

## MENA CHAIN HOTELS MARKET REVIEW OCTOBER 2011

### Occupancies surge in Abu Dhabi while Dubai hits 2007 level

Hotels in Abu Dhabi reported a surge in occupancy during the month of October 2011 while hotels in Dubai were as full as they were in 2007, according to the latest HotStats survey of full-service hotels in six regional cities by TRI Hospitality Consulting.

Abu Dhabi registered the largest increase in occupancy in the region, growing 9.7 percentage points to 82.8% in October 2011 and moving closer to its high profile neighbour Dubai which saw occupancy increase to 87.3% during the month. However, the capital city saw its room rates (ARR) continue to drop to US\$ 156.89, closing the month 18.6% below the same period last year. This has resulted in a drop in the bottom line as GOPPAR for the month dropped by 8.2% to US\$ 121.54.

“Occupancies across regional destinations typically improve from October as the region experiences the exit of hot summer months and the onset of cooler weather conditions. This is when these markets see the leisure demand pick up and large commercial centres witness an increase in corporate and MICE demand, which benefits major MICE destinations such as Dubai and Abu Dhabi”, said Peter Goddard, managing director of TRI Hospitality Consulting in Dubai. Hotels in Dubai and Abu Dhabi have also benefited from the Arab Spring this year as the country is perceived to be safe, politically stable and relatively liberal amongst its GCC peers.

In Abu Dhabi, hotels strongly benefited from some of the high profile international events held in the city in October, including the Abu Dhabi Medical Congress and the 10-day long Abu Dhabi Film Festival. Although the exact number of visitors this year is not yet available, the Abu Dhabi Film Festival is estimated to have attracted more than 30,000 visitors in 2010 including nearly a thousand film professionals and journalists, boosting demand for hotel rooms.

In Dubai, the growth trend in hotel performance has contin-

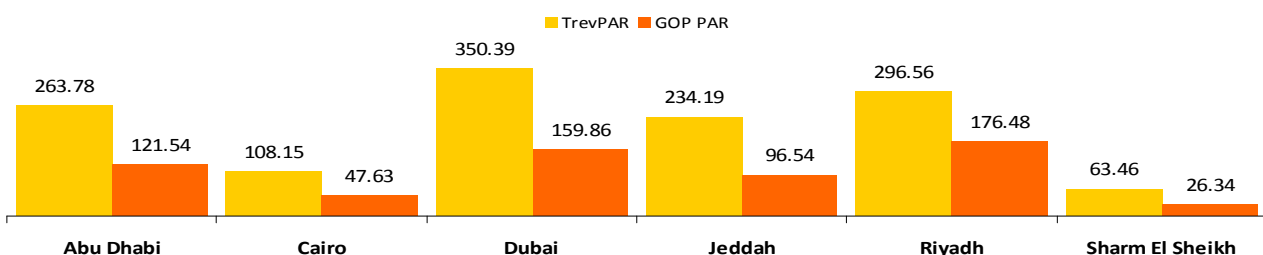
ued into October as the city registered the largest RevPAR growth (13.1%) amongst the six cities surveyed, achieving a RevPAR of US\$ 196.85 for the month. Hotels in the city saw occupancy levels soar to 87.3% assisted by the surge in demand during the week-long GITEX Technology Week and GITEX Shopper which saw visitor numbers touch 169,018 this year. TRevPAR achieved double digit growth in October to reach US\$ 350.39, boosting GOPPAR by 84% from US\$ 87.23 in the previous month (September) to US\$ 159.86 during the month.

“The significant growth in demand has helped Dubai hotels to achieve occupancy levels comparable to or perhaps slightly better than 2007 when the market was reaching its peak. DTCM statistics for October 2007 indicate an occupancy of 84.58% for the five and four star markets. However, the latest HotStats survey within these markets indicate that the hotels are currently achieving stronger demand levels although the rates achieved are significantly lower than those in the boom time”, added Goddard.

