



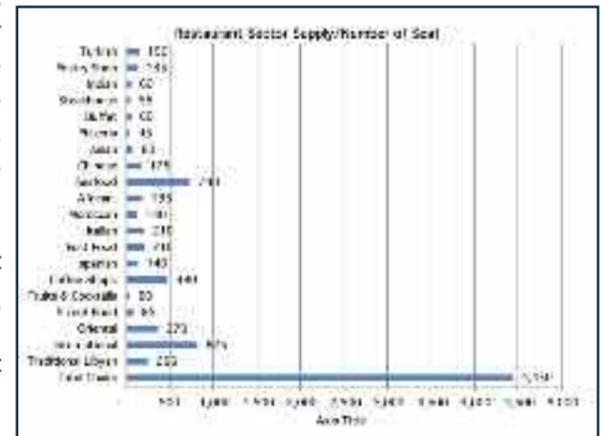
### LIBYA CAPITAL AND HOSPITALITY MARKET PROSPECTS

By Chadi Chidiac from Protocol

Tripoli is one of the main hubs of Libya's economy, an oil-rich nation with large tourism and construction potential. "Definitely, Libya is an El Dorado," said **Husni Bey**, one of Libya's biggest entrepreneurs. "It has great resources that really allow it to turn around in no time."



There are several cafes and restaurants in Tripoli, with around 4,450 seats available mostly located in the Gergaresh strip all the way to Seyaheya. Different concepts and menu offerings are available from coffee shops to ethnic and fast food joints as well as seafood and international eateries dominating the restaurant scene with 17% and 18% respectively. A few of the most popular venues are restaurants of the Corinthia hotel as well as the *Veranda*, *Caracalla*, *Cacao*, *caffè Casa*. Most of these cafes are also restaurants and serve a variety of dishes and beverages.



Libya has almost 2,000km of Mediterranean coastline as well as the ancient ruins of Leptis Magna, a spectacular example of Roman architecture and now a Unesco World Heritage site. Just along the coast are the Greek ruins of Cyrene, dating to 630 BC and considered by historians to reflect the golden age of Hellenic culture. "There's big potential," says **Deepak Jain**, the head of strategic consulting, Middle East and North Africa, at the property services company Jones Lang LaSalle. "In tourism terms, it's a very nice Mediterranean location. It's just across the pond from Europe, so there are a number of opportunities, such as secondary homes." But before that can happen, developers will need to build major resorts in the country.

**Omer Kaddouri**, the chief operating officer at Abu Dhabi's Rotana, revealed that the group still aims to open a hotel in Libya after putting plans on hold because of the conflict. "The country has tremendous potential for the development of its infrastructure and facilities," he says. Tripoli has an existing hotel market supply of 3,817 rooms out of 13,000 (29%) in Libya of which only 10-20% are suitable to be offered to the international market. with a post-war occupancy ratio of 45% (down from 80% - 90% pre-war) bearing in mind that the main source of demand for the hospitality market are business visitors associated with oil companies, as they account for 70% of stay nights country-wide. The Libyan government is looking to increase room supply to 50,000 within the next 10 years with a forecasted economic boom which will automatically lead to inbound traffic that is going to increase demand for room-nights especially in the business hotel sector which will be followed by leisure hotel and resorts need.



"We believe Libya has great untapped tourism potential, and as the political environment settles down, we will certainly be looking to see what opportunities there are to enter these markets," says Rudi Jagersbacher, Hilton Worldwide's president in the Middle East and Africa. But there is still a great deal of work to be done to turn Libya into a major tourism haven. The nine-month conflict has wiped out what was left of the industry as international airlines and tour operators scrapped services. "When better days do come, it is likely that more players will be targeting the country's travel accommodation market," says **Nadejda Popova**, a travel and tourism analyst at Euromonitor International.

