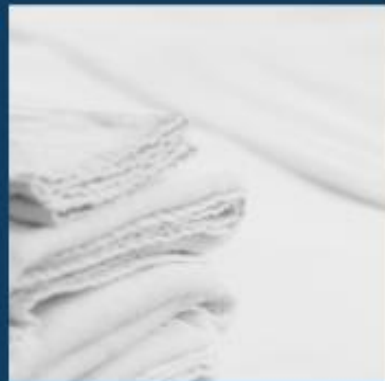


GCC HOSPITALITY INDUSTRY



AUGUST 3, 2022

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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

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

“The GCC hospitality sector is undergoing a period of tremendous development owing to the governments’ realization that its performance is a significant contributor to the economy and plays a vital role in the growth of tourism within the region. Consequently, all the GCC nations have placed special emphasis on the expansion of the hospitality sector in their national agendas. Post sustaining the shocks of the pandemic, the sector has been recovering at a quicker pace than expected due to easing of travel restrictions, implementation of stringent safety protocols with respect to COVID-19, upcoming mega events and the gamut of options the sector is offering to its guests. In the UAE, boost in activity owing to the EXPO 2020 has led to an increase in international tourists, especially from UK and Europe, causing occupancy rates to steadily rise. Also, positive investor sentiment has led to an increase in our market cap which is currently higher than pre-COVID levels.

The hospitality sector was probably the first and most impacted due to the COVID-19 pandemic. Apart from the tangible aspects of loss like revenue, talent, operations, etc., the industry is also battling the pandemic’s psychological impact that deters people from travelling. However, the operators are leaving no stone unturned to instill confidence and make their guests feel safe. The continued safety measures laid down by the governments, massive vaccination drives, innovative and technological solutions being offered by the operators will aid growth of the sector in the coming years. We also expect to witness operational changes to improve efficiency, customer service and enhance guests’ experience through the adoption of technology.”

Khalid Anib

Chief Executive Officer, Abu Dhabi National Hotels, UAE

Over the past couple of years GCC has evolved due to increase in inventory, new hospitality brands, ease of travel and support from local tourism bodies and governments. While destinations like Dubai and Qatar already saw and are expected to bounce back quicker due to larger event like EXPO & FIFA World Cup 2022, the future business for most destinations remains on a positive rebound. We believe that full recovery up to pre-COVID levels is not expected before 2023-24 depending on the country and market the hotel operates in.

COVID-19 is a disrupter and has impacted most businesses alike with a few exceptions - things are not going to get back to normal as it was before the pandemic, rather we need to continue readjusting ourselves to the new normal. Need of a strong and effective leadership to reassure all stake holders, contingency planning, conserving cash flow, agility and enhanced resilience are the key factors to stay high on corporate agenda for future.

Increasing travel costs, while economies are still under pressure, pose a serious challenge for guests and businesses who frequent Economy & Midscale Hotels. Some other key challenges to overcome and sustain from guests’ perspective are - improved hygiene measures, private space, alternative dining options, elevated tech needs, contactless service, value for money, etc.; Operating costs and payroll have restructured to a greater extent. Moreover, hospitality sector lost a lot of talented people due to closures or restructuring. We must build the workforce confidence back in hospitality and invest more in building a team. The profit margins are under extreme pressure due to increased operational costs and change in people expectations, i.e., guests and staff alike.

Above challenges can be relieved and supported by the learning during COVID season of managing operations smartly and cost effectively without compromising standards. The future growth is dependent on greater stress on design, automation, innovation and technology solutions, multi-talented task force, etc. Customers remain the king in ever expanding tourism industry with operators focused on Customer Insights which is leading the change.

Overall, I believe lifestyle properties offering guests a tailor made, authentic, genuine, and enriching experience will come out as winners. Food & Beverage now is more about customization, authentic taste, and personalized service – Our teams and guests want an

experience and a story to tell. In most cases now experiences are shared live and support building a brand!

Sheikh Mubarak A.M. Al Sabah

Vice Chairman, Action Group Holdings Co. (KSCC), Kuwait

"The COVID-19 pandemic had an enormous impact on the hospitality industry but I am pleased to see it is starting to recede and business is returning to more normal levels after what has been an incredibly challenging two years. We should be very proud of how Qatar responded to the pandemic, recording one of the lowest death rates and highest recovery rates in the world. Our number one priority throughout the pandemic was the health and wellbeing of our stakeholders and I am immensely proud of how our employees rose to the challenge during this difficult time.

"Looking forward, I am excited by the opportunities in the GCC's hospitality sector. With the FIFA World Cup just months away, the eyes of the world will be on Qatar and I know we will rise to the occasion, showcasing the region's culture, stability and strength. At ARTIC, we are excited to welcome tourists and fans from across the globe to our hotels and apartments, which are located in some of Qatar's most attractive locations. As the needs of our guests evolve, one of our great strengths is in our partnerships with established players in the industry which enable us to bring the latest, most innovative ideas to the region. We recently opened a number of luxury branded residences in the region and we aim to bring this model to Qatar, which combine the highest standards of comfort and design with all the convenience and service of a hotel. We expect these residences to become an increasingly important part of our portfolio as we seek to diversify and meet the ever-changing demands of the global real estate and hospitality markets."

Mr. Tarek M. El Sayed

Managing Director and CEO, Al Rayyan Tourism Investment Company, Qatar

"As the whole world is recovering from Covid, the hospitality industry continues to play a significant role in rebuilding the human need to connect. In the UAE, the meticulous handling of COVID and successful execution of a high-volume, mega event like the EXPO 2020 Dubai, has solidified the country and Dubai in particular, as a continued destination of choice.

Dubai welcomed close to 4M visitors in Q1 of 2022. GCC is eager for business beyond borders and over the years continues to create new infrastructure and easement of regulations to facilitate this. The GCC, particularly the UAE and KSA, have built a platform for increased regional travel for business and leisure. KSA is seeing a massive rejuvenation of the hospitality sector attracting people to discover its landscape and beauty, even as religious tourism remains an important spine for the hospitality industry in the Kingdom. The upcoming FIFA World Cup 2022 in Qatar is also bound to bring a massive influx into the country and will result in regional travel to neighboring countries. With the business potential in GCC and so much more yet to experience in the coming years, the hospitality industry will continue to grow and increasingly become a significant contributor to the GDP of the region."

Renuka Jagtiani

Chairwoman and CEO, Landmark Group, UAE

"The growth in the region's hospitality sector has been incredible with destinations increasingly opening up their borders and heavily investing in their travel and tourism efforts. The governments in the region have put forward major campaigns to attract international and domestic travel such as attractive long-term visas and ROI schemes. In the UAE alone, the recovery has been tremendous particularly due to the impact of EXPO that further established the country as a safe

travel destination. The kingdom of Saudi Arabia is one of the top destinations in the region investing heavily in tourism with the launch of the 2030 Saudi vision, and a special focus on religious tourism. The FIFA World Cup in Qatar will also boost international and domestic travel demand to Doha as well as to key transit hubs such as Dubai and Abu Dhabi.

While there is no doubt the pandemic highly impacted our industry but as world economies continue to recover, the industry is recovering simultaneously and adapting to changing consumer behavior. As consumers return to travel again, they remain more conscious of their choices. With hybrid ways of working becoming the new norm, consumers are looking for hotels that accommodate both work and leisure needs. Moreover, sustainable travel is a big segment that we will only see increasing in the next years. Corporations worldwide are implementing sustainable efforts into their operations.

With a localized focus on the region and a keen understanding of the market, we at Rotana remain agile and able to quickly pivot our offers as demand fluctuates. The Group continues to grow with landmark developments including the launch of a new brand and major hotel signings. The strategic agreements signed will enable us to add over 10,868 keys across the region once completed."

Ghazi D. Mousharafieh

Chief Financial Officer, Rotana Hotel Management Corporation (PJSC), UAE

"The GCC hospitality industry is recovering at a quick pace although being significantly impacted by the COVID-19 pandemic. The sector is expected to witness an increase in growth driven by improving macro-economic factors, continued infrastructure development across the region and strategies adopted by the GCC governments to promote travel and tourism. Additionally, the continued safety measures being implemented by the authorities and large-scale vaccination drives to revive consumer confidence will support sustainable recovery.

Post the pandemic, the hospitality industry is experiencing a rise in demand for mid-scale brands and serviced apartments from cost conscious travelers. A plethora of mega events that the region is gearing up to host in the coming years coupled with innovative and technological solutions being offered by the operators are also stirring activity within the GCC hospitality industry. Going forward, we expect the M&A space to be active as international and regional operators look for opportunities to scale their business as well as enhance operational efficiency."

Rohit Walia

Executive Chairman and CEO, Alpen Capital (ME) Ltd.

1. Executive Summary

The GCC hospitality industry, which has been under pressure since the beginning of 2020, is now showing significant signs of recovery from the COVID-19 pandemic induced slowdown. The industry is experiencing a strong rebound with hotels and other accommodations underpinning revival, coupled with the return of international tourists attending mega events such as the EXPO 2020 Dubai and the upcoming FIFA World Cup 2022 in Qatar. With regional governments actively supporting the development of business, leisure and entertainment centers through significant investments, the GCC has turned out to be the hub of action with a long list of events in the pipeline. Such measures are likely to act as a springboard for the hospitality and tourism industry growth while also playing an important role in the region's economic development. The long-term prospects of the GCC hospitality industry remain positive owing to expected economic recovery, government's diversification efforts, sizeable investments towards infrastructure development, relaxation of visa rules and liberalization policies, continued safety measures against the pandemic, coupled with innovative and technological solutions being offered by hotel operators.

1.1 Scope of the Report

This report is an update of Alpen Capital's GCC Hospitality Industry Report dated July 25, 2018. It focuses on the current state of the hospitality industry across the GCC nations, including recent trends, growth drivers and challenges. The report also provides an outlook of the industry until 2026, along with profiles of prominent hotel operators in the region and a brief analysis of the financial and market valuation metrics.

1.2 Industry Outlook

- GCC hospitality industry revenues are expected to recover in 2022 and record a 74.8% y-o-y growth to reach US\$ 26.3 billion, in line with pre-pandemic levels. The high double-digit growth rate can be attributed to a lower base of 2021 as the regional countries recover from the pandemic. The industry is forecasted to further grow at a pace of 6.6% CAGR between 2022 and 2026 to reach US\$ 34.0 billion.
- Despite headwinds from the pandemic, the industry is expected to remain buoyant and witness a significant supply of hotel rooms to cater to the upcoming demand amid a revival in leisure, business and religious tourism. Total number of rooms in the GCC is estimated to grow by 2.9% y-o-y between 2021 and 2022. During 2022 and 2026, the total number of rooms is forecasted to grow at a pace of 2.2% CAGR.
- As tourism activity gathers momentum across the region, performance of hospitality operating metrics is anticipated to improve. The average occupancy rate across the GCC is forecasted to rise from 57% in 2022 to 62% in 2026. ADR, on the other hand, is forecasted to increase from US\$ 145 in 2022 to US\$ 151 in 2026, while RevPAR is forecasted to increase from US\$ 83 in 2022 to US\$ 93 in 2026, representing an annualized growth rate of 1.1% and 2.9%, respectively.

1.3 Key Growth Drivers

- Economic activity in the GCC is expected to pick up as COVID-19 induced restrictions have now eased. Business confidence in the region is bouncing back quicker with the reopening of borders and easing of travel restrictions. Moreover, improvements in per capita income will increase domestic consumer demand. This, in turn, will continue to help boost the tourism sector – a catalyst for the hospitality industry in the region.
- GCC is fast becoming a global center for business, entertainment and sporting events. In addition to the recently concluded EXPO 2020 Dubai, some of the major events set to take place and boost large-scale revival in international tourism in the region include FIFA World Cup 2022, Formula 1 Grand Prix, World Aquatics Championship, Geneva International Motor Show, Asian Games, etc.

- In a bid to diversify from hydrocarbon revenues, the regional governments have been actively developing tourism-related infrastructure while promoting leisure destinations through investments. Consequently, the GCC hospitality industry has seen a surge in the number of hotels, serviced apartments, and other lodging options in recent years to meet the region's expanding demand.
- GCC countries are upgrading their transportation ecosystem, from expanding airport capacity to adopting Hyperloop-based transport and a new railway corridor that aim to complement the governments' initiatives to boost tourism.
- Religious tourism continues to play a significant role in the GCC. The constant growth in the number of pilgrims has compelled Saudi Arabia to offer a wide range of hospitality services. The Kingdom is now preparing to meet the pent-up demand post pandemic, while rest of the countries are adopting distinct models of engagement between heritage and religious spheres to attract tourism.
- GCC countries have introduced a series of new liberalized measures to encourage tourism that includes new visa categories and broaden the reach of beneficiaries. UAE, Saudi Arabia and Qatar have been at the forefront of introducing such reforms.

1.4 Key Challenges

- Lower revenues due to the sharp correction in oil prices, coupled with COVID-19 induced travel restrictions and business closures have put the industry under increased pressure. Moreover, the current high inflation rate is likely to reduce the spending power of consumers, leading to a slowdown in the GCC tourism and hospitality industry. Several infrastructure development plans were delayed due to supply chain issues and labor shortages, subsequently affecting the industry growth.
- While infections and active cases have reduced globally, demand for travel and tourism could still be affected by uneven vaccination rates around the world and new COVID-19 strains, which has prompted travel restrictions in some countries.
- Increasing supply of hotels in the GCC coupled with fragmentation has led to intense competition among operators. This has led to several operators offering high discounts on room rates and bundled packages to secure business, thus increasing their operating cost and adding significant pressure on margins.

1.5 Key Trends

- The GCC hospitality industry has diversified and witnessed a positive segmentation with the introduction of mid-scale brands and serviced apartments. Hotel groups have started to look at new ways of operating with higher efficiencies to suit the current market conditions and achieve revenue maximization. While the serviced apartment business model offers flexibility between long and short-term stays, the Airbnb model has also started gaining considerable ground in the GCC.
- Technology has become a key enabler in the GCC hospitality industry. Digitization is helping operators streamline procedures, reduce costs, lower staff workloads, increase revenue generation potential, as well as improving overall level of customer experience and satisfaction.

The pandemic has led the GCC hospitality industry to change their offerings to stay competitive, retain visitors, and meet changing customer behaviour. As the industry continues to mature, operators have started focusing on developing new business models, introducing innovative offerings, while also re-conceptualizing their services and pricing strategies. Considering the market has become more competitive, hotels are looking for scale and focusing on growth through brand acquisition. Therefore, consolidation is likely to intensify as the pressure on companies to drive earnings and gain market share continues. These dynamics will enable the GCC hospitality industry to emerge stronger from the crisis, ahead of its peers.

2. The GCC Hospitality Industry Overview

The hospitality industry is experiencing a strong rebound post lifting the COVID-19 pandemic led restrictions, with hotels and other accommodations underpinning solid recovery

Over the past decade, the GCC has witnessed rapid economic development on account of boosted hydrocarbon exports, increased government spending coupled with the ambitious diversification strategies aimed at developing productive sectors outside oil and gas. The countries have been promoting attractive tourism elements through eased regulations and friendly reforms that have led to a strong inflow of visitors over the years. The region has thus emerged as an attractive destination for global investors with the real estate, tourism, and hospitality industries becoming key barometers for growth and cornerstones for the GCC nations' economic diversification strategy¹. Although the sector has been stressed since the beginning of 2020, signs of recovery from the COVID-19 pandemic continue to emerge. The hospitality industry is experiencing a strong rebound post lifting the COVID-19 pandemic led restrictions, with hotels and other accommodations underpinning solid recovery, coupled with the return of international tourists attending mega events such as the EXPO 2020 Dubai and upcoming FIFA World Cup 2022. At the same time, domestic tourism has continued to play a fundamental role in the initial recovery phase². This has been largely driven by GCC governments taking several fiscal and economic measures to mitigate economic consequences stemming from the pandemic. In addition to imposing lockdowns and travel restrictions to lower the contamination rate, the GCC nations injected stimulus packages and relaxed monetary policies to help reignite economic growth³. The regional governments have also taken several targeted measures and introduced reforms to revive the tourism industry. These include the UAE's new 10-year Golden Visa, five-year Green Residence Visa programs⁴, Dubai's one-year-remote work visa⁵, introduction of five-year multi-entry tourist visa for business and leisure travel and long-term multiple-entry tourist visas in the UAE⁶, as well as the initiation of tourist visa on arrival in Saudi Arabia for holders of Schengen, US and UK visas⁷. All such amendments have been made with a special focus towards attracting investors, tourists, and skilled workers to the Gulf shores.

While the COVID-19 pandemic negatively impacted tourist arrivals over the past two years, weak consumer sentiment has led to a significant slump in travel and tourism spending, affecting the demand for hotels, leisure destinations, and other hospitality related services

Lower revenues due to the sharp correction in oil prices, coupled with COVID-19 induced travel restrictions, business closures, and a subsequent fall in per capita income of the GCC (-1.7% CAGR between 2016 and 2021 to reach US\$ 24,466.8)⁸ had put the regional hospitality industry under pressure. The Expo 2020 Dubai organizers backed the delay of the event by a year as the pandemic led to travel restrictions that would impact international visitors' participation⁹. Leisure, business and pilgrimage visits in the region were also suspended¹⁰. In addition to the COVID-19 pandemic negatively impacting tourist arrivals over the past two years, weak consumer sentiment also led to a significant slump in travel and tourism spending, affecting the overall demand for hotels, leisure destinations, and other related services and offerings across the region. At the same time, hospitality-related infrastructure development plans were delayed as both government and private players had to re-align their strategies to the changing economic landscape and reduced workforce amid the health crisis¹¹.

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

² Source: "Impact of COVID-19 on the Hospitality Industry in GCC", HVS, June 16, 2020

³ Source: GCC Region Mega Trends, Forecast to 2030, Frost & Sullivan, October 5, 2020

⁴ Source: "UAE hospitality sector welcomes higher occupancy as Golden Visa rules outshine Covid gloom", Arabian Business, April 21, 2022

⁵ Source: "Work remotely from Dubai", Visit Dubai

⁶ Source: "Register your business for the Five-Year Multi-Entry Tourist Visa", Dubai Tourism

⁷ Source: "The rise of the GCC's hospitality sector", Gulf Business, February 8, 2020

⁸ Source: "World Economic Outlook Database", IMF, October 2021

⁹ Source: "Expo 2020 Dubai Organizers Back One-Year Delay Over Pandemic", Bloomberg, March 30, 2020

¹⁰ Source: "COVID-19-induced impact on oil, tourism sectors to have wide-ranging economic, social ramifications on GCC countries over coming months – GCC Analysis", Max Security

¹¹ Source: "The Impact of COVID-19 on the GCC Construction Industry", International Journal of Service Science, Management, Engineering, and Technology - Kingston University, UK, March-April 2022

International tourist arrivals in the GCC increased at an annualized growth rate of 2.8% between 2016 and 2019

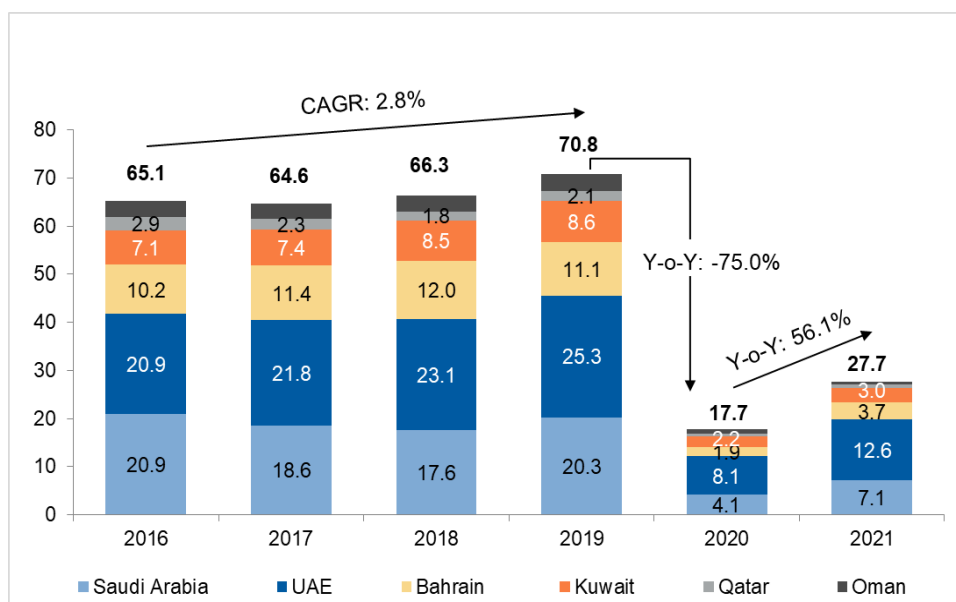
Intra-tourism among GCC nations reached approximately 28.7% of the total number of foreign tourists arriving within the region during 2019

2.1 Tourist Arrivals

International tourist arrivals in the GCC increased at an annualized growth rate of 2.8% between 2016 and 2019 primarily driven by the UAE (6.6% CAGR) and Kuwait (6.7% CAGR) (see Exhibit 1)¹². Majority of the demand was generated by personal, leisure and religious travel followed by business and professional travel during the period. Growth was largely impeded by a slowdown in Qatar, which recorded a decline of 10.1% CAGR over the three year period, due to the embargo imposed by the neighboring GCC nations in 2017-18. UAE being the most attractive business and tourist hub, continued to register the highest tourist inflows due to its world class infrastructure and tourist attractions¹³. With 35.7% inbound tourist arrivals in 2019, the UAE led the GCC countries in terms of share of international tourist arrivals, followed by Saudi Arabia (28.6%), and Bahrain (15.6%)¹⁴.

Intra-regional tourism has also been picking up pace within the GCC, largely driven by business visits amid a rise in economic activity prior to the COVID-19 era. According to the GCC Statistical Centre, the share of intra-tourism among GCC nations reached approximately 28.7% of the total number of foreign tourists arriving within the region during 2019. In Bahrain, 95.6% of all the international tourist arrivals were from the neighboring GCC countries. In UAE, 15.4% of all its international tourists were from GCC countries, whereas in Saudi that figure stood at 26.5% during 2019¹⁵.

Exhibit 1: International tourist arrivals (mn) to GCC



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

The GCC travel and tourism sector, which has historically been a vital contributor to the economies, was severely hit by the COVID-19 pandemic. Amid the crisis, the regional governments introduced a slew of policies such as targeted testing and tracing, lockdown measures, upgrading public health facilities, and closure of borders among others. These initiatives impacted several industries including the travel, tourism and hospitality sectors,

¹² Source: Department of Culture and Tourism – Abu Dhabi, Department of Tourism and Commerce Marketing (Dubai Tourism), World Travel and Tourism Council (WTTC)

¹³ Source: "GCC hospitality sector offers promising platform for young professionals", Khaleej Times, June 2, 2022

¹⁴ Source: Department of Culture and Tourism – Abu Dhabi, Department of Tourism and Commerce Marketing (Dubai Tourism), Qatar Tourism Annual Report, Oman National Centre for Statistics and Information, Bahrain Tourism and Exhibition Authority, World Travel and Tourism Council (WTTC)

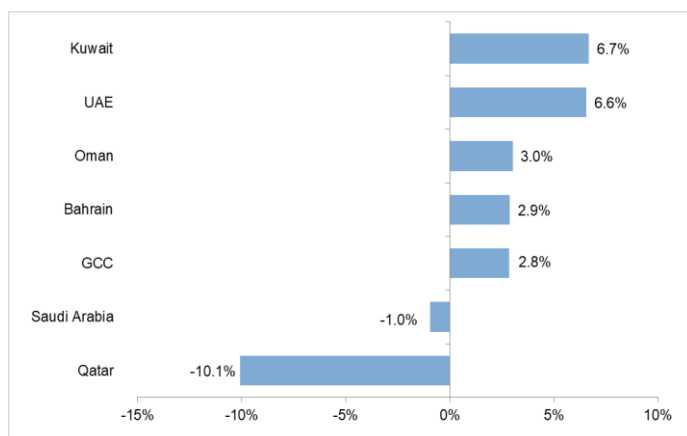
¹⁵ Source: Special report: The power of the GCC as a source market for global tourism", Gulf Business, February 26, 2022

resulting in demand and supply side shocks. Consequently, tourist arrivals and key economic business activities associated with the hospitality industry capsized. For instance, Saudi Arabia's religious tourism that attracted close to 7.5 million visitors for Umrah and 2.3 million for Hajj in 2019, halted all pilgrimages not only for foreigners but also its citizens and residents due to concerns about the virus¹⁶. As a result of the catastrophe that led to preventive measures and restrictions, GCC international tourist arrivals declined by 75.0% y-o-y from 70.8 million in 2019 to 17.7 million in 2020 (see Exhibit 1)¹⁷.

Tourist arrivals in the region witnessed widespread recovery in 2021 posting a 56.1% Y-o-Y growth compared to the end of 2020

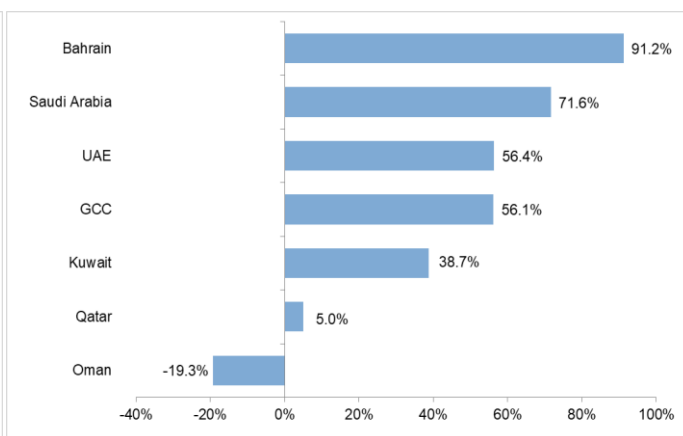
However, the GCC nations were swift in their response to the COVID-19 crisis, given their potential exposure from hub airports, tourist inflow, and high expatriate populations. The countries, which implemented one of the most stringent policies internationally, have now announced several relaxation measures as widespread vaccine deployment and containment efforts have led to the crisis reach an endemic state. Easing of cross-border travel restrictions by western regions also buoyed the industry. The European Council, for example, removed travel restrictions on the UAE and Bahrain in late 2021¹⁸. Consequently, tourist arrivals in the region witnessed widespread recovery in 2021 posting a 56.1% y-o-y growth compared to the end of 2020 to reach 27.7 million (see Exhibit 1)¹⁹.

Exhibit 2: International Tourist Arrivals Growth (CAGR%): (2016 - 2019)



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

Exhibit 3: International Tourist Arrivals Growth (CAGR%): (2020 - 2021)



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

Between 2016 and 2019, all the GCC nations, excluding Saudi Arabia and Qatar, recorded healthy growth in international tourist arrivals

Between 2016 and 2019, all the GCC nations, excluding Saudi Arabia and Qatar, recorded healthy growth in international tourist arrivals (see Exhibit 2)²⁰. Post the dip in tourist arrivals during 2020, the GCC governments have made significant progress in reviving the region's travel and tourism industry. In 2021, the UAE recorded a growth of 56.4% y-o-y (see Exhibit 3), primarily supported by the government's continuous efforts to ensure COVID-19 safety measures²¹ coupled with the overwhelming response of the EXPO 2020 Dubai²². The global fair recorded over 24 million visits, fuelled by repeated visits by international and domestic visitors²³. In addition, the UAE was named as the most popular tourist destination for 2021.

¹⁶ Source: "Saudi Arabia extends pilgrimage suspension to its own citizens, Reuters, March 4, 2020

¹⁷ Source: Department of Culture and Tourism – Abu Dhabi, Department of Tourism and Commerce Marketing (Dubai Tourism), Qatar Tourism Annual Report, Oman National Centre for Statistics and Information, Bahrain Tourism and Exhibition Authority, World Travel and Tourism Council (WTTC)

¹⁸ Source: "COVID-19: Council adds Bahrain and United Arab Emirates to the list of countries for which travel restrictions should be lifted", Council of the European Union, October 8, 2021

¹⁹ Source: Department of Culture and Tourism – Abu Dhabi, Department of Tourism and Commerce Marketing (Dubai Tourism), Qatar Tourism Annual Report, Oman National Centre for Statistics and Information, Bahrain Tourism and Exhibition Authority, World Travel and Tourism Council (WTTC)

²⁰ Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC

²¹ Source: "Why is this country so resilient", BBC, January 7, 2022

²² Source: "Dubai Expo 2020 event spurs tourism, boosts UAE business activity", Hindustan Times, November 4, 2021

²³ Source: "Expo 2020 Dubai recorded more than 24 million visits over its six months", Gulf News, April 2, 2022

According to a study conducted by Kuoni, a global travel company, the country emerged as 'the world's most searched destination for 2021' for tourism, in 11 countries globally²⁴.

Meanwhile, Saudi Arabia, the second largest country in terms of international tourist arrivals, witnessed a growth of 71.6% y-o-y in 2021 (see Exhibit 3)²⁵. The Kingdom's Tourism Authority has been proactive in improving tourism prospects through several initiatives including launch of the Tourist Visa Program in 2019, targeting 49 nations in its initial stage and made tourist visas available electronically or at various entry points to the Kingdom. Prior to the COVID-19 pandemic, 450,000 tourist visas were issued by the authority as part of the Kingdom's Vision 2030 to raise the number of annual visits to 100 million visitors by 2030²⁶. Consequently, the Kingdom moved up 10 places to the 33rd position in the 2021 World Economic Forum (WEF) Travel and Tourism Development Index²⁷. Excluding Oman, which is still recovering from the pandemic, Qatar (5.0% y-o-y), Kuwait (38.7% y-o-y), and Bahrain (91.2% y-o-y) also witnessed a rise in tourist arrivals in 2021 as COVID-19 induced restrictions eased across the region (see Exhibit 3)²⁸.

2.2 Travel and Tourism Spending

Prior to the COVID-19 pandemic, travel and tourism had become one of the most important sectors in the world economy, accounting for 10.3% of global GDP (US\$ 9.6 trillion) and more than 333 million jobs (10.3% of all jobs) worldwide as of 2019. In 2020, the global travel & tourism sector suffered a loss of almost US\$ 4.9 trillion with GDP contribution dropping to 5.5% due to the ongoing travel restrictions. Total spending declined 51.9% y-o-y to US\$ 2.9 trillion with business spending declining by 61.0% and leisure spending falling by 49.4% during 2020. As restrictions to mobility eased during 2021, the global travel & tourism sector's contribution to GDP revived to 6.1%. Total spending improved 26.1% y-o-y to US\$ 3.7 trillion with business spending recovering by 30.9% and leisure spending rising by 25.1% during 2021 (see Exhibit 4). Domestic visitor spending increased by 31.4% y-o-y, while international visitor spending rose by 3.8% y-o-y during 2021²⁹.

The GCC too witnessed a swift recovery in travel and tourism revenues as contact-intensive services key to the sector were boosted by reopening of the borders and effective crisis management strategies adopted by the regional governments. The sector's contribution to GCC GDP increased from 6.1% (US\$ 98.3 billion) in 2020 to 6.6% (US\$ 108.8 billion) of the region's economy in 2021. The contribution to GDP increased by 10.7% in 2021 compared to the previous year. Total spending increased by 39.1% y-o-y to US\$ 77.0 billion during 2021 (see Exhibit 4). Notably, the share of business spending in 2021 increased to 19.6% from 18.0% the previous year, and higher than the global share of 18.2% during the year. Domestic visitor spending in the GCC increased by 27.6% y-o-y to US\$ 34.4 billion, while international visitor spending rose by 12.6% y-o-y to US\$ 42.7 billion. Due to the fall in international tourist arrivals in the region, the share of domestic spending increased from 41% in 2020 to 45% in 2021. The share of total employment generated by the sector in the GCC improved from 9.2% of all jobs in 2020 to 9.8% in 2021, representing an increase of 5.9% y-o-y³⁰. Prior to the pandemic, total travel & tourism spending in the GCC grew at a CAGR of 14.1% between 2016 and 2019.

After suffering a loss of almost US\$ 4.9 trillion in 2020, the global travel & tourism sector witnessed healthy recovery in 2021

The travel and tourism sector's contribution to GCC GDP increased from 6.1% in 2020 to 6.6% of the region's economy in 2021

²⁴ Source: "UAE hospitality sector to set record recovery in 2021", PwC Middle East, January 3, 2021

²⁵ Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC

²⁶ Source: "Saudi Arabia's tourism sector aims to bring 100 million visitors annually", Arab News, July 27, 2021

²⁷ Source: "Saudi Arabia jumps 10 places in global tourism ranking", Zawya, May 25, 2022

²⁸ Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC

²⁹ Source: "Economic Impact Report", WTTC, 2022

³⁰ Source: "Economic Impact Report", WTTC, 2022

Exhibit 4: Travel & Tourism Spending in the GCC (2021)

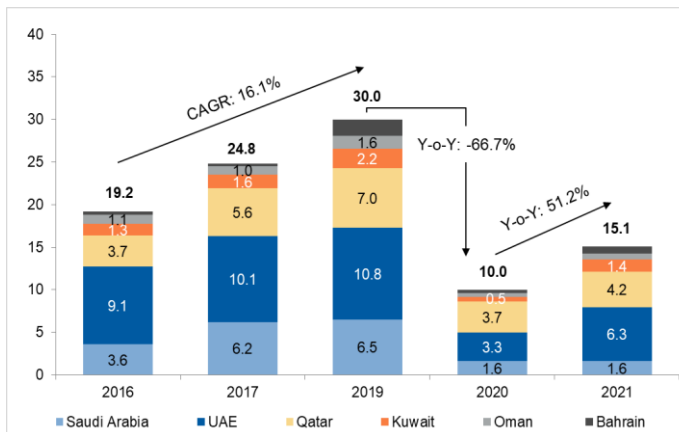
Country/Region	T&T Spending (A+B)		Leisure Spending (A)		Business Spending (B)	
	Value (US\$ bn)	Travel & Tourism GDP Contribution	Value (US\$ bn)	Share (%)	Value (US\$ bn)	Share (%)
World	3,629.6	6.1%	2,969.5	82%	660.1	18%
GCC	77.0	6.6%	62.0	80%	15.1	20%
UAE	27.4	6.4%	21.1	77%	6.3	23%
Saudi Arabia	22.2	6.5%	20.6	93%	1.6	7%
Qatar	16.5	10.3%	12.3	75%	4.2	25%
Kuwait	5.5	4.3%	4.1	74%	1.4	26%
Oman	2.5	3.5%	1.8	71%	0.7	29%
Bahrain	3.0	8.2%	2.1	72%	0.8	28%

Source: WTTC

UAE and Saudi Arabia cumulatively accounted for more than 64.4% of the total travel and tourist spending within the region in 2021

Amongst the GCC countries, UAE and Saudi Arabia continue to remain the most sought after destinations for travel and tourism with the two countries cumulatively accounting for more than 64.4% of the total travel and tourist spending within the region in 2021 (see Exhibit 4). UAE ranks top in the GCC with total travel and tourism spending revenues of US\$ 27.4 billion, followed by Saudi Arabia (US\$ 22.2 billion), and Qatar (US\$ 16.5 billion). As of 2021, Qatar had the highest contribution of travel and tourism to GDP (10.3%), followed by Bahrain (8.2%), Saudi Arabia (6.5%), and the UAE (6.4%)³¹.

