W HOSPITALITY GROUP

INTRODUCTION TO THIS DOCUMENT

These are the slides presented by STR at their webinar on 25th March 2020 on the performance of hotels in the MEA region.

OUR TAKE-AWAYS:

<u>This is what we learned from this document:</u>

- **COVID-19 presents an unprecedented challenge globally for the hotel industry.**
- **As of 25th March 2020 China has reopened 87% of the hotels that had closed since closures began in January 2020**
- **ME cities are severely impacted by COVID-19 with most operating at below 30 per cent occupancy. Mecca and Madinah are the worst affected**
- **In Africa, North African and other international gateway cities are hardest hit. Most are operating below 40 per cent occupancy**
- **Forecasted scenarios have worsened as most economists are now expecting a global recession.**

COVID-19 hotel performance update

Robin Rossmann – Managing Director International
Philip Wooller – Area Director MEA
Sarah Duignan – Director, Client Relationships
Kostas Nikolaidis - Middle East, Africa & Greece Executive

Agenda

1. Global impact of COVID-19

2. Impact on the Middle East & Africa

3. Recovery scenarios & conclusions

Some very important points to start with

#1 Coronavirus represents an unprecedented challenge for us all

We are in unchartered territory


SMOKING
STAND CLEAR
CAUTION
HOTEL IS
CLOSED

#2 Much is still uncertain… but it is certainly worse than we hoped

The virus is now a pandemic… much will depend on how long it remains one

#3 We at STR can never give guidance on price

We must not facilitate anti-competitive behaviour, we can comment on the facts

Anti-Trust Statement & Reminder:

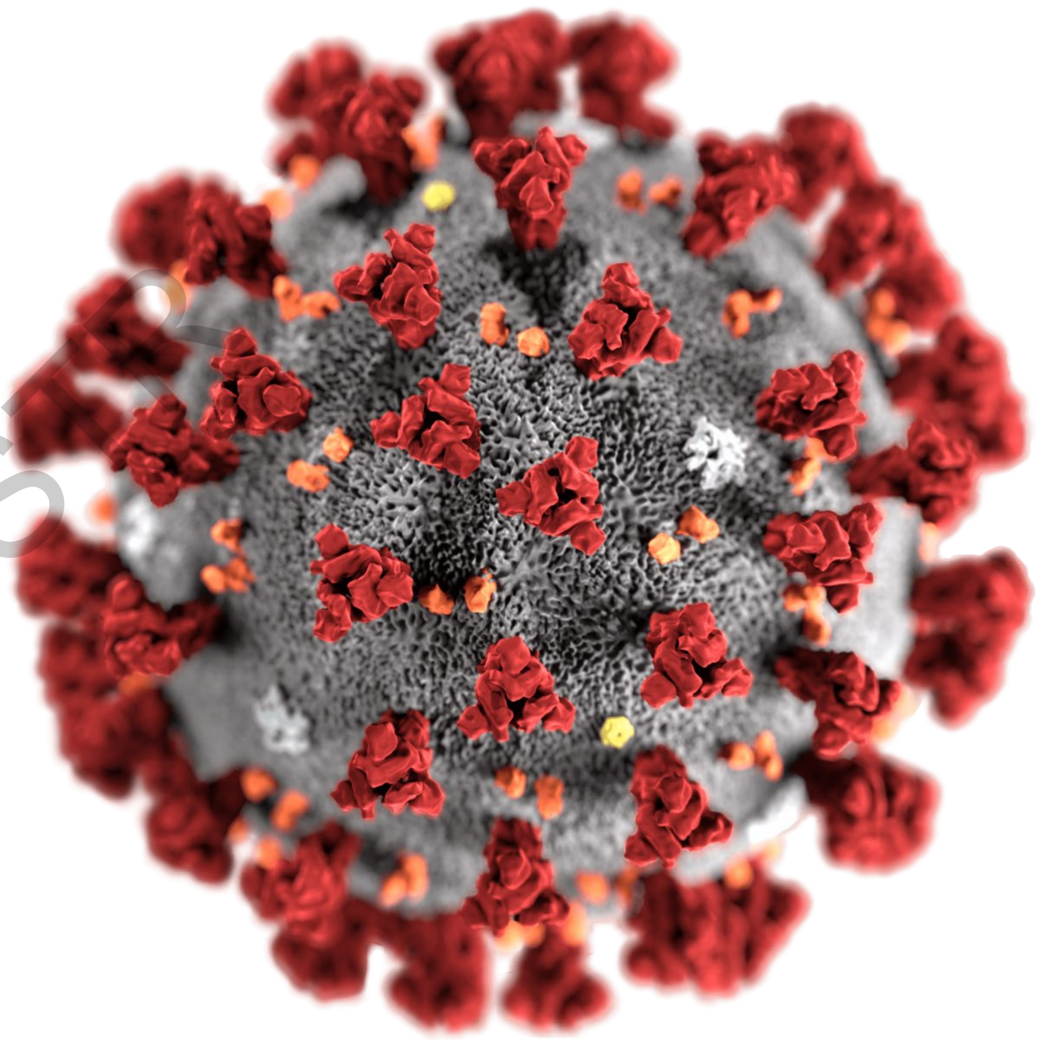
Please do not discuss prices, rates, surcharges, marketing strategies, or your operational intentions and plans. Such discussions among competitors could be viewed as collusive activity in violation of anti-trust laws.

Yes

The slides & recording will be made available

For questions, please use the Q/A box

Global impact of COVID-19



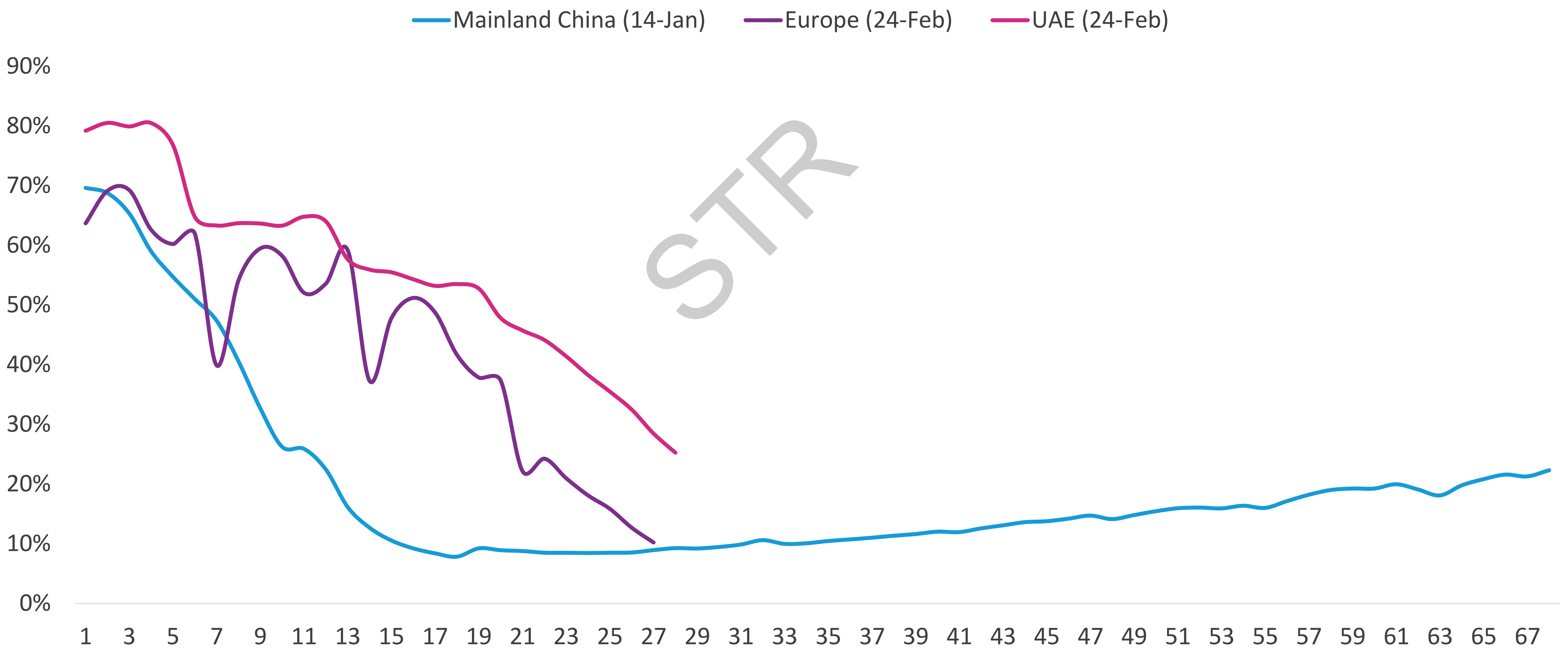
Occupancy declines significantly around the world

Occupancy % change vs prior year, Week ending 21st March 2020

Below -90%		Negative 80-90%		Negative 70-80%		Negative 60-70%		Negative 50-60%		Negative 30-50%	
Czech Rep.	-96%	Belgium	-89%	Finland	-79%	Ghana	-69%	Laos	-58%	Australia	-47%
Italy	-96%	Georgia	-86%	Portugal	-78%	Jordan	-68%	Maldives	-56%	Nigeria	-45%
Greece	-94%	Ukraine	-86%	Vietnam	-77%	Tanzania	-68%	UAE	-54%	New Zealand	-44%
Austria	-93%	Lithuania	-85%	South Korea	-77%	Japan	-68%	Russia	-52%	Seychelles	-32%
Lebanon	-92%	Spain	-85%	Ireland	-77%	Sri Lanka	-67%	Singapore	-51%	Qatar	-30%
Poland	-91%	Kuwait	-85%	Bahrain	-75%	India	-67%	South Africa	-50%		
Romania	-91%	France	-84%	Turkey	-75%	Thailand	-66%				
Israel	-91%	Tunisia	-84%	Oman	-75%	UK	-63%				
Bulgaria	-91%	Netherlands	-84%	Belarus	-74%	Ethiopia	-62%				
Hungary	-90%	Switzerland	-83%	Saudi Arabia	-74%	Cambodia	-62%				
Serbia	-90%	Denmark	-83%	Egypt	-74%	Indonesia	-61%				
		Germany	-83%	Malaysia	-74%	Myanmar	-61%				
		Morocco	-80%	Kenya	-72%	Philippines	-60%				
		Sweden	-80%	Main. China	-72%						

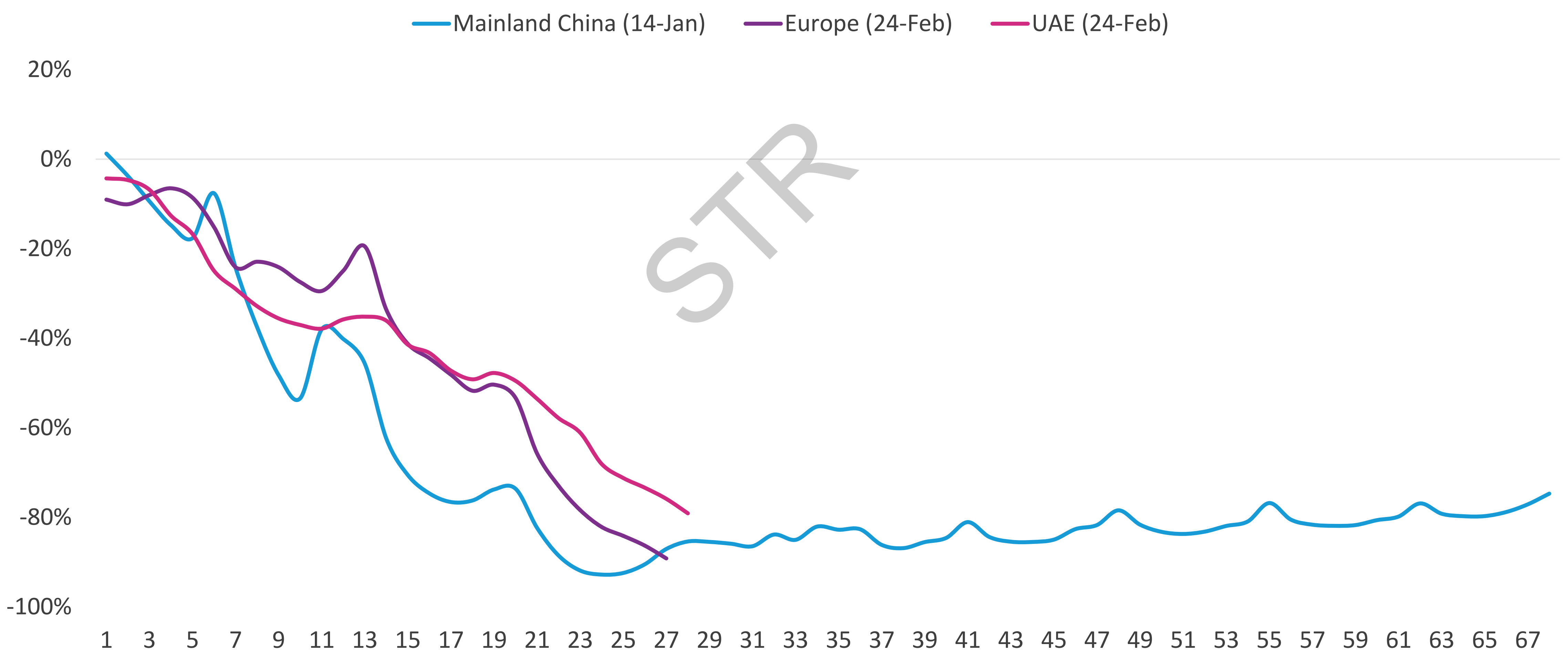
Europe and UAE one month behind China hotel performance

Hotel occupancy by day from start of COVID-19 impact in respective region



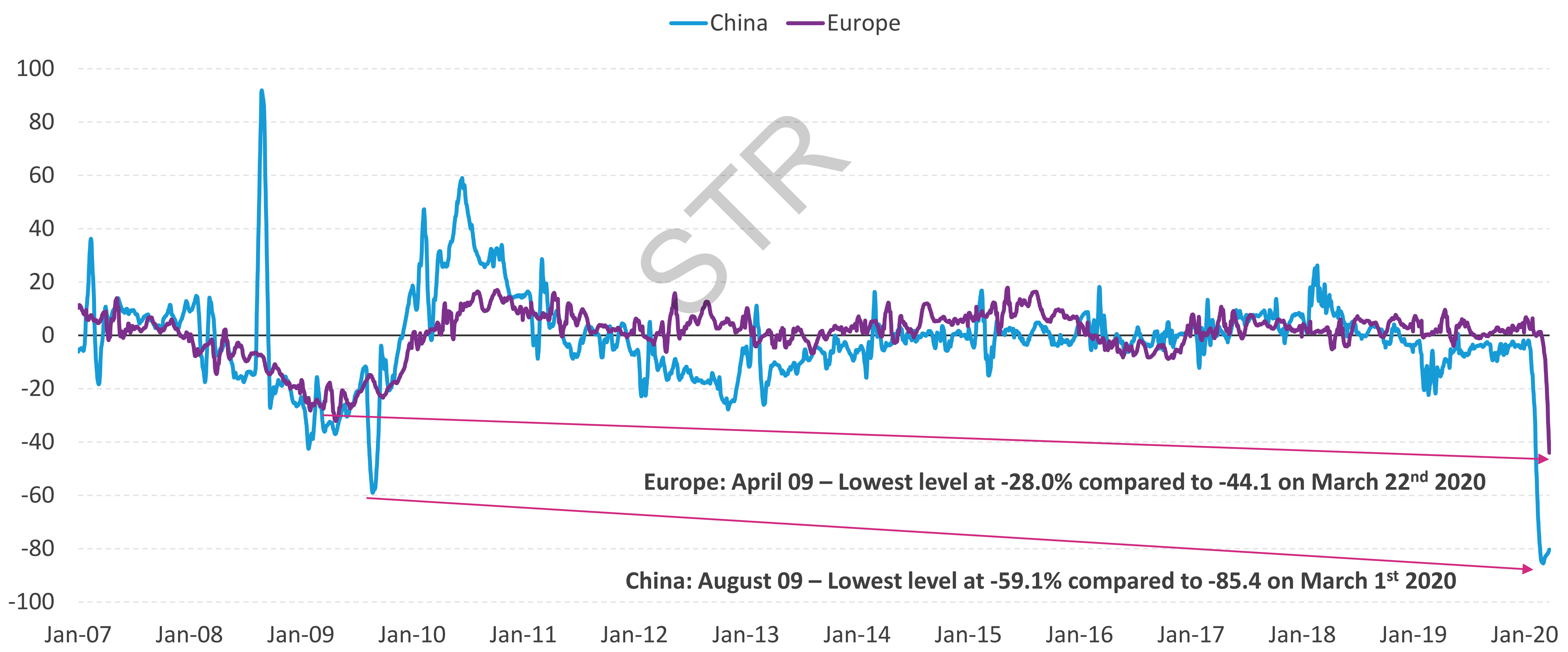
Europe and UAE following trailing China hotel trends by 1 month

Europe, UAE & Mainland China, Rooms Revenue drop, days post start of occupancy decline



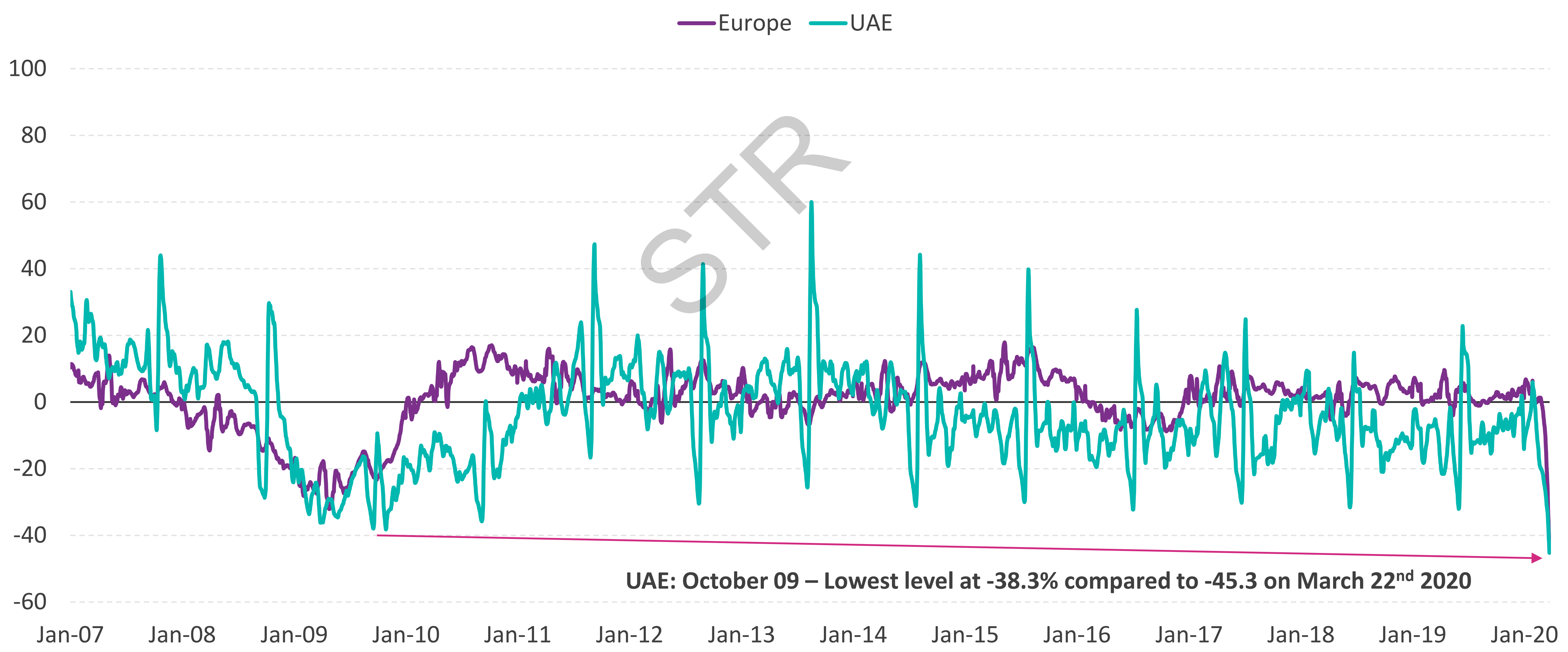
China and Europe already with steeper declines than 2008/9

