

EUROPEAN CHAIN HOTELS MARKET REVIEW NOVEMBER 2010

Consistency is the key to London leading Europe

Consistent growth throughout the year has allowed London hoteliers to significantly exceed the headline performance levels of other European markets, according to the latest HotStats survey by TRI Hospitality Consulting.

Whilst city markets such as Brussels, Barcelona and Vienna remain heavily reliant on individual market sectors, such as government and conference demand, London has benefited from its strong demand from a range of sectors, which have subsequently enabled consistent growth in the last 12 months. As a result, four and five-star hotels in London are currently achieving a Gross Operating Profit per Available Room (GOPPAR) of €135.82, a figure which is close to 70% higher than the profitability level in the second highest achieving European city, Amsterdam.

In addition, although the majority of European city markets in this sample have experienced a greater level of profitability growth than London in the 11 months to November 2010, the UK capital is the only city which has a year-to-date GOPPAR of more than €100, due to its rapid recovery from the impact of the recession, which began in earnest one year ago.

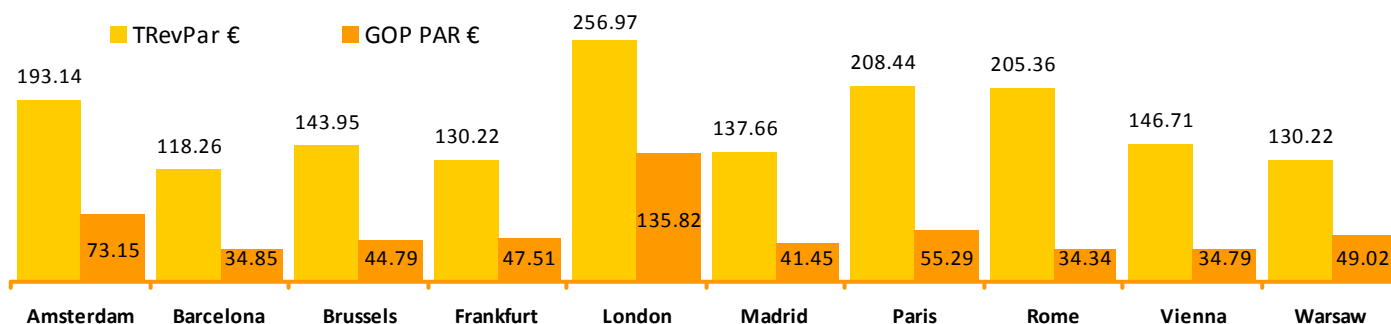
In addition to the strong revenue performance, London hoteliers have successfully maintained a lean workforce throughout the year so far, with payroll costs accounting for just 23.1% of total revenue. Whilst payroll costs in other European city markets are significantly above this, Paris (38.9%), Madrid (40%) and Rome (40.6%) in particular.

As a result, year-to-date profit conversion at London hotels is approximately 50% of total revenue, which compares to a profitability conversion of approximately 32% in Paris, 29% in Madrid and 25% in Rome.

“Although other city markets are beginning to build their business back up to pre-recession levels, hoteliers in London have been there for some time. The UK capital benefits from a strong business mix driving revenues and astute management controlling costs and, at present, is clearly the most profitable hotel market in Europe,” said David Bailey, deputy managing director, TRI Hospitality Consulting.

The month of November 2010						
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Amsterdam	79.7	167.73	133.68	193.14	30.8	73.15
Barcelona	65.5	120.18	78.71	118.26	35.4	34.85
Brussels	71.2	130.49	92.87	143.95	31.7	44.79
Frankfurt	69.0	111.32	76.81	130.22	28.4	47.51
London	87.9	195.75	172.15	256.97	20.9	135.82
Madrid	73.0	121.64	88.80	137.66	39.4	41.45
Paris	74.4	180.28	134.08	208.44	42.9	55.29
Rome	70.4	171.18	120.50	205.36	44.8	34.34
Vienna	70.3	124.27	87.30	146.71	40.3	34.79
Warsaw	76.0	93.52	71.08	130.22	24.9	49.02

European City Markets Achieved TREVPAR and GOPPAR November 2010



High costs wipe out revenue gains in Paris

Despite achieving a year-on-year growth in TrevPAR of 5.6%, profitability levels in the French capital declined by more than two per cent this month due to high costs, according to the latest HotStats survey.

Paris was the only market in this month's European city sample to suffer from a decline in profitability, which dropped by 2.3% to €55.29 from €56.61 in 2009 and is representative of the mixed performance of the French capital throughout 2010. Although profitability in Paris grew by some margin during February, March, May, September and October, the city has been subject to significant declines in profitability during the remainder of the year.

Despite successfully achieving a 14% increase in GOPPAR in the 11 months to November 2010, against the same period in 2009, the French capital remains some way behind the high watermark of 2007. At a GOPPAR of €97.98, profitability levels at Parisian hotels during the 11 months to November 2007 were driven by a Revenue per Available Room (RevPAR) of €177.13, which at the time exceeded RevPAR in London by 19%. However, during the same period in 2010, London not only leads the European market, but at a RevPAR of €149.85, is approximately four per cent above the achieved RevPAR at Parisian hotels.

