GCC RETAIL INDUSTRY

26TH SEPTEMBER 2024

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"The Middle East's economy is changing quickly and positively. GCC governments are committed to diversifying their economies and improving infrastructure, as seen in their national agendas and support for industries like tourism, logistics, and retail. Reformed visa regulations have boosted population and visitation, and encouraging more women to join the workforce is expanding the customer base for retailers.

GCC retail is benefiting from buoyant economies and strong consumer confidence. E-commerce especially is being supported by significant investments in logistics and improved digital infrastructure. Consequently, retailers are increasingly adopting omnichannel formats. However, high inflation in living costs has led to constrained discretionary spending, forcing many consumers to choose between experiences and shopping, and seek greater value.

Subsequently, a polarisation trend in the retail sector has emerged. Beyond established luxury brands, consumers are increasingly turning away from franchised mid-market brands towards regional value brands or low cost pureplay cross-border brands.

Looking ahead, the GCC retail sector is poised for significant growth. Keeping a focused view on the customer, we have reimagined our stores and brand experiences. Owning our brands and providing a compelling omnichannel presence across multiple retail verticals, enables us to move with agility, constantly optimising and delivering exceptional value to our customers."

Renuka Jagtiani
Chairwoman, Landmark Group, UAE

"The GCC Retail industry is undergoing significant evolution, driven by national economic diversification initiatives like Saudi Vision 2030 and the UAE's Green Agenda 2030. Retailers, particularly in Saudi Arabia, are poised for long-term growth, supported by a youthful population (70% under 30 years of age), an expanding middle class, and a resurgence in tourism, especially in shopping and wellness. Initiatives in Al Ula and Neom and increased regional tourism will further fuel retail demand, painting an exciting future for the industry. According to Statista, the GCC apparel market is expected to grow from $35.78 billion in 2024 to $39.5 billion by 2029, with a CAGR of 2.48%. Despite this promising outlook, challenges persist. Supply chain disruptions and inflationary pressures are straining profit margins, with rising freight costs and VAT adjustments impacting operations. Retailers must also adapt to evolving consumer expectations, including increased demands for sustainability, personalization, and convenience across both digital and physical channels.

Digital transformation, along with AI and Machine Learning, is revolutionizing industries. Social shopping and omni-channel strategies create new revenue streams. Meanwhile, the KSA and UAE governments are promoting investment by easing visa regulations and supporting business establishment initiatives. While e-commerce is poised for higher growth, brick-and-mortar stores retain their significance. As Saudi consumers become more fashion-conscious while valuing modesty, major events like the Esports World Cup and MDL Beast are exposing youth to global trends. The presence of international football stars and the upcoming 2034 FIFA World Cup are fostering national pride, evident in increased participation in events like Saudi National Day. A growing focus on health, fitness, and active lifestyles is propelling the growth of the athleisure market in Saudi Arabia. REDTAG remains committed to adapting to these trends, embracing challenges, and thriving in this rapidly evolving industry."

Shehbaz Shaikh
Chief Retail Officer, REDTAG, UAE

"The retail industry is experiencing strong growth due to the technological and innovative advancements that enhance distribution channels across different segments of the industry. The region is witnessing a significant rise in the number of e-commerce platforms due to change in consumer behaviour, rising demand for global brands, and increasing popularity of online shopping among millennials. In order to keep up with the competition, we are increasingly

converging traditional models with technology to enhance consumer experience and expand product range. Furthermore, there is a shift from traditional marketing methods to contemporary styles to build customer loyalty and brand awareness. However, the brick-and-mortar channel remains as an important cornerstone of the retail industry to create engaging and unique experiences for the customers.

Consumers across the region are increasingly becoming sophisticated, which has led to the emergence of bespoke services, exclusive memberships, and niche brands catering to specific tastes and preferences. Given the current geopolitical environment, consumers also want to associate themselves with brands that are socially conscious and resonate their ethos. Retailers and brands need to demonstrate that dealing with them also provides an opportunity to create a positive impact on the larger community. Future of the GCC retail industry will be driven by data analytics that will aid in understanding and examining various elements of the business and guide the retailers to formulate forward looking strategies."

Ramesh Prabhakar
Vice Chairman & Managing Partner, Rivoli Group

"The GCC retail industry is projected to witness growth due to a consistent rise in population, a flourishing tourism sector, and strengthening economic activity. Rapid emergence of cutting-edge e-commerce platforms coupled with increase in the concentration of high-net-worth individuals and tech savvy millennials are acting as catalysts for the growth of the GCC retail industry. Furthermore, the ambitious agendas adopted by the GCC governments to diversity their economies are leading to significant advancements in the infrastructure and tourism sectors of the GCC nations. However, the retail industry remains vulnerable to supply chain disruptions, inflation and fluctuations in food prices due to risks associated with the current geopolitical conditions.

Digital transformation across the region's retail industry is escalating at a rapid pace with operators investing in implementing new technologies to create better customer experiences, optimize business processes, reduce costs, lower staff workloads, and build a flexible and growth-oriented business model. Trends like Buy Now Pay later, enabled by Fintech providers, are experiencing significant growth as consumers become more price conscious. While M&A activity in the GCC has been subdued, going forward, we expect retailers and brand operators to pursue consolidation led by uncertain global macroeconomic environment and operational challenges impacting profitability. Moreover, the need for businesses to remain competitive amid proliferation of e-commerce and online channels is likely to enhance the retail M&A landscape in the GCC."

Rohit Walia
Executive Chairman and CEO, Alpen Capital

1. Executive Summary

The GCC retail industry has been witnessing steady growth, recovering from the COVID-19 induced slowdown and global macro-economic concerns. Growth has been supported by expanding population base, rising income levels, coupled with expatriates and tourists returning to the GCC shores amid a stabilizing economy. At the same time, various initiatives taken by the regional governments, especially towards boosting its physical and digital infrastructure, strengthening the investment landscape, and facilitating tourism demand, have aided retail growth. As the industry continues to mature, several emerging trends and evolving consumer preferences are reshaping the market dynamics. Amid the growing prominence of e-commerce, traditional retailers are fast embracing omni-channel strategies and focusing on differentiating themselves through innovative offerings to offset the margin pressures arising from increasing competition. As such, the industry is constantly transforming and reinventing itself by deploying higher levels of automation and advanced technologies in a bid to streamline the ecosystem. The region has thus emerged as an attractive destination for global investors with the real estate, retail, tourism and hospitality industries becoming key barometers of growth. The long-term prospects of the industry continue to remain positive owing to the expected economic recovery, favorable demographics, relaxation of visa rules and liberalization policies, coupled with retailers adopting dynamic business strategies to better meet the evolving consumer demand.

1.1 Scope of the Report

This report is an update of Alpen Capital's GCC Retail Industry Report dated November 15th, 2022. It focuses on the current state of the retail industry across the GCC nations, including recent trends, growth drivers and challenges. The report also provides an outlook of the industry until 2028, along with profiles of select retail operators in the region.

1.2 Industry Outlook

- GCC retail industry sales are projected to grow at a CAGR of 4.6% to reach US$ 386.9 billion in 2028 from US$ 309.6 billion in 2023. Non-food retail sales are anticipated to grow at a CAGR of 4.3% while food retail sales are expected to rise at a pace of 5.0% CAGR between 2023 and 2028.
- Saudi Arabia and UAE will continue to lead the industry growth. Retail sales in Saudi Arabia and UAE are projected to grow at a CAGR of 5.1% and 5.4% between 2023 and 2028 to reach US$ 161.4 billion and US$ 139.1 billion, respectively.
- Duty free sales at the airports in the GCC (Dubai, Abu Dhabi, Qatar and Bahrain) are expected to reach US$ 4.7 billion in 2028, growing at a CAGR of 9.3% between 2023 and 2028. This growth can be attributed to the anticipated rise in passenger traffic, largely driven by government initiatives to promote tourism.
- Personal luxury goods sales in the Middle East, primarily led by GCC, is forecasted to reach US$ 20.2 billion by 2028, growing at a CAGR of 6.5% since 2023.
- At 80% completion of projected additions, 3.9 million sq. m. of retail space is likely to come up in the GCC between 2023 and 2028, taking the total organized retail GLA to 24.3 million sq. m. This is a modest growth scenario, wherein organized retail GLA is anticipated to grow at a CAGR of 2.9% during the period.

1.3 Key Growth Drivers

- Economic activity in the GCC is expected to pick up as business confidence in the region regains momentum with the rise in oil revenues and robust non-hydrocarbon growth, driven by government-led reforms to diversify the economy. Moreover, improvements in per capita income will increase domestic consumer demand and discretionary spending. The anticipated rise in spending power is also likely to improve the appetite for global brands and luxury items.

- Rising population, with a high concentration of expatriates and HNWIs, remains one of the primary factors for driving growth of the GCC retail industry. The region's population is expected to grow at a CAGR of 1.8% between 2023 and 2028.
- Amid expanding infrastructure developments, the GCC economies are establishing themselves as a hub for global business, entertainment, and sporting events. At the same time, religious tourism has been a key driver of growth within the GCC, attracting a large portion of tourist arrivals, especially during pilgrimages and other festivals. Consequently, international tourist arrivals are anticipated to grow at a CAGR of 6.1% between 2023 and 2028 to reach 109.8 billion.
- Existing FTAs coupled with ongoing negotiations with several countries from across the globe are expected to increase the range of foreign products within the domestic retail outlets and also expand establishment of international brands in the region.

1.4 Key Challenges

- Despite the diversification efforts of the GCC nations coupled with strong growth momentum in the non-oil sector, vulnerability in hydrocarbon revenues due to oil production cuts, coupled with rising geopolitical concerns and global macro-economic headwinds might put the industry under pressure.
- The region relies heavily on external sources of supply to meet domestic food demand. This has left the GCC vulnerable to supply-side shocks, leading to inflationary pressure on the economies. This may impact the spending power of consumers, leading to a slowdown in the GCC retail industry.
- Rising number of international brands coupled with the influx of e-commerce platforms have intensified competition within the industry. Retailers are adopting aggressive promotional campaigns and offering deep discounts to drive revenues. Although such strategies increase top-line growth, they are likely to erode margins.
- Products from globally renowned brands tend to be more expensive in the GCC on average compared to those outside the region. The pricing differential for high-end and premium products might not only affect the overall retail sales but also build a negative consumer perception that can impact buying behavior and sentiments.

1.5 Key Trends

- Consumer expectations are evolving rapidly, with an increased demand for seamless and integrated shopping experiences. This, coupled with the rising pressure exerted by e-commerce, has compelled traditional GCC retailers to adopt omni-channel business models to remain competitive. Several brands are resorting to influencer marketing to build brand loyalty and change consumer perceptions.
- The industry is undergoing transformation with the wider adoption of advanced technologies and predictive data analytics. As these technologies become more affordable and widely accessible, it is likely to help retailers streamline procedures, reduce costs, increase revenue generation potential and customer experience.
- As consumers are becoming more conscious about their spending habits amid rising inflation, FinTech enablers and banks across the GCC are working to cushion the impact of the economic crisis by offering flexible payment schemes such as 'Buy Now Pay Later'. Rising uptake of the payment method, coupled with new entrants in the sector, is expected to support the growth trajectory of the market.
- There has been a paradigm shift post the COVID-19 pandemic as consumers in the GCC strive to change their dietary habits, leading to the rise in demand for organic food segments. Although the organic food market in the GCC remains at a nascent stage of development, it holds significant growth opportunities.

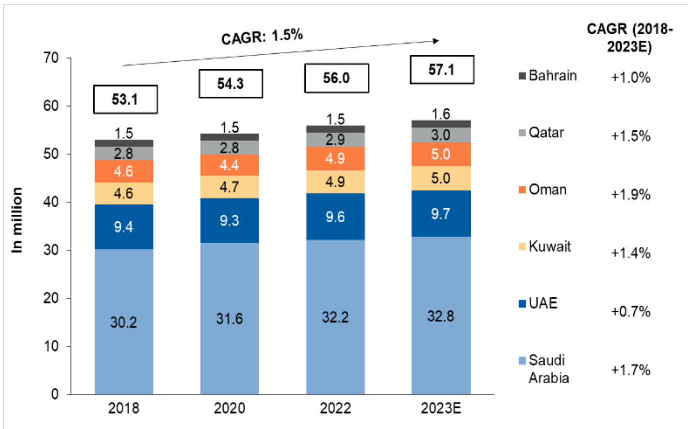
As the industry continues to mature, retailers have started focusing on developing new business models while creating value creation opportunities through digitization. E-commerce is likely to play a pivotal role in driving the industry forward while traditional players focus on organic strategies to expand across the region. Therefore, consolidation is likely to intensify as companies strive for higher earnings and gain market share.

2. The GCC Retail Industry Overview

The GCC retail industry is building a strong physical and digital ecosystem, which is likely to expand as both consumers and operators embrace newer formats of engagement

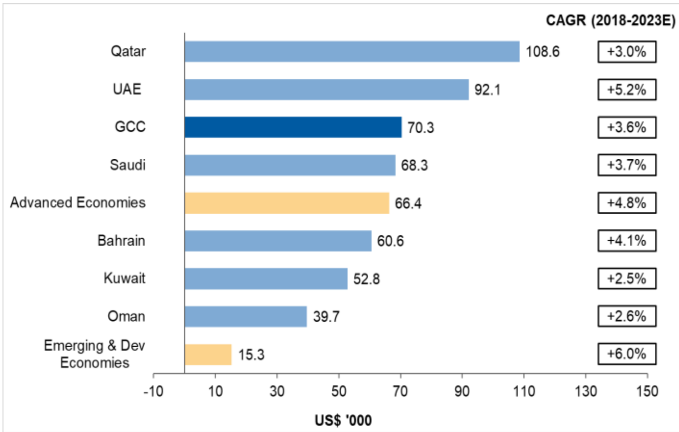
The GCC retail industry has been witnessing steady growth, recovering from the COVID-19 induced slowdown and global macro-economic concerns. The growing population, rising income levels, coupled with expatriates and tourists returning to the GCC shores amid a stabilizing economy, have supported the rise in retail sales. The GCC continues to promote the retail industry as a key pillar for its sustainable economic development. Consequently, various initiatives taken by the regional governments, especially towards boosting its physical and digital infrastructure, strengthening the investment landscape, and facilitating tourism demand, have also aided retail growth. This has led to several international brands establish their business within the GCC while domestic operators continue to expand their operations. As the industry continues to mature, several emerging trends and evolving consumer preferences are reshaping the market dynamics. Notably, technology advancements have not only incentivized retail operators to ramp up investments in digitization in a bid to drive growth and improve operational efficiencies but also realign their business strategies to remain competitive. From large supermarkets and shopping malls to small boutiques and specialty stores, retailers across the GCC are exploring diverse formats to attract different segments of consumers. This has led to the rise in omni-channel strategy to offset the margin pressures arising from increasing competition. In addition to the growing prominence of e-commerce, there is also a noticeable expansion in the traditional brick-and-mortar stores from both affordable and high-end luxury brands. As a result, the GCC retail industry is building a strong physical and digital ecosystem, which is likely to expand as both consumers and operators embrace newer formats of engagement.

Exhibit 1: Population Growth in the GCC



Source: IMF – April 2024

Exhibit 2: GDP (PPP) per capita in the GCC (2023E)



Source: IMF – April 2024
Note: GDP (PPP) per capita is at Current prices

Steady growth in population, coupled with the high concentration of expatriates and high-net worth individuals (HNWI) have been amongst the key demographics driving growth of the region's retail industry. Population in the GCC region grew at a CAGR of 1.5% since 2018 to reach 57.1 million by 2023 (see Exhibit 1)[1]. The expatriates, which account for around 50% of the total population and over 75% of the GCC private sector workforce[2], coupled with a sizeable working age population (61.1% as of 2022)[3] in the region have also strongly contributed to the growth of the retail sector. At the same time, the tech-savvy

[1] Source: "World Economic Outlook Database", IMF, April 2024
[2] Source: ISI World Statistics Congress
[3] Source: UNPD

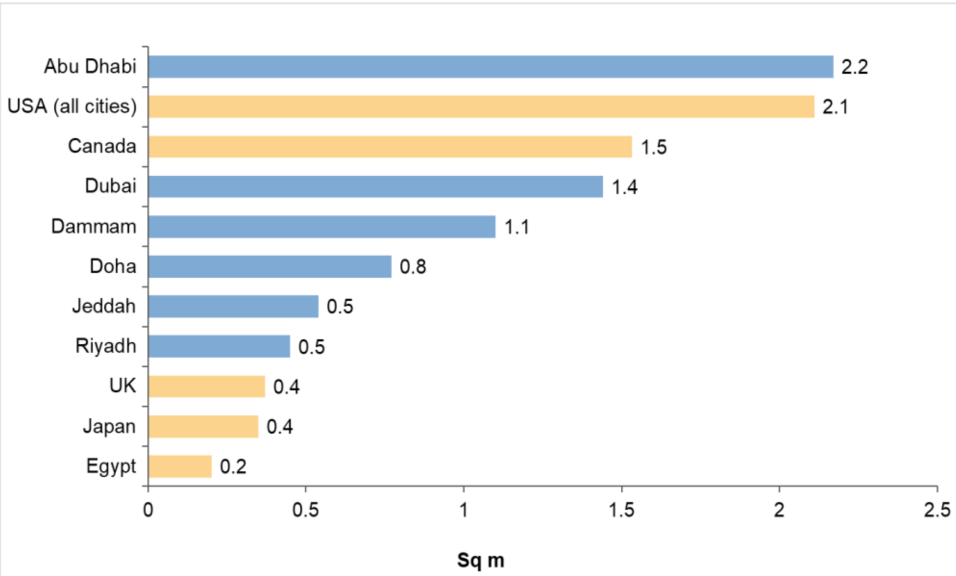
millennial population have been instrumental in advancing the retail digital ecosystem, especially towards the growth of e-commerce platforms.

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

After enduring the distress caused by COVID-19 that led to the dual shock of falling oil prices and slowdown in domestic activity, the GCC economies have regained GDP growth, clocking 3.7% between 2021 and 2023[4]. This improvement in economic conditions has not only boosted the spending power of the region's affluent society but also enhanced the lifestyle of consumers, resulting in strong appetite for global brands and luxury items. Measured in terms of GDP (PPP) per capita (at current prices), the per capita GDP of the GCC region stood at US$ 70,339 in 2023, much higher than the advanced and emerging economies. Qatar remains the wealthiest nation in the world while the UAE too features above the GCC average (see Exhibit 2)[5]. Saudi Arabia and the UAE are now among the fastest-growing wealth markets in the world. Cumulatively accounting for 27.7% of the Middle East and Africa (MEA) financial wealth in 2022, the UAE and Saudi Arabia's trajectory signal their strong position as one of the preferred global destinations for the wealthy[6]. As per the World's Wealthiest Cities Report 2023, Dubai is home to over 68,000 millionaires and 15 billionaires[7]. The Henley Private Wealth Migration Report 2024 further states that the UAE is set to lead for the third year in a row as the world's top destination for the wealthy with an estimated inflow of 6,700 millionaires by year end, up from 4,500 in 2023[8].

With the majority of people living in urban areas across the GCC, there has been a significant rise in demand for global brands. This has led to several regional and international retail operators establish and expand their business offerings in the region, primarily catering to the anticipated growth in demand. Driven by such dynamics, the region continues to emerge as an attractive destination for retail spending. Consequently, retail Gross Leasable Area (GLA) per capita in most of the major GCC cities remains well above that in other MENA markets and select developed economies (see Exhibit 3), signifying the strong demand dynamics and potential of the region's retail industry.

Exhibit 3: Retail GLA per capita (2023)



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

[4] Source: "World Economic Outlook Database", IMF, April 2024
[5] Source: "World Economic Outlook Database", IMF, April 2024
[6] Source: "UAE and Saudi Arabia's financial wealth to reach $1.3 trillion by 2027", Fast Company Middle East, September 13, 2023
[7] Source: "Dubai and the UAE: A global wealth nexus", Economic Times, November 20, 2023
[8] Source: "The UAE is set to be the No. 1 'wealth magnet' in the world, new report shows", CNBC, June 19, 2024

2.1 Country-wise Retail Market Overview

In recent years, the rebound in tourism industry coupled with a large influx of HNWIs and growing private wealth have fueled significant demand for retail and e-commerce services in the GCC

In recent years, the rebound in tourism industry coupled with a large influx of HNWIs and growing private wealth have fueled significant demand for retail and e-commerce services in the GCC. The regional governments have been actively developing physical retail and digital infrastructure in order to build a sustainable ecosystem. Many of the GCC startups are also showing interest in providing localized solutions and gaining access to the relatively nascent but fast-expanding market. At the same time, large incumbent operators and foreign players are looking to further capitalize on this trend and adopt hybrid omni-channel approaches, thus intensifying competition within the market. Post pandemic, consumers have become price-conscious, seeking out competitive prices and discounts, value-for-money products, and options in the form of private label items. Despite the rise in value-based shopping, the GCC remains a prominent market for luxury retail globally. At the same time, there has been an increased focus on high-end food and grocery products such as organic and premium ingredient-based products[9]. This has led to retailers adopting aggressive promotional campaigns, primarily focusing on specialized offerings, and discounting strategies to remain competitive. Retailers are also focusing on differentiating themselves through innovative offerings and providing a convenient shopping experience, both online and offline.

Saudi Arabia and the UAE are the largest retail markets in the GCC, accounting for an estimated 75.3% of the GCC retail market in 2023

Saudi Arabia and the UAE remain the largest markets in the GCC, cumulatively accounting for an estimated 75.3% of the GCC retail market in 2023. Retail sales in the UAE contributed to an estimated 21.3% of the country's economy, while Saudi Arabia's retail sales accounted for an estimated 11.8% of its economy in 2023[10]. The region's non-food retail sales accounted for an estimated 58.9% of the total retail sales in 2023, growing at a CAGR of 2.7% since 2018[11]. The growth was supported by post-pandemic economic recovery, rise in consumer confidence leading to discretionary spending, along with government initiatives aimed at attracting and boosting the tourism industry. Similarly, food retail sales grew at a healthy pace of 2.4% CAGR during the same period[12]. While the UAE and Saudi Arabia remain the most developed and mature retail markets in the region, the rest of the GCC countries continue to offer several opportunities for growth as they remain relatively underpenetrated. Qatar's retail industry is currently going through a period of rapid expansion with several regional and international brands expanding their presence across the country[13]. This has led to increased footfall in markets such as Doha and the market is expected to witness significant traction as Qatar gears up to host numerous global sporting events[14]. Kuwait, Oman and Bahrain also have a healthy pipeline of retail projects under development as several international and regional retailers continue to establish and expand their presence in these countries.

UAE

The retail industry is estimated to have contributed 21.3% to the UAE's GDP during 2023 and remained a dominant force behind economic diversification

The UAE has evolved over the years to establish itself as one of the leading retail markets globally. The retail industry is a key component for the UAE's economic diversification strategy and is estimated to have contributed around 21.3% to the country's GDP (at constant prices) during 2023[15]. The country's advanced infrastructure and robust economic environment has drawn several international brands to establish base across the Emirates.

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[9] Source: "How to win in the Gulf's dynamic consumer and retail sectors", McKinsey & Co., September 7, 2022
[10] Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital
[11] Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital
[12] Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital
[13] Source: "Qatar: Retail outlets experience footfall expansion in second quarter", Zawya, September 5, 2024
[14] Source: "Sports in Qatar", Visit Qatar
[15] Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital

Dubai and Abu Dhabi remain the most mature markets within the country offering a diverse range of shopping malls, luxury boutiques, restaurants, markets, traditional souqs, and digital retail experiences. Notably, Dubai ranks as a top city globally for many luxury brands in terms of sales, largely owing to its diverse population base and affluent society[16]. Dubai's wholesale and retail sector remains a key contributor to its economy, accounting for approximately 25.3% of the Emirate's real GDP in 2023[17]. The country's vibrant retail landscape has been on a growth trajectory, supported by a low-tax environment, rising population, growing tourism (57.8% CAGR between 2020 and 2023), a significant population of high-net-worth individuals (HNIs) and an affluent consumer base that has high spending power. The UAE's cosmopolitan culture, characterized by a diverse expatriate population, coupled with factors such as the premium quality of life at offer, favourable tax regime, investor friendly frameworks, and political stability and security, have led it to become a strategic haven for HNIs from across the globe. With approximately 6,700 ultra-rich migrants expected to make the country their home by the end of 2024, large inflows are also expected to come from the UK, Europe, India, the Middle East, Russia, and Africa[18]. The country's GDP per capita stood at US$ 92,074 as of 2023, the second highest within the GCC[19]. Consequently, the UAE has remained a hub for luxury goods with sales estimated to have grown 9% y-o-y in 2023 to reach AED 47.1 billion (US$ 12.8 billion). The segment also contributes significantly through the country's duty-free sales each year, one of the fastest-growing airport retail markets in the region. In 2023, Dubai Duty Free (DDF) recorded sales of AED 7.9 billion (US$ 2.2 billion), a y-o-y growth of 24.4% and up 6.4% from the previous record of US$ 2.0 billion during the 2019 pre-pandemic era[20].

E-commerce sales in the UAE is estimated to have grown at a CAGR of 22.6% between 2018 and 2023, the second highest in the region

The UAE has a thriving e-commerce ecosystem, which has rapidly developed to cater to a wide range of audience across the GCC with both home-grown and international products. In addition to large retailers, traditional outlets are also rising to the e-commerce wave by improving the online shopping experience for customers[21]. Luxury retail in the country is also witnessing significant changes as competition continues to rise while digitalization has led to increased online shopping and engaging with retailers and brands in different ways. This, in turn, has forced some retailers to rethink their business model and evaluate the role of physical outlets to remain profitable[22]. With increasing e-commerce startups and international retailers setting up a base in Dubai, the city is attracting more digital activity across the whole value chain. As such, the Dubai government has launched the 'Dubai e-commerce strategy', which aims to increase FDI in the industry while expanding market share of Dubai-based enterprises in local and regional distribution[23]. Sales across e-commerce platforms in the UAE are estimated to have grown at a CAGR of 22.6% between 2018 and 2023, the second highest in the region, to reach US$ 7.5 billion in 2023. The sector's contribution to GDP stood at 1.5% as of 2023, highest in the region and above the GCC average of 1.0%[24]. Accounting for 35.5% of the total GCC e-commerce market as of 2023, the country's e-commerce industry is likely to expand with the influx of new operators[25].

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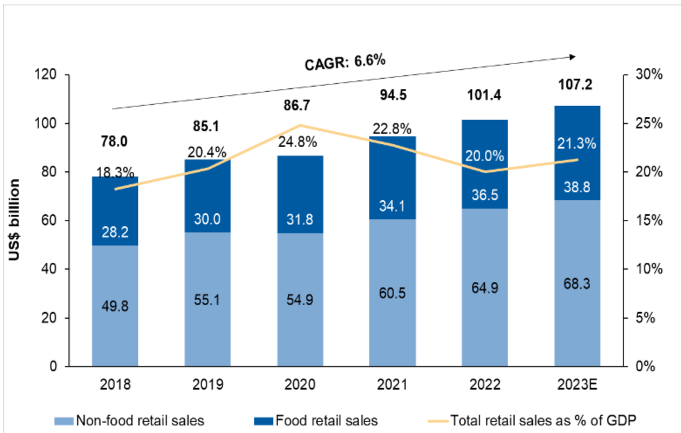
[16] Source: "The future of luxury in the Gulf", Vogue Business, April 15, 2024
[17] Source: "Dubai's GDP tops AED 115 billion in first quarter of 2024, with its economy growing 3.2% compared to the same period in 2023", Digital Dubai, July 23, 2024
[18] Source: "The UAE: A Strategic Haven for High-Net-Worth Families", Henley & Partners (2024)
[19] Source: "World Economic Outlook Database", IMF, April 2024
[20] Source: "DDF reaches $2.16 billion sales record in 40th year", TR Business, January 4, 2024
[21] Source: "United Arab Emirates - Country Commercial Guide", International Trade Administration (US), November 25, 2023
[22] Source: "Luxury Goods in the United Arab Emirates", Euromonitor, October 2023
[23] Source: "Dubai eCommerce strategy", The Official Portal of the UAE, June 24, 2024
[24] Source: EZ Dubai, IMF 2024
[25] Source: EZ Dubai, IMF 2024

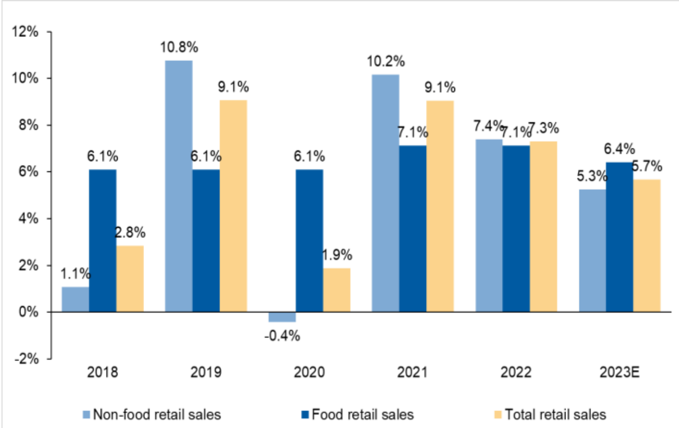
Exhibit 4: Retail Sales in the UAE



Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital

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

Exhibit 5: Change in Retail Sales in the UAE



Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital

Between 2018 and 2023, the value of retail sales in the UAE is estimated to have grown at a CAGR of 6.6% to reach US$ 107.2 billion

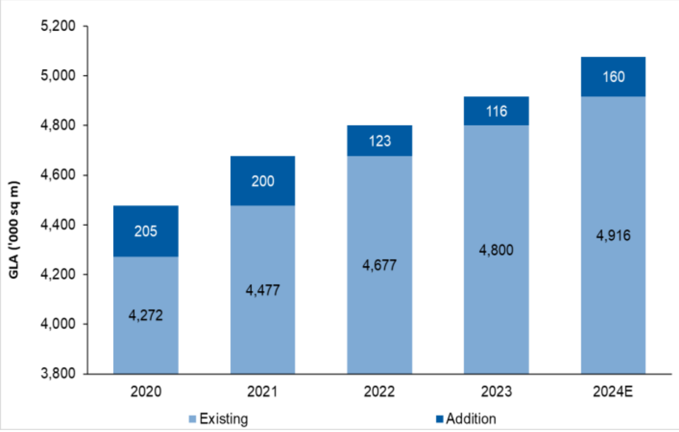
Historically, the UAE retail market has been outperforming its GCC peers in terms of sales growth. Between 2018 and 2023, the value of retail sales in the UAE is estimated to have grown at a CAGR of 6.6% to reach US$ 107.2 billion. Non-food retail sales accounted for 63.8% of the total market, recording an annualized growth of 6.6% between 2018 and 2023, while food retail sales also grew at a similar pace during the period[26] (see Exhibit 5). While retail sales were affected between 2018 and 2020 due to the COVID-19 induced restrictions, it still outperformed the GCC peers with a growth of 5.4% CAGR during the period. As the pandemic-induced restrictions were lifted and economic conditions improved, total retail sales grew by 9.1% y-o-y in 2021 to reach US$ 94.5 billion. The recovery was boosted in parts by several global business and entertainment events, improvements in vaccination rates, and an uptick in tourism activities[27].

The country led the GCC nations with a total travel and tourism spending revenues of US$ 62.8 billion, contributing 12.5% to its GDP

In 2023, the UAE is estimated to account for 34.6% of the total retail sales in the GCC, the second highest in the region, up from 28.6% in 2018. Total retail sales is estimated to have normalized, growing at a healthy pace of 5.7% y-o-y in 2023 compared to the surge witnessed in the previous two-years (see Exhibits 4 and 5). This can be largely attributed to growing consumer confidence leading to higher spending and an uptick in tourism activities. In 2023, retail spending across the UAE rose 14% y-o-y, primarily driven by fashion (up 31% y-o-y), general retail (up 16% y-o-y), and leisure and entertainment (up 15% y-o-y)[28]. The UAE recorded a 24.3% y-o-y growth in international tourist arrivals during 2023. The country led the GCC nations with a total travel and tourism spending revenues of US$ 62.8 billion, contributing 12.5% to its GDP. Notably, tourism spending in the UAE increased by approximately 17.6% in 2023 compared to that 2018[29].

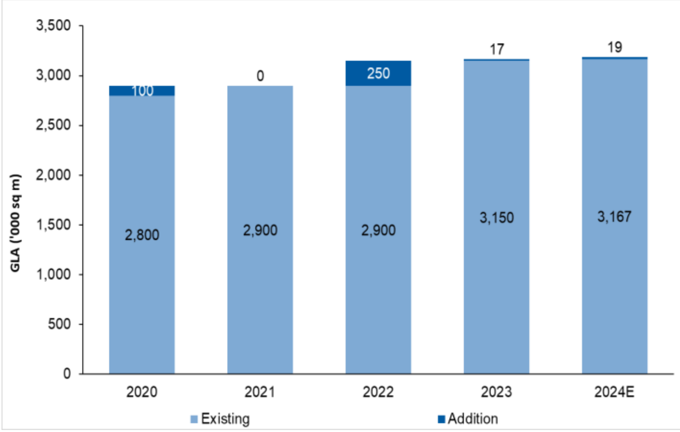
[26] Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital
[27] Source: "UAE's retail economy bounces back as consumers regain confidence after Covid blow", Arabian Busines, January 31, 2022
[28] Source: "State of the UAE Retail Economy - 2023", Majid Al Futtaim
[29] Source: "UAE Economic Impact Factsheet", WTTC, 2024

Exhibit 6: Supply of Retail Space in Dubai



Source: Jones Lang LaSalle (JLL)

Exhibit 7: Supply of Retail Space in Abu Dhabi



Jones Lang LaSalle (JLL)

Over 160,000 sq. m. of retail space is planned to be built across Dubai in 2024; ~19,000 sq. m. of GLA is planned for Abu Dhabi in 2024

Several retail projects are currently under development across the UAE as demand from international and domestic brands to establish base in modern retail hubs continue to grow. Mall operators are adopting a more dynamic management strategy to increase footfall and generate revenues. Landlords are focusing on enhancing the customer experience by leveraging experiential retail with the help of concept and innovative F&B offerings, and transforming common spaces into entertainment zones. Dubai recorded an addition of around 116,000 sq. m. of retail GLA in 2023, bringing the Emirate's total retail stock to 4.9 million sq. m. Over 160,000 sq. m. of retail space is planned to be built across Dubai in 2024 (see Exhibit 6). Robust leasing activity contributed to a reduction in vacancy rates, bringing the rate down to 16% y-o-y in Dubai[30]. Some of the notable upcoming malls, including expansion of existing ones are the Dubai Mall, Damac Mall and six new community centers by the Damac Group, Dubai Square Mall, EXPO City Mall, Al Khawaneej Mall, and Meydan One Mall, among others. Recently, Emaar Properties announced plans for an AED 1.5 billion (US$ 408 million) expansion of Dubai Mall. The 12 million sq. ft. hub is already the largest shopping center in the world by total area, and the expansion will add a further 240 luxury stores, along with new food outlets[31]. In Abu Dhabi, approximately 17,000 sq. m. of retail GLA was added in 2023, bringing the total stock up to 3.2 million sq. m. The capital's pipeline with total floor space due for completion in 2024 amounts to approximately 19,000 sq. m. of GLA (see Exhibit 7)[32]. Upcoming projects in Abu Dhabi consist of mostly retail shops in mixed-use buildings as well as the Reem Mall, Al Falah Mall, The Capital Mall – China Center, and Al Maryah Central among others. The vacancy rate in the Emirate stood at 22% due to the addition of new retail stock throughout the year. Nevertheless, there was an average increase of 5% in rents for both primary and secondary malls in Dubai and Abu Dhabi[33].

Saudi Arabia

According to the 2023 edition of the Global Retail Development Index by AT Kearney, Saudi Arabia ranked 3rd among the top 44 emerging countries

Saudi Arabia is the largest retail market in the GCC, primarily due to its large population base that makes up approximately 57.5% of the region's total inhabitants[34]. According to the 2023 edition of the Global Retail Development Index by AT Kearney, Saudi Arabia ranked 3rd among the top 44 emerging countries, up from 12th position in 2021, and first among the

[30] Source: "The UAE Real Estate Market - A Year in Review 2023", JLL
[31] Source: "The world's largest shopping mall is about to get even bigger". CNN Travel, June 5, 2024
[32] Source: "The UAE Real Estate Market - A Year in Review 2023", JLL
[33] Source: "The UAE Real Estate Market - A Year in Review 2023", JLL
[34] Source: "World Economic Outlook Database", IMF, April 2024

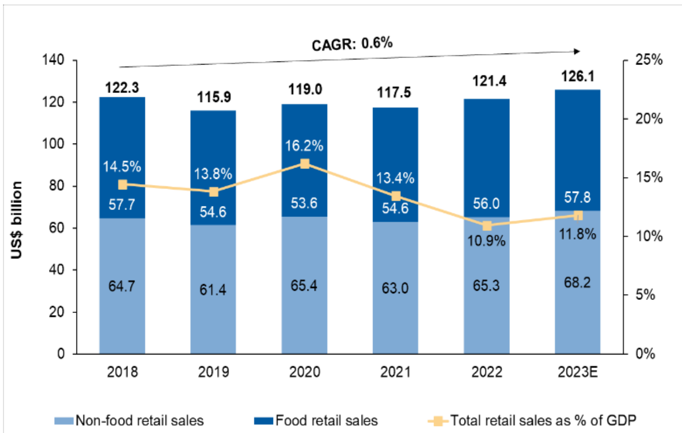
MENA markets for global retail investment[35]. The Kingdom recorded noteworthy growth in investment deals (95%) and licenses (267%), indicating a robust economic and business climate. The growth can be largely attributed to significant reforms introduced by the government to streamline the industry, liberalization policies aimed at uplifting the social and cultural environment of the Kingdom, adopt digitalization in the value chain, while also boosting tourism. Recent changes in the Kingdom's retail regulations have not only increased transparency, making it easier for new businesses to enter the market, but also ensured stronger governance coupled with enhanced protection of consumer rights that has led to increased foreign investment towards the industry. These initiatives have collectively helped the Kingdom rank top among all the emerging nations in market attractiveness and country risk parameters of the 2023 Global Retail Development Index[36]. The industry is largely driven by the Kingdom's growing millennial population (over two-thirds of its people are age 35 and under)[37], increasing urbanization, growing tourism (87.8% CAGR between 2020 and 2023), and the rise in ultra-high net worth individuals[38]. The Kingdom's GDP per capita stood at US$ 68,305 as of 2023, at par with the GCC average[39]. Consequently, Saudi Arabia has been witnessing several new global and regional retail entrants as well as e-commerce platforms expanding their offerings to the consumers. Amid growing traction, the Kingdom's retail industry is estimated to have contributed around 11.8% to the GDP during 2023 (see Exhibit 8)[40].

E-commerce sales in Saudi Arabia is estimated to have grown at a CAGR of 23.2% between 2018 and 2023, the highest in the region; its contribution to GDP stood at 0.8% as of 2023

Saudi Arabia is establishing itself as a focal point for the international fashion and lifestyle industry. The Kingdom recently hosted Dolce & Gabbana's seminal 2022 show in Al-Ula while Valentino chose Jeddah to launch its global retail concept. Several luxury brands are establishing their presence in the market to meet the growing demand from the affluent class. For instance, French luxury jeweler and watch house Boucheron opened a new boutique in Riyadh while Hermès also opened its first perfume and cosmetics store in Saudi Arabia during 2022[41]. At the same time, strong purchasing power and growing digital economy have led to a rise of e-commerce platforms and other digital platforms in recent years. The market is strongly supported by the Kingdom's high smartphone penetration rates (97%), strong digital infrastructure (its mobile broadband internet subscriptions are higher than the majority of advanced markets, and ranks 10th in the world for the fastest internet speed), and a relatively high share of banking population (72% of adults possess a bank account)[42]. Sales across e-commerce platforms in Saudi Arabia is estimated to have grown at a CAGR of 23.2% between 2018 and 2023, the highest in the region, to reach US$ 8.7 billion in 2023. However, the sector's contribution to GDP stood at 0.8% as of 2023[43]. Accounting for 40.9% of the total GCC e-commerce market as of 2023, the industry is likely to witness several home-grown platforms as the government pushes forward with its digitization agenda.

