

### Manhattan Lodging Overview

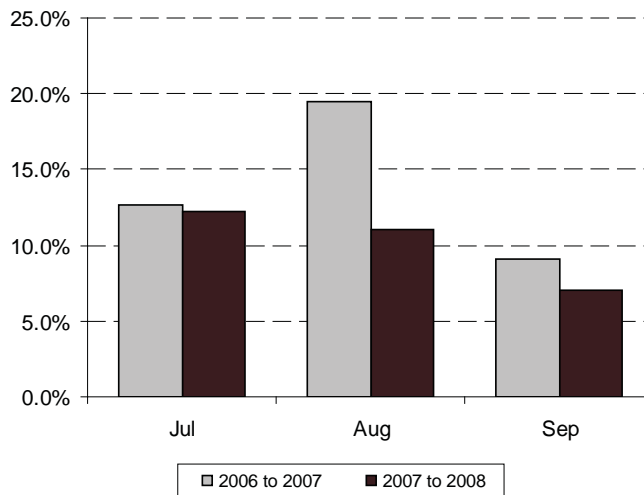
This quarter:

- Manhattan Lodging Overview
- Employment Trends
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- Office Market Statistics
- Air Traffic Statistics
- Recent Hotel Openings and Closings
- New York Employment and Lodging Demand Trends
- Third Quarter Performance

Strong ADR growth in all three months drove robust RevPAR growth of 9.9 percent for the third quarter

The Manhattan market continued to grow at a strong pace in the third quarter, driven primarily by average daily rate ("ADR"). Third quarter ADR increased to \$307.29, 8.6 percent above the same period last year. Occupancy increased a moderate 1.2 percent to 88.5 percent, limited primarily by a 0.8 percent decrease in September. Year-to-date results through September reflected similar strong growth trends, with ADR increasing 7.8 percent, resulting in an ADR of \$295.73 and a RevPAR of \$253.42.

#### Manhattan Q3 RevPAR Growth by Month



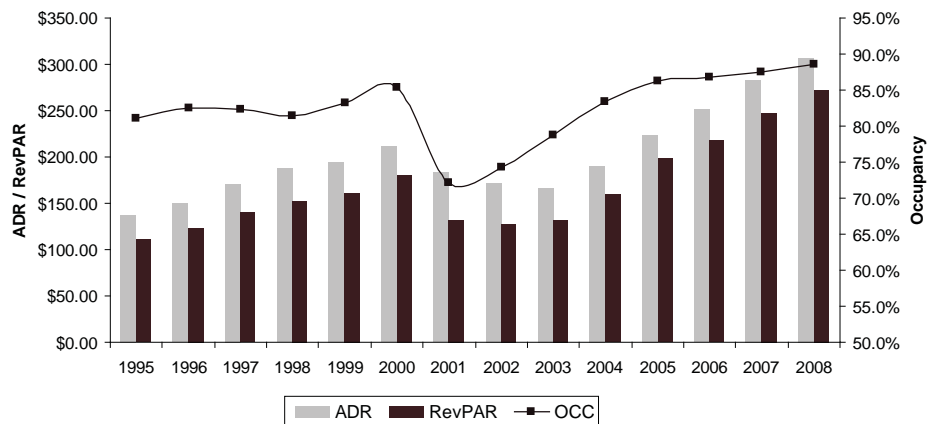
Source: PricewaterhouseCoopers, based on Smith Travel Research data

Continuing the prior year's trend, the mid-price segment led all other price segments in growth, with an ADR increase of 14.6 percent and a RevPAR increase of 16.3 percent for the quarter. Upscale segment ADR increased to \$283.00, up 8.6 percent, while the luxury segment increased the least, at 5.4 percent, resulting in an ADR of \$414.45. Occupancy growth across all the price segments was limited due to a decrease in September, resulting in moderate occupancy growth across all the price segments.

All Manhattan submarkets experienced robust RevPAR growth, driven primarily by ADR growth, with the exception of Upper Manhattan. Occupancy growth in the Upper Manhattan submarket was the strongest, with an increase of 6.9 percent for the quarter, while occupancies in other submarkets increased moderately, except Midtown South, where the third quarter occupancy decreased by 0.8 percent. Despite the decrease in third-quarter occupancy, Midtown South continued to be the submarket with the strongest year-to-date growth in RevPAR, with an increase of 12.5 percent, driven primarily by a 10.1 percent increase in ADR.

As in the previous years, limited-service hotels experienced stronger growth than full-service properties in the third quarter. This difference was both a result of stronger ADR and occupancy performance. Limited-service hotels experienced a 12.0 percent and 2.5 percent increase in ADR and occupancy, respectively, resulting in a 14.8 percent increase in RevPAR, compared to a 9.2 percent RevPAR increase for full-service hotels.

### Manhattan Q3 Performance, 14-year Trend



Source: PricewaterhouseCoopers, based on Smith Travel Research data

The Manhattan lodging market's robust third quarter year-to-date performance is expected to increasingly come under pressure in the fourth quarter of 2008 through 2009, due to estimated further weakening in economic conditions, which are expected to negatively impact business and leisure demand in the city.

## Employment Trends

According to Moody's Economy.com September 2008 report, the New York City unemployment rate is forecast to be 5.4 percent in 2008 and reach 6.3 percent in 2009, its highest since 2004. New York is expected to lose about 100,000 office-using jobs through the end of 2009, and about 165,000 jobs over the next two years. Of these expected job losses, about 65,000 are expected to be losses in the financial services industry and occur between the third quarter of 2008 and the first quarter of 2010, as a result of the downturn in the finance sector.

