

Abu Dhabi's hotel market witness green shoots, while Dubai maintains continued growth over 2012

Hotels in Abu Dhabi illustrated a 17.1% increase in Revenue per Available Room (RevPAR) driven by a 16.7 percentage point growth in occupancy from the previous year, according to the latest HotStats survey of full service four and five star hotels by TRI Hospitality Consulting Middle East.

The Capital benefited for a string of high profile events which helped maintain occupancies close to 80% for the fourth consecutive month, reaching 78.5% in April. Events including the World Travel Tourism Council Global Summit, which was attended by over a 1,000 global travel and tourism leaders and featured high-profile speakers such as former US President Bill Clinton and Sir David Frost. However, the increasingly competitive nature of the market placed continued pressure on Average Room Rates (ARR) which declined 7.7% to US\$144.57. Nonetheless, Total Revenue per Available Room (TRevPAR) grew 13.3% during the month, supported by the strong RevPAR growth. Profitability levels were also robust as Gross Operating Profit per Available Room (GOPPAR) grew 27.8% to US\$82.07 elevated by a 3.0 percentage point reduction in payroll costs.

"Abu Dhabi's hotel market continues to witness green shoots as occupancy levels hover close to 80 percent for the fourth consecutive month, however as competition continues to increase, hotels are facing pressure on rates as new hotels try to capture their market share. Although rates dropped in April, the growth in demand was sufficient enough to see RevPAR levels increase and when combined with lower operational costs, resulted in a 27.8% increase in profits" commented Peter Goddard, Managing Director.

While Abu Dhabi witnessed a substantial growth in demand during April, hotels in Dubai maintained comparable, albeit slightly lower performance levels compared to the same period last year. RevPAR fell 1.9% to US\$321.75, as a result of a 0.2 percentage point decline in occupancy to 84.3% coupled with a 1.8% fall in

ARR to US\$381.67. However, year to date performance levels remained strong with RevPAR growing 7.2% to US\$325.40, driven by a growth in occupancy and ARR by 2.7 and 4.0 percent respectively. In terms of profitability, higher payroll costs put pressure on GOPPAR performance, resulting in a 0.4% reduction to US\$276.10.

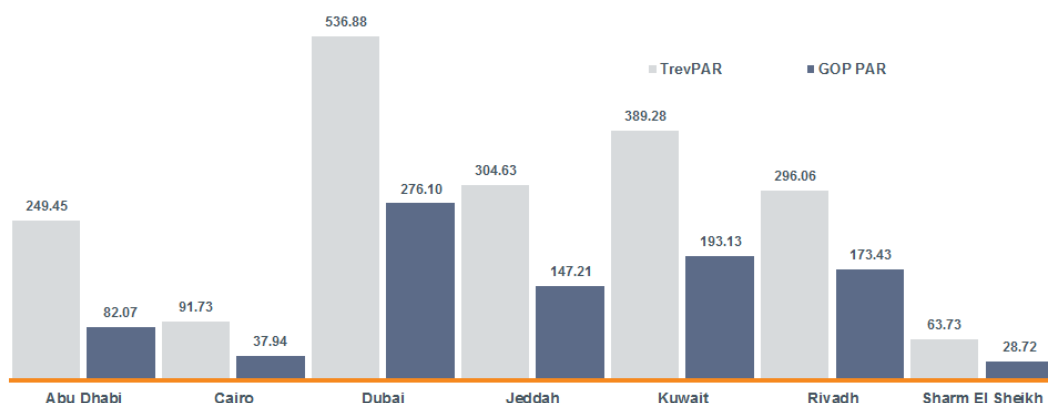
"Although the performance of hotels in Dubai was slightly lower in April, the Emirate continues to outperform 2012 with average occupancy reaching 88.2 percent for the first four months of the year. However as the summer months approach, the market is preparing for historically quieter months, but with the strong performance recorded so far this year, hoteliers are quietly optimistic on a busy summer" explains Goddard.

