

Columbus 2001 Lodging Overview

Columbus citywide occupancy slipped by a half a percent to 65.3% in 2000. Room nights available increased by 3.4% to 6.7 million. Room nights sold increased by 2.8% to 4.3 million, yielding occupancy of 65.3%. Average daily rate increased by nearly \$2.50 to \$69.82. RevPar gains overall were 2.8% or \$45.57. Columbus lodging highlights are shown in the chart at the right.

Key performance indicators compared to national statistics published by Smith Travel Research are as follows:

2000 Highlights	
Total Hotels	142*
Total Rooms (1/01/01)	19,086
Citywide Supply Growth	↑ 3.4%
Citywide Demand Growth	↑ 2.8%
Citywide Occupancy	↓ 65.3%
Citywide ADR	↑ \$69.82
Citywide RevPar	↑ \$45.57

* The Integra Lorms & Belfrage Lodging Overview includes all professionally management hotels of 40 rooms or more in the Columbus market.

2000 KEY INDICATORS

	Occupancy	ADR	RevPar
National ¹	63.5% ↑	\$85.24	\$54.13
East North Central Region ¹	59.7% ↓	\$77.71	\$46.39
Ohio ¹	57.7% ↓	\$68.17	\$39.33
Columbus Citywide ²	65.3% ↓	\$69.82	\$45.57
Columbus Full Service ²	65.3% ↓	\$86.79	\$56.70
Columbus Limited Service ²	62.2% ↓	\$53.01	\$32.97
Columbus Extended Stay ²	76.9% ↓	\$58.24	\$44.29

¹ Source: Smith Travel Research

² Integra Lorms & Belfrage

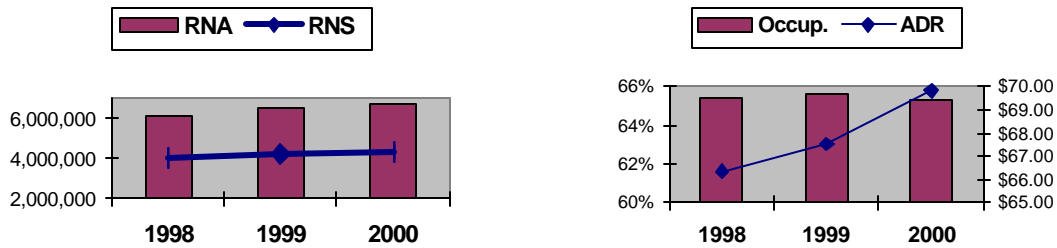
National trends showed slight upward movement in occupancy in 2000 after four straight years of decline. This occupancy increase was largely driven by the east and west coast. Most central region occupancies showed declines.

A total of \$303 million was generated by room sales at Columbus hotels in 2000. This reflects 6.3% growth from 1999. The top 10 hotels in terms of total room revenue are summarized as follows:

COLUMBUS' TOP TEN

- | | |
|----------------------------|----------------------------|
| 1. Hyatt Regency | 6. Marriott North |
| 2. Hyatt on Capitol Square | 7. Sheraton Suites |
| 3. Crowne Plaza | 8. Radisson Airport |
| 4. Marriott Dublin | 9. Holiday Inn Worthington |
| 5. Adams Mark | 10. Embassy Suites |

The 19,086 rooms in Columbus' 142 hotels indicated the following performance 1998 through 2000.



HISTORIAL PERFORMANCE

Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	6,091,732	7.5%	3,986,179	5.9%	65.4%	-1.4%	\$66.35	3.0%	\$43.42	1.5%
1999	6,442,539	5.8%	4,227,401	6.1%	65.6%	0.3%	\$67.52	1.8%	\$44.30	2.0%
2000	6,659,578	3.4%	4,346,163	2.8%	65.3%	-0.5%	\$69.82	3.4%	\$45.57	2.8%