[35] Source: "The 2023 Global Retail Development Index", AT Kearney
[36] Source: "The 2023 Global Retail Development Index", AT Kearney
[37] Source: UNPD
[38] Source: "2022 sees 17% increase in ultra-wealthy Saudis", Saudi Gazette, May 22, 2023
[39] Source: "World Economic Outlook Database", IMF, April 2024
[40] Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital
[41] Source: "The 2023 Global Retail Development Index", AT Kearney
[42] Source: "Saudi Arabia - Country Commercial Guide", International Trade Administration (US), March 1, 2024
[43] Source: EZ Dubai, IMF 2024

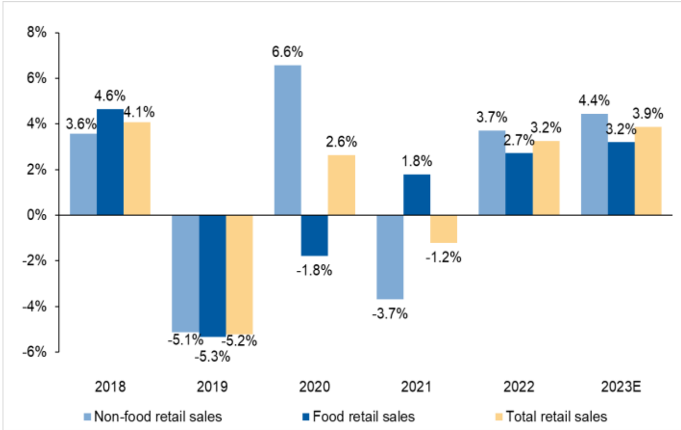
Exhibit 8: Retail Sales in Saudi Arabia



Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital

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

Exhibit 9: Change in Retail Sales in Saudi Arabia



Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital

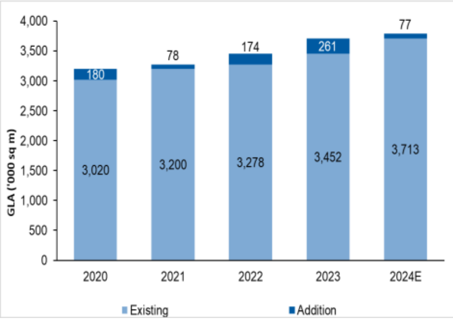
Between 2018 and 2023, the value of retail sales in the country is estimated to have grown at a CAGR of 0.6% to reach US$ 126.1 billion

Between 2018 and 2023, the value of retail sales in the Kingdom grew at a modest CAGR of 0.6% to reach US$ 126.1 billion. Non-food retail sales accounted for 54.1% of the total market, recording an annualized growth of 1.1% between 2018 and 2023, while food retail sales remained flat during the same period[44] (see Exhibit 8). The slowdown can be largely attributed to the COVID-19 pandemic that led to the closure of malls, retail outlets, and grocery stores during the lockdown since the end of 2019[45]. Although the pandemic-induced restrictions were lifted in 2021, economic conditions remained dampened due to lower hydrocarbon revenues[46]. The government introduced several stimulus measures to counter the financial and economic impact of COVID-19, including an increase in the VAT rate from 5% to 15% during mid-2020[47]. These factors cumulatively dampened consumer confidence resulting in a subsequent slowdown in consumer spending. Consequently, total retail sales declined 1.2% y-o-y in 2021 to reach US$ 117.5 billion. As economic conditions improved post the lifting of pandemic-led restrictions, total retail sales in Saudi Arabia witnessed a positive growth trajectory[48].

In 2023, Saudi Arabia is estimated to account for 40.7% of the total retail sales in the GCC, the highest in the region. However, the Kingdom's share in the total has declined from 44.9% in 2018. Growth in total retail sales normalized in 2022 and 2023, averaging at 3.6% over the two years (see Exhibits 8 and 9). The recovery can be attributed to government's initiatives to contain the pandemic, stimulus packages encouraging FDIs, economic diversification programmes, introduction of several liberalization policies, changes to visa regulations, pro-business reforms, and increased focus towards tourism among others. As part of its Vision 2030, Saudi Arabia aims to increase the number of religious visitors from 9.5 million recorded before the pandemic to 30 million by 2025, and further attract around 100 million domestic and international visits a year by the end of the decade[49]. Saudi Arabia remained the second largest country in the GCC in terms of international tourist arrivals, witnessing a growth of 64.8% y-o-y in 2023[50]. Total travel and tourism spending revenues in the Kingdom reached US$ 98.6 billion during the year, contributing 9.2% to the GDP[51].

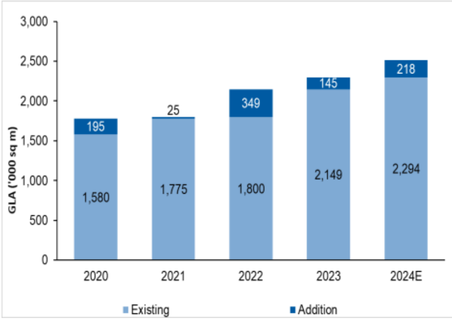
[44] Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital
[45] Source: EIU, AT Kearney, IMF – April 2024, USDA, Alpen Capital
[46] Source: "Saudi Economy grows by 6.7% in Q4/2021 and 3.2% for the year 2021", Saudi Arabia Government,
[47] Source: "Saudi Arabia: End of the Transitional Period for VAT rate increase", PwC, June 3, 2021
[48] Source: EIU, AT Kearney, IMF
[49] Source: "Tourism Ambitions Transform Saudi Arabia", The Arab Gulf States Institute in Washington, February 17, 2022
[50] Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC
[51] Source: "Economic Impact Report", WTTC, 2022

Exhibit 10: Supply of Retail Space in Riyadh



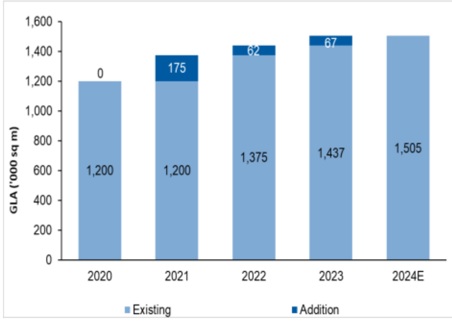
Source: Jones Lang LaSalle (JLL)

Exhibit 11: Supply of Retail Space in Jeddah



Source: Jones Lang LaSalle (JLL)

Exhibit 12: Supply of Retail Space in Dammam



Source: Jones Lang LaSalle (JLL)

Over 295,000 sq. m. of retail space is planned to be built across Saudi Arabia in 2024

Several retail projects are currently under development in Saudi Arabia. Some of the major new malls coming up in the Kingdom include the Mall of Saudi (Riyadh), The Avenues (Riyadh), Medina Mall, new community centers and malls by Hamat Holdings, and Arabian Center's Jawharat Al-Riyadh and Jawharat Jeddah malls. Some of the notable brick-and-mortar developments include BinDawood Holdings' plan to open 10 stores between 2022 and 2027, in addition to opening five to six stores a year until end of 2024; Lulu Group plans to open 21 new hypermarkets and express stores; and Majid Al Futtaim plans to double the number of Carrefour stores in the Kingdom by 2025. The Kingdom recorded an addition of around 261,000 sq. m. of GLA in Riyadh, 145,000 sq. m. of GLA in Jeddah, and 67,440 sq. m. of GLA in Dammam, during 2023. Over 295,000 sq. m. of retail space is planned to be built across Saudi Arabia in 2024 (see Exhibit 10, 11 and 12)[52]. Riyadh's total retail stock stood at 3.8 million sq. m., whereas Jeddah and Dammam's retail space reached 2.5 million sq. m. and 1.5 million sq. m., respectively, in 2023. During the year, the retail rental performance in Riyadh remained relatively stable. There was no change in the average annual rents for super regional malls, while the rents for regional malls experienced a modest 2% y-o-y growth compared to the same period last year. In contrast, the retail market in Jeddah experienced downward pressure on performance. The average rents for super regional malls in the city witnessed a decline of approximately 17% y-o-y, while average rents in regional malls saw a marginal increase of 1% y-o-y. In the Kingdom, demand for F&B and entertainment zones continued to drive overall market dynamics of the organized retail sector[53].

Qatar

Qatar's organized retail space is currently undergoing significant transition

As part of its 'National Vision 2030', the government of Qatar is working to diversify the country's economy with the travel and retail sectors being recognized as two of the main drivers. Qatar remains the richest country in the world with a GDP per capita of US$ 108,570 as of 2023[54]. This significant purchasing power contributes to robust consumer spending, fostering a thriving retail environment. The high level of wealth coupled with rising population (1.5% CAGR between 2018 and 2023)[55], an expanding tourism sector (74.1% CAGR between 2020 and 2023)[56], and continued investments towards infrastructure development has thus positioned the country as a promising retail market in the GCC. Consequently, the retail sector is undergoing transformation from traditional independent shops and souqs to

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[52] Source: "The KSA Real Estate Market - A Year in Review 2023", JLL
[53] Source: "The KSA Real Estate Market - A Year in Review 2023", JLL
[54] Source: "World Economic Outlook Database", IMF, April 2024
[55] Source: "World Economic Outlook Database", IMF, April 2024
[56] Source: UN Tourism (UNWTO), World Travel and Tourism Council (WTTC)

modern shopping malls, supermarkets, and digital platforms that feature a wide range of domestic and international brands. This transition not only offers a broader variety of products but also enhances shopping experiences, attracting a diverse consumer base. Additionally, Qatar is the second largest duty-free operator in the GCC with revenues of US$ 861.5 million in FY 2023-24. During the period, Qatar Duty Free (QDF) delivered record results with sales turnover reaching an all-time high of more than 22% from FY 2022-23 (US$ 823.8 million) and over 82% compared to the pre-pandemic period of FY2019-20 (US$ 587.1 million)[57].

E-commerce sales in Qatar is estimated to have grown at a CAGR of 8.1% between 2018 and 2023; its contribution to GDP stood at 1.2% as of 2023

Amid a rising demand for global brands, sales across e-commerce platforms in Qatar is estimated to have grown at a CAGR of 8.1% between 2018 and 2023 to reach US$ 2.8 billion in 2023. The sector's contribution to GDP stood at 1.2% as of 2023, second highest in the region and above the GCC average of 1.0%[58]. Although it accounted for just 13.2% of the total GCC e-commerce market as of 2023, the industry is witnessing an influx of platforms offering niche products and services[59]. Post the pandemic, several retailers in Qatar have moved to a blended, omni-channel distribution strategy, which involves boosting and expanding their digital offerings while also maintaining a brick-and-mortar footprint[60]. Qatar is also regarded as the world's fastest-growing luxury market that encompasses a diverse range of goods, spanning from high-end fashion attire, accessories, timepieces, jewellery, cosmetics, fragrances, and high-end vehicles among others. The country boasts a robust presence of global luxury names such as Louis Vuitton, Gucci, Chanel, and Rolex, frequently establishing their exclusive boutiques and flagship stores. At the same time, domestic luxury brands and retailers also contribute significantly to the market, presenting distinctive offerings tailored to the tastes of Qatari customers. For instance, Qatar Luxury Group (financed by the Qatar Foundation), launched its own luxury line under the label Qela, a home-grown global fashion brand that offers a wide range of fashion, beauty and accessories[61]. Mayhoola, the country's state-owned investments arm, holds a majority stake in several high-profile fashion brands including the Italian companies Valentino and Pal Zileri, and French companies LVMH, Le Tanneur, and Balmain. It also holds stakes in landmark department stores Harrods and Printemps in London and Paris, respectively[62]. The Qatari luxury goods market is also in the midst of a digital transformation, as brands are adopting e-commerce platforms, utilizing social media for marketing, and employing digital engagement tactics to connect with millennial and tech-savvy affluent consumers. For instance, Ounass (part of Al Tayer Group) offers several luxury brands including Gucci, Saint Laurent, and Balenciaga among others on its portal. It also offers consumers with an exclusive range of brands for men's, women's, and children's ready-to-wear clothing, handbags, footwear, cosmetics, fine jewellery, and home goods[63].

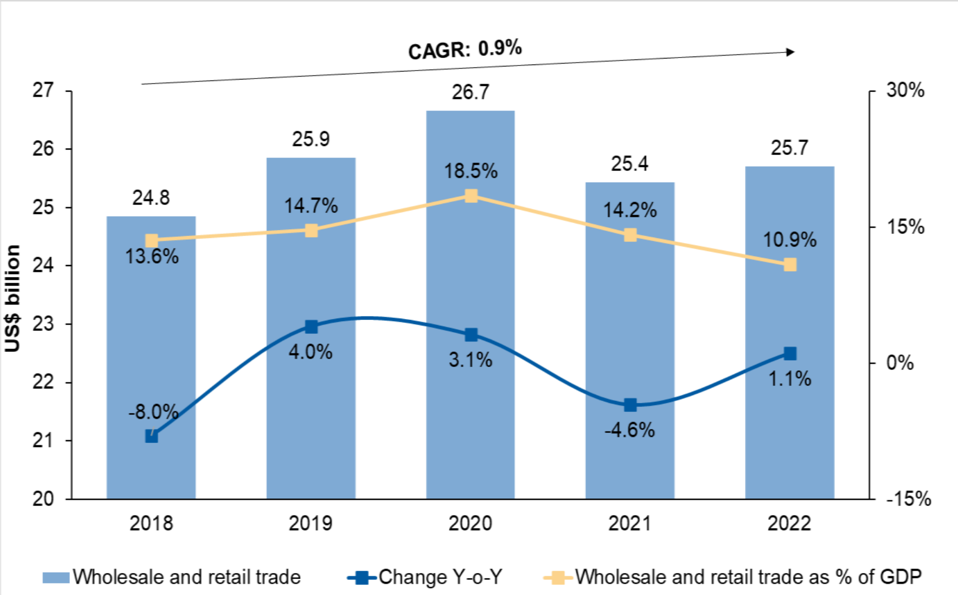
Qatar's wholesale and retail trade expanded at a CAGR of 0.9% between 2018 and 2022 to reach US$ 25.7 billion, accounting for 10.9% of the GDP

The size of Qatar's wholesale and retail trade expanded at a CAGR of 0.9% between 2018 and 2022 to reach US$ 25.7 billion, accounting for 10.9% of the GDP[64] (see Exhibit 13). The relatively muted growth can be largely attributed to the COVID-19 pandemic, causing business disruptions. During the period, the country experienced expansion activities that drove a record surge in overall prices for goods and services. This led to an all-time high average consumer inflation rate of 5.0% y-o-y. As a result, the purchasing power of consumers diminished, leading to a decrease in overall trade. Additionally, the surge in rental costs contributed to a higher cost of living, which subsequently reduced disposable income for consumers[65]. Businesses faced higher operational costs, further reducing

[57] Source: ""Consolidated Financial Statement 2023-24", Qatar Airways QSC
[58] Source: EZ Dubai, IMF 2024
[59] Source: Qatari eCommerce Website Lists - Categorized sites with an eCommerce component, Built With
[60] Source: "Blended, omnichannel approach seen in Qatar's retail businesses: OBG, Gulf Times, May 23, 2021
[61] Source: "Qatar launches Qela, its very own luxury fashion label", Fashion Network, December 2023
[62] Source: "Five Key Questions on Kering and Mayhoola's Valentino Deal", Business Of Fashion, July 28, 2023
[63] Source: "Qatar's Luxury Goods Sector – Market Analysis", ME Ratings, December 2023
[64] Source: Qatar Ministry of Development Planning and Statistics
[65] Source: "Qatar: 2023 Article IV Consultation-Press Release", IMF

demand and causing a slowdown in economic activity. In terms of y-o-y growth, the wholesale and retail trade grew by 1.2% in 2022 and reaching close to pre-pandemic levels (see Exhibit 13). This growth was driven by influx of tourist arrivals due to mega events such as the FIFA World Cup 2022 and aggressive strategies by the government to promote travel and tourism post the re-opening of borders. Tourist arrivals in the country increased from the lows of 0.6 million in 2020 and 2021 to 2.6 million in 2022 while total travel and tourism spending revenues reached US$ 16.5 billion, contributing 10.3% to the country's GDP – the highest amongst the GCC nations[66]. All these factors are estimated to have helped revive the retail industry in Qatar.

Exhibit 13: Wholesale and Retail Trade in Qatar



Source: Qatar Ministry of Development Planning and Statistics, IMF

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

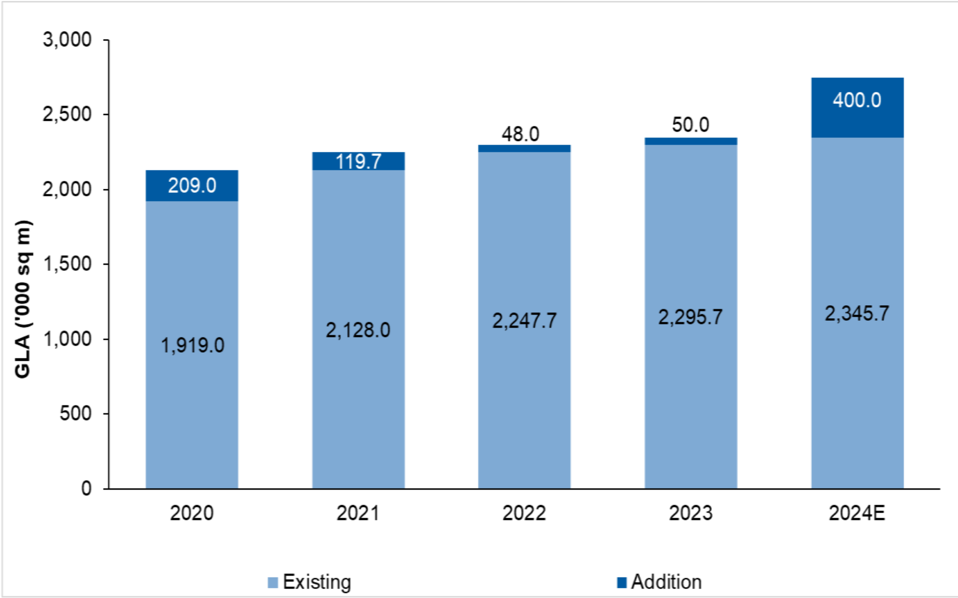
As of 2023, Qatar's supply of organized retail space exceeded 2.3 million sq. m. of GLA; Supply in the organized retail real estate sector in the country has remained largely static

As of 2023, Qatar's supply of organized retail space exceeded 2.3 million sq. m. of GLA. Supply in the organized retail real estate sector in the country has remained largely static in 2023. The most recent retail developments include Valero Mall in Doha that provides 24-hour shopping in Lusail's Marina District. The largest addition to the retail and F&B sector in 2023 was West Walk – a mixed use development of restaurants and retail outlets in Al Waab. The report noted that there is more than 1.7 million sq. m. of leasable floor space in Qatar's main organized retail malls. At the same time, there is also more than 400,000 sq. m. of leasable space in open air retail/F&B destinations, including The Pearl, Souq Waqif, Souq Al Wakra, Msheireb Downtown, Katara, Doha Port, Lusail Boulevard, and West Walk. Footfall and spending have remained consistent in many of the major malls across Qatar during 2023. This can be largely attributed to the increase in supply over recent years has, resulting in a drop in some of Doha's older malls. According to Cushman & Wakefield, there is now an overall vacancy rate of more than 20% in Qatar's 20 largest malls[67]. Despite increasing pressure on occupancy rates, new developments have significantly increased the quality of retail space in Qatar. One of the most notable upcoming projects include the Doha Mall. Although the 100,000 sq. m. of retail GLA hub is yet to open, a significant number of units are currently being fitted out[68]. For instance, Lulu opened the doors of

[66] Source: "Economic Impact Report", WTTC, 2022
[67] Source: "Quarterly Report Qatar Q4 2023: Retail Market Overview", Cushman & Wakefield Qatar, February 8, 2024
[68] Source: "Quarterly Report Qatar Q1 2024: Retail Market Overview", Cushman & Wakefield Qatar, May 12, 2024

its supermarket in the mall during February 2024, marking the group's 23rd hypermarket in Qatar. The two-level, 80,000-sq. ft. store is equipped with state-of-the-art amenities and an extensive range of products, aiming to elevate the shopping experience for customers[69].

Exhibit 14: Supply of Retail Space in Qatar



Source: Cushman & Wakefield Qatar

Kuwait

Kuwait has one of the highest concentrations of international retailers in the GCC due to the proliferation of modern shopping centers, concept stores and e-commerce platforms

Kuwait's retail sector is relatively small and fragmented compared to its regional peers. However, the country has one of the highest concentrations of international retailers in the GCC due to the proliferation of modern shopping centers, concept stores and e-commerce platforms. A growing population base (1.4% CAGR between 2018 and 2023), a strong expatriate base, coupled with rapid urbanization, and a high GDP per capita of US$ 52,823 as of 2023[70] has contributed to the rise of organized retail market in Kuwait. Moreover, approximately 45% of the country's population is within the 20 to 39 years age bracket[71], a strong working population that has a high inclination towards retail spending in malls and purchase of international brands. Such dynamic demographics have brought about a change in lifestyle and contributed to making Kuwait a prominent destination for several international luxury brands to establish a strong presence in the country. The modern retail market (supermarkets/ hypermarkets) in Kuwait is undergoing transformation with private operators such as Carrefour (6 outlets)[72] and Lulu (more than 14 hypermarkets)[73] expanding their presence in the country. On the other hand, local players such as The Sultan Center and Kuwaiti Union of Co-operative Societies still hold the majority of the market share through their stand-alone grocery and convenience stores. Operators such as M.H. Alshaya Co. have been instrumental in bringing renowned international fashion and beauty brands such as American Eagle, Victoria's Secret, H&M, Claire's, Debenhams, Disney Store, Harvey Nichols, Milano, New Balance, Next, River Island, Bath&Body Works, Estée Lauder Companies, The Body Shop, and Victoria's Secret Beauty among others to the country[74].

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[69] Source: "LuLu Group inaugurates 23rd Hypermarket in Qatar at Doha Mall", Doha News, March 2, 2024
[70] Source: "World Economic Outlook Database", IMF, April 2024
[71] Source: UNPD
[72] Source: Carrefour Kuwait Website
[73] Source: LuLu Group Kuwait Website
[74] Source: M.H. Alshaya Co. Website

Consequently, consumers are quickly catching up with their regional peers in terms of tastes and demand for luxury and branded items.

E-commerce sales in Kuwait is estimated to have more than doubled between 2018 and 2023; its contribution to GDP stood at 0.9% as of 2023

At the same time, a shift in consumer behavior has led to the significant growth of e-commerce industry in the country. Sales across e-commerce platforms in Kuwait is estimated to have more than doubled from US$ 0.6 billion in 2018 to US$ 1.5 billion in 2023. The sector's contribution to GDP stood at 0.9% as of 2023[75]. Growing at a CAGR of 19.6%, the industry has gained traction due to the high penetration of mobile and internet, growing youth population, coupled with several retailers moving on to digital platforms during the pandemic. This trend has continued as retailers remain focused on improving economies of scale, boost operational efficiency, and diversify revenue through digital channels. Department stores such as Bloomingdale's and Nordstrom Rack have already started offering e-commerce services in the country. The growth in e-commerce distribution channels is not only encouraging the foray of new entrants into the market but also increasing the retail competitive landscape[76].

Over 173,050 sq. m. of retail space is planned to be built across Kuwait in 2024

As of 2023, there was 1.7 million sq. m. of retail GLA available in Kuwait, up from 1.5 million in 2022. Over 173,050 sq. m. of retail space is planned to be built across Kuwait in 2024. In addition, average mall occupancy levels were relatively stable at 81.6% across existing stock as of 2023[77]. Post the pandemic, Kuwait's retail sector witnessed major development with an estimated 167,000 sq. m. of GLA completed between 2020 and 2021[78]. Amongst the most notable projects that were recently completed includes the Al Khiran Mall, Kuwait's first hybrid outlet mall, leisure and lifestyle destination. Developed by the Tamdeen Group, the mall houses 300 retail stores, with 70,000 sq. m. of GLA. Tamdeen Group's other developments include the 360 Mall and Al Kout Mall[79]. There are several small and medium-scale shopping mall projects in the pipeline as well. Recently, Injazat Real Estate Development Company was awarded a project to fund and construct a shopping mall with a value of around KWD 4 million (US$ 13.2 million) in Khaitan district, Kuwait City. Built across an area of 3,484 sq m., the contract will be a Public-Private Partnership (PPP) with a duration period of 22 years[80]. At the same time, retailers continue to remain optimistic with their expansion plans. Players such as Apparel Group recently announced plans to open 12 new stores in Kuwait's Al Khiran Mall. The new stores will comprise major fashion, lifestyle and F&B brands, including Birkenstock, Levi's, Steve Madden, Beverly Hills Polo Club, LC Waikiki, Dune London, and Havaianas among others[81].

Oman

Oman's retail industry is witnessing significant transformation, drawing significant investments across the value chain

Oman's retail industry is drawing significant investments across the value chain. Though the current retail landscape in Oman is largely dominated by traditional formats (souqs and standalone units), the concept of organized retail such as malls and shopping centers is gaining prominence[82]. Offering a distinct variety in lifestyle, leisure and entertainment components that bring together a blend of both global and regional brands, these modern retail formats largely cater to the affluent class, millennials, and tourists in the country. A growing population base (1.9% CAGR between 2018 and 2023), coupled with rapid

[75] Source: EZ Dubai, IMF 2024
[76] Source: Kuwait - Country Commercial Guide, International Trade Administration
[77] Source: "Retail Real Estate in Kuwait: The Real Estate Investor's Guide for 2023", Estater, February 27, 2024
[78] Source: "Kuwaits retail sector poised for solid growth", Zawya, July 7, 2019
[79] Source: "SSH completes work on Kuwait's first hybrid mall", ME Retail News, August 1, 2023
[80] Source: "Kuwaiti firm signs deal to build shopping mall", Zawya, December 7, 2023
[81] Source: "Apparel Group to launch 12 new stores in Kuwait's Al Khiran Mall", Retail Insight Network, May 2, 2023
[82] Source: "Retail - As a result of growing revenues and rising consumer confidence, Oman is highly ranked in comparison to emerging retail sectors worldwide", Asaas

urbanization and a high GDP per capita of US$ 39,691 as of 2023[83] has also contributed to the rise of organized retail market in the Sultanate.

E-commerce sales in Oman is estimated to have grown at a CAGR of 32.7% between 2018 and 2023; its contribution to GDP stood at 0.6% as of 2023

Simultaneously, the country is witnessing a rise in e-commerce penetration as several large retailers as well as brick-and-mortar shops are gradually adopting the omni-channel approach to establish a strong presence in the market. Being the smallest e-commerce market in the GCC, Oman registered the fastest growth in digital sales among its peers. Sales across e-commerce platforms in the Sultanate are estimated to have grown at a CAGR of 32.7% between 2018 and 2023 to reach US$ 0.7 billion. The sector's contribution to GDP stood at 0.6% as of 2023[84]. The growth has been largely driven by a shift in consumer preferences, demand for global and luxury brands among the affluent class, a rise in mobile and internet penetration (5.0 million active internet users, 5.9 million mobile connections, and 4.4 million social media users), and the government's initiatives towards digitization through the Information Technology Authority (ITA)[85]. The government's promotion of a 'digital society' and 'e-government' in conjunction with the provision of electronic payments (e-Payments), present further opportunities for the B2C and B2B e-commerce industry to expand in the Sultanate. As such, several domestic businesses, especially Omani-owned SMEs and entrepreneurs, have started promoting and selling their merchandise through social media platforms. Some of the prominent e-commerce sites operating in Oman include Amazon, eBay, AliExpress, Namshi, InvestEasy, and Bayan Customs among others[86]. Under Vision 2040, the Omani government is inviting investment flows into the commercial real estate sector, specifically targeting the hospitality and retail industries. In a bid to further boost the retail sector, the government has implemented measures such as job incentives, simplifying lending procedures, exempting new and domestic companies from localization rates, among others[87]. Moreover, initiatives undertaken by the government in streamlining the retail infrastructure and strengthening investments towards evolving technologies with a focus on factors such as sustainability and innovation, coupled with 'Made in Oman' campaign has started making the domestic market more competitive[88]. The Ministry of Commerce, Industry and Investment Promotion (MoCIIP), in partnership with Oman Chamber of Commerce and Industry (OCCI) and the Joint Committee for External Exhibitions of Omani Products (OPEX), launched the 'Made in Oman' campaign to spotlight and advance the Sultanate's industrial sector. It includes a range of activities to showcase Omani products in commercial centers and seeks to boost consumer confidence in Omani products, promoting them as the first choice of purchase due to their quality[89].

Total wholesale and retail trade in Oman stood at ~US$ 7.7 billion in 2022, witnessing a nominal rise of 0.4% CAGR over the five-year period

Total wholesale and retail trade stood at approximately US$ 7.7 billion in 2022, up from US$ 7.6 billion in 2018, witnessing a nominal rise of 0.4% CAGR over the five-year period[90]. Since 2020, the market has been under increased pressure due to economic headwinds and weak consumer sentiments that were amplified by the pandemic. However, in the post-pandemic era, the industry appears to have started gaining momentum, witnessing a 4.2% year-over-year growth in 2022. Oman's wholesale and retail trade accounted for 6.7% of the GDP as of 2022, down from 8.3% in 2018 (see Exhibit 15).

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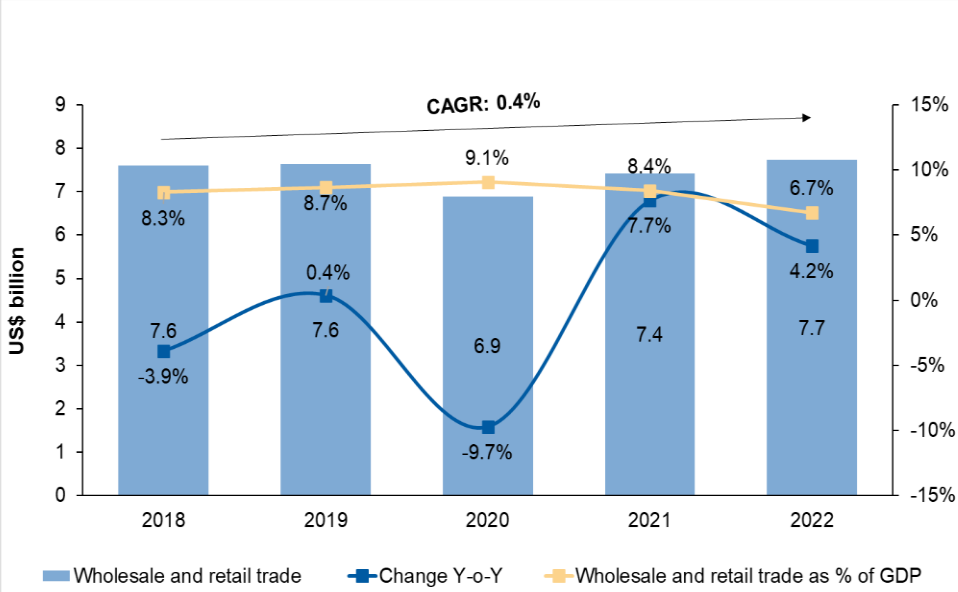
[83] Source: "World Economic Outlook Database", IMF, April 2024
[84] Source: EZ Dubai, IMF 2024
[85] Source: "Oman's e-commerce market seen to grow by 20% annually", Muscat Daily, September 8, 2021-dated
[86] Source: "Oman - Country Commercial Guide", International Trade Administration (US), February 20, 2024
[87] Source: "Oman's retail trade sector to grow to RO 10 bn in value by 2040", Oman Observer, April 12, 2023
[88] Source: "How e-commercce driving recovery of Oman's retail sector", Oxford Business Group
[89] Source: "Month-long 'Made in Oman' campaign promotes pride in local products", Muscat Daily, December 2, 2023
[90] Source: Central Bank of Oman, IMF

Exhibit 15: Wholesale and Retail Trade in Oman



Source: Central Bank of Oman, IMF

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

Developers are increasingly modernizing Oman's retail sector to drive footfall as supply is moving towards large malls with unique concepts and diverse leisure and entertainment offerings

Retail space expansion, especially in shopping centers and malls, has picked up pace in recent years. Developers are increasingly modernizing Oman's retail sector to drive footfall as supply is moving towards large malls with unique concepts and diverse leisure and entertainment offerings. Several retail hubs such as IKEA, City Center Muscat, Muscat Grand Mall, City Center Qurum, Markaz Al Bahja, Panorama Mall, Avenues Mall, Salalah Grand Mall, Oasis Mall, Al Araimi Boulevard, Palm Mall Muscat, and Mall of Muscat have recently opened doors in the Sultanate. These centers have attracted several domestic and international brands to establish their presence and capitalize on the rise in consumerism, owing largely to favorable demographics. There are many more retail projects currently underway in the Sultanate, including expansion plans by existing retailers such as SPAR stores and some mid-to large-scale community centers. For instance, SPAR recently opened its 26th store in Oman at Al Khoud, with a retail space of 530 sq. m[91].

Bahrain

Bahrain is among the GCC's smallest retail markets, marked by the co-existence of both traditional souks and modern shopping centers

Bahrain is among the GCC's smallest retail markets that exhibits the co-existence of both traditional souks and modern shopping centers. Some of the most prominent domestic retail companies include the BMMI Group that owns and operates Alosra Supermarket and seven stores in Saar, Janabiyah, Amwaj Islands, Juffair, Riffa, Durrat Al Bahrain, and West Riffa; Al Rashid Group, which operates supermarket chains such as Carrefour; and YK Almoayyed & Sons, which is involved in various retail sectors such as automotive and electronics among others. At the same time, several global brands and retailers like Zara and H&M have also established a strong presence in the Kingdom, catering to the diverse and discerning consumer base. Bahrain's growing population base (1.0% CAGR between 2018 and 2023), coupled with rapid urbanization and a high GDP per capita of US$ 60,569 as of 2023[92] continue to drive demand. The Kingdom is also dependent on international and intra-

[91] Source: "SPAR Oman opens its 26th store in Al Khoud", SPAR, June 19, 2023
[92] Source: "World Economic Outlook Database", IMF, April 2024

regional tourism as a source of revenue. Bahrain recorded a 86.6% CAGR growth in its tourist arrivals between 2020 and 2023, the third highest growth among the GCC nations after Oman and Saudi Arabia[93]. Over 95% of all the international tourist arrivals in Bahrain are from the neighboring GCC countries, especially Saudi Arabia[94]. Recently, both the nations have signed an agreement to link their Kingdoms into a single tourism destination. This is likely to attract higher international and regional visitors, boosting the retail sales for Bahrain[95]. At the same time, the e-commerce sector in Bahrain is estimated to have gained significant traction, with numerous online marketplaces and dedicated websites serving consumers' needs for a wide variety of products. According to the latest available data from the Central Bank of Bahrain, value of point-of-sales and e-commerce transactions in the Kingdom exceeded BHD 335.2 million (US$ 889.4 million) in September 2023, while the volume of transactions reached 15.5 million[96].

Development in the Kingdom's retail sector is likely to continue with a further 200,000 sq. m. of GLA in the pipeline

Bahrain's retail sector has seen a surge in development over the past decade. Retail operators in Bahrain are developing destination malls as well as neighborhood shopping plazas. There is currently a recorded 927,000 sq. m. of total retail stock across the regional and super-regional mall category, up from 860,700 sq. m. of GLA during the pre-pandemic era. Development in the Kingdom's retail sector is likely to continue with a further 200,000 sq. m. of GLA in the pipeline[97]. Some of the notable upcoming malls include the Marassi Gallaria Mall with about 116,000 sq. m. of retail space and the Avenues Phase 2, which is set for completion by the end of 2024, that will add around 40,000 sq m. of GLA[98]. The Avenues Phase 2 will include 244 retail units, two entertainment areas, an ice rink and a supermarket, bringing the total GLA in both phases to approximately 80,000 sq. m[99]. The retail space in the Kingdom is likely to witness further boost as construction of the US$ 530 million Bahrain Marina mixed-use development has begun. The venue will be home to more than 192 retail units, comprising international shops, restaurants, cafés, and a commercial complex that will host 33 stores[100]. New developments in the form of cinemas, food courts and FECs in the country's shopping malls continue to remain the main attractions for the domestic and intra-regional visitors. At the same time, malls are adding on to the new line-up of brands across their offerings to enhance consumer experience. For instance, City Center Bahrain, operated by Majid Al Futtaim, announced the leasing of 9,000 sq. m. of retail space in 2023 for more than 60 brands that is estimated to increase the mall's total occupancy rate by 18%, with fashion brands commanding the highest retail space followed by personal care and lifestyle brands. The new retail line-up includes international fashion and sportswear brands like Urban Outfitters, Lefties, Decathlon and some of the upcoming brands such as Machaka, New Era, and Jashnamal Department Store among others[101]. Over the past few years, the Kingdom has witnessed an influx of international operators such as Carrefour, while the regional players such as the Lulu Group, Al Othaim, Al Raya, Al Sadhan and Balsharaf have also expanded with newer stores. For example, in November 2023, Lulu Group further expanded its presence in the Kingdom by opening its 11th hypermarket/supermarket in central Manama retail space. With this new move, Lulu Group has placed an investment cycle of over BHD 200 million (US$ 530.6 million) in Bahrain's economy and creating over 1,000 job opportunities for the residents[102].

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93 Source: UN Tourism (UNWTO), World Travel and Tourism Council (WTTC)
94 Source: "Special report: The power of the GCC as a source market for global tourism", Gulf Business, February 26, 2022
95 Source: Saudi marketing deal can boost Bahrain tourism", Times Aero Space, March 1, 2024
96 Source: Point of Sale (POS) and Payment Systems Statistics, Central Bank of Bahrain, September 2023
97 Source: "Mall expansion fills 'lifestyle' gap in Bahrain retail market", Arabian Gulf Business Insight, August 26, 2022
98 Source: "Bahrain's consumer spend to rise as destination malls open", Arabian Gulf Business Insight, January 5, 2024
99 Source: "Mall expansion fills 'lifestyle' gap in Bahrain retail market", Arabian Gulf Business Insight, August 26, 2022
100 Source: "Bahrain Marina, Manama, Bahrain", World Construction Network, March 22, 2024
101 Source: "City Center Bahrain to lease 9,000 square metres of retail space", ME Retail News, March 14, 2023
102 Source: "Lulu further expands in Bahrain, opens 11th Hypermarket In Manama", Lulu Group International, November 22, 2023

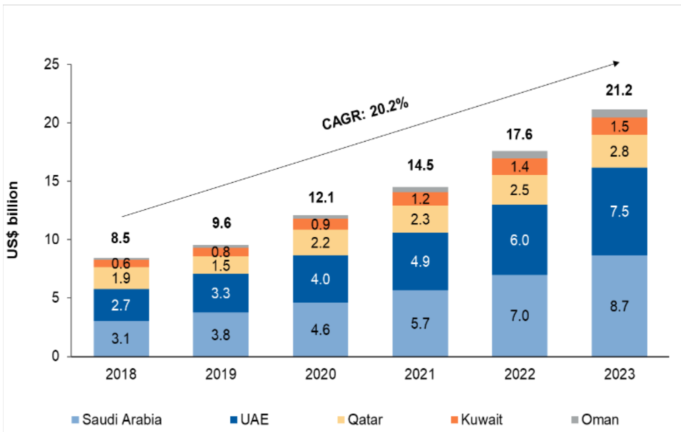
2.2 E-commerce Industry Overview

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

The e-commerce industry grew at a rapid pace during the past two years, which can be attributed to a young, tech-savvy population, increasing smartphone penetration, and a conducive regulatory environment in the GCC. Furthermore, e-commerce platforms have redefined consumer engagement by providing access to a vast product assortment, superior shopping experiences, and simplified payment processes. As a result, the e-commerce industry has emerged as a primary growth engine for the retail industry across the GCC region. Moreover, it has brought a paradigm shift within the retail industry and new opportunity for the traditional players within the region.

Over the past two years, regional governments have proactively introduced new policies to harness the rapid expansion and its contribution to economic diversification across the region. Saudi Arabia and the UAE, the two largest e-commerce markets in the GCC, have been at the forefront to establish a conducive ecosystem that not only enhances consumer experience and safety but also safeguards businesses from legal repercussions. For instance, the UAE has taken a regulatory approach, implementing a new e-commerce law in 2023 to safeguard consumer interests and stimulate innovation. Similarly, Saudi Arabia has adopted a more proactive stance, implementing various initiatives to cultivate a robust e-commerce environment in line with its Vision 2030.

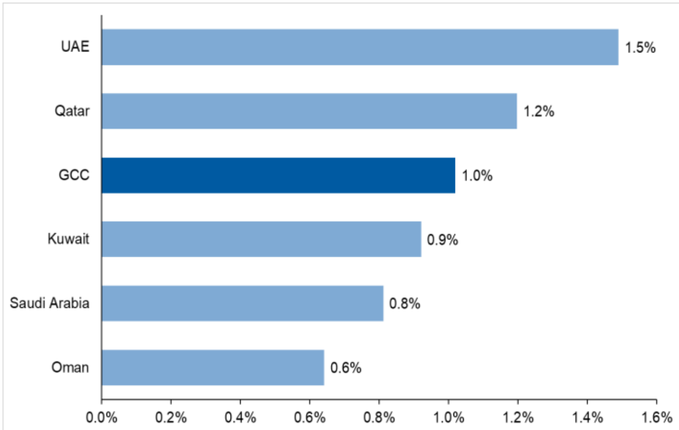
Exhibit 16: E-commerce Market Size in the GCC



Source: Qatar Chamber, EZ Dubai

Note: The above doesn't include Bahrain

Exhibit 17: E-commerce Sector contribution to GDP (2023E)



Source: Qatar Chamber, EZ Dubai, IMF

Although the GCC e-commerce market has experienced rapid expansion, it is estimated to account for only 1.0% of the GDP in 2022[103]. This is much lower compared to the developed and developing nations across the globe. In 2022, an estimated US$ 27 trillion of e-commerce sales were generated by businesses across 43 developed and developing economies accounting for around 40% of the global GDP[104]. However, e-commerce sales as a percentage of total retail sales have been increasing across the GCC, mirroring the increase witnessed in the developed markets. The two largest markets within the region, the UAE and Saudi Arabia e-commerce sales reached 11.4% and 7.3% respectively of total sales, while the global average was 21.9% in 2023[105]. The global average is highly skewed due to China and US, as they account for around 40% of total e-commerce market globally[106].

