

MENA CHAIN HOTELS MARKET REVIEW MARCH 2012

Major events continue to drive strong growth in hotel performance in Jeddah

Hotels in Jeddah saw a 30% surge in profits during the month, according to the latest **HotStats** survey of full-service hotels in six MENA cities by TRI Hospitality Consulting. March was a busy month in Jeddah as the city hosted a number of major events including The Big 5, Jeddah Economic Forum and the 10th International Real Estate, Financing and Housing Exhibition.

Average occupancy at four and five star chain hotels in the city increased 7.2 percentage points and Average Room Rates (ARR) increased 12.0% during the month, compared to the same period last year. Monthly occupancy stood at 81.1% at an ARR of US\$220.50. Revenue Per Available Room (RevPAR) for the month surged 22.9% to US\$178.90 and this led to profits in terms of Gross Operating Profit Per Available Room (GOPPAR) increasing by 29.6% during the month compared to last year.

“Performance of hotels in Jeddah has shown significant improvement in the last few months on the back of solid growth in tourism activities, both business and leisure. The first quarter results from **HotStats** show a 26.7% growth RevPAR, but what is more interesting is that profits (GOPPAR) have grown by 41.8% during this period compared to Q1 2011”, commented Peter Goddard, managing director of TRI Hospitality Consulting in Dubai.

The performance trend in Riyadh largely remained stable from last month with hotels showing mixed results in March. Occupancy levels increased 1.5 percentage points during the month to 68.9% and ARR declined 3.4% to US\$262.4 during the month. Other key performance indicators such as Total Revenue Per Available Room (TrevPAR) and GOPPAR saw only marginal change during the month and stood at US\$287.24 and US\$166.52 respectively.

In Egypt, hotels in Cairo continued to show signs of recovery

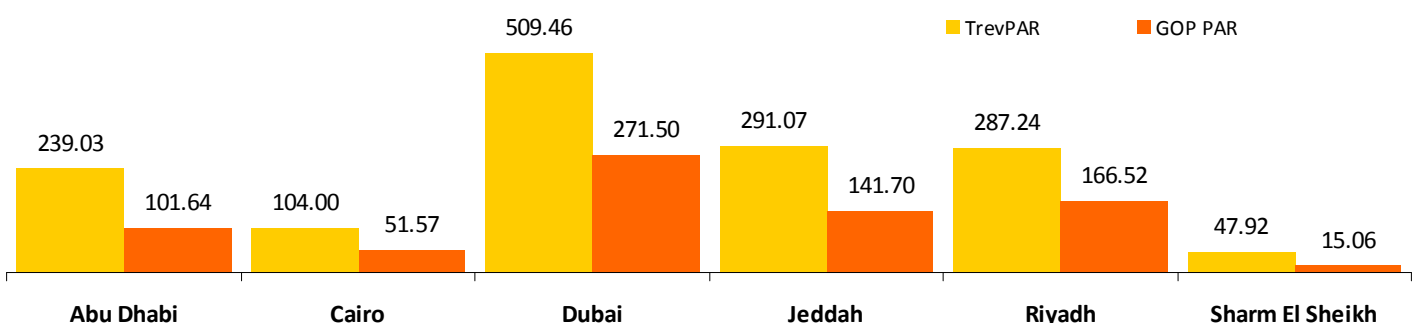
during the month. Occupancy levels for full service hotels in the capital touched 47.9%, growing by 23.4 percentage points from the same period last year, although ARR dropped 9.6% to US\$109.81. Nevertheless, the 76.5% growth in rooms revenue (RevPAR) and 12.6 percentage point drop in payroll costs have caused GOPPAR to grow by 164.7% to US\$51.57 compared to US\$19.48 during the same period previous year.

“We are noticing some encouraging signs of recovery in the tourism and hotel performance in Egypt. According to the latest figures published by the Ministry of Tourism, tourist arrivals have increased 32% in Q1 2012, led by arrivals from Arab countries which increased by 62.9%. However on the flipside, it will be interesting to note the impact of recovery in the Arab Spring markets on the other markets which have benefited from the Arab Spring, but this is not likely to happen in the short term”, said Goddard.

The month of March 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	74.8	149.56	111.84	239.03	22.9	101.64
Cairo	47.9	109.81	52.55	104.00	19.3	51.57
Dubai	87.3	341.77	298.29	509.46	15.1	271.50
Jeddah	81.1	220.55	178.96	291.07	20.5	141.70
Riyadh	68.9	262.44	180.86	287.24	16.5	166.52
Sharm El Sheikh	57.5	41.92	24.11	47.92	18.7	15.06

MENA City Markets achieved TREVPAR and GOPPAR March 2012



Dubai hotels show growth in revenues and profits while Abu Dhabi continue to see rates and profits drop

Hotels in Dubai reported growth in revenues and profits while Abu Dhabi saw rates and profits decline in March 2012, according to the latest **HotStats** survey of full-service hotels in six MENA cities by TRI Hospitality Consulting.

