



GCC Retail Industry

November 1, 2011



ALPEN
CAPITAL



ALPEN
CAPITAL



Alpen Capital was awarded the “Best Research House” at the Banker Middle East Industry Awards 2011

Table of Contents

1. EXECUTIVE SUMMARY	5
1.1. Scope of the Report	5
1.2. Industry Outlook.....	5
1.3. Key Growth Drivers	6
1.4. Key Challenges.....	6
1.5. Trends	6
2. GLOBAL RETAIL INDUSTRY	7
2.1 Overview.....	7
2.2 Key Trends in the Global Retail Industry	8
2.3 Leading Economies Offering Attractive Opportunities in Retail.....	9
3. GCC RETAIL INDUSTRY	10
3.1 GCC Retail Market Overview.....	10
3.2 Regional Retail Markets	13
4. GCC RETAIL INDUSTRY OUTLOOK	29
4.1 Forecasting Methodology	29
4.2 Demand Side Estimates.....	29
4.3 Supply Side Estimates.....	34
5. GROWTH DRIVERS.....	36
6. CHALLENGES.....	43
7. TRENDS	47
8. PORTER'S FIVE FORCES MODEL	52
9. MERGER AND ACQUISITION (M&A) ACTIVITIES	53
COUNTRY PROFILES.....	55
COMPANY PROFILES	62

“Retail sector has recovered well after the economic slowdown and going ahead, we should see a period of good growth. Business in UAE in particular, has been boosted by tourist arrivals from China as well as the neighboring GCC states. Even though Dubai has its share of malls, I still see the opportunity for one more ‘good’ mall on the Emirates Road.”

Nilesh Ved

Chairman
Apparel Group

“In spite of global uncertainty, 2011 has seen healthy growth in the GCC luxury retail segment particularly in the UAE, Saudi Arabia, Qatar and Kuwait driven by high disposable incomes, intra-gulf and international tourist arrivals and the success of certain mega-malls as social life destinations, with both retail and entertainment. Luxury brand availability and choice in our region is today among the best internationally. Today’s Middle Eastern consumers are increasingly savvy and knowledgeable; they are well informed, they demand to be given a large choice, an outstanding service and the same shopping experience as in New York or Paris.”

Patrick Chalhoub

Co-CEO
Chalhoub Group

“Dubai Duty Free is currently the single largest airport retailer in the world in terms of sales, and we expect sales for 2011 to top US\$ 1.45 billion, up from US\$ 1.27 billion last year. Our penetration level has been maintained at around 50%, which means that we sell to half of the travelers passing through the airport, and that is quite a high percentage. Our average spend for departing passengers is around US\$ 49, which again quite high, and our aim is to increase both the penetration levels and the average spend.

We currently have a retail area of some 18,000 square metres, which will grow significantly with the opening of Concourse 3 in 2012, in which we will have a further 8,000 square metres.

I think that our staff does a fantastic job and I believe that they are among the best trained and highly motivated employees in airport retail.”

Colm McLoughlin

Executive Vice Chairman
Dubai Duty Free

“Retail sales, particularly in the consumer-durable sector, are a reflection of consumer confidence. The ‘white and grey collared’ professional expatriates will play an important role in driving the growth of the retail sector. As this segment of the population regains confidence, we should see an even higher growth in retail sales.”

Jayant Ganwani

Vice Chairman & Chief Executive Officer
Lals Group

“From 2010 onwards, we have seen a recovery in the GCC retail market. There is a buoyancy in the market and while we are not back to the 2005/2006 levels, what we are seeing now is ‘real growth’ as opposed to ‘inflationary growth’. However, in today’s competitive landscape, retailers need to be sharper in every aspect. They can no longer afford inefficiencies in the operations and need to get mileage out of every dollar spent on marketing and promotion activities.”

Vipen Sethi

Chief Executive Officer
Landmark Group

“The GCC retail landscape has totally transformed in the last decade. Driven by ambitious and innovative players and supported by favorable government regulations, the sector has shown great resilience in the face of the economic crisis and going ahead, it faces a period of healthy growth.”

Rohit Walia

Executive Vice Chairman & CEO
Alpen Capital & Bank Sarasin Alpen

Despite a few setbacks in the past, the GCC's retail industry was largely back on track in 2010

Between 2010 and 2015, retail sales in the GCC are expected to grow at a CAGR of 8.3%

We believe that supply of new GLA will be sufficient to meet demand for retail space in the future

1. Executive Summary

The retail industry is one of the critical links in the conversion of the Gulf Co-operation Council (GCC) economies from being predominantly dependent on oil exports to achieving a balanced diversification of revenue sources. Retail also plays an important role in the development and progress of other focus sectors such as tourism and hospitality. Despite a few setbacks caused by global economic worries, the region's debt crisis and political unrest, the GCC's retail industry was largely back on track in 2010. High disposable income, expanding population base, growing aspirations, and consistent inflow of tourists, amongst other factors cushioned the region's retail sector from a difficult global climate. As a result of the big boost provided by the GCC governments and private investments, largely funded from oil exports in the past, the retail landscape in most parts of the GCC region has transformed from traditional souks (markets) to upscale shopping malls and hypermarkets.

1.1. Scope of the Report

This report provides a perspective of the retail sector in the GCC by examining the current industry status and size, key market dynamics, and scope for growth in the future. By focusing on key emerging trends, fundamental growth drivers, and noteworthy challenges in the industry, it presents the outlook for the GCC retail industry based on a demand-side as well as supply-side approach, along with projections for some of the key sub-segments within the retail market. Further, the report includes detailed profiles of the six GCC nations as well as profiles of some of the dominant private companies operating in the retail sector.

1.2. Industry Outlook

- Based on our demand side estimates, GCC retail sales are expected to grow at a CAGR of 8.3% between 2010 and 2015. Saudi Arabia is projected to experience the largest growth in the region over the five-year period, thereby increasing its share in GCC's retail sales over the years.
- Retail sales of supermarkets and hypermarkets in the GCC are estimated to expand at a CAGR of 10.7% between 2010 and 2015, thus outpacing the broader retail industry. Fundamental factors propelling food retail sales coupled with increasing penetration of modern retail channels is expected to result in Saudi Arabia being the primary growth driver of the supermarkets/hypermarkets segment in the GCC.
- Middle East duty free and travel retail sales are projected to expand at a CAGR of 9.9% between 2010 and 2015. Although Dubai Duty Free will continue to account for a significant portion of these sales, booming passenger traffic in Qatar is likely to result in the country's duty free sales outpacing the broader sector growth.
- After a brief pause over the last two years, the Middle East luxury goods market looks poised for strong performance going forward. The region's luxury goods sector is estimated to expand at a CAGR of 8.5% between 2010 and 2015.
- Based on a Moderate Growth scenario for our supply side estimates, retail GLA in the GCC is forecast to expand to 14.6 million sq m in 2015, from 10.3 million sq m in 2010. UAE is expected to experience the maximum increase in retail space through 2015 given that 56.4% of the project pipeline is located in the country. We believe that supply of new GLA will be sufficient to meet demand for retail space over the next five years.

Favorable demographics, growing opulence and booming tourism are key drivers of retail sales

Mounting competitive forces, staffing issues, tightening of credit card lending, and potential increase in rental overheads may pose challenges for GCC retailers

1.3. Key Growth Drivers

- An expanding population base and a largely urbanized consumer class provide a thriving market for retailers. Additionally, a young demographic profile also acts as a robust demand driver.
- The GCC is home to more than 16 million expatriates from around the world with strong aspirations and preferences for international brands.
- Continued growth in world oil demand and an increasing long-term trend in oil prices have boosted the GCC's economy, and significantly increased disposable income amongst consumers. Growing opulence and changing lifestyle of consumers is expected to fuel retail demand in the region.
- The region has seen substantial investments in the development of world class infrastructure, tourism, and hospitality sector. The region is a popular destination among leisure travelers, international shoppers, and pilgrims.
- Strategic geographic location and government focus on attracting tourists have given a substantial boost to the growth of passenger traffic in the GCC, making airport retail a flourishing business.

1.4. Key Challenges

- Heightened competition has posed several challenges to retailers and forced them to consider product diversification, attractive pricing, and convenient location, thereby improving operational efficiency.
- There is a shortage of skilled labor in the GCC region and it is a challenge for the companies to attract and retain a qualified work force.
- Tightening of credit card lending by GCC banks in an attempt to reduce customer defaults by imposing stricter norms for issuance of new credit cards and lowering credit limits have negatively impacted discretionary consumer spending.
- As the global economy recovers, rental costs are expected to increase thereby reducing retailer margins.

1.5. Trends

- Consumer demand for luxury and discretionary goods is set to increase at a faster pace in the near future on the back of improving economic growth and high oil prices.
- The GCC retail sector is expected to experience a more balanced expansion in the retail space going forward with significant development plans in place for other important cities like Abu Dhabi, Doha, Kuwait City and Makkah & Medina.
- The entry of international retail chains, changing lifestyles, evolving shopping patterns, and wide product choices, have fueled the proliferation of shopping malls and supermarket formats.
- With increasing Internet penetration, consumers in the GCC are gradually becoming increasingly media-savvy and showing an inclination towards online purchasing. Group-buying websites are proliferating across the world and have also found favor among the GCC consumers.

2. Global Retail Industry

2.1 Overview

Global retail sales expanded 10.9% y-o-y in 2010 to US\$ 14.5 trillion

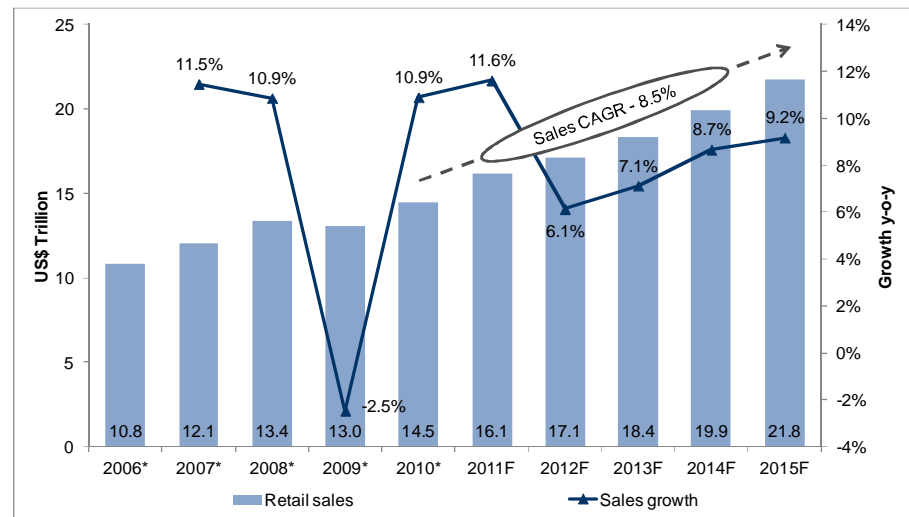
The Global Retail Industry has experienced a good recovery since early 2010, after a couple of difficult years due to worldwide economic downturn and a resultant dip in employment and consumer confidence. Government stimulus packages coupled with strong domestic demand in some developing countries took the global¹ retail industry's size to an estimated US\$ 14.5 trillion² in 2010, a 10.9% growth y-o-y (see Exhibit 1). Food sales accounted for 43.4% of the overall sales, while non-food sales represented the rest.

However, in recent months, indicators for the retail sector have turned uncertain with the developed nations facing headwinds of high rate of unemployment, slowing Gross Domestic Product (GDP) growth, escalating public debt and the possibility of further economic deceleration on the back of proposed austerity measures. On the other hand, emerging economies that have been the main driving force for the global economy are experiencing positive catalysts such as rising per capita income and improving living standards, a vast pool of population driving domestic demand, growth in organized retail and opening of new retail outlets.

Global retail industry deals with structurally distinct factors in developed and emerging markets

Albeit the strong growth, consumer demand in emerging markets is also marred by certain discouraging factors including concerns over sustainability of economic growth, deteriorating business confidence, high inflation and soaring interest rates. There are additional concerns facing the retail industry including exchange rate volatility and a changing stance in fiscal policy. Thus, the global retail industry needs to find a sustainable growth trajectory by achieving a balance between muted consumer sentiment in developed markets and an overheating economic environment in emerging markets.

Exhibit 1: Global Retail Industry Size



Source: Economic Intelligence Unit, July 2011

Note: * – Estimated; F – Forecast

¹ Sum of 60 countries covered by the Economist Intelligence Unit's industry service

² Source: Economist Intelligence Unit, July 31, 2011

Despite slowdown in mature markets, global industry continues to be dominated by American and European retailers

Private labels have found favor among consumers primarily due to their high value for money

Despite the uncertain conditions, the fundamental consumption story of the emerging markets remains strong which is expected to help the retail industry to tide over the slowdown in developed economies. The emerging markets may even witness a greater shift towards discretionary spending as dispensable income rises, in turn, driving demand for branded and luxury goods. The global retail industry is expected to expand at a 5-year CAGR of 8.5% reaching US\$ 21.8 trillion in 2015². This is higher than the 7.5% annual average expansion that the industry witnessed between 2006 and 2010.

In spite of the growing clout of developing nations, the global retail industry continues to be dominated by North American and European retailers. Leading food retailers globally include the US-based Wal-mart Stores Inc, French retailer Carrefour SA, Metro AG based in Germany, and the UK-based Tesco PLC. Some of the top names among non-food retailers are Costco Wholesale Corporation, Home Depot Inc and Target Brands Inc, all headquartered in the US. To survive in difficult business dynamics in their home countries, most of these companies have been actively expanding their global footprint and exploring growth opportunities in the relatively untapped emerging markets.

2.2 Key Trends in the Global Retail Industry

Downsizing

Since the time the industry started feeling the effects of the global financial crisis, retailers around the world have been exposed to a difficult business environment characterized by unstable consumer sentiments, increased commodity prices, rising income pressures, and competition. Downsizing, for survival and being competitive, has since become one of the typical facets of the industry. Companies have been trying to counter the negative market forces by trimming workforce, scaling down on retail space in unprofitable markets, rationalizing packaging costs, and also cutting down on packaged quantities to safeguard profitability in an inflationary environment, while holding on to their previous price points.

Growth of Private Labels

Over the last ten years, annual sales of private label products have increased 40% in supermarkets and by 96% in drug chains³. The number of retailers in the US involving private labels in at least half their merchandise has increased from 42% in 2008 to 55%⁴. The market share of private labels has increased, especially in the US, with private labels accounting for 27% of food introductions till July 2009, or nearly 1,800 new products, up from 13% share in 2005⁵. The prime reason for the growing acceptance of private labels among customers is price utility since these products are generally cheaper than well known national brands. This factor becomes even more imposing in the current economic climate. Retailers also view the strategy of marketing through private labels as an efficient means of differentiating themselves from competitors, and creating consumer loyalty and repeat footfalls.

New Retail Channels Gaining Traction

The traditional high street retailing is gradually losing market share to new retail channels such as online and mobile, which are rapidly gaining popularity among shoppers. The US and European online retail⁶ is expected to grow at a CAGR of 10% from 2010 to 2015⁷. During the same period, online retail sales as a percentage of total retail sales in the US is expected to increase from 8% to 11%. Improving connectivity through the Internet and

³ Source: Private Label Manufacturers Association, US

⁴ Source: 'Growth of private label proves challenging', www.newhope360.com, May 3, 2011

⁵ Source: 'Private label products not just for penny pinchers', Mintel GNPD, July 2009

⁶ Includes business-to-consumer sales excluding travel and financial services

⁷ Source: Forrester Research, February 2011



Increasing use of online social networks and computer applications will make modern retailing more mainstream

Three GCC countries were rated among the most appealing countries for retail expansion in 2011

smartphones will underpin growth in online and mobile retailing at the expense of traditional retail channels. The increasing use of online social networks and computer applications by retailers to reach consumers is expected to make modern retailing more mainstream. Retailers looking to expand into newer geographies are gauging market demand through these modern channels before making substantial financial commitments to the new markets.

2.3 Leading Economies Offering Attractive Opportunities in Retail

The annual A.T Kearney Global Retail Development Index assesses relative attractiveness of developing economies in retail by evaluating them on various parameters such as country and business risk, retail sales per capita, demographic factors, regulatory parameters, infrastructure quality, share of modern retailing, and presence of international retailers. The top three spots in the 2011 A.T Kearney Global Retail Development Index were occupied by Latin American countries, Brazil, Uruguay, and Chile respectively.

However, the GCC also featured prominently on the index with three constituent countries appearing amongst the attractive retail markets in the world. Kuwait was ranked fifth on the index, while Saudi Arabia took the seventh spot and the UAE was placed in ninth spot. Despite being ranked among the top 10 attractive countries for retail expansion, all the three GCC countries were ranked lower on the index compared to the previous year (see Exhibit 2). Relative to last year, Kuwait accumulated a slightly smaller score on account of heightened perception of country risk. On the other hand, despite scoring higher than the previous year, Saudi Arabia and the UAE were relegated on the index as other countries overtook them by scoring higher on various aspects of retail attractiveness. Apart from these three countries, none of the remaining GCC countries featured on the list of top 30.

Exhibit 2: Top Countries Featuring on the 2011 Global Retail Development Index

Country	GRDI Score	2011 Rank	2010 Rank
Brazil	71.5	1	5
Uruguay	65.5	2	8
Chile	64.7	3	6
India	63.0	4	3
Kuwait	61.3	5	2
China	61.2	6	1
Saudi Arabia	59.5	7	4
Peru	58.2	8	9
UAE	58.0	9	7
Turkey	57.8	10	18

Source: A.T Kearney

3. GCC Retail Industry

3.1 GCC Retail Market Overview

Retail sector is the second largest industry after the oil & gas sector in the GCC

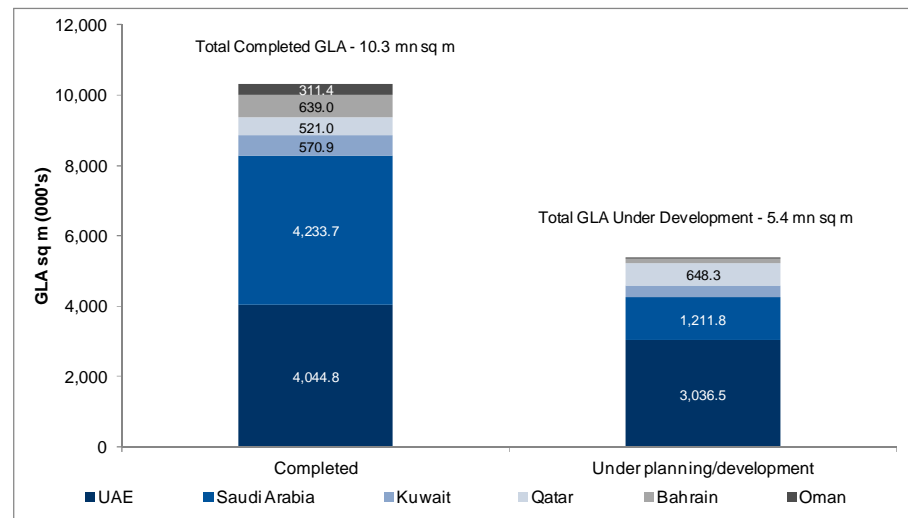
The retail industry has been one of the fastest growing markets in the Middle East for the last few years. It is the second largest sector in the oil-rich GCC region, and is considered to be the most preferred means of promoting diversification and sustained economic development in the region. The global financial crisis and the consequent fall in oil prices, has materially slowed down the pace of market growth. However, the sector continues its uptrend supported by fundamental drivers, including growing affluence and disposable income, rise in tourism, and a large expatriate population, favorable demographic factors, and large-scale infrastructure development.

Over the years, the retail landscape in the GCC has transformed from traditional markets and small, independent outlets to large shopping malls, hypermarkets, and organized retail chains. These new retail formats are rapidly gaining market share at the expense of the traditional businesses. Given the vast market potential, many international retail companies and brands such as Carrefour, Debenhams, Marks & Spencer, Bloomingdales, Harvey Nichols, Sachs Fifth Avenue, Waitrose, Prada, and Jimmy Choo have set shop in the region.

In 2010, GCC had 10.3 million sq m of completed GLA in shopping centres, and over half of that under development

In 2010, there were over 30,000 retail units in the GCC and 10.3 million sq m of completed GLA in shopping centres. The region currently has over 200 shopping malls with annual sales of US\$ 50 billion⁸. The prime cities of the gulf - Dubai, Jeddah, and Riyadh - account for the maximum shopping space. In 2010, approximately 5.4 million sq m of area was under development and planning, more than half of which was in the UAE⁹ (see Exhibit 3). The UAE is ranked second in the presence of international retailers in its market, and Dubai shares the top position with London for international retailers' presence among cities in 2011¹⁰.

Exhibit 3: GLA Completed and Under Development in the GCC (2010)



Source: Retail International

⁸ Source: www.InspireExhibition.com

⁹ Source: Retail International

¹⁰ Source: Survey conducted by CB Richard Ellis

While this report deals with the overall retail sector in the GCC, we have attempted to take an in-depth glimpse of key sub-segments in the sector including luxury retail, supermarkets and hypermarkets, and airport retail (duty free retail).

Mid-market Retail Segment

Over the recent years, proliferation of mid-market brands such as Nike, Gap, Nine West, ALDO, Toys “R” Us, and several others has increased significantly in the GCC. Retail chains of these brands are typically managed by privately held companies operating as regional franchisees of the brand owners. Having contributed substantially to overall retail sales expansion, the mid-market segment has broadly tracked the overall retail industry growth trajectory and is expected to continue on a similar trend going forward.

Luxury Retail Market

The luxury goods market in the Middle East was estimated to be worth US\$ 5.4¹¹ billion in 2010, having grown between 5% and 8% y-o-y in 2010, following a contraction of 4% in 2009¹². In response to a difficult economic environment, most of the consumers significantly reduced their discretionary spending, thereby severely impacting demand for luxury goods in 2009 with some spill-over effect into 2010. Luxury goods sales are primarily guided by the tendency of consumers to change hi-tech and expensive items frequently for maintaining a high novelty and prestige quotient. The demographic and economic stature of the GCC makes it a region with high consumption of luxury goods per capita.

Key markets for the segment within the GCC include Dubai, Abu Dhabi, Kuwait City, and Doha. However, Dubai remains the main focal point for luxury retailing in the region. Significantly dependent on tourism, it is one of the main shopping destinations for tourists from numerous countries and regions including Russia, Japan, Europe, and India. With increasing affluence, Chinese consumers have also turned their attention to Dubai to shop at its luxurious malls. Although luxury retailers are gradually exploring markets in other major cities of the GCC, none of them have a greater pull towards affluent consumers than Dubai. The city is likely to remain the largest luxury shopping destination in the Middle East for the foreseeable future.

Supermarket/Hypermarket Retail Market

Supermarkets and hypermarkets represent an important chunk of the organized grocery retail format which also includes convenience and discount stores. The supermarket and hypermarket sub-sectors have expanded substantially over the last few years as international retail chains entered the markets and domestic companies also responded to changing consumer preferences and lifestyles. These larger forms of organized retail have succeeded in attracting a significant number of shoppers due to a wide range of product offerings, convenient location mainly in shopping malls and other facilities such as children’s play areas.

Grocery products account for a significant portion of the overall sales in hypermarkets and supermarkets. Although these modern retail segments have been gradually increasing their market share, the GCC markets are currently under-penetrated with modern grocery sales penetration exceeding 50% only in the UAE (see Exhibit 4).

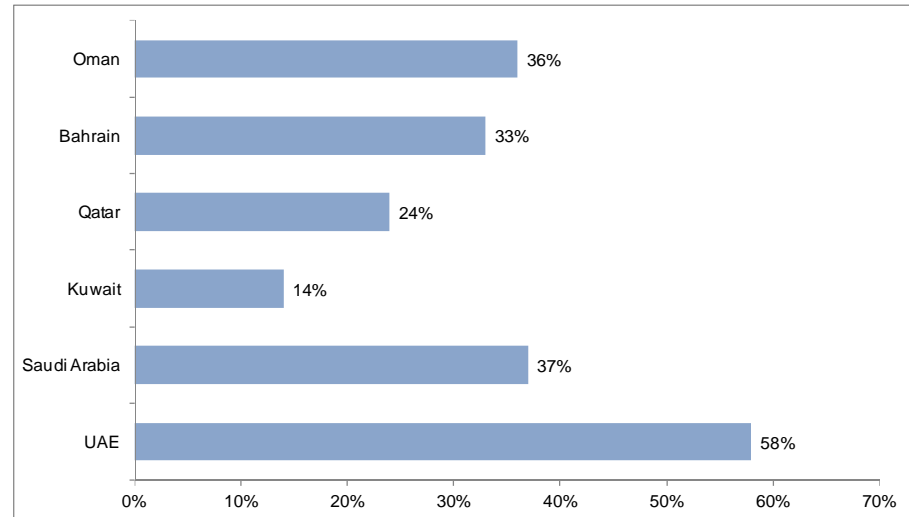
Middle East luxury goods sales were US\$ 5.4 billion in 2010

GCC grocery market is under-penetrated in terms of modern grocery retail sales

¹¹ Converted from Euro to US dollar at the average EUR/USD exchange rate of 1.33 for 2010, sourced from Bloomberg

¹² Source: Altagamma Worldwide Markets Monitor

Exhibit 4: Modern Grocery Sales Penetration



Source: Savola Group, March 2011

Dubai Duty Free accounted for 5.4% of global airport shop sales in 2010, making it the world's largest single airport retail operation

Airport Retail

Some of the GCC airports are being developed as state-of-the-art facilities to attract increasing number of tourists, and make the region a leading tourist and transit hub in the world. Factors such as expansion in fleet size and routes of regional airlines, increase in global airline traffic thereby increasing transit passengers, and worldwide recognition of the region's airports, like Dubai, as leading duty free shopping hubs, have boosted the airport retail market in the GCC. Duty free shops offer a wide selection of products such as perfumes and cosmetics, jewelry, apparel and accessories, liquors, electronics, confectionery, and tobacco. Global duty free and travel retail sales¹³ increased from US\$ 34.5 billion in 2009 to US\$ 39.0 billion in 2010¹⁴. The Middle East represented 7.4% of overall duty free sales. Dubai Duty Free, which accounted for 5.4% of global airport shop sales and 3.2% of global duty free and travel retail, has been the largest single airport retail operation in the world for three consecutive years¹⁴.

Some Key Highlights of the GCC Retail Industry

UAE had the highest per capita spending on clothing in the world in 2010

- The GCC has high consumption of discretionary items including branded apparel, accessories, cosmetics, automobiles etc. Per capita consumption of cosmetics and fragrances in the region is one of the highest in the world. UAE had the highest per capita spending on clothing in the world in 2010¹⁵.
- To counter the economic slowdown, retailers have endeavored to adjust and adapt to consumer attitudes and purchasing patterns. Failing brands have been discontinued or replaced by new products that meet consumer needs. Retailers have become more discerning in selection of malls for setting up their outlets, and pay attention to their location within the malls. Several retailers have relocated to less expensive locations to cut rental costs, while others have negotiated for better lease terms.

¹³ Includes sales in airports, airlines, ferries and other shops

¹⁴ Source: Generation Research

¹⁵ Source: A.T Kearney



GCC countries have one of the highest percentages of diabetes occurrence in the world

Several group-buying websites have set up operations in the gulf over the last two years

- New opportunities in retailing of nutritional and health foods have seen an increase due to the rise of lifestyle-related diseases. According to the GCC Healthcare Industry report published by Alpen Capital, increased urbanization and per capita income have led people to consume unbalanced diets leading to higher incidence of lifestyle-related diseases such as cardiovascular ailments, obesity, and diabetes. Countries in the GCC have one of the highest percentages of diabetes occurrence in the world due to sedate life style maintained by the residents. Occurrence of coronary problems and other obesity-related illnesses too is on the rise in the gulf region due to the above reasons.
- Online retail is becoming increasingly popular as consumers have started realizing its time and cost benefits. For instance, the number of online shoppers in the UAE increased from 29% to 42% between 2009 and 2010¹⁶. Apart from shopping of apparel and accessories, non-traditional online items such as groceries are also gaining favor in the region.

