

November 2006



FocusOn

Low Cost Carriers and their Impact on European Tourism



CONTRIBUTORS

Sylvia Rost

Vice President Valuations, Frankfurt

Jördis Krüger

Analyst Marketing/Research, Frankfurt

Katleen Van den Brande

Analyst Research, London

katleen.vandenbrande@eu.jll.com

JONES LANG LASALLE HOTELS, the world's leading hotel investment services firm, is uniquely positioned to provide both the depth and breadth of advice required by leading hotel companies and hotel investors globally. In 2005, Jones Lang LaSalle Hotels sold 32,049 hotel rooms to the value of US\$7.9 billion in 72 cities, which represents an increase of 52% on the value of transactions in 2004. In addition advisory and valuation expertise

was provided on 139,498 rooms to the value of US\$31.8 billion across 265 cities. Jones Lang LaSalle Hotels adds value for clients through in depth market knowledge both in established and emerging markets, technical expertise and unrivalled experience. Their services include investment sales, mergers and acquisitions, capital raising, valuation and appraisal, asset management, strategic planning, operator assessment and selection,

hotel consulting, industry research and project development services. Recently recognized by Forbes Magazine, on the prestigious Platinum 400 list, Jones Lang LaSalle (NYSE: JLL) the world's leading real estate services and investment management firm, has more than 100 offices worldwide and operates in more than 430 cities in 50 countries.

www.joneslanglasallehotels.com

EXECUTIVE SUMMARY

In the 1990's, the traditional model employed by charter and scheduled airlines was affected by the market entry of low cost carriers (LCCs). The introduction of LCCs in Europe originated in Ireland and the United Kingdom (UK), when Ryanair and easyJet launched the low budget flight business, in 1991 and 1995 respectively. The market penetration of LCCs has increased significantly in Europe over the last few years, with further expansion anticipated in the coming years.

Research shows that the launch of LCC flights to a new destination can have three different effects on a city. Firstly cities can experience a pull effect. These cities tend to experience a decrease in long-term tourism demand, caused by weakened domestic demand as domestic tourists make increased use of LCCs to travel abroad. This negative impact often offsets any growth experienced in international demand. However, the effect only becomes apparent several years after the entrance of LCCs to the market, when a strong network of budget flights from the airports has been established. A pull effect is evident in major gateway cities, such as London and Paris.

In most cases cities tend to see a boost in tourism following the launch of LCC flights, also referred to as the 'push effect'. The most common strategy employed by a LCC is to launch new routes to destinations previously unavailable, or to destinations for which traditional carriers demand high fares. Following the introduction of LCCs these destinations generally register a strong increase in tourism, not only in the holiday season but also in off-season periods. The boost in tourism demand tends to be stronger and more rapid in East European cities compared to West European cities, as the latter already have a strong tourism base. The increase in tourism can have a positive effect on occupancy and hotel performance, although this will depend on other characteristics within the local hotel market. Examples of cities experiencing a push effect are Berlin, Barcelona, Budapest and Prague.

The third effect on a city is the 'derived effect'. LCCs generally operate from secondary airports, which tend to be located away from the city centre. The areas adjacent to these secondary airports can experience a derived effect following the launch and expansion of budget flights to the airport. These districts tend to see growth in bed nights and hotel supply, due to the distance between secondary airports and the city centre often encouraging tourists to stay in a hotel near the airport, before or after their flight.

Although LCCs have already established themselves in the market, and have achieved high growth rates, it is anticipated that growth will continue in the next few years. However, it is likely that competition amongst budget airlines will intensify in the future, resulting in companies becoming insolvent or merging, due to saturated markets with oversupply on certain routes, stress of competition, and declining revenue per passenger. Consequently the industry can be expected to experience consolidation in the long term. In addition, increasing oil prices are challenging the airline industry worldwide, including the LCC segment. As strong competition will restrict the increase in ticket prices, budget airlines will need to bear the increasing fuel costs themselves, and search for other measures in order to cut costs.

The impact of LCCs on the European tourism market is anticipated to strengthen and expand in line with growth in the industry. Cities experiencing the push or pull effect are expected to see the full impact over the next few years. Moreover, as LCCs continue to launch new routes, the push effect and derived effect will most likely expand across the continent. Nevertheless, the occurrence and maintenance of any of these effects will be dependent on various external factors, such as potential tax increases implemented by the government.

We trust you will find this edition informative and, as always, we welcome your feedback.



Mark Wynne-Smith
European CEO



Budapest experiencing a push effect by LCCs



Source: InterContinental Hotels Group

CONTENTS

The European Aviation Market	6
The European LCC Market	6
Effect of the LCC Market on the Hotel Industry	7
– Pull Effect	7
– Push Effect	9
– Derived Effect	13
The Impact of LCCs on the Wider Market	15
Outlook	16
– LCC Market	16
– Effect on European Tourism	16
Appendix	17
Glossary	18
Jones Lang LaSalle Hotels Research	19

THE EUROPEAN AVIATION MARKET

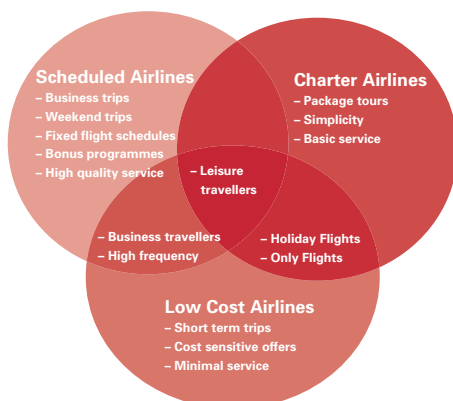
Before deregulation in 1990, the European aviation market was neatly divided between scheduled carriers, which primarily focused on business travellers, and charter airlines, which catered for leisure travellers searching for sunshine on Southern European beaches.

Whilst scheduled airlines specialise in scheduled air transport services, charter airlines offer flights outside normal schedules, sold as part of a package holiday. Traditionally, charter airlines are defined as those that do not sell tickets directly to passengers. Travel agencies and tour operators charter seasonal flights, or groups of seats, and dispose of them as part of a tour package that includes at least two different services, such as flight and accommodation. However, since the introduction of low cost carriers (LCCs), this is no longer the case. Currently a third of charter tickets are booked via the Internet or via travel agencies, without the inclusion of accommodation or other additional services.

In the 1990's, both charter airlines and scheduled airlines were affected by the market entry of LCCs, which initially focused on leisure tourism, but later also targeted the business segment. As a result both charter and scheduled airlines launched new price and business strategies. Although LCCs have impacted on the business of both scheduled and charter airlines, they currently pose more of a threat to scheduled airlines. As LCCs reach a saturation point and offer a higher frequency of daily flights to an increasing number of destinations, the threat that scheduled airlines will lose a higher proportion of their business travellers, heightens. This trend is already evident in the London area and for airlines that serve airports close to key business destinations. The rapid changes in the European aviation market have largely intensified the competition for passengers and routes. Moreover, the oversupply in seat capacity has resulted in strong price differentiation and competition between all segments of airlines.

Before the boom of LCCs in 2000, there was a clear separation between the three types of carriers: scheduled, charter and low cost airlines. However, recently their boundaries have become less distinguishable. The following chart illustrates the services provided by the three airline sectors, and their customer target groups.

