

GCC RETAIL INDUSTRY



NOVEMBER 15, 2022

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"The GCC Retail Industry has seen very strong results post the COVID-19 pandemic and the long-term outlook remains very positive. The launch of massive projects across the region, growth of tourism with major events like Expo2020 and FIFA 2022, the visa reforms leading to attracting new talent and investor base have all been very good for the retail industry.

COVID-19 pandemic had severe impact on the retail industry with lockdowns ranging upto 4-6 months in certain markets. However, it was a great opportunity to acquire market share and grow our portfolio and we have opened over 500 stores in the year 2021-22. We also had the advantage of our strong digital presence with 6thStreet.com which helped us to cater to our loyal consumer base across the region.

The biggest challenge facing the retail industry is the global headwinds of inflation, supply chain challenges but with all the other positive regional factors, we feel the impact will be much lesser in the region. Apparel Group, on the other hand, continues to invest in its digital infrastructure and customer engagement as dominant component. Digital shopping is on the rise, which has changed the characteristics of a successful retail model that is a combination of in-store and off-store interaction.

The strong regional experience we have gained over the years, combined with our loyal customer base, has enabled 6thStreet to create a powerful omnichannel experience that has seen rapid and widespread expansion. Apparel Group always continues to be innovative and forward looking and with this approach, we launched the region's first Phygital Store of 6thStreet.com at the Dubai Hills Mall.

At the same time, we have made significant investments to grow our homegrown brands like Nessa, R&B, R&B Kids, His & Hers and F5. Significant investments have been made towards our ESG agenda across the various brands including the launch of our home-grown label F5.

At Apparel Group, we continue to innovate technology by leveraging NFTs and Metaverse to deliver the best shopping experience to eager customers across the GCC and globally. We maintain our position as an industry leader in retail by exceeding the expectations of millions of customers and providing the best shopping experience."

Neeraj Teckchandani

Chief Executive Officer, Apparel Group

"Dubai Duty Free had a good year in 2021 with sales reaching USD 976 million or a 40% increase over its sales in 2020 (USD 697 million). The operation celebrated its 38th year on December 20th, 2021 and the growth over 2020 highlights the fact that its retail operation is back on the road to recovery. Prior to the pandemic, DDF had sales of just over USD 2 billion in 2019 and the pandemic in 2020 caused the sales to drop to just under USD 700 million.

Dubai Duty Free re-opened its shops to passengers using Dubai Airport on June 3 rd , 2020 (after it was closed on March 25th , 2020) and it continued to invest in the development of its retail offer from the summer of 2020. DDF fully renovated its Food Plus shops in Concourse B in 2020, and then opened a new Gold Shop in Concourse B in 2021. DDF also significantly upgraded its Fashion Offer by opening new boutiques for Louis Vuitton, Dior and Cartier (all in Concourse B). As a result of these boutique openings, the share of Fashion in its retail business has increased from 6% in 2019 to 13% in 2022.

The recovery in the number of passengers using Dubai Airport and the expectations of a busy winter for 2022 (due to the rebound in tourism and events such as the FIFA World Cup) coupled with the success of the EXPO 2020 earlier in the year should lead to sales of more than USD 1.6 billion in 2023 or an increase of 68% over 2021.

Dubai Duty Free will continue to invest in the development of the retail offer with renovations planned for the Liquor and Tobacco shops in Concourse B in 2023 and improvements to its

Fashion offer in Concourses A and D. With the continuing recovery in passenger traffic at Dubai International Airport, retail sales in 2023 is expected to reach USD 1.75 billion.”

Colm McLoughlin

Executive Vice Chairman and CEO, Dubai Duty Free

“The COVID-19 pandemic was a black swan event across industries, including retail. However, thanks to effective crisis management, exemplary vaccination drives, and timely stimulus packages, the recovery has been swift. Concurrently, the pandemic unearthed opportunities, which are now being decisively pursued by retailers. The GCC retail industry is embracing digital transformation to enhance agility, value propositions, and customization.

Broadly, the buzz in retail right now is due to the sociocultural evolution, upbeat economic outlook, the growing “holistic” nature of tourism—sports, spiritual, business and shopping tourism combined—and rising disposable income levels in the region. The FIFA World Cup, for example, is expected to significantly impact the industry during the event and legacy period. There is, of course, an onus on retailers to build on these strengths and contribute to the industry’s growth.

The remnants of the pandemic continue to disrupt supply chains. Since retail characterizes a long value chain, even slight disruptions have a cascading impact on the business. The freight charges, for example, have increased steeply. Such challenges, combined with increased VAT, are adding to the cost of operations diminishing profit margins. Currently our focus is on optimizing costs by improving internal operational efficiencies. Regardless of the challenges, solutions must be customer centric.

Retailers must firmly have their fingers on the pulse of customer experiences and convenience. In our efforts to strengthen our omnichannel capabilities, we are rapidly expanding the e-commerce segment with the intent to increase its contribution to overall revenues within the next couple of years. In addition, REDTAG’s focus is on new-age social shopping avenues such as Instagram Shop and WhatsApp Shopping. Simultaneously, we are launching new outlets in strategic locations across the region to enhance brand accessibility for customers.

All these multi-channel efforts are underpinned by the adoption of tech-based solutions such as Single Customer View and Customer Data Platform. These solutions, working in tandem with Artificial Intelligence and Machine Learning , allow to hyper-personalize customer engagement, drive meaningful loyalty programs, and enrich value propositions by harnessing our own database of 16 million customers—a regional record under a single brand entity. We believe the tech-led approach to be the primary determinant of growth in the retail industry. By subscribing to this approach, retailers across the region can collectively aid growth. The cause for our optimism also stems from the increasing consumer spending accentuated by the broader sociocultural evolution and Saudization. Women, especially, have attained considerable spending power—the impact of which will be profound on the industry. Collectively, these trends have macroeconomic implications for national-level goals such as the Saudi Vision 2030.”

Shehbaz Shaikh

Chief Retail Officer, REDTAG

“The retail landscape is on a growth trajectory. The region and the UAE in specific are experiencing a rebound in 2022 due to the innovation, growth strategy and flexible structures that are now in play. All of it originating from the safe and secure approach to handling the COVID-19 pandemic.

The pandemic resulted in an uptake of digital services. Customers were forced to enrich their understanding of options and certain sectors benefited hugely on the ecommerce platform. Today

we see no dichotomy between the physical and virtual. The retail industry has matured, and brick-and-mortar and ecommerce channels are not at odds.

The greatest challenge for the Retail trade is to stay current. Brands need to show true value for customers to engage. In other words, brands cannot be merely transactional... it's got to go beyond. The term 'profit for purpose' rings true. The civil society wants to align and be part of brands that are socially and environmentally responsible.

As it has been in the recent past and more so now, growth will be led by the sector's updated technology. This will be the cornerstone to address clientele, CRM and customer experience. Data is power and organisations need to be current to capture and personalise.

The pandemic period has impacted consumer behaviour and buying patterns definitely in the medium term. Retailers are looking to straddle this outcome and companies are moving to adapt. As we know shopping in the traditional sense has changed and retail trade is moving towards experiential retailing to create unique experiences, Phygital experience is the new mantra."

Ramesh Prabhakar

Vice Chairman & Managing Partner, Rivoli Group

"We expect the GCC retail industry to see growth on the back of improving economic activity, increasing population and revival of the travel & tourism industry led by various mega sporting and MICE events. The retail industry was severely hit by the restrictions imposed during the pandemic; however, retailers were vigilant and responsive to the changing demands and innovated to sail through difficult times. Whilst the retail industry continues to recover, the aftereffects of the COVID-19 pandemic are still hindering growth of the sector. The urgent need to upscale digital presence to stay relevant as well as compete with regional and international players has put retailers under tremendous pressure. Rising penetration of international brands and high-end retailers is also a concern that regional players continue to battle with.

Along with a major shift in purchasing patterns, the pandemic has also led to a change in food consumption habits, which has accentuated the demand for healthy and organic food items. This segment is likely to receive further impetus from the government while companies introduce new organic product lines and restaurants start offering a wider range of healthier options. Regionally, we have seen a healthy deal pipeline in the past few years especially in the e-commerce space. We expect retailers across the region to increase their focus towards adopting and integrating technology to streamline operations, provide personalized offerings while also turn immediately accretive and offer value creation opportunities."

Rohit Walia

Executive Chairman and CEO, Alpen Capital

1. Executive Summary

The GCC retail industry, which has been stressed due to macro-economic headwinds and a slowing economy since the beginning of 2020, is now showing significant signs of recovery. After two years of economic uncertainty caused by the COVID-19 pandemic, retail sales are on an upward trajectory as engagement of out-of-home activities returns to normal. The industry has regained momentum which has primarily been driven by governments' support through stimulus measures, streamlining of retail infrastructure, strengthening of the investment landscape, and facilitating tourism demand to stimulate recovery. Tourist inflow attending mega events such as the recently concluded EXPO 2020 Dubai and the upcoming FIFA World Cup 2022 in Qatar has also helped revive industry dynamics. The industry is currently in a transformation phase with the pandemic impacting consumer behavior and buying patterns while putting e-commerce at the forefront. Operators are looking to capitalize on this trend and companies are adapting to remain competitive. Such developments are likely to act as a springboard for the retail industry growth while also playing an important role in the region's diversification strategy. The long-term prospects of the industry remain positive owing to expected economic recovery, favorable demographics, relaxation of visa rules and liberalization policies, coupled with retailers adopting omni-channel strategies to better meet the evolving consumer demand.

1.1 Scope of the Report

This report is an update of Alpen Capital's GCC Retail Industry Report dated April 22, 2019. It focuses on the current state of the retail industry across the GCC nations, including recent trends, growth drivers and challenges. The report also provides an outlook of the industry until 2026, along with profiles of prominent retail operators in the region.

1.2 Industry Outlook

- GCC retail industry sales are expected to surge in 2022 and record a 15.7% y-o-y growth to reach US\$ 296.8 billion. This high double-digit growth rate can be attributed to a lower base during the past two years as the regional countries recover from the pandemic. The industry is further forecasted to grow at a pace of 5.7% CAGR between 2022 and 2026 to reach US\$ 370.0 billion. Non-food retail sales are forecasted to grow at a CAGR of 6.2% while food retail sales are anticipated to increase at a CAGR of 4.9% between 2022 and 2026.
- Duty free sales at select GCC airports (Abu Dhabi, Dubai, Qatar and Bahrain) are expected to grow by 65.5% y-o-y to reach US\$ 2.2 billion in 2022, supported by the reopening of borders, ease in visa regulations, influx of tourism driven by EXPO 2020 Dubai and the upcoming FIFA World Cup 2022. It is further projected to reach US\$ 3.0 billion by 2026, implying an annualized growth of 8.4% since 2022.
- Retail sales of personal luxury goods in the Middle East, primarily led by the GCC nations, are forecasted to reach US\$ 11.8 billion by 2026, signifying an annualized growth of 6.5% since 2021.
- At 80% completion of projected additions to the retail space, 4.5 million sq. m. of retail space is likely to come up in the GCC between 2021 and 2026, taking the total organized retail GLA in the region to 23.0 million sq. m. This is a modest growth scenario, wherein organized retail GLA is anticipated to grow at a CAGR of 4.5% during the period.

1.3 Key Growth Drivers

- Economic activity in the GCC is expected to pick up as COVID-19 induced restrictions have now eased. Business confidence in the region is bouncing back with the reopening of borders, easing of travel restrictions and rise in hydrocarbon revenues. Moreover, improvements in per capita income will increase domestic consumer demand. The anticipated rise in spending power is also likely to improve the appetite for global brands and luxury items.

- Rising population, with a high concentration of expatriates and HNWIs, remains one of the primary factors for driving growth of the GCC retail industry. The region's population is expected to grow at a CAGR of 1.9% between 2021 and 2026.
- GCC is fast becoming a global center for business, entertainment, and sporting events. In addition to the recently concluded EXPO 2020 Dubai, some of the major events set to take place in the region include FIFA World Cup 2022, Formula 1 Grand Prix, World Aquatics Championship, and the Asian Games. Consequently, international tourist arrivals are anticipated to grow at a CAGR of 24.1% between 2021 and 2026 to reach 83.4 billion.
- GCC countries have introduced a series of new liberalized measures to encourage tourism that includes new visa categories to broaden the reach of beneficiaries. UAE, Saudi Arabia and Qatar have been at the forefront of introducing such reforms.
- Ongoing Free Trade negotiation with the UK coupled with the agreements in place with India and Israel will increase the range of foreign products within the domestic retail outlets and also expand establishment of international brands in the region.

1.4 Key Challenges

- Lower revenues due to the sharp correction in oil prices, coupled with COVID-19 induced travel restrictions and business closures have put the industry under increased pressure. Moreover, the current high inflation rate is likely to reduce the spending power of consumers, leading to a slowdown in the GCC retail industry.
- GCC countries rely heavily on external sources of supply to meet domestic food demand. This has left the region vulnerable to supply-side shocks, leading to inflationary pressures on the economies.
- Rising number of international brands operating in the region have intensified competition within the retail market. Retailers are adopting aggressive promotional campaigns by offering more discounts to further drive revenues. Although such strategies increase top-line growth, they are likely to lead to margin pressures.
- Growth in e-commerce has eroded the business for traditional brick-and-mortar stores. Smaller retail players are unable to compete with large operators due to cost and expertise constraints on the digital front. Moreover, new labor localization laws, market-priced utility costs and tax measures have also added to the pressure.

1.5 Key Trends

- The COVID-19 health crisis has ushered in a new reality in the digital retail space with consumers shifting to online channels for purchases while regional players have swiftly responded to the surge in demand. Omni-channel marketing is being used as an opportunity by retailers and international brands to launch targeted and personalized campaigns for the growing millennial population in the GCC.
- The industry is set to witness a significant transition with the likely introduction of Artificial Intelligence (AI), Augmented Reality (AR), Virtual Reality (VR), Image Recognition and Computer Vision Technologies. Digitization is likely to help operators streamline procedures, reduce costs, lower staff workloads, increase revenue generation potential, and improve overall level of customer experience.
- The organic food segment has gained popularity amongst consumers of different age groups and income categories during the pandemic. The segment is likely to receive further boosts from the government while companies introduce new organic product lines and restaurants start offering wider range of healthier options.

The pandemic has led to a transformation in the GCC retail industry with operators realigning themselves with the changing market dynamics to remain competitive. As the industry continues to mature, retailers have started focusing on developing new business models while also re-conceptualizing their pricing strategies. Considering the market has become more competitive, larger players are looking for scale and focusing on growth through brand and technology acquisitions. Therefore, consolidation is likely to intensify as pressure on companies to drive earnings and gain market share continues.

2. The GCC Retail Industry Overview

Although the retail industry has been stressed due to macro-economic headwinds and a slowing economy since the beginning of 2020, signs of recovery from the COVID-19 pandemic continue to emerge

The GCC retail industry, which has remained one of the cornerstones for the region's sustainable economic development, is currently undergoing transformation at an unprecedented pace and scale. The region has emerged as an attractive destination for global investors with the real estate, retail, tourism and hospitality industries becoming key barometers for growth for the GCC nations' economic diversification strategy¹. Although the retail industry has been stressed due to macro-economic headwinds and a slowing economy since the beginning of 2020, signs of recovery from the COVID-19 pandemic continue to emerge. After two years of economic uncertainty, retail sales are on an upward trajectory coupled with higher consumer spending as engagement of out-of-home activities returns to normal. The industry has regained momentum primarily driven by governments' support through stimulus measures², streamlining the retail infrastructure, strengthening the investment landscape, and facilitating tourism demand to stimulate recovery. The return of international tourists attending mega events such as the recently concluded EXPO 2020 Dubai and the upcoming FIFA World Cup 2022 in Qatar has also been helping revive industry dynamics. The retail industry has been adversely affected by the pandemic and it has been a period of challenges with fewer opportunities for various stakeholders³. The closure of businesses and the subsequent cautiousness of physical shopping has led to a shift in the consumption patterns with demand for online retail increasing significantly. At the same time, the crisis has incentivized retail operators to ramp up investments in digitization in a bid to drive growth and improve operational efficiencies.

Exhibit 1: Population Growth in the GCC

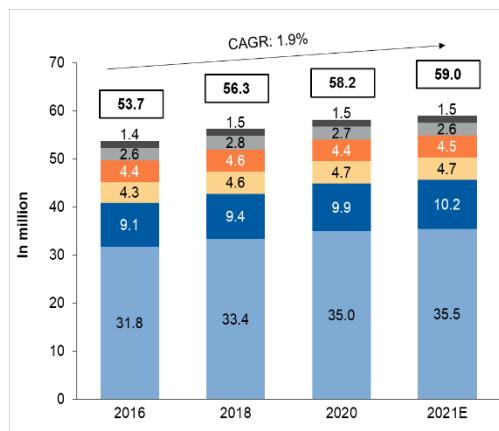
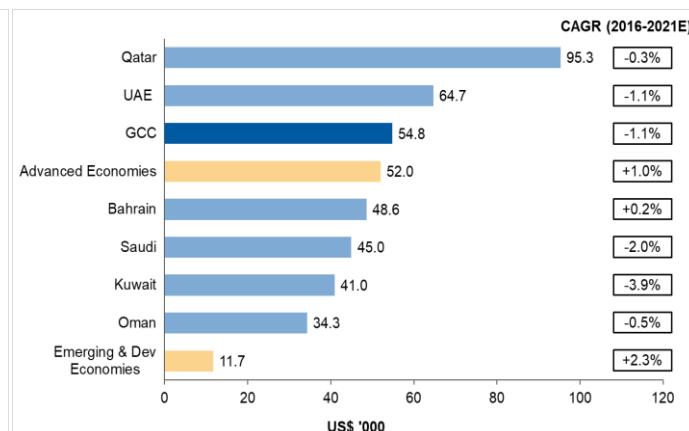


Exhibit 2: GDP (PPP) per capita in the GCC (2021E)



Source: IMF – October 2022

Source: IMF – October 2022

Note: GDP (PPP) per capita is at constant prices

Steady growth in population, coupled with the high concentration of expatriates and high-net worth individuals, are the key demographics driving growth of the region's retail industry

Steady growth in population, coupled with the high concentration of expatriates and high-net worth individuals (HNWI), are the key demographics driving growth of the region's retail industry. Population in the GCC region grew at a CAGR of 1.9% since 2016 to reach 59.0 million in 2021 (see Exhibit 1)⁴. Saudi Arabia and the UAE are now among the fastest-growing wealth markets in the world, with the number of millionaires in Dubai, Abu Dhabi and Sharjah jumping double digits to reach close to 100,000 in 2022. According to data from New World Wealth, a wealth intelligence firm, Riyadh remained the fastest growing

¹ Source: "Economic diversification in the Gulf", Brookings, January 31, 2021

² Source: GCC Region Mega Trends, Forecast to 2030, Frost & Sullivan, October 5, 2020

³ Source: "COVID-19 impact on retailer sentiments in Saudi Arabia and United Arab Emirates", GFK, April 2020

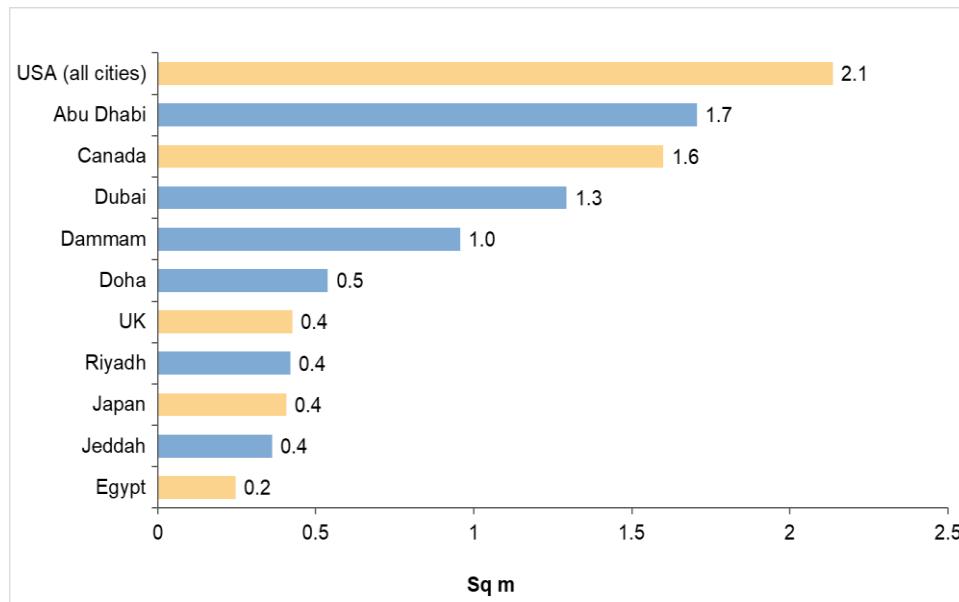
⁴ Source: "World Economic Outlook Database", IMF, April 2022

Several regional and international retail operators continue to establish and expand their business offerings in the region, primarily catering to the anticipated growth in demand

millionaire destination globally⁵. With the majority of people living in such urban areas, an increase in the number of working couples and growing influence of global culture is driving the demand of international brands and franchise outlets setting up base in the GCC. The non-food retail segment has been largely driven by the growing millennial population and changing consumer lifestyle. In the food retail segment, increasing modernization is driving demand for convenient food products while the growing realization of the importance of health and well-being has created a significant market for organic food. The region's large expatriate population has also augured demand for different international food and non-food products.

In recent years, lower revenues due to the sharp correction in oil prices coupled with COVID-19 induced travel restrictions, business closures, and a subsequent fall in per capita income of the GCC (-1.0% CAGR between 2016 and 2021)⁶ had put the regional retail industry under pressure. Measured in terms of GDP (PPP) per capita (at constant prices), Qatar remains the wealthiest nation in the world while the UAE too features above the GCC average⁷. The per capita GDP of the GCC region stood at US\$ 54,802 in 2021, much higher than the advanced and emerging economies⁸ (see Exhibit 2). However, the spending power of the population has been affected due to the volatile economic environment, and concerns over employment prospects⁹. Nevertheless, several regional and international retail operators continue to establish and expand their business offerings in the region, primarily catering to the anticipated growth in demand. Furthermore, retail Gross Leasable Area (GLA) per capita in most of the major GCC cities remains well above that in other MENA markets but below developed markets such as the US (see Exhibit 3), signifying the strong demand dynamics and potential of the region's retail industry.

Exhibit 3: Retail GLA per capita (2021)



Source: Jones Lang LaSalle (JLL), Cushman & Wakefield, IMF

Saudi Arabia and the UAE are the only GCC nations to feature in the world's top 35 retail investment destinations as per AT Kearney's Global Retail Development Index (GRDI) 2021

⁵ Source: "Millionaires in Dubai, Abu Dhabi, Sharjah surge close to 100,000 in 2022", Zawya, September 14, 2022

⁶ Source: "World Economic Outlook Database", IMF, April 2022

⁷ Source: "World Economic Outlook Database", IMF, April 2022

⁸ Source: "World Economic Outlook Database", IMF, October 2018

⁹ Source: "COVID-19: Labour Market Impact and Policy Response in the Arab States", ILO, May 2020

(see Exhibit 4). Both the GCC nations rank among the top five countries globally in terms of market attractiveness due to lower Saturation score, an increase in Time Pressure (indicates the urgency for retailers to enter the market and capture growth opportunities) and GRDI score¹⁰. The retail industry in the UAE and Saudi Arabia is witnessing a change in consumption patterns, where customers have become more digital savvy while also being conscious about quality and value. Attractive demographics, diverse consumer preferences and a rise in adoption of online retailing in both countries are facilitating several international retail companies to establish their presence not only through brick-and-mortar stores but also by deploying omni-channel strategies. Retail markets in these countries also continue to remain attractive due to improvements in the business environment¹¹, especially since the announcement of 100% FDI, coupled with the growing inflow of tourists.

Exhibit 4: GCC Country Rankings as per GRDI (2021)

| Country | Market Attractiveness | Country Risk | Market Saturation | Time Pressure | GRDI Score | World Ranking |
|--------------|-----------------------|--------------|-------------------|---------------|------------|---------------|
| Saudi Arabia | 75.8 | 98.6 | 16.9 | 26.9 | 50.6 | 12 |
| UAE | 78.4 | 100.0 | 0.2 | 42.9 | 50.0 | 14 |

Source: AT Kearney

Note: Market Attractiveness: 0 = Low, 100 = High; Country Risk: 0 = High Risk, 100 = Low Risk; Market Saturation: 0 = Saturated, 100 = Not Saturated; Time Pressure: 0 = No Time Pressure, 100 = Urgency to Enter

2.1 Country-wise Retail Market Overview

The GCC retail industry is undergoing significant structural changes with a rise in the number of regional and international brands establishing base in the region coupled with the increasing prominence of e-commerce platforms

Saudi Arabia and the UAE are the largest retail markets in the GCC, accounting for 78.5% of the GCC retail market in 2021

The GCC retail industry is undergoing significant structural changes as growth in online shopping and hybrid omni-channel approaches have intensified competition within the market. The integrated commerce model has led to retailers adopting aggressive promotional campaigns and discounting strategies to remain competitive. Increased digitalization and social media influence have inspired retailers to develop innovative advertising campaigns to acquire new customers. Consequently, retailers are moving away from traditional advertising channels towards mobile-commerce and social media platforms, offering a more personalized shopping experience to consumers¹². Some brick-and-mortar retailers have collaborated with e-commerce players to increase efficiency across various processes. In many cases, these partnerships are resulting in more cross-channel opportunities and customer base expansion for both establishments¹³.

The retail industry has been one of the most significant casualties of the pandemic when curfews and lockdowns came into effect¹⁴. Following a period of muted performance, retail spending is showing signs of recovery as more people venture out to restaurants and shopping malls. Saudi Arabia and the UAE remain the largest markets in the GCC, cumulatively accounting for an estimated 78.5% of the GCC retail market in 2021. Retail sales in the UAE contributed to an estimated 18.1% of the country's economy, while Saudi Arabia's retail sales accounted for an estimated 15.1% of its economy in 2021¹⁵. The region's non-food retail sales accounted for an estimated 55.2% of the total retail sales in 2021, despite declining at a CAGR of 1.1% since 2016¹⁶. The slowdown can largely be

¹⁰ Source: "The 2021 Global Retail Development Index", AT Kearney

¹¹ Source: "Ease of Doing Business", World Bank, 2020

¹² Source: "Trends in the GCC Retail Market - The State of Retail Today and Predictions For A Post-COVID-19 World", CBRE, Roland Berger, 2021

¹³ Source: "Identifying the Latest Digital Trends and Opportunities in UAE Retail", U+, 2021

¹⁴ Source: "COVID-19 impact on retailer sentiments in Saudi Arabia and United Arab Emirates", Growth from Knowledge

¹⁵ Source: EIU, AT Kearney, IMF

¹⁶ Source: EIU, AT Kearney, IMF, Alpen Capital

attributed to business closures during the pandemic coupled with the economic pressure affecting discretionary spending during 2019 and 2020¹⁷. On the other hand, food retail sales grew at a relatively healthy pace of 3.4% CAGR during the same period¹⁸. While UAE and Saudi Arabia remain the most developed and mature retail markets in the region, the rest of the GCC countries continue to offer several opportunities for growth, as they remain relatively underpenetrated.

Qatar's retail industry is currently going through a period of rapid expansion and is expected to witness significant traction as it gears to host numerous global sporting events, including the FIFA World Cup 2022. Kuwait, Oman and Bahrain also have a healthy pipeline of retail projects under development as several international and regional retailers continue to establish and expand their presence in these countries.

UAE

The retail industry is estimated to have contributed 18.1% to the UAE's GDP during 2021 and remained a dominant force behind economic diversification

Over the years, the UAE has established itself as one of the most prominent retail markets globally, attracting international brands and adapting according to the dynamic market conditions with its innovative concepts and modern infrastructure. The country also has a rapidly developing e-commerce market coupled with one of the highest mall densities and developments in the world¹⁹. While Dubai remains one of the leading international shopping destinations for tourists and residents alike, Abu Dhabi has also been garnering a lot of attraction with several global brands establishing presence to cater to the rising demand from the affluent society. Dubai's wholesale and retail sector is a key contributor to its economy, accounting for approximately 28% of the Emirate's real GDP²⁰. The country is a hub for luxury goods in the GCC, while also contributing significantly through duty free sales each year. According to the 2021 edition of the Global Retail Development Index by AT Kearney, UAE ranked 14th among the top 35 emerging countries and second among the MENA markets for global retail investment²¹. The retail industry is a key component for the UAE's economic diversification strategy and is estimated to have contributed around 18.1% to the country's GDP (at constant prices) during 2021 (see Exhibit 5)²².

Exhibit 5: Retail Sales in the UAE

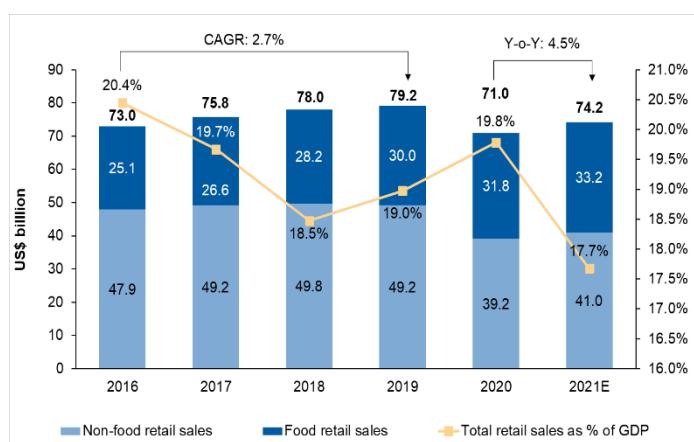
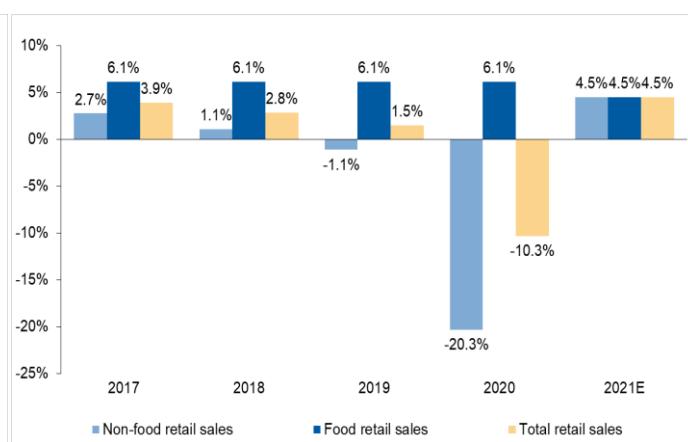


Exhibit 6: Change in Retail Sales in the UAE



Source: EIU, AT Kearney, IMF – October 2022

Source: EIU, AT Kearney

Note: The above mentioned proportion to GDP is at constant prices

¹⁷ Source: "COVID-19 Pandemic and the Road to Diversification – Gulf Economic Update", World Bank, August 2021

¹⁸ Source: EIU, AT Kearney, IMF, Alpen Capital

¹⁹ Source: "The 2021 Global Retail Development Index", AT Kearney

²⁰ Source: "Technology is accelerating pace of change in UAE's retail sector", Khaleej Times, March 14, 2022

²¹ Source: "The 2021 Global Retail Development Index", AT Kearney

²² Source: EIU, AT Kearney, IMF

Prior to the pandemic, the value of retail sales in the country grew at a CAGR of 2.7% between 2016 and 2019; total retail sales are estimated to have grown by 4.5% y-o-y in 2021

UAE led the GCC nations with total travel and tourism spending revenues of US\$ 27.4 billion during the year, contributing 6.4% to the GDP

Prior to the pandemic, the value of retail sales in the country grew at a CAGR of 2.7% between 2016 and 2019 to reach US\$ 79.2 billion. Non-food retail sales accounted for 62.1% of the total market, recording an annualized growth of 0.9% between 2016 and 2019, while food retail sales grew at a pace of 6.1% CAGR during the same period²³ (see Exhibit 5). However, the UAE has not been immune to the health crisis as lockdown measures led to business closures and consumer spending witnessed a windfall in 2020. This, in turn, led to the country's retail sales to decline during the year to reach US\$ 71.0 billion²⁴. Nevertheless, the UAE led the MENA region in terms of e-commerce spending during 2020 as consumers resorted to online channels for purchasing both essential and discretionary products. The country's average spending per household on e-commerce stood at \$2,554 in 2020, twice the global average of \$1,156 and four times the MENA average of \$629, positioning the UAE as a high-demand market²⁵. Dubai accounted for 30% (US\$ 21.3 billion) of UAE's \$71 billion total sales in 2020, amidst a continuing e-commerce boom and opening of new malls²⁶. As pandemic-induced restrictions were lifted and economic conditions improved, total retail sales are estimated to have grown by 4.5% y-o-y in 2021 to reach US\$ 74.2 billion. Non-food retail sales are estimated to account for 55.2% of the total market, as market sentiments continue to revive. Both food and non-food retail sales are estimated to have grown by 4.5% y-o-y each during 2021²⁷ (see Exhibits 5 and 6). Overall, the UAE is estimated to account for 29.1% of the total retail sales in the GCC during 2021, the second highest in the region.

The recovery was boosted in parts by several global business and entertainment events, improvements in vaccination rates, and an uptick in tourism activities during the end of 2021²⁸. The UAE recorded a 56.4% y-o-y growth in international tourist arrivals in 2021, primarily supported by the government's efforts to ensure COVID-19 safety measures²⁹ coupled with the overwhelming response of the EXPO 2020 Dubai³⁰. Consequently, UAE led the GCC nations with a total travel and tourism spending revenues of US\$ 27.4 billion during the year, contributing 6.4% to the GDP³¹. Tourism expenditures increased by approximately 22% in 2021 compared to 2019, and tourist spending during the last quarter accounted for 74% of the increase. Q4 2021 also accounted for 16% of UAE's GDP in 2021 via direct and indirect spending. Notably, a modest improvement in footfall across shopping malls in Dubai and Abu Dhabi was also recorded during the end of 2021 amidst precautionary guidelines to ensure the safety of employees and visitors. Other high-street retail units, dine-in restaurants and cafes also resumed full operations, slowly increasing visitor capacity following a period of closure due to the pandemic. At the same time, e-commerce sales continued to flourish as the country recorded a 104% increase in online shopping spending in 2021 as compared to 2019 with most of the online spending done by residents within the hypermarkets/supermarkets or general retail online offerings³². All these factors are estimated to have boded well for the revival of UAE's retail industry.

Several retail projects are currently under development in the UAE to cater to the anticipated rise in tourist arrivals. The EXPO 2020 Dubai aided the industry, while pent-up demand spurred the industry's growth in 2021. In preparation of the mega event, Dubai spent over

²³ Source: EIU, AT Kearney, IMF

²⁴ Source: EIU, AT Kearney, IMF

²⁵ Source: "UAE ranks 14th globally in retail spending, survey shows", The National News, December 13, 2021

²⁶ Source: "Dubai transitions into "a global destination" for shopping as retail boom spurs economic recovery", Arabian Business, March 24, 2022

²⁷ Source: EIU, AT Kearney, IMF, Alpen Capital

²⁸ Source: "UAE's retail economy bounces back as consumers regain confidence after Covid blow", Arabian Business, January 31, 2022

²⁹ Source: "Why is this country so resilient", BBC, January 7, 2022

³⁰ Source: "Dubai Expo 2020 event spurs tourism, boosts UAE business activity", Hindustan Times, November 4, 2021

³¹ Source: "Economic Impact Report", WTTC, 2022

³² Source: "State of the UAE Retail Economy Q4 Report: UAE Retail Economy Sees Rise in 2021 Spending Levels, Surpassing 2019 by 4.5%", Majid Al Futtaim, January 31, 2022

Dubai recorded an addition of around 205,000 sq. m. of retail GLA in 2021 while approximately 100,000 sq. m. of retail GLA was added in Abu Dhabi

US\$ 7 billion on infrastructure development, which also included the expansion and construction of several malls, shopping and leisure centres³³. Dubai also recorded an addition of around 205,000 sq. m. of retail GLA in 2021, bringing the Emirate's total retail stock to 4.4 million sq. m. Over 520,000 sq. m. of retail space is planned to be built across Dubai in 2022 (see Exhibit 7)³⁴. Some of the notable upcoming malls, including expansion of existing ones, include the Dubai Square Mall, Meydan One Mall, Deira Mall, Cityland Village, Nad Al Sheba Mall, and The Art of Living Mall among others. The Dubai Outlet Mall is also expected to open, following an extension, in Q4 2022. The expansion will bring the total area of the mall to 3.8 million sq. ft. - making it the largest outlet mall not only in the region but also in the world³⁵. In Abu Dhabi, approximately 100,000 sq. m. of retail GLA was added in 2021, bringing the total stock up to 2.9 million sq. m. Similar to Dubai, the capital has large-scale retail developments in the pipeline with total floor space due for completion in 2022 amounting to approximately 341,000 sq. m. of GLA (see Exhibit 8)³⁶. Upcoming projects in Abu Dhabi consist of mostly retail shops in mixed-use buildings as well as the Reem Mall, and Al Maryah Central among others.

Exhibit 7: Supply of Retail Space in Dubai

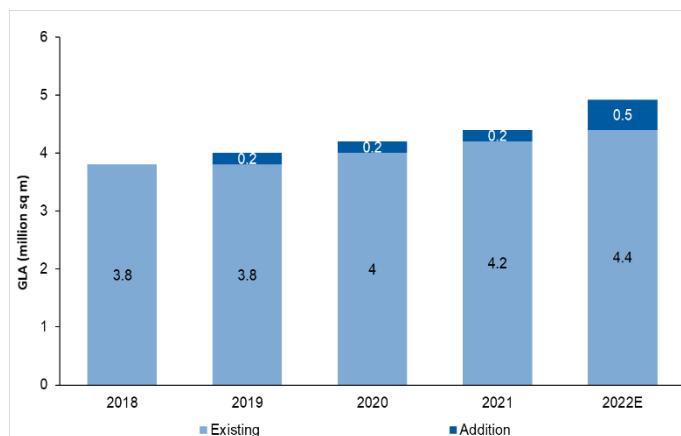
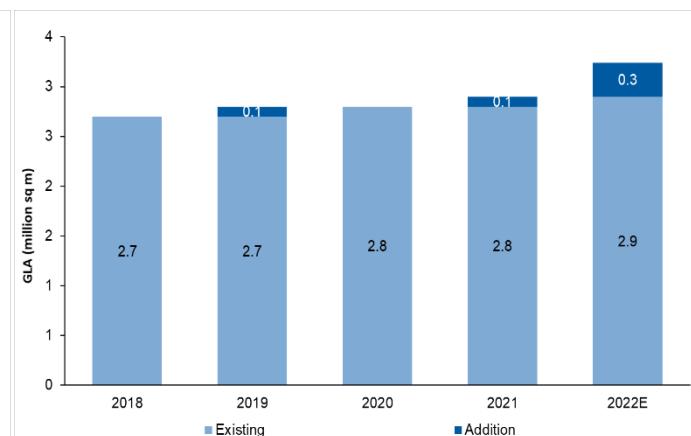


Exhibit 8: Supply of Retail Space in Abu Dhabi



Source: Jones Lang LaSalle (JLL)

Jones Lang LaSalle (JLL)

Retail developers in the UAE are likely to be strategic in their delivery of new schemes - primarily focusing on releasing projects in phases

Amidst a strong pipeline of retail projects due to be delivered in both cities over 2022, developers are likely to be strategic in announcing their new schemes - primarily focusing on releasing the projects in phases. Several mall owners remain under pressure due to the stock of newly completed and upcoming retail space in the UAE. As a result, majority of them have resorted to offer incentives such as rent-free periods, low base rents, while also contributing towards capital expenditure on fit-outs and opting for revenue-share models among others to increase occupancy rates³⁷. Retail rents remain on a downward trajectory, although there are signs of stabilization amid slow rise in demand. At the end of 2021, average rents for primary and secondary malls in Dubai and Abu Dhabi declined by 4% and 5% y-o-y, respectively³⁸.

