GCC Hospitality Industry

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ALPEN CAPITAL
Investment Banking

Alpen Capital was awarded the "Best Research House" at the Banker Middle East Industry Awards 2011, 2013, and 2014

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GLOSSARY

ADR: It is the average rate paid for rooms sold. It is calculated by dividing room revenue by rooms sold. (ADR = room revenue / rooms sold). This is a metric to indicate the average realized room rental per day. The number represents the average rental income per paid occupied room in a given time period.

Occupancy: Occupancy is the percentage of available rooms that were sold during a specified period of time. The occupancy rate is the ratio between the number of occupied rooms and the number of rooms offered by the hotels that are open. Occupancy is calculated by dividing the number of rooms sold by rooms available.

Revenue Per Available Room (RevPAR): It is a key performance metric in the hotel industry, which is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. It can also be calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the period being measured.

International Tourist Arrivals: Person visiting a country other than the person's usual place of residence for any reason other than for occupation and remaining at least for 24 hours. The terms 'Visitor' and 'Arrivals', as they are used throughout this report refer to International Visitor Arrivals. The same person who makes several trips to a given country during a given period will be counted as a new arrival each time, as well as a person who travels through several countries on one trip is counted as a new arrival each time.

Leisure tourism: Tourism for a purpose other than business. A person visiting another place for entertainment or other benefits would be considered as a leisure tourist.

Tourist Receipts: The receipts of a country in the form of consumption expenditures or payments for goods and services made by foreign visitors out of foreign currency resources.

Tourist accommodation: Any facility that regularly or occasionally provides overnight accommodation for tourists. Accommodation can be chargeable or free.

Apartments are a special type of room. They consist of one or more rooms and have a kitchen unit and own bathroom and toilet. Cabins, cottages, huts, bungalows, villas and summerhouses can be treated like bedrooms and apartments, i.e. to be let as a single unit.

"With the number of leisure and business travelers to Dubai expected to post year on year growth, investment in the Emirate's hospitality sector is set to experience a massive boom. Dubai's successful bid to host Expo 2020 has provided further impetus to the commercial activity in the hospitality sector. Dubai is expected to almost double its tourist count by 2020 which is driving demand for hotels and hotel-apartments and creating new job opportunities. Driven by these favorable factors, Dubai is becoming an increasingly attractive investment destination for local and international hospitality groups alike. Dubai has carved a name for itself in the hospitality space due to its myriad landmark properties and superior service quality. These multitudes of opportunities are expected to drive the sustained growth of Dubai's hospitality sector in the near future and Meydan with its unique product offerings is excited to be a part of this growth."

Mr. Saeed Al Tayer

Chairman

Meydan

"The hospitality industry in Qatar is currently experiencing high occupancy rate as a result of the country's thrust towards tourism, meeting its 2030 vision, and the ongoing momentum towards meeting milestones for the 2022 World Cup. The average hotel occupancy rate for Doha hotels for the first six months of 2014 was 75.9%, and grew by 11.4%. With Qatar being positioned as a hub for finance, business, technology, medical research, education and leisure activities, tourist arrivals are expected to increase at a compounded rate, particularly during the run-up to the FIFA World Cup in 2022. The opening of the new Hamad International Airport and the increase in the number/frequency of routes operated by Qatar Airways has/will also contribute towards the increase in visitors. We expect Qatar to build 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. Overall, the best days for Qatar's hospitality industry are yet to be realized and we are optimistic about the sector's performance."

Hamad Abdulla Al Mulla

Chief Executive Officer & Board Member

Katara Hospitality

"Qatar's Hospitality industry has grown significantly over the last 5 years, absorbing new supplies coming in the market. The Occupancy ratios and the ADR have shown considerable improvement and are poised for further improvement with growing demand particularly from MICE. Another significant factor in the development of the hospitality industry has been fine dining options, which includes many prestigious names from around the globe offering different cuisines.

The biggest challenge hospitality industry faces today is finding high quality personnel to service this industry to ensure that the quality of service rendered is of the highest international standards and at competitive cost. Other significant challenge today has been the availability and rising cost of accommodation for the large number of staff to ensure that they are able to deliver the best service to the guests.

Future for the industry is very promising due to the forthcoming FIFA World Cup 2022 and the efforts of Qatar Tourism Authority to promote regional and international tourism in Qatar."

Omar Hussain Alfardan

President and CEO

Alfardan Group Holding and Alfardan Hospitality Co.

"The outlook for the GCC hospitality sector is definitely positive; the travel, tourism and hospitality sector is rapidly expanding, and the region has established itself as an aviation and transit hub. Combined with this is the rapid industrial growth in our region. We do face challenges such as achieving recognition for our high standards of service, gaining reputations amongst travelers and of course the increasing competition. To remain leaders of the industry travel companies must continue to upgrade their operations, improve our services and constantly create new products. Travelers now seek comfortable, high-quality travel experiences, hence it is vital for hospitality companies to keep up with the emerging industry trends and stay ahead." Mr. Dadabhai added "Focusing on the implementation of technology in all guest interactions and investing in visual media and social media are some of the important trends which are taking an important place in the hospitality industry in the GCC."

Mr. Shabeer Dadabhai

Managing Director

Elite Hospitality Group

"The principal approach of the Oman Government and the Ministry of Tourism towards the Hospitality Industry over the years has been focused on developing a unique guest experience. With the cultural exchanges highlighting the richness of local traditions and heritage sites, Oman's tourism has obtained a reputation for being one of the most authentic Arabic experiences in the Middle East.

A common challenge for the hospitality industry across the world is attracting staff, and Oman is no different. As tourism is relatively new to Oman the struggle is making the industry interesting and appealing to Omanis as a first choice for their careers. However, growth in Oman's hospitality sector & in Oman's popularity as a tourism destination should make the sector more attractive for Omanis from a career perspective.

As a result of rapid growth in the region's disposable income, there has been a large increase in regional tourism and the amount of time residents spend on leisure activities. We have also seen a large increase in the population of larger cities which has led to an increase in the need to escape the city and spend time in resorts and places of interest. With recent developments in the infrastructure coupled with Government initiatives to promote tourism in Oman, the outlook for Oman's hospitality industry remains very strong."

Mark Kirk

General Manager

Shangri-La's Barr Al Jissah Resort & Spa (A Zubair Group Venture)

"The GCC economies are well on their way to recovery from the global economic crisis. With the recent wins in mega events like the Qatar FIFA World Cup 2022 and the Dubai World Expo 2020, the region is gearing up for an increase in tourist arrivals. Due to the forecasted increase in demand, the sector is going through capacity expansion as well as increasing investment into infrastructure. The industry is expected to sustain this growth momentum supported by the regional governments' initiatives to grow the sector, international tourist arrivals especially those from the Asian region, and growth in the MICE segment among others.

Trends like an increase in internet reviews and bookings, an increase in leisure travel as well as an increase in spa and wellness themes support the growth of this industry. Due to these and many other factors, most of the large hotel operators have a robust pipeline for the region to capture future growth. Some key challenges like shortage of skilled workforce and managing new supply versus demand remain. However, regional governments as well as sector participants are taking initiatives to address the challenges faced by the industry and to improve its prospects and our outlook on the GCC Hospitality sector continues to remain positive."

Rohit Walia

Executive Chairman

Alpen Capital

Mr. Gerald Lawless, Group CEO, Jumeirah Group, answers Alpen Capital's questions on the outlook and growth of the GCC Hospitality Industry

What is your outlook on the GCC Hospitality Industry?

According to the UNWTO, the number of travellers in the GCC more than doubled between 2000 and 2013, from 24.1 million to 60.3 million. This represents an increase of 150% and demonstrates the attractiveness of the region as a destination. In terms of infrastructure development, the GCC's hospitality industry is entering a new boom phase with the market set to increase the existing room capacity by 147% to reach more than 273,000 rooms by 2018. Going forward, the World Expo 2020 is expected to attract over 25 million international and domestic visitors to Dubai, and an estimated 3.7 million visitors are expected to visit Qatar when it hosts the FIFA World Cup in 2022. These major events along with tourism infrastructure investment provide a favorable environment for further expansion of the GCC hospitality industry.

What are the challenges facing the GCC Hospitality Industry?

Along with sustaining excellent performance, the industry should ensure that additional room supply is well placed to meet the growing demand whilst avoiding oversupply. Another challenge is the availability of talent, for which there is ever-increasing competition. As the supply of hotel rooms increases in line with tourism demand, sourcing, developing and maintaining quality work force will become an important aspect. Institutions like The Emirates Academy of Hospitality Management become essential for developing new talent. The facility is an integral part of Jumeirah Group offering both undergraduate and postgraduate degrees designed to develop the hospitality leaders of the future.

What are the factors that will aid growth in this sector?

Further investment into infrastructure, attracting international fairs events as well as developing new mega projects are all beneficial for the continuous development of the GCC travel and tourism. The region and, in particular, the UAE have also earned a reputation of a peaceful haven which contributes to it being a preferred international destination.

What are the recent trends in this sector?

The emergence of budget and mid-market hotels is one of the key trends in the GCC. In the luxury sector, recent studies highlight that the new generation of travellers is seeking a different type of luxury, which translates into more precise and personalized experiences rather than traditional in-room luxuries. Modern travellers seek environments where they can interact and connect with local communities. Hotels need to offer innovative design in particular in public areas, which would incorporate cutting edge technology and allow for social interaction. Travellers also become more aware of the CSR practices. Therefore we should continue to manage our environmental impact while offering positive engagement with local communities. A further trend is the increasing demand for contemporary lifestyle hotels and services; to address this trend we have recently announced the launch of a new brand called VENU, which is designed to meet the needs of the modern traveller with a Millennial mind-set.

Mr. Mark Kirk, General Manager, Shangri-La Barr Al Jissah Resort & Spa Oman (A Zubair Group Venture) answers Alpen Capital's questions on the outlook and growth of the GCC Hospitality Industry

What is your outlook on Oman's Hospitality Industry?

The approach the government and the Ministry of Tourism has made to industry over the years has developed a unique guest experience. With the cultural exchange coupled with traditions and heritage sites, Oman's tourism has obtained a reputation for being the most authentic Arabic experience in the Middle East. With developments in the infrastructure I would say that the outlook is very strong for Oman hospitality industry.

What are the challenges facing the Hospitality Industry in Oman?

One of the most common challenges for the hospitality industry across the world is attracting staff, and Oman is no different. As tourism is relatively new to Oman the struggle is making the industry interesting and appealing to Omanis as a first choice for their careers.

What are the factors that will aid growth in this sector?

As new projects are completed and become operational, the marketing exposure will increase as Oman still remains relatively unknown as a tourist destination to international markets. The largest threat to growth is that costs are increasing faster than revenues.

What are the recent trends in this sector?

As a result of rapid growth in the region's disposable income there has been a large increase in regional tourism and the amount of time residents spend on leisure activities. We have also seen a large increase in the population of nearby larger cities which has led to an increase in the need to escape the city and spend time in resorts and places of interest.

1. Executive Summary

The GCC economies, with sound macro-economic fundamentals, are poised for growth in both industrial and service sectors. The aggregate GDP of the region has grown by over 70% over the past four years driven by individual governments' focus on economic diversification by investing in non-oil sectors coupled with robust oil revenues. The region is investing tremendously in infrastructure especially in light of upcoming mega events. These events are expected to draw a large number of tourists to the region and hence, hospitality players are gearing up with investment in capacity expansion.

International tourist arrivals, the key driver for the growth of the hospitality industry in the GCC has bounced back in 2013 after a decline in 2012. It grew by 4.3% in 2013, touching a record high of 39.6 million. Increase in leisure tourism and emergence of niche segments such as MICE, especially in UAE, Qatar and Oman are supporting this growth. Occupancy level, on an average basis, improved to 68.1% in 2013 compared to 66.9% a year before. UAE's occupancy rate has reached the highest level since the onset of the economic crisis in 2009 while occupancy rate in Saudi Arabia has remained flat. The GCC continues to command the highest ADR compared to other regions of the world, though it declined marginally to US$ 226.6 in 2013.

The outlook for the GCC hospitality industry remains positive. Demand is likely to pick up and the sector is going through capacity expansion to cater to increasing demand. The industry is expected to sustain this growth momentum supported by the regional governments' initiatives to grow the sector, international tourist arrivals, especially those from the Asian region, and growth in the MICE segment among others.

1.1. Scope of the Report

This report is an update of our earlier report released in 2012. In this report, we have focused 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. We have also discussed the challenges being faced by the industry. We have profiled all the GCC countries including an overview of their respective hospitality market. We have also included the profiles of the significant hospitality companies.

1.2. Industry Outlook

We expect the GCC hospitality industry to grow at an annual rate of 9.5% to US$ 35.9 billion by 2018 compared to the US$ 22.8 billion in 2013. Average occupancy rates are likely to be in the range of 68% and 74% between 2013 and 2018 while ADR is likely to average between US$ 225 and US$ 263 during the same period. Saudi Arabia is expected to continue its dominance as the largest market in terms of revenues, followed by the UAE. We expect Bahrain to see a faster growth as the political scenario in the country turns better, renewing the tourists' interest. Upcoming mega events in Qatar and UAE are expected to be the key growth drivers for the hospitality industry in those countries.

1.3. Key Growth Drivers

- The hydrocarbon rich GCC region's macro-economic fundamentals remain sound. GCC countries have maintained a pro-business environment and they continue to attract business travelers

- GCC is set to host mega events such as 2020 World Expo in Dubai and 2022 FIFA World Cup in Qatar. These coupled with annual events such as Grand Prix in UAE and Bahrain are expected to draw a large number of visitors
- With state of the art infrastructure facilities, the MICE segment has expanded significantly in the recent past. The number of international association meetings in the Middle East has more than tripled in the last 10 years
- Large number of foreign travelers, especially those from Asian region, continue to visit GCC countries
- Governments are continuously investing to enhance tourism infrastructure aided by private sector investments

1.4. Key Trends

- While the Western economies are struggling to come out of the impact of the global slowdown, emerging Asian economies are witnessing healthy growth. Increasing energy demand from Asia is a positive for the GCC region
- Leisure travel in the region is picking up momentum. UAE with US$ 23 billion market size is the largest market in the region while Qatar recorded the highest growth
- Customers are increasingly becoming value conscious and they are able to compare the offerings of different service providers before choosing the best deal
- The GCC construction pipeline looks very robust with the value of the projects due to be completed in 2014 standing at US$ 8.6 billion compared to US$ 3.7 billion in 2013
- Spa and wellness themes are gaining popularity in GCC. UAE is becoming the number one spa destination in the region
- Halal tourism is emerging as an attractive avenue for the hoteliers. Many hospitality firms are planning to offer products and services targeted at this segment
- The growth of budget airlines, tight tourist budgets, shorter stays and the rise of the 'no frills' customers, is increasing opportunities in the budget segment
- More international chains are looking to start operations in the GCC
- Demand for serviced apartments is on the rise as this is an attractive option for visitors with larger families as well as long stay business travelers

1.5. Key Challenges

- In the run up to the mega events, some of the countries are adding huge hotel capacities. There is an oversupply concern, especially once these events are concluded
- Shortage of skilled work force is a major challenge for the hospitality industry
- Increase number of new properties in posing a threat to the older ones. Operators are spending heavily on improving older properties to remain competitive
- Despite the recent reforms initiatives taken by the regional governments, many challenges remain for the foreign companies looking to set up business in GCC

Despite these challenges, the GCC hospitality industry's outlook remains promising. Regional governments as well as sector participants are taking initiatives to address the challenges faced by the industry and to improve its prospects.

2. GCC Hospitality Industry

2.1. Tourism industry on a growth path

Sector is back on growth path with revival in tourist arrivals

International tourist arrivals grew at a CAGR of 7.4% from 2004-13

The GCC hospitality industry is back on the growth path driven by the initiatives of both government and private sector. While business and leisure tourism are on the rise, some of the niche segments like Meetings, Incentives, Conferences, and Exhibitions (MICE) are emerging strongly. Upcoming events like the FIFA World Cup 2022 in Qatar and World Expo 2020 in Dubai have supported increasing activity in the sector. In addition, the region is home to some of the finest hotels in the world and offers niche tourism such as cultural and religious tourism. Also, GCC's strategic location as an ideal transit point complemented by world class national carriers is also attracting tourists from all over the world.

Tourist arrivals to the GCC region has grown at a CAGR of 7.4% between 2004 and 2013 significantly above the global growth rate of 4.0%[1] (see Exhibit 1). After the decline in 2012 in tourist arrivals, the industry has bounced back with 4.3% growth in 2013 on back of increase in leisure and MICE activities in the GCC countries, particularly in UAE, Qatar and Oman. International tourist arrivals reached historical highs touching 39.6 million in 2013[2].

Exhibit 1: GCC international tourist arrivals

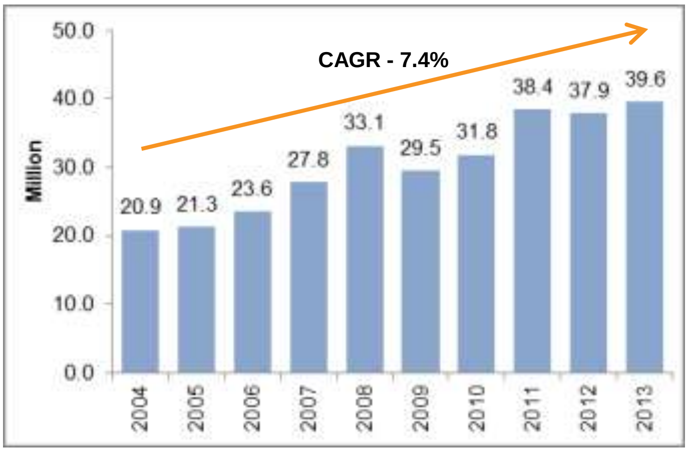

Exhibit 2: GCC international tourist arrivals by country

Source: UNWTO, WTTC, Alpen Capital

UAE overtook Saudi Arabia to become the largest market in terms of tourist arrivals

UAE overtook Saudi Arabia to become the largest hospitality market in the GCC region in 2013 in terms of tourist arrivals. The country saw increase in tourist arrivals while Saudi Arabia witnessed a decline. UAE's tourism sector grew at a strong pace due to the robust growth in international tourist arrivals which stood at 13.8 million in 2013, having grown at a CAGR of 9.1% between 2004 and 2013[3] (see Exhibit 2 and 4). Growing leisure and business tourism, gradual increase in MICE activities, Free Trade Zones as well as shopping festivals and other events attracted tourists to the UAE.

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[1] Source: UNWTO, 2014 report
[2] Source: UNWTO, 2014 report and multiple reports (Government Statistical Authorities)
[3] Source: Statistics Centre - Abu Dhabi (SCAD), 2012 and 2013 report and Gulf Business – News article "Dubai's Hotels See 10.6% Rise In Guest Arrivals In 2013"

Saudi Arabia accounted for the second highest number of international tourist arrivals in 2013 which stood at 13.2 million[4]. However, its share in the GCC region declined from 45.5% in 2011[5] to 33.4% in 2013 primarily due to expansion activities currently going on in the two holy cities (see Exhibit 2 and 3).

The remaining GCC countries reported a strong growth in tourist arrivals driven by multiple factors including continuous improvement in tourism infrastructure and enhanced tourism offerings. Kuwait and Bahrain reported a growth of 13.9% and 10.5% CAGR respectively[6], between 2004 and 2013 while Qatar and Oman grew at a CAGR of over 6.0% during the same period[7] (see Exhibit 4).

Exhibit 3: Tourist arrivals break down by country, 2013

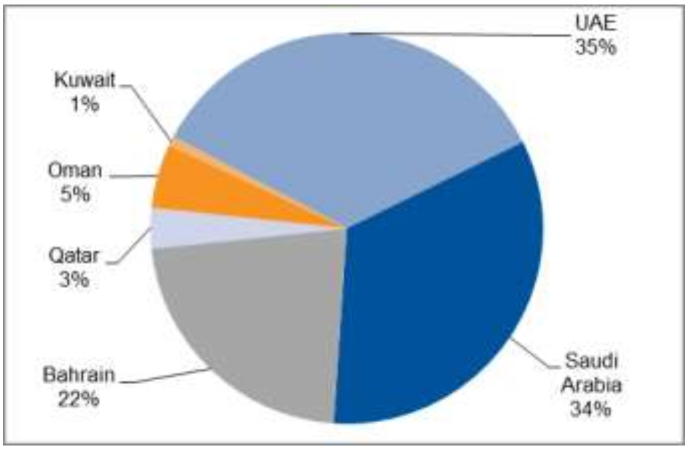
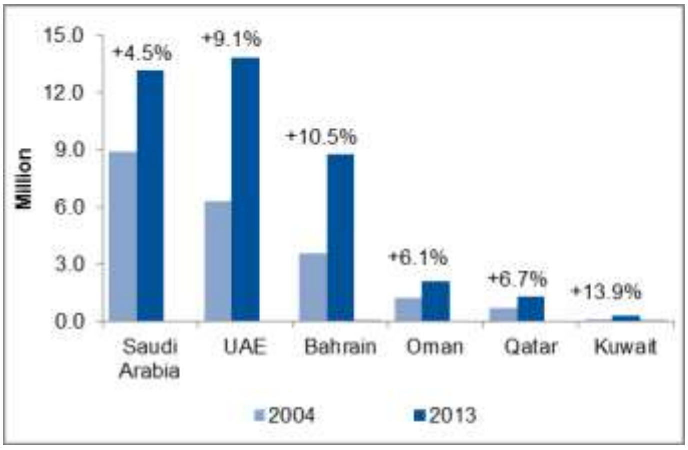


Exhibit 4: GCC international tourist arrivals, 2004-13



Source: UNWTO, WTTC, Alpen Capital; Note (*): Exhibit 4 has CAGR growth rate inside the chart

Leisure spending continues to drive tourism receipts

Qatar outshined its GCC peers with a growth of 20.5% CAGR in tourism receipts during 2004-13 while UAE witnessed the highest value addition of US$ 19.0 billion during the same period

The GCC region's tourism receipt which includes business spending as well as leisure spending grew at a CAGR of 8.5% between 2004 and 2013, higher than the global average of 5.5%. Leisure spending, with a share of 70.1% of total receipts, is the largest segment among the two and it grew at a CAGR of 7.3% between 2004 and 2013 reaching US$ 49.5 million in 2013[7] (see Exhibit 5). There is increasing emphasis being given to leisure tourism in the region with enhanced leisure offerings and the leisure spending is growing in tandem.

Business spending grew 9.4% Y-o-Y to US$ 21.1 billion in 2013. The increasing business activities in the region as well as MICE tourism helped the segment to register a growth of 11.8% CAGR during 2004-13. In terms of net value addition, leisure spending outpaced business spending and added US$ 23.3 billion as compared to US$ 13.4 billion added by business spending between 2004 and 2013[8] (see Exhibit 5).

[4] Source: Saudi Commission for Tourism & Antiquities (SCTA) and Reuters – News article "Saudi Arabia Travel and Tourism Market 2014 - 2018"
[5] Source: Saudi Commission for Tourism & Antiquities (SCTA) report, 2012
[6] Source: Multiple reports (Government Statistical Authorities) and www.oxfordbusinessgroup.com
[7] Source: Qatar Tourism Authority (QTA) report, 2013 and Times of Oman – News article "Oman tourism sector grew 10% in 2013"
[8] Source: World Travel & Tourism Council (WTTC)

Exhibit 5: Travel and tourism receipts in GCC (US$ billion)

Country	Tourism receipts 2013	Leisure spending		Business spending		Tourism receipt CAGR (2004-2013)
		Value	Share (%)	Value	Share (%)	
UAE	29.2	23.0	78.6%	6.2	21.4%	12.4%
Saudi Arabia	20.2	15.1	75.0%	5.1	25.0%	2.7%
Qatar	9.9	3.0	30.1%	6.9	69.9%	20.5%
Kuwait	4.8	3.7	77.0%	1.1	23.0%	8.7%
Oman	4.0	2.6	64.9%	1.4	35.1%	9.0%
Bahrain	2.5	2.1	85.0%	0.4	15.0%	3.5%
GCC	**70.6**	**49.5**	**70.1%**	**21.1**	**29.9%**	**8.5%**
Global	**4,516.6**	**3,412.9**	**75.6%**	**1,103.7**	**24.4%**	**5.5%**

Source: WTTC, Alpen Capital

In the past decade, UAE has emerged as the most preferred tourist destination for leisure as well as business tourism. UAE's tourism receipts have increased at a CAGR of 12.4% between 2004 and 2013 and its share of the total GCC receipts has increased from 30.2% to 41.4% in the same period (see Exhibit 5). The country has witnessed sequential growth every year during 2004-2013 except for 2009. Qatar on the other hand registered the highest CAGR of 16.9% and 22.5% for leisure and business spending respectively, between 2004 and 2013 and has overtaken UAE as the largest business tourism market with US$ 6.9 billion receipts in 2013[8].

Saudi Arabia, being the second largest country by value in terms of tourism receipts, registered a CAGR of 2.7% between 2004 and 2013, lowest among all GCC nations. Oman and Bahrain registered a growth of 9.0% and 3.5% CAGR during the same period on the back of increase in both the segments. Kuwait's receipts from leisure spending increased at a faster pace than business spending. The country reported an overall growth of 8.7% CAGR between 2004 and 2013[9] (see Exhibit 5).

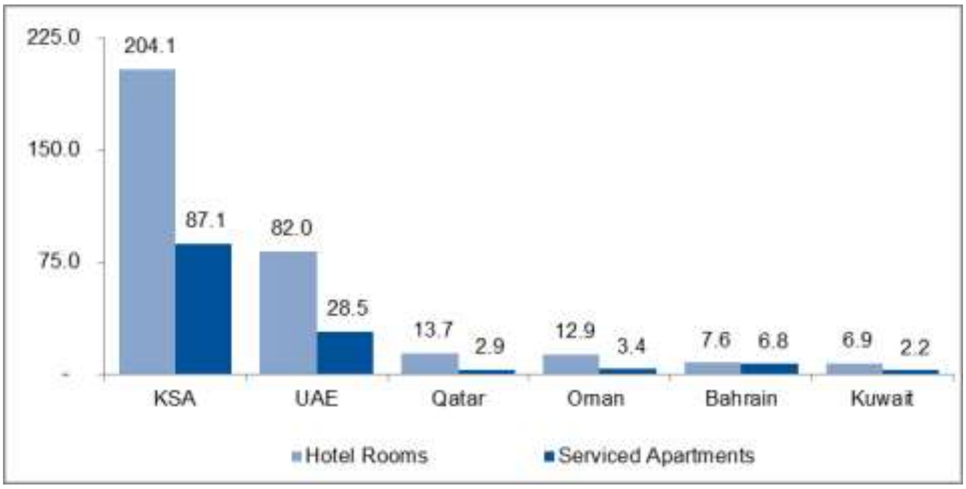
2.2. Supply is on the rise

Saudi Arabia accounts for approximately 2/3 of the total hotel room and apartment capacity in the region

In recent time, GCC countries have witnessed a huge addition in hotel rooms and apartments. The cumulative hotel rooms and apartments capacity in GCC stood at 458,045 in 2013. Saudi Arabia has the largest number of hotel rooms and apartments and accounts for 63.6% of the region's aggregate stock while UAE stands second with 110,535 hotel rooms and apartments[10]. The remaining four countries account for 12.3% of the total capacity (see Exhibit 6).

[9] Source: WTTC
[10] Source: Multiple reports (Government Statistical Authorities) and Arab News – News article "Saudi travelers boosting Dubai tourism"

Exhibit 6: **Hotel room and apartment capacity by country, 2013 (In '000)**



Source: HVS, Alpen Capital; Note: Since the actual numbers are not available, we have taken the average growth rate of last 5 years to calculate the number of hotel rooms and serviced apartments for Saudi Arabia (hotel rooms), Abu Dhabi (serviced apartments) and Kuwait (hotel rooms and serviced apartments)

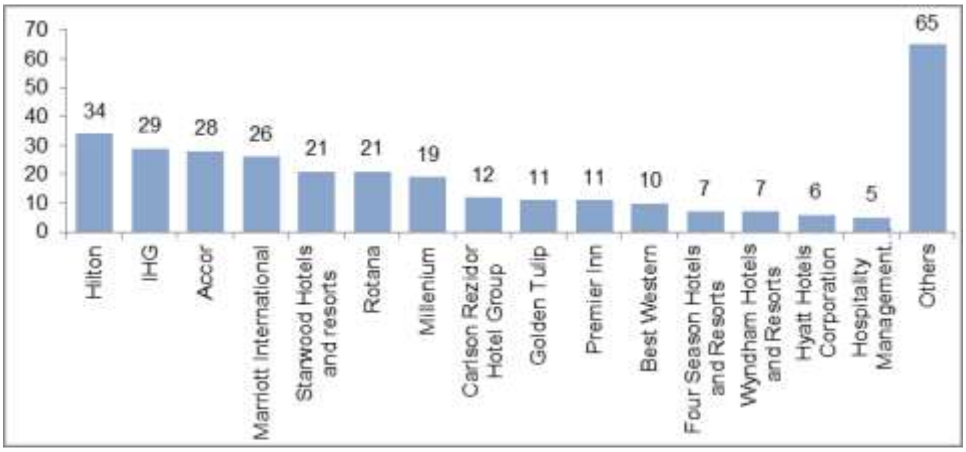
Saudi Arabia added the highest number of hotel rooms between 2006 and 2013 which stands at 95,627 and registered a growth of 9.5% CAGR during the same period. Qatar outperformed other GCC countries and reported the highest growth of 21.5% CAGR in the same period[11]. UAE stood second in terms of net addition as well as in terms of growth[12].

GCC region continues to attract top brands

The GCC continues to attract international hoteliers

The region's sound macro-economic fundamentals, and increasing business related activities have boosted its prospects as business tourism hub and attracted many prominent international hotal chains into the region. Many Internatioal players including Hilton, Marriott, and IHG are continuously strengthening their presence in the region[13]. Hilton has a pipeline of 34 hotels while IHG and Accor have a pipeline of 29 and 28 hotels, respectively (see Exhibit 7).

Exhibit 7: **Pipeline of hotel properties, 2013 (312 hotels)**

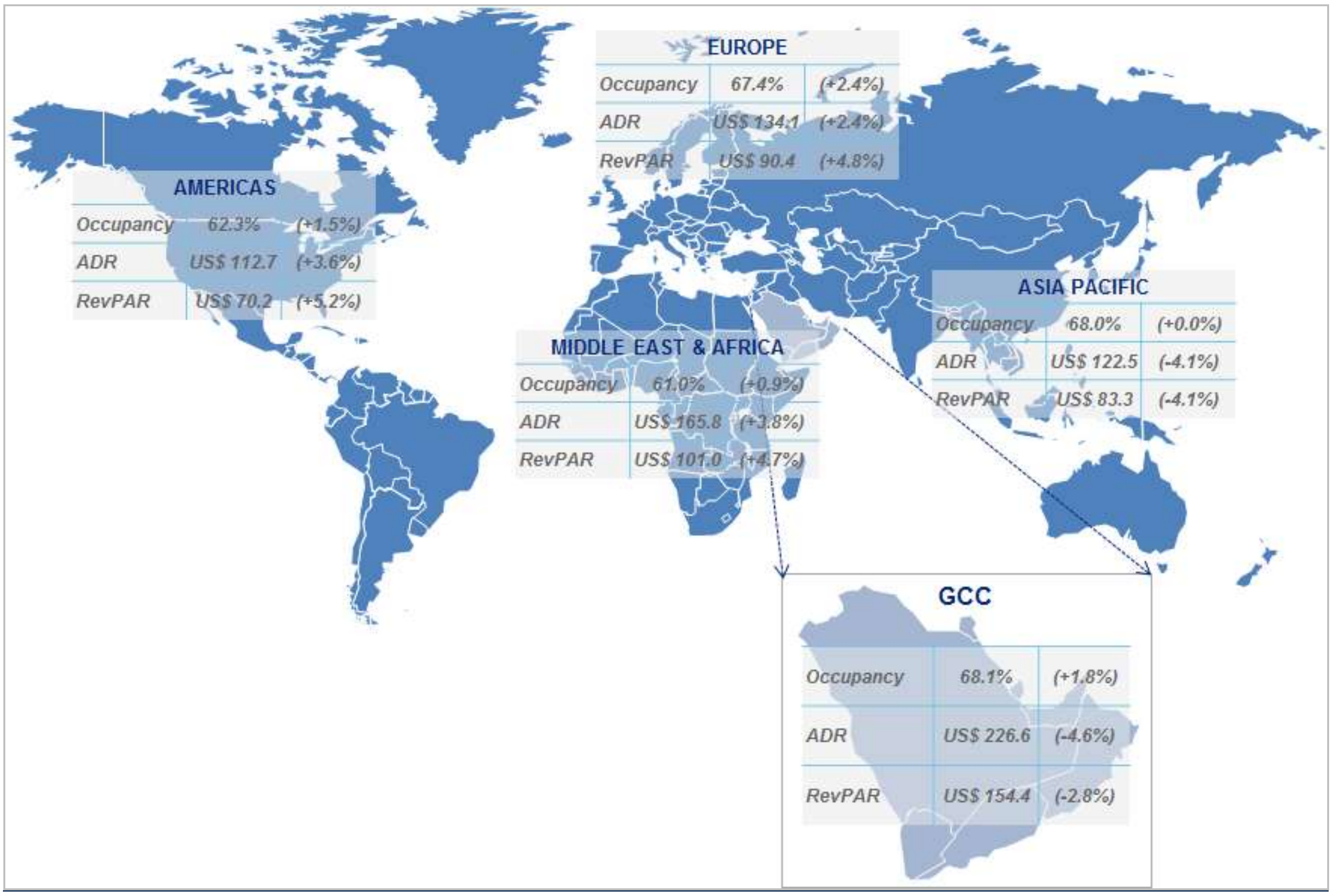


Source: Hotelier Middle East, Alpen Capital

11 Source: QTA reports
12 Source: Multiple reports (Government Statistical Authorities)
13 Source: Hotelier Middle East

2.3. Key performance metrics

Exhibit 8: Global and GCC hotel industry metrics, 2013



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

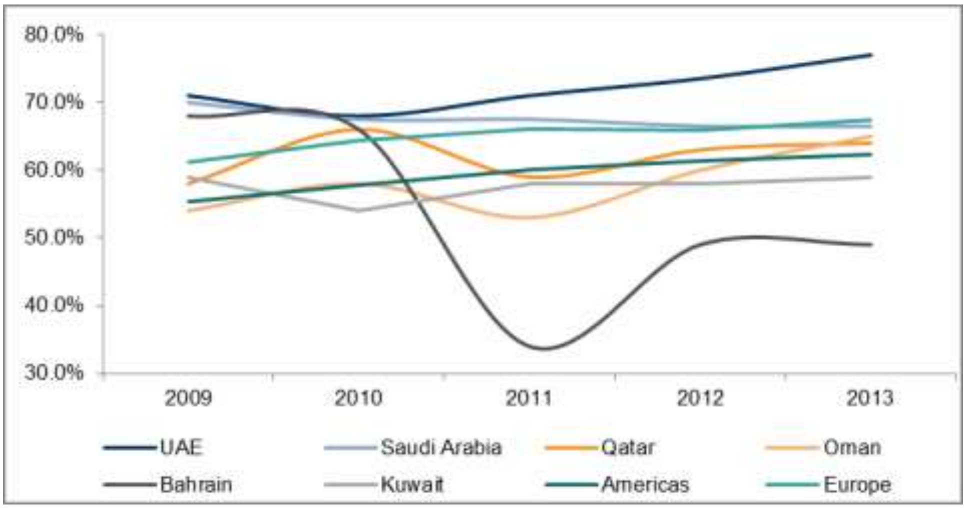
Occupancy rates

Occupancy rates increased across countries except for Saudi Arabia and Bahrain

Occupancy rate among the GCC hotels is improving as international tourist influx is on the rise. Average occupancy stood at 68.1% in 2013 compared to 66.9% over previous year. Oman saw the highest growth of 5 percentage points in occupancy rate to 65.0% in 2013 mainly on account of increase in tourist arrivals while Kuwait's occupancy rate reached to 59.0% in 2013, highest level since 2010. Qatar's occupancy rate grew one percentage point to 64.0% in 2013 as compared to 2012. UAE remains the market leader since 2004 and registered the second highest growth of 3.5% in 2013 to reach 77.0%. UAE's occupancy rate reached at its highest level since the financial crisis in 2009. Occupancy rate for Saudi Arabia and Bahrain remained unchanged at 66.5% and 49.0%; respectively in 2013[14] (see Exhibit 9).

