

EUROPEAN CHAIN HOTELS MARKET REVIEW OCTOBER 2011

London, Paris and Amsterdam Register Revenue and Profit Decline for October

London, Paris and Amsterdam registered a decline in Total Revenue per Available Room (TRevPAR) and Gross Operating Profit per Available Room (GOPPAR) performance for the month of October according to the latest HotStats survey by TRI Hospitality Consulting.

“Sluggish European economic growth is beginning to impact on hoteliers. The past two years has seen a relatively robust rate of recovery but it looks likely that trading will worsen in the future, at least for the coming few months”, said Jonathan Langston, managing director, TRI Hospitality Consulting.

Whilst historic performance indicates that the three major European markets of London, Paris and Amsterdam have experienced robust Revenue per Available Room (RevPAR), TRevPAR and GOPPAR growth on a year-to-date basis, there was a decline in the overall value of demand from the commercial sectors (that is the corporate and conference market) for the month of October.

Paris experienced the greatest decrease in GOPPAR performance (-10.6%). Although occupancy increased by 2.1 percentage points, average room rate declined by 6.4% and TRevPAR by 4.3%. The market experienced a decline in both leisure and commercial-related achieved average sector rates, with the corporate sector experiencing the greatest decrease (-9.4%).

The Amsterdam market, which has been experiencing relatively robust month-on-month profit growth since the beginning of 2010, also posted reduced GOPPAR performance in October (-9.0%). RevPAR performance declined by 6.3% as the Dutch capital saw a reduction in the volume of roomnight demand generated by the corporate and conference sectors. An increase in the volume and value of leisure demand was not enough to stem the de-

cline in rooms revenue performance, caused by a double digit percentage drop in corporate and conference sector rates.

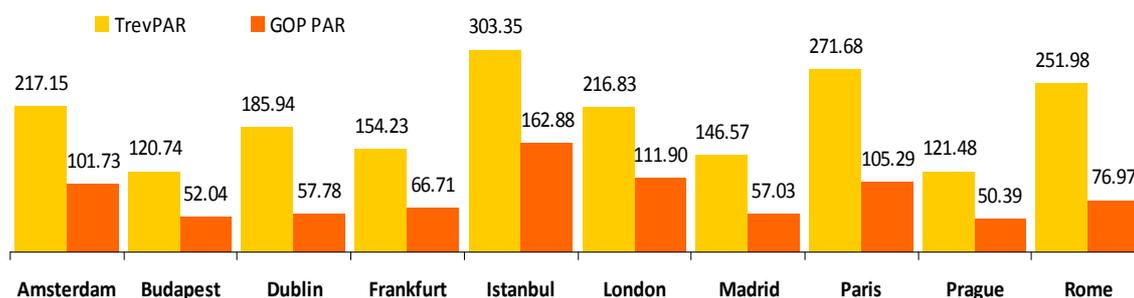
London’s GOPPAR performance fared better in comparison to Paris and Amsterdam, experiencing a decline of 3.6%, as a reduction in the volume of corporate and conference-related demand underpinned the 2.1 percentage point decrease in occupancy for October.

“For the first time since October 2009 we have seen a decline in monthly revenue and profit performance of the three major European hotel markets monitored in our survey”, said Langston.

The month of October 2011

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Amsterdam	83.3	189.46	157.78	217.15	26.1	101.73
Budapest	77.5	102.13	79.14	120.74	23.1	52.04
Dublin	84.0	129.69	108.94	185.94	36.9	57.78
Frankfurt	66.6	161.84	107.70	154.23	25.7	66.71
Istanbul	81.9	234.82	192.26	303.35	22.1	162.88
London	86.2	179.63	154.84	216.83	22.0	111.90
Madrid	81.3	126.18	102.56	146.57	33.4	57.03
Paris	86.2	217.10	187.15	271.68	34.0	105.29
Prague	77.2	91.00	70.27	121.48	20.3	50.39
Rome	83.8	203.65	170.65	251.98	35.6	76.97

European City Markets achieved TREVPAR and GOPPAR October 2011



Istanbul Performance Continues to Soar

Istanbul registered astonishing profit growth in the latest HotStats survey as the Turkish capital increased TRevPAR and GOPPAR performance by 19.8% and 43.2%, respectively, in October. Seven of the ten cities surveyed experienced GOPPAR decline as Frankfurt and Dublin were the two other cities which registered GOPPAR growth.

