GCC Retail Industry

22 April 2009

ALPEN CAPITAL

TABLE OF CONTENTS

DISCLAIMER

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

1. Executive Summary

1.1. Scope of the report

This report caters to investors looking for opportunities in the GCC retail sector. The focus of the report is on GCC retail players and factors that drive revenue and earnings for the industry, as well as opportunities and challenges. The report also covers valuations, stock liquidity and transparency for the major listed GCC retail players.

1.2. Investment rationale

GCC retail offers growth potential: Opposing forces are at work in the GCC retail market. A growing population, rising tourism and huge investments into new retail destinations will encourage increased consumption, while falling equity and real estate prices, slower economic growth and reduction in consumer credit will work in the opposite direction. We expect spending on discretionary luxury goods to fall in 2009, while non-discretionary spending, like food retail, should remain relatively strong.

- **GCC retail market to continue to grow** (Chapter 3): Our forecast suggests the GCC retail market will continue to grow at a nominal CAGR of about 6.6% in 2009 to 2011, a lower pace than that over the past five years. Rising income levels contribute about two-thirds of the growth while population growth accounts for the balance.

- **Fall in discretionary, luxury goods spending in early 2009**: A leading regional retail conglomerate saw its sales for luxury goods fall by 25-30% year-on-year in February 2009 according to Gulf News. Similarly, Abu Dhabi gold sales were down by about 25% year-on-year in March 2009 according to press reports.

- **Valuations** (Chapter 2.2)

    - ❖ **P/E multiple:** GCC retail players are trading at a P/E multiple (trailing 12 months) of 15.3x, or a discount to the average of both our emerging and developed market peer groups.

    - ❖ **EV/EBITDA:** GCC retail players are trading at a EV/EBITDA (trailing 12 months) multiple of 11.6x, or a discount to the average of our emerging market peer-group, but at a premium to the developed market peer group**.**

    - ❖ **Dividend payout ratio:** Furthermore, GCC retailers boast a dividend yield of 8.6%, significantly higher than our emerging (2.5%) and developed (2.8%) market peer groups.

- **Healthy financial performance** (Chapter 2.1): The GCC retail players have performed well in terms of both top-line growth and operating efficiency compared to our emerging market and developed market peer-groups.

    - ❖ **Relatively strong revenue growth:** In 2008, the GCC retailers posted an average revenue growth of 33.0%, significantly higher than 22.1% for our emerging market and 5.9% for our developed market peer-groups.

    - ❖ **Strong operating margins:** The GCC retail players reported an average operating margin of 9.0% in 2008, higher than our emerging market peer groups and comparable to our developed market peer groups.

❖ **ROA/ROE:** GCC retail players reported strong ROA and ROE of 11.2% and 21.0% respectively, compared with only 5.6% and 14.7% for our emerging and 8.8% and 17.7% for our developed market peer groups.

Regional picks (Chapter 4.2): Retail players operating in Dubai and Saudi Arabia should witness substantial market expansion in coming years.

- GCC retail markets are expected to witness an addition of about 3.7 million square meters (m^2) of gross leasable area (GLA) to reach 13.2 million m^2 over the next three years, with the UAE alone adding 2.0 million m^2 of GLA. We see a glut of retail space developing in the Dubai market, which we expect will reduce rents and improve the profitability of retailers and help offset some of the weakness in the trading performance in 2009.

- **Saudi Arabia presents huge potential for organized players:** Saudi Arabia has witnessed the bulk of retail expansion, with the four cities of Al Khobar, Riyadh, Jeddah and Makkah & Madinah accounting for around 42% of the total GLA completed in 2008 in the GCC.

  ❖ The relatively young and rapidly growing population base and growth in religious tourism are expected to boost retail sales growth in Saudi Arabia over the medium to long term.

Sector picks (Chapter 2.3): We expect budget retailers focused on non-discretionary products to outperform in the short to medium term as consumers tighten their budgets in view of job uncertainties and weak sentiment. Retailers focused on discretionary luxury goods will face more challenging trading conditions in the short to medium term. Consequently, we suggest investors with a short term investment horizon focus on the non-discretionary consumer goods segments, while we foresee interesting long term investment opportunities emerging in 2009 and 2010 in the more cyclical discretionary luxury goods segments.

Investment risks:

- The global economic downturn and the dramatic fall in GCC equity and property prices in the last six months has hurt consumer confidence. We expect to see a sharp fall in spending on discretionary luxury goods in 2009 as a result (Chapter 4.5.2).

- Banks are increasingly reluctant to extend consumer credit for real estate, car or credit card spending. This will have a negative impact particularly for spending on discretionary higher priced consumer goods where financing is often required (Chapter 4.5.3).

- Job cuts in the private sector may result in a rise in unemployment levels and a reduction in the expatriate work force in the region. That said, we don't foresee major redundancies in the public sector, in fact, the GCC governments have pledged to increase spending in 2009 to counter the impact of the global economic recession.

- The publicly listed GCC retail players are trailing behind their global peers in terms of transparency and governance practices (Chapter 2.4).

1.3. Industry outlook

The GCC retail industry has grown immensely over the last few years. According to Retail International, the GCC nations now have 9.5 million m^2 of GLA of organized retail space, compared to less than 1 million m^2 in the mid-

90s. The 2008 GLA figure represents an increase of over 1.75 million m^2 over 2007 and a CAGR of 23.0% since 1985.

- **Saudi Arabia is the largest retail market** (Chapter 4.2.1): With an estimated population of 24.9 million and per capita GDP of US$19,345 in 2008, Saudi Arabia is the largest and one of the most prosperous retail market in the Middle East.

    - Food, beverages and tobacco is the largest retail segment with an estimated share of 53.4% of retail sales in 2007. Within the non-food segment, clothing is by far the biggest category, followed by footwear.

    - According to the Economist Intelligence Unit (EIU) the GCC food retail segment is expected to grow faster than the non-food segment.

- **The UAE is catching up fast** (Chapter 4.2.2): Despite a relatively small population base, the region accounts for approximately 37.0% of the total new retail GLA completed in the GCC in 2008.

    - The Dubai Shopping Festival (DSF) has been a major attraction for both local and international shoppers, and has provided a substantial impetus for retail growth in Dubai. According to industry estimates, the DSF accounts for approximately 25% of the annual sales of some retailers in the region.

    - According to Colliers (Q2 2009), the number of 4 and 5-star hotel rooms in Dubai is expected to increase by 57% in the next three years to reach over 43,000, while in the same period Abu Dhabi is expected to add around 13,000 hotel rooms to its existing strock of around 10,129.

- **High GDP per capita coupled with favorable demographics** (Chapter 4.3.2): Based on purchasing power parity (PPP), GCC countries' GDP per capita is significantly higher than the BRIC nations. This has been one of the primary factors in supporting the retail industry's phenomenal growth. The GCC region is expected to continue to enjoy higher GDP per capita than the rest of the world, according to IMF estimates.

- Large-scale retail projects developed across the GCC region has significantly changed the structure and dynamics of the GCC retail industry:

    - **Hypermarkets rapidly becoming the favorite retail format** (Chapter 4.4.1): The Nielsen's 2008 Shopper Trends Report suggests that when it comes to food and basic essentials GCC shoppers are becoming increasingly price conscious. Consequently, there is an observable trend in sales away from supermarkets in favor of bigger format stores.

    - **Efforts by regional retail players to increase market share** (Chapter 4.4.2): To counter competition, Gulf-based retailers are making efforts to both strengthen their presence within the GCC and to expand footprints outside the region.

    - **Online shopping gaining traction** (Chapter 4.4.3): Although the GCC's younger population is increasingly media-savvy, computer literate and eager to purchase the latest technology, online shopping has remained under-developed. However, efforts are being made to address issues relating to consumer access and confidence.

    - **Beauty sector to remain attractive** (Chapter 4.4.4): The Middle East cosmetic and toiletries (C&T) market is set to remain one of the largest and most profitable in the world. Growing at a rate of 12% annually, Middle East beauty sales are expected to grow by more than AED11 billion by 2010, according to Beauty World Middle East (March 2008), an international beauty trade fair.

- **Challenges facing the industry**

  - **The global recession has brought a six-year economic boom to an end** (Chapter 4.5.1). Falling equity and real estate prices has led to weak consumer confidence (Chapter 4.5.2). Prevailing negative sentiment amongst consumers is now beginning to reflect in lower reported sales of major product categories such as gold jewellery. Banks are increasingly risk averse with private sector credit growth turning negative at the end of 2008 and beginning of 2009 (Chapter 4.5.3.).

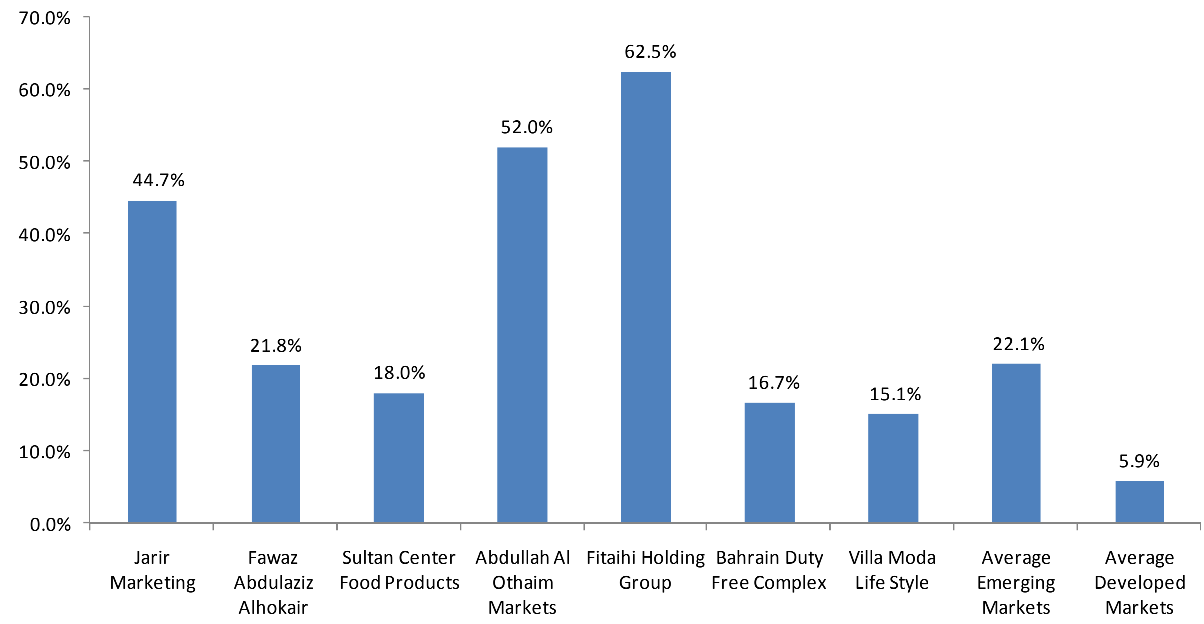
  - Other challenges include increasing competition from international retail players (Chapter 4.5.4) and the potential introduction of VAT (Chapter 4.5.5.)

2. Valuations

2.1. Financial performance

In spite of the global recession, GCC retail players managed to maintain healthy revenue growth in 2008. The GCC retail players[1] posted an average revenue growth of 33.0% (excl. Damas International), higher than 22.1% for our emerging market[2] peer groups and 5.9% for our developed market[3] peer groups (See chart 1).

Chart 1. Major GCC Retailers, Revenue Growth, 2008 (%)



Source: Bloomberg, Thomson One Analytics, Zawya, Excl. Damas international for which latest financial data not available. Data for Tesco represents 12 months ended August 2008, Data for Dashang Group and Metro represents trailing 12 months ended September 2008, Data for Fawaz Abdulaziz Alhokair represents trailing 12 months ended December 2008, Data for Pantaloon Retail and Villa Moda Lifestyle represents trailing 12 months ended September 2008

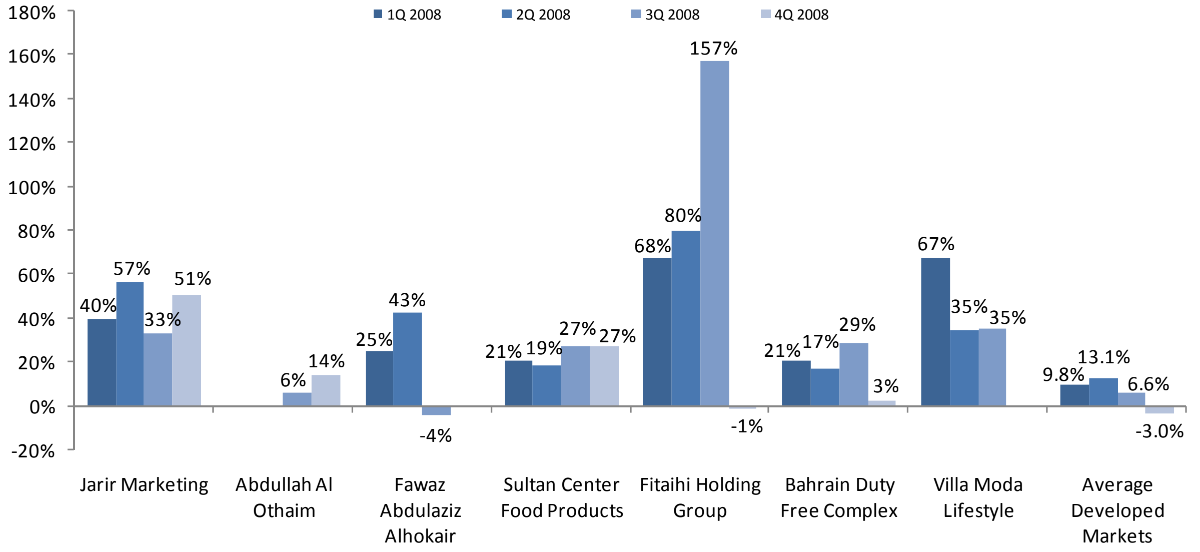
The positive growth trend continued in Q4 of 2008, with GCC retailers posting an average revenue growth of 17.9% year-on-year, significantly higher than 7.0% for our emerging market and -1.2% for our developed market peer groups (See chart 2). However, we expect growth rates to moderate as consumer confidence weakens in view of job insecurity and the falling in asset prices. According to the IMF, real GDP growth for the GCC is expected to fall to 3.5% in 2009, from 6.8% in 2008.

[1] Jarir Marketing, Damas International, Fawaz Abdulaziz Alhokair, Sultan Centre Food Products, Abdullah Al Othaim Markets, Fitaihi Holding, Bahrain Duty Free Complex, Villa Moda Lifestyle

[2] Better Life Commercial, CP ALL pcl, Big C Supercenter, Pantaloon Retail, Dashang Group, Companhia Brasileira de Distribuicao Grupo Pao de Acucar

[3] Walmart stores, Target Corporation, Carrefour, GAP Inc., Sears Holding Corporation, Tesco plc, Metro AG, Staples Inc., Inditex Group (Zara), LVMH Moet Hennessy Louis Vuitton SA, Hennes & Mauritz AB (H&M), Home Depot, Inc

Chart 2. Revenue Growth, Quarterly (year-on-year, %)

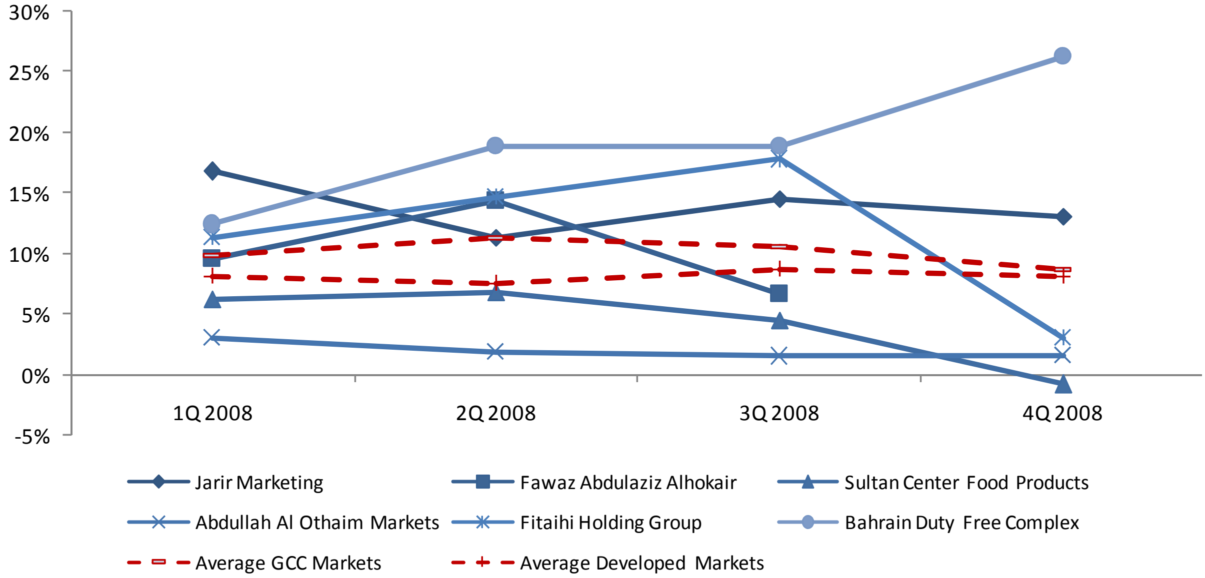


Source: Bloomberg, Thomson One Analytics, Zawya, Quarterly figures not available for Damas international, Data for Carrefour, Louis Vuitton Moet Hennessy and Tesco are half yearly, Q4 2008 data not yet available for Fawaz Abdulaziz, Villa Moda Lifestyle, Metro and Tesco

In terms of operating margin, GCC retail players have on average performed better than our developed and emerging market peer groups (See chart 3), reporting an average operating margin of 9.0% in 2008 and 8.3% in the last quarter.

We may see some divergence in performance in 2009, with players focusing on essential, consumer goods and lower price segments outperform non-essential, luxury and higher priced segments. So far luxury goods retailer Fitaihi Holding has reported a 27% drop in Q1 2009 net income, while books and office supplies retailer Jarir Marketing has reported a 10% increase.