Revenue Per Available Room (RevPAR) in Dubai increased 9.3% to US\$298.29 in March driven by a 6.8% growth in Average Room Rate (ARR) to US\$341.77 and a relatively marginal increase of 2.0 percentage point in occupancy. In terms of profits, GOPPAR for the month saw a growth of 12.6% to US\$271.5, significantly higher than the other GCC city surveyed by **HotStats**. Once again, hotels in Dubai have benefited from a series of tourism events held in the city through out the month including several exhibitions and high profile sports events such as Dubai Duty Free Tennis Championships, Dubai World Cup and Dubai International Boat Show.

“March was one of the busiest months in Dubai in terms of the exhibitions and events although there were few major exhibitions, but the city hosted some high profile sports championships during the month including the Dubai Duty Free Tennis Championship and Dubai World Cup. Regardless of the relatively limited number of overseas visitors which these glitzy events are likely to have attracted, they have and will continue to provide tremendous boost to DTCM’s efforts to promote brand Dubai across the international markets. This in turn will help Dubai’s tourism and hospitality market both in the short and long term” commented Goddard.

Performance levels for hotels in Abu Dhabi remained subdued in March compared to the same period last year. Although occupancy remained stable at 74.8%, ARR for the month declined 12.2% causing a similar decline in Revenue Per Available Room (RevPAR). The 10.1% drop in Total Revenues Per Available Room (TRevPAR), com-

bined with a 3.7 percentage point increase in payroll has resulted in a sharp drop in profits during the month which saw GOPPAR drop 18.7% to reach US\$101.64.

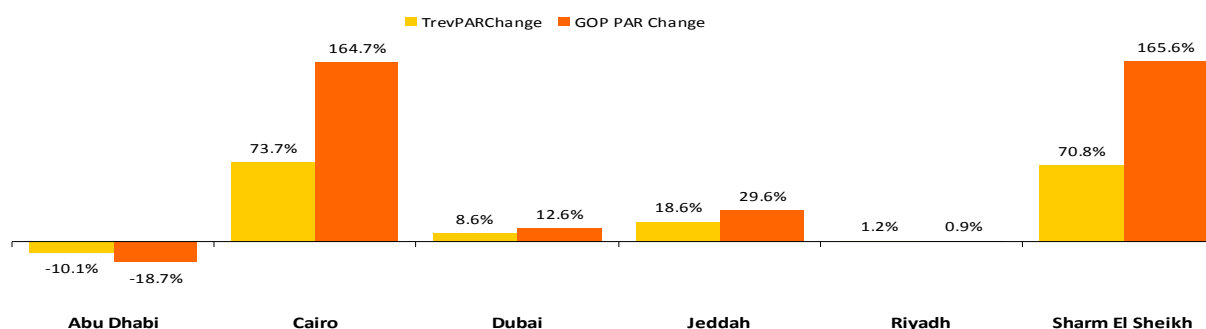
In terms of the performance trends for first quarter of the year, the citywide ARR stood 19.2% below last year at US\$162.36 while GOPPAR was 20.8% below the same period last, averaging at US\$108.17 for the first three months of the year.

“In Abu Dhabi, the sharp drop in profitability of four and five star hotels is driven by a combination of factors and not just limited to the impact of the drop in rates. While this has certainly had a negative impact on the citywide RevPAR, our **HotStats** survey indicates that a more substantial drop in non-rooms revenues such as conference and banqueting revenues and food and beverage revenues, as well as a notable increase in certain costs such as payroll costs and utilities have caused additional damage to the bottom line.” said Goddard.

Movement for the month of March

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-0.2	-12.2%	-12.4%	-10.1%	-3.7	-18.7%
Cairo	23.4	-9.6%	76.5%	73.7%	12.6	164.7%
Dubai	2.0	6.8%	9.3%	8.6%	0.3	12.6%
Jeddah	7.2	12.0%	22.9%	18.6%	1.2	29.6%
Riyadh	1.5	-3.4%	-1.4%	1.2%	1.3	0.9%
Sharm El Sheikh	26.5	-11.6%	63.8%	70.8%	7.3	165.6%

MENA City Markets TREVPAR and GOPPAR Movement March 2012



Editors Notes:

The MENA Chain Hotels sample is composed of hotels with an average hotel size of 330 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. TRI Hospitality Consulting 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.
GOP PAR	is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

TRI has offices in London, Dubai and Barcelona.

For more information contact:

TRI Hospitality Consulting	HotStats
Peter Goddard, Managing Director + 971 (0) 4 345 4241 peter.goddard@trimideast.com	Mark Dickens, Managing Director HotStats + 44 (0) 207 892 2207 mark.dickens@hotstats.com
Angelica Suraga, Marketing Manager + 971 (0) 4 345 4241 angelica@trimideast.com	Tony Oliveira, Business Development Manager + 44 (0) 207 892 2234 Tony.oliveira@hotstats.com

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.

