forecast Update, Sep 1, 2011; CIBC World Markets – Monthly FX Outlook, Sep 19, 2011; RBC – Economic and Financial Market Outlook – September 2011

National Travel Outlook 2011/12

Overnight Travel	2010 Estimate	2011 Forecast	2012 Projection
Business Travel - Domestic	(3.0%)	2.3%	2.3%
Pleasure Travel - Domestic	(2.8%)	0.8%	1.9%
Total Domestic Travel	1.6%	0.7%	1.8%
U.S. Travel	0.4%	(1.5%)	(0.7%)
Overseas Travel	4.0%	1.5%	2.6%
TOTAL OVERNIGHT TRAVEL	**1.6%**	**0.5%**	**1.5%**
National Accommodation Demand Growth	**4.7%**	**3.5%**	**2.7%**

Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2011 Forecast

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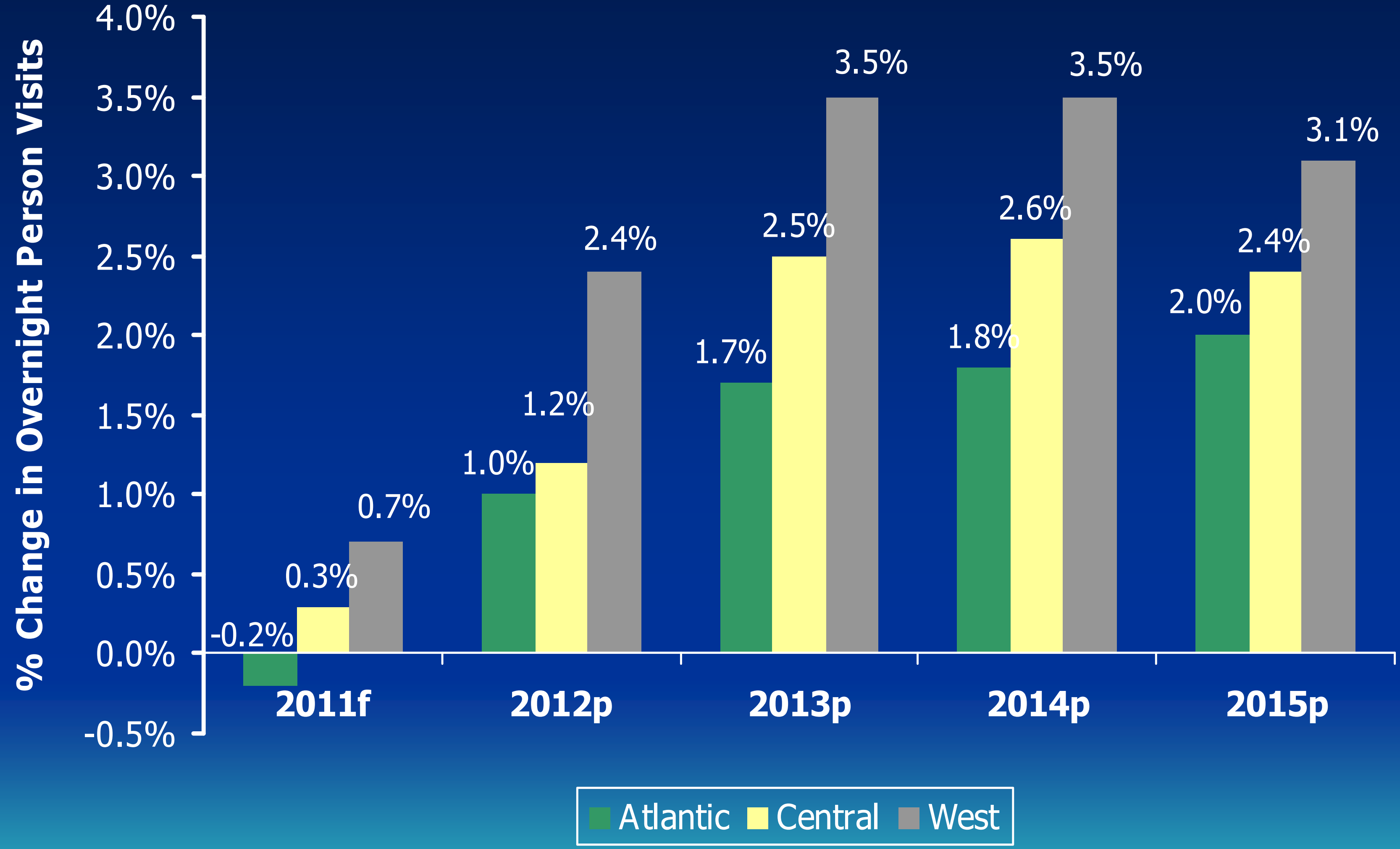
Regional Travel Outlooks



Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2011 Forecast

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National Market & Financial Outlooks

