



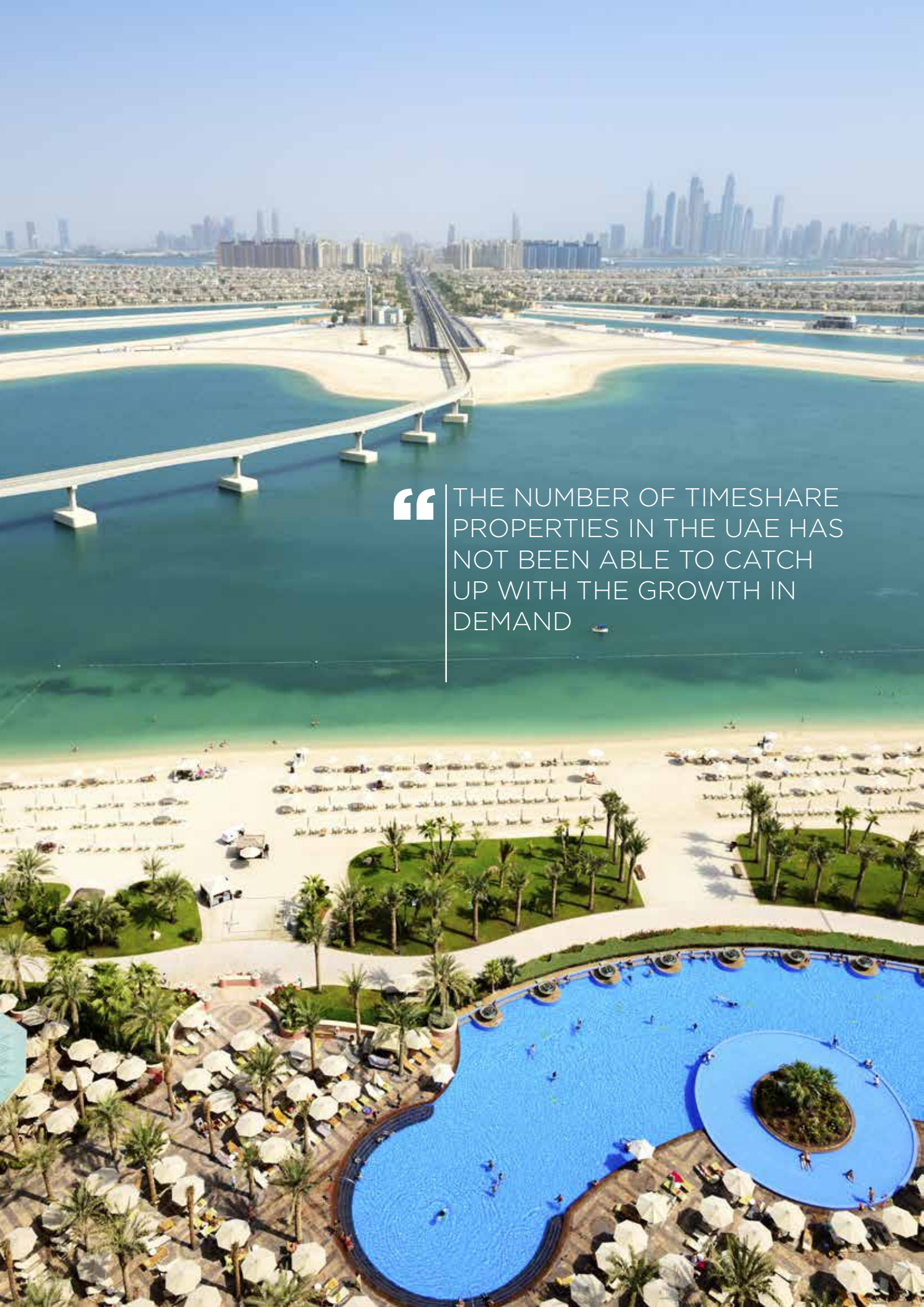
ARABIAN  FALCON
H O L I D A Y S



DEMAND OUTSTRIPPING SUPPLY

THE VACATION OWNERSHIP INDUSTRY
IS ESTIMATED TO GROW 30% IN 2014
BUT SUPPLY IS NOT CATCHING UP.
REGULATION IS THE KEY

AN AFH MIDDLE EAST ECONOMIC REPORT



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THE NUMBER OF TIMESHARE PROPERTIES IN THE UAE HAS NOT BEEN ABLE TO CATCH UP WITH THE GROWTH IN DEMAND

