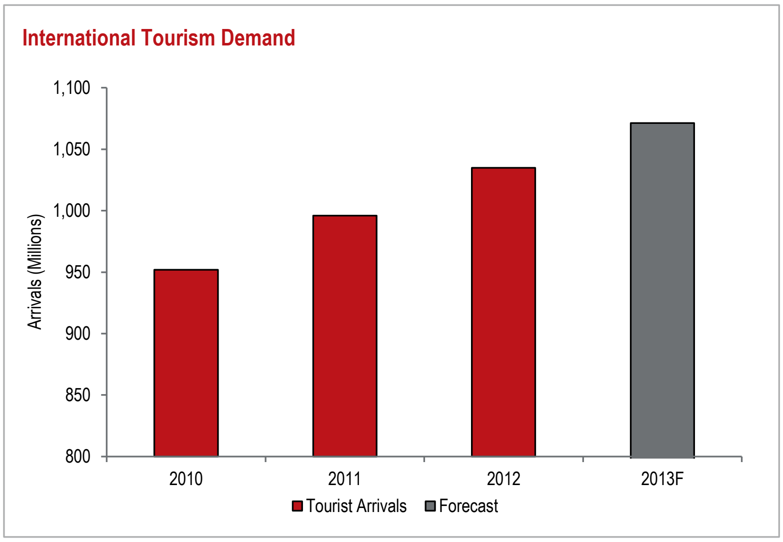
30 Warwick Street London W1B 5NH
www.jll.com/hospitality

2012 EMEA OVERVIEW

Travel & Tourism

Global

According to the World Tourism Barometer, created by the UNWTO, international tourist arrivals grew by 4% in 2012 to reach 1.035 billion. This was driven by an additional 39 million international tourists. Tourism demand remained robust throughout the year with a stronger than expected final quarter.



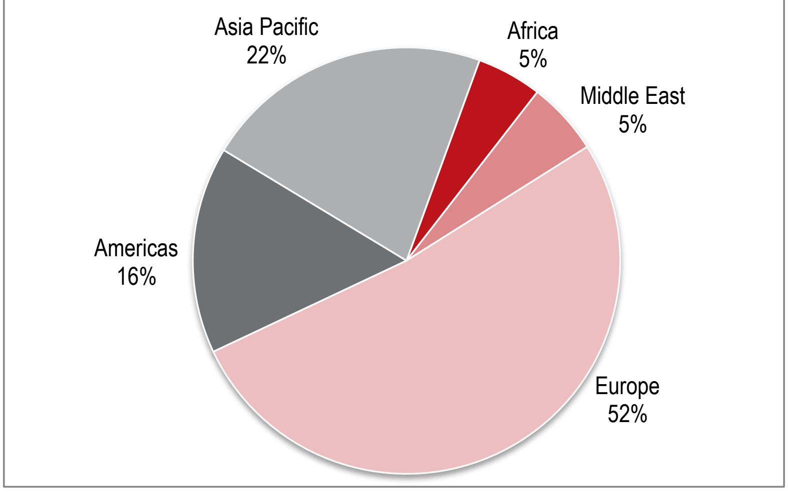
Source: UNWTO

Following the trend which has marked the sector for many years now, 2012 saw a stronger growth in emerging economies (+4.1%) than in advanced economies (+3.6%). By region, Asia and the Pacific (+7%) was the best performer, while by sub-region South-East Asia, North Africa (both at +9%) and Central and Eastern Europe (+8%) topped the rankings.

The UNWTO forecasts international tourist arrivals to increase by between 3% and 4% in 2013, much in line with its long term forecast for 2030: +3.8% a year on average between 2010 and 2020. Prospects for 2013 are strongest for Asia and the Pacific (+5% to +6%), followed by Africa (+4% to +6%), the Americas (+3% to +4%), Europe (+2% to +3%) and the Middle East (0% to +5%).