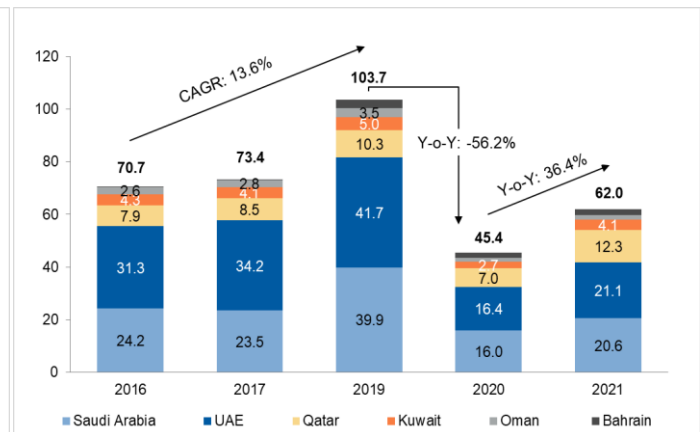
Exhibit 5: Business Spending (US\$ bn) in the GCC



Source: WTTC

Total business spending in the GCC recovered by 51.2% y-o-y and total leisure spending rose by 36.4% y-o-y in 2021

Exhibit 6: Leisure Spending (US\$ bn) in the GCC



Source: WTTC

Prior to the pandemic, total business spending in the GCC grew at a CAGR of 16.1% while total leisure spending grew at a CAGR of 13.6% between 2016 and 2019³². However, the GCC countries have not been immune to the pandemic with both the business and leisure spending witnessing a windfall in 2020. As economic and health conditions improved across the globe, total business spending in the GCC recovered by 51.2% y-o-y and total leisure spending rose by 36.4% y-o-y in 2021, both higher than the global averages (see Exhibits 5 and 6). UAE accounted for 42.0% of the total business tourism spending in the region during 2021, the highest in the region, as the country hosted the EXPO 2020 Dubai. It was followed

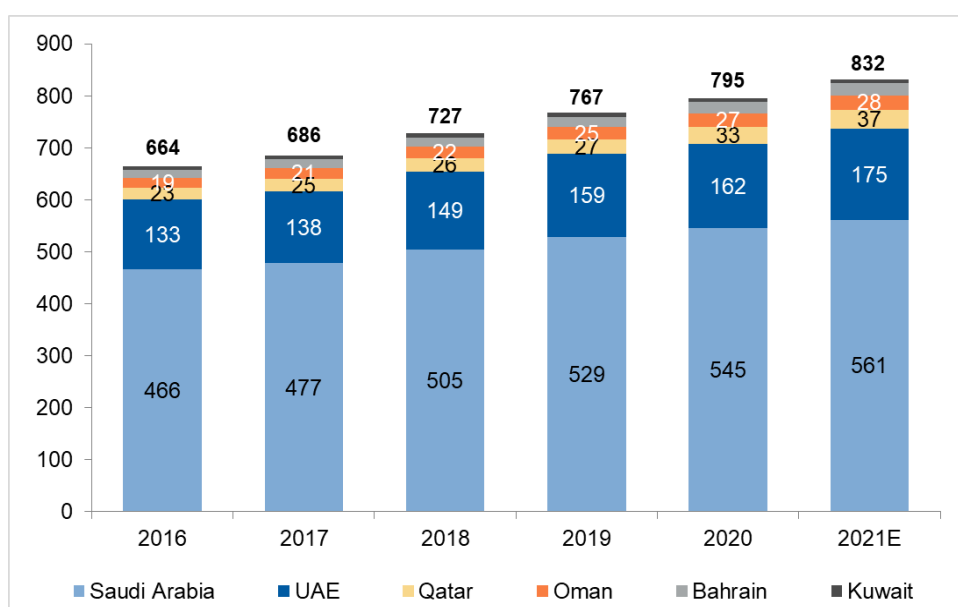
³¹ Source: "Economic Impact Report", WTTC, 2022

³² Source: "UAE: How Dubai became world's best tourist destination amid Covid", Khaleej Times, April 27, 2022

by Qatar (27.6%), and Saudi Arabia (10.6%). The share of business tourism in these three GCC nations have been witnessing significant rise, largely driven by the governments' efforts to promote themselves as a leading destination for meetings, incentives, conferences, and exhibitions (MICE). On the other hand, UAE also accounted for the highest share of 34.1% of the total leisure tourism spending in the region during 2021, followed by Saudi Arabia (33.2%), and Qatar (19.8%). Within Saudi Arabia, the share of leisure tourism stood to be highest (93%) amongst all the GCC nations during 2021³³, primarily driven by the government's ongoing initiatives to broaden its scope beyond religious tourism.

2.3 Hotel Supply

Exhibit 7: Room Capacity ('000) in the GCC



Source: VisitDubai, VisitAbuDhabi, Colliers, Qatar Tourism Annual Report, Oman Tourism Annual Report, Hotelier Middle East

Note: Colliers 2021 data is as per the latest release in Dec. 2021

Between 2016 and 2021, hotel supply in the GCC region increased by more than 146,337 rooms, growing at a CAGR of 4.6%

Despite the economic slowdown due to the fall in oil prices since mid-2014 and the health crisis since the beginning of 2020, hotel supply in the GCC market has been growing at a robust pace. Between 2016 and 2021, hotel supply in the GCC region increased by more than 146,337 rooms (4.6% CAGR) in an already oversupplied market to reach 832,024 rooms (see Exhibit 7)³⁴. The growth of new hotel developments in the GCC across the UAE, Saudi Arabia, Qatar, and Oman is reportedly outpacing the global average. Amongst the 2.5 million hotel rooms currently under contract around the world, 3.2% of it is estimated to be coming up in Saudi Arabia alone³⁵. Most of the pipeline activity for hotels in Saudi Arabia is happening in Riyadh and Jeddah, which can expect to see an increase in supply by 75% and 97%, respectively. On the other hand, Makkah has 28,052 keys in development with supply expected to grow by 81%. Overall, a total of 163 hotels in Saudi Arabia are currently in different phases of development and are expected to open up in the next few years³⁶. Saudi Arabia remains the GCC's largest market in terms of hotel supply, accounting for 67.4% of the total hotel rooms in the region. The Kingdom is estimated to have added

³³ Source: "Economic Impact Report", WTTC, 2022

³⁴ Source: VisitDubai, VisitAbuDhabi, Colliers, Qatar Tourism Annual Report, Oman Tourism Annual Report, Hotelier Middle East

³⁵ Source: "GCC hotel development growing at six times global average: ATM, Business Traveller, March 2, 2022

³⁶ Source: "Mega projects continue supply trend for hotels in Saudi Arabia", Cityscape Intelligence, April 26, 2022

The growth of new hotel developments in key GCC tourism destinations across the UAE, Saudi Arabia, Qatar, and Oman is reportedly outpacing the global average

approximately 83,387 rooms over the five year period with an average addition of 3.0% per annum in 2020 and 2021³⁷. The increase in hotel supply in Saudi Arabia is largely aligned with the Kingdom's aim to establish itself as a tourism-centric destination as part of its Vision 2030. The Ministry of Tourism in Saudi Arabia aims to attract US\$ 58 billion in investment by 2023 and over US\$ 133 billion by 2030 to boost tourism in the Kingdom³⁸.

UAE accounts for 21.0% of the total hotel rooms in the region. The country added approximately 36,843 rooms between 2016 and 2021 with Dubai accounting for 82.8% of the additions over the five-year period³⁹. UAE's hotel demand has stayed up with the supply, allowing the country to absorb the growth over time⁴⁰. UAE's overall room capacity is estimated to expand by 5.6% CAGR from 133,447 rooms in 2016 to 174,848 rooms in 2021⁴¹. Dubai alone is estimated to have added an additional 11,830 keys between 2020 and 2021 to cater for increased demand related to EXPO 2020 and the gradual return of travel following the impact of the pandemic on the hotel industry. Dubai also has a strong pipeline of hotels under construction. Amongst the city's new supply, 37% of the upcoming projects are five-star properties and 49% are four-star hotels⁴². Meanwhile, the UAE has concentrated its efforts to expand domestic tourism via the country's federal domestic tourism campaign. As part of the strategy, the UAE aims to double the domestic tourism revenue, which contributed AED 41.2 billion (US\$ 11.2 billion) to the national economy in 2019, over the next few years⁴³. Majority of the UAE hotel operators have thus resorted to offering staycation deals to capitalise on domestic tourism demand as international tourism remained limited due to the pandemic⁴⁴.

The hotel room supply in Qatar has expanded at the quickest rate in the GCC, expanding at a CAGR of 10.1% between 2016 and 2021. The total number of rooms in the country is estimated to have reached 37,085 in 2021, recording an addition of 11,918 rooms since 2016. Qatar demonstrated resilience despite the challenging economic conditions and added around 10,243 hotel rooms in 2020 and 2021 alone. As of 2021, the country accounted for 4.5% of the total hotel rooms in the GCC⁴⁵. Several mega projects are currently in the pipeline as the country prepares to host the FIFA World Cup 2022, which is expected to draw 1.2 million tourists from around the world⁴⁶. Qatar's hotel pipeline for 2022 has been estimated at 13,300 keys with 80% of expected supply designated under a four or five-star hotel category⁴⁷. Following the World Cup, the sharp increase in supply is expected to put downward pressure on occupancy rates; however, the elevated profile provided by hosting the tournament, development of significant tourism infrastructure, lifting of the blockade, and global travel recovery are all expected to support the growth prospects of the tourism sector in Qatar⁴⁸. Apart from hosting the FIFA World Cup 2022, Qatar is also vying to host a variety of business forums and conferences as it seeks to establish itself as a business hub in the GCC.

Amongst the other GCC nations, Oman added approximately 7,483 hotel rooms over the five year period (8.3% CAGR) and currently accounts of 3.4% of the total rooms in the GCC⁴⁹. Oman has laid out plans to enhance its tourism industry as part of the country's 2040

³⁷ Source: Colliers, Hotelier Middle East

³⁸ Source: "Mega projects continue supply trend for hotels in Saudi Arabia", Cityscape Intelligence, April 26, 2022

³⁹ Source: VisitDubai, VisitAbuDhabi, Colliers, Hotelier Middle East

⁴⁰ Source: "Future demand generators to put Dubai Hotels in UAE's Driver's Seat", CoStar, April 1, 2021

⁴¹ Source: VisitDubai, VisitAbuDhabi, Colliers, Hotelier Middle East

⁴² Source: "Dubai set to add 12,000 hotel keys amid Expo 2020 demand", Arabian Business, July 16, 2021

⁴³ Source: "18,000 new hotel rooms to be added to the UAE's inventory", Hospitality News Middle East, January 19, 2021

⁴⁴ Source: "Dubai set to add 12,000 hotel keys amid Expo 2020 demand", Arabian Business, July 16, 2021

⁴⁵ Source: Qatar Tourism Annual Report, Colliers, Hotelier Middle East

⁴⁶ Source: "FIFA World Cup 2022: Qatar hopes to attract 1.2 million visitors for showpiece event", FirstPost, October 23, 2021

⁴⁷ Source: "Qatar 2022 hotel supply pipeline estimated at 13,300 keys: ValuStrat", Gulf Times, February 17, 2022

⁴⁸ Source: "Qatar's Hotels to add 15,000 new rooms in 12 months", The Peninsula, November 3, 2021

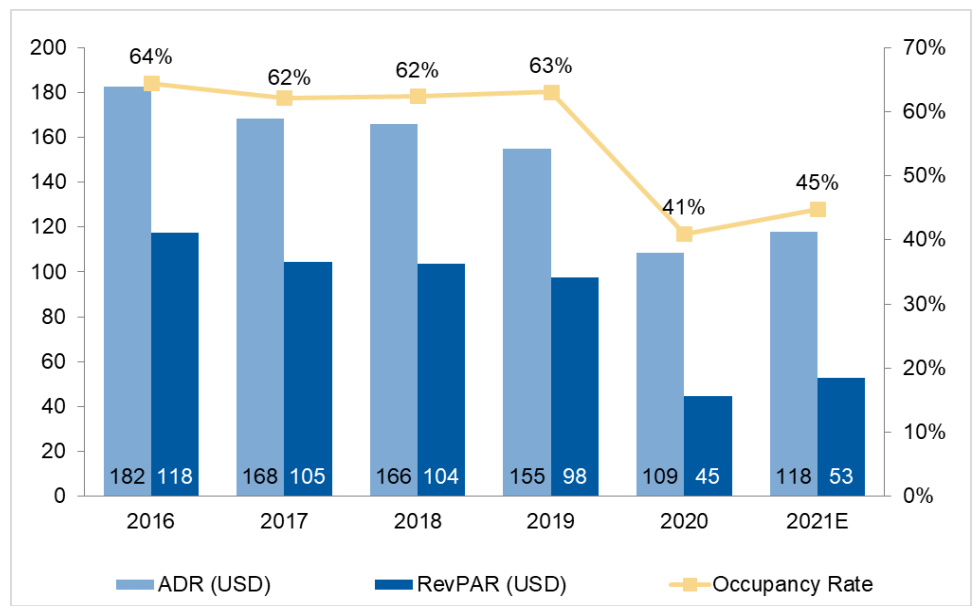
⁴⁹ Source: Oman Tourism Annual Report, Colliers, Hotelier Middle East

Economic Vision. The ideas include establishing theme parks and entertainment centers in various sections of the country in order to attract regional and international tourists⁵⁰. On the other hand, Bahrain added around 6,280 hotel rooms between 2016 and 2021 (8.9% CAGR) while Kuwait added 427 hotel rooms (1.2% CAGR) during the same period. Cumulatively, the two countries made up for 3.7% of the total hotel rooms in the GCC as of 2021⁵¹.

2.4 Key Performance Metrics

Increase in hotel supply coupled with growth in mid-market hotels and the pandemic-induced strains have led to a downward pressure on occupancy, ADR and RevPAR metrics over the last five years. However, reopening of the borders, high vaccination rates, coupled with the issuance of approvals for hosting and organising events have helped revive sentiments in the region (see Exhibit 8).

Exhibit 8: Trend in Operating Metrics in the GCC (2016 – 2021E)



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

Note: Colliers 2021 data is as per the latest release in Dec. 2021

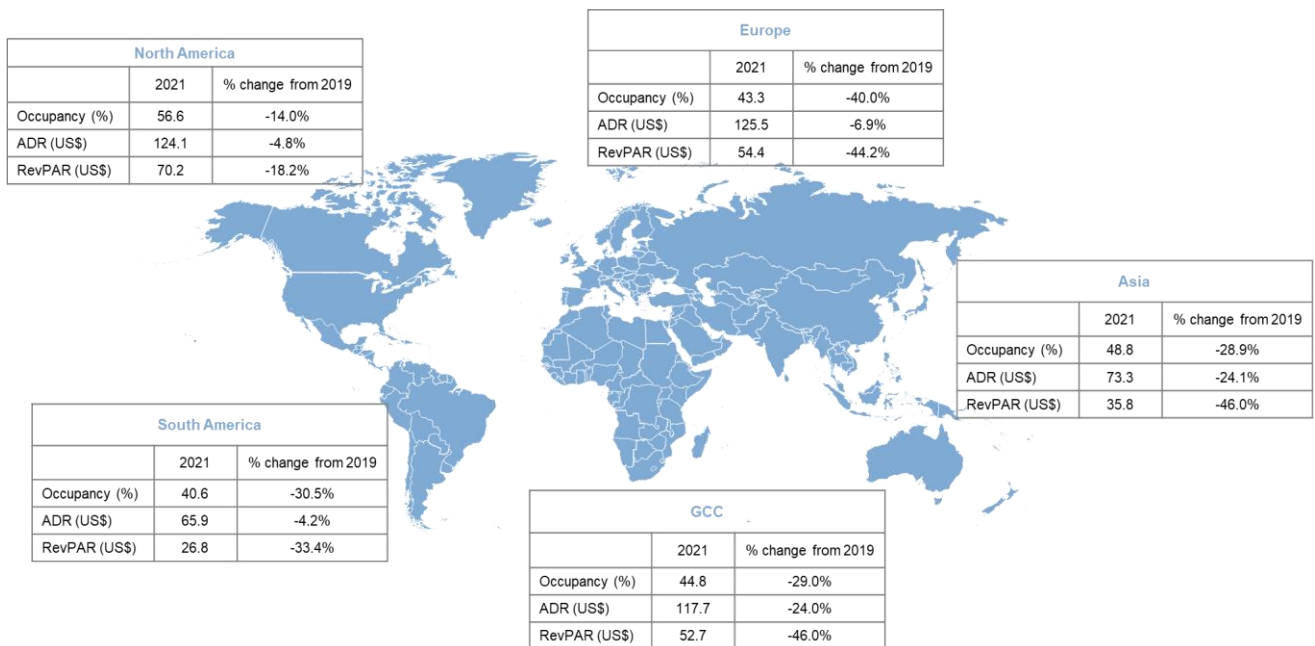
GCC fared better on occupancy rates, ADR and RevPAR compared to other markets during the pandemic due to the mega events such as the recently concluded EXPO 2020 Dubai and the build up to FIFA World Cup 2022 in Qatar.

⁵⁰ Source: "Oman reveals ambitious plans to boost tourism", The National News, December 12, 2021.

⁵¹ Source: Colliers, Hotelier Middle East



Exhibit 9: Global Hotel Industry Performance Metrics (2021)



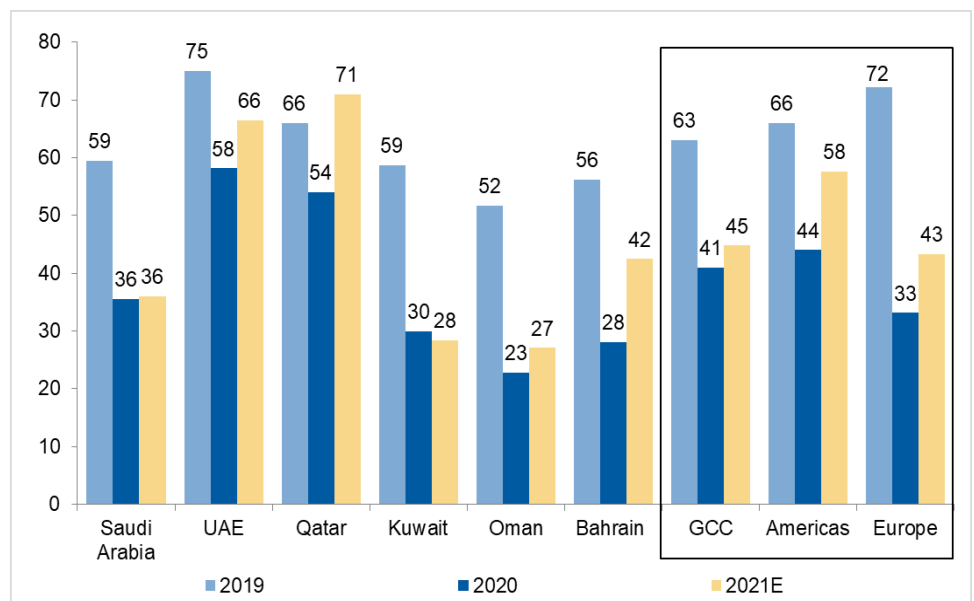
Source: STR Global

Occupancy Rate:

The average occupancy rates of the GCC countries in 2021 stood at par with Europe, Asia and South American countries

The estimated average occupancy rates of the GCC countries (44.8%) in 2021 stood at par with Europe, Asia and South American countries. However, the region fared below North America average of 56.5% during the year (see Exhibit 9)⁵². The occupancy rates in Europe stood at 43.3% in 2021, far lower than the pre-pandemic highs of 72.2% in 2019 and slightly higher than the occupancy rates of 2020 which stood at 33.1%. On the other hand, the occupancy rates in the US stood at 57.6% in 2021, higher than the 50% threshold.

Exhibit 10: Trend in Occupancy Rate (%)



Source: Colliers, VisitDubai, VisitAbuDhabi, Qatar Tourism Annual Report, Trade Arabia

Note: Colliers 2021 data is as per the latest release in Dec. 2021

⁵² Source: STR Global

Occupancy rates in Qatar is estimated to have reached 71.0% in 2021, the highest amongst the GCC nations

Pre-COVID occupancy rates in the GCC stood at approximately 63.1% in 2019, primarily driven by the regional governments' efforts in boosting the tourism landscape coupled with their several economic diversification efforts. However, the rates dropped significantly to 41.0% in 2020 due to the pandemic. An increase in travel and tourism activities in the UAE and Qatar, where the occupancy rates hovered in excess of 66% and 71%, respectively, during 2021, lifted the rates across the GCC (see Exhibit 10)⁵³.

Prior to the pandemic, hotel occupancy rates remained relatively stable at around 75% in the UAE⁵⁴. The country witnessed a swift recovery in tourism activity from the health crisis due to efficient handling of the situation by the government. UAE bounced back to record an estimated average occupancy level of 66.5% in 2021 from lows of 58.1% in 2020⁵⁵ (see Exhibit 10). Meanwhile, Qatar witnessed significant growth in tourism activity, especially since the removal of the embargo. It recorded a 17.5% Y-o-Y growth in international tourist arrivals in 2019 amid an increase in business and leisure events. Moreover, it has been hosting several events in the run up to the FIFA World Cup 2022 – helping the industry revive from the lows of 2020. The occupancy rates, thus, increased from 62.0% in 2016 to an estimated 71.0% in 2021 - highest amongst the GCC nations (see Exhibit 10)⁵⁶.

The hotel occupancy rates in Saudi Arabia had been on a decline during the pre-pandemic period, witnessing a fall from 61.8% in 2016 to 59.5% in 2019⁵⁷. The pressure was further aggravated as occupancy rates declined to 35.5% in 2020 and an estimated 36.0% in 2021⁵⁸, largely due to the restrictions imposed on travel since the beginning of 2020 (see Exhibit 9). Saudi Arabia barred foreign nationals from visiting the Kingdom for Hajj and Umrah during the pandemic, which usually attracts millions of visitors every year⁵⁹. The Kingdom is also witnessing an increasing supply of hotel rooms which might take some time to be absorbed by the rising demand. Similarly, Oman had been witnessing a slowdown in occupancy levels between 2016 (57.0%) and 2019 (51.7%) but is estimated to have recorded a recovery from the lows of 22.7% in 2020 to reach 27.1% in 2021. Occupancy rates in Kuwait, which had increased from 53.0% in 2016 to 58.7% in 2019, dropped to an estimated 28.4% in 2021 from 29.9% in 2020. In Bahrain, the occupancy rates is estimated to witness a significant recovery to reach 42.4% in 2021 from the lows of 28.1% in 2020 (see Exhibit 10). Prior to the pandemic, Bahrain's occupancy rates increased from 53.0% in 2016 to 56.2% in 2019⁶⁰.

Average Daily Rate (ADR):

ADR in the GCC region witnessed a decline from US\$ 154.8 in 2019 to US\$ 117.7 in 2021

The hospitality business in the GCC has historically experienced higher ADRs than its peers due to a variety of factors such as strategic location, geography, industry size, and government aid, among others. However, ADR in the GCC region witnessed a decline from US\$ 154.8 in 2019 to US\$ 117.7 in 2021, largely impacted by the COVID-19 influenced lockdown measures and travel restrictions. However, the region's ADR has fared better than the Americas and European regions between 2019 and 2020 (see Exhibit 11)⁶¹. Despite dealing with an oil crisis and geopolitical worries, the GCC governments have made timely decisions by implementing strategies to diversify their economies, with travel and tourism playing a vital role.

⁵³ Source: Colliers, VisitDubai, VisitAbuDhabi, Qatar Tourism Annual Report, Trade Arabia

⁵⁴ Source: Colliers, VisitDubai, VisitAbuDhabi, Trade Arabia

⁵⁵ Source: Colliers, VisitDubai, VisitAbuDhabi, Trade Arabia

⁵⁶ Source: Colliers, Qatar Tourism Annual Report, Trade Arabia

⁵⁷ Source: Colliers, Trade Arabia

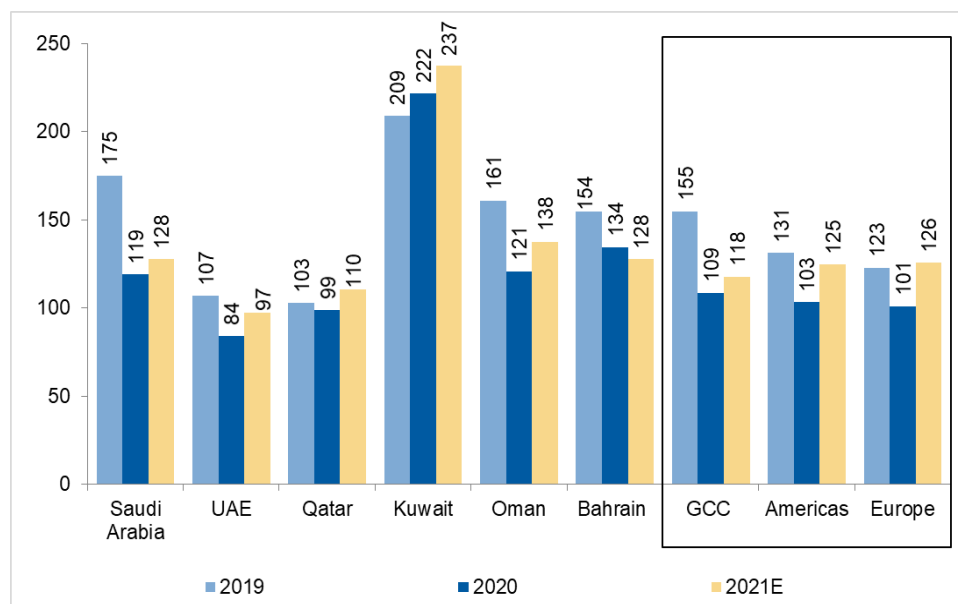
⁵⁸ Source: Colliers, Trade Arabia

⁵⁹ Source: "Saudi Arabia bars foreign pilgrims for Hajj due to COVID", Aljazeera, June 12, 2021

⁶⁰ Source: Colliers, Trade Arabia

⁶¹ Source: Colliers, VisitDubai, VisitAbuDhabi, Qatar Tourism Annual Report, Trade Arabia

Exhibit 11: Trend in ADR (US\$)



Source: Colliers, VisitDubai, VisitAbuDhabi, Qatar Tourism Annual Report, Trade Arabia

Note: Colliers 2021 data is as per the latest release in Dec. 2021

Saudi Arabia has been at the centre of massive expansion in the GCC's hospitality industry, which has resulted in an oversupply of hotels in the Kingdom. Although Saudi Arabia's hospitality sector is the fastest growing among the world's top 50 most populous countries⁶², the increase in hotel supply has led to a downward pressure on the ADR which declined from US\$ 198.2 in 2016 to US\$ 174.8 in 2019. The pandemic further added to the existing oversupplied market, leading to the Kingdom's ADR falling to US\$ 119.1 in 2020 and recovering marginally to an estimated US\$ 127.6 in 2021⁶³.

The UAE is putting more emphasis on tourism and hospitality than ever before. The number of tourists visiting the country has been rising as a result of its diverse culture, liberal environment, and the country being home to several tourist sites. Moreover, it has been a hub for business and leisure events such as the EXPO 2020 Dubai, the construction of Dubai's first theme park, and the opening of Warner Bros World in Abu Dhabi, among others which are attracting visitors of all ages and cultural backgrounds⁶⁴. As a result, the UAE has witnessed an increasing supply of hotels over the years which has put a downward pressure on the ADRs which dropped from US\$ 140.1 in 2016 to US\$ 106.7 in 2019. The pandemic further amplified this pressure, leading to the country's ADR falling to US\$ 83.9 in 2020 and recovering to an estimated US\$ 97.1 in 2021⁶⁵. Notably, Dubai recorded significant recovery in 2021 with ADR reaching AED 451 (US\$ 122.8) from AED 343 (US\$ 93.4) in 2020 and surpassing pre-pandemic levels of ADR 415 (US\$ 113.0) in 2019⁶⁶.

Qatar, on the other hand, has experienced a recovery in ADRs, which dropped from US\$ 102.7 in 2019 to US\$ 98.6 in 2020 and again recovering to an estimated US\$ 110.5 in 2021. The increase in ADRs can be attributed to several factors, including but not limited to rise in international tourism in the build-up to the FIFA World Cup 2022, removal of the blockade, and the country's focus towards promoting business and leisure travel⁶⁷. Amongst the other GCC nations, ADR in Oman is showing signs of recovery from the lows of 2020 while

⁶² Source: "Saudi Arabia leads the world in projected hotel supply growth", LD Export, April 1, 2021

⁶³ Source: Colliers, Trade Arabia

⁶⁴ Source: "Top trends driving the Hospitality Industry in Dubai this year", The Restaurant Times

⁶⁵ Source: Colliers, VisitDubai, VisitAbuDhabi, Trade Arabia

⁶⁶ Source: "Tourism Performance Report Jan - Dec 2021", Dubai Tourism, January 25, 2022

⁶⁷ Source: "Qatar hotels see improved occupancy, ADR and RevPAR in 2021", Hotelier, September 9, 2021

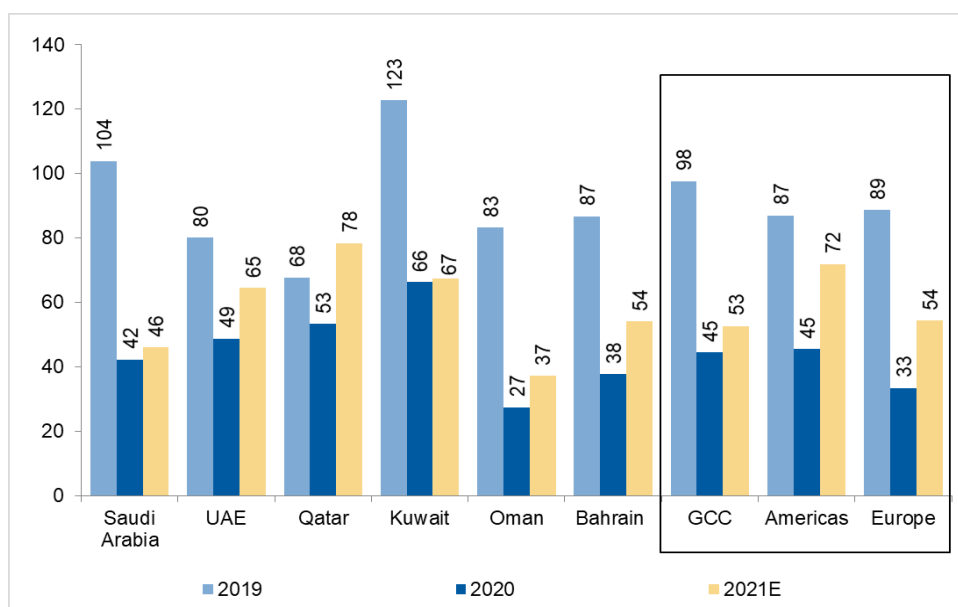
The slowdown in occupancy rates over the last three years coupled with falling ADR levels led to a decrease in RevPAR for most of the GCC countries

Bahrain continues to feel the pressure. On the other hand, Kuwait is the only country in the GCC to have witnessed a growth in ADR even during the pandemic, increasing from US\$ 209.2 in 2019 to an estimated US\$ 237.2 in 2021 (see Exhibit 11)⁶⁸.

RevPAR:

The slowdown in occupancy rates over the last three years coupled with falling ADR levels led to a decrease in RevPAR for most of the GCC countries. The average RevPAR in the GCC is estimated to have declined to US\$ 52.7 in 2021 from US\$ 97.7 in 2019. The decline was led by the UAE and Saudi Arabia, the two biggest hospitality markets in the GCC, where the RevPAR dropped from US\$ 80.1 in 2019 to US\$ 64.6 in 2021 and US\$ 104.0 in 2019 to US\$ 46.0 in 2021, respectively. However, the RevPAR in Dubai increased to AED 301 (US\$ 81.9) in 2021 from AED 186 (US\$ 50.6) in 2020 and close to AED 312 (US\$ 84.9) in 2019, with higher room inventory indicating healthy performance post the pandemic⁶⁹. Qatar is the only GCC country to have reported a growth in the RevPAR from US\$ 67.8 in 2019 to US\$ 78.4 in 2021, even though it dropped to US\$ 53.3 in 2020 owing to the pandemic. Meanwhile, Kuwait reported a muted growth post pandemic, where the RevPAR increased marginally from US\$ 66.3 in 2020 to US\$ 67.4 in 2021 (see Exhibit 12)⁷⁰.

Exhibit 12: Trend in RevPAR (US\$)



Source: Colliers, Visit Abu Dhabi, Qatar Tourism Annual Report, Trade Arabia

Note: Colliers 2021 data is as per the latest release in Dec. 2021

⁶⁸ Source: Colliers, Trade Arabia

⁶⁹ Source: "Tourism Performance Report Jan - Dec 2021", Dubai Tourism, January 25, 2022

⁷⁰ Source: Colliers, Trade Arabia

3. The GCC Hospitality Industry Outlook

Forecasting Methodology

This report forecasts the hospitality sector revenue for all the GCC countries through 2026. 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. We have primarily used a regression model for forecasting occupancy rates and ADRs.

Historically, we have observed a strong correlation between GDP per capita (current prices), tourist arrivals, and room capacity with the occupancy rates and ADRs during the period under observation (2014 to 2019). Hence, the forecasts are arrived at by primarily using a regression model based on three variables i.e. GDP per capita at current prices, tourist arrivals and room capacity for all the GCC countries except Kuwait.

In case of Kuwait, the correlation between the factors were below the acceptable levels, hence we adopted a market-based approach. Assumptions for the occupancy rates and ADRs were based on 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.