Airline Segments – Services and Customer Target Groups



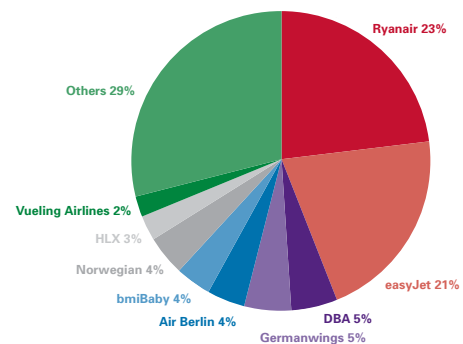
Source: Jones Lang LaSalle Hotels

THE EUROPEAN LCC MARKET

The introduction of LCCs in Europe originated in Ireland and the United Kingdom, when Ryanair and easyJet launched the low budget flight business, in 1985 and 1995 respectively. The market penetration of LCCs has increased significantly in Europe over the last few years, and the prospects for further expansion are positive. Europe has a large population base, diverse cultures and a large number of available holidays for those who travel frequently. The success of the “no frills” flight service can be measured in terms of traffic growth since 1994. Whilst in 1994 less than 3 million passengers in Europe used a LCC, the number of passengers increased to 17.5 million in 1999 and to 85 million in 2003¹. Only one year later, this volume increased by another 24% to almost 107 million².

Although Ryanair and easyJet are still dominant in the LCC market, they have been joined by a large number of successful airlines that have become well-established during the last few years (see Appendix), which each possess a considerable market share in the European market. However, not all LCCs have developed successfully. Some European companies, such as the Norwegian LCC ColorAir and the British LCC Debonair, accumulated large losses and discontinued business in 1999.

European LCCs Market Share, March 2006



Source: OAG Worldwide Ltd

The low cost carriers business concept relies on a simplification of internal processes and on standardisation. LCCs use one type of aircraft that have more saleable seats than traditional carriers. In order to establish a lower cost base, these airlines consider a number of factors, and undertake a number of measures. Some examples are the offer of only one passenger class, the use of electronic ticketing and the reduction of turnaround time on the ground in order to maximise revenue-generating air time. All of these factors amount to an operating-cost advantage of 40% to 65% per seat and kilometres flown, compared to major scheduled carriers, allowing LCCs to offer fares at a reduction of 50% to 70%³. Although passenger comfort is compromised, demand for cheaper travel has proved to be very popular, with strong passenger growth reported over the last few years. LCCs also benefit from the economic cycle, as passengers opt for less expensive alternatives in times of a weak economic growth.

EFFECT OF THE LCC MARKET ON THE HOTEL INDUSTRY

Although similar in many key areas, low cost carriers can differ from one another in several aspects. The main difference in their approach is the selection of airports from which they operate. In order to benefit from lower airport charges, the majority of carriers have based themselves at secondary or less important airports in Europe, which not only offer lower ground-handling and landing fees but also ensure quicker handling procedures. Ryanair, for example, operates most of its routes to and from secondary airports, like Frankfurt/Hahn (Germany) or Shannon (Ireland). In contrast, their largest competitor, easyJet, operates several times every day, to and from main airports, such as London, Amsterdam and Paris. This approach, favoured by easyJet, tends to attract more business travellers, but also results in higher ticket prices compared to Ryanair. In general, it can be noted that successful secondary airports that have committed themselves to LCCs, have registered an above-average increase in passenger volume.

The European low cost flight market is most firmly established in the United Kingdom (UK), followed by Germany, Spain, Italy and France⁴. According to Eurocontrol the UK low cost sector registered a 32% market share of the European LCC market in the first five months of 2006. Furthermore LCCs possess an above average market share of the total aviation market in the UK, compared to other European countries. In February 2006, LCCs accounted for 47% of the total UK flight market. The German aviation market has also experienced a dramatic change since the entrance of LCCs into the market in 2000. However, the market in Germany currently shows a more equal distribution of LCCs in the total aviation market, compared to the UK market. In February 2006, LCCs represented 25% of the total German aviation market⁵.

For a number of years Eastern Europe was dominated by state-owned airlines, which were protected by capacity restrictions on foreign carriers. With borders opening to competition, the LCC's share of the market is growing exponentially in Eastern Europe, and former state-owned carriers are coming under pressure. When joining the European Union (EU), a country's airline market opens up immediately, as EU laws allow any EU based carrier to serve any route within the EU. Ryanair and easyJet have become active in several new EU member countries in Eastern Europe; nevertheless, the leading LCCs in these markets continue to be Wizz Air, based in Hungary and Poland, and SkyEurope, based in Budapest, Krakow, Warsaw, Prague and Bratislava.

As mentioned previously, charter airlines have increased their flight frequency on certain routes and currently offer low price flights with less services, similar to LCCs, and experts often refer to them as LCCs. In line with this statement this FocusOn research paper will include both charter and low cost airlines in its definition of LCCs⁶.

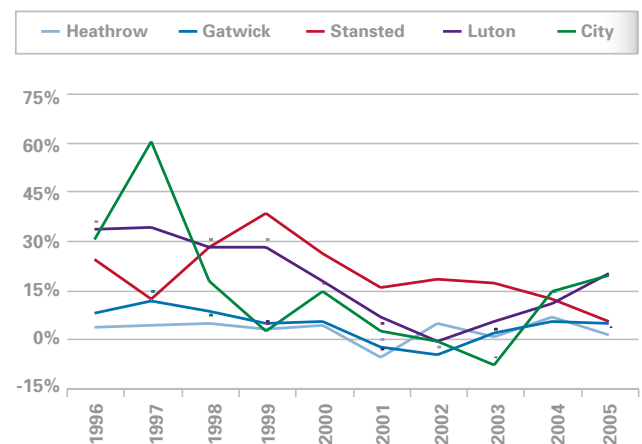
Research shows that the introduction of LCCs can have one of three effects on a city or an area. The most significant effect is a boost in tourism demand, as LCCs bring an increased number of international tourists to the respective city. However, the introduction of LCCs can also result in an overall decrease in tourism demand, as cheap flights lure domestic visitors away for cheap holidays abroad. Lastly, the areas adjacent to secondary airports, which are those favoured by LCCs and generally located quite far from the city centre, can experience an increase in hotel supply and hotel brands following an increase in demand. All three effects will be discussed and illustrated in detail below.

Pull Effect

Following the introduction and establishment of low cost carriers, a city can experience a decrease in long-term tourism demand, with more domestic travellers using LCCs to travel abroad, referred to as the 'pull effect' in this report. These areas tend to experience a strong decrease in domestic arrivals, offsetting any growth in international demand. Areas experiencing a pull effect tend to be major gateway cities that already possess strong domestic and international tourism demand, such as London and Paris.

Since 1985 when Ryanair launched its first route from Waterford in Ireland to London Gatwick, low cost carriers have become an important part of the London aviation market. Following the introduction of LCCs, London airports have seen a consistent growth in passenger arrivals, with the exception of 2001. Strongest growth was reported between 1991 and 1995 when compounded annual average growth (CAAG) was 8.0%, which decreased to 7.2% between 1996 and 2000, and to 4.2% between 2001 and 2005. Generally, the introduction of LCCs resulted in significant growth for secondary airports: Stansted, Luton and City airports all boasted exceptional annual average growth between 1996 and 2000. Although the CAAG rates for City Airport decreased during the period 2001 to 2005, growth still remained higher compared to Heathrow and Gatwick.

