Pinnacle
Advisory Group

OUTLOOK 2006

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NATIONAL LODGING MARKET

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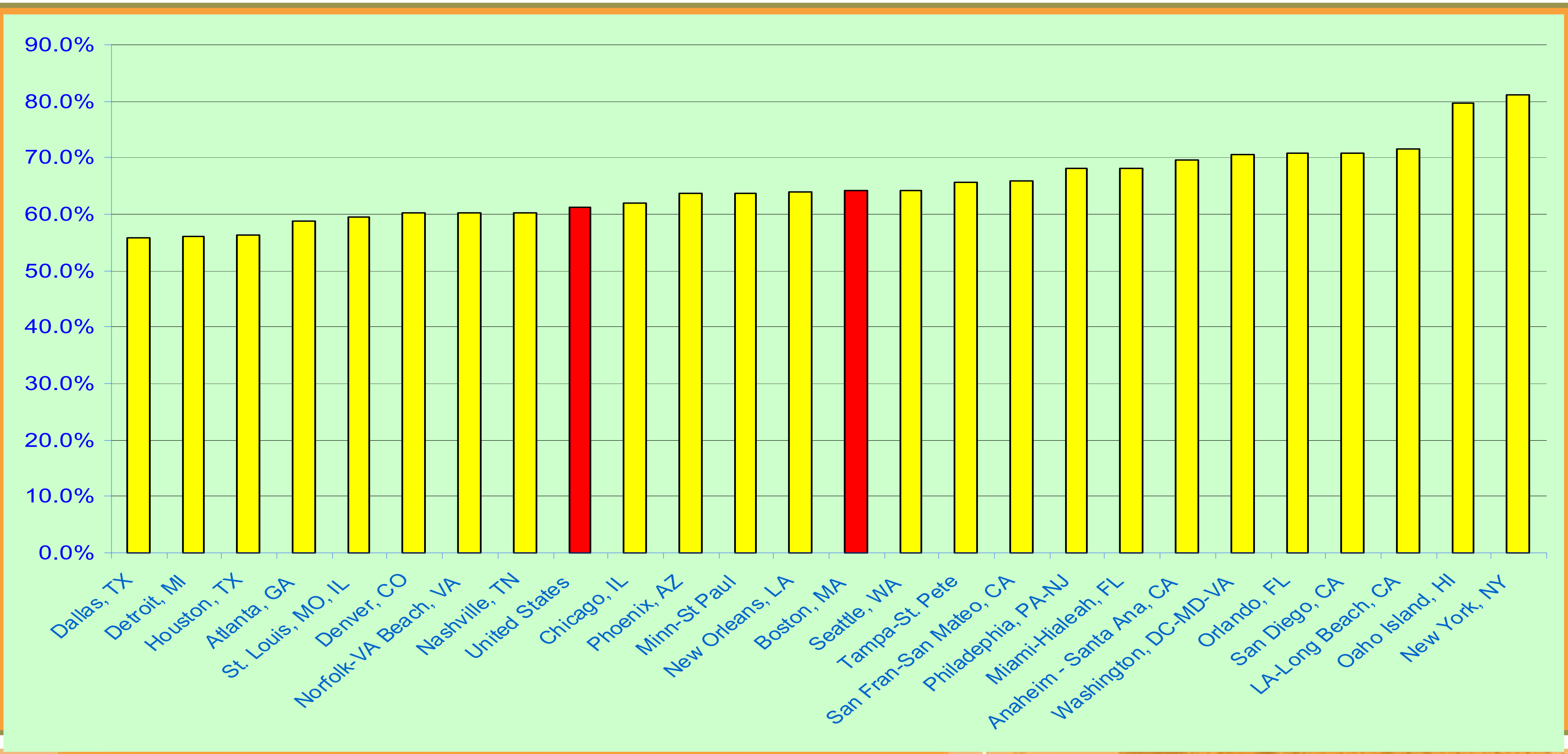
Top 25 Market Areas – Occupancy Percent 2004



Source: Smith Travel Research

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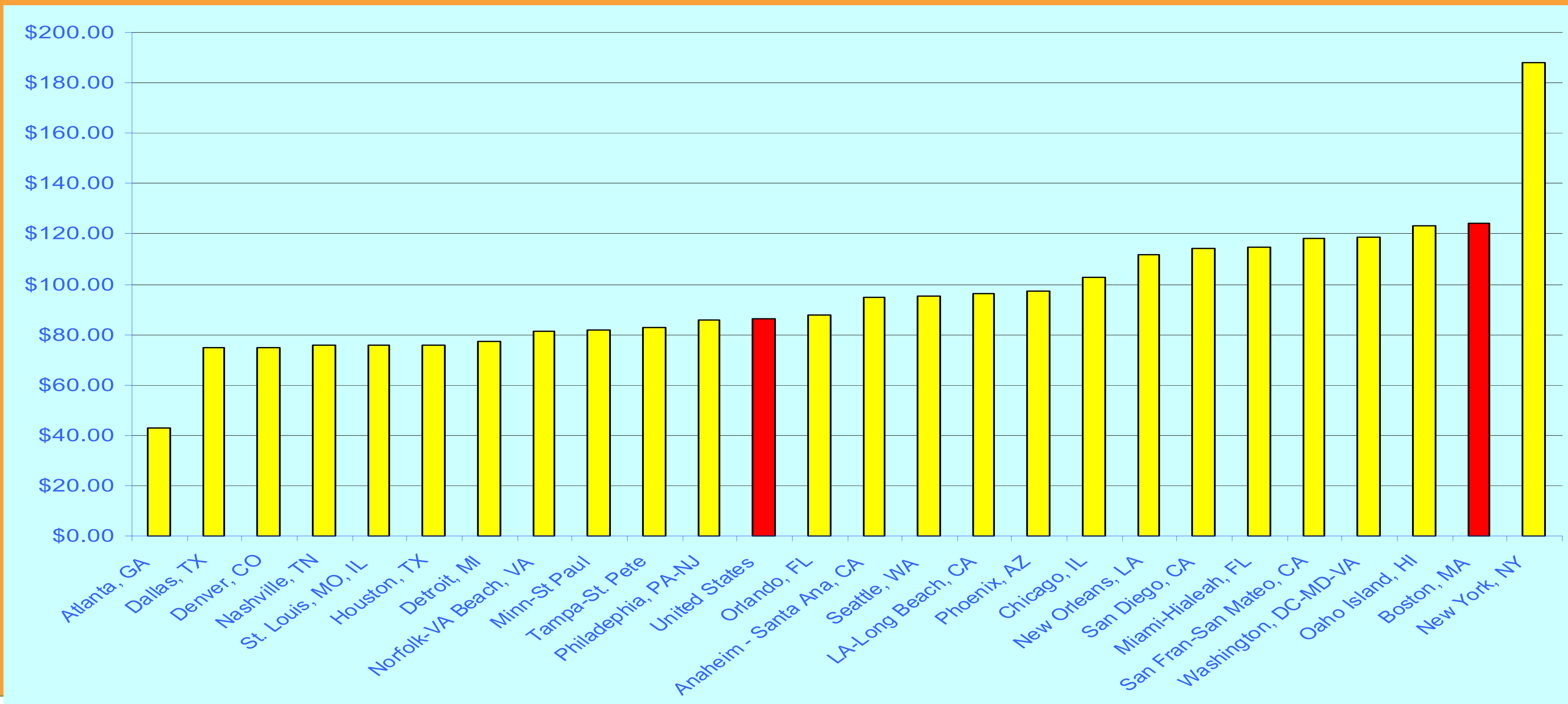
Top 25 Market Areas – Average Daily Rate 2004