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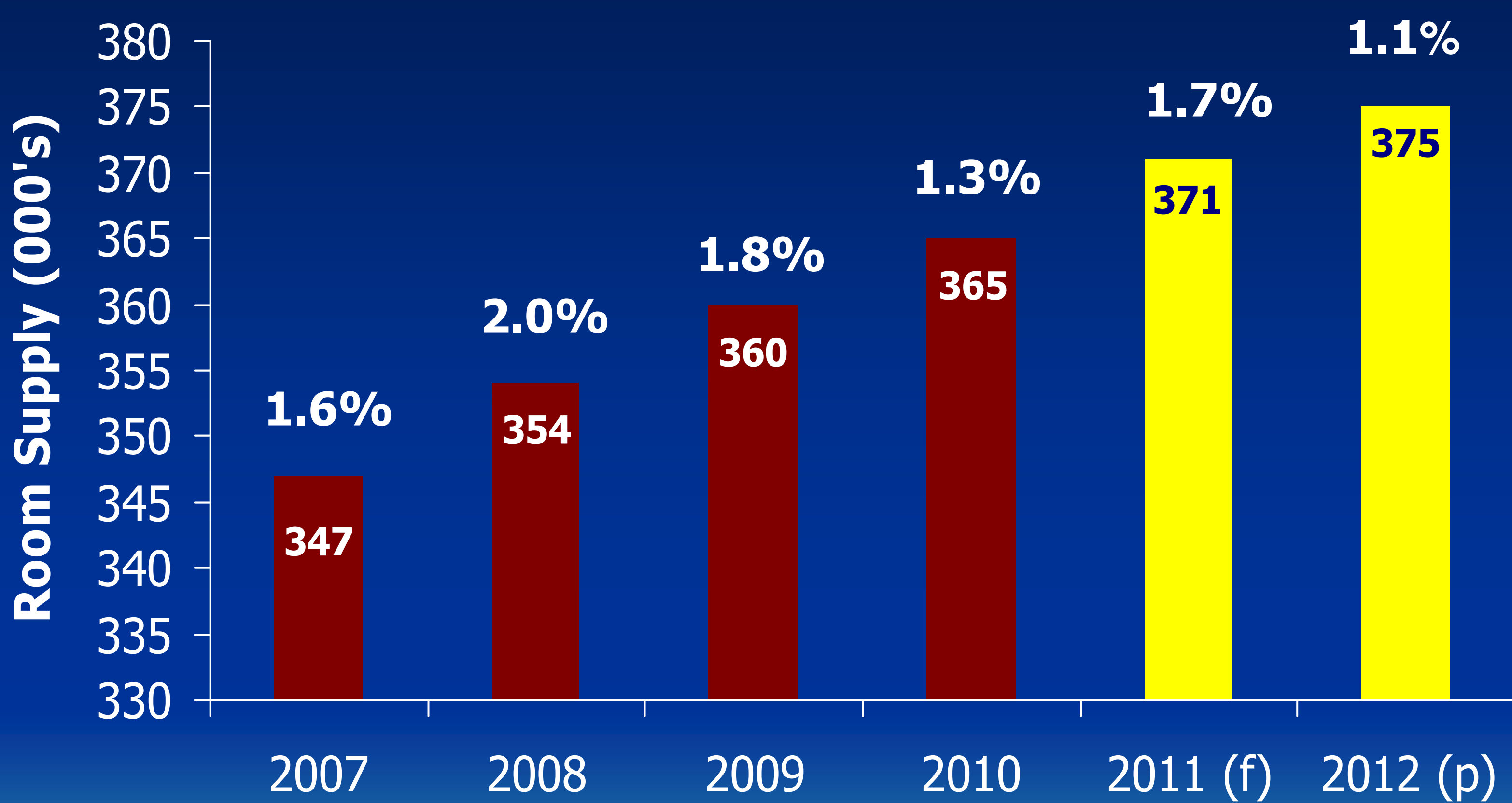
National Accommodation Supply



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

Source: PKF Consulting Inc.