China & Europe, RevPAR % change vs prior year, Rolling 28 days, Jan 1st 2007 – March 22nd 2020



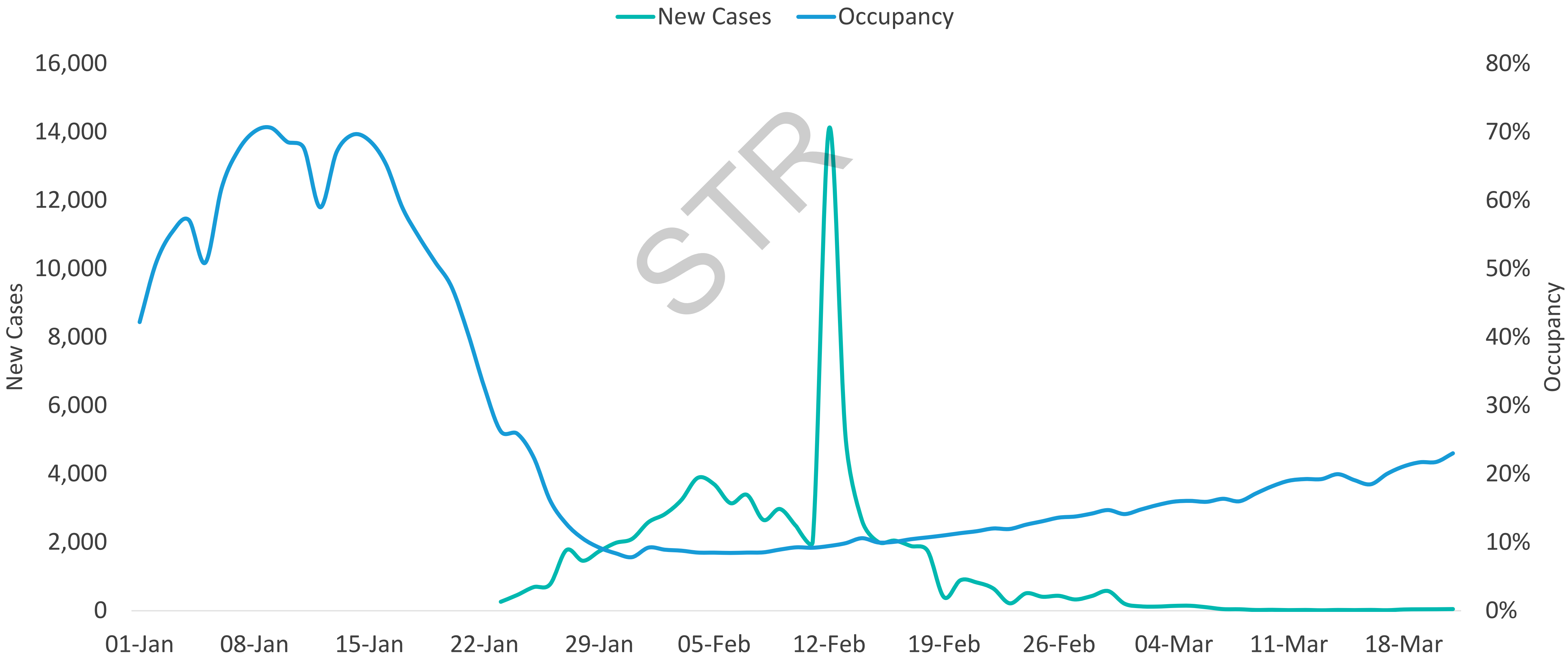
UAE also already showing steeper declines than 2008/9

China & Europe, RevPAR % change vs prior year, Rolling 28 days, Jan 1st 2007 – March 22nd 2020



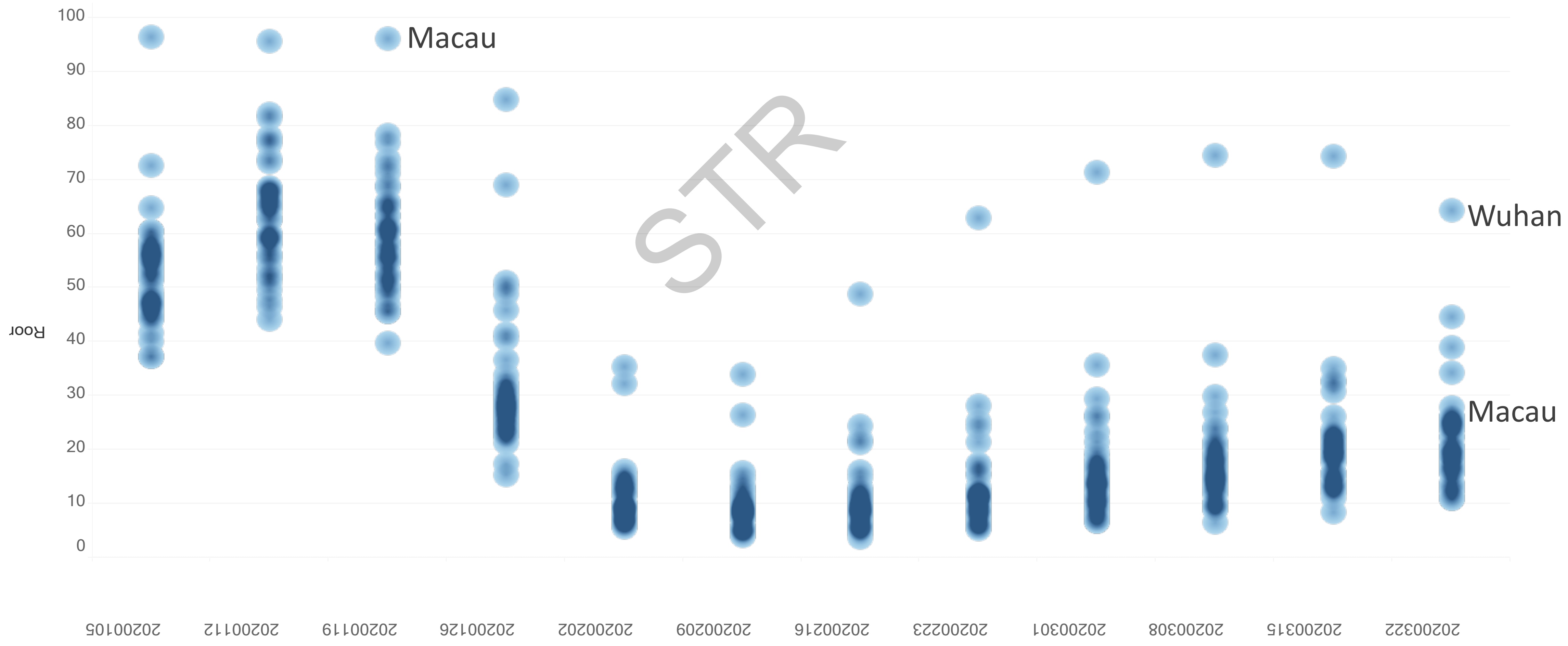
Are there green shoots of recovery in China?

China new COVID-19 cases vs Mainland China Daily Occupancy



China showing some recovery – though varying by market

Weekly Occupancy January - 22 March 2020



Source: STR. 2020 © CoStar Realty Information, Inc.

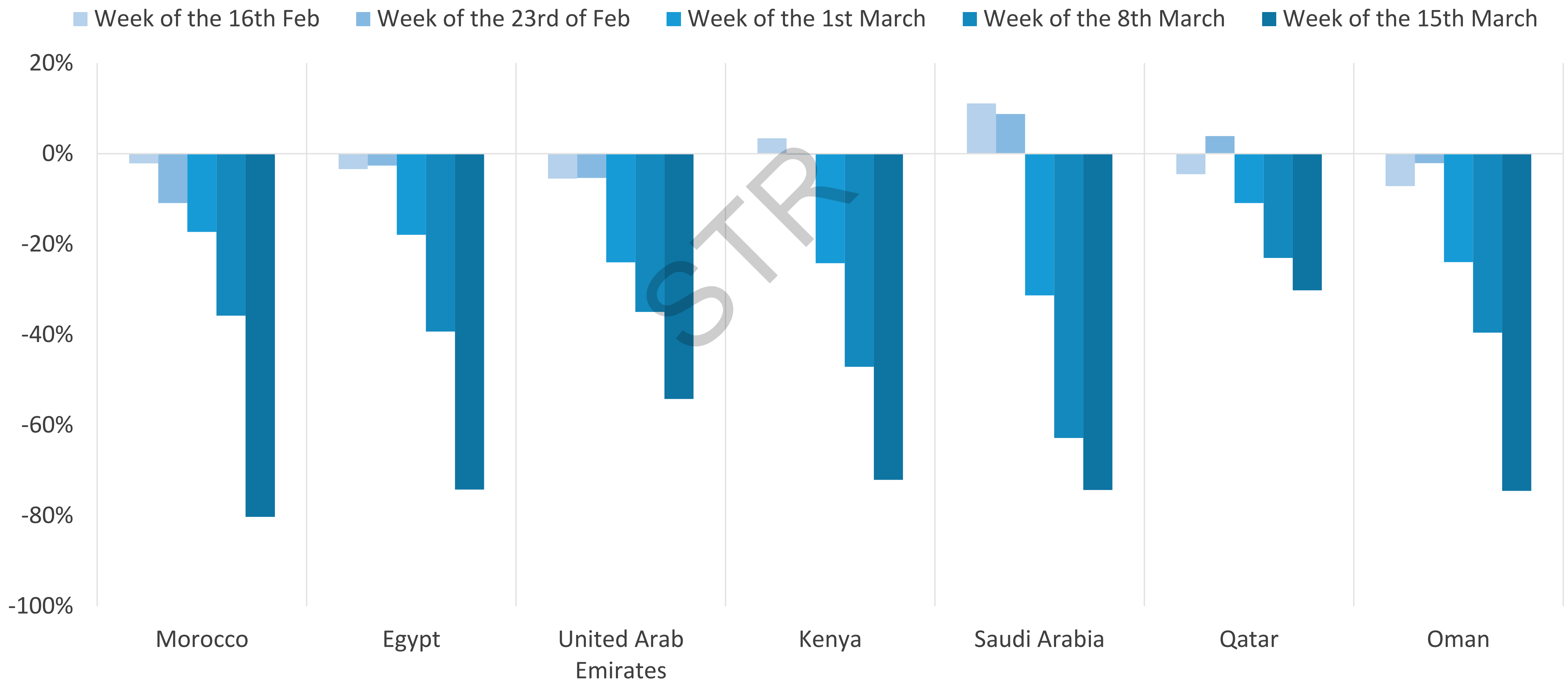
China back to 87% of hotels open

Percentage of hotels open on Mar 25th 2020 vs Jan 2020 (based on STR participation)


Middle East

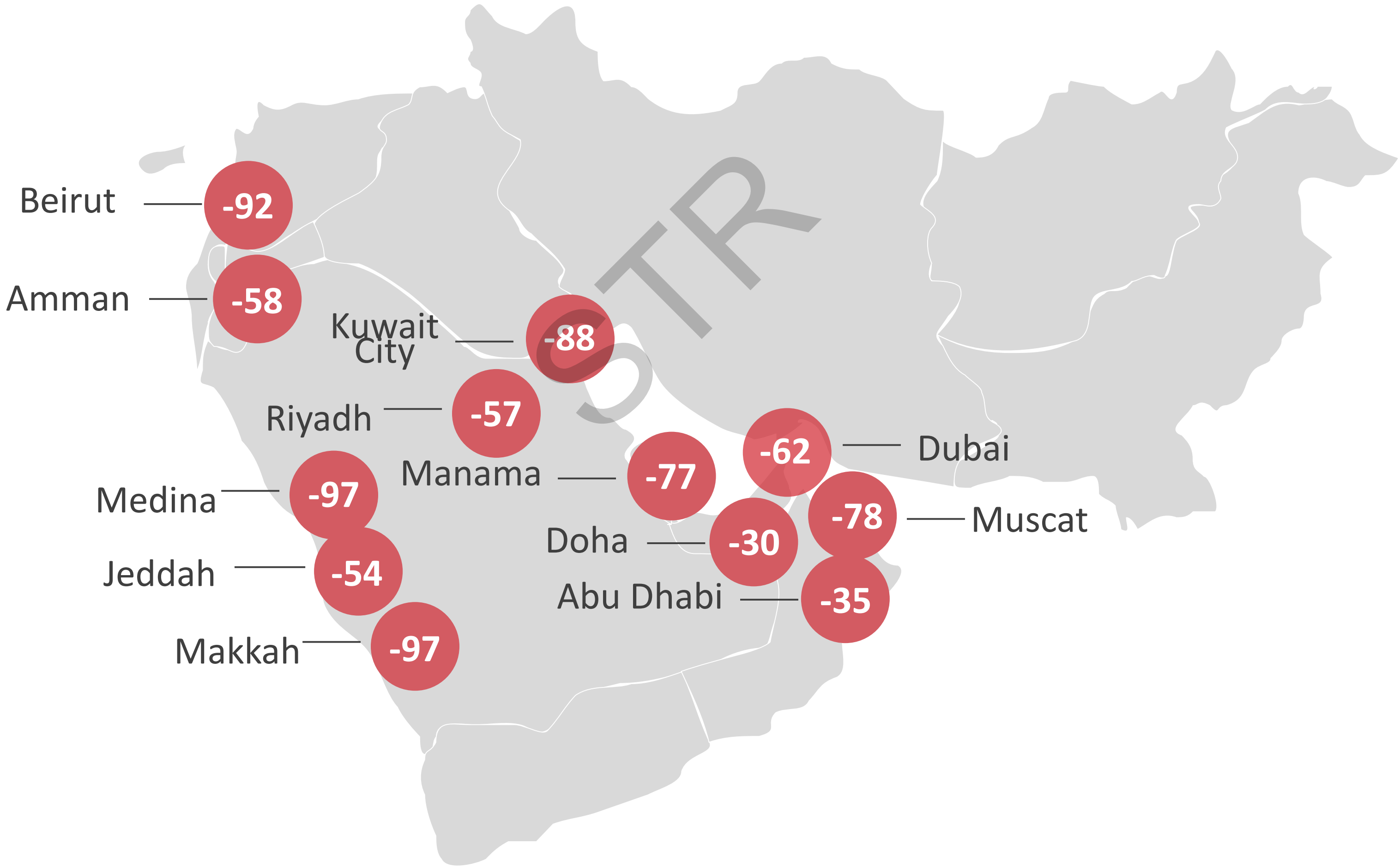
MEA countries severely impacted by COVID-19

Occupancy % change, Weeks ending 23rd Feb and ending 8th – 21st March 2020



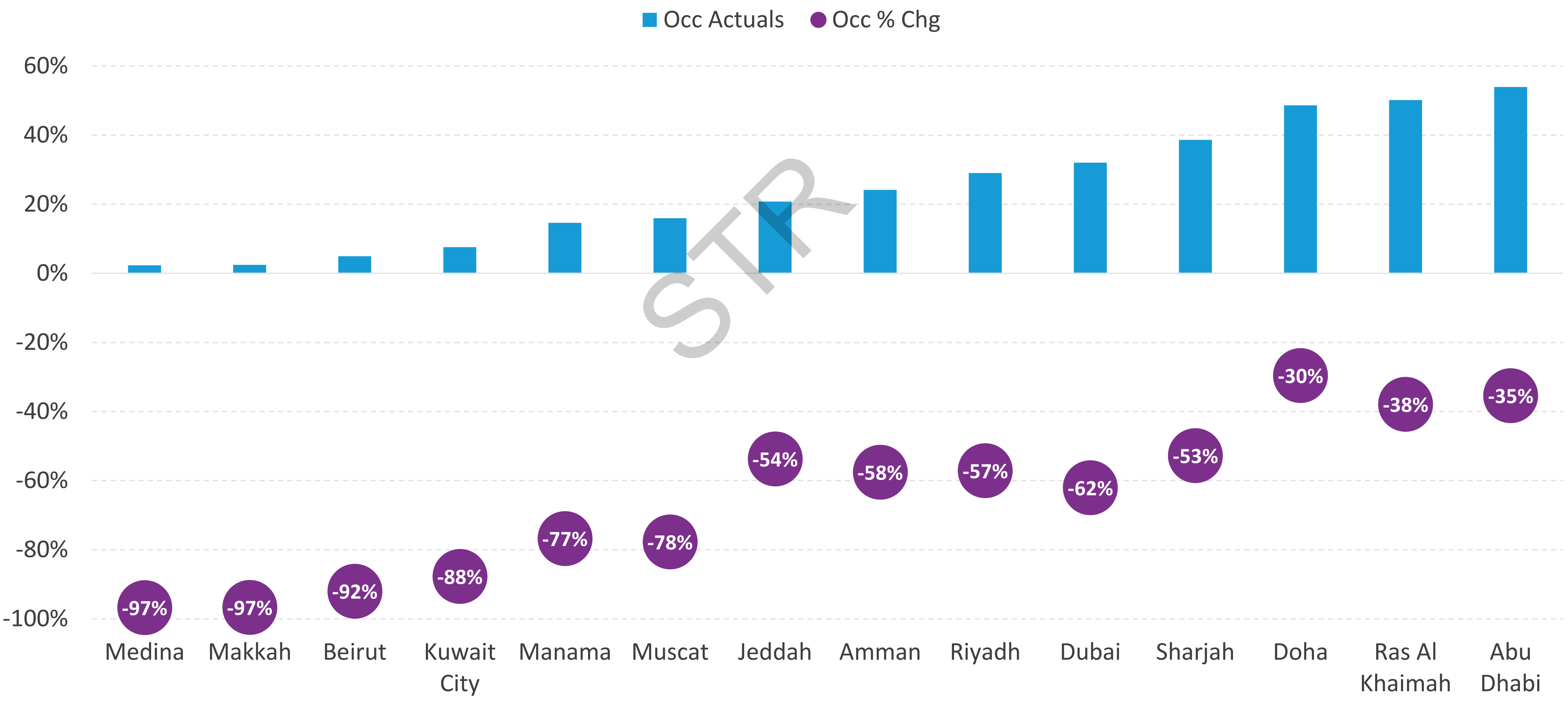
Occupancy declines are accelerating across the region

Week ending 21st March 2020, Occupancy % change vs prior year



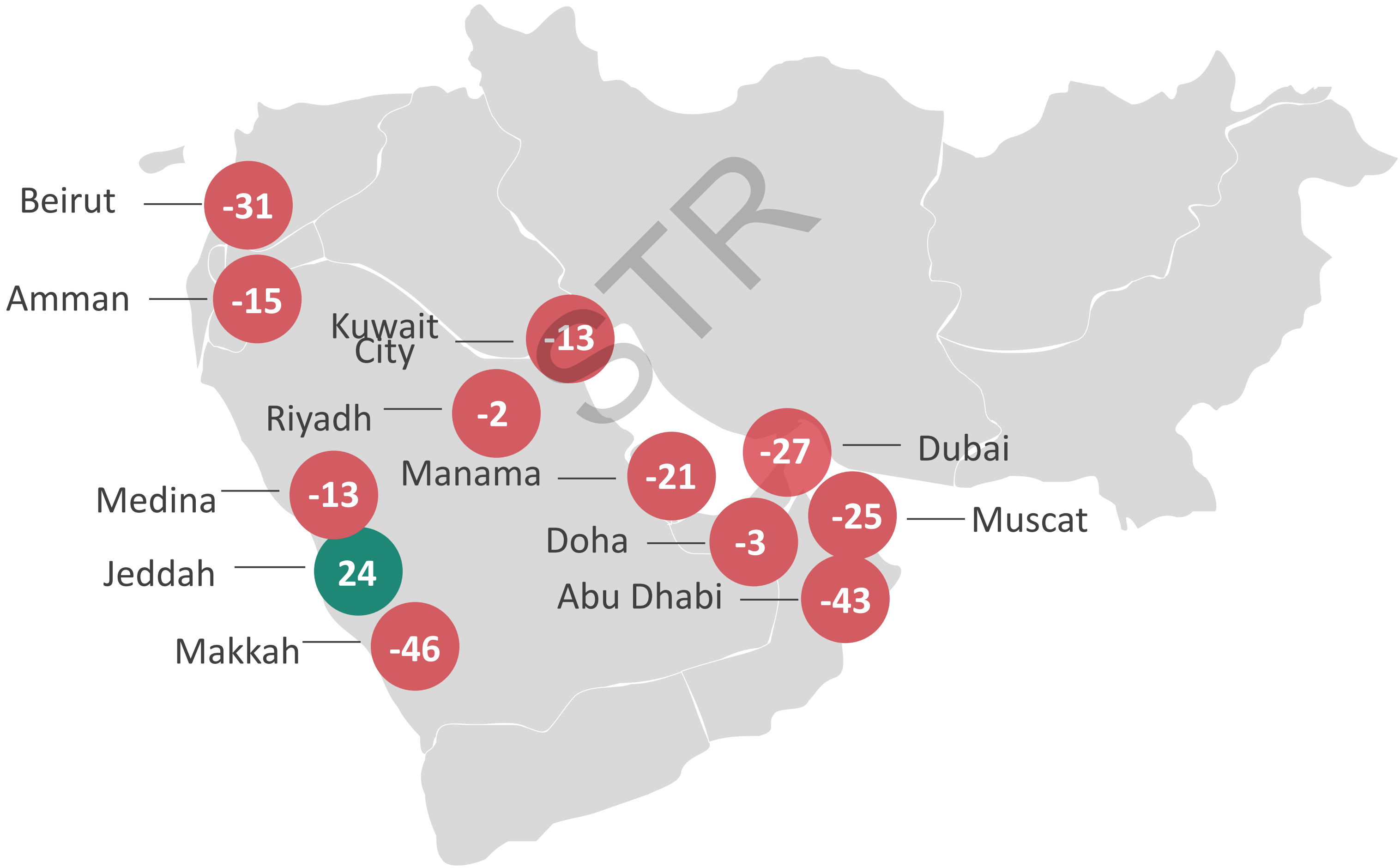
The majority of the region has dropped below 30% occupancy

Week ending 21st March, Occupancy and % change vs prior year



Jeddah – might it be the only city in the world driving ADR?