[103] Source: "The thriving e-commerce landscape in the Middle East", Deloitte, 2023
[104] Source: "Business e-commerce sales and the role of online platforms", Technical notes on ICT for development, No. 1, UNCTAD (2022)
[105] Source: "EZDubai Launches Fourth E-commerce Report", Zawya, May 2024
[106] Source: "Global Ecommerce Sales Growth Report", Shopify, April, 2024

The GCC e-commerce industry, excluding Bahrain, is estimated to grew at a CAGR of 20.2% to reach US$ 21.2 billion in 2023 from US$ 8.5 billion in 2018

The GCC e-commerce industry, excluding Bahrain, is estimated to have grown at a CAGR of 20.2% to reach US$ 21.2 billion in 2023 from US$ 8.5 billion in 2018 (see Exhibit 16). Notably, the average annual spend on e-commerce in Saudi Arabia and UAE grew annually by 22.9% and 22.7% during the same period. UAE (US$ 7.5 billion) and Saudi Arabia (US$ 8.7 billion) are estimated to cumulatively account for over 76% of the total e-commerce sales as of 2023. On the other hand, e-commerce sales in Qatar is estimated to have grown at a CAGR of 8.1% over the five-year period to reach US$ 2.8 billion in 2023. This has been primarily driven by the government's NDS-3 (2024-2030), a commitment to diversification and sustainability for future prosperity. In order to facilitate growth within the sector, the country has been leveraging customs programmes and trade agreements, investing in strong ICT infrastructure and advanced technologies, as well as using PPP models to bolster its logistics and industrial infrastructure[107]. During the five-year period, e-commerce sales in Kuwait is estimated to have more than doubled to reach US$ 1.5 billion while Oman registered the fastest growth among its GCC peers (CAGR of 32.7%) to reach US$ 0.7 billion. Notably, the sector-wise contribution to e-commerce spending across the region has evolved as consumers continue to shop for not only electronics, apparels, fashion & beauty products but also food, grocery and homecare items[108]. These rapidly changing consumer patterns are also resulting in the evolution of business models of both the traditional and pure play e-commerce players within the region.

Traditional retailers, initially compelled to establish an online presence due to the pandemic, have now strategically evolved their operations to seamlessly integrate digital and physical channels, offering customers a unified and enhanced shopping experience across the region. The business model of traditional retailers has evolved from moving online to offer personalized and data driven insights to its customers to remain competitive. The strategy is to focus on customer experience, which has led to redeployment of resources to create insights from shopping patterns of customers and adopt evolving technologies to provide superior experiences to its customers[109]. For instance, Majid Al Futtaim Retail introduced a variety of in-store and online solutions to meet the expectations of increasingly omni-channel consumers, including Face Pay, Mobile Scan & Go, CarrefourNOW express service and Click & Collect, all serving to increase convenience during the shopping journey[110]. Similarly, Lulu Hypermarket launched Salem, an AI-powered customer service assistant available on WhatsApp to receive in-app purchase receipts and track delivery of online orders, among other features[111]. Landmark Group has also invested in technology including machine learning, AI and data analytics across its channels to integrate across major marketplaces, aggregators, and offline stores to provide superior customer service[112].

The notable expansion of the e-commerce market since the pandemic has led to a number of new entrants within the region. The region has experienced the entry of established international players as well as homegrown startups with the objective to capitalize on the rising demand and growth opportunities. Moreover, the government is also playing an important role in fostering the rise of startups by making it conducive for these companies to thrive within the region. The most promient players in the region are Amazon and Noon, due to its presence. These companies are enhancing their delivery networks and collaborating with local partners within the region to maintain their competitiveness. With Noon branding itself as an 'Arabic-first' shopping platform, it has traditionally outperformed Amazon in delivery and distribution service. In terms of supply chains and fulfillment, Noon

[107] Source: "Qatar Economy Watch 2024", PwC
[108] Source: "EZDubai Launches Fourth E-commerce Report", Zawya, May 2024
[109] Source: "Early Stages of True Omnichannel Era", India Retailing, January 2024
[110] Source: "Majid Al Futtaim Retail Forms a Strategic Partnership with Microsoft to Transform its Finance Operations", Microsoft, September 2022
[111] Source: "Lulu Hypermarket launches new AI-powered customer experiences on WhatsApp, in collaboration with Yellow.ai", LULU Group, February 2023
[112] Source: "Landmark Group's Thrust on Better Customer Experience with ML, AI", Apparel Resources, June 2023

has differentiated itself by focusing on the establishment of partnerships such as those with Kuwait's Alshaya group and Saudi Arabia's eXtra. Consequently, Amazon is also looking to ramp up its presence in the region to remain competitive. It has recently launched a global Delivery Service Partner (DSP) program in Saudi Arabia and opened a new 4,700 sqm. distribution center, its largest globally, in Abu Dhabi to offer quicker services. The company also intends to open a new technologically advanced fulfillment center with the cooperation of the Abu Dhabi Investment Office (ADIO), and in line with the UAE's goal to achieve net-zero carbon emissions by 2050[113]. At the same time, several newer e-commerce platforms offering a wide range of products and services have also established their presence in the region. Some of the notable operators include Desert Cart, Saraf DG, MumzWorld, 6th Street, Ounass, Bashara Care, and Jazp.com among others.

The e-commerce industry's growth has not only attracted attention from the government, but also from private investments, especially from Private Equity (PE) and Venture Capital (VC) firms. These firms are deploying capital in early stage startups to capitalize on the opportunities within the region and maximise their returns for investors. As a resuilt, the region has witnessed increased investment activity in recent years. According to data from Wamda, e-commerce startups in the MENA region attracted over US$ 214 million in funding in 2023, underscoring the sector's robust growth and investor confidence. This trend reflects the changing consumer behaviour and the region's readiness to embrace the convenience of online platforms[114]. A total of 42 companies across MENA raised funding in 2023, with 10 companies in the UAE, 4 in Saudi Arabia, and 1 in Kuwait. The two largest companies also accounted for 90% of the total funding raised within the region.

Below are the top 10 PE and VC deals in the GCC e-commerce industry by value, since 2021 (see Exhibit 18).

Exhibit 18: Notable PE and VC Deals in the GCC E-Commerce Sector by Value (2021-2024 YTD)

Company Name	Segment	Country	Fund Names	Year	Deal Size (US$ Mn)
OTO	Logistics	KSA	Sanabil Investments, Sadu Capital, Iliad Partners, Propeller, Soma Capital	2024	8.0
WEE	Logistics	UAE	SIG Investment	2024	12.0
Omniful	Logistics	KSA, UAE	NA	2023	5.8
Tamara	Shopping & Payments	KSA	SNB Capital, Sanabil Investments, PIF, Shorooq Partners, Pinnacle Capital, Impulse	2023	340.0
Eighty6	F&B	UAE	Sanabil 500 MENA Seed Accelerator Fund	2023	3.7
SQUATWOLF	Fitness	UAE	ASCA Capital Limited	2023	30.0
YallaHub	FMCG Products	UAE	Regolith, Dodo Brands	2023	6.0
Floward	Gift Shop	Kuwait	STV, Impact46	2021	27.5
Cartlow	Logistics	UAE	AlSulaiman Group	2021	18.0
Fresha	Beauty & Wellness	UAE	Michael Lahyani, BECO Capital	2021	52.5

Source: Press Release, Thomson Reuters

2.3 Supermarket/Hypermarket Overview

As the modern retail landscape continues to evolve, supermarkets/hypermarkets across the GCC have been integrating technology as part of their services to offer superior customer experience. Technological advancement has enabled in analyzing the data to provide

[113] Source: "Is Amazon Looking to Take Out Noon in the Middle East?", PYMNTS, June 28, 2022
[114] Source: "What are the Startup Investment Trends in MENA? ", Wamda, January 2024

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

customized offerings, which lead to cost optimization and improved profitability[115]. According to the Customer Perception Map (CPM) survey by Oliver Wyman, UAE retailers are adopting differentitating strategies either by offering superior value or an exceptional offer to maintain market share in a highly competitive grocery market[116]. For instance, Spinneys and Waitrose are focusing on high-quality and exclusive products, while Careefour and Luluare offering attractive promotions to capitalize on their scale and distribution channels across the region.

In UAE, the share of food and grocery retail sales from supermarkets/hypermarkets stood at 65% in 2023 compared to 66% in 2022, while the remaining was accounted by convenience stores and traditional outlets. As of 2022, operators such as Carrefour (36.7% market share), Lulu (24.1% market share) and Union Co-operative Society (5.3% market share) dominated the hypermarket segment while the top supermarket brands include West Zone (17.9% market share), Carrefour (13.0% market share) and Al Maya (10.9% market share)[117].

In Saudi Arabia, the share of traditional channels accounted for 52% of the total food retail in 2022, while the remaining share accounts from modern retail channels[118]. The Saudi Arabian modern retail market is relatively under-penetrated compared to the UAE. As a result, local and international players are looking at expanding their stores within the Kingdom over the next two years to capitalize on the expanding market opportunity.

The competition within the supermarkets has intensified as operators are actively pursuing organic and inorganic strategies to gain market share and scale their operation to increase footprint across the region. For instance, Tamimi Markets of Saudi Arabia acquired Al Raya Supermarkets in 2024. Public Investment Fund (PIF) had acquired a 30% stake in Tamimi Markets in the previous year, with the plan to strengthen its position within the Saudi market[119]. Similarly, GMG of Dubai acquired Aswaaq, which has 11 community malls and 22 supermarkets across the UAE[120]. Spinneys has also announced an ambitious plan to open 25 new stores in the UAE and 12 stores in the Saudi Arabia until 2028[121]. In Saudi Arabia, BinDawood Holding, which operates a total of 89 hypermarkets and supermarkets in Saudi Arabia and Bahrain, out of which 3 were opened in the first quarter of 2024. The company has also signed an MOU to open a store in Qatar[122]. Similarly, Al Othaim opened 8 new stores in KSA and 2 in Egypt in the first quarter of 2024.

2.4 Luxury Retail Market Overview

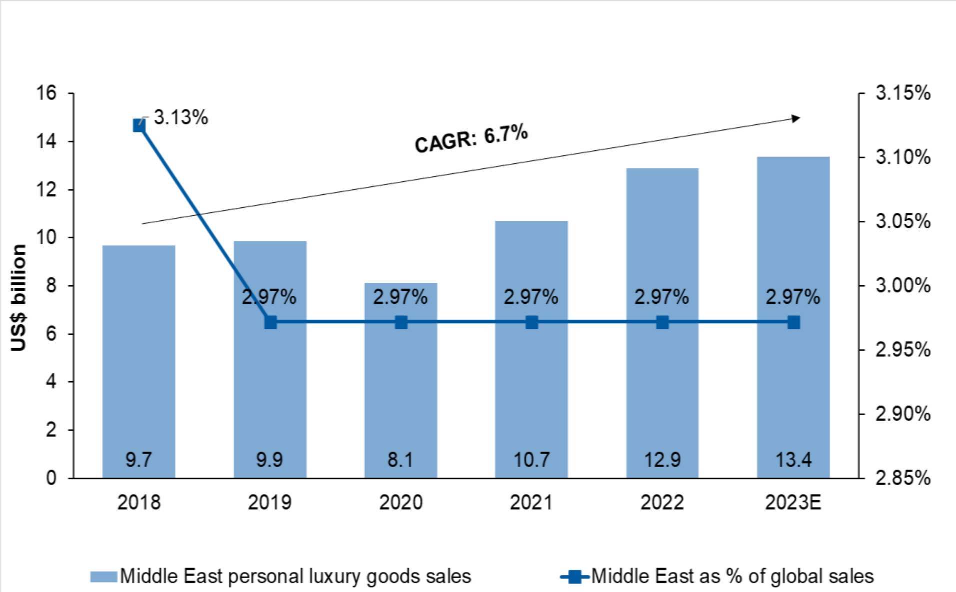
The Middle East remains one of the wealthiest regions in the world, ranking it amongst the premier luxury markets in the world

The Middle East remains one of the wealthiest regions in the world, ranking it amongst the premier luxury markets. The collective wealth of HNWIs in the Middle East grew at a CAGR of 6.1% from US$ 2.6 trillion in 2018 to reach US$ 3.5 trillion in 2023[123]. Notably, the GCC accounted for approximately 38% of the region's financial wealth, growing at a CAGR of 4.8% between 2017 and 2022 to reach US$ 2.8 trillion. In 2022, approximately 56% of the GCC's wealth originated from HNWIs[124]. The average GDP per capita of the GCC stood at US$ 70,339 compared to the Middle East average of US$ 15,588 and global average of

[115] Source: "BinDawood Holding Q1 profit up 11% to SAR 57.2 mn", Argaam, May 2024
[116] Source: "Oliver Wyman Report Urges UAE Grocery Retailers to Specialize Amid Market Saturation", Enterprise Channels MEA, July 2024
[117]Source: "Retail Foods - UAE", USDA, February 2024
[118]Source: "Retail Foods – Saudi Arabia", USDA, June 2023
[119]Source: "Saudi grocery chain Tamimi acquires 100% of Al Raya supermarkets", Zawya, February 2024
[120]Source: "Dubai's GMG buys supermarket and mall operator Aswaaq", AGBI, February 2023
[121]Source: "Spinneys plans 12 stores in Saudi Arabia by 2028", Argaam, June 2024
[122]Source: "BinDawood plans expansion after profit rise", Arabian Gulf Business Insight, February 2024
[123]Source: "World Wealth Report", Capgemini, 2024
[124]Source: "GCC's Financial Wealth to Grow by 4.7% Annually, Reaching USD 3.5 Trillion by 2027", Boston Consulting Group, September 12, 2023,

US$ 12,896 as of 2023[125]. The rise in the affluent class has played a vital role in solidifying the GCC's economic position. They have not only been instrumental in fostering innovation and investment in the region but also drive sustained growth through discretionary expenditure. The growing spending power of society has resulted in a strong appetite for high-value luxury items over the years. At the same time, the regional governments' push towards boosting the domestic tourism sector has also aided the demand for luxury products.

Exhibit 19: Middle East Personal Luxury Goods Sales (2018 - 2023E)



Source: Luxury Goods Worldwide Market Study, Bain & Company (Altagamma)
Note: Currency figures have been converted from € to US$ using the average conversion rate during the period

Between 2018 and 2023, the Middle East luxury market is estimated to have witnessed a growth of 6.7% CAGR to reach US$ 13.4 billion in 2023

Between 2018 and 2023, the Middle East luxury market is estimated to have witnessed a growth of 6.7% CAGR to reach US$ 13.4 billion in 2023 (see Exhibit 19)[126]. After recording a decline of 18.2% y-o-y during 2020 due to business closures and slowdown in consumer spending amid COVID-19 health scare, the market showed resilience and revived in 2021 as luxury retail stores reopened businesses through digital as well as omni-channel approach[127]. Post the COVID-19 pandemic, the Middle East's personal luxury goods market benefited from the lockdowns imposed in China following the country's introduction of strict COVID-19 containment measures. At the same time, many wealthy Russians who have been hit by EU and US sanctions following the invasion of Ukraine, migrated to the Middle East which boosted sales of luxury goods[128].

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

Historically, luxury spending by the Middle East consumers have exceeded global averages, and account for approximately 3.0% of global personal luxury goods sales[129]. According to a report by Goldstein Research, Middle Eastern consumers are among the leading spenders on luxury goods, the tenth highest in the world. Approximately 70% of consumers in the region claim to have increased their spending over luxury goods compared to 53% in more mature markets such as Europe, Japan, and the US[130]. As a result, the region has become a hub for several high-end premium brands. A number of such international brands are

[125]Source: IMF, The World Bank – April 2024
[126] Source: "Altagamma Worldwide Luxury Market Monitor", Bain& Company, 2022 & 2023
[127] Source: "How the Middle East is shaping the future of luxury fashion retail", Gulf Business, August 18, 2022
[128] Source: "Middle East luxury market to double in size by 2030, says BCG", Fashion Network USA, July 12, 2023
[129] Source: "Altagamma Worldwide Luxury Market Monitor", Bain& Company, 2022 & 2023
[130] Source: "4 Reasons Luxury Retail is Booming in The Middle East", AramExpress, April 4, 2023,

particularly looking at high value and fast moving segments such as cosmetics, accessories and apparels as a lucrative market due to demand from the affluent millennial class. Especially within the GCC, luxury brands are stimulated by this rising demand from the millennials, introducing new range of products based on nuances of each country's consumers and cater to their evolving preferences[131]. This has not only helped the foreign players position themselves within the GCC, offering a wider range of personal care items, but also capture a significant share of the market. At the same time, there is a continued appetite for luxury jewelry and watch segments from both the locals as well as expatriate population in the region.

Despite facing challenges such as inflationary pressures and disruptions in the supply chain in recent years, GCC markets such as the UAE, Saudi Arabia and Qatar have generated strong demand for high-worth items as luxury consumers are increasingly focusing on acquiring products that are rare, exclusive, and likely to hold their value over time[132]. Amid a growing consumer base, several luxury retailers are collaborating with local investment firms to establish their presence within the GCC while existing players are looking for further expansion across the region. For instance, ChimHaeres Investment Holding, a mutual investment vehicle formed by UAE-based PE firms Chimera Abu Dhabi and Haeres Capital, acquired a majority stake in an Italian luxury coachbuilder and car designer Zagato. ChimHaeres has also acquired 100% ownership of Vionnet, a French haute couture label, and agreed to acquire a majority stake in the Swiss fashion hosiery brand Fogal as well as Borsalino, an Italian hat maker[133].

The region's luxury retail landscape is now evolving with the growing trend towards ethical and sustainable products

The GCC has emerged as one of the most vibrant and exciting places for luxury brands and consumers largely due to the state-owned and private funds' strategic ambitions and the UAE, especially Dubai's, appeal as a luxury destination. The region's luxury retail landscape is now evolving with the growing trend towards ethical and sustainable luxury. Several global luxury brands are thus implementing sustainability initiatives such as reducing their environmental footprint, limiting waste, and using sustainable materials such as organic cotton, recycled fabrics, and alternative materials like vegan leather. Top brands such as Burberry and Gucci have already joined the sustainability movement and are using low-impact alternatives and sustainable materials[134].

2.5 Airport Retail Market Overview

The GCC nations have increased government spending to develop the tourism sector, a core part of its ambitious diversification strategy and long-term objective to diversify away from hydrocarbon revenues. This has led to investments in the development of tourism infrastructure, which includes expanding the airport capacity to complement the governments' commitment towards the tourism sector. At the same time, the regional governments have introduced a series of new liberalized measures to encourage tourism that includes new visa categories and broaden the reach of beneficiaries. While the UAE has introduced Multiple-Entry Tourist Visas for all nationalities to strengthen the country's status as a global economic capital[135], Saudi Arabia has reinstated the visa on arrival program that

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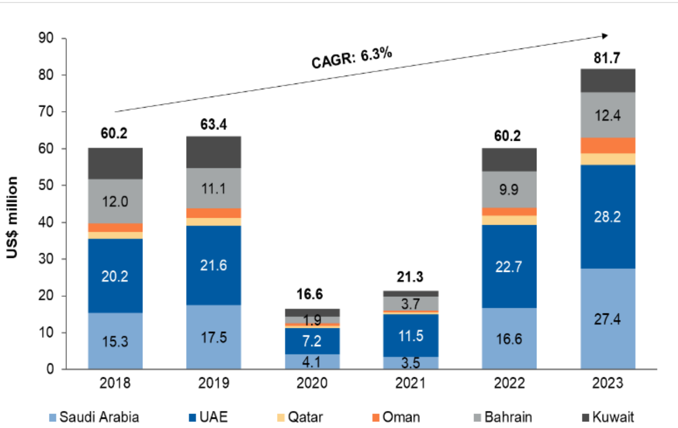
[131] Source: "The future of luxury in the Gulf", Vogue Business, April 15, 2024
[132] Source: "The Middle East is one of the biggest luxury markets. What about sustainable luxury?", Fast Company Middle East, November 02, 2023
[133] Source: "The Luxury Market in the Middle East for 2023 and Beyond", August 21, 2023, D'Andrea & Partners
[134] Source: "The Middle East is one of the biggest luxury markets. What about sustainable luxury?", Fast Company Middle East, November 02, 2023
[135] Source: "New Visa Rules in UAE: All You Need to Know About Residence Scheme For Foreigners", India.com, April 19, 2022

allows holders of valid visas from the US, UK and Schengen to enter the Kingdom[136]. Similarly, Qatar has introduced a visa on arrival program for citizens of more than 90 countries[137]. As such, duty free operators in the GCC have started benefitting from these initiatives, which has not only translated to a rise in passenger traffic but also potentially led to the increase in sales at several airport retail outlets. Furthermore, the growing expenditure capacities of regional and international consumers, which is creating a robust customer base willing to indulge in luxury shopping, has buoyed the growth in sales.

International tourist arrivals in the region increased at a CAGR of 95.7% between 2021 and 2023 to reach 81.7 million

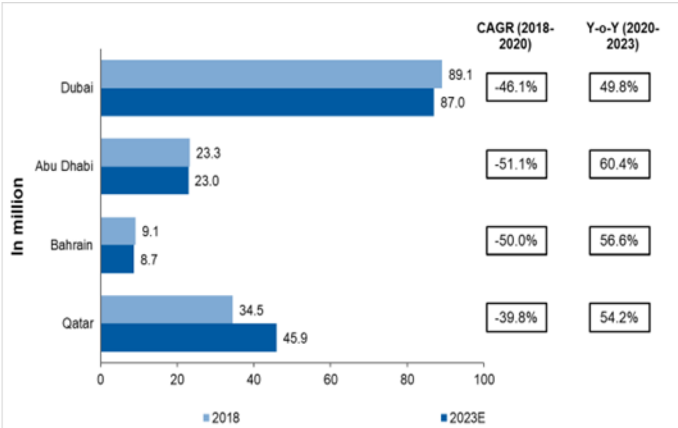
International tourist arrivals in the GCC grew at a pace of 6.3% CAGR between 2018 and 2023. The GCC tourism market, which has historically registered strong annual growth, was largely impacted in 2020 due to lockdowns and travel restrictions imposed by the governments. With the gradual opening of borders in 2021, tourism in the GCC began to recover, supported by government initiatives in the form of swift response to curb the virus, infrastructure development, and large-scale events within the GCC. Consequently, international tourist arrivals in the region increased at a CAGR of 95.7% between 2021 and 2023 to reach 81.7 million by the year-end. During 2022, the GCC witnessed the highest relative increase in international tourist arrivals compared to other major markets, reaching 182.0% of the pre-pandemic level of 60.1 million arrivals in 2018[138] (see Exhibit 20). At the same time, passenger traffic at international airports in Dubai, Abu Dhabi, Doha (Qatar), and Bahrain have also grown since 2021 (see Exhibit 21). These factors have boosted the region's airport retail market, which has grown substantially over the last two years.

Exhibit 20: International Tourist Arrivals in the GCC



Source: UNWTO

Exhibit 21: Passenger Traffic at Key Airports in the GCC



Source: Dubai Airports, Abu Dhabi Airports Company, Doha News, Bahrain Airport Company, Kuwait Times, Times of Oman

In 2022, the combined duty-free sales at Dubai, Doha and Bahrain airports grew by 77.0% y-o-y to reach US$ 2.3 billion

During the pre-pandemic period of 2016 and 2019, duty free sales at Dubai, Doha and Bahrain airports grew at a CAGR of 3.3% and cumulatively accounted for 44.1% of the Middle East's total sales. In 2020, duty free sales at these airports declined by 58.3% y-o-y due to travel restrictions and witnessed a revival of 11.5% y-o-y in 2021 to reach an estimated US$ 1.3 billion by the year-end. In 2022, the combined duty-free sales of these three hubs grew by 77.0% y-o-y to reach US$ 2.3 billion, and sales surged by an additional 28.5% y-o-y to reach US$ 3.0 billion by the end of 2023. Share of the GCC duty free sales of the total MENA region during 2023 improved to an estimated 47.6% from approximately

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[136] Source: "Saudi Arabia reinstates visa on arrival for holders of US, UK, Schengen visas", ARAB NEWS, March 25, 2022
[137] Source: "Qatar Visa On Arrival: Now Open (Full Guide – June 2022); Doha Guides, June 2, 2022
[138] Source: Department of Culture and Tourism – Abu Dhabi, Department of Tourism and Commerce Marketing (Dubai Tourism), Qatar Tourism Annual Report, Oman National Center for Statistics and Information, Bahrain Tourism and Exhibition Authority, UNWTO

46.4% in 2020. In a bid to optimize performance, airports across the region are applying new criteria in their assessment of operators tendering concession contracts while also evaluating their local and international know-how. Airports are not only increasingly looking for operators who can demonstrate financial robustness, but also those who can offer flexibility and operational performance to remain profitable. Consequently, local operators are repositioning themselves in niche categories at regional airports while also evaluating joint ventures and collaborations with foreign players as part of a new business model to optimize their revenues.

Dubai, the largest duty free operator in the region, recorded sales of US$ 2.2 billion, a y-o-y growth of 24.4%

UAE remains the largest, busiest and fastest-growing airport retail market in the region. Dubai International Airport hosted approximately 87 million passengers during 2023, up 31.7% y-o-y. Having recorded an average monthly traffic of 7.3 million passengers in 2023, it was one of the only few airports in the world to have surpassed pre-pandemic levels. This can be largely attributed to the airport being now connected to 262 destinations across 104 countries through 102 international airlines[139]. The sharp rise in passenger inflow was followed by Dubai Duty Free's (DDF) AED 54.2 million (US$ 14.8 million) single-day sale, commemorating its 40th anniversary on December 20, 2023. During the year, DDF recorded sales of AED 7.9 billion (US$ 2.2 billion), a y-o-y growth of 24.4%. The annual sales recorded by DDF in 2023 was also 6.4% higher than the previous record of US$ 2.0 billion recorded in 2019, before the pandemic. The retailer recorded over 20 million transactions, with over 55.2 million merchandise units sold throughout the year. The top five selling categories for the year included perfumes (US$ 374 million; 17.0% share), followed by liquor (US$ 310 million; 14.0% share), gold (US$ 212 million; 10.0% share), cigarettes & tobacco (US$ 204 million; 9.0% share), and electronics (US$ 172 million; 8.0% share). Departure sales at DDF reached AED 7.1 billion (US$ 1.9 billion), accounting for 90% of total yearly sales, while arrivals sales reached AED 612 million (US$ 168 million), representing 8% of the total. Online sales accounted for 2% of the overall sales to reach AED 164 million (US$ 45 million) during 2023[140].

Qatar is the second largest duty free operator in the region with a total revenue of US$ 861.5 million in FY 2023-24

Qatar is the second largest duty-free operator in the region with a total revenue of QAR 3,139.3 million (US$ 861.5 million) in FY 2023-24. During the period, Qatar Duty Free (QDF) delivered record results with sales turnover reaching an all-time high of more than 22% from FY 2022-23 (QAR 3,002.0 million; US$ 823.8 million) and over 82% compared to the pre-pandemic period of FY2019-20 (QAR 2,139.3 million; US$ 587.1 million)[141]. This follows QDF's reported record-breaking results of more than 32% growth in calendar year 2023. The growth can be largely attributed to the retailer's strategic initiatives during the year such as engagement across retail and F&B outlets, including the National Lipstick Day campaign in partnership with MAC Cosmetics and a three-day World Chocolate Day campaign in partnership with Venchi, which increased sales value by over 633% week on week[142]. QDF also opened a Dolce & Gabbana boutique at the South Node terminal[143], and the world's first Louis Vuitton Lounge by Yannick Alléno, in addition to a brand-new food court with five international F&B concepts, including Japanese, Indian, Italian and Belgian cuisines. It also signed a three-year sponsorship agreement with Lusail International Circuit for the Qatar Grand Prix and unveiled one of its most differentiated concepts with the opening of Souq Al Matar. Offering a traditional Qatari Souq experience, the space is located in Hamad International Airport's (HIA) North Node terminal and features seven shops and two restaurants[144]. QDF thus garnered several global awards throughout the year, including

[139] Source: "Dubai airport tops pre-pandemic passenger traffic with 87 million travellers in 2023", The National News, February 19, 2024
[140] Source: "DDF reaches $2.16 billion sales record in 40th year", TR Business, January 4, 2024
[141] Source: ""Consolidated Financial Statement 2023-24", Qatar Airways QSC
[142] Source: "Qatar Duty Free and Venchi partner for HIA takeover on World Chocolate Day", DFNI Frontier, July 17, 2023
[143] Source: "Qatar Duty Free opens dedicated Dolce & Gabbana boutique", DFNI Frontier, August 16, 2023
[144] Source: "Qatar Duty Free delivers majestic sense of place with Souq Al Matar", DFNI Frontier, December 13, 2023

the prestigious 'Airport Retailer of the Year' at the Frontier Awards 2023 and the 'Best New Shop Opening' for Timevallée[145]. According to HIA's 2023 Annual Traffic Report, the hub welcomed 45.9 million passengers, a 31% y-o-y increase compared to 2022. This indicates that passenger flow reached new heights in 2023, surpassing the momentum witnessed during the FIFA World Cup in 2022. The airport also reported 252,059 aircraft movements in 2023, a 22% increase compared to the previous year[146].

Bahrain Duty Free reported revenues of US$ 13.8 million in 2023

In 2023, Bahrain Duty Free (BDF) reported revenues of BHD 5.2 million (US$ 13.8 million) compared to BHD 4.5 million (US$ 12.0 million) a year ago[147]. It achieved a net profit of BHD 4.3 million (US$ 11.4 million) compared to BHD 3.7 million (US$ 19.8 million) in the previous year, representing an increase of 16.2% y-o-y. This can be largely attributed to an increase in passenger traffic, which grew from 9.9 million in 2022 to 12.4 million in 2023. Profits from investments by BDF increased 14.6% y-o-y to BHD 5.1 million (US$ 13.5 million) in 2023 compared to BHD 4.5 million (US$ 12.0 million) during the same period last year. However, its total comprehensive income declined 24.0% y-o-y to BHD 2.4 million (US$ 6.4 million) from BHD 3.1 million (US$ 8.2 million) in 2022[148].

[145] Source: "Qatar Duty Free celebrates triple Frontier Awards success", DFNI Frontier, October 6, 2023
[146] Source: "Qatar Duty Free posts record-breaking +32% growth in 2023", DFNI Frontier, January 22, 2024
[147] Source: "Bahrain Duty Free Shop Complex BSC Reports Earnings Results for the Full Year Ended December 31, 2023", Market Screener, February 21, 2024
[148] Source: Bahrain Duty Free Shop Complex Financial Statement, 2023

3. The GCC Retail Industry Outlook

3.1 Forecasting Methodology

The report projects the demand and supply across the member nations to arrive at the GCC retail market size until 2028. Historically, we have observed a strong correlation between retail sales and GDP/GDP (PPP) per capita (at current prices) at a varying degree across countries. Hence, the forecasts for food and non-food retail sales are arrived at by primarily using a regression model with these variables. In the case of countries with low to no correlation arising from the unprecedented period during COVID-19, we have used historical moving averages to project food retail sales. The supply of retail space is being projected by considering the current projects under development and the new projects announced with expected completion in the region. In case of data unavailability, we have used the historical averages to project the supply of retail space during the outlook period.

The report also presents future outlook on the other key retail segments, namely airport duty free and personal luxury goods, for the wider Middle East region.

- Duty Free Sales - For this category, we have taken the projected tourist arrivals plus the average sales per passenger that increases with annual inflation. Based on these two assumptions, we have arrived at the annual duty free sales for each country and the GCC.
- Luxury Retail - For this category, we have taken the moving 5-year average of MENA to global sales in order to forecast the sales of the MENA region.

The factors considered for the projections include:

- Population and GDP/ GDP (PPP) per capita (current prices) from IMF (updated April 2024);
- International tourist arrivals from WTTC, UNWTO and each individual country's statistical or tourism ministry websites;
- Upcoming organized retail GLA from various real estate services companies and web articles; and
- Airport passenger traffic and handling capacity from regional airport authorities.

Macro Assumptions

- The region's GDP (PPP) per capita (current prices) is projected to increase at a CAGR of 4.0% between 2023 and 2028.
- During the same period, the region's population is expected to grow at an annualized rate of 1.8% to reach 62.5 million by 2028.
- International tourist arrivals in the GCC are anticipated to increase at an annualized rate of 6.1% during the forecast period.

Note: On account of IMF's revision of macro factors and change in our methodology, the forecasts in this report are not comparable to the projections in Alpen Capital's GCC Retail Industry report dated November 15th, 2022.

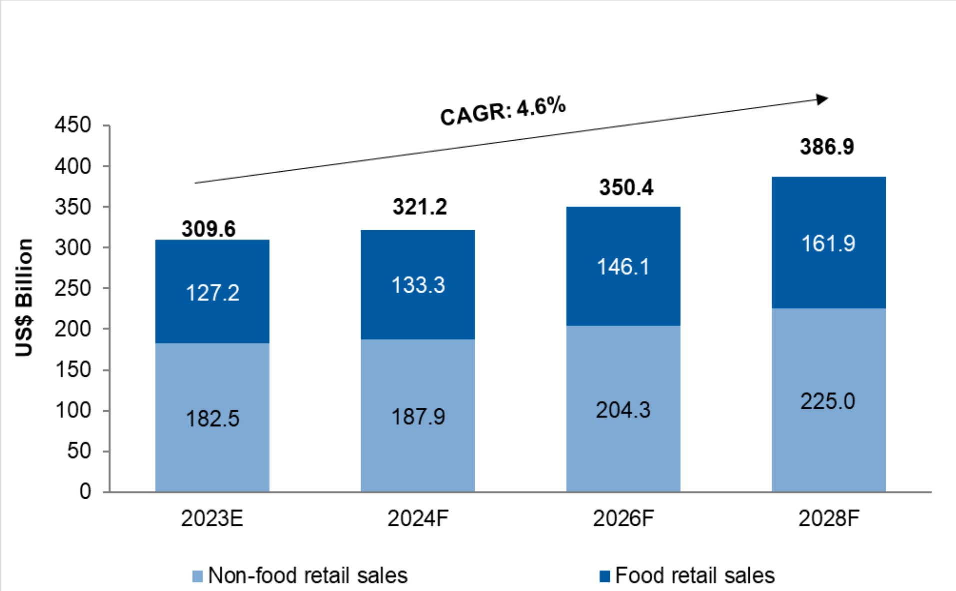
3.2 Demand-side Estimates

GCC Retail Sales

Retail industry sales in the GCC are expected to grow at an annualized rate of 4.6% between 2023 and 2028

The GCC retail industry is expected to continue to grow as the region's long-term fundamentals remain positive. Retail sales in the GCC are projected to grow at a CAGR of 4.6% to reach US$ 386.9 billion in 2028 from US$ 309.6 billion in 2023 (see Exhibit 22). Non-food retail sales are anticipated to grow at a CAGR of 4.3% while food retail sales are expected to rise at a pace of 5.0% CAGR between 2023 and 2028. This growth is likely to be driven by an increase in population (1.8% CAGR between 2023 and 2028), rise in per capita income due to greater economic stability[149], and the rebound in tourism activities. Moreover, initiatives taken by the GCC governments to stimulate retail infrastructure projects and boost tourism through liberalization reforms, in addition to easing business and visa regulations should provide further impetus to the retail sector[150]. The recent revival in consumer confidence due to government initiatives aimed at establishing a sound digital and financial ecosystem coupled with improvements in discretionary spending is also likely to aid the industry. Although the ongoing geopolitical concerns may weigh on the sector due to rising inflation and anticipated supply-chain vulnerabilities, the region's high purchasing power is likely to support growth.

Exhibit 22: Forecast of Retail Sales in the GCC (2023E – 2028F)



Source: IMF – April 2024, AT Kearney, WTTC, Alpen Capital

Note: E – Estimated, F – Forecasted

E-commerce is expected to continue to play a critical role in reshaping the GCC retail landscape

E-commerce is expected to continue to play a critical role in reshaping the GCC retail landscape. Several new players have started gaining prominence, and there still remains a scope for niche platforms to adopt innovative business models that is likely to make the GCC retail landscape more competitive. At the same time, changing shopping patterns have compelled traditional retailers to embrace digitization and introduce innovative strategies for their omni-channel presence to reach a wider consumer base. The rise in the number of millennials and expatriate population coupled with HNWIs in the region is expected to drive the demand for consumer goods, especially convenience and international products, through digital channels. Such dynamics are also expected to further position the GCC as a top destination for luxury fashion segments including ultra high-end, high-end, prestige, and

[149] Source: "World Economic Outlook Database", IMF, April 2024
[150] Source: "Tourism in the GCC", Roland Berger, July, 2024

aspirational products. This is likely to encourage newer brands establish their presence in the region while existing players look to expand their offerings through both online and offline channels[151]. Collectively these factors have not only created a dynamic environment but an opportunity to ensure continued growth within the GCC retail sector.

Country-wise Retail Sales

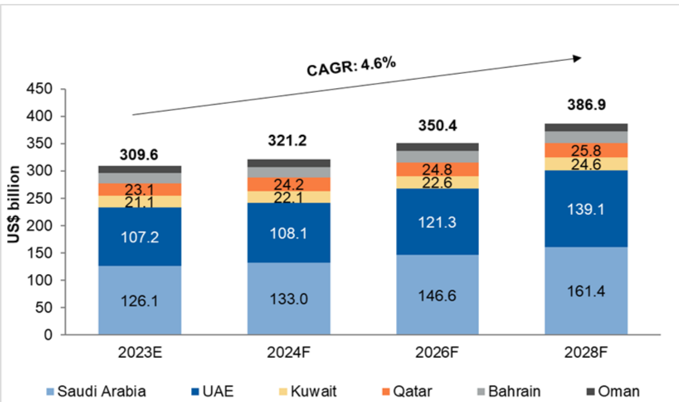
Saudi Arabia and the UAE are expected continue to lead the retail sales regionally, cumulatively accounting for 77.7% of the total GCC retail sales by 2028

Retail sales in the GCC nations are projected to grow in the range of 1.0% and 5.4% CAGR between 2023 and 2028 (see Exhibit 24). Saudi Arabia and the UAE are expected to continue to lead the retail sales regionally, largely driven by its diverse and expanding population base, and vibrant infrastructure that makes them top international shopping destinations for tourists and residents alike. Retail sales in Saudi Arabia and the UAE are projected to grow at a CAGR of 5.1% and 5.4% between 2023 and 2028 to reach US$ 161.4 billion and US$ 139.1 billion, respectively (see Exhibit 24). Cumulatively accounting for 77.7% of the total GCC retail sales by 2028, both these countries are expected to grow above the GCC average of 4.6% CAGR over the forecasted period. Saudi Arabia is expected to continue its dominance with a share of 41.7% in total retail sales through 2028, followed by the UAE (36.0%), Qatar (6.7%), and Kuwait (6.4%).

UAE is expected to record the highest annualized growth rate of 5.4% between 2023 and 2028

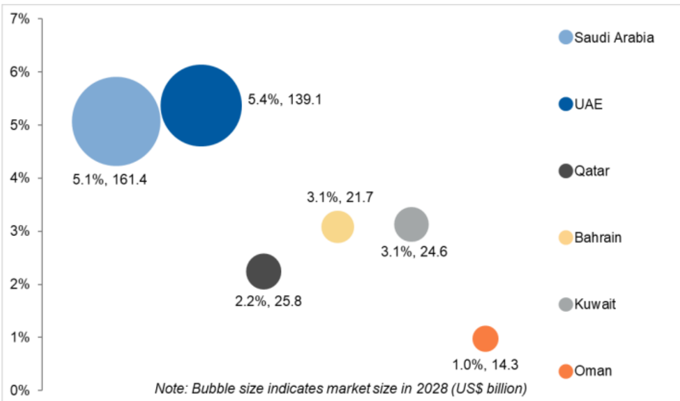
The growth of retail sales in Saudi Arabia can be attributed to the government's liberalization policies aimed at boosting the non-oil economy, thriving religious tourism, and anticipated recovery in oil prices. New reforms by the Saudi government have also led to a rise in cultural, social and entertainment events such as annual music and film festivals, fairs, and fashion exhibitions, among others, in recent years. This has made the Kingdom an attractive MICE (Meetings, Incentives, Conferences and Exhibitions) destination, which is likely to aid retail sales amid increased footfall[152]. In the UAE, retail sales is expected to be driven by the country's growing expatriate population, anticipated inflow of HNWIs[153], rising demand for unique shopping experiences, and a strong pipeline of retail projects. The country remains one of the most sought after destinations for travel and tourism and a vibrant market for hosting global sporting and entertainment events. This is likely to retain the country's buoyancy in industry sales while the FTAs signed with several nations start reflecting in increased sales across retail formats over the next four years.