Source: Smith Travel Research

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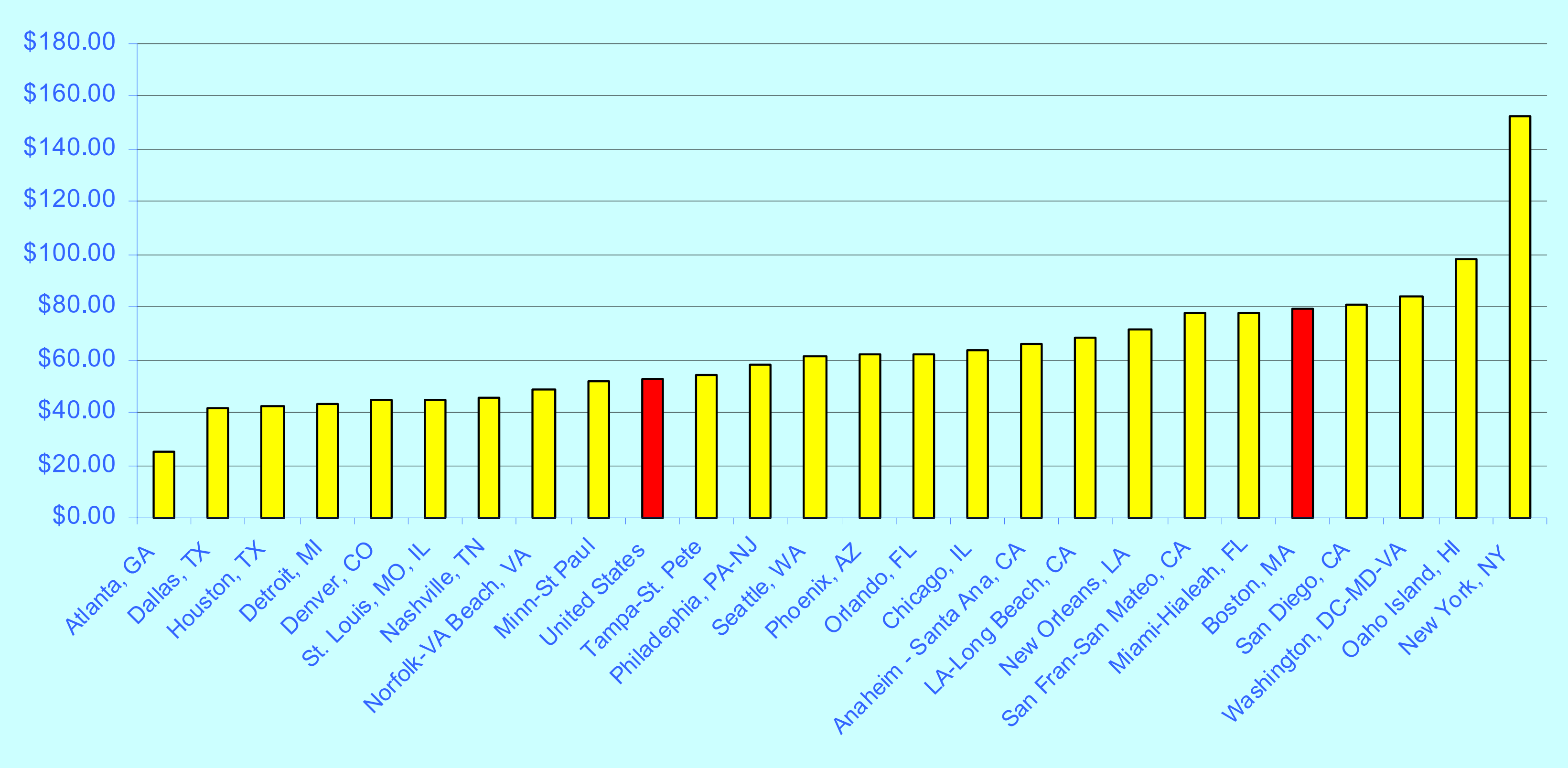
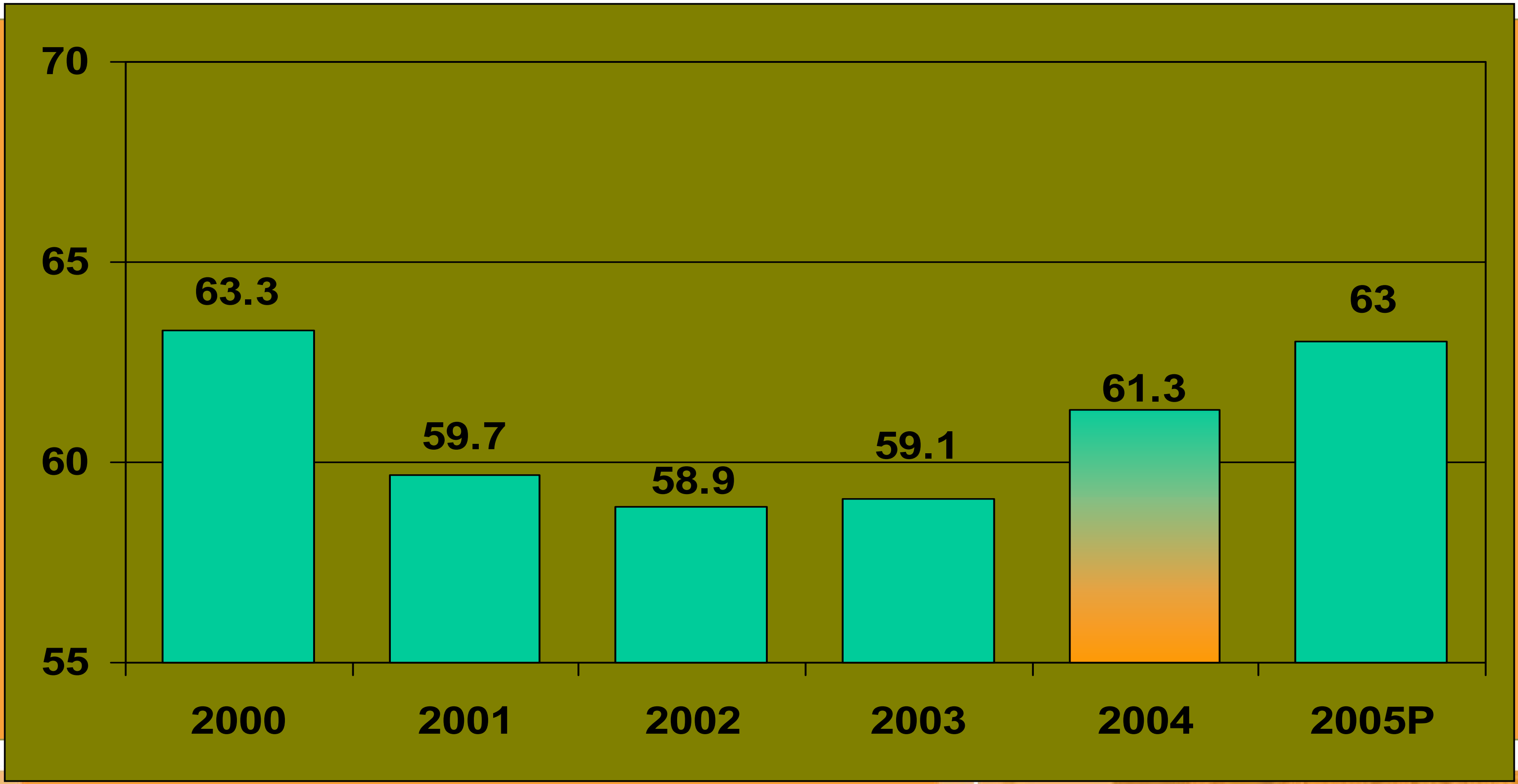
Top 25 Market Areas – RevPAR 2004



Source: Smith Travel Research

U.S. Occupancy Percent 2000 - 2005P



Source: Smith Travel Research

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U.S. Average Daily Rate 1998 – 2005P

Source: Smith Travel Research

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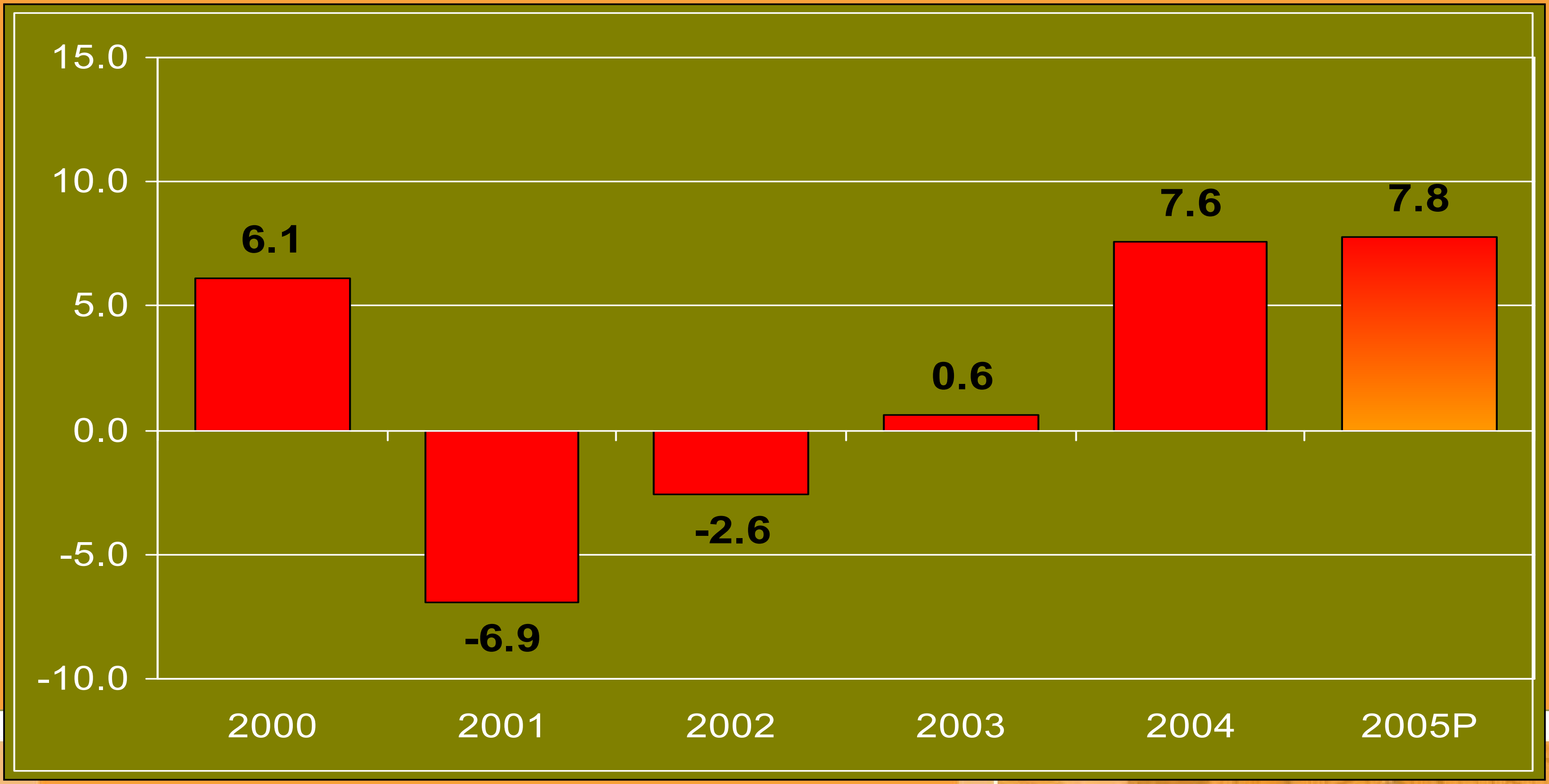
U.S. RevPAR Percent Change 2000 – 2005P



Source: Smith Travel Research

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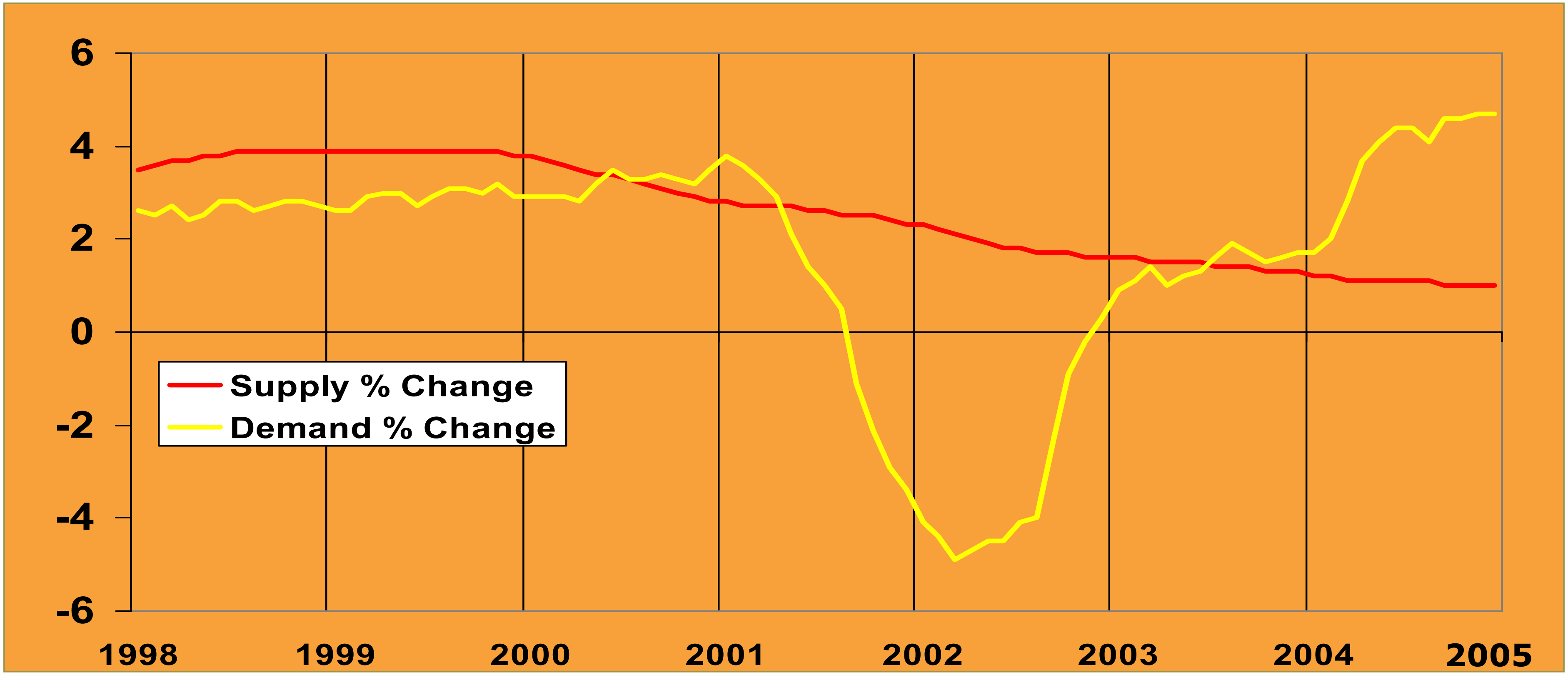
U.S. Room Supply / Demand Percent Change Twelve Month Moving Average Ending April 2005



