

UAE hotels see surge in profits driven by strong leisure and MICE demand

Dubai hotels posted 30.9% growth in GOPPAR, while a 14.7 percentage point surge in occupancy boosted GOPPAR by 31.6% in Abu Dhabi, according to the latest HotStats survey of full service four and five star hotels by TRI Hospitality Consulting Middle East.

Dubai's hotel industry reaped visible benefits from the many international events that took place during the month of May. The International Design Exhibition and Arabian Travel Market collectively drew 40,000 visitors, while events such as Africa Global Business Forum and Dubai Airport Show attracted audience of 10,000 in total, but possessed high economic and commercial relevance nonetheless. Hotel Revenue Per Available Room (RevPAR) in Dubai was boosted by a 6.6 percentage point growth in occupancy to 83.9% and 8.5% growth in Average Room Rates (ARR) to US\$282.72. Consequently, Total Revenue Per Available Room (TrevPAR) grew 14.9% to US\$439.51, boosting Gross Operating Profit Per Available Room (GOPPAR) up 30.9% to US\$192.73.

Hotels in Abu Dhabi saw continuing decline in ARR which fell 8.3% to US\$124.68 in May, however, RevPAR grew 15.1% percent, driven by an impressive 14.7 percentage point surge in occupancy to 72.1%. Supported by the growth in room revenue, TrevPAR increased 12.2%, driving GOPPAR up 31.6% on last year to US\$61.37.

"Both Abu Dhabi and Dubai have demonstrated strong

growth in bottom line performance during May. Dubai exhibited particular strength in its key performance indicators, enhanced by the hosting of high-profile international events and growth in leisure demand. In Abu Dhabi, RevPAR levels have seen some improvements over the last few months driven by strong growth in occupancy levels which have now returned to the pre-crash levels, however declining average rates continue to plague the city's hotels." commented Peter Goddard, managing director of TRI Hospitality Consulting Middle East.

In Kuwait, May and June are considered peak seasons for weddings and events, with typically boost revenues for hotels. Although average rates declined 1.7% to US\$254.86, the 2.6 percentage point growth in occupancy to 57.2%, helped RevPAR increase 3.1% to US\$145.65. However, a substantial growth in dining and banqueting activities from increased wedding demand drove food and beverage revenues and increased TrevPAR 13.5% to US\$343.02. Consequently, GOPPAR for May stood at US\$150.38, up 8.6% over the previous year.

The month of May 2013

| | Occ % | ARR | RevPAR | TrevPAR | Payroll % | GOP PAR |
|-----------------|-------|--------|--------|---------|-----------|---------|
| Abu Dhabi | 72.1 | 124.68 | 89.94 | 219.13 | 30.6 | 61.37 |
| Cairo | 47.5 | 110.26 | 52.42 | 100.74 | 21.9 | 45.94 |
| Dubai | 83.9 | 282.72 | 237.13 | 439.51 | 20.2 | 192.73 |
| Jeddah | 84.3 | 259.34 | 218.61 | 346.82 | 19.6 | 178.46 |
| Kuwait | 57.2 | 254.86 | 145.65 | 343.02 | 24.2 | 150.38 |
| Riyadh | 67.9 | 241.52 | 163.92 | 276.07 | 18.7 | 152.89 |
| Sharm El Sheikh | 56.2 | 48.39 | 27.19 | 51.22 | 18.5 | 18.03 |

MENA City Markets achieved TREVPAR and GOPPAR May 2013



Growth in room rates, despite drop in occupancies, boost hotel profits in Egypt

Despite the sporadic but modest demonstrations held against President Mohammed Morsi, the Egyptian capital city of Cairo was relatively calm in May in comparison to the violence that occurred during the same month of the previous year. Average Room Rates (ARR) recovered and grew an impressive 17.6% to US\$110.26, however the unrest impacted demand with occupancy levels declining 5 percentage points to 47.5%. Nonetheless, Revenue per Available Room (RevPAR) increased 6.4% to US\$52.42 driving a 15.2% growth in Gross Operating Profit per Available Room (GOPPAR) to US\$45.94.

