Market Insights
Europe
Q3/2022 Newsletter

THE LEADING HOTELS OF THE WORLD®

Outstanding Summer Accelerates 2022 Performance

Summer 2022 saw extremely strong performance for European markets, with no slowing in sight to the pent-up demand for travel. ADRs remained strong as occupancy rose, long-haul travel grew, and cities continued their rebound.

With one quarter left in 2022, LHW currently has remaining year OTB revenue to EMEA that is 64% higher than last year at the same time, and 20% higher than even 2019. Combined with strong year-to-date performance, we anticipate 2022 will be a banner year for many European hotels. At our current pacing, LHW is set to have a record-breaking year and reach $1 billion in global hotel revenue.

As we look forward to next year, we are tracking the growing concerns surrounding inflation, the ongoing war in Ukraine, and the risk of recession. Despite these fears, we see no slowdown in the future travel planning of our luxury consumers. On the books EMEA revenues for 2023 stand at 67% ahead of future bookings at the same time in 2019. These bookings show not only strong sustained ADR, but reservation and room night counts exceeding 2019 levels as well.

As a reminder, this Market Insights Newsletter is a supplement to our Market Insights White Paper, which includes not only regional performance, but also provides additional details with seven country profiles, as well as the full STR data tables for 36 European markets.

We hope that our Market Insights publications continue to provide our LHW hoteliers with insights and benchmarks that are tailored to our hotelier community's needs and can help hoteliers with their own planning and performance analysis, as we all look forward to continued successes 2023.

SHANNON KNAPP
President and Chief Executive Officer

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Our European edition of the Market Insights Newsletter leverages STR information for 36 of LHW's primary European markets. The data is luxury class in all but 7 of these markets, where it includes Upper Upscale class in order to have enough data for STR to report. Full raw data for each market can be found in the Data Tables at the back of this report.

LHW Data is reported for markets and countries where we have at least three properties, and always excludes OTA channel revenue.

Any other external data is as cited with the source indicated.

Theme 1: Fantastic Summer Performance in Europe

The resurgence of leisure travel seen during Q2 only accelerated in Q3, with extremely strong summer performance in Europe on multiple fronts. ADRs remained strong and occupancy rose, international travel grew, and cities continued their rebound.

According to STR's luxury class data, Europe continues to have a strong recovery. They report Europe's trailing twelve month luxury class RevPAR ending September 2022 was up 91% over the prior period, with North America at 60%, Middle East at 66%, and APAC at 22%. Occupancy in Europe luxury class rose from 51.5% to 55.6%, and luxury class ADR rose 9% to $468.

Skift's latest "State of Travel 2022" report indicates that 2022 hotel revenues are still at 92% of 2019 levels, but LHW performance is outpacing the market.[1] As of 30 September year to date, LHW's EMEA revenue was double what it was last year and is 6% above 2019 year to date revenues. During the first half of the year, much of LHW hotels' revenue growth was led by ADR; LHW EMEA ADR for the first half of 2022 grew 33% while reservations were still down 27%. In Q3, LHW significantly closed this gap with reservations only down 7% as compared to Q3 2019, while Q3 ADR held at 29% above Q3 2019.

Leaders Club and Travel Trade leisure segments continued to return as a proportion of the business, up to 53% of year-to-date EMEA revenue, as compared to 46% in 2021 and 55% in 2019.

In spite of increases in flight cancellations and delays, international travel saw significant growth, up to 56% of LHW bookings as compared to only 38% in Q1 2022. The US traveler enthusiastically returned to Europe, with US-origin travel to EMEA now up nearly 3x the level it was last year, and essentially back to 2019 levels. Cities also continued their rebound, with all top 10 occupancy growth markets we have STR luxury class data for being major urban destinations.

1 Skift Research, "State of Travel 2022."

Theme 2: Corporate Segment Still Slow To Recover

The closely-watched corporate sector does continue to recover, but at a slower pace than many had hoped for. Large financial, tech, and professional services firms have not resumed their pre-pandemic levels of travel, and recession concerns have pushed out forecasts for the full return of business travel. GBTA's latest "Business Travel Index Outlook" published in August 2022 forecasts that business travel will grow 24.2% in 2023, but pushed out the full recovery of global business travel spend to 2026.[2]

For the first half of 2022, LHW's EMEA corporate/consortia segment revenue was down 60% compared to 2019; in Q3 2022 this gap started to close but was still down 44%. The Corporate/Consortia segment's current year on the books revenue (OTB) is twice what it was the same time last year but remains 37% behind 2019 levels. Next year's OTB for the corporate segment is 61% higher than the same time last year and down only 10% as compared to future year bookings in 2019, but as this segment tends to have shorter booking windows it remains to be seen how quickly the corporate recovery progresses.

There is some indication that the continued high proportion of people who can work from home (or work from anywhere) could be a tailwind for business travel by enabling bleisure trips and fueling the need to travel to connect remote workers. Skift's U.S. Travel Tracker reported in August that nearly 40% of U.S. consumers are either fully or mostly remote/home-based, and they estimate that in the U.S. alone, digital nomads could be a $1B new market.[3]

Regarding bleisure travel, TripActions has reported that year-to-date, 35% of business trips contained a weekend, as compared to only 31% in 2019.[4] These blended trips tend to be longer, with 80% of travelers extending by 3 or more days.[5] A rise in home-based workers also means that teams are increasingly geographically distributed, requiring travel to bring teams together. TripActions reports that 38% of respondents in a recent survey ranked team on-sites and off-sites as the most common reason for travel.[4]

2 Global Business Travel Association, "2022 GBTA Business Travel Index Outlook – Annual Global Report and Forecast," August 2022.

3 Skift Research U.S. Travel Tracker, January 2021 – July 2022.

4 TripActions Fall 2022 Business Travel Preview, September 2022.

5 Deloitte 2021 Holiday Travel Survey, November 2021.

Theme 3:
Risk Of Recession, Inflation, And War In Ukraine Remain Headwinds

The macroeconomic outlook in Europe remains cause for concern, with growing inflation, Russia's war in Ukraine, and supply disruptions impacting market performance, monetary policy, and consumer spending.

Inflation in Europe and the US continues to climb, with the Euro area annual inflation up to 9.9% in September, up from 9.1% in August. In the U.S., price inflation was up 7% in August.[6] This has had an impact on interest rates, with the European Central Bank and The Federal Reserve raising key interest rates again in October.

While talk of recession has been in the news for the past several months, the extent, duration, and location of such a potentiality has been the subject of much debate. STR and Tourism Economics currently forecast a mild recession for 2023, with the Eurozone seeing negative real GDP decline quarter-over-quarter beginning in Q1 2023. They estimate that the GDP impact will bottom out in Q2 2023, with a recovery beginning in Q3 2023 and positive GDP growth returning by the end of the next year.[7]

[6] Eurostat (Euro area), Bureau of Labor Statistics (US).

[7] Tourism Economics and STR.

Theme 4: Future Travel Intent Remains Resilient, With A Strong Outlook

Despite the aforementioned headwinds, the current outlook for travel remains quite strong going into the holiday season and next year. At LHW's current consumed and future booking pacing, total global revenue this year will reach a record-breaking $1 billion.

Early indications for EMEA's winter/holiday season are promising, with LHW's total Nov-Jan on the books revenues to EMEA up 67% vs the same time last year and up 22% vs the same time in 2019.

LHW's 2023 bookings overall for next year look outstanding as compared to our historical levels. As of 30 September, booking revenue for EMEA next year outpaces future year revenue from the same time in 2021 by 37% and exceed future year revenue from the same time in 2019 by an amazing 67%. In even better news, this is not driven just by ADR; reservations on the books for next year exceed 2019 levels by 10%, and room nights for next year exceed 2019 by 40%.

A notable increase in on the books comes from Leaders Club, which has significantly ramped up its member acquisition over the last 2 years with its programmatic changes. Leaders Club OTB for next year is up 49% versus the same time in 2019. Similarly, Travel Trade's future bookings look robust, with next year's Travel Trade OTB 65% above last year. The Groups segment is also accelerating, with a 257% increase in the amount on the books for next year versus the same time in 2019.

US-origin travel to Europe also remains strong, with next year's on the books travel from the US to EMEA up 63% vs future year OTB at the same time in 2019, indicating strong sustained travel intent from the US market.

Overall, in spite of the macroeconomic challenges that lie ahead, LHW's luxury consumers remain active and engaged, showing no signs of slowing down their travel plans.

