

Regional drive-to resorts with indoor waterparks do better than national fly-to resorts.



You can get there on one tank of gas.



Good News:

The price of gasoline is down!

Bad News:

I just lost my house

I just lost my job

I just lost my car

What the hell do I care about
the price of gasoline?

Good News:
We have a
new president.



Bad News:

He can't make any decisions
until January 20!

Good News:

Eight months ago, I thought the mortgage mess was a residential problem that would have little effect on the hotel industry, stock market, banking industry, national economy or global economy.

Bad News:
I was wrong.

Hotel Waterpark Resorts State of the Industry

IAAPA, November 17, 2008

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State of Industry

- **Hotel Industry**
 - Performance by year, location, price, state
 - Construction growth trends
- **Waterpark Industry**
 - Review of performance headlines
- **Hotel Waterpark Resort Industry**
 - What's open, under construction, in development?
- **What's the Future?**

State of Industry

Review of Travel Headlines

- Travel Industry is part of solution:
 - Improve US economy
 - Improve US image abroad
- Industry is 90% small business owners
- Employs 1 of 8 US workers
- Drives \$700b in spending
- TIA + President = Stronger America

State of Industry

Review of Travel Headlines

- TIA says things aren't as bad as seem.
 - In midst of a decline, but it is shallow.
 - Recovery sometime in 2009.
- Leisure travel is stable.
 - -0.2% in 2008, -1.3% in 2009, +3.0 in 2010
- Business travel is down more.
 - -3.6% in 2008, -2,7% in 2009, +2.0% in 2010
- International arrivals -1.6% in 2009.
 - Time to ease visa process, eliminate barriers

State of Industry

Review of Travel Headlines

- Travel Sentiment Index
 - Survey of 2,291 week of Oct 13, 2008.
 - 71% plan to travel overnight next 6 months
 - 48% not changing plans due to turmoil.
 - 76% plan to buy package
 - 58% plan to shop rates on internet
 - 67% plan to stay fewer nights
 - 67% will spend less on food & beverage
 - American travelers are trading down but not out

State of Industry

Review of Travel Headlines

- Where Does Obama Stand on Tourism?
 - Travel Promotions Act
 - Employee Free Choice Act
 - Minimum wage
 - International visitors without visas
 - Temporary international workers
 - Travel as the driver of economic recovery
 - Travel is not the problem, it's the solution

State of Industry

Review of Hotel Headlines

- PwC says hotel industry predicts:
 - RevPAR to fall -0.8% in 2008, -5.8% in 2009.
 - First time 2 year back to back decline since 9/11.
 - Demand to fall -2.0% in 2009.
 - Supply to rise.
 - Occupancy to fall to 58.6%.
 - Lowest since 1971.



State of Industry

Review of Hotel Headlines

- Marriott
 - 3Q profits fell 28%
 - Lowered its 2008 earnings forecast
 - May delayed or cancel some projects.
 - Share price fell to \$19 Nov from \$37 April



State of Industry

Review of Hotel Headlines

- Starwood
 - Reported a lower 3Q profit
 - Reduced its forecast for 2008
 - Says it will slash costs, cut jobs and scale back capital spending
 - Share price fell to \$18 Nov from \$55 Mar



State of Industry

Review of Hotel Headlines

- InterContinental Hotels Group
 - Brands include Holiday Inn, Holiday Inn Express, Crowne Plaza, InterContinental, Staybridge Suites Candlewood Suites and Hotel Indigo
 - Reported 28% drop in 3Q profits to \$91m from \$127 a year earlier.



State of Industry

Review of Hotel Headlines

- Disney Hotels
 - Says theme park attendance down 1%.
 - Hotel bookings down nearly 10% for first two quarters of fiscal 2009.
 - With money tight, consumers wait & see



State of Industry

Review of Hotel Lending Headlines

- Equity & Debt Sources
 - Blackstone Group loses \$509m in 3Q.
 - World's 2nd largest private equity source.
 - Owns Hilton, Harrah's, Center Parcs, Tussauds
 - Believes liquidity is returning to the market.
 - May not pay dividends to investors in 4Q.
 - Banks Not Lending, Awaiting Capital Infusion

