GCC Hospitality Industry

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ALPEN CAPITAL

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

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Glossary

Average Daily Rate (ADR): ADR is the average rate paid per room sold, arrived at by dividing total room revenue by number of rooms sold during a given period.

Occupancy Rate: Occupancy rate is the proportion of available rooms sold during a given period. It is calculated by dividing the number of rooms sold by the number of rooms available.

Revenue Per Available Room (RevPAR): RevPAR is a key performance metric in the hotel industry, calculated by dividing the total room revenue by total number of available rooms. It can also be arrived at by multiplying ADR and occupancy rate.

International Tourist Arrivals: Persons visiting a foreign country for at least 24 hours for reasons other than occupation are known as International Tourist Arrivals. A person making several trips to the same foreign country during a given period is counted as a new arrival each time in that country.

Leisure Tourism: Tourism for a purpose other than business is leisure tourism. Leisure tourism is characterized by comfort stay at hotels or resorts and spending time on experiencing local tourist attractions.

Tourism Spending: Spending within a country by its locals or international visitors on both leisure and business trips.

Tourist Accommodation: Any regular or occasional and chargeable or free facility that provides overnight accommodation for tourists.

Serviced Apartments: A apartment unit to be let out for accommodating tourists. The unit comprises of one or more rooms and has a kitchen unit, a bathroom and a toilet. Cabins, cottages, huts, bungalows, villas and summerhouses can be treated as serviced apartments.

Shariah-compliant Tourism: A form of tourism for Muslim travelers, who prefer to utilize hotel services and facilities that are compliant with Islamic principles

Wellness Market: Includes complementary and alternative medicine, spa, beauty and anti-ageing, fitness and mind-body activities, nutrition and weight loss, preventive and personalized health and wellness tourism.

Millennial Generation: People born between 1982 and 2004 and alternatively referred to as generation Y or young adults.

"The Middle East continues to exhibit strong growth despite the recent decline in oil price, driven by government backed infrastructural development and diversification of regional economies, which is directly contributing to the growth of intra-regional travel and regional budget airlines.

We identified a gap in the market and established Action Hotels in 2005, at a time when the regional market was focusing on building luxury hotels. To date, Action Hotels has been spearheading the development of economy and mid-market hotels in the region, where the current supply remains predominantly unbranded and privately owned. The market also remains significantly undersupplied, with <20% of current branded supply falling within the economy and midscale sectors (STR: economy and midscale hotels only 19% of branded supply, Dec. 2015). The announced pipeline through to 2018 remains primarily focused on luxury and upscale hotels.

The rising demand for economy and mid-market hotels continues to drive strong performance and growth despite global economic and safety challenges, falling oil prices and increased supply in the market, which is mainly in the luxury and upscale hotel sectors. Government support is also a key driver of demand as well as being a driver of projects and infrastructure. The organization of events and establishment of tourism bodies in the GCC generates promotional efforts in key feeder markets and is fundamental to the hospitality industry in the region.

Our partnerships with leading hotel brands have also been crucial in underpinning successful performance. We are able to leverage their global reservations and marketing muscle to outperform the industry at a time of fundamental changes. Social media increasingly influences customer behavior and buying and metasearch has fundamentally changed the search process, expectations, and transparency of the market. In addition, online travel agents allow consumers to shop for the best deal, decreasing the probability of loyalty to a single brand website and decreasing hoteliers' margins."

Sheikh Mubarak A M Al Sabah

Founder and Chairman

Action Hotels PLC

"My outlook for the GCC hospitality industry in the immediate short term is cautious in view of the continued soft oil prices, regional instabilities and a range of global factors like BREXIT & terrorism related incidents. Dubai, the market leader in GCC, continues to suffer from lower demand due to various factors mentioned above and also oversupply due to opening of new hotels, resulting in a lower ARR. Stable oil prices and greater regional political stability are critical to the long term continued growth of the hospitality industry."

Vijay Raghavan

Director

Golden Sands Hotels Co. (LLC), UAE

"For the next couple of years, the GCC, in particular the UAE, looks set to remain a favourable destination in comparison with other popular Middle Eastern and Levant regions, albeit the rates and occupancy are projected to continue to soften due to part to supply and economic issues. However, the region faces challenges like weakened currencies in key feeder markets will naturally affect tourism spending power, and this combined with the pipeline growth and rooms supply will continue to affect RevPAR. Having said that, the alleviation of misconceptions around the GCC regions and the increased liberalisation of entertainment will aid growth from key western communities including the US. A focus on diversifying destination demand drivers will also be key. With these coming to fruition over the next few years, I believe we will see demand growth as predicted, in the run up to Expo 2020. While many of the GCC destination profiles are built on their luxury offering, Dubai in particular is investing heavily in diversifying its offering, incentivising growth in mid-market hotels in a bid to widen its appeal. We expect to see continued growth from China, given their staggering increase in outbound travel, and analysts suggest that Iran may continue to grow as source market given the recent lift in sanctions.

As a growing trend, we see less reliance of DMCs in feeder markets and a focus on direct B to C marketing and sales. With supply and competition on the increase, operators are now taking matters of representation into their own hands, in turn alleviating costs attributed to high commissions. We also see the rise of dynamic packaging platforms, again as a nod to diversifying hospitality offerings, adding value to our visitors and increasing the average length of stay. Hotel operators and leisure options are seeking ways to sell more in advance of arrival, and as such, developing sales and co-marketing partnerships in a united synergy."

The Al Habtoor Group Research Department

Al Habtoor Group, UAE

"Our long term outlook for the industry is positive as the region has a lot of potential to develop and no doubt the economic situation will settle, which will help tremendously. While there is oversupply in some of the cities in the region, we see this as an opportunity to lift the quality standards and provide best services. Despite the challenges, factors like government's vision, support to develop tourism sector, aviation sector, and the recent efforts to offer infrastructure better than many developed cities in the world, are supporting the growth of the sector.

As each country in the region has a different tourism target market like KSA has majorly religious tourism, Qatar and Bahrain thrive on business tourism, etc, we see an upcoming trend of leisure tourism. Apart from that the branded mid scale hotels have picked up in the recent years as we see now travelers are more price sensitive hence, we launched 'Centro by Rotana' brand back in 2006, our lifestyle affordable hotel brand.. We also see lifestyle hotels burgeoning especially in cities like Dubai where youth population is the largest and they want more dynamic and trendier environment. We have also seen a growing demand of branded residences that are operated by hotel management companies. In totality, the region has all the required ingredients and a lot of untapped potential to drive the growth of the hospitality sector."

Omer Kaddouri

President & CEO

Rotana Hotel Management Corporation PJSC, UAE

"The GCC economies are on their way to recovery after facing challenging times due to various global factors in the recent years. While in the short term, pressure still persists, the industry is gearing up in anticipation of a huge inflow of tourists for the mega events namely – the World Expo 2020 to be hosted in Dubai and 2022 FIFA World Cup to be held in Qatar. Significant investments are being channeled into the development of tourism and hospitality related infrastructure to accommodate the expected visitor traffic and provide avenues of entertainment and sightseeing, leading to a positive longer-term outlook for the industry.

A thriving meetings, incentives, conferences, and exhibitions (MICE) segment, spate of technological advancements, and brisk development of midscale hotel properties are amongst the key factors elevating the appeal of the GCC hospitality sector. With growing middle class population and corporates on a cost-cutting spree, we see a trend of several top hotel brands making a shift from their predominant strategy of building luxury hotels towards building more mid-range hotels. All these factors along with the government measures to bolster tourism activities in the region by encouraging private sector investments, building new attractions, expanding airport capacity, and increasing international promotion campaigns, is providing further impetus to the industry.

Rohit Walia

Executive Chairman

Alpen Capital (ME) Limited

Alpen Capital took views on the GCC Hospitality Industry from Mr. Gerald Lawless and Ms. Helen Marano, senior officials at* World Travel and Tourism Council (*WTTC).

"I am extremely positive about the outlook for the GCC hospitality industry and I am greatly encouraged that so many countries and cities are now following the example of Dubai in recognising the benefits of Travel and Tourism to their economies. Saudi Arabia, for example, as it pursues its diversification programme, has identified tourism as a key potential segment of their economy. Many initiatives are now under way under the Saudi Commission for Tourism and National Heritage which is led by HRH Prince Sultan bin Salman bin Abdulaziz. As we know, tourism contributed almost 10% of the GDP and is set to be one of the main employers worldwide with 284 million jobs currently attributed to the industry. Job opportunities for young people under 25 is a major feature of our industry and is attracting a lot of attention of governments throughout the region and, indeed, worldwide.

Within the WTTC, recent research has identified the future potential skills shortage in more than 35 countries worldwide over the next decade. We have identified the urgent need to provide relevant education and training in our industry, particularly at a vocational level. Again, Dubai is leading the way in this regard with current plans by the DTCM to launch a vocational institution for travel, tourism and hospitality in the city.

We see that market sources have become extremely diversified, mainly due to major currency movements. It has been encouraging to see how Dubai and the United Arab Emirates have continued to develop bilateral relations with China over the years. This, coupled with ever-increasing air frequency between both countries, has allowed the hotel industry to diversify its markets. This has been particularly helpful in recent years as Russian currency has weakened. However, we now see a steady return of Russian visitors as the rouble recovers. Therefore, diversification of source markets, including regional and domestic, is of vital importance."

Gerald Lawless

Chairman, WTTC and Head of Tourism and Hospitality, Dubai Holding

Ms. Helen Marano, Senior Vice-President, Government & Industry Affairs, WTTC, answers Alpen Capital's questions on the outlook and growth of the GCC Hospitality Industry

What is your outlook on the GCC Hospitality Industry?

- *Travel & Tourism continues to grow strongly, and we see a positive outlook for the Middle East and GCC economies especially. Based on our forecasts for the next ten years, we expect the Middle East to lie just behind Asia as one of the regions leading the global growth of Travel & Tourism over the coming years.*
- *Globally, Travel & Tourism's total contribution to the global economy in 2015 was $7.2 trillion and 284 million jobs, representing 9.8% of global GDP and 9.5% of jobs (1 in 11). The sector's contribution to GDP is forecast to grow by 3.5% in 2016, and 4% per year to 2026.*

What are the challenges facing the GCC Hospitality Industry?

- *According to WTTC research, government spending on Travel & Tourism in the Middle East is set to grow by 2.6% in 2016, and 3.5% per year over the next ten years. Capital investment in the sector is forecast to rise by 5.2% this year and 5.4% per year to 2026. While these growth levels are slightly higher than the world average, the data shows that they are the minimum that is needed in order for tourism to grow sustainably and to ensure resilience for economies, which are oil dependent.*
- *In recent months, concerns about incidents and securities have spread around the world. Travel & Tourism needs to recognise and address these, but not succumb to them. Our*

research shows that Travel & Tourism can be a driver of peace, and in today's world that is as important and relevant as ever.

- *There are also opportunities for Travel & Tourism in the region. In the context of fluctuations in oil prices, governments are seeking to diversify their economies. Travel & Tourism can be an important element of these strategies and it is important for the sector to maximise the opportunities which come out of it.*

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

- *Continued facilitation of visa policies, to allow tourists to visit the GCC economies – and travel around the region – more easily.*
- *Wise investment into the Travel & Tourism sector. David Scowsill, President & CEO, Word Travel & Tourism Council, recently said: "Our research demonstrates that rather than switching off investment in Travel & Tourism as oil revenues fall, countries dependent on oil income would benefit greatly from investing in Travel & Tourism, to further diversify their economies and to develop additional income streams."*
- *The sector needs to work with governments to ensure that their policies create business environments which are conducive to the growth of the sector. This means creating intelligent tax regimes which allows the private sector to be competitive and planning and building infrastructure that will be capable of absorbing this incredible growth over the next 25-30 years. And it also means recruiting and training the right people with the right skills to meet the future demand.*
- *Strategic development with an eye on long-term sustainability – economic, environmental, and social. Our sector has a huge responsibility for safeguarding the environment, and ensuring that the growth of our sector is managed responsibly and sustainably.*

What are the recent trends in this sector?

- *Over recent years, we are seeing changes in the distribution of main source markets, with increasing numbers of travellers coming from some of the newer outbound tourism countries. The boom in Chinese outbound travel is well observed by now, but there are also other countries were raising disposable incomes are leading to a growth in outbound travel spending. One notable example is Indonesia, which is especially significant for the Middle East as a Muslim country, for which the GCC countries may be an appealing destination.*
- *In hospitality globally, the last couple of years has seen the rapid rise of the so-called sharing economy. While this may not have expanded in the GCC to the extent it has in other destinations, the overall trend in the development of alternative business models and new approaches to hospitality services cannot be ignored anywhere.*

Mr. Philip Wooller, Area Director Middle East & Africa at STR Global, answers Alpen Capital's questions on the outlook and growth of the GCC Hospitality Industry

What is your outlook on the GCC Hospitality Industry?

- *The Middle East has been dealt an unbelievably challenging hand over the last few years and the may be a few more bumps in the road as the hotel industry adapts to the changes. The slump in the oil price came at a time when investment across the region was at its all-time highest and as a consequences some changes will have to be made. But as seen before the Middle East adapts quickly and resolutely and will continue to grow and evolve as a destination for both leisure and business travel although probably on a slightly different footing. It is likely, for example, we will see a shift in the hotel performances and a new 'norm' will emerge which will be on a slightly lower level than typically seen in recent times.*

What are the challenges facing the GCC Hospitality Industry?

- *As the GCC countries continue to work towards balancing their respective fiscal budgets, the hospitality sector continues to grow at a rapid pace and new supply is expected to grow significantly year over year until 2020. The challenge facing many hoteliers is how do they continue to fill these rooms as the traditionally strong source 'markets' and 'business' segments contract? Dubai, for example will soon reach the 100,000 rooms mark which will then position Dubai in the top 10 of 'global hotel supply.' But Dubai has a long way to run and the next 3-4 years will see some dazzling changes to the city culminating in Expo 2020 and I have no doubt that Dubai will go from strength to strength as the city continues to develop for the future.*

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

- *It's very difficult to talk about the GCC as one region when we take a view on the hospitality sector. The Kingdom of Saudi Arabia is very different to the UAE for example but as a general rule the GCC must further diversify the business mix and attract more different types of segments to fill the hotel rooms. The UAE is approximately 70% leisure and that puts significant pressure on filling the rooms for 365 days of the year. All that said in the next few years there will also be some significant 'market' changes including Dubai Parks, Expo 2020 and the 2022 World Cup in Doha and these will only help the region develop.*

What are the recent trends in this sector?

- *Typically the product offering in the Middle East has been very much in the Luxury end of the hotel sector but we are now seeing some movement in recent times to the 'budget' and 'midscale' classes but quality products with tech at the forefront of design. This in theory this should open up new and younger demographics and further aid the 'hotel demand' cycle for the GCC which has been growing year over year for 6 years.*

1. Executive Summary

The GCC hospitality sector continues to grow, driven by rising influx of business, leisure, and religious tourists. Although the sector is currently experiencing slowdown due to drop in oil prices and currency depreciation, long-term fundamentals remain robust. Government measures to bolster tourism activities in the region like encouraging private sector investments, building new attractions, expanding airport capacity, and increasing international promotion campaigns are providing impetus. A raft of hospitality projects are underway in the region to capitalize on the robust demand for accommodation. A thriving segment of meetings, incentives, conferences, and exhibitions (MICE), spate of technological advancements, and brisk development of midscale hotel properties are amongst the key factors elevating the appeal of the GCC hospitality sector.

1.1 Scope of the Report

As an update to the Alpen Capital's GCC Hospitality Industry report dated September 24, 2014, this report presents a synopsis of the demand-supply dynamics and key performance indicators of the hospitality industry across the GCC countries. The report also covers recent trends, growth drivers, and challenges in the industry. It profiles some of the renowned hospitality companies in the GCC while evaluating their financial and market valuation metrics vis-à-vis their regional as well as international counterparts.

1.2 Sector Outlook

- Overall, the market is expected to grow at a 7.6% CAGR from an estimated US$ 25.4 billion in 2015 to US$ 36.7 billion in 2020. Despite an anticipated slowdown in 2016, the market is likely to recover in the long-term driven by a robust pipeline of hotels and serviced apartments coupled with a continual rise in tourist arrivals stemming from upcoming mega events and government efforts.
- The key operating metrics of the sector is expected to remain under pressure in the short-term, mainly in the UAE and Qatar, but is likely to rebound in the long-term supported by growing demand. During the forecast period, occupancy rates at hotels and serviced apartments are anticipated to grow by 3 percentage points (ppts) to 70% and ADR is likely to average between US$ 168 to US$ 190, growing by 1.4% annually. As a result, the aggregate RevPAR of hotels and serviced apartments in the GCC is projected to grow at a CAGR of 2.3% to US$ 133 by 2020.
- From 2015 to 2020, the hospitality markets of Qatar and the UAE are expected to demonstrate the fastest annualized growth of over 10%, owing mainly to tourism-related developments ahead of landmark events to be held in these countries.
- During the forecast period, the total room supply in the GCC is expected to grow at a 4.0% CAGR, slower than 5.7% expansion in international tourist arrivals.

1.3 Key Growth Drivers

- The hospitality industry in the UAE and Qatar are gearing up for expansion in anticipation of a huge inflow of tourists for the mega events namely – the World Expo 2020 to be hosted in Dubai and 2022 FIFA World Cup to be held in Qatar.
- The GCC region's MICE market is growing swiftly, with Dubai being recognized amongst the most popular cities for meetings and events. Acknowledging the opportunity, the other GCC nations are also developing large convention centers and undertaking promotions to attract international summits.
- Saudi Arabia – the largest hospitality market and religious tourism center in the GCC – is set to get a boost with major expansion works being carried out at its two holy mosques in Makkah and Madinah.
- The tourism sector is seen as one of the key enablers of revenue diversification and job creation in the GCC. Accordingly, governments have framed long-term

strategies to develop the sector by building infrastructure, encouraging private investments, and conducting extensive international promotion campaigns.

- The GCC countries are expanding capacity at their airports and developing infrastructure to complement the government push for boosting visitor traffic to the region, thus providing a major incentive for increasing hotel capacities.
- Dubai is likely to witness an addition of nearly 57,000 rooms in hotels and serviced apartments in the five years to 2020, whereas Saudi Arabia has a pipeline of over 47,000 rooms. Addition of such massive capacity is expected to extensively scale up the region's hospitality sector.

1.4 Key Challenges

- A slump in the oil prices has slowed down the oil-dependent GCC economies, thus adversely affecting business sentiments and forcing the member countries to resort to austerity measures. Weak economic activity has reduced spending on business travel and MICE events.
- Depreciation of currencies such as the Pound, Euro, and Ruble against the US Dollar affected tourism activity in the GCC region, as the currencies of most of the member nations are pegged to the US Dollar.
- Though GCC is a relatively safer haven, the political instability and security threats around the wider Middle East region may impact tourist arrivals.
- Increase in the number of hospitality establishments in the recent years has intensified competition in the GCC region, particularly for the markets of Dubai and Doha. This is putting downward pressure on occupancy rates and ADRs.
- Although strategies are being implemented to boost tourism activity, failure to attract a continuous flow of tourists prior to and even post the mega events in Dubai and Qatar may create an oversupply situation.
- Aggressive expansion by the GCC hoteliers requires a large number of skilled personnel. Hiring the right set of candidates in large numbers is a challenge.

1.5 Key Trends

- Growing middle-class population world over and demand from corporates who are on a cost-cutting spree have encouraged several top hotel brands in the region to build more mid-range hotels.
- Development of branded hotel apartments is growing in the GCC, given the opportunity and cost advantage. As the GCC nations invest in building leisure attractions to draw more tourists, demand for such apartments is likely to grow.
- The wellness industry in the UAE, Saudi Arabia, and Oman continue to grow, as an increasing number of visitors desire a spa experience.
- Shariah-compliant tourism continues to gain prominence in the GCC owing to the significant demand from regional visitors. Growth in the number of such tourists opens up opportunities for the undersupplied Shariah-compliant hotel market.
- A rise in the number of millennials globally is compelling the hospitality and tourism industry players to mold their offerings based on behavior, purchasing power, and interest areas of this generation.
- Rising number of tech-savvy people and emergence of disruptive technologies have encouraged the use of smart technology, digital solutions, and mobile apps by the hospitality industry to enrich guest experience as well as streamline administrative processes.

Although the GCC hospitality sector may remain under pressure during the year, it is likely to witness a notable growth thereafter in the wake of new business opportunities, mega international events and development of world-class tourist attractions. The immense growth potential of the industry is enticing international and regional players to expand in the region.

2. The GCC Hospitality Sector Overview

The GCC region continues to attract several tourists to its business opportunities, religious cities, sport events, shopping festivals, and MICE events, amongst others

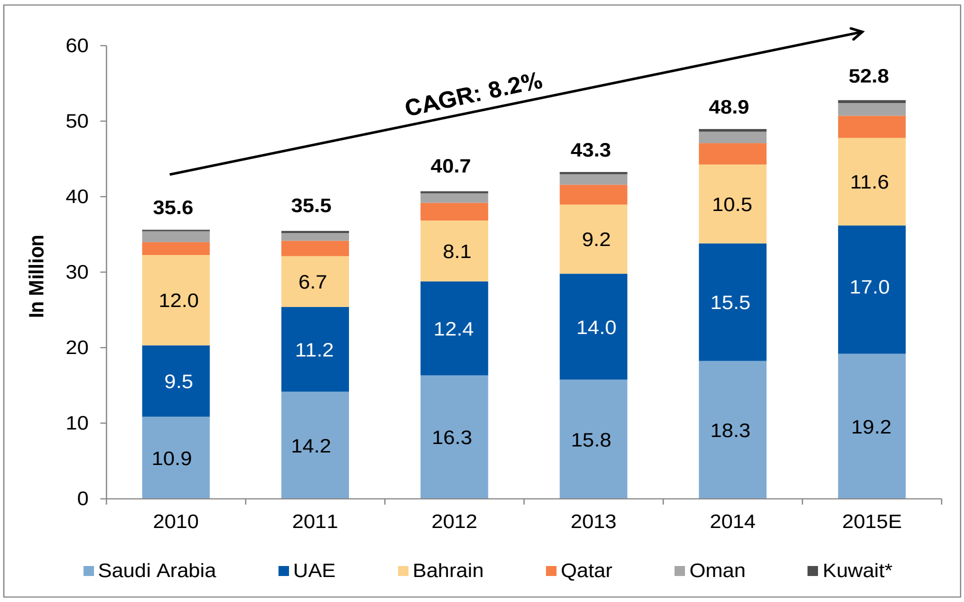
Backed by an active tourism market, the GCC hospitality industry remains firm on its growth trajectory. The GCC region continues to attract several tourists to its business opportunities, religious cities, sport events, shopping festivals, and MICE events, amongst others. Several international hotel chains have flocked to the region to capture a slice of the burgeoning tourism industry pie. Though drop in oil prices and currency depreciation is currently affecting demand, the sector's long-term outlook remains strong backed by government efforts to bolster tourism. Massive infrastructure developments and hotel projects are underway to meet the demands of the huge tourist inflow expected into the region for the upcoming mega events such as Expo 2020 in Dubai and 2022 FIFA World Cup in Qatar. Ongoing expansion of the two holy mosques and relaxation of the visa policy have also channeled new investments from international hotel chains into Saudi Arabia. The GCC governments are encouraging the development of large tourist attractions and convention centers to reinforce the region's attractiveness as a global leisure and business destination.

2.1 Tourist Arrivals

The GCC region attracted an estimated 52.8 million international tourists in 2015

Backed by its strong leisure and business markets, the GCC region attracted an estimated 52.8 million international tourists in 2015[1] (see Exhibit 1). This indicates a rapid growth of 8.2% CAGR from 2010, substantially above the world average of 3.9%. While a large portion of tourists originate from within the region; Asia, Europe, and Russia also act as the key feeder regions.

Exhibit 1: International Tourist Arrivals to the GCC



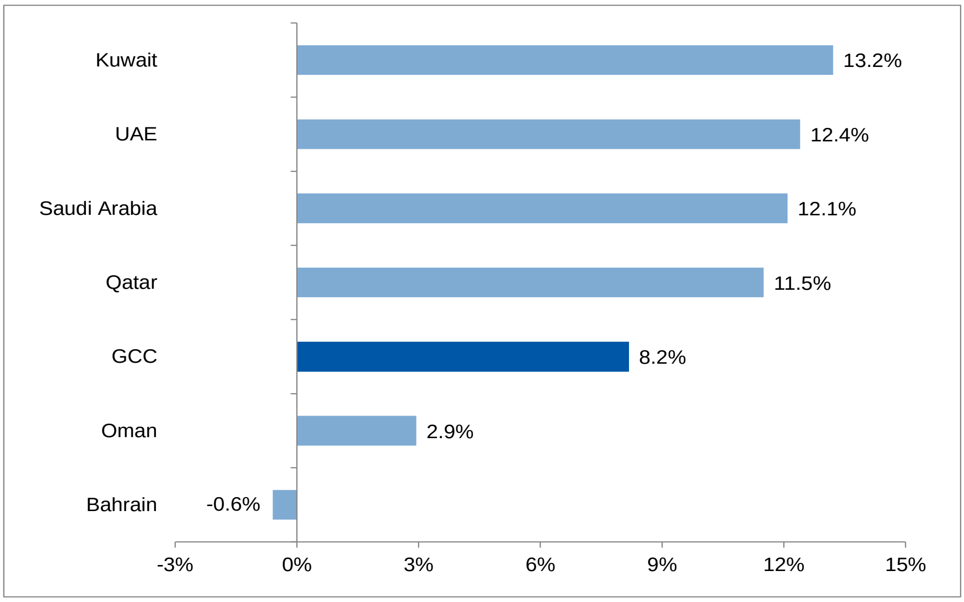
Source: World Bank, SCAD, Dubai Statistics Center, MasterCard, WTTC, MAS, Trade Arabia, Marhaba, Alpen Capital
*E – Estimated; *2014 data for Kuwait is estimated*

[1] Source: World Bank, Statistics Centre - Abu Dhabi (SCAD), Dubai Statistics Center, MasterCard, WTTC, Tourism Information & Research Center of Saudi Arabia (MAS), Trade Arabia, Marhaba, Alpen Capital

International tourist arrivals in Saudi Arabia and the UAE grew at a rapid pace of over 12% annually from 2010 to 2015

Saudi Arabia as a religious destination and the UAE as a leisure and business destination are the key tourist hubs in the GCC, representing nearly 70% of total tourist arrivals in the region during 2015[2]. Combined, their share of the total GCC arrivals has increased by over 11.5 ppts from 2010. Dubai was ranked as the fourth most popular destination in the world in 2015[3]. Arrivals in both the tourist hubs grew at a rapid pace of over 12% annually from 2010 to 2015[2]. The tourism markets of Kuwait and Qatar also grew swiftly by 13.2% and 11.5%, respectively (see Exhibit 2). While growth in Kuwait was mainly due to a low base, that in Qatar emphasized government's efforts to develop the country into a luxury, sports, and business destination. Qatar is predominantly a business travel destination, with almost 70% of international tourists in 2014 travelling on business purpose[4]. Bahrain and Oman underperformed the region in terms of growth in tourist arrivals, mainly due to the impact of Arab Spring in 2011. After the event, tourist arrivals in Oman and Bahrain have grown by more than 13% annually.

Exhibit 2: International Tourist Arrivals Growth (CAGR: 2010-2015E)



Source: World Bank, SCAD, Dubai Statistics Center, MasterCard, WTTC, MAS, Trade Arabia, Marhaba, Alpen Capital

2.2 Travel & Tourism (T&T) spending

In the five years to 2015, travel and tourism spending in the GCC grew at a 7.1% CAGR to reach US$ 75.7 billion

In terms of T&T spending[5], 2015 was not a good year for the GCC due to the slump in oil prices. During the year, spending by business visitors dropped by 4.7% y-o-y and leisure spending grew marginally[6]. Business spending dropped across the region, except in the UAE, due to weak economic activity. Nonetheless, analysis of the last five years indicates a 7.1% annual growth in T&T spending in the GCC to reach US$ 75.7 billion (see Exhibit 3). Growth in the region's T&T spending exceeded the world average of 3.8%.

More than 80% of total T&T spending in the GCC came from leisure activities, which grew at an annualized rate of 6.9% during the five-year period, due to the promotion of tourist

[2] Source: World Bank, SCAD, Dubai Statistics Center, MasterCard, WTTC, MAS, Trade Arabia, Marhaba, Alpen Capital
[3] Source: "2015 Global Destination Cities Index", MasterCard
[4] Source: "Qatar eases restrictions on FDI to boost growth", Oxford Business Group
[5] Domestic and international tourist spending
[6] Source: WTTC

attractions and the setting up of related infrastructure. Spending by business visitors also grew at a healthy 7.5% CAGR during the same period, due to the increase in corporate and government business activities.

Exhibit 3: T&T Spending in the GCC (2015)

Country	T&T Spending (A+B)		Leisure spending		Business spending	
	Value (US$ bn)	CAGR (2010-2015)	Value (US$ bn)	Share (%)	Value (US$ bn)	Share (%)
UAE	33.7	7.8%	26.7	79.0%	7.1	21.0%
Saudi Arabia	20.4	1.5%	18.5	90.4%	2.0	9.6%
Qatar	11.4	30.6%	7.6	67.0%	3.7	33.0%
Kuwait	4.7	4.6%	3.8	80.7%	0.9	19.3%
Oman	3.0	8.6%	2.2	73.2%	0.8	26.8%
Bahrain	2.5	-3.2%	2.1	84.3%	0.4	15.7%
GCC	75.7	7.1%	60.8	80.3%	14.9	19.7%
World	4,728.8	3.8%	3,621.9	76.6%	1,106.9	23.4%

Source: WTTC
Note: The above values are in nominal prices

With the largest number of tourist arrivals, Saudi Arabia and the UAE were the largest contributors to the GCC's T&T spending in 2015

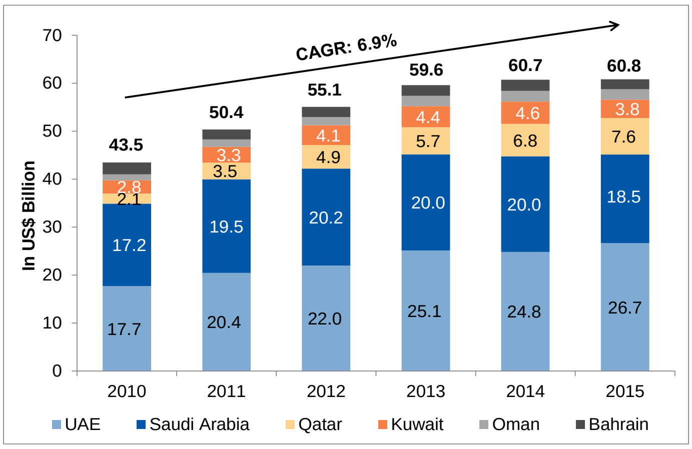
With the largest number of tourist arrivals, Saudi Arabia and the UAE were the largest contributors to the GCC's T&T spending in 2015[7] (see Exhibits 4 and 5). Appreciation of the US dollar, to which most of the member nations are pegged, has made them an expensive destination for tourists from Asia, Eastern Europe, and Russia, where the respective currencies have depreciated. Flow of tourists from these regions, especially the high-spending Russians, to the UAE decelerated from the second half of 2014. Despite this, tourism spending in the country increased in 2015 owing to an increase in visitors from the GCC and Western Europe. T&T spending in the UAE was at US$ 33.7 billion in 2015, with spending on leisure activities having grown by 8.5% annually from 2010 and on business visits by 5.0%. Expansion of airport capacity, building of theme parks and other attractions, and a wide choice of hotel accommodation are likely to keep fuelling tourism demand in the UAE.

In terms of growth in the five years, Qatar grew the fastest with a CAGR of more than 30% while that in Bahrain declined

In terms of growth in the five years, Qatar grew the fastest with a CAGR of more than 30% while that in Bahrain declined. The onset of political unrest in Bahrain at the start of 2011 had a severe impact on the tourism market, as international tourist arrivals dropped y-o-y by more than 40%[8]. However, recovery has been strong with tourist arrivals growing by ~15% annually post the turmoil[9]. Although T&T spending in Bahrain was also recovering from 2012, it declined by 11.1% y-o-y to US$ 2.5 billion in 2015[7] owing to the slump in oil prices that affected spending by leisure and business tourists. T&T spending in Saudi Arabia, Oman, and Kuwait also declined on a y-o-y basis in 2015 possibly due to a drop in spending due to weak oil prices.

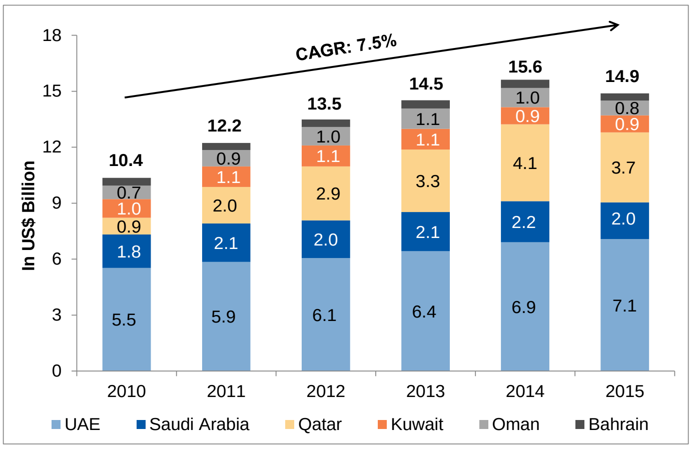
[7] Source: WTTC
[8] Source: World Bank
[9] Source: World Bank, Trade Arabia

Exhibit 4: Leisure Spending in the GCC



Source: Alpen Capital

Exhibit 5: Business Spending in the GCC



Source: Alpen Capital

2.3 Supply to Keep-up with Demand

The GCC region witnessed an addition of over 294,000 rooms during 2010 to 2015

The GCC is witnessing a significant growth in hotel properties, despite the region's macroeconomic challenges. In the five years to 2015, there has been a remarkable increase in the number of hotels and serviced apartments in the GCC. The region witnessed an addition of over 294,000 rooms during the period[10] (see Exhibit 6). Majority of the new supply was in Saudi Arabia, where the capacity more than doubled to over 446,000 rooms, accounting for more than 70% of the region's 633,290 hotels and serviced apartments room inventory. Several hospitality players have been establishing or expanding their presence in the Kingdom to capture the anticipated demand from government efforts to boost the tourism sector as a part of its revenue diversification strategy. To accommodate the growing demand for hotels from tourist influx expected during the six-month long Dubai Expo 2020, international as well as domestic operators have been making significant investments in constructing new hotels in Dubai. Further, in October 2013 and January 2014, Dubai authorities had introduced measures such as tax reprieve, shorter approval time for building hotels, and grant of land plots to Emirati investors to encourage development of mid-range hotels[11]. Consequently, supply of hotels and apartments is increasing swiftly. During 2010 to 2015, the number of hotel rooms available in Dubai and Abu Dhabi increased at annualized rates of 7.2% and 10.9%, respectively[12]. Collectively, the two cities witnessed an addition of over 30,000 hotel rooms and more than 7,600 serviced apartment rooms during the period. Rooms supply in Qatar also grew at a rapid pace of 16.7% CAGR from 2010 and 2015[13]. Nearly 50% of the existing room capacity in the country's hotels came up in the last five years. In 2015 alone, 20 new hotels and hotel apartments opened adding over 6,000 rooms.