Source: Smith Travel Research

NEW ENGLAND LODGING MARKET

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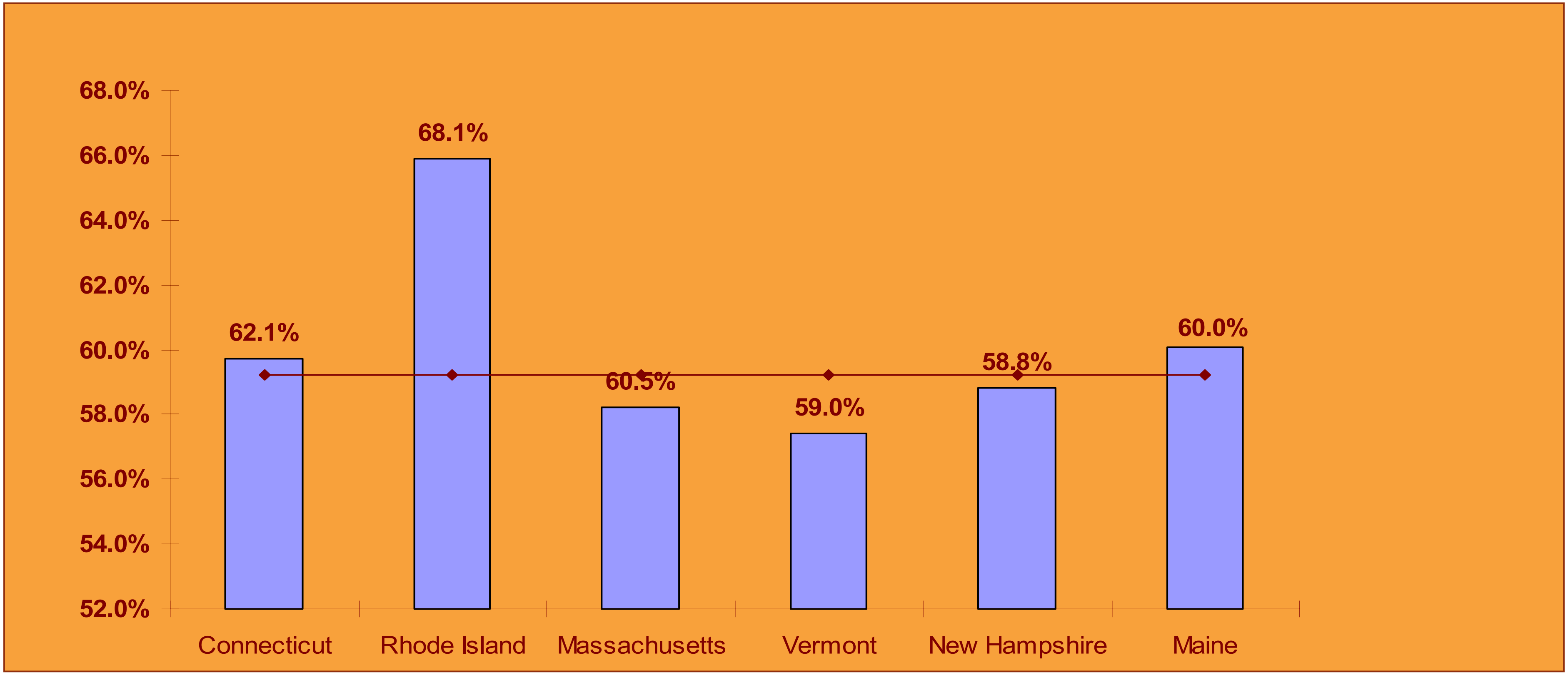
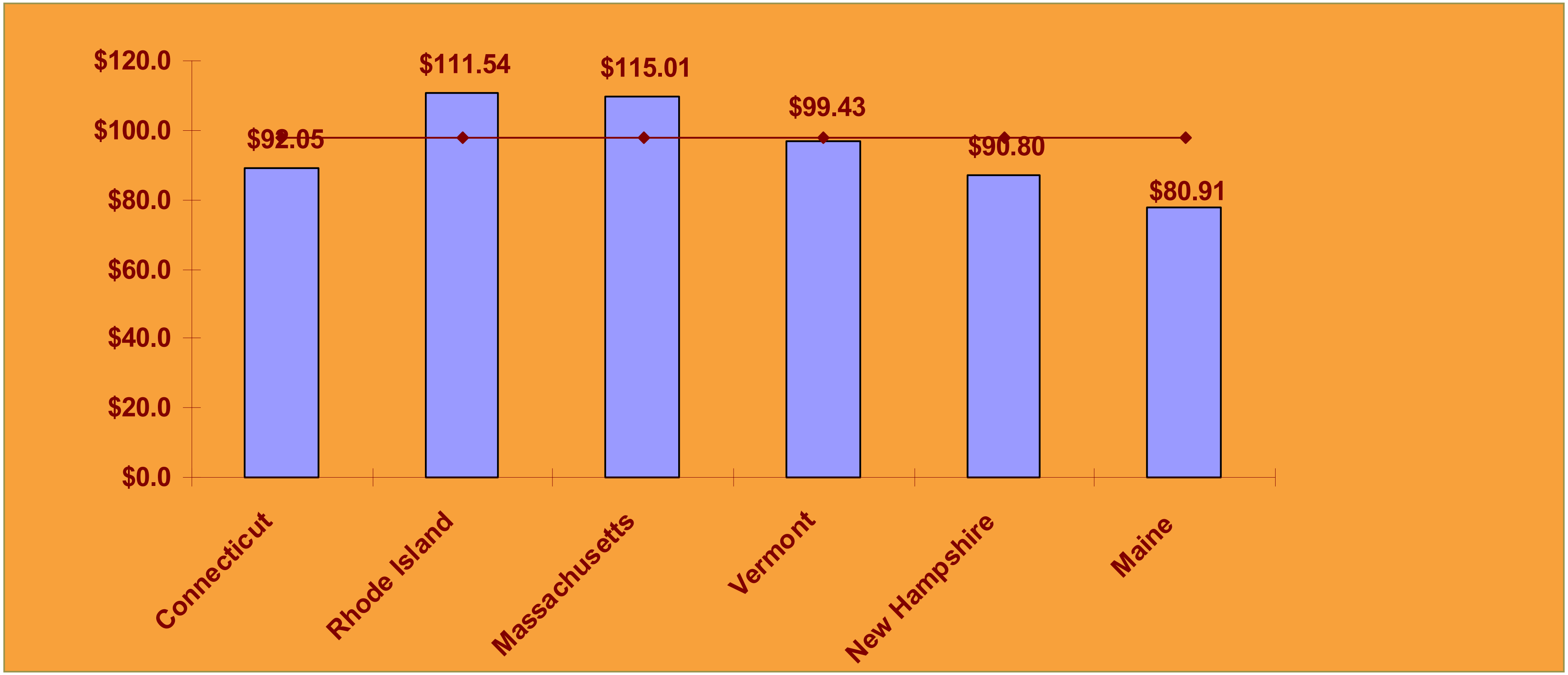
New England Occupancy - 2004



Source: Smith Travel Research/Pinnacle Advisory Group

New England Average Daily Rate - 2004



Source: Smith Travel Research/Pinnacle Advisory Group

New England RevPAR - 2004

Source: Smith Travel Research/Pinnacle Advisory Group

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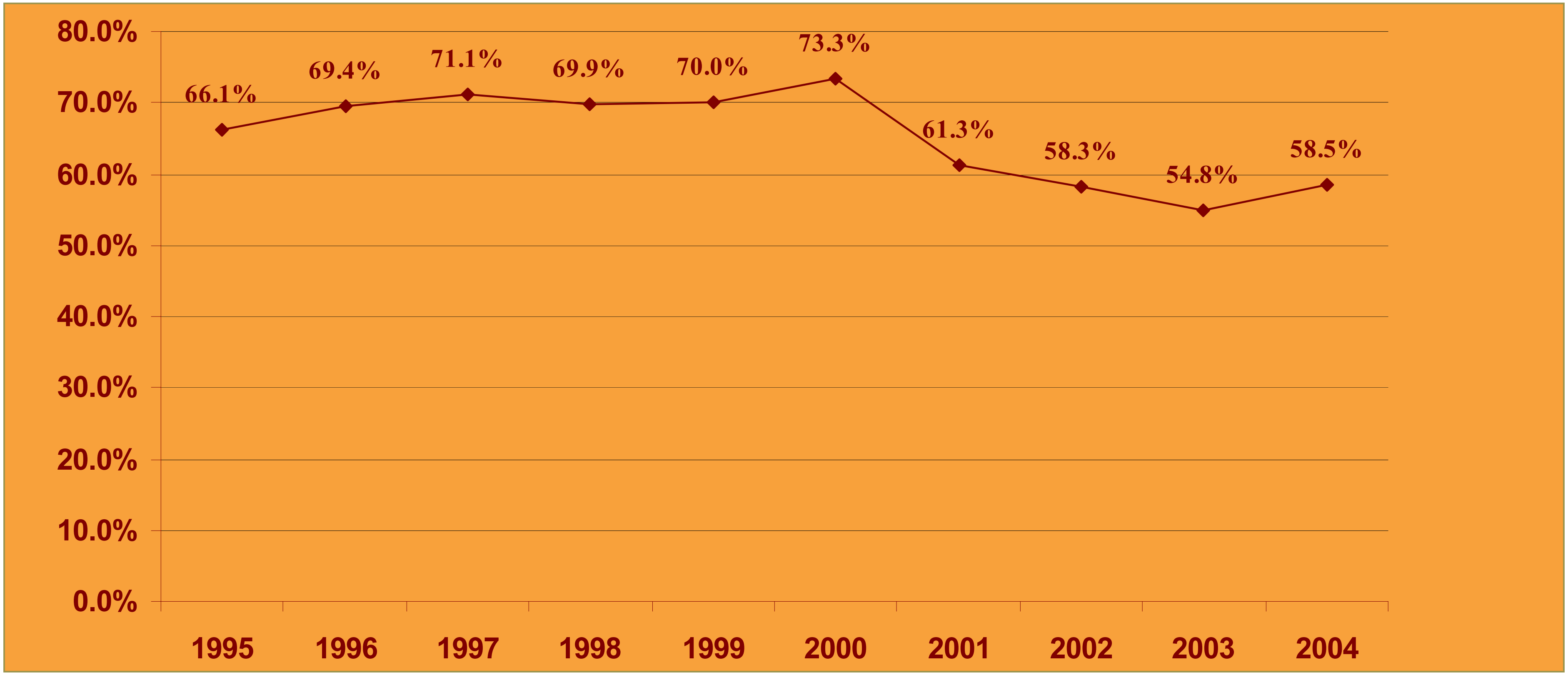
SUBURBAN BOSTON LODGING MARKET