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In the meantime, Libya's travel sector is expected to struggle for at least another two years. There is a great deal of reconstruction needed, visa procedures evolvment will also be essential to assess the country's tourism potential. Building the infrastructure to attract tourists will also be vital as there are just a few upmarket hotels in Tripoli, which mainly cater to business travellers. In recent years, brands such as JW Marriott, Radisson Blu and Four Points by Sheraton, have opened hotels in the Libyan capital. But they were closed as civil war gripped the country. It is still unclear when JW Marriott will reopen its hotel. "There are still a number of UN sanctions in place, and the security situation is not clear," says **Jeff Strachan**, the vice president of sales and marketing, Middle East and Africa, for Marriott International. "There is a long way to go before we look that far ahead. Leisure tourism requires a significant infrastructure and a good level of safety and security."



The reasons many see a gold mine are clear. With a small population of only 6 million, Libya raked in \$40 billion last year from oil and gas exports. Long-term possibilities are many, including tourism in a country that boasts pristine Roman ruins and hundreds of miles of undeveloped beaches just across the Mediterranean from Europe. "Now, Libya is an easy place to work. There's lots of money and it has huge investment needs," said Ahmed Maiteeg, who owns three hotels and was involved in a major construction project. Luxury hotels arose, shopping malls and hypermarkets opened.



New German and Japanese cars sped along paved highways and trendy coffee shops brewed espressos and blended coffee drinks. Oil exports filled coffers, with Libya's foreign reserves climbing past \$100 billion and the country enjoying no real foreign debt. For now, "it's a priority for the government to kick-start the economy as soon as possible so people can get back to work," he said. Some of the leading global hotel chains are considering moving into the country once the political and military upheaval subsides. "We believe it will take time, but Millennium & Copthorne can see a good market for all our brands," says **Michael Marshall**, the vice president of sales and marketing at Millennium & Copthorne Hotels Middle East.

## In Figures

Marriott International, Inc. the leading lodging company with more than 3,700 lodging properties in 74 countries and territories and reported revenues of over \$12 billion in fiscal year 2011. The company is headquartered in Bethesda, Maryland, USA, and had approximately 300,000 employees at headquarters, managed and franchised properties at 2011 year-end. The company's portfolio of brands includes:

On October 1, 2012 Marriott International completed the acquisition of Gaylord Hotels Brand and Hotel Management Company with J.W. Marriott, Jr. as an executive chairman and chairman of the board and Arne M. Sorenson as president and chief executive officer. Marriott will manage the 5 Gaylord Hotels which are located in Orlando, Nashville, Dallas and Washington, DC.

McDonald's Corporation franchises and operates McDonald's restaurants in 119 countries with 33,510 units, 27,075 were franchised or licensed including 19,527 franchised to conventional franchisees, 3,929 licensed to developmental licensees and 3,619 licensed to foreign affiliates, primarily Japan and 6,435 were operated by the Company. The corporation is headed by Donald Thompson as CEO AND Timothy Fenton as CFO. In 2012, global comparable sales increased 3.1%, with the U.S. up 3.3%, Europe up 2.4% and Asia/Pacific, Middle East and Africa (APMEA) up 1.4%. Consolidated revenues are up 2% (5% in constant currencies). Consolidated operating income increase of 1% (4% in constant currencies), with the U.S. up 2%, Europe down 1% (up 6% in constant currencies) and APMEA up 3% (3% in constant currencies). Diluted earnings per share went up by 2% from \$5.36 and returned \$5.5 billion to shareholders through dividends and share repurchases.

Starbucks Corporation with Howard Shultz chairman, president and CEO ended the 2012 fiscal year recording \$13.3 billion net revenues compared to \$11.7 billion in 2011. Operating income scored \$1,997 million in 2012 compared to 1,700 million in the previous year. Diluted earnings per share surged to \$1.79 in 2012 up from \$1.62 in 2011 and 2012 operating margin reached 15% compared to 14.5 in the previous year.

CKE Restaurants, Inc. ("CKE"), owner of Brands, Carl's Jr., Blended and Hardee's has entered into agreements with independent third parties under which the Company sold and leased back 47 restaurant properties. The Company generated proceeds of \$67.5 million in connection with these transactions. During the fourth quarter of fiscal 2012, the Company entered into 18 of these transactions, generating proceeds of \$24.3 million.