London Airports: Growth



Source: BAA

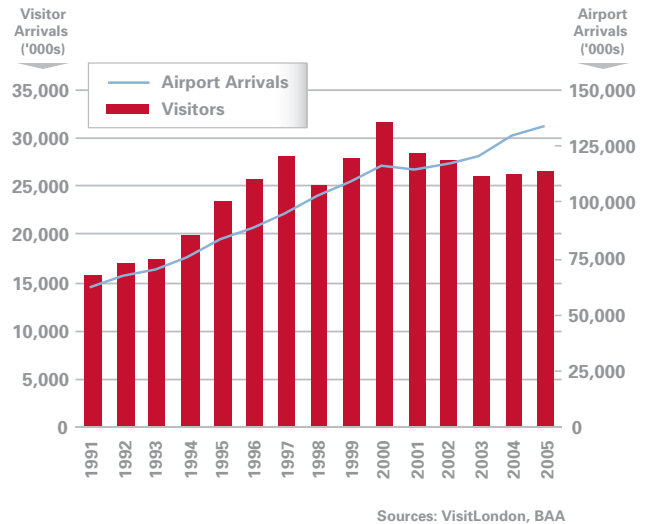
⁴ Official Airline Guides (OAG) Business Development ⁵ Davy European Transport and Leisure "Ryanair as a consumer growth company", March 2006; Official Airline Guides (OAG) Business Development ⁶ Please note that there is no standard data collection across Europe. Certain statistical offices still separate charter and low cost airline data. However in this report LCC will refer to both charter and low cost airlines unless stated differently.

Being a major gateway city, London has always experienced strong tourism demand, both from international source markets as well as from the UK. This high level of tourism demand was retained after the launch of LCCs, but growth rates did not continue to accelerate. On the contrary, CAAG rates for visitor arrivals decreased from 10.4% (1991–1995) to 5.4% (1996–2000) and –1.6% (2001–005). Negative rates in the last five years were, without doubt, strongly influenced by international and national events, such as 9/11 and the outbreak of foot-and-mouth disease. Nevertheless, the overall decrease in growth rate during the last ten years has been due mainly to a decrease in domestic arrivals. Although it could be argued that the outbreak of foot-and-mouth disease negatively influenced domestic arrivals in London, the city has reported a continuous decrease in domestic tourism since 2000, following an increased availability of budget flights offered by LCCs.

International demand, on the other hand, has shown a CAAG of 5.6% in the last five years, mainly driven by increased numbers of visitors from Eastern Europe encouraged by the availability of low cost flights to London, and the expansion eastwards of the European Union. In general, Eastern Europe has shown an annual average growth of 15.8% during the last five years, compared to 5.8% by Western Europe. However, as previously discussed, the decrease in domestic arrivals exceeded the growth in international demand, resulting in decreased annual growth levels for total tourism in London. As there was no evidence of a surge in London tourism, it can be concluded that the launch of LCCs did not affect hotel supply in the city in particular.

Data for London clearly suggests that the pull effect does not take place immediately after the entrance of LCCs into the market, but takes some time to occur. In the initial stages, when a city becomes more accessible to international visitors, but domestic visitors are not yet tempted to use LCC extensively, the presence of LCCs has a positive effect on city tourism. Primarily, LCCs need to establish themselves in the market and offer a good network of budget flights to lure people away from domestic holiday destinations.

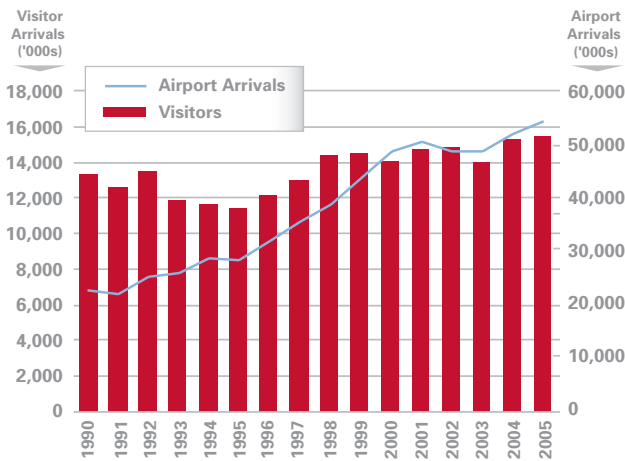
London: Visitor Demand versus Airport Arrivals



A similar trend is evident in Paris, which saw low cost carriers enter the market in 1997, when Ryanair launched its first route to Paris Beauvais. Since then, the network of low cost carriers flying to Paris has expanded rapidly, with the majority now flying to Charles de Gaulle airport. This airport experienced a significant increase in the CAAG of arrivals after LCCs entered the market, increasing from 6.1% between 1992 and 1996, to 9.2% between 1997 and 2001.

The entrance of LCCs in the French market has had no obvious impact on tourism demand in France in general. Although the CAAG of total arrivals improved in the period 1997–2001 (compared to 1992–1996), this growth was not the result of more international visitors flying to Paris on a budget flight, but was largely the result of renewed interest from domestic visitors, whilst international arrivals remained largely stable. However, in the last four years the cheap flights to various European destinations, offered by LCCs, have had a negative impact on Paris’ domestic tourism, with CAAG rates for domestic arrivals showing a fall from 7.1% in the period 1997–2001, to 3.0% in 2002–2005. Furthermore, hotel supply in Paris has only increased slightly in the last five years, by no means affected by the introduction of LCCs.

Paris: Visitor Demand versus Airport Arrivals



Sources: ADP Aeroports de Paris, Parisinfo.com

Push Effect

In contrast to major gateway cities, most cities experience a strong growth in tourism following the introduction of LCCs, referred to as the 'push effect'. Often the strategy of a LCC is to select routes that traditional carriers do not offer, or those for which high fares are demanded. These previously unavailable, or expensive destinations, generally register a strong increase in tourism demand following the introduction of LCCs, not only in the holiday season but also in off-season periods.

Destinations that were previously fairly inaccessible usually register a significant increase in tourism demand after the introduction of LCCs, mainly due to an increased number of leisure tourists travelling to the city on a budget flight. When planning a holiday, a significant number of leisure travellers now choose a budget flight first, and secondly decide upon a destination. This trend improves travel to new destinations, especially those with secondary airports, and offers the opportunity for countries to increase market awareness and tourism demand. Therefore, LCCs can be seen as a catalyst for the development of undeveloped tourism regions. Examples of cities experiencing a push effect are Berlin, Budapest and Prague. Additionally Spain and Poland have greatly benefited from the launch of LCC flights.

In Spain, several cities have benefited from the entrance of LCCs into the market, including Barcelona, which saw its first LCC flights being launched in 1996. Since 1992, after hosting the Olympics, Barcelona has been transformed from an industrial city to a leisure and city-break destination. After a boost in tourism in 1992, after the Olympics, arrivals had been decreasing since 1995. The launch of LCCs in the market enabled the city to increase its visitor arrivals once again. Although the low cost flights were initially launched in Barcelona airport, most LCC flights are currently based at Girona Airport, where Ryanair has established an aircraft base, and Reus Airport, both located outside of the city. Barcelona's main airport continues to offer some low cost flights; for example those provided by easyJet.

The impact of LCCs on Barcelona can be clearly seen in the average growth of airport arrivals (including those to Girona and Reus), before and after LCCs entered the Barcelona market. The annual average growth in passenger volumes between 1991 and 1995 was 6.0%, which increased to 11.2% between 1996 and 2000, after LCC flights were launched. After the initial hype of LCCs, average annual growth decreased to 8.8% (between 2001 and 2005). Nevertheless, growth levels have still remained above the average growth rate achieved before LCCs entered the market.

