OUTLOOK 2009

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Pinnacle Advisory Group

NATIONAL LODGING MARKET

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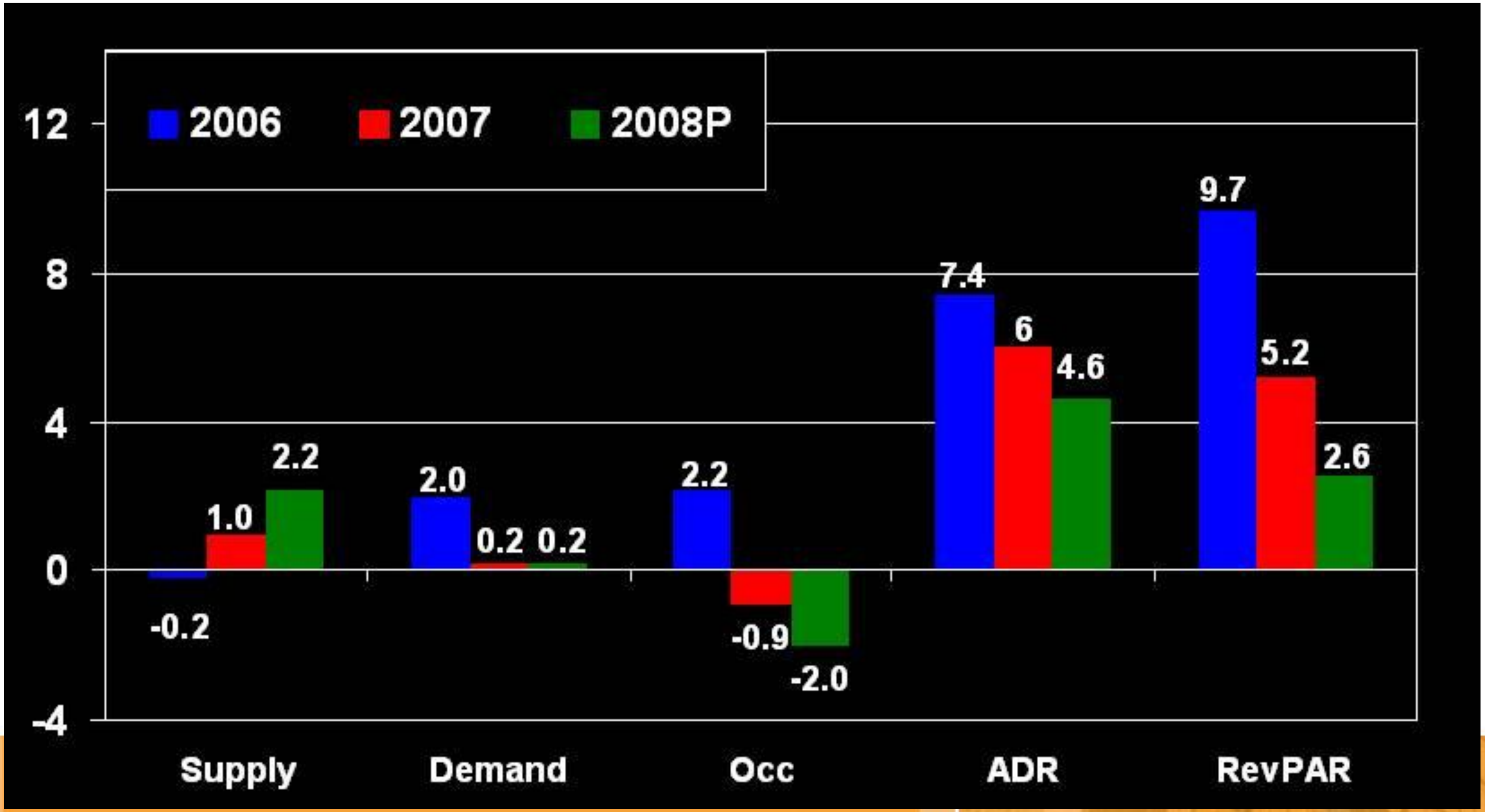
US Key Performance Indicators Percent Change 2004 – 2008 (P)



Source: Smith Travel Research

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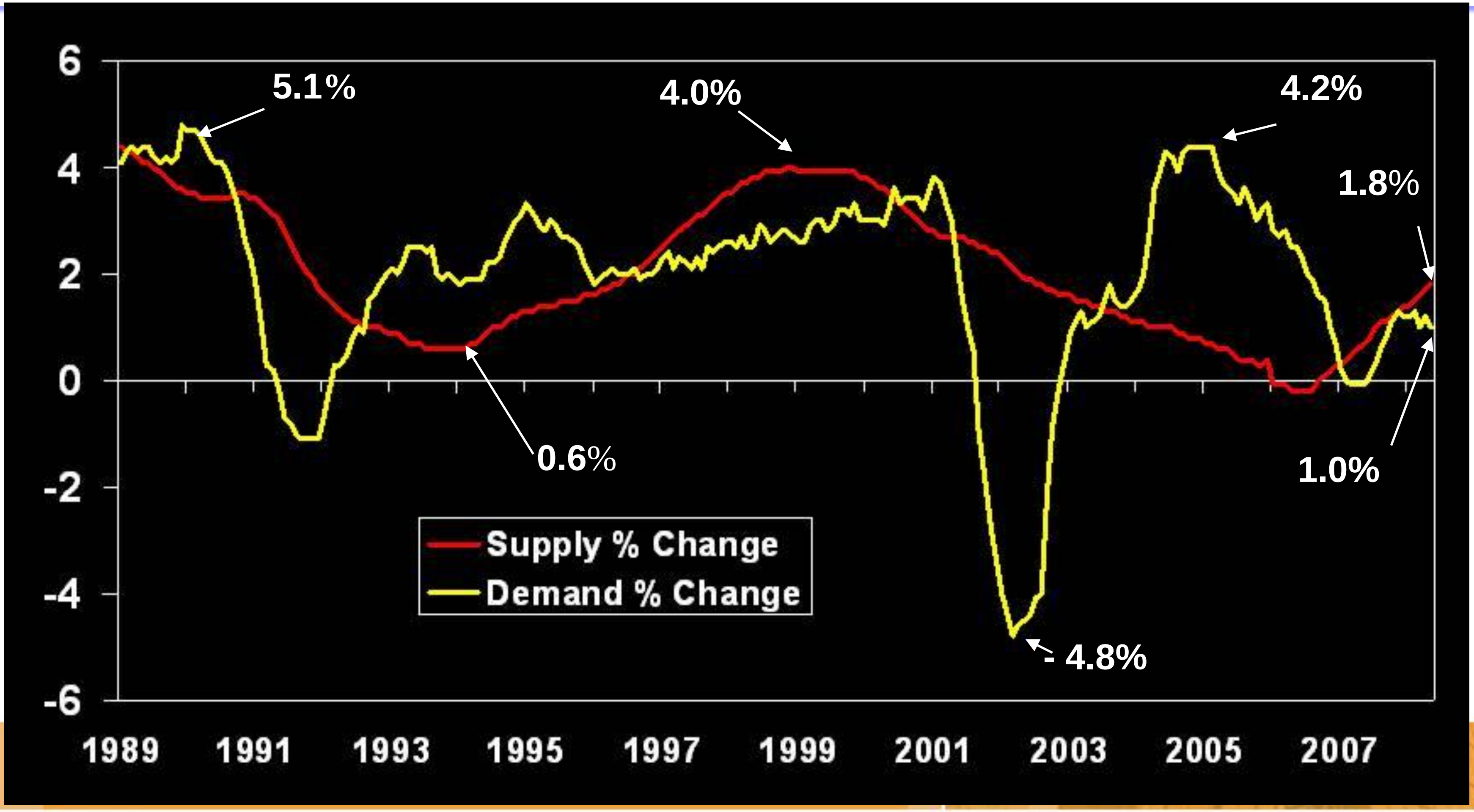
US Room Supply/Demand Percent Change 12 Month Moving Average



Source: Smith Travel Research

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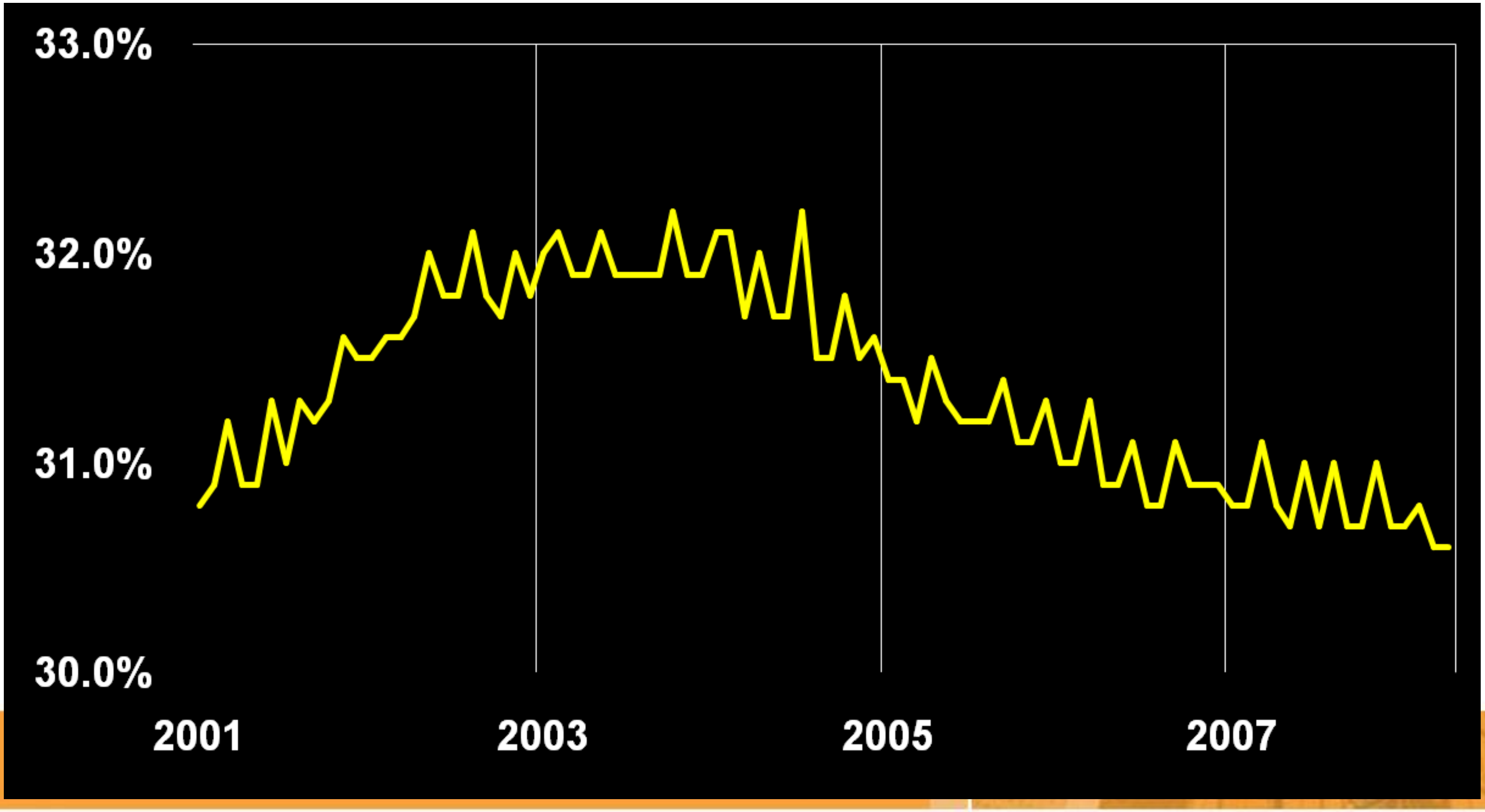
Weekend Demand Share of Total US Demand