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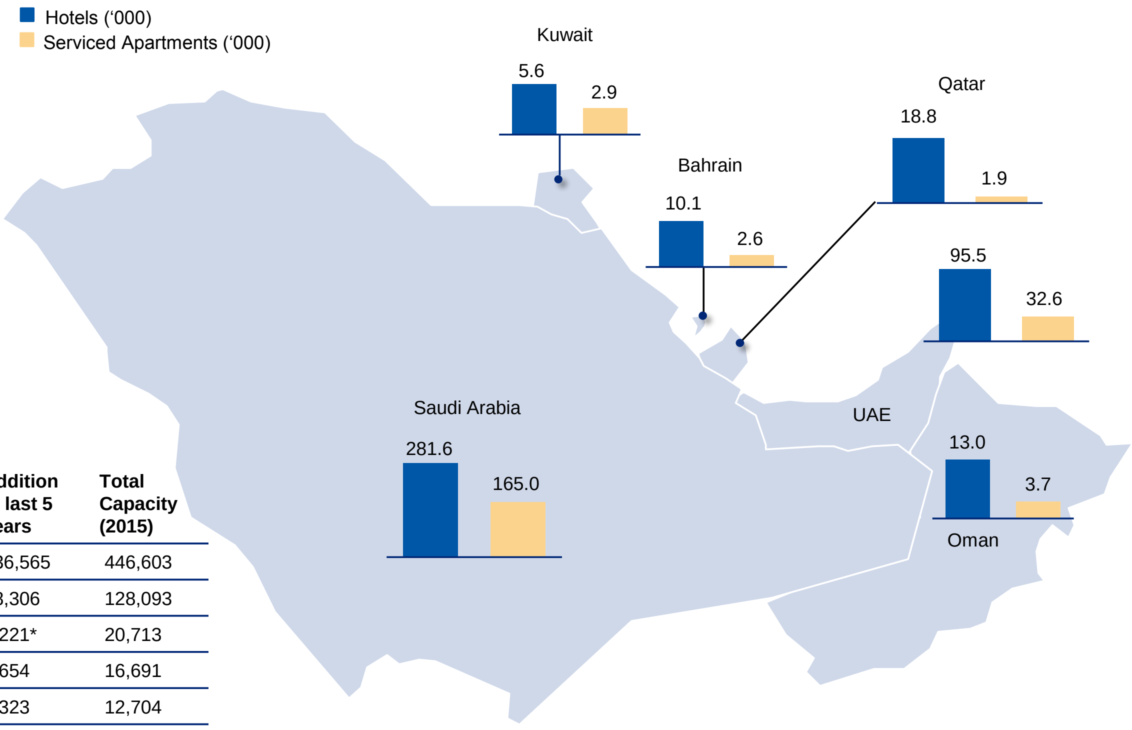
[10] Source: MAS, SCAD, Dubai Statistics Center, Qatar Tourism Authority (QTA), Oman Observer, Information & eGovernment Authority (IEA) of Bahrain, Central Statistical Bureau (CSB) of Kuwait, Alpen Capital
[11] Source: "Incentives to Grow Mid-Market Hotel Segment', Department of Tourism & Commerce Marketing (DTCM)
[12] Source: Dubai Statistics Center, SCAD
[13] Source: Doha News, QTA

Exhibit 6: Room Capacity in the GCC (2015)



Country	Addition in last 5 years	Total Capacity (2015)
Saudi Arabia	236,565	446,603
UAE	38,306	128,093
Qatar	9,221*	20,713
Oman	5,654	16,691
Bahrain	4,323	12,704
Kuwait	123^	8,486^
GCC	**294,192**	**633,290**

Source: MAS, SCAD, Dubai Statistics Center, QTA, Oman Observer, IEA of Bahrain, CBS of Kuwait, Alpen Capital

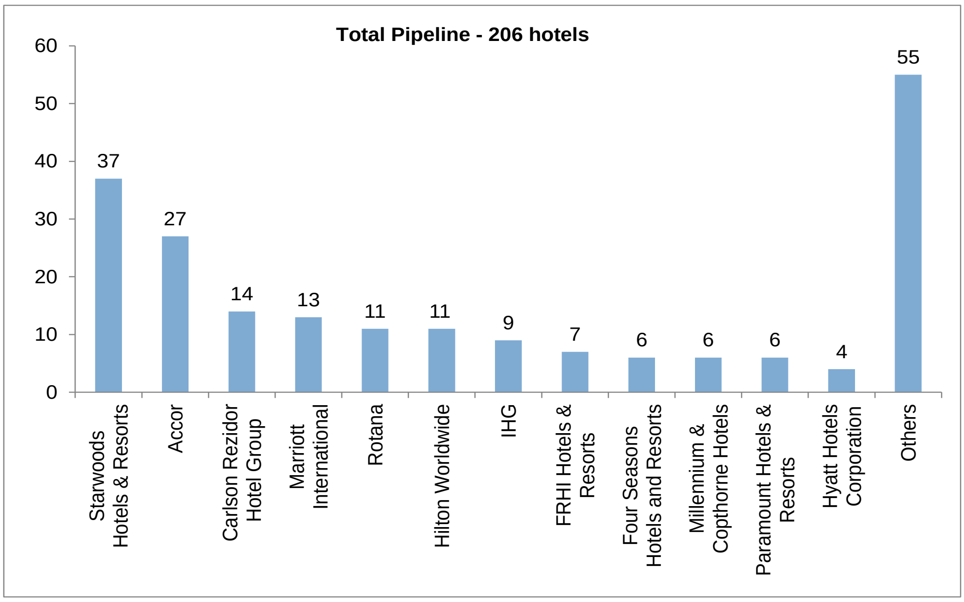
*Note: *Room addition in hotels; ^Estimated*

Major international as well as local hotel operators have announced a pipeline of over 200 hospitality projects in the GCC

Ease of doing business coupled with a growing tourism market has encouraged the development of hotel properties in the GCC. Renowned operators such as Accor, Marriott International, Starwood Hotels & Resorts, InterContinental Hotels Group have already built a firm presence across the region and are expanding further through their brands like ibis, JW Marriott, Sheraton, and Holiday Inn, respectively. Major international and local hotel operators have announced a pipeline of over 200 hospitality projects in the GCC, of which over half of them are being planned in the UAE[14]. Starwood Hotels & Resorts and Accor have the largest pipeline of 37 and 27 hotel properties, respectively (see Exhibit 7). The completion of such projects will bolster the hotel room supply in the region.

[14] Source: Upcoming Properties Database of Hotelier Middle East (as on June 8, 2016)

Exhibit 7: Major Operators - Hotel Pipeline in the GCC



Source: Hotelier Middle East (as of June 8, 2016)

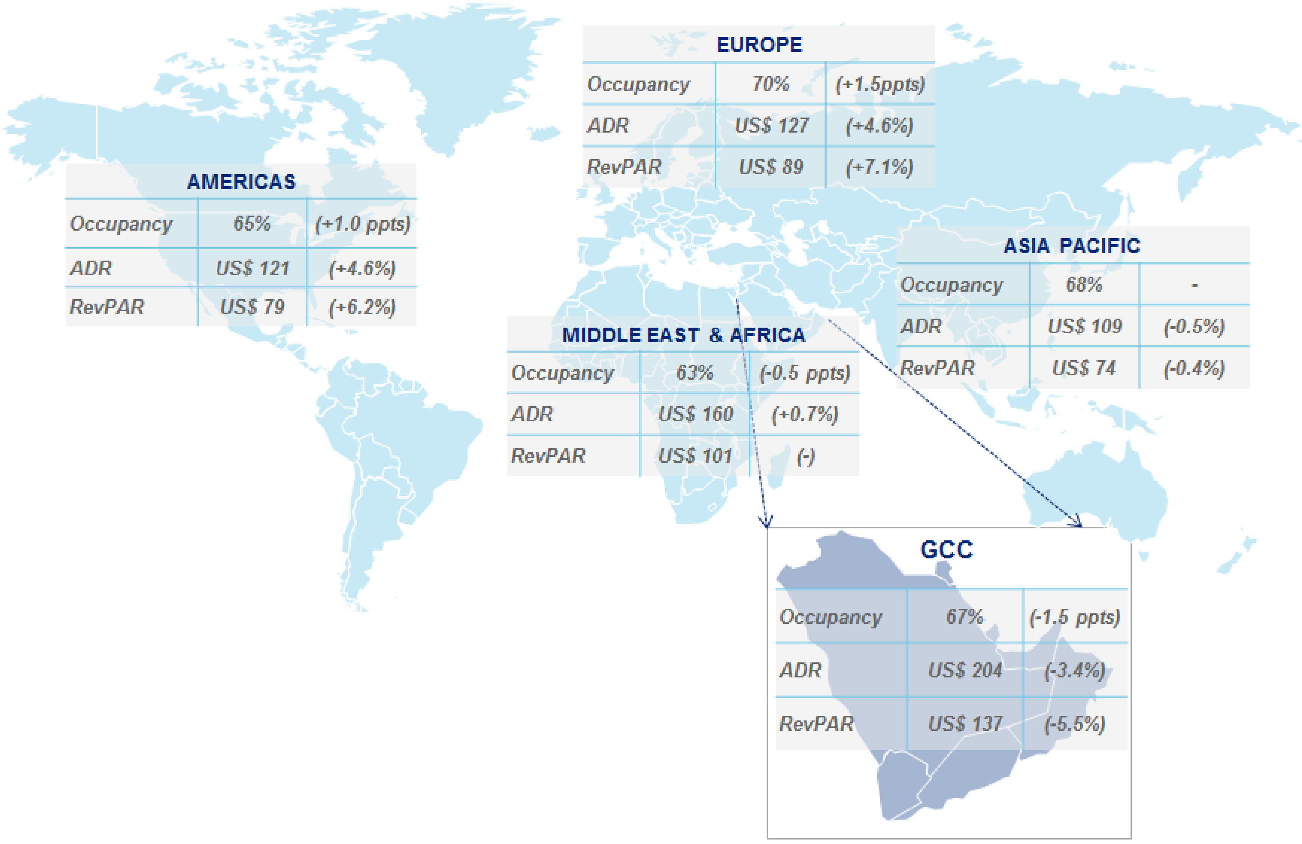
2.4 Key Performance Metrics

The GCC region continued to command the highest RevPAR in the world at US$ 137 in 2015

Substantial increase in room inventory amid a low oil price environment had negatively impacted RevPAR in the region in 2015, as occupancies and ADR declined annually by 1.5 ppts and 3.4%, respectively[15]. Nevertheless, the GCC region continued to command the highest RevPAR in the world at US$ 137 (see Exhibit 8)[16]. A high ADR and RevPAR is mainly as a result of a higher mix of branded luxury hotels in the GCC compared to other regions.

[15] Source: HVS, Alpen Capital
[16] Source: HVS, STR Global, Alpen Capital

Exhibit 8: Global Hotel Industry Performance Metrics (2015)



AMERICAS		
Occupancy	65%	(+1.0 ppts)
ADR	US$ 121	(+4.6%)
RevPAR	US$ 79	(+6.2%)

EUROPE		
Occupancy	70%	(+1.5ppts)
ADR	US$ 127	(+4.6%)
RevPAR	US$ 89	(+7.1%)

MIDDLE EAST & AFRICA		
Occupancy	63%	(-0.5 ppts)
ADR	US$ 160	(+0.7%)
RevPAR	US$ 101	(-)

ASIA PACIFIC		
Occupancy	68%	-
ADR	US$ 109	(-0.5%)
RevPAR	US$ 74	(-0.4%)

GCC		
Occupancy	67%	(-1.5 ppts)
ADR	US$ 204	(-3.4%)
RevPAR	US$ 137	(-5.5%)

Source: STR Global, Alpen Capital

Note: Figures in bracket indicate y-o-y change

Occupancy Rate

The GCC hotel occupancy rate stood at 67% in 2015 almost in-line with that of the Americas and Europe

The occupancy rates at branded hotels in most of the GCC nations may have declined y-o-y in 2015, but they are still higher than the levels prior to the Arab Spring of 2011[17]. The UAE with a 3.5 ppts y-o-y growth and Kuwait with a stable occupancy rate in 2015 were exceptions to the overall region's trend in occupancy (see Exhibit 9). Occupancy growth in the UAE is primarily attributed to its growing tourism arrivals. Hotels in Qatar endured the largest y-o-y drop of 7.0 ppts in occupancy rate to 69% in 2015, mainly due to increase in supply at a higher rate compared to a 28% rise in demand, measured by hotel rooms sold, during the year. Occupancy rate in Saudi Arabia, Bahrain, and Oman also declined in the range of 1 ppts to 3 ppts during the year. Large capacity addition coupled with imposition of visa quota to limit pilgrimage to Makkah on account of the ongoing expansion of the Grand Mosque contributed to decline in occupancy in Saudi Arabia in 2015. Occupancy rate in Bahrain fell to 53% in 2015, the lowest in the GCC region, owing to lower corporate demand. Overall, the GCC hotel occupancy rate stood at 67% in 2015 almost in-line with that of the Americas and Europe[18].

Since then, the situation has worsened in most of the cities in Q1 2016. Occupancy rate in Dubai and Abu Dhabi declined by less than 1 ppts y-o-y[19]. Although the current room supply is exceeding demand in Dubai, demand is likely to improve ahead of the Expo

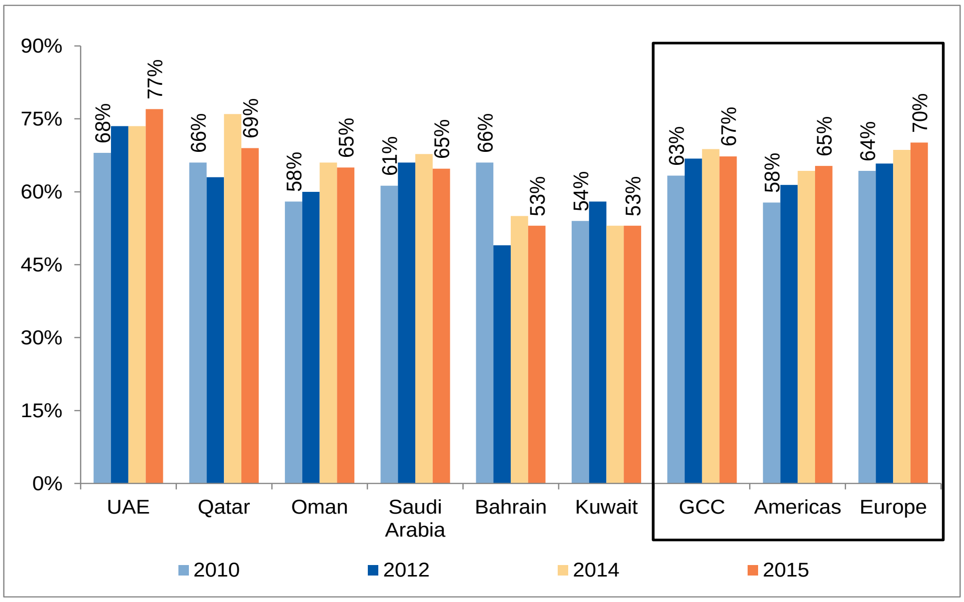
[17] Source: "2016 Middle East Hotel Survey, HVS, April 2016

[18] Source: "2016 Middle East Hotel Survey, HVS, April 2016, "Global Hotel Review", STR Global, January 20, 2016

[19] Source: "Sector Updates: Hospitality", Emirates NBD, May 2016

event. In Q1 2016, most of the hotels in Muscat reported a drop in revenues[20]. Depreciation of the Euro and the drop in oil prices are the major factors affecting tourism demand in the country. Occupancy rates at hotels in Doha dropped by 7.5 ppts during the first quarter[21]. Nevertheless, the situation is expected to gradually improve across the GCC countries, in view of government efforts to boost tourism and an anticipated stability in oil prices.

Exhibit 9: Trend in Occupancy Rates



Source: HVS, STR Global, Alpen Capital

Note: The above indicator is of major cities in the GCC and only representative of branded hotels. The UAE is represented by average of Dubai and Abu Dhabi; Saudi Arabia by average of Riyadh, Jeddah, Makkah, and Madinah; Qatar by Doha; Oman by Muscat; Bahrain by Manama; and Kuwait by Kuwait City

ADR

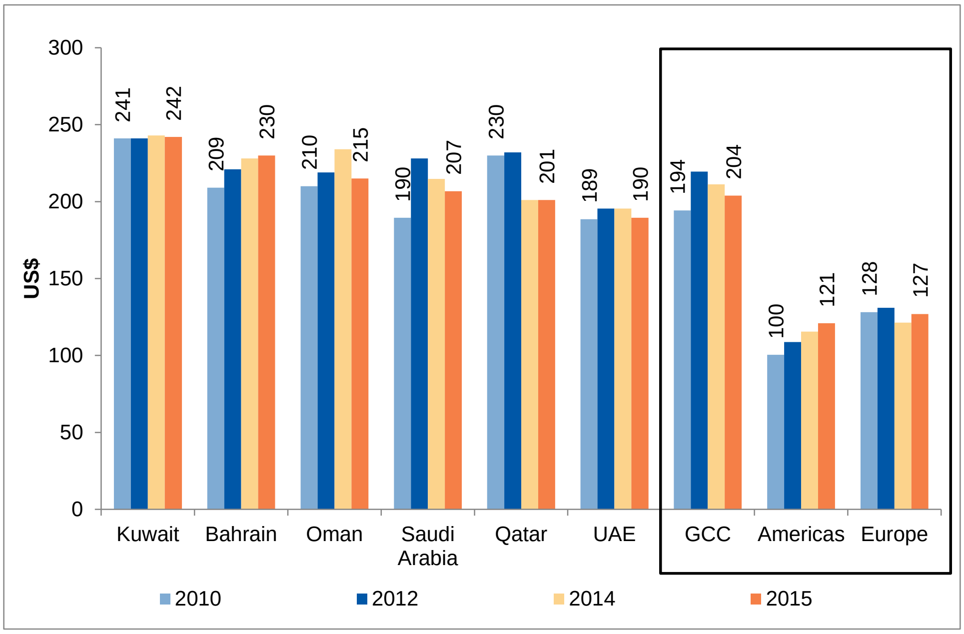
The GCC countries maintain their position as the most expensive destinations in the world measured by ADR

The GCC countries maintain their position as the most expensive destinations in the world measured by ADR (see Exhibit 10). Hotels in Kuwait City, Jeddah, Riyadh, and Dubai had the highest ADRs in the region in 2015[22]. As competition intensified, most of the GCC countries witnessed a y-o-y drop in their daily rates in 2015. ADR realized by branded hotels declined by 8.1% in Oman, and by more than 3% in Saudi Arabia and the UAE. An increase in competition coupled with efforts to maximize occupancy forced Omani hoteliers to reduce daily rates. Similarly, addition of several hotel establishments in 2015 has put pressure on ADR in Dubai, which declined by 5.3% y-o-y to US$ 231. This performance overshadowed ADR growth of 0.7% in Abu Dhabi hotels to US$ 148, resulting in a 3.1% drop in the country's ADR to US$ 190. ADR in Kuwait also declined slightly because of weak business activities of corporate and government. Qatar's branded hotels sustained their ADR in 2015, but the average ADR across all hotels declined by 5.6% y-o-y due to higher supply. In contrast, Bahrain witnessed ~1% y-o-y growth in ADR during the year, continuing to increase for the fourth consecutive year after the drastic fall during Arab Spring.

[20] Source: "Hospitality Sector Revenues Down", Muscat Daily, May 17, 2016
[21] Source: "Top Line Decline at Doha Hotels Accelerates in Q1 2016", Hotel News Resource, May 9, 2016
[22] Source: "2016 Middle East Hotel Survey", HVS

Intensifying competition maintained pressure on ADRs of hotels in the GCC cities in Q1 2016. ADRs of hotels in Doha declined by 12.3% y-o-y[23], in Dubai by 10.2%[24], and in Jeddah by ~5%[25].

Exhibit 10: Trend in ADR



Source: HVS, STR Global

Note: The above indicator is of major cities in the GCC and only representative of branded hotels. The UAE is represented by average of Dubai and Abu Dhabi; Saudi Arabia by average of Riyadh, Jeddah, Makkah, and Madinah; Qatar by Doha; Oman by Muscat; Bahrain by Manama; and Kuwait by Kuwait City

RevPAR

A decline in the occupancy rate and ADR in most of the GCC countries in 2015 resulted in lower RevPAR

A decline in the occupancy rate and ADR in most of the GCC countries resulted in lower RevPAR in 2015. Only the UAE with a higher occupancy witnessed a 1.5% increase in RevPAR to US$ 146 during the year, the highest in the region (see Exhibit 11)[26]. In 2015, RevPAR in Saudi Arabia, Qatar, and Oman declined by more than 8%. The Qatari hospitality market was affected by fall in occupancy levels, while hotels in Oman and Saudi Arabia suffered due to drop in both occupancy and ADR. Yet, RevPAR of the GCC countries remained above the average in the Americas and Europe in 2015.

May 2016 year-to-date RevPAR in most of the GCC cities declined[27]. Qatar and Muscat, Oman witnessed the largest drops by more than 18% y-o-y, followed by over 10% fall in RevPAR at Abu Dhabi and Dubai.

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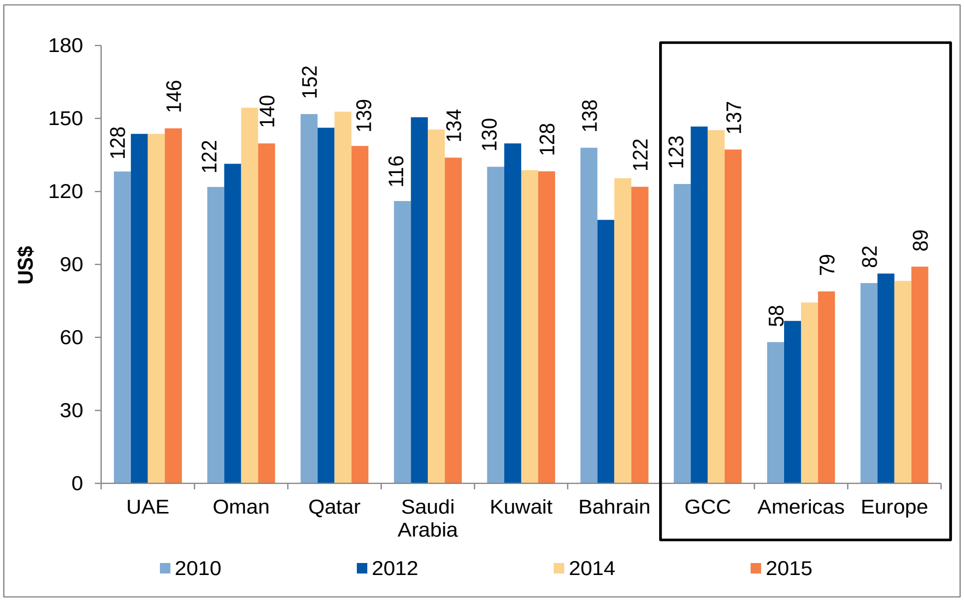
[23] Source: "Top Line Decline at Doha Hotels Accelerates in Q1 2016", Hotel News Resource, May 9, 2016
[24] Source: "Sector Updates: Hospitality", Emirates NBD, May 2016
[25] Source: "STR: Middle East/Africa performance for Q1, March", Hotel News Now, April 26, 2016
[26] Source: "2016 Middle East Hotel Survey", HVS
[27] Source: "STR: Analyzing Ramadan's impact on Middle East hotels", Hotel News Now, July 20, 2016

Exhibit 11: Trend in RevPAR



Source: HVS, STR Global

Note: The above indicators are of major cities in the GCC and only representative of branded hotels. The UAE is represented by average of Dubai and Abu Dhabi; Saudi Arabia by average of Riyadh, Jeddah, Makkah, and Madinah; Qatar by Doha; Oman by Muscat; Bahrain by Manama; and Kuwait by Kuwait City

3. The GCC Hospitality Sector Outlook

3.1 *Forecasting Methodology*

This report forecasts the hospitality sector revenue for all the GCC countries through 2020. The projections take into consideration the expected room capacity, occupancy rates, and ADRs of hotels and serviced apartments as well as international tourist arrivals and population in the region.

The sources considered for the data points are:

- For international tourist arrivals, the World Bank, WTTC, and each individual country's statistical or tourism ministry websites,
- For historical occupancy rates and ADRs, the Middle East Hotel Survey released by HVS, and
- For historical data on room capacity, the respective country's statistical or ministry websites.

The methodology adopted for projecting the annual revenue for each country is as below:

- Revenue = Average room capacity in the current and previous years x Occupancy rate x 360 days x ADR.

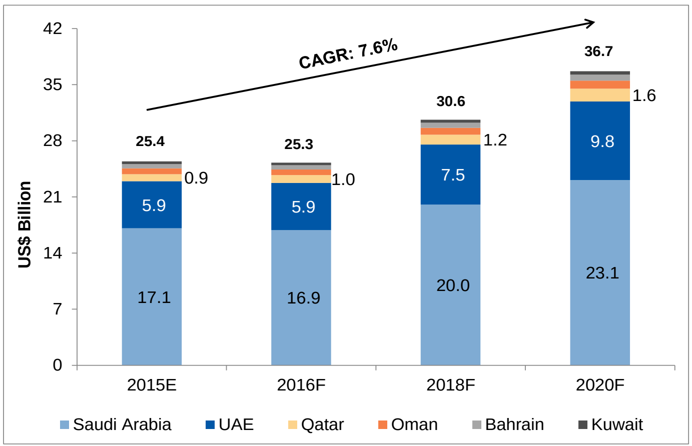
  We have projected revenue of both hotels and serviced apartments. The room capacity forecasts have been arrived at after factoring in the government plans and upcoming room pipeline. Assumptions for the occupancy rates and ADRs are based on the past trends as well as on factors such as forthcoming room supply, estimated growth in international tourist arrivals, and other developments affecting the demand of the hospitality sector.

3.2 *GCC Hospitality Market Forecasts*

The market size of the GCC hospitality sector is anticipated to grow at a 7.6% CAGR from an estimated US$ 25.4 billion in 2015 to US$ 36.7 billion in 2020

The market size of the GCC hospitality sector is anticipated to grow at a 7.6% CAGR from an estimated US$ 25.4 billion in 2015 to US$ 36.7 billion in 2020 (see Exhibit 12). Despite an anticipated slowdown in 2016, the market is likely to recover in the long-term, driven by a robust pipeline of hotels and serviced apartments coupled with a continual rise in tourist arrivals stemming from upcoming mega events and government efforts. During the forecast period, the hospitality markets of Qatar and the UAE are expected to demonstrate the fastest annualized growth of over 10%, owing mainly to tourism-related developments ahead of the landmark events to be held in these countries (see Exhibit 13). Bahrain is likely to deliver growth in line with the regional average backed by tourism promotion activities and recovery in oil prices. Rest of the GCC nations are likely to register growth in the range of 5% to 6%, below the regional average.

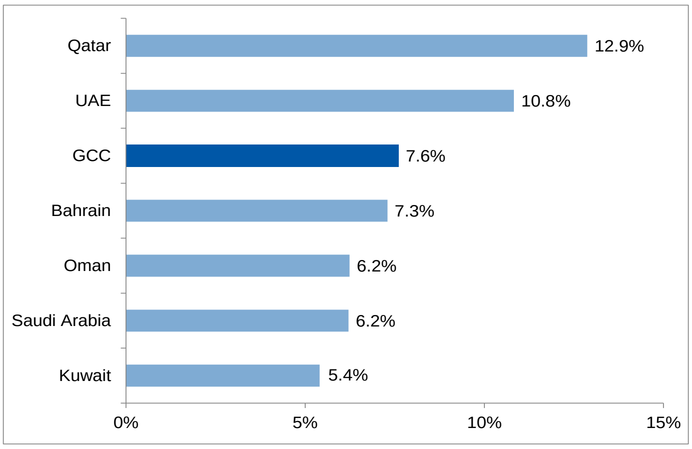
Exhibit 12: Forecast of the GCC Hospitality Sector Revenue



Source: Alpen Capital

Note: E – Estimated; F - Forecasted

Exhibit 13: Country-wise Hospitality Revenue Growth (CAGR: 2015-2020F)

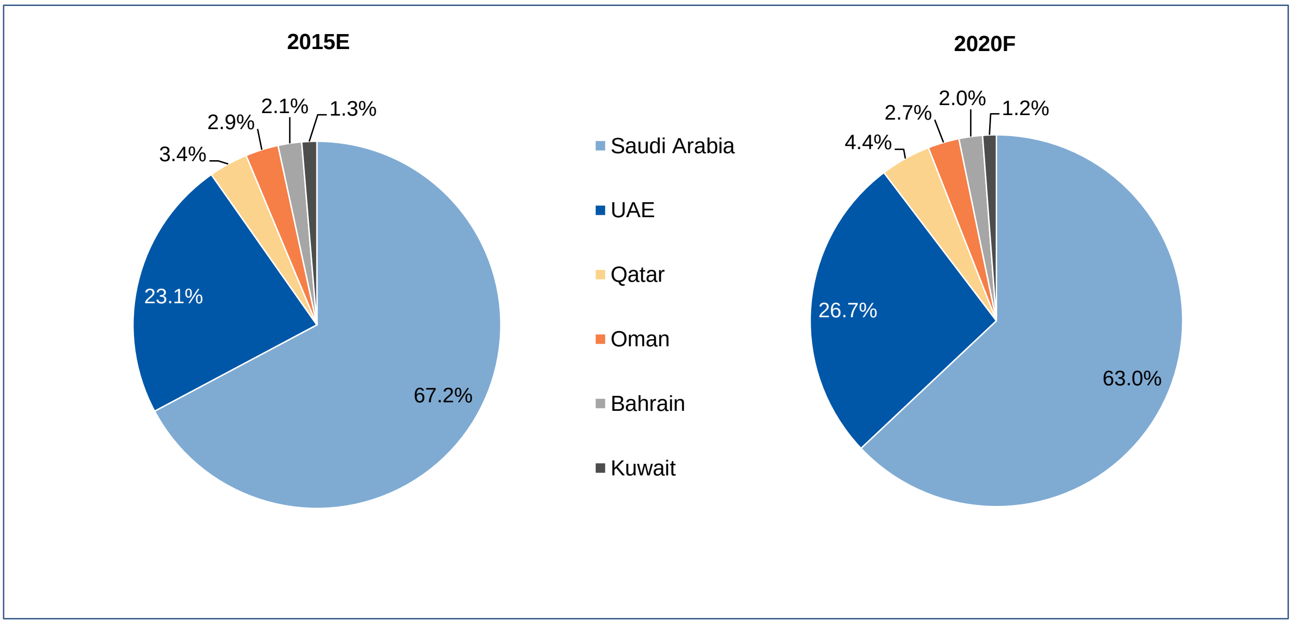


Source: Alpen Capital

Saudi Arabia's share in the GCC hospitality market is expected to drop by over 4 ppts to 63.0% in 2020

Saudi Arabia's share in the GCC hospitality market is expected to drop by over 4 ppts to 63.0% in 2020, while that of the UAE is likely to expand by ~4 ppts to 26.7% (see Exhibit 14). Nevertheless, in absolute terms, the market size of Saudi Arabia is likely to grow by US$ 6.0 billion during the forecast period driven by its government's efforts to boost tourism alongside substantial addition to the room inventory. Qatar's hospitality revenue share is expected to grow by ~1 ppts during the period and that of the other countries would remain broadly unchanged.

Exhibit 14: Country-wise Hospitality Revenue Share



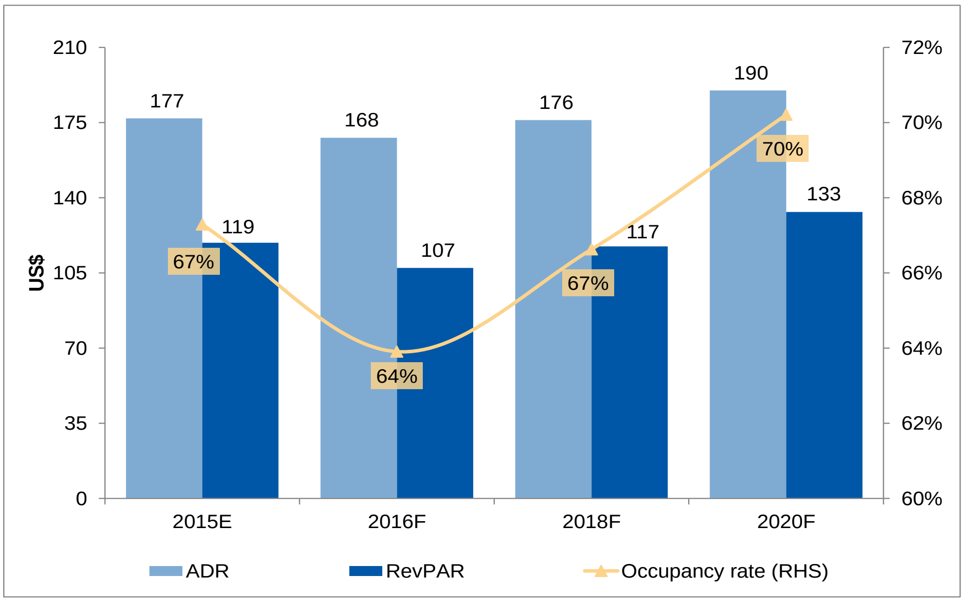
Source: Alpen Capital

Note: E – Estimated; F - Forecasted

__Aggregate RevPAR in the GCC is projected to grow at a CAGR of 2.3% to US$ 133 by 2020__

The occupancy and ADR at hotels and serviced apartments in the GCC may continue to remain under pressure in 2016 in view of the weak demand amid rising supply, as observed in the first quarter. We expect short-term pressure on key operating metrics mainly in the hospitality markets of the UAE and Qatar. Nevertheless, the indicators are expected to rebound, as the long-term fundamentals of the sector remain intact. Average GCC occupancy rates at hotels and serviced apartments are anticipated to grow by ~3 ppts from 67% in 2015 to 70% in 2020. During the forecast period, the total room supply in the region is expected to grow at a 4.0% CAGR, slower than the rate of expansion in international tourist arrivals at 5.7%. Additionally, a growing population and anticipated recovery in oil prices is likely to support growth in occupancy and rooms rates. ADRs at hotels and serviced apartments are set to increase at a 1.4% annualized rate during the period. Consequently, the aggregate RevPAR in the GCC is projected to grow at a CAGR of 2.3% to US$ 133 by 2020 (see Exhibit 15).