In addition to retailers with presence on high street through physical stores establishing their online selling capabilities, a relatively newer breed of retailers called the group-buying website operators have also emerged on the online retail landscape of the GCC. Companies such as DealGobbler, GoNabit, Groupon, and Cobone have established operations in the region over the past two years. Primarily relying on bulk volumes and word-of-mouth publicity, these companies offer huge discounts to consumers on a range of products and services including apparel, footwear, jewelry, beauty treatments and meals through daily deals online.

- To meet the changing spectrum of consumer preferences and increase in online shopping patterns, shopping malls/retailers need to adjust and keep repositioning themselves to suit the dynamic landscape. To meet this challenge, most of the malls in the region are trying to offer not just a complete shopping experience, but more entertainment and community-led activities to influence consumer behavior towards bricks & mortar. For example, the Dubai Mall which opened in November 2008, not only houses a multitude of retail names, but also has several restaurants and cafes, a 22-screen cinema facility, an ice rink, an aquarium with more than 33,000 living animals, and education and entertainment centres for children.

3.2 Regional Retail Markets

- The UAE retail sector is second largest in the GCC, but structurally the most progressive market. Dubai and Abu Dhabi are the epicenters for retail activity in the country. A steady inflow of tourists into Dubai, which is positioned as one of the major shopping destinations of the world, ensures a thriving end-market for luxury and duty free retailers. Wholesale and retail trade accounted in the UAE accounted for 12.8% of its GDP at current prices in 2010, highest for any country in the GCC.
- Being the country with highest population and a centre for religious tourism in the GCC, Saudi Arabia has the largest retail sector in the region. However, retail trade is not a significant contributor to the country's GDP due to higher contribution from oil revenue. Entry of international retailers heralded the arrival of large scale retail formats in the country, and changed the industry landscape over

¹⁶ Source: MasterCard survey released in March 2011. Note that the numbers are based only on the sample of respondents interviewed in the survey.

the years. However, small retailers and convenience stores still continue to represent a major portion of grocery retailing.

- Despite a relatively small population, strong demographic factors, large oil reserves, and significant proportion of expatriate population make Kuwait one of the most attractive retail markets in the world. Growing at a decent CAGR of 8%, the country's retail sector has seen a number of shopping malls coming up over the last few years. Nevertheless, modern grocery sales penetration in Kuwait is lowest in the GCC, and retail trade accounts only for 3% to 4% of its GDP.
- Qatar, the richest country in the world in terms of per capita GDP, remained resilient during the global economic slowdown and continues to experience double-digit growth due to its rich energy reserves. Doha, the country's capital, is currently witnessing a boom in development of retail space. Completed GLA in the city is expected to more than double by 2015. Large disposable income also makes Doha a highly attractive market for luxury retailers, while an expanding airline industry is aiding growth of airport retail in the country.
- Heavy reliance on the financial sector has made Bahrain vulnerable to the current global economic climate. Political unrest in the early part of 2011 also had a negative impact on its economy and retail market. Being the least populated country in the GCC, Bahrain has a retail industry that depends significantly on tourism. Trade accounted for 7.2% of the country's GDP at current prices in 2010. Current economic and political concerns do not indicate a very optimistic picture for the country's retail sector, which is not expected to witness substantial growth in shopping area in the coming years.
- Wholesale and retail trade contributed 8.7% of Oman's GDP at current prices in 2010. On the back of growing urbanization and changing lifestyle, its retail industry has progressively altered over the years with traditional markets and small stores giving way to large shopping malls. Establishment of new organized retail space will further fuel growth of retail industry in the country.

Heavy reliance on the financial sector has made Bahrain vulnerable to the current global economic climate

Note that the size of retail trade and its contribution to the country's GDP illustrated under the respective retail market section may not be comparable across all the GCC countries due to difference in the accounting and disclosure of retail break-up within the overall GDP.

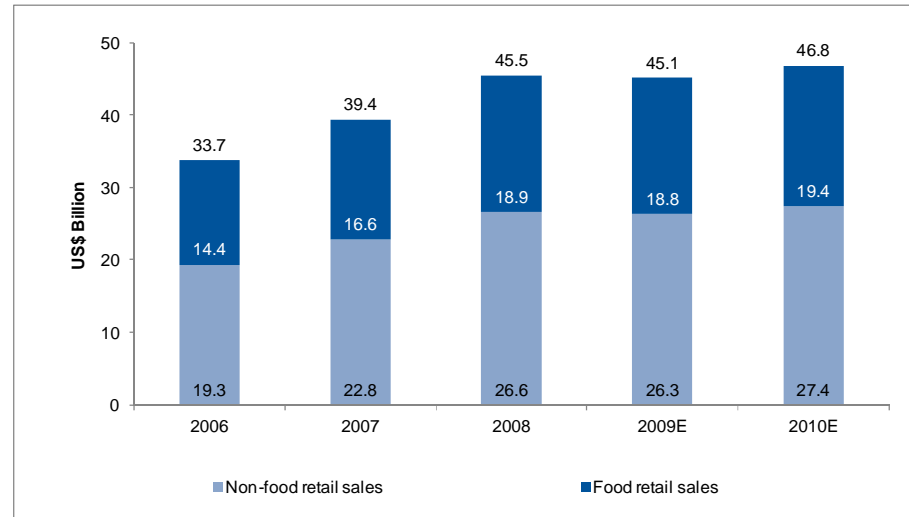
The UAE Retail Market

The UAE has the most developed retail market in the GCC region with a landscape largely dominated by luxurious shopping malls. Although a few local retailers concentrate on expanding through standalone stores, large international players prefer the popular hypermarket route. Retail sales in the UAE amounted to an estimated US\$ 46.8 billion in 2010, having increased 3.8% y-o-y¹⁷ (see Exhibit 5). With the country's growth back on track after a difficult 2009, the retail sector has responded well to the revival, despite other sectors such as real estate which continue to experience pressure due to anemic demand. Food sales represented 41.5% of total retail industry sales in 2010.

Retail sales in the UAE increased 3.8% y-o-y to reach an estimated US\$ 46.8 billion in 2010

¹⁷ Source: Economic Intelligence Unit, June 1, 2011

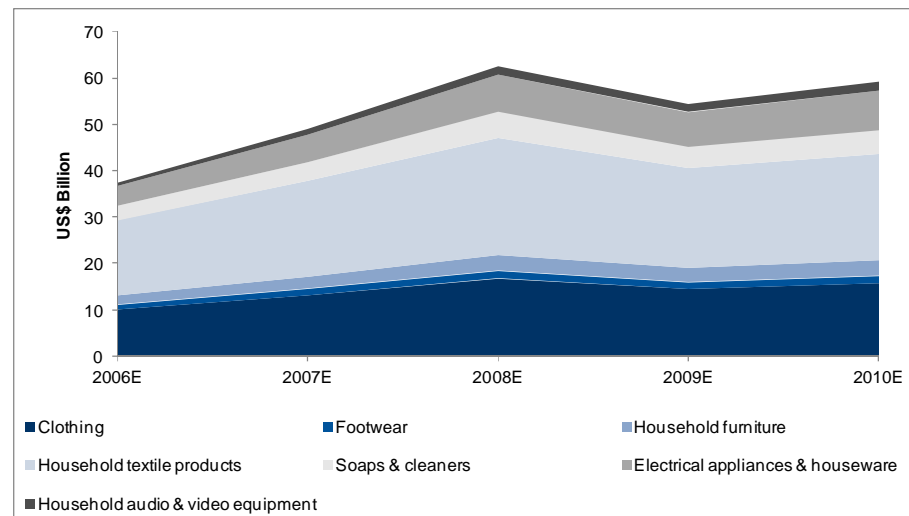
Exhibit 5: UAE Retail Sales Composition



Source: Planet Retail; Economic Intelligence Unit, June 2011

Note: E – Estimated

Exhibit 6: UAE Consumer Demand Composition



Source: Economic Intelligence Unit, June 2011

Note: E – Estimated

Dubai's luxury retail sales growth has historically surpassed the global average

Most of the retail activity in the UAE is centered in Dubai and Abu Dhabi. Various shopping festivals such as the Dubai Shopping Festival and Dubai Summer Surprises offer substantial boost to retail sales every year. With around 400 luxury brands and stores, Dubai has become one of the leading hubs for luxury retail in the world. Its luxury retail sales growth has historically surpassed that of the rest of the world¹⁸.

¹⁸ Source: "Luxury Retail Market Overview – Dubai", Luxury Movement, February 2011

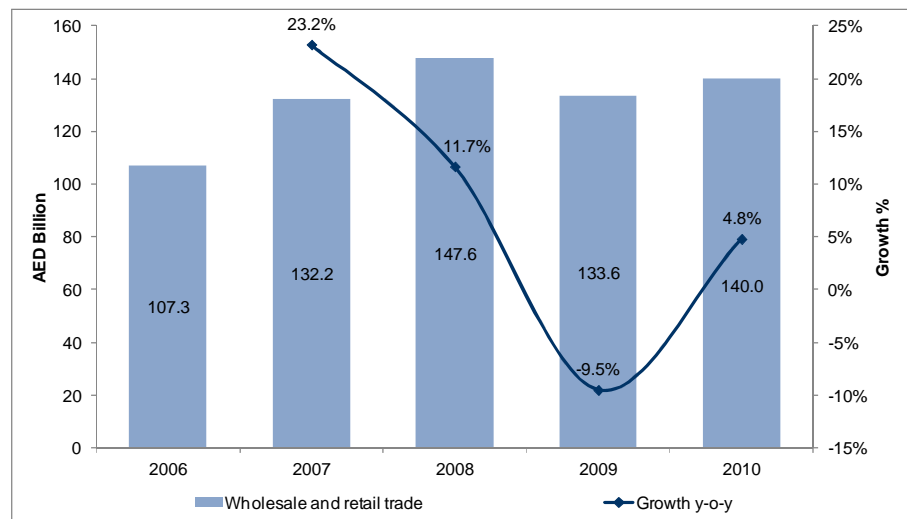
Strategic location, growing market share of Emirates Airlines, and expansion of airport infrastructure have boosted UAE duty free sales

Food retail sales in the UAE grossed approximately US\$ 19.4 billion in 2010¹⁹ (see Exhibit 5). Organized grocery retail had a penetration of approximately 58% in the market²⁰. Organized retail in the country is highly dominated by supermarket and hypermarket operators, and there are about 70 hypermarkets and 650 superstores & supermarkets in the UAE.

Duty free retail in the UAE experienced a strong performance in 2010. Dubai Duty Free sales increased 11.4% y-o-y to US\$ 1.3 billion in 2010, while turnover of duty free retail at the Abu Dhabi International Airport expanded 15% in 2010 to US\$ 158 million²¹.

UAE's aviation sector has benefitted from liberal government's policy, and the country's strategic location within eight hours flying time to most major destinations and large part of the world's population. Additionally, the country's national carrier, Emirates Airlines, has emerged as one of the top international airlines given its expanding fleet size, wide route coverage, and superior hospitality and in-flight services. Campaigns run by the airlines to promote tourism in the UAE have also been highly successful. To manage this growing passenger traffic and further boost tourism, airports such as the Dubai airport have been developed into world-class facilities. The Dubai airport is currently capable of handling around 60 million passengers annually, more than double its capacity of 23 million at the start of the previous decade. These factors have collectively aided the expansion of duty free retail in the UAE.

Exhibit 7: Size of Retail Trade



Source: National Bureau of Statistics, UAE; International Monetary Fund, May 2011

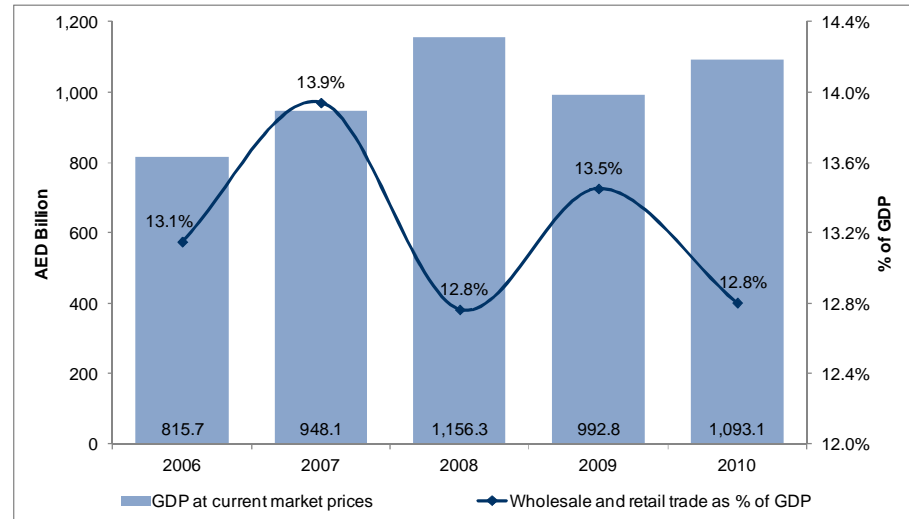
Note: Size of Retail Trade as accounted in UAE's GDP

¹⁹ Source: Economic Intelligence Unit, June 1, 2011

²⁰ Source: Savola Group, March 2011

²¹ Source: Company website; www.dfnionline.com

Exhibit 8: Retail Trade as Percentage of Overall GDP

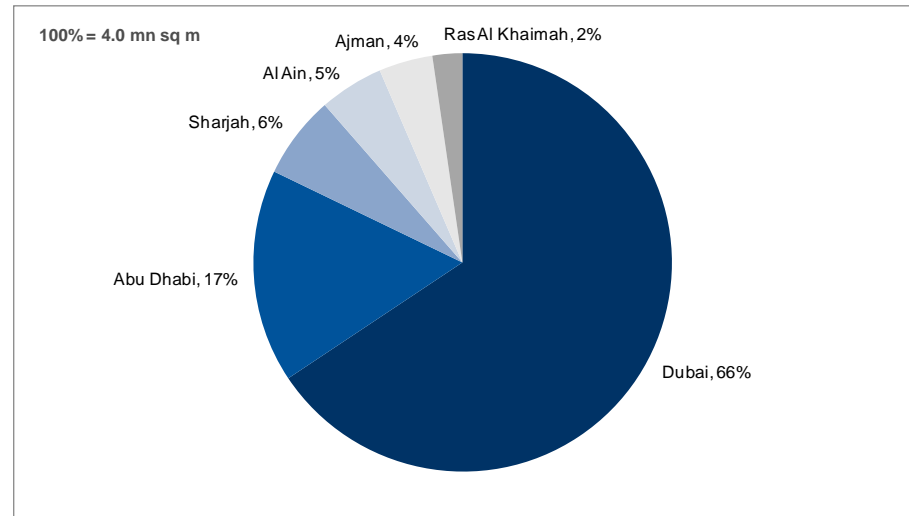


Source: National Bureau of Statistics, UAE; International Monetary Fund, May 2011

Approximately 66% of completed GLA in the UAE in 2010 was located in Dubai

Accounting for 65.6% of the total completed GLA in 2010, Dubai led the total shopping area by a large margin than any other city in the UAE²² (see Exhibit 9). It was followed by Abu Dhabi with a 16.5% share. These two cities will continue to dominate the retail market in the country for the next few years with both of them being locations for 85.2% of GLA under planning and development in 2010 (see Exhibit 10).

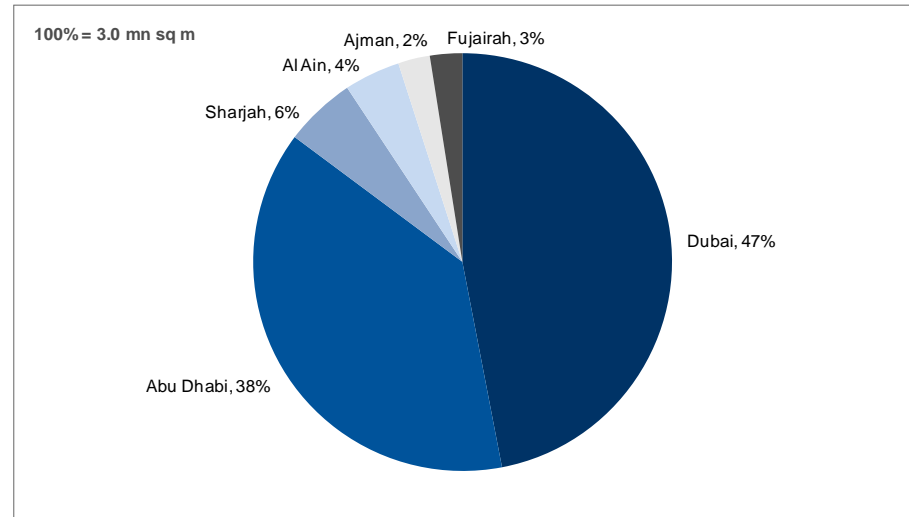
Exhibit 9: City-wise Distribution of Completed GLA (2010)



Source: Retail International

²² Source: Retail International

Exhibit 10: City-wise Distribution of GLA Under Development (2010)



Source: Retail International

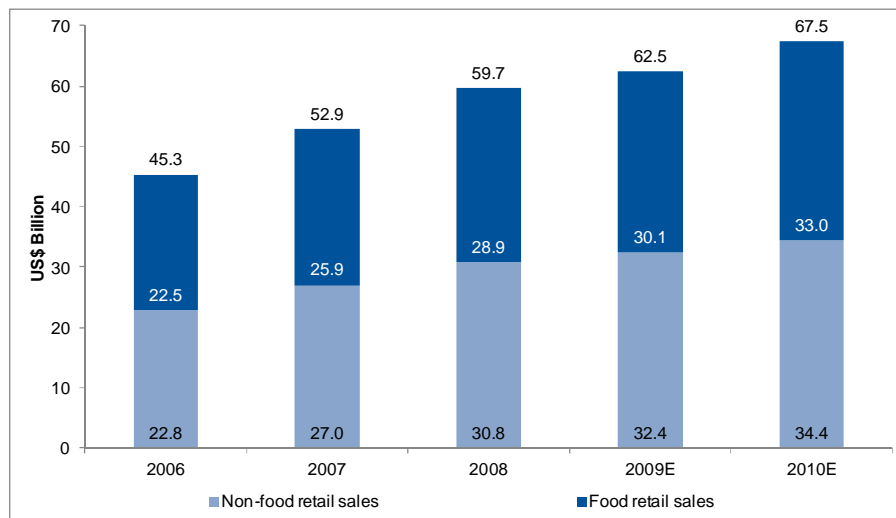
Retail sales in Saudi Arabia increased an estimated 8.0% y-o-y to US\$ 67.5 billion in 2010

The Saudi Arabian Retail Market

Accounting for approximately 5% of the country's GDP at current prices, the retail sector of Saudi Arabia is the largest and fastest growing in the GCC region. Retail sales in Saudi Arabia increased an estimated 8.0% y-o-y to US\$ 67.5 billion in 2010²³ (see Exhibit 11). Food and non-food sales share almost an equal proportion in the overall industry sales. A fast-growing population with a high composition of young adults has been one of the major drivers for the sector. Expenditure by women is also resulting in an increase in demand for consumer goods in the country. In addition, government spending on infrastructure has supported consumer demand. Although the drop in oil prices in 2009 led to a drop in GDP per capita, it did not have an effect large enough to push per capita consumption on a declining curve.

²³ Source: Economic Intelligence Unit, February 23, 2011

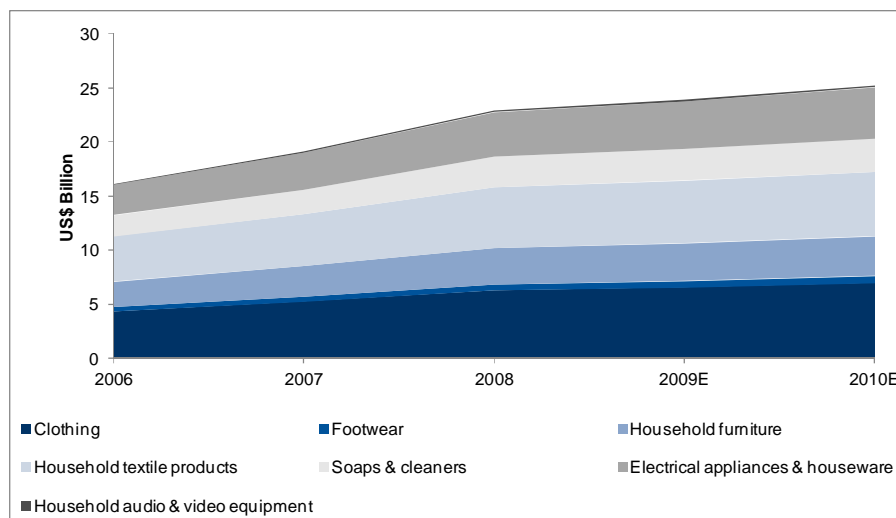
Exhibit 11: Saudi Arabia Retail Sales Composition



Source: Planet Retail; Economic Intelligence Unit, February 2011

Note: E – Estimated

Exhibit 12: Saudi Arabia Consumer Demand Composition



Source: Economic Intelligence Unit, February 2011

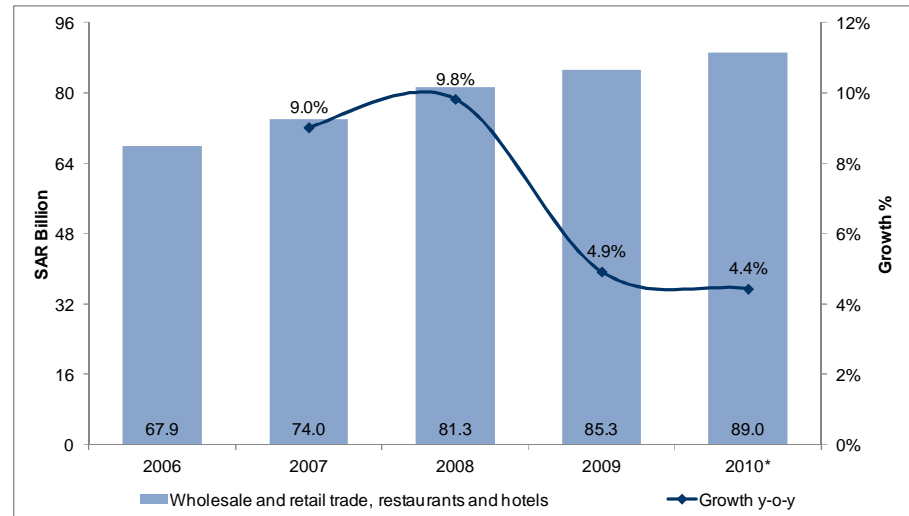
Note: E – Estimated

The retail market in Saudi Arabia is highly fragmented, with top five retailers collectively controlling less than 11%

Saudi Arabia has a progressive structure for retail, mainly constituting large shopping malls. Department stores, supermarkets and hypermarkets, usually located inside these malls and first established in the country by European companies, dominate the sector landscape. However, the country's retail industry comprising both the discretionary and non-discretionary items is highly fragmented, with the top five retailers controlling less than

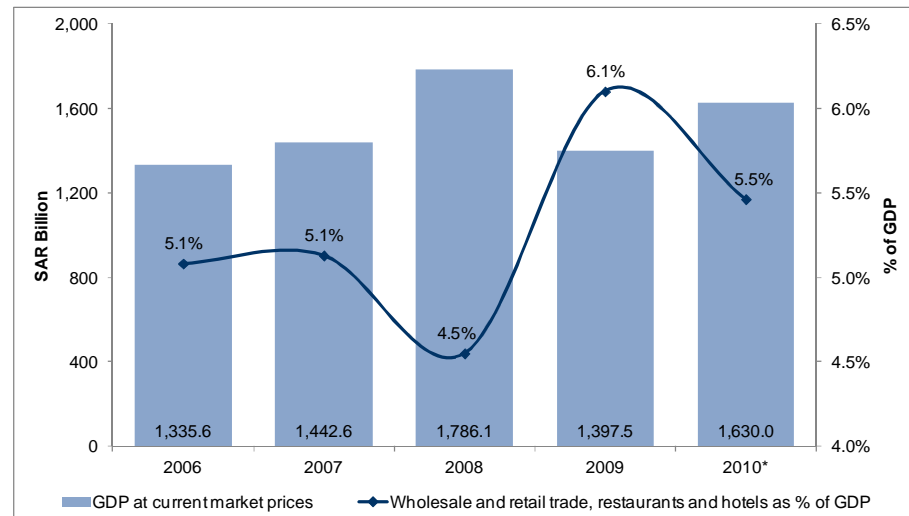
11% of the market²⁴. Also, the entry of global retail chains through collaborations with domestic firms has intensified competition between larger firms, and larger companies are seeking the inorganic route to expand their market share.

Exhibit 13: Size of Retail Trade



Source: Central Department of Statistics & Information, Ministry of Economy and Planning, Saudi Arabia
Note: Size of Retail Trade as Accounted in Saudi Arabia's GDP; * – Provisional figures

Exhibit 14: Retail Trade as Percentage of Overall GDP



Source: Central Department of Statistics & Information, Ministry of Economy and Planning, Saudi Arabia
Note: * – Provisional figures

At the end of 2010, there were over 250 'Class A' supermarkets with more than 1,000 sq m of floor space and about 200 'Class B' supermarkets with upto 500 sq m of floor space

²⁴ Source: Economic Intelligence Unit, February 23, 2011



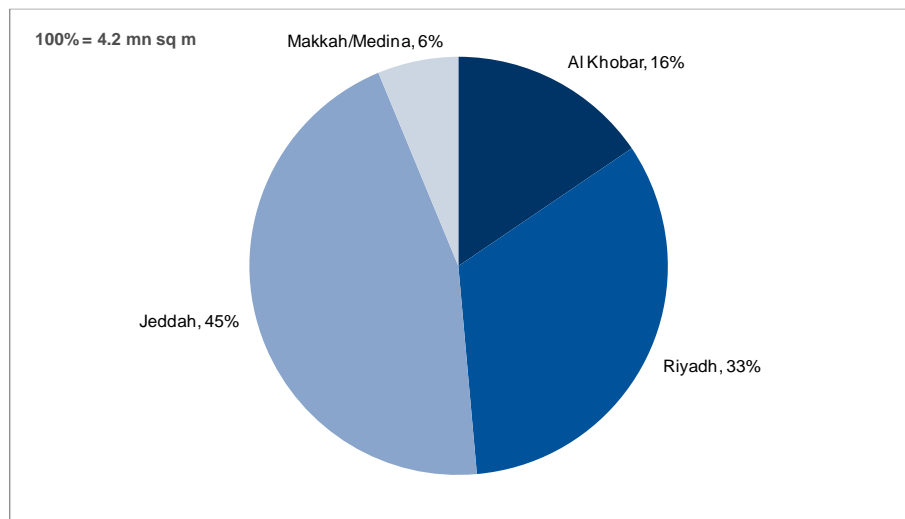
Food retail sales in Saudi Arabia were estimated at US\$ 33.0 billion in 2010

In 2010, Riyadh and Jeddah jointly accounted for more than three-fourth of the completed GLA in Saudi Arabia

in the country²⁵. The number of hypermarkets has also gone up significantly with around 50 such outlets operating in the major cities of Riyadh, Jeddah, and Dammam. The food retail market in Saudi Arabia was estimated to be approximately US\$ 33.0 billion in 2010, having expanded at 9.6% y-o-y²⁶ (see Exhibit 11). Contrary to the market structure in the UAE, the bulk of grocery retailing is done through small retailers and convenience stores. Hypermarkets and supermarkets had a penetration of approximately 37%, and accounted for about 42% of the total grocery market²⁷. Going forward, changing lifestyle trends is likely to underpin expansion of mass grocery retail.

In 2010, Riyadh and Jeddah jointly had shopping centres with 3.3 million sq m of completed GLA, accounting for more than three-fourth of the completed GLA in Saudi Arabia²⁸ (see Exhibit 15). However, the equation is likely to change over the next few years with a substantial proportion of GLA being planned and developed in other cities such as Al Khobar, Makkah, and Medina (see Exhibit 16).

