



هيئة تشجيع الاستثمار الفلسطينية  
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار  
Palestine Investment Conference



# INSPIRING BUSINESS



# Tourism Sector

# Developing and Expanding Al Yasmeen Hotel and Historical Compound

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|                               |   |
|-------------------------------|---|
| Project Number:               | <b>PIC-2010-IO-067</b>  |
| Project Name:                 | <b>Developing and Expanding Al Yasmeen Hotel and Historical Compound</b>  |
| Sponsor Company / Individual: | <b>Al Yasmeen Investment Co.</b>  |
| Contact Details:              | <b>Mr. Nasser Abdul Hadi<br/>Nablus, Palestine<br/>Tel: +970-9-2333555<br/>Fax: +970-9-2333666<br/>Email: info@alyasmeen.com<br/>Website: www.alyasmeen.com</b> |
| Total Cost of the Project:    | <b>US\$ 1,250,000</b>   |
| Investment by Current Owners: | <b>US\$ 750,000</b>   |
| Required Investment:          | <b>US\$ 500,000</b>   |

## Project Description:

Nablus is one of the oldest cities in the world, It was originally called “Shechem” by its Canaanite inhabitants. The Romans built a new city (Flavia Neapolis, in honor of the Roman Emperor Flavius Vespasian) a short distance from Shechem. The name Nablus comes from Neapolis as in Naples in the South of Italy. Nablus is distinguished by its location in a narrow valley between the two mountains Gerizim and Ebal. Holy places and Tourist attractions near the city include Joseph’s Tomb and Jacob’s Well. The business opportunity is to take an equity stake in an historic hotel in Nablus – the Al Yasmeen Hotel. The existing tourist hotel occupies a 600 year old building located in the heart of the Old City in Nablus. The hotel consists of 26 rooms, one suite, 2 restaurants, meeting halls, and a commercial mall with 36 stores. The hotel first opened in 1998 and attracted visitors and guests with an average occupancy of 75%. However, following the outbreak of the Intifada in 2000, the occupancy level dropped to around 10%. In 2008, the average occupancy rate surpassed 30%, the current occupancy rate is almost equivalent to pre-2000 rate. The owners are seeking partners to invest in renovating the existing hotel and doubling the carrying capacity to 50 rooms while upgrading the entire facility to a 4 star hotel.

## Project Development Time Table:

|   |               |
|---|---------------|
| Infrastructure Development                | Completed     |
| Building and Construction Date            | October 2010  |
| Building and Construction Completion Date | October 2011  |
| Furniture & Equipment Procurement         | November 2011 |
| Operations Start Date                     | December 2011 |

## Current Owners' Profile:

Al Yasmeen Investment Company was established in 1997 with the objective of developing the hospitality industry in Palestine. The company's first project consisted of reaching an investment agreement with local landlords to renovate the 600 year old building and transform it into a hotel.

The company then opened the second branch of the famous restaurant "Zeit Ou Zaatar" in Jerusalem; with the third branch opening for business in Ramallah in 2005.

Al Yasmeen Investment Company holds stakes in publicly listed Palestinian companies such as: Palestine Plastic Industries Company, Arab Real Estate Company, and Arab Insurance Company.

The company's chairman was responsible for establishing the first 2 hotels in Nablus, namely the Al Qasr Hotel, targeting business travelers, and the Al Yasmeen Hotel, targeting local and international tourists.

## Industry Highlights:

Palestine's comparative advantage of being home to Bethlehem, the birthplace of Jesus, Jericho, the oldest continuously inhabited city in the world, and Jerusalem being home to the three monotheistic religions provides a unique draw for tourists. Furthermore, visitors to Palestine are always amazed at the diversity of activities to enjoy. From its hospitable people and rich cultural heritage to its beautiful landscape and diverse cuisine, Palestine has lots to offer in addition to its many shrines, churches and mosques.