Source: Integra Lorms & Belfrage

PROPOSED HOTEL SUPPLY 2000-2001

Property	Location	Segment	# of Rooms	Stage	Opening
Hampton Inn & Suites	Downtown	Ltd service	180	Opened	2000
Drury Inn	Downtown	Ltd service	180	Planned	2002-03
Hilton Garden Inn	Northwest	Ltd service	100	Under const.	2001
Embassy Suites	Northwest	Full service	284	Opened	2000
Fairfield Inn (1)	Northwest	Ltd service	60	Planned	-
Hawthorne Suites	Northwest	Ext stay	89	Under const.	2001
Drury Inn (1)	Northwest	Ltd service	80	Planned	-
Hampton Inn	Northwest	Ltd service	100	Under const.	2002
Days Inn	West	Ltd service	60	Under const.	2001
Sleep Inn	West	Ltd service	60	Planned	-
Microtel Inn & Suites	West	Ltd service	62	Opened	2001
Holiday Express	Airport	Ltd service	93	Under const.	2001
Hilton Garden Inn	Airport	Ltd service	100	Planned	2002-03
Wingate Inn	Airport	Ltd service	65	Planned	-
Homewood Suites	Airport	Ext stay	82	Under const.	2001
Country Inn and Suites	Airport	Ltd service	80	Opened	2001
Staybridge Suites	Airport	Ltd service	73	Under const.	2001
Hilton	Airport (Easton)	Full service	313	Opened	2000
Residence Inn	Airport (Easton)	Ext stay	120	Opened	2000
Holiday Express	East	Ltd service	53	Under const.	2001
Holiday Express	East	Ltd service	60	Under const.	2001-02
Hampton Inn	East	Ltd service	80	Under const.	2001
Hawthorne Suites (1)	East	Ltd service	70	Under const.	2001
Fairfield Inn	East	Ltd service	80	Under const.	2001-02
Country Inn and Suites	East	All suite	81	Opened	2000
Country Inn and Suites	East	All suite	80	Under const.	2001
Holiday Express	South	Ltd service	90	Under const.	2001
Hilton Garden Inn	South	Ltd service	88	Under const.	2001
Baymont	North (Polaris)	Ltd service	91	Opened	2000
Best Western	North (Polaris)	Ltd service	80	Under const.	2001
Residence Inn	North (Crosswoods)	Ext stay	104	Opened	2000
Towne Place Suite	North (Crosswoods)	Ext stay	95	Opened	2000
Holiday Express	North	Ltd service	70	Under const.	2001-02
Staybridge Suites	North	Ltd service	80	Planned	-
Country Inn and Suites	North	All suite	70	Opened	2000
Fairfield Inn (Parke)	University	Ltd service	165	Under const.	2002
Inn at Fisher College	University	Full service	151	Under const.	2002-03
total	38		3,878		

(1) room count is estimated

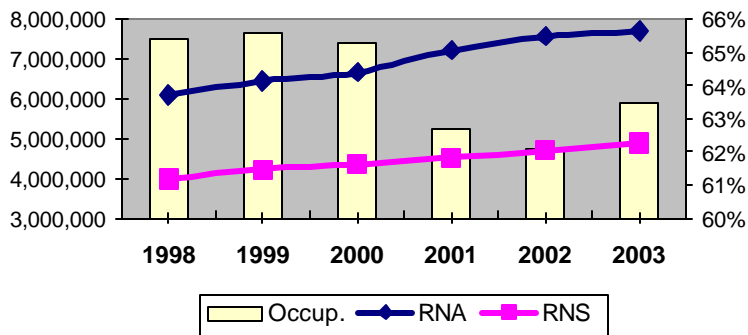
Source: Lorms & Belfrage

Columbus citywide occupancy projections include the preceding new supply. Some of the uncertain projects were excluded. Significant growth in room nights available over the next few years will occur. From the previous table we have determined the approximate room nights available over the next few years. Occupancy can be projected by estimating demand growth (or growth in rooms nights sold) over the same period. Average demand growth between 1994 and 2000 in the Columbus market approximated an annual rate of 4.2%. Continued demand growth is likely, given the dynamic development in Columbus including:

- *The Arena District*
- *The Convention Center Expansion*
- *Easton*
- *Polaris*
- *Continued office development*
- *Port Columbus International Airport*

Economic conditions may be softening which would likely support a slower pace of demand growth. We have projected occupancies through 2003 at a rate of 4% annual demand growth. Occupancy rate projections are summarized as follows.