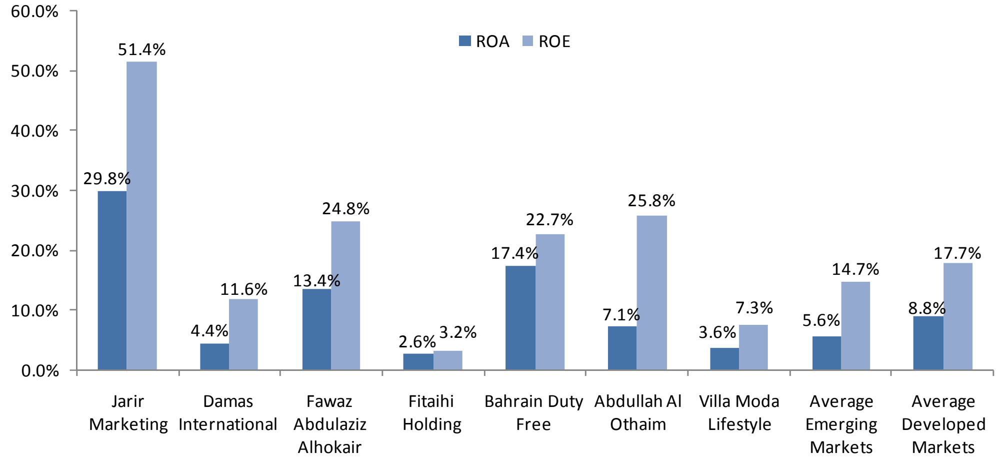
Chart 3. Operating Margins, Quarterly (%)



Source: Bloomberg, Thomson one analytics, Zawya; Quarterly figures not available for Damas international, Data for Carrefour, Louis Vuitton Moet Hennessy and Tesco are half yearly, Q4 2008 data not yet available for Fawaz Abdulaziz and Metro

The GCC retailers have achieved higher sales growth through investment in retail space while delivering higher returns to the shareholders in terms of ROE and dividend yield. The GCC retailers reported ROA and ROE of 11.2% and 21.0% respectively, compared to an average return of 5.6% and 14.7% respectively for our emerging market and 8.8% and 17.7% respectively for developed market peer groups (See chart 4).

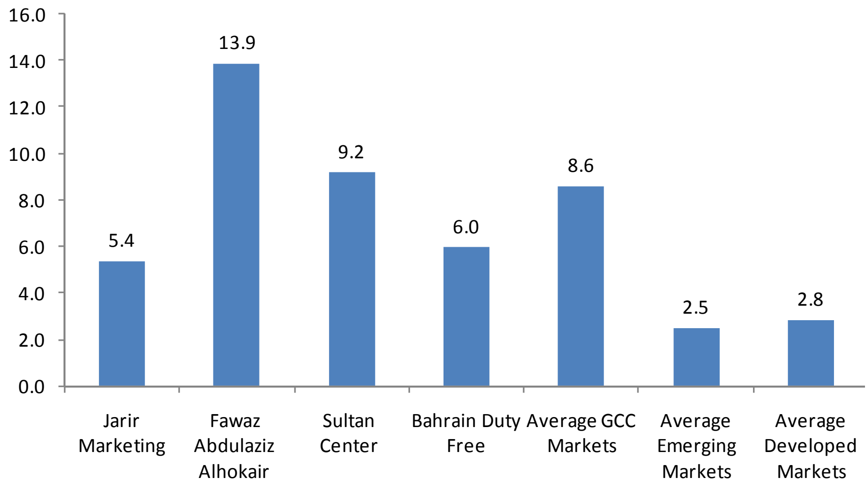
Chart 4. Return on Assets (ROA) and Return on Equity (ROE) (%)



Source: Bloomberg, Zawya; Excl. Abdullah Al Othaim, Pantaloon retail; Data for Fawaz Abdulaziz, Villa Moda Lifestyle, Dashang Group, Metro refer to the first nine months of 2008, while data for Tesco corresponds to six months ended August 2008, Data for Sultan Center is not meaningful

Further, the GCC companies have also been paying higher dividends to its shareholders with an average dividend yield of 8.6%, significantly higher than 2.5% and 2.8% for our emerging and developed market peer groups (See chart 5).

Chart 5. Dividend Yield (%)



Source: Bloomberg, Zawya; Data for Abdullah Al Othaim, Damas international, Fitaihi Holding, Villa Moda Lifestyle, Better Life, Dashang group, Carrefour and Sears Holding not available

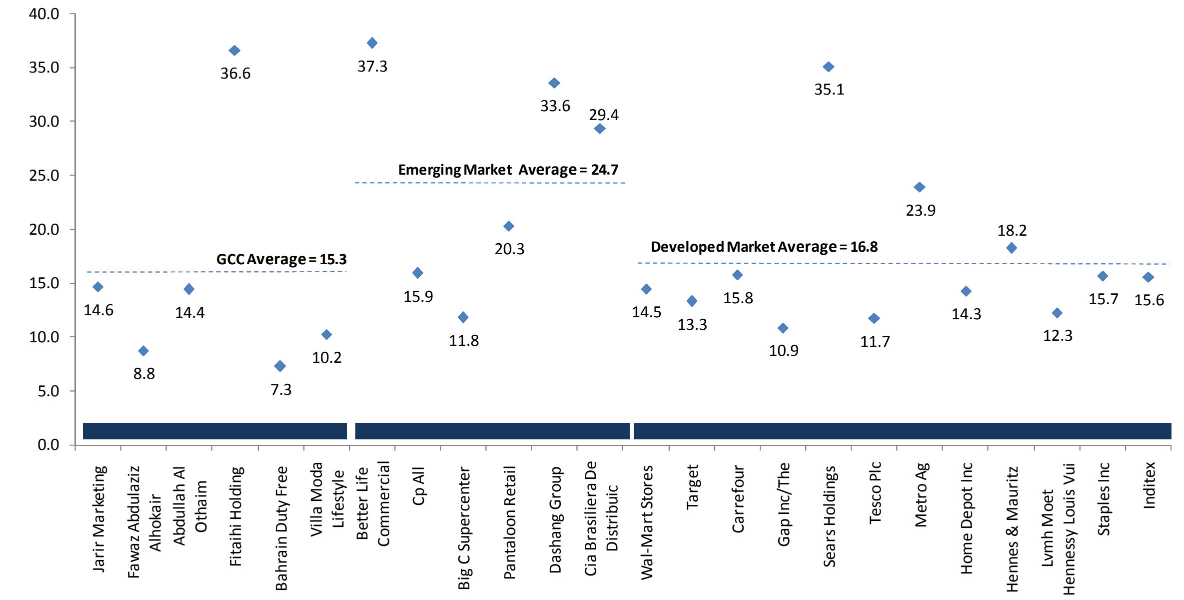
2.2. Stock prices

With a large proportion of the GCC retail industry operating in the unorganized sector, the potential for organized players to continue to grow is very good. Although 2009 is likely to witness a moderation in revenue growth on the back of the global recession, the longer-term outlook remains positive.

- **Valuation based on P/E multiple:** Based on trailing P/E multiple the sector is trading at a discount of 38.0% to the average of our emerging market peer group (See chart 6). The lower P/E multiple of developed market players reflects lower potential for growth. This is one of the key reasons why major international retail players are looking to increase their presence in the emerging economies.

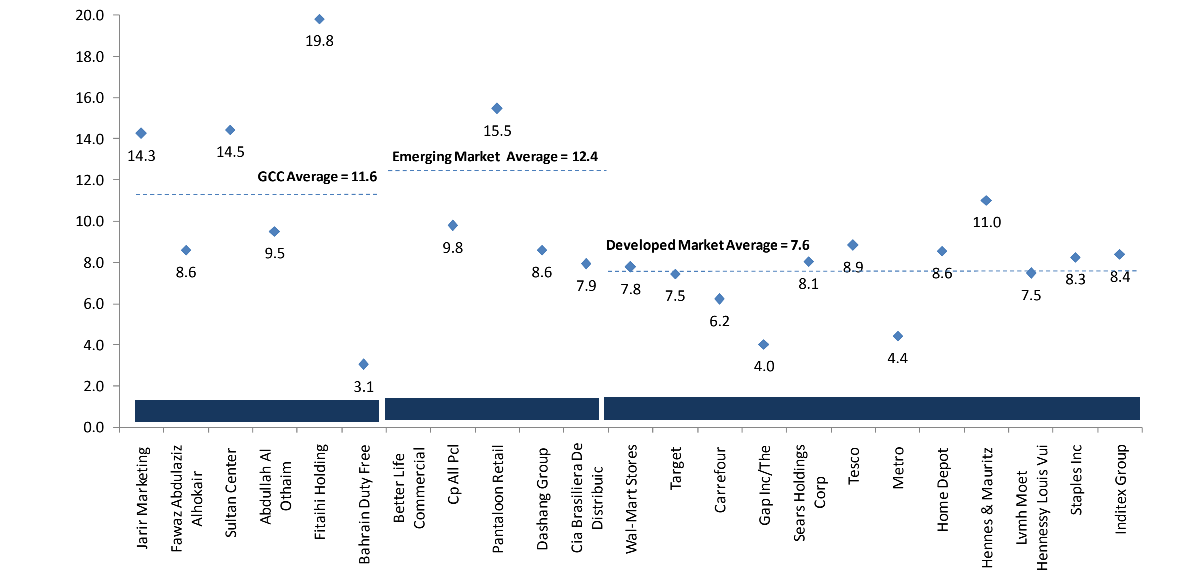
- **Valuation based on EV/EBITDA:** Based on 2009 EV/EBITDA (trailing 12 months) multiple the sector is trading at a discount of 6.4% to the average for our emerging market peer group (See chart 7).

Chart 6. Current P/E Multiple



Source: Bloomberg, Thomson One Analytics, Zawya; Price as of April 20, 2009, Earnings for Villa Moda Lifestyle represents trailing 12 months ended September 2008, PE multiple not available for Damas and not meaningful for Sultan Center

Chart 7. Current EV/EBITDA (Trailing 12 months) Multiple

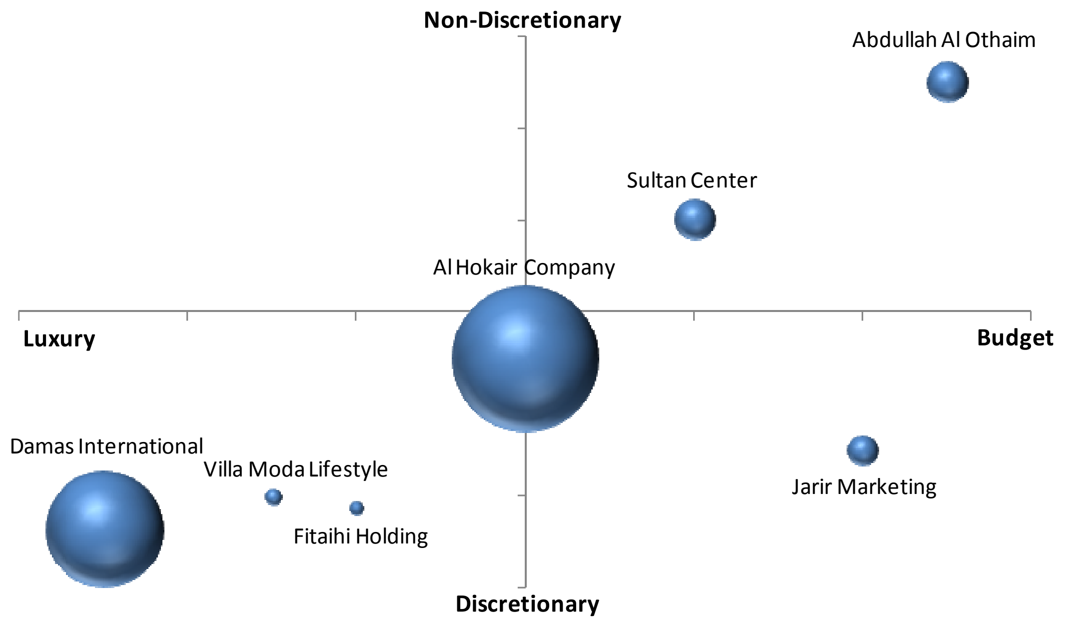


Source: Bloomberg, Thomson One Analytics, Zawya; Price as of April 20, 2009; Excl. Villa Moda Lifestyle

2.3. GCC retail sector picks

The GCC peer group comprise players focused primarily on discretionary products, like luxury goods retailers Damas International and Fitaihi Holding, and those focused primarily on non-discretionary products, like food retailers Abdullah Al Othaim Markets Company and The Sultan Center (See chart 8).

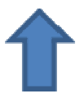
Chart 8. The GCC Retailers Type



Source: Alpen Capital; size of bubble signifies number of stores

We expect budget retailers focused on non-discretionary products to outperform in the short to medium term as consumers tighten their budgets in view of job uncertainties and weak sentiment. Retailers focused on discretionary luxury goods will face more challenging trading conditions in the short to medium term. Consequently, we suggest investors with a short term investment horizon focus on the non-discretionary consumer goods segments, while we foresee interesting long term investment opportunities emerging in 2009 and 2010 in the more cyclical discretionary luxury goods segments (See chart 9).

Chart 9. Short Term Outlook for Major GCC Retailers

Name	Business Segment	Spending Type	Prominent Brands Available	Short Term Outlook	Outlook Rationale
The Sultan Center	Food and Fashion	Discretionary / Non-Discretionary	**Fashion**: Bedo, Ocean Pacific, Rampage, Jaeger		• With expected a drop in food inflation across the GCC region and growth in the food-retail segment to surpass the non-food segment in the near term.
Abdullah Al Othaim Markets Company	Food	Non-Discretionary	Rex, Victo, Haley, Shear, Safoori, Proof		

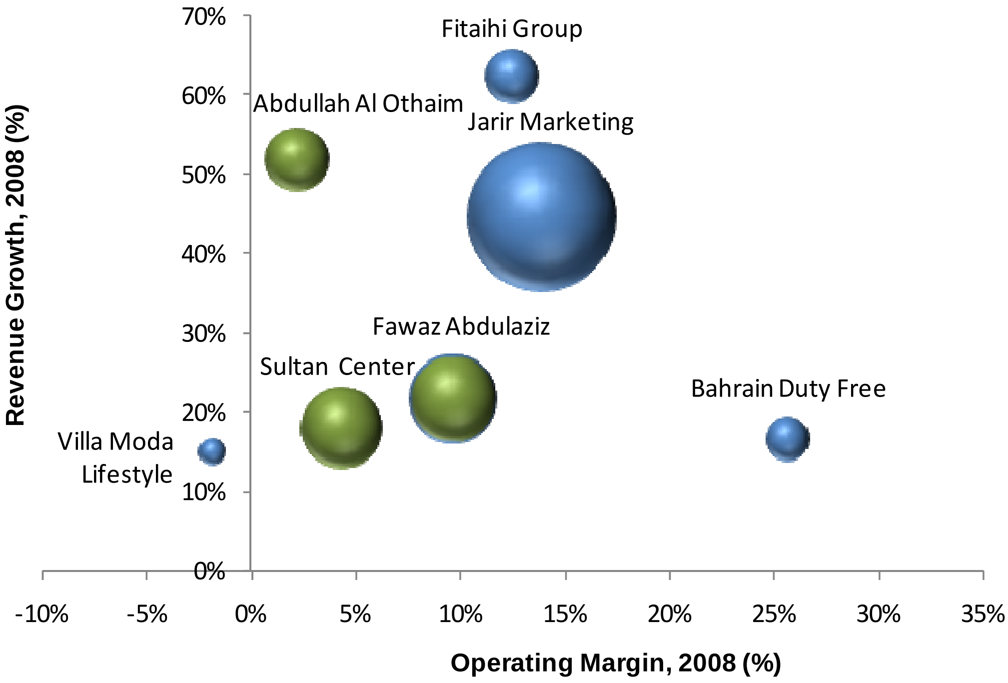
Name	Business Segment	Spending Type	Prominent Brands Available	Short Term Outlook	Outlook Rationale
Jarir Marketing	Books, School & Office Supplies and Gaming	Discretionary	HP Laptops, WD External Hard Disks, HTC Mobiles	↑	• Jarir's diversified product offering in more profitable school/ office stationery and books should benefit given the current economic downturn. • As a result, Jarir has also launched low-priced laptops (SR1,300) to boost its sales growth.
Bahrain Duty Free Shopping Complex	Multi - specialty	Discretionary	Valentino, iPod, Sony, JVC, Rolex, Snickers, Nido	↔	• Although the company plans to expand in line with the Bahrain International Airport, a slowdown in international tourist arrivals would result in lower sales. However, duty free pricing will attract budget conscious customers.
Fawaz Abdulaziz Al Hokair Company	Food, Fashion and Furniture	Discretionary / Non-Discretionary	**Food**: Swensen's, The Pizza Company, London Dairy, Cinnabon, Carvel, Seattle's Best Coffee and Booster Juice **Fashion**: Zara, Banana Republic, Gap, Aldo **Furniture**: Kika	↔	• Primarily a mid-market fashion retailer. A drop in fashion business may be offset by other businesses like food. Some fashion brands may do better than others due to lower price-point.
Damas International	Jewellery and Watch	Discretionary	**Private Labels**: Asmi, Aura, Damas Kids, Hayati, Fulla **Foreign Brands**: Tiffany & Co, Paspaley, Parmigiani, Stefan Hafner, Links of London	↓	• Weakening consumer confidence is expected to reduce spending on discretionary luxury products. • New store openings may help offset some of the weakness in revenue growth. • With gold prices touching record highs, consumers are reluctant to purchase gold for jewellery or investment purposes.
Fitaihi Holding	Jewellery and Crystals	Discretionary	**Private Labels**: Miss Fitaihi, Fitaihi Junior, Royal Family **Foreign Brands**: Mont Blanc, Dunhill, Sarcar, Louis Erard, Saint Louis, Rebecca, Derek Rose, Talento, Christian Dior, Breitling	↓	

↑ Above Average ↔ Average ↓ Below Average

Source: Company Website and Alpen Capital

Historical data suggests that non-food retailers have traditionally enjoyed higher revenue growth and operating margins than food retailers (See chart 10), although experiencing greater volatility. Consequently, we expect the non-food retailers to suffer more than food retailers from cut backs in consumer spending in 2009 and 2010.