EMEA REGIONAL HIGHLIGHTS

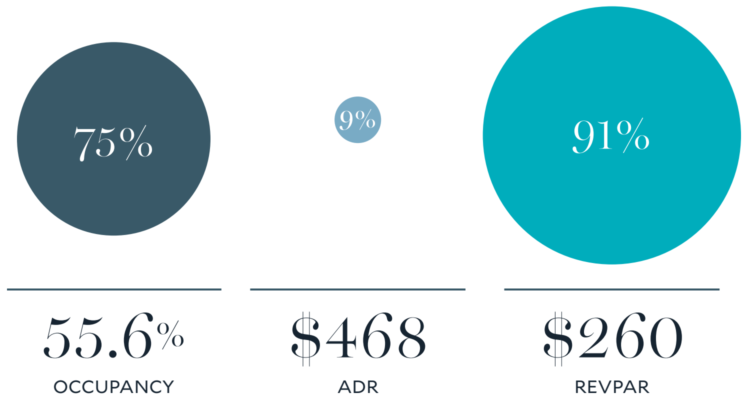
Regional Luxury Performance

According to STR data, all of Europe's luxury class KPIs continue their climb, improving their training twelve month performance. Occupancy for Europe luxury class is up to 55.6% for the last twelve months as of September 2022, well above its September 2021 trailing twelve month occupancy of 31.7% and its September 2020 trailing twelve month occupancy of 40.6%.

Europe's luxury class ADR continued to increase and is now at $468, well above North America's ADR of $357, and second globally only to the Caribbean (which stands at $530). Both these trends have buoyed RevPAR, which is nearly double what it was in the prior year's trailing twelve month levels, now at $260.

ANNUAL LUXURY EUROPEAN OCCUPANCY, ADR, AND REVPAR

Trailing 12 months September 2022 vs 2021, Luxury Class



SOURCE: STR

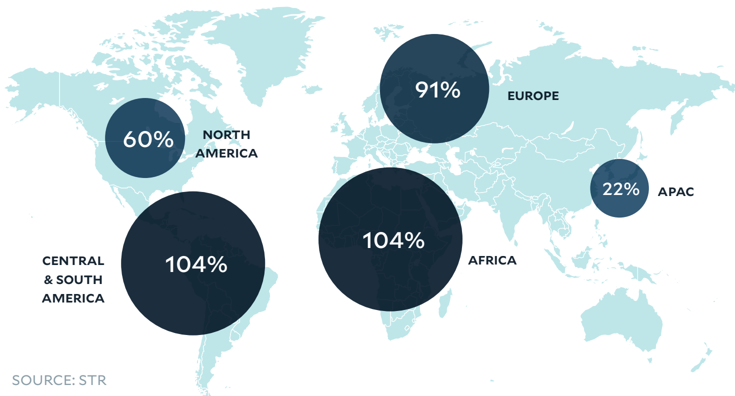
Regional Luxury Recovery

The luxury travel recovery is leading to improved performance across the globe, with occupancy improving in all regions since STR's last May YTD's reported values. Europe's luxury class RevPAR growth is up 91%, much higher than North America's 60% year over year growth. Central and South America, and Africa have seen RevPAR up 104% during the same time period, but their lower ADRs mean their total RevPAR is still well below Europe.

Total STR luxury class occupancy is starting to converge around a tighter band, with most of the globe between 50-60% occupancy. Europe luxury class has improved five percentage points since last reported and is up to 56% - closing the gap between occupancy in Europe as compared to North America and the Middle East.

EUROPE'S RELATIVE LUXURY MARKET RECOVERY

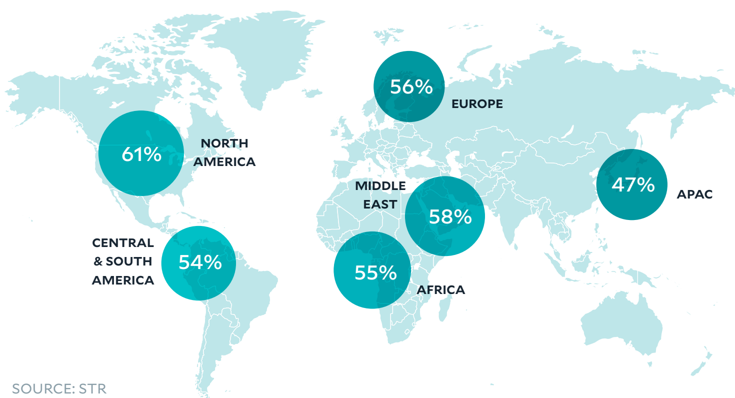
Sept YTD RevPAR Growth 22 vs 21, Luxury Class



SOURCE: STR

EUROPE'S RELATIVE LUXURY CLASS MARKET OCCUPANCY

Sept YTD Occupancy, Luxury Class



SOURCE: STR

Top Performing ADR Markets

While full STR data for of our top 36 European markets are in the data tables at the end of this report, below are a few highlights of top performing luxury markets.

Four of the highest STR ADR markets have been the same all year, though this time the Italian Islands Luxury Class makes STR's top five markets list as well. The ADR growth in Switzerland Southeast Luxury Class has been outstanding, with Paris Luxury Class also showing healthy ADR growth. Both the Italian Islands and Corsica-Provence-Alpes-CDA Luxury Class markets have ADRs very close to flat year over year.

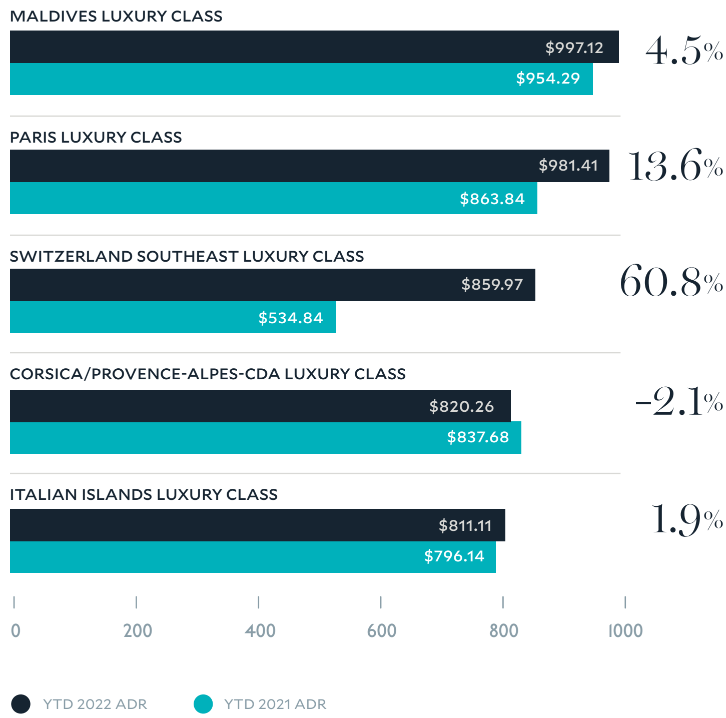
LHW EMEA ADR overall is $847 as of 30 September 2022, which is higher than average ADR in 33 of the 36 European STR markets.

Fastest-growing ADR markets are a mix of popular resort destinations as well as select city markets. While not all urban areas are recovering at the same pace, Amsterdam and Milan have both posted strong ADR gains, which only serves to bolster their RevPAR.

SEPT YTD HIGHEST ADR MARKETS

YTD 2022 vs YTD 2021 - Luxury Class

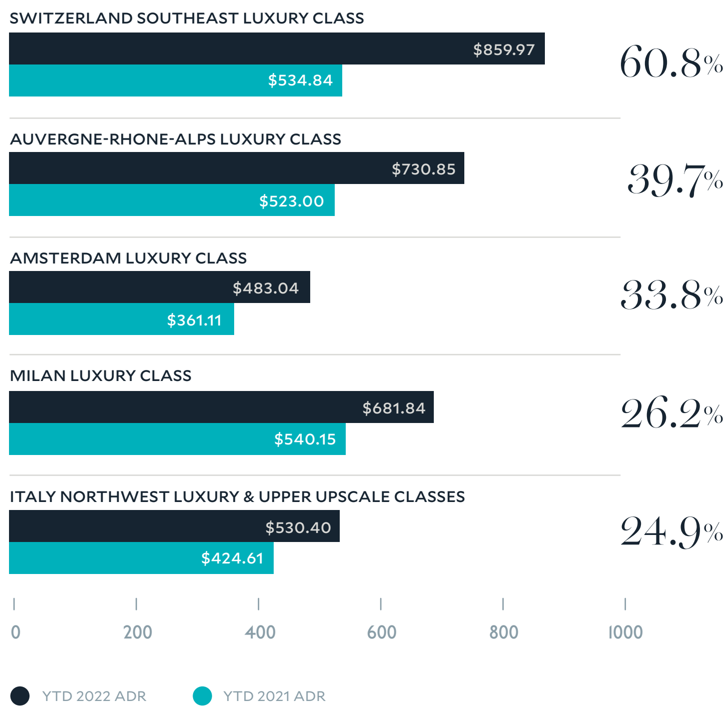
OVERALL MARKET (LUXURY CLASS)



