



UK, Europe & MENA 2013 Hotel Industry Report

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FOREWORD

Welcome to HotStats 2013 UK, Europe & MENA Hotel Industry Report.

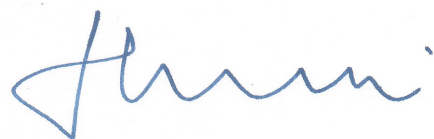
Over 16 years, HotStats has developed its profit and loss database and coverage in an increasing number of hotel markets and destinations to help the hotel industry to measure performance beyond RevPAR. HotStats is more popular today than ever before and we are proud to be at the forefront of this change on providing valuable and unique information on a monthly basis.

In 2013, HotStats goes even further in supporting hotels to grow their rooms revenue and profitability with the launch of MORSE, a revolutionary daily tool of revenue management. MORSE's market intelligence reporting outputs include in-depth market segmentation as well as distribution channel and source of booking analysis. MORSE provides reliable, consistent, timely and meaningful internal and external data to a level which has never previously been available to the revenue management community.

This publication presents reviews of the London, England, Scotland and Wales hotel markets for 2012. Then in the following pages you will find analysis of selected key European and Middle Eastern hotel markets including Amsterdam, Barcelona, Cairo, Dubai, Jeddah, Madrid, Moscow, Munich, Paris, Riyadh, Rome, St Petersburg and Warsaw. In a regional look at UK city performance, we have focussed on Bristol, Edinburgh and Manchester. Our city samples - with the exception of London - include only four and five-star city centre hotels.

In addition to our monthly profitability and daily revenue management services, we also make available a range of market intelligence reports. Please refer to page 4 for detailed information on how we can assist you.

We would like to thank all the contributors to HotStats without whom this publication would not be possible.



Jonathan Langston

Director
HotStats

HOTSTATS

HotStats provides a unique profit and loss benchmarking service to mid-market and full-service European and MENA hoteliers, which enables monthly comparison of a hotel's performance against its competition. It is distinguished by the fact that it provides monthly analysis of up to 85 hotel profit and loss line items giving much deeper insight into hotel operations than only the three measures of Occupancy, Average Room Rate and RevPAR to which other benchmark providers restrict themselves.

The HotStats database now totals 1,650 properties representing more than 360,000 bedrooms. By precisely measuring hotel performance against competitors, HotStats is unrivalled in giving operators a highly effective tool for taking corrective action.

HotStats Services

HotStats Hotel Profit Intelligence – Monthly full profit & loss benchmarking

MORSE Market View – Competitive daily revenue management intelligence

MORSE Insight – Internal daily revenue management intelligence

Market Intelligence Reports

HotStats Classic – More than 80 metrics for a full insight in a market place

HotStats RevCounter – All departmental revenues with market segmentation

HotStats KPI – Occupancy, Rate, RevPAR, TrevPAR, DOPPAR, GOPPAR and Payroll metrics

HotStats RevPAR Plus – Rooms KPI with market segmentation

HotStats RevPAR – Rooms KPI

Industry Publications & Surveys

UK Confidence Monitor – Quarterly survey of UK hoteliers

HotStats Publication – Annual review on the UK hotel markets, European and MENA city markets

Press Releases

Monthly UK Chain Hotels Market Review

Monthly European Chain Hotels Market Review

Monthly MENA Chain Hotels Market Review

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HotStats Market Intelligence Reports

Markets Available

HotStats collects data from close to half a million rooms in Europe, Middle East and North Africa. In the UK, we cover over 150 destinations from all hotel sectors. In mainland Europe and Middle East, we cover main destinations (list available upon request) focussing on the Upscale and Luxury sectors.

Generic Features

All our reports detail up to 48 months of historical data depending on availability within the chosen set. The period of analysis can be directly adjusted within our interactive reports. We deliver the report in two UK business days. Prices start from £350 (excluding VAT).

Reports	Occupancy, Rate & RevPAR	Market Segmentation	TrevPAR	GOPPAR	All Revenues ¹	Departmental Costs and Profits Metrics	Overheads, Payroll, Expenses	Reports Unique to HotStats
HotStats Classic	✓	✓	✓	✓	✓	✓	✓	✓
HotStats RevCounter	✓	✓	✓		✓			✓
HotStats KPI	✓		✓	✓		✓		✓
HotStats RevPar +	✓	✓						✓
HotStats RevPar	✓							

To order a report and select the set of hotels or to discuss bespoke options, please contact us at +44 (0) 20 7892 2222 or enquiries@hotstats.com.

Demonstration reports are available on our website.

Any report is subject to sample availability and validity in accordance with our confidentiality rules of set formulation. Additional terms and conditions apply.

¹ Rooms, Restaurants, Bars, Room Service, Conference & Banqueting, Leisure, Golf, Phone, Minor Operated Departments.

The UK Year in Review: Introduction

In this 2013 edition of HotStats, we present the results of a sample of hotels throughout the United Kingdom reflecting our current database. This year the UK sample comprises 535 full-service branded hotels.

We present in the following sections a detailed analysis of the results categorised by region. The UK section provides analysis of results for London, England (excluding London), Scotland and Wales, using information exclusive to HotStats.

More detailed information is available on many individual regions, cities, towns and airports locations throughout the UK. Please refer to page 4 for more information. We summarise the key data in the table below.

Key Characteristics of the HotStats 2013 UK Hotel Samples

	Avg. Number of Rooms	Occupancy	Avg. Daily Room Rate	RevPAR	TrevPAR	GOPPAR
LONDON	296	81.1%	£138.50	£112.37	£154.09	£75.27
ENGLAND	153	69.5%	£67.99	£47.25	£90.67	£25.80
SCOTLAND	150	73.8%	£77.89	£57.45	£100.47	£30.74
WALES	157	71.4%	£68.86	£49.14	£121.32	£28.73

HotStats 2013 presents 2011 and 2012 annual data. For comparative purposes the statistics for 2011 are also included where appropriate. We are most grateful to all those who have contributed for the first time this year and are equally grateful to those hotel operators who contribute on a regular basis and provide the continuity that is essential to a study of this nature. Please note, however, that results can be influenced by sample fluctuations as hotels exit the sample and new properties are added.

The information in this publication relates to the results of a sample of 535 full-service hotels. The amounts and percentages should not be considered as a standard for any type of property or for any country or region, but only as guidelines for comparison with the operating results of a specific property. They are not an attempt by HotStats to set or confirm prices or operating standards for the hotel industry. The terminology used and the account titles are based on the Uniform System of Accounts for the Lodging Industry (see glossary on page 27).

The UK Year in Review: London

2012 was a remarkable year for hoteliers in London. Whilst major events in the city appeared to be responsible for London's only monthly profit decline in June (-9.3% per cent) due to the celebrations associated with the Diamond Jubilee, July (-3.1 per cent) due to pre-Olympic jitters and November (-5.6 per cent) as the post-Olympic hangover began to set in, it was the 90.1 per cent increase in profit per room in August which secured a third consecutive year of annual growth in profit per room for London's hoteliers (+4.9 per cent).

London Full Service Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	81.1%	81.4%	-0.3 pts
Average Room Rate (£)	138.50	133.51	3.7%
Rooms RevPAR (£)	112.37	108.66	3.4%
F&B RevPAR (£)	35.50	34.16	3.9%
TrevPAR (£)	154.09	148.48	3.8%
GOPPAR (£)	75.27	71.73	4.9%
Payroll Percentage of Total Revenue (%)	23.5%	23.7%	0.2 pts
GOP Percentage of Total Revenue (%)	48.8%	48.3%	0.5 pts

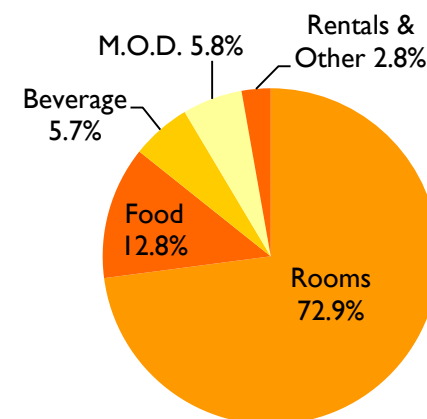
The 3.4 per cent year-on-year increase in RevPAR for the city was once again propped up by strong growth in achieved average room rate, which increased by 3.7 per cent in 2012 and helped offset the 0.3 percentage point decline in room occupancy. Effective yield management has enabled hoteliers in London to achieve growth in this measure in all but two months of the year, which is critical as rooms revenue comprises almost three quarters of total revenue for hotels in the UK capital. Growth in F&B revenue (+3.9 per cent) also contributed to an overall increase in TrevPAR of 3.8 per cent to £154.09 per available room.

In 2012, the strongest growth in sector rates was achieved in the corporate (+4.3 per cent) and conference (+6.0 per cent) sectors as London maintained its profile as a key international destination for business. However, the greatest margin of rate growth was achieved in the groups/tours sector (+15.9 per cent) as the usual leisure tour groups were replaced for one year only with high-yielding Olympic-related groups throughout 2012. In August, the achieved rate in this sector increased by 104.5 per cent.

Such was the focus on the 'once in a generation' events in London that the impact of the biennial Farnborough Air Show and three per cent increase in the number of visitors to the World Travel Market Exhibition went largely unnoticed.

In 2012 London witnessed an increase in hotel supply of more than 7,000 new bedrooms, against a ten year average of approximately 3,000 per annum, with the most notable additions including the Hilton London Wembley, Bulgari, InterContinental Westminster, as well as two 'budget' brands for the future which have very different operating models, Tune Hotels and citizenM. The focus on future supply will return to the boutique sector in 2013 and will include the 175-bedroom Edition by Marriott, the 90-bedroom Firmdale Ham Yard and the 'yet-to-be-named' 26-bedroom debut hotel by Andre Balasz in Marylebone Fire Station.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	3.3%
Beverage Cost	1.2%
Minor Operated Departments COS	1.0%
Departmental Expenses	9.2%
Payroll & Related Expenses	23.5%
Property & Maintenance	2.2%
Sales & Marketing	3.4%
Energy Cost	2.7%
Admin & General	4.5%
Gross Operating Profit	48.8%
Total	100.0%

DOP Percentage 2012

Rooms	78.4%
Food & Beverage	35.0%
Minor Operated Departments	6.4%
Rentals & Other	76.3%
Total as a % of Total Revenue	67.7%

The UK Year in Review: England (excluding London)

The 1.1 per cent increase in RevPAR achieved by Provincial hoteliers in 2012 masks what has been another challenging year. The landmark events which fuelled demand in London meant further interruption to 'business as usual' for hotels in the Provinces, and for a market so susceptible to adjustments in national productivity, a contraction in GDP in three of the four quarters of the year only added to the challenging trading conditions in 2012. Overall, as a result of rising revenue being outpaced by increasing costs, Provincial hoteliers experienced a fifth consecutive year of profit decline.