The factors considered for the projections include:

- GDP per capita (current prices) from IMF (updated April 2022);
- International tourist arrivals from WTTC, UNWTO and each individual country's statistical or tourism ministry websites
- Occupancy rates and ADRs were taken from Colliers MENA review reports
- Room capacities were also taken from each individual country's statistical and/or tourism ministry websites

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

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

3.1 GCC Hospitality Market Forecast

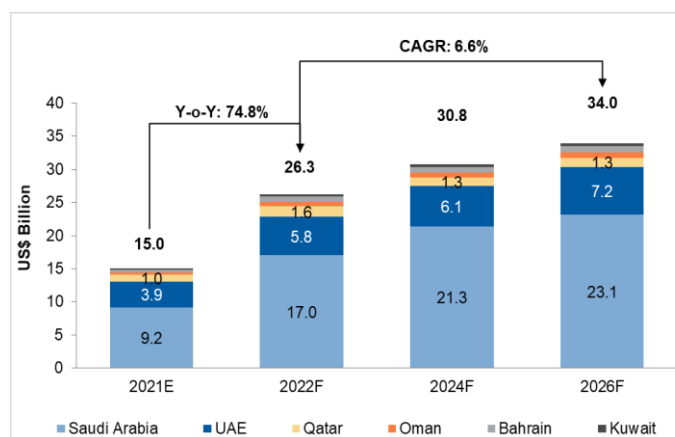
The GCC hospitality sector, which has been under pressure since the onset of the COVID-19 pandemic, is expected to see renewed growth largely driven by the anticipated rebound in economic activity, upcoming mega events such as the FIFA World Cup 2022 and aggressive strategies by the regional governments to promote travel and tourism. All the GCC nations have placed special emphasis on the expansion of the hospitality sector in their long-term diversification strategies. Consequently, the regional governments are making significant investments towards tourism and hospitality infrastructure, including airport expansions and hotel investments, as the industry is gearing up for influx of tourists⁷¹. Post sustaining the shocks of the pandemic, continued safety measures laid down by the GCC governments through large-scale vaccination drives coupled with innovative and technological solutions being offered by the operators will aid growth of the sector in the coming years. Moreover, relaxation of visa rules by the governments is expected to further boost tourist arrivals in the GCC.

Hospitality industry revenues in the GCC is expected to recover in 2022 and record a 74.8% y-o-y growth; It is forecasted to further grow at 6.6% CAGR between 2022 and 2026 to reach US\$ 34.0 billion

⁷¹ Source: "Middle East optimistic over prospects for Tourism", Trade Arabia, June, 2022

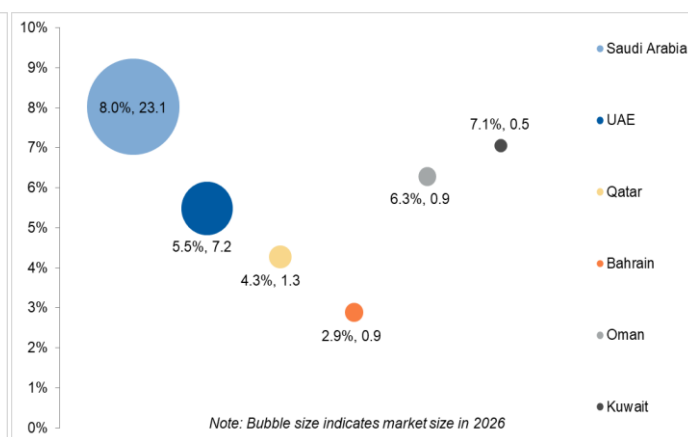
Hospitality industry revenues in the GCC are expected to recover in 2022 and record a 74.8% y-o-y growth to reach US\$ 26.3 billion by the end of the year, in line with pre-pandemic levels. The high double-digit growth rate can be primarily attributed to a lower base of 2021 as the regional countries recover from the pandemic. The industry is forecasted to further grow at a pace of 6.6% CAGR between 2022 and 2026 to reach US\$ 34.0 billion (see Exhibit 13). In addition to lifting of the pandemic restrictions easing cross-border travel, success of the recently concluded EXPO 2020 Dubai and build up to the FIFA World Cup 2022 has kick-started the inflow of tourists as well as reviving business and economic confidence within the region⁷². Growth of the hospitality sector revenue for individual GCC countries is expected to range from 2.9% to 8.0% over the forecast period (see Exhibit 14).

Exhibit 13: GCC Hospitality Market Forecast until 2026 (US\$ bn)



Source: Alpen Capital

Exhibit 14: Country-wise Hospitality Revenue Growth CAGR (2022F - 2026F)



Source: Alpen Capital

Note: CAGR for Qatar is from 2023 to 2026

Hospitality industry revenues in Saudi Arabia and Kuwait are expected to grow above the GCC average over the forecasted period

Hospitality industry revenues in Saudi Arabia (8.0% CAGR) and Kuwait (7.1% CAGR) are expected to grow above the GCC average of 6.6% CAGR over the forecasted period. The hospitality sector of these countries are likely to benefit from government-led initiatives, and the anticipated revival in the leisure segment. UAE is forecasted to continue to grow at a significant pace of 5.5% CAGR on account of its attractive leisure and tourism segment, coupled with the Dubai EXPO 2020 rejuvenating global MICE industry as well as international inbound tourism to the country⁷³. While Oman is forecasted to grow at par (6.3% CAGR) with the GCC average, Bahrain is likely to witness a relatively muted growth of 2.9% CAGR between 2022 and 2026. After recording an estimated 59.8% y-o-y rise in 2022 due to the anticipated revenue generation from the FIFA World Cup 2022, growth in Qatar is forecasted at a CAGR of 4.3% between 2022 and 2026 (see Exhibit 14).

Saudi Arabia's share in the GCC hospitality market is expected to further rise by 3.5 ppt from 64.7% in 2022 to 68.2% in 2026, primarily owing to the several government-led initiatives as part of its Vision 2030 and ambitious plans surrounding the development of tourism in the Kingdom⁷⁴. Meanwhile, the share of UAE is expected to decline by 1.0 ppt from 22.2% in 2022 to 21.2% in 2026. Qatar is forecasted to record a drop of 2.0 ppt in market share from 6.0% in 2022 to 4.0% in 2026. This can be attributed to the anticipated rise in revenue generation during the FIFA World Cup 2022 and the normalization of tourist arrivals following the event. While Bahrain is forecasted to record a drop of 0.4 ppt in market

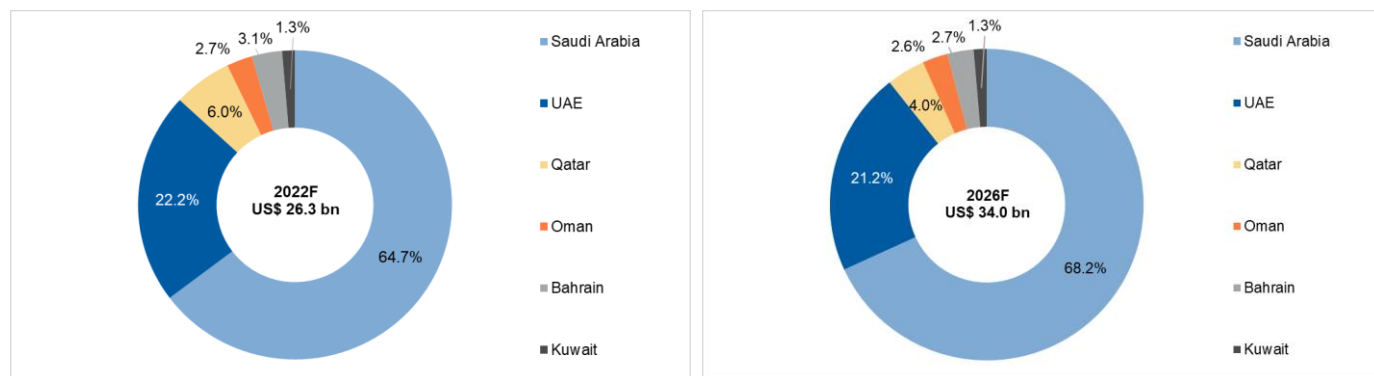
⁷² Source: "Gulf tourism rebound faster than expected amid Expo 2020 Dubai success, say experts", Arabian Business, March 6, 2022

⁷³ Source: "Expo 2020 Dubai and re-kickstarting the global MICE and tourism industry", Bureau International de Expositions, June 2, 2021

⁷⁴ Source: "Saudi eyes tripling of foreign tourists in 2022", Al-Monitor, June 5, 2022

share between 2022 and 2026, Oman and Kuwait's market share are anticipated to remain mostly flat over the four-year period (see Exhibit 15).

Exhibit 15: Country-wise Hospitality Sector Revenue Share



Source: Alpen Capital

Source: Alpen Capital

Despite headwinds from the pandemic, the GCC hospitality-related construction industry has remained resilient and seen a surge in the number of hotels, serviced apartments, and other lodging options. New hotel developments in prime tourism destinations across Saudi Arabia, Qatar, Oman and the UAE have remained substantial compared to global standards⁷⁵. The industry is expected to remain buoyant and witness a significant supply of hotel rooms to cater to the upcoming demand amid the revival in leisure, business and religious tourism coupled with a host of events that are scheduled to take place across the region. In addition to the existing pipeline of luxury and new four/five-star hotel construction projects to be completed over the next five years, the GCC countries are also focusing on developing the mid-market hotel segment to attract travelers with restrictive budgets.

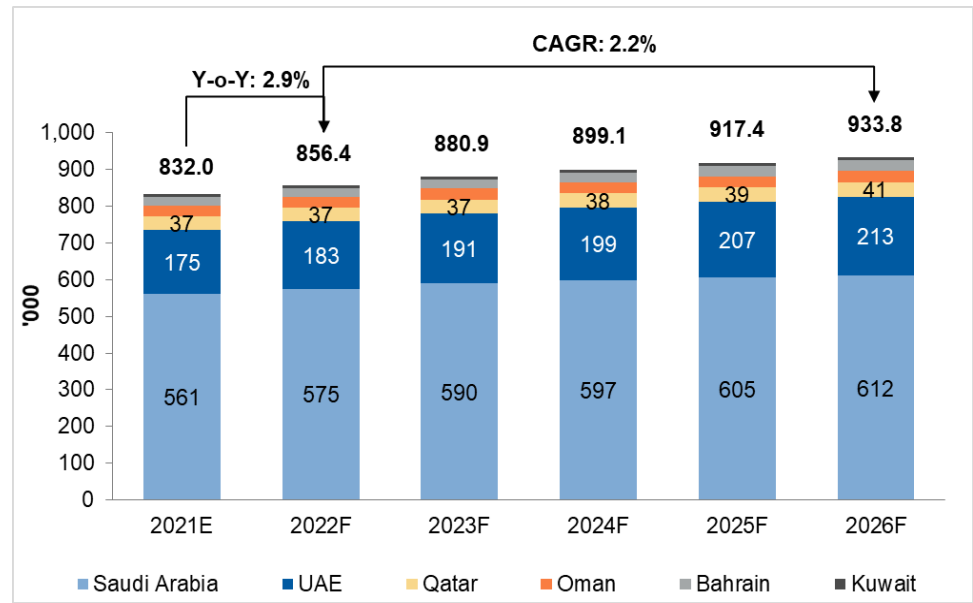
The total number of rooms across the GCC is anticipated to grow at a pace of 2.2% CAGR between 2022 and 2026

In a bid to accommodate the anticipated 1.2 million tourists for the FIFA World Cup 2022, Qatar has developed several innovative temporary accommodations such as exclusive fan villages, camping by the desert, as well as private home stays and rooms in cruise liners⁷⁶. Consequently, total number of rooms across the GCC is estimated to grow by 2.9% y-o-y between 2021 and 2022. During 2022 and 2026, the total number of rooms across the GCC is forecasted to grow at a pace of 2.2% CAGR (see Exhibit 16). Total room capacity in Bahrain (4.0% CAGR) is expected to grow at the fastest rate amongst the GCC nations over the four-year period, followed by the UAE (3.9% CAGR), Qatar (2.3% CAGR), Oman (2.2% CAGR), Kuwait (2.0% CAGR), and Saudi Arabia (1.6% CAGR).

⁷⁵ Source: "Hotel development in prime GCC tourism hubs up by 6 times: ATM", TravelDine.com, February 24, 2022

⁷⁶ Source: "Special report: How the GCC is poised to develop as a major destination market for global tourism", Gulf Business, February 25, 2022

Exhibit 16: Forecast of Room Capacity in the GCC



Source: Alpen Capital

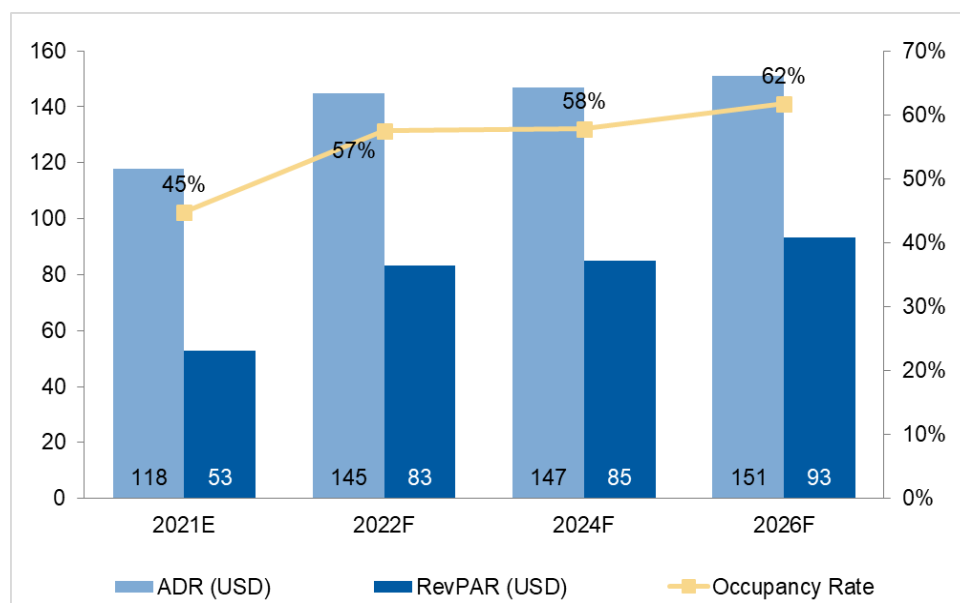
As tourism activity revives across the region, the performance of hospitality operating metrics is anticipated to improve over the forecasted period

As tourism activity revives across the region, performance of all the three hospitality operating metrics - ADR, RevPAR, and Occupancy Rates - is anticipated to improve. Particularly, the occupancy and ADRs of hotels and service apartments is expected to revive this year due to the upcoming FIFA World Cup 2022, which is expected to generate higher tourist arrivals. Occupancy levels are likely to rise to 57% in 2022 from 45% in 2021. At the same time, ADR is expected to record at 23.0% y-o-y increase to reach US\$ 145 while RevPAR is likely to increase by 53.8% y-o-y to reach US\$ 83 by the end of 2022.

Moreover, the GCC countries are competing to build a world-class tourism infrastructure, including hotels, resorts, airports, cruise ports, and new adventure activities for tourists, spending billions of dollars across the hospitality value chain⁷⁷. Economic growth and government-led initiatives will also aid tourist arrivals, which in turn are expected to support growth in occupancy and room rates. On account of such developments, the average occupancy rate across the GCC is forecasted to rise from 57% in 2022 to 62% in 2026. ADR, on the other hand, is forecasted to increase from US\$ 145 in 2022 to US\$ 151 in 2026, while RevPAR is forecasted to increase from US\$ 83 in 2022 to US\$ 93 in 2026, representing an annualized growth rate of 1.1% and 2.9%, respectively (see Exhibit 17).

⁷⁷ Source: "Tourism infrastructure in GCC: Trillion Dollar Opportunity", India Outbound, May 30, 2022

Exhibit 17: Forecast of Operating Metrics in the GCC Hospitality Sector (2021E – 2026F)



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

3.2 Country-wise Hospitality Market Forecast

Saudi Arabia

Saudi Arabia's hospitality industry is estimated to record 85.7% y-o-y growth in 2022

Saudi Arabia's hospitality industry is estimated to reach US\$ 17.0 billion in 2022, recording a y-o-y growth of 85.7%. This can be primarily attributed to an estimated 83.5% y-o-y growth in tourist arrivals during the year and lower base of 2021 as the Kingdom continues to recover from the pandemic. Consequently, ADR is expected to witness a 22.4% y-o-y growth in 2022 to reach US\$ 156, while the RevPAR is expected to rise by 8.7% y-o-y to US\$ 83 (see Exhibit 18).

Saudi Arabia's hospitality industry is forecasted to grow at a CAGR of 8.0% between 2022 and 2026 to reach US\$ 23.1 billion

Between 2022 and 2026, the Kingdom's hospitality industry is forecasted to grow at a CAGR of 8.0% to reach US\$ 23.1 billion (see Exhibit 18), the highest in the GCC region. The market is expected to be largely driven by the revival in religious tourism coupled with the government driven distinctive tourism development projects that are currently in pipeline⁷⁸. As part of its long-term vision, Saudi Arabia aims to attract up to 100 million tourists per year by 2030, with the government focusing on positioning the Kingdom as a tourism destination that caters to all types of visitors – including leisure, business, and religious⁷⁹. As such, the Kingdom is rapidly evolving as a global holiday and entertainment destination, with the development of various sites such as the desert megacity NEOM; the Red Sea Project; Qiddiya Entertainment City; Soudah Development; the AIUIA Project; and Amaala Resort among others⁸⁰. The Kingdom is also preparing to meet the pent-up demand from pilgrims returning to its holy cities of Makkah and Medina post the easing of COVID-19 restrictions. Consequently, international tourist arrivals in Saudi Arabia is forecasted to increase at a CAGR of 22.1% over the four-year period to reach 29.0 million in 2026. To meet this demand, around 80,000 rooms (3.2% of global share) is currently being built in Saudi Arabia

⁷⁸ Source: "Saudi eyes tripling of foreign tourists in 2022", Al-Monitor, June 5, 2022

⁷⁹ Source: "Saudi Arabia aims to attract 100m tourists a year by 2030, says Al-Falih", Arab News, May 16, 2022

⁸⁰ Source: "GCC to be home to 1m hotel rooms amidst staff shortage: Report", The Siasat Daily, June 3, 2022

(at different stages of construction and completion date)⁸¹, with 32,621 hotel rooms currently under construction for the pilgrims⁸². The Kingdom is estimated to increase its room capacity at an annualized growth rate of 1.6% between 2022 and 2026. Occupancy rates are expected to increase from 53% in 2022 to 65% in 2026. Consequently, ADR is expected to grow at 0.9% CAGR from US\$ 156 in 2022 to US\$ 162 in 2026, while RevPAR is expected to grow at a CAGR of 6.2% from US\$ 83 in 2022 to US\$ 106 in 2026 (see Exhibit 18).

Exhibit 18: Saudi Arabian Hospitality Market Forecast

Particulars	2021E	2022F	2024F	2026F
Revenue (US\$ Bn)	9.2	17.0	21.3	23.1
Hotels	5.8	10.7	13.5	14.6
Serviced Apartments	3.4	6.3	7.9	8.6
Key Operating Metrics				
Occupancy Rate	36%	53%	63%	65%
ADR (US\$)	128	156	159	162
RevPAR (US\$)	46	83	100	106
Total Room Capacity	560,883	575,494	597,411	612,023

Source: Alpen Capital

Note: E – Estimated; F- Forecasted

UAE

UAE's hospitality industry is estimated to record 48.8% y-o-y growth in 2022

UAE's hospitality industry is estimated to reach US\$ 5.8 billion in 2022, recording a y-o-y growth of 48.8%, largely aided by an estimated 26.5% y-o-y growth in tourist arrivals during the year. The recently concluded EXPO 2020 Dubai attracted over 24 million visits, largely driven by international and domestic visitors, corporate and business representatives from more than 192 countries⁸³. The mega event has revived the hospitality market with revenues recording a 39.0% y-o-y increase in 2021. Consequently, ADR is expected to witness a 21.6% y-o-y growth in 2022 to reach US\$ 118, while the RevPAR is expected to surge by 40.0% y-o-y to US\$ 90 (see Exhibit 19).

UAE's hospitality industry is forecasted to grow at a CAGR of 5.5% between 2022 and 2026 to reach US\$ 7.2 billion

Between 2022 and 2026, the UAE's hospitality industry is forecasted to grow at a CAGR of 5.5% to reach US\$ 7.2 billion (see Exhibit 19). The country is home to several tourist sites and has been the hub for some of the biggest business and leisure events in the GCC, largely due to its diverse culture and liberal environment. A large portion of this tourism is driven by Dubai, which has invested heavily in building its local hospitality infrastructure - ranging from luxurious hotels to budget friendly accommodations, from events and exhibitions to adventure theme parks and entertainment venues. The Emirate aims to attract 100,000 companies, conduct 400 global economic events annually, and host 25 million tourists by 2025⁸⁴. In addition to the success of the EXPO 2020 Dubai, other events such as the World's Coolest Winter campaign, which drew more than 1.3 million local tourists⁸⁵, opening of Warner Bros World, Ain Dubai and Museum of the Future are expected to contribute significantly to the country's experiences. The trend is likely to continue as international tourist arrivals in the UAE is forecasted to increase at an annualized growth

⁸¹ Source: "Hotel development in prime GCC tourism hubs up by 6 times: ATM", TravelDine.com, February 24, 2022

⁸² Source: "ATM 2022: Saudi Arabia preparing for return of religious tourism", Breaking Travel News, March 23, 2022

⁸³ Source: "Expo 2020 Dubai is a people's success", Khaleej Times, April 1, 2022

⁸⁴ Source: "Dubai aims to attract 25 million tourists in 2025", Reuters, November 6, 2021

⁸⁵ Source: "The 'World's Coolest Winter' concludes its successful campaign by a 50% increase in hotel establishments revenues", WAM - The Emirates News Agency, February 13, 2022

rate of 15.6% between 2022 and 2026 to reach 28.5 million. Consequently, ADR is forecasted to grow at a CAGR of 1.8% from US\$ 118 in 2022 to US\$ 127 in 2026, while the RevPAR is forecasted to grow at a CAGR of 1.4% from US\$ 90 in 2022 to US\$ 95 in 2026. The UAE is estimated to increase its room capacity at an annualized growth rate of 3.9% between 2022 and 2026 (see Exhibit 19).

Exhibit 19: UAE Hospitality Market Forecast

Particulars	2021E	2022F	2024F	2026F
Revenue (US\$ Bn)	3.9	5.8	6.1	7.2
Hotels	3.1	4.7	5.0	5.9
Serviced Apartments	0.8	1.1	1.1	1.3
Key Operating Metrics				
Occupancy Rate	66%	77%	75%	75%
ADR (US\$)	97	118	117	127
RevPAR (US\$)	65	90	87	95
Total Room Capacity	174,848	182,823	198,773	212,748

Source: Alpen Capital

Note: E – Estimated; F- Forecasted

Qatar

Qatar's hospitality industry is estimated to record 59.8% y-o-y growth in 2022

Qatar's hospitality industry is estimated to reach US\$ 1.6 billion in 2022, recording a y-o-y growth of 59.8%. This can be primarily attributed to an estimated 325.5% y-o-y growth in tourist arrivals as the country gears up to host the FIFA World Cup 2022, one of the biggest sporting events globally. In the run up to the mega event, more than 1 million visitors are expected to visit the country, which is likely to significantly boost the revenues for the hospitality sector⁸⁶. To accommodate the surge of visitors, Qatar has been aggressively ramping up the hotel industry by adding 105 new hotels to its portfolio of properties and several innovative temporary accommodations⁸⁷ (fan villages and camping by the desert) including 16 floating hotels with a total capacity of ~1,600 rooms and another 50 new hotels are set to open by the end of 2022⁸⁸. The occupancy rates are anticipated to rise to record highs of approximately 86% in 2022. Consequently, ADR is expected to witness a 25.7% y-o-y growth in 2022 to reach US\$ 139, while the RevPAR is expected to surge by 51.5% y-o-y to US\$ 119 (see Exhibit 20).

Qatar's hospitality industry is forecasted to grow at a CAGR of 4.3% between 2023 and 2026 to reach US\$ 1.3 billion

However, growth is expected to normalize post the completion of the FIFA World Cup 2022 with hospitality revenues reaching US\$ 1.3 billion in 2026 from US\$ 1.2 billion in 2023, equating to an annualized growth rate of 4.3% (see Exhibit 20). The country's tourism authorities have established ambitious goals to sustain and attract an increasing number of visitors each year following the event as part of its long-term strategy⁸⁹. Some of the major international sporting events lined up to take place in the country over the next few years include the Formula 1, TP Tennis Competition, International Golf Championship, the World Championship of Motorcycles, 2024 World Aquatics Championships, the 2030 Asian Games, European Tour golf and the MotoGP among others. The government has also taken

⁸⁶ Source: "FIFA World Cup 2022: Qatar hopes to attract 1.2 million visitors for showpiece event", Firstpost, October 23, 2021

⁸⁷Source: "Special report: How the GCC is poised to develop as a major destination market for global tourism", Gulf Business, February 25, 2022

⁸⁸ Source: "Number of visitors to Qatar rises by 7-fold in first quarter", Doha News, April 17, 2022

⁸⁹ Source: "Number of visitors to Qatar rises by 7-fold in first quarter", Doha News, April 17, 2022

initiatives such as offering free visa to over 95 countries, and a 96-hour free transit visa is currently under evaluation to enhance the hospitality and tourism industry. Such initiatives and sporting events are likely to increase international tourist arrivals in the country, which is forecasted to grow at a CAGR of 14.2% between 2023 and 2026 to reach 3.1 million. Nevertheless, the occupancy rates are anticipated to normalize to the levels of 71% by 2026. Consequently, the ADRs are expected to increase at a nominal CAGR of 1.4% from US\$ 127 in 2023 to US\$ 132 in 2026, while the RevPAR is estimated to increase at a CAGR of 1.7% from US\$ 89 in 2023 to US\$ 94 in 2026 (see Exhibit 20).

Exhibit 20: Qatar Hospitality Market Forecast

Particulars	2021E	2022F	2023F	2026F
Revenue (US\$ Bn)	1.0	1.6	1.2	1.3
Hotels	0.7	1.2	0.8	1.0
Serviced Apartments	0.3	0.5	0.4	0.4
Key Operating Metrics				
Occupancy Rate	71%	86%	70%	71%
ADR (US\$)	110	139	127	132
RevPAR (US\$)	78	119	89	94
Total Room Capacity	37,085	37,085	37,085	40,622

Source: Alpen Capital

Note: E – Estimated; F- Forecasted

Oman

Oman's hospitality industry is estimated to record 90.9% y-o-y growth in 2022

Oman's hospitality industry is estimated to reach US\$ 0.7 billion in 2022, recording a y-o-y growth of 90.9%, the fastest in the region. This can be primarily attributed to an estimated 49.5% y-o-y growth in tourist arrivals during the year and lower base of 2021 as the Sultanate continues to recover from the pandemic. Consequently, ADR is expected to witness a 6.3% y-o-y growth in 2022 to reach US\$ 146, while the RevPAR is expected to surge by 83.7% y-o-y to US\$ 68 (see Exhibit 21).

Oman's hospitality industry is forecasted to grow at a CAGR of 6.3% between 2022 and 2026 to reach US\$ 0.9 billion

Between 2022 and 2026, Oman's hospitality industry is forecasted to grow at a CAGR of 6.3% to reach US\$ 0.9 billion (see Exhibit 21). The Omani government's initiatives to improve the country's tourism landscape is expected to be a driving force behind the sector's development. Oman aims to earn over US\$ 22.5 billion a year from tourism by 2040 and has established plans to set up a cluster of tourism-related investments across the Sultanate. These include setting up of theme parks, nature tourism, water parks and entertainment centres in different parts of the country to boost international as well as domestic travel⁹⁰. The Oman Tourism Development Authority (OMRAN) recently announced a US\$ 1 billion partnership with a Dubai based developer for the first phase of the Yiti Tourism Master Plan, which will focus on developing a sustainable mixed-use project in the Sultanate⁹¹. Oman's Ministry of Heritage and Tourism also signed multiple agreements to construct tourism projects in its governorates, including a four-star hotel, a restaurant, and a glass walkway⁹². These projects together are likely to increase international tourist arrivals in the country, which is estimated to grow at a CAGR of 36.9% over the four-year period to reach 3.7 million in 2026. Consequently, occupancy rates are expected to grow from 47%

⁹⁰ Source: "Oman reveals ambitious plan to boost tourism", The National News, December 12, 2021

⁹¹ Source: "Special Report: How the GCC is poised to develop as a major destination market for global tourism", Gulf Business, February 25, 2022

⁹² Source: "7 pacts inked to boost tourism in 3 governorates", Muscat Daily, April 21, 2022

in 2022 to 54% in 2026. While the ADR is expected to remain flat to reach US\$ 147 in 2026, the RevPAR is forecasted to grow at a CAGR of 4.0% from US\$ 68 in 2022 to US\$ 80 in 2026. The Sultanate is estimated to increase its room capacity at an annualized growth rate of 2.2% between 2022 and 2026 (see Exhibit 21).

Exhibit 21: Oman Hospitality Market Forecast

Particulars	2021E	2022F	2024F	2026F
Revenue (US\$ Bn)	0.4	0.7	0.8	0.9
Hotels	0.3	0.5	0.6	0.7
Serviced Apartments	0.1	0.2	0.2	0.2
Key Operating Metrics				
Occupancy Rate	27%	47%	54%	54%
ADR (US\$)	138	146	138	147
RevPAR (US\$)	37	68	74	80
Total Room Capacity	28,064	28,714	30,014	31,314

Source: Alpen Capital

Note: E – Estimated; F- Forecasted

Bahrain

Bahrain's hospitality industry is estimated to record 90.8% y-o-y growth in 2022

Bahrain's hospitality industry is estimated to reach US\$ 0.8 billion in 2022, recording a y-o-y growth of 90.8%, the second highest in the region. This can be primarily attributed to an estimated 31.9% y-o-y growth in tourist arrivals during the year, majority of which are expected from the neighboring GCC nations. Consequently, ADR is expected to witness a 7.4% y-o-y growth in 2022 to reach US\$ 137, while the RevPAR is expected to surge by 79.4% y-o-y to US\$ 97 (see Exhibit 22).

Bahrain's hospitality industry is forecasted to grow at a CAGR of 2.9% between 2022 and 2026 to reach US\$ 0.9 billion

Between 2022 and 2026, Bahrain's hospitality sector is forecasted to grow at a CAGR of 2.9% to reach US\$ 0.9 billion (see Exhibit 22). The government has unveiled a new tourism strategy that aims to attract 14.1 million tourists by 2026. The new 2022-2026 tourism strategy to diversify its economy includes the development of maritime attractions, business tourism, sports tourism, recreational tourism, medical tourism, cultural tourism, and media tourism and cinematography⁹³. It has announced plans to invest more than US\$ 10 billion directly in tourism infrastructure projects such as new hotels, theme parks, leisure and entertainment zones, and museums⁹⁴. The Bahrain Tourism and Exhibitions Authority (BTEA) also announced a new programme aimed at supporting the local tourism industry by incentivizing the travel and tour operators to attract inbound tourism⁹⁵. These initiatives are expected to boost international tourist arrivals in the country, which is forecasted to rise from 4.8 million in 2022 to 12.0 million in 2026, representing a CAGR of 25.7%. To accommodate this surge, the country is estimated to increase its room capacity at an annualized growth rate of 4.0% between 2022 and 2026. Over the four-year period, ADR is estimated to remain flat at US\$ 136 in 2026, while the RevPAR is forecasted to witness a fall of 1.2% CAGR to reach US\$ 93 in 2026 from US\$ 97 in 2022 (see Exhibit 22).

⁹³ Source: "Bahrain introduces new tourism strategy", Saudi Gazette, November 7, 2021

⁹⁴ Source: "Bahrain aims to attract 14.1 million tourists by 2026 as part of new strategy", Gulf Business, November 8, 2021

⁹⁵ Source: "Bahrain unveils new programme to boost tourism", Connecting Travel, August 23, 2021

Exhibit 22: Bahrain Hospitality Market Forecast

Particulars	2021E	2022F	2024F	2026F
Revenue (US\$ Bn)	0.4	0.8	0.8	0.9
Hotels	0.3	0.7	0.7	0.7
Serviced Apartments	0.1	0.1	0.1	0.2
Key Operating Metrics				
Occupancy Rate	42%	71%	66%	68%
ADR (US\$)	128	137	139	136
RevPAR (US\$)	54	97	92	93
Total Room Capacity	22,850	23,870	25,910	27,950

Source: Alpen Capital

Note: E – Estimated; F- Forecasted

Kuwait

Kuwait's hospitality industry is estimated to record 76.2% y-o-y growth in 2022

Kuwait's hospitality industry is estimated to reach US\$ 0.3 billion in 2022, recording a y-o-y growth of 76.2%. This can be primarily attributed to an estimated 25.0% y-o-y growth in tourist arrivals during the year and lower base of 2021. Consequently, ADR is expected to witness a 7.5% y-o-y growth in 2022 to reach US\$ 255, while the RevPAR is expected to surge by 70.2% y-o-y to US\$ 115 (see Exhibit 23).

Kuwait's hospitality industry is forecasted to grow at a CAGR of 7.1% between 2022 and 2026 to reach US\$ 0.5 billion

Between 2022 and 2026, Kuwait's hospitality industry, is estimated to grow at a CAGR of 7.1% to reach US\$ 0.5 billion (see Exhibit 23). The government recently set up a new strategy which aims to develop and boost the recreational and leisure sector in the country. The Touristic Enterprises Company (TEC), backed by the Kuwaiti government, aims to extend finance as part of the long-term strategy to implement a total of 95 initiatives and projects in the country⁹⁶. TEC's redevelopment plans include park and family entertainment, hospitality, recreational clubs, highway rest areas, and waterfront marinas⁹⁷. These projects are likely to increase international tourist arrivals in the country, which is estimated to grow at a CAGR of 17.5% over the four-year period to reach 7.2 million in 2026. Consequently, occupancy rates are expected to grow from 45% in 2022 to 53% in 2026. Kuwait's ADR is expected to increase from US\$ 255 in 2022 to US\$ 263 in 2026, at a CAGR of 0.7%. The RevPAR is estimated to grow at 5.0% CAGR from US\$ 115 in 2022 to US\$ 139 in 2026. The country is estimated to increase its room capacity at an annualized growth rate of 2.0% between 2022 and 2026 (see Exhibit 23).