Suburban Boston Occupancy 1995 - 2004



Source: Smith Travel Research/Pinnacle Advisory Group

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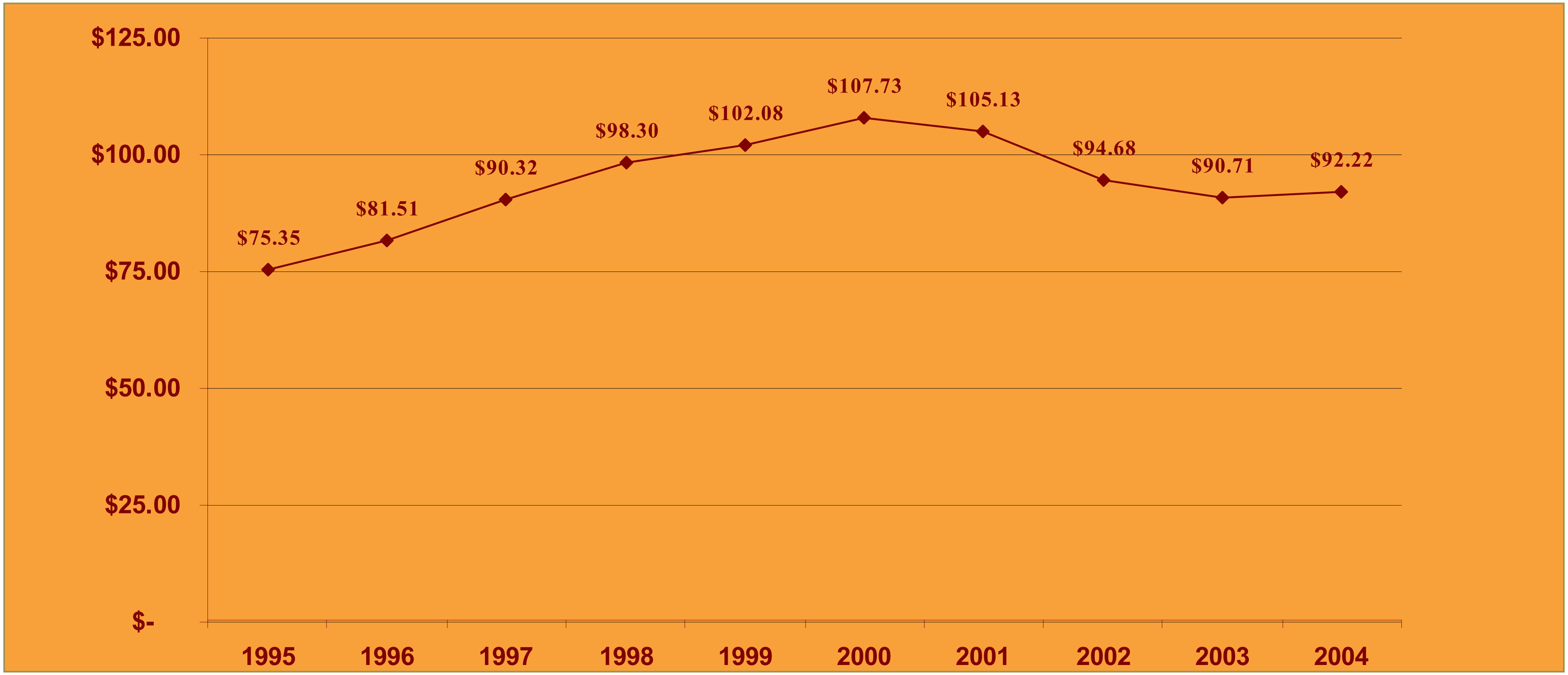
Suburban Boston Average Daily Rate 1995-2004



Source: Smith Travel Research/Pinnacle Advisory Group

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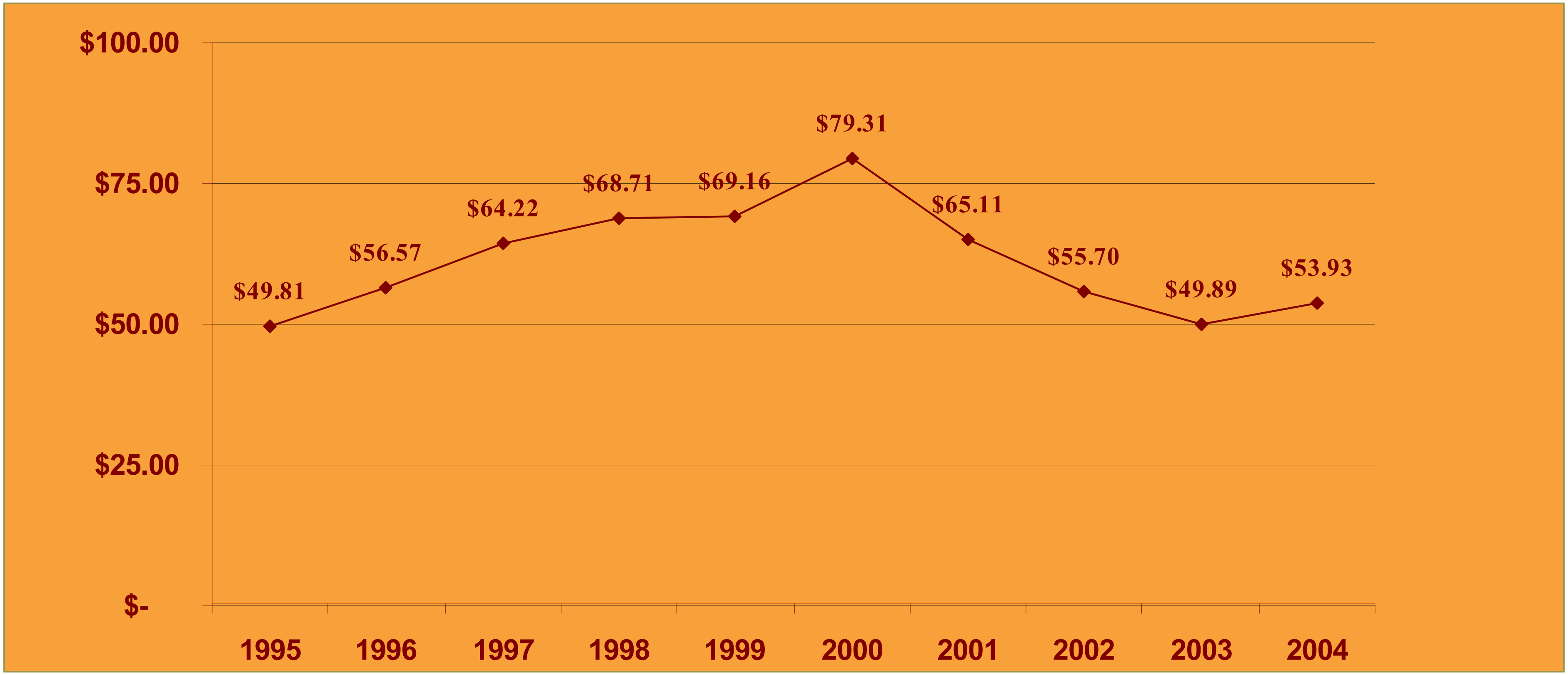
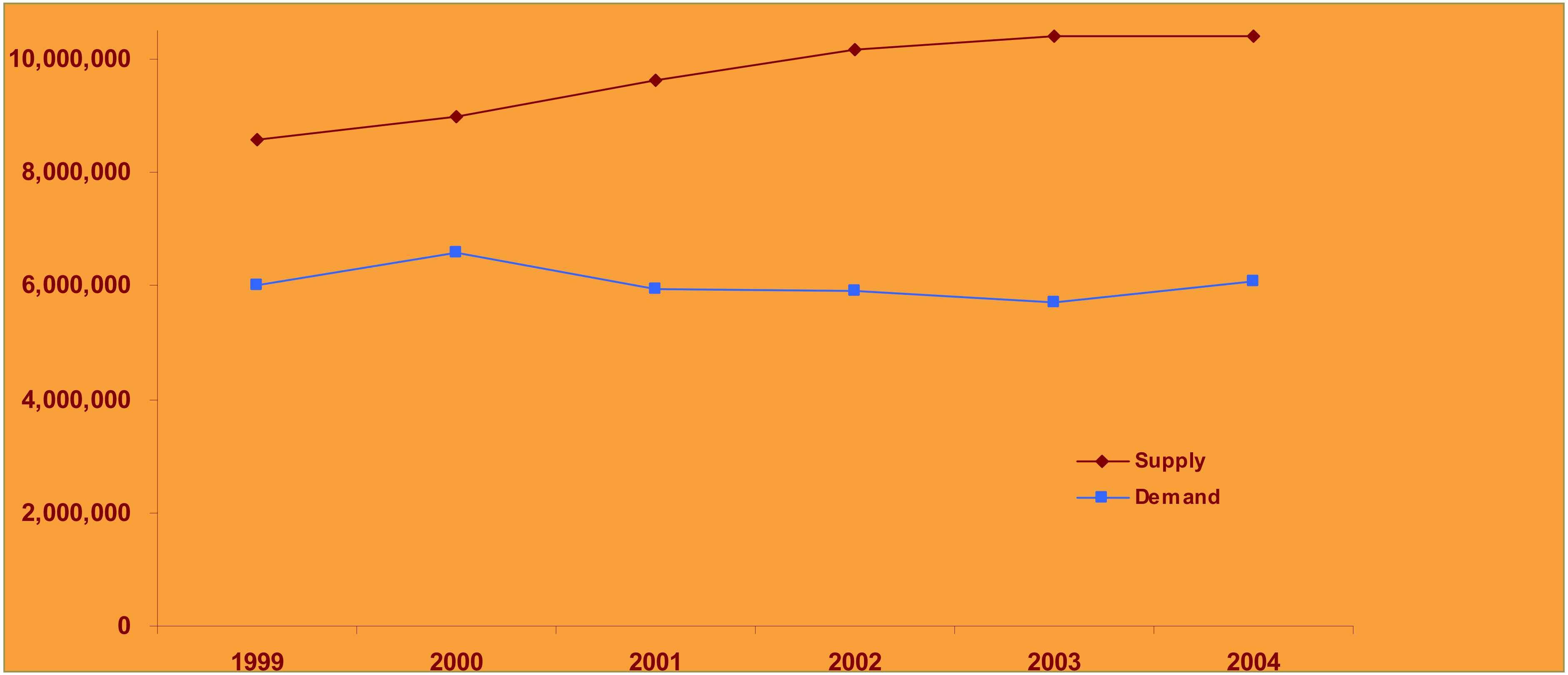
Suburban Boston RevPAR 1995 - 2004