[14] Source: HVS report

Exhibit 9: Occupancy Rates, 2009-2013



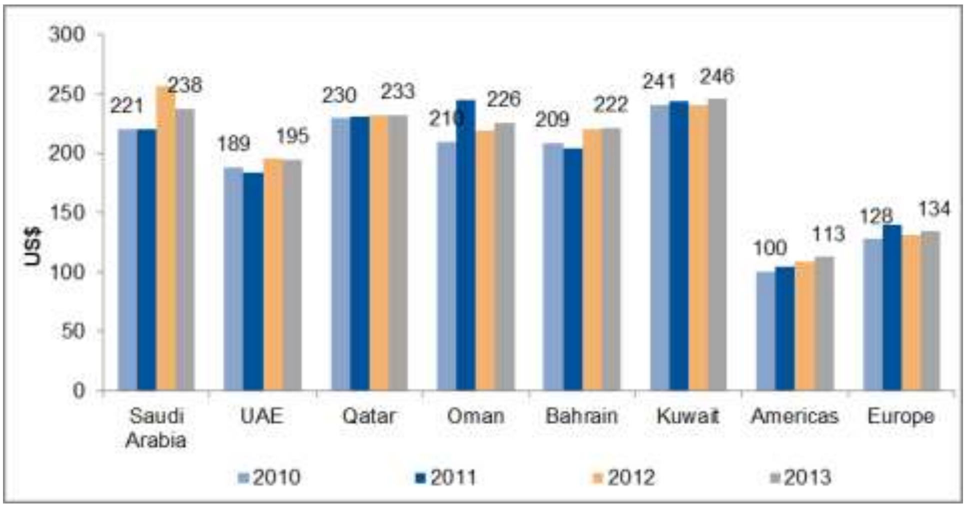
Source: HVS, STR Global, Alpen Capital; Note: We have used no. of rooms (excluding serviced apartments) as weights to arrive at the GCC figures for all years

Average Daily Rate (ADR)

GCC hotels continue to enjoy better ADR, despite decline in 2013 due to increased rooms supply

GCC continues to enjoy the highest ADR compared to other regions in the world despite declined in 2013. The ADR realized by hotels in the GCC region stood at US$ 226.3 in 2013, a decline of 4.7% compared to 2012. Kuwait enjoyed the highest ADR of US$ 246.0 in 2013 due to its business related tourism. The country has reported the second highest growth of 2.1% in 2013. Saudi Arabia's ADR declined 7.4% to US$ 238.0 in 2013 from US$ 257.0 in 2012[15]. Slight fall in demand due to decrease in tourist arrivals and higher supply as reflected in the increase in number of hotel rooms and apartments led to the fall in average ADR (see Exhibit 10).

Exhibit 10: ADR trend, 2010-2013



Source: HVS, STR Global, Alpen Capital; Note: We have used no. of rooms (excluding serviced apartments) as weights to arrive at the GCC figures for all years

During 2013, ADR in UAE remained stable at US$ 195. The growth in tourist arrivals offset by increase in hotel rooms led to competitive pricing. Oman witnessed the highest growth

15 Source: HVS report

of 3.2% in 2013 compared to a decline of 10.6% in 2012. Its ADR reached US$ 226 in 2013. Qatar and Bahrain experienced a marginal growth of 0.3% and 0.5% respectively, during the same period.

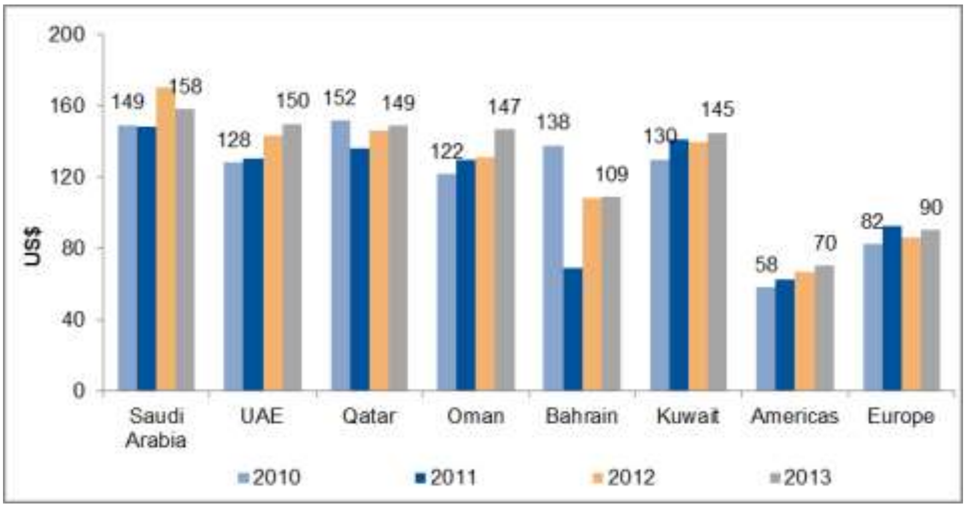
Revenue Per Available Room (RevPAR)

GCC region's average RevPAR in 2013 reached US$ 154.2, a decline of 3.0% over previous year. Saudi Arabia was the market leader with RevPAR of US$ 158.3 reported in 2013 (see Exhibit 11). However, it is the only country which saw a decline in 2013 (-7.4%). The decline can be attributed to decrease in ADR. Oman experienced the highest RevPAR growth of 11.8% Y-o-Y, due to increase in occupancy as well as ADR.

Saudi Arabia is the market leader with RevPAR of US$ 158.3 reported in 2013.

UAE witnessed second highest growth of 4.5% and its RevPAR reached US$ 150.2 in 2013, closely followed by Qatar with a RevPAR of US$ 148.9. Kuwait reported a 3.8% Y-o-Y growth in RevPAR to US$ 145.1 on the back of robust ADR rate in 2013. Bahrain saw the lowest RevPAR among GCC countries which stood at US$ 108.8, a marginal growth of 0.5% during 2013[16].

Exhibit 11: RevPAR trend, 2010-2013



Source: HVS, STR Global, Alpen Capital; Note: We have used no. of rooms (excluding serviced apartments) as weights to arrive at the GCC figures for all years

[16] Source: HVS report

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.

Apart from the hotel rooms, we forecasted the rooms for serviced apartments separately in this study.

Following the above methodology provides the estimated industry size in terms of hotel rooms and serviced apartment rooms. However, the overall value of the hospitality industry in the GCC region will be higher as we have not considered 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 includes hotel room revenues and revenues from serviced apartments. It excludes all other income that a hotel normally generates on food & beverages, spa / health clubs, exhibitions / events, and other services.

Exhibit 12: GCC hospitality industry value (room revenues), 2013-2018E

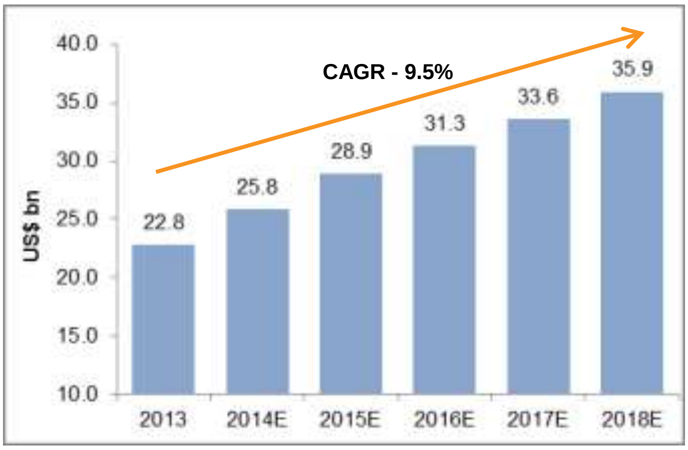
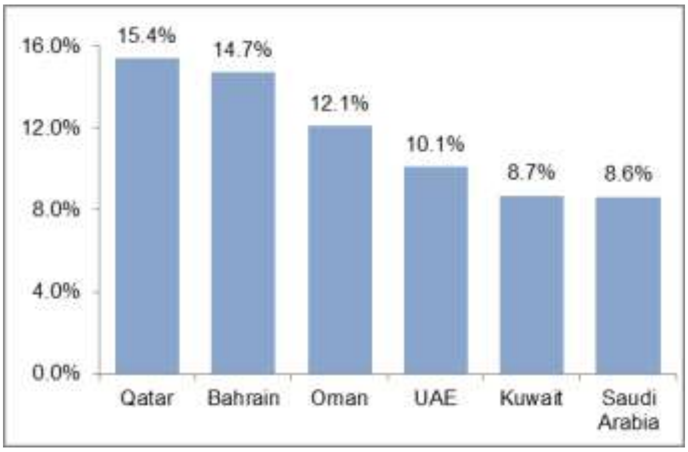


Exhibit 13: GCC hospitality industry growth (CAGR), 2013-2018E



Source: Alpen Capital

GCC hospitality market is estimated to grow from US$ 22.8 billion in 2013 to US$ 35.9 billion in 2018, implying a CAGR of 9.5%.

The market size of the GCC hospitality industry stood at US$ 22.8 billion in 2013. We expect the industry to grow at a CAGR of 9.5% to reach US$ 35.9 billion by 2018 (see Exhibit 12). All the GCC countries registered growth in the hospitality industry during 2013. While KSA and UAE were still the dominant players, other countries like Qatar gained significantly from the aggressive government efforts to boost tourism. Hospitality industry's performance is linked to the allied infrastructure, real estate and transport industry in the region. Thus, shortfalls or stupendous developments in any of these sectors significantly impact the tourism. Regional governments have acknowledged the significance of the sector's contribution to the economy and focusing on growing the sector.

Exhibit 14: GCC hotels operating metrics, 2013-2018E

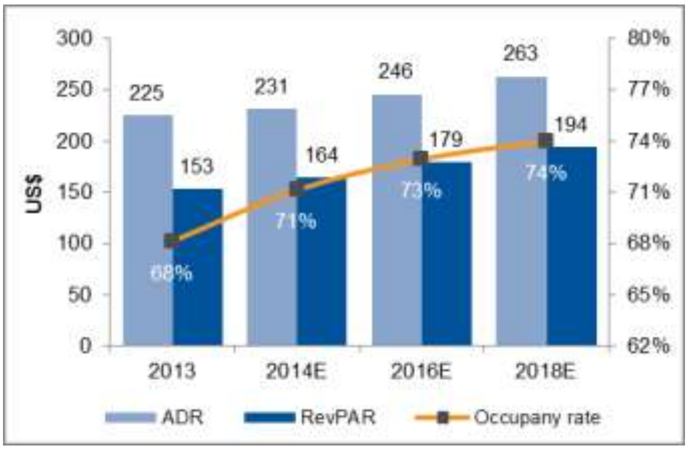
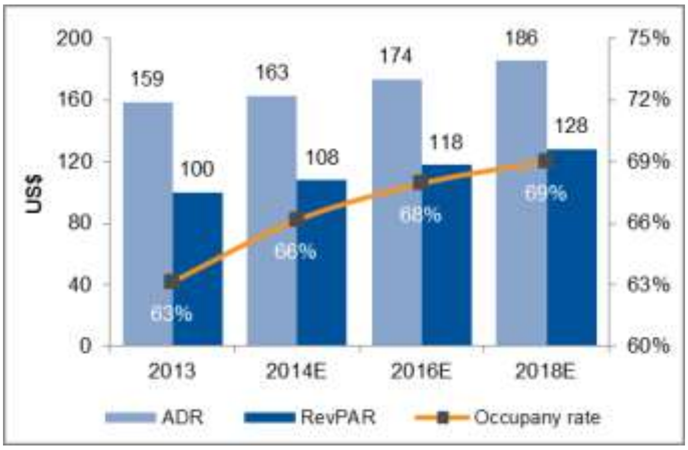


Exhibit 15: GCC serviced apartments operating metrics, 2013-2018E



Source: GCC Annual Report, Tourism Authorities, Alpen Capital

The GCC hospitality industry's growth will be driven by a rise in religious, leisure, and business travel. With landmark events going to take place after the forecasted period, we expect the region to stay in the tourist limelight. To cash in on this, international and domestic players are on an expansion drive. Hotel rooms' supply is expected to grow at a CAGR of 5.2% over the next 5 years, whereas the serviced apartments are expected to grow at 1.4% CAGR in the same period. The occupancy rates for hotels and serviced apartments are estimated to reach 74.0% and 69.0% respectively, in 2018. ADR is expected to grow at a CAGR of 3.1% and 3.2% for hotels and serviced apartments segments respectively. Benefiting from growth in ADR and improvement in occupancy, room yield (RevPAR) is likely to grow at a CAGR of 4.8% and 5.1% for hotel and serviced apartments segments respectively, during the projected period (see Exhibit 14 and 15).

Exhibit 16: GCC hotel market by room revenues, 2013-2018E

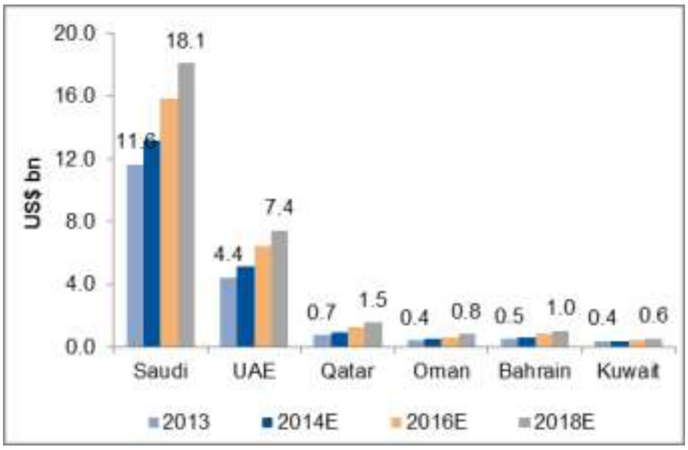
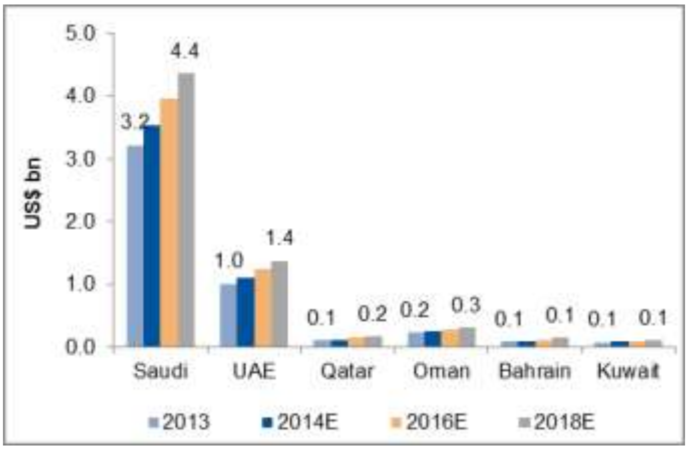


Exhibit 17: GCC serviced apartment market by room revenues, 2013-2018E



Source: Alpen Capital

Saudi Arabia is expected to remain the region's largest hospitality market followed by UAE. However, some of the other countries such as Qatar, Bahrain and UAE are likely to grow at a faster rate and hence, Saudi Arabia's market share is expected to decrease. The hotel room revenue of Saudi Arabia is expected to grow at a CAGR 9.2% to reach US$ 18.1 billion in 2018 from US$ 11.6 billion in 2013. Qatar is expected to witness a growth of 15.9% CAGR in hotel revenues to US$ 1.5 billion in 2018 from US$ 0.7 billion in 2013. Similarly, Bahrain is expected to see a robust growth driven by stabilizing political environment in the country[15] (see Exhibit 16).

The above exhibit presents the country-wise serviced apartment's market size, and operating metrics in the GCC region. With Qatar hosting the 2022 FIFA World Cup, the revenues from serviced apartments are expected to grow at a CAGR of 11.1% to reach US$ 0.2 billion in 2018 from US$ 0.1 billion in 2013. Revenues in Saudi Arabia are expected to grow at 6.3% CAGR from US$ 3.2 billion to US$ 4.4 billion. We also expect UAE to record a CAGR of 6.3% with revenues growing from US$ 1.0 in 2013 to US$ 1.4 billion 2018 (see Exhibit 17).

Exhibit 18: GCC hotel market occupancy rate, 2013-2018E

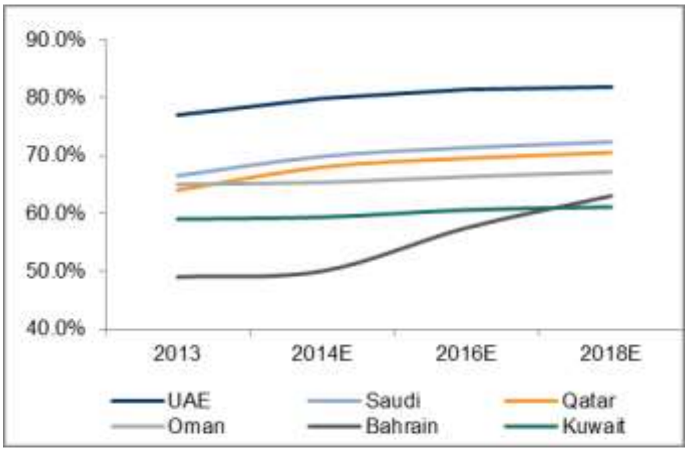
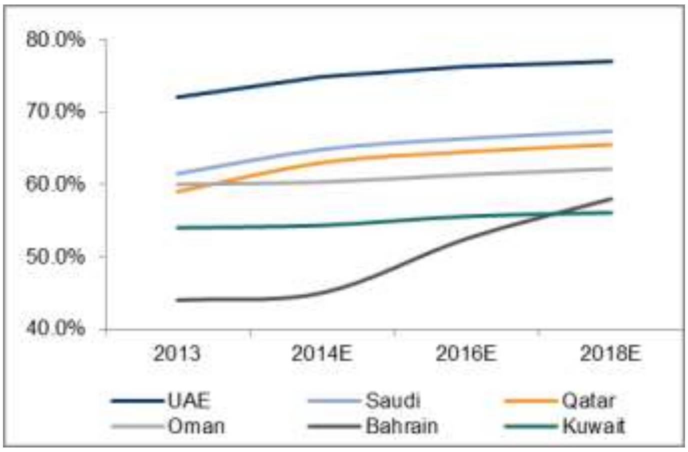


Exhibit 19: GCC serviced apartment market occupancy rate, 2013-2018E



Source: Alpen Capital

UAE continued to dominate occupancies in both hotels (77.0%) and service apartments (72.0%) segment in 2013. We expect a modest growth in occupancy, going forward. Qatar saw modest growth in occupancy despite robust growth in tourist arrivals, as capacity increased at a rapid rate. We expect steady increase in hotel room occupancy rate over the next five years to reach 70.5% in 2018. Bahrain witnessed the lowest occupancy rates among its GCC peers at 49.0% during 2013. However, with the improving political conditions, we expect the hotel occupancy rate to reach 63.0% in 2018. (See Exhibit 18 and 19).

Occupancy rate for serviced apartments in Bahrain is likely to grow at a faster rate in line with that of hotel rooms due to improving political environment. However, UAE will still dominate in terms of occupancy rate though the growth is likely to be modest (see Exhibit 19).

Exhibit 20: GCC hotel market ADR, 2013-2018E

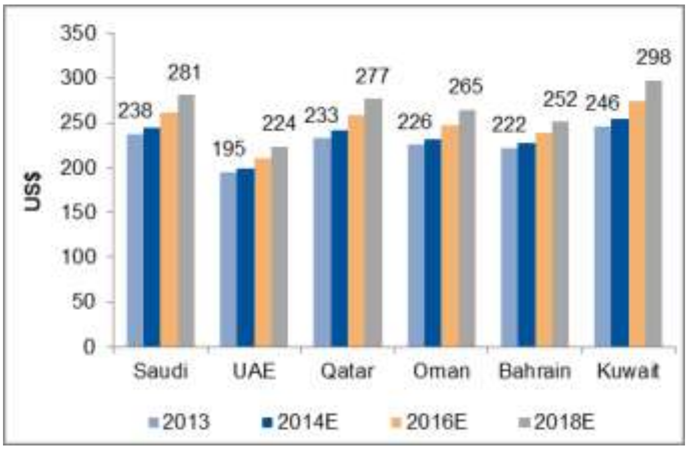
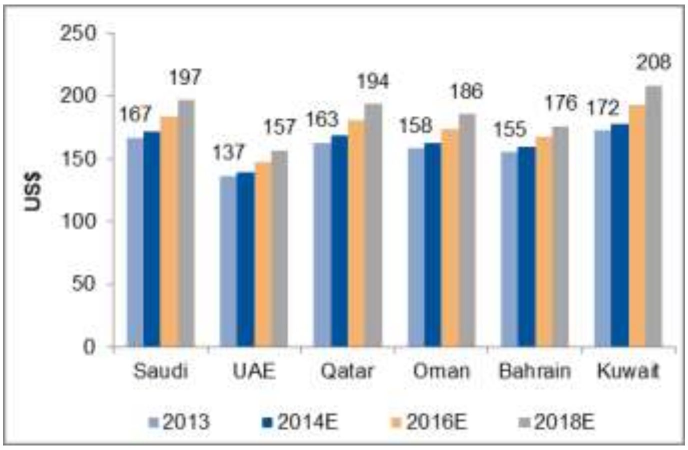


Exhibit 21: GCC serviced apartment market ADR, 2013-2018E



Source: Alpen Capital

ADR for hotel market for Kuwait in 2013 stood at US$ 246, highest amongst its peers and likely to be the highest at US$ 298 in 2018, a CAGR of 6.5%. Saudi Arabia followed Kuwait at US$ 238 and according to our forecast, will continue to maintain its position in

2018. UAE had the lowest ADR of US$ 195 in 2013 and is expected to grow at a CAGR of 4.7% to reach US$ 224 in 2018.

ADR for serviced apartment market in Kuwait in 2013 stood at US$ 172 and it is likely to grow at CAGR of 6.5% reach US$ 208 in 2018. This was followed by Saudi Arabia with an ADR of US$ 167 in 2013 and we expect it to reach US$ 197 by 2018. As in the case of hotel room ADR, UAE had the lowest ADR for serviced apartments as well with US$ 137 in 2013 and it is expected to grow at a CAGR of 4.7% to reach US$ 157 in 2018.

Qatar is expected to see a growth of 3.5% CAGR in ADR, from US$ 163 in 2013 to US$ 194 in 2018. Kuwait's ADR is expected to rise from US$ 172 to US$ 208, also showing a growth of 3.9% CAGR[16] (see Exhibit 19 and 21).

Exhibit 22: GCC hotel market RevPAR, 2013-2018E

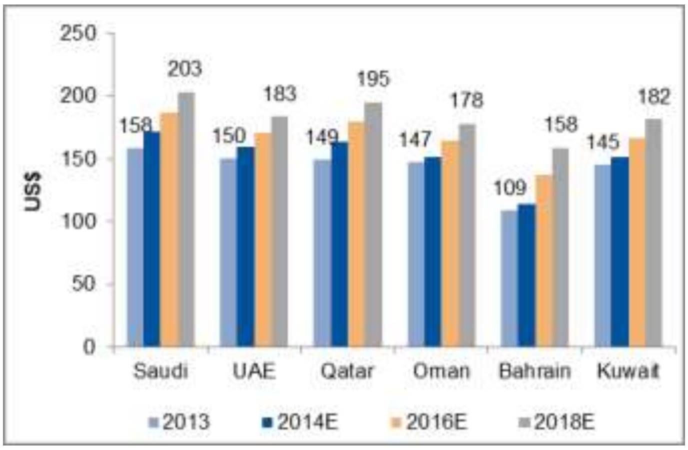
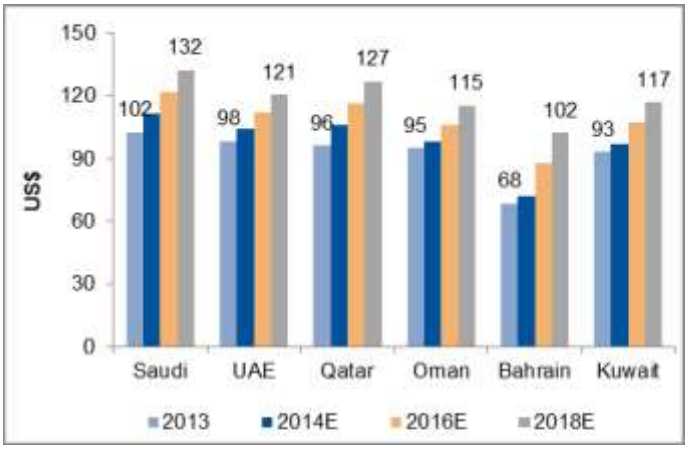


Exhibit 23: GCC serviced apartment market RevPAR, 2013-2018E



Source: Alpen Capital

Saudi Arabia registered the highest RevPAR for the region at US$ 158 for the hotel market and US$ 102 in the serviced apartment market segment. This was closely followed by UAE, Qatar, Oman and Kuwait. Bahrain witnessed the lowest RevPAR of US$109 and US$ 68 during 2013 but with improving hospitality market in the country, it is estimated to reach US$ 158 for the hotel market segment and US$ 102 for serviced apartments by 2018. (See exhibit 22 and 23).

3.3 Country level detailed forecast

Saudi Arabia

Saudi Arabia's hospitality market is likely to reach US$ 22.5 billion by 2018 from US$ 14.8 billion in 2013.

The Kingdom's hospitality market is expected to grow at a CAGR of 8.6% during 2013-2018. Hotels segment is likely to grow at 9.2% CAGR while serviced apartments is expected to increase by 6.3% CAGR. Tourist arrivals are expected to grow at a CAGR of 4.7% between 2013 and 2018, driven by consistent strong in religious, business and leisure tourists (see Exhibit 24).

Exhibit 24: Saudi Arabia hospitality market forecast, 2013–2018E

Country	2013	2014E	2016E	2018E	CAGR (2013-18)
Hotel Rooms					
Total market (US$ billion)	**11.6**	**13.1**	**15.8**	**18.1**	**9.2%**
Occupancy rate	66.5%	69.8%	71.3%	72.3%	1.7%
Average daily rate (US$)	238.0	245.2	262.0	280.8	3.4%
RevPAR (US$)	158.3	171.2	186.9	203.1	5.1%
Serviced Apartments					
Total market (US$ billion)	**3.2**	**3.5**	**4.0**	**4.4**	**6.3%**
Occupancy rate	61.5%	64.8%	66.3%	67.3%	1.8%
Average daily rate (US$)	166.6	171.6	183.4	196.5	3.4%
RevPAR (US$)	102.5	111.3	121.6	132.3	5.3%

Source: Alpen Capital

Saudi government is likely to spend around US$ 45.2 billion in 2014 on key tourism ancillaries. With emphasis on economic diversification, KSA is heavily focusing on tourism and thus spending on the sector is expected to grow in the future.

Hotel room supply in the country is expected to increase at a CAGR of 3.9% over 2013–18 from 204,055 rooms in 2013 to 247,396 in 2018 while serviced apartments in the country are expected to increase at a CAGR of 1.0% over 2013-18 from 87,080 in 2013 to 91,414 in 2018.

International tourists' arrival is expected to increase at a faster rate than the growth in capacity. Hence, occupancy levels are expected to grow, going forward. Occupancy rate for hotels and serviced apartments is expected to increase from 66.5% to 72.3% and 61.5% to 67.3%, respectively. In line with this, ADR for both hotel and serviced apartment segments are expected to grow at a CAGR of 3.4% during the forecast period (see Exhibit 24).

UAE

Landmark projects development pipeline in the UAE to boost tourism in the region

Home to the prominent tourist cities of Dubai and Abu Dhabi, UAE has significant credence in the GCC region as an attractive tourist destination. The country has been witnessing robust operating metrics across the years, with the hotels market and serviced apartments market segments witnessing highest occupancy rate of 77.0% and 72.0%, respectively in 2013[17]. Among GCC countries, it also had the second highest RevPAR of

[17] Source: HVS report

US$ 150.2 and US$ 98.3 for hotel and serviced apartments, respectively[18] (see Exhibit 25).

While the Commonwealth Independent States (CIS) countries are the major feeders of tourism in the UAE, China and India in particular are the biggest source markets. The country has a few landmark developments in the pipeline like the Mohammad Bin Rashid City, Blue Waters Island, Dubai Water Canal and the Taj Arabia. Business tourism has also been on the rise with MICE tourism catching on in the region. While tourist arrivals are expected to grow by 12.2% CAGR during the period 2013-18, we expect the region's hotel supply to grow 6.5% CAGR while serviced apartment to grow at 2.1% CAGR.

Exhibit 25: UAE hospitality market forecast, 2013–2018E

Country	2013	2014E	2016E	2018E	CAGR (2013-18)
Hotel Rooms					
Total market (US$ billion)	**4.4**	**5.1**	**6.4**	**7.4**	**10.9%**
Occupancy rate	77.0%	79.8%	81.3%	81.9%	1.2%
Average daily rate (US$)	195.0	199.4	210.1	223.9	2.8%
RevPAR (US$)	150.2	159.2	170.9	183.5	4.1%
Serviced Apartments					
Total market (US$ billion)	**1.0**	**1.1**	**1.2**	**1.4**	**6.3%**
Occupancy rate	72.0%	74.8%	76.3%	76.9%	1.3%
Average daily rate (US$)	136.5	139.6	147.1	156.7	2.8%
RevPAR (US$)	98.3	104.4	112.3	120.6	4.2%

Source: Alpen Capital

The country has highest occupancy levels among its GCC peers and we expect it to improve further during our forecast period. Occupancy level for hotels is expected to increase at 1.2% CAGR while the occupancy level for the serviced apartments is expected to grow at 1.3% CAGR (see Exhibit 25).

ADR is also expected to grow at a CAGR of 2.8% for both hotel as well as serviced apartment segments reaching US$ 223.9 and US$ 156.7 in 2018 from the current ADR of US$ 195.0 and US$ 136.5, respectively[19] (see Exhibit 25).

Qatar

Qatar's tourist arrivals is expected to rise at a CAGR of 5.2% between 2014 and 2018

Qatar prominently attracts business tourists which constituted 75% of the total visitors in 2013. The QTA has major expansions and development plans to expand their tourists' base in the buildup to FIFA 2022 World Cup. Thus, tourist arrivals in Qatar are expected to rise at a CAGR of 5.2% between 2014 and 2018.

[18] Source: HVS report
[19] Source: HVS report

Exhibit 26: Qatar hospitality market forecast, 2013–2018E

Country	2013	2014E	2016E	2018E	CAGR (2013-18)
Hotel Rooms					
Total market (US$ billion)	**0.7**	**0.9**	**1.3**	**1.5**	**15.9%**
Occupancy rate	64.0%	68.0%	69.5%	70.5%	2.0%
Average daily rate (US$)	232.7	241.0	258.3	276.7	3.5%
RevPAR (US$)	148.9	163.9	179.5	195.1	5.6%
Serviced Apartments					
Total market (US$ billion)	**0.1**	**0.1**	**0.1**	**0.2**	**11.1%**
Occupancy rate	59.0%	63.0%	64.5%	65.5%	2.1%
Average daily rate (US$)	162.9	168.7	180.8	193.7	3.5%
RevPAR (US$)	96.1	106.3	116.6	126.9	5.7%

Source: Alpen Capital

Qatar government is spending massively on the tourism and allied sector. The country plans to make significant additions to hotel capacity in a bid to prepare itself for the FIFA World Cup 2022. Qatar plans to increase its current rooms supply from around 15,000 to approximately 95,000 rooms by 2022, a more than six-fold rise[20]

With increased tourist arrivals, we expect hotel occupancy rate to rise to 70.5% in 2018 from 64.0% in 2013. Similarly, occupancy rate for serviced apartments is expected to increase to 65.5% in 2018 from 59.0% in 2013. ADR is expected to rise at a CAGR of 3.5% for both segments during the same period (see Exhibit 26).

Oman

Oman's robust aviation sector set to boost the tourism in the region

Oman's hospitality sector is expected to grow at a CAGR of 12.1%. Revenues from hotel rooms and serviced apartments are expected to grow at a CAGR of 15.3% and 5.5%, respectively during 2013-2018.

Oman's aviation sector is expected to boom with Oman Air expanding its route network, and regional airlines like Air Arabia and Qatar Airways adding more flights to Muscat and Salalah. In addition, there are six international airports in the planning stage or under construction in Salalah, Duqm, Ras Al Hadd, Adam and Sohar. This is expected to complement the growth in international tourist arrivals. With a special focus on MICE tourism, Oman is looking to attract more business tourists. Oman's Ministry of Tourism expects hotels and restaurants to contribute 5% of the GDP by 2020[21].

[20] Source: Gulf News - News article "Work to start on five Qatar 2022 stadia this year"
[21] Source: Arabian Travel Market – News article "Oman tourism development marches on"

Exhibit 27: Oman hospitality market forecast, 2013–2018E

Country	2013	2014E	2016E	2018E	CAGR (2013-18)
Hotel Rooms					
Total market (US$ billion)	**0.4**	**0.5**	**0.6**	**0.8**	**15.3%**
Occupancy rate	65.0%	65.3%	66.3%	67.1%	0.6%
Average daily rate (US$)	226.0	232.1	247.5	265.0	3.2%
RevPAR (US$)	146.9	151.6	164.2	177.9	3.9%
Serviced Apartments					
Total market (US$ billion)	**0.2**	**0.2**	**0.3**	**0.3**	**5.5%**
Occupancy rate	60.0%	60.3%	61.3%	62.1%	0.7%
Average daily rate (US$)	158.2	162.5	173.3	185.5	3.2%
RevPAR (US$)	94.9	98.0	106.3	115.3	4.0%

Source: Alpen Capital

Oman saw a robust growth in operational metrics in 2013. Occupancy rates and ADR for hotel segment increased by 8.3% and 3.2% respectively, during the year[22]. Similarly, serviced apartments saw their occupancy rates and ADR moving up by 9.1% and 3.2%, respectively[23]. These rates are the highest among its GCC peers. We expect further improvement in ADR for both hotel and serviced apartments, going forward (see Exhibit 27).