England Full Service Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	69.5%	68.9%	0.6 pts
Average Room Rate (£)	67.99	67.79	0.3%
Rooms RevPAR (£)	47.25	46.72	1.1%
F&B RevPAR (£)	33.75	33.74	0.0%
TrevPAR (£)	90.67	90.09	0.6%
GOPPAR (£)	25.80	26.52	-2.7%
Payroll Percentage of Total Revenue (%)	32.2%	32.0%	-0.2 pts
GOP Percentage of Total Revenue (%)	28.5%	29.4%	-0.9 pts

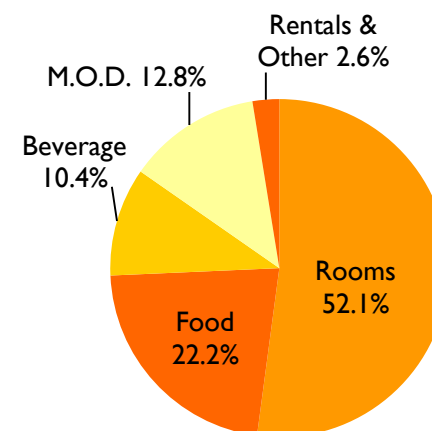
Demand levels for hotels in the UK were buoyed by a 1.0 per cent year-on-year increase in visitor numbers in 2012, to 31.2 million, hitting their highest level since 2008, with a 4.0 per cent increase in spend recorded at £18.7 billion (source: ONS). The problem for hoteliers is no longer their ability to increase RevPAR levels as the growth picture in 2012 was much the same as in 2011 and marked a third consecutive year in which hoteliers in the regions have managed an increase in this measure.

However, an increase of only 0.6 per cent was achieved in TrevPAR, as hoteliers struggle to grow F&B revenues. The 2.7 per cent decline in profit per room was therefore unsurprising as payroll levels increased by 0.2 of a percentage point, as national minimum wage increases and inflationary pressures took their toll.

The high point of the year for Provincial hoteliers was in August with a 2.3% increase in profit per room as a result of the strong performance in Olympic satellite cities (ie Manchester, Birmingham, Coventry). Additionally, those markets which continue to perform well are recognised as the UK's top domestic and international tourism destinations, and characterised by strict planning policies and/or lack of available sites which limits new additions to supply, including Cambridge, Oxford and Bath.

However, this recession is much deeper and more sustained than has ever been seen and in 2012 challenging trading conditions meant that Travelodge were forced to put 50 hotels on the market, Hotel du Vin and Malmaison owners MWB went into administration and 42 Marriott hotels remained up for sale. Yet opportunities for new development still remain as the UK hotel market remains overrun by a glut of underinvested stock, which presents opportunities for new brands and innovative concepts.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	6.4%
Beverage Cost	2.6%
Minor Operated Departments COS	1.9%
Departmental Expenses	11.0%
Payroll & Related Expenses	32.2%
Property & Maintenance	2.9%
Sales & Marketing	3.4%
Energy Cost	5.2%
Admin & General	5.9%
Gross Operating Profit	28.5%
Total	100.0%

DOP Percentage 2012

Rooms	68.0%
Food & Beverage	35.2%
Minor Operated Departments	27.9%
Rentals & Other	69.0%
Total as a % of Total Revenue	53.9%

The UK Year in Review: Scotland

2012 has been a tale of mixed fortunes for Scotland's major city hotel markets. Whilst headline performance figures across the region were impacted by a drop of more than 100,000 visitors (-12 per cent) between July and September 2012, which hit the leisure-driven Edinburgh hotel market the hardest (see p.16 for further detail), in Glasgow growth in revenue was outpaced by increasing costs, but Aberdeen was the top performing market in the UK outside of London, as the economic profile of 'Europe's Energy City' continued to grow and was complemented by a strong calendar of events at the AECC.

Scotland Full Service Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	73.8%	73.6%	0.2 pts
Average Room Rate (£)	77.89	76.61	1.7%
Rooms RevPAR (£)	57.45	56.37	1.9%
F&B RevPAR (£)	33.58	33.33	0.8%
TrevPAR (£)	100.47	99.25	1.2%
GOPPAR (£)	30.74	30.41	1.1%
Payroll Percentage of Total Revenue (%)	31.9%	32.0%	0.1 pts
GOP Percentage of Total Revenue (%)	30.6%	30.6%	0.0 pts

Hotels in Scotland successfully achieved a 1.9 per cent increase in RevPAR, which contributed to the 1.2 per cent growth in TrevPAR in 2012. Despite rising costs, hotels in Scotland also successfully achieved a 1.1 per cent increase in GOPPAR to £30.74.

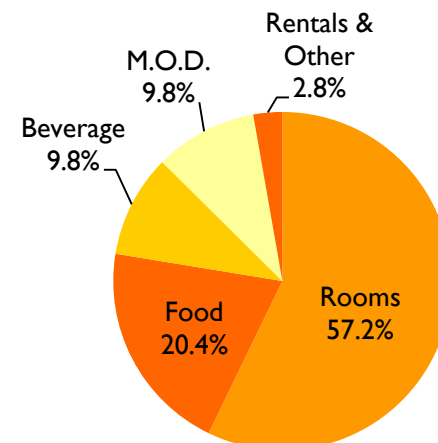
Hotels in Aberdeen made a significant contribution to the overall performance for Scottish hotels in 2012 as they achieved a 19.2 per cent year-on-year increase in profit per room to £37.57, which was primarily as a result of a 13.7 per cent increase in RevPAR. The highlight of the year for Aberdeen hoteliers was in May when a strong month of events at the AECC fuelled city-wide demand for hotel accommodation, enabling a 30.5 per cent increase in GOPPAR.

However, the performance of hotels in Aberdeen has not gone unnoticed and the market has a long list of potential future supply projects with brands such as Novotel, Ibis, Premier Inn, De Vere and Radisson Blu. The first new-generation Courtyard by Marriott in the UK is also due to open its doors in Q2 2013.

In Glasgow, volume remained strong at 76 per cent with average room rate remaining stable at approximately £64.50. But the market experienced a 1.7 per cent decline in total revenue as F&B revenue dropped by four per cent. As a result, profit per room in the city fell by 4.2 per cent with a 0.2 percentage point increase in payroll.

Despite this, Glasgow continues to attract significant interest from developers due to its wealth of BPRA sites, its role as the host city of the 2014 Commonwealth Games, the continued success of the SECC and the opening of the 12,000-capacity Hydro Arena in September 2013, which is anticipated to accommodate up to 140 events and one million visitors per year.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	5.8%
Beverage Cost	2.4%
Minor Operated Departments COS	1.7%
Departmental Expenses	10.8%
Payroll & Related Expenses	31.9%
Property & Maintenance	2.6%
Sales & Marketing	3.6%
Energy Cost	5.0%
Admin & General	5.6%
Gross Operating Profit	30.6%
Total	100.0%

DOP Percentage 2012

Rooms	70.2%
Food & Beverage	31.4%
Minor Operated Departments	23.7%
Rentals & Other	64.3%
Total as a % of Total Revenue	54.7%

The UK Year in Review: Wales

The local economic benefits of Swansea City's promotion to the Premier League in May 2011 have been recently estimated at £58.6 million. In line with this increase in the economic profile of Wales' second city, RevPAR levels in the local hotel market increased by 1.9 per cent in 2012, as a result of growth in both volume and price. Whilst hotels in Cardiff have also recorded an increase in headline performance levels in 2012, largely due to a strong summer of events, going forward the Welsh economy, and hotel market, could receive a further economic boost from the anticipated success of Cardiff City FC, currently leading the championship, who are considered a strong favourite for promotion this year.

Wales Full Service Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	71.4%	69.1%	2.3 pts
Average Room Rate (£)	68.86	69.17	-0.4%
Rooms RevPAR (£)	49.14	47.79	2.8%
F&B RevPAR (£)	50.52	48.45	4.3%
TrevPAR (£)	121.32	117.19	3.5%
GOPPAR (£)	28.73	27.47	4.6%
Payroll Percentage of Total Revenue (%)	36.0%	36.0%	0.0 pts
GOP Percentage of Total Revenue (%)	23.7%	23.4%	0.3 pts

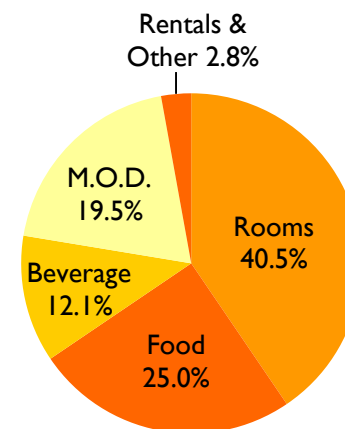
Overall, annual room occupancy for hotels in Wales, primarily comprised of branded hotel supply in the cities of Cardiff, Swansea and Newport, increased for a second consecutive year to 71.4 per cent from 69.1 per cent in 2011. The increase in room occupancy in 2012 was enough to offset the marginal decline in average room rate to £68.86, down 0.4 per cent from £69.17 in 2011. As a result, hotels in Wales achieved a 2.8 per cent increase in RevPAR in 2012 to £49.14.

Furthermore, a 4.3 per cent uplift in food and beverage revenue per available room to £50.52, contributed to a 3.5 per cent increase in TrevPAR to £121.32 from £117.19 in 2011. Due to astute cost management coupled with the notable increase in total revenue, hotels in Wales recorded a 4.6 per cent increase in GOPPAR to £28.73 from £27.47 in 2011. This meant that the growth in profit at hotels in Wales far exceeded the increase achieved at hotels in Provincial England and Scotland.

The increase for Wales was propped up by hotels in Cardiff, for which the year-on-year increase in headline performance levels can be primarily attributed to the strong performance during the summer months. As a direct result of events associated with the 2012 London Olympics being hosted at the Millennium Stadium, hotels in Cardiff achieved significant year-on-year increases in GOPPAR during July (+45.1 per cent) and August (+80.5 per cent).

In addition to the uplift in demand associated with the anticipated promotion of Cardiff City FC, hoteliers in Cardiff have a lot to look forward to in 2013. With no notable additions to supply expected until 2014, the most likely developments being a Hampton by Hilton in The Bay and a Hotel Indigo in the city centre, visits from major touring music acts (Rihanna and Bruce Springsteen) as well as the Rugby League World Cup should contribute to an overall uplift in performance for the Welsh hotel market.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	7.0%
Beverage Cost	3.0%
Minor Operated Departments COS	3.2%
Departmental Expenses	11.4%
Payroll & Related Expenses	36.0%
Property & Maintenance	2.5%
Sales & Marketing	3.3%
Energy Cost	5.4%
Admin & General	4.5%
Gross Operating Profit	23.7%
Total	100.0%

DOP Percentage 2012

Rooms	62.4%
Food & Beverage	35.1%
Minor Operated Departments	36.3%
Rentals & Other	49.5%
Total as a % of Total Revenue	48.4%

The Europe & MENA City Market Introduction

In this 2013 edition of HotStats, we present the results of a sample of hotels throughout a selection of destinations across Europe and MENA reflecting our current database; this year, 12 European and 4 MENA locations are analysed with samples comprising four and five-star city centre hotels.

The European & MENA city market provides analysis of performance for Amsterdam, Barcelona, Bristol, Cairo, Dubai, Edinburgh, Jeddah, Madrid, Manchester, Moscow, Munich, Paris, Riyadh, Rome, St Petersburg and Warsaw using information exclusive to HotStats.

More detailed information is available on many individual cities throughout Europe and MENA. Please refer to page 4 for more information. We summarise the key data in the table below.