³³ Source: "Party's Over: Dubai's Monthslong Expo 2020 Comes to a Close", US News, March 31, 2022

³⁴ Source: "The UAE Real Estate Market - A Year in Review 2021", JLL

³⁵ Source: "Dubai Outlet Mall gears up to open extension in Q4 2022". Zawya, July 19, 2022

³⁶ Source: "The UAE Real Estate Market - A Year in Review 2021", JLL

³⁷ Source: "The UAE Real Estate Market - Q1 & Q2 2022", JLL

³⁸ Source: "The UAE Real Estate Market - A Year in Review 2021", JLL

Recent changes in Saudi Arabia's retail regulations have increased transparency while making it easier for new businesses to enter the market

The government has taken several steps to boost and organize the retail sector, including the implementation of 100% Saudization policy in closed commercial complexes and malls

Saudi Arabia

Saudi Arabia is the largest retail market in the GCC, primarily due to its large population base that makes up approximately 60.7% of the region's total inhabitants³⁹. The industry is largely driven by the Kingdom's growing millennial population (over two-thirds of its people are age 35 and under), increasing urbanization, religious tourism and the rise in ultra-high net worth individuals⁴⁰. Strong purchasing power and growing digital economy have led to a rise of e-commerce platforms and omni-channel retail stores in recent years⁴¹. Furthermore, digital transformation strategies by the Saudi Arabian Monetary Authority (SAMA), which made it mandatory for retailers to accept electronic payments, have accelerated the adoption of digital payment systems in the Kingdom.

In recent years, Saudi Arabia has introduced several liberalization policies aimed at uplifting the social and cultural environment of the Kingdom. Many of these reforms are part of its Vision 2030, and aim to make the Kingdom more modern, liberal, as well as business and tourism friendly⁴². Recent changes in the Kingdom's retail regulations have increased transparency while making it easier for new businesses to enter the market. Stronger governance coupled with enhanced protection of consumer rights have also led to increased foreign investment towards the industry. As a result, the Kingdom has witnessed several brick-and-mortar entrants as well as e-commerce platforms establish and expand their presence. At the same time, increasing exposure to global trends has resulted in an influx of international brands while regional players are continuing to diversify their base to cater to the demand from the affluent class⁴³.

However, the retail market in Saudi Arabia remains highly fragmented, comprising of organized retail formats (shopping malls, community malls, hypermarkets/supermarkets), high street markets, department stores and traditional independent outlets called the 'bakalas'. As of 2021, there were an estimated 40,000 'bakalas' in the Kingdom, an increase of approximately 4.1% over 2016⁴⁴, which cumulatively accounted for 56% of all food products sold in 2021. The other grocery sales infrastructure comprises of supermarkets (26% share) and hypermarkets (18% share)⁴⁵. The government has taken several steps to boost and organize the retail sector, including the implementation of 100% Saudization policy in closed commercial complexes and malls. It aims to create 51,000 jobs for citizens by mandating that only citizens fill all mall jobs, activities, and professions⁴⁶. As part of its Vision 2030 diversification strategy, the Kingdom plans to generate a million additional retail jobs for Saudis and increase contribution of modern retailing and e-commerce to 80% of the retail industry. According to the 2021 edition of the Global Retail Development Index by AT Kearney, Saudi Arabia ranked 12th among the top 35 emerging countries and first among the MENA markets for global retail investment⁴⁷. The retail industry is estimated to have contributed around 15.1% to the GDP (at constant prices) during 2021 (see Exhibit 9)⁴⁸.

³⁹ Source: "World Economic Outlook Database", IMF, April 2022

⁴⁰ Source: "Growth of UAE, Saudi billionaires set to stall to 2023", Arabian Business, March 06, 2019

⁴¹ Source: "The Future of Retail in Saudi Arabia", Market Research Saudi, February 18, 2022

⁴² Source: "Saudi Arabia reforms: Royal power play or meaningful change?", DW.com, June 27, 2021

⁴³ Source: "Saudi and UAE lead in Kearney's emerging markets retail index", Consultancy-ME, January 3, 2022

⁴⁴ Source: "Global Agricultural Information Network", USDA Foreign Agricultural Service, January 22, 2018

⁴⁵ Source: "Saudi Retail Sector", Marmore MENA Intelligence

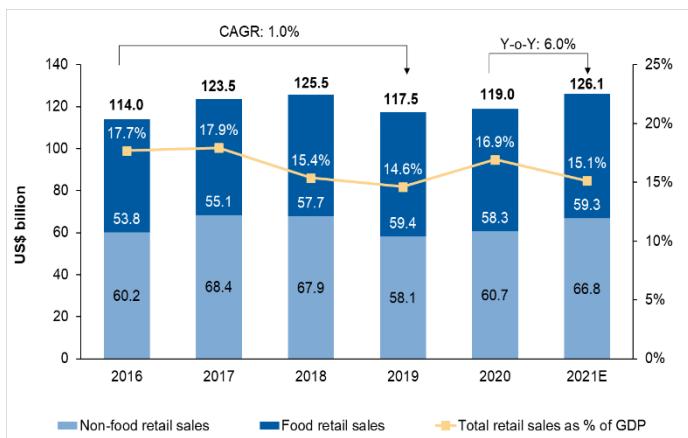
⁴⁶ Source: "100% Saudization of malls comes into force", Saudi Gazette, August 4, 2021

⁴⁷ Source: "The 2021 Global Retail Development Index", AT Kearney

⁴⁸ Source: EIU, AT Kearney, IMF



Exhibit 9: Retail Sales in Saudi Arabia



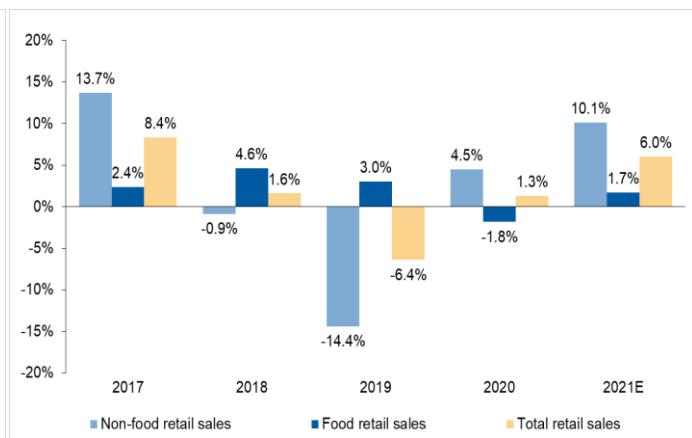
Source: EIU, AT Kearney, IMF – October 2022

Note: The above mentioned proportion to GDP is at constant prices

Prior to the pandemic, the value of retail sales in Saudi Arabia grew at a CAGR of 1.0% between 2016 and 2019

Total retail sales in Saudi Arabia is estimated to have grown by 6.0% y-o-y in 2021 to reach US\$ 126.1 billion

Exhibit 10: Change in Retail Sales in Saudi Arabia



Source: EIU, AT Kearney

Prior to the pandemic, the value of retail sales in Saudi Arabia grew at a CAGR of 1.0% between 2016 and 2019 to reach US\$ 117.5 billion. Non-food retail sales accounted for 49.5% of the total market, which recorded an annualized decline of 1.2% between 2016 and 2019, while food retail sales grew at a healthy pace of 3.3% CAGR during the same period⁴⁹ (see Exhibit 9). The slowdown in the non-food retail segment can be largely attributed to the reduced discretionary spending during 2019 due to dampened economic conditions amid sharp contraction in hydrocarbon revenues⁵⁰. This led to a change in general consumer preferences from luxury products to affordable goods, which has compelled retailers to revamp their portfolios and stock inventories of affordable brands for the price and value conscious consumers⁵¹. In 2020, the COVID-19 pandemic led to the shutdown of malls and retail outlets during the lockdowns while economic conditions remained volatile amid uncertainty. The government introduced several stimulus measures to counter the financial and economic impact of COVID-19 on the budget, including an increase in the VAT rate from 5% to 15% during mid-2020⁵². These factors cumulatively dampened consumer confidence resulting in a subsequent slowdown in consumer spending. This, in turn, led to the country's retail sales record a modest growth of 1.3% y-o-y to reach US\$ 119.0 billion⁵³. As brick-and-mortar stores remained closed during the most part of the year, the industry was supported by accelerated consumer preference towards online marketplaces⁵⁴. E-commerce platforms and online sales in the Kingdom posted record growth during the year as consumers who were using these platforms to buy fashion, beauty, and electronic products, ramped up their purchases of food, groceries, and household goods as well⁵⁵.

As economic conditions improved post the lifting of pandemic-led restrictions, total retail sales in Saudi Arabia are estimated to have grown by 6.0% y-o-y in 2021 to reach US\$ 126.1 billion. Non-food retail sales are estimated to account for 53.0% of the total market, recording a 10.1% y-o-y increase as market sentiments revive. On the other hand, food retail sales are estimated to have grown by 1.7% y-o-y each during 2021⁵⁶ (see Exhibits 9 and 10). Overall, Saudi Arabia is estimated to have accounted for 49.4% of the total retail sales in the GCC during 2021, which is the highest in the region.

⁴⁹ Source: EIU, AT Kearney, IMF

⁵⁰ Source: "Saudi economy grows just 0.3% in 2019 as oil sector shrinks", Reuters, March 1, 2020

⁵¹ Source: "Survey: Saudi consumer sentiment during the coronavirus crisis", McKinsey & Company, March 29, 2021

⁵² Source: "Saudi Arabia: End of the Transitional Period for VAT rate increase", PwC, June 3, 2021

⁵³ Source: EIU, AT Kearney, IMF

⁵⁴ Source: "The Future of Retail in Saudi Arabia", Market Research Saudi, February 18, 2022

⁵⁵ Source: "Rising Kingdom of Ecommerce: Post-Covid Online Retail Trends in Saudi Arabia", April 7, 2021

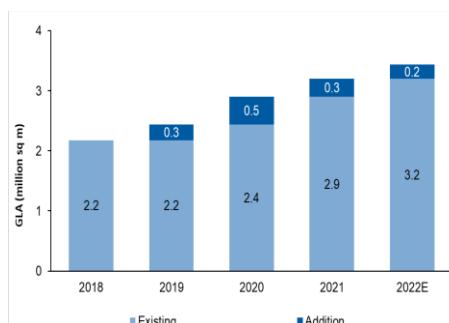
⁵⁶ Source: EIU, AT Kearney, IMF, Alpen Capital



In terms of international tourist arrivals Saudi Arabia witnessed a growth of 71.6% y-o-y in 2021

The recovery can be attributed to government's initiatives to contain the pandemic, stimulus packages encouraging FDIs, economic diversification programs, introduction of several liberalization policies, changes to visa regulations, pro-business reforms, increased focus towards tourism, and a sharp rise in oil prices from the pandemic-induced recession in 2020⁵⁷. As part of its Vision 2030, Saudi Arabia aims to increase the number of religious visitors from 9.5 million recorded before the pandemic to 30 million by 2025, and further attract around 100 million domestic and international visits a year by the end of the decade⁵⁸. Driven by concentrated vaccination efforts in 2021, the government gradually eased restrictions, translating to higher levels of footfall as well as tourist arrivals in the Kingdom. Saudi Arabia, the second largest country in the GCC in terms of international tourist arrivals, witnessed a growth of 71.6% y-o-y in 2021⁵⁹. Total travel and tourism spending revenues in the Kingdom reached US\$ 22.2 billion during the year, contributing 6.5% to the GDP⁶⁰. Consequently, the Kingdom moved up 10 places to the 33rd position in the 2021 World Economic Forum (WEF) Travel and Tourism Development Index⁶¹. All of these factors have augured the revival of the Kingdom's retail industry.

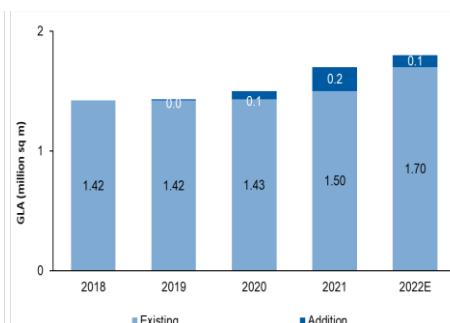
Exhibit 11: Supply of Retail Space in Riyadh



Source: Jones Lang LaSalle (JLL)

Over 350,000 sq. m. of retail space is planned to be built across Saudi Arabia in 2022

Exhibit 12: Supply of Retail Space in Jeddah



Source: Jones Lang LaSalle (JLL)

Exhibit 13: Supply of Retail Space in Dammam



Source: Jones Lang LaSalle (JLL)

Several retail projects are currently under development in Saudi Arabia to cater to the anticipated rise in tourist arrivals. Some of the notable brick-and-mortar developments include BinDawood Holding's plans to open 10 stores between 2022 and 2027, in addition to opening five to six stores a year until 2024; Lulu Group's plans to open 21 new hypermarkets and express stores over the next two years; and Majid Al Futtaim's plans to double the number of Carrefour stores in the Kingdom by 2025, opening about six stores by end of 2022⁶². Some of the major new malls coming up in the Kingdom include the Mall of Saudi (Riyadh), The Avenues (Riyadh), and Arabian Centre's Jawharat Al-Riyadh and Jawharat Jeddah malls. Consequently, the Kingdom recorded an addition of around 180,000 sq. m. of GLA in Riyadh, 195,000 sq. m. of GLA in Jeddah, 24,000 sq. m. of GLA in Dammam, and 58,000 sq. m. of GLA in Makkah during 2021. Over 550,000 sq. m. of retail space is planned to be built across Saudi Arabia in 2022 (see Exhibit 11, 12 and 13)⁶³. In the first half of 2022, Saudi Arabia's retail sector witnessed a significant increase in retail space amid a strong recovery in domestic demand. With an addition of 55,000 sq. m. of GLA, Riyadh's total retail stock stood at 3.3 million sq. m., whereas Jeddah's retail space increased by 16,000 sq. m. to reach 1.7 million sq. m. and the GLA for Makkah rose by

⁵⁷ Source: "Saudi Arabia to Grow at Fastest Pace in a Decade", IMF, August 17, 2022

⁵⁸ Source: "Tourism Ambitions Transform Saudi Arabia", The Arab Gulf States Institute in Washington, February 17, 2022

⁵⁹ Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC

⁶⁰ Source: "Economic Impact Report", WTTC, 2022

⁶¹ Source: "Saudi Arabia jumps 10 places in global tourism ranking", Zawya, May 25, 2022

⁶² Source: "The 2021 Global Retail Development Index", AT Kearney

⁶³ Source: "The KSA Real Estate Market - A Year in Review 2021", JLL

17,500 sq. m. to 1.4 million sq. m. in H1 2022. Dammam was the only market with no notable completions during the period, leaving its retail stock unchanged at 1.2 million sq. m⁶⁴.

The uncertain economic climate, combined with recent additions and upcoming supply, has prompted several mall operators and owners of older properties to re-assess and re-position their assets to retain tenants. Landlords are also implementing various strategies including the incorporation of F&B and entertainment facilities within retail centres to drive footfall as developments with similar positioning are outperforming the market in terms of both occupancy and footfall⁶⁵. At the end of 2021, average rents for super-regional malls increased by 1% y-o-y in Riyadh and registered declines across the remaining cities (-2% y-o-y in Dammam, -9% y-o-y in Jeddah, and -20% y-o-y in Makkah). In the case of regional malls, average rental values declined across each of the four markets between 2% and 8% y-o-y. On the other hand, retail vacancy rates have started showing signs of recovery in major markets from the declines witnessed during the pandemic period⁶⁶.

Qatar

Qatar's organized retail space is currently going a period of rapid expansion amid upcoming mega events

Qatar's government continues its efforts to diversify its economy as part of its 'National Vision 2030' with the tourism and retail industries identified as key contributors to the economy. The country's organized retail space is currently going through a period of rapid expansion, credited to a strong pipeline of projects in the build-up to several global sporting and business events that are set to take place over the next few years. Qatar remains the richest country in the world with a GDP (PPP) per capita (at constant prices) of US\$ 95,273 as of 2021⁶⁷. The high level of wealth coupled with rising population, an expanding tourism sector and high investments towards infrastructure development has positioned the country as a promising retail market in the GCC. Qatar is also regarded as the world's fastest-growing luxury market as the country's state-owned investments arm (Mayhoola) holds a majority stake in several high-profile fashion brands including the Italian company Valentino and French company LVMH as well as landmark department stores Harrods and Printemps in London and Paris, respectively. The country has also developed its own luxury label named Qela, through the Qatar Luxury Group (financed by the Qatar Foundation). Additionally, Qatar is the second largest duty-free operator in the GCC with revenues of US\$ 600 million recorded in 2022, an increase of 74.5% from the previous year⁶⁸.

Qatar's wholesale and retail trade grew at a CAGR of 12.3% between 2015 and 2020 to reach US\$ 26.7 billion, accounting for 15.0% of the GDP

The size of Qatar's wholesale and retail trade grew at a CAGR of 12.3% between 2015 and 2020 to reach US\$ 26.7 billion, accounting for 15.0% of the GDP⁶⁹ (see Exhibit 14). The wholesale and retail trade contribution to GDP has remained stable over the years, indicating the growing importance of the industry within the economy. Despite the COVID-19 pandemic causing business disruptions, Qatar's retail industry fared well during 2020 as the majority of stores and malls were allowed to reopen by summer with a range of mandatory health guidelines in place⁷⁰. During this period, the country witnessed several changes in consumer behavior, especially in terms of buying patterns, spending trends, payment solutions, and utilization of e-commerce platforms. The use of e-commerce witnessed a significant boost as consumers were forced to stay at home and rely on online channels. As per the Ministry of Transport and Communications, about 60% of the consumers in Qatar signified a desire to shop online. This led to the country's retailers to restructure their strategy to incorporate online sales platforms⁷¹. Consequently, many

⁶⁴ Source: "The KSA Real Estate Market – Q1 & Q2 2022", JLL

⁶⁵ Source: "Domestic demand, spending boosts growth in Saudi Arabia's retail sector in H1 2022: JLL", Gulf Business, July 28, 2022

⁶⁶ Source: "The KSA Real Estate Market - A Year in Review 2021", JLL

⁶⁷ Source: "World Economic Outlook Database", IMF, April 2022

⁶⁸ Source: "Consolidated Financial Statement 2021-22", Qatar Airways QSC

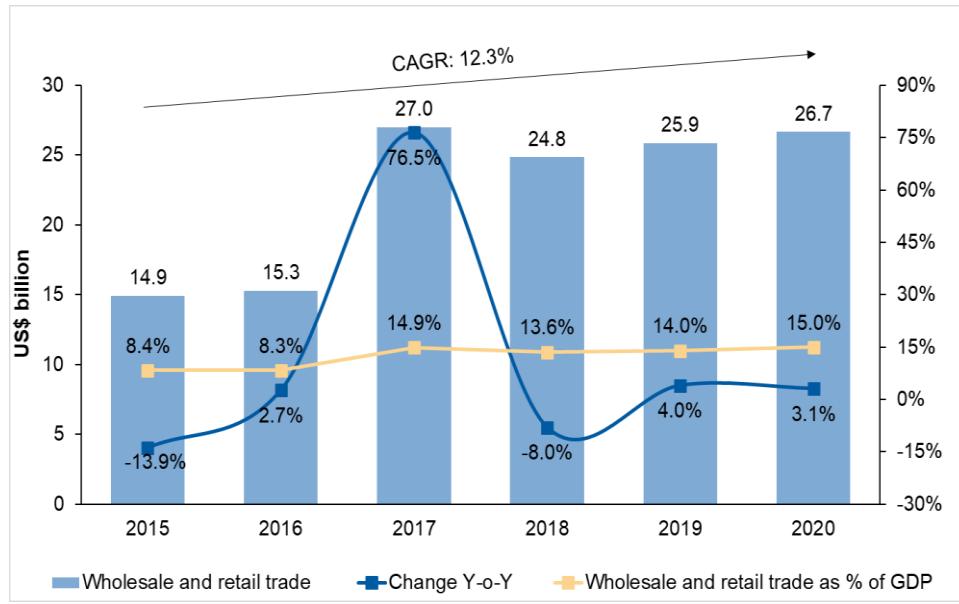
⁶⁹ Source: Qatar Ministry of Development Planning and Statistics

⁷⁰ Source: "How Qatar malls are adjusting to a post-pandemic world", Oxford Business Group

⁷¹ Source: "E-commerce in Qatar gets boost due to Covid-19 restrictions, says ValuStrat", Gulf Times, June 11, 2020

retailers in Qatar have moved to a blended, omni-channel distribution strategy, which involves boosting and expanding their digital offerings while also maintaining a brick-and-mortar footprint⁷². However, the phased easing of COVID-19 restrictions in 2021 resulted in an encouraging return to pre-lockdown footfall levels in most retail malls⁷³. Consequently, the country's retail market is estimated to have recovered from the slowdown during the pandemic, due to overall economic activity improving during the first year of the pandemic while inflation remained in the negative territory⁷⁴.

Exhibit 14: Wholesale and Retail Trade in Qatar



Source: Qatar Ministry of Development Planning and Statistics, IMF

Note: Local currency figures are converted into US\$ using the annual average exchange rate; The above numbers are based on constant prices

In addition to turning into a sporting destination, Qatar is also vying to host a variety of business forums and conferences as it seeks to establish itself as a business hub in the GCC

Recovery can be attributed to the government's initiatives to contain the pandemic, changes to the visa regulations, and an increased focus towards tourism as the country gears up to host several mega events. In addition to the FIFA World Cup 2022, some of the major international sporting events lined up to take place in the country include the Formula 1, TP Tennis Competition, International Golf Championship, the World Championship of Motorcycles, 2024 World Aquatics Championships, the 2030 Asian Games, European Tour Golf, and the MotoGP among others. Apart from these, Qatar is also vying to host a variety of business forums and conferences as it seeks to establish itself as a business hub in the GCC. Moreover, it has been hosting several events in the run up to the FIFA World Cup 2022 – helping the industry recover from the lows of 2020. Consequently, tourist arrivals in the country increased by 5.0% y-o-y in 2021 while total travel and tourism spending revenues reached US\$ 16.5 billion, contributing 10.3% to the country's GDP – the highest amongst the GCC nations⁷⁵. All these factors are estimated to have helped revive the retail industry in Qatar.

As of H1 2022, supply of organized retail space within malls in Qatar reached 1.7 million sq. m., reflecting an increase of more 160% since 2015

As of 2021, Qatar's supply of organized retail space exceeded 1.5 million sq. m. of GLA. The most recent retail developments in the country include Abu Sidra Mall and The Galleria, both of which opened partially but are yet to reach full capacity. While there has been an increase in leasing activity and lease renewals, the impact of the pandemic led to more than

⁷² Source: "Blended, omnichannel approach seen in Qatar's retail businesses: OBG, Gulf Times, May 23, 2021

⁷³ Source: "Quarterly Report Qatar Q2 2021: Retail Market Overview", Cushman & Wakefield Qatar, August 18, 2021

⁷⁴ Source: "How Qatar malls are adjusting to a post-pandemic world", Oxford Business Group

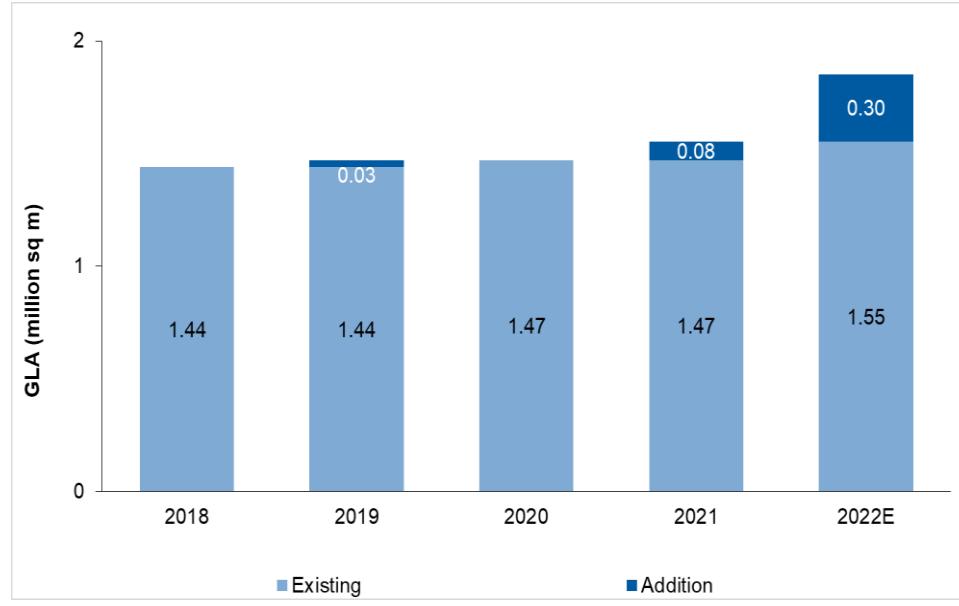
⁷⁵ Source: "Economic Impact Report", WTTC, 2022

Landlords and mall operators in Qatar are offering rent free incentives, fit-out contributions and turnover rent arrangements to increase occupancy rates

600 retail units within Doha's 20 largest retail malls being vacant, representing a vacancy rate of approximately 20% by the end of 2021. The second half of 2021 saw an increase in leasing activity in City Centre Mall, Doha Festival City, and Mall of Qatar. While some of the major malls witnessed strong footfall and maintained full occupancy during the year, increasing competition and the challenging retail environment affected the performance of others. There was strong growth in retail performance in many of Qatar's major malls with retail spending in these developments up by 10% to 20% y-o-y at the end of 2021⁷⁶.

Despite increasing pressure on occupancy rates, new developments have significantly increased the quality of retail space in Qatar. The opening of newer malls such as Place Vendome and the upcoming Commercial Boulevard, both in Lusail, are focusing on higher quality restaurants, entertainment, and leisure to complement their retail offerings. The recently opened Place Vendome, with a GLA of approximately 230,000 sq. m., is the third super-regional mall in Qatar after Mall of Qatar and Doha Festival City and the first major mall to open in Qatar since Tawar Mall in 2018. The new additions during the first half of 2022 has created an oversupply situation in the country. As of H1 2022, supply of organized retail space within malls in Qatar reached 1.7 million sq. m., reflecting an increase of 160% since 2015. Consequently, occupancy rates in the 19 largest malls in Qatar has dropped to approximately 80%⁷⁷. Other upcoming retail developments in Qatar include Doha Oasis (Printemps), 04 Mall, Waddan Mall, and the MENA District in Doha Port. Most of these projects are expected to complete during 2022⁷⁸. In order to increase occupancy rates and attract tenants, landlords and mall operators in the country are currently offering rent free incentives, fit-out contributions and turnover rent arrangements among other strategies.. Some of the busier malls have phased out rental incentives as footfall and retail spending continues to recover after the COVID-19 related restrictions have been eased⁷⁹.

Exhibit 15: Supply of Retail Space in Qatar



Source: Cushman & Wakefield Qatar

⁷⁶ Source: "Quarterly Report Qatar Q4 2021: Retail Market Overview", Cushman & Wakefield Qatar, February 5, 2022

⁷⁷ Source: "Quarterly Report Qatar Q2 2022: Retail Market Overview", Cushman & Wakefield Qatar, August 11, 2022

⁷⁸ Source: "Quarterly Report Qatar Q1 2022: Retail Market Overview", Cushman & Wakefield Qatar, June 14, 2022

⁷⁹ Source: "Quarterly Report Qatar Q2 2022: Retail Market Overview", Cushman & Wakefield Qatar, August 11, 2022

Kuwait has one of the highest concentrations of international retailers in the GCC, with a thriving luxury goods market

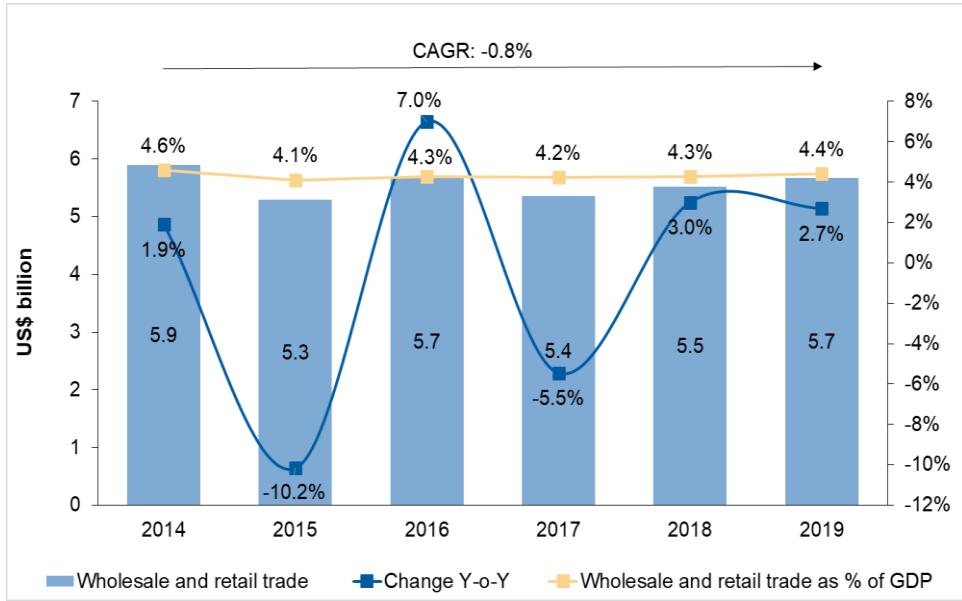
Wholesale and retail trade in Kuwait has recorded a marginal decline over the last five years to reach US\$ 5.7 billion by 2019

Kuwait

Kuwait's retail sector is relatively small compared to its regional peers like the UAE and Saudi Arabia. However, the country has one of the highest concentrations of international retailers in the GCC, with a thriving luxury goods market. The retail infrastructure is split between community centres, which primarily focus on food and grocery concepts, as well as large scale shopping centres/malls. A growing population base, including a large proportion of youth, coupled with rapid urbanization and a high GDP (PPP) per capita (at constant prices) of US\$ 40,969⁸⁰ has contributed to the rise of organized retail market in Kuwait. Such favorable demographics have made it a prominent destination for several international luxury brands to establish a strong presence in the country. The penetration of modern retail market (supermarkets/hypermarkets) in Kuwait has historically remained low, as local players like The Sultan Center and Kuwaiti Union of Cooperative Societies still hold majority of the market share through their stand-alone grocery and convenience stores. However, private operators like Lulu and Carrefour are steadily expanding their presence in the country. At the same time, a shift in consumer behavior during the COVID-19 pandemic has led to a growth in e-commerce distribution channels in the country. Retailers are focusing on improving economies of scale, boosting operational efficiency, and diversifying revenue through digital channels. Department stores such as Bloomingdale's and Nordstrom Rack have already started offering e-commerce services in the country. This shift has increased the competitive landscape of the retail industry⁸¹.

Wholesale and retail trade in Kuwait has recorded a marginal decline over the last five years to reach US\$ 5.7 billion by 2019 (see Exhibit 16). Growth has slowed down due to a challenging macroeconomic environment affecting consumer spending and business confidence. Kuwait's wholesale and retail trade accounted for 4.4% of the GDP as of 2019⁸².

Exhibit 16: Wholesale and Retail Trade in Kuwait



Source: Kuwait Central Statistical Bureau, IMF

Note: Local currency figures are converted into US\$ using the annual average exchange rate; The above numbers are based on constant prices

As of Q2 2019, there was 702,000 sq. m. of shopping mall GLA in Kuwait, categorized as

⁸⁰ Source: "World Economic Outlook Database", IMF, April 2022

⁸¹ Source: Kuwait - Country Commercial Guide, International Trade Administration

⁸² Source: Kuwait Central Statistical Bureau

Oman's retail industry is undergoing a transition with competitive developments across offline and online channels driving the market dynamics

Total wholesale and retail trade in Oman stood at ~US\$ 4.8 billion in 2020, witnessing a fall of 3.7% CAGR over the five-year period

being either regional or super-regional in scale. This was across a total of eight properties, with an additional three development projects that were under construction. In addition, average mall occupancy levels were seen to be strong at 93% across existing stock⁸³. Post the pandemic, Kuwait's retail sector has been witnessing major development with an estimated 167,000 sq. m. of GLA to have been completed between 2020 and 2021.

Oman

The Sultanate's retail industry is undergoing a transition with competitive developments across offline and online channels driving the market dynamics. Though the current retail landscape in Oman is largely dominated by standalone units, the concept of organized retail in the form of malls and shopping centres is gaining prominence⁸⁴. This is primarily driven by growing interest among consumers, especially the affluent class and millennials, in new lifestyle experiences and increasing demand for space from both global and regional brands who look to further establish their presence and broaden their portfolio to gain market share. A growing population base, coupled with rapid urbanization and a high GDP (PPP) per capita (at constant prices) of US\$ 29,444⁸⁵ has also contributed to the rise of organized retail market in the Sultanate. The country's retail industry is witnessing a change due to increased consumer awareness, high competition, and rise in e-commerce penetration as several retailers are gradually adopting the omni-channel approach to establish a strong presence in the market. There is also a shift indicating high smartphone user penetration and an increase in online shopping triggered by the COVID-19 pandemic. Although there is limited e-commerce activity in the Sultanate's private sector, the market is estimated to grow by an average of more than 20% annually between 2021 and 2026 given that the government is actively promoting digitization and e-government services through the Information Technology Authority (ITA)⁸⁶. Under Vision 2040, the Omani government is inviting investment flows into the commercial real estate sector, especially targeting the hospitality and retail industries. Moreover, initiatives undertaken by the government in streamlining the retail infrastructure and strengthening investments towards infrastructure has helped the sector gain further prominence within the GCC markets⁸⁷.

Total wholesale and retail trade stood at approximately US\$ 4.8 billion in 2020, down from US\$ 5.8 billion in 2015, witnessing a fall of 3.7% CAGR over the five-year period⁸⁸. Since 2018, the market has been under increased pressure due to economic headwinds and weak consumer sentiments. The onset of the pandemic further amplified the strain with the industry witnessing a 11.7% y-o-y decline in 2020. Oman's wholesale and retail trade accounted for 5.5% of the GDP as of 2020, down from 6.8% in 2015 (see Exhibit 17).

⁸³ Source: "Kuwait's retail sector poised for solid growth", Zawya, July 7, 2019

⁸⁴ Source: "Retail market in Oman is dynamic: Report", Zawya, August 31, 2020

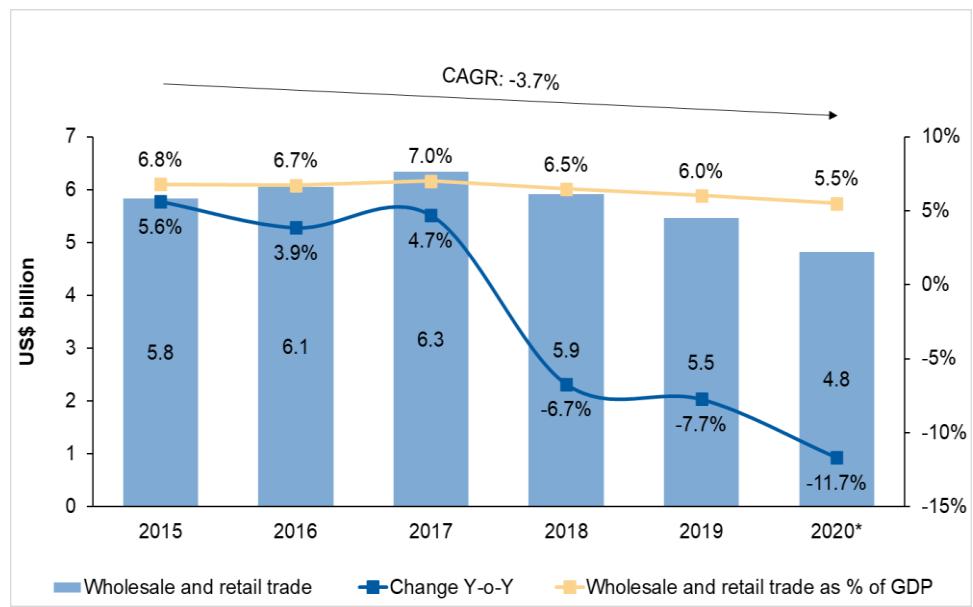
⁸⁵ Source: "World Economic Outlook Database", IMF, April 2022

⁸⁶ Source: "Oman's e-commerce market seen to grow by 20% annually", Muscat Daily, September 8, 2021

⁸⁷ Source: "Oman's Retail Sector in Transition Mode", OER Live, July 24, 2019

⁸⁸ Source: Central Bank of Oman, IMF

Exhibit 17: Wholesale and Retail Trade in Oman



Source: Central Bank of Oman, IMF

Note: Local currency figures are converted into US\$ using the annual average exchange rate; The above numbers are based on constant prices *Provisional

Apart from Muscat, many new retail projects are springing up in other cities such as Sohar and Nizwa

Retail space expansion has picked up pace in recent years as major developers flock the Sultanate to set up shops, mostly from pan-GCC retailers and large-scale malls. Apart from Muscat, many new projects are springing up in other cities such as Sohar and Nizwa supported by the government's efforts in moving towards expansion of the retail sector. In 2021, Majid Al Futtaim Properties opened the Mall of Oman in Muscat, the biggest mall in the Sultanate, with an investment of approximately US\$ 467.5 million. The mall features 350 stores, including 55 dining options from restaurants to cafes across a GLA of 145,000 sq. m. It also includes a 12,200 sq. m. Carrefour Hypermarket, an Abercrombie & Fitch apparel store in addition to multiple high-end brands by the Landmark Group, Majid Al Futtaim, Apparel Group, and Al Shamsi Group⁸⁹.

Bahrain

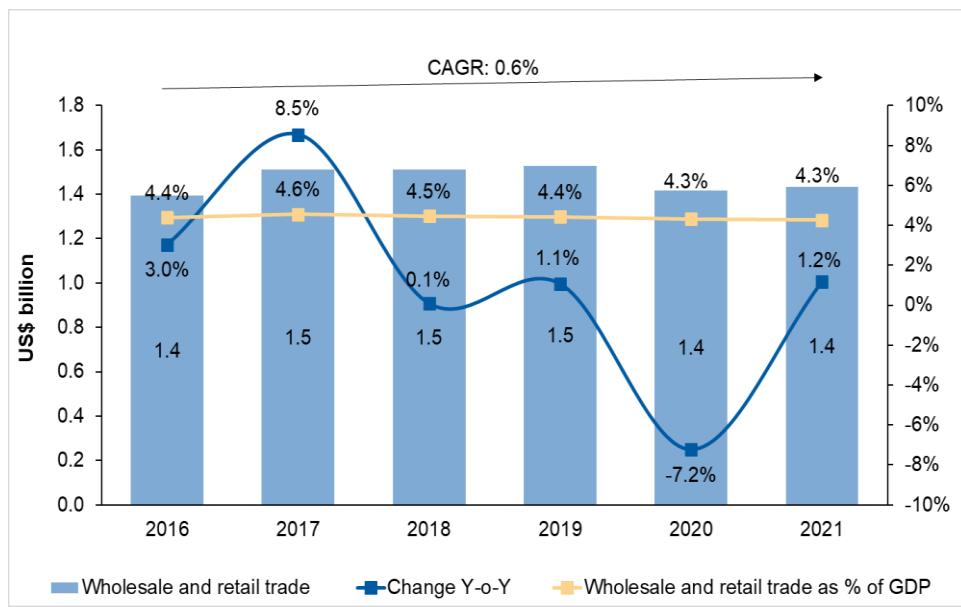
Wholesale and retail trade in Bahrain grew at a CAGR of 0.6% between 2016 and 2021 to reach US\$ 1.4 billion

Bahrain is among the GCC's smallest retail markets, which is largely dependent on the country's tourism industry. Over 95% of all the international tourist arrivals in Bahrain are from the neighboring GCC countries, especially Saudi Arabia⁹⁰. Wholesale and retail trade grew at an annualized rate of 0.6% between 2016 and 2021 to reach US\$ 1.4 billion. The trade value was affected by the COVID-19 pandemic in the last two years, leading to the country's wholesale and retail trade share of GDP falling marginally to 1.4% in 2021⁹¹ (see Exhibit 18).