HIGHLIGHTS

- The demand for timeshares in the UAE has been outstripping supply, prompting vacation ownership players to look for other destinations to meet demand.
- The timeshare industry is estimated to have grown by 15-20% in 2013 and it is expected that year 2014 will surpass that rate, with growth slated at 30% year-on-year.
- The growth is spurred by global economic recovery, in general and robust economic growth in the UAE in particular buoyed by a strong tourism and hospitality sector and a property sector that is back to the boom cycle.
- However, while demand has been growing year-on-year in high double-digit rates the number of timeshare properties in the UAE has not been able to catch up with this growth.
- One of the reasons supply has not been able to catch because developers and other multi-national hospitality companies are still waiting for the finalisation of the draft regulation for the timeshare sector.
- Dubai's Real Estate Regulatory Agency (RERA) has already formulated by Interval International, a prominent worldwide provider of vacation services and an operating business of Interval Leisure Group (ILG), and RCI, the largest of the timeshare exchange agencies. Both companies are partners of Arabian Falcon Holidays.
- Upon the passing of the law, RERA will regulate the timeshare business in Dubai through its specific Timeshare Division.
- In the meantime, RERA has been supporting the timeshare sector by providing trainings and accreditation to brokers. The Government of Dubai Land Department has also been organising training courses for real estate brokers working in the Dubai's timeshare through a couple of professional courses.
- With the approval and the enactment of the timeshare law, there will be clarity on the procedures, which will apply to timeshares, and this will greatly impact the sector and the economy of the UAE as a whole.
- Dubai is set to be the fastest growing timeshare market in the world and that the timeshare sector will give Dubai economy a Dh14 billion boost in 2020 thanks to the significant increase in the number of tourists, real estate prices and hotel room rates in the emirate over the next decade.
- In December 2013, HH Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE, and Ruler of Dubai, issued Decree No. 41 of 2013, concerning the regulation of the holiday homes market in Dubai, said to be the first step in regularising the emirate's holiday homes market.

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30%

expected growth in the
timeshare sector

2014



15-20%

growth in the timeshare sector in

2013

**SUPPLY ▶
DEMAND**

The demand for timeshares
in the UAE has been
outstripping supply

**AED 14
billion**

Economic boost of the
timeshare sector to Dubai
in 2020

A photograph of a modern rooftop lounge area. In the foreground, several purple lounge chairs with silver frames are arranged in a row, each with a rolled-up yellow towel. To the left, there is a small square hot tub with a metal handrail. In the background, a glass railing overlooks a city skyline with several tall skyscrapers under a clear blue sky. The building's facade is made of light-colored stone panels.

“ DUBAI IS SET TO BE THE FASTEST GROWING TIMESHARE MARKET IN THE WORLD

THE GROWTH STORY

The timeshare industry is set to receive a massive boost in 2014 with a sustained recovery in the global economy and a resultant rise in both hotel room rates and property prices in major tourism destinations.

Vacation ownership, or timeshare, industry is estimated to have grown between 15 and 20 per cent in 2013 globally, and it is expected that year 2014 will surpass that growth rate.

Globally, after growing for more than three decades, vacation ownership industry suffered a setback in 2009 owing to the global economic slowdown. In that

year alone, combined global sales of vacation ownership, timeshare and fractional ownership slumped by more than a quarter (27 per cent), with asset prices suffering at the hands of the credit crisis that had gripped the world.

Developed countries such as the US and Europe account for the largest markets for vacation ownership in the world. Developing countries in the Middle East and Asia Pacific region are also gaining popularity, although the pace of development remains slow.

Within the region, there are a handful of destination leaders in the vacation

ownership industry, namely Mecca in Saudi Arabia where vacation ownership is limited to religious timeshare; Egypt, which is a clear leader in terms of the largest base of timeshare projects and owners; and Dubai, which is a nascent but rapidly developing vacation ownership market. There are also a couple of resorts in Lebanon, but the market there remains rather small.

The timeshare concept marks one of the highest growing rates in the tourist sector. However, its penetration within the Middle East region remains limited.

But this is likely to change soon.