Key Characteristics of the HotStats 2013 4 and 5-Star Europe & MENA City Centre Hotel Samples

	Avg. Number of Rooms	Occupancy	Avg. Daily Room Rate	RevPAR	TrevPAR	GOPPAR
AMSTERDAM	286	76.2%	€ 177.15	€ 134.95	€ 188.17	€ 70.80
BARCELONA	269	69.5%	€ 139.33	€ 96.82	€ 138.93	€ 51.41
BRISTOL	194	68.4%	£71.57	£48.97	£83.01	£23.27
CAIRO	458	48.2%	\$114.26	\$55.06	\$106.82	\$46.73
DUBAI	304	79.7%	\$304.60	\$242.77	\$425.32	\$187.27
EDINBURGH	171	76.2%	£86.42	£65.88	£101.31	£35.61
JEDDAH	240	79.4%	\$227.39	\$180.54	\$287.57	\$133.64
MADRID	204	63.4%	€ 118.73	€ 75.23	€ 110.51	€ 28.08
MANCHESTER	231	74.5%	£80.22	£59.76	£101.03	£34.46
MOSCOW	296	70.0%	€ 156.35	€ 109.41	€ 173.46	€ 75.75
MUNICH	302	77.7%	€ 136.60	€ 106.18	€ 146.45	€ 54.88
PARIS	230	78.5%	€ 287.80	€ 226.04	€ 333.55	€ 99.15
RIYADH	261	59.2%	\$244.86	\$144.97	\$239.97	\$125.38
ROME	267	69.4%	€ 221.10	€ 153.46	€ 235.24	€ 56.16
ST PETERSBURG	270	58.9%	€ 108.72	€ 64.04	€ 101.14	€ 42.02
WARSAW	363	71.6%	€ 104.22	€ 74.60	€ 120.04	€ 51.37

HotStats 2013 presents 2011 and 2012 annual data. For comparative purposes the statistics for 2011 are also included where appropriate. We are most grateful to all those who have contributed for the first time this year and are equally grateful to those hotel operators who contribute on a regular basis and provide the continuity that is essential to a study of this nature. Please note, however, that results can be influenced by sample fluctuations as hotels exit the sample and new properties are added.

The information in this publication relates to the results of a sample of 264 city centre full-service hotels. The amounts and percentages should not be considered as a standard for any type of property or for any country or region, but only as guidelines for comparison with the operating results of a specific property. They are not an attempt by HotStats to set or confirm prices or operating standards for the hotel industry. The terminology used and the account titles are based on the Uniform System of Accounts for the Lodging Industry (see glossary on page 27).

The Europe & MENA City Market Review: Amsterdam

As for much of Europe, economic conditions remained challenging in the Netherlands during 2012, with consumer confidence dropping to a record low, companies investing less, household income suffering a considerable decline and the labour market in turmoil as for the first time since 1996, unemployment levels reached more than 570,000, equivalent to 7.2 per cent of the working population. On a positive note, there was an increase in the number of tourists to The Netherlands in 2012 and tourism remains a significant contributor to the Dutch economy. Furthermore, Amsterdam Schiphol Airport handled a record 51 million passengers in 2012, a year-on-year increase of 2.6 per cent.

Amsterdam 4 and 5-Star Hotel Performance Indicators

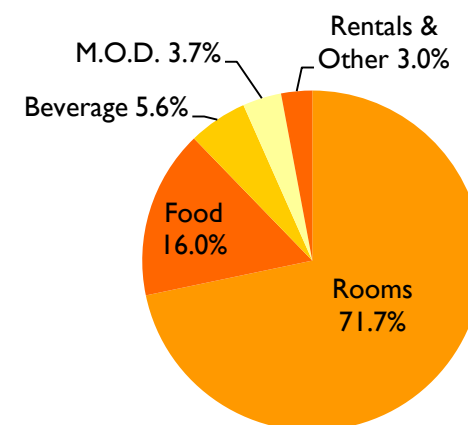
	2012	2011	Variance
Rooms Occupancy (%)	76.2%	75.7%	0.5 pts
Average Room Rate (€)	177.15	185.20	-4.3%
Rooms RevPAR (€)	134.95	140.23	-3.8%
F&B RevPAR (€)	46.06	51.63	-10.8%
TrevPAR (€)	188.17	199.88	-5.9%
GOPPAR (€)	70.80	72.31	-2.1%
Payroll Percentage of Total Revenue (%)	30.9%	31.6%	0.7 pts
GOP Percentage of Total Revenue (%)	37.6%	36.2%	1.4 pts

The increase in passenger traffic at Schiphol Airport contributed to an average room occupancy increase of 0.5 percentage points to 76.2 per cent, up from 75.7 per cent in 2011. However, the increase in room occupancy was at the expense of a decline in achieved average room rate, which fell by 4.3 per cent to €177.15, from €185.20 in 2011. As a result, Amsterdam hoteliers suffered a RevPAR decline of 3.8 per cent to €134.95.

The growth in visitor numbers in 2012, can be attributed to the increase in visitors from key markets, including the UK and the USA, which respectively represent 19 and 9 per cent of total inbound tourists. However, the two identified key markets also remain affected by the current economic climate and visitor numbers are some way behind the levels previously achieved in 2007. So too is visitor spend and this is no better illustrated than in the 10.8 per cent decline in food and beverage revenue at hotels in Amsterdam. As a result of the drop in rooms and ancillary revenues, TrevPAR levels suffered a 5.9 per cent decline in 2012 to €188.17, from €199.88 in 2011.

Against other major cities in Europe profit conversion rates for hotels in Amsterdam remain strong at 37.6 per cent of total revenue, which is primarily due to more than 70 per cent of all revenue being derived from the highly profitable rooms department, which recorded a DOP conversion of 71.1 per cent in 2012. Furthermore, in spite of the decline revenue performance, hotels in Amsterdam achieved a 1.4 percentage point increase in GOP as a percentage of total revenue, as cost-cutting measures were taken in reaction to declining headline performance levels, illustrated by the 0.7 percentage point decrease in payroll levels as a percentage of total revenue. However, on a per available room basis, hotels in Amsterdam suffered a 2.1 per cent decline in GOPPAR, to €70.80 from €72.31 in 2011 and will be hoping for a recovery in fortunes in 2013.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	4.2%
Beverage Cost	1.2%
Minor Operated Departments COS	1.5%
Departmental Expenses	12.1%
Payroll & Related Expenses	30.9%
Property & Maintenance	2.3%
Sales & Marketing	3.7%
Energy Cost	2.3%
Admin & General	4.1%
Gross Operating Profit	37.6%
Total	100.0%

DOP Percentage 2012

Rooms	71.1%
Food & Beverage	21.9%
Minor Operated Departments	4.1%
Rentals & Other	55.1%
Total as a % of Total Revenue	58.1%

The Europe & MENA City Market Review: Barcelona

Barcelona was better placed than other Spanish cities to maintain performance levels at its four and five-star hotels in 2012 due to its stronger profile as a destination for international business and leisure visitors. The number of visitors to the city remained strong in 2012, at approximately seven million, with 78 per cent derived from international origin, supported by the 2.2 per cent increase in the number of passengers handled by Barcelona airport to approximately 35 million for the year. The Catalan capital remains amongst the most popular leisure destinations in Europe, which is reflected in the premium room occupancies achieved during the summer, which are supported by an ever-increasing calendar of events at the Fira Gran Via Exhibition Centre.

Barcelona 4 and 5-Star Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	69.5%	71.1%	-1.6 pts
Average Room Rate (€)	139.33	134.15	3.9%
Rooms RevPAR (€)	96.82	95.33	1.6%
F&B RevPAR (€)	36.27	35.61	1.9%
TrevPAR (€)	138.93	136.43	1.8%
GOPPAR (€)	51.41	48.87	5.2%
Payroll Percentage of Total Revenue (%)	31.4%	32.0%	0.6 pts
GOP Percentage of Total Revenue (%)	37.0%	35.8%	1.2 pts

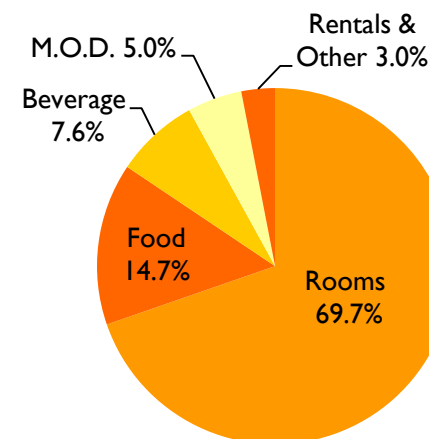
A 1.6 percentage point decline in room occupancy in 2012 in Barcelona's four and five-star hotel market was offset by a 3.9 per cent increase in achieved average room rate to €139.33. As a result of the strong increase in average room rate, RevPAR in the city increased by 1.6 per cent to almost €97.

The increase in rooms revenue, in addition to the 1.9 per cent increase in F&B revenue per available room, resulted in hotels in Barcelona achieving total revenue growth of 1.8 per cent in 2012 to €138.93. Astute cost management, illustrated by a 0.6 percentage point decline in payroll levels, to 31.4 per cent of total revenue, contributed to the 5.2 per cent increase in GOPPAR to €51.41, equivalent to a profit conversion of 37 per cent of total revenue.

Barcelona benefited from a particularly strong year of events at the Fira Gran Via Exhibition Centre, including the Mobile World Congress, which achieved a new visitor record of 67,000 people from 205 countries, contributing €300 million to the local economy, the International Tourism Fair of Catalunya (SITC) with 180,000 visitors, the Primavera Sound (123,000 visitors), as well as congresses such as the Barcelona Meeting Point (100,000 visitors), and Hostelco, visited by 60,000 people. In addition to the unrivalled success of Barcelona FC, which has undoubtedly put Camp Nou at the top of the list of local attractions, the city is also host to a round of the Formula 1 Grand Prix and the Barcelona Harley Days, which in 2012 attracted 1.2 million visitors.

New additions to supply in 2012 included the 357-bedroom Renaissance by Marriott Barcelona Fira, 98-bedroom K&K Hotel Picasso and the 134-bedroom Hotel Andante Llave de Oro. There is a further eight hotel projects, equivalent to 962 bedrooms, mooted for development in Barcelona in the coming years.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	3.2%
Beverage Cost	1.2%
Minor Operated Departments COS	0.6%
Departmental Expenses	10.5%
Payroll & Related Expenses	31.4%
Property & Maintenance	2.5%
Sales & Marketing	2.8%
Energy Cost	3.5%
Admin & General	7.2%
Gross Operating Profit	37.0%
Total	100.0%

DOP Percentage 2012

Rooms	70.7%
Food & Beverage	32.5%
Minor Operated Departments	8.2%
Rentals & Other	75.7%
Total as a % of Total Revenue	60.5%

The Europe & MENA City Market Review: Bristol

Bristol is the sixth largest city in England, the financial capital of the South West and a hub for the aerospace industry with major aviation companies based in the city including BAE Systems, Airbus, GKN Aerospace and Rolls Royce. Whilst the proportion of demand attributed to the commercial sector at hotels in Bristol declined by 3.3 percentage points in 2012, the contribution from this market remains significant at close to 55 per cent of total demand. Despite being one of few markets to achieve consecutive years of average room rate growth, the city has suffered successive years of room occupancy decline from a high in excess of 70 per cent in 2010. As a result, the year-on-year decline in GOPPAR has not been dramatic but notably consistent.