Bahrain

Bahrain recovered from the 2011 turmoil and the hospitality sector is set to grow at 14.7% CAGR in the during 2013-2018

Bahrain has recovered from political uncertainty and with the return of the Formula One Grand Prix to the country in 2012 a positive sentiment prevails with regards to tourism in the region. The Tourism Affairs was said to be in the process of formulating a strategy to fix hotel rates to eliminate unhealthy competition in the industry, as well as formulate a more detailed hotel evaluation system. The hotel market is expected to grow at a CAGR of 15.2% whereas the serviced apartment market is expected to grow at a CAGR 11.4% of over 2013-18 periods (see Exhibit 28). The industry is primarily driven by regional GCC-linked business travel via the King Fahad Causeway. Saudi Arabia remained the biggest source market of tourists in the country. The newly-opened Westin Bahrain City Centre and Le Meridien Bahrain City Centre are expected to bolster the kingdom’s hospitality sector. Thus, tourist arrivals in the region are expected to grow by a CAGR of 4.2% during 2013-2018.

[22] Source: HVS report
[23] Source: HVS report

Exhibit 28: Bahrain hospitality market forecast, 2013–2018E

Country	2013	2014E	2016E	2018E	CAGR (2013-18)
Hotel Rooms					
Total market (US$ billion)	**0.5**	**0.6**	**0.8**	**1.0**	**15.2%**
Occupancy rate	49.0%	50.0%	57.5%	63.0%	5.2%
Average daily rate (US$)	222.0	227.5	238.7	251.5	2.5%
RevPAR (US$)	108.8	113.8	137.3	158.5	7.8%
Serviced Apartments					
Total market (US$ billion)	**0.1**	**0.1**	**0.1**	**0.1**	**11.4%**
Occupancy rate	44.0%	45.0%	52.5%	58.0%	5.7%
Average daily rate (US$)	155.4	159.3	167.1	176.1	2.5%
RevPAR (US$)	68.4	71.7	87.7	102.1	8.4%

Source: Alpen Capital

We expect the country's hospitality industry to see robust growth going forward with the return of a stable political environment. Occupancy levels which have remained stagnant for the last three years are expected to improve. We expect hotel room occupancy to rate to reach 63.0% and that of serviced apartments to reach 58.0% by 2018. ADR for hotel rooms and serviced apartments are expected to reach US$ 251.5 and US$ 176.1 by 2018 (see Exhibit 28).

Kuwait

Kuwait is expected to see a healthy growth of 8.7% CAGR during 2013-2018

Historically, Kuwait has remained at the lower end of the hospitality spectrum among its GCC peers with most of the government's activities focused primarily on the oil and gas sector. Kuwait caters to the business tourist segment and options for leisure tourists are fairly limited. The country saw marginal increase in hotel occupancy rates as well ADR during 2013. While these are positive signs, the country's tourism sector remains underdeveloped compared to its regional peers. We expect the tourist arrivals to grow at a CAGR of 4.7% during 2013-2018.

While Kuwait's efforts to boost visitor numbers are gathering pace, increasing leisure tourism attractions and retail developments would provide further boost to the sector.

Exhibit 29: Kuwait hospitality market forecast, 2013–2018E

Country	2013	2014E	2016E	2018E	CAGR (2013-18)
Hotel Rooms					
Total market (US$ billion)	**0.4**	**0.4**	**0.5**	**0.6**	**9.2%**
Occupancy rate	59.0%	59.3%	60.6%	61.1%	0.7%
Average daily rate (US$)	246.0	254.3	275.0	297.5	3.9%
RevPAR (US$)	145.1	150.9	166.6	181.7	4.6%
Serviced Apartments					
Total market (US$ billion)	**0.1**	**0.1**	**0.1**	**0.1**	**6.2%**
Occupancy rate	54.0%	54.3%	55.6%	56.1%	0.8%
Average daily rate (US$)	172.2	178.0	192.5	208.3	3.9%
RevPAR (US$)	93.0	96.7	107.0	116.8	4.7%

Source: Alpen Capital

We expect the hotel and serviced apartments occupancy rates to increase to 61.1% and 56.1%, respectively by 2018. Also, ADR is expected to reach US$ 297.5 and US$ 208.3 for hotels and serviced apartments, respectively (see Exhibit 29).

4. Key Growth Drivers

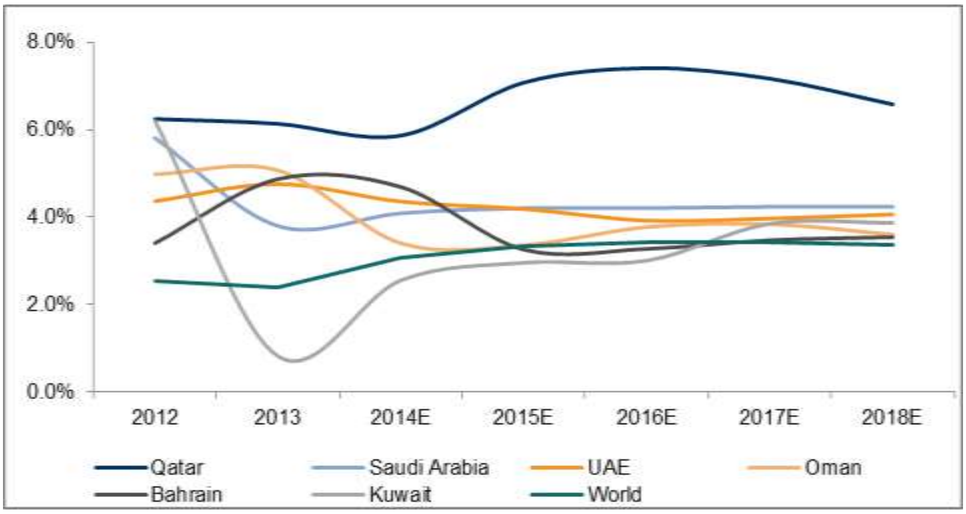
Macroeconomic environment remains buoyant

Combined GDP of the GCC region grew by over 70% between 2009 and 2013 to reach US$ 1.6 trillion.

The GCC countries, with sound macro-economic fundamentals, remained mostly resilient during global economic crisis. Combined GDP of the GCC region has grown by over 70% during the past four years, from US$ 958.8 billion in 2009 to an estimated US$ 1.6 trillion in 2013[24]. The growth has been driven by increase in hydrocarbon revenue and massive government spending on infrastructure sector (see Exhibit 30).

The resource-rich GCC region's growth prospects remain favorable, supported by stable oil prices, continuous government spending especially on infrastructure, governments' focus on economic diversification and an increasingly buoyant private sector coupled with foreign investment.

Exhibit 30: GCC and World GDP growth rate (In real terms)



Source: IMF

GCC countries continue to maintain a pro-business environment including no or low corporate taxes, which has encouraged private sector investments including foreign investments. The increase in business related activities has boosted the GCC region's prospects as a business and tourism hub. In addition, improving global economic environment, especially in the US and Europe, augurs well for the tourism sector in the GCC region.

Mega events are "mega growth drivers"

Several mega events including 2020 World Expo in Dubai and 2022 FIFA World Cup in Qatar are lined up in the region

The region is gearing up for mega events such as 2020 World Expo in Dubai and 2022 FIFA World Cup in Qatar. These coupled with annual events like Formula 1 Grand Prix in the UAE and Bahrain will be key growth drivers for the hospitality industry in the region. These events are expected to draw large number of visitors to the region, leading to tourism sector growth.

[24] Source: International Monetary Fund (IMF)

In Qatar, 45,000 additional hotel rooms are reported to be required to meet FIFA World Cup capacity demands. Accordingly, 21 hotels are planned for construction by 2017 in the country[25].

Similarly in Dubai, there is a need for between 140,000 to 160,000 new rooms by 2020, with a further 10,000 plus rooms being reported as needing refurbishment prior to the Expo 2020, according to the estimates of the Dubai Department of Tourism and Commerce Marketing[26].

Exponential growth in MICE

The number of international association meetings in the Middle East has doubled each decade in the last 50 years, and more than tripled in the last 10 years

The MICE (Meeting, Incentives, Conferences and Exhibitions) segment in the GCC region has expanded significantly over the past couple of years backed by growing number of MICE facilities and, pro-business and tourist-friendly policies.

GCC countries are expanding the existing facilities as well as building new ones. Saudi Arabia is expanding the Riyadh International Convention & Exhibition Centre, Oman is building an all-new convention and exhibition center, Abu Dhabi recently launched a new convention bureau and Dubai World Trade Centre has nearly doubled its capacity.

According to The International Congress and Convention Association (ICCA), the number of international association meetings in the Middle East has doubled each decade in the last 50 years, and more than tripled in the last 10 years.

Exhibit 31: Number of meetings per country

Global Rank (2012)	Country	2008	2009	2010	2011	2012
42	UAE	42	47	60	58	63
66	Qatar	9	15	17	15	20
82	Saudi Arabia	2	3	3	4	9
85	Bahrain	8	14	6	4	8
	Global	**10,501**	**10,721**	**11,333**	**11,133**	**11,156**

Source: ICCA

The MICE industry in the region is set to expand in the near future, as the region continues to attract high-profile global events and continues to invest in building state-of-the-art infrastructure. According to Tourism and Culture Authority of Abu Dhabi, the MICE sector is currently generating AED 2.4 billion (US$ 0.7 billion) per annum for Abu Dhabi and is expected to reach AED 5.1 billion (US$ 1.4 billion) by 2020[27]. We expect the region to see increase in business visitors, leading to further opportunities for the hospitality industry participants.

[25] Source: Zawya - News article "Hosting the world: GCC hotel boom driven by mega events"
[26] Source: PwC – Press release "A growth story across Middle East Cities as improving economic and travel backdrop, partnered with Mega Events, reinvigorates trading"
[27] Source: Frost & Sullivan report

Strategic location and robust infrastructure positions GCC as an air-traffic hub

GCC airports are expected to handle about 250 million passengers by 2020

GCC region's strategic location with respect to global air routes is driving the footfall of short-stay passengers. The region has effectively leveraged this opportunity with increasing investment in airports expansion.

Exhibit 32: Regional air passenger movement (In million)

Country	2009	2010	2011	2012	2013	CAGR (2009-13)
Bahrain	8.7	8.6	7.6	8.5	7.4	-4.1%
Kuwait	8.1	8.3	8.5	9.0	9.4	3.6%
Oman*	4.5	5.5	6.5	7.5	8.3	16.7%
Qatar*	13.3	15.9	18.2	21.2	23.3	15.1%
Saudi Arabia*	31.5	35.0	41.0	50.3	NA	16.8%*
UAE*	49.5	57.7	63.4	72.4	83.0	13.8%

*Source: HVS; Note: Saudi Arabia's CAGR has been calculated based on 2009 to 2012 data; * Passenger movement is only for major cities*

Saudi Arabia and UAE lead in terms of air traffic volumes in GCC

Connectivity to the region has also been enhanced through the rise of world class regional airlines such as Emirates Airlines, Etihad Airways and Qatar Airways. This coupled with continuous investment in aviation infrastructure, has boosted the passenger traffic into the region. According to the Airports Council International, the Dubai International Airport is the world's second busiest airport in terms of passenger traffic based on 2013 statistics.

Saudi Arabia and the UAE rose as the leading countries in the region in terms of air traffic volume, with Qatar demonstrating the strongest growth. GCC airports are expected to handle about 250 million passengers by 2020 - according to a study published for the Airport Show, 2013. It is also expected that Dubai airport will become the world's busiest airport by early 2015[28] (see Exhibit 32).

Growing influx of Asian travellers

India stands at no. 1 and no. 2 place in terms of overseas tourist arrivals for Abu Dhabi and Dubai, respectively

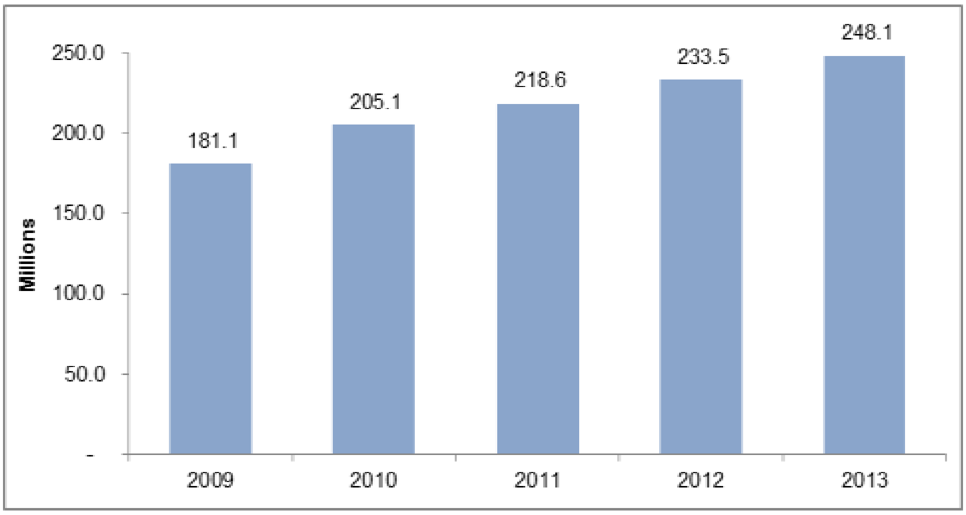
Asia continues to be one of the biggest contributors of international tourists to the GCC. Indian tourist arrivals showed strong growth in the UAE with Abu Dhabi and Dubai reporting an increase of 27% and 16%, respectively on Y-o-Y basis in 2013. India stands at no. 1 and no. 2 position in terms of overseas tourist arrivals in Abu Dhabi and Dubai, respectively[29]. The region is striving to become the central-point for business meetings between Asian and Western nationals and hence, is fast becoming a base of Indian and Chinese businessmen.

Asian tourists constituted 18.9% (530,016) of total tourists visiting Abu Dhabi in 2013, a growth of 28.1% from previous year. In the same year, neighboring Qatar welcomed 152,475 tourists from Asia which summed up to approximately 11.5% of its total tourist arrivals[30]. On the occasion of a Nu Skin event, about 16,000 Chinese tourists visited Dubai on a single day. Oman is ramping up its pitch as a popular tourist destination in countries

[28] Source: Saudi Gazette - News article "GCC hospitality industry on the upswing" and The National - News article "Dubai International Airport on track to be the world's busiest by early 2015"
[29] Source: DTCM report (www.travelbizmonitor.com) and SCAD report and Gulf News-News article "Indian visitor influx into UAE to continue despite weakened rupee"
[30] Source: QTA report, 2013

like China, Japan and South Korea. In 2013, Oman saw 59,675 Asian tourist arrivals[31]. Even for Saudi Arabia, Asia was the largest international tourists' source (excluding Middle East) in 2012 with a large number of tourists arriving from India and Pakistan, mostly for religious tourism[32]. Thus, Asia is surging ahead as one of the biggest international tourist markets for the GCC.

Exhibit 33: International tourist arrivals from Asia Pacific (In million)



Source: Statista

More number of Asians are planning to travel this year

Asians plan to spend an average of US$ 4,633 on travel this year, up from US$ 4,331 in 2013, according to TripAdvisor's 'TripBarometer'[33], which monitors travelers' intentions. Also, about 74% Asian respondents are planning to travel abroad, up from 60% last year. About 38.8 million Asians travel to the Middle East each year, India and China being the leading markets.

Governments' push for tourism in the region to drive growth in hospitality industry

Governments across GCC region are investing billions of dollars to enhance their tourism related infrastructure

GCC countries are individually and collectively putting efforts to attract tourists from all over the world. Governments of these countries are continously investing to enhance tourism infrastructure which is also aided by private sector investments.

The Qatar Tourism Authority plans to invest up to US$ 45 billion[34] on the tourism infrastructure to improve tourism offerings. Qatar National Tourism Sector Strategy 2030 aims to increase number of visitors to Qatar from 1.2 million tourists in 2012 to 7 million by 2030[35]. The country has taken a solid step forward in its quest to become a quality leisure destination by signing a 17 month agreement with the World Tourism Organization (UNWTO) to chart the framework needed to develop facilities that meet international standards. Oman and Bahrain have planned a major eco-tourism campaign to strengthen their tourism industry.

An investment to the tune of US$ 7.2 billion is estimated to be required to increase the hotel capacity for Dubai Expo 2020

Dubai Expo 2020 is expected to attract a large number of visitors to UAE and the Emirate is investing in expansion of hotel capacity to meet the additional demand. The investment

[31] Source: Times of Oman – News article "Oman's Ministry of Tourism to woo Japan, US, China visitors"
[32] Source: SCTA report, 2012
[33] Source: The TripBarometer
[34] Source: Arabian Business - News article "Qatar to spend up to $45bn on tourism by 2030"
[35] Source: QTA report and Gulf Times- News article "QTA taking part in hotel investment conference"

required to increase the hotel capacity by 2020 is estimated to be US$ 7.2 billion[36]. Recently, Dubai government announced an US$ 7.8 billion airport expansion project to meet the rising passenger inflow. Once completed, the airport capacity will increase from 60 million to 90 million passengers per year by 2018[37]. Similarly, plans are also underway to shape the region into a destination of choice with upcoming attractions, such as modern art museum Guggenheim (Abu Dhabi), Louvre Abu Dhabi, and Yas Mall joining the likes of the Burj Khalifa, Dubai Mall, Yas Waterworld and Ferrari World Abu Dhabi.

KSA plans to invest over US$ 30 billion in its airports infrastructure by 2020

Similarly, Saudi Arabia plans to invest over US$ 30 billion in its airports infrastructure by 2020[38]. The country also aims at establishing three non-profit professional associations to develop tourist accommodation facilities, promote tour guides and boost travel and tourism. They have also given a boost to religious tourism by taking steps to enhance infrastructure for Hajj where millions of pilgrims from around the globe gather in the holy city of Mecca every year.

In addtion, to promote tourism in the region as a whole, GCC countries are planning to introduce a unified visa that would allow tourists to use the visa issued by one GCC nation to visit all the others, like a Schengen visa works for most of the European countries.

[36] Source: Khaleej Times - News article “$7b Expo 2020 spend won’t pressure Dubai”
[37] Source: UAE Interact - News article “World Expo 2020 bid: Dubai's Dh28.8bn airport expansion helps UAE aviation sector soar”
[38] Source: Zawya - News article “KSA to inject USD30.9bn in tourism in 10 years”

5. Trends in the Industry

Continuous and accelerated shift in global economic activity from West to East

GCC countries' economic prospects will remain closely linked to growth in Asia due to increasing energy demand from this region

Western industrialized economies that were once viewed as the drivers of global economic growth are still recovering from the latest economic crisis and subsequent recession. Meanwhile, emerging Asian economies have witnessed steady growth and are playing a major role in driving the growth of the global economy.

The rising economic activity in emerging Asia has contributed to a significant increase in demand for energy products, which has led to the region becoming GCC's main export partner. GCC countries' economic prospects will remain closely linked to growth in Asia as increasing energy demand from this region will help the GCC countries maintain robust economic growth.

The emerging & developing Asia's nominal GDP grew at a CAGR of 14.3% between 2009 and 2013, highest among all regions[39]. This is followed by MENA region with a growth of 9.8% in the same period (see Exhibit 34). Going forward, it is estimated that emerging & developing Asia will witness a real GDP growth of approximately 6.5% till 2018, closely followed by MENA region with 4.5% growth (see Exhibit 35).

Exhibit 34: Nominal GDP (US$ trillion)

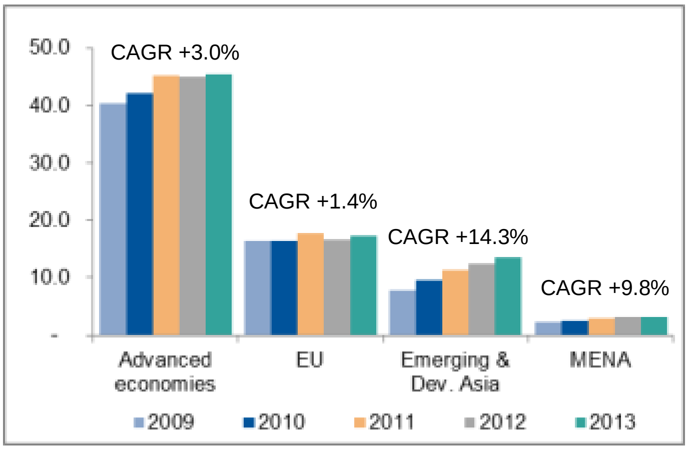
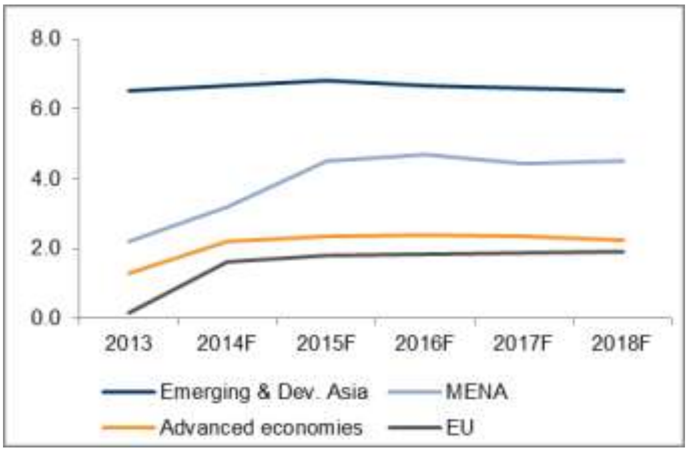


Exhibit 35: Real GDP growth (%)



Source: IMF

GCC countries' thrust to diversify their economies on back of accumulated surplus from oil revenues has led to large investments in infrastructure and other sectors. A stable political environment, business friendly policies and a steady flow of government spending on infrastructure development have also generated considerable interest among foreign investors. The region has attracted a large amount of foreign direct investment (FDI). In 2013, UAE overtook Saudi Arabia to become the largest recipient of FDI by value in the GCC region with investments worth US$ 10.5 billion in 2013, a Y-o-Y growth of 9.2%[40]. Saudi Arabia received FDI investments worth US$ 9.3 billion in 2013, a Y-o-Y decline of 23.7%[41].

[39] Source : IMF
[40] Source : UNCTAD
[41] Source : UNCTAD

GCC region is expected to grow at a steady rate on back of stable oil prices, government spending and an increasingly buoyant private sector coupled with higher consumer spending.

Increase in leisure travel

UAE is the largest market for leisure tourism within the GCC region with a market size of US$ 23 billion, while Qatar recorded the highest CAGR growth of 23.5% between 2009 and 2013

The Gulf region is poised to enter a new era of travel as investment in infrastructure, new tourism sectors and government initiatives to ease intra and extra-regional movement make the GCC more attractive to leisure travellers. An extensive events program as well as sun, sea and shopping options, sporting events, medical and religious tourism are attracting visitors to the region.

The trendsetters of the region, the UAE and Qatar, will continue to distinguish themselves as unique destinations with large-scale initiatives such as Formula One Atlantis Dubai, Saadiyat Island, Sharjah Biennale as well as the forthcoming Football World Cup and Dubai Expo 2020. Other countries are also joining the bandwagon with their own combinations of multiple leisure offerings. UAE was the most popular travel destination in the region for leisure holidays in 2012. According to Dubai Department of Tourism and Commerce Marketing, by 2020 Dubai is set to attract 16.5 to 18 million leisure visitors and 3 to 4 million business visitors[42].

Exhibit 36: Leisure travel spending (US$ billion)

Country	2009	2010	2011	2012	2013	CAGR (2009-13)
Bahrain	2.0	2.4	2.1	2.0	2.1	1.7%
Kuwait	2.9	2.9	3.3	3.7	3.7	6.0%
Oman	1.7	1.8	2.3	2.5	2.6	11.9%
Qatar	1.3	1.5	2.1	2.7	3.0	23.5%
Saudi Arabia	10.6	11.8	14.3	14.1	15.1	9.2%
UAE	15.3	17.1	19.8	21.7	23.0	10.6%

Source: WTTC

UAE is the largest market for leisure tourism within the GCC region, while Qatar is growing fast. Leisure travel spending in Qatar recorded the highest growth of 23.5% CAGR between 2009 and 2013 (see Exhibit 36). According to WTTC, UAE will remain the largest market with US$ 31.8 billion at the end of 2018 and Qatar will lead in terms of growth with a CAGR of 9.1%, highest among the region. Other countries in the GCC region are expected to grow at a CAGR of approximately 7%[43].

Hospitality players now face a marketplace brimming with reviews, ratings and recommendations

Online media such as websites have become one of the important marketing channels for operators

Recently, there has been a growing interest among travellers referring to reviews, ratings and recommendations on websites as it is one of the most important sources of information for consumers making a purchasing decision. These play a major role particularly in hospitality and tourism sector as the offerings comprise of intangible products that are difficult to evaluate prior to their consumption and as they are largely based upon experience. As a consequence, websites have become one of the most important and effective marketing channels for operators in this sector.

[42] Source: Frost & Sullivan report and Trade Arabia - News article “Mena leisure travel stays steady in 2012”
[43] Source: WTTC

Most of the visitors now research and get advice on their holiday choices from the internet through a variety of social media or dedicated review sites. Also, consumers are increasingly becoming value conscious. Through internet, customers are able to compare prices and also the guest experience. Hence, the industry players are competing against each other in an era of transparency. On the other hand, for the industry participants, social networking gives new ways of communicating with tourists and helps them carry out the word of mouth marketing.

It has become critical for the tourist operators to build a brand and location awareness. Hence, they are resorting to promotional events and special offers, search engine optimization to improve search engine ranking, carrying out market research and tailoring products and services to the customer needs. Few popular websites to read comments and get a first-hand feedback on experiences are Hotelier Middle East, Time Out Dubai, TripAdvisor, Facebook and YouTube.

Accelerated construction pipeline depicts growing industry demand

GCC hospitality construction projects due to be completed in 2014 stand at US$ 8.6 billion, up by 133.6% compared to 2013

GCC hospitality sector is expected to witness the biggest growth in the value of completed hospitality building projects in 2014. According to a Venture Middle East report, the value of the projects due to be completed in 2014 stands at US$ 8.6 billion, a sharp rise of 133.6% from US$ 3.7 billion in 2013[44].

Saudi Arabia is expected to lead other countries with hospitality building projects worth US$ 3.9 billion estimated to be completed in 2014, a growth of 163.7% from 2013 level[45] (see Exhibit 37).

Exhibit 37: GCC completed hospitality projects (US$ billion)

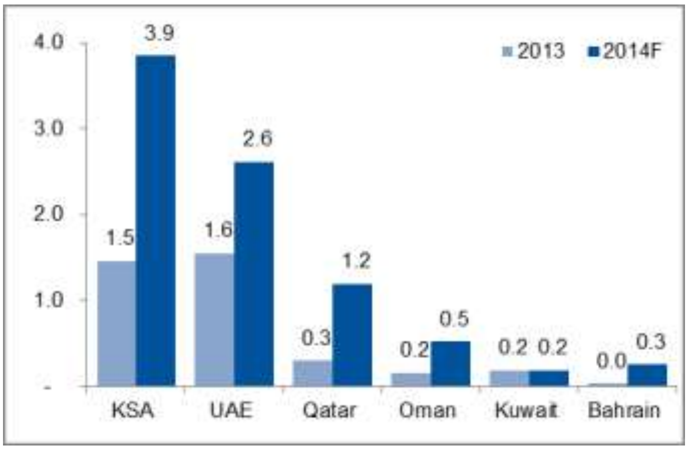
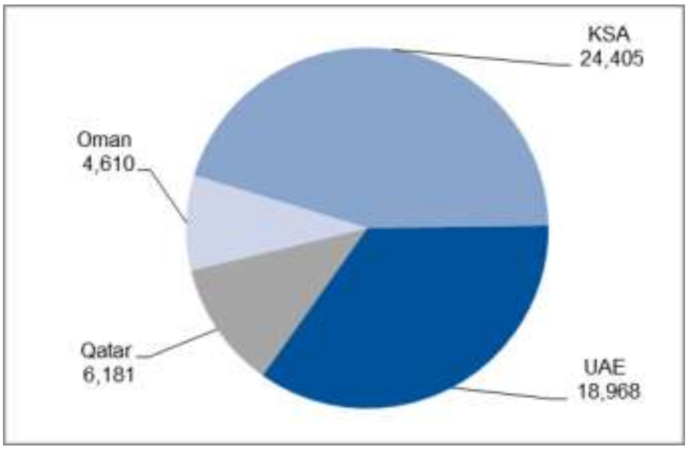


Exhibit 38: GCC rooms construction pipeline



Source: Venture Middle East

Saudi Arabia has the largest construction pipeline with 83 projects which consists 24,405 rooms followed by UAE with 63 projects[46]. Saudi Arabia's share in total GCC rooms' construction pipeline stands at around 45% (excluding Bahrain and Kuwait) (see Exhibit 38).

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[44] Source: Venture Middle East report and Construction Arabia
[45] Source: Venture Middle East report
[46] Source: Hotel Management - News article "Construction pipelines in Europe and Middle East continue their decline"

In UAE, 18,968 rooms are in the construction pipeline with Dubai accounting for approximately 2/3rd of them. Abu Dhabi accounts for 6,823 rooms, a share of 36% in the development pipeline[47].

Spa and Wellness themes continue to gain traction among customers

UAE is becoming a leading spa destination in GCC

The GCC countries have picked up on the approach of holistic living to mitigate health risks. This has led to the opening up of wellness centers, spas as well as cosmetic surgery centers in the region. Around the GCC countries, a clear convergence has taken place between global trends in tourism and the components of wellness. Wellness theme offers a number of business opportunities for the spa industry to pursue. The majority of spa business in the region is driven by the hotel spas.

UAE is fast becoming a leading spa destination, with visitors being offered a variety of spas, with their unique themes, styles and concept treatments. Some of them are influenced by the East and the West, and this international feel is evident with spa themes ranging from Moroccan to Egyptian, Balinese to Thai and contemporary.

Spa and salon market is the second largest contributor to the Health and Wellness market in Qatar. Increased willingness among the population to spend more on luxury services has contributed to the growth of spa and salon market in the country. It is expected to grow at a CAGR of 26.9% between 2012 and 2017[48].

GCC healthcare services market is expected to touch US$ 69.3 billion by 2018

The GCC healthcare services market has been burgeoning and is expected to touch US$ 69.3 billion by 2018. The improving healthcare infrastructure along with the existing profile of the region as a tourism hub has led to the development of medical tourism within GCC. Given the importance and growth prospects of this segment of hospitality, most of the GCC countries have plans to target this segment. UAE is fast developing as regional medical tourism hub with some of the most advanced healthcare facilities in the region.

The future of spa and wellness centers in GCC countries is very promising. Todays as well as older generations have continued to be among the largest purchasers of health and wellness-related products and services, and going forward this trend is expected to continue.

Sharia compliant brands to boost lifestyle tourism

Ministries of tourism, travel agencies, hotels and resorts, airlines and the like are offering goods, services and experiences that are halal or permissible under Sharia law. With predicted rise in Sharia tourists, the travel industry is attempting to meet the needs of observant Muslims interested in exploring the world.

Halal tourism is expected to reach US$ 140 billion by 2014 and US$ 200 billion in 2020

Observant Muslims often want a Halal experience while they are traveling abroad. They prefer to have food prepared in accordance with Sharia law. Additional likings include time and space allotted for prayer and an alcohol-free environment.

According to Crescent Rating agency, Halal tourism is worth US$ 140 billion in 2013 and is expected to reach US$ 192 billion in 2020[49]. To capture a pie from this large market, many

[47] Source: Hotel Management - News article “Construction pipelines in Europe and Middle East continue their decline”
[48] Source: Ken Research - Press release “Qatar Health and Wellness Industry Outlook to 2017 - Spa and Salon Market to Fuel Industry Growth”
[49] Source: Crescent Rating - News article “Europe To Host First-Ever International Conference On Halal Tourism”

hospitality firms are planning to offer products and services specifically targeted at this segment.

Focus to shift to the budget segment; median income category stable (shift towards midscale and budget travel)

Budget and mid-scale segment is experiencing supply shortage

Existing hotel stock in the GCC region is more tilted towards luxury accommodation. However, due to a diverse mix of tourists visiting the region, there is significant demand for budget hotels as well. With the GCC hospitality players' focus on luxury segment, there is a supply gap in the budget and mid-scale segment. With the growth of budget airlines, tight tourist budgets, shorter stays and the rise of the 'no frills' customers, branded hotels are also looking to expand into the mid-scale segment.

The growth in midscale properties in 2013 remained relatively stagnant while occupancy rate stood at 61%, an increase of 3 percentage points[50]. A key factor that deters owners is increasing land prices which substantially affect the ROI for budget and economy hotels. Nevertheless, some of the large hotel groups are exploring this segment and have initiated expansion plans. For instance, UK-based budget hotel chain Premier Inn is targeting to open a minimum of 30 hotels in the GCC by 2020 with a short term goal of 14 hotels in next 3 years[51]. Similarly, in 2013, Wyndham Hotel Group announced an agreement with Riyada International Hotels and Resorts to develop 10 Days Inn hotels in Saudi Arabia over the next seven years[52]. Recently, Dubai developer Union Properties has revealed its plans to build four hotels with around 1,000 affordable hotel rooms in the next five years to address the shortage in the mid and lower-end of the market[53].

In addition, governments are also promoting limited service brands. For example, Dubai has given a tax reprieve to investors developing mid-market hotels by exempting eligible hotels from 10% municipality fee levied on the daily room rate for a period of four years if the construction permit is granted between October 1, 2013 and December 31, 2017.

More international chains to start operations in the region

Several international hotel chains are planning to expand in GCC

The GCC region has shown remarkable growth in the hospitality sector in recent times. The growth and promising outlook of hospitality industry has attracted many international hotel chains to enter into the region. Many international hotels are entering as well as expanding in the region either independently or through collaboration with local hotels.

Active projects by international brands in the pipeline include Marriott International with 24 hotels, Hilton Worldwide with 34 hotels, 29 developments by the giant IHG, 28 hotels by Accor, and 21 hotels by Starwood Hotels & Resorts. Majority of these are in Saudi Arabia and UAE[54]. Ascott, a serviced apartment operator owned by Singapore's property giant Capitaland, announced that it will open two more properties in Saudi Arabian, Citadines Sari Jeddah and Somerset Corniche Jeddah in 2015 and 2016 respectively.