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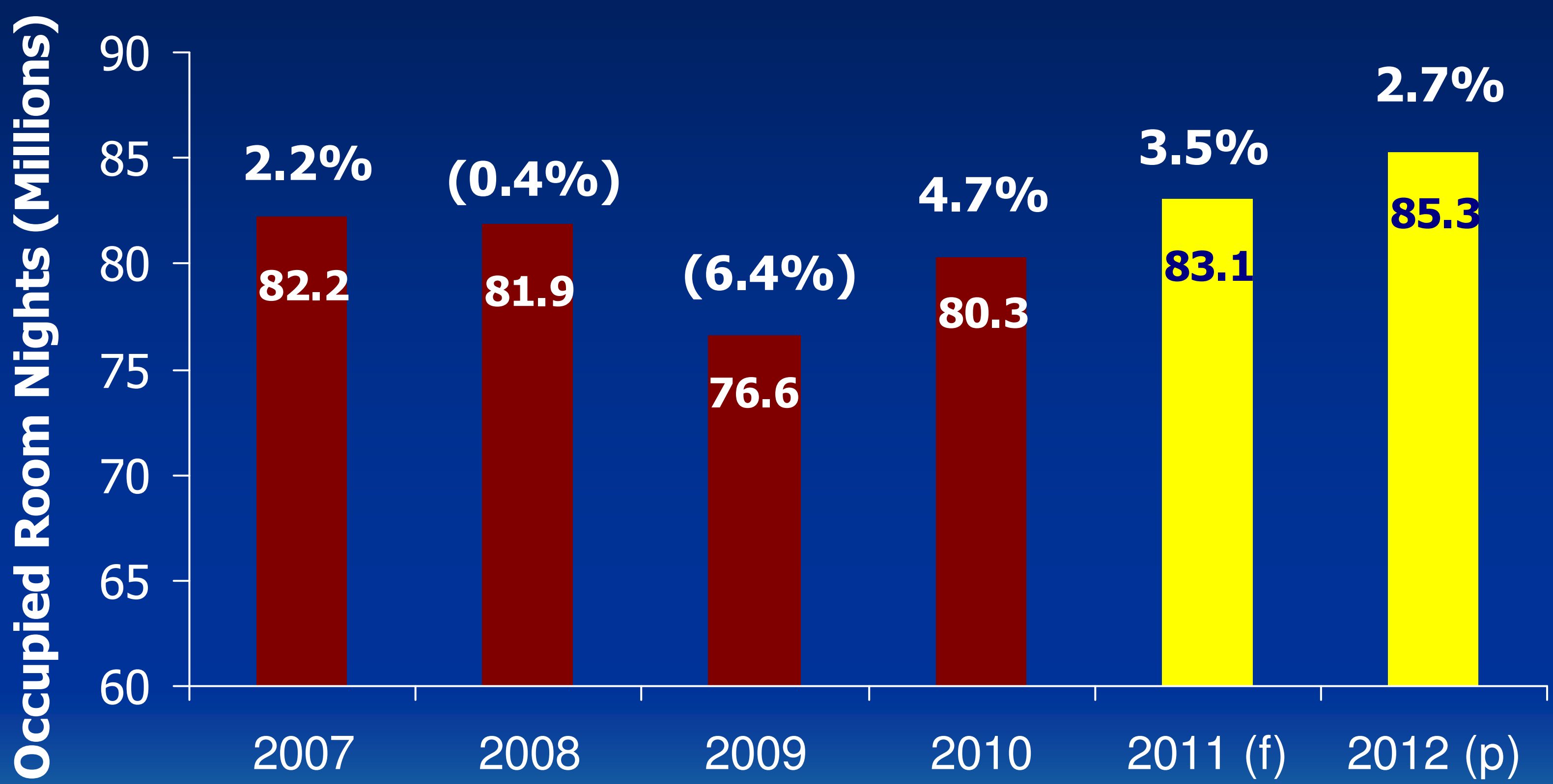
National Accommodation Demand



Source: PKF Consulting Inc.

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National Market Outlook

	2009 Actual	2010 Actual	2011 Forecast	2012 Projection
Occupancy	58%	60%	61%	62%
ADR	$125	$128	$128	$131
RevPAR	$73	$77	$78	$81

Source: PKF Consulting Inc.

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National Financial Outlook

NOTE: *Adjusted Net Operating Income is defined as income after property taxes, insurance, management fees, franchise fees, and capital reserves; but before rent, interest, income taxes, depreciation and amortization.*

Source: PKF Consulting Inc.

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Regional Market & Financial Outlooks

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Regional Market Outlooks

	2009 Actual	2010 Actual	2011 Forecast	2012 Projection
Atlantic Canada	57%	58%	59%	60%
	$117	$117	$119	$122
RevPAR	$67	$68	$71	$73
Central Canada	57%	61%	62%	63%
	$122	$124	$126	$129
RevPAR	$70	$75	$79	$82
Western Canada	60%	60%	60%	61%
	$129	$133	$130	$133
RevPAR	$77	$80	$79	$81

Source: PKF Consulting Inc.