Week ending 21st March 2020, ADR % change vs prior year

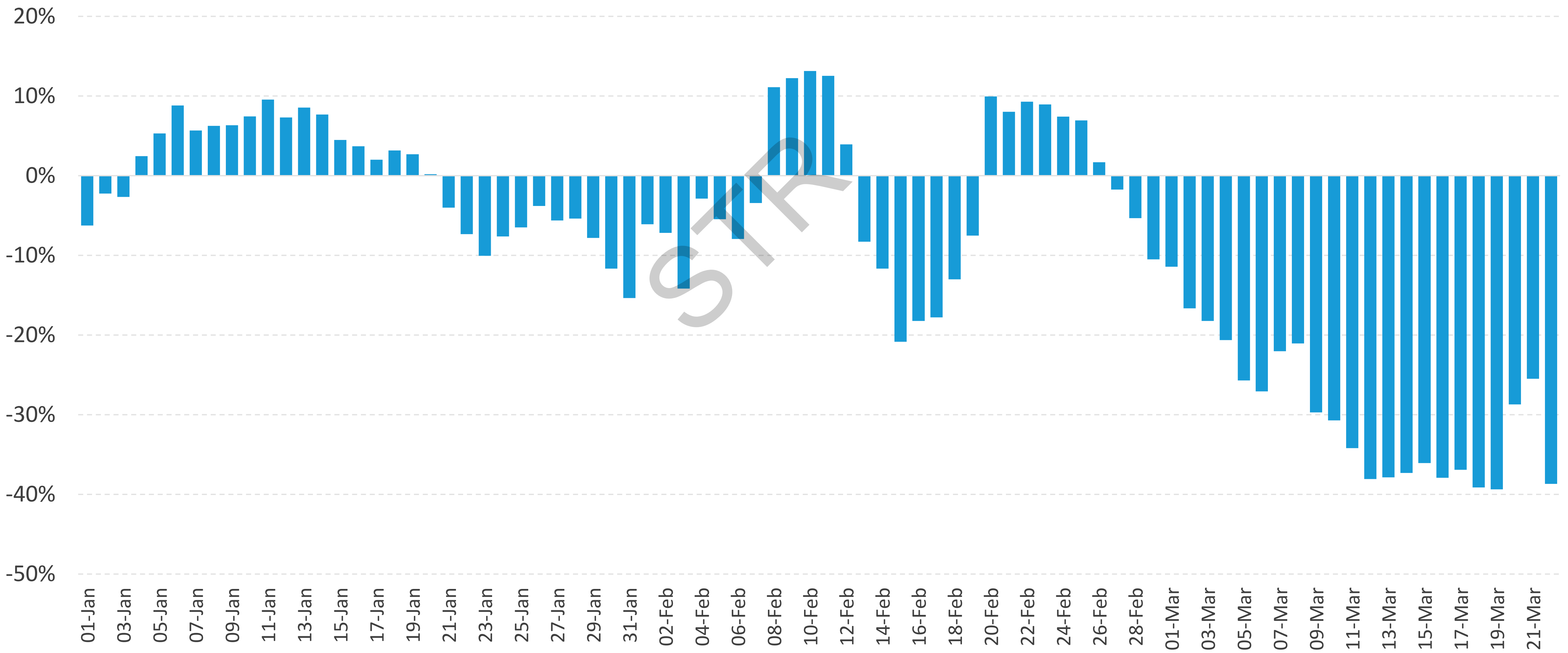


Abu Dhabi – trending ahead of Dubai for the first time in a decade

	Occupancy	ADR	RevPAR
17th – 23rd March 2019	83%	552	461
	+1.7%	+32.8%	+35.0%
15th – 21st March 2020	54%	312	168
	-35.4%	-43.4%	-63.4%

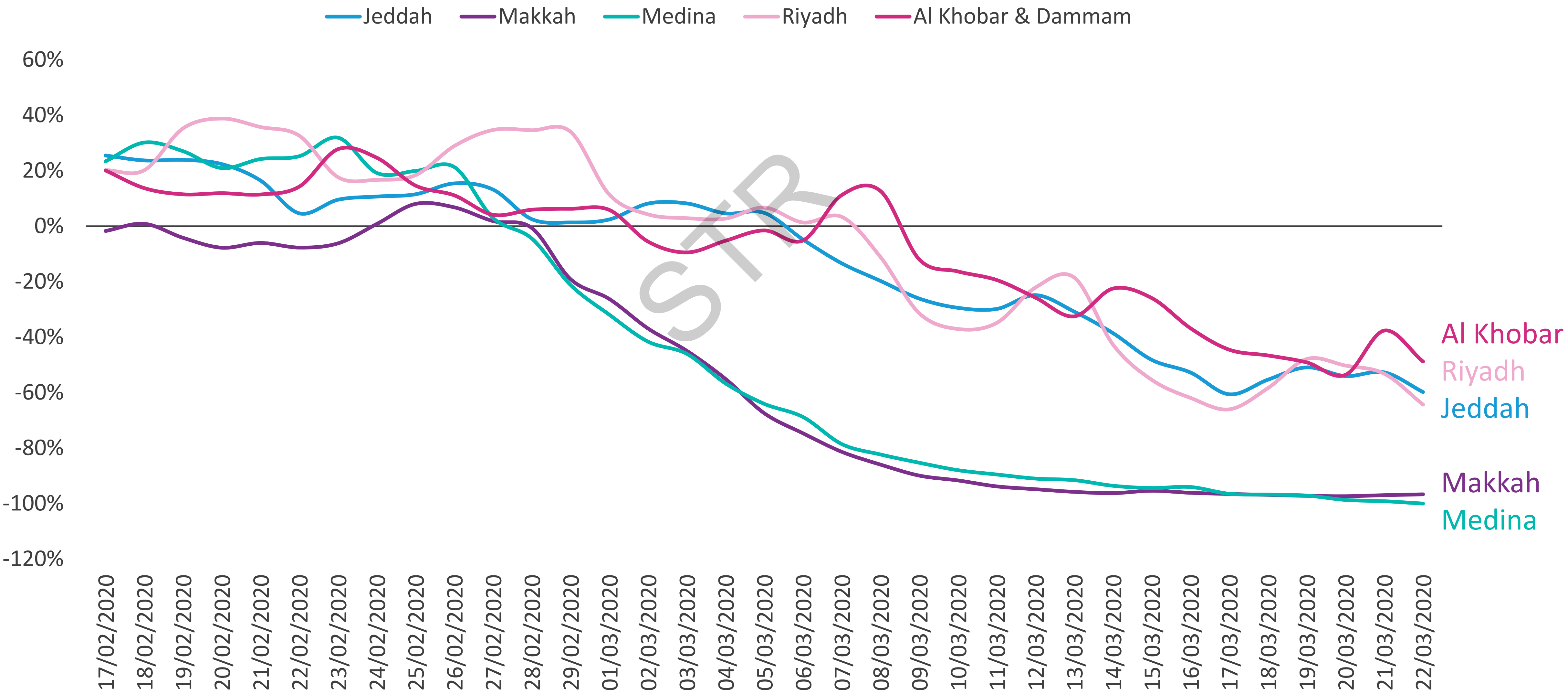
Abu Dhabi began downward curve later than Dubai

Occupancy growth by day in 1st January to 22nd March 2020



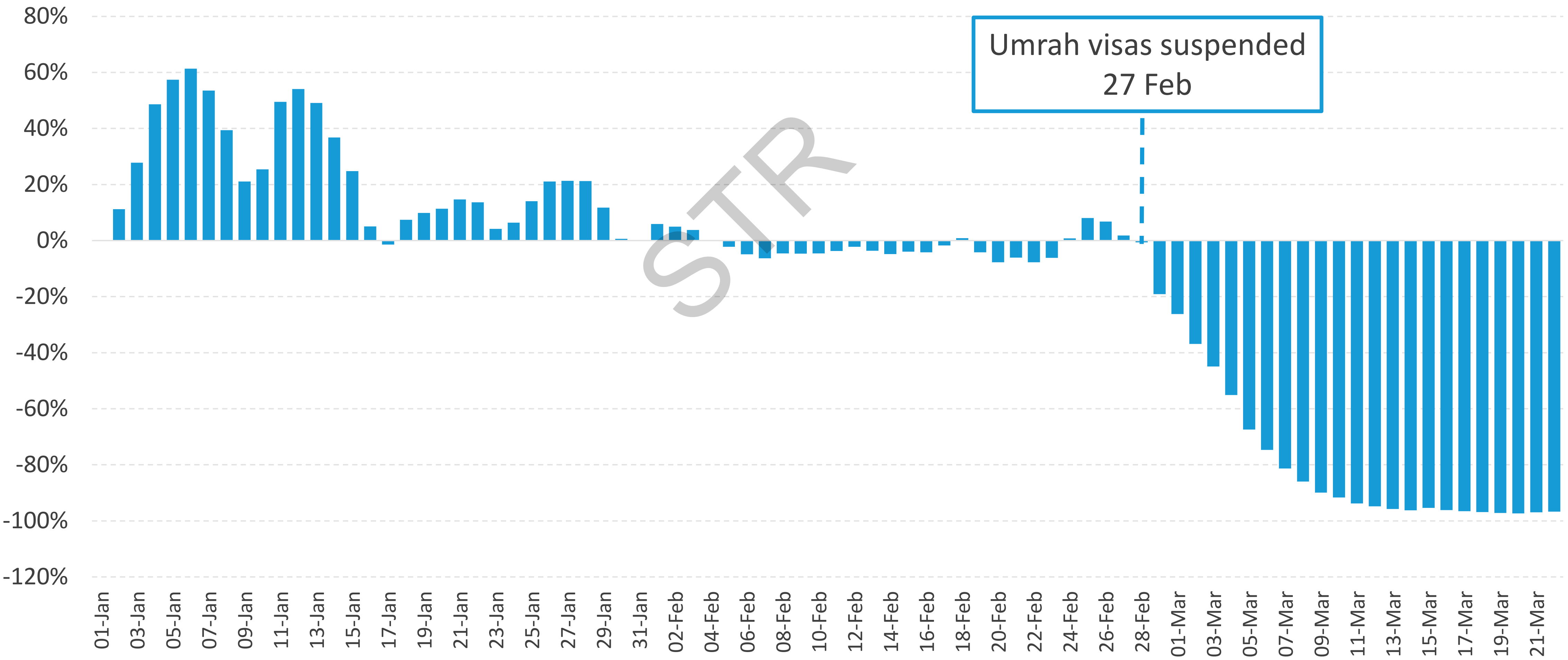
Saudi Cities – holy cities hit an all time occupancy low

Occupancy % change, February 17th to March 22nd 2020



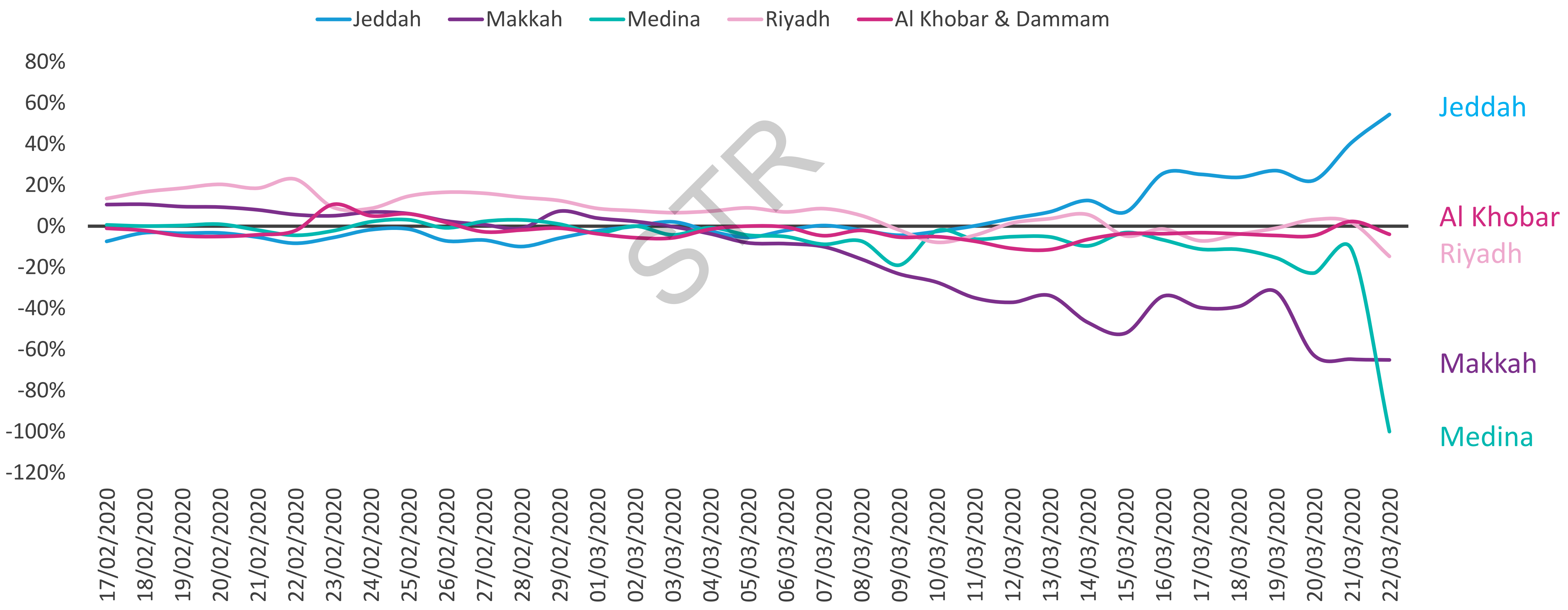
Makkah steep decline as of the 27th February

Occupancy growth by day in 1st January to 22nd March 2020



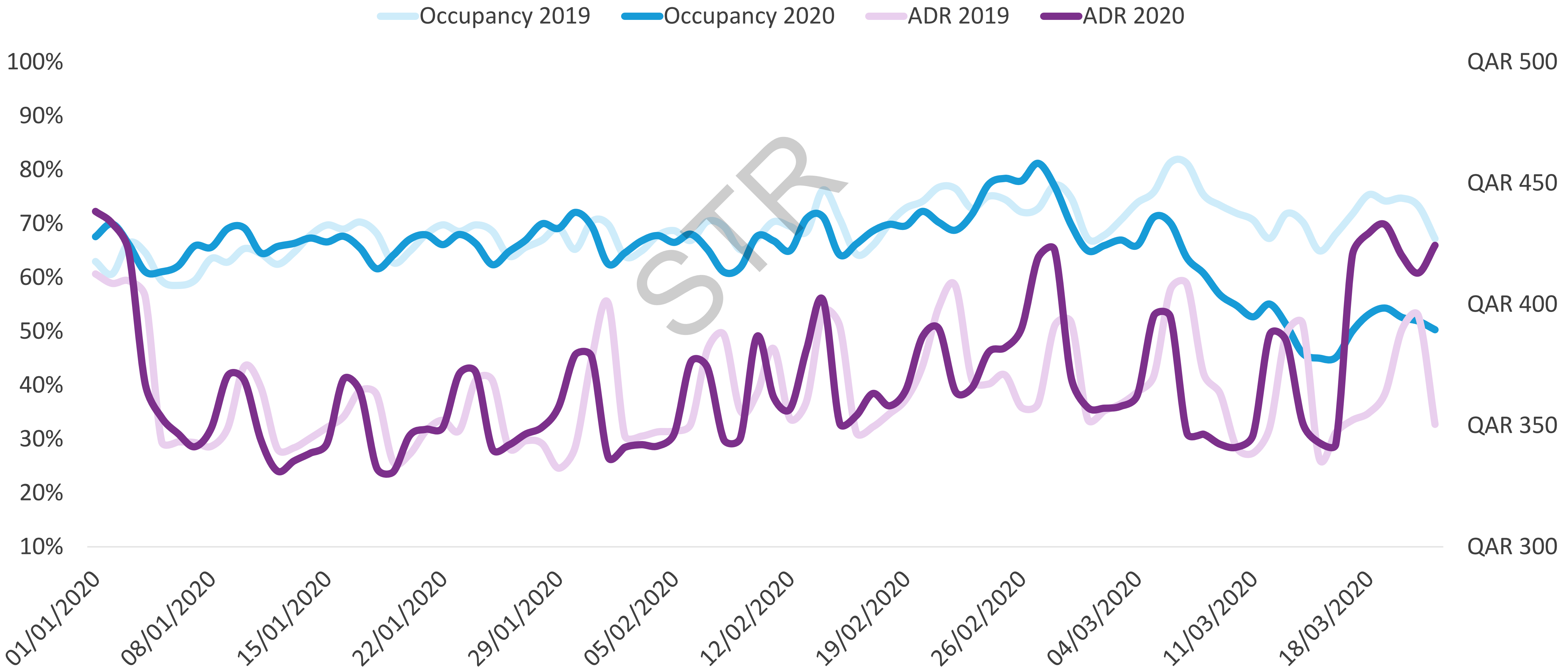
Jeddah grows Average Daily Rate!!!

