

MENA CHAIN HOTELS MARKET REVIEW September 2012

Dubai Hotels continue to prosper, while Abu Dhabi market lags behind despite efforts to boost demand

Surveyed markets show signs of relief as summer months subside allowing for the flourishing of hotel activity in the region, according to the latest HotStats survey of full service hotels in seven MENA cities by TRI Hospitality Consulting.

Hotels in Dubai showed strong profitability throughout the month of September this year, although the market witnessed a 2.8 percentage point decrease in occupancy. Average Room Rates (ARR) in the city increased by 3.9% to US\$218.30, while Total Revenue per Available Room (TRevPAR) grew 2.7% to US\$311.59. The city hosted an array of events throughout the month of September allowing hoteliers to yield higher rates, thereby boosting Gross Operating Profit per Average Room (GOPPAR) 11.3% to US\$93.66.

Abu Dhabi's hotel market appeared stagnated as performance indicators declined significantly in comparison with September of last year with ARR decreasing 10.6% to US\$124.28, and occupancies dropping 0.2 percentage points to 65.5%. Revenue per Average Room (RevPAR) decreased 10.9% to US\$81.37, and TRevPAR dropped 7.7% to US\$188.93. The continued pressure on average rates coupled with a proliferation of competition depleted GOPPAR by 18.2% to US\$56.78, the lowest registered profit in the GCC for the month.

"Dubai plays host to a miscellany of events throughout the month of September, namely INDEX and Gitex exhibitions which helped maintain healthy demand levels after Eid al Fitr. As the leisure segment continues to represent the largest demand in the city, the forecasted influx of leisure travellers over the next few months is likely to boost key performance indicators until the end of the year. On the other hand, hotels in Abu Dhabi continue to register weak performance mostly due to the city's heavy reliance on corporate demand which remained subdued throughout September" commented Peter Goddard, managing director of TRI Hospitality Consulting in Dubai.

September also saw demand distribution normalise between the two surveyed markets in Saudi Arabia. Riyadh based hotels showed a strong come back as indicators bounced back from the slump seen during the summer months. When compared to the same period last year, occupancy rates in Riyadh show an increase of 4.1 percentage points reaching 60.5% while ARR increased 1.6% to US\$250.60, among the highest in the region. Food and beverage revenues increased significantly suggesting an increase in events previously paused in accordance with the holy month of Ramadan. This upsurge in festivities accounted for a 10.5% rise in TRevPAR as well as a 10.1% increase in profits to US\$131.4.

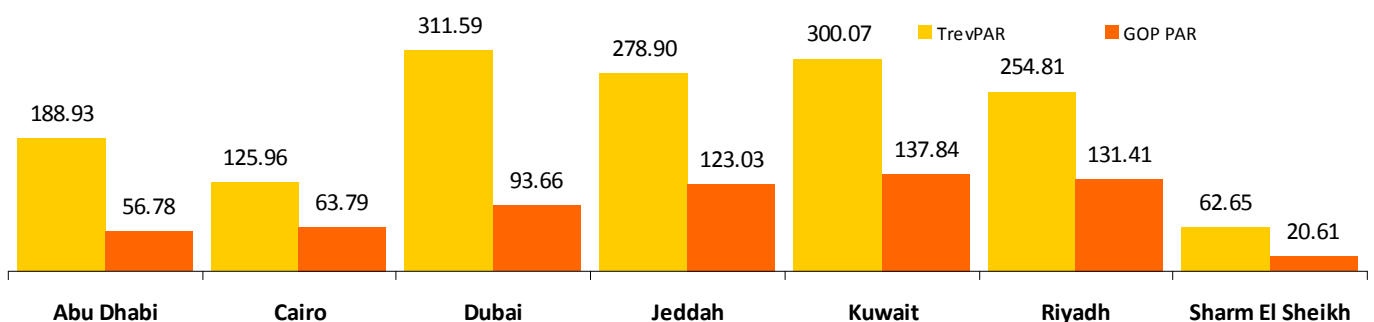
Similarly, hotel performance in Jeddah showed no signs of slowing as occupancies rose 6.2 percentage points to 81.5% in addition to a 3.9% increase in ARR to US\$222.29. A rise in corporate demand owing to the return of business activity justified the 12.6% increase in RevPAR to US\$181.24 which, coupled with an increase in food and beverage revenues, drove a growth in TRevPAR of 10.1% to US\$278.90 leading to an 11.8% increase in GOPPAR to US\$123.03.

"The steep increase in Riyadh's performance is symptomatic of post-summer lulls, as businesses get back on track and corporate demand is spurred. Festivities and events halted during the holy month resumed, accounting for a large increase in food and beverage revenues which drove an increase in the bottom line" commented Goddard.

