GCC Hospitality Industry

October 7, 2012

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

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"The indicators of the hospitality and overall tourism industry look positive . While there is a pressure on rates due to new supply, I believe there is room in the market for all kind of players. The vision of the leadership has seen Dubai emerge as a popular destination both for leisure and business visitors and the hospitality industry today is reaping the fruits of this vision. The hospitality sector in Dubai is known for its world class facilities and high standards. The challenge now is to maintain these standards and continuously look at ways of exceeding customer expectations"

Saeed Humaid Al Tayer
Chairman of the Board and Chief Executive Officer
Meydan City Corporation

"The hospitality sector in Dubai is witnessing spectacular growth and has exceeded everyone's expectations. Although we at the Al Habtoor Group have been preparing for it. Dubai's Department of Tourism and Commerce Marketing (DTCM) said the number of rooms in the emirate increased to 54,221 in the first half. This is still not enough, there is room for twice this number taking into account the significant growth in the UAE airline sector. Both Emirates and Etihad airlines are aggressively expanding their international footprint; purchasing new planes, announcing new destination and teaming up with other airlines.

The UAE has built a world-class infrastructure and diversified its sources of income considerably, earning its place in the world's economy and making it a destination of choice for international business, tourists and investment. Plus the UAE is increasing the number of prestigious international events it is hosting.

The Al Habtoor Group has embarked on several key projects in the hospitality sector. Construction is well underway on two major developments; the Waldorf Astoria on Palm Jumeirah with 340 rooms; The St Regis Dubai with 230 rooms, the WESTIN Sheikh Zayed Road with 1000 rooms and the flagship W Hotel with 440 rooms. That's over 2000 hotel rooms from our Group alone. We are investing in excess of $1.6 billion in these developments.

On top of this, there will be more exciting announcements from the Al Habtoor Group before the end of 2012 which will attract tourists in their high numbers."

Mohammed Khalaf Ahmed Al Habtoor
Vice Chairman & CEO
Al Habtoor Group LLC

"Dubai is entering into its next golden era for tourism and travel. The wisdom of the leadership of Dubai to identify tourism and travel and, by inference, hospitality as one of the key pillars of the economy of the emirate will pay great dividends in the future. The amount of investment and commitment to Dubai through Emirates airline, the Dubai Tourism and Commerce Marketing and private industry will ensure that our industry will be one of the drivers of the UAE economy for many years to come."

Gerald Lawless
Executive Chairman
Jumeirah Group

"The hospitality industry in Qatar is expected to experience high near-term growth as the country transforms itself to being a prominent player in the GCC region. With Qatar being positioned as a hub for finance, business, technology, education and leisure activities, the population of Qatar is expected to grow and tourist arrivals are expected to increase at a compounded rate, particularly during the run-up to the FIFA World Cup in 2022. While the global economic situation has not shown any signs of easing, we are currently witnessing an increase in business tourism in Qatar, and we expect Qatar to have sufficient hotel room capacity to meet the growing demand. Various new hospitality projects are in the planning and development stage, with top quality accommodation options available across all hotel star categories at present. Overall, the outlook for the hospitality industry in Qatar is at its best and it can only get better as the country continues with its implementation of the Qatar National Vision 2030 plan to strengthen and diversify the economy."

Hamad Abdulla Al-Mulla
Chief Executive Officer
Katara Hospitality

"The evolution of the GCC hospitality industry is a fine example of the efforts of the GCC governments to diversify their economies and reduce their reliance on oil based revenue. Favourable economic conditions combined with infrastructure development, increased bids to host high profile global events and government support to the private sector have steadily increased the tourist arrivals and facilitated growth in the hospitality industry. The GCC hospitality sector is poised for a healthy growth and presents attractive opportunities for investors in the sector".

Rohit Walia
Executive Vice Chairman & CEO
Alpen Capital Group

1. Executive Summary

The GCC region has witnessed a spate of economic changes over the past decade. Governments across the world's largest oil exporting region are focusing on non-oil sectors such as travel & tourism, hospitality, healthcare, education, industrial manufacturing, investments and construction to reduce reliance on their oil reserves. This has led to an aggressive investment in physical infrastructure and technology across the region. We believe that multiple factors such as, the increased thrust to develop the travel & tourism sector through infrastructure development, increased bids to host global events (including sports), and government support to the private sector would continue to facilitate growth in the hospitality industry. To benefit from the impending rise in demand, domestic and foreign hotel operators are investing heavily to expand capacity. Currently, the GCC's hotel development pipeline comprises 78,915 rooms, against a current inventory position of 377,036 rooms.

Since the lull in 2009, international tourist arrivals to the GCC region has risen consistently, benefiting from a steady recovery in the region's economy and increased tourism promotional activities. Tourist arrivals surged significantly to 37.3 million in 2011 compared to 29.5 million in 2009. While occupancy rates have increased across the GCC region, the global economic downturn as well as the socio-political unrest in select countries of the Middle East region has dented the GCC hospitality sector's performance on Average Daily Rate (ADR) and Revenue per available room (RevPAR). The GCC region (except Bahrain) has benefited from relatively strong tourist arrivals.

The outlook for the GCC region's travel & tourism industry is positive. Hotel room supply is expected to grow in tandem with the imminent rise in demand. This along with a steady rise in occupancy and ADRs would fuel the growth in hotel room revenues. Tourist arrivals from Asian countries would be relatively higher as they continue to witness stronger growth in income levels, and facilitated further by the proliferation of budget airlines.

1.1. Scope of the report

This report is an update of our earlier report released in 2011, and focuses on the key performance indicators of the GCC region's hospitality industry, such as number of hotel rooms, ADR, occupancy rates, RevPAR, growth rates, and the industry's outlook over the next five years. The GCC Food & Beverage (F&B) industry does not form part of the scope of this report. We have evaluated the current demand and supply situation, growth dynamics and future prospects of the GCC hospitality industry. Challenges that could impact the sector's profitability and growth in the future are also discussed. We have profiled each GCC country and presented an overview of their respective hospitality market. Our study also profiles significant hospitality companies and analyses their performance and market position.

1.2. Industry outlook

As per our estimates, the GCC hospitality market is anticipated to grow at an annual rate of 8.1% to USD28.3 billion by 2016 compared to the USD19.2 billion estimated in 2011. Occupancy rates are expected to average around 67–73% between 2012 and 2016. As business and leisure tourism continues to grow and the up-scale hotel segment account for most of the demand for hotels, ADR is likely to average around USD212–USD247 between 2012 and 2016. Saudi Arabia is expected to remain the largest GCC market in terms of revenues, followed by the UAE. Qatar is expected to be one of the fastest growing markets, driven by rising business tourism and leisure tourism as the country prepares itself for the FIFA World Cup 2022, and in order to achieve its 2030 national vision.

1.3. Investment positives/Key growth drivers

- Domestic demand for hotels is likely to be driven by rising income levels in the GCC region and the fact that per capita income in GCC nations is higher than most advanced economies.
- International tourist arrivals in the GCC region primarily constitute tourists from other nations in the Middle East region. Demand for hotels is also likely to be driven by higher arrivals from Asian nations as travel spend is likely to grow at an impressive rate driven by rising income levels.
- Demand for hotels is also driven by tourists who visit the GCC for Hajj, Umrah, business, leisure, sporting events and for medical tourism.
- Government initiatives to develop infrastructure facilities are likely to enhance regional tourism by drawing more tourists.
- From the supply perspective, the ongoing development of the hotel pipeline across the luxury, midscale and economy segments is a positive.

1.4. Trends

- Hotel room supply in the GCC region, primarily in the UAE, is geared towards luxury hotels due to strong demand for such accommodation and the fact that the UAE is recognized as a premium tourism destination.
- Nevertheless, given the economic slowdown, the anticipated budgetary cuts by individuals and businesses and the consequent down-trading, hoteliers are strengthening their budget hotel pipeline to meet demand.
- While international chains are partnering with local players to understand the local culture and heritage and tap demand effectively, local players with their world-class portfolio in overseas market are increasingly recognized globally.
- Serviced apartments are sprouting up in the region in tandem with the rising number of expatriates and business travelers visiting the GCC region. These apartments provide the option of longer stays at cheaper rates relative to traditional hotels.
- Increased awareness amongst individual and business travelers regarding personal health and well-being coupled with rising income levels have bolstered the spa and wellness industry, a component of luxury hospitality.
- Hotels in the GCC region are likely to speed up redecoration and refurbishment activities in order to stay competitive as new hotels enter the market.

1.5. Challenges

- A fall in tourist activities during an economically turbulent environment could impact the demand for hotels by affecting occupancy levels and ADRs. This could result in an oversupply of hotel rooms.
- The lack of debt funding for projects including stringent lending policies such as high interest rates and lower loan-to-value ratios could pose severe concerns for hoteliers in the GCC region.
- Shortage of skilled labor and high employee turnover is another issue. As demand increases, it becomes imperative for hotels to hire and retain skilled labor if they are to attract customers.
- The growth of the hospitality industry is largely dependent on travel and tourism activities, industries ancillary to it as well as directly related with the well-being of the economy. If there is a negative shift in the socio-economic and political stability of countries in the Middle East, this could severely impact the revenues of the region's hospitality industry.

In conclusion, the outlook for the hospitality sector is promising, and GCC governments and private stakeholders are committed to undertake various measures to address the current challenges.

2. GCC Hospitality Industry

2.1. Tourism demand remains strong

International tourist arrivals picked-up since the lull in 2009

International tourist arrivals grew at a CAGR of 8.5% over 2002–2011

The GCC hospitality sector is benefiting from increasing tourist arrivals on the back of concerted efforts undertaken by the GCC to develop its travel and tourism industry. Increased emphasis on tourism, and related infrastructure development, has helped the GCC region make its mark on the global front. The region boasts of some of the best hotels and leisure facilities in the world. This, coupled with targeted promotional activities, hosting of mega events (sporting events to shopping festivals), and increased business activity, is attracting tourists to the region in a major way. Consequently, tourist arrivals to the GCC region has grown at a CAGR of 8.5% over 2002–2011, significantly above the global growth of 3.7%. After a temporary lull in tourist arrivals in 2009 following the financial crisis of 2008, the region has seen a consistent rise in tourist traffic. In 2011, tourist arrivals grew by 12.3% since 2009 to 37.3 million due to higher religious pilgrimages, leisure activity and a gradual recovery in business-related activity in the GCC countries, notably in Saudi Arabia, UAE and Qatar.

Exhibit 1: International tourist arrivals Global Vs GCC (2002-2011)

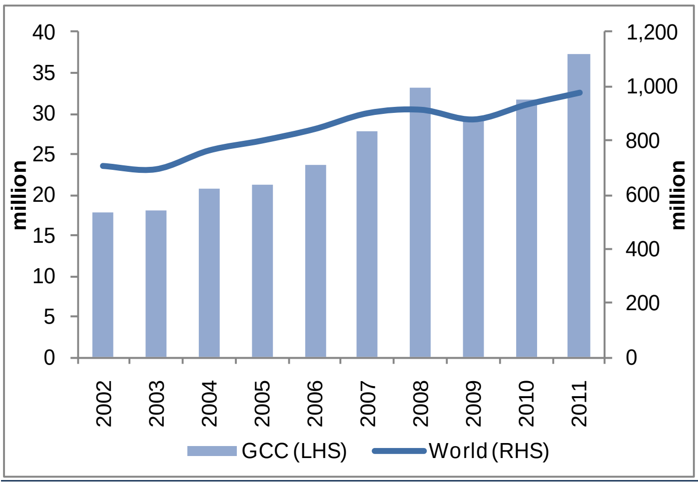
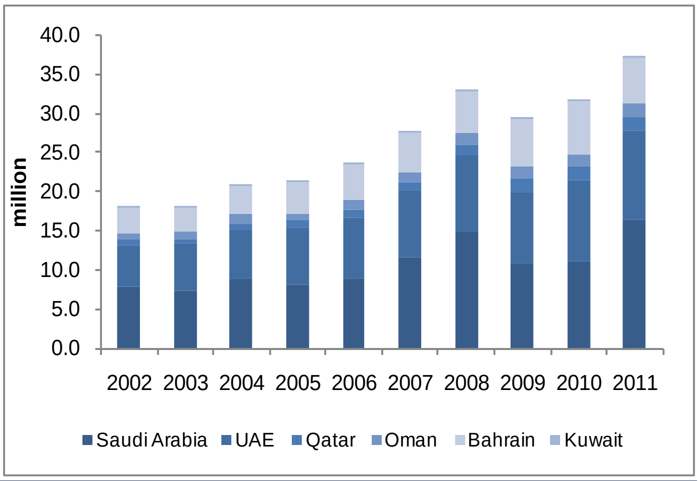


Exhibit 2: GCC tourist arrivals by country (2002–2011)



Source: UNWTO, WTTC, Alpen Capital

International tourist arrivals in Saudi Arabia grew 50% y-o-y in 2011, benefiting from Hajj and Umrah

Saudi Arabia is the largest hospitality market in the GCC region. In spite of stringent entrance visa regulations, the country accounts for the highest number (approximately 46%) of international tourist arrivals to the GCC region. International tourists overnight trips, registering an impressive increase of 50% y-o-y in 2011, the first year in which international arrivals to the GCC region picked up materially after the 2008 crisis. The rise in international arrivals was primarily driven by growth in the number of pilgrims visiting the country during Hajj and Umrah during the year. Domestic tourists continue to remain a major source of tourism activity within the country and made 22.5 million overnight trips, which declined (-1.3% y-o-y) moderately during the year.

Tourist arrivals to the UAE grew 7.9% y-o-y in 2011 as the number of tourists coming for both leisure and business continued to rise, and as a number of corporate outfits shifted their work from countries affected by the Arab Spring to Dubai, which was being viewed as a safe haven. In addition, the Dubai Shopping Festival, Dubai Summer Surprises, and other leisure and business events attracted a number of tourists during the year. On the contrary, Bahrain, the third-largest market based on tourist arrivals, experienced a 16.6% drop due to socio-political unrest, which affected both leisure and business tourist arrivals.

Tourist arrivals to Qatar, Oman, and Kuwait increased as these countries continued to benefit from the development of leisure and business infrastructure.

Exhibit 3: Tourist arrivals break down by country 2011

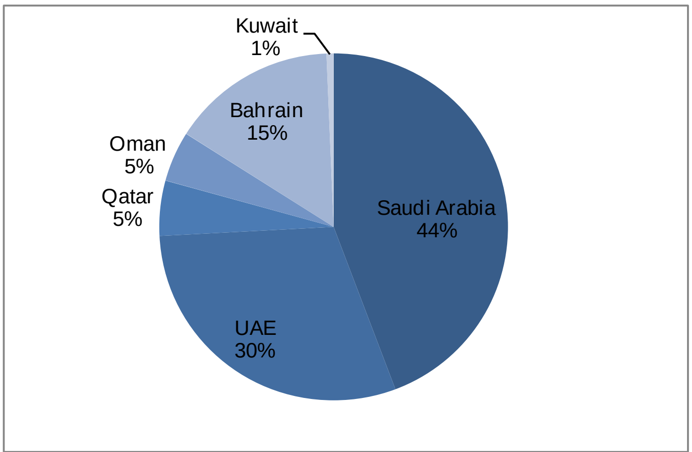
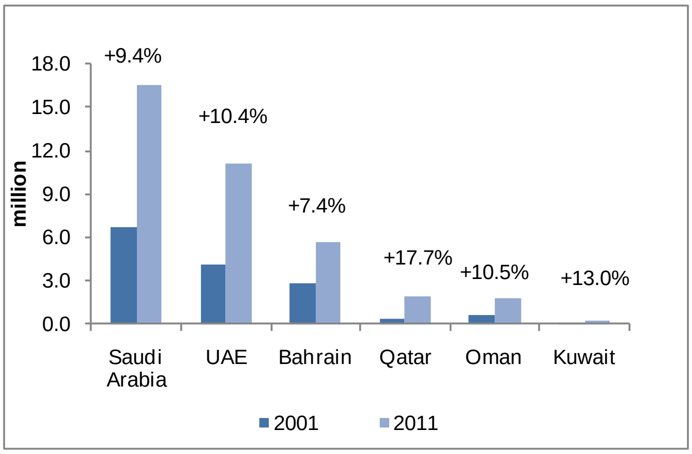


Exhibit 4: GCC international tourist arrivals 2001-11



Source: UNWTO,WTTC, Alpen Capital

Leisure spending drives region's growing tourism receipts

Tourism receipts, which include expenses incurred on hotels, restaurants, travel and communication, increased at a CAGR of 12.3% during 2002-11, higher than the global average of 7.4%. This can be ascribed to a strong rise in leisure spending, the largest contributor to the region's tourism receipts (71.6% of total receipts in 2011). Leisure spending increased at a CAGR of 12.1% during 2002-2011, whereas business spending increased at a CAGR of 12.7% during the same period. Being the largest contributor, growth in leisure spending accounted for over 70% of the growth in tourism receipts during the period. Leisure spending in the GCC is growing in tandem with the region's expanding leisure offerings. Business spending is also gaining momentum due to increasing oil- and non-oil-based economic activity in the region.

Exhibit 5: Travel and Tourism receipts in GCC

Country	Tourism receipts 2011 (USD billion)	Leisure spending	Business spending	Tourism receipt CAGR (2002-2011)
UAE	38.3	77.4%	22.6%	13.4%
Saudi Arabia	20.0	61.4%	38.6%	11.1%
Kuwait	5.3	60.1%	39.9%	12.8%
Oman	3.1	64.8%	35.2%	8.7%
Qatar	2.9	78.7%	21.3%	15.9%
Bahrain	2.4	87.5%	12.5%	7.1%
GCC	**72.1**	**71.6%**	**28.4%**	**12.3%**
Global	**3,961.8**	**76.0%**	**24.1%**	**7.4%**

Source: WTTC, Alpen Capital

UAE's tourism receipts grew at a CAGR of 13.4% during 2002-2011

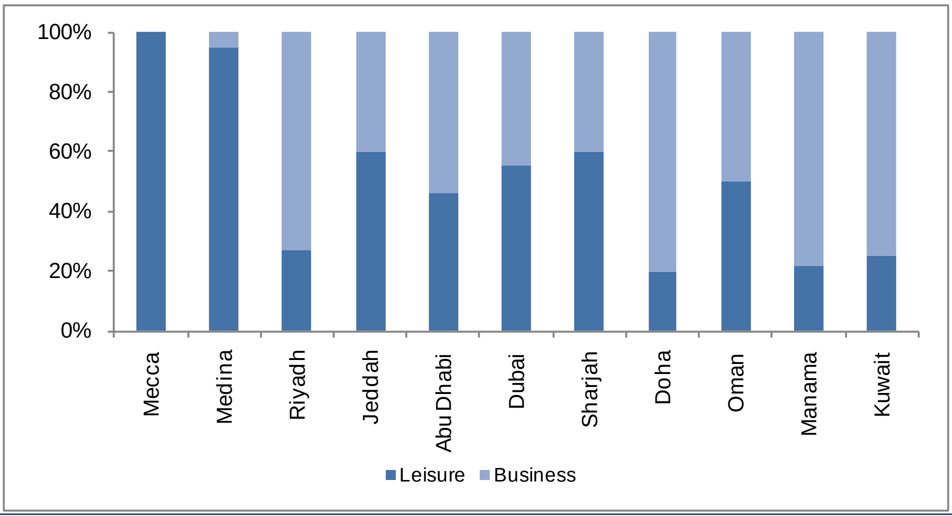
Regionally, UAE has contributed most to the growth owing to its emergence as a preferred leisure and business hub, which doubles up as an upscale market. UAE's tourism receipts have increased at a CAGR of 13.4% during 2002-2011. Saudi Arabia followed the UAE in tourism receipts, registering a CAGR of 11.1% during 2002-11, as religious as well as business tourists both gained traction. During same period, Qatar's and Kuwait's tourism receipts increased at a CAGR of 15.9% and 12.8%, respectively, driven primarily by a rise in business tourism in both countries. Oman and Bahrain's tourism receipts increased at a lower rate than its peers.

Hospitality demand segmentation

Another important demand-based segmentation for the hospitality sector is based on a customer's purpose of visit. Hotels generally cater to guests travelling for leisure and business. The following graph presents the guests visiting hotels based on their purpose of visits. .

Religious tourists contribute materially to tourist arrivals in Saudi Arabia

Exhibit 6: Hotel demand segmentation across key GCC markets



Source: HVS, Alpen Capital

Religious tourism is the main driver for Saudi Arabia's tourism industry, with Mecca and Medina accounting for the majority of tourist traffic in this category; hotel demand in both cities primarily consists of leisure demand. However, business tourists are the primary drivers of hotel demand in Riyadh, the capital and largest city of Saudi Arabia. Jeddah, on the other hand, benefits more from increasing leisure demand from domestic travelers.

Tax-related perks make the UAE a favorable shopping destination

Dubai, the shopping capital of the Middle East, is a major tourist destination mainly due to tax-related perks. The city also attracts a large number of tourists during winter due to school holidays and Dubai being the closest, vibrant hub. Dubai is equally popular for business activities with lots of meetings, exhibitions and conventions taking place every year. Thus, hotels in Dubai benefit from both these demands almost equally. Abu Dhabi and Sharjah are considered both leisure and business hubs. Fujairah and Ras Al Khaimah, with expanding beach resorts, theme parks and water sports attractions, are fast developing as popular leisure destinations in the region.

Doha, Kuwait and Manama are primarily business hubs and cater to demand from business travelers. Demand from leisure travelers in these key cities remains relatively low due to inadequate infrastructure and leisure & recreational facilities. However, with the hosting of sporting and recreational events such as Formula One racing, golf championships, and football, countries like Qatar and Bahrain are gradually becoming popular leisure destinations. Oman witnesses a fair mix of both business and leisure demand, with city center predominantly driven by demand from business travelers and cities outside of Muscat catering primarily to leisure travelers.

2.2. Hotel room supply increasing

Saudi Arabia accounts for maximum hotel room capacity in the region

The cumulative hotel room capacity in GCC stood at 377,036 in 2011 and had increased at a CAGR of 7.8% since 2002. The capacity increased 11.7% in 2011 over the previous year as a number of hotels, which were under construction, have commenced operations. However, the hospitality industry in the GCC region remains marginally under-penetrated, with total capacity accounting for 2.2% of the global hotel room capacity even though the GCC region accounted for 3.8% of global international tourist arrivals in 2011.

From a capacity standpoint, Saudi Arabia accounts for the majority (approximately 64%) of the hotel room and apartment capacity in the GCC region. Considering the growing number of religious, business and leisure tourist arrivals, hoteliers are increasing their room capacity.

Exhibit 7: GCC hotel rooms and apartments capacity 2002–2011 (Number in '000)

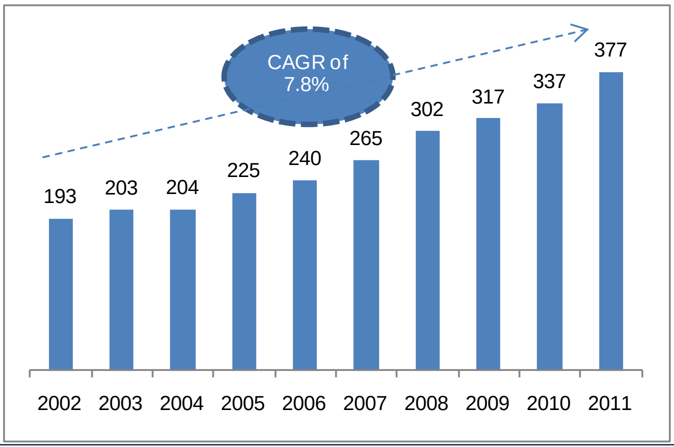
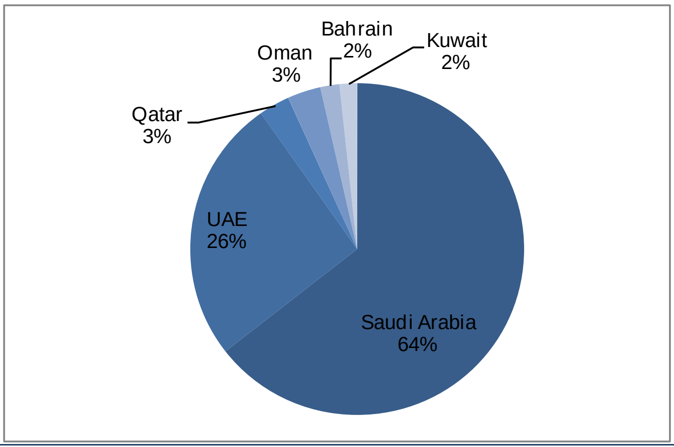


Exhibit 8: Hotel room capacity by country 2011 (377,036 rooms)



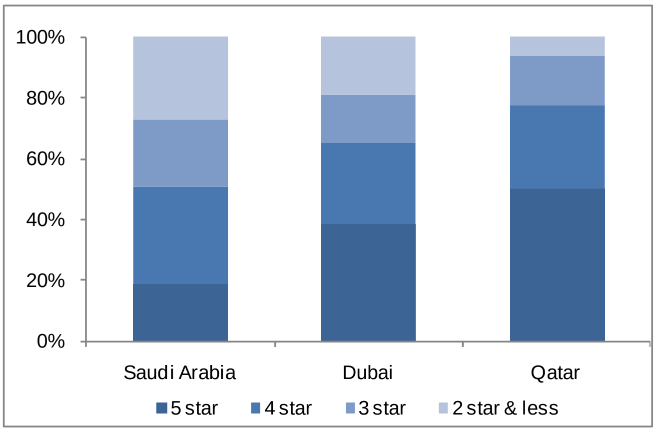
Source: GCC Annual Report, Tourism Authorities, Alpen Capital

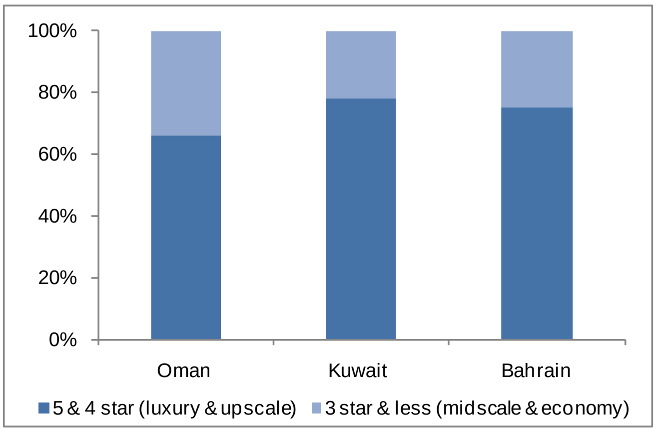
GCC, predominantly a luxury market, with the UAE being the most upscale by far

Higher returns on luxury hotels resulted in significant growth in their supply in GCC countries

As more high-spending tourists visit the region, the demand for luxury hotels will increase. Thus, hotel operators in GCC countries are focusing more on luxury and upscale luxury hotels due to the ability of such hotels to generate higher returns. In the chart below, we show the current inventory of hotels, by star category, in Saudi Arabia, the largest GCC market, Dubai (representing the UAE) and Qatar, and by luxury & upscale (5 and 4 star) and mid & economy (3 star and less) categories in other GCC countries. The luxury/ & upper scale segment accounts for 66–78% of the supply in Dubai as well as Qatar, while mid-scale and economy supply is in the 22–34% range. Even in Bahrain, the situation remains the same with luxury & upscale hotels accounting for more than 75% of supply. In Oman, four and five star hotels account for approximately 60% of the supply. Saudi Arabia, on the other hand, offers an equally distributed mix of luxury and midscale hotels.

Exhibit 9: Current hotel inventory by star category for 2011 (in %)





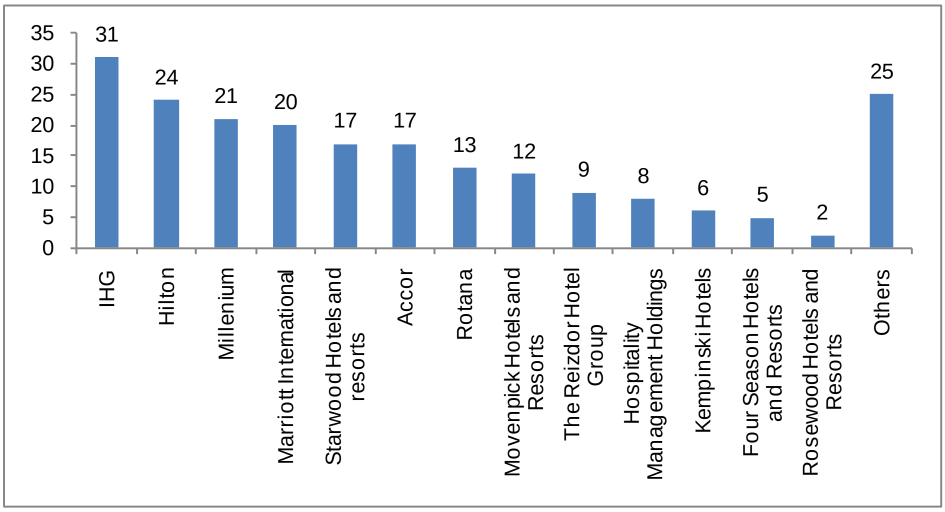
Source: SCTA, DTCM (Dubai), QTA

International players strengthening presence

Top hotel brands and chain of hotels in the GCC region

International players have expressed interest in the region as a result of rising demand and relatively better profitability. Besides players like Jumeirah and Rotana, international players such as Hilton, Marriott, and IHG are continually strengthening their presence in the region. The following chart shows the pipeline of 210 hotel projects by global players in the GCC region.