ADR % change, Local Currency, 17th February to March 22nd 2020



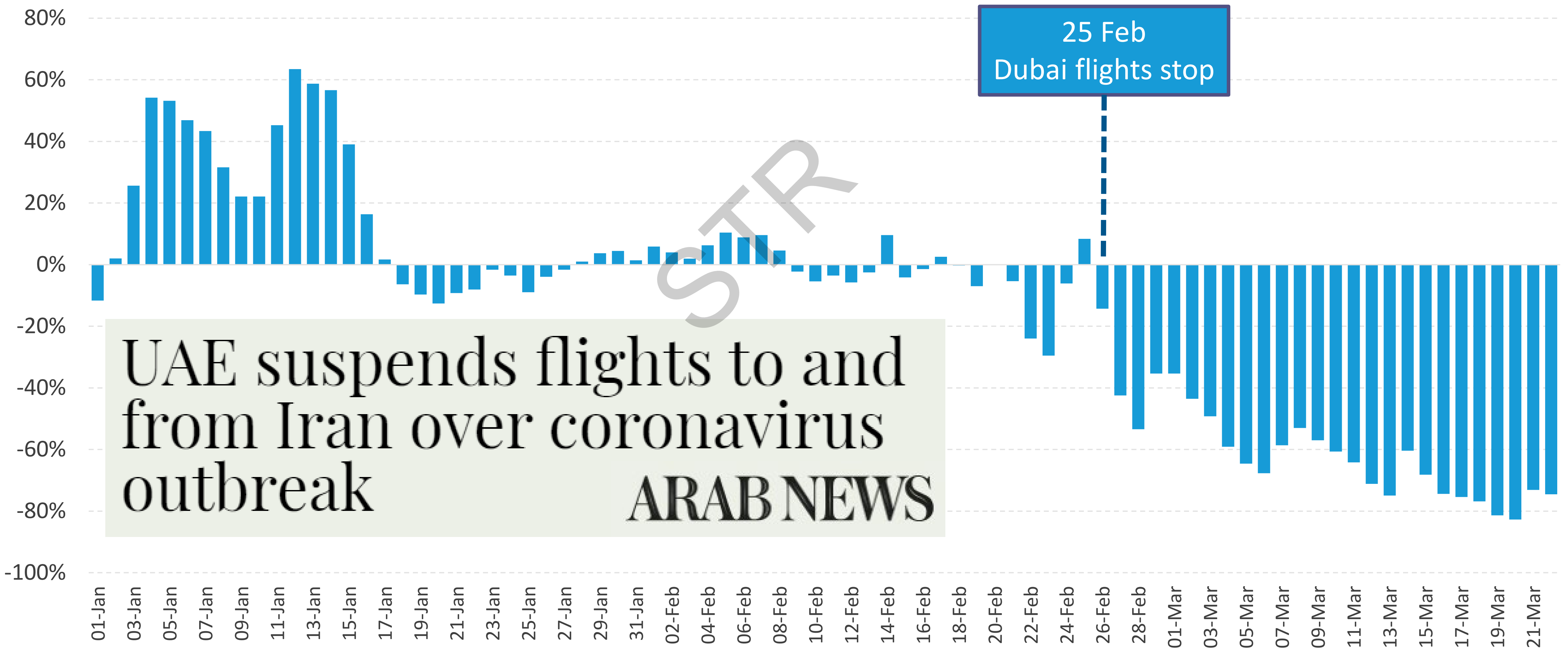
Doha declines only starting

Occupancy & ADR vs prior year, Daily Data from 1st January – 22nd March 2020



Manama heavily & immediately affected by flight restrictions

Occupancy growth by day in 1st January – 22nd March 2020



Muscat – holding rate up until this week

	Occupancy	ADR	RevPAR
17th – 23rd March 2019	72%	64	46
15th – 21st March 2020	16% -77.7%	48 -25.4%	8 -83.4%

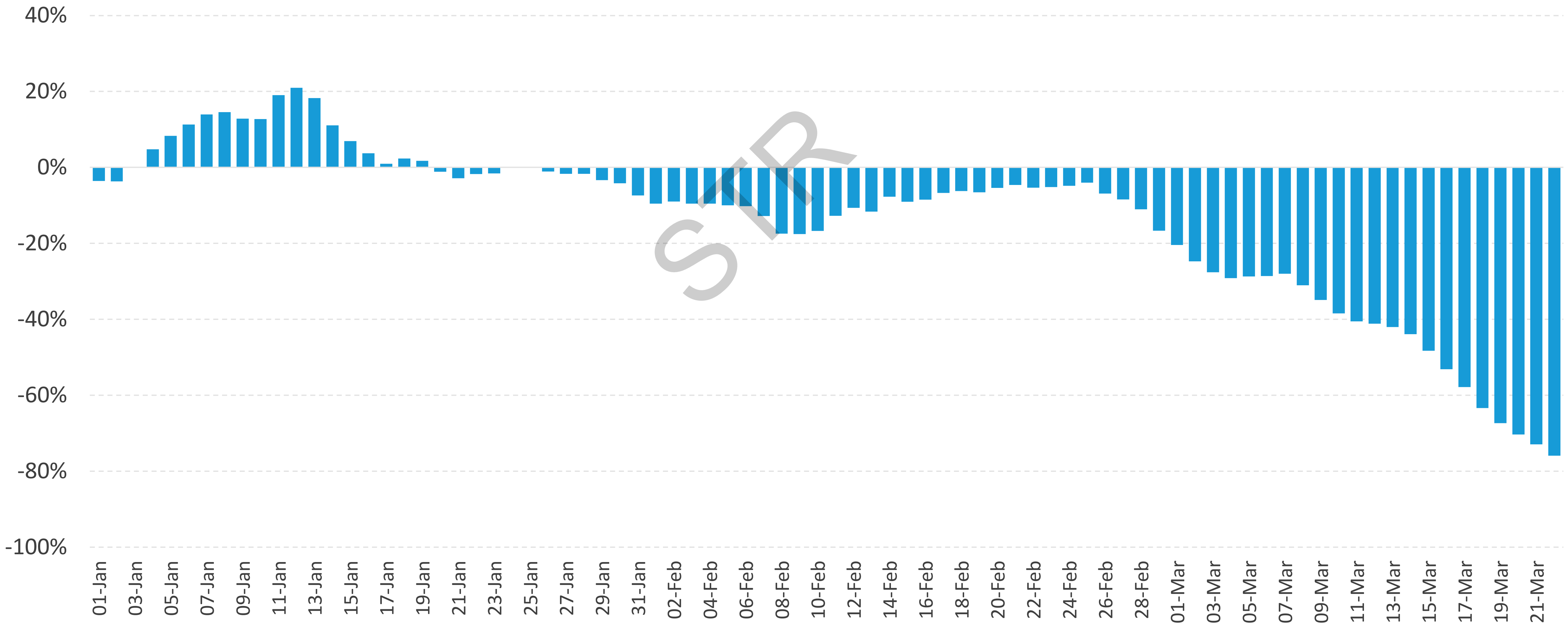
Kuwait City – maintaining ADR despite dropping occupancies

	Occupancy	ADR	RevPAR
17th – 23rd March 2019	62%	65	40
15th – 21st March 2020	8%	56	4
	-87.7%	-13.1%	-89.3%


Dubai

Dubai occupancy declines accelerate from +20% to -75% in 2 months

Occupancy % change by day 1st January – 22nd March 2020

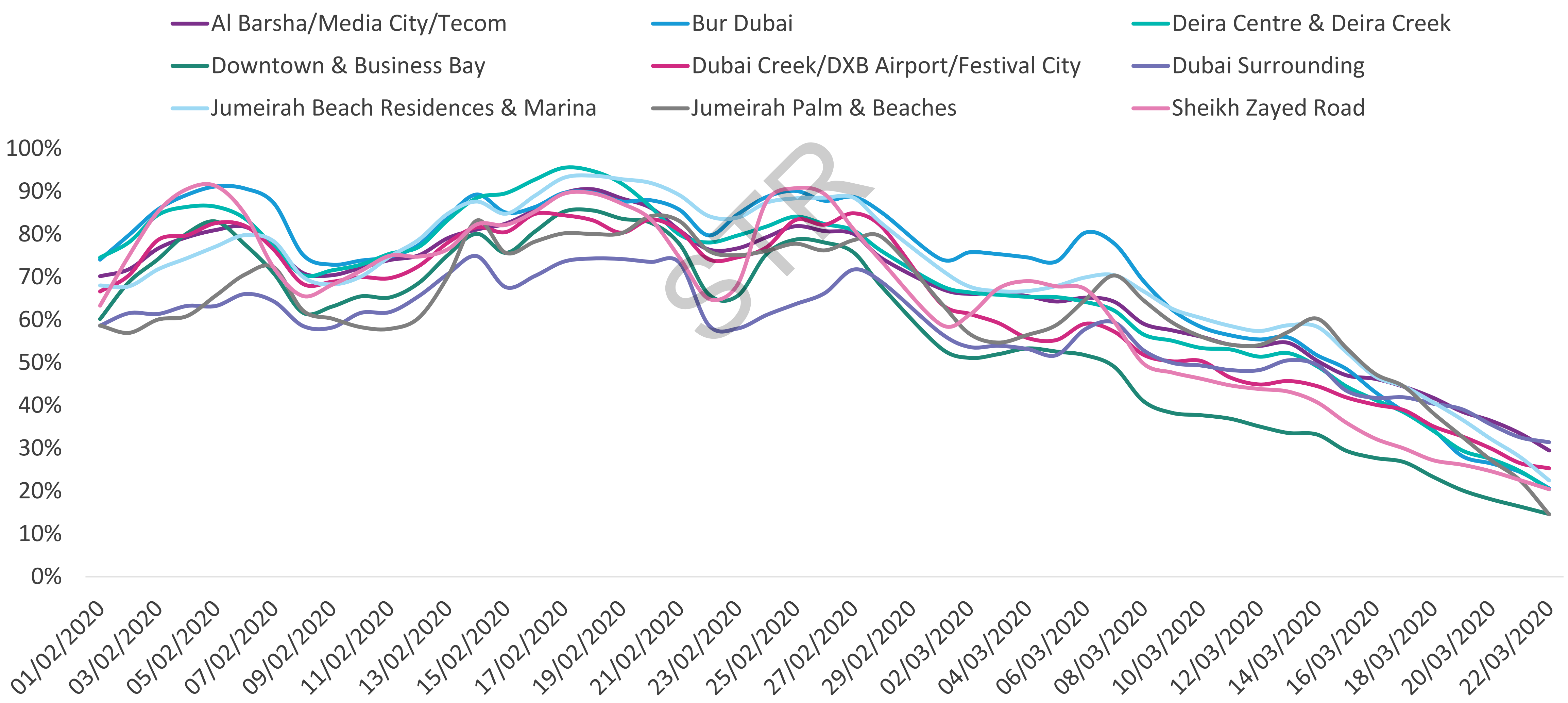


Dubai – a very different landscape this year versus last year

	Occupancy	ADR	RevPAR
17th – 23rd March <u>2019</u>	84% -1.5%	621 -13.2%	524 -14.5%
15th – 21st March <u>2020</u>	31% -62.0%	455 -26.7%	146 -72.2%

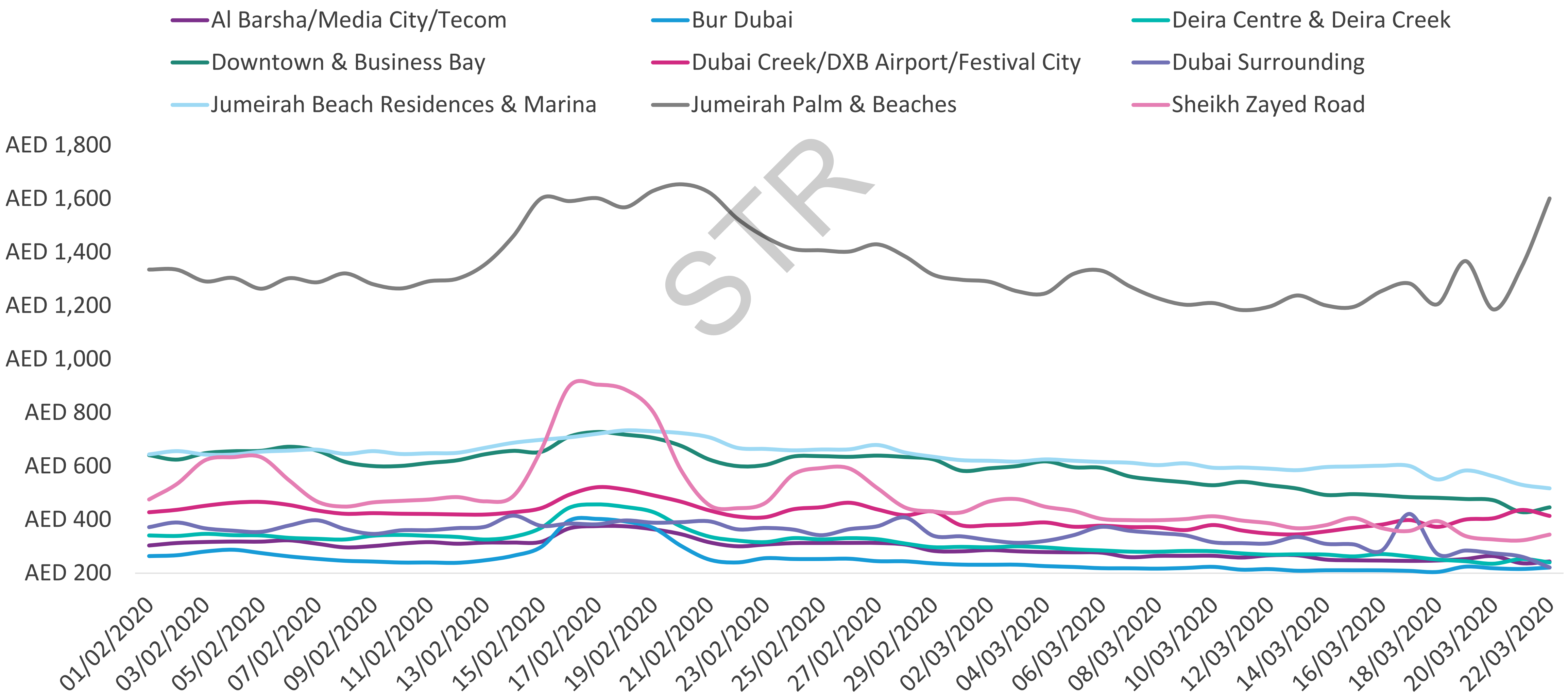
Dubai submarket occupancy now ranging between 15 – 30%

Occupancy, Daily Data from 1st February – 22nd March 2020



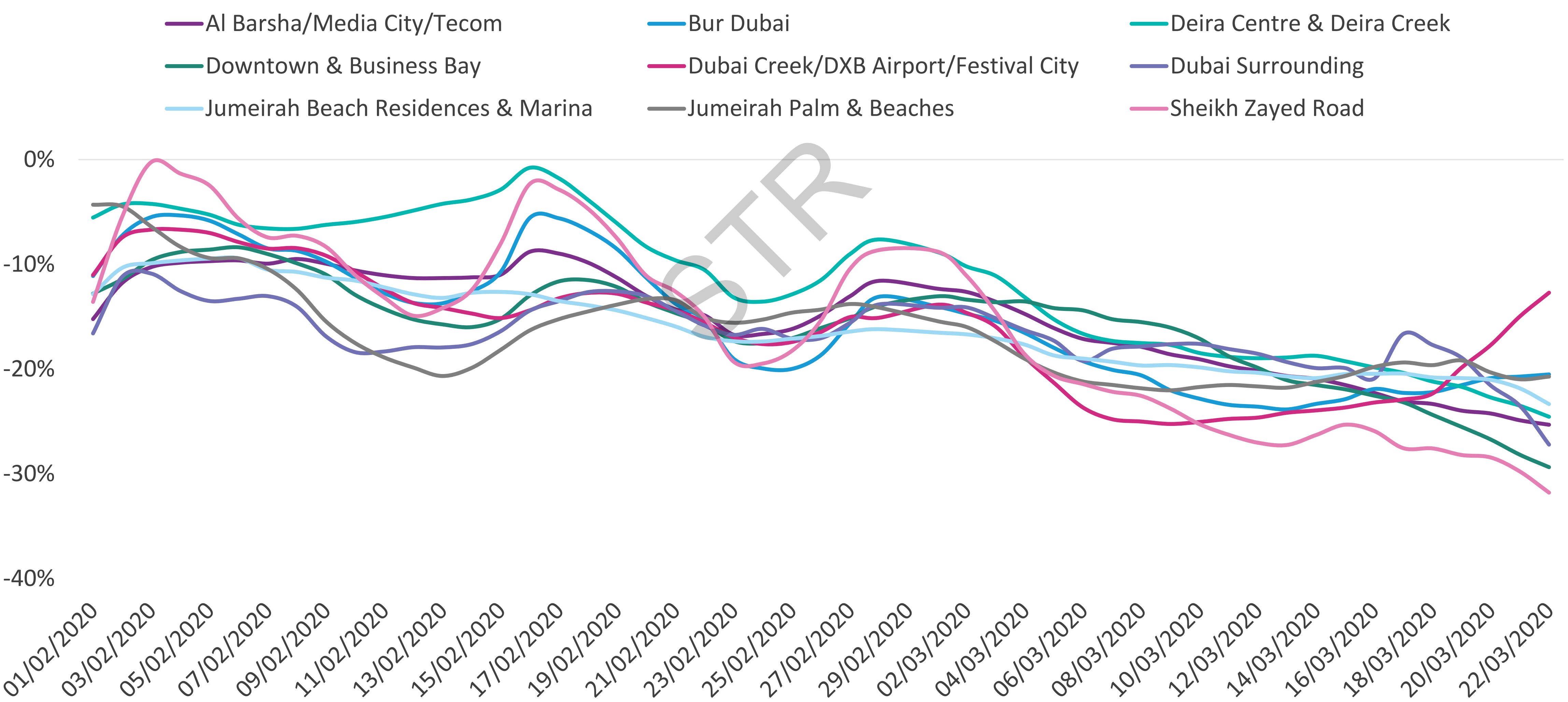
Jumeirah Palm & Beaches leading the way with ADR

ADR, Daily Data from 1st February – 22nd March 2020



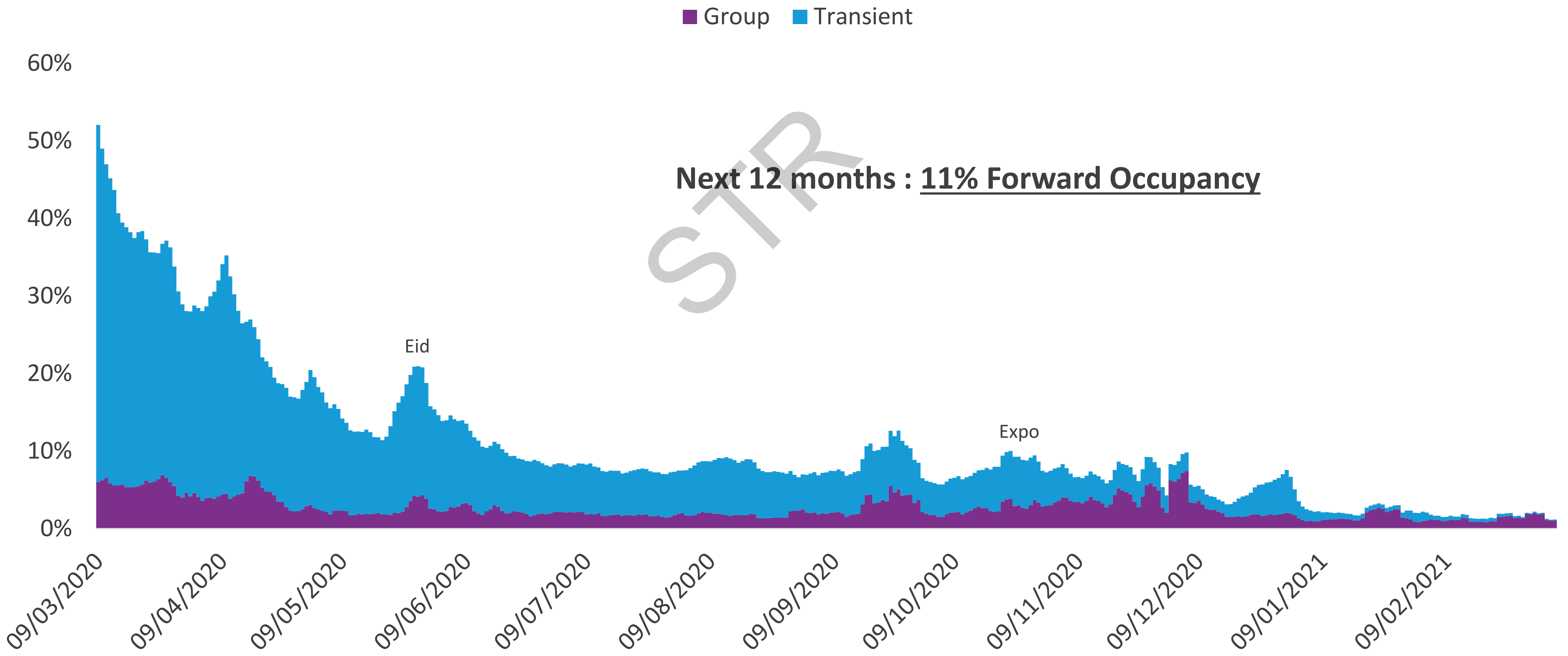
ADR now declining similarly across all submarkets