Exhibit 15: Forecast of Operating Metrics in the GCC Hospitality Sector



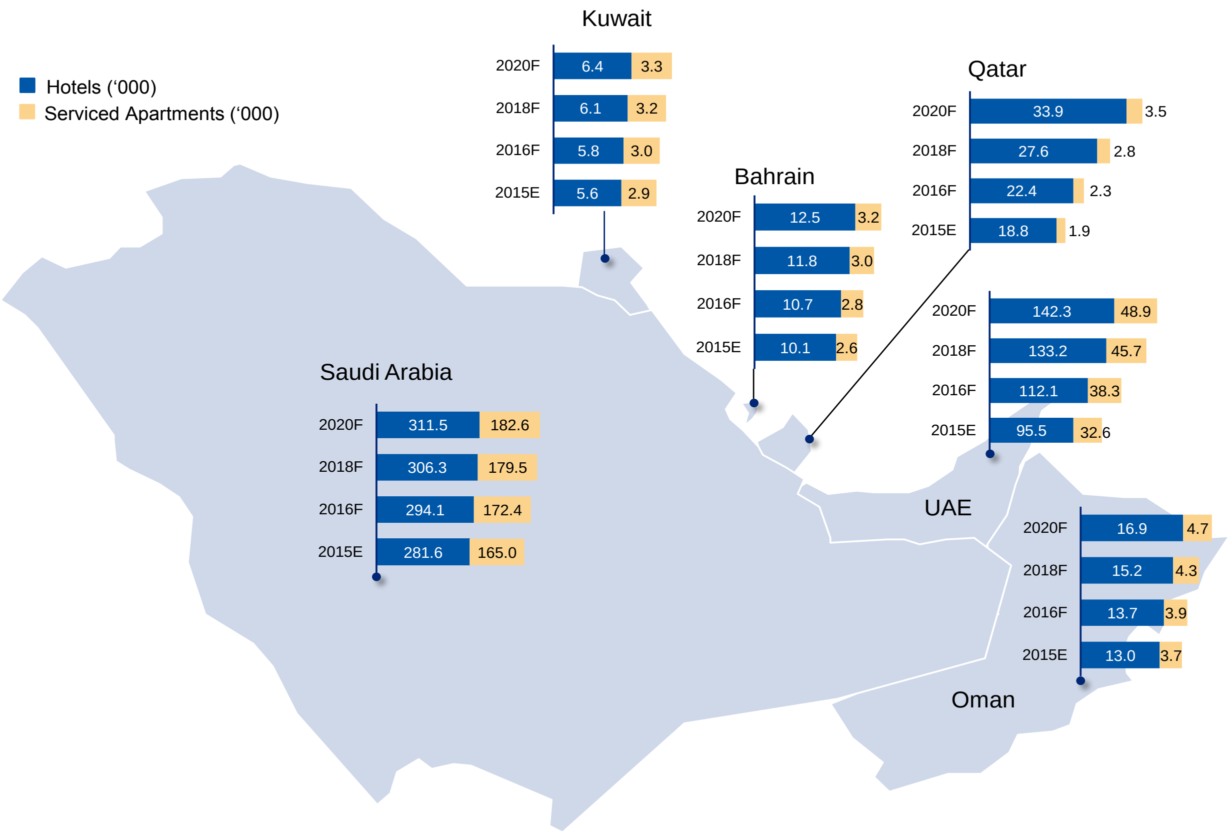
Source: Alpen Capital
Note: E – Estimated; F - Forecasted

3.3 Country-wise Hospitality Market Forecasts

__More than 136,000 hotel and serviced apartment rooms are likely to enter the GCC__

More than 136,000 hotel and serviced apartment rooms are likely to enter the GCC, taking the total inventory to nearly 770,000. Of these, the UAE and Saudi Arabia are anticipated to witness addition of more than 60,000 and 47,000 rooms, respectively, by 2020 (see Exhibit 16). Saudi Arabia is likely to continue dominating the room supply in the region with nearly 65% of the total inventory. However, measured by annualized growth during the forecasted period, Qatar is likely to witness the fastest growth in room supply at a rate of 12.5%.

Exhibit 16: Forecast of Room Capacity in the GCC



Source: Alpen Capital

Note: E – Estimated; F - Forecasted

Saudi Arabia

Saudi Arabia's hospitality sector revenue is projected at US$ 23.1 billion in 2020, indicating an annual average growth of 6.2% from 2015

Saudi Arabia's hospitality sector revenue is projected at US$ 23.1 billion in 2020 (see Exhibit 17), indicating an annual average growth of 6.2% from 2015. The growth is likely to be driven by a 4.8% annualized increase in international tourist arrivals coupled with an addition of over 47,000 hotel and serviced apartment rooms during the five-year period[28]. Government efforts to boost tourism by encouraging private investments, relaxing the visa policy, expanding the capacity of holy mosques, and developing tourism-related infrastructure are the main factors fueling the growth in tourist arrivals. Occupancy at hotels and serviced apartments are likely to increase by 4.4 ppts from an estimated 65% in 2015 to 69% in 2020. ADRs of hotels and serviced apartments are projected to grow by 1.3% during the same period, resulting in a nearly 3% annualized growth in aggregate RevPAR to US$ 130 in 2020.

[28] Source: "More Than 47,000 Hotel Rooms Under Development In Saudi Arabia", The Hotel Show Saudi Arabia, February 17, 2016

Exhibit 17: Saudi Arabian Hospitality Market Forecast

	2015E	2016F	2018F	2020F
Revenue (US$ Billion)	**17.1**	**16.9**	**20.0**	**23.1**
Hotels	12.7	12.5	14.8	17.1
Serviced Apartments	4.4	4.4	5.2	6.0
Key Operating Metrics				
Occupancy Rate	65%	61%	65%	69%
ADR (US$)	176	168	178	188
RevPAR (US$)	114	103	116	130
Total Rooms Capacity	**446,603**	**466,470**	**485,765**	**494,034**

Source: Alpen Capital
Note: E – Estimated; F – Forecasted

UAE

The UAE hospitality sector revenue is anticipated to reach US$ 9.8 billion by 2020, translating into a robust 10.8% annualized growth from 2015

The UAE hospitality sector revenue is anticipated to reach US$ 9.8 billion by 2020 (see Exhibit 18), translating into a robust 10.8% CAGR from 2015. Development of large theme parks and other tourist attractions coupled with the six-month long World Expo event in 2020 is likely to augment visitor arrivals to the already popular tourist destination. As international tourist arrivals are expected to grow by 7.0% annually, the UAE hospitality market is witnessing a major expansion drive that is likely to increase room supply by 8.3% CAGR during the forecast period[29]. Considering the rapid increase in room supply, we expect occupancy rate to fall in the interim, but later pick up before the mega event. Room rates are also expected to remain under pressure until 2017, after which it is likely to strengthen in view of the upcoming event and opening of several tourist attractions. Overall, ADRs at hotels and serviced apartments are expected to rise by ~2% during the forecast period. Accordingly, RevPAR is anticipated to rise at an annual average of 1.8% to reach US$ 143 by 2020.

Exhibit 18: UAE Hospitality Market Forecast

	2015E	2016F	2018F	2020F
Revenue (US$ Billion)	**5.9**	**5.9**	**7.5**	**9.8**
Hotels	4.9	4.9	6.2	8.1
Serviced Apartments	1.0	1.0	1.3	1.7
Key Operating Metrics				
Occupancy Rate	77%	74%	73%	77%
ADR (US$)	170	160	165	187
RevPAR (US$)	131	118	120	143
Total Rooms Capacity	**128,093**	**150,393**	**178,960**	**191,260**

Source: Alpen Capital
Note: E – Estimated; F – Forecasted

[29] Source: "Is Dubai ready for 20,000 more hotel rooms?", Arabian Business, March 3, 2015; "Abu Dhabi Real Estate Market Overview Q1 2016", JLL; Alpen Capital

Qatar

From an estimated US$ 0.9 billion in 2015, the Qatari hospitality sector revenue is expected to expand at a 12.9% CAGR to reach US$ 1.6 billion in 2020

From an estimated US$ 0.9 billion in 2015, the Qatari hospitality sector revenue is expected to expand at a 12.9% CAGR to reach US$ 1.6 billion in 2020 (see Exhibit 19). The growth will be the fastest in the region primarily credited to the rapid hospitality property developments in the build-up to the mega football event in 2022. Rooms supply is expected to grow at a CAGR of 12.5% from 2015 to 2020, representing an addition of nearly 17,000 keys[30]. During the same period, international tourist arrivals are anticipated to increase at an annual average of 7.0%. A faster increase in supply than demand is likely to maintain pressure on occupancy rates in hotels and serviced apartments. Overall, occupancy rates are projected to decline by 7.5 ppts during 2015 to 2020. The decline is expected to be steeper in 2016 and then drop moderately in years to 2020. ADRs in the country's hotels and serviced apartments are also likely to decline in the early years of the forecasted period. However, we expect room rates to improve in the subsequent years to 2020 registering an overall 1.1% annualized growth during 2015 to 2020. Consequently, combined RevPAR of hotels and serviced apartments is anticipated at US$ 125 in 2020, lower than US$ 133 in 2015.

Exhibit 19: Qatari Hospitality Market Forecast

	2015E	2016F	2018F	2020F
Revenue (US$ Billion)	**0.9**	**1.0**	**1.2**	**1.6**
Hotels	0.8	0.9	1.2	1.5
Serviced Apartments	0.06	0.06	0.07	0.09
Key Operating Metrics				
Occupancy Rate	69%	63%	62%	61%
ADR (US$)	193	186	190	204
RevPAR (US$)	133	118	119	125
Total Rooms Capacity	**20,713**	**24,713**	**30,400**	**37,395**

Source: Alpen Capital
Note: E – Estimated; F – Forecasted

Oman

The Omani hospitality market is expected to grow at a CAGR of 6.2% from 2015 to reach US$ 1.0 billion in 2020

The Omani hospitality market is expected to grow at a CAGR of 6.2% from 2015 to reach US$ 1.0 billion in 2020 (see Exhibit 20). This growth is attributed to a 5.3% annual rise in hotels and serviced apartment room inventory[31] and a 6.3% increase in international tourist arrivals. The Omani government's tourism plan to double tourist arrivals by 2040 by developing tourist spots and encouraging private investments[32] is likely to boost demand. Thus, increase in tourist arrivals is likely to result in occupancy rates and ADRs in the Sultanate's hotels and serviced apartments to grow by 1.0 ppts and 0.3% CAGR, respectively, during 2015 to 2020. The slow growth is primarily due to the decline anticipated in 2016, after which we expect the country's key hospitality indicators to grow steadily. As a result, the aggregate RevPAR of hotels and serviced apartments is projected to grow at a CAGR of 0.6% to reach US$ 132 by 2020.

[30] Source: "Qatar plans hotel alternatives for 2022 FIFA World Cup", Hotel Management, April 13, 2016; "Despite global challenges, Qatar saw 100,000 more tourist visits in 2015", Doha News, January 24, 2016; Alpen Capital
[31] Source: "Oman targets 12 million tourists annually by 2020", Oman Economic Review, April 21, 2016; Alpen Capital
[32] Source: "Oman's 2040 tourism plan 'will cost $35bn', says senior official", Arabian Business, April 28, 2016

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Exhibit 20: Omani Hospitality Market Forecast

	2015E	2016F	2018F	2020F
Revenue (US$ Billion)	**0.7**	**0.7**	**0.8**	**1.0**
Hotels	0.6	0.6	0.7	0.9
Serviced Apartments	0.10	0.10	0.12	0.14
Key Operating Metrics				
Occupancy Rate	65%	63%	65%	66%
ADR (US$)	197	178	189	200
RevPAR (US$)	128	112	123	132
Total Rooms Capacity	**16,691**	**17,576**	**19,488**	**21,608**

Source: Alpen Capital
Note: E – Estimated; F – Forecasted

Bahrain

Bahrain's hospitality market is projected to reach US$ 0.7 billion in 2020, translating into an annual average growth of 7.3% from 2015

Bahrain's hospitality market is projected to reach US$ 0.7 billion by 2020, translating into an annual average growth of 7.3% from 2015 (see Exhibit 21). A modest revival of oil prices and government plans to promote the country as a boutique destination is likely to boost tourist arrivals. International tourist arrivals to Bahrain are expected to grow at a CAGR of 4.7% during the forecast period, broadly in line with the increase in hotel and serviced apartment rooms supply. Occupancy rates and ADRs at these establishments are likely to increase by 6.0 ppts and 1.4% CAGR, respectively, during the period. The significant surge expected in occupancy is mainly due to a low base and in view of a strong revival in the country's tourism landscape. Consequently, RevPAR of the country's hospitality establishments is expected to grow at an annual average of 3.6% during 2015 to 2020.

Exhibit 21: Bahraini Hospitality Market Forecast

	2015E	2016F	2018F	2020F
Revenue (US$ Billion)	**0.5**	**0.5**	**0.6**	**0.7**
Hotels	0.46	0.46	0.56	0.65
Serviced Apartments	0.06	0.07	0.09	0.10
Key Operating Metrics				
Occupancy Rate	53%	54%	57%	59%
ADR (US$)	213	211	217	228
RevPAR (US$)	113	114	124	134
Total Rooms Capacity	**12,704**	**13,454**	**14,804**	**15,704**

Source: Alpen Capital
Note: E – Estimated; F – Forecasted

Kuwait

Kuwaiti hospitality sector is projected to grow a CAGR of 5.4% from 2015 to 2020

The Kuwaiti hospitality sector is projected to grow at an annualized 5.4% from 2015 to reach US$ 0.44 billion in 2020 (see Exhibit 22), even as the market size may remain almost unchanged in 2016 due to a sluggish business environment resulting in weak corporate and government spending on travel and meetings. International tourist arrivals in

Kuwait are projected to grow at a CAGR of 2.3% between 2015 and 2020, while domestic spending is expected to increase with a gradual revival in oil prices. As a result, key performance indicators of the hospitality sector are expected to recover in 2017 and grow in the years right up to 2020. Supply of rooms in the country is likely to grow at an annualized rate of 2.8% during the forecast period. Occupancy rates and ADRs of hotels and serviced apartments are likely to increase by 3.0 ppts and 1.5% CAGR, respectively, from 2015 to 2020. Consequently, RevPAR of the country's hotels and serviced apartments is expected to grow at a rate of 2.6% annually during the forecasted period.

Exhibit 22: Kuwaiti Hospitality Market Forecast

	2015E	2016F	2018F	2020F
Revenue (US$ Billion)	**0.34**	**0.33**	**0.38**	**0.44**
Hotels	0.26	0.25	0.29	0.33
Serviced Apartments	0.08	0.08	0.09	0.10
Key Operating Metrics				
Occupancy Rate	53%	52%	54%	56%
ADR (US$)	209	205	210	225
RevPAR (US$)	111	106	113	126
Total Rooms Capacity	**8,486**	**8,749**	**9,279**	**9,751**

Source: Alpen Capital

Note: E – Estimated; F – Forecasted

4. Growth Drivers

Mega Events, New Leisure Attractions, and MICE

Mega Events

The hospitality industry in the UAE and Qatar is gearing up for expansion in view of the mega events

The hospitality industry in the UAE and Qatar is gearing up for expansion in anticipation of a huge inflow of tourists for the mega events namely – the World Expo 2020 to be hosted in Dubai and 2022 FIFA World Cup to be held in Qatar. Dubai expects to attract 25 million visitors from 180 countries[33] for the major international expo to be held between October 2020 and April 2021. Qatar's FIFA World Cup is likely to attract 1 million people[34] at least, considering that this was in fact the number of visitors that travelled to Brazil for the previous World Cup in 2014[35]. Prior to the mega sport event, the country will also host other sport events such as the UCI Road Cycling World Championship in 2016 and the World Championships in Athletics in 2019.

Significant investments are being channeled into the development of tourism and hospitality related infrastructure to accommodate the expected visitor traffic and provide avenues of entertainment and sightseeing

New Leisure Attractions to Bolster Tourism

Dubai also holds a strong pipeline of major theme parks and other tourist attractions

Dubai also holds a strong pipeline of major theme parks and other tourist attractions. Work is on in full swing to accomplish these developments before the Expo event and to place the city on the map of top leisure and entertainment destinations in the world, alongside destinations such as Orlando[36]. Theme parks scheduled to open in the second half of 2016 include the US$ 1 billion IMG Worlds of Adventure[37] and US$ 2.9 billion Dubai Parks and Resorts' integrated theme park that includes zones such as Motiongate, Bollywood Parks, Legoland, Lapita, and Riverland[38]. During its first full-year of operation in 2017, Dubai Parks and Resorts targets to attract 6.7 million visitors to its park. Other key attractions being planned or under construction include Dubai Safari Park, Pearl of Dubai[39], a Six Flags branded theme park, Aladdin City, Al Mamzar Beachfront, MBR City[40], Dubai Water Canal, Dubai Frame, Bluewaters Island[41], and the Museum of the Future.

Not to be left behind, Abu Dhabi is also witnessing multiple leisure developments such as the Saadiyat Island[42], a US$ 1 billion Warner Bros. World Abu Dhabi theme park and branded hotel (first phase set to open in 2018)[43], and a third phase expansion of Ferrari World (likely to complete by early 2017).

Similar developments, albeit not at the same scale, are in progress in Qatar, which is set to host the high-profile football event in six years. Qatar is also splurging on building tourist attractions. Some of the major projects underway include a US$ 480.0 million[44] Amphibious 1000 resort[45], a US$ 1.5 billion[44] Silver Pearl Hotel[46], and the US$ 45 billion

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[33] Source: Expo 2020 Dubai
[34] Source: "Qatar to lose 1000s of 2022 World Cup fans to Dubai", Arabian Business, May 13, 2015
[35] Source: "FIFA World Cup 2014 leads to record number of foreign visitors to Brazil", Mirror Online, July 20, 2015
[36] Source: "UAE's transformation into a world-class Leisure & Entertainment destination", PwC, 2015
[37] Source: "Confirmed: Dubai's IMG Worlds of Adventure theme park to open in August", The National, April 24, 2016
[38] Source: "Dubai poised for theme park boom", Oxford Business Group, February 29, 2016
[39] Set to be the world's largest underwater theme park
[40] To include the world's largest artificial beach
[41] To include Dubai Eye that would be the world's largest Ferris wheel
[42] A multi-faceted island comprising cultural, beach, and marina districts
[43] Source: "Yas Island to open Warner Bros. themed destination in Abu Dhabi", Time Warner, April 19, 2016
[44] At the exchange rate as on May 12, 2015
[45] A semi-submerged hotel resort with floating suites and an interactive marine life museum
[46] A structure resembling two half-moons on the horizon

Lusail City[47]. There is a US$ 434 million National Museum[48] construction in progress, which will comprise a 220-seat auditorium, two each retail outlets and restaurants, research center and laboratories, and a park full of indigenous plants, among others[49]. A Doha Oasis project is also underway in the country that would have residential units, 28 floors hotel tower, a shopping mall, and an amusement park[50].

The Saudi Commission for Tourism & Antiquities is developing an integrated tourism destination named Al-Uqair that would feature water park, amusement park, motor center, water sports center, historic port, theme park, and many such other attractions to bolster the country's tourism landscape[51].

Growing Prominence as a MICE Destination

Dubai World Trade Centre, the city's largest convention center hosted nearly 400 trade events and 2.7 million visitors in 2015

The MICE market in the GCC has grown swiftly to reach US$ 1.3 billion in 2015, with one in every three tourists in the region travelling on business purpose[52]. Dubai accounts for almost 27% of the MICE market in the GCC and has been recognized as the 'World Festival and Event City' by the International Festivals and Events Association for four successive years up until 2015. The Emirate also claimed the 11th position in the list of most popular cities for meetings and events in the Europe, the Middle East, and Africa regions in 2016[53]. Some of the other upcoming events, apart from the Expo, that are likely to see major visitor inflow into Dubai include IATA World Passenger Symposium in October 2016, the World Tunneling Congress in 2018, and the World Pulses Convention in 2020. Dubai World Trade Centre (DWTC), the city's largest convention center that hosted nearly 400 trade events and 2.7 million visitors in 2015[54], has commenced work on the second phase of Dubai Trade Center District that stands adjacent to the DWTC's convention center. The second phase is being built at an estimated cost of US$ 196 million[55] and will bring up the District's entire net leasable area to about 84,000 square meters of commercial office space in addition to a 588-room business hotel. With this, the District is set to become a prime business zone for MICE events.

Saudi government's investment to develop its MICE industry is expected to reach US$ 1.6 billion by 2019

Acknowledging this opportunity, the other GCC nations are also developing large convention centers and undertaking promotions to attract international summits. Saudi government's investment to develop its MICE industry is expected to reach US$ 1.6 billion by 2019[56]. The key developments underway include the King Salman International Conference Center in Madinah and a center for conferences and exhibitions at the international airport in Riyadh. Oman is also gearing up with the establishment of Oman Convention and Exhibition Centre, which is likely to open later in the year[57]. It will comprise of large exhibition halls, conference rooms, theaters, and four hotels with an aggregate capacity of 1,000 rooms. In November 2015, Qatar witnessed the opening of US$ 631.8 million Doha Exhibition and Convention Center (DECC)[58] that is likely to strengthen the country's MICE market. Spread over an area of 47,700 square meters, the center has five exhibition halls and 18 state of art meeting rooms[59]. The DECC authorities aim to attract trade shows and exhibitions to the country, with an anticipation of hosting 60 events by end of 2016[58].

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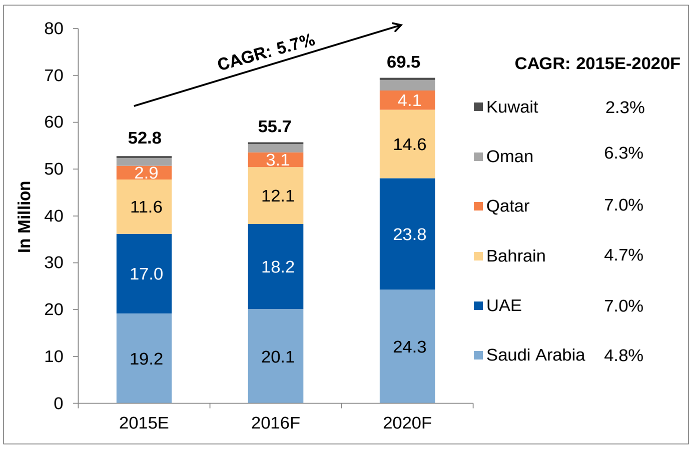
47 The city will host the opening event and the final match of the football world cup; Source: "How Qatar is being transformed for the 2022 World Cup", Dailymail.co.uk, May 12, 2015
48 Source: "A Progress Report on the National Museum of Qatar", NY Times, March 17, 2016
49 Source: Qatar Museums
50 Source: Redco Construction - Almana
51 Source: "Al-Uqair Development Project", Saudi Commission for Tourism & Antiquities
52 Source: "Challenges in GCC MICE and Luxury Travel Sectors", Zawya, February 28, 2016
53 Source: "Dubai ranked 11th most popular for meetings and events in 2016", Arab Turkish Travel, May 19, 2016
54 Source: "Dubai World Trade Centre welcomes 2.74 million visitors in 2015", Gulf News, March 28, 2016
55 Source: "Dubai World Trade Centre starts work on $196m phase 2 of expansion plan", Arabian Business, January 11, 2016
56 Source: "Government to invest 1.6 billion in MICE tourism in Saudi Arabia", Tourism-review.com, March 14, 2016
57 Source: "Oman targets MICE tourism with launch of new bureau", Arabian Business, April 26, 2016
58 Source: "New Qatar convention center in West Bay to officially open next month", Doha News, October 18, 2015
59 Source: DECC

International tourist arrivals to the GCC are anticipated to grow by 5.7% annually in the five years to 2020

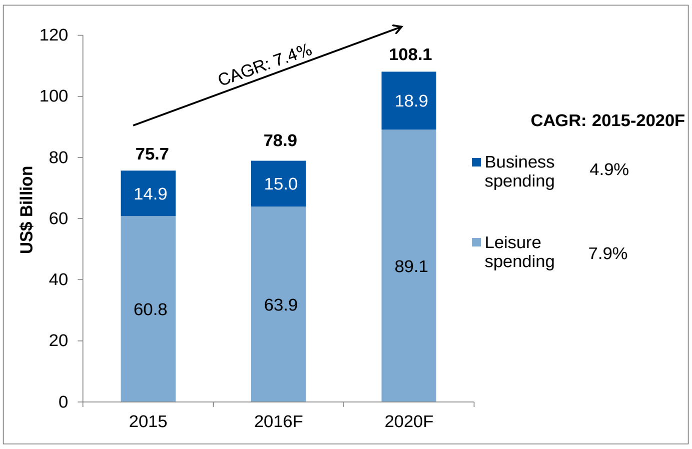
Large-scale international events, upcoming tourist attractions, and a growing MICE market are likely to accelerate tourist arrivals to the GCC region. International tourist arrivals to the GCC are anticipated to grow by 5.7% annually in the five years to 2020[60] (see Exhibit 23). During the same period, overall T&T spending on leisure and business travel in the region is forecasted to increase at a CAGR of 7.4%[61] (see Exhibit 24).

Exhibit 23: Forecast of International Tourist Arrivals



Source: MAS, SCAD, MasterCard, Marhaba, Trade Arabia, WTTC, Alpen Capital
Note: E – Estimated, F – Forecasted

Exhibit 24: Forecast of T&T Spending in the GCC



Source: WTTC
Note: F – Forecasted

Religious Tourism to Get a Boost

Saudi Arabia – the largest hospitality market and religious tourism center in the GCC – is set to get a boost with the expansion of its two holy mosques

Saudi Arabia – the largest hospitality market and religious tourism center in the GCC – is set to get a boost with the expansion of its two holy mosques. Every year, the country welcomes millions of pilgrims to the holy cities of Makkah and Madinah by granting them Hajj and Umrah visas. Hajj happens during the months of September and October, while Umrah pilgrims visit the country throughout the year. In 2014 and 2015, the number of religious visitors to the Kingdom was restricted after the visa quota was reduced in view of the expansion of the Grand Mosque in Makkah. The SAR 80 billion (US$ 21.3 billion[62]) expansion project is expected to increase the mosque's capacity to 2.5 million worshippers[63] from its earlier capacity of less than a million. With the project nearing completion, the government is set to reinstate higher visa quota for Hajj pilgrims[64]. Additionally, the Prophet's Mosque in Madinah is also undergoing an US$ 1.5 million[65] expansion to raise its capacity from 600,000 worshippers to nearly 1.6 million[66]. Such expansions are expected to boost religious tourist inflow to the country. In order to capitalize on the demand for religious tourism, several hotel operators have started to establish or expand their presence in the region. Over the next few years, more than 24,000 hotel rooms are expected to come up in Makkah alone[67].

[60] Source: MAS, SCAD, MasterCard, Marhaba, Trade Arabia, WTTC, Alpen Capital
[61] Source: WTTC
[62] At the exchange rate as on January 15, 2015
[63] Source: "Haram expansion gains momentum", Arab News, January 15, 2015
[64] Source: "Saudi Ends Hajj Quota Cut in 2016", About Islam, January 11, 2016
[65] Source: "Riyadh tells Binladin Group to stop work at Madinah mosque expansion: report", Argaam, January 12, 2016
[66] Source: "Prophet's mosque in Madinah to host 1.6 million after Saudi expansion", Albawaba, March 25, 2015
[67] Source: "Makkah leads Saudi hotel construction with 24,000 rooms in the pipeline", The Big 5 Hub, March 22, 2016

Government Push to Boost Non-Oil Sectors

Tourism sector is being looked at as one of the key enablers of revenue diversification and job creation in the GCC

The GCC economies have been focusing on diversifying their revenue stream, which is currently relying on the export of hydrocarbons. Tourism sector is being looked at as one of the key enablers of revenue diversification and job creation. Accordingly, the regional governments have framed long-term strategies for boosting the tourism industry by developing infrastructure, encouraging private investments, and active international promotion campaigns. The region is undergoing development of a pan-GCC railway network, cruise terminals, and other travel infrastructure to encourage tourism.

Long-term Tourism Strategies

Dubai introduced Tourism Vision 2020 in May 2013, with an objective to position the city as the 'first-choice' for leisure and business travel[68]. The strategy entails several initiatives including regulatory policies, infrastructure development, product offering enhancement, and destination marketing investments. Consequently, the city targets to attract 20 million visitors each year by 2020[69]. The Emirate is also developing a US$ 544 million Dubai Water Canal from Downtown Dubai to Jumeirah[70]. The largest Emirate of the UAE, Abu Dhabi, has adopted an integrated approach to expand its tourism sector by development attractions, encouraging long-stay visitors, and drawing more events and festivals[71]. At the end of 2015, a new cruise terminal was opened in Abu Dhabi as a part of its strategy to increase tourism. Sharjah Commerce and Tourism Development Authority (SCTDA) has also laid down a Tourism Vision 2021, with an objective to attract over 10 million tourists[72]. To achieve the same, SCTDA will focus on endorsing the Emirate as a family tourist destination, improving tourist experience, developing world-class tourism facilities, and promoting cultural and heritage sites. Ras Al Khaimah's Tourism and Development Authority has set out a 10-year master plan to attract tourists by developing its traditional pearl farm, creating a calendar of events, increasing supply of hotel rooms, and building the transport infrastructure[73].

Qatar's Tourism Strategy has set a target to attract 7 million visitors annually by 2030

In February 2014, Qatar launched the National Tourism Sector Strategy 2030 to fortify the country's standing as a world-class tourism hub. The strategy encompasses policies, plans, programs, and projects designed to advance the tourism sector. The key targets of the strategy include driving tourist traffic up to 7 million visitors annually, adding up to 62,000 rooms, creating 127,000 jobs, and doubling-up non-GCC arrivals to 64% by 2030[74]. To provide more accommodation facilities and increase tourism, the Qatari government is also redeveloping its Doha Port to transform it into full-time cruise terminal.

On a similar note, in April 2016, Saudi Arabia unveiled the Saudi Vision 2030, which lays out a 15-year plan to transform the economy. As a part of this strategy, the country has set goals to attract over 30 million Umrah visitors each year (from 8 million) and is aiming to double the number of heritage sites registered with UNESCO by 2030[75]. The strategy focuses on improving visa issuance process and creating attractions of international standards to boost tourism. Subsequently, the Saudi government relaxed visa norms by introducing the post-Umrah program in May 2016 that allows pilgrims to convert their Umrah visa to tourist visa[76].

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[68] Source: "Tourism Vision 2020", DTCM
[69] Source: "Is Dubai ready for 20,000 more hotel rooms?", Arabian Business, March 3, 2015
[70] Source: "In pictures: 10 GCC projects due for 2016 completion", Design MENA
[71] Source: "The Economic Review", Abu Dhabi Council for Economic Development
[72] Source: "SCTDA launches Sharjah Tourism Vision 2021 Vision features four strategic pillars working in parallel", SCTDA, April 30, 2015
[73] Source: "RAK tourism boss unveils plan to lure visitors", The National, August 10, 2014
[74] Source: QTA
[75] Source: "Full text of Saudi Arabia's Vision 2030", Al Arabiya English, April 26, 2016
[76] Source: "Now Umrah visas can be converted into tourist visas", Saudi Gazette", May 26, 2016

Oman's Tourism Ministry has set a target of attracting over 2.5 million tourists in 2016[77], an increase of over 20% from 2015[78]. The country has drafted the National Tourism Strategy 2040, which will be implemented in three phases with an investment of about US$ 19.0 billion[79]. The government is looking at attracting 88% of the required investment from the private sector. The strategy focuses on supporting the growth of small and medium-sized tourism enterprises, adopting a global system of social responsibility, enhancing the quality of services, and attracting more tourists. By end of 2040, Oman is estimated to have 50,000 hotel rooms.

Bahrain unveiled a new tourism brand entity with a strategy aimed to double the sector's contribution to GDP by 2018

In April 2016, Bahrain unveiled a new tourism brand entity with a slogan – "Ours. Yours. Bahrain"[80]. The government has also framed a tourism strategy focusing on the development of beaches, promotion of island living concept, and revamping of incoming tourist access points such as port facilities for yachts. The key objectives of the strategy are to double the contribution of tourism to the country's GDP by 2018, promote Bahrain as a destination in China and India, increase average stay per tourist, and increase the number of cruise visitors.

In Kuwait, the government plans to establish the Supreme Commission for Tourism that will focus on execution of their tourism strategy intended at increasing private sector participation as well as promoting and developing new sources of income.

Airport Capacity Expansion

Member nations are expanding capacity at their airports and developing infrastructure to complement the government push for boosting visitor traffic to the region, thus providing a major incentive for increasing the hotel capacity.

In Saudi Arabia, 27 airports are undergoing development and modernization work

In Saudi Arabia, 27 airports are undergoing development and modernization work[81]. A three-phased expansion project is underway at the King Abdulaziz International Airport in Jeddah. The first phase, expected to complete by the end of 2016, will increase the airport's handling capacity to 30 million passengers per annum (mmpa)[82] from 13 million per annum[83]. The second and the third phases will focus on expanding capacity further to 43 mmpa by 2025 and 80 mmpa by 2035, respectively. Riyadh's King Khaled International Airport is also undergoing an expansion to enhance its capacity to 47 mmpa by 2017. Similar projects are underway in Madinah, Jazan, Bha, Qassim Arar, Al Jouf, and Yanbu.

Dubai International Airport is undergoing an expansion to increase capacity to 90 mmpa by 2018

The UAE has also embarked upon a plan to further expand its airport capacity. Dubai International Airport (DIA), ranked amongst the world's busiest airports, handling over 78 million passengers in 2015[84], is undergoing an expansion to increase capacity to 90 mmpa by 2018 and 118 mmpa by 2023[85]. To ease the growing pressure on DIA, the Emirate plans to expand the capacity of the Al Maktoum International Airport at Dubai World Central to reach 120 mmpa[86]. Abu Dhabi is also growing its airport capacity with the construction of the Midfield Terminal, which is slated to open by end-2017 with a capacity of 30 mmpa[87].

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[77] Source: "Tourism drive in Oman to add thousands of hotel rooms", The National, April 19, 2016
[78] Source: "Over two million tourists visited Oman in 2015", Emirates 24/7, February 10, 2016
[79] Source: "Oman Tourism Strategy to provide 500,000 jobs", Hotelier Middle East, June 26, 2016
[80] Source: "Bahrain tourism gets a new brand identity", Trade Arabia, April 19, 2016
[81] Source: "Expansion of airports on track: GACA chief", Arab News, February 8, 2016
[82] Source: King Abdulaziz International Airport
[83] Source: "AEC lands at Jeddah Airport", Luxreview, October 11, 2015
[84] Source: "The World's 10 Busiest Airports In 2015", Forbes, April 5, 2016
[85] Source: Dubai Airports, "Dubai International capacity to go to 118m passengers by 2023", Gulf News, February 12, 2016
[86] Source: "Dubai to issue tender for Al Maktoum International airport expansion", The National, May 9, 2016
[87] Source: "Abu Dhabi's Midfield Terminal on time to arrive by National Day 2017", The National, December 20, 2015

Qatar's Hamad International Airport, which opened in 2014, is also on an expansion spree. Currently it has a capacity of 30 mmpa, with plans to double the size of its main terminal by 2020[88].

Oman is also strengthening its airports' handling capacity by carrying out expansion at the Muscat International Airport. The new terminal at the airport is due for completion by the end of 2016. Expected to handle about 12 mmpa[89] on commencement, the terminal has room for further expansion to 48 mmpa. The country witnessed the opening of a new terminal at Salalah International Airport with a handling capacity of 1 mmpa in June 2015, with scalable capacity of up to 6 mmpa[90].

Construction of a new terminal at Bahrain International Airport, that will increase its capacity to 14 mmpa from the existing 9 mmpa, is scheduled to begin soon[91]. There are also plans to build a new airport on a manmade island.

Kuwait International Airport is constructing a new terminal that will expand its capacity to 13 mmpa by end-2016 from the existing 7 mmpa[92]. The terminal will have the flexibility to further expand up to 25 mmpa by 2025.

Healthy Project Pipeline

The GCC region holds one of the largest hotel development pipelines in the world

The GCC region holds one of the largest hotel development pipelines in the world. Driven by the bright prospects of the tourism industry and government support, international hotel chains as well as domestic players have laid down robust hotel and serviced apartment development plans.

The Emirate of Dubai is a frontrunner as it is expected to add nearly 57,000 hotel and serviced apartment rooms to its total inventory to reach a target of 155,000 rooms by 2020[93]. Some of the key projects in the city include Oyster Resort (1,748 rooms), Bespoke Hotel (1,400 rooms), Paramount Hotels (1,250 rooms) and Royal Atlantis (1,050 rooms)[94].

124 projects are under development in Saudi Arabia that are likely to add 47,431 rooms in the next few years

Saudi Arabia is a close second, with 124 projects under development that are likely to add 47,431 rooms in the next few years, including nearly 20,000 expected to open by end of 2016[95]. Prominent hotels to open this year in the Kingdom include Ritz-Carlton in Jeddah, Kempinski Al Othman Hotel in Al Khobar, and Nobu Hotel in Riyadh.