Exhibit 15: City-wise Distribution of Completed GLA (2010)



Source: Retail International

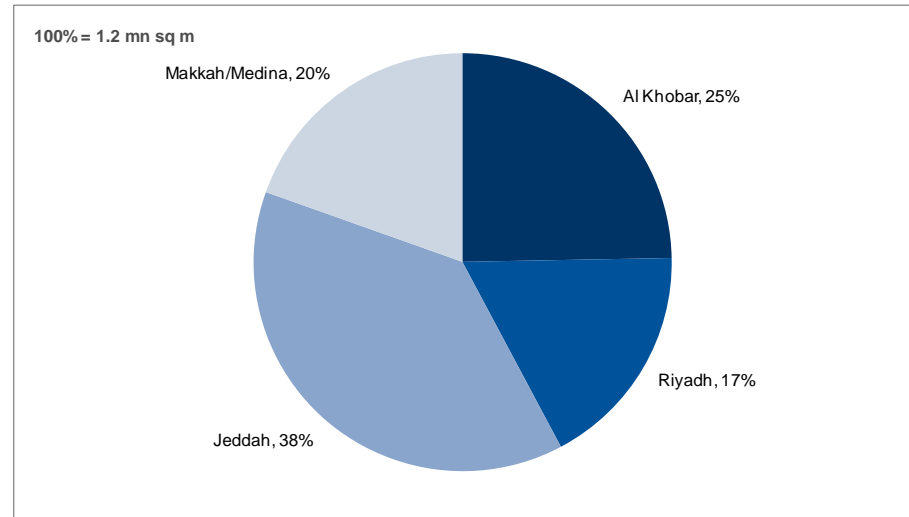
²⁵ Source: US Foreign Agricultural Service

²⁶ Source: Economic Intelligence Unit, February 23, 2011

²⁷ Source: Savola Group, March 2011

²⁸ Source: Retail International

Exhibit 16: City-wise Distribution of GLA Under Development (2010)



Source: Retail International

The Kuwaiti retail market has expanded at a CAGR of approximately 8% over the last five years

The Kuwaiti Retail Market

Approximately 70% of the Kuwaiti population consists of expatriates, with a large influx of migrant workers from neighboring Iraq. Large oil reserves, continued supply of petrodollars, a high rate of urbanization (98% in 2010²⁹), and significant levels of disposable income act as stimulants for the retail market in Kuwait. These factors have enabled the retail sector to grow 8% annually over the last five years³⁰, which also resulted in the development of numerous shopping malls leading to structural progress in the market. The wholesale and retail trade sector, as accounted in Kuwait's GDP, expanded a robust 27.6% y-o-y in 2010³¹ on the back of a strong recovery in consumer demand following the financial crisis. Growth in hypermarket sales stood at 5.0% y-o-y in 2010³². However, modern grocery sales penetration in 2008 was only 14% in Kuwait, the lowest among all its regional counterparts³³. It was significantly lower than the UAE's 58%, and the GCC average of 34%.

²⁹ Source: www.cia.gov

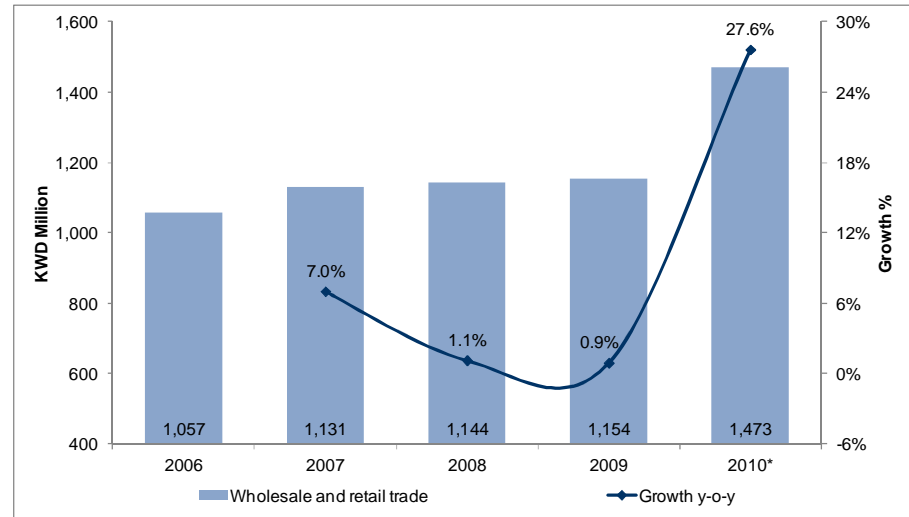
³⁰ Source: 'Retail Global Expansion: A Portfolio of opportunities', A.T Kearney

³¹ Source: Central Statistical Office, Kuwait

³² Source: 'Kuwait Food and Drink Report Q4 2011', Business Monitor International, August 2011

³³ Source: Savola Group, March 2011

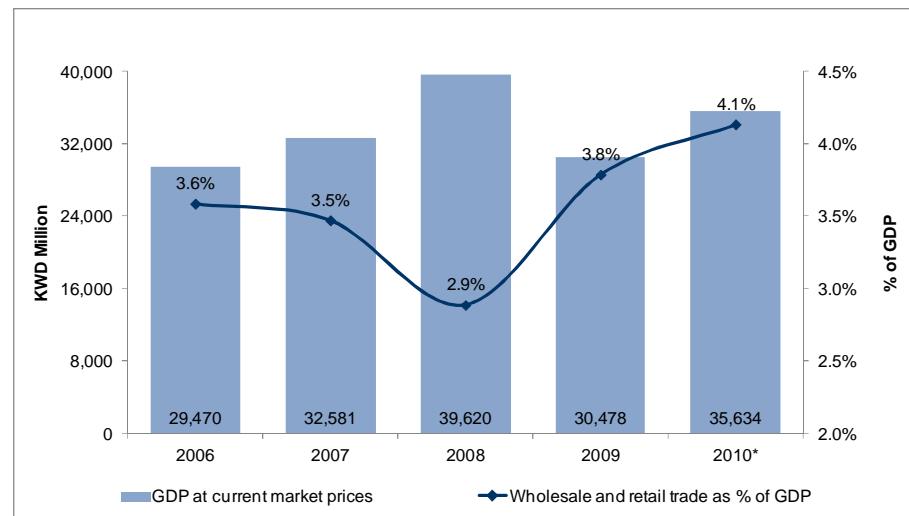
Exhibit 17: Size of Retail Trade



Source: Central Statistical Office, Kuwait

Note: Size of Retail Trade as Accounted in Kuwait's GDP; * - Provisional figures

Exhibit 18: Retail Trade as Percentage of Overall GDP



Source: Central Statistical Office, Kuwait

Note: * - Provisional figures

Kuwait had the highest per capita retail sales among all countries on the 2011 A.T Kearney Global Retail Development Index

GLA in Kuwait's retail sector is estimated to have grown at a CAGR of 35.1% between 2006 and 2010 to reach 1.15 million sq m by the end of 2010³⁴. Shopping centres in Kuwait City had completed GLA of 0.6 million sq m in 2010, while more than half of that area was under planning and development³⁵. Kuwait was ranked at the fifth position in the 2011 A.T Kearney Global Retail Development Index, above all other countries in the gulf.

³⁴ Source: The 2011 A.T Kearney Global Retail Development Index

³⁵ Source: Retail International

Global economic concerns have had little effect of Qatar's pace of economic growth

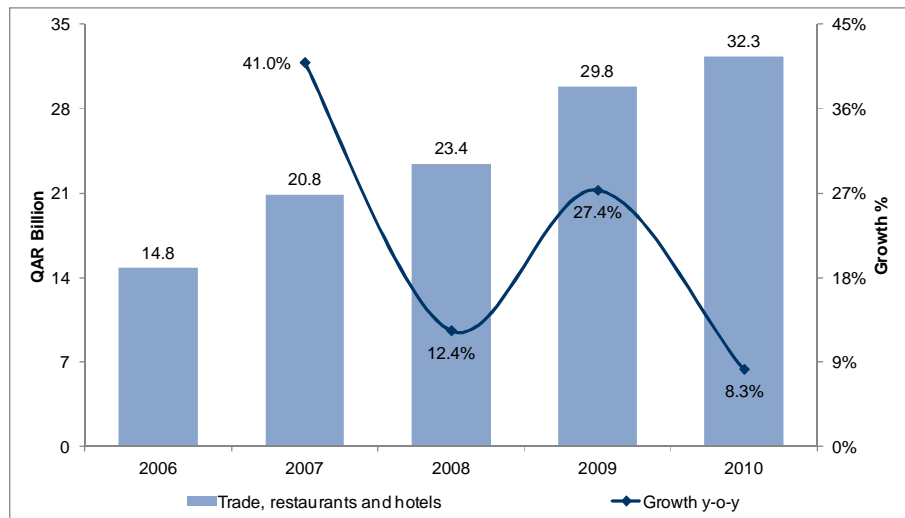
The country had the highest per capita retail sales compared to all other countries featuring on the index.

The Qatari Retail Market

The global economic crisis had a very limited effect on Qatar's economy, and the country has continued to show robust economic expansion. The increasing global demand coupled with escalating prices for oil and gas in the years preceding the crisis enabled the Qatari economy to record substantial fiscal surpluses, thereby providing for investable funds for various industrial and infrastructure projects. Being world's largest exporter of liquefied natural gas (LNG), the country escaped the level of economic carnage experienced by other GCC countries. Moreover, strong fundamentals of the banking sector and timely measures taken by various government authorities to protect the economy added further cushion against the crisis.

Qatar's per capita GDP is among the highest in the world, providing a thriving market for retailers. A large number of retail establishments are currently under development in Qatar.

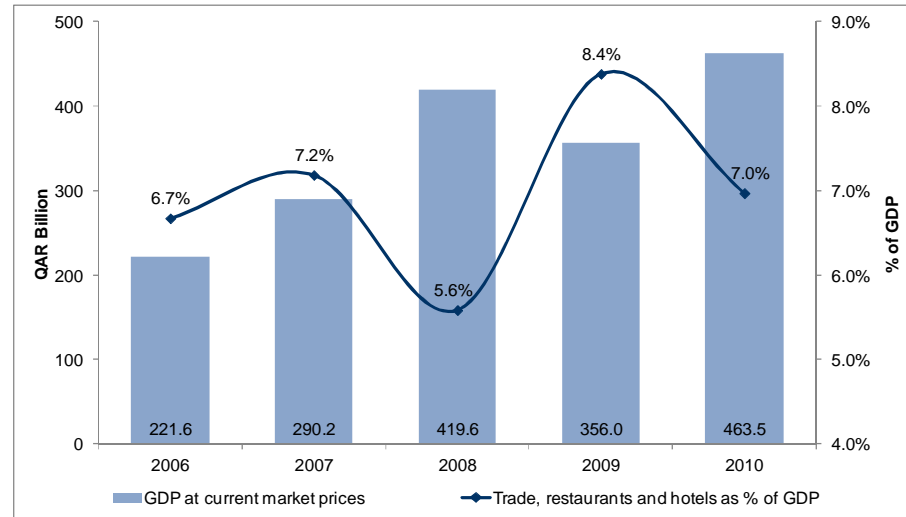
Exhibit 19: Size of Retail Trade



Source: Qatar Statistics Authority

Note: Size of Retail Trade as Accounted in Qatar's GDP

Exhibit 20: Retail Trade as Percentage of Overall GDP



Source: Qatar Statistics Authority

Retail space in Doha is expected to double over the next few years

Shopping centres in Doha had completed GLA of 0.5 million sq m in 2010³⁶. However, retail space is set to double over the next few years with an area of 0.6 million sq m under planning and development in the year. Doha is currently witnessing an enormous boom in its retail sector with the entry of several international retailers, who were attracted due to its immense market potential. Entry of new retailers has increased competition and enhanced the choice of products and brands for consumers. Retailers are increasingly looking to diversify to stay competitive in the market.

Growing tourism traffic and Qatar Airways' position among the region's top airlines has also buoyed the country's duty free market. Qatar Duty free sales multiplied 80 times between 2000 and 2009 to reach US\$ 200 million³⁷. Duty free sales continued to grow at a robust pace in 2010.

Mass grocery retail sales in Qatar increased 17.6% in 2010, while its hypermarket sales expanded by 17.7% during the same period³⁸. The organized sector had a penetration of 24% in the Qatari grocery market in 2008³⁹.

The Bahraini Retail Market

The recent political unrest in Bahrain had a negative impact on its retail sector

Unlike most of its GCC counterparts, Bahrain has not yet fully recovered from the effects of the financial crisis, thereby, having negative ramifications on its retail market. Even in the first half of 2011, the retail industry was plagued by lower levels of footfall and reduced consumer spending. The recent political unrest in the country also added to the woes of retailers.

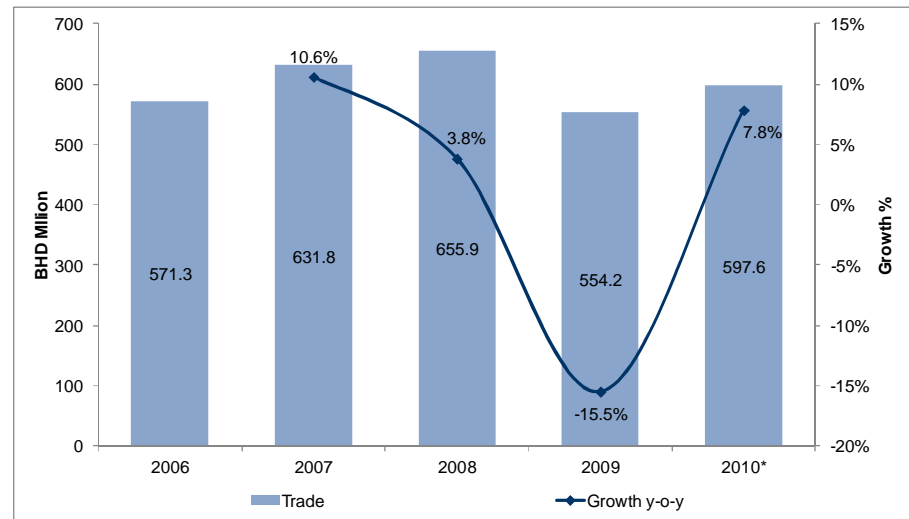
³⁶ Source: Retail International

³⁷ Source: MEDFA Official Guide 2010

³⁸ Source: 'Qatar Food and Drink Report Q3 2011', Business Monitor International, July 2011

³⁹ Source: Savola Group, March 2011

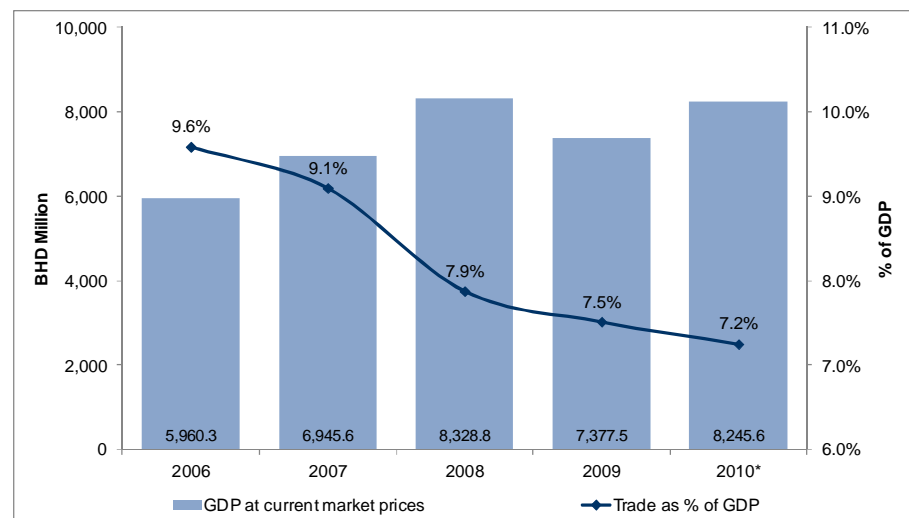
Exhibit 21: Size of Retail Trade



Source: Central Informatics Organisation, Central Bank of Bahrain

Note: Size of Retail Trade as Accounted in Bahrain's GDP; * - Provisional figures

Exhibit 22: Retail Trade as Percentage of Overall GDP



Source: Central Informatics Organisation, Central Bank of Bahrain

Note: * - Provisional figures

Due to a small population, the retail industry in Bahrain largely depends on tourist spending

To a significant extent, the country's retail sector depends on the spending of foreign nationals, largely from the other GCC countries. However, Bahrain has a small population of around 1 million making it a lesser attractive proposition relative to other gulf countries. Shopping centres in Manama had completed GLA of 0.6 million sq m in 2010, while approximately 0.1 million sq m was under planning and development⁴⁰.

⁴⁰ Source: Retail International



Infrastructure spending, growing employment and increasing foreign investment have fueled growth of Oman's retail sector

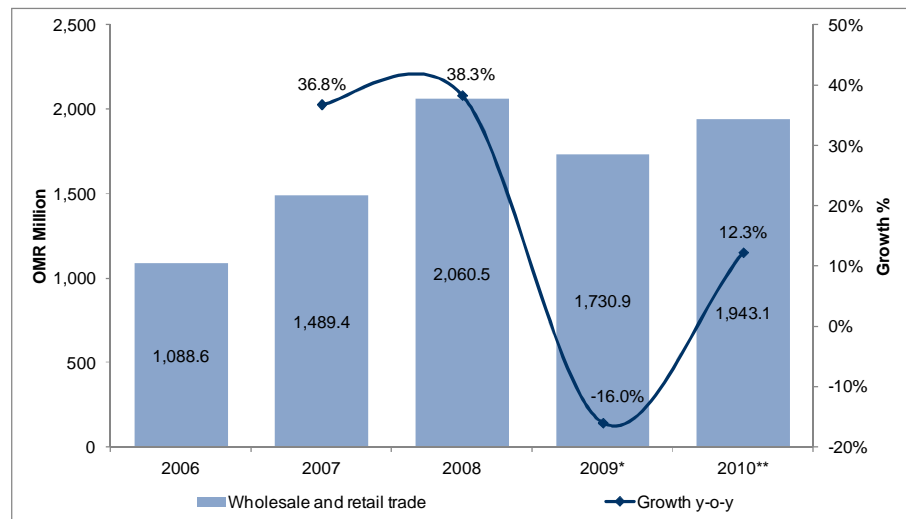
The grocery retail market in the country is the smallest in the GCC region. However, modern grocery sales penetration at 33% in 2008 is higher when compared to Kuwait and Qatar⁴¹. Bahrain's mass grocery retail sales showed strong traction in 2010, having increased 20.0% y-o-y⁴².

Compared to duty free markets in other parts of the GCC, Bahrain Duty Free has been under greater pressure of suppressed economic activity, particularly in the US and Europe, which resulted in a dip in passenger volumes in 2010. Bahrain's Duty Free sales increased marginally, by 1.5% y-o-y in 2010, translating into US\$ 82.1 million. The political riots and the cancellation of the Formula One race during the early part of 2011 further worsened the duty free business in the country.

The Omani Retail Market

Although Oman is a relatively smaller retail market compared to most of the other GCC countries, the retail landscape has altered vastly over the last few years. Traditional markets and small shops are being replaced by shopping malls selling international brands. Several factors such as increasing infrastructure spending by the government, growing employment opportunities for locals as well as expatriates, and increasing foreign investment have fueled growth of the country's retail sector. Moreover, given the strength of fundamental drivers such as growing number of people living in cities, increasing disposable income and changing lifestyle, the sector has proven to be highly resilient to the financial crisis and its after-effects.

Exhibit 23: Size of Retail Trade



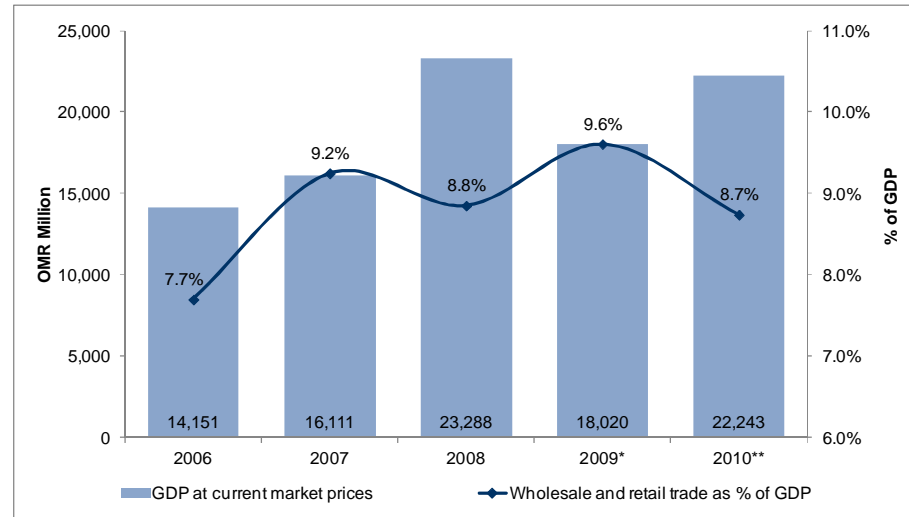
Source: Ministry of National Economy, Oman

Note: Size of Retail Trade as Accounted in Oman's GDP; * - Provisional, ** - Preliminary

⁴¹ Source: Savola Group, March 2011

⁴² Source: 'Bahrain Food and Drink Report Q4 2011', Business Monitor International, August 2011

Exhibit 24: Retail Trade as Percentage of Overall GDP



Source: Ministry of National Economy, Oman

Note: * – Provisional, ** – Preliminary

In 2010, Muscat had completed GLA of 0.3 million sq m and additional 35,000 sq m under development

Modern grocery retail sales in Oman had a penetration rate of 36% in 2008

Muscat, the capital of Oman, is seeing some activity in new retail development. Although large supermarkets and shopping malls are being developed, which will further boost the retail sector's growth in the country, the rate of expansion is not as fast as other GCC counterparts. In 2010, Muscat had completed GLA in shopping centres of 0.3 million sq m, accounting for only 3.0% of the total completed GLA in the GCC⁴³. GLA under planning and development in Muscat was also at lower levels, with only 35,000 sq m of gross leasable area in 2010.

However, the fact that even the luxury goods market showed and continues to show surprisingly strong resistance in a difficult environment is a testimony to the immense appetite of these goods in the market. The sale of grocery and electronic items also witnessed healthy growth in 2010. Modern grocery retail sales in Oman had a penetration rate of 36% in 2008⁴⁴.

⁴³ Source: Retail International

⁴⁴ Source: Savola Group, March 2011

4. GCC Retail Industry Outlook

Despite a few setbacks caused by global economic worries, the region's debt crisis and political unrest, the GCC's retail industry was largely back on track in 2010. Although the ongoing global headwinds are a cause for concern, our outlook on the region's retail sector is bolstered by the robust backing of growth drivers. Various retail formats such as mass grocery retail, airport retail as well as sales of luxury goods are poised to witness decent growth over the forthcoming years.

4.1 Forecasting Methodology

Our outlook for the overall retail industry in the GCC is based on industry forecasts arrived at by using a two-way approach that takes into account the demand-side as well as supply-side dynamics. To assess the potential growth of different retail formats, we have evaluated the key indicators of demand for each sub-segment and arrived at our growth forecasts.

- To assess demand-driven growth in the retail industry, we have used forecasts of various key drivers including population, tourists, airport passenger traffic, growth of organized retail, and inflation. Most of the data for these growth drivers has been sourced from globally tracked databases maintained by International Monetary Fund, Economic Intelligence Unit, and World Travel & Tourism Council.
- To assess supply-driven growth in the retail industry, we examined the total retail space currently under planning and development in each GCC country. We arrived at the expected expansion in completed retail space over the years by applying our assumptions of the timeline by which new retail space will be added into the system, in conjunction with a range of tenant occupancy rates. Using a range of occupancy rates enabled us to present a broader picture of probable demand for new retail space.

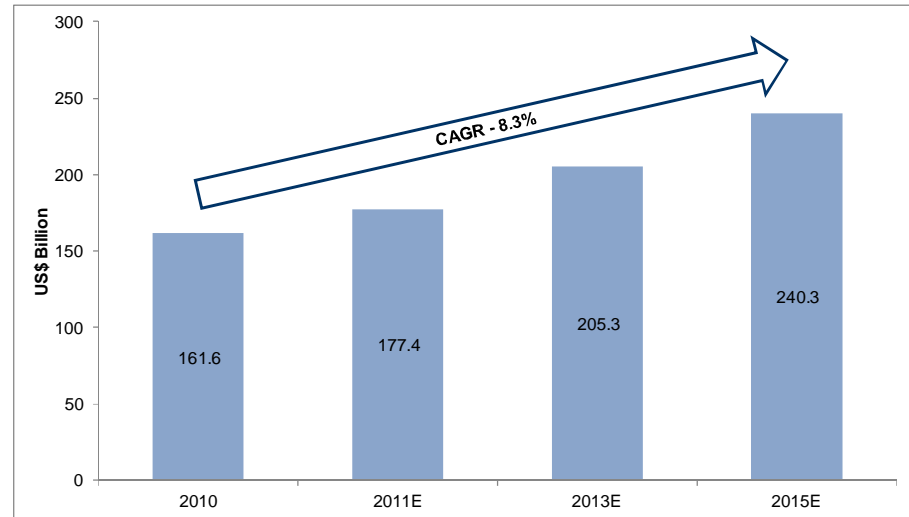
4.2 Demand Side Estimates

GCC retail sales are expected to grow 9.8% to US\$ 177.4 billion in 2011, and further to US\$ 240.3 billion by 2015

GCC Retail Sales Growth

Between 2010 and 2015, GCC retail sales are expected to grow at a CAGR of 8.3%, reaching US\$ 240.3 billion by the end of the forecast period (see Exhibit 25). Growing per capita GDP and disposable income, expanding population base and consistent inflow of tourists will boost the region's retail sector going forward.

Exhibit 25: Retail Sales Forecast for the GCC

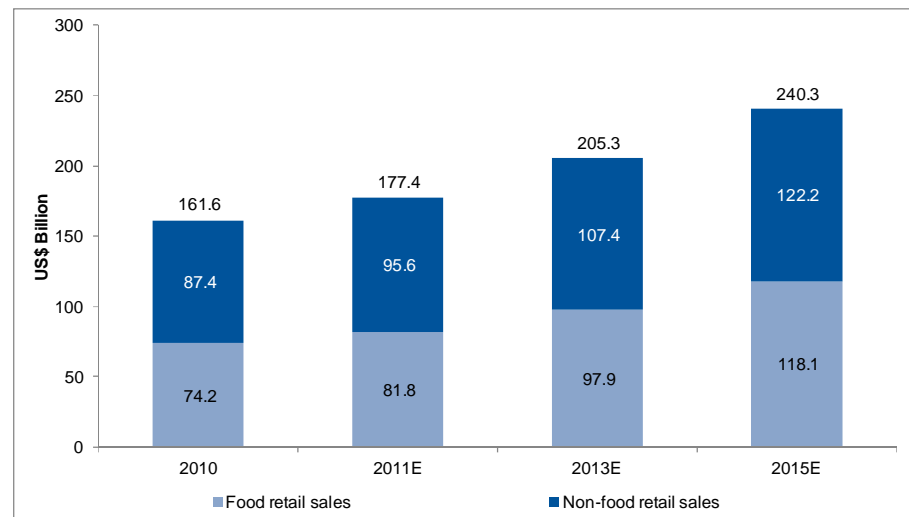


Source: Alpen Capital

Food retail sales growth is expected outpace that of non-food sales between 2010 and 2015

Food retail sales growth is projected to outperform the growth of non-food retail sales between 2010 and 2015 (see Exhibit 26). We expect food retail sales to expand at a CAGR of 9.7% during this period while non-food retail sales are likely to grow at an annual average growth rate of 6.9%, thus reducing the size differential between the two industry components over the years.

