Trend – Speed Of Change
2005 – Pope Benedict
A world of unprecedented change
Average lifespan of a company on S&P 500

- 67 years in 1920
- 25 years in the 1980s
- 15 years in the 2010s and 2020s

75% of companies will be ones that exist today, while 25% will be new ones that do not exist today.

Source: Yale Professor Richard Foster
I believe the auto industry will change more in the next five to 10 years than it has in the last 50.

Mary Barra
CEO and Chairman of General Motors
SEARS, KMART MAY LACK CASH TO STOCK SHELVES
If you don’t innovate fast, disrupt your industry, disrupt yourself, you’ll be left behind.

John Chambers
Chairman and Chief Executive Officer, Cisco, USA
Global Hotel Industry
2015 saw the first reduction in terrorism since 2010, although it was still the second worst year recorded for terrorism.

Source: START GTD, IEP calculations
Other Economic Concerns
Other Economic Concerns

What Britain's bill to exit the EU might be

€24.5B to €72.8B

Figures represent the best- and worst-case scenarios depending on: a) whether the EU negotiates maximum or minimum liabilities and receipts for the U.K., and b) the precise share of EU liabilities the U.K. would be responsible for (12-15%).
Source: Centre for European Reform, 2017
Other Economic Concerns
Skepticism in Europe
Europeans’ dissatisfaction with the EU’s handling of economic issues runs high, particularly in southern Europe.

<table>
<thead>
<tr>
<th>Country</th>
<th>Disapprove</th>
<th>Approve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>92%</td>
<td>6%</td>
</tr>
<tr>
<td>Italy</td>
<td>68%</td>
<td>22%</td>
</tr>
<tr>
<td>France</td>
<td>66%</td>
<td>27%</td>
</tr>
<tr>
<td>Spain</td>
<td>65%</td>
<td>28%</td>
</tr>
<tr>
<td>Sweden</td>
<td>59%</td>
<td>34%</td>
</tr>
<tr>
<td>U.K.</td>
<td>55%</td>
<td>28%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>49%</td>
<td>42%</td>
</tr>
<tr>
<td>Hungary</td>
<td>48%</td>
<td>38%</td>
</tr>
<tr>
<td>Germany</td>
<td>38%</td>
<td>47%</td>
</tr>
<tr>
<td>Poland</td>
<td>33%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Source: Pew Research Center

THE WALL STREET JOURNAL.
Top 25 Markets & All Other
Absolute Levels of Occupancy (%)
Twelve Month Moving Average – July 2016

- 73.4% in July 2016
- 61.7% in 2015
- 59.7% in December 2009
- 69.0% in June 2006
- 69.3% in January 2001
- 69.9% in July 1997

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For Perspective: Massive Changes Since 2010

Nashville, TN; September YTD KPIs: 2016 vs 2010
New Competition For Rooms
Group - All Time Record – But...

Group Rooms Sold Finally Recovered in November 2014

- Transient July 2016: 164.5 Mil RN
- Group July 2016: 85.1 Mil RN

Demand by Segment Indexed by Month, 12 MMA Mar 2007 – Jul 2016

NOTE: Data is for upper tier hotels only (luxury & upper upscale classes)
Top 25 Markets
Transient and Group ADR ($) 
Twelve Month Moving Average – 2004 to July 2016

Transient Peak - $28 premium
Group Peak - $20 premium
Lodging continues to gain a great share of consumer spending

Consumer spending on lodging
Real, per capita GDP and spending on lodging

Percentage change since 1980
300%
250%
200%
150%
100%
50%
0%
-50%
-100%


245%
Spending on lodging has increased 245% since 1980 (real, per capita basis)

78%
GDP has increased 78% since 1980 (real, per capita basis)

Source: Bureau of Economic Analysis; Oxford Economics
Pattern & Date Flexibility Matters
US Occupancy by Day of Week

July 2016, 12-Month Moving Average

- Sunday: Hotel 67%, Airbnb 48%
- Monday: Hotel 76%, Airbnb 43%
- Tuesday: Hotel 81%, Airbnb 42%
- Wednesday: Hotel 82%, Airbnb 42%
- Thursday: Hotel 78%, Airbnb 45%
- Friday: Hotel 79%, Airbnb 49%
- Saturday: Hotel 82%, Airbnb 52%
Meeting space per room continues to decline. Compared to those built in 2000-2009, hotels in the last two years have 24% less meeting space per room.