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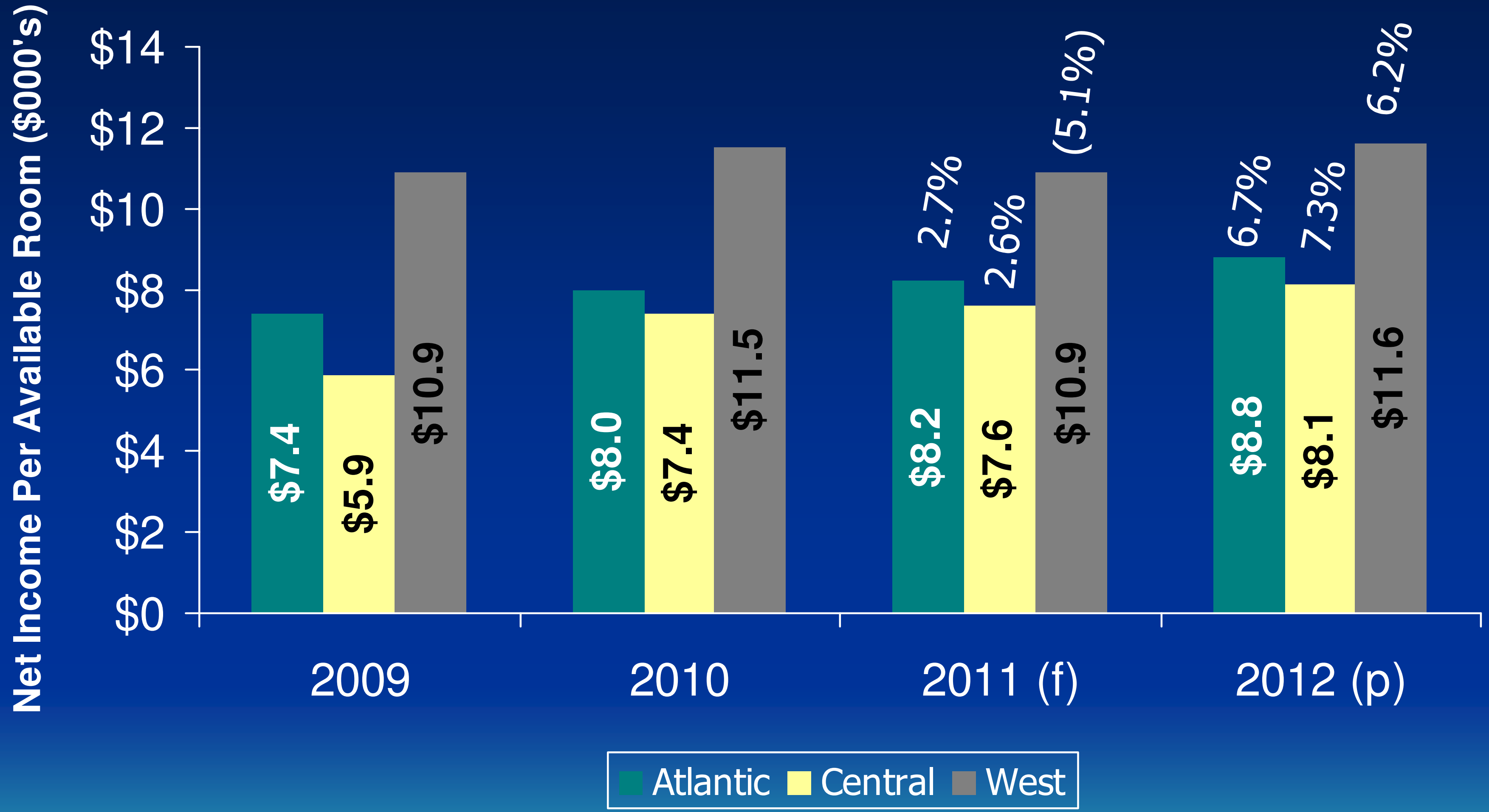
Regional Financial Outlook



Source: PKF Consulting Inc.

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2012 Major Market Outlooks*

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

Source: PKF Consulting Inc.

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* ‘Major Markets’ refer to Greater Metro Areas

