

Press Release

Paris, 11 July 2008

Hotel industry performance in Paris in June 2008: continued improvement

Paradoxically, the 1.1% decrease of RevPAR registered in last June by the Parisian hotel industry in Paris has been quite good news, meaning that there is the upmarket segment held a very strong position. The month of June 2007, which was taken as a reference, had indeed displayed a rise of 28% in its turnover due to an exceptional event: the Airshow Fair 2007. Succeeding in avoiding a further decrease was in itself an indicator of the industry's sound performance.

In spite of a slight decrease, occupancy rates reached remarkable levels in Paris' town centre: 87.5% on a monthly average.

Luxury hotels in Paris have suffered a bit more from a lack of upmarket clientele that is usually generated by aeronautic activity. They however tend to display a very satisfactory first semester.

The hotel industry in Paris as a whole remained dynamic until the end of June largely due to an important amount of active business clients. The RevPAR increased by 7.8% during the first semester.

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Methodology

Created in 1985 by Georges Panayotis, MKG Hospitality is currently the leading European consulting service provider for the hotel, tourism and catering industries. It has established the **most important World Hotels database** outside the United States, successfully representing all of the various hotel segments. The **monthly** program of MKG Hospitality's database covers a sample of approximately **10,000 corporate operated chain hotels offering 1,000,000 rooms**. Ever since September 2004, MKG Hospitality's database has been offering a **daily** program: **Hotelcompset.com** that enables users to perform a daily follow-up of each hotel's activity indicators. This program covers **1,500 hotels and 125,000 rooms in France, thus making it the leading program used for daily performance follow-up in Europe**.

Performance rates in hotel chains per category in Paris town centre
Monthly results - June 2008 - First estimation

	Occupancy rate	OR difference (pts)	Average rate	AR evolution %	RevPAR	RevPAR Evolution %
2*	90,3%	-2,4	89,4	12,7%	80,7	9,8%
3*	86,1%	-3,9	131,7	6,7%	113,4	2,1%
4*	85,9%	-2,6	281,2	-1,9%	241,5	-4,8%
Luxury	88,0%	-3,8	872,6	-5,3%	768,3	-8,7%
GLOBAL	87,5%	-2,8	178,7	2,0%	156,4	-1,1%

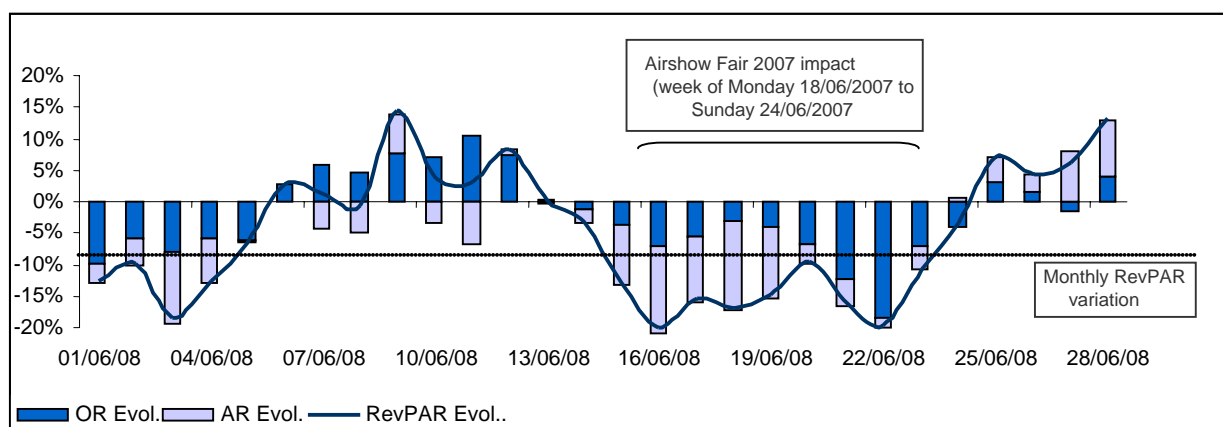
Source: MKG Hospitality Database - official hotel chain supplier - July 2008
Average rates and RevPAR rates expressed in Euro, all taxes included

Performance rates in hotel chains per category in Paris town centre
Results accumulated during the 1st semester 2008 - First estimation

	Occupancy rate	OR difference (pts)	Average rate	AR evolution %	RevPAR	RevPAR Evolution %
2*	84,4%	1,7	80,5	5,7%	68,0	7,8%
3*	78,5%	0,0	110,8	6,7%	87,0	6,7%
4*	78,2%	1,4	239,8	5,4%	187,4	7,3%
Luxury	81,5%	4,4	870,1	10,7%	709,1	22,4%
GLOBAL	80,4%	1,0	152,8	6,4%	122,8	7,8%

