

hodema highlights



Rights reserved

Recognized in the international press as a new tourist destination, Lebanon attracts the biggest hotel brands eager to fill a shortage of supply in the market. Since 2009, Lebanon has been the growing focus of international hotel operators seeking properties and investors in order to settle down and enjoy the new-found political stability and subsequent enthusiasm generated in the country, as well as the record figures registered in terms of tourism over the past two years.

According to the Ministry of Tourism, Lebanon has hosted more than 1.8 million visitors in 2009, breaking the record of 1.4 million in 1974. The New York Times has ranked Beirut as the "first destination in the world" for 2009 while the Lonely Planet Guide ranked it second among the ten "must visit cities". Many leading newspapers and magazines have praised the revival of the country of the Cedars, and have distinguished it among major destinations.

Hotel operators eager to conquer Lebanon

This article was published in French in "Le Commerce du Levant", April 2010, by Nagi Morkos from hodema

A survey conducted by Ernst & Young shows that hotels in Beirut made a remarkable progress in the region in 2009. They have recorded an occupancy rate of 73%, hoisting the capital to the fourth place regionally. They have also experienced an increase in average hotel room rates by 26.7%, registering the highest growth at the regional level. These records are all the more impressive as they coincide with the financial crisis that has affected top cities such as Dubai, which had to revise downward the prices of its hotel rooms, and will surely face major difficulties in raising them.

Lebanon has surpassed Dubai in terms of revenues per available room which increased by \$69 in a year, reaching \$172 in Beirut and \$170 in Dubai. This good news attracts hotel operators keener than investors to enter the Lebanese market. Their interest is explained by several factors, among which is the lack of hotel operators on the ground. Marriott or Hilton are absent, others like Starwood and Accor merely operate a single hotel (see table below), while Hyatt and Kempinski are announcing openings in the next two years.

The snowball effect is certain; operators are not only attracted by the country's economic growth, but also by the presence or announced entry of other operators. In the last two years, most of these operators have suffered from decline in their hotel business in the Middle East following the financial debacle. It is quite normal they turn to the Lebanese market still considered as "underdeveloped" in terms of hotels. For instance, Starwood has been trying for some time to implement one of its brands - or standard-bearer - in Lebanon (Sheraton, St. Regis or W). Other well-known groups such as Oetker, operator of luxury hotels for decades (Brenner's Park-Hotel & Spa in Baden-Baden, Cap-Eden-Roc Hotel in Antibes, Le Bristol Hotel in Paris or the Castle of Saint-Martin & Spa in Venice), study the market in order to meet potential investors; they have already carried out negotiations with local investors to open a hotel. "Of all the countries I visited during my tour of the Middle East, the three which have most influenced me by the dynamism of their tourism industry are Abu Dhabi (where we will be soon opening Le Bristol), Bahrain and Lebanon", said Frank Marrenbach, CEO of Oetker group.

As further evidence of the appeal of Lebanon to international hotel operators, the Relais & Chateaux label chose Lebanon for the first time to launch its 2010 guide. The group which has only one urban hotel in town, the Albergo, wishes to expand in the country, by seeking to develop in the beach or mountain hotel sector. Accor

is also looking for properties to complement its presence in Lebanon, where the group currently operates one hotel, the Sofitel Gabriel. The group is eager to meet the new strategy of the mother company whose directions were redefined since 2006 in two major areas: services (Accor Services) and hotel business (Accor Hospitality). The latter is currently creating new brands and repositioning others with a goal of doubling the annual rate of hotels opening to reach 40,000 new rooms annually in the international market. As for the Marriott group, it is trying to relocate itself in Lebanon, while Hilton is studying the market after its abortive attempt to open its hotel (see Le Commerce du Levant, June 2009). Yet, the Lebanese market experiences many constraints likely to hinder hotel operators; it is reduced in terms of available real estate, and is very often associated with families who have a long history of hospitality such as the Salha family with the InterContinental group, the Saab with Summerland (which is becoming Kempinski), or the Doumet with Le Bristol Hotel.

