MENA CHAIN HOTELS MARKET REVIEW
DECEMBER 2013

Dubai hotels end 2013 with occupancy above 80 percent as rates and profits surge

Hotels in Dubai reported the highest profit levels in the region in 2013 for the fourth consecutive year, according to the latest HotStats survey of full service four and five star hotels in five MENA markets by TRI Hospitality Consulting. Middle East.

During the month of December, Dubai continued to record strong performance levels reflecting the continued growth experienced throughout the year. Although the market witnessed a 4.5 percentage points decline in occupancy to 79.5 percent, a 9.1 percent rise in Average Room Rates (ARR) to US$ 368.22 drove Revenue Per Available Room (RevPAR) growth of 3.2 percent to US$ 292.70. Average rates and RevPAR for the month exceeded levels witnessed throughout the year and helped push year to date figures up 6.5 percent and 7.6 percent, respectively. Bottom line performance levels in December were boosted by a 2.8 percent rise in Total Revenue Per Available Room (TRevPAR) which was driven by increased MICE revenues and coupled with lower operating costs. Gross Operating Profit Per Available Room (GOPPAR) for the month increased 3.9 percent to US$ 260.00 and helped drive year to date figures up 10.3 percent to US$ 206.05.

“Occupancy levels in December 2013 were marginally lower than December 2012, which is attributed to an increase in supply compared to the same period last year; however average rates were maintained by the minimum stay agreements imposed by hotels during the festive season. A combination of stable demand and increased confidence in the market resulted in hoteliers applying more aggressive yielding strategies which resulted in average rates rising 6.5 percent to US$ 324.44 in 2013” commented Peter Goddard, Managing Director of TRI Hospitality Consulting.

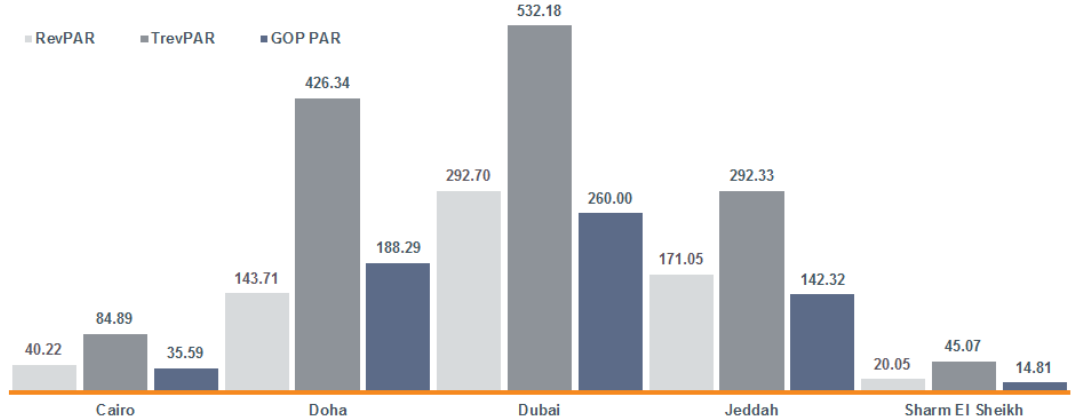
Jeddah witnessed growth in all key performance indicators for the month of December as corporate demand surged in the city. The combined effects of a 5.2 percentage point rise in occupancy to 73.3 percent coupled with a 1.9 percent increase in ARR drove RevPAR up 9.7 percent to US$ 171.05. The growth in average rates were attributed to increased demand from corporate and MICE segments which comprised 54.5 percent of the market mix in December. TRevPAR growth of 11.8 percent was propelled by a double digit rise in food and beverage revenues that exceeded year to date consumption and remained relatively unchanged from the previous year. The growth in top line revenues coupled with a decline in payroll costs resulted in GOPPAR levels increasing 31.7 percent to US$142.32.