Toronto Hotel Industry Outlook

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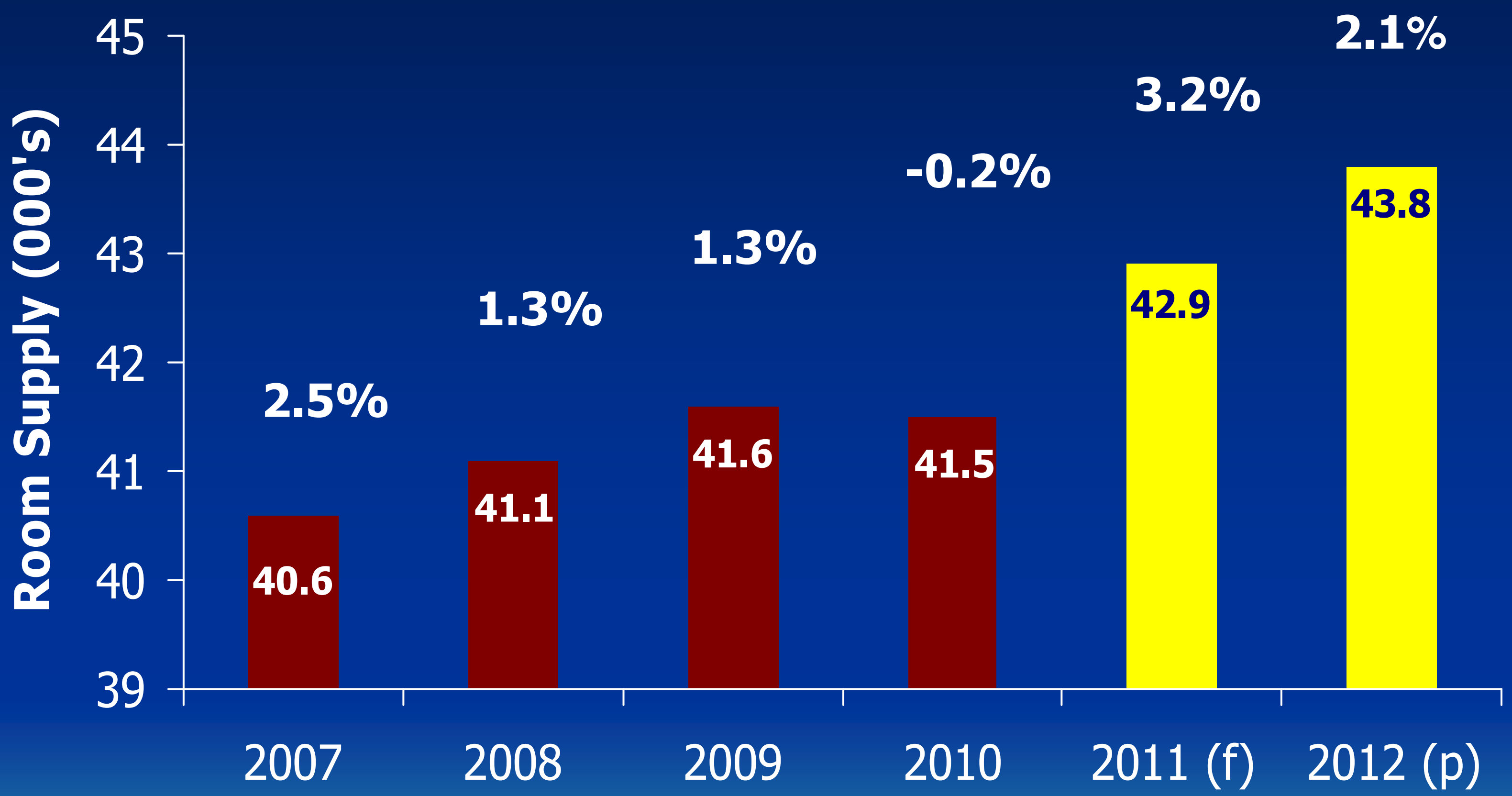
GTA Economic & Travel Indicators

	2010 Estimate	2011 Forecast	2012 Projection
GDP Growth	3.0%	2.8%	3.5%
Business Travel Overnight Domestic	(7.9%)	2.8%	2.7%
Pleasure Travel Overnight Domestic	(4.9%)	0.5%	2.0%
U.S. Overnight Travel	(2.4%)	(1.9%)	(0.8%)
Overseas Overnight Travel	0.3%	4.3%	3.2%
TOTAL OVERNIGHT TRAVEL	(1.0%)	0.4%	1.5%

Source: Canadian Tourism Research Institute, Conference Board of Canada, Spring/Fall 2011 Forecast (Preliminary)

Toronto Accommodation Supply



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

Source: PKF Consulting Inc.