In the run up to the World Cup, Qatar also has a strong pipeline of hotel projects. The country is estimated to reach a capacity of 46,000 rooms by 2022, which is short of the 60,000 rooms mandated by FIFA - the international governing body of football[96]. Nevertheless, contingency plans are being laid down to accommodate tourists in Bedouin-style desert camps and cruise ships. The top hospitality projects underway in the country include Silver Pearl Hotel (1,000 rooms), JW Marriott Hotel Doha (412 rooms), Centara Grand West Bay Hotel (360 rooms), Le Meridien (350 rooms), and Planet Hollywood Hotel (300 rooms).

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[88] Source: "Qatar airport officials share details of HIA expansion plans", Doha News, September 17, 2015
[89] Source: "Top 10 GCC airport expansion projects", The Big 5 Hub
[90] Source: Oman Airports Management Company SAOC
[91] Source: "Construction work starts on $1.1bn Bahrain airport expansion", Arabian Business, February 17, 2016; "New Passenger Terminal Building, Bahrain International Airport, Manama, Bahrain", Airport-Technology.com
[92] Source: "Airport Construction – GCC expansions driven by demand", Propel Consult, June 2012
[93] Source: "Is Dubai ready for 20,000 more rooms?", Hotelier Middle East, March 2, 2015
[94] Source: "Dubai plans to double its hotel capacity until the World Expo 2020", TOPHOTELPROJECTS, March 29, 2015
[95] Source: "More than 47,000 Hotel Rooms Under Development in Saudi Arabia", The Hotel Show Saudi Arabia, February 17, 2016
[96] Source: "Qatar to host football fans on cruise ships during 2022 World Cup", Doha News, April 19, 2015

The Oman Tourism Ministry aims to increase the hotel room capacity by 5.3% annually in the next four years[97]. The country had nearly 16,700 hotel and serviced apartment rooms by end-2015[98]. Some of the major hotels under development in the country include the Integrated Tourism Complex, W Hotel, Kempinski The Wave, Anantara Al Jabal Al Akhdar, and Al Baleed Resort by Anantara.

The relatively smaller hospitality markets of Bahrain and Kuwait have a pipeline of about 3,000[99] and 1,300[100] rooms, respectively, to be developed in the coming years.

Addition of such massive capacity is expected to extensively scale up the region's hospitality sector.

[97] Source: "Oman targets 12 million tourists annually by 2020", Oman Economic Review, April 21, 2016
[98] Source: "Over 2 million tourists visited Oman", Oman Observer, February 9, 2016
[99] Source: "Bahrain targets $1 billion tourism receipts by 2020", Saudi Gazette, February 29, 2016
[100] Source: Upcoming Properties Database of Hoteliers Middle East

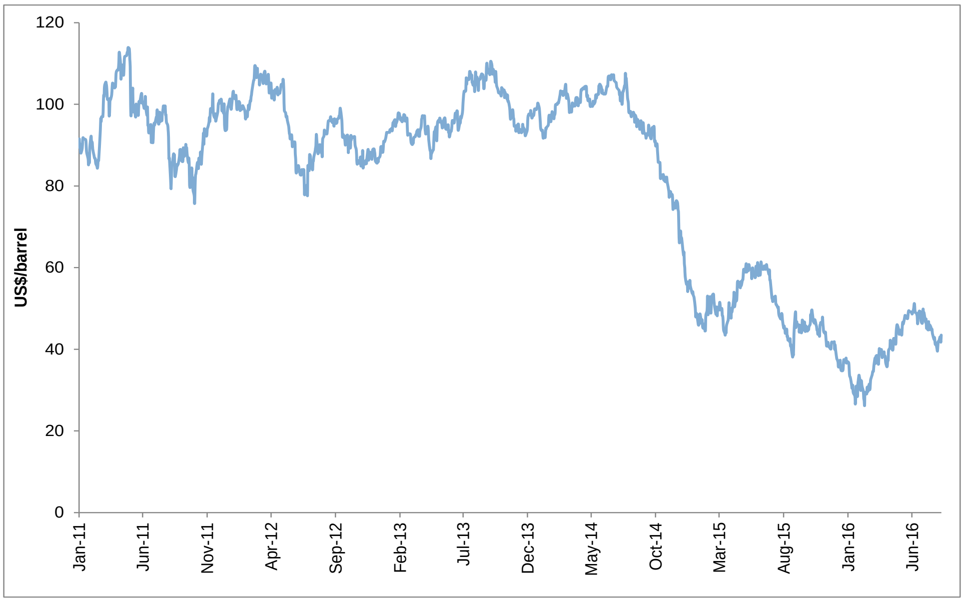
5. Challenges

Fall in Oil Prices

A slump in the oil prices has slowed down the GCC economies, thus adversely affecting business sentiments in the region

A slump in the oil prices (see Exhibit 25) has slowed down the oil-dependent GCC economies, thus adversely affecting business sentiments in the region and forcing most of the member countries to resort to austerity measures. Consequently, spending on business travel and MICE events have reduced. For instance, the UAE-based corporates have reduced their spending on corporate travel by 5% to 8% in the last two years alone[101]. Key business cities such as Doha and Riyadh are also witnessing a similar phenomenon. The drop in economic activity is also resulting in job losses or pay cuts across the region[102]. Recently, Saudi Arabia and Oman reduced benefits to their public sector employees. Consequently, a lower disposable income of the regional residents is likely to have a negative impact on their inter-regional travelling plans and the hospitality market. An ongoing slowdown in oil prices could further result in lower ADRs and occupancy rates.

Exhibit 25: Oil Price Trend (WTI Cushing Crude Oil Spot)



Source: Bloomberg

Fluctuation in Exchange Rates

Depreciation of currencies such as the Ruble, Euro, Pound, and Yuan against the US Dollar has made the GCC an expensive destination

Any significant fluctuation in the exchange rate between the US Dollar and other currencies is likely to have an effect on travelling plans of visitors to the GCC region. This is because the currencies of most of the GCC nations are pegged to the US Dollar. This was evident when a drop in the oil prices led to a sharp devaluation of Ruble against the US Dollar (-21.3% in 2014 and -58.5% in 2015[103]), thus affecting tourism spend by the Russians. Russians have always considered the GCC as one of the most sought after destinations. Another major tourism source point, Europe, also saw a sharp fall in its

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[101] Source: "Dubai exhibitions big draws among business travelers", The National, March 2016
[102] Source: "Lower oil price and fiscal consolidation to slowdown GCC GDP growth in 2016", Zawya, February 28, 2016
[103] Source: Bloomberg

currency, the Euro, against the US Dollar (-16.5% in 2015[104]). The fall in the Euro was attributed to the extended crisis in Greece, as well as the quantitative easing program by the European Central Bank aimed to restore inflation rate by increasing money supply[105]. Chinese spending in the GCC was also affected due to the depreciation of Yuan against the US Dollar (-2.0% in 2015[104]). Thus, depreciation of currencies such as the Ruble, Euro, Pound, and Yuan against the US Dollar has made the GCC an expensive destination. The Euro and Pound depreciated further recently with the UK's decision to exit the European Union. A continued weakness in these currencies is likely to have a negative impact on tourism spend in the GCC region.

Instability across the wider Middle East region

Certain GCC countries faced attacks recently

Instability can have an adverse impact on the tourism and hospitality sectors. The Arab Spring of 2011 had severely affected tourism in Bahrain and Oman while the other GCC nations were less affected. While Bahrain and Oman have recovered since then, in the last couple of years select GCC countries faced attacks due to the situation in Syria and Iraq. In the last one year, there were few attacks with limited destructive impact in Saudi Arabia and Kuwait. Following this, occupancies in Kuwait hotels saw a decline[106]. Such unfavorable events pose a threat to visitor arrivals in the region. However, the GCC governments have taken measures to identify and counter such acts in its early stages, and are more vigil in its surveillance.

Rising Competition

Competition has intensified in most of the GCC cities forcing players to lure guests by providing special offers such as discounted room rates

The GCC region has witnessed the development of several hospitality projects in the last decade, thereby massively increasing the supply of rooms. Opening of new international hotels have raised the standards of hospitality in the region, compelling old players to undertake renovation and upgradation of their properties. As a result, competition has intensified in most of the GCC cities forcing players to lure guests by providing special offers such as discounted room rates and dining options. Demand has not been able to match the rising supply due to weakness in tourist inflow caused by fall in oil prices and devaluation of currencies. This is putting downward pressure on occupancy rates and ADRs. The occupancy rates at branded hotels in the GCC dropped to 67% in 2015 from 69% in 2014 and ADR fell by 3.6% y-o-y, resulting in a 5.6% decline in RevPAR during the period[107]. The indicators declined further in the first four months of 2016. In April 2016, ADRs of Saudi Arabian hotels reached its lowest level since July 2010[108]. Thus, a weakness in demand from domestic as well as international tourists may have an adverse impact on the region's hospitality sector.

Oversupply Concerns

The upcoming mega events in Dubai and Qatar have fueled the development of several hospitality projects in these countries. Dubai is likely to see an addition of nearly 57,000

[104] Source: Bloomberg
[105] Source: "Why Is The Euro Falling? Here Are Four Factors Driving The Currency's Slide", International Business Times, March 12, 2015
[106] Source: "Gulf hotels continue to see rates, revenues slump in April", Arabian Business, June 10, 2016
[107] Source: HVS, Alpen Capital
[108] Source: "Gulf hotels continue to see rates, revenues slump in April", Arabian Business Publishing, June 2016

Failure to attract a continuous flow of tourists prior to and post the large events is likely to create an oversupply situation

rooms by 2020[109], which is more than 50% of its existing capacity. Qatar is also aggressively expanding its room inventory with its capacity likely to double in the long term. A weakness in tourist arrivals from UK, China, Europe, Russia, and from within the GCC region has resulted in supply surpassing demand. As a result, the hospitality markets of Dubai and Doha have witnessed a drop in RevPAR during Q1 2016. Although the governments have framed strategic plans to boost tourism activity, failure to attract a continuous flow of tourists prior to and even post the large events is likely to create an oversupply situation in the host countries' hospitality sector.

Shortage of Skilled Workforce

Aggressive expansion by the GCC hoteliers has created many job opportunities, but there is a shortage of people equipped with the right skills

Aggressive expansion by the GCC hoteliers requires a large number of skilled personnel. This has created many job opportunities in the hospitality sector, but there is a shortage of people equipped with the right skills. The expo event in Dubai is likely to generate around 110,000 new jobs in the travel and tourism sector[110], however, hiring the right set of candidates in such large numbers is a challenge. Failure to recruit employees with the right experience and language skills could limit the growth of the sector. Further, the lead-time to train a new employee is also high (around 18 to 24 months for a five-star hotel), thus escalating the problem. Such a situation also prevails in Qatar and Saudi Arabia.

[109] Source: "Is Dubai ready for 20,000 more hotel rooms?", Arabian Business, March 3, 2015
[110] Source: "Shortage of skilled hospitality staff a headache for UAE hoteliers", The National, February 2014,

6. Trends

Growth of Mid-market Hotels

Top hotel brands in the GCC are making a shift from building luxury hotels towards building more mid-range hotels

Globally, the middle-class population is set to double by 2030, with growth in Asia and Africa to be at a faster pace[111]. In order to attract this growing class of population who are budget conscious, the GCC nations are increasingly offering promotions particularly in India and China. There is also demand from corporates who are on a cost-cutting spree amid the drop in oil prices. As a result, several top hotel brands in the region are making a shift from their predominant strategy of building luxury hotels towards building more mid-range hotels.

Saudi Arabia is seeing a wave of such projects, including developments such as Sheraton (1,890 rooms), Radisson (1,433 rooms), Hilton Garden Inn (1,155 rooms), Aloft Hotels (627 rooms), Mercure (528 rooms), and Staybridge Suites (538 rooms)[112]. Dubai is witnessing a further increase in mid-range hotel properties, over and above the existing 50% of its total hotel room inventory[113]. This contribution is still below that of around 90% in the well-established hospitality markets of Los Angeles, New York, and London. In order to encourage the speedy development of midscale hotels in the Emirate, DTCM has been offering various incentives to investors and developers. In October 2013, the authority had waived off the 10% municipality fee on room rate per night of occupancy at mid-range hotels for a defined time period[114]. In January 2014, it announced a spate of incentives for midscale hotel property developers, that included allocation of government land, one-stop shop solution for all approvals, and granting of construction approvals within two months. As a result, several midscale hotel projects were built or are under development in the Emirate. Qatar also has substantial scope for developing midscale hotel properties to add to its list of existing properties that are predominantly upscale and five-star hotels. Development of midscale hotels, which are faster and economical to build, will help the country to add more rooms prior to its mega sport event.

Increase in Branded Hotel Apartments

The main incentive to operate serviced apartments is low cost of management alongside higher demand, especially for branded apartments

The serviced apartments segment in the GCC was earlier dominated by unbranded properties owned and managed by private individuals. However, internationally renowned brands are becoming more popular in the established hospitality markets of Dubai, Abu Dhabi, and Doha. Nearly two-thirds of the serviced apartments market in Dubai is operated by international and local hotel brands[115]. Renowned names such as Hyatt, Accor, and Hilton have ventured into the serviced apartment segment in the Emirate. The main incentive to operate such accommodations is low cost of management alongside higher demand, especially for branded apartments that come equipped with in-house pantries and laundry facilities and are located in prime areas.

Meanwhile, the serviced apartments market in other GCC nations is underdeveloped and so far managed mostly by locally branded or unbranded operators, providing a huge scope for internationally branded operators to penetrate such undersupplied markets. Demand for serviced apartments mainly comes from short stay visitors who travel for religious and leisure purposes, especially in Saudi Arabia, Oman, and Bahrain. The GCC nationals account for most of this demand. International operators can cash in on demand from such

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111 Source: "Lucrative budget hotel market attracts investors to the GCC", BQ Magazine, January 2, 2015
112 Source: "Saudi Arabia looks to mid-market to boost tourism", Hotelier Middle East, April 6, 2016
113 Source: "The Great Mid-market Hotel Debate", PwC, 2016
114 Source: "Incentives to Grow Mid-Market Hotel Segment", DTCM
115 Source: "MEA Serviced Apartment Markets & Guest Experience Index", Colliers International, October 2015

tourists by providing them quality apartments. As the GCC nations invest in building leisure attractions to draw more tourists, demand for serviced apartments is likely to grow.

Wellness Tourism Continues to Grow

The wellness industry in the UAE, Saudi Arabia, and Oman continues to grow as increasing number of visitors desire a spa experience

Considering the fact that on an average, a wellness tourist spends 130% more than an international traveler, the wellness market[116] presents a huge opportunity for the hospitality industry[117]. Ageing population, rise in chronic diseases, and growing stress due to a modern lifestyle have invoked the demand for wellness centers. The wellness industry in the UAE, Saudi Arabia, and Oman continue to grow as an increasing number of visitors desire a spa experience, especially the traditional hammam experience. Hotels and resorts are equipped with spa and fitness facilities to cater to such tourists. With over 190 establishments, Dubai has the highest number of spas in the GCC region[117]. In order to capitalize on the growing demand, several spa developments are in the pipeline. Nearly 140 spa projects are set to enter the GCC market by 2019, with 34 projects coming up in Dubai alone. Simultaneously, existing hotel operators are enhancing their in-house spa offerings by introducing new packages and treatments and refurbishing their establishments. The UAE's spa market revenue is anticipated to reach US$ 2.3 billion by 2017, growing at a CAGR of about 23% from 2015. On a cumulative basis, spa numbers in Saudi Arabia are projected to increase by 34% by 2018 and that in Oman by 23%. Opening of new spas and introduction of fresh and differentiated concepts would continue to draw visitors to the wellness services market.

Growing Shariah-compliant Tourism Market

Shariah-compliant tourism continues to gain prominence in the GCC owing to the significant demand from regional visitors

Shariah-compliant tourism[118] is the fastest growing segment of tourism in the world[119]. The overall travel spend by Muslims grew 6.3% annually to an estimated US$ 145 billion[120] in 2014, representing 11% of the overall global travel market[121]. This spending is set to grow at an 8.6% CAGR to reach US$ 233 billion by 2020. Shariah-compliant tourism continues to gain prominence in the GCC owing to the significant demand from regional visitors abiding by Islamic principles. The growing number of such tourists opens up opportunities for the hospitality industry in the undersupplied Islamic/Shariah-compliant hotel market. The UAE is the second most popular Shariah-compliant tourism destination after Malaysia. Bahrain, Qatar, and Saudi Arabia also feature among the top ten Shariah-compliant tourism markets in the world.

Shariah-compliant tourism demand in Dubai is increasing with the rise in Saudi Arabian travelers, who seek Shariah-compliant luxury accommodations. About 1.5 million Saudi nationals visited Dubai in 2015, and this number is expected to increase to 2.5 million by 2020[122]. There are 30 Shariah-compliant hospitality brands in the UAE, including R Hotels, HMH Hotels, Jannah Hotels and Resorts, and One to One Hotels and Resorts[123]. Large players in the market have revealed expansion plans in order to capitalize on the growing demand for such hotels. Recently, Burj Al Sarab, part of Jannah Hotels and Resorts,

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[116] Includes complementary and alternative medicine, spa, beauty and anti-ageing, fitness and mind-body activities, nutrition and weight loss, preventive and personalized health and wellness tourism
[117] Source: "Spa trends in focus", Hotelier Middle East, January 25, 2016
[118] A form of tourism for Muslim travelers, who prefer to utilize hotel services and facilities that are compliant with Islamic principles
[119] Source: "Leap of faith: the growth of Halal tourism", Arabian Business, May 29, 2015
[120] Excludes Spending during Hajj and Umrah
[121] Source: "State Of The Global Islamic Economy Report 2015/16", Thomson Reuters
[122] Source: "DAMAC Properties Offers Phase 2 of Sharia-Compliant Luxury Hotel Apartments 'Ghalia' Following a Sold-out Phase 1", DAMAC, June 5, 2016
[123] Source: "UAE halal tourism investments to hit $350 billion in 5 years", Halal Focus, September 21, 2015

opened a Shariah-compliant hotel in Abu Dhabi and plans to open five more in the UAE. DAMAC Properties has announced construction of a 38-storey tower with 742 Shariah-compliant serviced hotel apartments in Jumeirah Village in Dubai. Hospitality Management Holdings, a hotel management company focusing on the Islamic market, aims to double its hotel portfolio in the UAE and Saudi Arabia in the next five years[124]. There are several other Shariah-compliant hotels set to open in Saudi Arabia including the 10,000-room Abraj Kudai hotel near the Grand Mosque at an estimated cost of US$ 4.5 billion[125].

Rise in Millennial Travelers

A rise in the number of millennials globally is compelling the hospitality players to mold their offerings based on behavior, purchasing power, and interest areas of this generation

The millennial generation[126] is the fastest growing consumer segment for the global hospitality industry and set to account for half of all international travelers by 2025[127]. A rise in the number of millennials globally is compelling the hospitality and tourism industry players to mold their offerings based on behavior, purchasing power, and interest areas of this generation. Millennials are tech-savvy, family-oriented, and travel the most compared to any other age group[128]. They spend time on the internet looking for feedbacks, ratings, and recommendations that guide their buying and travel decisions. With multiple mobile devices at their disposal, they stay connected to social media platforms even during their travel. This has resulted in a real-time rise in reviews about a hotel, which influences the booking decisions of others who are scouting the web for feedback. This behavior pattern has made it essential for hotel operators to not only establish but also strengthen their presence on social media platforms such as Trip Advisor. Hotel owners are making significant investments into building technology infrastructure for their properties and services to cater to this tech-savvy generation. Saudi Arabia, the top tourism source market for the other GCC nations, is also witnessing a similar trend due to its growing youth population. The Kingdom is likely to have 10.3 million or 32% of its total population under the millennial category in 2016[129]. Consequently, several hotels in the Kingdom are implementing smart technologies to serve the growing millennial population.

Technology Platforms Gaining Importance

The emergence of disruptive technologies has encouraged the use of smart technology, digital solutions, and mobile apps by the hospitality industry

In addition to the demand from the millennial generation, the emergence of disruptive technologies has encouraged the use of smart technology, digital solutions, and mobile apps by the hospitality industry to enrich guest experience as well as streamline administrative processes. Some of the technologies that have been deployed by hotels include free Wi-Fi, card-free room entry, in-room touch screens, online reservation systems, reward scheme applications, and smart lighting and mirrors, among others. Hotel mobile apps and web pages are must haves for hotel operators to benefit from the increasing use of online bookings. In addition to setting-up online presence, hotel operators have started to use data analytics to monitor guest preferences and accordingly modify their service delivery. Several hotels are investing significant amounts on building IT infrastructure to provide guests, especially the growing millennial travelers, a more digital-friendly environment. One example of how hotels are investing in digital solutions is by offering devices such as iPads to provide complete in-room control and access to different hotel services.

[124] Source: "Opinion: Biggest growth in mid-market Halal tourism", Halal Focus, May 5, 2015
[125] Source: "World's biggest hotel to open in Mecca", News.com.au, May 26, 2015
[126] Those born between 1982 and 2004 – as defined by Investopedia; also known as generation Y or young adults
[127] Source: "Top 10 Global Trends that will Impact Hospitality in 2015", Hospitality Net, January 28, 2015
[128] Source: "5 Trends To Know Today About the Millennial Traveler", Virtuoso, November 17, 2014
[129] Source: "Saudi Hospitality Industry Adapts To Rise Of 'Millennial' Travellers", The Hotel Show Saudi Arabia, May 15, 2016

7. Financial Performance and Valuation Analysis

6.1 Financial Performance

In this section, we have analyzed the financial performance of listed hospitality companies in the GCC (see Exhibit 26). Measured by revenue CAGR during 2013 to 2015, it was a mixed performance with revenue of eight companies growing above peer average and others either declining or growing meagerly. However, their profitability in FY 2015 appeared healthy with an average EBITDA margin of 29.5% and net income margin at 20.9%.

Exhibit 26: Financial Performance of the Selected Hospitality Companies in the GCC

Company Name	Country	Market Cap (US$ Million)	Revenue FY 2015 (US$ Million)	Revenue Growth 2013-2015 (CAGR %)	EBITDA Margin FY 2015 (%)	Net Income Margin FY 2015 (%)	Return on Equity (ROE) FY 2015 (%)	Return on Asset (ROA) FY 2015 (%)
Abdulmohsen Al Hokair Group for Tourism and Development Co.	Saudi Arabia	461.0	305.4	14.1%	25.8%	16.6%	25.8%	14.0%
Abu Dhabi National Hotels Co.	UAE	1,048.2	374.8	5.5%	27.4%	17.2%	2.9%	2.5%
Action Hotels PLC	Kuwait	109.7	43.5	20.8%	34.3%	3.3%	0.8%	0.8%
Dur Hospitality Co.	Saudi Arabia	588.3	142.0	10.9%	36.8%	27.1%	8.1%	6.6%
Gulf Hotels Group	Bahrain	299.2	86.1	0.8%	35.0%	28.4%	13.0%	11.4%
Gulf Hotels (Oman) Co. Ltd.	Oman	93.4	23.7	1.7%	35.2%	24.3%	7.7%	6.5%
Hotels Management Co. International	Oman	9.7	29.3	-2.5%	32.5%	19.2%	15.2%	12.4%
IFA Hotels and Resorts Co.	Kuwait	418.0	204.1	15.6%	0.8%	3.9%	4.2%	0.5%
Kingdom Holding Co.	Saudi Arabia	10,711.5	930.7	5.6%	38.1%	20.2%	2.3%	1.7%
Kuwait Hotels Co.	Kuwait	57.6	29.0	-18.0%	1.6%	3.0%	4.5%	1.9%
Kuwait Resorts Co.	Kuwait	55.5	37.9	-5.6%	43.3%	27.6%	14.5%	8.3%
National Corp. for Tourism & Hotels	UAE	563.4	231.1	8.8%	22.7%	19.5%	23.0%	13.4%
National Hotels Co.	Bahrain	82.0	26.3	8.5%	40.7%	38.2%	4.5%	4.0%
Oman Hotels and Tourism Co.	Oman	71.8	11.0	-24.0%	36.1%	54.7%	7.2%	5.8%
Tourism Enterprises Co.	Saudi Arabia	82.6	5.6	-0.7%	31.8%	9.6%	2.1%	1.9%
Average				***2.8%***	***29.5%***	***20.9%***	***9.0%***	***6.1%***
High				***20.8%***	***43.3%***	***54.7%***	***25.8%***	***14.0%***
Low				***-24.0%***	***0.8%***	***3.0%***	***0.8%***	***0.5%***

Source: Thomson Reuters Eikon; Alpen Capital

Note: Last updated on August 18, 2016; Figures in red indicate below-average performance and those in green suggest performance at par with or above average

Revenue Analysis

Aggregate revenue of the selected hospitality companies in the GCC stood at US$ 2.5 billion in 2015

Aggregate revenue of the listed hospitality companies in the GCC stood at US$ 2.5 billion in 2015. After excluding the outliers, the total revenue of the peers grew by 2.6% y-o-y (see Exhibit 27). Saudi-based Kingdom Holding Co. is the largest player, having represented nearly 38% of the consolidated industry revenue in 2015. Another 45% of the total revenue is contributed by the UAE-based Abu Dhabi National Hotels and National Corporation for Tourism and Hotels, Kuwait-based IFA Hotels and Resorts, and Saudi-based Abdulmohsen Al Hokair Group for Tourism and Development (Al Hokair Group).

Eight companies outperformed the industry in terms of two-year revenue CAGR by registering growth in the range of 5.5% to 20.8%. Of these, Action Hotels Plc, IFA Hotels and Resorts, Al Hokair Group, and Dur Hospitality Co. reported the highest revenue growth. Action Hotels Plc registered revenue CAGR of over 20% mainly on the back of addition of new rooms and increase in like-for-like occupancy rates during the period, even as ADR dropped during 2015[130]. IFA Hotels and Resorts reported a volatile revenue movement, with revenue in 2013 and 2015 having surged owing to substantial revenue from development of hotel properties and investments[131], and that in 2014 having declined. Consequently, the annualized average revenue growth stood at 15.6% during 2013 to 2015. Al Hokair Group's revenue grew at an annualized rate of 14.1% led by opening of several new entertainment centers and hotels. Dur Hospitality Co.'s revenue grew at a 10.9% CAGR driven by strong performance of its hotel business with opening of new hotels[132].

Several companies witnessed revenue decline or slowdown in 2015 owing to a competitive market environment

Although revenue of most of the hospitality companies grew during the two-year period, several companies witnessed revenue decline or slowdown in 2015 owing to a competitive market environment. During 2015, Oman Hotels and Tourism Co. reported the largest drop of over 40% mainly due to sale of Al Falaj Hotel in October 2015. The company's revenue from continuing operations also declined by ~10% owing to a challenging market environment in Oman. Kuwait Hotels Co. reported a drop of 12.5% y-o-y in 2015 due to fall in revenue from management fees as well as hotel and catering services[133]. Revenue of Kuwait Resorts Co. declined by 8.5% y-o-y on account of a significant drop in hotel business revenue in the other GCC countries, excluding Kuwait[134].

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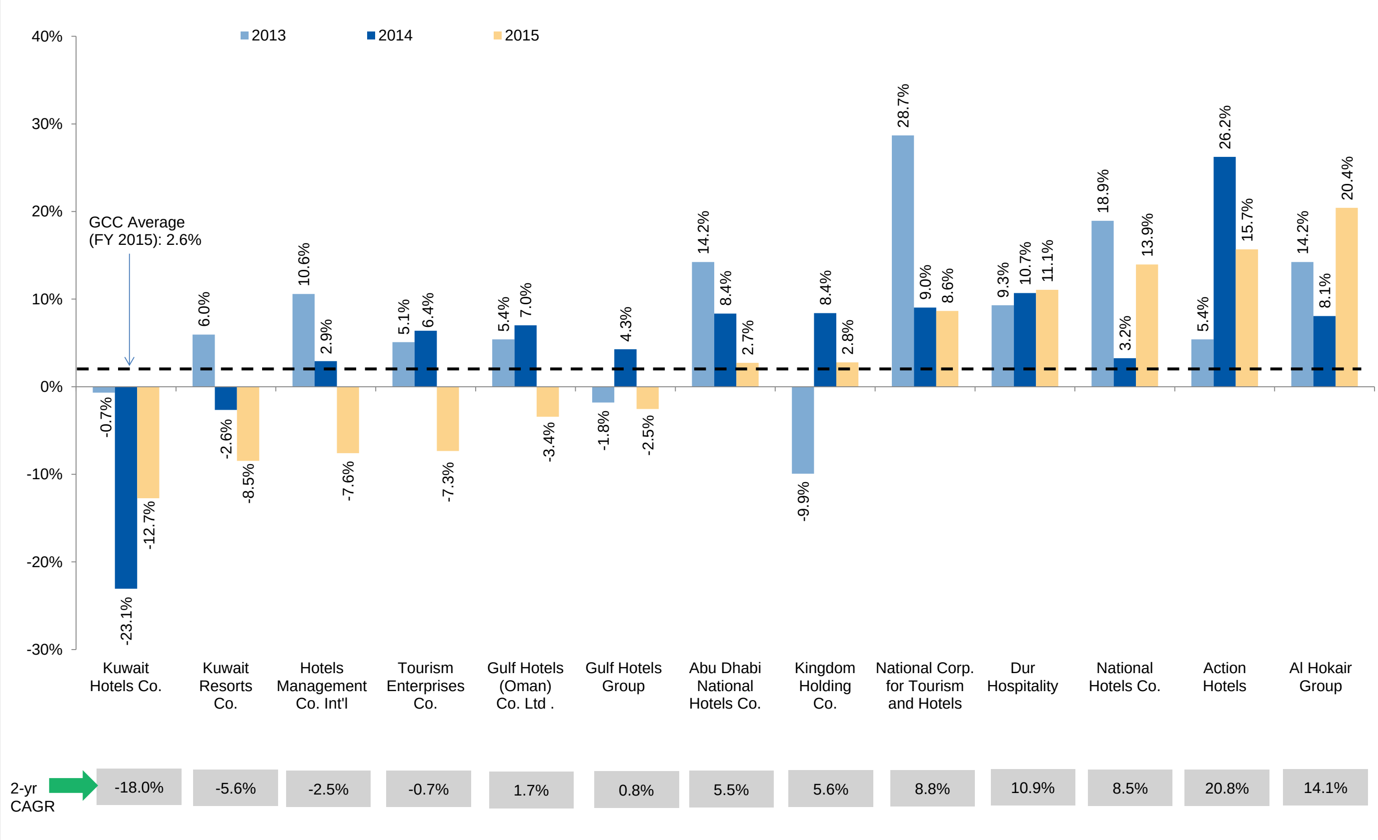
[130] Source: Annual Reports of Action Hotels Plc
[131] Source: Annual Reports of IFA Hotels and Resorts
[132] Source: Annual Reports of Dur Hospitality Co.
[133] Source: "Annual Report 2015", Kuwait Hotels Co.
[134] Source: Annual Report of Kuwait Resorts Co.

Exhibit 27: Revenue Growth of Hospitality Companies in the GCC



Source: Thomson Reuters Eikon; Alpen Capital

Note: We have excluded IFA Hotels and Resorts and Oman Hotels and Tourism Co. from the above chart due to their extremely volatile performance

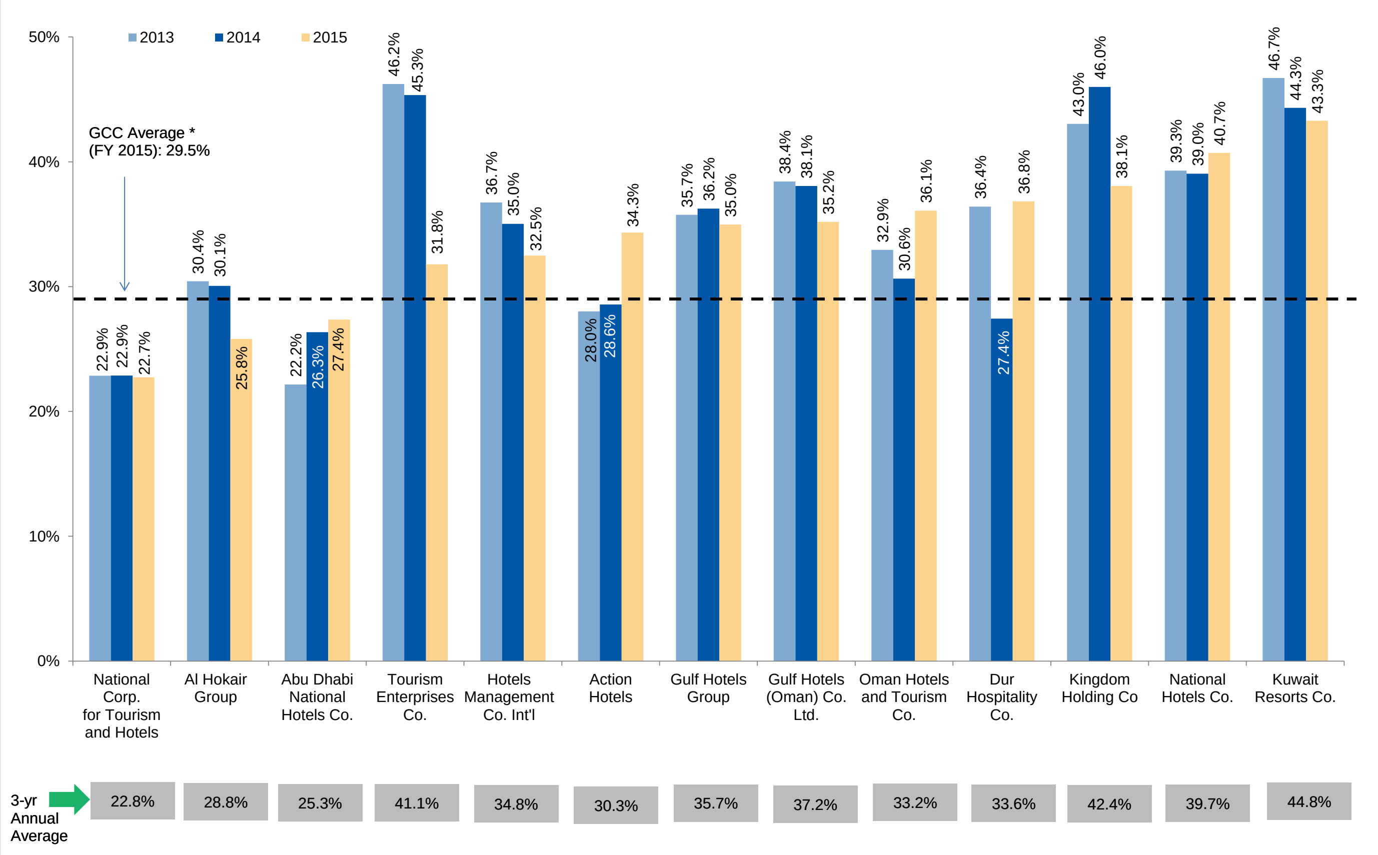
Profitability Analysis

EBITDA margin of the selected hospitality players in the GCC remained broadly unchanged between 2013 and 2015, with the three-year average at ~30%

EBITDA margin of the selected hospitality players in the GCC remained broadly unchanged between 2013 and 2015, with the three-year average at ~30%. However, most of the players outperformed the peer average, indicating a wide variance in their profitability when compared to the underperformers. Kuwait Resorts Co., Kingdom Holding Co., and Tourism Enterprises Co. recorded margins above 40% (see Exhibit 28). While Kuwait Resorts Co. enjoyed high profitability in their hotel management segment, Kingdom Holding Co. benefited from equity investments business. Several other peers recorded average margin in the low to high thirties.