### US Industry Meeting Space by Year Built

<table>
<thead>
<tr>
<th>Year</th>
<th>Meeting Space per Room (sq ft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2009</td>
<td>23.4</td>
</tr>
<tr>
<td>2010-2013</td>
<td>19.8</td>
</tr>
<tr>
<td>2014-2015</td>
<td>17.8</td>
</tr>
</tbody>
</table>
While the supply/demand growth balance is stabilizing, supply growth remains below normal levels.
Growth In Large Meetings

MEETING SIZE

Meetings of 1000+ attendees make up the largest major meeting segment and are on the rise.

OVERALL ATTENDANCE AT LARGEST MEETING PLANNED IN LAST YEAR

*DMAP 2015, a national survey of meeting planners
Group Performance: ADR Growth Still Healthy

*Group Demand and ADR % Change, 12 MMA, 1/2014 – 2/2017

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Trump And Travel
Trump’s revised travel ban
A temporary halt to entry while authorities review screening procedures and petition for changes from affected countries.

120-DAY suspension of the entire U.S. refugee program. Refugees already formally scheduled for travel will be allowed entry.

90-DAY ban on new visa applicants from six countries (right) which will then have 50 days to meet U.S. requests for improved vetting of applicants.

SOURCE: Department of Homeland Security
### Prepare for Takeoff
Travelers on direct flights to the U.S. on these carriers from these airports will have to check their laptops, tablets and e-readers.

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Departing from</th>
<th>Flights</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emirates Airline</td>
<td>Dubai</td>
<td>3,203</td>
<td>1,300,822</td>
</tr>
<tr>
<td>Turkish Airlines</td>
<td>Istanbul</td>
<td>2,150</td>
<td>702,650</td>
</tr>
<tr>
<td>Qatar Airways</td>
<td>Doha</td>
<td>2,244</td>
<td>699,240</td>
</tr>
<tr>
<td>Etihad Airways</td>
<td>Abu Dhabi</td>
<td>1,312</td>
<td>445,876</td>
</tr>
<tr>
<td>Royal Air Maroc</td>
<td>Casablanca</td>
<td>429</td>
<td>117,546</td>
</tr>
<tr>
<td>Royal Jordanian</td>
<td>Amman</td>
<td>398</td>
<td>106,266</td>
</tr>
<tr>
<td>Saudi Arabian Airlines</td>
<td>Jeddah</td>
<td>318</td>
<td>93,519</td>
</tr>
<tr>
<td>Kuwait Airways</td>
<td>Kuwait</td>
<td>203</td>
<td>67,802</td>
</tr>
<tr>
<td>EgyptAir</td>
<td>Cairo</td>
<td>194</td>
<td>67,124</td>
</tr>
<tr>
<td>Saudi Arabian Airlines</td>
<td>Riyadh</td>
<td>200</td>
<td>58,030</td>
</tr>
</tbody>
</table>

Source: OAG Aviation Worldwide
Disruption Ahead
California Still Critical

California drought severity and change in Consumer Price Index (CPI) for fresh fruits and vegetables, 2000-15

Percent of California land in drought, annual average, by severity

Average annual price index, 1982-84 = 100

Drought severity from least to most severe:
- Abnormally dry
- Moderate
- Severe
- Extreme
- Exceptional

Retail food category:
- Fresh fruits
- Fresh vegetables
Hints of spring are finally appearing in California’s North Coast, which was battered by rainfall this winter. A vineyard near Sebastopol.

Wet Winter Risks Salad Shortage
Deep Dive

Food With a Function

Traveling Through Taste

Experimenting With Pork

Bite-Sized Snacks

The Pasta Comeback
New Competition For Space

Overall eSports Stats for 2016
(publicly announced as of 08/2016)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Prize Money</td>
<td>$57.8M</td>
</tr>
<tr>
<td>Total Tournaments</td>
<td>1,908</td>
</tr>
<tr>
<td>Total Active Players</td>
<td>8,292</td>
</tr>
<tr>
<td>Average Tournament Prize Pool</td>
<td>$30.3M</td>
</tr>
</tbody>
</table>
Playing for Cash

Annual prize money distributed in e-sports tournaments world-wide, in millions

Source: Newzoo

THE WALL STREET JOURNAL
E Sports
E Sports
Amazon plans hundreds of physical bookstores

Amazon is planning to open hundreds of physical bookstores, according to a mall CEO who spoke to Dow Jones.
How old are the vinyl buyers?

Source: ICM Unlimited
Myth - Millennials Do Everything Online
Travel Agents Are Back

Millennials are the largest segment and the fastest growing
Generations – Stop The Assumptions
It Is The Behavior That Matters
Tradition vs. Innovation
CHANGE THE MODEL
Past Music Industry

Beatles at the Seattle Coliseum, 1964
Current Music Industry
Trend – Disrupt or be Disrupted

“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn”

Alvin Toffler