Growing regional and business tourism bolstering demand for serviced apartments

The growing regional tourism is the major factor behind the bolstering demand for serviced apartments. Visitors from the region who tend to travel with larger families and prefer to

[50] Source : HVS report
[51] Source: Gulf News - News article "Premier Inn plans to open 14 hotels in GCC in next 3 years"
[52] Source: Hotelier Middle East - News article "The rise of the economy hotel"
[53] Source: Arabian Business - News article "Union Properties said to plan 1,000 mid-tier hotel rooms"
[54] Source: Hotelier Middle East

stay for a longer period of time look for serviced apartments. These appeal to them both as an economical option as well as to get a feel of home.

In addition, increasing business tourism has translated into an increasing demand for longer duration accommodation by corporates for their employees. Furthermore, serviced apartments have also witnessed short-term accommodation demands from expats who are relocating to the region, before they move to a permanent dwelling.

Evolving innovative route to reach prospective customers

Innovation in the hospitality industry is a crucial factor for success of the operators. Innovative approaches are being applied in three key aspects of hospitality -

- **Information and communication** through digitalization and social media interception;
- **Unique products** like farm-to-table or pop-up restaurants, and developing eco, medical and cultural tourism;
- **Solutions to challenges** of climate change, seasonality, sustainability through unique and appealing services such as green products & services.

Continuous innovation is a key factor for success in the hospitality industry

While large hotels are applying innovation in processes and systems, smaller ones are undergoing incremental innovation adapting themselves to the needs of customers. The growing importance of the 'Digital Native' segment of customers has been acknowledged with mobile technology and apps, tablets replacing menu cards and centralized automated hotel operations taking over conventional means. Hotels are also tapping user generated feedback on a real time basis through social media presence to improve their products and services as per visitors' feedback.

6. Challenges

Managing and optimizing supply pipeline poses a key challenge

Qatar plans to have 95,000 rooms by 2022 and Dubai plans to double its current rooms supply to around 160,000 by 2020

In the run up to the 2022 FIFA World Cup in Qatar and Dubai Expo 2020 in UAE, these countries are witnessing rapid growth in the construction of new hotels in order to honor their contracts with the respective organizers. Qatar plans to have 95,000 rooms by 2022 as compared to the current rooms supply which stands at around 15,000, more than six-fold rise[55]. Dubai expects to receive 25 million tourists by 2020, 9.9 million more than its current tourist arrivals. The Emirate also plans to double its current rooms supply to around 160,000 rooms by 2020[56].

What poses a major challenge for these countries is the post event scenario where the governments are likely to deal with an oversupply of rooms and matured demand. Sustaining the interest of tourists after the mega events will be a challenge and therefore, occupancy rates as well as the overall revenue of the sector might get impacted.

Lack of skilled workforce is accentuating supply side concern

GCC region is poised to witness a strong growth in the hospitality sector in the coming years, but lack of skilled workforce in the region threatens to slowdown the industry's growth. Demand for professionals in the sector is booming as the number of visitors is increasing at a fast pace. However, finding hospitality staff with the necessary skill-set has been a challenge for the GCC hoteliers.

Similarly, well-paid government employment opportunities encourage GCC students to apply for public jobs. This is also leading to a shortage of indigenous skilled workforce in the region and increasing the dependency on foreign labor.

Exhibit 39: Travel and tourism competitiveness ranking

Country	Human resources		Education and training		Availability of qualified labor	
	2011	2013	2011	2013	2011	2013
Bahrain	29	26	29	24	40	23
Kuwait	55	66	81	69	16	50
Oman	84	54	97	42	39	86
Qatar	18	7	30	20	8	5
Saudi Arabia	34	30	42	34	27	21
UAE	12	15	28	27	5	6

Source: World Economic Forum

Qatar is ranked number 1 in the GCC region and 7th in the world for its high quality human resources

According to World Economic Forum's travel and tourism competitiveness report, Qatar is ranked 1st in the GCC region and 7th in the world for its high quality human resources. It also leads other GCC countries in education and training, and availability of qualified labor, closely followed by UAE. None of the GCC countries feature in the top 10 under the education and training parameter, which indicates that these countries need to further work towards improving their educational infrastructure to be more competent (see Exhibit 39).

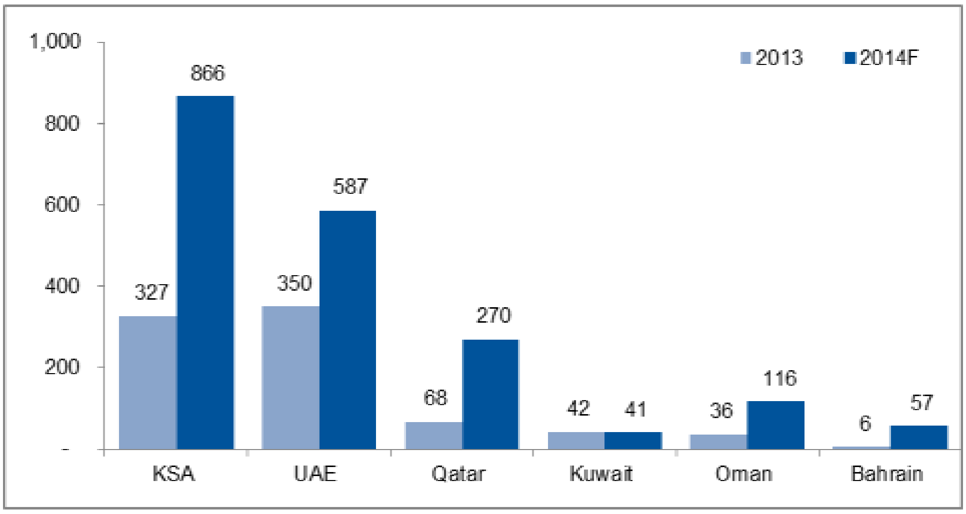
[55] Source: Gulf News - News article "Work to start on five Qatar 2022 stadia this year"
[56] Source: Zawya - News article "Hosting the world: GCC hotel boom driven by mega events"

Spurt of new properties poses threat to the old properties

Interior and fit-out spending is expected to reach US$ 1.9 billion in 2014, an increase of 133.7% over previous year

In the last few years, GCC region witnessed entry of many international hotel chains in the high-end market which has raised the overall standards of the sector. Hence, to remain competitive, many existing properties across the region embarked on major renovations and refurbishments to keep pace with the quality of new hotels. Interior and fit-out spending, which is a part of hotel projects spending, stood at US$ 0.8 billion in 2013 and is expected to reach US$ 1.9 billion in 2014, an increase of 133.7% over previous year. It will account for approximately 22.5% of the total hotel project costs of US$ 8.6 billion for 2014[53].

Exhibit 40: GCC hotels interior contracting and fit-out spend (US$ million)



Source: Venture Middle East

In 2013, UAE spent highest amount on interiors closely followed by Saudi Arabia. Remaining four GCC nations together spent US$ 152 million in the same year. In 2014, Saudi Arabia is expected to overtake UAE with a spending of around US$ 866 million, an increase of 164.8% from 2013 level[57] (see Exhibit 40).

Geo-political instability concerns

Amid civil unrest, Bahrain's travel & tourism industry's contribution to GDP declined in 2013 compared to 2010

The Arab Spring severely affected the economies across the MENA region. However, the GCC countries, especially the UAE and Qatar have experienced less turmoil than many of their neighbors. The civil unrest in Bahrain had an impact on the country's travel and tourism sector as reflected from the decline in the sector's direct contribution to the country's GDP in 2013 as compared to 2010[58].

Several GCC countries increased social spending following the Arab Spring

Following the unrest, GCC governments announced a number of subsidies as well as increased social spending. For instance, Saudi Arabia's budget rose from US$ 127 billion in 2009 to US$ 219 billion in 2013, largely because of big increases in social spending and infrastructure projects[59]. GCC countries majorly rely on oil & gas revenue, where upstream projects are capital-intensive and long-term in nature, and any uncertainties can put

[57] Source: Source: Venture Middle East report
[58] Source: WTTC
[59] Source: The Oxford Institute report - "The Arab Uprisings and MENA Political Instability: Implications for Oil & Gas Markets"

investments in oil exploration and production projects at risk and could negatively affect the overall growth of the region.

Political stability is critical for any country to attract visitors. The recent unrests had dampened the hospitality industry prospects for some of the GCC countries. While the situation seems to have improved now, any such incidences in the future could have significant negative impact on the industry.

Ease of doing business

UAE leads the reforms initiatives among the GCC countries with 13 reforms between 2010 and 2014

The GCC region has witnessed substantial regulatory reforms over the last decade. The reforms initiative along with increasing economic activity has attracted a lot of interest from international companies as well as investors. GCC countries implemented 38 reforms between 2010 and 2014. UAE led the reforms initiatives among the GCC countries with 13 reforms between 2010 and 2014, which is more than 1/3rd of the total GCC reforms[60]. Saudi Arabia stands second with nine reforms, while Bahrain and Kuwait implemented only three reforms each in the same period, lowest among all GCC countries.

Exhibit 41: GCC ranking - Ease of Doing Business

Country	2010	2011	2012	2013	2014	Net Change (2010-14)
UAE	37	35	33	26	23	14
KSA	12	10	12	22	26	-14
Bahrain	25	33	38	42	46	-21
Oman	57	53	49	47	47	10
Qatar	39	38	36	40	48	-9
Kuwait	69	38	33	82	104	-35

Source: World Bank and IFC

Except UAE and Oman, all the other GCC countries witnessed their "ease of doing business" ranking declining on the back of slow pace of reforms initiatives

Despite the recent reforms initiatives undertaken by the GCC countries, many challenges remain, including poor investor protection, punitive bankruptcy laws and continued ownership restrictions for certain sectors as well as thrust towards localization of labor force. Also, the disclosure norms are not at par with those in the developed countries, making it difficult for some of the international companies to get into collaborations and joint ventures with local players.

This has also been reflected in the overall ease of doing business ranking for some of these countries which has deteriorated in recent years. Except UAE and Oman, all the other GCC countries witnessed their ranking declining on the back of slow pace of reforms initiatives undertaken by these countries.

[60] Source: Doing Business reports

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 42: 2013 Financial performance of major hotel companies in the GCC region

Company	Country	Total Market Cap (US$ Million)	Total Revenue (US$ Million)	Total Revenue 1Yr Growth %	EBIT Margin %	EBITDA Margin %	Net Income Margin %	ROE %	ROA%
Abu Dhabi National Hotels	UAE	816.8	336.7	14.2%	9.9%	24.1%	17.4%	2.7%	2.2%
National Corporation for Tourism & Hotels	UAE	914.8	195.1	28.7%	15.2%	22.9%	17.2%	18.5%	10.1%
Kingdom Holding Company	Saudi Arabia	24,700.6	588.5	(25.2%)	8.4%	19.1%	33.6%	2.5%	1.7%
Saudi Hotels & Resort Areas Company	Saudi Arabia	1,032.9	116.7	9.8%	27.5%	36.3%	32.6%	8.0%	6.9%
IFA Hotels & Resorts	Kuwait	491.1	152.0	145.9%	(29.1%)	(19.4%)	7.2%	4.6%	0.8%
Gulf Hotels Company Bahrain	Bahrain	381.6	84.7	(1.8%)	27.6%	36.6%	32.7%	17.0%	15.0%
Kuwait Hotels Company	Kuwait	24.6	42.9	(1.5%)	4.5%	9.7%	1.5%	3.0%	1.3%
Kuwait Resorts Company	Kuwait	62.4	42.3	5.1%	28.2%	45.9%	23.6%	16.7%	6.6%
Hotel Management Company International	Oman	NA	NA	NA	NA	NA	NA	NA	NA
Average		**3,553.1**	**194.9**	**4.2%**	**11.5%**	**21.9%**	**20.7%**	**9.1%**	**5.6%**
Median		**653.9**	**134.3**	**7.5%**	**12.6%**	**23.5%**	**20.5%**	**6.3%**	**4.4%**

Source: *Bloomberg, (All Figures are FY 2013, Net Income Margin is before extraordinary items, NA denotes, Not Available, Red 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 71.9% of total revenues. The median operating margin of 15.2% (excluding IFA Hotels and Resorts which reported operating margin of -29.1%) is substantially lower than past years. Kuwait Resort Company has the highest EBIT margin, while IFA Hotel and Resorts incurred loss during the period.

The median net income margin of the significant listed hotels considered in our analysis stood at 20.5% in 2013. Kingdom Holding Company topped the list with highest net income margin, while Kuwait Hotel Company stood at the bottom with lowest margin. Median ROE is 6.3% and average ROE amongst the considered companies is 9.1%. National Corporation for Tourism and Hotels has the highest ROE, while IFA Hotels & Resorts has the lowest ROE.

- During 2013, Kingdom Holding Company, which is the largest company amongst the considered set based on revenue, reported a dip of 25.2% Y-o-Y in revenues. Decline in revenue can be primarily attributed to lower occupancy rate and lower charges due to stiff competition in the region.

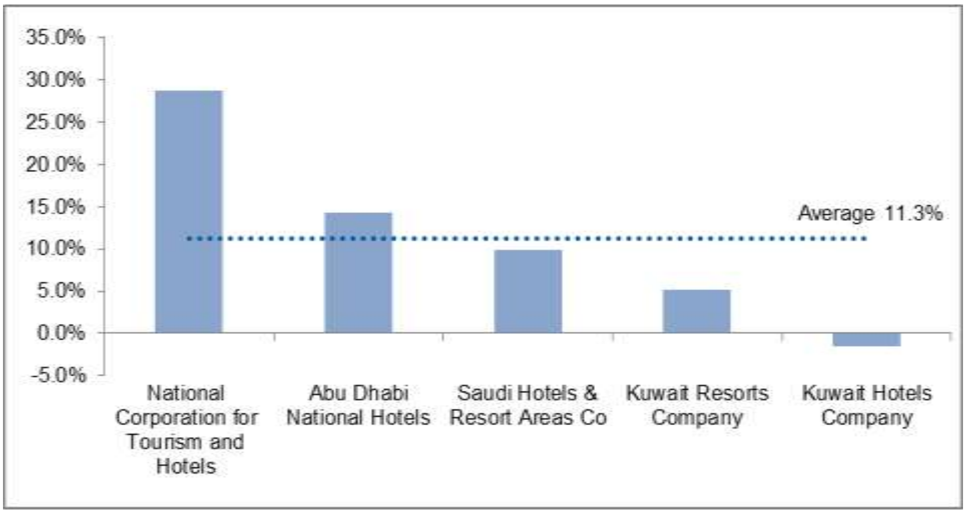
- IFA Hotels and Resorts witnessed an impressive revenue growth of 145.9% Y-o-Y in 2013. Despite a strong growth in top line the company was not able to generate operating income during the period due to higher direct costs and higher staff and marketing expenses.

- National Corporation for Tourism and Hotels also reported a robust growth of 28.7% Y-o-Y in revenues to reach US$ 195.7 million in 2013. Operating income stood at US$ 29.7 million in 2013, a growth of 22.5% Y-o-Y. The net income grew by 23.9% Y-o-Y to reach US$ 33.6 million in 2013 from US$ 27.1 million in 2012. The return on equity and asset grew to 18.5% and 10.1%, respectively from 16.2% and 8.4% in 2012.

Revenue Analysis

GCC hospitality industry picked up pace during 2013 driven by improving economic scenario and then fading effects of the Arab Spring. Both leisure and business spend increased during the year. This is reflected in the increase in revenues of the significant listed hotel companies in 2013. Kingdom Hotel Company reported revenues of US$ 589 million. This accounted for 38% of total revenues of the companies analyzed. This was followed by Abu Dhabi National Hotel (US$ 337 million) and National Corporation for Tourism and Hotels (US$ 195 million).

Exhibit 43: Revenue growth, 2013



Source: Bloomberg, Alpen Capital

Most of the companies reported growth in revenues driven by improved market conditions. However, Kingdom Holding, the largest company among the set of companies considered by us, posted a 25% decline in revenues. Saudi Hotels & Resort Areas Company registered a 10% growth. Other large hotel companies like Abu Dhabi Nationals Hotel and National Corporation for Tourism and Hotels recorded a revenue growth of 14.2% and 28.7%, respectively during the year. IFA Hotels and Resorts reported the highest growth of 146% Y-o-Y in revenues amongst the companies considered.

Return of assets and equity

We analyzed profitability of the companies based on ROA and ROE to rank the domestic operators. The companies considered for the analysis in the exhibits below reported an average ROA of 8.2% during 2013. Gulf Hotel Company Bahrain and National Corporation for Tourism and Hotels reported the healthiest and above average ROA of 15.0% and 10.1%, respectively. IFA Hotels and Resorts reported the lowest ROA of 0.8% amongst the companies.

Exhibit 44: Return on assets, 2013

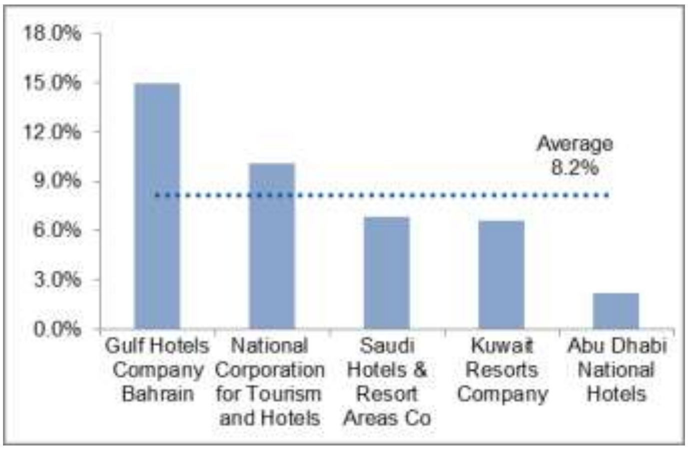
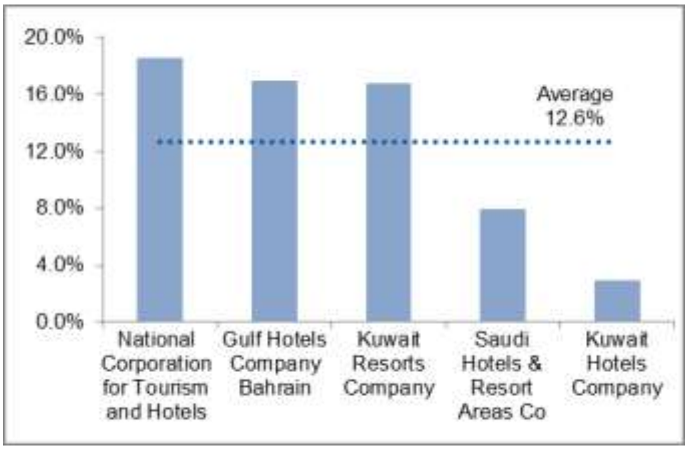


Exhibit 45: Return on equity, 2013



Source: Bloomberg, Alpen Capital

The companies considered for analysis in the above exhibit posted an average ROE for of 12.6% in 2013. National Corporation for Tourism and Hotels fared best among them with a return of 18.5%. Gulf Hotels Company Bahrain reported the second-best ROE in 2013.

Operating margin

Average EBITDA margin of all the companies considered in the exhibit below was 33.2%. Kuwait Resorts Company reported highest EBITDA margin of 45.9% amongst them. Kuwait Resorts Company, Gulf Hotels Company Bahrain and Saudi Hotels and Resorts Co. reported above average EBITDA margins. Kuwait Resorts Company reported the highest EBITDA margin amongst the considered companies, while National Corporation for Tourism and Hotels reported lowest margin within the companies considered.

Exhibit 46: EBITDA margin, 2013

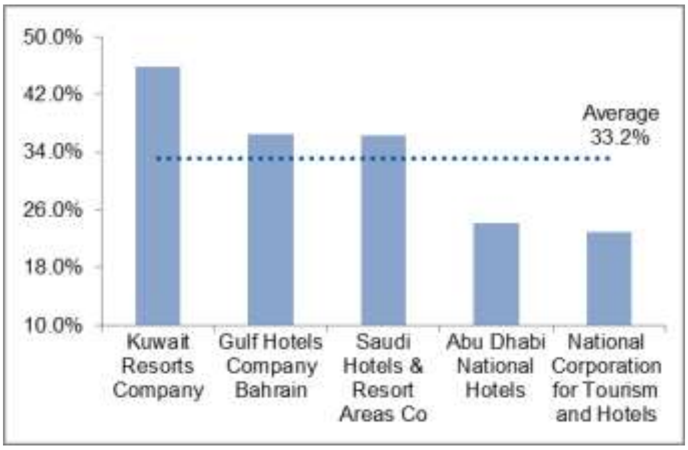
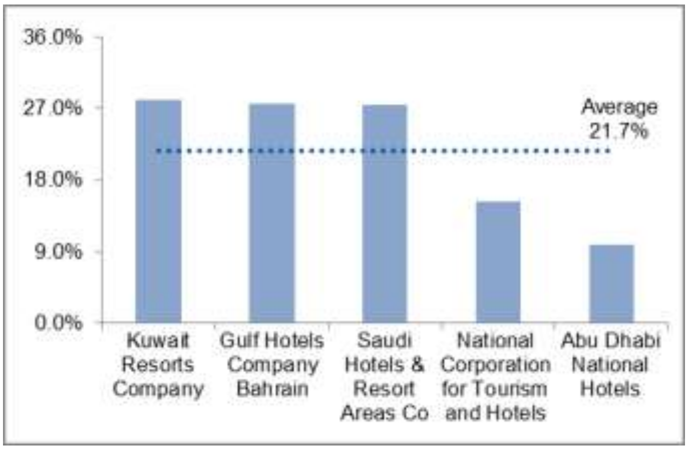


Exhibit 47: EBIT margin, 2013



Source: Bloomberg, Alpen Capital

Average EBIT margin of five companies considered stood at 21.7% in 2013. Kuwait Resorts Company reported the highest EBIT margins of 28.2% closely followed by Gulf Hotels Company Bahrain at 27.6%. Kuwait Hotels Company registered the lowest EBIT margin of 4.5% during 2013.

Ratio analysis

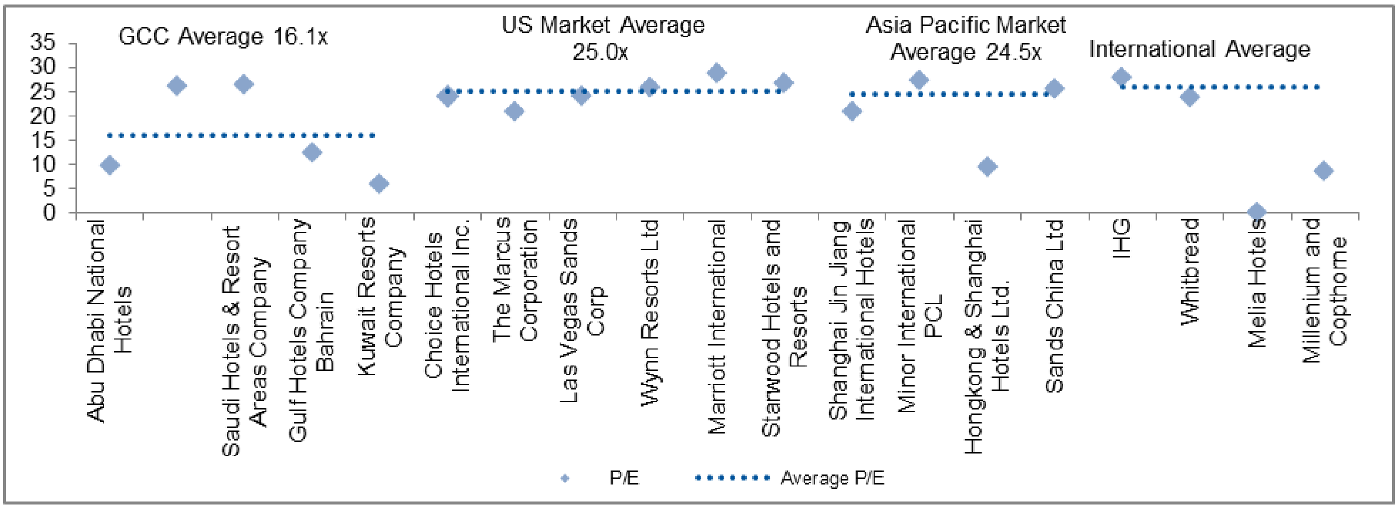
Exhibit 48: Ratios of major hotel companies in the GCC – LTM

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	9.7x	0.4x	NA	28.1x	0.1x	1.3x
National Corporation for Tourism and Hotels	26.1x	4.5x	21.6x	40.3x	1.0x	1.2x
Kingdom Holding Company	124.6x	3.1x	229.9x	NA	0.3x	2.3x
Saudi Hotels & Resort Areas Company	26.5x	2.2x	22.8x	12.1x	0.3x	1.7x
IFA Hotels and Resorts	38.5x	1.6x	NA	NA	0.4x	0.6x
Gulf Hotels Company Bahrain	12.5x	2.3x	9.5x	6.3x	1.0x	4.5x
Kuwait Hotels Company	35.8x	1.1x	3.6x	11.8x	2.4x	1.1x
Kuwait Resorts Company	5.8x	0.9x	4.4x	204.7x	1.0x	2.2x
Hotel Management Company International	NA	NA	NA	NA	NA	NA
GCC Average*	**16.1x**	**2.2x**	**12.4x**	**14.6x**	**0.8x**	**1.5x**
Asia Pacific Average	**24.5x**	**1.6x**	**16.5x**	**56.1x**	**1.0x**	**1.2x**
International Average	**25.9x**	**2.4x**	**12.2x**	**74.9x**	**1.2x**	**1.0x**
US Average	**25.0x**	**2.2x**	**15.2x**	**81.9x**	**1.1x**	**1.0x**

Source: *Bloomberg, (All Figures are FY 2013, Net Income Margin is before extraordinary items, NA denotes, Not Available, Green is below Average and Red is above Average, Black font numbers not considered in average), Alpen Capital*

Valuation analysis

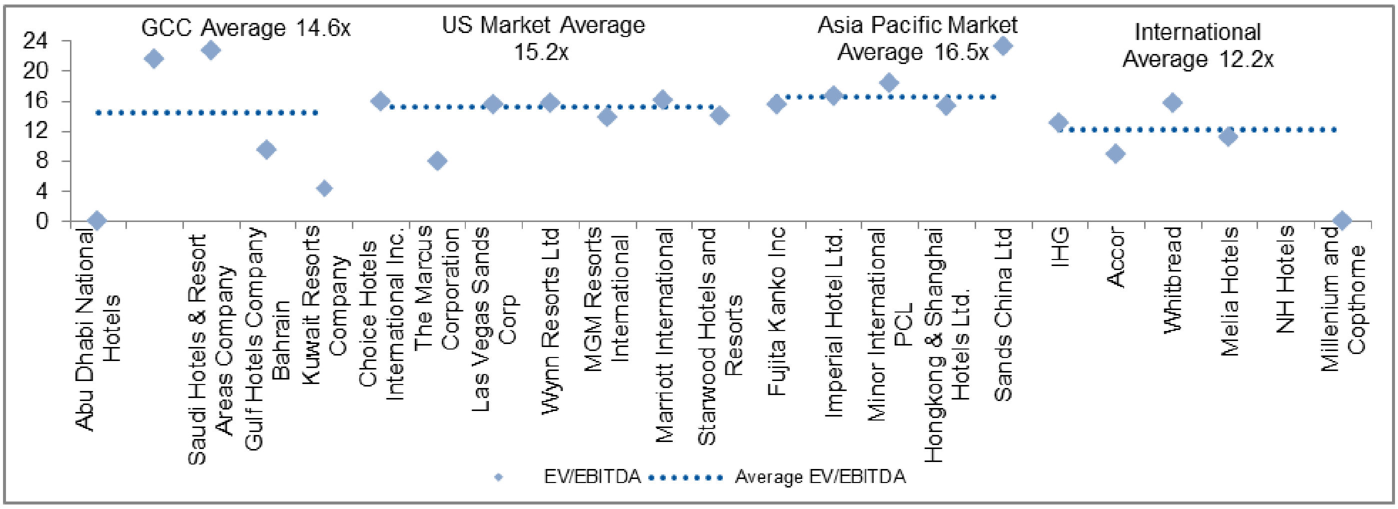
Exhibit 49: P/E relative valuation



Source: Bloomberg, Alpen Capital

The GCC hospitality sector (excluding outliers) is trading at a P/E of 16.1x. Amongst the considered companies, Saudi Hotels & Resort Areas Company is trading at highest P/E of 26.5x, whereas Kuwait Resorts Company trading at a P/E of 5.8x is the most undervalued. Many GCC companies are trading at a P/E less than the P/E of global companies considered for analysis.

Exhibit 50: EV/EBITDA relative valuation



Source: Bloomberg, Alpen Capital

Excluding outliers, GCC based hospitality companies are trading at an average EV/EBITDA of 14.6x. Saudi Hotels and Resort Area Co. is trading at the highest EV/EBITDA multiple of 22.8x. Kuwait Hotel Company's had the lowest multiple amongst the companies considered. On an average, the GCC hospitality sector has a lower EV/EBITDA compared to US and Asia Pacific markets.

Valuation against global players

Exhibit 51: Hospitality industry valuation multiples

Company	P/E	EV/EBITDA
GCC Region		
Abu Dhabi National Hotels	9.7x	NA
National Corporation for Tourism and Hotels	26.1x	21.6x
Saudi Hotels & Resort Areas Company	26.5x	22.8x
Gulf Hotels Company Bahrain	12.5x	9.5x
Kuwait Resorts Company	5.8x	4.4x
Average	**16.1x**	**14.6x**
USA Market		
Choice Hotels International Inc.	24.1x	15.9x
The Marcus Corporation	20.8x	7.9x
Las Vegas Sands Corp	24.0x	15.6x
Wynn Resorts Ltd	25.8x	15.8x
MGM Resorts International	245.7x	13.8x
Marriott International	28.9x	16.1x
Starwood Hotels and Resorts	26.8x	14.0x
Average (excluding outliers)	**25.0x**	**15.2x**
Asia Pacific Markets		
Shanghai Jin Jiang International Hotels	20.8x	9.2x
Fujita Kanko Inc.	651.8x	15.6x
Imperial Hotel Ltd.	62.7x	16.7x
Minor International PCL	27.3x	18.3x
Hong Kong and Shanghai Hotels Ltd.	9.4x	15.4x
Sands China Ltd	25.6x	23.2x
Average (excluding outliers)	**24.5x**	**16.5x**
International Markets		
IHG	28.0x	13.0x
Accor	71.1x	8.8x
Whitbread	23.8x	15.6x
Melia Hotels	NA	11.2x
NH Hotels	NA	27.3x
Millenium and Copthorne	8.5x	NA
Average (excluding outliers)	**25.9x**	**12.2x**

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

We considered the P/E and EV/EBITDA multiples of GCC, Asia Pacific, US and international companies for the analysis. Excluding outliers, GCC-listed companies are trading at an average P/E of 16.1x compared to 25.0x for the US, 24.5x for Asia Pacific and 25.9x for international market peers. On EV/EBITDA multiple too, GCC companies are trading at a discount with a multiple of 14.6x compared to 16.5x for Asia Pacific and 15.2x for USA. We believe the GCC hospitality industry holds upside potential due to improving demand driven by increasing tourist influx (especially Asian travellers) and upcoming mega events and expanding MICE market.

8. Merger and Acquisitions Landscape

GCC countries witnessed a total of 627 M&A deals worth US$ 69.5 billion from Jan 2012 to August 2014. There were 21 deals in the leisure and tourism sector, accounting for 3.3% of the total deals. The value[61] of these deals aggregated to US$ 825.1 million with the average[62] deal size being US$ 75.0 million.

Al-Tayyar Travel Group Holding, Saudi Arabia's acquisition of Al Muthmira Real Estate Investment Company, Saudi Arabia for US$ 55.5 million in cash, was the largest deal in 2014. Vertical expansion was the strategy behind 14 acquisitions while others were done with the intention of horizontal expansion. Out of the 21 M&A, 14 were within the GCC countries. There were six outbound deals and one inbound deal.

Exhibit 52: M&A activity in GCC hospitality sector

Year	Target Company	Target Company Nation	Target's Business	Acquiring Company/ Fund	Acquiring Company Nation	Value (US$ million)	Stake acquired
2014	United Finance Company	Oman	Financial Services	Oman Hotels & Tourism Company SAOG	Oman	NA	4.6%
2014	Al Muthmira Real Estate Investment Company	Saudi Arabia	Leisure and Tourism	Al-Tayyar Travel Group Holding	Saudi Arabia	55.5	25%
2014	CTM Company	UK	Leisure and Tourism	Al Mousim Travel and Tours	Saudi Arabia	22.7	100%
2014	Carfare Rent A Car	UAE	Leisure and Tourism	Lama Group	UAE	NA	NA
2014	Saudi Hotel Service Company	Saudi Arabia	Leisure and Tourism	Saudi Hotels & Resort Areas Company	Saudi Arabia	4.0	10%
2014	Net Tours and Travels L.L.C	UAE	Leisure and Tourism	Alshamel International Holding Company	Kuwait	3.0	80%
2013	Oryx Hospitality Group	UAE	Leisure and Tourism	ACW Holdings	UAE	NA	100%
2013	Arabian Dreams Hotel Apartments LLC	UAE	Leisure and Tourism	Mahindra Holidays & Resorts	India	NA	49%
2013	Al Muthmira Real Estate Investment Company	Saudi Arabia	Leisure and Tourism	Al-Tayyar Travel Group Holding	Saudi Arabia	86.7	39%
2012	Round Table Entertainment Company	UK	Real Estate	Future Kid Entertainment and Real Estate Company K.S.C. - Closed	Kuwait	NA	NA
2012	Qiblah Travel and Tourism Company	Kuwait	Leisure and Tourism	Mashaer Holding Company K.S.C.P.	Kuwait	NA	32%
2012	Four Seasons Hotel Toronto	Canada	Leisure and Tourism	Kingdom Holding Company	Saudi Arabia	199.6	100%
2012	Garden Hotel	Oman	Leisure and Tourism	Dhofar International Development & Investment Holding Company	Oman	26.0	100%
2012	Al Ahlam Management Company LLC	Oman	Leisure and Tourism	Ubar Hotels SAOG	Oman	0.8	100%
2012	Scandinavian Tourism Development & Investment Company	Egypt	Real Estate	Katara Hospitality	Qatar	NA	98.7%
2012	Dhofar Tourism company	Oman	Leisure and Tourism	Qatar Holding LLC	Qatar	51.8	21.2%
2012	Atlantis The Palm Dubai Hotel & Resort	UAE	Leisure and Tourism	Istithmar World	UAE	250	50%
2012	Paris Saint-Germain Football Club	France	Leisure and Tourism	Qatar Sports Investment	Qatar	NA	30%
2012	Purple	UAE	Leisure and Tourism	The Decadent Group	UAE	NA	100%

Source: Zawya

[61] Disclosed value
[62] Average size is calculated considering only the deals for which transaction value has been disclosed

9. Private Equity Activity

There were 89 PE transactions throughout GCC region during Jan 2012 to August 2014. The investments amounted to US$ 832.6 million*. There were 31 exit transactions with the total size of US$ 338.4 million*.