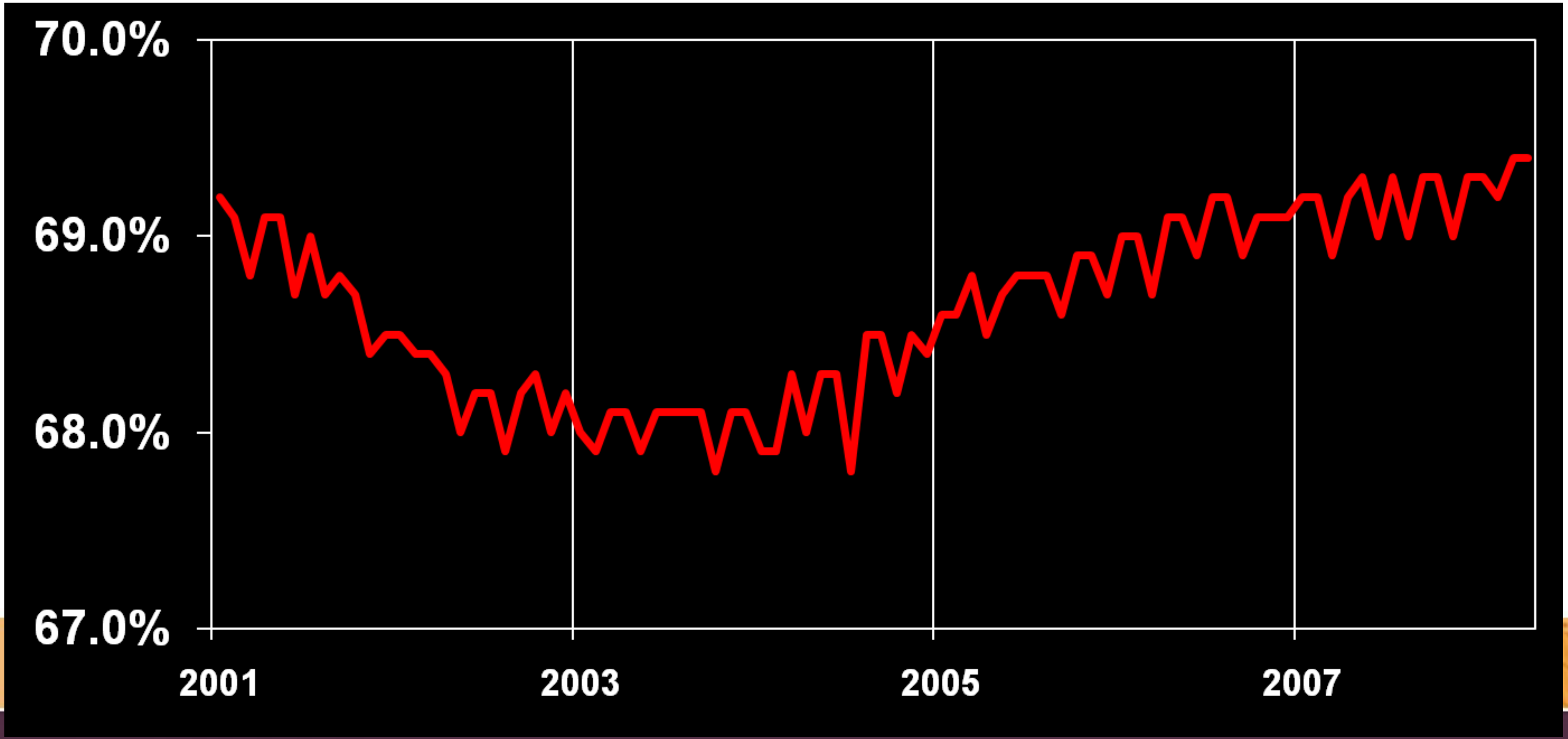
January 2001- April 2008 - 12 Month Moving Average



Weekday Demand Share of Total US Demand

January 2001 – April 2008

12 Month Moving Average



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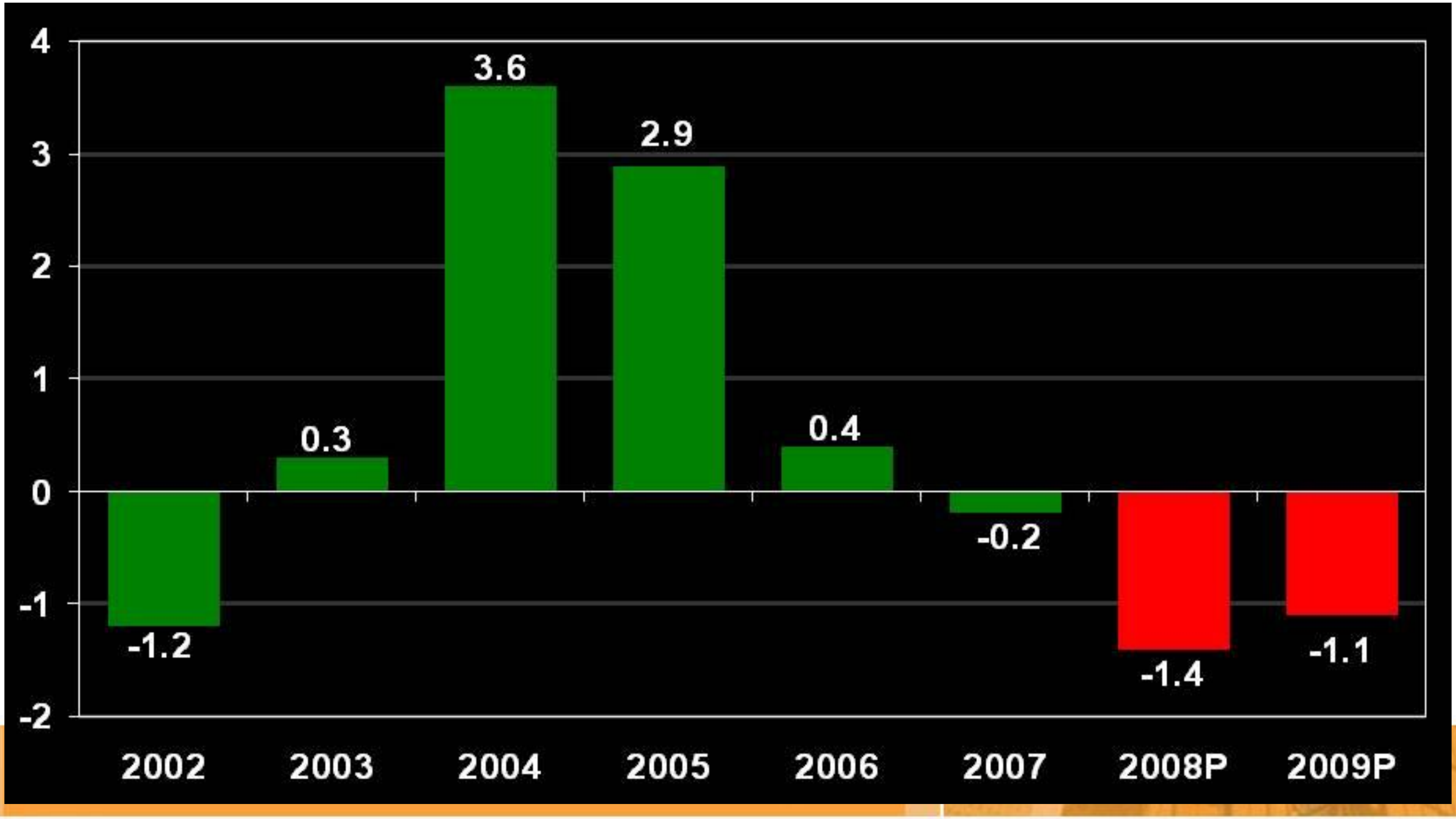
US Occupancy Percent Change 2002-2009P



Source: Smith Travel Research

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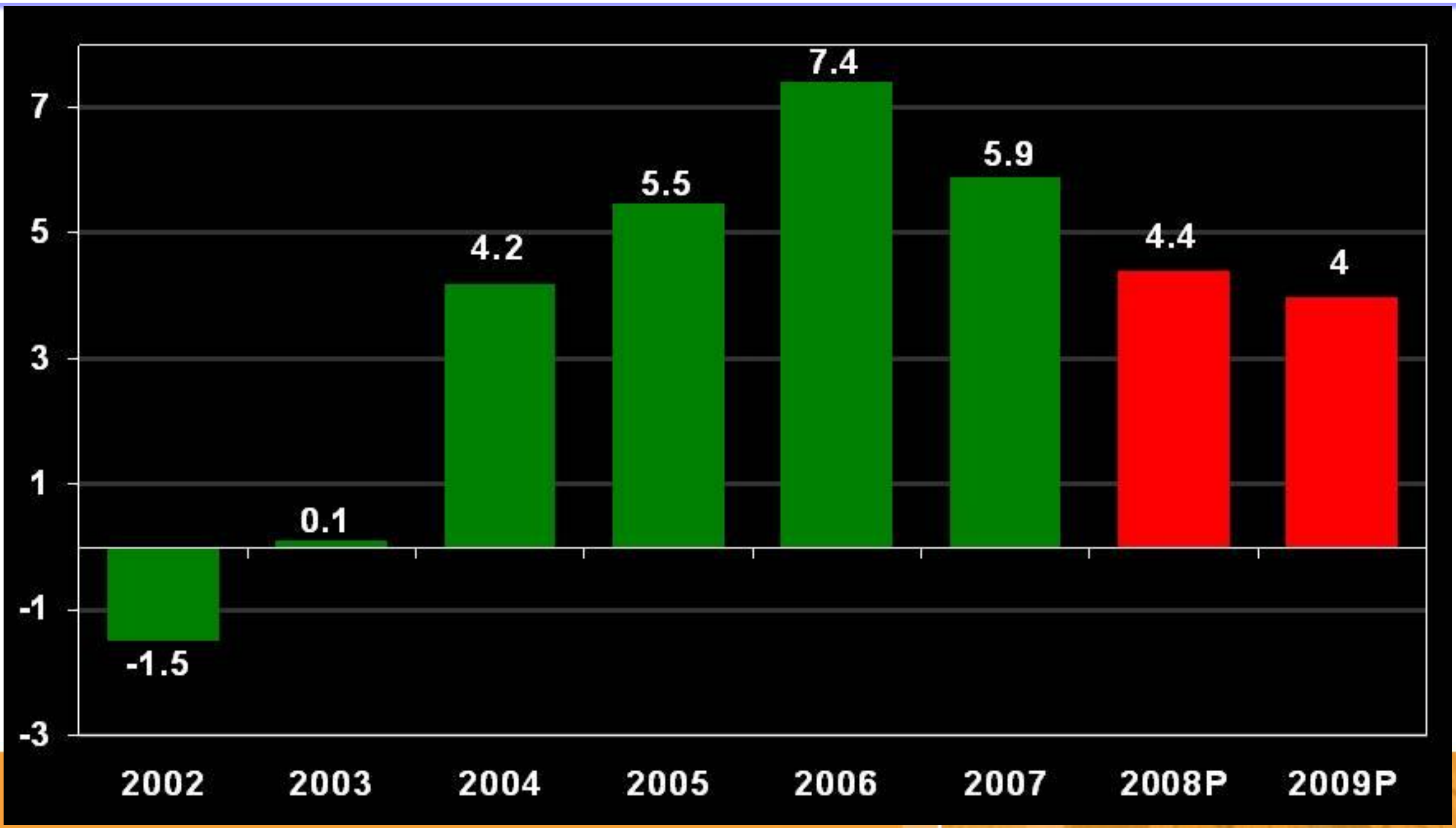
US Average Daily Rate Percent Change 2002-2009P