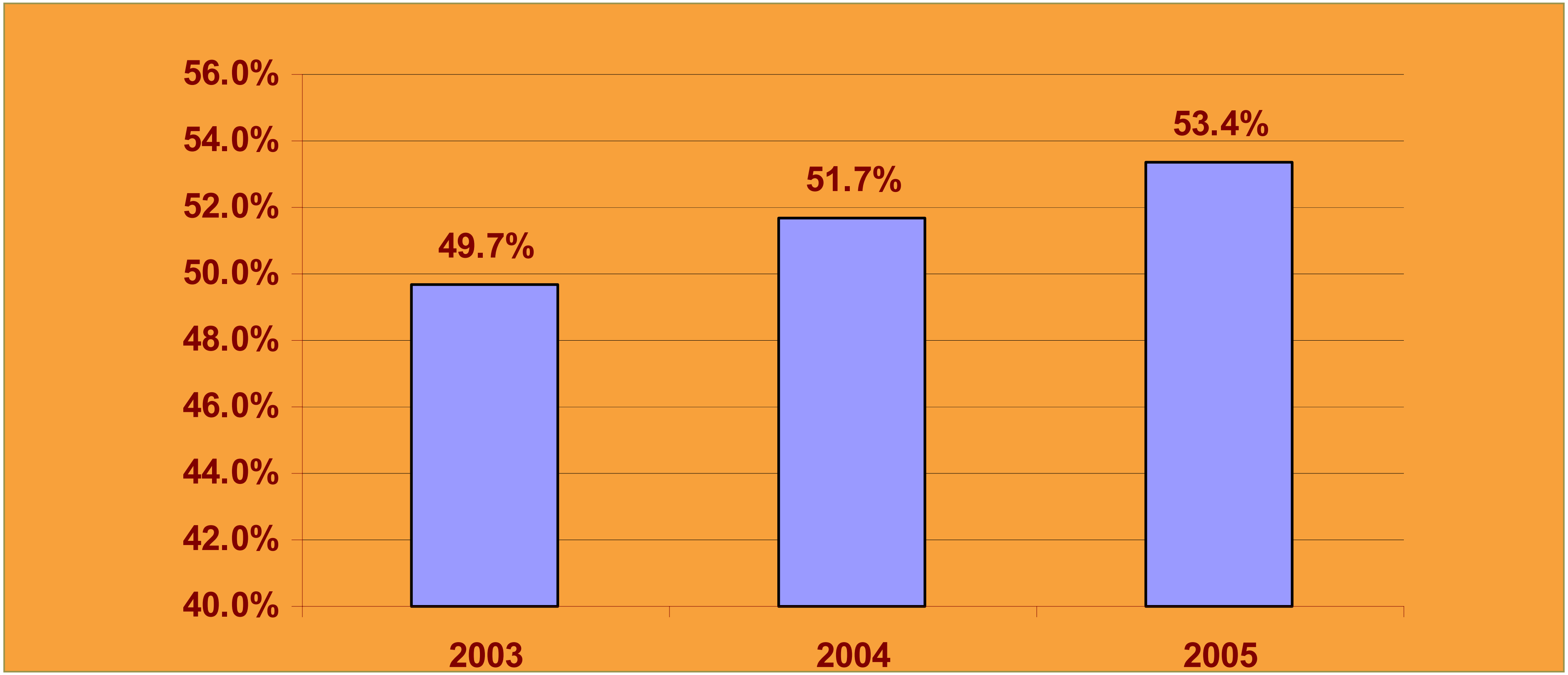
Source: Smith Travel Research/Pinnacle Advisory Group

Suburban Boston Supply and Demand 1999 - 2004



Source: Smith Travel Research/Pinnacle Advisory Group

Suburban Boston Occupancy YTD May 2003 - 2005



Source: Smith Travel Research/Pinnacle Advisory Group

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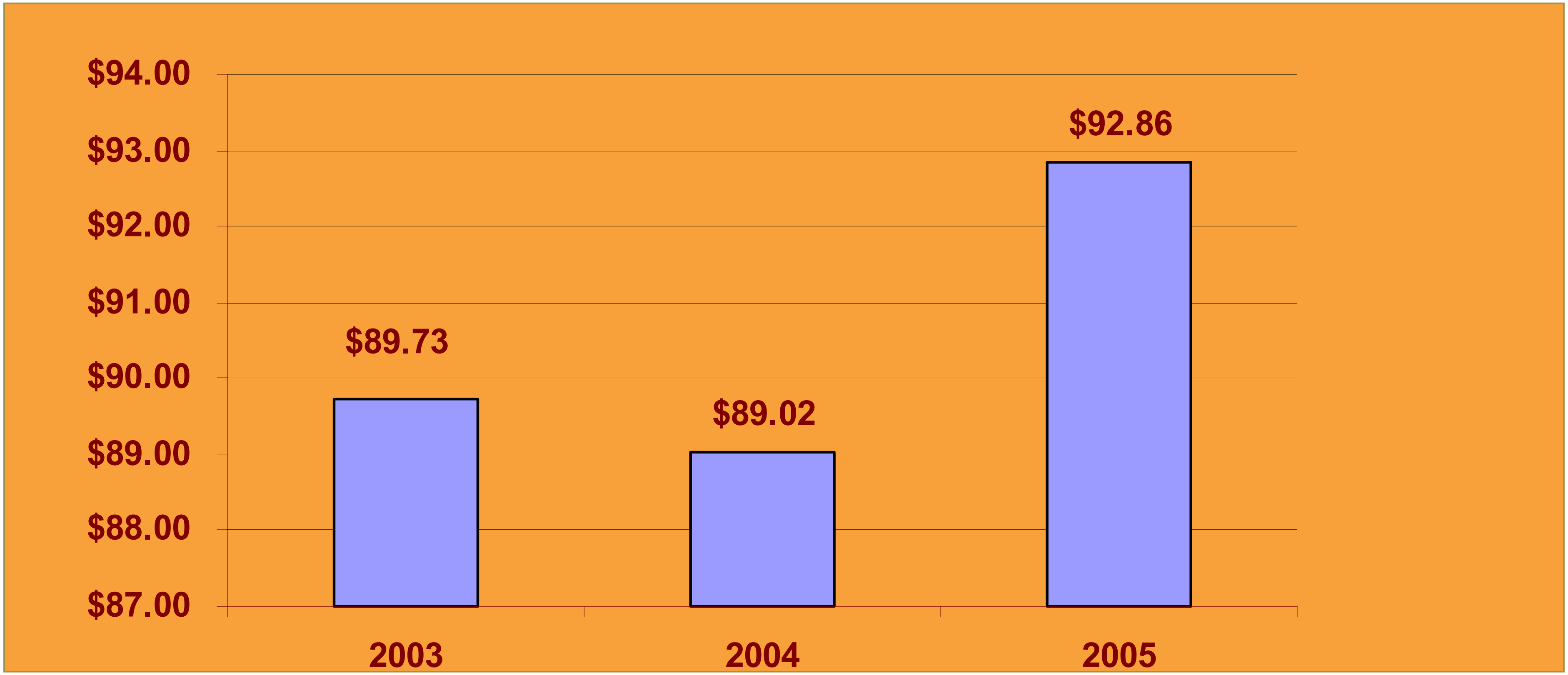
Suburban Boston Average Daily Rate YTD May 2003 - 2005



Source: Smith Travel Research/Pinnacle Advisory Group

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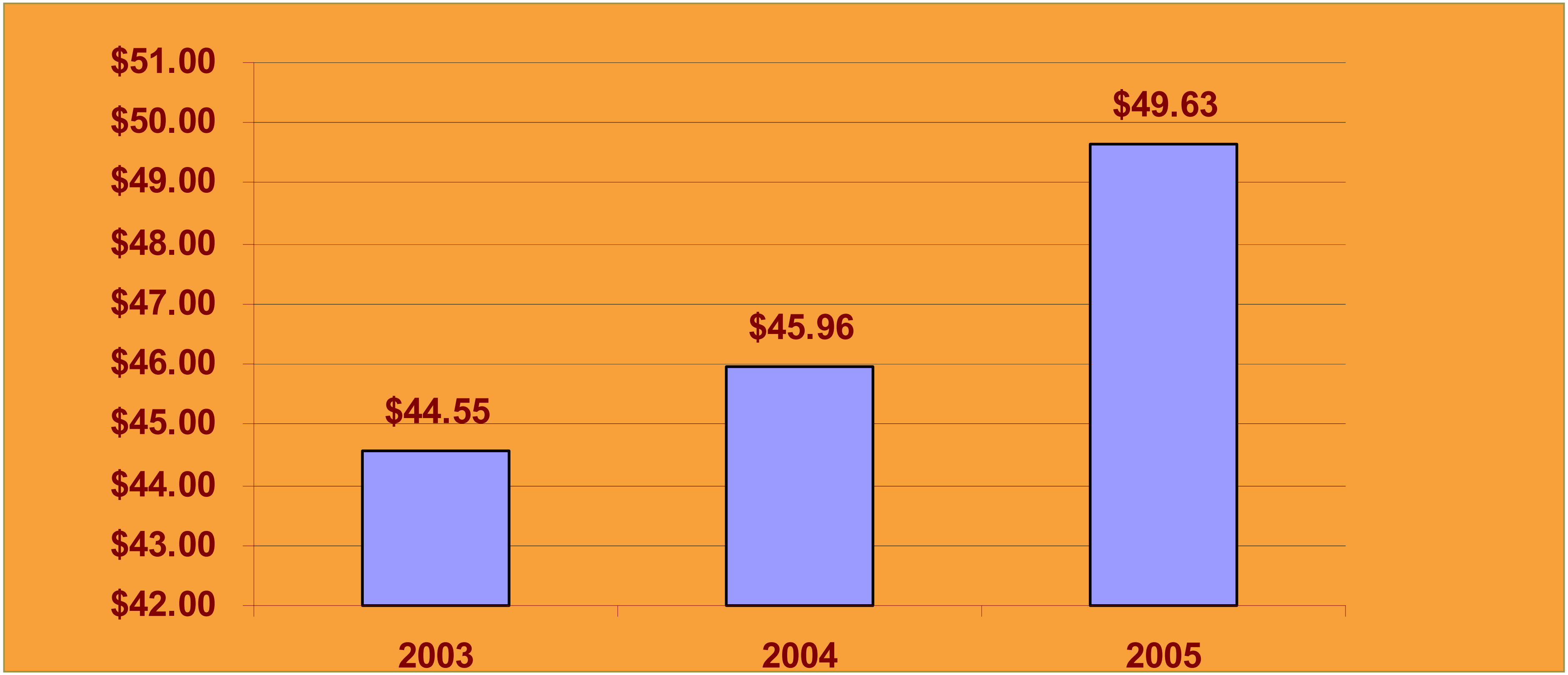
Suburban Boston RevPAR YTD May 2003 - 2005