The leisure and tourism sector contributed 4.5% of the total deals. There were four investments comprising of two transactions in Saudi Arabia and two transactions in UAE which together amounted to US$ 250 million*. There were two exit transactions in Saudi Arabia – Jadwa Tourism & Hospitality Opportunity Fund offloaded its stake in Abdul Mohsen Al Hokair Group and Amwal Fund I sold its stake in Al-Tayyar Travel Group Holding, both through an IPO. Exit transactions amounted to US$ 70 million*.

Exhibit 53: P/E activity in GCC hospitality sector

Year	Investee/Target	Nation	Industry	Investors	Deal Value (US$ million)	Transaction Stake
2014	Abdul Mohsen Al Hokair Group	Saudi Arabia	Hotels, Motels, and Resorts	Jadwa Tourism & Hospitality Opportunity Fund	NA	NA
2013	Leejam Sports Company	Saudi Arabia	Fitness and Dance Facilities	Investcorp Gulf Opportunity Fund I B.S.C.	NA	25.0%
2013	Dreamworks Spa	UAE	Spas and Other Leisure Activities Management	CedarBridge Partners Fund I	NA	75.0%
2012	Abdul Mohsen Al Hokair Group	Saudi Arabia	Hotels, Motels, and Resorts	Jadwa Tourism & Hospitality Opportunity Fund	NA	NA
2012	Al-Tayyar Travel Group Holding	Saudi Arabia	Travel Agencies and Tour	Amwal Fund I	70	5%
2012	Atlantis The Palm Dubai Hotel & Resort	UAE	Hotels, Motels, and Resorts	Istithmar World Capital	250	50%

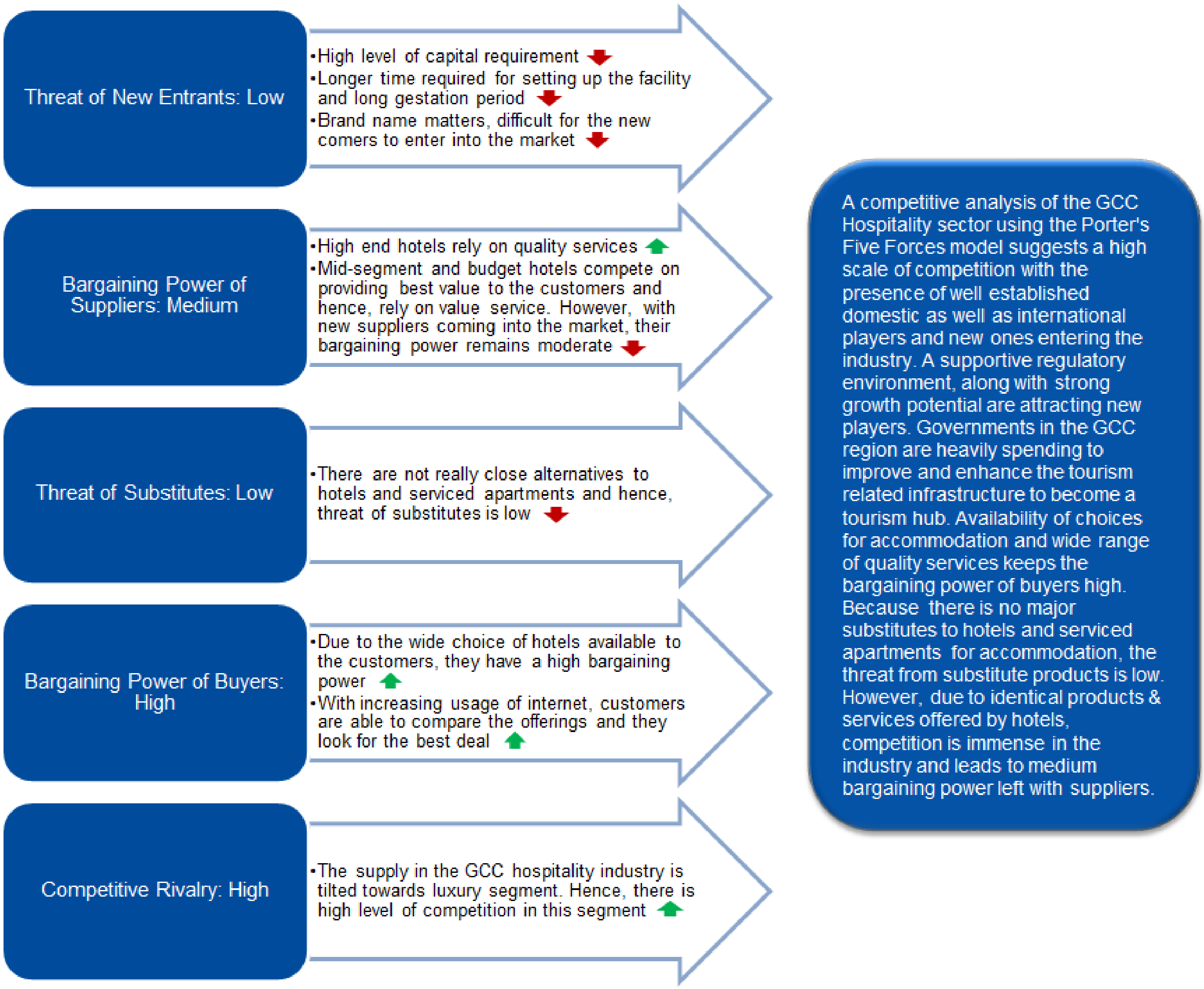
Source: Zawya

**Disclosed value of the transactions.*

10. Porter's Five Forces Analysis

Using the Porter's Five Forces Model, we have aimed at evaluating the competitiveness of the GCC hospitality industry from the hotel and apartment operators' point of view (see Exhibit 54). Governments in the GCC region are heavily spending to improve and enhance the tourism related infrastructure to become a tourism hub. Strong growth potential, favorable regulatory environment and no major substitutes make this industry attractive for all stakeholders. However, due to identical products & services offered by hotels, competition is immense in the industry and leads to medium bargaining power with suppliers.

Exhibit 54: Competitiveness of the GCC hospitality industry



Source: Alpen Capital

Note: Indicates that the factor is increasing the intensity of a particular force

- Indicates that the factor is decreasing the intensity of a particular force

Country Profiles

SAUDI ARABIA

Macro-economic indicators

Indicators	Unit	2013	2014E	2018E
GDP (Nominal)	*US$ billion*	745.3	772.6	888.9
Population	*million*	30.0	30.6	33.1
Inflation	*%*	3.5%	3.0%	3.5%
Share of T&T in GDP	*%*	4.2%	4.2%	4.4%
Int'l tourist arrivals	*million*	13.2	14.4	20.7*

Source: IMF, WTTC, World Data bank

**It is an estimate for 2024.*

Economic Overview

Being the oil nucleus of the world, Saudi Arabia's economic growth slowed down a bit in 2013, on the back of a contraction in the oil GDP and moderate performance of the non-oil sectors. Real GDP growth was 3.8% in 2013 compared to 5.8% in the previous year and is expected to grow to 4.1% in 2014 according to IMF. The economy is expected to grow at a CAGR of 3.6% during 2014-18.

Industry snapshot

The hospitality industry in Saudi Arabia is growing at a promising pace driven by both religious tourism in Mecca and Medina as well as business tourism in other parts like Riyadh and Jeddah.

Fuelled by the government spending and continued growth in allied sectors of travel, infrastructure, and advantageous geographical location, tourism seems to have been shielded from the economic slowdown in the recent years with increasing contributions to GDP, successively.

Room supply (including apartments)

Current	Pipeline (next three years)
291,135	31,375

Key companies

Company	Number of hotels under management/affiliates
Kingdom Holding Company	20
Saudi Hotels & Resort Area Company	10

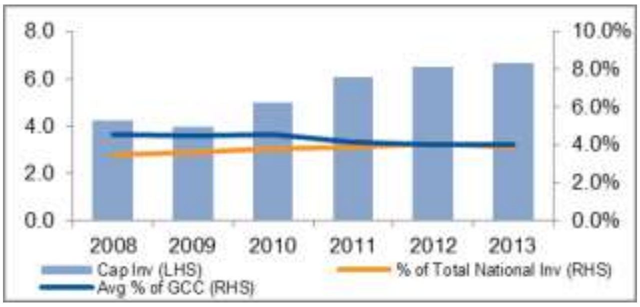
Key insights

- According to WTTC, in terms of absolute contribution to GDP, Saudi Arabia's T&T sector ranked 33rd worldwide in 2013.
- The sector's total contribution to GDP was 4.2% in 2013 and is estimated to stay at the same level in 2014.
- T&T contributed 4.1% to employment in 2013 with 392,000 jobs and this is forecasted to increase to 4.2% in 2014 with 409,500 jobs.
- Total international tourist arrivals in Saudi Arabia were 13.2 million during 2013 which is expected to reach 14.4 million in 2014.
- Leisure tourism is the primary demand driver for hotels accounting for about 75% of the total demand. Business trips account for the rest.
- Jeddah showed the largest increase in room occupancy as well as Revenue per Available Room (RevPAR) in the Middle East.
- Umrah and Hajj brought a lot of inbound tourists to Mecca and Medina which have seen growth in budget hotels.
- Focus has also moved to Meetings, Incentives, Conferencing, and Exhibitions (MICE) and wellness tourism given the encouraging returns from these segments.
- According to HVS report, average occupancy rate and average ADR for 2013 were approximately 66.5% and US$ 238.0 respectively.
- According to WTTC, capital investment in T&T increased by 1.6% from US$ 6.5 billion in 2012 to US$ 6.7 billion in 2013.

Key performance metrics (US$)

Source: HVS

Capital investment in T&T sector (US$ billion)



Source: WTTC

Growth drivers

- A key driver of tourism in Saudi Arabia is religious tourism, mainly in Mecca and Medina.
- Being the world's largest producer and exporter of oil, Saudi Arabia attracts a large number of business tourists who keep the hospitality industry thriving.
- The cities like Riyadh and Jeddah have been building necessary infrastructure to improve the prospects of business tourism.
- The robust economic growth (compared to the rest of the world in general and in G8 in particular) fuels business and event tourism.
- Saudi Arabian government is increasingly placing a stronger emphasis on fostering domestic tourism. Upsurge in inbound travel and favorable geographic position also works in favor of tourism in Saudi Arabia.
- Saudi Arabian travel intermediaries industry is expanding rapidly due to country's growing economy and this only supplements the growth of tourism in the region.

Challenges ahead

- The new Saudi labor policy (Nitaqat) could present some challenge for the sector in the short to medium term, in the form of shortage of skilled work force.
- Oversupply of rooms is resulting in low occupancy rates in cities of Riaydh and Taif.
- Shortage of hotel operators is also a key hindrance.

ALPEN CAPITAL

UAE

Macro-economic indicators

Indicators	Unit	2013	2014E	2018E
GDP(Nominal)	*US$ billion*	396.2	412.4	491.0
Population	*million*	9.0	9.3	10.4
Inflation	*%*	1.1%	2.2%	3.4%
Share of T&T in GDP	*%*	8.3%	8.4%	8.7%
Int'l tourist arrivals	*million*	12.1	12.2	39.9*

Source: IMF, WTTC, World Data Bank
**It is an estimate for 2024.*

Economic Overview

The UAE economy is driven primarily by Oil & Gas, Services, Manufacturing and Real Estate. Economy continues to recover gradually from the recent turmoil. The country's real GDP grew 4.8% in 2013, according to IMF. It expects GDP to grow by 4.5% in 2014 on the back of robust increase in real estate prices and the activities leading to Expo 2020 scheduled to be held in the country. The economy of the Emirates is expected to grow at a CAGR of 4.4% during the 2014-18 period.

Industry snapshot

The hospitality sector in the UAE continues to benefit from its perceived safe haven status amidst the shaken Middle East region due to the eruption of Arab Spring. Dubai and Abu Dhabi are investing in high profile retail and leisure projects.

UAE picked up top ranks in terms of occupancy in 2013. The UNWTO listed UAE in the top 10 fastest growing hotspots in 2013. According to HVS, Dubai continued to remain the region's most visited city among regional tourists. In addition, Dubai's recent winning of bid to host the Expo 2020 will give the trade, tourism and business services sectors a further boost.

UAE remains the undisputed tourism leader in the Middle East, even though Saudi Arabia and Qatar are fast catching up.

Room supply (including apartments)

Current	Pipeline (next three years)
110,535	22,189

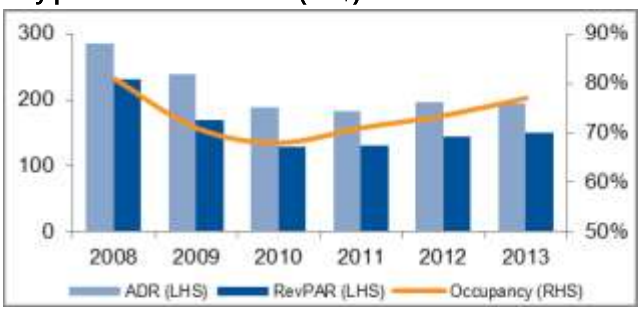
Key companies

Company	Number of hotels under management/affiliates
Jumeirah	21
Habtoor Hotels	5
Ramee Group of Hotels and Resorts	40

Key insights

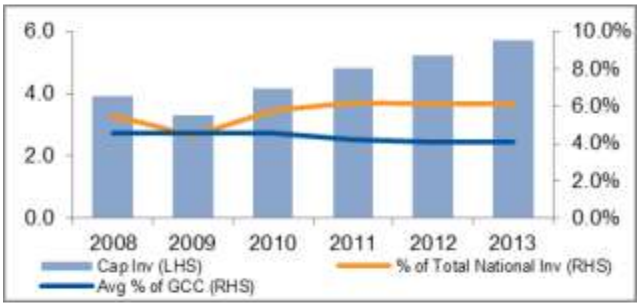
- World Expo 2020 has further strengthened growth prospects for hospitality industry.
- Tourism boomed in 2013 with the country attracting around 12.1 million visitors. Dubai is aiming to attract 20 million tourists per year by the end of the decade.
- According to WTTC, the total contribution of T&T to GDP was 8.3%in 2013, and is forecasted to rise to 8.4% in 2014.
- In 2013, the sector supported 496,500 jobs or 9.1% of total employment which is expected to rise to 523,000 or 9.2% of total employment in 2014.
- According to World Trade Organization (WTO), Dubai is the leading tourist destination holding a 66% share of the UAE's tourism economy, while Abu Dhabi and Sharjah hold 16% and 10%, respectively.
- Dubai is also the world's largest growing market outside of China since 2008 in terms of new hotel openings.
- The UAE is ranked 28th among 139 countries and 1st in the Middle East in the World Economic Forum's "T&T Competitiveness Report 2013".
- According to HVS report, average occupancy rates and ADR for UAE in the year 2013 were 77.0% and US$ 195.0 respectively.
- According to WTTC, capital investment in T&T increased by 14.2% from US$ 5.2 billion in 2012 to US$ 5.7 billion in 2013.

Key performance metrics (US$)



Source: HVS

Capital investment in T&T sector (US$ billion)



Source: WTTC

Growth drivers

- Large-scale expansion of international airports in the UAE, including Al Maktoum International, which promises to be the world's largest —, has been bringing a large number of international tourists to the UAE.
- Expo 2020 would have positive implications on the hospitality front. According to authorities, of the estimated 25 million visitors during the event, 70% will be from outside the UAE.
- Business tourists from across the continents drive demand for 5 star hotels and their meeting and banquet spaces.
- Growth of low-cost carriers such as Fly Dubai and new routes established by other carriers is diverting traffic from neighboring cities as well as increasing overall attractiveness and appeal of Dubai to the regional and international markets.
- The hospitality industry in Dubai has received new zest with DTCM's move to issue licenses for operating of residential properties as holiday homes. This will help regulate the renting out of furnished residential properties on a daily, weekly or monthly basis as per stipulated standards set by the authority to receive a license.
- Government-supported infrastructure spending in transport and utilities will intensify as a means of diversifying the economy away from oil which will aid the hospitality industry.

Challenges ahead

- Despite excellent medium-term prospects of demand, overoptimistic development plans could raise fears of excessive supply in the long term. The continuing exponential growth in real estate poses as a deterrent for budget hotels for whom cost of land is a major hurdle.

QATAR

Macro-economic indicators

Indicators	Unit	2013	2014E	2018E
GDP(Nominal)	*US$ billion*	202.6	213.8	275.8
Population	*million*	2.0	2.2	2.7
Inflation	*%*	3.1%	3.6%	3.5%
Share of T&T in GDP	*%*	6.5%	6.8%	7.0%
Int'l tourist arrivals	*million*	1.3	1.4	2.2*

Source: IMF, WTTC, World Data bank
**It is an estimate for 2024*

Economic Overview

Qatar holds one of the world's largest oil and natural gas reserves. Primary economic sectors of the country are Oil & Gas and Finance. Qatar is shifting focus to the non-hydrocarbon sectors. As per an IMF report, growth in real GDP fell marginally to 6.1% in 2013 and is touted to fall further to 5.9% in 2014. Overall, it is estimated that the economy will be growing at a CAGR of 6.4% during 2014-18.

Industry snapshot

Qatar is the richest country in the world in-terms of per capita income. Doha, the capital city, is the center point of all major tourist activities in Qatar –which is mainly driven by business tourism with leisure tourism accounting for 12% of arrivals.

In the run up to the World Cup and phase two of the Qatar Tourism Authority's (QTA) agreement with UNWTO, prospects for hospitality sector look promising.

While business tourism still draws majority of tourists, MICE and leisure tourism are also gaining importance.

Room supply (including apartments)

Current	Pipeline (next three years)
16,600	5,968

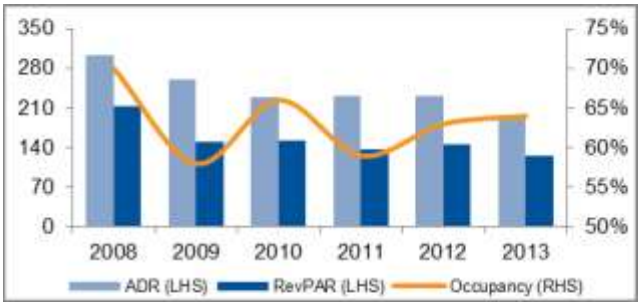
Key companies

Company	Number of hotels under management/affiliates
Katara Hospitality	10
Al Faisal Holdings	85

Key insights

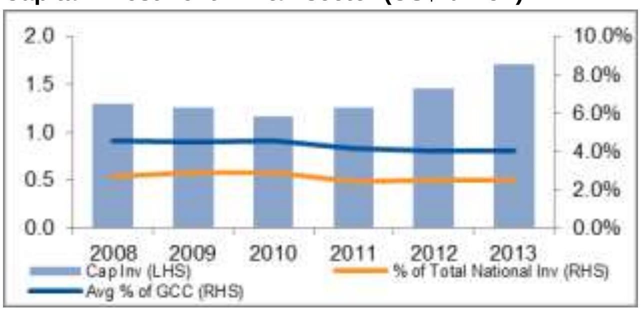
- According to QTA report, Qatar ranked 41st in the world for its attractiveness and ability to develop its travel and tourism industries.
- The total number of visitors rose by 10% from 1.2 million in 2012 to 1.3 million in 2013. The QTA has now set a goal of attracting between 6.7 million and 7.4 million visitors by 2030.
- According to WTTC, the total contribution of T&T to GDP was 6.5% of total GDP in 2013, and is forecasted to rise to 6.8% in 2014.
- In 2013, T&T supported 86,500 jobs (5.3% of total employment). This is expected to be 102,000 jobs in 2014 or 5.2% of total employment.
- The biggest driver for hotel rooms in Qatar is currently demand from business travellers. With 16,600 rooms currently and another 5,968 under construction, supply outlook is robust.
- As per its Strategy 2030, QTA aims to reduce the percentage of business travellers to 36% from current levels of 75% while increasing contributions from other segments.
- 4 & 5 star hotels dominate the market, occupying more than 3/4th of the room supply.
- According to HVS report, the occupancy rates rose marginally to 64.0% while ADR was US$ 232.7 in 2013.
- According to WTTC, capital investment in T&T increased by 12.9% from US$ 1.5 billion in 2012 to US$ 1.7 billion in 2013.

Key performance metrics



Source: HVS

Capital investment in T&T sector (US$ billion)



Source: WTTC

Growth drivers

- FIFA World Cup in 2022: The country plans an expenditure of US$ 50 billion on hotels, leisure, tourism, sports, recreation and other projects, according to Qatar Projects Magazine.
- Qatar is likely to gain prominence as a transit locale, mainly due to Qatar Airways' expanding route network.
- The QTA's Qatar National Tourism Sector Strategy 2030 is expected to serve as the road map for the sector's development, going forward.
- Qatar's adoption of a Tourism Satellite Account (TSA) proposed by the UN by the end of next year should further strengthen its ability to develop the sector.
- Doha is hosting an increasing number of trade events and exhibitions. The country is trying to gain significance as the cultural capital of the Middle East.
- Education visitors will be attracted by an impressive portfolio of prestigious universities while sports visitors will be attracted by year-round events hosted in Sports City or some of the new mixed-use developments. Cultural tourists will be attracted by existing attractions such as the Museum of Islamic Art.
- Qatari tourism officials have been aiming to increase the number of guests from non-Gulf countries to 64% by 2030 from 16% in 2013, as they spend more nights in hotels and are more likely to spend on shopping and restaurants.

Challenges ahead

- The country is likely to be oversupplied during the years following 2022, and the real challenge will be to avoid a post-FIFA slowdown.
- Qatar also faces growing competition from other regional markets – primarily Dubai, with Expo 2020, and Saudi Arabia, which has been investing in a range of massive infrastructure projects.
- While 2013 numbers look strong, the major challenge is to shift to quality and sustainable tourism.
- Much of the transport infrastructure is nearing maximum capacity which will have to be expanded to meet the otherwise booming economy.

OMAN

Macro-economic indicators

Indicators	Unit	2013	2014E	2018E
GDP(Nominal)	*US$ billion*	80.6	82.3	92.7
Population	*million*	3.2	3.3	3.7
Inflation	*%*	1.3	2.7	3.5
Share of T&T in GDP	*%*	6.3%	6.9%	7.6%
Int'l tourist arrivals	*million*	2.2	1.6	2.9*

Source: IMF, WTTC, World Data bank
**It is an estimate for 2024.*

Economic Overview

Oman's economy is driven primarily by Oil & Gas, Real Estate and Construction.

As per IMF, the growth in real GDP stayed consistent at 5.1% in 2013 but is expected to fall to 3.4% in 2014 due to softer growth in the hydrocarbon sector. The economy is expected to grow at a CAGR of 2.8% between 2013 and 2018.

Industry snapshot

Oman markets itself as a country with "rich heritage, kept alive and unchanged for generations."

With the country's four sites listed on the UNESCO World Heritage List, the country is a popular tourist destination. With a wide variety of attractions ranging from cultural, natural and ecological to heritage sights, hospitality in Oman holds a positive outlook.

Room supply (including apartments)

Current	Pipeline (next three years)
14,396	3,195

Key companies

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

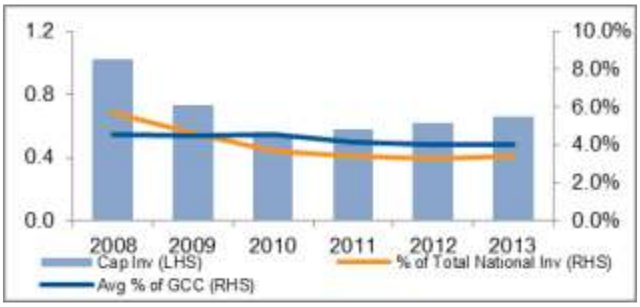
Key insights

- According to WTTC, the total contribution of T&T to GDP was 6.3% in 2013, and is forecasted to rise to 6.9% in 2014.
- In 2013, the sector directly supported 72,000 jobs or 6.3% of total employment which is expected to rise to 79,500 jobs or 6.9% of employment in 2014.
- According to Oman Ministry of Tourism, Oman attracted 2.1 million tourists in 2013. It expects to attract around 12 million tourists by 2020.
- European nationals form the largest source of international arrivals closely followed by tourists from Asia and GCC region.
- Corporate & MICE tourism represents the primary sources of demand coupled with growing leisure tourism.
- The strength of international brands is visible in the local market in which internationally branded 3-star hotels often generate higher average rates than local 4-star hotels.
- All of the 35 new hotels scheduled to open in the next five years throughout Oman will be luxury hotels.
- According to HVS report, the occupancy rate in 2013 rose by 5.0% to 65.0% while ADR was US$ 226.0.
- According to WTTC, capital investment in T&T increased by 3.8% from US$ 0.6 billion in 2012 to US$ 0.7 billion in 2013.

Key performance metrics (US$)

Source: HVS

Capital investment in T&T sector (US$ billion)



Source: WTTC

Growth drivers

- The government's strategy to diversify away from oil is well under way and is helping to drive infrastructure and tourism development.
- The GCC decision to approve unified tourist visa is also expected to boost hotel occupancy in Oman.
- Oman's construction market is growing rapidly and infrastructure development is expected to boost tourism.
- The wide range of cultural and sports activities like scuba diving and dolphin watching and also a multitude of heritage sights promise to appease consumers of all age groups.
- Oman Ministry of Tourism has joined hands with Thomas Cook (India) Ltd. and Zahara Tours (Oman) offering a stopover in Oman as part of Thomas Cook India 's premium European Group Tours- free of cost – this package was expected to attract over 800 passengers from May to September, in 2013. Although this is a small number, these kind of initiatives would benefit the industry as a whole.
- Oman tourism has leveraged the power of cinema with their latest consumer campaign - Side Trip of a Lifetime launched via online, print and social media and cinema in order to reach the target demographic.
- Recently, Oman Ministry of Tourism partnered with Air Arabia, a low-cost carrier, and announced the launch of three new flights to Muscat from Ras Al Khaimah (RAK), UAE. This would drive the visitors into the country from neighboring countries.

Challenges ahead

- As Oman is expected to see its first budget deficit, government spending towards hospitality is predicted to decrease. After a rapid build-up in recent years, the government is expected to curb public spending with an eye on fiscal sustainability.
- High rate of unemployment, which remains somewhere between 15% and 24%, is limiting the spending on travel and tourism by the locals, according to IMF.
- Oman is often overshadowed by regional competitors such as Dubai which offer better facilities and attract more visitors.
- Over-reliance on roads due to the absence of a rail network also hinders the growth plans for the nation. Hence, this would impact the tourist movement across the region.

BAHRAIN

Macro-economic indicators

Indicators	Unit	2013	2014E	2018E
GDP(Nominal)	*US$ billion*	32.2	33.5	38.2
Population	*million*	1.2	1.2	1.3
Inflation	*%*	3.3	2.5	2.7
Share of T&T in GDP	*%*	10.1%	10.5%	11.6%
Int'l tourist arrivals	*million*	NA	4.5	6.8*

Source: IMF, WTTC, World Data bank
**It is an estimate for 2024.*

Economic Overview

The economy of Kingdom of Bahrain is driven primarily by Oil & Gas, Finance and Manufacturing industries. According to IMF, the GDP grew by 4.9% with non-oil activity decreasing to 2.8% in 2013, largely reflecting weak investment sentiment. The growth is expected to be 4.7% in 2014 and sustain a CAGR of 3.5% during 2014-18 period.

Industry snapshot

Bahrain is an island kingdom and has some significant cultural tourism landmarks and a rich history of traditions. Its major tourist attraction is its capital city- Manama which was selected as the Capital of Arab Tourism for 2013.

Bahrain's hospitality is driven mainly by leisure tourism. Its liberal social environment, mild weather and hosting of events like the Formula 1 Grand Prix, and seasonal multicultural festivals bring a growing share of tourists to the country. Bahrain's main source of tourist inflow remains Saudi Arabia.

Room supply (including apartments)

Current	Pipeline (next three years)
16,269	3,765

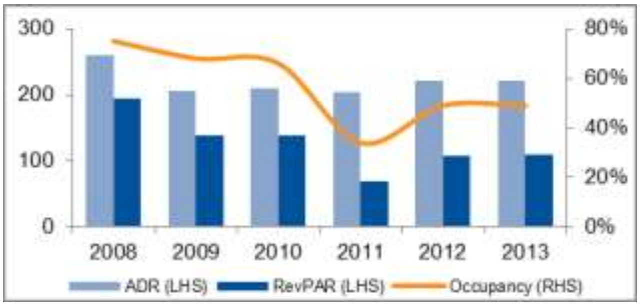
Key companies

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

Key insights

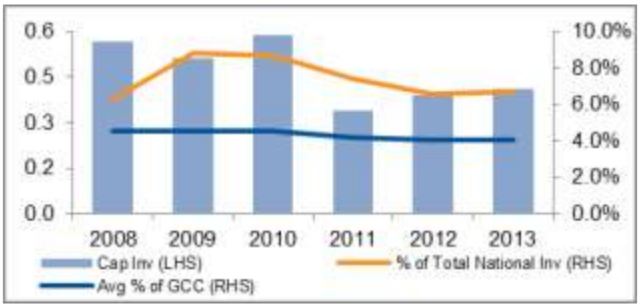
- According to WTTC, in 2013, Bahrain witnessed an estimated 4.2 million visitor arrivals.
- The total contribution of T&T to GDP was 10.1% in 2013, and is estimated to be 10.5% in 2014.
- In addition, the sector accounted for about 9.9% of total employment (73,500 jobs) in 2013 and the rate is forecasted to be 10.2% (79,000 jobs) in the year 2014.
- 4 and 5 star hotels dominate the room supply accounting for over 75% of total rooms. Also, rooms' pipeline remains focused on the luxury sector, with hotels such as the 260-room Wyndham Grand Manama to be opened in 2015 and a 50-storey JW Marriott scheduled for completion in 2016.
- According to HVS report, the occupancy rate in the Bahrain was still less than 50% with only marginal increase in ADR.
- The country had total rooms pipeline of around 3,765 as on 2013.
- According to HVS report, both occupancy rates and ADR for 2013 stayed flat at 49.0% and at US$ 222.0, respectively.
- According to WTTC, capital investment in T&T increased by 3.6% from US$ 0.39 billion in 2012 to US$ 0.41 billion in 2013.

Key performance metrics (US$)



Source: HVS

Capital investment in T&T sector (US$ billion)



Source: WTTC

Growth drivers

- Manama was chosen as the capital of Arab Culture 2012, the capital of Arab Tourism 2013 and the tourism capital of Asia 2014. This is expected to help regain confidence of tourists in the wake of the 2011 political unrest.
- Bahrain is an ideal short break destination for GCC residents, especially those from Saudi Arabia. It is also a relaxing place for Europeans looking for winter sunshine, with some of the best beaches in the Gulf.
  Aggressive tourism campaign by the tourism and culture ministries is attracting more visitors. This is reflected in the travel volumes that remained healthy as compared to previous years.
- Prominent annual events such as Formula 1 Grand Prix and Golf Championships.
- Absence of FDI & FII restrictions in hospitality, together with tax exemptions will continue to boost development of this industry.

Challenges ahead

- As the budget deficit is expected to widen, government could slash spending on non-oil sectors.
- Prolonged sluggish private sector activity and weak investor confidence levels could hinder further investments in the sector.
- Persistent political uncertainty and lack of policy continuity could deter new projects

KUWAIT

Macro-economic indicators

Indicators	Unit	2013	2014E	2018E
GDP(Nominal)	*US$ billion*	185.3	185.3	203.7
Population	*million*	3.9	4	4.5
Inflation	*%*	2.7	3.4	4
Share of T&T in GDP	*%*	3.5%	3.6%	3.8%
Int'l tourist arrivals	*million*	0.2	0.3	0.4*

Source: IMF, WTTC, World Data bank
**It is an estimate for 2024.*

Economic Overview

The Kuwait economy relies mainly on Oil & Gas and Finance sectors. According to the IMF, the country's economy remained weak in 2013 with real GDP growth of 0.8% due to cut in oil outputs. However, GDP growth is expected to rise to 2.6% in 2014. The country's GDP is expected to grow at a CAGR of 1.9% during 2014-2018 period.

High oil prices and large budget surpluses continue to ensure the short term stability of the Kuwaiti economy.

Industry snapshot

With the stable economy and continued budget surplus, Kuwait's efforts to boost visitor numbers are gathering pace. However, it still needs to have a variety of tourist attractions. Meanwhile, the outbound tourism engaged a significant percentage of the population due to gap in domestic opportunities.

Tourism and other such non-oil sectors are fast gaining importance to sustain the mammoth surplus in budget and the government is looking to capitalize on the untapped hospitality sector potential.

Room supply (including apartments)

Current	Pipeline (next three years)
9,111	982

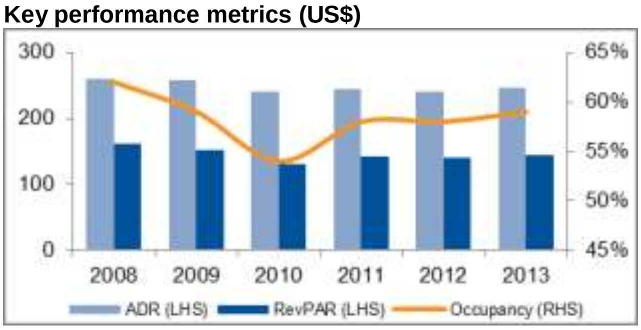
Key companies

Company	Number of hotels under management/affiliates
Kuwait Resorts Company	16
Aamal Holdings	11
IFA Hotels and Resorts	26

Key insights

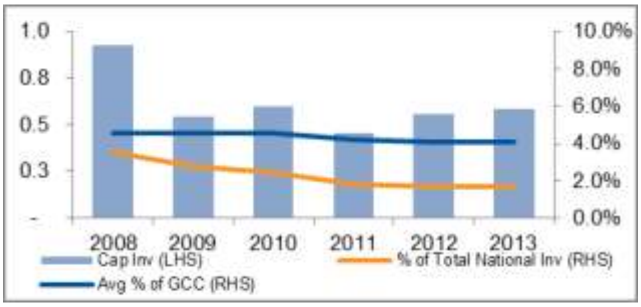
- According to WTTC, the total contribution of T& T to GDP was 3.5% in 2013, and is estimated to stay in line at 3.6 % in 2014.
- The sector contributed about 3.9% of total employment with 91,000 jobs in 2013 and is forecasted to be 3.8% with 90,500 jobs in 2014.
- In 2013, Kuwait had an estimated 0.3 million international tourists.
- Hotel demand in the country is driven more by leisure travel than business travel with leisure generating 77% of the T&T GDP.
- According to the T& T Competitiveness Indicator for 2013, Kuwait came last amongst GCC states and stood at 101 out of 140 countries worldwide.
- Several 4 and 5 star resorts are slated to open by 2015, including four projects falling under the InterContinental Hotel Group umbrella, together with the Jumeirah Messilah Beach Hotel and Spa.
- According to HVS report, Kuwait saw marginal rise in both occupancy and ADR to 59.0% and US$ 246.0, respectively in 2013.
- According to WTTC, capital investment in T&T increased by 0.9% from US$ 0.56 billion in 2012 to US$ 0.59 billion in 2013.