The growth in airport arrivals to Barcelona boosted tourism in the city. The impact of LCCs on tourism demand is made particularly transparent in the study of tourism growth figures since 1999. Arrivals increased from approximately 3.1 million in 1999 to approximately 5.1 million in 2005, reflecting an average annual growth rate of 8.0%. Growth in these years was mainly driven by increased arrivals of international tourists, travelling to Barcelona on a budget. The increased number of international arrivals is also reflected in the demand structure in the city. Historically international demand represented around 60% of total tourism in Barcelona, however in the last six years this has increased to almost 70%. Growth in international demand has accelerated in the last three years, partly driven by strong growth in the secondary airports, Girona and Reus.

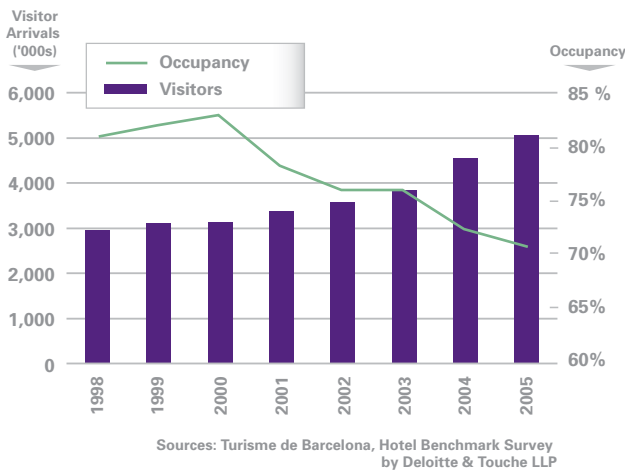
Barcelona: Visitor Demand versus Airport Arrivals



Sources: Turisme de Barcelona, Aena Barcelona

In addition to affecting tourism demand, LCCs have influenced hotel supply in the city, which has seen a significant increase since 1999. At the end of 2005 graded hotel supply comprised of 278 hotels, with approximately 25,400 rooms. Since 1999 room supply has grown by an average 8.4%.

Barcelona: Tourist Arrivals versus Occupancy



In 2005, 57.3% of LCC passengers stayed in hotels, compared to 73.3% of passengers flying with traditional airlines. Nevertheless this percentage reflects an increase compared to 2004. Although tourism has been boosted by LCCs, this has not been reflected in growth of occupancy of hotels in Barcelona, due to a large amount of new supply entering the market. Therefore hoteliers have not yet been able to benefit fully from the growth of tourism that followed the launch and expansion of low cost flights to Barcelona. However, as tourism in the city continues to increase, and supply growth decreases, hotels in the city are expected to improve trading performances in the next few years, something which has already become apparent in the first half of 2006.

In addition to its effect on large cities such as Barcelona, LCCs have had an enormous impact on secondary cities across Spain. Smaller markets like Malaga, Valencia and Alicante have significantly benefited from low cost flights. In 2004, the volume of passenger arrivals by LCCs increased by 18% in Malaga and 22% in Alicante. Valencia, which had its first LCC flight launched in 2004, registered a boost in passenger arrivals of around 320% in the same year⁷. In 2005, Spain recorded a total of 15.3 million LCC passengers, 29.7% of total air arrivals. Approximately 70% of this total consists of UK and German visitors, although the strongest growth occurred in the percentage of Italian passengers.

The introduction of LCCs has also had a major impact on tourism in Berlin, which is particularly notable from 2003, when easyJet announced Schoenefeld Airport as one of their main hubs. The number of passenger arrivals in Schoenefeld increased by approximately 70% per annum, between 2003 and 2005. This resulted in take over 17 million passengers being registered across all Berlin airports in 2005, an increase of 15.3% compared to the previous year. For 2006, airport authorities anticipate a further increase in passenger volume, to over 18 million passengers.

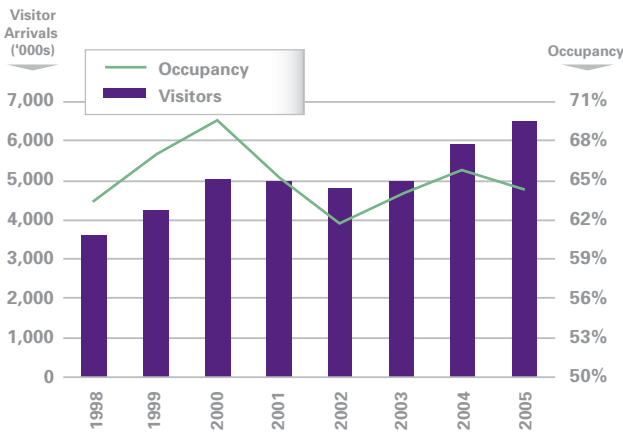
Tourism demand in Berlin reflects a similar trend, with arrivals increasing significantly between 2003 and 2005, due to, amongst other factors, a boom in city breaks encouraged by low budget flights. Other factors that contributed to the development of tourism include good value-for-money accommodation in the city and Berlin's growing reputation. Between 2003 and 2005 there was a CAAG increase in tourist arrivals from -2.6% (2000–2002) to 13.9%. Improved tourism was mainly the result of a significant growth in international arrivals, although domestic tourism also showed an increase. Main drivers of growth in international demand in 2005 were Spain, Italy and the UK, each enthusiastic to take advantage of the increased accessibility of Berlin.

Berlin: Visitor Demand versus Airport Arrivals



According to official statistics, accommodation supply in Berlin in 2005 comprised of 485 hotels with approximately 73,000 beds. Following the major boost in tourism, between 2003 and 2005, hotel supply reported a CAAG increase in hotel beds from 4.7%, between 2000 and 2002, to 10.7%. Growth in supply was driven by the availability of cheap land and weak office demand, which convinced developers to build hotel properties. As a result the Berlin hotel market is now characterized as a highly competitive market, with over-supply in the four-star and five-star sectors, often resulting in lower hotel rates for visitors.

Berlin: Tourist Arrivals versus Occupancy



Sources: Statistisches Landesamt Berlin, Hotel Benchmark Survey by Deloitte & Touche LLP

Although tourism demand has increased noticeably in recent years, Berlin's hoteliers have not been able to translate this demand growth into higher occupancy rates. This is a clear result of the city's oversupply. In the years 2004 and 2005 alone, the hotel market expanded by 16 hotels, providing a total of 13,000 new beds. Consequently, the higher level of tourism demand did not result in occupancy growth, because increased demand was immediately catered for by the new hotel supply.

In addition to Western European cities, several cities in Eastern Europe have benefited significantly from the launch of LCC flights. Historically most cities in this region maintained closed borders and a strongly regulated airline market resulting in poor accessibility. However, the recent acceptance into the European Union, subsequent opening of the airline market and introduction of LCCs has significantly increased tourism demand in these cities. Although membership to the European Union has undoubtedly been a strong driver of tourism growth, research suggests that LCCs have added to this increase with visitor arrivals. With cheap flights available, many tourists take the opportunity to book a city break to Eastern European cities, a trend less likely to occur if LCC flights were not offered.

The Hungarian airline market was opened to LCCs in 2003. By far the most important airport in the country is Ferihegy Airport in Budapest, which is now connected to more than 95 direct destinations and is still expanding. In May 2003, Budapest recorded 2,000 passengers using LCCs; only eighteen months later, at the end of 2004, a total of 883,000 LCC passengers were reported. In 2005 this number increased to 2.2 million, reflecting a market share of approximately 28% of total passenger volume.

Budapest: Visitor Demand versus Airport Arrivals



Sources: Statistical Office Budapest, Ferihegy Airport Budapest

Following the entrance of LCCs into the market, Ferihegy Airport produced a CAAG of 26.7% in passenger arrivals for the period of 2003–2005, a spectacular increase from -2.3% during the previous three years. A similar trend was recorded for tourism in the city, which increased from 0.6% in 2000–2002 (CAAG) to 13.8% in 2003–2005. Similarly to Berlin, improved tourism was the result of an increase in international arrivals. In addition the CAAG in total bed nights has increased significantly in the last three years, having a positive impact on hotel occupancy levels. Occupancy experienced significant growth, particularly in 2004, when an increase of almost 19% was reported. Although occupancy growth declined in 2005, results were still positive, based on an increase in average room rates following strong international demand.