SOURCE: STR

SEPT YTD FASTEST-GROWING ADR MARKETS

YTD 2022 vs YTD 2021 - Luxury Class



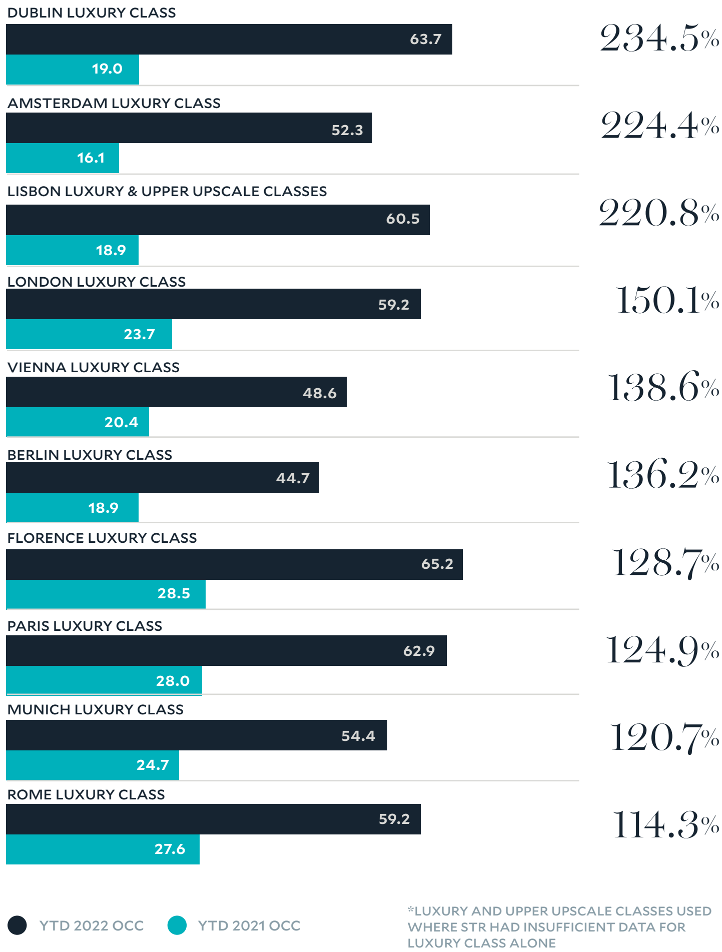
SOURCE: STR

Top Occupancy Growth Markets

STR's urban markets in Europe continued to rebound, with strong summer leisure demand and the gradual return of corporate travel in some markets causing occupancy in these markets to more than double or triple as compared to the same time last year. While Vienna and Berlin are lagging a little bit at below 50% occupancy, many other markets are on the rise to over 60% occupancy.

STRONGEST OCCUPANCY GROWTH

Sept YTD 2022 vs Sept YTD 2021, Luxury Class



*LUXURY AND UPPER UPSCALE CLASSES USED WHERE STR HAD INSUFFICIENT DATA FOR LUXURY CLASS ALONE

SOURCE: STR

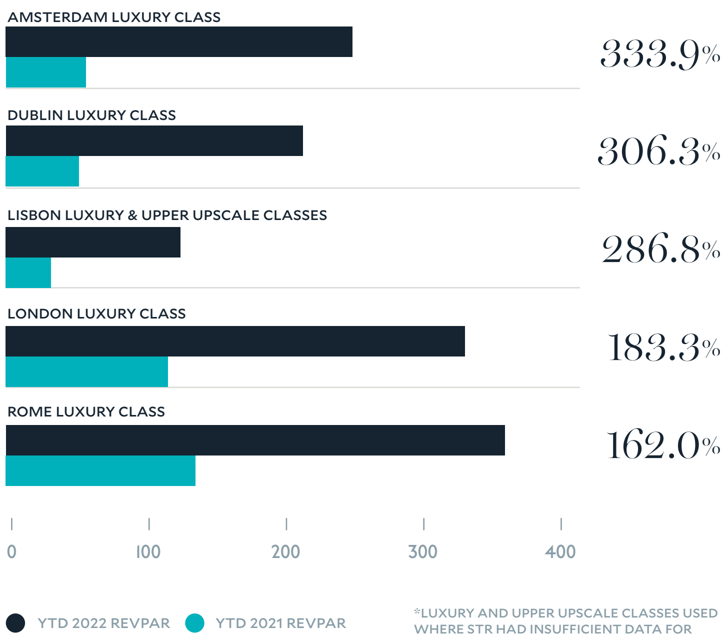
Top RevPAR Growth Market

Not surprisingly, the markets that have the strongest RevPAR growth have been able to combine both occupancy and ADR growth to catapult their RevPAR.

Amsterdam and Dublin have ADR growth over 20% year over year, and tripled their occupancy, resulting in RevPAR that is more than 4x higher than last year. Lisbon has nearly tripled its RevPAR year over year, and London and Rome are more than twice last year's levels. All of these top RevPAR growth markets are popular international tourist hot spots, which saw significant growth from the US and UK over the summer.

STRONGEST REVPAR GROWTH

Sept YTD 2022 vs Sept 2021, Luxury Class



*LUXURY AND UPPER UPSCALE CLASSES USED WHERE STR HAD INSUFFICIENT DATA FOR LUXURY CLASS ALONE

SOURCE: STR

International Arrivals by Region

While the latest UNWTO international arrivals data is only available as of July 2022, it demonstrates a clear uptick in international arrives in late spring and early summer. Europe and the Middle East clearly have the best overall recovery versus 2019, with July back to 2019 levels in the Middle East and only down 16% vs 2019 in Europe.

Within Europe, the Southern/Mediterranean subregion is the best recovered year to date, only 6% down vs 2019 in July and only 15% down July YTD vs 2019. Not surprisingly, with the war in Ukraine Central/Eastern Europe is having a slower road to recovery, still down 45% vs 2019 levels year to date. Western Europe is -26%, right at the overall Europe average, while Northern Europe stands at -27%.

INTERNATIONAL ARRIVALS TO EUROPE

% change over 2019

	JAN	FEB	MAR	APR	MAY	JUNE	JUL	YTD
WORLD	-64	-57	-51	-44	-38	-34	-28	-43
EUROPE	-47	-35	-33	-26	-22	-21	-16	-26
MIDDLE EAST	-54	-40	-17	-27	-21	-10	3	-24
AFRICA	-68	-56	-48	-47	-28	-27	-20	-40
AMERICAS	-52	-46	-40	-31	-29	-28	-24	-35
APAC	-94	-93	-91	-88	-83	-79	-75	-86

SOURCE: UNWTO

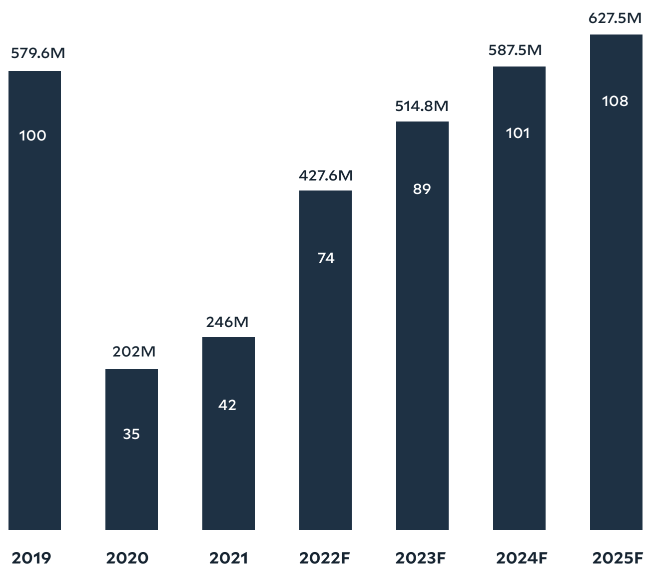
*UNWTO HAS NOT YET PROVIDED DATA PAST JULY 2022.

Intra-European Arrivals Forecast

For 2022, intra-European travel overall (not luxury travel specifically) is predicted to reach 74% of 2019 levels by year end, according to Tourism Economics. This is very similar to the year-to-date international arrivals performance YTD to Europe as reported by the UNWTO. Tourism Economics has forecasted that next year, Intra-European visitor arrivals will grow by 20.4%, reaching 89% of 2019 levels. With leisure travel as strong as it has been, the slower return to 2019 levels is no doubt caused in no small part by the more gradual return of regional business travel. They estimate that by 2024, we will reach 2019 levels of Intra-European visitors again.

