

Average rates in Doha continue to fall as competition increases

In this edition of our monthly *HotStats MENA Chain Hotels Market Review*, TRI Hospitality Consulting Middle East and *HotStats* are excited to announce the expansion of our coverage to include the Doha hotel market. We hope that our *HotStats* briefing data and market commentaries will keep our readers up-to-date with the latest developments in Doha and the wider MENA region.

Doha hotels recorded mix results in September with Average Room Rates (ARR) and Occupancy experiencing lower performance levels compared to the same period last year. ARR was down 0.3 percent to US\$ 229.49 and continues the trend in 2013 in which rates have fallen 2.1 percent compared to 2012. Occupancy fell 1.1 percentage points in September to 61.7 percent, however overall occupancy for year remains stable at 62.9 percent. The fall in top line performance resulted in Revenue Per Available Room (RevPAR) falling 2.1 percent, however an increase in food and beverage consumption drove a 1.7 percent increase in Total Revenue Per Available Room (TrevPAR) to US\$ 396.15. Lower department operating profits and higher payroll expenses impacted bottom line performance with Gross Operating Profit Per Available Room (GOPPAR) reducing 1.5 percent to US\$ 169.52, mimicking the performance experienced throughout 2013.

"In the past two years Doha has witnessed a sudden influx of new hotels entering the market which put immense pressure on the performance of existing hotels, especially average rate. The results for 2013 indicate that the market is starting to show signs of recovery in occupancy levels which is attributed to a growing leisure market and continued economic strength of the city. However due to the markets heavy reliance on corporate demand, average rates continue to decline as new hotels penetrate the market with attractive offers, forcing

existing hotels to compete on price". commented Peter Goddard, Managing Director of TRI Hospitality Consulting in Dubai.

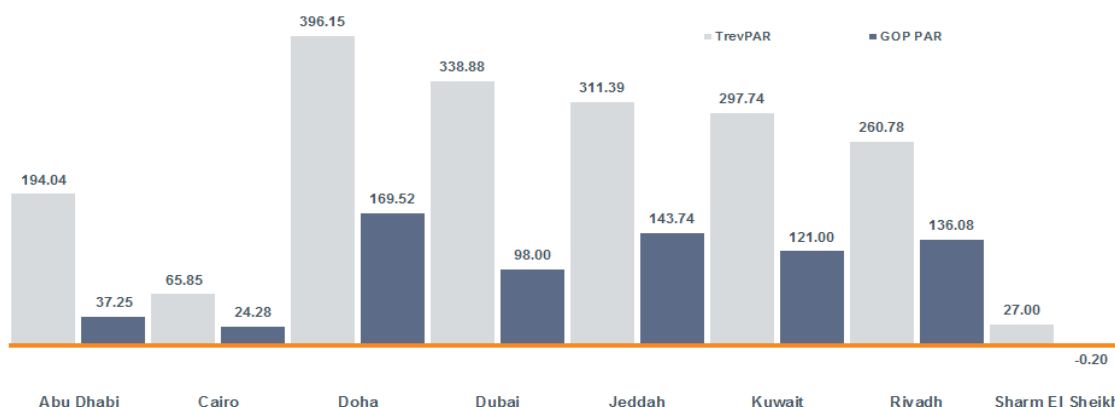
Dubai hotels recorded strong performance in September with the surveyed four and five star hotels experiencing growth in all key indicators. The market witnessed an impressive 8.5 percent growth in ARR to US\$235.34 which coupled with a 3.1 percentage point rise in occupancy to 76.0 percent, drove a 13.1 percent increase in RevPAR to US\$178.84. Marginal increases in food and beverage revenues solidified a 10.3 percent growth in TRevPAR to US\$ 338.88. The growth in top line performance resulted in significant increases in bottom line results with GOPPAR increasing 13.7 percent to US\$ 98.00.