DUBAI LEADING THE WAY

With property prices in Dubai clocking the fastest growth rate in the world last year, many aspiring property owners in the emirate are being priced out of the second home or vacation homes market. For such people and millions others who visit Dubai on a regular basis and stay in one of the hundreds of hotels around town, an investment in timeshare makes perfect financial sense.

Dubai is therefore now on the forefront and is set to be the fastest growing timeshare market in the world. The timeshare sector will give Dubai economy a Dh14 billion boost in 2020 thanks to the significant increase in the number of tourists, real estate prices and hotel room rates in the emirate over the next decade.

Dubai is one of the top countries in the world that receive frequent international visitors - new and returning ones - both for business or leisure, exceeding those registered by many tourist destinations globally. And this makes Dubai an ideal place to invest in the timeshare sector.

According to a report from property broker Knight Frank in December 2013, Dubai's rising house prices are the world's fastest; surpassing price rises in Mainland China, Hong Kong and Taiwan.

A survey held by Yahoo Maktoob Research also said that Dubai has become the most popular shopping destination in World beating mega cities like Paris, London, New York, Beijing etc. Over the last decade Dubai has established itself as a city of shopping malls, luxurious lifestyle destination and land of opportunities for retailers from all over the world. Dubai has truly

become the number one global tourism destination. Dubai hotel and hotel apartment guests have reached 10.5 million in 2013, while residence nights were up 6.3 per cent at more than 41 million. The official expectations suggested that Dubai will receive 20 million visitors by 2020.

Nevertheless, this number is currently under reconsideration, after Dubai won the right to organise the World Expo 2020 exhibition, which is expected to receive additional 25 million visitors.

With only a handful of quality timeshare resort options in Dubai currently, the sector is set to witness a rapid growth in years to come, bolstered by the organic growth that the tourism sector will see.

In 2009, Dubai was not spared from the global economic recession and it was in fact among the worst performing real estate markets in the world, with property prices declining by almost 50 per cent from their peaks in the previous year.

But while Dubai's real estate market has seen a swing from being one of the world's worst performing markets to being the world's best performing market in four years, timeshare as a market remains recession-proof. This also means that it doesn't see wild swings on the upside or downside - it provides much-needed stability to the market in times of crisis while providing holidaymakers with less expensive stays during upturns as well as downturns.

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THE DEMAND FOR TIMESHARE IS FUELLED BY THE BOOMING PROPERTY, TOURISM AND HOSPITALITY SECTORS IN THE COUNTRY AS WELL AS THE RETURN IN INVESTORS' CONFIDENCE



DEMAND OUTSTRIPPING SUPPLY

The demand for timeshares in the UAE has been outstripping supply, prompting vacation ownership players to look for other destinations to meet demand.

The timeshare industry is estimated to have grown by 15-20% in 2013 and it is expected that year 2014 will surpass that rate, with growth slated at 30% year-on-year.

The growth is spurred by global economic recovery, in general and robust economic growth in the UAE in particular buoyed by a strong tourism and hospitality sector and a property sector that is back to the boom cycle.

However, while demand has been growing year-on-year in high double-digit rates the number of timeshare properties in the UAE has not been able to catch up with this growth.

The demand for timeshare is fuelled by the booming property and tourism and hospitality sectors in the country as well as the return in investor confidence. In addition, there is a strong anticipation of a significant increase in the number of tourists, real estate prices and hotel room rates in the UAE over the next decade.

One of the reasons supply has not been able to catch because developers and other multi-national hospitality companies are still waiting for the finalisation of the draft regulation for the timeshare sector.

Dubai's Real Estate Regulatory Agency (RERA) has already formulated by Interval International, a prominent worldwide provider of vacation services and an operating business of Interval Leisure Group (ILG), and RCI, the largest of the timeshare exchange agencies. Both

companies are partners of Arabian Falcon Holidays.

Interval International, Arabian Falcon Holidays and Royal Club Dubai recently announced a multi-year extension of the affiliation agreement for Royal Club at Palm Jumeirah. Royal Club at Palm Jumeirah was the first timeshare resort in Dubai and has been successfully marketed by Arabian Falcon Holidays since 2004. Located on Dubai's landmark Palm it was later joined by Royal Club at The Bonnington Tower, another Interval affiliated resort.

Upon the passing of the law, RERA will regulate the timeshare business in Dubai through its specific Timeshare Division. A publicly available timeshare register has also been proposed.