INTRA-EUROPEAN VISITOR ARRIVALS

Number of Arrivals, Actual and Forecasted, 2019-2025 (Indexed to 2019)



SOURCE: TOURISM ECONOMICS (FORECAST RELEASED JUNE 2022), AS SHARED BY EUROPEAN TRAVEL COMMISSION

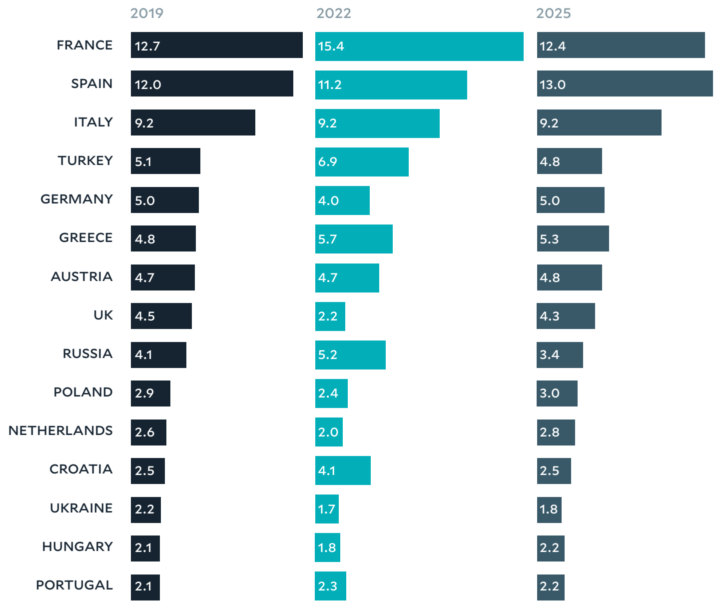
Top Intra-European Travel Destinations

For overall intra-European travel, the destinations that gained the most in 2021 v 2019 were France, Turkey, and Croatia. The regions that saw losses tended to rely more on corporate travel and were the UK, Germany, Spain, and the Netherlands.

Looking forward, the regions that are forecasted by Tourism Economics to gain proportionally more intra-European travel in 2025 vs 2021 are the same countries that have lost the most since 2019 so far – the UK, Spain, Germany, and the Netherlands.

TOP INTRA-EUROPEAN TRAVEL DESTINATIONS

Destination's share of total intra-European arrivals



SOURCE: TOURISM ECONOMICS (FORECAST RELEASED JUNE 2022), AS SHARED BY EUROPEAN TRAVEL COMMISSION

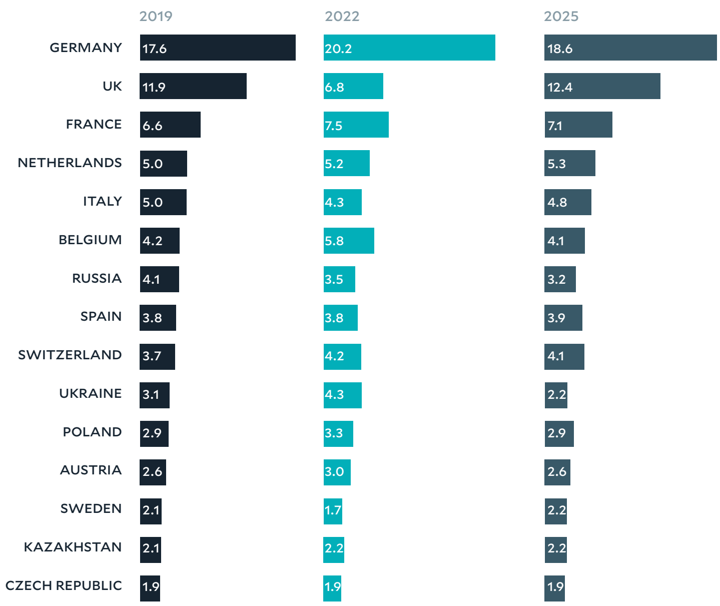
Top Intra-European Source Markets

The source markets that saw the largest proportional uptick in intra-European travel were Germany, Belgium, and the Ukraine. Not surprisingly given its travel restrictions, the UK lost significant share as a source market in 2021.

By 2025, the UK is forecasted to rebound as a source market, with slight increases also seen from Sweden and Italy. As compared to pre-pandemic 2019, Germany will see the highest proportional growth as a source market by 2025.

TOP INTRA-EUROPEAN SOURCE MARKETS

Source market's share of total intra-European travelers



SOURCE: TOURISM ECONOMICS (FORECAST RELEASED JUNE 2022), AS SHARED BY EUROPEAN TRAVEL COMMISSION

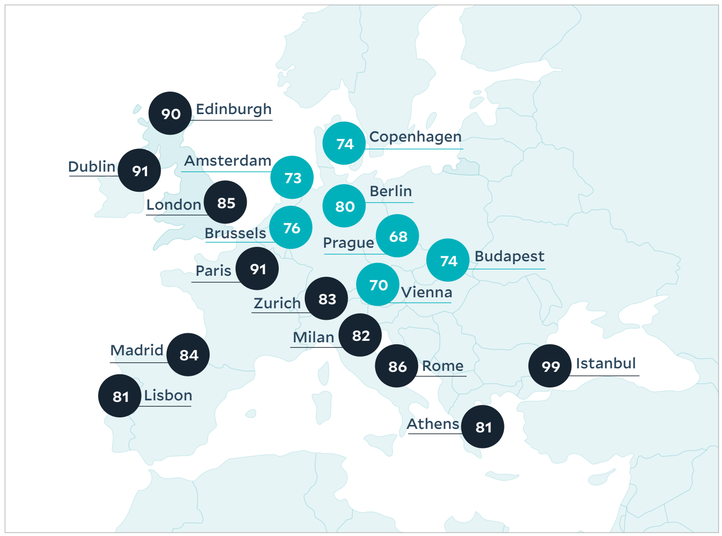
EMEA REGIONAL HIGHLIGHTS

Variable Gateway City Recovery

Occupancy recovery among major STR European gateway markets YTD has been variable, with performance generally favoring destinations that have a healthy mix of leisure and business travelers. Top performers with occupancy at least 90% to 2019 levels are Istanbul, Paris, Dublin, and Edinburgh. London, Rome, Madrid, Zurich, Milan, Athens, Lisbon, and Berlin all at least 80% recovered in terms of occupancy.

EUROPEAN GATEWAY CITY RECOVERY

European market markets, Occupancy August YTD 2022 indexed to 2019



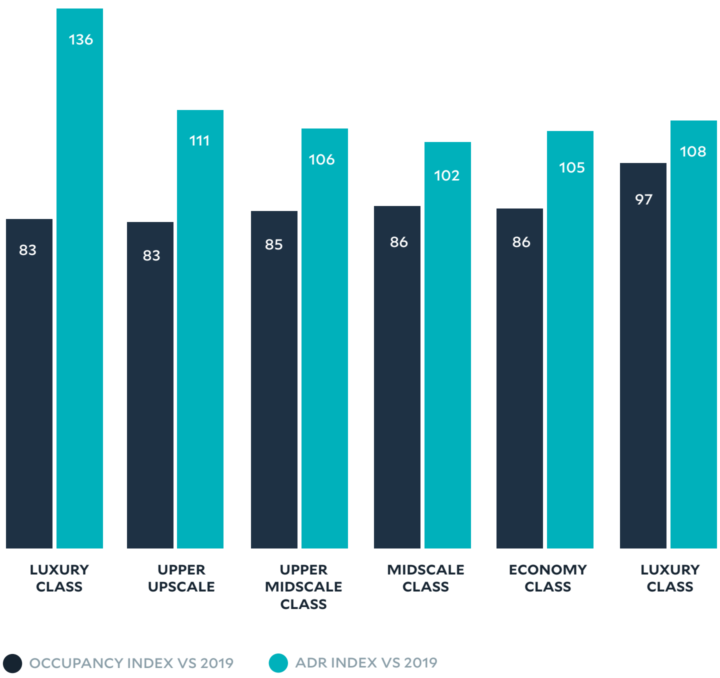
SOURCE: STR

Occupancy and ADR Gains by Hotel Class

While luxury class hotels have seen the strongest ADR growth since the pandemic, they have not yet returned to pre-pandemic occupancy levels the way other hotel classes have. Year to date, European luxury class hotel occupancy is at 83% of 2019 levels, with the recovery index growing steadily as you go down the scale to economy class, which is almost fully recovered vs 2019. While concerns of inflation and recession remain in many major markets, it is likely that luxury class hotels would fare better in 2023 as compared to economy and midscale class hotels in case of such an event.

OCCUPANCY AND ADR RECOVERY BY HOTEL CLASS

European hotel occupancy and ADR (Euros) indexed to 2019, Aug YTD 2022



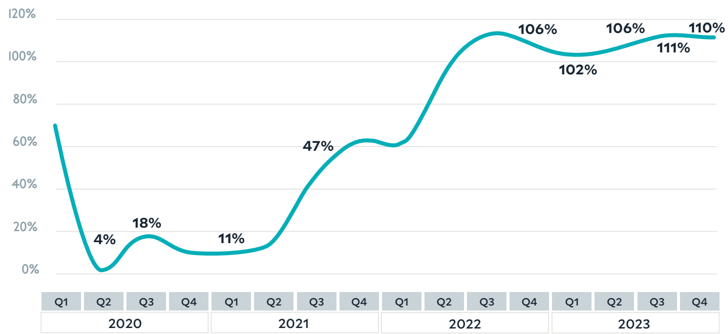
SOURCE: STR

European Cities RevPAR Recovery Timeline

According to STR and Tourism Economics, RevPAR recovery for European cities has already largely arrived, with a slight short-term forecasted dip in Q1 2023 on concerns of a recession. However, by the end of 2023 RevPAR levels should return to 110% of 2019 levels (or where they were in Q3 2022).

