

EUROPE CHAIN HOTELS MARKET REVIEW OCTOBER 2010

London stays in the 90s and is showing no signs of cooling

Year-on-year profitability levels grew by more than 17 per cent in October as room occupancy in the UK capital once again exceeded 90 per cent, according to the latest HotStats survey by TRI Hospitality Consulting.

This is the second month in succession and the fourth time this year that hotels in London's four and five-star sector have achieved a room occupancy in excess of 90% and the UK capital once again achieved the highest room occupancy of all European markets polled during October.

Total Revenue per Available Room (TrevPAR) levels also remained stalwart, at €246.15 per available room, representing an increase of approximately 13% compared to the same period in 2009, whilst increasing slightly from the performance in September. The growth in TrevPAR can primarily be allied to the growth in corporate and conference demand, which accounted for more than 50% of the market mix this month, and attracts a higher ancillary spend.

As a result of the movement in achieved revenue levels, Gross Operating Profit per Available Room (GOPPAR) in London increased by 17.3 per cent during October to €129.74 from €110.60, which is more than 28 per cent above the year-to-date average of €101.14. Thanks to another month of strong trading, year-to-date profitability levels for

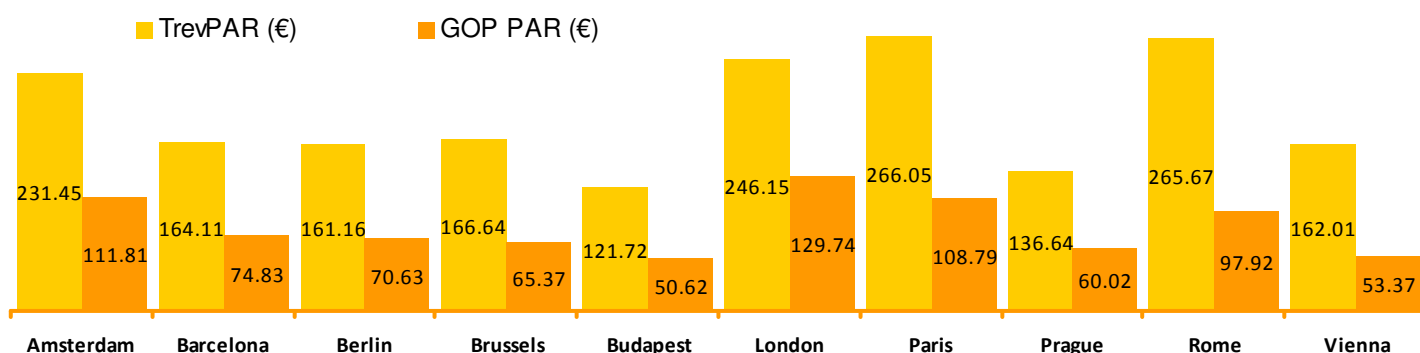
London are approximately 43% above the second best performing European market in the sample, Amsterdam at €70.89.

Despite the increase in revenue, profitability levels in London were hampered due to an uncharacteristic increase in payroll levels to 22.8% from 21.9% of total revenue during the same period in 2009.

“In order to achieve such high room occupancy levels a wealth of demand must be available across all market sectors. For London hoteliers, the apparent recovery in the commercial market aligned with the remnants of a successful summer of leisure visitors as well as several major annual events has allowed for such a situation to occur,” said Jonathan Langston, managing director, TRI Hospitality Consulting.

	The month of October 2010					
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Amsterdam	87.2	193.16	168.34	231.45	25.6	111.81
Barcelona	83.1	146.70	121.87	164.11	26.0	74.83
Berlin	79.9	122.01	97.48	161.16	25.0	70.63
Brussels	78.1	138.71	108.39	166.64	28.7	65.37
Budapest	75.5	101.86	76.85	121.72	23.5	50.62
London	90.4	187.97	169.83	246.15	22.8	129.74
Paris	84.9	217.51	184.73	266.05	32.6	108.79
Prague	81.1	99.77	80.93	136.64	20.5	60.02
Rome	83.9	208.79	175.23	265.67	34.0	97.92
Vienna	78.1	132.13	103.17	162.01	36.8	53.37

HotStats Europe TrevPAR and GOPPAR October 2010



The RAI drives profitability in Amsterdam

Profitability levels in Amsterdam were second only to London in October, as rooms revenue was boosted by the city's exhibition centre hosting a packed month of events, including the 'world's premier financial industry convention', according to the latest HotStats survey.

Revenue per Available Room (RevPAR) in the city grew by close to 50% as room occupancy increased by 16.1 percentage points to 87.2% from 71.1%; and average room rate grew by 21.3% from €159.30 to €193.16. The growth in rooms revenue can be primarily attributed to the strength of demand associated with Sibos, a major financial services conference, which typically attracts approximately 8,000 international attendees, and filled hotels to capacity on each of the five days of the event.