#### The month of October 2011

|                 | Occ % | ARR    | RevPAR | TrevPAR | Payroll % | GOP PAR |
|-----------------|-------|--------|--------|---------|-----------|---------|
| Abu Dhabi       | 82.8  | 156.89 | 129.89 | 263.78  | 19.6      | 121.54  |
| Cairo           | 47.4  | 118.46 | 56.09  | 108.15  | 22.2      | 47.63   |
| Dubai           | 87.3  | 225.44 | 196.85 | 350.39  | 16.7      | 159.86  |
| Jeddah          | 73.8  | 196.08 | 144.62 | 234.19  | 23.4      | 96.54   |
| Riyadh          | 69.0  | 274.97 | 189.59 | 296.56  | 15.0      | 176.48  |
| Sharm El Sheikh | 63.3  | 56.93  | 36.02  | 63.46   | 15.0      | 26.34   |

### MENA City Markets achieved TREVPAR and GOPPAR October 2011



### Egypt remains under the grip of uncertainty while Saudi markets remain stable in October

Occupancy levels for four out of the six cities surveyed by HotStats for the month of October 2011 reported a decline while average rates showed varying levels of growth. Cairo and Sharm El Sheikh continued to be the loss leaders across most of the metrics while the Saudi cities of Riyadh and Jeddah saw marginal decline in occupancy levels.

Egypt saw an escalation in tension during the month as a military action led to the death of 26 protesters, mostly Coptic Christians, culminating in the resignation of the deputy prime minister in the interim cabinet. The escalation in tension caused hotel occupancies in Cairo to remain subdued at 47.4% for the month, 34.4 percentage points lower than the previous year, although average rates (ARR) have remained relatively stable at US\$ 118.46. The significant drop in occupancy and the growth in Payroll (by 10.2 percentage points) have resulted in GOP PAR to more than halve to US\$ 47.63.

Hotels in Sharm El Sheikh reported an occupancy of 63.3% and ARR of US\$ 56.93 for the month, lower by 29.5 percentage points and 24.8% respectively compared to the same period in 2010. Hotels here achieved a TRevPAR of US\$ 63.46 which was 44.3% lower than the previous year, while GOPPAR was down by 61.3% at US\$ 26.34.

“The recurrence of violence in Egypt will certainly delay the recovery of tourism demand in these two markets. Anecdotal evidences suggest that hotels located on the outskirts of Cairo are doing better than those located closer to the city centre and Tahrir Square which is the focal point of the ongoing protests. Sharm El Sheikh on the other hand is likely to see further improvement in hotel performance metrics in the coming months if the city remains peaceful”, said Goddard.

Jeddah and Riyadh, the two major markets in Saudi Arabia,

saw occupancies dip marginally during October. In Jeddah, occupancy dropped 2.0 percentage points to 73.8% while ARR posted an increase of 8.5% and stood at US\$ 196.08.

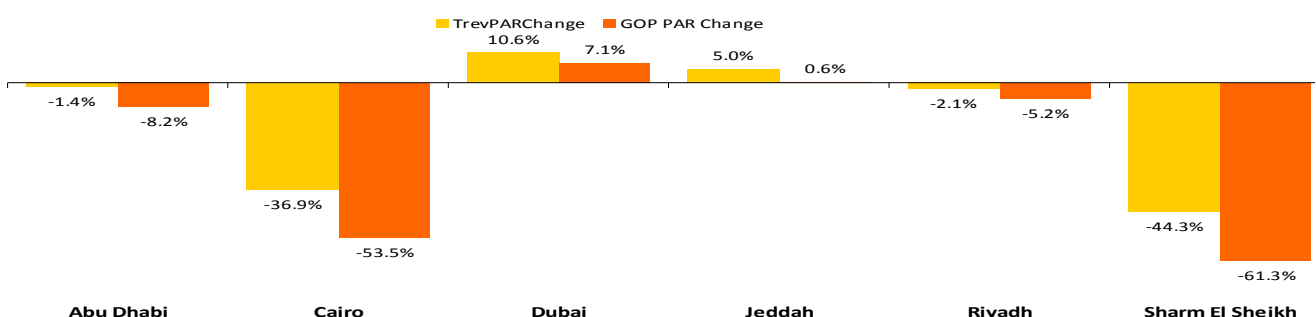
Riyadh, the capital city a major regional commercial hub, achieved an occupancy of 69% which is 2.4 percentage points below the previous year. Average room rates (ARR) in Riyadh remained relatively stable at US\$ 274.97 while revenues and profitability reported marginal decline during the period. GOPPAR for Riyadh hotels was reported at US\$ 176.48 which is 5.2% below the same period in the previous year.

“Hotels in Jeddah and Riyadh have shown strong resilience in the face of the ongoing global economic problems mainly due to the strong demand originating from the corporate and government segments. The increase in ARR in Jeddah is attributed to the Corniche properties increasing the rates on the back of constant occupancy levels, a move which was also followed by city based hotels”, commented Goddard.