As Sharm El Sheikh enters the peak season, hotels in the market demonstrated the strongest growth in RevPAR and ARR out of the seven MENA markets surveyed by HotStats. Originating from a low base during the previous year and coupled with favourable market conditions, ARR surged 30.9% to US\$48.39. This exclusively drove RevPAR up 23.4% to US\$27.19, despite a 3.4% decline in occupancy to 56.2%. Total Revenue per Available Room (TrevPAR) increased 15.3% to US\$51.22, which resulted in a 24.9% growth in GOPPAR to US\$18.03.

“Cairo continues to experience mixed performance with occupancy levels generally reflecting the state of uncertainty in the city. Nevertheless, the market has seen a recovery in average rates back to levels comparable to 2011, which has helped to strengthen bottom line performance. Sharm El Sheikh is entering the peak season which is reflected in the spike in average rates on the back of the change in the seasonal rates for tour groups and travel agents.” commented Peter Goddard, managing director of TRI Hospitality Consulting Middle East.

Jeddah hotels continued to demonstrate impressive performance levels in May with occupancy growing 1.3 percentage points to 84.3%, the highest occupancy out of the seven MENA markets

surveyed. Average rates increased 17.8% to US\$259.34, driving a 19.7% and 25.2% growth in RevPAR and GOPPAR to US\$218.61 to US\$178.46 respectively.

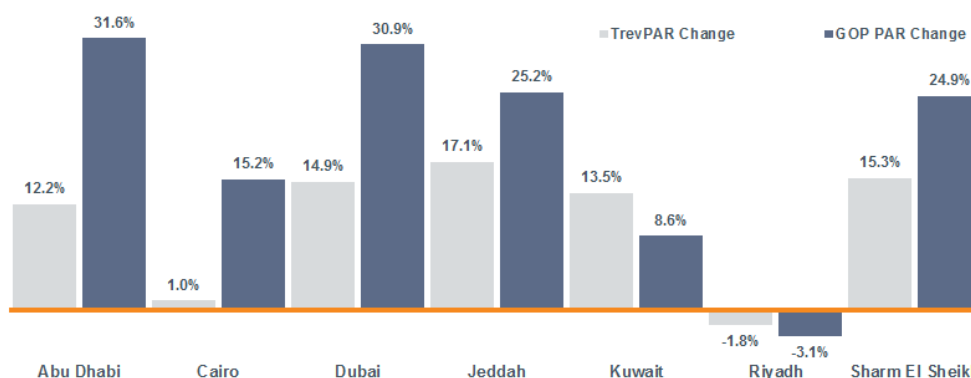
The continued influx of supply into the Riyadh hotel market appears to be slowly eroding the average rate performance within the city with the market witnessing a 2.7% decline in ARR in May to \$241.52. The city experienced a marginal growth in occupancy which was up 0.2% to 67.9%, however it was not enough to prevent a 2.4% decline in RevPAR to US\$163.92. The reduction in top line revenues filtered through to bottom line performance as GOPPAR fell 3.1% on last year, despite a small reduction in payroll expenses.

“As Saudi Arabia’s premier commercial and leisure destination, Jeddah is experiencing high demand from domestic tourists as it enters the summer months resulting in the highest occupancy levels throughout the region. The continued growth in demand coupled with ever increasing average rates have resulted in an impressive 25 percent growth in bottom line performance. On the contrary, Riyadh is entering the summer period which is typically characterised by softening performance levels. However this year will be even more challenging as the seasonality of demand is compounded by the increase in new supply.” commented Goddard.

Movement for the month of May

| | Occ Change | ARR Change | RevPAR Change | TrevPAR Change | Payroll Change | GOP PAR Change |
|-----------------|------------|------------|---------------|----------------|----------------|----------------|
| Abu Dhabi | 14.7 | -8.3% | 15.1% | 12.2% | 2.6 | 31.6% |
| Cairo | -5.0 | 17.6% | 6.4% | 1.0% | -1.3 | 15.2% |
| Dubai | 6.6 | 8.5% | 17.8% | 14.9% | 1.7 | 30.9% |
| Jeddah | 1.3 | 17.8% | 19.7% | 17.1% | 1.3 | 25.2% |
| Kuwait | 2.6 | -1.7% | 3.1% | 13.5% | -0.2 | 8.6% |
| Riyadh | 0.2 | -2.7% | -2.4% | -1.8% | -1.3 | -3.1% |
| Sharm El Sheikh | -3.4 | 30.9% | 23.4% | 15.3% | 0.7 | 24.9% |