Chart 10. Operating Margins and Revenue Growth



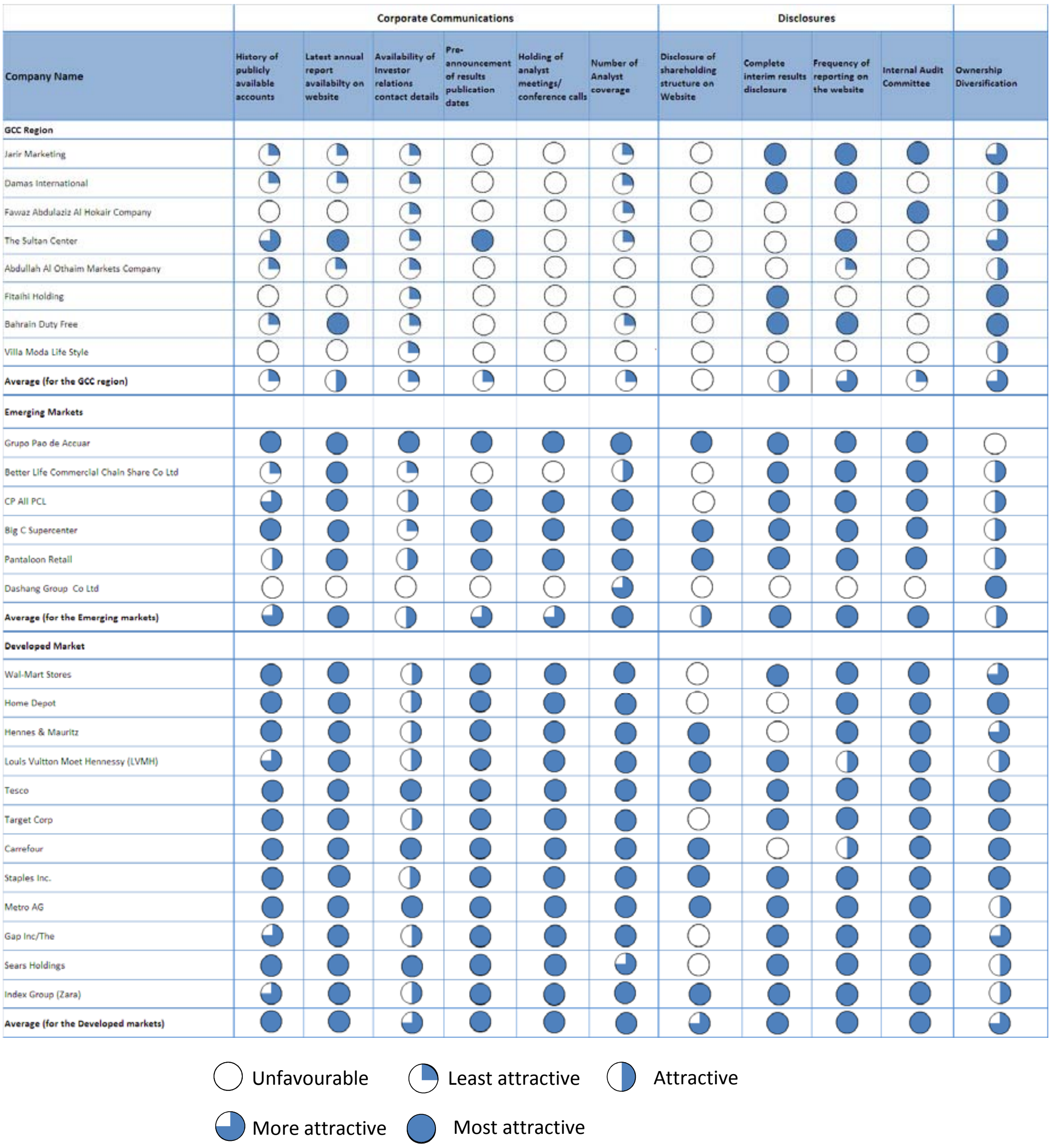
Source: Company annual reports; Green bubbles represent food retailers and blue bubbles represent non-food retailers; size of bubble signifies market capitalization (as of April 20, 2009 in US$ million), Data for Villa Moda Lifestyle represents trailing 12 months ended September 2008

2.4. Transparency

In the fast maturing GCC region, corporate governance is a fundamental aspect of business that has not developed at the same rate as the economy. GCC companies do however realize the importance of good corporate governance to help attract international investors as long-term shareholders.

In our view, GCC retailers trail behind their global counterparts in most areas of corporate communications and disclosure (see comparative analysis chart below). For instance, on average, only the last year's financial statements are available for the GCC retail players (excluding The Sultan Center) compared to four and twelve years for the emerging and developed market peer groups, respectively. All GCC companies lack a separate investor relations department and are covered by fewer analysts. In addition, the emerging and developed market peer groups have an internal audit committee in place while most of the GCC retail companies do not. On the contrary, the diversified ownership base (measured by the free float) of the GCC retail stocks exceeds the average of our emerging market but lags the average of our developed market peer groups.

Chart 11. Comparison of Transparency Levels



Source: Alpen Capital, Bloomberg, Thomson One Analytics, Company Website

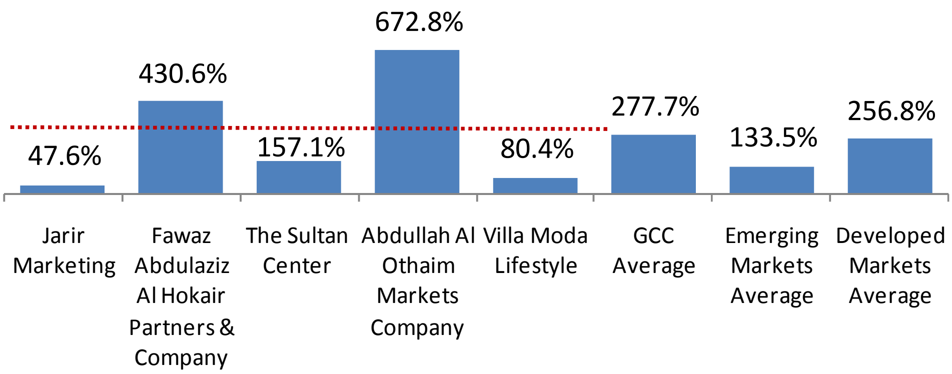
2.5. Stock liquidity

The liquidity of GCC stocks vary greatly, with some stocks trading infrequently. The average turnover velocity[4] of the GCC retail players is still relatively high at 277.7% (excluding Damas International, Fitaihi Holding and Bahrain Duty Free Complex), compared to an average of 133.5% for our emerging market and 256.8% for our developed market peer groups. Amongst the GCC retail stocks, the most liquid are Abdullah Al Othaim, with a turnover velocity of 672.8%, followed by Fawaz Abdulaziz Al Hokair with 430.6% and The Sultan Center with 157.1%.

[4] Turnover Velocity (%) = Annual traded volume/Market capitalization
Free float (%) = Equity Float/Total Shares Outstanding

The average free float of the GCC retail stocks is 49.0%, similar to our emerging market peer group of 43.2%, but lower than our developed market peer group of 69.4%.

Chart 12. Comparison of Liquidity Levels (Measured by Turnover Velocity & Free Float)



Company Name	Free Float (%)
Jarir Marketing	55.6%
Damas International	27.9%*
Fawaz Abdulaziz Al Hokair Partners & Company	30.0%
The Sultan Center	55.9%
Abdullah Al Othaim Markets Company	30.0%
Fitaihi Holding	78.8%
Bahrain Duty Free	79.7%
Villa Moda Lifestyle	34.1%
GCC Average	49.0%
Emerging Markets Average	43.2%
Developed Markets Average	69.4%

Source: Bloomberg, Traded volume measured from April 21, 2008 to April 20, 2009 and market capitalization as at April 20, 2009, *Public Holding as per Damas International's IPO-Prospectus

Chart 13. Comparable Analysis – Global Retail peers

Global retail peers			Market Performance			Growth, 2008-2007 (%)		Growth, 4Q2008/07 (%)		Profitability (%)				Current Multiples (x)		
	Company Name	Ticker	Price as of April 20, 2009 (US$)	Market Cap (US$ mn)	Enterprise Value (US$ mn)	Revenue	Net Income	Revenue	Operating Margin	Operating margin	Net Profit Margin	ROA	ROE	P/E	EV / EBITDA	Dividend Yield
	GCC Region															
1	JARIR MARKETING CO	JARIR AB Equity	44.6	1,338	1,383	44.7	20.5	50.9	13.1	13.9	13.2	29.8	51.4	14.6	14.3	5.4
2	DAMAS INTERNATIONAL LTD	Damas du Equity	0.5	514	788	N.A	N.A	N.A	N.A	6.0	5.8	4.4	11.6	N.A	N.A	N.A
3	FAWAZ ABDULAZIZ ALHOKAIR & C	ALHOKAIR AB Equity	6.7	470	562	21.8	-5.0	-4.1	6.7	9.6	11.4	13.4	24.8	8.8	8.6	13.9
4	SULTAN CENTER FOOD PRODUCTS	SULTAN KK Equity	0.7	392	899	18.0	N.M	27.4	-0.8	4.3	-2.6	N.M	N.M	N.M	14.5	9.2
5	ABDULLAH AL OTHAIM MARKETS	AOTHAIM AB Equity	10.6	239	308	52.0	28.9	14.2	1.6	2.2	2.2	7.1	25.8	14.4	9.5	N.A
6	FITAIHI HOLDING GROUP	AHFCO AB Equity	3.3	165	180	62.5	NM	-1.1	3.1	12.4	9.9	2.6	3.2	36.6	19.8	N.A
7	BAHRAIN DUTY FREE COMPLEX	DUTYF BI Equity	2.2	116	78	16.7	12.4	2.7	26.3	25.6	16.5	17.4	22.7	7.3	3.1	6.0
8	VILLA MODA LIFE STYLE	VILLAMOD KK Equity	0.6	43	76	15.1	28.2	35.5	N.A	-1.9	11.1	3.6	7.3	10.2	N.A	N.A
	Average (GCC Region)			**410**	**534**	**33.0**	**17.0**	**17.9**	**8.3**	**9.0**	**8.4**	**11.2**	**21.0**	**15.3**	**11.6**	**8.6**
1	GRUPO PAO DE ACUCAR	PCAR3 BZ Equity	14.5	3,444	4,580	21.0	23.5	-6.8	2.5	3.9	1.4	2.0	5.0	29.4	7.9	0.6
2	CP ALL PCL	CPALL TB Equity	0.3	1,476	1,121	12.2	126.1	-1.5	-2.1	0.9	2.7	7.7	25.5	15.9	9.8	5.1
3	DASHANG GROUP CO LTD -A	600694 CH Equity	3.9	1,140	1,201	27.8	-19.8	23.7	-5.5	1.1	1.2	2.5	7.7	33.6	8.6	N.A
4	BETTER LIFE COMMERCIAL CHA-A	002251 CH Equity	3.8	1,015	888	24.2	31.7	N.A	N.A	3.9	3.1	7.8	18.0	37.3	20.2	N.A
5	BIG C SUPERCENTER PCL	BIGC TB Equity	1.2	945	998	9.5	14.0	-4.8	-5.3	-5.5	4.0	7.9	17.2	11.8	N.A	3.9
6	PANTALOON RETAIL INDIA LTD	PF IN Equity	3.4	537	1,001	37.6	36.1	24.4	6.0	3.5	0.4	N.A	N.A	20.3	15.5	0.4
	Average (Emerging Markets)			**1,426**	**1,631**	**22.1**	**35.3**	**7.0**	**-0.9**	**1.3**	**2.2**	**5.6**	**14.7**	**24.7**	**12.4**	**2.5**
1	WAL-MART STORES INC	WMT US Equity	49.3	192,787	229,921	7.1	5.3	1.6	5.8	5.6	3.3	8.2	20.6	14.5	7.8	2.0
2	HOME DEPOT INC	HD US Equity	25.2	42,661	53,570	-2.1	-23.7	-17.3	1.8	6.1	3.2	5.3	12.7	14.3	8.6	3.6
3	TESCO PLC	TSCO LN Equity	4.8	38,122	51,927	15.0	11.4	N.A	N.A	5.5	4.5	7.7	19.0	11.7	8.9	3.8
4	LVMH MOET HENNESSY	MC FP Equity	67.8	33,242	42,526	4.3	0.0	3.2	21.0	21.1	11.8	6.5	16.6	12.3	7.5	3.1
5	HENNES & MAURITZ AB (H&M)	HMB SS Equity	37.9	31,387	28,757	13.0	12.6	-7.6	14.4	22.8	17.3	32.9	44.3	18.2	11.0	4.3
6	TARGET CORP	TGT US Equity	38.0	28,602	46,490	2.5	-22.3	-1.6	5.9	6.8	3.4	5.0	15.3	13.3	7.5	1.6
7	CARREFOUR SA	CA FP Equity	36.8	25,924	44,891	5.9	-44.7	3.6	4.2	3.8	1.5	2.5	12.2	15.8	6.2	N.A
8	INDITEX GROUP	ITX SM Equity	40.6	25,303	23,774	15.1	24.8	-2.0	15.6	15.5	12.0	16.8	28.1	15.6	8.4	3.3
9	STAPLES INC	SPLS US Equity	20.2	14,433	17,300	6.7	2.3	15.9	7.4	6.7	3.5	7.3	14.3	15.7	8.3	0.4
10	METRO AG	MEO GR Equity	38.0	12,388	19,156	18.5	2.5	16.7	2.2	2.8	0.6	1.2	6.7	23.9	4.4	4.0
11	GAP INC/THE	GPS US Equity	14.7	10,213	8,548	-7.8	16.1	-12.7	9.8	10.7	6.7	12.6	22.3	10.9	4.0	2.3
12	SEARS HOLDINGS CORP	SHLD US Equity	59.3	7,219	12,226	-7.8	-93.6	-12.7	4.5	1.3	0.1	0.2	0.5	35.1	8.1	N.A
	Average (Developed Markets)			**38,523**	**48,257**	**5.9**	**-9.1**	**-1.2**	**8.4**	**9.0**	**5.6**	**8.8**	**17.7**	**16.8**	**7.6**	**2.8**

Source: Bloomberg, Thomson One Analytics, Zawya, Excl. Damas international for which latest financial data not available. Data for Tesco represents trailing 12 months ended August 2008, Data for Dashang Group, Metro, Villa Moda Lifestyle represents trailing 12 months ended September 2008, Data for Fawaz Abdulaziz Alhokair, Pantaloon Retail represents trailing 12 months ended December 2008,

3. The GCC Retail Industry Outlook

Given the great uncertainties over the impact of the global recession, it is very challenging to forecast per capita consumer spending and population growth or decline. We have nevertheless made an attempt at forecasting the broad direction of spending based on two approaches.[5]

- Demand side estimate based on forecast population growth, inflation and consumer spending patterns for food, non-food discretionary and non-food non-discretionary goods.
- Supply side estimates based on the current and planned retail space, with conservative assumptions for completion of new retail space and the take-up of new space.

3.1. Demand side estimate

Assumptions

For Saudi Arabia and the UAE:

- IMF estimates for population growth (April 2009) and per capita private consumption and disposable income forecasts by the EIU (March 2009).

For Bahrain, Kuwait, Oman and Qatar:

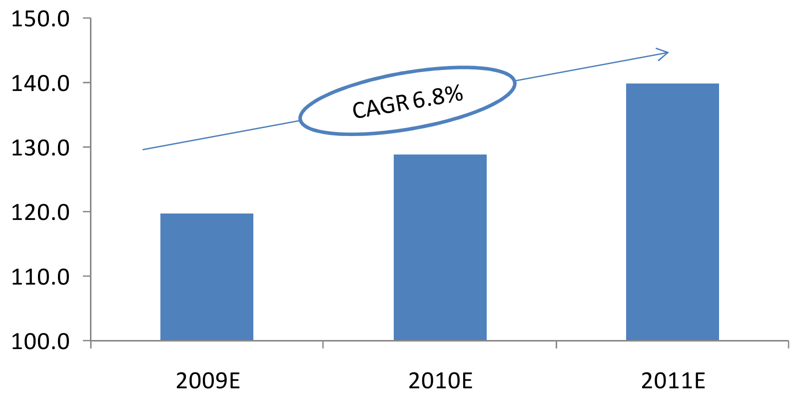
- IMF estimates for population growth (April 2009)
- Nominal decline of 5% in food prices in 2009 as markets correct after very strong increase in 2008. Food prices to follow IMF estimates for core inflation in 2010 to 2011 (April 2009).
- Nominal decline of 15% in per capita discretionary goods spending in 2009 and zero real growth in 2010 and 2011.
- Zero real growth in per capita non-discretionary food spending in 2009 to 2011.

Based on the above assumptions, the GCC retail market would grow at a CAGR of about 6.8% in 2009 to 2011 (See chart 14).

The combination of a young, growing and affluent population is likely to continue to underpin growth for the retail sector in the region. Although demand for discretionary goods will be negatively affected by weak sentiment fueled by asset price declines and job uncertainties, we expect the food sector to continue growing at a healthy pace. Further, with the GCC scoring high as a tourist destination, annual events like the Dubai Shopping Festival will continue to attract international shoppers. Continuous development of e-retailing and the GCC population getting increasing media-savvy, online retailing should also help to boost retail sales in the region.

[5] Please note that the supply and demand side estimates in the hardcopy version of this report have been updated with data released by the IMF and Colliers International subsequent to the release of the electronic version. The effect of this update is to lower the base case retail growth estimate for 2009 to 2011 to 6.6% from 6.8%.