In Kuwait, hotels registered exceptional performance in April, benefitting from strong corporate demand as it hosted several international conferences. RevPAR increased 18.2% to US\$174.69, driven by a 7.5 percentage point increase in occupancy to 63.5%, while ARR grew 4.2% to US\$275.00. With payroll costs declining 2.2% from the previous year, Kuwait registered the highest growth in GOPPAR out of the regional MENA markets surveyed by HotStats, surging 41.6% to US\$193.13.

The month of April 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	78.5	144.57	113.46	249.45	28.5	82.07
Cairo	43.0	113.04	48.56	91.73	24.9	37.94
Dubai	84.3	381.67	321.75	536.88	17.3	276.10
Jeddah	79.4	242.82	192.71	304.63	21.9	147.21
Kuwait	63.5	275.00	174.69	389.28	21.9	193.13
Riyadh	74.1	246.15	182.38	296.06	17.0	173.43
Sharm El Sheikh	65.6	52.48	34.42	63.73	14.5	28.72

MENA City Markets achieved TREVPAR and GOPPAR April 2013



Cairo hotels suffer as violence ensues, however performance surges in Sharm El Sheikh

In Egypt, hotels in Cairo and Sharm El Sheikh recorded mixed results as political instability continued to plague the capital. Hotel demand in Cairo was adversely affected as RevPAR fell 10.3% to US\$48.56 due to occupancy declining 12.7 percentage points to 43.0%. Nonetheless, ARR reached US\$113.04, growing 16.2% from the previous year's low base which was hindered by tens of thousands of people protesting in Tahrir square. TrevPAR declined 13.6% to US\$91.73, and when coupled with a surge in payroll of 5.4%, resulted in GOPPAR plunging 27.0% to \$US37.94.

As Sharm El Sheikh's tourism industry rebounds, it continues to attract tour groups and independent travellers in search of affordable resort destinations. In the month of April, RevPAR grew 11.2% to US\$34.42, solely driven by ARR increasing 13.9% to its highest point of the year at US\$52.48, through demand generated by independent travellers. However, occupancy was slightly compromised and declined 1.5 percentage points to 65.6%, as hotels increased average rates with the strengthening of the market. GOPPAR increased 12.4% to US\$28.72.

"The substantial performance discrepancy between Cairo and Sharm El Sheikh for the second consecutive month reinforces the detrimental impact of political instability on tourism in the country. Hotels in Cairo are experiencing negative demand from leisure and corporate travellers, a trend that will remain as long as the destination is perceived as unsafe. Sharm El Sheikh remained unaffected by the activities in Cairo and continued to attract a growing number of visitors through package deals that offer hotels guaranteed base occupancy" commented Peter Goddard, Managing Director at TRI Hospitality Consulting Middle East.

Hotels in Jeddah demonstrated particularly strong profitability in April, as it hosted the Jeddah International Tourism and Travel Exhibition which attracted 25,000 attendees. Visible effects on occupancy levels of annually recurrent events such as this become absorbed by the market unless the number of attendees grows

substantially. Nonetheless, hotels are able to dictate higher room rates as illustrated by ARR growth of 14.2% to US\$242.82, which drove RevPAR up 13.9% while occupancy declined 0.2 percentage points to 79.4%. Food and beverage revenues increased 4.6% and 15.8%, boosting TrevPAR 10.4% which corresponded to a surge in GOPPAR of 17.7% to US\$147.21.

