



AL TAAMEER NEWS UPDATE

Taameer Real Estate Investment Company (Kuwait) awarded the construction contract for its first Economy Hotel (to be internationally branded) in Tangier, Morocco. Commencement of the work is expected to start in October. The Project Manager is Kuwait based Engineering and Consultancy firm, Real Estate Solutions (RES).

Year-on-year growth in hotel occupancy in the MENA region stayed flat at 63.1% in July 2010. The average daily rate (ADR) and revenue per available room (RevPAR) reached \$145.0 and \$88.82, respectively, recording double digit growth of 11.8% each. As a sub-region, the Middle East recorded the second highest ADR of \$162.0 for July 2010, second only to South Africa's ADR of \$175.0. However, the Middle East was the only sub-region that experienced a month-on-month decline in RevPAR during the current year. In July 2010, RevPAR declined 0.7% to \$88.8 compared to \$89.4 in June 2010. RevPAR in the region fell due to a double digit decline in the UAE, Bahrain, Qatar and Oman.

1. MARKET UPDATE

1.1 MENA Region¹

- As per UNWTO (World Tourism Organization) report, international tourist arrivals to Middle East during the first six month of 2010 increase by 20% compared to the previous corresponding period.
- Hotel industry in the UAE continued to be negatively affected by the global economic crisis. Abu Dhabi recorded the largest year-on-year drop across all three performance matrices. During July 2010, the hotel occupancy rate in Abu Dhabi fell 23.0% to 51.6%. The ADR decreased 28.1% to \$141.5, while RevPAR plunged 44.7% to \$73.1.
- Dubai retained its ranking as the top tourist destination in the MENA region, with 9.0% increase in the number of tourists and 6.0% increase in tourism revenue during the first half of 2010 compared to the previous corresponding period. Around 6,700 rooms opened in Dubai since January 2010 and 3,000 are expected to be added before the end of the current year, increasing total supply 20.0% relative to the previous year.
- Jordan's capital Amman, recorded the highest year-on-year increase in hotel occupancy (up 14.0% to 68.3%) during July 2010. Revenue from tourism in Jordan aggregated \$2 billion during the first seven months (January-July) of 2010, a 26.0% increase compared to the previous corresponding period.

Table 1: Performances of key countries in MENA Region

Country	Occupancy	% change	ADR	% change	RevPAR	% change
Egypt	72.0%	8.3%	EGP457.5	9.6%	EGP329.5	18.8%
Saudi Arabia	59.3%	-3.6%	SAR590.8	5.3%	SAR350.6	1.5%
UAE	61.5%	-4.5%	AED551.5	-8.5%	AED339.0	-12.7%

Note: The percentages are increases/decreases for July 2010 vs. July 2009

1.2 Country Focus: SYRIA

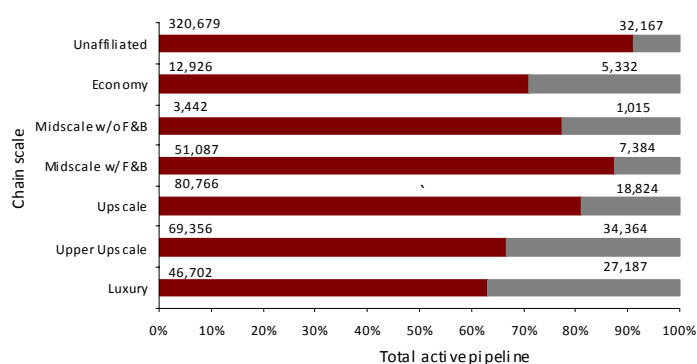
- Syria experienced a 56% increase in number of tourists during the first seven months (January-July) of 2010 compared to the same period in 2009. The number of inbound tourists during the period totaled 5.7 million-Arabs accounted approximately 50% of these.
- The waiver on entry visas provided to Turkish and Iranian citizens entering Syria has increased the number of tourists from there. During the first seven months of 2010, the number of tourists from Turkey and Iran increased 170.0% and 117.0% respectively, compared to the same period in 2009.
- In response to the increase in tourist arrivals, Syria is experiencing renewed investments in the hotel and tourism industry. Majid Al Futtaim Properties, one of the leading developers in the MENA region, is investing \$1 billion to develop 'Khams Shamat,' the country's first mega tourism project with tourism, entertainment and shopping facilities.

