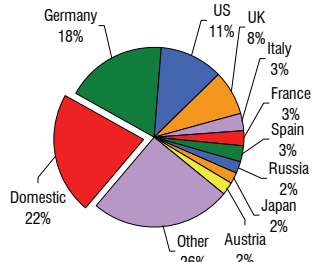


Zürich is Switzerland's leading financial centre, with about a quarter of the city's commercial activity revolving around banking, insurance and financial services. Corporate hotel demand is further reinforced by large corporations such as Google, Kraft Foods, and Microsoft.

Main Feeder Markets

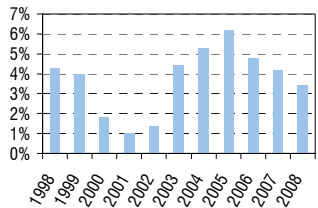


Source: Zürcher Hotellerie

Zürich registered around 1.4 million arrivals in 2008, whereof around 76% of travellers arrived from abroad. Travellers to Zürich arrived from a number of different source markets. Although the city is exposed to seasonality with August being the peak month, business travel keeps demand levels healthy also in slow winter months.

Hotel demand in Zürich accounted for around 2.5 million overnights in 2008, down 2% from 2007. On average, guests stay in Zürich for 1.9 days. Switzerland is the main feeder market to Zürich, comprising 22% of total overnights in 2008. Internationally, Germany is the main source market to Zürich, followed by the USA and the UK.

Office Space Vacancy Rate



Source: Stadt Zurich

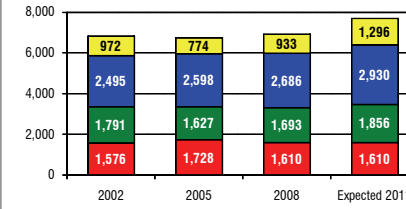
Office space vacancy, a key indicator for business travel demand, has remained lower than 10% in recent years, indicative of the city's resilience to economic downturns. Zürich is also an attractive leisure destination thanks to its cultural heritage, Lake Zürich, and luxury shops.



Market Snapshot Zürich, Switzerland

April 2009

Rooms Supply

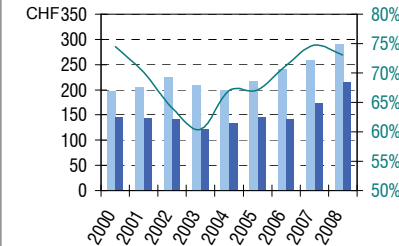


Source: Zürcher Hotellerie

The city's development pipeline includes the 300-room Renaissance Zürich City West, a 163-room Express by Holiday Inn, a 160-room Holiday Inn, and two smaller boutique hotels.

Two more large-scale projects are rumoured to be constructed by 2011. As such, the potential 20% increase in supply by 2011 is expected to impact the city's operating performance in the medium term.

Hotel Performance

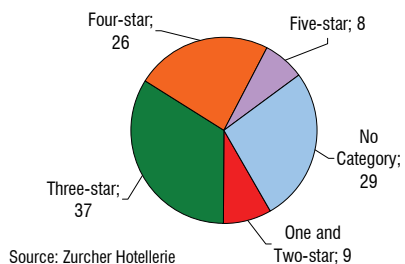


Source: HVS

Average Daily Rate (ADR) increased by 5.0% and Revenue per Available Room (RevPAR) by 4.8% per annum since 2000, indicating the stable nature of the Zürich hotel market. Occupancy hovered between 60% and 75%, averaging 69%

during the historical period under review. While 2008 was an outstanding year for Zürich with ADR reaching an all-time high, mainly due to the Euro 2008 football championship and strong corporate demand, the last quarter of 2008 registered strong drops in occupancy levels. Nevertheless, RevPAR increased by nearly 10% in 2008. 2009 will be a challenging year for local hotel operators; Year-to-February 2009 figures show double-digit declines in both occupancy and ADR.

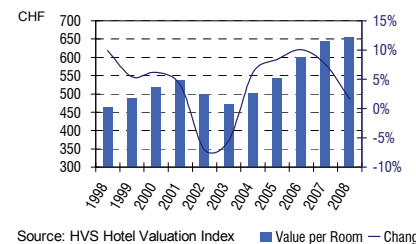
Hotels by Category



Source: Zürcher Hotellerie

There were 109 hotels in Zürich in 2008, comprising a total of 6,900 guest rooms. Rooms supply in Zürich increased by only 1.3% per annum since 2000. Zürich is a well-balanced hotel market in terms of the product offer by category, with a slight predominance in the midscale segment. Most recent additions to supply include the 330-room Radisson Blu Hotel at Zürich Airport, the reopening of the 173-room Dolder Grand Hotel and the 152-room Courtyard Zürich Nord.

Value per Room (CHF 000s)



Source: HVS Hotel Valuation Index

Strong operating performance coupled with limited supply growth has caused values per room to climb significantly in recent years. Very few hotel transactions took place in Zürich over the past few years. The most recent transaction has been the sale of the Holiday Inn Zürich Messe in 2008 for CHF347,000 per room. The hotel was not yet operational at the time of sale. According to HVS's Hotel Valuation Index, Zürich is one of few European cities where average values per key increased in 2008, confirming the relative resilience of the market. With a risk-adjusted capital appreciation ratio of 0.81, Zürich has also been the most rewarding hotel investment market in Europe.