EMEA

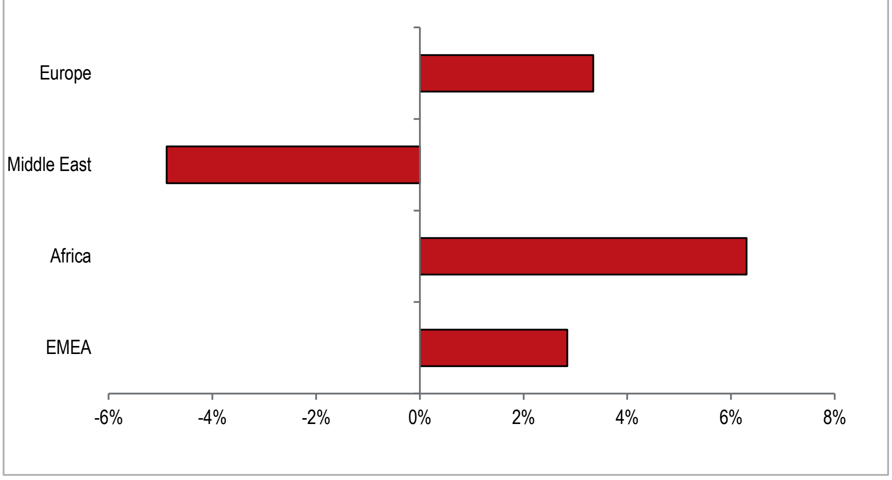
Similar to trends of previous years, EMEA continued to be the leading region for international tourist arrivals. According to the UNWTO, the region received 640 million visitors in 2012, mainly driven by Europe, reflecting 52% of the worldwide total volume.



International Tourist Arrivals by Region - 2012

Source: UNWTO

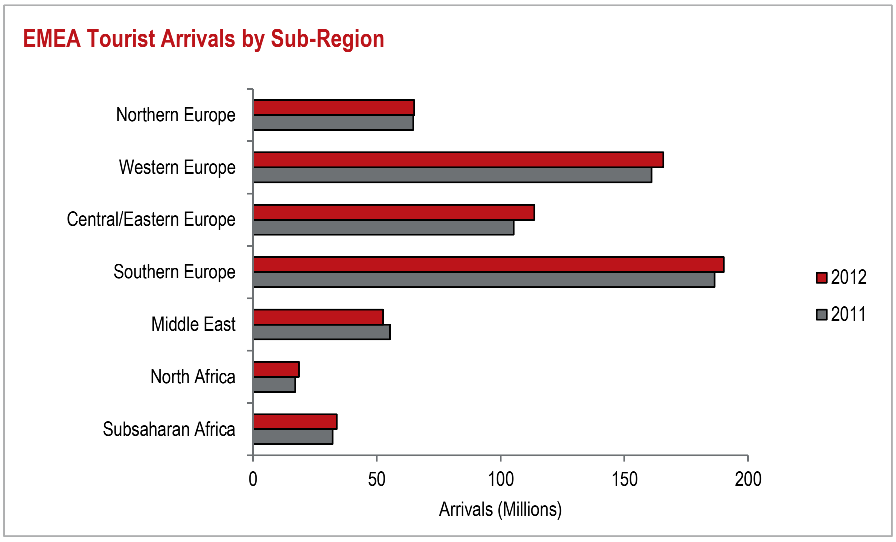
EMEA international tourist arrivals in 2012 recorded a 2.9% increase over 2011, slightly below the growth rate of 4.2% in 2011. This was mainly due to a 3.3% and a 6.3% increase in Europe and in Africa respectively, whereas international arrivals in the Middle East declined by 4.9%.



EMEA Tourist Arrivals 2012 vs 2011 (% change)

Source: UNWTO

According to the UNWTO, all of the EMEA sub-regions experienced growth in terms of international tourism with the exception of the Middle East.



Source: UNWTO

Europe

International tourist arrivals to Europe were up by 3.3%; a very positive result in view of the economic situation, and following a strong 2011 (+6.1%). Total arrivals reached 535 million, 17 million more than in 2011.

By sub-region, Central and Eastern Europe destinations (+8.0%) experienced the best results, followed by Western Europe (+3.0%). Recession and austerity in Southern Mediterranean Europe led to a decline in international tourism growth, moving from 7.4% in 2011 to 2.0% in 2012.

Middle East

A decline in international tourism arrivals continued in the Middle East in 2012, with the region recording 52.6 million arrivals, 4.8% less than 2011. This was mainly due to the continued economic and social uncertainties in the region.

The UNWTO stated that trends in the Middle East are the hardest to forecast due to the volatile environment and the widely varying trends across countries. However, as some countries continue to recover from the recent conflicts, and others continue to push ahead in the development of their tourism industry, figures are expected to be positive in 2013.