⁹⁶ Source: "TEC receives nearly US\$ 1bn capital boost for tourism in Kuwait", Cityscape, October 5, 2021

⁹⁷ Source: "Tourism boost for Kuwait with 11 new projects announced", Business Traveller, September 30, 2021

Exhibit 23: Kuwait Hospitality Market Forecast

Particulars	2021E	2022F	2024F	2026F
Revenue (US\$ Bn)	0.2	0.3	0.4	0.5
Hotels	0.2	0.3	0.3	0.4
Serviced Apartments	0.0	0.0	0.1	0.1
Key Operating Metrics				
Occupancy Rate	28%	45%	50%	53%
ADR (US\$)	237	255	259	263
RevPAR (US\$)	67	115	129	139
Total Room Capacity	8,295	8,461	8,803	9,159

Source: Alpen Capital

Note: E – Estimated; F- Forecasted

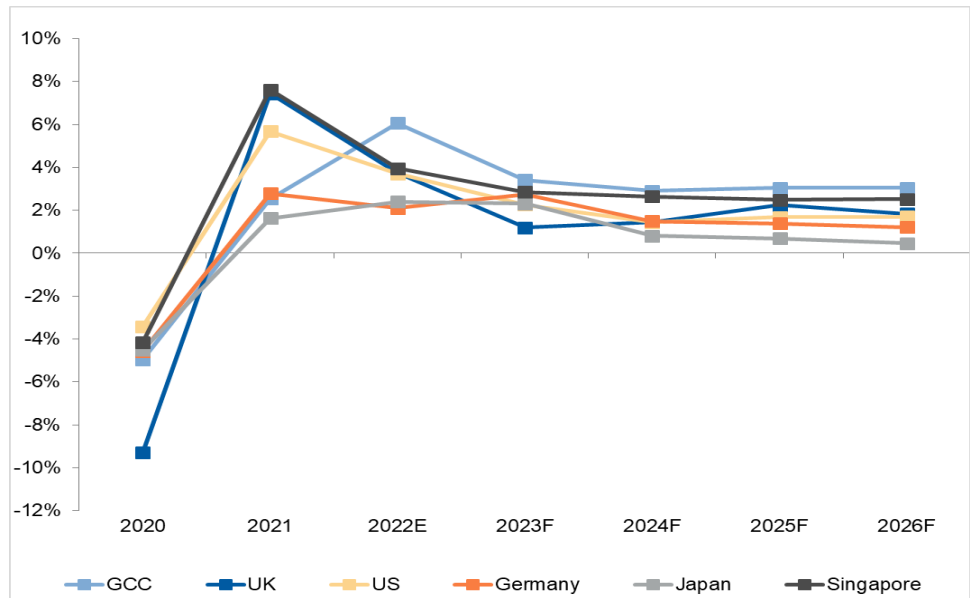
4. Growth Drivers

Post Pandemic Recovery

The GCC economies are expected to post GDP growth of 6.1% in 2022 and further rebound with a growth of 3.4% in 2023

Following a period of pandemic-led economic distress, leading to the dual shock of falling oil prices and slowdown in domestic activity⁹⁸, the GCC economies are expected to grow by 6.1% in 2022⁹⁹. According to the IMF, the GCC is expected to rebound further with the GDP likely to grow at a pace of 3.4% in 2023¹⁰⁰. The IMF also noted that the GCC economies will receive up to US\$ 1.4 trillion in additional revenue in the next four to five years as oil prices remain high¹⁰¹. The recovery can be attributed to the successful vaccination strategies by the GCC nations, easing of COVID-19 restrictions, positive business and tourism sentiment driven by mega events such as the EXPO 2020 Dubai and FIFA World Cup 2022, and rebound in the hydrocarbon market. As a result, fiscal deficits have markedly improved, with the GCC's external balance reaching pre-pandemic levels as energy prices and export earnings strengthened¹⁰². Rise in oil prices will aid funding of the region's non-oil economy, which took a severe hit from the fall in revenues during 2020. Consequently, the regional governments can now expand their focus on infrastructure investment programs, which are likely to gain further momentum post the pandemic. Moreover, improvements in per capita income (20.1% growth between 2020 and 2022) due to revival in employment will boost consumer demand¹⁰³. Such strong dynamics should bode well for the tourism and hospitality industry in the GCC.

Exhibit 24: Real GDP Growth Projections – GCC vs Other Markets (2020-2026F)



Source: IMF – April 2022

Note: E – Estimate, F – Forecast

As the COVID-19 situation normalizes, GDP growth is expected to stabilize and range between 2.9% and 3.1% until 2026¹⁰⁴. The GCC is expected to surpass GDP growth

⁹⁸ Source: "World Economic Outlook Database", IMF, April 2020 & April 2021

⁹⁹ Source: "World Economic Outlook Database", IMF, April 2022

¹⁰⁰ Source: "World Economic Outlook Database", IMF, April 2022

¹⁰¹ Source: "GCC economies set to reap \$1.4tn in additional oil windfall in 5 years, IMF says, The National News, May 24, 2022

¹⁰² Source: "GCC Economies to Expand by 5.9% in 2022", The World Bank, May 23, 2022

¹⁰³ Source: "World Economic Outlook Database", IMF, April 2022

¹⁰⁴ Source: "World Economic Outlook Database", IMF, April 2022

Mega events are likely to act as a springboard for the region's revival of the hospitality and tourism industry while also playing an important role in economic development

projections of countries like the US, UK, Singapore, Japan, and Germany between 2022 and 2026 (see Exhibit 24)¹⁰⁵. The unprecedented reforms and effective responses to curb COVID-19 cases coupled with strong emphasis towards economic diversification and private sector participation will continue to support economic growth across the GCC nations in the long-run¹⁰⁶.

Mega Events

As global tourism revives, the GCC countries have turned out to be the hub of action with a long list of events that are being organized in the region. In addition to the recently concluded EXPO 2020 Dubai, some of the major events set to take place and boost large-scale revival in international tourism include FIFA World Cup 2022, Formula 1 Grand Prix, World Aquatics Championships 2024, Geneva International Motor Show, 2030 Asian Games among others. The pandemic-delayed EXPO 2020 Dubai has been a huge triumph for the UAE, as the country spent over US\$ 7 billion in investment after eight years of anticipation and six months of festivities¹⁰⁷. Amid all the hurdles caused by the pandemic-led lockdown measures across the globe, the mega fair attracted over 24 million visits, driven by international and domestic tourists, corporate and business representatives from the 192 country pavilions, as well as repeat stops by those already living in the city. Public sector employees got six days paid leave to visit the event while school children regularly visited the site for field trips¹⁰⁸. Domestic visitors primarily supported the event with almost 70% of guests hailing from the UAE and children under the age of 18 visiting more than 2.8 million times¹⁰⁹. In addition to the in-person visits, the event also established a strong presence through the virtual world, with over 197 million online visits registered during the tenure¹¹⁰. This has not only helped solidify the region's nascent economic recovery but also paved the road to revival of the travel and tourism industry as indicated by the line-up of several other large-scale, global events.

Qatar is scheduled to host the FIFA World Cup 2022 that is expected to attract over 1.2 million tourists into the country, thereby boosting the tourism and hospitality industry¹¹¹. As the country gears up to host the global event, it has added 105 new hotels to its portfolio of properties and several innovative temporary accommodations¹¹². These include accommodation on cruise liners, hotel apartments, fan villages and camping by the desert, as well as private home stays. Luxury cruise liners, including the four-star MSC Poesia and five-star MSC World Europa, will offer more than 3,800 cabins with a capacity of accommodating around 10,000 guests¹¹³. During the tenure of the event, neighbouring GCC countries are also expected to benefit from the tourist inflow and have been preparing for it with significant investments in commercial ventures such as shopping malls, hotels, housing estates and theme parks. From ATP tennis competition to European Tour golf and the MotoGP, Qatar has lots in store for international visitors looking for sporting action. Some of the major international sporting events lined up to take place in the country include the Formula 1, International Golf Championship, World Championship of Motorcycles, 2024 World Aquatics Championships, and 2030 Asian Games, among others. These events are

¹⁰⁵ Source: "World Economic Outlook Database", IMF, April 2022

¹⁰⁶ Source: "GCC Region Mega Trends, Forecast to 2030", Frost & Sullivan, October 5, 2020

¹⁰⁷ Source: "Party's Over: Dubai's Monthslong Expo 2020 Comes to a Close", US News, March 31, 2022

¹⁰⁸ Source: "Expo 2020 Dubai is a people's success", Khaleej Times, April 1, 2022

¹⁰⁹ Source: "Expo 2020 Dubai celebrates massive milestone as biggest global event since pandemic hits 20 million visits", Government of Dubai, March 19, 2022

¹¹⁰ Source: "GCC: Tourism Trendsetter", India Outbound, May 13, 2022

¹¹¹ Source: "FIFA World Cup 2022: Qatar hopes to attract 1.2 million visitors for showpiece event", Firstpost, October 23, 2021

¹¹² Source: "Special report: How the GCC is poised to develop as a major destination market for global tourism", Gulf Business, February 25, 2022

¹¹³ Source: "World Cup 2022: Qatar bay cruise ships fill up as cabins go for \$800 a night", May 09, 2022

likely to act as a springboard for the region's revival of the hospitality and tourism industry while also playing an important role in economic development.

Moreover, the GCC has established itself as a hub for cultural, social and entertainment events such as annual music and film festivals, fairs, and fashion exhibitions among others. Recently, Abu Dhabi hosted the International Indian Film Academy and Awards 2022¹¹⁴ while Saudi Arabia held the Red Sea International Film Festival and the Winter at Tantora Music Festival in 2021¹¹⁵. In recent years, the GCC has also become the focal point for some of the world's leading international MICE. Factors such as advanced infrastructure and facilities for conferences and seminars, a growing hospitality industry, coupled with the region's strategic location and easy connectivity with the rest of the world makes GCC a top choice for MICE events. As the MICE industry continues to reopen post the pandemic, destinations have started to position themselves for the anticipated rise in demand. Recently, Abu Dhabi's Department of Culture and Tourism (DCT Abu Dhabi) launched the Advantage Abu Dhabi Meetings & Incentives 2.0 programme to further stimulate its MICE sector¹¹⁶. With UAE and Saudi Arabia increasingly bidding and attracting corporate groups to their shores, other GCC nations such as Oman is also being favored as a business venue¹¹⁷.

Regional Tourism Strategies - Promotion of Leisure Destination

In a bid to diversify from hydrocarbon revenues, the GCC governments have been actively developing tourism-related infrastructure while promoting leisure destinations to showcase some of their modern as well as archaeological and cultural heritage sites¹¹⁸. Despite the pandemic headwinds, the hospitality industry has seen a surge in the number of hotels, serviced apartments, and other lodging options in recent years to meet the region's expanding demand. New hotel development in prime tourism destinations in Saudi Arabia, Qatar, Oman and the UAE have remained substantial compared to global standards¹¹⁹. The countries have also been actively supporting the development of leisure and entertainment centres through significant investments to improve quality of life in the region. Several major initiatives are underway to increase offerings in areas such as visual arts, live entertainment, neighbourhood recreation, theme parks, and sports¹²⁰.

Saudi Arabia

In recent years, Saudi Arabia has taken some ground-breaking measures and liberalization policies that is uplifting the social and cultural environment of the Kingdom. Many of the recent socio-economic reforms are part of its Vision 2030, and aims to make the Kingdom more modern, liberal, and business and tourism friendly¹²¹. Consequently, Saudi Arabia is devoting increasing levels of attention towards the hospitality industry in an ongoing effort to diversify the economy. Attracting tourists' attention from across the globe at the EXPO 2020 Dubai, the Kingdom was honoured with an award in the 'Best Pavilion' category at the world event¹²². Recently, Saudi Arabia also hosted the Saudi Entertainment EXPO to boost the Kingdom's growing tourism sector and also announced plans to invest US\$ 64 billion towards the entertainment industry as part of its Vision 2030¹²³. It also aims to create 1

Saudi Arabia aims to increase the number of religious visitors to 30 million by 2025, and attract 100 million visits a year by the end of the decade

¹¹⁴Source: "The 22nd edition of IIFA weekend and awards 2022 kickstarts at Etihad arena, Yas island, Abu Dhabi", Zawya, June 2, 2022

¹¹⁵Source: "Saudi Arabia 2021: Top 8 Events", Saudi Gazette, December 31, 2021

¹¹⁶Source: "Abu Dhabi boosts support for MICE sector", Zawya, June 3, 2022

¹¹⁷Source: "Feature: \$1.3 Billion GCC Meetings and Incentives Industry to Continue Growing at Pace", Business Chief, May 18, 2020

¹¹⁸Source: "As Hajj winds down, Saudi Arabia ramps up big tourism plans", Aljazeera, July 21, 2021

¹¹⁹Source: "Hotel development in prime GCC tourism hubs up by 6 times: ATM", TravelDine.com.

¹²⁰Source: "Three ways GCC governments can benefit from the entertainment industry", Gulf Business, October 5, 2019

¹²¹Source: "Saudi Arabia reforms: Royal power play or meaningful change?", DW.com, June 27, 2021

¹²²Source: "Saudi Arabia wins an award in Best Pavilion category at Expo 2020 Dubai", Arab News, March 19, 2022

¹²³Source: "Saudi entertainment expo to boost Kingdom's growing tourism sector", Arab News, 08 April, 2022

million jobs in the tourism sector by 2030 amid government's efforts to catalyze a transformation in its hospitality industry¹²⁴. Moreover, it aims to increase the number of religious visitors from 9.5 million recorded before the pandemic to 30 million by 2025, and further attract around 100 million domestic and international visits a year by the end of the decade¹²⁵. To accommodate the anticipated rise in tourist arrivals, around 80,000 rooms supply (3.2% of the global share) is currently being built in Saudi Arabia¹²⁶. The Kingdom also has several tourism-related projects under construction that seek to draw international and domestic travellers to its shore. Some of the biggest developments under the Saudi Vision 2030 include the US\$ 500 billion zero-carbon desert megacity NEOM; the Red Sea Project - a sustainable development initiative spread across 28,000 sq km with its own airport, luxury resorts and hotels; Qiddiya Entertainment City; Soudah Development; the AIUA Project; and Amaala Resort among others¹²⁷. To drive recreational, social and cultural needs, several pipeline projects like movie theaters, live mega event zones, sports-related infrastructure and theme parks are currently under development. Moreover, the success of Saudi Seasons - an annual series of festivals across cities offering pop-up restaurants, auto shows, pop concerts, and other entertainment programs is testimony to the government's focus towards the industry. The General Entertainment Authority plans to invest up to US\$ 64 million by 2028 in the development of Kingdom's domestic entertainment sector.

UAE

Dubai aims to draw 25 million visitors annually by 2025; The Emirate has invested heavily in building its hospitality infrastructure and multiple entertainment venues

UAE has remained the hub for tourism in the GCC, largely driven by its diverse culture, liberal environment, a collection of world-class tourist attractions, and mega business events. A large part of this tourism is driven by Dubai, which aims to draw 25 million visitors annually by 2025¹²⁸. The Emirate has invested heavily in building its local hospitality infrastructure and multiple entertainment venues while conducting internationally renowned events to retain its position as a top destination in the global tourism map. The construction of Dubai's first theme park, the opening of IMG World of Adventure, Ain Dubai and Museum of the Future are attracting visitors of all ages and cultural backgrounds. As the country continues to witness a surge in the number of tourists, numerous projects are planned to open over the next few years. For instance, Emaar Hospitality announced several new hotel openings until 2025 including the Palace Beach Resort Fujairah, as occupancy levels at its properties has surpassed pre-pandemic levels. In 2023, Dubai will see the opening of the Vida Dubai Mall, the Palace Dubai Creek Harbour, and the Vida Residence Creek Beach¹²⁹. The Emirate also aims to transform the site of EXPO 2020 Dubai into Expo City Dubai. Planned to be opened in October 2022, the new city is envisioned to become a destination for business and innovation that will also house a new museum, a world-class exhibition centre, and is set to become the headquarters of several fast-growing companies¹³⁰.

Abu Dhabi aims to attract 23 million tourists annually by 2030, more than double the number of 2019

In 2021, Abu Dhabi launched the Tourism Strategy 2030 with a focus on the growth of MICE events and sports tourism. As part of the broader vision, the Emirate aims to attract 23 million tourists annually by 2030, more than double the number of 2019¹³¹. The Department of Culture and Tourism - Abu Dhabi (DCT Abu Dhabi) is actively participating in international roadshows across the globe to raise awareness of the Emirate as a leading leisure destination, while supporting brands and businesses that wish to host MICE events in the city. DCT Abu Dhabi has also developed many sustainable eco-tourism initiatives including

¹²⁴Source: "Saudi tourism sector to create 1 m jobs by 2030, says official", Arab News, May 24, 2022

¹²⁵Source: "Tourism Ambitions Transform Saudi Arabia", The Arab Gulf States Institute in Washington, February 17, 2022

¹²⁶Source: "Hotel development in prime GCC tourism hubs up by 6 times: ATM", TravelDine.com.

¹²⁷Source: "GCC construction poised for growth on back of anticipated tourism boom", Design Build Network, September 3, 2019

¹²⁸Source: "Dubai aims to attract 25 million tourists in 2025", Reuters, November 6, 2021

¹²⁹Source: "ATM Dubai: Emaar Hospitality plans new hotel openings in GCC, Egypt", Zawya, May 9, 2022

¹³⁰Source: "Mohammed bin Rashid announces opening of 'Expo City Dubai' in October 2022", June 20, 2022

¹³¹Source: "Abu Dhabi targets 23 million annual tourists by 2030", Hotelier, April 23, 2022

Qatar aims to increase tourism's contribution to GDP to 10% by 2030 and to attract six million visitors

Bahrain aims to attract 14.1 million tourists by 2026, while Oman and Kuwait have laid out plans for establishing themselves on the global tourism map

the Jubail Mangrove Park, Al Reem Mangroves preservation project, Jebel Hafit, Hawksbill Turtle Conservation Programme, and Sweihan Desert area¹³².

Ras Al Khaimah (RAK) also aims to attract three million visitors per year by 2030. The Emirate appeals to a wide range of interests, from adventure sports to beach retreats and cultural escapes to eco-tourism. Its attractions include the highest restaurant in the UAE – 1484 by Puro, Jebel Jais Flight: The World's Longest Zipline and Jais Sky Tour, as well as the world's first Bear Grylls branded lodging and Bear Grylls Explorers Camp. RAK expects to open more attractions in 2022 including the Jais Sledder, the region's longest toboggan ride that runs a length of 1,840 meters¹³³.

Other GCC Markets

In 2021, Qatar Tourism launched a promotional campaign targeting 17 visitor source markets as part of the country's tourism strategy to increase tourism's contribution to GDP to 10% by 2030 and to attract six million visitors¹³⁴. The country is positioning itself as the global sporting hub. It successfully hosted several global sporting events in 2021 including the FIFA Arab Cup, West Asian Rugby Championship, Asian qualifiers for the Cricket World Cup 2022, Men's and Women's Padel Championship, Fencing Grand Prix, Grand Prix of Qatar, WTT Star Contender Championship, Asian Table Tennis Championship, ExxonMobil Tennis Championship for men, and Qatar Total Women's Tennis. In addition to hosting the FIFA World Cup 2022, the country has bid to hold several other festivals and tourism events in the coming years¹³⁵. As such, the country has built a strong pipeline of hospitality-related infrastructure projects including hotels such as Banyan Tree, Pullman West Bay and JW Marriott West Bay. Qatar also plans to invest US\$ 45 billion in tourism beyond the World Cup and aims to almost double tourism's share of GDP over the next 16 years through investments from government and business¹³⁶.

Bahrain aims to attract 14.1 million tourists by 2026, under its new 2022-2026 tourism strategy to diversify its economy. The country is focusing on developing tourism for business, sports, culture, and medical visits amongst others. It has also announced investments worth US\$ 10 billion in tourism infrastructure projects covering hotels, theme parks, leisure and entertainment zones, and museums¹³⁷. Oman too aims to bolster its tourism landscape as part of its Vision 2040 diversification strategy. OMRAN, the Sultanate's Tourism Development Authority has collaborated with a Dubai based developer for the first phase of the Yiti Tourism masterplan, which will focus on constructing a sustainable mixed-use project. Estimated to be built at a cost of US\$ 1 billion, the 11 million sq m development will be divided into five distinct typologies - Hillside, Hilltop, Beach, Harbour and Oasis that aims to transform Muscat into a tourism hub for the Sultanate¹³⁸. Meanwhile, Kuwait's Touristic Enterprises Company (TEC) announced its strategy in 2021 put the country on the global tourism map with the redevelopment of 11 projects, following Kuwait Investment Authority's (KIA) approval of a KWD 250 million (US\$ 814.4 million) capital increase. TEC's redevelopment plans include park and family entertainment, hospitality, recreational clubs, highway rest areas, and waterfront marinas¹³⁹.

¹³²Source: Special report: How the GCC is poised to develop as a major destination market for global tourism, Gulf Business, February 25, 2022

¹³³Source: Special report: How the GCC is poised to develop as a major destination market for global tourism, Gulf Business, February 25, 2022

¹³⁴Source: Qatar Tourism launches its biggest promotional campaign, 'Experience a World Beyond', Qatar Tourism, January 11, 2021

¹³⁵Source: "Qatar cements its position as global sports hub", The Peninsula Qatar, December 29, 2021

¹³⁶Source: "Qatar to invest \$45bn in tourism beyond World Cup", Host City

¹³⁷Source: "Bahrain aims to attract 14.1 million tourists by 2026 as part of new strategy", Gulf Business, November 8, 2021

¹³⁸Source: "Oman unveils Yiti tourism mega-development project", Planet Attractions, November 29, 2021

¹³⁹Source: "Tourism boost for Kuwait with 11 new projects announced", Business Traveller, September 30, 2021

GCC countries are expanding the airport capacity to complement the government's initiatives to boost tourism

Airport Expansion Plans

GCC nations are investing heavily in the development of tourism infrastructure, which includes expanding airport capacity to adopting Hyperloop-based transport and a new railway corridor that aims to complement the governments' initiatives to boost tourism. While there are several active development projects across new and existing airports across the GCC nations, the region is also likely to become the first in the world to adopt Hyperloop technology¹⁴⁰.

In 2021, Saudi Arabia announced plans to create a new airlines carrier and committed to invest over US\$ 147 billion in transport infrastructure over the span of next nine years as part of its Vision 2030 diversification strategy. It is also considering the construction of a new airport in Riyadh as it targets a vast increase in tourist arrivals¹⁴¹. The new airlines would serve business travellers and tourists, while the existing flag carrier would focus on religious tourism from its base in Jeddah. On the other hand, Jeddah Airport is planning a US\$ 7.2 billion expansion project of King Abdulaziz International Airport to create an attractive investment environment for foreign and local investors¹⁴². Construction of a new domestic airport in Jazan is also underway to handle a capacity of 2.4 million passengers annually. The project site spans an area of 55 million sq m, while the three-storey passenger terminal building would be built over an area of 52,000 sq m¹⁴³. The Red Sea Airport, part of the Red Sea Project and developed by The Red Sea Development Company, is another new international airport being built in Saudi Arabia that is expected to have a capacity to handle 900 passengers an hour and serve approximately one million passengers a year through domestic and international flights. Expanding over 28 sq km in area, the airport will offer next-generation smart experience using latest technology and advanced design features¹⁴⁴. These projects would further Saudi Arabia's goal to attract 100 million tourists a year by 2030, a six-fold increase from 2019.

In UAE, the Sharjah International Airport is undergoing expansion to increase its passenger handling capacity to approximately 20 million annually by 2025. The expansion plan involves the construction of a new building and a passenger terminal for arrivals, at an estimated investment of AED 1.5 billion (US\$ 410 million). The support services building, part of the expansion, was completed in the second half of 2020 while the overall project is scheduled to be completed by the end of 2022¹⁴⁵. In October 2020, the Sharjah Airport Authority inaugurated the AED 40 million (US\$ 10.9 million) expansion of the eastern area of the current airport building, which will increase the building's capacity by 1,000 passengers per hour. The 4,000 sq m extension includes four new gates, nine waiting areas, food and beverage outlets¹⁴⁶. The Al Maktoum International Airport, also known as Dubai World Central (DWC), has a projected annual capacity of approximately 260 million passengers annually when fully completed by 2027. Built at an estimated cost of US\$ 82 billion, the airport covers more than 65 sq km with initial plans to have five runways. The airport, touted as the world's largest, will help Dubai become the primary air hub for transiting travellers from the Asia-Pacific region, South Asia, Greater Middle East, Africa, Europe, and Australia¹⁴⁷.

In Qatar, Phase 2 of the Hamad International Airport (HIA) is currently undergoing expansion. Built with an estimated cost of US\$ 1 billion, work on Phase 2A that comprises a central concourse linking concourses D and E started in January 2020 and is expected to

¹⁴⁰ Source: "Could Virgin Hyperloop carry its first Gulf passengers in 2030?", Arabian Business, January 28, 2021

¹⁴¹ Source: "Saudi wealth fund weighs new airport in Riyadh for tourism drive", Gulf Business, June 24, 2021

¹⁴² Source: "Jeddah Airport Co. to upgrade King Abdulaziz Airport's services", Arab News, February 10, 2022

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

¹⁴⁴ Source: Red Sea International Airport, Airport Technology, November 30, 2020

¹⁴⁵ Source: "Sharjah International Airport Expansion", Airport Technology, September 25, 2020

¹⁴⁶ Source: "PROJECTS: Top 5 airport projects in the GCC", Zawya, August 29, 2021

¹⁴⁷ Source: "DWC: The Ultimate Airport", Government of Dubai

complete before the FIFA World Cup 2022. Phase 2A will increase the airport's capacity to more than 53 million passengers annually. On the other hand, Phase 2B's work will commence after 2022 and enhance the airport's passenger capacity to more than 60 million annually¹⁴⁸. The expansion plan also includes 11,720 sq m of landscaped retail and food & beverage space, 10,000 sq m indoor tropical garden in a central concourse and a 268 sq m water feature as attraction for tourists¹⁴⁹.

Bahrain International Airport's (BIA) new passenger terminal began operations in January 2021. The US\$ 1.1 billion terminal, funded by the Abu Dhabi Fund for Development, spreads across 210,000 sq m. The new facility is four times larger than the airport's old terminal and will increase the capacity of BIA to 14 million passengers per annum. In addition to several F&B outlets and state of the art technologies, the terminal also has its own hotel and spa for transit passengers and an airport clinic for medical services to visitors¹⁵⁰. Recently, BIA was certified as a 5-star airport by the international air transport rating agency Skytrax, becoming the second airport in the GCC after Qatar's HIA to achieve the highest quality rating¹⁵¹.

The Kuwait International Airport is also undergoing expansion at an estimated cost of US\$ 4.4 billion to meet its anticipated growth and is expected to complete by the end of 2022¹⁵². The new terminal will boost the airport's annual passenger handling capacity to 13 million passengers per year with the flexibility to raise to 25 to 50 million passengers in the future¹⁵³. In Oman, the Musandam Airport is undergoing expansion at an estimated cost of US\$ 250 million. Expected to be completed by 2026, the airport will have a new terminal to accommodate 250,000 passengers per year¹⁵⁴.

Religious Tourism

The Hajj and Umrah pilgrimage together account for approximately 20% of Saudi Arabia's non-oil GDP and 7% of total GDP

Religious tourism continues to play a significant role in the GCC. Saudi Arabia leads in religious tourism as it continues to attract pilgrims to the holy cities of Mecca and Medina, which account for roughly 40% of the tourist arrivals to the Kingdom¹⁵⁵. Millions of pilgrims who travel to Makkah and Medina each year also significantly contribute to the national economy, with Hajj and Umrah together accounting for approximately 20% of the Kingdom's non-oil GDP and 7% of total GDP¹⁵⁶. The constant growth in the number of religious tourists has compelled the Kingdom's authorities to offer a wide range of hospitality services to all pilgrims.

As the COVID-19 pandemic disrupted both pilgrimages, only 60,000 vaccinated Saudi citizens and residents were allowed to the holy cities in 2021, while in 2020 the number of worshippers were restricted to 1,000¹⁵⁷. The Kingdom's RevPAR plunged to US\$ 42 in 2020 from US\$ 104 in 2019, due to the absence of millions of pilgrims which significantly affected hotel performance in Saudi Arabia¹⁵⁸. In 2021, the Kingdom eased restrictions by reopening pilgrimage to immunised or vaccinated domestic and foreign worshippers¹⁵⁹. Consequently, the RevPAR improved to US\$ 46 in 2021¹⁶⁰. Even though RevPAR rates were significantly

¹⁴⁸ Source: "PROJECTS: Top 5 airport projects in the GCC", Zawya, August 29, 2021

¹⁴⁹ Source: "Plans for second expansion phase unveiled by Hamad International Airport", International Airport Review, September 29, 2020

¹⁵⁰ Source: "Bahrain International Airport: Ready to grow", Airport World, June 29, 2021

¹⁵¹ Source: "Bahrain International Airport is Certified as a 5-Star Airport", Skytrax Ratings, February 6, 2022

¹⁵² Source: "Kuwait International Airport New Terminal", Airport Technology, May 11, 2020

¹⁵³ Source: "PROJECTS: Top 5 airport projects in the GCC", Zawya, August 29, 2021

¹⁵⁴ Source: "PROJECTS: Oman likely to issue new airport tender in Q4", Zawya, March 25, 2021

¹⁵⁵ Source: "Saudi Arabia - Travel, Tourism, and Entertainment - Saudi Arabia Country Commercial Guide", Export.gov, January 22, 2020

¹⁵⁶ Source: "Saudi Arabia aims to increase pilgrim numbers and non-religious tourism", Oxford Business Group

¹⁵⁷ Source: "As Hajj winds down, Saudi Arabia ramps up big tourism plans", Al Jazeera, July 21, 2021

¹⁵⁸ Source: Colliers, Trade Arabia

¹⁵⁹ Source: "Saudi Arabia opens Umrah pilgrimage to vaccinated foreigners", Al Jazeera, August 8, 2021

¹⁶⁰ Source: Colliers, Trade Arabia

GCC countries have introduced a series of new liberalised measures to encourage tourism that includes new visa categories and broaden the reach of beneficiaries

lower than pre-pandemic levels, the Kingdom's hotel performance registered year-on-year gains in 2021¹⁶¹. Saudi Arabia now prepares to meet the pent-up demand from pilgrims returning to its holy cities, with 32,621 hotel rooms currently under construction¹⁶². Similarly, the rest of the GCC nations are also adopting distinct models of engagement between heritage and religious spheres to draw tourism into their respective country¹⁶³.

Eased Visa Regulations

GCC countries have introduced a series of new liberalised measures to encourage tourism that includes new visa categories and broaden the reach of beneficiaries. For instance, the UAE government has introduced Multiple-Entry Tourist Visas for all nationalities to strengthen the country's status as a global economic capital. The new visa will be valid for five years and allows multiple entry under self-sponsorship for a maximum period of 90 days on each visit. It also does not require the need for a guarantor and allows for visitors. The Dubai Department of Economy and Tourism has announced the introduction of a Remote Working Visa for the UAE, allowing foreigners to work and live in the country whilst being employed outside of their company headquarter location. In line with the UAE's 2020-2025 Dubai Culture Strategy, the Dubai Culture and Arts Authority has announced the approval of 10-year cultural visas to 1,000 applicants globally¹⁶⁴. The country has also modified the Golden Residence criteria to recruit and retain global talent. The list of eligible beneficiaries has been broadened to include investors, entrepreneurs, unique talents, scientists and professionals, outstanding students and graduates, humanitarian pioneers, and healthcare professionals who are all eligible for a 10-year residency. The new visas do not require a host or sponsor and provide greater flexibility, multi-entry, and 60-day validity¹⁶⁵.

Saudi Arabia has recently reinstated the visa on arrival program that allows holders of valid visas from the US, UK and Schengen to enter the Kingdom¹⁶⁶. In September 2019, the Kingdom had announced a new visa regime to provide e-visa and visas on arrival to visitors from 49 countries with an aim to attract non-Muslim visitors¹⁶⁷. These initiatives bode well for the Kingdom's long-term tourism strategy to attract 100 million visitors by 2030.

Qatar too introduced a visa on arrival programme for citizens of more than 90 countries in 2017¹⁶⁸. Valid for minimum 30 days from the date of issuance, it also offers nationals from 37 countries visiting Qatar and Oman with joint tourist visa upon arrival¹⁶⁹. Similar initiatives have been introduced by the other GCC nations with Kuwait easing visa transfer restrictions, and Bahrain becoming one of the world's first nations to introduce a digital COVID-19 passport¹⁷⁰.

¹⁶¹ Source: "ATM 2022: Saudi Arabia preparing for return of religious tourism", Breaking Travel News, March 23, 2022

¹⁶² Source: "ATM 2022: Saudi Arabia preparing for return of religious tourism", Breaking Travel News, March 23, 2022

¹⁶³ Source: "Religion and Heritage in the Gulf: Significant in its Absence?", LSE UK, May 14, 2020

¹⁶⁴ Source: "GCC: Immigration and Employment roundup - April 2021", PwC

¹⁶⁵ Source: "New Visa Rules in UAE: All You Need to Know About Residence Scheme For Foreigners", India.com, April 19, 2022

¹⁶⁶ Source: "Saudi Arabia reinstates visa on arrival for holders of US, UK, Schengen visas", ARAB NEWS, March 25, 2022

¹⁶⁷ Source: "Saudi Arabia Is Opening Its Doors to Foreign Tourists for the First Time", September 27, 2019

¹⁶⁸ Source: "Qatar Visa On Arrival: Now Open (Full Guide - June 2022)", Doha Guides, June 2, 2022

¹⁶⁹ Source: Qatar Visa and Passport Requirements, World Travel Guide

¹⁷⁰ Source: "GCC: Immigration and Employment roundup - April 2021", PwC

5. Challenges

Impact of Global Macro-economic Situation

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

The IMF has reduced its growth forecast for the GCC to rise at a pace of 3.4% in 2023 amid the Russia-Ukraine war

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

The GCC remains highly reliant on hydrocarbon revenues to drive economic growth and public sector spending. Lower revenues due to the sharp correction in oil prices, coupled with COVID-19 induced travel restrictions, business closures, and a subsequent fall in per capita income (-1.7% CAGR between 2015 and 2020 to reach US\$ 24,466.8)¹⁷¹ have put the regional tourism and hospitality industry under pressure. At the same time, several infrastructure development plans were delayed due to supply chain issues and labor shortages, subsequently affecting the industry growth. Furthermore, fiscal stimulus measures by the governments in wake of the pandemic, led to the region's fiscal deficit widen to 9.2% of GDP in 2020 and 3.0% in 2021¹⁷². As a result, the current diversification and growth plans have suffered due to lack of funds. However, the IMF expects the region's fiscal deficit to ease down to 1.4% of GDP in 2022¹⁷³.

IMF has revised its growth forecast for the GCC to rise at a pace of 3.4% in 2023 on the back of global economic damage caused by the Russia-Ukraine war¹⁷⁴. It expects Saudi Arabia's GDP to fall to 3.6% in 2023 from 7.6% in 2022 while the GDP in the UAE and Oman is expected to decline to 3.8% and 2.7% in 2023, from 4.2% and 5.6% in 2022, respectively. IMF also lowered its 2023 GDP projections for Qatar, Kuwait, and Bahrain to 2.5%, 2.6%, and 3.0% from 3.4%, 8.2%, and 3.3% in 2022, respectively¹⁷⁵. Tighter global financial conditions are likely to hold back growth and reduce tourism imports.

Moreover, inflation has turned out to be a big economic concern for the GCC nations in recent times. Although oil prices have risen by more than expected (projected to increase by an average of 5.3% of GDP in 2022 compared to 2021), some of the pandemic-driven supply chain disruptions and labor shortages have led to an inflationary challenge for the import-dependent GCC countries. Inflation hit a 40-year high of 7% in the US and the IMF forecasts the advanced economies to see 3.9% inflation in 2022¹⁷⁶. GCC countries have not been immune to this global trend with regional inflation average standing at 2.2% in 2021, although it varies widely between countries (see Exhibit 25)¹⁷⁷. IMF estimates inflation in the GCC to rise to 3.6% in 2022 and 2.6% in 2023¹⁷⁸. Such developments are likely to reduce the spending power of consumers, leading to a slowdown in the GCC tourism and hospitality industry. Recently, Central Banks of the UAE, Saudi Arabia, Bahrain, Kuwait and Qatar increased their benchmark interest rates following the US Fed's move to raise its key rate by half a percentage point, its most aggressive decision in 22 years, in a bid to curb inflation¹⁷⁹. A more aggressive stance on monetary policy in the advanced economies could cause financial conditions to tighten with the region, especially since the currencies of major GCC economies are pegged to the US dollar.