The challenge for operators is to identify and convince the "good" partners or investors to develop their brands, especially those who are willing to invest in the long term. In this context, the Salha family is seen as a "typical customer" for a hotel operator, since the two corporate names of the InterContinental Hotels Group (IHG) - Phoenicia and Vendôme - are doing well and witnessing a continuous growth. The Salhas bought a land adjacent to the Vendôme Hotel to build an annex that would include suites, a spa and a swimming pool (according to initial reports). It is quite possible that this family continues the fruitful collaboration by developing the Holiday Inn Express, the 3-star hotel brand of the group; IHG is considered the largest operator in Lebanon, with five properties to its credit, including four in the capital: Phoenicia in Minet el-Hosn, Vendôme in Ain Mreisseh, Holiday Inn in Verdun, and Crowne Plaza in Hamra. The group's fifth hotel is located in Ouyoun el Simane, Mzaar. If the country's political situation remains stable, the hotel market activity would most likely flourish. Today, the supply in terms of hotel rooms is still underdeveloped compared to the growing market demand, but it is unclear whether investors, who are essential for operators, may or want to follow.

Operator name / label	Country of origin	Brands in Lebanon	Nb of properties in Lebanon
CampbellGray Hotels/LHW	Great Britain	Le Gray Hotel, Downtown Beirut	1
Rezidor Hotel Group	Denmark	Radisson Blu Martinez Hotel	1
Wyndham Hotels and Resorts	United States	Ramada Hotel	1
Safir Hotels and Resorts	Kuwait	Safir Heliopolitan Hotel	1
Lahoya Group	Lebanon	Lahoya Homes Lahova Garden Lahoya Suites	3
General Mediterranean Holding (GMH)/LHW	Luxembourg	Le Royal Hotel, Beirut Watergate, Beirut	2
Relais & Chateaux	France	Albergo Hotel	1
InterContinental Hotel Group	Great Britain	Crowne Plaza Hotel Holiday Inn Dunes InterContinental Mzaar InterContinental Le Vendôme InterContinental Phoenicia	5
Starwood	Australia	Four Points Sheraton Le Meridien Commodore	2
Rotana	United Arab Emirates	Gefinor Rotana Hotel Hazmieh Rotana Raouché Rotana	3
Al-Habtoor Group	United Arab Emirates	Metropolitan Palace Habtoor Grand Hotel	2
Mövenpick	Switzerland	Mövenpick Hotel	1
Four Seasons	Canada	Four Seasons Hotel	1
Golden Tulip	Netherlands	Golden Tulip Serenada Golden Tulip Hôtel de Ville	2
Accor	France	Softel Le Gabriel	1

Total: 15 operators, 27 properties



Interview with Mr. Georges Abou Jaoudé

General Manager of FFA Private Bank s.a.l and Chairman & General Manager of FFA Real Estate s.a.l

hodema's role was critical in explaining and illuminating the ins-and-outs of the hospitality world, which was especially useful and important given that this is our first project in the field.

1 • How did you hear about *hodema*?

I am a personal friend of one of *hodema*'s founders and managing partners. Upon reaching out to him and hearing him describe the scope and depth of *hodema*'s services, we decided to retain them as our consultants for the Naas project.

2 • Can you tell us about the project you are currently developing with *hodema*?

The Naas Wellness Resort will be composed of a luxurious Levantine boutique hotel with bungalows, a wellness spa, and signature residential villas. It will be located in a beautiful pine tree forest in Naas, Lebanon (at 1,000m altitude) and will be an ecological project. The main attribute will be the integration of the famous Naas water spring in the wellness spa, creating a first of its kind destination in Lebanon and the region.

3 • In your opinion, what was *hodema*'s added value with regards to your project needs?

hodema's consultants helped successfully identify and finalize the concept as well as the theme. Their role was

critical in explaining and illuminating the ins-and-outs of the hospitality world, which was especially useful and important given that this is our first project in the field. *hodema*'s consultants are our hospitality advisors but we like to think of them as our partners in making this project successful.

4 • How did the idea of building a mixed-use project in Naas arise?

An opportunity to acquire the old Naas Bekfaya Mineral Water Company triggered the idea to create this very special place and leverage the company's assets; indeed, the lands are beautiful, the location is incredible, and the renowned waters create strong brand recognition. Also, the growth in wellness and health tourism in Lebanon today, in addition to the strong demand for luxurious villa areas easily accessible from Beirut (via the new Metn highway), make this place unique.

5 • How do you describe the real estate market in Lebanon today?

The real estate market in Lebanon is maturing but there are always opportunities to grab in sub markets.

