



HOTEL MARKET IN BRUSSELS FROM A PROPERTY PERSPECTIVE

by CBRE Research

OVERVIEW

The Brussels hotel market is a mature market with many international hotel chains present in the city. Brussels is strategically located in the centre of Europe. The city is therefore easily reachable by motorway, airport and high speed trains from all over Europe and beyond.

The presence of the E.U. is a powerful general stimulus to the Brussels economy. Brussels counts numerous delegations and associations, international law firms and lobby groups. Brussels is host to the largest number of diplomatic missions in the world.

SUMMARY Thanks to its central location, the Brussels hotel market is a mature market with many international hotel chains present in the city. The Brussels Capital region is ranked as the fourth best city for business in Europe, just below London, Paris and Frankfurt.

While Brussels counts an important number of tourists, the largest number of visitors tends to be driven by business and government purposes accounting for over half of total overnights.

The Brussels Capital region is ranked as the fourth best city for business in Europe, just below London, Paris and Frankfurt. An overnight in Brussels comprises 1,9 nights.

MAJOR INTERNATIONAL HOTEL CHAINS IN BRUSSELS

| CHAIN | BRANDS | HOTELS/APART-HOTELS | STARS | ROOMS |
|------------------|---|---------------------|---------|-------|
| Accor | Pullman, Ibis, Novotel, Mercure, Sofitel, Etap, Adagio | 14 | 2/3/4/5 | 2.290 |
| Intercontinental | Crowne Plaza, Holiday Inn, Express by Holiday Inn | 7 | 2/3/4 | 1.448 |
| NH Hoteles | NH Hoteles | 7 | 4 | 1.370 |
| Starwood | Sheraton, Four Points, Meridien, Aloft | 4 | 3/4/5 | 1.008 |
| Hilton | Hilton, Conrad | 2 | 4/5 | 552 |
| Thon Group | Thon Hotel Brussels Airport, Thon Hotel City Center, Hotel Bristol Stephanie, Stanhope Hotel, Thon Residence Parnasse, Thon Residence Florence | 6 | 3/4/5 | 1.004 |
| Marriott | Marriott, Marriott Courtyard, Renaissance, Marriott Apartments | 4 | 4/5 | 728 |
| Rezidor Group | Radisson Royal Blue, Radisson Blu, Park Inn | 3 | 3/4/5 | 572 |
| Autogrill | Best Western | 5 | 3/4 | 420 |

Source: CBRE

BRUSSELS HOTEL STOCK (EXCLUDING AIRPORT AREA)

| STARS | HOTEL | ROOMS | ROOMS/HOTEL | OCCUPANCY RATE (06/2011) | AVERAGE RATE (06/2011) |
|------------------|------------|---------------|-------------|--------------------------|------------------------|
| 5 | 19 | 3.935 | 207 | 65,6% | 170 €uro |
| 4 | 41 | 5.820 | 142 | 71,4% | 118 euro€ |
| 3 | 47 | 3.942 | 84 | 70,8% | 94 €uro |
| 2 | 33 | 1.016 | 31 | - | - |
| 1 | 13 | 298 | 23 | - | - |
| Not rated/others | 12 | 291 | 24 | - | - |
| TOTAL | 165 | 15.302 | 93 | - | - |

Source: Observatoire du Tourisme à Bruxelles

HOTEL INVENTORY

Brussels offers a very dynamic hotel market with 15.302 rooms in 165 hotels. Most of the hotels in Brussels are concentrated in the City Centre, the Leopold District, along the Avenue Louise and close to the Gare du Nord and the Place Rogier. A few hotel accommodations are located out-of-town, mainly concentrated around the national airport of Zaventem. In this area, the local hotel market counts an additional 2.000 rooms, supplied largely by a number of international hotel chains.

The Brussels hotel market is increasingly international, with nearly all international hotel chains present. These international groups manage together over 75% of the Brussels hotel rooms.

International chains often dominate the 4 and 5 star market. The more luxurious hotels can be found in the City Centre, the Louise area and the Leopold district. 36% of the Brussels hotels concerns 4 to 5 star hotels, which makes up 64% of the total Brussels room supply. Local players often run smaller, less luxurious hotels in Brussels.

Brussels also offers a large choice of accommodations in the 100 apart-hotels of the city. These are mainly located in the Louise and in the Leopold area, targeting expats staying in Brussels for longer periods. The typical apart hotels vary from 50 m² for a studio to 200 m² for a 2 or 3 bedroom-flat.

Major international chains are present in Brussels such as Accor, which counts 15 hotels in the city, Intercontinental (9 hotels), NH Hotels (7 hotels), Thon Group (6 hotels) and Hilton (3 hotels).

MARKET DYNAMICS

OVERNIGHTS

The number of travellers staying the night in Brussels has been rising since 2010 after bottoming out during the crisis. In 2010, 5,5 million people spent the night in a tourist accommodation in Brussels. During the first 6 months of 2011, the number of overnights in Brussels has increased by 7% as when compared to the same period in 2010.