The month of September 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	65.5	124.28	81.37	188.93	28.2	56.78
Cairo	55.4	114.92	63.63	125.96	17.6	63.79
Dubai	74.3	218.30	162.10	311.59	27.5	93.66
Jeddah	81.5	222.29	181.24	278.90	23.0	123.03
Kuwait	60.4	255.29	154.18	300.07	24.2	137.84
Riyadh	60.5	250.60	151.66	254.81	22.0	131.41
Sharm El Sheikh	74.5	43.11	32.10	62.65	16.8	20.61

MENA City Markets achieved TREVPAR and GOPPAR September 2012



Egypt Hotel markets mend themselves as Kuwait forges ahead with remarkable success

Hotel performance in Egypt continues to show on-going signs of recovery. Occupancy rates in Cairo grew to 55.4%, while RevPAR and TRevPAR stood at US\$63.63 and US\$125.96 respectively. Demand in Cairo has long been divided proportionately between corporate travellers and leisure seekers, both of whom have restored their confidence in the destination allowing for GOPPAR to grow 19.2% to US\$63.79. Sharm el Sheikh also boasted increases in performance indicators as occupancy grew 5.3 percentage points to 74.5% and RevPAR increased 5.1% to US\$32.10. Profits in the popular destination remained subdued at US\$20.61, mostly due to reduced rates granted to travel agents and inbound tour groups.

“Our HotStats data for September shows a steadily recovering Egyptian market with hotels in Cairo registering their highest profits in a year. Sharm el Sheikh is well on its way to recovery, in spite of travel agent fees that continue to diminish profit margins. With the city’s high season approaching we anticipate continued growth for the remainder of 2012 and early 2013” commented Peter Goddard, managing director of TRI Hospitality Consulting in Dubai.

The hotel market in Kuwait witnessed a notable growth in overall performance as occupancies increased 10.3 percentage points to 60.4%, a change accredited to a post-summer increase in corporate demand in the city. ARR varied slightly from the same period last year decreasing 1.8% but remained the highest in the region monitored at US\$255.29 predominantly due to the rate agreement. TRevPAR in the city increased 15.2% to US\$300.07 as corporate demand grew allowing for hotels to post the highest profitability rates in the region for September at US\$137.84, outperforming all other markets surveyed.

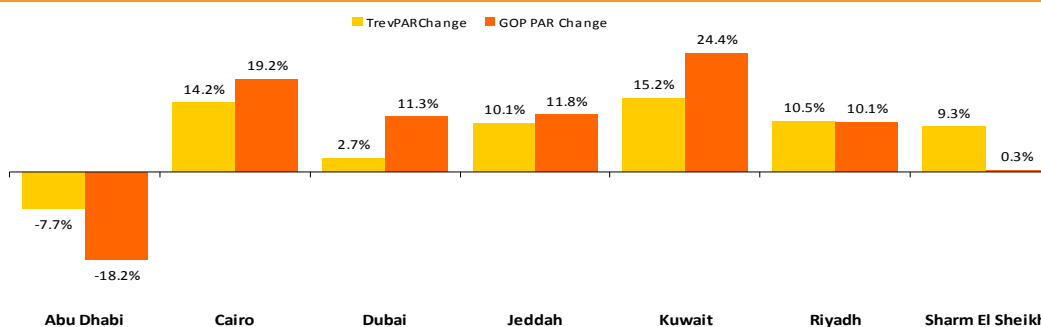
“Kuwait experienced a growth in demand in September due to increase in business activity after the summer period. The hotel market continues to benefit from the rate

agreement which maintains ARR at the top of the region. Although demand has re-bounded the on-going political troubles in the country could impact future demand as government backed projects remain subdued due to the absence of political stability” said Goddard.

Movement for the month of September

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-0.2	-10.6%	-10.9%	-7.7%	-2.8	-18.2%
Cairo	11.7	-2.9%	23.1%	14.2%	1.2	19.2%
Dubai	-2.8	3.9%	0.2%	2.7%	0.3	11.3%
Jeddah	6.2	3.9%	12.6%	10.1%	-0.3	11.8%
Kuwait	10.3	-1.8%	18.4%	15.2%	0.8	24.4%
Riyadh	4.1	1.6%	9.1%	10.5%	-3.2	10.1%
Sharm El Sheikh	5.2	-2.2%	5.1%	9.3%	0.9	0.3%