Key performance metrics (US$)



Source: HVS

Capital investment in T&T sector (US$ billion)



Source: WTTC

Growth drivers

- Kuwait, with its robust economy, is drawing the interest of various international brands like the Golden Tulip, the Hilton Olympia, the InterContinental, etc.
- The government's thrust for development and the diversification through investments in various sectors, including infrastructure is expected to augur well for T&T sector.
- The development plans of Failaka Island into a leisure destination and Boubyan Island to improve commercial and tourism interests in the region.
- As part of the infrastructure developments planned, a new airport terminal is set for completion in 2016, which is likely to almost triple the airport's capacity.

Challenges ahead

- Lack of infrastructure needed to attract tourists remains one of the key reasons of underdeveloped tourism sector in Kuwait.
- Political disruptions may cause delays in executing national plans leading to prolonged extension of infrastructure and other projects.
- Lack of private investments may result in a period of extended stagnation in the sector as investors look elsewhere for returns.

Company Profiles

AAMAL HOLDING — Kuwait

Company Description

Founded in 1994, Aamal Holding (AHC) commenced its hospitality business activities in Kuwait by establishing local restaurants and expanded its business into foreign investments, hotels, nutrition, restaurants, cleaning and support services. The company pioneered the concept of boutique accommodation through its chain of hotels. It has two main subsidiaries: Kayan Real Estate Co. which is involved in the hotels and maintenance & laundry businesses, and the Taghziya Group Co. which manages and operates the diet care and restaurant segment.

The companies' portfolio of hotels comprises of Le Royal Hotels (Le Royal Tower with 70 rooms and suites and Le Royal Palace), Ritz Salmiya Hotel (66 rooms and suites), Ritz Sharq Hotel (56 rooms and suites), and Corniche Hotel (45 rooms and suites). AHC also owns restaurants such as Al Marsa, Bonsai, Cafe 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.

Snapshot	
Year established	1994
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 Shalmiya Hotel
Cornice Hotel

Source: Company Website

Major Shareholders
Mr. Ahmad Alabdalli

Source: Zawya

ABDUL MOHSEN AL HOKAIR GROUP — Saudi Arabia

Company Description

Founded in 1965, Abdul Mohsen Al Hokair Group operates primarily in the leisure and tourism industry in Saudi Arabia and other Gulf states. Al Hokair Group has four main business segments: Industries, Hotels and Resorts, Restaurant & Food, and Entertainment. In 1978, the inauguration of a theme park in Riyadh's Al Malaz District marked the Group's first tourism investment in Saudi Arabia. Presently, the Group operates and manages hotels and furnished apartments, entertainment centers, recreation centers, and tourist resorts, commercial malls, and restaurants, parks, and related facilities.

The group's portfolio includes more than 48 entertainment centers and amusement parks and more than 33 hotels across Saudi Arabia and the Gulf States. Its Restaurant and Food portfolio includes Angus Wings (4 outlets), Perky's Pizza (8 outlets), Sand's (12 outlets), and Haagen Dazs Cafe (7 outlets), La Boucherie, Briochee Doré and the Coffee Shop Company. The Group's portfolio of 4-star and 5-star hotels includes Holiday Inn, Golden Tulip, Novotel, and Hilton Garden Inn. Apart from these, company operates its own brand - MENA Hotels and Resorts.

Recent Developments

- June 2014: The Company floated an IPO and got listed on the Tadawul Stock Exchange. It started being publicly traded on 25th June with a share price of SAR 50.
- May 2014: The Company got approval from Saudi Arabia's market regulators to launch an initial public offering to sell 30% of its shares.
- December 2013: The Company signed an agreement with Al Riyadh Etaam Association which aims to contribute in the "Save Neama" program (to provide packaged food to needy people).
- March 2012: The group invested US$ 40 million to renovate 14 hotels for rebranding into its own MENA Hotels and Resorts brand to be completed within two years.

Awards and Recognition

- May 2012: The Company won the MENA Travel award and the Saudi Excellence in Tourism.

Performance Analysis

- The Company reported a growth of 8.4% Y-o-Y to reach US$ 234.6 million in 2013.
- Net Income increased 5.3% to reach US$ 52.2 million while the net margin remained steady at 6% in 2013.
- Assets and Equity stood at US$ 323.8 million and US$ 202.2 million in 2013, displaying healthy growth of 31.2% Y-o-Y and 21.4% Y-o-Y respectively.
- The Hospitality division is the key revenue source for the Group and contributed approximately 61% of the Company's overall revenues in 2013. Occupancy rate increased by 2% to 61% during the year.
- The Entertainment division reported around 0.86 million visitors in 2013 compared to 0.92 million visitors in 2012 and each visitor spent around SAR 30 in 2013, an increase of SAR 1 compared to 2012.

Snapshot	
Year established	1965
Ownership	Public
No. of hotels	33
No. of rooms	3,473
Segment	4-,5-star

Current Price (SAR)	
Price as on 22nd Sep., 2014	87.6

Source: Bloomberg

Stock Details	
Bloomberg ticker	AATD AB
52-week high/ low (SAR)	102.8/50.0
Market cap (US$ mn)	1,284.0
Enterprise value (US$ mn)	1,340.0
Shares outstanding (mn)	55.0

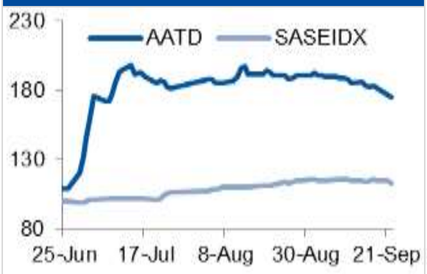
Source: Bloomberg

Average Daily Trading Turnover (000's)

	SAR	US$
2014 YTD	229,773.3	61,265.0
2013 CY	NA	NA

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2013	Current
P/E (x)	NA	NA
P/B (x)	NA	6.65
EV/EBITDA (x)	NA	NA
Dividend Yield (%)	NA	NA

Source: Bloomberg

Major Shareholders	
Abdulmohsen Al Hokair & Sons	31.5%
Tourism Oppn. Comm. Company	24.5%
Abdulmohsen Bin Abdulaziz Al-Hokair	12.5%
Others	31.5%
Total	**100.%**

Source: Company Prospectus

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	173.0	192.6	216.4	234.6	8.4%	NA	16.5	NA
Gross Profit	60.9	73.5	82.6	86.9	5.1%	NA	NA	NA
Gross Profit Margin (%)	9.4%	10.2%	10.2%	9.9%		NA	NA	
Operating Income	30.2	33.6	39.2	41.7	6.2%	NA	NA	NA
Operating Margin (%)	4.6%	4.6%	4.8%	4.7%		NA	NA	
Net Income	37.1	46.9	49.5	52.2	5.3%	NA	3.7	NA
Net Income Margin (%)	5.7%	6.5%	6.1%	5.9%		NA	1.6%	
Total Equity	173.5	220.4	154.2	202.2	31.2%	NA	52.7	NA
Total Assets	289.6	325.9	266.8	323.8	21.4%	NA	85.1	NA
Total Debt	NA	NA	53.9	67.0	24.4%	NA	NA	NA
ROE (%)	21.4%	21.3%	32.1%	25.8%		NA	7.0%	
ROA (%)	12.8%	14.4%	18.6%	16.1%		NA	4.3%	
Debt-to-Equity (%)	NA	NA	35.0%	33.2%		NA	NA	

Source: Company Data, Exchange rate used (04/08/2014) 1 SAR= 0.2666 US$

ABU DHABI NATIONAL HOTELS COMPANY — UAE

Company Description

Abu Dhabi National Hotels (ADNH) has business interests spanning over multiple sectors of the hospitality industry. The company has ownership and representation of 5-star hotels in Abu Dhabi, Al Ain and Dubai. It also has the Al Diar Hotels division, which has ten executive hotels located in Abu Dhabi, Dubai and the Northern Emirates. ADNH, in partnership with major Abu Dhabi institutions, has investment interests in hotels and resorts overseas. The Company also manages 4 other properties (Al Diar Capital Hotel, Al Diar Regency Hotel, Al Diar Mina Hotel, Al Diar Palm Suites Hotel) under lease agreements.

In January 2001, ADNH got into a joint venture with Compass International, the UK based catering group, for its catering and facility management interests in the MENA region. It also provides premium transportation services through its 100% owned subsidiary (Al Ghazal Transport) and manages tourist and leisure outlets. It provides taxi and chauffeur services as well as fleet leasing and car rentals services. In addition, Al Ghazal Transport also operates a large fleet of bus and coach vehicles providing services to a wide range of local institutions.

Recent Developments

- November 2013: Park Hyatt Abu Dhabi won the title of "Best Luxury Hideaway Resort" during the World Luxury Hotel Awards ceremony.
- March 2013: The Company opened the Ritz Carlton Abu Dhabi, Grand Canal. It also announced the plan to create a Venetian Village situated within the Ritz Carlton Grand Canal development and, spanning across 20,000 sq. meters and featuring 6 exclusive restaurants.

Performance Analysis

- Revenue increased by 14.2% Y-o-Y to reach US$ 336.7 million in 2013 from US$ 294.8 million in 2012. The growth was primarily driven by higher occupancy rate and higher prices.
- The Company's operating revenue from Hotels segment has increased from US$ 189.2 million in 2012 to US$ 230.4 million in 2013, a growth of 21.8%.
- Return on assets grew by 2.2% Y-o-Y while return on shareholder's equity grew by 2.7% in 2013.
- Net income increased by 8.0% primarily due to higher investment and other income. The company reported a growth of 138.8% Y-o-Y in net income in Q1 2014 owing to gain of AED 98.5 million (US$ 26.8 million) on sale of investments.

Snapshot	
Year established	1975
Ownership	Public
No. of hotels	16
No. of rooms	NA
Segment	3-,4-,5-Star

Current Price (AED)	
Price as on 22nd Sep., 2014	3.1

Source: Bloomberg

Stock Details	
Bloomberg ticker	ADNH UH
52-week high/ low (AED)	4.1/2.2
Market cap (US$ mn)	843.8
Enterprise value (US$ mn)	1,063.1
Shares outstanding (mn)	1,000.0

Source: Bloomberg

Average Daily Trading Turnover (000's)

	AED	US$
2014 YTD	946.1	257.6
2013 CY	868.0	236.3

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples

	2013	Current
P/E (x)	14.09	9.69
P/B (x)	0.39	0.39
EV/EBITDA (x)	13.23	NA
Dividend Yield (%)	1.61	NA

Source: Bloomberg

Major Shareholders	
Abu Dhabi Investment Council	17.5%
Eaton Vance Management	0.2%
Royce and Associates	0.2%
Others	82.1%
Total	**100.0%**

Source: Bloomberg

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	476.3	495.5	294.8	336.7	14.2%	86.6	95.4	10.3%
Gross Profit	86.0	83.4	55.5	46.7	-15.9%	22.4	18.5	-17.4%
Gross Profit Margin (%)	18.1%	16.8%	18.8%	13.9%		25.9	19.4	
Operating Income	56.2	76.5	43.2	33.4	-23.0%	13.5	14.9	10.0%
Operating Margin (%)	11.8%	15.4%	14.7%	9.9%		15.7%	15.6%	
Net Income	83.0	71.8	54.3	58.6	8.0%	17.4	41.7	138.8%
Net Income Margin (%)	17.4	14.5	18.4%	17.4%		20.1%	43.6%	
Total Equity	2,215.2	2,243.2	2,123.2	2,179.5	2.7%	2,132.7	2,167.8	1.6%
Total Assets	2,562.0	2,750.5	2,605.2	2,684.5	3.0%	2,598.3	2,643.6	1.7%
Total Debt	133.5	283.4	356.1	375.7	5.5%	333.3	341.6	2.5%
ROE (%)	3.7%	3.2%	2.5%	2.7%		2.5%	3.9%	
ROA (%)	3.3%	2.7%	2.0%	2.2%		2.0%	3.2%	
Debt-to-Equity (%)	6.0%	12.6%	16.8%	17.2%		15.6%	15.8%	

Source: Bloomberg

AL FAISAL HOLDINGS Qatar

Company Description

Incorporated in 1964, Al Faisal Holdings (AFH) is a privately held group of more than 25 corporations operating in a portfolio of businesses including real estate, construction, consumer goods, education, financial services, food & beverages, manufacturing, IT, retail and transport.

Al Rayyan Tourism Investment Company (ARTIC), established in 2003 and based in Qatar, is a wholly owned subsidiary of Al Faisal Holding. ARTIC is engaged in real estate development, acquisition and leasing with a primary focus on the hospitality sector and hospitality-related services both in Qatar and overseas.

ARTIC's current portfolio comprises over 20 hotels and projects in the Middle East and Africa, Europe and North America. In addition to its hotel portfolio in prime cities around the world, ARTIC owns hospitality-related services providing cost-effective support services in a shared service model, including laundry, and distribution and procurement services.

Recent Developments

- April 2014: AFH entered into a settlement agreement with Habtoor Leighton Group to complete the works on the Phase III City Center Expansion project (consisting three hotel towers) within six months.
- March 2013: AFH and Carnegie Mellon University signed an agreement that cemented the link between business and education in Qatar. Under the agreement, the two parties intend to create close cooperation and coordination involving each other in agreed projects and programs.
- February 2013: Al Rayyan Tourism and Investment, the international hospitality subsidiary of AFH, signed two purchase agreements on the Grand Hyatt Hotel and the Maritim Hotel, Germany with SEB Asset Management's open-ended real estate fund SEB ImmoInvest.
- January 2013: Educate Learning Center (ELC), a subsidiary of AFH, launched a new program that will give students in Qatar the opportunity to attend US universities without traditional testing requirements.
- May 2012: Hilton Worldwide and ARTIC, part of AFH, signed a management agreement for two new DoubleTree by Hilton hotels. Both developments, the 145 room DoubleTree by Hilton Doha - Al Sadd and the 240 room DoubleTree Suites by Hilton, are expected to open in 2015.

Snapshot	
Year established	1964
Ownership	Private
No. of hotels	24
Segment	3-,4-,5-star

Key Properties
Shangri-La Hotel
Four Seasons Hotel Cairo
Renaissance Doha City Center Hotel
W Hotel London
Hilton Plaza Hurghada Hotel
Maritim Jolie Ville Hotel Alexandria

Source: Company Website

Major Shareholders	
HE Sheikh Faisal Bin Qassim Al Thani	55.0%
HH Sheikh Hani Bin Faisal Bin Qassim Al Thani	5.0%
Others	40.0%
Total	**100.0%**

Source: Zawya

ALFARDAN GROUP Qatar

Company Description

Established in 1989 by Ibrahim Alfardan, the Alfardan Group operates automotive, jewellery, exchange, investments, properties development, marine services and hospitality businesses. The group has presence in Qatar, Oman and Saudi Arabia. The Alfardan Jewellery was established in Doha in 1954 and the group soon diversified into other sectors. In the early 70's the Alfardan family opened the first exchange house in Qatar.

Alfardan Properties, established in 1993, is a premier real estate developer in Qatar. Through its main subsidiaries and its sister company - Alfardan Hospitality, it provides real estate property management; ownership and operation of a hotel and spa. Alfardan Properties has developed large-scale mixed-use properties and iconic high-rise buildings. Some of the residential projects include One Porto Arabia at The Pearl-Qatar, Al Gassar Resort, Alfardan Residential Towers, Alfardan Gardens and Kempinski Residences & Suites. It has also developed buildings like Burj Al Gassar, Alfardan Towers, Alfardan Centre and Alfardan Plaza for commercial purposes. In 2011, Alfardan Properties expanded into Oman with the establishment of Alfardan Properties Management Company and its flagship development in Muscat – Meydan Alazaibah, one of the largest mixed-use developments in the country.

Recent Developments

- June 2014: Luxury automotive manufacturer Jaguar Land Rover recognized Alfardan Premier Motors Co., its exclusive importer in the State of Qatar, for record breaking sales and unparalleled customer service achievements over the course of the FY-13/14.
- April 2014: Alfardan Hospitality and Kempinski Hotels have partnered to develop Marsa Malaz Kempinski - The Pearl in Doha, an artistic masterpiece and architectural landmark overlooking The Pearl, Qatar and the pristine waters of the Arabian Gulf.
- March 2013: Al Khalij Commercial Bank inked a deal to finance the Alfardan Properties' upcoming Kempinski Marsa Malaz Hotel Resort, costing about QAR1 billion.

Snapshot	
Year established	1989
Ownership	Private
No. of hotels	2
No. of rooms	NA
Segment	4-5 star

Key Properties
Kempinski Residences & Suites
Alfardan Towers
One Porto Arabia at The Pearl - Qatar
Al Gassar Resort - The St. Regis Doha
Meydan Alazaibah

Source: Company Website

Major Shareholders
Mr Hussain Ibrahim Al-Fardan
Mr Omar Hussain Ibrahim Alfardan
Mr Ali Hussain Ibrahim Alfardan
Mr Fahad Hussain Ibrahim Al Fardan

Source: Zawya

ALMULLA GROUP UAE

Company Description

Founded in 1998, Almulla Group is a diversified business group with interest in hospitality, healthcare, travel and tourism, real estate, and jewellery and watches businesses. The healthcare division runs the American Hospital Dubai and has projects like United Medical Equipment and Supplies and a new joint venture called Monrol UAE. The group also owns premium jewellery retail chains, including Almulla Jewellery Co. LLC, Kunooz Jeweler and the Swiss-based Breitling franchise.

In the hospitality business, the group operates through its subsidiary Abjar Hotels International LLC having a balanced portfolio of franchise and managed properties covering limited service, 2-star, 4-star, 5-star and 5-star super premium deluxe property segments. This group owns some flagship properties in Dubai which include the Ritz Carlton Dubai, Sheraton Dubai Creek Hotel & Towers, Crowne Plaza Dubai (Deira), Ramada Dubai, Ramada Jumeirah and the Holiday Inn Express having 4 hotels in Dubai. Complementing the Hospitality division is the Travel and Tourism division, which is the youngest division, having airline partnerships and running the flagship travel shop. The Real Estate division has dealings in Project, Facilities and Property Management.

Recent Developments

- May 2014: Starwood Hotels & Resorts Worldwide announced the re-opening of the iconic Sheraton Dubai Creek Hotel & Towers owned by Almulla family following an extensive US$ 50 million renovation.

Awards and Recognitions

- May 2014: Ramada Jumeirah won the HolidayCheck.com Top Hotel Award.

Snapshot	
Year established	1998
Ownership	Private
No. of hotels	9
No. of rooms	NA
Segment	2, 4, 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

Major Shareholders	
Mr. Khalaf Mohammed Saeed AlMulla	50.0%
Mr. Khaled Mohammed Saeed Al Mulla	50.0%
Total	**100.0%**

Source: Zawya

ALPEN CAPITAL

ARENCO GROUP UAE

Company Description

Established in 1971, 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 presence in construction, engineering consultancy, real estate leasing, hotel apartments, furniture, car rental and manufacturing.

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

Established in 1999, Arenco Real estate 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. Its portfolio of managed hotels includes Hilton Jumeirah Beach, Hilton JBR, Hilton Creek, Ramada Plaza, Ramada and two Four Points by Sheraton in Dubai. It also owns Crowne Plaza, Muscat and Hilton Salalah. Thrifty Car Rental, the group's wholly owned subsidiary is the largest car rental company in the UAE. Arenco Group offers laundry services through its holding company Golden Sands Laundry.

Recent Developments

- July 2014: Arenco Real Estate announced that it will develop two more resorts on Palm Jumeirah in Dubai, with a combined total of 653 keys. The developments will house 592 standard rooms, 57 two-bay and three-bay suites as well as a presidential suite. The projects will take 940 days to complete, including all civil works, mechanical, electrical, and plumbing services, external works and finishes.
- April 2013: Golden Sands Hotel Apartments, part of A.A. Al Moosa Enterprises, planned to strengthen its brand and increase its share in the Saudi market, by participating in the 5th edition of Riyadh Travel Fair from 23rd to 26th April.

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

Major Shareholders	
Mr. Abdullah Ahmad Al Moosa	100.0%

Source: Zawya

ELITE GROUP INTERNATIONAL Bahrain

Company Description

Established in 1991, as the hospitality arm of Dadabhai Group, Elite Group International (Elite Group) is a leading player in Bahrain's lifestyle & hospitality sector. The Elite Group of Hotels and Serviced Apartments are spread across the most convenient locations in Bahrain, providing over 1200 rooms and apartments. It is the single largest hospitality service company in the Kingdom.

The Elite Groups' portfolio encompasses three well-known brands, namely the Elite Luxury Apartments, the Elite Luxury Hotels and Elite Luxury Hotels and Spa. The Elite Group owns 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	1991
Ownership	Private
No. of hotels	13
No. of rooms	NA
Segment	4-,5-star

Key Properties
Elite Crystal Hotel
Elite Resort & Spa
Hotel Elite Grande
Hotel Elite Seef Residence

Source: Company Website

Major Shareholders	
Dadabhai Group	100.0%

Source: Zawya

GAMA HOTELS — Bahrain

Company Description

Established in 2000, Gama Hotels is a privately held hospitality management company in Bahrain. Since its establishment, it has been involved in operating, managing and developing restaurants and hotel projects. It has emerged as a leading independent brand with full and limited service, all-suite and extended stay operations. Strategically, each of the company's hotels is unique and capitalizes on the local flavor and attractions of the area.

The firm's hotels 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 & Spa
Hotel Dive

Source: Company Website

Major Shareholders
Mr. Amitabh Mathur
Mr. Himanshu Gandhi

Source: Zawya

ALPEN CAPITAL

GULF HOTELS GROUP BSC — Bahrain

Company Description

Gulf Hotels Group BSC is a public limited liability company which was incorporated in 1967, under the name of Bahrain Hotels Company. The Company's shares are listed on Bahrain Stock Exchange. The Company owns and operates a number of domestic and international holiday resorts, namely Gulf Hotel Bahrain, Bahrain; Gulf Executive Residence, Bahrain, and Ocean Paradise Resort, Zanzibar in the Republic of Tanzania. It also owns the Gulf Convention Centre, a venue for conferences, exhibitions, gala dinners, banquets, and weddings.

In addition, the group serves the beverages industry through its subsidiary, Gulf Brands International, which imports, retails, and distributes alcoholic and non-alcoholic beverages throughout the Kingdom of Bahrain. The Company also offers other hospitality related services, such as pre-opening technical assistance, pre-opening management contract services, management services and group support services.

Recent Developments

- March 2014: Gulf Hotels Group launched its regional expansion plan with the acquisition of a plot of land in business bay on the Dubai Creek for the construction of a new five-star hotel which is expected to open in 2017. Gulf Hotels Group is currently developing a 108-seat new Indian restaurant concept in the Gulf Hotel.
- April 2012: The Gulf Hotels Group signed a strategic alliance with Lona Real Estate B.S.C, to operate two buildings comprised of four-star luxury hotel apartments in Amwaj Waves in Bahrain.

Performance Analysis

- Total revenue from operations declined in 2013 was US$ 84.7 million, marginally lower than US$ 86.2 million recorded in 2012. The decrease is mainly due to challenging operating conditions.
- The Company reported operating income of US$ 23.4 million in 2013 and the operating margin remained stable at 27.6%. Room revenues contributed 25.5% of the total revenues and 37% of gross operating profit. F&B Revenues were 74.3% of the total revenues and contributed 62.8% of gross operating profit.
- Net Income improved by 3.5% to US$ 27.7 million mainly due to non-operating income associated with the sale of property & investments.
- In Q1-14, GHC posted a 37.7% Y-o-Y increase in net profit reflecting a considerable growth in business and continued emphasis on cost management. Profit stood at US$ 10.4 million during the period.

Snapshot	
Year established	1967
Ownership	Public
No. of hotels	3
No. of rooms	694
Segment	4-5 star

Current Price (BHD)	
Price as on 28th Aug,2014	0.9

Source: Bloomberg

Stock Details	
Bloomberg ticker	BHOTEL BI
52-week high/ low (BHD)	0.9/0.6
Market cap (US$ mn)	383.5
Enterprise value (US$ mn)	326.9
Shares outstanding (mn)	165.3

Source: Bloomberg

Average Daily Trading Turnover (000's)

	BHD	US$
2014 YTD	8.0	21.3
2013 CY	6.6	17.6

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples

	2013	Current
P/E (x)	10.32	12.00
P/B (x)	1.67	2.22
EV/EBITDA (x)	7.10	9.53
Dividend Yield (%)	6.15	NA

Source: Bloomberg

Major Shareholders	
Gulf Air Company	30.1%
Family Investment Company	12.7%
YK Almoayyed & Sons	7.2%
Social Insurance Organization	5.4%
Others	44.6%
Total	**100.0%**

Source: Bloomberg

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	86.6	76.8	86.2	84.7	-1.8%	21.4	23.8	11.2%
Gross Profit	37.4	30.0	35.6	34.8	-2.2%	9.1	11.3	24.3%
Gross Profit Margin (%)	43.2%	39.0%	41.3%	41.1%		42.6%	47.6%	
Operating Income	24.9	18.7	23.7	23.4	-1.4%	6.3	8.7	37.7%
Operating Margin (%)	28.8%	24.3%	27.5%	27.6%		29.5%	36.5%	
Net Income	26.6	20.8	26.8	27.7	3.5%	7.6	10.4	37.7%
Net Income Margin (%)	30.7%	27.0%	31.1%	32.8%		35.3%	43.8%	
Total Equity	132.8	142.0	156.4	170.5	9.0%	170.5	163.7	-4.0%
Total Assets	154.5	160.2	176.4	193.2	9.5%	193.2	195.9	1.4%
Total Debt	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
ROE (%)	21.1%	15.1%	18.0%	17.0%		17.4%	18.3%	
ROA (%)	18.3%	13.2%	15.9%	15.0%		15.0%	15.7%	
Debt-to-Equity (%)	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	

Source: Bloomberg

GULF HOTELS (OMAN) COMPANY LIMITED — Oman

Company Description

Gulf Hotels (Oman) Company Limited SAOG was incorporated on February 6, 1977 and is based in Muscat, Oman. Gulf Hotels (Oman) Company Limited SAOG owns and operates the Crowne Plaza Hotel in Muscat. The company, through its subsidiary, also provides hotel management services. The company's hotels are licensed and marketed by Intercontinental Overseas Holding Corporation.

Recent Developments

- September 2013: Gulf Hotels decided to recommend an interim cash dividend of 40% on paid-up share capital of the company (amounting to 400 baisas per share) for the six months period ended June 30 2013.
- June 2013: Gulf Hotels (Oman) renewed the management agreement of Hotel Crowne Plaza, Muscat with Holiday Inn Middle East, and an associate company of Intercontinental Hotels Group (IHG). The hotel has been under the management of Intercontinental Hotels Group since 1997.

Performance Analysis

- Company witnessed an increase of 5.4% in total revenue to reach US$ 23.0 million in 2013. Revenue from food and beverage grew by 13.0% due to increase in demand for banqueting, meetings and other events.
- The operating profit and net profit remained stable between 2012and 2013.
- The company reported a strong Q1-14 performance with revenue increasing 8.1% Y-o-Y to US$ 7.5 million compared to US$ 7.0 million in Q1-13 mainly on account of better hotel & lodging revenues.
- Net profit also grew 9.2% Y-o-Y in Q1-14 in line with revenues to US$ 2.6 million while the net margin remained stable at 35% during the period.

Snapshot	
Year established	1977
Ownership	Public
No. of hotels	1
No. of rooms	200
Segment	4 star

Current Price (OMR)	
Price as on 22nd Sep., 2014	10.5

Source: Bloomberg

Stock Details	
Bloomberg ticker	GHOS OM
52-week high/ low (OMR)	12.7/10.5
Market cap (US$ mn)	93.2
Enterprise value (US$ mn)	89.7
Shares outstanding (mn)	3.4

Source: Bloomberg

Average Daily Trading Turnover (000's)

	OMR	US$
2014 YTD	57.5	149.3
2013 CY	267.5	694.7

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples

	2013	Current
P/E (x)	16.17	13.74
P/B (x)	1.37	1.23
EV/EBITDA (x)	11.26	9.66
Dividend Yield (%)	6.52	NA

Source: Bloomberg

Major Shareholders	
Golden Sands Hotel Company	61.9%
Salim and Partners LLC	22.2%
Others	15.9%
Total	**100.0%**

Source: Bloomberg

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	20.4	21.0	21.8	23.0	5.4%	7.0	7.5	8.1%
Gross Profit	9.2	8.6	8.1	8.1	-0.7%	3.9	4.2	7.0%
Gross Profit Margin (%)	45.0%	41.1%	37.4%	35.2%		56.4%	55.8%	
Operating Income	8.2	7.7	7.2	7.3	1.1%	2.7	3.0	9.6%
Operating Margin (%)	40.2%	36.5%	32.9%	31.6%		39.4%	40.0%	
Net Income	7.3	6.8	6.3	6.3	0.4%	2.4	2.6	9.2%
Net Income Margin (%)	36.0%	32.3%	29.0%	27.6%		34.7%	35.1%	
Total Equity	72.9	73.0	72.2	74.6	3.3%	71.9	74.1	3.0%
Total Assets	85.7	85.8	85.6	88.5	3.5%	84.8	87.4	3.1%
Total Debt	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
ROE (%)	10.1%	9.3%	8.7%	8.6%		8.9%	9.0%	
ROA (%)	8.5%	7.9%	7.4%	7.3%		7.6%	7.6%	
Debt-to-Equity (%)	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	

Source: Bloomberg

HABTOOR HOTELS UAE

Company Description

Incorporated in 1991, Habtoor Hotels is a hospitality subsidiary of the conglomerate Al Habtoor Group which is into hotels, construction, motors (automobile distribution), real estate, education, publishing and sports. 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's portfolio of eight hotels includes Habtoor Grand Resort & Spa, Jumeirah, The Metropolitan Palace, Dubai, The Metropolitan Hotel Deira, Waldorf Astoria Dubai Palm Jumeirah. Hilton Beirut Habtoor Grand (Convention Centre & Spa), Hilton Beirut Metropolitan Palace, Le Méridien Budapest and The InterContinental Budapest Hotel.

The Metropolitan Catering, a subsidiary of Habtoor Hotels offers a range of catering services. The three distinct facets to the company's catering business include, Met Club -which has a range of restaurants and conference rooms, Metropolitan Catering - a quality external catering service for companies and individuals who wish to have small to large events, Met Express – delivers quality lunches and snacks to the office door.

Snapshot	
Year established	1991
Ownership	Private
No. of hotels	11
No. of rooms	NA
Segment	4-5-star

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

Major Shareholders	
Al Habtoor Group	100.0%

Source: Zawya

Recent Developments

- December 2013: Al Habtoor Group opened the Waldorf Astoria Dubai on the Palm Jumeirah, the first luxury resort by the Waldorf Astoria Hotels & Resorts brand.
- December 2013: The Company reshuffled its board and new board is chaired by Mohammed Al Habtoor, Vice Chairman and CEO of the Group. The board includes Maan Halabi; Mohammed Mazrooei, Sanjeev Agarwala; Henning Fries and Omar Khalaf.
- October 2013: The group planned to open a multi-purpose development 'Al Habtoor City' which will include three luxury hotels namely Westin, W Hotel and St. Regis as well as three residential towers. It would also bring the first-ever permanent water-themed production by Franco Dragone Entertainment Group to Dubai.
- March 2013: Al Habtoor Group announced that it was developing Dubai's first-ever integrated resort comprising of three hotels on one complex as well as a Las Vegas style theatre. It is to be managed by Starwood Hotels & Resorts Worldwide. City is due to open in 2016.

Operational Performance

- The hotels division of Al Habtoor showed a 12% growth in overall revenue driven by increase in both price and occupancy rate. This momentum is expected to build up further in 2014.
- The Al Habtoor Group announced a major reshuffle across all units, includes hotels, motors, real estate, schools, car rental as well as the group's legal and audit boards effective from 1st January 2014.

HOTELS MANAGEMENT CO. INTERNATIONAL SAOG — Oman

Company Description

Hotels Management Company International SAOG is a joint stock company registered and incorporated in 2002 under the Commercial Company's Law of Oman. Headquartered in Al-Khuwair, Oman, the Company is primarily engaged in the establishment, ownership, leasing and management of hotels, motels, rest houses, health clubs and tourist attractions. The Company owns and operates the Chedi Muscat hotel in the Sultanate of Oman. The Company is active in two segments: Rooms segment including suites, superior room, deluxe rooms, deluxe club rooms, executive junior suite and Chedi club suites, and Food and Beverage (F&B) segment comprising of the main restaurant and bar, beach restaurant, Chedi Pool Bar, Serai Pool Bar, room services, banquettes, lobby lounge, Library Bar, Shisha Court-yard, Long Pool Bar and tobacco selling. The Chedi Muscat has firmly established itself as a unique style resort hotel in Muscat and the Gulf region.

Recent Developments

- Total Revenue increased 10.6% Y-o-Y in 2013 to reach US$ 30.7 million compared to US$ 27.8 million in 2012.
- The company recorded a gross operating profit of US$ 8.6 million with a margin of 28.0% and a net income of US$ 7.6 million at a margin of 24.8%.
- The company recorded an overall occupancy of 66.3% during the period with an average room rate of US$ 440.5.
- Room revenues were the major segment which contributed to55% of the total revenues while food & beverages contributed 36% while other departments contributed the rest.
- Majority of visitors are from GCC countries and Europe with a minority of Indian and Russian visitors.
- Healthy growth in operating income catapulted the net income growth in Q1-14 by 14.2% Y-o-Y even as revenues stayed flat for the period.