Exhibit 26: Retail Sales Composition for the GCC



Source: Alpen Capital

Country-wise Contribution to GCC Retail Market

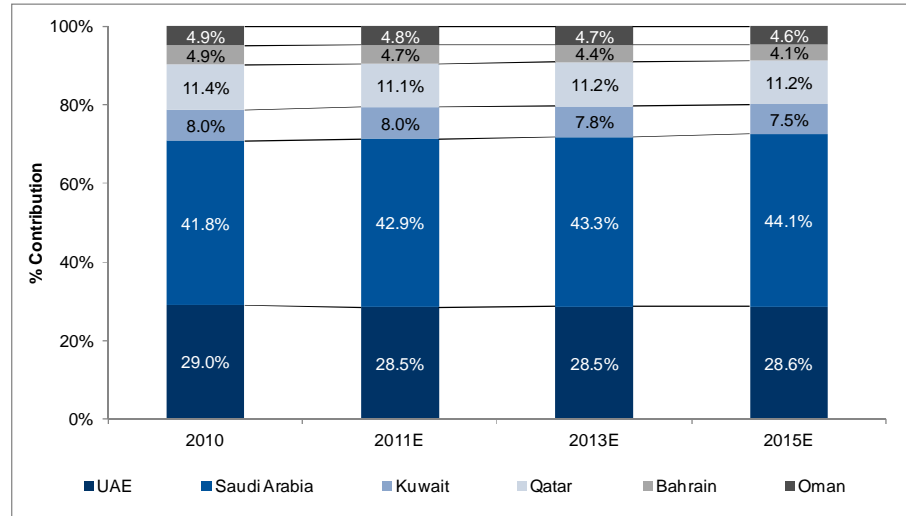
Given a larger size of the population base and tourist inflow, Saudi Arabia will continue to account for the largest slice of the GCC retail industry. In fact, based on projections, it is



Going forward, Saudi Arabia's share in total retail sales of the GCC is expected to expand, while that of the UAE is likely to remain stable

estimated to increase its share in the total GCC retail sales from approximately 42% in 2010 to 44% by 2015 (see Exhibit 27). UAE is expected to maintain a stable share of 28% - 29% in the region's retail sector over the next five years. Based on our conservative outlook for Bahrain, we believe that the country's retail sector will fall in prominence from the overall GCC region's perspective.

Exhibit 27: Country-wise Contribution to GCC Retail Market

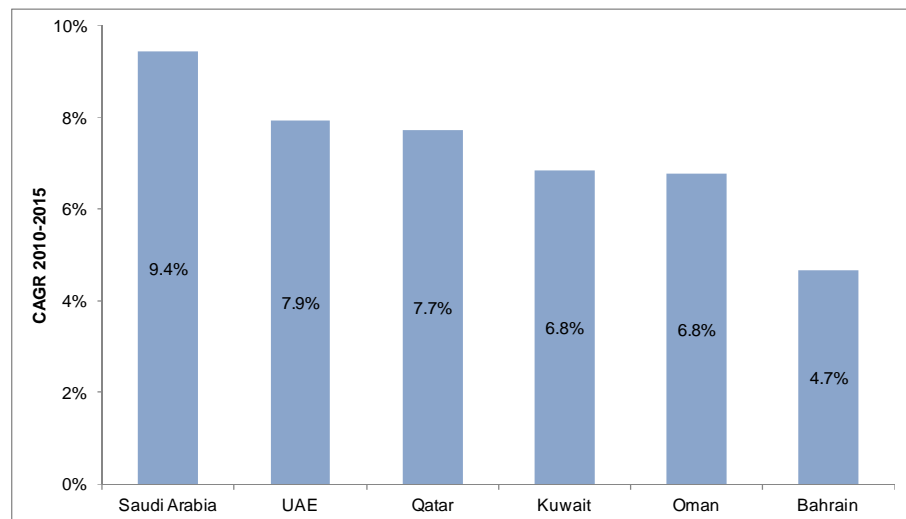


Source: Alpen Capital

Retail sales of all the GCC nations are expected to register a CAGR of mid to high single-digits between 2010 and 2015

Retail sales of all the GCC economies are expected to register a CAGR of mid to high single-digits between 2010 and 2015 (see Exhibit 28). As evident from the expected change in contribution of each country to the overall GCC retail market, Saudi Arabia is likely to outperform all the other regional counterparts, while Bahrain will be the laggard in terms of retail sector growth going forward.

Exhibit 28: Country-wise Retail Sales Growth



Source: Alpen Capital

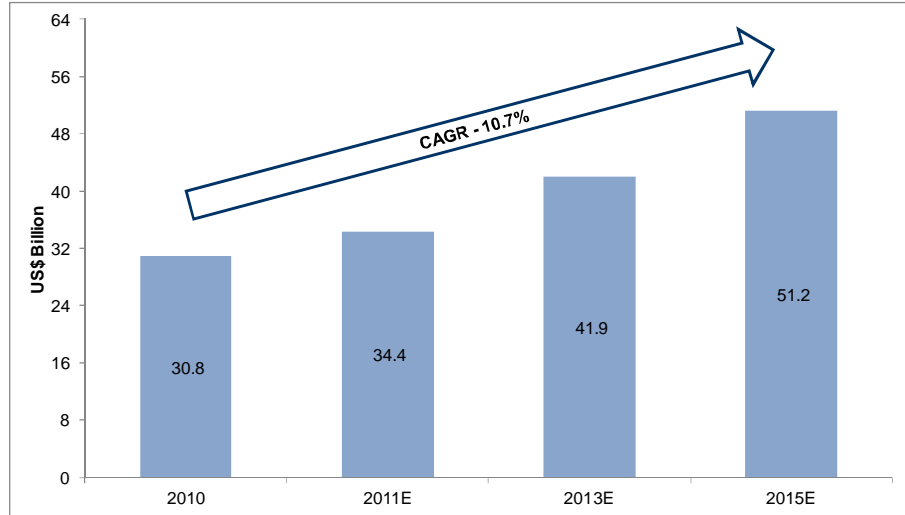


Retail sales of supermarkets and hypermarkets in the GCC are projected to grow 11.6% y-o-y in 2011

Supermarket/Hypermarket Retail Sales

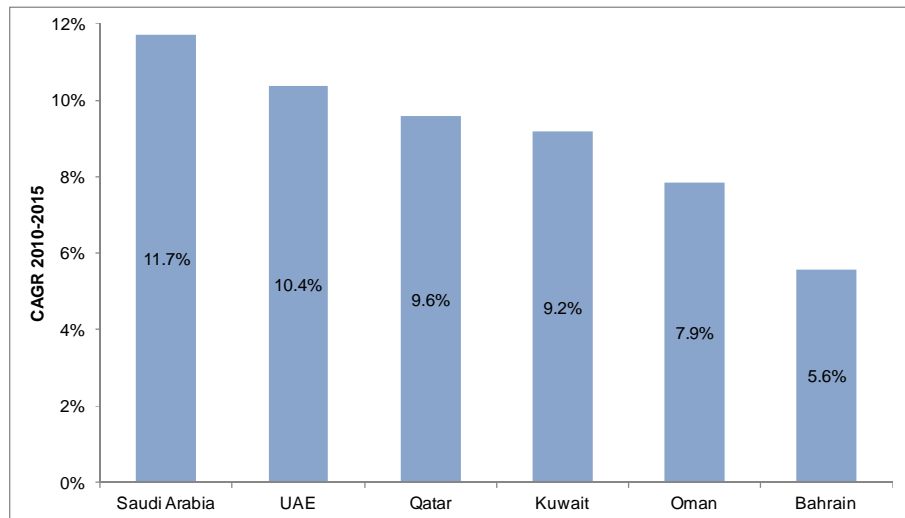
Retail sales of supermarkets and hypermarkets in the GCC are estimated to expand at a CAGR of 10.7% between 2010 and 2015 reaching US\$ 51.2 billion by the end of the forecast period (see Exhibit 29). While the segment is expected to perform strongly in most of the member countries with 2010-2015 CAGR around 10.0%, Saudi Arabia is likely to be the outperformer (see Exhibit 30).

Exhibit 29: Supermarket/Hypermarket Sales Forecast for the GCC



Source: Alpen Capital

Exhibit 30: Country-wise Supermarket/Hypermarket Sales Growth



Source: Alpen Capital

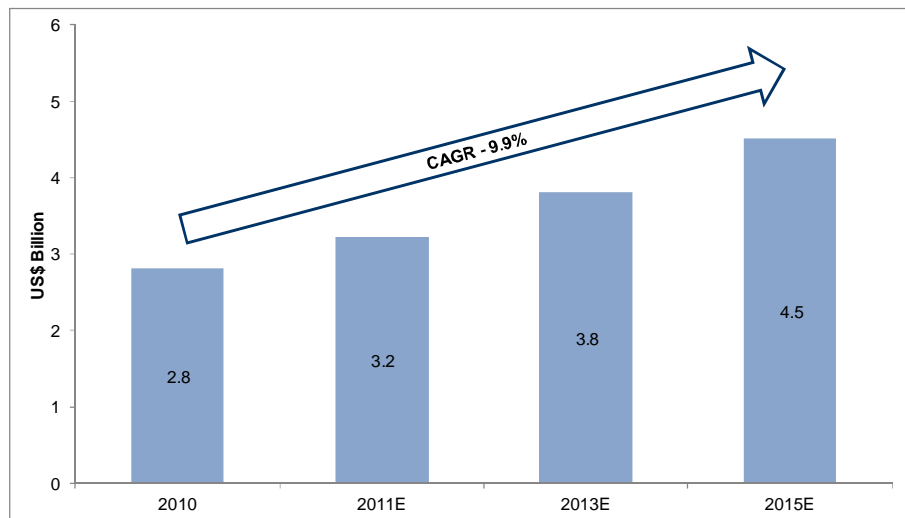
Middle East duty free and travel retail sales are estimated to register a 14.7% growth y-o-y to US\$ 3.2 billion in 2011

Duty Free & Travel Retail Sales

Duty free and travel retail sales include sales in airports, airlines, ferries, and other shops. However, airport sales in the GCC account for a large share of the total duty free and travel retail sales in the Middle East. For example, in 2009, duty free sales of Dubai, Abu Dhabi International Airport, Doha International Airport, and Bahrain International Airport contributed approximately 62% of the Middle East duty free and travel retail sales.

Based on the assumptions for passenger traffic and average spend per passenger, the Middle East duty free and travel retail sales are projected at US\$ 4.5 billion in 2015, a CAGR of 9.9% since 2010 (see Exhibit 31). Although Dubai Duty Free will continue to account for a significant portion of these sales, Qatar Duty Free will contribute increasingly to the overall Middle East duty free sales.

Exhibit 31: Duty Free & Travel Retail Sales Forecast for the Middle East



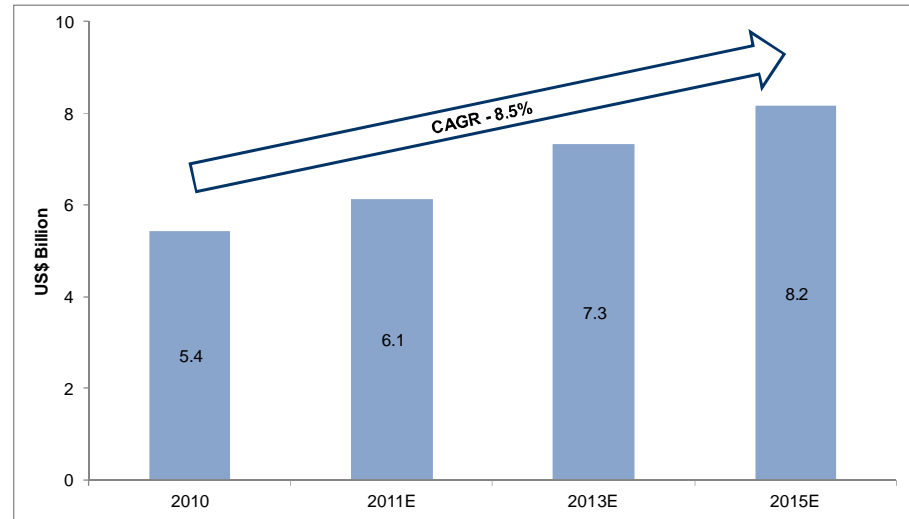
Source: Alpen Capital

Middle East luxury goods market is expected to grow at a CAGR of 8.5% between 2010 and 2015

Luxury Retail Sales

After shrinking in 2009, the demand for luxury goods in the Middle East revived in 2010. It is expected to strengthen further in 2011, and continue its uptrend through 2015. The Middle East luxury goods market is likely to outperform the global luxury goods market in terms of sales growth. The region's luxury goods sector is estimated to expand at a CAGR of 8.5% between 2010 and 2015, reaching US\$ 8.2 billion by 2015 (see Exhibit 32).

Exhibit 32: Luxury Retail Sales Forecast for the Middle East



Source: Alpen Capital

4.3 Supply Side Estimates

GCC GLA Growth

Approximately 5.4 million sq m of area was under planning and development in 2010 in the GCC, which is likely to be gradually added to the existing GLA of 10.3 million sq m by 2015. As per our projections, around 65% of the pipeline will be added to the current GLA by 2013. Assuming a 100% occupancy rate (Optimistic Growth scenario), total occupied retail GLA in the GCC is forecast to reach 11.4 million sq m in 2011 and further to 15.7 million sq m in 2015 (see Exhibit 33).

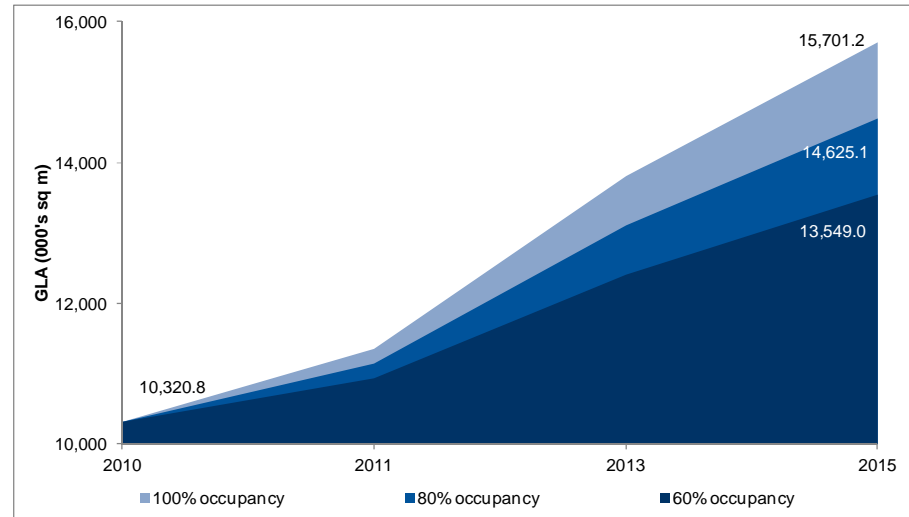
Total occupied retail GLA in the GCC is forecast to increase from 10.3 million sq m in 2010 to 13.5-15.7 million sq m in 2015

Although current demand for high quality retail space remains strong in the GCC and new shopping malls are likely to enjoy healthy absorption rates, to factor in the possibility of a glut in the supply of retail space and a slowdown in the take-up of new space, we have also calculated the expected supply of retail space at 80% occupancy over the next five years (Moderate Growth scenario), and at 60% occupancy over the next five years (Conservative Growth scenario).

Under the Moderate Growth scenario, occupied retail GLA in the GCC is forecast to reach 11.1 million sq m in 2011 before expanding to 14.6 million sq m in 2015 (see Exhibit 33).

Under the Conservative Growth scenario, cumulative occupied GLA in shopping centres in the GCC will reach 10.9 million sq m in 2011 and 13.5 million sq m in 2015 (see Exhibit 33).

Exhibit 33: Forecast of Occupied GLA in GCC Shopping Centres



Source: Retail International, Alpen Capital

Based on our Moderate Growth scenario, occupied retail GLA in the GCC is expected to grow at a CAGR of 7.2% between 2010 and 2015

Based on our Optimistic Growth scenario, occupied retail GLA in the GCC is expected to grow at a CAGR of 8.8% between 2010 and 2015, slightly higher than our demand side CAGR estimate for retail sales of 8.3%. Based on our Moderate Growth scenario, occupied retail GLA in the GCC is expected to grow at a CAGR of 7.2% during the same period. As retailers look to curtail costs and increase efficiencies in midst of an uncertain global economic environment, retail sales per sq m are expected to improve. Subsequently, retail area may not increase at the same rate as absolute retail sales going forward. Supply of new GLA in the future will be sufficient to meet demand for retail space over the next five years.

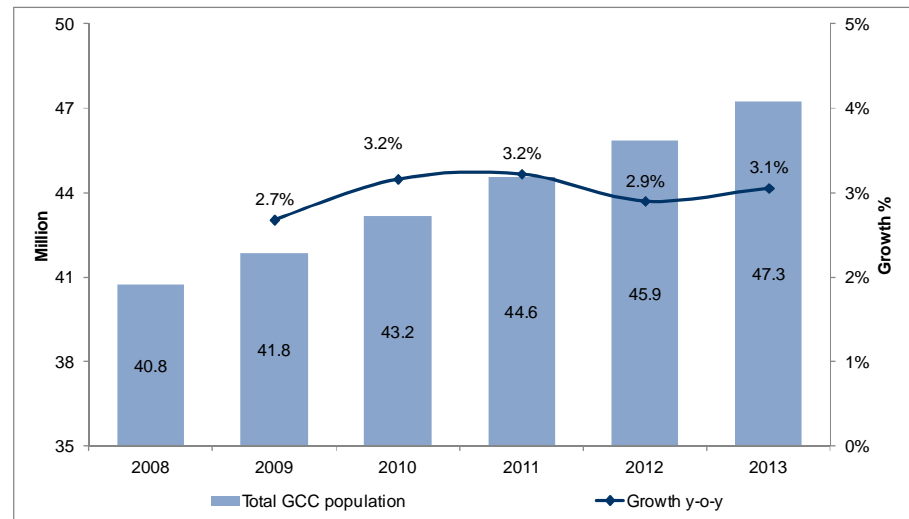
5. Growth Drivers

Encouraging Demographic Factors

GCC has one of the highest rates of urbanization in the developing world

In addition to having an expanding population base (see Exhibit 34), the GCC has one of the highest rates of urbanization in the developing world. Some of the member countries like Kuwait and Qatar have more than 90% of the population living in urban areas. There is still room for growth in urban inhabitants in other member countries, especially in the relatively more populated UAE and Saudi Arabia.

Exhibit 34: GCC Population Trend



Source: *Economic Intelligence Unit, International Monetary Fund*

A large part of the GCC population is under 25 years of age

A vast majority of the region's population is under 25 years of age. Moreover, with approximately 28% of the population currently in the age bracket of under-15 years⁴⁵, young population will continue to account for a large portion of the entire GCC population in the near future. A largely urbanized consumer class with a young age profile is likely to drive demand in the retail market.

Expatriate Population

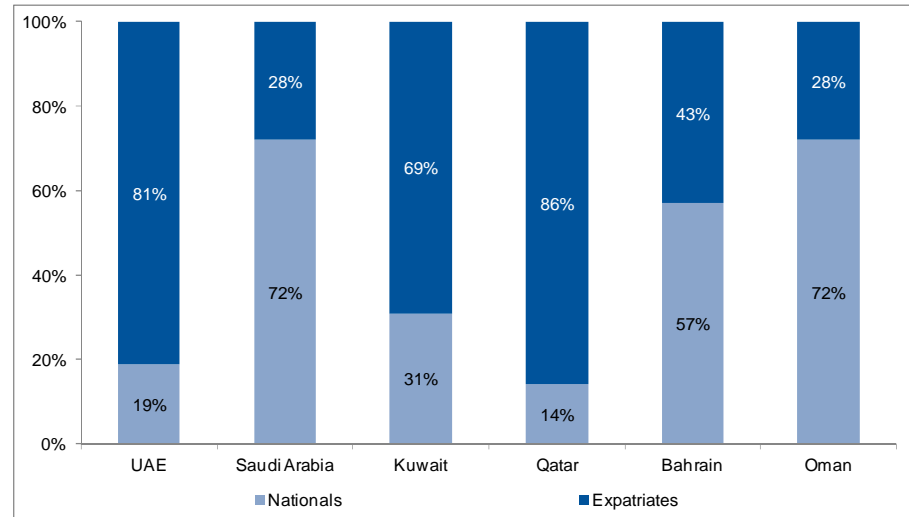
Shortage of local manpower has resulted in substantial presence of foreign workers in the GCC workforce

The GCC is home to more than 16 million expatriates from around the world, with the UAE and Saudi Arabia accounting for approximately 14.4 million of these⁴⁶. Dearth of skilled local manpower and strong economic growth has led to a majority of countries in the GCC having a higher proportion of expatriates than natives in their workforce. Expatriates, especially those who belong to the high income group, have strong aspirations and preference for international brands.

⁴⁵ Source: www.cia.gov, Alpen Capital

⁴⁶ Source: International Organization for Migration, Switzerland

Exhibit 35: Break-down of GCC Population (2009)

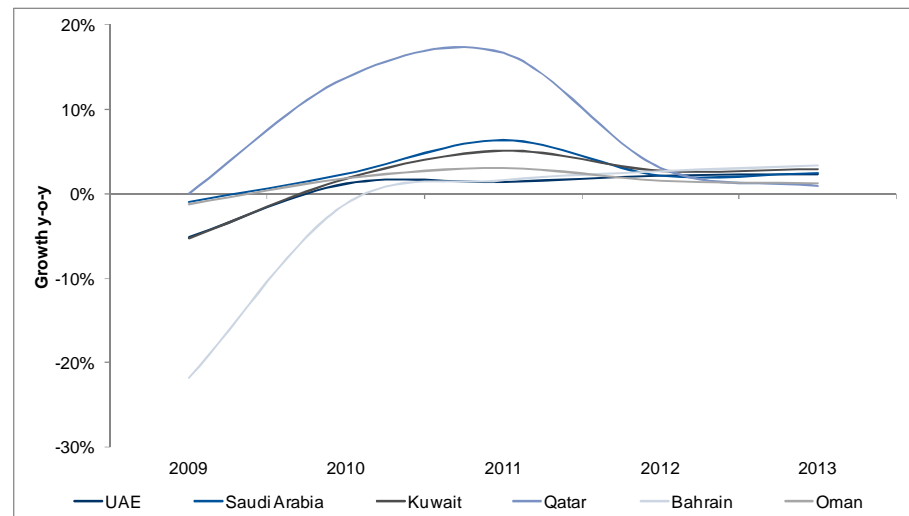


Source: www.cds.edu, Al Masah Capital

Increase in Discretionary Income

Continued growth in world oil demand and an increasing long-term trend in oil prices have boosted the GCC's economy, and significantly increased disposable income amongst consumers.

Exhibit 36: GDP per Capita (PPP) Growth Trend



Source: *Economic Intelligence Unit, International Monetary Fund*

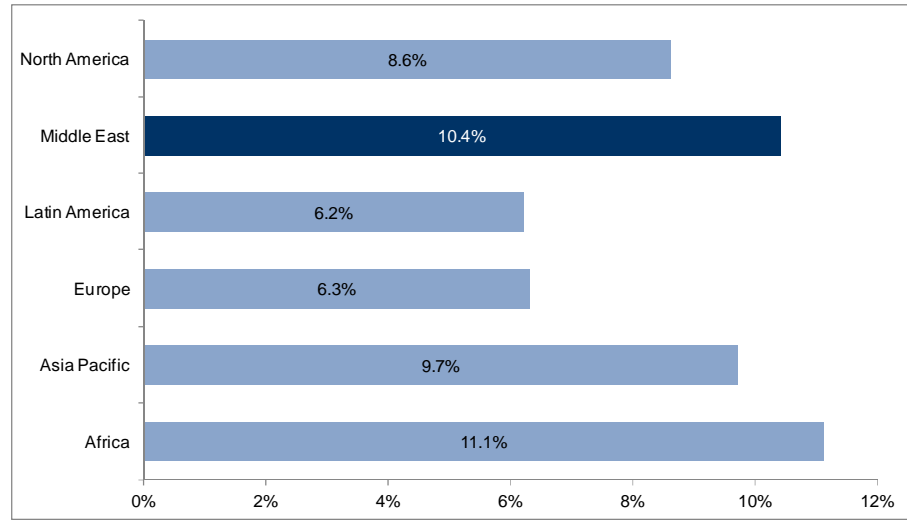
The region also ranks high in terms of growth in the number of super rich in the world. The number of high net-worth individuals in the Middle East increased 10.4% y-o-y in 2010



About 77% of high net-worth individuals in the Middle East were 55 years of age or below

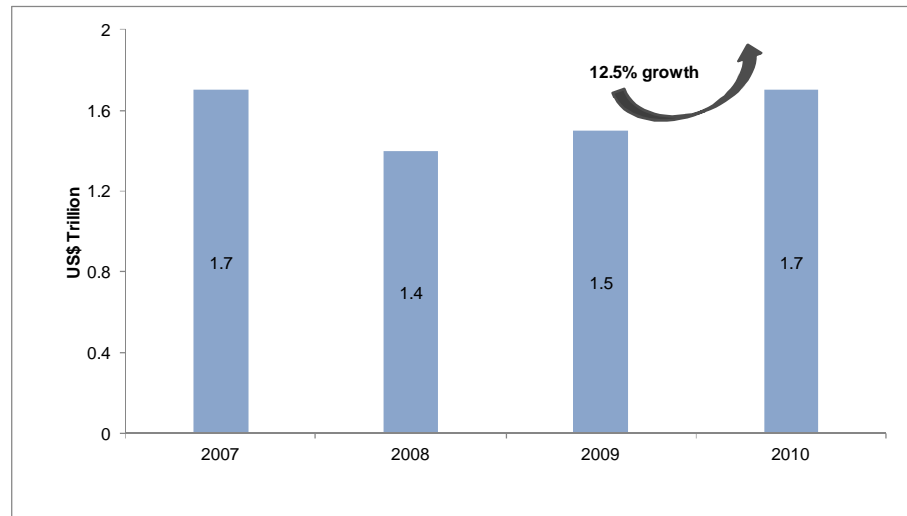
(see Exhibit 37), while their financial wealth increased 12.5% during the same period⁴⁷ (see Exhibit 38). While the Middle East had lagged the other regions in terms of growth in population and wealth of high net-worth individuals in 2009, the region re-acquired its attribute of being home to increasingly affluent people, in 2010. Moreover, the high net-worth class has a favorably young age profile with 77% of the high net-worth individual population in the Middle East being 55 years of age or below. Compared to this, only 32% in North America and 20% in Japan fall under this age group⁴⁸.

Exhibit 37: Percentage Growth in High Net-worth Population (2010)



Source: Capgemini Lorenz curve analysis, 2011

Exhibit 38: High Net-worth Individual Wealth in the Middle East



Source: Capgemini Lorenz curve analysis, 2011

⁴⁷ Source: Capgemini Lorenz curve analysis, 2011

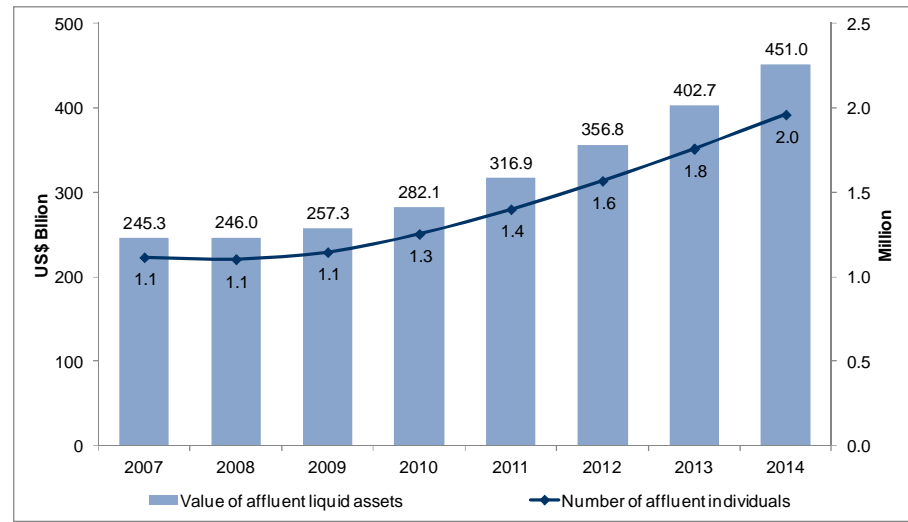
⁴⁸ Source: 2011 World Wealth Report



Growth in the number of affluent people in the GCC is expected to accelerate going forward

There were approximately 1.3 million individuals having more than US\$ 50,000 in onshore liquid assets in the GCC in 2010. The cumulative wealth of these affluent individuals was estimated at US\$ 282.1 billion⁴⁹. After a relative lull since 2007, the number of affluent people and their assets are now set to expand at a faster rate through 2014 (see Exhibit 39), providing an upbeat indicator of potential demand in the retail sector in general and the luxury goods market in particular.