Africa

Africa (+6.3%) recovered well from its setback in 2011 when arrivals declined by 1% largely due to the political turmoil in North Africa. In 2012, arrivals reached a new record of 52 million thanks to a growing amount of tourists returning to North Africa (+8.7% in 2012). Destinations in Sub-Saharan Africa also reported a growth in tourism arrivals (+5.0%). The UNWTO has projected that international tourism arrivals for the African region will strengthen by 4% to 6% in 2013.

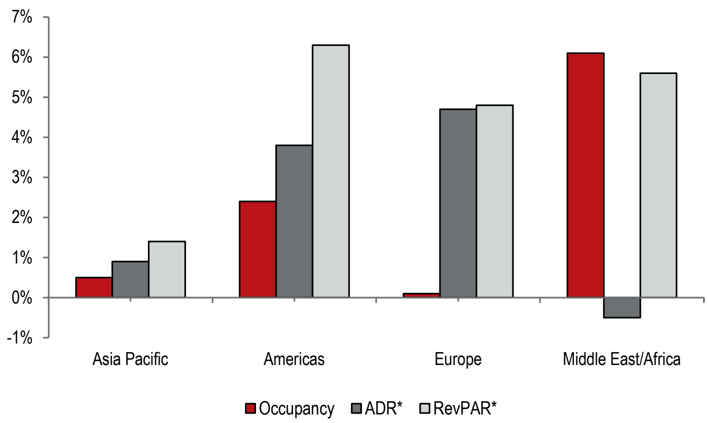
30 Warwick Street London W1B 5NH
www.jll.com/hospitality

Hotel Performance

Global

In 2012, the global hotel market saw improved RevPAR performance in every region when compared to 2011 according to STR Global. The Americas region posted the highest RevPAR increase at 6.3%, followed by the Middle East/Africa at 5.6%, Europe at 4.8% and Asia Pacific at 1.4%.

Global Hotel Performance 2012 vs 2011 (% change)



* ADR & RevPAR reported in USD except for Europe
Source: STR Global

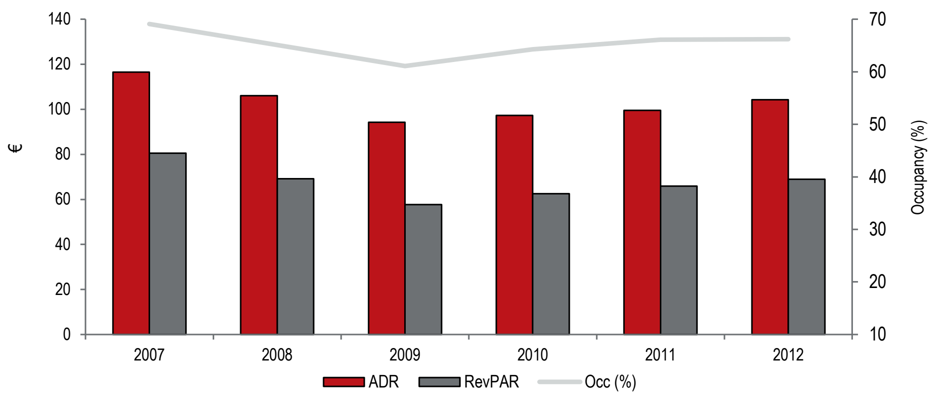
Europe

Hotel operating results across Europe remained surprisingly buoyant in spite of European economies falling back into recession. Across Europe, RevPAR improved by 4.8% due to a 4.7% growth in ADR whereas occupancy remained flat, when compared to 2011.

When analysed in regions, Northern and Eastern Europe reported the highest RevPAR increases, both at 8.6%, followed by Western Europe (+2.7%) and Southern Europe (+1.1%).

In 2012 demand (measured in occupancy) in Europe increased most significantly in Reykjavik (+12.7%), Bratislava (+10.4%), Moscow (+4.9%), Dublin (+4.9%) and Berlin (+4.7%).