Budapest: Tourist Arrivals versus Occupancy



Sources: Statistical Office Budapest, Hotel Benchmark Survey by Deloitte & Touche LLP

Budapest has recorded a 35% growth in hotel rooms in the last ten years. Since 2003, when LCC flights were launched, hotel supply has remained fairly stable. In 2005 the Budapest hotel market comprised of 141 hotels with approximately 15,600 rooms, a small increase of 2.1% in rooms compared to 2004. It is interesting to note that quality hotel supply has increased steadily over the past few years, whilst the number of low budget and private hotels has decreased since 1995. Quality hotel supply is anticipated to grow at a rate of approximately 7% in the next three years. Although the number of new projects is limited, the risk of over-supply will remain, as long as the barriers to entry remain low. With hotel supply remaining stable in the last two years, growth in visitor arrivals has enabled direct improvement in occupancy levels across the city.

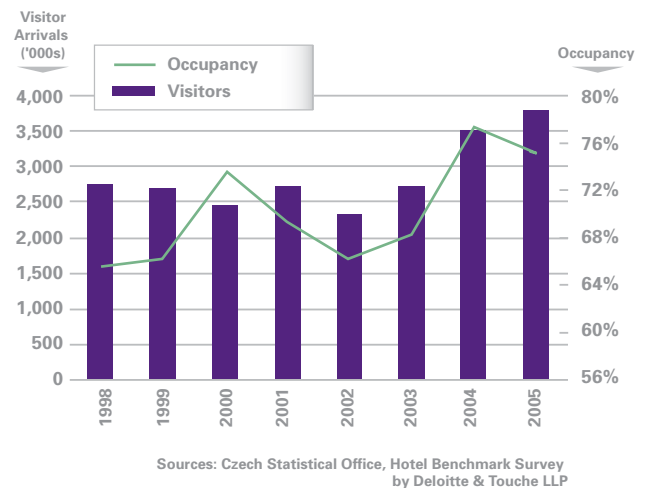
After joining the EU in 2003, Prague also experienced the entrance of LCCs into the market, which resulted in a significant growth in passenger arrivals, and an increase in Prague's popularity as a city-break destination. In 2005, LCCs accounted for 19% of the total airline market, representing approximately 2 million low cost passengers. Total passenger arrivals increased from 6.3 million in 2002, to 10.8 million in 2005, representing an increase in CAAG from -2.9% to 18.0%. Growth in passenger arrivals directly translated into improved tourism for Prague, mainly boosted by increased international arrivals and bed nights.

Prague: Visitor Demand versus Airport Arrivals



Although Prague has seen the opening of a number of new hotels during the last few years, mostly in the four-star and five-star segments, the introduction of LCCs generally has not affected growth in hotel supply. Growth in the hotel market, particularly in the historical centre of Prague, is limited due to the city structure and a shortage of available sites. Future supply, including projects such as the Rocco Forte Hotel Prague and the Mandarin Oriental Hotel, is anticipated to increase by approximately 4% in 2008. With limitations on hotel supply and strong tourism growth, occupancy grew significantly from 67.9% in 2003, to 76.5% in 2004. Although a small decrease in occupancy rates was recorded in 2005, they still remain above those achieved before the introduction of LCCs.

Prague: Tourist Arrivals versus Occupancy



In addition to the Czech Republic and Hungary, Poland also joined the European Union in 2003, and opened its aviation market to European airlines. LCCs were quick to launch budget flights to Warsaw and secondary cities, such as Krakow. Since the launch of LCCs in 2003, both airports have shown a strong growth in passenger arrivals with CAAG increasing from 6.8% to 17.0% in Warsaw, and from -1.6% to 63.5% in Krakow. With more than 7 million passengers in 2005, the Frederic Chopin Airport in Warsaw continues to deal with the most aircraft traffic across Poland. In 2005, approximately 88% of all passengers at this airport were international travellers, partly due to the increasing number of LCCs.

Tourism demand in Poland has been significantly affected by LCC flights to its main airports. In particular, the entry of LCCs enabled Poland to turn around a decline in demand experienced since 2000. Whilst visitor arrivals decreased from 84.5 million in 2000 to 50.7 million in 2002, tourism achieved a total of 64.4 million arrivals in 2005, resulting in a CAAG of 11.2% between 2003 and 2005, compared to -22.5% between 2000 and 2002. Given that Frederic Chopin airport in Warsaw handles around 60% of all tourism arrivals, it can be assumed that the majority of international tourists use Warsaw airport to enter the country, whilst using other means of transportation to travel to other cities.

In 2005, tourist arrivals in Warsaw grew by 13.3%, compared to 18.6% in 2004, which still reflects a positive impact from its membership to the European Union and the introduction of LCCs. Similarly to other Eastern European cities, growth was mainly driven by increased international arrivals, but domestic demand also showed a healthy upturn. The introduction of LCCs has also affected tourism in Krakow significantly. Although tourism in the city has increased consistently since 2000, demand buoyed in the last two years, showing an increase in CAAG from 1.9% in 2000–2002, to 19.9% in 2003 to 2005.

Krakow: Visitor Demand versus Airport Arrivals



Sources: PP Porty Lotnicze, www.stat.gov.pl

As previously mentioned, the push effect can occur in cities that fall into two groups: those that were already served by traditional airlines demanding high fares, or cities previously unavailable as airline destinations. The first group, generally Western European cities, already start from a solid base of tourism structure and demand when LCCs enter the market. As a result, these cities tend to take some time before reporting positive results, following the launch of low cost flights to their secondary airports. Primarily, the establishment of a strong network of services is required in order to encourage the development of tourism supply and/or occupancy. Tourists already using traditional, full-service airlines, have to be persuaded to change to budget airlines. This may take a number of years, and will only occur if LCCs have established a strong network of flights, encouraging passengers to become more confident in using a budget airline. However, with growing acceptance of LCCs during the last few years, the time required to develop passenger confidence is expected to have shortened considerably, allowing for an almost immediate boost of tourism after the launch of a LCC flight. Furthermore, cheaper flights are likely to increase the frequency of travel to a specific destination.

The second group of cities that experience the push effect are generally Eastern European cities, who start from a rather small tourism base, due to poor accessibility. However, the opening of the airline market and the launch of LCC flights tend to have an immediate effect on passenger arrivals and tourism in the city.

For all cities, LCCs tend to decrease the impact of seasonality, creating a more uniform, all-year-round tourism destination.

The increase in tourism can have a direct effect on occupancy and therefore hotel performance. However, this also depends on other characteristics of the respective market. Firstly, an increase in the number of tourist arrivals can persuade hotel companies to open new hotels in the area, increasing the number of bedrooms and competition. Examples of this are Barcelona and Berlin, which saw a significant increase in supply after the entrance of LCCs, offsetting growth in hotel performance.

Growth in hotel supply seems to be more common in Western European cities, whereas supply in Eastern European cities does not seem to be affected by the launch of LCC flights. Supply growth in these cities can be restricted by city structures, the government policy or a lack of vacant sites. Consequently, tourism growth can directly be translated into improved occupancy and hotel performance. Nevertheless strong supply growth may occur after the market has fully opened up, which would allow international investors to enter the city.