Northeast U.S. total employment is forecast to outperform New York City through 2009, decreasing 0.1 percent, compared to New York's expected decrease of 0.9 percent, and is forecast to grow 1.0, 1.1, and 0.6 percent over each of the next three years, respectively.

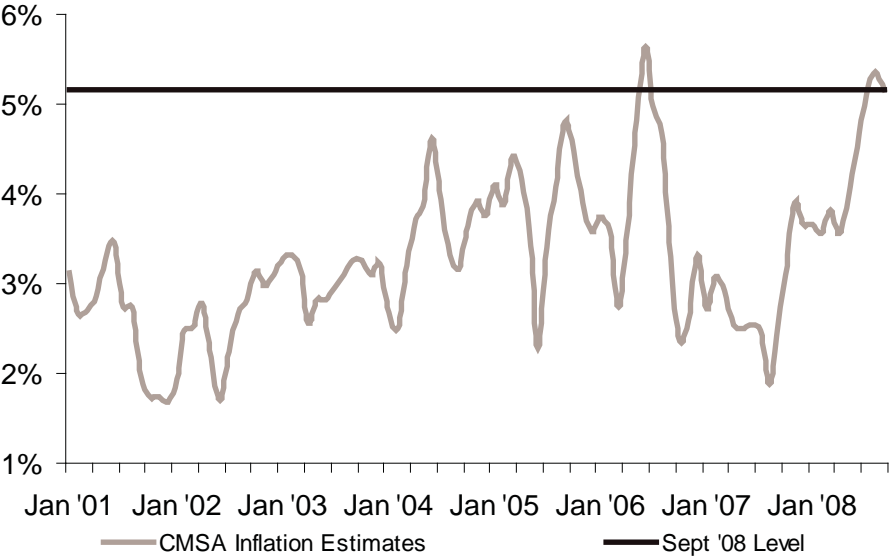
According to Crain's New York, job gains in the hospitality, transportation, utilities, education, and health industries were not enough to buffer the losses in manufacturing and finance sectors as a result of Lehman Brothers seeking bankruptcy protection and Merrill Lynch agreeing to be acquired by Bank of America. John Thain, Merrill Lynch & Co. Chief Executive Officer, said in a Bloomberg Television interview that the bank's \$50 billion takeover by Bank of America Corporation will result in thousands of job losses between the two companies.

# Gross Metro Product and Consumer Price Index

According to the National Bureau of Economic Research, the U.S. economy entered recession in December 2007. After expanding 0.9 percent and 2.8 percent in the first and second quarters of 2008, respectively, real GDP contracted in the third quarter by 0.3 percent, and consumer spending contracted more than three percent, the first quarterly decline since 1990. According to Moody's Economy.com, New York GMP is expected to grow by 1.6 percent in 2008 and 2.2 percent in 2009. The recent strengthening of the dollar, coupled with the lackluster U.S. economy and an increasing hotel capacity, is expected to negatively impact New York's lodging industry over the near-term.

The New York City consumer price index for August and September 2008 increased by 5.4 percent and 5.2 percent, respectively, over year-ago levels, marking the highest CPI increases since June 2006. For the third quarter, the average CPI increase over year-ago levels was 5.2 percent, a 2.9 percentage point increase in the rate of growth over that of the third quarter 2007.

## Consumer Price Index



Source: Moody's Economy.com

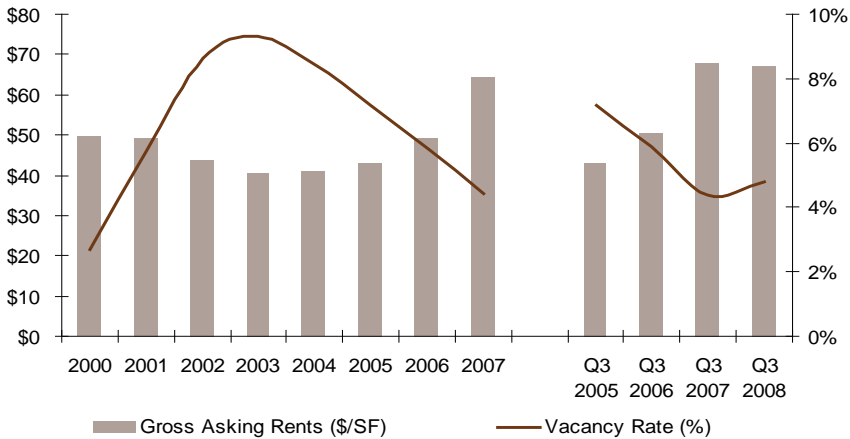
# Office Market Statistics

The economic concerns in New York City started to impact the Manhattan office market in the third quarter of 2008. Gross asking rent decreased by 1.0 percent to \$67.19 per square foot, and vacancy increased to 4.8 percent, up 0.4 percent from the same period in 2007. The Midtown submarket continued to operate with a lower vacancy rate and higher gross asking rent than the Downtown submarket, but the Downtown submarket experienced a slight reduction in vacancy, as it has for the last four years, while Midtown's vacancy increased slightly. In the third quarter of 2008, gross asking rent in Midtown was \$71.89 per square foot, while it was \$53.38 per square foot in the Downtown submarket. For the same period, vacancy in Midtown was 4.5 percent, compared to 5.7 percent in the Downtown submarket.

