

HOTEL MARKET SPOTLIGHT EDINBURGH

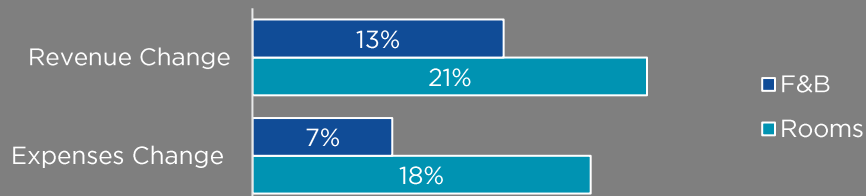
CITY CENTRE FULL-SERVICE BRANDED HOTELS Q1 2024 vs Q1 2023

OVERVIEW

- Despite an ongoing supply increase (+3.7%) during the first 3 months of 2024 well ahead of the national average, the Edinburgh hotel market benefits from healthy performance improvements.
- In Q1 2024, GOP per available room (PAR) in the sample of full-service branded hotels increased by almost 69% compared to Q1 2023. As a result, the profit margin has increased from 20% in Q1 2023 to 27% in Q1 2024. The profit margin on a 12-month basis reached 42.2% (£97 PAR/day).
- Strong revenue growth (+22% vs Q1 2023), surpassing expenses (+10%), was the key driver of improved profitability.

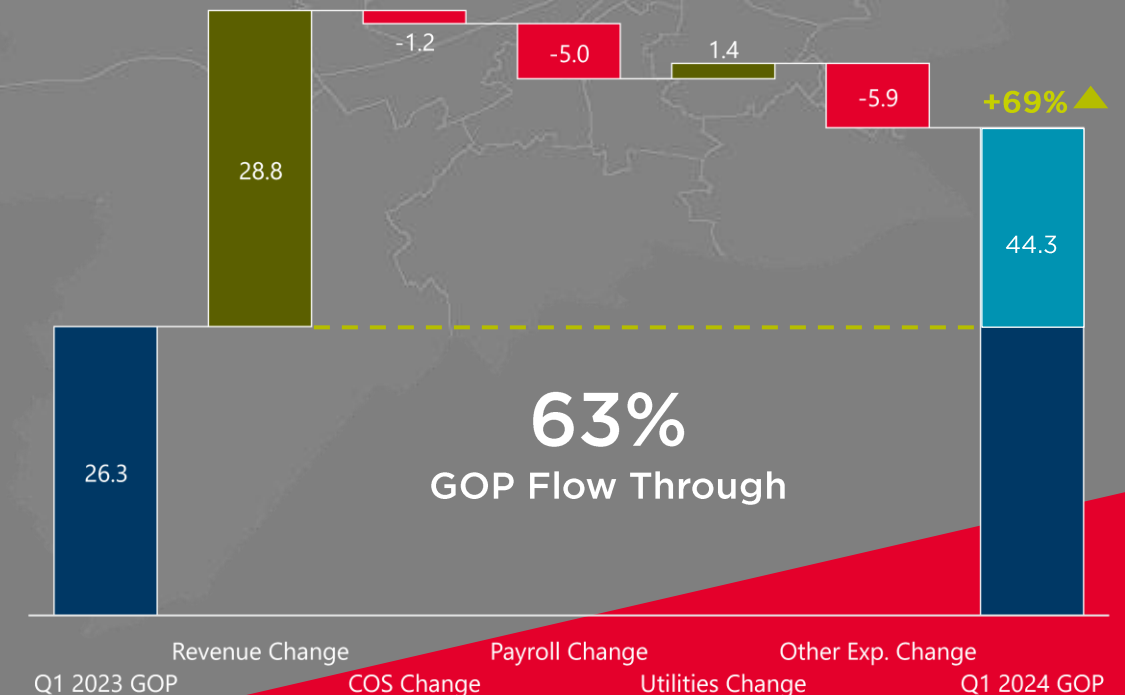
ROOMS & F&B REVENUES GROWTH SURPASSING COSTS

(% change PAR from Q1 2023)



HIGHER REVENUES FLOWING THROUGH THE BOTTOM LINE

(per available room per day - GBP)



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UTILITIES COSTS

- Following the major increase in energy costs in 2022 and 2023, prices started to moderate across the UK. Accordingly, hotels in the Edinburgh sample witnessed an 11% decrease in utility costs in Q1 2024 compared to Q1 2023.

PAYROLL COSTS

- Total payroll costs have risen by about 11%, whereas Sales & Marketing labor costs have experienced the highest increase (+16%) followed by an increase in Property & Maintenance (+13%) and F&B department costs (+12%)
- Part of this increase is attributed to the rise in the National Living Wage in April 2023 and mounting pressure to retain staff as the rising living costs prevail. This is likely to continue going forward.

OTHER EXPENSES

- Other expenses grew by £5.9 PAR up to 19%, well above the overall CPI growth over the same period. The main contributors to this expense escalation were Administrative & General (+28%) and Sales & Marketing expenses (12%).

INCREASING EXPENSES ALBEIT DROP IN UTILITIES COSTS

(per available room per day - GBP)