Exhibit 23: Country-wise Retail Sales Forecast (2023E – 2028F)



Source: IMF – April 2024, AT Kearney, WTTC, Alpen Capital
Note: E – Estimated, F – Forecasted

Exhibit 24: Country-wise Retail Market Size and Growth (CAGR: 2023E – 2028F)



Source: IMF – April 2024, AT Kearney, WTTC, Alpen Capital
Note: E – Estimated, F – Forecasted

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[151] Source: "Gulf luxury market set to soar on strong economic growth and consumer confidence", Arab News, June 25, 2024
[152] Source: "Saudi Arabia's MICE Industry: The Expanding Horizons", Smartville Digital, May 13, 2024
[153] Source: "The UAE is set to be the No. 1 'wealth magnet' in the world, new report shows", CNBC, June 19, 2024

The smaller GCC nations remain a vibrant market for e-commerce penetration as the governments continue to focus towards enhancing the nations' digital infrastructure

On the other hand, retail sales in Qatar are projected to grow at an annualized rate of 2.2% between 2023 and 2028. This can be attributed to the government's ambitious strategy to become a tourist destination, coupled with growing population and rising income levels. The government's efforts are anchored around three pillars, which are business facilitation, family-oriented activities and enhancing cultural experiences[154]. The country is actively leveraging its modern infrastructure to enhance the MICE market while also establishing new leisure destinations and districts, launching luxury shopping centers and investing in its natural assets[155]. Qatar is also likely to benefit from the long-list of global sporting events lined up to take place in the country during the forecasted period[156]. Retail sales in Kuwait and Bahrain are projected to witness a CAGR of 3.1% each between 2023 to 2028. In Kuwait, retail growth is expected to be driven by government initiatives to relax visa regulations that will not only help attract more tourists but also expand the country's expatriate population[157]. Growth in Bahrain and Oman is expected to primarily be driven by increase in tourism activity, rise in GDP per capita and penetration of organized retail stores. While Bahrain's travel and tourism sector's contribution to GDP (13.4%) was the highest among the GCC peers during 2023, Oman recorded the highest growth (108.7%) in tourist arrivals in the GCC during the same year[158]. Oman is likely to continue to benefit from the Ministry of Heritage and Tourism's initiatives to attract more international visitors, coupled with the country's close proximity to the UAE and Saudi Arabia that enables intra-regional tourism. The Sultanate's plans to enhance investments and expand cultural and geological tourism programmes should lead to increased footfalls in key retail zones[159]. At the same time, these smaller GCC nations remain a vibrant market for e-commerce penetration as the governments continue to focus towards enhancing the nations' digital infrastructure. As the ecosystem evolves, e-commerce in these markets is likely to contribute to higher retail sales, especially from the working-age and millennial population.

Airport-based Duty Free Sales

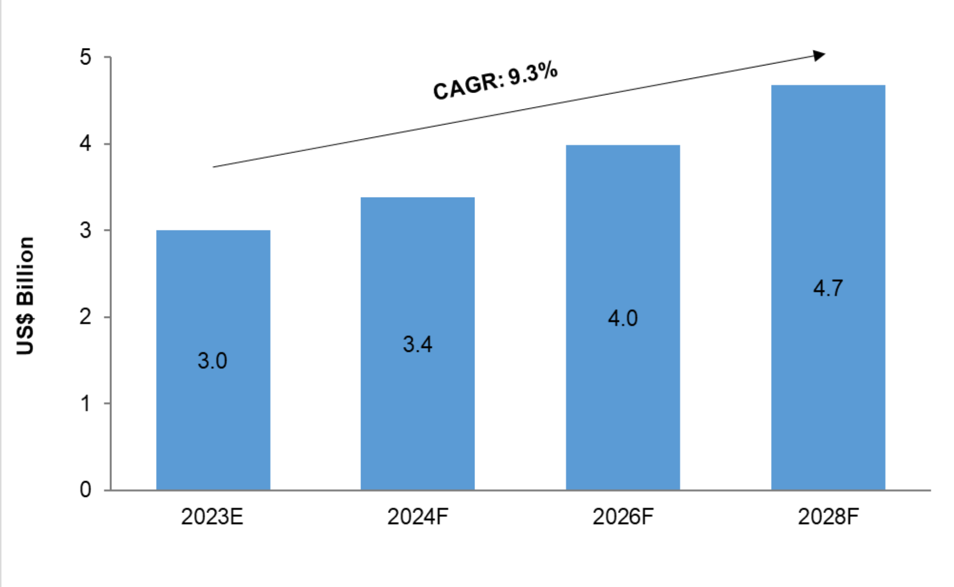
Duty free sales at the airports in the GCC are expected to grow at a CAGR of 9.3% between 2023 and 2028

Duty free sales at the airports in the GCC (Dubai, Abu Dhabi, Qatar and Bahrain) are expected to reach US$ 4.7 billion in 2028, growing at a CAGR of 9.3% between 2023 and 2028. (see Exhibit 25). This strong growth can be attributed to the anticipated rise in passenger traffic, largely driven by the initiatives taken by the regional governments to promote tourism. The ambitious strategy anchored around the long-term vision plans has led to significant investment into enhancing the tourism infrastructure, expansion of airports and airlines, building of new hotels and developing touristic heritage landmarks[160].

Dubai Duty Free is expected to reach record sales of US$ 3.4 billion in 2028, an increase of approximately 60% over 2023, on the back of UAE Tourism Strategy 2031 aimed at enhancing its appeal and sustaining the growth trajectory. The total number of international visitors reached 10.6 million in Dubai between January and July 2024, an annual increase of 8.0% compared to 9.8 million during the same period last year[161]. This further highlights the underlying strength of UAE's tourism sector and its attractiveness, which is expected to drive duty free sales in the near future. The continuous rise in tourists also augurs well for retail sector as it has a meaningful contribution towards the growth of the overall sector.

[154] Source: "Tourism in the GCC", Roland Berger, July, 2024
[155] Source: Tourism – Government Communications Office (Qatar)
[156] Source: "Sports in Qatar", Visit Qatar
[157] Source: "Kuwait Eases Family Visa Process for Expatriates", Travelobiz, July 18, 2024
[158] Source: "Economic Impact Report", WTTC, 2024
[159] Source: "Oman: New tourism growth trajectory", Zawya, August 28, 2024
[160] Source: "Tourism in the GCC", Roland Berger, July, 2024
[161] Source: "Tourism Statistics, Research and Insights", Department of Economy & Tourism in Dubai, August 22, 2024

Exhibit 25: Forecast of Airport-Duty Free Sales (Dubai, Abu Dhabi, Doha & Bahrain)



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

The tourism sector contribution to GCC's GDP is expected to rise from US$ 130 billion in 2023 to more than US$ 340 billion in 2030, exceeding 10% of regional GDP

The tourism sector contribution to GCC's GDP is expected to rise from US$ 130 billion in 2023 to more than US$ 340 billion in 2030, exceeding 10% of regional GDP[162]. To facilitate this, GCC countries are making significant investments in infrastructure development and tourism promotion, including airport expansions, construction of luxury hotels and resorts, promotion of MICE, and an increase in cultural events. In UAE, Dubai has unveiled a US$ 35 billion plan to create the largest airport in the world out of the Emirate's second largest airfield, the Al Maktoum International Airport. Upon completion, the airport is anticipated to have a capacity for 260 million passengers annually, much higher than any other airport in the world[163]. In Saudi Arabia, Madinah announced the expansion of the Prince Mohammad Bin Abdulaziz International Airport to handle 17 million passengers annually by 2028[164]. In Jeddah, the US$ 35 billion redevelopment of the King Abdulaziz International Airport aims to improve capacity to accommodate the anticipated rise in pilgrim arrivals. Estimated to be completed by Q4 2026, the airport's expansion plans also includes a dedicated Hajj terminal[165]. Additionally, the GCC countries have introduced various liberalised policies to attract and increase tourist inflow, with key initiatives such as unified GCC visas, Dubai's five-year multiple-entry visa and Saudi Arabia's instant e-visa options among others that is likely to expand footfall across the international airports. These airport expansion plans are not only expected to drive the region's retail and F&B space landscape but also increase international passenger traffic and footfall, thus aiding growth in the segment.

Luxury Retail Sales

Retail sales of personal luxury goods in the Middle East, primarily led by the GCC nations, is forecasted to reach US$ 20.2 billion by 2028

The region has emerged as one of the fastest growing luxury markets since it outpaced global growth in 2023[166]. The retail sales of personal luxury goods in the Middle East, primarily led by the GCC nations, is forecasted to reach US$ 20.2 billion by 2028, an

[162] Source: "GCC Governments Invest in Airports to Fuel Tourism Growth", Fitch Rating, July 8, 2024
[163] Source: "Dubai Unveils S35B Plan for World's Largest Airport", ENR, May 2, 2024
[164] Source: "Saudi's Madinah Airport Announces Expansion to Enhance Hajj Experience" Scene Now, June 15, 2024
[165] Source: "The growth trajectory of religious tourism in key markets", Oxford Business Group, May 17, 2023
[166] Source: "The GCC luxury market surges ahead", Chalhoub Group, July 3, 2024

annualized growth of 6.5% from 2023. The growth can be attributed to the rise of high net worth individuals coupled with rising disposable incomes and a thriving tourism sector across the region. Moreover, the aspiration to own top international brands, especially fashion and watches, is driving the overall growth in luxury retail. This trend is likely to continue on the back of growing number of millenniums, rising number of affluent expats and increasing disposable incomes[167]. Within the region, UAE, the hub for luxury shopping, along with Saudi Arabia and Qatar are expected to remain the top contributors for growth in luxury retail.

3.3 Supply-side Estimates

Organized Retail Sales Area in the GCC

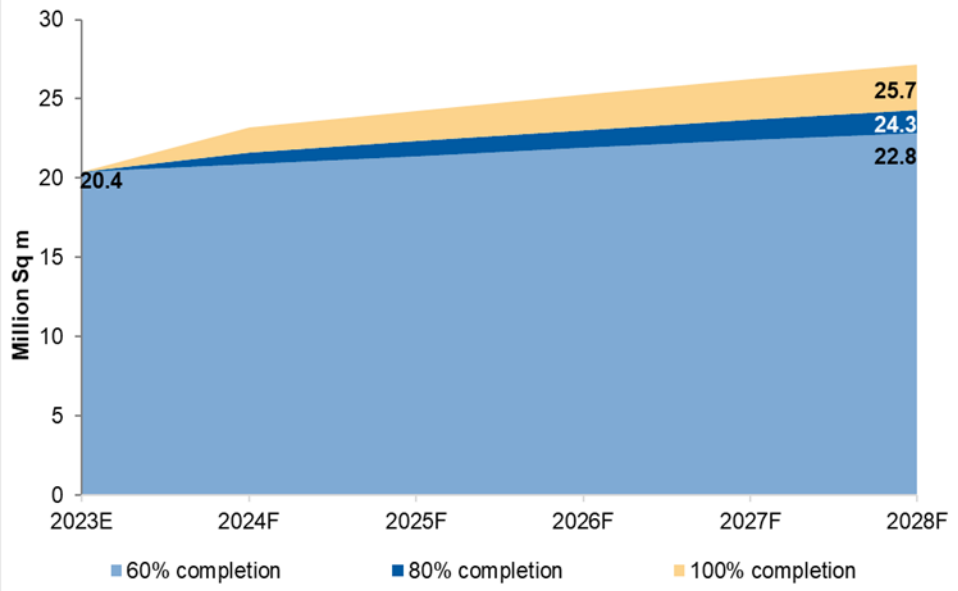
At 80% completion of projected additions to the retail space, 3.9 million sq. m. of retail space is likely to come up in the GCC between 2023 and 2028, taking the total organized retail GLA in the region to 24.3 million sq. m.

At 80% completion of projected additions to the retail space, 3.9 million sq. m. of retail space is likely to come up in the GCC between 2023 and 2028, taking the total organized retail GLA in the region to 24.3 million sq. m. (see Exhibit 26). The UAE and Saudi Arabia are likely to account for approximately 70% of the projected retail space addition during the forecast period, with majority of the developments concentrated in the Saudi Arabia (46%).

Some of the major upcoming projects, including expansion plans of existing ones in Dubai include the Expo City Mall, Meydan One Mall, Dubai Hills Mall, Sobha Mall, and Dubai Mall. In June 2024, Emaar Properties announced the expansion of Dubai Mall, which will include 240 new luxury stores and F&B outlets at an investment of around AED 1.5 billion (US$ 0.4 billion). In 2023, Dubai Mall became the most visited place on Earth achieving a record of 105 million visitors, a 19% increase from the previous year[168]. Upcoming projects in Abu Dhabi consist of mostly retail shops in mixed-use buildings as well as the Al Falah Mall among others[169]. In addition to several brick-and-mortar developments by the Lulu Group and Majid Al Futtaim in Saudi Arabia, some of the major new malls coming up in the Kingdom include the Jawharat Riyadh, Jawharat Jeddah, Jawharat Al Khobar, and the The Mall of Saudi (Riyadh). Developments in Qatar remain primarily concentrated in the city of Doha with some of the prominent malls like Marina Mall Lusail and Al Waab Mall likely to attract increased footfalls upon completion. Kuwait is also likely to witness expansion in retail space with the completion of the Aventura Mall and the South Khaitan Commercial Project[170]

[167] Source: “The GCC luxury market surges ahead”, Chalhoub Group, July 3, 2024
[168] Source: “Dubai Mall to get even bigger as Emaar announces massive Dh1.5 billion expansion plan”, Khaleej Times, June 4, 2024
[169] Source: “A massive new mall is in the works in Abu Dhabi”, Time Out Abu Dhabi, December 8, 2023
[170] Source: “Retail Development Projects & Tenders”, Middle East Project Intelligence & Tenders

Exhibit 26: Forecast of Organized Retail Sales Area in the GCC



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

At 80% completion, organized retail GLA in the GCC is anticipated to grow at a CAGR of 2.9% between 2023 and 2028

The projections at 80% completion is a modest growth scenario, wherein organized retail GLA in the GCC is anticipated to grow at a CAGR of 2.9% between 2023 and 2028, which is lower compared to the growth in total retail sales. In order to factor in the possibility of an oversupply or a slowdown in demand for retail space, the supply projections have also been provided at 100% completion (optimistic scenario) and 60% completion (conservative scenario). In the optimistic scenario, the total retail GLA is anticipated to grow at an annualized average rate of 3.5% to reach 25.7 million sq. m. by 2028, indicating an addition of over 5.3 million sq. m. At 60% completion, 2.5 million sq. m. of retail space is expected to be added, taking the total GLA to 22.8 million sq. m. by 2028. The conservative scenario signifies a CAGR of 2.3% during the forecast period (see Exhibit 26).

ALPEN CAPITAL

4. Growth Drivers

Economic Resilience – Growth Remains Slow but Steady

The GCC economies made a strong recovery following a period of pandemic-led economic distress that led to the dual shock of falling oil prices and slowdown in domestic economic activity. According to the IMF, the GCC's GDP experienced a growth of 7.7% in 2022, much higher than countries like the US, UK, Singapore, Japan, and Germany (see Exhibit 27)[171].

The GCC economies are expected to grow by 2.4% in 2024 and further rise to 4.9% in 2025 before settling at about 3.5% over the medium term

In 2023, the GCC countries witnessed a marked deceleration in hydrocarbon growth following several rounds of voluntary production cuts by some of the OPEC+ nations (see Exhibit 28). Consequently, real GDP growth in the region slowed down to 0.4% in 2023, despite robust non-hydrocarbon growth driven by government-led reforms to diversify the economy, high domestic demand, and gross capital inflows[172]. The GCC countries' non-hydrocarbon GDP grew by 5.3% in 2022 and is estimated to have grown at a pace of 4.3% in 2023. Fiscal balances for most of the GCC economies deteriorated during the year due to lower oil revenues following oil production cuts and broadly stable oil prices. Nevertheless, the GCC economies are expected to grow by 2.4% in 2024 and further rise to 4.9% in 2025 before settling at about 3.5% over the medium term[173]. The region's ambitious plans to diversify economies are expected to reduce dependence on relatively volatile hydrocarbon production and bolster stability, thus rendering non-hydrocarbon activity as the main driver of economic growth going forward. The United Nations Climate Change Conference (COP28), held in the UAE during December 2023, closed with an agreement that signals transition away from fossil fuels in energy systems by adopting a fossil fuel phase-out agreement to achieve net zero by 2050. By tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 2030, the first global stocktake also aims to accelerate efforts towards the phase-down of unabated coal power and phasing out inefficient fossil fuel subsidies that do not address energy poverty or transitions[174].

Fiscal balances are expected to remain healthy, supported by fiscal reforms and pickup in hydrocarbon production. The primary non-oil deficits are expected to decrease to 24% of GDP by 2028, with higher non-oil revenue reflecting sustained fiscal and structural reforms[175]. This, in turn, is likely to boost consumer confidence and investment in addition to aiding the region's non-oil economy. Consequently, the regional governments can now expand their focus on infrastructure investment programmes, which are likely to gain further momentum. Furthermore, increase in per capita income (4.1% CAGR between 2023 and 2028 compared to 3.6% CAGR between 2018 and 2023)[176] will continue to boost consumer demand and non-discretionary expenditure. Such strong dynamics should help boost the GCC retail industry.

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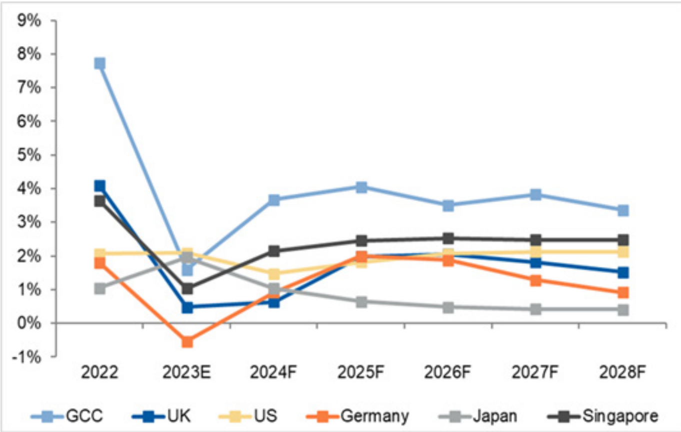
[171] Source: "World Economic Outlook Database", IMF, April 2024
[172] Source: "World Economic Outlook Database", IMF, April 2024
[173] Source: "World Economic Outlook Database", IMF, April 2024
[174] Source: "COP28 Agreement Signals "Beginning of the End" of the Fossil Fuel Era", United Nations Climate Change, December 13, 2023
[175] Source: "Gulf Cooperation Council: Economic Prospects and Policy Challenges for the GCC Countries", IMF, December 2023
[176] Source: "World Economic Outlook Database", IMF, April 2024

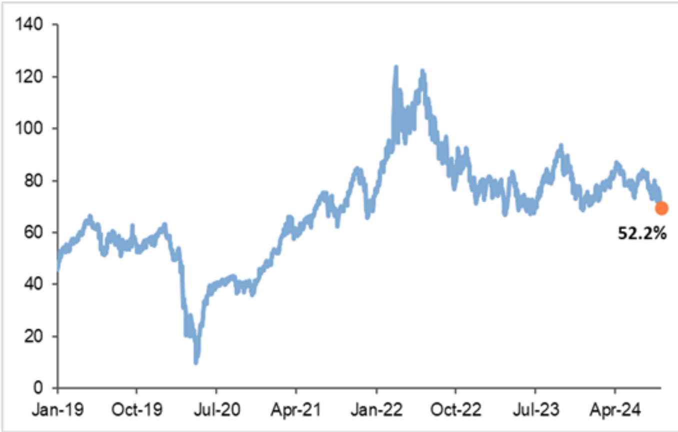
Exhibit 27: GDP Growth Projections – GCC vs Other Markets (2023-2028F)



Source: IMF – World Economic Outlook April 2024

Note: E – Estimated, F – Forecasted

Exhibit 28: Crude Oil Price (2019-2024 YTD)



Source: Bloomberg

Note: Crude oil price growth between January 1, 2019 and September 03, 2024

For the GCC nations, GDP growth is expected to stabilize and will range between 1.6% and 4.5% until 2028[177]. The region is expected to surpass GDP growth projections of countries like the US, UK, Singapore, Japan, and Germany between 2024 and 2028 (see Exhibit 1)[178]. The unprecedented structural policies including reform efforts aimed at further enhancing product market regulations, labor markets, and governance will support growth. At the same time, reforms aimed at achieving socio-economic transformation as laid down under their respective diversification strategies, new business-friendly policies, efforts to enhance fiscal sustainability and resilience, coupled with investments in strategic industries and digital infrastructure will continue to aid the GCC markets. Moreover, reinvestment of budget surpluses in public projects, increased oil and non-oil trade, and new fiscal policies are likely to shield the GCC economies from current global recessionary stress[179].

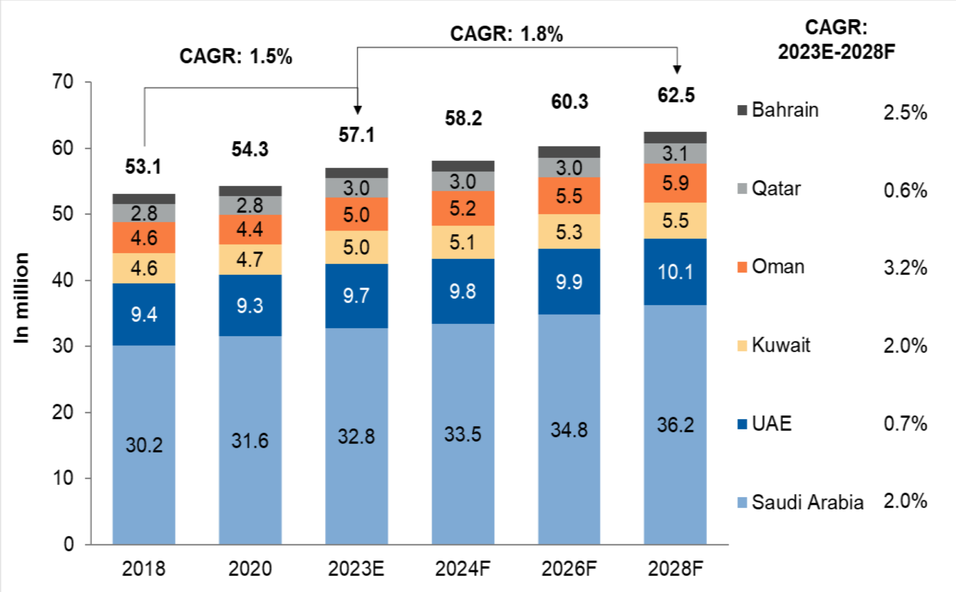
Favorable Demographics

The GCC population is expected to grow at an annualized rate of 1.8% between 2023 and 2028 to reach over 62.5 million

Retail industry in the GCC continues to be significantly driven by the region's expanding population base. The GCC population grew at a CAGR of 1.5% between 2018 and 2023 to reach 57.1 million, at par with the MENA average of 1.4% and higher than the global average of 1.0%. According to the IMF, the region's population is expected to grow at an annualized rate of 1.8% between 2023 and 2028 to reach over 62.5 million (See Exhibit 29)[180]. The expatriates, which account for around 50% of the total population and over 75% of the GCC private sector workforce[181], coupled with a sizeable working age population (61.1% as of 2022)[182] in the region, continue to contribute to the growth of the retail sector. Going forward, Oman is likely to experience the highest population growth at a CAGR of 3.2% between 2023 and 2028, followed by Bahrain (2.5% CAGR), Saudi Arabia and Kuwait (2.0% CAGR each). Population in the UAE and Qatar are likely to grow at a CAGR of 0.7% and 0.6%, respectively, over the five-year period (See Exhibit 29)[183].

[177] Source: "World Economic Outlook Database", IMF, October 2022
[178] Source: "World Economic Outlook Database", IMF, April 2024
[179] Source: "Gulf Cooperation Council: Economic Prospects and Policy Challenges for the GCC Countries", IMF, December 2023
[180] Source: "World Economic Outlook Database", IMF, April 2024
[181] Source: ISI World Statistics Congress
[182] Source: UNPD
[183] Source: "World Economic Outlook Database", IMF, April 2024

Exhibit 29: GCC Population (2018 – 2028F)



Source: IMF – World Economic Outlook April 2024
Note: E – Estimated, F – Forecasted

The GCC remains one of the wealthiest regions in the world with its GDP per capita standing at US$ 70,339 in 2023, higher than the advanced (US$ 66,358.9) and much higher than emerging economies (US$ 15,310.6)[184]. The rise in spending power of the region's affluent society has improved the lifestyle of consumers, resulting in strong appetite for global brands and luxury items. Consumers across the region are increasingly becoming discerning and sophisticated, leading to the rise in demand for unique and personalized luxury experiences. This, in turn, has led to the emergence of bespoke services, exclusive memberships, and niche brands catering to specific tastes and preferences for the consumers. At the same time, the high proportion of working class individuals and expatriates have been driving the demand for such products and changing preferences towards healthy food items. For instance, 60% of consumers in the UAE have recently expressed anticipation for an improvement in their finances, in contrast to the global average of 37%, according to the Global Consumer Barometer Wave 2024 report. Moreover, 42% of UAE consumers highlighted confidence in spending money, a notable surge compared to the global average of 22%[185]. On the other hand, the region's tech-savvy millennial population is driving the demand for e-commerce platforms, which is compelling traditional retailers to adopt omni-channel strategies and offer a wide range of globally renowned products to align with the changing consumer preferences.

Buoyant Travel and Tourism Industry

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

The GCC nations have been directing significant efforts towards diversification, with tourism emerging as a key pillar to sustainable for-oil economic prosperity. As a result of the concentrated efforts of the regional governments, the GCC travel and tourism industry has witnessed rapid growth over the past decade, offering a blend of both religious and leisure attractions for travelers. In recent years, key markets such as the UAE, Qatar and Saudi Arabia have evolved to become a global hub for hosting mega sporting and business events

[184]Source: IMF, The World Bank
[185]Source: "Global Consumer Barometer: Wave 24", Toluna Corporate, March 18, 2024

due to their advanced infrastructure and facilities. The GCC MICE market has expanded significantly over the past few years, led by the UAE which accounts for 50% share of the region's MICE market. This can be attributed to the country's eventful calendar all year round. At the same time, the fulfilment of the individual Emirates' diversification strategies - the Abu Dhabi Economic Vision 2030, Dubai Tourism Vision 2020 and Sharjah Tourism Vision 2021 – continue to play a crucial role in the development of the country's MICE industry. Notably, in H1 2023, the UAE led the Middle East's MICE market, with Dubai experiencing a 44% y-o-y growth in business event bid wins, in line with the objectives outlined in the Dubai Economic Agenda D33[186]. At the same time, Qatar's hosting of major international events such as the 2022 FIFA World Cup has significantly boosted the country's MICE market, enhancing its global profile and attracting international attention. Additionally, the growing millennial population in Qatar has exhibited high interest in international sporting events and music concerts, further contributing to the MICE market[187]. Similarly, Saudi Arabia's liberalization of policies and new reforms have led to a rise in cultural, social and entertainment events such as annual music and film festivals, fairs, and fashion exhibitions among others. This has made the Kingdom an attractive MICE destination[188]. All the regional governments have introduced favorable regulations and policies to attract international MICE events, including streamlining visa processes, and tax incentives for event organizers. This is likely to lead to higher number of tourist footfalls, positively affecting the retail sector across the GCC.

Saudi Arabia topped the UN Tourism's ranking for the growth of international tourist arrivals in 2023 compared to 2019

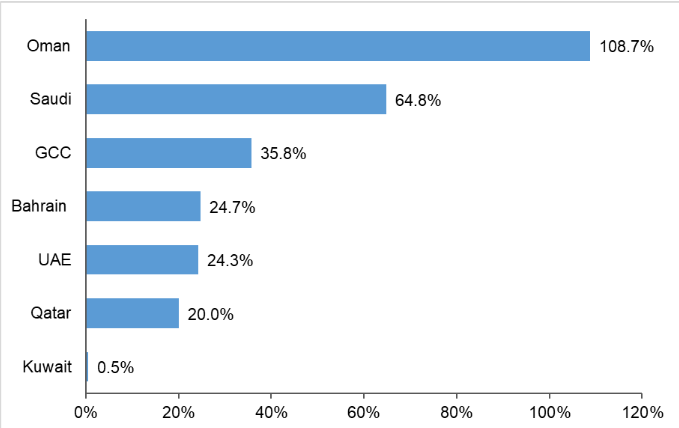
In 2023, Oman recorded the highest growth (108.7%) in tourist arrivals among its regional peers. The growth can be attributed to the continuing efforts made by the Ministry of Heritage and Tourism to attract more international visitors, coupled with the country's close proximity to the UAE and Saudi Arabia that enables intra-regional tourism. Oman has also implemented a number of development plans to enhance investments and expand cultural and geological tourism programmes that include leisure and adventure tourism[189]. Amongst the other GCC nations, Saudi Arabia witnessed the second highest growth (64.8%) in tourism footfall during 2023, much higher than the GCC average of 35.8%. Notably, the Kingdom topped the UN Tourism's ranking for the growth of international tourist arrivals in 2023 compared to 2019 among large destinations, achieving an increase of 56% in international tourist arrivals compared to 2019[190]. Growth in tourist arrivals in the remaining GCC nations remained below the GCC average, with Kuwait witnessing the slowest growth during 2023 (see Exhibit 30)[191].

The GCC hospitality sector is expected to see renewed growth, largely driven by the dynamic strategies of 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, hotel and retail investments, as the region gears up for influx of tourists[192]. According to Fitch Ratings, traffic across GCC airports in 2023 was 8% above 2019 levels and was up by approximately 20% from 2022. Further infrastructure expansion plans - especially in the UAE, Saudi Arabia, and Qatar - expect air traffic in the GCC to double by 2030[193]. International tourist arrivals in the GCC are anticipated to grow at a CAGR of 6.1% between 2023 and 2028 to reach 109.8 billion (see Exhibit 31)[194]. Major upcoming mega

[186] Source: "MICE Industry to Drive UAE Economy", Khaleej Times, February 29, 2024
[187] Source: "Qatar to have highest CAGR in events, exhibition market in GCC", The Peninsula, August 18, 2024
[188] Source: "Saudi Arabia's MICE Industry: The Expanding Horizons", Smartville Digital, May 13, 2024
[189] Source: "Oman: New tourism growth trajectory", Zawya, August 28, 2024
[190] Source: "Saudi Arabia Ranked 1st in the Growth of International Tourists Arrivals in 2023 Compared to 2019 Among Large Tourism Destinations", Saudi Arabia Ministry of Tourism, February 16, 2024
[191] Source: Source: Gulf News, Trade Arabia, Qatar Tourism Annual Report, Trading Economics, WTTC
[192] Source: "Tourism in GCC Report 2024", Roland Berger, July 12, 2024
[193] Source: "GCC Countries Expand Airports to Meet Tourism-Related Passenger Growth", Fitch Ratings, July 8, 2024
[194] Source: WTTC, Alpen Capital

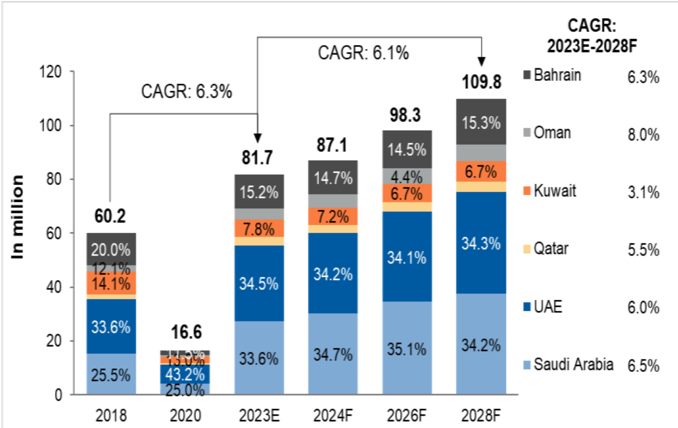
events in the UAE, Saudi Arabia and Qatar, coupled with the anticipated rise in pilgrims is likely to spur this growth. Such developments are likely to aid the revival of the GCC retail industry as footfall across malls, high-street markets, food and non-food outlets increase.

Exhibit 30: International Tourist Arrivals Growth (2023)



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

Exhibit 31: International Tourist Arrivals (2018 – 2028F)



Source: WTTC, WTO, Alpen Capital
Note: E – Estimated, F – Forecasted

Growing Travel and Tourism Spending

The travel and tourism sector's contribution to GCC's GDP increased from 6.6% in 2021 to 10.8% in 2023

The travel and tourism sector's contribution to GCC's GDP increased from 6.6% (US$ 77.1 billion) in 2021 to 10.8% (US$ 223.4 billion) in 2023. Total spending increased by 29.4% y-o-y to US$ 202.9 billion during 2023. Within GCC, Saudi Arabia and the UAE continue to remain the most sought-after destinations for travel and tourism with the two countries cumulatively accounting for more than 79.8% of the total travel and tourism spending within the region in 2023. Saudi Arabia tops the GCC with total travel and tourism spending revenues of US$ 118.5 billion, followed by the UAE (US$ 59.8 billion), and Qatar (US$ 22.3 billion). In 2023, Bahrain had the highest contribution of travel and tourism to GDP (13.4%), followed by UAE (11.7%), Saudi Arabia (11.5%), and Qatar (10.3%) (see Exhibit 32)[195].

Exhibit 32: Travel & Tourism Spending in the GCC (2023)

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	9,900.0	9.1%	7,939.8	80%	1,960.2	20%
GCC	223.4	10.8%	184.5	83%	38.9	17%
UAE	*59.8*	*11.7%*	*49.7*	*83%*	*10.1*	*17%*
Saudi Arabia	*118.5*	*11.5%*	*110.0*	*93%*	*8.5*	*7%*
Qatar	*22.3*	*10.3%*	*10.7*	*48%*	*11.6*	*52%*
Kuwait	*9.5*	*5.9%*	*7.0*	*73%*	*2.5*	*27%*
Oman	*7.4*	*6.6%*	*4.9*	*67%*	*2.5*	*33%*
Bahrain	*5.9*	*13.4%*	*3.2*	*55%*	*2.7*	*45%*

Source: WTTC

[195] Source: "Economic Impact Report", WTTC, 2024

Religious Tourism

The religious tourism market accounts for the second-largest source of income after hydrocarbons for Saudi Arabia, contributing ~US$ 12 billion annually to its economy

Religious tourism has been a key driver of growth within the GCC, with religious attractions responsible for a large portion of tourist arrivals in certain markets, especially during pilgrimages and other festivals. The religious tourism industry, especially in Saudi Arabia, has historically been of high significance as the Kingdom is home to major pilgrimage sites in Makkah and Madinah. In terms of value, the religious tourism market accounts for the second-largest source of income after hydrocarbons for Saudi Arabia, contributing approximately US$ 12 billion annually to its economy, equating to around 20% of its non-oil GDP and 7% of its total GDP[196]. Recently, Saudi Arabia announced a change to its visa rules that has made it easier for pilgrims to travel to Makkah and Madinah, particularly for Umrah. Previously, there were a number of restrictions on travel to Saudi Arabia for Umrah, which have now been lifted, enabling pilgrims to visit the holy cities throughout the year, apart from the Hajj period[197]. This is expected to lead to a significant rise in tourism and retail sales as the two holy cities account for approximately 40% of the tourist arrivals to the Kingdom[198].

Saudi Arabia aims to host 30 million pilgrims by 2030 as part of a broader aim to attract 150 million domestic and international tourists annually in line with its Vision 2030 program (with tourism contributing 10% of its GDP). The vision aims to draw 6 million pilgrims to Hajj each year, as well as 30 million to Umrah. Consequently, the Kingdom is preparing to meet the increasing demand from pilgrims by investing in infrastructure, hospitality, retail, and other plans that provide pilgrims with high quality services, electronic portals, and new facilities for travel and accommodation[199]. Under the Vision 2030 strategy, an estimated 221,000 new hotel rooms are planned across the two holy cities which cumulatively account for over 75% of hotels operating in the Kingdom[200]. At the same time, construction projects such as the US$ 35 billion redevelopment of King Abdulaziz International Airport have been announced to improve local capacity to accommodate arrivals. Estimated to be completed by Q4 2026, the airport's expansion plan also includes a dedicated Hajj terminal. Other key projects include the US$ 16 billion Makkah Metro project that will open four new metro lines to connect sites of religious importance in the city and accommodate the anticipated rise in pilgrims[201]. The anticipated growth in the number of pilgrims and tourists is expected to increase demand for restaurants, food items, and other non-food products as well as merchandise in the coming years.

Rest of the GCC nations are also adopting distinct models of engagement between heritage and religious spheres to draw tourism into their respective country, which in turn are likely to drive retail sales

Similarly, the rest of the GCC nations are also adopting distinct models of engagement between heritage and religious spheres to draw tourism into their respective country, which in turn are likely to drive retail sales. For instance, the UAE opened doors to an interfaith complex called the Abrahamic Family House in Abu Dhabi in March 2023 that houses a synagogue, mosque, and church. The site is likely to attract pilgrims from across the globe and will offer a variety of programs and activities in addition to hosting international conferences and world summits[202]. The Department of Islamic Affairs and Charitable Activities in Dubai has also launched a Religious Tourism Project in September 2023 that aims to strengthen the Emirate's position as an attractive destination for international religious tourists. The projects, which include infrastructure development and events such as the construction of a floating mosque, The Quranic Exhibition, Dubai Iftar, Hala Ramadan, Quranic Park, and a Ramadan and Eid Market, are estimated to provide a 3% to 4% growth

[196] Source: "Religious Tourism in Saudi: Harnessing Economic Dividends", AstroLabs, May 17, 2024
[197] Source: "Religious tourism boost", Gulf Construction Online, September 01, 2023
[198] Source: "Saudi Arabia - Travel, Tourism, and Entertainment - Saudi Arabia Country Commercial Guide", Export.gov, January 22, 2020
[199] Source: Saudi Arabia Vision 2030
[200] Source: "Religious Tourism in Saudi: Harnessing Economic Dividends", AstroLabs, May 17, 2024
[201] Source: "The growth trajectory of religious tourism in key markets", Oxford Business Group, May 17, 2023
[202] Source: "Abrahamic Family House opens in Abu Dhabi", UCA News, March 2023

in tourist numbers to the Emirate. Similarly, Sharjah's Museum of Islamic Civilization is helping drive tourism in the Emirate, while in Oman, the former religious center Nizwa continues to attract a steady footfall of religious tourists[203].

Growing Prominence of E-commerce

As the e-commerce landscape continues to evolve, several new players are establishing their footprint across the GCC

The GCC countries are witnessing an unprecedented surge in e-commerce developments, with growth poised to reshape the region's retail landscape. This surge in shopping transformation can be largely attributed to rapid technological advancements, evolving consumer preferences, rising demand for global brands, and increasing popularity of online shopping among millennials. The COVID-19 pandemic further accelerated this trend, as consumers turned to online platforms to meet their shopping needs during lockdowns and restrictions. This has led to the rise of numerous online marketplaces and e-commerce platforms in the region, offering a wide range of products and services. Some of the notable regional e-commerce players include Noon, Desert Cart, Saraf DG, MumzWorld, 6th Street, Ounass, Bashara Care, Jazp.com, and Souq.com (Amazon), among others. As the e-commerce landscape continues to evolve, several new players are establishing their footprint across the GCC with 10 companies in the UAE, 4 in Saudi Arabia, and 1 in Kuwait raising funds during 2023[204]. Local FinTech and logistics startups, such as Tamara, which recently raised US$ 150 million in financing from Goldman Sachs, are also playing a crucial role in enhancing the overall e-commerce ecosystem[205]. Consequently, traditional retailers are adopting innovative strategies to stay ahead of competition. Retailers are increasingly converging traditional models with technology to enhance consumer experience while also enhancing their product range to include both regional and global brands.

Free Trade Agreements to Boost Imports and Eliminate Trade Barriers

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

The GCC nations have signed Free Trade Agreements (FTAs) with several countries and trade groups across the world to enhance its position as a global trade hub and major destination for investments. It also seeks to increase exports, improve competitiveness in foreign markets, regulate competition, reduce trade barriers for national products, and boost its investments abroad. In 2023, the GCC signed a FTA with South Korea[206] and a preliminary FTA with Pakistan[207] to boost investment ties with major economic partners in Asia. As part of the FTA, South Korea will remove tariffs on almost 90% of all items covering trade in goods, services, government procurement, as well as cooperation among small and medium-sized enterprises (SMEs), and customs procedures, among others. Among the GCC nations, UAE has been at the forefront in terms of signing FTAs. The country has already signed FTAs with India, New Zealand, Singapore, and EFTA countries. At the same time, negotiations are currently underway with several countries and trade groups, including the European Union, Japan, China, Korea, Australia, Pakistan, Turkey, and the Mercosur member countries (Argentina, Brazil, Paraguay and Uruguay)[208].

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[203]Source: "Dubai's unique religious themed project boosts GCC Islamic tourism", Middle East Economy, September 22, 2023
[204] Source: "What are the Startup Investment Trends in MENA? ", Wamda, January 2024
[205] Source: "E-commerce on the up in GCC", AB Magazine, April 2023
[206]Source: "GCC-South Korea sign free trade deal in boost to Gulf-Asia economic ties", Reuters, December 28, 2023
[207]Source: "MIDDLE EAST: Gulf Cooperation Council Signs Preliminary FTA with Pakistan", HKTDC Research, October 25, 2023
[208]Source: "MIDDLE EAST: Gulf Cooperation Council Signs Preliminary FTA with Pakistan", HKTDC Research, October 25, 2023

The GCC has also been in negotiations with the UK on a FTA, which is expected to boost the region's economy, attract investment, and provide more opportunities for local retail businesses[209]. According to the latest data, total trade between the two regions stood at approximately £59 billion and with the advent of an FTA this is likely to grow substantially. In 2022, UK exports to GCC countries reached £870 million (US$ 1.1 billion), a 39.3% increase over 2021, making the Gulf region Britain's second largest non-EU market. Notably, the UK exports over 500,000 tons of cheese annually to the UAE, demonstrating the strong demand for specific British food categories in the GCC. Both packaged and fresh fruits and vegetables from the UK have significant demand among the GCC countries and a deal could significantly reduce or remove tariffs on such UK food and drink exports[210]. This could result in more options on supermarket and hypermarket shelves throughout the GCC, offering consumers a wider choice of food products at competitive prices.