Barclays PLC announced it would buy Lehman Brothers' 32-story headquarters in midtown Manhattan and two data centers in New Jersey for \$1.45 billion, as part of a deal to salvage the bankrupt securities firm. Should Barclays decide to downsize in the future, the office market in both areas are expected to suffer. New York Governor David Patterson anticipates 40,000 additional job cuts on Wall Street, which would result in approximately nine to ten million square feet of occupied office space being released into the marketplace.

Rising vacancy in New York's office market is expected to negatively affect North Jersey's office market, as New York tenants are expected to stay in Manhattan when greater supply results in decreased pricing. Colliers International reported that the relatively low 3.4 million square feet of office space expected to join the existing 443 million square feet in the market over the next year is expected to somewhat insulate the New York office market through this economic downturn.

## . Gross Asking Rents and Vacancy Rates



Source: PricewaterhouseCoopers, based on Torto Wheaton Research data

According to Commercial Property News, Macquarie Group, an international provider of banking, financial, advisory and investment services, has renewed its lease at 125 West 55th Street in Manhattan and expanded its current 100,000 square-foot lease to 260,000 square feet under the new terms.

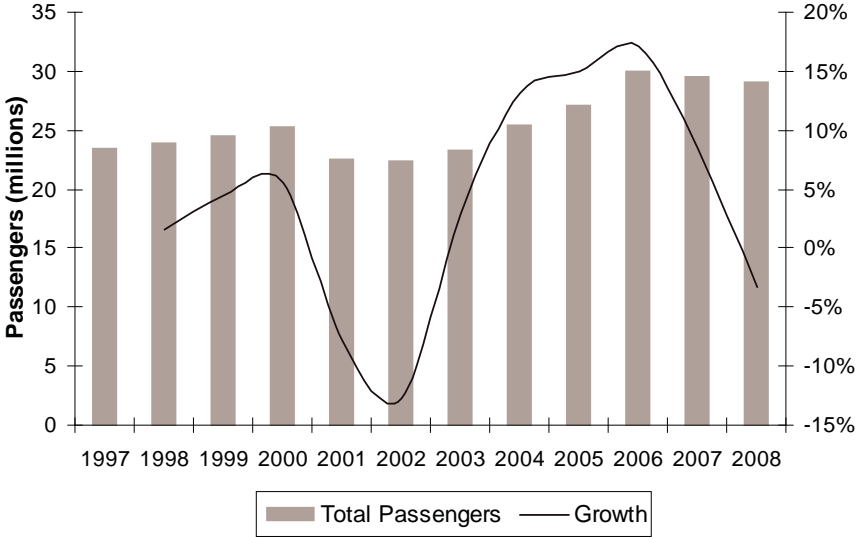
Macklowe Properties Inc. obtained a \$510 million loan to develop the site of the Drake Hotel in New York City into a mixed-use retail and office tower. Deutsche Bank AG and other lenders are suing Macklowe Properties to foreclose on the loan, as the loan has been in default since late last year.

According to CB Richard Ellis Inc., the recent reports of Manhattan's office market's impending crash are exaggerated. Although leasing pace is slowing, major tenants are continuing to sign leases, including sectors such as media, entertainment, advertising and technology industries, which will continue to create demand, enabling the office market to survive the current economic conditions. There have been no significant reported Manhattan hotel transactions since February 2008.

# Air Traffic Statistics

Third quarter air traffic levels declined for the first time in six years for the three major New York metropolitan airports. Newark Liberty International Airport, LaGuardia International Airport and John F. Kennedy International Airport combined to serve over 29 million total passengers from July through September of 2008, down from 29.59 million in the same period a year ago, a 3.3 percent decline. Continued growth in international traffic, which achieved 2.2 percent growth to a record level of 9.95 million passengers, helped offset declines in domestic passenger levels. The following chart displays third quarter passenger traffic and growth over the past twelve years.

## Third Quarter Passenger Traffic



Source: Port Authority of New York and New Jersey

# Recent and Planned Hotel Openings / Closings

## 2008

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
The Mark	25 E 77th St	Upper Manhattan	Izak Senbahar and Simon Elias	Oct-08	100
Hampton Inn New York Empire State Building	59 W 35th St	Midtown West	McSam Hotel Group	Oct-08	146
Wyndham Garden Inn New York	339 W 36th St	Midtown West	Metropolis Group	Nov-08	224
Wyndham Garden Inn Manhattan Chelsea West	37 W 24th St	Midtown South	McSam Hotel LLC/ Wyndham Hotels	Nov-08	124
The Standard Hotel New York	848 Washington Street	Lower Manhattan	Ab Green Gansevoort, LLC	Dec-08	344
Cooper Square Hotel	25 Cooper Sq	Lower Manhattan	LoungeSleep Hotels	Dec-08	145

## 2009

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
Hotel Vu	653 11th Ave	Midtown West	Horizen Global	Jan-09	223
Hilton Garden Inn Tribeca	6 York St	Lower Manhattan	McSam Hotel LLC	Jan-09	150
Smyth Hotel Tribeca	85 W Broadway	Lower Manhattan	Thompson Hotels	Jan-09	100
The Riley Hotel	250 Bowery	Lower Manhattan	Peter Moore Associates Inc.	Feb-09	63
DoubleTree Hotel New York City Chelsea	128 W 29th St	Midtown South	McSam Hotel LLC	Feb-09	237
Hotel Ludlow	180 Ludlow St	Lower Manhattan	180 Ludlow Development LLC	Feb-09	167
Fairfield Inn Manhattan Fifth Avenue	12-23 W 37th St	Midtown West	NY 29 West LLC	Feb-09	92
The Strand Hotel	33 W 37th St	Midtown West	Majestic Hotel Corp	Mar-09	177
Holiday Inn Express New York City Times Square	309 W 39th St	Midtown West	McSam Hotel LLC	Mar-09	204
Crosby Street Hotel	79 Crosby St	Lower Manhattan	Firmdale Hotels PLC	Mar-09	75
Comfort Inn New York	61-63 Chrystie Street	Lower Manhattan	BTW Hotels / Ben Wong	Mar-09	60
Candlewood Suites New York City Times Square	339 W 39th Street	Midtown West	McSam Hotel LLC	Mar-09	169