⁸⁹ Source: "The Mall of Oman", Retail Insight Network, October 29, 2021

⁹⁰ Source: "Special report: The power of the GCC as a source market for global tourism", Gulf Business, February 26, 2022

⁹¹ Source: Information & eGovernment Authority – Bahrain, IMF

Exhibit 18: Wholesale and Retail Trade in Bahrain


Source: Information & eGovernment Authority – Bahrain, IMF

Note: Local currency figures are converted into US\$ using the annual average exchange rate; The above numbers are based on constant prices

Prior to the pandemic, total retail stock in the regional and super-regional mall category in Bahrain stood at 860,700 sq. m. of GLA

Prior to the pandemic, total retail stock in the regional and super-regional mall category in Bahrain stood at 860,700 sq. m. of GLA. With six projects under construction and planned for completion in 2022, the delivery is set to increase supply by approximately 34%⁹². The success of Avenues Mall has influenced the demand for larger scale retail complexes that are equipped with recreational facilities. New developments in the form of cinemas, food courts and FECs in the country's shopping malls remain the main attractions for the domestic and intra-regional visitors. Over the past few years, the Kingdom has witnessed an influx of international operators such as Carrefour, while the regional players such as the Lulu Group, Al Othaim, Al Raya, Al Sadhan and Balsharaf have also expanded with newer stores. For example, in March 2022, Lulu Group further expanded its presence in the Kingdom by opening its 10th hypermarket/supermarket in Bahrain's Danaat Al Lawzi Development area. The 2,000 sq. m. store offers a range of groceries and has an in-house café area and bakery. In addition to such modern retail stores, the group also operates two malls in the country⁹³.

2.2 E-Commerce Industry Overview

The e-commerce market gained further traction amid COVID-19 with the retail sector witnessing a steady shift in purchasing pattern from brick-and-mortar stores to online shopping

The GCC e-commerce industry is evolving rapidly, primarily driven by a growing tech-savvy population, rise in internet and smartphone penetration, government initiatives, launch of secured payment gateways, improving delivery channels, and the demand for international products. In the wake of the COVID-19 pandemic, which led to lockdown measures being imposed by governments across the region, the e-commerce market gained further traction with the retail sector witnessing a steady shift in purchasing patterns from brick-and-mortar stores to online shopping⁹⁴. According to a survey by Ernst & Young, more than 90% of consumers in the UAE and Saudi Arabia shifted their purchases online as physical stores

⁹² Source: "Bahrain retail sector set for solid growth", Zawya, February 22, 2019

⁹³ Source: "LuLu Group Opens its 10th Retail Outlet in Bahrain's Danaat Al Lawzi Development", Lulu Group International, March 23, 2022

⁹⁴ Source: "How e-commerce in the GCC has taken flight", Gulf Business, February 20, 2021

Several retail operators are increasingly building, investing in or collaborating with technology companies for enhancing their digital presence and logistics capabilities

remained shut due to lockdown measures⁹⁵. Though the GCC e-commerce market is still at a nascent stage, accounting for only 1.8% of the GDP compared to mature markets⁹⁶ (see Exhibit 20), it is beginning to flourish with the rise in number of players offering niche products and services. Developments in the GCC region have mirrored global patterns with penetration previously been limited (less than 4% of retail sales) compared to developed markets such as China (28%) and the US (15%). However, the pandemic has prompted a rapid migration of consumers to the digital space, with regional players swiftly responding to the surge in demand.

Considering traditional retailers are heavily dependent on footfall, very few had an e-commerce strategy in place and the pandemic compelled these operators to adopt an omni-channel approach. As a result, several operators are increasingly building, investing in or collaborating with technology companies to enhance digital presence and logistics capabilities. To tap into the growing e-commerce market, retailers in the UAE including Bloomingdales, Hugo Boss, Diesel, and The Body Shop have recently launched dedicated online stores⁹⁷. Similarly, malls in Dubai and Abu Dhabi also launched online platforms and embraced digitization to capture the growing e-commerce market. For instance, Majid Al-Futtaim Retail accelerated the launch of their marketplace online platform amid the pandemic and expanded their network of fulfilment centres that cater exclusively to the online market, as well as their last-mile delivery capacity to meet increased demand from online orders. Similarly, Dubai-based property developer Emaar set-up a simulated Dubai Mall on the e-commerce platform noon.com for customers to shop virtually⁹⁸. The Galleria Mall in Abu Dhabi created a pop-up store offering customers a digital shopping experience using augmented reality⁹⁹. On the other hand, Mall.Global started offering a hybrid model of offline store and e-commerce experience, using blockchain to supply source authentication. It also accepts leading cryptocurrencies for payment transactions¹⁰⁰.

In Saudi Arabia, Bin Dawood group reported a 400% increase in downloads of its shopping app, and a 200% increase in online sales in the span of just ten days in March 2020¹⁰¹. At the same time, supermarkets and hypermarkets in the UAE and Saudi Arabia started collaborating with ride-sharing companies like Careem while restaurants teamed up with food and grocery delivery apps¹⁰². In August 2021, Dubai launched CommerCity - a free zone spread across 2.1 million sq. ft., backed by an investment of AED 3.2 billion (US\$ 0.9 billion), dedicated to hosting e-commerce businesses and accelerating digital growth¹⁰³.

⁹⁵ Source: "How the coronavirus pandemic is reshaping GCC e-commerce", Arab News, August 12, 2020

⁹⁶ Source: "Getting in on the GCC E-Commerce Game", AT Kearney

⁹⁷ Source: "The 2021 Global Retail Development Index", AT Kearney

⁹⁸ Source: "How the coronavirus pandemic is reshaping GCC e-commerce", Arab News, August 12, 2020

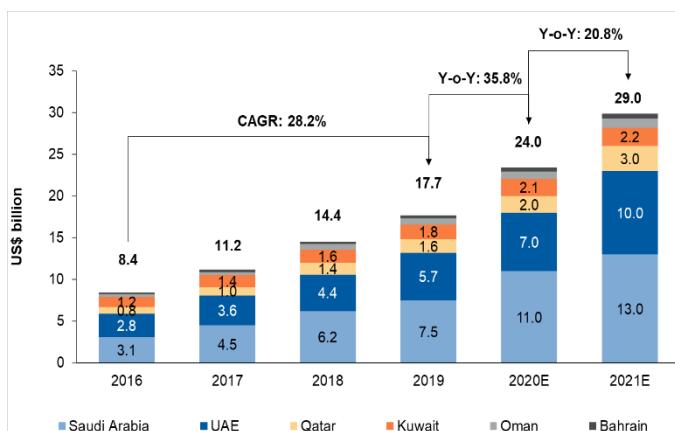
⁹⁹ Source: "How UAE Retail Stores are Adopting New Technologies to Drive Business", Fusion Informatics, August 14, 2020

¹⁰⁰ Source: "The 2021 Global Retail Development Index", AT Kearney

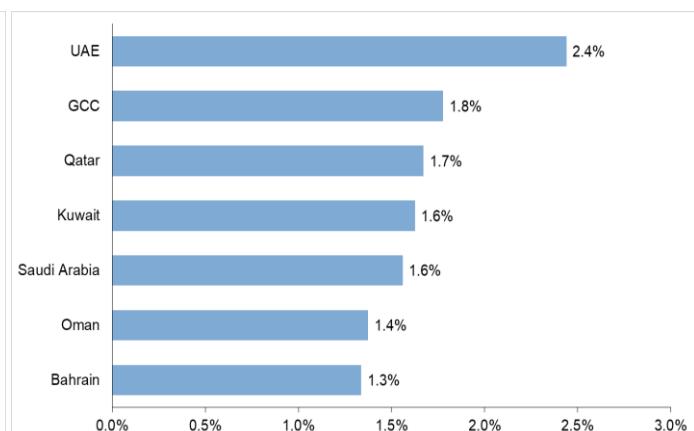
¹⁰¹ Source: "How GCC e-commerce can lay the foundations for sustainable growth", Strategy& (PwC), 2020

¹⁰² Source: "Identifying the Latest Digital Trends and Opportunities in UAE Retail", U+, 2021

¹⁰³ Source: "A new era for global e-commerce unfolds as Dubai CommerCity begins commercial operations", Government of Dubai, August 03, 2021

Exhibit 19: E-Commerce Market Size in the GCC


Source: AT Kearney

Exhibit 20: E-Commerce Sector contribution to GDP (2021E)


Source: AT Kearney, IMF

Since the onset of the pandemic, the industry is estimated to have recorded a y-o-y growth of 35.8% in 2020 and further expand by 20.8% in 2021 to reach US\$ 29.0 billion

UAE and Saudi Arabia, the two largest e-commerce markets in the GCC, continue to lead the region and are estimated to cumulatively account for over 79% of the total e-commerce sales as of 2021

Prior to the pandemic, the GCC e-commerce industry grew at a CAGR of 28.2% to reach US\$ 17.7 billion since 2016 (see Exhibit 19). Notably, the average annual spend on e-commerce in Saudi Arabia and UAE rose by 30% in just one year between 2018 and 2019. Since the onset of the pandemic, the industry is estimated to have recorded a y-o-y growth of 35.8% in 2020 and further expand by 20.8% in 2021 to reach US\$ 29.0 billion. UAE and Saudi Arabia, the two largest e-commerce markets in the GCC, continue to lead the region and are estimated to cumulatively account for over 79% of the total e-commerce sales as of 2021 (see Exhibit 19). At the same time, the sector-wise contribution to e-commerce spending has evolved as consumers continue to shop for not only electronics, apparels, fashion & beauty products but also food and grocery items¹⁰⁴.

E-commerce has served a critical role in enabling the overall startup ecosystem. Some of the international brands that dominate the e-commerce market in the GCC include Amazon, eBay, Alibaba, Carrefour and Expedia. Amongst the regional players, Noon is one of the largest e-commerce players in the GCC while Ounass, Mumzworld, Basharacare, SharafDG and Namshi are some of the other key players, which have a strong presence across the region. As of 2021, Amazon accounted for 15.7% of the market while Noon held 5.3% share in the UAE¹⁰⁵. Some of the regional online portals are also foraying into international sales and are investing heavily into their product delivery networks to enhance their last-mile fulfillment. While international companies such as Amazon and eBay continue to gain more accessibility in the region through local partnerships, regional providers have started enhancing their product offerings to gain market share. The strong growth dynamics of the industry has favorably positioned the e-commerce industry for private investments, especially from Private Equity (PE) and Venture Capital (VC) firms. Considering the nascent stage of the industry, the region offers opportunities for PE and VC firms to maximise their return by investing in e-commerce startups. Furthermore, mega transactions like Noon.com acquiring Namshi from Emaar (US\$ 335.2 million in 2022)¹⁰⁶ and Amazon buying Souq.com (US\$ 580 million in 2017)¹⁰⁷ demonstrates the huge potential global players and investors see in this market.

Below are the top 10 PE and VC deals in the GCC e-commerce industry by value, since 2019 (see Exhibit 21).

¹⁰⁴ Source: "GCC's e-commerce sector surging ahead thanks to Covid-19", AT Kearney, October 9, 2020

¹⁰⁵ Source: "Retail Foods – UAE", USFDA, August 17, 2022

¹⁰⁶ Source: "Emaar to sell Namshi to Noon for \$335.2 million", Wamda, August 20, 2022

¹⁰⁷ Source: "Amazon completes its acquisition of Middle Eastern e-commerce firm Souq", TechCrunch, July 3, 2017

Exhibit 21: Top PE and VC Deals in the GCC E-Commerce Sector by Value (2019-2021)

| Company Name | Segment | Country | Fund Names | Year | Deal Size (US\$ Mn) |
|--------------|-------------------|--------------|---|------|---------------------|
| Fresha | Beauty & Wellness | UAE | Michael Lahyani, BECO Capital | 2021 | 52.5 |
| Opontia | Brand Marketing | UAE | STV, Raed Ventures, Global Founders Capital, VentureSouq, Upper90 | 2021 | 42.0 |
| Awok.com | General Products | UAE | StonePine ACE Partners, Al-Faisaliah Ventures, Endeavor Catalyst | 2019 | 30.0 |
| Eyewa | Eyewear | UAE | Kingsway, Nuwa Capital, Endeavor Catalyst | 2021 | 21.0 |
| Sprii | Baby Products | UAE | Undisclosed | 2019 | 8.5 |
| Salla | Web Services | Saudi Arabia | STV, Vision Ventures, Raed Ventures | 2020 | 8.5 |
| Sary | FMCG Products | Saudi Arabia | Raed Ventures, MSA Capital, Derayah Ventures | 2020 | 6.6 |
| Nejree | Footwear | Saudi Arabia | AlKhaila Investment Co., Teejan Technologies Co. | 2019 | 4.0 |
| Kaykroo | Cloud Kitchen | UAE | Family Offices & Local Investors | 2020 | 4.0 |
| Joi Gifts | Gift Shop | UAE | Knuru Capital, Wa'ed, MENA Moonshots | 2021 | 2.5 |

Source: Press Release, Thomson Reuters

2.3 Supermarket/Hypermarket Overview

Organized retail operators in the GCC have started focusing on rationalizing cost and adopting competitive pricing policy as they expand their presence across the region

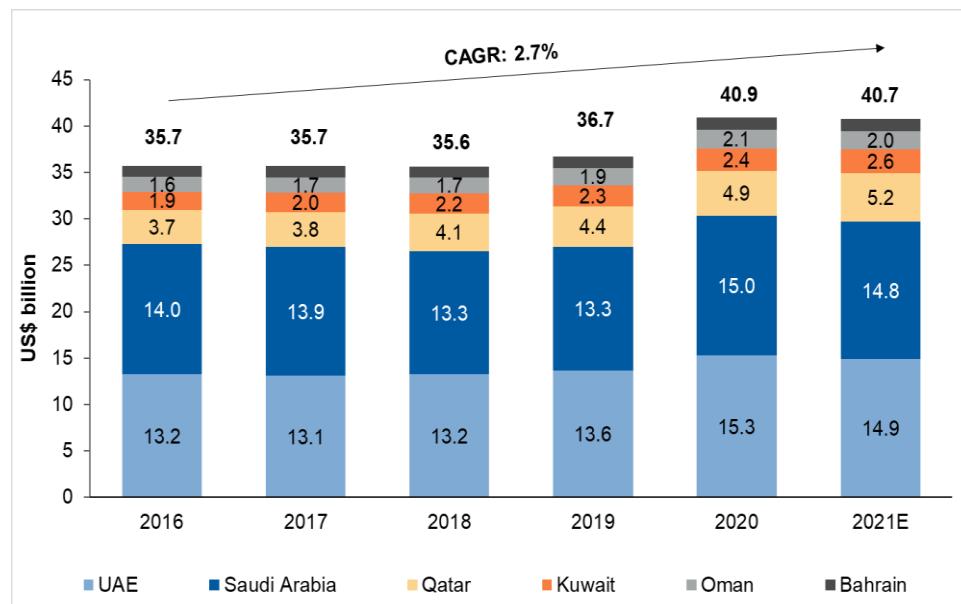
The value of retail sales from supermarkets/hypermarkets is estimated to have reached US\$ 40.7 billion in 2021

Supermarket/hypermarket retail concepts act as a 'one-stop shop', primarily offering a wide range of food and grocery products among others. The uptick in demand for international food items and consumer products have been aiding the growth of such modern concepts in the region. With expansion of the organized retail space and entry of several regional and international retailers, competition in the segment has increased. Organized retail operators in the GCC have started focusing on rationalizing cost and adopting competitive pricing policy as they expand their presence across the region. In the wake of COVID-19, many have switched to digital portals and e-commerce platforms as part of their new business model, in addition to operating traditional brick-and-mortar stores.

The value of retail sales from supermarkets/hypermarkets is estimated to have reached US\$ 40.7 billion in 2021, growing at a CAGR of 2.7% since 2016¹⁰⁸ (see Exhibit 22). Amongst the GCC nations, the concentration of such modern retail channels is significantly higher in Saudi Arabia and the UAE compared to their regional peers. Cumulatively, these countries accounted for an estimated 73% of the total modern retail sales in the region as of 2021¹⁰⁹.

¹⁰⁸Source: Euromonitor
¹⁰⁹Source: Euromonitor

Exhibit 22: Hypermarket & Supermarket Market Size in the GCC



Source: Euromonitor

In UAE, the share of food and grocery retail sales from supermarkets/hypermarkets stood at 78% compared to 42% in Saudi Arabia as of 2021

In UAE, the share of food and grocery retail sales from supermarkets/hypermarkets stood at 78% in 2021 while the remaining was accounted by convenience stores and traditional outlets. As of 2021, operators such as Carrefour (38.4% market share), Lulu (26.6% market share) and Union Co-operative Society (17.1% market share) dominated the hypermarket segment while the top supermarket brands include West Zone (38.4% market share), Al Maya (13.2% market share) and Carrefour (13.1% market share)¹¹⁰. On the other hand, the share of food and grocery retail sales from supermarkets/hypermarkets in Saudi Arabia stood at 42% in 2021. Compared to the UAE, modern retail market in Saudi Arabia is still under-penetrated with several large operators such as Panda Retail (230 outlets), Othaim Supermarkets (227 outlets), BinDawood Holding (73 outlets), Farm Superstores (69 outlets), and Al Raya Supermarkets (54 outlets) looking to increase their share in the largest consumer market in the GGC. Convenience stores (also known as bakalas) still dominate the Kingdom's retail space due to its location in mixed-used areas near residential and office zones, making them an easily accessible option¹¹¹.

Despite the ongoing economic concerns, large operators are expanding their footprint across the region amid rising competition

Despite the ongoing economic concerns, large operators are expanding their footprint across the region amid rising competition, especially from smaller grocery stores and growing demand for convenience stores. For example, Lulu Group remains on track with its plan to invest AED 10.6 billion (US\$ 2.9 billion) to open 91 new hypermarkets and stores between 2020 and 2023. Lulu was among the few retailers which continued to expand its operations during the pandemic by opening 50 large-format outlets, including 44 hypermarkets and 6 fulfilment centres, taking the number of its hypermarkets, shopping malls and fulfilment centres to 235 across 12 countries including the GGC, India, Malaysia, Indonesia and Egypt¹¹². Similarly, Carrefour announced ambitious expansion plans to nearly double the number of stores open in 2020 and reach a target of 450 stores across the Middle East, Africa and Eastern Europe regions by end of 2021¹¹³. Amid rise in demand for healthier lifestyle choices, the retail chain recently opened its first BIO store in the UAE, offering organic produce. The store features Carrefour's first ever café and an in-store hydroponic

¹¹⁰Source: "Retail Foods - UAE", USDA, August 17, 2022

¹¹¹Source: "Retail Foods – Saudi Arabia", USDA, June 22, 2022

¹¹²Source: "Lulu Group on track with \$2.9bn expansion plan", Trade Arabia, June 28, 2022

¹¹³Source: "Carrefour plans ambitious expansion for 2021", Arabian Business, February 23, 2021

farm¹¹⁴. Spinney's, which currently has 61 stores across the UAE, acquired the Souk Planet stores in Abu Dhabi during 2021, with plans to expand its geographical footprint within the region. It entered into a partnership with Abdulmohsen Al Hokair Holding Group to enter in Saudi Arabia, with the first store expected to open in Q1 2023¹¹⁵. Saudi retail giant Al Othaim opened 9 new branches in the first quarter of 2022, its total number of branches reached 312 in both Saudi Arabia and Egypt. The company's Saudi Arabian retail network includes 268 stores, while the Egyptian network has 44 branches¹¹⁶.

Qatar has also started to witness the influx of several foreign and regional modern retail operators. Major players in the grocery retail market include Al Meera, which operates 42 hypermarkets and supermarkets in the country and the Saudia Group that operates three hypermarkets in the country as well as several department stores and minimarts. Al Wataniya International Holding, the license partner for SPAR stores in Qatar, recently opened its fourth supermarket in the country¹¹⁷. Lulu Group operates 16 outlets in Qatar, including hypermarkets and smaller stores while Carrefour operates 11 hypermarkets in the country. Lulu Group has major expansion plans in Qatar including 8 major projects, which are expected to commission by the end of 2022¹¹⁸.

2.4 Luxury Retail Market Overview

The Middle East luxury segment faced a number of challenges because of changing macroeconomic environment

In 2021, sales of luxury goods in the Middle East witnessed an estimated 6.5% y-o-y growth to reach US\$ 8.1 billion

The Middle East, primarily represented by the GCC countries, is one of the wealthiest regions in the world. The average GDP per capita of the GCC stood at US\$ 54,802 compared to the global average of US\$ 17,081 as of 2021¹¹⁹. The collective wealth of high-net-worth individuals (HNWIs) in the Middle East grew at a CAGR of 7.2% from US\$ 2.4 trillion in 2016 to reach US\$ 3.4 trillion in 2021¹²⁰. The rise in spending power of the region's affluent society has resulted in a strong appetite for high-value luxury items over the years. Additionally, the regional governments push towards boosting the tourism sector has also helped in driving demand of luxury products.

Prior to the COVID-19 pandemic, the Middle East personal luxury goods market remained relatively flat between 2016 and 2019. The market witnessed a heavy decline in demand during 2020 due to business closures and slowdown in consumer spending, leading to sales falling by 17.0% y-o-y to reach US\$ 8.1 billion. Since the luxury products market is heavily reliant on offline retail stores, with the onset of COVID-19, operators realized the disadvantages of having only brick-and-mortar as their only sales channel. As a result, operators have revamped their business models and started diversifying their distribution channels to reduce the buyer-seller gap¹²¹. Consequently, the market quickly revived in 2021 as luxury retail stores reopened businesses through digital as well as omni-channel approach with sales witnessing an estimated 6.5% y-o-y growth to reach US\$ 8.7 billion (see Exhibit 23)¹²².

¹¹⁴Source: "Carrefour Launches the First BIO Store in the UAE", February 28, 2022

¹¹⁵Source: "Spinneys Dubai adds Saudi Arabia to its supermarket chain amid expansion", GCC Business News, March 4, 2022

¹¹⁶Source: "Saudi retail giant Al Othaim expands to 312 stores in Q1", Arab News, June 6, 2022

¹¹⁷Source: "SPAR Qatar opens new SPAR Supermarket in Porto Arabia", SPAR International, November 11, 2021

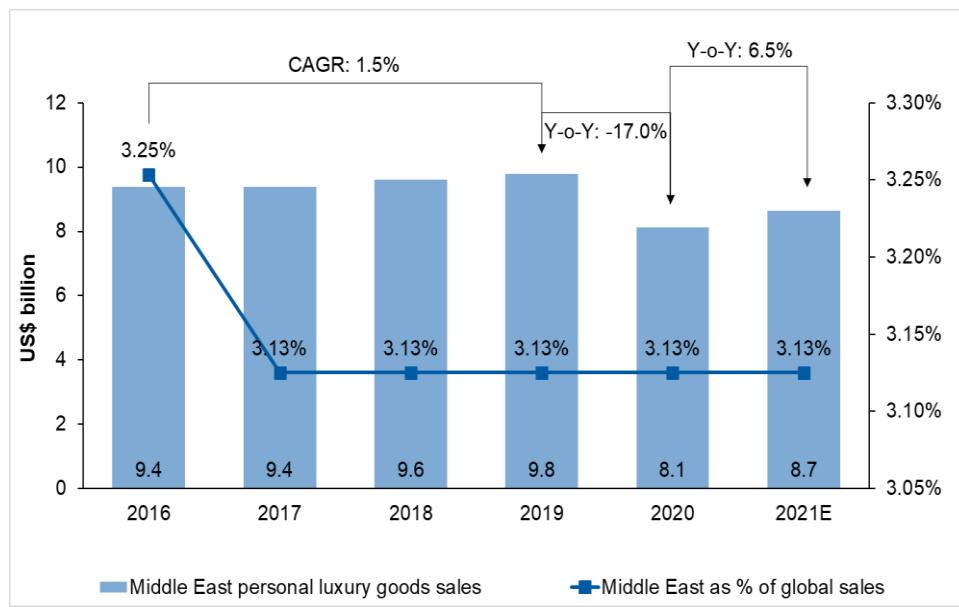
¹¹⁸Source: "LuLu Hypermarket Qatar opens its 16th store on Salwa Road, Al Aziziya", Yusuff Ali MA, December 30, 2021

¹¹⁹Source: IMF, The World Bank

¹²⁰Source: "World Wealth Report", Capgemini, 2022

¹²¹Source: "How the Middle East is shaping the future of luxury fashion retail", Gulf Business, August 18, 2022

¹²²Source: "Altagamma Worldwide Luxury Market Monitor", Bain& Company, 2020 & 2021

Exhibit 23: Middle East Personal Luxury Goods Sales (2016 – 2021E)


Source: *Luxury Goods Worldwide Market Study*, Bain & Company (Altagamma)

Note: Currency figures have been converted from € to US\$ using the average conversion rate during the period

70% of consumers in the Middle East claim to have increased their spending over luxury goods compared to 53% in more mature markets

Historically, luxury spending by the Middle East consumers have exceeded global averages, particularly with personal luxury goods, which account for over 3.1% of global personal luxury goods sales¹²³. UAE, especially Dubai, remains the hub for luxury shopping in the GCC, while the affluent society of Saudi Arabia and Qatar is also generating strong demand for high-worth items. According to a report by Goldstein Research Analysts, 70% of consumers in the Middle East claim to have increased their spending over luxury goods compared to 53% in more mature markets such as Europe, Japan, and the US. Most notably, the report highlighted that demand for luxury goods in the GCC continued to flourish even during the COVID-19 pandemic and global lockdown¹²⁴.

As a result, the region has become a hub for premium brands with several luxury retailers establishing their presence across the region either through collaborations with regional players or by establishing flagship outlets. At the same time, a number of international brands are looking at entering the regional markets, especially in cosmetic, beauty products, high-end accessories and apparels. According to Savills Middle East, luxury brands prefer opening their own stores in the Middle East rather than franchises. There was a marked increase in the dominance of ultra-luxury brands in the Middle East during 2021, which accounted for 92% of new store openings in the region. Although Dubai remains the highest-ranking city in the Middle East, Riyadh witnessed significant activities during 2021¹²⁵.

2.5 Airport Retail Market Overview

The GCC nations have laid out strategic plans to promote the tourism sector as part of their long-term objective to diversify away from oil. This has led to investments in the development of tourism infrastructure, which includes expanding the airport capacity to complement the

¹²³ Source: "Altagamma Worldwide Luxury Market Monitor", Bain& Company, 2020 & 2021

¹²⁴ Source: "Shift of luxury industry – from West to the Middle East", Apparel Resources, February 6, 2021

¹²⁵ Source: "Luxury brands prefer opening their own stores in Middle East rather than a franchise", Arabian Business, May 28, 2022

Tourist arrivals in the GCC witnessed widespread recovery in 2021, posting a 56.1% y-o-y growth to reach 27.7 million

governments' commitment towards the tourism sector. At the same time, the governments have been easing visa regulations to boost the number of tourist arrivals. Duty free operators are the biggest beneficiaries of the expansion of the tourism industry, as the resultant rise in passenger traffic potentially leads to increase in sales.

Prior to the pandemic, international tourist arrivals in the GCC increased at an annualized growth rate of 2.8% between 2016 and 2019 primarily driven by the UAE (6.6% CAGR) and Kuwait (6.7% CAGR). Majority of the demand was generated by personal, leisure and religious travel followed by business and professional travel during the period. With 35.7% inbound tourist arrivals in 2019, UAE led the GCC countries in terms of share of international tourist arrivals, followed by Saudi Arabia (28.6%), and Bahrain (15.6%)¹²⁶. As a result of the COVID-19 led restrictions, GCC international tourist arrivals declined by 75.0% y-o-y in 2020. However, swift response to curb the virus through stringent policies and widespread vaccine deployment led to the crisis reach an endemic state. Consequently, tourist arrivals in the region witnessed widespread recovery in 2021, posting a 56.1% y-o-y growth compared to the end of 2020 to reach 27.7 million¹²⁷ (see Exhibit 24). At the same time, passenger traffic at international airports in Dubai, Abu Dhabi, Doha and Bahrain have also grown since 2020 (see Exhibit 25). These factors have revived the region's airport retail market, which was significantly hit during the pandemic.

Exhibit 24: International Tourist Arrivals in the GCC

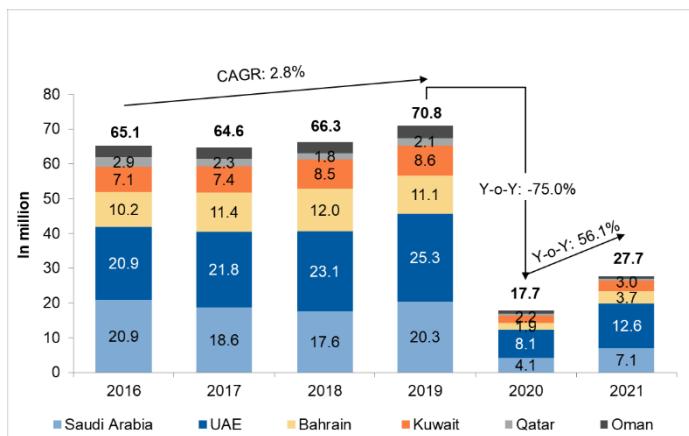
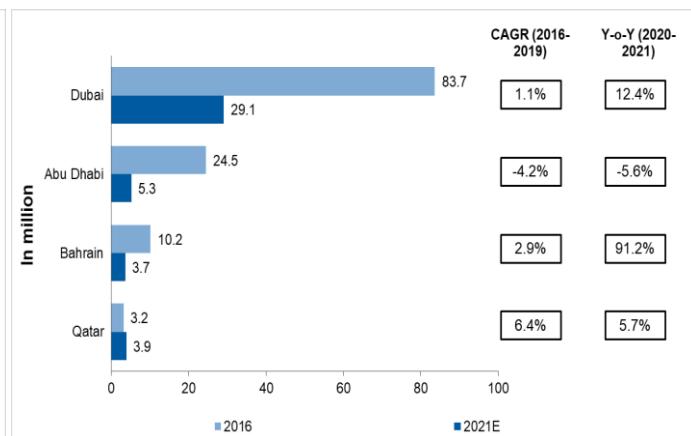


Exhibit 25: Passenger Traffic at Key Airports in the GCC



Source: Department of Culture and Tourism – Abu Dhabi, Dubai Tourism, QatarSource: Dubai Airports, Abu Dhabi Airports Company, Doha News, Bahrain Airport Tourism, Oman National Centre for Statistics and Information, Bahrain Tourism and Company, Kuwait Times, Times of Oman Exhibition Authority, World Travel and Tourism Council (WTTC)

Duty free sales witnessed a revival of 11.5% y-o-y in 2021 to reach an estimated US\$ 1.3 billion by the year-end

Between 2016 and 2019, duty free sales at Dubai, Doha and Bahrain airports grew at a CAGR of 3.3% and cumulatively accounted for 44.1% of the Middle East's total sales. In 2020, duty free sales at these airports declined by 58.3% y-o-y and witnessed a revival of 11.5% y-o-y in 2021 to reach an estimated US\$ 1.3 billion by the year-end. Share of the GCC duty free sales of the total MENA region during 2021 improved to an estimated 46.9% from 44.1% in 2016.

UAE is the largest and fastest-growing airport retail market in the region. Dubai International Airport hosted more than 29.1 million passengers during 2021, up 12.4% y-o-y. During the year, Dubai Duty Free recorded sales of AED 3.6 billion (US\$ 976 million), a y-o-y growth of

¹²⁶ Source: Department of Culture and Tourism – Abu Dhabi, Department of Tourism and Commerce Marketing (Dubai Tourism), Qatar Tourism Annual Report, Oman National Centre for Statistics and Information, Bahrain Tourism and Exhibition Authority, World Travel and Tourism Council (WTTC)

¹²⁷ Source: Department of Culture and Tourism – Abu Dhabi, Department of Tourism and Commerce Marketing (Dubai Tourism), Qatar Tourism Annual Report, Oman National Centre for Statistics and Information, Bahrain Tourism and Exhibition Authority, World Travel and Tourism Council (WTTC)

more than 40%. The retailer recorded over 9 million transactions, with over 26 million merchandise units sold in the year. The top five selling categories for the year included perfumes (US\$ 191 million; 19.6% share), followed by liquor (US\$ 169 million; 17.0% share), cigarettes & tobacco (US\$ 95 million; 10.0% share), gold (US\$ 79.5 million; 8.0% share) and electronics (US\$ 76 million; 7.8% share). Online sales of US\$ 48 million accounted for 5.0% of the business¹²⁸. In the first eight months of 2022, Dubai Duty Free sales reached US\$ 1.1 billion, largely driven by the rise in tourist arrivals and the continuing recovery in the aviation sector. Departure sales at Dubai International Airport and Al Maktoum International Airport, which collectively account for 88% of total sales, rose by 115% annually to reach US\$ 927 million. Total transactions at the end of August 2022 reached more than 10 million with 29.3 million units of merchandise sold, surpassing the full year levels of 2021. Earlier this year, the Dubai International Airport raised its annual passenger traffic forecast for 2022 to 58.3 million. In the first quarter of 2022, passenger traffic more than doubled to 13.6 million, resulting in its busiest quarter since 2020¹²⁹.

Qatar is the second largest duty free operator in the region with a total revenue of US\$ 333 million in 2021

Qatar is the second largest duty-free operator in the region with a total revenue of US\$ 333 million in 2021. This represented more than 70% growth in revenue per passenger for the year compared to 2019 at the Hamad International Airport (HIA). Passengers handled by HIA in 2021 grew by 41.4% y-o-y to total 17.7 million. Key Qatar Duty Free retail openings in 2021 included several luxury avenues, stand-alone airport boutiques, cafes and high-end brand stores among others¹³⁰. In 2021, HIA was recognized as the 'Best Airport in the World' by the Skytrax World Airport Awards, while also being named the 'Best Airport in the Middle East' and 'Best Airport with 25 to 35 million passengers'. The airport was also recognized with awards for 'Best Airport Staff' in the Middle East and 'COVID-19 Airport Excellence' during the year¹³¹.

Bahrain Duty Free reported revenues of US\$ 2.1 million in 2021

In 2021, Bahrain Duty Free reported revenues of US\$ 2.1 million. It reported a 6.0% net profit increase to US\$ 5.7 million compared to US\$ 5.3 million in 2020¹³². In the first quarter of 2022, Bahrain Duty Free posted a net profit of BHD 1.1 million (US\$ 2.9 million), up by 65.2% y-o-y as passenger traffic increased. Total comprehensive income for Bahrain Duty Free rose by 264.2% to BHD 2.4 million (US\$ 6.3 million) during the quarter¹³³.

¹²⁸ Source: "Dubai Duty Free sales leap +40% in 2021 to reach US\$976 million", Moodie Davitt, January 4, 2022

¹²⁹ Source: "Dubai Duty Free sales exceed \$1bn through August to surpass 2021 total", The National News, September 6, 2022

¹³⁰ Source: "Qatar Duty Free sales per pax at Hamad Airport up more than 70% on 2019", TR Business, January 10, 2022

¹³¹ Source: "Qatar Duty Free sales per passenger leap +70% in 2021 amid traffic rebound at Hamad International Airport", Moodie Davitt, January 9, 2022

¹³² Source: Bahrain Duty Free Financial Statement, 2021

¹³³ Source: "Bahrain Duty Free net profits soar in Q1", Moodie Davitt, May 12, 2022

3. The GCC Retail Industry Outlook

3.1 Forecasting Methodology

The report forecasts the GCC retail market size in terms of both demand and supply across the member nations through 2026. It assesses the demand potential in the food and non-food retail segments and highlights the forthcoming supply of organized retail GLA in the region. Historically, we have observed a strong correlation between retail sales and GDP/GDP (PPP) per capita (at current prices) at a varying degree across countries. Hence, the forecasts for food and non-food retail sales are arrived at by primarily using a regression model of these variables. The supply of retail space is being projected taking into consideration the new shopping centers under development in the region as well as using historical averages where data is unavailable.

Additionally, the report presents an outlook on the other key retail segments, airport duty free and personal luxury goods, for the wider Middle East region.

The factors considered for the projections include:

- Population and GDP/ GDP (PPP) per capita (current prices) from IMF (updated October 2022);
- International tourist arrivals from WTTC, UNWTO and each individual country's statistical or tourism ministry websites;
- Upcoming organized retail GLA from various real estate services companies and web articles; and
- Airport passenger traffic and handling capacity from regional airport authorities.

Macro Assumptions

- The region's GDP (PPP) per capita (current prices) is projected to increase at a CAGR of 5.4% between 2021 and 2026.
- During the same period, the region's population is expected to grow at an annualized rate of 1.9% to reach 65.0 million.
- International tourist arrivals in the GCC are anticipated to increase at an annual average of 24.1% during the forecast period.

Note: On account of IMF's revision of macro factors and change in our methodology, the forecasts in this report are not comparable to the projections in Alpen Capital's GCC Retail Industry report dated April 22, 2019.

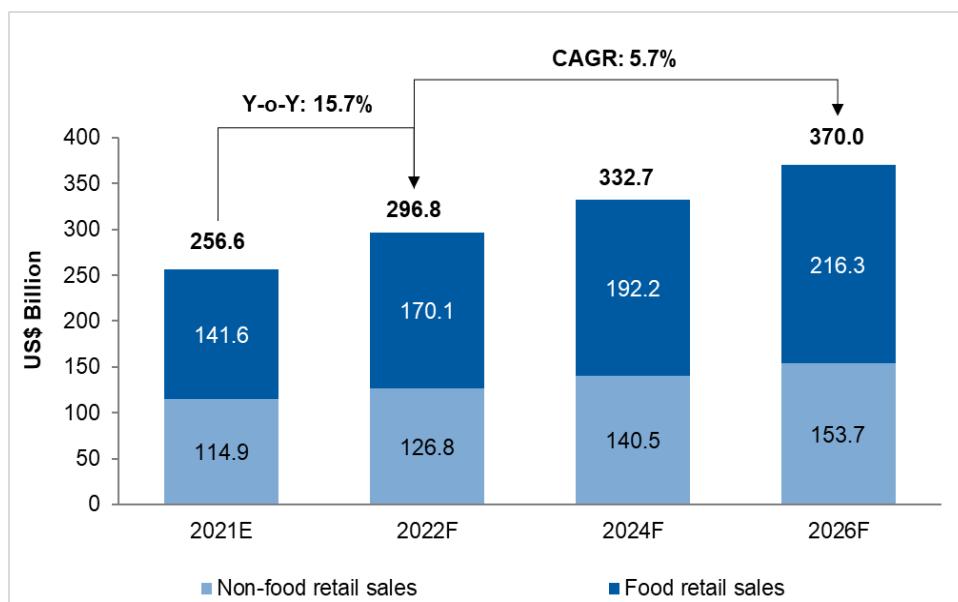
3.2 Demand-side Estimates

Retail industry sales in the GCC are expected to surge in 2022 and record a 15.7% y-o-y growth to reach US\$ 296.8 billion

GCC Retail Sales

The GCC retail industry is expected to see renewed growth largely driven by the anticipated rebound in economic activity, upcoming mega events such as the FIFA World Cup 2022 and aggressive strategies by the regional governments to promote travel and tourism. Regional governments are making significant investments to enhance the leisure and entertainment sector while also enhancing the tourism and hospitality infrastructure as it witnesses influx of tourists post the pandemic-induced slowdown¹³⁴. Consequently, retail industry sales in the GCC are expected to surge in 2022 and record a 15.7% y-o-y growth to reach US\$ 296.8 billion by the end of the year (see Exhibit 26). This high double-digit growth rate can be primarily attributed to a lower base during the past two years as the regional countries recover from the pandemic. Non-food retail sales are expected to grow by 7.5% y-o-y while food retail sales are expected to increase by 2.7% y-o-y during the year.