Bristol 4 and 5-Star Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	68.4%	69.4%	-1.0 pts
Average Room Rate (£)	71.57	71.38	0.3%
Rooms RevPAR (£)	48.97	49.50	-1.1%
F&B RevPAR (£)	28.36	29.42	-3.6%
TrevPAR (£)	83.01	84.27	-1.5%
GOPPAR (£)	23.27	24.31	-4.3%
Payroll Percentage of Total Revenue (%)	31.9%	31.9%	0.0 pts
GOP Percentage of Total Revenue (%)	28.0%	28.9%	-0.9 pts

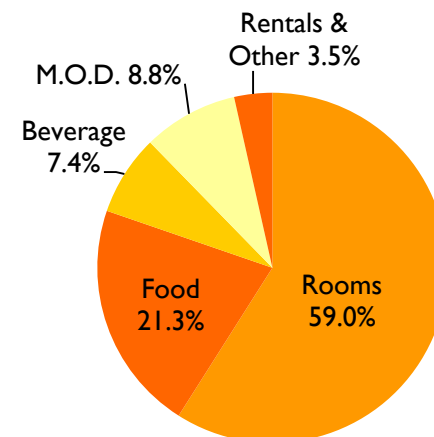
The Bristol full-service hotel market, which does not boast a wealth of branded city centre bedstock, has been challenged by additions to supply in recent years, which have included the 149-bedroom Future Inn and 176-bedroom Radisson Blu in 2009 and 155-bedroom Holiday Inn in 2011, which have diluted volume and contributed to a 1.1 per cent decline in RevPAR in 2012. The 3.6 per cent decline in food and beverage revenue also added to the overall TrevPAR decrease of 1.5 per cent to £83.01.

With rooms revenue contributing only 59 per cent to total revenue, profit conversion at hotels in Bristol is lower than other major markets in the Provincial UK, including Edinburgh, Manchester and Birmingham. Despite Bristol hoteliers successfully maintaining payroll levels in 2012 at 31.9 per cent of total revenue, in 2012 GOPPAR declined by 4.3 per cent, equivalent to a decline in profit conversion of 0.9 percentage points, to just 28 per cent of total revenue.

However, the leisure profile of Bristol continues to improve, echoed by a third consecutive year-on-year increase in passenger numbers (+2.8 per cent) at Bristol Airport, which will also see benefit from the recent closure of Filton Airport. Development plans for the 70-hectare city centre Temple Quarter Enterprise Zone, to include office, residential and leisure space as well as a 12,000-seater arena, are also gaining momentum and Bristol's two main football clubs have submitted plans for redevelopment, which include extensive event space and will potentially increase the city's current poor profile as a conferencing destination.

Whilst a number of future hotel development projects have been identified in Bristol, including the proposed £10 million redevelopment of The Guildhall to a five-star hotel by the Trevor Osborne Property Group and the stalled 251-bedroom hotel at Bristol Airport, no new hotels are under construction, affording Bristol hoteliers a period of consolidation in 2013.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	6.0%
Beverage Cost	1.9%
Minor Operated Departments COS	1.4%
Departmental Expenses	12.7%
Payroll & Related Expenses	31.9%
Property & Maintenance	3.0%
Sales & Marketing	4.1%
Energy Cost	4.9%
Admin & General	6.1%
Gross Operating Profit	28.0%
Total	100.0%

DOP Percentage 2012

Rooms	66.1%
Food & Beverage	32.6%
Minor Operated Departments	12.9%
Rentals & Other	87.4%
Total as a % of Total Revenue	54.3%

The Europe & MENA City Market Review: Cairo

2012 was a year of rediscovery for Egypt, and Cairo remained at the centre of a two-year long revolution which saw the overthrow of a 40-year dictatorship and the institution of a democratically-elected government. The hotel market in Cairo suffered a major blow during this period due to the deteriorated security situation, however tourism arrivals to Egypt showed strong signs of recovery in the latter part of 2012, rising 12 per cent during the first 11 months of the year compared to 2011. The political environment in the country still remains fragile and this is likely to inhibit faster recovery in corporate activity in Cairo in the short term.

Cairo 4 and 5-Star Hotel Performance Indicators

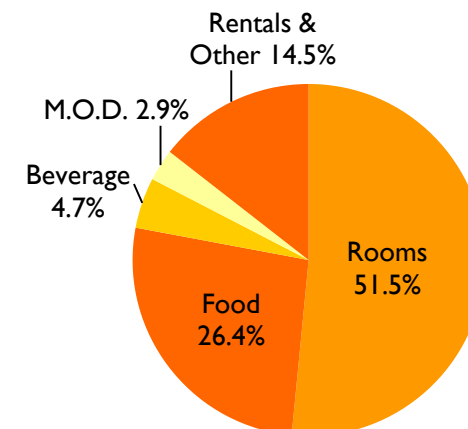
	2012	2011	Variance
Rooms Occupancy (%)	48.2%	39.6%	8.6 pts
Average Room Rate (\$)	114.26	122.30	-6.6%
Rooms RevPAR (\$)	55.06	48.42	13.7%
F&B RevPAR (\$)	34.62	30.10	15.0%
TrevPAR (\$)	106.82	93.53	14.2%
GOPPAR (\$)	46.73	38.13	22.6%
Payroll Percentage of Total Revenue (%)	21.5%	23.8%	2.3 pts
GOP Percentage of Total Revenue (%)	43.7%	40.8%	2.9 pts

Cairo's hotel market witnessed a return to positive performance in 2012, which led to a growth in overall hotel demand albeit at the expense of achieved average room rate. The market recorded a 48.2 per cent occupancy in 2012, up 8.6 percentage point over the previous year, as political stability and security in the country improved after the presidential elections. However, hotels in the capital were challenged by lower levels of corporate demand throughout the year, contributing to a 6.6 per cent drop in average room rate to US\$114.26. Nevertheless, hotels reported an increase in leisure and groups demand during the period, sufficient to push the RevPAR levels up by 13.7 per cent to US\$55.06.

Demand for food and beverage also rebounded in 2012 as hotels in Cairo recorded a 15 per cent year-on-year increase in food and beverage revenues in 2012 to US\$34.62 per available room, which comprised 31.1 per cent of total revenue. Overall, TrevPAR levels increased by 14.2 per cent to US\$106.82, contributing to a 22.6 per cent increase in GOPPAR to US\$46.73, equivalent to a profit conversion of 43.7 per cent of total revenue in 2012, up 2.9 percentage points against 2011.

Although the market has shown signs of recovery in 2012, the recurrence of political and civil unrest towards the end of the year and in early 2013 appears to be a cause for concern as it threatens to reverse the gains which the market has achieved in the past year. With a relatively fragile political situation across the country, the Cairo hotel market is once again facing another challenging year in 2013.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	8.3%
Beverage Cost	1.0%
Minor Operated Departments COS	0.5%
Departmental Expenses	9.3%
Payroll & Related Expenses	21.5%
Property & Maintenance	2.7%
Sales & Marketing	2.9%
Energy Cost	3.9%
Admin & General	6.3%
Gross Operating Profit	43.7%
Total	100.0%

DOP Percentage 2012

Rooms	82.2%
Food & Beverage	39.6%
Minor Operated Departments	19.4%
Rentals & Other	86.0%
Total as a % of Total Revenue	68.2%

The Europe & MENA City Market Review: Dubai

The stellar performance of Dubai's tourism sector in 2012 has cemented its position as one of the top ten destinations in the world. Dubai was targeting in excess of ten million hotel guests during the year while Dubai International Airport hit another landmark as passenger traffic exceeded 50 million, making it the third busiest airport in the world. There was a marked improvement in the overall business optimism and economic activity in Dubai during the year, which was led by the tourism sector. With a number of new projects announced, such as the Mohammed Bin Rashid City, and previously delayed schemes coming back to life in 2012, Dubai is forecasted to achieve impressive economic growth in 2013 and beyond.

Dubai 4 and 5-Star Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	79.7%	77.3%	2.4 pts
Average Room Rate (\$)	304.60	292.77	4.0%
Rooms RevPAR (\$)	242.77	226.21	7.3%
F&B RevPAR (\$)	154.40	150.66	2.5%
TrevPAR (\$)	425.32	402.76	5.6%
GOPPAR (\$)	187.27	162.89	15.0%
Payroll Percentage of Total Revenue (%)	20.2%	20.4%	0.2 pts
GOP Percentage of Total Revenue (%)	44.0%	40.4%	3.6 pts

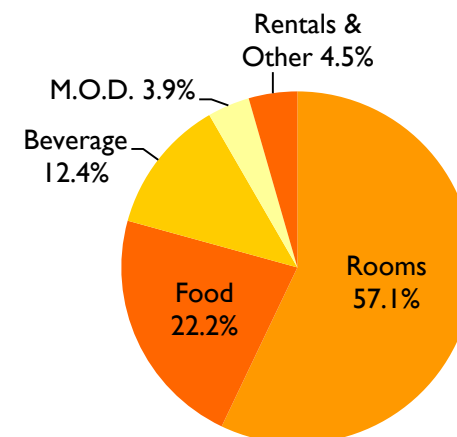
Dubai's hotel market has grown from strength to strength in 2012 on the back of improved business confidence, increased tourism numbers and the city's appeal as a regional event destination. This assisted with the four and five-star hotel market achieving a 2.4 percentage point increase in room occupancy to 79.7 per cent for the year, which is impressive given the increase in new supply throughout 2012. The rise in occupancy, coupled with a 4.0 per cent increase in achieved average room rate to US\$304.60, helped hotels in Dubai achieve RevPAR growth of 7.3 per cent to US\$242.77 for the year.

The growth in volume also contributed to a 2.5 per cent increase in food and beverage (F&B) revenues, which reached US\$154.40 per available room. Overall, Dubai hotels reported a 5.6 per cent rise in TrevPAR, which stood at US\$425.32 at the end of 2012.

The rise in revenues and a reduction in operating expenses resulted in a 15.0 per cent year-on-year increase in GOPPAR to US\$187.27. Furthermore, key departmental profits remained strong in 2012 with rooms and F&B profits increasing to 81.3 per cent and 43.3 per cent of the respective department revenues.

Looking forward, Dubai is expected to experience a substantial increase in hotel supply throughout the city which could present challenges for certain submarkets in the short term. However, the overall improvement in economic activity, the continuing instability in Arab Spring countries and the relentless expansion of Emirates Airlines are expected to maintain the growth in hotel demand in Dubai in 2013 and beyond.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	6.2%
Beverage Cost	2.9%
Minor Operated Departments COS	0.6%
Departmental Expenses	10.5%
Payroll & Related Expenses	20.2%
Property & Maintenance	2.1%
Sales & Marketing	3.3%
Energy Cost	6.5%
Admin & General	3.7%
Gross Operating Profit	44.0%
Total	100.0%

DOP Percentage 2012

Rooms	81.3%
Food & Beverage	43.3%
Minor Operated Departments	23.8%
Rentals & Other	56.6%
Total as a % of Total Revenue	65.6%

The Europe & MENA City Market Review: Edinburgh

Edinburgh has been one of the standout performers throughout the recession, but in 2012 hotels in the city suffered a slight setback, with a 1.5 per cent decline in GOPPAR. The typically stalwart capital city of Scotland was hit by a decline in demand from the leisure groups sector. Poor weather and the distraction of the 2012 London Olympics, which attracted a number of Scotland's prospective visitors to London and kept domestic visitors at home, meant tourist spend was down by £50 million across Scotland between July and September 2012, against record breaking visitor levels achieved in 2011. And although there were no new additions to full-service supply, the limited-service sector witnessed the opening of more than 665 new bedrooms.