REGIONAL FORECASTED REVPAR RECOVERY

August 2022 Forecasted RevPAR Performance indexed to 2019



SOURCE: STR AND TOURISM ECONOMICS AUGUST 2022 FORECAST FOR EUROPEAN CITIES

2023 Forecasted ADR Growth

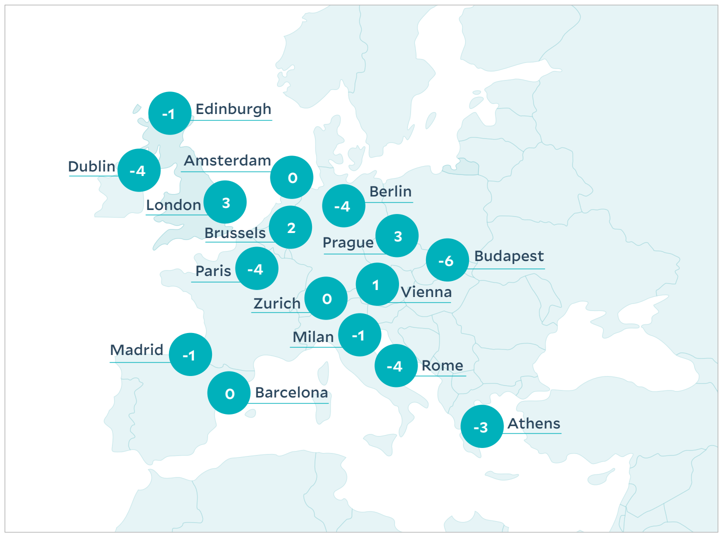
One of the biggest successes of the pandemic and its near-term recovery has been the strong ADR growth seen in most markets. This has led to inevitable questions about how much more ADR may climb in 2023, particularly given broader concerns about current inflation and potential recession.

According to Tourism Economics and STR, ADR growth next year will be quite modest in key markets, with major markets forecasted to be between -5% and 3% ADR growth year over year. Markets that may see slight positive ADR growth include London, Prague, Brussels, and Vienna. Markets such as Budapest, Rome, and Dublin may see slight declines, with most other markets nearly flat to 2022.

It is worth noting that this forecast is for the European hotel market overall, and not luxury hotel ADRs in particular. Over the past year, luxury class hotels have sustained more significant ADR increases than other hotel classes, and while most luxury travelers are not as impacted by inflation and recession, relatively speaking forecasts predict more muted 2023 ADR changes in Europe.

2023 ADR GROWTH

Forecasted 2023 ADR by Market, Percent Change Year over Year



SOURCE: STR AND TOURISM ECONOMICS

EMEA REGIONAL HIGHLIGHTS

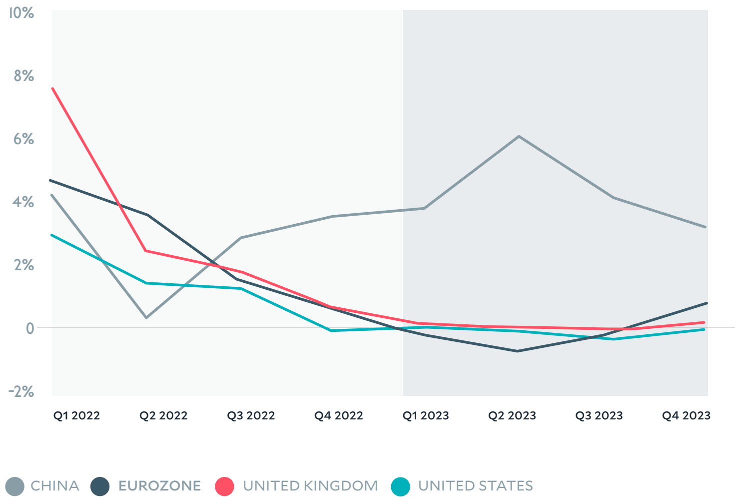
Recession Risk by Region

While talk of recession has been in the news for the past several months, the extent, duration, and location of such a potentiality has been the subject of much debate.

STR and Tourism Economics currently forecast a mild recession for 2023, with the Eurozone seeing negative real GDP decline quarter-over-quarter beginning in Q1 2023. They estimate that the GDP impact will bottom out in Q2 2023, with a recovery beginning in Q3 2023 and positive GDP growth returning by the end of the next year. The Eurozone is anticipated to see the strongest decline, with rather flat performance anticipated in the US and UK. China is expected to make modest gains in real GDP throughout 2023.

RECESSION RISK BY REGION

Real GDP, quarter-over-quarter % change, 2022 Q1 – 2023 QF



SOURCE: STR

Future Business Travel Intent

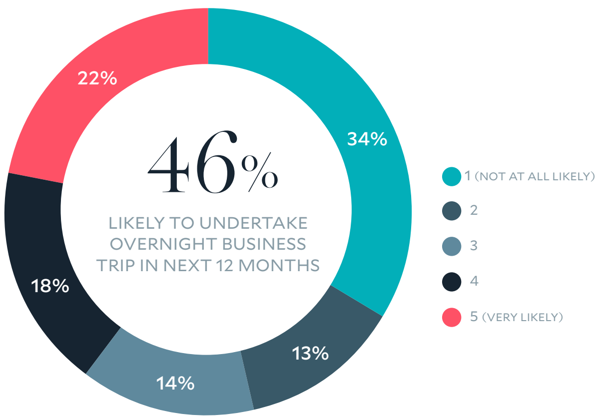
As business travel makes its recovery, there continue to be green shoots regarding month-over-month travel gains and continued business travel intent by corporate travel managers and travelers.

Over half of European respondents in STR's latest business travel survey are likely to travel overnight for business in the next 12 months (survey taken as of July 2022). While economic concerns in Europe remain, there are still several sectors and types of meetings that still appear to warrant overnight travel. As we reported in our Q2 Market Insights report, in many cases the large financial, communications, and technology companies have not resumed travel to the same degree as many SMB and sales counterparts in other sectors.

GBTA's October 2022 Business Travel Recovery poll reported that European travel managers say their company's domestic business travel bookings have recovered to 61% of the pre-pandemic level. While this drops to 53% of pre-pandemic levels for international business travel, GBTA has reported increased booking momentum in recent months. Even with economic concerns, 75% of travel buyers say their company has no immediate plans to limit business travel as a result.

BUSINESS TRAVEL INTENT

Percent likely to undertake overnight business trip in next 12 months



% LIKELY TO UNDERTAKE OVERNIGHT BUSINESS TRIP IN NEXT 12 MONTHS

SOURCE: STR BUSINESS TRAVELER SURVEY, JULY 2022

LHW Top Destinations

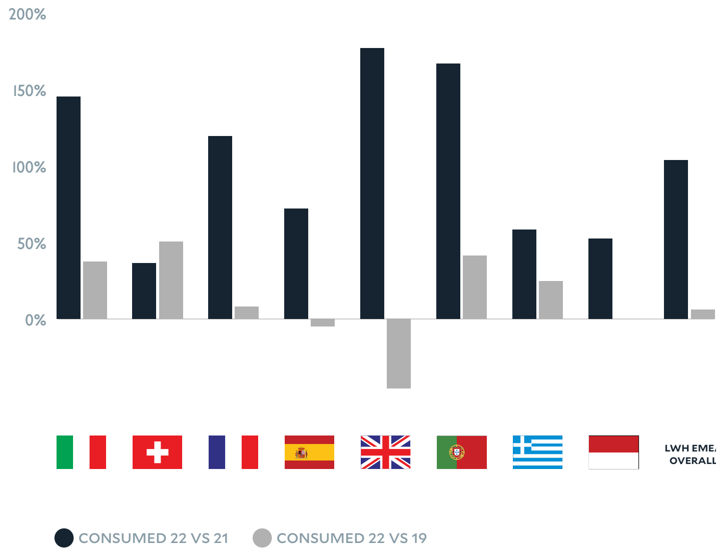
LHW's total EMEA destination revenue year-to-date is outstanding, up more than 2x what it was the same time last year and 6% above 2019 YTD levels. As of the end of Q2, LHW's overall EMEA revenue was still down 3% vs 2019, so Q3's performance significantly accelerated regional hotel revenues. The recovery does continue to vary by country, depending largely on the mix of hotel types (urban vs resort) and degree of reliance on group and/or corporate travel.

The top destinations garnering the greatest performance improvement vs 2019 are Switzerland (51%), Portugal (42%), Italy (38%), and Greece (25%). France and Spain are seeing strong improvement vs last year but have yet to really rebound to the extent of their counterparts in Europe. The UK meanwhile is still significantly down vs 2019, due in part to fewer total LHW rooms in the London area and to the reliance of most UK properties on corporate travel, which remains slow to recover.