"Dubai's strong performance in 2013 continued in September with hotels recording an increase in all key performance indicators. Occupancy remained strong during the month at 76.0 percent, helping drive year to date figures to an impressive 79.5 percent. The strong demand has allowed hoteliers to be aggressive on average rates which rose 8.5 percent in September and with the high season almost upon us, we project the continuation of strong growth for the remainder of 2013" stated Goddard. bottom line, with GOPPAR increasing 61 percent to US\$86.54.

The month of September 2013

\$ Dollars	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	69.7	121.89	84.97	194.04	34.8	37.25	▲
Cairo	29.0	109.04	31.62	65.85	34.1	24.28	▼
Doha	61.7	229.49	141.70	396.15	23.5	169.52	▼
Dubai	76.0	235.34	178.84	338.88	28.3	98.00	▲
Jeddah	82.2	245.19	201.53	311.39	22.6	143.74	▲
Kuwait	51.7	258.11	133.52	297.74	27.3	121.00	▼
Riyadh	61.3	240.80	147.60	260.78	20.0	136.08	▲
Sharm El Sheikh	32.6	43.63	14.22	27.00	36.5	-0.20	▼

MENA City Markets achieved TREVPAR and GOPPAR September 2013



Sharm El Sheikh hotels make a loss as demand falls by half

The on-going political and social unrest in Egypt had a dramatic impact on the hotel market in Sharm El Sheikh during the month of September with hotels record a trading deficit. Continued cancellations from tour groups and charters resulted in occupancy levels falling from 73.1 percent last year to 32.6 percent. Although ARR was up 18.3 percent to US\$ 43.63 due to higher contracted rates than 2012, RevPAR fell 47.3 percent to \$US 14.22. TRevPAR dropped to US\$27.00 which was not enough to cover operating costs with a negative GOPPAR of US\$ 0.20.

Although September was a bad month for hotels in the Red Sea destination, the year to date figures remain positive with occupancy and ARR at 58.5 percent and US\$ 45.95 respectively. Other key performance indicators including RevPAR and GOPPAR remain stronger than 2012, however the recent events have resulted in a very fragile operating environment.

“Sharm El Sheikh hotels suffered a significant drop in demand during September as a result of continued cancellations from international travel agents, tour groups and charters. Although the market has been relatively isolated from events in Cairo, the current unrest has been seen as a nationwide issue, impacting tourism throughout the country. With no signs of improvement on the horizon for the political landscape of Egypt, the key markets of Sharm El Sheikh and Cairo are likely to face depressed performance for the remainder of 2013”. commented Peter Goddard, Managing Director of TRI Hospitality Consulting in Dubai.

Riyadh hotels witnessed a marginal decrease in room performance in September with occupancy and ARR falling 0.4 percentage points and 0.8 percent respectively to 61.3 percent and US\$ 240.80. This saw RevPAR performance drop 1.4 percent to US\$ 147.60, however a significant

increase in food and beverage and conference revenues fuelled a 5.9 percent growth in TRevPAR to US\$ 260.78. Departmental operating profits increased 3.5 percent during the month driving GOPPAR growth of 8.2 percent to US\$ 136.08.

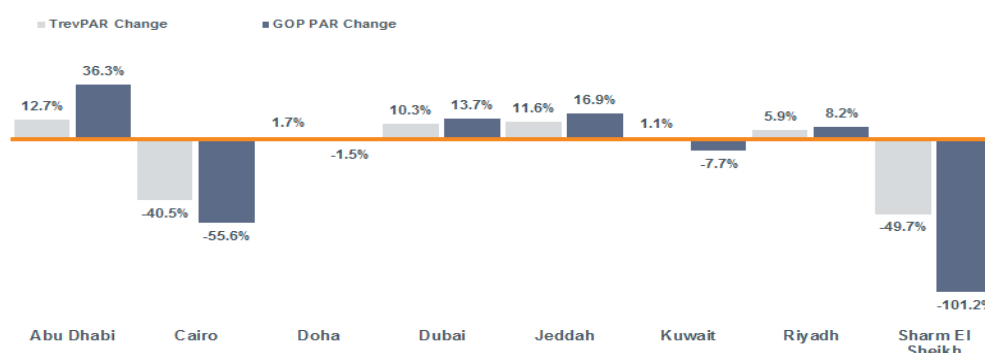
The Riyadh market continues to experience intensive competition in 2013 as a wave of new hotels enter the city, especially in the midmarket segment. This has put pressure on occupancy and average rate as new supply outweighs demand and new hotels launch aggressive sales and marketing campaigns in order to establish a position in the market.