ADR % change, Daily Data from 1st February – 22nd March 2020



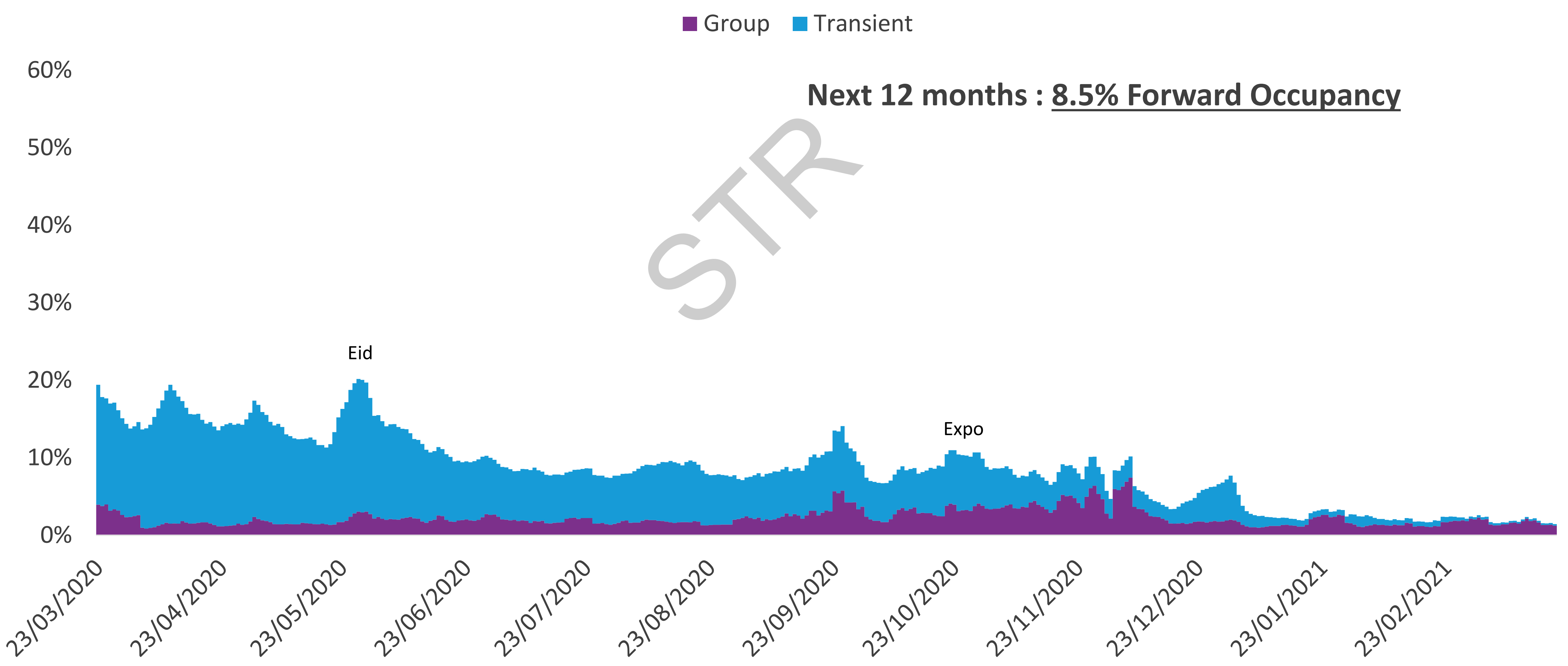
Dubai – what did future demand look like 2 weeks ago?

Forward demand on the books as at the 09th March 2020



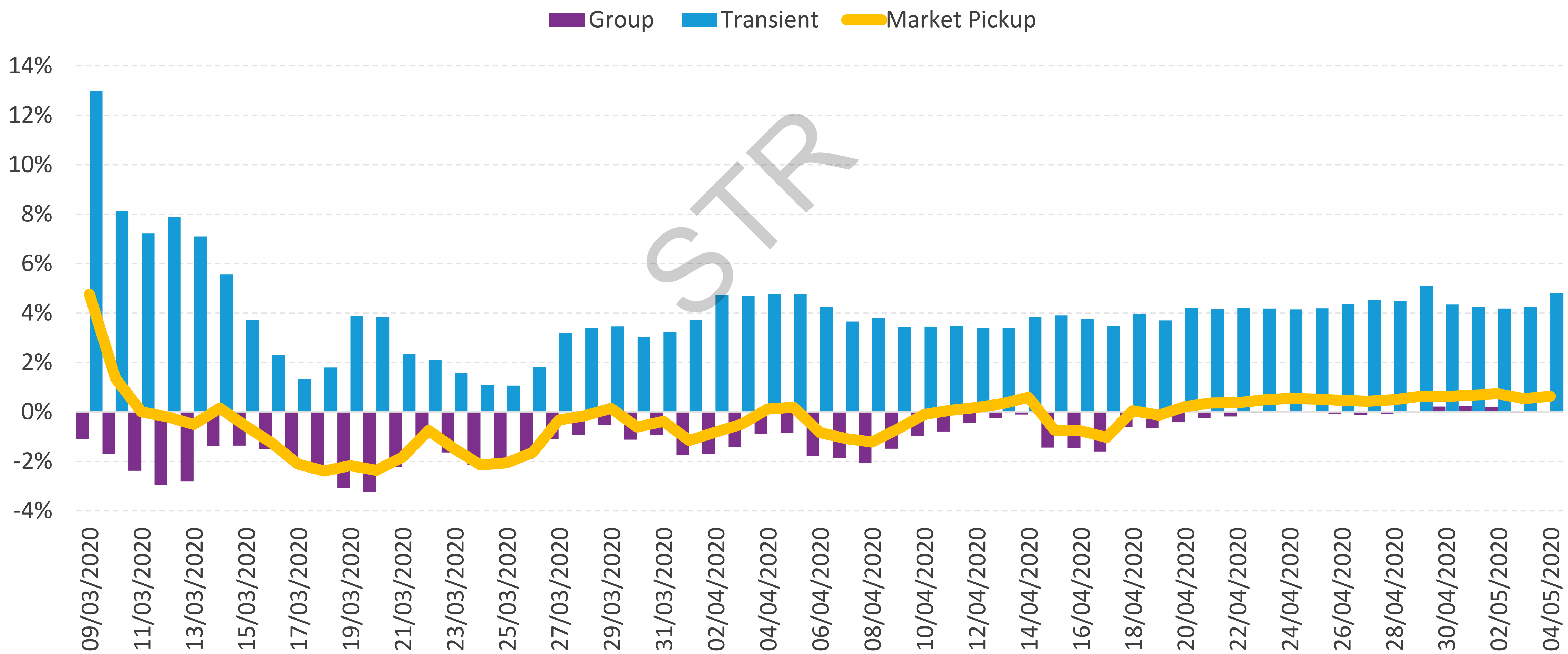
Dubai – what does future demand look like now, 2 weeks later?

Forward demand on the books as at the 23rd March 2020



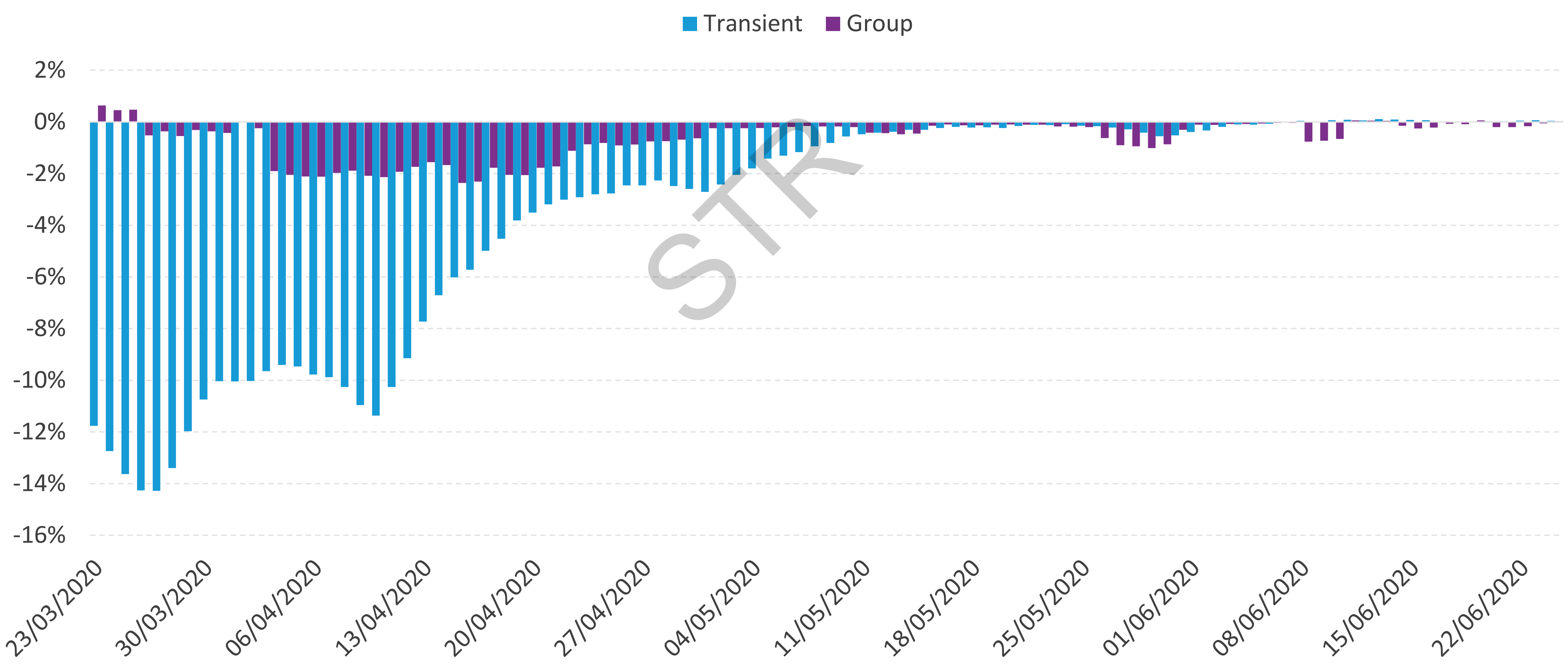
Dubai – two weeks ago transient bookings were still holding up

Segmentation pickup for the next two months as at the 09th March 2020



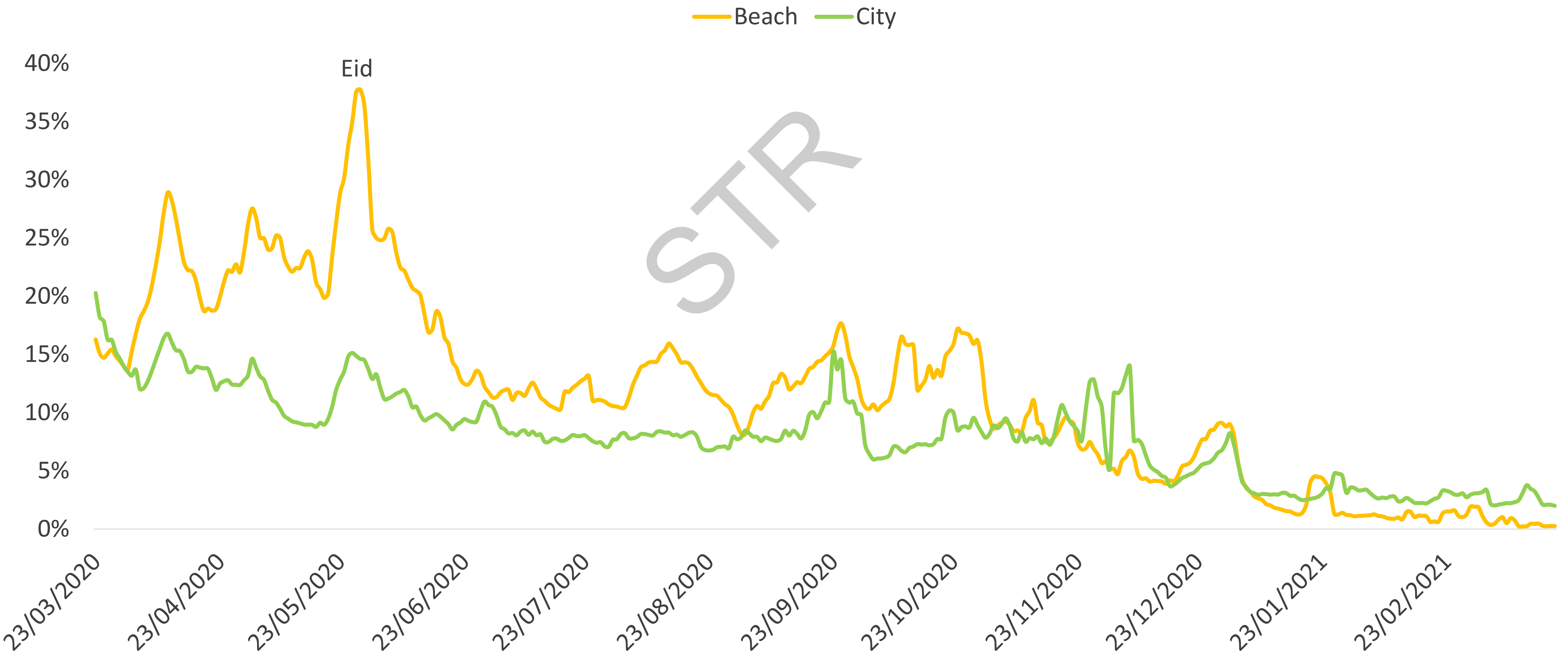
Dubai – as airlift diminishes so too has pick up, especially transient

Segmentation pickup next three months ahead as at the 23rd March 2020



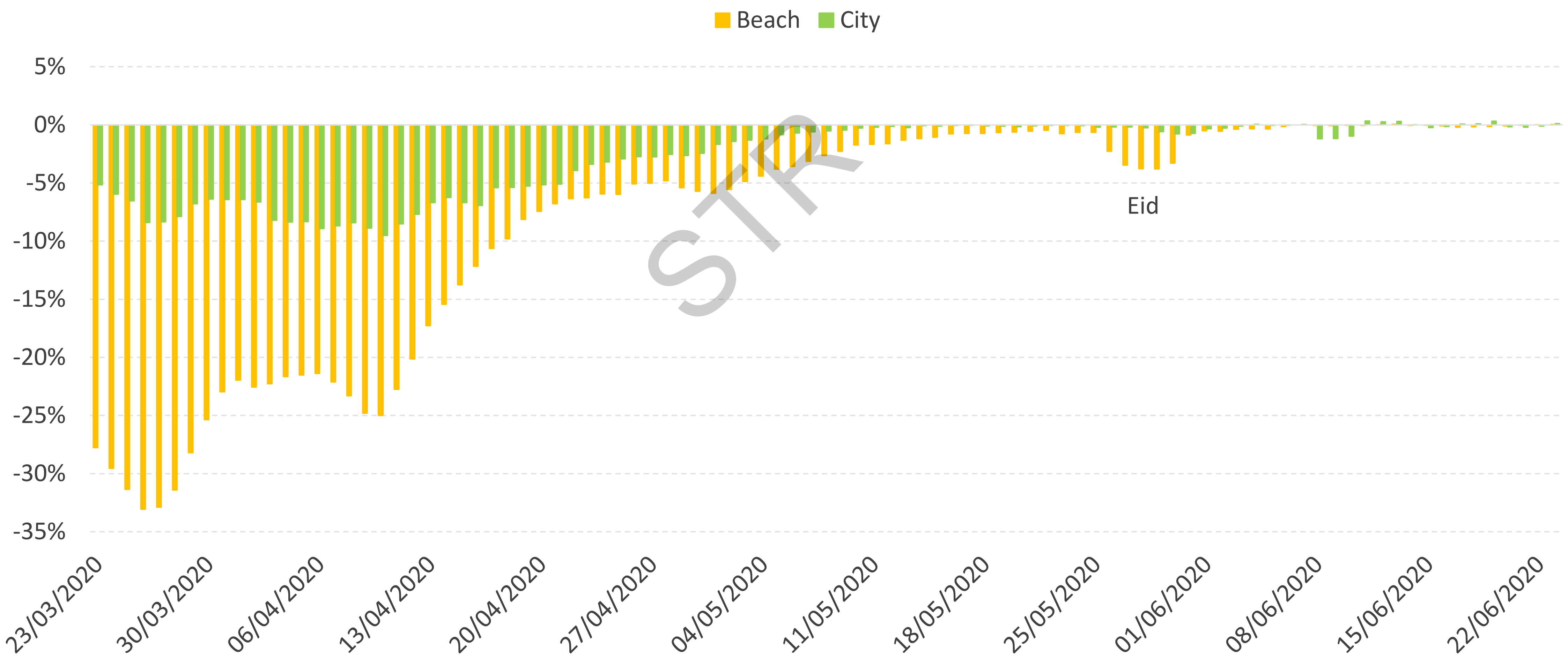
Beach area is showing stronger resilience than City…. For how long?