Source: Smith Travel Research

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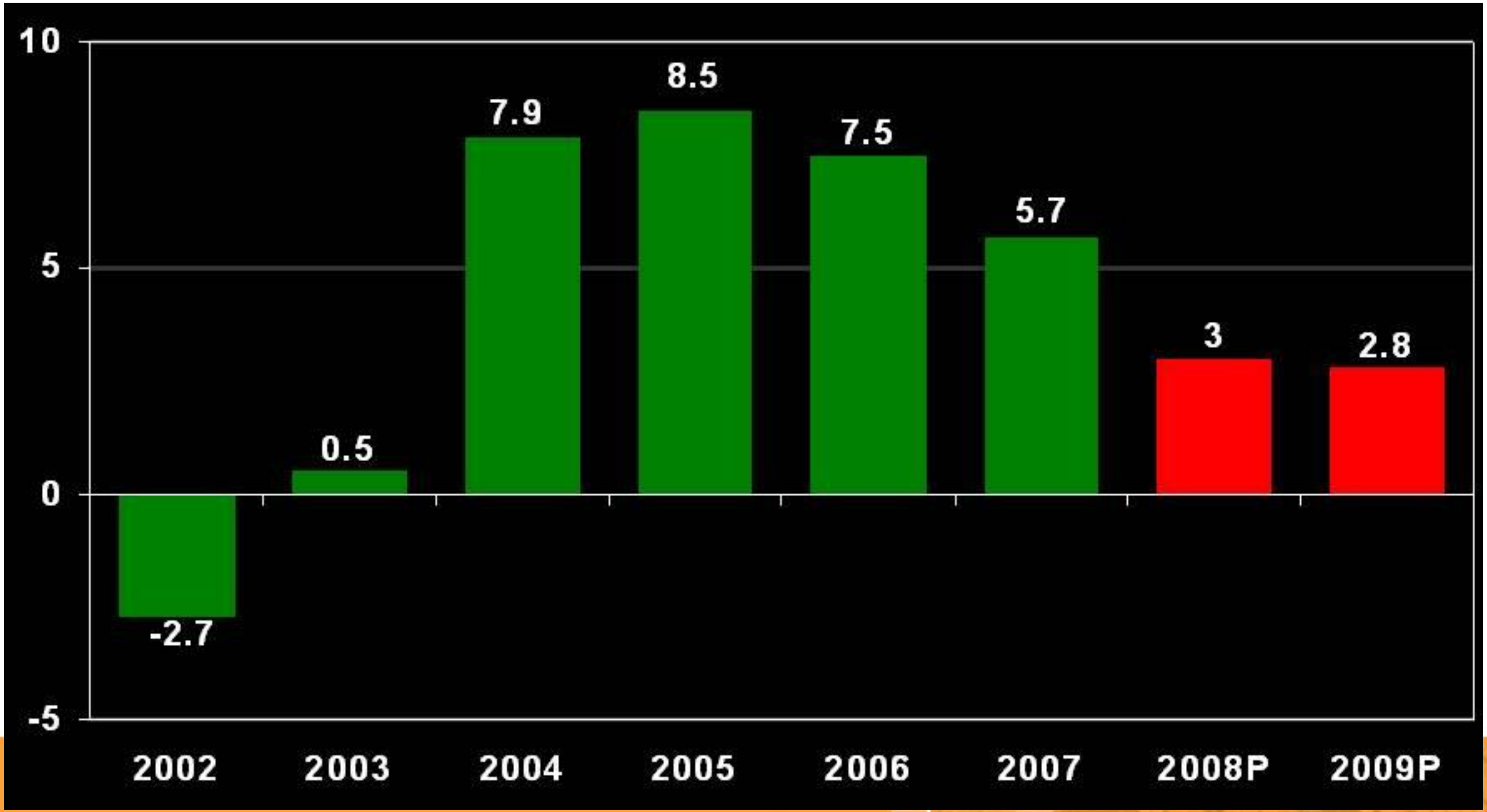
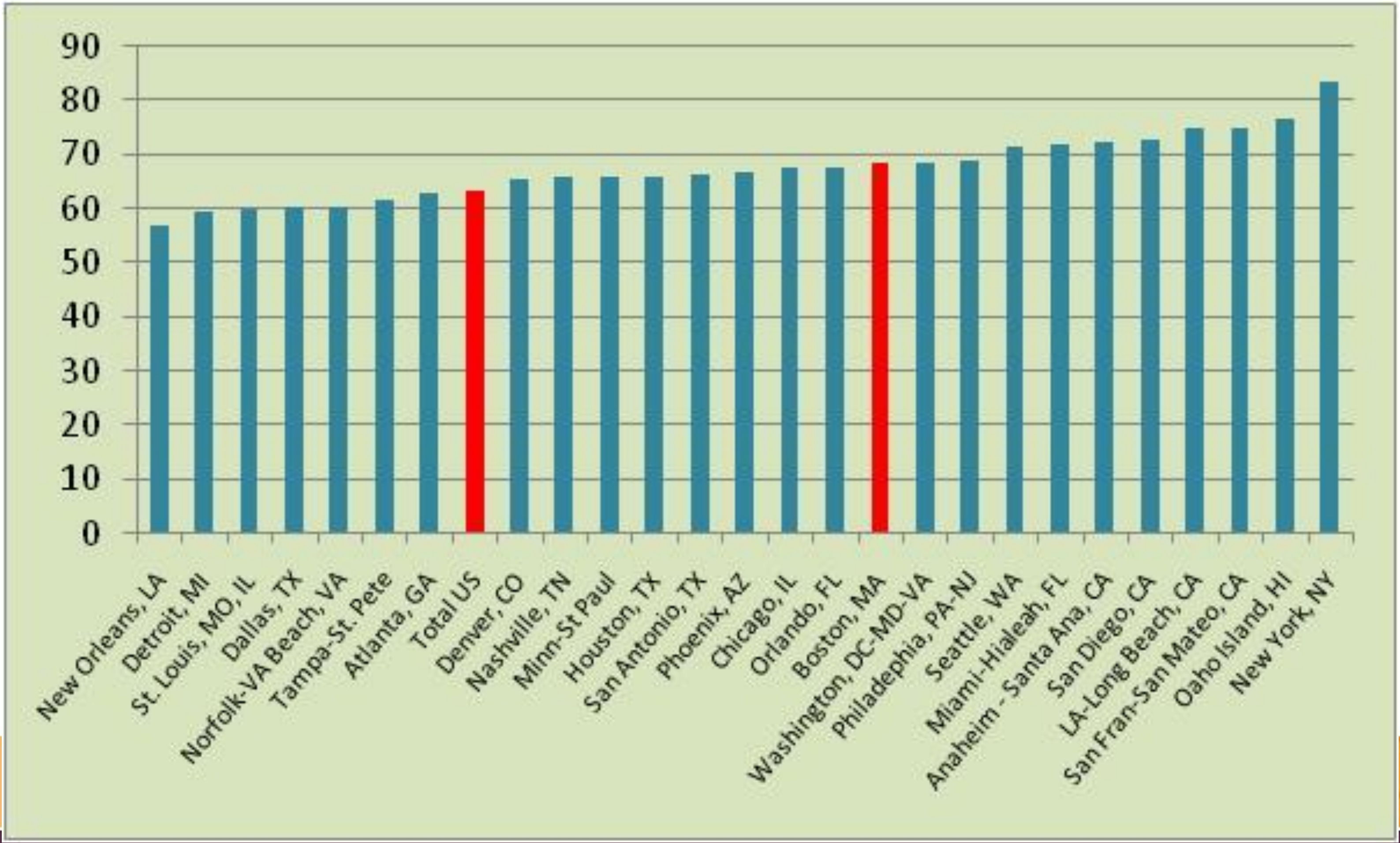
US RevPAR Percent Change 2002-2009P