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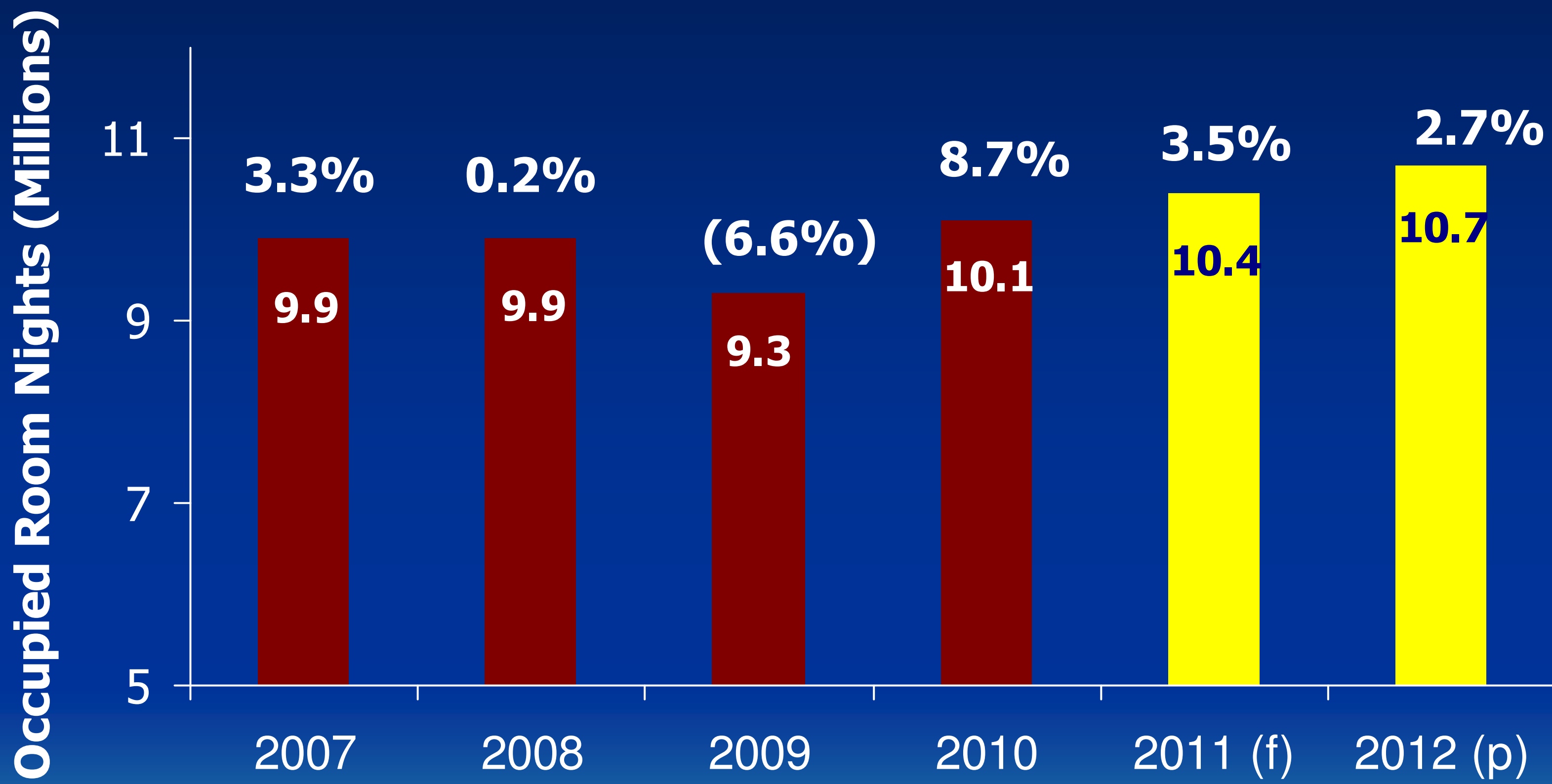
Toronto Accommodation Demand



Source: PKF Consulting Inc.

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GTA Market Outlooks Overall

	2009	2010	2011F	2012P
TOTAL GTA				
Rooms	41,628	41,546	42,856	43,776
Occupancy	61%	66%	67%	67%
ADR	$124	$127	$129	$133
Revpar	$75	$84	$86	$89

%chg	2009	2010	2011	2012
Supply	1.3%	-0.2%	3.2%	2.1%
Demand	-6.6%	8.7%	3.5%	2.7%
ADR	-9.2%	2.7%	1.0%	3.1%
Revpar	-16.2%	11.8%	1.3%	3.7%

Source: PKF Consulting Inc.

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GTA Market Outlook
Toronto East/North

	2009	2010	2011F	2012P
EAST/NORTH				
Rooms	9,163	9,238	9,595	9,811
Occupancy	55%	60%	59%	60%
ADR	$108	$106	$109	$112
Revpar	$60	$64	$64	$67

%chg	2009	2010	2011	2012
Supply	2.3%	0.8%	3.9%	2.3%
Demand	-7.1%	10.1%	2.0%	3.0%
ADR	-5.9%	-2.0%	2.5%	3.0%
Revpar	-14.6%	7.1%	0.7%	3.8%

Source: PKF Consulting Inc.

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GTA Market Outlook
Toronto Airport

	2009	2010	2011F	2012P
AIRPORT				
Rooms	8,468	8,352	8,352	8,439
Occupancy	58%	66%	68%	69%
ADR	$110	$109	$107	$110
Revpar	$64	$71	$72	$75

%chg	2009	2010	2011	2012
Supply	1.3%	-1.4%	0.0%	1.0%
Demand	-10.7%	11.0%	3.5%	2.0%
ADR	-7.2%	-0.9%	-2.0%	3.0%
Revpar	-18.1%	11.5%	1.4%	4.0%

Source: PKF Consulting Inc.

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GTA Market Outlook
Toronto West

	2009	2010	2011F	2012P
WEST				
Rooms	7,510	7,903	8,071	8,196
Occupancy	56%	59%	60%	61%
ADR	$104	$102	$103	$105
Revpar	$58	$60	$62	$64

%chg	2009	2010	2011	2012
Supply	1.7%	5.2%	2.1%	1.5%
Demand	-8.3%	11.8%	4.0%	2.5%
ADR	-4.6%	-1.7%	1.5%	2.0%
Revpar	-14.0%	4.4%	3.4%	3.0%

Source: PKF Consulting Inc.