LHW's on the books revenue for the remainder of 2022 shows continued healthy growth in spite of concerns about global inflation, the war in Ukraine, and the risk of recession. As of 30 September, remaining 2022 OTB is up 20% vs the same time in 2019 and up 64% vs the same time last year. For Q4, the greatest growth vs 2019 OTB revenue is coming from Morocco (95%), Italy (86%), Switzerland (69%), and Portugal (51%) – all strong leisure destinations with a good mix of resort properties.

TOP LHW EUROPEAN DESTINATION COUNTRIES – CONSUMED REVENUE

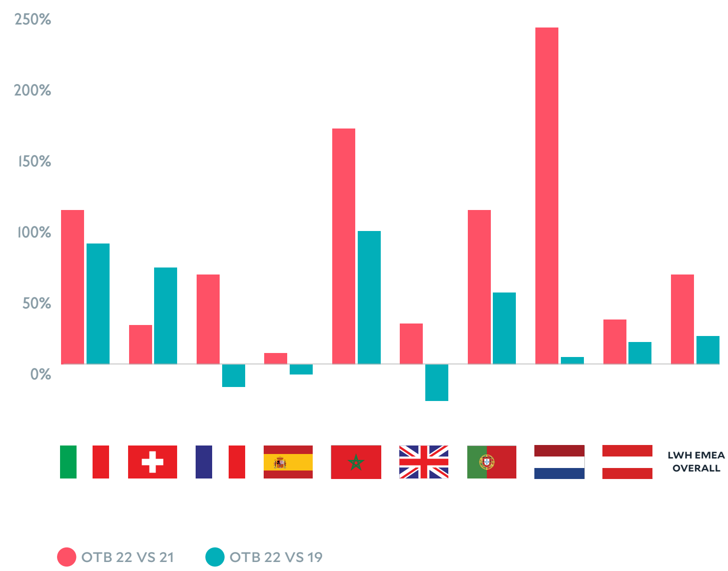
Sept YTD 2022 vs Sept YTD 2021 and 2019



SOURCE: LHW

TOP LHW EUROPEAN DESTINATION COUNTRIES – ON THE BOOKS REVENUE

As of 30 Sept 2022 vs 30 Sept 2021 and 2019



SOURCE: LHW

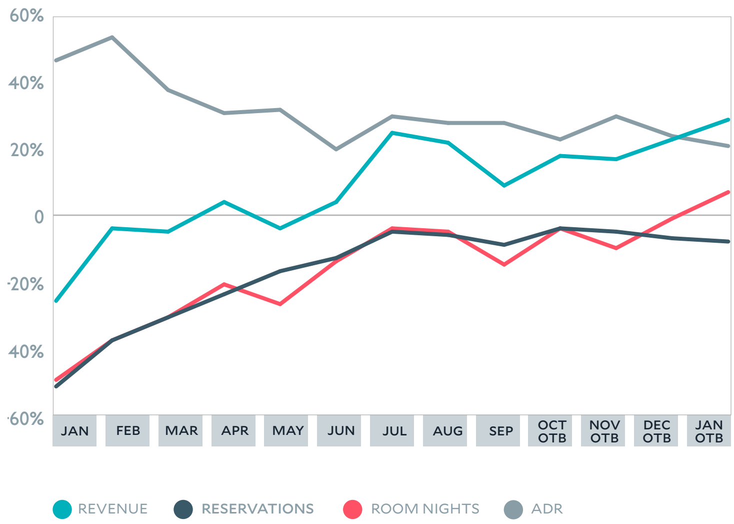
LHW EMEA PERFORMANCE

LHW Key Metrics by Month to EMEA

For the first half of the year, LHW's EMEA hotel revenue vs 2019 was buoyed largely by significant increases in ADR. However, the back half of the year shows a promising return of other key metrics to 2019 levels by the end of the year, with room nights also surpassing pre-pandemic levels beginning in January 2023, with sustained strong ADR. January's OTB hotel revenue is up 29% vs pre-pandemic levels as of 30 Sept, signaling continued strong travel demand.

LHW REVENUE, RESERVATIONS, ROOM NIGHTS, AND ADR BY MONTH TO EMEA

Percent Change, Consumed and On the Books as of 30 Sept 2022 vs 30 Sept 2019



SOURCE: LHW

LHW Origin Market Trends

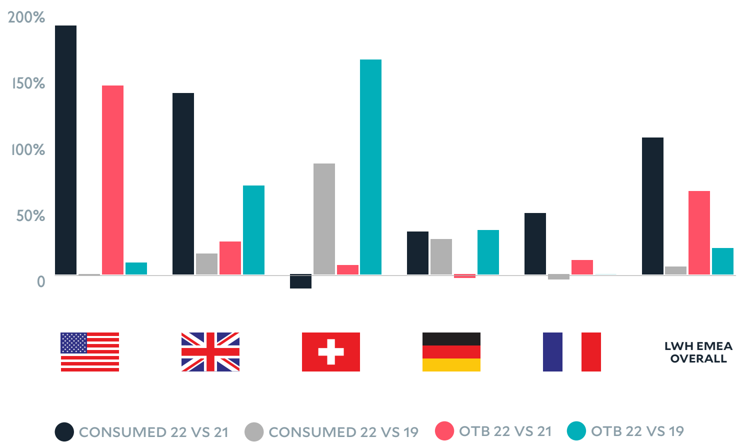
Summer saw a significant return of US travelers to Europe, with YTD consumed revenue basically flat to 2019 and nearly 3x the level it was at the same time last year. For the balance of this year, on the books travel from the US to EMEA is 9% above the same time in 2019. Next year's on the books travel from the US to EMEA is up 63% vs future year OTB at the same time in 2019, indicating strong sustained travel intent from the US market.

Long-haul travel from Canada, Brazil, and Australia is also growing. Canada's consumed revenue to EMEA is up 427% vs last year, and OTB is nearly double what it was last year (36% higher than the same time in 2019). Brazil's YTD revenue to EMEA is 430% above last year and 13% above 2019, with future OTB levels 7% above 2019. Australians, newly able to travel again, already have OTB 9% above 2019 levels.

Regional countries of origin with strong OTB vs 2019 for Europe include Norway (355%), Sweden (143%), Belgium (142%), The Netherlands (98%), and Italy (69%).

LHW TOP ORIGIN MARKET GROWTH TO EMEA

Consumed and On the Books as of 30 Sept each year



SOURCE: LHW

LHW EMEA PERFORMANCE

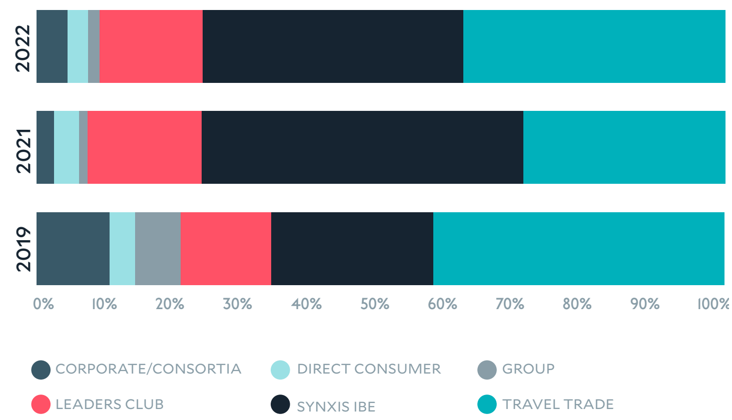
LHW Segment Shifts

Leisure travel continues to lead the way as it has all year. Leaders Club is at 15% of overall revenue, up from 2019 based on improvements to the program. Travel Trade is nearly back to 2019 as a proportion of LHW's business. While many consumers chose to book direct via the SynXis booking engines during the pandemic due to the changing nature of hotel amenity options, local regulations, and the desire for flexibility booking, we are seeing these bookings temper a bit as a proportion of the business as Travel Trade recovers. The reduction in the Direct Consumer segment has been anticipated by the business, as LHW works to convert direct booking consumers to take advantage of the now-free Leaders Club program.

Even though corporate and groups have improved sincelast year, they are still significantly below where they were in 2019 as a proportion of the business.

LHW TRAVEL BY SEGMENT TO EMEA

Consumed Revenue Sept YTD 2022, 2021, and 2019



SOURCE: LHW

LHW Booking Channel Trends to EMEA

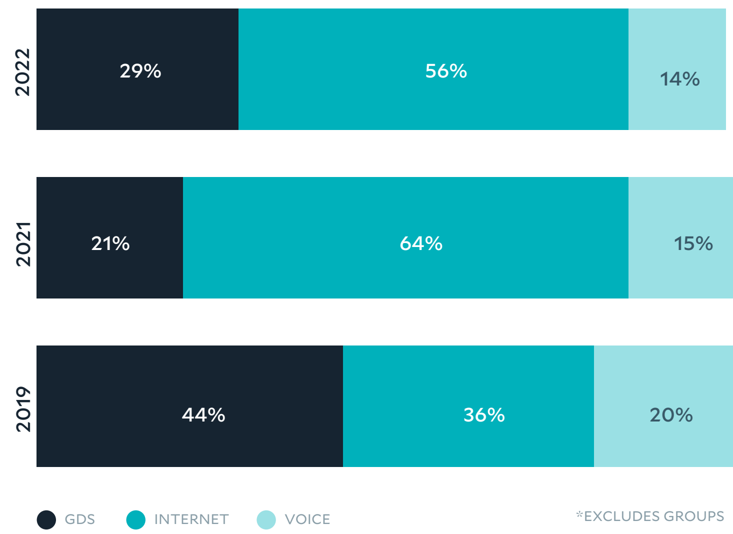
As the Travel Trade segment rebounds, international travel returns, and consumers express increased interest in booking with expert travel consultants, the proportion of GDS bookings continues to close the gap vs 2019 levels. With the gradual return of corporate travel, the proportion of GDS bookings is expected to continue to edge closer to pre-pandemic ratios.

