

Kimpton Hotels & Restaurants



Urban Land Institute

LODGING INDUSTRY UPDATE
OCTOBER 2008

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Topics

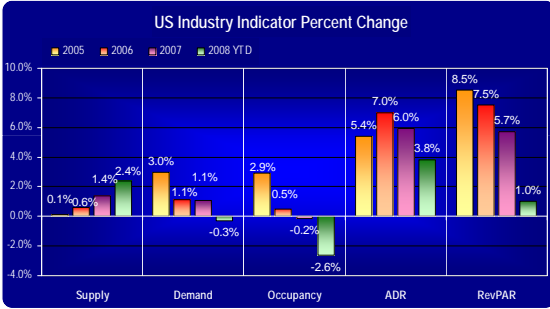
- o Hotel Market Trends
- o Boutique Hotel Market
- o Boutique Hotel Opportunities

U.S. Lodging Market is Being Negatively Impacted by the Economy and Increased Supply



Full Year 2005 - 2007 and YTD August 2008¹

US Industry Indicator Percent Change



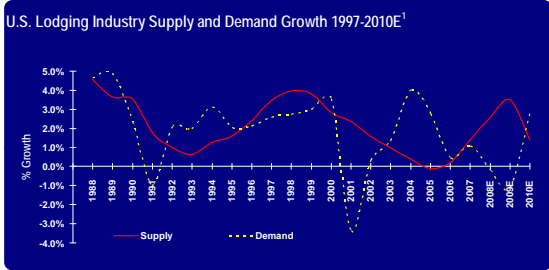
Indicator	2005	2006	2007	2008 YTD
Supply	0.1%	1.4%	2.4%	3.0%
Demand	0.6%	1.1%	1.1%	-0.3%
Occupancy	2.9%	0.5%	-0.2%	-2.6%
ADR	5.4%	7.0%	6.0%	3.8%
RevPAR	8.5%	7.5%	5.7%	1.0%

(1) STR August 2008






Supply & Demand Curves Diverge

U.S. Lodging Industry Supply and Demand Growth 1997-2010E¹

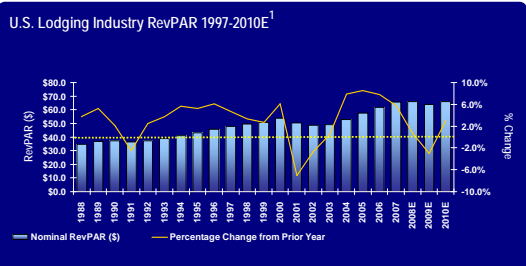


(1) PKF 2008 - 2010 projected performance as of September 2008.






RevPAR Growth is Anticipated to Decline Until 2010

U.S. Lodging Industry RevPAR 1997-2010E¹

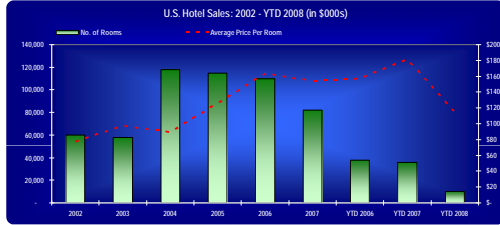


(1) PKF 2008 - 2010 projected performance as of September 2008.

Transaction Volume has Slowed Significantly and Hotel Cap Rates are Expected to Increase



Transaction Volume¹



Historical & Projected Cap Rates²


	2006	2007	2008
Luxury	5.0% - 6.5%	6.5% - 8.5%	7.0% - 9.0%
Mid-Rate	7.0% - 9.0%	8.5% - 10.5%	8.5% - 11.0%
Budget	8.0% - 11.0%	9.5% - 12.0%	10.0% - 12.5%

(1) Source: JLL Hotels, September 2008 (2) Source: E&Y, September 2008

Boutique Hotels

- Boutique hotels have been loosely defined as smaller independent highly designed hotels typically found in major urban markets often with a chef driven restaurant
- The category is growing and evolving quickly
- What once was limited to more "value" orientated hotels is now morphing to include hotels in all price categories
- About 1% of US hotel rooms currently
- The growing popularity of boutique hotels is a world wide phenomena







Boutique Hotel Opportunities


- As an emerging new product type boutique hotels are still under-represented in most markets
- Conversion of existing hotels
- Adaptive Reuse
- New construction
- Mixed use



Hotel Palomar *Washington, DC*

335 Rooms
11,700 SF Meeting Space
Opened in 2005
Conversion of a Radisson Hotel



Hotel Monaco *Washington, DC*

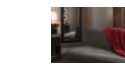









183 Rooms
6,000 SF Meeting Space
Opened in 2002
Adaptive Re-Use



Hotel Palomar *Atlanta, GA*

295 Rooms
10,000 SF Restaurant & Terrace Bar
5,000 SF Luxury Spa
2009 Opening



Epic Hotel *Miami, FL*








411 Rooms
52 Story Tower
12,000 SF Exhale Spa
4,100 SF retail
2008 Opening