Similarly, growing synergy between the GCC and India has led to the possibility of sealing the long-delayed FTA[211]. In 2023, both the regions agreed to resume discussions on concluding the FTA with fresh negotiations. There are several focus areas which have been identified by the two regions, including food security, supply chain, healthcare and pharma, among others. There also exists a huge potential in industries such as tourism, entertainment and culture, where most of the GCC governments are keen to build partnerships with India[212]. In the meanwhile, India has already signed bilateral trade agreements with some of the GCC countries and is in negotiations with others. For instance, the UAE signed the Comprehensive Economic Partnership Agreement (CEPA), an FTA, with India in February 2022. This agreement is expected to increase the total value of bilateral trade in goods to over US$ 100 billion and add US$ 9 billion to the UAE's GDP by 2030[213]. The finalization of the treaty is likely to open new investment opportunities as well as avenues for Indian brands to gain access to the wider GCC region. In 2021, Oman had announced plans to pursue a FTA with India[214]. The countries are reportedly close to finalizing the proposed CEPA aimed at facilitating easier access to each other's markets. As part of the FTA, Oman aims for enhanced access to goods such as downstream petroleum products, fertilizer, and iron and steel products in the Indian market while India is seeking reduced tariffs on exports such as rice, pharmaceuticals, petroleum, and steel products[215].

[209] Source: "UK-Gulf Cooperation Council - Free Trade Agreement, The UK's Strategic Approach (2023)", Department of International Trade
[210] Source: "GCC Free Trade Agreements Support the UAE's Top Global Rankings", UAE Ministry of Economy
[211] Source: "Hope India-Gulf Co-operation Council FTA becomes a reality: Official", Business Standard, July 12, 2023
[212] Source: "Hope India-Gulf Co-operation Council FTA becomes a reality: Official", Business Standard, July 12, 2023
[213] Source: "India's Trade and Investment Ties with the Gulf Co-operation Council (GCC)", India Briefing, January 31, 2023
[214] Source: "India's Trade and Investment Ties with the Gulf Co-operation Council (GCC)", India Briefing, January 31, 2023
[215] Source: "India and Oman Reportedly Close to Signing a Free Trade Deal", India Briefing, February 27, 2024

5. Challenges

Impact of Global Macro-economic Headwinds

Although the IMF has revised GCC's growth, heightened geopolitical concerns and gloomy global economic environment could weigh heavily on the regional outlook

Despite the diversification efforts of the GCC nations coupled with strong growth momentum in the non-oil sector, hydrocarbon revenues remain crucial for the region's economic growth and public sector spending. Over 70% of total exports in Kuwait, Qatar, Saudi Arabia and Oman are hydrocarbon driven, while oil revenues in Kuwait, Qatar, Oman, and Bahrain exceed 70% of total government revenues[216]. The GCC witnessed a slowdown in overall growth (0.4% GDP growth) in 2023 compared to the 7.9% rise witnessed in 2022, largely due to oil production cuts slowing hydrocarbon GDP for the region. While the GCC's hydrocarbon GDP grew by 7.8% in 2022 supported by global cyclical momentum, it is estimated to have registered a negative growth of around 1% in 2023 amid oil production cuts in line with the OPEC+ agreement, and further unilateral cuts of 1mpbd by Saudi Arabia that were extended until December 2023. Lower oil prices and higher capital expenditures during 2023 is estimated to have reduced the fiscal surplus to 5.1% of GDP for the GCC, with some countries such as Saudi Arabia likely to go back to a fiscal deficit once again[217]. The GCC's fiscal surplus is anticipated to further narrow in 2024, reaching 0.1% of GDP, while current account surplus is expected to reach 7.5% of GDP compared to 8.4% of GDP in 2022[218]. Lower hydrocarbon revenues and decline in surpluses could potentially delay infrastructure development plans, putting the regional retail industry under pressure.

Although the IMF has revised its growth forecast for the GCC to rise at a pace of 2.4% in 2024 and 4.9% in 2025, growing geopolitical concerns (Israel-Hamas conflict) and gloomy global economic environment caused by the Russia-Ukraine war could weigh heavily on the regional outlook[219]. The current global vulnerability could not only lead to supply chain issues and raise inflationary pressure but also impact the domestic travel and tourism industry. Tighter global financial conditions are likely to hold back economic growth and reduce hospitality and retail revenues, especially spending on discretionary and luxury items, as consumers will remain wary of looming recessionary fears.

Inflationary Pressure

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

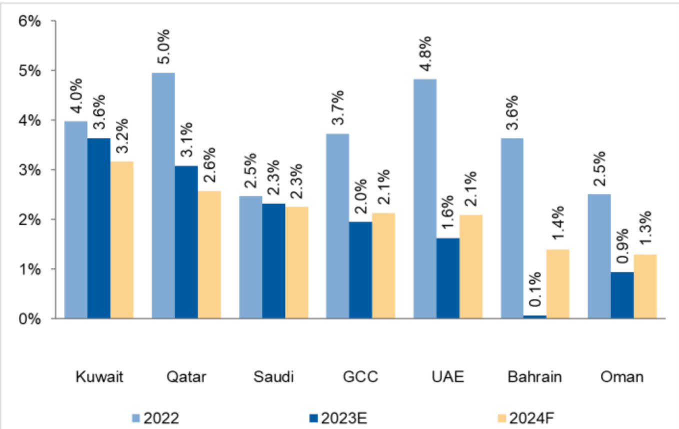
The fallout from the Russia-Ukraine war coupled with lingering global supply chain disruptions and labor shortages have led to increased prices and inflation in the retail industry. Inflationary pressures intensified in the GCC during 2021 and 2022, mainly driven by a pick-up in tradeable goods inflation (especially from food and transportation), indicating that GCC was not immune to higher global prices. Although the inflationary pressure eased in 2023, it continues to remain a major economic concern for the import-dependent GCC countries. Average inflation in the GCC fell from 3.7% in 2022 to 2.0% in 2023, although it varies widely between countries - reflecting domestic economic conditions, policy frameworks, and external factors (see Exhibit 33)[220]. Among the GCC nations, Oman reported the lowest average y-o-y growth in inflation during March 2024 at 0.2% as compared to -3.1% in March 2023. On the other hand, UAE witnessed the largest inflation increase in the GCC during March 2024, reporting a surge of +3.3% y-o-y during the month as compared to +4.3% in March 2023. Kuwait reported 3.0% inflation growth during March

[216] Source: IMF, World Bank
[217] Source: "Gulf Cooperation Council: Economic Prospects and Policy Challenges for the GCC Countries", IMF, December 2023
[218] Source: "New GCC Economic Update Finds Improved Quality of Education is Critical for Sustained Economic Growth", World Bank, May 29, 2024
[219] Source: "World Economic Outlook Database", IMF, April 2024
[220] Source: "World Economic Outlook Database", IMF, April 2024

2024, while the remaining GCC nations reported monthly inflation growth of less than 2% during the period (Saudi Arabia at +1.7%, Bahrain at 1.0% and Qatar at 1.1%). The spike in key expenditure indices across the region is likely to impact the spending power of consumers. The IMF anticipates inflation in the GCC to marginally increase to 2.1% in 2024 and stay at the same level in 2025[221].

Amid slower pace of decline in inflation, the expectation that global benchmark rates would be revised did not materialize during 2023-24. The US Federal Reserve has held benchmark rates at a 23-year high due to persistent inflation and high cost of living. The US Fed underlined that although inflation has eased over the past year, it still remains too high to warrant rate cuts in the near future. The GCC central banks, which have their currencies pegged to the Dollar except for Kuwait, have also kept their respective interest rates unchanged, in line with the US Fed rate decisions during the period. GCC central banks kept interest rates steady for the sixth time after the US Fed kept its benchmark rate unchanged in May 2024 (see Exhibit 34)[222].

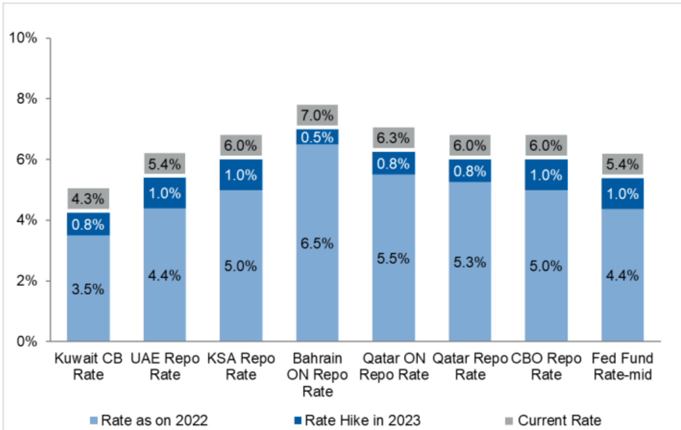
Exhibit 33: Country-wise Inflation at Average Consumer Price (2022-2024F)



Source: IMF – World Economic Outlook April 2024

Note: E – Estimated, F – Forecasted

Exhibit 34: GCC Central Bank Rate Hikes (%)



Source: IMF, Bloomberg, KAMCO Invest

Vulnerability in Food Prices

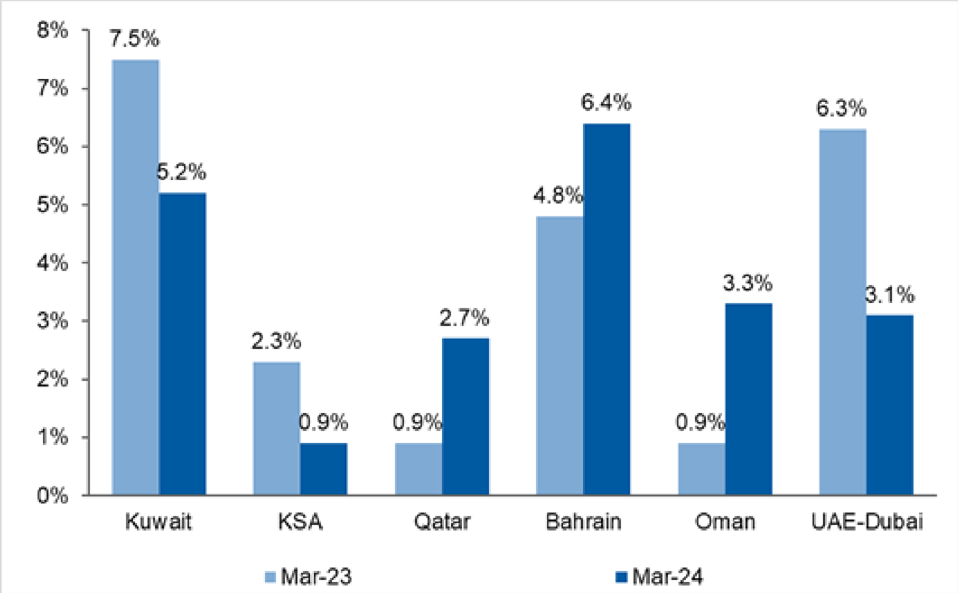
Over 85% of the food requirement in the region is imported from other countries, exposing the GCC to global price fluctuations

Although the GCC countries are considered food secure as per the Global Food Security Index, they are heavily reliant on imports from other countries as they have limited home-grown resources to be self-sufficient[223]. The GCC countries import around 85% of their food needs, including approximately 93% of cereals, 62% of meat, and 56% of vegetables. The dependence on food imports can be largely attributed to the limited availability of arable land, water scarcity, and harsh climatic conditions that are not suitable for cultivation. As of 2022, Saudi Arabia was the largest importer of food in the region with a share of 45.8% of the total GCC imports, followed by the UAE (26.3%), and Oman (14.9%)[224]. Being import dependent, the GCC remains exposed to global price fluctuations in case of supply chain disruptions. Despite significant progress in fortifying their strategic stores and embracing innovation in food production, the GCC countries are still susceptible to export prohibitions and panic buying, which frequently occurs during emergencies (e.g. COVID-19 and 2007-

[221] Source: "World Economic Outlook Database", IMF, April 2024
[222] Source: "GCC Inflation Update", KAMCO Invest, May 2024
[223] Source: Economist Intelligence Unit
[224] Source: FAO

08 crisis when prices of staple foodstuffs increased by 60% in the region)[225]. The ongoing geopolitical concerns and the global economic headwinds could further amplify with disruptions to global trade in commodities (subjecting traders to higher freight charges) that could affect food prices and economic activity. Although global inflation trends have shown a gradual deceleration in 2023 compared to the previous year, core inflation remains notably above the targets set by central banks. This remains a major concern for global policymakers. The region thus remains vulnerable amid lack of sufficient control over, and access to its food chains, which has caused significant dependence on external sources of supply to meet domestic demand. This has left the GCC susceptible to supply-side shocks, leading to food inflationary pressures on the economies. For instance, food-shipping costs to Kuwait reportedly increased ten-fold from US$ 1,400 to US$ 14,000 per ton during January 2022 while food inflation peaked at 7.5% y-o-y in March 2023[226].

Exhibit 35: GCC F&B Inflation (%)



Source: IMF, Bloomberg, KAMCO Invest

In recent years, the F&B sector has been one of the largest constituents in terms of weight in the GCC's inflation performance. CPI for F&B in some of the GCC nations has witnessed moderate growth in recent months and remains vulnerable to any fluctuation in the global food supply-chain ecosystem. Amongst the GCC nations, Bahrain recorded the highest y-o-y growth in F&B CPI of 6.4% as of March 2024, followed by Oman (3.3%), and Qatar (2.7%). The F&B CPI in Saudi Arabia (0.9%), UAE (3.1%), and Kuwait (5.2%) witnessed a y-o-y decline (see Exhibit 35)[227]. Consequently, monetary policy actions by the regional governments remain crucial to keeping inflation expectations within the desired target.

Intensifying Competition and Operating Costs Eroding Margins

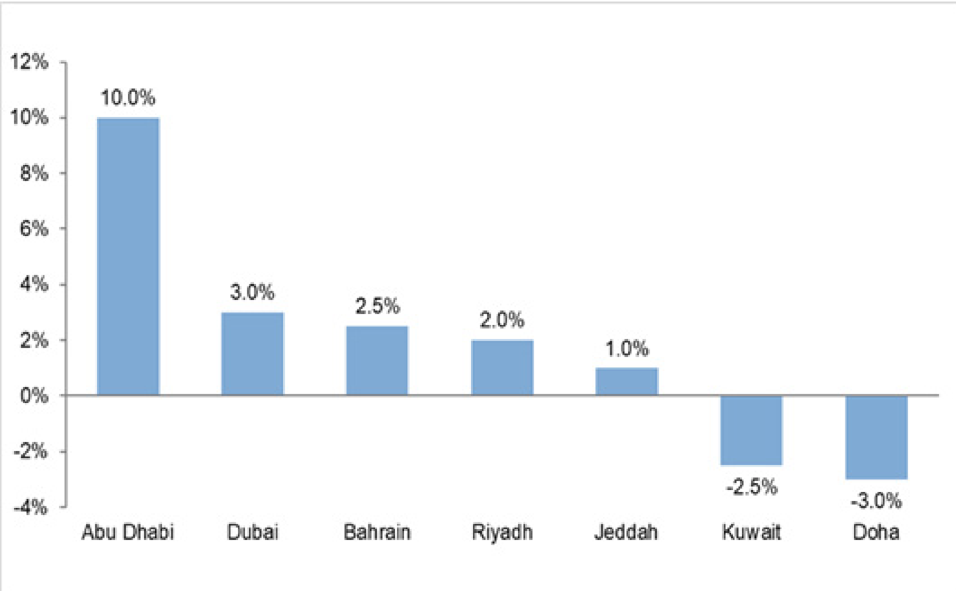
The GCC has established itself as a retail hub catering to the needs of an expanding customer base with high disposal incomes, a thriving tourism industry, and large expatriate population from varied cultures. According to Strategy& Middle East, part of the PwC

[225] Source: "Food insecurity remains concern in MENA region", EIU, October 12, 2020
[226] Source: "GCC dependence on food imports makes it vulnerable to supply shocks", CIPS, August 1, 2023
[227] Source: IMF, Bloomberg, KAMCO Invest

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

network, Dubai stands out as the only GCC city among the six top global retail destinations that include London, Milan, New York, Seoul, and Tokyo. With a retail spend per capita of approximately US$ 14,000 per annum, Dubai ranks second among the peers in terms of consumer expenditure. Among other notable cities in the region, consumers in Riyadh, Jeddah, and Doha spend between US$ 3,500 and US$ 5,000 per capita annually on retail[228]. This has led to major international brands establishing their base in the region, intensifying competition within the retail market. At the same time, the growth in e-commerce has hampered the business for several traditional brick-and-mortar stores in the region. In order to improve sales, both domestic and international retailers in these markets are adopting several alternative solutions including expanding their coverage for home delivery services while also increasing their presence on online marketplaces, offering discounts and using social media platforms for running aggressive promotional campaigns, among others. Amid current economic conditions, consumer spending across the region during special seasonal sales events has witnessed a surge. Retailers are witnessing higher success in special sales promotions across categories such as fashion, electronics, and groceries, both online and offline. According to a survey by Consultancy ME, 96% of consumers in the UAE actively engage in summer and winter sales, 94% in sales related to Ramadan, and 93% in Black Friday sales. In Saudi Arabia, the Back to School and Black Friday sales events take the lead with 96% participation during both events. According to the survey, 48% of UAE consumers and 39% in Saudi Arabia prefer shopping in person at brick-and-mortar locations during promotional events[229]. In December 2023, retailers in the UAE slashed prices up to 80% as part of year-end sales on thousands of products including electronics, apparel, books, and toys, among others, to attract customers. Major online and brick-and-mortar players such as Noon, Sharaf DG, Jumbo, Shein, Eros, Al Safeer, and E-City offered deep discounts and bundled packs at more affordable rates to consumers[230]. Although such strategies have helped increase their top-line growth, it is likely to lead to margin pressures.

Exhibit 36: GCC Retail Space Rents as of Q1 2024 (y-o-y % growth)



Source: JLL, Valustrat, REM

[228] Source: "Shopping for growth: how to build an urban retail destination" Strategy& Middle East (PwC network), August 12, 2024
[229] Source: "Majority of GCC consumers participate in sales promotion events", Consultancy ME, December 15, 2023
[230] Source: "Discounts in UAE as retailers cut prices by up to 80%", Zawya, December 25, 2023

The current inflationary environment has compelled retailers to adopt strategies that help reduce costs while benefit consumers in terms of offering products at affordable prices. Consequently, several retailers in the UAE have set up independent procurement offices across the globe to limit the impact of price rises in the Emirates. For instance, Lulu Group has set up independent procurement offices in food hubs such as the US, UK, Turkey, Italy, Spain, Egypt, South Africa, India, and Colombo to minimize the cost impact caused by distributors and importers. Similarly, Al Maya Group has been working with the Food Corporation of India (FCI), Agricultural and Processed Food Products Export Development Authority (APEDA), and government organizations within the UAE to ensure the supply of food[231].

High digital set-up costs coupled with transportation, warehousing and delivery as overheads amid a strained freight and logistics sector have put further financial stress on operators

While these strategies are being widely deployed by established large players in the GCC, other mid and small sized brick-and-mortar retailers are struggling to compete due to additional set up costs, financial constraints, and lack of experience and knowledge. The burden of online set-up cost coupled with transportation, warehousing and delivery as overheads amid a strained freight and logistics sector have put further financial stress on operators. At the same time, soaring rentals in prime malls across major shopping destinations have dented retailer confidence. For instance, demand for retail space is outstripping supply in Dubai's most popular malls (Mall of the Emirates, Dubai Mall, Emaar Malls) leading to hefty rent rises for all tenants. The hike in rents, which ranges between 10% and 70% in super specialty malls, has made it particularly difficult for smaller retailers to expand their footprints[232]. Average rental in retail space has also grown across major cities in the GCC, compared to the same period last year (see Exhibit 36)[233]. Moreover, new labor localization laws leading to the rise in labor costs[234], market-priced utility costs and tax measures such as revised VAT rates (Saudi Arabia and Bahrain increased VAT rate from 5% to 15% and 10%, respectively[235]) have also added to the pressure on retail operators. Amid growing overheads and operational costs coupled with intensifying competition keeping prices low, profit margins for retailers in the GCC continue to remain squeezed.

Pricing Differentials for Luxury Brands

Luxury items and products from globally renowned brands tend to be more expensive in the GCC on an average compared to those outside the region

The GCC retail landscape faces several supply side constraints including limited availability of flagship stores in prime locations, with the exception of Dubai. This has led to gaps in the availability of global brands and limited assortment of products in comparison with other global shopping destinations. Moreover, products from globally renowned brands tend to be more expensive in the GCC on an average compared to those outside the region. The difference in prices for luxury and premium products across key retail segments such as fashion & accessories and beauty & personal care may drive shoppers to other destinations (see Exhibit 37). The price differentials primarily stem from some of the brands putting premium price tags for their products retailed in the GCC due to the region's high disposable incomes and affluent society. At the same time, factors such as lack of domestic manufacturing, high dependence on import coupled with customs, distribution, franchise, and shipping costs further push up the price[236]. This might not only affect the overall retail

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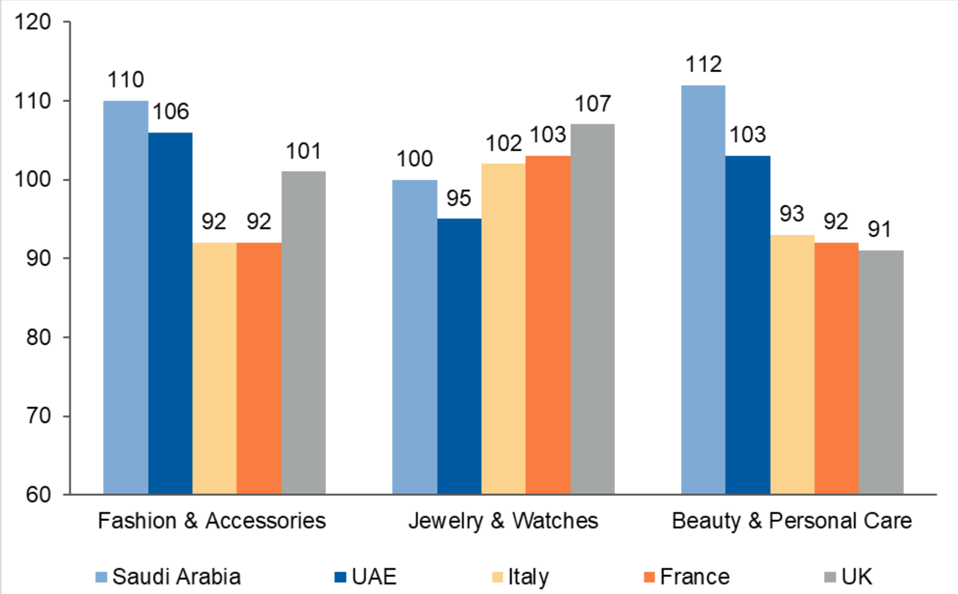
[231] Source: "How UAE retailers are limiting inflation impact on customers", Khaleej Times, July 23, 2022
[232] Source: "Rents keep rising while space is in short supply at Dubai's malls", Arabian Gulf Business Insight, August 9, 2024
[233] Source: JLL, Valustrat, REM
[234] Source: "100% Saudization of malls comes into force", Saudi Gazette, August 4, 2021
[235] Source: "Value-Added Tax In Gulf Cooperation Council And Its Rates", Charles & Darwish Associates, May 18, 2023
[236] Source: "Shopping for growth: how to build an urban retail destination" Strategy& Middle East (PwC network), August 12, 2024

sales but also build a negative consumer perception that can impact buying behaviour and sentiments, leading to lower footfalls in the GCC for luxury shopping.

Exhibit 37: Luxury Product Prices (GCC vs EU Nations; as of March 2024)



Source: Strategy& ME (PwC)
Note: Indexed to 100

6. Trends

Omni-Channel Business Models Gaining Prominence

The dynamic market developments in terms of price, speed, and connectivity have accentuated the need for retailers to adopt omni-channel business models

Consumer expectations are evolving rapidly, with an increased demand for seamless and integrated shopping experiences. This, coupled with the rising pressure exerted by the growing prominence of e-commerce in the GCC, has led to the brick-and-mortar retailers rapidly focusing on amplifying their digital and online capabilities to enhance customer services. The dynamic market developments in terms of price, speed, and connectivity have accentuated the need for retailers to adopt omni-channel business models to remain competitive. In the current economic environment, omni-channel marketing is also being used as an opportunity by several established retailers and international brands to launch targeted and personalized campaigns for the growing tech-savvy millennial population in the GCC[237]. In addition to launching their own digital platforms, several major retail players have leveraged mobile applications and also collaborated with existing e-commerce marketplaces to push products through online channels. This is likely to allow retailers to substitute traditional infrastructure investments with cost-effective and scalable technology solutions, offering substantial financial benefits.

On the other hand, brick-and-mortar retailers have also started collaborating with influencers and ambassadors to livestream in-store events to generate brand popularity. Several brands are shifting focus from traditional media channels to influencer marketing to build brand loyalty and change consumer perceptions. Marketing agencies are adopting data-driven methods, transitioning from celebrities to micro influencers for a more relatable connection with audiences. According to YouGov, UAE-based brands implement up to five campaigns annually, with 59% investing over US$ 68,000 each year in influencer marketing initiatives. The concept of influencer marketing not only bridges online and offline interactions seamlessly but also helps communicate the message of ethical shopping to millennials with growing interest in sustainability, driving a surge in eco-friendly and organic products[238].

Integration of Advanced Technologies

By leveraging advanced technologies into their omni-channel strategies, retailers can tailor offerings to individual customer preferences, enhancing the shopping experience and fostering loyalty

Digital transformation in the GCC retail industry is escalating at a rapid pace with operators investing in implementing new technologies to create better customer experiences, optimize business processes, reduce costs, lower staff workloads, and build a flexible and growth-oriented business model. Retailers plan to leverage advanced technologies such as cloud computing, big data analytics, robotics, artificial intelligence (AI), machine learning (ML), virtual reality (VR) and augmented reality (AR) to meet customer requirements while also enhancing their understanding of information through visualization and simulation technologies. By leveraging these advance technologies into their omni-channel strategies, retailers can tailor offerings to individual customer preferences, enhancing the shopping experience and fostering loyalty[239].

Retailers are already using predictive and prescriptive data analytics, allowing them to manage their inventory, merchandising, and devising a sustainable procurement strategy. With AR and VR, retailers are assisting shoppers in their shopping experience, from driving to the correct aisle to recommending what best suits their needs. For instance, Lululab, a Korean cosmetics company, launched an AI mixed reality-powered unmanned virtual beauty

[237] Source: "The Convergence of Tech-savvy Consumers and Omnichannel Retail in the GCC", Retail ME, February 28, 2024
[238] Source: "Dubai's shift in consumer behaviour fuels influencer marketing surge", The Economic Times, December 15, 2023
[239] Source: "The Rise of Omni-Commerce in the Evolution of UAE's Fashion Retail Industry", Maersk, July 26, 2023

store in Dubai. It helps consumers with personalized skincare recommendations via a kiosk that receives a selfie, and based on the facial image determines skin conditions and recommends cosmetics accordingly[240]. Similarly, cloud computing is enabling real-time access to operational and inventory data, enhancing user experience, and increasing profitability. With cloud computing, several retail companies are managing multiple stores at different locations and enhancing their decision-making process. At the same time, changing inventory and logistics functions are encouraging retailers to adapt AI and robotics in retail warehousing functions. Retailers are also leveraging Internet of Things (IoT) in the form of sensors and beacons to personalize the shopping experience for consumers through smartphones, provide cross-selling suggestions and notifications about product availability based on consumers' purchasing histories, and product preferences among others[241]. Such tech-enabled customizations, coupled with targeted promotions and in-store interactive experiences, increases customer engagement and purchase likelihood. This approach is crucial for medium and large-scale retailers aiming to maintain a competitive edge and build a deeper connection with their customers.

Tech-enabled customizations, coupled with targeted promotions and in-store interactive experiences, increases customer engagement and purchase likelihood

Among the GCC nations, UAE remains at the forefront of implementing advanced technologies in its retail ecosystem. According to a survey by PYMNTS, 89% of UAE retail shoppers and 45% of grocery shoppers leverage digital tools while browsing in physical stores[242]. Recently, UAE-based retail technology company Pathfinder unveiled RetailGPT, a digital platform that acts as an extension of physical stores into the digital world powered by Gen AI, at the Dubai's leading Food Business Forum. It is a smartphone-based app that allows retailers to harness the insights of customer data to optimize processes, customer experience and profitability. The Phygital retail commerce partner also offers shoppers a seamless platform for personalised shopping, integrating retailer rewards and offers, while adapting to individual user habits to tailor product suggestions[243]. Reem Mall in Abu Dhabi became the world's first fully-enabled offline-to-online high-tech shopping center. Dubai-based Hypermedia, a subsidiary of the W Group, announced plans of rolling out one of the largest immersive digital networks, with more than 200 digital signages and promotional spaces in Reem Mall. The company's AI-enabled software, which integrates with any digital signage CMS platform in Reem Mall coupled with the 24 x 7 data analytics services aims to deliver real-time audience insights that will bring about more personalized messaging, making room for optimization, efficiency, and more accurate marketing strategies[244]. Recently, Dubai opened a completely artificial virtual shopping center called 'The Mall of the Metaverse'. Housed in Decentraland, one of the world's most advanced metaverse platforms, the virtual shopping center contains Carrefour, VOX Cinemas, THAT Concept store, Ghawali and Samsung, among others[245] As these technologies become more affordable and widely accessible, retailers across the region are expected to leverage them to enhance shopping experience and offer immersive store experience to ensure continued consumer footfall.

Short-Term Credit Facilities - Buy Now Pay Later (BNPL)

As consumers are becoming more conscious about their spending habits amid rising inflation, FinTech enablers and banks across the GCC are working to cushion the impact of the economic crisis by offering flexible payment schemes. Consequently, newer trends such

[240] Source: "Dubai: How brands can leverage technologies to underpin the consumer shopping experience", Gulf Business, December 4, 2021
[241] Source: "Technology Trends in GCC Countries: A Bird's Eye Overview", SimpliLearn, August 13, 2024
[242] Source: "89% of UAE Retail Shoppers Leverage Digital Tools in Physical Stores", PYMNTS, June 6, 2024
[243] Source: "Introducing RetailGPT, the digital platform radically redefining the future of retail", Zawya, June 25, 2024
[244] Source: "Hypermedia and Reem Mall introduce first of its kind digital ad shopping experience", Middle East Campaign, September 25, 2023
[245] Source: "Shop in metaverse—Dubai's virtual mall launched in Decentraland", Wired, February 20, 2024

BNPL has started experiencing significant growth in the GCC with consumers increasingly adopting this payment method for various online and offline purchases

as BNPL has started experiencing significant growth in the GCC with consumers increasingly adopting this payment method for various online and offline purchases. Initially accentuated during the COVID-19 pandemic when shoppers resorted to e-commerce platforms for purchases, the product has continued to gain popularity.

This has led several existing players such as Saudi Arabia-based Tamara and UAE's Spotii, Tabby, Cashew, and Postpay raise multiple rounds of funding from local and foreign institutions to enable them to meet the growing customer demand. At the same time, newer players are also capitalizing on the trend with niche offerings. For instance, Dubai-based Astra Tech's subsidiary Quantix Technology Projects was recently granted a license for offering microfinancing to UAE residents. The FinTech company offers personal loans, short-term credit, auto loans, BNPL (Buy Now, Pay Later), RNPL (Rent Now, Pay Later), and SNPL (Send Now, Pay Later) among other services as demand for short-term credit continues to rise[246]. Similarly, First Abu Dhabi Bank (FAB) has entered a strategic partnership with Mastercard to launch the SlicePay card under its Dubai First trademark in the UAE. The BNPL solution allows shoppers to convert their purchases into four interest-free installments[247]. Saudi Arabia-based JeelPay that developed a solution to facilitate the payment and collection process in educational institutions (Study Now Pay Later model) has also recently launched BNPL services[248]. On the other hand, Tamara has collaborated with Uqudo to streamline the user onboarding process, fortify fraud prevention measures, and ensure a secure experience for its expanding customer base[249].

Amid such dynamics, the Central Bank of the UAE (CBUAE) announced new regulations to oversee BNPL services in December 2023. According to the CBUAE, businesses providing BNPL services must now operate as agents of licensed banks or financial institutions, with approval from the central bank[250]. Similarly, the Saudi Central Bank (SAMA) issued guidelines aimed at regulating the licensing and setting minimum standards for the BNPL companies in December 2023[251]. Having a bank involved in the process, which acts as guarantor to what the BNPL offers, essentially widens the safety for consumers. This not only helps establish consumer trust and build a sound financial ecosystem but also enhances consumer engagement, loyalty, and competitive advantage.

Rising uptake of the payment method among shoppers, coupled with new entrants in the sector, is expected to support the growth trajectory of the market. This, coupled with the introduction of regulations, create an attractive funding opportunity for global investors. At the same time, the market is likely to witness consolidation as competition continues to grow and incumbent players looking to expand through organic strategies. For instance, Tabby recently announced plans to acquire Saudi Arabian digital wallet Tweeq. While Tweeq will continue to operate independently, the deal will help Tabby explore expanding its financial products suite to include digital spending accounts, cards, and money management tools[252]. Several BNPL companies, especially from the UAE and Saudi Arabia, have already raised multiple funding rounds (debt and equity) over the last two years to further scale their product offering in the region (see Exhibit 38).

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[246] Source: "UAE's 'buy now pay later' payments set to hit $2.45 billion in 2024", Khaleej Times, August 21, 2024
[247] Source: "First Abu Dhabi Bank unveils SlicePay BNPL card in the UAE powered by Mastercard", IBS Intelligence, November 6, 2023
[248] Source: "BNPL firm Jeel Pay receives SAMA permit", IBS Intelligence, January 5, 2024
[249] Source: "Uqudo & Tamara to enhance identity verification in BNPL transactions", IBS Intelligence, March 5 5, 2024
[250] Source: "UAE Central Bank Introduces Regulatory Framework for Buy-Now, Pay-Later Providers", White & Case, September 29, 2023
[251] Source: "SAMA issues rules for buy now, pay later companies", Arab News, December 17, 2023
[252] Source: "BNPL app Tabby to acquire Saudi digital wallet Tweeq", Zawya, September 3, 2024

Exhibit 38: Prominent BNPL deals in the GCC by Value (2022-2024 YTD)

Company Name	Segment	Country	Fund Names	Year	Deal Size (US$ Mn)
Tamara	FinTech (BNPL)	Saudi Arabia	Goldman Sachs, Shorooq Partners	2023	250.0
Tabby	FinTech (BNPL)	Saudi Arabia	Wellington Management, Bluepool Capital, STV, Mubadala Investment Capital, PayPal Ventures, Arbor Ventures	2023	200.0
Tamara	FinTech (BNPL)	Saudi Arabia	Goldman Sachs	2023	150.0
Tabby	FinTech (BNPL)	UAE	Atalaya Capital Management, Partners for Growth	2022	150.0
Tamara	FinTech (BNPL)	Saudi Arabia	Sanabil Investments, Coatue, Shurooq Partners, Endeavor Catalyst, Checkout.com	2022	100.0
Tabby	FinTech (BNPL)	UAE	Sequoia Capital India, STV, PayPal Ventures, Mubadala Investment Capital, Arbor Ventures, Endeavor Catalyst	2023	58.0
Tabby	FinTech (BNPL)	UAE	Sequoia Capital India, STV, Arbor Ventures, Mubadala Investment Capital, Global Founders Capital	2022	54.0
Cashew	FinTech (BNPL)	UAE	Mashreq	2022	10.0
Comfi	FinTech (BNPL)	UAE	Undisclosed Investor	2024	5.0
Cashesw	FinTech (BNPL)	UAE	Shaker Group	2024	NA

Source: Thomson Reuters, Company Press Releases

Rising Demand for Healthy and Organic Food Concepts

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

With chronic and lifestyle-related diseases like diabetes, heart disease and obesity becoming a major concern for the GCC population, awareness for healthy eating has spread across the GCC. The regional governments have also started advocating health benefits of non-processed foods and adopted several strategies to promote healthy lifestyle, including implementing policy programmes and educational campaigns that encourage physical activity and reduce sedentary lifestyle. The UAE has been at the forefront of introducing initiatives aimed at community wellbeing and encouraging healthy eating habits[253]. The Ministry of Health and Prevention (MoHAP) has launched the National Nutrition Strategy 2022-2030, which aims to create healthier school settings and coordinate efforts to encourage healthy eating habits[254]. Similarly, the Saudi Food and Drug Authority (SFDA), in collaboration with other government entities, has developed a Healthy Food Strategy (HFS) aimed at enhancing healthy lifestyles and reducing the intake of salt, sugar, saturated fatty acids and trans fatty acids[255]. These initiatives are encouraging private food companies to concentrate on producing healthy food and foodstuffs that contribute to promoting public health. As such, many operators have started offering non-GMO, pesticide-free food with high nutritional value.

There has been a paradigm shift post the COVID-19 pandemic as consumers in the GCC strive to change their dietary habits, leading to the rise in demand for organic food segments. Although the organic food segment in the GCC remains at a nascent stage of development, it holds significant growth opportunities. Consumers have started preferring fresh and plant-based products. This has created a new opportunity for manufacturers to offer a variety of vegetarian and vegan, including dairy-free options. Consequently, the market has witnessed a variety of plant-based meat substitutes, dairy alternatives and plant-based protein

[253] Source: “New initiative launched to promote healthier food choices”, Zawya, August 21, 2022
[254] Source: “UAE launches National Nutrition Strategy 2022-2030 to encourage healthy eating habits”, Healthcare Middle East & Africa, November 30, 2022
[255] Source: “Saudi Arabia’s Healthy Food Strategy: Progress & Hurdles in the 2030 Road”, NCBI, June 22, 2021

powders, catering to the growing consumer interest in sustainable food options. There has also been a surge in organic snack options, including granola bars, chips, popcorn and energy bars that has captured the packaged food industry. Manufacturers are thus focusing on creating healthier, organic alternatives to traditional processed snacks to meet the demand for convenient and 'ready to eat' options. While food chains like Starbucks in the UAE and Kuwait have introduced plant-based meat options in their menu, several domestic brands such as Healthy Farm and Al Islami are also introducing new product lines. A growing number of restaurants in Saudi Arabia too are offering meal plans that send salads and other healthy meals to customers' homes and workplaces[256]. Moreover, the organic and convenient packaged food segment has started witnessing accelerated growth amid rising consumer health consciousness in the region.

Production of organic vegetables, dates, poultry and eggs has been on the rise across the GCC, providing greater retail value to local products

To meet the rising demand, numerous organic farms, markets, and stores have emerged across the GCC. For instance, UAE-based Emirates BioFarm (EBF), the largest organic farm in the country, currently produces more than 55 different types of fruits and vegetables in greenhouses and shade houses along with eggs. It further plans to expand its production using technology to meet the rising demand[257]. Other players in the UAE and Saudi Arabia such as Al Ain Farms, Al Rawabi, Almarai, Emirates Bio Farm, Koita and Greenheart Organic Farms, are also making significant contribution in pushing the industry forward. Recently, the Lulu Group announced plans to increase its Indian agricultural procurements to INR 15,000 crore (US$ 1.8 million) within two years as part of its global expansion strategy. The company is primarily focusing on organic produce, aiming for INR 2,000 crore (US$ 240 million) in organic imports initially, with plans to further double this over the period of time. Investment includes a logistic hub in Noida and a food plant in Kashmir. The imports primarily include commodities such as fruits, vegetables, rice, tea, sugar, spice and millets[258].

To support the drive for organic produce and encourage sustainable production, the UAE's Ministry of Environment and Water (MOEW) has launched several awareness programmes that address organic farming, environmental issues, health issues, as well as affordability. The Ministry has established a large number of organic farmers' markets, helping farmers sell their products and increase awareness about organic food among consumers[259]. On the other hand, Saudi Arabia has initiated a programme to help small farmers switch to organic farming as part of a goal to bolster organic output by 300% by 2030[260]. Consequently, production of organic vegetables, dates, poultry and eggs has been on the rise across the GCC, providing greater retail value to local products.

[256] Source: "Embracing healthy eating habits, Saudis swap kabsa for kale", The Arab Weekly, March 1, 2023
[257] Source: "In the UAE, this Farm Wants to Create an Ecosystem of Sustainable Agriculture", Foodtank, June 22, 2023
[258] Source: "Lulu Group aims to up agri sourcing from India to Rs 15,000 crore in two years, says CMD", Economic Times Retail, September 11, 2024
[259] Source: "Organic Farming in the UAE – The Need of the Hour", AAAKSC, May 26, 2021
[260] Source: "Agri-tech & Food Security in the GCC - Covid-19 Response Report", Oxford Business Group, April 2022

7. Merger and Acquisition (M&A) Activities

Consolidation in the retail industry is likely to intensify as the pressure on companies to drive earnings and gain market share continues to mount in the face of rising competition

M&A activities across the GCC retail industry has remained relatively subdued in recent years. Since the beginning of 2023, the region has witnessed six deals with all the transactions being within intra-regional players. This is largely in contrast to around 13 deals concluded in 2022, of which five comprised of cross border transactions as companies focused on strengthening their geographical presence while also expanding and diversifying their product offerings. There were a total of 19 M&A transactions between 2022 and 2024 YTD, with Saudi Arabia and the UAE attracting most number of deals compared to the other GCC nations. During this period, there were five deals wherein regional operators made strategic investments and acquired stakes in foreign retail establishments to diversify their geographical presence (see Exhibit 39). The industry is likely to witness further inorganic growth strategies as companies look to capitalize on the burgeoning demand for both domestic and imported goods across the GCC.