Among others, the timeshare law will see a registration of developers with RERA prior to any sales; a filing of sales contracts and disclosure statements with RERA before advertising or sales can commence, which include specific information relating to the timeshare development such the nature of the development and all related expenses and annual charges for the first year; a 10 day cooling-off period for purchasers to change their minds in respect of the purchase, with deposits in escrow.

In the interests of transparency, owners will be entitled to an itemised budget for their timeshare, including revenue and expenses.

Where the developer amends to the nature of the timeshare development, purchasers would have the right to cancel their contracts in certain

circumstances. And as with other sales of real estate developments under construction in Dubai, there must also be an escrow account in place into which all purchasers' funds must be placed pending completion of construction of a property - only upon suitable assurance from the developer in relation to completion of the timeshare would these funds be released.

In the meantime, RERA has been supporting the timeshare sector by providing trainings and accreditation to brokers. The Government of Dubai Land Department (LD) has been organising training courses for real estate brokers working in the Dubai's timeshare through a couple of professional courses. The programme is being conducted by the Dubai Real Estate Institute (DREI), the educational arm of LD in cooperation with the real estate licensing department of RERA.

The UAE has been very supportive of the timeshare sector. Arabian Falcon Holidays have had a number of dialogue with government agencies and have been assured that the government understands that the timeshare presents a new opportunity for investors and frequent tourists in Dubai and the whole UAE and it will also boost the real estate and tourism sectors, along with other related sectors.

With the approval and the enactment of the timeshare law, there will be clarity on the procedures which will apply to timeshares, and this will greatly impact the sector and the economy of the UAE as a whole.



DECREE NO. 41 OF 2013

The decree issued by HH Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE, and Ruler of Dubai, concerning the regulation of the holiday homes market in the emirate of Dubai

December 2013

When Decree No.1 was issued, said to be the first step in regularising Dubai's holiday homes market

A modern bedroom interior featuring a large bed with a dark wood headboard, a lamp, and a vase of flowers. The room is well-lit, with a window on the left side. The bed is made with white linens and several pillows in shades of brown and light green. The headboard is composed of several rectangular panels, some of which are illuminated from within. A bedside table holds a lamp with a white shade and a vase of yellow and red flowers. The overall aesthetic is clean and contemporary.

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THE UAE IN GENERAL AND DUBAI IN PARTICULAR HAS TAKEN A REGIONAL LEAD IN ACTIVELY FORMULATING REGULATION FOR THE HOLIDAY HOMES MARKET

CHALLENGES FACING VACATION OWNERSHIP MARKET

Even as the vacation ownership market in Dubai is growing rapidly and has the potential of developing at a much faster clip, there remain issues that are affecting its growth not just in the emirate, but

across the whole region. In fact, some of the problems that the timeshare industry faces are global in nature, not least of them the perception problem that mars its potential.

PERCEPTION

Globally, owing to a handful of con artists that abused the lack of regulatory oversight over vacation ownership industry, the sector received a lot of bad press, tarnishing its image. There are timeshare companies that have been accused of scamming their customers. One example is the Incentive Leisure Group, a UK-registered firm that has since been liquidated, leaving its investors chasing the legal route to reclaim their money.

In addition, the industry's reputation has been scarred by the comparison of the timeshare salesman to the used car salesman in the West. A section of vacation ownership firms have been accused of hard-selling their products, in effect putting a lot of sales pressure on the prospective buyer to 'buy today'

during a sales pitch or presentation.

In addition, customers have also complained of leaving a timeshare tour (industry jargon for a sales pitch) completely exhausted by the barrage of salespeople they had to deal with before they finally exited the 'tour'. At a time when the industry was still nascent in the West, such unethical sales tactics were employed by a section of the timeshare industry, which has done long-term damage to the industry's prospects.

Even as the region's timeshare sector has evolved under a largely ethical umbrella, small-time cowboys keep sprouting now and then even as authorities stamp them out through active regulations and oversight.

DAILY, WEEKLY OR MONTHLY BASIS

The frequency on which furnished residential property can be rented out under the supervision of Dubai's Department of Tourism and Commerce Marketing

Standard or Deluxe

The 2 new classification standards will be added to the existing Hotel Classification framework, with holiday homes rated as either



REGULATION

The UAE in general and Dubai in particular has taken a regional lead in actively formulating regulation for the holiday homes market. In December 2013, HH Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE, and Ruler of Dubai, issued Decree No. 41 of 2013, concerning the regulation of the holiday homes market in the emirate of Dubai.