Exhibit 39: Growth in Number and Value of Liquid Assets of Affluent Individuals in the GCC



Source: Middle East Wealth Markets Database 2011

Attractive Tourist Destination

The GCC governments consider tourism as an effective means of reducing their dependence on the oil sector and diversifying their sources of income. As a result, the region has seen substantial investments in the development of world class infrastructure and hospitality sector. To attract tourists, the region has been developed into a shoppers' paradise with the establishment of sophisticated malls and duty free shops selling goods ranging from foodstuff and apparel to precious metals and electronic goods. The region also attracts a large number of tourists during the annual shopping festivals and sports events. Besides tourist inflow from the West, as noted in the Alpen Capital Hospitality report the expansion of middle class in new feeder markets like India and China is also contributing towards leisure tourism growth in the GCC. Moreover, growing business ties with these countries is also a major driver for business tourism in the region. Chinese travelers increased their total spending in the UAE by 155.3% y-o-y in 2010⁵⁰. Various retail categories including the luxury segment witnessed robust demand from the Chinese tourists.

Saudi Arabia is expected to become the fifth largest country in terms of absolute tourist arrivals growth during 2011-2015

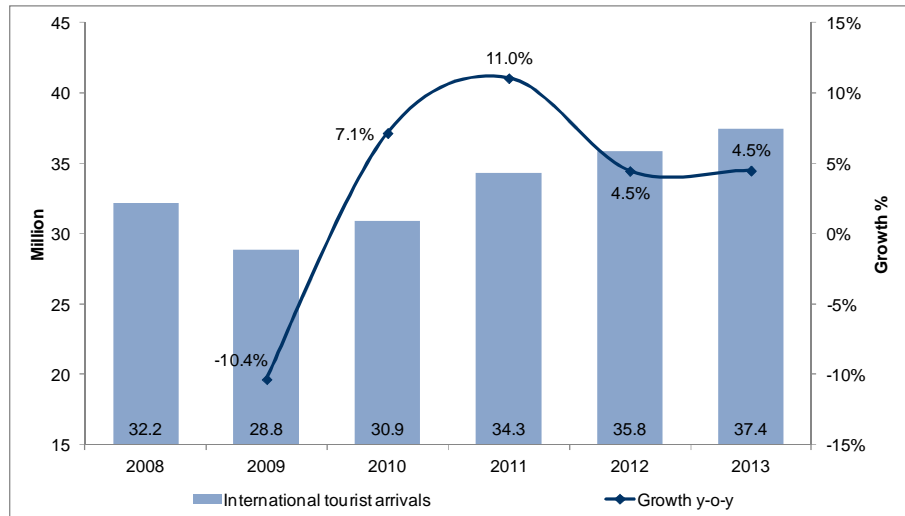
In addition, Makkah and Medina in Saudi Arabia are holy Islamic places attracting many pilgrims to the region from all over the world. Tourist arrivals in Saudi Arabia are expected to see a CAGR of 12.3% between 2010 and 2015, resulting in an additional 9.3 million visitors during the period making it the fifth largest country in terms of absolute arrivals

⁴⁹ Middle East Wealth Markets Database 2010, Datamonitor

⁵⁰ VisaVue Travel Data: 2009 – 2010

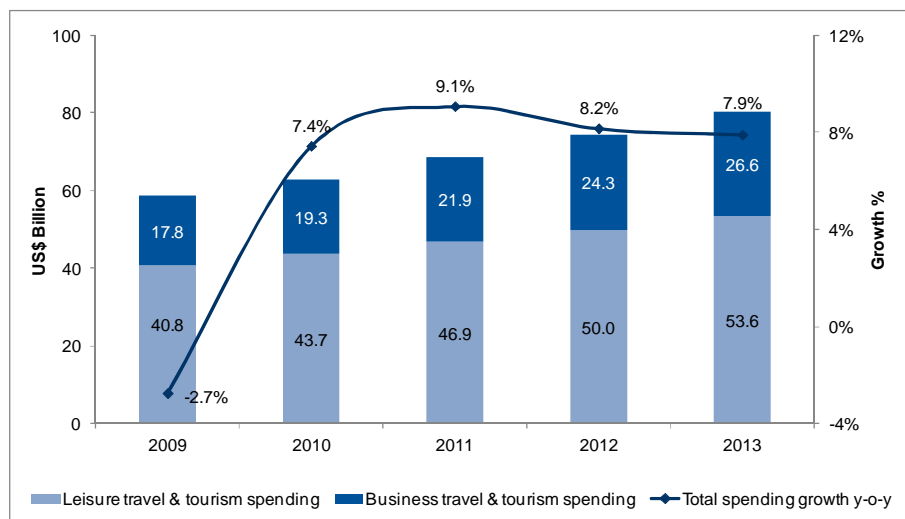
growth⁵¹. The UAE is set to position itself as the 14th largest country in terms of absolute arrivals growth during 2010-2015, with 3.6 million new tourist arrivals expected in the country at a CAGR of 6.9%.

Exhibit 40: International Tourist (Overnight Visitor) Arrivals in the GCC



Source: World Travel & Tourism Council, Alpen Capital

Exhibit 41: Tourism Spending in the GCC



Source: World Travel & Tourism Council, accessed on September 29, 2011

Growth of the GCC Aviation Sector

The region's strategic location and government focus on attracting tourists have given a massive boost to the growth of airlines in the GCC. The region's leading airlines, Emirates

⁵¹ Source: 'Travel and Tourism Global Overview', Euromonitor, May 2011

Large orderbook of leading GCC carriers paint an optimistic picture of expected passenger traffic and airport retail

In addition to being a complete shopping destination, malls offer a range of family activities

Airlines and Qatar Airways, have expanded manifold since their modest beginnings in the late 1900's. In FY2010-11, Emirates Airlines flew 31.4 million passengers. It currently has a fleet of 153 aircrafts that fly to around 100 destinations in 66 countries. The airline has an orderbook of 199 aircrafts. Qatar Airways, voted 'Airline of the Year 2011' by Skytrax, currently has a fleet strength of 100 aircrafts flying to over 100 destinations worldwide. With an orderbook of 20 aircrafts, the airline intends to reach over 120 destinations by 2013.

On account of booming operations of the region's airlines, apart from overnight tourist arrivals, airports are also witnessing a significant inflow of international transit passengers. This has made airport retail in the GCC a flourishing business. This driving force has catapulted Dubai Duty Free to the position of the world's largest airport retailer, and helped Qatar Duty Free to grow its turnover from US\$ 2.5 million in 2000 to approximately US\$ 200 million in 2009 and is expected to grow at around 20% annually thereafter. Furthermore, the ambitious expansion plans of Emirates Airlines and Qatar Airways hint at robust expectations of tourist inflow into the GCC over the coming years, an encouraging indicator for the airport retail segment.

Proliferation of Shopping Malls

The GCC retail industry has evolved significantly from being largely dominated by small independent retail stores and traditional market places to gradually becoming more organized. The transformation started about three decades ago with the opening of Al Ghurair Centre, the first shopping mall in the Middle East. The earlier malls did not have hypermarkets or supermarkets but only had stores offering a wide spectrum of consumer products. Gradually, large stores began coming up in these malls that offered even more choices for shoppers and provided them with a single convenient location for all of their shopping needs. Eventually, specialized malls exhibiting luxury and high-end international brands were opened to cater to the growing opulent consumer class in the region.

A large number of malls continue to be constructed across the region. In addition to providing a modern shopping experience, most of these malls are being developed as complete family entertainment destinations. The Dubai Mall, the largest shopping mall in the world, opened in November 2008 and currently houses over 1,000 retail stores. On top of being an all-under-one-roof destination for shoppers, the mall also acts as a centre for leisure with a large food court and several food & beverage outlets, multi-screen cinema house, an ice rink, and kids' edutainment facilities, among other facilities. Another world-class shopping mall is Mall of the Emirates, which opened in September 2005. The mall features 520 global brands across a range of product segments, more than 85 coffee shops and restaurants, a family entertainment area, a 14-screen movie multiplex, in-door skiing facility, two hotels, a community theatre and an accompanying arts centre.

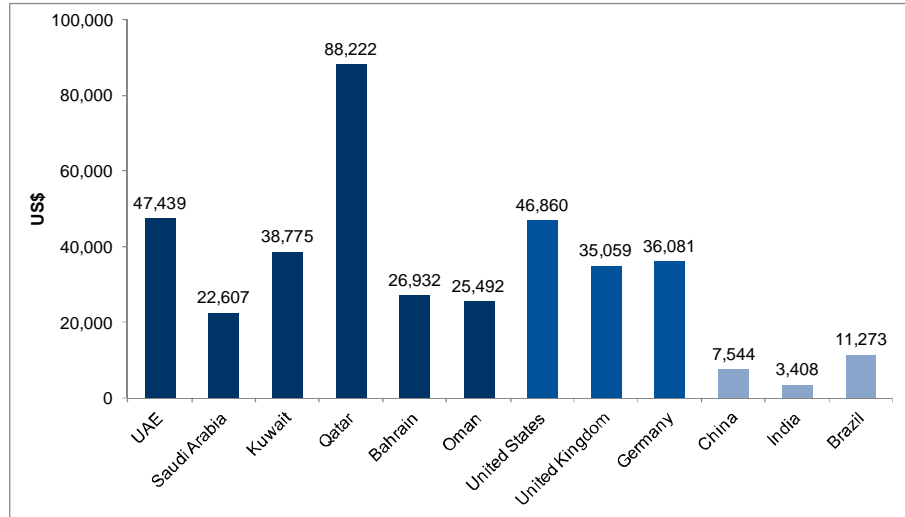
The GCC Market Continues to Entice Global Retailers

Global expansion has become extremely essential for large international retailers as traditional consumption pockets in North America and Europe are getting increasingly saturated and non-appealing. Retailers are largely moving eastward with growing number of middle and rich class consumers and the world's developing powerhouses are the obvious choice. While emerging countries like China, India and Brazil feature high in their expansion list, GCC countries are also not to be left behind being amongst the highest per capita incomes in the world (see Exhibit 42).

Carrefour, a leading international operator of supermarket and hypermarket chains, entered the region through the UAE more than a decade ago. Today, it has its footprint in all the GCC member countries. Most of the international retailers enter the region through

partnerships with local companies due to government regulations. Some local retailers have also created a franchisee model for bringing well known international brands into the region. Dubai is the most preferred location for international retailers to pursue expansion alongside London, while Kuwait City and Riyadh are not lagging too far on retailers' trail⁵².

Exhibit 42: GDP per Capita, PPP (2010)



Source: International Monetary Fund, September 2011

Géant plans to add 35 new stores to its existing network of 26 stores in the GCC within the next three years

Given the positive outlook for the future, new retailers and brands continue to crowd the regional marketplace. For example, Prada, a leading international manufacturer of high-end leather goods, footwear, and clothing, announced in April 2011 that it had entered into a joint venture with UAE-based luxury retailer, Al Tayer Insignia, to launch its Prada and Miu Miu brands in the GCC region. Géant, the French hypermarket chain, entered the Middle Eastern market in 2001. After maintaining a protracted growth profile all these years, the company has announced its plan of adding 35 new stores to its existing 26 stores in the GCC within the next three years.

⁵² According to a survey, covering 323 top retailers across 73 countries, released by CB Richard Ellis in April 2011

Competition has driven retailers to focus on product diversification, pricing, and location

6. Challenges

Increasing Competition

The immense opportunities provided by the GCC retail market have attracted many leading international companies and brands to set up operations in the region. The increase in the number of shopping complexes and hypermarkets across the region has intensified competition among the players. Higher competition has posed several challenges to companies in this highly fragmented market to maintain market share and keep attracting patrons. Heightened competition has forced retailers to consider product diversification, attractive pricing, and convenient location. Positioning shopping malls as complete entertainment centres and not just as shopping outlets have become imperative to maintain increasing footfalls.

Staffing

Most of the private companies are heavily dependent on a large number of expatriate workers. With a shortage of skilled labor in the GCC region, it is difficult to attract and retain qualified people. In this context, any changes to visa rules could be a challenge to the retail industry. For example, recently, Saudi Arabia's Labor Minister announced that expatriate workers who have been in the country for six years or more may not get their work permits renewed.

Tightening of Credit

GCC consumers owed an estimated US\$ 7.7 billion in credit card debt in 2010, and each of the 6.8 million credit cards had an average outstanding of US\$ 1,135⁵³. However, credit card debt accounted for a small portion of the overall personal debt of US\$ 139 billion owed by the GCC population. Since the global economic downturn, financial problems have resulted in a significant number of bank customers in the GCC to default on their credit card payments. Subsequently, banks in the region have tightened credit card lending in an attempt to reduce customer defaults on these high-interest bearing receivables. By imposing stricter norms for issuance of new credit cards and lowering credit limits, banks are looking to curb discretionary consumer spending and ensure timely repayments from customers for their credit card debts. Research⁵⁴ showed that retail spend on clothing, accessories, and other items dropped by 11% over the last three years. Thus, tightening of credit coupled with job insecurity in some segments could be a challenge for the retail industry.

Rental Overheads

Cost of leasing retail space accounts for a significant portion of the overall costs for retailers. In order to attract tenants and minimize vacancies in a depressed global economic environment, property owners have lowered rentals especially at older or poorly performing locations in the GCC. This has in turn boosted profitability of the retailers in the region by lowering their operating costs. However, once the global economy is back on growth trend, rents are expected to increase thereby reducing retailer margins.

Revival in global economy may be accompanied by a rise in rental rates, thereby reducing retailer margins

⁵³ Lafferty Ltd

⁵⁴ Survey conducted by Dunia covering 58,000 borrowers. Some details of the survey were published in the report 'Changing consumer priorities in the UAE' dated September 2, 2011 on gulfnews.com

The pace of population growth in the GCC has been impacted by a slowdown in induction of expatriates by corporates

High dependence on food imports makes the GCC vulnerable to international supply and price dynamics

The Department of Economic Development in Dubai registered 1,357 violations for sale of fake goods in 2010

Political Unrest

The first half of 2011 saw political unrest and violence spreading across a few countries in the Middle East. Although unrest in the GCC region was largely limited to smaller countries like Bahrain and Oman, it did impact the political stability of the region. For an economy that substantially depends on tourist revenues, such events may affect the growth of related industries including retail.

Deceleration in Population Growth

Although overall population in the GCC is expected to continue its uptrend over the next few years in the future, the US subprime crisis and accompanying worldwide slowdown, UAE debt worries, political unrest, and European sovereign default crisis have successively cast uncertainty over the health of global as well as regional economies since 2008. Companies operating in the GCC region have been impacted by these events, and some of them have responded by streamlining their operations and putting a check on headcount. Since the region is widely dependent on expatriate workforce, slowdown in recruitment by these corporates has negatively impacted the GCC's population growth. Population growth in the GCC has decelerated from approximately 5% in 2007 and 2008 to around 3%.

Concerns over Food Security

As discussed in the GCC Food report published by Alpen Capital, high dependence of the GCC on food imports is expected to continue and this makes the issue of food security critical for the region. Arable land area in the Middle East and North Africa (MENA) region grew by less than 6% between 1961 and 2007, and the percentage of arable land is less than 2% of the total land area⁵⁵. Despite spending on food accounting for a significant portion of overall disposable income, the Middle East region has not been able to increase its self-sufficiency in food production primarily due to unfavorable climatic conditions and topography. Other than Saudi Arabia, all other GCC countries depend highly on imports to fulfill the domestic food consumption demand. This makes the region substantially vulnerable to fluctuations in international food supply and prices. The increase in food prices in the past few years has put significant inflationary pressure on the GCC economies with consumer prices reaching double digits during 2008-09. Measures taken by the government to regulate prices of end-products during periods of high inflation create challenges for different players in the value chain. Operations of supermarkets and hypermarkets may be hampered due to shortage in supply of food products, while their margins might take a hit as a result of an increase in international food prices.

Counterfeit Products

The market for counterfeit products has thrived in the GCC region for many years. These products range from clothing and accessories to pharmaceuticals and electronic goods. Not only do they pose health and operational hazards, but most of them do not get accounted into the legal financial system. Additionally, such products also hurt the reputation of leading product brands, and affect consumer confidence.

Governments understand the perils of a thriving parallel market for retail, and have been taking steps to curb illegal retail trade. The Department of Economic Development in Dubai, for instance, registered 1,357 violations for selling fake goods in 2010⁵⁶. In March

⁵⁵ Source: 'Food and Beverage Industry in the MENA Region', Blominvest Bank, January 2011

⁵⁶ Source: 'Dubai shows zero tolerance for fakes', Gulf News, March 8, 2011

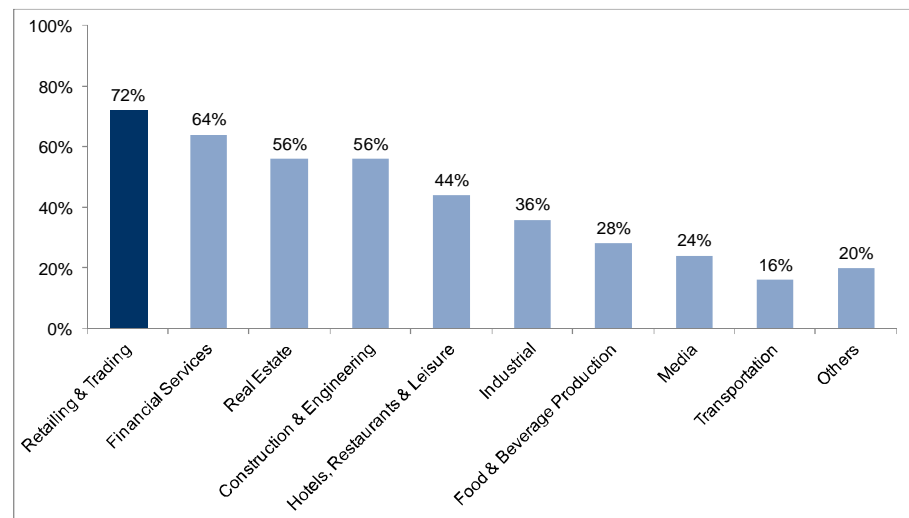
2011, it destroyed almost the entire stock of 453,000 fake goods seized during 2010, more than double from 250,000 in 2009.

Challenges Faced by Family-run Retail Businesses

Retailing and trading is the most popular sector for family businesses in the GCC

The GCC countries have a multitude of family businesses active in different sectors, which are a strong force behind the booming economic activity in the region. Retailing and trading is the most popular sector for family businesses in the GCC⁵⁷ (see Exhibit 43). Most of the leading retail companies in the region are privately-owned, family-run businesses. With the retail sector now open to global companies, who are keen to establish their footprint in the region, these family businesses face a host of challenges to ensure sustainability of operations and maintaining a competitive market position.

Exhibit 43: Most Popular Sectors for Family Businesses in the GCC



Source: Booz & Company analysis, 2009

Note: Based on a sample of 25 family businesses spanning the GCC

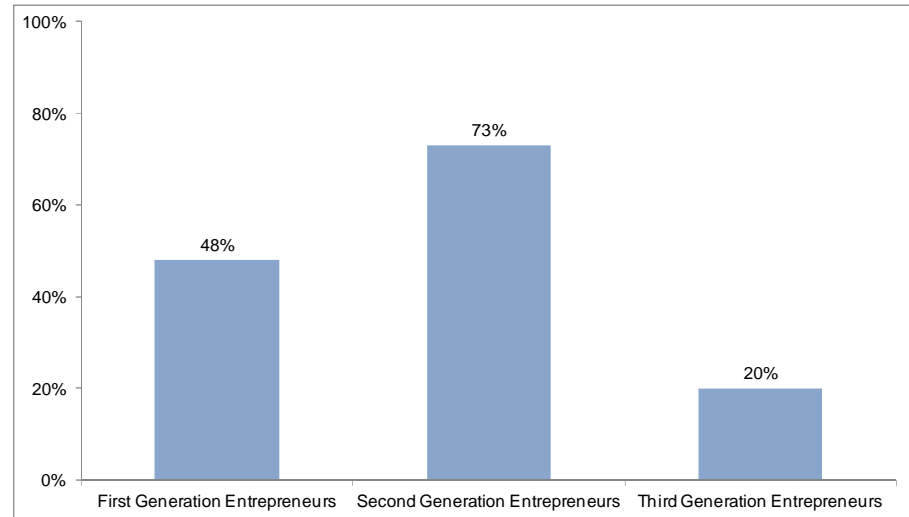
Past studies suggest that just 10% of family-owned businesses subsist beyond the second generation

Most of the family-owned businesses in the MENA region were established in the 1950s and are currently being run by second-generation entrepreneurs (see Exhibit 44). Soon, these businesses will see control moving from the second generation to the third generation. Past studies suggest that just 10% of family-owned businesses subsist beyond the second generation. Moreover, the average size of families in the MENA region is larger compared to other regions, making them more vulnerable to conflicts⁵⁸.

⁵⁷ Source: 'GCC Family Businesses Face New Challenges', Booz & Company, 2009

⁵⁸ Source: 'MENA Family Businesses: The Real Power Brokers?', Al Masah Capital, 2011

Exhibit 44: Center of Control of Family Businesses in the GCC



Source: Ernst & Young survey results published in the 'MENA Family Businesses: The Real Power Brokers?' report by Al Masah Capital

Several family-owned businesses fail to carve proper succession plans on time to avoid disruptions in operations due to demise or retirement of a key leader. Many businesses also do not have a well-defined line of authority and responsibility, making it difficult to monitor performance and take corrective measures. Even decision-making may be delayed as a result. Although, some companies induct professionals to assist in operations, key decision-making powers are retained by family members, thus defeating the purpose of professionalizing their businesses.

A typical family business should grow 18% annually to maintain the size of wealth across generations

In addition, there is high pressure on family-run businesses to quickly expand their operations. Growth becomes imperative to maintain the wealth of each member within a typically large family. Based on the current average size of GCC families, which includes five children, a typical family business needs to grow 18% annually to maintain the same size of wealth across generations⁵⁹.

⁵⁹ Source: 'GCC Family Businesses Face New Challenges', Booz & Company, 2009

7. Trends

Discretionary Goods

Consumer demand for luxury and discretionary goods is set to increase at a faster pace in the near future on the back of improving economic growth, high oil prices, and pent-up purchases during the last 2-3 years which was on account of low consumer confidence.

Balanced Regional Development

Until now, the development of shopping areas was mostly restricted to the main regional cities namely, Dubai and Jeddah. Other important cities like Abu Dhabi, Doha and Makkah & Medina have historically experienced a shortage in development of retail space. Of the completed GLA in the UAE in 2010, Abu Dhabi accounted for only 17%. However, of the total GLA under planning and development in that year, the city accounted for double that share. Similarly, religious spots of Makkah and Medina accounted for only 6% of the completed GLA in Saudi Arabia in 2010. However, nearly 20% of the total shopping area being developed in Saudi Arabia in 2010 is located in these cities. Subsequently, with these significant development plans in place, the GCC retail sector is expected to experience a more balanced expansion in retail space going forward.

Proliferation of Organized Retail

The size of food as well as non-food retailing in the region is expanding at a robust pace. The entry of international retail chains, changing lifestyles, evolving shopping patterns, and wide product choices, have fueled the proliferation of shopping malls and supermarket formats. To sustain in a highly competitive environment, smaller local retailers will have to adopt the newer formats while inefficient firms may be forced to shut down. The retail sector may also witness an increasing drive of consolidation among players.

Online Retail

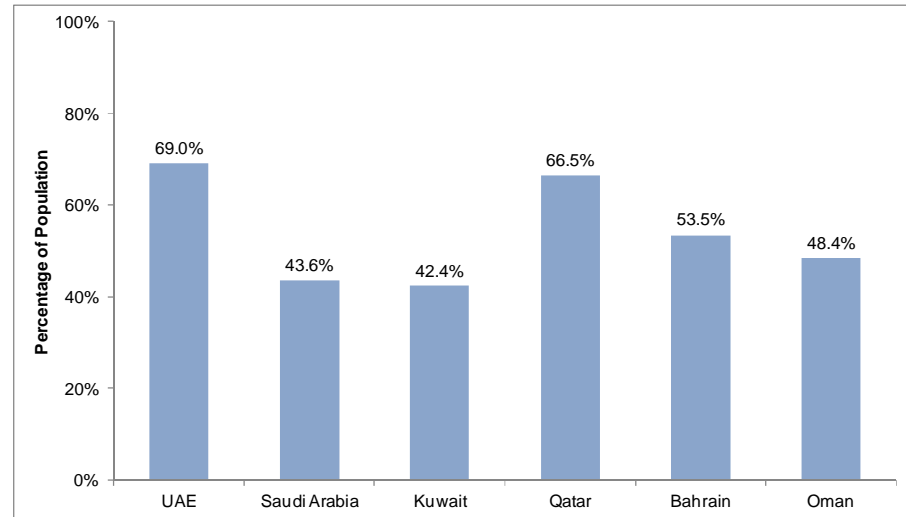
Online retail is a relatively new concept in the GCC retail market, and is still highly under-penetrated. This is despite the fact that the GCC countries recorded a growth of 1,404.7% in the number of Internet users between December 2000 and June 2011, significantly outpacing the global rate of 484.7%⁶⁰. However, with greater penetration of the Internet, people in the region are gradually becoming increasingly media-savvy and showing an inclination towards online purchasing.

Development underway in some secondary GCC cities will ensure greater regional parity in terms of retail growth

The number of Internet users in the GCC increased by 1,404.7% between December 2000 and June 2011

⁶⁰ Source: Internet World Stats

Exhibit 45: Internet Penetration in the GCC



Source: *Internet World Stats, June 30, 2011*

Online sales in the Middle East have registered a significant growth, and are believed to hold a strong potential in the future⁶¹. A survey conducted in 2010 showed that the highest percentage of online shoppers in the MENA region was in the GCC countries⁶². Certain regional attributes such as hot afternoons and high summer temperatures, and restrictions on mobility of women in Saudi Arabia are likely to fuel further growth in the online retail market in the GCC.

Group-buying websites offer discounts upto 95% on a range of products and services

Consumers use the online route to access discount deals and make purchases through group-buying websites. Such websites are proliferating across the world and have also found favor among the GCC population as it enables them to get bargains, sometimes upto 90% to 95%, on a range of products and services. Many group-buying websites are currently operating the region, primarily in the UAE which has a population with contemporary shopping habits and huge appetite. In 2010, Groupon, a leading global group-buying website operator offering deals in 43 countries, launched operations in the UAE. According to Paul Kenny, Chief Executive and co-founder of another group-buying website operator Cobone, claimed that the company saved over AED 30 million for its UAE customers during the first seven months of operations in the country⁶³.

On an average, shoppers spend almost two times on food and beverage products when shopping online as compared to offline purchases

Online grocery shopping is currently one of the most rapidly expanding sectors in the global food and grocery market, more so in mature economies. From a consumer perspective, the convenience factor of placing an order online and having goods delivered to the door is perhaps the biggest appeal to consumers looking for ways to save time or have physical difficulty carrying products. Flexibility in terms of place and time for shopping provides additional advantages. In return, retailers get an easy access to customers and a chance to showcase the whole range on food and non-food products offered that typically customers would not have explored in the physical store. On an average, shoppers spend almost two times on food and beverage products when shopping online as compared to

⁶¹ Source: 2009 IMRG Capgemini e-Retail Sales Index

⁶² Source: www.arabianbusiness.com

⁶³ Source: 'UAE going gaga for Groupon', The National, June 2, 2011



Lack of suitable payment options and unreliable delivery are some factors impeding growth of online retail in Middle East

Consumers can use mobile phones to obtain product information, find the best deals and also make payments directly

offline purchases⁶⁴. Although the GCC is yet to make any major breakthrough in the sector, the region holds the potential for growth in the future.