State of Industry

USA Hotel Performance YtdSep

	OCC	% Chg	ADR	% Chg	Rev PAR	% Chg
2005	64.5%		\$90.72		\$58.50	

State of Industry

USA Hotel Performance YtdSep

	OCC	% Chg	ADR	% Chg	Rev PAR	% Chg
2005	64.5%		\$90.72		\$58.50	
2006	65.0%	0.8	\$97.64	7.6	\$63.50	8.5

State of Industry

USA Hotel Performance YtdSep

	OCC	% Chg	ADR	% Chg	Rev PAR	% Chg
2005	64.5%		\$90.72		\$58.50	
2006	65.0%	0.8	\$97.64	7.6	\$63.50	8.5
2007	64.9%	-0.2	\$103.59	6.1	\$67.21	5.8

State of Industry

USA Hotel Performance YtdSep

	OCC	% Chg	ADR	% Chg	Rev PAR	% Chg
2005	64.5%		\$90.72		\$58.50	
2006	65.0%	0.8	\$97.64	7.6	\$63.50	8.5
2007	64.9%	-0.2	\$103.59	6.1	\$67.21	5.8
2008	62.9%	-3.0	\$104.41	3.7	\$67.58	0.6

State of Industry

USA Hotel Performance YtdSep08

	OCC	% Chg	ADR	% Chg	Rev PAR	% Chg
Luxury	69.9%	-3.1	\$169.64	2.4	\$118.58	-0.8
Upscale	64.8%	-3.1	\$117.19	2.9	75.93	-0.3
Midprice	60.0%	-3.3	\$84.94	3.8	\$50.95	0.4
Economy	57.2%	-3.5	\$63.53	3.2	\$36.31	-0.4
Budget	59.1%	-2.6	\$52.08	3.1	\$30.78	0.4

State of Industry

USA Hotel Performance YtdSep08

	OCC	% Chg	ADR	% Chg	Rev PAR	% Chg
Urban	68.9%	-1.2	\$152.95	5.5	\$105.43	4.2
Suburban	62.8%	-3.5	\$93.42	3.4	\$58.62	-0.2
Airport	68.8%	-3.2	\$103.08	3.6	\$70.92	0.2
Interstate	57.5%	-3.7	\$70.50	4.9	\$40.52	1.0
Resort	65.3%	-4.2	\$148.46	2.0	\$97.00	-2.2
Small Town	57.9%	-2.3	\$83.02	3.7	\$48.04	1.3

USA Hotel Industry

Things Got Worse in 3rdQtr08

	OCC	% Chg	ADR	% Chg	Rev PAR	% Chg
Urban	71.4%	-1.4	\$152.94	5.0	\$109.23	3.6
Suburban	64.9%	-4.1	\$93.47	2.4	\$58.62	-0.2
Airport	68.7%	-3.9	\$100.64	2.2	\$70.92	0.2
Interstate	62.0%	-4.5	\$73.62	4.3	\$40.52	1.0
Resort	65.1%	-6.1	\$138.99	-0.2	\$97.00	-2.2
Small Town	64.8%	-3.0	\$89.97	3.1	\$48.04	1.3
USA	65.8%	-3.7	\$106.93	2.7	\$70.40	-1.1

USA Hotel Industry

Past to Present by Year

	2008	2007	2006	2005	2004	2003
Occ	61.2%	63.2%	63.3%	63.1%	62.7%	60.8%
ADR	\$107.44	\$103.64	\$97.89	\$90.95	\$86.55	\$83.60
Rev PAR	\$65.75	\$65.50	\$61.96	\$57.39	\$54.25	\$50.87

USA Hotel Industry

Future Projections

	2010	% Chg	2009	% Chg	2008	% Chg
Occ	58.7%	-0.6	59.1%	-3.5	61.2%	-3.0
ADR	\$110.80	2.1	\$108.52	1.0	\$107.44	3.4
RevPAR	\$65.06	1.5	\$64.10	-2.5	\$65.75	0.4
Supply		1.2		2.4		2.5
Demand		0.6		-1.0		-0.5