Exhibit 26: Forecast of Retail Sales in the GCC (2021E – 2026F)



Source: IMF – October 2022, AT Kearney, WTTC, Alpen Capital

Note: E – Estimated, F – Forecasted

Overall retail industry is forecasted to further grow at a pace of 5.7% CAGR between 2022 and 2026 to reach US\$ 370.0 billion

The retail industry is in a transformation phase with the pandemic impacting consumer behavior and buying patterns while putting e-commerce at the forefront of retail. Operators are looking to capitalize on this trend and companies are adapting to remain competitive. Several new platforms have started gaining relevance, and there still remains a scope for niche platforms to adopt new business models and help the overall retail landscape to become more competitive. The rise in the number of millennials and expatriate population coupled with HNWIs in the region is expected to drive the demand for consumer goods, especially international branded products and global food concepts, through such digital channels. Consequently, the overall retail industry is forecasted to further grow at a pace of 5.7% CAGR between 2022 and 2026 to reach US\$ 370.0 billion (see Exhibit 26). Growth in retail sales during the forecasted period is also expected to be driven by increase in population, rise in GDP per capita, the recovery in the oil prices and the rising adoption of digital technologies by retail operators. Moreover, targeted government initiatives such as

¹³⁴ Source: "Middle East optimistic over prospects for Tourism", Trade Arabia, June, 2022



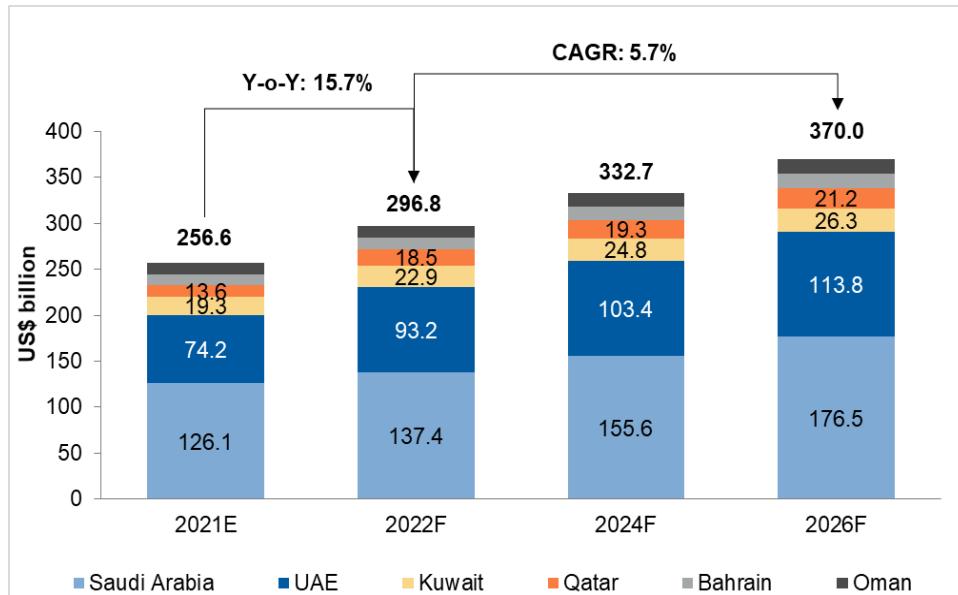
reviving infrastructure projects, allowing 100% foreign ownership across several sectors including retail, coupled with liberalization policies including ease in visa regulations are expected to aid the industry in the long-run. Non-food retail sales are forecasted to grow at a CAGR of 6.2% between 2022 and 2026 while food retail sales are anticipated to increase at an annualized rate of 4.9% during the period.

Country-wise Retail Sales

Retail sales in Saudi Arabia and the UAE are forecasted to grow at a CAGR of 6.5% and 5.1% between 2022 and 2026 to reach US\$ 176.5 billion and US\$ 113.8 billion, respectively

Saudi Arabia and the UAE continue to lead the retail sales regionally, largely due to its diverse population base that makes them the most prominent international shopping destinations for tourists and residents alike. Retail sales in Saudi Arabia and the UAE are estimated to record an 8.9% y-o-y and 25.6% y-o-y growth to reach US\$ 137.4 billion and US\$ 93.2 billion, respectively, by the end of 2022. In the UAE, retail sales have received a significant boost from the EXPO 2020 Dubai, while pent-up demand has boosted the industry's growth in Saudi Arabia. Retail sales in the Kingdom are forecasted to further grow at a CAGR of 6.5% between 2022 and 2026 to reach US\$ 176.5 billion while sales in the UAE are forecasted to reach US\$ 113.8 billion by 2026, recording a CAGR of 5.1% over the same period (see Exhibit 27). Along with other growth factors liberalization of policies aimed at increasing leisure and tourism activities, anticipated revival in religious tourism coupled with the recovery in oil prices will support retail sales growth in Saudi Arabia. In the UAE, the industry is expected to remain buoyant with several global business and entertainment events lined up to take place over the next four years. Retail sales in the UAE are also expected to grow with rising expatriate population, a growing appetite for unique shopping experiences that the country has to offer and a strong pipeline of retail projects.

Exhibit 27: Country-wise Retail Sales Forecast (2021E – 2026F)



Source: IMF – October 2022, AT Kearney, WTTC, Alpen Capital

Note: E – Estimated, F – Forecasted

Qatar is expected to record the highest growth in the region during 2022 with retail sales estimated to rise by 36.0% y-o-y

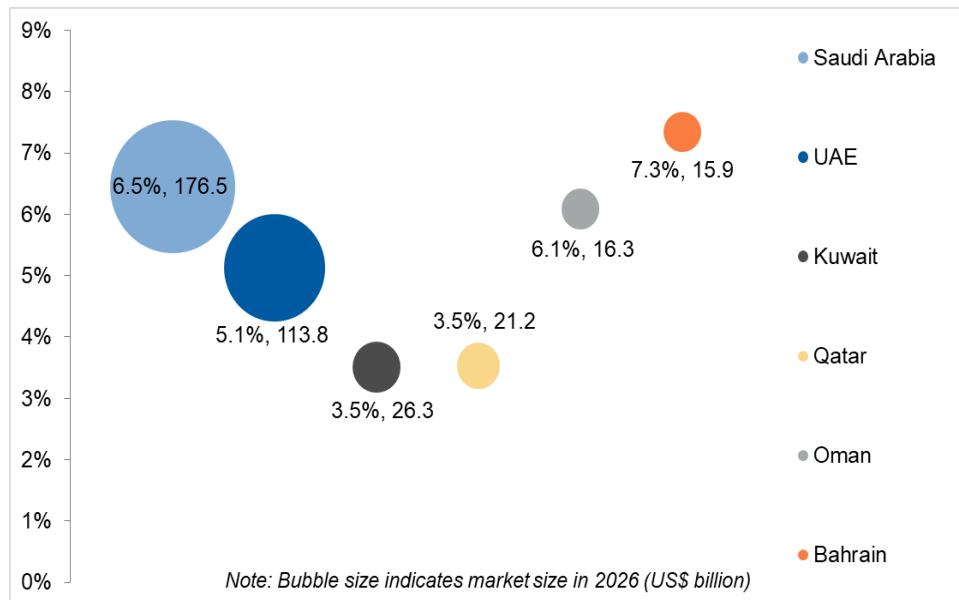
Qatar, on the other hand, is expected to record the highest growth in the region during 2022 with retail sales estimated to rise by 36.0% y-o-y to reach US\$ 18.5 billion. This can be primarily attributed to an estimated 145.5% y-o-y growth in tourist arrivals as the country gears up to host the FIFA World Cup 2022, one of the biggest sporting events globally. In the run up to the mega event, more than 1 million visitors are expected to visit the country, which is likely to significantly boost the revenues for the retail industry. However, growth is expected to normalize post the completion of the FIFA World Cup with retail sales reaching

UAE and Saudi Arabia are expected to continue to dominate the retail sales in the region, cumulatively accounting for 78.5% of the total retail sales by 2026

US\$ 21.2 billion in 2026, equating to an annualized growth rate of 3.5% since 2022 (see Exhibit 27). Although Qatar is a relatively smaller market compared to the UAE and Saudi Arabia, it is likely to benefit from the long-list of global sporting events lined up to take place in the country during the forecasted period¹³⁵.

Retail sales in the GCC nations are projected to grow in the range of 3.5% and 7.3% CAGR between 2022 and 2026 (see Exhibit 28). Bahrain (7.3% CAGR), Saudi Arabia (6.5% CAGR) and Oman (6.1% CAGR) are expected to grow above the GCC average of 5.7% CAGR over the forecasted period. Growth in the smaller countries such as Bahrain and Oman is expected to primarily be driven by increase in tourism activity, rise in GDP per capita and penetration of organized retail stores (see Exhibit 28). UAE and Saudi Arabia are expected to continue to dominate the retail sales in the region, cumulatively accounting for 78.5% of the total retail sales by 2026. Saudi Arabia is expected to continue its dominance over the industry with a share of 47.7% in total retail sales through 2026, followed by the UAE (30.8%), Kuwait (7.1%) and Qatar (5.7%).

Exhibit 28: Country-wise Retail Market Size and Growth (CAGR: 2022F – 2026F)



Source: IMF – October 2022, AT Kearney, WTTC, Alpen Capital

Note: E – Estimated, F – Forecasted

Airport-based Duty Free Sales

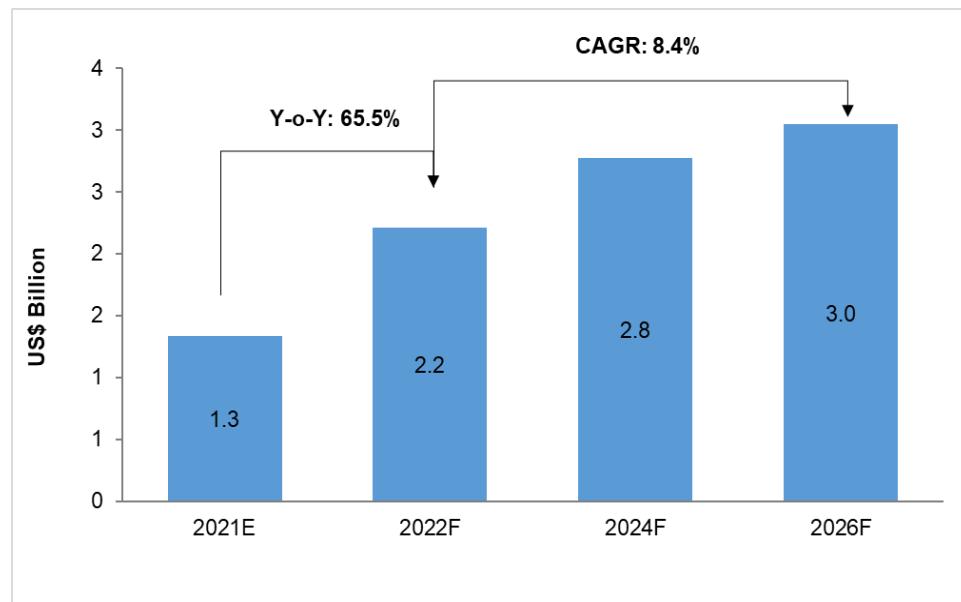
Duty free sales at the airports in the GCC are expected to grow by 65.5% y-o-y to reach US\$ 2.2 billion in 2022

Duty free sales at the airports in the GCC (Dubai, Abu Dhabi, Qatar and Bahrain) are expected to grow by 65.5% y-o-y to reach US\$ 2.2 billion in 2022. Growth during the year has been largely supported by the reopening of borders, ease in visa regulations, influx of tourism driven by EXPO 2020 Dubai and the upcoming FIFA World Cup 2022. (see Exhibit 29). Dubai Duty Free anticipates sales of more than US\$ 1.6 billion in 2023, an increase of 68% over 2021, amid recovery in the number of passengers using Dubai Airport and the expectations of a busy winter for 2022 due to the rebound in tourism. With the continuing recovery in passenger traffic at Dubai International Airport, retail sales in 2023 is expected to reach US\$ 1.8 billion. Duty free sales in the GCC (Dubai, Abu Dhabi, Qatar and Bahrain)

¹³⁵ Source: "Number of visitors to Qatar rises by 7-fold in first quarter", Doha News, April 17, 2022

are further projected to reach US\$ 3.0 billion by 2026, implying an annualized growth of 8.4% since 2022 (see Exhibit 29).

Exhibit 29: Forecast of Airport-based Duty Free Sales in Dubai, Abu Dhabi, Doha and Bahrain



Source: Alpen Capital

Note: F – Forecasted

Duty free sales in the GCC are further projected to reach US\$ 3.0 billion by 2026, implying an annualized growth of 8.4% since 2022

The GCC countries are investing heavily in expanding airport capacity across key cities to accommodate for the anticipated rise in tourism inflows. In Saudi Arabia, Jeddah Airport is planning a US\$ 7.2 billion expansion project of King Abdulaziz International Airport¹³⁶; construction of a new domestic airport in Jazan is also underway to handle a capacity of 2.4 million passengers annually¹³⁷; and the upcoming Red Sea Airport is expected to have a capacity to serve approximately one million passengers a year¹³⁸. These projects would further Saudi Arabia's goal to attract 100 million tourists a year by 2030, a six-fold increase from 2019. In UAE, the Sharjah International Airport is undergoing expansion to increase its passenger handling capacity to approximately 20 million annually by 2025¹³⁹. The Al Maktoum International Airport, also known as Dubai World Central (DWC), has a projected annual capacity of approximately 260 million passengers annually when fully completed by 2027. The US\$ 82 billion airport, touted as the world's largest, will help Dubai become the primary air hub for transiting travellers from the Asia-Pacific region, South Asia, Greater Middle East, Africa, Europe, and Australia¹⁴⁰. In Qatar, Phase 2 of the Hamad International Airport (HIA) is currently undergoing expansion. Built with an estimated cost of US\$ 1 billion, work is expected to complete before the FIFA World Cup 2022 and will increase the airport's capacity to more than 53 million passengers annually¹⁴¹. The Kuwait International Airport is also undergoing expansion at an estimated cost of US\$ 4.4 billion and is expected to complete by the end of 2022¹⁴². The new terminal will boost the airport's annual passenger handling capacity to 13 million passengers per year with the flexibility to raise to 25 to 50

¹³⁶ Source: "Jeddah Airport Co. to upgrade King Abdulaziz Airport's services", Arab News, February 10, 2022

¹³⁷ Source: "PROJECTS: Top 5 airport projects in the GCC", Zawya, August 29, 2021

¹³⁸ Source: Red Sea International Airport, Airport Technology, November 30, 2020

¹³⁹ Source: "Sharjah International Airport Expansion", Airport Technology, September 25, 2020

¹⁴⁰ Source: "DWC: The Ultimate Airport", Government of Dubai

¹⁴¹ Source: "Plans for second expansion phase unveiled by Hamad International Airport", International Airport Review, September 29, 2020

¹⁴² Source: "Kuwait International Airport New Terminal", Airport Technology, May 11, 2020

million passengers in the future¹⁴³. In Oman, the Musandam Airport is undergoing expansion at an estimated cost of US\$ 250 million. Expected to be completed by 2026, the airport will have a new terminal to accommodate 250,000 passengers per year¹⁴⁴. Similarly, Bahrain International Airport's (BIA) new US\$ 1.1 billion passenger terminal that began operations in January 2021 will increase the capacity of BIA to 14 million passengers per annum¹⁴⁵.

The new construction and expansion plans across these major junctions in the GCC are expected to add significant landscape of retail and food & beverage space as attraction for tourists. Such developments are expected to increase international passenger traffic and footfall, thus aiding growth in the segment.

Luxury Retail Sales

Retail sales of personal luxury goods in the Middle East, primarily led by the GCC nations, are forecasted to reach US\$ 11.8 billion by 2026

Retail sales of personal luxury goods in the Middle East, primarily led by the GCC nations, are forecasted to reach US\$ 11.8 billion by 2026, signifying an annualized growth of 6.5% since 2021. The rise in spending power (projected rise in GDP per capita) of the region's affluent society coupled with the rise in tourism is expected to boost the appetite for high-value luxury items over the years. Moreover, the recovery in oil prices and the subsequent economic revival is expected to drive demand. UAE, especially Dubai that remains the hub for luxury shopping, along with Saudi Arabia and Qatar are expected to generate majority of sales for the GCC region.

3.3 Supply-side Estimates

Organized Retail Sales Area in the GCC

At 80% completion, 4.5 million sq. m. of retail space is likely to come up in the GCC between 2021 and 2026, taking the total organized retail GLA to 23.0 million sq. m.

At 80% completion of projected additions to the retail space, 4.5 million sq. m. of retail space is likely to come up in the GCC between 2021 and 2026, taking the total organized retail GLA in the region to 23.0 million sq. m. (see Exhibit 30). With the rising demand for retail goods and services, several malls, shopping centers, modern retail concepts such as hypermarkets/ supermarkets and FECs are in the pipeline. The UAE and Saudi Arabia are likely to account for approximately 73.5% of the projected retail space addition during the forecast period, with majority of the developments concentrated in the UAE (38.4%). Some of the major upcoming projects, including expansion plans of existing ones in Dubai include the Dubai Square Mall, Meydan One Mall, Deira Mall, Cityland Village, Nad Al Sheba Mall, and The Art of Living Mall among others. Upcoming projects in Abu Dhabi consist of mostly retail shops in mixed-use buildings as well as the Reem Mall, and Al Maryah Central among others. In addition to several brick-and-mortar developments by BinDawood Holdings, Lulu Group and Majid Al Futtaim in Saudi Arabia, some of the major new malls coming up in the Kingdom include the Mall of Saudi (Riyadh), The Avenues (Riyadh), and Arabian Centre's Jawharat Al-Riyadh and Jawharat Jeddah malls¹⁴⁶. Developments in Qatar are coming up at a significant pace with the country forecasted to account for approximately 10.7% of the projected retail space addition by 2026. Upcoming retail developments in Qatar include Commercial Boulevard, Doha Oasis (Printemps), 04 Mall, Waddan Mall, and the MENA District in Doha Port. Majority of these projects are expected to complete during 2022¹⁴⁷.

¹⁴³ Source: "PROJECTS: Top 5 airport projects in the GCC", Zawya, August 29, 2021

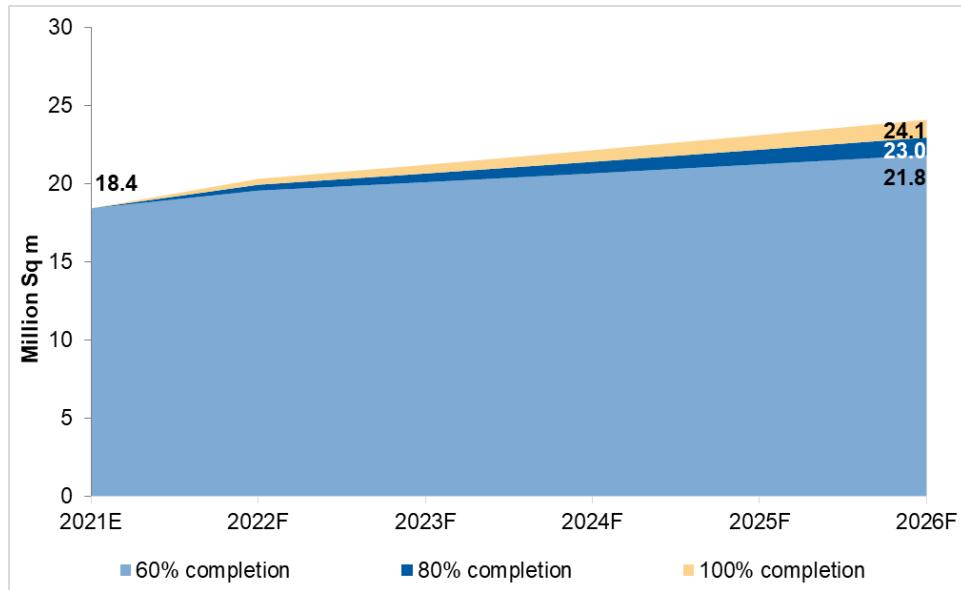
¹⁴⁴ Source: "PROJECTS: Oman likely to issue new airport tender in Q4", Zawya, March 25, 2021

¹⁴⁵ Source: "Bahrain International Airport: Ready to grow", Airport World, June 29, 2021

¹⁴⁶ Source: "The 2021 Global Retail Development Index", AT Kearney

¹⁴⁷ Source: "Quarterly Report Qatar Q1 2022: Retail Market Overview", Cushman & Wakefield Qatar, June 14, 2022

Exhibit 30: Forecast of Organized Retail Sales Area in the GCC



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

**At 80% completion,
organized retail GLA in the
GCC is anticipated to grow
at a CAGR of 4.5% between
2021 and 2026**

The projections at 80% completion is a modest growth scenario, wherein organized retail GLA in the GCC is anticipated to grow at a CAGR of 4.5% between 2021 and 2026, which is lower compared to the growth in total retail sales. In order to factor in the possibility of an oversupply or a slowdown in demand for retail space, the supply projections have also been provided at 100% completion (optimistic scenario) and 60% completion (conservative scenario). In the optimistic scenario, the total retail GLA is anticipated to grow at an annualized average rate of 5.5% to reach 24.1 million sq. m. by 2026, indicating an addition of over 5.7 million sq. m. At 60% completion, 3.4 million sq. m. of retail space is expected to be added, taking the total GLA to 21.8 million sq. m. by 2026. The conservative scenario signifies a CAGR of 3.4% during the forecast period (see Exhibit 30).

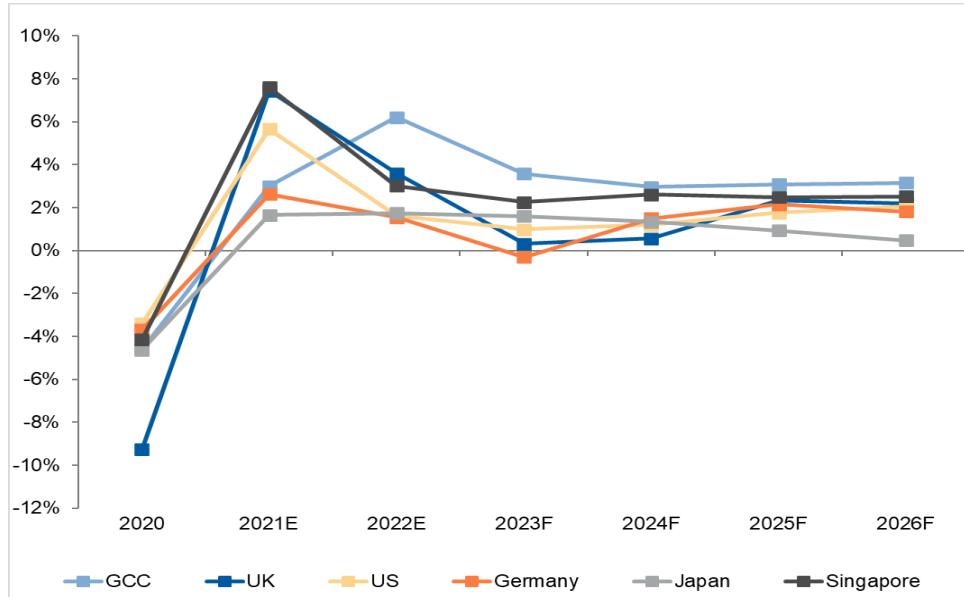
4. Growth Drivers

Post Pandemic Economic Recovery

The GCC economy is expected to rebound further with the GDP likely to grow at a pace of 3.6% in 2023 as both hydrocarbon and private sector revenues continue to gain momentum

After enduring the distress caused by COVID-19 that led to the dual shock of falling oil prices and slowdown in domestic activity, the GCC economies are expected to grow by 6.2% in 2022¹⁴⁸. The recovery can be attributed to the successful implementation of vaccination strategies by the GCC nations, easing of COVID-19 restrictions, fiscal stimulus measures to aid the private sector, positive business and tourism sentiment driven by mega events (EXPO 2020 Dubai and FIFA World Cup 2022) in combination with the revival in oil and natural gas prices resulting in a significant increase in liquidity¹⁴⁹. According to the IMF, the GCC is expected to continue to grow at a higher pace as compared to other markets with the GDP likely to grow at a pace of 3.6% in 2023 as both hydrocarbon and private sector revenues continue to gain momentum¹⁵⁰. The IMF anticipates that if oil prices remain high, the GCC economies will generate an additional US\$ 1.4 trillion in revenue over the next four to five years¹⁵¹. The GCC may experience large fiscal and external surpluses, which will boost consumer confidence and investment¹⁵². Rise in oil prices will aid funding of the region's non-oil economy, which took a severe hit from the fall in revenues during 2020. Consequently, the regional governments can now expand their focus on infrastructure investment programs, which are likely to gain further momentum post the pandemic. Furthermore, increases in per capita income (20.1% growth between 2020 and 2022) due to job growth will boost consumer demand¹⁵³. Such strong dynamics should help boost the retail industry in the GCC.

Exhibit 31: Real GDP Growth Projections – GCC vs Other Markets (2020-2026F)



Source: IMF – World Economic Outlook October 2022, Alpen Capital

Note: E – Estimated, F – Forecasted

¹⁴⁸ Source: "World Economic Outlook Database", IMF, October 2022

¹⁴⁹ Source: "Gulf economies should use the available fiscal space to ensure a soft landing", MEI@75, August, 2022

¹⁵⁰ Source: "World Economic Outlook Database", IMF, October 2022

¹⁵¹ Source: "GCC economies set to reap \$1.4tn in additional oil windfall in 5 years, IMF says", The National News, May 24, 2022

¹⁵² Source: "GCC Economies to Expand by 5.9% in 2022", The World Bank, May 23, 2022

¹⁵³ Source: "World Economic Outlook Database", October 2022

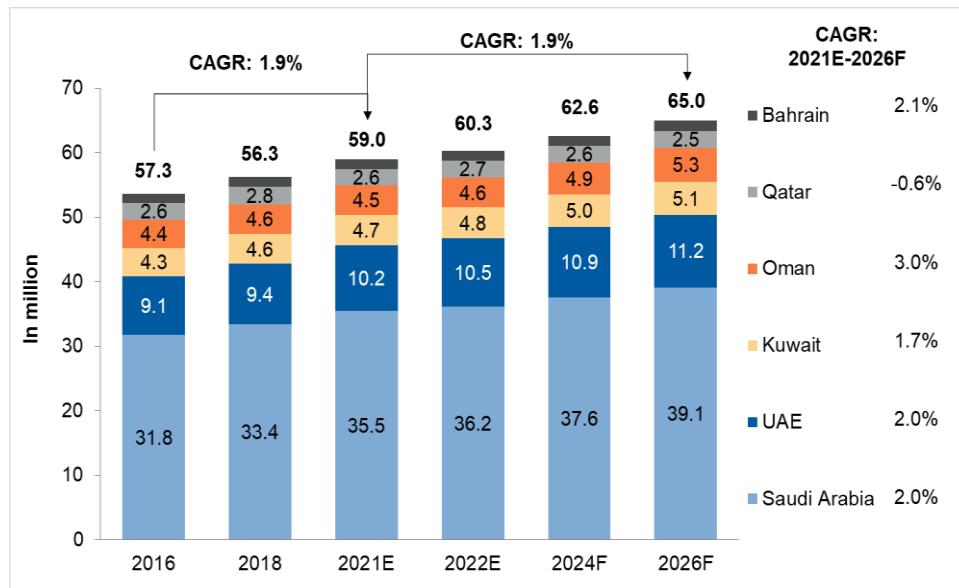
As the COVID-19 situation normalizes, GDP growth is expected to stabilize and will range between 3.0% and 3.2% until 2026¹⁵⁴. The GCC is expected to surpass GDP growth projections of countries like the US, UK, Singapore, Japan, and Germany between 2022 and 2026 (see Exhibit 31)¹⁵⁵. The unprecedented reforms and effective responses to curb COVID-19 cases coupled with strong emphasis towards economic diversification and private sector participation will continue to support growth¹⁵⁶. Moreover, focused reinvestment of budget surpluses in public projects, increased oil and non-oil trade, and new fiscal policies are likely to shield the GCC economies from current global recessionary stress¹⁵⁷.

Favorable Demographics

The GCC population is expected to grow at an annualized rate of 1.9% between 2021 and 2026 to over 65.0 million

Rising population, with high concentration of expatriates, remains one of the primary factors for driving growth of the GCC retail industry. The GCC population grew at a CAGR of 1.9% between 2016 and 2021, at par with the MENA average of 1.7% and higher than the world average of 1.1%¹⁵⁸. According to IMF, the region's population is expected to grow at an annualized rate of 1.9% between 2021 and 2026 to over 65.0 million¹⁵⁹ (See Exhibit 32). Despite the pandemic forcing a large number of expatriates to return home as private sector business closures and crude output cuts weighed on income source¹⁶⁰, population levels in the GCC remained relatively stable in 2020 and 2021¹⁶¹. In 2022, growth was largely driven by reopening of the borders coupled with rising prospects of jobs as economic conditions revived and expatriates started returning to the GCC shores. Going forward, Oman is likely to experience the highest population growth at a CAGR of 3.2% between 2022 and 2026, followed by Bahrain and Saudi Arabia (2.0% CAGR each). Population in Kuwait and UAE are likely to grow at a CAGR of 1.7% and 1.6% until 2026, respectively, while Qatar's population is likely to remain flat post completion of the FIFA World Cup 2022¹⁶².

Exhibit 32: GCC Population (2016 – 2026F)



Source: IMF – World Economic Outlook October 2022

Note: E – Estimated, F – Forecasted

¹⁵⁴ Source: "World Economic Outlook Database", IMF, October 2022

¹⁵⁵ Source: "World Economic Outlook Database", IMF, October 2022

¹⁵⁶ Source: "GCC Region Mega Trends, Forecast to 2030", Frost & Sullivan, October 5, 2020

¹⁵⁷ Source: "GCC GDP to grow by 6.7pc, the fastest rate since 2011: ICAEW", Trade Arabia, September 12, 2022

¹⁵⁸ Source: "World Economic Outlook Database", IMF, October 2022

¹⁵⁹ Source: "World Economic Outlook Database", IMF, October 2022

¹⁶⁰ Source: "Gulf expat exodus could continue until 2023, S&P says", February 21, 2021

¹⁶¹ Source: "World Economic Outlook Database", IMF, October 2022

¹⁶² Source: "World Economic Outlook Database", IMF, October 2022

The GCC remains one of the wealthiest regions in the world¹⁶³. The rise in spending power of the region's affluent society has improved the lifestyle of consumers, resulting in strong appetite for global brands and luxury items. Similarly, the high proportion of working class individuals have been driving the demand for such products and changing preferences towards healthy food items. The expatriates, which account for around 50% of the total population¹⁶⁴ and over 75% of the GCC private sector workforce¹⁶⁵, have also strongly contributed to the growth of the retail sector. Moreover, the region's tech-savvy millennial population is driving the demand for e-commerce platforms as a point of purchase, which is compelling traditional retailers to adopt omni-channel strategies and increasing their stock of imported items to align with the changing consumer preferences.

Revival in Travel and Tourism Industry

Liberalization of policies and new reforms have led to the growth of travel and tourism industry in the GCC

The GCC travel and tourism industry has witnessed rapid growth over the past decade and has been a major catalyst for the region's economic development. The region not only offers a blend of religious and leisure attractions for travelers, but it has also evolved to become a global hub for hosting mega sporting and business events in recent years. Countries such as the UAE, Saudi Arabia and Oman have become some of the world's leading international MICE destinations largely due to their advanced infrastructure and facilities, coupled with their strategic location and easy connectivity with the rest of the world¹⁶⁶. The Qatar Tourism Authority has established a dedicated MICE sales team to promote the country for key events and establish itself as a hub for international conferences, sporting and business activities¹⁶⁷. On the other hand, liberalization of policies and new reforms have led to a rise in cultural, social and entertainment events such as annual music and film festivals, fairs, and fashion exhibitions among others. This has made the GCC an attractive destination for global investors¹⁶⁸.

In 2021, the UAE recorded a growth of 56.4% y-o-y in tourist arrivals while Saudi Arabia saw a 71.6% y-o-y rise in inflows

The GCC hospitality sector, which has been under pressure since the onset of the COVID-19 pandemic, is expected to see renewed growth largely driven by the aggressive strategies by the regional governments to promote travel and tourism. In addition to the lifting of the pandemic-led restrictions leading to an easing of cross-border travel, the success of the recently concluded EXPO 2020 Dubai and build up to the FIFA World Cup 2022 has kick-started the inflow of tourists as well as the revival of the retail business and economic confidence within the region¹⁶⁹. In 2021, the UAE recorded a growth of 56.4% y-o-y in tourist arrivals, primarily supported by the government's continuous efforts to ensure COVID-19 safety measures¹⁷⁰ coupled with the overwhelming response of the EXPO 2020 Dubai¹⁷¹. Meanwhile, Saudi Arabia, the second largest country in terms of international tourist arrivals, witnessed a growth of 71.6% y-o-y in 2021¹⁷². Growth was largely driven by the government's efforts to curb the COVID-19 contamination rate coupled with ground-breaking measures and liberalization policies that are uplifting the business, social and cultural environment of the Kingdom¹⁷³. Kuwait (38.7% y-o-y) and Bahrain (91.2% y-o-y) also

¹⁶³Source: IMF, The World Bank

¹⁶⁴Source: "What percentage of the GCC population are expats?", Peninsula Real Estate, December 6, 2019

¹⁶⁵Source: "Labour Sector Reforms in the GCC and Challenges for Indian Expatriates", MP IDSA Issue Brief, November 27, 2020

¹⁶⁶Source: "Feature: \$1.3 Billion GCC Meetings and Incentives Industry to Continue Growing at Pace", Business Chief, May 18, 2020

¹⁶⁷Source: "Qatar working toward positioning itself as a regional and global attraction", Travel Trade Journal, June 21, 2022

¹⁶⁸Source: "Economic diversification in the Gulf", Brookings, January 31, 2021

¹⁶⁹Source: "Gulf tourism rebound faster than expected amid Expo 2020 Dubai success, say experts", Arabian Business, March 6, 2022

¹⁷⁰Source: "Why is this country so resilient", BBC, January 7, 2022

¹⁷¹Source: "Dubai Expo 2020 event spurs tourism, boosts UAE business activity", Hindustan Times, November 4, 2021

¹⁷²Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC

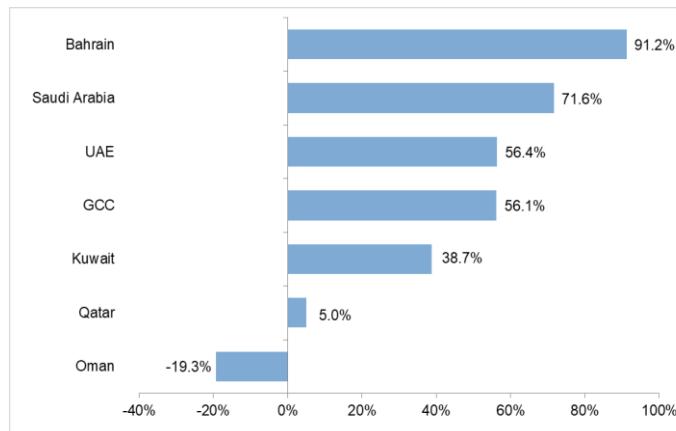
¹⁷³Source: "Saudi Arabia reforms: Royal power play or meaningful change?", DW.com, June 27, 2021

Regional governments are making significant investments towards tourism and hospitality infrastructure, including airport expansions and hotel and retail investments

witnessed a rise in tourist arrivals in 2021 as COVID-19 induced restrictions eased across the region (see Exhibit 33)¹⁷⁴.

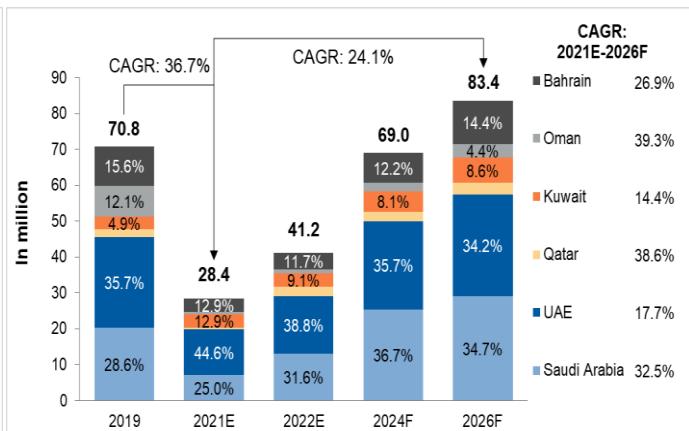
All the GCC nations have placed special emphasis on the expansion of the hospitality sector in their long-term diversification strategies. Consequently, the regional governments are making significant investments towards tourism and hospitality infrastructure, including airport expansions, hotel and retail investments, as the region is gearing up for influx of tourists¹⁷⁵. International tourist arrivals in the GCC are anticipated to grow at a CAGR of 24.1% between 2021 and 2026 to reach 83.4 billion (see Exhibit 34)¹⁷⁶. Major upcoming mega events, especially the extensive list of international sporting activities in Qatar, coupled with the anticipated rise in pilgrims is likely to spur this growth. Such developments are likely to aid the revival of the GCC retail industry as footfall across malls, high-street markets, food and non-food outlets increase.

Exhibit 33: International Tourist Arrivals Growth (2021)



Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC

Exhibit 34: International Tourist Arrivals (2019 – 2026F)



Source: WTTC, WTO, Alpen Capital

Note: E – Estimated, F – Forecasted

Mega Events

Despite the challenges posed by pandemic-related lockdown measures around the world, EXPO 2020 Dubai was a significant success with the mega fair attracting over 24 million visitors, including international and domestic tourists, corporate and business representatives from the 192 country pavilions, and repeat visitors¹⁷⁷. The global fair not only helped revive economic confidence but also boosted tourism receipts with the UAE accounting for 42.0% of the total business tourism spending in the region during 2021¹⁷⁸. Consequently, hospitality market revenues in the country recorded a 39.0% y-o-y increase in 2021. The event also played a major role in the revival of the UAE retail market post the pandemic¹⁷⁹. Retailers capitalised on the huge merchandising opportunities available before, during and after the mega event. Official products were sold across more than 5,000 sq. m. of retail space featuring brick-and-mortar outlets located in high footfall areas at EXPO 2020's site, as well as by authorized outlets around the UAE and online.