Next to a rather limited domestic clientele, foreigners booking a hotel in Brussels are mainly French or English. They accounted respectively for 13 % and 8,9 % of the bookings' total. Within the group of tourists originating from outside the European Union, the Americans are still the largest group and account for 5,8 % of total overnights.

HOTEL PERFORMANCE

As a result of the strong corporate market, hotel occupation is very seasonal with strong periods occurring in September to November as well as in March, April and June compared to low performance occurring during the holiday periods. On a weekly basis occupation is concentrated between

TOTAL OVERNIGHTS BY REGION (*1.000)

ALL TOURISTIC ACCOMODATIONS

| REGION | 2006 | 2007 | 2008 | 2009 | 2010 | 06/2011 |
|----------------|---------------|---------------|---------------|---------------|---------------|---------|
| Brussels | 4.836 | 5.099 | 5.271 | 5.197 | 5.556 | 2.809 |
| Flanders | 17.705 | 17.966 | 18.022 | 17.482 | 18.190 | 10.630 |
| Wallonia | 6.830 | 6.785 | 6.678 | 6.570 | 6.551 | - |
| Belgium | 29.372 | 29.849 | 29.971 | 29.250 | 30.298 | - |

Source: Toerisme Vlaanderen

Monday and Thursday. Hotel occupation levels are generally lower during the weekends.

Temporary figures for the first semester of 2011, indicate a further recovery of the Brussels hospital-ity market with an occupancy rate of 70,1%, up from 69,5% in 2010.

During the first semester of 2011, the occupancy rate for the 3* hotels increased to 70,8% while for the 4* and 5* star hotels, this rate was respectively 71,4% and 65,6%. The RevPar, an indicator of the rental performance of an hotel, increased substantially in 2011 for all type of hotels. The RevPar of the 5* hotels registered the best outcome with an increase of 23,6%, compared to the same period in 2010.

Some distinctions can also be made between various districts within Brussels. The City Centre hotel market registered the highest occupancy rate (73,6%), followed by the Louise and European

districts (respectively, 69,4% and 69,3%). In terms of rents per room, the most expensive locations for overnights are the European district (137 euro per night) and the Louise districts (134 euro/night).

HOTEL DEVELOPMENT

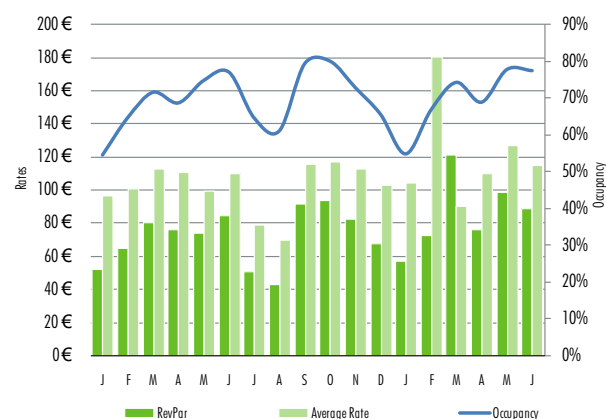
Overnights in Brussels have steadily increased over the last decade, and this has sparked the interest from both hotel operators and developers.

A number of new hotel developments are currently in the pipeline. In a few cases, it concerns the reconversion of an office building.

TANGLIA HOTEL

The Sodehotel, the former Belgian Airlines (SABENA) hotel in Sint-Lambrechts-Woluwe, is currently being transformed into the five-star Tanglia hotel. The Sodehotel was acquired by the Chinese

HOTEL MARKET INDICATORS (2010-S1 2011)



Source: Toerisme Vlaanderen/Observatoire du tourisme à Bruxelles

HOTEL MARKET INDICATORS (2008-S1 2011)



Source: Toerisme Vlaanderen/Observatoire du touris

holding HNA in 2007, who is investing 39 million euro in its renovation and upgrade to 181 rooms. The hotel is located close to the Chinese embassy, and is expected to come online in 2013.

THON HOTEL

SODEHOTEL



The Thon hotel, owned by the Swede Olav Thon, will be located along the Rue de la Loi. The 4-star hotel will count 405 rooms and a retail gallery linking the Rue de la Loi, Rue de Trèves and Rue De Lalaing. Additionally, the project includes 37 apartments (with 1 to 3 rooms). The hotel is due for completion in 2012.

THON HOTEL



TRAVIATA

A new 5-star hotel, designed by A2RC Architects will be along the Rue Maus in the Brussels

City-Centre, just next to the former Belgian Stock Exchange. It will count 50 rooms.

Along the Rue des Pierres, the project foresees the construction of 16 apartments with retail on the ground floor.

The hotel is expected to be completed in 2012.

