

MENA CHAIN HOTELS MARKET REVIEW MAY 2012

Jeddah hotels achieve record occupancy, while Riyadh starts to feel the summer slump

Hotels in Jeddah experienced a 9.0 percentage point growth in occupancy during the month of May, according to the latest HotStats survey of full service hotels in six MENA cities by TRI Hospitality Consulting.

Average occupancy at four and five star chain hotels in the city reached 82.9% with Average Room Rates (ARR) increasing 11.8% to US\$220.15 during the month, compared to the same period last year. Revenue Per Available Room (RevPAR) for the month surged 25.5% to US\$182.58 leading to strong growth in profits in terms of Gross Operating Profit Per Available Room (GOPPAR), increasing by 29.7% to \$142.51.

“Jeddah hotels continue to experience increasing demand with occupancy levels reaching their highest point in the past 36 months, providing Jeddah’s hoteliers with an opportunity to increase average rates and improve overall yields. The strengthening of average rates, occupancies and RevPAR has funnelled directly through to the profitability of the hotels with the GOPPAR increasing by 29.7%” commented Peter Goddard, managing director of TRI Hospitality Consulting in Dubai.

Riyadh hotels witnessed a decline in occupancy, achieving 67.3% occupancy in May, 3.3 percentage points lower than the same month last year. Despite a drop in ARR by 4.6 percent to \$255.33, Riyadh has reported the highest ARR out of the six cities surveyed. However the reduction in Total Revenue Per Available Room (TRevPAR) by 4.2 percent directly impacted profitability with the GOPPAR falling by 8.9% to \$164.84.

“The drop in occupancy levels of hotels in Riyadh for May indicates the start of the annual summer slowdown when corporate activity reduces before the summer holidays.

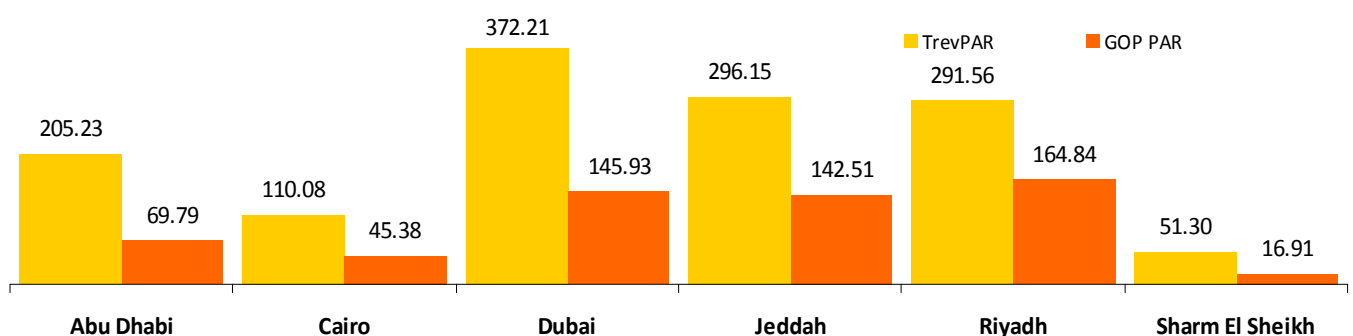
Historically occupancy levels fall to levels below 40 percent during the summer months as corporate demand falls or shifts to Jeddah as a result of the relocation of the King’s Court. We anticipate a further reduction in rates in Riyadh in the coming months as hotels try to capture the remaining demand and maintain profitability” said Goddard.

In Egypt, hotels in Sharm El Sheikh experienced double digit growth in occupancy in May, achieving 62.2% during the month, 21.1 percentage points above the same month last year. However, ARR remained stagnant albeit with a marginal fall of 0.9 percent to \$42.09. A greater control over expenses, particularly payroll, has resulted in a 184.7% increase in GOPPAR to \$16.91 up from \$5.94 in the same month last year.

Cairo hotels recorded a 13.8 percentage point increase in occupancy to 51.4% in May, however ARR fell by 15.6 percent to \$101.63. The increase in occupancy absorbed the decrease in rates with RevPAR rising 15.4% to \$52.24. Profitability has continued to improve with a 17.7% increase in GOPPAR to \$45.38.