“Jeddah was able to offset seasonality issues resulting from reduced leisure tourism during the winter months by attracting an increasing number of MICE visitors. Although December typically registers the lowest occupancies, this year demand was buoyed by events such as the Jeddah International Trade Fair which, according to preliminary figures, attracted 16,000 visitors. In addition to the surge in profitability during December, GOPPAR increased 10.7 percent during 2013, due to a rise in leisure demand as more Saudi nationals chose to travel within the Kingdom as a result of ongoing security concerns in key regional destinations such as Egypt, Lebanon and Syria” commented Peter Goddard, Managing Director of TRI Hospitality Consulting.

The month of December 2013

$ Dollars	Occ %	ARR	RevPAR	TrevPAR		Payroll %	GOP PAR	
Cairo	36.8	109.42	40.22	84.89	▲	24.3	35.59	▲
Doha	63.3	226.99	143.71	426.34	▼	22.4	188.29	▼
Dubai	79.5	368.22	292.70	532.18	▲	17.6	260.00	▲
Jeddah	73.3	233.44	171.05	292.33	▲	22.6	142.32	▲
Sharm El Sheikh	49.9	40.19	20.05	45.07	▼	20.9	14.81	▼

MENA City Markets achieved REVPAR, TREVPAR and GOPPAR December 2013



Doha hotels experience stronger demand, however rates and profits continue to fall

Doha Hotels continued to struggle to elevate key performance indicators which remained under pressure during December, despite a 3.1 percentage point rise in occupancy to 63.3 percent. On-going rate reductions resulting from high levels of competition fuelled a 20.8 percent decline in ARR to US$ 226.99 which in turn, drove RevPAR down 16.8 percent to US$ 143.71. An increase in food, beverage and MICE revenues was insufficient to negate the decline in TRevPAR and GOPPAR by 4.5 percent and 11.6 percent, respectively.

"Considering the extent of new supply that came online in 2013, Doha was able to maintain occupancy levels consistent with 2012 at 64.3 percent, as the city attracted an increasing number of leisure visitors. The fall in RevPAR during 2013 was driven by a 5.4 percent decline in average rates, as four and five star hotels sought to maintain market share through rate competition. A growth in non-room revenues positively impacted TRevPAR levels, however it was not sufficient enough to stop the decline in profitability in 2013" commented Goddard.

Egypt witnessed the lowest hotel performance amongst the five cities surveyed in the region, both in terms of December figures and 2013 year-end results, as the country remained under the grip of civil unrest and political uncertainty. The capital city of Cairo reported mixed results in December, with occupancy reaching 36.8 percent for the month, down by 5.3 percentage points from the previous year. However, ARR levels remained stable despite the turmoil, increasing 7.2 percent to close the month at US$109.42. December saw a rise in demand from leisure visitors which became the highest-yielding segment, with rates increasing 40 percent from the previous year. Although RevPAR suffered a decline of 6.3 percent, TRevPAR saw a minor increase of 0.4 percent and in conjunction with decreased operating costs, boosted profitability by 3.9 percent.