Georges R. Abou Jaoudé joined FFA in 1993 after completing his Bachelors Degree (BS) in Business Management at the University of La Verne, California. He is currently the General Manager of FFA Private Bank s.a.l. and the Chairman & General Manager of FFA Real Estate s.a.l. Through his extensive knowledge of the market as well as his established relations throughout the Middle East and especially the GCC, Mr. Abou Jaoudé was able to imprint his mark in the capital market and real estate sectors in both Lebanon and the region. He possesses great knowledge of the private wealth management sector and is an expert in the business and real estate worlds. Mr. Abou Jaoudé initiated and administered the setting-up of FFA Dubai Ltd. at the DIFC and largely contributed to the transition of FFA from a financial institution to a private bank. Mr. Abou Jaoudé launched FFA Real Estate s.a.l., a fully-owned subsidiary of FFA Private Bank s.a.l., with several high-end commercial and residential projects as well as a Luxurious Wellness Resort in the mountains of Lebanon in Naas area which is currently underway. In addition, he sits on various committees and is a member of the Board of Directors of FFA Private Bank s.a.l., FFA Dubai Ltd. and other real estate companies. He also sits on the board of the Young Arab Leaders (YAL) Lebanon chapter, an independent organization with a mission to bring global opportunities and worldview to the youth of the Arab world, and is a member of the Young President Organization (YPO), aiming to develop better leaders through education and idea exchange for qualified peers eager to learn, interact and grow as leaders. Georges R. Abou Jaoudé is a regular lecturer at local and regional conferences and panels.

6 • Do you have other real estate projects planned for the near future?

Financial Funds Advisors Real Estate (FFA Real Estate) has grown tremendously in the past few years and is always expanding. Yes, there are definitely more projects in the near future; one of these ventures will build on the success of our Badaro Gardens project (one of the first LEED certified projects in Lebanon) and create a new extension with smaller and smarter apartments geared towards the largest market demand today. We are also becoming greener as a company and will have several environmental friendly projects going forward as we recognize and appreciate how important this issue is to our clients and the world at large.

hodema
consulting services

Nagi Morkos: nmorkos@hodema.net • Karim el Asmar: kasmar@hodema.net

Lebanon Badaro 2000 Bldg. - 2nd Flr. - Badaro St.
P.O.Box 16-6364 - Beirut - Lebanon - T +961 1 381101 • F +961 1 381127

Jeddah Future Business Centre, 5th Flr. - Amanah St. - Jeddah - 21352
P.O.Box 126666 - Saudi Arabia - T +966 26529600 • F +966 26529633

Riyadh Office No. 503 - Akaria Tower 3 - 5th Flr. - Olaya St. - Riyadh - Saudi Arabia
T +966 1 4191909 • F +966 1 4191948

Damascus M +963 993230966

Countryside hotel in the Bekaa Bekaa, Lebanon

hodema was appointed by the landlord of a major estate in the Bekaa valley to perform an assessment on the Bekaa area and on the client's fazenda-style house. *hodema* was requested to transform the existing house and develop it into a mid-end hotel property. The hospitality concept *hodema* created is based on local and rural traditions to provide guests with an experience of farm life including several farming activities. The hotel's preliminary feasibility study and financial projections are currently underway.



Luxurious Levantine boutique hotel and wellness spa Naas, Lebanon

A real estate and financial company has commissioned *hodema* to develop the hospitality component of a mixed-use project in Naas. This project which is spread on a surface of over 100,000 square meters also includes residential villas. *hodema* assessed various studies previously performed and carried out complementary studies prior to developing a viable concept of boutique hotel and spa. *hodema* analyzed thoroughly the hospitality concept and financial aspect, and is currently assisting the client in selecting an operator for the hotel and spa, providing ongoing strategic support during the project's implementation phase.



Source: Atelier U, Ile-paysages and Q-Dar



Mid-end restaurant Beirut, Lebanon

hodema was assigned by the owners and managers of a mid-end restaurant located in Sodeco area to perform a general assessment on their outlet and identify means of improvement in their concept and operation. The mission's objective was to provide feedback on the operation, and prepare the brand for potential franchising opportunities and for new openings in other areas of the country.

Mid-end cookies and cupcakes bakery Jeddah, Saudi Arabia



hodema was mandated by a Saudi Chef/business owner to perform a full assessment on his mid-end bakery specialized in cookies and cupcakes prior to developing the brand as a franchise in the kingdom and the region. After 6 weeks of ongoing studies, spot checks and individual interviews, *hodema* presented a set of strengths and weaknesses in addition to short, mid and long-term recommendations. *hodema* will further assist the Saudi Chef in developing his franchise business.

High-end rooftop venue Jeddah, Saudi Arabia

hodema was requested by independent investors to develop a concept for a high-end rooftop venue located in one of Jeddah's most upcoming areas. A comprehensive market study was performed including a review of the potential competition. Based on the study outcome and the concept elaboration, a preliminary feasibility study was conducted to evaluate the project's financial potential.