	The month of May 2012					
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	64.0	128.67	82.33	205.23	26.3	69.79
Cairo	51.4	101.63	52.24	110.08	19.7	45.38
Dubai	78.8	247.93	195.47	372.21	21.3	145.93
Jeddah	82.9	220.15	182.58	296.15	20.9	142.51
Riyadh	67.3	255.33	171.82	291.56	16.8	164.84
Sharm El Sheikh	62.2	42.09	26.17	51.30	18.7	16.91

MENA City Markets achieved TREVPAR and GOPPAR May 2012



Rate growth and strong F&B revenues boost Dubai hotel performance in May

Hotels in Dubai reported growth in revenues and profits while hotels in Abu Dhabi continued to report drop in rates and profits in May 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 9.6% to US\$195.47 in May driven by a 6.5% growth in Average Room Rate (ARR) to US\$247.96 and a nominal increase of 2.3 percentage point in occupancy to 78.8% compared to the same month last year. In terms of profits, GOPPAR for the month saw a growth of 12.4% to US\$145.93. As the month of May historically indicates the start of the summer, corporate demand is replaced by the leisure segment which is attracted to the discounted rates and packages offered during this period.

“The strength of Dubai’s hotel market was once again shown in May with hotels improving in all areas of performance, especially with occupancy increasing to 78.8%. The spending power of visitors was highlighted by a 9.7 percent increase in Total Revenue Per Available Room (TRevPAR) to \$372.21, driven by a 24.7 percent increase in food and beverage spend to \$147.93, accounting for 39.7 percent of TRevPAR. Although historically the summer months result in lower occupancies in the GCC, we believe Dubai will continue to attract high demand as the leisure segment particularly from Saudi Arabia and Kuwait, and some demand from Europe who exploit the attractive rates and packages on offer during this period” commented Goddard.

Performance levels for hotels in Abu Dhabi contin-

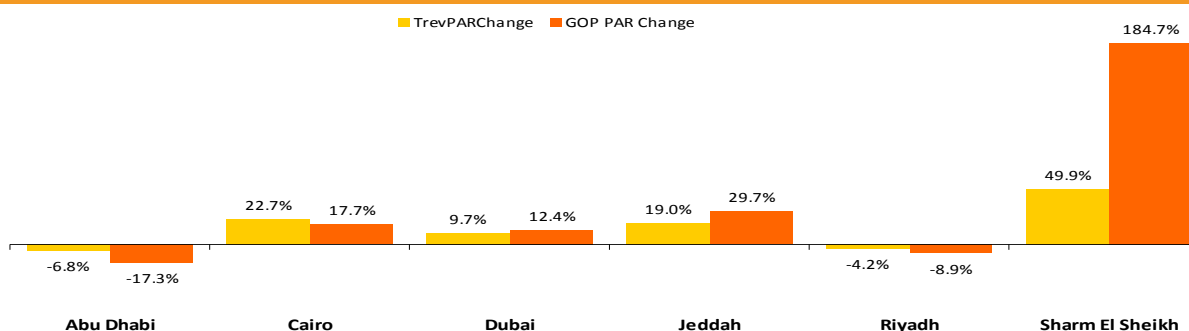
ued to drop in May compared to the same period last year. A marginal reduction in occupancy levels by 0.7 percentage points to 64.0% coupled with a 14.0% fall in ARR to \$128.67, resulted in RevPAR dropping 15.0% to \$82.33. The fall in revenues resulted in a GOPPAR of \$69.79, 17.3% lower than the same period last year.

“Our HotStats data for Abu Dhabi hotels in May further reiterates the overall reduction in rates, occupancy and profitability witnessed in 2012. Hotels have seen ARR and RevPAR fall by 16.5% and 15.6% respectively since January 2012 resulting in a 20.8% fall in profitability (GOPPAR). We do not envision the situation to improve in the UAE capital in the near future as corporate and conference demand continues to slow on the back of lower business activity, especially in the wake of the continuing European debt crisis” said Goddard.