Hampton Inn Manhattan Times Square South	337 W 39th Street	Midtown West	Brisam Times Square LLC	Mar-09	184
Four Points by Sheraton Midtown Times Square	340 W 40th St	Midtown West	The Lam Group	Mar-09	250
Hilton Resorts	102 W 57th St	Midtown West	Hilton Hotels Corporation	Apr-09	161
Holiday Inn Express New York	126 Water St	Lower Manhattan	McSam Hotel LLC	Apr-09	112
Fairfield Inn New York Manhattan/Chelsea	116 W 28th St	Lower Manhattan	Kam Kee Trading	May-09	112
Andaz Hotel Wall Street	75 Wall St	Lower Manhattan	Park West Assocs LLC / The Hakimian Organization	May-09	253
Gansevoort Park Hotel	Park Avenue South & E 29th Street	Lower Manhattan	Gansevoort Hotel Group	May-09	225
Hilton Garden Inn	132 4th Ave & East 13th Street	Lower Manhattan	McSam Hotel LLC	Jun-09	162
The Lamb's Club Hotel	130 W 44th St	Midtown West	Hampshire Hotels	Jun-09	88
Unnamed Hotel	54 W 13th St	Lower Manhattan	52 West 13th Street Holding LLC	Jun-09	95
Trump SoHo Condotel	246 Spring St	Lower Manhattan	BayRock Group	Jun-09	413
Holiday Inn New York	50 Trinity Pl	Lower Manhattan	McSam Hotel LLC	Jun-09	244
Hotel Eventi	839 Avenue of the Americas	Lower Manhattan	JD Carlisle Group	Jun-09	287
Wyndham Garden Inn New York	20 Maiden Ln	Lower Manhattan	McSam Hotel LLC	Aug-09	113
Lexington House Hotel	517 Lexington Ave	Midtown East	Hersha Hospitality Trust	Sep-09	116
Clarion Hotel & Conference Center New York	342 W 40th St	Midtown West	342 W 40 St LLC	Sep-09	155
W Hotel NYC Downtown	123 Washington St	Lower Manhattan	Moinian Group	Oct-09	217
Staybridge Suites New York New York	334 W 40th St	Midtown West	Mehta Family LLC / 340-344 Realty LLC	Oct-09	310
Sheraton Tribeca New York	370 Canal St	Lower Manhattan	McSam Hotel LLC	Nov-09	361
Mondrian Hotel SoHo	150 Lafayette St.	Lower Manhattan	Cape Advisors	Nov-09	270
Perry Street Hotel	145 Perry Street	Lower Manhattan	Scott Sabbagh	Nov-09	93
Ace Hotel New York	1186 Broadway	Lower Manhattan	Broadway Breslin Associates LLC	Nov-09	246
Andaz Hotel 5th Avenue	485 5th Ave	Midtown West	Global Hyatt Corporation	Dec-09	184

## 2010

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening	Rooms
Hotel Indigo New York	127 W 28th St	Midtown South	Fortuna Realty, LLC	Jan-10	122
Cambria Suites Madison Square Garden	325 W 33rd St	Lower Manhattan	Fairchild Properties	Jan-10	239
Unnamed Hotel	111 Washington St	Lower Manhattan	The Brauser Group	Jan-10	260
Cassa Hotel & Residences	70 W 45th St	Midtown West	Extell Diamond Tower LLC	Feb-10	166
Holiday Inn Manhattan Financial District	99 Washington St	Lower Manhattan	McSam Hotel LLC	Feb-10	N/A
Wyndham Hotel New York	93 Bowery St	Lower Manhattan	McSam Hotel LLC	Mar-10	106
Unnamed Hotel	54 Canal St	Lower Manhattan	Raber Enterprises LLC	Mar-10	150
Armani Hotel Manhattan	Unknown Location	Midtown East	Giorgio Armani & Emaar Hotel & Resort Group	May-10	N/A
1 Hotel & Residences New York	14-20 W 40th St	Midtown West	Starwood Capital Group	May-10	162

## 2010 (continued)

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
Wyndham Hotel	152 W 26th St	Lower Manhattan	342 W 40 St LLC	May-10	280
Wingate Inn	179 Varick St	Lower Manhattan	181 Varick Street LLC	Jun-10	121
Fairfield Inn New York Lower Manhattan	30 Fletcher St	Lower Manhattan	Seaport Heights LLC	Jun-10	181
aloft Hotel Harlem	2296 Frederick Douglass Blvd	Upper Manhattan	Hotel 124 LLC	Jun-10	120
Holiday Inn Express New York City Manhattan	36th St & 6th Ave	Midtown West	N/A	Jul-10	135
InterContinental Times Square W 44th	W 44th St	Midtown West	Tishman	Jul-10	592
Club Quarters Hotel	130 Cedar St	Lower Manhattan	Cedar & Washington Associates LLC	Sep-10	200
Shangri La Hotel	610 Lexington Ave	Midtown East	Hines	Sep-10	206
Holiday Inn Express	509-13 W 43rd St	Midtown West	McSam Hotel LLC	Oct-10	203
Viceroy New York	330 Hudson St	Lower Manhattan	Tribeca Construction	Nov-10	168
element New York Times Square West	311 W 39th St	Midtown West	Magna Hospitality Group	Nov-10	410
Sheraton Hotel Downtown	98 Greenwich St	Lower Manhattan	McSam Hotel LLC	Dec-10	300
Fairfield Inn New York Manhattan Times Square	21-23 W 37th St	Midtown West	The Lam's Group	Dec-10	92
Comfort Inn New York	136 Ludlow St	Lower Manhattan	DASR Corp	Dec-10	36
Unnamed Hotel	231 E 43rd St	Midtown East	Magna Hospitality Group	Dec-10	170