Edinburgh 4 and 5-Star Hotel Performance Indicators

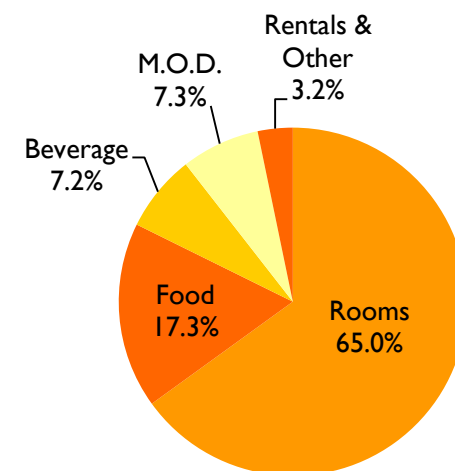
	2012	2011	Variance
Rooms Occupancy (%)	76.2%	77.1%	-0.9 pts
Average Room Rate (£)	86.42	85.74	0.8%
Rooms RevPAR (£)	65.88	66.08	-0.3%
F&B RevPAR (£)	27.74	28.72	-3.4%
TrevPAR (£)	101.31	102.83	-1.5%
GOPPAR (£)	35.61	36.15	-1.5%
Payroll Percentage of Total Revenue (%)	30.3%	30.1%	-0.2 pts
GOP Percentage of Total Revenue (%)	35.2%	35.2%	0.0 pts

The 0.8 per cent increase in achieved average room rate in the Scottish capital in 2012 was cancelled out by a 0.9 percentage point decline in room occupancy, resulting in RevPAR remaining stable at approximately £66. Volume in the Scottish capital remained a challenge throughout the year, but the greatest margin of year-on-year decline was suffered in the leisure groups/tours sector, which fell dramatically during July (-39.3 per cent) and August (-30.9 per cent). In addition to the decline in volume, a 3.4 per cent decline in F&B revenue per available room contributed to a total revenue decrease of 1.5 per cent, as this measure dropped to £101.31.

Hotels in Edinburgh should see a return to business as usual in 2013, as additions to full-service hotel supply remain in the planning stages. Brands mooted to be entering the market include Sofitel, InterContinental, De Vere Village and Staybridge Suites, yet the only hotel pipeline currently under construction is in the limited-service sector (Motel One, Ibis). In addition, Visit Scotland is currently spearheading a 2013 campaign called 'Year of Natural Scotland', which it is hoping will mirror the success of the 'Homecoming' campaign in 2009. The leisure profile of Edinburgh and Scotland continues to be supported by positive press coverage, exemplified by CNN Travel, which has identified Scotland as one of the world's top travel destinations for 2013.

Furthermore, long-term regeneration projects in the city continue apace and include the £850 million St James' Quarter, the £300 million Edinburgh International Business Gateway at the airport, £200 million Bio-Quarter and the ongoing Edinburgh Waterfront regeneration scheme. Disruption to Edinburgh's picturesque city centre caused by the construction of the Edinburgh Tram system should also be nearing its end in 2013 as this project is due to be fully operational by 2014.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	4.9%
Beverage Cost	1.8%
Minor Operated Departments COS	1.5%
Departmental Expenses	11.7%
Payroll & Related Expenses	30.3%
Property & Maintenance	2.3%
Sales & Marketing	3.5%
Energy Cost	4.2%
Admin & General	4.6%
Gross Operating Profit	35.2%
Total	100.0%

DOP Percentage 2012

Rooms	70.9%
Food & Beverage	26.5%
Minor Operated Departments	19.4%
Rentals & Other	54.6%
Total as a % of Total Revenue	56.6%

The Europe & MENA City Market Review: Jeddah

Jeddah has emerged as one of the key business destinations in the region, and arguably the most important leisure destination in Saudi Arabia. Last year saw the growth of the Jeddah hotel market into a formidable player in the region, achieving strong growth in performance levels across all key indicators. Jeddah is advantaged by the availability of a range of hotel demand generators, attracting a steady flow of corporate, MICE and leisure tourists throughout the year. The city is now undergoing massive expansion including the US\$7 billion expansion of the King Abdulaziz International Airport and the King Abdullah Economic City, and is likely to be a front-runner in terms of hotel performance and a target for hotel investors in the region in the near future.

Jeddah 4 and 5-Star Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	79.4%	74.2%	5.2 pts
Average Room Rate (\$)	227.39	205.01	10.9%
Rooms RevPAR (\$)	180.54	152.14	18.7%
F&B RevPAR (\$)	91.87	80.17	14.6%
TrevPAR (\$)	287.57	246.56	16.6%
GOPPAR (\$)	133.64	107.59	24.2%
Payroll Percentage of Total Revenue (%)	22.0%	22.6%	0.6 pts
GOP Percentage of Total Revenue (%)	46.5%	43.6%	2.9 pts

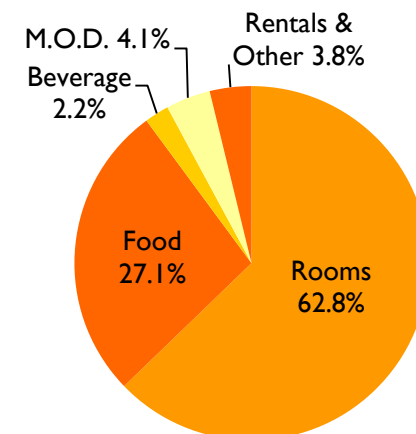
Jeddah was as a star performer in 2012, reporting substantial growth in hotel performance during the year. The market witnessed a 10.9 per cent increase in achieved average room rate to US\$227.39 during the year along with a growth in overall demand, indicated by a 5.2 percentage point increase in room occupancy to 79.4 per cent. The growth in these two performance indicators resulted in RevPAR for the city's four and five-star hotels increasing by a remarkable 18.7 per cent to US\$180.54.

Jeddah hotels also experienced strong growth in food and beverage revenues, up 14.6 per cent to US\$91.87 per available room, driven mainly by the increased conference and meeting demand. Given the challenges faced by hotels seeking to increase in-house guest utilisation, many properties have undertaken refurbishment of key outlets in an effort to create stronger demand.

Much similar to Riyadh, hotels in Jeddah are challenged by rising labour costs driven by Saudisation, causing inflated payroll expenses in addition to the various costs and penalties associated with not reaching or maintaining certain thresholds. Nevertheless, the surge in top line revenues have resulted in a marginally lower payroll cost percentage, albeit the actual payroll costs in terms of dollar values appear to have increased during the year. Hoteliers foresee further increases in payroll expenses in 2013 as new government fees/charges are now in place for renewed and new visa applications.

However, the highlight of Jeddah's hotel market performance in 2012 is the surge in the bottom line, as GOPPAR levels shot up by 24.2 per cent year on year to US\$133.64. Overall, the Jeddah hotel market performed exceptionally well in 2012. With a relatively limited new supply forecasted for 2013 and an apparent improvement in the overall level of economic activity and domestic tourism, Jeddah's hotel market is likely to maintain strong performance levels in 2013.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	7.7%
Beverage Cost	0.3%
Minor Operated Departments COS	0.4%
Departmental Expenses	7.6%
Payroll & Related Expenses	22.0%
Property & Maintenance	3.2%
Sales & Marketing	2.5%
Energy Cost	4.9%
Admin & General	5.0%
Gross Operating Profit	46.5%
Total	100.0%

DOP Percentage 2012

Rooms	85.0%
Food & Beverage	46.0%
Minor Operated Departments	13.3%
Rentals & Other	80.8%
Total as a % of Total Revenue	71.7%

The Europe & MENA City Market Review: Madrid

Despite recording an increase in the number of visitors from Germany and France, the total number of visitors to Madrid declined by 4.7 per cent in 2012 to approximately eight million, which contributed, in part, to the 1.3 percentage point decline in room occupancy for the year. The decline in visitor numbers and hotel performance was echoed in the nine per cent drop in passenger numbers at Madrid's Barajas airport to 45 million. The capital continues to rely heavily on demand from the commercial sector and therefore remains susceptible to declines in performance during public holidays and vacation periods.

Madrid 4 and 5-Star Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	63.4%	64.7%	-1.3 pts
Average Room Rate (€)	118.73	120.34	-1.3%
Rooms RevPAR (€)	75.23	77.84	-3.4%
F&B RevPAR (€)	30.40	32.41	-6.2%
TrevPAR (€)	110.51	115.59	-4.4%
GOPPAR (€)	28.08	31.62	-11.2%
Payroll Percentage of Total Revenue (%)	42.3%	41.7%	-0.6 pts
GOP Percentage of Total Revenue (%)	25.4%	27.4%	-2.0 pts

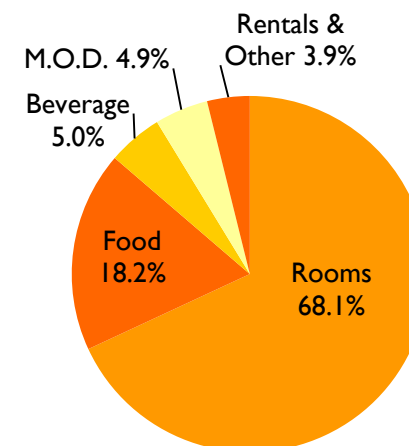
Although the number of overnight stays recorded in the city remained substantial at 15.5 million, this was a 5.6 per cent decline. In addition to the resultant decline in room occupancy, four and five-star hotels in Madrid also suffered a 1.3 per cent decline in average room rate, which contributed to a 3.4 per cent drop in RevPAR during 2012 to €75.23. Although hotels in the Spanish capital also sustained a 6.2 per cent drop in F&B revenue, the impact of this decline was offset by the significant influence of the rooms department on overall performance, accounting for close to 70 per cent of total revenue in 2012.

However, the 4.4 per cent drop in TrevPAR was further exacerbated by increasing costs, which included a 5.6 per cent increase in the cost associated with Travel Agent's Commissions on a per room let basis and a 0.6 percentage point increase in total payroll levels to 42.3 per cent of total revenue, which are partly to blame for the 11.2 per cent drop in GOPPAR to €28.08.

On a positive note, four and five-star hotels in Madrid achieved year-on-year increases in headline performance levels during the summer, which was in large part attributed to major events such as the Madrid Novias Fashion Week, the Construtec trade fair and the Madrid International Auto Show, as well as celebrations such as the San Isidro fiesta, the final game of the Copa del Rey between Athletic Bilbao and Barcelona and Coldplay concert.

During 2012, Madrid witnessed the opening of the 111-bedroom Ibis Madrid Centro Las Ventas and two three-star hotels totaling 119 rooms. In 2013, seven three and four-star hotels are scheduled to open, equivalent to 546 additional rooms, including a third Holiday Inn property, the Ininside Madrid Genova and Ininside Madrid Luchana.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	3.8%
Beverage Cost	0.7%
Minor Operated Departments COS	1.0%
Departmental Expenses	8.2%
Payroll & Related Expenses	42.3%
Property & Maintenance	2.2%
Sales & Marketing	2.8%
Energy Cost	3.8%
Admin & General	9.8%
Gross Operating Profit	25.4%
Total	100.0%

DOP Percentage 2012

Rooms	65.3%
Food & Beverage	22.7%
Minor Operated Departments	3.7%
Rentals & Other	73.1%
Total as a % of Total Revenue	53.7%

The Europe & MENA City Market Review: Manchester

The Manchester hotel market is recovering at a faster pace than the UK Provincial full-service hotel market. In addition to the city's strong economic profile, in 2012 Manchester hoteliers benefited from no new additions to full-service hotel supply, the completion of a number of key regeneration projects, such as the Co-Operative Group's £800 million NOMA (North Manchester) development and the ongoing occupation of MediaCityUK. The 2012 Labour Party Conference, Manchester City adding to the high-volume football-related demand created by Manchester United, major music acts, including Coldplay and Bruce Springsteen.