Source: MKG Hospitality Database - official hotel chain supplier - July 2008
July 2008 Average rates and RevPAR rates expressed in Euro, all taxes included

Daily progress¹ of occupancy rates, average rates and RevPar in Paris luxury hotels in June 2008



Source: MKG Hospitality Database - official hotel chain supplier - July 2008
July 2008 Average rates and RevPAR rates expressed in Euro, all taxes included

¹ Progress is calculated by comparing performance rates to the same day of an equivalent week in 2007: for example, the week for Monday 16 June 2008 is compared to Monday 18 June 2007, Tuesday 17 June 2008 and Tuesday 19 June 2007, etc. in the Bristol, Concorde Crillon, Fouquet's Barrière, Four Seasons George V, Meurice, Park Hyatt Paris Vendôme, Plaza Athénée and Ritz hotels.

Highly positive results in spite of a decreasing RevPAR

The first estimation performed by MKG Hospitality for the month of June 2008, based on its daily hotel performance observations, revealed a decreasing RevPAR in Paris for the month of June 2008 limited to 1.1% of all mixed categories.

Paradoxically, this result has proven to be rather positive:

Firstly, the decrease only seems to have affected 4* establishments. Economy segment hotels and midmarket hotels have continued to display an increasing RevPAR.

Additionally, even if occupancy rates are currently falling, their level is still quite exceptional. Current demand allows hotel managers to optimize their average rates by aiming for a good yield.

Regardless of each segment, performance rates observed in June 2008 should be compared with a remarkable 2007 performance. The Airshow 2007 held in Bourget had provided a 28% boost to RevPAR levels in Paris hotels: occupancy rates had risen by 4.8 points and average rates had increased by 20.8%. During the week in which the exhibition was indeed held, from 18 to 24 June 2007, MKG Hospitality's daily observations had registered a rise of 9.2 points in occupancy rates and 43.2% in average rates, thus increasing RevPAR levels by almost 60%!

Paris luxury hotels were the most affected by the Airshow's absence, nevertheless preserving an extremely high activity level

Paris luxury hotels are highly dependent on the activity of the luxury clientele, who is largely attracted by this type of events. These hotels registered a meaningful decrease in their RevPAR levels during the month of June 2008²: -16% on average during the week ranging from 16 to 22 June 2008, which was that of the Airshow Fair in 2007. Paris luxury hotel performance rates fell by 8.7% during that month. The fact that the business clientele was lacking, due to the highly remunerative aviation activity, had an impact on the turnover. The decrease in average rates is essentially due to changes in the clientele mix and does not represent a turning of the trend. Load factor rates in these luxury hotels remained quite satisfactory given that they reached 88% on average during the month of June.

The natural increase in the hotel industry's performance in Paris since 2006 has been confirmed by comparing June 2006 and June 2008: there has been a rise of 25.4% in RevPAR levels which has affected all categories.

Moreover, the trend observed during the first semester always tends towards an increase. Occupancy rates are particularly high, exceeding a rate of 80% on average during the first six months of the year. Consequently, average rates have maintained a growth trend (+6.4%).

Despite having gone through a difficult context due to a less favourable economic situation, in spite of the Euro/US dollar exchange rate which constitutes a disadvantage for American tourists and other clienteles whose buying power depends on the status of American currency, and although the spectacular rise in oil prices has increased the cost of international travel, the Business clientele continues to drive hotel activity in Paris. Occupancy rate levels attained during the last two years reveal a tense market in which demand has not fallen in the very least. In a situation that has become increasingly uncertain in recent months, the summer season and the back to school season in September may indeed reveal the trends that Paris hotel managers shall have to face in the near future.

² MKG Hospitality monitors the daily and monthly activity of all luxury hotels in Paris: Bristol, Concorde Crillon, Fouquet's Barrière, Four Seasons George V, Meurice, Park Hyatt Paris Vendôme, Plaza Athénée and Ritz



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MKG Hospitality Database

The Parisian Luxury hotel segment as a whole currently participates the daily and monthly programs that provide information for MKG Hospitality's database.

Based on a total sample exceeding 86,000 rooms within Paris' urban area and 40,000 rooms in Paris' town centre, the MKG Hospitality database collects 100% of the monthly data coming from chain hotels and display and succeeds in representing 70% of the global offer (independent hotels and chain hotels) located within the urban area of Paris.

Our database collects daily performance related data concerning more than 60,000 rooms. MKG Hospitality succeeds in representing nearly 80% of the hotel chain offer within the Paris urban and suburban areas and more than 85% inside the French capital!