## Hotels in Early Planning and Permitting Stages

Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
Four Seasons Downtown	99 Church St	Lower Manhattan	Silverstein Properties Inc	Mar-11	175
Unnamed Hotel	50 West St	Lower Manhattan	Time Equities Inc	Apr-11	155
Unnamed Hotel	6 Times Sq aka 1462 Broadway	Midtown West	Istithmar	May-11	300
21 Hotel	24 W 53rd St	Midtown West	Orient-Express Hotels Ltd	Jun-11	150
Hyatt Place Midtown Manhattan South	52-54 West 36th St	Midtown West	McSam Hotel LLC	Sep-11	N/A
Four Points by Sheraton Manhattan Herald Square	23 W 35th St	Midtown West	Brack-Capital USA	N/A	N/A
Residential Development	Avenue of the Americas & 30th St & 31st St	Midtown West	Herald Square Development LLC	N/A	N/A
Ameritania Hotel Addition	230 W 54th St	Midtown West	Impulsive Group	N/A	100
Unnamed Hotel	189 Delancey St	Lower Manhattan		N/A	N/A
Crillon Hotel	105-107 W 57th St	Midtown West	Starwood Capital Group	N/A	N/A
Unnamed Hotel	307-311 W 46th St	Midtown West	McSam Hotel Group	N/A	N/A
Born Hotel	51st & 2nd Ave	Midtown East		N/A	N/A
Unnamed Hotel	1385 Broadway	Midtown West		N/A	N/A
Unnamed Hotel	80 West St	Lower Manhattan		N/A	N/A