Forward Occupancy by submarket for the next 365 as at the 23rd March 2020



Dubai – negative pick up is coming through thick & fast for the Beach

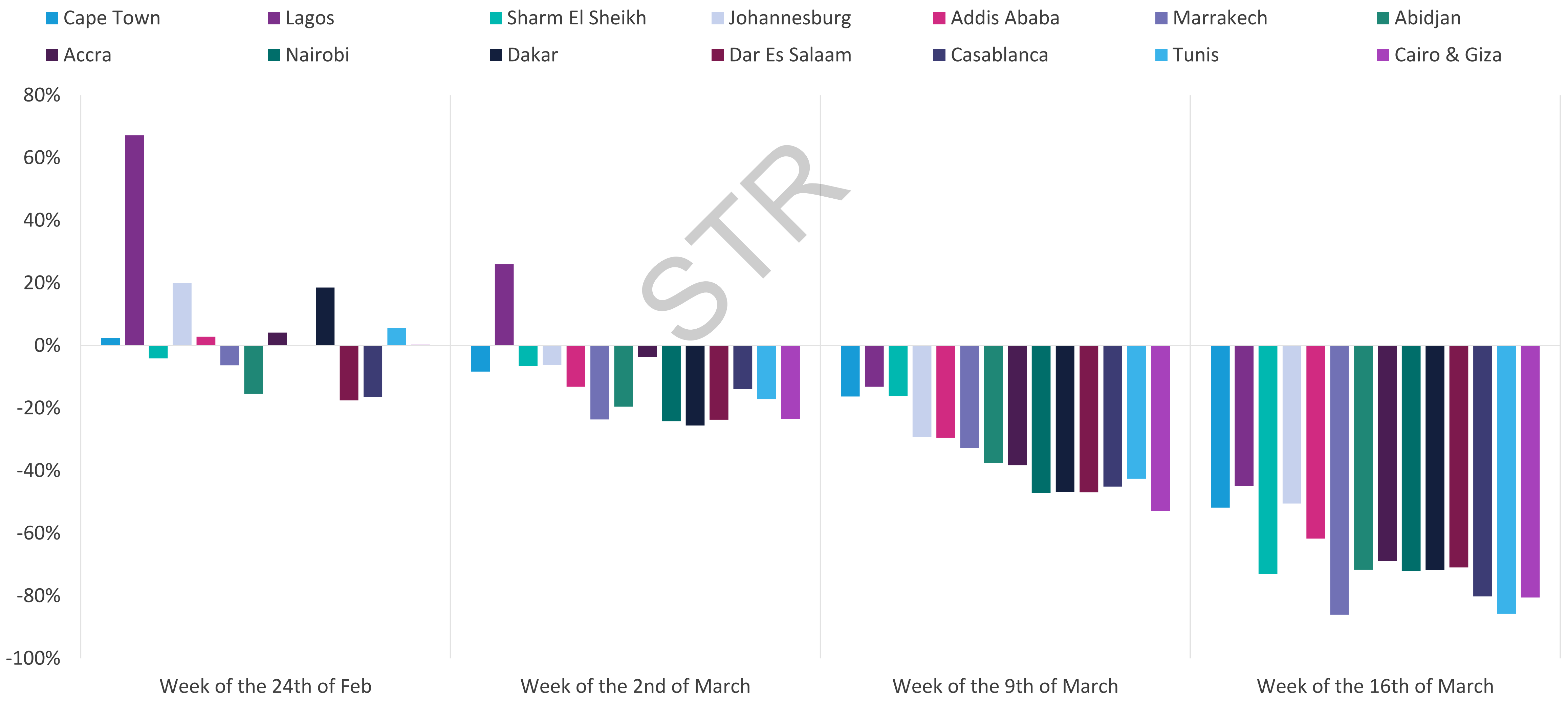
Pickup from last week by submarket for the next three months as at the 23rd March 2020



Africa

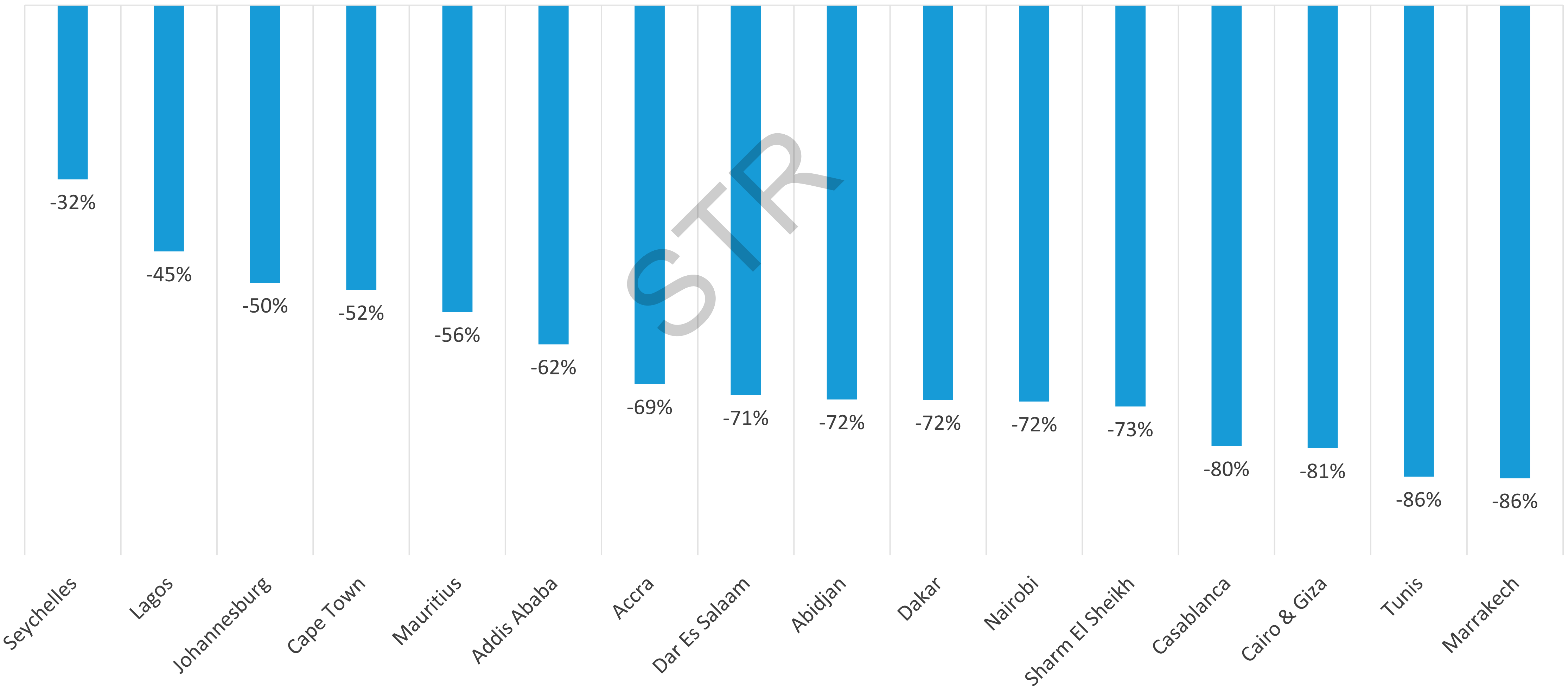
African cities – Impact of COVID-19

Occupancy % Change, Weekly data weeks ending 2nd to the 21st March 2020



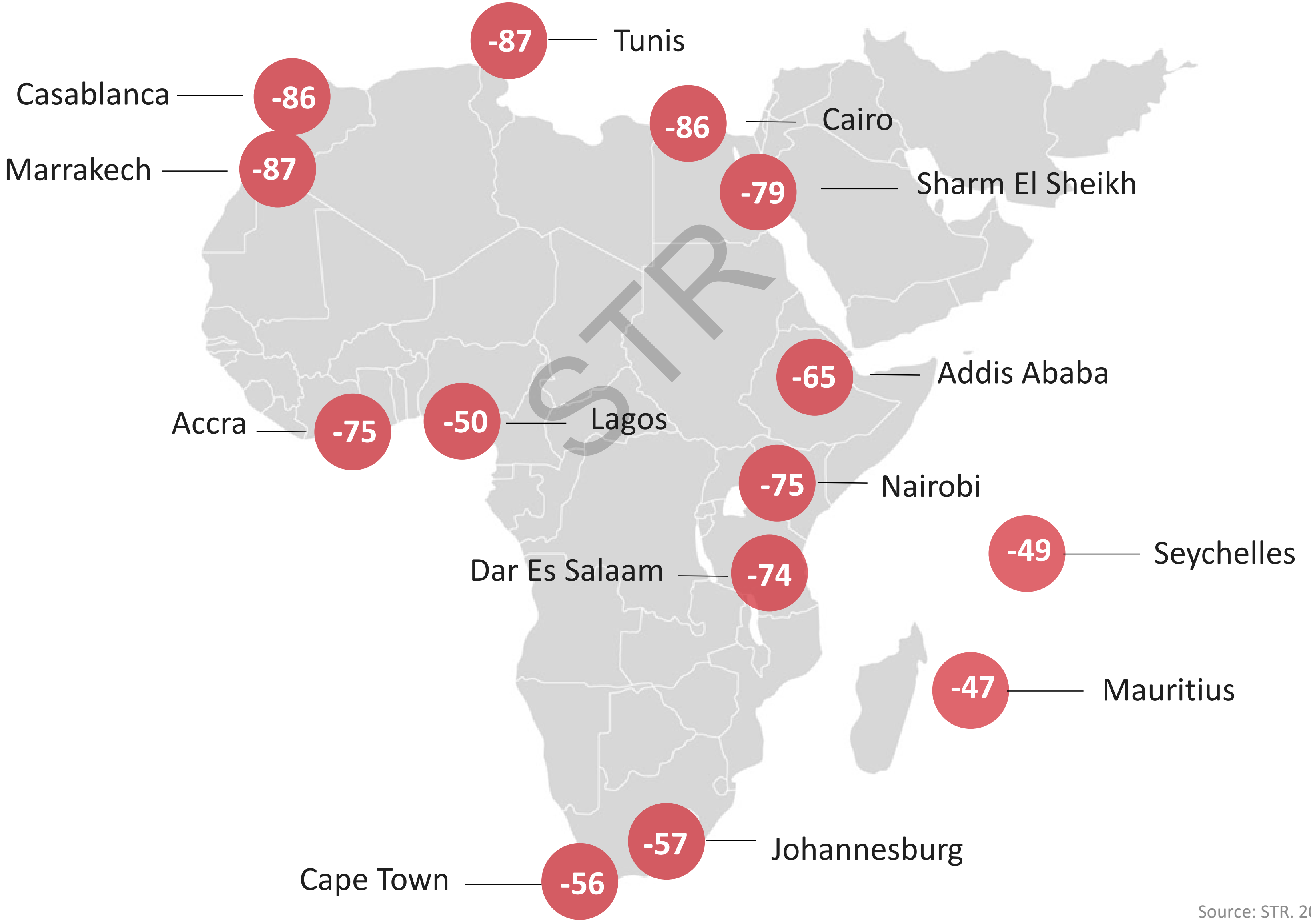
North African other international gateway cities are hardest hit

Occupancy % Change, Week ending 21st March 2020



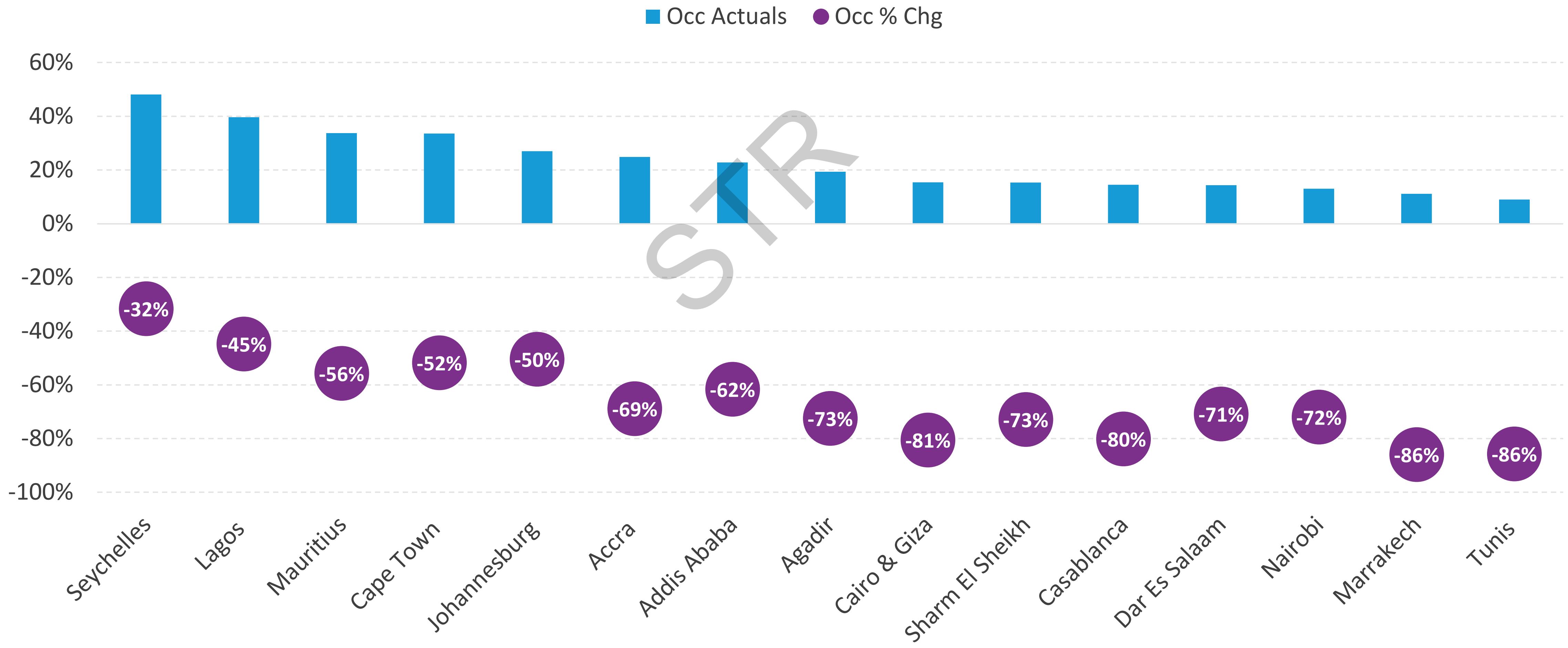
Occupancy drives RevPAR declines

RevPAR % Change, Local Currency, Week ending 21st March 2020



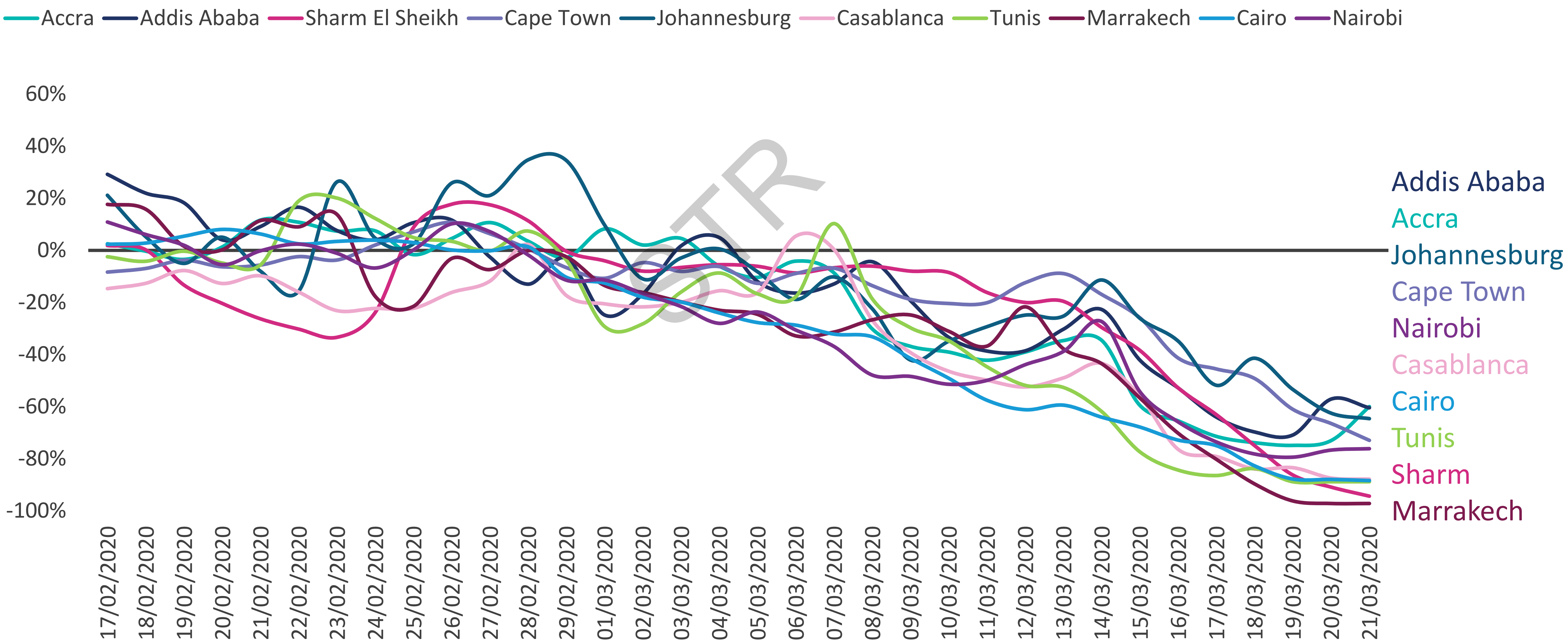
Most destinations with less than 40% occupancy

African markets, Week ending 21st March 2020, Occupancy and % change vs prior year



African cities – Notable effect from March

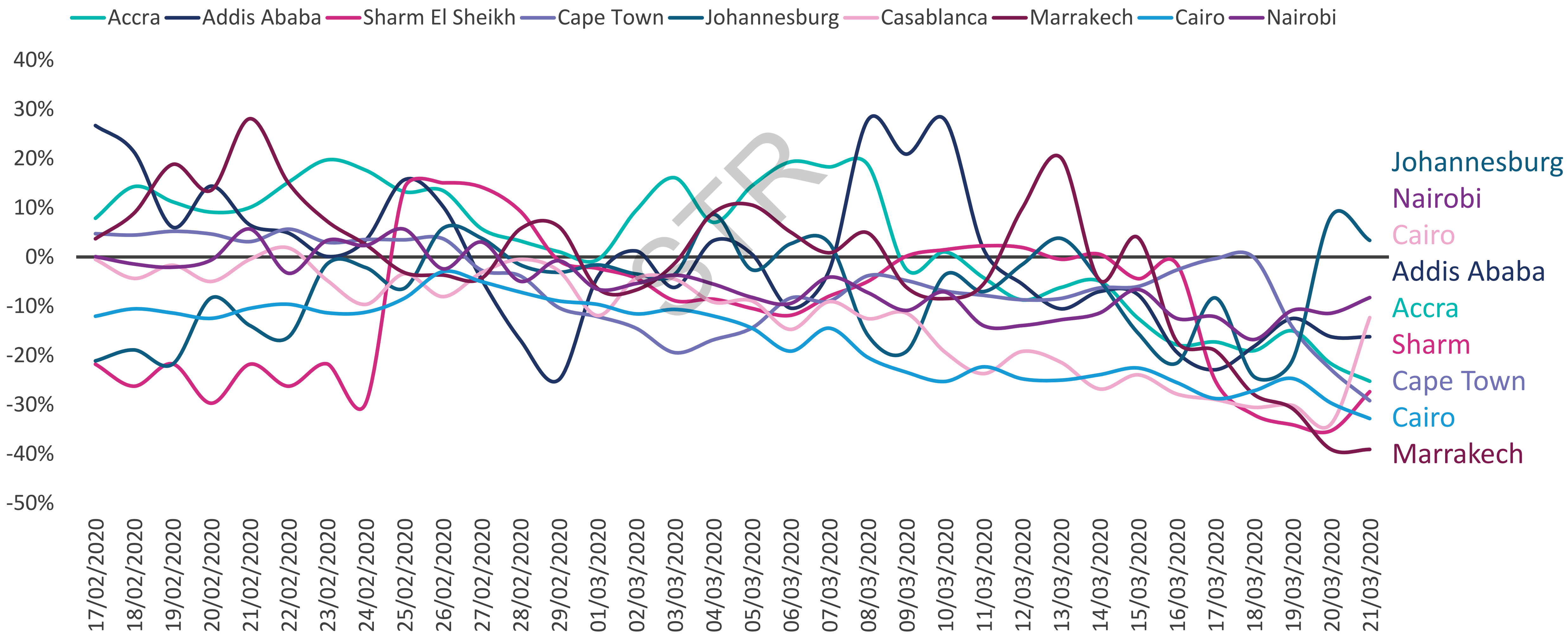
Occupancy % change, 17th February to the 21st March 2020



Source: STR. 2020 © CoStar Realty Information, Inc.