Chart 14. GCC retail market size (US$ billion), 2009-2011



Source: Alpen Capital

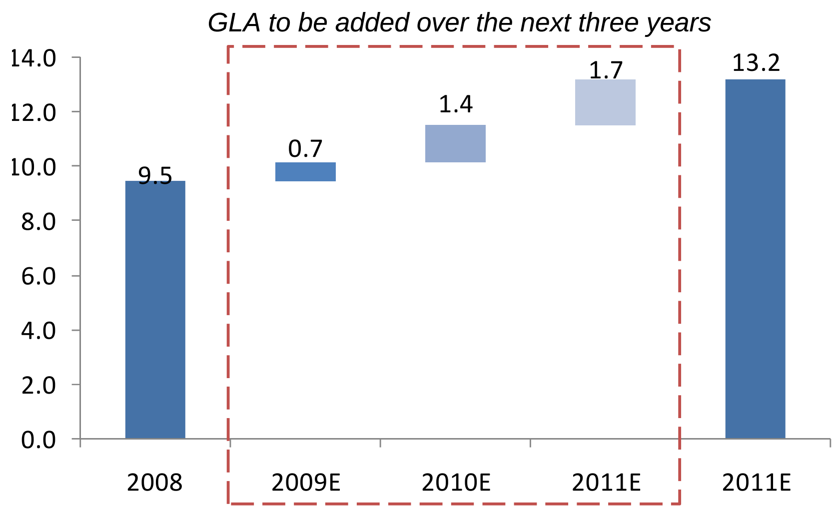
3.2. Supply side estimate

Assumptions

- All announced new retail projects are delayed by about 12 months.

Approximately 3.7 million m^2 of net addition of retail GLA is expected in 2009 to 2011. Given the uncertain economic environment, it is very difficult to determine the timing and the success of these projects. Consequently, we have assumed a delay in completion of all retail projects by one year (See chart 15).

Chart 15. GCC retail space growth (million m^2), 2008-2011



Source: Alpen Capital

Despite the fact that the GCC region has witnessed a huge expansion in the organized retail space in the last decade, the per capita GLA of 0.25 m^2 remains well below the 1.9 m^2 in the USA. Even with the additional retail space expected over the next three years the per capita GLA will only increase to 0.32 m^2 by 2011 indicating the immense potential for organized retail space in the region in the long term. To some extent we expect the new space to replace weaker store locations, rather than add to the aggregate GLA.

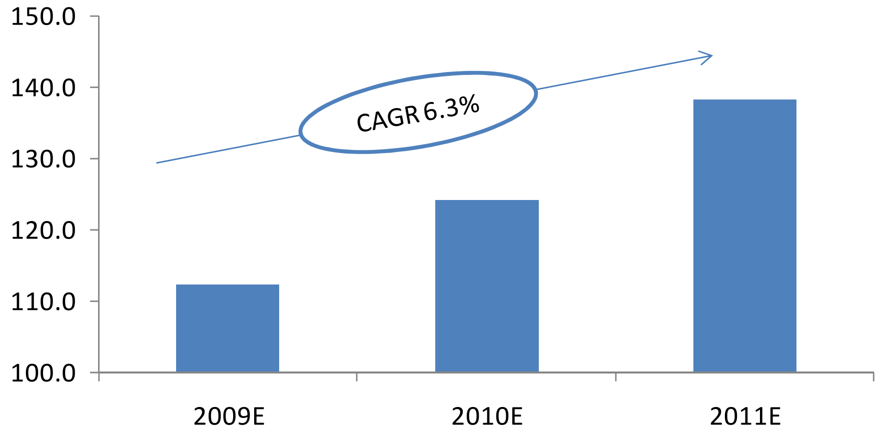
Considering the weak economic environment and signs of over supply of retail space in Dubai, we have assumed a take up of new space at 40% for our base case.

3.2.1. Scenario 1: Base Case

Assumption: Occupancy rate of 40% for the incremental organized retail space in the GCC region over the next three years.

Under this scenario, the GCC retail market would grow at a CAGR of 6.3% in 2009 to 2011, broadly in line with our demand side estimate.

Chart 16. GCC retail market size (US$ billion), 2009-2011

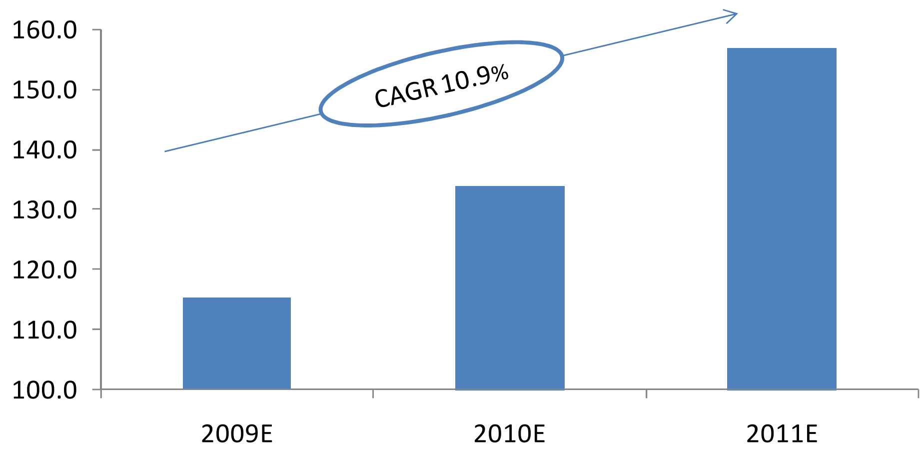


Source: Alpen Capital

3.2.2. Scenario 2: Optimistic Case

Assuming an occupancy rate of 80%, the GCC retail market would grow at a CAGR of 10.9% in 2009 to 2011.

Chart 17. GCC retail market size (US$ billion), 2009-2011



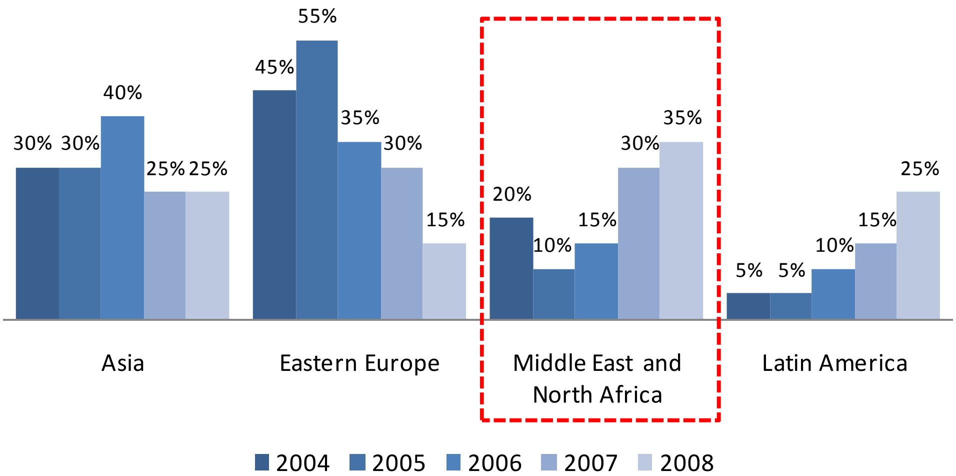
Source: Alpen Capital

4. Retail Industry

4.1. The Middle East retail industry

Retail is one of the fastest growing areas of the GCC economies supported by the significant rise in consumer spending power over the last few years. The industry is highly fragmented and unorganized with huge growth potential for organized retailers. Retail space is growing faster in the Middle East than in any other part of the world (See chart 18).

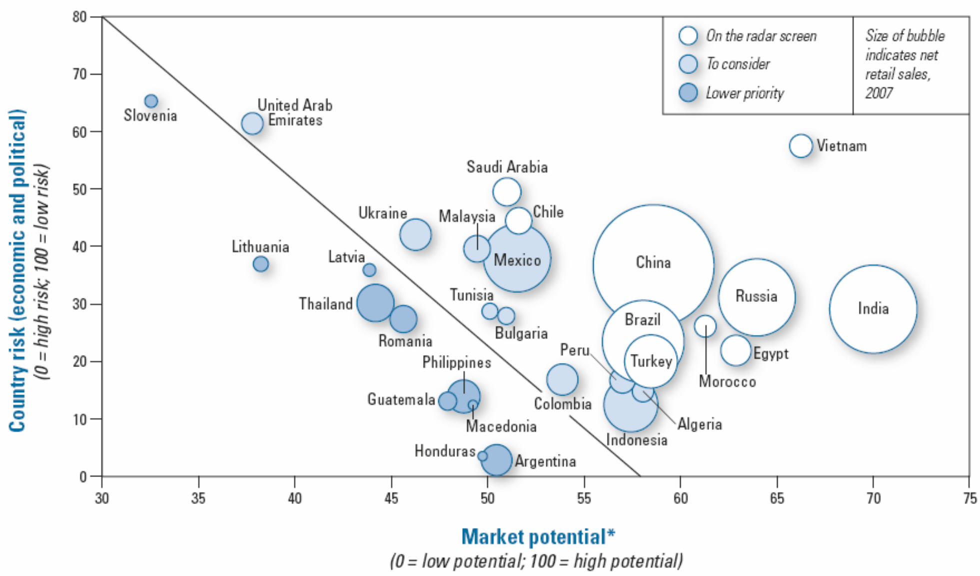
Chart 18. Global retail space growth, 2004-2008



Source: A .T. Kearney Global Retail Development Index, June 2008

The UAE and Oman are considered relatively more organized markets compared to other GCC countries. Saudi Arabia has been singled out as a market offering enormous growth opportunities at moderate risk by AT Kearney (See chart 19).

Chart 19. GRDI 2008 Country Attractiveness

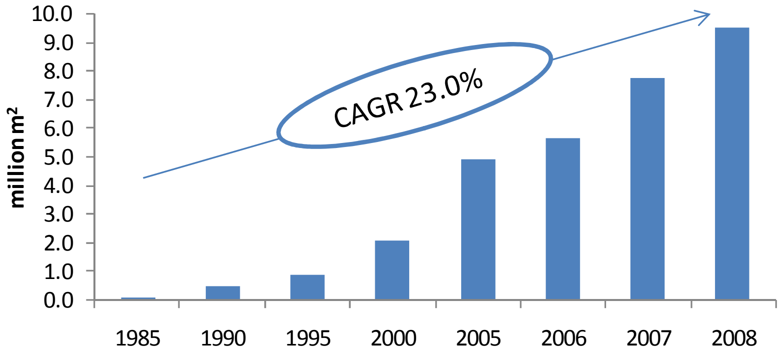


Source: A.T. Kearney Global Retail Development Index, June 2008, *Based on weighted score of market attractiveness, market saturation and time pressure of top 30 countries

4.2. The GCC retail industry

The retail sector has been one of the key beneficiaries of the efforts of the GCC economies to diversify away from being predominantly oil based. According to Retail International, the GCC nations have grown to 9.5 million square meter (m^2) GLA of organized retail space by the end of 2008, compared to less than 1 million m^2 in mid-90s. The 2008 GLA figure represents an increase of over 1.75 million m^2 over 2007 and a CAGR of 23.0% in 1985 to 2008 (See chart 20).

Chart 20. Gross Leasable Area in the GCC (million m^2)

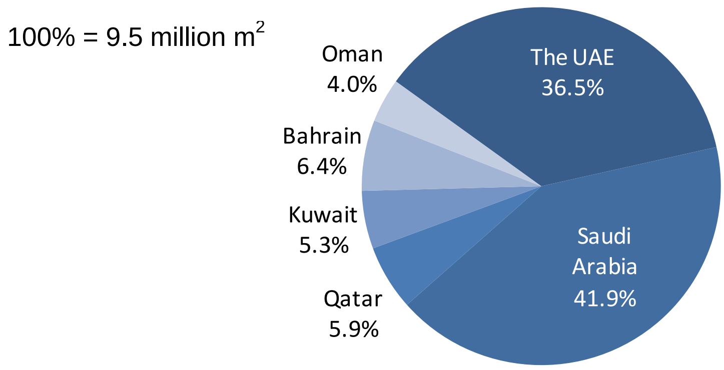


Source: Retail International, 2009

4.2.1. Saudi Arabia

With an estimated population of 24.9 million and a per capita GDP of US$24,581 in 2008, Saudi Arabia is the largest and one of the richest retail market in the Middle East. The region has expanded on account of growth in tourism with the four cities of Saudi Arabia (Al Khobar, Riyadh, Jeddah and Makkah & Madinah) accounting for 42.0% of the total GLA completed in 2008. The UAE accounts for 37.0% of the total GLA completely in 2008 (See chart 21).

Chart 21. Completed Gross Leasable Area in the GCC, 2008 (%)



Source: Retail International, 2009

Most of the retail industry in Saudi Arabia is dominated by unorganized retailers like baqalas (neighborhood stores) with the top five retailers accounting for only 13.9% of the total market. The opportunity for the organized retailers to increase their market share is therefore vast (See chart 22).

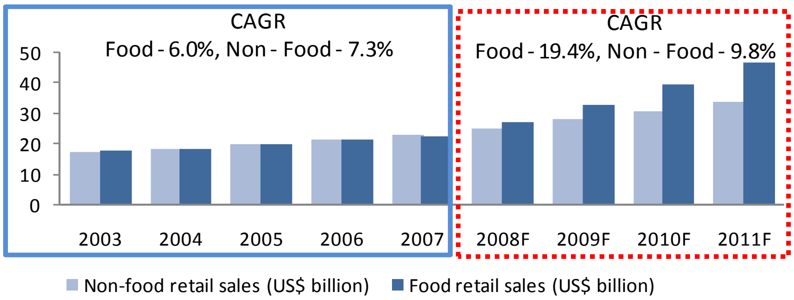
Chart 22. Trade structure

No of Outlets (% industry turnover)	Saudi Arabia	The UAE
Hyper/supermarket	430 (39%)	280 (85%)
Other self-service	3490 (20%)	260 (3%)
Large grocery	(10860) 22%	1550 (6%)
Baqalas	18150 (18%)	5040 (7%)

Source: East of England International, Gulf States Retail and Food Service Market Opportunities

As per EIU, overall retail spending in Saudi Arabia is estimated at US$53.0 billion in 2008. Food, beverages and tobacco is the largest retail segment accounting for approximately 53.4% of retail spending in 2007. Within the non-food segment, clothing has long been the biggest category, followed by footwear. While food and non-food sales growth have been similar at 6.0% and 7.3% respectively from 2003 to 2007, according to EIU estimates, the food segment is expected to surpass the non-food segment in the near future (See chart 23).

Chart 23. Saudi Arabia Retail Sales (US$ billion) : Food and Non-Food

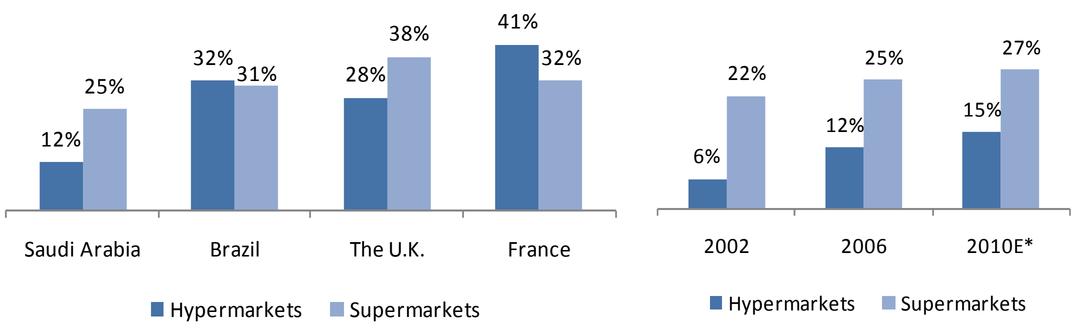


Source: EIU, 29 August, 2008, F = Forecasts

Retail activities are concentrated within hypermarkets

In spite of the highly fragmented nature of the GCC retail market, 70% of grocery sales are accounted for by the modern retail sector. Although under penetrated compared to the developed and developing markets, hypermarkets and supermarkets are slowly gaining ground in Saudi Arabia. Notably, according to Savola, hypermarkets and supermarkets will command 15% and 27% market share respectively by 2010 compared to 12% and 25% in 2006 (See chart 24).

Chart 24. Saudi Arabia : Market Share of Hypermarkets and Supermarkets



Source: Savola, June 2008

4.2.2. The UAE

According to industry source, the UAE retail market is estimated at US$10.7 billion. Increasing household consumption, an affluent population, and a booming service industry remain the key growth drivers. Some of the key shopping events in Dubai includes the Dubai Shopping Festival and the Dubai Summer Surprises.

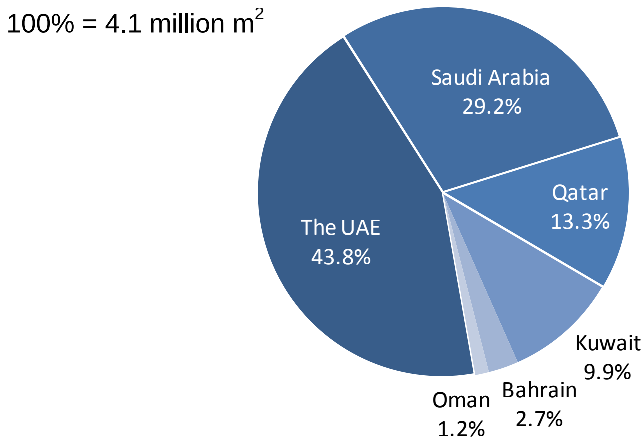
High per capita spending in the UAE makes retail a lucrative sector. Average UAE spending power per household is US$14,400 per annum, higher than other Arab households of US$13,500 and Asian households of US$10,000 and comparable to western household spending of US$19,500.

The next four years are expected to be strong for the Mass Grocery Retail (MGR) sector, which includes hypermarkets, supermarkets/co-operatives, convenience stores and duty free shops. According to industry experts, the MGR sector will nearly double in size by 2011, with hypermarkets and convenience stores likely to be the main drivers.

4.2.3. Key retail projects

According to Retail International, the UAE and Saudi Arabia accounted for 44% and 29% respectively of the total GLA under development in the GCC in 2008 (See chart 25). However, in wake of the present financial crisis, many projects may be delayed or cancelled.