MENA City Markets TREVPAR and GOPPAR Movement September 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 September 2012							Calendar year to September 2012						Twelve months to September 2012						
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	65.5	124.28	81.37	188.93	28.2	56.78	66.9	136.23	91.18	202.84	26.7	70.55	69.9	148.13	103.55	222.20	24.3	86.32	Abu Dhabi
Cairo	55.4	114.92	63.63	125.96	17.6	63.79	46.1	110.05	50.77	103.23	21.2	44.71	45.1	111.84	50.49	102.33	21.4	44.06	Cairo
Dubai	74.3	218.30	162.10	311.59	27.5	93.66	79.4	271.87	215.83	380.56	21.1	158.52	80.6	286.60	231.00	404.22	19.6	176.12	Dubai
Jeddah	81.5	222.29	181.24	278.90	23.0	123.03	81.0	224.61	181.82	289.64	21.7	135.94	79.4	220.46	175.04	279.82	21.9	129.69	Jeddah
Kuwait	60.4	255.29	154.18	300.07	24.2	137.84	53.0	257.94	136.64	286.50	24.3	128.61	54.0	265.93	143.68	294.12	23.7	134.35	Kuwait
Riyadh	60.5	250.60	151.66	254.81	22.0	131.41	59.6	250.74	149.34	250.21	19.6	132.22	59.6	254.89	151.98	252.12	18.8	135.64	Riyadh
Sharm El Sheikh	74.5	43.11	32.10	62.65	16.8	20.61	62.2	46.07	28.67	54.69	18.0	18.44	62.2	48.34	30.08	56.62	17.3	20.22	Sharm El Sheikh
The month of September 2011							Calendar year to September 2011						Twelve months to September 2011						
	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	65.7	138.97	91.30	204.72	25.4	69.40	65.9	158.14	104.22	221.34	23.1	86.99	67.4	176.41	118.84	241.77	21.1	104.52	Abu Dhabi
Cairo	43.7	118.39	51.68	110.28	18.9	53.53	36.9	122.49	45.20	90.17	22.8	39.32	47.3	120.90	57.20	109.47	18.3	54.87	Cairo
Dubai	77.0	210.17	161.84	303.26	27.8	84.18	78.8	251.28	197.90	352.89	20.7	138.42	80.0	265.43	212.31	375.69	19.4	157.59	Dubai
Jeddah	75.3	213.85	161.03	253.43	22.7	110.02	74.0	204.30	151.23	245.22	22.6	106.42	74.3	201.36	149.55	242.56	22.5	106.55	Jeddah
Kuwait	50.1	259.98	130.19	260.57	24.9	110.79	54.3	262.99	142.85	286.39	23.6	127.74	54.8	267.90	146.72	292.39	22.9	132.87	Kuwait
Riyadh	56.4	246.57	139.07	230.57	18.8	119.32	60.3	261.10	157.53	250.37	18.0	135.35	60.2	263.64	158.57	251.21	17.6	137.86	Riyadh
Sharm El Sheikh	69.3	44.09	30.53	57.34	17.7	20.54	52.1	47.58	24.81	46.57	19.5	15.27	61.1	55.82	34.08	61.29	15.0	26.91	Sharm El Sheikh
Movement for the month of September							Movement for the calendar year to September						Movement for the twelve months to September						
	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	-10.6%	-10.9%	-7.7%	-2.8	-18.2%	1.0	-13.9%	-12.5%	-8.4%	-3.6	-18.9%	2.5	-16.0%	-12.9%	-8.1%	-3.2	-17.4%	Abu Dhabi
Cairo	11.7	-2.9%	23.1%	14.2%	1.2	19.2%	9.2	-10.2%	12.3%	14.5%	1.6	13.7%	-2.2	-7.5%	-11.7%	-6.5%	-3.1	-19.7%	Cairo
Dubai	-2.8	3.9%	0.2%	2.7%	0.3	11.3%	0.6	8.2%	9.1%	7.8%	-0.4	14.5%	0.6	8.0%	8.8%	7.6%	-0.2	11.8%	Dubai
Jeddah	6.2	3.9%	12.6%	10.1%	-0.3	11.8%	6.9	9.9%	20.2%	18.1%	0.9	27.7%	5.1	9.5%	17.0%	15.4%	0.6	21.7%	Jeddah
Kuwait	10.3	-1.8%	18.4%	15.2%	0.8	24.4%	-1.3	-1.9%	-4.3%	0.0%	-0.7	0.7%	-0.7	-0.7%	-2.1%	0.6%	-0.8	1.1%	Kuwait
Riyadh	4.1	1.6%	9.1%	10.5%	-3.2	10.1%	-0.8	-4.0%	-5.2%	-0.1%	-1.6	-2.3%	-0.5	-3.3%	-4.2%	0.4%	-1.1	-1.6%	Riyadh
Sharm El Sheikh	5.2	-2.2%	5.1%	9.3%	0.9	0.3%	10.1	-3.2%	15.6%	17.4%	1.6	20.8%	1.2	-13.4%	-11.7%	-7.6%	-2.3	-24.9%	Sharm El Sheikh