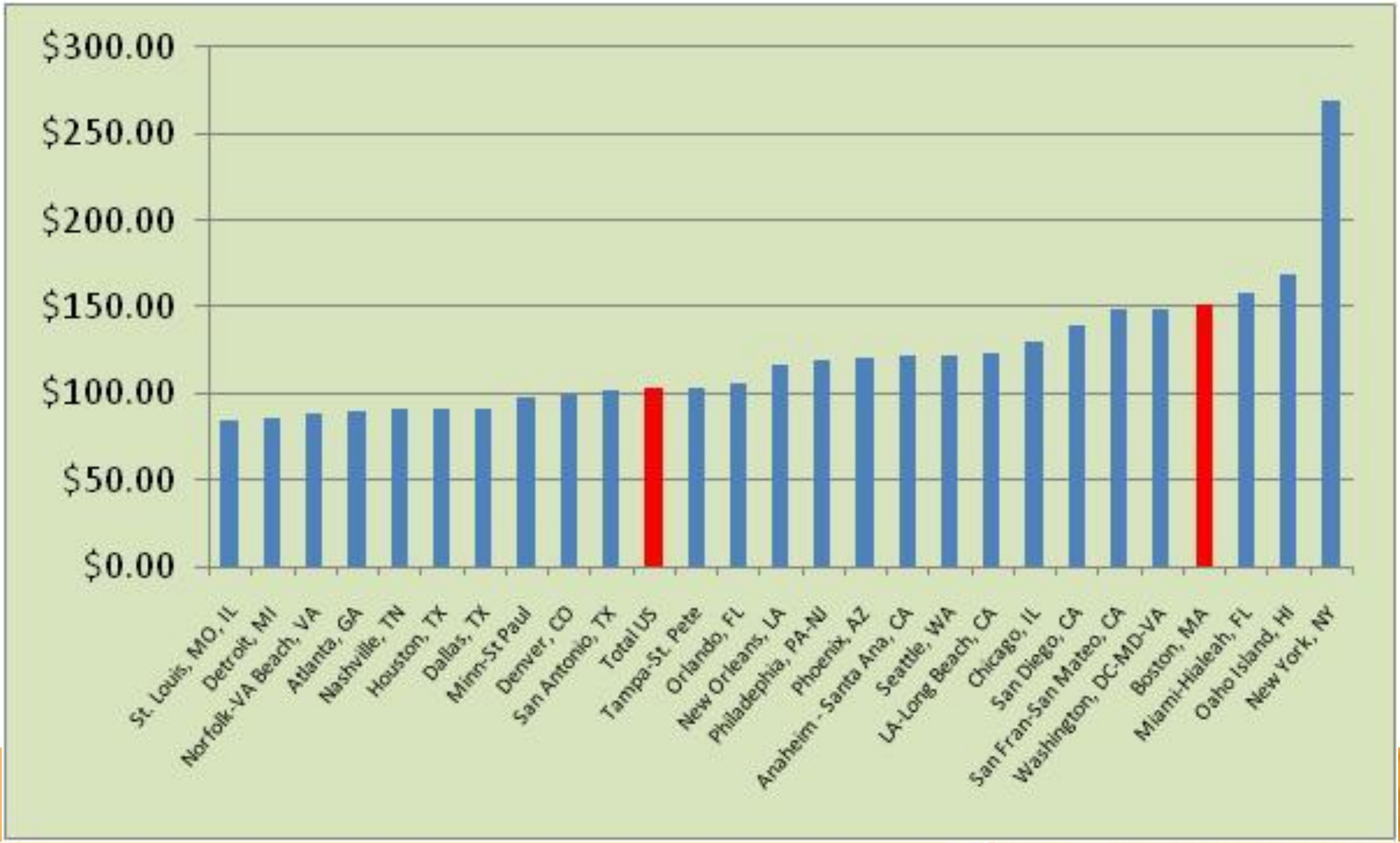
Source: Smith Travel Research

Top 25 Market Areas – Occupancy Percent 2007



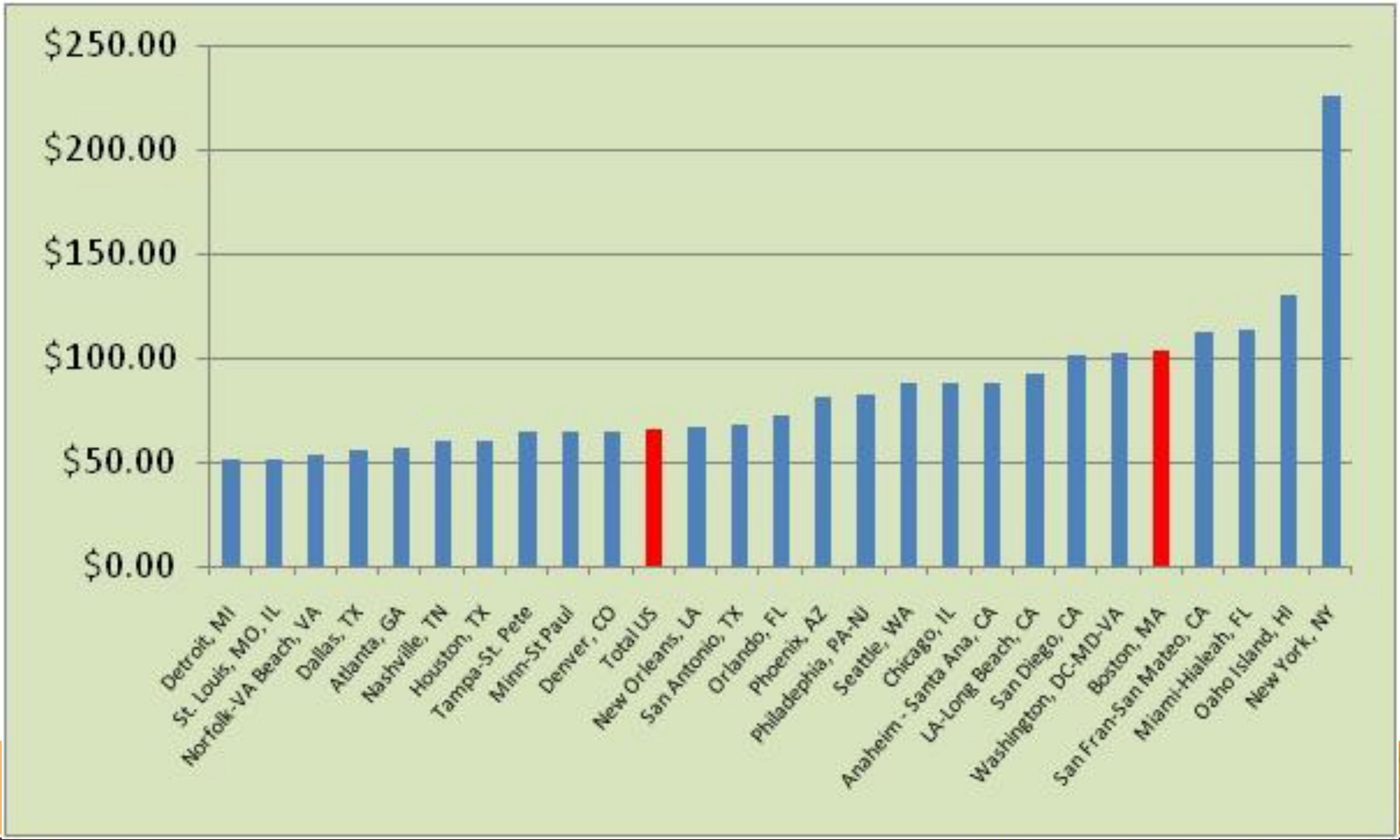
Source: Smith Travel Research

Top 25 Market Areas – Average Daily Rate 2007



Source: Smith Travel Research

Top 25 Market Areas – RevPAR 2007



Source: Smith Travel Research

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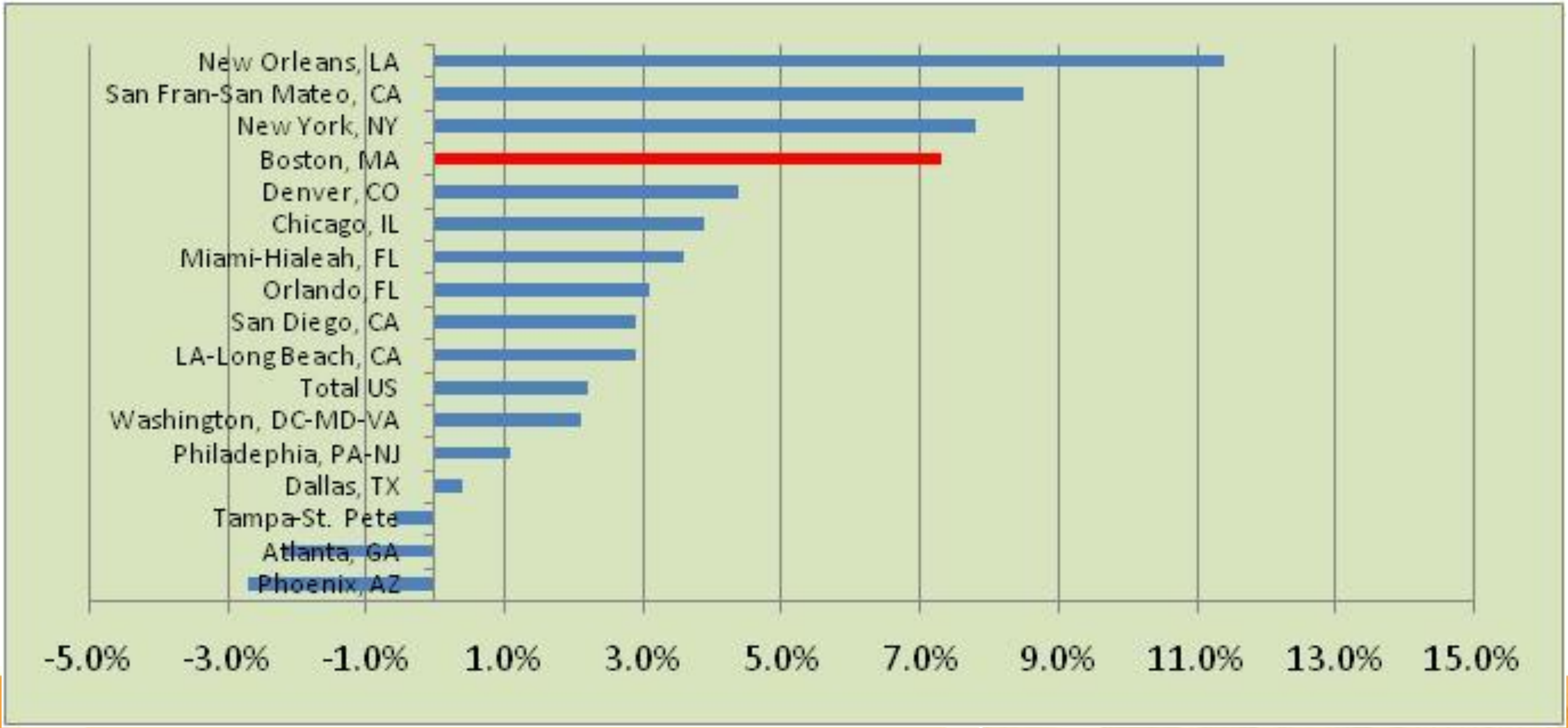
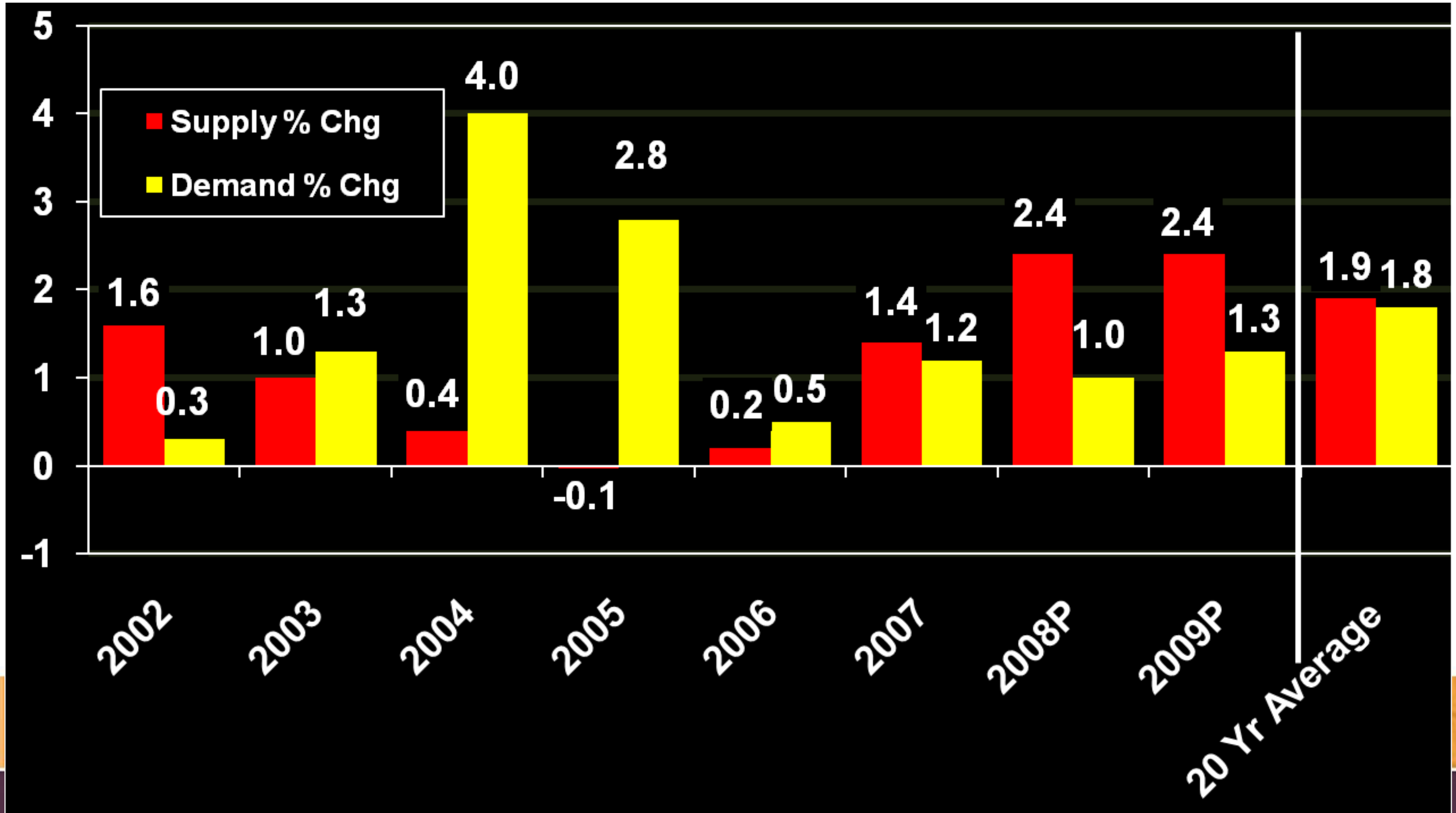
Key 15 Markets RevPAR Percent Change May 2008 YTD



Source: Smith Travel Research

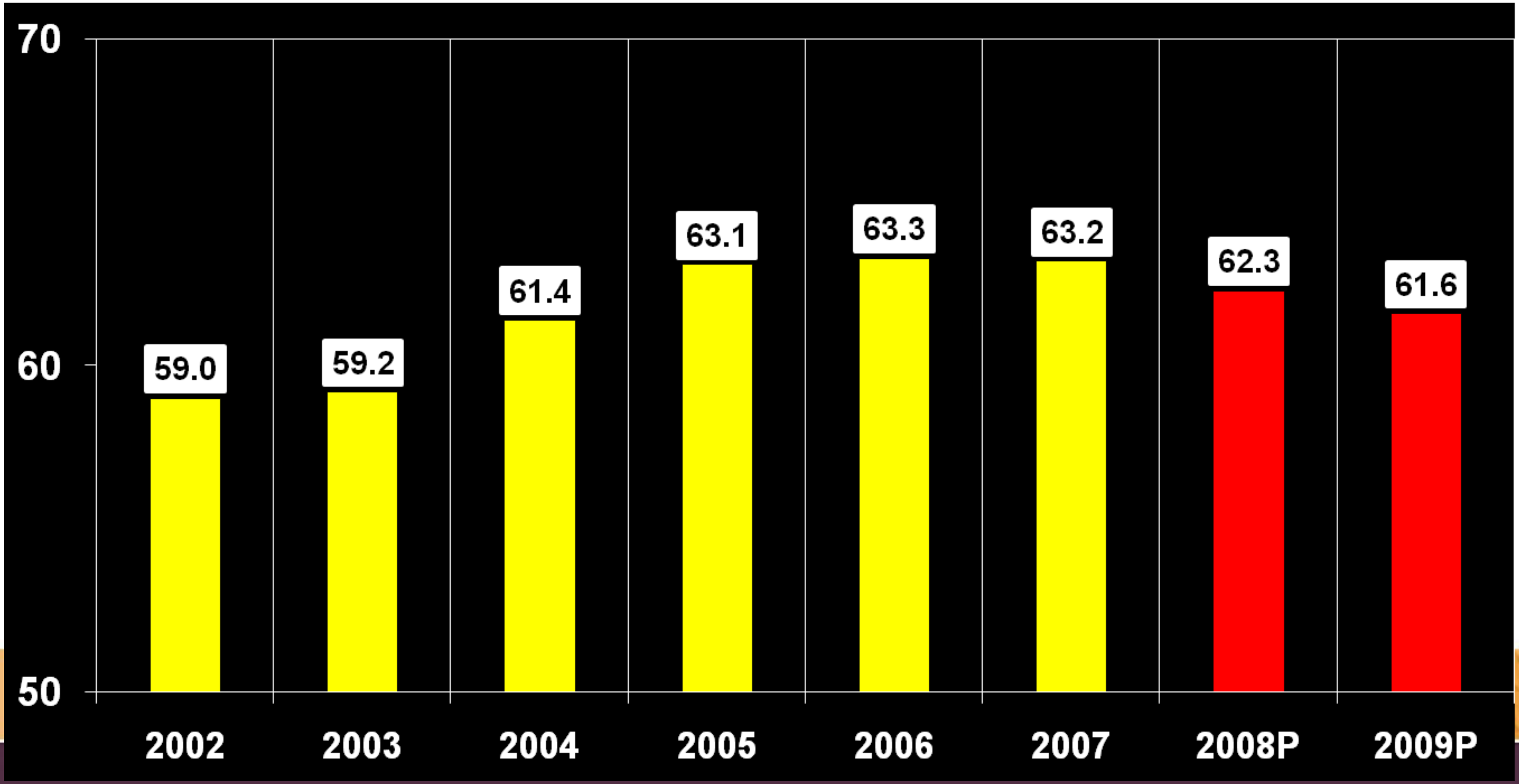
Total U.S.

