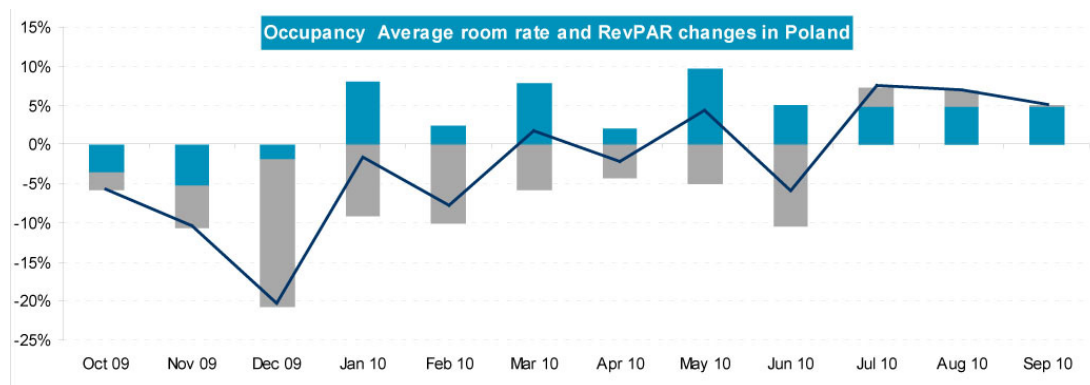


Step-by-Step Growth for Polish Market

Although Poland was not spared from a slowdown in 2008 and 2009, with the economic crisis curbing the imbalances that had been growing since 2006, recent figures reveal steady growth for the hotel industry, mirroring better economic performances.



Source : DataBase MKG Hospitality - September 2010

EUROPE, 4 November 2010: The Polish hotel industry is well and truly on the upturn, with RevPAR growth in September reaching 5% and stabilising for year-to-date.

“These results verify Poland’s better economic performance during the downturn, as we know RevPAR usually follows a similar trend to GDP growth. Indeed, the country recorded the best GDP growth performance among OECD countries in 2009,” states **Director of Development, MKG Hospitality, Vangelis Panayotis**.

According to MKG Hospitality’s market monitoring benchmark HotelCompSet, RevPAR in Poland has progressively increased month-on-month since March this year. This was mainly driven by a swing in demand, with occupancy increasing by over 8 percentage points in September and over 7 points for year-to-date. The last three months, July to September showing most promise.

Not surprisingly, traditional leisure and business hubs Warsaw and Krakow are best performing. The capital is particular strong, with RevPAR growths of 24% in August, 15% in September and over 7% for year-to-date. In fact, Warsaw manages to record an increase in ADR over recent months, at 3% in August and over 4% in September. The upscale segment is also showing greatest recovery, with almost 12% RevPAR growth in September alone, and over 6% for year-to-date, further verifying a return in corporate and leisure spending. “These are good signs that things are recovering and returning to normal, albeit slowly. First, that there are better results in the upscale segment. And then, that the hotel cycle is moving into the next stage. Once occupancy stabilises and then begins to increase, hoteliers can afford to start increasing their rates and boost RevPAR,” added Panayotis.

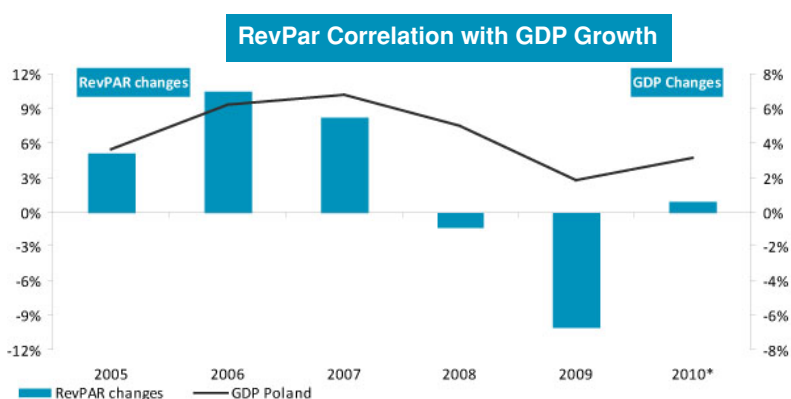
These trends were further verified by local industry, as **Starwood Hotels & Resorts Area Manager for Poland, Thomas Schoen** explains: “Definitely 2010 is an interesting year. It started pessimistic due to the volcano eruption. Slowly but constantly the market situation improved. This was especially seen after the summer, when the entire hospitality market in Poland noticed an improvement. I am optimistic about our market in the future and think Q1 2011 will confirm what trend we can expect for the rest of the year.” “The business environment is changing and heading in the right direction. This positive trend will be supported with major upcoming events, namely EU presidency in 2011 and the UEFA championships in 2012. Both events will be very beneficial for Poland in terms of brand awareness and in influencing future traffic,” adds Schoen.