Following an investment of more than €100 million, the Amsterdam RAI has become increasingly competitive in the international conference and events sector and is set to host a number of major 'travelling' conventions in forthcoming years, with obvious positive knock-on effects for the city's hoteliers. Demand for hotel accommodation in the Dutch capital was also at a premium during the annual 'Horti Fair' which this year attracted a worldwide audience of more than 23,000 visitors.

In addition to the positive impact on rooms revenue, Amsterdam hoteliers were well positioned to benefit from an increase in ancillary

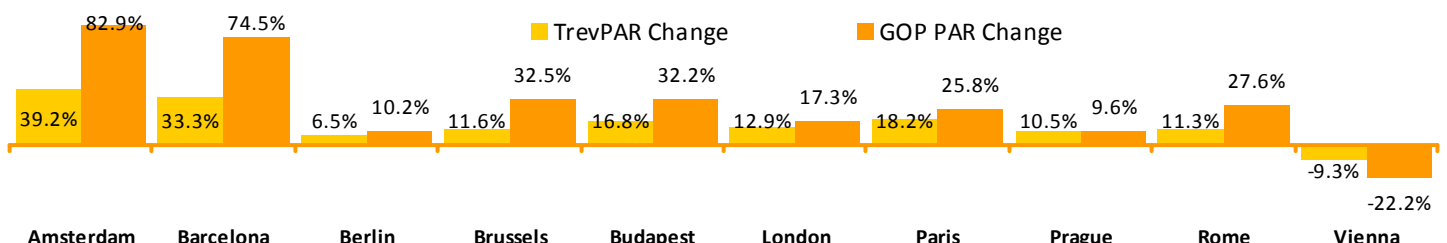
spend, resulting in a TrevPAR increase of 39.2% to €231.45 from €166.25. A 17.6% increase in food and beverage revenue per available room, to €43.60 was complemented by a 35% increase in meeting room revenue per available room as local hoteliers accommodated a number of breakout meetings associated with Sibos.

The increase in revenue reflected positively on costs, illustrated by a 4.7 percentage point decrease in payroll as a percentage of total revenue to 25.6%.

"Trading conditions during 2009 and a large part of 2010 have been challenging for markets such as Amsterdam, which having developed such a strong reputation as a destination for conferences and conventions lost out due to the impact of the credit crunch. However, two years on and the market for meetings, events and conferences seems to be recovering; and the benefits for local hoteliers are clear" added Langston.

	Movement for the month of October					
	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Amsterdam	16.1	21.3%	48.7%	39.2%	4.7	82.9%
Barcelona	17.3	13.3%	43.1%	33.3%	4.9	74.5%
Berlin	0.1	6.0%	6.1%	6.5%	0.1	10.2%
Brussels	1.8	10.0%	12.7%	11.6%	1.0	32.5%
Budapest	4.9	11.6%	19.3%	16.8%	2.2	32.2%
London	7.0	13.3%	15.9%	17.9%	-0.9	17.3%
Paris	2.4	18.4%	21.8%	18.2%	1.2	25.8%
Prague	10.5	-2.6%	11.9%	10.5%	0.3	9.6%
Rome	3.7	8.9%	13.9%	11.3%	-0.7	27.6%
Vienna	-1.0	-11.1%	-12.2%	-9.3%	-6.3	-22.2%