Europe: Hotel Performance



Source: STR Global

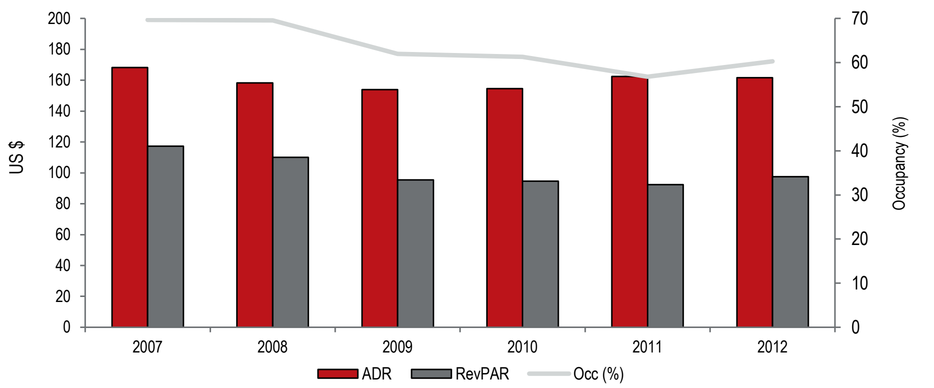
Middle East / Africa

The Middle East and Africa region also recorded healthy results with an overall RevPAR growth of 5.6%, a significant improvement on the 1.8% fall in RevPAR in 2011. Despite the on-going instability, Northern Africa posted the highest growth, showing an impressive 16.8% improvement in occupancy to 52%. However, average daily rates continued declining (-6.1%) causing RevPAR to remain significantly below historic levels.

Egypt finished 2012 with the highest RevPAR increase at 14.3% fuelled by a 17.5% improvement in occupancy. ADR on the contrary continued to decline (-2.7%). However, this growth came from a very low base and RevPAR is still far from returning to levels achieved before the Arab spring.

In Dubai, a strong growth in tourism arrivals led to year-on-year occupancy and ADR increases of 3.3% and 7.9% respectively, causing RevPAR to move closer to its 2008 peak. RevPAR growth was also seen in Jordan (+13.6%), Saudi Arabia (+11.1%) and South Africa (+12.4%).

Middle East / Africa: Hotel Performance



Source: STR Global

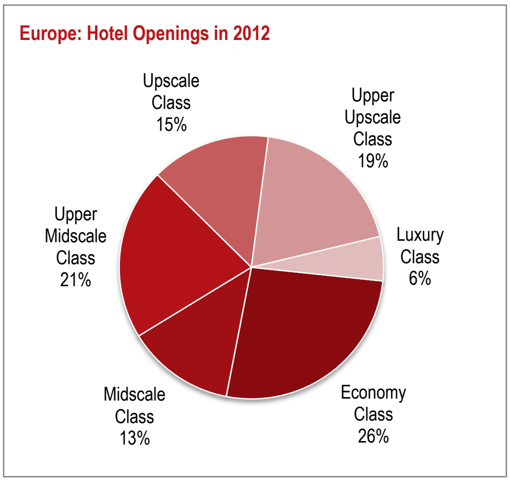
30 Warwick Street London W1B 5NH
www.jll.com/hospitality

Hotel Supply

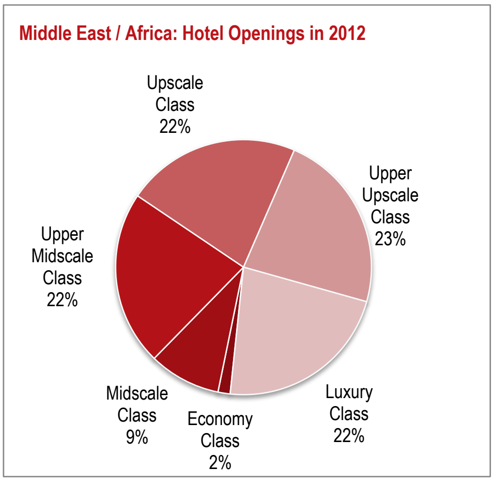
Current and future hotel supply

Europe and the MEA region continue to have stark differences in their hotel segments of supply and pipeline for 2012. As reported by STR Global, Europe saw a total of 41,982 rooms open in 2012, the majority of which were in the economy class, making up 33% of the total new room stock. This is significantly different from the MEA region which saw 15,735 new hotel rooms come to the market, of which just 242 were in the Economy class, equating to about 2% of new hotel room openings. This is due to MEA's strong investor interest in the upscale and luxury hotel sector, reflected in the large amount of new hotel openings in these segments in 2012. Although the midmarket and budget hotel sector does not currently have a large market share, the MEA region has been experiencing a steady increase in this segment in recent years.

According to STR Global, the European hotel development pipeline comprises of 844 hotels with 141,273 rooms and the Middle Eastern/African pipeline of 478 hotels totalling 119,233 rooms.