¹⁷¹ Source: "World Economic Outlook Database", IMF, October 2021

¹⁷² Source: "World Economic Outlook Database", IMF, April 2020 and 2021

¹⁷³ Source: "World Economic Outlook Database", IMF, April 2021

¹⁷⁴ Source: "World Economic Outlook Database", IMF, April 2022

¹⁷⁵ Source: "IMF cuts 2023 growth forecast for GCC economies amid Russia-Ukraine crisis", CityWire Middle East, April 21, 2022

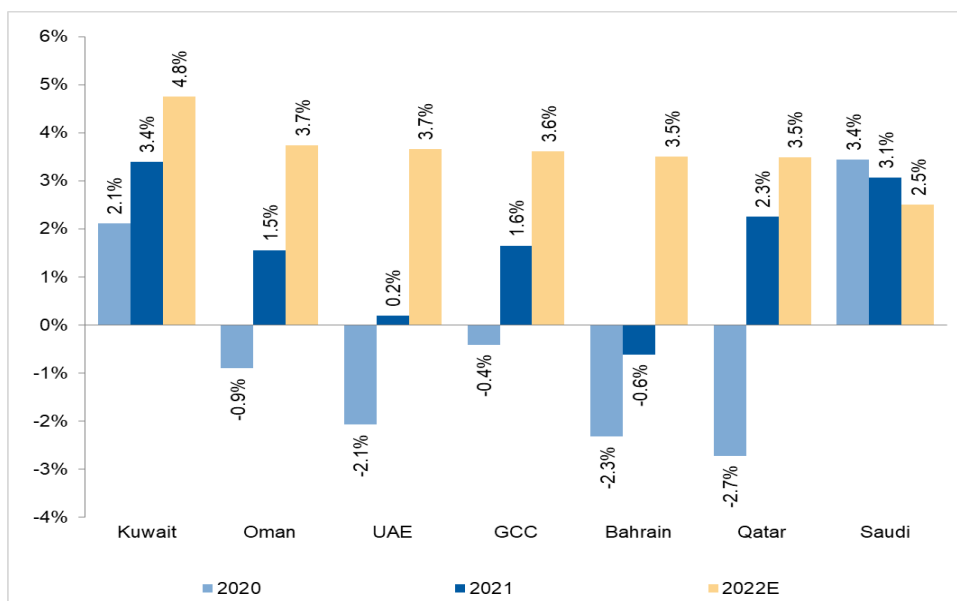
¹⁷⁶ Source: "Inflation is a concern for the GCC, but it has faced far worse before", PwC

¹⁷⁷ Source: "World Economic Outlook Database", IMF, April 2022

¹⁷⁸ Source: "World Economic Outlook Database", IMF, April 2022

¹⁷⁹ Source: "GCC central banks raise interest rates after US Federal Reserve move to curb inflation", The National News, May 5, 2022

Exhibit 25: Country-wise Inflation at Average Consumer Price (2020-2022E)



Source: IMF – WEO April 2022

Note: E – Estimate

Although the pandemic has waned, demand for travel and tourism could still be affected by uneven vaccination rates around the world and new COVID-19 strains

After Effects of the COVID-19 Pandemic

The COVID-19 pandemic is estimated to have cost the global tourism sector US\$ 2 trillion in revenue losses during 2021. While new infections and active cases across the globe have reduced, demand for travel and tourism could still be affected by uneven vaccination rates around the world and new COVID-19 strains, which had prompted new travel restrictions in some countries¹⁸⁰. For instance, the rising number of COVID-19 cases globally in 2020 forced Dubai to postpone the EXPO 2020¹⁸¹. The event recorded more than 24 million visits in its six months tenure, falling short of the pre-event goal of 25 million, as organizers continued to maintain COVID-19 measures¹⁸². Pilgrimage visits in the region also faced similar challenges¹⁸³. Saudi Arabia, which attracted close to 7.5 million visitors for Umrah and 2.3 million for Hajj in 2019, was forced to suspend such travel¹⁸⁴. As the FIFA World Cup 2022 in Qatar draws nearer, rigorous infection control policies to limit transmission of COVID-19 at the event remains a priority for the authorities. Recently, the World Health Organization (WHO), Qatari government and FIFA announced a range of measures that will be implemented at the event to protect and encourage health while also ensuring proactive measures to prevent the spread of infectious diseases. The shift towards managing COVID-19 as an endemic should continue to support recovery across the GCC as restrictions on travel and economic activity become less disruptive.

Pressure on Margins impacting profitability

Increasing supply of hotels in the GCC coupled with fragmentation has led to intense competition among the operators. Smaller players and the mid-market hotel segment,

¹⁸⁰ Source: "Coronavirus pandemic could cost global tourism \$2 trillion this year", United Nations, November 29, 2021

¹⁸¹ Source: "Recovering from the dual shock of COVID-19 and the oil price drop", Strategy&

¹⁸² Source: "Expo 2020 Dubai records more than 24 million visits after late surge", The National News, April 2, 2022

¹⁸³ Source: "COVID-19-induced impact on oil, tourism sectors to have wide-ranging economic, social ramifications on GCC countries over coming months – GCC Analysis", Max Security

¹⁸⁴ Source: "Saudi Arabia's measures to curb the COVID-19 outbreak: temporary suspension of the Umrah pilgrimage", Alliance of Pandemic Preparedness, March 2, 2020

Historically, operators in the region have focused their operational strategy on achieving desired levels of occupancy at the expense of lower ADRs

inherently more prone to price competition, are striving to gain market share as big players with wider presence continue to pressurize the sector's profitability. This has led to several operators offering high discounts on room rates and bundled packages to secure business, thus increasing their operating cost and adding significant pressure on margins. Historically, such operators in the region have focused their operational strategy on achieving desired levels of occupancy at the expense of lower ADRs¹⁸⁵. This, in turn, has created several M&A opportunities for hotel brands to buy stake in smaller chains across the region.

Moreover, exponential reduction in business and personal travel due to COVID-19 has imposed significant pressure on the hospitality sector, resulting in lower occupancy and RevPAR. In the Middle East, occupancy fell more than 30% to 45.9% while ADR dropped 17.3% to US\$ 117.2 and RevPAR decreased to US\$ 53.8 in 2020, down by 42.4% from 2019. The GCC witnessed a similar trend with the hospitality industry witnessing significant declines. The slowdown in occupancy rates since the beginning of the pandemic coupled with falling ADR levels led to a decrease in RevPAR for most of the GCC countries. The average RevPAR of the GCC region declined to US\$ 56.3 in 2021 from US\$ 90.8 in 2019¹⁸⁶. The consolidated revenues of the top 11 listed hospitality companies in the GCC stood at US\$ 1.8 billion in 2021, an increase of 29.5% compared to US\$ 1.4 billion in 2020; however it was 29.3% lower compared to 2019 (refer to the Financial Performance segment in the report). Operators in the GCC faced significant hurdles of decreasing room rates, negative consumer sentiment, oversupply concerns, restrictions on travel, and postponement of major global events leading to severe liquidity and operational issues. Amid such circumstances, several owners were compelled to cut costs by implementing measures such as leave without pay, reduced employees and/or salaries, full or partial closure of hotels, and forced leave. Post-pandemic, operators may look towards adopting a more robust revenue management strategy to achieve higher revenues while reducing costs. The resultant short-term impact may lead to a dip in performance, but it should ultimately lead to improvements in the longer term¹⁸⁷.

¹⁸⁵ Source: "UAE hotels off to strong start in 2022 on Expo success and increase in visitors", The National News, April 20, 2022

¹⁸⁶ Source: Colliers, Trade Arabia

¹⁸⁷ Source: "UAE hotels off to strong start in 2022 on Expo success and increase in visitors", The National News, April 20, 2022

As the GCC hospitality industry matures, it has diversified and witnessed a positive segmentation with the introduction of mid-scale brands and serviced apartments

6. Trends

Rising Demand of Mid-scale Brands and Serviced Apartments

As the GCC hospitality industry matures, it has diversified and witnessed a positive segmentation with the introduction of mid-scale brands and serviced apartments. Considering the market has become more competitive and saturated, hotel groups have started to look at ways of operating with more efficiencies¹⁸⁸. One of the key strengths of the serviced apartment business model is that it offers flexibility between long and short-term stays to suit market conditions and achieve revenue maximization. At the same time, the Airbnb model of renting apartments and villas have also started gaining considerable ground in the GCC.

Saudi Arabia accounts for 78.1% of the total serviced apartment rooms in the GCC¹⁸⁹. As the most established Emirate in terms of a leisure destination, Dubai has the largest concentration of serviced apartments in the UAE, which currently accounts for 73.2% of the total serviced apartment supply in the country¹⁹⁰. Notably, resorts and serviced apartments are the two types of hospitality real estate that have fared better than the conventional hotels in the UAE during the COVID-19 era¹⁹¹. This segment of accommodation remained profitable amid lockdowns and airport closures largely due to the flexibility of stay options for both business and leisure travellers, affordability, and the modern amenities at offer. In the UAE, occupancy levels of serviced apartment remained high in the run-up to EXPO 2020 Dubai. This led to a sharp rise in the rates of serviced apartment in Dubai. UAE and GCC nationals, as well as expatriates of Arab ancestry, make up a substantial portion of individuals who choose to stay in serviced apartments¹⁹². In Qatar, majority of serviced apartments are located in Doha. The segment is likely to remain high in demand, especially during the FIFA World Cup 2022 period¹⁹³.

Similarly, major hotel operators are increasingly focusing on establishing mid-scale brands as they foresee growth and potential to diversify their hotel portfolio amid rising demand for such properties. Primarily targeting cost sensitive tourists, these hotels offer an alternate and practical solution to the expensive stay in the region. This trend has manifested in terms of service apartments, mid-priced 3-4 star hotels and Airbnb's¹⁹⁴. At the same time, hotels are offering deals in the form of cost-saving staycations for expatriates and visitors alike amid rising inflation and living costs. Such offerings are enabling hotels to cash-in during the off-peak seasons and vulnerable times such as the health scare of COVID-19¹⁹⁵. Such type of budget brands and staycation offerings are growing in prominence in the UAE and Saudi Arabia¹⁹⁶.

Digitization and Technological Advancements

Technology has become a key enabler in the hospitality industry with platforms such as cloud, big data analytics, robotics, artificial intelligence (AI), machine learning (ML), and augmented reality (AR) to transform the industry. In the hospitality industry, digitization can

¹⁸⁸ Source: "The rise of the GCC's hospitality sector", Gulf Business, February 8, 2020

¹⁸⁹ Source: VisitDubai, VisitAbuDhabi, Colliers, Qatar Tourism Annual Report, Oman Tourism Annual Report, Hotelier Middle East

¹⁹⁰ Source: VisitDubai, VisitAbuDhabi, Colliers, Hotelier Middle East

¹⁹¹ Source: "The Serviced Apartment model has seen double-digit growth, says Radisson exec", Arabian Business, September 9, 2021

¹⁹² Source: "Expo boosts Dubai serviced apartment rates", Serviced Apartment News, August 11, 2021

¹⁹³ Source: "Accommodation sector bouncing back in Qatar as revenue per available room increase significantly", The Peninsula, September 8, 2021

¹⁹⁴ Source: "Top Trends Driving The Hospitality Industry In Dubai This Year", The Restaurant Times, 2019

¹⁹⁵ Source: "Inflation to staycation: UAE expatriates staying put for the summer, hotels cash in", AlArabiya News, January 12, 2021

¹⁹⁶ Source: "Room for growth in the GCC: Opportunities and challenges in the hotel sector", Arabian Business, February 25, 2020

The COVID-19 pandemic has further accelerated the adoption of technology to enable services such as contactless payments and online bookings

help organizations streamline procedures, reduce costs, lower staff workloads, increase revenue generation potential, and improve overall level of customer experience. Although technology integration has been an ongoing process in the industry, the COVID-19 pandemic has further accelerated adoption to enable services such as contactless payments and online bookings, resulting in clients having as little physical interactions as possible while also maintaining customer safety¹⁹⁷.

Over the past few years, evolving customer preferences have had a big impact on the overall hospitality and travel offerings. Some hotels in the UAE have started allowing guests to access their rooms using only their cell phones. It simplifies the process for travelers and eliminates complications such as key loss. At the same time, operators are leveraging Internet of Things (IoT) to provide advanced innovative digital solutions such as automated guestrooms that can control lighting, temperature and electronic devices, thereby improving guest satisfaction, comfort and safety¹⁹⁸.

The hospitality sector has had an opportunity to alter or rather evolve after the pandemic, and as a result, change their offerings to stay competitive, retain visitors, and meet changing customer behaviour. In line with this, the R Hotels launched a new website and an app in 2020 as a part of their enhanced digital strategy to streamline the booking process on its properties¹⁹⁹. Meanwhile, Oyo Rooms has begun operations in Saudi Arabia. As a technology-based solutions provider, Oyo is likely to have a significant impact on the upcoming trends pertaining to integration of technology in the GCC hospitality industry²⁰⁰.

¹⁹⁷ Source: "The latest technology trends in the Hospitality Industry", RevFine

¹⁹⁸ Source: "How is technology helping the hospitality sector to survive in the UAE", Cloudi-fi, August 2, 2021

¹⁹⁹ Source: "R Hotels launches own mobile app for UAE properties", Hotelier, June 24, 2020

²⁰⁰ Source: "INTERVIEW: World's fastest-growing hotel chain comes to Saudi Arabia", November 3, 2019

7. Merger & Acquisitions

M&A activity in the GCC hospitality industry has picked up as companies are looking for strategic expansion or mergers to form stronger entities

M&A activities across the GCC hospitality industry has remained relatively subdued amid downturn in activities due to the COVID-19 pandemic. However, 2021 has witnessed some revival in businesses as economies reopened, leading to the M&A activities stirring up again in the region. There was a total of nine M&A deals during 2021 and 2022 YTD compared to just 4 deals concluded during 2019 and 2020. Out of the 13 transactions concluded between 2019 and 2022 YTD, Saudi Arabia and the UAE attracted most number of deals compared to the other GCC nations. The deals comprised of a number of cross border transactions as companies focus on strengthening their geographical presence while also expanding and diversifying their service offerings. Amid a race for scale and distribution strength, majority of the acquirer entities are primarily focusing on growth through brand acquisition. In the aftermath of the COVID-19 health crisis, branded hotels and accommodations are more likely to ensure higher safety and security, adopt and integrate technology, provide customized offerings while also turn immediately accretive and offer value creation opportunities. Going forward, consolidation in the hotel sector is likely to intensify as the pressure on companies to drive earnings and gain market share continues to mount in the face of rising competition and increasing threats from online portals and alternative lodging service providers.

Exhibit 26: Major M&A Deals in the GCC Hospitality Industry

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US\$ Million)	Percent Sought (%)
Cascade Investment	Saudi Arabia	Four Seasons Hotels & Resorts	Saudi Arabia	2021	2,210.0	23.8%
Alpha Dhabi Holding	UAE	Murban	UAE	2021	462.8	100%
GFH Capital	UAE	12 Hilton & Marriott Hotels	USA	2020	250.0	100%
Tourism Enterprise Co. (SHAMS)	Saudi Arabia	Centro Waha by Rotana, Centro Shaheen by Rotana, Dana Rayhaan by Rotana (Portfolio of Shuaa Capital - SHUAA)	Saudi Arabia	2022	195.9	100%
Adar Investment	UAE	Al Bahr Hotel	UAE	2022	210.0	100%
Mubadala Investment Co.	UAE	Park Lane Hotel	USA	2019	140.0	100%
Taiba Investments	Saudi Arabia	Rotana Centro	Saudi Arabia	2022	87.0	100%
Ghassan Aboud Group	UAE	Vincent Hotel	Australia	2021	70.0	100%
Albwardy Investments	UAE	Meikles Hotel	Zimbabwe	2019	20.0	100%
Dur Hospitality Co.	Saudi Arabia	Shada Homes	Saudi Arabia	2019	16.3	60.0%
United Real Estate Co. K.S.C.P	Kuwait	Al Dhiyafa Holding Co.	Kuwait	2022	NA	100%
United Real Estate Co. K.S.C.P	Kuwait	United Towers Holding Co.	Kuwait	2022	NA	100%
International Holding Co.	UAE	Al Qudra Holding	UAE	2021	NA	100%

Source: Thomson Reuters

Note: Data sourced for the period 01 January 2019 to 30 June 2022. Only completed deals under consideration.

8. Financial and Valuation Analysis

8.1 Financial Performance

We have analyzed the performance of the top 11 listed hospitality companies within the GCC

In this section, we have selected the top 11 listed hospitality companies from the GCC countries based on revenues. These companies were analyzed based on their financial performance for the year 2021, including the revenue, EBITDA, net profit, margins and return on equity. The selected companies are from Saudi Arabia (4), UAE (2), Oman (2), Bahrain (2), and Kuwait (1). In terms of revenues, Saudi Arabia continues to represent the largest listed players, followed by the UAE within the GCC region.

Exhibit 27: Financial Performance of the Selected Hospitality Companies in the GCC

Company Name	Country	Short Form	Market Cap (US\$ Million)	Sales 2021 (US\$ Million)	Sales Growth (2021)	EBITDA 2021 (US\$ Million)	EBITDA Margin (2021)	Net Profit (US\$ Million)	Net Profit Margin (2021)	ROAE (3-yr Avg. %)
Kingdom Holding Company	KSA	KHC	9,093.1	402.3	46.5%	496.8	123.5%	267.8	66.6%	0.0%
Seera Group Holding	KSA	SEERA	1,252.7	354.1	46.8%	15.2	4.3%	-100.7	-28.4%	-1.1%
Abu Dhabi National Hotels	UAE	ADNH	1,040.2	294.6	23.8%	163.1	55.3%	74.3	25.2%	-0.8%
National Corp for Tourism & Hotel	UAE	NCTH	556.4	209.1	0.3%	44.9	21.5%	32.2	15.4%	5.5%
Abdulmohsen Alhokair Tourism and Development Co	KSA	AMHG	205.6	188.9	15.5%	17.7	9.4%	-45.8	-24.2%	-47.0%
IFA Hotels & Resorts-KPSC	Kuwait	IFA	80.8	134.7	96.8%	39.5	29.4%	7.6	5.6%	-44.5%
Dur Hospitality Co.	KSA	DHC	587.8	126.2	7.0%	40.2	31.9%	-3.8	-3.0%	-0.3%
Gulf Hotels Group B.S.C.	Bahrain	GHG	216.4	61.0	16.1%	26.7	43.8%	9.0	14.8%	0.3%
National Hotels Co	Bahrain	NHC	44.8	13.2	27.0%	8.2	62.3%	1.4	10.8%	-1.4%
Gulf Hotels Oman Co Ltd SAOG	Oman	GHO	34.6	9.0	15.2%	0.4	4.5%	-1.8	-20.1%	-0.1%
Hotels Management Company International	Oman	HMCI	9.8	8.6	6.6%	-0.9	-10.2%	-4.3	-50.0%	-6.4%
Consolidated				1,801.8	29.5%	851.9	47.3%	235.9	13.1%	-0.6%
Average				163.8	27.4%	77.4	34.2%	21.4	1.2%	-8.7%
High				402.3	96.8%	496.8	123.5%	267.8	66.6%	5.5%
Low				8.6	0.3%	-0.9	-10.2%	-100.7	-50.0%	-47.0%

Source: Thomson Reuters Eikon

Notes: Last updated June 30, 2022; NM – Not Meaningful; Figures in red indicate below consolidated average and those in green suggest at par or above the consolidated average of selected 11 companies

Revenue – Recovery in 2021

The consolidated revenues of the selected companies recorded an increase of 29.5% in 2021 compared to 2020

The consolidated revenues of the selected companies stood at US\$ 1.80 billion in 2021, an increase of 29.5% compared to US\$ 1.4 billion in 2020, however it was 29.3% lower compared to 2019. The rise in revenues in 2021 was largely led by Saudi Arabian companies, which recorded an increase of 34.4% during the period. However, the UAE companies reported a growth of 12.8% in 2021, lower than the consolidated growth of 29.3% in 2021.²⁰¹ In comparison to the revenues recorded in 2019, the pace of recovery has been uneven across the region.

²⁰¹ Source: Company Annual Reports

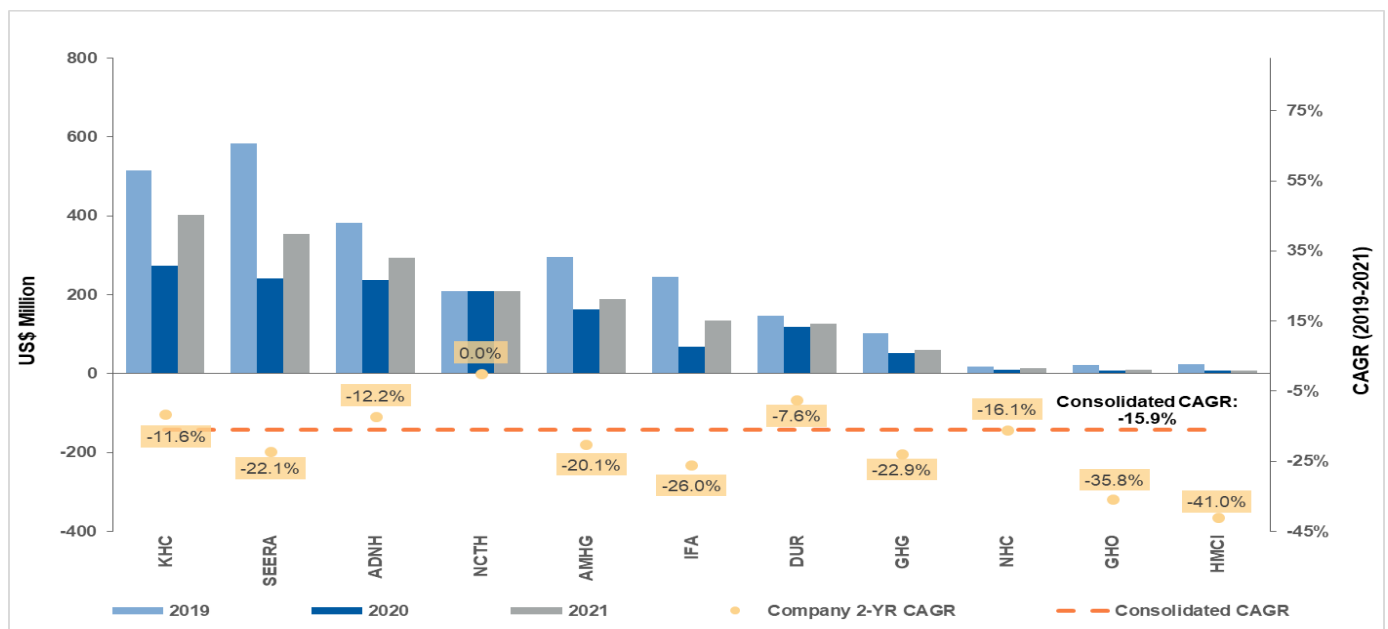
UAE companies recorded the highest recovery ratios, followed by Saudi Arabia

The top 5 listed companies account for around 80% of the consolidated revenues of the selected companies

UAE companies witnessed an accelerated recovery in business activity as the revenues reached around 85% of 2019 levels, while revenues of Omani companies reached around 40% of 2019 levels. Saudi Arabian recorded a healthy growth in 2021, which led to a 70% recovery in revenues compared to 2019.²⁰²

Kingdom Holding (KHC) and Seera Group (SEERA) of Saudi Arabia are the two largest amongst the selected companies, followed by Abu Dhabi National Hotels (ADNH) and National Corporation for Tourism & Hotel (NCTH) of the UAE and Abdulmohsen Alhokair Tourism and Development Co (AMHG) of Saudi Arabia. These 5 companies represent around 80% of the consolidated revenues of the selected companies in 2021.

Exhibit 28: Trend in Revenue (2019-2021)



Source: Company Reports, Alpen Capital

SEERA and KHC of Saudi Arabia reported an increase in revenues of 46.8% and 46.5% in 2021, respectively

KHC, the largest within the selected companies, recorded a growth of 46.5% in 2021 compared to 2020, however it was 21.8% lower than 2019. The growth in 2021 was led by 135.2% rise in hotel operations, followed by 24.0% rise in dividend income from international investments.²⁰³ SEERA of Saudi Arabia reported a growth of 46.8% in 2021, primarily driven by rise in international travel and related activities. ADNH and NCTH of the UAE reported an increase of 23.8% and 0.3% respectively in 2021. NCTH reported modest growth despite 23.9% growth in hotel division, mainly due to 5.2% decline in catering division.²⁰⁴

Gulf Hotels (GHO) and Hotels Management Company International (HMCI) of Oman reported an increase of 15.2% and 6.6% respectively in 2021 compared to 2020, however it was 58.8% and 65.2% respectively lower than 2019. Gulf Hotel Group (GHG) and National Hotels Company (NHC) of Bahrain reported an increase of 16.1% and 27.0% respectively in 2021. IFA of Kuwait reported an increase of 96.8% in 2021 compared to 2020, however it was 45.3% lower compared to 2019.²⁰⁵

²⁰² Source: Company Annual Reports

²⁰³ Source: Company Annual Reports

²⁰⁴ Source: Company Annual Reports

²⁰⁵ Source: Company Annual Reports

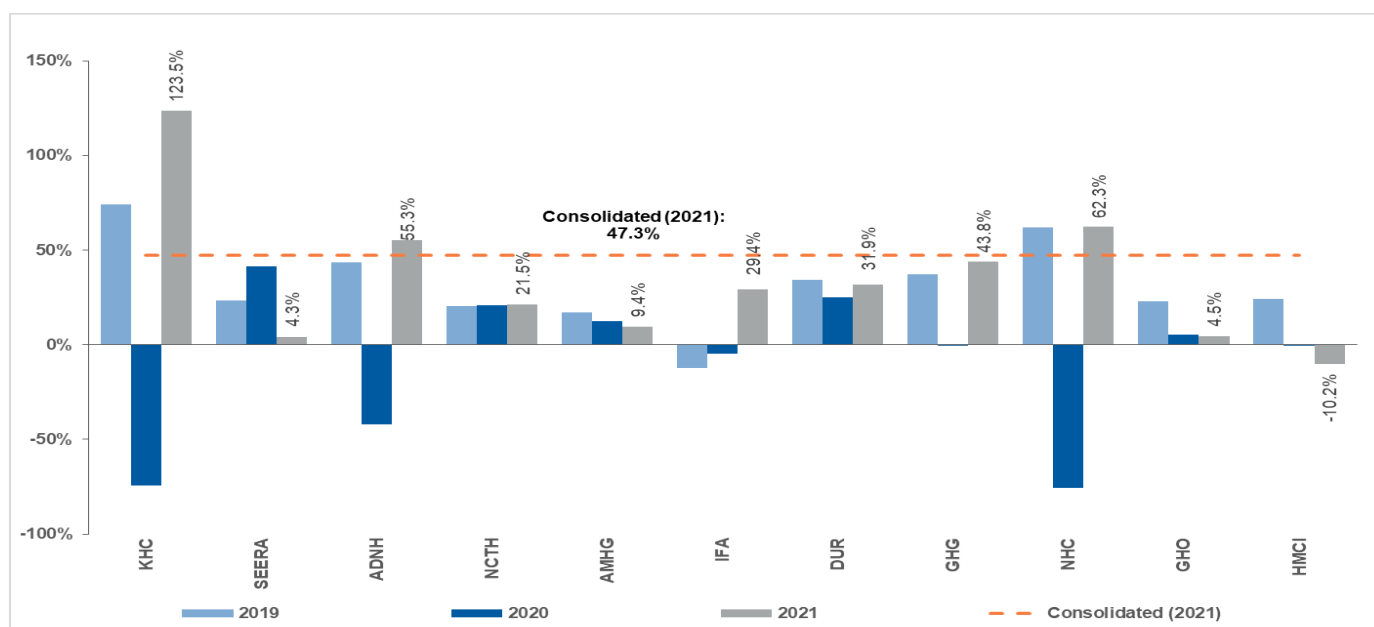
Profitability – Improved margins in 2021

Consolidated EBITDA stood at US\$ 851.9 million, compared to a negative US\$ 122.1 million in 2020

The consolidated EBITDA of the selected companies stood at US\$ 851.9 million in 2021 compared to a negative EBITDA of US\$ 122.1 million in the previous year. The improvement in EBITDA was witnessed at a broader level with 10 out of the 11 companies reported positive EBITDA in 2021 compared to only 5 companies in 2020. The consolidated EBITDA reported in 2021 is 1.1% lower than 2019, however the margin improved from 33.8% in 2019 to 47.3% in 2021, on the back of a lower revenue base.²⁰⁶

In terms of companies, HMCI of Oman was the only company to report negative EBITDA in 2021. It was the second consecutive year of negative performance, which can be attributed to lower occupancy rate of around 20% in 2021, weighing on overall operating performance.²⁰⁷ KHC was amongst the top performers as the company reported an EBITDA of US\$ 496.8 million in 2021, which can be attributed to rationalization of operating cost coupled with rise in value of equity and property investments.²⁰⁸ ADNHI reported an EBITDA of US\$ 163.1 million in 2021 compared to a negative EBITDA of US\$ 100.5 million in 2020, while NCTH reported a growth of 3.1% in EBITDA in 2021.²⁰⁹

Exhibit 29: Trend in EBITDA Margin (2019 - 2021)



Source: Company Reports, Alpen Capital

Consolidated EBITDA margins improved in 2021 to 47.3% compared to 33.8% in 2019

In terms of margin, the consolidated EBITDA margin of the selected companies stood at 47.3% in 2021 compared to 33.8% in 2019. The improvement was mixed within the selected companies as 6 out of the 11 companies were able to report better margins compared to 2019, which can be attributed to rationalizing of expenses to optimizing operating efficiencies. Companies from KSA, UAE and Bahrain witnessed an improvement in EBITDA margins from 2019, however Omani companies remained under pressure on the back of lower revenues.²¹⁰

²⁰⁶ Source: Company Annual Reports

²⁰⁷ Source: Company Annual Reports

²⁰⁸ Source: Company Annual Reports

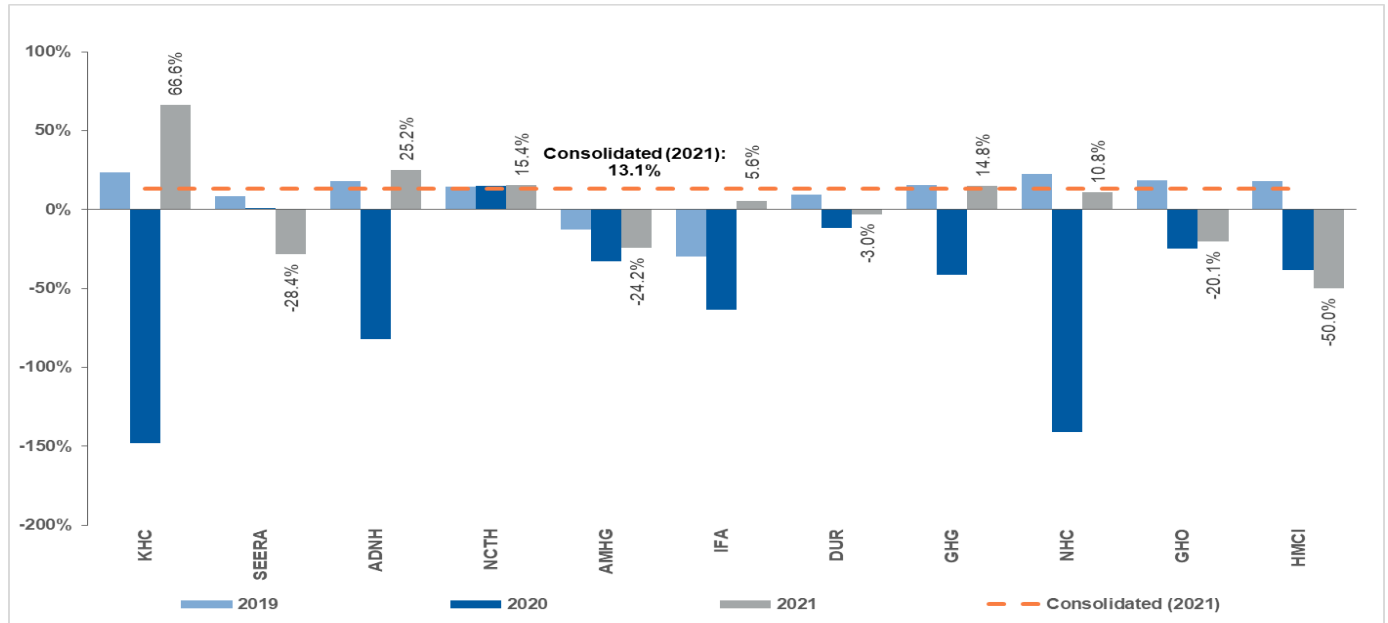
²⁰⁹ Source: Company Annual Reports

²¹⁰ Source: Company Annual Reports

Consolidated net profit was US\$ 235.9 million in 2021 compared to a loss in 2020

The consolidated net profit of the selected companies stood at US\$ 235.9 million in 2021 compared to a net loss of US\$ 721.1 million in 2020 and a net profit of US\$ 201.4 million in 2019.²¹¹ 6 out of the 11 companies reported net profit in 2021, while the remaining 5 witnessed losses in 2021. Excluding the net profits of US\$ 267.8 million by KHC, the selected companies reported a net loss of US\$ 31.9 million in 2021, narrowing the losses recorded in the previous year. The net profit margin in 2021 stood at 13.1% compared to a negative 51.8% in 2020 and 7.9% in 2019.²¹²

Exhibit 30: Trend in Net Profit Margin (2019 - 2021)



Source: Company Reports, Alpen Capital

The net profit performance was mixed with 6 out of 11 reported positive results, while the remaining 5 reported losses in 2021

In terms of selected companies, the net profit performance was mixed across the region. Both the Omani companies continued to remain under pressure by extending the losses during the the period. In Saudi Arabia, only KHC reported profits in 2021, while the remaining 3 companies recorded losses during the same period. In the UAE, both the companies reported profits for the 2021, which were also higher by 7.5% compared to 2019.²¹³ AMHG was the only company within the selected companies to report losses in the past three consecutive years.