HotStats Europe TrevPAR and GOPPAR October movement



HotStats Briefing Data

European Chain Hotels - Performance report
Currency: € Euros

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
Barcelona	83.1	146.70	121.87	164.11	26.0	74.83	67.1	131.31	88.08	121.12	32.9	39.61	63.7	129.09	82.27	114.41	34.2	35.21	Barcelona
Berlin	79.9	122.01	97.48	161.16	25.0	70.63	72.0	115.51	83.20	131.38	29.3	46.79	71.6	113.41	81.23	131.05	29.2	46.58	Berlin
Brussels	78.1	138.71	108.39	166.64	28.7	65.37	67.6	119.63	80.91	123.78	36.5	30.97	67.7	118.52	80.18	123.75	36.2	31.13	Brussels
Budapest	75.5	101.86	76.85	121.72	23.5	50.62	66.0	87.48	57.76	91.13	30.4	26.78	64.1	86.60	55.47	88.79	30.8	25.14	Budapest
London	90.4	187.97	169.83	246.15	22.8	129.74	85.1	172.70	146.91	206.74	23.4	101.14	84.7	172.38	146.04	208.44	23.1	103.08	London
Paris	84.9	217.51	184.73	266.05	32.6	108.79	77.7	185.84	144.35	209.31	38.6	68.97	76.7	183.50	140.78	206.92	38.8	66.99	Paris
Prague	81.1	99.77	80.93	136.64	20.5	60.02	66.8	86.63	57.87	100.36	26.5	31.47	65.0	86.38	56.10	98.32	25.9	30.91	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
Vienna	78.1	132.13	103.17	162.01	36.8	53.37	71.6	126.21	90.38	141.50	40.1	37.15	71.7	124.99	89.58	143.00	39.4	38.01	Vienna
The month of October 2009							Calendar year to October 2009						Twelve months to October 2009						
	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Amsterdam	71.1	159.30	113.23	166.25	30.3	61.13	70.4	155.15	109.16	157.67	33.5	52.83	68.7	155.95	107.14	156.27	33.4	52.26	Amsterdam
Barcelona	65.8	129.43	85.15	123.14	30.9	42.88	60.1	134.75	80.91	110.01	34.1	33.13	57.6	135.15	77.82	107.53	35.1	31.05	Barcelona
Berlin	79.8	115.15	91.86	151.26	25.1	64.08	70.3	106.98	75.21	122.57	30.1	41.06	69.8	106.71	74.45	123.58	30.2	41.27	Berlin
Brussels	76.3	126.05	96.19	149.33	29.7	49.32	64.5	116.90	75.41	115.11	38.5	26.22	65.0	118.81	77.17	118.99	37.9	28.81	Brussels
Budapest	70.6	91.26	64.40	104.18	25.6	38.29	59.7	94.55	56.49	87.91	30.2	25.22	59.1	94.07	55.62	88.58	29.9	25.02	Budapest
London	88.3	165.86	146.51	217.94	21.9	110.60	83.8	156.69	131.35	190.22	24.4	89.26	82.9	157.93	130.97	193.04	24.6	90.69	London
Paris	82.5	183.76	151.63	225.14	33.7	86.47	74.0	176.88	130.87	189.53	38.5	59.58	73.4	177.71	130.48	191.48	38.3	60.04	Paris
Prague	70.6	102.48	72.35	123.71	20.8	54.76	63.1	94.00	59.34	101.76	25.5	35.09	62.0	94.80	58.82	101.31	25.5	34.33	Prague
Rome	80.3	191.71	153.90	238.65	33.3	76.75	70.3	192.05	135.02	208.97	37.2	53.56	68.1	192.98	131.48	207.47	37.9	49.45	Rome
Vienna	79.1	148.61	117.50	178.54	30.5	68.57	67.1	132.66	89.00	136.97	38.7	36.14	67.3	133.07	89.52	141.52	37.7	38.21	Vienna
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	16.1	21.3%	48.7%	39.2%	4.7	82.9%	6.9	7.5%	18.0%	14.7%	2.2	34.2%	6.2	5.0%	14.5%	11.8%	1.7	25.9%	Amsterdam
Barcelona	17.3	13.3%	43.1%	33.3%	4.9	74.5%	7.0	-2.6%	8.9%	10.1%	1.3	19.6%	6.2	-4.5%	5.7%	6.4%	0.9	13.4%	Barcelona
Berlin	0.1	6.0%	6.1%	6.5%	0.1	10.2%	1.7	8.0%	10.6%	7.2%	0.9	14.0%	1.9	6.3%	9.1%	6.0%	1.0	12.9%	Berlin
Brussels	1.8	10.0%	12.7%	11.6%	1.0	32.5%	3.1	2.3%	7.3%	7.5%	2.0	18.1%	2.7	-0.2%	3.9%	4.0%	1.7	8.1%	Brussels
Budapest	4.9	11.6%	19.3%	16.8%	2.2	32.2%	6.3	-7.5%	2.2%	3.7%	-0.2	6.2%	4.9	-7.9%	-0.3%	0.2%	-0.8	0.5%	Budapest
London	2.0	13.3%	15.9%	12.9%	-0.9	17.3%	1.2	10.2%	11.8%	8.7%	1.0	13.3%	1.8	9.1%	11.5%	8.0%	1.5	13.7%	London
Paris	2.4	18.4%	21.8%	18.2%	1.2	25.8%	3.7	5.1%	10.3%	10.4%	-0.1	15.8%	3.3	3.3%	7.9%	8.1%	-0.6	11.6%	Paris
Prague	10.5	-2.6%	11.9%	10.5%	0.3	9.6%	3.7	-7.8%	-2.5%	-1.4%	-1.0	-10.3%	2.9	-8.9%	-4.6%	-3.0%	-0.4	-10.0%	Prague
Rome	3.7	8.9%	13.9%	11.3%	-0.7	27.6%	1.5	1.3%	3.6%	3.1%	-3.0	1.5%	0.4	-0.1%	0.6%	-0.4%	-3.4	-4.5%	Rome
Vienna	-1.0	-11.1%	-12.2%	-9.3%	-6.3	-22.2%	4.5	-4.9%	1.6%	3.3%	-1.3	2.8%	4.4	-6.1%	0.1%	1.0%	-1.6	-0.5%	Vienna

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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