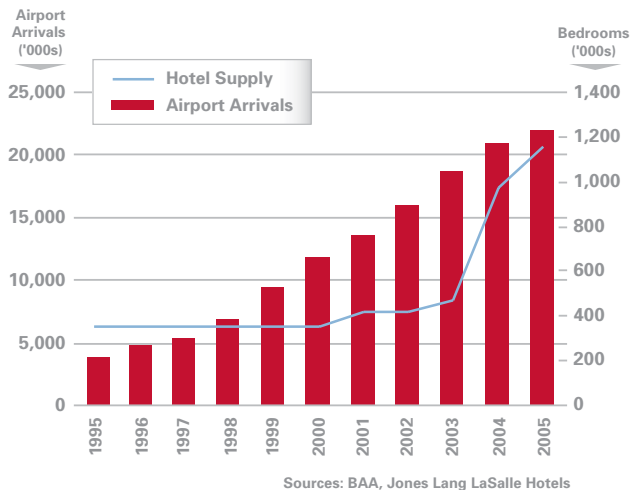
Derived Effect

Jones Lang LaSalle Hotels’ research has shown that districts might experience a derived effect from the launch of LCC flights. Those districts experience growth in bed nights and hotel supply because of their close location to an airport served by LCCs. LCCs are generally based in secondary airports, often located a significant distance from the city centre. Therefore tourists are often inclined to stay for one night in a hotel near the airport, after arrival or before take-off.

In the first five months of 2006, Stansted, located 56 kilometres (km) from London, was the busiest low cost airport in the EU, with an average of 225 daily low cost flights. The LCC service at the airport was launched in May 1991, when Ryanair switched its main London base from Luton Airport to the then new Stansted Airport in Essex. Since then the airport has shown consistent growth and, in the last ten years, has increased its passenger arrivals from almost 4 million to 22 million in 2005. This reflects an average annual growth of 18.9% in the last ten years. In the financial year 2004/2005, the main airline servicing the airport was Ryanair, followed by easyJet and Air Berlin.

Research in the market suggests that the strong growth in passenger arrivals at these airports has affected hotel supply, and sometimes occupancy rates, near the airport, (although a strong increase in supply often offsets growth in occupancy). Whereas in 1991, hotel supply in Stansted was almost non-existent, in the last ten years the area has seen the entry of several new branded hotels into the market and the rebranding of old hotels. In 1990, the area around Stansted airport contained only 258 bedrooms, which increased to 1,097 in 2005. The biggest growth in supply was reported in 2004, with the opening of the 500 bedroom Radisson SAS, followed in 2005 by the opening of the Express by Holiday Inn containing 183 bedrooms.

Stansted: Airport Arrivals versus Hotel Supply



Significant and consistent growth in passenger arrivals attracts branded hotel companies to an area. However, it should be noted that this trend does not occur immediately after the introduction of LCCs. Hotel companies tend to wait until the passenger arrivals rate becomes more established, so that their investment is less risky.

In order to boost their performance, hotels around Stansted airport now tend to offer a special “park and fly” package, where for a fixed price guests are allowed to keep their car on the hotel’s car park during their holiday, and stay in the hotel the night before their flight. Additionally, the hotels offer free transport to the airport on the day of their travel.

Other secondary airports served by LCCs are Frankfurt Hahn, Cologne Bonn, Glasgow Prestwick Airport and Girona Airport. However, a significant increase in hotel supply has not yet been noted in these areas, probably due to the fact that the rate of passenger arrivals is not yet firmly established enough to encourage hotel companies to enter the market. Whereas Stansted Airport in London recorded a total of 22.0 million passenger arrivals in 2005, Cologne Bonn recorded only 8.4 million arrivals (2004); Frankfurt Hahn 3.1 million; Glasgow Prestwick 2.4 million, and Girona Airport 3.5 million.

However, as the airports continue to develop their passenger arrival rate, an increase in branded hotels around the airport can be expected. For instance, with hotels around Cologne Bonn reporting massive improvement in trading performance, hotel companies are likely to be attracted to the area.

THE IMPACT OF LCCs ON THE WIDER MARKET

In addition to having a significant impact on tourism demand in various cities, the entrance of LCCs in the European airline market has considerably changed the airline industry, and contributed to local economies. Firstly, it is important to note that not only budget hotels or hostels benefit from the increased number of visitors via LCCs. A budget airline passenger is not necessarily a budget traveller. Guests are often willing to spend the money saved from air transport on comfortable, sometimes luxury hotel accommodation, in addition to shopping, sightseeing or restaurants.

It can be argued that not only has the hotel industry benefited from the expanding network of LCCs, but also the market of second homes, especially in Spain and France. Currently around 8% of all holiday homes in Spain are second homes owned by foreigners (the majority owned by UK citizens, 38%, and German citizens, 22%). Of all tourists entering Spain in 2005, approximately 21% stayed in free accommodation, which included accommodation provided by relatives and friends in addition to second homes. More specifically, 11.4% of all low cost passengers to Spain, in 2005, stayed in their second home. Of all international source markets for Spain, the UK has shown strongest growth in number of visitors staying in free accommodation, representing a CAAG of 18% between 1999 and 2004.

Spain: UK Tourists in Free Accommodation



France has also experienced a significant increase in its market for second homes, following the launch of LCC flights, especially those linking France to the UK. Low cost carriers bring a new, perhaps less wealthy clientele to France and to destinations other than the classic prestigious places, such as Cannes and Biarritz.

Similarly to Spain, a large percentage of low cost carrier passengers to France tend to stay in their second home, or with relatives or friends. In 2003, France claimed a total of 232,000 foreign second houses, (the majority owned by UK citizens). The trend of British citizens purchasing a second home in France dates back forty years, but the properties are now more dispersed throughout France, affected by low cost carriers, such as Ryanair, who have opened up new markets. As a result, property prices in areas linked by LCCs to the UK have increased. Since Bergerac opened its market to Ryanair and Flybe flights, prices have increased by 15% per annum. Low cost carriers know that a second home owned by a UK citizen will generate an average of eighteen plane returns, per year, by family and friends.

LCC websites are increasingly becoming travel portals, combining flight bookings with links to accommodation, car rental and sightseeing information. This development opens up new opportunities for hotels linked to these online platforms, and should lead to joint promotions, enabling LCCs to gain additional earnings and increase profitability. Furthermore, some LCCs are now looking for alternative development opportunities in addition to their airline service. For example, the easyGroup, owner of the easy brand and licenses, has recently entered the budget hotel business in Europe: the first easyHotel opened in 2005 in London, and more hotels are planned across Europe in the next few years.

Due to the business concept of LCCs, which is to a substantial degree driven by low airport fees, competition between regional airports has significantly increased in the last few years. Currently smaller airports, which are not yet involved in the low fare market, are eager to participate in the LCC business. Consequently they are participating to a greater extent in regional development opportunities, and attempting to enter the market by offering low airport fees and ground handling procedures.

OUTLOOK

LCC Market

Although LCCs have already established themselves in the market and have achieved high growth rates, they are still creating and executing ambitious expansion plans. Despite high competition, it seems that nothing can prevent the progress of LCCs throughout Europe. Some believe that the European low cost airlines might achieve market penetration levels comparable to those achieved by their United States of America (US) counterparts in the past. However, analysts doubt that this will occur in the near future, as the European low-cost segment is smaller compared to that in the US, and well-established tour operators play a major role in the European airline business. Furthermore, the market in Europe is limited as fewer low cost routes operate frequently enough to attract business passengers.