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GTA Market Outlook
Downtown Toronto

	2009	2010	2011F	2012P
DOWNTOWN				
Rooms	16,487	16,053	16,838	17,320
Occupancy	68%	74%	73%	73%
ADR	$146	$157	$159	$164
Revpar	$100	$117	$116	$119

%chg	2009	2010	2011	2012
Supply	0.5%	-2.6%	4.9%	2.9%
Demand	-4.4%	5.9%	3.5%	3.0%
ADR	-12.6%	7.8%	1.1%	3.5%
Revpar	-16.8%	17.3%	-0.2%	3.6%

Source: PKF Consulting Inc.

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Downtown Toronto
Tiered Analysis

Lower Market	2008	2009	2010	2011F
Annual Occupancy	72.4%	65.6%	72.3%	73%
Average Daily Rate	$127.47	$114.51	$123.52	$125
Middle Market	**2008**	**2009**	**2010**	**2011F**
Annual Occupancy	72.9%	71.2%	76.8%	76%
Average Daily Rate	$172.82	$147.97	$157.76	$155
Upper Market	**2008**	**2009**	**2010**	**2011F**
Annual Occupancy	68.8%	65.7%	71.7%	68%
Average Daily Rate	$213.92	$186.19	$197.56	$198

Source: PKF Consulting Inc.

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Top 3 Urban Markets

2000 to 2012

REVPAR	2000 Actual	2010 Actual	2011 Forecast	2012 Projection
Downtown Toronto	71%	74%	73%	73%
	$158	$157	$159	$164
RevPAR	$113	$117	$116	$119
Downtown Calgary	67%	65%	68%	70%
	$133	$178	$182	$187
RevPAR	$89	$115	$123	$131
Downtown Vancouver	66%	72%	72%	71%
	$145	$166	$159	$163
RevPAR	$96	$120	$115	$116

Source: PKF Consulting Inc.

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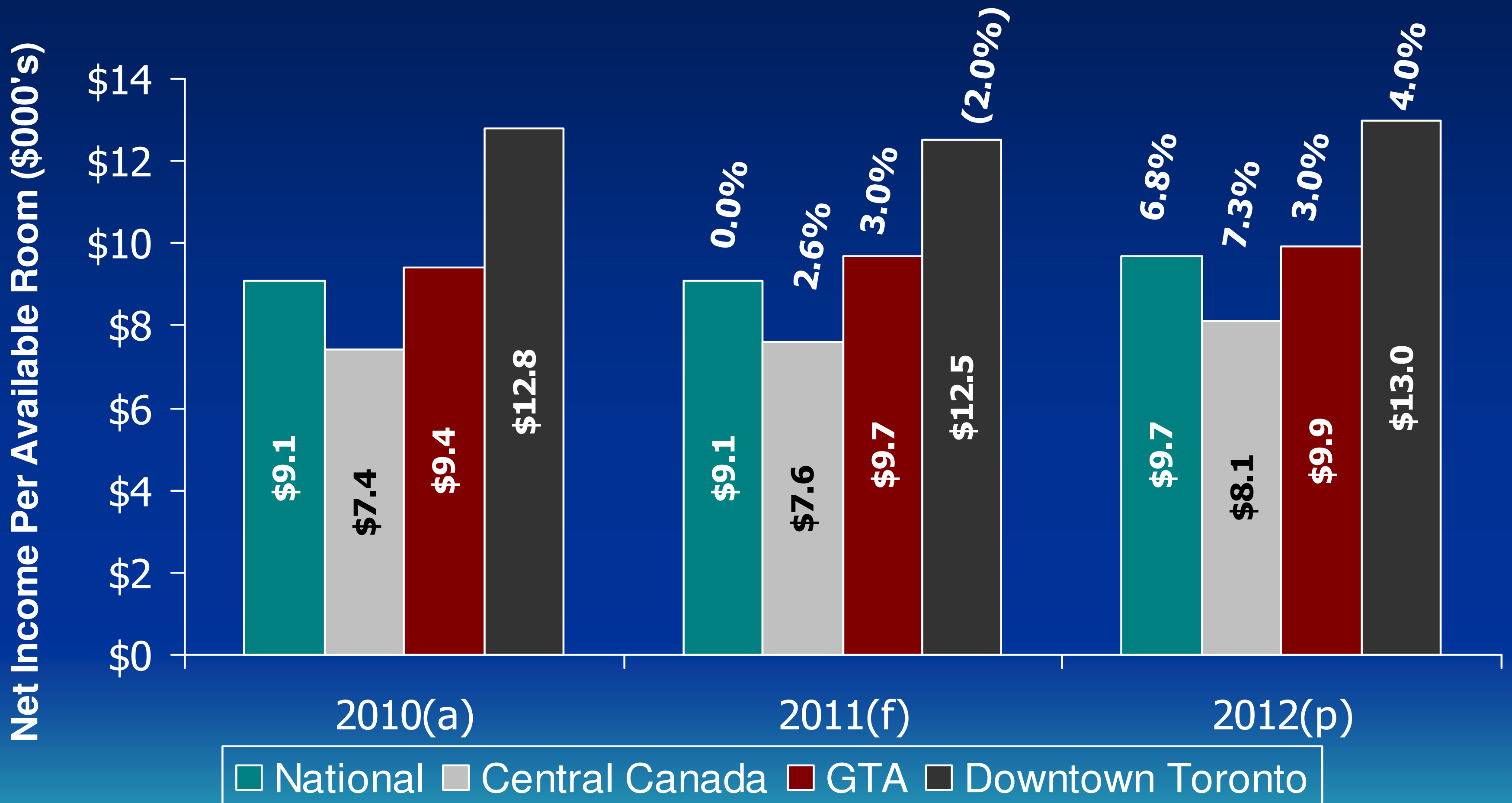
Toronto Hotel Industry Financial Outlook