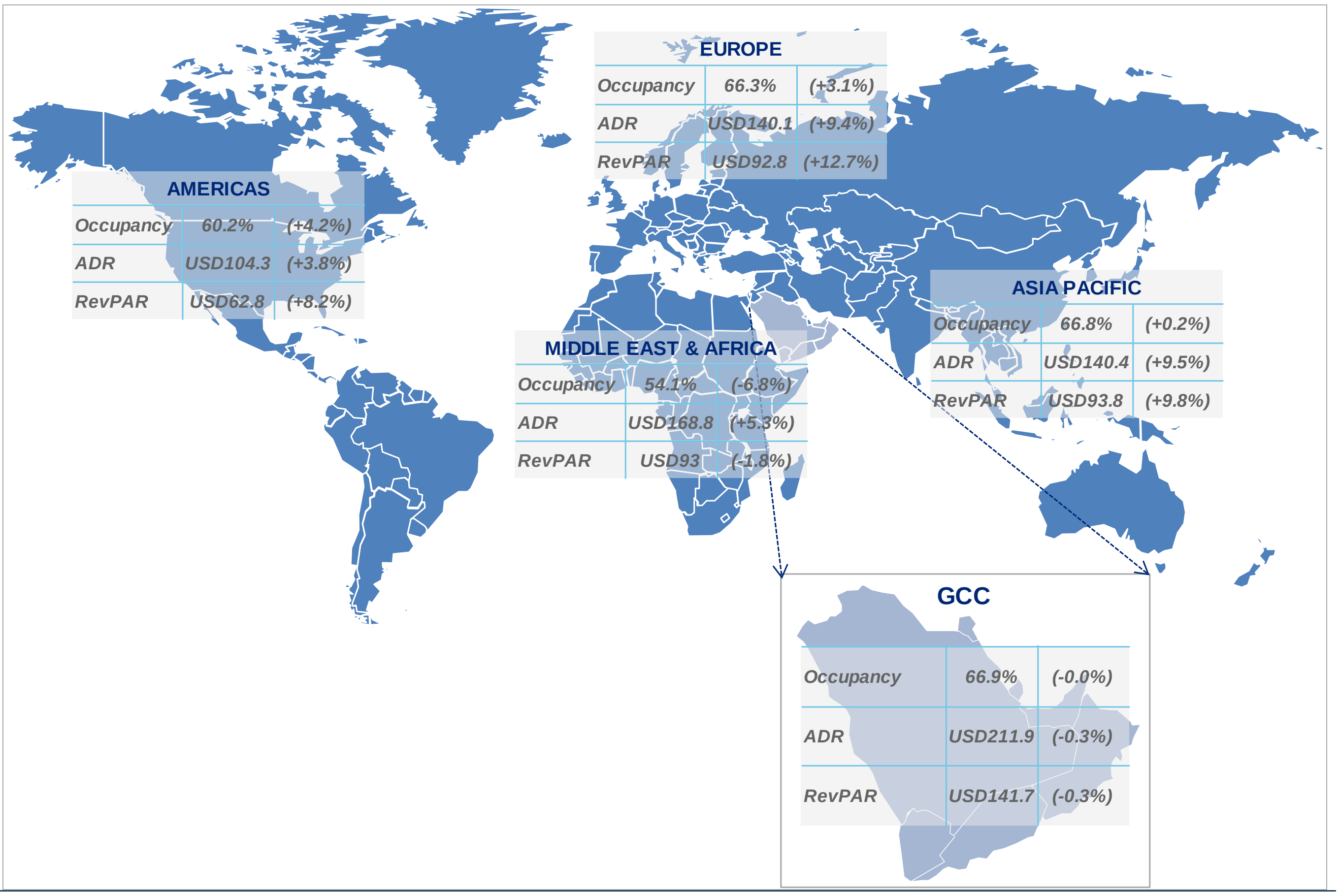
Exhibit 10: Number of hotel pipeline properties in 2011 (210 hotels)



Source: Hotelier Middle East, Alpen Capital

2.3. Key Performance Metrics

Exhibit 11: Global and GCC hotel industry metrics, 2011



Source: STR Global, Alpen Capital   ** Figures in bracket is Year-on-Year change*

Occupancy rates

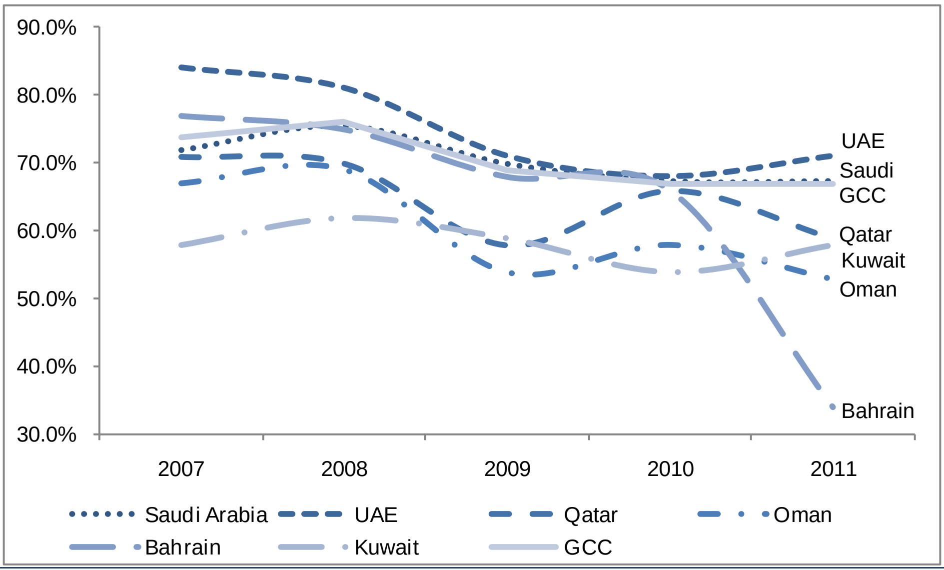
GCC's occupancy rates benefited from re-directed demand

Average occupancy rate for the GCC region stood at 66.9% in 2011, at the high end of the global spectrum. Although occupancy rates in the Middle East and Africa region was affected due to the continued social unrest in sensitive destinations such as Egypt and Syria, the GCC, on an overall basis, benefited from re-directed demand.

Improving economic conditions has aided Saudi Arabia's and UAE's tourist arrivals in 2011

In the GCC region, the UAE's occupancy rates were among the highest during 2007–2011 because tourist arrivals continued to rise at a higher pace than growth in room capacity. In 2011, occupancy in the UAE benefited from the social unrest in Egypt as tourists preferred "safe haven" destinations. Occupancy rates for Saudi Arabia remained flat in 2011 relative to 2010. In 2011, Kuwait experienced a rise in occupancy rate as room supply remained constrained. Occupancy rates declined in Oman to 53.0% in 2011 from 58.0% in 2010. Bahrain experienced the steepest fall in occupancy in 2011 due to reduced tourist inflows on the back of continued social-political unrest in the country. Qatar's occupancy rate declined to 59.0% in 2011 compared to 66.0% in 2010, due to significant additions to the room capacity during the year.

Exhibit 12: Occupancy rate 2007-2011



Source: HVS, Alpen Capital, GCC average calculated as a weighted average of all the six countries

Dubai reported an occupancy rate of 86.6% in first quarter 2012

However, the first quarter of 2012 started on a relatively positive note as social political tensions eased in the region. This was quite evident in Bahrain's occupancy rates, which grew 112.1% in March 2012 over the low occupancy rates of 21.2% in March 2011. In UAE and Saudi Arabia, occupancy rates grew as demand outpaced supply growth. Dubai reported 8.2% rise in occupancy rates to 86.6% during the first quarter. Jeddah occupancy rates increased due to temporary reduction of available rooms as Westin Jeddah was closed for renovation. Oman experienced a 3.5% growth in occupancy rates to be 67.3% as a result of increased demand. Occupancy rates in Kuwait and Qatar declined during the first quarter.

Average Daily Rate (ADR)

GCC's average ADRs are higher than its global peers

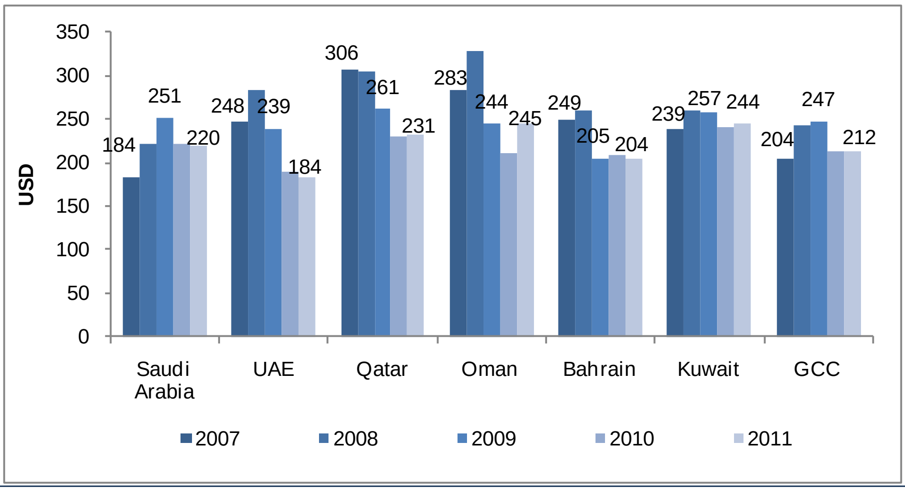
During 2011, ADR realized by hotels in the GCC region was USD212, significantly above the global industry average of USD128. The above-global-average ADR levels in the GCC can be ascribed to two factors – i) GCC is mainly an upscale market and hosts some of the best and iconic hotels in the world, which are available at higher ADRs, and ii) average spending per traveler is considerably higher in the region than the global average.

Qatar realized the highest ADR in the GCC region during 2007–2009 because hotel demand in that country is related primarily to business travel, the ADRs of which are higher than those of leisure travel. However, as the room capacity is increasing in Qatar, the ADR have trended downwards. Over 2010-2011, Kuwait has overtaken Qatar, which is also predominantly a business hub and derives majority of hotel demand from business tourists.

Saudi Arabia and UAE posted marginal declines in ADR in 2011 due to excess supply

During 2011, owing to excess supply in the UAE, ADR declined 2.7% y-o-y. Saudi Arabia's ADR declined marginally (by 0.5%) to USD220. Oman's ADR grew 16.7% as demand outstripped supply in 2011. Even, Kuwait reported a 1.2% rise in ADR. However, Bahrain experienced a 2.4% decrease in ADR due to the socio-political situation

Exhibit 13: ADR trend 2007-2011



Source: HVS, Alpen Capital, GCC average calculated as a weighted average of all the six countries

In first quarter of 2012, Saudi Arabia and UAE reported a healthy growth in ADR. Dubai reported 8.7% y-o-y increase in ADR. On the other hand, increased competition affected ADR growth during the first quarter in Qatar, resulting in 4.5% y-o-y decline. Oman and Kuwait's ADR declined 7.3% and 1.9% y-o-y, respectively, during the first quarter.

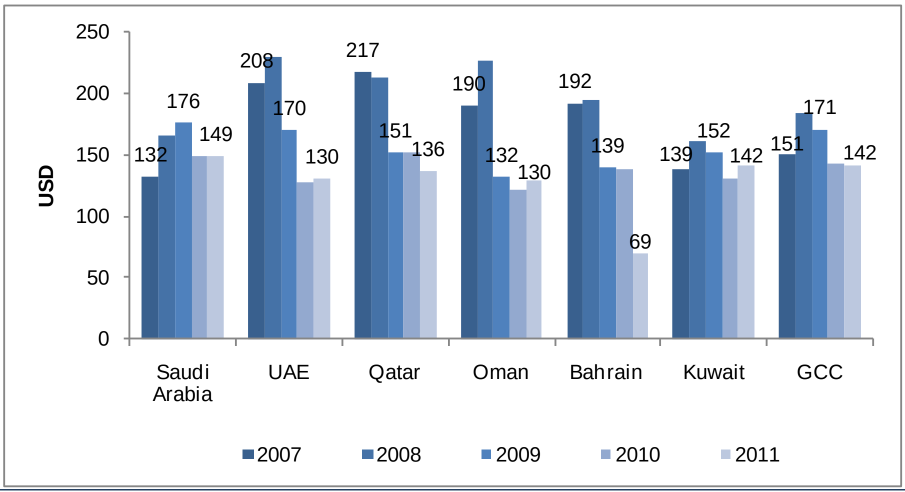
Revenue Per Available Room (RevPAR)

The region's RevPAR was USD142 during 2011, higher than the global average of USD81.

Kuwait and Saudi Arabia had the highest RevPar in 2011

Kuwait experienced the highest RevPar growth of 8.7% y-o-y due to greater demand for business travel. This growth was followed by Oman at 6.6%. UAE reported a 1.6% y-o-y marginal growth in RevPAR. On the other hand, Qatar and Saudi Arabia reported a 10.2% and 0.5% fall in RevPAR, respectively. Bahrain was materially affected by around a 50% contraction in RevPAR due to the socio-political unrest.

Exhibit 14: RevPAR trend 2007-2011



Source: HVS, Alpen Capital, GCC average calculated as a weighted average of all the six countries

In first quarter of 2012, UAE's RevPAR benefited from strong growth in Dubai (+17.6% y-o-y). Saudi Arabia also grew aided by impressive RevPAR growth in Jeddah (+30.8% y-o-y) and Al-Khobar (+18.0% y-o-y). Despite improvement in occupancy, slower pace of demand in Manama impacted ADR and, hence RevPAR declined by 9.0% y-o-y. Qatar, Kuwait and Oman reported a 14.5%, 8.4% and 4.1% y-o-y fall in RevPAR, respectively.

3. GCC Hospitality Sector Outlook

3.1 Forecasting methodology

We have used three important metrics for evaluating the industry's performance. To calculate the revenue generated (value of the hotel market), we used occupancy rates (OR), ADR, RevPAR, capacity and tourist arrivals in terms of rooms available.

- Occupancy rate is the percentage of booked rooms to the total available rooms
- ADR is the average daily rental rate per room quoted by a hotel in a given time period. This is calculated by dividing total room revenue by total number of rooms sold.
- RevPAR, revenue per available room, is calculated by dividing total room revenue by total number of available rooms. It can also be calculated by multiplying ADR with occupancy rate.
- Room capacity refers to the number of rooms available for use

Projected room capacity has been calculated by considering the current room inventory + 100% of rooms currently under construction + 50% of rooms relating to hotels currently being planned.

We have assumed OR and ADR for the six countries based on the key underlying factors – international tourist arrivals, per capita income growth, hotel room supply and leisure and business demand.

We have considered the weighted average occupancy rates and ADRs of the GCC countries to arrive at the GCC average, using the number of hotel rooms as weights.

To forecast hotel revenue for each GCC country, we have considered the following formula: Average ADR * room capacity * average occupancy * 360 days in a year. Revenue for the GCC region has been calculated by aggregating each country's hotel revenues.

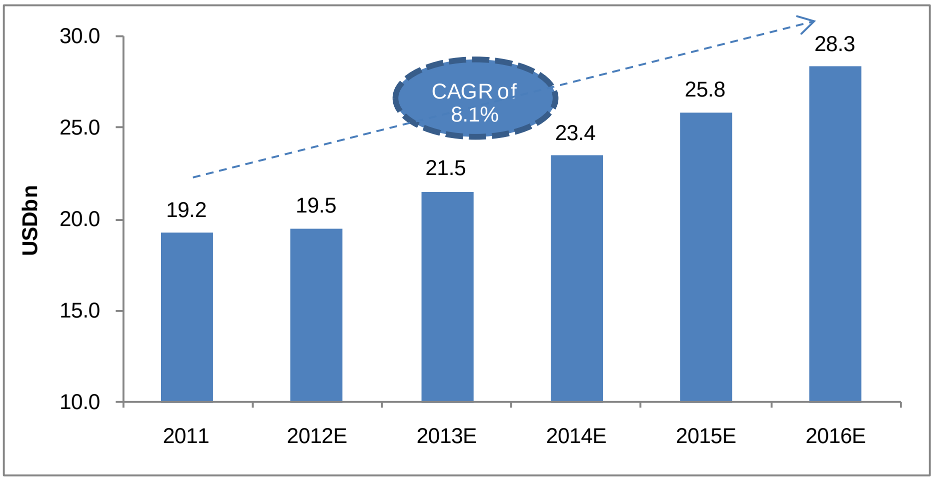
Following the above methodology provides the estimated industry size in terms of hotel rooms. However, the overall value of the hospitality industry in the GCC region will be higher to the extent that it will also include income from food & beverage, spa/ health club, events, and other miscellaneous income, which materially contributes to the total industry's revenues.

3.2 Market size forecast

Market size is represented by hotel revenues, and excludes all other income that a hotel typically generates on food & beverage, spa/ health club, events, and other miscellaneous services.

GCC hospitality market to grow from USD19.2 billion in 2011 to USD28.3 billion in 2016…

Exhibit 15: GCC hospitality industry value (room revenues), 2011-2016E

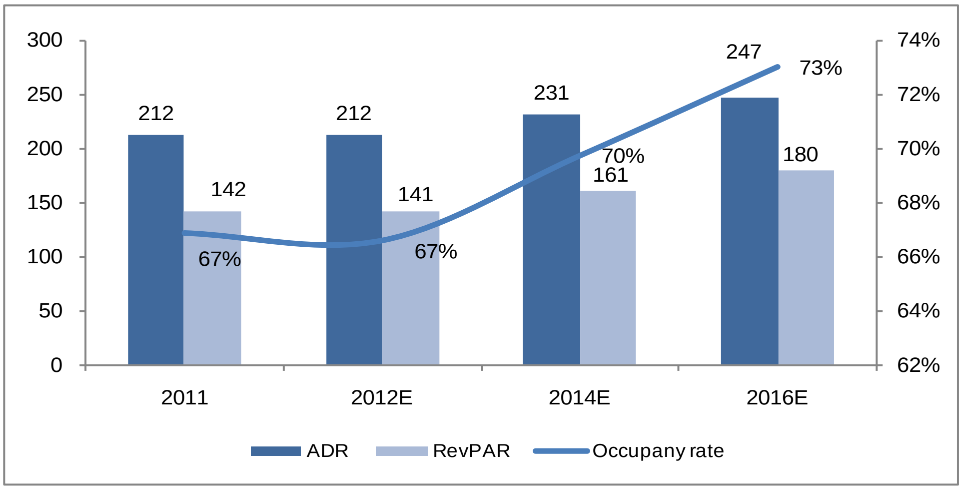


Source: Alpen Capital

…implying a CAGR of 8.1%

Our hotel room revenue estimate for the GCC hospitality industry is USD19.2 billion in 2011. We expect revenues to reach USD28.3 billion by 2016, implying a CAGR of 8.1%. This is lower than our earlier forecast of 11.0% in April 2011, primarily due to a downward revision in the GDP growth forecast for the GCC countries. The performance of the hospitality industry is directly related to travel and tourism activity, which in turn is tied to the macroeconomics of a country. Slower economic growth prospects impacts travel and tourism spends. This affects room demand and (consequently) revenue prospects. Additionally, several hotel construction projects in the region are either on hold or facing the threat of cancellation due to the lack of funding and/or lower growth prospects. The effect of the above has impacted our revenue projections for the industry.

Exhibit 16: GCC hospitality operating metrics: 2011-2016E



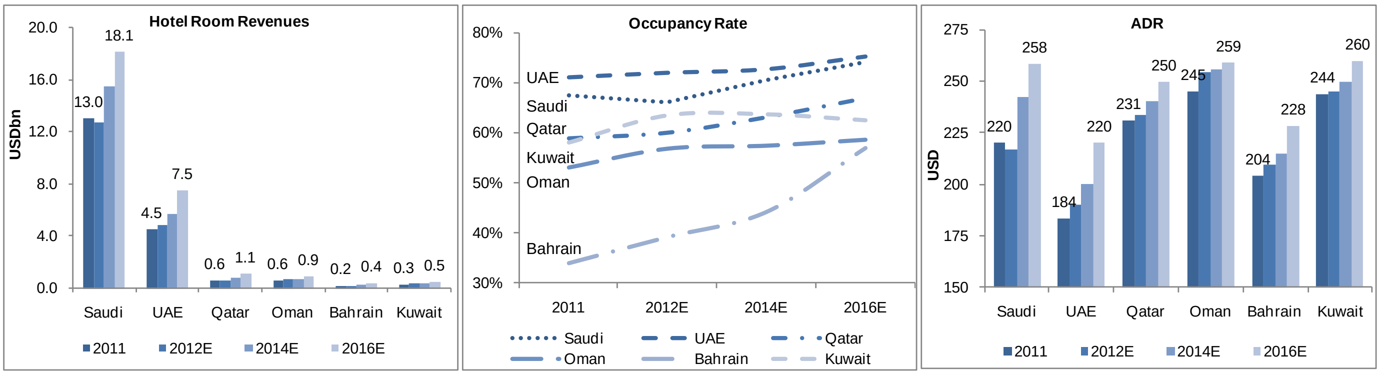
Source: Alpen Capital, ADR and RevPAR in USD

Tourist arrivals in the GCC region are expected to grow at a CAGR of 4.2% over 2012-22

Tourist arrivals[1] in the GCC region is expected to grow at a CAGR of 4.2% between 2012 and 2022, driven by a rise in religious, leisure, and business travel. This is likely to strengthen hotel demand in the GCC region, keeping hotel occupancy rates in the range of 67-73% across the region. Furthermore, as international and domestic players ramp up their hotel projects over the next five years, hotel room supply is expected to grow at a CAGR of 3.0%. During 2012–16, ADR is expected to grow at a CAGR of 3.1%, to range between USD212–247 as growing business tourism continues to increase. Benefiting from growth in ADR and improvement in occupancy, room yield (RevPAR) is likely to grow at a CAGR of 4.9% during the projected period.

The following exhibit presents the country-wise hospitality market size, and operating metrics in the GCC region. Saudi Arabia is expected to remain the largest hospitality market followed by the UAE. However, as tourism activity across other GCC countries increases, Saudi Arabia's share is expected to decrease.

Exhibit 17: GCC hospitality market by room revenues (USD bn), occupancy rate (%) and ADR (USD), 2011-2016E



Source: Alpen Capital

3.3 Market size forecast, by country

Saudi Arabia

Saudi Arabia's hospitality market is likely to reach USD18.1 billion by 2016 from USD13.0 billion in 2011

The Kingdom's hospitality market is expected to grow at a CAGR of 6.8% over 2011–2016, primarily driven by a growth in tourist arrivals and expected improvement in operating metrics – occupancy rate and ADR. Tourist arrivals[1] are expected to grow at a CAGR of 4.0% between 2012 and 2022, driven by strong growth in religious, business and leisure demand. However, in 2012, Saudi hotel room revenues are expected to decrease by 2.5%, largely on account of drop in international tourist arrivals. Lower tourist arrivals are likely to affect both occupancy and ADR in the year. International tourist arrivals[1] in Saudi are likely to decline by 1.5% in 2012.

Exhibit 18: Saudi Arabia hospitality market forecast (2011–2016E)

Country	2011	2012E	2014E	2016E	CAGR (2011-16)
Total market (USD billion)	**13.0**	**12.7**	**15.5**	**18.1**	**6.8%**
Occupancy rate	67.5%	66.2%	70.5%	74.2%	1.9%
Average daily rate (USD)	220.0	217.1	242.5	258.4	3.3%
RevPAR (USD)	148.5	143.7	171.0	191.7	5.2%

Source: Alpen Capital

[1] WTTC: World Travel & Tourism Council

Saudi Arabia's room supply to grow at a CAGR of 1.5% over 2011-16

UAE's hospitality market is likely to reach USD7.5 billion by 2016 from USD4.5 billion in 2011

Based on WTTC forecast, tourist arrivals are expected to grow at a CAGR of 5.3% between2012-2022

Additionally, Saudi government is likely to spend around USD80 billion for the development of key infrastructure facilities. Over 2012-2022, investments in the country's tourism are expected to grow at a CAGR of 6.9%. The Saudi Arabia government is investing heavily in airports, railways, and roads, which will enable increased travel and facilitate the expected growth in tourist arrivals. Saudi Arabia's government is planning a new USD7 billion airport in Jeddah. In addition, SCTA has also launched virtual tours through e-tourism for promoting domestic tourism sites and services. We believe these factors will continue to drive religious, leisure and business tourism in the country, which will in turn aid the demand for hotels in Saudi Arabia.

Hotel room supply in the country is expected to increase at a CAGR of 1.5% over 2011–16 from 243,117 rooms in 2011 to 262,049 in 2016. In anticipation of expected increase in the tourist arrivals, hotel operators in Saudi Arabia are expanding to meet the resultant rise in demand for hotels. Currently[2], there are 69 properties in the planning, or under construction phase; these are expected to come online during 2012–2016.

While hotel supply is expected to rise, we believe the demand for hotels will increase at a faster pace, which will strengthen occupancy levels from 67.5% in 2011 to 74.2% in 2016. This will also benefit the ADR which is expected to grow at a CAGR of 3.3% during the forecast period.

UAE

The UAE is the second-largest hospitality market in the GCC region after Saudi Arabia. The country provides a fair mix of leisure and business to its tourists and is continuously developing itself to attract more visitors every year. We expect the country's hospitality market to grow at a CAGR of 10.4% over 2011–2016, driven by strong tourist inflows and steadily strengthening operating metrics.

Exhibit 19: UAE hospitality market forecast (2011–2016E)

Country	2011	2012E	2014E	2016E	CAGR (2011-16)
Total market (USD billion)	**4.5**	**4.9**	**5.7**	**7.5**	**10.4%**
Occupancy rate	71.0%	71.9%	72.6%	75.1%	1.1%
Average daily rate (USD)	183.5	189.9	200.0	220.0	3.7%
RevPAR (USD)	130.3	136.4	145.2	165.1	4.9%

Source: Alpen Capital

The country's tourism sector has been gaining traction over the past few years as leisure, business, and MICE demands have grown strongly. In 2012, the Dubai government announced a USD7.8billion airport expansion project to meet the rising passenger inflow into the city. UAE government's investment in infrastructure is likely to emerge as a huge positive. These factors are likely to enhance tourism activities in the country, which in turn would boost hotel demand. Tourist arrivals[3] in the UAE is likely to grow at a CAGR of 5.3% between 2012 and 2022.

Hotel supply in UAE is expected to increase at a CAGR of 5.3% from 96,992 hotel rooms in Dubai and Abu Dhabi to 125,383 hotel rooms in 2016. Currently[2], there are 93 properties in the planning and construction phase in the UAE.

We expect occupancy rates to rise from 71% in 2011 to 75.1% in 2016 as the tourist arrivals growth momentum picks up. As business travel in the country continues an

[2] Hotelier Middle East
[3] WTTC

uptrend, leisure demand for upscale segment grows. ADR is expected to increase at a CAGR of 3.7% from USD183.5 in 2011 to USD220 by 2016.

Qatar

Qatar is another important business hub in the GCC region. The hospitality market in the country is expected grow at a CAGR of 13.6% as strong macro-economic conditions continue to drive the demand for hotels. Tourist arrivals [4] in Qatar are expected to rise at a CAGR of 1.9%, between 2012 and 2022. The Qatar government is planning to incur USD65 billion in infrastructure spending to facilitate tourist movement during the 2022 FIFA World Cup. These drivers are likely to aid travel arrivals, going forward.