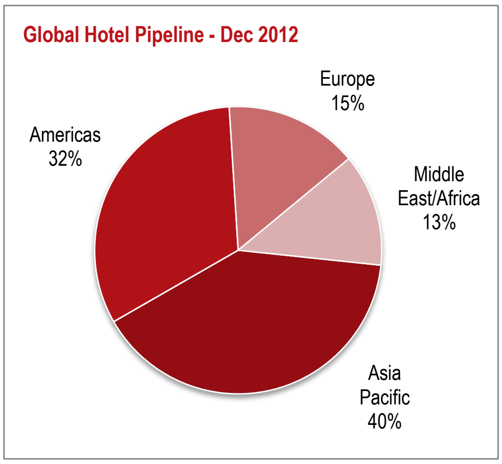
Source: STR Global



Source: STR Global

New Hotel Pipeline

Asia Pacific continues to dominate the global hotel pipeline with 377,036 new rooms, representing 40% of the total new room stock. Americas is expected to be the second most active development region with 2,634 new hotels and 304,077 rooms (32% market share). Europe currently has 844 hotels in the pipeline with 141,273 rooms and the MEA region will see the opening of 478 hotels totalling 119,233 rooms.



Source: STR Global

EMEA

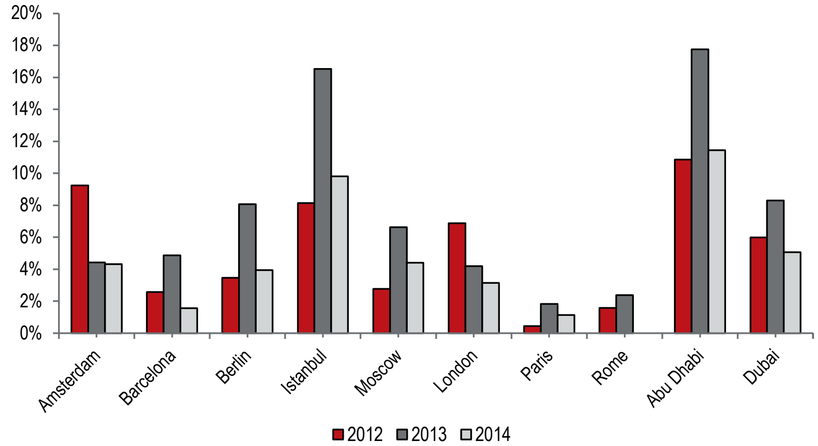
Despite the on-going financing difficulties for new hotel projects a number of markets will experience a significant growth in hotel supply including London, Berlin, Istanbul, Dubai and Abu Dhabi.

In London, 31 hotels with 4,600 bedrooms are scheduled to open in 2013, and 26 hotels with 4,200 bedrooms are planned to come online in 2014, reflecting a supply growth of 4% in 2013 and 3% in 2014. Significant highlights will include a 202-bedroom Shangri-La Hotel in 2013. The hotel will be located in the Shard, a new landmark skyscraper in Southwark. In January 2011, planning permission was also granted for the €580 million Heron Plaza development. The 43-storey tower will house a new 190-bedroom Four Seasons Hotel & Residences which is expected to open in 2015. Most development activity will be occurring in the boroughs of City of Westminster, City of London and Southwark.

Berlin will experience a strong supply growth with some 4,000 rooms entering the market in 2013 and about 2,000 rooms in 2014. We note that, although the growth in new hotels is expected to continue over the next few years, the supply pipeline has already started to slow down, with many operators already having a presence in the city and fewer central sites being available. The new developments will be primarily located adjacent or in close vicinity to the major infrastructure projects, such as Berlin Brandenburg Airport, Alexanderplatz and 'MediaSpree'.

Abu Dhabi will also witness a substantial increase in hotel supply as new 4 and 5-star hotels enter the market in the next two years. The majority of new developments will be branded by international operators including a new Courtyard by Marriott, Four Seasons, Ritz Carlton, St Regis and W Hotel. 2013 is expected to see approximately 2,900 new rooms, many of which will be managed by the Rotana Hotel Management Corporation. Historically however, hotel projects in the emirates have suffered from delays. In addition, considering the current investment and development climate, many projects are being reviewed and prioritised, and it is likely that many planned and proposed projects will experience delays or be put on hold.

Expected Room Supply Growth



* Does not include speculative hotel developments
Source: Jones Lang LaSalle