



GBR HOSPITALITY QUARTERLY NEWSLETTER

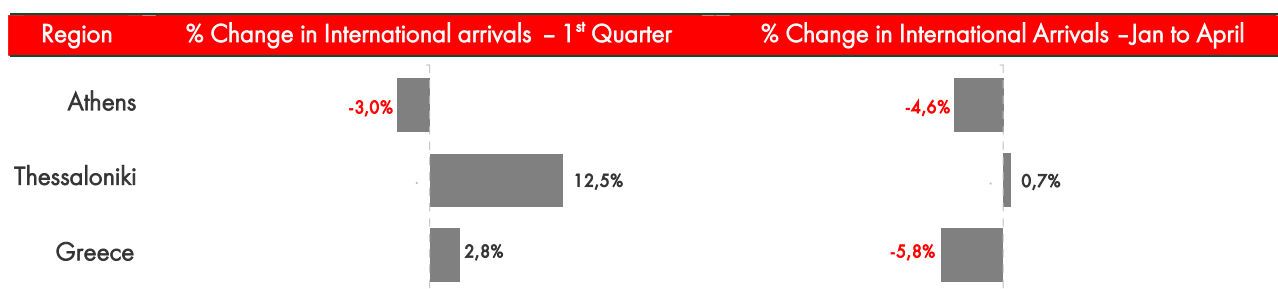
Greek Hospitality Industry Performance

1st Quarter 2010

Introduction

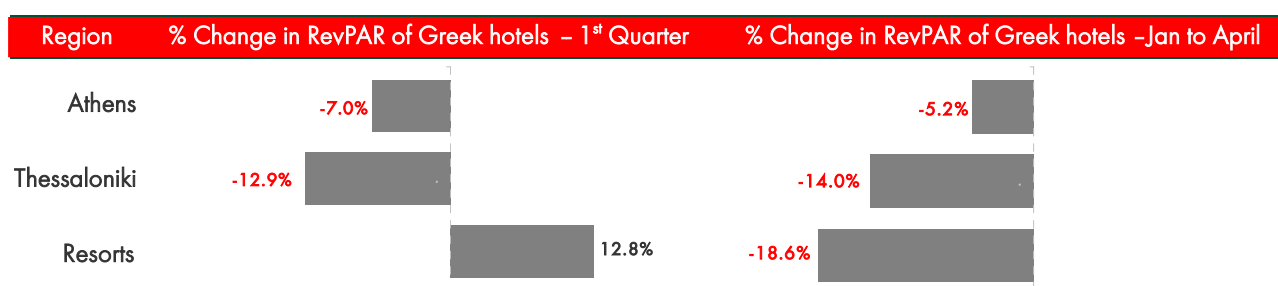
This newsletter provides a snapshot of the performance of Greek hotels based on a sample of more than 180 hotels & resorts in Greece. This data is complemented by data from other sources so as to place the Greek hospitality industry in the perspective of Greek tourism and of the International Hospitality Industry. Finally, a topic of special importance to the hospitality industry will be presented each time.

International arrivals¹ in Greek airports, 2010 compared to 2009



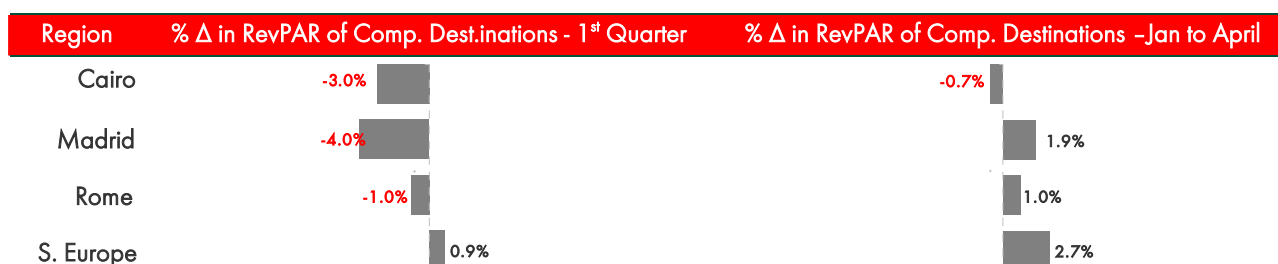
Source: SETE, processed by GBR Consulting

RevPAR2 in Greek hotels, 2010 compared to 2009



Source: GBR Consulting

RevPAR in Competitive Destinations, 2010 compared to 2009



Source: STR Global, processed by GBR Consulting

Commentary

- International arrivals during Q1 at Athens airport decreased by 3.0%. Thessaloniki Airport saw an increase of 12.5% compared to last year's Q1 but this is probably due to the fact that Thessaloniki Airport does not distinguish between domestic and international arrivals and the former increased sharply due to the forced closure of the Athens - Thessaloniki motorway at Tempi for a few months. Arrivals at all Greek airports also increased by 2.8%. In April, however, figures deteriorated sharply, largely due to the early Easter which discouraged foreign tourists from coming to Greece as well as due to the closure of the European airspace due to the volcanic ash from Eyjafjallajökull in Iceland which led to many cancelled early holidays.