Supply/Demand Percent Change 2002 – 2009P

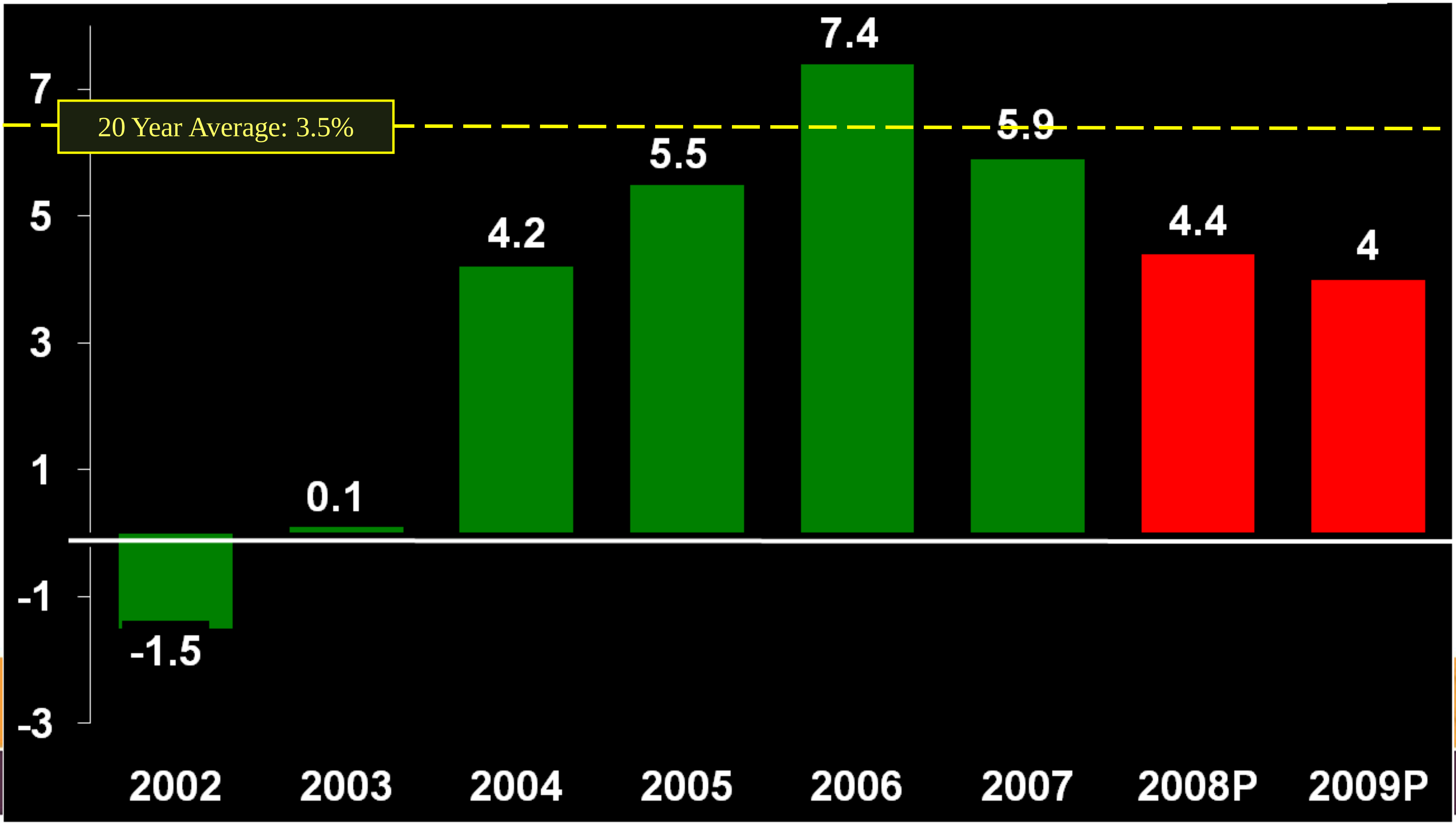


Total US

Occupancy Percent 2002 – 2009P



Total U.S.
ADR Percent Change 2002 – 2009P



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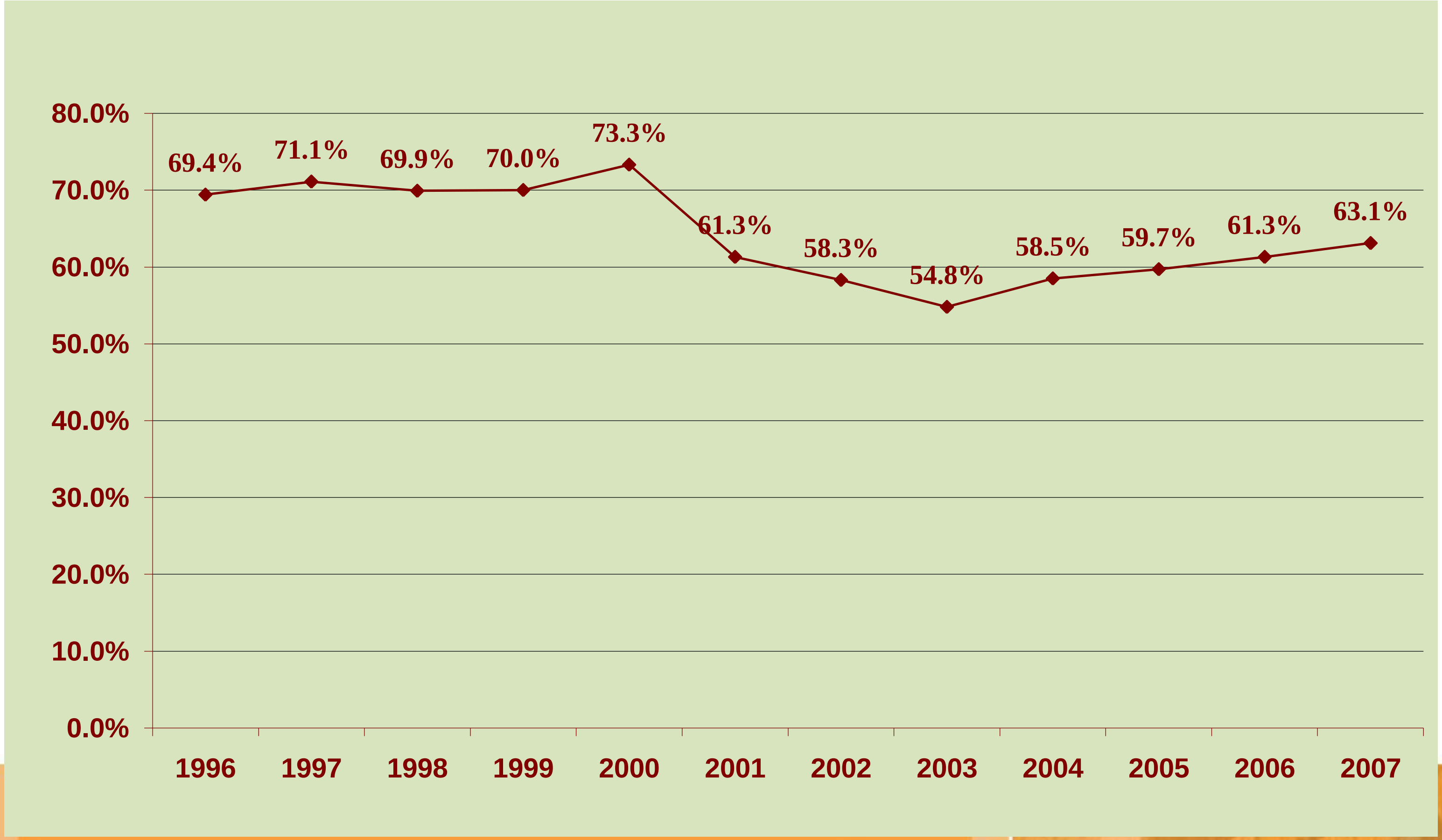
2008 Lodging Industry Takeaways

- Accelerating Supply Growth – Pipeline Attrition?
- Slowing Economy = Slower Demand Growth
- Top Markets may outperform
- Weak Dollar = U.S. Bargain
- Leisure feels greater impact than business?
- Revenue Management Discipline?

SUBURBAN BOSTON LODGING MARKET

Suburban Boston Occupancy 1996 - 2007



Source: Smith Travel Research/Pinnacle Advisory Group

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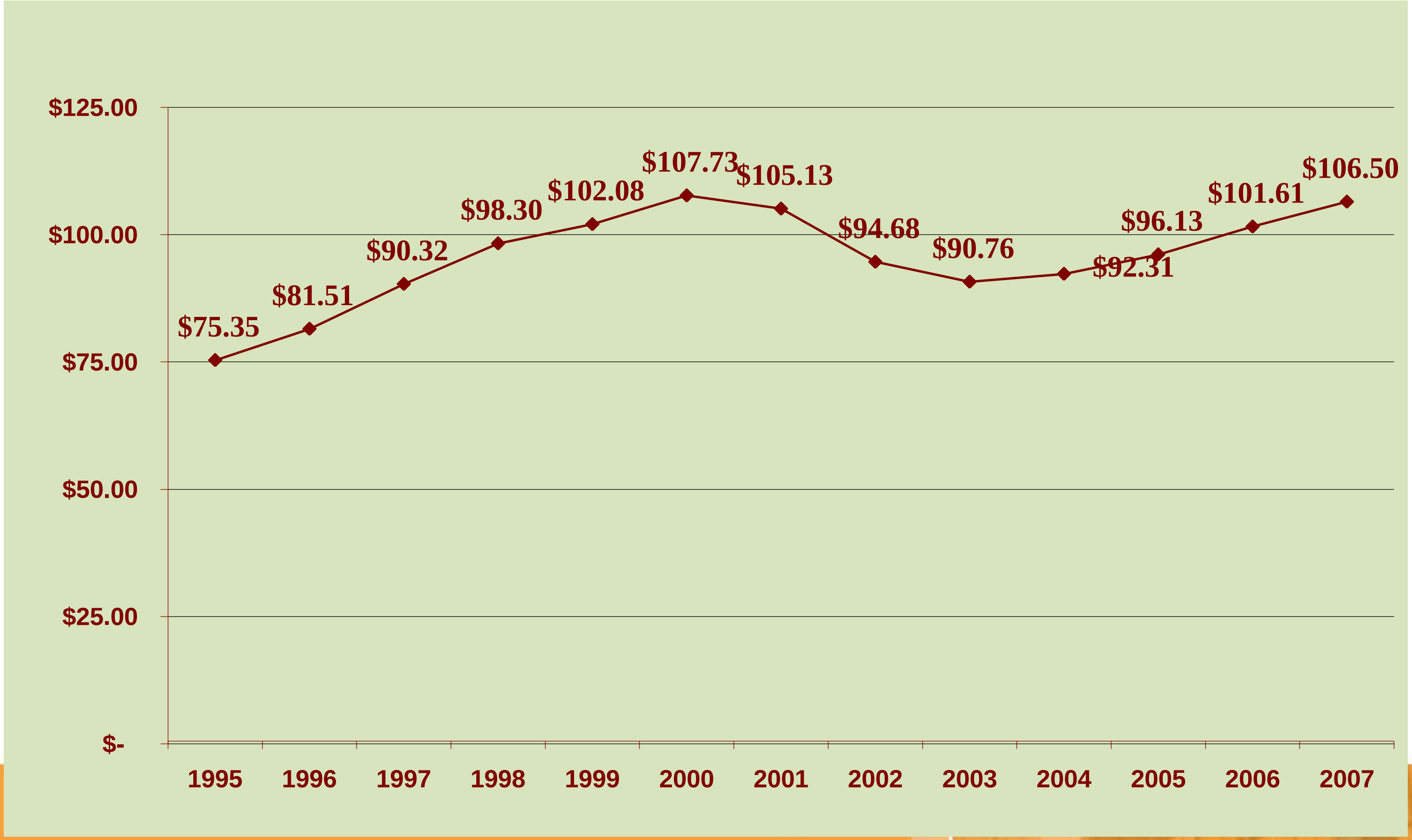
Suburban Boston Average Daily Rate 1996-2007



Source: Smith Travel Research/Pinnacle Advisory Group

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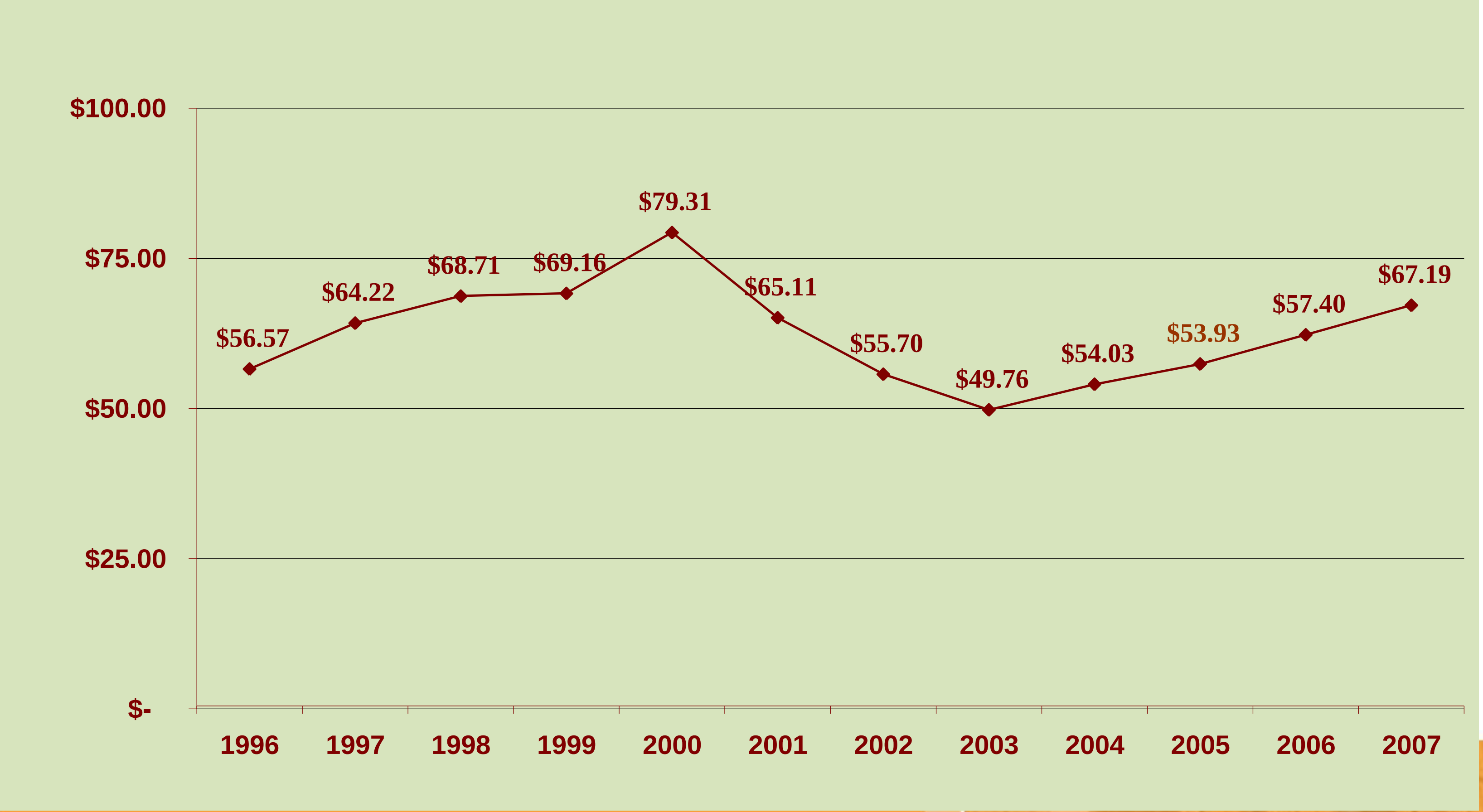
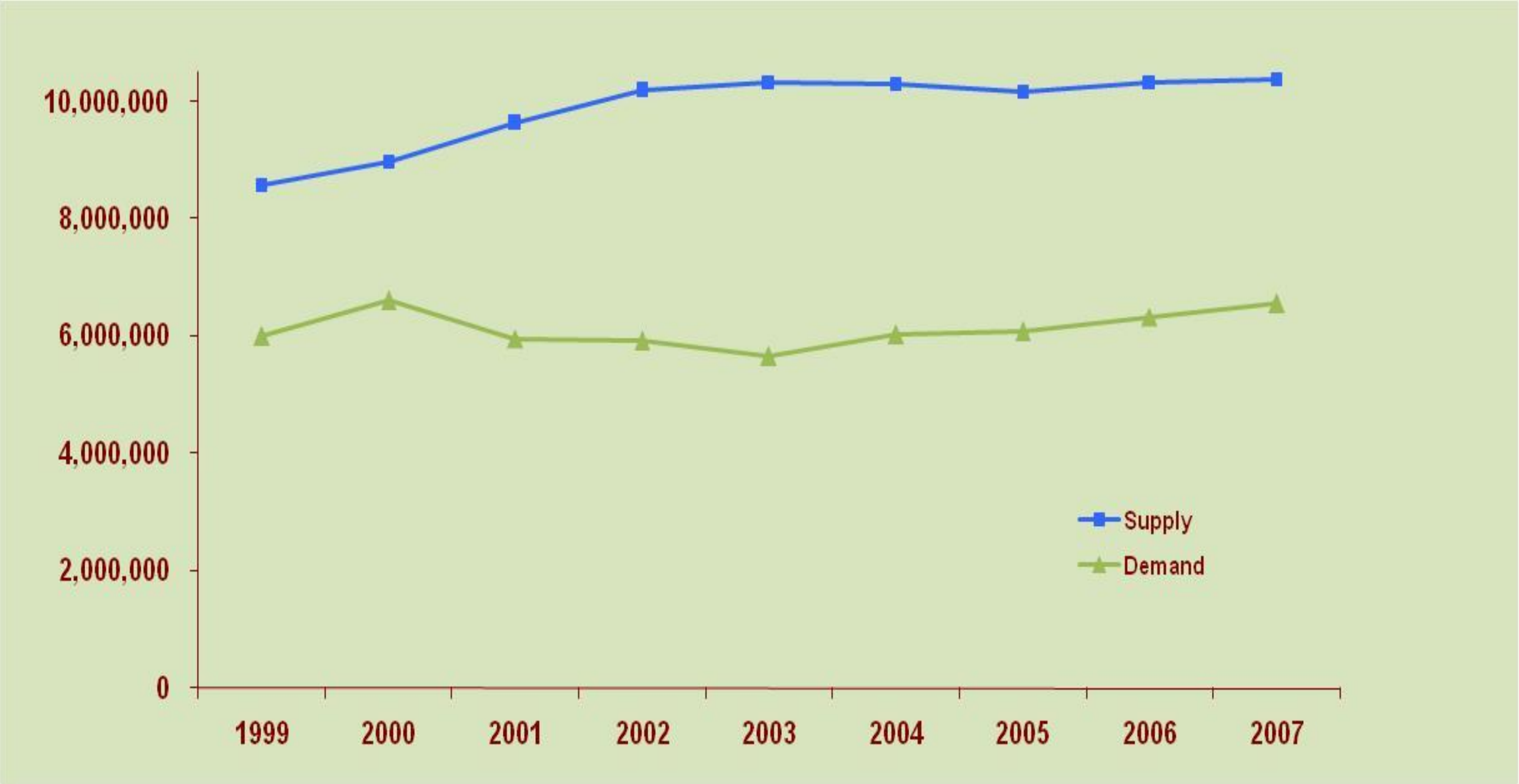
Suburban Boston RevPAR 1996 - 2007