Source: Smith Travel Research/Pinnacle Advisory Group

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Suburban Boston 2005

- Improving Economy
- Stronger Office Market
- Less New Supply
- Improving Economy

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Suburban Boston Projections 2005

	2004	2005	Change
Occupancy	58.5%	60.0%	2.6%
Average Rate	$92.22	$96.37	4.3%
RevPAR	$53.93	$57.82	7.2%

Source: Pinnacle Advisory Group

Suburban Boston 2006

- Very Strong Convention Year
- Improving Economy
- Limited New Supply
- Conversions

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Suburban Boston Projections 2006

	2005	2006	Change
Occupancy	60.0%	62.0%	3.3%
Average Rate	$96.37	$101.50	5.3%
RevPAR	$57.82	$62.93	8.8%

Source: Pinnacle Advisory Group

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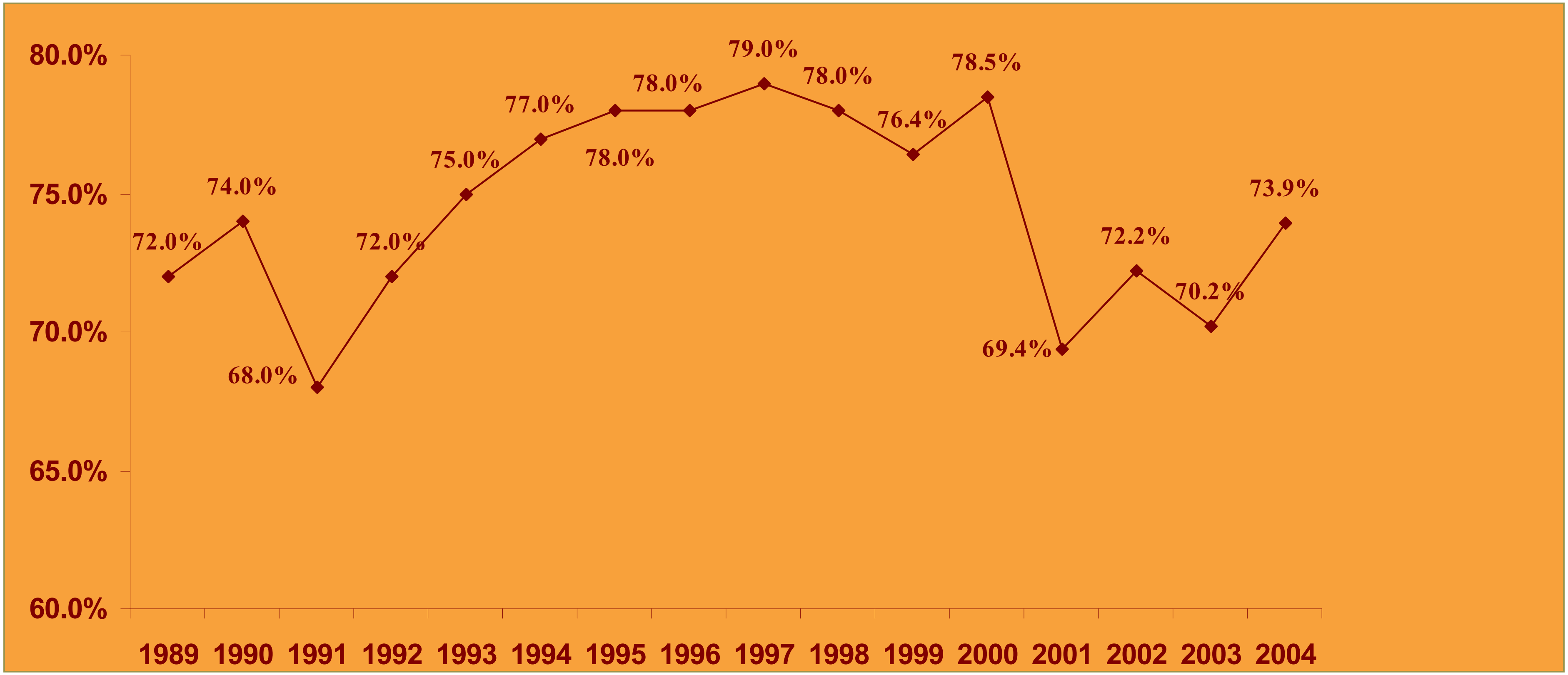
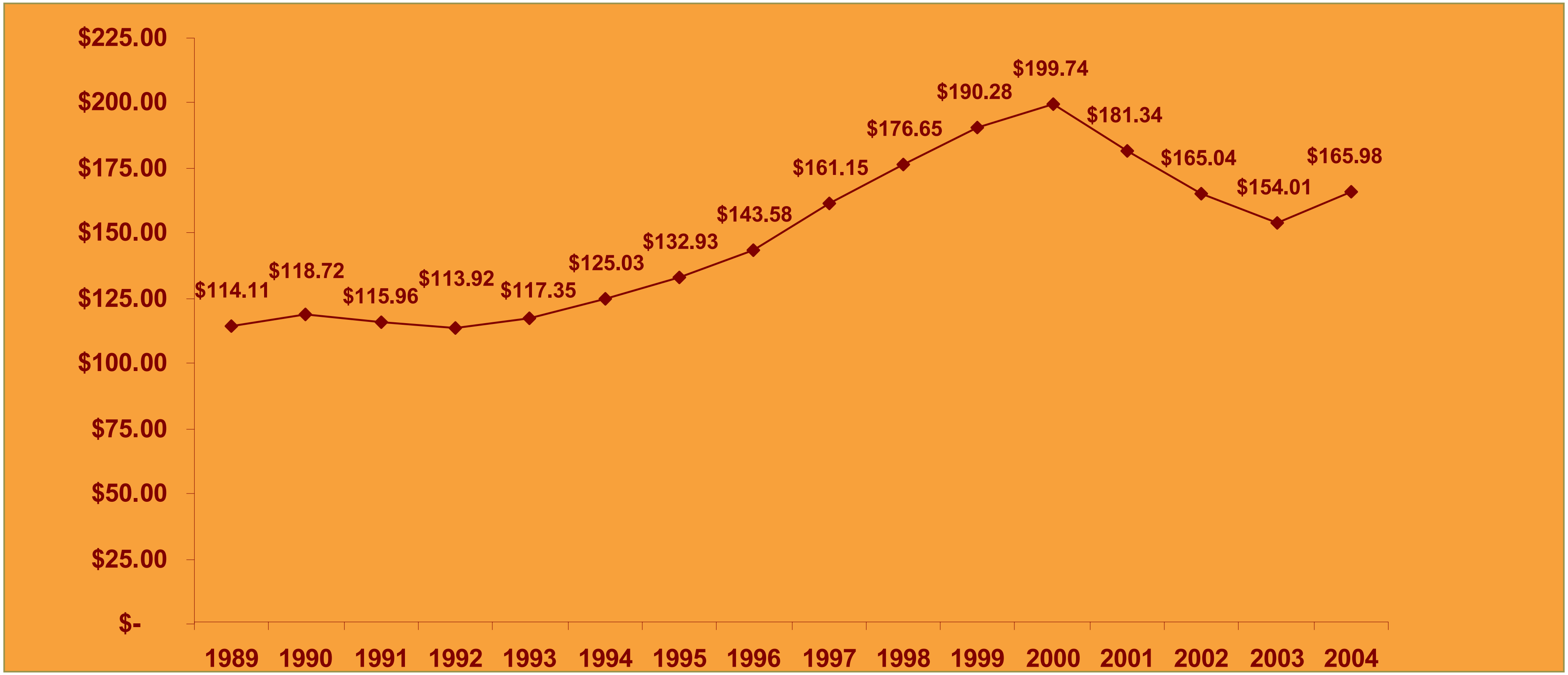
BOSTON CAMBRIDGE LODGING MARKET

