

Continuous growth for the French hotel business

The month of May has again been marked by an increase in performances. All market segments, except for the 2 star hotels, have benefited from increased room revenue. The 2 star segment has seen its RevPAR stagnate, both in Paris as well as in the other regions of France.

Since the beginning of the year, the **Parisian upscale hotel market** has continued to register top performances, the month of May hereby being no exception: The increase in room revenue amounts to a net percentage of 12.0%.

The good state of many of the incoming markets' economies gives hope that this upward trend will continue to manifest itself also in the future. The American economy for instance is bound to register a growth of 3.5% of its GDP in 2006. In Japan, the economic boom is getting more and more important too (+3.2% in 2006), situated in a particularly dynamic Asian context. Even the Euro zone has seen an improvement of its situation, with GDP increasing by 2% in 2006 compared to only 1.5% in 2005.

All of these good news make for a steady progression of the occupancy rates, 7.3%, but also of the average rates, 4.4%, as expressed by the RevPAR. This phenomenon manifests itself in all of the 4 star families, amounting to an increase of 8.1% for the 4 star deluxe hotels and of 15% for the 4 star standard hotels. The RevPAR of the boutique hotels has in turn progressed by 10.1%.

The hoteliers of the **midscale segment in Paris** can also be satisfied with their results in May. Even if the increase in room revenue is still less for 3 star hotels than for the upscale market, their RevPAR managed to increase by about 5%. The 2 star hotels have not yet fully benefited from the general upward trend, their RevPAR is stagnating.

In contrast to the upscale hotel markets in Paris, the RevPAR of the 2 star hotels maintained only a slight increase of the ADR (+2.4%). Their occupancy rate has in fact decreased by -1,8%.

As for the other regions, the overall room revenue has really taken off for 3 and 4 star hotels, who could register a percentage growth of about 15%. On the other hand, just like on the Parisian market, 2 star hotels have seen their RevPAR stagnate.

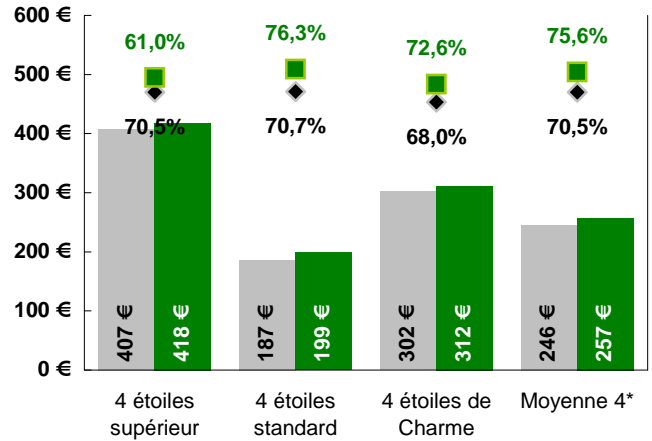
If for once the good results of the 4 star hotels are the fruit of a double increase of the OR and the ADR, the growth of the 3 star hotel market is uniquely generated by an increase in the average rate. As for the 2 star hotels, their increase of the ADR is just about enough to compensate for the decrease in occupancy rates.

The 3 and 4 star hotel markets have benefited from a dynamic month of May fed by both the business and leisure travel segments. The long weekends in May have helped to attract a leisure clientèle that was felt to be missing in 2005. The 2 star hotel market, and especially the chain hotels, have profited less from this increase. On the contrary: the presence of many long weekends has in fact limited business travel activity and thus also the possibilities for this hotel market segment.

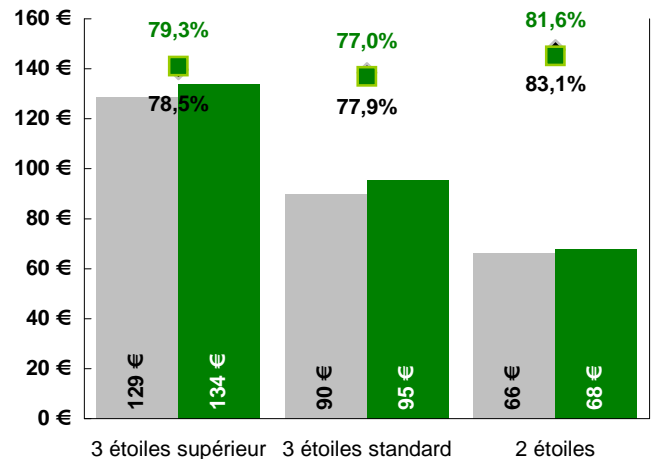
Although one should not forget about the threats (increase in oil price, Euro-Dollar parity etc.) that were to slow down this overall very positive development, we remain glad to see the market confirm its promising trends shown at the end of 2005.