Qatar's hospitality market is likely to reach USD1.1 billion by 2016 from USD0.6 billion in 2011

Exhibit 20: Qatar hospitality market forecast (2011–2016E)

Country	2011	2012E	2014E	2016E	CAGR (2011-16)
Total market (USD billion)	**0.6**	**0.6**	**0.8**	**1.1**	**13.6%**
Occupancy rate	59.0%	60.1%	63.1%	66.8%	2.5%
Average daily rate	231.0	233.6	240.6	249.7	1.6%
RevPAR	136.3	140.5	151.9	166.8	4.1%

Source: Alpen Capital

Qatar's successful bid to host the 2022 FIFA World Cup is likely to provide a major boost to tourism activities in the region. Over the next ten years, the country is expected to see significant additions to its room supply pipeline. The Qatar government has allocated USD20 billion for the development of tourism projects which include hotels, parks and other entertainment avenues. In addition, the country is expected to spend an additional USD4 billion for constructing nine stadiums, renovating three stadiums and equipping all stadiums with cooling systems. As per Hotelier Middle East's data, currently there are 17 new hotel properties either in the planning or construction stage. Post the announcement of the 2022 FIFA World Cup, major international hotel players are planning their hotel projects in the country. Thus, hotel room capacity in Qatar is expected to grow at a CAGR of 9.1% over the next five years.

Hotel room capacity in Qatar is expected to grow at a CAGR of 9.1% over the next five years

Hotel room demand is expected to rise strongly as corporates from across the world explore various business possibilities with Qatar as the country readies itself for the FIFA world cup in 2022. This is likely to boost occupancy rates from 59.0% in 2011 to 66.8% in 2016. Strong corporate demand for hotels is likely to help ADRs rise at a CAGR of 1.6% from USD231 in 2011 to USD249.7 in 2016.

Oman

The hospitality market in Oman is expected to grow at a CAGR of 8.6% over the forecast period 2011-16. Tourism activities in Oman are fairly dependent on both business and leisure demand. The country is focusing aggressively on strengthening its tourism sector through launching additional leisure and recreational facilities. Oman's Ministry of Tourism has undertaken initiatives like the introduction of discounted tourist visas and launching an attractive stopover campaign with Oman Air. The government has undertaken initiatives such as the Omagine Project, which incorporates cultural and residential projects and convention & exhibition centers for promoting business and leisure activities. Additionally, the government is taking steps to strengthen its infrastructure for facilitating tourism across

[4] WTTC

the country. These measures are expected to boost tourist arrivals to the country. Tourist arrivals[5] are expected to grow at a CAGR of 5.7%, between 2012 and 2022.

Oman's hospitality market is likely to reach USD0.9 billion by 2016 from USD0.6 billion in 2011

Exhibit 21: Oman hospitality market forecast (2011–2016E)

Country	2011	2012E	2014E	2016E	CAGR (2011-16)
Total market (USD billion)	**0.6**	**0.7**	**0.7**	**0.9**	**8.6%**
Occupancy rate	53.0%	56.8%	57.4%	58.6%	2.0%
Average daily rate	245.0	254.2	255.7	258.9	1.1%
RevPAR	129.9	144.3	146.7	151.7	3.2%

Source: Alpen Capital

The hotel room capacity in the country is expected to grow at a CAGR of 5.3% over 2011–16. Oman has 19 new properties in the planning or construction phase[6].

Occupancy rates are expected to increase from 53% in 2011 to 58.6% by 2016. Average daily rates are expected to benefit, as occupancy rates strengthen, and increase from USD245.0 in 2011 to USD258.9 by 2016.

Bahrain

Bahrain's hospitality market is expected to grow at a CAGR of 18.8% over 2011-16. This high growth can be attributed to the sector's reduced revenue base in 2011, which was affected by socio-political factors. International tourist arrivals in the future are expected to be extremely reliant upon the country's ability to manage such upheavals. Hotel demand in Bahrain is driven by business tourists, Saudi Arabia leisure travelers visiting through King Fahd Causeway and international travelers visiting for leisure attractions such as the Formula One racing event. Post its socio-political issues, the government is Bahrain is undertaking significant steps to revive the country's tourism. The government has undertaken various events such as Gulf Incentive Business Travel Meeting Exhibition and the Bahrain International Air Show. It also launched a dedicated 24 hour hotline for tourism related information. We expect these efforts will continue to drive the growth of tourist arrivals in Bahrain. Tourist arrivals[4] are expected to rise at a CAGR of 2.9%, between 2012 and 2022.

Bahrain's hospitality market is likely to reach USD0.4 billion by 2016 from USD0.2 billion in 2011

Exhibit 22: Bahrain hospitality market forecast (2011–2016E)

Country	2011	2012E	2014E	2016E	CAGR (2011-16)
Total market (USD billion)	**0.2**	**0.2**	**0.3**	**0.4**	**18.8%**
Occupancy rate	34.0%	39.2%	44.2%	56.9%	10.9%
Average daily rate	204.0	209.3	214.6	228.4	2.3%
RevPAR	69.4	82.0	95.0	130.0	13.4%

Source: Alpen Capital

Room capacity in Bahrain is expected to rise at a CAGR of 4.8% over 2011–2016. Bahrain has 7 new properties in the planning or construction phase[6].

Occupancy rates are likely to steadily rise from the lows of 34.0% in 2011 to 56.9% in 2016. With rising occupancy, ADRs are expected to grow at a CAGR of 2.3% from USD204.0 in 2011 to USD228.4 in 2016.

[5] WTTC
[6] Hotelier Middle East

Kuwait

We expect Kuwait's hospitality sector to grow at a CAGR of 8.1% over 2011–16. Kuwait is predominantly a corporate destination. Due to limited leisure options, leisure and recreational demand remains restricted in the country. As a part of its strategy to diversify away from the oil-sector, the country's government is undertaking efforts to strengthen its tourism sector. We expect these factors are likely to aid tourist arrivals to Kuwait in the future. Tourist arrivals[7] are expected to increase at a CAGR of 4.9%, between 2012 and 2022.

Kuwait's hospitality market is likely to reach USD0.5 billion by 2016 from USD0.3 billion in 2011

Exhibit 23: Kuwait hospitality market forecast (2011–2016E)

Country	2011	2012E	2014E	2016E	CAGR (2011-16)
Total market (USD billion)	**0.3**	**0.4**	**0.4**	**0.5**	**8.1%**
Occupancy rate	58.0%	63.5%	63.7%	62.5%	1.5%
Average daily rate	244.0	245.0	250.0	260.0	1.3%
RevPAR	141.5	155.7	159.2	162.4	2.8%

Source: Alpen Capital

Hotel room supply in the country is expected to grow at a CAGR of 5.1%. Kuwait has 5 new properties in the planning or construction phase currently[8].

As tourist arrivals grow, we expect the demand for hotels to rise over the forecast period. As a result, occupancy rates are expected to increase from 58.0% in 2011 to 62.5% in 2016. We expect ADR to grow at a CAGR of 1.3% to be USD260.0 by 2016.

[7] WTTC
[8] Hotelier Middle East

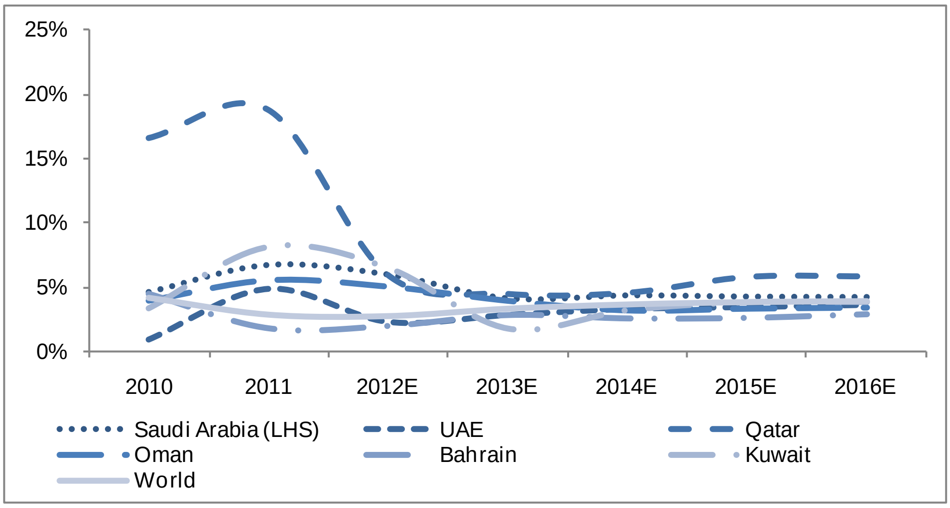
4. Key growth drivers

4.1 Economic growth improving steadily

GCC region's economy grew 8.2% in 2011, benefiting from high hydrocarbon prices and increased government spending

Driven by its macro-economic fundamentals, the GCC region performed relatively better in the current economic crisis. Government support helped tackle the economic turbulence, and public sector spending on infrastructure has driven the region's economic growth. In 2011, the GCC region's GDP grew 8.2% benefiting from high hydrocarbon production, rising hydrocarbon prices, and increased government spending. The short to medium term outlook for the GCC countries remains optimistic as high oil prices and the significant increase in government spending will maintain growth.

Exhibit 24: GCC countries and World GDP growth rate (in real terms)



Source: IMF

With the improvement in economic conditions, business and consumer sentiments are showing signs of revival. This is likely to boost domestic as well as inter-regional tourism in the GCC region, which will contribute significantly to tourist arrivals. In addition, as economic conditions improve globally, international tourism is likely to increase from both emerging as well as developed markets.

4.2 Inflation is expected to moderate in the medium term

Rise in food prices pushed inflation rate in the GCC region during 2011

Consumer price Inflation in the GCC region grew to 3.7%[9] in 2011 from 3.2% in 2010, but remained significantly below the MENA region (10.2%). While fuel subsidies to the region enabled it to maintain a lower inflation rate relative to MENA, the increase in 2011 was mainly because of rise in food prices. Rents decreased in Bahrain, Qatar and UAE, but increased elsewhere in the GCC region. Transport and communication costs moderately increased in the GCC region. During the first half of 2012, inflation was lower in some GCC countries, despite healthy activity levels and growth in credit and money.

Going forward, inflation in the GCC region is expected to moderate. Although rents are likely to increase, the easing of food prices is expected to result in only a marginal rise in inflation.

[9] IMF: Regional Economic Outlook Update, April 2002

4.3 Tourism is a major thrust for economic diversification in the GCC region

Tourism a priority for GCC countries seeking to reduce oil dependence

Economic vulnerability, oil price volatility and limited employment generation are the key factors driving GCC nations to diversify away from its oil and gas (hydrocarbons) industry. With the depletion of oil reserves and limited gas reserves in countries such as Oman, Bahrain and Dubai, these countries have been shifting their focus from the oil sector to the non-oil sector. As a part of this shift, the governments of the GCC nations are strengthening their respective tourism sectors and developing the infrastructure to facilitate it. This is not only likely to aid leisure demand for hotels but also business demand as the development of other service sectors is likely to make the business environment attractive for corporate players.

4.4 Domestic and inter-regional tourism aiding hotel demand

For GCC countries, domestic as well as intra-regional tourists remain a major source of demand for travel and tourism activity, and hence, for hotel demand. The economically stable GCC countries contribute significantly to tourist influx within the Middle East region. The per capita income of most GCC countries is above that of advanced economies. Due to favorable economic conditions in these countries, consumers have not experienced any deterioration in income levels and their spending ability still remains strong. This is likely to maintain the leisure demand for hotels in the GCC countries.

4.5 Asia Pacific a key source market for tourist arrivals

High per capita income of GCC residents favors the hospitality industry

The Asia Pacific region remains a crucial driver for hospitality demand in the GCC region as Asian tourist inflows has considerably increased over the past few years. In 2011, South Asia accounted for 22% of tourist arrivals to Saudi Arabia, which is the largest market amongst the GCC countries based on international tourist arrivals. Additionally, based on hotel and hotel apartment guest data for Dubai, Asia accounted for 24% of the total guests during 2011. Emerging markets, with their steady increase in income levels and growing middle class population, are key target source markets for the GCC's hospitality sector. Amongst emerging countries, China and India are important source markets considering their proximity to the GCC region. Chinese and Indian guests in hotel and hotel apartments in Dubai grew at a CAGR of 29% and 10%, respectively, over 2002–11. Besides these, factors such as higher proportion of younger population in emerging markets who are globetrotters and are curious about travel, benefits tourist growth. Furthermore, the tendency of consumers to associate travel beyond domestic boundaries as a status symbol in the emerging markets is also leading to this rise.

Growing 'middle-income' class in the Asia Pacific region is a potential driver for the demand for GCC hotels

Additionally, in line with growing income levels, Asia Pacific's population is spending more on travel. In 2011, Asia Pacific spent USD1,115 billion on personal and business travel, representing 30.3% of global travel spending and constituting the highest spend by any geographical region. Notably, China and India's travel spends grew 38% and 32% y-o-y, respectively in 2011.

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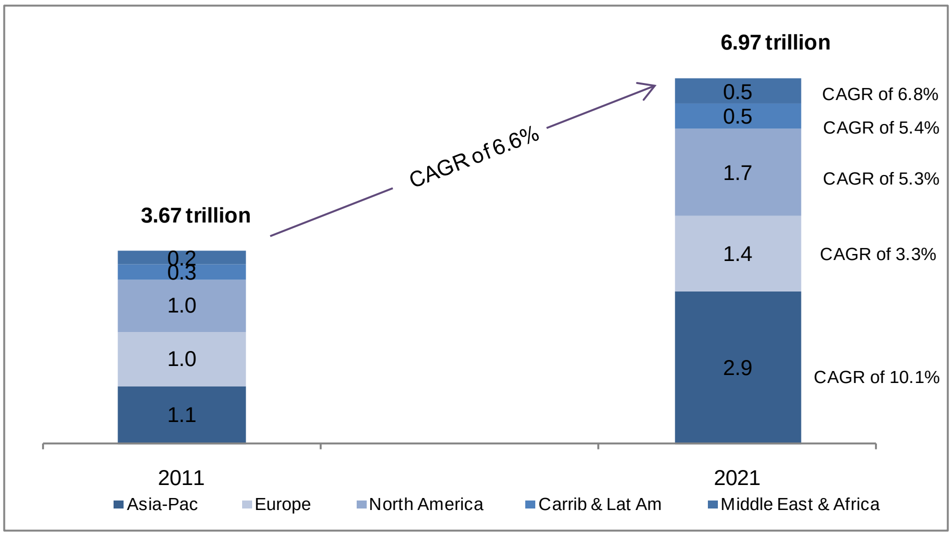
Exhibit 25: Regional travel spend 2011 and outlook to 2021



Source: Marriott International Analyst Meeting PPT June 2012, Alpen Capital

4.6 Expanding tourism offerings aiding tourist arrivals

Arrivals increasing on emergence of the GCC as a preferred tourist hub due to varied offerings for tourists

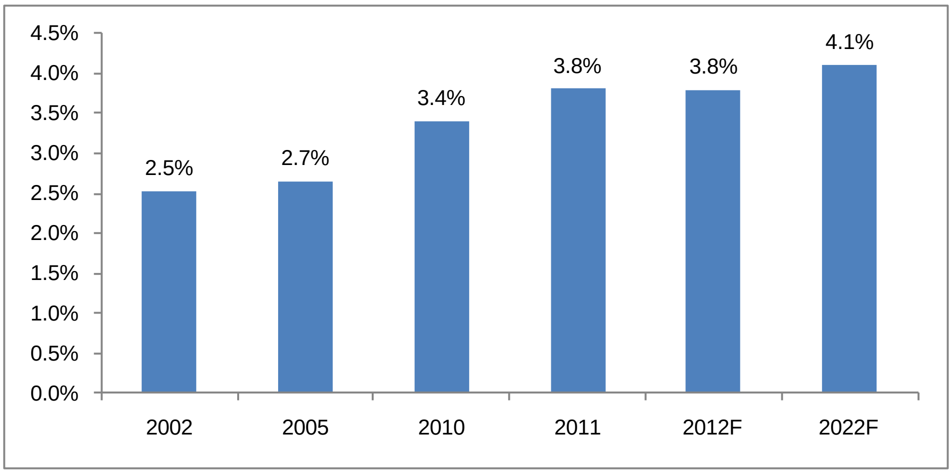
There has been a significant rise in the number of tourists visiting the GCC region over the last few years. The increase in tourism activities can be ascribed to the initiatives undertaken to establish the region as 'the ultimate tourist destination'. Over the years, the region is transforming itself from being oil-centric, a religious location and a trading hub, to being an adventure, shopping and leisure location. This has boosted the demand for hotels in the region. Important factors that have contributed significantly to the growth in tourist arrivals include:

- **Religious tourism** is an important demand driver for Saudi Arabia's hospitality industry. Saudi Arabia attracts numerous religious pilgrims from across the world to perform Islamic Hajj and Umrah every year. The Kingdom's religious tourism accounted for approximately 40% and 25% of international and domestic tourists to Saudi Arabia, respectively. With the Muslim population at over 1.8billion worldwide, the demand for hotels from pilgrims visiting Saudi Arabia is significant.

Shopping festivals attract tourists from across the globe

- **Shopping festivals** in the region are among the major attractions for foreign tourists. Dubai is becoming a major tourism hub due to the tax-related perks it offers. The Dubai Shopping Festival, which is hosted every year, attracts millions of shoppers from across the globe. Total inbound Visa-Card spends in the UAE during the shopping festival (held between 05 January to 05 February 2012) was more than USD497 million compared to USD406 million in 2011.

Exhibit 26: GCC tourist arrivals as a % of global tourist arrivals



Source: World data bank, WTTC, Alpen Capital

Business convention and exhibition centers attract business tourism

- **Meetings and exhibitions** organized in the region have boosted business tourism, which has emerged as the primary business tourism driver for countries like the UAE and Qatar. Governments are taking initiatives like road shows and events to showcase their conference and exhibition facilities to encourage business travel. The UAE has hosted events over the years, making it the top MICE destination in the Middle East. Oman's USD1.8 billion convention and exhibition center project, which is under construction and expected to be completed by 2015, primarily aims to capture the demand for business travel. Qatar also has two major convention centers and plans to open one more in 2012.

Sport tourism in the countries like UAE, Bahrain and Qatar attracts a number of sports enthusiasts every year

- **Sports tourism** is also gaining credence in the region, with the UAE leading the way. Dubai is currently developing Dubai Sports City, which would include games like soccer, rugby, tennis, hard court games, golf, ice hockey, concerts and other events. Along with being a major destination for desert sports, Dubai and Abu Dhabi are also known for water sports. Dubai also hosts the world's richest horse race event at the Meydan racecourse, which can accommodate over 60,000 spectators in a 1 mile long grandstand. When not used for races it serves as an integrated business and conference facility. The Formula One Grand Prix is another popular tourist attraction in the region, with Bahrain and Abu Dhabi hosting it. Further, Qatar will be hosting the FIFA World Cup in 2022.

- **Medical tourism** is gaining importance as the high cost of healthcare and increasing procedure time in the US, Europe and Asia are forcing patients to look for other viable options. The healthcare market in the GCC is likely to increase at a CAGR of 11.4% to USD43.9 billion by 2015. The medical tourism sector in the UAE is driven by Dubai Healthcare City, while that for Oman is led by Apex Medical Group's USD1 billion medical city.

- **Cultural and ecotourism** also continues to remain a driving force as various options are available across the region for visitors. Ecotourism, aimed at showcasing the region's culture and heritage, is gaining traction in the region.

- **Theme parks, amusement parks** and various entertainment options in shopping malls attract several tourists from within the region each year.

4.7 GCC countries are becoming global hubs for air-traffic

The emergence of the GCC region as a global air traffic hub will further facilitate travel and tourism activity

The GCC region has emerged as a successful hub for the airline industry, facilitating passenger travel across a number of countries. Driven by the efforts undertaken by governments in countries such as the UAE and Qatar, the region's aviation industry has undergone a drastic change with carriers such as Emirates Airlines, Qatar Airlines and Etihad turning into global carriers. These companies have facilitated the countries transformation into successfully global hubs for millions of transit passengers.

Furthermore, the growing share of low-cost carriers, which focus on no-frills, point-to-point services, has increased the demand for air travel, making it affordable for a much wider segment of the population. Air-Arabia, Fly Dubai and Jazeera Air have experienced significant growth over the past few years owing to robust demand in the region. In the current economic scenario, these low-cost carriers cater to the demand from passengers looking for low cost services due to reduced purchasing power. These drivers are likely to increase travel and tourism activity in the region, thus benefiting hotel demand.

4.8 Investment in infrastructure aiding GCC's tourism sector

Government in GCC undertaking initiatives like infrastructure development to facilitate tourism

The GCC member countries are investing significantly in infrastructure development like rail, road and air to facilitate tourist movement in the region. The capital investment for tourism related infrastructure development increased at a CAGR of 21.2% during 2002–11 to reach USD30 billion in 2011. Qatar is preparing itself to cater to the tourism demand during the 2022 FIFA World Cup and has undertaken initiatives like development of the national railway project and Batinah Expressway to improve its transportation infrastructure. Jeddah Light Rail Transit (planned) and Mecca-Medina Railway Link (under construction) involve combined cost of USD12 billion is expected to facilitate tourist movement. Furthermore, the GCC countries are undertaking projects to manage air traffic as the region is witnessing a rise in the number of business, leisure and transit passengers. GCC members not only expect to enhance their capacities, but also expect to set-up airport cities. A list of significant transportation projects is presented below.

Exhibit 27: Major transportation related infrastructure projects in the GCC region

Project	Cost	Year of completion/ announcement
New Doha International Airport (NDIA), Qatar	USD14 billion	2013
Dubai International Airport (DIA) expansion, UAE	USD7.6 billion	2012
King Abdul-Aziz International Airport expansion, Saudi Arabia	USD7 billion	2012
Abu Dhabi International Airport expansion, UAE	USD6.8 billion	2012
Airport capacity expansion, Kuwait	USD6 billion	2012
Metro System, Kuwait	USD7 billion	2020
Rapid Road Transport, Bahrain	USD8.1 billion	2014
King Khaled International Airport expansion, Saudi Arabia	USD2.6 billion	2012
Mecca Medina Railway Link, Saudi Arabia	USD6 billion	2012
Light rail network, Bahrain	USD1.2billion	2012
Emirates Railway project, Oman	USD10 billion	2017

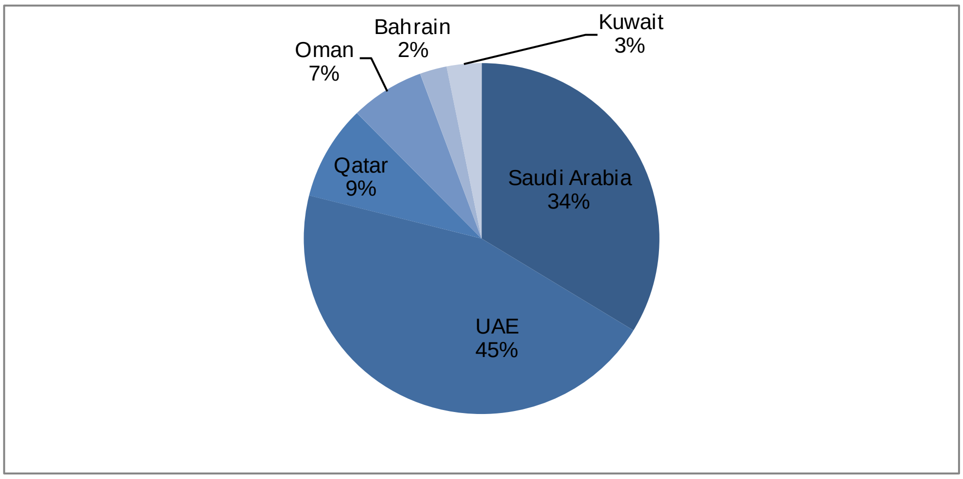
Source: Gulf Construction Worldwide, Alpen Capital

4.9 Strengthening room pipeline to meet growing demand

The UAE accounts for a majority of the active hotel development pipeline in the region

There have been considerable additions to the existing room supply over the last few years due to a rise in hotel demand on higher tourist arrivals. The existing supply of rooms and hotels at the end of 2011 stood at 377,036 and 4,224, respectively. The GCC hotel room pipeline is 78,915 rooms comprising of 42,765 rooms currently under construction and 36,150 rooms in the planning stage. For our forecasts, we have considered 100% of rooms currently under construction and 50% of rooms in the planning stage. The chart below presents the hotel room pipeline by country.

Exhibit 28: Country-wise breakdown of hotel room pipeline (78,915 rooms)



Source: STR Global, Alpen Capital

With 243,117 ready hotel rooms in 2011, Saudi Arabia accounts for the largest room supply in the GCC, followed by the UAE with 96,922 rooms. In addition, domestic and international players are strengthening their hotel pipeline in these two countries to benefit from the expected growth driven increased tourism activities.

Of the total hotel room pipeline, the UAE accounts for 45%, while Saudi Arabia accounts for 34%. We believe that both these countries will continue to represent the majority of the GCC region's hospitality market.

Hoteliers' increase room supply in anticipation of higher tourist arrivals to the GCC region

The hotel room pipeline in Qatar increased significantly as it gears for the upcoming 2022 FIFA World Cup, in anticipation of 400,000 fans visiting the country for the event. The total pipeline stood at 6,863 rooms, representing nearly 9% of the GCC region's pipeline. The hotel room pipeline in Oman stood at 5,331, accounting for about 7% of expected supply in the GCC region. Kuwait accounted for about 3% of pipeline at 2,504 rooms.

5. Trends in the industry

5.1 Room supply pipeline dominated by luxury hotels

Luxury hotels account for the majority of the development pipeline

Luxury hotels still dominate the pipeline of hotel rooms of GCC's hospitality industry. While the future supply of hotel rooms is estimated at 78,915, the analysis below is based on 59,484 rooms, for which break-downs are available. It is likely that for the balance 19,431 hotels, for which a break-down is not available, belong primarily to the local brand category comprising of a single hotel or a limited portfolio of mid-scale/ budget hotels and serviced apartments.

Luxury hotels remain the primary choice of hoteliers and investors, with 71% of the pipeline attributable to luxury upscale developments, 80% of which are being planned in the UAE and Saudi Arabia. The future supply of hotels under different segments for the GCC countries is given below.

Exhibit 29: Country-wise five star pipeline, 2011 (42,339 rooms, based on a total of 59,484 rooms)

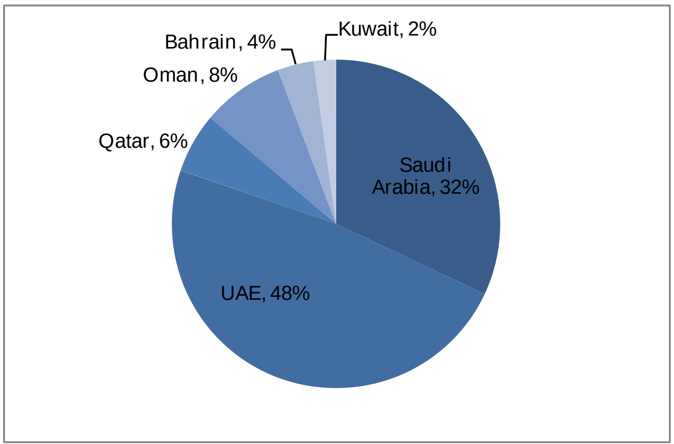
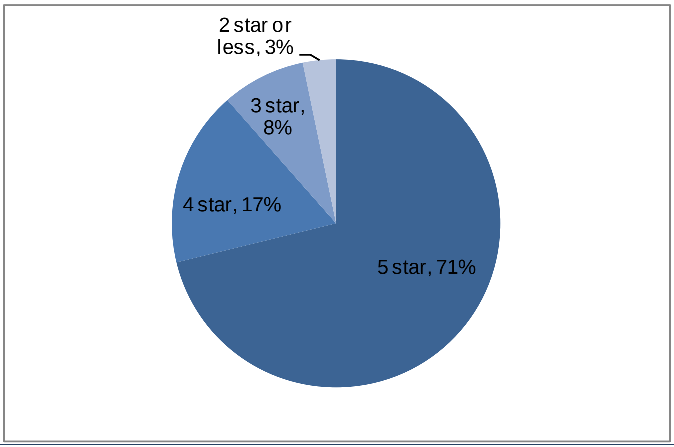


Exhibit 30: Pipeline based on star category (based on 59,484 rooms)



Source: Hotelier Middle East, Alpen Capital

5.2 Budget hotels gradually making inroads

Higher supply of budget hotels due to the economic crisis

Only 11% of the room supply in the upcoming hotel pipeline is attributed to budget hotels (3 star and 2 star or less) which provide accommodation at relatively lower prices. While budget hotels account for about 33% and 24% of total hotel rooms in more developed markets like the US and France, the GCC region lags behind. Kuwait offers the highest proportion of budget hotels in the region (22%), followed by the UAE (17%) and Saudi Arabia (10%). About 6,800 new budget rooms are expected to come online over 2012–16[10]. It has become imperative for hoteliers to enhance their budget hotel supply with the change in the dynamics of tourists. Given the growing popularity of GCC countries as a tourist leisure hub and a rise in corporate inflow, budget hotels seem to be a better alternative amid the current global economic crisis. Corporates are under pressure to reduce operating costs due to persistent economic troubles. Therefore, in order to curtail travelling costs, they may seek affordable but comfortable accommodation brands that would not compromise on the quality of service provided. In addition, religious tourists during Hajj and Umrah are likely to seek budget hotels as the continuing crisis has impacted their purchasing power. Players in the GCC region have recently realized the potential of the budget hotel market.