## Hotels in Early Planning and Permitting Stages (continued)

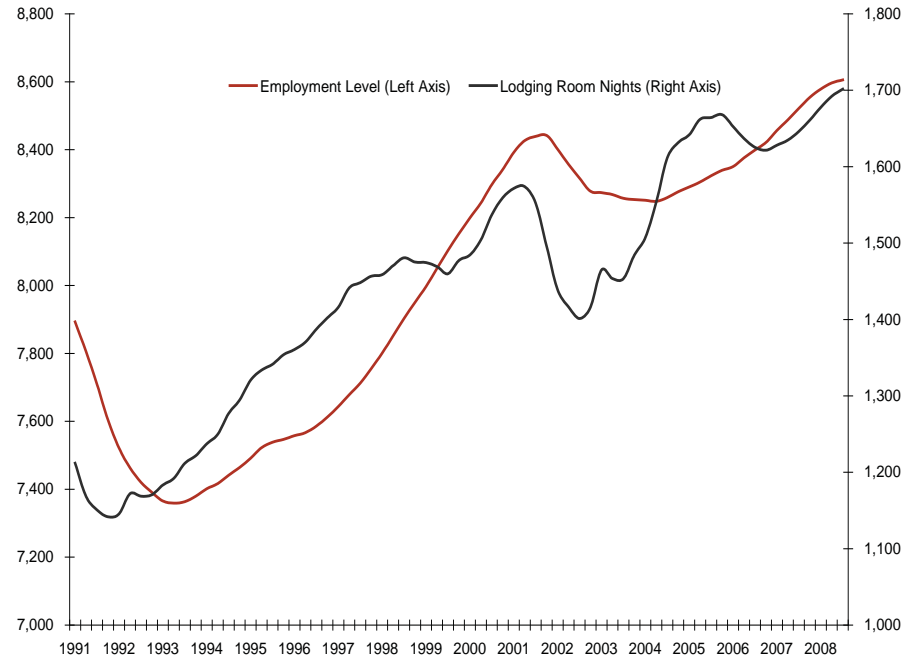
Property	Location	Neighborhood	Owner/Developer	Anticipated Opening/Closing	Rooms
Unnamed Hotel	30 Kenmare St	Lower Manhattan	153 Elizabeth Street LLC	N/A	N/A
RFP East 125th Street Development (6-Acres)	East Harlem - East 125th Street	Upper Manhattan	Harlem Community Development Corp	N/A	N/A
Snowmass Base Village Bldg 12 Condominiums	343-345 W 44th St	Midtown West	McSam Hotel Group	N/A	N/A
Unnamed Hotel	189 Bowery	Lower Manhattan	Open-House	N/A	N/A
Unnamed Hotel	20 W 56th St	Midtown West	McSam Hotel Group	N/A	N/A
Unnamed Hotel	349-53 W 38th St	Midtown West	McSam Hotel LLC	N/A	N/A
Sheraton Hotel New York	217 Pearl St	Lower Manhattan	Lam Golden Pearl Hotel Plaza LLC	N/A	N/A
Apartment Hotel	163 Orchard St	Lower Manhattan	Orchard Street LLC	N/A	N/A
Unnamed Hotel	400 5th Ave	Midtown West	400 Fifth Realty LLC	N/A	N/A
Unnamed Hotel	147-161 W 57th St	Midtown West	Extell Development Co	N/A	N/A
Unnamed Hotel	61 W 54th St # 64	Midtown West	Silver Autumn Hotel Corp	N/A	N/A
Unnamed Hotel	136 W 42nd St	Midtown West	Istithmar Six Times LLC	N/A	N/A
Hotel Indigo New York Union Square	13th St & 5th & 6th Ave	Lower Manhattan		N/A	92
Fairfield Inn New York	126 Water St	Lower Manhattan	Metro Five Hotel LLC	N/A	N/A
Unnamed Hotel	11-15 W 125th St	Upper Manhattan	125 Property Interests LLC	N/A	N/A
Allen Street Hotel	139 Orchard St	Lower Manhattan	D A B Group LLC	N/A	80
Unnamed Luxury Hotel	5-15 W 125th Street	Upper Manhattan	Reisman Properties	N/A	N/A
Hotel New York	30 W 31st St	Lower Manhattan	30-32 West 31 LLC	N/A	N/A
Unnamed Hotel	1141 Broadway	Lower Manhattan	1141 Realty	N/A	N/A
Unnamed Hotel	614 Lexington Ave	Upper Manhattan	RFR Holding Corp	N/A	N/A
J Hotel	510 W 22nd St	Lower Manhattan	Jay-Z, Charlie Blaihcman, Abe Shnay	N/A	N/A
Unnamed Hotel	322 W 14th St	Lower Manhattan		N/A	N/A
Unnamed Hotel	1454 3rd Ave	Upper Manhattan	Tessler Developments LLC	N/A	249
Unnamed Hotel	306 W 44th St	Midtown West	Tishman Realty and Construction Company Inc	N/A	N/A
Unnamed Hotel	11 E 31st St	Lower Manhattan	Sofi House	N/A	32
Unnamed Hotel	1166 Broadway	Lower Manhattan		N/A	N/A
Unnamed Hotel	133 Greenwich St	Lower Manhattan	EB Developers	N/A	242
Unnamed Hotel	1601 Broadway	Midtown West	SVP City Investment Fund	N/A	N/A
Unnamed Hotel	32 W 29th St	Lower Manhattan	32-34 W 29th Realty LLC	N/A	N/A
Unnamed Hotel	87 Chambers St	Lower Manhattan	87 Chambers LLC	N/A	N/A
Unnamed Hotel	49-53 Ann St	Lower Manhattan	The Lam Group	N/A	N/A
Unnamed Hotel	151-61 Maiden Ln	Lower Manhattan	L H Maiden Realty LLC c/o Pioneer Companies	N/A	218
Unnamed Hotel	6 E 37th St	Lower Manhattan	6 E 37th St LLC	N/A	N/A
Unnamed Hotel	260 12th Ave	Lower Manhattan	Georgetown Company	N/A	N/A
Unnamed Hotel	539 Lexington Ave	Upper Manhattan	HTS Lessee W NY LLC	N/A	N/A
Unnamed Hotel	733 8th Ave	Upper Manhattan	303 West 46th St LLC	N/A	N/A
Unnamed Hotel	324 Hudson St	Lower Manhattan	330 Hudson Associates LLC	N/A	N/A
Unnamed Hotel	161 Front St	Lower Manhattan	GM Plaza LLC	N/A	N/A
Unnamed Hotel	431 W 33rd St	Lower Manhattan	McSam Hotel LLC	N/A	N/A
Unnamed Hotel	510 W 22nd St	Lower Manhattan	J Hotels Fee Owner, LLC	N/A	N/A
Unnamed Hotel	510 W 22nd St	Lower Manhattan	J Hotels Fee Owner, LLC	N/A	N/A

Source: PricewaterhouseCoopers, based on Smith Travel Research data

# New York Employment and Lodging Demand Trends

General employment growth helps create a more robust lodging market, but employment growth in industries favorable to lodging can disproportionately favor the industry through more room nights demanded. Industries favorable to the lodging sector include transportation, wholesale trade, retail trade, and services, including financial services. Given the high concentration of financial services firms in New York, lodging demand in New York is closely tied to its employment levels. In fact, the strong correlation between lodging demand and employment levels in New York is evidenced by the high coefficient of correlation (0.831) between the two variables since 1991, and represented by the following graph.

## New York Lodging Demand and Employment Levels - 1991 to 2008



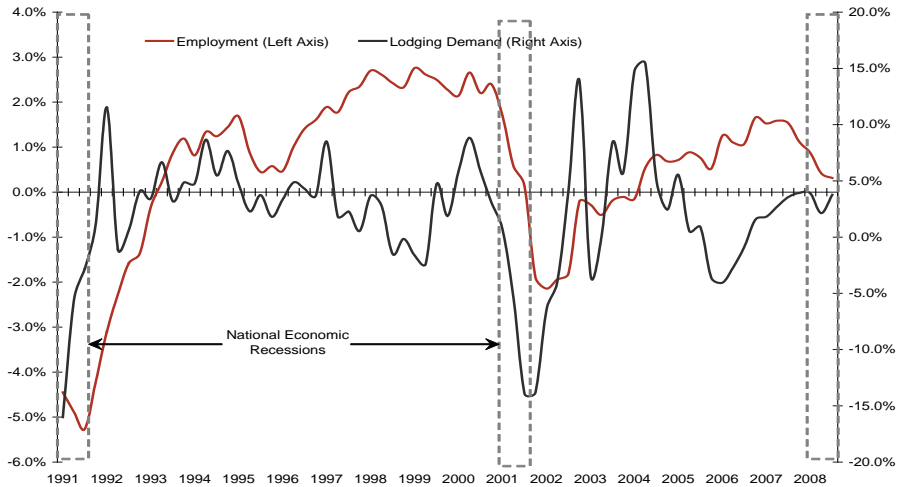
Source: PricewaterhouseCoopers, based on Smith Travel Research data

The recent acquisition and bankruptcy events in New York's financial services sector are expected to lead to an increase in the number of job losses, resulting in a sharp decline in employment levels in New York (refer to the Employment Trends section of this issue for a detailed discussion).