The growth in GDS bookings proportionally has come primarily at the expense of the internet channel, which dominated significantly during the pandemic. With travel agencies closed and the elimination of corporate travel, leisure travelers booked primarily with direct hotel sites in order to ensure they had access to the most flexible rates and up-to-date hotel information. With the new ability of LHW's SynXis booking engine to sign up and book Leaders Club members directly, on top of the shifts in consumer behavior due to the pandemic, LHW anticipates that this channel will remain a popular choice.

Our voice channel has historically been very popular with Leaders Club members. It was the primary method for them to book, but as LC members have additional channels to book their reservations, it is not surprising to see voice channel bookings decline slightly as a proportion of the business. In spite of their smaller relative proportion, voice bookings continue to remain our highest ADR channel, with average daily rates of $1,205 YTD.

PERCENT OF RESERVATIONS BY CHANNEL

Consumed, Sept YTD 2022, 2021, and 2019



SOURCE: LHW

LHW EMEA PERFORMANCE

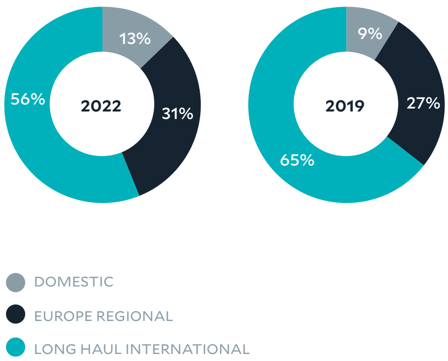
Accelerating Return of Long-Haul Travel

International long-haul travel accelerated during the summer, with this revenue growing to represent 56% of year-to-date LHW business – for comparison, at the end of Q1 2022, it was only 38% of consumed revenue to EMEA.

Not surprisingly, the return of long-haul travel to EMEA has benefited hoteliers, due to their higher average length of stay and average daily rate paid. On average, long-haul travelers have paid an ADR of $995 YTD, which is 36% higher than European regional travel bookings and 46% higher than domestic bookings. Their ALOS is 2.9 nights, versus 2.7 nights for European regional travel bookings and 1.8 nights for domestic bookings.

LHW DOMESTIC, REGIONAL, AND LONG-HAUL TRAVEL TO EMEA

Consumed Revenue Percent As of 30 Sept 2022, 2019



56%

OF YTD 2022 REVENUE FROM LONG HAUL INTERNATIONAL

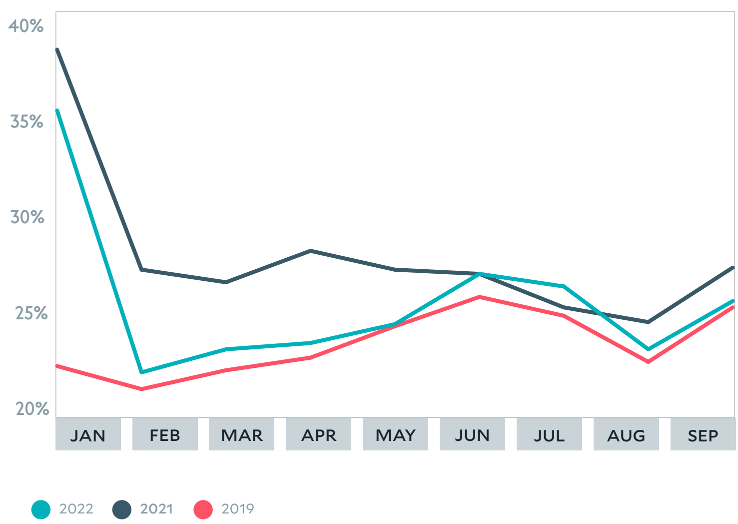
SOURCE: LHW

LHW EMEA Cancellation Rates

In spite of constant press surrounding the potential impact of inflation and the risk of recession to impact consumer spending, LHW has not yet seen a significant increase in recent cancellations. The Omicron variant caused a temporary spike in January, and we may yet see a seasonal COVID variant have a similar impact in the months to come. However, all indications for now are that consumers are as eager as ever to keep their travel bookings.

LHW CANCEL RATE: DESTINATION EMEA

Cancel rate by departure date month through Sept 2022, 2021, and 2019



SOURCE: LHW

Balance of Year LHW EMEA Bookings

With one quarter left in 2022, LHW currently has remaining year OTB revenue to EMEA that is 64% higher than last year at the same time, and 20% higher than even 2019. Combined with strong YTD performance, we anticipate 2022 will be a banner year for many European hotels.

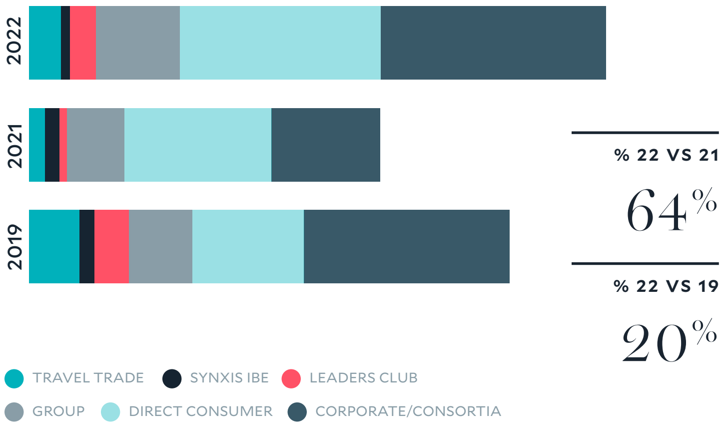
Not surprisingly, leisure travel segments continue to outperform. Growth to our Leaders Program base has helped fuel OTB 31% higher than 2019, and 46% above last year. This segment's future also looks strong, with 2023 future bookings 56% higher than the same time last year. Similarly, Travel Trade's future bookings look robust, with balance of year OTB more than double where it was the same time last year, and next year's Travel Trade OTB 65% above last year.

The Corporate/Consortia segment's balance of this year's OTB is twice what it was the same time last year, but remains 37% behind 2019 levels. Next year's OTB for the corporate segment is 61% higher than the same time last year, but as this segment tends to have shorter booking windows it remains to be seen how quickly the corporate recovery progresses.

Groups business is coming back as well, with very strong future bookings. Balance of this year's OTB for groups is 245% above where we were last year, and next year's Groups OTB is 257% ahead of where we were at the same time in 2019.

LHW ON THE BOOKS REVENUE TO EMEA

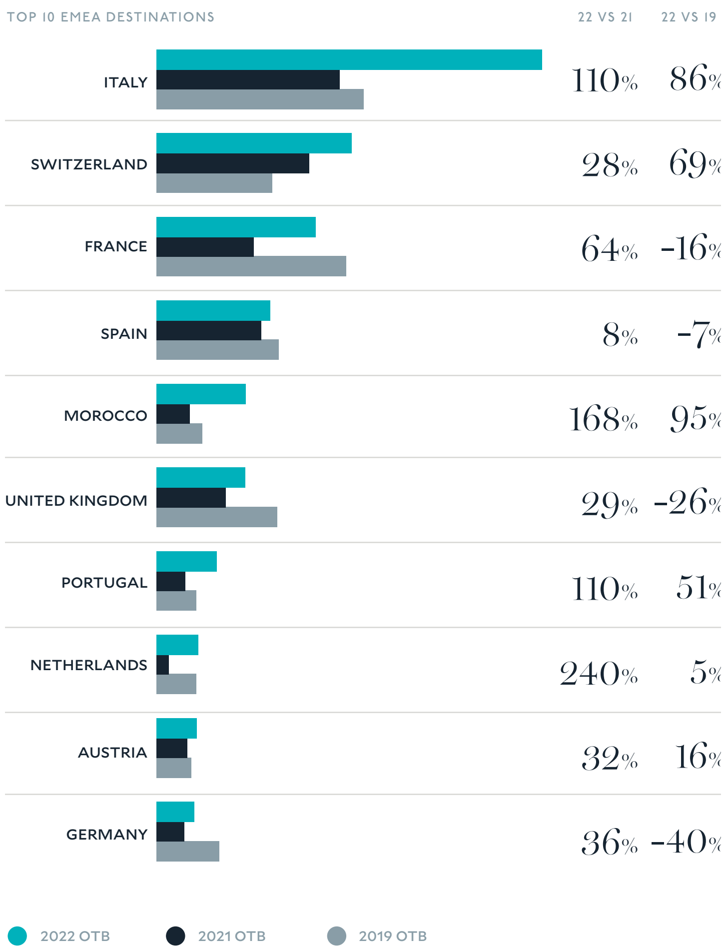
Current Year Remaining Booking Value by Segment as of 30 Sept each year