“Although Riyadh hotels witnessed softer room performance in September, the market experienced a substantial growth in food and beverage and conference revenues, which helped drive a 5.9 percent increase in hotel revenues and 8.2 percent rise profitability. The growth in bottom line performance during the month gave a much needed boost to year to date figures which have been on a downward trend throughout the year, especially profitability which is down 6.3 percent. With a strong future supply pipeline in the Saudi capital, the market is expected to witness a further pressure on performance levels as new hotels penetrate the market with discounted rates”, stated Goddard.

Movement for the month of September

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	11.5	-6.0%	12.5%	12.7%	3.1	36.3%
Cairo	-27.4	6.7%	-45.1%	-40.5%	-15.3	-55.6%
Doha	-1.1	-0.3%	-2.1%	1.7%	-0.7	-1.5%
Dubai	3.1	8.5%	13.1%	10.3%	-0.2	13.7%
Jeddah	0.7	10.3%	11.2%	11.6%	0.4	16.9%
Kuwait	-7.1	1.0%	-11.3%	1.1%	-2.1	-7.7%
Riyadh	-0.4	-0.8%	-1.4%	5.9%	2.0	8.2%
Sharm El Sheikh	-40.5	18.3%	-47.3%	-49.7%	-19.5	-101.2%

MENA City Markets TREVPAR and GOPPAR Movement September 2013



Editors Notes

The sample is composed of hotels with an average size of 335 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 September 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	69.7	121.89	84.97	194.04	34.8	37.25
Cairo	29.0	109.04	31.62	65.85	34.1	24.28
Doha	61.7	229.49	141.70	396.15	23.5	169.52
Dubai	76.0	235.34	178.84	338.88	28.3	98.00
Jeddah	82.2	245.19	201.53	311.39	22.6	143.74
Kuwait	51.7	258.11	133.52	297.74	27.3	121.00
Riyadh	61.3	240.80	147.60	260.78	20.0	136.08
Sharm El Sheikh	32.6	43.63	14.22	27.00	36.5	-0.20

Calendar year to September 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	70.2	137.73	96.74	213.57	31.6	56.58
Cairo	37.7	111.29	41.96	79.69	27.6	29.63
Doha	62.9	242.12	152.27	403.69	23.1	181.34
Dubai	79.5	300.66	239.02	419.64	21.9	178.93
Jeddah	78.5	254.36	199.69	315.40	21.7	150.86
Kuwait	54.3	267.30	145.24	325.08	24.9	143.66
Riyadh	57.8	242.91	140.41	237.82	22.3	118.09
Sharm El Sheikh	58.5	45.95	26.89	51.62	20.2	17.56

Twelve months to September 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	70.9	149.97	106.27	228.51	29.4	70.58	Abu Dhabi
Cairo	41.0	109.27	44.78	85.08	25.2	34.49	Cairo
Doha	63.7	249.26	158.74	417.30	22.2	192.01	Doha
Dubai	81.2	316.92	257.41	449.22	20.3	202.92	Dubai
Jeddah	77.6	250.00	193.91	306.84	22.0	144.79	Jeddah
Kuwait	55.4	268.06	148.43	332.43	24.1	150.61	Kuwait
Riyadh	57.4	245.02	140.65	237.27	21.9	118.60	Riyadh
Sharm El Sheikh	61.7	46.13	28.48	54.33	18.6	19.90	Sharm El Sheikh

The month of September 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	58.3	129.61	75.50	172.13	37.9	27.33
Cairo	56.4	102.18	57.63	110.68	18.8	54.68
Doha	62.9	230.27	144.75	389.57	22.7	172.09
Dubai	72.9	216.90	158.07	307.25	28.1	86.19
Jeddah	81.5	222.32	181.26	278.93	23.0	123.00
Kuwait	58.9	255.64	150.49	294.42	25.2	131.12
Riyadh	61.7	242.77	149.68	246.29	22.0	125.80
Sharm El Sheikh	73.1	36.88	26.97	53.66	17.0	17.26