In spite of the significant market potential, growth of online retail in the region is marred by various shortcomings. A recent survey⁶⁵ identified certain factors such as lack of suitable payment options, lesser number of online retailers, unreliable delivery, and poor website design, are affecting growth of online retail in the Middle East. According to the survey, only 6% of Internet users in the region said that they regularly buy products and services online, while another 27% stated that they made online purchases only occasionally. Once these issues are effectively addressed by retailers, the online retail industry will gain traction in the region as in the other parts of the world.

Mobile Commerce

An average consumer has become increasingly receptive to technological advancements, and is spending more on hi-tech gadgets and equipments. Multi-functionality and ease of use have made smartphones and personal digital assistants highly sought-after devices. Improving connectivity has made accessing Internet from mobile devices easier, creating a conducive environment for growth of mobile commerce.

Consumers can use their mobile phones to not only obtain information about products and find the best prices available, but also to make payments directly from their devices. Consumers are making increasing use of mobile phones while in a physical store to check if other shops are offering better deal on the products they are looking to buy. Retailers are showing interest in this customer service channel with a view of enhancing consumer experience through greater interaction with shoppers. Exploiting mobile technology will enable retailers to become more service-oriented, create closer personalized relationships and get better at meeting customer needs. Almost all the major global retailers now have devised some kind of mobile commerce strategy.

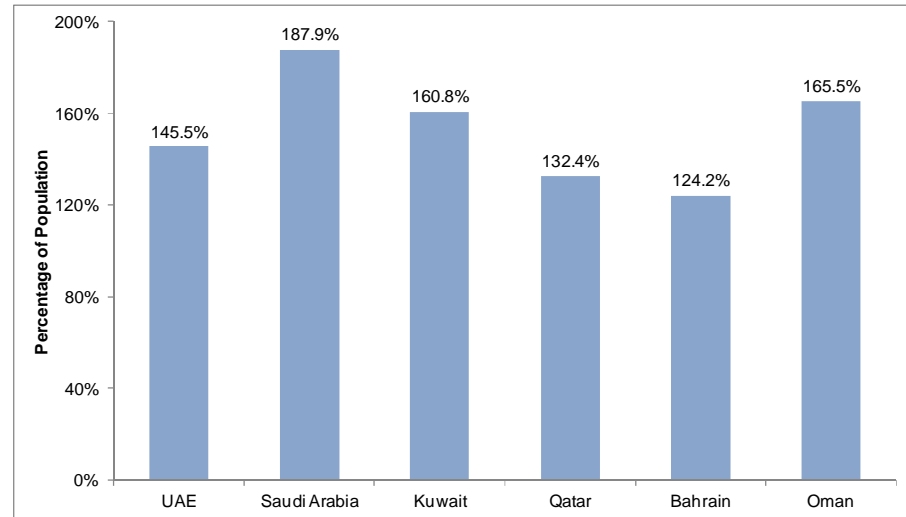
Despite the GCC countries' mobile phone market penetration exceeding 100% (see Exhibit 46) and with smartphone penetration of around 30% in 2010, mobile commerce is yet to pick up in a big way in the region. According to a survey⁶⁶, consumers in the Middle East are reluctant to make purchases through mobile phones. However, according to another survey conducted among companies operating in the Middle East by MEF in May and June, 2011, 88.3% felt confident about the future of the mobile media, content, and commerce industry in the region. Nearly 50% of the respondents were "very optimistic" about the prospects. Moreover, the respondents expected their end-user generated mobile content and commerce related revenues to experience an average increase of 32.9% in the next six months.

⁶⁴ Source: Results of a global Nielsen study published in the 'Food and Beverage Industry in the MENA Region' report by Blominvest Bank in January 2011

⁶⁵ Survey conducted by Real Opinions, and released in September 2011

⁶⁶ Global Consumer Survey conducted by MEF in nine countries across five continents in 2011

Exhibit 46: Mobile Phone Penetration in the GCC (2010)



Source: ITU World Telecommunication / ICT Indicators Database

Use of Social Media in Retailing

Social media is evolving as an important medium for retailers to strengthen existing relationships and attract new customers

Social media is evolving as an important means for retailers to strengthen their existing customer relationships as well as drawing attention of potential customers. There is no denial that certain social media websites such as Facebook, Twitter, and YouTube have become extremely popular among Internet users of all ages and geographies, and an increasing number of retailers are reserving space on these websites to grab attention. The sheer number of visitors that these social media websites are able to pull gives an idea of the vast window that retailers have to market their offerings, interact with consumers and enforce relationships.

Most of the companies use social media websites for promoting their product offerings, providing customer service and addressing complaints, offering various purchase incentives, and understanding customer psyche⁶⁷. Social media gives retailers a chance to listen to customers' voice in real time by monitoring their conversations about their brand, stores, service, and products on the websites. Based on this interaction, some retailers make a sincere effort of capitalizing on the insights to make new and improved offerings.

UAE and Saudi Arabia account for the maximum number of social media users in the Middle East

Social media continues to grow in the Middle East at a robust pace. There are about 30.2 million social media users in the Middle East, primarily active on Facebook and Twitter⁶⁸. The GCC countries, namely the UAE and Saudi Arabia, stand out as having the largest number of users in the region, which continues to grow. To illustrate, UAE is home to about 40% of the total Twitter users in the Middle East, while the number of such users in Saudi Arabia increased 240% y-o-y in 2010⁶⁸. Although a majority of retailers in the GCC have still not carved out a structured strategy for social media marketing, it is not too long before most of the companies identify the value behind having a strong digital presence. According to a recent study⁶⁹, all the companies that were surveyed in the MENA region said that they will increase their digital marketing budgets in 2011, most of them by 20% to

⁶⁷ Source: Economist Intelligence Unit survey, April 2011

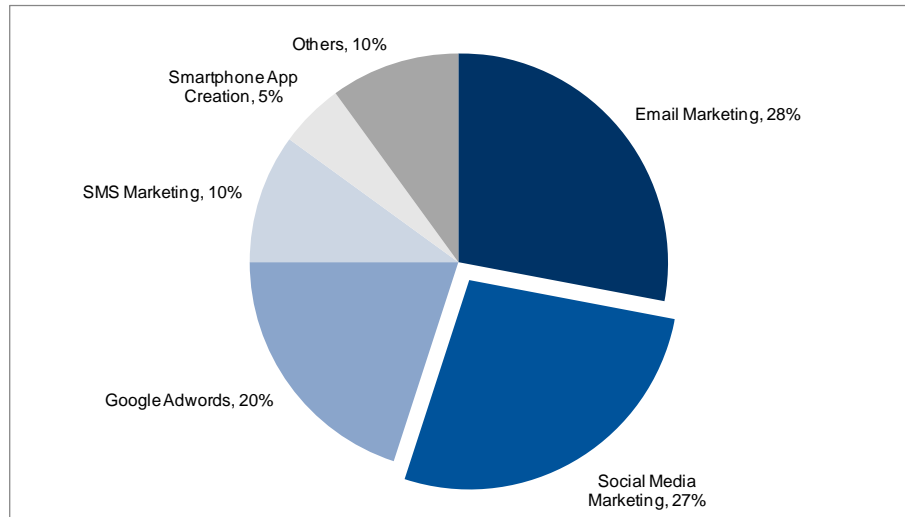
⁶⁸ Source: www.clickmarketingsummit.com

⁶⁹ A survey conducted by International Quality & Productivity Centre with results published on www.clickmarketingsummit.com



50%. They further stated that 27% of the increased budget will be spent on social media marketing, the second most favorable option in their digital marketing push (see Exhibit 47). Furthermore, about 57.5% of the respondents were of the opinion that social media channel was the biggest opportunity for Middle East digital marketing.

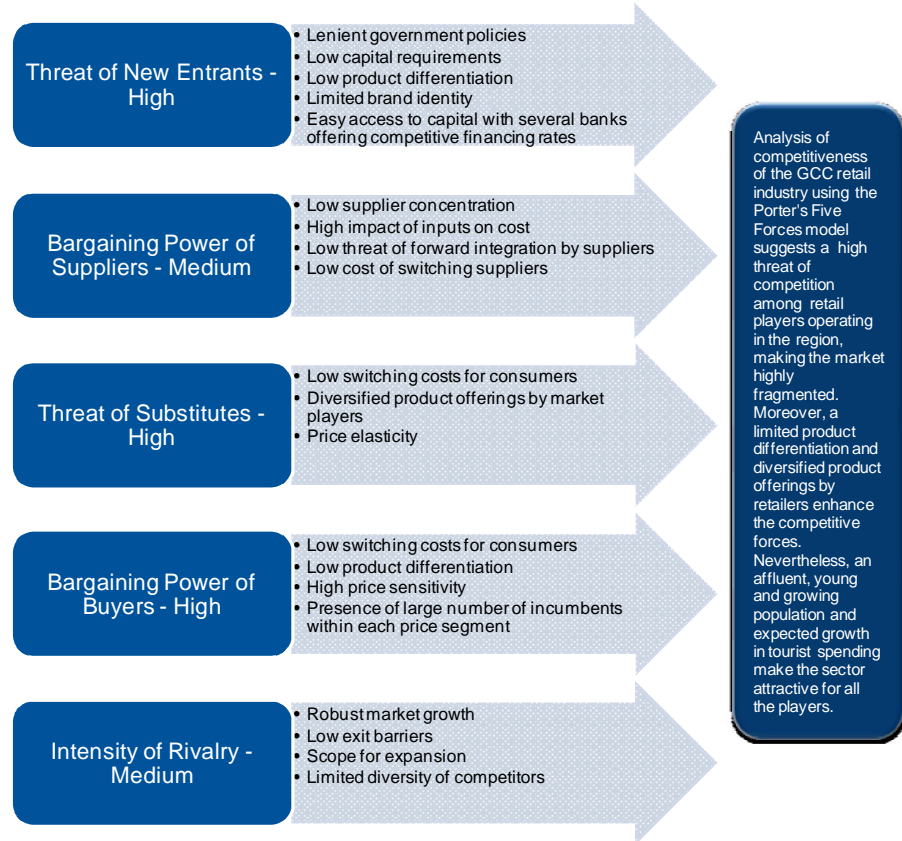
Exhibit 47: Allocation from Increased Digital Marketing Budget



Source: www.clickmarketingsummit.com

8. Porter's Five Forces Model

Exhibit 48: Competitiveness of the GCC Retail Market



Source: Alpen Capital

9. Merger and Acquisition (M&A) Activities

The last three years saw significant volatility in the global financial markets. The GCC region was also engulfed amidst the economic uncertainties along with other parts of the world, in addition to being affected by indigenous problems like the Dubai debt crisis during the later part of 2009. Although M&A activity in the gulf is still below the peak of 2007 when high oil prices induced brisk deal making, M&A transactions continue to materialize in spite of a volatile business environment.

The largest deal in the GCC retail sector since 2009 was the US\$2.2 billion acquisition of Harrods by Qatar Holdings Ltd

The largest deal in the GCC retail sector since 2009 was the acquisition of London's luxury department store, Harrods, by Qatar Holdings Ltd for US\$ 2.2 billion in 2010 (see Exhibit 49). A number of other M&A transactions have taken place over the period involving some of the leading retail names of the region including Savola Group, Fawaz Abdulaziz Al Hokair & Co, and Damas Jewellery LLC. While most of the transactions entailed transfer of traditional retail assets from sellers to the buyers, 2011 witnessed deals in the non-traditional retail formats as well. On July 24, 2011, Jordan-based Jabbar Internet Group announced acquisition of the remaining undisclosed minority stake in Cobone.com that it did not already own from Group Buying Global AG. About a month prior to this transaction, on June 27, 2011, US-based LivingSocial Inc announced acquisition of GoNabit (HQ) FZ LLC. However, financial terms for both of these deals were not available.

As the level of business confidence increases and consumer spending picks up, M&A activity is expected to accelerate in the GCC retail market as companies look to strengthen market share, enhance geographic reach, and augment product categories.

Exhibit 49: Major M&A deals in GCC retail sector

Acquirer	Target Company	Year	Consideration (US\$ million)
Qatar Holdings Ltd	Harrods	2010	2,227.1
Savola Group	Al Azizia Panda United Company	2010	295.7
Savola Group	Géant Supermarkets	2009	117.3
Al Meera Consumer Goods Company	Giant Stores, Al Oumara Bakery Company	2011	96.1
Saudi International Trading Co Ltd	Al Dawaa Medical Services Co Ltd	2009	26.7
A.W Rostamani Holdings Co LLC	Capital Cars Pvt Ltd	2010	20.0
Renaissance Services SAOG	Al Wasita Emirates for Services & Catering LLC	2010	15.2
Ali Abdulwahab Sons & Co WLL	Safwan Trading & Contracting Co KSCC	2010	9.1
Fawaz Abdulaziz Al Hokair & Co	Retail Group Jordan	2010	7.2
Fawaz Abdulaziz Al Hokair & Co	Retail Group Egypt	2010	5.6
Jabbar Internet Group	Cobone.com	2011	N/A
Damas Jewellery LLC	Damas Saudi Arabia Co Ltd	2011	N/A
Damas Jewellery LLC	Damas Kuwait	2011	N/A
Paris Group	Gianfranco Ferré	2011	N/A
LivingSocial Inc	GoNabit (HQ) FZ LLC	2011	N/A

Source: Thomsonone Database, Zawya

Country Profiles

UAE

Key Driving Factors

- **Population:** The UAE's population, which accounts for around 12.4% of the total GCC population, is expected to grow at a CAGR of 3.0% between 2010 and 2015. The major cities of Dubai and Abu Dhabi together account for more than 60% of the total UAE population, while expatriates account for over 80% of the country's population.
- **GDP per capita:** UAE's GDP per capita is the second highest in the GCC region. Following a lackluster period in 2009 and 2010, per capita GDP growth is expected to gain momentum over the next few years.
- **High disposable income:** UAE does not have a federal income tax, thus resulting in high disposable income. The country has the highest private consumption per head in the GCC region.
- **Leisure travel & tourism spend:** Leisure travel and tourism spend in the UAE is highest in the GCC, and accounts for 54.6% of the region's total spend. Shopping festivals and duty free shopping are huge tourist attractions. In 2010, international tourist arrivals hovered around 10 million in the UAE, accounting for 32.4% of the total international tourist arrivals in the GCC region.

Recent Industry Developments

- Tim Hortons signed a Master License Agreement with Apparel Group to open upto 120 multi-format restaurants in the GCC. The first Tim Hortons Cafe and Bake shop opened in Dubai in September 2011.
- The Chalhoub Group announced plans to open 26 stores in the UAE in 2011 with an aim to have 50 stores in the country by 2013.
- Retail Arabia announced plans to start 12 Géant supermarkets in the UAE by end of 2012.
- Rivoli announced plans to open 25 stores in Dubai and Abu Dhabi in the second half of 2011.
- Limited Brands (operator of the Victoria's Secret chain) and American Eagle Outfitters (a lifestyle brand) expressed interests to expand in the UAE retail market.
- Jashanmal Retail Group announced its intention of signing deals with US retail brands to launch stores across the UAE in early 2012. Further, it also divulged plans to re-launch its Swiss shoe brand.
- Dubai based luxury brand retailer, Paris Group, announced its intention of acquiring the distressed Italian fashion house, Gianfranco Ferré, in February 2011.

Macro-economic Indicators

Indicators	Unit	2010E	2011E	2015E
GDP growth at constant prices	at %	3.2*	3.3	4.4
GDP per capita, constant prices	AED	125,683	126,050	131,648
GDP per capita, PPP	US\$	47,439	48,598	52,685
Population	mn	5.2	5.4	6.0
Inflation	%	0.9*	2.5	2.1
International tourist arrivals	tourist mn	10.0	10.5	12.1

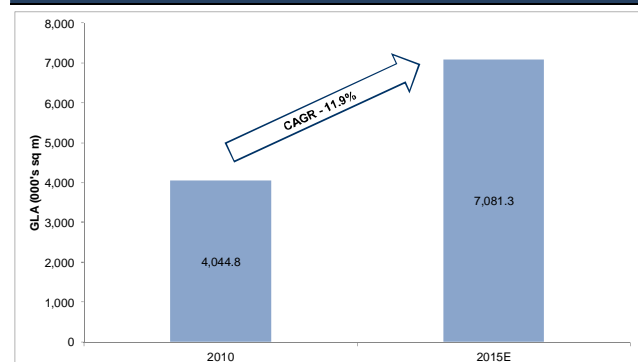
Source: International Monetary Fund, World Travel & Tourism Council, Alpen Capital

Note: * - Actual figures

Key Players

Company	Type
Al Futtaim Group	Diversified retailer
Al Tayer Group LLC	Luxury retailer
Apparel Group	Lifestyle retailer
Chalhoub Group	Luxury retailer
Dubai Duty Free	Airport retailer
EMKE Group	Hypermarket, supermarket and shopping mall operator
Jumbo Electronics Company Ltd	Electronics and IT retailer
Lals Group	Diversified retailer
Landmark Group	Hypermarket operator and lifestyle retailer
Majid Al Futtaim Group/Carrefour	Hypermarket operator
Rivoli Group	Luxury retailer

Expected GLA Addition by 2015



Source: Retail International

Saudi Arabia

Key Driving Factors

- **Population:** Retail sector growth in Saudi Arabia is highly driven by its increasing population coupled with rapid urbanization. According to the International Monetary Fund, Saudi Arabia's total population is expected to increase from 27.6 million in 2010 to 30.6 million by 2015.
- **Religious tourism:** Religious tourism, which accounts for a major portion of overall tourist inflow in the country, is expected to see significant increase over the years. The number of international overnight tourist arrivals is expected to reach 18.7 million by 2015 from 12.3 million in 2010.
- **Online retail:** Increasing internet penetration, rising number of media-savvy consumers, reduction in restrictions on women, and improving lifestyles will translate into growth of online retail, thereby, generating additional revenue for the industry.
- **Increase in selling space:** The retail market in Saudi Arabia is relatively less developed than the UAE despite having a larger consumer base. However, major retailers are now expanding rapidly in the country and looking to increase their selling space by 50% in the coming years.

Recent Industry Developments

- In August 2011, Jarir Bookstore inaugurated its 26th showroom in Saudi Arabia at the Al Refaai Group Center in Makkah, bringing the total number of its showrooms to 30 across the GCC.
- eXtra launched Saudi Arabia's first online retail website having the largest selection of electronics and home appliances in July 2011. It offers more than 3,000 products across 90 cities in Saudi Arabia.
- Elekta Gulf, a UAE-based retailer, announced its plans to further expand its operations in Saudi Arabia in 2011. The company expects 100% growth in the country by 2012.
- Burberry, a British giant in luxury fashion, entered Saudi Arabia in March 2011 by signing a JV agreement with Fawaz Abdulaziz Alhokair & Co.
- US clothing retailer, GAP announced plans to open 44 GAP stores and 10 Banana Republic stores in Saudi Arabia by 2012.

Macro-economic Indicators

Indicators	Unit	2010E	2011E	2015E
GDP growth at constant prices	%	4.1	6.5	4.2
GDP per capita, constant prices	SAR	31,624	32,945	35,721
GDP per capita, PPP	US\$	22,607	24,057	27,075
Population	Mn	27.6	28.2	30.6
Inflation	%	5.4	5.4	4.0
International tourist arrivals	mn	12.3*	14.7	18.7

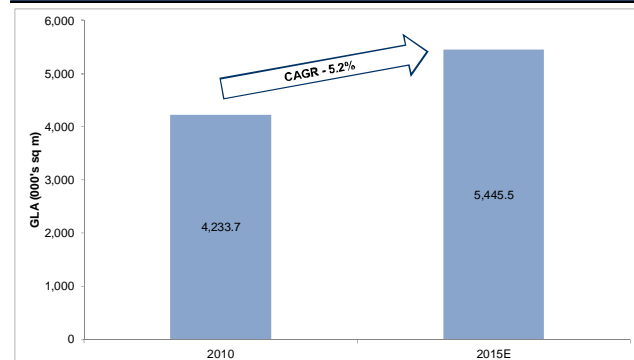
Source: International Monetary Fund, World Travel & Tourism Council, Alpen Capital

Note: * - Actual figures

Key Players

Company	Type
Al Azizia Panda United	Hypermarket & Supermarket operator
Al Othaim	Foodstuff & Consumer Products retailer
Bin Dawood	Supermarket operator
Fawaz Abdulaziz Alhokair & Co	Fashion retailer
Olayan Group	Food franchisee

Expected GLA Addition by 2015



Source: Retail International

Kuwait

Key Driving Factors

- **Population:** Kuwait's population was about 3.6 million in 2010, and is expected to grow to approximately 4.1 million by 2015. Approximately 96% of the country's population is urbanized, and 60% is under 25 years of age.
- **Per capita income:** Kuwait has one of the wealthiest populations in the world with very high per capita income, resulting in high spending power. This provides ample opportunities for retailers to expand their business in the region.
- **Global ranking:** Recognition of Kuwait as a highly attractive retail destination will boost retailers' interest in the market. Kuwait was ranked first in the GCC region in terms of attractiveness for retail expansion and development. The CB Richard Ellis survey ranked Kuwait as the world's 14th most popular market by presence of international retailers.

Recent Industry Developments

- Alghanim Electronics, a Kuwait based retailer & distributor, partnered with OCR socialist Iris to become a distributor and supplier in the domestic reseller channel.
- Hamleys, UK's toy retailer, announced plans to open stores in Kuwait and other GCC countries.
- Kuwait's M.H Alshaya Co announced plan to expand in Iraq with the launch of its first retail outlet, a franchisee of mother and baby equipment chain Mothercare.
- Victoria's Secret opened a store in Kuwait which will be owned and operated by M.H Alshaya Co. This was Victoria's Secret's first ever stand-alone store in the Middle East.

Macro-economic Indicators

Indicators	Unit	2010E	2011E	2015E
GDP growth at constant prices	%	3.4	5.7	4.7
GDP per capita, constant prices	KWD	5,216	5,365	5,789
GDP per capita, PPP	US\$	38,775	40,740	45,633
Population	mn	3.6	3.7	4.1
Inflation	%	4.1*	6.2	3.1
International tourist arrivals	mn	0.3*	0.4	0.5

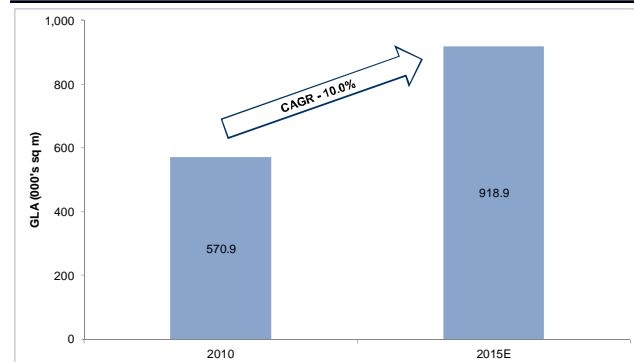
Source: International Monetary Fund, World Travel & Tourism Council, Alpen Capital

Note: * - Actual figures

Key Players

Company	Type
Alghanim Industries	Electronics retailer
City Centre	Supermarket operator
M.H Alshaya Company	Lifestyle retailer and restaurant operator
The Sultan Center	Supermarket operator
Union of Co-operative Societies	Mass grocery retailer

Expected GLA Addition by 2015



Source: Retail International

Qatar

Key Driving Factors

- **Demographics:** Population in Qatar has been estimated to have seen a robust CAGR of 11.5% during the 2008-2010 period. Going forward, between 2010 and 2015, it is expected to register a growth rate of 4.0% which would be the highest in the GCC region. Furthermore, Qatar also has the highest percentage of economically active population in the GCC.
- **GDP per capita:** GDP per capita of Qatar is highest in the GCC region and one of the highest in the world. However, as per September 2011 estimates of the International Monetary Fund, Qatar overtook Luxembourg as the world's richest nation in 2010. On the back of rising prices and strong demand for oil, its economy is expected to experience robust growth going forward.
- **High disposable income:** With a high GDP per capita coupled with no income tax liabilities, consumers in Qatar end up with a huge amount of disposable income in their hand. Consequently, private consumption per head in the country is among the highest in the GCC region.
- **Tourism:** Although international tourist arrivals in Qatar are less in absolute terms compared to some other GCC countries, they have been increasing at a robust pace. With increased focus on leisure tourism and an opportunity to host the Football World Cup in 2022, tourism spend is expected to rise.
- **Ease of doing business:** The new Qatar Financial Centre legal system has simplified setting up of businesses in Qatar. This has positively impacted foreign investments, expatriate population, and business tourist arrivals in Qatar.

Recent Industry Developments

- Al Meera Consumer Goods Company expressed its interest to purchase the entire equity of Qatar Markets Company and Al Omara Bakery.
- Al Meera and Group Casino (French retail chain) entered into an agreement to sell Casino branded products in Qatar.
- Al Meera announced that it has awarded a contract to Arab Engineering Bureau for building two new malls in Doha.
- Italian high-end shoe brand, Lorbilu, opened its first store at the Gate Mall in Salam Plaza in Doha.

Macro-economic Indicators

Indicators	Unit	2010E	2011E	2015E
GDP growth at constant prices	%	16.6	18.7	4.3
GDP per capita, constant prices	QAR	167,060	190,748	195,485
GDP per capita, PPP	US\$	88,222	102,891	109,455
Population	mn	1.7	1.8	2.1
Inflation	%	-2.4	2.3	4.0
International tourist arrivals	mn	1.6*	1.7	1.9

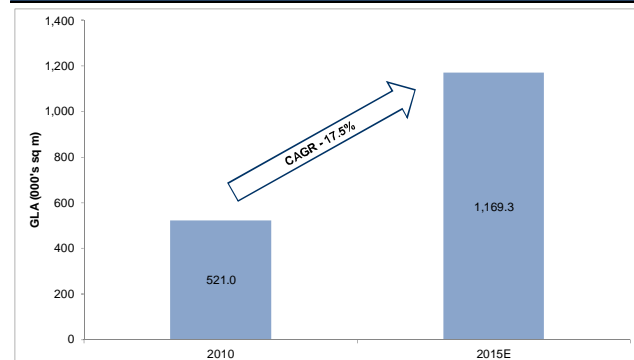
Source: International Monetary Fund, World Travel & Tourism Council, Alpen Capital

Note: * - Actual figures

Key Players

Company	Type
Alfardan Group	High-end automobile and jewelry retailer
Al Meera Consumer Goods Company	Supermarket operator
Mannai Trading WLL	Electronics, home appliances and auto retailer
Qatar Duty Free	Airport retailer
Salam Studio and Stores	Lifestyle stores operator

Expected GLA Addition by 2015



Source: Retail International

Bahrain

Key Driving Factors

- **Favorable demographics:** Bahrain has a high rate of urbanization exceeding 90%. In addition, nearly three-fourth of the entire population is believed to be economically active.
- **Tourist spend:** Bahrain has the highest rate of international tourist arrivals as a percentage of total population for any country in the GCC region. In 2010, international tourist arrivals in Bahrain were almost 500% of its estimated population, while the GCC average for tourist arrivals to population was 73.3%. Events like the annual Formula One Grand Prix and Bahrain International Air Show are key tourist attractions that boost retail sales. Although the recent political unrest has negatively impacted the country's reputation, the longer-term outlook remains broadly positive.