With the objective of contributing to the growth of the tourism industry by broadening the range of accommodations available to visitors, the decree dictates that Dubai's Department of Tourism and Commerce Marketing (DTCM) will be responsible for the granting of licenses to those parties who intend to rent out a furnished residential property on a daily, weekly or monthly basis.

Two new classification standards will be added to the existing

Hotel Classification framework, with holiday homes rated as either Standard or Deluxe. Analysts maintain that the regulation of the renting of properties as holiday homes will have a considerable positive impact on two of Dubai's key industries – tourism and real estate.

Industry watchers believe this is a first step in regularising the emirate's holiday homes market in anticipation of the massive influx of visitors expected by 2020.

However, regulatory oversight outside Dubai remains weak, and needs to be bolstered by regional accords to lend confidence to regional and international holidaymakers.



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ARABIAN
FALCON
HOLIDAYS (AFH)
IS THE LARGEST
INDEPENDENT
TIMESHARE
SALES AND
MARKETING
COMPANY IN
THE MIDDLE
EAST

ABOUT TIMESHARE

Vacation ownership, or timeshare as it is popularly called, comprises a major segment of the hospitality industry. As of mid-2013, there were about 5,500 timeshare resorts spread across 108 countries, demonstrating the significant footprint of the industry. Globally, shared vacation ownership generated more than 1.1 million jobs in 2010 and a direct turnover of more than \$45 billion, which expands to nearly \$114 billion when

indirect and induced impacts included.

The research report said factors such as an increasing number of working adults and women, early retirement, growing demand for leisure and recreation, increasing urban population and relatively better economic conditions are responsible for enhanced travel and, therefore, demand of vacation ownership products.

ABOUT ARABIAN FALCON HOLIDAYS

Arabian Falcon Holidays (AFH), the largest independent timeshare sales and marketing company in the Middle East, was founded in 1999 when the potential of the UAE, Dubai in particular, as a market for vacation ownership was recognised.

Arabian Falcon is a premiere international service provider to the timeshare industry in the Middle East and has been delivering excellent client services and providing the best vacation products in the GCC markets since 2003.

AFH has timeshare properties in Royal

Club Bonnington Hotel, Jumeirah Lakes Tower, Dubai; Royal Club at The Palm, Palm Jumeirah, Dubai; Serenity in Les Jardins de Zyriab, Marrakech, Morocco; Palace of the Golden Horses, Kuala Lumpur, Malaysia; and Golden Palm Tree, Sepang, Malaysia.

The company is licensed to market and sell timeshare in the UAE and has deposited the required AED1 million bank guarantee with the Department of Economic Development, Dubai. Arabian Falcon Holidays is an active member of Dubai

Chamber Of Commerce and Industry, Membership No. 53170.

At the Vacation Ownership Investment Conference (VOIC 2007), Arabian Falcon Holidays was honoured to receive the Interval International Pioneer's Excellence Award, which was presented to CEO, Al Mohannad Sharafuddin by Interval International Chairman and CEO, Mr. Craig M. Nash. The award was given "for visionary foresight and recognition of the timeshare potential timeshare resort.

www.arabianfalcon.com

ABOUT ROYAL CLUB DUBAI

The Royal Club Dubai is a luxury brand of vacation ownership resorts based in Dubai, United Arab Emirates. The Royal Club's resorts are owned by two sister companies, Caryatid Properties Ltd and Dermarr Properties Ltd. Dermarr Real Estate Brokers LLC, a company based in Dubai is the authorised representative for all of these resorts and any future resorts created under the Royal

Club brand. In 2010 we also opened a satellite office in Victoria Island, Lagos, Nigeria called Dermarr Properties Nigeria Ltd. At the Royal Club we believe in delivering the best, therefore we appoint only of Dubai, and for pioneering the marketing and selling of the city's first the best companies to look after you and your investment.

ABOUT INTERVAL INTERNATIONAL

Interval International is a world renowned exchange company with over 2,500 resorts worldwide, we have appointed Interval International as we feel that these resorts are of a similar quality

to ours, all offering 5 star standards, so that you the client can enjoy them. www.intervalworld.com

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