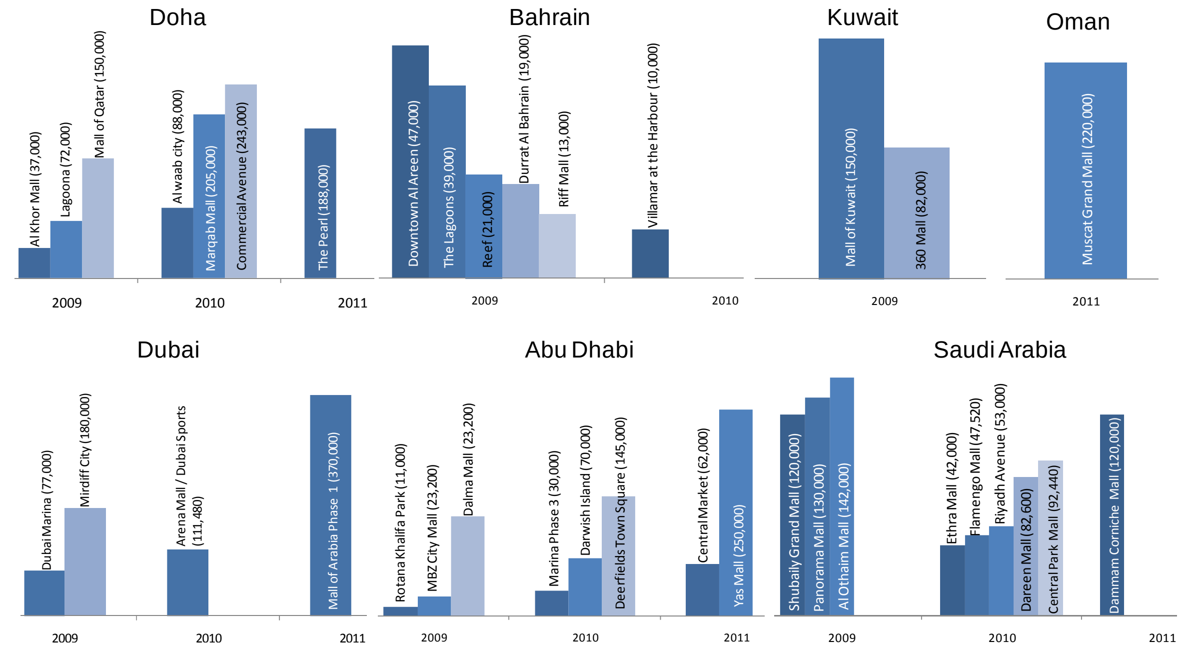
Chart 25. GLA in the GCC under development, 2008 (million m^2)



Source: Retail International, 2009

The long-term fundamentals of the GCC retail industry remain positive with Retail International forecasting a combined GLA of more than 19.6 million m2 in the next 10 to 15 years. Some of the key retail projects across the region are mentioned below.

Chart 26. Major retail development projects in the GCC (m²)



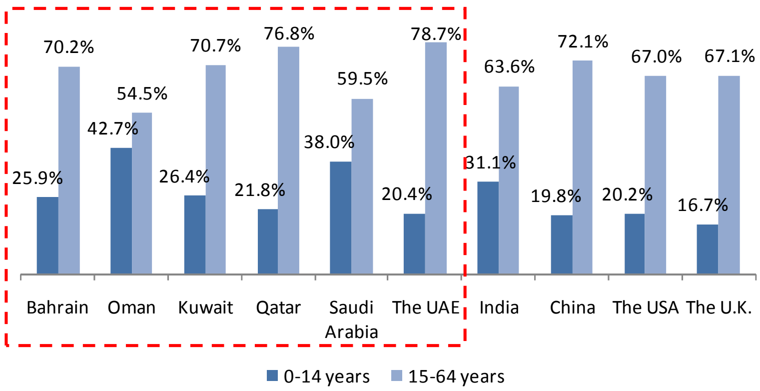
Source: Colliers International Q2 2009, Zawya 2008

4.3. Key growth drivers

4.3.1. Favorable demographics

In comparison to the developed world, the demography of the GCC countries is characterized by a relatively young population. According to The Central Intelligence Agency (CIA) April 2009 estimates, 29.2% and 68.4% of the population in the GCC is aged between 0-14 years and 15-64 years respectively. Notably, around 97.6% of the GCC population is below 65 years compared to 93.3% of developing countries (India and China) and 85.5% of developed countries (the USA and the UK) (See chart 27). Since, a younger working population has a higher propensity to consume, it bodes well for the long term prospects of the GCC retail industry.

Chart 27. Age distribution (% of total population)



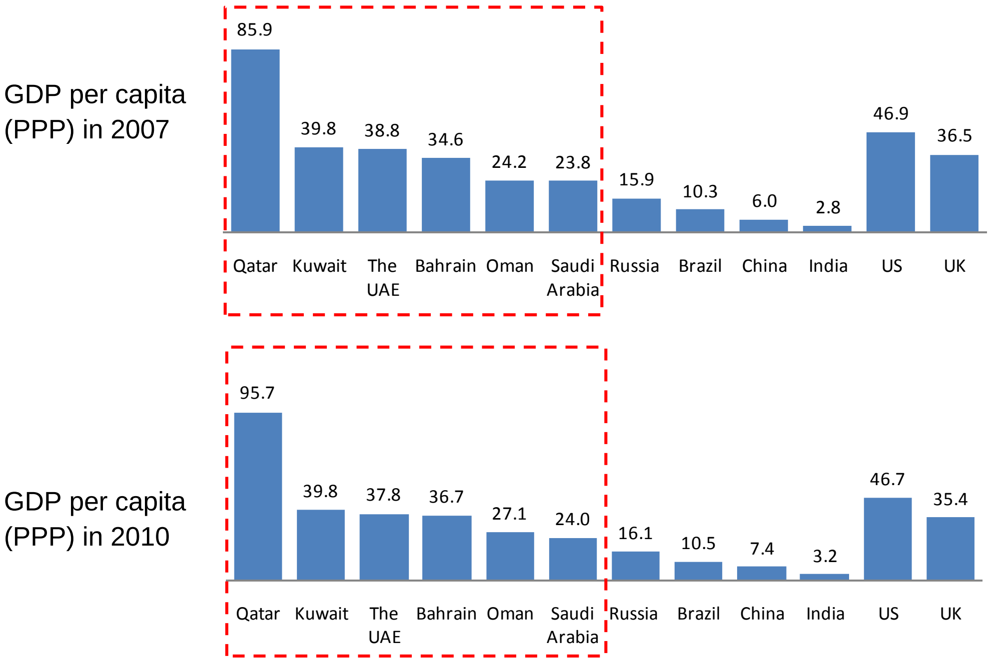
Source: CIA Factbook, April, 2009 estimates

4.3.2. High GDP per capita

The GCC region's very high GDP per capita based on purchasing power parity (PPP) has provided an impetus to the retail industry's phenomenal growth. Notably, all GCC countries have a higher GDP per capita (based on

PPP) than the BRIC nations. Moreover, Qatar has about six times the GDP per capita (based on PPP) than Russia and more than double that of the U.K. This is expected to remain the case in the near to medium term with the GCC economies enjoying a higher GDP per capita compared to developing and developed nations (See chart 28).

Chart 28. GDP per Capita based on Purchasing Power Parity (US$ '000s)

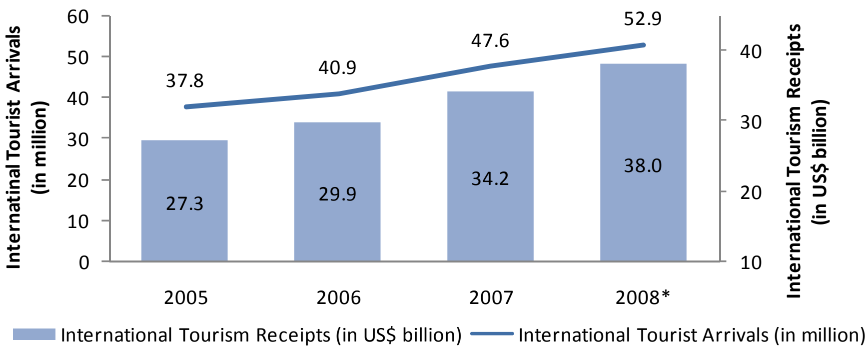


Source: IMF, World Economic Outlook Database Database, April 2009

4.3.3. Travel & Tourism sector growth

With a CAGR of 11.7 %, international tourist arrivals in the Middle East has more than doubled from 24.4 million in 2000 to 52.9 million in 2008, more than double of the world international tourist arrivals CAGR of 4.4% over the same period. Notably, according to the WTO, international tourism receipts grew by 25.5% from US$27.3 billion in 2005 to US$34.2 billion in 2007 and is expected to reach US$38.0 billion in 2008 (See chart 29).

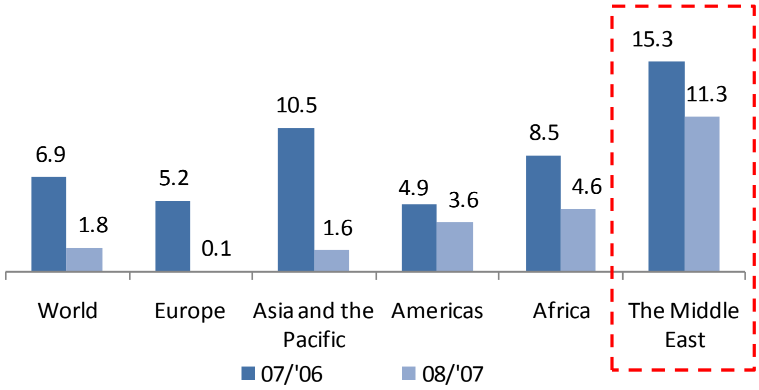
Chart 29. Middle East: International Tourist Arrivals & International Tourism Receipts



Source: UN WTO World Tourism Barometer, January, 2009 and UN WTO, Tourism Highlights, 2008 Edition, *International Tourism Receipts for 2008 are calculated at the growth rate of international tourist arrivals in 2008 over 2007

The positive trend in international tourist arrivals continued in 2008 with the Middle East recording a 11.3% growth rate compared to the World average of 1.8% (See chart 30).

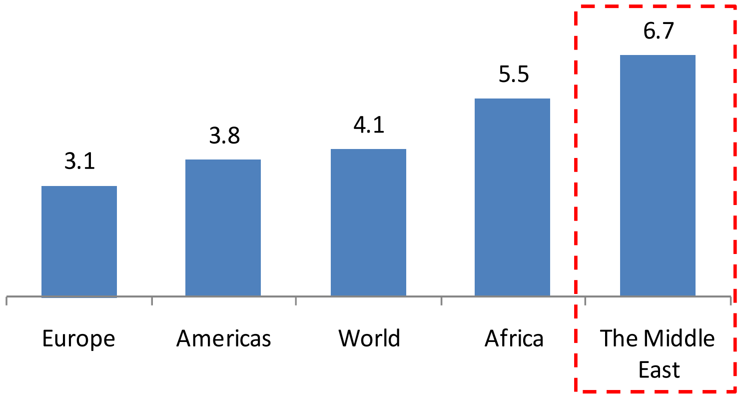
Chart 30. International Tourist Arrivals (% change over same period of the previous year)



Source: UN WTO World Tourism Barometer, January 2009

According to the WTO, the Middle East will witness the largest flow of tourists at an average annual growth rate of 6.7% (1995-2020) compared to the world average of 4.1% (See chart 32). The Middle East is expected to double its world tourist market share to 4.4% by 2020 (See chart 31).

Chart 31. International Tourist Arrivals (Average annual growth rate 1995-2020)



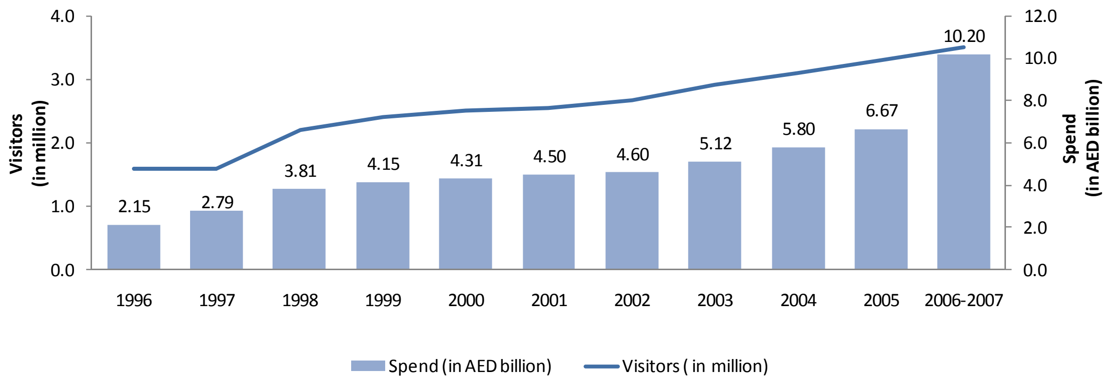
Source: UN WTO Tourism 2020 Vision

4.3.4. Dubai Shopping Festival

Started in 1996, the Dubai Shopping Festival (DSF) has been a major attraction for both local and international shoppers, and has provided a substantial impetus for retail growth in Dubai. According to industry estimates, the DSF accounts for approximately 25% of the annual sales of some retailers in the region.

Notably, the number of visitors (domestic and international) increased from 1.6 million in 1996 to 3.5 million in 2006-2007 at a CAGR of 8.1%. However, the total spend at DSF increased at a CAGR of 16.8% during the same period, more than double the CAGR of the number of visitors, to AED10.2 million in 2006-2007 (See chart 32).

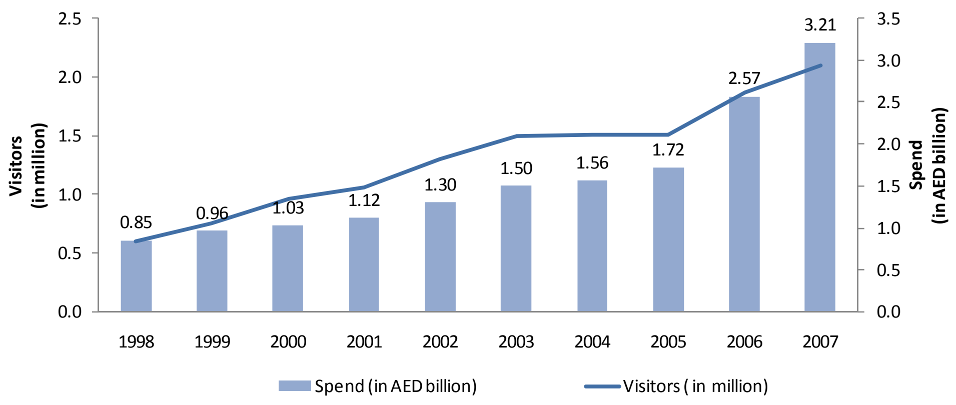
Chart 32. Dubai Shopping Festival-Number of visitors (million) and Total Spend (AED billion)



Source: Dubai Shopping Festival Office, 2006-2007 data refers to DSF started in December 2006 and continuing to February 2007

The summer counterpart of the DSF, the Dubai Summer Surprises (DSS), launched in 1998, has also proved to be a significant attraction for visitors. Notably, the number of visitors increased at a CAGR of around 15% in 1998 to 2007 while the total spend witnessed an average annual increase of approximately 16% during the same period to reach AED3.21 billion (See chart 33).

Chart 33. Dubai Summer Surprise-Number of visitors (million) and Total Spend (AED billion)



Source: Dubai Shopping Festival Office

It is not clear how the 2009 edition of the DFS has feared with mixed reports from different vendors. The Al Maya Group, super market chain, did well for food items, but less so for luxury goods according to Gulf News.

4.4. Emerging trends

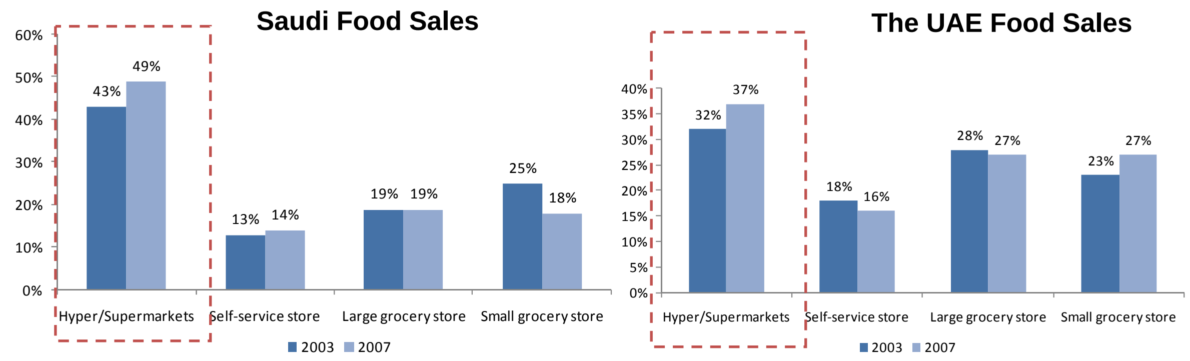
4.4.1. Hypermarkets capture increasing market share

The Nielsen's 2008 shopper trends report suggests that when it comes to food and basic essentials, GCC shoppers are becoming increasingly price conscious. Consequently there is a shift in sales away from supermarkets and in favor of bigger format stores. While shoppers at hypermarkets increased to 38% in 2008 from 33% in 2006, supermarkets witnessed a decline to 24% in 2008 from 33% in 2006.

The report also mentions that with 61 hypermarkets and supermarkets per one million inhabitants, UAE has the highest density of superstores in the region. Between 2005 and 2007, at least 36 supermarkets and hypermarkets opened in the UAE. Comparatively, in Saudi Arabia, there are only 27 hypermarkets and supermarkets per one million inhabitants, while Kuwait has 31.

In terms of market share, UAE's hypermarkets/supermarkets contribution in food sales increased significantly from 32% in 2003 to 37% in 2007, while in Saudi Arabia they grew from 43% in 2003 to 49% in 2007 (See chart 34).