Although IFA Hotels and Resorts reported poor performance with operating loss in 2013, it has recovered in the last two years. Kuwait Hotels Co. EBITDA margin has been relatively lower than its peers and declined in the last three years, owing to an increase in ratio of cost of revenue and operating expenses to revenue.

Exhibit 28: EBITDA Margin of Hospitality Companies in the GCC



Source: Thomson Reuters Eikon, Alpen Capital

** The GCC average in 2015 includes IFA Hotels & Resorts Co. and Kuwait Hotels Co, however, we have excluded them from the above chart due to their relatively very low/negative margin*

Returns Analysis

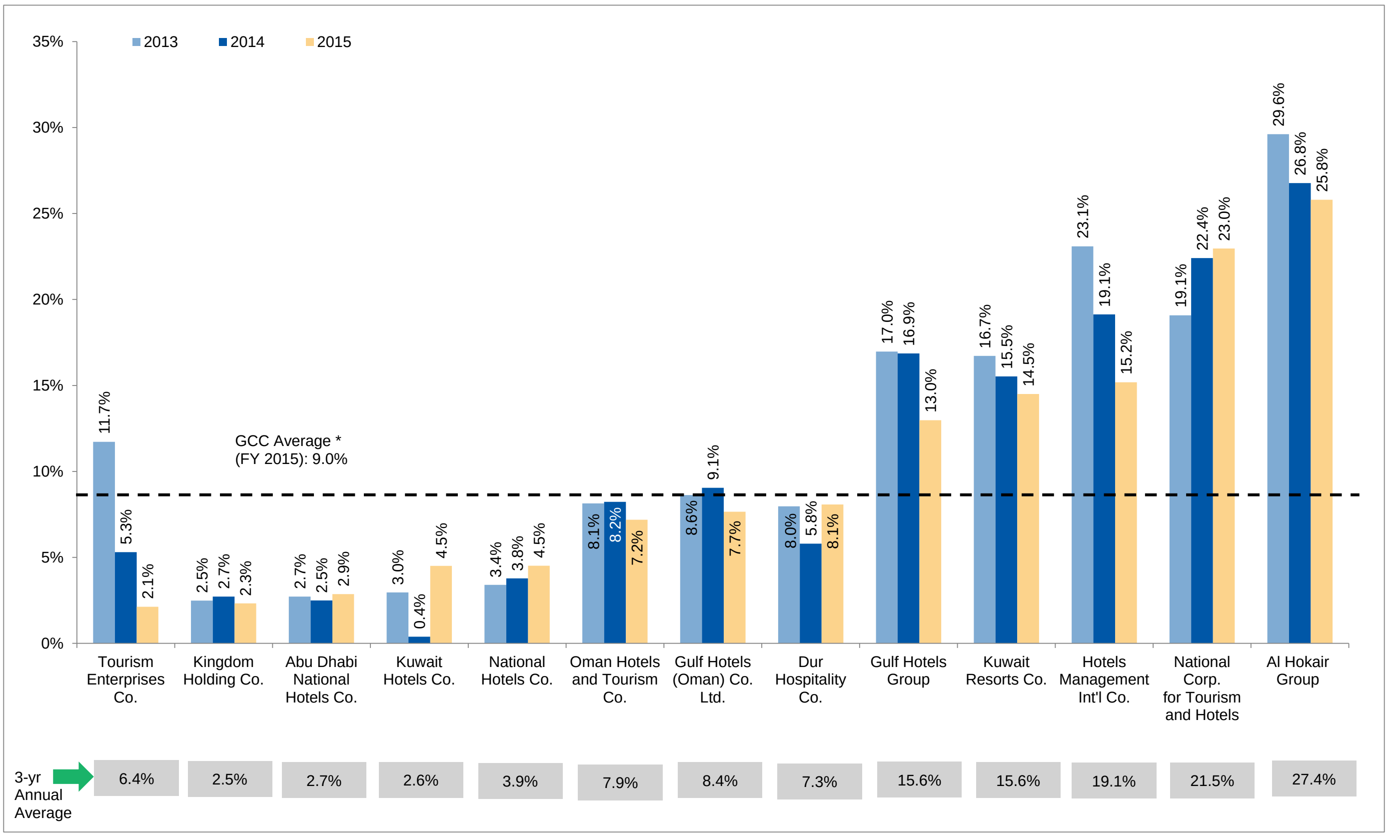
The ROE of the selected peers averaged 9.0% in FY 2015

The ROE of the peers averaged 9.0% in 2015 (see Exhibit 29), higher than the three-year average. Most of the companies underperformed the peer average, while five companies reported returns above the industry average. Al Hokair Group, National Corporation for Tourism and Hotels, Hotels Management Co. International, Kuwait Resorts Co., and Gulf Hotels Group reported three-year average ROE in the range of 15.6% to 27.4%. Returns of most of these top performing companies, despite being higher than their peers, have only dropped over the years. The dip in Gulf Hotels Group's ROE in 2015 was mainly due to loss from an associate and impairment loss on available-for-sale investments. Between 2013 and 2015, ROE of Hotels Management International dropped by ~4 ppts each year due to the higher cost of operations in 2014 and an increase in interest expenses in 2015. In contrast, ROE of National Corporation for Tourism and Hotels increased in the last three years owing to improving profitability of its catering and retail services business segments, which more than offset a decline in its hotel business profits.

Kingdom Holdings Co., Abu Dhabi National Hotels, and Kuwait Hotels Co. registered below peer average ROE at nearly 3%. While the two foremost companies have exhibited an almost stable ROE during the period, that of Kuwait Hotels Co. increased in 2015 owing to a reversal of provision for loss on legal claim.

IFA Hotels and Resorts was an outlier with an average ROE of -11.8%, mainly due to a net loss in 2014 on account of increase in loss from investment in joint venture and associates, loss on investment properties, and absence of gain on disposal of assets which inflated profit in 2013. In 2015, the company's ROE recovered to 4.2% on the back of higher revenue, lower interest expense, and net gain from disposal of a subsidiary.

Exhibit 29: ROE of Hospitality Companies in the GCC



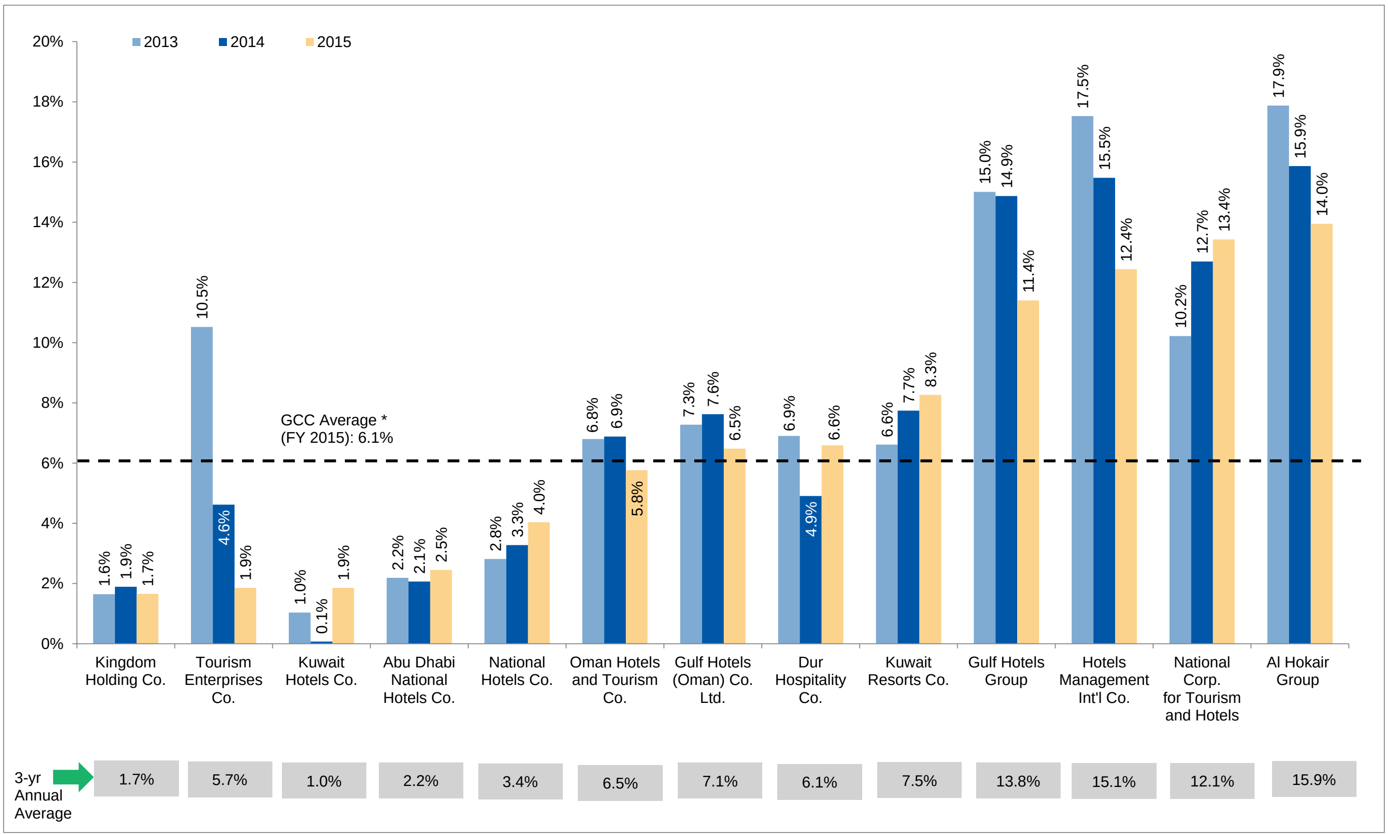
Source: Thomson Reuters Eikon, Alpen Capital

** The GCC average in 2015 includes IFA Hotels and Resorts and Action Hotels Plc, however, it has been excluded from the above chart due to volatile performance resulting in negative returns*

ROA of the selected peers in the GCC hospitality industry averaged 6.1% in 2015

ROA of the selected peers in the GCC hospitality industry averaged 6.1% in 2015 (see Exhibit 30), almost in line with the three-year average. It was a mixed bag performance, with seven companies outperforming the industry with three-year average in the range of 6.5% to 15.9%, while others underperformed. Due to substantial loss in 2014, IFA Hotels and Resorts reported a negative ROA during the three-year period. However, the company's returns improved in 2015 owing to higher profits from the hotel property development business.

Exhibit 30: ROA of the Selected Hospitality Companies in the GCC



Source: Thomson Reuters Eikon, Alpen Capital

** The GCC average in 2015 includes IFA Hotels and Resorts and Action Hotels Plc, however, it has been excluded from the above chart due to volatile performance resulting in negative returns*

6.2 Valuation Analysis

In this section, we have compared the valuation ratios of companies operating in the GCC hospitality sector with key hospitality industry indices of the US, Europe, and World (see Exhibit 31). We have further analyzed the P/E and EV/EBITDA multiples to evaluate the valuation of the GCC companies.

Exhibit 31: Key Valuation Ratios of Hospitality Companies in the GCC

Company Name	LTM		
	P/E Ratio (Normalized)	EV/EBITDA Ratio	P/B Ratio
Abdulmohsen Al Hokair Group for Tourism and Development Co.	11.7	7.8	2.3
Abu Dhabi National Hotels Co.	17.5	12.0	0.5
Action Hotels PLC	39.1	19.3	0.6
Dur Hospitality Co.	17.4	12.1	1.2
Gulf Hotels Group	12.0	7.0	1.4
Gulf Hotels (Oman) Co. Ltd.	19.5	12.5	1.3
Hotels Management Co. International	2.3	0.1	0.3
IFA Hotels and Resorts Co.	N/A	N/A	N/A
Kingdom Holding Co.	64.1	N/A	1.5
Kuwait Hotels Co.	N/A	N/A	N/A
Kuwait Resorts Co.	6.0	3.0	0.7
National Corp. for Tourism & Hotels	11.8	11.0	2.9
National Hotels Co.	N/A	N/A	N/A
Oman Hotels and Tourism Co.	7.0	27.1	1.0
Tourism Enterprises Co.	231.3	40.7	3.2
GCC Hospitality Average	**14.4**	**11.2**	**1.4**
Dow Jones US Hotels Index	**23.0**	**12.5**	**14.6**
MSCI Europe Hotels, Restaurants & Leisure Index	**20.3**	**11.9**	**4.9**
MSCI World Hotels, Restaurants & Leisure Index	**23.7**	**14.2**	**6.6**
Abu Dhabi Securities Exchange (ADSMI)	**12.1**	**N/A**	**1.5**
DFM General Index	**12.7**	**15.4**	**1.3**
Tadawul All Share Index	**14.7**	**11.4**	**1.4**

Source: Bloomberg; Alpen Capital

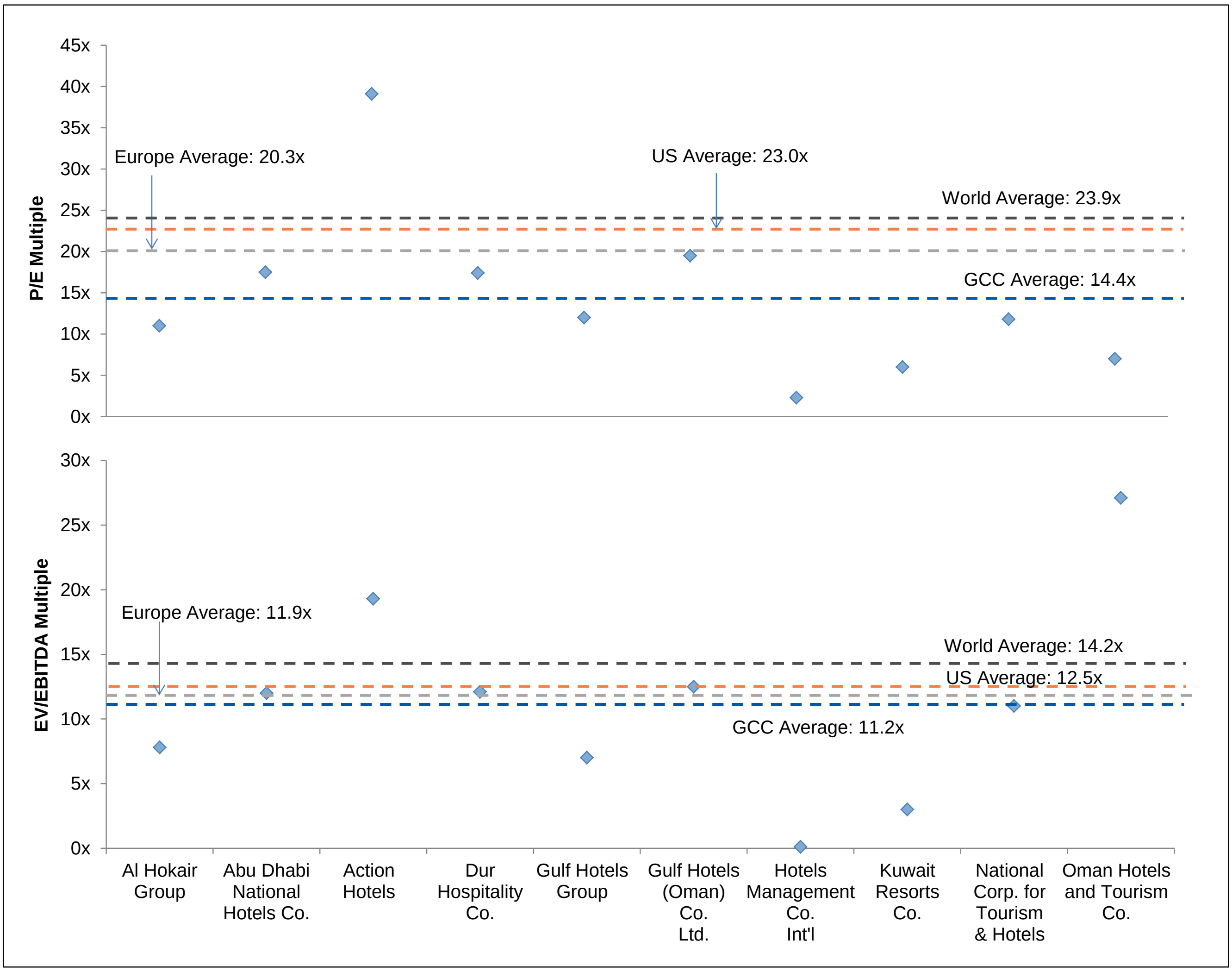
Notes: Last updated on August 18, 2016; N/A – Not Available; Figures in red indicate below GCC average performance and those in green suggest performance at par with or above GCC average; Figures highlighted in grey are outliers and hence excluded from the GCC average

With higher returns compared to the regional peers, Hotels Management Co. International and Kuwait Resorts Co. appear attractive at below-average P/E multiples

Within the GCC, Abu Dhabi National Hotels, Dur Hospitality Co., Gulf Hotels (Oman) Co. Ltd., and Action Hotels, with P/E multiples in the range of 17.4x to 39.1x, are trading at a premium to the GCC peers (see Exhibit 32). With higher returns (ROE and ROA) compared to the regional peers, Hotels Management Co. International and Kuwait Resorts Co. appear attractive at below-average P/E multiples. The GCC hospitality companies are trading at an average P/E multiple of 14.4x, below the average of 23.0x in the US, 20.3x in Europe, and 23.7x in the world.

Similar to the trend in P/E multiple, the EV/EBITDA multiple of Abu Dhabi International Hotels, Dur Hospitality Co., Gulf Hotels Oman Co. Ltd., Oman Hotels & Tourism, and Action Hotels are higher than the regional peers. With an EV/EBITDA multiple of 11.2x, the GCC companies are trading below the industry average of 12.5x in the US and 14.2x in the world, but near to the average in Europe. In view of the immense growth potential of the GCC hospitality sector, the GCC companies appear undervalued.

Exhibit 32: Comparison of Valuation Multiples



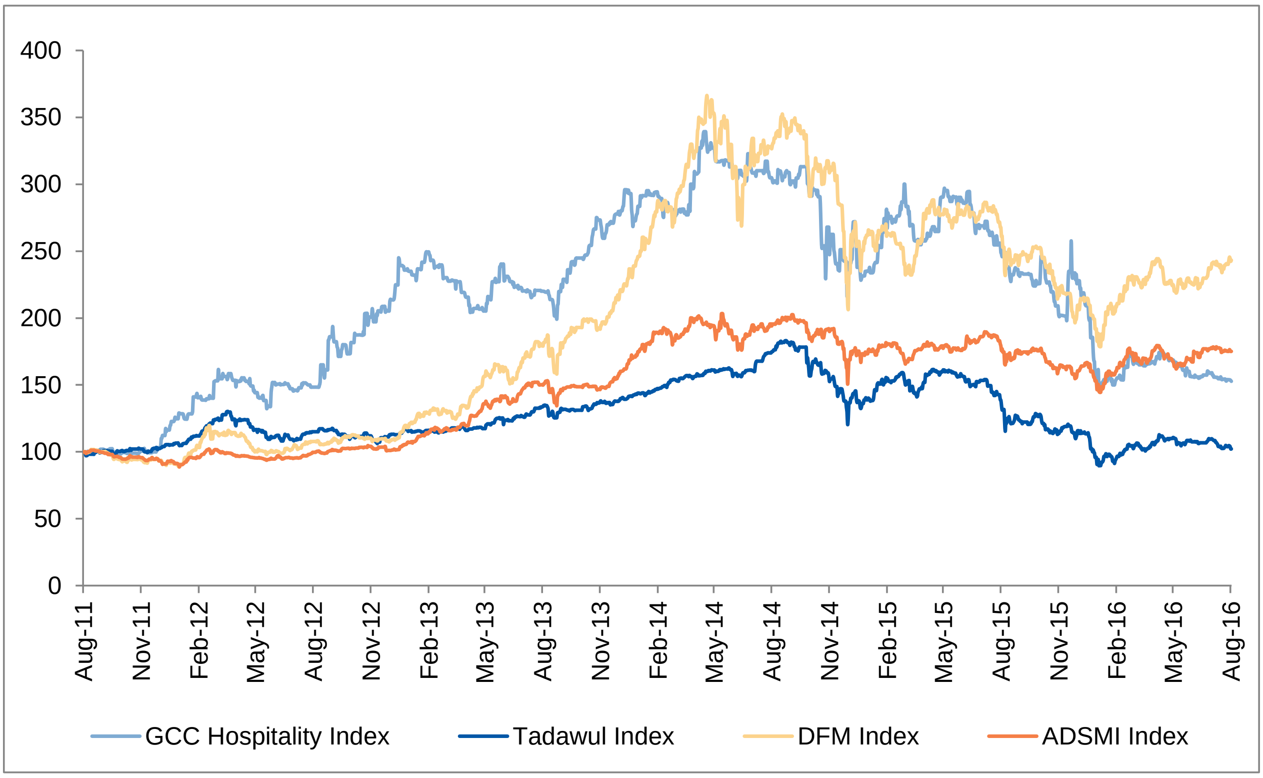
Source: Bloomberg, Alpen Capital

GCC Hospitality Index Trend

The hospitality index continued to decline in 2016, as hotel operators reported pressure on earnings

For most of the period in five years to August 17, 2016, the GCC Hospitality index has moved in tandem with the broader market indices of the UAE and Saudi Arabia. During the five-year period, the index touched its highest level in May 2014 supported by its thriving tourism market and expanding accommodation capacity. However, since then it has declined by more than 50% due to the sharp fall in oil price that slowed down tourism spending. The hospitality index continued to decline in 2016, as hotel operators reported pressure on earnings due to a competitive and challenging market environment.

Exhibit 33: GCC Hospitality Index Trend



Source: Bloomberg (as on August 18, 2016), Alpen Capital

Note: The constituents of the GCC Hospitality Index include Al Hokair Group, Abu Dhabi National Hotels, Action Hotels, Dur Hospitality, Gulf Hotels Group, Gulf Hotels (Oman) Co., Hotel Management Co. Int'l, Kingdom Holding Co. Kuwait Resorts Co., National Corp. for Tourism & Hotels, Oman Hotels & Tourism, and Tourism Enterprises

8. Merger and Acquisition (M&A) Activities

Saudi Arabia and the UAE provided fertile ground for acquisitions given their prominence in the region's tourism market

Deal-making activity has been lively in the GCC hospitality sector during the last two years ending August 2016. Saudi Arabia and the UAE provided fertile ground for acquisitions given their prominence in the region's tourism market. Additionally, there were several cross-border deals during the period, most of which were outbound as the GCC-based companies aimed to expand their global footprint. Qatar-based Al Rayyan Tourism Investment Co. pursued four such strategic acquisitions. Based on disclosed consideration value, the largest deal was the US$ 3.1 billion acquisition of the three-hotel Maybourne Collection in the UK by Qatar Investment Authority (see Exhibit 34). The vibrant pace of M&A activity in the GCC region is likely to continue in light of optimistic market expectations.

Exhibit 34: Major M&A Deals in the GCC Hospitality Industry (1/2)

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Target's Rooms	Consideration (US$ Million)	Percent Sought (%)
Qatar Investment Authority	Qatar	Maybourne Collection (Claridge's, The Connaught, and The Berkeley)	UK	2015	N/A	3,050	64%
Constellation Hotels Holding Ltd.	Qatar	InterContinental Paris Le Grand	France	2014	470	440	100%
Al Tayyar Travel Group Holding Co.	Saudi Arabia	Kenzi Hotel	Saudi Arabia	2015	759	400	100%
Katara Hospitality Co.	Qatar	Westin Excelsior Rome	Italy	2015	316	251	100%
Nozul Hotels & Resorts	Qatar	St. Regis Florence & The Westin Excelsior Florence	Italy	2016	270	213	100%
Nozul Hotels & Resorts	Qatar	Gritti Palace	Italy	2015	82	118	100%
Undisclosed Investment Company	UAE	Movenpick Hotel & Apartments Bur Dubai	UAE	2014	255 rooms, 57 apts.	95	100%
Gulf Hotels Group	Bahrain	Bahrain Tourism Co.	Bahrain	2015	246	92	100%
Undisclosed Acquirer	N/A	Bakkah Arac Hotel	Saudi Arabia	2015	N/A	88	100%
Al Tayyar Travel Group*	Saudi Arabia	Movenpick Hotel City Star Jeddah	Saudi Arabia	2016	228	69	100%
Aitken Spence Resorts (Middle East) LLC	Oman	Al Falaj Hotel	Oman	2016	150	36	100%
Undisclosed Acquirer*	N/A	Pearl Azure Hotel Management LLC	UAE	2016	N/A	19	10%
La Cigale Hotel	Qatar	Club Dar Naouar	Tunisia	2015	N/A	9	100%
Action Hotels Plc	UAE	ibis Budget Melbourne Airport	Australia	2015	73	9	100%
Dur Hospitality Co.	Saudi Arabia	Saudi Hotel Services Co.	Saudi Arabia	2015	304	9	30%
Al Rayyan Tourism Investment Co.	Qatar	Viceroy Miami	US	2016	148	N/A	100%
Rezidor Hotel Group AB	Belgium	Nofa Resort and Club	Saudi Arabia	2016	57 villas	N/A	100%
Al Rayyan Tourism Investment Co.	Qatar	St. Regis Washington, D.C.	US	2015	182	N/A	100%
Arcapita	Bahrain	Phase one of the Saadiyat Beach Residences apartment complex	UAE	2015	N/A	N/A	100%
Anchor Capital Investments Ltd.	Australia	Al Hamra Hotels & Resorts Ltd.	UAE	2015	N/A	N/A	90%
Maxim Holding Co.	Egypt	Undisclosed Hotel	UAE	2014	N/A	N/A	100%
Al Rayyan Tourism Investment Co.	Qatar	Boscolo Aleph Hotel	Italy	2014	96	N/A	100%
Al Rayyan Tourism Investment Co.	Qatar	The Manhattan at Times Square Hotel	US	2014	689	N/A	97%

Source: Thomson Eikon Reuters, Travel Weekly, JLL, Jaidah Holdings, Kingdom Holdings Co., Trade Arabia, The Times, Business Wire, Katara Hospitality, The Wall Street Journal, Atiken Spence Hotels, Argaam, Al Rayyan Tourism Investment Co.

*Note: *Deals pending completion (as on August 18, 2016)*

Exhibit 35: Major M&A Deals in the GCC Hospitality Industry (2/2)

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Target's Rooms	Consideration (US$ Million)	Percent Sought (%)
Abu Dhabi United Group Investment & Development	UAE	St. Regis Saadiyat Island Resort	UAE	2014	377 rooms, 190 apts., 10 villas	N/A	100%
A joint venture led by Katara Hospitality Co.	Qatar	Savoy Hotel	UK	2014	268	N/A	50%
BMJBR Properties Limited	Oman	Movenpick Hotel at Dubai's Jumeirah Beach Residence	UAE	2014	N/A	N/A	100%

Source: Thomson Eikon Reuters, The National, Khaleej Times

Country Profiles

Saudi Arabia

Key Growth Drivers

- **Religious tourism:** Pilgrimage to Makkah and Madinah is a key driver of tourism in Saudi Arabia. More than 40% of tourists visit the country for religious purposes (Source: Business Wire). The Saudi government has stepped up the expansion work at its two holy mosques and expects over 30 million Umrah pilgrims to visit the country each year by 2030. Surge in religious visitors bodes well for the growth of the hospitality sector.
- **Government support:** In order to diversify its tourist base and create tourism-related jobs, the Saudi government introduced favorable regulations, relaxed visa rules, and encouraged private sector participation in tourism infrastructure. Further, infrastructure developments to improve transport and the creation of museums and historical sites are likely to boost tourism in the country, thus encouraging hotel developments.
- **Robust hotel pipeline:** In view of government measures and mosques expansion, massive hotel projects are currently under construction to support the expected rise in tourist arrivals. With over 47,000 keys likely to be added in the coming years, the hospitality sector is set to expand.

Recent Industry Developments

- In June 2016, Starwood Hotels & Resorts Worldwide signed an agreement with Saudi Real Estate Company (Al Akaria) to open two new hotels in Riyadh - The Westin Riyadh and Element Riyadh. Scheduled to open in 2022, these hotels will feature 632 rooms in aggregate.
- In April 2016, the Saudi Arabian government unveiled Saudi Vision 2030, which highlighted strong support to the hotel and tourism sector as a significant source of revenue. The plan proposed to double the number of hotel rooms, create attractions of the highest international standards, streamline procedures for Saudi visa issuance, and develop rare heritage and historical sites, among other initiatives.
- In April 2016, TIME Hotels Management entered into a joint venture (JV) with Saudi-based Al Fahd Investments to manage hotels in Riyadh and Al Qurrayat and provide consultancy services on hotel portfolio.

Macro-economic Indicators

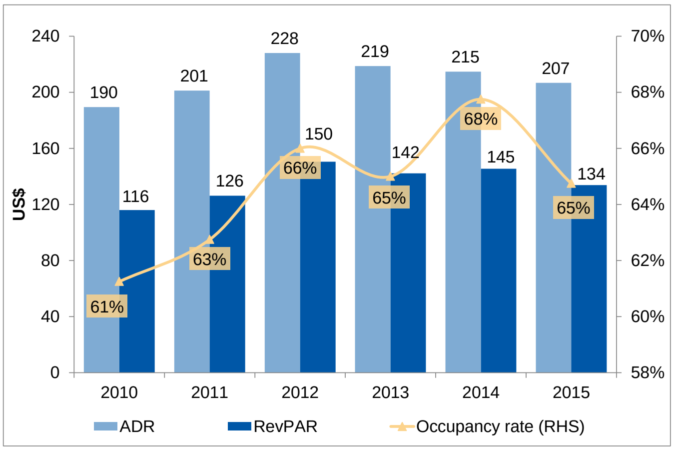
Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	3.4	1.2	2.1
GDP per capita based on PPP	US$	53,624	53,728	58,331
Population	mn	31.4	32.0	34.7
Int'l Tourist Arrivals	mn	19.2	20.1	24.3
T&T Spending (nominal prices)	US$ bn	20.4	20.4	30.0
T&T Contribution to GDP	%	8.0%	8.2%	8.5%
Hotel and Serviced Apartment Rooms	no.	446,603	466,470	494,034

Source: IMF – April 2016, WTTC, MAS, Alpen Capital
Note: F – Forecasted

Key Players

Company	Activity
Abdulmohsen Alhokair Group for Tourism and Development	Owns and manages hotels and entertainment centers
Al Khozama Management Co.	Manages hotel properties
Dur Hospitality Co.	Owns and operates hotels
Kingdom Holding Company	Invests in hotel projects

Performance Metrics of Branded Hotels



Source: HVS – 2016 Middle East Hotel Survey

UAE

Key Growth Drivers

- **World Expo 2020:** The mega event to be hosted in Dubai is likely to attract 25 million visitors, 17 million of which will be from outside the UAE. In view of the event, DTCM aims to increase the number of hotel and serviced apartment rooms in Dubai by 50% to 155,000 by 2020. Several international hospitality brands have laid down expansion plans to capitalize on such growth.
- **Growing MICE market:** In addition to the expo, Dubai is likely to host several other international conventions in the years to come. Such events are likely to augment business tourism in the country. To fortify the city's position as a MICE destination, the government is expanding the capacity of Dubai World Trade Centre.
- **Investment in infrastructure & leisure attractions:** The Emirates of Dubai, Abu Dhabi, and Sharjah have laid down long-term tourism strategies focusing on promotion campaigns, and development of infrastructure and tourist attractions. Significant investments are being made to expand transport infrastructure and develop theme parks, international museums, and other tourist attractions. Such developments are likely to attract a diversified group of tourists thus, generating demand for the hospitality industry.

Recent Industry Developments

- In June 2016, the Ports, Customs and Free Zone Corporation (PCFC) highlighted its strategic vision for marine tourism aiming to attract a million cruise tourists by 2020. PCFC has already started the work to implement a mega project to transform Rashid Port into one of the most attractive destinations for maritime tourism in the world.
- In May 2016, DTCM signed a Memorandum of Understanding (MOU) with a hospitality aggregator, Airbnb, to help promote responsible hosting with an aim to enhance and diversify the holiday homes sector.
- In April 2016, Emaar Hospitality Group announced it plans to open 14 hotels and 10 serviced residences in the UAE under its flagship brands. It also signed a partnership agreement with Dubai Opera as its 'Official Hotel Partner'.

Macro-economic Indicators

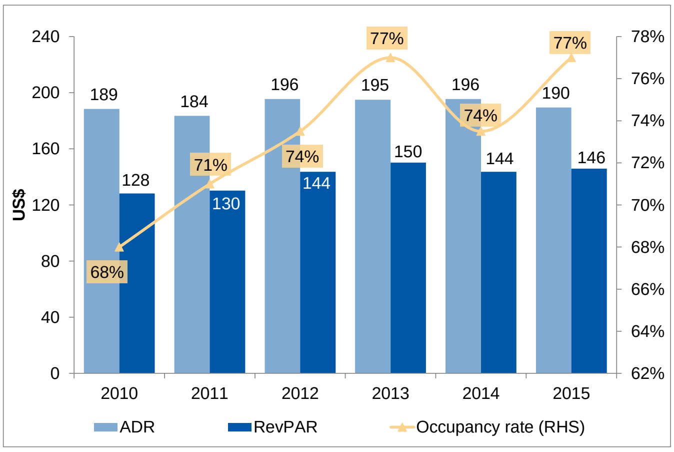
Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	3.9	2.4	3.7
GDP per capita based on PPP	US$	67,617	67,946	74,053
Population	mn	9.6	9.9	11.1
Int'l Tourist Arrivals	mn	17.0	18.2	23.8
T&T Spending (nominal prices)	US$ bn	33.7	35.9	46.1
T&T Contribution to GDP	%	8.7%	8.9%	9.5%
Hotel and Serviced Apartment Rooms	no.	128,093	150,393	191,260

Source: IMF – April 2016, WTTC, SCAD, MasterCard, Alpen Capital
Note: F – Forecasted

Key Players

Company	Activity
Abu Dhabi National Hotels	Owns and manages hotels
Almulla Group	Diversified player – Owns and manages hotels
Arenco Group	Diversified player - Owns and manages hotels
Emaar Hospitality Group	Owns and manages hotels
Habtoor Hotels	Owns and operates hotels
Jumeirah Group	Owns and operates hotels
Meydan Group	Owns and operates hotels and other real estate developments
National Corp. for Tourism & Hotels	Owns and manages hotels
Ramee Group of Hotels, Resorts and Apartments	Owns and operates hotels
Rotana Hotel Management Corporation PJSC	Owns and manages hotels

Performance Metrics of Branded Hotels



Source: HVS – 2016 Middle East Hotel Survey

Qatar

Key Growth Drivers

- **Sports Events:** Major sporting events to be hosted in the country such as the 2022 FIFA World Cup, the UCI Road Cycling World Championships (2016) and the FIG Artistic World Gymnastic Championship (2018) are likely to attract hordes of tourists. The hospitality sector in Qatar is expanding thanks to the massive infrastructure developments ahead of such events.
- **National Tourism Sector Strategy 2030:** According to the strategy, QTA aims to attract seven million visitors and reach 56,100 to 62,000 hotel rooms by 2030. In addition, the government plans to invest in the development of the National Museum of Qatar, beaches, shopping malls, and entertainment facilities to attract tourists. QTA is also promoting the country through international representation and participation in trade shows.
- **Convention Center:** With a large portion of international tourists visiting Qatar for business purpose, the opening of Doha Exhibition and Convention Center spread over an area of 47,700 square meters in October 2015 is likely to fortify the country's position as a key MICE destination.

