February 2011

Xona Resort Suites

'X' marks a sweet spot in sunny Scottsdale

O'Neill Hotels & Resorts has looked south to sunny Scottsdale, Arizona, to add another property, the beautiful Xona Resort Suites, to its management portfolio.

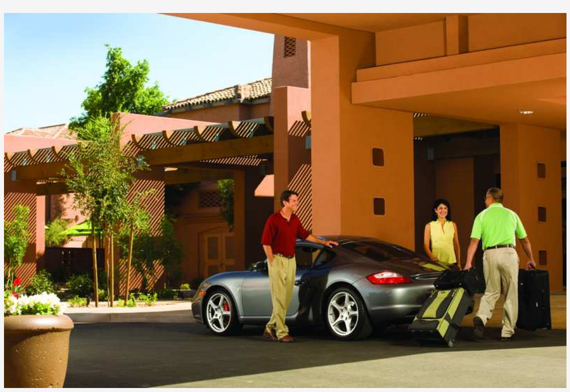
Located alongside the stunning Sonora Desert and just a three-iron shot from the famous TPC Scottsdale Stadium Golf Course, the 431-room Xona (pronounced "zona") Resort Suites is located in the centre of America's year-round golf mecca.

"We are thrilled to add Xona Resort Suites to our expanding portfolio of hotels and resorts," says OHR President and Chief Executive Officer **John O'Neill**. "Xona Resort Suites has a unique niche in the market and we see a lot of similarities between Xona and our four existing Canadian properties."

O'Neill adds, "We are also pleased to announce that a multi-million-dollar renovation program will be implemented soon at the property. We want the property to be current, modern, upscale and fresh."

OHR also manages the Coast Blackcomb Suites, Whistler; the Westin Resort & Spa, Whistler; the Westin Grand, Vancouver; and the Oceanfront Grand Resort & Marina, Cowichan Bay.

OHR Chair **Robert O'Neill** says he is excited by the fact the Xona Resort Suites features one-, two-, three- and four-bedroom suites and four sparkling swimming pools, making it an ideal spot for a family vacation.



In addition, O'Neill points out that the Xona property boasts ample on-property meeting space, including the 3,600-square-foot Pavilion Ballroom, the Asada Desert Grille (featuring southwest fusion cuisine), and the popular Orange Iguana Lounge and patio.

John O'Neill says Xona's tremendous potential will undoubtedly be enhanced once OHR rebrands the hotel with a nationally recognized chain, a move he expects to be completed before the end of the year.

Through an affiliate, OHR also played a key role in the acquisition of the hotel by Sunstone U.S. Opportunity (No. 3) Realty Trust. In addition to being the hotel advisor to Sunstone, the affiliate worked with Sunstone to source, negotiate, and complete the acquisition of Xona Resort Suites.

'Quote. Unquote.'

"Starting last June, we've had clear and consistent evidence each and every month that B.C.'s tourism industry is recovering from the global economic slowdown. More people are coming here to experience Super, Natural British Columbia in person after seeing our beautiful province on-screen during the 2010 Games."

*—**Margaret MacDiarmid**, Minister of Tourism, Trade and Investment, commenting upon the release of news in mid-February that B.C. had posted its seventh consecutive month of gains in international overnight visitors, including a jump of 6.2% in people arriving from the U.S., a key market for the province's tourist industry. Similarly, a Canadian Tourism Commission study found that, in 2010, twice as many British travellers (290,000) flew to Canada as in the previous year.*

OHR bids farewell to GM Ian Lowe

The OHR-managed Coast Blackcomb Suites is saying 'goodbye' to its longtime general manger, Ian Lowe, who is moving onto another hospitality-industry challenge in Whistler at the beginning of March.

Lowe began his career in the hotel industry with the O'Neill-owned Whistler Lodging Company. He was later appointed assistant suite-care manager at the OHR-managed Residence Inn by Marriott and quickly worked his way up to the job of GM of the hotel, a position he retained when it was re-flagged as the Coast Blackcomb Suites in 2009.

Learn more about OHR at our new and improved website, www.oneillhotels.com.

THE WESTIN GRAND VANCOUVER

From the Desk of General Manager, Marion Harper Treskin,

January Overview

The total revenue for January was $15K over budget and $102K behind last year. Room revenue was $573K versus a budget of $562K. Occupancy actually dropped by 5.9% but we were able to push rate by $19.43. This rate gain came from our individual leisure guests and our Corporate business travelers. January 2010 was a much stronger month in revenue & occupancy due to the lower rated, negotiated pre-olympic business with Bell Canada.

Smith Travel Market Share for January 2011	WGV	Competitive Set
RevPAR	$91.01	$68.06
Rate	$155.16	$142.06
Occupancy	58.7%	47.9%

January was a quiet month for the hotel, however we outperformed the competitive set. Our ADR index was 122.4, our Occupancy index was 108.5 and revPAR index was 132.9. Due to our pre-Olympic business in January 2010 our drop from last year was significant.
The downtown hotels saw an average occupancy of 48.8% and ADR of $142.08 and revPAR of $69.31 so we also outperformed the overall average.

*WGV=Westin Grand Vancouver
*Competitive set= Delta Vancouver Suites, Sutton Place, The Metropolitan, Sheraton Wall Centre, and The Westin Bayshore

Revenue, Expenses and Contribution

- January room revenue exceeded the budget by $11K due to the increase in average rate. Room contribution was 60.7% versus the budgeted 57.5%. The high average rate and lower occupancies helped increased our profitability.
- Food & Beverage revenue in January was flat to budget at $146K. Dine out Vancouver drove some covers into Hidden in January. Contribution was 0.7% versus the budgeted contribution of 2.7%. This was partly due to the food cost being higher for the month as the Dine out price point was only $18. The reason for the lower price point was to promote and create awareness to our new concept restaurant. With our occupancy being down over 5% we saw a decrease in Refreshment centre and In Suite Dining revenues.
- Misc revenue and contribution was down just over $3K to budget due to occupancy dropping. Less rooms occupied less movies consumed, less parking, less dry cleaning, etc.
- Undistributed expenses were down $23K to budget. As our occupancy was down several vacations were taken by salaried associates during the month.

Profit and Cash Available for Distribution

- January gross operating profit was $70K versus a budget of $26K. This represents a 9.2% versus a budgeted 3.5%. This increase was driven by the increased average rate and a reduced labour cost of 52.5% for the hotel versus the budgeted 57.5%.
- Fixed expenses were flat to budget.
- January's net loss was $60K which was up compared to the budgeted net loss $103K. This is an improvement of $43K.

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January 2010 compared to January 2011

January 2011 was a very different month than January 2010. In January 2010 the Olympics were right around the corner creating demand from Olympic infrastructure travel. New luxury hotels like the Fairmont Pacific Rim had gained limited positioning in the market place and their impact was yet to be felt. January 2011 was a month with less demand than 2010, and increased supply in the city. We saw 910 room nights in January 2010 were directly related to the Olympics, and decreased demand in 2010 did not offset this variance.

Eric Eikeland,
Director of Sales & Marketing

2010 Audit

We are in the process of preparing for the year end audit of our 2010 financial statements. The auditors are scheduled to start their field work in early March this year. If you have any questions, please contact me directly at (604) 647-2553 or email at glau@westingrandvancouver.com

George Lau
Controller

Corridor upgrades

In January we began the corridor carpet and wall covering replacements. The project will take approximately 6 weeks to complete. We are removing 3-4 floors per week from inventory to complete the upgrades. The project is on schedule and should be completed by March 7th.

Marion Harper Treskin,
General Manager