SOURCE: LHW

LHW ON THE BOOKS FOR EMEA BY DESTINATION COUNTRY

Current Year Remaining Booking Value as of 30 Sept 2022, 2021, and 2019



SOURCE: LHW

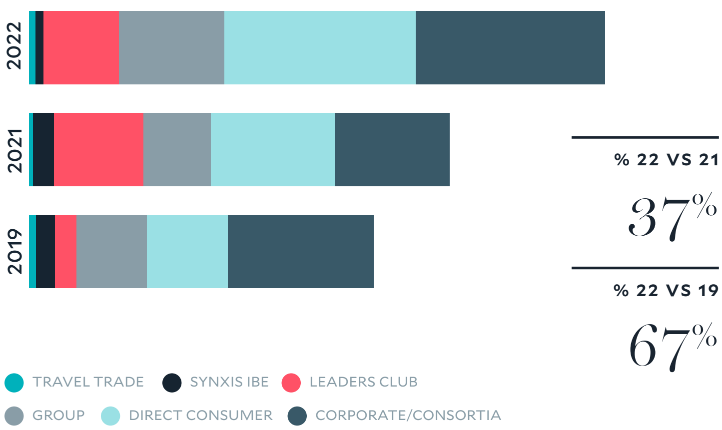
Future Year LHW EMEA Bookings

LHW's future bookings for next year look outstanding as compared to our historical levels. As of 30 September, bookings for next year outpace future year bookings from the same time in 2021 by 37%, and exceed future year bookings from the same time in 2019 by an amazing 67%.

A notable increase comes from Leaders Club, which has significantly ramped up its member acquisition over the last 2 years with its programmatic changes. Leaders Club OTB for next year is up 49% versus the same time in 2019. The Groups segment is also accelerating, with a 257% increase in the amount on the books for next year versus the same time in 2019.

LHW FUTURE YEAR ON THE BOOKS REVENUE TO EMEA

Future Year Booking Value by Segment as of 30 Sept each year



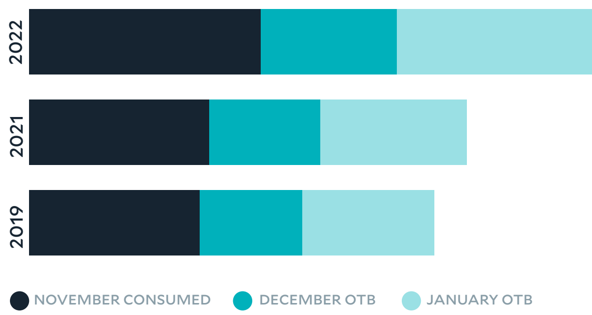
SOURCE: LHW

LHW Winter Travel to EMEA

Early indications for the winter/holiday season are promising, with total Nov-Jan OTB revenues up 67% vs the same time last year and up 22% vs the same time in 2019. January looks to be especially strong, with current OTB reservations showing an ADR of $1,031 and total revenue 29% above January bookings the same time in 2019.

LHW WINTER TRAVEL TO EMEA

OTB As of 30 Sept 2022, 2021, and 2019



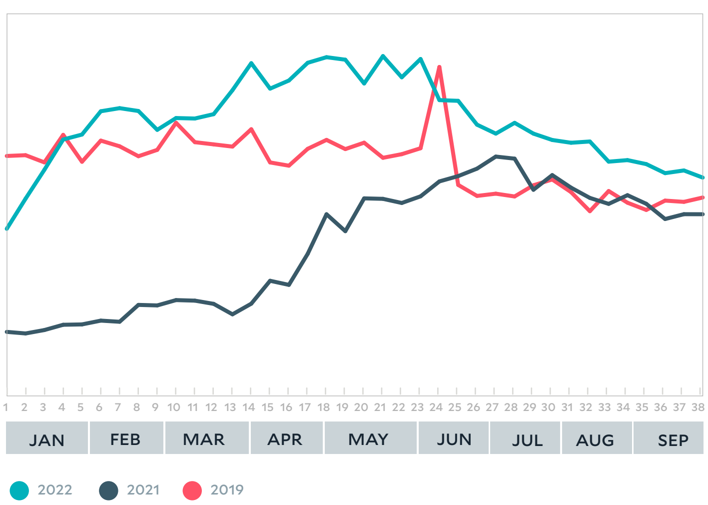
SOURCE: LHW

LHW Weekly Booking Pace

LHW's weekly new bookings to EMEA continue to outstrip 2019 production levels. Total YTD EMEA booking volume is 84% above last year, and 19% above 2019. As of the end of Q1, LHW's new EMEA booking volume was only 4% above 2019, so the booking momentum to EMEA has and continues to accelerate.

LHW BOOKING PACE TO EMEA

Weekly New Booking Trend for Current Year Travel



SOURCE: LHW

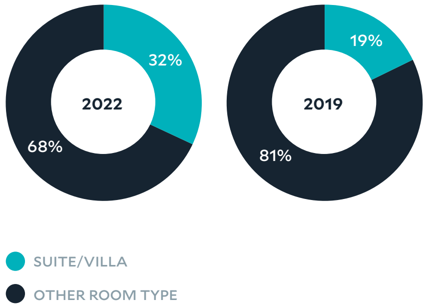
LHW Suite Mix

During the pandemic, many guests opted to book larger room categories, including suites and villa for their travels. LHW has seen the increased interest in suites and villas continue throughout the year, with these room types accounting for nearly a third of all YTD 2022 EMEA reservations, which is 13 percentage points higher than our 2019 proportion of the same room types.

Suite bookings in 2022 have average ADRs of $1236/night, which is 81% higher than the non-suite/villa room rate ADR.

LHW SUITE MIX IN EMEA

Percentage of YTD Reservations as of 30 September 2022, and 2019



13%

INCREASE IN SUITE AND VILLA RESERVATIONS FROM YTD 2019 TO YTD 2022

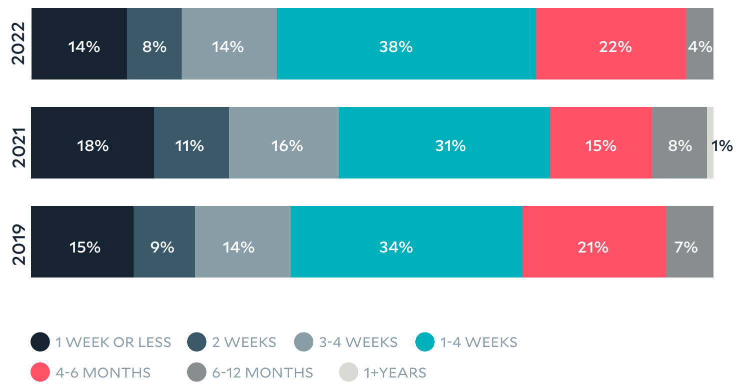
SOURCE: LHW

LHW Booking Lead Time

As the world adjusts to the post-pandemic landscape, consumers are indicating increased comfort in booking holidays further in advance. LHW is seeing booking windows expand, with YTD bookings within two weeks of travel down to 22% (versus 30% of bookings at the end of Q2). Currently, nearly 2/3 of bookings occur more than one month prior to travel, with the 1-6 month timeframe seeing the greatest proportional growth. This aligns with the trend towards increased long-haul international travel, as long-haul bookings are more commonly made a few months in advance.

BOOKING LEAD TIME TO EMEA

Percentage of YTD Bookings as of 30 September 2022, and 2019



22% OF YTD BOOKINGS OCCUR LESS THAN TWO WEEKS PRIOR TO TRAVEL

SOURCE: LHW

Glossary

ADR
Average Daily Rate (ADR) A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold. ADR = Room Revenue/Rooms Sold

CONSUMED REVENUE
Room revenue for all bookings as of a specified check out date or period (e.g., full year 2021 consumed revenue would represent all booking revenue with check-out dates between January 1 and December 31 of that year).

DEMAND
The number of room nights sold in a specified time period (excludes complimentary rooms).

OCCUPANCY
Percentage of available rooms sold during a specified time period. Occupancy is calculated by dividing the number of rooms sold by rooms available. Occupancy = Rooms Sold / Rooms Available

OTB (ON THE BOOKS)
Future reservations booked as of a particular date and year.

REVENUE
Total room revenue generated from the guestroom rentals or sales.

REVPAR
Total room revenue divided by the total number of available rooms. See Room Revenue, Rooms Available.
Room Revenue/Rooms Available = RevPAR

SUPPLY
Number of rooms in a hotel or set of hotels multiplied by the number of days in a specified time period.

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