



1. MARKET UPDATE

The performance of the hotel industry in the MENA region was mostly marred by lower occupancy, which declined by 4.3 percentage points YoY to 65.8%. and RevPAR which fell 1.0% YoY to \$121.3. However, this was partly offset by a 3.5% YoY rise in ADR to \$184.2.

1.1 MENA Region²

- On YoY basis, Cairo and Muscat recorded a double-digit decrease in hotel occupancy during November 2011-occupancy fell 47.4 percentage points to 39.2% in Cairo and 14.5 percentage points to 60.5% in Muscat.
- During November 2011, Riyadh reported the largest increase in ADR (up 11.7% YoY to \$285.07) closely followed by Dubai (up 11.3% YoY to \$279.06). Cairo posted the largest ADR decrease in the region (down 14.4% YoY to \$112.29).
- Dubai recorded the largest increase in RevPAR (up 19.5% YoY to \$243.56) followed by Jeddah (up 14.3% YoY to \$161.49). Cairo registered the largest decrease in RevPAR (down 55.0% YoY to \$44.00).

Table 1: Performances of key countries in MENA Region

Country	Occupancy	Change in % pts.	ADR	% change	RevPAR	% change
Egypt	56.8%	-31.8%	EGP448.40	-16.4%	EGP254.53	-43.0%
Saudi Arabia	60.3%	-3.4%	SAR1,051.83	-8.9%	SAR634.47	-12.0%
UAE	82.8%	+7.1%	AED931.50	+5.2%	AED771.05	+12.7%

Note: Percentages are increases/decreases for November 2011 versus November 2010

1.2 Country focus: Yemen³

Yemen is famous for its cultural heritage and is often linked to some of the oldest centers of civilization. Though the tourism sector was affected by the recent political mayhem, the situation is expected to improve in the aftermath of President Ali Abdullah Saleh's resignation last November.

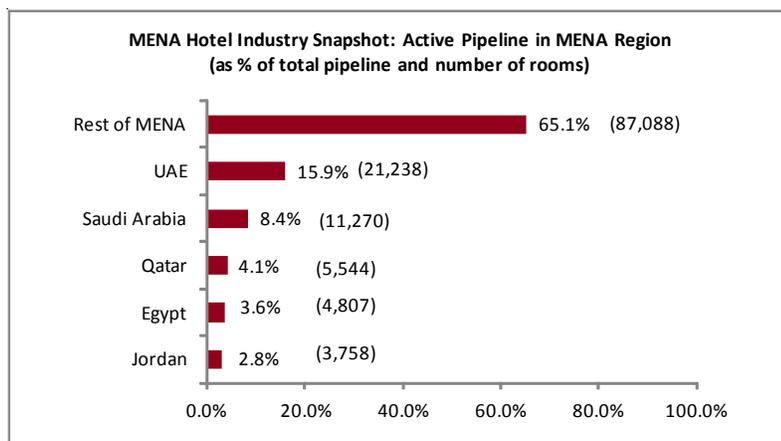
- International tourists are attracted to Yemen mainly due its cultural heritage. The ancient cities of Old Sana'a, Shibam, Zabid and Barqish are famous as they offer glimpses of both pre-Islamic and Islamic civilizations. Sana'a received World Heritage Status in 1986, denoting the importance of its mosques and minarets, schools, suqs (markets), samsarahs (hostelry-warehouses), palaces, hammams (public baths) and tower houses.
- Besides cultural tourism, foreign tourists are drawn by Yemen's natural attractions. International tourists can enjoy the biodiversity at Socotra, the desert at Rub-al-Khali, and subtropical forest at Jabel Bura. Spiritual tourism is also a major draw. Thousands of pilgrims visit the Grand Mosque, Al-Saleh Mosque and Qabir-Al-Nabi-Hud each year to offer prayers.
- Yemen's Tourism & Promotion Board has taken various initiatives to boost the tourism sector. Among them is the \$1.0bn tourism investment program announced in 2010. The Board also opened six new five-star hotels and many lodges in the port city of Aden in 2010 to attract more international tourists.