Snapshot	
Year established	2002
Ownership	Public
No. of hotels	1
No. of rooms	158
Segment	Luxury

Current Price (OMR)	
Price as on 22nd Sep., 2014	1.3

Source: Bloomberg

Stock Details	
Bloomberg ticker	HMCI OM
52-week high/ low (OMR)	1.3/1.3
Market cap (US$ mn)	9.7
Enterprise value (US$ mn)	3.8
Shares outstanding (mn)	3.0

Source: Bloomberg

Average Daily Trading Turnover (000's)

	OMR	US$
2014 YTD	NA	NA
2013 CY	NA	NA

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples

	2013	Current
P/E (x)	1.49	NA
P/B (x)	0.31	0.28
EV/EBITDA (x)	0.73	NA
Dividend Yield (%)	40.00	NA

Source: Bloomberg

Major Shareholders	
Al Shahba Investments Co. L.L.C	39.7%
Capital E Financial Group	10.0%
Prov. Inv. Holding Co. W.L.L.	10.0%
Others	40.3%
Total	**100.0%**

Source: Bloomberg

Financial Performance								
(US$ million)	2010	2011	2012	2013	% Y-o-Y Change	1Q 2013	1Q 2014	% Y-o-Y Change
Revenue	23.9	23.4	27.8	30.7	10.6%	10.4	10.4	0.0%
Gross Profit	10.2	7.9	9.9	10.5	6.9%	4.7	5.3	13.3%
Gross Profit Margin (%)	42.6%	33.7%	35.5%	34.3%		45.0%	51.0%	
Operating Income	8.6	6.4	8.1	8.6	6.2%	4.0	4.6	15.1%
Operating Margin (%)	36.0%	27.5%	29.2%	28.0%		38.3%	44.2%	
Net Income	7.2	5.4	6.5	7.6	17.2%	3.5	4.0	14.2%
Net Income Margin (%)	30.2%	22.9%	23.4%	24.8%		34.0%	38.8%	
Total Equity	22.8	25.8	31.1	34.9	12.0%	33.4	31.3	-6.2%
Total Assets	39.5	40.1	43.7	43.2	-1.0%	46.2	42.3	-8.3%
Total Debt	-0.6	2.5	-2.3	-5.8	148.7%	12.8	11.0	-14.0%
ROE (%)	31.8%	20.8%	20.9%	21.9%		10.6%	12.9%	
ROA (%)	18.3%	13.4%	14.9%	17.6%		7.7%	9.6%	
Debt-to-Equity (%)	-2.6%	9.6%	-7.5%	-16.6%		38.4%	35.3%	

Source: Bloomberg

IFA HOTELS AND RESORTS — Kuwait

Company Description

Founded in 1995, IFA Hotels and Resorts (IFA HR) is one of the world's largest managers and developers of luxury integrated and mixed-use hotel projects with interests across Europe, the Middle East, the Indian Ocean and Africa. Listed on Kuwait and Johannesburg Stock Exchanges, IFA HR has over 43 projects across 12 countries spread over four continents.

The company's segments are classified as: Property Development, Hoteliering, Investments and Others. IFA operates hotels, resorts and lifestyle experiences in Kuwait, UAE, Lebanon, the United Kingdom, the Netherlands, Portugal, France, South Africa, Tanzania, Namibia, the Seychelles, Thailand, and the United States. It is poised to enter emerging markets for luxury leisure offerings in Eastern Europe.

Recent Developments

- May 2014: IFA HR formed a joint venture with Kuwait-based Tijaria to launch their first vacation club business for US$ 50 million.
- April 2014: IFA HR was awarded the first Middle East master franchise agreement from Keller Williams.
- November 2013: Mövenpick Hotel became the first international hotel company to open for business in Jumeirah Lakes Towers in Dubai, UAE.
- January 2013: IFA HR opened US$ 330 million Fairmont Heritage Place, a collection of luxury private residence clubs. The residential enclave within the hotel is designed to offer frequent visitors to the region a place to call home without the constraints of full-time home ownership.
- June 2012: YOTEL, IFA HR, Kuwait Real Estate Fund (KREC) and John Buck Company partnered to raise a US$ 250 million discretionary private equity fund with the goal of acquiring and developing more than US$ 650 million worth of YOTEL hotels in North America over the next three to five years.

Performance Analysis

- Revenue during 2013 increased by 145.9% Y-o-Y, primarily due to revenue from sale of property, which increased by 115.0% Y-o-Y and revenue from hotel operation, which increased by 188.0% in the same period.
- Despite the robust growth in revenue, the company reported operating loss of US$ 44.2 million in 2013, driven by higher cost of goods sold and higher staff and marketing expenses.
- The Company reported a growth of 2.8% Y-o-Y in net income from US$ 10.6 million in 2012 to US$ 10.9 million in 2013. The growth can be attributed to higher non-core business income including gain on disposal of asset held for sale during the period.
- Revenues decreased by 55.0% to US$ 32.7 million in Q1-14 mainly due to lower revenues from disposal of properties while quarterly gross margin improved to 54.0% during same period.
- On a consolidated basis, the Company reported a net loss of US$ 10.5 million in Q1-14.

Snapshot	
Year established	1995
Ownership	Public
No. of hotels	21
No. of rooms	NA
Segment	4-,5- star

Current Price (KWd)	
Price as on 22nd Sep., 2014	226.0

Source: Bloomberg

Stock Details	
Bloomberg ticker	IFAHR KK
52-week high/ low (KWd)	500.4/178.0
Market cap (US$ mn)	498.6
Enterprise value (US$ mn)	806.8
Shares outstanding (mn)	635.4

Source: Bloomberg

Average Daily Trading Turnover (000's)	KWD	US$
2014 YTD	78.7	277.2
2013 CY	67.5	238.7

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples	2013	Current
P/E (x)	50.26	39.86
P/B (x)	2.12	1.68
EV/EBITDA (x)	NA	NA
Dividend Yield (%)	NA	NA

Source: Bloomberg

Major Shareholders	
Global Financial Advisors	53.3%
Arzan Financial Group	15.9%
Kuwait Real Estate Bank.	8.3%
Others.	22.5%
Total	**100.0%**

Source: Bloomberg

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	69.8	124.2	61.8	152.0	145.9%	72.7	32.7	-55.0%
Gross Profit	18.1	46.1	21.5	35.9	67.0%	0.6	17.6	2670.3%
Gross Profit Margin (%)	25.9%	37.1%	34.8%	23.6%		0.9%	54.0%	
Operating Income	-43.7	35.2	-32.4	-44.2	NA	-13.2	-1.6	NA
Operating Margin (%)	-62.7%	28.3%	-52.5%	-29.1%		-18.1%	-4.8%	
Net Income	-67.9	18.4	10.6	10.9	2.8%	21.5	-10.5	-148.9%
Net Income Margin (%)	-97.3%	14.8%	17.2%	7.2%		29.6%	-32.2%	
Total Equity	174.4	202.0	182.6	291.0	59.4%	196.6	279.0	42.0%
Total Assets	1,376.3	1,407.0	1,429.4	1,431.2	0.1%	1,406.2	1,384.3	-1.6%
Total Debt	235.8	291.6	359.1	319.9	-10.9%	365.5	3,30.5	-9.6%
ROE (%)	-32.0%	9.7%	5.6%	4.6%		19.0%	-8.8%	
ROA (%)	-5.1%	1.3%	0.8%	0.8%		2.5%	-1.5%	
Debt-to-Equity (%)	135.2%	144.3%	196.6%	109.9%		186.0%	118.5%	

Source: Bloomberg

JUMEIRAH GROUP UAE

Company Description

Incorporated in 1997, the Jumeirah Group is the symbol of luxury hotels and resorts in GCC hospitality industry. Apart from the group's main activity of operating luxury hotels and resorts, it also has a portfolio of businesses which include 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 Holdings, a global investment holding company majorly owned by the ruling family of Dubai. Jumeirah Group has a portfolio of more than 25 luxurious hotels spread all over the world including countries such as UAE, Kuwait, Azerbaijan, Germany, Turkey, UK, Maldives, Spain, Italy & China. Jumeirah's expansion plans include projects currently under development in India, UAE, Kuwait, China, Jordan, Qatar, Thailand, Egypt, Morocco, Indonesia, Azerbaijan and the Caribbean. 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.

Recent Developments

- June 2014: Jumeirah Group announced sponsorship of the luxury sports car manufacturer Aston Martin for the "ADAC Zurich Nürburgring 24 Hours" for the second year in the running.
- May 2014: Jumeirah Group announced the promotion of Alain Kallas to Vice President Development – Design and the appointment of Maha Ali Maisari as Vice President, Corporate Strategy.
- May 2014: Jumeirah Group signed a management agreement with IFG Basis Project LLC to manage a luxury hotel on Nevsky Prospect in St. Petersburg, Russia. The hotel is currently under development and is expected to open within the next three years.
- May 2014: Jumeirah Group signed a management agreement to operate a luxury resort in Mauritius. The hotel is currently under development and expected to open in 2018.
- May 2014: Jumeirah Living World Trade Centre Residence, part of Jumeirah Group became the first mixed-use property in Dubai to be accredited with the internationally renowned Green Globe Certification (GGC).
- February 2014: Jumeirah Group appointed Alison Broadhead as Chief Commercial Officer.

Operational Performance

- Consolidated Group revenues rose by 8% in 2013. EBITDA also increased by 8% during the year. UK continues to be the biggest source market, representing 16.4% of total room nights sold in 2013.
- Revenue from UK travellers increased by 26% in 2013. Meanwhile Russia continues to be the largest source of revenue, rising by 11.7% in 2013 compared to 2012 and accounting for 16% of the company's revenues.
- In 2013 Jumeirah Group successfully raised a US$ 1.4 billion unsecured syndicated loan priced at 2.8% above LIBOR due 2019.

Snapshot	
Year established	1997
Ownership	Private
No. of hotels	24
No. of rooms	NA
Segment	2,4,5-star

Key Properties
Burj Al Arab
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

Source: Company Website

Major Shareholders	
Dubai Holding Commercial Operations Group (DHCOG)	100.0%

Source: Zawya

KATARA HOSPITALITY — Qatar

Company Description

Katara Hospitality develops, owns, and manages luxury hotels and resorts in Qatar, Europe, Africa, and the Far East. It was previously known as Qatar National Hotels Company and has established itself as one of the leading player in the Qatari hospitality industry. The group managed Qatar's first five-star hotel in Doha, introduced the country to its first internationally branded hotel (The Sheraton Doha) and its first leisure and luxury resorts. The group has a significant presence in the luxury market segment with more than 25 hotels and 6,000 rooms across the regions.

Katara Hospitality has a rich portfolio of properties, partnering with some of biggest players in the hotel industry such as Raffles, Ritz-Carlton, Sheraton, Marriott, InterContinental, Schweizerhof and Mövenpick. The group aims to own 30 hotels and resort complexes locally and internationally by 2016 and a further 30 over the following decade.

Recent Developments

- May 2014: Katara hospitality and Starwood Hotels & Resorts signed an agreement to debut Excelsior Hotel Gallia in Milan. It will be the seventh luxurious hotel in Italy.
- May 2014: The Qatari sovereign wealth fund's Katara Hospitality unit took joint control of InterContinental hotels in Cannes, Amsterdam, Frankfurt, Madrid and Rome.
- December 2013: Katara Hospitality planned to open new hotel under the management of Merweb brand.
- December 2013: The Company signed a Memorandum of Understanding (MoU) for managing a new hotel in Doha under the umbrella of Merweb brand.
- December 2013: Katara hospitality planned to develop a new architectural icon for the capital Doha, the Lusail Marina Iconic Development.

Awards and Recognitions

- May 2014: Katara Hospitality awarded as the Middle East's Leading Hospitality Development Company by the World Travel Awards.
- December 2013: Katara Hospitality was named the world's leading hospitality company at the Grand Final Gala Ceremony of the prestigious 2013 World Travel Awards, beating off stiff competition from global hotel companies.
- July 2013: Katara Hospitality announced that its Le Royal Monceau – Raffles Paris property has been granted the highest hotel ranking in France.

Snapshot	
Year established	1970
Ownership	Government
No. of hotels	26
No. of rooms	6000
Segment	4-,5-star

Key Properties
Hotel Schweizerhof-Bern
Le Royal Monceau – Raffles Paris
Raffles Hotel Singapore
Sheraton Doha Resort & Convention Hotel
Sharq Village & Spa

Source: Company Website

Major Shareholders	
Qatar Holding LLC	100.0%

Source: Zawya

KINGDOM HOLDING COMPANY — Saudi Arabia

Company Description

Kingdom Holding Company is an investment holding company based in Riyadh, Saudi Arabia and is listed on Tadawul (Saudi Stock Exchange). KHC consists of a select team of experienced investment specialists directed by HRH Prince Alwaleed Bin Talal.

Kingdom Holding Company has been investing in hotel real estate and management firms serving the uppermost market tiers, particularly with the establishment of Kingdom Hotel Investments (KHI). KHC has allied with premium hospitality brands such as The Four Seasons, Fairmont, Raffles, Swissotel and Movenpick. KHC holds a controlling interest in The Plaza, New York; Savoy Hotel, London and George V Hotel, Paris.

Recent Developments

- June 2014: KHC and Caisse des Depots International Capital (CDCIC) signed a MOU to establish an investment vehicle jointly managed by CDCIC and KHC seeking to develop Saudi projects and ventures that shall benefit from the involvement of French companies.
- June 2014: Kingdom Hospitals received accreditation from the world Joint Commission International (JCI) for its health care quality and safety standards in the hospital.
- April 2014: Kingdom Holding's George V, Paris awarded "Best City Hotel Worldwide". It has won this award for 11 consecutive years.

Performance Analysis

- In 2013, KHC witnessed a drop of 25.2% Y-o-Y in revenue and 55.9% Y-o-Y drop in operating income. This can be attributed to losses on joint venture associations and sale of land.
- Q1-14 looked promising for the Company as revenue grew by 3.4% Y-o-Y and stood at US$ 136.8 million. The company reported an operating income of US$ 6.0 million in Q1-14 compared to a loss of US$ 0.2 million in Q1-13.
- Key margins including return on equity and return on assets stayed stable in 2013 compared to 2012.

Snapshot	
Year established	1980
Ownership	Public
No. of hotels	20
No. of rooms	NA
Segment	4-,5-star

Current Price (SAR)	
Price as on 22nd Sep., 2014	23.2

Source: Bloomberg

Stock Details	
Bloomberg ticker	KINGDOM AB
52-week high/ low (SAR)	28.5/18.4
Market cap (US$ mn)	22,901.6
Enterprise value (US$ mn)	25,668.8
Shares outstanding (mn)	3705.9

Source: Bloomberg

Average Daily Trading Turnover (000's)

	SAR	US$
2014 YTD	17,904.8	4774.0
2013 CY	20,692.0	5,517.3

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples

	2013	Current
P/E (x)	122.50	110.72
P/B (x)	2.87	2.71
EV/EBITDA (x)	241.44	201.63
Dividend Yield (%)	2.04	NA

Source: Bloomberg

Major Shareholders	
HH Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud	95.0%
Al Sakri Saleh Ali Saud	0.7%
Others	4.3%
Total	**100.0%**

Source: Bloomberg

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	727.0	634.5	786.4	588.5	-25.2%	132.3	136.8	3.4%
Gross Profit	216.8	196.9	270.5	233.5	-13.7%	44.1	48.1	9.1%
Gross Profit Margin (%)	29.8%	31.0%	34.4%	39.7%		33.3%	35.2%	
Operating Income	22.6	23.6	111.8	49.3	-55.9%	-0.2	6.0	NA
Operating Margin (%)	3.1%	3.7%	14.2%	8.4%		-0.2%	4.4%	
Net Income	161.4	170.6	188.5	198.0	5.0%	29.4	33.7	14.8%
Net Income Margin (%)	22.2%	26.9%	24.0%	33.6%		22.2%	24.6%	
Total Equity	7,220.9	6,785.3	7,515.8	8,427.4	12.1%	7,785.8	7,988.9	2.6%
Total Assets	11,249.0	10,583.4	11,155.7	12,347.8	10.7%	11,702.3	12,163.4	3.9%
Total Debt	3,215.7	3,286.0	3,231.5	3,458.0	7.0%	3,376.2	3,528.0	4.5%
ROE (%)	2.3%	2.4%	2.6%	2.5%		2.6%	2.6%	
ROA (%)	1.3%	1.6%	1.7%	1.7%		1.7%	1.7%	
Debt-to-Equity (%)	44.5%	48.4%	43.0%	41.0%		43.4%	44.2%	

Source: Bloomberg

MEYDAN GROUP UAE

Company Description

The Meydan Group, founded in 2007, is recognized by its iconic development- the Meydan City, which is being credited as the world's most luxurious integrated racing, business and lifestyle hub in UAE. The city comprise of four distinct sub-districts – Meydan Racecourse, Meydan Metropolis, Meydan Horizons and Meydan Godolphin Parks.

Meydan Racecourse contains the Meydan Grandstand and Racecourse, which is an architectural masterpiece with a capacity of 60,000 spectators. The Meydan Metropolis consists of expansive commercial, retail and residential mix along with its very own town club and hotel. The Meydan Hotel, a five-star destination for leisure and business travellers, is complemented by leisure and sporting attractions including the racecourse, Meydan Golf, Meydan Tennis academy and Meydan IMAX theatre. Meydan Horizons offers a mix of commercial offices, stylish residential complexes, shops and arcades and also the Meydan Marina which is located at the center of the city and home to around 80 yachts.

Recent Developments

- June 2014: The Meydan Group signed a deal with Commercial Bank International (CBI) for AED 700 million revolving project financing facility that will go towards building more than 1,500 villas for Emirates Group in Meydan City.
- April 2014: Meydan Racecourse in Dubai is being transformed in to a mini-city. The development aims to take the thoroughbred lifestyle Meydan seeks to embody and recreate it on a massive scale.
- October 2013: The Meydan Group released 444 serviced apartments for sale in the Entisar Tower in Dubai.
- October 2013: Meydan Group and Meraas Holding signed an agreement with Roads and Transport Authority (RTA), whereby the two companies were to undertake the construction of the real estate developments around the two banks of the Dubai Water Canal.
- May 2013: Meydan Group formed a joint venture with Sobha Group to develop 4 million square meters of land into an exclusive destination of key leisure and retail attraction points surrounded by spacious residential communities, within Mohammed Bin Rashid City. This is to be a 1,500-home project and the market value upon completion will be approximately US$ 5.7 billion.
- March 2013: Meydan and Mir Hashem Khoory (MHK) signed an agreement to boost Meydan's facilities by introducing strategic education projects, including a new Kent College Canterbury.

Awards and Recognitions

- December 2013: Meydan Hotel won World's Leading Sports Resort Award at the 20th annual World Travel Awards Gala Ceremony held in Doha, Qatar.
- October 2012: One of the Meydan Group's hotels was named as 'New Luxury Hotel - 2012' at the annual World Luxury Hotel Awards held in Kuala Lumpur.

Snapshot	
Year established	2007
Ownership	Private
No. of hotels	3
No. of rooms	NA
Segment	4-,5-star

Key Properties
Bab Al Shams Desert Resort and Spa
Meydan Hotel
Meydan Tennis Academy

Source: Company Website

Major Shareholders
Saeed Humaid Al-Tayer
Ahmad Al Shaikh
Malih Lahej Al Basti

Source: Zawya

NATIONAL CORPORATION FOR TOURISM AND HOTELS — UAE

Company Description

National Corporation for Tourism and Hotels (NCTH), incorporated in 1996, owns and manages hotels and leisure complexes in the UAE. The company mainly deals in four main verticals - hotels acquisition and management, hospitality service, transportation and catering. It owns and manages a portfolio of hotels and resorts, including the InterContinental Hotel Abu Dhabi, Danat Jebel Dhanna Resort, Danat Al Ain Resort, Al Raha Beach Hotel, Tilal Liwa Hotel, Dhafra Beach Hotel, and Sands Hotel. In addition, the company, through its partnership with National Transport Company L.L.C., owns and operates a fleet of deluxe taxis and buses and provides car rental, public transportation, airport transportation, and corporate commuting services.

Recent Developments

- July 2013: NCTH is planning to be the Asset Manager of 20 hotels by 2015.
- July 2013: NCTH is planning to add 8 hotels to its portfolio in the next two years.
- June 2013: NCTH invested AED 35 million to develop the InterContinental Hotel in Abu Dhabi.

Performance Analysis

- Revenue for the year 2013 increased by 28.7% Y-o-Y to reach US$ 195.1 million from US$ 151.6 million in 2012. The growth in revenue can be attributed to higher rental income and higher catering income.
- Operating income increased by 22.5% Y-o-Y from US$ 24.3 million in 2012 to US$ 29.7 million in 2013. Operating income in Q1-14 increased by 4.0% compared to same period last year.
- In line with operating income, the net income grew by 23.9% Y-o-Y to US$ 33.6 million in 2013 from US$ 27.1 million in 2012.The return on equity and asset grew to 18.5% and 10.1% respectively from 16.2% and 8.4% in 2012.
- Revenue for Q1-14 improved 6% Y-o-Y to US$ 50.4 million with gross profit increasing at 2.2% Y-o-Y to US$ 13.0 million.
- Net profit for Q1-14 improved 15.3% Y-o-Y to US$ 10.9 million mainly on account of lower finance charges and net margin stood at 21.6%.

Snapshot	
Year established	1996
Ownership	Public
No. of hotels	8
No. of rooms	3,000
Segment	4-5 star

Current Price (AED)	
Price as on 22nd Sep., 2014	6.1

Source: Bloomberg

Stock Details	
Bloomberg ticker	NCTH UH
52-week high/ low (AED)	7.3/2.9
Market cap (US$ mn)	797.0
Enterprise value (US$ mn)	868.4
Shares outstanding (mn)	480.0

Source: Bloomberg

Average Daily Trading Turnover (000's)

	AED	US$
2014 YTD	4,067.0	1,107.3
2013 CY	93.3	25.4

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples

	2013	Current
P/E (x)	11.47	19.51
P/B (x)	2.03	4.46
EV/EBITDA (x)	9.98	18.82
Dividend Yield (%)	NA	NA

Source: Bloomberg

Major Shareholders	
HH Sheikh Hamdan Bin Mubarak Al Nahyan	34.3%
Emirates Hotels Co.	8.4%
HH Sheikh Mohammed Bin Sultan Suroor Al Dhaheri	7.5%
Others	49.8%
Total	**100.0%**

Source: Bloomberg

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	145.5	147.0	151.6	195.1	28.7%	47.5	50.4	6.0%
Gross Profit	48.6	49.9	43.5	49.3	13.2%	12.7	13.0	2.2%
Gross Profit Margin (%)	33.4%	34.0%	28.7%	25.2%		26.8%	25.9%	
Operating Income	35.0	31.0	24.3	29.7	22.5%	7.9	8.3	4.0%
Operating Margin (%)	24.1%	21.1%	16.0%	15.2%		16.7%	16.4%	
Net Income	35.5	29.5	27.1	33.6	23.9%	9.4	10.9	15.3%
Net Income Margin (%)	24.4%	20.1%	17.9%	17.2%		19.9%	21.6%	
Total Equity	168.3	160.2	174.0	188.5	8.3%	154.3	203.0	31.5%
Total Assets	340.3	320.1	325.5	338.2	3.9%	325.3	343.5	5.6%
Total Debt	136.9	121.1	106.1	100.3	-5.5%	100.9	91.5	-9.3%
ROE (%)	20.0%	18.0%	16.2%	18.5%		17.4%	19.6%	
ROA (%)	9.8%	8.9%	8.4%	10.1%		8.7%	10.5%	
Debt-to-Equity (%)	81.4%	75.6%	61.0%	53.2%		65.4%	45.1%	

Source: Bloomberg

OMAN HOTELS AND TOURISM COMPANY — Oman

Company Description

Oman Hotels and Tourism Co SAOG is an Oman-based joint stock company engaged in the hospitality and tourism business within the Sultanate of Oman. The Company is active in two business segments: Hospitality and Investment.

The principal activity of the company is the ownership and operation of 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 Atiken Spence Hotel Group (Sri Lanka). Also, it owns 20.4% in United Finance Company SAOG engaged in financing activities.

Recent Developments

- May 2014: The Company got approval from Central Bank of Oman (CBO) to raise its stake in United Finance Company from 20.4% to 35%. Further, the CBO board also allowed finance companies to extend finance for building warehouses.
- March 2014: The Company elected Mr. Mohamed Abdulla Mohamed Al Khonji as Chairman of the Board, Mr. Awad Mohamed Faraj Bamkhalif as Deputy Chairman and Mr. Mohamed Abdulla Mohamed Al Khonji as the Chairman of the Executive Committee.
- December 2013: The Company decreased its shares par value to 100 baisas from OMR 1 per share which will be reflected on splitting company's stock to ten stocks.

Performance Analysis

- Revenues increased by 5.4% Y-o-Y to reach US$ 19.0 million in 2013 from US$ 18.0 million in 2012.
- Operating income increased by 2.8% Y-o-Y from US$ 4.3 million in 2012 to US$ 4.4 million in 2013.
- Net Income witnessed a robust growth of 11.2% Y-o-Y, primarily due to higher income from associates and lower finance cost.
- The Company showed robust performance in Q1-14 with revenues increasing at 15.0% Y-o-Y to US$ 5.7 million mainly on account of better hotel & lodging revenues.
- Gross Profit for Q1-14 improved 20.7% Y-o-Y to US$ 3.8 million on account of reduced COGS while net margin improved 29% to US$ 2.2 million due to lower finance costs.

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

Current Price (OMR)	
Price as on 23rd Sep.,2014	0.23

Source: Bloomberg

Stock Details	
Bloomberg ticker	OHTS OM
52-week high/ low (OMR)	0.24/0.22
Market cap (US$ mn)	32.5
Enterprise value (US$ mn)	33.0
Shares outstanding (mn)	55.0

Source: Bloomberg

Average Daily Trading Turnover (000's)

	OMR	US$
2014 YTD	1,151.5	2,991.3
2013 CY	3.3	8.7

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples

	2013	Current
P/E (x)	5.23	5.83
P/B (x)	0.41	0.42
EV/EBITDA (x)	5.24	5.74
Dividend Yield (%)	6.82	NA

Source: Bloomberg

Major Shareholders	
Oman Holding International	45.8%
Oman & Emirates Investment	31.2%
Mohammed Abdulrahman Al Bahhar	10.6%
Others	12.4%
Total	**100%**

Source: Bloomberg

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	15.0	15.6	18.0	19.0	5.4%	5.0	5.7	15.0%
Gross Profit	8.9	9.2	10.9	12.0	10.4%	3.2	3.8	20.7%
Gross Profit Margin (%)	59.4%	59.1%	60.3%	63.2%		64.1%	67.2%	
Operating Income	3.5	3.1	4.3	4.4	2.8%	1.5	1.9	25.2%
Operating Margin (%)	23.3%	20.0%	23.9%	23.3%		29.9%	32.6%	
Net Income	2.3	3.1	5.4	6.0	11.2%	1.7	2.2	29.3%
Net Income Margin (%)	15.4%	19.9%	30.0%	31.7%		33.6%	37.8%	
Total Equity	64.9	68.0	72.0	75.9	5.4%	68.3	72.0	5.5%
Total Assets	84.9	87.6	87.5	89.4	2.1%	87.4	89.4	2.3%
Total Debt	11.8	10.1	6.6	4.2	-35.7%	9.2	6.5	-30.1%
ROE (%)	3.6%	4.7%	7.7%	8.1%		5.9%	8.4%	
ROA (%)	2.7%	3.6%	6.2%	6.8%		4.6%	6.7%	
Debt-to-Equity (%)	18.1%	14.9%	9.1%	5.6%		13.5%	9.0%	

Source: Bloomberg

RAMEE GROUP OF HOTELS, RESORTS AND APARTMENTS UAE

Company Description

Incorporated in 1994, Dubai-based Ramee Group of Hotels, Resorts and Apartments consists of 35 leading business and leisure hotels mainly in the 3-star & 4-star segments spread across UAE, Bahrain, Oman & India. Ramee Group is mainly into the budget category of hotels in the GCC and has about 7 more projects under construction in Mumbai, Seeb, Juffair, Abu Dhabi & Dubai. Ramee Group is also involved in fine dining services through its RoRo Grill brand of restaurants.

Ramee group is a conglomerate engaged in real estate, investments, credit and leasing, recruitment and training through its wholly owned subsidiaries. Ramee Constructions is a subsidiary which executes & develops offices, malls and hospitality projects. Ramee is also engaged in human capital services through Ramee Recruitment Pvt. Ltd and offers investment services through its subsidiary Ramee Investments Ltd in Mauritius. Ramee Group runs educational and charitable institutions such as Ramee Academy of Catering, Tourism & Hotel Management at Tirupati, India and Ramee Charitable Trust in Mumbai, India.

Snapshot	
Year established	1994
Ownership	private
No. of hotels	40
No. of rooms	3080
Segment	3-,4-,5-Star

Key Properties
Regent Palace Hotel – Dubai
Ramee California Hotel
Ramee Garden Hotel
Ramee Royal Hotel
Regal Plaza
Ramee Rose Hotel

Source: Company Website

Major Shareholders	
V.M. (Raj) Shetty	100.0%

Source: Company Website

Recent Developments

- May 2014: The Company plans to develop another five star hotel on Reem Island, Abu Dhabi with a total investment of AED 10 million which is expected to open in 2017.
- May 2014: The company announced plan of opening two five star hotels in the UAE in the next three years with a total investment of more than AED 700 million.
- August 2013: The Company inaugurated Ramee Grand Hotel which is its first five-star hotel in Bahrain and tallest hotel in the country.

Awards and Recognitions

- July 2013: Mr. V. M. (Raj) Shetty, Chairman & Managing Worker Ramee Group of Hotels, Resorts & Apartments, was recognized as one of Top 100 Indian Leaders in UAE by Forbes Middle East.

ROTANA HOTEL MANAGEMENT CORPORATION — UAE

Company Description

Rotana Hotel Management Corporation PJSC is a hotel management company in the Middle East and Africa region. Established in 1992, Rotana Hotel Management Corporation is headquartered in Abu Dhabi, United Arab Emirates. It has a portfolio of 85 properties in 26 cities and operates four sub brands which include Rotana Hotels & Resorts, Centro Hotels, Rayhaan Hotels & Resorts and Arjaan Hotel apartments. Its amenities include rooms and suites, lobbies, lounge cafés, business centers, meeting and conference rooms, pool bars, health and fitness clubs, spas, swimming pools, dining outlets, and restaurants. The Rotana hotel Group has presence in Bahrain, Egypt, Iraq, Jordan, Saudi Arabia, Kuwait, Lebanon, Libya, Oman, Qatar, Sudan, Syria, and the United Arab Emirates.

The Company has several properties in pipeline that will be opening in the next few years. The firm intends to have a Rotana managed property in all the major cities throughout the Middle East and Africa within the next five years.

Recent Developments

- May 2014: Rotana announced the signing of 10 new hotels in the UAE, Iran, Tanzania, and Sudan. The company said in a statement that all the new hotels are expected to open before 2020. It would open 2 hotels in Dubai Creek with a combined capacity of 280 rooms by 2017 and plans to open another 163 room properties in Al Barsha in Dubai under the Arjaan Hotel by Rotana.
- March 2014: Rotana Hotels, declared that it expects to open five more hotels in Dubai by 2017. The new hotels will bring the total number of properties in Dubai to 20.

Awards and Recognitions

- May 2014: Rotana won the Best Loyalty Programme award for its Rewards program, and the Best Budget Hotel Chain in the Middle East award for Centro Hotels by Rotana. In all, it won 12 awards at the Business Traveller Middle East Awards.

Snapshot	
Year established	1992
Ownership	Private
No. of hotels	85
Segment	3-,4-,5-star

Key Properties
Al Ain Rotana, Middle East
Al Bustan Rotana Dubai
Ross Rayhaan, Dubai
Beach Rotana Abu Dhabi, Middle East
Boulevard Arjaan By Rotana

Source: Company Website

Major Shareholders
Nasser Mohammed Al-Nowais
Selim El Zyr
Nael Hashweh
Hussain Jasim Al Nowais

Source: Zawya

SAUDI HOTELS & RESORT AREAS COMPANY — Saudi Arabia

Company Description

Saudi Hotels & Resort Area Company (also known as SHARACO) is based in Riyadh and was established in 1976. SHARACO's primary 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. The portfolio of SHARACO comprises of 10 hotels, 2 resorts, 2 amusement parks, 7 residential complexes and 1 plaza. Some prominent properties owned and/or managed by the company are the Riyadh Mariott Hotel, Makarim Umm Al Qura Hotel, Makarim Al-Shurufat Hotel, Diplomat Courtyard by Mariott and the Makarim Annakheel Village.

Recent Developments

- March 2013: Saudi Hotels & Resorts Co. announced that it awarded the contract of renewal and development work for Makarim Annakheel Village Resort and Hotel in Jeddah to Projects Furniture Co. in order to cope with the changes in hospitality industry.

Performance Analysis

- Revenue increased by 9.8% Y-o-Y to US$ 116.7 million in 2013 while the Gross profit declined 28.5%Y-o-Y to US$ 37.2 million mainly on account of higher costs.
- Net profit also declined 28.2% Y-o-Y to US$ 38.1 million while net margin declined to 27.5% in 2013 from 37.7% in 2012.
- ROE & ROA declined and stood at 8% and 6.9% in 2013 compared to 11.4% and 9% in 2012.
- Revenue increased by 3.3% to US$ 31.8 million in Q1-14 while gross profit declined 21% to US$ 12.1 million.
- Net Income for Q1-14 increased 7% to US$ 12.2 million mainly on account of higher income from non-operating activities.

Snapshot	
Year established	1976
Ownership	Public
No. of hotels	12*
No. of rooms	2,763
Segment	4-,5-star

Note (*): Owned and managed hotels including two resorts

Current Price (SAR)	
Price as on 22nd Sep., 2014	42.2

Source: Bloomberg

Stock Details	
Bloomberg ticker	SHARCO AB
52-week high/ low (SAR)	43.8/33.0
Market cap (US$ mn)	1,124.5
Enterprise value (US$ mn)	1,068.9
Shares outstanding (mn)	100.0

Source: Bloomberg

Average Daily Trading Turnover (000's)	SAR	US$
2014 YTD	30,160.5	8,041.7
2013 CY	21,554.3	5,747.2

Source: Bloomberg

Share Price Chart

Source: Bloomberg

Valuation Multiples	2013	Current
P/E (x)	24.10	26.95
P/B (x)	1.91	2.31
EV/EBITDA (x)	20.90	24.28
Dividend Yield (%)	NA	NA

Source: Bloomberg

Major Shareholders	
Masik Holding Company	26.3%
Public Investments Fund	16.6%
Al Essa Abdullah	12.8%
Others	44.3%
Total	**100.0%**

Source: Bloomberg

Financial Performance								
(US$ million)	**2010**	**2011**	**2012**	**2013**	**% Y-o-Y Change**	**1Q 2013**	**1Q 2014**	**% Y-o-Y Change**
Revenue	74.9	95.5	106.3	116.7	9.8%	30.8	31.8	3.3%
Gross Profit	38.8	47.7	52.0	37.2	-28.5%	15.3	12.1	-21.1%
Gross Profit Margin (%)	51.8%	50.0%	48.9%	31.9%		49.7%	38.0%	
Operating Income	33.3	38.0	40.1	32.1	-20.0%	11.8	10.9	-7.3%
Operating Margin (%)	44.4%	39.8%	37.7%	27.5%		38.2%	34.3%	
Net Income	32.7	40.9	53.0	38.1	-28.2%	11.4	12.2	7.0%
Net Income Margin (%)	43.7%	42.8%	49.9%	32.6%		37.0%	38.3%	
Total Equity	443.4	455.1	477.0	480.1	0.6%	465.3	473.3	1.7%
Total Assets	503.0	523.1	547.0	562.1	2.8%	560.3	578.1	3.2%
Total Debt	11.9	10.7	6.8	23.0	240.1%	11.0	26.6	142.6%
ROE (%)	7.5%	9.1%	11.4%	8.0%		8.1%	8.3%	
ROA (%)	6.6%	8.0%	9.9%	6.9%		6.9%	6.8%	
Debt-to-Equity (%)	2.7%	2.3%	1.4%	4.8%		2.4%	5.6%	

Source: Bloomberg

THE ZUBAIR CORPORATION — Oman

Company Description

Founded in 1967, Zubair Corporation, formerly known as Zubair Enterprises, is one of Oman's foremost family enterprises which operates in diverse fields encompassing Energy and Logistics, Engineering, Construction and Contracting, Information and Communication Technology, Real Estate and Hospitality, Financial Services and Manufacturing.