Mid-end delivery concept Jeddah, Saudi Arabia

After a thorough assessment on a mid-end delivery concept based in Jeddah, *hodema* assisted the Board of Directors of the restaurant's owning company in drawing the brand's business and development plan within the kingdom and beyond. Several scenarios were strategically and financially studied in order to find the optimal mid-term and long-term development that suits the brand and the developers' objectives. The plan is currently being implemented.

Flagship Food & Beverage and retail outlet Beirut, Lebanon

hodema developed a concept for a flagship Food & Beverage and retail outlet in Beirut. The mission's objective was to introduce an innovative concept to the Lebanese market combining F&B and retail. *hodema* performed an overview of Beirut's F&B market and a preliminary feasibility study. The service consists of a mix between self, over the counter, and à la carte services in a kitchen setting.



Source: *hodema*

Interview with Mr. Faisal Al-Kudsi

Chairman, CEO of Investment Trust Limited and Chairman of Bilad Al Sham Hotels SA

hodema consultants are young, energetic, and professional. Our company hired them to help with the strategy and daily management of one of our hotels

1 • How did you hear about *hodema's* services?

hodema was referred to us through the InterContinental hotel owners in Beirut, Lebanon. Having risen the necessary funding for the Phoenicia and Le Vendôme hotels in the mid 90's, we have a very strong relationship with the owners of the InterContinental hotels in Lebanon as well as with the InterContinental group worldwide.

2 • What are you currently working on with *hodema*?

hodema consultants are young, energetic, and professional. Our company Bilad Al Sham Hotels SA has hired them to help with the strategy and daily management of one of our hotels in the old city of Aleppo, Beit Salahieh, a 5-star 42-room boutique hotel which is starting operation in September 2010. *hodema* is assisting us in the opening of our outlet while delivering on-site training sessions and elaborating the hotel's operating manuals including sequence of service and internal rules and regulations. In addition, *hodema* set up the operation including hotel snagging and commissioning.

3 • What was *hodema's* added value in Beit Salahieh hotel project?

Beit Salahieh is a boutique hotel, and boutique hotels are managed differently from chain hotels; *hodema* recognizes this fact and is helping us draft operation

manuals specifically tailored to our project which is considered as a historical property. We define our boutique hotels as "luxury homes and palaces" for our clients' enjoyment and use, and would like each and every client to feel that he/she is in his/her own home.

4 • What are the top attributes that drove you to open your own boutique hotel?

We believe that a high number of tourists love to visit old cities and stay in historic properties. The old cities of Aleppo and Damascus have been listed as UNESCO World Heritage sites as they enclose old treasures that date back thousands of years and exist only in the Levant area. One of our boutique hotels is over 600 years old which allows the visitors to live a unique experience highlighted by history, luxury, comfort, great food and customized service.

5 • What are the challenges in Syria's boutique hotel market?

Refurbishing historical houses in the old cities of Damascus and Aleppo is not an easy task. It starts with a dream supported by knowledge, passion, taste, financial ability and above all patience and perseverance! Another challenge is how you communicate your passion to the public through communication tools; I am proud to say that the

Faisal Al-Kudsi was born into a political family in Aleppo, Syria, in 1947, and moved to London in 1976 to become a British citizen in 1990. He obtained his BA degree from the American University of Beirut, and Masters of Science degree in International Finance & Investment from the University of Wisconsin in the United States. He worked for 37 years in commercial and investment banks in the US, Europe, and Arab countries. After working with Merrill Lynch, he joined the Arab Bank Ltd in 1973 and worked from Amman, Beirut and London.

Since 1977, his career has been in investment banking, specializing in the Arab emerging markets and real estate investment. He established Capital Trust Group in 1977 and acted as its Managing Director in London for 19 years during which he founded Lebanon Invest, the largest investment bank in Lebanon since it opened in 1994. He has set up a number of operating and holding companies of which he became a Founding Director, including the Arab Bankers Association in London in 1982. In 1996, he created Gulfinvest International in Kuwait, a regional investment company, and as one of its founding shareholders, was appointed its Chief Executive Officer. In 1998, in his capacity as a Founding Shareholder and CEO of Gulfinvest International, he established Jordan Invest, the largest investment bank in Jordan, and became a Board and Executive Committee member.

During the last 37 years he has acted as an advisor to a number of Middle Eastern governments, central banks, finance ministries and financial institutions.