Manchester 4 and 5-Star Hotel Performance Indicators

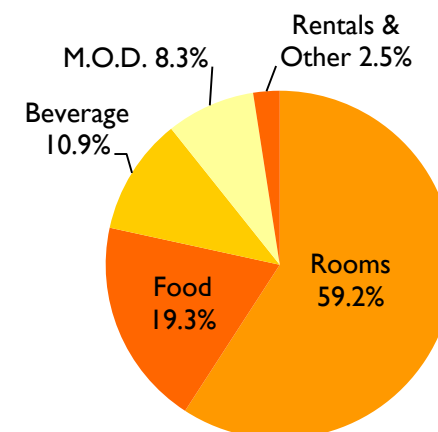
	2012	2011	Variance
Rooms Occupancy (%)	74.5%	73.1%	1.4 pts
Average Room Rate (£)	80.22	79.14	1.4%
Rooms RevPAR (£)	59.76	57.87	3.3%
F&B RevPAR (£)	35.81	36.37	-1.5%
TrevPAR (£)	101.03	100.13	0.9%
GOPPAR (£)	34.46	34.66	-0.6%
Payroll Percentage of Total Revenue (%)	28.3%	29.0%	0.7 pts
GOP Percentage of Total Revenue (%)	34.1%	34.6%	-0.5 pts

In light of a favourable trading environment, Manchester hoteliers managed to increase average room occupancy by 1.4 percentage point to 74.5 per cent during 2012. In addition, average room rate increased by 1.4 per cent, exceeding £80 and contributing to a sustained increase in RevPAR of 3.3 per cent to almost £60 (approximately 30 per cent above the UK Provincial market), illustrating the strength of demand and balanced commercial and leisure profile of the Manchester hotel market.

However, the gain in rooms revenue was cancelled out by a 1.5 per cent decline in food and beverage revenues, which resulted in TrevPAR growth of only 0.9 per cent to £101.03. Increasing operating expenses took their toll on profitability levels, which decreased by 0.6 per cent in 2012, to £34.46 from £34.66 in 2011.

The strong performance relative to the Provincial UK markets and future planned regeneration projects in the Manchester area, such as the £695 million airport master plan, £185 million redevelopment project of One St Peter's Square and the £26 million upgrade of Victoria Station, have been driving an increase in developer interest with a number of future additions to supply mooted for 2014 and beyond. Schemes which are likely to be completed in the coming 3 years are the 157-bedroom Travelodge at Piccadilly, the 208-bedroom Ininside by Melia, 233-bedroom Hotel La Tour and the 139-bedroom Football Hotel and supporter's club to be developed by retired footballer Gary Neville alongside Manchester United's Old Trafford stadium.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	5.5%
Beverage Cost	2.6%
Minor Operated Departments COS	1.3%
Departmental Expenses	11.8%
Payroll & Related Expenses	28.3%
Property & Maintenance	2.6%
Sales & Marketing	3.4%
Energy Cost	4.7%
Admin & General	5.6%
Gross Operating Profit	34.1%
Total	100.0%

DOP Percentage 2012

Rooms	68.1%
Food & Beverage	40.6%
Minor Operated Departments	10.0%
Rentals & Other	67.4%
Total as a % of Total Revenue	57.2%

The Europe & MENA City Market Review: Moscow

Hotel market performance in the Russian capital continues to recover since the onset of the current economic downturn in 2009, when Russian GDP plummeted by 7.8 per cent. Since 2009, strong year-on-year growth in the number of inbound visitors to Moscow and an increase in domestic travel has resulted in robust growth for Moscow hotels' key market sectors. Between 2011 and 2012, Moscow's two main international airports (Domodedovo and Sheremetyevo) experienced a 12.2 per cent increase in air passenger traffic to 54.2 million passengers, of which approximately 35 per cent of total passenger arrivals were from international origin.

Moscow 4 and 5-Star Hotel Performance Indicators

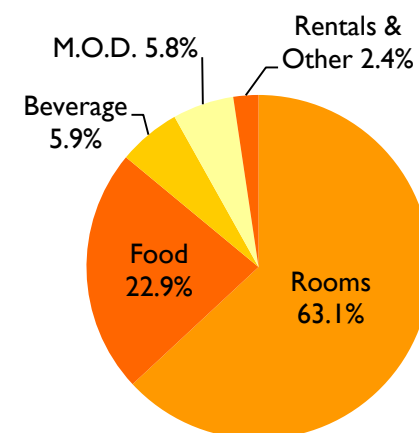
	2012	2011	Variance
Rooms Occupancy (%)	70.0%	66.0%	4.0 pts
Average Room Rate (€)	156.35	152.08	2.8%
Rooms RevPAR (€)	109.41	100.33	9.1%
F&B RevPAR (€)	58.33	55.12	5.8%
TrevPAR (€)	173.46	161.45	7.4%
GOPPAR (€)	75.75	65.90	14.9%
Payroll Percentage of Total Revenue (%)	26.4%	27.4%	1.0pts
GOP Percentage of Total Revenue (%)	43.7%	40.8%	2.9 pts

Moscow's four and five-star hotels capitalised on the continued recovery in corporate travel, achieving a 9.1 per cent RevPAR increase underpinned by significant growth (+ 4.0 percentage points) in room occupancy and an uplift of 2.8 per cent in achieved average room rate to €156.35. In addition, a 5.8 per cent increase in food and beverage revenue contributed to a TrevPAR increase of 7.4 per cent. For hoteliers in Moscow, astute cost management meant that the increase in revenue went straight to the bottom line fuelling a GOPPAR increase of almost 15 per cent.

Despite its status as the financial and political hub of Russia, in terms of quality hotel stock, the Moscow hotel market remains undersupplied. The Russian capital's current level of branded and modern hotel supply of between approximately 15,000 and 16,000 bedrooms is still below smaller European cities, such as Budapest, Prague and Vienna. Much of the international branded supply is concentrated in the four-star, five-star and luxury sector.

This trend is slowly changing as mid-market national and international branded hotels enter Moscow. In 2012, Russian hotel group Azimut opened a 145-bedroom three-star hotel, and during the same period a 109-bedroom Mercure hotel opened in the Arbat district. This is in contrast to the high-end openings during 2011, which included a 149-bedroom Crowne Plaza, 264-bedroom Radisson Blu and the 205-bedroom InterContinental Moscow. Over the next three years the Moscow hotel market is set to witness further additions to supply in the mid-market and economy sector, with the openings of new Hampton by Hilton, Ibis and Holiday Inn hotels expected by 2015.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	5.4%
Beverage Cost	1.1%
Minor Operated Departments COS	1.3%
Departmental Expenses	7.0%
Payroll & Related Expenses	26.4%
Property & Maintenance	2.4%
Sales & Marketing	3.7%
Energy Cost	3.5%
Admin & General	5.6%
Gross Operating Profit	43.7%
Total	100.0%

DOP Percentage 2012

Rooms	82.3%
Food & Beverage	45.7%
Minor Operated Departments	5.6%
Rentals & Other	78.7%
Total as a % of Total Revenue	69.4%

The Europe & MENA City Market Review: Munich

Munich is the third largest city in Germany, with approximately 1.4 million inhabitants, and is recognised as one of the most attractive tourist destinations in Germany offering approximately 395 hotels, equivalent to over 57,000 bedrooms. Whilst the German economy grew by only 0.7 per cent in 2012, Munich enjoyed a surge in visitor arrivals with an increase of 3.4 per cent to approximately 6.1 million visitors. The strength of the Munich tourism industry is primarily underpinned by its ability to host numerous trade fairs and exhibitions, attracting an estimated two million visitors per year, as well as cultural and leisure-related attractions such as the annual Oktoberfest.

Munich 4 and 5-Star Hotel Performance Indicators

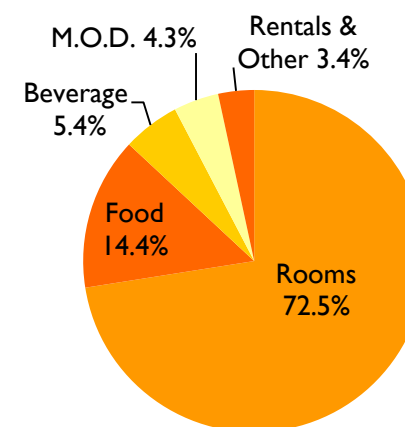
	2012	2011	Variance
Rooms Occupancy (%)	77.7%	78.0%	-0.3 pts
Average Room Rate (€)	136.60	123.31	10.8%
Rooms RevPAR (€)	106.18	96.13	10.5%
F&B RevPAR (€)	34.16	35.00	-2.4%
TrevPAR (€)	146.45	136.51	7.3%
GOPPAR (€)	54.88	49.05	11.9%
Payroll Percentage of Total Revenue (%)	29.4%	30.5%	1.1 pts
GOP Percentage of Total Revenue (%)	37.5%	35.9%	1.6 pts

Whilst Munich's occupancy levels marginally declined by 0.3 percentage points to 77.7 per cent during 2012, the decline in volume was offset by the 10.8 per cent increase in achieved average room rate to €136.60 from €123.31. As a result, RevPAR increased by 10.5 per cent, breaking the €100 mark, to €106.18 in 2012. The strong year-on-year increase was underpinned by a 23 per cent increase in average room rate for the month of May as a result of the city playing host to the 2012 Champions League final contested between Chelsea and Bayern Munich.

Whilst hoteliers in Munich benefited from the significant increase in rooms revenue, which underpinned the 7.3% increase in total revenues; ancillary revenues declined marginally, illustrated by the 2.4 per cent drop in food and beverage revenue. Despite this, as a result of the superior room revenue performance and efficient cost management, hotels in Munich recorded an impressive 11.9 per cent increase in profit levels to €54.88 from €49.05 per available room in 2011.

Although our HotStats data suggests that demand exists for additional hotel supply in the city, strict planning policies and/or a lack of available sites limits new additions to supply in Munich and as a result, the hotel development pipeline appears thin. Approximately 490 bedrooms opened in the city in 2012 and approximately 550 bedrooms are anticipated to open in 2013 (namely the 205-bedroom H2 Hotel and the 330-bedroom Ramada Hotel, which will both be developed in the Neue Messe district of the city by the Fondora Company). The limited future hotel supply threat, coupled with strong commercial and leisure-related demand bodes well for the city. However, it should be noted that as a result of key events taking place in the city in 2012, such as the Champions League final, it is unlikely that Munich will record such robust growth levels in RevPAR in 2013.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	4.0%
Beverage Cost	0.7%
Minor Operated Departments COS	0.8%
Departmental Expenses	10.9%
Payroll & Related Expenses	29.4%
Property & Maintenance	2.8%
Sales & Marketing	4.2%
Energy Cost	4.2%
Admin & General	5.6%
Gross Operating Profit	37.5%
Total	100.0%

DOP Percentage 2012

Rooms	72.9%
Food & Beverage	23.4%
Minor Operated Departments	7.4%
Rentals & Other	60.2%
Total as a % of Total Revenue	60.7%

The Europe & MENA City Market Review: Paris

Paris remains one of the most visited cities in the world, recording approximately 42 million tourists per year, with its Charles de Gaulle airport handling approximately 62 million passengers (+1.1 per cent) in 2012. The continued popularity of Paris with visitors primarily from the Middle East, US, UK and Japan contributed to considerable increases in all headline performance measures at hotels in the French capital. In addition, hotels in Paris were well placed to capture demand displaced from London due to the Olympics.

