

MENA CHAIN HOTELS MARKET REVIEW JANUARY 2012

Hotels in Jeddah and Dubai post surge in revenues and profits

Shopping festivals helped hotels in Jeddah and Dubai register substantial growth in revenues and profits during the month of January 2012, according to the latest **HotStats** survey by TRI Hospitality Consulting.

Occupancy levels in Jeddah went up by 11.6 percentage points to 75.5% and Average Room Rate (ARR) increased by 15.2% to US\$217.43 during the month, boosting Revenue Per Available Room (RevPAR) by 35.2% to US\$164.04. The growth in the top line, combined with a 2 percentage point drop in payroll costs, caused a surge in profit during the month as the Gross Operating Profit Per Available Room (GOPPAR) surged to US\$115.35, up by 63.7% over the same period in 2011.

The growth in hotel performance comes in the wake of the inaugural Jeddah Shopping Festival, also known as Hayya Jeddah 2012, which was kicked off on 18th January. According to the event organisers, the month-long festival was expecting to attract over a million visitors to the city from both within and outside the kingdom as it coincides with the spring break for schools in the region.

In Riyadh, however, hotels saw a dip in overall performance during the month as average occupancy dropped by 2 percentage points to 61.5% and ARR declined by 7.6% to US\$258.29. Consequently, the city witnessed a 10.5% drop in RevPAR and 6.2% drop in GOPPAR during the month making it the only GCC city amongst the four surveyed by **HotStats** to post a RevPAR decline during the month.

“The Saudi Commission for Tourism and the local authorities are undertaking numerous initiatives to develop tourism, mainly focusing on attracting domestic travellers. Some of these programs, such as the Jeddah Shopping Festival, are showing results. These are indeed steps in the right direction to boost local tourism sectors and will also help reduce sea-

sonality issues and improve overall performance of hotels”, commented Peter Goddard, managing director of TRI Hospitality Consulting in Dubai.

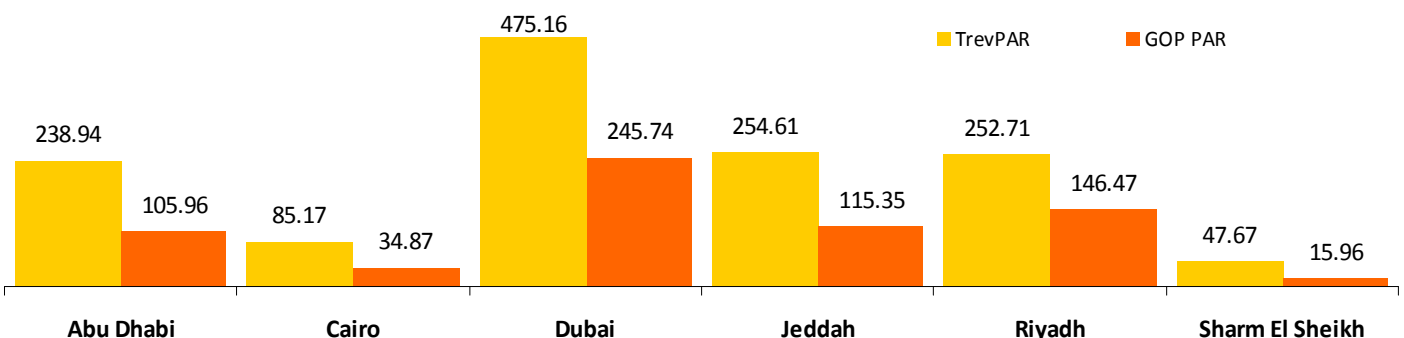
In the UAE, hotels in Dubai achieved notable improvement across all performance measures in January and outperformed the other MENA markets surveyed by **HotStats** by a big margin. Occupancy and ARR for the four and five star chain hotels in the emirate increased by 4.5 percentage points and 9.9% to touch 87.7% and US\$327.41 respectively as the city hosted the 17th edition of Dubai Shopping Festival (DSF) during the month. Hotels across the city reported peak occupancy and rates during the month, boosting the citywide RevPAR by 15.8% to US\$287.25 and GOPPAR by 18% compared to the same period last year.

“The 2011 edition of DSF is estimated to have attracted 3.9 million visitors during the month. The figures for 2012 are yet to come through, but given the growth trend in visitor arrivals, these figures are likely to have grown substantially this year. The DSF has given a solid start to the year and I believe that Dubai hotels will continue to see strong performance levels during 2012”, said Goddard.