Return Ratio – Mixed

Consolidated return ratios of the selected companies witnessed an improvement, however individual performance was mixed in 2021

The ROAE of the selected companies stood at 1.7% in 2021 compared to -5.1% in 2020 and 1.4% in 2019. UAE, Kuwait and Bahrain reported a higher ROAE than the consolidated average, while companies from Saudi Arabia and Oman were lower than the average. 5 out of the 11 selected companies reported ROAE higher than the consolidated average, while the remaining 6 were lower than the average. In terms of improvement in return ratios, 6 companies within the selected companies were able to report higher return ratios in 2021, while the remaining 5 witnessed a decline during the same period.²¹⁴

In terms of companies, IFA and NCTH reported one of the best return ratios within selected companies with 9.2% and 5.2% respectively. ADNH, GHG and KHC reported ROAE of

²¹¹ Source: Company Annual Reports

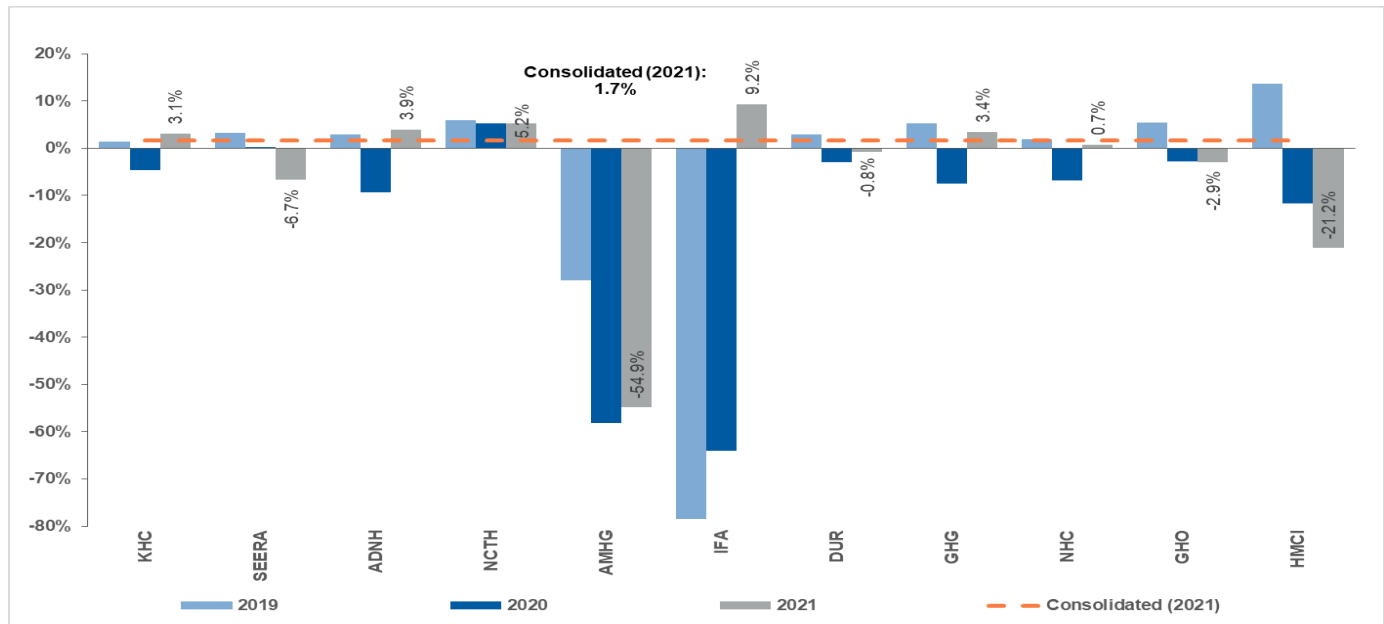
²¹² Source: Company Annual Reports

²¹³ Source: Company Annual Reports

²¹⁴ Source: Company Annual Reports

3.9%, 3.4% and 3.1% respectively, which is higher than the consolidated average. Omani companies reported negative return ratios, which can be attributed to net losses reported during the year.²¹⁵

Exhibit 31: Trend in Return on Average Equity (2019 - 2021)



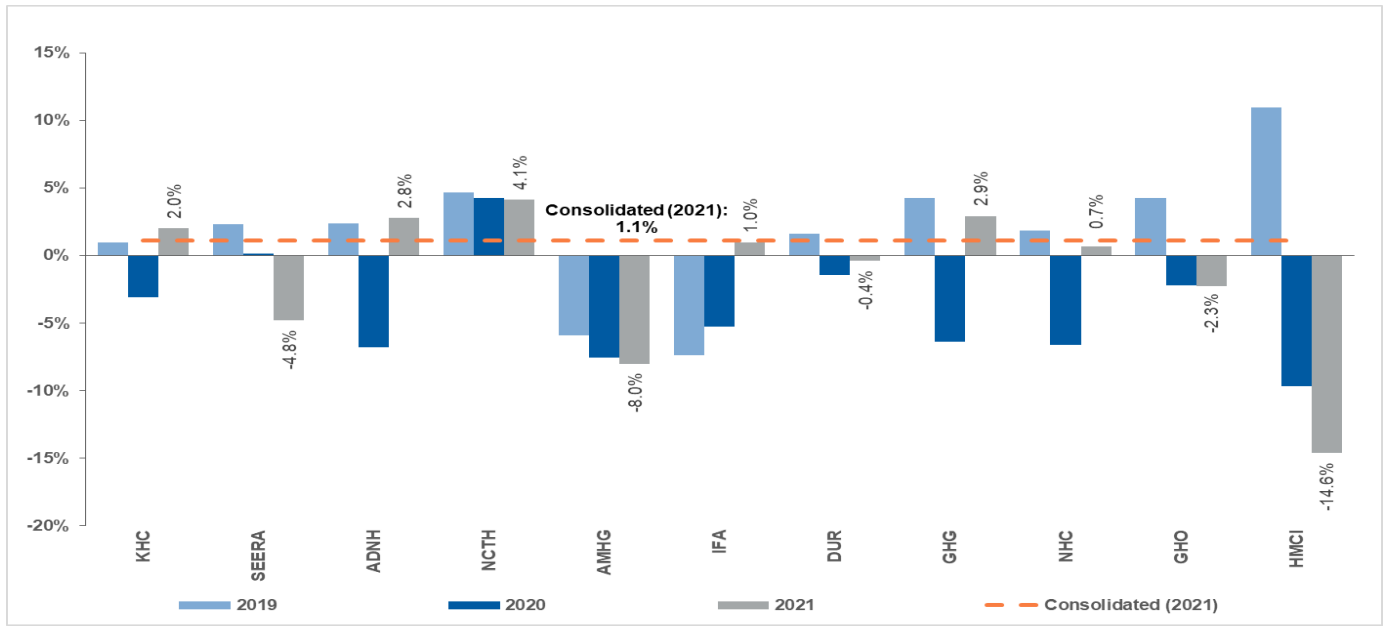
Source: Company Reports, Alpen Capital

ROAA of the selected companies stood at an average of 1.1% in 2021 compared to 0.9% in 2019. Companies from the UAE and Bahrain reported a higher ROAA than the consolidated average, while companies from KSA were below the average. 7 out of the 11 companies reported ROAA below the consolidated average, while only 4 companies recorded ratios higher than the average. In 2021, NCTH reported ROAA of 4.1%, higher than the average, however it was lower than 4.3% in 2020 and 4.6% in 2019. HMC and AMHG reported negative ROAA of -14.6% and -8.0 respectively in 2021, followed by -4.8% by SEERA and -2.3% by GHO.²¹⁶

²¹⁵ Source: Company Annual Reports

²¹⁶ Source: Company Annual Reports

Exhibit 32: Trend in Return on Average Asset (2019 - 2021)



Source: Company Reports, Alpen Capital

8.2 Valuation Analysis

As of June 30, 2022, the Selected Companies were trading at an average P/E multiple of 7.7x and P/B multiple of 1.3x (see Exhibit 33). The three valuation parameters measured within the selected companies depict mixed trends across the region. In terms of earnings multiples, companies from the UAE and Kuwait trade at a premium compared to regional peers, while Saudi Arabia trades at a premium in terms of EBITDA multiples within the region.

In terms of P/E multiple, selected companies from UAE and Kuwait trade at 14.0x and 10.1x respectively

In terms of P/E multiple, selected companies from UAE and Kuwait trade at 14.0x and 10.1x respectively, while the companies from the Saudi Arabia and Bahrain at 5.0x and 1.7x respectively. In terms of EV/EBITDA multiple, companies from Saudi Arabia trade at 40.0x, while the companies from the rest of the country's trade lower than the industry average with the exception of Omani companies as they trade at a premium.

In terms of companies, 6 out of the 11 companies reported net profit in 2021, while the remaining 5 witnessed losses in 2021. Hence, the earnings multiple of the selected companies is broadly a reflection of the 6 companies. In terms of earnings multiple, 2 from the UAE and 1 from Kuwait trade at a premium, while companies from Saudi Arabia and Bahrain at a discount compared to its regional peers. NCTH of the UAE trades at a multiple of 17.9x, the highest in the region, while GHG of Bahrain trade at a 1.6x, lowest in the region. In terms of EV/EBITDA multiple, only 3 companies trade at a premium within the selected companies. SEERA of KSA and GHO of Oman trade at 95.4x and 91.9x respectively, while NHC and GHG of Bahrain trade at 8.0x and 4.7x respectively. Companies from the UAE trade at a multiple of 11.5x, which is lower than the average of 29.6x.

Exhibit 33: Key Valuation Ratios of Hospitality Companies in the GCC

Comany Name	TTM		EV/EBITDA in 2021 (x)
	P/E Ratio (x)	P/B Ratio (x)	
Kingdom Holding Co.	5.0	1.0	26.6
Seera Group Holding	NM	0.9	95.4
Abu Dhabi National Hotels	10.0	0.5	9.0
National Corp. for Tourism & Hotel	17.9	0.9	13.9
Abdulmohsen Alhokair Group	NM	2.3	17.4
IFA Hotels & Resorts	10.1	4.3	8.2
Dur Hospitality Co.	NM	1.4	20.7
Gulf Hotels Group B.S.C	1.6	0.8	8.0
National Hotels Co.	1.7	0.2	4.7
Gulf Hotels Oman Co. Ltd	NM	0.6	91.9
Hotels Management Co. International SAOG	NM	NM	NM
Average	7.7	1.3	29.6
Median	7.5	0.9	15.7
High	17.9	4.3	95.4
Low	1.6	0.2	4.7

Source: Thomson Reuters Eikon, Company filing

Notes: Last updated June 30, 2022; NM – Not Meaningful; Figures in red indicate below consolidated average and those in green suggest at par or above consolidated average of selected companies; TTM PE for all the companies are up until Q1-2022 (latest available data).

Country Profiles

UAE

Key Growth Drivers

- **Tourism Strategies:** As part of its Tourism Vision 2025, Dubai aims to attract 25 million tourists annually by 2025. To retain its position as a top destination in the global tourism map, the Emirate has invested heavily in building its local hospitality infrastructure while also conducting global business and entertainment events. Abu Dhabi too has launched its Tourism Strategy 2030 with a focus on the growth of MICE events and sports tourism that aims to attract 23 million tourists annually by 2030. Similarly, RAK aims to attract three million visitors per year by 2030.
- **Leisure Attractions & Events:** UAE has become one of the top business travel and leisure destinations worldwide owing to its several MICE, retail and entertainment facilities. The recent opening of Warner Bros. World in Abu Dhabi, the Six Flags Dubai, Sea World, and the Guggenheim Museum are some of the key destinations that are expected to attract large number of tourists. In 2023, Dubai will see the opening of the Vida Mall, the Vida Residence Creek Beach, and the Palace Creek Harbour. It also aims to repurpose the EXPO 2020 Dubai zone into Expo City. The FIFA World Cup 2022 is expected to boost the hospitality industry of key transit hubs such as Dubai and Abu Dhabi.
- **Eased Visa Regulations:** The UAE government introduced Multiple-Entry Tourist Visas for all nationalities. Additionally, it has introduced Remote Working Visas which permits foreign nationals to live and work in the UAE while being employed outside of their company's headquarter location. In addition to broadening the scope of the Golden Residence Visa to recruit and retain global talent, it has also announced a 10-year cultural visa.
- **Airport Expansion Plans:** Al Maktoum International Airport, also known as Dubai World Central (DWC), has a projected annual capacity of approximately 260 million passengers when fully completed by 2027. Additionally, the Sharjah International Airport is undergoing expansion while the Fujairah International Airport Extension Project is nearing completion with the development of a secondary runway.

Recent Industry Developments

- In May 2022, Emaar Hospitality unveiled its expansion plans to launch new projects in the UAE until 2025, as occupancy levels at its properties surpassed pre-pandemic levels.
- In January 2022, Wynn Resorts announced a multibillion-dollar deal with the RAK Emirate that will see the development of a 1,000-room luxury hotel with 10 restaurants and lounges, a spa, convention facility, shopping venues and gaming area.
- In January 2021, the UAE approved the formation of Emirates Tourism Council with an aim to strengthen its tourism portfolio.

Macro-economic Indicators

Indicators	Unit	2022F	2023F	2026F
GDP growth at current prices	%	22.3	1.0	4.3
GDP per capita, at current prices	US\$	50,347	49,841	52,605
Population	mn	10.0	10.2	10.6
Int'l tourist arrivals	mn	16.0	19.7	28.5
Hotel & Serviced Apartment Rooms	no.	182,823	190,798	212,748

Source: IMF – April 2022, WTTC, Alpen Capital

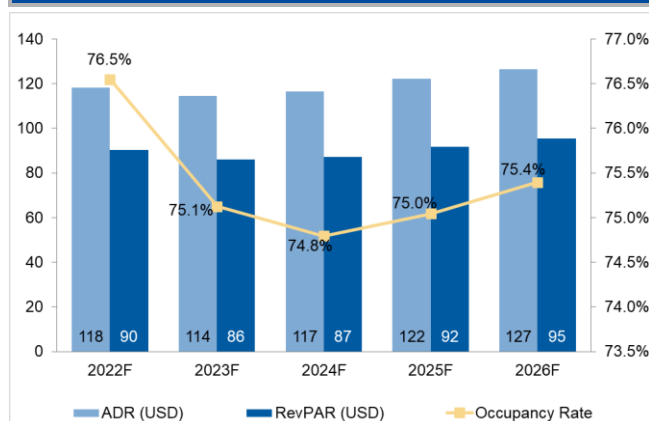
Note: F – Forecast

Select Players

Company	Type
Abu Dhabi National Hotels	Owns and manages hotels
Arenco Group	Diversified player - Owns and manages hotels
Citymax Hotels	Owns and manages hotels
Emaar Hospitality Group	Owns and manages hotels
Habtoor Hotels	Owns and operates hotels
Jumeirah Group	Owns and operates hotels
Rotana Hotel Management Corporation PJSC	Owns and manages hotels

Source: Thomson Reuters Eikon, Company Filings

Forecast of Performance Metrics in the UAE



Source: Alpen Capital

Note: F – Forecast

Saudi Arabia

Key Growth Drivers

- **Tourism Strategies:** Saudi Arabia has implemented several liberalization policies that is uplifting its social and cultural environment. As part of the Vision 2030, it aims to evolve into a top leisure destination and attract around 100 million domestic and international visits a year by the end of the decade. The Kingdom has launched several tourism-related projects to boost the hospitality industry. Some of the most notable projects currently under construction include the desert megacity NEOM, the Red Sea Project, Qiddiya Entertainment City, and the AIUA Project among others.
- **Religious Tourism:** Saudi Arabia benefits greatly from religious tourism, primarily from the two holy cities of Mecca and Medina, which account for close to 40% of the tourist arrivals in the Kingdom. Pilgrims for Hajj and Umrah together account for approximately 20% of the Kingdom's non-oil GDP and 7% of total GDP. In 2021, the Kingdom eased COVID-19 restrictions and re-opened pilgrimage for immunized/vaccinated worshippers. As conditions return to normal, Saudi Arabia is preparing to meet the pent-up demand from pilgrims with over 32,621 hotel rooms currently under construction, further improving the prospects of the hospitality industry. It aims to increase the number of religious visitors from 9.5 million recorded before the pandemic to 30 million by 2025.
- **Eased Visa Regulations:** Saudi Arabia recently reinstated the visa on arrival program that allows holders of valid visas from the US, UK and Schengen to enter the Kingdom. In 2019, it announced a new visa regime to provide e-visa and visas on arrival to visitors from 49 countries.
- **Airport Expansion Plans:** Saudi Arabia is considering the construction of a new airport in Riyadh while construction of the Red Sea Airport, part of the Red Sea Project, and a new domestic airport in Jazan are currently underway. Jeddah Airport is also planning a US\$ 7.2 billion expansion of the King Abdulaziz International Airport.

Recent Industry Developments

- In May 2022, Saudi hotels enjoyed higher occupancy rates at over 70% in most of the destinations after the pandemic.
- In May 2022, Dur Hospitality and Rotana Hotels announced expansion plans. Dur Hospitality is developing 15 new projects while 7 new constructions by Rotana Hotels will triple its presence in Saudi Arabia to 6,000 rooms by 2026.
- In April 2022, Saudi Arabia hosted the Saudi Entertainment EXPO to boost the Kingdom's growing tourism sector and also announced plans to invest US\$ 64 billion towards the entertainment industry as part of its Vision 2030.

Macro-economic Indicators

Indicators	Unit	2022F	2023F	2026F
GDP growth at current prices	%	24.8	-1.8	2.6
GDP per capita, at current prices	US\$	28,759	27,701	27,394
Population	mn	36.2	36.9	39.1
Int'l tourist arrivals	mn	13.0	18.0	29.0
Hotel & Serviced Apartment Rooms	no.	575,494	590,105	612,023

Source: IMF – April 2022, WTTC, Alpen Capital

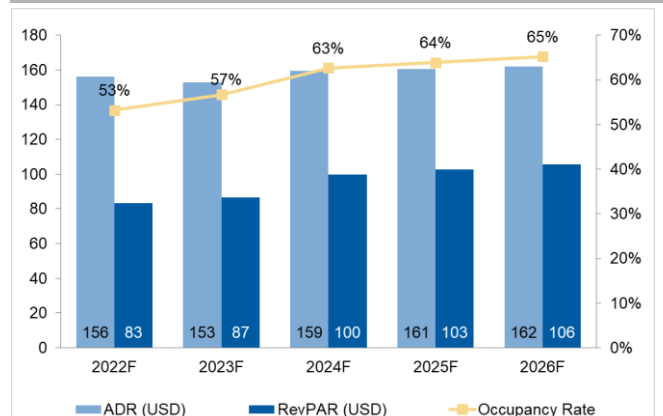
Note: F – Forecast

Select Players

Company	Type
Abdulmohsen Alhokair Group for Tourism and Development	Owns and manages hotels and entertainment centers
Dur Hospitality Co	Owns and operates hotels
Kingdom Holding Company	Invests in hotel projects
Seera Group Holding	Provides hospitality services

Source: Thomson Reuters Eikon, Company Filings

Forecast of Performance Metrics in Saudi Arabia



Source: Alpen Capital

Note: F – Forecast

Qatar

Key Growth Drivers

- **Tourism Strategies:** Qatar is positioning itself as the global sporting hub. Its government has launched a promotional campaign targeting 17 visitor source markets as part of the country's tourism strategy to increase tourism's contribution to GDP to 10% by 2030 and to attract six million visitors annually. Qatar also plans to invest US\$ 45 billion in tourism beyond the FIFA World Cup 2022 and aims to almost double tourism's share of GDP over the next 16 years through investments from government and business.
- **Mega Sporting Events:** More than 1.2 million visitors are expected to visit the country during the upcoming FIFA World Cup 2022. Qatar anticipates a US\$ 20 billion economic boost from hosting the mega-event. The country has constructed more than 100 hotels and resorts and several innovative temporary accommodations for the anticipated rise in visitors. Qatar is also gearing up to host several other global sporting events in the coming years including Formula 1, International Golf Championship, World Championship of Motorcycles, 2024 World Aquatics Championships, and 2030 Asian Games, among others. These events are likely to further boost activity in the hospitality industry.
- **Eased Visa Regulations:** Qatar has introduced a visa on arrival programme for citizens of more than 90 countries. It also offers nationals from 37 countries visiting Qatar and Oman with joint tourist visa upon arrival.
- **Airport Expansion Plans:** Expansion plans are underway at the Hamad International Airport which will boost the airport's capacity to more than 53 million annually, before the FIFA World Cup 2022. The second phase of expansion will raise its annual passenger capacity to more than 60 million.

Recent Industry Developments

- In June 2022, Qatar Tourism became the official tourism partner of the GKA Kite World Tour for three years, and has announced the development of a new world-class kite beach resort in Fuwairit.
- In May 2022, Qatar's hotels saw marginal improvement in rooms' yield on an annualized basis amidst flat occupancy according to the Planning and Statistics Authority (PSA). The one, two, three and five-star hotels saw higher than average expansion in the rooms' yield on an annualized basis.
- In October 2021, FIFA World Cup 2022 organizers announced the development of temporary accommodation on cruise liners, hotel apartments, and fan villages in the desert to accommodate supporters. Officials also announced 16 floating hotels to be built, offering around 1,600 rooms in total.

Macro-economic Indicators

Indicators	Unit	2022F	2023F	2026F
GDP growth at current prices	%	25.7	1.2	3.9
GDP per capita, at current prices	US\$	84,506	87,259	97,313
Population	mn	2.7	2.6	2.5
Int'l tourist arrivals	mn	2.6	2.1	3.1
Hotel & Serviced Apartment Rooms	no.	37,085	37,085	40,622

Source: IMF – April 2021, WTTC, Alpen Capital

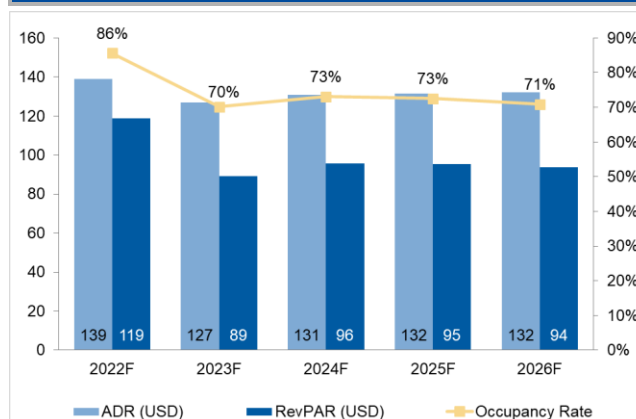
Note: F – Forecast

Select Players

Company	Type
Al Faisal Holdings	Diversified player – Owns and manages hotels
Alfardan Group	Diversified player – Owns and manages hotels
Katara Hospitality	Owns and manages hotels

Source: Thomson Reuters Eikon, Company Filings

Forecast of Performance Metrics in Qatar



Source: Alpen Capital

Note: F – Forecast

Kuwait

Key Growth Drivers

- **Tourism Strategies:** Kuwait aims to become a hub for new commercial, employment, leisure, and tourism destination as part of its Vision 2035. The TEC, backed by the Kuwaiti government, aims to extend finance as part of the long-term strategy to implement a total of 95 tourism and hospitality initiatives and projects in the country. The government also intends to develop the southern and northern banks of the Sheikh Jaber Al-Ahmad Al-Sabah Causeway, as well as build two artificial islands as part of its tourism strategy. Such initiatives are likely to boost the country's hospitality industry.
- **Airport Expansion Plans:** Kuwait International Airport is undergoing expansion and is being modernized with the latest technologies to accommodate the anticipated growth in arrivals and develop it into a new regional air hub. The US\$ 4.4 billion new terminal will increase the airport's capacity to 13 million passengers per year with the flexibility to raise to 25 to 50 million passengers in the future.
- **Project Pipeline:** TEC has disclosed 11 key redevelopment projects to put the country on the world tourism map. These projects, backed by a KWD 250 million capital increase (US\$ 814.4 million) and authorized by the Kuwait Investment Authority, are aimed at reviving five key tourism verticals including park and family entertainment destinations, recreational clubs, hospitality, highway rest areas, and waterfront marinas. Nuwaiseek Rest Area, Ras al Ardh, and Messilah Beach are the three key projects that will be completed during phase one of the redevelopment plans.

Recent Industry Developments

- In May 2022, the Grand Hyatt announced plans to open its first hotel in Kuwait after summer 2022. The new hotel will comprise of 302-rooms featuring 21 guestrooms and suites designed with landscaped garden terraces, 35 grand club sites, along with a presidential suite.
- In February 2022, Colliers reported that hotels in Kuwait City are expected to record an increase in occupancy rates by 16% to reach 31% during 2022.

Macro-economic Indicators

Indicators	Unit	2022F	2023F	2026F
GDP growth at current prices	%	37.9	-3.2	1.4
GDP per capita, at current prices	US\$	38,756	36,908	34,805
Population	mn	4.8	4.9	5.1
Int'l tourist arrivals	mn	3.7	4.6	7.2
Hotel & Serviced Apartment Rooms	no.	8,461	8,630	9,159

Source: IMF – April 2021, WTTC, Alpen Capital

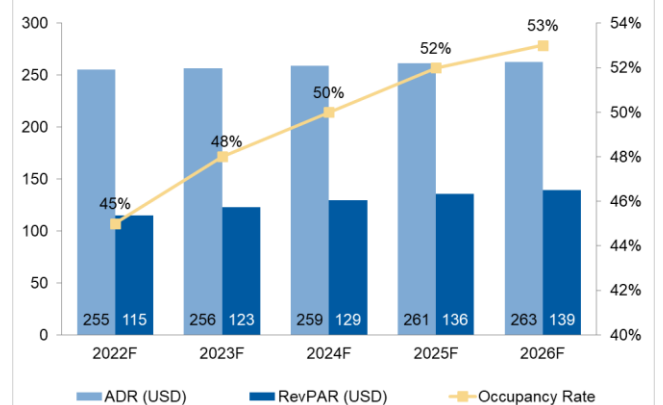
Note: F – Forecast

Select Players

Company	Type
Al Mulla Group	Owns and operates hotels
Action Hotels Company	Owns and operates hotels
IFA Hotels & Resorts	Owns and operates hotels

Source: Thomson Reuters Eikon, Company Filings

Forecast of Performance Metrics in Kuwait



Source: Alpen Capital

Note: F – Forecast

Oman

Key Growth Drivers

- **Tourism Strategies:** As part of Oman's Vision 2040 diversification strategy, the government has boosted investments in the tourism and hospitality sector with the aim to attract 11.7 million visitors by 2040, 5 million of which are expected to be international tourists. The Sultanate is also carrying out plans to establish the leisure and entertainment industry by building theme parks, natural tourist attractions, entertainment hubs, etc. The OMRAN Group has been actively forming strategic alliances with international institutions for project opportunities that aims to transform the domestic tourism and real estate sectors.
- **Airport Expansion Plans:** Musandam Airport is undergoing expansion with a new terminal to accommodate 250,000 passengers per year. It is expected to be completed by 2026.
- **MICE Market:** The Oman Convention Bureau has collaborated with multiple organizations across the globe to bring international conferences to the Sultanate while also co-operating with tourism companies to develop their programs. With one of the largest conference centers in the region, the Oman Conventional & Exhibition Center is set to host the International Medical Conference for Atherosclerosis in 2024, the first country in the MENA to host such an event.

Recent Industry Developments

- The FIFA World Cup 2022 in Qatar is expected to stimulate tourism in Oman. In May 2022, the countries signed an agreement for 48 daily Oman Air flights between Muscat and Doha. The pact is part of agreements signed with Gulf Airlines that will see operations of more than 188 daily shuttle flights to Qatar.
- In May 2022, Four Seasons Hotels & Resorts and the OMRAN Group announced plans for the development of a luxury seaside resort and private residences in Muscat.
- In April 2022, the Ministry of Heritage and Tourism announced plans to develop several tourism projects in Dhofar, Dakhliyah and North Sharqiyah. These include a four-star hotel, a restaurant, and a glass walkway. The Ministry of Commerce, Industry and Investment Promotion also announced plans to launch several investment opportunities in the tourism sector.
- In November 2021, the OMRAN Group revealed the master plan and brand identity of 'Yiti' - one of the largest integrated tourism developments in Oman. It will focus on developing a sustainable mixed-use project in the Sultanate.

Macro-economic Indicators

Indicators	Unit	2022F	2023F	2026F
GDP growth at current prices	%	31.6	0.1	2.1
GDP per capita, at current prices	US\$	23,416	22,718	21,113
Population	mn	4.7	4.9	5.3
Int'l tourist arrivals	mn	1.0	1.6	3.7
Hotel & Serviced Apartment Rooms	no.	28,714	29,364	31,314

Source: IMF – April 2021, WTTC, Alpen Capital

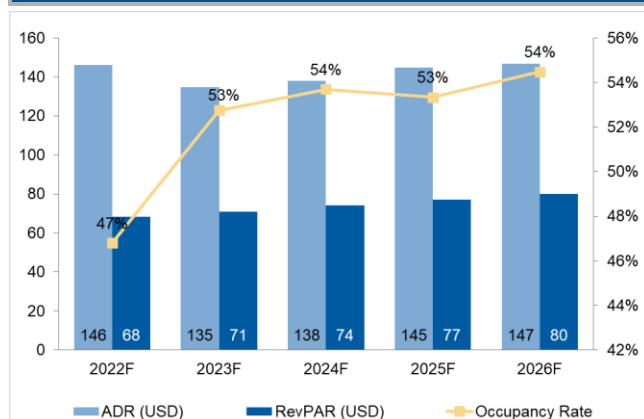
Note: F – Forecast

Select Players

Company	Type
Gulf Hotels Oman Co.	Owns and operates a hotel
Hotel Management Company International	Owns and operates a hotel
Zubair Corporation	Diversified, owns and operates hotels

Source: Thomson Reuters Eikon, Company Filings

Forecast of Performance Metrics in Oman



Source: Alpen Capital

Note: F – Forecast

Bahrain

Key Growth Drivers

- **Tourism Strategies:** Bahrain has announced ambitious plans to attract 14.1 million tourists by 2026 in a bid to boost the tourism sector's contribution to GDP. Development of maritime attractions, sports tourism, medical tourism, recreational tourism, cultural tourism, business tourism, and media tourism & cinematography are the essential pillars of this tourism plan. The government has announced plans to invest more than US\$ 10 billion directly in tourism infrastructure projects such as new hotels, theme parks, leisure and entertainment zones, and museums among others. This is likely to boost the country's hospitality industry.
- **Airport Expansion Plans:** BIA's new US\$ 1.1 billion passenger terminal began operations in January 2021 that will increase the capacity to 14 million passengers per annum. BIA was recently certified as a 5-star airport by Skytrax, becoming the second airport in the GCC after Qatar's HIA to achieve the highest quality rating.
- **Project Pipeline:** The Bahrain Tourism and Exhibitions Authority is working on launching a number of tourism projects, such as a diving waterfront, a beach project in Bahrain Bay, and a waterfront along the Qalali Coast. The announcement of these new tourist plans comes on the heels of the completion of significant national tourism projects, such as the Exhibition World Bahrain - Bahrain International Exhibition and Convention Center in Sakhir, which are set to open by the end of 2022. Projects such as the Mantis Hotel and Resort in the Harwar Islands, the Jumeirah Bahrain Bay Resort, the Tourist City project, the Bilaj Aljazayer Beach development project, and the Saada project are also scheduled to finish by 2023.

Recent Industry Developments

- The Exhibition World Bahrain is expected to showcase the dynamic, progressive and collaborative culture of the country. The venue, which will be the largest exhibition & convention center in the GCC, is set to be a catalyst for economic growth, socio-development, business tourism, and job creation.
- In May 2022, Minor Hotels announced plans to launch Avani Bilaj Al Jazayer Bahrain Resort and a 110-key Tirvoli Bilaj Al Jazayer Bahrain Resort, both of which are scheduled to open in 2024.
- In October 2021, Dubai's Emaar announced plans to open its Vida Hotel in Bahrain. Vida Beach Resort Marassi Al-Bahrain plans to welcome both short-term and long-term visitors with its 157 rooms and 141 serviced apartments.

Macro-economic Indicators

Indicators	Unit	2022F	2023F	2026F
GDP growth at current prices	%	13.6	2.8	4.3
GDP per capita, at current prices	US\$	29,097	29,323	31,026
Population	mn	1.5	1.5	1.6
Int'l tourist arrivals	mn	4.8	6.4	12.0
Hotel & Serviced Apartment Rooms	no.	23,870	24,890	27,950

Source: IMF – April 2021, WTTC, Alpen Capital

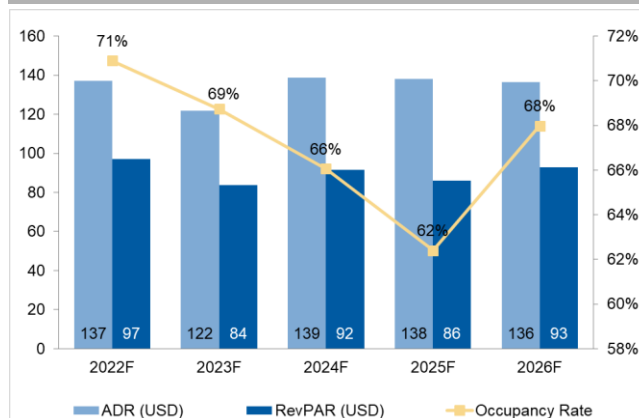
Note: F – Forecast

Select Players

Company	Type
Elite Hospitality Group	Owns and operates hotels
Gulf Hotels Group BSC	Owns and operates hotels

Source: Thomson Reuters Eikon, Company Filings

Forecast of Performance Metrics in Bahrain



Source: Alpen Capital

Note: F – Forecast

Company Profiles

Abdalmohsen Alhokair Group (Public Listed)

Saudi Arabia

Company Description

Established in 1975, Abdalmohsen Alhokair Group for Tourism and Development Company is primarily engaged in the leisure, entertainment and tourism industry in Saudi Arabia and the UAE. It operates 92 entertainment centres and 35 hotels across the GCC.

Business Segments/Services Portfolio

- **Hospitality:** The Group has been operating in the hospitality business for more than two decades. They have also partnered with some of the major international companies and have 35 hotels in Saudi Arabia and the UAE. Some of the key hotel brands operating under the Group include Hilton Worldwide, InterContinental Hotel Group (IHG), Carlson Rezidor, Marriot International, Accor Hotels, and Louvre Hotels among others.
- **Entertainment:** The Group is the first and the largest Saudi Arabian company in this sector with 64 entertainment zones around the Kingdom. The entertainment centers operating under this Group include sports, edutainment, soft play and family entertainment. Some of the key brands include Snowy Forest, Sparky's, Sky Zone, and Flash Bowling among others.

Recent Developments/Future Plans

- In March 2022, Spinneys, a Dubai-based supermarket partnered with Abdalmohsen Alhokair Group to expand its business in Saudi Arabia.
- In September 2021, Katapult partnered with Abdalmohsen Alhokair Group to create next generation themed attractions in the Middle-East.