Sodexo fiscal year 2012 ended with total consolidated revenues of \$2.4 billion with YOY growth of 13.6%, the organic growth was 6.3% for the on-site Services activity and 8.5% for benefits and rewards Services. Operating around 34,343 sites compared to 33,400 sites in 2011, Sodexo benefits from a global network which today covers 80 countries, with revenues distributed as 37% in North America, 8% UK and Ireland, 34% Europe and 21% for the rest of the world. Revenues by activities were distributed as 31% corporate, 4% defense, 2% justice services, 10% remote sites, 4% sports and leisure, 18% health care, 6% seniors and 21% education. Operating profit was \$1.3 billion increasing by 15.4%, compared with the prior year, a more significant contribution to operating profit from On-site Services activities in the emerging markets, mainly resulting from the acquisition of Puras do Brazil in Brazil, Sodexo announced today that it has acquired 100% of Puras do Brazil for an enterprise value of approximately 525 million euros, founded 30 years ago, Puras do Brazil is the number two On-site Service solutions operator in Brazil, a fast-growing market. Puras do Brazil has revenues of around 0.5 billion euros and employs 22,000 persons across the country, operating across 1,300 sites. Other reasons contributed as well with very good performance by Benefits and Rewards Services, reflecting higher volumes and productivity improvements, the favorable impact in the United Kingdom of two major sporting events during the year (the 2011 Rugby World Cup and the 2012 Olympics) and on site productivity gains in North America. The group's net income increased by 16.4% reaching \$689 million with 17% ROC. 3.48 euros was the group's earnings per share, at the Shareholders Meeting on January 21, 2013, Sodexo's Board of Directors proposed a dividend of 1.59 euro per share, an increase of 8.9% over the previous year. Net cash provided by operating activities amounted \$1.3 billion compared to around \$1.2 billion generated in Fiscal 2011. This significant improvement is mainly a result of the increase in operating profit. The group's workforce totaled 421,391 employees in 2012 compared to 391,148 employees in 2011 distributed as 29% in North America, 25% in Europe, 9% UK and 37% in the rest of the world.



Photographies by Riad Chlela

## Latest Projects



### Abu Dhabi

PROTOCOL was assigned to undertake a feasibility study for a fast food restaurant in Abu Dhabi. PROTOCOL completed a full study scientifically supported and documented after a regional scanning.

### Lebanon

PROTOCOL was assigned to create a full concept for a lodging project in Keserwan-Lebanon. PROTOCOL accomplished a complete master plan for the project and currently supervising ongoing works in progress.

### Dubai

PROTOCOL undertook a food production master class in Dubai. The crash course was executed through a 10 days period. At the end of the program, all participants received a certificate of achievement with handouts materials.

### Lebanon

PROTOCOL executed a 2 days seminar on creation and design of a restaurant atmosphere where the seminar took place on PROTOCOL's training center and was a total success. At the end of the program, all participants received a certificate of achievement with handouts materials.

### Lebanon

PROTOCOL was assigned to diagnose the pilot unit of a mid-scale eatery for a turn-around strategy including a complete business model and expansion plan.

### KSA

PROTOCOL was assigned to execute a turnkey project for Jeddah – KSA. PROTOCOL worked on building up the concept from scratch with all structural and organizational documents, managerial toolkit, designs and renderings before the transition to phase implementation.

### Lebanon

PROTOCOL undertook a 3 days seminar on bartending practices and techniques. The program included bar and drink knowledge, mixology techniques as well as flaring session. At the end of the program, all participants received a certificate of achievement with handouts materials.

### Lebanon

PROTOCOL was assigned to execute a menu engineering job for a food and beverage unit in Beirut – Lebanon. PROTOCOL completed the task with recommendations on menu face-lifting and cost efficiency.



## Investors News

### New Concept Creation of a Turnkey Project

Protocol finalized its latest turnkey concept which will be added on its portfolio of modulated franchise projects with a complete package including the main project's business plan, drawings, perspectives, renderings and master plan as well as the very essential operational manual. Protocol undertakes on behalf of its franchisee all the construction and development stages, staff recruitment and training as well as pre-opening and opening activities in all areas.