Paris 4 and 5-Star Hotel Performance Indicators

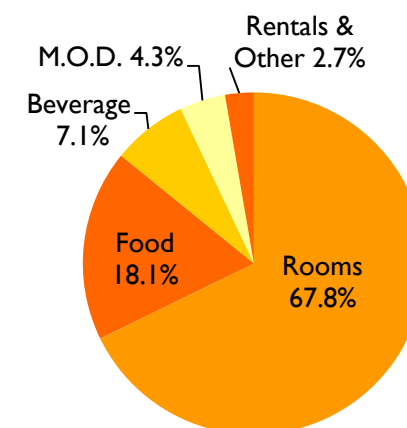
	2012	2011	Variance
Rooms Occupancy (%)	78.5%	78.0%	0.5 pts
Average Room Rate (€)	287.80	272.64	5.6%
Rooms RevPAR (€)	226.04	212.70	6.3%
F&B RevPAR (€)	94.65	92.54	2.3%
TrevPAR (€)	333.55	316.70	5.3%
GOPPAR (€)	99.15	91.46	8.4%
Payroll Percentage of Total Revenue (%)	40.4%	41.1%	0.7 pts
GOP Percentage of Total Revenue (%)	29.7%	28.9%	0.8 pts

Despite bad weather conditions in July, Paris delivered strong results during the summer. The greatest occupancy gain was achieved in August, with the volume of demand attributed to the leisure sector increasing by approximately 30 per cent, due in part to the timing of Ramadan, which meant that four-star and five-star hotels saw a wave of arrivals from the Gulf states and other Middle East countries, many of which, unsurprisingly, were avoiding the high volume and premium pricing at London hotels due to the Olympics.

As a result of a 0.5 percentage point increase in room occupancy to 78.5 per cent, coupled with an increase in achieved average room rate of 5.6 per cent, Parisian hoteliers were once again able to achieve a boost (+6.3 per cent) to the already high RevPAR levels achieved in the city to €226.04. In addition to the growth in rooms revenue, food and beverage income increased by 2.3 per cent, to €94.65, one of the highest levels recorded of the European cities polled. Despite GOPPAR for hotels in Paris increasing by an impressive 8.4 per cent to €99.15, the high proportion of revenue derived from non-rooms revenue, as well as characteristically high payroll costs, results in Paris achieving one of the lowest profit conversions rates in Europe.

The supply of four-star and five-star hotels in Paris has remained relatively stable in 2012, mainly due to the lack of available sites for new developments. Nevertheless, Starwood's W Hotel brand made its debut in France in 2012, with the opening of the W Paris Opera, offering 91 five-star bedrooms. Whilst anticipated future hotel supply in 2013 is limited, Paris will witness the re-opening of Starwood's 159-bedroom Prince de Galles Hotel in May following a two-year restoration.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	4.7%
Beverage Cost	1.1%
Minor Operated Departments COS	1.1%
Departmental Expenses	10.4%
Payroll & Related Expenses	40.4%
Property & Maintenance	2.3%
Sales & Marketing	3.2%
Energy Cost	2.0%
Admin & General	5.0%
Gross Operating Profit	29.7%
Total	100.0%

DOP Percentage 2012

Rooms	68.7%
Food & Beverage	11.9%
Minor Operated Departments	1.2%
Rentals & Other	57.9%
Total as a % of Total Revenue	51.5%

The Europe & MENA City Market Review: Riyadh

Historically an under-supplied hotel market, Riyadh has matured in recent years following a number of new openings. Whilst the expansion of the market and introduction of better quality hotels is considered a boon for the market in the long term, hotel performance levels in the city dropped during the year, indicating some stress on the existing stock. Given the potential addition of nearly 4,000 rooms over the next two to three years, a more profound impact on market-wide performance levels is likely during this period despite the bullish economic growth forecasted for the country.

Riyadh 4 and 5-Star Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	59.2%	61.5%	-2.3 pts
Average Room Rate (\$)	244.86	250.28	-2.2%
Rooms RevPAR (\$)	144.97	154.02	-5.9%
F&B RevPAR (\$)	79.21	75.19	5.3%
TrevPAR (\$)	239.97	243.69	-1.5%
GOPPAR (\$)	125.38	133.43	-6.0%
Payroll Percentage of Total Revenue (%)	20.1%	17.4%	-2.7 pts
GOP Percentage of Total Revenue (%)	52.2%	54.8%	-2.6 pts

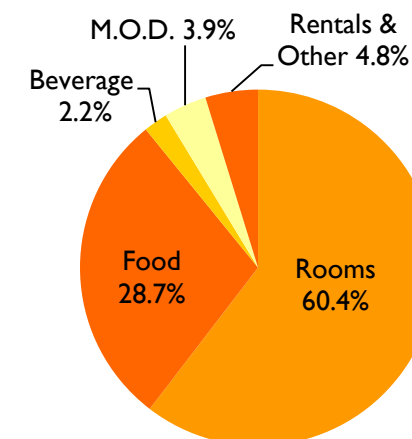
The Riyadh hotel market had a challenging year in 2012 as existing hotels faced increased competition from a raft of new supply. The market recorded a reduction in all three top line performance indicators in 2012 with occupancy and achieved average room rate declining by 2.3 percentage points and 2.2 per cent, respectively, against 2011 figures. This resulted in a 5.9 per cent decrease in RevPAR to US\$144.97 for the year.

Nevertheless, hotels in Riyadh reported a 5.3 per cent increase in food and beverage (F&B) revenue during the year, lessening the impact of the fall in RevPAR on TrevPAR, which dropped by 1.5 per cent to US\$239.97. The growth in F&B revenues is attributed to higher in-house guest utilisation and an increase in demand for meeting and event facilities and overall profits in the F&B department have remained high in Riyadh at 51.5 per cent.

Rising payroll costs appear to be one of the key challenges faced by hotels in the Kingdom. The Saudisation drive appears to have resulted in substantially higher payroll expenses, with 20.1 per cent of total revenue attributed to payroll in 2012, up 2.7 percentage points on 2011. The reduction in top line performance, coupled with the increase in payroll expenses, resulted in a 6.0 per cent fall in GOPPAR in 2012 to US\$125.38, the lowest in the past two years.

The pipeline of upcoming hotels in Riyadh is extensive, with a number of large upscale and luxury properties expected to open in 2013. With the market already witnessing signs of pressure, the fresh supply is likely to increase the pressure on top line indicators and intensify the seasonal demand issues during the coming year.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	7.5%
Beverage Cost	0.3%
Minor Operated Departments COS	2.1%
Departmental Expenses	5.3%
Payroll & Related Expenses	20.1%
Property & Maintenance	1.9%
Sales & Marketing	2.7%
Energy Cost	3.9%
Admin & General	4.0%
Gross Operating Profit	52.2%
Total	100.0%

DOP Percentage 2012

Rooms	87.9%
Food & Beverage	51.5%
Minor Operated Departments	18.4%
Rentals & Other	54.9%
Total as a % of Total Revenue	73.4%

The Europe & MENA City Market Review: Rome

Despite the political and economic uncertainty in Italy, the number of visitors to Rome increased by more than five per cent in 2012, to approximately ten million, with approximately 60 per cent of demand derived from international origin. As a result of the increase in visitor numbers, the number of accommodated overnight stays in the city increased by 4.3 per cent to 23 million. The visitor profile of Rome has become more diverse in recent years with numerous political, cultural, religious and sports-related events of national and international interest hosted in the Italian capital. Despite the increase in the number of tourists to the city and the contribution of this sector to GDP (6.7 per cent) profit per room at hotels in Rome dropped by 2.4 per cent.

Rome 4 and 5-Star Hotel Performance Indicators

	2012	2011	Variance
Rooms Occupancy (%)	69.4%	71.1%	-1.7 pts
Average Room Rate (€)	221.10	217.10	1.8%
Rooms RevPAR (€)	153.46	154.38	-0.6%
F&B RevPAR (€)	70.16	66.98	4.8%
TrevPAR (€)	235.24	233.33	0.8%
GOPPAR (€)	56.16	57.52	-2.4%
Payroll Percentage of Total Revenue (%)	40.0%	39.5%	-0.5 pts
GOP Percentage of Total Revenue (%)	23.9%	24.7%	-0.8 pts

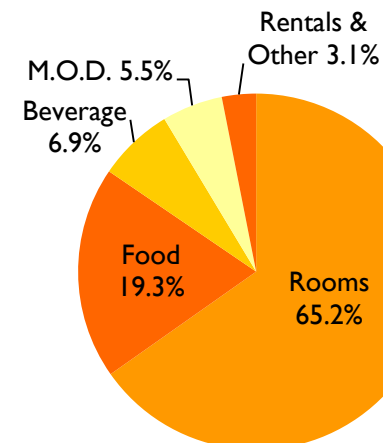
Whilst four and five-star hotels in Rome were able to successfully achieve a 1.8 per cent increase in average room rate during 2012 to a lofty €221.10, it was at the expense of a drop in room occupancy, which fell by 1.7 percentage point to 69.4 per cent. As a result, RevPAR at hotels in Rome dropped by 0.6 per cent to €153.46.

Despite the drop in rooms revenue, four and five-star hotels in Rome were able to achieve a 0.8 per cent increase in TrevPAR as a result of an increase in ancillary revenues, which was primarily driven by a 4.8 per cent increase in F&B revenue. However, the growth in total revenue was not sufficient to offset increasing cost levels, exemplified by the 0.5 percentage point increase in payroll as proportion of total revenue and a 33 per cent increase in utility costs, which resulted in hotels in Rome suffering an overall decline in GOPPAR of 2.4 per cent to €56.16, equivalent to a profit conversion of 23.9 per cent.

Hotel supply in Rome currently totals approximately 93,760 bedrooms within 984 hotels, of which 26 per cent of hotels are graded in the four and five-star sector, equivalent to 56 per cent (approximately 52,900 bedrooms) of total bedstock. Rome is served by two major airports, which handled more than 41 million passengers in 2012 of which slightly more than 37 million were handled by the larger Leonardo da Vinci-Fiumicino Airport.