Chart 34. Food Sales, By Market Share



Source: MEED

4.4.2. Regional players expanding to gain market share

In response to the growing competition, Gulf based retailers are making efforts to both strengthen their presence within the GCC and to expand footprints outside the GCC.

- On February 8, 2009, Bahrain based Jawad Group announced the addition of 50 new fashion, retail and restaurant outlets across the region.
- In January 2009, the Government of Fujairah entered into a deal with the Majid Al Futtaim Group, to build a City Centre mall and retail park in the city due for completion in 2011.
- Emke group (Lulu) group aims to have 100 stores by the end of 2009 by adding stores in existing markets as well as by penetrating new markets such as Saudi Arabia, Egypt and India.
- In the 2008, Savola announced plans to merge one of its retail chain units with Giant Stores Corporation (GSC). The company also plans to double its retail outlets by 2010 to meet strong demand.
- Spinney's has signed a licensing agreement with British retailer Waitrose to open Waitrose-branded stores in the UAE. The first store opened in Dubai at the beginning of 2009.

4.4.3. Online shopping offers strong potential for growth

Although the GCC's young population is increasingly media-savvy, computer literate and eager to purchase the latest technology, online shopping in the region remains under-developed. The main reasons limiting online shopping are the relatively low levels of internet usage and low credit card penetration. Notably, the Middle East lags far behind other developed regions with an internet penetration level of only 20% compared to 70% in United States.

According to industry sources, approximately 45-50% of GCC residents have made purchases online, with transactions in 2007 exceeding US$1 billion in the UAE and $3 billion in Saudi Arabia. Notably, at least half of this spend comes from online bookings to airlines, while shopping for consumer goods online makes up barely one-third.

Notwithstanding the above, we think that online shopping in the GCC should witness significant growth over the medium to long-term as online retailers continue to take initiatives to address issues relating to consumer access and confidence, and credit card companies make efforts to tighten up security features. Some of the UAE retail banks have started offering greater incentives for using credit cards. Some of the initiatives include:

- Rakbank, in association with MasterCard, launched the first UAE debit card to offer cash back on purchases. The new debit card not only offered customers cash back as a percentage of purchases, but also offers convenience and security.
- The Etisalat-Mashreq co-branded credit card offers customers free talk time for every Dirham spent. Also, under Etisalat's 'More' programme, the cardholders can earn additional points on purchasing Etisalat products by the card.
- HSBC has ventured with Abu-Dhabi based Etihad Airways to offer free enrollment into the airline's loyalty programme and miles towards free flights and holidays.
- Barclays, co-branded with British Airways (BA), offers travel benefits like free flights with BA as well as other travel-linked benefits for frequent travelers including complimentary membership to BA Executive Club.

4.4.4. Beauty sector witnessing strong growth

Despite the slowdown in global demand, the Middle East Cosmetic and Toiletries (C&T) market is set to be one of the largest and most profitable in the world. Growing at an annual rate of 12%, beauty sales are expected to increase by more than AED11 billion by 2010, according to Beautyworld Middle East (March 2008), an international beauty trade fair.

Available statistics show that the Middle East society puts a premium on appearance, skin care, beauty and grooming. According to a recent survey, per capita consumption of cosmetics and fragrances in the Gulf States is among the highest in the world with the average purchase estimated around AED 1,229 per annum. At present there are more than 30,000 salons, which are one of the primary drivers of the demand for beauty products and services, spread across the GCC, of which 3,000 are located in Dubai.

With the rapid growth of shopping mall space by almost 50% annually, and the retail space dedicated to beauty products growing by over 30% in the past three years, the beauty and cosmetics industry is set to thrive.

4.5. Key challenges

4.5.1. Global economic slowdown has brought a six-year boom to an end

According to IMF, low oil prices resulting from the global economic slowdown have reduced revenues of the GCC by about US$300 billion. While falling oil earnings are the key long term driver of the GCC economy, the immediate risk is the worsening local and global credit market. While part of the investment that drove the GCC growth was funded by petro-dollars, substantial investment also came from debt and equity markets. The disruption of these markets is likely to have a pronounced and immediate impact on the capital formation and growth of the domestic economy for some time.

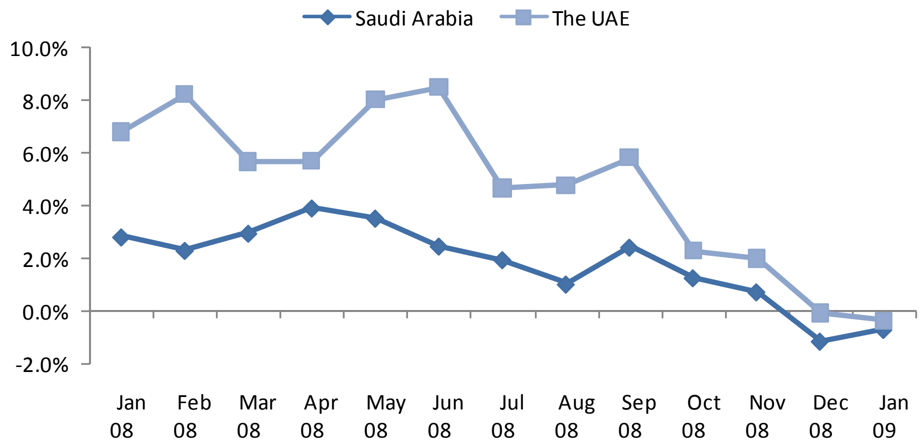
4.5.2. Weak consumer confidence

Prevailing negative consumer sentiment and job insecurity is being reflected in lower reported sales of some of major product categories such as gold jewellery. According to a World Gold Council report dated February 2009, the volume of gold jewellery sales in Saudi Arabia and the UAE dropped 8.0% and 6.0% in 2008 over 2007. Press reports suggest Abu Dhabi gold sales were down 25% year on year in March 2009.

4.5.3. Declining credit growth

The surge in credit growth to the private sector that accompanied the oil-driven boom in 2003 to 2008 is now slowing down substantially, as domestic banks becomes more risk averse. Month-on-month growth in the credit to the private sector within the UAE and Saudi Arabia, two of the largest retail markets within the GCC, has declined since the beginning of the 2008 (See chart 35).

Chart 35. Credit to Private Sector, Month-on-Month growth, (%)



Source: Central Bank

4.5.4. Growing presence of international players to spur competition

Some of the major international retail players, reeling from the impact of global recession are expanding their presence within the GCC to sustain business growth. Notably, Marks & Spencer, Carrefour, Debenhams and Toys R Us, Groupe Casino and Metro have already established footprints in the GCC region. In our view, entry of global retailers is likely to intensify competition in the medium term.

- On February 10, 2009, Deerfield's Town Square signed a Memorandum of Understanding with Carrefour to set up a hypermarket in Abu Dhabi.
- On January 29, 2009, Florentine designer Stefano Ricci opened its first store in the Middle East at the Pearl-Qatar.
- On January 6, 2009, Turkish fashion retailer Koton announced plans to open eight new stores in the GCC this year.

4.5.5. Introduction of value added tax

The UAE is amongst the first Gulf states to announce plans to introduce Value Added Tax (VAT) in the range of 3-5% in 2010. Although the implications of introduction of VAT is not clear, many retailers believe that such a low rate should not impact the retail sales significantly. However, its introduction still represents a significant cultural shift for the federation, ending its status as a 'tax-free' haven.

Appendix I: Macroeconomic Environment

Macro-economic profile

With 36.5% of the world's proven crude oil reserves, the GCC has become one of the fastest growing regions in the world after China and India. Notably, the GCC economy grew 5.6% in 2006 followed by 5.3% in 2007, compared to 3.0% and 2.7% for the advanced economies in the respective periods. Also, according to IMF estimates, the GDP of the GCC countries is estimated to have grown at 6.8% in 2008 and is forecast to growth at 3.5% in 2009 compared to 0.9% and -3.8% for the advanced economies in the respective periods. In our view, the robust growth in the GCC economy will continue to be driven by prudent deployment of oil revenues, abundance of wealth and commitment to legal and economic reforms.

Chart 36. GCC Macroeconomic Financial Indicators

Indicators	2005	2006	2007	2008E	2009P	2010P
Real GDP growth (%)	7.0	5.6	5.3	6.8	3.5	5.4
Central Government Fiscal balance (% of GDP)	19.5	21.8	17.6	22.8	(3.1)	2.1
Current account balance (% of GDP)	27.9	29.0	25.0	27.5	(0.1)	6.7

Source: IMF Press Release, February, 09, 2009, E = Estimated, P = Projected

Chart 37. GCC Economic Indicators (by Country) - 2008E

Indicators	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	The UAE
Real GDP growth (%)	6.1	6.3	6.2	16.4	4.6	7.4
Consumer Price Inflation (Year Average, %)	3.5	10.5	12.6	15.0	9.9	11.5
Current account balance (% of GDP)	10.6	44.7	6.1	35.3	28.9	15.8

Source: IMF, World Economic Outlook Database, April 2009, E = Estimated

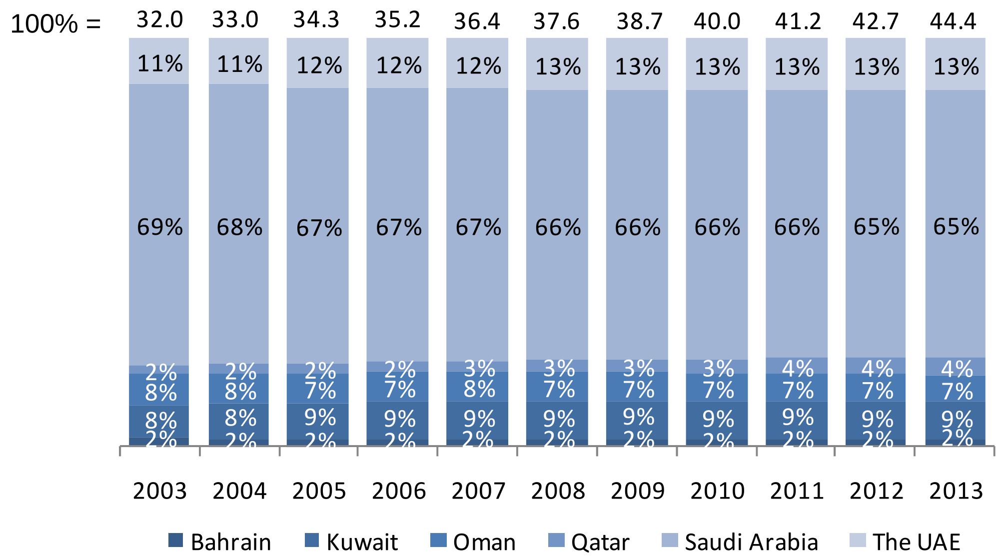
Realizing the benefits of economic diversification, the GCC countries are intelligently using their oil revenues to develop non-oil sectors, particularly tourism, real estate, banking and retail. Geopolitical stability, planned or currently underway projects of approximately US$2.6 trillion, high population growth, increased openness and liberalization, privatization and a number of bilateral trade agreements underway should also spur the non-oil sector growth.

Demographic profile

In 2004 to 2007, the GCC population grew at a CAGR of 3.4%. Due to the shortage of manpower in the region, a large-scale labour force migration has taken place. Moreover, high fertility rates, decline in infant mortality and increase in life expectancy, have also contributed to an increasing labor force and population in the GCC countries.

Saudi Arabia and the UAE are the most populated countries of the region with 67% and 12% of the total GCC population in 2007, respectively. According to IMF estimates, Saudi Arabia and the UAE will continue to be the most populated countries of the region (See chart 38).

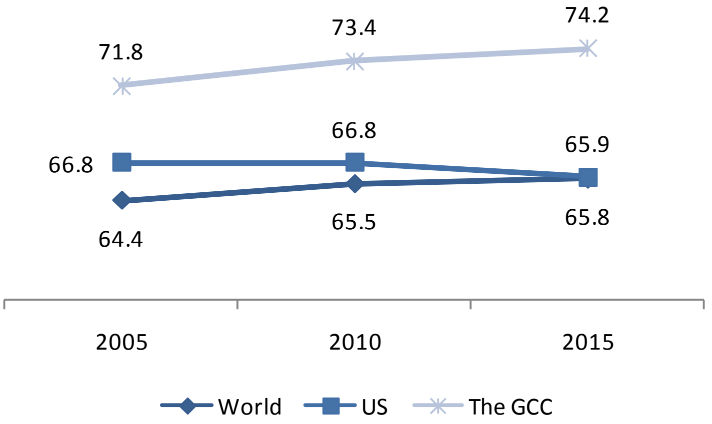
Chart 38. GCC Population – Country-wise, (million)



Source: IMF, World Economic Outlook, April 2009, Estimates start from 2008

The GCC labor force is expected to grow at a fast pace as the age bracket of 15-64 years will account for 73.4% of the overall population in 2010, higher than the world average of 65.5%. According to United Nations, the GCC will continue to have a young working population averaging 74.2% in 2015 compared to the world average of 65.8% (See chart 39).

Chart 39. Population Aged 15-64 (% of Total Population)

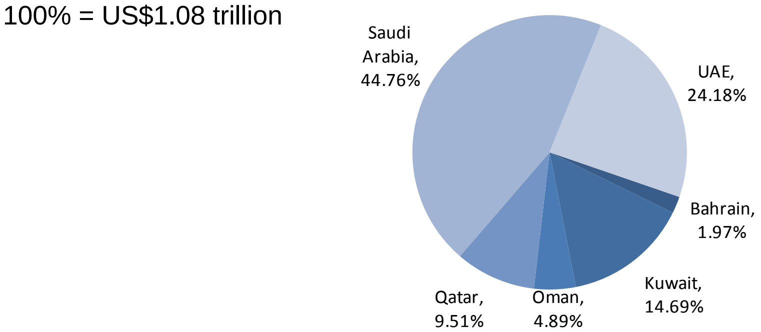


Source: World Population Prospects: The 2008 Revision by the United Nations

GDP and GDP per capita in the GCC

Saudi Arabia and the UAE are the biggest economies in the GCC accounting for 44.8% and 24.2% of the total GDP of the GCC countries (See chart 40).

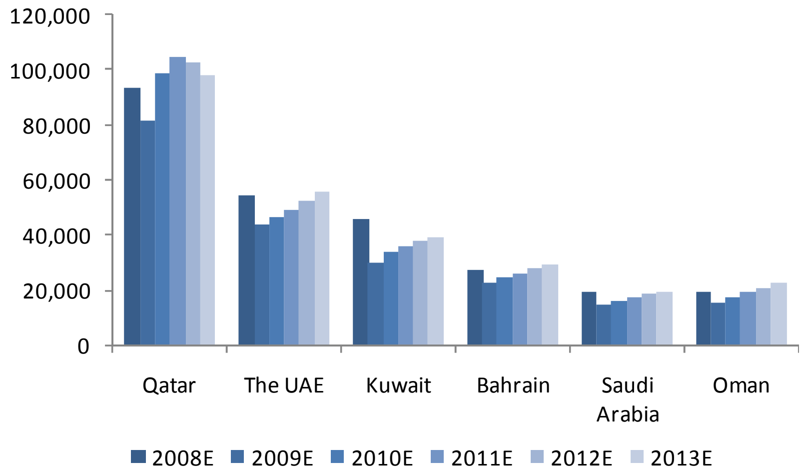
Chart 40. GCC: Size of Economy by Total Value of GDP- 2008E



Source: IMF, World Economic Outlook Database, April 2009, E = Estimated

The rapid growth in the GCC retail sector is driven by high and rising GDP per capita. Notably, the average GDP per capita of the GCC almost doubled from US$18,160 in 2003 to US$34,145 in 2007, primarily led by Qatar and the UAE. Notably, GDP per capita of Saudi Arabia and the UAE, the most populous countries of the GCC, increased at a CAGR of 12.7% and 12.5% respectively in 2003 to 2007 and are expected to increase at a CAGR of 0.1% and 0.4% respectively in 2008 to 2013. With the total GCC population expected to reach 44.4 million and average GDP per capita expected to be US$44,046 by 2013, the long term retail growth story is very promising (See chart 41).

Chart 41. GDP per Capita (US$)



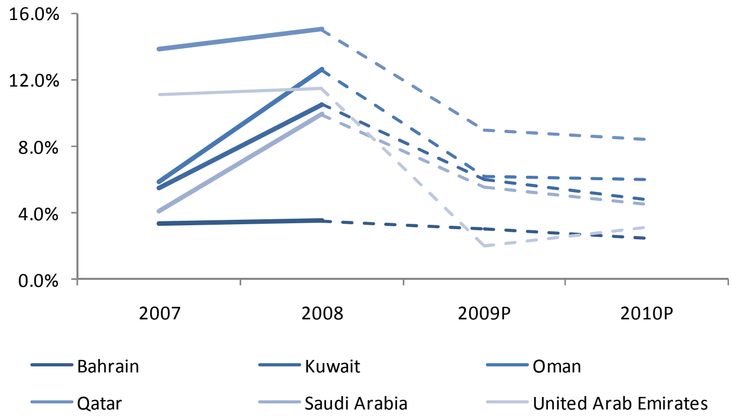
Source: IMF, World Economic Outlook Database April 2009, E = Estimated

Inflation in the GCC region

While the oil backed economic growth in the region has been impressive, it has come at a cost. The rapid growth in government spending since 2003, together with rising private spending, have stirred up inflation in the GCC economies. In addition, the region’s currencies, being pegged to the US dollar, have worsened the situation, albeit with some relief due to the recent strengthening of the US dollar. Average inflation in the GCC economies has risen from 1.5% in 2003 to 6.3% in 2007, and estimated to have reached 10.5% in 2008. The reasons for rising inflation are numerous, ranging from growth in money supply, rising house rents, commodity price boom to high import costs (food, labor and finished goods).

However, GCC inflation has eased off significantly in the past six months and the annual inflation is projected to settle at 5.3% in 2009 on account of the steep decline in commodity prices including oil and food, and rents (See chart 42).