After Gulfinvest International became a publicly listed company in Kuwait, he returned to London in 2004 and founded Investment Trust Limited where he is currently Chairman and CEO. The company is an investment banking boutique regulated by The Financial Services Authority, which specializes in arranging worldwide property and corporate investments for its Middle Eastern and American investor group.

Mr. Al-Kudsi is a Founding Member and previous Board Member of the Arab Bankers Association in London, the Alumni Association of the American University of Beirut and the British Syrian Society. He is a regular commentator on economic and banking issues on radio and TV, including the BBC.

Mansouriya Palace hotel website which we redesigned in July 2010, recorded 6,400 visits for the month of July only in comparison to an average of 300 monthly visits the previous months. Other challenges are the government bureaucracy where decision making is slow and time is wasted unnecessarily.

6 • How do you describe the hotel market in Syria?

The hospitality and tourism market in Syria is still at the early stages. International hospitality standards were implemented in our country with the opening of Damascus Four Seasons Hotel which raised hospitality standards in Syria. Through our boutique hotels which we would like to describe as luxury "homes", we aim at answering the needs of the high end market. It is only in the last 5 years that this concept started to make financial sense whereby high income tourists started to come to Syria in meaningful numbers.

7 • What are your future plans?

Our hotel group in Syria, Bilad Al Sham Hotels, has the strategy to explore the upper end of the cultural tourism market in Syria. We intend to rejuvenate and revive famous houses and palaces in both Damascus and Aleppo's old cities and make them comfortable and luxurious targeting high end tourists. We plan to expand our company quite rapidly as we have the knowledge, the proper connections, the sites, and the patience, in addition to the financial ability.

Eco-tourism hospitality project Bekaa, Lebanon

The landlord of a major estate in the Bekaa valley appointed *hodema* as consultant to his hospitality project. *hodema* is presently assessing the property and challenging its strengths and weaknesses prior to developing in a near future an eco-tourism hospitality project as well as a visitors' center. This assignment also includes the development of a management strategy and the selection of the most suitable hospitality operator for the project.



Source: *hodema*

Turnkey Oriental bakery and coffee house Jeddah, Saudi Arabia

hodema is developing a bakery set to offer a wide selection of different types of Oriental breads and innovative Oriental coffees and beverages. *hodema* conducted a market study on the bakeries and coffee shops in Jeddah, and developed a concept set in a modern architectural environment with a contemporary interior design feel. *hodema* consultants helped in the selection of a consulting chef and finalized the menu engineering. They also elaborated the project's feasibility study and provided the owning company with strategic support, technical assistance, recruitment and operational planning, budgeting, branding and communication.

High-end restaurant Jeddah, Saudi Arabia

hodema was assigned by a Saudi business owner to perform a general assessment on a high-end restaurant focusing on fresh-ingredients-based menu. *hodema*'s analysis led to the reorganization of the restaurant's kitchen, the review of floor layouts, and redefinition of the concept. *hodema* prioritized the future investments related to the outlet and is now assisting the business owner in opening the restaurant and elaborating its operating manuals.



Source: *hodema*

Ethnic restaurant

Beirut, Lebanon

hodema performed a market study on Beirut's Food & Beverage market focusing on ethnic restaurants. This niche market was analyzed prior to developing an Ethnic restaurant and bar concept unique in its design and menu items, and different from what is currently available on the local market.

French bistro Beirut, Lebanon



Source: *hodema*

hodema assessed the location of a restaurant on Pasteur Street and developed a flash feasibility study for the development of a French bistro concept within the premises focusing on traditional French food including an extensive and varied menu with competitive pricing.



Source: *hodema*

Bank corporate cafeteria Beirut, Lebanon

hodema is developing a corporate cafeteria for the new offices of a renowned bank located in Beirut Central District. The scope of work included an assessment on the preliminary project and layouts, a concept development, in addition to a technical assistance during the outlet implementation phase. The idea is to create a cafeteria where servings are maximized in a practical yet employee-friendly environment.

Flagship coffee shop Homs, Syria

hodema is developing a turnkey coffee house in Homs, Syria. The scope of work includes a study of Homs Food & Beverage market with a focus on coffee houses, and the creation of a modernized and innovative concept of coffee shop. At a later stage, *hodema* will conduct a feasibility study and issue the project's financial projections.