[10] Hotelier Middle East

5.3 International brands partnering with local players

International brands building alliances to tap growing hotel demand in the region

Another trend surfacing in the GCC hospitality industry is the growing liaison between international and domestic players. In order to effectively tap the growth potential in the region, international hotel chains like Hilton, InterContinental Group, Rezidor, etc. are partnering with local players. These associations would help international players understand local customer preference, besides establishing world class services. InterContinental Hotels Group signed an agreement with Rayadah Investment Company to open two hotels in Riyadh's King Abdullah Financial District (KAFD), Saudi Arabia. Mandarin Oriental, a Hong Kong-based five star hotel group, plans to open two hotels at Abu Dhabi. JW Marriott plans to open JW Marriott Marquis Dubai in the fourth quarter of 2012. Recently, Hilton announced the opening of Hilton Jumeirah Hotel apartments in Dubai. Additionally, hospitality investors in the GCC region prefer a Holding Company/Operating Company business model, wherein local GCC investors own the asset and international branded hospitality companies operate the asset for a management fee.

5.4 Local players gaining global recognition

Local players like Jumeirah and Rotana getting recognized globally

While international players are aggressively establishing their brands in the GCC, which otherwise is characterized by fewer established brands, GCC players like Jumeirah and Rotana are now increasingly known globally for their impressive and innovative hotel properties. Dubai-based Jumeirah and Abu Dhabi-based Rotana own several world-class luxury and upscale hotels overseas. In fact, The Jumeirah Group was voted 'The Best Overseas Hotel Group' in The Guardian and Observer 2011 Travel Awards ceremony held in Spain. The ceremony also recognized Jumeirah Hotels & Resorts as the most luxurious and innovative hotel groups in the world. Rotana was voted as the 'Middle East's Leading Hotel Brand' for the sixth year in a row at the 19th Annual World Travel Awards event in May 2012.

5.5 Serviced apartments

Serviced apartments in the GCC region have traditionally targeted business travelers looking for longer stays at cheaper rates compared to hotels. However, with the rise in expatriate population in the region over recent years, operators have started providing service apartments even for shorter duration to newly arrived expats searching for a permanent accommodation. For travelers visiting for longer durations, operators provide accommodation for family members. However, the industry remains under-developed and dominated by local brands. Majority of apartments in the region are either converted from, or designed like, a residential apartment building.

Serviced apartments, a preferred accommodation in Saudi Arabia

Apartments in Saudi Arabia increase at a CAGR of 8.8%: Saudi Arabia leads the serviced apartments segment with 2,026 licensed furnished apartment complexes having 85,867 rooms. The number of serviced apartment buildings grew at a CAGR of 8.8% over 2004–11. Occupancy rate of serviced apartments in Saudi Arabia stood at 68.3% in 2011. Out of total domestic tourists, 41.6% preferred furnished apartments, followed by hotels and resorts (26.2%), private accommodation (25.4%) and other accommodation (6.8%).

Dubai, largest service apartment market in the UAE: In Dubai, hotel apartments are classified as Standard and Deluxe. In 2011, although the number of hotel apartment buildings declined 1.6% to 188, the number of available flats grew 5.9% to 21,015. Occupancy improved 8.8% to 74% as serviced apartment guest arrivals jumped 5.8% to 1.8million, and average length of stay rose 18.2% to 5.2 days in 2011. Serviced apartments hosted 19.8% of guests visiting the UAE, compared to 34.3% for five star hotels and 20.7% for three star hotels[11].

2022 FIFA World Cup in Qatar to boost the demand for apartments: Serviced apartments have a fair presence in Qatar's lodging market. In addition to 85 hotels with 9,450 rooms, 27 hotel apartments with 1,891 rooms were operational by the end of 2011. Demand for apartments is likely to surge during the 2022 FIFA World Cup.

Rise in apartment occupancy levels in the GCC on social unrest in MENA: In 2011, the occupancy rates of serviced apartments in the GCC region improved due to the political upheaval in select countries in the Middle East region. Guest stay at serviced apartments in places like Abu Dhabi, Dubai, Oman and Saudi Arabia (which were considered safe) was extended as international companies relocated their operations to these regions. However, this was a temporary trend and with the easing of political tensions in the region, the demand has again picked up in the affected areas. In addition, in 2010, some residents in Dubai and Abu Dhabi moved from residential apartments and villas to serviced apartments to take advantage of low rentals, thereby boosting the demand for two-three bedroom service apartments. This further raised occupancy levels.

5.6 Spa and wellness services witnessing increased demand

Growing health and well being awareness is aiding the Spa and wellness services industry

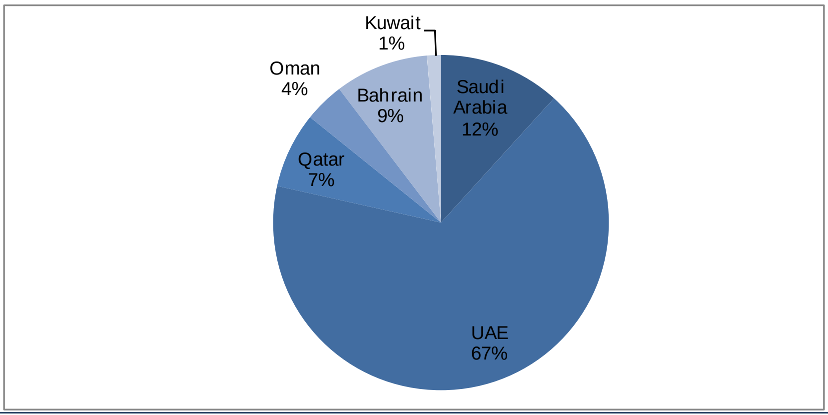
The spa and wellness segment is increasingly getting recognition in the GCC hospitality sector, and is preferred by both leisure and business travelers. Spas are gaining importance as people are becoming more conscious about personal health and well being. With growing income levels, these facilities are being treated as a necessity by the customers rather than a luxury. Other services like gymnasiums are also being included in hotel services. A number of luxury/five star hotels have already started providing these services within the hotels. Rotana, Anantara and Accor are among the many hoteliers in the GCC region providing spa related services.

5.7 Renovation and redecoration of hotels, a priority

Refurbishment to play key role as new supply enters market

Hoteliers in the GCC region are expected to incur expenditure on renovation and refurbishments to stay ahead of the competition. While these activities were delayed amid recent recessionary conditions, renovation of existing facilities would be a top priority to sustain consumer interest, as new projects come online. Approximately USD1.7 billion in interior and fit-out spending was incurred across the GCC region in 2011.

Exhibit 31: Interior and fit-out spend in the GCC region (2011): USD1.7 billion



Source: Venture Middle East

[11] Global Serviced Apartment Report 2011-2012

5.8 Investment activity in the GCC region

Organic Plans of International Hotel Brands

As discussed earlier, GCC has been high on the investment radar of international hotel players as macroeconomic conditions and consistent growth in tourist arrivals have been driving the industry's growth.

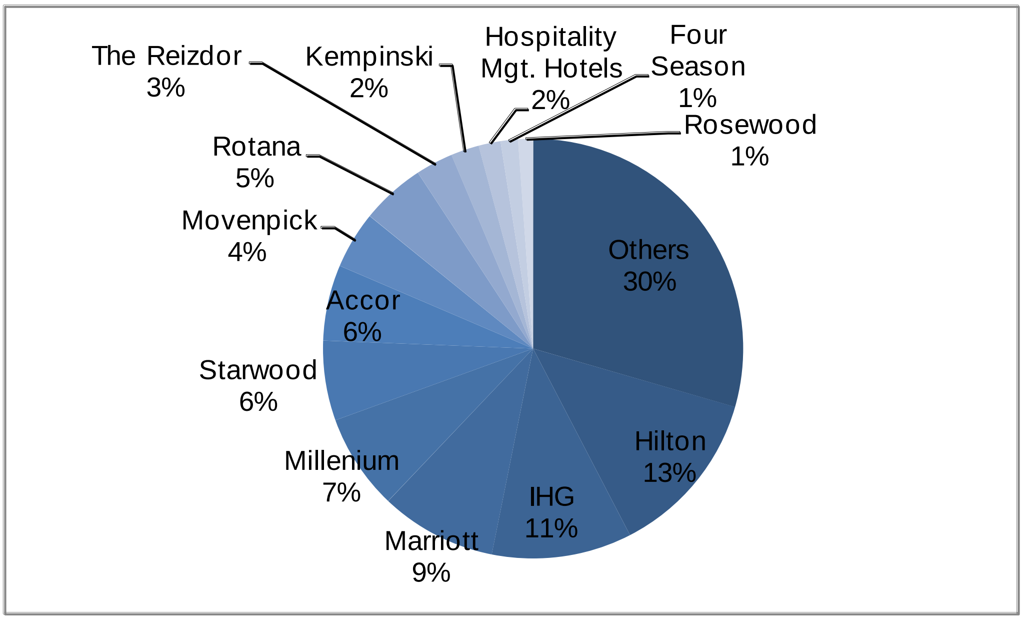
Value of hospitality projects to triple in 2012 relative to 2011

The value of hospitality projects is expected to increase by 2.7 times to USD7.3billion in 2012 from USD2.7billion in 2011[12]. While projects were stalled in between 2009 and 2011 due to financing issues, the easing economic scenario is likely to build optimism amongst banks and investors.

Discussion of select projects by of International Hotel Brands

- Hilton Worldwide is expected to open 15 hotels comprising nearly 7,000 hotel rooms in Saudi Arabia over the next two years.
- The largest project in the pipe-line is the 1,614 room twin-tower JW Marriott Marquis development being developed at a cost of US$ 490mn in Dubai
- Kempinski announced the construction of a 65-storey, five star hotel in Saudi Arabia with 242 hotels rooms and 104 serviced apartments. Hotels in the 'others' category that are expanding in the GCC hospitality industry include V Continental, Onyx Hospitality, Merweb hotels, and Fraser.

International Companies Hotel development pipeline in the GCC region over 2012–16: total 78,915 rooms



Source: Hotelier Middle East

[12] Venture ME

Mergers and Acquisition activities

Global mergers and acquisition activities and P&E deals were slow in 2011, with even the GCC region experiencing a moderation. The following recent M&A deals involved the GCC region.

Hospitality related M&A activities in the GCC region

- Al Faisal Holding Company LLC, one of Qatar's largest private diversified conglomerates, acquired the W London Hotel from Al Rayan Tourism & Investment Company (ARTIC) for USD314m in September 2011. The hotel has 192 rooms. The acquisition was a part of Al Faisal's strategy to enhance its presence in metropolitan cities. W London Hotel is situated in one of the most popular and internationally renowned pedestrianized square of London and has one of the most exclusive branded apartment schemes.

- Dubai-based Al Mulla Group (one of the UAE's leading private business groups) successfully completed the acquisition of Ishraq Dubai LLC from Dubai International Capital LLC (DIC) for USD130m in October 2011. Ishraq Dubai owns four hotels in Dubai operating under the franchised Holiday Inn Express (HIEX) brand. HIEX, an InterContinental Hotels' 'limited service' brand, focuses on business travelers and tourists who seek quality accommodation at affordable rates. This falls in line with Al Mulla Group's strategy to diversify its current hospitality portfolio to include budget, two and three star hotel categories.

- Istithmar World, a subsidiary of Dubai World, bought Kerzner International Holdings Limited's 50% stake in Atlantis 'The Palm', Dubai, for USD250m, in April 2012, becoming its sole owner. Istithmar World and Kerzner jointly developed the resort, which was opened in 2008. Atlantis, Dubai's flagship mega resort has 1,537 rooms, a world-class water park and 18 restaurants. The acquisition falls in line with Istithmar World's strategy of managing assets for value and investing selectively where growth opportunities exist.

- Katara Hospitality acquired two Raffles Hotel properties (Raffles Hotel Singapore and Le Royal Monceau in Paris in January 2012). Raffles Singapore has 103 suites and banqueting space for around 1,600 guests. Le Royal Monceau (Raffles Paris) is the European flagship of Raffles Hotels and Resorts; it was re-opened in 2010 after two years of refurbishment activity. The acquisition was completed as part of Katara Hospitality's strategy of strengthening its domestic portfolio while expanding in international markets.

- In May 2012, Al Faisal Holdings, through Seldar Holdings (an investment and development arm of Al Rayyan Tourism Investment in North America), announced the acquisition of the 334 room Radisson Blu Aqua Hotel, Chicago from Carlson Rezidor Hotel Group. The acquisition is part of the Group's strategy to increase investment in the hospitality industry.

6. Challenges

While the sector offers huge potential, the current economic situation poses few challenges for growth. As discussed above, the hospitality industry's growth is closely linked to the travel and tourism industry's performance. Any factor impacting tourist movement could dent occupancy rates and ADRs, thereby affecting the hospitality industry's revenue generating capability. Key factors that could impact the performance of the region's hospitality industry are:

6.1. Impact of economic slowdown & socio-political instability

The growth of the hospitality industry is largely dependent on the travel and tourism activities, industries ancillary to it as well as directly related with the well-being of the economy. If there is a negative shift in the socio-economic and political stability of countries in the Middle East, this could severely impact revenues of the region's hospitality industry. Deterioration of economic conditions directly affects the leisure and business demand as travelers generally cut their expenses on leisure during such times. Business demand also gets affected as corporate activities and travels are reduced to control costs.

6.2. Excess room supply impacts occupancy levels and ADR

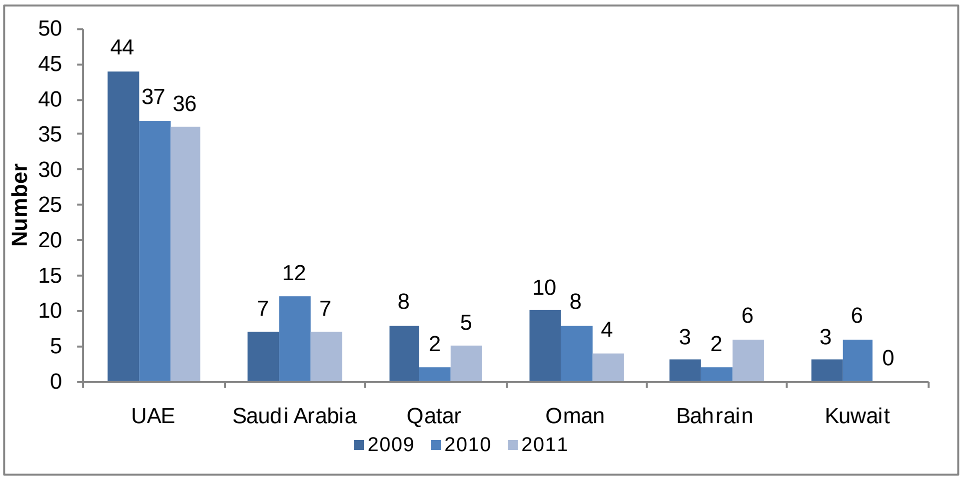
Another issue that could affect the hospitality industry is the oversupply of hotel rooms. Over the past few years, the hotel pipeline has increased considerably to meet the growing demand. However, a fall in tourist activities during an economically turbulent environment will impact the demand for hotels by affecting occupancy levels and ADRs.

6.3. Lack of debt funding

Stringent lending regulations affects the development of new projects

The lack of debt funding for projects could pose severe concerns for hoteliers in the GCC region. Although projects announced prior to the downturn have secured the debt finance commitments from lenders, new projects could face problems. In addition, banks are being conscious about who they lend to due to the tough economic conditions. Due to the risks involved in hotel investments, banks have adopted stringent lending policies such as higher interest rates and lower loan-to-value ratios. As a result, several hotel construction projects have been put on hold, cancelled or delayed due to the lack of debt financing.

Exhibit 32: Hotel projects put on hold or cancelled in the GCC over 2009–11



Source: Hotelier Middle East, Alpen Capital

6.4. Shortage of skilled labor

Being service based, the hospitality sector requires workers with the required set of soft skills, which is a prerequisite for success in a customer service oriented field. Hoteliers generally arrange training programs for workers that allow them to effectively perform their job, which are language, customer service and safety related. On average, a hotelier spends one-third of revenues on labor costs. However, employee turnover in the industry is as high as 31%. Therefore, besides undertaking sufficient steps to develop and enhance the skills of employees, employers need to reward and retain the trained workforce. This would help reduce the turnover.

7. Financial and Valuation Analysis

In this section, we have analyzed the performance of key listed hospitality companies in the GCC region.

Financial analysis

Exhibit 33: 2011 Financial performance of major hotel companies in the GCC region

Company	Country	Total Market Cap (USD Million)	Total Revenue (USD Million)	Total Revenue 1Yr Growth %	EBIT Margin %	EBITDA Margin %	Net Income Margin %	ROE %*	ROA%*
Abu Dhabi National Hotels	UAE	545	495.0	0.6%	14.9%	23.1%	14.4%	3.2%	2.7%
National Corporation for Tourism & Hotels	UAE	277	147.1	2.7%	21.7%	31.7%	18.7%	18.0%	8.9%
Kingdom Holding Company	Saudi Arabia	14,280	723.1	23.0%	23.4%	31.7%	24.5%	2.4%	1.6%
Saudi Hotels & Resort Areas Company	Saudi Arabia	741	118.9	34.9%	47.5%	51.7%	48.0%	9.1%	8.0%
IFA Hotels & Resorts	Kuwait	517	61.0	(54.2%)	28.3%	35.2%	14.8%	9.7%	1.3%
Gulf Hotels Company Bahrain	Bahrain	272	84.0	10.0%	27.3%	37.2%	31.4%	15.1%	13.2%
Kuwait Hotels Company	Kuwait	35	43.6	(11.7%)	(3.3%)	2.6%	(3.0%)	(10.9%)	(4.7%)
Kuwait Resorts Company	Kuwait	30	41.2	(2.0%)	28.4%	47.3%	(4.4%)	2.9%	0.8%
Hotel Management Company International	Oman	10	26.0	10.0%	27.5%	35.4%	23.6%	22.1%	13.5%
Average		**1,856**	**193.3**	**1.5%**	**27.4%**	**32.9%**	**25.0%**	**10.3%**	**6.2%**
Median		**277**	**84.0**	**2.7%**	**27.4%**	**35.2%**	**23.6%**	**9.4%**	**5.3%**

*Source: Bloomberg, (All Figures are LTM, * Last reported FY figures, Net Income Margin is before extraordinary items, NM denotes Not Meaningful, NA denotes Not Available, Grey is below Average and Green is above Average, Black font numbers not considered in average), Alpen Capital*

Of the set of significant listed companies considered in our analysis, the top three companies accounted for 78.5% of total revenues. The median operating margin of 27.4% is reasonably healthy. Saudi Hotels and Resorts has the largest EBIT margin, while Abu Dhabi National Hotels has the lowest.

The median net income margin of the significant listed hotels considered in our analysis stands at 23.6%. Saudi Hotels and Resorts has the highest net income margin, while Abu Dhabi National Hotels has the lowest. Median ROE is 9.4% and average ROE amongst the considered companies is 10.3%. Hotel Management Company International has the highest ROE, while Kingdom Holding Company has the lowest ROE.

- Over 2011, Kingdom Holding Company, the largest company amongst the considered set based on revenue, reported an impressive growth. Despite its size, it generated an impressive EBIT and net margin.

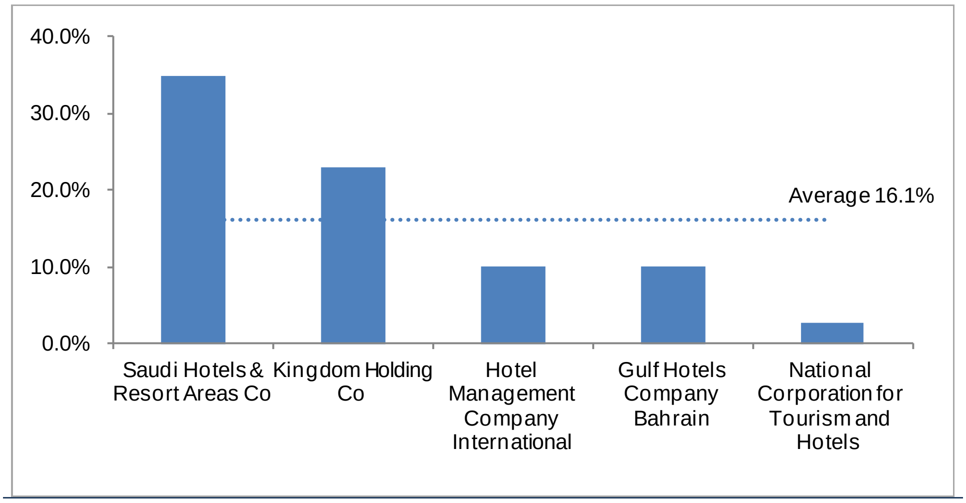
- National Corporation for Tourism and Hotels reported an impressive ROE, EBIT, EBITDA and net margin in 2011.

- Saudi Hotels & Resorts Area Company and Hotel Management Company International, despite low revenue base, delivered healthy revenue growth and above average ROE, EBIT, EBITDA and net margin.

Revenue Analysis

Revenue of the significant listed hotel companies increased as the economic recovery led to a rise in both leisure and business spend during 2011. Kingdom Hotel Company reported revenues of USD723million, followed by Abu Dhabi National Hotel (USD495 million) and National Corporation for Tourism and Hotels (USD147 million). Kingdom Hotel Company accounted for 42% of total revenues of the companies analyzed.

Exhibit 34: Revenue growth, LTM



Source: Bloomberg, Alpen Capital

Most companies witnessed growth as the market recovered. However, negative effects of the Arab Spring impacted the revenue of hotels in Bahrain. Amongst the set of companies considered, Kingdom Hotel Company, the largest company in the data set, reported a 23% growth in revenues. Saudi Hotels & Resort Areas Company registered a 35% growth. Revenue growth of other large hotel companies like Abu Dhabi Nationals Hotel and National Corporation for Tourism and Hotels' were marginal during 2011. IFA Hotels and Resorts reported the most significant decline in revenues amongst the companies considered.

Return of assets and equity

We analyzed ROA and ROE to rank the domestic players in terms of profitability. Of the companies considered in the exhibits below, Hotel Management Company International and Gulf Hotel Company Bahrain reported the healthiest asset utilization performance with returns of 13.5% and 13.2%, respectively. This was above 9.3% average of the five companies considered. Abu Dhabi National Hotels reported the lowest ROA of 2.7% amongst the five companies.

Exhibit 35: Return on assets, LTM

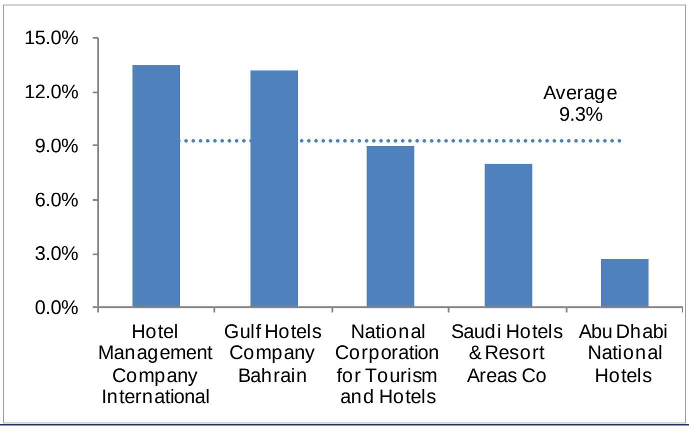
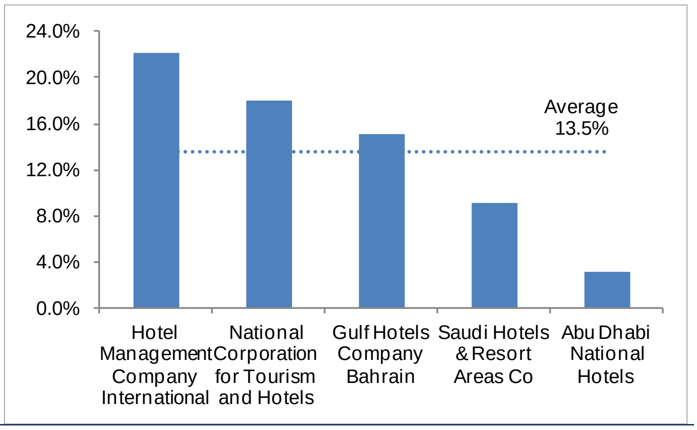


Exhibit 36: Return on equity, LTM



Source: Bloomberg, Alpen Capital

The average ROE for the companies considered in exhibit above was 13.5% in 2011. Hotel Management Company International had a relatively high return of 22.1%. National Corporation for Tourism and Hotels reported the second-best ROE in 2011.

Operating margin

Saudi Hotels and Resorts Areas Co. reported highest EBIT margin of 47.5% amongst five companies considered in exhibit 37, and the highest EBITDA margin of 51.7%%. Kuwait Resorts Company followed Saudi Hotels and Resort Area Co. at EBIT margins of 28.4%, Kingdom Hotel Company reported lowest EBIT margin within the companies analyzed in exhibit 37.

Exhibit 37: EBIT margin, LTM

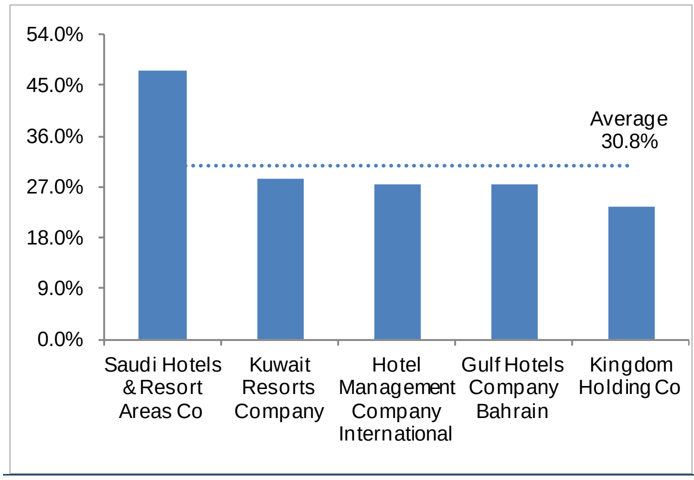
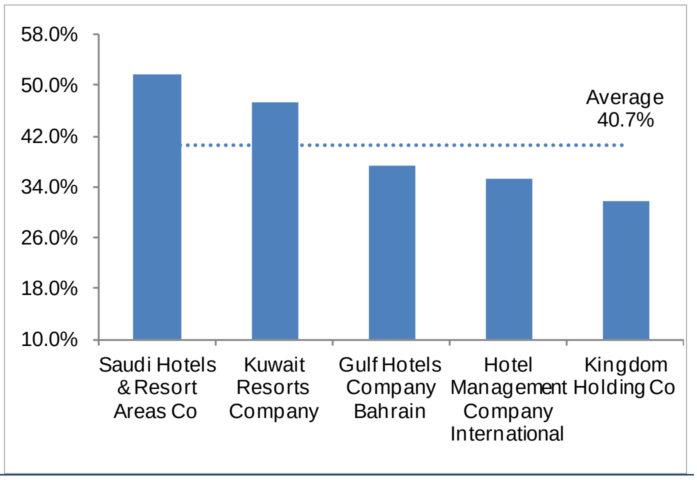


Exhibit 38: EBITDA margin, LTM



Source: Bloomberg, Alpen Capital

Of the companies considered in exhibit 38, Saudi Hotels and Resorts Co. and Kuwait Resort Company reported above average EBITDA margins. Saudi Hotels and Resorts Co. reported the highest EBITDA margin amongst the considered companies, while Kingdom Hotel Company reported lowest margin within the companies considered above.