Recent Industry Developments

- In June 2016, Dream Hotel Group LLC entered into an agreement with Qatar-based Al Alfia Holding to develop a 325-room Dream Hotel in Doha. The hotel is slated to open in late 2019.
- A publication by hospitality and travel data providers – Olery – in April 2016 ranked Qatar's hospitality sector as the first among the GCC countries in terms of Guest Experience during the period from April 2015 to March 2016.
- In April 2016, Hilton Worldwide signed a management agreement with Universal Management Group to open the mid-market 138-room Hilton Garden Inn. The hotel is expected to open in 2018.
- In April 2016, Starwood Hotels & Resorts Worldwide announced the opening of its first Westin brand property in Qatar, The Westin Doha Hotel & Spa, in partnership with Ghanem Al Thani Holdings.

Macro-economic Indicators

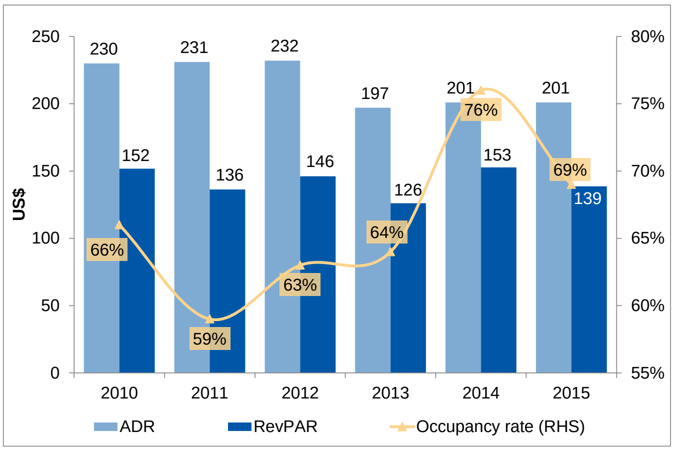
Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	3.3	3.4	2.1
GDP per capita based on PPP	US$	132,099	129,512	144,644
Population	mn	2.4	2.6	2.8
Int'l Tourist Arrivals	mn	2.9	3.1	4.1
T&T Spending (nominal prices)	US$ bn	11.4	12.2	17.5
T&T Contribution to GDP	%	7.1%	7.1%	7.3%
Hotel and Serviced Apartment Rooms	no.	20,713	24,713	37,395

Source: IMF – April 2016, WTTC, QTA, Alpen Capital
Note: F – Forecasted

Key Players

Company	Activity
Al Faisal Holdings	Diversified player – Owns and manages hotels
Alfardan Group	Diversified player – Owns and manages hotels
Katara Hospitality	Owns and manages hotels
Retaj	Owns and operates hotels

Performance Metrics of Branded Hotels



Source: HVS – 2016 Middle East Hotel Survey

Oman

Key Growth Drivers

- **2040 Tourism Strategy:** As a part of the strategy, Oman's Ministry of Tourism plans to invest US$ 35 billion to develop the sector with an aim to double tourist arrivals to five million by 2040. The Ministry is pushing on the redevelopment of Muscat International Airport and fleet expansion of Oman Air to accommodate the anticipated rise in passengers. Further, it intends to increase hospitality capacity to 80,000 keys by 2040, of which ~30,000 will be holiday homes, 17,000 smaller housing units and 33,000 hotel rooms.
- **Convention & Exhibition Centre:** With the expected launch of the Oman Convention and Exhibition Centre in the second half of 2016, the Omani government is looking to become a major regional center for MICE events. An increase in events hosted at the convention center is likely to attract more business travelers, thus benefiting the hospitality sector.
- **Cultural, heritage, and sports attractions:** Oman offers a range of cultural and sports activities like scuba diving, boat trips, dolphin watching, Royal Opera House, and the national museum. The upcoming Duqm tourist complex featuring a mall, hotels, entertainment center, and water theme park, etc., is likely to have a large impact on tourism.

Recent Industry Developments

- In February 2016, Oman Tourism Development Company (OMRAN) unveiled a series of initiatives aiming to consolidate its diverse tourism and hospitality related investments and activities in Oman. Initiatives included setting up of OMRAN Hotels and Resort to consolidate its investments in hotels, OMRAN Retail to assist SME businesses, and OMRAN Properties to consolidate its tourism properties, among others.
- In January 2016, Oman launched the OMR 500 million (US$ 1.3 billion#) Mina Sultan Qaboos Waterfront Project in Muscat to be funded by the private sector and pension fund investments. The project is expected to be completed over four phases by 2027.
- In December 2015, OMRAN and Bank Sohar signed a deal worth OMR 40 million (US$ 103.9 million*) to finance the construction of the JW Marriott Hotel Project in Muscat, expected to be complete in 2017.

At the exchange rate on January 5, 2016

* At the exchange rate on December 30, 2015

Macro-economic Indicators

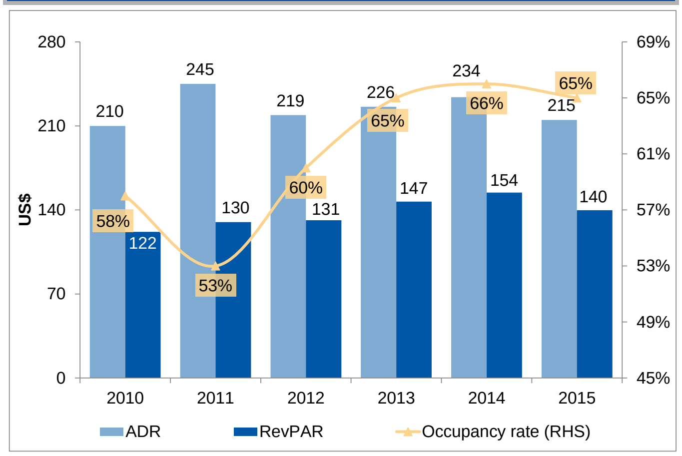
Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	4.1	1.8	1.5
GDP per capita based on PPP	US$	44,628	44,531	44,820
Population	mn	3.8	4.0	4.5
Int'l Tourist Arrivals	mn	1.7	1.8	2.3
T&T Spending (nominal prices)	US$ bn	3.0	3.1	4.4
T&T Contribution to GDP	%	5.7%	5.9%	6.6%
Hotel and Serviced Apartment Rooms	No.	16,691	17,576	21,608

Source: IMF – April 2016, WTTC, Oman Observer, Alpen Capital
Note: F – Forecasted

Key Players

Company	Activity
Gulf Hotels (Oman) Company Limited SAOG	Owns and operates a hotel
Hotel Management Company International	Owns and operates a hotel
Oman Hotels and Tourism Co SAOG	Owns and operates hotels
Zubair Corporation	Diversified player – Owns hotels

Performance Metrics of Branded Hotels



Source: HVS – 2016 Middle East Hotel Survey

Bahrain

Key Growth Drivers

- **New tourism identity:** The Bahrain Tourism & Exhibitions Authority unveiled a new tourism identity to build awareness of Bahrain as a tourism destination. The key objectives of the strategy are to double the contribution of tourism to the country's GDP by 2018, increase average stay per tourist, and increase the number of cruise visitors. The authority is planning to launch representative offices in the GCC, UK, France, Russia, Germany, and India, to attract tourists. It also aims at developing its beaches and promoting the concept of island living. One of the proposed island projects is the Hawar Islands project featuring a 350-room five star lagoon resort, a bird research center, and a heritage market.
- **Infrastructure development:** Bahrain is extensively investing in large infrastructure projects, including the expansion and modernization of Bahrain International Airport with an investment of US$ 1 billion. Efforts to boost tourism and build the required infrastructure augur well for the growth of the hospitality sector in the country.
- **Luxury hotel chain:** Bahrain is home to world-class hotel brands including the Four Seasons, the Ritz Carlton, Sofitel, ART Rotana, Marriott, Le Méridien and the Westin. Luxury hotel brands have laid down new development plans to capitalize on the growing tourism industry.

Recent Industry Developments

- In January 2016, Eagle Hills, a UAE-based private real estate investment and development company, in partnership with Diyar Al Muharraq, a local developer, launched the US$ 3 billion mixed-use waterfront project called Marassi Al Bahrain. The project will include an urban center - Marassi Galleria, 3,500 luxury apartments, two luxury hotels – The Address (110 rooms) and The Vida (160 rooms), and shopping, business, leisure and entertainment facilities.
- In January 2016, the GCC Ministers of Tourism officially named Manama the "Capital of Gulf Tourism 2016" taking into account the Kingdom's cultural history and wide-ranging tourist attractions.

Macro-economic Indicators

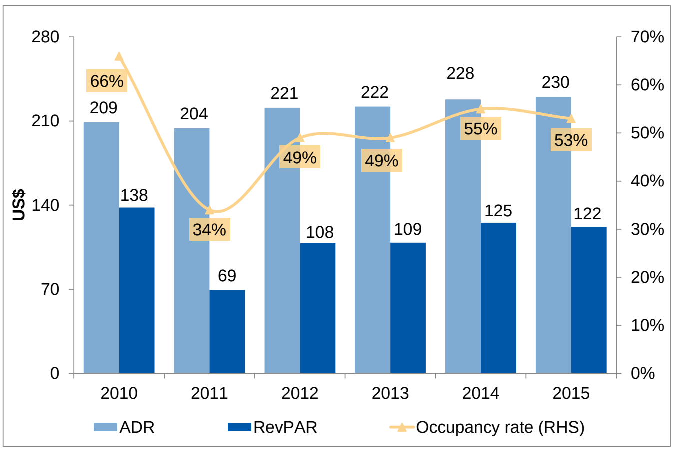
Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	3.2	2.2	2.2
GDP per capita based on PPP	US$	50,095	50,667	54,624
Population	mn	1.3	1.3	1.4
Int'l Tourist Arrivals	mn	11.6	12.1	14.6
T&T Spending (nominal prices)	US$ bn	2.5	2.5	3.5
T&T Contribution to GDP	%	10.6%	10.8%	11.8%
Hotel and Serviced Apartment Rooms	no.	12,704	13,454	15,704

Source: IMF – April 2016, WTTC, General Directorate of Statistics – Bahrain, Alpen Capital
Note: F – Forecasted

Key Players

Company	Activity
Elite Group International	Owns and operates hotels
Gulf Hotels Group BSC	Owns and operates hotels
Gama Hospitality	Manages hotels
VKL Holdings and Al Namal Group of Companies	Diversified player – Owns and operates hotels

Performance Metrics of Branded Hotels



Source: HVS – 2016 Middle East Hotel Survey

Kuwait

Key Growth Drivers

- **New tourist attractions:** The Kuwaiti government is developing various tourist attractions to strengthen the tourism sector. Some of the projects include the development of several islands, including the Failaka Island, featuring archaeological sites, hotels, residences, a golf course and restaurants. This is likely to drive growth in the tourism sector. Another development that is likely to augur well for tourist arrivals is the proposed City of Silk project - Madinat al Hareer – featuring the world's tallest tower, an Olympic stadium, a new airport, and sports and MICE complexes, among others.
- **Transport infrastructure:** To facilitate easy transportation, the government is investing in several infrastructure projects such as the Al Jahra road project, Sheikh Jaber Causeway, Kuwait City Metro, and the second terminal of Kuwait International Airport. Such projects are likely to support the tourism sector growth.
- **Government initiatives:** The government plans to establish a Supreme Commission for Tourism to implement a National Tourism Strategy for developing ancillary infrastructure and encouraging private sector participation. Framing of such a strategy to develop the country's tourism sector is likely to lend support to the growth of the hospitality industry.

Recent Industry Developments

- In February 2016, Rotana Hotels announced plans to expand aggressively in Kuwait. The company's plan is to open a new mid-market 200-room hotel under the brand Centro in 2018
- In November 2015, Hyatt Hotels Corporation entered into an agreement with Tamdeen Group to build a 261-room Grand Hyatt hotel in Kuwait. The hotel is expected to open in 2020.
- In May 2015, InterContinental Hotel Group (IHG) entered into management agreements with Al Baraka General Trading and Contracting Company to manage its upcoming 120-room InterContinental hotel and 232-room Crowne Plaza hotel in Farwaniya, and conversion of an existing Crown Plaza Kuwait into a 336-room Holiday Inn hotel. While the Crowne Plaza and Holiday Inn hotels are slated to open in 2016, the InterContinental hotel will open in 2018.

Macro-economic Indicators

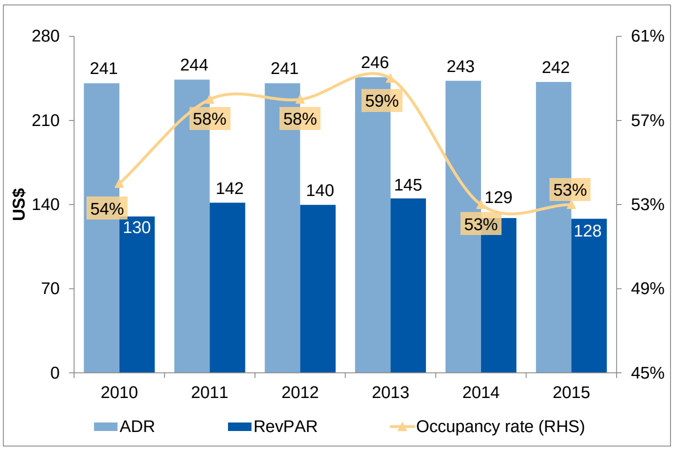
Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	0.9	2.4	2.8
GDP per capita based on PPP	US$	70,166	70,587	75,920
Population	mn	4.1	4.2	4.7
Int'l Tourist Arrivals	mn	0.4	0.4	0.4
T&T Spending (nominal prices)	US$ bn	4.7	4.9	6.4
T&T Contribution to GDP	%	4.9%	5.0%	4.9%
Hotel and Serviced Apartment Rooms	no.	8,486*	8,749	9,751

Source: IMF – April 2016, WTTC, Alpen Capital
*Note: F – Forecasted, * Estimated*

Key Players

Company	Activity
Action Hotels Company	Owns and operates hotels
Aamal Holding	Owns and operates hotels
IFA Hotels and Resorts	Owns and operates hotels

Performance Metrics of Branded Hotels



Source: HVS – 2016 Middle East Hotel Survey

Company Profiles

Abdulmohsen Al Hokair Group (Publicly Listed) — Saudi Arabia

Company Description

Formed in 1965, Abdulmohsen Al Hokair Group for Tourism and Development Company (Al Hokair Group) owns and manages hotels and entertainment centers across Saudi Arabia and the other GCC nations.

Business Segments/Services Portfolio

- **Hospitality:** The group operates 32 hotels and resorts in Saudi Arabia that have an aggregate inventory of 3,858 rooms, luxurious suites, villas, apartments, and chalets. Key hospitality partners include Hilton Worldwide, IHG, Accor SA, and Marriott International.
- **Entertainment:** Al Hokair Group operates 64 entertainment centers including, family entertainment centers, softplay, edutainment, sportainment, and theme parks in multiple countries. Key partners of the group in this segment include Sky Zone, I.E. Park, Minopolis, Zamperla, and Cheer Amusement. These entertainment centers receive 8 million visitors annually.

Key Strengths

- Over five decades of experience in hospitality and entertainment
- Partnership with renowned hospitality and entertainment brands
- The group's Holiday Inn Jeddah Gateway Hotel won the first place in Trip Advisor's Travelers' Choice Award for 2016

Recent Developments/Future Plans

- In May 2016, the group opened Al Hokair complex for sports and entertainment in Riyadh spread over an area of 21,340 square meters.
- In December 2015, the group opened a 112-room Radisson Blu Plaza Hotel in Jeddah.
- In April 2015, Al Hokair Group launched a 219-room and suites property, Double Tree Hilton Riyadh.
- In February 2015, the group opened Jazan Radisson Blu Hotel with a capacity of 141 rooms, nine luxurious suites, three large conference rooms and halls, ballrooms, and a multi-purpose room.
- In January 2015, Al Hokair Group opened a 180-room Holiday Inn Jeddah Gate Hotel.

Current Price (US$)	8.38

Price as on August 18, 2016

Stock Details	
Bloomberg ticker	AATD AB
52 week high/ low	20.66/8.38
Market Cap (US$ mn)	461.0
Enterprise value (US$ mn)	575.5
Shares outstanding (mn)	55.0

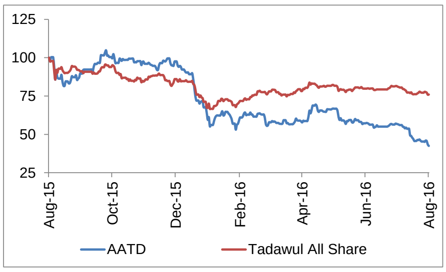
Source: Bloomberg

Average Daily Turnover ('000)

	SAR	US$
3M	22,406.7	5,973.6
6M	20,030.1	5,340.0

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015	2016E
P/E (x)	16.6	19.1	8.8
P/B (x)	4.6	4.8	N/A
EV/S (x)	3.7	3.5	1.8
Dividend yield (%)	4.2	3.8	6.4

Source: Bloomberg

Shareholding Structure

Abdul Majeed Abdulaziz Fahad	31.50%
Abdulmohsen Bin Abdulaziz Fahad	12.46%
Others	56.04%
Total	**100.00%**

Source: Thomson Reuters Eikon

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	253.6	305.4	*20.4*
COGS	158.7	193.0	*21.6*
Operating Income	48.6	45.6	*-6.2*
Operating Margin (%)	19.1	14.9	
Net Income	52.4	50.6	*-3.4*
Net Income Margin (%)	20.6	16.6	
Return on Average Equity (%)	26.8	25.8	
Return on Average Assets (%)	15.9	14.0	

Source: Thomson Reuters Eikon, Alpen Capital

ALPEN CAPITAL

Abu Dhabi National Hotels (Publicly Listed) UAE

Company Description

Started in 1975, Abu Dhabi National Hotels (ADNH) owns and manages hotels and provides other hospitality services in the UAE. The company's broad range of hospitality offerings encompasses hotels, restaurants, destination management services, catering, and transportation.

Business Segments/Services Portfolio

- **Hotels and Restaurants:**
  - **Owned Hotels:** ADNH owns seven hotels, namely, The Ritz-Carlton Abu Dhabi Grand Canal (532 rooms), The Park Hyatt Abu Dhabi (306 rooms), Sofitel Dubai (438 rooms), Sheraton Abu Dhabi Hotel & Resort (272), Le Méridien Abu Dhabi (234 rooms), Hilton Abu Dhabi (327 rooms), and Hilton Al Ain (202 rooms).
  - **Managed Hotels:** The company also manages four hotels and two hotel apartments under the Al Diar Hotels brand.
  - **Restaurants:** ADNH operates several restaurants in the Venetian Village located within The Ritz-Carlton Abu Dhabi.
- **Hospitality Services:** The company offers other hospitality related services, including transportation and catering/ support services through Al Ghazal Transport Company (100% interest) and ADNH Compass (a JV with 51% interest), respectively.

Key Strengths

- Owner of esteemed hotels operated by renowned international hotel brands
- Named in the list of Forbes Middle East's Top Companies in the Arab World 2015
- Recognized at the MEED Quality Awards for Projects 2015 as National Winner in the category of Drake & Scull Leisure & Tourism Project of the Year

Recent Developments/Future Plans

- In July 2015, ADNH and Abu Dhabi Tourism & Culture Authority entered into a MOU to establish a long-term partnership to encourage young nationals to join the hospitality sector.

Current Price (US$)	1.05

Price as on August 18, 2016

Stock Details	
Bloomberg ticker	ADNH UH
52 week high/ low	1.05/0.68
Market Cap (US$ mn)	1,048.2
Enterprise value (US$ mn)	1,150.2
Shares outstanding (mn)	1,000.0

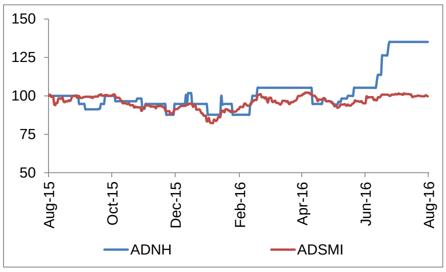
Source: Bloomberg

Average Daily Turnover ('000)

	AED	US$
3M	67.0	18.2
6M	1,012.1	275.6

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015
P/E (x)	20.0	12.2
P/B (x)	0.5	0.3
EV/S (x)	3.5	2.4
Dividend yield (%)	1.3	2.4

Source: Bloomberg

Shareholding Structure	
Abu Dhabi Investment Council	17.50%
Emirates International Investment Company	6.37%
Others	76.13%
Total	**100.00%**

Source: Thomson Reuters Eikon

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	364.9	374.8	*2.7*
COGS	311.3	320.0	*2.8*
Operating Income	38.9	41.4	*6.6*
Operating Margin (%)	10.6	11.1	
Net Income	54.6	64.5	*18.2*
Net Income Margin (%)	15.0	17.2	
Return on Average Equity (%)	2.5	2.9	
Return on Average Assets (%)	2.1	2.5	

Key Comments

- *ADNH's total revenue grew by 2.7% y-o-y to US$ 374.8 million during FY 2015, led by 13.3% and 8.5% increase in revenue of the Transport Services and Retail segments, respectively, which more than offset the 1.7% drop in revenue of the Hotel segment.*
- *Despite the challenging market environment, the company's new hotels – The Ritz Carlton Abu Dhabi Grand Canal, The Park Hyatt Abu Dhabi, and Sofitel Dubai – witnessed a 16.7% y-o-y increase in their operating profits during the year. However, overall net profit of the Hotel division dropped by 14.3% y-o-y in FY 2015.*
- *The optimization process started in FY 2014 at the Transport segment continued in FY 2015, resulting in a 46.3% surge in net profit of the segment. Net profit margin of the segment increased to 10.5% in FY 2015 from 8.1% in FY 2014. This, together with a 9.5% y-o-y increase in net profit of the Retail segment, offset the decline in the Hotel segment's net profit, resulting in an 18.2% y-o-y increase in overall net profit of ADNH during FY 2015.*

Source: Thomson Reuters Eikon, Company Filings, Alpen Capital

ALPEN CAPITAL

Action Hotels PLC (Publicly Listed) Kuwait

Company Description

Established in 2005, Action Hotels PLC (AHC) owns, develops, and manages branded three-star and four-star hotels in the Middle East and Australia. The company is a subsidiary of Kuwait-based Action Group Holdings (K.S.C.C.), a diversified company with business interests in multiple sectors and geographies. AHC runs hotels in partnership with international hotel brands of Accor (ibis, Mercure, Novotel), IHG (Holiday Inn and Staybridge), Whitbread (Premier Inn) and Golden Tulip (Tulip Inn). In total, AHC has 11 hotels with over 2,000 rooms across the Middle East and Australia. Of these, seven hotels with an inventory of nearly 1,300 rooms are located in the GCC.

Business Segments/Services Portfolio by Geography

- **Middle East:** AHC owns eight hotels in the Middle East (two each in Kuwait, Oman, and the UAE; and one each in Jordan and Bahrain) with 1,437 rooms in aggregate.
- **Australia:** The company owns three hotels in Australia (two in Melbourne and one in Brisbane) totaling 595 rooms.

Key Strengths

- Partnership with leading multinational hotel brands
- Strong presence in the mid-scale hotels segment
- Freehold and leasehold properties across key locations

Recent Developments/Future Plans

- AHC has a strong development pipeline of five hotels (two in Saudi Arabia and one each in Bahrain, the UAE, and Oman) with total capacity of 617 rooms. Launch of these hotels is expected to augment the company's portfolio to c. 3,500 rooms by 2017, as the company approaches its target of 5,000 rooms by 2020. Additionally, AHC has two plots of investment land in Dubai and one in Kuwait.
- In March 2016, AHC launched ibis Styles Brisbane Elizabeth Street Hotel in Australia, which has a capacity of 368 rooms.
- In February 2016, the company purchased a 5,553.5 square meter freehold plot in Innovation Hub within Dubai's Media City for US$10.1 million.
- In October 2015, the company acquired ibis Budget Melbourne Airport Hotel, a 73-room hotel located within the Melbourne Airport area for a sum of US$ 8.8 million.
- In August 2015, AHC opened Premier Inn Sharjah in the UAE featuring 168 rooms.

Current Price (US$)	0.74

Price as on August 18, 2016

Stock Details	
Bloomberg ticker	AHCG LN
52 week high/ low	0.97/0.62
Market Cap (US$ mn)	109.7
Enterprise value (US$ mn)	288.9
Shares outstanding (mn)	147.6

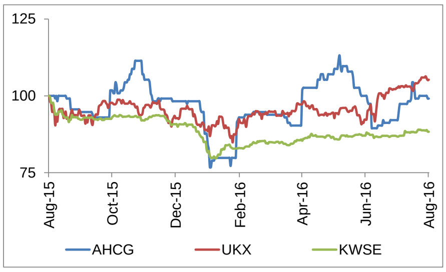
Source: Bloomberg

Average Daily Turnover ('000)

	GBP	US$
3M	30.6	43.1
6M	23.2	32.8

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015	2016E
P/E (x)	79.1	43.4	NM
P/B (x)	0.8	0.7	N/A
EV/S (x)	6.8	7.4	4.5
Dividend yield (%)	2.1	2.7	3.9

Source: Bloomberg

Shareholding Structure	
Action Group Holdings Co. (K.S.C.C.)	64.74%
Blakeney LLP	12.10%
Legal & General Investment Management Ltd.	3.23%
Hargreave Hale	3.15%
Others	16.78%
Total	**100.00%**

Source: Thomson Reuters Eikon

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	37.6	43.5	*15.7*
COGS	10.0	11.3	*12.4*
Operating Income	6.1	8.8	*44.4*
Operating Margin (%)	16.2	20.2	
Net Income	1.9	2.8	*48.8*
Net Income Margin (%)	5.0	3.3	
Return on Average Equity (%)	1.1	0.8	
Return on Average Assets (%)	0.6	0.8	

Key Comments

- *AHC's revenue grew by 15.7% y-o-y in FY 2015 to US$ 43.5 million, led by new hotel openings in Bahrain and Sharjah and the acquisition of ibis Budget Melbourne Airport. During the year, number of completed rooms rose by 30% to 1,928 rooms as on December 31, 2015.The company's revenue from the GCC markets rose by 26.6% y-o-y during the year.*
- *The hotels like-for-like occupancy for the year was 79.3%, an increase of 1.7% over the previous year. However, like-for-like ADR and RevPAR dropped by 12.4% and 6.0%, respectively, to reach US$ 99 and US$ 79.*
- *Operating profit increased by 44.4% y-o-y in FY 2015, driven by revenue growth, cost reduction initiatives, and benefits from economies of scale. Accordingly, operating margin expanded to 20.2% in FY 2015 from 16.2% in FY 2014.*

Source: Thomson Reuters Eikon, Company Filings, Alpen Capital

Al Faisal Holding (Privately Owned) Qatar

Company Description

Established in 1964, Al Faisal Holding through over 20 corporations has business interests in multiple sectors, including hospitality, construction, entertainment, transportation, financial services, and education. The company operates its hospitality division through a wholly owned subsidiary, Al Rayyan Tourism Investment Company (ARTIC), incorporated in 2003. The subsidiary is engaged in the development, acquisition, and leasing of real estate properties focused on hospitality. ARTIC's portfolio includes 20 hotels and projects under development in the Middle East and Africa, Europe, and North American regions. The subsidiary also provides hospitality-related services such as gourmet and laundry.

Business Segments/Services Portfolio by Geography

- **Qatar:** ARTIC's hotel properties under management in Qatar include City Centre Rotana Hotel (287 rooms and 94 serviced apartments), DoubleTree Suites by Hilton Doha (240 rooms), Marriott Marquis City Center Doha Hotel (580 rooms), and Shangri-La Hotel (272 rooms and 42 serviced apartments). Additionally, the hotel properties under development include Grand Murwab City Centre (265 rooms and 97 furnished apartments) and DoubleTree by Hilton Doha - Al Sadd (145 rooms). ARTIC also has invested in hospitality-related services businesses such as Deliopolis WLL, a wholesale distributor of gourmet food and beverages in Qatar, and Modern Central Laundry, a provider of commercial laundry services.
- **Egypt:** ARTIC manages three hotel properties (with a total of over 600 rooms) and two shopping malls in Egypt. In addition to these, the subsidiary is developing Hurghada City Center serviced apartments and Nile Boat by Four Seasons (a five-star yacht).
- **Algeria:** In the country, ARTIC operates Al Jazi Residence featuring 408 apartments and is developing the Algiers City Center, a shopping center along with two hotels. The hotels will comprise of St. Regis brand (340 rooms) and Westin brand (208 rooms).
- **Europe:** ARTIC operates Grand Hyatt Berlin (342 rooms), Maritim Hotel Berlin (505 rooms), and Aleph Hotel Rome (96 rooms).
- **US:** The US-based properties include, Radisson Blu Aqua Hotel, Chicago (334 rooms), St. Regis Bal Harbour Resort (207 rooms), The Manhattan at Times Square Hotel (689 rooms), St. Regis Washington, D.C. (182 rooms), and W Miami Hotel (148 rooms).

Key Strengths

- A well-built investment portfolio of international premium hotel brands at prominent locations
- Part of a renowned diversified business group in Qatar

Recent Developments/Future Plans

- In June 2016, ARTIC acquired the US-based Viceroy Miami luxury boutique hotel. Renamed as W Miami Hotel after the acquisition, it comprises rooms and suites, five commercial units, and 38 condominium hotel units.
- In February 2016, ARTIC opened the 50-storey Shangri-La Hotel in the commercial district of West Bay, Doha.
- In January 2016, the subsidiary launched the 52-storey five-star hotel – City Centre Rotana – in Doha.
- In June 2015, ARTIC acquired the US-based luxury hotel, St. Regis Washington, D.C.
- In December 2014, ARTIC acquired a 97% stake in the US-based hotel, The Manhattan at Times Square Hotel in New York.
- In December 2014, ARTIC acquired five-star Boscolo Aleph Hotel in Rome, Italy. The hotel includes six floors of rooms and suites, a roof garden, spa and a range of dining facilities.

Alfardan Group (Privately Owned) — Qatar

Company Description

Established in 1989, the Alfardan Group has business interests in multiple sectors such as automotive, jewelry, remittance, investments, properties development, marine services, and hospitality. The group has a business presence in Qatar, Oman, and Saudi Arabia. Alfardan Properties that develops mixed-use properties and high-rise projects was established in 1993 and manages the hospitality business through Alfardan Hospitality.

Business Segments/Services Portfolio

The group's hospitality business comprises,

- **Alfardan Hospitality:** Under this segment, the group manages hotels such as Kempinski Residences & Suites Doha (368 rooms), St. Regis Doha (336 rooms), and Marsa Malaz Kempinski – The Pearl (281 rooms). Additionally, the group provides other hospitality services through the Guerlain Spa, Jeeves of Belgravia (professional dry cleaning and laundry service), and The Gathering Café in Doha.
- **Al Gassar Resort:** The group has also developed a waterfront resort in Doha, which features 422 serviced apartments, a grand ballroom, and the St. Regis Doha hotel.

Key Strengths

- Backed by Alfardan Group, a diversified player in Qatar
- Hotel properties are managed by internationally renowned brands such as St. Regis and Kempinski

Recent Developments/Future Plans

- N/A

Almulla Group (Privately Owned) UAE

Company Description

Founded in 1938, Almulla Group is a UAE-based diversified firm with business interests in hospitality, healthcare, travel and tourism, jewelry & watches, and real estate. The hospitality business of the group is being run by its arm, Abjar Hotels International LLC, a hospitality management company. The hospitality business includes the operation of franchised and managed hotel properties across different categories in Dubai.

Business Segments/Services Portfolio

- **Hospitality:** The franchised and managed hotel properties include Ritz Carlton Dubai (294 rooms), Sheraton Dubai Creek Hotel & Towers (262), Crowne Plaza Dubai – Deira (300 rooms), Ramada Dubai (174 rooms), Ramada Jumeirah (252 rooms), and four properties of Holiday Inn Express in Dubai's Internet City (244 rooms), near international airport (381 rooms), Safa Park (171 rooms), and Jumeirah (193 rooms).
- **Travel & Tourism:** Formed in 2006, this business division complements the hospitality business of the group and provides travel related services for the inbound/outbound business and leisure travelers.
- **Healthcare:** The group conducts is healthcare business through the American Hospital Dubai, UNIMED (supplier of pharmaceutical and healthcare products), and a JV with Monrol UAE (a radiopharmaceutical producer).
- **Real Estate:** Under this division, the group provides third party real estate management services and manages the group's properties.
- **Jewelry & Watches:** Through this division, Almulla Group owns and operates jewelry retail chains of brands Kunooz and Switzerland-based Breitling.

Key Strengths

- Presence across diversified businesses
- Focus on high-potential Dubai market

Recent Developments/Future Plans

- In June 2016, the group announced that it would demolish The Ramada Dubai hotel in September 2016. Instead, a mixed-use development property will be built, including a five-star hotel, residences, and a mall.
- In October 2014, Abjar Hotels International entered into a franchise agreement with IHG for two new hotels in Dubai World Central including, a 450-room Holiday Inn and a 250-room Staybridge Suites.

Arenco Group (Privately Owned) UAE

Company Description

Established in 1971, Arenco Group also known as A.A. Al Moosa Enterprises LLC is a diversified player engaged in businesses of architecture & engineering consultancy, interior design, real estate, hotels, manufacturing of mattress and lighting systems, and car rental services. The hospitality business is conducted through Arenco Real Estate, that was established in 1975 in Dubai and has a portfolio of properties that include apartments, villas, warehouses, offices, staff accommodation, and hotel apartments. The group's hospitality business mainly includes operation of hotel apartments under its brand Golden Sands and the management of luxury hotels in Dubai.

Business Segments/Services Portfolio

Arenco Group's hospitality projects in Dubai include:

- **Golden Sands Hotel Apartments:** This property includes 616 units, including studios and one, two, and three bedroom apartments. The property also encompasses a restaurant, swimming pool, sauna, and gymnasium.
- **Hilton Salalah Resort:** This hotel property comprises 147 hotel rooms and suites, swimming pool, tennis court, Palm Grove restaurant, Sheba's Steak House, Whispers Bar, a ballroom having capacity of 300 guests, and 3 meeting rooms.
- **Hilton Jumeirah:** This property is adjoining the Jumeirah beach and features 389 rooms, spa, gymnasium, and 15 restaurants, among others.
- **Hilton Dubai Creek:** This hotel includes 150 guest rooms and suites along with dining options and a rooftop pool bar.
- **Four Points by Sheraton Sheikh Zayed Road:** This hotel property has 384 rooms and 67 suites. The property also has swimming pool, restaurants, and a pub.
- **Four Points by Sheraton Downtown Dubai:** This hotel has a capacity of 250 rooms in addition to dining and other amenities.

Key Strengths

- Backed by a reputed group having business interests across sectors

Recent Developments/Future Plans

- N/A

Dur Hospitality Co. (Publicly Listed) — Saudi Arabia

Company Description

Established in 1976, Dur Hospitality Co., formerly known as Saudi Hotels and Resorts Co., is an integrated hospitality player. Dur Hospitality Co. owns, develops, and manages a large portfolio of hospitality and residential properties across Saudi Arabia. The company operates 21 hospitality properties with over 2,700 rooms. Dur Hospitality Co. is also engaged in business of travel agency and provision of services for pilgrims to the Prophet's Mosque. The company operates its hotels and resorts through Dur Hospitality Makarim and other activities through Dur Hospitality Al-Jazira.

Business Segments/Services Portfolio

- **Hotels and Entertainment:** This segment represents revenues earned from hotels that are either self-operated or through an external operator, independent of the group.
- **Properties Owned:** This segment represents residential and commercial properties owned by the company, but utilized by or leased to others.
- **Services:** This division comprises revenue from the management and operation of hotels and properties, whether owned or not by the Group.