The month of January 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	74.0	164.23	121.60	238.94	22.8	105.96
Cairo	36.8	116.18	42.70	85.17	25.4	34.87
Dubai	87.7	327.41	287.25	475.16	16.6	245.74
Jeddah	75.5	217.42	164.04	254.61	23.4	115.35
Riyadh	61.5	258.29	158.84	252.71	18.0	146.47
Sharm El Sheikh	50.2	51.02	25.59	47.67	20.0	15.96

MENA City Markets achieved TREVPAR and GOPPAR January 2012



Hotels in Abu Dhabi report double digit growth in occupancy

Hotels in Abu Dhabi posted double digit growth in occupancy while the decline in Average Room Rate (ARR) appears to have slowed during the month of January 2012, according to the latest HotStats survey of full-service hotels in six MENA cities by TRI Hospitality Consulting.

Abu Dhabi hotels reported a 10.3 percentage point growth in occupancy in January and closed the month with an average occupancy of 74%. However, the ARR for the month dropped to US\$164.23 compared to US\$188.01 for the same period in 2011. Interestingly, the rate decline in the city appears to have slowed considerably during the month, from 23.5% in December 2011 to 12.6% in January, which was driven by an 11% month-on-month growth in ARR over December.

According to Abu Dhabi Tourism Authority, hotels in the emirate received 2.1 million guests in 2011 with the growth mainly triggered by a 30% rise in Indian visitors and 15% growth in visitors from China.

“Abu Dhabi has witnessed a strong recovery in occupancy levels in 2011 on the back of increased tourism arrivals to the Emirate as the Arab Spring diverted both regional and international tourists to safer destinations like the UAE. However the growing competition in the city, which caused the rates to decline by as much as 19.3% last year alone, is likely to keep the pressure on performance in 2012 as more than 2,500 hotel rooms are expected to open in the city during the year. Our research indicates that the drop in average rates is not confined to five or four star hotel markets, but the rate competition has had a contagious effect across all hotel categories from upscale to budget hotels and hotel apartments”, commented Goddard.

In Egypt, the four and five star hotels surveyed by HotStats reported subdued performance in January 2012 as the

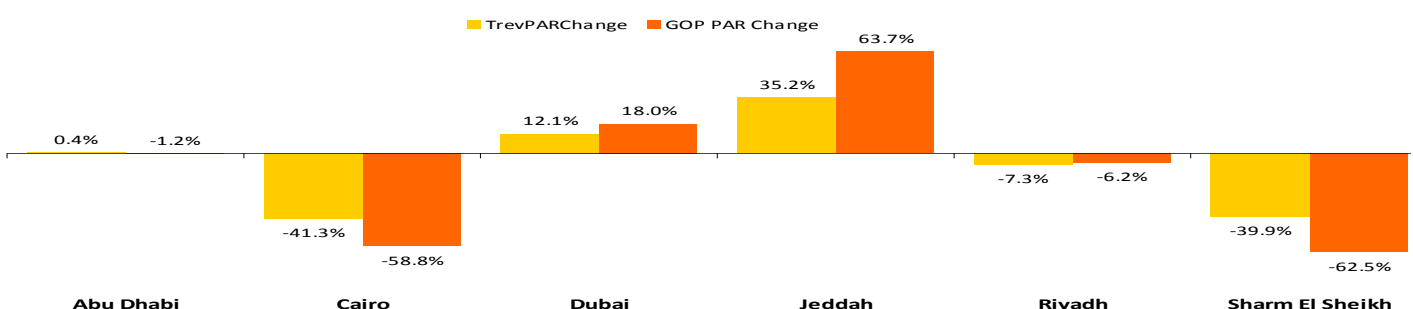
continuing political uncertainty kept business and leisure visitors largely away. Hotels in the capital Cairo reported occupancy of 36.8% and ARR of US\$116.18, down by 31.6 percentage points and 3.7% respectively from the same period last year. In 2011, Cairo hotels have managed to maintain rates as occupancies plummeted following the popular uprising which began a year ago. However the increased operating costs, such as the 10.1 percentage point growth in payroll costs in January, have had a significant impact on the bottom line as the GOPPAR for the month dropped by 58.8% to US\$34.87 for the month.

Hotels in Sharm El Sheikh achieved occupancy of 50.2% in January which was 18.8 percentage points below the same period in the previous year and ARR of US\$51.02 which was 23.8% below the previous year. Much like Cairo, operating costs in this resort destination too have increased significantly, including payroll costs which increased from 11.8% in January 2011 to 20% for the current month. GOPPAR for Sharm El Sheikh hotels for January stood at US\$15.96 registering a drop of 62.5% from the previous year.

Movement for the month of January

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	10.3	-12.6%	1.4%	0.4%	-2.4	-1.2%
Cairo	-31.6	-3.7%	-48.2%	-41.3%	-11.9	-58.8%
Dubai	4.5	9.9%	15.8%	12.1%	0.7	18.0%
Jeddah	11.6	15.2%	36.0%	35.2%	2.7	63.7%
Riyadh	-2.0	-7.6%	-10.5%	-7.3%	0.2	-6.2%
Sharm El Sheikh	-18.8	-23.8%	-44.6%	-39.9%	-8.3	-62.5%

MENA City Markets TREVPAR and GOPPAR Movement January 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.

