



1. MARKET UPDATE

The hotel industry in MENA displayed positive results in January 2012 as ADR increased 6.4% to \$181.6 and occupancy rate remained unchanged at 55.5% vis-à-vis January 2011.

1.1 MENA Region¹

- In January 2012, Beirut witnessed the largest increase in hotel occupancy (up 32.0% to 53.4% compared to January 2011) followed by Amman (up 30.8% to 64.7% vis-à-vis January 2011) and Jeddah (up 26.9% to 74.0% vis-à-vis January 2011). Cairo witnessed the largest fall in occupancy (down 42.4% to 36.4% from January 2011).
- Jeddah, followed by Dubai, recorded the largest increase in ADR in the region. In January 2012, ADR rose 13.4% to \$211.5 in Jeddah and 11.8% to \$269.8 in Dubai vis-à-vis January 2011 levels. ADR in Cairo decreased 13.0% to \$111.0 during the same month.

Table 1: Performances of key countries in MENA Region

Country	January 2012				Three months ended January 2012			
	Occupancy	% change	ADR	% change	Occupancy	% change	ADR	% change
Egypt	39.3%	-37.0%	EGP439.2	-16.0%	46.8%	-34.2%	EGP441.0	-19.6%
Saudi Arabia	52.1%	+31.3%	SAR765.9	+2.6%	56.9%	+10.4%	SAR864.7	-1.3%
UAE	78.6%	+11.7%	AED871.5	+7.4%	77.6%	+5.5%	AED847.4	1.5%

Note: Percentage for January 2012 is an increase/decrease versus January 2011. Three months ended January 2012 denotes an increase/decrease for the quarter compared to the same period in 2011.

1.2 Country focus: Algeria²

Algeria's travel & tourism sector is ranked 55th globally in terms of its contribution to GDP. International tourist arrivals in the country are estimated to surge 5.0% to reach 2.1 million in 2012 compared to 2011 and increase at a CAGR of 2.2% to reach 2.6 million in 2022.

- The travel and tourism sector's contribution to Algeria's GDP is estimated to jump 6.0% from 2011 to reach DZD1,082.3 billion in 2012 and is expected to increase at a CAGR of 4.6% to DZD1,700.4 billion in 2022.
- Total Investment in the country's travel & tourism sector is expected to surge 6.1% to DZD127.2 billion in 2012 compared to 2011 levels. Investments in the tourism sector are expected to increase at a CAGR of 6.4% to DZD235.5 billion during 2012-2022.
- Major tourist destinations in the country include Monument des Martyrs, UNESCO World heritage sites such as M'Zab Valley, Timgad and Al Qal'a of Beni Hammad, Djemila, Tipaza, and Santa Cruz Castle. Other tourist hot spots include Great Mosque of Tlemcen, built in 1082 AD and Belzma National Park which is home to 447 flora and 309 fauna species.
- The Ministry of Tourism has undertaken various initiatives to boost tourism revenues in Algeria. The Ministry launched the National Tourism Development Plan which is aimed at increasing the number of tourists to 2.5 million by 2015 by promoting the country as a prime tourist destination, developing high-quality tourist centers, introducing quality controls, encouraging public-private partnerships and attracting investment. The government has also taken steps to promote Algeria as a destination of eco-tourism and beach holidays, and signed agreements for tourism projects with Algerian investors.

Source: ¹STR Global Data, Middle East/Africa Hotel Sector Performance for January 2012 and TRI Hospitality Consulting. ²WTTC and Zawya News Report