¹ Source: STR Global Data, Middle East/ Africa Hotel Sector Performance for June 2010

1.3 Meetings, Incentives, Conventions and Exhibitions (MICE) segment is gaining strength in the Middle East

- Abu Dhabi Tourism Authority has been promoting the city as an ideal MICE destination under its 'Advantage Abu Dhabi' program. Due to this initiative, the emirate was chosen to host events such as The World Green Tourism Congress, The World Health Care Congress Middle East, and Abu Dhabi International Triathlon. Sensing the potential growth, seven new hotels exclusively catering to business travelers have come up in the city.
- Qatar Tourism Authority is trying to promote the country as an ideal MICE venue. In order to support this initiative, the country is building infrastructure, including a new international airport and convention center (Qatar National Convention Center) in Doha. Furthermore, 4,000 new hotel rooms are expected to be built during the current year.

MENA Hotel Industry Snapshot: Existing Supply & Active Pipeline* (Total number of rooms)



Source: STR Global. Al Taameer Analysis

*Active pipeline includes those projects in the 'In Construction', 'Final Planning' and 'Planning phases'

2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline²

- As of July 2010, the active pipeline in the MENA comprised 126,273 hotel rooms-the luxury and upper scale segment accounts for 48.7% of this.
- The UAE and Saudi Arabia account for approximately 58.0% of the total active pipeline. Among key markets in the region, Dubai and Abu Dhabi account for 32,686 and 14,641 rooms, respectively, in active pipeline.
- The number of hotel rooms and hotels in the UAE increased 16.0% and 7.0%, respectively, during the first half of 2010, taking the total number of hotels active in the country to 566.
- Currently, rooms in the upscale segment (combining upscale and upper upscale segments) constitute 47.0% of the total existing supply, the largest among the various segments. Furthermore, the upscale segment has the largest number of rooms in the active pipeline, with 25.0% of new rooms under various stages of construction. The number of rooms in the upscale segment in the active pipeline has been growing consistently over the past three months.

2.2 New hotel openings and expansions in the Middle East

- Sol Meliá, the Spanish hotel chain, opened its fourth property Meliá Sharm in Sharm El Sheikh, Egypt, in August. Located in the coast of the Red Sea, the five-star resort has 468 rooms, including two presidential suites. Meliá Sharm would be the first hotel in the Middle East to launch 'Kids & Co by Meliá', a family program focusing exclusively on kids during their family vacations.
- Europe's leading hotel management group, Accor, opened Pullman Dubai Mall of the Emirates, the first Pullman hotel in Dubai. Pullman, an upscale brand of Accor, is positioned as a business hotel and expects to target the growing Meetings, Incentives, Conventions and Exhibitions (MICE) industry in the Middle East. The hotel has an in-built conference facility with 800 square meters of meeting space, nine rooms with individual pre-function areas and boardrooms.
- The UAE-based Hili Fun City, one of the largest amusement parks in the Middle East, reopened on Eid after an extensive renovation program, which started in August 2009. The amusement park currently operates under a new management - the Tourism Development and Investment Company (TIDC).
- Raffles Hotels & Resorts, owned by Canada-based Fairmont Raffles Hotels International, opened Raffles Makkah Palace, its new property in Makkah, Saudi Arabia. The hotel is located close to the holy mosque and has 213 suites.
- Dubai-based Al-Futtaim Group, Qatar Islamic Bank and Kuwait-based Aqar Real Estate Investment entered into a joint venture to develop a 433,000 sq.m mixed-use complex in Doha, Qatar. The complex would include retail, entertainment and hotel components, and is expected to cost \$1.6 billion.
- Jordan's Ministry of Tourism has launched the 'Jordan is beautiful' campaign to retain domestic tourists that travel abroad for vacations. This initiative is aimed at capturing 10% of the approximately two million Jordanians who travel abroad.
- Rotana, a leading hotel management company in the MENA region, opened Oryx Rotana, its first property under own management. Located in Doha, the hotel has 400 rooms, including nine fully equipped meeting rooms targeting business travelers.