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Press release

Paris, October 20, 2008

September 2008:
One year after the Rugby World Cup:
Expected drops In the Revenue per available rooms but concerns remain for the future.

- The Revenue per available room of French chain hotels shows in September 2008 a drop of 3.8%. This expected result is attributed to a remarkable September 2007. More particularly Paris suffered from the absence of the Rugby World Cup this year. On a national level, the global occupancy rate dropped by 3.4 points. Whereas, economic hotels are proving their ability to resist, the upscale category is more affected with a drop of its occupancy and average daily rates.

- In a global economic decline environment, the drop in occupancy is not only limited to this past September but has been felt since the beginning of the summer. The collapse of the world's stock exchanges should increase this negative effect by causing a decrease in business clientele and corporate seminars. This decrease could thus lead to a down cycle of average daily rates.

- Contrary to previous crises, the hotel industry nowadays has more efficient Revenue management tools, allowing for daily activity analysis. Hoteliers can in turn regulate their commercial and rate fixing strategies more effectively and prevent an undesirable price war throughout the sector.

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Performance of corporate operated hotel chains in France by category
Monthly results - September 2008 - First estimation

	Occupancy rate	Change OR (pts)	ADR	Change ADR %	RevPAR	Change RevPAR %
0*/1*	73.1%	-4.2	39.8	6.0%	29.1	0.2%
2*	78.0%	-2.2	69.3	5.7%	54.1	2.8%
3*	74.9%	-3.2	102.3	2.0%	76.6	-2.1%
4*	76.6%	-4.5	210.3	-5.2%	161.0	-10.5%
GLOBAL	**75.5%**	**-3.4**	**89.9**	**0.5%**	**67.9**	**-3.8%**

Source: MKG Hospitality Database – official supplier to hotel chains - October 2008
Average daily rates and RevPAR in euros, all taxes included.

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Performance of corporate operated hotel chains in France by region
Monthly results - September 2008 - First estimation

	Occupancy rate	Change OR (pts)	ADR	Change ADR %	RevPAR	Change RevPAR %
Paris	85.5%	-2.8	166.7	-4.0%	142.6	-7.0%
Ile-de-France*	77.1%	-3.0	83.5	5.0%	64.4	1.1%
Province	73.0%	-3.4	72.8	2.8%	53.2	-1.9%
GLOBAL	**75.5%**	**-3.4**	**89.9**	**0.5%**	**67.9**	**-3.8%**

Source: MKG Hospitality Database – official supplier to hotel chains - October 2008
Average daily rates and RevPAR in euros, all taxes included.

* outside Paris

Performance of corporate operated hotel chains in France by category
Cumulated results from January to September 2008 - First estimation

	Occupancy rate	Change OR (pts)	ADR	Change ADR %	RevPAR	Change RevPAR %
0*/1*	71.7%	-1.4	39.2	4.8%	28.1	2.9%
2*	70.4%	-0.1	65.3	5.1%	46.0	4.9%
3*	66.6%	-0.1	94.8	5.5%	63.1	5.3%
4*	71.5%	-0.9	205.5	4.2%	146.9	2.9%
GLOBAL	**69.8%**	**-0.6**	**85.2**	**4.8%**	**59.5**	**4.0%**

Source: MKG Hospitality Database – official supplier to hotel chains - October 2008
Average daily rates and RevPAR in euros, all taxes included.

Performance of corporate operated hotel chains in France by region
Cumulated results from January to September 2008 - First estimation

	Occupancy rate	Change OR (pts)	ADR	Change ADR %	RevPAR	Change RevPAR %
Paris	80.6%	-0.1	151.6	4.8%	122.1	4.7%
Ile-de-France*	72.1%	0.2	74.2	6.4%	53.5	6.7%
Province	67.2%	-1.0	71.7	4.6%	48.2	3.1%
GLOBAL	**69.8%**	**-0.6**	**85.2**	**4.8%**	**59.5**	**4.0%**

Source: MKG Hospitality Database – official supplier to hotel chains - October 2008
Average daily rates and RevPAR in euros, all taxes included.

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In a situation of panic and fear throughout the world due to the financial crisis, should we remain definitely pessimistic or on the contrary stay reasonable while analysing September 2008's results?

Although September is traditionally good for the French hotel industry, the Revenue per available room (RevPAR) drops by 3.8% this year. The decrease in occupancy (-3.4 points) is significant in Paris and the provinces and affects all the categories of hotels. The drop in occupancy rates, which began in early summer, continues. Real time indicator of the business' vitality and leisure clientele's state-of-mind, the hotel industry is more influenced by the gloomy economic situation and downturn in household purchasing power than by the recent collapse of financial markets. However, it is still difficult to talk at this stage about a wave of panic. The global occupancy rate remains high at 75.5%. At the exception of the upscale hotels, all segments succeeded in maintaining an uptrend of their average daily rates. Economic hotels proved their ability to resist to the crisis and ended the month on a positive trend.

The absence of the Rugby World Cup pulls down results of midscale and upscale hotels in Paris.

Another explanation to this negative result: September 2008 logically suffers due to the absence of an exceptional event held in France in September 2007: the Rugby World Cup. Germany's RevPAR dropped by 7.5% in July 2007, one year after the FIFA World Cup. However, compared to September 2006, the national RevPAR remains higher by 2.5 euros (3.8%). In 2007, the Rugby World Cup had a major impact on the occupancy during the weekends, particularly on the mid and upscale hotels. These two categories were the most affected last month. This year, the absence of the Rugby World Cup was felt most in Paris, which welcomed the very profitable Anglo-Saxon clientele. The France's hotel industry sees its RevPAR drop by 7.0%, but nonetheless maintains an occupancy rate higher than 85%.

The drop in occupancy could soon lead hoteliers to revise their rate policies.

Until now, 2008 followed the exceptional trajectory of 2007, where France's hotel industry has almost achieved 2000's Revenue per available room growth performance (+9.1% over the year). However, the rhythm slowed down, but the cumulated results of the first 9 months show growth in the RevPAR by 4.0%. In October, Paris should overcome the absence of the Rugby World Cup by hosting the Motor Show, but uncertainty remains for the end of the year. The seminars' market is starting to suffer from corporate budget limitations. And, due to the drop in occupancy rates, hoteliers might be forced to revise their price yield strategy. Contrary to previous crises, they seem to be more prepared to act wisely by preventing an undesirable price war from which it will be difficult to escape once started.

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Methodology

*Created in 1985 by Georges Panayotis, MKG Hospitality is the European leader in consulting for the hotel, tourism and restaurant sector and has the **largest database of hotels worldwide** outside the United States, with good representation of all hotel segments. The **monthly** observatory of MKG Hospitality's Database is based on a sample of **10,000 corporate chain hotels, accounting for 1,000,000 rooms**.*

*Since September 2004, MKG Hospitality's Database offers **Hotelcompset.com,** a program that allows the monitoring of activity indicators hotel by hotel on a daily basis. This program includes **1,500 hotels** and **125,000 rooms in France making it the largest daily statistics observatory in Europe.***