Financial Performance

US\$ Million	2019 YE Mar	2020 YE Mar	2021 YE Mar	Change y-o-y (%)
Revenue	296.0	163.5	188.9	15.5
COS	223.5	160.3	NA	NA
Operating Income / (Loss)	2.2	(50.0)	22.9	NM
Operating Margin (%)	0.8	-30.6	12.2	
Net Profit / (Loss)	(38.1)	(53.4)	(45.8)	NM
Net Income Margin (%)	-12.9	-32.6	-24.2	
ROAE (%)	-28.0	-58.2	-54.9	
ROAA (%)	-5.9	7.5	NA	

Current Price (US\$) 3.2

Price as on June 30, 2022

Stock Details

Thomson Reuters ticker	1820.SE
52 week high/low	2.8/7.4
Market Cap (US\$ mn)	205.6
Enterprise value (US\$ mn)	307.7
Shares outstanding (mn)	65.0

Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US\$
3M	4,785	1,273
6M	5,519	1,468

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2021	LTM
P/E (x)	NA	NA
P/B (x)	3.3	2.3
EV/S	1.9	1.6
Dividend Yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure

Abdalmohsen Alhokair Hld Co.	31.50%
Bandar bin Khalid Abdul Mohsen Abdul Aziz Al Hokair	0.49%
Others	68.01%
Total	100%

Source: Thomson Reuters

Abu Dhabi National Hotels (Publicly Listed)

UAE

Company Description

Established in 1976, Abu Dhabi National Hotels (ADNH) owns and operates hotels and provides other hospitality services in the UAE. The group has evolved into an integrated hospitality group over the years that offers a broad range of offerings such as hotels, restaurants, destination management services, catering, and transportation among others.

Business Segments/Services Portfolio

- **Owned Hotels:** ADNH's hotel division owns some of the most reputed and recognizable brands such as Le Meridien Abu Dhabi, Hilton Abu Dhabi, Sheraton Abu Dhabi Hotel & Resort, The Ritz-Carlton Abu Dhabi, Grand Canal, and Park Hyatt Abu Dhabi Hotel and Villas among others.
- **Managed Hotels:** ADNH manages a portfolio of three hotels and one hotel apartment under the umbrella of Al Diar Hotels brand.
- **Restaurants:** ADNH manages a portfolio of innovative food and beverages outlets under the umbrella of Venetian Village.
- **Hospitality:** ADNH's hospitality division also offers other services such as catering, travel, tourism and transportation through Al Ghazal Transport, ADNH Compass Companies, and Sunshine Travel and Tours.

Recent Developments/Future Plans

- N/A

Financial Performance

US\$ Million	2019 YE Mar	2020 YE Mar	2021 YE Mar	Change y-o-y (%)
Revenue	382.2	238.0	294.6	23.8
COGS	328.8	179.9	174.6	3.1
Operating Income / (Loss)	68.9	273.1	74.3	-72.8
Operating Margin (%)	18.0	114.7	25.2	
Net Profit / (Loss)	68.9	(196.1)	74.3	NM
Net Income Margin (%)	18.0	-82.4	25.2	
ROAE (%)	3.0	-9.3	3.9	
ROAA (%)	2.4	-6.8	2.8	

Source: Company Website, Company Filings, Thomson Reuters, Media Reports

Current Price (US\$) 1.0

Price as on June 30, 2022

Stock Details

Thomson Reuters ticker	ADNH.AD
52 week high/low	0.8/1.3
Market Cap (US\$ mn)	1,040.2
Enterprise value (US\$ mn)	1,472.2
Shares outstanding (mn)	1,000.0

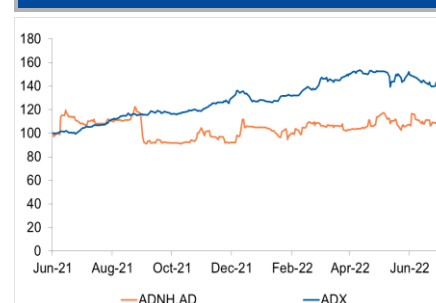
Source: Thomson Reuters

Average Daily Turnover ('000)

	AED	US\$
3M	462	126
6M	1,015	276

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2021	LTM
P/E (x)	9.9	10.0
P/B (x)	0.5	0.5
EV/S	6.2	5.0
Dividend Yield (%)	10.1	10.0

Source: Thomson Reuters

Shareholding Structure

Mamoura Diversified Global	17.50%
Emirates Intl Investments	7.12%
Masaa Co	7.12%
Others	68.26%
Total	100%

Action Hotels (Privately Owned)

UAE

Company Description

Founded in 2005, Action Hotels Co. (AHC) owns, develops, and manages three and four-star hotels in the Middle East and Australia. The company operates through four segments which include Middle East hotel operations, Australia hotel operations, hotels under construction, and undeveloped land sites. AHC is a subsidiary of Action Group Holding Company K.S.C.C (Kuwait) and operates branded hotels such as Ibis, Ibis Budget, Ibis Styles, Mercure, Novotel Holiday Inn in partnership with Accor Hospitality SA, and InterContinental Hotels Group (IHG).

Business Segments/Services Portfolio

AHC has 14 completed and operational properties with a total capacity of approximately 2,500 rooms.

- **Middle East:** AHC owns 11 properties across Kuwait (Ibis Salmiya and Ibis Sharq), Oman (Holiday Inn Muscat Al Seeb and Mercure Sohar), Jordan (Ibis Amman), Bahrain (Ibis Styles Manama Diplomatic Area and Ibis Seef), and the UAE (Novotel Bur Dubai, Ibis Styles Sharjah, and Ibis Styles Ras Al Khaimah).
- **Australia:** AHC operates three hotels in Melbourne - Novotel Melbourne South Wharf, Ibis Glen Waverley, and Ibis Budget Melbourne Airport.

Recent Developments/Future Plans

- In February 2021, three Melbourne hotels owned by AHC were put-up for sale with price expectations above US\$ 200 million.
- In May 2019, Ibis Styles Diplomatic Area was declared as the national winner from Bahrain in three categories by MEED Projects Awards GCC.

Current Price (US\$) NA

Price as on June 30, 2022

Stock Details	
Thomson Reuters ticker	NA
52 week high/low	NA
Market Cap (US\$ mn)	NA
Enterprise value (US\$ mn)	NA
Shares outstanding (mn)	NA

Source: Thomson Reuters

Average Daily Turnover ('000)		
	AED	US\$
3M	NA	NA
6M	NA	NA

Source: Thomson Reuters

Share Price Chart

Trading data not available

Valuation Multiples		
	2021	LTM
P/E (x)	NA	NA
P/B (x)	NA	NA
EV/S	NA	NA
Dividend Yield (%)	NA	NA

Source: Thomson Reuters

Shareholding Structure	
Union Investments Pvt. Ltd	37.41%
Others	62.59%
Total	100%

Al Faisal Holding (Privately Owned)

Qatar

Company Description

Incorporated in 1964, Al Faisal Holding Co. was established as a small trading company of spare parts. The company has diversified into different sectors such as property, trading & distribution, education, construction & project management, manufacturing, hospitality, real estate, and leisure & sports over the years.

Business Segments/Services Portfolio

Al Rayyan Tourism Investment Company (ARTIC), established in 2003, is a wholly owned subsidiary of Al Faisal Holdings and is engaged in real estate development, acquisition and leasing. Its primary focus is on the hospitality sector and hospitality-related services with investments spread across MENA, the US and Europe regions. ARTIC's investment portfolio comprises of 34 iconic and renowned properties in prime city centers and resort locations. The company also owns hospitality-related services which offers cost-effective support services in a shared service model, such as laundry, distribution, and procurement services.

- **Qatar:** ARTIC has 10 hotel properties in Qatar which include Al Samriya Autograph Collection Hotels, Aleph Doha Residences, City Center Rotana Hotel, Delta Hotels Marriott Marquis City Center, DoubleTree by Hilton Doha, Element City Center Doha, Element West bay Doha, JW Marriott City Center, Le Meridien, Marriott Executive Apartments, Marriott Marquis City Center Doha Hotel and Swiss-Belinn Doha. ARTIC also offers hospitality services that includes Modern Central Laundry, which is considered the first state-of-the-art commercial laundry in the Middle-East.
- **Egypt:** ARTIC runs four hotels, five retail outlets and owns four retail properties in Egypt. Some of the hotels operated by ARTIC include Four Seasons Hotel at the first residence Cairo, Hilton Alexandria Corniche Hotel, Moxy Hotels Chess Field and Moxy Hotels City Center. The company also owns and operates retail properties such as Al Jazi First Mall, Chess Field Al Jazi, Hurghada City Center Shopping Mall, Nile Boat by Four seasons, and the First Mall.
- **Algeria:** ARTIC operates Algiers City Center Hotels & Shopping Center. It is a mixed-use project, built on a total area of about 117,000 square meters with a design inspired by Algiers' elegant Art Déco heritage reflecting architecture of the 1920's.
- **Saudi Arabia:** ARTIC operates hotel Dana Makkah by Millennium in the Kingdom.
- **Europe:** ARTIC operates six hotels in the region which includes Alehn Rome Hotel, Grand Hyatt Berlin, JW Marriot Hotel Berlin, JW Marriott Istanbul Bosphorous, Sheraton Istanbul City Center, and W London Hotel.
- **US:** ARTIC operates five hotels in the country which includes Radisson Blu Aqua hotel, St. Regis Bal Harbour resort, The Manhattan at Times Square Hotel, and Miami Hotel.

Recent Developments/Future Plans

- In October 2020, ARTIC and Hilton announced the opening of Aleph Doha Residences, Curio Collection by Hilton, the first Curio all-residence property in the world.
- In January 2020, ARTIC expanded its operational hotels portfolio in Qatar with the completion and opening of the DoubleTree by Hilton Doha.
- In November 2019, ARTIC announced the opening of Sheraton Istanbul City Center Hotel in Beyoglu district in the European side of Istanbul.
- In April 2019, ARTIC and Swiss-Belhotel International announced the soft opening of Swiss-Belinn Doha, a modern 3-star hotel, centrally located in the Al Sadd area.

Al Sraiya Hotels & Hospitality Group (Privately Owned)

Qatar

Company Description

Founded in 2015, Al Sraiya Hotels & Hospitality Group (ASHHG) was formed to manage a chain of hotels locally and internationally. It is a subsidiary of Al Sraiya Holding Group based in Doha, with investments, businesses and partnerships in nine countries. The Al Sraiya Holding Group owns five internationally branded hotels and a locally branded hotel in Qatar. The group also operates six hotels across Europe.

Business Segments/Services Portfolio

- **Qatar:** The Group owns internationally branded hotels like Millennium Hotel, Kingsgate Hotel by Millennium Hotels & Resorts, Copthorne Hotel, Staybridge Suites Doha Lusail by InterContinental Hotel Group (IHG), The Town Hotel Doha, and a locally branded Hotel. It also owns restaurants like Saasna Qatari Restaurant, Fiko Ocakbasi, Sumosan, Santa Nata, Em Sherif Café, and Em Sherif Sea Café. The company also offers services within the hospitality industry by supplying waiters, waitresses, housekeeping and stewarding to international hotels, restaurants, airlines, leisure, and retail companies through Edarat Doha. Furthermore, it offers consultancy services for all areas of the hospitality industry in the country.
- **International Operations:** The Group's international hotels are all located in Europe. Some of the prominent properties include The Westin Hotel in Warsaw (Poland), Marriot Hotel in Munich (Germany), Mowbray Court Hotel in London (UK), The Edward Hotel in London (UK), and Presidential Serviced Apartments in London (UK).

Recent Developments/Future Plans

- In December 2020, Staybridge Suites Doha Lusail developed a booming commercial area. The area comprises of total three commercial outlets: Beauty Formula, Tawle Lebanese Entry, and North Café.
- In June 2019, ASHHG signed a management agreement with IHG to debut its global upscale boutique brand, Hotel Indigo, in Qatar. Hotel Indigo Doha Lusail is strategically located in Lusail Marina and features 200 rooms.

Alfardan Group (Privately Owned)

Qatar

Company Description

Founded in 1954, Alfardan Group has established itself as one of the leading family-owned conglomerates in the GCC with a diversified portfolio of assets. The Group has interests in multiple sectors including ownership and operation of hotels and resorts, distribution of passenger cars, jewelry trading, operating watch retail outlets, providing foreign exchange and money transfer services, chartered marine services, distribution of lubricants, crushers, excavators, earth movers, wheel loaders and compactors, and providing real estate property investment and development, among others. It has presence in the UAE, Saudi Arabia, Oman, Turkey, and Switzerland.

Business Segments/Services Portfolio

- **Hospitality:** Launched in 2006, Alfardan hospitality manages the group's hotel ventures such as Kempinski Residencies and Suites Doha, Marsa Malaz Kempinski – The Pearl Doha, and St. Regis Doha. It also operates high-profile celebrity F&B outlets such as Al Sultan Bahrim, Toro Toro, Pearl Social, Opal by Gordon Ramsay, Hakkasan, and Nozom. The Group also manages operations of Guerlain Spa, Alfardan and the Doha arm of Jeeves of Belgravia, a prestigious London-based garment care company that provides discerning dry cleaning and laundry services.
- **Alfardan Properties:** Established in 1993, Alfardan Properties offers luxury lifestyle services in Qatar. It has a diverse portfolio of luxury developments and leisure facilities such as Kempinski Residences and Suites, Al Gassar Resorts, Alfardan Garden, Al Sadd Residence, Alfardan Automobiles Buildings, Laguna Beach, One Port Arabia, Al Fina's, Burj Al Gassar, Alfardan Center and Alfardan Plaza.

Recent Developments/Future Plans

- In April 2021, Skelmore Hospitality partnered with Alfardan Hospitality to open two new venues in Doha (Qatar) and Muscat (Oman).
- In January 2021, Marsa Malaz Kempinski, The Pearl – Doha took a significant leadership position in sustainable practices with Earthcheck Certification.
- In November 2020, Marsa Malaz Kempinski, The Pearl – Doha announced the opening of Pearl Social, Mediterranean Restaurant & Lounge.
- In May 2020, Kempinski Hotels launched 'Kempinski White Glove Service' to meet the highest level of service and guest comfort amid the COVID-19 pandemic.

Arencos Group (Privately Owned)

UAE

Company Description

Founded in 1971, Arencos Group (also known as Abdullah A. Al Moosa Enterprises LLC) is a Dubai-based family-owned business that is engaged in a wide range of businesses such as architecture & engineering consultancy, furniture trading, manufacturing of mattress and lighting systems, car rental and leasing services, interior design, real estate leasing, hotel management, laundry operations and joinery operations. The Group operates its hospitality business through Arencos Real Estate, which was established in 1975 in Dubai. It is one of the largest private property landlords owing a diverse portfolio of properties that include luxury apartments, staff accommodation, villas, warehouses, offices and hotel apartments. The Group's hospitality business mainly operates hotel apartments under its brand Golden Sands that was established in 1999.

Business Segments/Services Portfolio

Arencos Group's hospitality projects in Dubai, Sharjah and Muscat include:

- **Golden Sands Hotel Apartments:** This property comprises 616 units which includes studios, one, two, and three bedroom apartments. It also has a restaurant, swimming pool, sauna, children's play area and gymnasium.
- **Hilton Salalah Resort:** This property comprises of 242 hotel rooms, five meeting rooms and 147 guest rooms. The resort also has a swimming pool, tennis court, Palm Grove restaurant, Steak House, and a bar.
- **Hilton Dubai Jumeirah:** This property is adjoining the Jumeirah beach and features 389 rooms, spa, ballroom, gymnasium, and 12 award winning restaurants, among others.
- **Hilton Dubai Jumeirah Residences:** These apartments are located on "The Walk" in the Jumeirah Beach and are adjacent to Hilton Dubai Jumeirah Resort.
- **Hilton Dubai Creek:** This hotel is located in the Deira Business District, and comprises 150 guest rooms and suites along with dining options and a rooftop pool bar with a view of the Dubai Creek.
- **Four Points by Sheraton Sheikh Zayed Road:** This hotel has 384 rooms and 67 suites. It is equipped with a pool, gymnasium and sauna; two meeting rooms; business centers and four restaurants serving Moroccan, Italian and Continental dishes.
- **Four Points by Sheraton Downtown Dubai:** This hotel has a capacity of 250 rooms in addition to dining and other amenities.
- **Marriott Delta Hotel Dubai:** This hotel is located between The Walk, JBR and the Dubai Marina. The four-star hotel features 360 rooms, suites, and fully serviced apartments, offering Dubai Marina and Jumeirah Beach views.
- **Crowne Plaza Muscat:** The property is located at the tip of Qurum Beach. It offers recreational facilities like outdoor tennis, squash, a steam room, an outdoor pool and fitness center. It is only hotel in the area that offers its hotel residents private beach access.

Recent Developments/Future Plans

- Arencos Group has planned hotel openings in Jumeirah Palm and Business Bay areas in Dubai.
- In April 2019, Arencos Group announced the rebranding of a four-star hotel in Sharjah.

Citymax Hotels (Privately owned)

UAE

Company Description

Incorporated in 2010, Citymax Hotels, part of the Landmark Group, offers hospitality services at affordable prices in the UAE. It is poised to become the preferred choice among travellers due to its premium services. The three hotels in Dubai and Sharjah have over 1,300 rooms. The three and four-star Citymax hotels are well-known for their diverse dining options and well-equipped rooms. The brand has received numerous accolades, including the 'World's Leading Budget Brand 2014-2019' from World Travel Awards.

Business Segments/Services Portfolio

- **Citymax Hotel Aswan:** This four-star hotel, situated in Kornish Al Nile, offers 65 rooms along with leisure facilities including an outdoor swimming pool and cafe, sauna, Jacuzzi and an all-day-dining restaurant.
- **Citymax Hotel Ras Al Khaimah (RAK):** The hotel is located at the heart of the city with close proximity to the RAK lagoon. The property has 204 guest rooms along with a rooftop and a gym.
- **Citymax Hotel Al Barsha at the Mall:** The property is centrally located with easy access to Dubai's premier lifestyle destinations, like the Mall of the Emirates, Dubai Media and Internet City, Jumeriah Beach Residence, and Jebel Ali Free Zone.
- **Citymax Hotel Al Barsha:** The property has 120 rooms with rooftop pool and gymnasium. The hotel is located in the Al Barsha District 1, just a 5-minute walk from Mall of the Emirates and a 22 minute drive from Dubai International Airport.
- **Citymax Hotel Sharjah:** The property has 239 rooms, 12 interconnecting rooms, five business conference options with capacity of 10-150 people, a sauna, and a gymnasium.
- **Citymax Hotels Bur Dubai:** This property has 691 single, twin and wheelchair accessible rooms. It is just 20 minutes away from Dubai International Airport and a short ride away from some of the tourist site and malls.
- **Citymax Hotel Business Bay:** This four-star hotel, offers 348 spacious rooms and suites. It has an executive floor with four well-equipped meeting rooms, complete with modern audio/visual equipment, tailored F&B menus, and free parking.

Recent Developments/Future Plans

- In February 2021, Citymax Hotels launched its first four-star property in Downtown Dubai, a 10-minutes' drive from Dubai Mall, Burj Khalifa and the Dubai International Financial Center (DIFC).
- In December 2018, Citymax Hotels announced the opening of Citymax Hotel Riyadh in Saudi Arabia.

Dur Hospitality Co. (Publicly Listed)

Saudi Arabia

Company Description

Founded in 1976, Dur Hospitality Co. (formerly known as Saudi Hotels & Resorts Co.) is one of the first companies in Saudi Arabia to introduce five-star hospitality services. It owns, manages and operates hospitality and residential properties while also offering travel agency and other services for pilgrims to the Kingdom. Its portfolio includes 17 hotels with over 3,932 rooms across nine cities. The company operates its hotels and resorts through Dur Hospitality Makarim and other activities through Dur Hospitality Al-Jazira.

Business Segments/Services Portfolio

- **Hotels:** Dur Hospitality is engaged in developing, managing, and operating several hotels across the Kingdom. The company has a diversified portfolio of properties which includes luxury hotels and resorts, budget hotels, and hotel brands specialized in hosting pilgrims.
- **Residential Compounds & Commercial Plaza:** This segment comprises of residential properties owned by the company under its two brands Darraq and Dur Communities. It also comprises of Commercial Plazas owned by the company.
- **Services:** This segment comprises of revenue generated from the management and operation of properties and hotels, whether or not owned by the company.

Recent Developments/Future Plans

- In May 2022, Dur Hospitality announced plans to add 15 new hotel and real estate development projects to its portfolio. It was also awarded a US\$ 48.5 million contract for the development of the Rixos Jeddah Resort.
- In December 2021, Dur Hospitality signed a contract with Al Murshid Contracting Group Co. for construction of a Residential Compound on King Khalid Road in Riyadh.
- In December 2021, Dur Hospitality sealed an agreement with Accor to open a tourist resort in Jeddah, under its Rixos brand.
- In April 2021, Dur Hospitality announced the launch of 'AMASY', a brand exclusively dedicated to celebrating the holy month of Ramadan.

Financial Performance

US\$ Million	2019 YE Mar	2020 YE Mar	2021 YE Mar	Change y-o-y (%)
Revenue	147.7	118.0	126.2	7.0
COGS	115.9	101.7	110.3	8.4
Operating Income / (Loss)	21.0	1.5	7.0	355.8
Operating Margin (%)	14.2	1.3	5.5	
Net Profit / (Loss)	14.1	(13.8)	(3.8)	NM
Net Income Margin (%)	9.5	-11.7	-3.0	
ROAE (%)	2.9	-3.0	-0.8	
ROAA (%)	1.6	-1.5	-0.4	

Source: Company Website, Company Filings, Thomson Reuters, Media Reports

Current Price (US\$) 5.9

Price as on June 30, 2022

Stock Details

Thomson Reuters ticker	4010.SE
52 week high/low	5.6/9.7
Market Cap (US\$ mn)	587.8
Enterprise value (US\$ mn)	834.7
Shares outstanding (mn)	100.0

Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US\$
3M	10,829	2,881
6M	10,222	2,719

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2021	LTM
P/E (x)	N/A	N/A
P/B (x)	1.9	1.4
EV/S	7.1	6.6
Dividend Yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure

Assila Investments Co	27.14%
Public Investment Fund	16.63%
Mohd Ibrahim Mohd Al Issa	12.00%
Others	44.23%
Total	100%

Source: Thomson Reuters

Elite Hospitality Group (Privately Owned)

Bahrain

Company Description

Established in 1991, Elite Hospitality Group (Elite Group) owns and operates four all suites hotels and one luxury serviced residence in Bahrain. It offers a range of accommodations from studios to penthouse suites located in the prime shopping and business hub areas. The Group is a part of the Dadabhai Group, a conglomerate engaged in construction, real estate, hospitality, travel and tourism, manufacturing, communication, and advertising activities.

Business Segments/Services Portfolio

- **Elite Crystal Hotel:** It is an all-suite flagship hotel in Juffair offering facilities and services for business and leisure travelers. The hotel features 120 rooms and suites, four dining options, fitness and recreation club, banquet for meetings, conferences and events and three Circuit conference rooms.
- **Elite Resort & Spa:** Located on Muharraq bay, Elite Resort & Spa is a four-star family and luxury resort. The resort, which has a capacity of 154 rooms, also offers a fitness and recreation club, heated swimming pool with separate kids pool, and conference rooms.
- **Elite Grande Hotel:** The hotel is located in the Seef area and is adjacent to the Bahrain City Center Mall. With a capacity of 130 rooms, the hotel is complemented with three dining options, a fitness and recreation club, one coffee shop, and a conference room.
- **Elite Seef Residence & Hotel:** Located in the center of Bahrain's main business district, the hotel offers 177 modern suites with fully equipped modular kitchen, lavish bathrooms, a theatre system, and 24-hours personalized service. The hotel also has a large poolside area, a garden, a kids club, four dining options and a conference room.
- **Elite Tower Residences:** The property features fully furnished and serviced spacious suites with amenities like 24-hours concierge services, state-of-the-art gyms and a variety of recreational facilities.

Recent Developments/Future Plans

- NA

Emaar Hospitality Group (Privately Owned)

UAE

Company Description

Emaar Hospitality Group LLC (Emaar Hospitality) is a wholly owned subsidiary of Emaar Properties PJSC. The Group owns and manages a wide range of hospitality assets including hotels, resorts, serviced residencies, golf club, a polo and equestrian club, Marina Yacht Club, and lifestyle dining outlets. The group's flagship hotel brands include The Address Hotels + Resorts, Vida Hotels and Resorts, and Al Alamein Hotel.

Business Segments/Services Portfolio

- **The Address Hotels & Resorts:** Under this brand, the Group operates premium hotel and resorts such as Address Downtown Dubai, Address Dubai Mall, Address Dubai Marina, Address Montgomerie Dubai, Address Boulevard, Address Fountain Views, Address Sky View, Palace Downtown, Address Beach Resort, Address Beach Resort, The Palace Downtown, Address Beach Resort, Address Beach Resort Fujairah, Address Beach Resort Fujairah, Address Marassi Golf Resort and Address Istanbul.
- **Vida Hotels & Resorts:** It is an upscale boutique lifestyle hotel and residences brand operating five hotels and resorts in the UAE - Vida Downtown Dubai, Manzil Downtown Dubai, Vida Beach Resort Umm Al Quwain, Vida Creek Harbour, and Vida Emirates Hills. The company also operates Vida Beach Resort Marassi Al-Bahrain in Bahrain.
- **Armani Hotels:** This hotel, managed through a JV between Emaar Properties and Giorgio Armani S.P.A., is an upscale lifestyle brand featuring 189 rooms, including luxury chalets. It offers amenities like a fully-equipped fitness center, swimming pool, tennis court, outdoor sitting, a beach outlet and a spa.
- **Rove Hotels:** It is a contemporary new midscale hotel offering several lifestyle amenities, including a swimming pool, meeting rooms, children's play area, fitness facilities and signature all-day restaurant. Rove Mina Seyahdi and Rove Mina Seyahi are two serviced residences operating under this brand.
- **Nuran Serviced Residences:** The Nuran Marina is a subsidiary company of Emaar Hospitality Group. The company operates Nuran serviced residences featuring furnished hotel apartments with several leisure facilities and conference venue.
- **Leisure Clubs:** The Group operates leisure attractions in Dubai, offering distinctive lifestyle experiences to golfing, equestrian and yachting communities. Arabian Ranches Golf Club, Dubai Polo & Equestrian Club, Dubai Marina Yacht Club, and The Montgomerie Dubai Golf Club are three leisure clubs operating under this division.
- **Lifestyle Dining:** The Group manages independent restaurants such as AT.mosphere, Burj Khalifa, Toko, La Serre, Bistro & Boulangerie, Sean Connolly at Dubai Opera, and Katana.

Recent Developments/Future Plans

- In December 2021, Emaar Hospitality Group announced the opening of Vida Beach Marassi Al Bahrain. It is the first Vida resort to open outside of the UAE and Emaar's first hotel in the country.
- In October 2021, Emaar Hospitality Group LLC opened the Address Istanbul and Resort, its first property in Turkey featuring residential apartments, an elegant upscale spa, unique dining concepts, and much more.

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

Bahrain

Company Description

Founded in 1967, Gulf Hotels Group B.S.C. (Gulf Hotels) owns the Gulf Hotel brand and operates a number of third-party hotels in Bahrain. Additionally, the company provides catering, ancillary services and operates restaurants. Gulf Hotels opened the Bahrain Airport Hotel in 2020, which is located close to the Bahrain International Airport and features 17 spacious family rooms, 25 luxurious standard rooms, 17 well-equipped compact rooms, and 24 state-of-the-art sleeping pods.

Business Segments/Services Portfolio

- **Hotel Operations:** This segment comprises of revenue generated from letting hotel rooms. The company operates Gulf Hotel Bahrain Convention & Spa, Gulf Executive Offices, Gulf Executive Residences, Gulf Brands International, Gulf Hotel Laundry Services, Gulf Executive Residences, Asdal Gulf Inn Boutique Hotel, Gulf Convention Center, Crowne Plaza, Ocean Paradise Resort, GHG Columbo, K Hotel, Gulf Court Manama, and Bahrain Airport Hotel.
- **Food & Beverage (F&B):** Under this division, the company is engaged in the retail sale of food and beverages, and the operation of a 2,200-seat Gulf Convention Center. The company imports, retails, and distributes branded liquor through Gulf Brands International.
- **Ancillary Services:** Under this division, the company offers pre-opening technical assistance, pre-opening management contract services, support services, and management services.

Recent Developments/Future Plans

- In April 2022, Gulf Hotels announced its first hotel project in Georgia, with the signing of a management agreement to operate the four-star Gulf Aquamarine Hotel in Tbilisi on behalf of N&G Co., Gino Holding.
- In March 2022, Gulf Hotels opened a beach club in Bahrain Bay.

Financial Performance

US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	102.6	52.5	61.0	16.1
COGS	56.9	32.7	33.1	1.2
Operating Income / (Loss)	55.7	28.1	35.4	25.8
Operating Margin (%)	54.3	53.6	58.1	
Net Income / (Loss)	15.8	(21.6)	9.0	NM
Net Income Margin (%)	15.4	-41.2	14.8	
ROAE (%)	5.2	-7.5	3.4	
ROAA (%)	4.3	-6.4	2.9	

Source: Company Website, Company Filings, Thomson Reuters, Media Reports

Current Price (US\$) 1.0

Price as on June 30, 2022

Stock Details

Thomson Reuters ticker	BHTL.BH
52 week high/low	0.8/1.0
Market Cap (US\$ mn)	216.4
Enterprise value (US\$ mn)	214.8
Shares outstanding (mn)	226.0

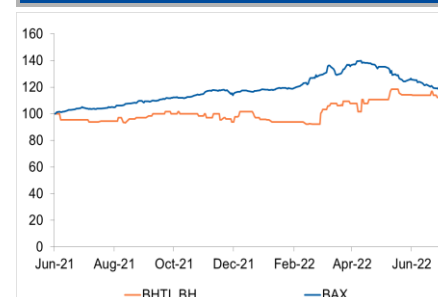
Source: Thomson Reuters

Average Daily Turnover ('000)

	BHD	US\$
3M	15	40
6M	16	41

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2021	LTM
P/E (x)	1.4	1.6
P/B (x)	0.7	0.8
EV/Sales	4.1	3.5
Dividend Yield (%)	74.0	63.9

Source: Thomson Reuters

Shareholding Structure

Bahrain Mumtalakat Holding	25.47%
Social Insur Organization	12.56%
Family Investment Co	10.81%
Youssef Khalil Al Moayyed	6.33%
Others	44.83%
Total	100.00%

Source: Thomson Reuters

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, automotive, vehicle leasing, real estate, education and publishing. Habtoor Hotels have their presence in the UAE as well as overseas through partnerships with international hospitality players such as IHG, Marriott International, Hilton Worldwide, and Starwood Hotels & Resorts. The company also offers dining and entertainment, retail and sporting facilities, and catering and laundry services through Metropolitan Catering Dubai and Al Habtoor Laundry.

Business Segments/Services Portfolio

- **UAE:** The company manages the following seven hotels in the country
 - **Habtoor Grand Resort:** It is a flagship hotel comprising of 446-rooms, located near Dubai Marina.
 - **Waldorf Astoria Dubai Palm Jumeirah:** It is a beach resort destination, comprising of 320 guest rooms, 9 meeting rooms, a private beach, and a 600-capacity ballroom.
 - **Habtoor Palace Dubai, Al Habtoor City:** It is home to 52 opulent suites offering butler services to each and every guest at the hotel. It also has fine dining, sprawling gardens, and three swimming pools.
 - **V Hotel Dubai, Curio Collection by Hilton:** The hotel overlooks the Dubai Water Canal and is just 10-minutes away from Dubai Mall and Burj Khalifa. The property comprises of 356 rooms and suites, on-site lounges, restaurants, and nightclubs.
 - **Hilton Dubai, Al Habtoor City:** The hotel is a 10-minutes' drive from Downtown Dubai sites, shops and restaurants. It comprises of 1,004 rooms and 21 meeting rooms.
 - **Metropolitan Hotel Dubai:** The four-star property is located alongside the Sheik Zayed Road, comprising of 320 rooms and 6 meeting rooms.
 - **Al Habtoor Polo Resort & Club:** It is a five-star luxury boutique urban resort, featuring 96 guestrooms, 30 suites, 25 resort villas, and 9 meeting rooms.
- **International:** Habtoor Hospitality operates seven assets in the overseas markets, including two in Hungary, two in Lebanon, and one each in the US, the UK, and Austria. These include The Ritz-Carlton Budapest (Hungary), InterContinental Budapest (Hungary), Hilton London Wembley (UK), Hotel Imperial Vienna (Austria), President Abraham Lincoln Springfield by Hilton (US), Hilton Beirut Habtoor Grand (Lebanon), and Hilton Beirut Metropolitan Palace (Lebanon).

Recent Developments/Future Plans

- In October 2020, Al Habtoor introduced Kosher food and beverages to its UAE culinary portfolio.
- In July 2018, Hilton signed an agreement with Al Habtoor to rebrand three hotels in Dubai's Al Habtoor City.

Hotels Management Company International SAOG (Publicly Listed)

Oman

Company Description

Founded in 2002, Hotels Management Company International SAOG (HMCI) is primarily engaged in the establishment, ownership, leasing, and management of hotels, motels, health clubs, beach cabins, apartments, and other similar hospitality facilities in Oman as well as the international market. HMCI also owns and operates the Chedi Muscat Hotel, which is managed by General Hotel Management Ltd. (GHM).

Business Segments/Services Portfolio

HMCI's business primarily comprises the operations of Chedi Muscat Hotel

- **Rooms:** The hotel comprises of an elegant landscaped garden of 21 acres with 158 Omani-style guestrooms and villas. The rooms are categorized into serai, serai sea view, deluxe, deluxe club, deluxe club terrace, and chedi club suites.
- **Dining:** This segment comprises of six restaurants and two lounges offering cuisines and wines from all around the world. HMCI also offers award winning dining venues with a choice of outdoor venues by the pool, beach or gardens.
- **Spa & Wellness:** The hotel offers one of the largest spas in Muscat. The relaxation and fitness space spreads across 1500 sqm., offering personalized and discreet services of the region's finest wellness professionals.

Recent Developments/Future Plans

- N/A

Current Price (US\$) 3.3

Price as on June 30, 2022

Stock Details	
Thomson Reuters ticker	HMCI.OM
52 week high/low	NA
Market Cap (US\$ mn)	9.8
Enterprise value (US\$ mn)	7.4
Shares outstanding (mn)	NA

Source: Thomson Reuters

Average Daily Turnover ('000)		
	OMR	US\$
3M	NA	NA
6M	NA	NA

Source: Thomson Reuters

Share Price Chart

No trading since 2011

Valuation Multiples		
	2021	LTM
P/E (x)	NA	NA
P/B (x)	NA	NA
EV/Sales	0.9	0.9
Dividend Yield (%)	NA	NA

Source: Thomson Reuters

Shareholding Structure	
Al Shaba Investments Co	36.00%
Capital E Financial Group	10.00%
Provident Investment Hld Co	10.00%
Civil Service Employees Pension Fund	6.00%
Others	38.00%
Total	100.00%

Source: Thomson Reuters

Financial Performance				
US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	24.7	8.1	8.6	6.6
COGS	17.3	10.9	12.5	14.6
Operating Income / (Loss)	4.9	(3.9)	(5.0)	NM
Operating Margin (%)	19.7	-48.2	-58.7	
Net Income / (Loss)	4.5	(3.1)	(4.3)	NM
Net Income Margin (%)	18.0	-38.3	-50.0	
ROAE (%)	13.7	-11.8	-21.2	
ROAA (%)	10.9	-9.7	-14.6	

Source: Company Website, Company Filings, Thomson Reuters, Media Reports

IFA Hotels & Resorts (Publicly Listed)

Kuwait

Company Description

Founded in 1995, IFA Hotels & Resorts (IFA HR) is a subsidiary of Kuwait-based International Financial Advisors Company (IFA). The company is primarily engaged in the development, management and marketing of hotels and resorts. It is also associated with activities relating to the purchase, sale and development of real estate, as well as the provision and presentation of studies and consultations on all types of real estate businesses. IFA HR evaluates emerging markets for strategic acquisitions and partnerships that diversify and expand its existing portfolio.