MENA City Markets TREVPAR and GOPPAR Movement May 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 May 2013

| | Occ % | ARR | RevPAR | TrevPAR | Payroll % | GOP PAR |
|-----------------|-------|--------|--------|---------|-----------|---------|
| Abu Dhabi | 72.1 | 124.68 | 89.94 | 219.13 | 30.6 | 61.37 |
| Cairo | 47.5 | 110.26 | 52.42 | 100.74 | 21.9 | 45.94 |
| Dubai | 83.9 | 282.72 | 237.13 | 439.51 | 20.2 | 192.73 |
| Jeddah | 84.3 | 259.34 | 218.61 | 346.82 | 19.6 | 178.46 |
| Kuwait | 57.2 | 254.86 | 145.65 | 343.02 | 24.2 | 150.38 |
| Riyadh | 67.9 | 241.52 | 163.92 | 276.07 | 18.7 | 152.89 |
| Sharm El Sheikh | 56.2 | 48.39 | 27.19 | 51.22 | 18.5 | 18.03 |

Calendar year to May 2013

| | Occ % | ARR | RevPAR | TrevPAR | Payroll % | GOP PAR |
|--|-------|--------|--------|---------|-----------|---------|
| | 76.8 | 153.01 | 117.53 | 252.03 | 27.5 | 87.81 |
| | 43.8 | 111.86 | 48.97 | 92.18 | 24.0 | 39.56 |
| | 87.3 | 351.89 | 307.29 | 522.27 | 17.5 | 267.79 |
| | 78.6 | 244.65 | 192.31 | 302.39 | 22.0 | 144.79 |
| | 60.8 | 267.16 | 162.39 | 364.11 | 23.0 | 173.58 |
| | 69.2 | 246.25 | 170.51 | 277.48 | 18.9 | 156.59 |
| | 59.0 | 48.01 | 28.33 | 54.35 | 17.5 | 21.30 |

Twelve months to May 2013

| | Occ % | ARR | RevPAR | TrevPAR | Payroll % | GOP PAR |
|-----------------|-------|--------|--------|---------|-----------|---------|
| | 68.0 | 152.35 | 103.53 | 223.18 | 29.8 | 68.84 |
| Abu Dhabi | 46.7 | 108.06 | 50.45 | 96.46 | 22.1 | 42.18 |
| Cairo | 81.1 | 311.77 | 252.94 | 442.40 | 20.0 | 200.06 |
| Dubai | 78.9 | 238.88 | 188.55 | 297.54 | 21.9 | 139.96 |
| Jeddah | 55.2 | 265.00 | 146.26 | 322.51 | 24.0 | 147.73 |
| Kuwait | 59.8 | 242.06 | 144.63 | 240.32 | 20.8 | 124.34 |
| Riyadh | 64.4 | 45.55 | 29.33 | 55.96 | 16.6 | 21.61 |
| Sharm El Sheikh | | | | | | |

The month of May 2012

| | Occ% | ARR | RevPAR | TrevPAR | Payroll % | GOP PAR |
|-----------------|------|--------|--------|---------|-----------|---------|
| Abu Dhabi | 57.4 | 136.02 | 78.11 | 195.28 | 33.2 | 46.65 |
| Cairo | 52.6 | 93.77 | 49.29 | 99.71 | 20.6 | 39.88 |
| Dubai | 77.3 | 260.46 | 201.35 | 382.56 | 22.0 | 147.29 |
| Jeddah | 82.9 | 220.12 | 182.56 | 296.12 | 20.9 | 142.49 |
| Kuwait | 54.5 | 259.21 | 141.30 | 302.21 | 24.0 | 138.53 |
| Riyadh | 67.7 | 248.23 | 168.00 | 281.06 | 17.4 | 157.84 |
| Sharm El Sheikh | 59.6 | 36.96 | 22.04 | 44.42 | 19.1 | 14.44 |

Calendar year to May 2012

| | Occ% | ARR | RevPAR | TrevPAR | Payroll % | GOP PAR |
|--|------|--------|--------|---------|-----------|---------|
| | 62.7 | 162.03 | 101.59 | 221.12 | 30.2 | 71.05 |
| | 47.4 | 99.52 | 47.15 | 92.04 | 22.5 | 39.54 |
| | 83.9 | 337.08 | 282.67 | 480.99 | 17.7 | 236.76 |
| | 79.7 | 216.93 | 172.95 | 278.26 | 22.2 | 129.51 |
| | 56.3 | 261.67 | 147.34 | 307.79 | 23.9 | 141.57 |
| | 67.9 | 252.12 | 171.15 | 276.36 | 17.5 | 158.87 |
| | 55.5 | 40.60 | 22.55 | 44.42 | 19.2 | 14.90 |