Interview with Mr. Waleed Abou Sabaa

CEO of Al Massa Hotels Co. Ltd. and Head of the Tourism & Hotels committee at the Makkah Chamber of Commerce

I am very impressed by the depth of information provided by *hodema*... the details *hodema* focused on made all the difference

1 • How did you hear about *hodema's* services?

I heard about *hodema's* services in the Arabian Hotel Investment Conference (AHIC) in Dubai in May 2010. A friend of mine, Mr. Muhammad Al Amir, introduced me to one of *hodema's* founding partners. My first impression was that this company could be a great added value to the Saudi Arabia market, especially in the Food & Beverage industry.

2 • Can you tell us about the project you are currently developing with *hodema*?

I am currently developing a one of a kind project with *hodema*. The project is a central catering kitchen located in Makkah and is especially designed to cater to Turkish pilgrims who visit Makkah every year for Hajj & Umrah purposes. The aim is to cater for a total number of 60,000 pilgrims daily providing them with the best quality and hygiene at specific timings. The central kitchen will have a very sophisticated logistics system that will serve twice a day approximately 42 locations.

3 • In your opinion, what was *hodema's* added value with regards to your project needs?

hodema assisted me in many aspects of my project and was a great added value to me. *hodema* performed the feasibility study of the entire project, identified the number of staff needed per period, assisted us in the kitchen design, and played a major role in creating and developing the logistics system. *hodema's* input was also crucial in projecting the Profit & Loss statements of the central catering kitchen for the upcoming years. Last but not least, *hodema* conducted a precise study on the area of Makkah and was able to identify the best location for my central kitchen, taking into consideration traffic factors, distance, and prices of land. I am very impressed by the depth of information provided by *hodema*, and believe it was very beneficial for my project; the details *hodema* focused on made all the difference and led us to the most accurate and realistic feasibility. Finally, I know I can rely on *hodema* consultants in case of concerns or further needs for the project.

4 • How do you describe the hospitality and catering industries in Makkah?

Makkah holds a great potential and there is room for more hotels and guest rooms. The city is the main market hub for hotels in Saudi Arabia. Today there are almost 450 hotels in Makkah, ranging from 1 to 5 stars, which is equivalent to the total number of hotels in the entire kingdom. Around 1.5 million pilgrims come during Hajj period, and the existing 450 hotels today can only accommodate up to 350,000 people. The rest of the pilgrims usually stay in licensed "Hajj buildings". In 2008, 1.7 million pilgrims visited Makkah for Umrah, and in 2010, this number is expected to reach 4 million excluding Saudi local pilgrims. The Saudi Government's target is to welcome 10,000,000 pilgrims in "Umrah season" following the development of major projects in Makkah such as Jabal Omar (34 new hotels), Jabal Al Kaaba (1 gigantic building with 4000 rooms), Shamiya (many real estate developments and new hotels), and the King Abdul Aziz Road (Makkah's major entrance road) which will be renewed and surrounded with hotels and malls. The good thing about such new development is that competition will raise the service and construction standards for the benefit of the client. As for the catering industry, it is expanding dramatically as well. Each of the new towers under construction will have a catering kitchen within the building. This however will not affect our project, as most of the existing buildings don't have catering kitchens and the available kitchens don't have the production capacity I am developing. Also, the number of Hajj and Umrah pilgrims is expanding very quickly, leaving room for further developments.

5 • What are the particularities of Umrah and Hajj periods with regards to your operations and compared to the conventional hospitality and catering industries?

During Hajj period, the demand is heavier because the pilgrims come all together at the same time and stay for approximately 20 days. During Umrah season, the number of pilgrims is spread over a period of 7 months. Umrah peak periods are usually at the

beginning of Ramadan (792,000 pilgrims in 2010 excluding local Saudis pilgrims), then Rabiaa Awal, then Rabiaa Al Thani (700,000 pilgrim in 2010). The hospitality and catering businesses are different in Makkah than in other markets since Makkah has its own seasons during which hotels and catering kitchens should be extremely well prepared. Also, you will find in "conventional" hospitality some leisure or corporate segments you won't find in Makkah which main segments are usually tour operators (Umrah companies) and governmental Hajj and Umrah Missions dealing with hotels on seasonal contracts basis.

beginning of Ramadan (792,000 pilgrims in 2010 excluding local Saudis pilgrims), then Rabiaa Awal, then Rabiaa Al Thani (700,000 pilgrim in 2010). The hospitality and catering businesses are different in Makkah than in other markets since Makkah has its own seasons during which hotels and catering kitchens should be extremely well prepared. Also, you will find in "conventional" hospitality some leisure or corporate segments you won't find in Makkah which main segments are usually tour operators (Umrah companies) and governmental Hajj and Umrah Missions dealing with hotels on seasonal contracts basis.