Boston / Cambridge Occupancy 1989-2004



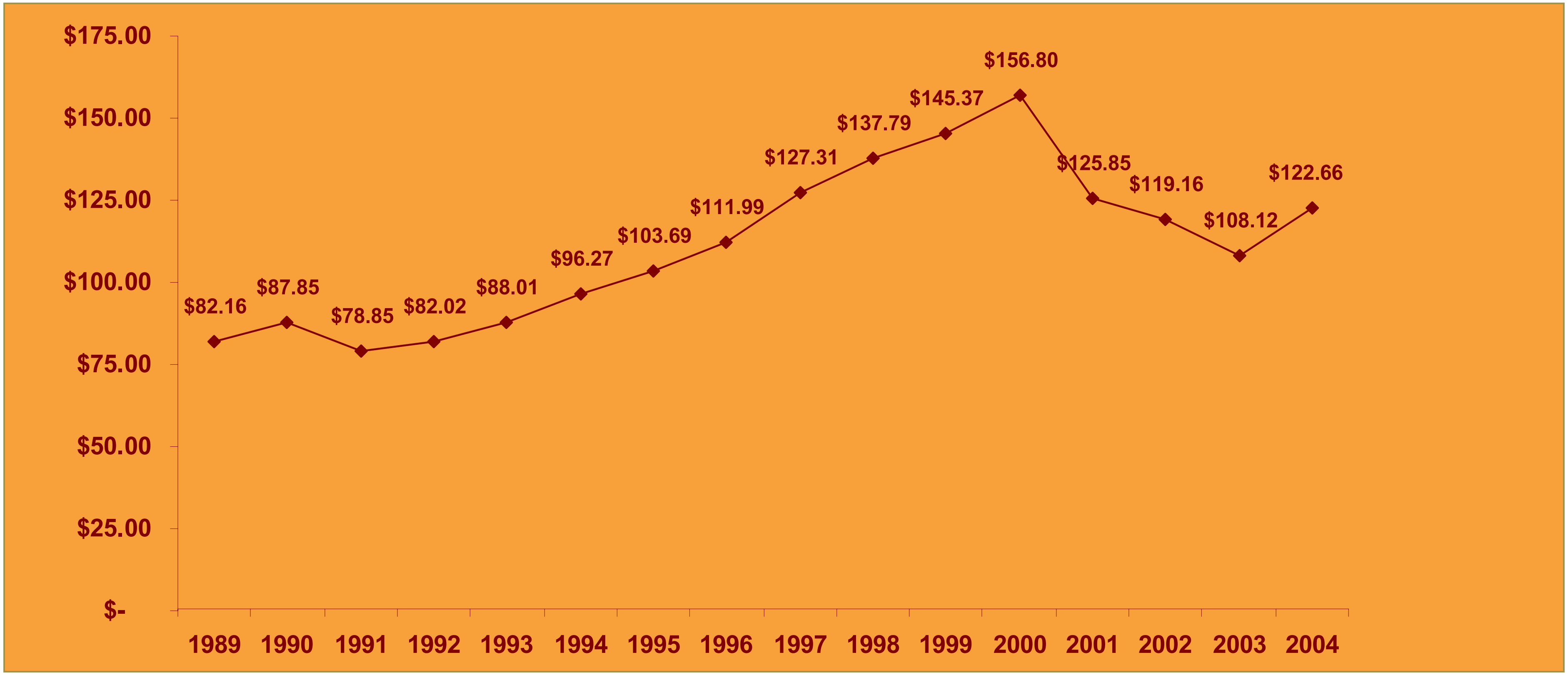
Source: Pinnacle Advisory Group

Boston / Cambridge ADR 1989-2004



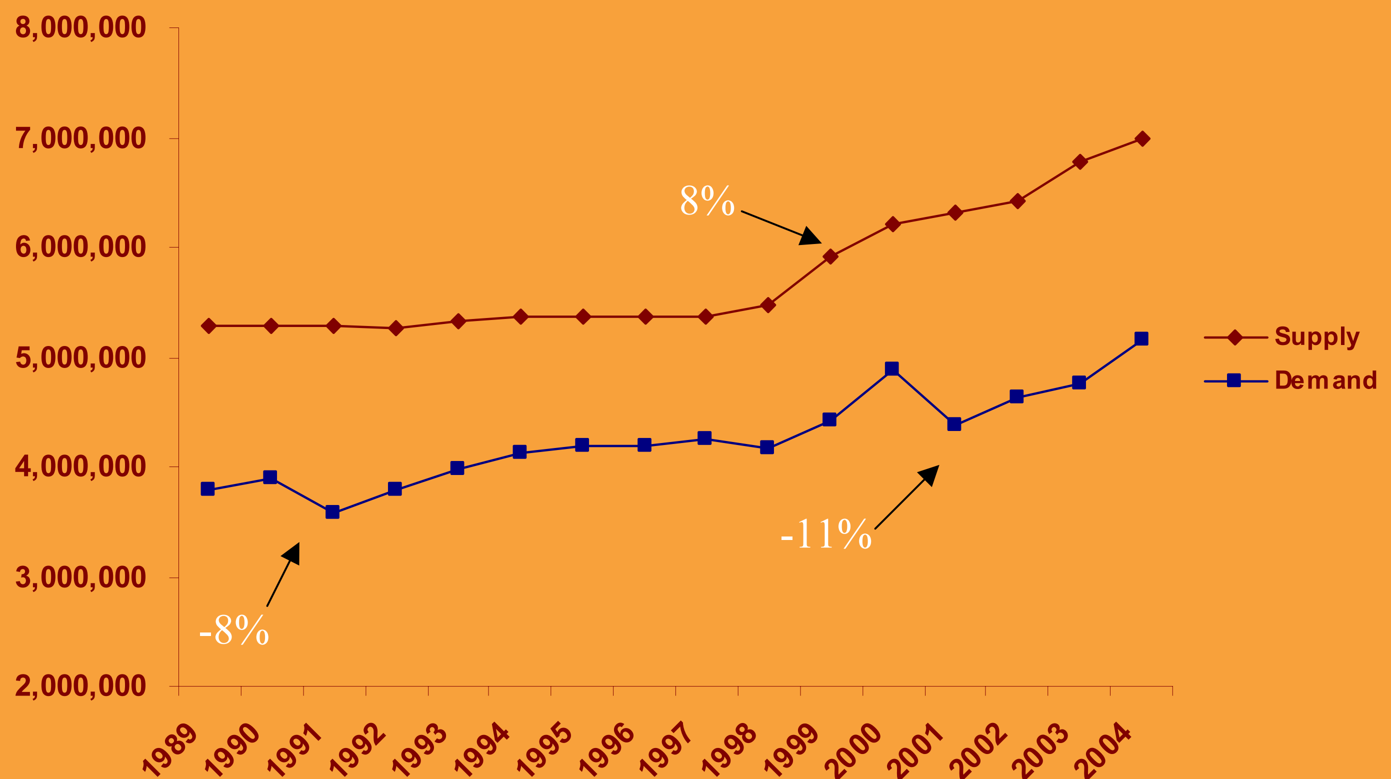
Source: Pinnacle Advisory Group

Boston / Cambridge RevPAR 1989-2004



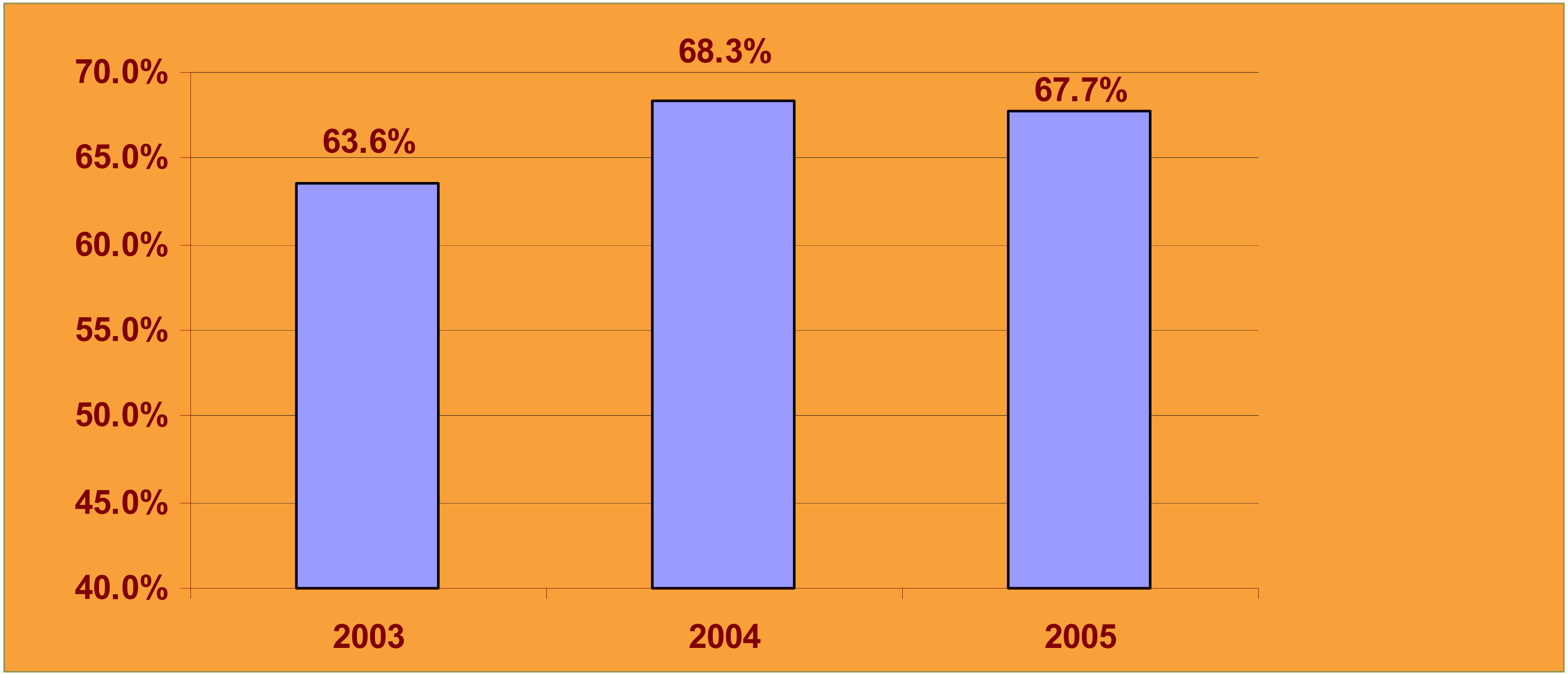
Source: Pinnacle Advisory Group

Boston / Cambridge Supply and Demand 1989-2004



Source: Pinnacle Advisory Group

Boston / Cambridge Occupancy YTD May 2003-2005



Source: Pinnacle Advisory Group

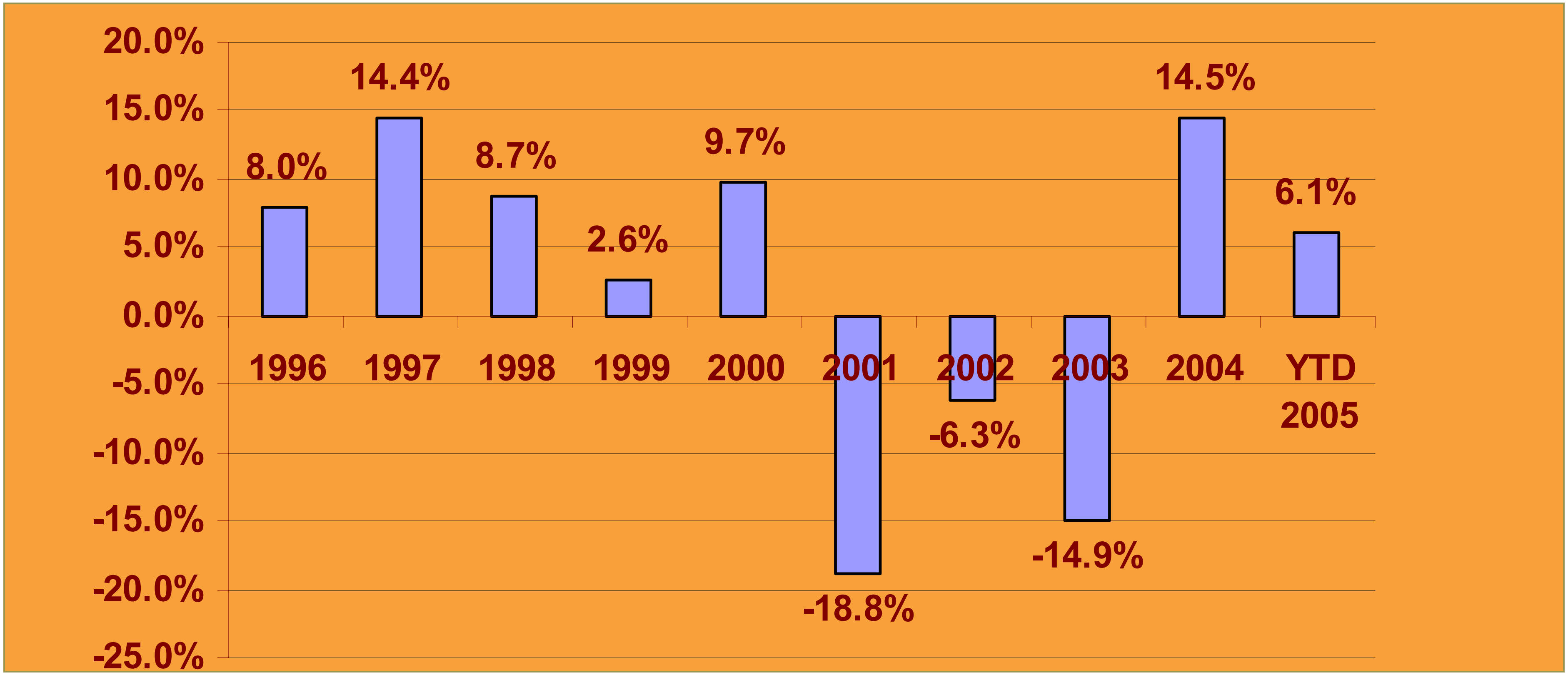
Boston / Cambridge ADR YTD May 2003-2005