Chart 42. Consumer Price Inflation (Year Average, %)



Source: IMF, World Economic Outlook Database, April 2009, P = Projected

Governments across the GCC region have introduced reforms with the aim to restructure and simplify the business environments to promote greater private sector involvement. Reforms are primarily targeted at improving corporate governance, promoting transparency, and reducing tax burdens and the cost of export and import. Saudi Arabia has emerged as the leader in the GCC region in this regard, with the elimination of minimum capital requirement and initiatives to reduce the time needed for companies to start up from 39 days to 15 days. The Saudi government has also taken initiatives to reduce the documentation process for imports to cut the time needed for handling at ports and terminals by two days for both imports and exports (See chart 43).

Chart 43. Ease of Doing Business – Global Rankings

Ease of Doing Business - Global Ranking (1= Best; 181 = Worst)		
	2009	2008
Saudi Arabia	16	24
Bahrain	18	17
Qatar	37	38
The UAE	46	54
Kuwait	52	49
Oman	57	57
Average	**38**	**40**

Source: World Bank, Doing Business Report 2009

Chart 44. Global Competitiveness Ranking

Global Competitiveness Ranking (1= Best; 131 = Worst)		
	2008-2009	2007-2008
Qatar	26	31
Saudi Arabia	27	35
The UAE	31	37
Kuwait	35	30
Bahrain	37	43
Oman	38	42

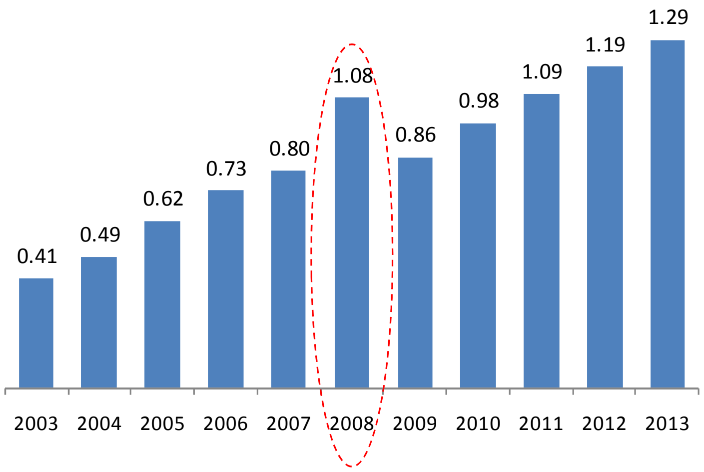
Source: Global Competitiveness Report, 2008-2009

GCC region economic outlook

According to the IMF, the GCC nominal GDP crossed US$ 1 trillion in 2008, growing at a CAGR of 21.5% in 2003 to 2008. Consequently, it passed South Korea's economy in size and reached the level of the Indian economy, which grew at a CAGR of 8.0% and 16.1%, respectively, in the same period (See chart 45).

The long term outlook is positive as the regions economies continue to develop. In spite of the International Energy Agency (IEA) lowering its forecasts (as of April 13, 2009) of 2009 global oil demand to 83.4 million barrels a day (mb/d), 2.4 mb/d below 2008, IEA expects a recovery by 2010 as the oil demand in developing countries, led by China and India, is expected to more than offset the negative effect of the global financial crisis on oil demand.

Chart 45. GDP of GCC Countries (US$ trillion)



Source: IMF, World Economic Outlook, Database, April 2009, Estimates start from 2008

The key challenges for the region are job creation for the increasing population as expatriates continue to dominate the private sector, liquidity and asset quality of banks, and maintaining the flow of tourism while the global recession takes hold.

Appendix II: Company Profiles

Jarir Marketing (JARIR AB Equity)

PERFORMANCE SUMMARY*

(US$ million)	2007	2008	2007-'08 (% change)
Revenue	464.5	671.6	44.6
COGS	372.7	552.4	48.2
Operating Income	73.3	94.2	28.5
Operating Margin (%)	15.8	14.0	-
Net Income	73.7	88.7	20.4
Net Margin (%)	15.9	13.2	-
ROE (%)	45.4	48.5	-
ROA (%)	25.8	28.6	-

* Zawya

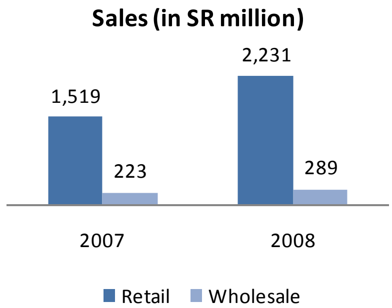
COMPANY DESCRIPTION

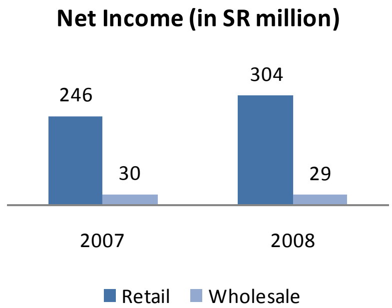
Established in 1979 by the Al-Agil brothers as a small book shop at Jarir Street, Riyadh, Jarir Marketing now owns around 53,360 square meters of retail space across the GCC. Jarir is a retailer and wholesaler of books, computers and peripherals, office and school supplies, toys, sporting equipments and stationary in the GCC.

The Company's two divisions, Jarir Bookstore, the retail division, and Jarir Marketing, the wholesale division, originally formed as separate partnerships, were merged in January 2000 and later converted into a Saudi (closed) joint stock company.

Recent Events

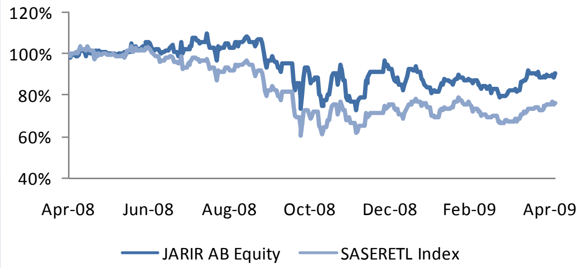
- Revenue and net profit for Q1 2009 of SR662 million and SR 107 million, an increase of 11% and 10% respectively year on year
- In February 2009 Jarir Bookstore and Saudi Telecom announced the launch of a promotional campaign offering free Internet connection for one-month on purchase of a laptop
- Jarir partnered with Western Digital Corporation (WDC), a global leader in the hard drive industry to make WDC's products more accessible in Saudi Arabia



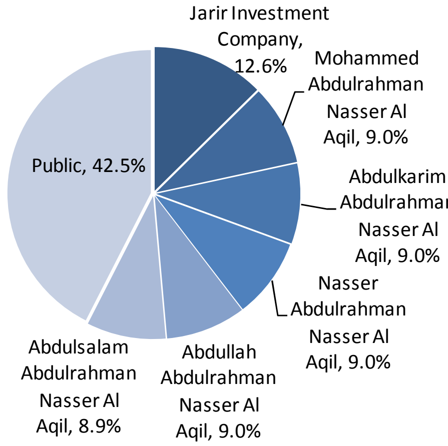


STOCK DATA

	SAR
Bloomberg Ticker:	JARIR AB
Exchange Ticker:	4190.SSE
Price (April 20, 2009)	167.25
52 Week High/Low	205/135
Mkt. Cap (SAR million)	5017.5
(US$ million)	1338.1
Enterprise value (SAR million)	5185.3
(US$ million)	1382.8



SHAREHOLDER STRUCTURE



VALUATION MULTIPLES

	Current	2008E	2009E
P/E	14.6	-	-
Dividend Yield	5.4	-	-
EV/EBITDA	14.3	-	-

Damas International (DAMAS DU Equity)

PERFORMANCE SUMMARY*

(US$ million)	2006	2007	2006-'07 (% change)
Revenue	1,100.4	963.3	(12.5)
COGS	969.3	792.3	(18.3)
Operating Income	39.0	57.5	47.4
Operating Margin (%)	3.5	6.0	-
Net Income	62.4	55.6	(11.0)
Net Margin (%)	5.7	5.8	-
ROE (%)	13.5	11.3	-
ROA (%)	5.5	4.0	-

*Zawya

COMPANY DESCRIPTION

Established in 1907, Damas International Limited is a jewellery and watch retailer. As of 30 June, 2008, it had 467 stores in 18 countries worldwide. The Group manufactures and retails its own brands, Damas Kids, Hayati and others. Also, Damas is an agent of regional luxury brands like Tiffany & Co, Paspaley, Parmigiani, Stefan Hafner and Links of London in the Middle East and in South Asia, Europe and North Africa.

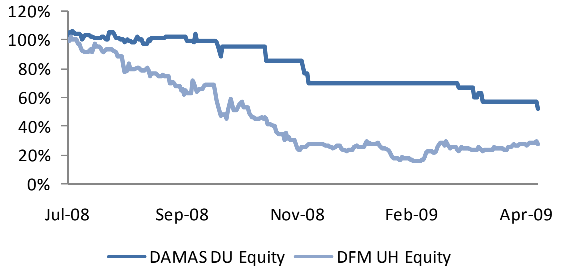
It has three store formats: Les Exclusives catering the high net-worth customers, Semi-Exclusives to upper-middle income customers like tourists and expatriates and Damas 22k catering to middle income and working class population.

Recent Events:

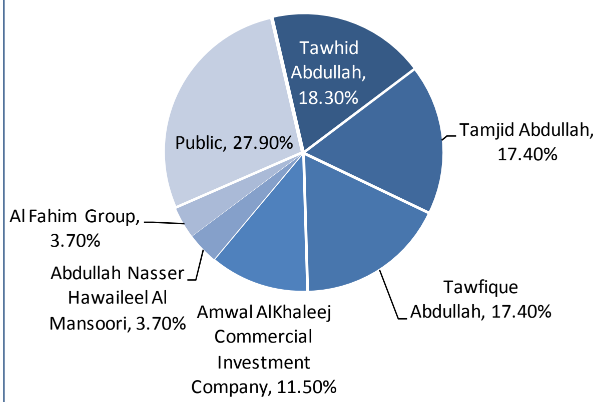
- Damas has launched an e-commerce site in February, 2009 to expand its sales channel through the online version. Customers can shop online and pay safely through the Mashreq Bank payment gateway. Presently, the site will allow delivery only within the UAE but is expected to provide international shipping shortly
- Damas opened nine stores at the Dubai Mall in January, 2009. It has introduced a new format - Damas Concept Shop at the Dubai Mall. The Concept Shop houses Damas' own brands and will showcase Damas' diamond and gold new creations
- In association with NewBoy FZCO, a Dubai based company engaged in marketing and distribution of various toys, food, textile and stationery products, Damas launched Fulla - a new diamond collection made in 18kt gold for young girls. Fulla means flower in Arabic and is a very popular doll among young Arab girls
- The Damas International stock was listed on the DIFX in 2008

STOCK DATA

	USD
Bloomberg Ticker:	DAMAS DU
Exchange Ticker:	DAMAS.DIFX
Price (April 20, 2009)	0.52
52 Week High/Low	1.11/0.32
Mkt. Cap (AED million)	1889.4
(US$ million)	514.4
Enterprise value (AED million)	2895.6
(US$ million)	788.3



SHAREHOLDER STRUCTURE



VALUATION MULTIPLES

	Current	2008E	2009E
P/E	-	-	-
Dividend Yield	-	-	-
EV/EBITDA	-	-	-

Fawaz Abdulaziz Al Hokair Company (ALHOKAIR AB Equity)

PERFORMANCE SUMMARY*

(US$ million)	2006	2007	2006-'07 (% change)
Revenue	395.0	423.0	7.1
COGS	220.7	244.8	10.9
Operating Income	65.4	53.6	(18.0)
Operating Margin (%)	16.5	12.7	-
Net Income	65.9	53.8	(18.4)
Net Margin (%)	16.7	12.7	-
ROE (%)	31.9	22.2	-
ROA (%)	25.7	16.2	-

*Zawya

COMPANY DESCRIPTION

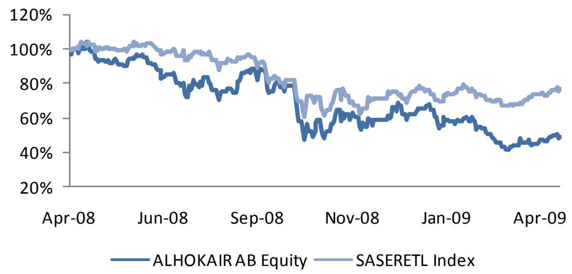
The Fawaz Abdualziz Al Hokair Group was established in 1990 in Saudi Arabia. Starting with two menswear stores, the group now owns and operates retail outlets for clothing and accessories, footwear and furniture.

The group operates through three divisions: retail, real estate and emerging business. The mainstay of the group is its retail business in fashion, food and entertainment and large format retail.

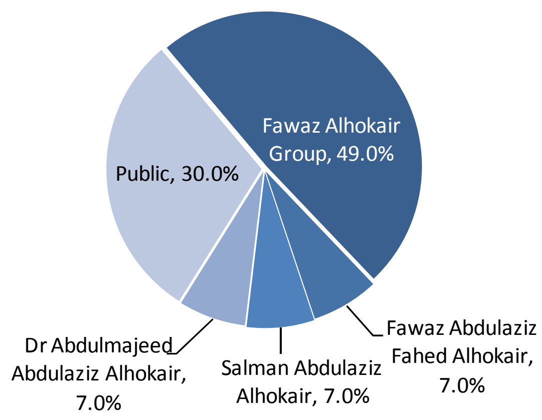
- The fashion arm is the leading fashion retailer of Saudi Arabia with exclusive rights to 44 international brands like Zara, Banana Republic, Gap, Aldo etc
- To cater to a young Saudi Arabian population, Al Hokair entered the food and entertainment business in 2005. To cater to the varied tastes and requirements of the discerning consumer, the Group offers famous options including Swensen's, The Pizza Company, London Dairy, Cinnabon, Carvel, Seattle's Best Coffee and Booster Juice
- The Al Hokair Group brought Geant hypermarkets to Saudi Arabia in 2004. In May, 2008, Kika, an Austria based furnishing retailer, was introduced to Saudi Arabia by the Al Hokair Group

STOCK DATA

	SAR
Bloomberg Ticker:	ALHOKAIR AB
Exchange Ticker:	4240.SSE
Price (April 20, 2009)	25.2
52 Week High/Low	54.25/21.3
Mkt. Cap (SAR million)	1764.0
(US$ million)	470.4
Enterprise value (SAR million)	2107.4
(US$ million)	561.9



SHAREHOLDER STRUCTURE



VALUATION MULTIPLES

	Current	2008E	2009E
P/E	8.8	-	-
Dividend Yield	13.9	-	-
EV/EBITDA	8.6	-	-

The Sultan Center (SULTAN KK Equity)

PERFORMANCE SUMMARY*

(US$ million)	2007	2008	2007-'08 (% change)
Revenue	818.6	959.3	17.2
COGS	654.8	775.4	18.4
Operating Income	36.7	37.4	2.2
Operating Margin (%)	4.5	3.9	-
Net Income	61.0	(19.1)	(131.0)
Net Margin (%)	7.5	(2.0)	-
ROE (%)	12.8	(5.2)	-
ROA (%)	5.6	(1.6)	-

*Zawya

COMPANY DESCRIPTION

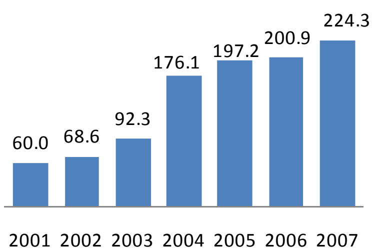
With retail as its primary focus, the Kuwait-based Sultan Center Good Products (TSC) is Kuwait's largest independent retailer and a leading supplier of supermarket items, perishables and general merchandise in the Middle East. Established in 1976, TSC holds an approximate 15% share of the retail market in Kuwait. Presently, TSC operates 55 outlets in Kuwait, Jordan, Oman and Lebanon.

TSC operates through five retail outlets encompassing the TSC Service Center, TSC Wholesale Center, TSC Express Center, TSC Discount Center and TSC Mega Market (Hypermarket).

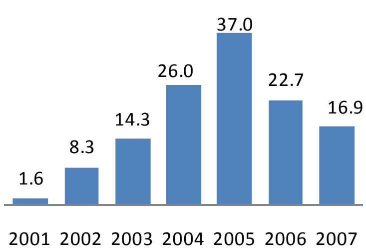
Recent Events:

- The company reported a net loss of KD5.4 million for the year 2008
- In February 2009 The Sultan Center opened a new store in Hawally, located next to the Qadsia Sporting Club, taking its retail store count in Kuwait to 24
- In January, 2008, TSC opened two additional discount centers located within the areas of Quriyat and Al-Mawaleh in Oman

Revenues (in KD million)

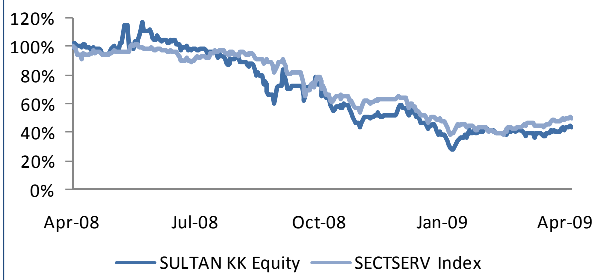


Net Profit (in KD million)

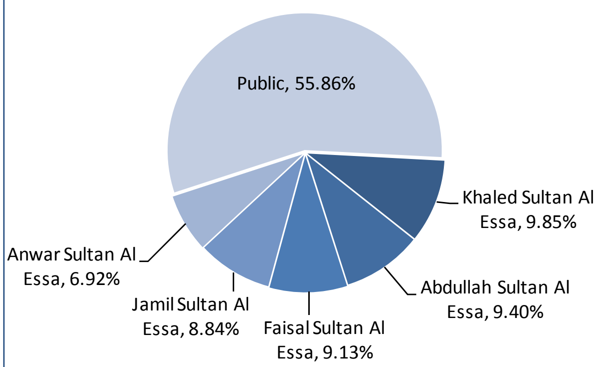


STOCK DATA

	KWD
Bloomberg Ticker:	SULTAN KK
Exchange Ticker:	SULTAN.KSE
Price (April 20, 2009)	0.198
52 Week High/Low	0.49/0.12
Mkt. Cap (KWD million)	114.6
(US$ million)	391.8
Enterprise value (KWD million)	250.2
(US$ million)	899.5



SHAREHOLDER STRUCTURE



VALUATION MULTIPLES

	Current	2008E	2009E
P/E	-	-	-
Dividend Yield	9.2	-	-
EV/EBITDA	14.5	-	-

Abdullah Al Othaim Markets Company (AOTHAIM AB Equity)

PERFORMANCE SUMMARY*

(US$ million)	2007	2008	2007-'08 (% change)
Revenue	618.9	940.5	52.0
COGS	572.9	881.9	53.9
Operating Income	16.0	20.3	27.0
Operating Margin (%)	2.6	2.2	-
Net Income	16.0	20.5	28.8
Net Income Margin (%)	2.6	2.2	-
ROE (%)	25.2	25.8	-
ROA (%)	7.6	7.1	-

*Zawya

COMPANY DESCRIPTION

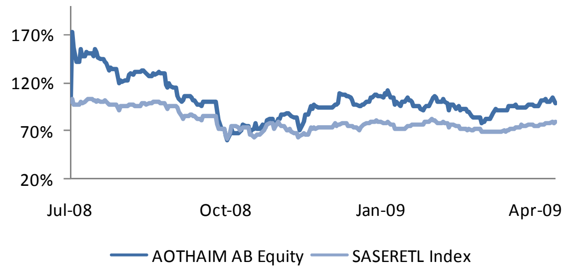
Formerly known as Al Othaim Commercial Company (until 2005) and Al Othaim Markets Company (until May 2006), Abdullah Al Othaim Markets Company, a subsidiary of Al Othaim Holding Company, is a Saudi Arabia-based food and consumer products retailer and wholesaler, which primarily owns and operates a chain of 77 supermarkets and convenience stores in Saudi Arabia.