COLUMBUS CITYWIDE LODGING PERFORMANCE



	<u>Year</u>	<u>RNA</u>	<u>Chg.%</u>	<u>RNS</u>	<u>Chg.%</u>	<u>Occup.%</u>	<u>Chg.%</u>
Actual	1998	6,091,732	7.5%	3,986,179	5.9%	65.4%	-1.4%
	1999	6,442,539	5.8%	4,227,401	6.1%	65.6%	0.3%
	2000	6,659,578	3.4%	4,346,163	2.8%	65.3%	-0.5%
Projected	2001	7,203,640	8.2%	4,520,010	4.0%	62.7%	-3.9%
	2002	7,567,910	5.1%	4,700,810	4.0%	62.1%	-1.0%
	2003	7,694,930	1.7%	4,888,842	4.0%	63.5%	2.3%

Source: Integra Lorms & Belfrage

Downtown Submarket

The year 2000 supply (room nights available) grew by 2.7%, to 1,039,896 rooms, from 1999. Room demand (room nights sold) grew by a slight .2%, or approximately 1,000 room nights, to 679,420. Average occupancy slipped by nearly 2 occupancy points from 67% in 1999 to 65.3%. Average daily rate showed a \$2 increase to \$104.57, offering a 1.9% growth in rate. RevPar declined by .6% to \$68.32. The following chart shows the 1998 through 2000 performance of the 2,975 rooms in the 11 CBD hotels.



HISTORIAL PERFORMANCE

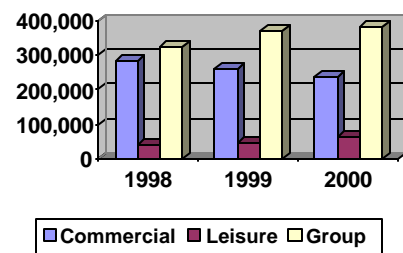
Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	962,441	6.9%	645,889	5.5%	67.1%	-1.3%	\$99.22	1.9%	\$66.59	0.6%
1999	1,012,479	5.2%	678,346	5.0%	67.0%	-0.2%	\$102.57	3.4%	\$68.72	3.2%
2000	1,039,896	2.7%	679,420	0.2%	65.3%	-2.5%	\$104.57	1.9%	\$68.32	-0.6%

Source: Integra Lorms & Belfrage

Segmentation

Market segmentation for the downtown properties can be divided into commercial, leisure, and group room nights. By the end of 2000, the largest segment was clearly group, which approximated 56% of total room nights sold. Commercial demand accounted for 35%, and leisure 9%. Demand for commercial room nights sold has declined while leisure and group increased in both 1999 and 2000. The leisure segment shows the largest growth rate in 2000, due to the opening of the Arena. Group demand also showed a significant increase in 1999, and slight increase in 2000. We expect that group demand will increase due to the newly opened Convention Center expansion and their marketing efforts.

Historical RNS by Segment



HISTORICAL ROOM NIGHT SEGMENTATION

Year	Total RNS	Commercial			Leisure			Group		
		RNS	Chg.%	%	RNS	Chg.%	%	RNS	Chg.%	%
1998	645,889	280,693	17.7%	43.5%	41,040	-1.6%	6.4%	324,155	-2.1%	50.2%
1999	678,346	261,245	-6.9%	38.5%	44,772	9.1%	6.6%	372,331	14.9%	54.9%
2000	679,420	237,163	-9.2%	34.9%	61,362	37.1%	9.0%	380,898	2.3%	56.1%

Source: Integra Lorms & Belfrage

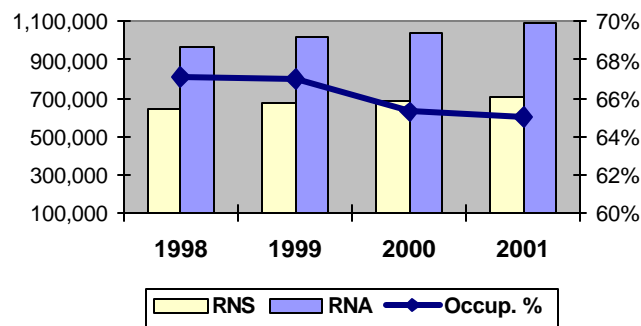
Future projections include minimal growth in commercial demand. Strong growth in both leisure and group room nights will be experienced as the Convention Center and Arena District continue to attract visitors. Convention and Visitors Bureau statistics show a decrease in the number of groups but a 75% increase in attendees citywide to 1,997,688 delegates.