The uncertain global macroeconomic environment, coupled with rising inflation and operational challenges impacting profitability will likely motivate retailers and brand operators to pursue consolidation. Moreover, the need for businesses to remain competitive amid proliferation of e-commerce and online channels is likely to enhance the retail M&A landscape in the GCC. Brick-and-mortar retailers, especially lifestyle-oriented brands, have increased their focus towards adopting and integrating technology to streamline operations and provide personalized offerings. The majority of them are investing in advanced digital solutions and creating omni-channel strategies to enhance customer experience. As the regional retail landscape continues to evolve, larger e-commerce players are likely to acquire niche operators offering customized products and services while traditional players will continue to collaborate with digital platforms to enhance their product visibility and reach out to a wider audience. As such, consolidation in the retail industry is likely to intensify as the pressure on companies to drive earnings and gain market share continues to mount in the face of rising competition.

Exhibit 39: Major M&A Deals in the GCC Retail Industry (2022 – 2024 YTD)

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US$ Million)	Percent Sought (%)
Noon	Saudi Arabia	Namshi	UAE	2022	335.2	100.0
Aramex	UAE	MyUS	USA	2022	265.0	100.0
Saudi Egyptian Investment Co.	Saudi Arabia	B. Tech	Egypt	2022	150.0	34.0
BinDawood Holding Co.	Saudi Arabia	Jumeirah Trading Co.	Saudi Arabia	2024	49.7	100.0
Abdullah Al Othaim Investment Co.	Saudi Arabia	Innovative Outfit Trading Co.	Saudi Arabia	2023	30.7	100.0
Emirates Telecom Group	UAE	Service Souk JLT	UAE	2023	22.1	100.0
Etisalat	UAE	elGrocer	UAE	2022	10.4	100.0
Snoonu	Qatar	Akeed	Oman	2022	10.0	NA
All Over Group	Kuwait	Blockat	Kuwait	2022	3.6	25.0
Leejam Sports Co. JSC	Saudi Arabia	TATWEER Sports Co.	Saudi Arabia	2023	3.2	NA
Tamimi Markets Co.	Saudi Arabia	Al-Raya For Foodstuff	Saudi Arabia	2024	NA	100.0

Cenomi Retail	Saudi Arabia	Abdullah Al Othaim Fashion	Saudi Arabia	2024	NA	100.0
Retailo	Saudi Arabia	DXBUY	UAE	2022	NA	100.0
GMG	UAE	Géant	UAE	2022	NA	100.0
BinDawood	Saudi Arabia	Ykone	France	2022	NA	80.5
Jadwa E-commerce Opportunities Fund	Saudi Arabia	Dabdoob	Kuwait	2022	NA	70.0
Chalhoub Group	UAE	Threads Styling	UK	2022	NA	NA
Al Maya Group	UAE	Conektr	UAE	2022	NA	NA
Sary	Saudi Arabia	Mowarrid	Egypt	2022	NA	NA

Source: Bloomberg, Thomson Reuters Eikon

Note: Data sourced for the period 01 January 2022 to 10 September 2024. Only completed deals under consideration.

Country Profiles

UAE

Key Growth Drivers

- **Demographics:** A diverse consumer base, comprising of significant expatriate and sizeable millennial population, will continue to propel the UAE's retail market. At the same time, a constant growth in the number of HNIs/HNWIs, is likely to aid the luxury goods segment. IMF projects UAE's population to grow at a CAGR of 0.7% between 2023 and 2028.
- **Per capita Income:** IMF projects UAE's GDP (PPP) per capita to increase at a CAGR of 5.4% between 2023 and 2028. This will lead to higher disposable income driving demand for a wide range of retail goods, from everyday products to luxury items.
- **Travel and Tourism:** Growth in tourist numbers continues to contribute to the UAE's retail sales, especially in the luxury segments and duty-free shops. The country's strategic location, expanding airline network and liberalized visa norms further enhances its appeal as a shopping destination. Moreover, events such as the Dubai Shopping Festival, Dubai Summer Surprises and a pipeline of cultural and sports events will help attract both residents and tourists, stimulating retail spending.
- **E-commerce:** There has been rapid growth in e-commerce with several new players establishing base while existing platforms continue to grow organically. To capitalize on the growing online sales, retailers are increasingly adopting omni-channel strategies to cater to growing consumer preferences.

Recent Industry Developments

- In May 2024, Abu Dhabi opened doors to the US$ 1.3 billion Reem Mall, consisting of more than 400 retail stores and 80 F&B outlets. A phygital store is expected to be introduced by the end of the year. The 186 sqm GLA shopping complex is anticipated to record a footfall of 16-18 million annually.
- In February 2024, Emaar Properties completed the design of 'Dubai Square', the planned second-largest shopping and entertainment mall in Dubai Creek Harbour. Emaar will be implementing and deploying advanced AI systems to analyze and predict the needs of retailers and visitors in the future.
- In December 2023, UAE and Australia announced the commencement of negotiations for a CEPA. The UAE is already a key import market for Australian goods including alumina, meat, and oil seeds among others.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP Growth at Current Prices	%	-0.6	4.7	5.9
GDP (PPP) per Capita	US$	92,074.9	96,846.8	119,905.8
Population	mn	9.7	9.8	10.1
Inflation	%	1.6	2.1	2.0
International Tourist Arrivals	mn	28.2	29.8	37.7

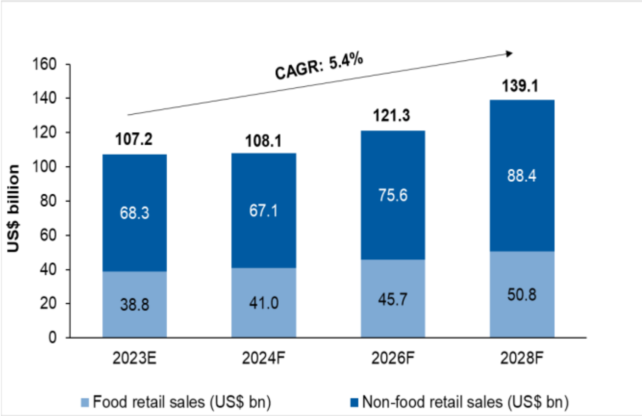
Source: IMF – April 2024, UNWTO
Note: E – Estimate, F – Forecast

Select Players

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

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2023E – 2028F)



Source: Alpen Capital
Note: E – Estimate, F – Forecast

Saudi Arabia

Key Growth Drivers

- **Demographics:** An expanding consumer base, characterized by an affluent population and growing proportion of youth, continues to transform Saudi Arabia's retail landscape. Recent economic, social and labor reforms have made the Kingdom one of the top destinations for professional expatriates and international brands. IMF projects Saudi Arabia's population to grow at a CAGR of 2.0% between 2023 and 2028.
- **Per capita Income:** IMF projects Saudi Arabia's GDP (PPP) per capita to expand at a CAGR of 3.8% between 2023 and 2028. A large and growing working-class population, rising disposable incomes, and increased consumer spending is expected to translate into significant demand for a wide range of retail products, ranging from essentials to luxury items.
- **Travel & Tourism:** Saudi Arabia aims to host 30 million pilgrims by 2030 as part of a broader aim to attract 150 million tourists annually in line with its Vision 2030. The opening up of the economy coupled with transformative measures is likely to translate to higher retail sales.
- **Airport Expansion Plans:** Construction of the King Salman International Airport in Riyadh, the Red Sea Airport, and expansion of the King Abdulaziz International Airport in Jeddah will aid duty free sales in the Kingdom.
- **E-commerce**: The Kingdom's Vision 2030 plan singles out e-commerce as a critical lever to foster the expansion of SMEs. It has built plans for national infrastructure development in logistics, warehousing and shipping for e-commerce growth.

Recent Industry Developments

- In September 2024, Shumoul Holding announced that the Avenues Riyadh Mall is 44.5% complete and on track to open in early 2026. It is set to become one of the largest malls in the Middle East, boasting a GLA of approximately 370,000 sq.m. that will house three levels of fashion, food, and entertainment.
- In March 2024, Saudi Arabia unveiled an investment opportunity for the construction of a shopping mall in the Western Medina city. Medina's Municipality announced that the retail project includes the 'construction, operation and maintenance' of the mall, which is estimated to have a GLA of approximately 4,035 sq.m.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP Growth at Current Prices	%	-3.7	3.6	4.6
GDP (PPP) per Capita	US$	68,305.3	70,333.6	82,147.2
Population	mn	32.8	33.5	36.2
Inflation	%	2.3	2.3	2.0
International Tourist Arrivals	mn	27.4	30.3	37.6

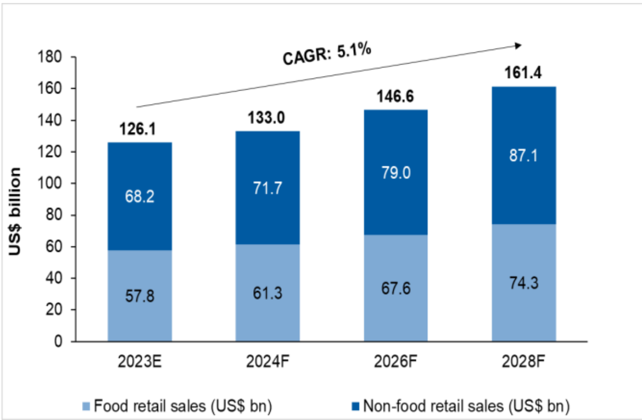
Source: IMF – April 2024, UNWTO
Note: E – Estimate, F – Forecast

Select Players

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

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2023E – 2028F)



Source: Alpen Capital
Note: E – Estimate, F – Forecast

Qatar

Key Growth Drivers

- **Per capita Income:** Within the GCC, Qatar has the highest GDP per capita. IMF projects the country's GDP (PPP) per capita to expand at a CAGR of 5.6% between 2023 and 2028. This higher disposable income will lead to strong consumer spending across retail categories, including luxury goods.
- **Travel & Tourism:** Qatar's tourism industry is on the rise with the successful hosting of the FIFA World Cup in 2022. The country has also bid to hold several other international sporting and entertainment events that will aid tourism spending.
- **Infrastructure Developments:** Qatar's retail real estate market is estimated to have grown by 200% since 2015, reaching over US$ 18 billion by mid-2024. Continued urbanization and infrastructure development, including new commercial projects, are creating opportunities for retail growth. Free zones, such as the Qatar Free Zones Authority (QFZA), and expansion of logistics infrastructure are also enhancing supply chain efficiency, reducing costs, and facilitating the entry of international brands and e-commerce.
- **E-commerce:** Sales across e-commerce platforms in Qatar is estimated to have grown at a CAGR of 8.1% between 2018 and 2023. The sector's contribution to GDP stood at 1.2% as of 2023, second highest in the region and above the GCC average of 1.0%. Accounting for 13.2% of the total GCC e-commerce market as of 2023, the industry is witnessing an influx of platforms offering niche products and services.

Recent Industry Developments

- In January 2024, Al Meera Consumer Goods Co. partnered with US-based Veeve to introduce smart carts (equipped with a touch screen, barcode reader, and cameras) for the first time in the region. Customers can log in, scan items, and add them to the cart, eliminating the need for traditional checkout lines.
- In December 2023, Valero Mall in Doha became the first retail hub in the country to provide 24-hour shopping experience.
- E'EMAR Development & Real Estate Investment is constructing a new 50,000 sq.m. high-end luxury shopping center, called the South Mall, in Al Wakrah. The mall will have a hypermarket, top international restaurants and F&B outlets, anchor stores, a sports/recreational club and a go-kart track.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP Growth at Current Prices	%	0.9	4.5	4.5
GDP (PPP) per Capita	US$	108,570.9	112,283.9	142,323.4
Population	mn	3.0	3.0	3.1
Inflation	%	3.1	2.6	2.0
International Tourist Arrivals	mn	3.1	3.1	4.0

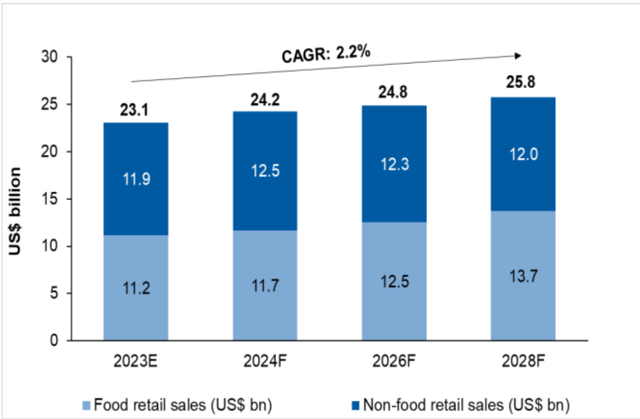
Source: IMF – April 2024, UNWTO
Note: E – Estimate, F – Forecast

Select Players

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

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2023E – 2028F)



Source: Alpen Capital
Note: E – Estimate, F – Forecast

Kuwait

Key Growth Drivers

- **Demographics:** A large proportion of Kuwait's population is young and affluent, creating a strong demand for diverse retail products. Around 70% of the population is comprised of expatriates, leading to the growth of global brands and organized retail concepts. IMF projects Kuwait's population to grow at a CAGR of 2.0% between 2023 and 2028.
- **Per capita Income:** IMF anticipates Kuwait's GDP (PPP) per capita to grow at a CAGR of 2.0% between 2023 and 2028. Steady oil prices should further help improve the level of disposable income, resulting in strong consumer spending across various retail categories, including luxury goods.
- **Travel & Tourism:** Kuwait aims to become a regional hub for commercial, leisure, and tourism destination as part of its Vision 2035. The Touristic Enterprises Company (TEC), backed by the Kuwaiti government, aims to finance a total of 95 tourism initiatives and projects in the country. This is likely to drive the country's retail industry in the long-run.
- **Airport Expansion Plans:** Kuwait International Airport's new T2, estimated to be completed by 2025, will increase the airport's capacity to 13 million passengers per year with the flexibility to raise to 25 to 50 million passengers in the future. It will house an expanded retail space that is likely to draw global brands to establish presence, and also boost duty-free sales.
- **E-commerce:** With high mobile and internet penetration rate (~99%) coupled with rising banking population facilitating e-payments, e-commerce awareness in Kuwait is gaining prominence. Retailers such as Al-Bahar Group have launched omni-channel operations that integrates consumer electronics and home appliances with standalone e-commerce operations.

Recent Industry Developments

- In August 2024, Lulu Group opened its latest hypermarket in South Sabahiya, Kuwait. Spread over 48,000 sq.ft. the hypermarket will offer a wide range of grocery food & non-food, health & beauty, meat & seafood, and local agri products.
- In July 2024, Alshaya Group partnered with Mastercard to expand its loyalty program, Aura. The partnership aims to drive growth of the retail sector across the GCC region and bring additional benefits to Aura members.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP Growth at Current Prices	%	-11.5	-0.9	3.3
GDP (PPP) per Capita	US$	52,823.2	52,274.4	58,207.4
Population	mn	5.0	5.1	5.5
Inflation	%	3.6	3.2	1.8
International Tourist Arrivals	mn	6.3	6.3	7.4

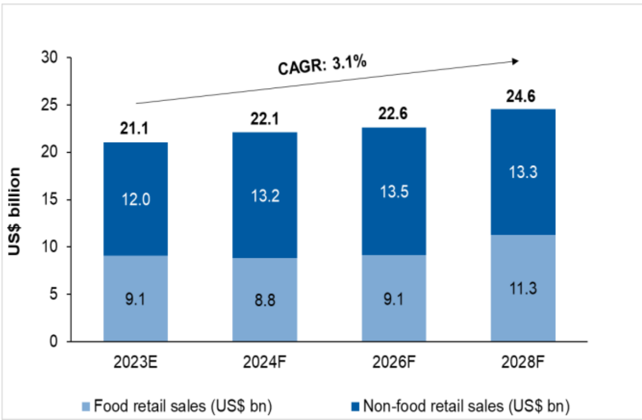
Source: IMF – April 2024, UNWTO
Note: E – Estimate, F – Forecast

Select Players

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

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2023E – 2028F)



Source: Alpen Capital
Note: E – Estimate, F – Forecast

Oman

Key Growth Drivers

- **Demographics:** IMF projects Oman's population to grow at a CAGR of 3.2% between 2023 and 2028. Expatriates and young professionals account for a significant proportion of the country's population, driving retail sales across all categories.
- **Per capita Income:** IMF anticipates Oman's GDP (PPP) per capita to grow at a CAGR of 1.6% between 2023 and 2028. The Sultanate's growing working-class consumer base coupled with rising income levels will drive growth of the retail industry.
- **Travel & Tourism:** As part of its Vision 2040 diversification strategy, the Omani government has boosted investments in the tourism industry with the aim to attract 11.7 million visitors by 2040, 5 million of which are expected to be international tourists. The Sultanate is promoting its natural landscapes, cultural heritage, luxury resorts, and adventure parks as part of the program. This will help drive retail sales, particularly in categories such as F&B, leisure, and luxury goods.
- **Airport Expansion Plans:** The Sultanate is planning to build six new regional airports by 2029. These airports will cater to more than 50 million passengers by 2040, creating significant opportunity for duty-free sales.
- **E-commerce:** Oman's Ministry of Commerce, Industry and Investment Promotion has launched a trio of electronic platforms to help investor community harness the power of digital technologies to enhance efficiency and embrace innovative ways of conducting business.

Recent Industry Developments

- In June 2024, Al Meera Consumer Goods announced a strategic partnership with Shell Oman, marking a significant milestone in expanding its supply chain solutions across Oman. This collaboration will entail Al Meera to provide comprehensive supply chain services for 57 Shell Select convenience stores, which will be co-branded as Al Meera – Shell Select Stores.
- As of January 2024, Oman and India were reportedly close to finalizing the proposed CEPA. As part of the FTA, Oman aims for enhanced access to goods such as downstream petroleum products, fertilizer, food grains, and iron & steel products.
- In July 2023, Belkin International expanded its presence in Oman with a new store in Muscat, in partnership with AAMAAL.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP Growth at Current Prices	%	-4.8	-0.2	4.2
GDP (PPP) per Capita	US$	39,691.2	39,859.5	42,979.8
Population	mn	5.0	5.2	5.9
Inflation	%	0.9	1.3	2.0
International Tourist Arrivals	Mn	4.3	4.9	6.3

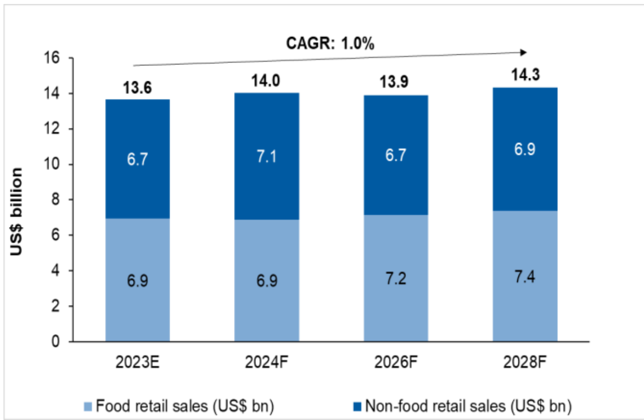
Source: IMF – April 2024, UNWTO
Note: E – Estimate, F – Forecast

Select Players

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

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2023E – 2028F)



Source: Alpen Capital
Note: E – Estimate, F – Forecast

Bahrain

Key Growth Drivers

- **Demographics:** IMF projects Bahrain's population to grow at a CAGR of 2.0% between 2023 and 2028. An expanding consumer base, comprising a high proportion of expatriates and millennials living in urban areas, bodes well for the growth of the country's retail sector.
- **Per capita Income:** IMF expects Bahrain's GDP (PPP) per capita to grow at a CAGR of 2.4% between 2023 and 2028. High standard of living and rising disposable income in the country is likely to drive the demand for international brands and luxury goods among the country's affluent society.
- **Travel & Tourism:** Tourism significantly contributes towards the country's GDP and thus plays an important role in its economic growth. Bahrain plans to attract 14.1 million tourists by 2026 with the government investing more than US$ 10 billion directly in tourism infrastructure projects such as new hotels, theme parks, leisure and entertainment zones, and museums among others. This is likely to boost the country's retail industry.
- **Airport Expansion Plans:** The Ministry of Transportation & Telecommunications has awarded a US$ 1.4 million contract to Netherlands Airport Consultants for conducting an initial study for Bahrain's ambitious greenfield airport project, estimated to cost US$ 10 billion. The new greenfield airport is planned to replace the current Bahrain International Airport (BIA) due to its inadequate infrastructure in meeting the growing demands. This is likely to aid international tourist arrivals, attract international brands, and boost the country's duty-free sales.

Recent Industry Developments

- In May 2024, Italian luxury house Etro inaugurated its new boutique store at the Marassi Galleria Mall in Bahrain.
- In March 2024, luxury boutique brand Chanel opened its first store in Bahrain at the Marassi Galleria mall. The 700 sq.ft. unit offers a wide range of crafted merchandise and clothing range from globally renowned fashion designers.
- In December 2023, MODA Mall announced the opening of a number of high end brand outlets – including Graff, Marli New York, and Grand Seiko- in its premises. Several existing prestigious brands such as Roberto Cavalli, Dolce & Gabbana, and Tudor also expanded their stores in the mall.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP Growth at Current Prices	%	0.7	4.7	4.6
GDP (PPP) per Capita	US$	60,569.1	62,671.2	68,262.1
Population	mn	1.6	1.6	1.8
Inflation	%	0.1	1.4	2.1
International Tourist Arrivals	mn	12.4	12.8	16.8

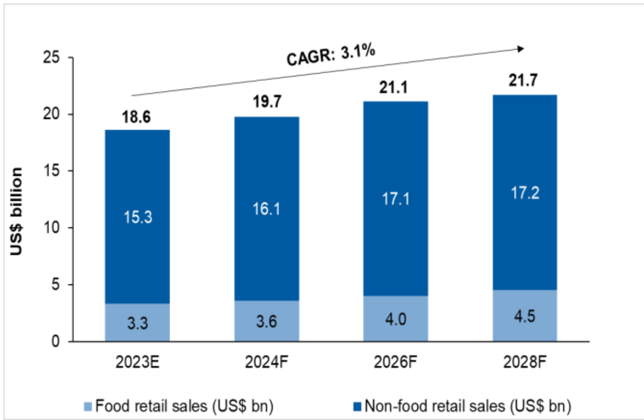
Source: IMF – April 2024, UNWTO
Note: E – Estimate, F – Forecast

Select Players

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

Source: Thomson Reuters Eikon, Company Filings

Retail Sales Forecast (2023E – 2028F)



Source: Alpen Capital
Note: E – Estimate, F – Forecast

Company Profiles

Abdullah Al-Othaim Markets Co. (Publicly Listed) — Saudi Arabia

Company Description

Established in 1980 and headquartered in Riyadh, Abdullah Al-Othaim Markets Co. SJSC (AAMC) is engaged in wholesale and retail trade of electronics, homecare, baby care, health & beauty, and food & beverage supplies. Additionally, AAMC develops, operates, and manages supermarkets, commercial complexes, bakeries, and cafes. As of June 2024, AAMC operates 376 stores (including supermarkets, hypermarkets, convenience, and wholesale stores) in Saudi Arabia and 53 in Egypt. The company's other business interests include vegetable and fodder cultivation, livestock and poultry breeding, general trading, land acquisition, and contracting in Egypt.

Business Segments/Product Portfolio

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

Recent Developments/Future Plans

- In December 2023, AAMC acquired 100% of Cenomi Retail for a total transaction value of SAR 120 million (US$ 32 million), plus the value of inventory on hand.
- In August 2023, AAMC opened its new branch in Damad District in Jazan region, Saudi Arabia.

Financial Performance				
US$ Million	**2021 YE Dec**	**2022 YE Dec**	**2023 YE Dec**	**Change y-o-y (%)**
Revenues	2,241.3	2,546.9	2,721.3	*6.9*
COGS	1,764.4	1,990.6	2,115.5	*6.3*
Operating Income / (Loss)	94.0	109.6	122.8	*12.0*
Margin (%)	4.2	4.3	4.5	
Net Profit / (Loss)	80.8	288.7	132.6	*-54.1*
Margin (%)	3.6	11.3	4.9	
ROAE (%)	20.4	76.0	35.0	
ROAA (%)	6.0	20.0	8.5	

Source: Company Website, Company Filings, Thomson Reuters, NEWS Articles

Current Price (US$)	**3.2**

Price as on September 20, 2024

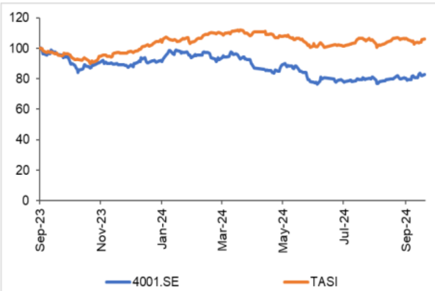
Stock Details	
Thomson Reuters ticker	4001.SE
52 week high/low	2.9/3.8
Market Cap (US$ mn)	2,837.2
Enterprise value (US$ mn)	3,421.8
Shares outstanding (mn)	900.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	SAR	**US$**
3M	13,361.6	3,563.5
6M	20,120.7	5,366.2

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2023	**LTM**
P/E (x)	24.0	26.9
P/B (x)	9.8	9.7
EV/Sales (x)	1.3	1.2
Dividend Yield (%)	4.6	5.1

Source: Thomson Reuters

Shareholding Structure	
Al Othaim Holding Co.	33.87%
Marwan Ahmed Mohammed Ibrahim	0.17%
Others	65.96%
Total	**100.00%**

Source: Thomson Reuters

Abu Issa Holding (Privately Owned) Qatar

Company Description

Founded in 1981, Abu Issa Holding (AIH) is a Doha-based conglomerate with majority stakes in over 70 businesses across 11 sectors, including retail, distribution, telecommunications, IT, energy and engineering, construction support services, investment, real estate, and marketing among others. Within the retail segment, it operates more than 350 stores, including over 78 local and international brands, across the GCC, Middle East and one in South Africa. It also has over 20 own-concept retail businesses, developed in-house by the company. AIH's retail division offers a diverse range of products, including luxury goods, fashion, electronics, and more. AIH's retail business incorporates international brands as well as its own concept brands.

Business Segments/Product Portfolio

- **Retail:** AIH's retail business is divided into two types of stores, international and own concept brands.
  - **Own Concept:** Under this segment, AIH operates and manages Blue Salon, a one-stop shop with over 100 retail stores offering high-end fashion, watches, jewelry, perfumes, cosmetics, home decoration, luggage, and many other products. Other brands within the company's own concept segment includes Voulex Vous, Twinkle Twinkle, Toys4Me, Takara, Secret Notes, Scentana, Pari Gallery, Out of the Blue, Oryx Dry Clean, Nest Home Living, Mosafer, Momento, Karisma Cosmetics, Highland KIDS, Highland, Gold Gourmet, Falta, e-Pro Solutions, Byerley, Bissan Gallery, Asala, and Arabesq.
  - **International Brands:** Under this segment, AIH operates and manages brands such as Zuhair Murad, Triumph, The Face Shop, Samsonite, Replay, Perfume Museum, Paşabahçe, Nespresso, Morgan de toi, Montegrappa, Memo Paris, Maison Francis Kurkdjian, MCM, Luisa Spagnoli, Kilian, Khan Al Saboun, Godiva, Flormar, Enza Home, EX Nihilo, Cole Haan, Bugatti, Breitling, and Al Shaya Perfumes.
- **E-Commerce:** AIH operates multiple e-commerce platforms for several of its brands, including Blue Salon, Bill Jumla, The Face Shop, Karisma Cosmetics, Pari Gallery, Toys4Me, Fatta, Mofaser, Cole Haan, Samsonite, American Tourister, Out of The Blue, Gold Gourmet, Triumph, Replay, and Topside.
- **Distribution & Logistics Services:** As part of its business services, AIH distributes FMCG, pharmaceuticals, accessories, eye-wear, fashion, cosmetics, jewelry, leather items, luxury goods (watches and fragrances), and technology products among others across the Middle East and globally. This division's key brand portfolio includes Abu Issa Brothers (operates retail business across the UAE, distributes brands across GCC, offers logistics services) and Abu Issa Marketing & Distribution (distributes multi-industry products across Qatar).
- **Furniture & Interior Design:** AIH offers interior design services from concept to design to execution. Some of the popular brands operated by AIH are Elcir, Poltrona Frau, and Ethan Allen.
- **Auction & Art:** AIH owns the GCC auction houses Al Bahie and Bissan Gallery, which sells antiques, paintings, watches and clocks, motor cars and jewelry.

Recent Developments/Future Plans

- In March 2024, AIH was selected in Forbes 'Top 100 Arab Family Businesses' in Middle East 2024.
- In February 2024, AIH's Secret Notes launched Floris London's new fragrance, Santal Intense, crafted exclusively for the Middle East consumer base.
- In September 2024, AIH partnered with Printemps Doha in the launch of the new Memo Paris fragrance 'Inverness' in Doha.

Source: Company Website, NEWS Articles

Al Mana (Privately Owned) Qatar

Company Description

Established in 1951, Al Mana is a Doha-based conglomerate operating across various industries, including engineering, technology, media, retail, F&B, real estate, investments, and automotive distribution and services among others. It operates and manages over 55 companies in eight countries across the region. Al Mana's retail business operates around 300 stores, offering a portfolio of renowned international brands that sell luxury products, home design and interiors, fashion, watches, and jewelry.

Business Segments/Product Portfolio

- **Retail:** Under this segment, the group offers a wide selection of goods from 27 prestigious and well-known international brands including Adolfo Dominguez, Amarni Exchange, BoConcept, Calvin Klein, Courir, Etam, Furla, Go Sport, iconnect, La Rose, Lindex, Lush, Mango (including kids), NBA Sports, OVS, Parfois, Portmeirion, Peter Reed, Pronovias, Sephora, The British Home Store, The One, Wojooh, Women'secret, Tous, Zara, and The Humble Co.
- **Luxury Brands:** Under this segment, Al Mana operates franchises of luxurious brands such as Hermes Paris, St. Louis, Puiforcat, Giorgio Armani, Emporio Armani, John Lobb, Harvey Nichols, Chole, Diptyque, Agnona, Tadashi Shoji, Kenzo, Balmain, Moschino, Marc Jacobs, MSGM, Patachou, Bonpoint, Emilio Pucci, Aigner, Azzure, Bugatti, Escada, Missoni, Etro, Barrow, Just Cavalli, Elisabetta Franchi, and Jessie & James among others.
- **Jewelry, Watches & Eyewear:** The group offers a comprehensive range of brands in the jewelry, watches, and eyewear categories. Some of the key brands offered include Hugo Boss, Guess, Gucci, Longines, Rivoli, Mont Blanc, Calvin Klein, Cartier, Balmain, Rado, Omega, Ray-Ban, Rivoli Group, Swatch, Tissot, and Tom Ford among others.
- **F&B:** Al Mana operates F&B establishments for companies such as McDonald's, Haagen-Dazs, Emporio Armani Caffè, Margherita, Illy Caffe, Batteel Caffe, Abd el Wahab, Casper & Gambini's, Busaba, Ronnefeldt Tea Shop, Caffe Concerto, and Nestle.
- **Automotive:** Saleh Al Hamad Al Mana Company, part of the Al Mana group, is the exclusive distributor of automobile brands such as Nissan, Infiniti, and Renault in Qatar. Additionally, it provides car rental services and lease solutions in the country.

Recent Developments/Future Plans

NA

Source: Company Website, NEWS Articles

Al Meera Consumer Goods Co. (Publicly Listed) — Qatar

Company Description

Established in 2005, Doha-based Al Meera Consumer Goods Co. QSC (AMCG) operates various hypermarkets, supermarkets and convenience stores across Qatar and Oman. AMCG operates more than 60 stores across Qatar and 6 stores in Oman with consolidated net selling area of more than 100,000 sqm. Its product range includes beverages, sweets, frozen and fresh food, and groceries. AMCG has a number of wholly-owned subsidiaries including Al Meera Holding Co., Qatar Markets Co., Al Meera Supermarkets Co., and Al Meera Bookstore Co.

Business Segments/Product Portfolio

- **Retail:** AMCG engages in the trading of consumer goods through its hypermarkets, supermarkets and convenience stores in Qatar and Oman. It has signed agreements with two international brands - Casino Group and WHSmith. AMCG holds exclusive franchise rights to WHSmith in Qatar and currently operates two stores in the country.
- **Leasing:** AMCG is engaged in mall management, including the leasing of vacant shops and spaces within Al Meera community malls.
- **Investments:** AMCG's investment segment comprises equity and funds held as financial assets at fair value through other comprehensive income and fixed deposits. Al Oumara Bakeries Co., Al Meera Oman, Al Meera Markets are few of the subsidiaries that the company partially owns.

Recent Developments/Future Plans

- In June 2024, AMCG partnered with Shell Oman to provide supply chain services for 57 Shell Select convenience stores.
- In January 2024, AMCG partnered with Veeve to launch smart carts for the first time in the region.

Financial Performance				
US$ Million	**2021 YE Dec**	**2022 YE Dec**	**2023 YE Dec**	**Change y-o-y (%)**
Revenues	774.8	772.3	779.2	*0.9*
COGS	623.4	621.5	628.4	*1.1*
Operating Income / (Loss)	178.0	179.4	183.8	*2.5*
Margin (%)	23.0	23.2	23.6	
Net Profit / (Loss)	53.7	53.7	49.5	*-7.9*
Margin (%)	7.0	7.0	6.4	
ROAE (%)	12.3	12.3	11.0	
ROAA (%)	7.0	6.7	6.1	

Source: Company Website, Company Filings, Thomson Reuters, NEWS Articles

Current Price (US$)	**4.0**

Price as on September 20, 2024

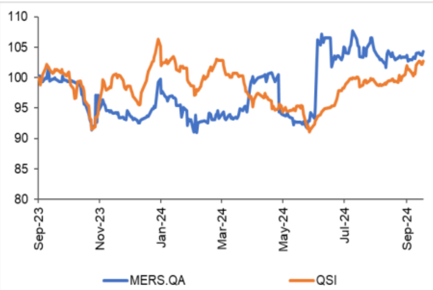
Stock Details	
Thomson Reuters ticker	MERS.QA
52 week high/low	3.3/4.1
Market Cap (US$ mn)	820.0
Enterprise value (US$ mn)	983.4
Shares outstanding (mn)	206.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	QAR	**US$**
3M	1,745.0	479.3
6M	2,191.8	602.1

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples	**2023**	**LTM**
P/E (x)	15.0	16.3
P/B (x)	1.8	1.9
EV/Sales (x)	1.1	1.3
Dividend Yield (%)	NM	5.9

Source: Thomson Reuters

Shareholding Structure	
Qatar Investment Authority	27.65%
GARSI Qatar	5.49%
Hitmi Ali Khalifa Al Hitmi	0.55%
Others	66.31%
Total	**100.00%**

Source: Thomson Reuters

Al Musbah Group (Privately Owned) Saudi Arabia

Company Description

Founded in 1969, Al Musbah Group (AMG) is a Jeddah-based network of companies with presence in diverse businesses across Saudi Arabia. Commencing with retail as its core competency, the group has expanded to serve the real estate, construction, IT, F&B, telecom, and hospitality sectors. Under the retail division, AMG specializes in luxury watches, jewelry, and accessories, representing prestigious international brands to provide a premium shopping experience for discerning clientele throughout Saudi Arabia. AMG has established Duty Free Shops in Saudi Arabia through a partnership with World Duty Free Group. These include prominent locations at the Jeddah airport, along with additional shops at Riyadh and Dammam airports. The group's hospitality unit, Meeza, operates 12 VIP lounges in four international and eight domestic airports across Saudi Arabia, in addition to Meeza First Class and Business Class at Madinah airport.

Business Segments/Product Portfolio

- **Retail:** Under this segment, the company operates SENSI, a perfumes and cosmetics shop offering a diverse selection of premium products. Launched in 2008, SENSI offers more than 2,500 products and over 100 brands. Currently, there are 41 SENSI outlets operating in Saudi Arabia.
- **Travel Retail:** Under this segment, AMG operates Xplora, a travel retail shop offering a variety of products. Located in airports, Xplora sells luxury leather goods, accessories, eye wear, perfumes, books, toys, electronics, souvenirs, and confectionery.
- **Abraj Avenue:** AMG manages Abraj Avenue situated at Abraj Al Bait (Clock Tower) in Makkah. Abraj Avenue offers a wide array of products including international and local brands of perfumes, cosmetics, accessories, silverware, Islamic souvenirs, dates, confectionery, toys, and more.
- **Abraj Hypermarket:** AMG operates Abraj Hypermarket situated at Abraj Al Bait (Clock Tower) in Makkah. Spanning 9,000 sq. m., Abraj Hypermarket provides a wide array of essentials ranging from groceries to general merchandise, Islamic souvenirs, toys, gift items, and more. Operating round-the-clock, the hypermarket caters specifically to pilgrims visiting the Holy City of Makkah.
- **Galaxy Gold & Jewelry:** AMG sells jewelry under the brand Gold of the Kingdom. These outlets offer exclusive Galaxy Gold & Jewelry in Jeddah, Makkah, Madinah, Riyadh, Dammam, and Abha airports.
- **F&B:** AMG operates restaurants under the Modern Foods brand, which are strategically located in airports, downtown areas, and government offices throughout Saudi Arabia. The company has established a partnership with SSP Group to enhance expertise and improve its services in the industry.
- **Automotive:** AMG's First Advanced Auto division, which was launched in 2014, has collaborated with BYD Auto to operate the latter's retail showrooms in Saudi Arabia. Currently, BYD has five showrooms in Jeddah, Riyadh, and Dammam. A new BYD showroom in Abha is expected be opening soon.

Recent Developments/Future Plans

- In August 2023, Hilton announced plans to continue its expansion across Saudi Arabia with the signing of an agreement with Dammam Airport, its first airport hotel in the Kingdom. The 273-key property will be completed in partnership with Al Musbah Group and Damman Airports Company (DACO).

Source: Company Website, NEWS Articles

Al Tayer Group (Privately Owned) UAE

Company Description

Founded in 1979, Dubai-based Al Tayer Group is a conglomerate engaged in retail, real estate, and automobile sectors. Additionally, the group holds investments and partnership deals in various other industries, including construction, fit-out, freight transportation, precision tools manufacturing, travel, healthcare, and cinema exhibitions among others. Within its retail division, Al Tayer Group operates nearly 200 stores across the GCC, featuring a portfolio of international brands in lifestyle, luxury fashion, jewelry, beauty, home, and F&B. The group has a significant digital presence within the GCC through e-commerce platforms such as Ounass.

Business Segments/Product Portfolio

Below are the retail business segments of Al Tayer Group:

- **Departmental Stores:** Under this segment, Al Tayer Group holds the exclusive licenses for Harvey Nichols in the UAE and Bloomingdale's in both the UAE and Kuwait. The Harvey Nichols store, first opened in 2006, spans three levels and covers 136,900 sq. ft., making it the largest outside the UK. Bloomingdale's was launched in Dubai in 2010 with two locations - a three-level apparel and accessories store covering 146,000 sq. ft. and a one-level home store spanning 54,000 sq. ft. Additionally, there is a 93,000 sq. ft. store in Kuwait.
- **Beauty:** Under this segment, the group operates various multi-brand, mono-brand, and concession stores. The multi-brand stores are run under the Areej brand, featuring a portfolio of over 80 brands under one roof, with three locations in the UAE and Oman. The mono-brand stores showcase renowned international names such as Kiehl's, Aveda, and Diptyque. The concession stores are situated within the retail outlets of Harvey Nichols in Dubai and Bloomingdale's in Dubai and Kuwait, as well as Bloomingdale's Beauty concept store in Abu Dhabi. Additionally, the company represents a variety of international perfumes, cosmetics, and skincare brands across the Middle East, including Courreges, La Prairie, and Bulgari.
- **Luxury Fashion:** In 1994, the group launched its inaugural luxury fashion store featuring Giorgio Armani. Since then, it has expanded its partnerships with a range of prestigious international brands such as Emporio Armani, Missoni, Moschino, Gianvito Rossi, Coach, Kate Spade, and Kurt Geiger among others.
- **Home:** Under this segment, the group sells premium and contemporary designer furniture and accessories from Fendi Casa, Roberto Cavalli, Dolce & Gabbana Casa, Minotti, Caracole and Eichholtz, through its homegrown multi-brand concept Aati (two stores) and Bloomingdale's home store (one store).
- **F&B:** The group operates international franchise outlets across the UAE for brands such as Emporio Armani Caffè, Atrium Café, Caffè Nero, Magnolia Bakery, More Café, Ocean Basket, and On Two.
- **Jewelry:** Under this segment, the group operates mono-brand Boucheron boutiques, and a multi-brand concession department within Bloomingdale's. The group's jewelry collection features acclaimed lines such as David Yurman, Marli, Suzanne Kalan, Bil Arabi, and Azza Fahmy.
- **Lifestyle:** Operates brands such as GAP, Banana Republic, Armani Exchange, Mamas & Papas, and Gymshark across the GCC.
- **E-commerce:** The group expanded its e-commerce presence through partnerships and launches, starting with Mamas & Papas and later incorporating GAP. They launched Ounass, a luxury e-commerce platform featuring over 600 brands, and introduced Bloomingdale's online services in the UAE, Kuwait, and Saudi Arabia.
- **Joint Ventures:** The group has joint ventures with several international brands such as Alexander McQueen, Balenciaga, Bottega Veneta, BVLGARI, Gucci, Jimmy Choo, Loro Piana, Prada, Brunello Cucinelli, Saint Laurent, and Thom Browne among others.