- The performance of the hospitality industry during the first quarter showed marked deterioration for Athens and Thessaloniki, though not for the Resort Hotels which, during Q1, were of a non-seasonal operation. Athens overall RevPAR decreased by 7.0% in Q1, Thessaloniki by 12.9%, while (non-seasonal) resort destinations had an overall increase of 12.8%. However, April was very bad for resort hotels (which now also included a significant number of seasonal hotels) mainly due to airport closures caused by the volcanic ash and early Easter which discouraged holiday-makers to fly to Greece.
- The opening of the Met Hotel in Thessaloniki has improved the hospitality infrastructure of the city; however, the addition of 212 rooms in the 5* category supply, making it the second largest hotel in the city, has put pressure on occupancy and rates overall.
- Due to the early Easter many seasonal resort hotels have delayed their opening, not only because demand for Easter holidays was reduced but also because of the long time gap between Easter Holidays and the beginning of the spring/summer holiday season.
- Although the impact of the eruption of the volcano Eyjafjallajökull in Iceland was largely negative, it also had a positive impact for some hotels (particularly in Athens) whose customers extended their stay until the opening of the airports and/or where stranded tourists checked-in while waiting for airports to open again.
- The comparison of the performance of Athens, Thessaloniki and Greek Resorts with other comparable destinations shows their disadvantageous position. In particular, in April there was a reversal of the until then mostly negative trends to positive across Southern Europe, while in Greek hotels the negative developments became more pronounced and included the resort hotels as well.
- Airtraffic controllers' strikes in April caused significant cancellations as well.

Things to consider for the next Quarter

- Last minute reservations are expected to limit the poor performance of resort hotels compared to last year's performance.
- The avoidance of further violent demonstrations in Athens and extensive, and often unfair, coverage of them in the international Press and Media will further help redressing the ground lost so far this year.
- Athens hotels should get a major boost during the biennial Poseidonia shipping exhibition in June.
- The opening of the Athens seafront will boost the city image as a city break destination.
- The Greek Government has announced the lifting of restrictions on manning cruise ships ('cabotage' rules) and the Tourism industry keenly awaits the draft law that will implement this liberalization. Due to these rules and despite the Greek seas being a favorite for cruises - there are over 1,000,000 passengers in the Greek seas annually, only 6.5% of European cruise passengers originated from Greece while Italy benefited by 60%. Athens hotels and the Athens airport are expected to be the main beneficiaries of the much anticipated liberalization.
- The further increase of the VAT on hospitality services to 11% from July 1st, 2010 (from 9% at the beginning of the year) will have a negative impact on the profitability of the industry overall, particularly in combination with the price reductions taking place due to current market conditions.

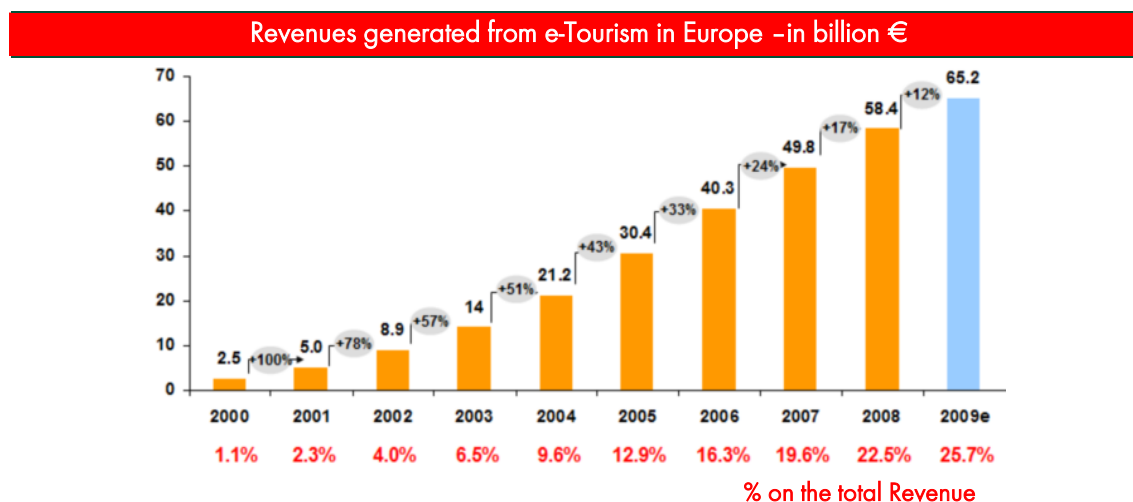


Endnotes

- ¹ *The international arrivals statistics are based on SETE calculations compiling the data from 13 major airports of Greece, representing 95% of foreigners' arrivals by plane in Greece and 72% of total foreigners' arrivals. Thessaloniki airport does not distinguish between arrivals of Greeks and foreigners.*
- ² *RevPAR: Revenue per Available Room; for Greek resorts, calculations are based on TRevPAR (i.e. Total RevPAR).*

Special Quarterly Issue

The following chart depicts the importance of the internet as a promotion and sales tool for tourism and hospitality businesses.



Source: Centre for Regional and Tourism Research, GBR Consulting

In 2009 it is estimated that approximately 26% of the Tourism revenues were generated through internet bookings. These figures underestimate the importance of the internet as a marketing and sales channel as they exclude electronic transactions from non-Europeans, Tour Operators and non-internet reservations following an internet search ('lookers vs bookers'). The internet has become an established reservation channel and making the right strategic use of the tools provided through the internet can make the difference in the ease of finding and booking a room, especially for the last-minute bookers.

GBR Consulting is the leading hospitality and tourism consultancy in Greece. Its experience includes market and financial feasibility studies as well as valuations and development plans for Hotels, Resorts, Spas, Marinas, Casinos & Gaming, Conference Centers & Arenas, Theme Parks, Golf Courses etc.

GBR Consulting is affiliated to CBRE Atria, the Greek arm of CB Richard Ellis, providing together a specialized service for Tourism Properties Transactions.

GBR Consulting possesses a database with financial data for over 1,000 hotel establishments in Greece and has a datashare agreement with STR Global, the world's largest databank of hotel operational data.

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