#### Movement for the month of October

|                 | Occ    | ARR    | RevPAR | TrevPAR | Payroll | GOP PAR |
|-----------------|--------|--------|--------|---------|---------|---------|
|                 | Change | Change | Change | Change  | Change  | Change  |
| Abu Dhabi       | 9.7    | -18.6% | -7.9%  | -1.4%   | -1.3    | -8.2%   |
| Cairo           | -34.4  | 0.6%   | -41.7% | -36.9%  | -10.2   | -53.5%  |
| Dubai           | 5.7    | 5.7%   | 13.1%  | 10.6%   | -0.6    | 7.1%    |
| Jeddah          | -2.0   | 8.5%   | 5.7%   | 5.0%    | -0.5    | 0.6%    |
| Riyadh          | -2.4   | 0.6%   | -2.8%  | -2.1%   | -1.8    | -5.2%   |
| Sharm El Sheikh | -29.5  | -24.8% | -48.7% | -44.3%  | -6.1    | -61.3%  |

### MENA City Markets TREVPAR and GOPPAR Movement October 2011



**Editors Notes:**

The MENA Chain Hotels sample is composed of 77 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.

|                                |  |
|--------------------------------|--|
| <b>Occupancy (%)</b>           | is that proportion of the bedrooms available during the period which are occupied during the period.       |
| <b>Average Room rate (ARR)</b> | is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.      |
| <b>Room Revpar (RevPAR)</b>    | is the total bedroom revenue for the period divided by the total available rooms during the period.        |
| <b>Total Revpar (TrevPAR)</b>  | is the combined total of all revenues divided by the total available rooms during the period.              |
| <b>Payroll %</b>               | is the payroll for all hotels in the sample as a percentage of total revenue.                              |
| <b>GOP PAR</b>                 | 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 October 2011         |            |            |               |                |                |                | Calendar year to October 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                         | 82.8       | 156.89     | 129.89        | 263.78         | 19.6           | 121.54         | 68.8                                      | 153.0      | 105.2         | 219.9          | 22.9           | 87.9           | 69.4                                      | 166.7      | 115.7         | 234.4          | 21.5           | 100.1          | Abu Dhabi       |
| Cairo                             | 47.4       | 118.46     | 56.09         | 108.15         | 22.2           | 47.63          | 38.0                                      | 123.5      | 46.9          | 92.4           | 24.5           | 38.4           | 44.6                                      | 123.3      | 55.0          | 105.3          | 21.1           | 48.9           | Cairo           |
| Dubai                             | 87.3       | 225.44     | 196.85        | 350.39         | 16.7           | 159.86         | 81.1                                      | 195.6      | 158.6         | 288.2          | 19.3           | 115.2          | 82.2                                      | 199.1      | 163.6         | 298.2          | 18.4           | 124.3          | Dubai           |
| Jeddah                            | 73.8       | 196.08     | 144.62        | 234.19         | 23.4           | 96.54          | 71.8                                      | 203.0      | 145.8         | 239.8          | 23.2           | 101.5          | 71.9                                      | 202.0      | 145.3         | 239.2          | 23.0           | 102.7          | Jeddah          |
| Riyadh                            | 69.0       | 274.97     | 189.59        | 296.56         | 15.0           | 176.48         | 61.4                                      | 262.0      | 160.8         | 255.1          | 17.7           | 139.6          | 60.1                                      | 263.0      | 158.1         | 250.7          | 17.8           | 137.1          | Riyadh          |
| Sharm El Sheikh                   | 63.3       | 56.93      | 36.02         | 63.46          | 15.0           | 26.34          | 53.5                                      | 49.1       | 26.3          | 48.9           | 18.9           | 16.6           | 58.7                                      | 53.9       | 31.7          | 57.9           | 16.0           | 23.7           | Sharm El Sheikh |
| The month of October 2010         |            |            |               |                |                |                | Calendar year to October 2010             |            |               |                |                |                | Twelve months to September 2010           |            |               |                |                |                |                 |
|                                   | Occ%       | ARR        | RevPAR        | TrevPAR        | Payroll %      | GOP PAR        | Occ%                                      | ARR        | RevPAR        | TrevPAR        | Payroll %      | GOP PAR        | Occ%                                      | ARR        | RevPAR        | TrevPAR        | Payroll %      | GOP PAR        |                 |