Visitor numbers to the city are supported by numerous major leisure and business tourism events throughout the year, including Labour Day (1 May), the opera and theatre season, the Rome Masters tennis tournament and events at the Palazzo dei Congressi. The profile of the city as a destination for conferences and conventions is set to grow following the opening of the 27,000 square metre 'Cloud' convention centre extension in 2012.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	4.3%
Beverage Cost	1.3%
Minor Operated Departments COS	1.1%
Departmental Expenses	12.2%
Payroll & Related Expenses	40.0%
Property & Maintenance	3.5%
Sales & Marketing	3.7%
Energy Cost	4.4%
Admin & General	5.6%
Gross Operating Profit	23.9%
Total	100.0%

DOP Percentage 2012

Rooms	66.1%
Food & Beverage	13.9%
Minor Operated Departments	5.4%
Rentals & Other	71.8%
Total as a % of Total Revenue	49.8%

The Europe & MENA City Market Review: St Petersburg

St Petersburg is one of Russia's leisure visitor hotspots. Of the estimated 5.9 million arrivals to Russia's second city in 2012, approximately 40 per cent were leisure tourists. As a leisure destination, St Petersburg has significant hotel supply concentrated in the mid-market sector and is an attractive and affordable destination for domestic and foreign leisure travellers. Significant developments taking place in the city which are expected to have a positive effect on future demand levels include the expansion of Pulkovo Airport and the city's new ExpoForum, due to open in 2014, which will include a 7,000 capacity congress centre and 3,000 capacity main exhibition hall.

St. Petersburg 4 and 5-Star Hotel Performance Indicators

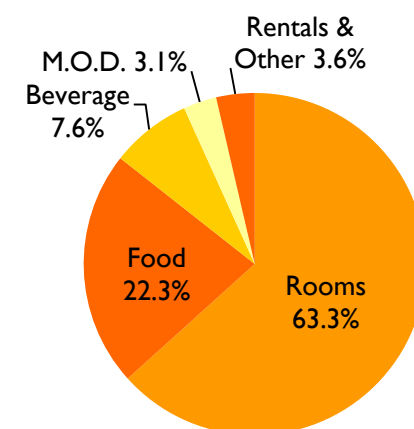
	2012	2011	Variance
Rooms Occupancy (%)	58.9%	53.4%	5.5 pts
Average Room Rate (€)	108.72	108.20	0.5%
Rooms RevPAR (€)	64.04	57.78	10.8%
F&B RevPAR (€)	32.91	31.36	4.9%
TrevPAR (€)	101.14	92.98	8.8%
GOPPAR (€)	42.02	38.54	9.0%
Payroll Percentage of Total Revenue (%)	25.1%	24.5%	-0.6 pts
GOP Percentage of Total Revenue (%)	41.6%	41.5%	0.1 pts

Four and five-star hotels experienced a double digit increase in RevPAR driven by a significant year-on-year increase in room occupancy levels (+5.5 percentage point). Average room rate in the St Petersburg market remained static at €108.72 for the year. In addition to the considerable increase in rooms revenue at hotels in St Petersburg, growth of 4.9 per cent was achieved in food and beverage revenue, which contributed to a TrevPAR increase of 8.8 per cent. For hotels in Russia's second city, relatively low operating costs resulted in a high profit conversion in both rooms (81.3 per cent) and food and beverage (39.8 per cent) departments in 2012, fuelling a nine per cent increase in GOPPAR to €42.02 per available room.

As an attractive destination to leisure travellers, peak demand levels in St Petersburg are experienced from June to September built on a combination of robust leisure and corporate demand. June in particular is a peak month, during the White Nights Festival with an annual estimated attendance of one million people.

In 2010 and 2011, new hotel supply in St Petersburg increased significantly as a number of projects which were delayed due to the financial crisis finally came to fruition. In 2012, only one new hotel entered the market, the Domina Prestige St Petersburg hotel on the Moika Embankment. In addition, redevelopment and repositioning of older existing hotels has enhanced competition. This trend will continue in 2013, as the former Neva Hotel will be repositioned and branded as a Hotel Indigo by IHG. 2013 will also see the opening of a 177-bedroom Four Seasons Hotel in the historic Admiral District as well as additions to supply in the branded mid-market and economy sectors.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	5.9%
Beverage Cost	1.6%
Minor Operated Departments COS	1.2%
Departmental Expenses	9.8%
Payroll & Related Expenses	25.1%
Property & Maintenance	2.1%
Sales & Marketing	4.0%
Energy Cost	3.7%
Admin & General	5.1%
Gross Operating Profit	41.6%
Total	100.0%

DOP Percentage 2012

Rooms	81.3%
Food & Beverage	39.8%
Minor Operated Departments	1.7%
Rentals & Other	44.6%
Total as a % of Total Revenue	66.1%

The Europe & MENA City Market Review: Warsaw

UEFA EURO 2012 was a key generator of accommodation demand for hotels in Warsaw during 2012 and has undoubtedly elevated the profile of the Polish capital as a tourism destination. Warsaw hotels benefited from an increase in accommodation demand during the tournament with more than 200,000 visiting fans attending a number of the major fixtures in the competition, including the semi-final between Germany and Italy, which fuelled a significant increase across headline performance metrics. The strength of demand during the summer months undoubtedly contributed to a year-on-year increase in profit per available room of approximately 16 per cent.

Warsaw 4 and 5-Star Hotel Performance Indicators

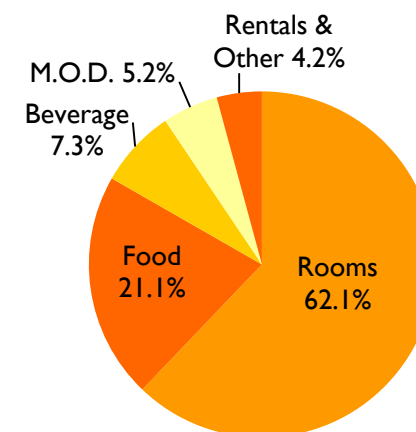
	2012	2011	Variance
Rooms Occupancy (%)	71.6%	71.5%	0.1 pts
Average Room Rate (€)	104.22	92.51	12.7%
Rooms RevPAR (€)	74.60	66.18	12.7%
F&B RevPAR (€)	39.62	42.97	-7.8%
TrevPAR (€)	120.04	115.50	3.9%
GOPPAR (€)	51.37	44.40	15.7%
Payroll Percentage of Total Revenue (%)	24.3%	25.7%	1.4 pts
GOP Percentage of Total Revenue (%)	42.8%	38.4%	4.4 pts

Warsaw was amongst the top performing cities in Europe in June as revenue performance in the four and five-star sector was buoyed by the high-profile football tournament, enabling a rooms yield record of €206.22 to be achieved as well as a 195.6 per cent increase in profit per available room. For 2012 overall, whilst occupancy performance remained stable, strong growth (+12.7 per cent) was achieved in average room rate, to €104.22. As a result, RevPAR increased by 12.7 per cent to €74.60.

During the period under review, the robust increase in RevPAR contributed to a 3.9 per cent increase in TrevPAR. However, further growth in this measure was impacted by a 7.8 per cent decline in food and beverage revenue per available room to €39.62 from €42.97 in 2011. In addition to the overall increase in total revenue, astute cost management, exemplified by a 1.4 percentage point decrease in payroll costs to 24.3 per cent of total revenue, enabled four and five-star hotels in Warsaw to achieve a 15.7 per cent increase in profit per room to €51.37 from €44.40 in 2011.

The success of the UEFA EURO 2012 and increase in visitor numbers to the Polish capital has fuelled a surge in interest for new hotel developments in the city, with major international brands having recently entered, or expected to enter, the Warsaw hotel market. Whilst branded limited-service hotels, including Holiday Inn Express and Ibis opened in Warsaw during 2012, a 116-bedroom Hampton by Hilton and 225-bedroom Marriott Renaissance at Warsaw Airport, as well as a 358-bedroom DoubleTree by Hilton in the city centre, are expected to open in 2013. Whilst hotels in Warsaw will be hard-pushed to achieve comparable year-on-year performance levels in 2013, the additions to branded supply and commercialisation of the hotel market has undoubtedly enhanced the perception of Warsaw as a destination for business and leisure visitors.

Departmental Revenue Contribution 2012



Percentage Distribution of Expenses 2012

Food Cost	6.3%
Beverage Cost	1.5%
Minor Operated Departments COS	1.4%
Departmental Expenses	10.0%
Payroll & Related Expenses	24.3%
Property & Maintenance	2.6%
Sales & Marketing	3.2%
Energy Cost	4.2%
Admin & General	3.7%
Gross Operating Profit	42.8%
Total	100.0%

DOP Percentage 2012

Rooms	78.9%
Food & Beverage	38.7%
Minor Operated Departments	2.3%
Rentals & Other	78.0%
Total as a % of Total Revenue	65.2%

Glossary

A&G - Administrative & General

This covers items that are not easily attributable to any one department. It includes items such as management, administration, finance and accounting, stationery, uniforms, training, recruitment, etc.

ARR & ADR - Average Room Rate & Average Daily Rate

This is the average price each room is sold for in the hotel or group of hotels being analysed. It is calculated by dividing the room revenue by the number of rooms let.

Beverage Revenue

Beverage revenues are derived from sales of alcoholic beverages, soft drinks and cigarettes. Includes revenues from restaurant, conference and banqueting, room service and mini-bar operations and may include package revenue allocations but excludes beverage allowances.

COS - Cost of Sales

The cost of raw materials prior to their resale.

DOP - Departmental Operating Profit

The total revenue for the specific department named less costs for that department, ie cost of sales, payroll and direct expenses.

F&B - Food & Beverage

This covers restaurants, bars, room service and banquets and conferences (including room hire, etc).

Food Revenue

Total food revenues are derived from food sales, including sales of coffee, tea and milk to guests. Includes revenues from restaurant, conference and banqueting, room service operations and packaging revenue allocations, but excludes food allowances.

IBFC / GOP - Gross Operating Profit

For the purposes of this study, Gross Operating Profit is defined as the total departmental operating profit, less all undistributed operating expenses and is synonymous with IBFC (income before fixed charges).

MOD - Minor Operated Departments

These are departments within the hotel that are not covered in any of the other headings. For example, if the hotel offers guests laundry service, this would be a Minor Operated Department. Other examples included equipment rental or pool supplies.

Occupancy

This is the percentage of available rooms that have been sold over the period being analysed. It is calculated by dividing the number of room nights sold during the period by the total number of rooms available for sale in the same period.

Other F&B Revenue

All revenue generated in the food and beverage department, apart from through sale of food and beverages. This includes room hire, service charges, cover charges etc.

P&M - Property & Maintenance

Includes all items relating to the maintenance of the property and equipment.

PAR - Per Available Room

A measure that may be applied to any revenue or cost to facilitate analysis. The revenue or cost being analysed is divided by the total number of bedrooms available for sale during the period under analysis.

Payroll and Related Expenses as a Percentage of Total Sales

Calculated by dividing the sum total of payroll and related expenses by the total sales and then multiplying by 100.

Percent of Departmental Revenue

Expresses any given criteria as a percentage of the total revenue generated by the specific department to which it relates.

Rooms RevPAR - Revenue Per Available Room

Also known as Rooms Yield. Calculated by dividing the room revenue by the number of rooms available for sale during the period under analysis.

Room Revenue

Revenues from bedrooms and suites rented or leased for part of a day, week or longer, includes revenues raised from no-show charges where collection is reasonably certain and excludes allowances and cancellation fees.

Total Operating Costs

This sum is the cost of sales, direct expenses and payroll costs for any given department.

Total Payroll

The sum total of salaries, wages and employee benefits from all operated departments and all undistributed operating categories.

Total Revenue

Sum total of net revenues from all the operated departments plus rentals and other income.

TrevPAR

Sum total of net revenues from all the operated departments plus rentals and other income per available room (See PAR).

UOE - Undistributed Operating Expenses

This classification is used for administrative and general expenses, marketing expenses, energy costs, and property operation, and maintenance expenses. Each of these can be considered as an individual entity.

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