Some prominent properties owned and/or managed by the company include, the Riyadh Marriott Hotel, Makarim Umm Al Qura Hotel, Makarim Al-Bait Hotel, The Diplomat Courtyard by Marriott, and the Makarim Mina Hotel.

Key Strengths

- Over 40 years of experience in property development and hotel operation
- Active partner of a number of Saudi government authorities
- Strong partnership with the leading hospitality brands across the world

Recent Developments/Future Plans

- At the Arabian Hotel Investment Conference held in May 2016, Dur Hospitality Co. signed a franchise agreement with Marriott International to develop Courtyard by Marriott and Residence Inn. The property to be located in Yanbu will be constructed with an investment of SAR 87 million (US$ 23.2 million#).
- In May 2015, IHG and Dur Hospitality Co. entered into a franchise agreement for development of the 83-room Holiday Inn in Tabuk.
- In May 2015, Dur Hospitality Co. announced plans to invest SAR 1.5 billion (US$ 0.4 billion*) to construct 14 hotels and four luxury residential complexes by 2023.

At the exchange rate on May 2, 2016
* At the exchange rate on May 24, 2015

Current Price (US$)	5.88

Price as on August 18, 2016

Stock Details	
Bloomberg ticker	DUR AB
52 week high/ low	8.26/5.02
Market Cap (US$ mn)	588.3
Enterprise value (US$ mn)	615.5
Shares outstanding (mn)	100.0

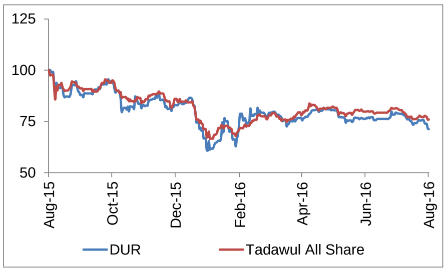
Source: Bloomberg

Average Daily Turnover ('000)

	SAR	US$
3M	2,154.7	574.5
6M	5,091.9	1,357.5

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015
P/E (x)	28.1	18.6
P/B (x)	1.6	1.5
EV/S (x)	5.6	5.0
Dividend yield (%)	4.1	2.6

Source: Bloomberg

Shareholding Structure	
Aseelah Investment Co.	27.14%
Public Investment Fund	16.62%
Al Essa (Mohammad Ibrahim Mohammad)	12.00%
Govt. of Saudi Arabia	6.54%
Others	37.70%
Total	**100.00%**

Source: Thomson Reuters Eikon

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	127.8	142.0	*11.1*
COGS	83.2	94.2	*13.3*
Operating Income	24.7	38.0	*54.1*
Operating Margin (%)	19.3	26.8	
Net Income	27.8	38.8	*39.8*
Net Income Margin (%)	21.7	27.3	
Return on Average Equity (%)	5.8	8.1	
Return on Average Assets (%)	4.9	6.6	

Key Comments

- *Dur Hospitality's revenue increased by 11.1% y-o-y to US$ 142 million in FY 2015, mainly led by growth across its operating segments.*
- *The company's net profit increased by 39.8% y-o-y to US$ 38.8 million, primarily due to the improved operational performance of the assets it manages. In addition, the previous year performance was affected by the disposal of the residual net carrying value of fixed assets for each of Arrawdah and Alwatan parks.*

Source: Thomson Reuters Eikon, Tadawul, Company Filings, Alpen Capital

Elite Group International (Privately Owned) — Bahrain

Company Description

Established in 1991, Elite Group International (Elite Group) owns and operates hotels, serviced apartments, and resorts in Bahrain. It is a part of the Dadabhai Group, a conglomerate with business interests in sectors such as construction, real estate, hospitality, travel and tourism, manufacturing, communication, and advertising. Elite Group currently has four all-suites hotels and four luxury residencies with an aggregate inventory of over 1,200 rooms and apartments in Bahrain.

Business Segments/Services Portfolio

- **Elite Crystal Hotel:** A four-star flagship hotel offering all-suites accommodation for business and leisure travelers. The hotel features 120 rooms and suites, four dining options, and three Circuit conference rooms.
- **Elite Resort & Spa:** A city resort overlooking the Muharraq Bay, Elite Resort & Spa offers all-suites accommodation along with three distinct dining options and conference rooms/banquet halls. The resort has a capacity of 154 rooms.
- **Elite Grande Hotel:** An all-suites hotel with a capacity of 130 rooms is located in the Al Seef area. The hotel is complemented with two dining options, a coffee shop, and a conference room.
- **Elite Seef Residence & Hotel:** A serviced apartment hotel offering 177 modern suites, a large poolside area, a garden, a Kids club, two dining options, and a conference room.
- **Elite Residences:** This comprises three luxury apartment buildings including, Elite 5 (43 rooms), Elite Royale (54 rooms), and Elite Tower (57 rooms). Elite 5 and Elite Royale are located in Juffair, whereas Elite Tower is in Al Seef.

Key Strengths

- More than 20 years of experience in the hospitality sector
- Backed by the Dadabhai Group, a diversified player in Bahrain

Recent Developments/Future Plans

- N/A

Emaar Hospitality Group LLC (Privately Owned) UAE

Company Description

Emaar Hospitality Group LLC (Emaar Hospitality) is a wholly owned subsidiary of Dubai-based global property developer, Emaar Properties PJSC. Emaar Hospitality owns and manages a diversified portfolio of hospitality assets including hotels, serviced residences, golf retreats, a polo and equestrian club, lifestyle dining outlets, and the Dubai Marina Yacht Club. Emaar Hospitality's flagship hotel brands include The Address Hotels + Resorts, Vida Hotels and Resorts, and Rove Hotels.

Business Segments/Services Portfolio

- **The Address Hotels + Resorts:** A premium luxury hotel and residences brand with properties such as The Address Downtown Dubai (196 rooms and 626 serviced residences), The Address Dubai Mall (244 rooms), The Address Dubai Marina (200 rooms), The Palace Downtown Dubai (242 rooms and 81 suites), and The Address Montgomerie Dubai (21 rooms).
- **Vida Hotels and Resorts:** An upscale boutique lifestyle hotel and residences brand that currently operates two hotels in Dubai namely, Vida Downtown Dubai (156 rooms) and Manzil Downtown Dubai (197 rooms). The company has expanded this brand by establishing its first property in Saudi Arabia, Vida Jeddah Gate Hotel and Residences (202 hotel rooms and 162 serviced residences).
- **Armani Hotels:** This brand includes two hotels, Armani Hotel Dubai (160 rooms) and Armani Hotel Milano (95 room hotel) in Italy. These hotels are managed through a JV between Emaar Properties and Giorgio Armani S.p.A.
- **Rove Hotels:** A contemporary new midscale hotel and residences brand developed in a JV between Emaar Properties and Meraas Holding. The operational property under this brand include Rove Downtown Dubai (420 rooms).
- **Nuran Serviced Residences:** The company manages the serviced residences at Dubai Marina having a capacity of 90 fully-serviced apartments.
- **Leisure Clubs:** The group operates leisure attractions such as Arabian Ranches Golf Club, Dubai Polo & Equestrian Club, Dubai Marina Yacht Club, and The Montgomerie Dubai golf club.
- **Lifestyle Dining:** The group's dining options include At.mosphere in Burj Khalifa, Toko, La Serre, Peir 7, Pavilion, and The Palace Cafe.

Key Strengths

- A wide range of offerings that complement each other
- An aggressive expansion plan to enter new geographies as well as expand in existing markets
- Backed by Emaar Properties, a leading global property developer

Recent Developments/Future Plans

- In April 2016, Emaar Hospitality announced its expansion plan to add 35 new hotels & serviced residences in the UAE and other markets. The expansion includes opening of new properties in Dubai, entering into new management contracts to operate hotels and serviced residences in Fujairah, the UAE and Saudi Arabia. The group also entered into management contracts for upcoming hotels and serviced residences projects in Bahrain, Turkey, and Egypt. The expansion would result in additional 3,835 hotel rooms and 4,249 serviced apartment keys in Dubai and 707 hotel rooms and 833 serviced apartment keys in other international markets.

Gulf Hotels Group B.S.C. (Publicly Listed) — Bahrain

Company Description

Incorporated in 1967, Gulf Hotels Group B.S.C. (Gulf Hotels) owns the Gulf Hotel and manages several third-party hotels in Bahrain. Additionally, the company provides ancillary services and operates executive office spaces. Gulf Hotels has expanded its presence in Bahrain with the acquisition of Bahrain Tourism Company B.S.C. (BTC) in June 2016. BTC owns and operates the 246-room Crowne Plaza hotel and a travel division in Bahrain.

Business Segments/Services Portfolio

The business segments of Gulf Hotels include,

- **Hotel Operations:** This segment comprises operations of Gulf Hotel, a five-star hotel encompassing 361 rooms and suites, Gulf Executive Residence, an executive residence with 97 luxury apartments, and the Crowne Plaza. Additionally, the company manages the K Hotel (237 rooms), Gulf Court Manama (215 rooms), Asdal Gulf Inn (94 rooms) and Gulf Residence Amwaj (173 hotel apartments) in Bahrain, and Ocean Paradise Resort Zanzibar (100 chalets) in Tanzania.
- **Food and Beverage:** Under this division, the company is engaged in the retail sale of food and beverages, and the operation of and a 2,200-seat Gulf Convention Center. The company imports, retails, and distributes branded liquor through Gulf Brands International.
- **Commercial Activities:** Under this segment, the company conducts import, export, and sale of kitchen and household equipment and interior decorations.

Key Strengths

- Robust expansion plan

Recent Developments/Future Plans

- In March 2016, the company announced the development of a 224-room five-star Gulf Hotel Business Bay in Dubai. The construction is expected to commence in late 2016 and complete by the end of 2018.
- In March 2016, the company launched its hotel apartment brand, named Gulf Residence Amwaj in Bahrain, comprising two luxury four-star hotel apartment buildings featuring a total of 173 apartments.
- In March 2016, Gulf Hotels initiated a new project, The Gulf Executive Residence Juffair in Bahrain. The project will feature 108 serviced apartments and is expected to open in early 2018. Further, the company acquired Block 338 in Adliya Tourism Zone for developing a multi-unit restaurant and leisure facility.

Current Price (US$)	1.72

Price as on August 8, 2016

Stock Details	
Bloomberg ticker	BHOTEL BI
52 week high/ low	2.20/1.70
Market Cap (US$ mn)	299.2
Enterprise value (US$ mn)	191.9
Shares outstanding (mn)	173.6

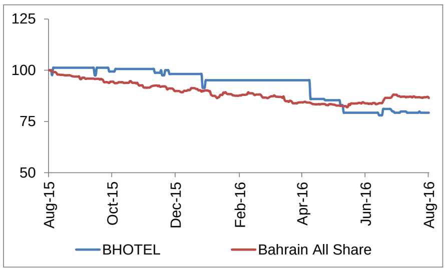
Source: Bloomberg

Average Daily Turnover ('000)

	BHD	US$
3M	34.0	90.2
6M	17.5	46.5

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015
P/E (x)	12.2	15.2
P/B (x)	2.0	1.9
EV/S (x)	3.4	3.4
Dividend yield (%)	4.8	3.7

Source: Bloomberg

Shareholding Structure	
Bahrain Mumtalakat Holding Co. B.S.C	25.47%
Family Investment Company	10.81%
YK Almoayyed & Sons	6.33%
Social Insurance Organization (Pension) Civil & Military	12.56%
Others	44.83%
Total	**100.00%**

Source: Bahrain Bourse

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	88.4	86.1	*-2.5*
COGS	51.5	51.4	*-0.1*
Operating Income	24.1	21.4	*-11.3*
Operating Margin (%)	27.3	24.8	
Net Income	29.9	24.5	*-18.2*
Net Income Margin (%)	33.9	28.4	
Return on Average Equity (%)	16.9	13.0	
Return on Average Assets (%)	14.9	11.4	

Key Comments

- *Gulf Hotels' revenue dropped by 2.5% y-o-y to US$ 86.1 million in FY 2015, led by lower occupancy and room rates on the back of a challenging market environment with an oversupply of rooms.*
- *The revenue drop coupled with an impairment loss on its share portfolio and investments resulted in an 18.2% y-o-y decline in net income to US$ 24.5 million during FY 2015.*

Source: Thomson Reuters Eikon, Company Filings, Alpen Capital

Gulf Hotels (Oman) Company Limited SAOG (Publicly Listed) — Oman

Company Description

Established in 1977, Gulf Hotels (Oman) Company Limited SAOG owns and operates the Crowne Plaza Muscat hotel. The hotel is located in the city center with close proximity to Muscat Seeb International Airport. The hotel is managed by IHG, one of the world's leading hotel companies, under its well-known brand Crowne Plaza.

Business Segments/Services Portfolio

Crowne Plaza Muscat

- The hotel in Muscat has a capacity of 200 rooms for leisure and business visitors. The hotel is also equipped with five meeting rooms, one of which has a capacity to accommodate 600 people.
- The company in 2013 renewed its hotel management agreement with Holiday Inns Middle East Ltd. (an associate of IHG). As per the agreement, the Crowne Plaza Muscat hotel will continue to be licensed, marketed, and managed by Holiday Inns Middle East Ltd for 10 years ending April 30, 2023.

Key Strengths

- Rich experience of over 35 years
- Managed by renowned international hotel chain

Recent Developments/Future Plans

- In July 2016, the company reported interim results (H1 2016), wherein revenue dropped by 12.0% y-o-y to OMR 4.4 million (US$ 11.4 million*) and net profit fell by 26.4% to OMR 1.0 million (US$ 2.6 million*). The decline in revenue is attributed to the drop in occupancy rate and average room rate during the period.
- In 2015, the company renovated the hotel's facilities such as guest bathrooms, Tropicana restaurant, restrooms, and the male prayer room to enrich the guests' experiences. The management expects that such refurbishments will enable the company to increase the average room rate to some extent.

Current Price (US$)	27.26

Price as on August 18, 2016

Stock Details	
Bloomberg ticker	GHOS OM
52 week high/ low	27.30/27.24
Market Cap (US$ mn)	93.4
Enterprise value (US$ mn)	91.2
Shares outstanding (mn)	3.4

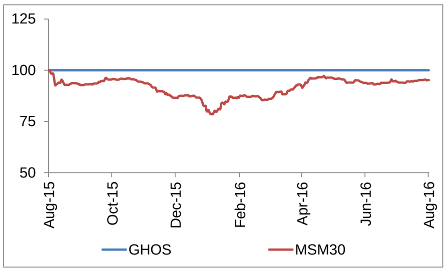
Source: Bloomberg

Average Daily Turnover ('000)

	OMR	US$
3M	0.02	0.04
6M	0.11	0.29

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015
P/E (x)	13.8	16.3
P/B (x)	1.2	1.2
EV/S (x)	3.7	3.8
Dividend yield (%)	6.7	6.2

Source: Bloomberg

Shareholding Structure	
Golden Sands Hotel Company LLC	62.00%
Salim & Partners LLC and Associates	16.00%
Others	22.00%
Total	**100.00%**

Source: Company Filings

* At the average exchange rate between January 1, 2016 to June 30, 2016

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	24.6	23.7	*-3.5*
COGS	3.9	3.8	*-1.0*
Operating Income	7.7	6.6	*-14.7*
Operating Margin (%)	31.3	27.6	
Net Income	6.8	5.8	*-15.1*
Net Income Margin (%)	27.6	24.3	
Return on Average Equity (%)	9.1	7.7	
Return on Average Assets (%)	7.6	6.5	

Key Comments

- *Revenue of Gulf Hotels (Oman) Company Limited SAOG dropped by 3.5% y-o-y to US$ 23.7 million in FY 2015, mainly on account of a decline in average room rates as competition intensified in the hotel business. Occupancy rates remained constant during the year.*
- *A drop in revenue coupled with an increase in operating cost, mainly staff cost, resulted in a 14.7% y-o-y drop in operating income to US$ 6.6 million during FY 2015.*
- *Consequently, net income declined by 15.1% y-o-y to US$ 5.8 million during the year.*

Source: Thomson Reuters Eikon, Company Filings, Alpen Capital

Habtoor Hotels (Privately Owned) UAE

Company Description

Habtoor Hotels is a subsidiary of Al Habtoor Group, a conglomerate having operations across sectors of hospitality, construction, automobile distribution, vehicle leasing, and publishing. Habtoor Hotels operates hotels and resorts in the UAE and overseas through partnerships with international hospitality players such as IHG, Marriott International, Hilton Worldwide, and Starwood Hotels & Resorts. The company also provides ancillary hospitality services such as catering through Metropolitan Catering Dubai and laundry services through Al Habtoor Laundry.

Business Segments/Services Portfolio by Geography

- **UAE:** The company has four hotels under operation and three set to open in 2016 in the country including,
  - Habtoor Grand Resort, Autograph Collection: A five-star 446-room hotel located on Dubai's Jumeirah Beach;
  - Waldorf Astoria Dubai Palm Jumeirah: A luxury hotel encompassing 320 rooms and suites, a private beach, meeting space, and a 600-capacity ballroom;
  - The St. Regis Dubai: A luxury hotel with a capacity of 234 rooms and suites;
  - W Dubai - Al Habtoor City: A next generation hotel property comprising 356 rooms and suites;
  - The Westin Dubai, Al Habtoor City: Expected to open in September 2016, this 41-floor hotel comprises of 1,004 rooms, including 142 suites;
  - Metropolitan Hotel Dubai: A four-star boutique hotel set to open in 2016, will feature 334 rooms;
  - St. Regis Dubai, Al Habtoor Polo Resort & Club: This resort, to open in phases from 2016, will feature a 136-room luxury hotel, 162 bungalows, a polo academy with four polo fields, and a riding school.
- **International:** Habtoor Hotels has seven assets in the international markets including, two in Hungary, two in Lebanon, and one each in the US, the UK, and Austria.

Key Strengths

- Operates a portfolio of luxury hotels spread across geographies
- Backed by Al Habtoor Group, a diversified player with international operations
- An aggressive expansion plan

Recent Developments/Future Plans

- By end of 2016, Habtoor Hotels plans to open its four-star boutique hotel in Dubai with a total capacity of 334 rooms and suites. Additionally, St. Regis Dubai Al Habtoor Polo Resort & Club is also slated to open in stages from 2016 onwards.
- In February 2016, Habtoor Hotels acquired the Hotel Imperial, a luxury collection hotel in Vienna from Starwood Hotels & Resorts Worldwide, Inc. Additionally, it purchased the Hilton London Wembley in the U.K.
- In January 2016, the hotel announced its plan to build a Dubai-style Al Habtoor City in Egypt that would include three internationally branded luxury hotels, three high-rise residential towers, six mid-rise residential apartment blocks, and 204 luxury villas.
- In December 2015, Habtoor Hotels announced that it has set aside US$ 544 million for international expansion, with focus on Europe and the US.

ALPEN CAPITAL

Hotels Management Company International SAOG (Publicly Listed) Oman

Company Description

Incorporated in 2002, Hotels Management Company International SAOG (HMCI) is engaged in the establishment, ownership, leasing, and management of hotels, motels, rest houses, health clubs, beach cabins, apartments, and similar facilities in Oman. HMCI owns and operates the Chedi Muscat Hotel. The hotel is managed by General Hotel Management Ltd., which has hotel operations across the world.

Business Segments/Services Portfolio

The company's business primarily comprises the operations of Chedi Muscat Hotel

- **Rooms:** The hotel comprises 158 Omani-style guestrooms and villas spread over an area of 21-acre garden oasis. The rooms are categorized into suites, superior, deluxe, deluxe club, chedi club suites, and executive junior rooms.
- **Food and Beverage:** Under this segment, HMCI reports revenue from restaurants, bars, room services, banquettes, lobby lounge, shisha court yard, and tobacco selling. The hotel has six restaurants and two executive meeting rooms.
- **Others:** The hotel provides other hospitality services including a 13-suite Balinese spa, boutique, telephone service, transport service, and laundry services.

Apart from these, the hotel is equipped with three swimming pools, including a 103-meter long pool, and a health club.

Key Strengths

- Recipient of 2016 Travellers' Choice winner, based on user reviews and opinions
- The Long Pool was recognized as the world's best hotels pools by Conde Nast Traveller
- Awarded The Gallivanter's 2015, as the best hotel and resort in the Middle East and Africa
- In 2015, the hotel was awarded as the Best Restaurant and Best Spa in Oman by Al Roya Publishing along with Crème de la Crème

Recent Developments/Future Plans

- The company published its 2016 half-yearly results on July 20, 2016. During the period, HMCI reported a 12.4% y-o-y drop in revenue to OMR 5.5 million (US$ 14.2 million*) due to a dip in revenue from rooms, and food and beverage segments. The company's net profit declined by 33.6% y-o-y to OMR 1.1 million (US$ 2.8 million*) during the year.
- The company stated that it would continue to focus on hotel expansion and launch in new markets, modernization, and cost saving through strategic policies and improvements.

Current Price (US$)	3.25

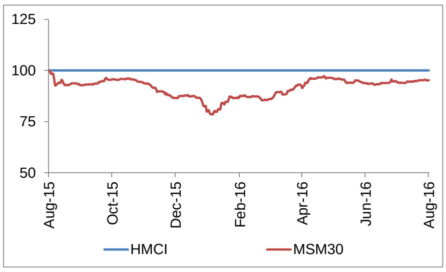
Price as on August 18, 2016

Stock Details	
Bloomberg ticker	HMCI OM
52 week high/ low	3.25/3.24
Market Cap (US$ mn)	9.7
Enterprise value (US$ mn)	1.0
Shares outstanding (mn)	3.0

Source: Bloomberg

Note: The information on average daily turnover is not available, as the security is not traded

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015
P/E (x)	1.4	1.7
P/B (x)	0.3	0.3
EV/S (x)	0.1	NM
Dividend yield (%)	52.0	72.0

Source: Bloomberg

Shareholding Structure

Al Shaba Investments Co., LLC	39.67%
Government of Oman	16.67%
Capital E Financial Group	10.00%
Provident Investment Holding Co., WLL	10.00%
Al Habtoor (Sultan Ahmad Al Habtoor)	5.00%
Others	18.66%
Total	**100.00%**

Source: Thomson Reuters Eikon

* At the average exchange rate between January 1, 2016 to June 30, 2016

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	31.7	29.3	*-7.6*
COGS	19.9	19.1	*-4.1*
Operating Income	8.0	6.5	*-18.9*
Operating Margin (%)	25.2	22.1	
Net Income	6.9	5.6	*-18.0*
Net Income Margin (%)	21.7	19.2	
Return on Average Equity (%)	19.1	15.2	
Return on Average Assets (%)	15.5	12.4	

Key Comments

- *HMCI's total revenue dropped by 7.6% y-o-y to US$ 29.3 million in FY 2015. The decline was due to a fall in revenue from the Rooms and Food and Beverage segments, which accounted for around 53% and 38% of total revenue during the year.*

Source: Thomson Reuters Eikon, Company Filings, Alpen Capital

Jumeirah Group (Privately Owned) UAE

Company Description

Incorporated in 1997, Jumeirah Group operates luxury hotels and resorts across the GCC and other international markets. Additionally, it also operates restaurants, spas, serviced apartments, and water parks. It is a part of Dubai Holdings, a government owned company with business interests in sectors such as real estate, hospitality, financial services, and media and entertainment. Jumeirah Group currently operates over 20 hotels across the world, including 10 in the GCC.

Business Segments/Services Portfolio

- **Hotels and Resorts:**
  - **GCC:** The group operates ten hotels and resorts in the GCC, of which nine hotels and resorts are in the UAE and one in Kuwait. The UAE hotel properties include, Burj Al Arab Jumeirah (202 duplex suites), Jumeirah Beach Hotel (599 rooms and suites), Jumeirah Creekside Hotel (292 rooms and suites), Jumeirah Emirates Towers (400 luxurious rooms and suites), Jumeirah Zabeel Saray (379 rooms), Jumeirah Zabeel Saray Royal Residences (38 royal residences), Madinat Jumeirah resort (includes four hotels with a total capacity of over 1,200 rooms), Jumeirah Living at World Trade Centre (377 luxurious residences), and Jumeirah at Etihad Towers and Residences (382 rooms and 199 luxurious serviced residences). The group operates Jumeirah Messilah Beach Hotel & Spa (316 luxury rooms, 80 serviced apartments, and 12 villas) in Kuwait.
  - **International:** The group has a 176-room hotel in Baku; a 134-room hotel in Turkey; a 217-room hotel in Frankfurt; a 115-room hotel in Istanbul; a 393-room hotel in Shanghai; a 121-room hotel in Spain; two hotels in Maldives featuring beach villas, beach and island revives, and sanctuaries; and three hotels in London with an aggregate capacity of 304 rooms and 130 contemporary residences.
- **Restaurants:** The group operates over 50 independent restaurants and bars through its restaurant management firm – Jumeirah Restaurants Group Dubai. Key brands include The Noodle House, Rivington Grill, and the Ivy.
- **Other Offerings:** The group owns a water park (the Wild Wadi Waterpark), a spa (Talise spa), a hospitality academy (The Emirates Academy of Hospitality Management), and Jumeirah Emirates Office Tower.

Key Strengths

- Presence across the hospitality value chain
- Won seven awards at the World Luxury Spa Awards and the World Luxury Restaurant Awards™ Gala 2016 in Switzerland
- In May 2016, the group's asset Burj Al Arab was awarded the "Best Hotel in the World" title for the fourth time and "Best Hotel in the Middle East" for the tenth time at the Ultimate Luxury Travel Related Awards

Recent Developments/Future Plans

- The group has embarked upon an aggressive expansion plan with three properties under development in the UAE, namely Jumeirah Living Marina Gate and Jumeirah Business Bay in Dubai and Jumeirah Saadiyat Island in Abu Dhabi. Further, the group has two properties under development in Oman and 14 hotels underway in other parts of the world.
- In February 2015, the group announced its plan to double its portfolio to 42 properties by 2018.
- In February 2015, Jumeirah Group entered into an agreement to open the first property under its new lifestyle brand "Venu". The hotel is expected to open in 2017 with around 300 rooms.

Kingdom Holding Company (Publicly Listed) — Saudi Arabia

Company Description

Founded in 1980, Kingdom Holding Company (KHC) is a Riyadh-based diversified investment holding company. The company's investment interests are in sectors of hospitality, real estate, media and publishing, entertainment, social media and technology, finance and investment services, petrochemicals, education, consumer and retail, health care, aviation, and agriculture. The company's main subsidiary is Kingdom Hotel Investments (KHI), which invests in hospitality projects. KHI currently holds investments in 18 hotels in 13 countries managed by international luxury and upscale brands such as Four Seasons, Fairmont, Raffles, and Movenpick.

Business Segments/Services Portfolio

- **Equity:** Under this segment, KHC earns revenue from investments in securities, associate companies, and private equity
  - **International:** Includes investments in international quoted securities
  - **Domestic and Regional:** Investment in securities quoted on Saudi stock exchange and the regional stock exchanges and in associate companies other than real estate
  - **Private Equity:** Investment in private equities, managed funds, and other entities within KHC
- **Hotels:** This segment comprises investments in associate companies and subsidiaries engaged in the business of owning and managing hotel properties and related activities. The company's main hotel properties include Four Seasons Hotel George V, Paris (244 rooms), Four Seasons Hotel Toronto (259 rooms), and Fairmont managed hotels - The Plaza, (282 rooms) and The Savoy (268 rooms).
- **Real Estate and Domestic:** Investments in local entities and activities related to owning and developing land and real estate projects.

Key Strengths

- KHC has made profitable exits from 33 hotel investments
- A diversified portfolio of upscale, upper-upscale, and luxury hotels worldwide
- Recognized as one of the largest foreign investors in the US

Recent Developments/Future Plans

- In June 2016, the company's Chairman HRH Prince Alwaleed signed an MOU with the Chairman and CEO of Korea Investment Corporation to generate opportunities in private equity investments and exchange investment opportunities globally.

Current Price (US$)	2.91

Price as on August 18, 2016

Stock Details	
Bloomberg ticker	KINGDOM AB
52 week high/ low	5.42/2.71
Market Cap (US$ mn)	10,711.5
Enterprise value (US$ mn)	10,628.6
Shares outstanding (mn)	3,705.9

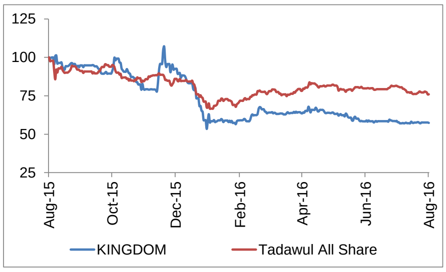
Source: Bloomberg

Average Daily Turnover ('000)

	SAR	US$
3M	5,446.5	1,452.0
6M	7,350.7	1,959.7

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015	2016E
P/E (x)	78.7	83.2	49.6
P/B (x)	2.1	2.1	N/A
EV/S (x)	29.4	27.8	11.0
Dividend yield (%)	2.8	3.2	4.6

Source: Bloomberg

Shareholding Structure	
HRH Prince Alwaleed Bin Talal	95.00%
Others	5.00%
Total	**100.00%**

Source: Thomson Reuters Eikon

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	905.6	930.7	*2.8*
Operating expenses	549.3	624.2	*13.6*
Operating Income	356.3	306.5	*-14.0*
Operating Margin (%)	39.3	32.9	
Net Income	234.7	198.4	*-15.5*
Net Income Margin (%)	25.6	20.2	
Return on Average Equity (%)	2.7	2.3	
Return on Average Assets (%)	1.9	1.7	

Key Comments

- *Despite a sharp drop in revenue from the Hotels segment, KHC's total revenue grew by 2.8% y-o-y to US$ 930.7 million led by higher revenue from the equity investments and Real Estate and Domestic segment.*

Source: Thomson Reuters Eikon, Company Filings, Alpen Capital

Meydan Group (Privately Owned) UAE

Company Description

Established in 2007, Dubai-based Meydan Group owns and operates many of Dubai's premium leisure, cultural and business developments that forms a part of its master plan to create an interconnected cityscape where the worlds of business, sport, and cosmopolitan living merge. The group's portfolio includes The Meydan Hotel, Bab Al Shams Desert Resort & Spa, The Track Meydan Golf, QUBE Sports Lounge, Meydan Tennis Academy, Dubai Equestrian Club, Emirates Equestrian Centre, Dubai Racing Club, and the Meydan Racecourse.

Business Segments/Services Portfolio

The Meydan Group portfolio consists of four main pillars:

- **Equestrian & Sports:** The group is engaged in conducting sporting activities such as horseracing and equestrian events on a local and an international scale. Equine Entities includes Dubai Racing Club, Dubai Equestrian Club, and Emirates Equestrian Centre.
- **Hotels & Hospitality**: It owns and operates two hotels including The Meydan Hotel and Bab Al Shams Desert Resort & Spa.
  - The Meydan Hotel is a five-star hotel offering 284 rooms and suites for leisure and business travelers and is complemented by attractions such as racecourse, Meydan Golf, Meydan Tennis Academy, and Meydan IMAX theatre.
  - Bab Al Shams Desert Resort & Spa offers 113 exquisitely appointed rooms in an Arabic style. Facilities include high-speed internet connection, 24-hour in-room dining, restaurants and lounges, meeting rooms, kids club, satori spa, gymnasium, archery center, and desert activities.
- **Meydan Real Estate:** Develops commercial, residential, and mixed-use properties. Its real estate projects include Meydan One, Meydan Avenue, Mohammed Bin Rashid Al Maktoum City, Meydan Heights, The Dubai Water Canal.
- **Meydan Free Zone:** Offers virtual offices to future focused business parks and land development opportunities.

Key Strengths

- Diversified portfolio of real estate properties
- Partnership with renowned companies such as Emirates, Longines, DP World, Al Naboodah, and Sohba Group

Recent Developments/Future Plans

- In June 2016, Meydan Group and Corinthia Hotels signed an agreement, under which the latter agreed to provide technical services and undertake the management of an upcoming luxury beachfront resort in Dubai - The Corinthia at Meydan Beach. Expected to open in 2019, the property will feature 300 bedrooms and 60 high-end serviced apartments.
- In June 2016, Meydan Group secured funding of AED 1 billion (US$ 272 million[#]) from a consortium of banks to fund its ongoing projects, including the Meydan One master-development. The funding comprises AED 700 million (US$ 190.5 million[#]) sukuk issue and AED 300 million (US$ 81.6 million[#]) term facility, both maturing in 2024.
- In February 2016, Meydan Group announced that it will commence the construction of Meydan One Mall in Dubai. The mall, a part of the Meydan One, will have a gross floor area of five million square meters and host 300 retail and cafe outlets.
- In February 2016, Meydan Sobha, the JV between Meydan Group and Sobha Group, announced the launch of third phase development of the Mohammed bin Rashid City - District One project at a cost of AED 25 billion (US$ 6.8 billion*). The third phase comprising 217 villas is expected to be delivered by the end of 2018.

[#] At the exchange rate on June 13, 2016
* At the exchange rate on February 01, 2016

National Corporation for Tourism & Hotels (Publicly Listed) UAE

Company Description

Established in 1996, National Corporation for Tourism and Hotels (NCTH) is engaged in the acquisition and management of hotels, and the provision of hospitality, transport, and catering services in the UAE. The company has 11 owned and managed hotels and resorts with a total capacity of 2,081 rooms. Some of the properties include the InterContinental Abu Dhabi, Danat Jebel Dhanna Resort, Danat Al Ain Resort, and Dhafra Beach Hotel. To complement its hotel and catering business, the company provides transport services, car rental, and corporate commuting services through its 50% investment in National Transport Company. Additionally, NCTH manages four hotels in the UAE.

Business Segments/Services Portfolio

- **Hotels:** This segment is engaged in the activity of providing room and food and beverages services to customers. While one hotel is managed by IHG, the other hotels are managed by Danat Hotels & Resorts, an arm of NCTH.
- **Retail Services:** Under this segment, the company is engaged in import, marketing, distribution, and retailing of beverage alcohol brands in the UAE.
- **Catering Services:** This segment includes revenue from the provision of catering services on a contract basis.
- **Holding:** This segment includes revenue from investments held by the company, development of hotels, and general corporate activities.

Key Strengths

- Owns some of the most prestigious hotels in Abu Dhabi
- Danat Al Ain Resort received the 2016 Certificate of Excellence from TripAdvisor
- Over two decades of operational experience in the hospitality industry

Recent Developments/Future Plans

- The company's upcoming developments include, expansion of the Danat Jebel Dhanna Resort and Dhafra Beach Hotel and new projects such as InterContinental Abu Dhabi Grand Marina (184 rooms), Saadiyat Island Resort, and ADNEC mix use project.
- In May 2016, Danat Jebel Dhanna Resort announced its plan to introduce 24 chalets to attract leisure travellers. Expected to complete in October 2016, the renovation work would almost double the resort's room capacity.
- In February 2016, Danat Hotels & Resorts intended to focus on the leisure segment and penetrate into German markets during 2016 by marketing in leading German magazines and offering promotions to German tour operators.