1.3 Marine Tourism

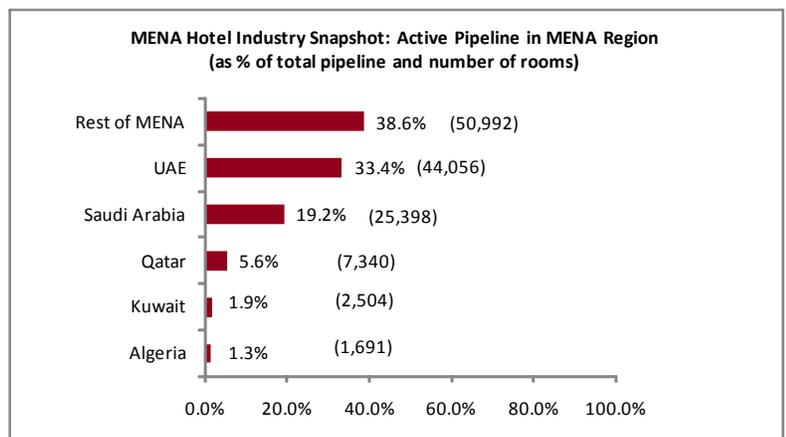
Yacht sailing and marine related activities are fast becoming a favorite among international tourists visiting the Middle East region. According to a report by Booz & Company, the Middle East region would benefit economically by further developing its coastlines that would attract a growing number of tourists. According to the company, a capital investment of \$250-300 billion would be required to meet the growing demand in the next 15 years.

- Dubai is the marine tourism hub in the Middle East. Cruise tourism is an integral part of the tourism industry in Dubai, and it plays a major role in boosting the number of tourist visits in UAE every year. In 2011, a total of 120 cruise ships visited Dubai bringing about 325,000 passengers. It is estimated that Dubai's marine tourism would grow 58.3% by 2015, as an increasing number of cruise lines are attracted to the region. Apart from cruise ships, Dubai is also famous for marine adventure sports such as jet-skiing, wind surfing, diving, rafting, kayaking and sport fishing. Nakheel, the developer of man-made islands- Palm Jumeirah and World has launched cruise facility around the islands. Travelers can take a tour inside Palm Jumeirah and enjoy views of the island and its buildings.
- The Sultanate of Oman is also famous for marine tourism. The country is lined by some of the most amazing beaches in the Gulf such as Qurum, Bandar Jissah, and Seeb Beach. Popular activities on beaches include swimming, diving, snorkeling, boating, surfing and shell collecting. Tourists also have an opportunity to watch dolphins at Sifah and Khairan.

2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline³

- As of January 2012, the active hotel development pipeline in MENA comprised 495 hotels with 131,981 rooms.
- Qatar reported the largest expected growth rate (up 69.9%) with 7,340 rooms in the total active pipeline.
- Other key markets in the MENA region with expected growth rate of more than 40% are Oman (up 68.8% with an addition of 4,504 rooms); Saudi Arabia (up 54.0% with an addition of 25,398 rooms); UAE (up 48.0% with an addition of 44,056 rooms); Algeria (up 41.2% with an addition of 1,691 rooms) and Kuwait (up 40.6% with an addition of 2,504 rooms).



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

2.2 New hotel openings and expansions in Middle East⁴

- Mandarin Oriental, the Hong Kong based 5-star hotel group plans to open two new hotels at Abu Dhabi (on Saadiyat Island) and Doha (in Musheireb area) by 2014. Both the hotels will have 160 luxurious guestrooms and suites in addition to serviced apartments. The group is also looking for potential hotel opening opportunities in markets such as Dubai, Saudi Arabia and Kuwait.
- Accor Middle East also plans to open 23 new hotels (5,891 rooms) in the Middle East by 2015. Out of these, twelve hotels will be located in UAE, four in Saudi Arabia, three in Syria, two in Qatar and one each in Egypt and Bahrain. The group will open seven new hotels in UAE by 2012.
- JW Marriott will open JW Marriott Marquis Dubai in the fourth quarter of 2012. The hotel will open in two phases, with the first section featuring 804 rooms and numerous restaurants and lounges. JW Marriott Marquis Dubai will be the tallest dedicated hotel building in the world at a height of 355 meters and will focus on serving the MICE (meetings, incentives, conferences and exhibitions) market.

Source: ³STR global news release. ⁴Zawya news reports.