As the lodging industry grapples with the current national recession, an analysis of New York's past employment and lodging demand cycles reveals that, during the previous two recessions, lodging demand in New York decreased more significantly than the corresponding employment levels. This was due, in part to the specific events of the terrorist attacks of September 11, 2001 and the Persian Gulf War (August 2, 1990 to February 28, 1991), which led to a significant decrease in business and leisure travel, resulting in a sharp decline in Manhattan's lodging demand.

However, so far in the current recession, through the third quarter of this year, lodging demand in Manhattan has performed relatively well, largely in part due to the weak dollar and the absence of a single catastrophic event, which resulted in increased international visitors, offsetting the decline in demand from the finance sector, historically a significant generator of lodging demand in Manhattan. The following graph and chart illustrate New York's employment and lodging demand cycles.

### New York Employment and Lodging Demand Percentage Change



Source: PricewaterhouseCoopers, based on Smith Travel Research data

### Lodging Demand and Employment - Cycle Analysis

Peak	Trough	Months of Contraction	Employment Level - Percent Change	Lodging Demand - Percent Change
1990 Q3	1991 Q1	8	(4.6)	(27.8)
2001 Q1	2001 Q4	8	0.4	(0.8)
2007 Q4		12*	(1.0)*	1.8*

Sources: National Bureau of Economic Research, Bureau of Labor Statistics, and Smith Travel Research  
 \* As of December 2008

As New York's employment levels continue to decrease, as a result of layoffs in the finance sector, and international visitation decreases, due to a strengthening dollar and a potentially prolonged global slowdown, lodging demand in Manhattan is expected to be negatively impacted.

# Third Quarter 2008 Manhattan Lodging Index

	Occupancy				ADR				RevPAR			
	July	August	September	3Q	July	August	September	3Q	July	August	September	3Q
All Manhattan Hotels	86.2%	89.8%	86.3%	87.5%	\$252.53	\$258.55	\$340.67	\$283.03	\$217.70	\$232.21	\$294.14	\$247.55
2007 Market Average	88.1%	91.7%	85.6%	88.5%	\$277.28	\$281.22	\$367.69	\$307.29	\$244.39	\$257.93	\$314.77	\$271.99
2008 Market Average	% Change from 2007				% Change from 2007				% Change from 2007			
Market Average	2.2%	2.1%	-0.8%	1.2%	9.8%	8.8%	7.9%	8.6%	12.3%	11.1%	7.0%	9.9%

By Segment	Occupancy				ADR				RevPAR			
	July	August	September	3Q	July	August	September	3Q	July	August	September	3Q
Luxury - 2007	83.9%	87.0%	84.2%	85.1%	\$350.40	\$356.49	\$476.07	\$393.07	\$293.99	\$310.30	\$400.93	\$334.35
Luxury - 2008	85.3%	89.4%	83.1%	86.0%	\$374.79	\$373.41	\$501.58	\$414.45	\$319.75	\$333.69	\$417.01	\$356.27
Upscale - 2007	89.2%	92.8%	88.2%	90.1%	\$232.00	\$237.19	\$316.05	\$260.68	\$206.97	\$220.05	\$278.68	\$234.80
Upscale - 2008	90.5%	92.8%	87.7%	90.4%	\$254.61	\$259.20	\$339.31	\$283.00	\$230.54	\$240.56	\$297.59	\$255.78
Midprice - 2007	85.6%	89.7%	87.4%	87.6%	\$188.80	\$196.44	\$247.24	\$210.54	\$161.62	\$176.29	\$216.16	\$184.43
Midprice - 2008	88.2%	93.0%	85.6%	89.0%	\$217.69	\$225.99	\$282.43	\$241.20	\$192.02	\$210.16	\$241.80	\$214.55
	% Change from 2007				% Change from 2007				% Change from 2007			
Luxury	1.7%	2.7%	-1.3%	1.1%	7.0%	4.7%	5.4%	5.4%	8.8%	7.5%	4.0%	6.6%
Upscale	1.5%	0.0%	-0.5%	0.3%	9.7%	9.3%	7.4%	8.6%	11.4%	9.3%	6.8%	8.9%
Midprice	3.0%	3.6%	-2.1%	1.5%	15.3%	15.0%	14.2%	14.6%	18.8%	19.2%	11.9%	16.3%