Business Segments/Services Portfolio

- **Hotels & Resorts:** IFA owns premium hotel brands such as Fairmont Hotels & Resorts, Movenpick Hotels & Resorts, Kempinski Hotels, and Sheraton Hotels & Resorts.
- **Residential:** IFA offers a wide range of units from apartments, villas, studios, penthouses and townhouses as part of its hospitality business. A few prominent residences under its portfolio are Balqis, Palm Jumeriah, and The Palm.
- **Travel & Tourism:** IFA Travel & Tourism is a subsidiary company of IFR Hotels & Resorts offering a wide range of business and leisure service solutions such as air chartering services, personal travel consultancy, meeting, events, corporate incentive arrangements, and exclusive corporate offers.

Recent Developments/Future Plans

- N/A

Current Price (US\$) 0.13

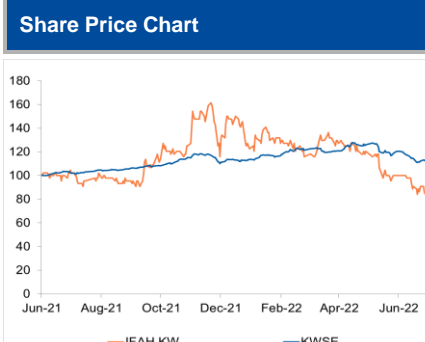
Price as on June 30, 2022

Stock Details	
Thomson Reuters ticker	IFAH.KW
52 week high/low	0.11/0.24
Market Cap (US\$ mn)	80.8
Enterprise value (US\$ mn)	324.6
Shares outstanding (mn)	635.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	KWD	US\$
3M	19,315	62,968
6M	32,435	105,739

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2021	LTM
P/E (x)	14.0	10.1
P/B (x)	6.0	4.3
EV/S	4.7	2.4
Dividend Yield (%)	7.2	9.9

Source: Thomson Reuters

Shareholding Structure	
Intl Financial Advisors Hld.	43.22%
Arzan Financial Group	16.03%
Banco Comercial Portugues	10.00%
Kuwait Real Estate Co	8.26%
Others	22.49%
Total	100.00%

Source: Thomson Reuters

Financial Performance				
US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	246.3	68.4	134.7	96.8
COGS	195.9	41.1	87.2	112.1
Operating Income / (Loss)	(71.9)	(31.2)	(6.2)	NM
Operating Margin (%)	-29.2	-45.6	-4.6	
Net Profit / (Loss)	(73.6)	(43.6)	7.6	NM
Net Income Margin (%)	-29.9	-63.8	5.6	
Return on Equity (%)	-78.5	-64.1	9.2	
Return on Assets (%)	-7.4	-5.2	1.0	

Source: Company Website, Company Filings, Thomson Reuters, Media Reports

Jumeirah Group (Privately Owned)

UAE

Company Description

Established in 1997, Jumeirah Group operates luxury hotels and resorts across the GCC and other international markets. The Group operates 24 Jumeirah properties (6,747 keys) in eight countries. Apart from its properties and resorts, the Group also offers a wide range of dining experience and operates spas, serviced apartments, and water parks across the region. The Jumeirah Group is a part of Dubai Holdings, a diversified global investment company with operations in 13 countries and investments in sectors such as hospitality, financial services, real estate and media and entertainment.

Business Segments/Services Portfolio

- **Hotels & Resorts:**
 - **Middle-East:** The Group operates 15 hotels and resorts in the region, of which 13 are in the UAE, one in Kuwait and one in Oman. The UAE hotel properties include, Burj Al Arab Jumeirah, Jumeirah Al Naseem, Jumeirah Al Qasr, Jumeirah Beach Hotel, Jumeirah Creekside Hotel, Jumeirah Dar Al Masyaf, Jumeirah Mina A'Salam, Jumeirah Emirates Towers, Jumeirah Zabeel Saray, Jumeirah Living Marina Center, Jumeirah Living at World Trade Center, Zabeel House The Greens, and Jumeirah at Saadiyat Island Resort.
 - **Europe:** The Group operates Capri Palace, Jumeirah Frankfurt, The Carlton Tower, Jumeirah Lowndes Hotel, and Jumeirah Port Sollar Hotel & Spa in the region.
 - **Asia-Pacific:** The Group operates Jumeirah Bali, Jumeirah Guangzhou, Jumeirah Living Guangzhou, Jumeirah Maldives Olhahali Island, Jumeirah Himalays Hotels, and Jumeirah Nanjing in the region.
- **Restaurants:** The Group operates over 85 independent restaurants and bars through its restaurant management firm – Jumeirah Restaurants Group Dubai. Key brands under the portfolio include Sal, Shimmers, Kayto, and French Riviera.
- **Ancillary Offerings:** The Group owns and operates a spa (Talise Spa), water park (The Wild Wadi Waterpark), hospitality academy (The Emirates Academy of Hospitality Management), corporate and private catering services (Jumeirah Hospitality), and recognition and rewards programme (Jumeirah Sirius).

Recent Developments/Future Plans

- In December 2021, Jumeirah Group announced plans to open the Jumeirah Marsa Al Arab in Dubai by 2023. It will boast an avant-garde superyacht architectural design and will feature four pools along with spa & fitness facilities, which will cover more than 3,500 sqm. over three floors.
- In September 2021, Jumeirah announced plans to open 13 new or revamped restaurants and bars in Dubai. One of them is a licensed venue in Souk Madinat Jumeirah in partnership with Hattem Matter.
- In September 2021, Jumeirah Group launched an internship programme for Emiratis to nurture local talent and drive Emiratisation.
- In September 2021, Jumeirah Group announced the opening of a new international resort in Maldives.

Katara Hospitality (Privately Owned)

Qatar

Company Description

Established in 1970, Katara Hospitality (KH) is a global owner, developer and operator of hotels. The company, formerly known as Qatar National Hotels Ltd., owns and manages 42 hotels spread across Qatar, Egypt, Spain, Switzerland, the Netherlands, Morocco, the UK, France, Italy, Singapore, Thailand, and the US. The company operates owned and unowned hotels through its standalone operating arm, Murqwab Hotel Group.

Business Segments/Services Portfolio

Katara Hospitality has created a rich portfolio of properties, partnering with some of the best brands in the hotel industry across the globe. It operates 19 hotels in Qatar, and several others across Europe, Americas, Asia, and Africa.

- **Qatar:** KH operates Al Bay Hotel Apartments, Al Messila, City Gate Hotel, Dana Hotel, Hilton Salwa Beach Resort, Hotel Park, Jouri – a Murwab Hotel, Katara Towers, Movenpick Hotel Doha, Rixos Beach Resort, Rixos Gulf Hotel, Sealine Beach, Sheraton Grand Doha & Convention Hotel, Simaisma Resort, Somerset West Bay Doha, The Avenue Hotel, The Ritz-Cariton Sharq Village, The Ritz-Carltons, and The West House Hotel & Residences.
- **Europe:** KH operates Burgenstock Resort Lake Lucerne (Switzerland), Hotel Royal Savoy Lausanne (Switzerland), Hotel Schweizerhof – Bern (Switzerland), Carlton Cannes (France), Le Royal Monceau - Raffles Paris (France), Maison Delano Paris (France), The Peninsula Paris (France), InterContinental Carlton Cannes (France), Excelsior Hotel Gallia Milan (Italy), The Westin Excelsior Rome (Italy), The Savoy - a Fairmont Managed Hotel (UK), Grosvenor House – JW Marriott (UK), The Adria (UK), InterContinental Amstel Amsterdam (the Netherlands), and InterContinental Madrid (Spain) in the region.
- **Africa:** KH operates Fairmont Tazi Palace (Morocco) and Renaissance Sharm El Sheikh Golden View Beach Resort (Egypt) in the region.
- **Asia:** KH operates Chiva-Som (Thailand), and Raffles Hotel (Singapore) in the region.
- **Americas:** KH operates Dream Downtown (US) and The Plaza - a Fairmont Managed Hotel (US) in the region.

Recent Developments/Future Plans

- In February 2021, KH announced a new partnership with Accor to launch Maison Delano Brand in Paris, France.
- In January 2020, KH introduced 'Whimsy' – Qatar's first multi-sensory fine dining restaurant at the Ritz-Carlton, Doha (Qatar).
- In August 2019, KH announced a full renovation of the Doha Marriott Hotel (Qatar) with an aim to modernize the property and its facilities.
- In May 2019, Qatar Racing & Equestrian Club (QREC) and one of the units of KH entered into a partnership agreement. As per the agreement, KH will operate and manage QREC.
- In January 2019, Qetaifan Projects Co. and Rixos Hotels signed a Memorandum of Understanding to operate and manage the hotels, water park, souq, and beach club in Qetaifan Island North (Qatar).
- In November 2018, KH announced the expansion of its global portfolio with the acquisition of JW Marriot Grosvenor House in London, UK.
- In October 2018, KH announced the expansion of its global portfolio with the acquisition of The Plaza, one of New York City's (US) most iconic hotels.

Kingdom Holding Company (Publicly Listed)

Saudi Arabia

Company Description

Established in 1980, Kingdom Holding Co. (KHC) is a diversified investment holding company. KHC's investment interests are in sectors such as hospitality, ride sharing/transportation, real estate, media and publishing, entertainment, private equity, social media and technology, e-commerce, finance and investment services, petrochemicals, education, consumer and retail, healthcare, aviation, and agriculture. One of the company's main subsidiaries is Kingdom Hotel Investments (KHI), which focuses exclusively on managing KHC's Hospitality platform.

Business Segments/Services Portfolio

- **Hotel Management:** This division comprises of investments in subsidiaries and associate companies engaged in the business of owning and managing hotel properties and related activities. The company's main hotel properties and associate companies include Four Seasons, Accor, and Kingdom Hotel Investments (wholly-owned subsidiary).
- **Real Estate:** This segment comprises of investments in real estate projects. Its portfolio includes the Jeddah Economic City (JEC) - a vibrant destination for businesses, leisure, residences, entertainment, schools, retail, hotels, resorts, medical centers, religion and government offices and services.

Recent Developments/Future Plans

- In January 2022, KHC's affiliates completed the sale of 23.75% ownership in Four Seasons Hotels and Resorts to Cascade Investments.
- In March 2021, KHC signed a technical services contract with EDF Middle-East/ Dalkia Co. Under this agreement, EDF Middle-East/ Dalkia Co. will offer technical services and MEP for the Kingdom Tower aimed at rationalizing energy consumption.
- In March 2019, KHC completed the sale of its shares in Careem to Uber in a deal worth SAR 1.3 billion (US\$ 333.2 million) as part of Uber's acquisition of Careem (worth approximately US\$ 3.1 billion).

Financial Performance

US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	514.4	274.6	402.3	46.5
COGS	242.8	147.6	168.1	13.9
Operating Income / (Loss)	328.9	(248.2)	463.0	NM
Operating Margin (%)	63.9	-90.4	115.1	
Net Profit / (Loss)	121.2	(406.8)	267.8	NM
Net Income Margin (%)	23.6	-148.1	66.6	
ROAE (%)	1.4	-4.6	3.1	
ROAA (%)	1.0	-3.1	2.0	

Current Price (US\$) 2.5

Price as on June 30, 2022

Stock Details

Thomson Reuters ticker	4280.SE
52 week high/low	2.4/3.1
Market Cap (US\$ mn)	9,093.1
Enterprise value (US\$ mn)	13,198.1
Shares outstanding (mn)	3,710

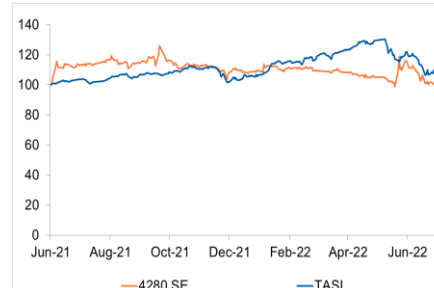
Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US\$
3M	116,034	30,865
6M	57,509	15,297

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2021	LTM
P/E (x)	5.5	5.0
P/B (x)	1.1	1.0
EV/S	48.1	32.8
Dividend Yield (%)	18.3	20.1

Source: Thomson Reuters

Shareholding Structure

Alwaleed bin Talal bin Abdul Aziz Al Saud	95.00%
CDC International Capital	0.81%
Talal Ibrahim Al Maiman	0.28%
Others	3.91%
Total	100.00%

Source: Thomson Reuters

Lakhraim Business Group (Privately Owned)

UAE

Company Description

Established in 2013, Lakhraim Business Group (LBG) is an investment holding company with ownership and ventures in the UAE as well as across the MENA region. LBG has partnered with several international companies to establish its business in the hospitality sector, while also venturing in the property and land development, commercial construction, healthcare, and information technology sectors. It also has private equity investments and venture capital business segments. LBG is the holding company for Emirates Gate Properties, Zain Capital, and Group3 Partners. Within hospitality, LBG owns and operates many prestigious hotel assets and other businesses in collaboration with international companies in the UAE. LBG's subsidiary Tetra Hospitality Investment LLC owns hotel assets and manages a number of three, four and five-star properties across the MENA region. Tetra Hospitality Investment LLC is also a major shareholder in National Corporation of Tourism and Hotels (NCT&H), which owns the iconic Intercontinental Hotel in Abu Dhabi as well as Danat Hotels and Resorts, and is listed on the Abu Dhabi Stock Exchange.

Business Segments/Services Portfolio

- **Hotel Management:** Tetra Hospitality Investment's hotel management business operates over 18 hotels in the region in collaboration with Millennium & Copthorne Hotels PLC. Its management portfolio includes over 50 hotels in the pipeline. In the UAE, Tetra Hospitality Investment owns the Ritz Carlton DIFC Hotel, Crowne Plaza Hotel Sheikh Zayed Road Dubai, Crowne Plaza Hotel Abu Dhabi, Sands Hotel Abu Dhabi, Kingsgate Hotel Abu Dhabi and some hotel assets that are currently under construction.

Recent Developments/Future Plans

N/A

National Hotels Company (Publicly Listed)

Bahrain

Company Description

Established in 1974, the National Hotels Co. BSC conducts operations in a range of tourism-related services, owns and manages hotels, commercial spaces, and also invests in other private and public limited companies. The National Hotel Co. owns The Diplomat Radisson Blu and Diplomatic Commercial Offices in Bahrain.

Business Segments/Services Portfolio

- **The Diplomat Radisson Blu Hotel:** The hotel is located just 5 kilometers from Bahrain International Airport with easy access to the Financial Harbor and the city's commercial, shopping, and banking districts. It features 245 rooms offering suites with lounge access, one and two bedroom apartments for leisure or business travelers. It has on-site restaurants, bars, spa, gym and fitness center.
- **Diplomatic Commercial Offices:** It is an executive business center located at the heart of Bahrain's Diplomatic Area, offering easy access to the Financial Harbour, Banking Districts and other important government institutions. The property, built in 2012, is spread across 30,500 sqm with 36 operational floors and is home to large corporate and commercial organizations.

Recent Developments/Future Plans

- N/A

Financial Performance				
US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	18.8	10.4	13.2	27.0
COGS	12.1	3.0	9.1	202.9
Operating Income / (Loss)	9.8	2.5	5.5	123.8
Operating Margin (%)	52.3	23.8	41.9	
Net Profit / (Loss)	4.2	(14.7)	1.4	NM
Net Income Margin (%)	22.4	-140.9	10.8	
ROAE (%)	1.9	-6.8	0.7	
ROAA (%)	1.8	-6.6	0.7	

Current Price (US\$) 0.37

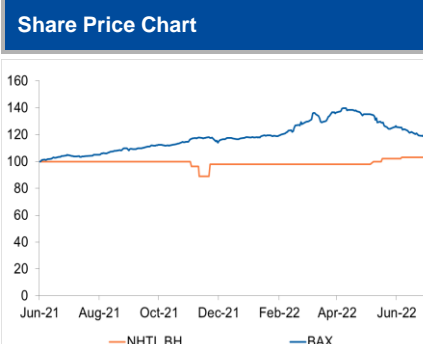
Price as on June 30, 2022

Stock Details	
Thomson Reuters ticker	NHTL.BH
52 week high/low	0.32/0.37
Market Cap (US\$ mn)	44.8
Enterprise value (US\$ mn)	38.6
Shares outstanding (mn)	120.4

Source: Thomson Reuters

Average Daily Turnover ('000)		
	BHD	US\$
3M	4	12
6M	4	12

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2021	LTM
P/E (x)	1.6	1.7
P/B (x)	0.2	0.2
EV/S	3.7	2.9
Dividend Yield (%)	60.6	57.6

Source: Thomson Reuters

Shareholding Structure	
Kuwait Investment Authority	32.84%
Social Insurance Organization	32.15%
Kuwait Investment Co.	20.94%
Others	14.07%
Total	100.00%

Source: Thomson Reuters

Oman Hotels and Tourism Company SAOC (Privately Owned)

Oman

Company Description

Founded in 1971, Oman Hotels & Tourism Company SAOC (OHTC) operates in the hospitality and tourism industry. OHTC owns and operates the Ruwi Hotel (Muscat), Sur Plaza (Sur), Alwadi (Sohar), and Desert Nights Resort (Al Bidiya) in Oman.

Business Segments/Services Portfolio

- **Hospitality:** Under this segment, the company reports revenue from hotel rooms, F&B, and other hospitality-related services.
 - **Al Wadi Hotel:** Established in 1985, the property is situated in a prime location in Suha, close to the beach and industrial city. The hotel features 79 rooms along with other amenities which include swimming pool, restaurant, business center, spa, gym and fitness center.
 - **Ruwi Hotel:** Established in 1976, the property is located 27 km from Muscat International Airport. The hotel features 183 rooms.
 - **Sur Plaza Hotel:** Established in 1998, the property is located two hours from Muscat International Airport. The hotel features 105 rooms along with amenities like swimming pool, restaurants, spa, gym and fitness center.
 - **Desert Nights Resort:** Established in 2007, the luxurious resort is two hours away from Muscat International Airport. It features 88 rooms along with comprehensive dining options and other contemporary amenities.
- **Investments:** Under this segment, the company earns revenue from investments in subsidiaries, associate companies, and financial assets.

Recent Developments/Future Plans

- In 2020, OHTC announced plans to upgrade and expand its current facilities in its Desert Nights Resorts.
- In April 2019, OHTC announced plans for renovation of Tulip Inn Downtown Muscat.

Current Price (US\$)	NA
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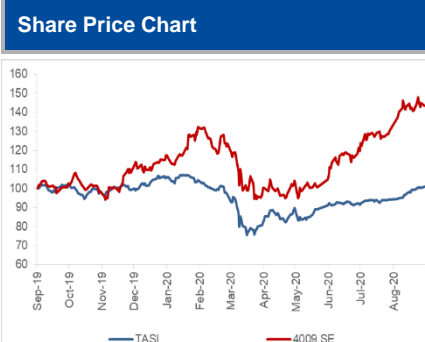
Price as on June 30, 2022

Stock Details	
Thomson Reuters ticker	NA
52 week high/low	NA
Market Cap (US\$ mn)	NA
Enterprise value (US\$ mn)	NA
Shares outstanding (mn)	NA

Source: Thomson Reuters

Average Daily Turnover ('000)		
	OMR	US\$
3M	NA	NA
6M	NA	NA

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2021	LTM
P/E (x)	NA	NA
P/B (x)	NA	NA
EV/S	NA	NA
Dividend Yield (%)	NA	NA

Source: Thomson Reuters

Shareholding Structure	
Bait Al Batterjee Medical Co	54.69%
International Finance Corp	7.10%
Islamic Development Bank	1.45%
Others	36.76%
Total	100.00%

Source: Thomson Reuters

RAK National Hotels (Privately Owned)

UAE

Company Description

Founded in 2014, RAK National Hotels LLC (RAKNH) is a subsidiary of RAK Hospitality Holding LLC. The group owns and operates hotels and resorts positioned in the upscale, upper-upscale and luxury market segments, strategically located in prime urban, desert and beach areas in Ras Al Khaimah, UAE. RAK Hospitality Holdings is also engaged in several other hospitality related services and offerings through its subsidiaries - Stirling Hospitality Advisors, RAK Hospitality Logistics, RAK Leisure, and SAFARAK Tours. The current portfolio of properties owned by the Group features a total of 1,466 hotel rooms, beach villas, suites and private pool villas, making up approximately 28% of the UAE's total hotel inventory.

Business Segments/Services Portfolio

- **Hotels & Resorts:** RAKNH currently owns four landmark hotels and resorts including
 - **Hilton Garden Inn:** The hotel is located a few steps from two major shopping malls and minutes away from historical sites of the old city. The property features 240 guest rooms, family rooms and suites, with sweeping city, garden and creek view.
 - **Hilton Resort and Spa:** The resort lies along 1.5 kilometers of white sand featuring 324 guestrooms in the main building and 151 villa guestrooms with a balcony or patio overlooking the Arabian Sea.
 - **The Ritz- Carlton:** The resort comprises of luxurious pool villas, a spa, destination dining and an array of family friendly outdoor activities. It was opened in 2010 and features around 101 rooms with modern and contemporary services.
 - **Rixos Bab Al Bahr:** The hotel is situated on the white sands of RAK's Marjan Island. It was opened in 2014 and features around 650 rooms with modern and contemporary services.
- **Stirling Hospitality Advisors:** Established in 2015, Stirling Hospitality Advisors (formerly RAK Hospitality Asset Management LLC) offers a host of hospitality-focused asset management, development and advisory services to group entities, as well as private hotel, and resort owners and developers.
- **RAK Hospitality Logistics:** Established in 2015, the subsidiary provides logistics and support services to RAK's hospitality sector. Some of the offerings include employee accommodation, employee transportation, and corporate and employee travel related services.
- **RAK Leisure:** The business offers commercial activities focused on dining, entertainment, leisure operations, and hospitality services. Its portfolio includes brands such as Puro Café & Terrace and Corniche Al Qawasim.
- **SAFARAK Tours:** It is an excursion, transport and destination management company offering sightseeing tours, customized private excursions, airport transfer and shuttle services, among others.

Recent Developments/Future Plans

- N/A

Rotana Hotel Management Corporation PJSC (Privately Owned)

UAE

Company Description

Established in 1992, Rotana Hotel Management Corporation PJSC (Rotana) operates as a hotel management company. Rotana's portfolio comprises of over 70 hotel properties throughout the Middle-East, Eastern Europe, Africa, and Turkey. Rotana offers a wide range of hospitality-related services through its five brands, namely Arjaan Hotel Apartments, Rotana Hotels & Resorts, Rayhaan Hotels & Resorts, Centro Hotels, and The Residences by Rotana.

Business Segments/Services Portfolio

- **Rotana Hotels & Resorts:** The brand encompasses both five-star and four-star hotels offering a wide range of services and facilities. The hotels and resorts under this brand offer rooms and suites with classical elegant designs, equipped with extensive in-room technologies & amenities, and array of F&B outlets, spas, and gyms.
- **Arjaan Hotel Apartments:** This brand offers fully furnished and equipped multi-bedroom hotel apartments along with other facilities like all day dining restaurants with 24-hour room service, fitness and recreational facilities, fully equipped gyms and pools, along with latest conference and exhibition facilities.
- **Centro Hotels:** Hotels under this brand are affordable, convenient, connected and cost-effective. Each Centro Hotel offers latest in-room technology, an array of leisure and fitness space, and a cosmopolitan palette of varied dining spaces.
- **Rayhaan Hotels & Resorts:** The brand comprises both five-star and four-star hotels and resorts across the region, with two in Saudi Arabia (Makkah, and Riyadh), and three in the UAE (Al Ain, Abu Dhabi, and Dubai). Rayhaan properties offer alcohol-free hospitality, an array of F&B outlets, in-room amenities and technologies, Club Rotana, and on-site conference and banqueting facilities.
- **The Residences:** The properties offer studios to four bedroom furnished and unfurnished apartments and villas, along with other standard facilities like fitness centers, swimming pools and jacuzzis.

Recent Developments/Future Plans

- In May 2022, Rotana announced plans to build seven new hotels in Saudi Arabia, which will triple the number of rooms it runs in the Kingdom to 6,000 over the next four years.
- In March 2022, Rotana announced the soft opening of Centro Mada Amman in the heart of the Jordanian capital's business and leisure hub of Abdon. The property is designed for a new generation of business travelers demanding functionality and fitness at reasonable rates.
- In February 2022, Rotana announced the signing of a new project with Bin Al Sheikh Holding Group. The project includes 400-key Arjaan Hotel Apartments and 103-keys under the Residences by Rotana brand.
- In August 2021, Rotana signed new management agreements with Marina Way Lagoon and Al Marasem Development in Egypt. The agreement includes management of two new properties – Lake Residence, serviced apartments in New Cairo which will also mark Rotana's debut in the capital city and Marina Bay, Hotel Apartments in Alamein, North Coast.

Safir Hotels & Resorts (Privately Owned)

Kuwait

Company Description

Established in 1993, Safir Hotels & Resorts (SHR) is amongst the first Arabian hospitality management company that manages upscale and midscale hotels and serviced apartments across the MENA region. The company operates a portfolio of nine hotels in six countries including Kuwait, Oman, Egypt, Qatar, Lebanon, and Syria with a cumulative 1,600 keys. SHR is owned by Kuwait Hotels Co. (KHC), which is a part of the KIPCO Group. Most of the hotels are operated under the Safir brand, with the exception of the company's flagship properties - Marina Hotel Kuwait, and Salalah Gardens Hotel in Oman.

Business Segments/Services Portfolio

- **Maria Hotel Kuwait:** This five-star upper-upscale beachside hotel is located in the heart of Salmiya and within walking distance of Marina Mall, Marina Crescent, and Marina Waves. The property features 84 luxurious rooms with pool, kids club, and fitness center.
- **Safir Fintas Kuwait:** It is a five-star upscale leisure and business hotel located close to Kuwait's Oil & Gas district and southernmost commercial hub. The property features 48 rooms, along with on-site restaurants, cafes, meeting rooms and halls for events like weddings, conferences or exhibitions.
- **Safir Sharm Waterfalls Resort:** This five-star resort is located on the shore of the Red Sea in Egypt, featuring seven swimming pools, a private beach jetty, an on-site diving center and a tennis court. The resort has an inventory of 401 rooms.
- **Safir Cairo Egypt:** The hotel is located in Dhokka, Egypt and is a 10 minute walk away from the river Nile. It features 283 rooms and suites along with a fitness center, swimming pool, and a spa.
- **Safir Bhamdoun Lebanon:** This five-star upscale hotel is in the Lebanese countryside. It features 42 rooms, lobby lounge, in-room dining, and restaurants.
- **Safir Doha Qatar:** This hotel has easy access to the city's banking and business district, tourist attractions, and museums. It has 119 soundproof rooms, multi-cuisine restaurants, a pool and a fitness center.
- **Salalah Gardens Hotel:** This four-star upscale hotel is located in the center of the Dhofar province (Oman) with easy access to world-class, shopping and dining centers.

Recent Developments/Future Plans

- Some of the upcoming, under-development projects by SHR include Safir Dahab (Egypt), Safir Muscat (Oman), and Safir Jeddah (Saudi Arabia).
- In September 2021, SHR signed a memorandum of agreement with Empire State Developments to manage and operate hotel rooms and suites within the El Centro Business Complex project in Cairo's New Administrative Capital (Egypt).
- In May 2021, SHR opened a new five-star resort in Sharm El-Sheikh, Egypt.
- In December 2020, SHR entered a partnership with ReviewPro to launch Guest Experience Automation (GEA), an AI-powered chat-bot and messaging solution that automates the complete guest journey from pre-arrival to check-out.
- In November 2019, SHR expanded its relationship with the US-based Preferred Hotels & Resorts - world's largest independent hotel brand, representing more than 650 independent hotels, resorts, and residences, across 85 countries.

Seera Group Holding (Publicly Listed)

Saudi Arabia

Company Description

Founded in 1979, Seera Group Holding (SGH) is a provider of diverse hospitality and travel services in the MENA region. The company is engaged in activities associated to issuing and selling travel tickets, car rentals, air transport and cargo, charter of airplanes and ships, travel and tourism agency, construction and management of hotels, Hajj and Umrah pilgrimage services, organizing land and sea cruises, and commercial agencies.

Business Segments/Services Portfolio

- **Hospitality:** This division owns and operates a wide network of mid-market hotels across Saudi Arabia. The total number of hotel rooms are over 1,880 keys.
- **Travel:** Almosafer brand offers a one-stop-shop for hotel, flight and holiday bookings with the highest online travel agency (OTA) share in Saudi Arabia (80%), second highest in the UAE (25%), and third highest in Kuwait (27%).
- **Pilgrimage:** Operating under the brand Mawasim, this is the tour operator segment of SGH delivering end-to-end travel arrangements for pilgrims to Hajj and Umrah.
- **Car Rental:** Lumi is the fastest growing car rental and transport packages brand in the MENA region with a fleet of over 14,000 vehicles and operating through 26 branches.
- **Corporate Ventures:** SGH manages a portfolio of strategic investments in the hospitality and tourism industry. It also owns Portman Travel Group in the UK.
- **Destination Management:** The Discover Saudi brand helps connect tour operators and travel agents across the Kingdom.

Recent Developments/Future Plans

- In January 2022, CHME a subsidiary of SGH opened two properties in Saudi Arabia – Comfort King Road Jeddah, and Clarion Jeddah Airport.
- In September 2021, Choice Hotels Europe expanded its license agreement with SGH to open at least 10 hotels in the Kingdom within the next 10 years.

Financial Performance

US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	584.1	241.3	354.1	46.8
COGS	244.6	159.4	192.4	20.7
Operating Income / (Loss)	90.5	(142.3)	(75.3)	-47.1
Operating Margin (%)	15.5	-59.0	-21.3	
Net Profit / (Loss)	50.4	2.6	(100.7)	-3970.9
Net Income Margin (%)	8.6	1.1	-28.4	
ROAE (%)	3.3	0.2	-6.7	
ROAA (%)	2.3	0.1	-4.8	

Current Price (US\$) 4.3

Price as on June 30, 2022

Stock Details

Thomson Reuters ticker	1810.SE
52 week high/low	4.2/6.5
Market Cap (US\$ mn)	1,252.7
Enterprise value (US\$ mn)	1,451.3
Shares outstanding (mn)	293.9

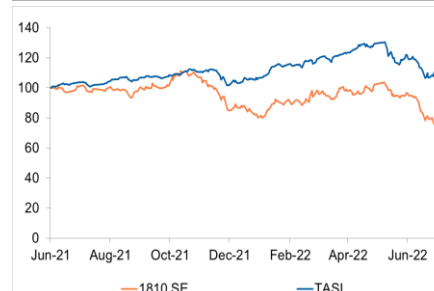
Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US\$
3M	29,516	7,851
6M	38,197	10,160

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2021	LTM
P/E (x)	N/A	N/A
P/B (x)	1.0	0.9
EV/S	6.0	4.1
Dividend Yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure

Nasser Aqeel Abdullah Al Tayyar	10.53%
Al Bilad Establishment for Trade and Economy	4.82%
Saleh Hamoud Al Tami and Brothers Hld Co	0.93%
Others	83.72%
Total	100.00%

Zubair Corporation (Privately Owned)

Oman

Company Description

Established in 1967, Zubair Corporation (Z-Corp) is a business conglomerate operating in diverse fields such as energy, engineering & contracting, real estate and hospitality, automobile, finance, banking and investment, furniture, IT, and electrical equipment. The entity owns 60 companies, subsidiaries and associates that operate in Oman, rest of the Middle-East, Europe, India and the US. Z-Corp has around 284 local and international brands in its portfolio with some of them operating for more than three decades. The hospitality business of Z-Corp is managed by The Zubair Corporation Real Estate & Hospitality division.

Business Segments/Services Portfolio

The Zubair Corporation Real Estate & Hospitality division has a wide range of asset types, primarily dealing in hospitality, commercial, residential, and industrial units.

- **Al Mina Residences:** Barr Al Jissah's Al Mina is a luxurious property that provides perfect combination of modern-day convenience, tranquil environs and maritime-inspired architecture. The residential property offers deluxe apartments, exquisite penthouses, exclusive villas with lavish finishing and high-end fixtures.
- **Al Husan Villas:** These villas are perched on the edge of the cliff and are individually crafted with elegant interiors and private pools. The villas and townhouses achieve a very high level of energy through the use of thermal insulation.
- **Shangri-La Barr Al Jissah:** This resort overlooks the stunning coastline at Shangri-La Barr Al Jissah at Muscat. It comprises of 460 rooms and suites in two distinct wings, six swimming pools, a variety of watersports, a river attraction, and dedicated turtle ranger.

Recent Developments/Future Plans

- N/A



ALPEN
CAPITAL

INDUSTRY RESEARCH



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



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



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



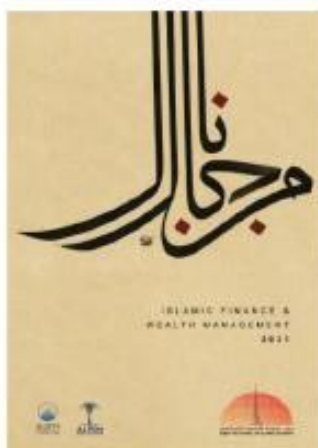
GCC Food Industry
2011, 2013, 2015,
2017, 2019 & 2021



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



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



Islamic Finance
and Wealth Management
2021

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



to
Savola Group



Financial Advisor



RBL BANK LIMITED

US\$ 100,000,000
Unsecured Tier 2 Sub-ordinated Loan
Investor



Financial Advisor



AL Bayan Group of Companies

Sale of 100% Equity stake in the water bottle
manufacturing, purification and distribution business.



to
Agthia Group PJSC



Financial Advisor



**Cholamandalem Investment and Finance
Company Limited**

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

Non Convertible Debentures

Investor



Asian Development Bank

Financial Advisor



National Savings Bank

US\$ 100,000,000
Term Facility

Financial Advisor



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



GFH Financial Group B.S.C.

Financial Advisor



IndusInd Bank

US\$ 75,000,000
Long Term Debt

Investor



GROUP ADHESION FINANCIERE DE DEVELOPPEMENT

Financial Advisor



DICO Investment Co. LLC

Sale of Equity stake in



Al Ahlia Insurance Company B.S.C.



Solidarity Group Holding B.S.C. (c)

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