To view a sample report visit: <http://www.hotstats.com/Home.aspx?PID=57-0>

Or from the TRI home page select Market knowledge and follow the path to Market reports.

©TRI Hospitality Consulting 2011

Unless otherwise attributed, all material in this press release is the copyright of TRI Hospitality Consulting

HotStats Briefing Data

Middle East and North Africa Chain Hotels - Performance report
Currency: \$ Dollars

The month of March 2012							Calendar year to March 2012						Twelve months to March 2012						
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	74.8	149.56	111.84	239.03	22.9	101.64	75.0	162.36	121.71	245.25	22.7	108.17	69.7	153.71	107.13	227.46	23.2	91.20	Abu Dhabi
Cairo	47.9	109.81	52.55	104.00	19.3	51.57	42.0	111.79	46.96	93.57	23.1	41.01	39.3	117.15	46.08	94.28	22.4	40.82	Cairo
Dubai	87.3	341.77	298.29	509.46	15.1	271.50	86.8	327.63	284.29	482.63	16.4	249.49	80.5	277.84	223.74	396.99	19.3	170.12	Dubai
Jeddah	81.1	220.55	178.96	291.07	20.5	141.70	78.7	217.26	170.96	272.99	22.7	126.57	76.4	210.83	161.06	260.21	22.3	116.83	Jeddah
Riyadh	68.9	262.44	180.86	287.24	16.5	166.52	67.0	262.80	176.03	281.78	17.1	164.30	60.4	258.95	156.29	252.89	17.6	138.46	Riyadh
Sharm El Sheikh	57.5	41.92	24.11	47.92	18.7	15.06	53.3	44.95	23.94	46.67	20.5	14.07	57.6	46.87	27.01	51.26	18.4	17.42	Sharm El Sheikh
The month of March 2011							Calendar year to March 2011						Twelve months to March 2011						
	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	75.0	170.31	127.67	265.88	19.2	125.04	72.4	200.88	145.45	278.05	18.8	136.55	63.8	191.44	122.17	244.45	20.8	108.85	Abu Dhabi
Cairo	24.5	121.49	29.77	59.87	31.9	19.48	37.6	127.45	47.92	86.27	24.2	37.65	61.8	117.75	72.79	134.48	14.0	75.46	Cairo
Dubai	85.3	319.87	272.95	468.99	15.4	241.13	85.9	307.27	263.96	451.47	16.5	225.70	78.3	260.95	204.34	368.90	19.8	154.40	Dubai
Jeddah	73.9	196.95	145.58	245.42	21.7	109.35	69.9	193.14	134.91	217.87	24.1	89.23	72.2	198.24	143.07	231.20	22.9	100.55	Jeddah
Riyadh	67.5	271.81	183.35	283.96	17.8	165.08	66.5	276.45	183.70	279.58	17.1	162.75	55.8	262.90	146.65	236.39	17.9	128.68	Riyadh
Sharm El Sheikh	31.0	47.43	14.72	28.06	26.0	5.67	41.3	59.60	24.62	43.66	20.0	15.75	74.8	62.88	47.03	81.07	11.6	42.47	Sharm El Sheikh
Movement for the month of March							Movement for the calendar year to March						Movement for the twelve months to March						
	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	
Abu Dhabi	-0.2	-12.2%	-12.4%	-10.1%	-3.7	-18.7%	2.6	-19.2%	-16.3%	-11.8%	-3.9	-20.8%	5.9	-19.7%	-12.3%	-7.0%	-2.3	-16.2%	Abu Dhabi
Cairo	23.4	-9.6%	76.5%	73.7%	12.6	164.7%	4.4	-12.3%	-2.0%	8.5%	1.1	8.9%	-22.5	-0.5%	-36.7%	-29.9%	-8.4	-45.9%	Cairo
Dubai	2.0	6.8%	9.3%	8.6%	0.3	12.6%	0.9	6.6%	7.7%	6.9%	0.0	10.5%	2.2	6.5%	9.5%	7.6%	0.5	10.2%	Dubai
Jeddah	7.2	12.0%	22.9%	18.6%	1.2	29.6%	8.8	12.5%	26.7%	25.3%	1.4	41.8%	4.2	6.4%	12.6%	12.5%	0.6	16.2%	Jeddah
Riyadh	1.5	-3.4%	-1.4%	1.2%	1.3	0.9%	0.5	-4.9%	-4.2%	0.8%	0.1	1.0%	4.6	-1.5%	6.6%	7.0%	0.3	7.6%	Riyadh
Sharm El Sheikh	26.5	-11.6%	63.8%	70.8%	7.3	165.6%	12.0	-24.6%	-2.8%	6.9%	-0.6	-10.7%	-17.2	-25.5%	-42.6%	-36.8%	-6.9	-59.0%	Sharm El Sheikh