The high costs at Parisian hotels are almost entirely related to payroll, which this month increased by 2.1 percentage points to account for 42.9% of total revenue. Historically, payroll levels have remained static in Paris, exemplified by a cost of 38.2% in the 11 months to November 2006, which is broadly in line

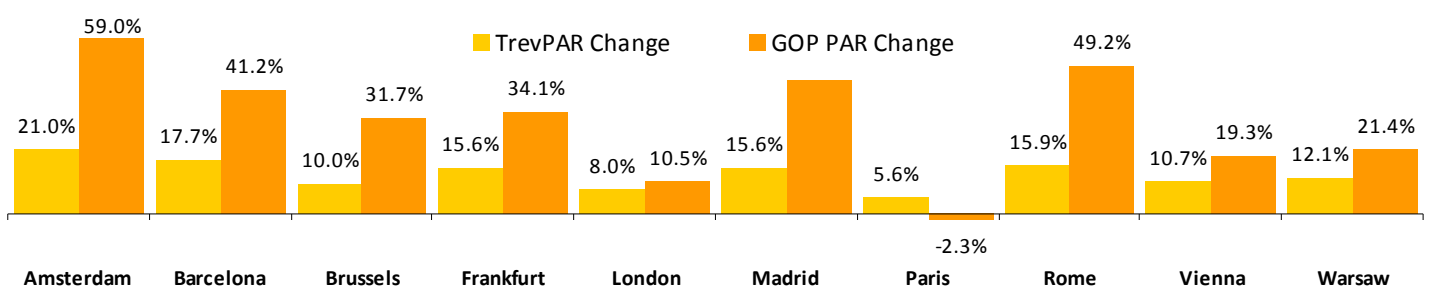
with the year-to-date payroll levels in the French capital, at 38.9%, but the high costs significantly curtails the profit potential of Parisian properties.

"Profit conversion has always been a challenge for Parisian hoteliers due to *les trente cinq heures* employment law, which prevents hotel staff from working more than 35 hours per week, necessitating that a hotel employs a larger workforce than comparable properties in other European cities. That said, Paris has the third highest GOPPAR in the European market sample and will undoubtedly recover to pre-recession levels sooner rather than later" added Bailey.

Movement for the month of November

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Amsterdam	10.3	11.2%	27.6%	21.0%	4.7	59.0%
Barcelona	8.5	1.6%	16.9%	17.7%	2.0	41.2%
Brussels	1.0	12.0%	13.6%	10.0%	3.4	31.7%
Frankfurt	8.5	7.5%	22.6%	15.6%	3.7	34.1%
London	-0.3	10.2%	9.8%	8.0%	-0.9	10.5%
Madrid	9.7	4.3%	20.3%	15.6%	3.6	44.9%
Paris	1.1	4.1%	5.7%	5.6%	-2.1	-2.3%
Rome	13.9	-10.7%	11.2%	15.9%	-0.2	49.2%
Vienna	4.1	6.7%	13.3%	10.7%	0.3	19.3%
Warsaw	7.1	8.2%	19.3%	12.1%	0.4	21.4%