African cities – Steeper ADR declines in North Africa

ADR % change, 17th February to the 21st March 2020

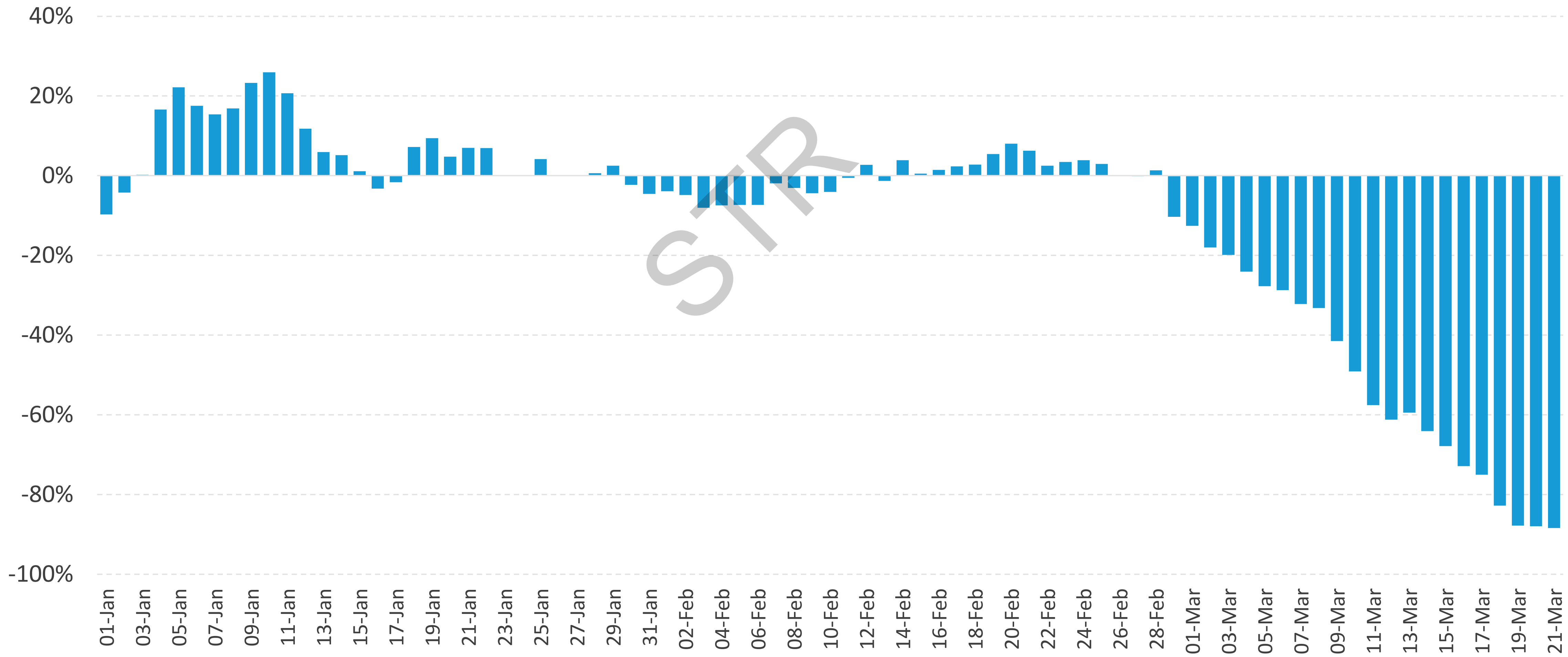


Source: STR. 2020 © CoStar Realty Information, Inc.

North Africa

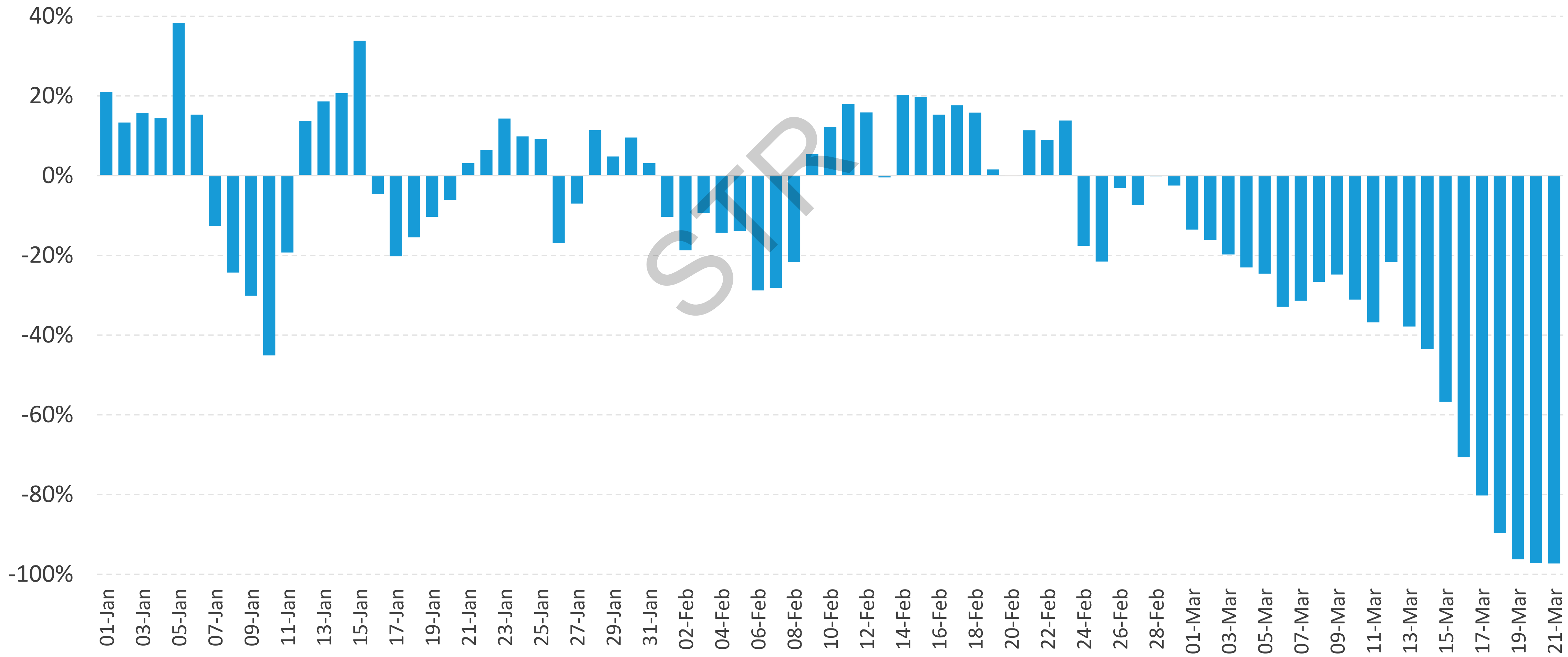
Cairo flat in Feb but succumbs in March

Occupancy % change by day 1st January to the 21st March 2020



Marrakech occupancy one of the most affected in Africa

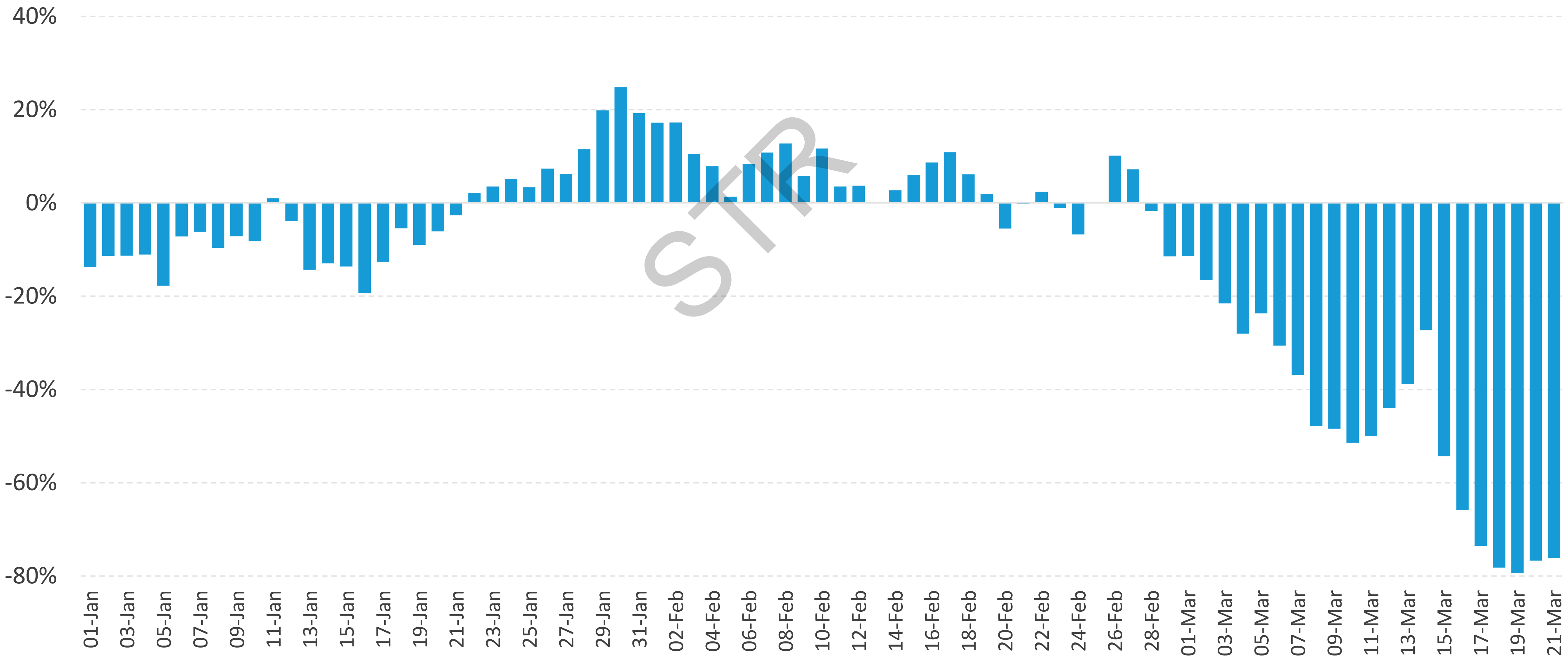
Occupancy % change by day 1st January to the 21st March 2020



Sub-Saharan Africa

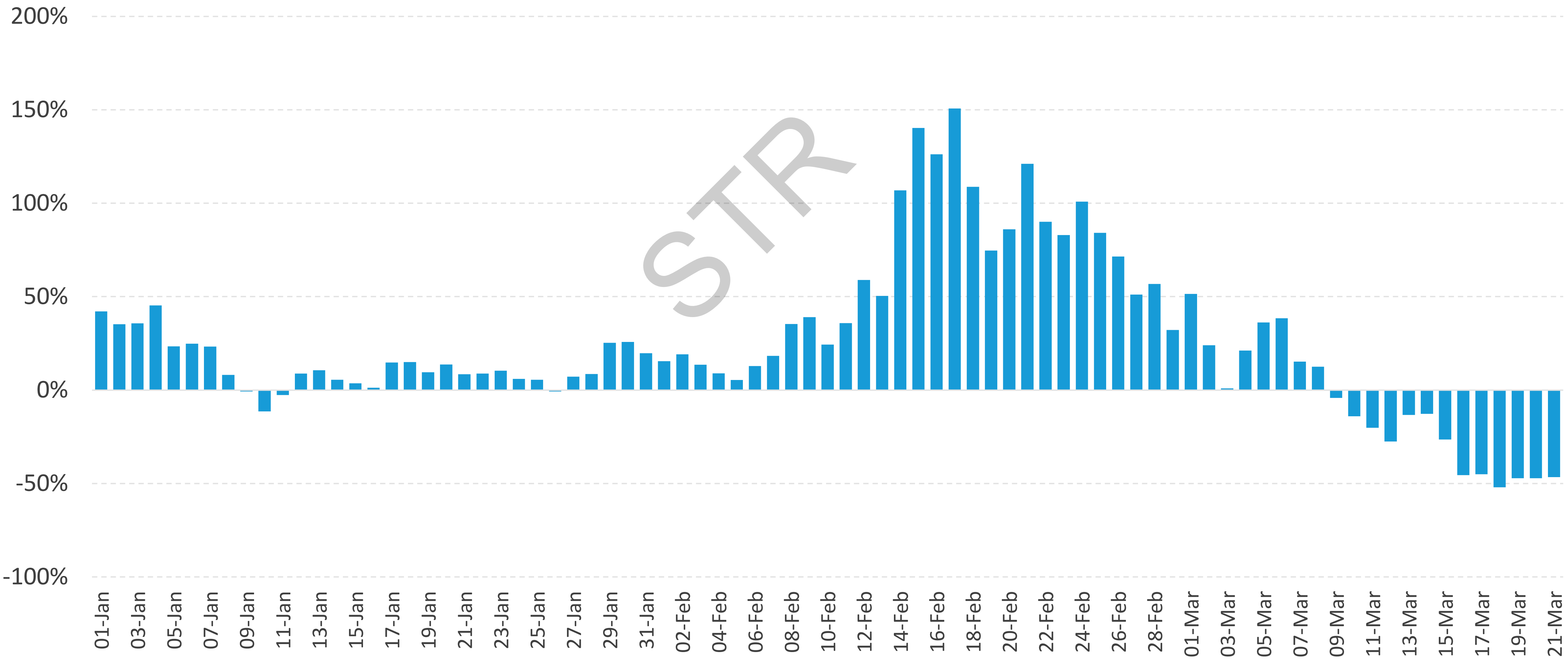
Nairobi Occupancy declining from March

Occupancy % change by day 1st January to the 21st March 2020



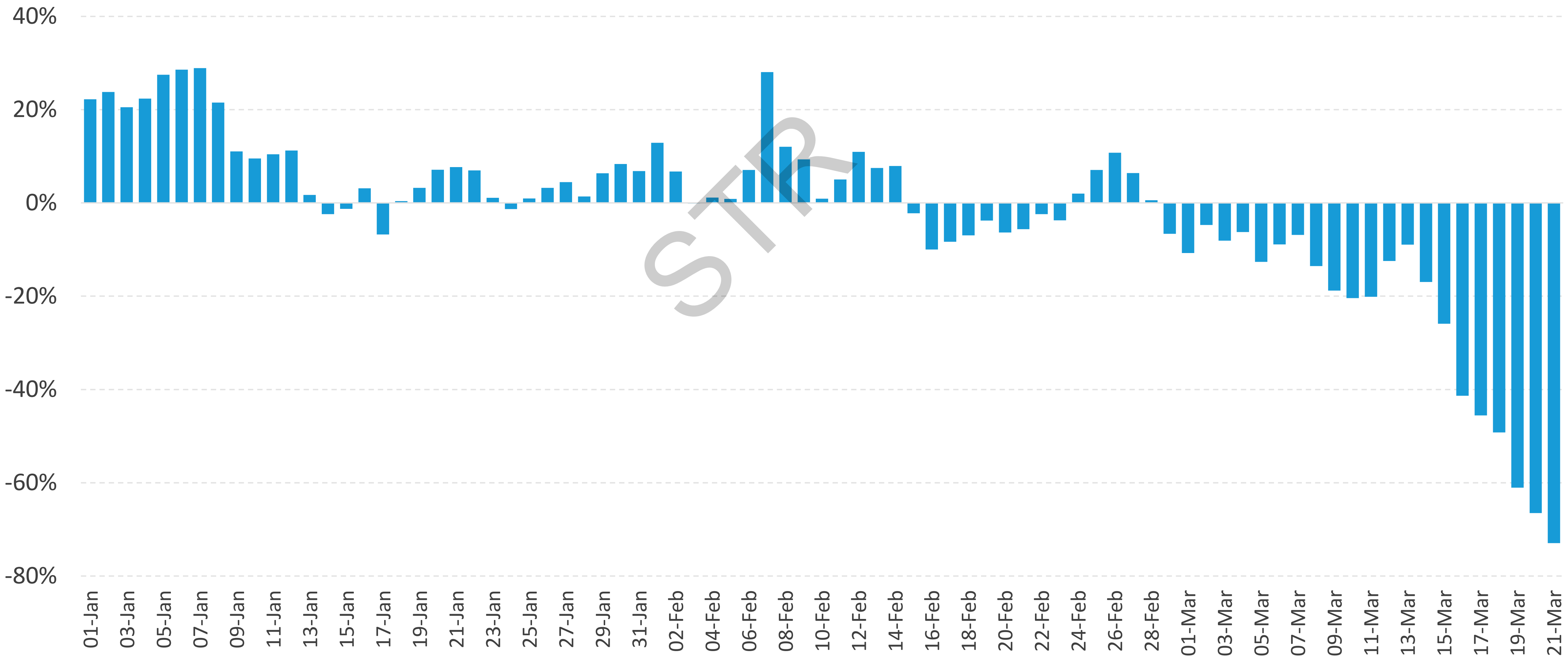
Lagos strong February driven by events

Occupancy % change by day 1st January to the 21st March 2020



Cape Town held through Feb and unavoidably slides from March

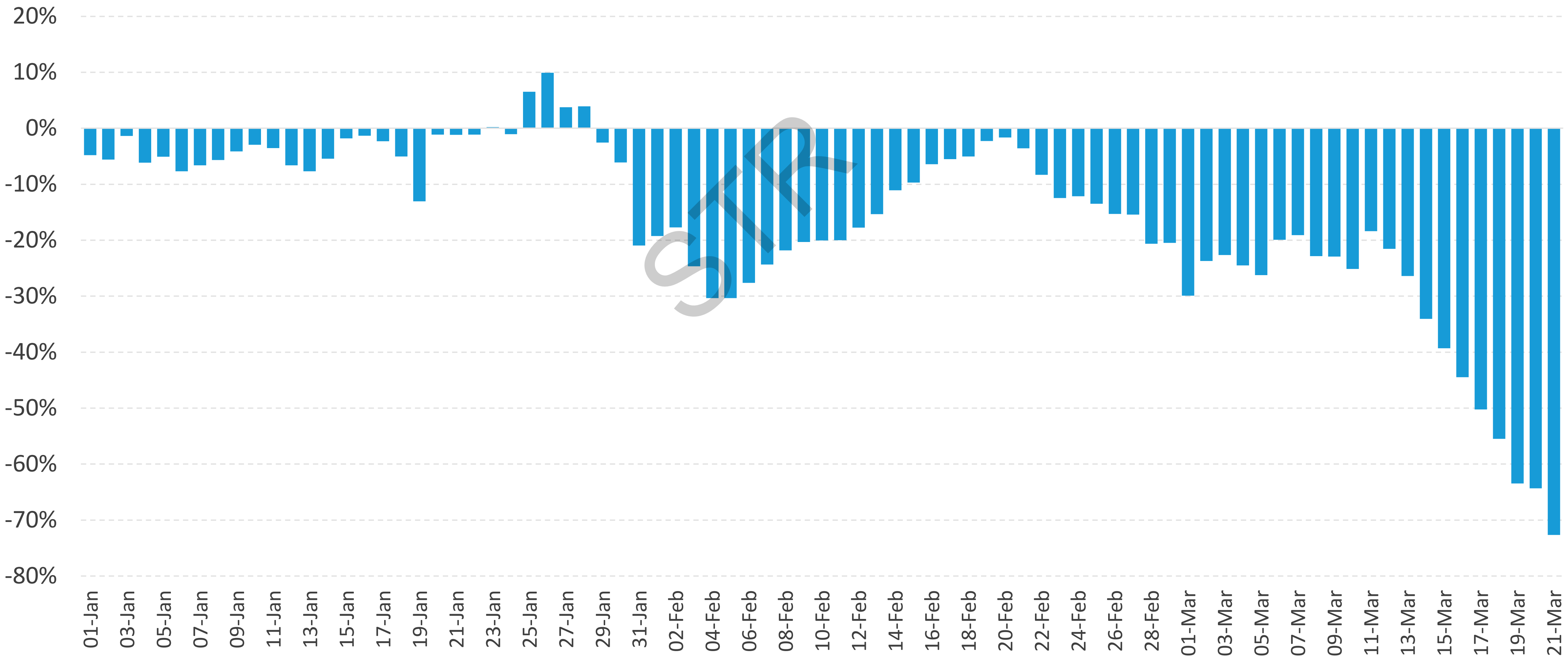
Occupancy % change by day 1st January to the 21st March 2020