Analysts also doubt that LCCs on the continent can reach market shares equal to their UK counterparts. The reason is that no continental destination matches London's high level of well-balanced, year-round business and leisure traffic. As in the cases of Germany, Italy and Spain, the demand is less concentrated on one location, but is distributed over several cities. Therefore it is likely that the UK may remain Europe's leading low cost carrier market.

In the past, only marginal competition existed between LCCs, as most destinations were only operated by one low cost carrier. Direct competition, on routes with a direct impact on profitability, was rare. However, it is likely that competition will intensify in the future. Examples are the new routes of Wizz Air from Frankfurt Hahn, Germany (Ryanair) to Kattowitz, Poland, or from Cologne, Germany to Gdansk, Poland. As a consequence the industry can be expected to experience consolidation in the long term, with companies becoming insolvent or merging, due to saturated markets with oversupply on certain routes, stress of competition and declining revenue per passenger. EasyJet has already absorbed British Airway's Go, and DBA took over 15 routes and 12 aircrafts from the airline Gexx. It is most probable that the well-established LCCs, with first mover status, will maintain their advantage and remain the strongest performers.

An important threat to the airline industry is increasing oil prices, which will have an impact on airlines worldwide, not only on the LCC segment. Strong competition will most likely limit airlines' ability to increase their ticket prices in line with growing oil prices. Therefore costs are expected to increase further, whilst profitability of the overall airline business might decrease if airlines do not implement additional measures to cut costs. High oil prices have already forced scheduled airlines to increase their ticket prices, transferring part of the higher travel cost to passengers.

LCCs, on the other hand, have until now been able to absorb the extra costs themselves, keeping ticket prices low. However the question arises as to whether LCCs can keep up this strategy if oil prices continue to rise.

Effect on European Tourism

Jones Lang LaSalle Hotels' research shows that LCCs contribute to tourism demand and potentially occupancy in hotels. Destinations not served by LCCs will most likely see tourism demand decrease. However, it should be noted that it is risky for regions to rely solely on the development of one LCC. Regional airports are often served by one airline only. If this carrier ceases activity or changes routes, it will have an immediate impact on existing and potential hotels.

The pull effect in gateway cities, such as London and Paris, is expected to strengthen in the coming years, with an increasing number of domestic visitors travelling abroad. However, as most gateway cities across Europe are already served by LCCs, the pull effect is not expected to spread across different cities in the next few years.

The push effect, as currently experienced by various cities, is also anticipated to strengthen in the future. These cities are expected to see a continuous growth in international demand, but in the long term might see a decrease in domestic demand as residents travel abroad in increasing numbers. Nevertheless, growth in international demand is anticipated to surpass the reduction in domestic arrivals. Madrid, for instance, will most likely experience a significant increase in tourism in the short-term, especially after easyJet and Ryanair announced the launch of a new base at Madrid's Barajas airport.

As airlines continue to launch new routes, more cities are expected to experience a push effect in the coming years. Valencia, for example, saw its first LCC flight being launched in 2004 by easyJet, whilst Ryanair followed in the summer of 2006. Following the launch of LCC flights, tourism in the city has grown extensively, driven in particular by international arrivals, which increased by 32% in 2005 compared to the previous year. In general terms, Valencia may compete with Barcelona and Madrid in the future. With better accessibility, due to LCCs, the city has become more appealing to leisure and business tourists and is expected to see tourism demand increase in the long term. In addition, the city has seen several new hotels enter the market, resulting in oversupply in the hotel business and a high level of competition. As Valencia will host the America's Cup 2007, which will attract a large number of visitors to the city, demand is expected to increase. Furthermore the event will allow the city to develop its profile and raise awareness amongst international tourists.

An increasing number of secondary airports are expected to experience growth in nearby hotel supply in the future, as hotel companies become confident enough to open new hotels in the area, or re-brand existing ones. Moreover, as LCCs continue to serve new destinations, more secondary airports will report significant growth and, in time, see hotel supply in the area change.

However, the occurrence and maintenance of any of these effects is dependent on various external factors, such as potential tax increases implemented by the government. A recent example of increased taxation is the Swedish government's proposal to introduce a new airport tax.

Due to the tax and the higher cost per ticket for both airline and travellers, Ryanair is cancelling its twice-daily flight from Luton to Stockholm at the end of October 2006. Whereas tourism in Stockholm has shown strong growth following the launch of budget flights, passenger volume is now expected to reduce by about 350,000 visitors. This might have a direct impact on both tourism arrivals in the city, and hotel trading performance.

APPENDIX

Currently there are more than forty LCCs offering flights within Europe. Some of them, such as easyJet and Ryanair, have already established a Pan-European network. Others have recently started to expand their routes and network to other countries, for example:

Flyglobespan (a Scottish LCC), Fly Nordic (fully-owned subsidiary to Finnair) and volareweb.com (Italian LCC). The following table shows the most important and dynamic LCCs on the European market. Eastern European markets are currently dominated by the LCC Wizz Air.

Major European LCCs

2005	Ryanair	easyJet	AirBerlin	DBA	HLX	Wizz Air
Year of Market Entrance	1985	1995	1991	1992	2002	2004
Number of passengers	34 m	30 m	13.5 m	n/a	3.6 m	1.9 m
Number of airports	117	74	93	21	36	37
Number of routes	333	296	n/a	32	n/a	n/a
Number of European countries served	23	20	13	5	13	17
Number of current aircraft	91	109	53	29	18	6
Number of ordered aircraft	70	n/a	60	n/a	n/a	30
Origin of airline	Ireland	United Kingdom	Germany	Germany	Germany	Poland / Hungary

Source: Jones Lang LaSalle Hotels

GLOSSARY

- LCC** Low Cost Carrier
- OAG** Official Airline Guides Business Development
- BAA** British Airport Authority
- HLX** Hapag-Lloyd Express

DEDICATED OFFICES



DISCLAIMER

This report is confidential to the recipient of the report. No reference to the report or any part of it may be published in any document, statement or circular or in any communication with third parties without the prior written consent of Jones Lang LaSalle Hotels, including specifically in relation to the form and context in which it will appear.

We stress that forecasting is a problematical exercise which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projections involves assumptions in respect of a considerable number of variables which are acutely sensitive to changing conditions, variations in any one of which may significantly affect the outcome and we draw your attention to this factor. Jones Lang LaSalle Hotels makes no representation, warranty, assurance or guarantee with respect to any material with which this report may be issued and this report should not be taken as an endorsement of or recommendation on any participation by any intending investor or any other party in any transaction whatsoever.

This report has been produced solely as a general guide and does not constitute advice.

Users should not rely on this report and must make their own enquiries to verify and satisfy themselves of all aspects of information set out in the report. We have used and relied upon information from sources generally regarded as authoritative and reputable, but the information obtained from these sources may not have been independently verified by Jones Lang LaSalle Hotels.

Whilst the material contained in the report has been prepared in good faith and with due care, no representation or warranty is made in relation to the accuracy, currency, completeness, suitability or otherwise of the whole or any part of the report. Jones Lang LaSalle Hotels, its officers, employees, subcontractors and agents shall not be liable (to the extent permitted by law) to any person for any loss, liability, damage or expense ("liability") arising directly or indirectly from or connected in any way with any use of or reliance on this report. If any liability is established, notwithstanding this exclusion, it shall not exceed \$1,000.