Hotel Performance YtdSep08

	2008 OCC	2007 OCC	% Chg	2008 ADR	2007 ADR	% Chg
USA	62.9	64.9	-3.0	107.41	103.59	3.7
Florida	63.4	66.1	-4.0	120.53	119.23	1.1
Arizona	63.1	68.0	-7.2	109.82	105.97	3.6
California	68.9	70.9	-2.9	124.55	119.62	4.1
Nevada	67.2	72.5	-7.2	111.78	110.48	1.2
Hawaii	72.7	76.0	-4.4	205.22	200.64	2.3
Wisconsin	56.7	56.6	0.1	83.38	80.28	3.9
Minnesota	62.1	63.8	-2.5	93.05	88.71	4.9
Michigan	54.8	55.9	-2.1	83.73	45.86	2.2
Ohio	55.9	57.2	-2.2	80.81	78.82	2.5

Hotel Performance YtdSep08

	2008 OCC	2007 OCC	% Chg	2008 ADR	2007 ADR	% Chg
USA	62.9	64.9	-3.0	107.41	103.59	3.7
Anaheim	71.7	74.2	-3.3	125.40	123.03	1.9
Boston	68.4	69.0	-0.9	153.82	148.23	3.8
Chicago	65.6	68.8	-4.6	131.77	127.21	3.6
Detroit	58.3	60.3	-3.3	88.07	85.35	3.2
New York	83.1	82.8	0.4	268.03	249.48	7.4
Oahu	76.5	77.8	-1.6	172.11	167.83	2.5
Orlando	68.3	69.7	-2.0	107.63	105.90	1.6
Phoenix	61.6	68.2	-9.6	127.58	121.45	5.1
San Francisco	77.2	75.6	2.1	157.32	146.42	7.4

State of Industry

Review of Hotel Headlines

- Hotel Construction
 - New project announcements down one-half for 3Q.
 - New hotel construction declined first time in 5 years.
 - Construction starts down for second consecutive quarter, more projects deferred or abandoned.
 - Lodging Econometrics says pipeline is shrinking:
 - In 2008, 1200 hotels with 135,000 rooms will open, up 2.8%.
 - In 2009, 1436 hotels with 158,851 rooms will open, up 3.3%
 - In 2010, 1389 hotels with 158,889 rooms will open, up 3.2%

State of Industry

STR/TWR/Dodge Pipeline Report

Chain	Existing Supply		In Construction		Total Pipeline	
Luxury	94,898	4.0	7,570	-15.0	14,596	-3.7
UpperUp	568,074	4.1	19,282	-34.6	46,407	-23.8
Upscale	450,412	5.7	51,418	14.3	157,335	40.2
MidwFB	515,194	-0.3	9,626	-11.6	32,242	29.4
MidwoFB	767,624	6.5	57,420	6.7	178,136	37.4
Economy	758,417	1.9	11,200	1.0	26,570	52.6
Independ	1,505,273	1.8	33,879	-17.5	191,850	-13.6
Total	4,659,892	3.0	190,395	-4.9	647,136	11.2

State of Industry

Review of Waterpark Headlines

- Six Flags
 - 1Q revenue up 35%
 - Cut day admission by \$10 at some parks
 - 3Q attendance up by 200,000
 - 3Q revenues up 5.4% to \$489.3 million
 - 3Q income up 59.4% to \$143.5 million
 - Failed to reach analysts expectations