Current Price (US$)	0.99

Price as on August 18, 2016

Stock Details	
Bloomberg ticker	NCTH UH
52 week high/ low	1.36/0.91
Market Cap (US$ mn)	563.4
Enterprise value (US$ mn)	563.8
Shares outstanding (mn)	567.0

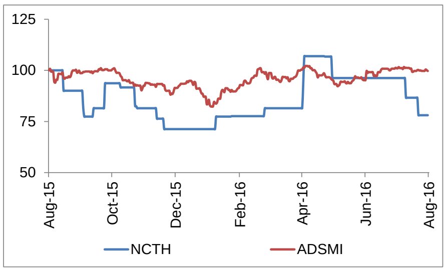
Source: Bloomberg

Average Daily Turnover ('000)

	AED	US$
3M	1.2	0.3
6M	1.0	0.3

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015
P/E (x)	15.1	11.3
P/B (x)	3.3	2.6
EV/S (x)	3.2	2.3
Dividend yield (%)	5.0	7.1

Source: Bloomberg

Shareholding Structure

HH Sheikh Hamdan Bin Mubarak Al Nahyan	34.33%
Shaheen Mohammed Abdul Aziz Rubaya	10.65%
Emirates Hotels Co.	8.36%
Al Sheikh Mohammed Bin Sultan Suroor Al Dhaheri	7.52%
Public	39.14%
Total	**100.00%**

Source: Thomson Reuters Eikon

Financial Performance

US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	212.7	231.1	*8.6*
COGS	173.4	186.5	*7.6*
Operating Income	33.3	36.3	*9.0*
Operating Margin (%)	15.6	15.7	
Net Income	43.2	45.1	*4.3*
Net Income Margin (%)	20.3	19.5	
Return on Average Equity (%)	22.4	23.0	
Return on Average Assets (%)	12.7	13.4	

Key Comments

- *NCTH's total revenue grew by 8.6% y-o-y to US$ 231.1 million during FY 2015, led by an increase in revenue from the Catering Services and Retail Services segments.*
- *Increase in net profit from the Catering Services and Retail Services segments resulted in a 4.3% increase in the overall net profit of the company.*
- *Despite a 2.2% y-o-y increase in revenue of the Hotel segment in FY 2015, net profit of the segment dropped during the year, mainly due to higher staff related cost, higher electricity and water expenses, and pre-opening expenses related to new projects.*

Source: Thomson Reuters Eikon, Company Filings, Alpen Capital

Oman Hotels and Tourism Company SAOG (Publicly Listed) — Oman

Company Description

Established in 1991, Oman Hotels and Tourism Company SAOG (OHTC) is engaged in the hospitality and tourism business within Oman. The company owns and operates four hotel properties with an aggregate capacity of nearly 300 rooms. The hotels are managed by Atiken Spence Hotel Group of Sri Lanka. The company also owns 33.6% in United Finance Company SAOG, which primarily provides vehicle and equipment financing in Oman.

Business Segments/Services Portfolio

- **Hospitality:** Under this segment, the company reports revenue from rooms, food and beverages, and other hotel services. OHTC's hotel properties include Ruwi Hotel (100 rooms) in Muscat, Al Wadi Hotel in Sohar (78 rooms), Sur Plaza Hotel in Sur (89 rooms), and the luxurious Desert Nights Camp in Al Wasil (30 Bedouin style tents).
- **Investments:** Under this segment, the company earns revenue from investments in subsidiaries, associate companies, and financial assets.

Key Strengths

- Positioned in the most scenic and picturesque locations in Muscat, Sohar, and Sur

Recent Developments/Future Plans

- In July 2016, OHTC reported a revenue decline of 42.3% y-o-y to OMR 2.4 million (US$ 6.3 million#) during H1 2016. Net profit of the core operations declined by 15.6% y-o-y to OMR 1.2 million (US$ 3.1 million#). However, including extra-ordinary item of gain from sale of assets and business, net profit grew by 271.8% y-o-y to OMR 5.1 million (US$ 13.2 million#) in H1 2016.
- In January 2016, OHTC completed the sale of business and assets of Al Falaj Hotel to Aitken Spence Resorts for OMR 14 million (US$ 36.3 million*). The company had first received a non-binding offer for the hotel in October 2015 and the shareholders unanimously approved the sale in January 2016.

Current Price (US$)	1.03

Price as on August 18, 2016

Stock Details	
Bloomberg ticker	OHTS OM
52 week high/ low	1.26/0.48
Market Cap (US$ mn)	71.8
Enterprise value (US$ mn)	74.9
Shares outstanding (mn)	69.9

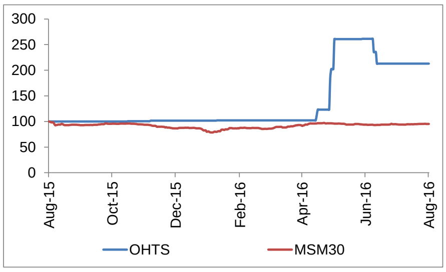
Source: Bloomberg

Average Daily Turnover ('000)

	OMR	US$
3M	1.1	2.8
6M	0.6	1.6

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015
P/E (x)	5.1	5.7
P/B (x)	0.4	0.4
EV/S (x)	1.9	4.4
Dividend yield (%)	0.0	83.3

Source: Bloomberg

Shareholding Structure	
Al Khonji Holding LLC	56.59%
Oman Emirates and Investments Holdings SAOG	31.17%
Public	12.24%
Total	**100.00%**

Source: Company Filings

At the average exchange rate between January 01, 2016 and June 30, 2016
* At the exchange rate on January 25, 2016

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	12.3	11.0	*-10.5*
Operating Income	2.7	2.3	*-16.8*
Operating Margin (%)	22.1	20.6	
Net Income	6.4	6.9	*7.3*
Net Income Margin (%)	52.3	62.7	
Return on Average Equity (%)	8.2	8.2	
Return on Average Assets (%)	6.9	6.6	

Key Comments

- *OHTC's revenue dropped by 10.5% y-o-y to US$ 11.0 million in FY 2015 due to a drop in occupancy rates at its hotels.*
- *The company saw a sharp reduction in net profit from its core operations during FY 2015. However, this was offset by investment income, resulting in a 7.3% y-o-y increase in overall net profit to US$ 6.9 million. During the year, Oman Hotels made significant investments in associate companies, mainly engaged in the financial services sector.*

Source: Company Filings, Alpen Capital

Ramee Group of Hotels, Resorts and Apartments (Privately Owned) UAE

Company Description

Incorporated in 1994, Dubai-based Ramee Group of Hotels, Resorts and Apartments (Ramee Group) owns and operates 31 business and leisure hotels mainly in the mid-market segment. The properties are located in the UAE, Bahrain, Oman, and India. The hotel properties also encompass restaurants and live entertainment establishments. The Group operates hotels under brands such as Ramee Guestline, Ramee Grand, Ramee Rose, Ramee International, Ramee Casa, Ramee Homotel, Ramee Royal, and Ramee Palace.

Business Segments/Services Portfolio by Geography

- **Bahrain:** The group owns and operates 10 hotels and serviced apartments in Bahrain, including Ramee California Hotel (70 rooms), Ramee International Hotel (105 rooms), Ramee Palace All Suites Hotel (124 rooms), Ramee Rose Hotel (108 rooms), and Ramee Suite 2 (37 rooms) and Suite 4 (43 rooms) in Juffair; and Monroe Hotel (151 rooms), Ramee Baisan Hotel (105 rooms), Ramee Grand Hotel and Spa (166 rooms), and Windsor Tower Hotel (78 rooms) in Manama.
- **UAE:** The group has 12 hotels and service apartments in the UAE, including Ramee Garden Hotel Apt. (72 rooms), Ramee Rose Hotel Apt. (90 rooms), Ramee Royal Hotel Apt. (84 rooms), and Strand Hotel (46 rooms) in Abu Dhabi; Ramee Guestline Diera Hotel (154 rooms), Ramee Guestline Hotel Apt. II (42 rooms), Ramee Hotel Apartments (126 rooms), Ramee Rose Hotel (136 rooms), Ramee Royal Hotel (102 rooms), Regal Plaza (87 rooms), Regent Beach Resort (32 rooms), and Regent Palace Hotel (144 rooms) in Dubai.
- **Oman:** In the Sultanate, the group has three hotel properties, including Ramee Guestline Hotel (90 rooms) in Qurum, Al Bhajah Hotel (44 rooms) and Ramee Dream Resort (53 rooms) in Seeb.
- **India:** The group also has a presence in India with six hotels having an aggregate room capacity of 460 rooms under the brands Ramee Guestline and Ramee Grand.

Key Strengths

- Recognized as the strongest upcoming hotel chain in the Middle East and India
- Over two decades of experience in the hospitality industry

Recent Developments/Future Plans

- Ramee Group is developing two five-star hotel properties in the UAE, which are likely to open in 2017. One of the properties will be in Dubai with a capacity of 265 rooms and another in Abu Dhabi with 250 keys. Both the properties are likely to incur an investment of more than AED 700 million (US$ 190.5 million*).

* At the exchange rate on May 12, 2014

Retaj (Privately Owned) Qatar

Company Description

Retaj is a real estate and hospitality player headquartered in Doha, Qatar. Founded in 2004, the company has expanded its business activities from providing real estate services such as project development & management and property leasing to real estate brokerage and hospitality. Retaj's hospitality business includes a range of accommodation from five-star hotels to serviced apartments and resorts in Qatar, Turkey, Comoros Island, and Saudi Arabia. Its hospitality portfolio includes 10 properties with an aggregate capacity of 1,929 rooms.

Business Segments/Services Portfolio

Retaj conducts its business and investment activities through its below three divisions.

- **Hospitality Business:** The business, managed by Retaj Hotels & Hospitality, comprises 10 hotels, of which six are in Qatar (929 rooms), two in Turkey (275 rooms), and one each in Comoros Island (55 rooms) and Saudi Arabia (670 rooms). The hotel properties in Qatar include Retaj Al Rayyan Hotel, Retaj Royale Doha, Retaj Residence Al Corniche, Retaj Residence Al Sadd, Retaj Inn, and Retaj Inn Marina. The other properties include Retaj Royale Istanbul Hotel and Retaj Thermal Hotel & Spa in Turkey, Retaj Moroni in Comoros Island, and Retaj Al Rayyan Makkah in Saudi Arabia.
- **Real Estate Development and Project Management:** This division is engaged in real estate project management and consultancy services, and handles mega projects for Retaj and other investors.
- **Real Estate Services:** This division comprises brokerage services, property marketing, property valuation, and facility management.

Key Strengths

- A semi-government company backed by five strong Qatari investors
- Managed a number of residential, commercial, and administrative property projects of international standards
- During the 2015 World Luxury Hotel Awards held in Hong Kong, Retaj Al Rayyan Hotel received the award of Luxury family hotel; Retaj Royal Doha won the best website award, and Retaj Residence Al Corniche was felicitated as the best General Manager award

Recent Developments/Future Plans

- In July 2016, Retaj Hotels & Hospitality entered into an agreement to manage Retaj Inn Msheireb in Doha. The new hotel, expected to open in November 2016, will have 110 guest rooms and suites.
- In May 2016, Retaj Hotels & Hospitality signed an agreement with Hala Group Enterprises and Vichy Company France to manage a 168-room five-star luxury resort, Vichy Celestins Spa Hotel in Qatar.
- In October 2015, Retaj Hotels and Hospitality signed a contract to manage an upcoming 165-room Retaj Nasr Hotel in Doha.

Rotana Hotel Management Corporation PJSC (Privately Owned) UAE

Company Description

Founded in 1992, Rotana Hotel Management Corporation PJSC (Rotana) is a hotel management company headquartered in Abu Dhabi. The company has a portfolio of 54 hotel properties in countries like Bahrain, Egypt, Iraq, Jordan, Saudi Arabia, Kuwait, Lebanon, Libya, Oman, Qatar, Sudan, Syria, and the UAE. In the GCC, Rotana has 43 hotels and serviced apartments with an aggregate capacity of over 12,000 rooms. The hotels are run under brands such as the Rotana Hotels & Resorts, Centro Hotels, Rayhaan Hotels & Resorts, Arjaan Hotel Apartments, and The Residences.

Business Segments/Services Portfolio

- **Rotana Hotels & Resorts:** Offers a wide range of services and facilities though its portfolio of four-star and five-star hotel properties. In addition to well-furnished rooms and suites, the hotels are equipped with extensive in-room amenities, sophisticated bars, classic pubs, club lounges, huge wedding ballrooms, and modern business facilities.
- **Arjaan Hotel Apartments:** Offers fully furnished and serviced hotel apartments with 24/7 room service for long stay. Facilities include high-speed Wi-Fi facilities, LCD televisions, and fully equipped and furnished kitchens, among others.
- **Centro Hotels:** A lifestyle brand targeted to meet the demands of the new generation traveller seeking luxury at reasonable rates. Facilities provided in these hotels include affordable superior-class accommodation, 24-hour delistyle dining and take-away service, wireless connectivity, gymnasium, swimming pools, private meeting rooms, and business centers.
- **Rayhaan Hotels & Resorts:** Four-star and five-star hotels and resorts with an alcohol-free hospitality concept and equipped with well-designed rooms and suites, intelligently designed bathrooms, luxury beds and linens, and wireless connectivity, among others.
- **The Residences:** Furnished and unfurnished non-serviced branded residences with essential facilities for long stay visitors or those seeking a permanent home.

Key Strengths

- Awarded the Best Hotel Chain in the Middle East in 2016 by Arabian Tourism Awards
- Managed by an executive team with decades of international experience in the service industry
- A wide range of hotels and apartments catering to different target audiences
- Rotana rewards program received “Best Loyalty Program” award at the Business Traveller Middle East Awards 2016

Recent Developments/Future Plans

- Rotana announced to open bookings at its first hotel in Jeddah, Centro Shaheen comprising 252 rooms and studios, from August 1, 2016.
- In May 2016, Rotana signed an agreement to manage a new 140-room luxury hotel apartment in Marrakech under the brand Arjaan Hotel Apartments. Expected to open by the end of 2018, it will be Rotana’s first property in Morocco.
- In April 2016, Rotana outlined its plan to open 18 new hotels during 2016 and 2017, covering major markets in the Middle East, Africa, and Europe. The new hotels are likely to add 4,354 rooms, taking Rotana’s total room inventory to 19,935.

VKL Holdings and Al Namal Group of Companies (Privately Owned) Bahrain

Company Description

VKL Holdings and Al Namal Group of Companies is a conglomerate engaged in the businesses of real estate, manufacturing, property development and management, construction, trading, health, education, and hospitality, among others. During 2004, the company incorporated V.K. Universal Property Management Co. (S.P.C) as its property management division and routed all its assets to this commercial entity. The company has hotel properties in Bahrain, Saudi Arabia, and India. The company owns 10 hotels in the GCC region of which nine hotels (1,114 rooms) are in Bahrain and one (303 rooms) is in Saudi Arabia.

Business Segments/Services Portfolio

- **Hospitality:** The group's hotel portfolio in the GCC includes BIW 5 Star Hotel Apartment (267 rooms), Diva Hotel 4 Star (167 rooms), The Olive Hotel (151 rooms), Taj Plaza Hotel (100 rooms), Riyadh Palace Hotel (303 rooms), Casanova Hotel (88 rooms), Sea Diamond Plaza Apartments (50 rooms), Pearl Bahrain Suits (94 rooms), Samada Hoora Hotels & Suits (77 rooms), and Al Murooj Hotel (120 rooms). The company also has presence in India through VKL Hotels and Resorts.
- **Investment and Development (Real Estate):** Under this segment, the group invests and develops projects including malls, high-rise buildings, luxury villas, hotels, resorts and apartments, and hospitals.
- **Contracting:** The group is engaged in different activities including construction, mechanical, electrical and plumbing (MEP), wrought iron and aluminum works, and interiors products.
- **Manufacturing:** The group is involved in carpentry works such as wooden doors, windows, wardrobes, cupboards, kitchen cabinets, decorative furniture, wall paneling, false ceiling works, among others.
- **Heavy Engineering:** The group is involved in hot and cold water services, plumbing and sanitation, fire protection system, water treatment plant installation, air-conditioning services, steel tank fabrication and erection, among others.
- **Trading:** The group trades in air conditioners, elevators, full range of building materials including cable and wires, cable management systems, residential and commercial lighting, among others.
- **Health:** The group owns and operates the Middle East Hospital and two medical centers.
- **Marine:** The group is engaged in sand washing, land reclamation, and sand dredging.
- **Education:** Owns and operates the New Horizon School W.L.L, a primary school catering to children aged between 3 & 12 years.
- **Business & Exhibition Centre:** Owns the Arab Asian Business & Exhibition Centre offering a full range of business support services including exploratory office, start-up office, exhibitions support, and corporate meetings, among others.

Key Strengths

- Diversified lines of businesses

Recent Developments/Future Plans

- In June 2016, Inovest, an investment management company in Bahrain signed multiple agreements with VKL Holdings to complete its US$ 140 million Labour Accommodation Project within Bahrain Investment Wharf, Salman Industrial City-Hidd.
- In November 2015, VKL Group signed an agreement with Al Bilad Real Estate Company for the construction of a 28-storey luxury hotel in Seef, Bahrain. The hotel is planned to be built in the Water Garden City, a real estate project featuring a marina, beach, gardens, water-front restaurants, hotels and offices.

Zubair Corporation (Privately Owned) — Oman

Company Description

Founded in 1967, Zubair Corporation is a Muscat-based business conglomerate operating in diverse fields such as energy and logistics, engineering, construction and contracting, automotive, real estate and hospitality, financial services and manufacturing. The company conducts businesses through 60 group companies spread across Oman, the Middle East, India, the Far East, Europe, and the US. The hospitality business comprises Shangri-La Barr Al Jissah Resort & Spa, an integrated luxury resort with three hotels offering 640 rooms in Oman.

Business Segments/Services Portfolio

- **Real Estate & Hospitality:** This division focuses on project management, development of projects and maximizing value through strategic asset management. The business develops and manages luxury property such as, Barr Al Jissah, comprising four-bedroom town homes, six-bedroom cliff top villas, and a luxury resort named Shangri-La Barr Al Jissah Resort & Spa. The resort managed by Shangri-La includes three hotels namely, Al Waha (The Oasis), Al Bandar (The Town), and Al Husn (The Castle). This division also comprises an investment, asset management, and real estate development company named Inma Property Development LLC.
- **Automotive:** This division deals in saloon cars, four-wheel-drive pickups, luxury SUVs, high performance sports marques, commercial vehicles, and construction-related vehicles and equipments.
- **Energy & Logistics:** Through this division, the company offers an array of products, services, and solutions to the energy industry (upstream & downstream) in Oman and elsewhere. The company provides advisory services on business acquisition strategies, spearheading consortiums, and arranging content for large integrated proposals.
- **Engineering, Construction & Contracting:** Under this division, the company provides a wide range of services such as switchgear/substation equipment, interior fit-outs and furnishing, and special building material products, among others.
- **Financial Services:** Provides asset management and financial planning services for the group.
- **Manufacturing:** This division is principally engaged in the manufacturing and marketing of FMCG and industrial products such as bottled water, sweets and biscuits, detergents, abrasives and plastics.

Key Strengths

- Diversified business operations across different countries
- Partnerships with well-known international brands

Recent Developments/Future Plans

- In May 2016, Barr Al Jissah welcomed the Hapag-Lloyd Europa 2 cruise ship at its private marina. This has positioned Barr Al Jissah as a boating destination at the gateway to Oman. About 300 guests from the cruise were shuttled to the Shangri-La resort within the property for an event.
- In March 2016, Barr Al Jissah became a key partner for Blancpain Endurance Cup racing driver Ahmad Al Harthy’s 2016 Motorsport Season.

9. APPENDIX

Exhibit 36: Room Pipeline of Major Hotel Chains in Saudi Arabia

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or Less	Opening Year
Saudi Arabia	Accor	Adagio Jeddah Malik Road	Adagio	77		236			2016
		Adagio Aparthotel Jeddah Alesayi Plaza		177					2016
		Adagio Aparthotel Riyadh Dhabab		150					2017
		Ibis Madinah	Ibis	190					2016
		Ibis Al Khobar		200					2017
		Ibis Jeddah Malik Road		234					2016
		Suite Novotel Yanbu	Novotel	120					2016
		Novotel Jizan Corniche		205					2016
	Carlson Rezidor Hotel Group	Radisson Blu Riyadh Ring Road	Radisson Blu		252				2016
		Radisson Blu Residence Riyadh's Diplomatic Quarter			110				2016
		Radisson Red Makarunah	Radisson Red	280					2018
		Park Inn Residence Riyadh Al Sahafa	Park Inn by Radisson			170			2016
		Park Inn by Radisson Madinah Road		81					2017
	FRHI Hotels & Resorts	Raffles Jeddah	Fairmont Hotels & Resorts	368					2018
		Swissotel Jeddah	Swissôtel Hotels & Resorts	350					2017
		Swissôtel Al Khobar		180					2019
	Hilton Worldwide	DoubleTree by Hilton Makkah	Hilton Hotels and Resorts	806					2016
		Hilton Bab Makkah North		746					2016
		Hilton Bab Makkah South		853					2016
		Hilton Garden Inn Riyadh Andalusia		130					2019
	IHG	Staybridge Suites Jeddah Alandalus Mall	Staybridge Suites	164					2016
	Kerzner International	One & Only Jeddah	One&Only Resorts	150					2019
	Marriott International	JW Marriott Hotel Makkah	JW Marriott	639					2016
		JW Marriott Hotel Jeddah		370					2016
		Courtyard by Marriott Makkah	Courtyard by Marriott	432					2017
		Courtyard by Marriott Al Khobar		N/A					N/A
		Jeddah Marriott Hotel	Marriott	283					2016
	Millennium & Copthorne Hotels	Millennium Al Baha Hotel	Millennium		248				2016
		Millennium Hotel Makkah (Umm Al Qurah)	Millennium	1,400					2019

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or Less	Opening Year
Saudi Arabia	Paramount Hotels & Resorts	Damac Tower by Paramount Hotels & Resorts	Paramount		235				2016
	Rotana	Centro Shaheen	Centro	252					2016
		Centro Olaya		156					2016
		Centro Corniche		247					2016
	Shaza Hotels	Shaza Jeddah	Shaza	140					2017
	Starwood Hotels & Resorts	Four Points by Sheraton Makkah Al Naseem	Four Points by Sheraton	1,139					2017
		Four Points by Sheraton Dhahran				236			2016
		Four Points by Sheraton Mall of Arabia				300			2017
		Four Points by Sheraton Makkah				451			2019
		Aloft Riyadh King Fahd Road	Aloft	N/A					2018
		Aloft Riyadh				281			2016
		Le Meridien Riyadh	Le Meridien		232				2016
		Sheraton Makkah Hotel	Sheraton		532				2017
		The Westin Makkah	Westin		513				2017
Total rooms capacity				**10,519**	**2,122**	**1,438**	**-**	**-**	

Source: Hotelier Middle East (as extracted on June 8, 2016)

Exhibit 37: Room Pipeline of Major Hotel Chains in the UAE

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or Less	Opening Year
UAE	Accor	Ibis World Trade Centre	Ibis	588					2016
		ibis Styles Dragon Mart		251					2016
		ibis Styles Business Bay		350					2018
		Ibis Styles Al Jaddaf		200					2018
		ibis Styles Al Garhoud		350					2018
		Novotel Sharjah Expo Center	Novotel	197					2017
		Pullman Sharjah	Pullman	188					2018
		Majlis Grand Mercure Dubai Jumeirah Triangle	Mercure	164					2019
		Mercure Dubai Jumeirah Triangle		330					2019
		Majlis Grand Mercure Dubai Sheikh Zayed Road		364					2017
		Majlis Grand Mercure Hotel & Residences Al Garhoud		350					2018
	Carlson Rezidor Hotel Group	Park Inn by Radisson Dubai Al Jadaf	Park Inn by Radisson	300					2016
		Park Inn by Radisson Dubai Motor City		147					2017
		Park Inn by Radisson Residence Jumeirah Village		261					2017
		Park Inn by Radisson Al Barsha First		102					2017
		Radisson Blu Residence, Dubai Silicon Oasis		199					2017
		Radisson Blu Hotel Ajman	Radisson Blu	156					2016
		Radisson Blu Residence, Dubai Marina Docks		243					2016
		Radisson Red Dubai Silicon Oasis	Radisson Red	171					2018
	Dusit International	dusitD2 Residences Al Manzel	Dusit Residence	216					2016
		Dusit Thani Residences Dubai Marina		146					2016
		dusitD2 TECOM	Dusit Thani	235					2016
	Four Seasons Hotels and Resorts	Four Seasons Abu Dhabi	Four Seasons		324				2016
		Four Seasons Abu Dhabi		190					2016
	Frasers Hospitality Pte Ltd	Fraser Residence Al Jadaf, Dubai	Frasers Suites	N/A					2016
	FRHI Hotels & Resorts	Fairmont Abu Dhabi	Fairmont Hotels & Resorts	513					2016
		Fairmont Marina Resort, Abu Dhabi		563					2016
		Swissôtel Jadaf Dubai	Swissôtel Hotels & Resorts	276					2016
		Swissotel Dubai		280					2017
	Golden Tulip	Golden Tulip Deira	Golden Tulip	N/A					N/A

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or Less	Opening Year
UAE	Hilton Worldwide	DoubleTree by Hilton Abu Dhabi Masdar City	Doubletree by Hilton	316					2017
		Hilton Garden Inn Mall of the Emirates	Hilton Garden Inn	N/A					N/A
		Hampton by Hilton Al Barsha	Hampton by Hilton	154					2018
		Hampton by Hilton Dubai Al Qusais		420					2017
	Hyatt Hotels Corp.	Grand Hyatt Abu Emirates Pearl	Grand Hyatt	368					2016
		Hyatt Place Dubai, Al Maktoum	Hyatt Place	172					2017
	IHG	Crowne Plaza Dubai Marina	Crowne Plaza	300					2016
		Crowne Plaza Resort Ras Al Khaimah		442					2016
		Staybridge Suites, Abu Dhabi	Staybridge Suites	112					2016
		InterContinental Ras Al Khaimah	InterContinental	300					2016
		InterContinental Abu Dhabi Grand Marina		184					2017
		InterContinental Fujairah Resort		N/A					2017
	Jumeirah Group	Madinat Jumeirah phase four, Dubai	Jumeirah		450				N/A
		Jumeirah Saadiyat Island		294					2017
		Venu Bluewaters		419					2017
	Kerzner International	Royal Atlantis Resort	One&Only Resorts	800					2018
	Mandarin Oriental Hotel Group	Mandarin Oriental, Dubai	Mandarin Oriental	212					2017
	Marriott International	Dubai Marriott Hotel Citywalk	Marriot	N/A					2016
		Marriott Executive Apartments Abu Dhabi		64					2016
		Abu Dhabi Marriott Hotel		315					2016
		Edition Hotel Abu Dhabi	Edition	244					2016
		Marriott Executive Apartments Dubai City Walk	Marriott Executive Apartments	N/A					2016
		Renaissance Downtown Dubai Hotel	Renaissance	312					2016
	Millennium & Copthorne Hotels	Biltmore Bateen Marina Abu Dhabi	Biltmore		218				2016
		Grand Millennium ADNEC	Grand Millennium	725					N/A
		Millennium Golf Resort Al Ain	Millennium	275					2016
	Minor Hotel Group	Anantara Dubai Creek Hotel	Anantara	290					2018
		Anantara Mina Al Arab Ras Al Khaimah Resort	Anantara	225					2018

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or Less	Opening Year
UAE	Movenpick Hotels & Resorts	Movenpick Hotel and Spa Oceana	Movenpick		324				2016
		Mövenpick Hotel Apartments Downtown Dubai		246					2017
		Mövenpick Hotel Dubai Media City		251					2018
	Nobu Hospitality	Nobu Hotel at Najmat Reem Island	Nobu	N/A					N/A
	Paramount Hotels & Resorts	Paramount Hotel Dubai	Paramount		771				2016
		Paramount Hotel, Jumeirah Waterfront			404				2016
		Damac Villas by Paramount Hotels & Resorts		163					2016
		Paramount Hotel Dubai, Jumeirah Waterfront		276					2016
		Paramount Hotel Dubai, Downtown		1,250					2018
	Premier Inn	Premier Inn Dubai Healthcare City	Premier Inn	215					2016
		Premier Inn Ibn Battuta Mall				372			2016
		Premier Inn Dubai Al Jadaf		389					2017
		Premier Inn Dubai Ibn Battuta Mall		372					2017
		Premier Inn Dragon Mart		250					2018
	Ramee Group of Hotels & Resorts	Ramee Grand Hotel	Ramee		320				2016
		Ramee Grand Hotel			300				2017
		Ramee Grand Hotel & Spa		194					2018
		Ramee Grand Hotel & Spa		165					2018
	Rotana	Arjaan Hotel Apartments by Rotana Al Barsha	Arjaan by Rotana	163					2018
		Arjaan Hotel Apartments by Rotana Wafi		100					2018
		Saadiyat Rotana Resort	Rotana	400					2016
		Rotana, Dubai Creek		280					2017
		Rotana Hotels & Resort, Wafi		528					2018
		Marina Mall Arjaan by Rotana		600					2016
	Shangri-La Hotels and Resorts	Shangri-La Hotel Saadiyat Island	Shangri-La	288					N/A
		Shangri-La Palm Tower		290					2016
	Starwood Hotels & Resorts	Four Points by Sheraton Sharjah	Four Points by Sheraton			220			2017
		W Abu Dhabi	W		370				2018
		W Dubai - The Palm			283				2017
		W Dubai Al Habtoor City			356				2016
		The St. Regis Dubai	St Regis		226				2016
		The St Regis Dubai - The Palm		816					2018
		The St. Regis Dubai, Al Habtoor Polo Resort & Club		160					2017

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or Less	Opening Year
UAE	Starwood Hotels & Resorts	Aloft Al Ain	Aloft	172					2016
		Aloft Sharjah		270					2018
		Aloft Dubai, The Palm		202					2017
		Aloft Dubai Airport		N/A					2018
		Aloft Dubai Raffa		N/A					2018
		Aloft Dubai South		N/A					2018
		Aloft Dubiotech Dubai		N/A					2018
		Aloft IMPZ Dubai		N/A					2018
		Aloft Studio City Dubai		N/A					2018
		Element Dubai Airport		N/A					2018
		Element Dubai Raffa		N/A					2018
		Element IMPZ Dubai		N/A					2018
		Four Points by Sheraton Sharjah	Four Points by Sheraton			220			2017
		The Westin Dubai, Sheikh Zayed Road	Westin	929					2016
		The Westin Dubai Al Habtoor City		1146					2016
	TI'ME Hotels Mgmt.	Time Royal Hotel and Spa	TI'ME Hotels	277					2016
		Time Express Hotel Al Jaddaf		113					2017
	Viceroy Hotel Group	Viceroy Hotels, Resorts & Residences Sowwah Square	Viceroy	250					N/A
		Viceroy Dubai Palm jumeirah		480					2016
		Viceroy Sheikh Zayed Road		N/A					2016
		Viceroy Dubai Business Bay		573					2017
	Vision Hotels Mgmt.	Vision Saraya Abu Dhabi Corniche	Vision	210					N/A
		Vision Hydra Corporate		211					N/A
		Vision Hydra Executive, Al Reem Island		202					N/A
	Wyndham Hotel Group	TRYP by Wyndham Dubai	TRYP by Wyndham			672			2017
		Wyndham Dubai Marina	Wyndham Hotels and Resorts		497				2016
Total rooms capacity				**26,704**	**4,843**	**1,264**	**-**	**-**	

Source: Hotelier Middle East (as extracted on June 8, 2016)

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Exhibit 38: Room Pipeline of Major Hotel Chains in Qatar

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or Less	Opening Year
Qatar	Accor	Adagio Doha C-Ring Road	Adagio	150					2016
		Ibis Doha C-Ring Road	Ibis	150					2016
		M Gallery Doha Msheireb	M Gallery	215					2017
	Four Seasons Hotels and Resorts	Four Seasons Doha at The Pearl	Four Seasons	N/A					TBC
	Frasers Hospitality Pte Ltd	Fraser Suites West Bay, Doha	Fraser Suites	396					2016
	Hilton Worldwide	Waldorf Astoria Doha West Bay	Waldorf Astoria Hotels & Resorts	250					2016
		Curio Mall of Qatar	Hilton Hotels and Resorts	207					2016
	Hyatt Hotels Corporation	Park Hyatt Doha	Park Hyatt	187					2016
	IHG	Holiday Inn Doha Business Park	Holiday Inn	N/A					2017
	Katara Hospitality	City Gate Hotel	Merweb	216					2016
		Grand Murwab City Center		362					2016
		The Avenue Murwab Hotel		175					2016
	Marriott International	JW Marriott Hotel Doha	JW Marriott	412					2017
	Meliá Hotels International	Innside Doha by Melia	INNSIDE by Meliá	192					2017
	Rotana	Centro Capital Doha	Centro	229					2016
	Shaza Hotels	Shaza Doha	Shaza	180					2016
	Starwood Hotels & Resorts	Le Meridien Doha	Le Meridien	250					2018
		Aloft Doha	Aloft	240					2019
		Four Points by Sheraton Doha	Sheraton	N/A					2018
Total rooms capacity				**3,811**	**-**	**-**	**-**	**-**	

Source: Hotelier Middle East (as extracted on June 8, 2016)

Exhibit 39: Room Pipeline of Major Hotel Chains in Oman

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or	Opening Year
Oman	Accor	Ibis Styles Sohar	Ibis	145					2017
		Mercure Sohar	Mercure	145					2017
		Mercure Muscat Azaiba		187					2018
	Dusit International	dusitD2 Palm Mall Muscat	Dusit Thani	250					2017
	Four Seasons Hotels and Resorts	Four Seasons Oman	Four Seasons	N/A					TBC
	IHG	Crowne Plaza Muscat - Oman Conventions & Exhibition Centre	Crowne Plaza	300					2017
	Jumeirah Group	Jumeirah at Saraya Bandar Jissah	Jumeirah	312					2017
	Kempinski Hotels	Kempinski The Wave Muscat	Kempinski	310					2017
	Millennium & Copthorne Hotels	Grand Millennium Hotel Muscat	Grand Millennium	328					2016
	Minor Hotel Group	Anantara Al Jabal Al Akhdar Resort	Anantara	115					2016
		Al Baleed Salalah Resort by Anantara		136					2016
	Rotana	Sundus Rotana Hotel	Rotana	215					2017
	Shaza Hotels	Shaza Salalah	Shaza	286					2017
		Wave Village Plaza Hotel		195					2017
	Starwood Hotels & Resorts	Element Muscat	Element	100					2018
		W Muscat	W	250					2019
		The Westin Muscat	Westin	350					2017
		Aloft Muscat	Aloft	204					2018
	Swiss-Belhotel International	Swiss-Belinn Ghubrah Muscat	Swiss-Belhotel	95					2016
Total rooms capacity				**3,923**	**-**	**-**	**-**	**-**	

Source: Hotelier Middle East (as extracted on June 8, 2016)

Exhibit 40: Room Pipeline of Major Hotel Chains in Bahrain

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or	Opening Year
Bahrain	Carlson Rezidor Hotel Group	Park Inn by Radisson Hotel Manama	Park Inn by Radisson	207					2016
	Four Seasons Hotels and Resorts	Four Seasons Bahrain Bay	Four Seasons	N/A					2019
	Golden Tulip	Royal Tulip Amwaj	Royal Tulip	105					2016
	Marriott International	JW Marriott Hotel Bahrain Bay	JW Marriott	376					2016
Total rooms capacity				**688**	**-**	**-**	**-**	**-**	

Source: Hotelier Middle East (as extracted on June 8, 2016)

Exhibit 41: Room Pipeline of Major Hotel Chains in Kuwait

Country	Hotel	Project	Brand	Stars N/A	5 Star	4 Star	3 Star	2 Star or	Opening Year
Kuwait	Accor	Novotel Sharq	Novotel	160					2017
		Mercure Kuwait	Mercure	210					2017
	Four Seasons Hotels and Resorts	Four Seasons Kuwait	Four Seasons	263					2016
	Hilton Worldwide	Hilton Olympia Kuwait	Hilton Hotels and Resorts	211					2019
	Hyatt Hotels Corporation	Grand Hyatt Kuwait	Grand Hyatt	261					2020
Total rooms capacity				**1,105**	**-**	**-**	**-**	**-**	

Source: Hotelier Middle East (as extracted on June 8, 2016)

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