On the other hand, Qatar is scheduled to host the FIFA World Cup 2022, estimating an influx of more than 1.5 million visitors that will add approximately US\$ 17 billion to its economy¹⁸⁰. Recently, FIFA reported that 2.5 million tickets have been sold for the World Cup until August

¹⁷⁴ Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC

¹⁷⁵ Source: "Middle East optimistic over prospects for Tourism", Trade Arabia, June, 2022

¹⁷⁶ Source: WTTC, Alpen Capital

¹⁷⁷ Source: "Expo 2020 Dubai is a people's success", Khaleej Times, April 1, 2022

¹⁷⁸ Source: "Economic Impact Report", WTTC, 2022

¹⁷⁹ Source: "Expo 2020 plays big role in the growth of UAE retail market", Gulf Today, October 23, 2021

¹⁸⁰ Source: "World Cup Fever from Qatar in Tourism Boom", Bloomberg, August 28,2022



Some of the major events set to take place in the region include FIFA World Cup 2022, Formula 1 Grand Prix, World Aquatics Championship, and the Asian Games among others

The return of pilgrims to the holy cities of Mecca and Medina are likely to boost the retail industry in Saudi Arabia

2022¹⁸¹. The rise in number of football fans from across the globe will help increase retail sales not only in Qatar but also the neighboring GCC nations. Qatar Duty Free has been named as the official retail store for the global footballing event. This includes a license to exclusively sell all FIFA World Cup 2022 merchandise and collectables in the fan zones and at all stadiums hosting the matches in Qatar. Fans will also be able to purchase tournament memorabilia at Hamad International Airport, the Official Airport of the FIFA World Cup 2022, and at numerous outlets in malls across the country¹⁸². In addition to hosting the FIFA World Cup 2022, the country has bid to hold several other international sporting events, festivals and tourism related activities in the coming years. Some of the major international sporting events lined up to take place in the country include the Formula 1, International Golf Championship, World Championship of Motorcycles, 2024 World Aquatics Championships, and 2030 Asian Games, among others¹⁸³. These will help drive retail sales across the region.

Religious Tourism

Religious tourism is one of the main growth drivers of Saudi Arabia's retail industry as the two holy cities of Makkah and Medina account for approximately 40% of the tourist arrivals to the Kingdom¹⁸⁴. The cities aim to exceed 70 million tourist visits in 2022 after drawing 62 million last year amid the pandemic-induced restrictions¹⁸⁵. Consequently, the Kingdom is preparing to meet the increasing demand from pilgrims returning to its holy cities, with 32,621 hotel rooms currently under construction¹⁸⁶. Millions of pilgrims who travel to Makkah and Medina each year also significantly contribute to the national economy, with Hajj and Umrah together accounting for around 20% of the Kingdom's non-oil GDP and 7% of total GDP¹⁸⁷. The constant growth in the number of religious tourists has compelled the Kingdom's authorities to offer a wide range of hospitality services, including the availability of retail options, to all pilgrims. The increase in the number of foreign pilgrims and tourists are expected to increase demand for restaurants, food items, and other non-food products as well as merchandise in the coming years. The UAE is building an interfaith complex that will house a synagogue, mosque, and church. The cultural landmark, called the Abrahamic Family House, in Abu Dhabi is scheduled to be inaugurated in 2022. The site is likely to attract pilgrims from across the globe and will offer a variety of programs and activities in addition to hosting international conferences and world summits¹⁸⁸. Since the signing of new accords with the UAE in August 2020, tens of thousands of Israeli tourists have already visited Dubai and Abu Dhabi¹⁸⁹. Similarly, the rest of the GCC nations are also adopting distinct models of engagement between heritage and religious spheres to draw tourism into their respective country, which in turn are likely to drive retail sales¹⁹⁰.

Growing Travel and Tourism Spending

The sector's contribution to its GDP increased from 6.1% (US\$ 98.3 billion) in 2020 to 6.6% (US\$ 108.8 billion) in 2021. Total spending increased by 39.1% y-o-y to US\$ 77.0 billion during 2021. Amongst the GCC countries, UAE and Saudi Arabia continue to remain the most sought-after destinations for travel and tourism with the two countries cumulatively accounting for more than 64.4% of the total travel and tourism spending within the region in 2021. UAE ranks top in the GCC with total travel and tourism spending revenues of US\$

¹⁸¹ Source: "Qatar to open three new five-star hotels ahead of FIFA World Cup", Gulf Insider, September 6, 2022

¹⁸² Source: "Saudi Arabia aims for 70 million tourism visits this year", Reuters, May 9, 2022

¹⁸³ Source: "Qatar cements its position as global sports hub", The Peninsula Qatar, December 29, 2021

¹⁸⁴ Source: "Saudi Arabia - Travel, Tourism, and Entertainment - Saudi Arabia Country Commercial Guide", Export.gov, January 22, 2020

¹⁸⁵ Source: "Saudi Arabia aims for 70 million tourism visits this year", Reuters, May 9, 2022

¹⁸⁶ Source: "ATM 2022: Saudi Arabia preparing for return of religious tourism", Breaking Travel News, March 23, 2022

¹⁸⁷ Source: "Saudi Arabia aims to increase pilgrim numbers and non-religious tourism", Oxford Business Group

¹⁸⁸ Source: "Opening in Abu Dhabi 2022, The Abrahamic Family House Marks 20 Percent of Construction Progress", Abu Dhabi Media Office, June 15, 2021

¹⁸⁹ Source: "UAE reveals progress on interfaith complex to house synagogue, mosque, church", Times of Israel, June 16, 2021

¹⁹⁰ Source: "Religion and Heritage in the Gulf: Significant in its Absence?", LSE UK, May 14, 2020

27.4 billion, followed by Saudi Arabia (US\$ 22.2 billion), and Qatar (US\$ 16.5 billion). As of 2021, Qatar had the highest contribution of travel and tourism to GDP (10.3%), followed by Bahrain (8.2%), Saudi Arabia (6.5%), and the UAE (6.4%) (see Exhibit 35)¹⁹¹. The region's strong oil wealth, coupled with a low-tax environment and the government's welfare programs for nationals, has translated into high-income levels and increased spending power of the region's affluent society.

Exhibit 35: Travel & Tourism Spending in the GCC (2021)

| Country/Region | T&T Spending (A+B) | | Leisure Spending (A) | | Business Spending (B) | |
|----------------|--------------------|-----------------------------------|----------------------|-----------|-----------------------|-----------|
| | Value (US\$ bn) | Travel & Tourism GDP Contribution | Value (US\$ bn) | Share (%) | Value (US\$ bn) | Share (%) |
| World | 3,629.6 | 6.1% | 2,969.5 | 82% | 660.1 | 18% |
| GCC | 77.1 | 6.6% | 62.0 | 80% | 15.1 | 20% |
| UAE | 27.4 | 6.4% | 21.1 | 77% | 6.3 | 23% |
| Saudi Arabia | 22.2 | 6.5% | 20.6 | 93% | 1.6 | 7% |
| Qatar | 16.5 | 10.3% | 12.3 | 75% | 4.2 | 25% |
| Kuwait | 5.5 | 4.3% | 4.1 | 74% | 1.4 | 26% |
| Oman | 2.5 | 3.5% | 1.8 | 71% | 0.7 | 29% |
| Bahrain | 3.0 | 8.2% | 2.1 | 72% | 0.8 | 28% |

Source: WTTC

Free Trade Agreements to Boost Imports and Eliminate Trade Barriers

FTAs could result in more options on supermarket and hypermarket shelves throughout the GCC, offering consumers a wider choice of food products at a lower price point

The GCC is in negotiations with the UK on a free trade agreement (FTA), which is expected to boost the region's economy, attract investment, and provide more opportunities for local retail businesses as it looks to expand and diversify global trade partners¹⁹². In 2021, the British food and beverage (F&B) industry exported £625 million (US\$ 700.1 million) in goods to GCC countries, and a deal could significantly reduce or remove tariffs on UK food and drink exports¹⁹³. This could result in more options on supermarket and hypermarket shelves throughout the GCC, offering consumers a wider choice of food products at a lower price point than before. The FTA could open a door to not only the F&B industry but sectors ranging from agri-business to technology, renewable energy, life sciences, education and financial services.¹⁹⁴

Similarly, UAE and India signed the Comprehensive Economic Partnership Agreement (CEPA) in February 2022. As part of the deal, 97% of Indian products will have duty-free access to the UAE market while 90% of UAE products will have duty-free access to the Indian market over the next 10 years. Through CEPA, UAE businesses will have better access to Indian products, lower tariffs in key export sectors, and greater market access for services sector. The deal is expected to add US\$ 9 billion to the UAE's GDP by 2030¹⁹⁵. The UAE also signed a FTA with Israel in an effort to increase trade between the two countries. According to Israel's Ministry of Economy, the agreement will eliminate tariffs on

¹⁹¹ Source: "Economic Impact Report", WTTC, 2022

¹⁹² Source: "Which sectors stand to benefit from a UK-GCC trade deal?", Atalayar, July 31, 2022

¹⁹³ Source: "UK launches ambitious trade deal with Gulf nations", UK Government, June 23, 2022

¹⁹⁴ Source: "A Free Trade Agreement between GCC and the UK would build on an excellent relationship", N Business, June 23, 2022

¹⁹⁵ Source: "The UAE welcomes a wider India-GCC trade agreement", Mint, March 25, 2022

96% of goods, including food, agriculture, cosmetics, medical equipment, and medicine. The UAE anticipates that the CEPA with Israel will increase bilateral trade to more than \$10 billion per year within five years¹⁹⁶. Such agreements will not only increase the range of foreign food and non-food products within the domestic retail outlets but also expand the establishment of international brands in the region.

Rising prominence of E-commerce

The GCC retail market is currently going through transformation as the COVID-19 crisis has enhanced dynamism in the GCC e-commerce landscape. Although the GCC lags the global markets in adoption of e-commerce, several online shopping portals are slowly gaining ground at par with traditional brick-and-mortar channels. Retailers are converging with technology to enhance consumer experience while also presenting a wider variety of offerings at affordable prices¹⁹⁷. Factors such as high levels of internet, smartphone and social media penetration in the region have also contributed to the growth of e-commerce¹⁹⁸.

The e-commerce market offers significant opportunities for growth with penetration levels in the GCC rising in the post pandemic era

The COVID-19 health crisis has ushered in a new reality in the digital retail space with consumers shifting to online channels for purchases while regional players have swiftly responded to the surge in demand. When the pandemic crumbled global supply chains, it concurrently triggered a surge in online sales – a double shock that few retailers and consumer goods companies were prepared to handle considering big retailers like Amazon were steadily raising the bar on the speed of shipping, adding to the urgency to improve network speed and agility. Amid increasing competition from such e-commerce operators, several organized retail operators and luxury brands in the GCC have established online platforms as part of their new strategy to increase sales and reduce operational expenses. At the same time, domestic e-commerce majors have started enhancing their product offerings and streamlining their supply chain to gain market share. As such, sector-wise contribution to e-commerce spending has been rearranging itself with fashion and beauty products remaining a bright spot in the GCC, while food and grocery delivery has picked up pace during the lockdown. The pandemic also brought a number of other consumer segments such as electronics, home furnishing and appliances among others into the e-commerce spotlight¹⁹⁹. Post the pandemic, it has thus become crucial for retailers to implement effective e-commerce strategies. This will entail taking stock of the fundamentals such as business capabilities, supply chain capacity, customer demand trends, etc.²⁰⁰. These trends are likely to continue and become a mainframe contributor to the retail sales market as consumer buying pattern and preferences have evolved significantly over the past few years.

According to AT Kearney, the GCC e-commerce market is expected to grow at a CAGR of 14.6% from 2021 to reach US\$ 50 billion by 2025. Saudi Arabia (US\$ 21 billion) and the UAE (US\$ 17 billion) are expected to continue to lead the region and cumulatively contribute over 76.0% of the region's total e-commerce sales by 2025 (see Exhibit 36)²⁰¹. Going forward, as the industry continues to mature, e-commerce sales in the region are likely to be driven by rising awareness of associated benefits (discounts, offers, sale, etc.), availability of wider range of product offerings from across the globe, provision of secure

¹⁹⁶ Source: "Israel signs first Arab free trade agreement with UAE", Aljazeera, May 31, 2022

¹⁹⁷ Source: "Trends and predictions for the GCC retail market in a post-COVID-19 world", Saudi Gazette, July 12, 2020

¹⁹⁸ Source: "Consumer Goods and Retail", Techsci Research, August 2022

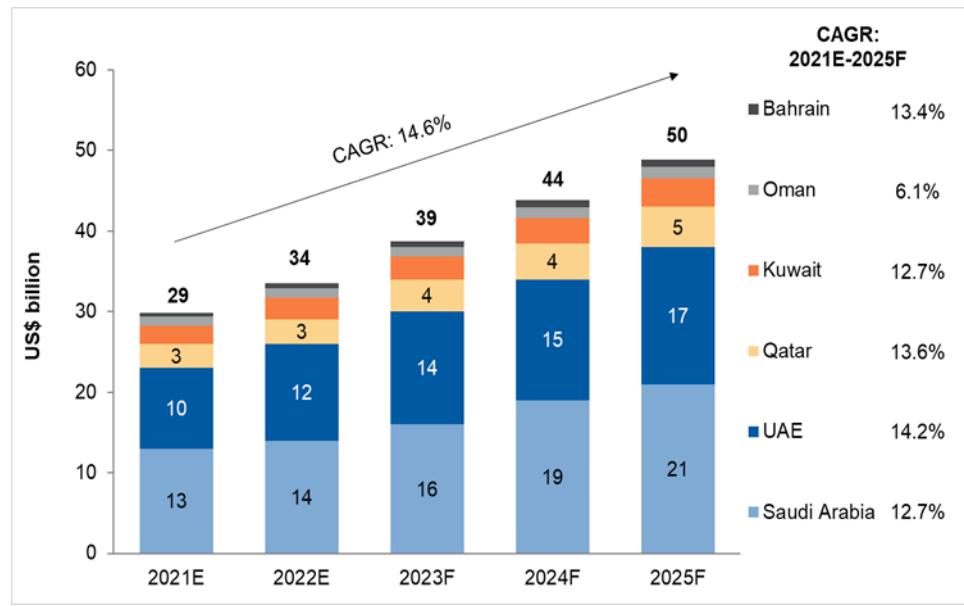
¹⁹⁹ Source: "GCC's e-commerce sector surging ahead thanks to Covid-19", AT Kearney, October 9, 2020

²⁰⁰ Source: "E-commerce landscape in GCC: Why partnerships and innovative solutions matter", ITP.net, April 18, 2022

²⁰¹ Source: "GCC's e-commerce sector surging ahead thanks to Covid-19", AT Kearney, October 9, 2020

payment gateways, improving delivery channels, and changing preferences of the growing millennial population.

Exhibit 36: GCC E-commerce Market Forecast (2021E – 2025F)



Source: AT Kearney

Note: E – Estimated, F – Forecasted

5. Challenges

Impact of Global Macro-economic Situation

Lower economic revenues, coupled with COVID-19 induced losses, and a subsequent fall in per capita income have put the regional retail industry under increased pressure

The GCC remains highly reliant on hydrocarbon revenues to drive economic growth and public sector spending. Over 70% of total exports in Kuwait, Qatar, Saudi Arabia and Oman are hydrocarbon driven while oil revenues in Kuwait, Qatar, Oman, and Bahrain exceed 70% of total government revenues²⁰². Lower revenues due to the sharp correction in oil prices during the pandemic, coupled with COVID-19 induced travel restrictions, business closures, and a subsequent fall in per capita income (-1.0% CAGR between 2016 and 2021)²⁰³ had put the regional retail industry under pressure. At the same time, several infrastructure development plans were delayed due to supply chain issues and labor shortages, subsequently affecting the industry growth. Furthermore, stimulus measures by the governments in wake of the pandemic, led to the region's fiscal deficit widen to 9.2% of GDP in 2020. The deficits have narrowed with resurgence in oil prices and stood at 3.0% of GDP in 2021²⁰⁴. The three GCC countries with the largest deficits in 2020 – Kuwait, Bahrain, and Oman – are projected to remain in deficit until 2023, but at narrower ratios to GDP than during the economic downturn in 2020²⁰⁵. As a result, the current diversification and growth plans have suffered due to a lack of funds. However, the IMF expects the region's fiscal deficit to ease down to 1.4% of GDP in 2022²⁰⁶.

The IMF has reduced its growth forecast for the GCC to 3.6% in 2023 amid the Russia-Ukraine war

Following a year of economic distress when the region witnessed a contraction of 4.6% in 2020 due to the pandemic, the GCC economies returned to an aggregate growth of 3.0% in 2021 and are estimated to grow by 6.2% in 2022²⁰⁷. However, IMF has revised its growth forecast for the GCC to rise at a pace of 3.6% in 2023 amid rising geopolitical concerns and gloomy global economic environment caused by the Russia-Ukraine war²⁰⁸. It expects Saudi Arabia's GDP to fall to 3.7% in 2023 from 7.6% in 2022 while the GDP in the UAE and Kuwait is expected to decline to 4.2% and 2.6% in 2023, from 5.1% and 8.7% in 2022, respectively. The IMF also lowered its 2023 GDP projections for Qatar, Oman, and Bahrain to 2.4%, 4.1%, and 3.0% from 3.4%, 4.4%, and 3.4% in 2022, respectively²⁰⁹. Tighter global financial conditions are likely to hold back economic growth and reduce retail revenues, especially spending on discretionary and luxury items, as consumers will remain wary of looming recessionary fears.

Mounting Inflationary Pressure

Rising inflation is likely to reduce the spending power of consumers, leading to a slowdown in the retail industry

The fallout from the Russia-Ukraine war coupled with lingering global supply chain disruptions and labor shortages from the pandemic have led to increased prices and inflation in the retail industry. Although oil prices have risen by more than expected (projected to increase by an average of 5.3% of GDP in 2022 compared to 2021), rising inflation has turned out to be a major economic concern for the import-dependent GCC countries. Inflation hit a 40-year high of 7% in the US and the IMF forecasts the advanced economies to see 3.9% inflation in 2022²¹⁰. GCC countries have not been immune to this global trend

²⁰² Source: "GCC Countries Back on Path to Economic Growth after Contraction Due to the Pandemic", World Bank, August 4, 2021

²⁰³ Source: "World Economic Outlook Database", IMF, October 2022

²⁰⁴ Source: "World Economic Outlook Database", IMF, October 2020 and 2021

²⁰⁵ Source: "GCC Countries Back on Path to Economic Growth after Contraction Due to the Pandemic", World Bank, August 4, 2021

²⁰⁶ Source: "World Economic Outlook Database", IMF, October 2021

²⁰⁷ Source: "GCC economies to grow at 6.4% in 2022: IMF", Zawya, August 21, 2022

²⁰⁸ Source: "World Economic Outlook Database", IMF, October 2022

²⁰⁹ Source: "IMF cuts 2023 growth forecast for GCC economies amid Russia-Ukraine crisis", CityWire Middle East, April 21, 2022

²¹⁰ Source: "Inflation is a concern for the GCC, but it has faced far worse before", PwC

with the regional inflation average standing at 1.6% in 2021, although it varies widely between countries (see Exhibit 37)²¹¹. Inflation in the UAE increased by 3.4% in Q1 2022 amid higher prices in 11 main sectors. The country's Consumer Price Index (CPI) jumped to 102.7 points during the quarter, compared to 99.4 points in the year-ago period²¹². Similarly, annual inflation rate in Saudi Arabia climbed to 1.6% in Q1 2022, the highest inflation rate since June 2021, mainly due to higher prices of transport (4.6%)²¹³. Inflation in Kuwait increased slightly to 4.4% during the same period, while Bahrain's annual inflation rate accelerated for the third straight month to 3.9%. In Qatar, annual inflation rate reached 4.4% in Q1 2022, driven by upward pressures from cost of housing and utilities while in Oman inflation decreased to 3.6% during the quarter²¹⁴. The IMF estimates inflation in the GCC to rise to 3.9% in 2022 and 2.8% in 2023 (see Exhibit 37)²¹⁵. Such developments are likely to reduce the spending power of consumers, leading to a slowdown in the GCC retail industry.

In November 2022, Central Banks of the GCC nations increased their benchmark interest rates following the US Fed's move to raise its key rate by 75 bps for the fourth consecutive time in a bid to curb inflation²¹⁶. UAE, Qatar and Bahrain raised their benchmark rates by varying amounts to maintain their currencies pegs to the US dollar. The Central Bank of UAE raised its base rate on overnight deposits by 75 bps to 3.9%²¹⁷ while Saudi Arabia lifted its repo and reverse repo rates to 4.5% and 4.0%, respectively²¹⁸. Qatar's Central Bank increased its lending rate by 50 bps to 5.0%, and its deposit rate and repo rate by 75 bps to 4.5% and 4.75%, respectively. The Central Bank of Bahrain raised its key policy rate on its one-week deposit facility by 75 bps to 4.75%. The bank also raised the overnight deposit rate from 3.75% to 4.5%, the four-week deposit rate from 4.75% to 5.5% and the lending rates from 5.25% to 6.0%²¹⁹. Kuwait and Oman have not yet announced any rate changes.

Exhibit 37: Country-wise Inflation at Average Consumer Price (2021-2023F)

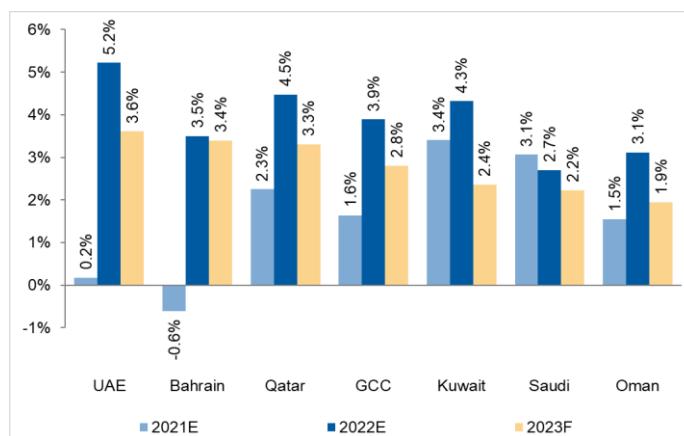
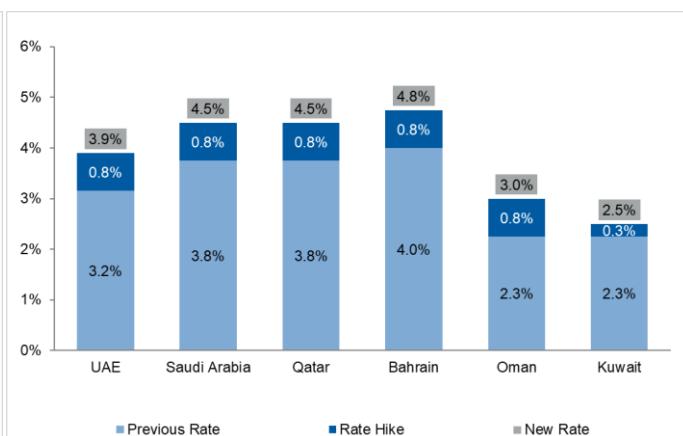


Exhibit 38: GCC Central Bank Rate Hike in 2022 (%)



Source: IMF – World Economic Outlook October 2022

Note: E – Estimated, F – Forecasted

Source: SAMA, UAE Central Bank, QCB, CBK, CBB, CBO

The current high inflationary environment has led consumers to change their spending habits to adapt to the increased prices. Consequently, retailers are adopting multiple strategies to ease inflationary burden for consumers. This includes revisiting their pricing structure, implementing efficiency measures with suppliers (review transport and other

²¹¹ Source: "World Economic Outlook Database", IMF, October 2022

²¹² Source: "Quarterly Economic Review – Q1 2022" Central Bank of the UAE

²¹³ Source: "Inflation Report - Q1 2022", SAMA

²¹⁴ Source: "Quarterly Economic Review – Q1 2022" Central Bank of the UAE

²¹⁵ Source: "World Economic Outlook Database", IMF, October 2022

²¹⁶ Source: "Most Gulf central banks raise interest rates after Fed's move", Reuters, November 2, 2022

²¹⁷ Source: "GCC central banks raise interest rates following US Fed move", Zawya, November 3, 2022

²¹⁸ Source: "Most Gulf central banks raise interest rates after Fed's move", Reuters, November 2, 2022

²¹⁹ Source: "GCC central banks raise interest rates following US Fed move", Zawya, November 3, 2022

supply chain-related costs), identifying cost-efficient and value-centric products, reconsidering purchasing agreements and optimizing contracts with suppliers²²⁰. Several retailers in the UAE announced plans to launch promotion campaigns and set up independent procurement offices across the globe to limit the impact of price rises in the Emirates. For instance, Lulu Group International set up independent procurement offices in food hubs such as the US, UK, Turkey, Italy, Spain, Egypt, South Africa, India, and Colombo among others to minimize the cost impact caused by distributors and importers. Similarly, Al Maya Group has been working with the Food Corporation of India (FCI), Agricultural and Processed Food Products Export Development Authority (APEDA), and government organizations within the UAE to ensure the supply of food. On the other hand, discounting strategies and promotional campaigns are being adopted by mid-size vendors and supermarkets to look for alternative sources for products in case of further supply chain disruptions²²¹.

Supply Chain Vulnerabilities Affecting Food Prices

Over 85% of the food requirement in the region is imported from other countries, exposing the GCC to global price fluctuations

The COVID-19 pandemic has exposed the GCC to one of the most important challenges of food security. Although the GCC countries are considered food secure as per the Global Food Security Index, they are heavily reliant on imports from other countries as they have limited home-grown resources to be self-sufficient²²². Over 85% of the food requirement in the region is imported, exposing the GCC to global price fluctuations in cases of supply chain disruptions, similar to those that occurred during the recent pandemic-imposed lockdowns²²³. Similarly, the recent downturn in global economic conditions has seen much of the international price volatility transmitted to domestic food markets. The GCC nations have made great strides in strengthening their strategic reserves and incorporating innovation in food production through implementing various strategies focused on high-tech agriculture policies, R&D, enhancing domestic production, subsidization, and foreign investment policies, among others²²⁴. Governments, in partnership with the private sector and international organizations, are also optimizing production capabilities by adopting technology-driven agricultural practices to bolster local AgriTech²²⁵. However, the region remains vulnerable to export restrictions leading to dependency on domestic production and panic buying behavior, often engaged during times of crisis. Overall, the GCC lacks sufficient control over, and access to its food chains, which has caused significant dependence on external sources of supply to meet domestic demand. This has left the GCC vulnerable to supply-side shocks, leading to inflationary pressures on the economies²²⁶. Any supply chain disruption arising due to geopolitical conflict such as the ongoing Russia-Ukraine war or crisis subjecting traders to higher freight charges, in turn leads to inflation in prices of food. This has strained the purchasing power of mid-income families, leaving them with limited disposable income²²⁷.

After effects of the COVID-19 Pandemic

Retailers across the GCC have all been hit hard by the imposition of containment measures to curb the spread of COVID-19. According to a retailer sentiment survey for independent stores conducted by GfK in UAE and Saudi Arabia, the most common major challenge faced by the retailers across both markets is managing operational costs. In order to improve

²²⁰ Source: "Rising food prices push retailers to rethink pricing as consumers look for greater value", Arabian Business, June 23, 2022

²²¹ Source: "How UAE retailers are limiting inflation impact on customers", Khaleej Times, July 23, 2022

²²² Source: "How GCC countries can ensure their food security", Gulf Business, August 8, 2020.

²²³ Source: "A Growing Issue: Food Security in the Gulf", The Euro Gulf Information Centre, May 12, 2020

²²⁴ Source: "GCC Countries are Food-secure while not self-sufficient yet", Frost & Sullivan.

²²⁵ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 2021

²²⁶ Source: "Food insecurity remains concern in MENA region", EIU, October 12, 2020

²²⁷ Source: "Spectre of inflation looms as shipping costs skyrocket", Khaleej times, June 19, 2021

The rising number of international brands operating in the region coupled with the growth in e-commerce has intensified competition within the retail market, eroding margins for smaller players

High digital set-up costs, new labor localization laws, market-priced utility costs and tax measures such as VAT have also added to the pressure on retail operators

sales, retailers in these markets adopted several alternative solutions including expanding their coverage for home delivery services while also increasing their presence in online marketplaces, offering discounts and using social media platforms for promotions. Although online retail channels helped many retailers stay in business during the pandemic, concerns about additional set-up costs and low profitability have led to reluctance among others²²⁸.

Increasing Competition Eroding Margins

The region has successfully attracted major international brands to establish their base here primarily due to high disposal incomes among the nations' affluent society, large expatriate population from varied cultures, expanding customer base, and a thriving tourism industry. The rising number of international brands operating in the region have intensified competition within the retail market. Both domestic and international retailers are adopting aggressive promotional campaigns by offering discounts to further drive revenues. Although such strategies increase top-line growth, they are likely to lead to margin pressures. Moreover, the growth in e-commerce has eroded the business for traditional brick-and-mortar stores in the region. Competition has further accentuated since the COVID-19 pandemic as digital channels have started gaining higher prominence while also offering a wide range of products at affordable prices. Hence, several retailers are either looking at increasing their footprint within the region or launching omni-channel strategies to offset the margin pressures arising from increasing competition. Consequently, large established retailers such as Lulu Group, Landmark Group, and Majid Al Futtaim among others are actively exploring expansion opportunities through new outlets in high footfall zones across these countries. At the same time, mall operators - Majid Al-Futtaim Retail and Emaar – have expanded their online presence through accelerating their digital platforms while also setting up simulated stores on e-commerce platforms for customers to shop virtually²²⁹. Other mid and small sized brick-and-mortar retailers are struggling to compete with major players due to additional set up costs and lack of experience and knowledge²³⁰. The modern retail ecosystem in Kuwait, Bahrain, Oman and Qatar is also developing swiftly with the entry of international brands and the ongoing development of organized malls, which is likely to increase competition.

Increasing Operating Costs

The emergence of e-commerce as a preferred mode of shopping since the pandemic has also started adding pressure especially on smaller retail players who are unable to compete with the large operators due to cost and expertise constraints. The burden of set-up cost coupled with transportation, warehousing and delivery charges amid a strained freight and logistics sector have put further stress on operators. Comparison shopping by price-sensitive consumers on e-commerce platforms have reduced the ability for operators to raise prices and attract customers. As a result, retailers remain squeezed from both ends, with rising demands for service pushing up costs and increased price competition keeping prices low. Moreover, new labor localization laws, market-priced utility costs and tax measures such as VAT have also added to the pressure for retail operators. For example, Saudi Arabia increased the VAT rate from 5% to 15%, effective July 2020, as part of the several measures to counter the financial and economic impact of COVID-19 on the Government budget²³¹. As a result, retailers had to adjust their profit margins and re-evaluate their business models to accommodate and pass on the tax to consumers. The

²²⁸ Source: "COVID-19 impact on retailer sentiments in Saudi Arabia and United Arab Emirates", Growth From Knowledge

²²⁹ Source: "How the coronavirus pandemic is reshaping GCC e-commerce", Arab News, August 12, 2020

²³⁰ Source: "COVID-19 impact on retailer sentiments in Saudi Arabia and United Arab Emirates", Growth From Knowledge

²³¹ Source: "Saudi Arabia: End of the Transitional Period for VAT rate increase", PwC, June 3, 2021

Kingdom has also implemented 100% Saudization policy in closed commercial complexes and malls. It aims at creating 51,000 jobs for citizens by mandating that citizens fill all mall jobs, activities, and professions²³². This will lead to the rise in labor costs for many retail operators in the Kingdom, in turn affecting their profit margins. At the same time, retail rents which have remained under pressure since the pandemic are expected to stabilize going forward across all major markets in the GCC. This is likely to further raise the cost burden and impact the profitability of operators.

²³² Source: "100% Saudization of malls comes into force", Saudi Gazette, August 4, 2021

6. Trends

Omni-Channel Business Models Gaining Prominence

The evolving consumer preferences and shifting attitudes in the wake of the pandemic has accentuated the need for retailers to adopt omni-channel business models to remain competitive

Despite the brick-and-mortar concept being the preferred choice of shopping in most of the GCC nations, the recent growth in e-commerce and e-payments has compelled many retailers to transition to digital sales platforms. The evolving consumer preferences and shifting attitudes in the wake of the pandemic has further influenced the retail-shopping ecosystem in the GCC. The dynamic market developments in terms of price, speed, and connectivity have accentuated the need for retailers to adopt omni-channel business models to remain competitive. Retailers have thus been quick to realize the importance of improving their service, convenience, and customer experience as online marketplaces and e-commerce platforms are fast becoming the preferred channel for purchases. In addition to launching their own digital platforms, several major retail players leveraged mobile applications and also collaborated with existing e-commerce marketplaces to push products through online channels. On the other hand, medium and small brick-and-mortar retailers started working with influencers and ambassadors to livestream in-store events to generate brand popularity²³³.

While the recovery in retail sales and consumption pattern remains optimistic, brands continue to be cautious about launching large-scale campaigns due to constrained budget. In the current economic environment, omni-channel marketing is being used as an opportunity by several established retailers and international brands to launch targeted and personalized campaigns for the growing tech-savvy millennial population in the GCC²³⁴.

Digitization and Technological Advancements

The COVID-19 crisis has accelerated what was already happening as retailers harness digital technologies to shape the next generation of shopping experiences

Digital transformation has become a key enabler in the retail industry with platforms such as cloud computing, big data analytics, robotics, artificial intelligence (AI), machine learning (ML), virtual reality (VR) and augmented reality (AR) enabling a shift towards online shopping. In the retail industry, technology integration is also helping operators streamline procedures, reduce costs, lower staff workloads, increase revenue generation potential, and improve overall level of customer experience. By leveraging AR or VR solutions, retailers plan to meet customer requirements, while also enhancing their understanding of information through visualization and simulation technologies. Similarly, cloud computing is revolutionizing retail sector by enabling real-time access to operational and inventory data, enhancing user experience, and increasing profitability. With cloud computing, several retail companies are managing multiple stores at different locations and enhancing their decision-making process. At the same time, changing inventory and logistics functions are encouraging both brick-and-mortar stores as well as e-commerce players to adapt AI and robotics in retail warehousing functions²³⁵. Although digitization has been an ongoing process in the industry, the COVID-19 crisis has accelerated what was already happening as retailers harness digital technologies to shape the next generation of shopping experiences.

The industry is using technology to evolve after the pandemic, and as a result, change their offerings to stay competitive and meet changing customer behaviour. Operators are also leveraging Internet of Things (IoT) and blockchain technologies to provide advanced

²³³ Source: "Retail Industry Shifting Landscape with Changing Times in UAE", TechSci Research, March 2021

²³⁴ Source: "The Omnichannel Marketing Opportunity for UAE Retailers", Capillary, August 24, 2020

²³⁵ Source: "Retail Industry Shifting Landscape with Changing Times in UAE", TechSci Research, March 2021

As advanced technologies become more affordable and widely accessible, retailers are expected to leverage them to enhance shopping experience and offer immersive store experience

innovative digital solutions. For instance, Dubai-based Mall.Global started offering a hybrid model of offline store and e-commerce experience, using blockchain to supply source authentication, and also accepts leading cryptocurrencies for payment transactions²³⁶. Similarly, the Galleria Mall in Abu Dhabi created a pop-up store offering customers a digital shopping experience using augmented reality²³⁷. In 2020, the UAE announced an investment of US\$ 1.2 billion in the Reem Mall Abu Dhabi, which is expected to become the world's first fully-enabled offline-to-online high-tech shopping centre. It also announced plans to launch a new loyalty program that will utilize digital engagement technologies from Coniq, enabling innovative personalized shopping experiences for visitors²³⁸.

Newer trends such as BNPL (buy now, pay later) are fast gaining prominence in the GCC with the millennial population being the early adopters. As it offers a convenient way to purchase expensive products, the method was put to test by many operators during the pandemic when consumers were cash strapped. These online short-term credit options are now offered by Saudi-based Tamara and UAE's Spotii, Tabby, and Postpay in the GCC. According to Euromonitor, BNPL players are now actively partnering with electronics retailers, beauty & fashion as well as homewares & furniture stores to explore the opportunity²³⁹. Amid the rising popularity of many such innovative technologies, the recently concluded EXPO 2020 Dubai showcased the use of AR, 3D printing and immersive experiences in the retail space. Several pavilions from across the globe exhibited how such technologies play an integral role to not only create more personalized experiences that service consumers' needs but also help keep logistics costs down, facilitate local manufacturing, and serve as a hedge against supply chain disruptions. As these technologies become more affordable and widely accessible, retailers across the region are expected to leverage them to enhance shopping experience and offer immersive store experience to ensure continued consumer footfall²⁴⁰.

Rising Demand for Healthy and Organic Food Concepts

Higher prevalence of diabetes, obesity and cardiovascular diseases due to sedentary lifestyles, poor food habits and dietary choices have led to the demand for healthy food options across the GCC

Sedentary lifestyles, poor food habits and dietary choices have led to a higher prevalence of diabetes, obesity and cardiovascular diseases and other conditions in the GCC population. According to the World Health Organization (WHO), the incidence and mortality rate of cardiovascular diseases, diabetes, cancer and respiratory ailments in the GCC is among the highest in the world²⁴¹ (see Exhibit 39). In the GCC, most countries have obesity rates higher than the recommended levels by the WHO, while diabetes prevalence was recorded at 14.3% of the total population as of 2019²⁴² (see Exhibit 40). However, growing awareness of such diseases is making the GCC population shift towards healthier lifestyles.

Although a conscious change in dietary habits has led to the rise in demand for healthy food, the organic food segment in the GCC remains at a nascent stage with large headroom for growth. Nevertheless, several full-service restaurants are incorporating healthier options such as vegan, organic, gluten free and whole grain in their offerings. Moreover, the fast food and quick service restaurants have also started revamping their menus with healthier options such as baked fries, salads, fruits and fresh juices. Similarly, supermarkets and

²³⁶ Source: "The 2021 Global Retail Development Index", AT Kearney

²³⁷ Source: "How UAE Retail Stores are Adopting New Technologies to Drive Business", Fusion Informatics, August 14, 2020

²³⁸ Source: "Reem Mall Selects Coniq To Develop New Innovative Engagement and Data Science Backed Loyalty Programs", The Wise Marketer, December 10, 2021

²³⁹ Source: "BNPL culture on the rise among GCC Millennials, Gen Z", Arab News, February 27, 2022

²⁴⁰ Source: "Dubai's Expo 2020: A Catalyst for Shopping Reinvented", Euromonitor International, March 28, 2022

²⁴¹ Source: "Global Health Observatory data repository", WHO

²⁴² Source: International Diabetes Federation, Diabetes Atlas, World Bank

hypermarkets in the GCC have started selling healthy food products, providing greater display space while also running campaigns to highlight their benefits.