Recent Developments/Future Plans

NA

Source: Company Website, NEWS Articles

Alghanim Industries (Privately Owned) Kuwait

Company Description

Established in 1932, Alghanim Industries (Alghanim) is a Kuwait City-based multinational conglomerate with presence in over 30 countries and managing more than 500 global brands. Currently, Alghanim is present in the Middle East, India, and Turkey, with operations extending to Eastern Europe, Africa, East and Southeast Asia. The company primarily operates through its subsidiaries, comprising of over 30 business units. The group's retail business involves automobile distribution, F&B, consumer goods and electronics sales. Additionally, the company has strong affiliations with numerous regional and international brands including, Nokia, Samsung, Acer, Sony, Panasonic, Cisco, Huawei, Xiaomi, Apple, and Beko among others. Alghanim's other business interests include engineering services (home design solutions, electro-mechanical and maintenance solutions for both residential and commercial markets), industrial solutions (insulation services and pre-engineered steel solutions), and other services (wide range of services for the advertising, financial services, office automation, transport & logistics, and travel & tourism sectors).

Business Segments/Product Portfolio

- **Retail & Distribution:** Under this segment, Alghanim offers in-store and online shopping experiences through Xcite Electronics, Safat Home and GTRC.
  - **Xcite Electronics:** Alghanim's Xcite concept stores are the largest multi-brand electronics retailer in Kuwait, featuring a collection of over 300 global brands. There are a total of 48 Xcite stores, including express and 24/7 locations, across Kuwait. Xcite concept stores offer touch and feel displays, cash and carry shopping with gadgets and gizmos to create superlative experience. X-cite has also expanded to Saudi Arabia, where it has opened eight stores along with an online presence.
  - **Safat Home:** Founded in 2004, Safat Home sells a broad range of home furnishing products. It has presence in six different locations within Kuwait.
  - **GTRC Distribution:** Alghanim's wholly owned subsidiary, Gulf Trading and Refrigerating Company (GTRC), is involved in distribution of FMCG products in Kuwait. The company handles products of more than 100 brands from international companies in food and non-food categories including oral care, lighting, oil, rice, spices, dairy, confectionary, ice-cream and beverages.
- **F&B:** Within GCC, Alghanim Industries holds the franchisee rights for operating Costa Coffee (95 outlets in Kuwait) and Wendy's (24 outlets: 17 in UAE and seven in Kuwait).
- **Automotive:** Alghanim Industries is the exclusive distributor in Kuwait for several renowned automakers including Lincoln (one center), Ford (three centers), Chevrolet (three centers), Cadillac (three centers), Honda (four centers), Lotus (one center), Chery (two centers), Exeed (two centers), JAC (one center), and HongQi (one center). Additionally, the company offers services such as car repairs, car accessories and customization, and car rentals under this segment.

Recent Developments/Future Plans

- In September 2023, Alghanim announced a strategic partnership with China-based luxury automotive brand, Hongqi. As part of the agreement, Alghanim will introduce Hongqi in the Kuwaiti automotive market.
- In May 2023, Alghanim partnered with Chinese manufacturer JAC Motors to open a new JAC Alghanim showroom. The JAC Alghanim showroom showcases a comprehensive collection of JAC vehicles, including the J7 Sedan, the S3 and JS4 SUVs, the T8 Pickup, the M4 Cargo, and the N Series trucks.

Source: Company Website, NEWS Articles

Ali Bin Ali Holding (Privately Owned) Qatar

Company Description

Founded in 1945, Ali Bin Ali Holding (ABA) is a Doha-based diverse conglomerate that is engaged in a wide range of business activities across multiple sectors. Within retail, the group is involved in the distribution of food and non-food consumer products, operation of fashion boutiques, retailing and franchising of sports equipment, ownership and management of hotels and restaurants, mall management, operation of hypermarkets and department stores, bottling and distribution of beverages, supply of medical supplies, and the sale and distribution of consumer electronics, among other ventures. The company's other business interests include construction, contracting & property management, IT services, production & digital house events planning, printing & publishing media, travel & cargo, and logistics services among others.

Business Segments/Product Portfolio

- **Hypermarkets:** ABA operates outlets of French retailer Monoprix in Kuwait, offering food products, household items, clothing, perfumes, and gift items among others. The French retail chain currently has six stores in Qatar: West Bay, Doha Festival City, Medina Centrale at The Pearl, the Smart Monoprix store in Msheireb Downtown Doha, the iConic Monoprix in the Aspire zone, and the new Monoprix store at Place Vendome Mall in Lusail city. Additionally, it operates Monop, a miniature version of Monoprix.
- **Departmental Stores:** ABA manages Galeries Lafayette Doha, a French luxury department store located in Katara - The Cultural Village.
- **FMCG & Distribution:** The company, through its various divisions such as Ali Bin Ali & Partners, International Agencies, and Qatar Quality Products, sells and distributes a wide range of food and non-food consumer products under this segment.
- **Luxury & Fashion:** ABA offers luxury and fashion items, including watches and clocks, exquisite jewelry, classical writing instruments, and sophisticated accessories from globally renowned brands, through its network of exclusive boutiques.
- **Sports & Lifestyle:** ABA, through its subsidiary Sports Gate W.L.L. in Qatar, represents a diverse range of sports and lifestyle brands, including Metalu-Plast, Pavigym, Seabob, Technogym, and U-Boat Worx.
- **Medical Supplies:** ABA specializes in importing and distributing a wide range of products, including medical and surgical equipment, hospital and laboratory furniture, sports and physiotherapy equipment, laboratory and dental equipment, as well as pharmaceutical and natural food products.
- **Beverages:** ABA operates a water treatment plant, a plastic bottle manufacturing facility, and a beverage bottling and packaging factory. The company offers a variety of soft drinks and other beverage products from PepsiCo.
- **Mall Management:** ABA has developed the multi-dimensional project known as 21 High St., an outdoor shopping destination located in Katara Cultural Village. Desert Eye, the Mall Management division of ABA, oversees this project.
- **Hospitality:** ABA develops luxury hotels and innovative restaurant concepts. Some of its portfolio restaurants include 974 Delights, Café Pouchkine, Cioccolatitaliani, Em Sherif Restaurant, Joe's Café, Wahaj, Wagamama, Juan Valdez, and Wahaj Catering.

Recent Developments/Future Plans

- In March 2024, ABA's Monoprix Qatar announced a strategic partnership with Snoonu to enhance and expand supermarket delivery services in the country.
- In November 2023, ABA Fashion announced the inauguration of the new MACH & MACH pop-up store at Place Vendôme Mall in Doha, Qatar.
- In July 2023, ABA's Monoprix Qatar launched its 9th store at the West Walk in Al Sidr Street.

Source: Company Website, NEWS Articles

Apparel Group (Privately Owned) UAE

Company Description

Established in 1996, Apparel Group is a Dubai-based fashion and lifestyle retail company with operations across 14 countries including the GCC, India, South Africa, Poland, Singapore, Jordan, Indonesia, Thailand and Malaysia. Within the retail segment, the group operates more than 2,200 stores representing over 85 brands such as Adidas, Aeropostale, Asics, Bath&Body Works, Clarks, Charles & Keith, Crocs, among others.

Business Segments/Product Portfolio

- **Accessories:** The group operates multi-brand stores in the UAE and Saudi Arabia, specializing in fashion products under this segment. Additionally, it offers a variety of accessories including bags and footwear from renowned international brands such as Aldo (48 stores) and Herschel (three stores) across the GCC region.
- **Cosmetics:** The group owns and operates stores of international cosmetic brands such as Rituals (45 stores), Inglot (27 stores), Forest Essentials (four stores), and Nysaa (one store).
- **Departmental Stores:** Apparel Group operates the Dollar Plus department store, which provides customers with a wide range of general merchandise and seasonal items for household purposes through 16 stores. It also operates HEMA AMSTERDAM (15 stores) in the UAE that sells generic houseware at low prices, as well as five Lakeland stores in the UAE and Qatar that sell kitchenware and ideas for home and garden. Other departmental stores include BBZ (37 stores) and XIMI VOGUE (11 stores).
- **Fashion:** The group operates over 300 stores of international fashion brands such as Adidas, Aéropostale, Ardene, ASICS, BCBGMAXAZRIA, Ben Sherman, Beverly Hills Polo Club, Calvin Klein, F5 Global, Forever New, La Vie En Rose, LC Waikiki, LCW Dream, LCW Modest, Levi's, New Yorker, R&B Fashion, Tommy Hilfiger, Tommy Jeans, Victoria's Secret, and XSide.
- **Footwear:** Apparel Group owns and operates footwear stores of international brands such as ALDO, Athlete's Co., Birkenstock, Brunomagli, Call It Spring, Charles & Keith, Crocs, Clarks, Dune London, FLO, Havaianas, Hush Puppies, Moreschi, Naturalizer, Nine West, SKECHERS, Steve Madden, and TOMS among others.
- **Kids:** The group offers fashion wear for kids and mothers under brands such as ACO. Kids, Babies & More, R&B Kids, SMYK, The Children's Place, and Tommy Hilfiger Kids, etc. through its retail locations across the GCC.
- **Malls:** Apparel Group runs two community centers in Kuwait and one each in UAE and Oman, under the Grand Centrale brand.
- **E-commerce:** The group operates an online retail store, 6thstreet.com, offering a variety of consumer lifestyle and fashion products across the GCC. It features a diverse selection of shoes, bags, and accessories from renowned international fashion brands such as Aldo, New Balance, Nine West, Dune London, Skechers, and Call It Spring among others.

Recent Developments/Future Plans

- In June 2024, Apparel Group collaborated with LikeCard to leverage on its extensive retail expertise and vast network to enhance the digital shopping experience for consumers.
- In June 2024, Apparel Group announced the reopening of Beverly Hills Polo Club at Al Nakheel Mall, Riyadh.
- In May 2024, Apparel Group's R&B Fashion announced plans to increase its footprint by launching 200 new stores across the GCC and India by the end of 2025.
- In May 2024, Hala, an e-hailing taxi solution, signed an agreement with Rituals Cosmetics (Rituals) to introduce Rituals' signature Amsterdam car perfume into Hala taxis within Dubai, UAE.

Source: Company Website, NEWS Articles

Azadea Group (Privately Owned) UAE

Company Description

Founded in 1978, Azadea Group is a Dubai-based retail company specializing in lifestyle products. It owns and manages more than 700 stores across 13 countries across the MENA and Africa regions, venturing in the business with its inaugural store in the UAE in 1993. Currently, the group oversees more than 50 renowned international franchise concepts across sectors including fashion, accessories, F&B, home furnishings, sports equipment, multimedia, beauty, and cosmetics among others.

Business Segments/Product Portfolio

- **Beauty & Cosmetics:** The group offers a single brand - Italy's KIKO Milano - with 77 stores across the UAE (22 outlets), Saudi Arabia (14 outlets), Qatar (eight outlets), Kuwait (13 outlets), Bahrain (five outlets), Oman (three outlet), Lebanon (four outlets), Egypt (four outlets), and Jordan (four outlets).
- **Fashion & Accessories:** The group offers a wide range of internationally renowned brands such as Anthropologie, Bershka, Boggi, Calzedonia, GAP, Intimissimi, Jules, MANGO, Massimo Dutti, Oculis, Oysho, Pull & Bear, Punt Roma, Tezenis, Reserved, Urban Outfitters, Salsa, Sunglass Hut, and Zara among others.
- **Home Furnishings:** The group offers an exclusive collection of furniture and home decor brands such as Mood and Zara Home. The Mood brand has four stores in the UAE, while Zara Home has a total of 31 stores in Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar, and the UAE.
- **Lifestyle & Multimedia:** The group presents a curated selection of lifestyle brands, including Bose, Flying Tiger, and Virgin. Virgin Megastore operates in 30 locations across Bahrain, Egypt, Oman, Qatar, and the UAE. These stores sell a wide range of entertainment and media products such as electronic gadgets, games, movies, music, books and toys, as well as fashion and services to go along with the products. Bose has established two stores in the UAE, while Zara Home has expanded to nine locations in Bahrain, Kuwait, Qatar, and the UAE.
- **Sporting Goods:** The group offers brands like Adidas (eight outlets) and Reebok (five outlets) in Lebanon and Decathlon in various countries across the MENA region. Decathlon has 20 stores across the region - UAE (eight outlets), Qatar & Lebanon (three outlets each), Kuwait & Bahrain (two outlets each), and Jordan & Oman (one outlet each).
- **F&B:** The group's F&B division is spread across the MENA region, including the UAE, Qatar, Oman and Kuwait in the GCC. It features popular brands such as Eataly (four outlets), New Shanghai (three outlets), Paul Depuis (84 outlets), Peal Juice Bars (two outlets), The Butcher Shop & Grill (nine outlets), and Venchi (two outlets).

Recent Developments/Future Plans

- In July 2024, Azadea Group announced plans to raise up to US$ 500 million with the sale of a minority stake in the business.
- In February 2024, Azadea Group partnered with Venchi to launch ChocoGelateria in Dubai.
- In November 2023, Azadea Group's Zara reopened at the Mall of Emirates in Dubai with a new enlarged flagship store.
- In November 2023, Azadea Group's Mango took its New Med concept to Dubai for the first time with the refurbishment of its store in Dubai Mall.
- In April 2023, Azadea Group announced the major rollout of 10 brand debuts among 23 new stores set to open at Abu Dhabi's Reem Mall.

Source: Company Website, NEWS Articles

BMA International Group (Privately Owned) UAE

Company Description

Founded in 1988, BMA International Group (BMA) is a Dubai-based retail company specializing in fashion and mall management. The group's retail operations encompass about 250 outlets under its brands Redtag and Twenty4. Additionally, BMA owns and operates two central distribution centers located in the Jebel Ali Free Zone (JAFZA), managing an annual import of over 12,000 containers. It also offers advertising and digital media services to several retail players, including hypermarkets and supermarkets.

Business Segments/Product Portfolio

- **Fashion Retail:** BMA offers a diverse selection of clothing and accessories for men, women and children through its brands:
    - **Redtag:** Since its establishment in 2006, the group has been known for its diverse range of fashion and home goods, marketed under the Redtag brand. With a presence spanning more than 190 stores across the GCC, Iraq, Uzbekistan, Tanzania, Nigeria, and Yemen, the brand offers a wide selection of products including home decor, crockery, and utensils.
    - **Twenty4:** Since its establishment in 2013, the group has been providing a diverse selection of clothing, accessories, and apparel for men, women, and children through its Twenty4 brand stores. Presently, the group manages 57 retail outlets spanning 900,000 sq. m. throughout the GCC under this brand.
- **Advertising Agency:** BMA, through its brand Orangerie, provides extensive services in advertising, marketing, digital solutions, design, strategy, and event management. Established in 1999, the agency maintains three offices in Dubai (UAE), Bahrain, and Kuwait. It serves a diverse client base including Geant Hypermarkets & Supermarkets, Gulf Mart, Twenty4, Redtag, The Bahrain Mall, Dulux, Ducab, Arabian Adventures, DP World, Emirates Holidays, and Oman Insurance Co.

Recent Developments/Future Plans

NA

Source: Company Website, NEWS Articles

ALPEN CAPITAL

BMMI Group (Publicly Listed) — Bahrain

Company Description

Founded in 1883, BMMI Group is a Bahrain-based diversified company engaged in the wholesale and retail of F&B, as well as various other consumer products. Within the retail segment, the group provides a broad selection of international and domestic brands in beverages, sweets, frozen foods, fresh foods, and groceries through its retail and wholesale outlets. The group also offers supply chain solutions, integrated facility management services, shipping, logistics and procurement services. Operating in eight countries across the MENA region, BMMI has formed numerous strategic alliances with both regional and international partners.

Business Segments/Product Portfolio

- **FMCG:** BMMI, through its wholly owned subsidiary, Nader Trading, is a major distributor and wholesaler of international food and household brands in Bahrain. These brands include MARS, Red Bull, Japan Tobacco, Foster Clarks, American Garden, Yardley, Jergens, Vileda, Colgate - Palmolive, Pert Plus, DAC, Fa, Persil, Walkers Shortbread, and Hunters Snacks among others.
- **Beverages:** Under this segment, BMMI represents global brands such as Bacardi, Brown-Forman, Diageo, Heineken, MacAndrew, and Moët & Chandon.
- **Supermarket:** BMMI owns and operates, Alosra Supermarket, seven stores across the Kingdom in Saar, Janabiyah, Amwaj Islands, Juffair, Riffa, Durrat Al Bahrain, and West Riffa.

Recent Developments/Future Plans

NA

Financial Performance				
US$ Million	**2021 YE Dec**	**2022 YE Dec**	**2023 YE Dec**	**Change y-o-y (%)**
Revenues	279.4	350.4	297.2	*-15.2*
COGS	212.4	268.9	218.6	*-18.7*
Operating Income / (Loss)	16.1	21.6	20.0	*-7.0*
Margin (%)	5.8	6.2	6.7	
Net Profit / (Loss)	12.1	16.0	15.9	*-0.7*
Margin (%)	4.3	4.6	5.4	
ROAE (%)	6.8	9.1	8.8	
ROAA (%)	4.0	5.3	5.3	

Current Price (US$)	**1.5**

Price as on September 20, 2024

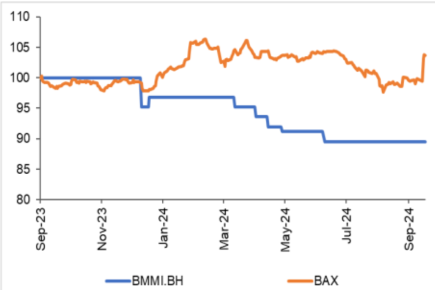
Stock Details	
Thomson Reuters ticker	BMMI.BH
52 week high/low	1.5/1.6
Market Cap (US$ mn)	210.1
Enterprise value (US$ mn)	274.5
Shares outstanding (mn)	142.4

Source: Thomson Reuters

Average Daily Turnover ('000)		
	BHD	**US$**
3M	27.9	74.2
6M	40.2	106.8

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2023	**LTM**
P/E (x)	14.3	27.3
P/B (x)	1.3	9.7
EV/Sales (x)	0.9	0.9
Dividend Yield (%)	5.0	5.4

Source: Thomson Reuters

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

Source: Thomson Reuters

Source: Company Website, Company Filings, Thomson Reuters, NEWS Articles

Chalhoub Group (Privately Owned) UAE

Company Description

Established in 1955, Chalhoub Group is a Dubai-based luxury goods retailer and distributor specializing in beauty, fashion, accessories, and gifts segment across the Middle East. With a presence in 14 countries, the group operates 13 warehouses and about 755 retail stores featuring over 450 international and local brands. Chalhoub Group holds franchise agreements for luxury brands like Givenchy, L'Occitane, Sephora, and Louis Vuitton among others, and provides distribution and communication services for global brands in the region. It has established the Chalhoub Retail Academy in the UAE and Saudi Arabia to develop its workforce and collaborates with the American University of Sharjah on a luxury brand management professorship. The group has been a member of the United Nations Global Compact Community since 2014 and signatory of the Women's Empowerment Principles (WEP).

Business Segments/Product Portfolio

- **Retail:** The group operates a network of retail stores in the Middle East through its subsidiaries, affiliates and JVs.
  - **Own Brands:** Chalhoub Group operates six distinct multi-brand retail concepts, including Level Shoes (a 96,000 sq. ft. store in the UAE specializing in luxury footwear); Faces (a beauty retailer with a presence across 80 stores in 12 countries across the Middle East); Tryano (a department store spanning 15,000 sq. m. and featuring over 250 brands offering a range of products from bags to beauty items and kids' wear); Tangara (seven stores across the GCC focusing on lifestyle gifts and home accessories); and Christofle (offers luxury lifestyle products, home accessories, and jewelry).
  - **Beauty:** This segment constitutes approximately 49% of the group's operations and encompasses more than 84 brands. Some notable international brands under this segment include Puig, L'Occitane, Make Up for Ever (Sephora), Smashbox, Molton Brown, and Christian Dior Parfums among others.
  - **JVs:** The group manages well-known brands like Louis Vuitton, Dior, Sephora, Fendi, Puig, Celine, Givenchy, Christian Louboutin, Chaumet, and Berluti throughout the Middle East. Additionally, their retail portfolio includes franchises such as Saks Fifth Avenue, Loewe, Carolina Herrera, Swarovski, Lacoste, and Michael Kors. They also distribute L'Oréal Luxury products in the region.
  - **Travel Retail:** Chalhoub Group offers travel retail services through partnerships with duty-free shops at Cairo International Airport (Egypt), a fashion concession at Bahrain Duty Free, and in-flight duty-free services for multiple airlines.
  - **Accessories:** The group has partnered with global brands like S.T. Dupont and Tag Heuer to create luxury writing instruments and watches.
  - **Discount Brand:** The group launched an online and in-store division called THE DEAL - a discounted fashion luxury segment offering more than 600 international brands. Some of the brands in its portfolio include Tory Burch, Marc Jacobs, Tumi, Dolce & Gabbana, Kenzo, Ralph Lauren, Michael Kors, Paul Smith, Zadig & Voltaire, and Swarovski among others.

Recent Developments/Future Plans

- In July 2024, Farm Rio opened its first store in the Middle East in partnership with Chalhoub Group.
- In June 2024, Chalhoub Group announced the launch of the second cohort of the Fashion Lab in Saudi Arabia to empower local talents in the fashion industry.
- In June 2024, OTB Group and Chalhoub Group signed a joint venture agreement to expand OTB luxury brands' presence in the Middle East.
- In April 2024, Jacquemus opened its first boutique store in Dubai (UAE) in partnership with Chalhoub Group.
- In February 2024, Chalhoub Group announced a strategic investment in Boltable Studio to strengthen its footprint in virtual retail and roblox ecosystem.

Source: Company Website, NEWS Articles

ALPEN CAPITAL

Fawaz Abdulaziz Alhokair Co. (Publicly Listed) — Saudi Arabia

Company Description

Founded in 1990, Fawaz Abdulaziz Alhokair Co. (rebranded as Cenomi Retail in 2022 through a partnership with Arabian Centers) is a Riyadh-based franchise retailer in the MENA, Central Asia and Caucasus regions. Cenomi operates across 13 countries, representing of about 57 international brands and managing over 800 stores as of March 2024. Its diverse product offerings include womenswear, menswear, kids and baby clothing, department stores, shoes and accessories, cosmetics, and electronics among others. In addition to its brick-and-mortar retail locations, Cenomi also features over 30 brands online.

Business Segments/Product Portfolio

- **Clothing & Fashion:** Cenomi offers clothing for men, women and children under variety of labels including Accessorize, Bbizou, LC Waikiki, Mango, Nine West, New Yorker, Ziddy, FG4 London, Gap, Aldo, Clarks, US Polo, Springfield, IKKS, Zara, Lefties, Oysho, Pull&Bear, Bershka, Stradivarius, and Marie France among others.
- **Sports:** Under this segment, Cenomi's brands include Decathlon and Alo Yoga.
- **Beauty:** Under this segment, Cenomi's sells brands such as Smashbox, Flormar, Estee Lauder, KIKO Milano, Bobbi Brown, and Nature Republic.
- **F&B:** It operates brands such as Cabana, Caffe de Classe, Cinnabon, Crepe Affair, Kahve Dunyasi, Mumma Bunz Café, Molten Chocolate Café, and Subway.
- **Home & Electronics:** Offers brands such as Zara Home and Aleph.
- **E-commerce:** Cenomi Retail has over 30 brands mono-sites with 23 brands operating within the Kingdom and seven sites in three international markets.

Recent Developments/Future Plans

- In April 2024, Cenomi Retail announced plans to divest up to 18 brands in 2024.
- In September 2023, Cenomi Retail announced the opening of the first Fnac flagship store in Saudi Arabia. The store will be a premium retail destination, offering a cultural hub for multimedia, electronics, gaming, lifestyle and household products.

Financial Performance

US$ Million	2021 YE Dec	2022 YE Dec	2023 YE Dec	Change y-o-y (%)
Revenues	1,577.6	1,502.7	1,395.4	*-7.1*
COGS	1,313.3	1,268.9	1,223.0	-3.6%
Operating Income / (Loss)	99.7	94.7	(170.7)	*-280.2*
Margin (%)	6.3	6.3	-12.2	
Net Profit / (Loss)	10.1	14.9	(296.8)	*NM*
Margin (%)	0.6	1.0	-21.3	
ROAE (%)	17.8	17.8	NM	
ROAA (%)	0.5	0.7	-17.2	

Source: Company Website, Company Filings, Thomson Reuters, NEWS Articles

Current Price (US$)	2.9

Price as on September 20, 2024

Stock Details	
Thomson Reuters ticker	4240.SE
52 week high/low	2.0/5.9
Market Cap (US$ mn)	336.6
Enterprise value (US$ mn)	1,309.5
Shares outstanding (mn)	114.8

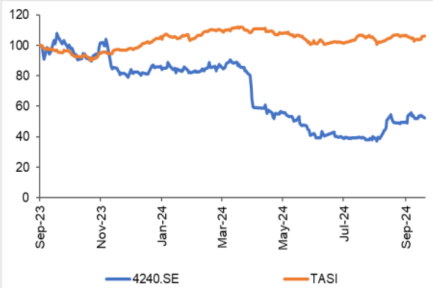
Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US$
3M	16,605.2	4,428.6
6M	12,895.1	3,439.1

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2023	LTM
P/E (x)	36.7	18.2
P/B (x)	6.5	2.4
EV/Sales (x)	1.2	1.0
Dividend Yield (%)	0.0	0.0

Source: Thomson Reuters

Shareholding Structure	
FAS Saudi Holding Co.	42.9%
Salman Abdelaziz Alhokair	7.00%
Abdul Majeed Abdelaziz Alhokair	6.12%
Others	43.97%
Total	**100.00%**

Source: Thomson Reuters

Gulf Marketing Group (Privately Owned) UAE

Company Description

Founded in 1977, Gulf Marketing Group (GMG) is a Dubai-based family-owned enterprise led by the Baker family. The group and its subsidiaries operates across several industries including food processing, healthcare, sports, fitness, education, technology, real estate, and logistics. With a wide range of retail outlets, covering over 120 brands and B2B services, GMG holds prominent tenancy positions in major shopping malls throughout the GCC, largely supported by its extensive portfolio of brand partnerships.

Business Segments/Product Portfolio

- **Health & Beauty:** Under this segment, GMG's portfolio consists of some of the popular brands such as:
  - **Supercare Pharmacy:** Founded in 1978 in Dubai, Supercare has grown into a prominent healthcare and lifestyle retailer offering an extensive range of products and services with a widespread presence across the UAE.
  - **Good Health Nutrition:** The brand advocates for an active lifestyle through its offerings in sports nutrition, food, and more. It provides a diverse array of nutritional and herbal solutions, including Ayurvedic remedies, products for weight management, and supplements for sports and dietary needs.
  - **Arabella Pharmacy:** Launched in 2021, the brand offers several natural and organic health products.
  - **VITAMED:** It is the wholesale distribution arm that allows GMG to reach consumers across the MENA region.
  - **GLU:** The brand offers sustainable beauty products to cater Gen Z customers in the UAE.
  - **Beauty Bar:** Offers more than 120 beauty products through its retail outlets.
- **Sports & Fitness:** Under this segment, GMG's portfolio consists of some of the popular brands such as:
  - **Sun & Sand Sports:** Founded in 1979 as GMG's inaugural business endeavor, Sun & Sand Sports has established a strong presence across the MENA region with over 100 stores. It serves as the exclusive retailer and distributor for more than 90 renowned brands including Adidas, Arena, Babolat, Columbia, Nike, The North Face, Timberland, and Vans.
  - **DropKick:** It provides a variety of branded shoes, sports apparel, and accessories for both men and women.
  - **BasketBolista:** The store offers premium footwear, apparel and equipment.
  - **Nu Athlete:** It offers sports apparel and footwear for boys and girls aged 0-14.
  - **RSH:** It is a leading multi-sports retailer in Singapore acquired by GMG. The store offers apparel, accessories, footwear and sports products from well-known international brands from across the globe.
  - **Pedaliere:** It is a one-stop shop for bicycling enthusiast in Dubai, offering a wide range of accessories and bikes.
- **Malls:** GMG's Aswaaq Mall and Jumeirah Center shopping malls in Dubai (UAE) feature a diverse selection of global retail brands, as well as specialized services such as pharmacies, restaurants, beauty salons, and banks among others.
- **Consumer Goods:** GMG oversees the entire value chain, distributing a range of top international and local brands. Its portfolio includes renowned brands such as Shan, Mama Sita's, K&N's, Lazah, Ortiz, MCCAIN, and Lucky Me among others. Additionally, the group operates three food retail concepts, including Franprix, Monoprix, and Geant.
- **Decor:** GMG, through its subsidiary Sun Coast, supplies branded outdoor, swimming pool, and restaurant furniture to the hotel, restaurant, and real estate players across the MENA region.

Recent Developments/Future Plans

- In April 2024, GMG and VF Corporation extended their partnership to expand footprint across MENA and Southeast Asia regions.
- In October 2023, GMG opened a corporate office in Singapore to facilitate its Southeast Asia expansion plans.
- In July 2023, GMG opened its first Monoprix Maison outlet outside France, eyeing growth in the houseware market.
- In July 2023, GMG and JD Sports Fashion announced the signing of JD's first franchise agreement for the Middle East market.

Source: Company Website, NEWS Articles

Jumbo Electronics Co. Ltd. (Privately Owned) UAE

Company Description

Founded in 1974, Jumbo Electronics Co. Ltd. LLC (Jumbo) is a Dubai-based distributor and retailer of consumer electronics and IT products. Operating as a part of the Jumbo Group, with over 50 flagship stores and franchise outlets across the GCC, the company offers a diverse range of over 60 renowned brands such as Apple, Samsung, Sony, Dyson, Lenovo, Asus, Canon, and Dell among others. The company caters to the UAE market through its 18 stores, an e-commerce platform, and four service centers. Jumbo has also established presence in Oman, Qatar, Bahrain, India, and Japan.

Business Segments/Product Portfolio

- **OmniChannel Retail:** Jumbo OmniChannel Retail provides a wide range of products including mobile phones, laptops, TVs, home theaters, cameras, gaming equipment, lifestyle products, accessories, and telecom services through its brick-and-mortar outlets as well as e-commerce platform. The company also manages DU franchise stores throughout the UAE.
- **Distribution:** Jumbo operates distribution facilities spanning over 500,000 sq. ft., including a 100,000 sq. ft. service center. It holds exclusive distribution rights for Sony's consumer products in the UAE and Oman, alongside distributing a diverse portfolio of brands such as Acer, Bajaj, Brother, LG, Gree, Midea, Casio, Dyson, Gorenje, HP, Lenovo, Ricoh, Lava, Sony, PlayStation, and Hisense. Additionally, Jumbo offers consumer electronics and home appliances to the wider GCC audience under its private label, Supra, which was launched in 1993. Jumbo Distribution serves not only the top retailers such as Virgin Megastore, Geekay Games, Sharaf DG, Emax, Dubai Duty Free, Carrefour, and Lulu but also over 5,000 independent small and mid-segment retailers including specialty retailers such as gas stations, stationery shops, as well as groceries.
- **Enterprise (B2B) Business:** This segment provides computing, printing, IT infrastructure and services, and audiovisual integration services to corporate clients across various sectors including hospitality, transportation, retail, education, healthcare, manufacturing, public sectors, oil & gas, and finance. It has collaborated with leading technology providers such as IBM, Microsoft, HP, Lenovo, Huawei, Cisco, and VMware to deliver technological solutions for its customers across the region.
- **Logistics:** The company provides third-party logistics (3PL) services, which encompass imports, customs clearance, warehousing, last-mile delivery, and reverse logistics for consumer goods.
- **Jumbo Serve:** The company offers after-market services for 15 categories including consumer electronics, durables, home appliances, mobility, and IT products among others across 40 global brands. It also offers smart home services from Jumbo UnwiredCrew and other value-added services such as Jumbo Salama and Jumbo Exchange.

Recent Developments/Future Plans

- In June 2024, Havells India partnered with Jumbo Group to enter the kitchen appliances market in the UAE.
- In August 2023, Jumbo Serve strengthened its operations in the GCC through three new service agreements signed with Toshiba TV, Datalogic and HMD Global, the home of Nokia phones, as well as the opening of a new facility in Oman.
- In May 2023, Jumbo Electronics announced the reopening of its store in Dubai Mall after undergoing extensive renovations.
- In December 2022, Jumbo Electronics launched its new e-commerce platform. Built on Adobe's Magneto platform, the online site was enhanced with fast features and a sleek user interface, rendering it mobile friendly and enabling customer convenience.

Source: Company Website, NEWS Articles

Khimji Ramdas Group (Privately Owned) Oman

Company Description

Established in 1870, the Khimji Ramdas Group (KR) is a Muscat-based conglomerate with operations spanning 40 business divisions across the consumer, infrastructure, and industrial sectors. Specializing in trading, distribution, retailing, and manufacturing, KR is divided into four business groups that serve various divisions in Oman, the UAE, and India. The group is involved in shipping, commodities, and tourism in the UAE and has a significant presence in India through strategic partnerships with companies like Procter & Gamble, Rolex, Kellogg's, and Britannia among others. The group offers a portfolio of over 400 global and leading homegrown brands in the GCC. Within the retail sector, KR operates a chain of supermarkets, lifestyle showrooms, restaurants, and cafes, with more than 150 retail stores and a distribution network that includes 3,500 direct sale points. The group also has warehousing facilities in Oman, spread over 100,000 sq. m. of land.

Business Segments/Product Portfolio

- **Lifestyle Group:** KR owns and operates stores specializing in watches, luxury, and lifestyle products. Its watch segment features brands such as Rolex, Chopard, Cartier, Oris, Alpina, Tudor, Caran D'Ache, Fredrique Constant, Wenger, Titan, and Fast-track. KR's luxury and lifestyle portfolio includes Aalami (two stores), Swarovski (two stores), and Samsonite (two stores). Additionally, KR manages 47 Pizza Hut outlets in Oman as part of its restaurant and café segment. The company also runs the Khimji Training Institute in Oman, which trained over 20,000 individuals in fields such as retail, hospitality, accounting, interpersonal skills, and IT.
- **Consumer Products Group:** KR offers a diverse range of food products, FMCG, and commodities in Oman through its supermarkets and distribution network. Its portfolio includes well-known brands such as P&G, Kellogg's, Palmers, Red Bull, Reynolds, Kaya Skin Clinic, Nivea, and Head & Shoulders. KR manages 34 social welfare market stores and operates 28 SPAR supermarkets. Additionally, KR runs 9 catering facilities and 15 industrial laundries for the Royal Oman Police.
- **Infrastructure & Home Furnishing Group:** KR offers comprehensive solutions for both industrial and residential sectors. These include construction materials, air conditioning and refrigeration, electrical products, transportation, ICT solutions, healthcare support, marine & environmental services, paints, interiors, heat transfer solutions, as well as maintenance and services. Additionally, through its retail store Bait Al Ahlam in Oman, KR provides home furnishing products such as tiles, furniture, sanitary ware, air conditioners, and modular kitchens.
- **Projects & Logistics Group:** KR offers transportation and logistics services, along with marine solutions such as ocean cruises, ferry operations, bulk vessels, tankers, product carriers, common carrier feeders, air cargo, and ship supply and stores. Additionally, it provides specialized products and services for various industries including travel and tourism, defense, sports and leisure, insurance, automotive, and environmental waste management.
- **International Distribution & Logistics:** Leveraging its expertise in distribution management and partnerships with global FMCG leaders, KR extended its operations to India in addition to the UAE. In India, the company has set up a P&G distribution unit. In the UAE, its operations include KR Shipping LLC (freight forwarding), KR & Sons (logistics), Deira Commodities (food commodities distribution), and Middle East Fuji Khimji's Shipping (ship supply and engineering services).

Recent Developments/Future Plans

- In February 2024, SPAR Oman expanded its footprint by opening its 28th outlet at Al Muna, Bousher.
- In January 2024, KR Eshraqa Foundation signed a MoU with the Ministry of Education (MoE) and the Ministry of Health (MoH). Under the MoU, the Foundation will support installation of CCTVs, provision of sunshades, and implement Public Address system.

Source: Company Website, NEWS Articles

Landmark Group (Privately Owned) UAE

Company Description

Established in 1973, the Landmark Group is a Dubai-based retail and hospitality company with operations in the MENA region and India, and growing presence in Southeast Asia. The group manages over 50 brands and operates more than 2,200 outlets across 21 countries, covering a combined area of over 30 million sq. ft. In the Middle East, their portfolio includes 25 notable brands such as Max, Splash, Babyshop, Centerpoint, Shoemart, Home Center, Emax, Fitness First, and Fun City among others. It has invested over AED1 billion (US$ 0.3 billion) to strengthen its supply chain capabilities by building the Omega DC facility (Jebel Ali Free Zone) to serve as a logistics and distribution hub for the region. Landmark Group offers loyalty programs to its customers: 'Shukran' in the UAE, Saudi Arabia, Oman, Bahrain, Kuwait, Qatar, Egypt, and Jordan, with over 20 million members; and 'Landmark Rewards' in India, with over 10 million members. These programs allow customers to use loyalty points for savings on purchases made across various categories, including clothing, footwear, accessories, furniture, furnishings, electronics, sports, entertainment, and dining.

Business Segments/Product Portfolio

- **Retail:** The group sells fashion, home & electronics, and sports products of its own and franchisee brands.
    - **Fashion:** The group operates a variety of fashion retail brands, including Max (510 stores), Centerpoint (138 stores), Shoe Mart (178 stores), Babyshop (235 stores), Splash (201 stores), Lifestyle (117 stores), Emax (37 stores), Shoexpress (90 stores), Home Center (over 90 stores), and Home Box (over 50 stores). Additionally, Landmark International, a division of the group, oversees international brands such as Ecco, Carpisa, Kurt Geiger, Lipsy, and Steve Madden.
    - **E-commerce:** In 2019, the group launched Styli, its first online-only fashion brand available in the UAE, Saudi Arabia, Bahrain, and Kuwait.
    - **Food:** The group provides a variety of food products through its discount brand called Viva, which operates over 48 stores in the UAE. More than 80% of these products meet European quality standards.
    - **Home & Electronics:** The group operates 122 Home Center stores and 42 Home Box stores, selling home furnishings, furniture, and accessories.
- **Hospitality:** The group runs establishments for leisure, F&B, wellness centers, and hotels.
    - **F&B:** Foodmark operates 38 franchised restaurant outlets of various brands like Carluccio's, Max's Restaurant, Nando's, Zafran, and All About Chicken among others.
    - **Fitness & Wellbeing:** In the Middle East, the group manages 57 fitness clubs under the brand Fitness First.
    - **Salon & Spa:** The group offers salon and spa services under its brands Balance and Spaces in Dubai.
- **Landmark Leisure:** The group operates 79 family entertainment centers spread over 1.5 million sq. ft. of area under the brands Fun City, Fun Ville, and Fun Works.
- **Malls:** The group operates the Oasis Mall in Dubai, which spans over an area of 2.4 million sq. ft. including stores of its homegrown brands and other international retailers. With 10 malls across Bahrain, Saudi Arabia, Oman and the UAE, Oasis Mall is looking to expand its footprint with six new locations across the region.

Recent Developments/Future Plans

- In July 2024, Landmark Group partnered with India-based Unicommerce, a e-commerce enablement SaaS platform, to strengthen its e-commerce operations in the UAE and Saudi Arabia.
- In April 2024, Landmark Group's Lifestyle brand opened its 113th India store in Siliguri.
- In April 2024, Landmark Group selected SML RFID as its strategic partner to deploy item-level RFID solutions in its 600+ stores and 10 distribution centers across the MENA region.

Source: Company Website, NEWS Articles

LuLu Group International (Privately Owned) UAE

Company Description

Founded in 2000, LuLu Group International is an Abu Dhabi-based multinational conglomerate that operates a chain of hypermarkets and retail companies. The group also owns and manages 25 shopping malls across the GCC, Egypt, India, and the Far East. Their distribution network extends globally with presence in regions like the US, Europe, Africa, Asia, and Australia. In addition to its core operations in retail, the group has diversified across various sectors such as trading, manufacturing, imports & exports, education, real estate, shipping, travel & tourism, and hospitality. Amid varied business interests, the group provides educational services through Syscoms Information Technology and Syscoms College, travel and tourism services through LuLu International Travel & Tourism, and freight forwarding services through Huda Shipping International. It also manages projects across residential and commercial property sectors, including Y Towers (luxurious apartments combining residence and office spaces) and Y Villas (a large-scale leisure estate and mixed-use development including ultra-modern communities and luxurious beach villas).