New Supply

Room nights available in 2001 will increase to reflect the full year operation of the Hampton Inn. Construction on the Drury Inn should begin sometime this year. Discussions are underway regarding a potential new Convention hotel and plans to expand the Hyatt Regency.

Occupancy projections for 2001 are summarized in the following chart based on 4% demand growth overall.

COLUMBUS CBD MARKET OCCUPANCY PROJECTIONS



HISTORICAL & PROJECTED COLUMBUS CBD HOTEL PERFORMANCE

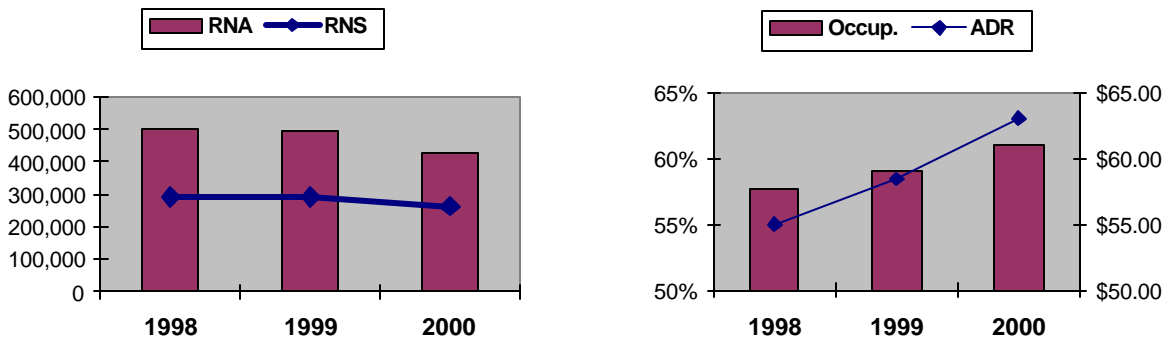
Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%
1998	962,441	6.9%	645,889	5.5%	67.1%	-1.3%
1999	1,012,479	5.2%	678,346	5.0%	67.0%	-0.2%
2000	1,039,896	2.7%	679,420	0.2%	65.3%	-2.5%
2001	1,085,875	4.4%	706,279	4.0%	65.0%	-0.4%

Assumes 2001 full availability of Hampton Inn

Source: *Integra Lorms & Belfrage*

University Submarket

A decline in supply was noted in the University Submarket for 2000. The Parke Inn was demolished and a 165 room Fairfield Inn is currently under construction on the former site. Room nights available in 2000 declined by 63,000, or 12.8%. Room nights sold declined by 9.8%, or about 29,000 room nights. Therefore, occupancy increased by 2 points to 61.05%. The average daily rate increase approached 8%, or \$4.60 due to the removal of the Parke University, which was at the lower end of the rate spectrum. Also impacting the rate increase were renovation completions at the Holiday Inn on the Lane and the University Plaza. The following chart shows the 1998 through 2000 performance of the 1,176 rooms in the 9 University hotels.



HISTORIAL PERFORMANCE

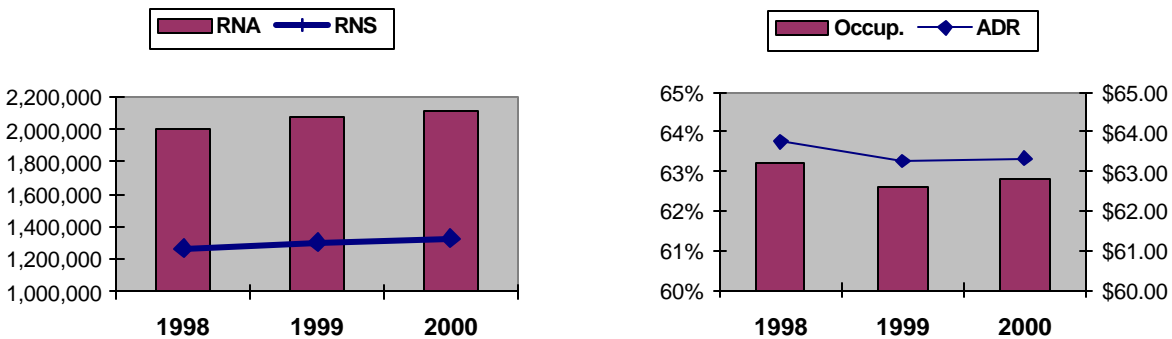
Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	504,430	0	291,126	-.95%	57.71%	-.96%	\$54.97	5.83%	\$31.72	4.79%
1999	493,480	-2.17%	291,408	.09%	59.05%	2.32%	\$58.43	6.29%	\$34.50	8.76%
2000	430,416	-12.79%	262,771	-9.83%	61.05%	3.39%	\$63.03	7.87%	\$38.48	11.54%