Movement for the month of May

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-0.7	-14.0%	-15.0%	-6.8%	-3.0	-17.3%
Cairo	13.8	-15.6%	15.4%	22.7%	3.1	17.7%
Dubai	2.3	6.5%	9.6%	9.7%	-0.9	12.4%
Jeddah	9.0	11.8%	25.5%	19.0%	1.2	29.7%
Riyadh	-3.3	-4.6%	-9.0%	-4.2%	-2.4	-8.9%
Sharm El Sheikh	21.1	-0.9%	50.1%	49.9%	9.1	184.7%

MENA City Markets TREVPAR and GOPPAR Movement May 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?plD=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 May 2012							Calendar year to May 2012						Twelve months to May 2012						
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	64.0	128.67	82.33	205.23	26.3	69.79	71.7	152.44	109.23	232.12	24.0	95.00	69.4	150.77	104.58	223.78	23.8	87.81	Abu Dhabi
Cairo	51.4	101.63	52.24	110.08	19.7	45.38	46.5	107.99	50.26	101.89	21.4	45.63	42.3	113.95	48.15	98.98	21.6	43.39	Cairo
Dubai	78.8	247.93	195.47	372.21	21.3	145.93	85.8	319.06	273.87	467.05	17.2	232.41	81.0	282.02	228.49	400.15	19.3	172.14	Dubai
Jeddah	82.9	220.15	182.58	296.15	20.9	142.51	79.7	216.96	172.97	278.29	22.2	129.52	77.4	212.75	164.71	265.38	22.1	120.38	Jeddah
Riyadh	67.3	255.33	171.82	291.56	16.8	164.84	67.6	260.34	176.06	287.79	16.9	166.62	60.0	256.24	153.73	252.11	17.8	137.19	Riyadh
Sharm El Sheikh	62.2	42.09	26.17	51.30	18.7	16.91	58.2	45.95	26.76	51.53	18.6	17.63	61.2	46.71	28.60	54.37	17.5	19.34	Sharm El Sheikh
The month of May 2011							Calendar year to May 2011						Twelve months to May 2011						
	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	64.7	149.62	96.82	220.30	23.3	84.40	70.9	182.59	129.39	260.30	20.0	119.92	65.4	184.16	120.52	242.43	20.8	107.11	Abu Dhabi
Cairo	37.6	120.45	45.27	89.70	22.8	38.54	36.9	124.43	45.90	86.30	24.0	37.47	55.8	119.45	66.62	124.29	15.5	67.19	Cairo
Dubai	76.6	232.89	178.34	339.28	20.4	129.80	84.0	298.15	250.29	431.02	16.8	209.24	78.3	264.68	207.15	367.46	19.4	155.36	Dubai
Jeddah	73.9	196.94	145.53	248.87	22.1	109.85	72.0	198.16	142.63	232.90	23.4	98.66	72.5	199.84	144.80	234.60	22.9	102.07	Jeddah
Riyadh	70.6	267.51	188.88	304.41	14.4	180.95	68.2	273.95	186.81	288.36	16.5	168.77	57.6	264.31	152.36	241.95	17.9	132.06	Riyadh
Sharm El Sheikh	41.1	42.49	17.44	34.22	27.9	5.94	42.4	55.07	23.36	42.29	21.1	14.01	67.4	61.35	41.37	71.84	13.0	35.43	Sharm El Sheikh
Movement for the month of May							Movement for the calendar year to May						Movement for the twelve months to May						
	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	-0.7	-14.0%	-15.0%	-6.8%	-3.0	-17.3%	0.8	-16.5%	-15.6%	-10.8%	-4.0	-20.8%	3.9	-18.1%	-13.2%	-7.7%	-3.0	-18.0%	Abu Dhabi
Cairo	13.8	-15.6%	15.4%	22.7%	3.1	17.7%	9.7	-13.2%	9.5%	18.1%	2.6	21.8%	-13.5	-4.6%	-27.7%	-20.4%	-6.1	-35.4%	Cairo
Dubai	2.3	6.5%	9.6%	9.7%	-0.9	12.4%	1.9	7.0%	9.4%	8.4%	-0.4	11.1%	2.8	6.6%	10.3%	8.9%	0.1	10.8%	Dubai
Jeddah	9.0	11.8%	25.5%	19.0%	1.2	29.7%	7.8	9.5%	21.3%	19.5%	1.2	31.3%	5.0	6.5%	13.8%	13.1%	0.8	17.9%	Jeddah
Riyadh	-3.3	-4.6%	-9.0%	-4.2%	-2.4	-8.9%	-0.6	-5.0%	-5.8%	-0.2%	-0.4	-1.3%	2.4	-3.1%	0.9%	4.2%	0.1	3.9%	Riyadh
Sharm El Sheikh	21.1	-0.9%	50.1%	49.9%	9.1	184.7%	15.8	-16.6%	14.6%	21.8%	2.5	25.8%	-6.2	-23.9%	-30.9%	-24.3%	-4.5	-45.4%	Sharm El Sheikh