| Abu Dhabi                         | 73.1       | 192.8      | 141.0         | 267.5          | 18.4           | 132.5          | 60.3                                      | 187.7      | 113.1         | 226.8          | 22.8           | 95.2           | 61.3                                      | 201.0      | 123.2         | 243.4          | 22.1           | 106.3          | Abu Dhabi       |
| Cairo                             | 81.7       | 117.8      | 96.2          | 171.3          | 12.0           | 102.4          | 70.4                                      | 115.9      | 81.6          | 152.8          | 13.1           | 88.2           | 70.4                                      | 116.0      | 81.6          | 152.4          | 12.7           | 88.6           | Cairo           |
| Dubai                             | 81.6       | 213.2      | 174.1         | 316.8          | 16.2           | 149.3          | 78.4                                      | 185.6      | 145.5         | 271.3          | 19.4           | 110.4          | 79.6                                      | 193.8      | 154.2         | 285.3          | 18.6           | 120.7          | Dubai           |
| Jeddah                            | 75.7       | 180.8      | 136.9         | 223.0          | 22.9           | 95.9           | 72.6                                      | 197.0      | 143.0         | 232.2          | 23.3           | 100.2          | 72.4                                      | 194.4      | 140.8         | 230.6          | 23.5           | 98.5           | Jeddah          |
| Riyadh                            | 71.3       | 273.4      | 195.0         | 302.9          | 13.2           | 186.1          | 56.1                                      | 258.8      | 145.3         | 241.3          | 16.9           | 134.5          | 55.4                                      | 257.7      | 142.7         | 238.7          | 16.6           | 133.7          | Riyadh          |
| Sharm El Sheikh                   | 92.8       | 75.7       | 70.2          | 113.9          | 9.0            | 68.1           | 86.2                                      | 61.0       | 52.6          | 90.6           | 10.7           | 48.8           | 85.9                                      | 60.9       | 52.3          | 90.7           | 10.5           | 49.0           | Sharm El Sheikh |
| Movement for the month of October |            |            |               |                |                |                | Movement for the calendar year to October |            |               |                |                |                | Movement for the twelve months to October |            |               |                |                |                |                 |
|                                   | 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                         | 9.7        | -18.6%     | -7.9%         | -1.4%          | -1.3           | -8.2%          | 8.5                                       | -18.5%     | -7.0%         | -3.0%          | -0.2           | -7.7%          | 8.1                                       | -17.0%     | -6.1%         | -3.7%          | 0.6            | -5.9%          | Abu Dhabi       |
| Cairo                             | -34.4      | 0.6%       | -41.7%        | -36.9%         | -10.2          | -53.5%         | -32.3                                     | 6.5%       | -42.4%        | -39.5%         | -11.4          | -56.5%         | -25.7                                     | 6.2%       | -32.6%        | -30.9%         | -8.5           | -44.8%         | Cairo           |
| Dubai                             | 5.7        | 5.7%       | 13.1%         | 10.6%          | -0.6           | 7.1%           | 2.7                                       | 5.4%       | 9.1%          | 6.2%           | 0.1            | 4.3%           | 2.6                                       | 2.7%       | 6.1%          | 4.5%           | 0.1            | 2.9%           | Dubai           |
| Jeddah                            | -2.0       | 8.5%       | 5.7%          | 5.0%           | -0.5           | 0.6%           | -0.7                                      | 3.0%       | 2.0%          | 3.3%           | 0.1            | 1.3%           | -0.5                                      | 3.9%       | 3.2%          | 3.7%           | 0.5            | 4.3%           | Jeddah          |
| Riyadh                            | -2.4       | 0.6%       | -2.8%         | -2.1%          | -1.8           | -5.2%          | 5.2                                       | 1.2%       | 10.7%         | 5.7%           | -0.7           | 3.7%           | 4.8                                       | 2.0%       | 10.8%         | 5.0%           | -1.2           | 2.5%           | Riyadh          |
| Sharm El Sheikh                   | -29.5      | -24.8%     | -48.7%        | -44.3%         | -6.1           | -61.3%         | -32.7                                     | -19.5%     | -50.1%        | -46.0%         | -8.3           | -66.0%         | -27.2                                     | -11.5%     | -39.5%        | -36.2%         | -5.5           | -51.6%         | Sharm El Sheikh |