Istanbul continued to exhibit strong growth in average room rate performance (+18%) as TRevPAR performance increased by 19.8%. The boost in revenue growth was fed down to the bottom line as GOPPAR rose from €113.74 to €162.88. In the 12 months to October 2011, GOPPAR performance has risen by 51.5% in Istanbul.

Despite a slight decline in occupancy of 1.5%, the Frankfurt hotel market also experienced a significant increase in average room rate performance (+15.6%) as events such as the Frankfurt Jazz Festival, BMW Euro Marathon and Frankfurt Book Fair boosted revenues.

Dublin continues to build on its path towards a lagged recovery as GOPPAR performance increased by 4.2%. In the 12 months to October 2011, the Irish capital has experienced a 21.3% per cent increase in GOPPAR.

Although Madrid experienced a marginal increase in TrevPAR performance (+0.7%), this was not enough to counter an increase in operating costs, as GOPPAR decreased by 4.1%.

Budapest, Prague and Rome all experienced a decrease in GOPPAR performance, with the Italian capital registering the largest decline (-21.4%). Of all ten hotel markets surveyed, Rome is the only city to register a decline in GOPPAR performance over the 12 months to

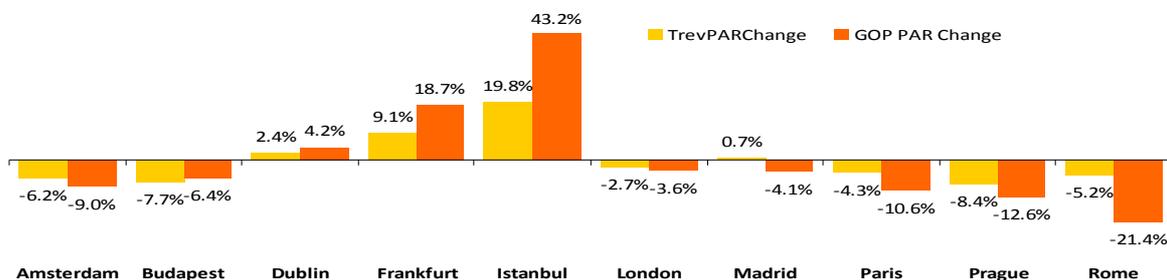
October 2011 (-9.1%).

“For the first time in a long time, we have seen the majority of European markets surveyed register a decline in gross operating profit performance. In the month of October, there is a clear indicator which shows that the value of commercial roomnight market demand declined for the majority of city markets surveyed. Market performance over the next few months will need to be closely monitored as we enter a period of uncertainty in the European and wider global economy” commented Langston.

Movement for the month of October

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Amsterdam	-3.9	-1.9%	-6.3%	-6.2%	-0.5	-9.0%
Budapest	1.4	-6.6%	-4.8%	-7.7%	-0.3	-6.4%
Dublin	2.8	2.4%	5.9%	2.4%	-0.1	4.2%
Frankfurt	-1.5	15.6%	13.0%	9.1%	1.5	18.7%
Istanbul	-0.8	18.0%	16.9%	19.8%	5.5	43.2%
London	-2.1	1.0%	-1.4%	-2.7%	0.5	-3.6%
Madrid	1.4	0.1%	1.8%	0.7%	-0.3	-4.1%
Paris	2.1	-6.4%	-4.0%	-4.3%	-1.8	-10.6%
Prague	-2.9	-7.2%	-10.6%	-8.4%	0.4	-12.6%
Rome	-0.1	-2.5%	-2.6%	-5.2%	-1.6	-21.4%

European City Markets TREVPAR and GOPPAR Movement October 2011



Editors Notes:

The hotels profiled in this report are drawn from the HotStats database and reflect the portfolios and distribution of the hotel chains that we survey and which operate primarily in the four and five-star sectors.