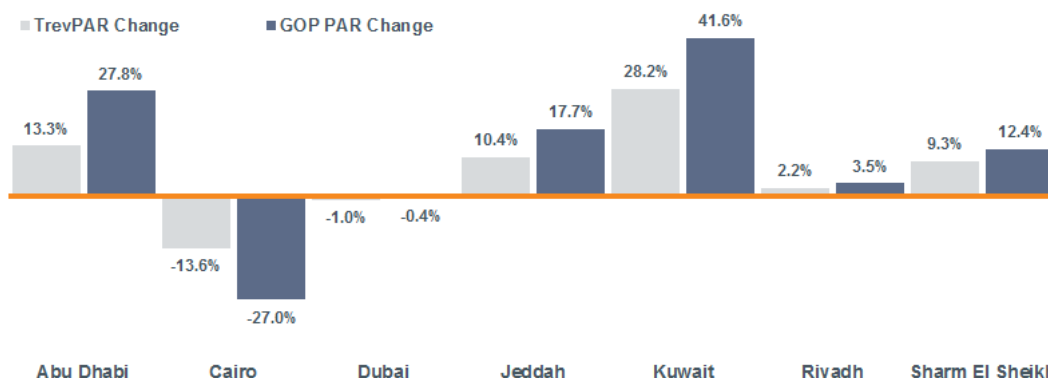
A number of large events in Riyadh helped occupancy grow 4.3 percentage points to 74.1% in April, however ARR declined 2.1% to US\$246.15 on the back of the growing supply, especially in the mid-market segment and compressed RevPAR growth to 3.9%. Revenues derived from conferences and banquets experienced the most substantial decline, while beverage revenues increased 10.9% to mediate TrevPAR growth to just above 2.2%. Payroll growth stagnated, while GOPPAR increased marginally at 3.5% to \$US173.43.

"Although Jeddah experienced a slight reduction in occupancy levels during April, hoteliers were able to maintain the growth in ARR this year with a 14.2% increase over the same period last year. Riyadh on the other hand is experiencing declining rates as a number of new hotels enter the market. With over 1,500 rooms expected to enter the market this year, hoteliers will face continued pressure on performance as new hotels enter the markets with low rates in order to carve out market share." commented Goddard.

Movement for the month of April

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	16.7	-7.7%	17.1%	13.3%	3.0	27.8%
Cairo	-12.7	16.2%	-10.3%	-13.6%	-5.4	-27.0%
Dubai	-0.2	-1.8%	-1.9%	-1.0%	-0.4	-0.4%
Jeddah	-0.2	14.2%	13.9%	10.4%	0.2	17.7%
Kuwait	7.5	4.2%	18.2%	28.2%	2.2	41.6%
Riyadh	4.3	-2.1%	3.9%	2.2%	0.3	3.5%
Sharm El Sheikh	-1.5	13.9%	11.2%	9.3%	-0.2	12.4%

MENA City Markets TREVPAR and GOPPAR Movement April 2013



Editors Notes

The sample is composed of 108 hotels with an average hotel size of 325 bedrooms.

The hotels profiled in this report are drawn from the HotStats database and reflect the portfolios and distribution of the hotel chains that we survey and which operate primarily in the four and five-star sectors.

Please note: The data samples are reviewed and rebased each year to reflect the changes in the HotStats survey base. As a result, performance ratios published last year may differ from those contained within this report.

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Occupancy (%) - Is that proportion of the bedrooms available during the period which are occupied during the period.

Average Room Rate (ARR) - Is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

Room Revpar (RevPAR) - Is the total bedroom revenue for the period divided by the total available rooms during the period.

Total Revpar (TrevPAR) - Is the combined total of all revenues divided by the total available rooms during the period.

Payroll % - Is the payroll for all hotels in the sample as a percentage of total revenue.

GOP PAR - Is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

The month of April 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	78.5	144.57	113.46	249.45	28.5	82.07
Cairo	43.0	113.04	48.56	91.73	24.9	37.94
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Riyadh	74.1	246.15	182.38	296.06	17.0	173.43
Sharm El Sheikh	65.6	52.48	34.42	63.73	14.5	28.72

Calendar year to April 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	78.0	159.74	124.62	260.49	26.8	94.60
Cairo	42.8	112.31	48.08	89.98	24.6	37.91
Dubai	88.2	368.87	325.40	543.64	17.0	287.17
Jeddah	77.1	240.51	185.53	290.92	22.7	136.10
Kuwait	61.7	270.10	166.71	369.54	22.7	179.56
Riyadh	69.6	247.44	172.21	277.84	18.9	157.55
Sharm El Sheikh	59.8	47.91	28.63	55.16	17.3	22.14