TRAVIATA



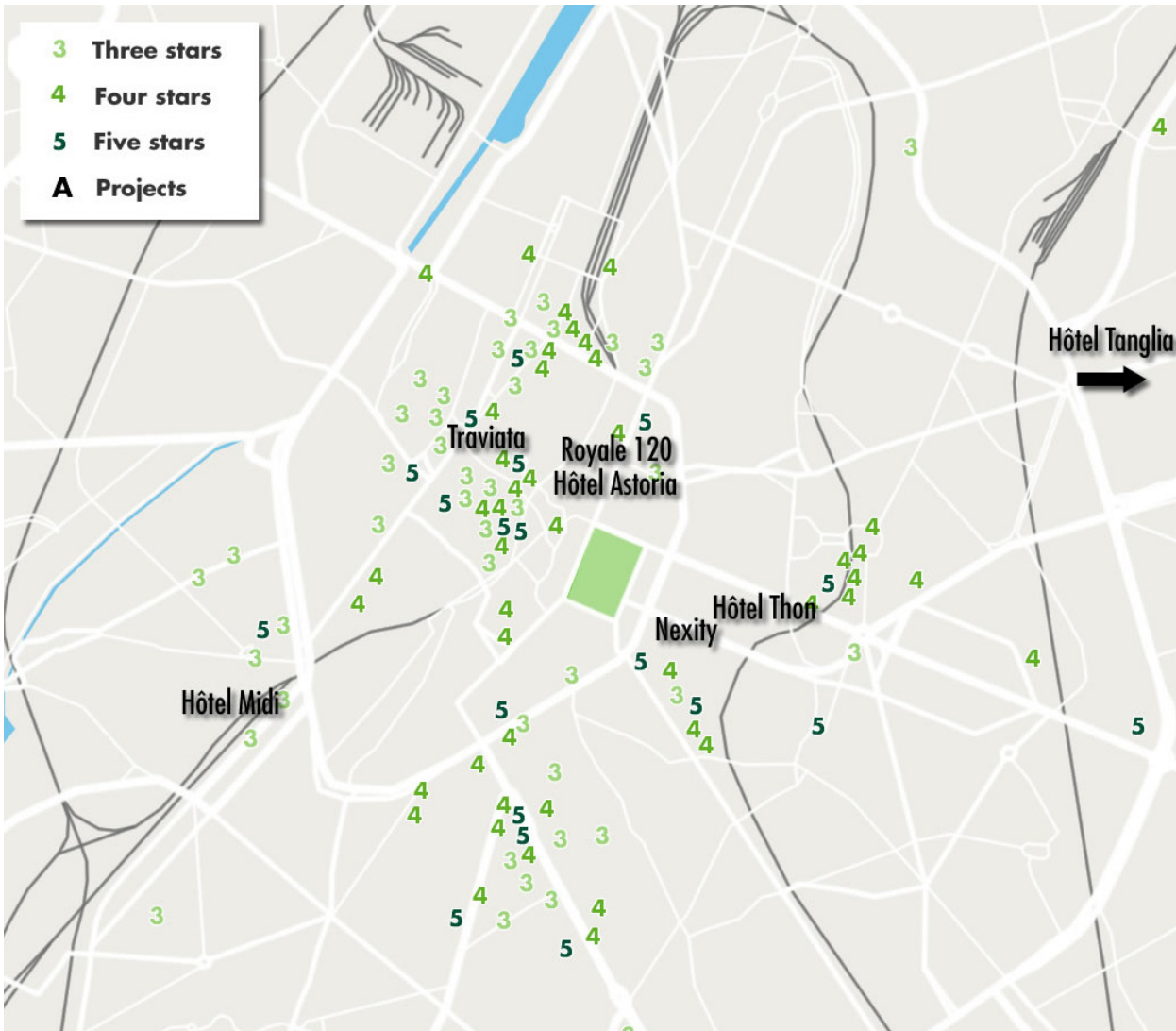
HOTEL ASTORIA

In 2010, plans of the renovation of the Hotel Astoria were presented. The 5 star hotel, located along the Rue Royale, dates from 1910 and will be restored, renovated and enlarged from 109 to 142 rooms. The architect is Francis Metzger. The renovated hotel will reopen its door in 2013 under Global Hotels & Resorts, the new operator of the hotel.

HOTEL ASTORIA



3*, 4*, 5* HOTELS AND HOTEL PROJECTS IN BRUSSELS



ROYALE 120

The Real Estate Developer Besix will develop a hotel on the Rue Royale 120, at the former headquarter of Rossel (Le Soir, La Capitale). It will be located in a block between Rue Royale, Place de Louvain and Rue de Ligne.

Motel One will be the operator of the 490 rooms hotel. The project will be a 2 or 3 star hotel.

The development will also comprise 200 m² of retail and an underground parking of 199 units, for a total surface of approximately 14.500 m². Some 30% of the underground parking will be public.

ROYALE 120



HOTEL MIDI

Allfin is redeveloping a new hotel at Place Victor Horta in Saint-Gilles. The hotel will comprise 239 rooms. The works should be completed by the first quarter of 2013.

NEXITY

The project Nexity is a mixed project comprising hotels, apartments and offices located on Rue Belliard, in the European district. The hotel will count 110 rooms and will be controlled by Orion International. The project should come online by 2014.

HOTEL MIDI

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