Recent Industry Developments

- In August 2011, Harman Middle East announced plans to expand its market presence in Bahrain, which has recorded rapid growth in its audio and video segment.
- Women's apparel brand, Bebe, announced the opening of its first retail store in Bahrain in May 2011.
- UAE-headquartered Nesto Group was set to open its second supermarket and department store in Bahrain in May 2011. The store involved an investment of BHD 700,000, and will cater to thousands of low-paid workers.
- Belgian fashion accessories brand, Kipling, announced plans to open a new store in Bahrain in June 2011 as part of its wider GCC expansion strategy to raise the number of outlets in the region from 30 to 50.
- In February 2011, Waitrose (UK's leading food retailer) managed by Dubai based Fine Fare Food Market LLC opened an outlet at the Lagoon mall.
- In January 2011, LuLu Hypermarket Group opened its third hypermarket in Bahrain, becoming the only retailers in Bahrain to operate three outlets. The new hypermarket has 200,000 square feet of shopping area.

Macro-economic Indicators

Indicators	Unit	2010E	2011E	2015E
GDP growth at constant prices	%	4.1	1.5	4.1
GDP per capita, constant prices	BHD	4,592	4,568	4,972
GDP per capita, PPP	US\$	26,932	27,368	30,918
Population	mn	1.1	1.1	1.2
Inflation	%	2.0	1.0	2.5
International tourist arrivals	mn	5.5*	5.8	6.3

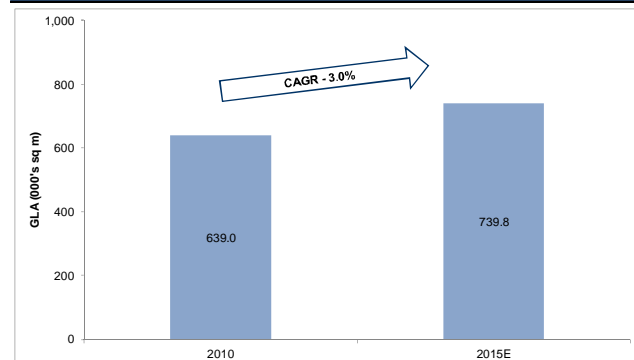
Source: International Monetary Fund, World Travel & Tourism Council, Alpen Capital

Note: * - Actual figures

Key Players

Company	Type
Al Jazira Group	Grocery store operator
Bahrain Duty Free	Airport retailer
Fu-Com International & Groupe	Casino Hypermarket/grocery store operator
Jawad Business Group	Grocery store operator
Landmark Group	Hypermarket operator and lifestyle retailer

Expected GLA Addition by 2015



Source: Retail International

Oman

Key Driving Factors

- **Government spending:** The Oman government is targeting nearly 12 million overseas visitors by 2020. It is spending heavily on development of related infrastructure, specifically for high-end retail centers.
- **Employment among local workforce:** The government's initiative of upgrading the skill set of Omani people and promoting employment among the local workforce is likely to bode well for the retail sector in the country.
- **Large expatriate population:** Around 28% of Oman's population is expatriates. Expatriates, particularly from the developed countries, are a major driving force behind demand for consumer goods and high-end items.

Recent Industry Developments

- The Omani government announced that it will ban increases in the prices of commodities and services unless suppliers can justify the hikes.
- LuLu opened a new outlet in the city of Nizwa in August 2011, bringing the total number of its outlets in Oman to 10.
- Al Madina Real Estate and Development announced that Carrefour will open its fourth outlet in Oman at the Muscat Grand Mall.
- UK-based retailer, WHSmith announced plans to open a new flagship store in Muscat in partnership with local companies.
- In July 2011, Khimji's Mart announced the opening of its 21st outlet in Oman at Sinaw. The outlet has an area of over 30,000 sq ft spread across three floors.
- Indian gold and jewelry retailer, Malabar Gold, was set to open its twelfth store in the Middle East and its first in Oman in July 2011. The retailer had expansion plans across the GCC region.

Macro-economic Indicators

Indicators	Unit	2010E	2011E	2015E
GDP growth at constant prices	%	4.1	4.4	5.1
GDP per capita, constant prices	AED	3,903	3,938	4,064
GDP per capita, PPP	US\$	25,492	26,272	28,142
Population	mn	3.0	3.1	3.5
Inflation	%	3.3	3.8	3.0
International tourist arrivals	mn	1.1*	1.2	1.4

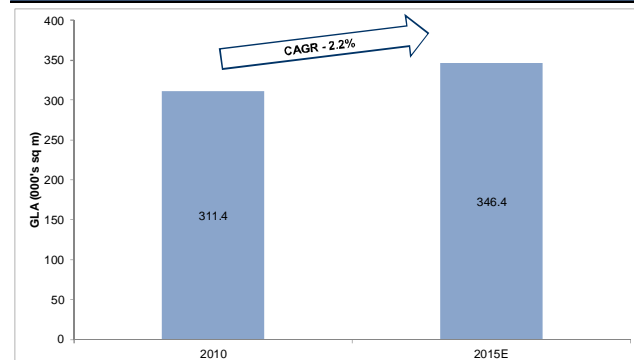
Source: International Monetary Fund, World Travel & Tourism Council, Alpen Capital

Note: * - Actual figures

Key Players

Company	Type
Assrain Group	Furniture and furnishing retailer
Jawad Sultan	Electronics/Telecom retailer
Khimji Ramdas LLC	Lifestyle retailer
Mustafa Sultan	Electronics retailer
WJ Towell Group	Furniture, furnishing and other consumer products retailer

Expected GLA Addition by 2015



Source: Retail International

Company Profiles



Al-Azizia Panda United (Privately Owned)

Saudi Arabia

Company Description

Al Azizia Panda United (APU), founded in 1978, is a key private retailer in Saudi Arabia. It was acquired in 1998 by the Savola Group, a leading food retail company. APU enjoys the largest market share in the Saudi retail sector. After the acquisition of Giant supermarkets and Géant stores in Saudi Arabia during 2008 and 2009, the company further strengthened its position in the highly fragmented market. APU operates and manages over 124 supermarkets and hypermarkets within and outside Saudi Arabia, and has an employee strength of more than 13,000 people. In 2010, it had over 100 million visitors at its outlets.

Business Segments/Product Portfolio

- **Food and Beverage:** This division facilitates sales and distribution of products such as sweets, frozen food, dairy items, assorted juices, carbonated drinks, bakery items, seafood, poultry, and fresh meat.
- **Electronics and Home Appliances:** Products offered include computers & accessories, home & kitchen appliances, cameras & video games, cutleries etc.
- **Apparels and Baby Products:** This division deals with sales of merchandise like sportswear, clothing for men, women & kids, baby accessories, baby powders, baby diapers etc.
- **Cleaning Products and Others:** This segment is engaged in sale of cleaning tools, cleaning agents, disinfectants, room fresheners, and other products like furniture, toys, car accessories, and gifts.
- **Stationery:** This division supplies school stationery, office stationery, and other items like school bag, water bottles etc.

Key Strengths

- Dominating position in retail market of Saudi Arabia.
- Strong backing provided by the parent company which has a significant presence in the MENA region.
- Diversified product portfolio.

Recent Developments/Future plans

- Savola Group announced plans to increase the number of Panda stores to 120 supermarkets and 40 hypermarkets by the end of 2012.

Company Description

Al Futtaim Group is a UAE-based private company established in the 1930s as a trading company. Today the group has diversified into businesses of automotive, electronics, retail, watches & jewelry, travel, construction, engineering, marketing communications, logistics, insurance, and real estate. It operates various companies under the Al-Futtaim name and represents several of the world's leading brands, including Toyota, Honda, Jaguar, Raymond, Marks & Spencer's, Kobler, and Panasonic.

Business Segments/Product Portfolio

- **Retailing & Services:** This unit offers a wide selection of home furnishing items, jewelry items, lifestyle products and watches. Additionally, it operates Toys "R" Us stores, Marks and Spencer stores, training centers, logistic and supply chain management companies, travel agencies, computer distributorship, and provides research and marketing services.
- **Electronics & Engineering:** This division looks after the sales and distribution of an extensive range of consumer electronics products like televisions, cameras, DVD players, mobile phones, elevators, security systems, air conditioning and building products, etc.
- **Leisure & Entertainment:** It operates Kids Play, a popular child entertainment center and the Bahrain Bowling Centre, a state-of-the-art bowling center.

Others

- **Insurance & Overseas:** It primarily operates companies like Arab Orient Insurance, Al-Futtaim Willis Co. LLC and Al-Futtaim Tokio Marine in insurance space.
- **Joint Ventures:** This division operates venture companies that sell a wide range of products such as bikes, cars, watches, chemical products, electronic products, spare parts, tractors, and also engages in activities such as shipbuilding, ship repair, and steel fabrication.
- **Real Estate & Property Development:** This unit operates real estate development companies that undertake residential and commercial real estate development projects, and city development projects such as the Dubai Festival City & Cairo Festival City.
- **Automotive:** This unit is in the business of sales, distribution, and rental of automobiles.

Key Strengths

- Presence in multiple business segments.
- Diversified product portfolio in retail.
- Association with world class brands.

Recent Developments/Future plans

- Al-Futtaim Computer Software Products announced that it has entered into a partnership agreement with Nokia to supply mobile phones to key domestic retailers in the UAE.

Al Tayer Group (Privately Owned)

UAE

Company Description

Al Tayer Group LLC, headquartered in Dubai, was established in 1979. It has operations in 12 countries in the Middle East and beyond. The group is involved in several activities, including automotive, contracting, engineering, distribution, lifestyle retail, and luxury retail and travel services. It houses several of the world's leading brands and operates over 180 stores, with over 7,800 employees working for it. Further, the group holds investments in various sectors including real estate and manufacturing among others.

Business Segments/Product Portfolio

- **Al Tayer Al Tijariya:** It is a leading distributor of perfumes, cosmetics, and accessories. It is the sole distributor for over 60 internationally renowned brands, spanning the premium to volume segments, which are marketed through the company's three divisions: Ghadeer Trading, Tejan Middle East, and Wishah Perfumes.
- **Al Tayer Insignia:** It is the largest luxury retailer in the Middle East and has a portfolio of some of the world's best luxury brands in the fashion, jewelry, and home segments.
- **Al Tayer Trends:** This division represents 17 brands and operates over 125 lifestyle retail stores across the GCC.

Others

- **Al Tayer Industries:** Consists of Aati Contracts and Obaid Humaid Al Tayer Engineering; the former being a leading player in the turnkey projects arena, while the latter represents some of the best known companies in the engineering world.
- **Al Tayer Motors:** Started in 1982, it represents European and American automobile companies like Ford, Lincoln, Ferrari, Maserati, Land Rover, Jaguar, Spyker, and DAF Trucks across the UAE.
- **Investments & Partnerships:** This segment has investments in contracting, supply chain management, residential & commercial real estate, precision tools manufacturing, and travel agency services.

Key Strengths

- Strong footprint in the Middle East.
- Franchisee agreements with several leading global brands and companies in varied sectors.

Recent Developments/Future plans

- In July 2011, the Al Tayer Group opened its new 10,000 sq ft GAP store in Bahrain at the Bahrain City Centre.
- Jimmy Choo, a British luxury accessories brand operated by Al Tayer Insignia, started a new store at Mall of the Emirates in Dubai in June 2011.
- In April 2011, Al Tayer Motors opened a contemporary Ferrari and Maserati showroom spanning an area of more than 18000 sq ft in Dubai.
- The Prada Group announced a joint venture with Al Tayer Insignia LLC for development of a retail network for Prada and Miu Miu brands across the Middle East.

Alfardan Group (Privately Owned)

Qatar

Company Description

Originally established in the late 19th century as a pearl trading business, Alfardan Group was re-established in 1951 through its foray into jewelry and currency exchange operations. Today, the Qatar-based Alfardan Group operates in various business segments such as automobiles, jewelry, exchange & trading, real estate, and marine services. The group's business not only spans across the gulf region but all over the world.

Business Segments/Product Portfolio

- **Jewelry:** This division is in the business of luxury products like precious watches, jewelry, and accessories. It operates 7 stores and houses more than 30 prestigious brands.

Others

- **Automotive:** This division operates showrooms and service centers for branded automobiles such as BMW, Jaguar, Rolls-Royce, Land Rover, and Ducati among others. It also provides rental, limousine and leasing services by its subsidiary- Prestige Cars.
- **Exchange/Trading:** Alfardan Exchange, started in 1970, provides financial services such as exchange of bank notes and coins, sale and purchase of demand drafts, wire transfers, and traveler's checks.
- **Real Estate:** Initially started to oversee the family's own properties, Alfardan Properties is now one of the leading real estate developers in Qatar. It operates in the domain of residential, commercial, and mixed-use projects.
- **Marine Services:** This division was started in 2005, and offers boats, engines, and all types of accessories and related services to the marine industry. It is also involved in the service of chartering of boats for leisure and transportation purpose.

Key Strengths

- Vast experience and knowledge in the field of trading.
- Diversified business segments.

Recent Developments/Future plans

- In June 2011, Alfardan Properties launched 'Meydan Alaziabah', one of the largest mixed-use developments in Oman.
- In 2011, Alfardan Exchange completed a number of service tie-ups and partnerships with clients like Flydubai, ADIB, Muslim Commercial Bank, and RAK Airways.



Alshaya Group (Privately Owned)

Kuwait

Company Description

Alshaya Group, founded in 1890 in Kuwait, is one of the largest private companies in the Middle East. It expanded phenomenally in the 1960s and 1970s by foraying into real estate development, construction, hotels, and trading. In 1983, it started its retail division with the commencement of franchise operations for Mothercare. With a vision to become a world-leading retailer, today it operates more than 2,000 stores across 15 countries and has over 20,000 employees.

Business Segments/Product Portfolio

- **Retail & Trading:** M.H Alshaya Co. looks after the group's retail and trading divisions. Retail spans over a wide range of segments such as fashion, footwear, food service, healthcare, home furnishing, and beauty products. Its Trading division is engaged in trading of sanitaryware, food-service equipments, laundry equipments, shelving equipments, and building materials. M.H Alshaya Co. also has business interests in companies engaged in computer software, advertising, and engineering & maintenance contracting.

Others

- **Real Estate:** This division has real estate operations in the GCC countries and deals with the development of land and properties.
- **Hotels:** This segment operates hotels such as Kuwait Sheraton and Medina Oberoi.
- **Automotive:** This unit has exclusive agencies and dealerships of cars, car accessories, truck & buses, tires, etc. It represents brands like Mazda, Peugeot, Michelin, Ceat, Apollo and others.

Key Strengths

- Extensive network of stores.
- Huge presence across countries.
- Intricate knowledge of the retail market due to sector experience of close to three decades.

Recent Developments/Future plans

- As part of the ongoing expansion of Alshaya's portfolio of retail brands, it forged a new partnership with the specialty tea and tea accessory retailer, Teavana Holdings.
- Texas Roadhouse, the popular American steakhouse partnered with M.H Alshaya Co., to make its much-anticipated debut at The Dubai Mall, UAE.
- Alshaya opened outlets of Pinkberry, a global frozen yogurt brand, in Turkey and Lebanon thereby expanding the brand's reach to new consumers in new markets.
- DineEquity Inc, the world's largest full-service restaurant company, signed a multi-restaurant franchise agreement with Alshaya for the development of 40 new IHOP restaurants in various Middle East countries over the next five years.



Apparel Group (Privately Owned)

UAE

Company Description

The Apparel Group, started in 1999, is a UAE-based conglomerate that offers a wide range of global fashion and lifestyle brands. It represents some of the best known fashion labels like Nine West, Tommy Hilfiger, Kenneth Cole, and Aldo to name a few. The group currently operates more than 620 stores, and has over 5,500 employees. It has plans to run 1,000 stores by the end of 2012.

Business Segments/Product Portfolio

- **Fashion:** This segment provides famous brands from across the globe and serves in categories like footwear, handbags, accessories and apparel for men, women, and kids.
- **Footwear:** This division specifically targets the latest and trendiest footwear.
- **Accessories:** Represents brands like Aldo Accessories & Strandbags, which offer the latest in handbags and accessories.
- **Cosmetics:** Represents the brand Inglot, which is a leader in colour cosmetics and houses a wide array of quality cosmetics at affordable prices.
- **Food:** Represents the brand Cold Stone Creamery that provides a wide variety of unique ice-creams, cakes, and shakes.
- **Home Furnishing:** This division provides complete solutions for home furnishing under the brand, Freedom Furniture.
- **Books:** The group's Booksplus brand offers a huge range of books, DVDs, CD-ROMs, magazines, etc.

Key Strengths

- Diversified retail offerings of lifestyle products.
- Vast network of stores.
- Presence in the GCC as well as Europe and Asia.

Recent Developments/Future plans

- In February 2011, Tim Hortons announced an agreement with the Apparel Group to open upto 120 restaurants over the next five years in the UAE, Bahrain, Kuwait, Oman, and Qatar.
- The Apparel Group announced that it will open the world's largest Aldo store and the region's largest Aeropostale store at Dubai's Deira City Centre mall.

Chalhoub Group (Privately Owned)

UAE

Company Description

The Chalhoub Group, established in 1955, is recognized as one of the leading retailers in the luxury business segment in the Middle East. The company has huge experience in the retail and distribution of well-known brands within the beauty, fashion, and gifts segments. It operates over 380 retail outlets representing a portfolio of over 280 luxury brands across 14 countries. The group houses brands such as Baccarat, Christofle, Christian Dior, Louis Vuitton and Nina Ricci, to name only a few.

Business Segments/Product Portfolio

- **Distribution:** Chalhoub Group distributes international brands through its companies based in the UAE, Bahrain, Kuwait, Egypt, Saudi Arabia, and Syria. The group's immense experience and market knowledge achieves maximum penetration. The company also helps define business plans and execute marketing strategies to establish a regional network for perfumeries, pharmacies, department stores, and boutiques.
- **Retail:** This division operates over 380 retail outlets at leading shopping destinations in the region. It functions in various business formats such as concept stores, franchises, joint ventures, and partnerships.
- **Travel Retail:** This segment has 25 years of travel retail experience, and has ties with suppliers, duty free operators, and leading regional airlines. It supplies a wide range of products, uniforms, and other amenities for in-flight duty free to airlines. It also manages duty free outlets like airport duty free such as for the Cairo airport.
- **Marketing Services:** This unit performs as a marketing agency to represent brands in the region. It provides services such as selecting suitable network of agents, distributors and retailers, and provides ancillary customer support services like training and merchandizing.
- **Communication:** This division of the group offers a broad range of communication services such as advertising and public relations, event management, strategic planning, media planning, and graphic designing.

Key Strengths

- Stronghold in local and regional distribution network.
- Team strength of 6,300 highly skilled people.
- Industry experience of 55 years.
- Unique focus on luxury goods.

Recent Developments/Future plans

- Tory Burch LLC, a designer and manufacturer of clothing for women, announced its partnership with Chalhoub Group in September 2011.
- The Chalhoub Group started a new concept store for selling luxury children's wear and accessories in Abu Dhabi Mall named KATAKEET in May 2011.



Dubai Duty Free (Government Owned)

UAE

Company Description

Dubai Duty Free, a division of Dubai Civil Aviation Authority, is the single largest airport retailer in the world. The company owns and operates the retail operations at Dubai International Airport and other affiliated areas. It was incorporated to promote Dubai as the sports, leisure, and business capital of the Middle East through its various operations and promotional activities. The Investment Corporation of Dubai is the sole owner of Dubai Duty Free. With revenues of US\$ 1.3 billion in 2010, Dubai Duty Free accounted for 5.4% of airport shop sales, and 3.2% of global duty free and travel retail sales.

Business Segments/Product Portfolio

- Dubai Duty Free offers an extensive range of quality products at highly competitive prices. Products include leather goods, clothing, perfumes, gold, high-tech gadgetry etc.
- Perfumes are the largest selling category in terms of turnover followed by liquor and gold for the past two years.
- It also launches several promotional events and gifts offers where buyers of drawn tickets become eligible to win prizes that include luxury automobiles and cash.

Key Strengths

- Striking promotional offers are tourist attractions.
- Products are competitively priced.
- Over the past 27 years, Dubai Duty Free has received more than 160 national and international awards in recognition of its customer service, trend-setting retail initiatives, and marketing.

Recent Developments/Future plans

- In 2011, Dubai Duty Free is expected to open a retail operation in Al Maktoum International Airport's Passenger Terminal, while in 2012 it is expected to announce the opening of another retail operation in Concourse 3 at the Dubai International Airport.
- In 2011, Dubai Duty Free was once again awarded the popular 'Brand of the Year' award at the annual Super brands Tribute Event.
- Dubai Duty Free collaborated with Dubai Cares to launch a range of goods to be retailed at the Dubai International Airport. Initially, it would include affordable items with the Dubai Cares logo, and would be targeted at departing and transiting passengers.

Company Description

EMKE Group, headquartered at Abu Dhabi, is an Indian-owned group of companies involved in diversified business activities and having presence across the Middle East, Asia, and Africa. It is primarily in the business of owning and operating popular brands of retail chain stores like the LuLu chain of supermarkets, department stores, hypermarkets, and some shopping malls. Other activities of the group include manufacture, import & export, wholesale, retail and distribution of consumer products. Further, it is also present in the field of information technology and travel & tourism.

Business Segments/Product Portfolio

- **Retail:** Under the retail division, it operates branded retail outlets and malls, that include the LuLu chain (supermarkets, department stores and hypermarkets), Al Falah Plaza, Emirates General Market, Al Wahba Mall, Al Foah Mall, Rak Mall, Ramli Mall, Boushar Mall, Al Tayeb Cold Stores and Al Tayeb Meat.
- **Manufacturing & Export:** This division is involved in activities like manufacturing, sourcing, and exporting of a wide range of products from Asian countries to the Middle East and other parts of the world. Product line includes garments, commodities, footwear, agriculture products, metals & minerals, halal meat etc.
- **Import & Distribution:** This business unit handles huge imports and distribution of foods, edible oils, toiletries, FMCG products, consumer goods, and household appliances. This model enjoys economies of scale, on account of large imports and then it distributes to hotels, palaces, and large retailing outlets. Al Tayeb is one of the sub-segments in this business unit which looks after import and distribution of international brands of frozen meat, poultry, vegetables, dairy products, and other FMCG products. One of its divisions also imports and distributes processed meat from its plants located in India.
- **Business Services:** Line Investments & Property, one of the sub-units of this business division, carries development and management of shopping centers and other mixed products. Meanwhile, through its subsidiaries, Syscoms Information Technologies, it has presence in the field of IT solutions, undergraduate education, and IT training. The Business Services unit also runs a well-established travel agency, Space International Travels.

Key Strengths

- The group's vast distribution network helps it to market new products and enjoy economies of scale.
- The company claims to hold a significant (32%) share in the GCC retail market.

Recent Developments/Future plans

- During August-September 2011, LuLu rolled out 5 stores in the gulf region, taking its total to 95 stores, just 5 short of its target for year-end 2011.
- LuLu announced the start of a glitzy mall of 2 million sq ft in Kerala, India in mid 2012. It would be its first mall in India and is expected to be its biggest ever.
- As a part of LuLu's mixed-use development plan, two Marriott hotels are expected to come in Kerala in 2012.
- LuLu Hypermarket and Gulf Warehousing Co (GWC) signed a contract to provide the retailer with warehousing solutions in GWC's Logistics Village Qatar facility. Under this deal, the hypermarket will run its consolidated warehousing operations from the 15,000 sq m facility.
- EMKE Group expanded its restaurant business by opening outlets under the brand Pepper Mill, in Dubai, in June 2011.

Fawaz Abdulaziz Alhokair & Co Saudi Arabia

Company Description

Fawaz Alhokair, established in 1989, is a public sector company with retail and real estate as its core business. It has a wide range of products under its retail portfolio comprising adult apparels, kids & teen fashion, footwear, eyewear, and accessories. It represents a number of well-known international brands including Zara, Banana Republic, Gap, Monsoon, and Marks & Spencer.

Business Segments/Product Portfolio

- **Fashion Retail:** This unit can be further divided into sub-segments like department stores, kids fashion, boutiques, lingerie, sportswear, ladies fashion and shoes & accessories. This unit owns more than 800 department stores and houses in excess of 50 international fashion brands. The company enjoys a leading market share in women's and kids' wear in Saudi Arabia.
- **Food & Entertainment:** The group entered this sector in 2005, which covers food & entertainment franchising categories such as coffee, sweets, juices and sandwiches, in addition to casual dining. It has franchises of around 15 leading international brands and operates over 152 outlets.
- **Arabian Centers:** This division has expertise in construction, development, and management of malls in Saudi Arabia. It has a network of 11 malls which span over 5 million sq ft of retail space. The company claims to hold around 30% of the total mall GLA in Saudi Arabia.

Others

- **Real Estate:** This division owns and operates over 5 million sq ft of real estate space across Saudi Arabia.

Key Strengths

- Long lasting associations with a number of globally renowned brands.
- Diverse range of products across different customer categories.
- Strong portfolio of real estate assets in Saudi Arabia.

Recent Developments/Future plans

- Fashion Retail announced that it will partner with the Canadian fashion retailer, Garage, for expansion in the Middle East and CIS region.
- Global Brands Group, the exclusive worldwide master licensee of FIFA, signed a four-year deal with Fawaz Alhokair & Co.
- Fawaz Alhokair Group announced that it will open its first Egyptian store of international fashion brand, GAP, in the Mall of Arabia in Cairo.
- Portuguese Sonae SR's forayed in the Kazakhstan market by starting the first Zippy's (children wear) store with 450 sq m of sales area in the capital city of Astana. It entered the market with Fawaz Alhokair as its franchisor.

Current price (USD) 15.73

Price as on 31-11-2011

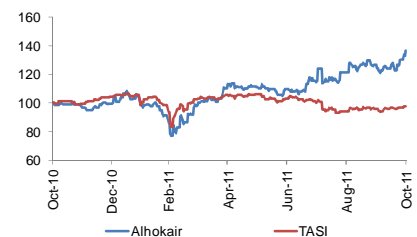
Stock Details

Bloomberg ticker	ALHOKAIR AB
52 week high/ low	15.73/8.91
Market Cap (USD mn)	1,073
Enterprise value (USD mn)	1,155
Shares outstanding (mn)	70

Average Daily Turnover (000's)

	SAR	USD
3 M	9,519	2,538
12 M	9,140	2,437

Share Price Chart



Valuation Multiples

	2011	Current	2012E
P/E (x)	9.6x	11.08x	11.7x
P/B (x)	2.8x	3.0x	3.1x
EV/S (x)	1.3x	1.5x	1.4x
Dividend Yield (%)	5.8	N/A	4.3

Source: Bloomberg

Shareholding Structure

Al-Hakeer Salman Abdulaz	49.00%
Al-Hakeer Fawaz	7.00%
Al-Hakeer Abdul Majd	7.00%
Al-Hokair Salman A Aziz	7.00%
Others	30.00%
Total	100.00%

Source: Bloomberg



Financial Performance

(USD million)	2010	2011	% Change	
Revenue	553.1	686.5	24.1	<ul style="list-style-type: none">• Revenues grew a robust 24.1% y-o-y to US\$ 686.5 million in FY2011, driven by new store openings as well as increase in like-for-like sales.• However, operating margin dipped from 11.6% to 10.2% during the same period due to weakness at the gross margin level as well as increased selling, general & administrative expenses on account of higher provisions related to international startup businesses.• Nevertheless, net income expanded 36.3% y-o-y to US\$ 84.1 million in FY2011 on the back of strong non-operating gains.
COGS	301.8	382.8	26.8	
Operating Income	64.3	69.8	8.7	
Operating Margin (%)	11.6	10.2		
Net Income	61.7	84.1	36.3	
Net Income Margin (%)	11.2	12.3		
ROE (%)	23.7	28.8		
ROA (%)	13.3	15.6		

Source: Bloomberg, Zawya



Jawad Business Group (Privately Owned)

Bahrain

Company Description

Jawad Business Group SPC (JBG), a Bahrain-based company is involved in the manufacture, retail, wholesale, and distribution of various products in the fashion industry. It also operates restaurants and cafes, supermarkets, convenience stores, furniture stores, travel and tourism agencies, logistics companies and service stations. Currently, it operates around 660 stores in Bahrain, UAE, Qatar, Kuwait, Saudi Arabia, Oman, and India.