Source: *Integra Lorms & Belfrage*

The early 2001 opening of State Route 315 will enhance accessibility of the University Submarket in the future. However, State Route 315 is primarily a commuter route as opposed to a transient traveler route. Additional supply changes are expected with the opening of the Fairfield Inn by 2002 and the completion of the Inn at Fisher College. The Inn at Fisher College is likely to induce demand from Downtown and Conference style suburban hotels in the Columbus market, as opposed to only impacting University area hotels. The University Submarket has experienced stagnant demand for many years. One of the reasons for this is a lack of availability of newer rooms along with fairly stable repeat business within a commuter corridor. The addition of new supply will offer a wider array of rooms within the University area and will alter market dynamics over the next few years.

North Submarket

Four hotels opened in the North Submarket, including Towne Place Suites and Residence Inn at Crosswoods, the Country Inn and Suites at the Continent, and Baymont Inn and Suites at Polaris. The Harley was purchased for redevelopment of the site as a Giant Eagle. Despite the Harley's removal, room nights available grew by 1.6% to 2,116,778. Demand exceeded supply slightly with growth of 1.94% to over 1.3 million room nights. A slight net occupancy gain of .35% was experienced with the 2000 North Submarket occupancy at 62.8%. Average daily rate was relatively flat, as was RevPar. Performance of the largest Columbus submarket with 43 hotels totaling 5,918 rooms from 1998 to 2000 is summarized as follows:



HISTORIAL PERFORMANCE

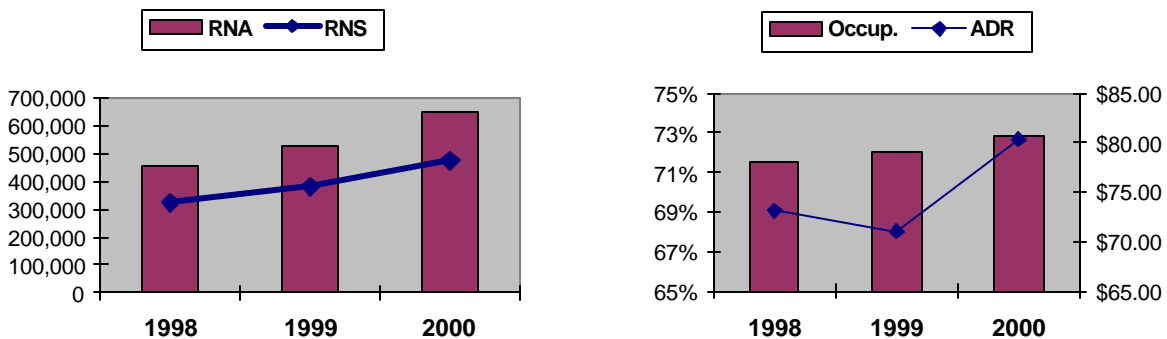
Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	2,004,131	5.01%	1,267,244	3.37%	63.23%	-1.56%	\$63.75	1.09%	\$40.31	-.47%
1999	2,083,460	3.96%	1,304,197	2.91%	62.59%	-1.01%	\$63.26	-.77%	\$39.59	-1.79%
2000	2,116,778	1.60%	1,329,559	1.94%	62.81%	.35%	\$63.33	.11%	\$39.77	.45%

Source: *Integra Lorms & Belfrage*

New supply additions currently under construction include the Holiday Inn Express at Crew Stadium and a Best Western at Polaris. Contemplated additional North Submarket construction includes a Staybridge Inn and Suites at the Continent. Additional Polaris supply is also likely with the completion of the six anchor *super regional mall*. The North Submarket is the largest Columbus Submarket, consisting of several hotel corridors including: Morse and I71, Dublin-Granville Road and I71, Crosswoods, Polaris, and Westerville. Individual market dynamics are different for each of these "micro-markets". Performance obviously varies from the overall North Submarket.