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HotStats Briefing Data

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

The month of January 2012							Calendar year to January 2012						Twelve months to January 2012						
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	74.0	164.23	121.60	238.94	22.8	105.96	74.0	164.23	121.60	238.94	22.8	105.96	70.0	161.51	113.09	235.58	22.2	98.04	Abu Dhabi
Cairo	36.8	116.18	42.70	85.17	25.4	34.87	36.8	116.18	42.70	85.17	25.4	34.87	35.7	120.66	43.01	87.54	24.2	35.88	Cairo
Dubai	87.7	327.41	287.25	475.16	16.6	245.74	87.7	327.41	287.25	475.16	16.6	245.74	80.7	274.68	221.59	392.98	19.3	166.81	Dubai
Jeddah	75.5	217.42	164.04	254.61	23.4	115.35	75.5	217.42	164.04	254.61	23.4	115.35	75.3	206.98	155.83	252.22	22.5	111.41	Jeddah
Riyadh	61.5	258.29	158.84	252.71	18.0	146.47	61.5	258.29	158.84	252.71	18.0	146.47	60.2	259.98	156.54	250.57	17.6	137.18	Riyadh
Sharm El Sheikh	50.2	51.02	25.59	47.67	20.0	15.96	50.2	51.02	25.59	47.67	20.0	15.96	53.3	47.75	25.44	47.84	19.4	15.57	Sharm El Sheikh
The month of January 2011							Calendar year to January 2011						Twelve months to January 2011						
	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	63.8	188.01	119.89	237.96	20.4	107.30	63.8	188.01	119.89	237.96	20.4	107.30	62.0	195.30	121.12	242.83	21.2	106.83	Abu Dhabi
Cairo	68.3	120.63	82.43	145.05	13.5	84.59	68.3	120.63	82.43	145.05	13.5	84.59	71.4	115.69	82.62	151.74	12.2	89.03	Cairo
Dubai	83.3	297.95	248.03	423.84	17.3	208.21	83.3	297.95	248.03	423.84	17.3	208.21	78.2	258.84	202.35	368.15	19.9	154.15	Dubai
Jeddah	63.9	188.79	120.65	188.27	26.1	70.47	63.9	188.79	120.65	188.27	26.1	70.47	72.7	198.26	144.12	231.79	22.9	101.73	Jeddah
Riyadh	63.5	279.68	177.51	272.69	18.2	156.19	63.5	279.68	177.51	272.69	18.2	156.19	55.9	261.39	146.23	239.68	17.6	131.88	Riyadh
Sharm El Sheikh	69.0	66.97	46.18	79.26	11.8	42.61	69.0	66.97	46.18	79.26	11.8	42.61	85.1	62.17	52.92	91.31	10.4	49.94	Sharm El Sheikh
Movement for the month of January							Movement for the calendar year to January						Movement for the twelve months to January						
	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	10.3	-12.6%	1.4%	0.4%	-2.4	-1.2%	10.3	-12.6%	1.4%	0.4%	-2.4	-1.2%	8.0	-17.3%	-6.6%	-3.0%	-1.0	-8.2%	Abu Dhabi
Cairo	-31.6	-3.7%	-48.2%	-41.3%	-11.9	-58.8%	-31.6	-3.7%	-48.2%	-41.3%	-11.9	-58.8%	-35.8	4.3%	-47.9%	-42.3%	-12.0	-59.7%	Cairo
Dubai	4.5	9.9%	15.8%	12.1%	0.7	18.0%	4.5	9.9%	15.8%	12.1%	0.7	18.0%	2.5	6.1%	9.5%	6.7%	0.7	8.2%	Dubai
Jeddah	11.6	15.2%	36.0%	35.2%	2.7	63.7%	11.6	15.2%	36.0%	35.2%	2.7	63.7%	2.6	4.4%	8.1%	8.8%	0.5	9.5%	Jeddah
Riyadh	-2.0	-7.6%	-10.5%	-7.3%	0.2	-6.2%	-2.0	-7.6%	-10.5%	-7.3%	0.2	-6.2%	4.3	-0.5%	7.1%	4.5%	0.0	4.0%	Riyadh
Sharm El Sheikh	-18.8	-23.8%	-44.6%	-39.9%	-8.3	-62.5%	-18.8	-23.8%	-44.6%	-39.9%	-8.3	-62.5%	-31.9	-23.2%	-51.9%	-47.6%	-9.0	-68.8%	Sharm El Sheikh