JONES LANG LASALLE HOTELS RESEARCH

At Jones Lang LaSalle Hotels we have made an extensive commitment to industry research, integrating it into all our services and providing clients with a clear competitive advantage. We have invested heavily in technology to facilitate the dissemination of transactional and trading hotel information and the distribution of our research to our clients. Jones Lang LaSalle Hotels has been tracking and studying the market for over a decade and currently produces the following publications:

Hotel Investment Outlook (Global) Hotel Investment Outlook is a unique analysis of the hotel investment market and the lead annual publication produced by Jones Lang LaSalle Hotels. The trends in Asia Pacific, Europe and the Americas are tracked with specific country-by-country analysis within each region. In addition to providing a historical back drop to each region, the key drivers of investments in each market are discussed. A market outlook is provided at the global level as well as for all three regions.



The Hotel Investment Outlook 2006 discusses the increasingly global flow of capital which benefited private equity firms who have dramatically altered the hotel investment landscape. This changing landscape has hastened the development of three inter-related global trends which were identified in the report; (i) the changing face of hotel ownership, (ii) a new challenge for hotel operators and (iii) development of the REIT market.

Hotel Investor Sentiment Survey (Global) The only truly global survey of its kind, the Hotel Investor Sentiment Survey (HISS) covers 81 markets, worldwide. HISS is targeted at the world's 2,000 largest investors and owners of hotels. The resulting publication allows you to benchmark the major markets, judge your own opinion against the weight of the market, make counter sentiment plays to your advantage and therefore complete transactions at the sharp end of the yield range.



The latest HISS shows that confidence in the hotel investment market remains strong with trading outlook continuing to show positive signs. Investors' intent remains strongly in favour of buying, though more investors are also signalling a higher intent to sell in the short term.

Hotel Investment Highlights (Regional) Hotel Investment Highlights is published in the Americas, Europe and Asia Pacific. All versions provide an analysis of the hotel investment market including a review of buyer and seller types. Regional investment trends and hot markets are identified along with a listing of recent single asset and portfolio transactions, including the price per key achieved and buyer. The report concludes with a forward looking analysis of our expectation of the hotel investment market for that region.



During the first six months of 2006, European hotel transactions totalled some €9.3 billion, significantly exceeding 2005 YTD's June level of €7 billion. Investment is being driven by strong levels of trading performance, a widening investor base and a competitive debt market. Purchasing activity was dominated by private equity firms whilst REITs emerged as an increasingly active investor class.

FocusOn (Global and Regional) FocusOn publications provide a global or single region focus on emerging trends that Jones Lang LaSalle Hotels predict will have a material impact on the hotel investment and operating markets.

Recent topics investigated on a global level include the Hotel Ownership Pendulum in Motion.



The report reviews a decade of shifts in hotel ownership globally. Whilst private equity buyers acquired 41% of hotel investments in 2005, our global study reveals current hotel ownership remains largely with hotel owner operators. As investors attempt to understand the impact of REITs in Europe and Asia, the report highlights several insights from the experiences of the US and Australia.

Recent topics investigated on a European level include Condominium Hotels – Europe's latest Phenomenon.



This FocusOn paper answers some of the many questions relating to the condominium hotels sector and clarifies the models and industry terminology for the reader. From timeshare to condominium hotels, this paper explores the features of each vehicle. An in-depth analysis is provided on the condominium hotel sector through illustrated examples of current investment features and an assessment of the potential opportunities and challenges that this sector faces within the European hotel investment arena.

Digest (Europe and Asia Pacific) Digest market overviews provide owners, operators, investors and lenders with a tool to understand the market dynamics and potential performance of the hotel sector in the current environment including an analysis of the tourism industry, existing and future supply, demand and hotel trading performance.



The latest Digest on Russia concentrates on the two main hotel investment markets in Russia: Moscow and St. Petersburg. In addition, three key medium-sized regional cities of diverse market segments are discussed. The Russian hospitality market, characterized by a current lack of quality accommodation throughout the country, continues to be at an exciting phase of its development, reflecting the dynamic growth of Russia's economy as a whole. At present, the majority of hotel development is taking place in Moscow and St. Petersburg. However, regional cities have also recently shown some thrilling development.



JONES LANG
LASALLE HOTELS®

Atlanta

3414 Peachtree Road
NE Suite 1505
Atlanta GA30326
United States
tel: +1 404 995 8970
fax: +1 404 995 8971

Barcelona

Passeig de Gracia 11
4a Planta, Esc. A
08007 Barcelona
Spain
tel: +34 93 318 5353
fax: +34 93 301 2999

Beijing

China World Trade Centre
4/F West Wing Office
1 Jianguomenwai Avenue
Beijing 100004
PRC
tel: +86 10 6505 1300
fax: +86 10 6505 0298

Brisbane

Level 33
Central Plaza One
345 Queen Street
Brisbane QLD 4000
Australia
tel: +61 7 3231 1400
fax: +61 7 3231 1411

Chicago

200 Randolph Drive
Chicago IL 60601
United States
tel: +1 312 782 5800
fax: +1 312 782 4339

Dubai

Capricorn Tower, 11th Floor
#1104
Sheikh Zayed Road
PO Box 75054
tel: +971 4 329 1234
fax: +971 4329 1223

Frankfurt

Wilhelm-Leuschner-Strasse 78
60329 Frankfurt
Germany
tel: +49 69 2003 1041
fax: +49 69 2003 1040

Jakarta

Jakarta Stock Exchange
Building Tower 1,
28th Floor, Sudirman Central
Business District
Jl. Jend Sudirman Kav 52-53
Jakarta 12190
Indonesia
tel: +62 21 515 5665
fax: +62 21 515 5666

London

22 Hanover Square
London
W1A 2BN
United Kingdom
tel: +44 (0)20 7493 6040
fax: +44 (0)20 7399 5694

Los Angeles

Suite 3100
355 South Grand Ave
Los Angeles CA 90071
United States
tel: +1 213 680 7900
fax: +1 213 680 4933

Madrid

Paseo de la Castellana, 51
Planta 5
28046 Madrid
Spain
tel: +34 91 789 1100
fax: +34 91 789 1200

Mexico City

Monte Pelvoux 111, Floor 5
Lomas de Chapultepec
Mexico, DF 11000
tel: +52 55 5202 7190
fax: +52 55 5202 4377

Miami

2655 Le Jeune Road, Suite 1004
Coral Gables FL 33134
United States
tel: +1 305 779 3060
fax: +1 305 779 3063

Milan

Via Agnello 8
20121 Milan
Italy
tel: +39 02 8586 8672
fax: +39 02 8586 8620

Moscow

Kosmodamianskaya Nab. 52/3
Moscow 115054
Russia
tel: +7 495 737 8000
fax: +7 495 737 8011

Munich

HighLight Munich Business
Towers
Mies-van-der-Rohe-Strasse 6
80807 Munich, Germany
tel: +49 89 2900 8882
fax: +49 89 2900 8888

New York

153 E.53rd Street,
33rd Floor
New York NY 10022
United States
tel: +1 212 812 5700
fax: +1 212 421 5640

Paris

58/60, Avenue de la Grande
Armée
75017 Paris
France
tel: +33 1 4055 1718
fax: +33 1 4055 1868

Shanghai

48/F, Plaza 66,
1266 Nanjing Road (West)
Jing An District
Shanghai 200040 PRC
tel: +86 21 6393 3333
fax: +86 21 6393 3080

Singapore

9 Raffles Place
#38-01 Republic Plaza
Singapore 048619
tel: +65 6536 0606
fax: +65 6533 2107

Sydney

Level 18
400 George Street
Sydney NSW 2000
Australia
tel: +61 2 9220 8777
fax: +61 2 9220 8765

Tokyo

3rd Floor, Prudential Tower
2-13-10 Nagatacho
Chiyoda-ku
Tokyo 100-0014
Japan
tel: +813 5501 9240
fax: +813 5501 9211