Airport Submarket

The Airport Submarket clearly qualifies as the most dynamic submarket in the Columbus area. Supply grew with the addition of the Residence Inn and Hilton in Easton. Supply growth in rooms nights available was 22.9%, or over 120,000 room nights. Demand grew by over 90,000 room nights, or 24.2%, indicating an increase in occupancy to 72.8% along with a \$9 increase in rate. A significant rate increase was driven by the Hilton and Residence Inn, as both have an upper tier rate product. New demand in the Airport Submarket was a result of the significant office, retail and residential development in the Easton area. In addition, Port Columbus passenger traffic totaled nearly 6.9 million, an increase of over 5% from the 1999 passenger count. The Airport Submarket was also able to capture room night demand that otherwise would likely have resulted in commercial demand growth for downtown area properties. Following is the 1998 through 2000 performance of the 2,078 rooms in the 14 Airport hotels.



HISTORIAL PERFORMANCE

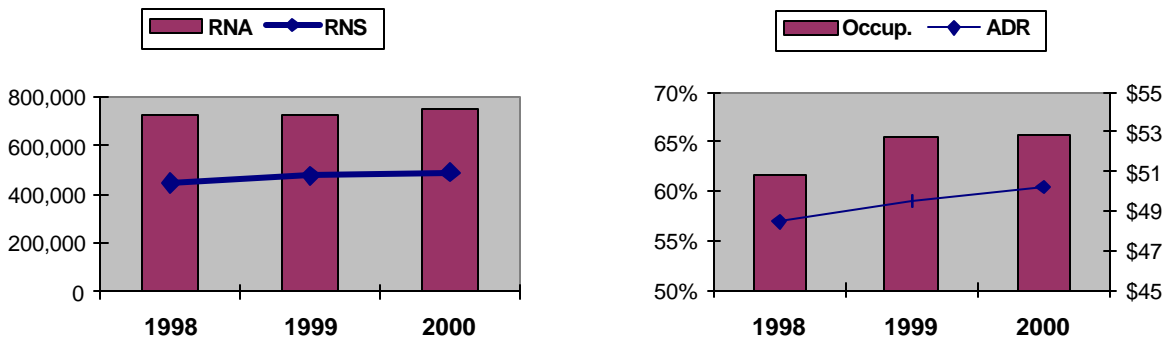
Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	453,330	16.18%	324,239	15.75%	71.52%	-.38%	\$73.16	4.8%	\$52.33	4.47%
1999	531,250	17.18%	382,826	17.9%	72.06%	.76%	\$71.07	-2.9%	\$51.21	-2.14%
2000	652,892	22.9%	475,495	24.2%	72.82%	1.05%	\$80.34	13.04%	\$58.51	14.26%

Source: *Integra Lorms & Belfrage*

The Quality Inn at the Airport underwent a significant renovation, and affiliated with Ramada Inns. Additional new supply will open in early 2001 and includes the 93 room Holiday Inn Express, the 82 room Homewood Suites, the 80 room Country Inn and Suites, and a 73 room Staybridge. Additional supply growth is expected with the Hilton Garden Inn, to be constructed on Sawyer Road at International Gateway Drive. The depth of demand growth will certainly be tested by additional new supply of over 400 rooms within this marketplace over the next few years.