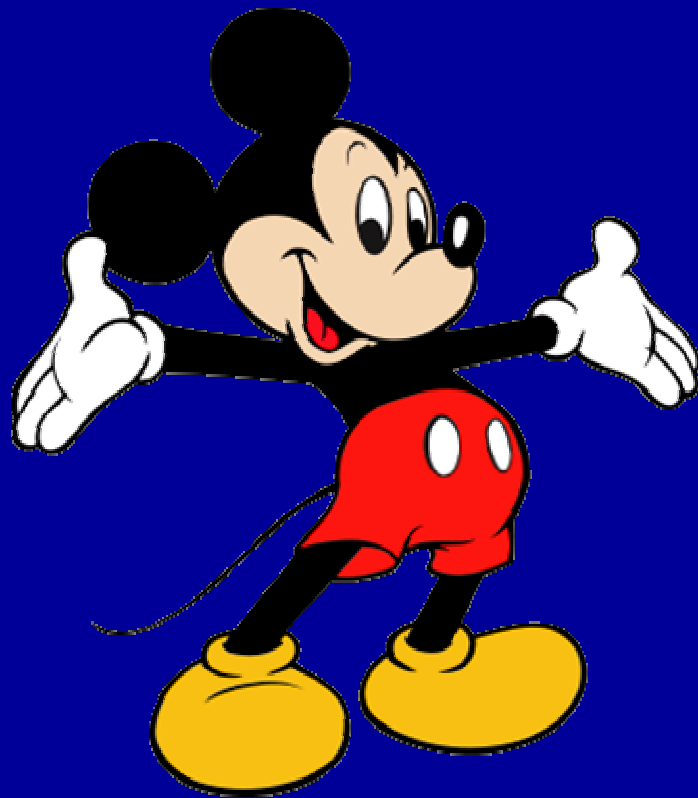


State of Industry

Review of Waterpark Headlines

- Cedar Fair
 - 3Q attendance up 2% or 402,000 visitors.
 - 3Q per cap spending down <1% to \$40.28.
 - 3Q revenue down 5% to \$540.3 million from \$567.5 million.
 - 3Q profits up 68% to \$91.5 million from \$54.1 million.





State of Industry

Review of Waterpark Headlines

- Disney
 - Theme parks reported:
 - 3Q revenues up 7% to \$2.97 billion.
 - 3Q operating profit dipped 4% to \$412 million.
 - 3Q attendance up slightly at WD World but down at other theme parks.
 - Parks & Resorts reported:
 - Revenues up 8%.
 - Operating profit up 11%
 - Hotel bookings for 2009 down --- using discounts.

State of Industry

Review of Waterpark Headlines

- Busch Entertainment
 - Includes Sea World, Busch Gardens, Sesame Place theme parks.
 - Belgium InBev paid \$52 billion for parent Anheuser-Busch Nov 13.



State of Industry

Review of Waterpark Headlines

- Outdoor Waterpark Companies
 - Weaker dollar attracted more international visitors.
 - 60% of US families had less money to spend, reduced their number of outings from 5 to 3.
 - In park spending was down slightly.
 - Waterpark operators facing bigger energy bills.



State of Industry

Hotel Waterpark Resorts in USA

Hotel
Indoor
Waterparks
are located
in the
following
states:

2008	2007	2006	2005	2004	2003	2002	
62	55	47	35	32	28	25	Wisconsin
24	22	21	20	15	14	10	Minnesota
13	9	8	7	5	3	2	Michigan
13	12	8	4	2	1	1	Ohio
8	8	7	4	4	3	3	South Dakota
8	5	3	0	0	0	0	Texas
8	7	4	3	2	1	1	Iowa
6	5	4	2	1	0	0	Washington
8	6	5	4	3	2	2	North Dakota
4	3	3	3	2	2	0	Pennsylvania
200	175	141	108	82	65	50	Totals

State of Industry

Hotel Waterpark Resort Growth Trends

	2008	2007	2006	2005	2004	2003
Hotels IWP	200	175	141	108	82	65
Rooms	36,777	30,849	25,860	20,957	14,927	12,208
IWP SF	5.5m	4.5m	3.6m	2.8m	2.0m	1.6
Mtg Rms	522	515	483	425	376	352
Mtg SF	2.2m	2.0m	1.7m	1.2m	0.9m	0.8m
Brand	94	83	66	54	38	27
Indep	106	92	75	54	44	38

State of Industry

Performance of Great Wolf Resorts

	YtdJun 2008	% Chg	YtdJun 2007	% Chg
Occ	65.2%	2.5	63.6%	
ADR	\$251.54	1.0	\$247.60	
RevPAR	\$164.02	4.2	\$157.36	
Total RevPOR	\$380.87	2.3	\$372.13	
Total RevPAR	\$248.35	5.0	\$236.50	

State of Industry

10 Largest US Hotel Waterpark Resorts

Name	Location	Rooms	Indoor WP
Wilderness Hotel	Wisconsin Dells WI	817	229,000
Kalahari Resort	Sandusky OH	884	173,000
Kalahari Resort	Wisconsin Dells WI	738	125,000
Chula Vista Resort	Wisconsin Dells WI	616	110,000
Scott's Splash Lagoon	Erie PA	270	102,000
Great Wolf Lodge	Wisconsin Dells WI	437	82,000
Great Wolf Lodge	Grapevine TX	404	80,000
Great Wolf Lodge	Pocono Mtns PA	401	78,000
Great Wolf Kings Island	Cincinnati OH	403	78,000
Waterpark of America	Bloomington MN	403	70,000