Monthly indicators

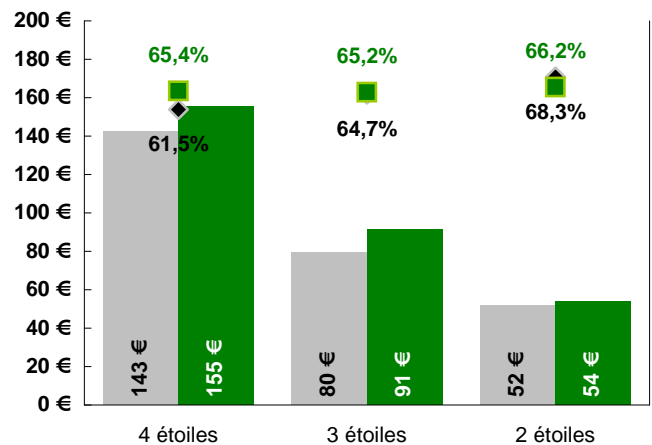
Upscale hotel market in Paris



Midscale hotel market in Paris



Regional hotel markets



ADR 2005 ADR 2006
 OR 2005 OR 2006

ADR = Average Daily Rate
OR = Occupancy Rate

Upscale markets in Paris

MAY	Superiour 4 star	Standard 4 star	Boutique hotels	Average 4*
OR 2005	70,5%	70,7%	68,0%	70,5%
OR 2006	74,3%	76,3%	72,6%	75,6%
Var.	+5,4%	+8,0%	+6,7%	+7,3%
ADR 2005	407 €	187 €	302 €	246 €
ADR 2006	418 €	199 €	312 €	257 €
Var.	+2,6%	+6,5%	+3,2%	+4,4%
RevPAR 2005	287 €	132 €	206 €	173 €
RevPAR 2006	310 €	152 €	226 €	194 €
Var.	+8,1%	+15,0%	+10,1%	+12,0%

YTD MAY	Superiour 4 star	Standard 4 star	Boutique hotels	Average 4*
OR 2005	62,0%	65,3%	58,3%	64,1%
OR 2006	68,8%	71,1%	63,9%	70,1%
Var.	+11,0%	+9,0%	+9,6%	+9,4%
ADR 2005	377 €	169 €	284 €	223 €
ADR 2006	386 €	174 €	291 €	231 €
Var.	+2,6%	+3,3%	+2,5%	+3,4%
RevPAR 2005	233 €	110 €	165 €	143 €
RevPAR 2006	266 €	124 €	186 €	162 €
Var.	+13,8%	+12,6%	+12,3%	+13,2%

Midscale hotel markets in Paris

MAY	Superiour 3 star	Standard 3 star	2 star
OR 2005	78,5%	77,9%	83,1%
OR 2006	79,3%	77,0%	81,6%
Var.	+1,0%	-1,1%	-1,8%
ADR 2005	129 €	90 €	66 €
ADR 2006	134 €	95 €	68 €
Var.	+3,9%	+6,4%	+2,4%
RevPAR 2005	101 €	70 €	55 €
RevPAR 2006	106 €	73 €	55 €
Var.	+5,0%	+5,2%	+0,6%

YTD MAY	Superiour 3 star	Standard 3 star	2 star
OR 2005	73,1%	70,5%	76,0%
OR 2006	76,7%	71,1%	75,3%
Var.	+4,9%	+0,9%	-1,0%
ADR 2005	123 €	86 €	64 €
ADR 2006	125 €	88 €	66 €
Var.	+1,8%	+3,0%	+2,7%
RevPAR 2005	90 €	60 €	49 €
RevPAR 2006	96 €	63 €	50 €
Var.	+6,8%	+4,0%	+1,7%

Notes : OR = Occupancy Rate

ADR = Average Daily Rate (Room revenues only)

RevPAR = Revenue per Available Room (Room revenues only)

ARD and RevPAR are quoted in Euros excluding VAT

All samples used are stable from one year onto the next

Regional hotel markets

MAY	4 star	3 star	2 star
OR 2005	61,5%	64,7%	68,3%
OR 2006	65,4%	65,2%	66,2%
Var.	+6,3%	+0,7%	-3,1%
ADR 2005	143 €	80 €	52 €
ADR 2006	155 €	91 €	54 €
Var.	+8,9%	+14,8%	+3,7%
RevPAR 2005	88 €	51 €	35 €
RevPAR 2006	102 €	60 €	36 €
Var.	+15,8%	+15,6%	+0,5%

YTD MAY	4 star	3 star	2 star
OR 2005	54,0%	57,4%	60,7%
OR 2006	56,3%	58,2%	60,2%
Var.	+4,4%	+1,4%	-0,8%
ADR 2005	134 €	80 €	52 €
ADR 2006	137 €	83 €	53 €
Var.	+1,9%	+4,0%	+2,7%
RevPAR 2005	72 €	46 €	32 €
RevPAR 2006	77 €	48 €	32 €
Var.	+6,4%	+5,4%	+1,9%

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