Business Segments/Product Portfolio

- **Retail:** The group runs an extensive network of hypermarkets, supermarkets, and departmental stores under the brand LuLu (LuLu Hypermarket, LuLu Express, LuLu Center). The group boasts a retail portfolio of 270 such stores spanning over 1.1 million sq. ft. across 25 countries including the UAE, Saudi Arabia, Qatar, Bahrain, Kuwait, Oman, Egypt, India, Malaysia, and Indonesia. LuLu retail outlets also provide online shopping for a wide range of food and non-food consumer products. Additionally, the group's subsidiary, Line Investment & Property LLC, focuses on developing shopping malls (25 locations including 14 in the UAE, five in India, two each in Saudi Arabia and Qatar, and one each in Oman and Bahrain) along with lifestyle venues.
- **Distribution:** The group operates extensively across the GCC, Egypt, India, Europe, the US, and the Far East through its distribution network. Al Tayeb Cold Stores and Y-International manage global operations for the group. Al Tayeb Cold Stores focuses on importing leading brands such as Doux, Frangosul, Dat Schaub, Tyson, and Heinz Watties, distributing frozen meat, poultry, vegetables, and dairy products. Meanwhile, Y-International specializes in both importing and exporting consumer goods for the group's retail operations in the Middle East and India, including product repackaging tailored to specific country requirements.
- **Manufacturing & Processing:** Fair Exports (India) Pvt. Ltd. operates one of India's largest food facilities, specializing in exporting meat products, spices, fresh fruits and vegetables, and garments. Its manufacturing plants are situated in Uttar Pradesh and Mumbai, Maharashtra.

Recent Developments/Future Plans

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

Date	Store Location	Store Type
July 2024	Riyadh (KSA)	Hypermarket
June 2024	Al Ain (UAE)	Hypermarket
May 2024	Abu Dhabi (UAE)	Hypermarket
May 2024	Jeddah (KSA)	Hypermarket
April 2024	Unayzah (KSA)	Hypermarket & Department Store
March 2024	Dubai (UAE)	Hypermarket
February 2024	Doha (Qatar)	Hypermarket

Source: Company Website, NEWS Articles

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

Company Description

Founded in 1890, M.H. Alshaya Co. WLL (MHAC) is a Kuwait City-based retailer and trader offering a diverse range of products from various international brands across 16 countries in the MENA region and Europe. Their extensive portfolio includes products in the fashion & footwear, F&B, health & beauty, pharmacy, home furnishing, and leisure & entertainment segments. Currently, MHAC franchises more than 70 brands with 4,000 stores, cafes, restaurants, leisure destinations, and over 120 e-commerce sites across the MENA region. Additionally, the company is involved in commercial trading, joint ventures, and mall developments. MHAC is the retail division of Alshaya Group, a conglomerate with interests in hospitality, real estate and general trading.

Business Segments/Product Portfolio

- **Fashion & Footwear:** Under this segment, MHAC operates franchises for brands such as American Eagle, Footlocker, Victoria's Secret, H&M, & Other Stories, Aerie, alo yoga, Cheekee Munkee, Claire's, COS, Debenhams, Disney Store, El Ganso, Harvey Nichols, Jack Wills, Milano, Monki, Mothercare, MUJI, New Balance, Next, Pink, River Island, and Tribe of 6.
- **Health & Beauty:** Under this segment, MHAC owns franchise rights for international brands such as Bath&Body Works, Charlotte Tilbury, Dr. Vranjes, Estée Lauder Companies, Jo Malone, Le Labo, M.A.C, NYX Professional Makeup, The Body Shop, VaVaVoom, and Victoria's Secret Beauty among others.
- **Pharmacy:** MHAC operates pharmacies under the Boots brand, which is owned by Walgreens Boots Alliance, a global retail pharmaceutical company with headquarters in the US.
- **Optics:** Under this segment, MHAC owns the franchise rights to Vision Express and Solaris brands in the GCC.
- **Home Furnishings:** MHAC owns the franchise rights to home furnishings brands such as West Elm, Williams-Sonoma, Pottery Barn, and Pottery Barn Kids.
- **Leisure & Entertainment:** Under this segment, MHAC owns franchise rights for KidZania, Quest, and Tek Zone in Kuwait.

Recent Developments/Future Plans

- In June 2024, MHAC opened the Next store at the Seef Mall in Bahrain.
- In May 2024, MHAC, in partnership with Alo Yoga, established its presence in Qatar with a new flagship store at the Doha Festival.
- In February 2024, MHAC partnered with Alo Yoga to open its new flagship store at The Dubai Mall, UAE. The opening also marked the launch of the brand's e-commerce shopping platform in the country.
- In January 2024, MHAC announced plans to close 60 stores across Egypt amidst the country's ongoing economic situation that triggered a string of currency devaluations, record inflation, and pushed many of its citizens to seek prospects outside the country.
- In September 2023, MHAC launched Aura, the company's exclusive customer loyalty programme, in Bahrain. The scheme lets customers redeem points and unlock benefits across a wide choice of over 70 brands, with points earned both in-store and online.
- In February 2023, MHAC opened its first-ever standalone store in the Grand Avenue, The Avenues (Kuwait), in collaboration with Tribe of 6.

Source: Company Website, NEWS Articles

Majid Al Futtaim Holding (Privately Owned) UAE

Company Description

Established in 1992, Majid Al Futtaim Holding (MAF) is a Dubai-based conglomerate that owns and manages shopping malls, hotels, cinemas, residential communities, and retail & leisure centers across the Middle East, Africa, and Asia regions. The group oversees 29 shopping malls, 16 hotels, four mixed-use communities, 500 VOX Cinema screens, and 32 Magic Planet family entertainment centers throughout MENA. It also operates popular entertainment destinations such as Ski Dubai, Dreamscape, iFLY Dubai, and Little Explorers. Additionally, MAF holds significant investments in real estate, consumer finance, and the F&B sectors. Its operations are supported by three key subsidiaries, namely Majid Al Futtaim Properties, Majid Al Futtaim Retail, and Majid Al Futtaim Ventures. In FY 2023, MAF's consolidated revenues increased 1% y-o-y to AED 34.5 billion (US$ 9.4 billion). Retail revenues grew by 4% on constant currency basis with digital retail sales growing 17% y-o-y to reach AED 2.6 billion (US$ 0.7 billion) during the year.

Business Segments/Product Portfolio

- **Retail:** MAF owns & operates hypermarkets & supermarkets, fashion brands, and specialty retail stores.
  - **Hypermarkets & Supermarkets:** MAF owns and operates supermarkets and hypermarkets across the Middle East. The group holds exclusive franchise rights for Carrefour stores in more than 30 countries, operating a total of over 375 stores across 15 markets in the Middle East, Africa, and Asia regions.
  - **Fashion:** Majid Al Futtaim Lifestyle, a subsidiary of MAF, manages over 100 retail outlets throughout the MENA region. Its diverse portfolio features well-known brands such as Abercrombie & Fitch, Hollister, All Saints, CB2, That Concept Store, Lululemon Athletica, Ceccotti Collezioni, and Poltrona Frau among others.
  - **Specialty Retail Stores:** MAF operates nine LEGO stores in the GCC, and has also acquired the globally recognized American Girl brand, previously a division of Mattel Inc.
- **Leisure & Entertainment:** MAF operates venues focused on family entertainment, including leisure attractions, cinema theaters, and family entertainment centers.
  - **Cinemas:** MAF's brand portfolio encompasses VOX Cinemas, through which it manages 58 cinema complexes with a total of 500 screens across the MENA region. This includes 23 cinemas in the UAE, 13 in Oman, two in Bahrain, two in Qatar, three in Egypt, and one in Lebanon.
  - **Unique Leisure Destinations:** MAF's brand portfolio features specialty venues such as Ski Dubai, Ski Egypt, Dreamscape (Dubai), iFLY Dubai, and Little Explorers (Dubai).
  - **FECs:** MAF operates the Magic Planet brand and currently has 32 locations across nine countries in the MENA region.
- **Properties:** Majid Al Futtaim Properties LLC, a subsidiary of MAF develops and operates malls, hotels and mixed-use projects.
  - **Malls:** MAF manages 29 shopping malls across the MENA region, covering a combined area of 1.0 million sq. m. Its portfolio includes the Mall of the Emirates, Mall of Egypt, City Center, My City Center, and Matajer.
  - **Hotels:** MAF owns seven hotels encompassing 2000+ rooms in the UAE and Bahrain, including international brands like Le Meridien, Kempinski, Pullman, Sheraton, and The Westin.
  - **Communities:** MAF manages four mixed-use community projects spread over a combined area of 11.8 million sq. m.

Recent Developments/Future Plans

- In June 2024, MAF expanded its partnership with Checkout.com to revolutionize e-commerce for its more than 15 million monthly online customers across the Middle East.
- In December 2023, MAF's shopping malls secures three LEED Platinum Certifications alongside COP28 initiatives.
- In November 2023, MAF's lifestyle arm established a partnership with Italian design factory Alessi to foray into the distribution business and expand the Alessi brand in the Middle East region.
- In May 2023, MAF in partnership with Shiseido Company opened the first Shiseido Ginza Tokyo store outside of Asia, in Dubai.

Source: Company Website, NEWS Articles

The Olayan Group (Privately Owned) Saudi

Company Description

Established in 1947, The Olayan Group is a Riyadh-based multinational enterprise that manages a diverse portfolio of global investments across various sectors. The group comprises of over 32 companies and affiliated businesses involved in manufacturing, product distribution, services, and investment in collaboration with multinational and regional partners. With offices in Saudi Arabia, Singapore, Europe (UK, Greece, Luxembourg, and Liechtenstein) and the US, the group's global investment team focuses on public and private equities, debt, real estate, fixed income securities, and other specialized assets. In Saudi Arabia, the Olayan Financing Company (OFC) holds a majority stake in Olayan Saudi Holding Company (OSHCO), a diversified business enterprise with commercial and industrial operations across six sectors - F&B, restaurants, health & personal care, ICT, business-to-business, and energy services.

Business Segments/Product Portfolio

- **FMCG:** The group manufactures and distributes a variety of consumer products through its joint ventures and subsidiaries.
    - **Arabian Paper Products Co.:** A joint venture with Finland-based Huhtamaki to manufacture packaging material for food and drinks in the Middle East region.
    - **Coca-Cola Bottling Co. of Saudi Arabia:** A partnership with Coca-Cola for beverage packaging and distribution.
    - **Colgate-Palmolive Arabia Ltd.:** A joint venture with Colgate-Palmolive Co. for producing and distributing soaps, toothpastes, and shampoos throughout the GCC.
    - **General Trading Co.:** Importer and distributor of consumer products in Saudi Arabia, including brands like Colgate-Palmolive, Mondelez, Lindt, Ebro, Bavaria, Kimberly Clark, Pillsbury, and Hunt Wesson.
    - **Health Water Bottling Co.:** Distributes and markets bottled water and other beverages in Saudi Arabia.
    - **Olayan Kimberly-Clark (OKC):** Manufactures and markets diapers, tissues, feminine pads, and household towels.
    - **Rexam United Arab Can Manufacturing Co.:** Manufactures and markets diapers, tissues, feminine pads, and household towels.
    - **Nabisco Arabia Co.:** A partnership with Nabisco International for the production and distribution of biscuits in Saudi Arabia.
    - **Mondelez Arabia:** Supplier of Mondelez International’s snack products in Saudi Arabia.
    - **Saudi Bakeries Co.:** Involved in the production of bread and other bakery products in Saudi Arabia.
    - **El Rashidi El Mizan:** Produces confectionary products for customers in the MENA region.
    - **Gulf Union Foods Co.:** Produces and sells juices and beverages in Saudi Arabia and its neighboring countries.
- **F&B:** The group operates several international and domestic food brands through its franchising companies - Olayan Food Services (operates the Saudi Arabian franchise), First Food Service (operates in the UAE, Egypt and Oman), and General First Food Services (operates in Morocco).
- **Restaurants:** Some of the notable international brands under the Olayan portfolio include Burger King, Texas Chicken, Turnstone Pizza, and Buffalo Wild Wings among others.
- **Healthcare:** The group distributes medical and pharmaceutical products as well as manufactures intravenous medical solutions, and a variety of disposable healthcare products. The group operates through the Arabian Health Care and Arabian Medical Products Manufacturing Co. (ENAYAH).

Recent Developments/Future Plans

- In April 2024, UAE's Lunate and Saudi Arabia's Olayan Group acquired a 49% stake in Dubai tower ICD Brookfield Place.

Source: Company Website, NEWS Articles

Panda Retail Co. (Privately Owned) Saudi Arabia

Company Description

Founded in 1978 and headquartered in Jeddah, Panda Retail Co. (Panda), a subsidiary of the Savola Group, stands as a leading retail chain in the Middle East. With presence in 39 cities across the region, Panda operates over 193 stores (including 5 stores in Egypt) offering an extensive array of food products, household items, and general merchandise. The company's footprint includes a network of hypermarkets and supermarkets throughout Saudi Arabia. To support its operations, Panda manages four primary distribution centers across the Kingdom and operates a fleet of more than 500 temperature-controlled trucks. This infrastructure enables the timely delivery of over 30,000 SKUs encompassing both food and non-food items to its stores. In addition to its physical stores, Panda has expanded its presence in the digital space, offering online shopping platforms to cater to evolving consumer preferences. In 2023, the company reported sales of SAR 10.3 billion (US$ 2.8 million), an increase of 2% Y-o-Y from 2022.

Business Segments/Product Portfolio

- **Hyper Panda:** Under this brand, Panda operates hypermarket chain in Saudi Arabia offering a comprehensive selection of goods including groceries, fresh produce, electronics, household essentials, and apparel. These hypermarkets serve as one-stop destinations for shoppers, providing a blend of local and international brands under one roof. The company operates a total of 60 outlets of Hyper Panda across Saudi Arabia.
- **Panda Supermarket:** The company operates 24 supermarkets across Saudi Arabia. The supermarkets cater to a wide spectrum of consumer preferences, stocking essentials such as groceries, fresh produce, household items, electronics, and apparel.
- **Distribution Centers:** The company operates four main distribution centers across Saudi Arabia.

Recent Developments/Future Plans

- In March 2024, Panda Retail was award with the 'Best Grocery Retailer in Strategic Partnership Implementation - Saudi Arabia 2023' by Global Business Outlook Outlook.
- In January 2024, Panda Retail announced the opening of two new branches, located in Riyadh's Al-Munisiyah neighborhood and Najran Park Mall in the Khalidiya neighborhood of Najran.
- In January 2024, Panda Retail leveraged the use of AI to guide the company in deciding the price for the products it offers across its nearly 200 hypermarkets and supermarkets.
- In January 2024, Panda Retail signed a 10-year commercial alliance with United Electronics Company (eXtra). As part of the agreement, eXtra will manage the electronics and home appliances department in Panda stores under the brand name Clix.
- In the company's 2023 annual report, Panda Retail announced plans to add 14 new stores during 2024 while another 28 stores are planned to open in the near future.

Source: Company Website, NEWS Articles

Rivoli Group (Privately Owned) UAE

Company Description

Established in 1988, Rivoli Group is a Dubai-based retail and distribution company specializing in luxury products. The group operates over 300 stores including mono-brand and own-concept stores in the UAE, Oman, Qatar and Bahrain. It offers over 100 international brands of high-end watches, jewelry, eyewear, leather accessories, and lifestyle products through its outlets across the region. The company offers after sales services through its 19 R Care centers across the region. Rivoli Group also manages travel retail in leading airports and on-board duty free sales for airlines.

Business Segments/Product Portfolio

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

- **Watches:** The group imports and distributes a wide range of watches through its owned and joint venture stores.
  - **Rivoli:** The flagship store of the Rivoli Group, offers a wide range of international watch brands such as Breguet, Blancpain, Glashütte Original, Jaquet Droz, OMEGA, Zenith, Carl F. Bucherer, Longines, Rado, Tissot, and others. There are 60 such stores in the region, including 38 in UAE, nine in Oman, eight in Qatar, and five in Bahrain.
  - **Hour Choice:** These stores offer brands such as Tissot, Balmain, Certina, Mido, Calvin Klein, Swatch, Aigner, Coach, Hugo Boss, Tommy Hilfiger, Anne Klein, Deakin & Francis, among many others. There are 81 such stores in the region, including 50 in the UAE, 12 in Oman, 10 in Qatar, and nine in Bahrain.
  - **R Lounge:** This store caters services to the company's VIP clientele at The H Hotel in Dubai. The store provides the group's clients and guests a luxurious and private atmosphere with select collections in a personalized and intimate setting.
- **Vision Care:** The group provides globally acclaimed brands of sunglasses, optical frames, and contact and prescription lenses through its boutique stores - Rivoli Eyezone (62 stores), AVANTI (12 stores), Zeiss Vision Center (three stores), Style 88 (seven stores), and R Lounge (one store). Some of the top eyewear brands in its portfolio include Masunaga, Eque.M, Alaïa, Res Rei, Fred, Saint Laurent, Klenze & Baum, Komerebi, Andy Wolf, Lindberg, Montblanc, Tom Ford, Gucci, Bottega Veneta, Bvlgari, Cartier, Chanel, Dior, Guess, Ray-Ban, Diesel, Timberland, Vogue, Dolce & Gabbana, and Prada among others.
- **Jewelry:** The group offers a wide range of jewelry products including charms, bracelets, earrings, necklaces, rings, and pendants from international brands such as Mia by Tanishq, Pandora, Omega, Aigner, HUGO, Calvin Klein, and Montblanc.
- **Textiles:** The group operates textile stores offering highest quality fabrics from French, Swiss and Italian brands in the UAE. The stores also offer an extensive range of suitings, shirtings, and rich and elegant dress materials. Its brand portfolio includes Alumo, Emanuel Ungaro, FASAC1955, Jakob Schlaepfer, Loro Piana, Ratti, Scabal, and Valentino Garavani among others.
- **Accessories:** The group sells a variety luxurious accessories including leather bags & belts, watch winder, cufflinks, watch straps, headphones, fragrances, and other accessories. Some of top the brands under this segment include Ettinger London, Montblanc, Omega, Wolf, Aigner, Deakin & Francis, Longines, Rios 1931, and Tissot among others.

Recent Developments/Future Plans

- In May 2024, Rivoli Eyezone reopened its store at City Center Deira, Dubai (UAE).
- In April 2024, the group announced that its eyewear division (Rivoli Vision) reached 90 stores across the GCC.
- In April 2024, Rivoli Eyezone reopened its store at Bawabat Al Sharq Mall, Abu Dhabi (UAE).

Source: Company Website, NEWS Articles

Spinneys (Publicly Listed) UAE

Company Description

Established in 1962, Dubai-based Spinneys is a supermarket chain with presence in the UAE, Saudi Arabia, Qatar, Oman, Lebanon, Egypt, Pakistan, and Afghanistan. The chain offers a diverse portfolio of fresh produce, premium groceries, organic items, and exclusive imported goods in the FMCG sector. Spinneys also provides an array of in-house brands and ready-to-eat meals across its stores and online platform. As of March 2023, the company operated 75 stores (including Spinneys, Waitrose, Al Fair) in the UAE and Oman. The company launched the Spinneys Local Business Incubator programme in 2020 to foster entrepreneurship.

Business Segments/Product Portfolio

- **Food Products:** Spinneys offer a wide range of premium food products including bakery items, fruits & vegetables, dairy items, poultry meat & seafood, frozen items, and beverages among others.
- **Beauty & Cosmetics:** Under this segment, the company sells cosmetics, and products related to facial skincare and make-up.
- **Flower Shop:** The company sells various flower products including bouquets, plants, roses, lilies, luxury, and seasonal variants among others.
- **Home & Leisure:** The company sells products including electrical & home appliances, entertainment, kitchenware, stationery, and gifting items among others.
- **Imported Products:** Under this segment, the company sells imported food and non-food items from various countries including China, Philippines, Thailand, Japan, Korea, Russia, Sri Lanka, and India.

Recent Developments/Future Plans

- In June 2024, Spinneys opened its first store in Riyadh, Saudi Arabia, in partnership with the Abdul Mohsen Al Hokair Holding Group.
- In May 2024, Spinneys' IPO raised AED1.4 billion (US$ 0.4 billion) in proceeds.

Financial Performance				
US$ Million	**2021 YE Dec**	**2022 YE Dec**	**2023 YE Dec**	**Change y-o-y (%)**
Revenues	686.9	716.2	781.8	*9.2%*
COGS	554.2	522.1	507.4	-2.8%
Operating Income / (Loss)	60.0	65.2	76.5	*17.4%*
Margin (%)	8.7	9.1	9.8	
Net Profit / (Loss)	52.3	58.3	69.3	*18.7%*
Margin (%)	7.6%	8.1%	8.9%	
ROAE (%)	NA	651.5%	344.6%	
ROAA (%)	NA	13.9%	15.2%	

Source: Company Website, Company Filings, Thomson Reuters, NEWS Articles

Current Price (US$)	**0.4**

Price as on September 20, 2024

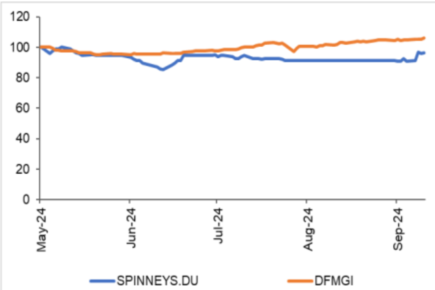
Stock Details	
Thomson Reuters ticker	SPINNEYS.DU
52 week high/low	0.4/0.5
Market Cap (US$ mn)	1,548.8
Enterprise value (US$ mn)	1,655.6
Shares outstanding (mn)	3,600.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	AED	**US$**
3M	4,267.9	1,162.1
6M	8,203.0	2,233.7

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2023	**LTM**
P/E (x)	NA	20.3
P/B (x)	NA	21.2
EV/Sales (x)	NA	2.0
Dividend Yield (%)	NA	5.4

Source: Thomson Reuters

Shareholding Structure	
Al Seer Group	75.00%
Others	25.00%
Total	**100.00%**

Source: Thomson Reuters

The Sultan Center (Publicly Listed) — Kuwait

Company Description

Established in 1981, The Sultan Center (TSC) is a Kuwait City-based retail chain that operates over 70 supermarkets, hypermarkets, and convenience stores across Kuwait, Bahrain, Oman, and Jordan. It provides a wide range of products including groceries, fresh produce, beverages, electronics, and home goods among others. In addition to retail, TSC has expanded into other sectors such as food services (The Good Food Co.), trading (Sultan Center Trading & General Contracting Co.), and IT (Arabian Information Technology Solutions Co.) through its subsidiaries.

Business Segments/Product Portfolio

- **Sultan (Concept):** Under this brand, TSC operates concept stores that provide pleasurable ambiance and shopping experience to customers. The stores offer attractive fresh food displays, and distinct décor. These retail stores include fresh foods, beverages, lifestyle and exclusive range of products.
- **Sultan Market:** Under this brand, TSC caters to value-focused customer with large-scale stores offering ethnic ranges for all household items. There are 12 locations of these type of stores in Kuwait.
- **Sultan Express:** Under this brand, TSC offers quick stop shop services selling essential items in the FMCG segment. Such stores are present in 10 locations across Kuwait.
- **e-Commerce:** TSC operates a user-friendly online platform that offers a wide range of products including fresh foods, home shopping, ethnic ranges, and promotions for customers in the country.

Recent Developments/Future Plans

- In June 2024, TSC partnered with WebEngage to elevate its customer-centric initiatives and drive sustained growth.
- In January 2024, TSC opened its 49th store in Mishrif, Kuwait.

Financial Performance				
US$ Million	**2021 YE Dec**	**2022 YE Dec**	**2023 YE Dec**	**Change y-o-y (%)**
Revenues	677.8	629.6	609.0	*-3.3*
COGS	554.2	522.1	507.4	*-2.8*
Operating Income / (Loss)	34.3	22.9	15.0	*-34.6*
Margin (%)	5.1	3.6	2.5	
Net Profit / (Loss)	119.6	8.4	(63.9)	*-863.7*
Margin (%)	17.7	1.3	-10.5	
ROAE (%)	61.0	4.1	-44.3	
ROAA (%)	12.0	0.9	-6.9	

Source: Company Website, Company Filings, Thomson Reuters, NEWS Articles

Current Price (US$)	**0.3**

Price as on September 20, 2024

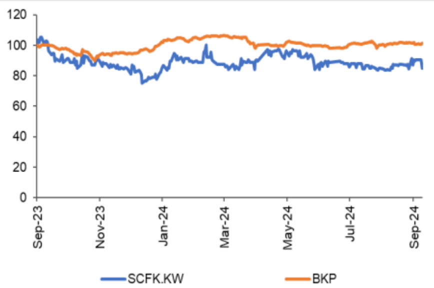
Stock Details	
Thomson Reuters ticker	SCFK.KW
52 week high/low	0.0/0.4
Market Cap (US$ mn)	91.5
Enterprise value (US$ mn)	609.5
Shares outstanding (mn)	279.4

Source: Thomson Reuters

Average Daily Turnover ('000)		
	KWD	**US$**
3M	3.4	11.0
6M	17.8	58.0

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2023	**LTM**
P/E (x)	NM	NM
P/B (x)	0.7	0.9
EV/Sales (x)	1.0	1.0
Dividend Yield (%)	NM	NM

Source: Thomson Reuters

Shareholding Structure	
National Real Estate Co.	10.28%
Abdullah Sultan Al Essa	9.78%
Abdul Aziz Sultan Essa Hussien	8.75%
Others	71.19%
Total	**100.00%**

Source: Thomson Reuters

Leading Duty-Free Operators in the GCC

Dubai Duty Free (UAE)

Founded in 1983, Dubai Duty Free (DDF) is one of the leading airport retailers in the world with sales reaching US$ 2.2 billion in 2023. As of 2024, DDF has expanded to cover over 40,000 sq. m. of retail space, offering an array of international and home-grown products including cosmetics, perfumes, liquor, tobacco, electronics, luxury goods, and confectionery. In 2023, DDF recorded over 20 million sales transactions, with around 55.2 million units of merchandise being sold. The top five selling categories for the year were perfumes, followed by liquor, gold, cigarettes & tobacco, and electronics. DDF also operates several leisure destinations such as the Dubai Duty Free Tennis Stadium, The Irish Village, Century Village, and the Jumeriah Creekside Hotel.

Business Segments/Product Portfolio

- **Cosmetics & Selfcare:** DDF sells various types of products including perfumes, skincare, and personal care items.
- **Electronics:** DDF sells mobile phones, computers & tablets, cameras, gaming consoles, and many more entertainment gadgets.
- **Fashion:** DDF sells various type of fashion wears for men and women including, clothing, handbags, leather goods, watches, etc.
- **Beverages:** DDF sells a variety of liquor types including, whisky, vodka, gin, tequila, wine, and champagne.

Recent Developments/Future Plans

- In July 2024, DDF partners with RECAPP by Veolia to launch pioneering upcycling initiative for perfume tester glass bottles.
- In June 2024, Loch Lomond Group partnered with DDF to unveil an exclusive single cask bottling at Dubai International Airport.
- In February 2024, DDF collaborated with L'Oréal Travel Retail on avant-premier retail experience for the new Valentino perfume 'Born in Roma Green Stravaganza'.

Qatar Duty Free (Qatar)

Established in 2000, Qatar Duty Free (QDF) is a premier airport retailer located within Hamad International Airport (HIA) in Doha. The retailer operates over 40,000 sq. me. of retail space within HIA, offering a diverse range of products including luxury goods, electronics, cosmetics & perfumes, and liquor & tobacco. In FY 2023-24, QDF achieved record-breaking results with sales turnover reaching an all-time high of US$ 823.8 million, increasing by more than 82% compared to 2019-20, and over 22% compared to 2022-23.

Business Segments/Product Portfolio

- **Beauty & Perfumes:** QDF's brand portfolio include La Prairie, Burberry, Givenchy, Hugo Boss, Gucci, Ralph Lauren, Giorgio Armani, Versace, Jean Paul, Prada, Cartier, Bvlgari, Calvin Klein, and Davidoff, among others.
- **Confectionery & Gourmet Food:** QDF's brand portfolio include Lindt, Harrods, TWG, Godiva, and Pariya, among others.
- **Electronics:** Under this segment, QDF sells brands such as Samsung, Apple and B&O Play.
- **Fashion:** QDF's brand portfolio includes Burberry, Hugo Boss, Chloe, Aigner, MCM, Zegna, and Harrods among others.
- **Travel & Luggage:** QDF's sells several brands including Samsonite, American Tourister, Jetkids, BG Berlin, and Hedgren.
- **Watches & Jewelry:** Under this segment, QDF's sells exclusive brands such as Fossil, Swarovski, Gucci, Guess, Tag Heuer, etc.

Recent Developments/Future Plans

- In May 2024, QDF announced that it has achieved the FSSC 22000 certification, a significant milestone in its commitment to delivering exceptional standards in dining.
- In May 2024, QDF opened its first Lacoste boutique at HIA.
- In June 2023, QDF opened a new Coach boutique at HIA. The new store offers handbags, totes, clutches, crossbody bags, and small leather goods such as compact wallets & card holders.

Source: Company Website, NEWS Articles

Leading e-commerce Platforms in the GCC

Noon (Saudi Arabia)

Established in 2017, Noon is a Riyadh-based e-commerce platform offering a wide array of products across various categories. Founded by Mohamed Alabbar (Chairman of Emaar Properties), in collaboration with Saudi Arabia's Public Investment Fund (PIF) and other private investors, the platform serves customers in Saudi Arabia, the UAE, and Egypt. It provides products in segments such as beauty, fashion, electronics, home, kitchen, and groceries. In 2022, Noon acquired UAE-based online fashion retailer Namshi for a total cash consideration of AED 1.23 billion (US$ 335.2 million). Through this acquisition, Noon aims to support Namshi's growth as an independent entity within the company.

Business Segments/Product Portfolio

- **Noon Express:** Offers faster shipping and delivery
- **Noon Daily:** Delivers groceries to customers' doorsteps
- **Noon VIP:** Offers a premium shopping experience with additional perks ('Buy 1 Get 1 Free' offers and percentage based discounts)
- **NowNow:** Offers customers access to stores in their neighborhood with delivery within minutes of ordering
- **SIVVI:** Offers customers a market-leading offering with delivery available across the UAE and Saudi Arabia
- **Namshi:** A fashion and lifestyle e-commerce platform

Recent Developments/Future Plans

- In May 2024, Saudi Tourism Authority signed a MoU with Noon to promote Saudi Arabia's tourism sector.
- In April 2024, Noon became the merchandising partner of Jeddah-based football club Al-Ahli. Through the partnership, supporters can access official kits and gear featuring Al-Ahli's logo and trademarks, designed and produced by Noon.
- In July 2023, Noon announced the launch of noon Pay, a peer-to-peer payments service.
- In June 2023, Noon extended its sleeve partnership with Newcastle United football club.

Mumzworld (UAE)

Founded in 2011, Mumzworld is a Dubai-based online retailer that offers a comprehensive range of products for mothers, babies, and children. The company specializes in categories such as baby gear, travel gear, nursery equipment, baby accessories, bathing solutions and much more. It has partnered with numerous trusted local and international brands such as Chicco, Pampers, LEGO, Philips Avent, Jikel, Moon, Teknum, Babyauto, Doona, and Bumble & Bird, for distribution in the GCC markets. Beyond e-commerce, Mumzworld fosters a community of mothers, providing valuable resources such as blogs, expert advice, and parenting tips to support mothers in their journey.

Business Segments/Product Portfolio

- **Gears:** Under this segment, the company sells strollers & prams, car seats & boosters, bags, and bay carriers among others.
- **Feeding:** Under this segment, the company sells baby food formula, bottles & nipples, sterilizers, breast pumps, water bottles, bibs, pacifiers, teethers, mealtime essentials and many more such items for infants and toddlers.
- **Toys:** Under this segment, Mumzworld sells walker toys, sleep aids toys, soft toys, fashion dolls, etc.
- **Clothes:** Under this segment, the company sells all kinds of clothes for kids aged between 0-12 years.
- **Mumz:** Under this segment, the company sells products such as pregnancy pillows, maternity clothing, maternity belts, natal care, nursing products, as well as women fashionwear.

Recent Developments/Future Plans

- In February 2024, Mumzworld's CEO Mona Ataya was ranked 27th in the Forbes list of '100 Most Powerful Businesswomen 2024'.

Source: Company Website, NEWS Articles

ALPEN CAPITAL

Leading e-commerce Platforms in the GCC

Desertcart (UAE)

Established in 2014, Desertcart is a Dubai-based e-commerce platform that specializes in providing a wide variety of products to customers. The company's Global Selling Programme, also known as the International Merchant Programme, enables local sellers to expand their businesses beyond their own countries. Desertcart has a presence in the UAE, Saudi Arabia, Oman, Kuwait, Bahrain, the UK, the US, and India. The platform offers various products, including electronics, fashion, beauty, home and kitchen items, toys, and sports equipment among others. By partnering with numerous international brands, Desertcart makes it easier for customers to purchase products that may not be readily available locally.

Business Segments/Product Portfolio

- **Toys:** Offers several varieties such as action toys, dolls, board games, crafting kits, and building toys among others.
- **Sports:** Offers merchandise for both indoor and outdoor games along with equipment/accessories for yoga and gym.
- **Home & Kitchen:** Offers products related to dining, furnishing, appliances, and other household supplies.
- **Fashion:** Offers various type of clothing, watches, footwear, jewelry, and accessories for men, women, and children.
- **Health & Beauty:** Offers medical equipment, personal care, nutrition, wellbeing supplements, and skincare products among others.
- **Electronics:** Offers a variety of gadgets including audio/video, car accessory, camera, mobiles, tablets, computers, and wearables.

Recent Developments/Future Plans

- In June 2022, Desertcart increased its cross-border e-commerce shopping convenience to 164 nations. With this, the company announced aims to achieve over 50 million customers by the end of the year.

Sharaf DG (UAE)

Established in 2005, Sharaf DG is a Dubai-based electronics and technology retailer. Since its inception, Sharaf DG has expanded rapidly and opened more than 30 retail stores across the UAE, Bahrain, Egypt, and Oman. The company sells a broad range of electronic products, including consumer electronics, office supplies, and home appliances. Its e-commerce platform extends its reach beyond physical stores, offering customers a convenient online shopping experience. Additionally, Sharaf DG's e-commerce platform allows other businesses to list their products, providing them with complete control over inventory and sales performance.

Business Segments/Product Portfolio

- **Mobiles & Tablets:** Under this segment, Sharaf DG sells mobile phones, smart tablets, mobile and tablet accessories.
- **Computers & Accessories:** Under this segment, Sharaf DG sells laptops, gaming laptops, office essentials, and computing accessories among others.
- **TV, Audio & Video:** Under this segment, Sharaf DG sells televisions, speakers, audio devices, headphones, earphones, and other multimedia accessories.
- **Home & Kitchen:** Under this segment, Sharaf DG sells air conditioners, washers & dryers, fridges & freezers, air coolers, fans, vacuum cleaners, security & doorbell cameras, microwaves & ovens, air fryers, coffee machines, kettles & toasters and many more.
- **Gaming Accessories:** Under this segment, Sharaf DG sells gaming consoles, gaming peripherals, gaming essentials, etc.
- **Health, Fitness & Grooming:** Under this segment, Sharaf DG sells grooming appliances, weights dumbbells, treadmills, protective gear, exercise bikes, sports equipment, and home gym accessories among others.

Recent Developments/Future Plans

- In February 2023, Abu Dhabi Distribution Co. signed a MoU with Sharaf DG to promote energy efficient products at its stores in Abu Dhabi Mall, Al Wahda Mall, Dalma Mall, and Mushrif Mall.

Source: Company Website, NEWS Articles

Leading e-commerce Platforms in the GCC

6th Street (UAE)

Founded in 2016, 6th Street, the e-commerce arm of Apparel Group, is a Dubai-based online platform that offers a wide range of apparel, footwear, accessories, and beauty products for men, women, and children. The company has presence across the Middle East, including the GCC nations. It features products from more than 1,200 brands, including notable names such as Skechers, Dune, Adidas, Beverly Hills Polo Club, Birkenstock, Tommy Hilfiger, Calvin Klein, Naturalizer, Toms, Levi's, Nike, Aeropostale, Trendyol, Inglot, and Puma among others.

Business Segments/Product Portfolio

- **Clothing:** Under this segment, the company's portfolio includes brands such as Boohoo, Karen Millen, Forever New, American Eagle, Bianco Lucci, Calvin Klein, Tommy Hilfiger, Hugo, La Vie En Rose, Coast, Roza Abaya, Wallis, and many more.
- **Sports:** Under this segment, the company sells several products including sneakers, track suit, jackets, swimwear, backpacks, and other sporting accessories and merchandise. The most prominent brands sold under this segment include Adidas, Skechers, Puma, Nike, Asics, Onitsuka Tiger, Under Armour, The North Face, and Vans.
- **Accessories:** Under this segment, the company offers various accessories including sunglasses, watches, belts, caps & hats, and jewelry among others. Some of the prominent brands sold include Ray Ban, Guess, March Jacobs, Calvin Klein, Hugo Boss, etc.
- **Beauty:** Under this segment, the company's brand portfolio includes Ajmal Perfumes, Bourjois, Catrice, Forever 52, Loreal Parris, La Rouche Posay, Maybelline Newyork, and The Face Shop among others.

Recent Developments/Future Plans

- In September 2022, 6th Street opened its first phygital store in Dubai that blends online and in-store shopping in an innovative tech-led space. Equipped with online browsing and smart fitting rooms, the store offers customers a metaverse where they can touch and feel products and limit the challenges of long shipping times, limited inventories in store, and waiting in check-out lines. The store holds 2.5x times the styles of a regular store, with all major brands available.

OUNASS (UAE)

Launched in 2016, OUNASS, part of the Al Tayer Group, is a Dubai-based luxury online shopping destination that offers an extensive range of high-end fashion, beauty, and lifestyle products. The platform sells products from over 300 prestigious international and local designers such as Gucci, Prada, Valentino, Balenciaga, and Dolce & Gabbana among others. The company has presence across the GCC region.

Business Segments/Product Portfolio

- **Women Fashion:** Under this segment, the company sells dresses, tops, bottoms, outerwear, knitwear, flats, sneakers, boots, sandals, handbags, clutches, crossbody bags, totes, jewelry, and lingerie & nightwear among others. The most prominent brands sold under this category include Burberry, Balmain, Marc Jacobs, Chole, Coach, Dolce & Gabbana, Gucci, Prada and many more.
- **Men Fashion:** Under this segment, the company sells shirts, t-shirts, trousers, jeans, suits, formal shoes, loafers, boots, sandals, sneakers, watches, wallets, belts, ties, and sunglasses among others. Notable brands sold under this category include Balenciaga, Prada, Burberry, Emporio Armani, Versace, Montblanc, LOEWE, and Armani Exchange among others.
- **Beauty:** Under this segment, the company sells makeup products, skincare & haircare products, fragrances, etc. Some of the prominent brands sold under this category include Bvlgari, Gucci, Armani, Kiehl's, and Charlotte Tilbury among others.

Recent Developments/Future Plans

NA

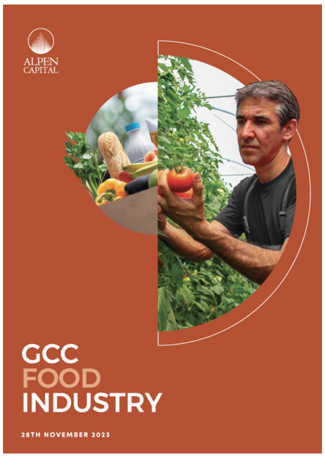
Source: Company Website, NEWS Articles

INDUSTRY RESEARCH

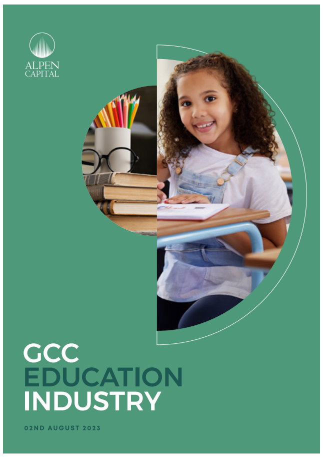
GCC Retail Industry
2009, 2010, 2011, 2012, 2015,
2017, 2019, 2022 & 2024

GCC Hospitality Industry
2011, 2012, 2014,
2016, 2018, 2022 & 2024

GCC Insurance Industry
2009, 2011, 2013, 2015,
2017, 2019, 2022 & 2024

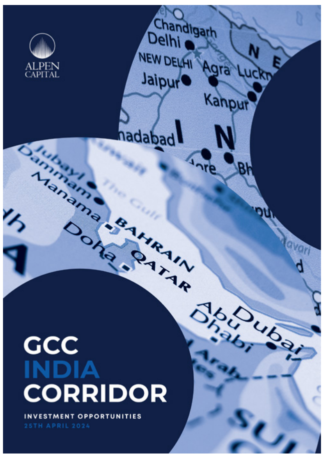


GCC Food Industry
2011, 2013, 2015,
2017, 2019, 2021 & 2023



GCC Education Industry
2010, 2012, 2014,
2016, 2018, 2021 & 2023

GCC Healthcare Industry
2009, 2011, 2014,
2016, 2018, 2020 & 2023



GCC India Corridor
2013, 2017 & 2024

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to
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Financial Advisor

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(~US$150 million)

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