Despite the latest political unrest which began in September 2000, today tourism in Palestine is showing clear signs of recovery. According to the latest figures released by the Palestinian Ministry of Tourism and Antiquities (MOTA), the number of overnight stays in Palestinian hotels for the 1st quarter of 2008 reached 88,038 nights compared to 36,479 overnights in the 1st quarter of 2007; an increase of 141.3%. As far as the total number of visitors to Palestine, the MOTA and industry experts believe that arrivals will top the one million mark this year – a new record for Palestine.

Both the public and private sectors are investing millions in developing, restoring and upgrading facilities that cater to the tourism industry. New hotels and restaurants are opening throughout the West Bank, while overall touristic activities on offer in Palestine have quickly diversified. In addition the MOTA is implementing numerous restoration and beautifications projects in the West Bank and East Jerusalem.

Hotels constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment. As with all tourism sub-sectors in Palestine, the hospitality industry has suffered as a direct result of the political conditions under which they have had to operate since 1967. Between 1967 and 1994, the number of Palestinian hotels

remained virtually static. Scarcely any permits to build hotels, or convert existing buildings into hotels, were granted by the Israeli authorities to investors in Palestine. However once the Palestinian Authority took control of the major cities, it ushered in a period of major growth in tourism investment. Between 1994 and 2000, private sector investment in tourism alone exceeded US\$ 700 million.

## SWOT Analysis

| Internal Analysis  |   |
|--|---|
| Strengths  | Weaknesses  |
| <ul style="list-style-type: none"> <li>Centrally located in the heart of the Old City of Nablus</li> <li>Consistent high occupancy rate (around 75%)</li> <li>Experienced management</li> <li>Diversification of services provided by the hotel</li> </ul>     | <ul style="list-style-type: none"> <li>Financial position was badly affected following 8 years of political unrest</li> <li>Needs renovation</li> </ul>   |
| External Analysis  |   |
| Opportunities  | Threats   |
| <ul style="list-style-type: none"> <li>Increasing demand on hotel and meeting facilities particularly in northern West Bank</li> <li>Rebound and increase in tourism arrivals</li> <li>Domestic tourism is on the rise</li> <li>Limited competition</li> </ul> | <ul style="list-style-type: none"> <li>Potential for deterioration of political and security situation</li> <li>Misconception and negative image of Nablus in international markets (regarded as unsafe)</li> </ul> |

## Financial Projections in US\$

| Indicators                       | 2011-2010   | 2012      | 2013      | 2014      | 2015      |
|----------------------------------|-------------|-----------|-----------|-----------|-----------|
| <b>Income statement Accounts</b> |             |           |           |           |           |
| Revenues                         | 0           | 351,000   | 504,000   | 630,000   | 810,000   |
| Expenses                         | 0           | 227,155   | 291,245   | 344,613   | 420,083   |
| Gross Profit                     | 0           | 123,845   | 212,755   | 285,387   | 389,917   |
| Depreciation                     | 0           | 63,750    | 63,750    | 63,750    | 63,750    |
| Net Income                       | 0           | 60,095    | 149,005   | 221,637   | 326,167   |
| <b>Cash Flow Accounts</b>        |             |           |           |           |           |
| Operating Cash Flow              | 0           | 123,845   | 212,755   | 285,387   | 398,917   |
| Investing Cash Flow              | (1,250,000) | 0         | 0         | 0         | 0         |
| Financing Cash Flow              | 1,250,000   | (60,000)  | (150,000) | (200,000) | (300,000) |
| <b>Balance Sheet Accounts</b>    |             |           |           |           |           |
| Total Assets                     | 1,250,000   | 1,250,095 | 1,249,100 | 1,270,737 | 1,296,904 |
| Total Liabilities                | 0           | 0         | 0         | 0         | 0         |
| Total Equity                     | 1,250,000   | 1,250,095 | 1,249,100 | 1,270,737 | 1,296,904 |
| <b>Profitability Indicators</b>  |             |           |           |           |           |
| Return on Assets                 | 0           | 4.81%     | 11.93%    | 17.44%    | 25.15%    |
| Return on Equity                 | 0           | 4.81%     | 11.93%    | 17.44%    | 25.15%    |

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