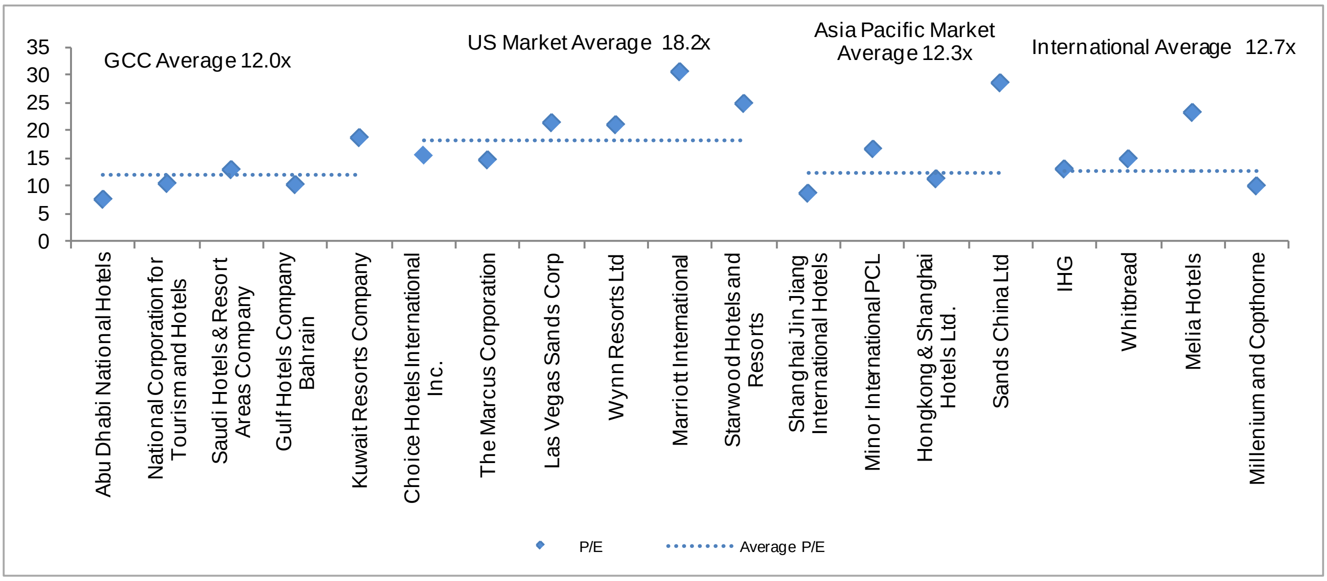
Ratio analysis

Exhibit 39: Ratios of major hotel companies in the GCC – LTM

Company	P/Normalized EPS	P/BV	EV/ EBITDA	Inventory Turnover (times) Latest Year	Fixed Asset Turnover Latest Year	Current Ratio Latest Year
Abu Dhabi National Hotels	7.7x	0.2x	6.9x	29.0x	0.2x	1.0x
National Corporation for Tourism and Hotels	10.5x	2.0x	8.8x	44.2x	0.4x	1.3x
Kingdom Holding Company	80.5x	2.1x	75.0x	NA	0.2x	1.2x
Saudi Hotels & Resort Areas Company	13.0x	1.6x	11.6x	11.6x	0.2x	1.3x
IFA Hotels and Resorts	26.7x	2.6x	17.5x	NA	0.3x	0.8x
Gulf Hotels Company Bahrain	10.3x	1.9x	6.9x	7.1x	1.0x	5.1x
Kuwait Hotels Company	NA	1.6x	27.3x	17.8x	1.0x	0.8x
Kuwait Resorts Company	18.7x	0.6x	3.7x	134.4x	0.4x	1.0x
Hotel Management Company International	1.6x	0.3x	1.1x	15.0x	0.6x	1.1x
GCC Average*	**12.0x**	**1.8x**	**7.6x**	**16.1x**	**0.5x**	**1.0x**
Asia Pacific Average	**12.3x**	**1.0x**	**10.7x**	**15.4x**	**1.1x**	**1.2x**
International Average	**12.7x**	**1.3x**	**9.4x**	**13.9x**	**1.1x**	**1.0x**
US Average	**18.2x**	**0.8x**	**11.5x**	**9.8x**	**0.9x**	**1.0x**

*Source: Bloomberg, Alpen Capital, NM denotes Not Meaningful, Valuation multiples: Grey is above Average and Green is below Average, For other ratios: Grey is below Average and Green is above Average, *Average excludes outliers marked in black font*

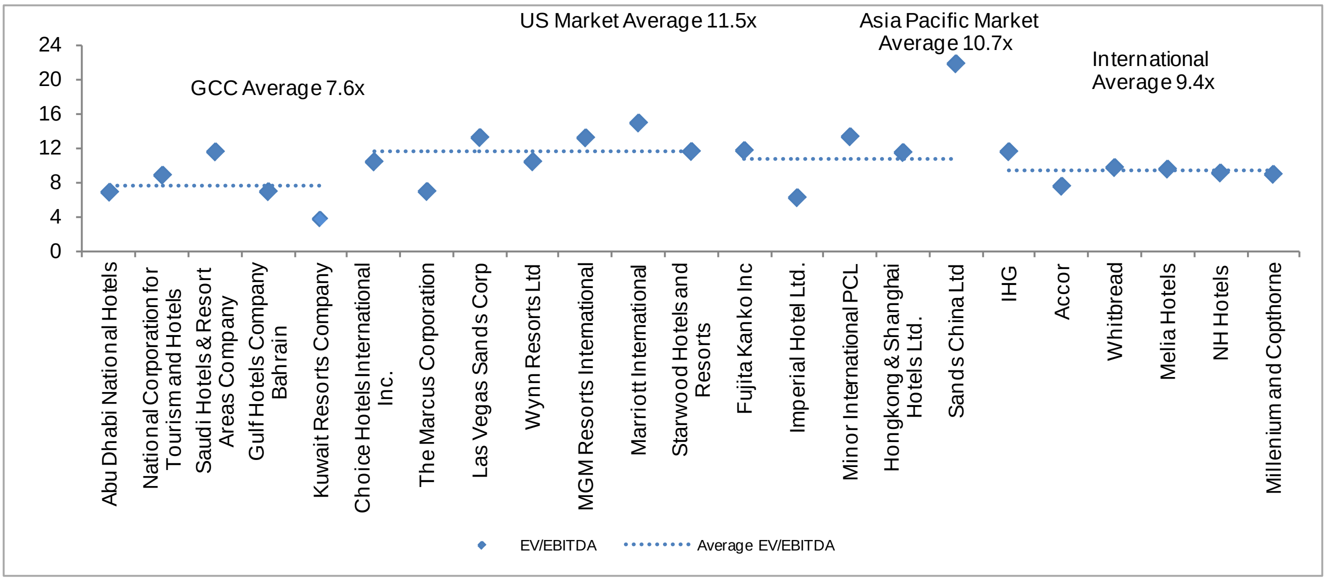
Exhibit 40: P/E relative valuation



Source: Bloomberg, Alpen Capital

Excluding outliers, the GCC hospitality sector is trading at a P/E of 12.0x. Amongst the considered companies, Kuwait Resorts and Company is trading at a high P/E of 18.7x, whereas Abu Dhabi National Company with a P/E of 7.7x is the most undervalued. Many GCC players are trading at a P/E less than the global companies considered.

Exhibit 41: EV/EBITDA relative valuation



Source: Bloomberg, Alpen Capital

Excluding outliers, GCC-listed hospitality companies are trading at an average EV/EBITDA of 7.6x. Saudi Hotels and Resort Area Co. reported the highest EV/EBITDA ratio of 11.6x. Kuwait Resorts Company's multiple was the lowest amongst the companies considered. The GCC hospitality sector has the lowest EV/EBITDA compared to other regions.

Valuation against global players

Exhibit 42: Hospitality Industry Valuation multiples

Company	P/E	EV/EBITDA
GCC Region		
Abu Dhabi National Hotels	7.7x	6.9x
National Corporation for Tourism and Hotels	10.5x	8.8x
Saudi Hotels & Resort Areas Company	13.0x	11.6x
Gulf Hotels Company Bahrain	10.3x	6.9x
Kuwait Resorts Company	18.7x	3.7x
Average	**12.0x**	**7.6x**
USA Market		
Choice Hotels International Inc.	15.7x	10.4x
The Marcus Corporation	14.8x	7.0x
Las Vegas Sands Corp	21.4x	13.2x
Wynn Resorts Ltd	21.1x	10.4x
MGM Resorts International	NA	13.2x
Marriott International	30.6x	14.9x
Starwood Hotels and Resorts	24.9x	11.6x
Average	**18.2x**	**11.5x**
Asia Pacific Markets		
Shanghai Jin Jiang International Hotels	8.8x	5.9x
Fujita Kanko Inc	NA	11.7x
Imperial Hotel Ltd.	NM	6.2x
Minor International PCL	16.8x	13.3x
Hongkong & Shanghai Hotels Ltd.	11.4x	11.5x
Sands China Ltd	28.6x	21.8x
Average	**12.3x**	**10.7x**
International Markets		
IHG	13.1x	11.6x
Accor	NM	7.6x
Whitbread	14.9x	9.7x
Melia Hotels	23.3x	9.6x
NH Hotels	NA	9.1x
Millenium and Copthorne	10.1x	9.0x
Average	**12.7x**	**9.4x**

Source: Bloomberg, Alpen Capital, (All Figures are LTM, NM denotes Not Meaningful, Average excludes outliers

The average P/E and EV/EBITDA multiples of GCC, Asia Pacific, US and international companies were considered for the analysis. Excluding outliers, GCC-based companies trade at an average P/E of around 12.0x compared to 18.2x for the US market,12.3x for Asia Pacific and 12.7x of international market peers. Even in terms of EV/EBITDA, GCC companies are trading at a discount at a multiple of 7.6x relative to 11.5x for US-based companies, 10.7x for Asia Pacific and 9.4x for international peers. The GCC hospitality industry offers upside potential owing to expected surge in demand due to expanding recreational, sporting and convention & exhibition facilities.

Country Profiles

Saudi Arabia

Macro-economic indicators

Indicators	Unit	2011	2012E	2016E
GDP	*USD billion*	577.6	651.7	763.1
Population	*million*	28.2	28.8	31.9
Inflation	*%*	5.0%	4.8%	4.0%
Share of T&T in GDP	*%*	5.4%	5.4%	5.3%
Overnight visitor arrivals	*million*	16.5	16.3	19.0

Source: IMF, WTTC, World Data bank

Economic Overview

Saudi Arabia's economy largely depends on oil; it is the world's leading producer and exporter of the commodity. According to the IMF, the Kingdom's real GDP grew 6.8% in 2011 compared to 4.6% in 2010. IMF estimates the economy would expand 6.0% in 2012, and at a CAGR of 4.6% over 2012–16 due to the hydrocarbon reserves.

Industry snapshot

Saudi Arabia's hotel industry experienced healthy growth driven by increased government spending and foreign investment. Religious tourism in Mecca and Medina resulted in a rise in the number of hotels to meet the demand of incoming pilgrims. On the other hand, business demand in Riyadh and Jeddah drives the demand for hotels.

Major source markets of tourists for Saudi Arabia are the GCC countries, primarily the UAE and Kuwait.

Room supply

Current, including apartments	Under construction	Under planning
243,117	11,270	15,324 (50% of which is considered for forecast)

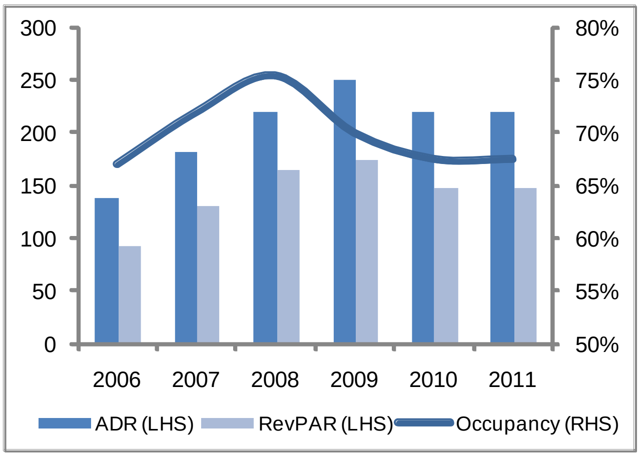
Key companies

Company	Number of hotels under management/affiliates
Kingdom Holding Company	19
Saudi Hotels & Resort Area Company	10

Key insights

- Tourism contributed 5.4% to Saudi's GDP in 2011, and is likely to account for 5.3% by 2016.
- Tourist arrivals rose 50% in 2011, and is expected to grow at a CAGR of 4.0% to reach 19 million by 2016.
- While Jeddah, Dammam, and Al-Khobar contribute to leisure demand, Riyadh (the commercial capital) generates corporate demand. Mecca and Medina (the largest hotel markets), which together have a hotel capacity of around 69,000 rooms, contributes towards the religious demand.
- Five-star and four-star hotels represent 51% of the total hotel room capacity.
- Mecca and Medina are witnessing the development of budget hotels to largely cater to the demand of inbound tourists (who come for Umrah and Hajj).
- The room supply pipeline is 26,594 (including planned and under construction), with majority of development activities taking place in the five-star category.
- The average hotel occupancy rate and ADR stood at 68% and USD220, respectively, in 2011.
- Major international players in the country are Ritz Carlton, Movenpick and Kempinski

Key performance metrics



Source: HVS

Growth drivers

- Emerging markets and domestic demand constitute the primary sources of hotel demand.
- The Kingdom is expected to spend USD80 billion for the development of key infrastructure (such as airport, rail, and road transport) to facilitate tourist activity within the country.
- Business tourism is thriving in the city as the Kingdom is the largest oil exporter.
- The government is undertaking conscious efforts to develop malls and museums in Jeddah, which is a leisure spot for Saudis.
- Religious tourism has huge prospects for the hotel industry in Saudi Arabia considering the worldwide Muslim population is 1.8billion.
- Branded hotels still remain limited and under penetrated in the Kingdom. The development of branded international hotels would generate demand for high-end offerings.

Challenges ahead

- Due to lack of funding options available for financing hotel construction projects, a number of projects might either get delayed or scrapped.
- Restrictions on issuing entry visas in Saudi Arabia discourage the flow of tourists into the Kingdom.

UAE

Macro-economic indicators

Indicators	Unit	2011	2012E	2016E
GDP	*USD billion*	360.1	386.4	448.3
Population	*million*	5.4	5.5	6.4
Inflation	*%*	0.9%	1.5%	2.1%
Share of T&T in GDP	*%*	13.5%	13.7%	14.6%
Overnight visitor arrivals	*million*	11.2	11.2	13.8

Source: IMF, WTTC, World Data bank

Economic Overview

Oil & gas, manufacturing, services, and real estate are key industries in the UAE. According to the IMF, the country's real GDP grew 4.9% in 2011 after reporting a marginal growth of 1% in the previous year. IMF estimates the economy would expand 2.3% in 2012, and grow at a CAGR of 3.8% between 2012–16 led by a revival in tourism and business activity.

Industry snapshot

In terms of tourist infrastructure, Dubai, and the UAE as a whole, offer excellent standards of accommodation along with the incentive of tax-free shopping. Abu Dhabi is also being regarded as one of the prominent destinations by tourists. About 35% of hotels in Dubai and 30% in Abu Dhabi are of three-star category or lower, the vast majority of which are local brands as travelers are looking to trim their spending.

Room supply

Current, including apartments	Under construction	Under planning
96,922	21,238	14,445 (50% of which is considered for forecast)

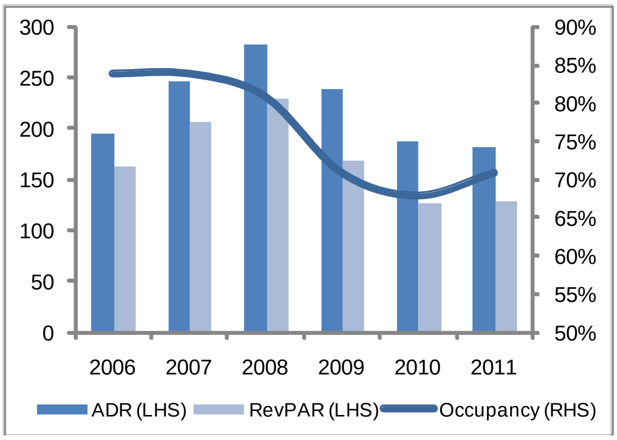
Key companies

Company	Number of hotels under management/affiliates
Jumeirah	21
Habtoor Hotels	9
Ramee Group of Hotels and Resorts	34

Key insights

- Tourism contributed 13.5% to UAE's GDP in 2011, and is expected to account for 14.6% by 2016.
- Tourist arrivals increased 7.9% in 2011, and is estimated to grow at a CAGR of 5.3% to reach 13.8 million by 2016.
- The hospitality sector in the UAE remains one of the fastest growing tourism destinations in the Middle East, with Dubai contributing significantly to growth in demand.
- Unlike other GCC countries, demand for hotels in the UAE is more diversified with a fair mix of leisure, corporate, and MICE demand.
- Domestic demand is the primary source market for tourists in the UAE, followed by the GCC, and other Arab states. Europe also contributes a considerable share of the demand.
- Dubai and Abu Dhabi together contribute more than 80% to the UAE's room supply, and five-and four-star hotels together accounted for over 65% of room supply.
- In 2011, occupancy rate grew to 71% from 68% in 2010 on higher demand, while ADR declined 2.7%.
- UAE's hotel room pipeline remains strong, with Dubai accounting for 48% and Abu Dhabi 38%. Majority of the hotel room supply is in the five-star category, which represents 74% of the UAE's hotel pipeline.

Key performance metrics



Source: HVS

Growth drivers

- The UAE has positioned itself as the ultimate tourist destination in the Middle East, providing tourists with leisure and corporate elements. The country's shopping malls, marine tourism, events, adventure sports, exhibition and conventions centers continue to attract travelers. This, in turn, would increase the demand for hotels.
- The country is expanding its airport capacity to accommodate about 90mn passengers. This would further facilitate tourist visits.
- Tourism incentives, such as tax-free shopping in Dubai, attract millions of tourists every year.
- The UAE is equipping itself to meet growing demand from all segments of population. To meet demand from down-trading due to tough economic conditions, the country is developing budget hotels for leisure and corporate tourists.
- The government's concerted efforts to reduce its reliance on oil, and raise the contribution from other non-oil sectors (such as tourism) results in significant investments in infrastructure.
- In addition the Arab Spring has resulted in businesses and families temporarily or permanently shifting their base to the UAE

Challenges ahead

- Due to the lack of funding options available for financing hotel construction projects, a number of projects might get delayed or scrapped.
- Any deterioration in economic conditions can impact tourists arrivals to the region thus impacting the demand for hotels. This may result in an oversupply of hotels

Qatar

Macro-economic indicators

Indicators	Unit	2011	2012E	2016E
GDP	*USD billion*	173.8	195.6	245.6
Population	*million*	1.8	1.8	2.2
Inflation	*%*	2.0%	4.0%	5.0%
Share of T&T in GDP	*%*	3.2%	3.4%	3.6%
Overnight visitor arrivals	*million*	1.92	1.94	2.08

Source: IMF, WTTC, World Data bank

Economic Overview

Oil & gas, and finance are the major sectors in Qatar. According to the IMF, the country's real GDP grew 18.8% in 2011 compared to 16.6% in 2010. The IMF estimates the economy would expand 6.0% in 2012, and grow at a CAGR of 5.4% between 2012–16, considering the domestic investments required to be made in advance of the 2012 FIFA World Cup, as well as efforts to diversify the economy

Industry snapshot

Qatar has one of the largest average daily travel spends per person; it mainly attracts business demand for its hotels. As the host for the 2022 FIFA World Cup, Qatar is likely to experience a rise in the number of tourists as football fans flock the country. This is expected to increase the demand for hotels. Further, as a part of vision 2030 initiatives, the country is currently developing its domestic infrastructure such as roads, airport, railways, as well as leisure attractions like museums, city enhancement projects, shopping malls, restaurants, etc to facilitate tourist activity..

Room supply

Current, including apartments	Under construction	Under planning
11,341	5,544	1,319 (50% of which is considered for forecast)

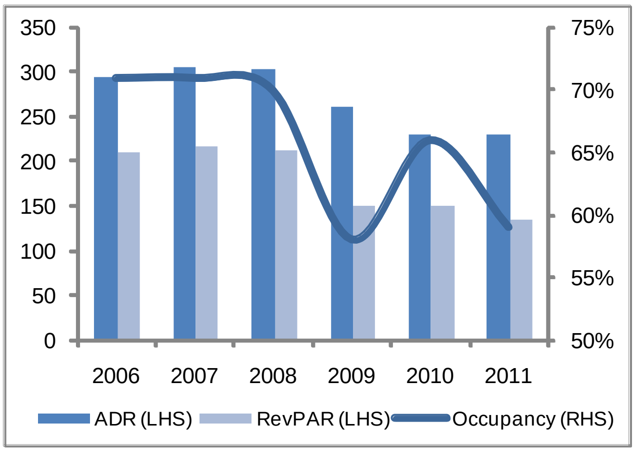
Key companies

Company	Number of hotels under management/affiliates
Katara Hospitality	10
Al Faisal Holdings	6

Key insights

- Tourism contributed 3.2% to Qatar's GDP in 2011, and is expected to represent 3.6% by 2016.
- Tourist arrivals increased by 2.6% in 2011, and is estimated to grow at a CAGR of 1.9% to reach 2.1mn by 2016.
- The hospitality sector in Qatar primarily derives its demand from corporate, while leisure demand remains limited due to inadequate infrastructure
- The GCC region is the primary source market for Qatar's tourism. However, there is a considerable expatriate population in the country, with Europeans mainly visiting Qatar for business purposes.
- Currently, five-star and four-star hotels account for more than 75% of the total hotel room supply, while three-star hotels and lower account for the remaining 25%.
- Total room supply pipeline is 6,863 (including planned and under construction), with majority of development activities taking place in the five-star category. Two and three star hotels are likely to account for close to 21% of room supply over the next five years.
- The occupancy level and ADR stood at 59% and USD231, respectively, in 2011.
- Major international players in the country are Hilton Hotels, IHG, and Accor.

Key performance metrics



Source: HVS

Growth drivers

- Demand from businesses, including the government, has been one of the major drivers for the hotel industry. As the country focuses more on economic diversification and growth picks up in Qatar, leisure as well as corporate demand for hotels is likely to surge.
- The government's decision to cut corporate tax to 10% in 2010 is helping to improve the business environment. This is expected to increase corporate interest by expatriates.
- Removal of law implementing 49% of foreign ownership in tourism and other sectors in 2010 is likely to increase foreign direct investment in the country. This would boost business demand for hotels.
- The government is developing domestic infrastructure to increase leisure tourism in Qatar. Additionally, sport events (such as the Golf Championship and the FIFA World Cup) would result in an increase in leisure tourism, and thus, the demand for hotels.
- Qatar would be host to the 2022 World Cup, which is likely to attract about 400,000 fans to the country. This would not only result in a higher demand for hotels, but is likely to attract international and domestic hotel investors.

Challenges ahead

- Oversupply of hotels in Qatar after the 2022 World Cup is one of the concerns of the hotel industry.
- Entry visa requirements and cultural restrictions may pose issues for growing leisure demand.

Oman

Macro-economic indicators

Indicators	Unit	2011	2012E	2016E
GDP	*USD billion*	71.9	78.9	86.5
Population	*million*	3.1	3.2	3.7
Inflation	*%*	4.0%	3.2%	2.7%
Share of T&T in GDP	*%*	6.5%	6.6%	7.5%
Overnight visitor arrivals	*million*	1.8	1.6	2.0

Source: IMF, WTTC, World Data bank

Economic Overview

Real estate, and construction are the primary industrial sectors in Oman. According to the IMF, the country's real GDP grew 5.5% in 2011 compared to 4.0% in 2010. IMF estimates the economy would expand 5.0% in 2012, and at a CAGR of 3.8% over 2012–16. High tourist arrivals and foreign direct investment are expected to contribute to future growth.

Industry snapshot

Oman provides a salient blend of cultural, natural, and ecological attractions with various activities such as diving, desert safaris, and mountain hiking, all within a natural and well-conserved environment.

Room supply

Current, including apartments	Under construction	Under planning
12,195	1,790	3,541 (50% of which is considered for forecast)

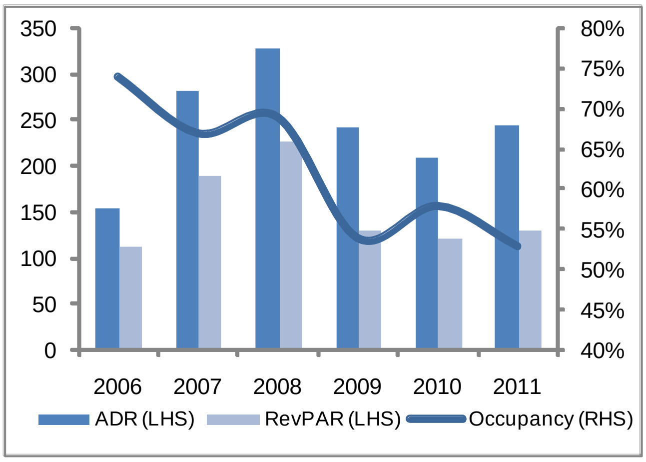
Key companies

Company	Number of hotels under management/affiliates
Oman Hotel and Tourism Company	7
Zubair Corporation	3
Gulf Hotels (Oman) Company	2

Key insights

- Tourism accounted for 6.5% of GDP in 2011, and is expected to contribute 7.5% by 2016.
- Tourist arrivals increased 11.5% in 2011, and is estimated to grow at a CAGR of 5.7% to reach 2 million by 2016.
- The hotel industry in Oman derives its demand from corporate and leisure tourists.
- Europe accounts for a majority of tourist arrivals, while domestic, GCC, and Asian travelers provide an equal level of demand.
- Currently, five-star and four-star hotels comprise 66% of the total hotel room supply, while three-star hotels and lower accounted for the remaining 36%.
- Total room supply pipeline is 5,331 (including planned and under construction), with majority of development activities taking place in the five-star category.
- The occupancy level and average daily room rate (ADR) stood at 53% and USD245, respectively, in 2011.
- Major international players in Oman are Starwood Hotels and Resorts, IHG, and The Reizdor Hotel Group.

Key performance metrics



Source: HVS

Growth drivers

- Infrastructure projects, such as the airport expansion project, would boost passenger capacity. Development of the national railways, and launch of an exhibition and convention center are expected to boost the demand for hotels.
- To facilitate Oman's tourism, the Ministry of Culture introduced a campaign, which was aired through 1,700 repeat television advertisements and 4.7 million web advertisements.
- To boost leisure demand, Oman is promoting adventure/trekking tourism and eco-tourism that are being sold in packages through specialized travel retail outlets.
- Oman has eased its entry visa requirements to facilitate visa on arrival for almost 60 countries

Challenges ahead

- Oman faces strong competition from tourist hubs (such as Dubai), which provide a similar mix of sun, sand, and a liberal atmosphere.

Bahrain

Macro-economic indicators

Indicators	Unit	2011	2012E	2016E
GDP	*USD billion*	26.1	27.8	31.1
Population	*million*	1.1	1.2	2.0
Inflation	*%*	1.0%	0.9%	2.0%
Share of T&T in GDP	*%*	14.3%	14.3%	14.8%
Overnight visitor arrivals	*million*	5.8	6.3	7.1

Source: IMF, WTTC, World Data bank

Economic Overview

Oil & gas, finance and manufacturing are the key sectors in Bahrain. According to IMF, the Kingdom's real GDP increased 1.8% in 2011 (4.5% growth in the previous year) due to recovery in the manufacturing, hotel, construction and finance sectors. IMF projects Bahrain's GDP to expand at a CAGR of 2.6% over 2012–16.

Industry snapshot

Bahrain is one of the first countries to experience the near exhaustion of oil reserves in the GCC region; moreover, its gas reserves are limited. As a result, the Kingdom's government has been focusing on reducing its reliance on hydrocarbons and emphasizing on the development of the non-oil sector. In line with this, public-private partnerships are being developed to facilitate the growth of the tourism sector. The government expects to enhance the contribution of tourism from 14% to 30% over the next 10 years.