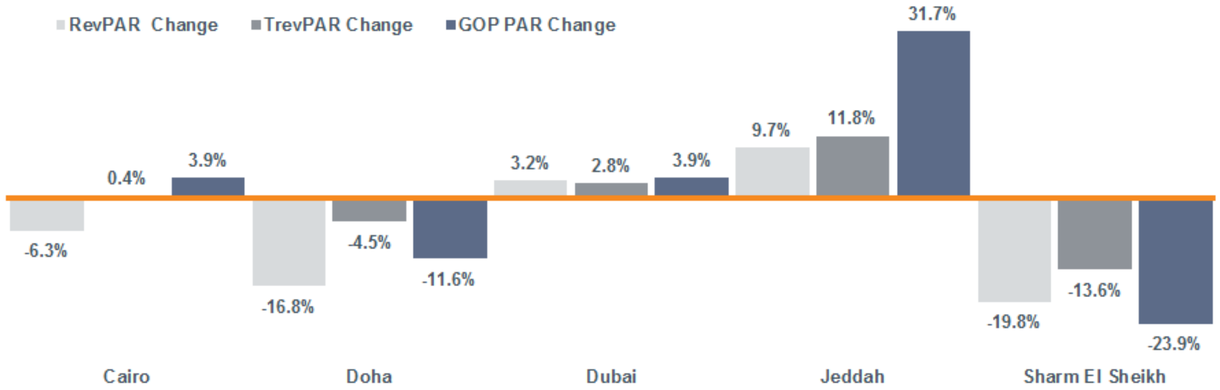
Sharm El Sheikh, on the other hand, recorded a decline in all performance indicators and posted the lowest profit levels in the region, as a market-wide price war reduced rates and impacted profit margins. The combined effects of 7.3 percentage point decline in occupancy coupled with an 8.1 percent drop in average rates drove a double-digit decline in RevPAR by 19.8 percent. Although December was a particularly challenging month for Sharm El Sheikh, performance across the year was comparatively stronger, with ARR increasing 7.2 percent and alleviating the impact of lower occupancies on RevPAR. A decline in non-room revenues coupled with increased payroll costs left profitability 10.7 percent lower in 2013.

"Intensified protests sparked by continued civil and political issues caused performance in Cairo Hotels to deteriorate half way through 2013. The capital was immediately affected by the protests in July that kept hotel performance subdued for the remainder of the year. However, December saw signs of improvement as growth in rates and profits resulted from increased leisure demand. Although performance in Sharm El Sheikh also began to weaken in July, the impact of the political uprisings became evident in September when bookings from tour groups and charters were cancelled as a result of government travel warnings in key source markets. In 2013, hotel performance within the Red Sea destination was more resilient than Cairo due to its distance from the turmoil and the more secure demand provided by pre-booked tour groups" commented Peter Goddard, Managing Director of TRI Hospitality Consulting.

Movement for the month of December

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Cairo	-5.3	7.2%	-6.3%	0.4%	-0.7	3.9%
Doha	3.1	-20.8%	-16.8%	-4.5%	-2.0	-11.6%
Dubai	-4.5	9.1%	3.2%	2.8%	-0.3	3.9%
Jeddah	5.2	1.9%	9.7%	11.8%	0.7	31.7%
Sharm El Sheikh	-7.3	-8.1%	-19.8%	-13.6%	-3.7	-23.9%

MENA City Markets y-o-y change REVPAR, TREVPAR and GOPPAR December 2013



HOTSTATS
Hospitality Intelligence

MENA CHAIN HOTELS
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Editors Notes

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.

TRI Hospitality Consulting Middle East provides a wide range of services to clients in the hotel sector.

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.

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

HotStats Services

For an inside view of a local or regional market place in the hotel sector, bespoke HotStats reports are available. Terms and conditions apply. Visit www.hotstats.com to view a sample report.

HotStats provides two reporting tools to hoteliers:

- Our unique profit and loss benchmarking service which enables monthly comparison of hotels' performance against their competitors. It is distinguished by the fact that it provides in excess of 100 performance metric comparisons covering 70 areas of hotel revenue, cost, profit and statistics providing far deeper insight into the hotel operation than any other tool.

- Our latest innovation in daily revenue intelligence, MORSE. Amongst its reporting are daily and highly granular market segmentation metrics as well as distribution channel and source of booking analysis. It takes daily market intelligence to a whole new level.