East Submarket

By year-end 2000, one of the properties at State Route 256 and I-70 opened. The Country Inn and Suites opened in November with 81 rooms, bringing the total of East side hotels to 18, or 2,113 rooms. Despite slight increases in room nights available, room nights sold increased at a higher rate, resulting in a slight increase in occupancy to 65.75%. Average daily rate increased by less than one dollar, resulting in a net RevPar gain of about \$.60. This growth in demand on the East side was particularly interesting since freeway construction restricted access to both Brice and Hamilton Roads. Most area hoteliers expected occupancy declines. However, demand for these hotels included a mix of repeat patrons that found alternate routes. Performance of the East Submarket between 1998 and 2000 is summarized as follows:



HISTORIAL PERFORMANCE

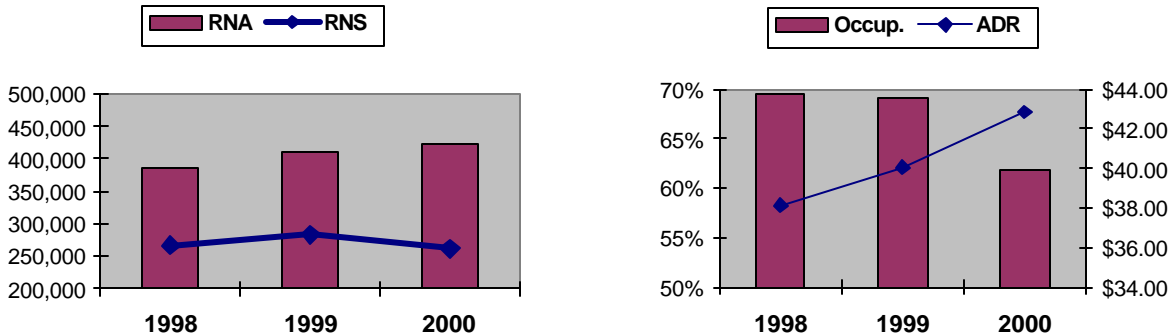
Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	724,659	4.05%	447,242	.70%	61.71%	-3.23%	\$48.48	1.5%	\$29.92	-1.77%
1999	730,041	.74%	477,500	6.77%	65.4%	5.98%	\$49.51	2.12%	\$32.38	8.22%
2000	748,572	2.54%	492,222	3.08%	65.75%	.54%	\$50.21	1.41%	\$33.01	1.94%

Source: *Integra Lorms & Belfrage*

Room supply additions are expected in 2001 with full year operation of the Country Inn and Suites. New hotels under construction include: the Country Inn and Suites on East Broad Street, the Hawthorne Suites, Fairfield Inn and Holiday Express at Route 256, and a Hampton Inn and Holiday Express on Hamilton Road. Anticipated supply additions total 448 rooms, indicating a 21% growth in supply. We anticipate occupancy declines over the next few years in the East Submarket.

South Submarket

The South Submarket is largely concentrated around the Stringtown Road/I-71 exit in Grove City. Room nights available increased due to the full year operation of the Super 8 Motel. Room nights sold decreased by approximately 20,000, or 7.4%. This loss in room nights sold, combined with supply growth resulted in a 7 point drop in occupancy. Rate growth occurred, although not adequate to result in RevPar growth. The following charts show the 1998 through 2000 performance of the 1,159 rooms in the 13 South hotels



HISTORIAL PERFORMANCE

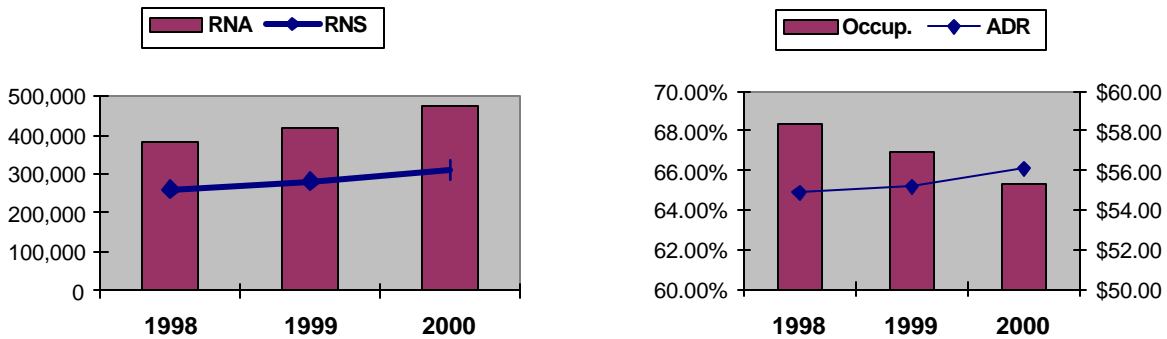
Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	384,736	9.57%	267,425	8.90%	69.50%	-.61%	\$38.12	4.07%	\$26.49	3.44%
1999	409,581	6.46%	282,786	5.74%	69.04%	-.66%	\$40.05	5.06%	\$27.65	4.38%
2000	424,194	3.57%	261,984	-7.36%	61.76%	-10.54%	\$42.86	7.02%	\$26.47	-4.27%