Room supply

Current, including apartments	Under construction	Under Planning
6,977	1,744	196 (50% of which is considered for forecast

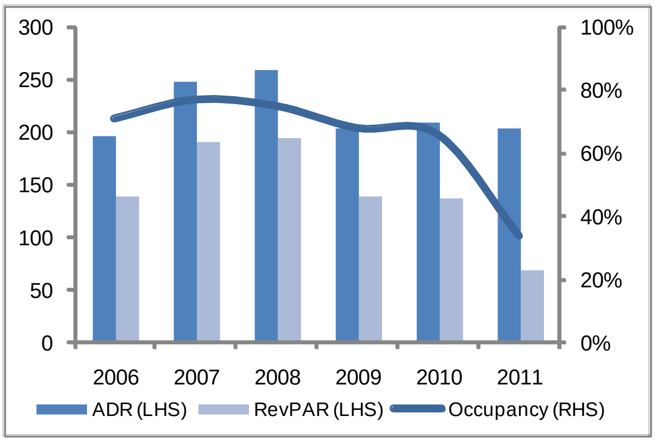
Key companies

Company	Number of hotels under management/affiliates
Elite Group International	13
Gama Hotels	3

Key insights

- Tourism accounted for 14.3% of the GDP in 2011. As the Kingdom emphasizes on developing tourism to reduce dependence on the oil sector, its share in GDP is expected to rise up to 15% by 2016.
- Tourist arrivals declined 16.6% in 2011 due to Arab Spring. However, over 2012, as conditions stabilize, arrivals are expected to grow ~ 11% to 6.3 million
- While GCC is the primary source market of tourists for Bahrain, tourists' inflow from the Asian region has been growing over the last few years.
- About 80% of the hotel room supply comprises five-star hotels.
- Four-star hotels account for the balance 20% of room supply, most of the time owned by local operators with quality of services varying from one hotel to another.
- In 2011, occupancy rates declined significantly from 66% in 2010 to 34% as a result of the social-political unrest; ADR declined 2.4%. Consequently, RevPAR fell by 49.7%
- The hotel pipeline in Bahrain remains strong with 1,940 hotel rooms (including planned and under construction) expected to be added over the next five years. Majority of this supply is likely to augment the capacity of five-star hotels.

Key performance metrics



Source: HVS

Growth drivers

- Infrastructure development activities such as expansion of Bahrain International Airport, which would increase the passenger capacity to 13.5mn by 2015, have been undertaken to facilitate travel and tourism.
- Inter-regional tourism from Saudi Arabia benefits from the King Fahad Causeway. The development of the Qatar-Bahrain causeway would further raise tourist arrivals from Qatar.
- Cruise and international sport events such as the Formula One races and Golf Championships organized by Bahrain are expected to drive leisure travel to the country. Cultural tourism and ecotourism would help in raising the tourist base further.
- Efforts undertaken by the government to enhance meeting and exhibition capacity are likely to further aid the business travel segment demand in Bahrain.
- The Kingdom's proximity to Saudi Arabia is likely to further aid business travel demand as many companies with headquarters in the KSA come for meetings and leisure to Bahrain.
- Lack of restriction on foreign ownership of hotels, coupled with exemption for hotels from paying corporation tax to facilitate entry of international players, too would drive growth.

Challenges ahead

- Bahrain faces strong competition from tourist hubs such as Dubai, which provide a similar mix of sun, sand and liberal atmosphere.
- Bahrain is still considered a weekend gateway destination rather than a luxury holiday destination. The Kingdom's transformation from a budget weekend spot to an international luxury spot would require lot of resources; which could be quite challenging.
- Due to lack of funding options available for financing of hotel construction projects, a number of these might get delayed or scrapped.
- Socio-political instability in the Kingdom could impact tourist arrivals into Bahrain.

Kuwait

Macro-economic indicators

Indicators	Unit	2011	2012E	2016E
GDP	*USD billion*	176.8	202.2	218.6
Population	*million*	3.7	3.8	4.3
Inflation	*%*	4.7%	3.5%	4.1%
Share of T&T in GDP	*%*	5.3%	5.4%	5.0%
Overnight visitor arrivals	*million*	0.25	0.31	0.37

Source: IMF, WTTC, World Data bank

Economic Overview

Oil & Gas and finance are the primary industrial sectors in Kuwait. According to the IMF, the country's real GDP grew 8.2% in 2011, after growing 3.4% in 2010, as oil prices rose. IMF estimates the economy to expand 6.6% in 2012 and at a CAGR of 3.9% over 2012–16. The government's long-term development plan includes diversifying the economy away from oil.

Industry snapshot

More than 80% of the government's revenues and more than half of Kuwait's GDP are dependent on the oil sector. The country is focusing on reducing its reliance on the sector by enhancing tourism.

Room supply

Current, including apartments	Under construction	Under planning
6,484	1,179	1,325 (50% of which is considered for forecast)

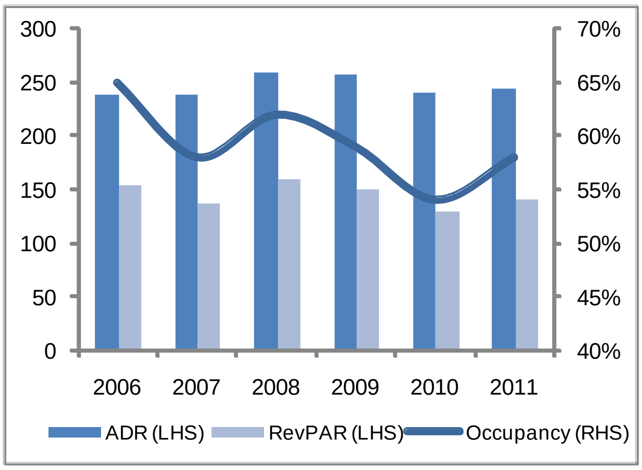
Key companies

Company	Number of hotels under management/affiliates
Kuwait Resorts Company	4
Aamal Holdings	11
IFA Hotels and Resorts	26

Key insights

- Tourism accounted for 5.3% of the GDP in 2011 and is projected to account to 5.0% by 2016.
- Tourist arrivals increased by 19.3% in 2011 and is expected to grow at a CAGR of 4.9% to reach 0.37 million by 2016.
- Hotel demand in Kuwait primarily consists of corporate demand, with a large proportion coming from the government.
- The GCC region is the major source market of tourists for Kuwait, contributing two-third of its tourist arrivals. Europe accounts for less than 15% of tourist inflow.
- The total room supply pipeline is 2,504 (including planned and under construction), with majority of development activities taking place in the five-star category.
- In 2011, occupancy level and ADR stood at 58% and USD244, respectively.
- IHG is a major international player in Kuwait.

Key performance metrics



Source: HVS

Growth drivers	Challenges ahead
• Due to lack of recreational facilities as well as less developed infrastructure, leisure demand is limited. As a result, the government and private sector are taking initiatives to strengthen infrastructure. The country is also planning to develop a second terminal at its international airport to facilitate passenger movement. • Kuwait's culture and heritage tourism, coupled with enhanced focus on sun & sea activities such as diving, yachting and trips to islands, is likely to drive the leisure demand for hotels.	• Lack of funding options available for financing of hotel construction projects may result in such projects getting delayed or scrapped. • The regional demand is primarily dependent on corporate, and lacks leisure avenues for tourists

Company Profiles

KINGDOM HOLDING COMPANY — Saudi Arabia

Company Description

Kingdom Holding Company (KHC) is a leading private investment conglomerate, with investments in diverse sectors such as banking & financial services, hotel management, real estate, tech, media & telecom, consumer & healthcare, and industrial. Notably, KHC is identified as one of the world's largest investors in the hotel sector. Besides maintaining investments in individual hotel properties (some of which are owned), the company also retains interests in leading international hotel management companies (including Four Seasons Hotels Inc, Fairmont Raffles Holdings International/Fairmont Raffles, and MövenPick Hotels and Resorts AG). KHC's investments in individual hotel properties outside North America and Europe are managed by Kingdom Hotel Investments (KHI), formed in 1994 and headquartered in Dubai. Currently, KHI has investments in 21 hotels (of which 17 are consolidated, 2 are associate hotels and the remaining are under development stage) in 15 countries. Besides this, KHC maintains direct holdings in George V, Savoy as well as a number of individual hotel properties, including Fairmont San Francisco Hotel, Four Seasons Hotel des Bergues, Fairmont Monte Carlo Hotel, Four Seasons Residence Club Scottsdale and Four Seasons Toronto Hotel.

Financial Performance						
(USD 000s)	**2010**	**2011**	**% Change**	**2Q 2011**	**2Q 2012**	**% Change**
Revenue	727,211	567,925	(21.9)	165,967	129,858	(21.8)
COGS	(510,323)	(394,922)	(22.6)	(102,930)	(91,415)	(11.2)
Operating Income	22,652	15,639	(31.0)	23,300	2,946	(87.4)
Margin (%)	*3.1*	*2.8*		*14.0*	*2.3*	
Net Income	161,442	170,564	5.7	43,593	47,710	9.4
Margin (%)	*22.2*	*30.0*		*26.3*	*36.7*	
ROE (%)	2.34	2.44		1.97	2.12	
ROA (%)	1.31	1.56		1.26	1.36	

Source: Zawya

Performance Analysis

- Compared to the previous year, revenues fell 21.9% to USD567.9 million during 2011 due to lower revenues from the Hotels and Real Estate & Domestic segments. During 2Q 2012, revenues declined 21.8% to USD129 million as against the corresponding quarter of the previous year owing to lower revenues from hotels and other operating activities.
- Net income grew 5.7% to USD170.6 million in 2011 compared to the previous year due to a decline in expenses related to Hotels and other operating activities, depreciation and amortization, and reversal of impairment losses. During 2Q 2012, net income increased 9.4% against the same quarter in the previous year to USD47.7 million largely owing to reversal of impairment losses.

Recent Developments and Plans

- In May 2012, Kingdom Hotel Investment signed an agreement with Crystal Caliber Sdn Bhd, a wholly-owned subsidiary of Malaysia-based TA Global Bhd, to sell its 100% interest in the Movenpick Resort & Spa Karon Beach Phuket in Thailand to the latter for USD90 million.
- In May 2012, KHC announced the sale of its Four Seasons Hotel Toronto, Canada, for CAD142.5 million.

Snapshot	
Year established	1980
Ownership	Public
No. of hotels	19*
No. of rooms	3,884
Segment	4-,5-star

** KHI properties*

Stock Details	
Bloomberg ticker	KINGDOM AB
52-week high/ low	4.48/1.91
Market Cap (USD)	14,279.6
Enterprise value (USD)	17,196.3
Shares outstanding (million)	3,705.9

Source: Bloomberg

Current Price (USD)	
Price as on 10/02/2012	3.85

Share Price Chart

Valuation Multiples		
	2011	**Current**
P/E (x)	51.28	80.50
P/B (x)	1.29	2.07
EV/EBITDA (x)	57.79	75.00
Dividend Yield (%)	5.65	3.46

Source: Bloomberg

Shareholding Structure, 2011	
HH Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud	95%
Public	5%
Total	**100%**

Source: Zawya

SAUDI HOTELS AND RESORT AREA COMPANY | Saudi Arabia

Company Description

The Riyadh-based Saudi Hotels & Resort Area Company (also known as SHARACO) was established in 1976. SHARACO's major activities include construction, acquisition, and management of hotels, restaurants, rest areas, and resorts. In addition, the company provides associated catering services independently or through others.

The company operates its hotels, resorts, and compounds properties through Makarim Hospitality Group and its real estate and recreational properties through Al Jazeerah Group. Makarim Hospitality's portfolio consists of 10 Hotels and Resorts with approximately 1,840 rooms (Villas and Bedrooms) in total. Al Jazeerah Group's portfolio consists of 7 real estate and 2 recreational properties.

Financial Performance

(USD 000s)	2010	2011	% Change	2Q 2011	2Q 2012	% Change
Revenue	73,722	99,188	34.5	15,782	24,963	58.2
COGS	(36,112)	(52,915)	46.5	(4,671)	(12,981)	177.9
Operating Income	32,039	40,454	26.3	9,790	9,685	(1.1)
Margin (%)	*43.5*	*40.8*		*62.0*	*38.8*	
Net Income	32,739	40,898	24.9	9,516	9,530	0.1
Margin (%)	*44.4*	*41.2*		*60.3*	*38.2*	
ROE (%)	7.5	9.1		8.8	15.4	
ROA (%)	6.6	8.0		7.7	13.5	

Source: Zawya

Performance Analysis

- Revenues increased by 34.5% against the previous year to USD99.2 million owing to higher revenues from Hotels and recreational properties (32.4%) and from owned real estate (16.6%) in 2011. During 2Q 2012, revenue grew by 58.2% to USD25.0 million.
- Net income increased by 24.9% against the previous year to USD40.9 million in 2011 owing to higher margins and investment gains (up 29.1%). During 2Q 2012, net income rose marginally by 0.1% to USD9.5 million owing to significant increase in COGS.

Recent Developments and Plans

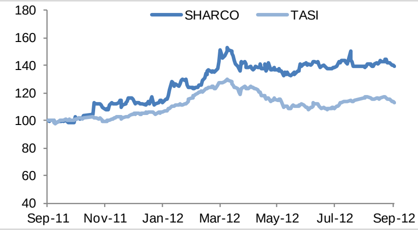
- The group's future plans include the following: development of Tower Luxury suites in Riyadh, Courtyard Riyadh Diplomatic Quarter, Complex Makarim Residence, Najd Hall Project, renovation of Mariott Hotel, and renovation of rooms at the Makarim Ajyad
- In June 2012, SHARACO announced the signing of SR241.9 million Murabaha facilities with Banque Saudi Fransi.
- In February 2012, the company sold a plot of land on Dammam Abu Hedriya road, Eastern Province, for SR68.3 million. The gain from this transaction was reflected in 1Q 2012.

Snapshot	
Year established	1976
Ownership	Public
No. of hotels	10
No. of rooms	1,840
Segments	4-,5-star

Stock Details	
Bloomberg ticker	SHARCO AB
52 week high/low	8.29/5.19
Market Cap (USD million)	741.3
Enterprise value (USD million)	711.0
Shares outstanding (million)	100
Source: Bloomberg	

Current Price (USD)	
Price as on 10/02/2012	7.41

Share Price Chart



Valuation Multiples	2011	Current
P/E (x)	14.67	12.99
P/B (x)	1.32	1.56
EV/EBITDA (x)	12.28	11.57
Dividend Yield (%)	4.60	4.64
Source: Bloomberg		

Shareholding Structure, 2011	
Masek Holding Company	26.3%
Public Investment Fund	16.6%
General Organization of Social Insurance	6.5%
Public	50.6%
Total	**100%**
Source: Zawya	

ABDUL MOHSEN AL HOKAIR GROUP — Saudi Arabia

Company Description

Abdul Mohsen Al Hokair Group specializes in the leisure and tourism Industry in Saudi Arabia. The group owns and operates a chain of hotels, resorts, amusement and leisure parks, sports clubs, restaurants, malls, and coffee shops. Al Hokair Group has the following four main business segments: Industries, Hotels and Resorts, Restaurant & Food, and Entertainment. They also produce plastic goods, packaging materials, and recreational equipment.

The Al Hokair Group boasts of providing first-class service, comfort and amenities throughout the Kingdom of Saudi Arabia. The Group's portfolio includes 4 and 5 star hotels under the following major international hotel chains: Holiday Inn, Golden Tulip, Novotel, and Hilton Garden Inn. Other than these, it has established its own brand—MENA Hotels and Resorts.

The group's portfolio of interests includes over 70 theme and amusement parks. The Restaurant and Food portfolio include Angus Wings (4 outlets), Perky's Pizza (8 outlets), Sand's (12 outlets), and Haagen Dazs Cafe (7 outlets).

Recent Developments and Plans

- In May 2012, the group received 5 regional quality awards at the MENA Travel Awards 2012, Dubai. The Al Hokair Group's Hotels Division was awarded the following accolades: Platinum for Holiday Inn Al Qasr as the Best Corporate 4 Star Hotel, Gold for Holiday Inn Half Moon Resort as the Best 4 Star Leisure Hotel, Gold for Mena Grand as the Best New 5 Star Hotel, Silver for Mena Grand as the Best Price-value 5 Star Hotel, and Silver for Holiday Inn Khobar Corniche as the Best New 4 Star Hotel.
- As an addition to their MENA Hotels and Resorts portfolio, Al Hokair Group opened MENA Plaza Riyadh in May 2012. The Hotel comprises 115 rooms and suites, and is strategically located at Olaya Street, which is an important and prominent commercial route in Riyadh.
- In August 2011, the company signed a strategic partnership with Saudi Telecom Company (STC) whereby the latter would provide the company with intelligent and integrated communication solutions.

Snapshot	
Year established	1973
Ownership	Private
No. of hotels	26
No. of rooms	NA
Segment	4-,5-star

Key Properties
Golden Tulip Hotel
Tulip Inn Hotel
MENA Hotels and Resorts
Novotel
Holiday Inn
Red Sea Palace Hotel
Al- Yamamah Resort
Source: Company website

Shareholding Structure, 2011	
Abdul Mohsen Al Hokair and sons	100%
Source: Zawya	

ALPEN CAPITAL

ABU DHABI NATIONAL HOTELS COMPANY UAE

Company Description

Incorporated in 1975, Abu Dhabi National Hotels Company (ADNH) operates in the leisure and hospitality industry in the UAE. This Abu Dhabi-based company owns seven hotels – Hilton International Abu Dhabi, Hilton International Al Ain, Abu Dhabi Sheraton Hotel, Le Meridian Abu Dhabi, Park Hyatt Abu Dhabi, Mercure Jebel Hafeet Hotel Al Ain, and Sofitel Jumeirah Beach Hotel Dubai – in the UAE, which are managed by internationally renowned hotel groups. In addition, ADNH manages nine hotels of the Al Diar chain.

ADNH also offers catering and related services to various businesses (such as construction camps, oil and gas companies, hotels, hospitals, palaces, and clubs) through its joint venture with UK-based Compass international. It provides premium transportation services through its 100% owned subsidiary (Al Ghazal Transport) and manages tourist and leisure outlets.

Financial Performance						
(USD 000s)	**2010**	**2011**	**% Change**	**2Q 2011**	**2Q 2012**	**% Change**
Revenue	476,266	495,494	4.0	123,027	123,814	0.6
COGS	(355,736)	(377,329)	6.1	(94,112)	(87,499)	(7.0)
Operating Income	71,261	65,031	(8.7)	13,792	21,048	52.6
Margin (%)	*15.0*	*13.1*		*11.2*	*17.0*	
Net Income	83,014	71,838	(13.5)	15,450	19,383	25.5
Margin (%)	*17.4*	*14.5*		*12.6*	*15.7*	
ROE (%)	3.7	3.2		3.5	3.3	
ROA (%)	3.3	2.7		3.0	2.7	

Source: Zawya

Performance Analysis

- In 2011, revenue increased by 4% against the previous year, driven by revenue growth in Catering services (+5.8%), Hotels (+4.4%), and Retail services (+8.7%), despite a 4.1% fall in revenues from the Transport segment. In 2Q 2012, revenues were flat against the same quarter a year ago as reduced revenues from Catering services (-5.1%) and Transport segment (-4.7%) mitigated growth in Hotels (+5.7%) and Retail Services (+25.7%) segments.
- Net income declined by 13.5% in 2011 against the previous year as higher expenses (operating and non-operating) led to a 293-bps contraction in net margins. In 2Q 2012, reduced COGS led to 310-bps expansion in net margins against the same quarter a year ago.

Recent Developments and Plans

- On November 2011, ADNH announced opening of its hotel, The Park Hyatt Abu Dhabi Hotel and Villas, which is a joint venture with Hyatt Hotels Corporation. Located at Saadiyat Island, this hotel has 306 rooms and four private villas. Total project cost was USD272.2 million.
- ADNH is expected to open the first Ritz-Carlton property, Ritz-Carlton Abu Dhabi Hotel, in the UAE by 4Q 2012. This project, with an estimated cost of USD408.4 million, would feature 447 luxurious rooms and 85 private villas.
- Owing to the government's increased focus on tourism, the UAE is expected to attract 6.5 million tourists annually by 2030E against 11.8 million expected in 2013E. ADNH has persistently been developing new properties to benefit from the anticipated growth in tourist inflow.

Snapshot	
Year established	1975
Ownership	Public
No. of hotels	16
No. of rooms	2,720*
Segment	3-, 4-, 5-star

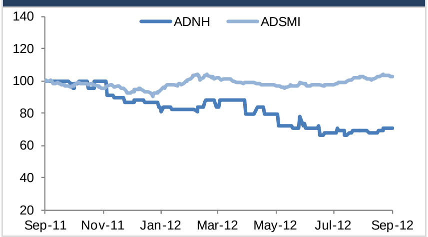
** In 2010*

Stock Details	
Bloomberg ticker	ADNH UH
52 week high/ low	0.68/0.45
Market Cap (USD million)	544.5
Enterprise value (USD million)	784.7
Shares outstanding (million)	1,000

Source: Bloomberg

Current Price (USD)	
Price as on 10/02/2012	0.54

Share Price Chart



Valuation Multiples		
	2011	**Current**
P/E (x)	8.34	7.66
P/B (x)	0.27	0.24
EV/EBITDA (x)	7.22	6.87
Dividend Yield (%)	4.55	2.50

Source: Bloomberg

Shareholding Structure, 2011	
Abu Dhabi Investment Council	17.5%
Public	82.5%
Total	**100%**

Source: Zawya

ALPEN CAPITAL

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Company Description

National Corporation for Tourism and Hotels (NCTH), incorporated in 1996, owns and manages hotels and leisure complexes in the UAE. The company has seven properties in its portfolio, of which, six are owned and managed through its wholly owned subsidiary Danat Hotels & Resorts. Its 7th owned property, InterContinental Abu Dhabi, is managed by InterContinental Hotel. NCTH also provides catering services to the hospitality sector, educational institutes, hospitals and corporations. The company is also managing and developing a mixed-use residential and resort complex at Nareel Island, Abu Dhabi through its associate National Island Development Company. NCTH also holds a 50% stake in National Transportation Company L.L.C., which owns and operates a fleet of deluxe taxis and buses.

Financial Performance						
(USD 000s)	**2010**	**2011**	**% Change**	**2Q 2011**	**2Q 2012**	**% Change**
Revenue	145,529	147,020	1.0	35,326	36,798	4.2
COGS	(96,950)	(97,088)	0.1	(24,458)	(26,315)	7.6
Operating Income	35,019	31,037	(11.4)	7,500	5,428	(27.6)
Margin (%)	*24.1*	*21.1*		*21.2*	*14.8*	
Net Income	35,452	29,542	(16.7)	5,850	5,236	(10.5)
Margin (%)	*24.4*	*20.1*		*16.6*	*14.2*	
ROE (%)	20.0	18.0		20.4	17.5	
ROA (%)	9.8	8.9		9.5	8.5	

Source: Zawya

Performance Analysis

- Revenue remained broadly flat in 2011 against the previous year as a 24.1% growth in the Catering Services segment was offset by an 8.2% decline in the Hotel segment's revenue. In 2Q 2012, revenues grew 4.2% against the same quarter a year ago due to higher revenues from Catering Services, Retails Services and Transport Services which offset an 8.5% fall in revenues from Hotels segment.
- Net income fell in 2011 against the previous year as investments and other income fell 65.4% against the previous year despite higher margins in Hotels and Catering Services segments. Net income in 2Q 2012 fell against the same quarter a year ago due to higher cost of services

Recent Developments and Plans

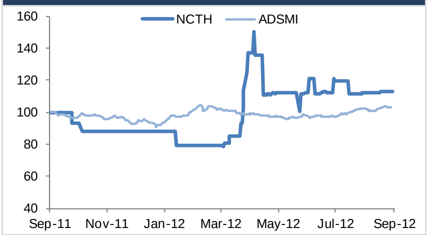
- On October 12, 2011, the company signed a new term loan agreement for a total value of USD59.9 million with Abu Dhabi Commercial Bank to finance the construction of Hotel Le Bristol (Abu Dhabi). The construction is expected to take 30 months to complete, starting Q3 2012.
- NCTH has signed an agreement with the UAE-based Tourism Development and Investment Co (TDIC) to develop a 5-star waterfront resort (up to 250 rooms) at the Saadiyat Beach district.
- NCTH entered into a joint venture with ALDAR Properties PJSC to develop a 5-star resort (128 guest rooms, 10 private villas and 20 club suites and two royal suites).

Snapshot	
Year established	1996
Ownership	Public
No. of hotels	7
No. of rooms	NA
Segments	3-,4-,5-star

Stock Details	
Bloomberg ticker	NCTH:UH
52-week high/ low	2.03/1.06
Market cap (USD million)	276.7
Enterprise value (USD million)	371.1
Shares outstanding (million)	181.5
Source: Bloomberg	

Current Price (USD)	
Price as on 09/27/2012	1.52

Share Price Chart



Valuation Multiples		
	2011	**Current**
P/E (x)	7.36	10.51
P/B (x)	1.43	2.05
EV/EBITDA (x)	6.46	8.85
Dividend yield (%)	11.11	8.12
Source: Bloomberg		

Shareholding Structure, 2011	
HH Sheikh Hamdan Bin Mubarak Al Nahyan	34.3%
Emirates Hotels Company	8.4%
Ali Hamad Ali Hamad Lakhrim Al Zoabi	7.4%
HH Sheikh Mohammed Bin Sultan Suroor Al Dhaheri	5.5%
Ghobash Trading and Investment Company	5%
Public	39.4%
Total	**100%**
Source: Zawya	

ALMULLA GROUP UAE

Company Description

AlMulla Group, incorporated in 1998, has a diversified business mix, ranging from hospitality, healthcare, travel & tourism, and real estate, to jewellery and watches. Under its Hospitality Services division, the group owns a portfolio of hotels and resorts in Dubai, including 5-star properties such as Ritz Carlton Dubai, Sheraton Dubai Creek Hotel & Towers, Crowne Plaza Dubai (Deira), Ramada Dubai, and Ramada Jumeirah. It also owns four Holiday Inn Express hotels in Dubai, which fall under the budget segment. All of these properties are operated through the group's subsidiary Abjar Hotels International LLC.

The group's Healthcare division includes the American Hospital Dubai and United Medical Equipment and Supplies (UNIMED). Under its Real Estate division, the group manages owned as well as third-party properties. The group also owns premium jewellery retail chains, including Kunooz jewellery and the Swiss-based Breitling franchise. AlMulla Group's latest venture, Almulla Travels and Tourism, offers travel-related services for inbound and outbound business and leisure travel across UAE.

Recent Developments and Plans

- The group aims to expand its current high-end hospitality portfolio to include the budget category (2 and 3 star hotels), so as to capitalize on the demand from price-conscious business travelers and tourists looking for quality lodgings at affordable rates. The group's expanded portfolio would also enable it to benefit from the burgeoning tourism sector in the UAE.
- The group acquired a 51% stake in Ishraq Dubai LLC (Ishraq Dubai) from Dubai International Holdings LLC (DIC) in October 2011. Ishraq Dubai owns four hotels in Dubai under the Holiday Inn Express brand, which is a limited service hotel segment of InterContinental Hotels. The acquisition of Ishraq Dubai added budget hotels to AlMulla Group's existing hospitality portfolio.
- Awards and recognitions in 2011:
  - Abjar Hotels International LLC has won multiple accolades at industry award ceremonies for its various hotels, including the Dubai Green Tourism Awards 2011 and MENA Travel Awards 2011.
  - Ramada Jumeirah hotel (managed by Al Mulla Group) bagged the Platinum Award for the best new four-star hotel in the year 2011 across the MENA region.

Snapshot	
Year established	1998
Ownership	Private
No. of hotels	9
No. of rooms	NA
Segment	2-,3-, 5-star

Key Properties
Ritz Carlton Dubai
Sheraton Dubai Creek Hotel and Towers
Crowne Plaza Dubai (Deira)
Ramada Dubai
Ramada Jumeirah
Holiday Inn Express Dubai - Internet City
Holiday Inn Express Dubai - Airport
Holiday Inn Express Dubai - Safa Park
Holiday Inn Express Dubai - Jumeirah
Source: Company website

Shareholding Structure, 2011	
Mr Khalaf Mohammed Saeed Al Mulla	50%
Mr Khaled Mohammed Saeed Al Mulla	50%
Total	**100%**
Source: Zawya	

ARENCO GROUP UAE

Company Description

Incorporated in 1971, the Arenco Group (also known as A.A. Al Moosa Enterprises LLC) is one of the top 10 family-owned diverse business groups of Dubai. The group has grown into an enterprise with diverse interests in architecture & engineering consultancy, real estate, hotels, furniture, interior design, manufacturing of mattress and lighting systems, and car rental services.

Established in 1971, the group's first venture, Arenco Architectural & Engineering Consultants, is one of the pioneers in the building sector in the UAE.

Under its Real Estate division, the group owns a range of properties, including luxury apartments, villa compounds, office towers, staff quarters, hotel apartments, and warehouses in Dubai. These apartments are branded under the renowned name Golden Sands, which is synonymous with stylish living. The added benefit of these properties is the availability of Arenco's 24-hour maintenance and security services. The Arenco Group also manages hotels in partnership with the world's leading groups (such as Hilton hotels and Sheraton hotels) for their hotel chains in the UAE and Oman.