Exhibit 39: Mortality Rates by Types of Diseases

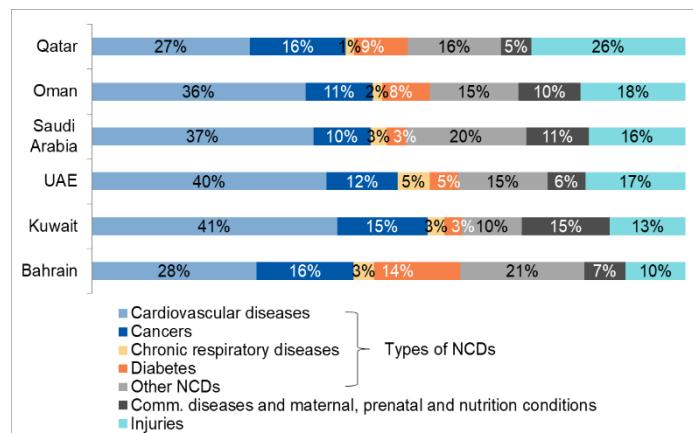
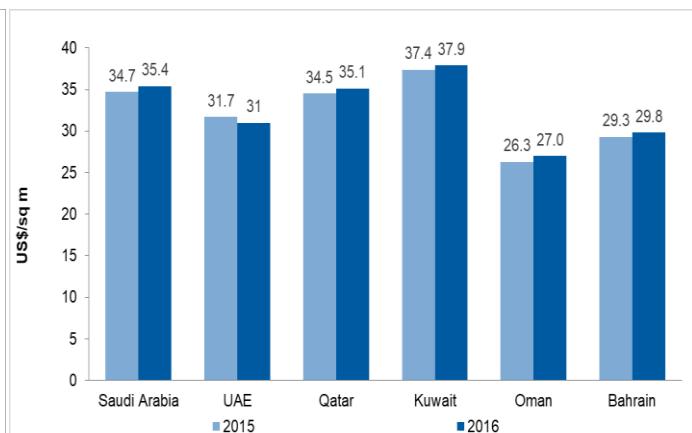


Exhibit 40: Prevalence of Obesity Among Adults



Source: WHO

Change in COVID-19 induced food consumption habits are likely to outlast the pandemic and gain momentum with more consumers realizing the importance of organic food

The organic food segment, which initially remained attractive to high-income expatriates only, has gained popularity amongst consumers of different age groups and income categories during the pandemic. The growing demand for organic food is also reflected in the rise of number of brands that have launched organic range of products in recent years. For instance, players in the UAE and Saudi Arabia such as NRTC Fresh, Al Ain Farms, Al Rawabi, Almarai, Emirates Bio Farm, Koita and Greenheart Organic Farms, are making significant contribution in pushing the industry forward²⁴³. For companies such as UAE-based Big Farm Brothers, the pandemic-induced demand provided an incentive to optimize their strategy and source organic food directly from Himalayan farmers and make them available at lower prices in the UAE²⁴⁴. On the other hand, Union Co-op., one of the largest consumer cooperatives in the UAE launched Union Farm, a new retail concept that aims to produce 16 varieties of organic vegetables with a production capacity of 15-20 kg per day²⁴⁵. Packaged organic food products also witnessed a substantial rise in demand from the growing health-conscious population in the region. In the UAE, value for packaged organic food in 2020 is estimated to have reached US\$ 51.2 million, up from US\$ 38.1 million in 2017²⁴⁶. Moreover, the shift towards e-commerce for food and groceries also made it more convenient for consumers to access healthy packaged food products.

The change in COVID-19 induced food consumption habits are likely to outlast the pandemic and gain momentum with more consumers realizing the importance of organic food. The segment is likely to receive further impetus from the government while companies introduce new organic product lines and restaurants start offering a wider range of healthier options such as vegan, gluten-free and whole grain food in their menu.

²⁴³ Source: "Why the Middle East's organic market is ripe with opportunity", Dubai World Trade Centre, December 15, 2020

²⁴⁴ Source: "Generation Start-up: This company wants to disrupt the organic food market", The National News, March 13, 2021

²⁴⁵ Source: "Dubai retailer launches farm concept, eyes organic expansion", Arabian Business, March 19, 2021

²⁴⁶ Source: "Why the Middle East's organic market is ripe with opportunity", Dubai World Trade Centre, December 15, 2020

7. Merger and Acquisition (M&A) Activities

M&A in the GCC retail industry has picked up pace as companies are looking for strategic expansion or collaboration to form stronger entities

M&A activities across the GCC retail industry remained relatively subdued amid downturn in activities due to the COVID-19 pandemic. However, 2021 witnessed some revival in businesses as economies reopened, leading to M&A activities stirring up again in the region. There were a total of 17 M&A deals during 2021 and 2022 YTD compared to just one deal during 2020. Out of the 18 transactions concluded between 2020 and 2022 YTD, Saudi Arabia and the UAE attracted most number of deals compared to the other GCC nations (see Exhibit 41). The deals comprised of a number of cross border transactions as companies continue to focus on strengthening their geographical presence while also expanding and diversifying their product offerings. Amid a race for scale and distribution strength, majority of the acquirer entities are primarily focusing on growth through brand acquisition.

In the aftermath of the COVID-19 health crisis, retailers across the region have increased their focus towards adopting and integrating technology to streamline operations, provide personalized offerings while also turn immediately accretive and offer value creation opportunities. Lifestyle-oriented brands are most likely to capitalize on the growing demand for personalized offerings and invest in digital platforms to enhance customer experience. At the same time larger e-commerce players are likely to acquire niche operators offering customized products and services. As such, consolidation in the retail industry is likely to intensify as the pressure on companies to drive earnings and gain market share continues to mount in the face of rising competition from e-commerce platforms, aggregators and other technology-driven portals.

Exhibit 41: Major M&A Deals in the GCC Retail Industry

| Acquirer | Acquirer's Country | Target Company | Target's Country | Year | Consideration (US\$ Million) | Percent Sought (%) |
|-------------------------------------|--------------------|------------------|------------------|------|------------------------------|--------------------|
| Delivery Hero | Germany | InstaShop | UAE | 2020 | 360.0 | 100.0 |
| Noon | Saudi Arabia | Namshi | UAE | 2022 | 335.2 | 100.0 |
| Aramex | UAE | MyUS | USA | 2022 | 265.0 | 100.0 |
| Saudi Egyptian Investment Co. | Saudi Arabia | B.Tech | Egypt | 2022 | 150.0 | 34.0 |
| Etisalat | UAE | eGrocer | UAE | 2022 | 10.4 | 100.0 |
| All Over Group | Kuwait | Blockat | Kuwait | 2022 | 3.6 | 25.0 |
| Tamer Group | Saudi Arabia | Mumzworld FZ LLC | UAE | 2021 | NA | NA |
| Retailo | Saudi Arabia | DXBUY | UAE | 2022 | NA | 100.0 |
| Jadwa E-commerce Opportunities Fund | Saudi Arabia | Dabdoob | Kuwait | 2022 | NA | 70.0 |
| GMG | UAE | Géant | UAE | 2022 | NA | 100.0 |
| Kamal Osman Jamjoom Group | UAE | Body Shop UAE | UAE | 2021 | NA | 100.0 |
| BinDawood | Saudi Arabia | Ykone | France | 2022 | NA | 80.5 |

Source: Thomson Reuters

Note: Data sourced for the period 01 January 2020 to 31 October 2022. Only completed deals under consideration.

Exhibit 41: Major M&A Deals in the GCC Retail Industry (Continued...)

| Acquirer | Acquirer's Country | Target Company | Target's Country | Year | Consideration (US\$ Million) | Percent Sought (%) |
|----------------|--------------------|----------------------|------------------|------|------------------------------|--------------------|
| Savola Group | Saudi Arabia | Panda Retail Company | Saudi Arabia | 2021 | NA | NA |
| Savola Group | Saudi Arabia | Lilbab | Saudi Arabia | 2021 | NA | NA |
| Chalhoub Group | UAE | Threads Styling | UK | 2022 | NA | NA |
| Al Maya Group | UAE | Conektr | UAE | 2022 | NA | NA |
| Sary | Saudi Arabia | Mowarrid | Egypt | 2022 | NA | NA |
| Snoonu | Qatar | Akeed | Oman | 2022 | 10 | NA |

Source: Thomson Reuters

Note: Data sourced for the period 01 January 2020 to 31 October 2022. Only completed deals under consideration.

Country Profiles

UAE

Key Growth Drivers

- **Demographics:** A diverse consumer base coupled with a strong expatriate population and rising number of HNWIs will continue to propel the retail market in the UAE, at par with global standards. IMF has projected UAE's population to grow at a CAGR of 1.6% between 2022 and 2026.
- **Per capita Income:** IMF projects UAE's GDP (PPP) per capita to increase at a CAGR of 4.7% between 2022 and 2026. This will result in higher purchasing power and improved standards of living for the population.
- **Travel and Tourism:** The tourism industry continues to benefit from government's efforts to ease visa norms (Multiple-Entry Tourist Visas for all nationalities, 10-year Cultural Visa, and Golden Residence Visa and Remote Working Visas for foreign nationals). A strong pipeline of leisure attractions coupled with major events will further aid the retail industry.
- **Airport Expansion Plans:** The development and expansion of Al Maktoum International Airport, also known as Dubai World Central (DWC), the Sharjah International Airport and the Fujairah International Airport will aid duty free sales.
- **E-commerce:** The online retail market is growing rapidly with retailers offering attractive deals and rising awareness of e-commerce benefits. To capitalize on the growing online sales, several players in addition to traditional brick-and-mortar retailers have adopted omni-channel models. The e-commerce market is expected to grow at a CAGR of 14.2% between 2021 and 2025 to reach US\$ 17 billion.

Macro-economic Indicators

| Indicators | Unit | 2022F | 2023F | 2026F |
|--------------------------------|------|----------|----------|----------|
| GDP Growth at Current Prices | % | 20.0 | 3.0 | 4.7 |
| GDP (PPP) per Capita | US\$ | 77,272.3 | 81,753.1 | 92,997.9 |
| Population | mn | 10.5 | 10.8 | 11.2 |
| Inflation | % | 5.2 | 3.6 | 2.0 |
| International Tourist Arrivals | mn | 16.0 | 19.7 | 28.5 |

Source: IMF – October 2022, Dubai Tourism, SCAD, WTTC

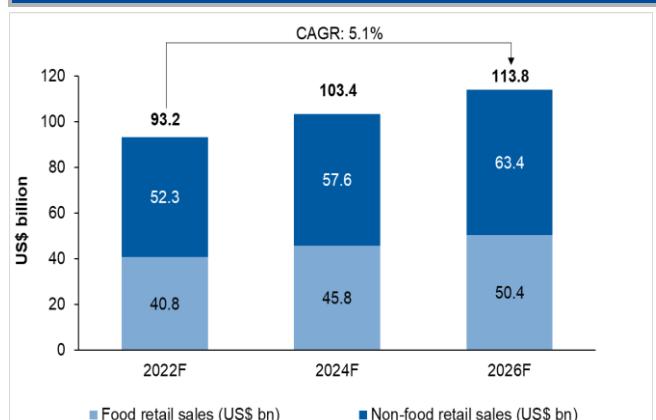
Note: F – Forecast

Select Players

| Company | Type |
|----------------------------|------------------------------------|
| Al Futtaim | Food/Entertainment/Supermarket |
| Al Tayer Group | Luxury retailer |
| Apparel Group | Lifestyle retailer |
| Azadea Group | Lifestyle retailer |
| BMA International Group | Supermarket & hypermarket operator |
| Chalhoub Group | Luxury retailer |
| Dubai Duty Free | Airport retailer |
| Joyalukkas Group | Jewelry retailer |
| Landmark Group | Lifestyle retailer |
| Majid Al Futtaim Hldg. LLC | Supermarket & hypermarket operator |

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2022F – 2026F)



Source: Alpen Capital

Note: F – Forecast

Saudi Arabia

Key Growth Drivers

- Demographics:** An expanding consumer base, comprising of an affluent society and high proportion of young and working-class people, has transformed the Kingdom's retail industry. Additionally, recent economic and social reforms have started attracting several modern and international retailers to establish base in Saudi Arabia. IMF projects the Kingdom's population to grow at a CAGR of 2.0% between 2022 and 2026.
- Per capita Income:** IMF projects the GDP (PPP) per capita to expand at a CAGR of 3.5% between 2022 and 2026. Rise in oil prices should help improve the level of disposable income, resulting in high consumption of retail products.
- Travel & Tourism:** Saudi Arabia has implemented several liberalization policies that is uplifting its social and cultural environment. As part of the Vision 2030, it aims to evolve into a top leisure destination and attract around 100 million visits a year by the end of 2030. The Kingdom also aims to increase the number of religious tourists to 30 million by 2025.
- Airport Expansion Plans:** Construction of a new airport in Riyadh, the Red Sea Airport, a domestic terminal in Jazan and expansion of the King Abdulaziz International Airport in Jeddah will aid duty free sales in the Kingdom.
- E-commerce:** Targeted digitization initiatives by the government coupled with rising internet penetration has accelerated online sales in Saudi Arabia. The e-commerce market is expected to grow at a CAGR of 12.7% between 2021 and 2025 to reach US\$ 21 billion.

Recent Industry Developments

- In September 2022, Saudi Ministry of Commerce launched several initiatives to develop electronic stores in the Kingdom.
- In September 2022, Saudi Cabinet approved the establishment of duty-free markets in airports, seaports and land ports for passengers arriving and departing from the Kingdom.
- In March 2022, Saudi Ministry of Investment signed a memorandum of understanding with Amazon to develop the Kingdom's e-commerce sector.
- In November 2021, Saudi Ministry of Investment reported that it granted 174 new licenses to foreign firms in Q2 2021 to undertake investment projects in the retail & e-commerce.

Source: Thomson Reuters, Zawya, Media Reports, AT Kearney

Macro-economic Indicators

| Indicators | Unit | 2022F | 2023F | 2026F |
|--------------------------------|------|----------|----------|----------|
| GDP Growth at Current Prices | % | 21.2% | -1.4% | 3.2% |
| GDP (PPP) per Capita | US\$ | 55,802.3 | 58,736.3 | 63,953.2 |
| Population | mn | 36.2 | 36.9 | 39.1 |
| Inflation | % | 2.7 | 2.2 | 2.0 |
| International Tourist Arrivals | mn | 13.0 | 18.0 | 29.0 |

Source: IMF – October 2022, SCTNH, WTTC

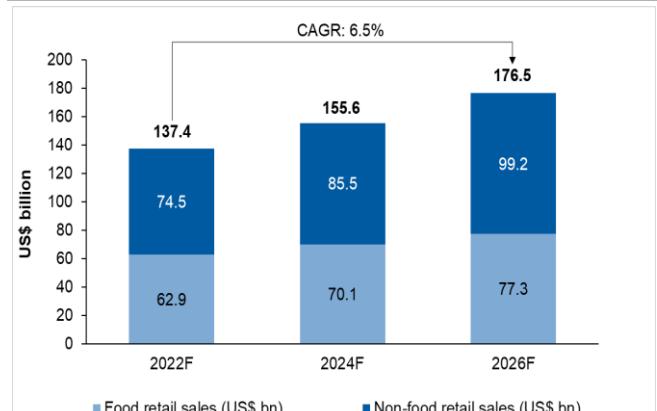
Note: F – Forecast

Select Players

| Company | Type |
|--------------------------------|---|
| Abdulaziz Alsaghyir | Supermarket & hypermarket operator |
| Abdullah Al Othaim Markets Co. | Supermarket & hypermarket operator |
| BinDawood Superstores | Supermarket & hypermarket operator |
| FawazAbdulaziz Alhokair | Fashion retailer |
| Jarir Marketing Co. | Book stores operator |
| JaziratSmaa Fashion Co. | Fashion retailer |
| Olayan Group | Distributor of consumer products & F&B retailer |
| Panda Retail Co. | Supermarket & hypermarket operator |
| Savola Group | Food & Other Retail operator |
| United Electronics Co. | Electronics & appliances retailer |

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2022F – 2026F)



Source: Alpen Capital

Note: F – Forecast

Qatar

Key Growth Drivers

- Per capita Income:** Qatar has the highest GDP per capita among the GCC countries. IMF projects the GDP (PPP) per capita to expand at a CAGR of 6.2% between 2022 and 2026. Rise in oil prices will further aid the disposable income, which in turn will facilitate growth of the industry.
- Travel & Tourism:** Qatar's tourism industry is expected to witness surge in 2022 as the country gears up to host FIFA World Cup. More than 1 million visitors are expected to visit the country, which is likely to significantly boost retail sales. The country has also bid to hold several other international sporting and entertainment events that will aid tourism spending.
- Infrastructure Developments:** The government is investing heavily in infrastructure development as the country gears up for the mega sporting events. Qatar is forecasted to account for approximately 10.7% of the projected retail space addition in the GCC by 2026. Upcoming major retail developments include Commercial Boulevard, Doha Oasis, 04 Mall, Waddan Mall, and the MENA District in Doha Port.
- Airport Expansion Plans:** Expansion plans are underway at the Hamad International Airport, which will boost the airport's capacity to more than 53 million annually before the FIFA World Cup 2022. The second phase of expansion will raise its annual passenger capacity to more than 60 million. This will augur well for the growth of airport duty free sales in the country.

Recent Industry Developments

- In September 2022, Qatar's Al Meera Consumer Goods partnered with SAP and TCS to implement cloud computing solutions to increase efficiency, transparency and agility across all operations including retail analytics, human resources and supply chain management.
- In August 2022, Al Meera Consumer Goods partnered with Zippin to open checkout-free stores in across the country.
- There was strong growth in retail performance in many of Qatar's major malls with retail spending in these developments up by 10% to 20% y-o-y at the end of 2021. Some of the major malls also witnessed strong footfall and maintained full occupancy during the year.

Macro-economic Indicators

| Indicators | Unit | 2022E | 2023F | 2026F |
|--------------------------------|------|-----------|-----------|-----------|
| GDP Growth at Current Prices | % | 23.2 | 5.7 | 4.1 |
| GDP (PPP) per Capita | US\$ | 113,674.6 | 123,039.3 | 144,331.0 |
| Population | mn | 2.7 | 2.6 | 2.5 |
| Inflation | % | 4.5 | 3.3 | 1.6 |
| International Tourist Arrivals | mn | 2.6 | 2.1 | 3.1 |

Source: IMF – October 2022, Ministry of Development Planning and Statistics, WTTC

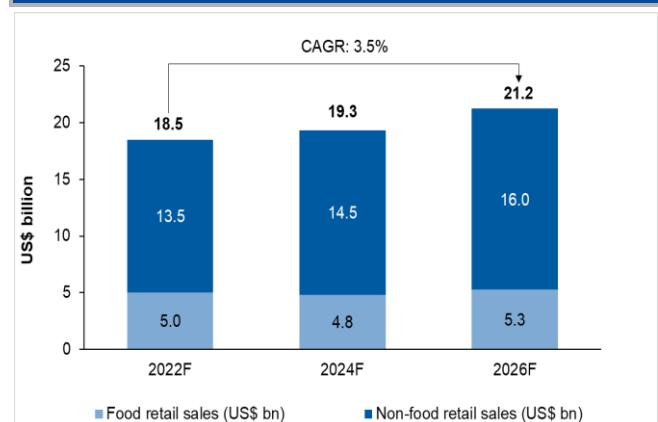
Note: F – Forecast

Select Players

| Company | Type |
|---------------------------------------|-------------------------------------|
| Al Mana | Fashion retailer |
| Al Meera Consumer Goods Co. QSC | Supermarket & hypermarket operator |
| Ali Bin Ali Group | Electronics and appliances retailer |
| Blue Salon (part of Abu Issa Holding) | Luxury retailer |
| Salam Stores | Lifestyle retailer |

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2022F – 2026F)



Source: Alpen Capital

Note: F – Forecast

Kuwait

Key Growth Drivers

- Demographics:** IMF projects Kuwait's population to grow at a CAGR of 1.7% between 2022 and 2026 to reach 5.1 million. The growing population base including a large proportion of youth and expatriates (~70% of total population), coupled with rapid urbanization is expected to further contribute to the growth of organized retail market.
- Per capita Income:** IMF expects Kuwait's GDP (PPP) per capita to grow at a CAGR of 3.3% between 2022 and 2026. Economic recovery driven by rising oil prices should further help improve the level of disposable income, resulting in demand for various retail goods, including luxury products.
- Travel & Tourism:** Kuwait aims to become a hub for new commercial, employment, leisure, and tourism destination as part of its Vision 2035. The Touristic Enterprises Company, backed by the Kuwaiti government, aims to extend finance as part of the long-term strategy to implement a total of 95 tourism and hospitality initiatives and projects in the country.
- Airport Expansion Plans:** Kuwait International Airport is undergoing expansion that will increase the airport's capacity to 13 million passengers per year with the flexibility to raise to 25 to 50 million passengers in the future. It will house an expanded retail space, drawing global brands to establish presence.
- E-commerce:** Similar to neighboring GCC nations, Kuwait's e-retail sector is slowly picking pace amid increasing awareness. Department stores such as Bloomingdale's and Nordstrom Rack have already started offering e-commerce services in the country. The market remains attractive for online retailers due to high internet penetration rate of around 99% and rising banking population facilitating e-payments.

Recent Industry Developments

- In October 2022, The Walt Disney Company Middle East and Alshaya Group announced the opening of the Middle East's first standalone Disney store at the Avenues in Kuwait.
- In April 2022, Majid Al Futtaim opened the first LEGO Certified Stores in The Avenues Mall in Kuwait.
- In November 2021, Kuwait started online issuance of tourism visas to citizens of more than 50 countries and certain professionals residing in the member countries of the GCC.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

| Indicators | Unit | 2022F | 2023F | 2026F |
|--------------------------------|------|----------|----------|----------|
| GDP Growth at Current Prices | % | 35.2 | -6.0 | 2.0 |
| GDP (PPP) per Capita | US\$ | 51,527.9 | 53,841.2 | 58,716.9 |
| Population | mn | 4.8 | 4.9 | 5.1 |
| Inflation | % | 4.3 | 2.4 | 2.5 |
| International Tourist Arrivals | mn | 3.7 | 4.6 | 7.2 |

Source: IMF – October 2022, WTTC

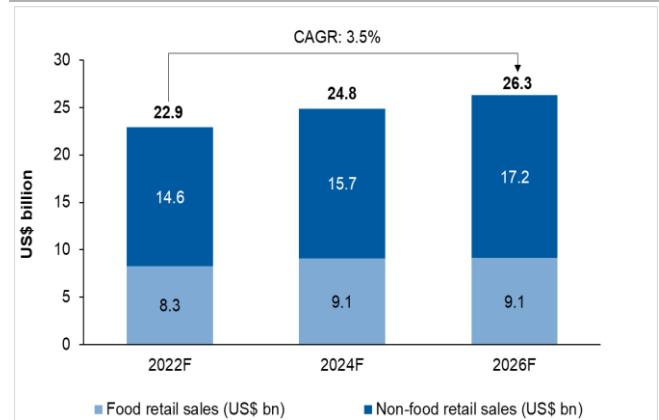
Note: F – Forecast

Select Players

| Company | Type |
|-------------------------------------|-------------------------------------|
| Alghanim Industries | Electronics and appliances retailer |
| Americana Group | F&B Retail |
| Boushahri Group | Supermarket & hypermarket operator |
| Gulf Franchising Hldg. Co.KSCP | Lifestyle retailer |
| M.H. Alshaya Co. WLL | Lifestyle retailer |
| Sultan Center Food Products Co. KSC | Supermarket & hypermarket operator |

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2022F – 2026F)



Source: Alpen Capital

Note: F – Forecast

Oman

Key Growth Drivers

- Demographics:** IMF projects Oman's population to grow at a CAGR of 3.2% between 2022 and 2026 to reach 5.3 million. Expatriates and young professionals account for a significant proportion of the country's population.
- Per capita Income:** IMF expects Oman's GDP (PPP) per capita to grow at a CAGR of 1.9% between 2022 and 2026. The Sultanate's young consumer base coupled with rising income will drive growth of the retail industry.
- Travel & Tourism:** As part of Oman's Vision 2040 diversification strategy, the government has boosted investments in the tourism and hospitality sector with the aim to attract 11.7 million visitors by 2040, 5 million of which are expected to be international tourists. The Sultanate is also carrying out plans to establish the leisure and entertainment industry by building theme parks, natural tourist attractions, and entertainment hubs, among others.
- Airport Expansion Plans:** Musandam Airport is undergoing expansion with a new terminal to accommodate 250,000 passengers per year. Expected to be completed by 2026, it will house several planned commercial, retail and leisure facilities.
- E-commerce:** Oman's Ministry of Commerce, Industry and Investment Promotion has launched a national e-commerce plan to develop the local business environment and also set up a dedicated investor services center to promote the digital retail ecosystem.

Recent Industry Developments

- The FIFA World Cup 2022 in Qatar is expected to stimulate tourism in Oman. In September 2022, Oman's Ministry of Heritage and Tourism announced plans to offer free 60-day multi-entry visa and 24 daily match day shuttle flights to Qatar for the World Cup. Oman will also ferry spectators from Muscat to Doha every day.
- In May 2022, the countries signed an agreement for 48 daily Oman Air flights between Muscat and Doha. The pact is part of agreements signed with Gulf Airlines that will see operations of more than 188 daily shuttle flights to Qatar.
- In June 2022, Ikea opened its first flagship store at the Oman Avenues Mall.

Macro-economic Indicators

| Indicators | Unit | 2022F | 2023F | 2026F |
|--------------------------------|------|----------|----------|----------|
| GDP Growth at Current Prices | % | 26.9 | 1.7 | 1.7 |
| GDP (PPP) per Capita | US\$ | 41,150.0 | 42,980.9 | 44,294.3 |
| Population | mn | 4.6 | 4.8 | 5.3 |
| Inflation | % | 3.1 | 1.9 | 1.9 |
| International Tourist Arrivals | mn | 1.0 | 1.6 | 3.7 |

Source: IMF – October 2022, WTTC

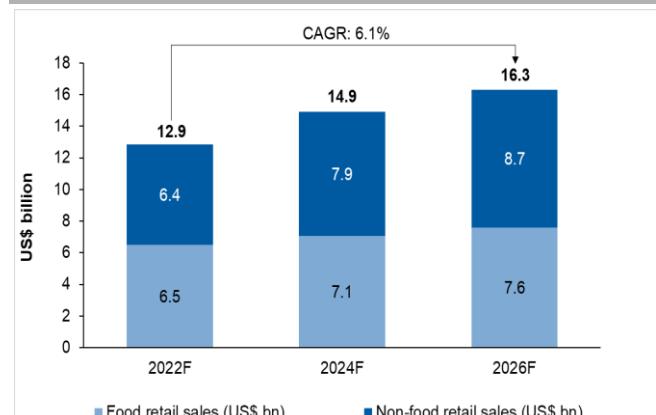
Note: F – Forecast

Select Players

| Company | Type |
|--|-------------------------------------|
| Assarain Group | Furniture retailer |
| Jawad Sultan Group LLC | Luxury retailer |
| KhimjiRamdas LLC | Lifestyle retailer |
| Oman International Electronics & Trading Co. LLC | Electronics and appliances retailer |

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2022F – 2026F)



Source: Alpen Capital

Note: F – Forecast

Bahrain

Key Growth Drivers

- Demographics:** IMF projects Bahrain's population to grow at a CAGR of 2.0% between 2022 and 2026 to reach 1.6 million. An expanding consumer base, comprising a high proportion of expatriates and millennials living in urban areas, bodes well for the growth of the retail sector.
- Per capita Income:** IMF expects Bahrain's GDP (PPP) per capita to grow at a CAGR of 3.3% between 2022 and 2026. This will help drive the demand for international brands and luxury goods among the country's affluent society.
- Travel & Tourism:** Bahrain has announced ambitious plans to attract 14.1 million tourists by 2026. The government has announced plans to invest more than US\$ 10 billion directly in tourism infrastructure projects such as new hotels, theme parks, leisure and entertainment zones, and museums among others. This is likely to boost the country's retail industry.
- Airport Expansion Plans:** Bahrain International Airport's new passenger terminal began operations in January 2021 that will increase the capacity to 14 million passengers per annum. With over 3,300 sq. m. of retail space, and 21 cafes and restaurants, it is likely to boost duty-free sales.
- E-commerce:** Online sales have been rapidly growing in the country post the pandemic. According to the Central Bank of Bahrain, e-commerce sales reached BHD 313 million (US\$ 830.5 million) in H1 2022 with transactions witnessing a 10.9% y-o-y growth.

Recent Industry Developments

- In September 2022, Bahrain's Ministry of Industry, Commerce and Tourism announced reforms in laws and procedures, organizing the value chain of e-commerce and enhancing public awareness and confidence. One of the initiatives includes the launch of mall.bh, which has more than 200 stores selling their products and services online.
- In April 2022, LuLu Hypermarket partnered with Talabat to provide customers a convenient option to order groceries through Talabat's platform.
- In November 2021, Bahrain's Ministry of Industry, Commerce and Tourism announced new 2022-2026 Tourism Strategy which aims to diversify the country's economic portfolio.

Macro-economic Indicators

| Indicators | Unit | 2022F | 2023F | 2026F |
|--------------------------------|------|----------|----------|----------|
| GDP Growth at Current Prices | % | 12.0 | 3.4 | 4.4 |
| GDP (PPP) per Capita | US\$ | 57,921.5 | 60,532.8 | 65,989.1 |
| Population | mn | 1.5 | 1.5 | 1.6 |
| Inflation | % | 3.5 | 3.4 | 1.9 |
| International Tourist Arrivals | mn | 4.8 | 6.4 | 12.0 |

Source: IMF – October 2022, WTTC

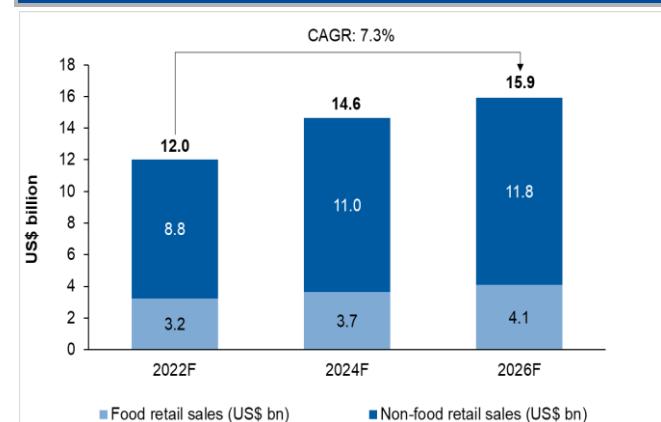
Note: F – Forecast

Select Players

| Company | Type |
|---------------------------|---|
| Al Muntazah Market | Supermarket & hypermarket operator |
| Almeer Group WLL | Supermarket & hypermarket operator |
| Ashrafs WLL | Electronics and appliances retailer |
| Bahrain Duty Free | Airport retailer |
| BMMI Group | F&B Retail and other retail |
| Jawad Business Group SPC | Supermarket operator and F&B and fashion retailer |
| Mirza Al Helli & Sons BSC | Supermarket & hypermarket operator |

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2022F – 2026F)



Source: Alpen Capital

Note: F – Forecast

Company Profiles

Abdullah Al-Othaim Markets Co. (Publicly Listed)

Saudi Arabia

Company Description

Established in 1956 and headquartered in Riyadh, Abdullah Al-Othaim Markets Co. SJSC (AAMC) is engaged in wholesale and retail trade of electronics, homecare, health products, and food and beverage supplies. Additionally, it develops, operates, and manages supermarkets, commercial complexes, bakeries, and cafes. As of March 2022, AAMC operates 268 stores (including supermarkets, hypermarkets, convenience and wholesale stores) in Saudi Arabia and 44 in Egypt. AAMC is also involved in vegetable and fodder cultivation, livestock and poultry breeding. The company also engages in general trading, land acquisition, and building contracting.

Business Segments/Product Portfolio

- **Electronics:** Sells a wide range of products, including home appliances, personal care items, and travel accessories through its retail stores.
- **Home Care:** Sells a variety of household products such as clothing care, dishwashing materials, compounds and disinfectants, plastics and paper products, and animal food among others through its retail stores.
- **Child Needs:** Offers childcare and baby food products through its retail stores.
- **Health & Beauty Products:** Sells personal care products such as shaving accessories, body and face care, soaps, deodorants, women's care products and dental and hair care products through its retail stores.
- **F&B:** Offers a wide selection of international and domestic brands in beverages and sweets, frozen food, fresh food and grocery through its retail and wholesale stores.

Recent Developments/Future Plans

- In June 2022, AAMC announced that as of Q1 2022, the total number of its branches reached 312 in both Saudi Arabia and Egypt.
- In September 2021, AAMC opened its new branch in Al-Hanakia Governorate in Al-Madinah region, Saudi Arabia.

| Financial Performance | | | | |
|---------------------------|----------------|----------------|----------------|---------------------|
| US\$ Million | 2019 YE Dec | 2020 YE Dec | 2021 YE Dec | Change y-o-y (%) |
| Revenues | 2,177.8 | 2,349.1 | 2,241.3 | -4.6 |
| COGS | 1,726.3 | 1,840.3 | 1,770.8 | -3.8 |
| Operating Income / (Loss) | 106.5 | 139.2 | 92.9 | -33.3 |
| Margin (%) | 4.9 | 5.9 | 4.1 | |
| Net Profit / (Loss) | 92.8 | 122.1 | 80.8 | -33.8 |
| Margin (%) | 4.3 | 5.2 | 3.6 | |
| ROAE (%) | 21.6 | 29.6 | 20.4 | |
| ROAA (%) | 8.3 | 9.4 | 6.0 | |

Source: Company Website, Company Filings, Thomson Reuters

| | |
|----------------------|------|
| Current Price (US\$) | 30.2 |
|----------------------|------|

Price as on October 31, 2022

| Stock Details | |
|----------------------------|-----------|
| Thomson Reuters ticker | 4001.SE |
| 52 week high/low | 34.3/25.3 |
| Market Cap (US\$ mn) | 2,794.9 |
| Enterprise value (US\$ mn) | 3,124.7 |
| Shares outstanding (mn) | 90 |

Source: Thomson Reuters

| Average Daily Turnover ('000) | | |
|-------------------------------|--------|---------|
| | SAR | US\$ |
| 3M | 13,219 | 3,515.6 |
| 6M | 18,432 | 4,902.1 |

Source: Thomson Reuters



Source: Thomson Reuters

| Valuation Multiples | | |
|---------------------|------|------|
| | 2021 | LTM |
| P/E (x) | 32.2 | 30.1 |
| P/B (x) | 6.9 | 7.8 |
| EV/Sales (x) | 1.4 | 1.3 |
| Dividend Yield (%) | 9.2 | 3.4 |

Source: Thomson Reuters

| Shareholding Structure | |
|-------------------------------|----------------|
| Al Othaim Holding Co. | 33.67% |
| Bahauddin Barakat Al Sherbeni | 0.03% |
| Others | 66.30% |
| Total | 100.00% |

Source: Thomson Reuters

Abu Issa Holding (Privately Owned)

Qatar

Company Description

Established in 1981, Abu Issa Holding (AIH) is a Doha-based conglomerate with over 70 businesses spanning across multiple industries in nine countries. AIH's retail division is responsible for the ownership and operation of various international luxury brands stores around the world. Across the Middle East and GCC, AIH operates over 200 brands and stores. As of 2022, AIH owned a majority stake in more than 70 companies, operating in nine countries through 47 branches, 12 warehouses, and 200 retail stores.

Business Segments/Product Portfolio

- **Retail:** AIH is involved in the retail trade of a variety of luxury international and own-concept brands. Blue Salon, a one-stop shop with over 100 retail stores for high-end fashion, watches, jewelry, perfumes, cosmetics, home decoration, luggage, and many other products, is managed by the company. The Face Shop, Twinkle Twinkle, Scarbinato, Asala, Yves Delorme, Salvatore Ferragamo, Nespresso, Pasabahce, Lipault Paris, Degrenne Paris, Gold Gourmet, Ethan Allen, Missoni, Takara, Cole Haan, Highland, Flormar, MCM and Breitling are among the well-known brands in AIH's portfolio.
- **Distribution & Logistics Services:** As part of its business services, AIH distributes FMCG, pharmaceuticals, luxury goods and technology products across the Middle East and globally. This division's key brand portfolio includes Abu Issa Brothers (operates retail business across the UAE, distributes brands across GCC, offers logistics services) and Abu Issa Marketing & Distribution (distributes multi-industry products across Qatar).
- **Furniture & Interior Design:** AIH offers interior design services from concept to design to execution. Some of the popular brands operated by AIH are Unite Falcon, Poltrona Frau, and Ethan Allen.
- **Auction & Art:** AIH owns the GCC auction houses Al Bahie and Bissan Gallery, which sells antiques, paintings, watches and clocks, motor cars and jewelry.
- **Engineering & Contracting:** AIH performs various engineering and contracting services for residential, commercial and industrial sectors. Its brand portfolio includes Qatar Electromechanical Services, Capella, Sepam, Oriental Consultants, Unigaz, etc.
- **Electronics, ICT & Security:** AIH provides technological solutions to its clients in public and private sectors through its brands such as Orbit (security systems), Planet Tec (distributor of consumer electronics) and Starlink World (communications & media retail and logistics service provider).
- **Consulting, Hospitality & Real Estate:** AIH offers consulting services, and real estate & facility management. AIH also provides operating supplies and equipment under Abu Issa Hospitality's supervision. Key brands include Optimas, Integra Gulf and Clarion.
- **Travel & Tourism:** AIH offers travel and tourism services through its travel agency Go Master. It offers all services ranging from tickets, arranging bookings for hotels, transportation, luggage choice to travel accessories, and other travelling related services.

Recent Developments/Future Plans

- In April 2022, AIH and Wella launched 'System Professional' product delivering high-end transformative hair care services.
- In February 2021, Qatar Electromechanical Solutions (QEMS), a member of Abu Issa Holding, officially signed as an exclusive distribution partner for Admiral Appliances Middle East & Africa.

AI Mana (Privately Owned)

Qatar

Company Description

Founded in 1951, AI Mana is a Doha-based conglomerate that operates in a variety of industries including engineering, technology, media, retail, F&B, real estate, investments, and the automotive distribution and services sectors. The conglomerate operates 55 companies in eight countries across the region. Within the retail space, AI Mana operates around 300 retail stores with a portfolio of renowned international brands that sell luxury products, home design and interiors, fashion, watches, and jewelry.

Business Segments/Product Portfolio

- **Retail:** The group offers a comprehensive selection of goods from prestigious and well-known international brands such as Giorgio Armani, Dior Home, Casadei, Lush, Mango, Calvin Klein, Peter Reed, Sephora and Zara. In addition, AI Mana runs departmental stores for brands like Go Sports, BHS, Harvey Nichols, and NBA.
- **F&B:** AI Mana operates F&B establishments for companies like McDonald's, Haagen-Dazs, Emporio Armani Caffè, Margherita, Casper & Gambini's, Busaba, Ronnefeldt, Pittas, Bateel Cafe, Caffe Concerto and Nestle.
- **Jewelry, Watches & Eyewear:** The group offers a wide selection of brands in the jewelry, watches, and eyewear categories. Some of the brands include Hugo Boss, Guess, Gucci, Longines, Mont Blanc, Calvin Klein, Cartier, Balmain, Rado, Omega, Ray-Ban, Rivoli Group, and many more.
- **Automotive:** Saleh Al Hamad Al Mana Company, part of the AI Mana group, is the exclusive distributor of automobile brands such as Nissan, Infiniti, and Renault in Qatar. Additionally, it provides car rental services and lease solutions in the country.
- **Media, Design & Digital:** AI Mana provides advertising and media services to global brands through its portfolio companies - AI Mana Media, iZest Marketing Group, and Midnight.
- **Entertainment:** The group operates the FLIK Cinemas multiplex theater in Qatar's Lagoona Mall. Additionally, it runs a gaming arcade called Hangout in the Al Mirqab mall, an indoor playground under the name Funderdome, and an inflatable game-focused event company called Event Utopia.
- **Properties:** The group has developed properties such as AI Mana Towers, One Dover Street, City Walk Residence, Park Lane London and Chester Collection. It continues to invest and develop properties in the Middle East and other international markets.

Recent Developments/Future Plans

- In August 2022, AI-Mana announced the official opening of their first branch of UFC GYM Qatar and in the country. Two more branches are expected to open by the end of 2022 and one slated for next year as part of AI Mana's expansion plans. UFC Gym Qatar will also host the International UFC Fighters during its launch period.

Al Meera Consumer Goods Co. (Publicly Listed)

Qatar

Company Description

Established in 2005 and headquartered in Doha, Al Meera Consumer Goods Co. QSC (AMCG) is involved in the trading of consumer goods through its chain of hypermarket and supermarkets. AMCG's primary business ventures include providing wholesale and retail services, running and operating consumer stores, and trading in foodstuffs and consumer goods. It operates 54 branches of hypermarket and supermarket stores across the country. AMCG has a number of wholly owned subsidiaries including Al Meera Holding Co., Qatar Markets Co., and Al Meera Bookstore Co.