Source: *Integra Lorms & Belfrage*

Supply growth is expected to occur in the South Submarket with the construction of the Hilton Garden Inn and Holiday Express totaling 178 rooms. Further diminution in occupancy is expected as the 15.3% growth in supply is brought on line. The South Submarket is the most price sensitive lodging corridor in the Columbus market and as such, is vulnerable to the competing East and West Submarkets for trucking, crew and SMERF business.

West Submarket

Demand grew at 10.3%, nearly keeping pace with supply, which showed a 12.8% increase. New supply was represented by full year operations of the Country Inn and Suites, Comfort Suites, Hawthorne Suites, and Super 8. Occupancy dropped about 1.5 points to 65.32% with a slight increase in average daily rate. RevPar dropped slightly. The following chart shows the 1998 through 2000 performance of the 1,297 rooms in the 15 West hotels.



HISTORIAL PERFORMANCE

Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	381,790	.97%	260,787	2.15%	68.30%	1.17%	\$54.87	4.47%	\$37.48	5.70%
1999	420,858	10.23%	281,833	8.07%	66.96%	-1.96%	\$55.18	.56%	\$36.95	-1.41%
2000	474,702	12.79%	310,088	10.03%	65.32%	-2.45%	\$56.09	1.65%	\$36.63	-.87%

Source: *Integra Lorms & Belfrage*

Additional supply is in the pipeline in the West Submarket. The Microtel and Days Inn will open at the Hilliard Rome Road exit in early 2001. This room supply will represent about 9.4% of the existing supply and should result in additional slight declines in occupancy in the West Submarket.

Northwest Submarket

The opening of the Embassy Suites in late 2000 marks the 19th Northwest area property. Eight hotels have been added in this marketplace since 1995. Overall occupancy has been impacted substantially, although room nights sold have shown strong increases. Occupancy in 2000 averaged 69.2% at a \$74.99 average daily rate. The occupancy high was in 1995 at 75.1% but reflected only 13 properties. Average daily rate increased by \$2 and RevPar increased by slightly over \$1. in 2000. The following chart shows the 1998 through 2000 performance of the 2,370 rooms in the 19 Northwest area hotels.



HISTORIAL PERFORMANCE

Year	RNA	Chg.%	RNS	Chg.%	Occup.%	Chg.%	ADR	Chg.%	RevPar	Chg.%
1998	688,545	27.89%	490,476	23.48%	71.23%	-3.44%	\$69.34	4.19%	\$49.39	.59%
1999	761,390	10.58%	528,505	7.75%	69.41%	-2.55%	\$73.06	5.36%	\$50.71	2.67%
2000	772,848	1.50%	534,624	1.16%	69.17%	-.35%	\$74.99	2.64%	\$51.87	2.29%

Source: *Integra Lorms & Belfrage*

Continued supply growth is in the pipeline with the full year operation of the 284 Embassy Suites, opening of the 103 Hilton Garden Inn and the 100 room Hawthorne Suites at Tuttle Crossing. Plan approval has been granted by Dublin for the Fairfield Inn at Tuttle Crossing. Hilliard indicates that a Hampton Inn on Hilliard Cemetery Road is in the process of ground breaking. The above supply additions approximate 400 new rooms in addition to the Embassy Suites, which was opened in December of 2000.

Significant demand growth is also expected in the Northwest market due to continued office development. The Dublin Convention and Visitors Bureau also actively markets area hotels for numerous area group and sporting events such as the Muirfield Golf Tournament. Market segmentation Northwest is largely commercial and group, approximating nearly 70% of all rooms nights sold within the submarket. Despite growth, we expect demand will not keep pace with supply additions, resulting in a significant decrease in occupancy levels over the next two years. Occupancy could drop as much as 7 or 8 points.