Business Segments/Product Portfolio

- **Fashion:** Under this business division, it operates retail outlets of fashion brands such as Adams, Alcott, Bendon, Bhs, and Celio to name a few.
- **Restaurants & Cafes:** Under this division, it runs franchises of international restaurant and cafe brands including Aran, Burger King, Chillis, Costa Coffee, and Delifrance in Bahrain.
- **Supermarkets:** The company started its first supermarket store in 1960 in Bahrain. Today, it operates in various formats such as convenience stores, express stores, 24 hours supermarket, 24/7 minimart, etc.
- **Sales & Distribution:** As a major wholesaler and distributor in Bahrain and Qatar, Jawad represents and distributes more than 100 world-class brands to hypermarkets, supermarkets, cooperatives, and grocery stores.
- **Furniture:** This division operates furniture and home decor stores across Bahrain. The brands that it represents are Artikel, Flamant, Galleria Sophia, La Maison, Sia, and The White Company.
- **Travel & Tourism:** This segment provides a number of travel and tourism services such as leisure travel, hotel reservations, travel insurance, visa and passport services, auto rental services, foreign currency, and cash handling services. These services are provided under different banners like Al Fanar Travels, Auto-o's, Avis, Pathfinders, and Travelex.
- **Logistics:** The company operates supply chain and logistics solutions company, Agility, along with a warehousing facility, Jawad FZCO.
- **Service Station:** This division operates the Jawad service stations, which are fuel stations that cater to car maintenance requirements and also runs the Jawad Express retail stores.

Key Strengths

- Wide portfolio of branded products and diversified business divisions.
- Logistics and warehousing business complements its sales and distribution division.

Recent Developments/Future plans

- Standard Chartered Private Equity Limited, arm of Standard Chartered Bank, made a mezzanine investment of US\$ 75 million in the Jawad Business Group in January 2011.

Jumbo Electronics (Privately Owned)

UAE

Company Description

Jumbo Electronics Company Ltd, the flagship company of Jumbo Group, was founded in 1974 in Dubai, UAE. It is amongst the leading retail companies in the UAE in the field of consumer electronics, information technology, telecommunications, home appliances, office automation, and entertainment. It has a network of over 35 retail stores and 9 service centers across the country.

Business Segments/Product Portfolio

- **Sony:** This division looks after the sales and distribution of Sony branded consumer electronics products and Sony's broadcasting equipment in the UAE and countries across the Middle East. Jumbo Electronics is the largest distributor of Sony's broadcasting equipment in the region.
- **Information Technology:** This unit offers a wide range of IT products from world renowned brands such as IBM, Lenovo, Hewlett Packard, Acer and LG. Its Enterprise Solutions sub-division also provides unique IT solutions services from its two offices and eight service locations.
- **Telecom:** This business segment offers telecom products from brands such as Blackberry, Nokia, LG, Sony Ericsson, and HTC among others. It also provides telecommunications solutions to the corporate sector along with distribution of Recharge and SIM cards.
- **Enterprise Solutions:** The Company offers IT solutions and services to a diverse set of clients.
- **Office Automation:** This segment provides state-of-the-art office automation solutions to companies with its range of products from brands such as Brother, Ricoh and NCR.
- **Appliances:** This division offers a wide range of consumer electronics and home appliances products, representing brands like Casio, Brother, Rionet, Dyson, Sennheiser and Gorenje.
- **Manufacturing:** Through its subsidiary company, Jumbo Electronics manufactures "Supra" branded mid-priced products in segments like chest freezers, gas cookers, and ice-cream conservators.
- **Building Services:** This division provides customized solutions in the field of air-conditioning and MEP (mechanical, electrical and plumbing). It caters to residential, commercial and industrial projects.
- **Corporate Business:** This segment caters to large corporate clients requiring products and services across the company's portfolio.
- **After Sales Support:** The company claims to be the only operator of full-fledged service centres all over the UAE. These service centres provide after-sales services for products marketed by the company under its other business segments.

Key Strengths

- Leading position in the consumer electronics and home appliances retail market.

Recent Developments/Future plans

- In May 2011, Epicor Software Corporation, a provider of enterprise business software solutions, appointed Jumbo's Enterprise Solutions division as the Value Added Reseller for the UAE market.
- In March 2011, Jumbo Electronics opened a 4,500 sq ft store in the Marina Mall, Abu Dhabi. It also announced that it will open another store in the UAE in 2011.



Khimji Ramdas (Privately Owned)

Oman

Company Description

Khimji Ramdas LLC, founded in 1870, is one of the largest diversified conglomerates in Oman. It has maintained its leadership position in segments like consumer goods, lifestyle products, as well as in sectors such as infrastructure and industries. The company houses more than 100 global brands in its business divisions and services, and has employee strength of more than 2,500.

Business Segments/Product Portfolio

- **Consumer Products Group:** There are six more sub-segments under this domain which are engaged in retail of FMCG, foodstuffs, commodities, and beauty & healthcare products.
- **Lifestyle Group:** This encompasses a wide range of segments like luxury lifestyle products, watches, restaurants, computers, and education services offered by the world's leading brands.
- **Infrastructure Group:** Under its flagship showroom "Bait Al Aham", Khimji Ramdas brings in a wide range of furniture, home appliances, building essentials, and industrial products. It also provides paints, tools & machineries, and construction products.
- **Project & Logistics Group:** This segment provides core logistic solutions to the shipping industry along with services like providing insurance, handling defense logistics, and manufacturing firefighting equipments & tools.

Key Strengths

- Diversified product and services portfolio.
- Years of experience in retail of consumer products and a vast network of 3,500 distributors in Oman.
- Strategic partnerships with multinational companies like P&G, Philip Morris, Bel Group etc for over 25 years.

Recent Developments/Future plans

- Khimji Ramdas Shipping established a new joint venture, Khimji Sparkle, with India-based tugboat services company, Ocean Sparkle, to consolidate its position as a leading provider of maritime and shipping services to Oman Dry-dock Company and the Duqm Port. It is scheduled to start operations in 2012.
- Italian restaurant chain, BiCE, which had partnered with the Khimji Ramdas Group to open the brand's first outlet at the Royal Opera House mall in Oman, cancelled its plans as it did not get the required licenses to serve alcohol.
- Khimji Ramdas, in a joint venture with environmental specialists, Ramky Enviro Engineers Limited, completed building a hazardous waste facility at Duqm in line with its goal to emerge as a large player in the solid waste management sector.

Lals Group (Privately Owned)

UAE

Company Description

Lals Group, established in the UAE in 1982, operates some of the leading retail brands in the Middle East. The group manages more than 50 retail stores, and offers retail space spanning over 1.6 million sq feet. Over the years, the group has developed business interests in textiles and clothing, food products, furniture & furnishing showrooms, departmental stores/malls, hypermarkets, and distribution of FMCG products, amongst many other sectors.

Business Segments/Product Portfolio

- **Own Brands:** The group owns the 400,000 sq feet shopping mall called Lamcy Plaza, operates 'Homes r Us' furniture and furnishing retail stores, and runs the Style Studio outlets which offer a range of family apparel.
- **Franchise Brands:** The group holds franchises of global apparel brands Bossini and G2000.
- **Joint Venture Franchise:** Through joint venture, Lals Group operates Daiso stores which offer a range of household, food, stationery, toys, and other lifestyle products at low prices.
- **Mall Management:** The group manages the Sharjah Shopping Centre.
- **Associates:** The group also has interests in hypermarket and department store segments in Bahrain and Kuwait through its associates.

Others

- **Al Jazira Poultry Farm:** Al Jazira Poultry Farm is Dubai's first egg producing poultry farm.
- **Distribution:** Through its Food division, Lals Group is involved in food imports, representation of international food brands, wholesale and retail distribution, food supply to hotels, restaurants, hospitals, etc., and re-export. Through its Novelty division, the group distributes a range of leisure, garment, gift, houseware and other products to wholesalers and retailers across the GCC.

Key Strengths

- Presence across different levels of the retail value chain.
- Diversified product offerings.

Recent Developments/Future plans

- In September 2011, Homes r Us announced its plans for further expansion in the gulf region. Apart from an outlet tentatively planned to be opened in the first quarter of 2012, the group intends to open Homes r Us stores in Kuwait, Saudi Arabia, and Abu Dhabi.
- In July 2011, SportsFit Health Club, a venture of Lals Group, started its second branch at Mazaya Center, Dubai.
- In December 2010, SportsFit Health Club opened its first fitness facility at the Arabian Center.
- In October 2010, Homes r Us launched its ninth store in the UAE at the Ibn Battuta mall, Dubai.



Landmark Group (Privately Owned)

UAE

Company Description

The Landmark Group, established in 1973 in the UAE, is one of the largest and most successful retail organizations in the Middle East region. The group operates over 1,000 outlets encompassing over 13.4 million sq ft across 15 countries in the Middle East, India, Egypt, Turkey, Yemen, and Pakistan. Currently, the group employs around 35,000 people.

Business Segments/Product Portfolio

- **Retail:** This business segment offers various home grown Landmark brands along with international franchises. With the first retail outlet started in 1973, today it operates over 900 stores under brands such as Lifestyle departmental stores, SPAR hypermarkets, Shoe Mart, Splash, and Centre Point. Product range covers apparel, footwear, home decor, grocery, meat products, bakery products, electronics etc.
- **Hospitality:** With this division, the group forayed into the leisure, food, and hotels segment. With the first outlet started in 1999, today it operates over 60 outlets across 8 countries and provides the best in fine and casual dining, education & family entertainment, fitness & relaxation services, and value hotels.
- **Malls:** This unit operates the Oasis Centre Malls in the Middle East and India.

Key Strengths

- Strong network of outlets across the Middle East region.
- Presence in key developing markets like India, Egypt, and Turkey.
- Offers wide basket of products.

Recent Developments/Future plans

- Landmark Group announced plans of expanding its retail network in 20 countries, with retail space of 17 million sq ft and over 1,200 outlets by 2015.
- In June 2011, under the group's concept store, Lifestyle Gulf, opened its 100th outlet.
- The footwear division of Landmark Group launched two stores of the popular American shoe designer, Steve Madden, in Dubai. It also announced plans to open four more outlets in the UAE and Qatar.
- Landmark Group forayed into Lebanon at the end of 2010 with the start of two retail outlets. It also announced expansion plans in the country, with plans to start 41 stores covering over 340,000 sq ft area by the end of 2015.
- In the first quarter of 2011, the group's concept store, Iconic, started its first outlet in Saudi Arabia. The group also announced that it will start two more outlets in the country.

Majid Al Futtaim Group (Privately Owned)

UAE

Company Description

Majid Al Futtaim Holding LLC (MAF), started in 1992, is a UAE-based group of companies. MAF has three subsidiaries: Majid Al Futtaim Properties that deals with real estate development and management of shopping malls, hotels and mixed-use communities; Majid Al Futtaim Retail which is a joint venture with Carrefour that operates hypermarkets throughout the MENA region; and Majid Al Futtaim Ventures that has interests in financial services, credit cards, leisure and entertainment, cinemas, facilities management, and fashion. Currently, MAF operates more than 10 shopping malls, 37 hypermarkets and has 18,850 employees. The group's revenues increased 12% y-o-y to AED 17.7 billion in 2010. Revenues of Majid Al Futtaim Retail grew 10% during the year.

Business Segments/Product Portfolio

- **Majid Al Futtaim Properties:** This business unit is focused on development of shopping malls, hotels and mixed-use communities across the region.
- **Majid Al Futtaim Retail:** The group was created to introduce the hypermarket model in the Middle East in 1995. It manages hypermarkets in a joint venture with the world's second largest retailer, Carrefour. It operates more than 37 hypermarkets across the region.
- **Majid Al Futtaim Ventures:** This segment is responsible for developing new businesses that complements and strengthens the group's leadership in its core businesses. With the portfolio of companies that it has developed, it integrates the strengths and expertise of the group with the international best practices of its world class partners.

Key Strengths

- Strong presence across the GCC retail market.
- Collaboration with world's second largest retailer.
- Harmonization between activities of various business segments.

Recent Developments/Future plans

- Majid Al Futtaim Group started iFLY Dubai, the indoor skydiving facility, in Mirdif City Centre mall.
- MAF Dalkia Middle East LLC, an affiliate, bagged a five-year facilities management contract to manage the 16,000 sq m Arcapita Building located in Bahrain Bay.
- Since the end of war in Iraq, the collaboration of Carrefour and MAF is expected to be the first multinational retailer to invest in the country.
- Majid Al Futtaim Ventures, rebranded its chain of Cinestar movie theatres as VOX Cinemas. The chain is expected to launch the UAE's first 4K digital cinema technology across its screens and bring in 3D films to its premium-class theatres.
- The Department of Economic Development and Government of Dubai partnered with MAF ORIX Finance for the development of the small and medium enterprise (SME) sector that would offer benefits to the top 100 SMEs.
- In July 2011, Carrefour started its second hypermarket in Ras Al Khaimah of the UAE with an area of 9,200 sq m.



Mannai Trading Company (Privately Owned)

Qatar

Company Description

Mannai Trading Company WLL is one of the business units of Mannai Corporation. Mannai Corporation, founded in 1950 as an auto parts trader, is broadly engaged in two key activities, trade and services. The company offers a wide range of products and services across private sector companies in Qatar. In 2001, it divested all its overseas interests to reduce its dependence on cyclical and asset-heavy activities. In 2007, Mannai Corporation got listed on the Qatar Stock Exchange.

Business Segments/Product Portfolio

Mannai Trading Company WLL has many activities allied to the retail sector.

- **Home Appliances & Electronics Division:** It supplies a comprehensive range of quality home appliances, small kitchen appliances, video and audio systems from the world's leading brands. Also, it supplies appliances to a number of commercial and residential building projects. In the wholesale format, it markets air-conditioners, washers, dryers, grillers, chimneys, and many other appliances to players like Carrefour, LuLu Hyper, LuLu Centre, Emax etc. In the retail format, it runs Mannai Home Appliances & Electronics showroom.

Others

- **Automotive:** It deals with sales and after-sales service of passenger cars, commercial vehicles, heavy construction equipments etc. Its auto-rent segment provides cars on rentals basis.
- **Computer and Office System:** It provides IT Services, telecommunication equipments, office interiors, and automation products.
- Other divisions like **Industrial Supplies & Building Materials**, and **Heavy Equipments** are involved in activities like stocking and sales of industrial products and equipments, sales and service of heavy equipments for the construction and industrial sector.
- The **Travel Group** segment provides travel arrangements to business and leisure markets, organizes customized tours and holidays. Its Medical business unit manufactures medical equipments for blue chip companies.

Key Strengths

- Interactive co-operation between different operating companies under the parent company, Mannai Corporation.
- Diversified business portfolio.

Recent Developments/Future plans

- Dubai-based retailer, Axiom Telecom, sold 35% stake in its business to Mannai Corporation in June 2011.

Olayan Group (Privately Owned)

Saudi Arabia

Company Description

The Olayan Group, established in 1947, is a Saudi Arabia based private multinational company. Along with its 50 subsidiary companies and affiliated businesses, the group is engaged in the manufacture, wholesale, retail, and distribution of various products and services like consumer products, investment services, food services, healthcare products & services, industrial services, etc. It is also involved in the management of infrastructure, residential and commercial projects, and provides logistic solutions for its business segments and other companies in the country. Further, the group also invests in public and private equities, real estate and other specialized asset classes globally.

Business Segments/Product Portfolio

- **Consumer Products – Manufacturing & Distribution:** This division looks after bottling, distribution, manufacturing & marketing of beverages, bakery products, personal care products, etc in association with brands like Coca-Cola, Nestle, Colgate-Palmolive, and Huggies.
- **Food Service:** This division handles master franchises and franchises for Burger King and Texas Chicken in Saudi Arabia and other countries in the Arab Middle East.

Others

- **Health Care Supplies & Service:** This segment supplies medical products from Baxter, Cardinal Health, and other healthcare companies. It also locally manufactures disposable surgical coverings in partnership with Kimberly-Clark.
- **Industrial Equipment Distribution:** The affiliate companies under this unit conducts sales and after-sales service for industrial products like trucks, engines, generator sets, farm equipments, pivot sprinkler, compressors, and tools.
- **Industrial Services & Fabrication:** This division is involved in activities like inspection, repair, hazardous waste management, precision parts fabrication, etc. for the oil industry, along with Descon, Weir and Tuboscope as technology partners.
- **Manufacturing & Office Automation:** The Manufacturing division deals with the manufacture of aluminum extrusion products and resins products for buildings and industries, while the Office Automation division deals with sales and after-sales service of hi-tech office equipments.
- **Project, Supply Chain, Real Estate & Property Management:** These sub-segments are engaged in planning and implementation of infrastructure, residential, and commercial projects. The supply chain division, in a joint venture with Exel Overseas Limited, manages the group's logistic requirement and also provides such services to other companies in Saudi Arabia.

Key Strengths

- More than 60 years of business experience in Saudi Arabia.
- Partnership with leading brands in respective industries.
- Diversified business activities.
- Supply chain and logistics management division complements its distribution and food retail segments.

Recent Developments/Future plans

- Olayan Financing Company acquired a 10% minority stake in Saudi Elevator Company from the Schindler Group.



Rivoli (Privately Owned)

UAE

Company Description

The Rivoli Group, established in 1988, is a UAE based private company, which has a vast network of retail stores comprising of a diverse portfolio of international luxury brands. Over the years, the group has become one of the largest importers and retailers of luxury brands in the Middle East, with product categories such as watches, menswear, accessories, gift items, eyewear, and writing instruments. It operates more than 300 stores across the GCC.

Business Segments/Product Portfolio

- **Concept Stores:** Each concept store caters to a separate market segment. The first Rivoli concept store was introduced in 1987. Currently, the various categories that it caters to are ready-to-wear garments for children, trendy fashion jewelry brands, independent watch stores like "Hour Choice", watch collections, eyewear brands, contact lenses, designer suitings, shirtings and dress materials, luxury tabletop accessories, handcrafted fashion leather brands. Some of the world's well known brands that feature in these groups are Omega, Longines, Ck, Rado, Tissot, Cartier, and Montblanc. Rivoli Arcade is a store that houses all the best brands that the group offers.
- **Mono Brand Boutiques:** These are single brand stores representing brands like Omega, Montblanc, Vertu, Dunhill, Swatch, and Kenzo.

Key Strengths

- Huge network of stores throughout the GCC region.

Recent Developments/Future plans

- In July 2011, the Rivoli Group announced the launch of products of Novero, a company which combines innovative design and technology to create communications solutions, thus adding a new player in the luxury and premium communication products industry in the Middle East.



Salam Studio and Stores (Privately Owned)

Qatar

Company Description

Salam Studio and Stores started its operations in Qatar in 1952 by providing photography services. It entered the arena of retail by starting its first department store in the 1960's. In addition to Oman, it owns and operates department stores in Qatar and the UAE. The company also operates extensive distribution and wholesale networks in these countries.

Business Segments/Product Portfolio

- **Retail:** This segment houses the world's most exclusive luxury fashion brands for women, men, and children. Product categories include designer wear, shoes, bags, watches, fashion jewelry, accessories, and travel ware. It also runs photography equipment stores that sell high-end cameras and digital cameras from top brands like Canon, Nikon, and Pentax among others.
- **Wholesale:** This division provides wholesale distributorship for some of the world's leading brands in the Middle East. It holds significant market share in the distribution of products from categories like perfume & cosmetics, photography, home ware, beauty care, luggage and toys. The company owns warehouse space of over 80,000 sq ft to stock these wholesale products.
- **Boutiques:** The group also operates boutiques of famous brands such as Hugo Boss, Canali, C'N'C, Diesel, Exte, Galliano, GF Ferre, Ice Iceberg, Just Cavali, and Kipling.

Key Strengths

- Wide range of products for all consumer categories, i.e women, men, and children.
- Significant presence in retail as well as wholesale markets gives the company a strong footprint across the entire supply chain.

Recent Developments/Future plans

- N/A



WJ Towell (Privately Owned)

Oman

Company Description

WJ Towell, started in 1948, was traditionally in the business of trading foodstuff materials such as clarified butter and rice in Oman. Later, it forayed into sectors such as auto, contracting, real estate, and consumer products. Currently, the real estate business is one of the core businesses of the company. Also, it is a leading consumer goods distributor of locally manufactured brands, its own brand, along with other international brands. The company also has diversified into manufacturing industrial products and providing IT service solutions.

Business Segments/Product Portfolio

- **Trading and Commercial:** The Trading and Commercial division has sub-segments like building materials, cold storages, auto centers, consumer products, tools and engineering, electric trading, Towell Unilever among others. These sub-segments are involved in activities including supplying building materials, distribution of food stuffs and tobacco products, distribution of motor vehicles, distribution of consumer & confectionery products, supply of engineering tools and equipments, retailing of consumer electronics & home appliances, and retailing of Unilever branded products.

Others

- **Property & Construction:** The Property sub-division is primarily engaged in developing and leasing of residential and commercial spaces. The Construction sub-segment, which operates as a maintenance and construction service arm of its Property business, is engaged in maintenance of its existing properties and is engaged in construction of their new/redevelopment projects.
- **Services:** This division has further sub-divisions under its domain, which carry out activities such as telecommunication services, security & safety solutions, supplying port and marine services, supply chain management, business process management, logistic services, insurance services, and health products and services.
- **Industrial:** This division has branched into areas like printing and publishing, supplying paint products, manufacture of mattress and furniture industry products, construction of industrial pipes and high quality concrete, offering technical products and services to energy and water sector, providing engineering and project management solutions, fabrication of heavy and complicated steel components, production of PET bottles and jars.

Key Strengths

- Diversified business segments across regions.
- Deep market knowledge, extensive market coverage and excellent trade relations help to effectively introduce and position new brands.

Recent Developments/Future plans

- In 2010, Enhance, a WJ Towell Group company acquired majority of the shares of Fairtrade LLC to consolidate its position in the market.



Other Leading UAE Supermarket Chains

Al Maya: Al Maya was started in 1982, after L.K Pagarani took the ownership of a standalone grocery store in Ajman. Having started with food as its main trading commodity, it continues to primarily focus on retail food trade. Through its central warehouse facility in Al Quoz, it distributes products throughout Dubai and the other regions within the UAE to independent and regional supermarket chains. Al Maya's lines of businesses include supermarkets & hypermarkets, FMCG distribution & packaging, operating franchises, apparel & concept stores, wholesaling, operating salons, and spas.

Choithrams: Choithrams started its operation in the UAE in 1974. It currently operates a network of over 25 supermarkets in the country. The company operates in three different segments; Food service, Light Household & Garments division, and the Logistics division. The first division caters to the hospitality sector in partnership with international hotels, clubs, and airlines. The second segment offers a wide variety of household appliances, domestic products, toys, fashion wear, children's garments, etc. The third business unit looks after the stock requirements of the supermarkets and ensures smooth distribution of products for its retail and food service division. In 2011, Choithrams opened a new outlet "new look" in Dubai and also signed a AED 200 million deal with India's Amira Foods to distribute its products in the Middle East. Choithrams' strength lies in its knowledge of international markets, experience, and networks built over the last 60 years.

Géant: Géant entered the Middle East retail market in 2001 when Fu-com partnered with Groupe Casino, one of the world's largest French hypermarket chains. The first store was opened in Bahrain. Subsequently, Géant opened its first hypermarket in the UAE in Dubai in 2005. Géant stocks and sells groceries, food products, bakery products, electronics, jewelry, perfumes, household items and accessories, seafood, etc. It caters to all income groups from low middle income level to the higher income level. Recently, the retail chain announced plans to launch 5 hypermarkets and 30 smaller stores across the GCC region including a hypermarket in Yas mall at Abu Dhabi.

Spinneys: Spinneys retail chain was first founded in 1924, in Alexandria by Arthur Rawdon Spinney. Today, it is the premium retailer in the Middle East that operates hypermarkets and supermarkets in Lebanon, Egypt, Qatar, and Jordan and through a franchise agreement in the UAE. Spinneys Dubai operations include the distribution of consumer products, supplying frozen and dry foods, supermarket retailing, liquor wholesaling, exports, and supply management and logistic services. In 2011, Spinneys entered into an agreement with the Pearl-Qatar to set-up two stores.

For any query regarding this report, please contact:

Sameena Ahmad

Managing Director

sameena.ahmad@alpencapital.com

+971 (0) 4 363 4345

Mahboob Murshed

Managing Director

m.murshed@alpencapital.com

+971 (0) 4 363 4305

DISCLAIMER:

Alpen Capital Corporation produced this material. This document is not to be used or considered as an offer to sell or a solicitation of an offer to buy any securities. Alpen Capital may, from time to time, to the extent permitted by law, participate or invest in other financing transactions with the issuers of the securities, perform services for or solicit business from such issuer, and/or have a position or effect transactions in the securities or options thereof. Alpen Capital may, to the extent permitted by applicable UAE law or other applicable laws or regulations, effect transactions in the securities before this material is published to recipients. Information and opinions contained herein have been compiled or arrived at by Alpen Capital from sources believed to be reliable, but Alpen Capital has not independently verified the contents of this document. Accordingly, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. Alpen Capital accepts no liability for any loss arising from the use of this document or its contents or otherwise arising in connection therewith. This document is not to be relied upon or used in substitution for the exercise of independent judgment. Alpen Capital shall have no responsibility or liability whatsoever in respect of any inaccuracy in or omission from this or any other document prepared by Alpen Capital for, or sent by Alpen Capital to, any person, and any such person shall be responsible for conducting his own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Opinions and estimates constitute our judgment and are subject to change without prior notice. Past performance is not indicative of future results. This document does not constitute an offer or invitation to subscribe for or purchase any securities, and neither this document nor anything contained herein shall form the basis of any contract or commitment what so ever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. Neither this report nor any copy hereof may be distributed in any jurisdiction outside the UAE where its distribution may be restricted by law. By accepting this report, you agree to be bound by the foregoing limitations.

Distribution in UAE:

This information has been distributed by Alpen Capital (ME) Limited, Dubai, UAE. Alpen Capital (ME) Limited is duly authorized and regulated by Dubai Financial Services Authority (DFSA).

Distribution in Qatar:


This information has been distributed by Alpen Capital Investment Bank (Qatar) LLC which is duly authorised and regulated by Qatar Financial Centre Regulatory Authority (QFCRA).

Distribution in Oman:

This information has been distributed by Alpen Capital LLC which is duly authorised and regulated by the Capital Market Authority (CMA), Sultanate of Oman.

Distribution in Bahrain:

This information has been distributed by Alpen Capital (Bahrain) BSC which is duly authorised and regulated by the Central Bank of Bahrain (CBB).



Boubyan Petrochemicals Co. (K.S.C.)

US\$ 100,000,000

Term Credit Facility



Bukhatir Investments Limited

US\$ 245,000,000

Syndicated Term Loan Facility & Commodity Murabaha



Emirates Trading Agency LLC & ETA Star Holding Limited



US\$ 200,000,000

Syndicated Term Loan Facility



Al Khaliji Commercial Bank, QSC

US\$ 100,000,000


Medium Term Credit Facility



Oman Insurance Co. (P.S.C.)

US\$ 100,000,000

Syndicated Working Capital Revolver Facility



Berber Cement Company

US\$ 130,000,000

Musharaka Sukuk



Union Taxi LLC


Strategic Joint Venture



Axiom Telecom LLC with **Pantaloan Retail (India) Limited**

Pantaloan Retail (India) Ltd

Strategic Joint Venture



Mohammed Jalal & Sons W.L.L.

US\$ 65,000,000

Syndicated Secured Term Loan Facility



Al Bannai Group

Acquisition of **fono**

Acquisition



ANC Group of Companies

USD 21,000,000

Acquisition Financing



Participants: Al Hilal Bank, Commercial Bank International



Jazeera Steel Products Company S.A.O.G.

(Listed on Muscat Securities Market)

Acquisition of Strategic Equity Stake by **Global Buyout Fund LP**



Connecting you with the right opportunities.

Debt Advisory • Mergers & Acquisition Advisory • Equity Advisory

ALPEN CAPITAL
Investment Banking

Bahrain | Doha | Dubai | Mumbai
Muscat | New Delhi