The group's strategy is to acquire and develop assets with a strong intrinsic value and those which provide clear opportunities for long-term fundamental growth. The hospitality segment has Shangri-La Barr Al Jissah Resort and Spa with three hotels featuring 620 rooms, the Trader's Hotel in Dubai managed by Shangri-La with 250 rooms and the Real Estate division having 370 residential, commercial and industrial units throughout Oman. It has subsidiaries and associates in the Middle East, Asia, the Far East, Europe, North Africa, and the United States.

Recent Developments

- May 2014: Zubair Small Enterprises Centre (Zubair SEC) signed a memorandum of understanding (MoU) with Public Authority for Small and Medium Enterprises Development (PASMED) towards extending collaboration and comprehensive business advisory services and support to Omani small enterprise owners and entrepreneurs.
- April 2014: Zubair SEC signed a MoU with Bank of Beirut creating a synergetic effort towards supporting Omani small enterprises through financial facilitations, retirement planning, insurance services and business advisory support services.
- December 2013: Zubair Corporation formed a Social Advisory Committee to pave the way for the company to undertake its CSR objective to serve the Omani society in a meaningful manner, and contribute to the development of all areas and related sectors.
- December 2013: Zubair SEC and Sharakah inked a MoU to complement their efforts of serving local SMEs.
- September 2013: Zubair Corporation, alongside its joint venture partner Larsen and Toubro Oman LLC, signed MoU with the Ministry of Transport and Communications to be a silver sponsor of the Investment Opportunities Forum, Railway Project.

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

Key Properties
Shangri-La's Barr Al Jissah Resort & Spa
Al Waha Hotel
Al Bandar Hotel
Al Husn Hotel

Source: Company Website

Major Shareholders
H.E Mohammed Al Zubair
Suhailah M Al Zubair
Rashad M Al Zubair
Ziyad M Al Zubair
Husam M Al Zubair
Al Zubair
Khalid M Al Zubair
Hani M Al Zubair

Source: Zawya

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

ALPEN CAPITAL

V K UNIVERSAL PROPERTY MANAGEMENT COMPANY — Bahrain

Company Description

Established in 2004, V.K. Universal property Management Co. (S.P.C) is the property management division of VKL Holdings. VKL Holdings is the parent company of the Al Namal and the VKL Group of companies in Bahrain. Al Namal Construction has successfully completed more than 200 projects including luxury villas, high-rise buildings, hotel complexes, resorts and industrial buildings. With its vertical integration strategy, VKL Holdings has set up a host of subsidiary companies that specialize in different activities, including property management, land reclamation and dredging, electromechanical, electrical, wrought iron and aluminum works, HVAC (heating, ventilation and air-conditioning) and interiors products as well as elevators and other building materials.

Recent Developments

- February 2014: Ansal Build well Ltd signed MOU with VKL Holdings to focus on joint development in realty and infrastructure sector in India & Bahrain.
- September 2013: VKL Holding Company and Al Najma Sports Club entered into an agreement to build a 5,000 sq. m. mall in Bahrain's prime area Salmania complex.
- July 2013: Southern Area Development Company & VK Universal Property Management Company signed an agreement to lease and manage Hawar Island's hotel facilities.
- January 2013: VK Universal Group entered into industrial development with the establishment of the Universal Industrial Park. The project covers approximately 280,000 sq. m in Bahrain's prime heavy industries belt opposite Aluminium Bahrain (Alba) in Lhassay.

Snapshot	
Year established	2004
Ownership	Private
No. of hotels	9
No. of rooms	NA
Segment	4-5 star

Key Properties
Best Western Plus The Olive Hotel
Diva Hotel
Casanova Hotel
Samada Hoora Hotels & Suits
Taj Plaza Hotel

Source: Company Website

Major Shareholders	
Varghese Kurian	NA

Source: Zawya

APPENDIX

Exhibit 55: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	Stars NA	5 star	4 star	3 star	2 star or less	Opening Year
Saudi Arabia	Accor	Adagio Aparthotel Jeddah Alesayi Plaza	Adagio	200					NA
	Accor	Adagio Aparthotel Riyadh Dhabab	Adagio	150					NA
	Accor	Adagio Jeddah Malik Road	Ibis	178					2014
	Accor	Adagio Jeddah Malik Road	Adagio	77					2016
	Accor	Ibis Al Khobar	Ibis	234					2016
	Accor	Ibis Jeddah Malik Road	Ibis	177					2016
	Accor	Ibis Madinah	Ibis	190					2016
	Accor	Ibis Riyadh Olaya Street	Ibis	176					2012
	Accor	Ibis Yanbu	Ibis	196					2013
	Accor	Novotel Jeddah Tahlia Street	Novotel	143					2014
	Accor	Novotel Jizan Corniche	Novotel	205					2016
	Accor	Sofitel Jeddah Corniche	Sofitel	189					2014
	Accor	Sofitel Riyadh	Sofitel	404		350			2015
	Accor	Suite Novotel Riyadh Centre	Novotel	90					2014
	Accor	Suite Novotel Riyadh Olaya	Novotel	113					2013
	Accor	Suite Novotel Yanbu	Novotel	120					2016
	Auris Hotels	Auris Lodge Suites	Auris Hotels	NA					2014
	Best Western	Best Western Al Khudair	Best Western	80					2015
	Best Western	Best Western Bougary	Best Western	1,200					2015
	Best Western	Best Western Hayel Hotel	Best Western	40					2014
	Best Western	Best Western Hotel Jeddah	Best Western	141					2014
	Best Western	Best Western Jizan	Best Western	62					2014
	Best Western	Best Western Mekkah	Best Western	1					2014
	Best Western	Best Western Plus Al-Ahsa Grand Suite & Studios	Best Western	80					2014
	Best Western	Best Western Premier Arras	Best Western	90					2014
	Best Western	Best Western Ring Road	Best Western	82					2014
	Best Western	Best Western Riyadh Hotel	Best Western	125					2015
	Carlson Rezidor	Park Inn by Radisson Hotel & Residence Jeddah	Park Inn by Radisson	350					2015
	Carlson Rezidor	Park Inn by Radisson Residence Riyadh Al Sahafa	Park Inn by Radisson	170					2016
	Carlson Rezidor	Park Inn by Radisson Riyadh	Park Inn by Radisson	170					2015
	Carlson Rezidor	Radisson Blu Hotel Jeddah Salamah	Radisson Blu	142					2015
	Carlson Rezidor	Radisson Blu Resort Al Khobar	Radisson Blu	186					2015
	Carlson Rezidor	Radisson Blu Resort Jizan	Radisson Blu	150					2015
	Cristal HotelsÂ and Resorts	Cristal Amaken Hotel	Cristal	270					2014
	Cristal HotelsÂ and Resorts	Cristal Himmah Hotel	Cristal	304					2015
	Cristal HotelsÂ and Resorts	Cristal Siyaha Hotel	Cristal	98					2014
	Elaf Group	Elaf Galleria	Elaf Galleria	445					2015
	Frasers Hospitality	Fraser Place Business Gate Riyadh	Fraser Suites	NA					2013
	Frasers Hospitality	Fraser Suites Edafah Riyadh	Fraser Suites	NA					2013

Country	Hotel	Project	Brand	Stars NA	5 star	4 star	3 star	2 star or less	Opening Year
Saudi Arabia	FRHI Hotels & Resorts	Fairmont Business Gate	Fairmont Hotels & Resorts	255					2014
	FRHI Hotels & Resorts	Raffles Jeddah	Fairmont Hotels & Resorts	180+188					NA
	FRHI Hotels & Resorts	Swissotel Jeddah	SwissÃ´tel Hotels & Resorts	350					NA
	Golden Tulip	Golden Tulip Ehsa	Golden Tulip	180					2015
	Golden Tulip	Golden Tulip Dammam Suites	Golden Tulip			60			2013
	Golden Tulip	Golden Tulip Madina	Golden Tulip	156					2014
	Golden Tulip	Golden Tulip Unaiza	Golden Tulip	65					2015
	Golden Tulip	Tulip Inn Azizya Residences	Tulip inn				38		2013
	Golden Tulip	Tulip Inn Dammam Hotel	Tulip inn				100		2013
	Hilton Worldwide	Conrad Makkah	Conrad Hotels & Resorts	496					2015
	Hilton Worldwide	DoubleTree by Hilton Al Khobar Corniche	Doubletree by Hilton	158					2014
	Hilton Worldwide	DoubleTree by Hilton Dhahran	Doubletree by Hilton	153					2014
	Hilton Worldwide	DoubleTree by Hilton Makkah	Hilton	806					2016
	Hilton Worldwide	DoubleTree by Hilton Riyadh - Olaya	Doubletree by Hilton	309					2015
	Hilton Worldwide	DoubleTree Suites by Hilton Riyadh - Financial District	Doubletree by Hilton	110					2015
	Hilton Worldwide	Hilton Al Khobar Hotel & Residence	Hilton	400					2015
	Hilton Worldwide	Hilton Bab Makkah North	Hilton	853					2016
	Hilton Worldwide	Hilton Bab Makkah South	Hilton	853					2016
	Hilton Worldwide	Hilton Garden Inn Riyadh Al Muroj	Hilton Garden Inn	196					2015
	Hilton Worldwide	Hilton Garden Inn Riyadh Andalusia	Hilton Garden Inn	130					2019
	Hilton Worldwide	Hilton Garden Inn Riyadh Financial District	Hilton Garden Inn	260					2015
	Hilton Worldwide	Hilton Garden Inn Tabuk	Hilton Garden Inn	110					2014
	Hilton Worldwide	Hilton Makkah Convention Hotel	Hilton	566					2015
	Hilton Worldwide	Hilton Riyadh Hotel & Residence		861					2015
	Hilton Worldwide	Hilton Riyadh King Fahd Road	Hilton	210					2015
	Hilton Worldwide	Hilton Riyadh King Saud University	Hilton		241				2015
	Hilton Worldwide	Hilton Riyadh King Saud University Residence	Hilton		155				2015
	Hilton Worldwide	Hilton Suites Makkah	Hilton	516					2014
	Hospitality Mgt Holdings	Coral Jeddah Saudi Arabia	Coral		74				2012
	Hospitality Mgt Holdings	Corp Dabab	Corp	120					2012
	Hospitality Mgt Holdings	EWA Al Kharj Hotel Apartments Riyadh	EWA	140					2013
	Hyatt	Hyatt Regency Makkah	Hyatt Regency	628					2014
	Hyatt	Hyatt Regency Riyadh	Hyatt Regency	261					2015
	IHG	Crowne Plaza Madinah	Crowne Plaza		400				2015
	IHG	Crowne Plaza Riyadh - ITCC	Crowne Plaza	326					2014
	IHG	Crowne Plaza Riyadh ITCC	Crowne Plaza		326				2012

Country	Hotel	Project	Brand	Stars NA	5 star	4 star	3 star	2 star or less	Opening Year
Saudi Arabia	IHG	Crowne Plaza Riyadh Minhal	Crowne Plaza		77				2013
	IHG	Crowne Plaza Riyadh Olaya	Crowne Plaza		308				2015
	IHG	HIEX Jeddah King Abdullah Economic City	Holiday Inn Express	183					2014
	IHG	HIEX Jeddah Madinah Road	Holiday Inn Express	252					2014
	IHG	HIEX Madinah Knowledge Economic City	Holiday Inn Express	140					2014
	IHG	Holiday Inn Jeddah Airport District	Holiday Inn	180					2015
	IHG	Holiday Inn Jeddah Red Sea Palace	Holiday Inn	221					2013
	IHG	Holiday Inn Makkah Al Azizah	Holiday Inn	1,238					2015
	IHG	Holiday Inn Medina Al Safwa	Holiday Inn	400					2013
	IHG	Holiday Inn Medina Aldar	Holiday Inn	245					2014
	IHG	Hotel Indigo Riyadh Financial District	IHG	225					2015
	IHG	InterContinental King Abdullah Financial District	InterContinental	220					2015
	IHG	Staybridge Suites Jeddah Alandalus Mall	Staybridge Suites	164					2016
	Kempinski Hotels	Al Othman Hotel Kempinski	Kempinski	218					2013
	Kempinski Hotels	Burj Rafal Hotel Kempinski	Kempinski	294					2013
	Kempinski Hotels	Kempinski Hotel Jeddah	Kempinski	242					2015
	Kerzner International	One & Only Jeddah	One&Only Resorts	150					2019
	Marriott	Courtyard by Marriott Al Khobar	Courtyard by Marriott	NA					NA
	Marriott	Courtyard by Marriott Jizan	Courtyard by Marriott	129					2012
	Marriott	Courtyard by Marriott Makkah	Courtyard by Marriott	432					NA
	Marriott	Courtyard by Marriott Riyadh Diplomatic Quarter	Courtyard by Marriott	288					2012
	Marriott	Courtyard by Marriott Riyadh Olaya Street	Courtyard by Marriott	210					2015
	Marriott	Courtyard by Marriott Riyadh Oleya Street	Courtyard by Marriott	210					2015
	Marriott	Jeddah Marriott Hotel	Marriott	283					2016
	Marriott	JW Marriott Hotel Jeddah	JW Marriott	370					2016
	Marriott	JW Marriott Hotel Makkah	JW Marriott	639					2016
	Marriott	Makkah Marriott Hotel	Marriott	540					2014
	Marriott	Residence Inn by Marriott Jizan	Marriott	83					2012
	Marriott	Riyadh Marriott Executive Apartments	Marriott Executive Apartments	119					2012
	Millennium & Copthorne	Copthorne Hotel Nobola Makkah	Copthorne	756					2015
	Millennium & Copthorne	Grand Millennium Hotel Riyadh	Millennium	130					2014
	Millennium & Copthorne	Millennium Al Baha Hotel	Millennium		248				2016
	Millennium & Copthorne	Millennium Hotel Hayel	Millennium		192				2015
	Millennium & Copthorne	Millennium Hotel Jizan	Millennium		276				2015
	Millennium & Copthorne	Millennium Hotel Makkah (Umm Al Qurah)	Millennium	1,400					NA
	Millennium & Copthorne	Millennium Tabouk	Millennium		218				2014
	Movenpick	Movenpick Hotel Riyadh	Movenpick	445					2014
	Paramount	Damac Tower by Paramount Hotels & Resorts	Paramount		235				2016
	Premier Inn	Premier Inn Jeddah	Premier Inn	110					2015
	Premier Inn	Premier Inn Jubail	Premier Inn	200					2015
	Premier Inn	Premier Inn, Jeddah Tower	Premier Inn	90					2015

Country	Hotel	Project	Brand	Stars NA	5 star	4 star	3 star	2 star or less	Opening Year
Saudi Arabia	Rosewood	Al Faisaliah at Durrat Arriyadh, A Rosewood Resort	Rosewood	153					2015
	Rotana	Centro Al Khobar	Centro	250					2014
	Rotana	Centro Jeddah	Centro	250					2014
	Rotana	Centro Riyadh	Centro	150					2014
	Rotana	Jeddah Rayhaan	Rayhaan	400					2015
	Rotana	Rosh Rayhaan by Rotana	Rotana	227					2014
	SHARCO	Makarim Alshorofat Hotel	Makarim	104					2014
	SHARCO	Makarim Mina Hotel	Makarim	270					2014
	Shaza Hotels	Shaza Jeddah	Shaza	140					NA
	Starwood Hotels	Aloft Riyadh	Aloft			281			2014
	Starwood Hotels	Four Points by Sheraton Dhahran	Four Points by Sheraton			236			2014
	Starwood Hotels	Four Points by Sheraton Makkah	Four Points by Sheraton			451			2016
	Starwood Hotels	Four Points by Sheraton Mall of Arabia	Four Points by Sheraton			300			2015
	Starwood Hotels	Four Points by Sheraton Medina	Four Points by Sheraton			178			2014
	Starwood Hotels	Le Meridien Riyadh	Le Meridien		232				2016
	Starwood Hotels	Sheraton Makkah Hotel	Sheraton		532				2016
	Starwood Hotels	Sheraton Medina Hotel	Sheraton		297				2014
	Starwood Hotels	The Westin Makkah	Westin		513				2016
	Swiss-Belhotel International	Swiss-Belhotel Olaya Riyadh, Saudi Arabia	Swiss-Belhotel			90			2014
	Swiss-Belhotel International	Swiss-Belhotel Riyadh	Swiss-Belhotel	90					2014
	Swiss-Belhotel International	Swiss-Belhotel Tahlia Street	Swiss-Belhotel	61					2014
	Reizdor	Park Inn Hotel & Residence Jeddah	Park Inn						2015
	Reizdor	Park Inn Residence Riyadh Al Sahafa	Park Inn			170			2016
	Reizdor	Radisson Blu Residence Riyadh's Diplomatic Quarter	Radisson		110				2016
	Reizdor	Radisson Blu Riyadh Ring Road	Radisson		252				2016
	TI'ME Hotels Mgt	TI'ME Riyadh	TI'ME Hotels	160					2015
	Wyndham	Ramada Plaza Makkah	Wyndham	792					2014
	Wyndham	Wyndham Grand Riyadh	Wyndham	210					2015
Total				**30,559**	**4,686**	**2,116**	**138**	**-**	

Source: Hotelier Middle East

Exhibit 56: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	Stars NA	5 Star	4 star	3 star	2 star or less	Opening Year
UAE	Accor	Adagio Abu Dhabi Al Bostan	Adagio	279					2014
	Accor	Adagio Al Barsha	Adagio	201					2014
	Accor	Ibis World Trade Centre	Ibis	588					2016
	Accor	Novotel Abu Dhabi Al Bostan	Novotel	261					2014
	Accor	Pullman Dubai Jumeirah Lake	Pullman	430					2014
	Accor	Sofitel Dubai Sheikh Zayed Road	Sofitel		350				2014
	Atlas Hospitality	Emirates Pearl Abu Dhabi	Atlas Hospitality	377					2014
	Auris Hotels	Auris Apartments – Al Barsha	Auris Hotels	?					2014
	Ayla Hotels	Bawadi Ayla Hotel	Ayla Hotels			90			2014
	Ayla Hotels	Grand Ayla Hotel	Ayla Hotels	170					2014
	Bin Majid Hotels & Resorts	Santorini Hotel, Marjan Island	Bin Majid	350					2014
	Carlson Rezidor	Park Inn by Radisson Dubai Al Jadaf	Park Inn by Radisson	300					2016
	Carlson Rezidor	Park Inn by Radisson Residence Dubai Al Barsha	Park Inn by Radisson	90					2014
	Carlson Rezidor	Radisson Blu Residence, Dubai Marina Docks	Radisson Blu	243					2015
	Four Seasons	Four Seasons Abu Dhabi	Four Seasons		NA				2016
	Four Seasons	Four Seasons Dubai	Four Seasons		NA				2014
	FRHI Hotels & Resorts	Fairmont Abu Dhabi	Fairmont Hotels & Resorts						2016
	FRHI Hotels & Resorts	Fairmont Ajman	Fairmont Hotels & Resorts		200				2014
	FRHI Hotels & Resorts	Fairmont Fujairah	Fairmont Hotels & Resorts		171				2014
	FRHI Hotels & Resorts	Swissôtel Jadaf Dubai	SwissÃ´tel Hotels & Resorts		276				2016
	Golden Tulip	Golden Tulip Deira	Golden Tulip	NA					NA
	Hilton Worldwide	DoubleTree by Hilton Abu Dhabi Masdar City	Doubletree by Hilton	316					NA
	Hilton Worldwide	DoubleTree by Hilton Hotel & Residences Dubai-Al Barsha	Doubletree by Hilton	344					2014
	Hilton Worldwide	DoubleTree by Hilton Jumeirah	Doubletree by Hilton	110					2014
	Hilton Worldwide	DoubleTree by Hilton Marjan Island Village	Doubletree by Hilton			205			2015
	Hilton Worldwide	Hilton Dubai Palm Jumeirah	Hilton	515					2015
	Hilton Worldwide	Hilton Garden Inn Dubai Al Mina	Hilton Garden Inn						2015
	Hilton Worldwide	Hilton Garden Inn Dubai Al Muraqabat	Hilton		366				2015
	Hilton Worldwide	Hilton Garden Inn Mall of the Emirates	Hilton Garden Inn						NA
	Hospitality Mgt Holdings	Coral International Sports City	Coral	304					2014
	Hyatt	Grand Hyatt Abu Dhabi Hotel & Residences Emirates Pearl	Grand Hyatt		368				2014
	Hyatt	Hyatt Place Dubai	Hyatt Place	210					2014
	Hyatt	Hyatt Regency Dubai Creek	Hyatt Regency		464				2015
	IHG	Crowne Plaza Dubai Marina	Crowne Plaza	300					2016
	IHG	Crowne Plaza Resort Ras Al Khaimah	Crowne Plaza	442					2016

Country	Hotel	Project	Brand	Stars NA	5 star	4 star	3 star	2 star or less	Opening Year
UAE	IHG	InterContinental Dubai Marina	InterContinental	328					2014
	IHG	InterContinental Ras Al Khaimah	InterContinental	300					2016
	Jumeirah Group	Madinat Jumeirah phase four, Dubai	Jumeirah	NA					NA
	Kempinski Hotels	Kempinski Hotel & Residences Palm Jumeirah (phase 2 of existing property)	Kempinski	351					2015
	Mandarin Oriental Hotel Group	Mandarin Oriental Hotel, Saadiyat Island	Mandarin Oriental	245					2014
	Marriott	Abu Dhabi Marriott Hotel	Marriott	315					2014
	Marriott	Courtyard by Marriott Abu Dhabi Central Market	Courtyard by Marriott	195					2014
	Marriott	Dubai Marriott Hotel Citywalk	Marriott						NA
	Marriott	Edition Hotel Abu Dhabi	Edition	244					2015
	Marriott	JW Marriott Marquis Hotel Dubai - tower 2	JW Marriott	804					2015
	Marriott	Marriott Executive Apartments Abu Dhabi	Marriott Executive Apartments	64					2014
	Marriott	Marriott Executive Apartments Dubai City Walk	Marriott Executive Apartments						NA
	Marriott	Renaissance Downtown Dubai Hotel	Renaissance	312					2015
	Millennium & Copthorne	Biltmore Bateen Marina Abu Dhabi	Biltmore	218					2016
	Millennium & Copthorne	Grand Millennium ADNEC	Grand Millennium	725					NA
	Millennium & Copthorne	Millennium Bab Al Qasr Hotel	Millennium	677					2015
	Millennium & Copthorne	Millennium Executive Apartments Abu Dhab	Millennium Executive Apartments		198				2013
	Millennium & Copthorne	Millennium Executive Apartments Dubai Marina	Millennium Executive Apartments		151				2015
	Millennium & Copthorne	Millennium Golf Resort Al Ain	Millennium		275				2015
	Millennium & Copthorne	Millennium Hotel Fujairah	Millennium		221				2014
	Movenpick	Movenpick Hotel and Spa Oceana	Movenpick		324				2016
	Nobu Hospitality	Nobu Hotel at Najmat Reem Island	Nobu	NA					NA
	Palazzo Versace	Palazzo Versace Dubai	Palazzo Versace		217				2014
	Paramount Hotels & Resorts	Damac Villas by Paramount Hotels & Resorts	Paramount	163					2016
	Paramount Hotels & Resorts	Paramount Hotel Dubai	Paramount		771				2016
	Paramount Hotels & Resorts	Paramount Hotel, Jumeirah Waterfront	Paramount		404				2016
	Premier Inn	Premier Inn Dubai Healthcare City	Premier Inn	215					2016
	Premier Inn	Premier Inn Sharjah	Premier Inn	166					2014
	Premier Inn	Staybridge Suites, Abu Dhabi	Premier Inn			372			2016
	Ramee Group of Hotels & Resorts	Ramee Grand Hotel	Ramee		320				2016
	Ramee Group of Hotels & Resorts	Ramee Grand Hotel	Ramee		300				NA
	Rosewood	Rosewood Dubai	Rosewood		250				2015

Country	Hotel	Project	Brand	Stars NA	5 star	4 star	3 star	2 star or less	Opening Year
UAE	Rotana	Arjaan Hotel Apartments by Rotana Al Barsha	Arjaan by Rotana	163					NA
	Rotana	Arjaan Hotel Apartments by Rotana Wafi	Arjaan by Rotana	100					NA
	Rotana	Capital Centre Arjaan by Rotana	Rotana	259					2014
	Rotana	Capital Centre Rotana	Rotana	315					2014
	Rotana	Centro Jebel Ali Airport	Centro	440					2015
	Rotana	Marina Mall Arjaan by Rotana	Arjaan by Rotana	356					2015
	Rotana	Rotana Hotels & Resort Wafi	Rotana	528					NA
	Rotana	Saadiyat Rotana Resort and Spa	Rotana	354					2015
	Shangri-La	Shangri-La Hotel Saadiyat Island	Shangri-La	288					NA
	Starwood Hotels	Four Points by Sheraton Sharjah	Four Points by Sheraton			220			2015
	Starwood Hotels	Sheraton Dubai Sheikh Zayed Road	Sheraton		654				2014
	Starwood Hotels	Sheraton Sharjah	Sheraton		343				2015
	Starwood Hotels	The St. Regis Dubai	St Regis		226				2015
	Starwood Hotels	The Westin Dubai, Sheikh Zayed Road	Westin		929				2015
	Starwood Hotels	W Abu Dhabi	W		370				NA
	Starwood Hotels	W Dubai - The Palm	W		283				2016
	Starwood Hotels	W Dubai, Sheikh Zayed Road	W		423				2015
	TI'ME Hotels Mgt	TI'ME Al Jouhara Hotel	TI'ME Hotels	264					2015
	TI'ME Hotels Mgt	TI'ME Capital Hotel Apartments	TI'ME Hotels	120					2014
	Viceroy	Viceroy Dubai Business Bay	Viceroy						NA
	Viceroy	Viceroy Dubai Palm jumeirah	Viceroy		480				2016
	Viceroy	Viceroy Hotels, Resorts & Residences Sowwah Square	Viceroy	250					NA
	Viceroy	Viceroy Sheikh Zayed Road	Viceroy						2016
	Vision Hotels Mgt	Vision Hydra Corporate	Vision	NA					NA
	Vision Hotels Mgt	Vision Hydra Executive, Al Reem Island	Vision	NA					NA
	Vision Hotels Mgt	Vision Saraya Abu Dhabi Corniche	Vision	NA					NA
	Wyndham	Ramada Abu Dhabi Corniche	Ramada	238					2013
	Wyndham	Ramada Abu Dhabi, Al Moroor		120					2014
	Wyndham	TRYP by Wyndham Dubai	TRYP by Wyndham			672			NA
	Wyndham	Wyndham Dubai Marina	Wyndham		497				2016
Total				**14,947**	**9,831**	**1,559**	**-**	**-**	

Source: Hotelier Middle East

Exhibit 57: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	Stars NA	5 Star	4 star	3 star	2 star or less	Opening Year
Qatar	Accor	Adagio Doha C-Ring Road	Adagio	302					2016
	Accor	Ibis Doha C-Ring Road	Ibis	300					2016
	Accor	M Gallery Doha Msheireb	M Gallery	430					2016
	Accor	Pullman Doha West Bay	Pullman		180				NA
	Dusit International	Dusit Residence and Suites West Bay	Dusit Residence	200					2014
	Four Seasons	Four Seasons Hotel Doha at the PearL	Four Seasons			NA			NA
	Golden Tulip	Golden Tulip Doha	Golden Tulip	216					2015
	Hilton Worldwide	DoubleTree by Hilton Doha Al Sadd	Doubletree by Hilton	145					2015
	Hilton Worldwide	DoubleTree Suites by Hilton Doha Al Sadd	Doubletree by Hilton	240					2015
	Hilton Worldwide	Hilton Doha Residence	Hilton	288					2015
	Hilton Worldwide	Hilton Garden Inn Doha Al Sadd	Hilton Garden Inn	258					2015
	Hilton Worldwide	Waldorf Astoria Doha West Bay	Waldorf Astoria Hotels & Resorts	250					2016
	Hyatt	Park Hyatt Doha	Park Hyatt	187					NA
	IHG	Holiday Inn Doha - The Business Park	Holiday Inn	347					2016
	Jumeirah Group	Jumeirah Dubai Tower Doha	Jumeirah	228					NA
	Katara Hospitality	Merweb Hotel City Centre Doha	Merweb		265				2014
	Katara Hospitality	Merweb Plaza Hotel	Merweb		175				2014
	Kempinski Hotels	Marsa Malaz Hotel Kempinski	Kempinski	281					2014
	Mandarin Oriental Hotel Group	Mandarin Oriental, Doha	Mandarin Oriental		295				2015
	Marriott	JW Marriott Hotel Doha	JW Marriott	412					NA
	Millennium & Copthorne	Al Saad	Millennium		232				2014
	Premier Inn	Premier Inn Doha Airport	Premier Inn				102		2015
	Premier Inn	Premier Inn Doha Education City	Premier Inn	936			219		NA
	Rotana	Centro Doha	Centro	220					2015
	Rotana	City Centre Rotana	Rotana	380					2014
	Rotana	Sedra Residences by Rotana	Rotana			500			2014
	Shaza Hotels	Shaza Doha	Shaza		180				2016
	Starwood Hotels	Le Meridien Doha	Le Meridien		250				2016
	TI'ME Hotels Mgt	TI'ME Rako Hotel	TI'ME Hotels			112			2015
Total				**5,620**	**1,577**	**612**	**321**	**-**	

Source: Hotelier Middle East

Exhibit 58: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	Stars NA	5 Star	4 star	3 star	2 star or less	Opening Year
Oman	Carlson Rezidor	Park Inn by Radisson Duqm Hotel and Residence	Park Inn by Radisson	120					2014
	Carlson Rezidor	Radisson Blu Hotel & Resort Sohar	Radisson Blu	162					2014
	Four Seasons	Four Seasons Oman	Four Seasons		NA				NA
	Golden Tulip	Golden Tulip Muscat	Golden Tulip			198			2015
	Hospitality Mgt Holdings	Coral Plaza Qurum	Coral			88			2014
	IHG	Crowne Plaza Muscat Convention Centre	Crowne Plaza	300					2016
	IHG	InterContinental Muscat Hills	InterContinental	250					2016
	Millennium & Copthorne	Copthorne Hotel Muscat	Copthorne		164				2015
	Millennium & Copthorne	Grand Millennium Muscat	Grand Millennium		328				2014
	Millennium & Copthorne	Millennium Executive Apartments, Muscat	Millennium Executive Apartments	115					2014
	Premier Inn	Ibis Sohar	Premier Inn	128					2016
	Premier Inn	Premier Inn Mucat Al Qurum Beach	Premier Inn				150		2015
	Rotana	Salalah Rotana Resort	Rotana	577					2014
	Shaza Hotels	Shaza Muscat	Shaza		190				NA
	Shaza Hotels	Shaza Salalah	Shaza		270				2016
	Starwood Hotels	Element Muscat	Element			100			NA
	Starwood Hotels	The Westin Muscat	Westin		350				2017
	Starwood Hotels	W Muscat	W		250				2016
	Swiss-Belhotel International	Swiss-Belinn Ghubrah Muscat, Oman	Swiss-Belhotel					95	2014
Total				**1,652**	**1,552**	**386**	**150**	**95**	

Source: Hotelier Middle East

Exhibit 59: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	Stars NA	5 Star	4 star	3 star	2 star or less	Opening Year
Bahrain	Accor	Ibis Manama Seef	Ibis	304					2014
	Accor	Ibis Seef	Ibis	304					2014
	Carlson Rezidor	Park Inn by Radisson Hotel, Bahrain	Park Inn by Radisson	207					2015
	Four Seasons	Four Seasons Bahrain Bay	Four Seasons						2019
	Four Seasons	Four Seasons Hotel Bahrain Bay	Four Seasons		271				2014
	Golden Tulip	Royal Tulip Bahrain	Royal Tulip	195					2015
	Golden Tulip	Tulip Inn Bahrain Hotel	Tulip Inn				215		2013
	Hilton Worldwide	DoubleTree Suites by Hilton Bahrain - Juffair	Doubletree by Hilton	350					2015
	IHG	Holiday Inn Bahrain Al Seef	Holiday Inn	240					2013
	IHG	Staybridge Suites Bahrain Al Seef	Staybridge Suites	130					2014
	Marriott	JW Marriott Hotel Bahrain	JW Marriott		376				2015
	Marriott	Renaissance Bahrain Amwaj Island	Renaissance		318				2013
	Marriott	Renaissance Bahrain Amwaj Island Hotel	Renaissance	318					2014
	Marriott	Residence in by Marriott Juffair	Marriott		78				2012
	Premier Inn	Premier Inn Areb Tower	Premier Inn	119					2014
	Rotana	Bahrain Bay Arjaan by Rotana	Arjaan by Rotana	287					2015
	Rotana	Bahrain Rotana	Rotana		407				2013
	Rotana	Bahrain Rotana	Rotana	251					2014
	Rotana	Centro Al Seef	Centro	200					2015
	Swiss-Belhotel International	Swiss-Belhotel Seef, Bahrain	Swiss-Belhotel			146			2013
	Swiss-Belhotel International	Swiss-Belresort Seef, Bahrain	Swiss-Belhotel	193					2015
	Wyndham	Wyndham Grand Manama	Wyndham	260					2015
Total				**3,358**	**1,450**	**146**	**215**	**-**	

Source: Hotelier Middle East

Exhibit 60: Room pipeline of International Hotel chains in the GCC region

Country	Hotel	Project	Brand	Stars NA	5 Star	4 star	3 star	2 star or less	Opening Year
Kuwait	Four Seasons	Four Seasons Kuwait	Four Seasons						2016
	Hilton Worldwide	Hilton Olympia Kuwait	Hilton Worldwide	211					NA
	IHG	InterContinental Kuwait	InterContinental		204				2015
	IHG	InterContinental Kuwait-Downtown	InterContinental		220				2015
	IHG	Staybridge Suites Kuwait Farwaniya	Staybridge Suites	120					2015
	IHG	Staybridge Suites Kuwait Salmiya	Staybridge Suites	120					2012
	Marriott	Residence Inn by Marriott Kuwait	Marriott	143					2015
	Millennium & Copthorne	Millennium Hotel & Convention Centre Kuwait	Millennium		295				2014
Total				**594**	**719**	**-**	**-**	**-**	

Source: Hotelier Middle East

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