European City Markets TREVPAR and GOPPAR Movement November 2010



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 November 2010						Calendar year to November 2010						Twelve months to November 2010							
		Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR		
Amsterdam		79.7	167.73	133.68	193.14	30.8	73.15	77.4	166.90	129.26	182.01	31.2	71.09	75.7	165.12	125.06	177.54	31.4	68.01	Amsterdam	
Barcelona		65.5	120.18	78.71	118.26	35.4	34.85	66.9	130.33	87.24	120.86	33.1	39.19	64.4	129.14	83.20	115.87	34.1	36.04	Barcelona	
Brussels		71.2	130.49	92.87	143.95	31.7	44.79	68.0	120.66	81.98	125.59	36.0	32.21	67.7	119.73	81.10	124.82	35.8	32.02	Brussels	
Frankfurt		69.0	111.32	76.81	130.22	28.4	47.51	63.2	118.53	74.95	112.63	31.5	37.55	62.3	116.61	72.66	110.97	31.9	36.23	Frankfurt	
London		87.9	195.75	172.15	256.97	20.9	135.82	85.3	175.62	149.85	212.18	23.1	104.71	84.7	174.79	148.04	211.05	23.1	104.65	London	
Madrid		73.0	121.64	88.80	137.66	39.4	41.45	68.5	120.68	82.60	125.51	40.0	36.28	67.6	119.46	80.80	123.76	40.1	35.18	Madrid	
Paris		74.4	180.28	134.08	208.44	42.9	55.29	77.4	185.36	143.43	209.23	38.9	67.74	76.8	184.06	141.37	207.83	39.0	66.88	Paris	
Rome		70.4	171.18	120.50	205.36	44.8	34.34	71.7	192.57	138.09	214.55	40.6	52.58	69.7	191.13	133.22	208.87	41.3	48.15	Rome	
Vienna		70.3	124.27	87.30	146.71	40.3	34.79	71.5	126.04	90.11	141.97	40.1	36.94	72.0	125.58	90.42	144.18	39.3	38.47	Vienna	
Warsaw		76.0	93.52	71.08	130.22	24.9	49.02	73.0	89.75	65.49	116.72	25.2	42.30	71.6	89.21	63.87	115.46	25.2	41.59	Warsaw	
		The month of November 2009						Calendar year to November 2009						Twelve months to November 2009							
		Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR		
Amsterdam		69.4	150.90	104.73	159.56	35.5	46.01	70.3	154.77	108.77	157.84	33.7	52.21	69.0	154.29	106.39	155.46	33.7	51.17	Amsterdam	
Barcelona		57.0	118.24	67.35	100.50	37.4	24.69	59.8	133.34	79.70	109.16	34.4	32.37	57.9	132.93	76.92	106.48	35.1	30.44	Barcelona	
Brussels		70.1	116.51	81.72	130.85	35.0	34.00	65.0	116.86	75.98	116.53	38.2	26.92	64.8	117.28	76.04	117.25	38.0	27.60	Brussels	
Frankfurt		60.5	103.54	62.67	112.60	32.1	35.44	55.1	112.69	62.10	98.13	34.4	27.94	54.6	111.86	61.03	97.46	34.6	27.23	Frankfurt	
London		88.2	177.69	156.75	237.98	20.1	122.96	84.2	159.38	134.23	195.36	24.0	92.68	83.5	159.28	132.97	195.15	24.1	92.03	London	
Madrid		63.3	116.65	73.84	119.10	43.0	28.60	60.9	120.81	73.57	113.81	42.8	27.16	60.6	120.62	73.07	114.39	42.2	27.73	Madrid	
Paris		73.3	173.17	126.87	197.38	40.8	56.61	73.9	176.55	130.51	190.23	38.7	59.31	73.6	176.67	129.97	190.46	38.5	59.07	Paris	
Rome		56.5	191.75	108.38	177.19	44.6	23.01	69.1	192.03	132.63	206.12	37.8	50.81	67.5	191.91	129.47	203.17	38.4	47.28	Rome	
Vienna		66.2	116.43	77.05	132.47	40.6	29.17	67.0	131.22	87.92	136.57	38.9	35.51	67.3	132.23	89.01	140.32	37.9	37.79	Vienna	
Warsaw		68.9	86.42	59.58	116.16	25.3	40.39	64.7	93.97	60.77	110.35	25.9	38.35	63.3	93.74	59.32	109.94	26.2	37.37	Warsaw	
		Movement for the month of November						Movement for the calendar year to November						Movement for the twelve months to November							
		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		10.3	11.2%	27.6%	21.0%	4.7	59.0%	7.2	7.8%	18.8%	15.3%	2.5	36.2%	6.8	7.0%	17.5%	14.2%	2.3	32.9%	Amsterdam	
Barcelona		8.5	1.6%	16.9%	17.7%	2.0	41.2%	7.2	-2.3%	9.5%	10.7%	1.3	21.1%	6.6	-2.9%	8.2%	8.8%	1.1	18.4%	Barcelona	
Brussels		1.0	12.0%	13.6%	10.0%	3.4	31.7%	2.9	3.3%	7.9%	7.8%	2.2	19.7%	2.9	2.1%	6.7%	6.5%	2.2	16.0%	Brussels	
Frankfurt		8.5	7.5%	22.6%	15.6%	3.7	34.1%	8.1	5.2%	20.7%	14.8%	2.9	34.4%	7.8	4.2%	19.1%	13.9%	2.6	33.1%	Frankfurt	
London		-0.3	10.2%	9.8%	8.0%	-0.9	10.5%	1.1	10.2%	11.6%	8.6%	0.9	13.0%	1.2	9.7%	11.3%	8.1%	1.0	13.7%	London	
Madrid		9.7	4.3%	20.3%	15.6%	3.6	44.9%	7.6	-0.1%	12.3%	10.3%	2.8	33.6%	7.1	-1.0%	10.6%	8.2%	2.1	26.9%	Madrid	
Paris		1.1	4.1%	5.7%	5.6%	-2.1	-2.3%	3.5	5.0%	9.9%	10.0%	-0.3	14.2%	3.2	4.2%	8.8%	9.1%	-0.5	13.2%	Paris	
Rome		13.9	-10.7%	11.2%	15.9%	-0.2	49.2%	2.6	0.3%	4.1%	4.1%	-2.8	3.5%	2.2	-0.4%	2.9%	2.8%	-3.0	1.8%	Rome	
Vienna		4.1	6.7%	13.3%	10.7%	0.3	19.3%	4.5	-3.9%	2.5%	4.0%	-1.2	4.0%	4.7	-5.0%	1.6%	2.8%	-1.5	1.8%	Vienna	
Warsaw		7.1	8.2%	19.3%	12.1%	0.4	21.4%	8.3	-4.5%	7.8%	5.8%	0.7	10.3%	8.3	-4.8%	7.7%	5.0%	1.0	11.3%	Warsaw	