6 • What is the added value that your project would bring to the market and the industry?

I aim at becoming a market leader in this type of business, focusing on quality, hygiene and service. My central catering kitchen will raise the standards of catering in Makkah and give a special flavor to the catering industry. I did the same with Al Massa group of hotels 10 years ago when I introduced and standardized the 3-star hotels sector in Makkah market in a period when all you could find was 5-star hotels or licensed accommodation buildings for pilgrims; and it turned out very well.

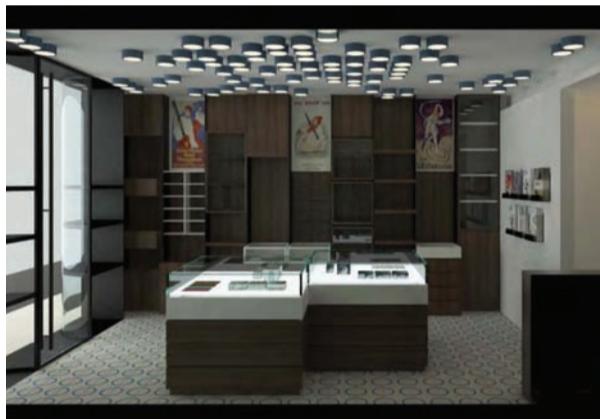
7 • What are your future plans in the hospitality and F&B sectors? How could *hodema* help you in their development?

My plans for the future are very clear and concrete as we are expanding in the hospitality field. In the coming 2 years we will have another 4 hotels adding up 4000 rooms to our rooms park. The hotels will range from 3 to 4 stars and will all be located in Makkah. We are also expanding in other cities like Riyadh, as we recently bought land and real estate for construction. Finally we are in the process of purchasing land in Jeddah and will also be looking forward to developing hotels in this part of the kingdom. Since our core business is in hospitality, *hodema* could intervene at any level of our developments.



Central catering kitchen targeting pilgrims Makkah, Saudi Arabia

A renowned Saudi investor appointed *hodema* to develop a central kitchen in Makkah catering to pilgrims visiting the city during Hajj and Umrah periods. A flash market study was conducted on Makkah's catering market including a general assessment on the identified competitors, an area mapping followed by recommendations for the development of such a project. In addition, *hodema* carried out a study on the central kitchen's operational aspect including logistics, design, production flow, and manning guidelines. Finally, a preliminary feasibility study was elaborated to evaluate the project's financial viability.



Stationery concept store Beirut, Lebanon

hodema is developing a stationery concept store focusing on pens. The scope of work included an overview of the concept stores on the international market and in Beirut, and a preliminary feasibility study. *hodema* identified an appropriate location and ensured follow-up on several implementation matters, including brand building, architectural layouts, and the selection of the product mix.

Source: Raëd Abillama Architects



Boutique hotel Aleppo, Syria

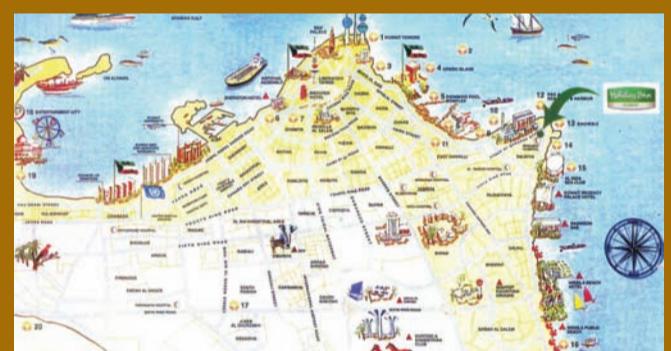
hodema assisted in the pre-opening and opening of a boutique hotel in Aleppo. This 42-room property started operation in September 2010. *hodema* delivered 7 on-site training sessions in a period of over 6 months, and elaborated the operating manuals for the hotel's operations' departments, including sequence of service and internal rules and regulations. In addition, *hodema* is setting up the operation and snagging the hotel.

hodema publishes, on a regular basis, articles in Hospitality News and Le Commerce du Levant.

For more info on *hodema* services, projects and published articles
please visit our website www.hodema.net

Sandwich factory and a dessert and juice bar kiosks Kuwait city, Kuwait

hodema created and developed two kiosks concepts – a "sandwich factory" and a "dessert and juice bar" – in a prime location in Kuwait. *hodema* conducted several field visits, studied the low-end market segment prior to developing two concepts focusing on delivery, catering, and take-away. *hodema* also prepared a feasibility study for each concept and is assisting the client in the full operation set-up.