Recent Events:

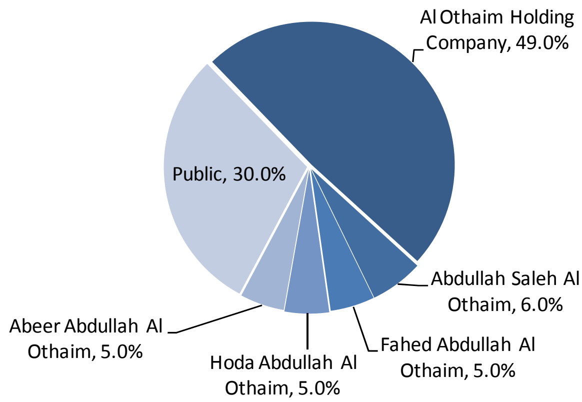
- In November 2008, Al Othaim Markets Company chose Cisco as its preferred technology partner for its entire information communication technology network infrastructure needs across Saudi Arabia
- Al Othaim Markets Company was added to the Tadawul All Share Index in October, 2008

STOCK DATA

	SAR
Bloomberg Ticker:	AOTHAIM AB
Exchange Ticker:	4001.SSE
Price (April 20, 2009)	39.9
52 Week High/Low	86.0/23.9
Mkt. Cap (SAR million)	897.8
(US$ million)	239.4
Enterprise value (SAR million)	1155.9
(US$ million)	308.2



SHAREHOLDER STRUCTURE



VALUATION MULTIPLES

	Current	2008E	2009E
P/E	14.4	-	-
Dividend Yield	-	-	-
EV/EBITDA	9.5	-	-

Fitaihi Holding (AHFCO AB Equity)

PERFORMANCE SUMMARY*

(US$ million)	2007	2008	2007-'08 (% change)
Revenue	31.9	51.8	62.4
COGS	18.3	29.6	61.2
Operating Income	1.5	6.4	341.9
Operating Margin (%)	4.6	12.4	-
Net Income	0.2	5.0	2146.2
Net Margin (%)	0.7	9.6	-
ROE (%)	0.1	3.3	-
ROA (%)	0.1	2.6	-

*Zawya

COMPANY DESCRIPTION

Formerly known as Ahmed Fitaihi Company (until August 2008), Fitahi Holding is engaged in the design and distribution of jewelry and luxury items, supply of gift items, crystals, tableware, antics, accessories, perfumes, clothe, textiles, managing of clinics and commercial centers and retail of food products.

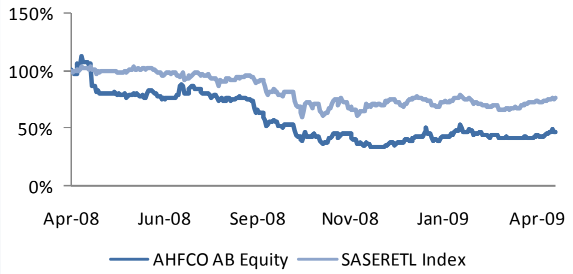
Fitaihi Holding is the franchiser and distributor of a number of international brands in the Kingdom of Saudi Arabia, such as Mont Blank, Dunhill, Sarcar, Louis Erard, Saint Louis, Rebecca, Derek Rose, Talento, Christian Dior, Breitling etc.

Recent Events:

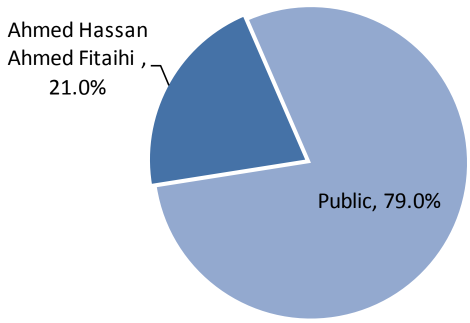
- The company reported net imcome of SR6.4 million for Q1 of 2009, a reduction of 26.6%
- In August 2008, Fitaihi Holding purchased 5% of Egypt's Oriental Weavers, the world's largest maker of machine-made rugs, for 153 million Egyptian pounds (US$28.9 million)
- In May, 2008, Fitaihi set up two new real estate investment companies each having a capital of SR100 million (US$26.6 million)

STOCK DATA

	SAR
Bloomberg Ticker:	AHFCO AB
Exchange Ticker:	4180.SSE
Price (April 20, 2009)	12.35
52 Week High/Low	24.25/8.9
Mkt. Cap (SAR million)	617.5
(US$ million)	164.7
Enterprise value (SAR million)	675.1
(US$ million)	180.0



SHAREHOLDER STRUCTURE



VALUATION MULTIPLES

	Current	2008E	2009E
P/E	36.6	-	-
Dividend Yield	-	-	-
EV/EBITDA	19.8	-	-

Bahrain Duty Free (DUTYF BI Equity)

PERFORMANCE SUMMARY*

(US$ million)	2007	2008	2007-'08 (% change)
Revenue	83.1	96.7	16.4
COGS	56.2	62.8	11.8
Operating Income	6.2	15.7	154.2
Operating Margin (%)	7.4	16.2	-
Net Income	14.3	16.0	12.1
Net Margin (%)	17.2	16.5	-
ROE (%)	21.5	21.3	-
ROA (%)	15.7	17.0	-

*Zawya

COMPANY DESCRIPTION

Established in 1990, Bahrain Duty Free Shop Complex (BDF) is engaged in duty free shop operations and the provision of online duty free shopping services in Bahrain. BDF is managed by Aer Rianta International Middle East, a travel retailing expert.

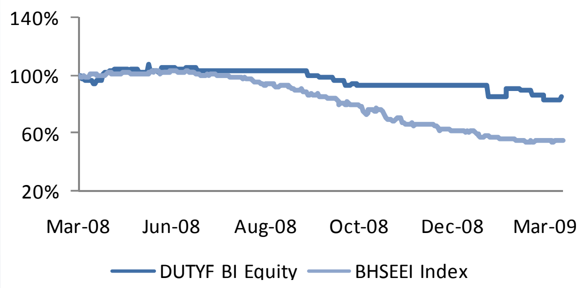
Headquartered at Bahrain International Airport, BDF offers a range of products, including cameras, video systems, communication equipments computers, home appliances, cosmetics, crystal, fashion jewelry, tobacco, liquor, toys and personal care products. It also markets its duty free goods on board Gulf Air flights, offers duty free allowance and exchange rate services, as well as advertising services.

Recent Events:

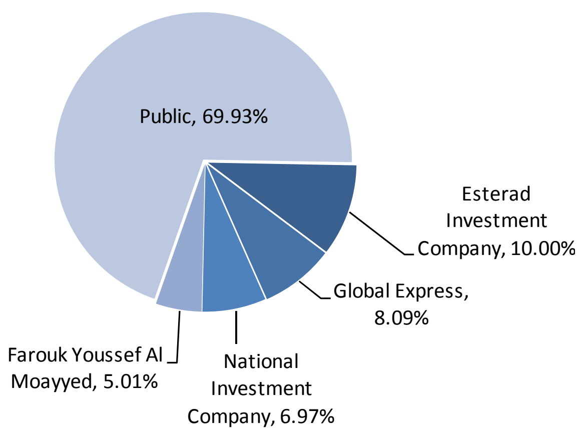
- In December 2008 BDF, in association with Nasser Pharmacy, opened a pharmacy at the departure hall at the Bahrain International Airport
- In November, 2008, BDF introduced a branded range of international calling cards for visitors and locals in Bahrain. Offered in BD1, BD2, BD5 and BD10 vouchers, the calling cards can be used for making national and international calls at local call rates

STOCK DATA

	BHD
Bloomberg Ticker:	DUTYF BI
Exchange Ticker:	DUTYF.BSE
Price (March 25, 2009)	0.84
52 Week High/Low	1.055/0.84
Mkt. Cap (BHD million)	43.9
(US$ million)	116.5
Enterprise value (BHD million)	29.5
(US$ million)	78.2



SHAREHOLDER STRUCTURE



VALUATION MULTIPLES

	Current	2008E	2009E
P/E	7.3	-	-
Dividend Yield	6.0	-	-
EV/EBITDA	3.1	-	-

Villa Moda Life Style (VILLAMOD KK Equity)

PERFORMANCE SUMMARY*

(US$ million)	2006	2007	2006-07 (% change)
Revenue	34.7	25.0	(27.8)
COGS	19.5	16.6	(14.9)
Operating Income	3.3	(2.3)	(170.3)
Operating Margin (%)	9.5	(9.2)	-
Net Income	3.2	2.6	(17.4)
Net Margin (%)	9.2	10.6	-
ROE (%)	7.9	5.8	-
ROA (%)	3.8	3.2	-

*Zawya

COMPANY DESCRIPTION

Villa Moda is a Kuwait-based company which started its operation as a multi brand luxury fashion retailer. Villa Moda was founded in 1991 by Sheikh Majed Al Sabah as as a result of a merger between Green Ceders General Trading and Contracting Company and Middle East Fashion Company.

The Group operates over 38 stores across the Middle East through a series of Exclusive/Franchise/Joint Venture agreements and represents agencies such as Gucci, Nina Ricci, Dolce & Gabbana, Marni and Tom Ford.

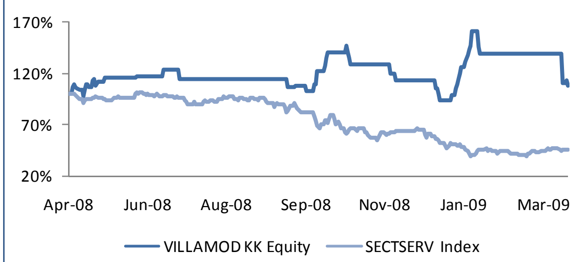
Recent Events:

- In February 2009, Nina Ricci, one of the world's leading luxury fashion brands, opened a boutique at the Dubai International Financial Center's (DIFC) Gate Village in partnership with Villa Moda
- In September 2008, DIFC Lifestyle Group acquired a majority stake in Villa Moda
- In July 2008, the Group inaugurated its first Bahrain store located in the Moda Mall
- In March 2008, Villa Moda launched a luxury retail boulevard in the DIFC to include European brands, Villa Moda's own multi-brand stores, an art gallery and the Middle East's first Laduree pastry shop

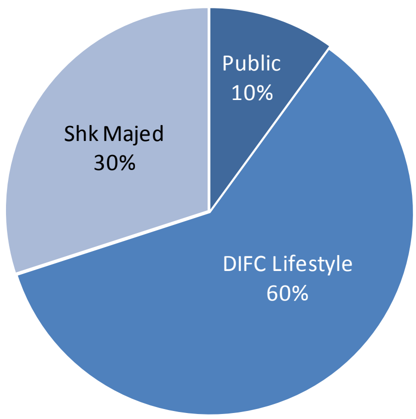
STOCK DATA

	KWD
Bloomberg Ticker:	VILLAMOD KK
Exchange Ticker:	VILLAMODA.KSE
Price (March 30,2009)	0.188
52 Week High/Low	0.3/0.148
Mkt. Cap (KWD million)	12.7
(US$ million)	43.5
Enterprise value (KWD million)*	22.2
*(US$ million) **	75.7

Source: *Zawya



SHAREHOLDER STRUCTURE



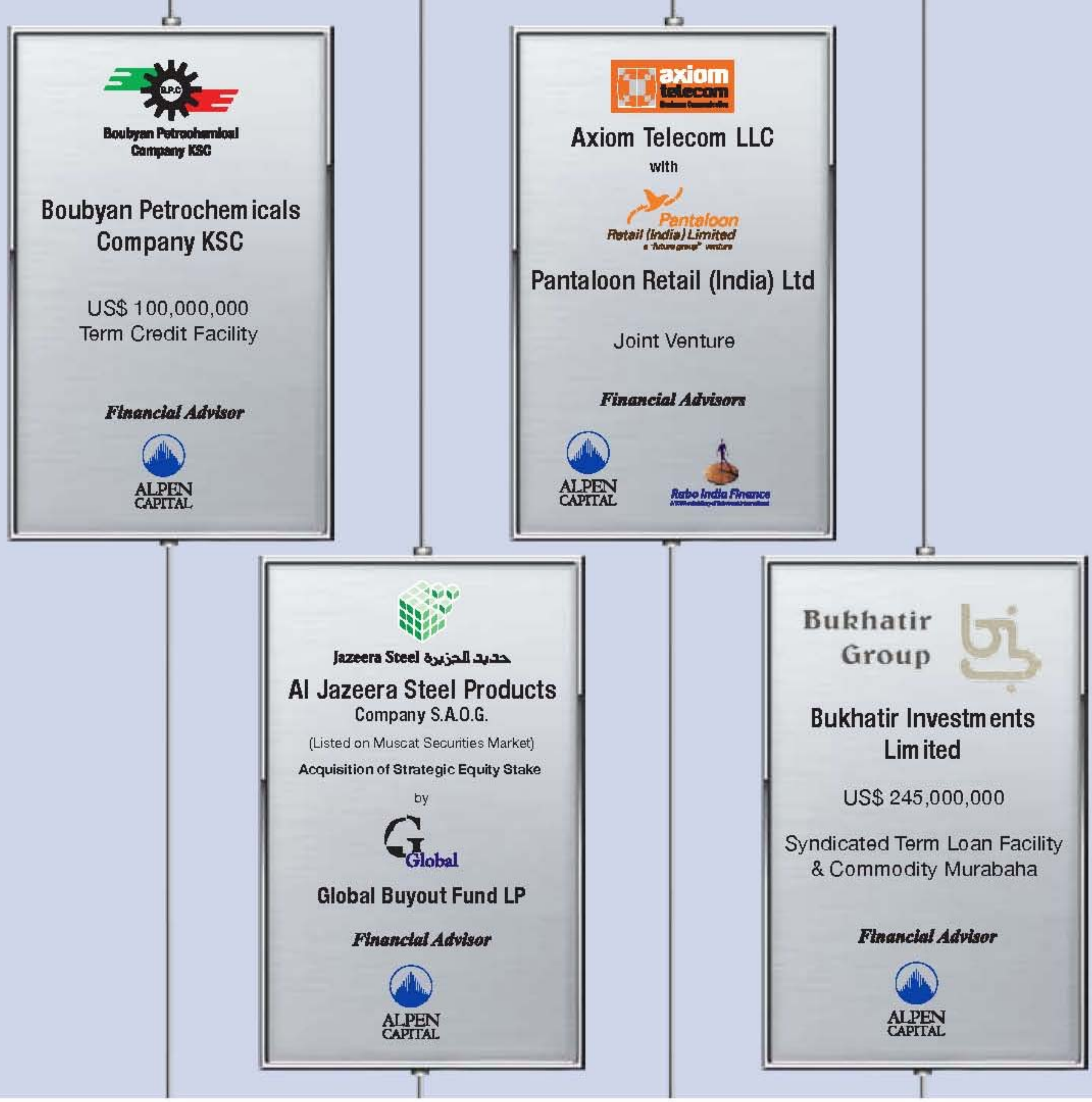
VALUATION MULTIPLES

	Current	2008E	2009E
P/E	10.2	-	-
Dividend Yield	-	-	-
EV/EBITDA	-	-	-

For more information:

Name:	Tommy Trask
Designation:	Executive Director
Contact détails:	t.trask@alpencapital.com
Tel:	+971 (0) 4 363 4322

Name:	Sanjay Vig
Designation:	Managing Director
Contact détails:	s.vig@alpencapital.com
Tel:	+971 (0) 4 363 4307


Boubyan Petrochemical Company KSC
Boubyan Petrochemicals Company KSC
US$ 100,000,000
Term Credit Facility
Financial Advisor
ALPEN CAPITAL
axiom telecom
Axiom Telecom LLC
with
Pantaloon Retail (India) Limited
Pantaloon Retail (India) Ltd
Joint Venture
Financial Advisors
ALPEN CAPITAL
Rabo India Finance
Jazeera Steel حديد الجزيرة
Al Jazeera Steel Products
Company S.A.O.G.
(Listed on Muscat Securities Market)
Acquisition of Strategic Equity Stake
by
Global
Global Buyout Fund LP
Financial Advisor
ALPEN CAPITAL
Bukhatir Group
Bukhatir Investments Limited
US$ 245,000,000
Syndicated Term Loan Facility
& Commodity Murabaha
Financial Advisor
ALPEN CAPITAL