Source: PKF Consulting Inc.

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National Financial Outlook Beyond 2011

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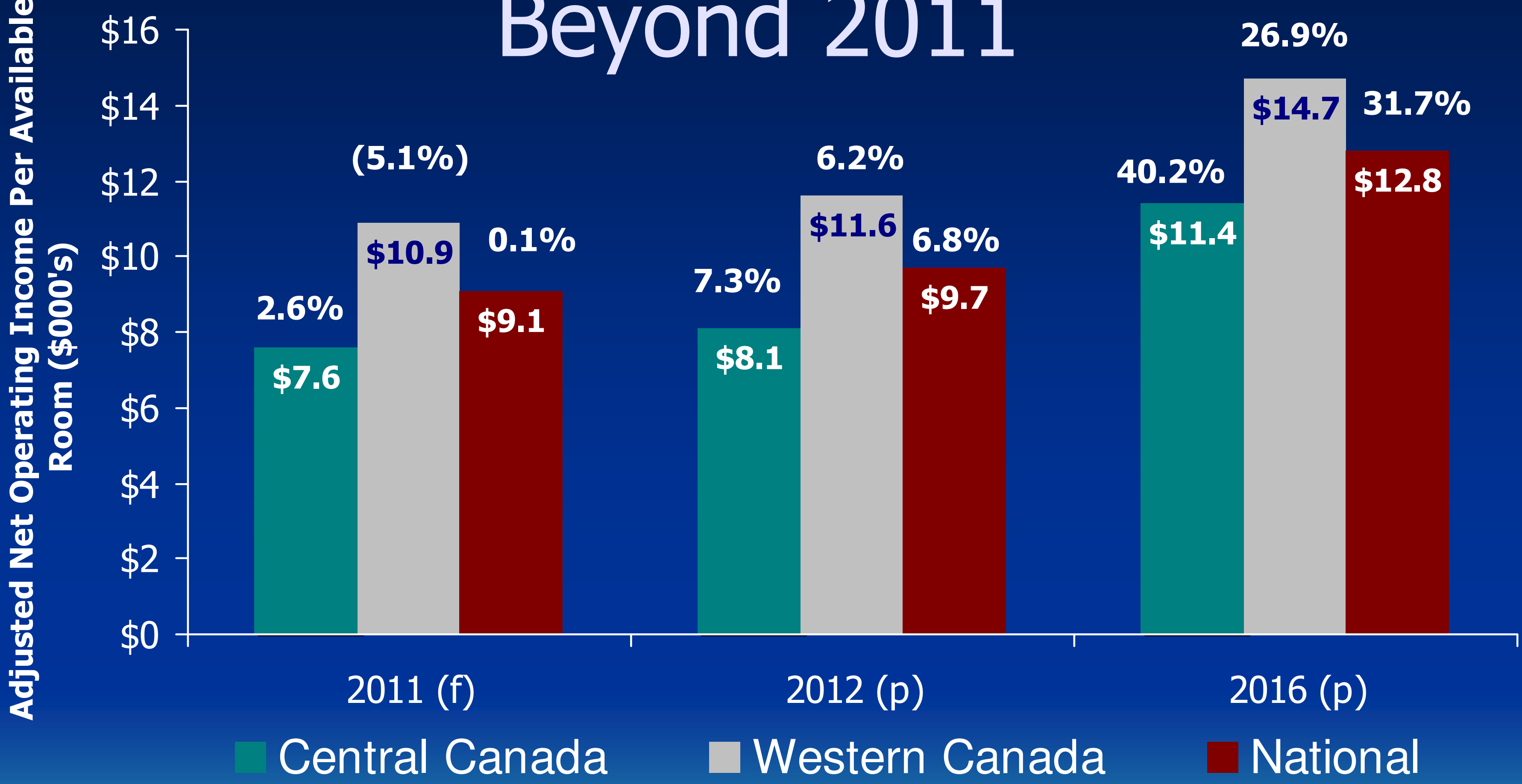
National Financial Outlook – Beyond 2011



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Concluding Remarks

- Our national, regional and local economies are healthy.
- Canada is not the 51st State!
- Demand for hotels ***IS*** and will continue to be strong in Toronto.
- We can't get higher rates unless we ask for it!

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