Twelve months to May 2012

| | Occ % | ARR | RevPAR | TrevPAR | Payroll % | GOP PAR |
|-----------------|-------|--------|--------|---------|-----------|---------|
| | 64.5 | 156.66 | 101.00 | 217.55 | 26.7 | 75.90 |
| Abu Dhabi | 43.3 | 104.53 | 45.22 | 89.59 | 22.8 | 37.18 |
| Cairo | 78.4 | 299.67 | 234.91 | 412.94 | 20.3 | 172.24 |
| Dubai | 77.4 | 212.72 | 164.69 | 265.35 | 22.1 | 120.37 |
| Jeddah | 51.5 | 267.71 | 137.97 | 280.35 | 25.3 | 121.10 |
| Kuwait | 60.8 | 246.54 | 149.82 | 243.04 | 17.9 | 132.24 |
| Riyadh | 58.7 | 41.48 | 24.34 | 47.12 | 18.0 | 16.51 |
| Sharm El Sheikh | | | | | | |

Movement for the month of May

| | Occ Change | ARR Change | RevPAR Change | TrevPAR Change | Payroll Change | GOP PAR Change |
|-----------------|------------|------------|---------------|----------------|----------------|----------------|
| Abu Dhabi | 14.7 | -8.3% | 15.1% | 12.2% | 2.6 | 31.6% |
| Cairo | -5.0 | 17.6% | 6.4% | 1.0% | -1.3 | 15.2% |
| Dubai | 6.6 | 8.5% | 17.8% | 14.9% | 1.7 | 30.9% |
| Jeddah | 1.3 | 17.8% | 19.7% | 17.1% | 1.3 | 25.2% |
| Kuwait | 2.6 | -1.7% | 3.1% | 13.5% | -0.2 | 8.6% |
| Riyadh | 0.2 | -2.7% | -2.4% | -1.8% | -1.3 | -3.1% |
| Sharm El Sheikh | -3.4 | 30.9% | 23.4% | 15.3% | 0.7 | 24.9% |

Movement for the calendar year to May

| | Occ Change | ARR Change | RevPAR Change | TrevPAR Change | Payroll Change | GOP PAR Change |
|--|------------|------------|---------------|----------------|----------------|----------------|
| | 14.1 | -5.6% | 15.7% | 14.0% | 2.6 | 23.6% |
| | -3.6 | 12.4% | 3.9% | 0.2% | -1.5 | 0.1% |
| | 3.5 | 4.4% | 8.7% | 8.6% | 0.1 | 13.1% |
| | -1.1 | 12.8% | 11.2% | 8.7% | 0.2 | 11.8% |
| | 4.5 | 2.1% | 10.2% | 18.3% | 0.9 | 22.6% |
| | 1.4 | -2.3% | -0.4% | 0.4% | -1.4 | -1.4% |
| | 3.5 | 18.3% | 25.6% | 22.4% | 1.7 | 43.0% |

Movement for the twelve months to May

| | Occ % | ARR Change | RevPAR Change | TrevPAR Change | Payroll Change | GOP PAR Change |
|-----------------|-------|------------|---------------|----------------|----------------|----------------|
| | 3.5 | -2.8% | 2.5% | 2.6% | -3.1 | -9.3% |
| Abu Dhabi | 3.4 | 3.4% | 11.6% | 7.7% | 0.6 | 13.4% |
| Cairo | 2.7 | 4.0% | 7.7% | 7.1% | 0.3 | 16.2% |
| Dubai | 1.5 | 12.3% | 14.5% | 12.1% | 0.2 | 16.3% |
| Jeddah | 3.7 | -1.0% | 6.0% | 15.0% | 1.3 | 22.0% |
| Kuwait | -1.0 | -1.8% | -3.5% | -1.1% | -2.9 | -6.0% |
| Riyadh | 5.7 | 9.8% | 20.5% | 18.8% | 1.4 | 30.9% |
| Sharm El Sheikh | | | | | | |