### Meeting Lounge

#### PROTOCOL interviewed HCA

Hospitality Consultants Association - HCA Lebanon is a non-profit non-governmental organization with no political affiliation that was founded in recognition of the need for competent, unbiased advice, professional guidance and sound judgments on the many diversified problems encountered in the hospitality industry in Lebanon. HCA Lebanon brings together experts aiming to provide a solid foundation, a structure and an ethical binding to the Lebanese Hospitality industry in general and to hospitality consulting in particular. PROTOCOL interviewed HCA's four Founding Members Mr. Ralph Nader, Mr. Nagi Mourkos, Mr. Serge Chamelian, Mr. Raja Nasri and Mr. Jamil Fakhri to talk about the new consortium.



Jamil Fakhri, Nagi Mourkos, Ralph Nader, and Raja Nasri

#### Q What are HCA mission statement, objective and future plans?

**A** Mission statement: To become the ultimate reference in the Hospitality field within the legal, private and public sectors in Lebanon.  
Objective: Regulate and protect the rights of hospitality consultants in Lebanon while promoting the industry and improving the country's image as a destination.  
Future plan: To regroup as many consulting firms as possible in order to maintain a well-established hospitality industry and an ever-growing business.

#### Q What are the qualifications of an HCA member?

**A** An HCA member has expertise, experience and a high level of know-how in many areas of specialty in relation with the field. Also he is repeatedly exposed within the scope of his work to projects in many continents such as Europe, South East Asia and Africa while strengthening and stretching his core expertise to a much more comprehensive and higher level. His skills and know-how generally include diversified properties linked to the hospitality industry: Hotels, boutique hotels, serviced apartments, restaurants, health clubs, SPA resorts, beach clubs and mixed used developments projects...

#### Q What are HCA membership benefits?

**A** Becoming a member in the HCA has several benefits including: Lobbying with members and the Board to present projects, and advise solutions to officials and public sector, access to black list; sharing the clients or supposed to be colleagues who are misbehaving and not being ethical to the business, data sharing; after the development of the data room, the content will be accessible to all members through protected and controlled ways, newsletter; featuring news on the Hospitality Industry but also equal coverage on shared information about the members activities, regular hospitality report, research provided by members that will benefit the whole syndicate.

#### Q Is HCA a Lebanese consortium just including Lebanese members?

**A** HCA is a non-profit and non-governmental organization registered in Beirut. It is composed of individuals (not organizations, corporations or groups). The eligibility for membership consists of being a practicing hospitality consultant for a minimum of required years, to be an owner, officer or a partner in a company (might be his own or representing one) and to officially be registered in Lebanon.

#### Q How do you evaluate HCA contribution to the industry and its stakeholders?

**A** HCA will, on one hand, bring a lot of improvements, expansions and growth to the hospitality industry because of the alliance and cooperation between the pioneers in the field. This joint effort will help to carry forward the industry, to develop competencies, to create a firm network, to uphold superiority, procedures and regulations at all level and of course to conserve Lebanon as the Hospitality City in the Middle East. On the second hand, HCA will encourage team work, will strengthen the existing relationship between stakeholders, and will enrich their personal and professional knowledge by constantly encouraging them to take part in exhibitions, seminars and workshops.

#### Final word

Ralph Nader: "The power of consulting lies in its pragmatic and objective side but its beauty reveals itself in the creative brain of the consultant"

Serge Chamelian: "If concepts and strategies are factual and based on sound analysis, the job of the consultant is to constantly create and rethink concepts as to make them accessible in the real world"

Nagi Morkos: "Our job at HCA is to reach global standards while respecting the ethical boundaries of the industry"

Raja Nasri: "Our role is to aim for high ends in hospitality while protecting both the client and our fellow consultants"

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## Management Solutions

### PROVIDING YOUR RESTAURANT'S GUESTS WITH THE BEST QUALITY AND SERVICE THEY DESERVE

#### Quality and Service Delivery

When guests come to your restaurant, you should treat them as if they are friends visiting your home. Treating your guests with care and providing an exceptional place for them to enjoy a meal is part of the reason they will come back to your restaurant again.