Source: Pinnacle Advisory Group

Boston / Cambridge RevPAR YTD May 2003-2005

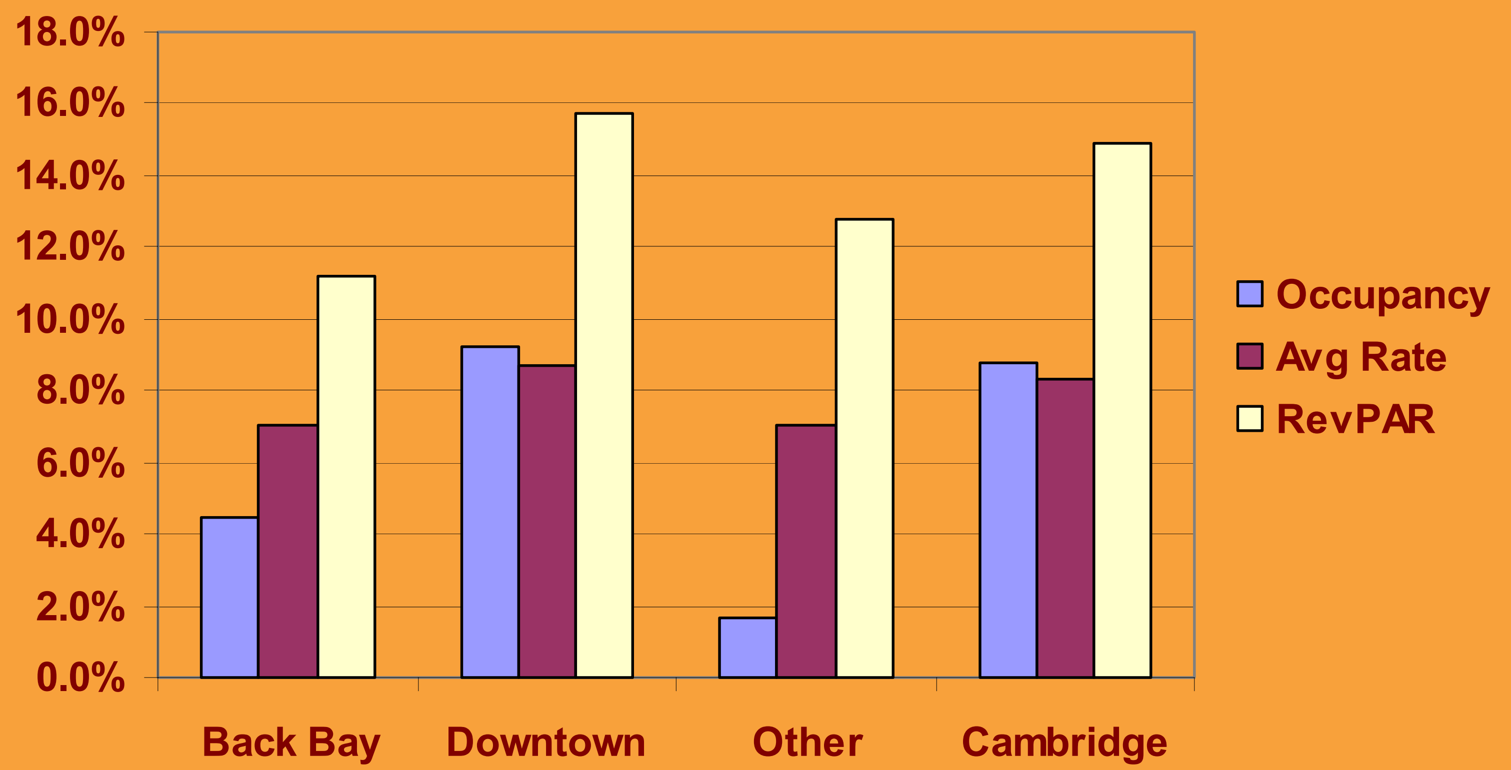
Source: Pinnacle Advisory Group

Boston / Cambridge Change In RevPAR 1996 – YTD May 2005



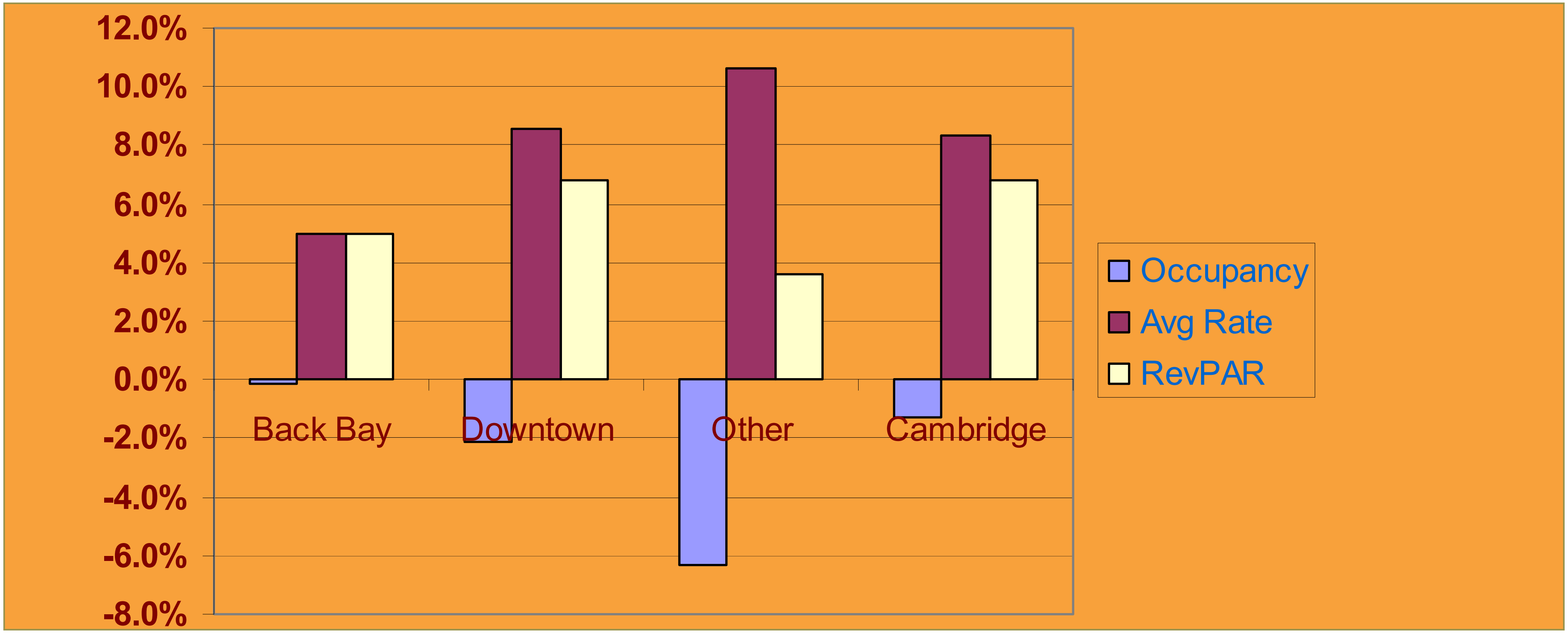
Source: Pinnacle Advisory Group

Boston / Cambridge Change In RevPAR By Market Area 2004



Source: Pinnacle Advisory Group

Boston / Cambridge Change In Performance By Market Area
YTD May 2005



Source: Pinnacle Advisory Group

Boston / Cambridge New Supply 2005

- Courtyard By Marriott – South Bay – 164 Rooms - May
- Hotel 140 – 40 Rooms - Back Bay May

Boston / Cambridge New Supply 2006

- Westin Headquarters Hotel – Waterfront – 790 Rooms – June
- Intercontinental – Downtown - 424-rooms - July
- O'Callaghan – Downtown – 130 Rooms – August

Source: Pinnacle Advisory Group

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Boston / Cambridge Demand Factors

- **Corporate**
  - Recent Strong Growth Likely to Continue
- **Group**
  - 2005 moderate convention year
  - 2006 VERY Strong convention year
  - Strong short term pick-up
- **Leisure**
  - Benefits from DNC publicity
  - Big Dig Completion and Logan Modernization

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Boston / Cambridge Average Rates 2005

- **Corporate**
  - Market is still benefiting from 2004 Negotiations
  - Strong increases in other national markets
- **Group**
  - June - December 2005 demand down slightly to 2004
  - 2006 VERY strong
- **Leisure**
  - Compression during peak demand periods
  - Continuing Discipline on part of operators

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Factors Affecting Demand 2H 2005

- Limited New Supply
- Improving Economy
- Flat Group demand to 2004
- Leisure Compression from NYC

Pinnacle Operator’s Survey 2005

- Several Regional Executives
  - 7-10% RevPAR Growth

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Boston Cambridge Projections 2005

	2004	2005	Change
Occupancy	74%	73%	-1.4%
Average Rate	$165.98	$178.50	7.5%
RevPAR	$122.66	$130.30	6.2%

Source: Pinnacle Advisory Group

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Factors Affecting Demand 2006

- Very Strong Convention Year
- Short-term group pick-up remains strong
- Improving Economy
- Impact of new supply will be limited

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Boston Cambridge Projections 2006

	2005	2006	Change
Occupancy	73%	74%	1.4%
Average Rate	$178.50	$192.50	7.8%
RevPAR	$130.31	$142.45	9.3%

Source: Pinnacle Advisory Group

PINNACLE ADVISORY GROUP

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