For more information contact

HotStats

Pablo Alonso
General Manager
+44 (0)20 7892 2238
pablo.alonso@hotstats.com

Tony Oliveira
Business Development Manager
+44 (0)20 7892 2234
tony.oliveira@hotstats.com

TRI Hospitality Consulting Middle East

Peter Goddard
Managing Director
+971 (0)4 345 4241
peter.goddard@trimideast.com

Christopher Hewett
Senior Consultant
+971 (0)4 345 4241
christopher.hewett@trimidieast.com

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BRIEFING DATA

MENA Chain Hotels - Market Review

Currency: $ Dollars

The month of December 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Cairo	36.8	109.42	40.22	84.89	24.3	35.59
Doha	63.3	226.99	143.71	426.34	22.4	188.29
Dubai	79.5	368.22	292.70	532.18	17.6	260.00
Jeddah	73.3	233.44	171.05	292.33	22.6	142.32
Sharm El Sheikh	49.9	40.19	20.05	45.07	20.9	14.81

Calendar year to December 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Cairo	36.6	111.32	40.74	79.17	27.5	29.42
Doha	64.3	239.34	153.88	412.58	22.7	187.52
Dubai	80.5	324.44	261.24	454.51	20.4	206.05
Jeddah	77.9	250.33	194.99	310.04	22.0	147.96
Sharm El Sheikh	56.9	44.46	25.31	49.50	20.7	16.18

Twelve months to December 2013

Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
36.6	111.32	40.74	79.17	27.5	29.42	Cairo
64.3	239.34	153.88	412.58	22.7	187.52	Doha
80.5	324.44	261.24	454.51	20.4	206.05	Dubai
77.9	250.33	194.99	310.04	22.0	147.96	Jeddah
56.9	44.46	25.31	49.50	20.7	16.18	Sharm El Sheikh

The month of December 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Cairo	42.1	102.02	42.92	84.55	23.6	34.24
Doha	60.2	286.76	172.74	446.60	20.4	212.90
Dubai	84.0	337.63	283.54	517.92	17.3	250.23
Jeddah	68.1	229.10	155.94	261.45	23.4	108.08
Sharm El Sheikh	57.2	43.70	24.99	52.18	17.1	19.45

Calendar year to December 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Cairo	48.2	100.03	48.20	93.51	21.5	40.71
Doha	63.7	253.05	161.16	409.98	21.1	194.90
Dubai	79.7	304.60	242.77	425.32	20.2	186.85
Jeddah	79.4	227.42	180.56	287.60	22.0	133.60
Sharm El Sheikh	62.9	41.48	26.11	50.27	17.2	18.11

Twelve months to December 2012

Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
48.2	100.03	48.20	93.51	21.5	40.71	Cairo
63.7	253.05	161.16	409.98	21.1	194.90	Doha
79.7	304.60	242.77	425.32	20.2	186.85	Dubai
79.4	227.42	180.56	287.60	22.0	133.60	Jeddah
62.9	41.48	26.11	50.27	17.2	18.11	Sharm El Sheikh

Movement for the month of December

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Cairo	-5.3	7.2%	-6.3%	0.4%	-0.7	3.9%
Doha	3.1	-20.8%	-16.8%	-4.5%	-2.0	-11.6%
Dubai	-4.5	9.1%	3.2%	2.8%	-0.3	3.9%
Jeddah	5.2	1.9%	9.7%	11.8%	0.7	31.7%
Sharm El Sheikh	-7.3	-8.1%	-19.8%	-13.6%	-3.7	-23.9%

Movement for the calendar year to December

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Cairo	-11.6	11.3%	-15.5%	-15.3%	-6.0	-27.7%
Doha	0.6	-5.4%	-4.5%	0.6%	-1.6	-3.8%
Dubai	0.8	6.5%	7.6%	6.9%	-0.2	10.3%
Jeddah	-1.5	10.1%	8.0%	7.8%	0.0	10.7%
Sharm El Sheikh	-6.0	7.2%	-3.1%	-1.5%	-3.5	-10.7%

Movement for the twelve months to December

Occ %	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	
-11.6	11.3%	-15.5%	-15.3%	-6.0	-27.7%	Cairo
0.6	-5.4%	-4.5%	0.6%	-1.6	-3.8%	Doha
0.8	6.5%	7.6%	6.9%	-0.2	10.3%	Dubai
-1.5	10.1%	8.0%	7.8%	0.0	10.7%	Jeddah
-6.0	7.2%	-3.1%	-1.5%	-3.5	-10.7%	Sharm El Sheikh