Source: Smith Travel Research/Pinnacle Advisory Group

Suburban Boston Supply and Demand 1999 - 2007

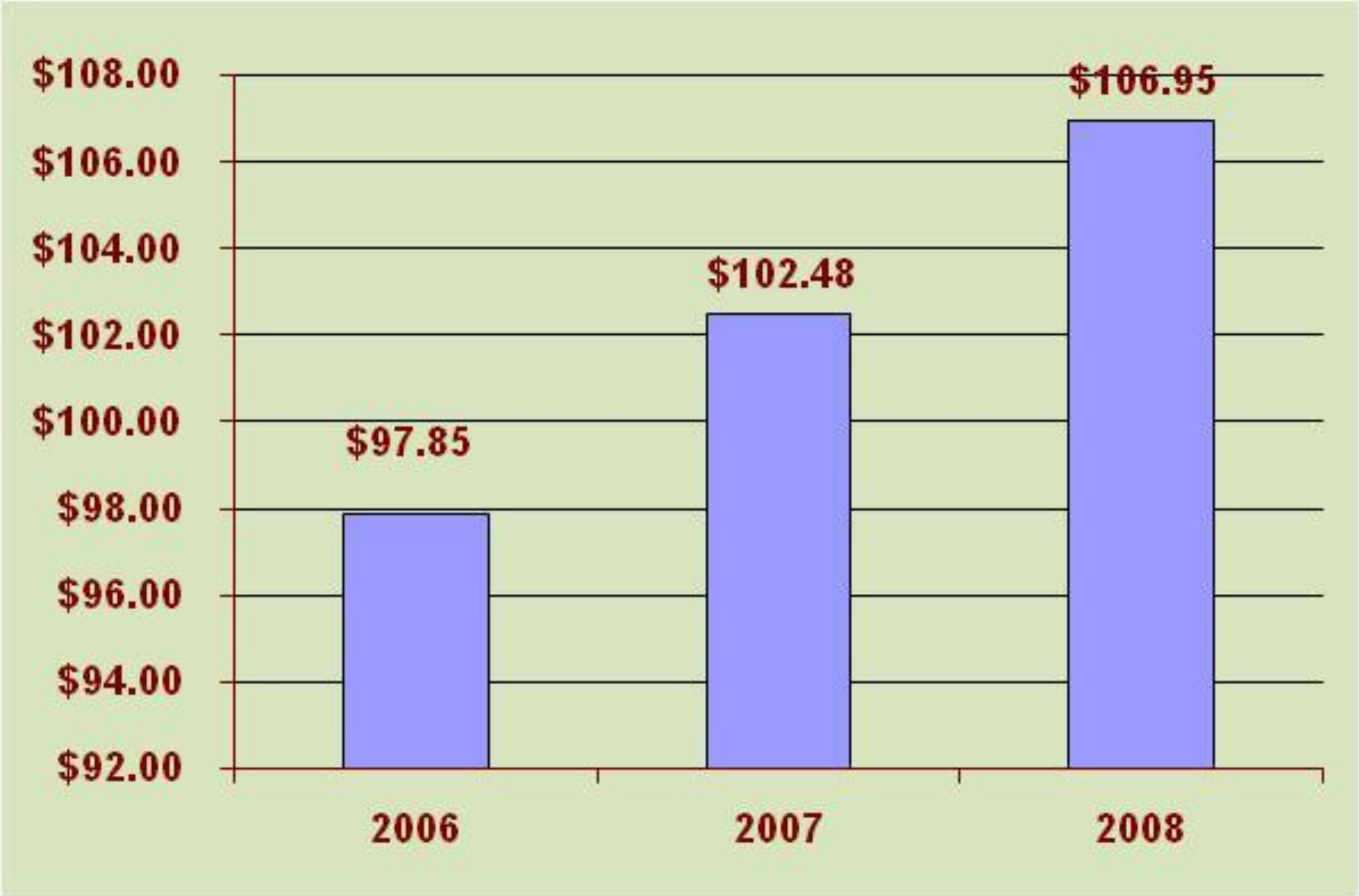


Source: Smith Travel Research/Pinnacle Advisory Group

Suburban Boston Occupancy YTD May 2006-2008

Source: Smith Travel Research/Pinnacle Advisory Group

Suburban Boston Average Daily Rate YTD May 2006 - 2008



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Suburban Boston RevPAR YTD May 2006 - 2008

Source: Smith Travel Research/Pinnacle Advisory Group

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Suburban Boston Supply Changes 2008-2009

New Construction

- Aloft 136-Rooms – Lexington June 2008
- Element 123-Rooms – Lexington – June 2008
- Renaissance 160-Rooms– Fox borough – October 2009

Conversions

- Hyatt Place Medford (Amerisuites) - 2008
- Hotel Indigo Newton (Holiday Inn Newton) - 2008
- Courtyard Hotel Billerica (Wyndham)- 2008
- Homewood Suites Arlington (Hawthorn Suites) – 2008
- Doubletree Milford (Radisson) – 2009
- Holiday Inn Rockland (Radisson) - 2009

Source: Pinnacle Advisory Group


Hampton Inn and Suites
Courtyard (Conversion of Wyndham)
Element
Aloft
Homewood Suites (Conversion of Hawthorne Suites)
Hotel Indigo (Conversion of Holiday Inn)
Doubletree (Conversion of Radisson)
Holiday Inn (Conversion of a Radisson)
Renaissance Patriot Place
Nashua
Haverhill
Methuen
Lawrence
Greenville
Pepperell
Andover
Boxford
Lowell
Fitchburg
Leominster
Reading
Woburn
Maynard
Clinton
Medford
Waltham
Boston
Rutland
Holden
Northborough
Framingham
Worcester
Dover
Milton
Quincy
Norwood
Milford
Sharon
Brockton
Franklin
Oxford
Whitinsville
Webster
Hanson
Rockland
Weymouth
Cohasset
North Scituate
Hull
Nahant
Lynn
Marblehead
Beverly
Gloucester
Rockport
Marshfield Hills
Marshfield
Duxbury
Atlantic Ocean
Plum Island River
Essex River
Boston Harbor
NEWBURYPORT TPKE
BOSTON PROVIDENCE TPKE
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Suburban Boston 2008

- Limited New Supply
- Film Crews?
- Declining Compression
- Impact of National Economic Situation

Suburban Boston Projections 2008

	2007	2008	Change
Occupancy	63%	63%	0.0%
Average Rate	$106.50	$110.76	4.0%
RevPAR	$67.19	$69.78	3.9%

Source: Pinnacle Advisory Group

Suburban Boston 2009

- New Supply Remains Limited
- Less Compression
- Economic Uncertainty

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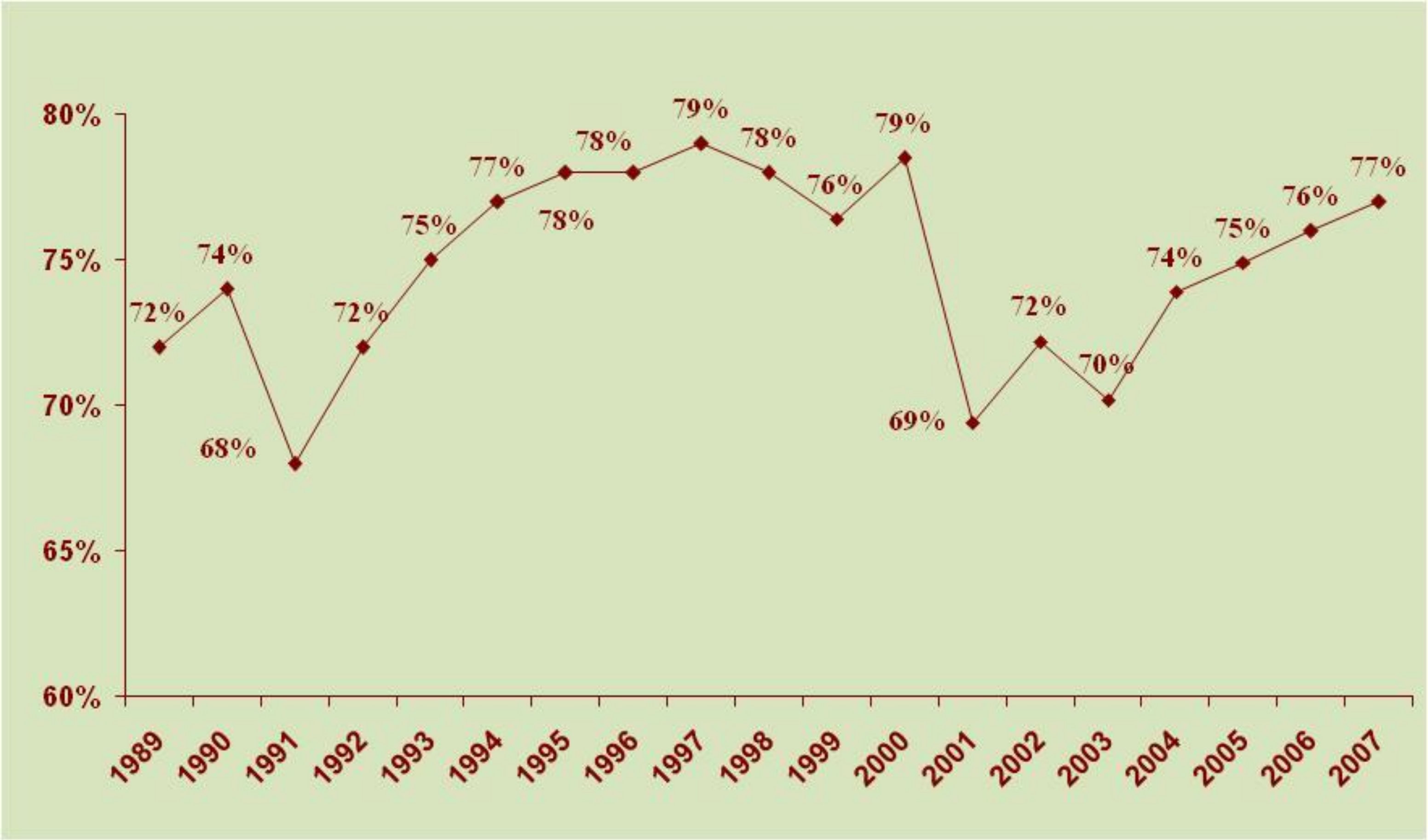
Suburban Boston Projections 2009