State of Industry

10 -20 Largest US Hotel Waterpark Resorts

Name	Location	Rooms	Indoor WP
Schlitterbahn	Galveston TX	0*	70,000
Great Wolf Lodge	Williamsburg VA	401	67,000
Sheraton Coco Key	Arlington Hts IL	426	65,000
Sheraton Coco Key	Danvers MA	367	65,000
Mt Olympus Treasure Is	Wisconsin Dells WI	302	65,000
Holiday Inn Coco Key	Omaha NE	383	60,000
Fort Rapids Holiday Inn	Columbus OH	338	60,000
Clock Tower Coco Key	Rockford IL	252	60,000
Double JJ Ranch & IWP	Rothbury MI	235	60,000
Westgate Resort & IWP	Gatlinburg TN	0*	60,000

Profile of Hotel Waterparks by Number of Rooms

	Avg# Rooms	Indoor WP	Avg# Slides	Avg# Pools	Avg# Spas	Mtg Space	Avg# Mtg Rms
Top 5	954	117,800	7.2	2.0	1.8	88,766	42
Top 6-15	424	75,500	8.3	5.4	1.6	35,202	13
Top 16-25	320	35,800	4.8	2.6	2.0	14,035	3
Top 26-50	235	35,781	4.5	2.8	1.6	22,943	10
Top 51-100	148	17,807	2.3	2.3	1.2	12,055	6

Ratio of Rooms to Waterpark

Hotels with Indoor WP	# Hotels	Avg # Rooms	Indoor WP Avg SF	Indoor WP SF Per Room
Over 70,000 sf	12	488	114,083	226
50-69,999 sf	13	262	59,692	218
40-49,999 sf	8	332	42,625	187
30-39,999 sf	19	227	32,777	147
20-29,999 sf	18	211	22,388	158
10-19,999 sf	32	123	12,711	108
Under 10,000 sf	50>	113	5,184	56

Top 10 Hotel Meeting Facilities with indoor waterparks in the USA

Name	Location	Rooms	Meeting Space	Indoor Waterpark
Chula Vista Resort	Wisc Dells WI	616	150,000	110,000
Kalahari Resort	Wisc Dells WI	738	125,000	125,000
Grand Harbor Resort	Dubuque IA	194	120,000	25,000
Kalahari Resort	Sandusky OH	884	95,000	173,000
BW Ramkota Hotel	Sioux Falls SD	226	60,000	17,000
Sheraton Resort WP	Danvers MA	367	50,000	50,000
Double JJ Ranch	Rothbury MI	235	50,000	60,000
Timber Ridge Lodge	Lake Geneva WI	225	50,000	30,000
Grand Prairie Hotel	Hutchinson KS	218	50,000	30,000
Holiday Inn Central	Omaha NE	383	46,318	60,000

Under Construction USA

Hotel Waterpark Resort Projects

	2008F	2007	2006	2005	2004	2003	2002	2001
Start of Year	175	141	108	82	65	50	42	33
Openings	25	34	33	26	17	15	8	9
End of Year	200	175	141	108	82	65	50	42
% Change	14.3	24.1	30.6	31.7	26.2	30.0	19.0	27.3
Under Const	66	67	60	58	35	18	9	10
In Development	199	166	108	121	69	46	19	

Hotel Waterpark Resorts

Opening in 2008

	Name	ST	Rooms	IWP
Jan	Silverleaf's The Villages Flint-Tyler	TX		19,000
Jan	Double JJ Ranch Adds Rothbury	MI	137	
Jan	BG Odyssey Dells at Mt Olympus	WI	24	
Feb	Red Jacket Resort IWP Conway	NH	162	40,000
Mar	Great Wolf Lodge Grand Mound	WA	390	67,000
Mar	KeyLime Cove Gurnee	IL	414	64,500
Mar	Maui Sands Family Suites & IWP	OH	304	55,000
Mar	Sheraton CocoKey KC Sports	KS	374	55,000
Apr	Surfari Joe's at Ramada Watervliet	MI	94	12,000
Apr	Wilderness Event Hotel Sevierville	TN	234	