Calendar year to September 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	58.6	144.23	84.58	189.90	34.3	45.46
Cairo	47.3	98.27	46.49	90.88	22.3	37.88
Doha	62.9	247.26	155.53	394.05	21.5	185.23
Dubai	77.5	283.40	219.57	387.89	21.8	157.60
Jeddah	81.0	224.63	181.84	289.67	21.7	135.90
Kuwait	51.6	258.12	133.27	279.07	25.6	120.30
Riyadh	60.2	242.82	146.20	241.46	20.0	126.05
Sharm El Sheikh	60.1	39.46	23.72	46.20	18.4	15.17

Twelve months to September 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	61.9	153.43	94.98	206.01	30.3	62.07	Abu Dhabi
Cairo	46.3	99.68	46.12	90.01	22.5	37.00	Cairo
Doha	64.5	258.46	166.58	409.55	20.3	199.23	Doha
Dubai	78.5	300.83	236.12	414.25	20.4	175.77	Dubai
Jeddah	79.4	220.48	175.05	279.85	21.9	129.65	Jeddah
Kuwait	52.5	265.93	139.57	286.23	25.0	125.58	Kuwait
Riyadh	60.4	246.12	148.54	243.35	19.0	129.81	Riyadh
Sharm El Sheikh	60.0	41.47	24.88	47.78	17.7	16.61	Sharm El Sheikh

Movement for the month of September

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	11.5	-6.0%	12.5%	12.7%	3.1	36.3%
Cairo	-27.4	6.7%	-45.1%	-40.5%	-15.3	-55.6%
Doha	-1.1	-0.3%	-2.1%	1.7%	-0.7	-1.5%
Dubai	3.1	8.5%	13.1%	10.3%	-0.2	13.7%
Jeddah	0.7	10.3%	11.2%	11.6%	0.4	16.9%
Kuwait	-7.1	1.0%	-11.3%	1.1%	-2.1	-7.7%
Riyadh	-0.4	-0.8%	-1.4%	5.9%	2.0	8.2%
Sharm El Sheikh	-40.5	18.3%	-47.3%	-49.7%	-19.5	-101.2%

Movement for the calendar year to September

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	11.6	-4.5%	14.4%	12.5%	2.7	24.5%
Cairo	-9.6	13.2%	-9.7%	-12.3%	-5.3	-21.8%
Doha	0.0	-2.1%	-2.1%	2.4%	-1.5	-2.1%
Dubai	2.0	6.1%	8.9%	8.2%	-0.1	13.5%
Jeddah	-2.4	13.2%	9.8%	8.9%	0.0	11.0%
Kuwait	2.7	3.6%	9.0%	16.5%	0.8	19.4%
Riyadh	-2.4	0.0%	-4.0%	-1.5%	-2.3	-6.3%
Sharm El Sheikh	-1.6	16.5%	13.4%	11.7%	-1.8	15.8%

Movement for the twelve months to September

	Occ %	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	
Abu Dhabi	9.0	-2.3%	11.9%	10.9%	0.9	13.7%	Abu Dhabi
Cairo	-5.3	9.6%	-2.9%	-5.5%	-2.7	-6.8%	Cairo
Doha	-0.8	-3.6%	-4.7%	1.9%	-1.9	-3.6%	Doha
Dubai	2.7	5.3%	9.0%	8.4%	0.0	15.4%	Dubai
Jeddah	-1.8	13.4%	10.8%	9.6%	-0.1	11.7%	Jeddah
Kuwait	2.9	0.8%	6.4%	16.1%	1.0	19.9%	Kuwait
Riyadh	-2.9	-0.4%	-5.3%	-2.5%	-2.9	-8.6%	Riyadh
Sharm El Sheikh	1.7	11.2%	14.5%	13.7%	-0.9	19.8%	Sharm El Sheikh