Revenue Manager, Start hotel chain, Marta Hancock says hotels dropped their rates for the wholesale market in order to stimulate base demand, which did not help ADR much. "We see more activity starting in the MICE segment, which helps build up high occupancy, as well as the growing impact of internet sale (OTA's). A positive change in ADR is only visible the last three months. We are expecting (continued) growth in terms of occupancy, which will come from business clientele and from Internet sale, with quite a modest grow in ADR." According to **Head of Corporate Communications, Vienna International Hotel management, Elisabeth Scheiring**, good economic growth, mainly from private consumption and new investments will drive tourism growth, and especially the MICE segment. This will be supported by the EU presidency in 2011. This is further verified by forecasts from the Institute of Tourism, with the total number of inbound arrivals predicted to continue rising, from 11.9 million in 2009, 12.3 million in 2010 and to 12.7 million in 2011 – and at the same time, only modest growth in supply/competition.

"In general we believe our performance in 2011 will increase by 8% to 10%. With an increase in tourism arrival, on-going marketing actions, renewed infrastructures and a higher recognition of Poland worldwide as a business and tourism destination we believe in a positive future," states Scheiring. "This year, Krakow was especially strong with the FIT segment. In Warsaw, key drivers of performance in the last few months were a mix of corporate, individual and leisure groups."

"Group Business has increased in terms of volume, as has FIT (leisure), corporate, negotiated (local company rate), MICE and all various Internet portals, including our own booking engine, but overall prices are still very competitive and comparable to last year (2009)," confirms **General Manager, Polonia Palace Hotel, Alexander Huschka**.

Source : DataBase MKG Hospitality - September 2010



«Regarding nationality mix, the previous few months have shown a remarkable increase in room nights from Germany, the UK, North America and Scandinavia. The Polish market has developed over proportional during the last 12 months and this will be driven even more, due to Poland's presidency of the EU in the second part of 2011».

ABOUT MKG Group

Established in 1985 by Georges Panayotis, MKG Group has built a solid reputation for business expertise and substantial European-based know-how in the fields of tourism, lodging and food service. MKG Group meets the needs of each of its clients by providing valuable analytical and decision-making skills necessary for success. www.mkg-group.com

METHODOLOGY

For **25 years**, MKG Hospitality has been a global leader in tourism, hotel and catering consulting, with the largest database in the world (excluding the US), representing all segments from budget to upscale hotels. **45 000 hotels** and over **2.5 million rooms** are compiled in MKG's database.

MKG's market monitoring database, HotelCompSet, contains a sample of over **250 brands** in **150 countries** (over 800 markets) and **11 000 corporate chain hotels**, representing more than **1,000,000 rooms**. HotelCompSet provides daily, monthly and yearly monitoring of hotel indicators and analyses of its sample.

MKG's statistical samples provide a comprehensive and accurate measure of the hospitality industry.

Together with other specialised brands, MKG Qualiting, OlaKala, Worldwide Hospitality Awards, Global Lodging Forum, as well as sector publications HTR Magazine and Hotel Restau Hedbo, MKG Group supports investors, hoteliers and key tourism players to improve performance, boost productivity and achieve results.

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