Hotel Waterpark Resorts

Opening in 2008

	Name	ST	Rooms	IWP
May	Silver Mountain Resort Kellogg	ID	268	45,000
May	Timberlake Grand Splash GRapids	MN	84	8,000
May	Northpointe Inn Mackinaw City	MI	98	23,000
Jun	Borgata Casino Water Club ACity	NJ	800	172,000
Aug	Big Horn Resort & IWP Billings	MT	109	23,000
Sep	Honey Creek Resort Rathbun Lake	IA	105	
Oct	Holiday Inn CocoKey Waterbury	CT	284	55,000
Oct	Valley of Springs Resort French Lk	IN	156	40,000
Oct	Split Rock IWP Add Poconos	NJ	500	53,000
Nov	Marriott CoCoKey IWP Mt Laurel	NJ	285	55,000

Hotel Waterpark Resorts

Opening in 2008

	Name	ST	Rooms	IWP
Dec	BW Royal CoCoKey Fitchburg	MA	245	55,000
Dec	BG Odyssey Dells at Mt Olympus	WI	75	
Dec	Briggs Ranch & OWP San Antonio	TX	350	
Dec	Wilderness at Smokies Sevierville	TN	233	60,000
Dec	Great Wolf Rm/MtgRm Add Grapev	TX	203	

Hotel Waterpark Resorts

Opening in 2009

	Name	ST	Rooms	IWP
Feb	Sahara Sam's Oasis West Berlin	NJ	0	58,000
Mar	BW Timber Creek IWP Sandwich	IL	100	69,000
Mar	Chula Vista P2 Add 2nd Dome	WI		
Mar	Greek Peak Hope Lake Lodge	NY	106	40,000
Mar	Metropolis Hotel Add IWP	WI	107	30,000
Mar	Sheraton Paradise Bay Fishers	IN	236	70,000
Jun	Chula Vista P2 Expand IWP	WI		
Jun	Great Adventure Resort Add IWP	NE	129	30,000
Jun	Great Wolf Lodge Charlotte	NC	409	80,000
Jun	KeyLime Cove Expand Rms & IWP	IL	611	80,000

Hotel Waterpark Resorts

Opening in 2009

	Name	ST	Rooms	IWP
Jul	Hollister Waterpark Resort Branson	MO	400	80,000
Jul	Lodge at Schitterbahn Kansas City	KS	1500	130,000
Oct	Lodge at Deadwood Mtn Resort	SD	140	10,000
Dec	Boone Crossing Hotel IWP	IN	250	50,000
Dec	Wingate + HI Maya IWP Syracuse	NY	287	90,000

Hotel Waterpark Resorts

In Development USA

- 8 hotel waterpark projects are under construction or will break ground in 2008 that scheduled to open in 2010.
- 199 hotel waterpark projects are in the planning stages compared to 166, 108, 121, 69, 46 and 19 in prior years.
- MN, WI, PA, IL, NY and MI are leading the way in planned projects.

Hotel Waterpark Resorts

What's the Future?

- Haves continue to out-perform have-nots
- Advantages over typical hotel remain
- Growth will decelerate in 2009
 - No more projects without feasibility
 - More projects will be delayed
 - Pent-up demand will explode in late 2010
- Even blue-chip projects will take longer to get funded, ie Kalahari Fredericksburg VA

Hotel Waterpark Resorts

What's the Future?

- Lodging, recreation & entertainment merging
- Part of mixed use resort developments
- Long weekends replacing long vacations
- More multi-generational family gatherings
- Adventure sports are going mainstream
- Moving from natural to man-made venues
- Every outdoor sport has an indoor version
- High tech structures cover large spaces affordably

Good News:

I am an optimist

I am a realistic optimist.

I look for good news.

Negative events are already reflected in the new economy.

Things can't get any worse.

Bad News:
Yes, they can!

But we have to avoid sinking
into negative thinking.

We have to think positive,
talk positive and act positive.

Never underestimate the creativity and
resolve of the American people.

Man on the Moon

Energy Independence Within 10 Years

You're Invited Thursday AM



- **Achieving Energy Efficiency in Hotel Waterpark Resorts**
 - IAAPA Energy Workshop
 - America's Energy Coach
 - Tom Kiser + 19 other speakers
 - Thursday, Nov 20, 2008
 - 8:30 am – 12:30 pm
 - Orlando Convention Center
 - Room S230 GH

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