Islands of Africa

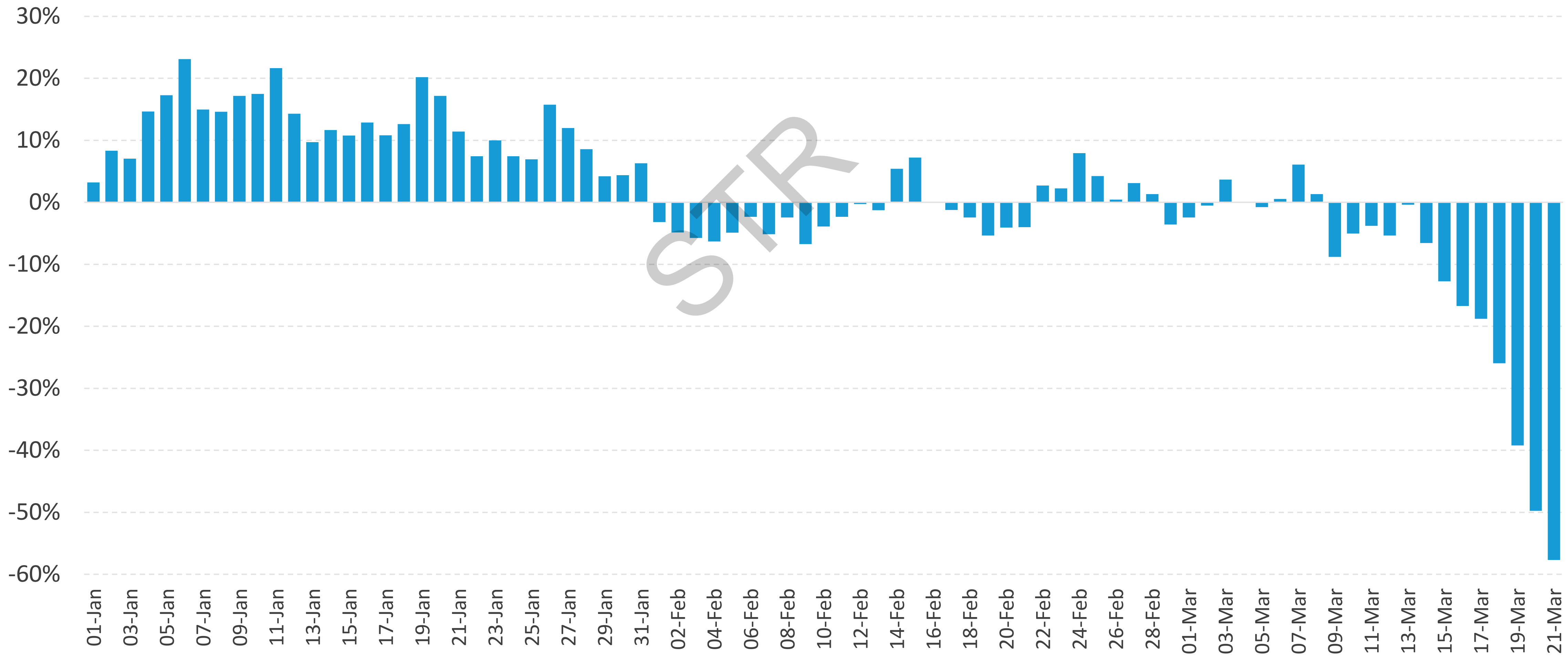
Mauritius occupancy drop accelerating in the past week

Occupancy % change by day 1st January to the 21st March 2020



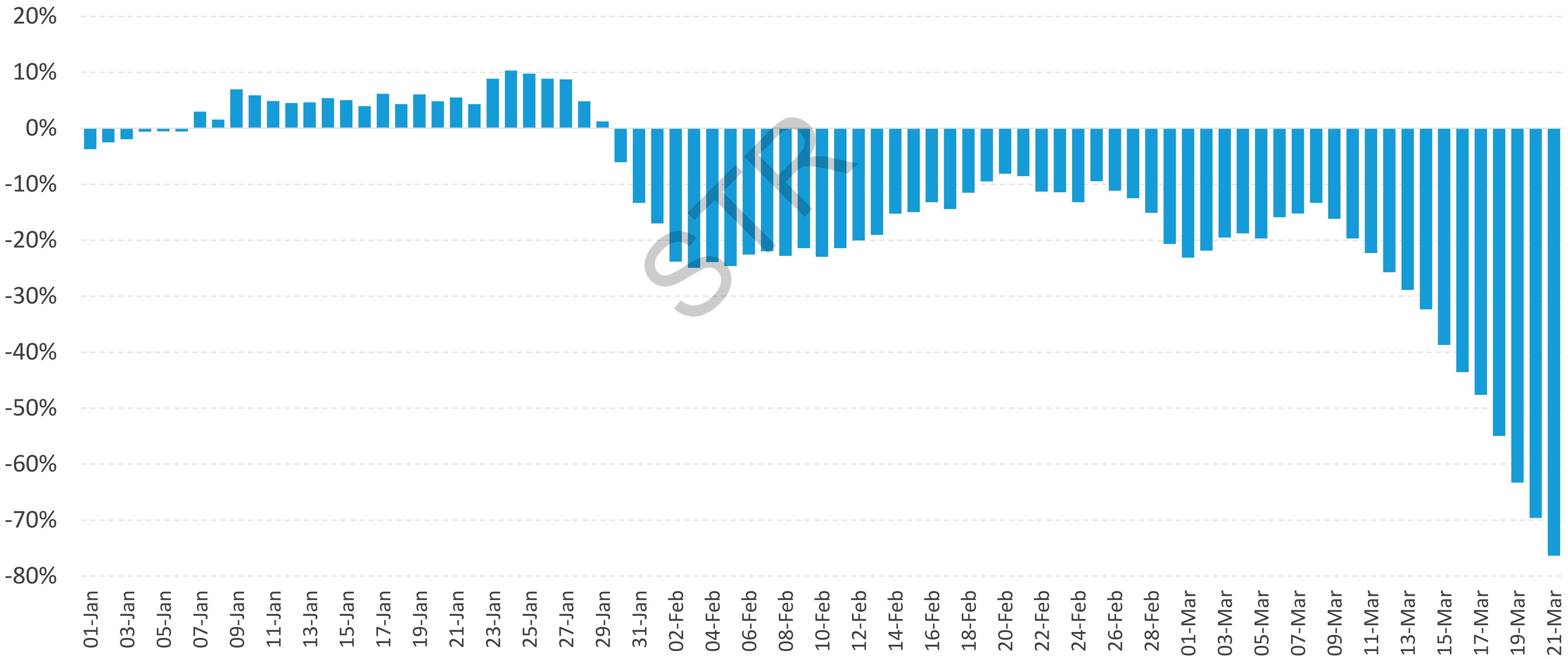
Seychelles relatively unfazed until last week

Occupancy % change by day 1st January to the 21st March 2020



Maldives declining after Chinese New Year

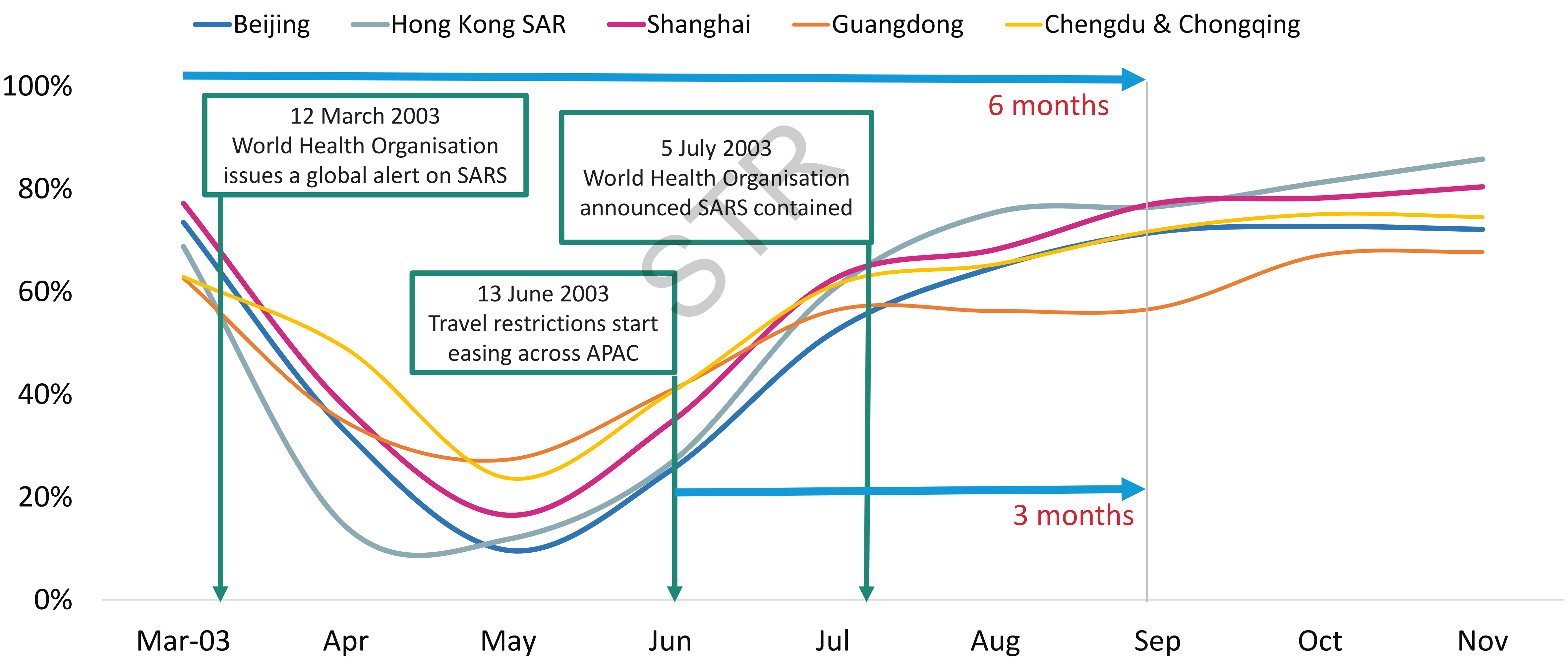
Occupancy % change by day 1st January to the 21st March 2020



Recovery scenarios & conclusions

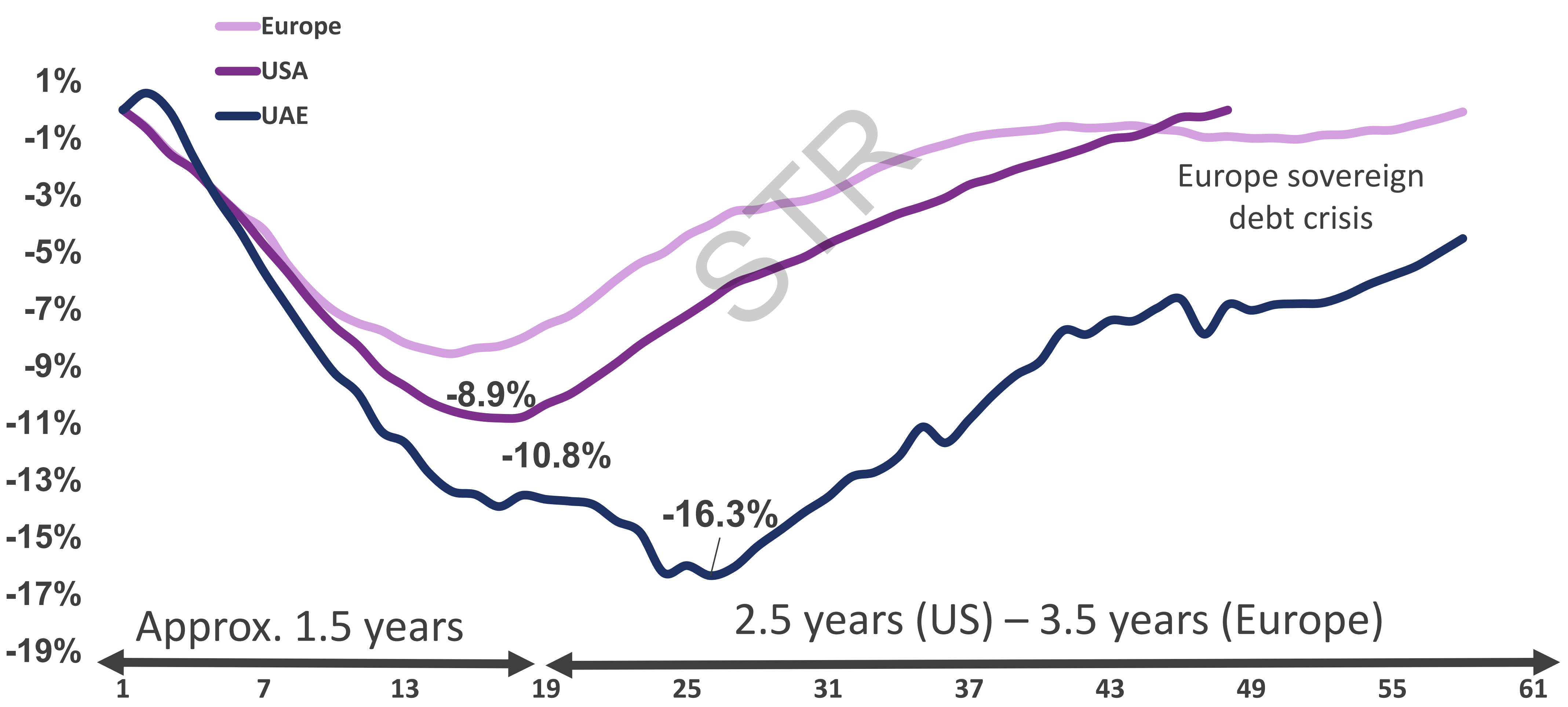
Performance bounced back quickly after SARS – that seems less likely now

China, March-November 2003 Occupancy



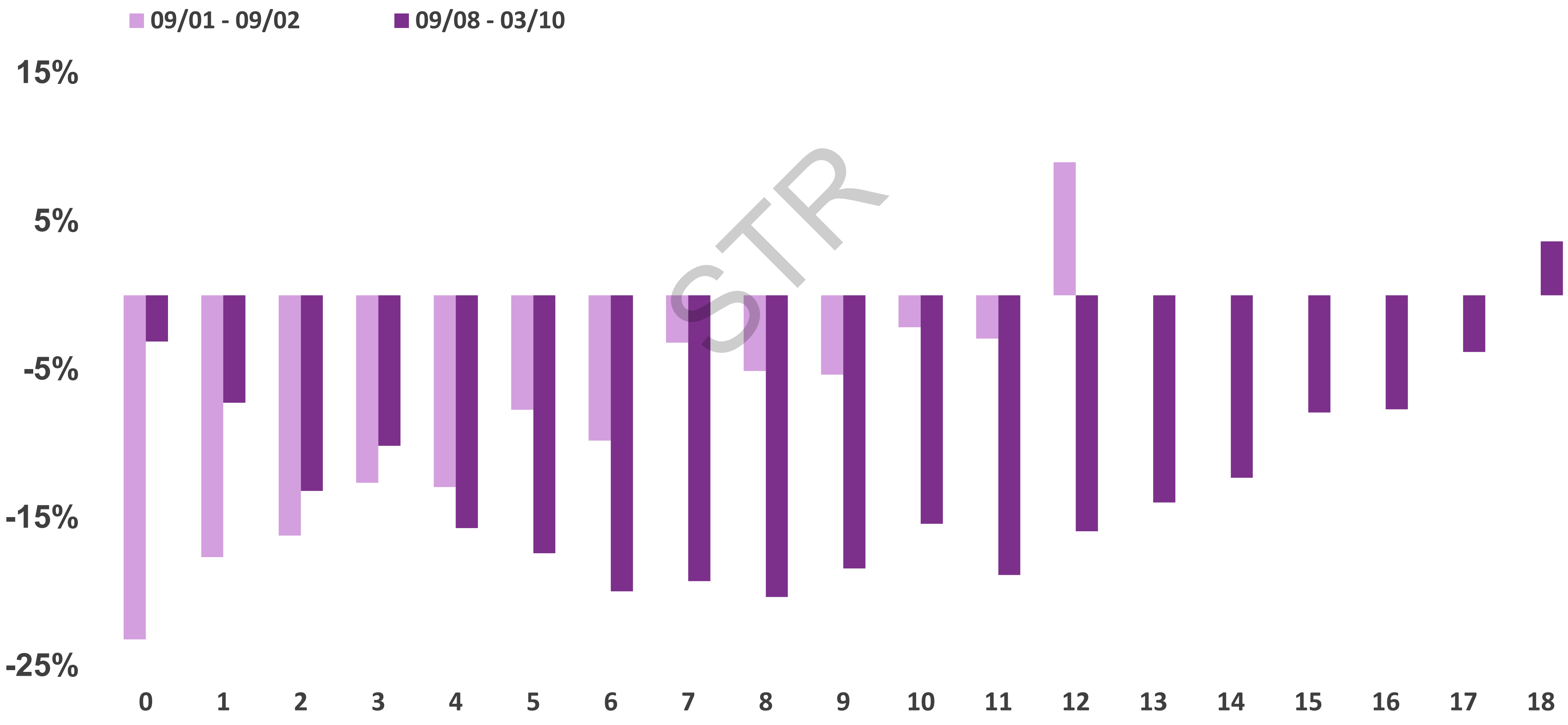
Occupancy recovery took longer in the 2008 global financial crisis

12 Moving Monthly Average occupancy indexed to Sep 2008



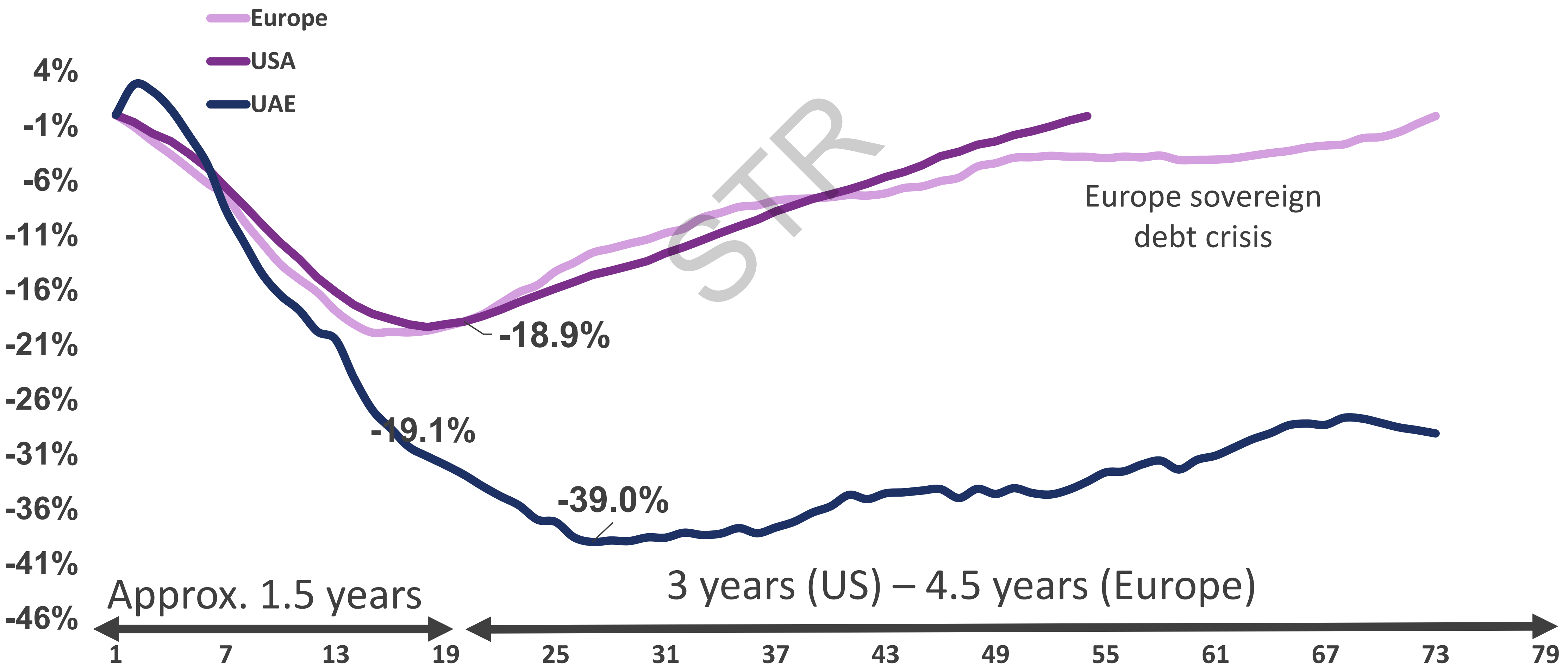
Rate recovery profile of 9/11 was much faster than the 2008 GFC

Total U.S., Monthly ADR % Change, Starting 9/11 and 2008 Global Financial Crisis



RevPAR recovery took longer – and did not recover in UAE

12 month moving average RevPAR indexed to September 2008



Conclusions

1. **Coronavirus is having a devastating impact on our industry**
   - Hotels are having no choice but to close
   - Some may be re-purposed for the humanitarian effort
   - How long they stay closed for depends on how long the virus persists
2. **Forecast scenarios have worsened significantly**
   - Most economists now expecting a global recession
   - Length and depth again dependant on virus… and government intervention
   - The big question is will this have a long term impact on travel behaviour
3. **What can you do now**
   - Don’t panic – we will bounce back
   - Plan for the summer / second half of the year
   - Look after each other
   - Remember this is about lives, not numbers

Questions