	2008	2009	Change
Occupancy	63%	62%	-1.6%
Average Rate	$110.76	$114.08	3.0%
RevPAR	$69.78	$70.85	1.4%

Source: Pinnacle Advisory Group

BOSTON CAMBRIDGE LODGING MARKET

Boston / Cambridge Occupancy 1989-2007



Source: Pinnacle Advisory Group

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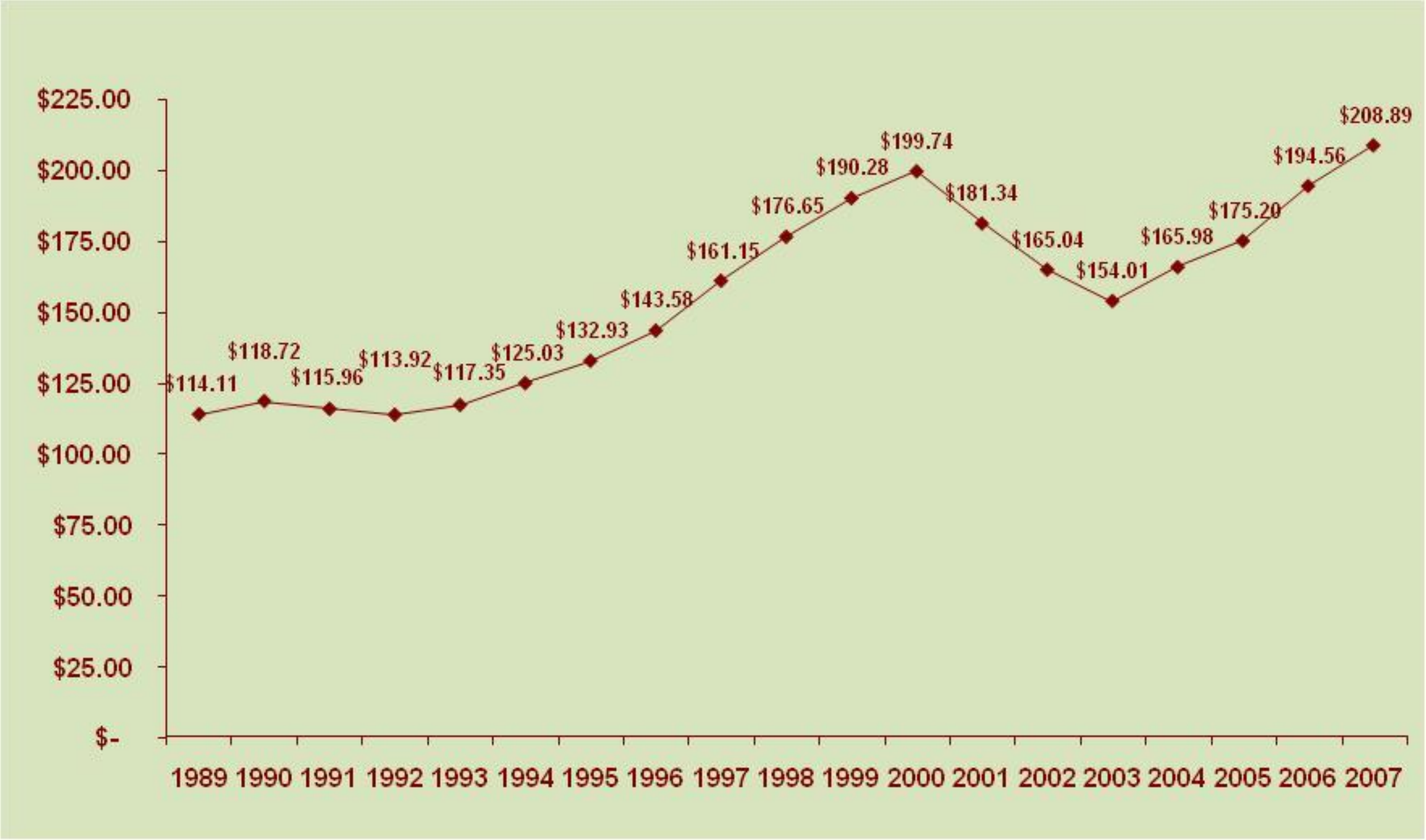
Boston / Cambridge ADR 1989-2007



Source: Pinnacle Advisory Group

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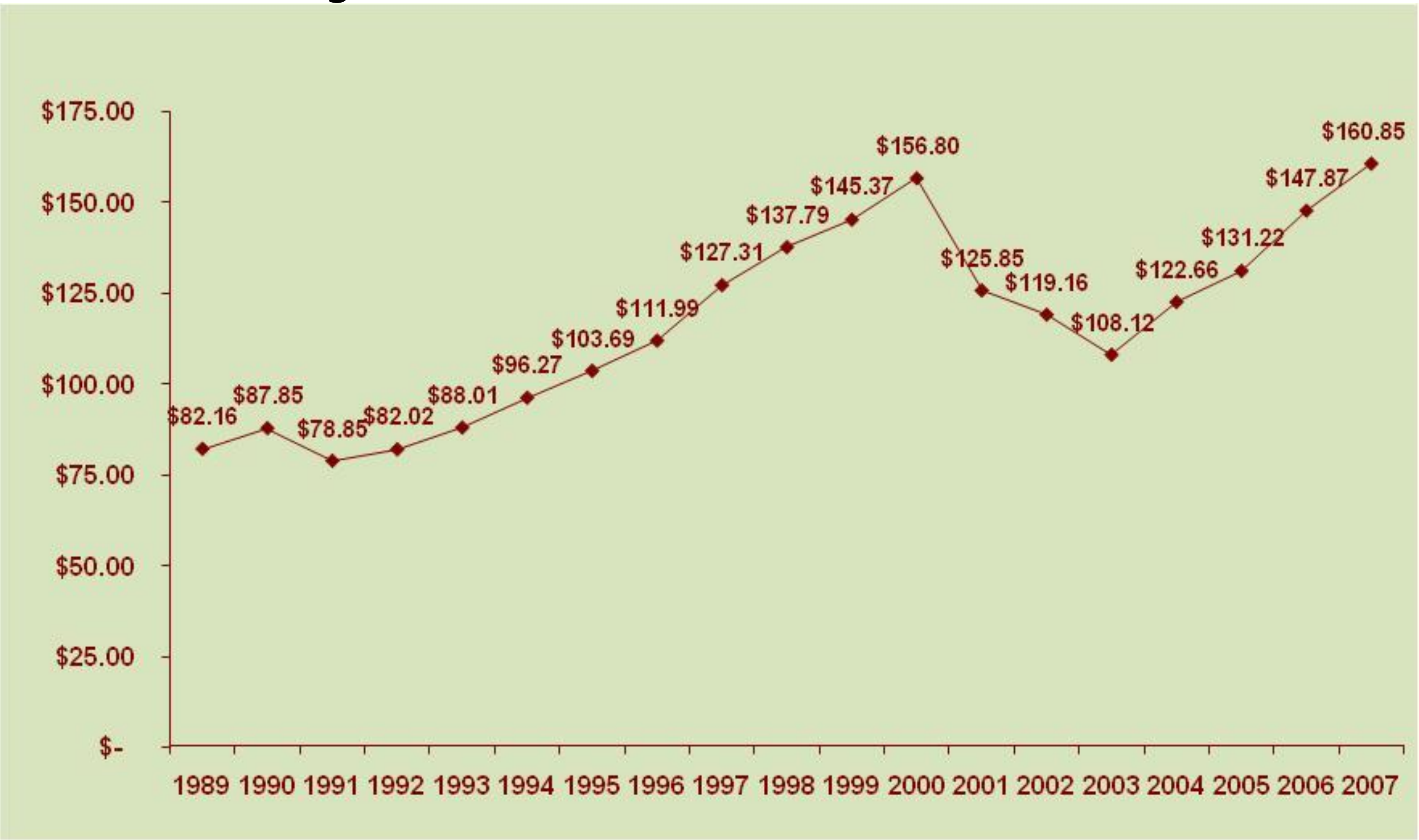
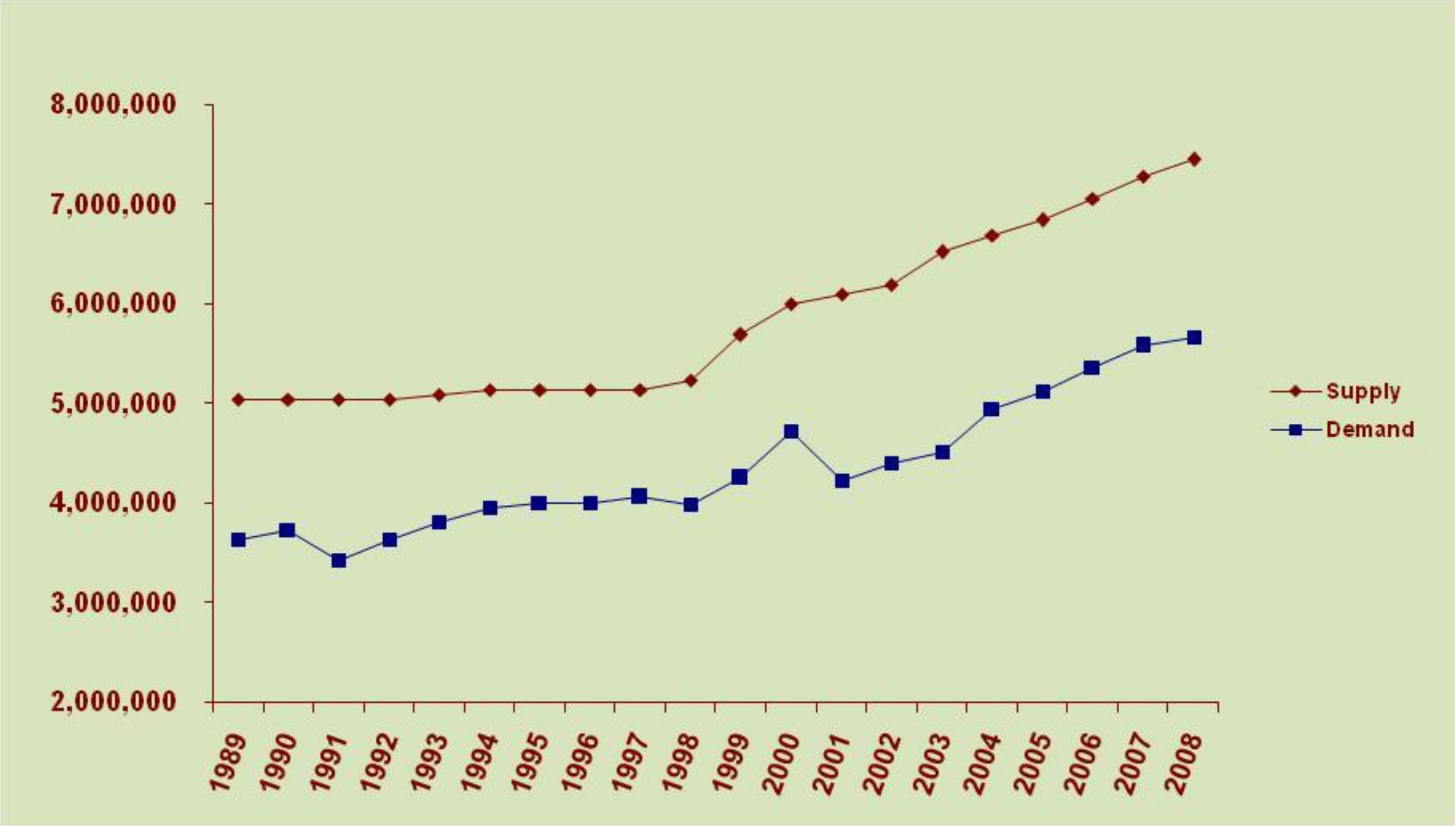
Boston / Cambridge RevPAR 1989-2007



