

JULY - SEPTEMBER 2009

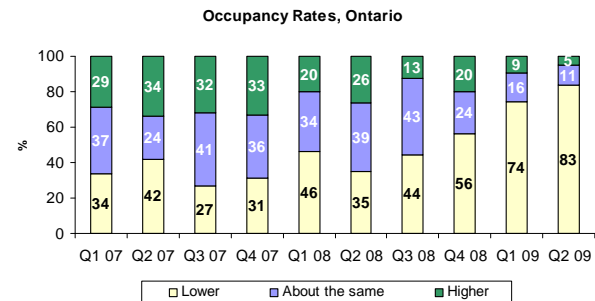
Highlights

- 83% of Ontario hoteliers indicated that occupancy rates were lower in Q2 2009 relative to Q2 2008, 5% reported rates were higher and 11% stated rates were about the same as last year. Canadian hoteliers reported similar results.
- Regional Economic Conditions continued to be the primary business impediment among both Ontarian and Canadian hoteliers with 66% of each citing this as a business obstacle. Excess Room Supply is the second leading barrier with 49% of Ontario and 37% of Canadian hotel operators reporting this as an issue. Exchange Rate Fluctuations is also a key impediment with 43% of Ontario hoteliers and 34% of Canadian hoteliers calling it out as a concern.
- Looking ahead to the third quarter of 2009, Ontario hotel operators are less optimistic about Occupancy Rates, Room Nights, ADR, Business Travellers and Hours Worked: 75-85% of Ontario hoteliers expect each of these factors to decline in Q3 2009 compared to the previous year. This outlook is less favourable than both that of the previous quarter and Q3 2008.

NOTE: The Business Conditions Survey is a quarterly study among Canadian traveller accommodation providers. It is conducted by Statistics Canada and funded by the Ontario Ministry of Tourism, the Canadian Tourism Commission and Statistics Canada.

Recent Business Conditions: Q2 2009

83% of Ontario hoteliers reported occupancy rates were lower in the second quarter of 2009 than in Q2 2008; 11% indicated occupancy rates were about the same and 5% stated they were higher.



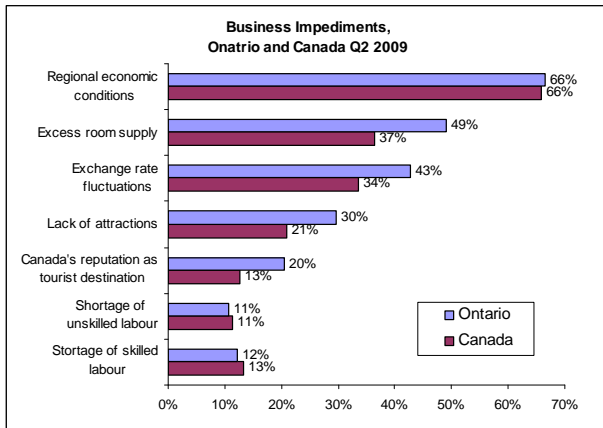
Hoteliers across the country reported similar results, with 79% of Canadian hoteliers indicating that occupancy rates were lower in Q2 2009 compared to Q2 2008. 14% stated occupancy rates were about the same and 7% reported they were higher.

Business Impediments

In Q2 2009, Regional Economic Conditions continued to be the number one business obstacle facing Ontario and Canadian hotel operators with 66% of both Ontarian and Canadian hoteliers citing this as a business impediment. This compares to 36% in Ontario and 23% in Canada in Q2 2008.

Prior to Q4 2008, Exchange Rate Fluctuations has been the primary barrier for Ontario hoteliers since Q2 2007. Although Exchange Rate is no longer the number one or number two hindrance, it is still a key impediment with 43% of Ontario hoteliers reporting it as a concern. 34% of Canadian hoteliers state Exchange Rates Fluctuations as an obstacle.

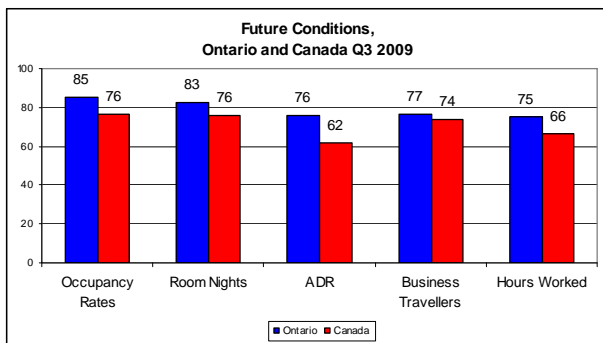
Excess room supply continues to be the second largest business impediment with 49% of Ontario and 37% of Canadian hotel operators citing it as an issue.



Future Business Conditions: Q3 2009

Looking ahead to the third quarter of 2009, both Ontarian and Canadian hotel operators are less optimistic about business performance relative to Q3 2008.

75-85% of Ontario hoteliers expect lower results on the following 5 factors – Occupancy Rates, Room Nights, ADR, Business Travellers and Hours worked in Q3 2009 compared to 2008. Canadian hoteliers are similarly not optimistic about the upcoming quarter.



Occupancy Rates

- 85% of Ontario hoteliers are expecting occupancy rates to decrease in Q3 2009 compared to Q3 2008, while 10% expect them to be similar, and 5% expect an increase. This compares to 79% expecting lower occupancy rates in Q2 2009 and 49% in Q3 2008.

Room Nights

- 83% (compared to 81% last quarter) are expecting the number of room nights to decline in Q3 2009, while 13% are expecting them to remain unchanged and 4% are expecting them to increase. The outlook is less favourable than Q3 2008, when 58% of Ontario hoteliers were expecting less room nights, 34% were expecting no change and 7% were expecting more.

Average Daily Rate

- Expectations around ADR, which had remained strong until the second quarter of 2008, have shown less optimism for five consecutive quarters. 4% of Ontario hoteliers are expecting to see higher rates in the third quarter of 2009, while 76% are expecting rates to be lower. In comparison to the same quarter of last year, 20% of hoteliers were expecting rates to be higher and 41% were expecting them to be lower.

Business Travellers

- The majority of Ontario hoteliers (77%) are expecting to see fewer business travelers in Q3 2009 than in the same quarter of the previous year. 2% expect to see more business travelers during the coming quarter, while 22% expect the number to be about the same.

Hours Worked

- 75% of Ontario hoteliers expect hours worked to decrease in the third quarter of 2009, while 23% expect hours worked to remain the same and 1% expect them to increase.