Please note: The data samples are reviewed and rebased each year to reflect the changes in the HotStats survey base.

As a result, performance ratios published last year may differ from those contained within this report.

TRI Hospitality Consulting provides a wide range of services to clients in the hotel sector.

Occupancy (%)	is that proportion of the bedrooms available during the period which are occupied during the period.
Average Room rate (ARR)	is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.
Room Revpar (RevPAR)	is the total bedroom revenue for the period divided by the total available rooms during the period.
Total Revpar (TrevPAR)	is the combined total of all revenues divided by the total available rooms during the period.
Payroll %	is the payroll for all hotels in the sample as a percentage of total revenue.
GOP PAR	is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

TRI has offices in London, Dubai and Madrid.

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HotStats Briefing Data

European Chain Hotels - Performance report

Currency: € Euros

		The month of October 2011						Calendar year to October 2011						Twelve months to October 2011							
		Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR		
Amsterdam		83.3	189.46	157.78	217.15	26.1	101.73	77.9	179.77	140.04	194.86	29.7	80.99	76.4	176.92	135.16	189.77	30.2	76.99	Amsterdam	
Budapest		77.5	102.13	79.14	120.74	23.1	52.04	71.0	92.59	65.78	100.65	28.0	32.51	68.2	91.48	62.36	96.90	29.2	29.13	Budapest	
Dublin		84.0	129.69	108.94	185.94	36.9	57.78	79.1	128.38	101.54	170.37	38.7	46.36	77.2	127.43	98.41	171.97	38.8	46.01	Dublin	
Frankfurt		66.6	161.84	107.70	154.23	25.7	66.71	62.7	133.38	83.60	124.41	30.9	41.47	62.6	129.49	81.08	123.33	31.0	40.43	Frankfurt	
Istanbul		81.9	234.82	192.26	303.35	22.1	162.88	75.0	217.64	163.26	267.68	25.1	132.76	73.6	209.02	153.82	254.47	26.6	120.42	Istanbul	
London		86.2	179.63	154.84	216.83	22.0	111.90	82.0	177.14	145.19	196.23	23.6	95.69	81.6	177.15	144.61	198.08	23.5	97.40	London	
Madrid		81.3	126.18	102.56	146.57	33.4	57.03	68.7	119.91	82.32	116.96	39.3	36.10	68.1	119.22	81.18	116.87	39.6	35.64	Madrid	
Paris		86.2	217.10	187.15	271.68	34.0	105.29	80.2	213.15	170.91	243.66	36.9	85.33	78.6	209.80	164.80	238.75	37.8	80.41	Paris	
Prague		77.2	91.00	70.27	121.48	20.3	50.39	70.3	84.18	59.16	102.45	25.1	33.84	68.5	84.08	57.63	101.57	25.2	32.84	Prague	
Rome		83.8	203.65	170.65	251.98	35.6	76.97	74.3	190.17	141.27	211.08	41.1	48.61	72.0	187.89	135.31	205.81	42.6	42.94	Rome	
		The month of October 2010						Calendar year to October 2010						Twelve months to October 2010							
		Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR		
Amsterdam		87.2	193.16	168.34	231.45	25.6	111.81	77.2	166.82	128.82	180.91	31.2	70.89	74.9	163.81	122.68	174.78	31.8	65.78	Amsterdam	
Budapest		76.1	109.36	83.17	130.82	22.8	55.58	66.1	90.87	60.07	94.72	30.2	28.05	64.1	89.86	57.63	92.16	30.6	26.29	Budapest	
Dublin		81.2	126.70	102.90	181.64	36.8	55.45	72.8	121.53	88.41	156.30	41.5	37.58	70.3	122.06	85.75	158.82	41.3	37.94	Dublin	
Frankfurt		68.1	140.01	95.27	141.36	27.2	56.18	62.9	124.36	78.27	116.31	31.9	37.03	62.1	120.42	74.77	115.16	32.0	35.98	Frankfurt	
Istanbul		82.6	199.08	164.52	253.21	27.5	113.74	76.6	175.09	134.08	219.82	30.9	89.12	72.9	170.73	124.37	206.15	31.7	79.50	Istanbul	
London		88.3	177.80	156.97	222.79	22.5	116.05	82.7	163.67	135.34	187.30	24.0	90.04	82.5	163.22	134.59	188.65	23.7	91.58	London	
Madrid		79.9	126.11	100.75	145.51	33.1	59.48	66.6	119.59	79.62	115.78	38.5	36.69	65.6	118.08	77.42	114.17	38.9	35.18	Madrid	
Paris		84.1	231.91	194.96	283.98	32.2	117.82	77.1	198.08	152.74	222.55	38.3	73.85	76.1	195.32	148.55	219.35	38.6	71.34	Paris	
Prague		80.2	98.09	78.62	132.62	20.7	57.66	67.1	83.22	55.82	96.40	27.1	29.00	65.2	82.76	53.94	94.27	26.7	28.25	Prague	
Rome		83.9	208.79	175.23	265.67	34.0	97.92	71.8	194.64	139.83	215.46	40.2	54.38	68.6	192.85	132.22	206.55	41.3	47.22	Rome	
		Movement for the month of October						Movement for the calendar year to October						Movement for the twelve months to October							
		Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change		
Amsterdam		-3.9	-1.9%	-6.3%	-6.2%	-0.5	-9.0%	0.7	7.8%	8.7%	7.7%	1.5	14.2%	1.5	8.0%	10.2%	8.6%	1.6	17.0%	Amsterdam	
Budapest		1.4	-6.6%	-4.8%	-7.7%	-0.3	-6.4%	4.9	1.9%	9.5%	6.3%	2.2	15.9%	4.0	1.8%	8.2%	5.1%	1.5	10.8%	Budapest	
Dublin		2.8	2.4%	5.9%	2.4%	-0.1	4.2%	6.3	5.6%	14.9%	9.0%	2.9	23.4%	7.0	4.4%	14.8%	8.3%	2.5	21.3%	Dublin	
Frankfurt		-1.5	15.6%	13.0%	9.1%	1.5	18.7%	-0.3	7.3%	6.8%	7.0%	0.9	12.0%	0.5	7.5%	8.4%	7.1%	1.0	12.4%	Frankfurt	
Istanbul		-0.8	18.0%	16.9%	19.8%	5.5	43.2%	-1.6	24.3%	21.8%	21.8%	5.8	49.0%	0.7	22.4%	23.7%	23.4%	5.0	51.5%	Istanbul	
London		-2.1	1.0%	-1.4%	-2.7%	0.5	-3.6%	-0.7	8.2%	7.3%	4.8%	0.4	6.3%	-0.8	8.5%	7.4%	5.0%	0.2	6.4%	London	
Madrid		1.4	0.1%	1.8%	0.7%	-0.3	-4.1%	2.1	0.3%	3.4%	1.0%	-0.8	-1.6%	2.5	1.0%	4.9%	2.4%	-0.7	1.3%	Madrid	
Paris		2.1	-6.4%	-4.0%	-4.3%	-1.8	-10.6%	3.1	7.6%	11.9%	9.5%	1.4	15.5%	2.5	7.4%	10.9%	8.8%	0.8	12.7%	Paris	
Prague		-2.9	-7.2%	-10.6%	-8.4%	0.4	-12.6%	3.2	1.2%	6.0%	6.3%	2.0	16.7%	3.3	1.6%	6.8%	7.7%	1.5	16.2%	Prague	
Rome		-0.1	-2.5%	-2.6%	-5.2%	-1.6	-21.4%	2.5	-2.3%	1.0%	-2.0%	-0.9	-10.6%	3.5	-2.6%	2.3%	-0.4%	-1.3	-9.1%	Rome	