



July 2011

Canadian tourism outlook positive too

Latest B.C. hotel statistics show strong growth

Hotels in B.C. led the country in the first week of July with an Average Daily Rate rise of 4.1% to \$143.11, according to industry data compiled by STR.

As well, B.C. hotels' Revenue Per Available Room placed first in a nationwide comparison, with an average increase of 13.3% to \$102.30, compared to the same week last year.

In addition, B.C. had the second highest growth in provincial occupancy rates compared to 2010, rising 8.8% to 71.5%.

Looking at the country overall, hotels recorded mixed results. In year-over-year measurements, the national hotel industry ended the week with a 5% increase in occupancy to 69.2%, a 0.5 % decrease in ADR to \$130.29 and a 4.5% rise in RevPAR.

Meantime, the **Conference Board of Canada** predicts the number of tourists heading to Vancouver will grow 1.8% this year, to 4.986 million overnight visits, compared to 4.896 million last year.

More Canadians are predicted to choose the city, but fewer foreign visitors are expected.

Arizona property joins elite 'Ascend Collection'

There's great news for the OHR-managed Xona Resort Suites in Scottsdale, Arizona. Earlier this month, the Ascend Collection announced the inclusion of Xona Resort Suites in its membership program, the first Arizona hotel to be a part of the exclusive Ascend lineup and, at 431 rooms, the program's largest property in the continental United States.

"With its outstanding location, rich amenities and gorgeous views, Xona is a welcome addition to our fast-growing network," said **Stacy Ragland**, vice president for *Ascend Collection from Choice Hotels International*. "Ascend Collection offers the best of both worlds. Like all the portfolio's properties, Xona will maintain the personalized service and local flair of an independent hotel, while also connecting to vast global resources designed to help drive guests to its doors."

The Ascend Collection membership program is an upscale network of hotels that are historic, boutique or unique. Properties are located in the U.S., Canada and the Caribbean.



As a member of this elite program, Xona becomes part of the Choice Hotels global reservations and distribution systems. It also gains visibility before an international network of more than 13 million Choice Privileges rewards members. Additionally, the resort acquires marketing support and an online presence on ChoiceHotels.com, one of the industry's most visited websites.

"We're extremely pleased to be associated with the Ascend Collection," says **John O'Neill**, President and CEO of OHR. "The association confirms our belief that the Xona Resort Suites is a great property—and one that will become even more attractive once we finish our \$4-million renovation program." OHR has operated the hotel, which is owned by Sunstone US Hotel, Inc., since January.

'Quote. Unquote.'

"It is exciting to be in a position to attract major international conventions that we previously could not accommodate. With our expanded world-class facility and a strong event community, coupled with our beautiful city, we have gained a very solid reputation as a global convention destination, competing with top cities from around the world for high-profile events."

—Claire Smith, vice president, sales and marketing, Vancouver Convention Centre, commenting on news that the centre is exceeding its forecasted economic benefits in the wake of booking some of its largest conventions ever.

B.C. tourism ads' impact felt by Seattle hotels

If you ever wondered whether the millions of dollars the B.C. government spends on marketing B.C. to American travellers actually make an impact, wonder no more.

KUOW News reports that Seattle hotels gazed with envy at the famous series of celebrity-laden ads promoting B.C. in the run-up to last year's Olympics. In response, Howard Cohen, president of the Seattle Hotel Association, says Seattle needs to emulate destinations such as B.C. in order to lure more people to the city.

All of which just goes to show that imitation is the sincerest form of flattery.

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

From the Desk of General Manager, Marion Harper Treskin,

June Overview

The month of June saw almost 93% in occupancy and a \$33K increase over last June in cash available to the investors.

Overall revenue was up \$90K. Food & Beverage was driving that increase exceeding last June's revenue by \$59K.

We saw a growth of 3.07% in occupancy over last year, however rate was down \$3.02 netting a slight increase in revPAR of \$2.88. Room revenue exceeded last year by \$18K. Cash available for June was \$200K.

| Smith Travel Market Share for June 2011 | WGV | Competitive Set |
|---|----------|-----------------|
| RevPAR | \$168.51 | \$157.45 |
| Rate | \$181.95 | \$181.93 |
| Occupancy | 92.6% | 86.5% |

June was a strong month for the convention hotels however didn't drive as much compression for our hotel as we had hoped. The group rates for our competitive set were \$20 ahead of our group rates. Location to the convention centre and lack of double rooms put us at a disadvantage for convention business.

Our ADR index for June was 100 as our comp set includes both the Sheraton and Westin Bayshore that had a large percentage of group business at higher rates. Our Occupancy index was 107.0 and revPAR index was 107.

The downtown hotels saw an average occupancy of 86.6% and ADR of \$186.24 and revPAR of \$161.21.

*WGV=Westin Grand Vancouver

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

Revenue, Expenses and Contribution

- June room revenue was \$1.03M, an increase of \$18K to last year. Room contribution was 69.1% which fell behind last June at 70.7%. CPOR was \$56.22 which was up by \$2.04 compared to last year. This increase was a direct result of prior month's adjustments in TA commissions. Without this adjustment our CPOR would have been \$52.68 which is behind last at \$54.22. TA commissions ytd are \$27K over budget due to the volume of convention business we are seeing which is all commissionable.
- Food & Beverage saw great growth in June. Total F&B revenue was \$227K which is \$59K ahead of last June where \$36K was up in Hidden due to a number shows around town. Banquet increased by \$19.4K compared to last year. Strong contribution at 18.5% versus 17.3% in June 2010 was due to utilizing students and good control in our labour.
- Misc profitability was \$24K, an increase of \$1K over June 2010.
- Undistributed expenses were \$5K below last June.

Profit and Cash Available for Distribution

- June's gross operating profit was \$405K or 30.7%. In June 2010 our GOP was \$388K and 31.5%. The hotel labour cost this month was 34.9% versus 35.0% last year. The students in place for the summer are assisting with keeping our costs down.
- Fixed expenses dropped \$89K to last June as our property tax bill decreased this year.
- June's net available for distribution was \$200K. Our next scheduled distribution will be \$190K on July 25th.

Group and Film ADR Growth

Due to the compression in the city and being strategic with which groups and spin-off Stanley Cup business we booked, we were able to yield our rate in both Group and Film. Although down from our comp set due to their large city-wide blocks, we saw increased ADR in both markets substantially over last year. Our group rate grew

Sarah Woodgate
Director of Sales & Marketing

Good News on Property Taxes for 2011

Our final property tax bills for 2011 was paid on July 5th. The good news is that total taxes paid for 2011 of \$558.7K is less than our budgeted amount of \$637.6K, a savings of \$78.8K for the year. This decrease will be reflected in the financials from June to October this year.

George Lau
Controller

Summer students

This summer we have been very fortunate to have students assisting us in a number of different departments. The seven students have been working mostly in F&B which allows us to keep our labour cost down. Some students were on practicums meaning unpaid. The others work at a probationary rate which is 80% of the regular rate of pay.

We continue to keep our relationships strong with the hospitality schools to ensure this opportunity exists again for our hotel in the future.

Mohamed Meghji
Director of Human Resources