Business Segments/Product Portfolio

- **Retail:** AMCG engages in the trading of consumer goods through its hypermarkets, supermarkets and convenience stores in Qatar and Oman. It has signed agreements with two international brands - Casino Group and WHSmith. AMCG holds exclusive franchise rights to WHSmith in Qatar and currently operates two stores in the country.
- **Leasing:** AMCG rents retail space in various malls and community shopping centers owned by the company.
- **Investments:** AMCG offers investment options like holding equity stakes in other businesses, keeping money in fixed deposits, and holding funds as available-for-sale investments. Alge Retail Corporation Sarl, Al Meera Oman, Al Meera Markets are few of the subsidiaries that the company partially owns.

Recent Developments/Future Plans

- In June 2022, AMCG opened its new branch in Al Karaana, Qatar.
- In November 2021, AMCG launched its first wholesale branch in Al Rayyan, Qatar.
- In May 2021, AMCG acquired two properties from Qatari Diar.
- In March 2021, AMCG opened its branch at Al Asmakh Mall in Al Sadd, Qatar.

| Financial Performance | | | | |
|---------------------------|----------------|----------------|----------------|---------------------|
| US\$ Million | 2019 YE Dec | 2020 YE Dec | 2021 YE Dec | Change y-o-y (%) |
| Revenues | 820.0 | 936.1 | 774.8 | -17.2 |
| COGS | 677.6 | 773.5 | 623.4 | -19.4 |
| Operating Income / (Loss) | 56.3 | 62.6 | 59.3 | -5.4 |
| Margin (%) | 6.9 | 6.7 | 7.6 | |
| Net Profit / (Loss) | 51.0 | 57.7 | 53.7 | -6.9 |
| Margin (%) | 6.2 | 6.2 | 6.9 | |
| ROAE (%) | 12.7 | 13.8 | 12.3 | |
| ROAA (%) | 7.5 | 7.9 | 7.0 | |

Source: Company Website, Company Filings, Thomson Reuters

| | |
|----------------------|-----|
| Current Price (US\$) | 4.8 |
|----------------------|-----|

Price as on October 31, 2022

| Stock Details | |
|----------------------------|---------|
| Thomson Reuters ticker | MERS.QA |
| 52 week high/low | 5.7/4.6 |
| Market Cap (US\$ mn) | 956.8 |
| Enterprise value (US\$ mn) | 1,043.5 |
| Shares outstanding (mn) | 200 |

Source: Thomson Reuters

| Average Daily Turnover ('000) | | |
|-------------------------------|---------|-------|
| | QAR | US\$ |
| 3M | 1,825.2 | 501.2 |
| 6M | 1,896.7 | 520.9 |

Source: Thomson Reuters



Source: Thomson Reuters

| Valuation Multiples | | |
|---------------------|------|------|
| | 2021 | LTM |
| P/E (x) | 17.9 | 18.0 |
| P/B (x) | 2.2 | 2.3 |
| EV/Sales (x) | 1.3 | 1.3 |
| Dividend Yield (%) | 5.1 | 5.3 |

Source: Thomson Reuters

| Shareholding Structure | |
|----------------------------|----------------|
| Qatar Investment Authority | 27.65% |
| GARSI Qatar | 6.36% |
| Hitmi Ali Khalifa Al Hitmi | 0.55% |
| Others | 65.44% |
| Total | 100.00% |

Source: Thomson Reuters

AI Tayer Group (Privately Owned)

UAE

Company Description

Established in 1979, AI Tayer Group is a Dubai-based conglomerate with interests in retail, real estate, and automobile sectors. The group entered the retail industry in 1981 with the opening of its first Aati store in Dubai, and since then it has established its presence across the Middle East region. The group operates more than 200 retail stores and 23 showrooms in the GCC, with a portfolio of international brands in the fashion, jewelry, beauty, home, and hospitality industries.

Business Segments/Product Portfolio

Below are the retail business segments of AI Tayer Group:

- **Department Stores:** AI Tayer Group is the exclusive licensee of Harvey Nichols in the UAE and Bloomingdale's in the UAE and Kuwait. The Harvey Nichols store, built over three levels and spanning 136,900 sq. ft., is the largest outside of the UK. The first international Bloomingdale store opened in the UAE (200,000 sq. ft.) and the second in Kuwait (93,000 sq. ft.).
- **Beauty:** The group offers a variety of multi-brand, mono-brand, and concession stores. The multi-brand stores are operated under the Areej brand, which has three stores in the UAE and one each in Oman and Qatar. The mono-brand stores, which are spread across the GCC, feature prominent international names such as Kiehl's, Aveda, and the Diptyque. The concession stores are located within the retail stores of Harvey Nichols and Bloomingdale's in Dubai.
- **Luxury Fashion:** The group entered the fashion market in 1994 with the launch of its first high-end retail outlet for Giorgio Armani. The group has since become one of the largest retailers of upscale clothes in the GCC due to alliances with various brands including Armani, Coach, Dolce & Gabbana, Moschino, Marni, and Rag & Bone, among others.
- **Home:** The group sells designer home furnishings and accessories from Ligne Roset and Minnott through its homegrown multi-brand concept Aati (two stores) and Bloomingdale's home store (one store). It also offers premium and contemporary fashion brands such as Fendi Casa, Versace, Caracole and Eichholtz, among others.
- **F&B:** The group operates international franchise outlets across the UAE for brands such as Armani Caffè, Caffè Nero, Emporio Armani Caffè, Magnolia Bakery, More Café, Ocean Basket and Scene.
- **Jewelry:** The group offers a range of jewelry including boutiques for well-known worldwide brands such as Boucheron (three stores) and Pomellato (one store), as well as multi-brand concession shops inside Harvey Nichols-Dubai and Bloomingdale's.
- **Lifestyle:** The group operates iconic brands such as GAP, Banana Republic, Whistles, Armani Exchange, Mamas & Papas, and Hanna Anderson across the GCC.
- **E-commerce:** The group offers online portals for a range of luxury and lifestyle segments and brands. AI Tayer entered the e-commerce space in partnership with Mamas & Papas in 2015, later adding GAP to its portfolio. In 2016, it launched Ounass - a homegrown luxury e-commerce site - offering more than 600 brands. Bloomingdale's online was launched in 2020 with services in the UAE, Kuwait, and Saudi Arabia.
- **Joint Ventures:** The group has joint ventures with several international brands including Alexander McQueen, Balenciaga, Bottega Veneta, BVLGARI, Gucci, Jimmy Choo, Loro Piana, Prada, Brunello Cucinelli, Saint Laurent, Thom Browne, and Ermenegildo Zegna among others.

Recent Developments/Future Plans

- N/A

Alghanim Industries (Privately Owned)

Kuwait

Company Description

Established in 1932 and headquartered in Kuwait City, Alghanim Industries is a multinational conglomerate that operates more than 30 businesses through its subsidiaries. The group operates in 40 countries and works with over 300 international brands and agencies. Alghanim Industries has a strong presence in the Middle East, India, and Turkey, with operations currently extending to Eastern Europe, Africa, East and Southeast Asia. In the retail segment, the group is primarily involved in automobile distribution, consumer goods and electronics sales, and the operation of F&B outlets.

Business Segments/Product Portfolio

- **Automotive:** Alghanim Industries is the exclusive distributor in Kuwait of foreign automakers including Chevrolet (six centers), Cadillac (four centers), Honda (seven centers), Lotus (one center), Ford (two centers), and Lincoln (one center). Additionally, the company offers services such as car repairs, car accessories and customization, and car rentals under this segment.
- **Consumer:** The group caters to a variety of consumer segments, including electronics, home furnishings and accessories, and FMCG. It operates a chain of multi-brand electronics stores in Kuwait under the brand name X-cite, selling over 300 global brands across 20 stores. X-cite has expanded to Saudi Arabia, where it has opened eight stores along with an online presence. Alghanim Industries also runs the 'Safat Home' store, which sells furniture, decorative accessories, and soft accents. Alghanim Industries distributes FMCG in Kuwait through its subsidiary Gulf Trading and Refrigerating Company (GTRC). GTRC's portfolio includes more than 100 brands from international companies such as Mars, Kraft-Heinz, Majdi Mondelez, Colgate Palmolive, and Philips.
- **F&B:** In the GCC, Alghanim Industries holds the franchisee rights for operating Costa Coffee (95 outlets in Kuwait) and Wendy's (24 outlets: 17 in UAE and seven in Kuwait).
- **Engineering:** Alghanim Industries offers engineering services such as home design solutions, electro-mechanical and maintenance solutions for both the residential and commercial markets under this segment.
- **Industrial:** The group offers insulation solutions as well as a wide range of customized, cost-effective pre-engineered steel solutions to its clients. Under insulation, Alghanim Industries' brand portfolio includes Rockwool India, KIMMCO-ISOVER and IZOCAM. Alghanim Industries has collaborated with Kirby Building Systems to provide steel solutions.
- **Other Services:** Alghanim Industries offers a variety of services for the advertising, financial services, office automation, transport & logistics, and travel & tourism sectors.

Recent Developments/Future Plans

- In November 2021, Alghanim Industries inaugurated a new pre-engineered steel building, a manufacturing facility located in Gujarat, India. The facility will increase Kirby Building Systems' manufacturing capacity in India from 200,000 metric tons (MT) to 300,000 MT per year.
- In November 2020, Alghanim Industries opened its 100th Costa Coffee branch in Kuwait. It is the first drive-thru location in Sabah Al-Salem area.
- In July 2019, Costa Coffee and Alghanim Industries announced the expansion of their Middle East Partnership. Going forward, Alghanim Industries will have development rights to Costa Coffee not just in Kuwait but also in Saudi Arabia, Oman, and Qatar, making it the largest franchisee by territory.

Ali Bin Ali Holding (Privately Owned)

Qatar

Company Description

Founded in 1945, Ali Bin Ali Holding (ABA) is a Doha-based conglomerate that is involved in a variety of business activities across multiple sectors. Within retail, the group is engaged in distribution of food and non-food consumer products, operation of boutiques selling fashion products, ownership and operation of hotels and restaurants, mall management, operation of hypermarkets and departmental stores, bottling and distribution of beverages, and supply of medical supplies among others.

Business Segments/Product Portfolio

- **Hypermarkets:** ABA operates retail outlets of Monoprix, a French city-center retailer, in Kuwait that offers food products, household items, clothing, perfumes and gift items. The French retail chain currently has six stores in Qatar – West Bay, Doha Festival City, Medina Centrale at The Pearl, the Smart Monoprix store at Msheireb Downtown Doha, the iConic Monoprix in Aspire zone, and the new Monoprix store at Place Vendome Mall in Lusail city. It also operates Monop, a miniature version of Monoprix.
- **Departmental Stores:** It operates Galeries Lafayette Doha, a French upscale department store at Katara - The Cultural Village.
- **FMCG & Distribution:** Through its various divisions, including Ali Bin Ali & Partners, International Agencies, Qatar Quality Products, the company sells and distributes a wide variety of food and non-food consumer products.
- **Luxury & Fashion:** ABA sells luxury and fashion products such as watches and clocks, exquisite jewelry, classical writing instruments and sophisticated accessories of globally renowned brands through its network of exclusive boutiques.
- **Sports & Lifestyle:** ABA represents a variety of sports & lifestyle brands such as Metalu-Plast, Pavigym, Seabob, Technogym and U-Boat Worx through its subsidiary Sports Gate W.L.L. in Qatar.
- **Mall Management:** ABA developed the multi-dimensional project of 21 High St. – an outdoor shopping destination in Katara Cultural Village. Desert Eye is the Mall Management division of ABA.
- **Beverages:** ABA owns a water treatment plant, a plastic bottle manufacturing facility, and a beverage bottling and packaging factory. It sells a range of soft drinks and other beverage products from PepsiCo.
- **Medical Supplies:** ABA imports and distributes medical and surgical equipment, hospital and lab furniture, sports and physio-therapeutic equipment, lab and dental equipment, pharmaceutical and natural food products.
- **Hospitality:** ABA develops luxury hotels and innovative restaurant concepts. Some of its portfolio restaurants include 974 Delights, Café Pouchkine, Cioccolatitaliani, Em Sherif Restaurant, Joe's Café, Wahaj, Wagamama, Juan Valdez, and Wahaj Catering.
- **Contracting & Property Management:** ABA specializes in the manufacture of furniture, interior fit-outs and decoration works. The company caters to the hospitality industry as well as private sector and residences.
- **Information & Communication Technology:** The ABA's Information & Communication Technology stream oversees two divisions: IT support services; and Ali Bin Ali Technology Solutions, which offers a range of products and services.
- **Production & Digital House Events Planning:** ABA offers event management, video production and filming, photography, digital printing and framing, and other services.
- **Printing, Publishing & Media:** ABA offers interactive media solutions, print related solution, directory services, cinema advertising, and magazine publishing services.
- **Travel & Cargo:** ABA serves as a sales agent for a number of airlines and provides passenger, cargo and aircraft handling services.
- **Logistics:** ABA offers the full range of logistics services from clearing and forwarding to warehousing and distribution.

Recent Developments/Future Plans

- In June 2022, ABA's Dohatna inaugurated Qatar's largest Samsung outlet at Place Vendome Mall in Lusail City.
- In April 2022, ABA's Market Hall division inaugurated the world's largest Monoprix outlet at Place Vendome Mall in Lusail City.

Source: Company Website

Americana Group (Privately Owned)

Kuwait

Company Description

Established in 1964 and headquartered in Kuwait City, Americana Group (Kuwait Food Co.) primarily operates restaurants, and manufactures and markets consumer foods throughout the MENA region. With operations spanning across 20 countries, the group is considered as one of the largest franchise operators in the region - leading in terms of number of outlets in the Quick Service, Casual Dining and Fine Dining restaurant categories. The Americana Group has around 2,000 restaurant outlets across the MENA region and 19 food production sites across the UAE, Saudi Arabia, Kuwait and Egypt. The group's wholly owned subsidiaries include Gulf Food Industries – California Garden (UAE), Qatar Food Company – Americana, Kuwait Food (Egypt), Kuwait Food (UAE), and International Food. Americana Group is backed by Saudi Arabia's Public Investment Fund (PIF) and Dubai-based investment consortium Adeptio.

Business Segments/Product Portfolio

Business segments of Americana Group include:

- **Restaurants:** Americana Group owns exclusive franchise rights for the operation and management of some of the leading F&B outlets in 13 markets across the MENA and CIA regions. The group's brand portfolio under this segment includes T.G.I Friday's (around 70 outlets), Chicken Tikka (more than 30 outlets), Hardees (around 350 outlets), Grand Cafe (10 outlets), Costa Coffee (more than 40 outlets), Fusion (one outlet), Pizza Hut (over 200 outlets), Samadi (eight outlets), Olive Garden (seven outlets), Red Lobster (10 outlets), Krispy Kreme's (more than 150 outlets), and KFC (more than 700 outlets) among others.
- **F&B:** Americana Group manufactures and distributes a wide range of food products including red meat, chicken products, canned beans, dairy, frozen vegetables, pastries, cold sandwiches, biscuits, cakes, chips and snacks. The group's brand portfolio under this division includes Lion, California Garden, Americana Bakery, Koki, Farm Frites, Al Mazraa, Greenland Group, Senyorita, Break, Zeego, Windows, Gulfa, Americana Pizzeria, ICAPP, Americana Life, Royal and Sayyad brands.

Recent Developments/Future Plans

- In July 2022, Americana Group announced plans to open 30 locations in Saudi Arabia's largest cities by 2023.
- In July 2022, Americana Group started courting select top investors ahead of a potential listing. Americana is planning one-on-one and group investor meetings for a dual listing that could value the firm at as much as US\$ 8 billion.
- In June 2022, Americana Group, the regional operator of Pizza Hut and KFC restaurants, has added Morgan Stanley to work on a planned initial public offering that could raise US\$ 1 billion.

Apparel Group (Privately Owned)

UAE

Company Description

Established in 1999, Apparel Group is a Dubai-based fashion and lifestyle retail company with operations in the GCC, India, South Africa, Poland, Singapore, Jordan, Indonesia, Thailand and Malaysia. The group operates more than 1,900 retail stores representing over 75 brands such as Tommy Hilfiger, Skechers, Nautica, Nine West, Aldo and Aeropostale among others.

Business Segments/Product Portfolio

- **Accessories:** The group offers fashion products through its multi-brand stores in the UAE and Saudi Arabia. It also offers other accessories like bags and footwear from international brands such as Aldo (43 stores) and Herschel (two stores) throughout GCC.
- **Cosmetics:** The group owns and operates stores of international cosmetic brands such as Inglot (30 stores) and Rituals (30 stores).
- **Departmental Stores:** Apparel Group operates the Dollar Plus department store, which provides customers with a wide range of general merchandise and seasonal items for household purposes through 12 stores. The group also operates a HEMA store in the UAE that sells generic houseware at low prices, as well as three Lakeland stores in the UAE which sells kitchenware and ideas for home and garden.
- **Fashion:** Apparel Group operates over 280 stores of international fashion brands such as Aeropostale, Ardene, Austin Reed, F5, La Vie en Rose, LC Waikiki, Calvin Klein, Levi's, New Yorker, R&B, Tommy Hilfiger, Beverly Hills Polo Club and Tommy Jeans.
- **Footwear:** The group owns and operates footwear stores of international brands such as Aldo, Athlete's Co., Birkenstock, Charles & Keith, Crocs, Dune London, Hush Puppies, Nine West, Pedro, Skechers, New Balance, Moreschi, TOMS and UGG.
- **F&B:** The group operates around 240 outlets of brands such as Cold Stone Creamery (46 in the UAE, 14 in Saudi Arabia, and five in Oman), Jamie's Pizzeria (one outlet each in the UAE, Qatar and Saudi Arabia), Molten Chocolate Café (three outlets in the UAE and one in Oman), Sbarro (three outlets in the UAE), Tim Hortons (112 outlets in the UAE, 86 in Saudi Arabia, 12 in Qatar, seven in Oman, and two in Bahrain) and Sumo Sushi & Bento (three outlets in the UAE).
- **Kids:** The group offers fashion wear for kids and mothers under brands such as Adams Kids, Babycenter, Kidiliz, Skechers Kids, The Children's Place, SMYK, Tommy Hilfiger Kids and Z Generation, etc. through its retail locations across the GCC.
- **Malls:** Apparel Group runs one community center in the UAE and Oman, each under the Grand Centrale brand.
- **E-commerce:** The group runs an online retail store (6thstreet.com) catering a selection of consumer lifestyle and fashion related products in the UAE, Saudi Arabia and Kuwait. It carries a wide range of shoes, bags and accessories from well-known international fashion brands including Aldo, New Balance, Nine West, Dune London, Skechers and Call It Spring among others.

Recent Developments/Future Plans

- In August 2022, Apparel Group's Rituals cosmetics brand won the 'Retail Premium Store' award by Golden Foam Awards 2022.
- In July 2022, Apparel Group's homegrown brand His & Hers opened its first store in Dalma Mall, Abu Dhabi.
- In June 2022, Jamie Oliver Restaurants collaborated with Apparel Group to launch a casual dining concept - Jamie's Italian, at the Dubai Mall.
- In December 2021, CCC Shoes & Bags, which is franchised to Apparel Group, opened its eighth store in the GCC at the Al Ghurair Center, Dubai.

Azadea Group (Privately Owned)

UAE

Company Description

Established in 1978, Azadea Group is a Dubai-based lifestyle retail company that owns and operates international brand stores across the MENA region. Azadea Group expanded in the GCC by opening its first store in the UAE in 1993. The group currently owns and operates more than 40 leading international franchise concepts in the MENA region. Through more than 600 stores spread across 13 countries in the MENA region, the group caters to several sectors such as fashion & accessories, F&B, home furnishings, sporting goods, multimedia and beauty and cosmetics.

Business Segments/Product Portfolio

- **Beauty & Cosmetics:** The group offers a single brand - Italy's KIKO Milano - with 42 stores across the UAE (15 outlets), Saudi Arabia (seven outlets), Qatar (six outlets), Kuwait (five outlets), Bahrain (two outlets), Oman (one outlet), Lebanon (four outlets), and Egypt (two outlets).
- **Fashion & Accessories:** The group offers a wide range of internationally renowned brands such as Bershka, Boggi, Calzedonia, GAP, Intimissimi, Jules, MANGO, Oculis, Oysho, Promod, Pull & Bear, Punt Roma, Tezenis, Reserved, Urban Outfitters, Salsa, Sunglass Hut, and Zara.
- **F&B:** The group's F&B division is spread across the MENA region, including major GCC countries like the UAE, Qatar, Oman and Kuwait. It features popular brands such as Columbus Café & Co. (one outlet), Eataly (four outlets), Kosebasi (one outlet), New Shanghai (one outlet), Paul (28 outlets), Peal Juice Bars (one outlet), Pulp Juice Bars (one outlet), and The Butcher Shop & Grill (two outlets).
- **Multimedia:** The group operates more than 15 Virgin Megastores in Bahrain, Egypt, Jordan, Oman, Qatar, and the UAE. Virgin Megastore sells a wide range of entertainment and media products such as electronic gadgets, games, movies, music, books and toys, as well as fashion and services to go along with the products. Bose and Flying Tiger are two major brands in this category.
- **Home Furnishings:** The group offers an exclusive collection of furniture and home decor brands such as Mood and Zara Home. While the Mood brand has only one store in the UAE, Zara Home has a total of 14 stores in Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar, and the UAE.
- **Sporting Goods:** The group offers brands like Adidas (seven outlets) and Reebok (five outlets) in Lebanon and Decathlon in various countries across the MENA region. Decathlon has 10 stores across the UAE (five outlets), Kuwait (two outlets), Lebanon (one outlet), and Qatar (two outlets).

Recent Developments/Future Plans

- In May 2022, Azadea Group collaborated with Bose in the UAE for distribution of its products.
- In March 2022, Azadea Group expanded its footprint in the UAE by launching 23 new stores at the Dubai Hills Mall.
- In October 2021, Flying Tiger collaborated with Azadea Group to launch its first store in the UAE at the new Dubai Hills Mall.
- In September 2021, Azadea strengthened its partnership with Decathlon by opening a new strategic store and expanding in important locations across the MENA region.
- In September 2021, Azadea Group signed an agreement with Egypt's Talaat Moustafa Group to launch 13 new brands at the Open-Air Mall in Madinaty, Egypt.
- In June 2021, Azadea Group, in partnership with URBN opened Anthropologie - a new concept store that offers the latest in fashion, accessories, home items, and beauty products in the Dubai Mall, UAE.
- In February 2021, Azadea Group announced the acquisition of Adidas and Reebok operations and franchise in Lebanon.

BMA International Group (Privately Owned)

UAE

Company Description

Established in 1988, BMA International Group (BMA) is a Dubai-based retail company that specializes in fashion and mall management. The retail business of the group operates over 250 outlets under its brands Redtag and Twenty4. BMA also owns two central distribution centers at the Jebel Ali Free-zone (JAFZA), where it handles over 12,000 containers imported each year.

Business Segments/Product Portfolio

- **Fashion Retail:** BMA offers a diverse selection of clothing and accessories for men, women and children through its brands:
 - **Redtag:** Founded in 2006, the group offers a variety of fashion and houseware products (such as home decor items, crockery and utensils) under the brand Redtag. Currently, the brand operates over 190 stores in the GCC, Iraq, Uzbekistan, Tanzania, Nigeria and Yemen.
 - **Twenty4:** Opened in 2013, the group offers a wide range of clothing, accessories, and apparel for men, women, and children through its Twenty4 brand stores. Currently, the group operates 57 retail stores covering an area of 900,000 sq. m. across the GCC under this brand.
- **Advertising Agency:** BMA offers a wide range of services in advertising, marketing, digital, design, strategy and event management through its brand Orangerie. Founded in 1999, the agency has three offices each in Dubai, Bahrain and Kuwait and serves clients like Gulf mart, Twenty4, Redtag, The Bahrain Mall, Dulux, Ducab, Arabian Adventures, DP World, Emirates Holidays, and Oman Insurance Co.

Recent Developments/Future Plans

- In March 2022, Redtag opened a new store in Granada mall, Riyadh.
- In May 2021, Redtag opened a new store at the Salalah Grand Mall, Oman.

BMMI Group (Publicly Listed)

Bahrain

Company Description

Established in 1883, BMMI Group is a Bahrain-based diversified company involved in wholesale and retail of F&B, as well as other consumer products. The group also offers end-to-end supply chain solutions, integrated facility management services, shipping, logistics and procurement services to government, commercial and military organizations. With presence across eight countries in the MENA region, BMMI has established a number of strategic alliances with regional and international partners.

Business Segments/Product Portfolio

- **FMCG:** BMMI is engaged in the distribution, wholesale and retail, of several F&B and household goods such as confectionery, packaged and canned food, toiletries, fragrances, cosmetics and tobacco in Bahrain.
- **Beverages:** BMMI is involved in the distribution, wholesale and retail, of several beverages in Bahrain. It represents global brands such as Bacardi, Brown-Forman, Diageo, Heineken, and Moët & Chandon.
- **Supermarket, Cafes, Restaurants:** It owns Alosra Supermarket, which has seven outlets in Bahrain and two in Saudi Arabia. It also operates two cafes - Delilah and Elias Craft Café, and two restaurants - La Vinoteca Barcelona and Alto in Bahrain.
- **Food Production:** The group's production unit prepares and delivers food to coffee shops, supermarkets, schools and offices throughout Bahrain.
- **Others:** The group also offers hospitality, integrated facilities management, logistics, and shipping services.

Recent Developments/Future Plans

- NA

| Financial Performance | | | | |
|---------------------------|----------------|----------------|----------------|---------------------|
| US\$ Million | 2019 YE Dec | 2020 YE Dec | 2021 YE Dec | Change y-o-y (%) |
| Revenues | 277.5 | 256.4 | 279.4 | 9.0 |
| COGS | 195.1 | 200.7 | 212.4 | 5.8 |
| Operating Income / (Loss) | 24.4 | 10.0 | 16.1 | 61.3 |
| Margin (%) | 8.8 | 3.9 | 5.8 | |
| Net Profit / (Loss) | 20.4 | 6.9 | 12.1 | 74.3 |
| Margin (%) | 7.4 | 2.7 | 4.3 | |
| ROAE (%) | 10.9 | 3.7 | 6.8 | |
| ROAA (%) | 6.7 | 2.2 | 4.0 | |

Source: Company Website, Company Filings, Thomson Reuters

| | |
|----------------------|-----|
| Current Price (US\$) | 2.0 |
|----------------------|-----|

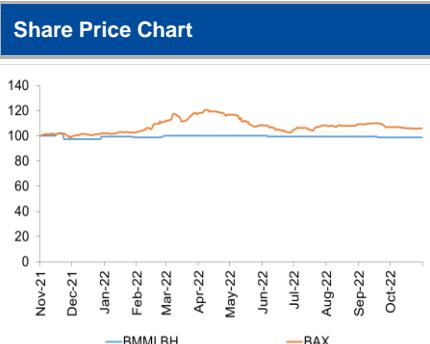
Price as on October 31, 2022

| Stock Details | |
|----------------------------|---------|
| Thomson Reuters ticker | BMMI.BH |
| 52 week high/low | 2.0/1.7 |
| Market Cap (US\$ mn) | 245.5 |
| Enterprise value (US\$ mn) | 286.0 |
| Shares outstanding (mn) | 142.4 |

Source: Thomson Reuters

| Average Daily Turnover ('000) | | |
|-------------------------------|------|-------|
| | BHD | US\$ |
| 3M | 16.5 | 43.8 |
| 6M | 21.7 | 57.s6 |

Source: Thomson Reuters



Source: Thomson Reuters

| Valuation Multiples | | |
|---------------------|------|------|
| | 2021 | LTM |
| P/E (x) | 1.9 | 13.5 |
| P/B (x) | 1.6 | 1.5 |
| EV/Sales (x) | 1.0 | 1.0 |
| Dividend Yield (%) | 40.3 | 4.6 |

Source: Thomson Reuters

| Shareholding Structure | |
|-----------------------------|----------------|
| Ali & Mohamed Yateem Bros | 10.00% |
| Bahrain Duty Free Shop Com. | 7.59% |
| Youssef Al Moayyed & Sons | 5.97% |
| Others | 76.44% |
| Total | 100.00% |

Source: Thomson Reuters

Chalhoub Group (Privately Owned)

UAE

Company Description

Established in 1955, Chalhoub Group is a Dubai-based luxury goods retailer and distributor, primarily involved in beauty, fashion, accessories, and gift segments catering to customers across the Middle East. The group has presence in 14 countries with a network of more than 750 retail stores that houses both international and homegrown brands. Chalhoub Group operates franchisees of several luxury brands such as Givenchy, Puig, L'Occitane, Sephora, Louboutin, Smashbox, Molton Brown, Celine, Christian Dior, Louis Vuitton, Fendi, Swarovski, Lacoste, and Michael Kors among others in the region. It also provides distribution and communication services for international brands. The group has established the Chalhoub Retail Academy in the UAE and Saudi Arabia to develop its human resources, and a professorship in luxury brand management with the American University of Sharjah, UAE. It is a member of the United Nations Global Compact Community since 2014 and signatory of the Women's Empowerment Principles (WEP).

Business Segments/Product Portfolio

- **Retail:** The group operates a network of retail stores in the Middle East through its subsidiaries, affiliates and JVs.
 - **Own Brands:** Chalhoub Group has six multi-brand retail concepts, which include Level Shoes (a 96,000 sq. ft. store in the UAE offering luxury footwear); Faces (a beauty retailer with over 80 stores across 12 countries in the Middle East); Wow Beauty Forward (a make-up line offering over 200 products); Tryano (a departmental store spread across 15,000 sq. m. of retail space with over 250 brands offering bags, beauty products and kids wear); Tangara (seven stores in the GCC offering lifestyle gifts and home accessories); Christofle (offers lifestyle products, luxury home accessories and jewelry).
 - **Beauty:** This segment represents 49% of the group's business, offering over 84 brands. Some of the international brands in its portfolio include Puig, L'Occitane, Make Up for Ever (Sephora), Smashbox, Molton Brown, and Christian Dior Parfums.
 - **JVs:** The group operates popular brands such as Louis Vuitton, Dior, Sephora, Fendi, Puig, Celine, Givenchy, Christian Louboutin, Chaumet, and Berluti across the Middle East. Some of the group's retail franchises include Saks Fifth Avenue, Loewe, Carolina Herrera, Swarovski, Lacoste, and Michael Kors. The distribution franchise includes L'Oréal Luxury.
 - **Travel Retail:** Chalhoub Group provides travel retail services in coalition with duty free shops at Cairo International Airport, a fashion concession at the Bahrain Duty Free, and in-flight duty free of several airlines.
 - **Accessories:** The group has collaborated with international brands such as S.T. Dupont and Tag Heuer for luxury writing instruments and watches.
 - **Discount Brand:** The group launched an online and in-store division called THE DEAL - a discounted fashion luxury segment offering more than 600 international brands. Some of the brands in its portfolio include Dolce & Gabbana, Tory Burch, Marc Jacobs, Kenzo, Ralph Lauren, Michael Kors, Paul Smith, Zadig & Voltaire, Swarovski, and Tumi among others.
- **Communications:** This segment offers a broad range of communication services such as advertising and public relations, event management, strategic planning, media planning and graphic designing in collaboration with Havas Group.

Recent Developments/Future Plans

- In April 2022, the Saudi Arabian Fashion Commission signed an agreement with Chalhoub Group for the creation of leadership roles in fashion retail sector, securing commercial spaces for Saudi designers, and providing training courses in the field of fashion.
- In February 2022, Chalhoub Group invested in the French brand La Bouche Rouge that offers clean beauty products. It launched the brand in Saudi Arabia and the UAE, with plans to complete a brand rollout across the Middle East by 2023.
- In September 2021, Chalhoub Group launched a home-grown retail outlet, A Concept by MUSE, at Riyadh Park in Saudi Arabia.
- In March 2021, Chalhoub Group and Pearl Brands SAL agreed to merge Chalhoub Group's two retail operations in Lebanon - Luxury Development Co. SAL and Beauty Retail Co. SAL with Pearl Brands SAL.

Source: Company Website

Dubai Duty Free (Privately Owned)

UAE

Company Description

Established in 1983, Dubai Duty Free (DDF) is one of the world's biggest travel retail operators with sales of nearly US\$ 1 billion in 2021 (and had exceeded \$2 billion pre-pandemic in 2019). Sales in 2022 is expected to exceed US\$ 1.6 billion.

The company currently operates over 180 outlets across 34,000 sq. m. of retail space at Dubai International Airport and 4,000 sq. m. at Al Maktoum International Airport. In addition to its retail operation, DDF operates a leisure division, which includes The Irish Village in Dubai, The Century Village, Dubai Duty Free Tennis Stadium and The Jumeirah Creekside Hotel.

Business Segments/Product Portfolio

- **Retail:** DDF's retail space offers a variety of consumer products including perfumes, liquor, cigarettes & tobacco, gold & jewelry, watches, cosmetics, leather goods, luggage, pens, sunglasses, fashion garments and electronics. Perfumes retained its position as the best-selling category with US\$ 191 million in sales, accounting for 19.5% of total sales during 2021. Liquor (with sales of US\$ 169.1 million) was the second highest selling product, followed by cigarettes & tobacco (US\$ 95.5 million) and Electronics (US\$ 76 million).
- **Leisure:** Under this segment, DDF operates the following leisure businesses:
 - **Dubai Duty Free Tennis Stadium:** Officially inaugurated in 1996, the tennis stadium hosts the region's premier tennis event - the Dubai Duty Free Tennis Championships. The stadium comprises a 5,000 seat center court, VIP area and Royal enclosure. In addition to tennis tournaments, the stadium also hosts music concerts.
 - **The Irish Village:** Following the successful launch of its existing Garhoud and Riverland outlets, in Dubai UAE. The Irish Village is set to open its third branch in the Dubai Studio City's Studio One in 2019. The F&B concept was recently renovated and expanded and now includes a range of Irish food products, in addition to hosting live entertainment events.
 - **Century Village:** Launched in 2000 near the tennis stadium, the Century Village restaurant brand operates 10 outlets in Dubai serving different world cuisines. The outdoor settings make it one of Dubai's favorite venues for Al Fresco dining and family outings.
 - **The Jumeirah Creekside Hotel:** Opened in 2012, the five-star hotel is managed by Jumeirah Group and features luxurious, modern accommodations that includes 292 guest rooms with 2 outdoor pools, 6 world-class restaurants, a gym and a spa. Located in the immediate vicinity of the Dubai International Airport, the hotel is the official hospitality partner for the Dubai Duty Free Tennis Championships.

Recent Developments/Future Plans

- DDF expects sales to grow to US\$ 1.8 billion by 2023 as Dubai International Airport continues to recover strongly from the pandemic in terms of both flights and passenger loads.
- In 2021, DDF completed the upgrade of its Fashion offer in Concourse B with the opening of new boutiques for Louis Vuitton, Dior and Cartier. Earlier, just before the pandemic, DDF had opened boutiques for Chanel and Gucci. Fashion now contributes to 13% of DDF's retail business and up from 6% in 2019.

Fawaz Abdulaziz Alhokair Co. (Publicly Listed)

Saudi Arabia

Company Description

Established in 1990 and headquartered in Riyadh, Fawaz Abdulaziz Alhokair Company (FAAC) is a franchise retailer in the MENA, Central Asia and Caucasus regions. It operates over 1,700 stores across 100 shopping malls, covering an area of more than 450,000 sq. m. in 11 countries. The company has over 88 fashion brands in its portfolio, including men's and women's wear, kids & baby, accessories, cosmetics, entertainment and F&B. FAAC is an arm of Fawaz Alhokair Group, a conglomerate with operations in retail, real estate, financial services, healthcare and

Business Segments/Product Portfolio

- **Clothing & Fashion:** FAAC offers clothing for men, women and children under variety of labels including adL, Anotah, Camaieu, Dynamite, FG4 Women, Lipsy, Monsoon, OXXO, Promod, Mango, Gerry Weber, Gelco, Quiz, Oysho, Celio, Massimo Dutti, US Polo Assn, FG4, IKKS, Jacadi, Mayoral, Monsoon Children, Okaidi, Sergent Major, Tape a Loeil, The Children's Place and Ziddy
- **Departmental Stores:** FAAC departmental stores offer brands such as F&F, GAP, LC Waikiki, New Yorker, Old Navy, Ball, Topshop and Zara.
- **FMCG:** FAAC sells accessories, shoes, cosmetics, electronics, and home furnishings through 10 Zara Home stores of which eight are in Saudi Arabia.
- **F&B:** FAAC also holds the license to operate outlets for Costa Coffee and has three stores in Morocco. Other brands include Cinnabon, Crepe Affaire, Molten Chocolate Café, Emirgan Sutis, Kahve Dunyasi, and Caffe di Classe among others.

Recent Developments/Future Plans

- In November 2021, FAAC signed an agreement with a new master franchise agreement that will nearly double Subway's footprint of 210 restaurants in KSA.
- In May 2021, FAAC opened the Danish variety retailer Flying Tiger Copenhagen's first store in Riyadh, Saudi Arabia.

| Financial Performance | | | | |
|---------------------------|----------------|----------------|----------------|---------------------|
| US\$ Million | 2019 YE Dec | 2020 YE Dec | 2021 YE Dec | Change y-o-y (%) |
| Revenues | 1,424.7 | 1,128.8 | 1,577.6 | 39.8 |
| COGS | 1,315.9 | 1,152.4 | 1,313.3 | 14.0 |
| Operating Income / (Loss) | (181.7) | (295.7) | 10.1 | -103.4 |
| Margin (%) | -2.5 | -16.2 | 6.3 | |
| Net Profit / (Loss) | (181.7) | (295.7) | 10.1 | NA |
| Margin (%) | -12.8 | -26.2 | 0.6 | |
| ROAE (%) | -34.6 | -111.9 | 8.0 | |
| ROAA (%) | -8.1 | -12.1 | 0.4 | |

Source: Company Website, Company Filings, Thomson Reuters

| | |
|----------------------|-----|
| Current Price (US\$) | 4.6 |
|----------------------|-----|

Price as on October 31, 2022

| Stock Details | |
|----------------------------|---------|
| Thomson Reuters ticker | 4240.SE |
| 52 week high/low | 9.4/4.3 |
| Market Cap (US\$ mn) | 495.7 |
| Enterprise value (US\$ mn) | 2,175.3 |
| Shares outstanding (mn) | 114.8 |

Source: Thomson Reuters

| Average Daily Turnover ('000) | | |
|-------------------------------|----------|---------|
| | SAR | US\$ |
| 3M | 11,134.0 | 2,961.1 |
| 6M | 12,188.4 | 3,241.6 |

Source: Thomson Reuters



Source: Thomson Reuters

| Valuation Multiples | | |
|---------------------|------|------|
| | 2021 | LTM |
| P/E (x) | 73.0 | 19.3 |
| P/B (x) | 6.5 | 2.9 |
| EV/Sales (x) | 1.4 | 1.4 |
| Dividend Yield (%) | NA | 0.0 |

Source: Thomson Reuters

| Shareholding Structure | |
|---------------------------|----------------|
| FAS Saudi Holding Co. | 47.79% |
| Fawaz Abdulaziz Alhokair | 7.00% |
| Salman Abdulaziz Alhokair | 7.00% |
| Others | 38.21% |
| Total | 100.00% |

Source: Thomson Reuters

Gulf Marketing Group (Privately Owned)

UAE

Company Description

Established in 1978, Gulf Marketing Group (GMG) is a Dubai-based family-run business managed by the Baker family. The group and its subsidiaries operate in key sectors such as food and food processing, healthcare, sports and fitness, education, technology, real estate and logistics, with a diverse mix of retail stores, brands, and B2B services. It holds anchor tenancy in all major shopping malls across the GCC, due to its strong reputation and portfolio of brand partners.