Mid-end Swiss restaurant Jeddah, Saudi Arabia

hodema was approached by a group of Saudi investors seeking assistance in the development of a franchised Swiss restaurant and its adaptation to Jeddah market needs. *hodema* facilitated and coordinated communication between the client and the Swiss franchisor. In addition, *hodema* performed a market study including a competition review on Swiss and French restaurants in the city and sketched the financial soundness of the project and its potential returns.

Teleferique Food Court and Playgrounds post opening Jounieh, Lebanon

hodema is currently assisting the Teleferique management in the post-opening phase of the Food Court and Playgrounds. *hodema* is coaching and following up on the project's Operation manager through weekly meetings. As part of its quality control mission, *hodema* also conducts mystery shopping visits to the premises, reports areas of weaknesses, and suggests solutions for improvement and long-term strategy.

hodema is also providing periodic reporting to the chairman and board representatives.

Gold sponsor at AHIC 2010 Dubai, United Arab Emirates

After 5 years of presence at the Arabian Hotel Investment Conference (AHIC) in Dubai, *hodema* was, for the second year, a gold sponsor at this internationally renowned event which took place on May 1, 2 and 3, 2010. Karim el Asmar, *hodema*'s CEO, moderated the panel "A focus on the Levant". Among the participants were consultants as well as regional and international hotel operators. In addition, *hodema*'s COO, Nagi Morkos, was a speaker at a round table entitled "Ask the experts – Navigating the Market in Saudi Arabia" with two other key hospitality figures in the kingdom. This session gave the audience an opportunity to get advice from leaders and experts in the field.



Source: AHIC



Source: *hodema*

HACCP guide launching Beirut, Lebanon

On June 17, 2010, *hodema* in collaboration with Apave Liban, specialists in risk control, and Aleph Editions, launched at Librairie Antoine, ABC Ashrafieh, a practical guide on Hazard Analysis & Critical Control Point (HACCP) entitled "Food hygiene and safety - Application of the HACCP method". This guide was developed in English, French, and Arabic. Karim el Asmar from *hodema* spoke about the numerous gaps that continue to hinder HACCP application in hotels and restaurants all over the Arab countries where the legislation in this domain is still premature, almost missing; he also described the guide's added value: "This guide is the first one to feature guidelines on working in Halal environment and help professionals evaluate and apply necessary hygiene practices with regards to the Halal processing requirements". The guide is aimed at helping professionals in the restaurants and hotels industries in the MENA region meet food hygiene and safety international standards and establish good manufacturing practices.



Estate Lebanon 2010 Beirut, Lebanon

Karim el Asmar, *hodema*'s CEO, took part in a CEO debate during "Estate Lebanon 2010", a fair which took place at Mövenpick Hotel on June 2 and 3, 2010. This session was moderated by Oula Ghawi, the anchor of CNBC Arabia TV channel. Karim el Asmar discussed the real estate sector in Lebanon with regards to the hotels and restaurants industries, its current situation as well as the opportunities and challenges of the Lebanese real estate sector.



Hospex 2010 Damascus, Syria

hodema's Syria team participated for the first time in Hospex, the International Exhibition for Hospitality and Hotel Equipment in Syria. The exhibition took place at Damascus Fairground from March 15 to March 18, 2010 and gathered over 90 participants from Thailand, Turkey, Tunisia, Jordan, Lebanon, UAE and Syria representing more than 400 international and local brand names.



Horeca 2010 Beirut, Lebanon

hodema participated in Horeca, the yearly hospitality and food exhibition which took place from April 27 until April 30, 2010 in Biel, Lebanon. It featured numerous Food & Beverage brands in addition to products and equipments related to Food & Beverage. It also presented various services among which were franchising, catering, technology, media, university hospitality programs, maintenance and hygiene, hotels, banks, etc.



Bifex 2010 Beirut, Lebanon

hodema exhibited in Beirut International Franchise Forum and Exhibition (BIFEX), a two-day fair which took place at Adnan Al Kassar Edifice for Arab Economy in Beirut, on May 27 and 28, 2010. The forum gathered successful entrepreneurs and investors with the guidance of internationally renown experts in various fields of franchising such as legal, managerial, financial, distribution, retail, marketing, etc. *hodema* was the only expert in the field of hospitality franchising.