Twelve months to April 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	66.7	153.66	102.50	221.13	30.0	67.57
Cairo	47.1	106.54	50.18	96.37	22.0	41.66
Dubai	80.6	310.17	249.91	437.57	20.1	196.21
Jeddah	78.8	235.34	185.49	293.23	22.1	136.91
Kuwait	55.0	265.40	145.89	319.05	24.0	146.73
Riyadh	59.7	242.71	144.98	240.74	20.7	124.76
Sharm El Sheikh	64.7	44.66	28.89	55.39	16.7	21.30

The month of April 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	61.8	156.68	96.86	220.16	31.5	64.24
Cairo	55.6	97.32	54.14	106.18	19.6	52.00
Dubai	84.5	388.49	328.11	542.37	16.9	277.11
Jeddah	79.6	212.66	169.16	275.95	22.1	125.09
Kuwait	56.1	263.79	147.85	303.56	24.1	136.41
Riyadh	69.8	251.36	175.47	289.62	17.3	167.55
Sharm El Sheikh	67.1	46.08	30.94	58.31	14.3	25.55

Calendar year to April 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	64.0	168.01	107.60	227.74	29.5	77.30
Cairo	46.1	101.20	46.60	90.08	23.0	39.45
Dubai	85.5	354.76	303.44	506.12	16.9	259.61
Jeddah	78.9	216.08	170.49	273.69	22.5	126.18
Kuwait	56.8	262.28	148.88	309.23	23.8	142.36
Riyadh	67.9	253.11	171.95	275.15	17.5	159.13
Sharm El Sheikh	54.5	41.62	22.68	44.43	19.2	15.02

Twelve months to April 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	65.2	158.06	102.98	219.94	25.8	79.43
Cairo	42.2	106.04	44.76	88.27	23.0	36.78
Dubai	78.0	299.89	233.89	410.88	20.3	170.88
Jeddah	76.7	210.75	161.55	261.34	22.2	117.60
Kuwait	51.5	267.71	137.75	279.05	25.4	119.85
Riyadh	61.2	247.33	151.24	244.17	17.6	133.73
Sharm El Sheikh	56.9	41.68	23.70	45.81	18.6	15.65

Movement for the month of April

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	16.7	-7.7%	17.1%	13.3%	3.0	27.8%
Cairo	-12.7	16.2%	-10.3%	-13.6%	-5.4	-27.0%
Dubai	-0.2	-1.8%	-1.9%	-1.0%	-0.4	-0.4%
Jeddah	-0.2	14.2%	13.9%	10.4%	0.2	17.7%
Kuwait	7.5	4.2%	18.2%	28.2%	2.2	41.6%
Riyadh	4.3	-2.1%	3.9%	2.2%	0.3	3.5%
Sharm El Sheikh	-1.5	13.9%	11.2%	9.3%	-0.2	12.4%

Movement for the calendar year to April

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	14.0	-4.9%	15.8%	14.4%	2.7	22.4%
Cairo	-3.2	11.0%	3.2%	-0.1%	-1.6	-3.9%
Dubai	2.7	4.0%	7.2%	7.4%	-0.1	10.6%
Jeddah	-1.8	11.3%	8.8%	6.3%	-0.2	7.9%
Kuwait	5.0	3.0%	12.0%	19.5%	1.2	26.1%
Riyadh	1.7	-2.2%	0.2%	1.0%	-1.5	-1.0%
Sharm El Sheikh	5.3	15.1%	26.2%	24.2%	1.9	47.4%

Movement for the twelve months to April

	Occ %	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	1.6	-2.8%	-0.5%	0.5%	-4.1	-14.9%
Cairo	4.9	0.5%	12.1%	9.2%	1.0	13.3%
Dubai	2.6	3.4%	6.8%	6.5%	0.1	14.8%
Jeddah	2.2	11.7%	14.8%	12.2%	0.2	16.4%
Kuwait	3.5	-0.9%	5.9%	14.3%	1.4	22.4%
Riyadh	-1.4	-1.9%	-4.1%	-1.4%	-3.1	-6.7%
Sharm El Sheikh	7.8	7.1%	21.9%	20.9%	1.9	36.1%