#### Food Quality

Food and beverages is probably the biggest indicator of quality that a customer notices. Food quality is not only important to the customers' impressions of the overall restaurant experience, but it is important for their health, as well. Guests' health should never be compromised. Although not all restaurants can boast the best quality food in town, they can still take measures to ensure that food is stored and prepared safely. Take the following considerations when assuring food quality in your restaurant:

- Be sure to follow proper first-in, first-out (FIFO) rotation with all food products.
- Properly label and date all food products.
- Never serve food that has expired.
- Prepare products safely, avoiding cross-contamination with dangerous bacteria or cross-contact with allergens.
- Wash hands before and after handling food products.
- Prepare and serve foods at proper, safe temperatures.
- Learn more about how to maintain exceptional food quality and safety

#### Quality Atmosphere

When guests enter your restaurant, they should feel as though they are in a special, comfortable place. Try these suggestions to create a superior ambience in your restaurant:

- Make deliberate choices with lighting. Consider your concept, and be sure the strength of the light suits the tone you wish to portray to your guests.
- Choose music carefully. Make sure the volume of your music is audible but not distracting. Music should help create the ambience rather than overwhelm it.
- Decorate appropriately. Decorate your restaurant with a special, unique theme or focal point.
- Keep the restaurant spotless. Even a quick-service restaurant needs to demonstrate a high standard of cleanliness for customers to feel good about the quality of food.
- Maintain the temperature. Maintain a comfortable inside temperature in your building. 70°F is usually acceptable. Minimize drafts or hot spots from lights as much as possible.



## Mega Projects



### Le Mall - \$60 Million Project

Acres Development a subsidiary of the Azadea retail group which is majority owned by the Daher family which was founded in 1978 by Wassim Daher, currently its Chairman launched its 3rd Le Mall branded property in Debayeh after two Le Mall centers, one in Sin el Fil and another in Saida. with a gross leasable space of around 23,000 square meters, distributed over three floors housing over 100 retail outlets, and two floors reserved for restaurants, A VIP theatre and an eight-theater cineplex dubbed 'Cinemall', a brand owned by Acres, the \$60 million-project, Le Mall Debayeh opened its doors on August 16. The mall will have a 1,000m2 kids entertainment area dubbed up and Away. Some of the project's leasers are Decathlon a 3,000m2 sportswear store. Le Mall Dbayeh will include a Zara store, a Gap store, a Veromoda and Jack & Jones outlet, Superdry, Accessorize, and Monsoon stores. It will also include a Vanlian gallery outlet. The mall will also have around 20 major food and beverage outlets, among these: Paul, Abdel Wahab, Scoozi, Olio, Sotto, Zaatar w Zeit, Crepaway, Classic Burger Joint, and a McDonalds, Spot Café, Argo Tea, Hot Dogs and Beyond, Dunkin Donuts, Shawarma Square, Yogen Fruz, Le Marion, Wrapsody, Crave, Moka & More, Caribou, Marble

Slab, Crazy Box, Mall Café, Mann wa Salwa. According to Zeina Sultani, leasing and marketing director at Acres Development Holding, the company that owns the Le Mall brand, a \$1 million-advertising campaign has been launched in September 2012. And about ABC's recent renovation and expansion nearby which now has 45,000 square meters of retail space, with many more shops, and a cinema complex with a VIP theatre. Sultani said that having more than one major mall in Dbayeh supports the area as a leisure and shopping hub. "We have our own target and a different consumer base," said Sultani.



### Food Chains Branding

Protocol will be holding a 3 days' workshop on how to build your own food & beverage brand while making it attractive for franchising development. Build Your Own Brand Seminar is an extremely valuable session for all entrepreneurs and investors. Contact us for more details on dates, times and fees.

For more information about our services, projects and all upcoming seminars

Visit [www.protocolb.com](http://www.protocolb.com)