By Neighborhood	Occupancy				ADR				RevPAR			
	July	August	September	3Q	July	August	September	3Q	July	August	September	3Q
Upper Manhattan - 2007	77.6%	81.4%	79.3%	79.5%	\$308.81	\$307.45	\$413.99	\$342.93	\$239.78	\$250.27	\$328.31	\$272.53
Upper Manhattan - 2008	85.9%	88.1%	80.8%	85.0%	\$318.09	\$321.01	\$424.85	\$352.20	\$273.25	\$282.85	\$343.19	\$299.29
Midtown West - 2007	87.5%	91.1%	88.0%	88.9%	\$244.66	\$250.39	\$324.67	\$272.47	\$214.07	\$228.22	\$285.78	\$242.22
Midtown West - 2008	89.5%	92.7%	87.4%	89.9%	\$270.30	\$274.46	\$354.01	\$298.29	\$242.03	\$254.29	\$309.43	\$268.14
Midtown East - 2007	86.4%	89.9%	85.5%	87.3%	\$272.65	\$278.32	\$391.48	\$312.58	\$235.56	\$250.28	\$334.89	\$272.91
Midtown East - 2008	88.1%	91.2%	85.4%	88.3%	\$302.47	\$303.98	\$422.17	\$340.95	\$266.58	\$277.20	\$360.62	\$300.97
Midtown South - 2007	86.1%	90.3%	86.5%	87.6%	\$201.72	\$211.96	\$261.89	\$224.64	\$173.59	\$191.32	\$226.49	\$196.82
Midtown South - 2008	86.5%	90.7%	83.4%	86.9%	\$227.28	\$234.04	\$291.39	\$249.72	\$196.61	\$212.18	\$243.08	\$217.01
Lower Manhattan - 2007	86.5%	89.3%	86.1%	87.3%	\$290.81	\$298.85	\$374.61	\$320.53	\$251.59	\$266.98	\$322.72	\$279.97
Lower Manhattan - 2008	87.2%	92.1%	86.4%	88.6%	\$311.08	\$314.36	\$396.70	\$339.46	\$271.26	\$289.62	\$342.86	\$300.79
	% Change from 2007				% Change from 2007				% Change from 2007			
Upper Manhattan	10.6%	8.2%	1.9%	6.9%	3.0%	4.4%	2.6%	2.7%	14.0%	13.0%	4.5%	9.8%
Midtown West	2.3%	1.6%	-0.7%	1.1%	10.5%	9.6%	9.0%	9.5%	13.1%	11.4%	8.3%	10.7%
Midtown East	2.0%	1.4%	-0.1%	1.1%	10.9%	9.2%	7.8%	9.1%	13.2%	10.8%	7.7%	10.3%
Midtown South	0.5%	0.4%	-3.5%	-0.8%	12.7%	10.4%	11.3%	11.2%	13.3%	10.9%	7.3%	10.3%
Lower Manhattan	0.8%	3.1%	0.3%	1.4%	7.0%	5.2%	5.9%	5.9%	7.8%	8.5%	6.2%	7.4%

By Service	Occupancy				ADR				RevPAR			
	July	August	September	3Q	July	August	September	3Q	July	August	September	3Q
Full Service - 2007	86.6%	90.0%	86.7%	87.8%	\$264.17	\$269.75	\$357.98	\$296.31	\$228.68	\$242.84	\$310.31	\$260.07
Full Service - 2008	88.0%	91.6%	86.0%	88.6%	\$289.40	\$292.26	\$385.11	\$320.80	\$254.67	\$267.85	\$331.11	\$284.11
Limited Service - 2007	84.7%	88.9%	84.9%	86.2%	\$201.85	\$210.82	\$266.64	\$225.94	\$170.94	\$187.47	\$226.37	\$194.73
Limited Service - 2008	88.7%	92.0%	84.1%	88.3%	\$229.13	\$237.17	\$296.88	\$253.16	\$203.23	\$218.19	\$249.78	\$223.55
	% Change from 2007				% Change from 2007				% Change from 2007			
Full Service	1.7%	1.8%	-0.8%	0.9%	9.6%	8.3%	7.6%	8.3%	11.4%	10.3%	6.7%	9.2%
Limited Service	4.7%	3.5%	-0.9%	2.5%	13.5%	12.5%	11.3%	12.0%	18.9%	16.4%	10.3%	14.8%

By Affiliation	Occupancy				ADR				RevPAR			
	July	August	September	3Q	July	August	September	3Q	July	August	September	3Q
Chain Affiliated - 2007	88.3%	91.1%	88.0%	89.1%	\$276.24	\$282.59	\$370.46	\$308.74	\$243.98	\$257.49	\$325.83	\$275.22
Chain Affiliated - 2008	89.4%	92.5%	86.8%	89.6%	\$298.93	\$301.35	\$395.54	\$330.46	\$267.23	\$278.69	\$343.13	\$295.97
Independent - 2007	83.6%	88.2%	84.4%	85.4%	\$222.06	\$228.48	\$303.16	\$250.50	\$185.72	\$201.61	\$255.83	\$214.02
Independent - 2008	86.6%	90.8%	84.2%	87.3%	\$250.60	\$256.72	\$333.25	\$278.83	\$217.10	\$233.12	\$280.72	\$243.29
	% Change from 2007				% Change from 2007				% Change from 2007			
Chain Affiliated	1.2%	1.5%	-1.4%	0.5%	8.2%	6.6%	6.8%	7.0%	9.5%	8.2%	5.3%	7.5%
Independent	3.6%	2.9%	-0.2%	2.1%	12.9%	12.4%	9.9%	11.3%	16.9%	15.6%	9.7%	13.7%

Source: PricewaterhouseCoopers, based on Smith Travel Research data

## Neighborhood Index

Upper Manhattan 59th Street and North	Midtown West 5th Avenue and West from 34th Street to 59th Street	Midtown East 5th Avenue and East from 34th Street to 59th Street	Midtown South 14th Street to 34th Street	Lower Manhattan 14th Street and South
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The information contained herein is based on a voluntary survey and is not a statistical sample. Depending on the number of respondents, the information may not be representative of the total respective sub-classifications. Indications of percentage increase or decrease are representative of the performance of the participating sample for this year compared to last year. Although not a statistical sample, the information may be characteristic of general trends in the category.