Source: ¹Ernst & Young, Middle East Hotel Benchmark Survey Report, November 2011. ²STR Global Data, Middle East/Africa Hotel Sector Performance for November 2011
³Yemen Tourism and Promotional Board and Zawya News Report

1.3 Shopping Tourism

The number of foreign tourists visiting the Middle East is expected to increase at a CAGR of 4.0% to 81.3 million by 2021 from approximately 54.8 million in 2011. International tourist spending is projected to increase at a CAGR of 4.7% to \$104.7bn by 2021 from \$65.9bn in 2011. Shopping is likely to constitute a large portion of international tourist spending as the region offers access to cheap international brands as well as traditional products.

- Dubai, the shopping capital of the Middle East, is becoming a major tourist destination mainly because of the tax-related perks it offers. The city annually hosts the Dubai Shopping Festival that has emerged as the leading, largest and longest running shopping and entertainment extravaganza in the world. The Festival attracts millions of shoppers from all parts of the world. Approximately 3.35 million attended the festival in 2009 and collectively spent over \$297.0mn on their international visa card. The amount spent increased by 36.7% to \$406.0 mn in 2010.
- Egypt is another famous shopping destination. The Khan el-Khalili Bazaar is one of the most renowned places for shopping in Cairo. Foreign tourists can buy a lot of traditional products like Bedouin wool rugs, gold jewelry, spices and antique Egyptian sculptures. Another popular shopping in Cairo is the market of Khan Misr Touloun, which offers ethnic clothes, bedspreads, tablecloths, objects made of wood, glazed pottery, beaded bags and leather masks, among others.
- Bahrain's Manama Souk is a shopper's paradise. It offers everything from clothes to electronics, tobaccos to incense, and antiques to gold. Although Bahrain's gold shops are a big hit with tourists, the country is famous for its pearls. Bahrain's pearls are natural and therefore sometimes slightly irregular in shape. They also vary in color from cream or white to ochre or even green.
- Other major shopping destinations in the region include Muscat in Oman with its numerous shopping malls. Saudi Arabia attracts shopping tourists with its traditional and antique items like jambiyas (ceremonial daggers), old coffee pots, Bedouin jewelry and incense burners.



Source: STR Global, Al Taameer analysis

Active pipeline includes projects in 'In-Construction,' 'Final Planning' and 'Planning' phases
Numbers in parenthesis in the graph represent the total number of rooms

2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline⁴

- As of November 2011, the active hotel development pipeline in the MENA comprised 494 hotels with 133,705 rooms.
- UAE dominated the market with the largest number of rooms in the pipeline (21,238).
- Other countries in the MENA region with significant number of rooms in the pipeline were Jordan (addition of 3,758 rooms), Egypt (addition of 4,807 rooms), Qatar (addition of 5,544 rooms) and Saudi Arabia (addition of 11,270 rooms).

2.2 New hotel openings, expansions in Middle East⁵

- Hilton Worldwide signed a management agreement with Obeikan Real Estate Development Company for the fourth Hilton Hotels & Resorts Property in Riyadh. The hotel, scheduled to be completed by 2014, will have 210 rooms, a specialty restaurant, all day dining outlets as well as a pool and dining lounges.
- Dubai Hospitality Management Holdings (HMH), an UAE based operator of hotels and resorts, will open Coral Hotel Dhahran, its 13th hotel in Saudi Arabia, in 2012. Coral Hotel Dhahran will be located in the Aramco district of Dhahran and will feature 153 rooms.
- Four Seasons will open its new hotel at Bahrain Bay by April 2014. The 50-storey complex will be 201 meters high and have 263 guest rooms. The facility will bolster Bahrain's hospitality credentials and set a new standard in luxury accommodation.

Source: ⁴STR global news release. ⁵Zawya news reports.