Business Segments/Product Portfolio

- **Healthcare:** Under this segment, GMG's portfolio consists of some of the popular brands such as:
 - **Supercare Pharmacy:** Established in 1978 in Dubai, it is a leading healthcare and lifestyle retailer with pan UAE presence.
 - **Good Health Nutrition:** The brand promotes active lifestyle through sports nutrition, food and more. It offers a wide range of nutritional and herbal remedies such as ayurveda, weight management products, and sports and dietary supplements.
 - **Arabella Pharmacy:** Launched in 2021, the brand offers natural, organic health products.
 - **VITAMED:** It is the wholesale distribution arm that allows the company to reach consumers across the MENA region.
- **Sports & Fitness:** Under this segment, GMG's portfolio consists of some of the popular brands such as:
 - **Sun & Sand Sports:** Established in 1979 as the first business venture of GMG, Sun & Sand Sports offers over 90 different brands through more than 100 stores across the MENA region. Sun & Sand Sports is an exclusive retailer and distributor for global brands such as Adidas, Arena, Babolat, Columbia, Nike, The North Face, Timberland and Vans.
 - **BasketBolista:** The store offers premium footwear, apparel and equipment.
 - **RSH:** It is a leading multi-sports retailer in Singapore acquired by GMG. The store offers apparel, accessories, footwear and sports products from the world's best brands.
 - **Pedaliere:** It is a one-stop shop for bicycling enthusiast in Dubai, offering a wide range of accessories and bikes.
- **F&B:** GMG distributes frozen and dry food products in the UAE and Oman through its subsidiary Farm Fresh. Established in early 1970s, Farm Fresh is an integrated distribution solutions company providing food products to hypermarkets, supermarkets, hotels, restaurants, cafés and bakeries. Its portfolio includes more than 1,000 products from brands such as Seara, McCain, Sara Lee, Shan and Aashirvaad. It also owns the brand Klassic that offers seafood and has one manufacturing unit.
- **Malls:** GMG's Jumeirah Centre shopping mall features a diverse selection of global retail brands, as well as specialized services.
- **Consumer Goods:** GMG currently covers the entire value chain, including distribution of a portfolio of leading international and domestic brands. Its portfolio includes brands such as Shan, Mama Sita's, K&N's, Lazah, Ortiz, MCCAIN and Lucky me. The group also operates three food retail concepts such as Franprix, Monoprix, and Geant.
- **Decor:** GMG distributes branded outdoor, swimming-pool and restaurant furniture to the hotel, restaurant and real estate industries across the MENA region through its subsidiary Sun Coast.
- **Logistics:** Through its subsidiary Trilogi Logistics, GMG provides logistics services for wholesalers and the FMCG sector. It operates in the GCC and select international markets, with a distribution center and storage facility in Dubai Investment Park, UAE.
- **Others:** Education (Emirates British Nursery) and Multimedia Advertising are two of the group's other business divisions.

Recent Developments/Future Plans

- In April 2022, GMG acquired Geant from Urban Foods by Dubai Holdings. The acquisition covers 18 hypermarket and supermarket locations in the UAE along with exclusive rights to expand Geant operations across the Middle East.
- In March 2022, GMG became the official distributor for the international lifestyle brand New Era in the GCC, Iraq and Egypt markets.

Source: Company Website



Jarir Marketing Co. (Publicly Listed)

Saudi Arabia

Company Description

Established in 1974, Jarir Marketing Co. (JMC) is a Riyadh-based retailer and wholesaler of books, toys, art and craft materials, stationery, mobile phones and accessories, electronics and audiovisual instruments, among others. It operates through two divisions namely retail (including online sales), under the brand Jarir Bookstore, and a wholesale division. JMC also invests in Egyptian real estate via its subsidiary Jarir Egypt Financial Leasing Co. SAE. JMC became a joint stock company in 2002 and was listed in the Saudi Capital Market in 2003.

| | |
|----------------------|------|
| Current Price (US\$) | 44.0 |
|----------------------|------|

Price as on October 31, 2022

Stock Details

| | |
|----------------------------|-----------|
| Thomson Reuters ticker | 4190.SE |
| 52 week high/low | 56.1/37.7 |
| Market Cap (US\$ mn) | 5,233.4 |
| Enterprise value (US\$ mn) | 5,289.3 |
| Shares outstanding (mn) | 120 |

Source: Thomson Reuters

Business Segments/Product Portfolio

- Electronics & Others:** JMC offers laptop, tablets, desktop computers, LED, monitors, printers and scanners, and smartphones and accessories. In addition, the company sells products such as cameras, speakers and headsets, smart watches and health fitness trackers, and video games among others.
- Stationery:** JMC offers a wide range of arts and crafts materials and school stationery items such as notebooks, pencil cases, stationery sets, bags, teaching aid. The group also offers a wide range of office supplies including desks sets, furniture, and other accessories.
- Books:** JMC offers a wide collection of Arabic (including publication) and English books as well other printed educational aids.

Recent Developments/Future Plans

- In July 2021, JMC inaugurated a new showroom in Al Rass built at a total investment of SAR 28 million (US\$ 7.5 million).

Average Daily Turnover ('000)

| | SAR | US\$ |
|----|----------|---------|
| 3M | 25,130.3 | 6,683.5 |
| 6M | 34,473.6 | 9,168.4 |

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

| | 2021 | LTM |
|--------------------|------|------|
| P/E (x) | 23.8 | 20.2 |
| P/B (x) | 13.3 | 11.4 |
| EV/Sales (x) | 2.2 | 2.3 |
| Dividend Yield (%) | 2.8 | 7.5 |

Source: Thomson Reuters

Shareholding Structure

| | |
|----------------------------|----------------|
| Jarir Co. for Comm Invest. | 21.83% |
| Nasser Abdul Al Agil | 3.20% |
| Abdul Kareem Al Agil | 3.20% |
| Others | 71.77% |
| Total | 100.00% |

Source: Thomson Reuters

Khimji Ramdas Group (Privately Owned)

Oman

Company Description

Founded in 1870, Khimji Ramdas Group (KR) is a Muscat-based conglomerate that operates across 40 business divisions in consumer, infrastructure and industrial segments. It is primarily engaged in trading, distribution, retailing and manufacturing of goods and services. KR has four business groups, under which it caters to several divisions in Oman, UAE and India. The company has a portfolio of more than 400 global and leading homegrown brands. Within the retail business, KR operates a chain of supermarkets, lifestyle showrooms, restaurants and cafes. It operates more than 150 retail stores and has a wide distribution network comprising 3,500 direct sale points. In addition, the company also has warehousing facilities in Oman spread over 100,000 sq. m.

Business Segments/Product Portfolio

- **Lifestyle Group:** KR owns and operates stores of watches, luxury and lifestyle products. Its watches segment includes brands such as Rolex, Chopard, Cartier, Oris, Alpina, Tudor, Caran D'Ache, Fredrique Constant, Wenger, Titan and Fast-track. KR's portfolio of luxury and lifestyle brands includes Aalami (two stores), Swarovski (two stores) and Samsonite (two stores). It also operates 44 outlets of Pizza Hut in Oman as a part of its restaurant and café segment. KR also runs the Khimji Training Institute in Oman, which has trained over 20,000 individuals in fields such as retail, hospitality, accounting, interpersonal skills and IT.
- **Consumer Products Group:** KR offers a variety of food products, FMCG and commodities in Oman through its supermarkets and distribution network. Its portfolio includes brands such as Procter & Gamble, Kellogg's, Palmers, Red Bull, Reynolds, Kaya Skin Clinic, Nivea, Head& Shoulders, among others. KR manages 34 social welfare market stores and operates 22 SPAR supermarkets. KR also operates 9 catering facilities and 15 industrial laundries for the Royal Oman Police.
- **Infrastructure Group:** KR offers complete solutions for industrial and residential sectors including construction, materials, air-conditioning and refrigeration, electrical products, transportation, ICT solutions, healthcare support, marine and environmental services, paints, interiors, heat transfer solutions, and maintenance and services among others. It provides home furnishing products such as tiles, furniture, sanitary-ware, air-conditioners and modular kitchens through its retail store - Bait Al Ahlam, Oman.
- **Projects & Logistics Group:** KR provides transportation and logistics services as well as marine solutions like ocean cruises, ferry operations, bulk vessels, tankers, product carriers, common carrier feeders, air cargo, ship supply and stores. It also provides specialized products and services for the travel and tourism, defense, sports and leisure, insurance, automotive, and environmental waste management industries.
- **International Distribution & Logistics:** With its expertise in distribution management and associations with global FMCG players, KR has expanded its business operations to India and the UAE. The company has established a P&G distribution unit in India, while its UAE operations comprise of KR Shipping LLC (freight forwarding), KR & Sons (logistics), Deira Commodities (distribution of food commodities) and Middle East Fuji Khimji's shipping (ship supply and engineering services).

Recent Developments/Future Plans

- In September 2021, Oman Air Holidays and TripsnStay (a part of KR Group) signed a strategic agreement to enhance its offerings of local and international package holidays.
- In August 2021, KR through its marine solutions business partnered with Asyad Drydock to build Oman's first indigenous marine vessel in the shipbuilding and repairs facility in Duqm, Oman.
- In June 2021, KR and India-based Madhav Ashok Ventures Pvt. Ltd. entered into a joint venture to launch its newly engineered quartz stone project in Sohar FZ, Oman.

Landmark Group (Privately Owned)

UAE

Company Description

Established in 1973 and headquartered in Dubai, the Landmark Group is one of the largest retail and hospitality organisations in the MENA region and India with a growing presence in Southeast Asia. Currently, the group handles over 50 brands, and operates over 2,200 outlets across 21 countries, encompassing a combined area of more than 30 million sq. ft. In the Middle East, the group has a portfolio of 18 brands of which nine are homegrown brands. Landmark Group offers loyalty programs to its long-standing customers called 'Shukran' in the UAE, Saudi Arabia, Oman, Bahrain, Kuwait, Qatar, Egypt and Jordan (20+ million members) and 'Landmark Rewards' in India (10+ million members). These programs help spend the loyalty points for savings across brands including clothing, footwear, accessories, furniture & furnishings, electronics, sports, entertainment and restaurants.

Business Segments/Product Portfolio

- **Retail:** The group sells fashion, home & electronics, and sports products of its own and franchisee brands.
 - **Fashion:** The group's fashion store brands include Centrepoint (142 stores), Shoe Mart (178 stores), Babyshop (215 stores), Splash (201 stores), Lifestyle (117 stores), Emax (31 stores), Shoexpress (90 stores), and easybuy (100 stores). Landmark International, a division of the group, also manages and operates international brands such as Ecco, Carpisa, Kurt Geiger, Lipsy and Steve Madden.
 - **E-commerce:** In 2019, the group launched Styli, its first online-only fashion brand available in the UAE, Saudi Arabia, Bahrain, and Kuwait.
 - **Food:** The group offers a range of food products through its discounter brand called Viva, which has over 48 stores in the UAE. More than 80% of those products are of European Product Quality.
 - **Home & Electronics:** The group sells home furnishing, furniture and accessories through its stores - Home Centre (122 stores) and Home Box (42 stores).
- **Hospitality:** The group operates outlets for leisure, F&B, wellness centers, and hotels.
 - **F&B:** Through Foodmark, the group operates 38 franchised restaurants outlets for brands such as Carluccios, Max's restaurant, Nando's, Zafran, and All About Chicken.
 - **Fitness & Wellbeing:** Across the Middle East, the group operates 57 fitness clubs under the Fitness First brand.
 - **Salon & Spa:** The group offers salon and spa services under its brands – Balance and Spaces in Dubai.
- **Landmark Leisure:** The group operates 79 family entertainment centers spread over 1.5 million sq. ft. of area under the brands Fun City, Fun Ville, and Fun Works.
- **Malls:** The group operates the Oasis Mall in Dubai, which spans over an area of 2.6 million sq. ft., including stores of its homegrown brands and other retailers. With 10 malls across Bahrain, Saudi Arabia, Oman and the UAE, Oasis Mall is looking to expand its footprint with six new malls across the region.

Recent Developments/Future Plans

- In July 2022, the Landmark Group owned multi-brand retail store chain – Lifestyle – announced plans of establishing presence in small towns across India. In June, it had opened two such stores in Gajuwaka and Guntur in Andhra Pradesh, India.
- In June 2022, Lifestyle International entered into the beauty segment with the launch of its first beauty brand - IKSU.
- In June 2022, the Landmark Group selected E2open, a provider of cloud-based software for supply chains, to enhance its resiliency, covering collaborations on procurement to optimizing transportation-planning execution and managing trade compliance.
- In April 2022, the Landmark Group collaborated with Standard Chartered to become the first private company to sign a bilateral sustainability-linked loan.

Source: Company Website

LuLu Group International (Privately Owned)

UAE

Company Description

Established in 2000, LuLu Group International is an Abu Dhabi-based multi-faceted company with business operations in retail, trading, manufacturing and processing, imports and exports, education, real estate, shipping, travel & tourism, and hospitality. In the retail sector, the group owns and operates 235 hypermarkets, supermarkets and department stores, encompassing an area of over 1.1 million sq. ft. across 23 countries in the Middle East, Asia, US, and Europe. It also owns and operates 25 shopping malls across the GCC, Egypt, India, and the Far East.

Business Segments/Product Portfolio

- **Retail:** The group operates a large network of hypermarkets, supermarkets and department stores under the LuLu brand (LuLu Hypermarket, LuLu Express, LuLu Center) in the GCC, India, Egypt, Malaysia, and Indonesia. The LuLu retail units also offer online shopping for all food and non-food consumer goods. In addition to the retail stores, the group's subsidiary Line Investment & Property LLC develops shopping malls (25 locations: 14 in the UAE, five in India, two each in Saudi Arabia and Qatar, and one each in Oman and Bahrain) and lifestyle venues.
- **Distribution:** The group's distribution network covers operations across the GCC, Egypt, India, Europe, US, and Far East. Al Tayeb Cold Stores and Y-International handle the worldwide operations of the group. Facilitating exclusive imports of many leading brands, Al Tayeb Cold Stores distributes frozen meat, poultry, vegetables, and dairy products such as Doux, Frangosul, Dat Schaub, Tyson, and Heinz Watties. Y-International specializes in both import and export of consumer goods for the group's retail businesses across the Middle East and India. It also handles the repackaging of products for the requirements of each country.
- **Manufacturing & Processing:** Through Fair Exports (India) Pvt. Ltd., the group operates one of India's largest food facilities. The company exports meat products, spices, fresh fruits and vegetables, and garments. Manufacturing plant for Fair Exports are located in Uttar Pradesh and Mumbai, Maharashtra.
- **Business Services:** The group offers education services through Syscoms Information Technology and Syscoms College; travel and tourism services through LuLu International Travel & Tourism; and freight forwarding services through Huda Shipping International.
- **Real Estate:** The group owns and operates projects in residential and commercial property segments through Y Towers (luxurious residence-cum-office apartments) and Y Villas (large-scale leisure estate and mixed-used development)
- **Hospitality:** The group owns and operates five-star luxury properties, hotels, convention centers, flight kitchens, and travel consulting and services companies.

Recent Developments/Future Plans

Below are some of the recent openings of retail destinations by the LuLu Group:

| Date | Store Location | Store Type |
|------------|-----------------|---------------|
| July 2022 | Lucknow (India) | Shopping Mall |
| April 2022 | Sharjah (UAE) | Hypermarket |
| April 2022 | Doha (Qatar) | Hypermarket |
| April 2022 | Abu Dhabi (UAE) | Supermarket |
| March 2022 | Dubai (UAE) | Hypermarket |
| March 2022 | Sohar (Oman) | Hypermarket |
| March 2022 | Abu Dhabi (UAE) | Hypermarket |

Source: Company Website

M.H. Alshaya Co. WLL (Privately Owned)

Kuwait

Company Description

Founded in 1890 and headquartered in Kuwait City, M.H. Alshaya Co. WLL (MHAC) is engaged in the retail and trading of various products under a variety of different international brands across the MENA region, Europe, Russia, and Turkey. The company holds franchisee rights for over 90 consumer retail brands across multiple sectors including health & beauty, optics, pharmacy, F&B, fashion & footwear, home furnishings, leisure & entertainment, and hotels. MHAC currently operates over 4,000 stores, cafes, restaurants, leisure destinations, and over 100 eCommerce sites and apps in the MENA region. Additionally, the company is involved in real estate investment, commercial trading, joint ventures, and mall developments. MHAC is the retail division of Alshaya Group, a conglomerate with interests in hospitality, real estate and general trading.

Business Segments/Product Portfolio

- **Fashion & Footwear:** MHAC operates franchises for brands such as Victoria's Secret, Harvey Nichols, Mothercare, H&M, Debenhams, Tribe of 6, Burton Menswear, Claire's, Cheekee Munkee, COS, American Eagle, River Island, Jack Wallis, Dorothy Perkins, Next, Oasis, and Milano.
- **F&B:** MHAC operates F&B franchises for brands such as Shake Shack, Starbucks, Ahwet Zeitouna, P.F. Chang's, Amiti Noura, Asha's, Babel, Blaze Pizza, The Cheesecake Factory, Bouchon Bakery, Bridgewater Chocolate, PizzaExpress, and Princi.
- **Health & Beauty:** MHAC owns franchise rights for international brands such as Victoria's Secret, Dr. Vranjes, Charlotte Tilbury, Le Labo, Jo Malone, NYX Professional Makeup, The Body Shop, M.A.C., and Bath & Body Works.
- **Pharmacy:** MHAC operates pharmacies under the Boots brand, owned by Walgreens Boots Alliance, a global retail pharmaceutical operator based in the US. MHAC owns and operates 21,000 Boots stores across 25 countries.
- **Optics:** MHAC owns franchise rights to Vision Express (33 stores) and Solaris (39 stores) in the GCC.
- **Home Furnishings:** MHAC owns the franchise rights to home furnishings brands such as West Elm, Williams-Sonoma, Pottery Barn, Pottery Barn Kids, and Pottery Barn Teen.
- **Leisure & Entertainment:** MHAC owns franchise rights for Kidzania, Quest, and Tek Zone in Kuwait.

Recent Developments/Future Plans

- In August 2022, MHAC launched the Aura customer loyalty programme in Kuwait through which members can earn and redeem points across their favorite brands, access a range of personalized shopping, dining, and lifestyle experiences.
- In April 2022, MHAC launched the new homegrown and sustainable fashion brand Tribe 6 in Kuwait, Saudi Arabia, and the UAE.
- In April 2022, MHAC launched the new kids fashion brand Cheekee Munkee in the UAE, Saudi Arabia, and Kuwait.
- In September 2021, MHAC launched Quest, a new social active leisure and entertainment concept for families, in the Middle East.
- In July 2021, MHAC announced a partnership with Boohoo Group Plc to expand Debenhams in the Middle East. Currently, MHAC operates 23 Debenhams stores in several malls across Kuwait, Saudi Arabia, UAE, Bahrain, Egypt, Oman, and Qatar.
- In July 2021, MHAC and Disney opened the region's first-ever Disney Store Shop-in-Shops in Kuwait, Abu Dhabi, and Dubai.
- In April 2021, Aerie by American Eagle - a multi-specialty brand operated by MHAC in the MENA region - opened its stand-alone store at The Avenues Mall in Kuwait.
- In March 2021, MHAC launched the first store of Williams-Sonoma - specialty retailer of high-quality products for the kitchen and home - in Dubai, UAE.

Majid Al Futtaim Holding (Privately Owned)

UAE

Company Description

Established in 1992, Majid Al Futtaim Holding (MAF) is a Dubai-based conglomerate with its main business interests in the ownership and management of shopping malls, hotels, cinemas, communities, and retail and leisure centers across the Middle East, Africa and Asia regions. It also has a sizable stake in real estate, consumer finance, and F&B sectors. MAF owns and manages 29 shopping malls, 13 hotels, four mixed-use communities, 500 VOX Cinema screens, and 32 Magic Planet family entertainment centers across the MENA region. MAF also operates entertainment facilities such as Ski Dubai, Dreamscape, iFLY Dubai, and Ski Egypt among others. It has three major subsidiaries - Majid Al Futtaim Properties, Majid Al Futtaim Retail, and Majid Al Futtaim Ventures.

Business Segments/Product Portfolio

- **Retail:** MAF owns & operates hypermarkets & supermarkets, fashion brands, and specialty retail stores.
 - **Hypermarkets & Supermarkets:** MAF currently owns and operates supermarkets and hypermarkets throughout the Middle East. The company owns the exclusive franchise rights for Carrefour stores in over 30 countries. It currently operates over 375 stores in 17 Middle Eastern, African and Asian markets.
 - **Fashion:** Majid Al Futtaim Fashion LLC, MAF's wholly owned subsidiary, operates more than 100 retail stores across the MENA region. Its portfolio includes brands like Abercrombie & Fitch, Hollister, All Saints, lululemon athletica, CB2, and That Concept Store.
 - **Specialty Retail Stores:** MAF operates nine LEGO stores in the GCC region. In addition, MAF has acquired the internationally renowned American Girl brand, a division of Mattel Inc.
- **Leisure & Entertainment:** MAF operates family entertainment destinations such as leisure attractions, cinema theaters, and family entertainment centers.
 - **Cinemas:** Its brand portfolio includes the VOX Cinemas, under which it operates 58 cinema complexes totaling 500 screens across the MENA region. This includes 23 cinemas in the UAE, 13 in Oman, two in Bahrain, three in Egypt, and one each in Lebanon and Qatar.
 - **Unique Leisure Destinations:** MAF's brand portfolio includes Ski Dubai, Ski Egypt, Dreamscape, iFLY Dubai and Little Explorers (Dubai).
 - **FECs:** MAF operates the Magic Planet brand and currently has 32 locations across nine countries in the MENA region.
- **F&B:** MAF operates F&B outlets for international brands such as the Hummingbird Bakery, Panda Express, California Pizza Kitchen, YO! Sushi, and Texas De Brazil across the GCC and in India through a joint venture with Gourmet Gulf.
- **Properties:** Majid Al Futtaim Properties LLC, a subsidiary of MAF develops and operates malls, hotels and mixed-use projects.
 - **Shopping Malls:** MAF owns and operates 29 shopping malls in the MENA region, spanning a total area of 1.0 million sq. m. The portfolio of shopping malls includes Mall of the Emirates, Mall of Egypt, City Centre, My City Centre, and Matajer across multiple countries in the MENA region.
 - **Hotels:** MAF owns 13 hotels in the UAE and Bahrain, including 10 international brands.
 - **Communities:** MAF manages four mixed-use community projects spread over a combined area of 11.8 million sq. m.
- **Services:** MAF has formed a joint venture with Veolia to provide energy and facility management throughout the MENA region.

Recent Developments/Future Plans

- In June 2022, MAF opened Global Solutions headquarters in City Center Almaza, Egypt.

Source: Company Website

Olayan Group (Privately Owned)

Saudi Arabia

Company Description

Established in 1947, the Olayan Group is a Riyadh-based multinational enterprise with an actively managed portfolio of global investments spanning across commercial (consumer and retail, F&B, biotech, healthcare, financial services, energy, and technology services) and industrial ventures throughout the Middle East. The group consists of over 40 companies and affiliated businesses that are engaged in manufacturing, product distribution, services and investment, in collaboration with leading multinational and regional partners. The group's global investment team focuses on public and private equities, real estate, fixed income securities and other specialized assets, with offices in Saudi Arabia, Singapore, Europe, and the US.

Business Segments/Product Portfolio

- **FMCG:** The group manufactures and distributes a variety of consumer products through its joint ventures and subsidiaries.
 - **Arabian Paper Products Co.:** A joint venture with Huhtamaki, Finland for manufacturing paper cups in the Middle East region.
 - **Coca-Cola Bottling Co. of Saudi Arabia:** A joint venture with Coca-Cola for packaging and distribution of beverages.
 - **Colgate-Palmolive Arabia Ltd.:** A joint venture with Colgate-Palmolive Co. for the production and distribution of soaps, toothpastes and shampoos across the GCC.
 - **General Trading Co.:** Importer and distributor of consumer products such as Colgate-Palmolive, Mondelez, Lindt, Ebro, Bavaria, Kimberly Clark, Pillsbury, and Hunt Wesson in Saudi Arabia.
 - **Health Water Bottling Co.:** Markets and distributes bottled water and other beverages in Saudi Arabia.
 - **Olayan Kimberly-Clark (OKC):** Produces and sells diapers, tissues, feminine pads, and household towels.
 - **Rexam United Arab Can Manufacturing Co.:** Saudi Arabian producer and supplier of aluminum beverage cans.
 - **Nabisco Arabia Co.:** A joint venture with Nabisco International for the production and distribution of biscuits in Saudi Arabia.
 - **Mondelez Arabia:** Supplier of Mondelez International's snacking products in Saudi Arabia.
 - **Saudi Bakeries Co.:** Engaged in the production of bread and related bakery products in Saudi Arabia.
 - **El Rashidi El Mizan:** Produces confectionary products for customers in the MENA region.
 - **Gulf Union Foods Co.:** Produces and sells juices and beverages in Saudi Arabia and its neighboring countries.
- **F&B:** The group operates several international and domestic food brands through its franchising companies - Olayan Food Services, First Food Service, and General First Food Services.
- **Healthcare-Related Businesses:** The group distributes medical and pharmaceutical products as well as manufactures intravenous medical solutions, and a variety of disposable healthcare products.
- **Business Equipment & Services:** The group operates companies that offer telecommunication services, electronics, IT solutions, workplace equipment, finishing materials, building additives & chemicals for the construction industry, and recruitment services.
- **Construction-Related Businesses:** The group operates wholly owned companies, joint ventures, and major MNC's engaged in the extrusion and fabrication of aluminum architectural products; pipes and fittings, manufacture of steel products, and manufacture and maintenance of elevators and escalators for building requirements.
- **Industrial Equipment & Services:** The group manufactures and distributes industrial equipment for a variety of sectors including transportation, agriculture, construction, and oil & gas.
- **Investment & Real Estate:** In addition to investing in Saudi Arabian companies, the group develops and operates residential, commercial and leisure properties. The Group's parent for MENA investments and operations is based in Riyadh.

Recent Developments/Future Plans

- In February 2022, Olayan Group opened a new center for entrepreneurs at King Abdullah University of Science and Technology.

Source: Company Website

Rivoli Group (Privately Owned)

UAE

Company Description

Established in 1988, Rivoli Group is a Dubai-based importer, distributor, and retailer of luxury consumer goods. The group operates over 300 stores including mono-brand and own-concept stores in the UAE, Oman, Qatar and Bahrain. It offers over 100 international brands of watches, eyewear, leather accessories and writing instruments through its outlets in the region. The Group also manages travel retail in leading airports and on board duty free sales for airlines.

Business Segments/Product Portfolio

Rivoli Group's portfolio of international brands and luxury goods include:

- **Watches:** The group imports and distributes a wide range of watches through its owned and joint venture stores.
 - **Rivoli Prestige:** This is a boutique store concept that offers a collection of watch brands such as Anne Klein, Blancpain, Breitling, Breguet, Calvin Klein, Concord, Carl F. Bucherer, Ebel, EverSwiss, Flik Flak, Gucci, Glashutte Original, Harry Winston, Hugo Boss, Ingersoll, Jaquet Droz, Junghans, Jaeger-LeCoultre, Lordson, Mido, Nautica, Omega, Obaku, Swatch, Tissot, Tommy Hilfiger, Zenith, and IWC amongst others. The group has four such stores in the UAE
 - **Rivoli:** This is the group's flagship concept store that offers watch brands such as Omega, Longines, Rado, Gucci, Tissot, Calvin Klein, Balmain, Certina, and Hamilton among others. There are 39 such stores in the UAE, seven each in Qatar and Oman, and five in Bahrain.
 - **Hour Choice:** These stores sell Tissot, Balmain, Certina, Mido, Swatch, Coach, Calvin Klein, Timberland, and Lacoste watches amongst others. There are 33 such stores in the UAE, 17 in Oman, 11 in Qatar, and five in Bahrain.
 - **Trendy Time:** These are budget stores that sell Timex, Titan, CAT, Cruiser, Continental, EverSwiss, Lacosta, Reebok, and Kenneth Cole watches among others. The group has three such stores in the UAE.
- **Eyewear:** The group offers globally renowned brands in sunglasses, optical frames, and contact and prescription lenses through its boutique stores - Rivoli Eyezone, AVANTI, and Zeiss Vision Center. Some of top eyewear brands in its portfolio include Adidas, Alexander McQueen, Balenciaga, Brioni, BVLGARI, Berluti, Cartier, Celine, Christian Dior, Diesel, Dolce&Gabanna, Emporio Armani, Fendi, Gant, Gucci, Guess, Harley-Davidson, Montblanc, Oakley, Omega, Prada, Puma, Ray Ban, Saint Laurent, Swarovski, Skechers, Timberland, Tom Ford, and Vogue among others.
- **Jewelry:** The group offers jewelry products from international brands such as Olivia Burton, Pandora, and Tommy Hilfiger.
- **Accessories:** The group offers a wide range of luxury accessories from international brands such as Montblanc, Montegrappa, Omega, and Roland Iten.

Recent Developments/Future Plans

- In March 2022, Rivoli Group announced the opening of Hour Choice and Rivoli Eyestores, as well as Montblanc and Swatch boutiques in the Dubai Hills Estate Mall, UAE.
- In June 2021, Rivoli Group opened its first flagship boutique eyewear store AVANTI in Abu Dhabi at the Yas Mall, UAE.
- In May 2021, Rivoli Group announced the opening of its fourth Rivoli EyeZone store in the Dubai Mall, UAE. The group already operates two other Rivoli EyeZone stores and its AVANTI concept store at the same mall.
- In May 2021, Rivoli Group's eyewear division announced three additions to its stores in the UAE with the launch of Rivoli EyeZone Motor City, Dubai; Rivoli EyeZone Al Zahia, Sharjah; and Rivoli EyeZone Abu Dhabi Mall.
- In May 2021, Rivoli Group opened the fifth AVANTI store at Doha Festival City, Qatar.

Savola Group (Publicly Listed)

Saudi Arabia

Company Description

Founded in 1979 and headquartered in Jeddah, Savola Group is primarily involved in the food and retail sectors across the MENA region. In addition, the group also engages in agro cultivation, services and maintenance, commercial contracting, trade, export and import, and real estate investment activities. The group operates around 205 grocery stores and sells its products in 50 countries through two subsidiaries - Savola Foods and Savola Retail.

Business Segments/Product Portfolio

- F&B:** The group manufactures, markets and distributes edible oil, vegetable ghee, sugar, pasta, baked goods, and seafood products. It has partnered with Thai Union, enabling Savola Foods to bring the John West seafood brand to 12 countries. Its portfolio of brands include Zaaki, Rawaby, Yudum, Shams, Bayara, Sabah, Al Tayeb, Al Osra, Afia, El Maleka, Ganna, Italiano, and Al Arabi. Investments include Al Kabeer Group (frozen food provider) and 34.5% stake in Al Marai (dairy).
- Retail:** The group operates a chain of hypermarkets, supermarkets, and convenience stores. It owns a majority stake in Panda retail, one of the largest modern grocery retailers in the Middle East. The group owns 49% stake in Herfy Food Services Co., one of the leading restaurant businesses in Saudi Arabia, which also operates an industrial bakery and a meat processing business.
- Investments:** The group's notable investments in other companies include a 29.9% stake in Kinan International Co. for Real Estate Development, 11.2% stake in Aseela Investments, 8.2% stake in Abdul Kadir Al-Muhaidib & Sons, and 8.2% in Abdullah M. A. Al Rabid.

Recent Developments/Future Plans

- In September 2021, the Savola Group, through its subsidiary Savola Group Food Co., completed the acquisition of Bayara Holdings.

| Financial Performance | | | | |
|---------------------------|----------------|----------------|----------------|---------------------|
| US\$ Million | 2019 YE Dec | 2020 YE Dec | 2021 YE Dec | Change y-o-y (%) |
| Revenues | 5,709.1 | 5,787.9 | 6,579.3 | 13.7 |
| COGS | 4,507.8 | 4,550.3 | 5,384.8 | 18.3 |
| Operating Income / (Loss) | 349.1 | 442.9 | 271.0 | -38.8 |
| Margin (%) | 6.1 | 7.7 | 4.1 | |
| Net Profit / (Loss) | 175.2 | 272.4 | 105.6 | -61.2 |
| Margin (%) | 3.1 | 4.7 | 1.6 | |
| ROAE (%) | 7.9 | 11.5 | 4.3 | |
| ROAA (%) | 2.7 | 3.8 | 1.4 | |

Source: Company Website, Company Filings, Thomson Reuters

| Current Price (US\$) | 7.7 |
|----------------------|-----|
|----------------------|-----|

Price as on October 31, 2022

| Stock Details | |
|----------------------------|----------|
| Thomson Reuters ticker | 2050.SE |
| 52 week high/low | 10.4/7.3 |
| Market Cap (US\$ mn) | 4,120.3 |
| Enterprise value (US\$ mn) | 7,108.2 |
| Shares outstanding (mn) | 533.3 |

Source: Thomson Reuters

| Average Daily Turnover ('000) | | |
|-------------------------------|----------|---------|
| | SAR | US\$ |
| 3M | 16,782.9 | 4,463.5 |
| 6M | 22,473.9 | 5,977.0 |

Source: Thomson Reuters



Source: Thomson Reuters

| Valuation Multiples | | |
|---------------------|------|------|
| | 2021 | LTM |
| P/E (x) | 76.1 | 39.3 |
| P/B (x) | 2.1 | 1.9 |
| EV/Sales (x) | 1.1 | 1.0 |
| Dividend Yield (%) | 2.3 | 0.7 |

Source: Thomson Reuters

| Shareholding Structure | |
|--------------------------------|----------------|
| Assila Investments Co. | 11.23% |
| Abdul Kader Al Muhaidib & Sons | 8.23% |
| Abdullah Mohamed Abdullah | 8.22% |
| Others | 72.32% |
| Total | 100.00% |

Source: Thomson Reuters

Leading e-commerce Platforms in the GCC

Namshi (UAE)

Founded in 2011, Namshi is a Dubai-based online platform for fashion, beauty, and lifestyle products. Namshi's portfolio includes over 1,200 brands including 550 footwear and apparel fashion brands from international players such as Lacoste, Polo Ralph Lauren, Nike, Adidas, Puma, and Emporio Armani among others. As part of the Emaar Group, Namshi has also become the sole distributor for a number of international brands seeking to enter the Middle East market. Emaar Malls PJSC acquired 51% stake in Namshi for US\$ 151 million in May 2017 from Rocket Internet's Global Fashion Group. In 2019, Emaar Malls acquired the remaining stake in the company for US\$ 129.5 million. Namshi reported net sales of US\$ 249 million in 2021.

Fund Raising Activity

Namshi has raised a total of US\$ 33 million in funding until date.

| Date | Funding Details |
|-----------------|--|
| May 13, 2013 | Raised US\$ 13 million from a Series C round led by Summit Partners |
| October 2, 2012 | Raised US\$ 20 million from a venture round led by Blakeney Management and JPMorgan Partners |

Recent Developments/Future Plans

- In August 2022, Noon agreed to acquire Namshi from Emaar Malls for AED 1.2 billion (US\$ 335.2 million). Emaar Malls announced that the company expects to make a US\$ 171 million profit on the sale. The transaction is expected to close in six months.

Noon.com (Saudi Arabia)

Noon.com is a Riyadh-based e-commerce platform, which began operations in the UAE and Saudi Arabia in 2017. Founded by Mohamed Alabbar (Chairman of Emaar Properties), in collaboration with Saudi Arabia's Public Investment Fund (PIF) and other private investors, Noon offers a wide range of products across various sectors such as beauty, fashion, electronics, home, kitchen, and groceries to its customers in Saudi Arabia, UAE, and Egypt. Services offered by the company include Noon Daily, which delivers groceries to doorsteps; and NowNow, which gives customers access to stores in their neighborhood with delivery within minutes of ordering. The company has a strong logistics fleet of delivery vans in more than 40 cities across the UAE and Saudi Arabia. It also has 11 warehouses in the UAE, seven in Saudi Arabia, and three in Egypt. Noon primarily collaborates with small and medium-sized local enterprises, traders, suppliers, and start-ups to increase its market share in the e-commerce segment. Through Noon, regional companies can use the site as their own digital platform, as well as their logistics and fulfilment provider, to reach more customers. In 2019, Noon acquired Sivvi, a Dubai-based fashion ecommerce platform similar to Namshi. Sivvi currently delivers its products to customers in the UAE, Saudi Arabia, Oman, Bahrain, and Kuwait. Noon reported net sales of US\$ 169 million in 2021.

Recent Developments/Future Plans

- In August 2022, Emaar Malls entered into a definitive share purchase agreement with Noon to divest its 100% stake in online fashion retailer Namshi for AED 1.2 billion (US\$ 335.2 million).
- In March 2022, Noon opened its largest warehouse in Riyadh as part of its ongoing expansion in logistics and fulfilment network.
- In October 2021, Noon announced plans to receive US\$ 2 billion in financing from investors, including Saudi Arabia's PIF, over the next three to four years.
- In April 2021, Noon.com collaborated with Manchester City, an English football club owned by Sheikh Mansour of Abu Dhabi.
- In October 2020, the Khalifa Fund collaborated with Noon to support Abu Dhabi SMEs. Through this partnership, SMEs will gain access to Noon's customers, its logistics and fulfilment network, and a secure payment gateway.

Source: Company Website, NEWS Articles



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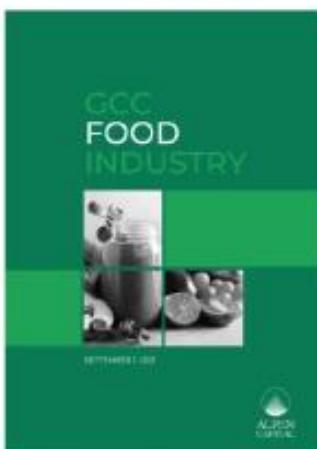
GCC Hospitality Industry
2011, 2012, 2014,
2016, 2018 & 2022



GCC Insurance Industry
2009, 2011, 2013,
2015, 2017, 2019 & 2022



GCC Education Industry
2010, 2012, 2014,
2016, 2018 & 2021



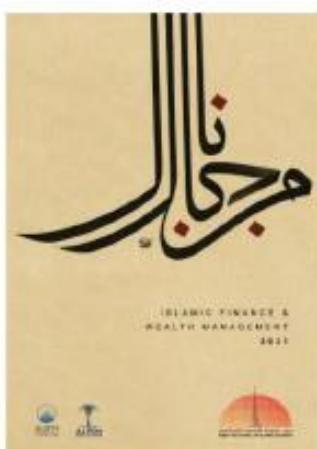
GCC Food Industry
2011, 2013, 2015,
2017, 2019 & 2021



GCC Healthcare Industry
2009, 2011, 2014,
2016, 2018 & 2020



GCC Retail Industry
2009, 2010, 2011,
2012, 2015, 2017 & 2019



Islamic Finance
and Wealth Management
2021

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Sale of 51% Equity Stake in Al Kabeer Group of Companies



to
Savola Group



Financial Advisor




RBL BANK
Specialist bank

RBL BANK - DIFID
INR 185,100,000,000
Investment of INR 100 million in RBL BANK

DFC - DIFID

Financial Advisor



Sale of 100% Equity Stake in Al Faysal Bakery and Sweets



to
Agthia Group PJSC



Financial Advisor




Cholamandalam Investment and Finance Company Limited

INR 10,570,000,000 (~US\$150 million)
Non Convertible Debentures

Investor



Asian Development Bank

Financial Advisor




SAHYADRI FARMS POST HARVEST CARE LTD.

INR 3,10,00,00,000 (~EUR 40 million)
Equity Capital

Investors






Financial Advisor



Sale of 60% Equity Stake in Multi-Speciality Healthcare Partner Holding Ltd.



Financial Advisor



IndusInd Bank

US\$ 75,000,000
Long Term Debt

Investor



Financial Advisor




Sale of 100% equity stake in Seven Seas Technology, UAE

to



Softline Group Inc
(A London Stock Exchange Listed Entity)

Financial Advisor



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