

As an old year ends and a new begins, I am taking on the role of forecaster, as there is nothing like forecasting an opinion to get the thought processes going. In my last OMO, I wondered about branding. I wonder no more.

In the last few weeks, I've seen Sofitel become a separate entity within the Accor family and create three new brands for current hotels within its portfolio – Sofitel Legend, So and Pullman – using these new brands to divvy up the existing Sofitel chain so it can move itself more upscale. Le Meridien has been unveiled as an artsy, French-inspired boutique; I suppose that means it has the DNA of W and the appeal of Patee. Renaissance is now a lifestyle-oriented, hipper brand than it was; all along I thought it was meant to enable Marriott to put yet another full-service hotel into a location where it already had one too many full-service Marriott hotels. More power to them.

At this writing, Blackstone has brought aboard Chris Nassetta, a true professional, to run Hilton. If Chris uses the ALIS Conference as Steve Bollenbach has always done, to make an announcement, perhaps he will announce what Hilton plans to do with Blackstone's LXR collection (*Disclaimer: My daughter works for LXR, and, until the Hilton transaction, so did my son*) or clarify what "The Waldorf Collection" is going to be (this may end up being the same announcement).

I took a turn through the ANdAZ (by Hyatt) website; it's dreamy and slick. Having seen the Great Eastern Hotel when Hyatt acquired it (*Disclaimer: I was part of the Hyatt team when the acquisition occurred*), it's hard to think of that fabled old railroad property as dreamy and slick. I guess I need to get to London.

Armani, without my old friend, Robert Riley, has signed an agreement to license its brand to Emaar; of course, this announcement was made in 2004, with the signing of a letter of intent. Don't these things usually come with expiration dates? I am trying to imagine the poor schmuck who had to sit through three years of negotiation to get a license agreement done.

Speaking of poor schmucks working through three years of negotiations, at this writing in mid-December 2007, the anticipated developments at the Cotai Strip in Macao have been long-announced yet, to this writer's knowledge, only Starwood and Shangri-La have actually signed management agreements for hotels being developed by Sheldon Adelson's Las Vegas Sands Corp. (*Disclaimer: From May 2006 until June 2007, I was the poor schmuck working on those transactions as part of the LVS team.*) What LVS is

doing there is mind-boggling and (putting to lie the statement in the recent “MarketWatch” adulatory piece on Terry Lanni of MGM about City Center) likely the largest privately funded development in the world at +/- US\$12 Billion, but the legal framework and documentation are not keeping pace with the development. Several great international hotel brands are trying to get their deals finished and are likely to announce them when done; I suspect LVS will merely carry on with business-as-usual.

JLL says that investors are bullish on Select Service Hotels; why not? As suggested in my last OMO, they seem to be proliferating as well. When Four Seasons or Peninsula or Mandarin Oriental announces that they are going into the Select Service business (or, for that matter, the “lifestyle” hotel business), then it will be time to bail, as the apocalypse will most certainly be upon us!

Kudos to Lemon Tree Hotels of India for their website. Three members of their management team are dogs – Sparky is the “Company Mascot and Senior Food Critic”, Bobby is the “Beach Hound and Junior Food Critic”, and Tommy is “Apprentice-in-Waiting”. They even have their pictures on the Management Profiles link. If the whimsy in the website translates into their hotels, they’ll continue to be successful.

And, for two simple predictions for 2008 (and, perhaps not original thoughts): *one*, hotel development credit will be available, albeit at a lower LTV and a higher Debt Service Coverage requirement, meaning equity returns are going to be down; and *two*, the transactions market may not match 2007, but it will be damned close.

Happy New Year to all (both?) of my readers. See you at ALIS!

#### ***FOUR CORNERS NOTES***

Coach Smith instituted a system whereby a tired player could remove himself from a game, by giving a signal to the bench. When the player was ready to re-enter the game, he would tell the Coach, and he would be rapidly reinserted into play. All of us need occasionally to step aside when we’re tired or not thinking quite well and step back from the court or field of play. If we know we’ll get back into the game, maybe stepping back to rest (or re-evaluate) is the best way to do so.