Thrifty Car Rental, the group's wholly owned subsidiary, is the largest car rental company in the UAE. Also, the Arenco Group offers laundry services through its holding company Golden Sands Laundry. Through Gulf Advanced Lighting LLC, its wholly owned subsidiary, the group offers energy-efficient light sources and is the only manufacturer of its kind in the Middle East and Africa region. The group has 50% stake in Dubai Furniture Manufacturing Co. LLC (DFMC), which manufactures and markets the leading international mattress brands, King Koil and Serta, to the global hospitality operators. For its interior design division, the group has affiliated with renowned US-based Marlin Furniture Inc.

Recent Developments and Plans

- In January 2011, the group opened Ramada Sharjah, the only internationally branded hotel apartment in Sharjah, marking the beginning of the luxury hospitality segment in the emirate. The property, featuring 250 suites with state-of-the-art facilities, is operated by multi-brand hotel operator CHI Hotels & Resorts.
- On May 26, 2012, the group announced plans to open the Ramada Plaza Jumeirah Beach Residence in the near future. Located on the Jumeirah Beach, the property offers 358 suites and apartments with excellent choice of food in its restaurants.

Snapshot	
Year established	1971
Ownership	Private
No. of hotels	9
No. of rooms	NA
Segment	3-, 4-, 5-star

Key Properties
Hilton Jumeirah Beach, Dubai
Hilton JBR, Dubai
Hilton Creek, Deira, Dubai
Four Points Sheraton Sheikh Zayed Road
Four Points Sheraton Downtown
Ramada Plaza JBR
Ramada Sharjah
Hilton Salalah Resort
Source: Company website

Shareholding Structure, 2011	
Mr Abdullah Ahmad Al Moosa	100%
Total	**100%**
Source: Zawya	

ALPEN CAPITAL

HABTOOR HOTELS UAE

Company Description

Incorporated in 1991, Habtoor Hotels is a wholly owned subsidiary of the internationally renowned Al Habtoor Group, which owns and operates hotels across the Middle East. The Dubai-based company owns three brands, Habtoor Grand Hotels & Resorts, The Metropolitan Palaces, and Metropolitans, which enable it to capture a diverse clientele, ranging from premium class to budget and low cost. The company owns and operates five hotels, including two recently added 5-star properties, the Habtoor Grand Resort & Spa in Dubai and the Habtoor Grand Convention Centre & Spa in Beirut.

Through the Met Club and the Metropolitan Catering, Habtoor Hotels offers a range of catering services, from restaurants and conference rooms to quality lunches and snacks in the offices to external catering for small/large events, to a variety of clients. The company wholly owns Habtoorland, which is an amusement/theme park in Beirut.

Recent Developments and Plans

- The Lebanon properties owned by Habtoor Hotels have low occupancy rates because of the political situation in Syria that has spillover effects on Lebanese tourism.
- With investments of USD272.3 million, Habtoor Hotels plans to construct a 5-star property, The Habtoor Island Resort & Spa, by 2013 on renowned island The Palm Jumeirah. The new property would feature 330 luxury rooms.
- Two of the Habtoor Hotels' properties, Metropolitan Palace Hotel and Habtoor Grand Hotel Convention Center and Spa, have been awarded the 'Five Star Superior,' a status granted to only nine hotels in Beirut. This recognition, awarded by the Lebanese Ministry of Tourism and followed by an intensive investigation by the International Bureau Veritas, has boosted their international rating. Key features of these hotels are Metropolitan Palace Hotel's 1,000 sq. m penthouse suite and the Habtoor Grand Hotel Convention Center and Spa's sprawling spa, the largest in the Middle East.
- In January 2012, the group announced plans to undertake the Habtoor Palace project, under which the Metropolitan Hotel Sheikh Zayed Road is to be replaced by three 5-star hotels featuring 1,612 rooms, restaurants, tennis courts, a theater, and a garden. Total project cost would be USD1.33 billion and it is expected to be completed by FY 2015.

Snapshot	
Year established	1991
Ownership	Private
No. of hotels	9
No. of rooms *	1,363
Segment	3-, 4-, 5-star

* In 2010

Key Properties
Habtoor Grand Beach Resort & Spa, Dubai
Metropolitan Palace Hotel, Dubai
Metropolitan Hotel Deira, Dubai
Metropolitan Palace Hotel, Beirut
Habtoor Grand Hotel Convention Center & Spa, Beirut
Source: Company website

Shareholding Structure, 2011	
Al Habtoor Group	100%
Total	**100%**

Source: Zawya

ALPEN CAPITAL

JUMEIRAH GROUP — UAE

Company Description

Incorporated in 1997, the Jumeirah Group has evolved as a leading firm in the GCC hospitality industry by successfully establishing a world-class portfolio of luxury hotels and resorts. Apart from the group's main activity of operating luxury hotels and resorts, it is engaged in diverse businesses, such as: Jumeirah Living (a luxury brand of serviced residences), Talise (a spa brand), Jumeirah Restaurants, Wild Wadi Waterpark, Emirates Academy of Hospitality Management, and Jumeirah Retail (a chain of 15 stores).

In 2004, the group became a part of Dubai Government owned Dubai Holding (a global investment holding company spanning over 24 countries). The group currently operates 21 properties across 10 global destinations, and has 13 hotels in the pipeline (Asia Pacific (7), MENA region (5) and Americas (1)), which would further strengthen its international foothold. Group affiliate Emirates Academy of Hospitality Management is the leading provider of hospitality education in the Middle East. Jumeirah Restaurants LLC, the restaurant division, operates a chain of innovative restaurants worldwide under world-famous brands such as Rivington Grill, The Ivy, Scott's, Annabel's, Harry's Bar, Daphnes, Bambou, and Le Caprice. The group's Wild Wadi Water Park is one of the famous amusement parks in the UAE. Group affiliate Jumeirah Living division offers beautiful, spacious residences for business and leisure trips.

Operational Performance

- During the first four months of 2012, the group's beachfront resorts recorded 84.4% average occupancy and revenue per available room (RevPAR) growth of 18.7% against the previous year, while its city hotels witnessed increased average occupancy of 85.5% and RevPAR growth of 8.4%.

Recent Developments and Plans

- In 2011, the group opened over 10 properties in Dubai, China, Maldives, Abu Dhabi, Azerbaijan, Spain, Rome, Turkey, and Germany.
- In January 2012, the group signed a management agreement with PT Asia Pasifik Properti to operate a luxury resort, Jumeirah Bali, on the islands of Bali (Indonesia); it is expected to open in 2015.
- In February 2012, the Jumeirah Group inaugurated Grovesnor House Apartments, hotel residences featuring 133 apartments, in London.
- The Jumeirah Group started managing Istanbul-based historic luxury museum hotel Pera Palace Hotel from May 1, 2012. This 115-room property has been re-branded as Pera Palace Hotel, Jumeirah.
- The group's restaurants Al Nafoorah and La Parrilla were presented with top culinary awards in the BBC Good Food Award (Middle East) 2012.
- As of April 2012, the group plans to have a portfolio of about 50 hotels (either signed up, under development, under construction or in operation) by the end of 2012 from 21 at present, according to its executive chairman. In line with this, it added the Jumeirah Creekside hotel, its seventh property in Dubai.

Snapshot	
Year established	1997
Ownership	Private
No. of hotels	21
No. of rooms	NA
Segment	4-, 5-, 7-star

Key Properties
Jumeirah Lowndes Hotel (London)
Burj Al Arab (Dubai)
Jumeirah Beach Hotel (Dubai)
Jumeirah Creekside Hotel (Dubai)
Jumeirah Emirates Towers (Dubai)
Madinat Jumeirah (Dubai)
Pera Palace Hotel Jumeirah (Istanbul)
Jumeirah Port Soller Hotel and Spa (Mallorca)
Jumeirah (Frankfurt)
Jumeirah Himalayas Hotel (Shanghai)
Source: Company website

Shareholding Structure, 2011	
Dubai Holding Commercial Operations Group (a wholly owned subsidiary of Dubai Holding)	100%
Total	**100%**
Source: Zawya	

MEYDAN GROUP — UAE

Company Description

The Meydan Group, established in 2007, has developed Meydan City, world's most luxurious integrated racing, business and lifestyle hub, in the UAE. The city features four distinct sub-districts – Meydan Racecourse, Meydan Metropolis, Meydan Horizons and Meydan Godolphin Parks.

Meydan Racecourse has the iconic Meydan Grandstand and Racecourse, which is an architectural masterpiece with a capacity of 60,000 spectators. It is world's largest integrated racing stadium and home to the first luxury 5-star trackside hotel, The Meydan Hotel. In addition, it houses the Meydan museum and gallery, an IMAX theater, the Dubai Racing Club and Emirates Racing Authority offices. Since 2010, the stadium hosts the richest race in the sport's global history – the Dubai World Cup. The group's portfolio of hotels includes The Meydan Hotel and Bab Al Shams Desert Resort and Spa in Dubai. **Meydan Metropolis** would feature commercial, retail and residential property coupled with town club, business hotel and hotel apartments. **Meydan Horizons** offers a mix of commercial offices and stylish residential complexes, shops and arcades. It also houses the Meydan Gateway Tower and Horseshoe Plaza. **Meydan Godolphin Parks** would boast a majestic 40-story Godolphin Gateway Tower, a shopping mall and residential developments.

Snapshot	
Year established	2007
Ownership	Private
No. of hotels	2
No. of rooms	398
Segment	5-star

Key Properties
Bab Al Shams Desert Resort and Spa
The Meydan Hotel
Source: Company website

Shareholding Structure, 2011	
Mr. Ahmad Al Shaikh	NA
Mr. Malih Lahej Al Basti	NA
Mr. Saeed Humaid Al Tayer	NA
Source: Zawya	

Note: The above shareholders own 100% of the company

Recent Developments and Plans

- In February 2011, Meydan secured a syndicated loan worth USD120million from India-based IDBI Bank to finance Meydan Heights (located in Meydan Racecourse). The group has signed a 15-year lease-to-own agreement with Emirates to jointly build 528 townhouses for Emirates pilots.
- In February 2012, Meydan concluded its biggest sale of 8 million sq ft land to Sobha Group (an Oman-based Indian developer), which would develop commercial and residential complexes on the property.
- In April 2012, Meydan announced a partnership with Tennis 360 (owned and operated by world-class tennis professionals) to manage and operate its Meydan tennis academy.
- In May 2012, the group entered into a financing deal worth USD40 million with Bahrain-based Khaleeji Commercial Bank to fund its working capital requirements and on-going projects.
- Awards and recognitions in 2012:
  - Bab Al Shams Desert Resort and Spa was recognized as UAE's leading hideaway resort for the third consecutive year at the World Travel Awards. It also won a Gold in the category of 'Best Five Star Leisure Hotel' at the MENA Travel Awards and the 1st position in the "Best Decorated Hotel" category at the 40th UAE National Day Celebration competition conducted by the Department of Tourism and Commerce Marketing.
  - The Meydan Hotel won the esteemed title of 'Middle East's Leading Sports Resort' at the World Travel Awards and a Silver award at the MENA Travel Awards in the categories of 'Best Conference/Convention Hotel' and 'Best Five Star Business/Corporate Hotel.'

RAMEE GROUP OF HOTELS AND RESORTS UAE

Company Description

Incorporated in 1994, Dubai-based Ramee Group of Hotels and Resorts owns, operates and manages properties under the direct leadership of Mr. Varadaraj Shetty, an Indian by birth. These properties, mostly in the budget segment (3- and 4-star), are spread across the UAE, Bahrain, Oman and India. The group has 34 properties, including hotels, hotel apartments and resorts. UAE is its biggest market, with 15 properties followed by Bahrain with 10 properties, India (6) and Oman (3). Ramee has started branching out with standalone restaurants (such as RoRo Grill) in the retail food & beverage segment.

The group is also engaged in different activities related to real estate, investments, credit and leasing, recruitment and training through its wholly owned subsidiaries. For instance, it is engaged in construction of offices, malls and hospitality projects through its affiliate Ramee Constructions, while its wholly owned subsidiary Prithvi Credit and Leasing Ltd provides financing, leasing and credit facilities in India. Ramee is also engaged in recruitment through its affiliate Ramee Recruitment Pvt. Ltd and offers investment services through its subsidiary Ramee Investments Ltd in Mauritius. Moreover, the group contributes to the society through educational and charitable institutions such as Ramee Academy of Catering, Tourism & Hotel Management at Tirupati and Ramee Charitable Trust in Mumbai (later two are based in India).

Recent Developments and Plans

- Ramee plans to have a portfolio of about 50 hotels either signed up, under development, under construction or in operation by end of 2013; currently, it has 34 properties.
    - In 1Q 2012, the group opened Ramee Grand, its 6th hotel in India. The 5-star hotel, located in Pune and featuring 88 rooms, was built at an investment of USD19.3 million.
    - In 3Q 2012, Ramee would mark its entry into the 5-star segment in the GCC region with Ramee Grand Hotel & Spa. This property in Bahrain would be the tallest hotel in the country and house 166 rooms and 30 suites.
    - Ramee plans to open two more 5-star properties in Dubai's Business Bay District and Abu Dhabi's Reem Island, as stated by the group's chairman and MD in May 2012. The land acquisition and design for both projects has been completed.
    - In May 2012, the group announced plans to add six more 5-star properties in the UAE, Bahrain and India. Of these, three would be located in India (Bangalore, Indore and Chennai), two in the UAE and one in Bahrain. Currently, these projects are at various stages of design and planning.
    - Ramee also plans to enter new markets – Qatar, Saudi Arabia, Iraq and Morocco.
- In May 2012, the group announced plans to enter the management contracting industry. It is looking for high-end properties in the UAE and other Gulf regions on lease or management basis. In March 2012, Ramee opened its flagship Ramee Mall at a strategic location in Chennai (India).

Snapshot	
Year established	1994
Ownership	Foreign
No. of hotels	34
No. of rooms*	3,000
Segment	3-, 4-, 5-star

* In 2010

Key Properties
Ramee California Hotel
Ramee Dream Resort
Ramee Garden Hotel
Ramee International
Ramee Rose Hotel
Ramee Royal
Ramee Royal Hotel
Regal Plaza
Regent Beach Resort
Regent Palace Hotel

Source: Company website

Shareholding Structure, 2011	
Mr. Varadaraj Shetty	100%
Total	**100%**

Source: Zawya

ROTANA HOTEL MANAGEMENT CORPORATION UAE

Company Description

Incorporated in 1992, Abu Dhabi-based Rotana Hotel Management Corporation has evolved as a leading hospitality management company in the Middle East and Africa region. It has grown extensively over the years to build a huge portfolio of 70 hotels (as at 2Q 2012) from two properties in 1993. Currently, its properties span across 26 cities; new properties are coming up in another 14 cities across the Middle East and Africa region. Rotana operates through its four main brands, namely Rotana Hotels & Resorts (4 and 5 star properties), Centro Hotels by Rotana (3 star+ offering), Rayhaan Hotels & Resorts by Rotana (alcohol-free 4- and 5-star properties) and Arjaan Hotel Apartments by Rotana.

Future Operational Performance

- Against the previous year, Rotana expects a 6% rise in occupancy rates across its portfolio of hotels during 2012.

Recent Developments and Plans

- In May 2012, the company announced its first agreement in Turkey with Rhossos Tourism and Hospitality Ltd to manage the Rhossos Rotana Resort and Service Apartments (having 300 rooms), expected to open by 2014.
- The company plans to invest USD750 million to maintain its leading market position in the Middle East and Africa region. This amount would be used to increase the number of rooms by 28% to 14,000 by 2012-end by constructing seven new properties across Bahrain, Jordan, Qatar and the UAE.
    - Located in Bahrain, **Majestic Arjaan by Rotana** has five modern state-of-the-art buildings with 128 apartments and is operational since 2Q 2012.
    - **Al Ghurair Rayhaan by Rotana** in Dubai would feature 428 rooms and suites whereas the **Al Ghurair Arjaan by Rotana** facility would offer 193 hotel apartments by 3Q 2012
    - Jordan-based **Boulevard Arjaan by Rotana** would add 400 suites in 3Q 2012.
    - Located in Abu Dhabi, **Centro Capital Center** and **Capital Center Rotana,** starting in 3Q 2012 and 4Q 2012, respectively, would add 714 rooms and suites in all.
    - **City Center Rotana Doha** would offer 400 luxurious modern rooms and suites by 3Q 2012.
- During 2013–15, Rotana plans to open seven properties. Of these, Hili Rayhaan by Rotana (UAE), Shams Rotana (Iraq), Gardenia Rotana (Syria), Yasmeen Rotana (Syria) and Salalah Rotana Resort & Spa (Oman) would come up in 2013, Amman Rotana (Jordan) in 2014 and Saadiyat Rotana Resort (UAE) in 2015.
- Recognitions and awards in 2012
    - Two honors at the Business Traveller Middle East Awards in May 2012 (Best Loyalty Program for its Rotana Rewards program; Best Budget Hotel Chain in the Middle East for Centro Hotels by Rotana)
    - Ten awards at the 19th Annual World Travel Awards in 2012

Snapshot	
Year established	1992
Ownership	Private
No. of hotels	70
No of rooms	10,935
Segment	3-, 4-, 5-star

Key Properties
Grand Rotana Resort & Spa (Egypt)
Erbil Rotana (Iraq)
Al Marwa Rayhaan by Rotana (Saudi Arabia)
Al Manshar Rotana (Kuwait)
Gefinor Rotana (Beirut)
Oryx Rotana (Qatar)
Queen Centre Arjaan by Rotana (Syria)
Al Rawda Arjaan by Rotana (UAE)
Centro Sharjah (UAE)
Al Salam Rotana (Sudan)
Source: Company website

Shareholding Structure, 2011	
HE Nasser Mohammed Al Nowais	NA
Salim Al Zyr	NA
Nael Hashweh	NA
Imad Elias	NA
Source: Zawya	

Note: The above shareholders together own 100% of the company

AL FAISAL HOLDINGS Qatar

Company Description

Al Faisal Holdings is a private group incorporated in 1964. The group operates across various sectors including real estate, construction, consumer goods, education, financial services, food & beverages, industrial manufacturing, information technology, retail, services and transport. Over 25 corporations (both listed and private) operate across these sectors under the umbrella of Al Faisal Holdings.

Subsidiary Al Rayyan Tourism Investment Company (ARTIC) manages the group's hospitality investments and related services locally and internationally. ARTIC develops, acquires and leases real estate, and has around 15 four- and five-star hotels under its portfolio.

Other major group companies are Al Jazi Real Estate Investment Co., Al Farman Investment & International Trading, Al Habtoor Gettco Engineering Company, International Finance Securities, Aamal Company, Integrated Information Systems, Al Arabia Land Transportation Company, Al Faisal International Trade & Investments and Winter Wonderland Company.

Recent Developments and Plans

- In May 2012, ARTIC signed a joint management agreement with Hilton Properties, Doha to develop two new DoubleTree hotels (145-room DoubleTree by Hilton Doha – Al Sadd and 240-room DoubleTree Suites by Hilton Doha). The development would be undertaken by Hilton Properties in Doha, and is expected to open by 2014.
- In September 2011, Al Faisal Holdings, through its wholly owned subsidiary ARTIC, signed a contract to acquire W London Hotel from Northern Irish developer McAleer&Rushe for a total value of approximately GBP200 million.

Snapshot	
Year established	1964
Ownership	Private
No. of hotels	6
No. of rooms	NA
Segment	4-,5-star

Key Properties
Shangri-La Hotel
Four Seasons Hotel Cairo
Renaissance Doha City Center Hotel
W Hotel London
Rotana Hotel
Merweb Grand Hotel
Hilton Plaza Hurghada Hotel
Maritim Jolie Ville Hotel Alexandria
Courtyard by Marriott Doha City Center
Marriott Executive Apartments Doha
Source: Company website

Shareholding Structure, 2011	
HE Sheikh Faisal Bin Qassim Al Thani	55%
HH Sheikh Hani Bin Faisal Bin Qassim Al Thani	5%
Others	40%
Total	**100%**

Source: Zawya

KATARA HOSPITALITY Qatar

Company Description

Katara Hospitality (known as Qatar National Hotels Company until May 2012) is one of the leading players in the Qatari hospitality industry. The company owns and manages over 5,000 four-and five-star hotels rooms in Qatar, Europe, Africa and the Far East. Katara Hospitality is credited with managing the first five-star hotel in Doha. In addition, it was among the first to introduce an internationally branded hotel in the Qatar region.

Katara Hospitality has partnered with some of the premier hotel brands internationally such as Raffles, Ritz-Carlton, Sheraton, Marriott, Mövenpick and The Bürgenstock Selection. The company currently has eight iconic developments being designed and constructed in Qatar and abroad.

Recent Developments and Plans

- The company has a list of projects under the development phase, this includes: a five-star hotel in Paris (expected to open in 2013), Royal Savoy Lausanne (2014), Bürgenstock Resort Lake Lucerne (2014/2015), The Peninsula Paris Hotel (2014), Gallia Hotel Milan (2014), Tazi Palace Hotel (2015) and Comoros Beach Resort (2015).
- In May 2012, Katara Hospitality announced plans to construct the Lusail Marina Towers, which is expected to be a leading hospitality landmark in the Marina district of Lusail. The construction is expected to be completed by 2016.
- In January 2012, Katara Hospitality acquired Raffles Hotel Singapore and Le Royal Monceau, Paris, the two iconic Raffles properties, as a strategic expansion at the international level.
- In November 2011, Katara Hospitality signed a contract with the Moroccan government to convert the old Tazi palace, located in the Moroccan city of Tangier, North Africa, into a five-star, 120-room hotel at a total cost of USD55 million.

Snapshot	
Year established	1993
Ownership	Public
No. of hotels	10
No. of rooms	5,000
Segment	4-,5-star

Key Properties
Hotel Schweizerhof-Bern
Le Royal Monceau – Raffles Paris
Raffles Hotel Singapore
The Ritz-Carlton, Doha
Sheraton Doha Resort & Convention Hotel
Sharq Village & Spa
Sealine Beach Resort
Renaissance Sharm El Sheikh Golden View Beach Resort
Mövenpick Hotel Doha
Doha Marriott Hotel
Source: Company website

Shareholding Structure, 2011	
Government of Qatar	100%
Total	**100%**
Source: Zawya	

REGENCY GROUP — Qatar

Company Description

Regency Group, founded in 1987, is one of oldest and largest business entities in Qatar. The company operates across various segments such as Hospitality, Real estate, Insurance, Finance, Travel, and Wellness. In addition, the group undertakes activities such as Contracting and Joint Ventures. The company's strategic objective has been to provide diverse services to overseas companies with interests in Qatar and the Arabian Gulf states.

The Group's hospitality portfolio includes upscale five-star hotels, the Movenpick Tower and Suites, Wyndham Grand Regency Hotel, and Ramada Encore Hotel (the winner of the "Best Mid-Market Hotel Award 2011"). In addition, the portfolio includes Regency Halls for weddings, receptions, and various social and corporate events.

The Company's Regency Travels and Tours has been honored as a leading travel agency in the Middle East. Other major properties of the Regency Group are Al Asmakh Real Estate, Beverly Hills Tower, Movenpick Tower and Suites, Wyndham Grand Regency, Regency Real Estate Investment Trust, Regency Holidays, D.T.Z franchise, and Emirates Kitchen.

Snapshot	
Year established	1987
Ownership	Private
No. of hotels	3
No. of rooms	1,142
Segment	3-,5-star

Key Properties
Movenpick
Wyndham Grand Regency
Ramada Encore
Source: Company website

Shareholding Structure, 2010	
Ibrahim H Al Asmakh	100%
Total	**100%**
Source: Zawya	

Recent Developments and Plans

- In May 2012, the Group's Regency Travel & Tours formed a partnership with Amadeus to expand their tourism business in Qatar. The Amadeus Air Preferences will enable Regency Travel & Tours to control the availability, schedule, and timetable displays, thus enabling them to favor preferred providers and optimize revenue opportunities. Regency Travel & Tours has become the first travel agency to deploy Amadeus Air Preferences in the Middle East and Africa region.
- In October 2011, Regency International Company, a joint venture between the Regency Group for Corporate Management, Dubai, and Seven Seas Company, Oman, announced its plans to start five hypermarkets in across the Sultanate. The objective behind setting up these Hypermarkets is to spread merchandise at a large scale and competitive prices.
- In May 2011, Wyndham Hotel Group and Regency Group Holding announced plans to set-up the first Planet Hollywood hotel in the Middle East. Planet Hollywood is renowned for its entertainment-based brand and is ideally suited to travelers seeking unique experiences. Planet Hollywood Hotel Entertainment City will feature approximately 300 guest rooms, restaurant, café, lounge, meeting facilities, fitness center, spa, and pool. The hotel is expected to open in 2014 and will be managed by Wyndham Hotel Management, Inc..

OMAN HOTELS AND TOURISM COMPANY — OMAN

Company Description

Incorporated in 1991, Oman Hotels and Tourism Company SAOG (OHTS) owns five properties (including the luxurious Desert Nights Camp and other hotels) in the prominent towns of Oman – Muscat, Sohar and Sur. OHTS' portfolio of hotels includes Al Falaj Hotel & Ruwi Hotel in Muscat, Al Wadi Hotel in Sohar, Sur Plaza Hotel in Sur and the luxurious Desert Nights Camp in Al Wasil. The hotels are managed by Aitken Spence Hotels Group (Sri Lanka). Apart from its core business, OHTS generates a small proportion of revenues from investments in firms operating in the hospitality and financial services sectors.

Financial Performance						
(USD 000s)	**2010**	**2011**	**% Change**	**2Q 2011**	**2Q 2012**	**% Change**
Revenue	14,969	15,613	4.3	3,600	4,222	17.3
COGS	(4,352)	(4,752)	9.2	(1,194)	(1,367)	14.5
Operating income	3,579	3,441	(3.9)	609	793	30.2
Margin (%)	*23.9*	*22.0*		*16.9*	*18.8*	
Net income	2,313	3,100	34.0	710	854	20.3
Margin (%)	*15.5*	*19.9*		*19.7*	*20.2*	
ROE (%)	3.6	4.7		4.6	7.5	
ROA (%)	2.7	3.6		3.5	6.0	

Source: Zawya

Performance Analysis

- Revenue increased 4.3% in 2011 against the previous year, as the Hospitality segment grew 3.8% led by higher revenues from food and beverages and marginal improvement in occupancy rates. In 2Q 2012, revenues grew 17.3% against the same quarter a year ago.
- Net income increased 34% against the previous year as higher income from associates (up 163.9%) and reduced financial cost (down 30.5%) offset the 3.9% drop in operating income. Increased personnel costs and operating expenses dented operating margins in 2011. In 2Q 2012, net income expanded 20.3% against the same quarter a year ago mainly driven by higher revenues and reduced operating expenses.

Recent Developments and Plans

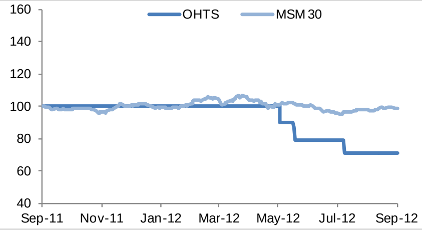
- OHTS completed the refurbishment drive at all its properties – Al Falaj Hotel, Sur Plaza Hotel, Ruwi Hotel and Al Wadi Hotel – in December 2011. With renovated properties, improved service offerings and enhanced promotional activities, the company aims to strengthen its position in Oman's competitive hospitality sector.
- Under the Oman 2020 program, the government is undertaking measures to support tourism and aims to spend USD20 billion on various infrastructure projects (airports, seaports and expressways) over the period. The initiatives are expected to boost the number of visitors to 12 million by 2020 from 2 million in 2011. Accordingly, the tourism industry is expected to contribute about 6% to the GDP by 2021 compared to 6.5% in 2011.

Snapshot	
Year established	1991
Ownership	Public
No. of hotels	7
No. of rooms	NA
Segments	3-, 4-star

Stock Details	
Bloomberg ticker	OHTS:OM
52-week high/low	8.05/5.73
Market cap (USD million)	31.5
Enterprise value (USD million)	38.1
Shares outstanding (million)	5.5
Source: Bloomberg	

Current Price (USD)	
Price as on 10/02/2012	5.73

Share Price Chart



Valuation Multiples		
	2011	**Current**
P/E (x)	14.29	7.65
P/B (x)	0.65	0.46
EV/EBITDA (x)	11.12	7.24
Dividend yield (%)	-	4.54
Source: Bloomberg		

Shareholding Structure, 2011	
Oman Holdings International Company	45.8%
Oman and Emirates Investment Holding Company	31.2%
Public	12.4%
Mohammed Abdulrahman Al Bahhar	10.6%
Total	**100%**
Source: Zawya	

THE ZUBAIR CORPORATION — OMAN

Company Description

Established in 1967, Zubair Corporation is a conglomerate operating in diversified businesses through its 60+ wholly owned subsidiaries located in the Middle East, India, Far East Asia, Europe and the US. The company's business mix includes Hospitality, Retail, Manufacturing, Oil & gas, Telecom & IT, Construction, Investment, Education, Communication, and Art & Heritage.