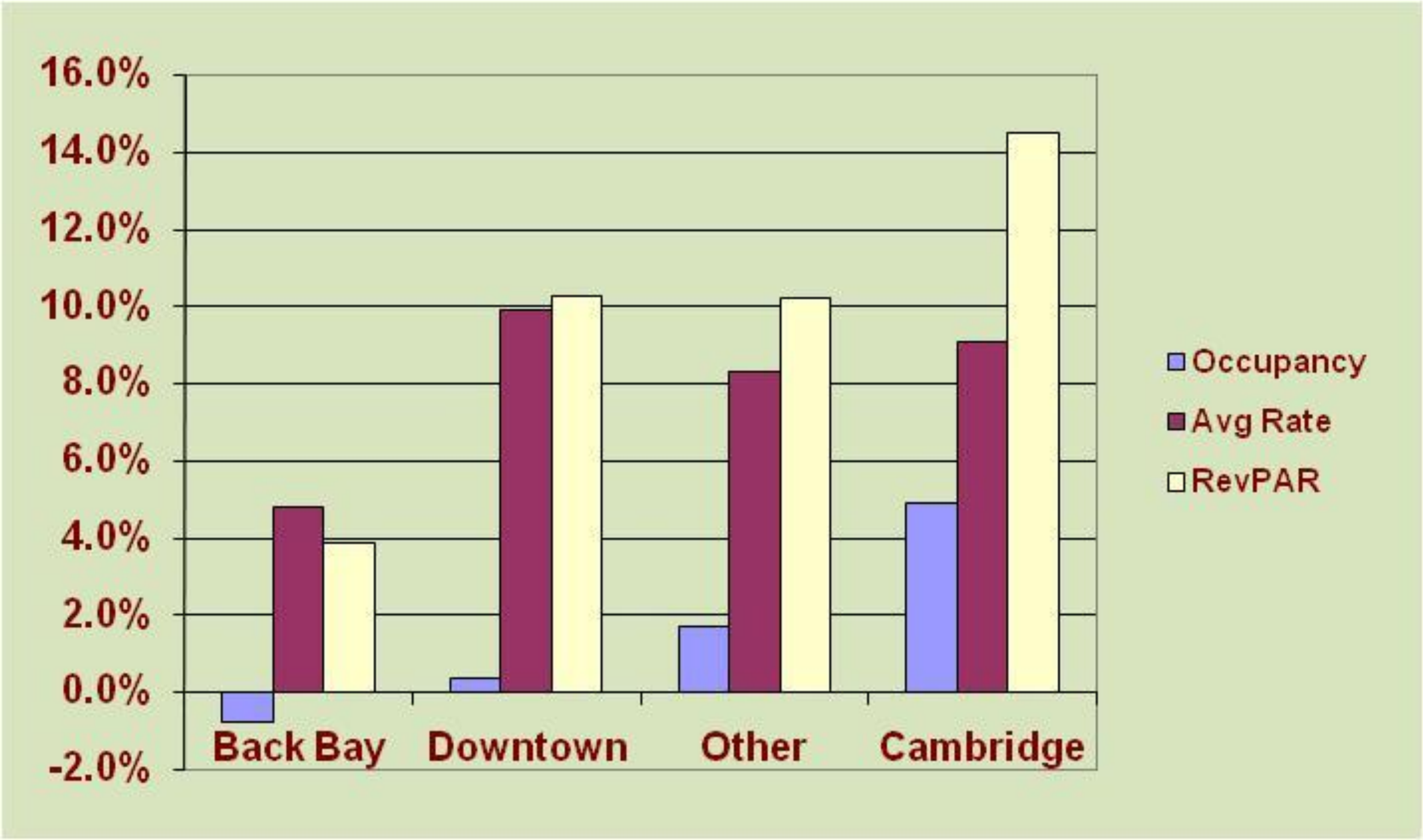
Source: Pinnacle Advisory Group

Boston / Cambridge Supply and Demand 1989-2008P



Source: Pinnacle Advisory Group

Boston / Cambridge Change In RevPAR By Market Area 2007



Source: Pinnacle Advisory Group

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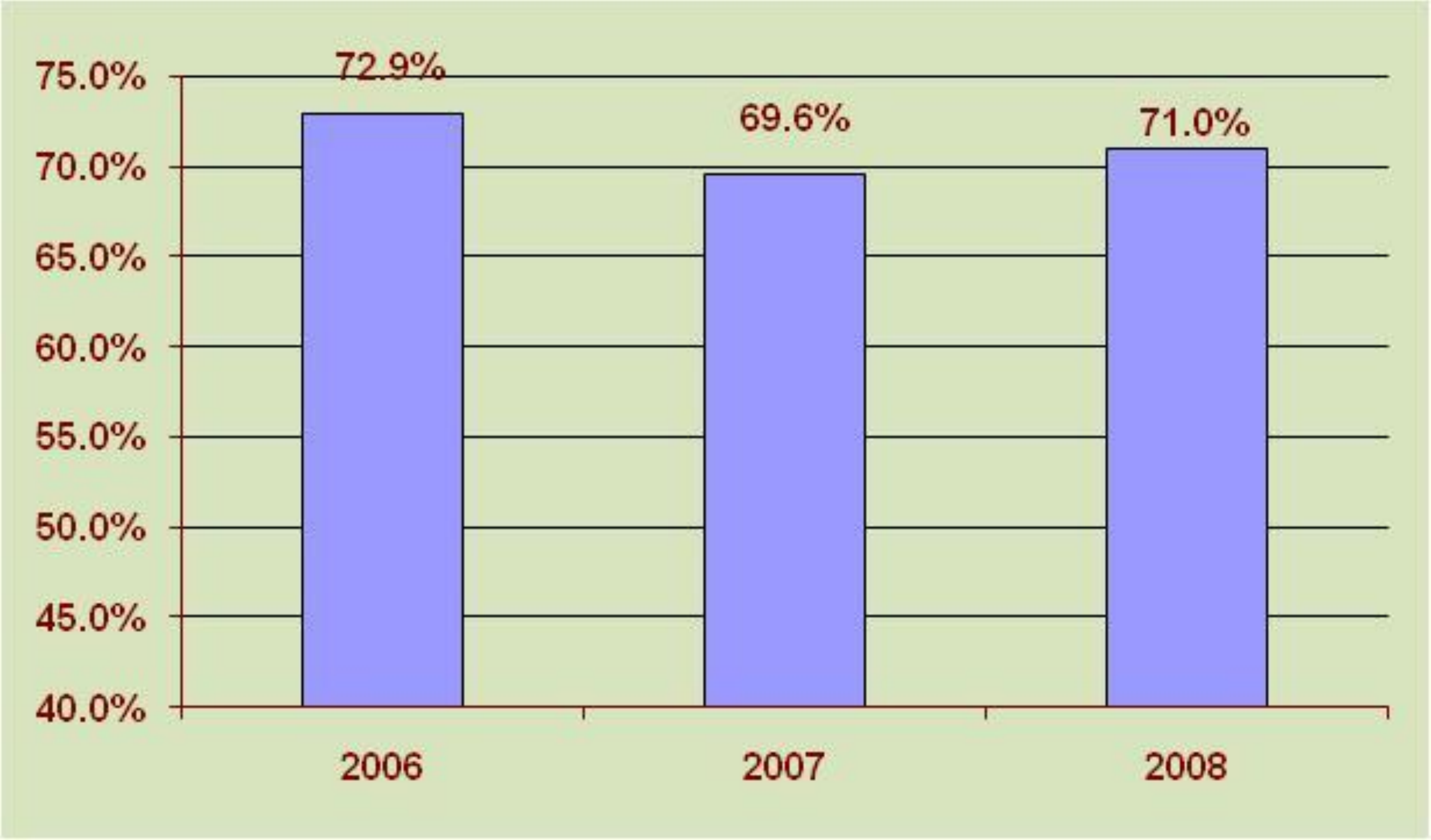
Boston / Cambridge Occupancy YTD May 2006-2008

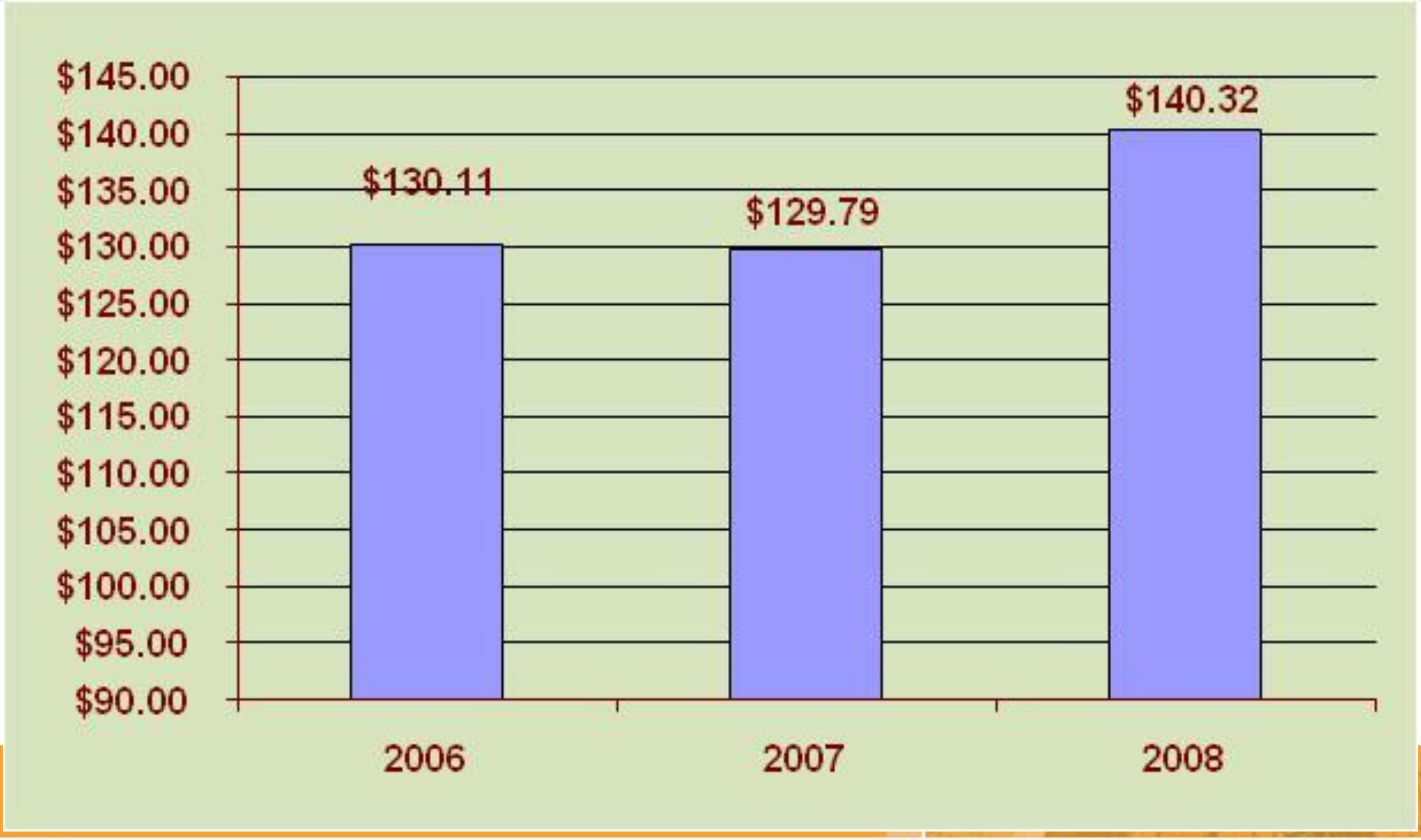


Source: Pinnacle Advisory Group

Boston / Cambridge ADR YTD May 2006-2008

Source: Pinnacle Advisory Group

Boston / Cambridge RevPAR YTD May 2006-2008



Source: Pinnacle Advisory Group

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Boston / Cambridge Supply Changes 2008

New Supply

- Battery Wharf– North End – 150-Rooms – September?
- Mandarin Oriental– Back Bay- 150-rooms – October
- Renaissance – Seaport 471-rooms - February

Supply Changes

Courtyard (Conversion of the Holiday Inn East Boston)

Courtyard (Radisson Cambridge)

Source: Pinnacle Advisory Group

Boston / Cambridge Supply Changes 2009

New Supply

- Ames Building (Morgan's) – Downtown – 115-Rooms – September
- W Hotel– Theater District - 234-rooms – September

Source: Pinnacle Advisory Group


Courtyard (Conversion from Holiday Inn) 3Q 2009
Battery Wharf 150-Rooms September 2008
Ames Building 115-Rooms September 2009
Courtyard (Conversion from Radisson) April 2008
W Hotel 234-Rooms September 2009
Mandarin Oriental 150-Rooms June 2008
Renaissance 471-Rooms February 2008
Wilson Square
Union Square
Charlestown
East Boston
West Wood Island
Chelsea River
Tobin Bridge (toll)
Soldiers Monument
Shipyard Park
USS Constitution
John Harvard Mall
Lechmere Canal Park
East Cambridge
Charlestown Bridge
Callahan Tunnel (toll)
North End
Logan Aero Light
Central Square
Hoyt Field
Haymarket
Beacon Hill
Boston
Cambridgeport
Ted Williams Tunnel
Harvard Bridge
Church Green
Congress Street Bridge
Fort Winthrop
Fenway Park
Longwood
Olmsted Park
Huntington Field
Chester Park
Fort Independence
City Point
MASSACHUSETTS TPKE
MEMORIAL DR
BEACON ST
BOYLSTON ST
HUNTINGTON AVE
WASHINGTON ST
DORCHESTER AVE
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LONGFELLOW BRG
MONSIGNOR OBRIEN HWY
CAMBRIDGE ST
RUTHERFORD AVE
NORTHEAST EXPY
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Boston / Cambridge Demand Factors

- Corporate demand is starting to slow
- Strong International Demand (Both Group and Leisure)
- 2008 Conventions Ahead of 07 in 1H and Behind in 2H
- 2009 Citywide Convention Rm. Nts. Down 2%
- Continued Strong Film Crew Demand?

Source: Pinnacle Advisory Group

Boston / Cambridge Average Rates

- National demand is slowing
- Reduced Airlift
- Boston is a top market – Increasing Rate Resistance
- Luxury Orientation of New Product Will Help
- Operators are all "skittish"

Source: Pinnacle Advisory Group

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Boston Cambridge Projections 2008

	2007	2008	Change
Occupancy	77%	77%	0.0%
Average Rate	$208.89	$217.25	4.0%
RevPAR	$160.85	$167.28	4.0%

Source: Pinnacle Advisory Group

Pinnacle Operator's Survey 2009 Outlook

- Several Regional Executives
  - 2-5% RevPAR Growth

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Boston Cambridge Projections 2009

	2008	2009	Change
Occupancy	77%	76%	-1.3%
Average Rate	$217.25	$223.76	3.0%
RevPAR	$167.28	$170.06	1.7%

Source: Pinnacle Advisory Group

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