The Hospitality division is engaged in various tourism projects through the company's wholly owned affiliate Zubair Tourism Development LLC. Another subsidiary, Barr Al Jissah Resort Company S.A.O.C, has a portfolio of three hotels in Oman featuring 620 rooms. The company's associate Pearl Residence offers accommodation in one-bedroom or studio apartments for short or long stays in Dubai. The company provides traditional Arabian hospitality with international style for business or pleasure trips through its property named Traders Hotels in Dubai.

Recent Developments and Plans

- Through its Oman 2020 program, the government aims to double the contribution of the tourism industry to the country's GDP by 2021 (3.0% in 2011). In line with this, it is taking tourist-supportive measures and aims to spend USD20 billion on various infrastructure projects (such as airports, seaports and expressways) during this period. Overall, the government is targeting to attract about 12 million visitors by 2020 compared to 2 million in 2011, which, in turn, would be beneficial for the country's hospitality industry.

Snapshot	
Year established	1967
Ownership	Private
No. of hotels	3
No. of rooms	870
Segments	4-,5-star

Key Properties
Al Waha Hotel
Al Bandar Hotel
Al Husn Hotel
Source: Company website

Shareholding Structure, 2011	
Mr. Husam Bin Mohammed Al Zubair	NA
Mr. Hani Bin Mohammed Al Zubair	NA
Mr. HE Mohammed Al Zubair	NA
Mr. Ziad Bin Mohammed Al Zubair	NA
Mr. Khaled Bin Mohammed Al Zubair	NA
Mr. Rashad Bin Mohammed Al Zubair	NA
Mr. Al Zubair Bin Mohammed Al Zubair	NA
Mr. Suhailah Bin Mohammed Al Zubair	NA
Source: Zawya	

Note: The above shareholders together own 100% of the company

ELITE GROUP INTERNATIONAL   Bahrain

Company Description

Established in 1992, Elite Group International (Elite Group) is a leading player in Bahrain's hospitality sector. Through the launch of professional management services and franchising ventures, the Group aims to widen its horizon in the Gulf region. Elite Group's lifestyle accommodation facilities range from a city resort to luxury apartments and accommodation across all prime locations.

The Group's leisure and lifestyle portfolio includes four hotels (Elite Crystal Hotel, Elite Resort & Spa, Elite Grande and Elite Seef Residence), three luxury residences (Elite Five, Elite Royale and Elite Tower), restaurants (La Brasserie, Temptations, La Cascada and IL Giardino), bars and lounges (KLUB360, Shift7, Zodiac Lounge, Bora Bora, Waikiki and Sip & Dip), and health clubs (Viva, Kineti, Bodywork and Health Pro).

Snapshot	
Year established	1992
Ownership	Private
No. of hotels	13
No. of rooms	1,100
Segment	4-,5-star

Key Properties
Elite Crystal Hotel
Elite Resort & Spa
Hotel Elite Grande
Hotel Elite Seef Residence
Source: Company website

Shareholding Structure, 2012	
Dadabhai Group	100%
Source: Zawya	

GAMA HOTELS | Bahrain

Company Description

Gama Hotels is one of the largest private players in hospitality management in the Kingdom of Bahrain. Premiered in 2005, the company has emerged as a leading independent brand with full-service, all-suite, extended stay and limited service operations. Strategically, each of the company's hotels is unique and capitalizes on the local flavor and attractions of the area. Gama Hospitality has been operating, managing and developing restaurants and hotels since 2000.

Gama Hotel and restaurant portfolio includes Hotel Dive, Dragon Hotel & Resort, Sealoft, Eventions, Cocoon Lounge, Muju Restaurants and Lounge, Champs, Al Khobar Plaza, and Wrangler.

Snapshot	
Year established	2000
Ownership	Private
No. of hotels	3
No. of rooms	NA
Segment	4-,5-star

Key Properties
Sealoft
Dragon Hotel & Resort
Hotel Dive
Source: Company website

ALPEN CAPITAL

IFA HOTEL AND RESORTS — Kuwait

Company Description

IFA Hotels and Resorts (IFA HR) is a real estate property management company listed on the Kuwait and Johannesburg stock exchanges. It specializes in the development of premium mixed-use hotels, residential resorts and luxury leisure services. IFA HR has over 43 projects across 12 countries spread over four continents. The company's segments are classified as: Property Development (largest segment; accounted for 70% of total revenue in 2011), Hoteliering (20%), Investments (7%) and Others (3%).

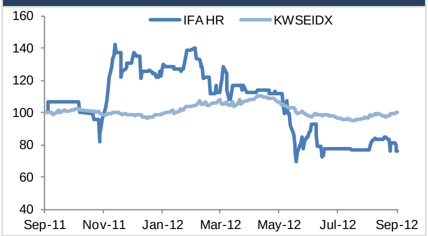
IFA HR focuses on expanding in the developed markets by leveraging its YOTEL brand. It also actively pursues strategic acquisitions or joint ventures to expand in emerging markets. By asset class, IFA HR's investment portfolio is divided as follows: Residential (51%), Hotels (39%), Retail & Office (6%), Private Residence Club (2%) and Land (2%).

Snapshot	
Year established	1995
Ownership	Public
No. of hotels	26
No. of rooms	NA
Segment	4-,5-star

Stock Details	
Bloomberg ticker	IFAHR KK
52-week high/ low	1.81/0.88
Market cap (USD)	517.1
Enterprise value (USD)	766.3
Shares outstanding (million)	453.9
Source: Bloomberg	

Current Price (USD)	
Price as on 10/02/2012	1.14

Share Price Chart



Financial Performance

(USD 000s)	2010	2011*	% Change	2Q 2011	2Q 2012	% Change
Revenue	68,978	154,245	NM*	11,612	13,375	15.2
COGS	(51,104)	(82,306)	NM*	(5,371)	(11,415)	112.5
Operating Income	(42,953)	(1,312)	NM*	(5,096)	(10,070)	
Margin (%)	*(62.3)*	*(0.9)*		*(43.9)*	*(75.3)*	
Net Income	(67,089)	3,086	NM*	3,238	(3,255)	(100.5)
Margin (%)	*(97.3)*	*2.0*		*27.9*	*(24.3)*	
ROE (%)	(32.03)	2.87		9.73	(7.14)	
ROA (%)	(5.1)	0.38		1.31	(0.92)	

Source: Zawya

*Note: * In order to align its reporting period with the parent company (International Financial Advisors), IFA HR changed its financial year to January–December (it earlier ended in June). As a result, the data for 2011 corresponds to 18 months hence makes it incomparable with 2010.*

Valuation Multiples	2011	Current
P/E (x)	39.63	26.70
P/B (x)	3.89	2.62
EV/EBITDA (x)	23.23	17.51
Dividend Yield (%)	-	-
Source: Bloomberg		

Shareholding Structure, 2011	
International Finance Advisors	54.3%
International Finance Company	8.4%
Public	19.8%
Others	17.6%
Total	**100%**
Source: Zawya	

Performance Analysis

- Profits: IFA reported a net profit of USD16.9 million for the 12 months ended June 2011 as against a loss of USD67.1 million a year earlier. However, due to losses booked on the sale of non-core assets during the quarter ended September 2011, the company's profit for the 18 months ended December 2011 declined to USD3.1 million.

Recent Developments and Plans

- In June 2012, IFA HR's Board proposed to increase the company's capital by 40% through the issuance of nearly 181.6 million new shares at KWD0.23 (USD0.82) each. The share price would consist of a par value of KWD0.1 and an issue premium of KWD0.13.
- In November 2011, the company launched its fourth residential development project, the Unixx South Pattaya, in Pattaya, Thailand. Construction on the USD94 million project is scheduled to begin by 3Q2012 and would be completed by 2014.
- In June 2011, IFA, along with a consortium comprising Kuwait Real Estate Company and United Investments Portugal, closed a financing deal worth USD315 million for its investment in the YOTEL New York property.

Aamal Holding — Kuwait

Company Description

Established in 2002, Aamal Holding (AHC) is a Kuwait-based private company with interests in diverse sectors such as Investments (off-shore), Hotels, Nutrition, Restaurants, Cleaning and Support Services. Interests in these diverse sectors are managed via two subsidiaries: Kayan Real Estate Company and the Taghziya Group Company. While the Kayan Real Estate Company is involved in the Hotels and maintenance & laundry businesses, the Taghziya Group Company manages and operates the Diet care (Nutrition) and Restaurants businesses.

Aamal Holding's hotel portfolio includes Le Royal Hotels (Le Royal Tower (70 rooms and suites) and Le Royal Hotel), Ritz Salmiya Hotel (66 rooms and suites), Ritz Sharq Hotel (56 rooms and suites), and Corniche Hotel (45 rooms and suites). In addition, AHC manages restaurants such as Al Marsa, Bonsai, Caffe Bazza, Greens Chinese Restaurant, Monaliza Pastries, The Ritz Restaurants, Soya Sauce, and Tango.

The Le Laundry Meridian handles the Group's Maintenance & Laundry business and serves the laundry needs of the in-house business units of Aamal Holding. The group has plans to expand its laundry unit to cover a variety of services to cater to premier industrials and private cleaning services.

Snapshot	
Year established	2002
Ownership	Private
No. of hotels	11
No. of rooms	313
Segment	5- star

Key Properties
Le Royal Hotel
Le Royal Tower
Ritz Sharq Hotel
Ritz Salmiya Hotel
Corniche Hotel
Source: Company website

Shareholding Structure, 2011	
Al-Ahlia Holding Company	NA
Mr Abdullah M Al Mubaraki	NA
Mr Ahmad Saleh Al Abdali	NA
Source: Zawya	

APPENDIX

Exhibit 43: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	5 star	4 star	3 star	2 star or less	Year of opening
Saudi Arabia	Accor	Ibis Riyadh Olaya Street	Ibis				176	2012
	Accor	Ibis Yanbu	Ibis				196	2013
	Accor	Adagio Jeddah Malik Road	Adagio				80	2014
	Accor	Ibis Jeddah Malik Road	Ibis				178	2014
	Fraser	Fraser Place Business Gate Riyadh	Fraser Suites				-	2013
	Fraser	Fraser Suites Edafah Riyadh	Fraser Suites				-	2013
	Hilton	Conrad Makkah	Conrad	496				2013
	Hilton	DoubleTree by Hilton Makkah	Doubletree	806				2014
	Hilton	DoubleTree by Hilton, Al Khobar	Doubletree	304				2014
	Hilton	Hilton Garden Inn Riyadh Al Muroj	Garden Inn		196			2013
	Hilton	Hilton Riyadh King Saud University Residence	Hilton	155				2012
	Hilton	Hilton Riyadh King Saud University	Hilton	241				2013
	Hilton	Hilton Riyadh Hotel & Residence	Hilton	861				2014
	Hilton	Hilton Al Jubail	Hilton	430				2014
	Hilton	Hilton Suites Makkah	Hilton	516				2013
	Hilton	Hilton Bab Makkah North	Hilton	853				2014
	Hilton	Hilton Bab Makkah South	Hilton	853				2014
	Hilton	Hilton Makkah Convention Hotel	Hilton	762				2014
	Hilton	Hilton Riyadh King Fahd Road	Hilton	210				2014
	Hilton	Hilton Al Khobar Hotel & Residence	Hilton	400				2014
	Hospitality Mgt Holdings	Coral Jeddah Saudi Arabia	Coral	64				2012
	Hospitality Mgt Holdings	Corp Executive Al Khobar	Corp		120			2013
	Hospitality Mgt Holdings	Not available	EWA				140	2013
	IHG	Crowne Plaza Riyadh ITCC	Crown Plaza	326				2012
	IHG	Crowne Plaza Riyadh Minhal	Crown Plaza	77				2013
	IHG	Crowne Plaza Madinah	Crown Plaza	502				2012
	IHG	Crowne Plaza Riyadh Olaya	Crown Plaza	308				2015
	IHG	Holiday Inn Jeddah Airport District	Holiday Inn		148			2015
	IHG	Holiday Inn Medina Aldar	Holiday Inn		245			2014
	IHG	Holiday Inn Medina Al Safwa	Holiday Inn		400			2013
	IHG	Holiday Inn Jeddah Red Sea Palace	Holiday Inn		221			2013
	IHG	HIEX Madinah Knowledge Economic City	Holiday Inn Ex		140			2014
	IHG	HIEX Jeddah Madinah Road	Holiday Inn Ex		252			2014
	IHG	HIEX Jeddah King Abdullah Economic City	Holiday Inn Ex		183			2014
	Kempinski Hotels	Al Othman Hotel Kempinski	Kempinski	218				2012
	Kempinski Hotels	Burj Rafal Hotel Kempinski	Kempinski	350				2013
	Kempinski Hotels	Kempinski Hotel Jeddah	Kempinski	242				2014
	Marriott	Courtyard by Marriott Makkah	Courtyard		432			2015
	Marriott	Courtyard by Marriott Riyadh Olaya Street	Courtyard		210			2015
	Marriott	Courtyard by Marriott Jizan	Courtyard		129			2012

Source: Hotelier Middle East;, Alpen Capital

Country	Hotel	Project	Brand	5 star	4 star	3 star	2 star or less	Year of opening
Saudi Arabia	Marriott	Courtyard by Marriott Riyadh Diplomatic Quarter	Courtyard by Marriott		288			2012
	Marriott	JW Marriott Hotel Makkah	JW Marriott	639				2015
	Marriott	Makkah Marriott Hotel	Marriott	540				2014
	Marriott	Riyadh Marriott Executive Apartments	Marriott Executive Apts	119				2012
	Marriott	Residence Inn by Marriott Jizan	Residence Inn				83	2012
	MENA Hotels and Resorts	MENA Suites Hotel Al Khobar	MENA Suites		70			2012
	Millenium	Copthorne Medina	Copthone		170			2012
	Millenium	Copthorne Al Salam Hotel	Copthone		209			2012
	Millenium	Grand Millennium Hotel Riyadh	Grand Millenium	605				2014
	Millenium	Millennium Tabouk	Millenium	183				2012
	Millenium	Millennium Riyadh Hotel	Millenium	350				2013
	Millenium	Millennium Hotel Jazan	Millenium	268				2013
	Millenium	Millennium Hotel Hayel	Millenium	130				2013
	Millenium	Millennium Dar Al Ghufran Hotel	Millenium	336				2012
	Millenium	Millennium Al Baha	Millenium	241				2012
	Movenpick	Mövenpick Riyadh	Movenpick	445				2013
	Rocco Forte	Rocco Forte Jeddah	Rocco Forte	159				2013
	Rotana	Centro Riyadh	Centro				160	2014
	Starwood Hotels	Aloft Riyadh	Aloft		225			2014
	Starwood Hotels	Four Points by Sheraton Jeddah	Four points by Sheraton			300		2014
	Starwood Hotels	Four Points by Sheraton Medina	Four points by Sheraton			297		2012
	Starwood Hotels	Four Points by Sheraton Medina	Four points by Sheraton			178		2012
	Starwood Hotels	Four Points by Sheraton Dhahran	Four points by Sheraton			236		2014
	Starwood Hotels	Four Points by Sheraton Medina	Four points by Sheraton			236		2012
	Starwood Hotels	Sheraton Medina Hotel	Sheraton	356				2012
	The Reizdor	Park Inn Olaya, Riyadh	Park Inn		259			2014
	The Reizdor	Al Diyafa Park Inn Makkah	Park Inn		221			2014
	The Reizdor	Al Madinah Paradise Radisson Blu Resort	Radisson	212				2014
	Total			**13,557**	**4,118**	**1,247**	**1,013**	

Source: Hotelier Middle East;, Alpen Capital

Exhibit 44: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	5 star	4 star	3 star	2 star or less	Year of opening
UAE	Accor	Adagio fujairah Town Cenre	Adagio		72			2012
	Accor	Adagio Abu Dhabi Al Bostanbu Dhabi Al Bostan	Adagio		279			2013
	Accor	Ibis Abu Dhabi Gate	Ibis				294	2012
	Accor	Ibis Fujairah Town Centre	Ibis				180	2013
	Accor	Pullman Dubai Jumeirah Lake	Pullman		354			2012
	Accor	Novotel Abu Dhabi Gate	Novotel			279		2012
	Accor	Novotel Abu Dhabi Al Bostan	Novotel			361		2013
	Accor	Novotel Fujairah Town Centre	Novotel			182		2013
	Accor	Novotel Dubai Al Barsha	Novotel			466		2012
	Accor	Sofi tel Dubai Sheikh Zayed Road	Sofitel	350				2013
	Accor	Sofi tel Dubai Palm Jumeirah Resort & Spa	Sofitel	543				2014
	Alila	Hotel Le Bristol	Alila					2013
	Anantara	Al Sahel Lodge by Anantara	Anantara	30				2013
	Anantara	Al Yamm Lodge by Anantara	Anantara	30				2013
	Anantara	Eastern Mangroves Hotel & Spa by Anantara	Anantara					2013
	Ayla	Ayla Bawadi Hotel	Ayla		90		2013	2013
	Ayla	Ayla Grand Hotel	Ayla		220		2014	2014
	Dusit International	Dusit Thani Abu Dhabi	Dusit Thani	401				2012
	Dusit International	Not available	Dusit Thani	131				2012
	Four Season Hotels	Four Seasons Hotel Abu Dhabi Sowwah	Four Seasons	200				2014
	Hilton	Conrad Dubai	Conrad	559				2012
	Hilton	DoubleTree by Hilton Dubai Al Barsha Hotel and Residence	Doubletree	344				2012
	Hilton	DoubleTree, Hilton Resort Marjan Island	Doubletree	309				2014
	Hilton	Hilton Sharjah	Hilton	259				2012
	Hilton	Hilton Al Hamra Resort & Spa	Hilton	220				2013
	Hilton	Hilton Dubai Palm Jumeirah	Hilton	515				2014
	Hilton	Waldorf Astoria Ras Al Khaimah	Hilton	349				2013
	Hospitality Mgt	The Ajman Palace	Ajman	242				2012
	Hospitality Mgt	Corp Executive Hotel Al Khoory Dubai	Corp		208			2012
	Hospitality Mgt	Coral International Sports City	Coral	290				2013
	IHG	Crowne Plaza IMPZ Dubai	Crown Plaza	407				2014
	IHG	Crowne Plaza Dubai Business Bay	Crown Plaza	416				2015
	IHG	Holiday Inn Bur Dubai	Holiday Inn			416		2015
	IHG	InterContinental Fujairah Resort	Intercontinental	290				2013
	IHG	InterContinental Abu Dhabi - Al Raha Beach	Intercontinental	275				2014
	IHG	InterContinental Resort Mina Al Arab Ras Al Khaimah	Intercontinental	300				2015
	IHG	Staybridge Suites Union Square	Staybridge Suites	165				2013

Source: Hotelier Middle East;, Alpen Capital

Country	Hotel	Project	Brand	5 star	4 star	3 star	2 star or less	Year of opening
UAE	IHG	Staybridge Suites Ras Al Khaimah	Staybridge Suites	80				2013
	IHG	Staybridge Suites Rawdath	Staybridge Suites	112				2013
	Jumeirah Hotels	Jumeirah Creekside Hotel	Jumeirah	292				2012
	Kempinski Hotels	Emerald Palace Kempinski Hotel Palm Jumeirah	Kempinski	318				2014
	Marriott	Courtyard by Marriott, Central Market Abu Dhabi	Courtyard by Marriott		195			2014
	Marriott	Edition Abu Dhabi	Edition	244				2014
	Marriott	JW Marriott Marquis Hotel Dubai phase one	JW Marriott	807				2012
	Marriott	JW Marriott Marquis Hotel Dubai phase two	JW Marriott	807				2013
	Marriott	Not available	Marriott	532				2012
	Marriott	Abu Dhabi Marriott Hotel	Marriott	315				2014
	Marriott	Dubai Marriott Healthcare City	Marriott	352				2013
	Marriott	Marriott Executive Apartments Abu Dhabi City Centre	Marriott Executive	64				2014
	Marriott	Dubai Marriott Executive Apt. Healthcare City	Marriott Executive	128				2013
	Marriott	Renaissance Dubai MotorCity	Renaissance	354				2014
	Millenium	Copthorne Hotel Fujairah	Copthone			210		2012
	Millenium	Biltmore Bateen Marina Abu Dhabi	Copthone			226		2014
	Millenium	Millennium Executive Suites Abu Dhabi	Millenium		198			2012
	Millenium	Millennium Plaza Al Attar	Millenium		416			2012
	Millenium	Millennium Golf Resort	Millenium		273			2013
	Millenium	Millennium Bab Al Qasr Hotel	Millenium		672			2012
	Millenium	Copthorne Sharjah	Millenium		255			2012
	Millenium	Millennium Executive Apartments Dubai Marina	Millenium		151			2012
	Mövenpick	Mövenpick Al Raha Beach Abu Dhabi	Mövenpick	400				2015
	Mövenpick	Mövenpick Al Ain	Mövenpick	190				2014
	Mövenpick	Mövenpick Yas Island Abu Dhabi	Mövenpick	500				2014
	Mövenpick	Mövenpick Dubai Royal Amwaj	Mövenpick	293				2013
	Mövenpick	Mövenpick Dubai Jumeirah Lake Towers	Mövenpick	168				2012
	Mövenpick	Mövenpick Residence at the Squar Dubai	Mövenpick	180				2012
	Mövenpick	Mövenpick Oceana Resort & Spa	Mövenpick	187				2012
	Mövenpick	Not available	Mövenpick	324				2012
	Mövenpick	Not available	Mövenpick	137				2012
	Mövenpick	Mövenpick Al Reem Island Abu Dhabi	Mövenpick	713				2015
	Premier Inn	Premier Inn Abu Dhabi International Airport	Premier Inn	300				2013
	Rixos Hotels	Rixos Bab Al Bahr	Rixos	627				2012
	Rosewood Hotels	Rosewood Abu Dhabi	Rosewood	330				2012

Source: Hotelier Middle East;, Alpen Capital

Country	Hotel	Project	Brand	5 star	4 star	3 star	2 star or less	Year of opening
UAE	Rosewood Hotels	Rosewood Dubai	Rosewood	250				2013
	Rotana	Capital Centre Arjaan by Rotana	Arjaan by Rotana	258				2013
	Rotana	Al Ghurair Arjaan by Rotana	Arjaan by Rotana					2012
	Rotana	Centro - Capital Centre	Centro			414		2012
	Rotana	Centro Jebel Ali International Airport	Centro					2015
	Rotana	Al Ghurair Rayhaan by Rotana	Rayhaan	428				2013
	Rotana	Capital Centre Rotana	Rotana		315			2012
	Rotana	Saadiyat Rotana Resort and Spa	Rotana	400				2015
	Rotana	Marina Mall Arjaan	Rotana	600				2015
	Rotana	Hili Rayhaan by Rotana	Rotana					2015
	Starwood Hotels	Not available	Four Points			220		2013
	Starwood Hotels	Luxury Collection Ajman	Luxury collection	207				2013
	Starwood Hotels	Sheraton Dubai Sheikh Zayed Road	Sheraton	660				2014
	Starwood Hotels	Sheraton Sharjah Hotel	Sheraton	343				2013
	Starwood Hotels	St Regis Abu Dhabi	St Regis	279				2012
	Starwood Hotels	W Abu Dhabi	W	370				2015
	The Reizdor Hotel	Park Inn Dubai Airport Free Zone	Park Inn	312				2014
	The Reizdor Hotel	Park Inn Bur Dubai	Park Inn	268				2014
	The Reizdor Hotel	Radisson Blu Hotel Al Qurm, Ras AlKhaimah	Radisson	287				2014
	The Reizdor Hotel	Radisson Blu Al Aqah Beach Resort,Fujairah	Radisson	250				2013
	V Continent	V Continents Arabian Suites	V Continent		64			2012
	V Continent	V Continents Executive Suites	V Continent	120				2012
	Waldorf Astoria	Waldorf Astoria Ras Al Khaimah	Hilton	324				2014
	Total			**20,435**	**3,762**	**3,019**	**459**	

Source: Hotelier Middle East;, Alpen Capital

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Exhibit 45: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	5 star	4 star	3 star	2 star or less	Year of opening
Qatar	Accor	M Gallery Doha Musheireb	M Gallery			215		2015
	Accor	Pullman Doha West Bay	Pullman				468	2015
	Amari Doha	Onyx Hospitality Group	Amari		120			2012
	Four Season Hotels	Four Seasons Hotel Doha at The Pearl	Four Seasons	300				2014
	Hilton	Hilton Doha Residence	Hilton	288				2015
	Hilton	Hilton Garden Inn Doha Al Sadd	Garden Inn		258			2013
	IHG	Crowne Plaza-The Business Park	Crown Plaza	350				2012
	IHG	Crowne Plaza Doha Airport	Crown Plaza	350				2012
	Kempinski Hotels	Marsa Malaz Hotel Kempinski	Kempinski	278				2014
	Langham	Langham Place	Langham	290				2014
	Merweb Hotel	Merweb Hotel City Centre Doha	Merweb Hotel		353			2013
	Millenium	Copthorne Hotel Doha	Copthone			130		2012
	Millenium	Millennium Executive Apartments Doha	Millenium		394			2012
	Millenium	Millennium Al Saad	TBC			232		2013
	Premier Inn	Premier Inn Doha Education City	Premier Inn			200		2013
	Rotana	City Centre Rotana	Rotana	380				2012
	Starwood Hotels	Starwood Hotels and Resorts	Le Meridien	250				2014
	Total			**2,486**	**1,357**	**545**	**468**	

Source: Hotelier Middle East;, Alpen Capital

Exhibit 46: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	5 star	4 star	3 star	2 star or less	Year of opening
Oman	Hospitality Mgt	EWA Mahdha Hotel Oman	EWA	48				2012
	IHG	Crowne Plaza Duqum Resort	Crown Plaza	228				2013
	IHG	Holiday Inn Muscat Airport	Holiday Inn		200			2012
	IHG	InterContinental Blue City Beach Resort	Intercontinental	248				2015
	Kempinski	Kempinski Hotel The Wave	Kempinski	309				2015
	Marriott	The Ritz-Carlton Reserve Muscat	Marriott	120				2014
	Millenium	Millennium Hotel Muscat	Millenium		161			2013
	Movenpick	Mövenpick Oman	Movenpick	391				2014
	Rotana	Salalah Rotana Resort	Rotana	400				2012
	Starwood	Element Muscat	Element		100			2016
	Starwood	W Muscat	W	250				2014
	Starwood	Westin Muscat	Westin	350				2016
	The Reizdor	Missoni Sifah	Missoni	250				2013
	The Reizdor	Radisson Sohar	Radisson	209				2013
	Total			**3,420**	**461**	**86**	**0**	

Source: Hotelier Middle East;, Alpen Capital

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Exhibit 47: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	5 star	4 star	3 star	2 star or less	Year of opening
Bahrain	Four Season Hotels	Four Seasons Hotel Bahrain Bay	Four Seasons	273				2014
	IHG	Holiday Inn Bahrain Al Seef	Holiday Inn		240			2013
	IHG	Staybridge Suites Bahrain Al Seef	Staybridge Suites		130			2012
	Marriott	JW Marriott Hotel Bahrain	JW Marriott	376				2015
	Marriott	Renaissance Bahrain Amwaj Island	Renaissance	318				2013
	Rotana	Majestic Arjaan by Rotana	Arjaan by Rotana	128				2012
	Rotana	Bahrain Rotana	Rotana	**407**				2013
	Total			**1,502**	**370**	**0**	**0**	
Kuwait	IHG	InterContinental Kuwait	Intercontinental	530				2013
	IHG	Staybridge Suites Kuwait Salmiya	Staybridge Suites		120			2012
	IHG	Staybridge Suites Kuwait Farwaniya	Staybridge Suites		120			2015
	Jumeirah Hotels and Resorts	Jumeirah Messilah Beach Hotel &Spa	Jumeirah	409				2012
				939	**240**	**0**	**0**	
GCC Total				**42,339**	**10,308**	**4,897**	**1,940**	
Grand Total				**59,484 hotels**				

Source: Hotelier Middle East;, Alpen Capital

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