

Qatar

Vision and diversification drive new era of growth

Unlike many economies severely impacted by the Covid-19 pandemic, Qatar emerged from the crisis relatively unscathed. The Qatari economy started 2021 under relatively favorable conditions - although oil prices plummeted in 2020, its fiscal and current accounts were in good shape, with mid-term growth prospects significantly bolstered by plans to add new natural gas export capacity. Vast natural gas reserves will support near- and long-term growth, but the state is also investing heavily to transform into a knowledge economy, with recent non-oil growth underpinned by ongoing development in support of the upcoming FIFA 2022 World Cup.

Qatar's sizeable oil and gas reserves have helped it become one of the richest countries in the world - GDP per capita was estimated at \$52,211 in 2020 - and its economy has been resilient despite years of external volatility. GDP is forecast to rebound by more than five percentage points this year as the global economy re-opens and energy demand soars. But the state's emir, Sheikh Tamim bin Hamad Al Thani, is looking further into the future, as he highlighted at the 2021 Qatar Economic Forum: "We are a natural gas exporting country, which is a low-carbon and least harmful energy to the environment, yet we are investing in research related to green, alternative and sustainable energy, and we plan to move Qatar towards that end. Moreover, we also contribute to the global efforts to combat climate change."

Days after his speech, news broke that Qatar Energy, one of the world's largest liquefied natural gas (LNG) producers, was in the process of establishing an environmental, social and governance framework that could allow it to tap international green bond markets for billions of new investment. Qatar and its leader are thinking ahead.

"We are lucky to have a ruler who offers security. There is no gap between the ruler and the people of the country, which is very important. This is our strength. Qatar is unique; you will find people who have been here 50, 60 years and had a very good quality of life," said Mohammed Taleb Al Khauri, CEO of Taleb Group.

A forward-thinking outlook has helped the state set itself apart from other Gulf countries. It's true that the Qatari economy has benefitted oil and gas production, which helped merchandise exports more than triple between 2005 and 2015 to reach \$77.9 billion. But a moratorium on new development in its largest field, the North Field, was announced in 2005 in order to ensure sustainability, and the government set its sights on boosting non-oil



Sheikh Tamim bin Hamad Al Thani
Emir of Qatar

growth with a series of ambitious new plans.

Under the auspices of the expansive Qatar National Vision 2030 development agenda, Qatar has invested heavily to develop its non-oil sectors and diversify the economy. First and foremost, it has allocated \$6.5 billion alone for venues and direct costs related to the 2022 World Cup.

But this is only part of Vision 2030's long-term, \$200 billion infrastructure development agenda. Long-term plans are even bolder, and Bloomberg estimates the country's new roads, railways, and northern city, Lusail, could receive as much as \$300 billion of investment. For Omar Hussain Alfardan, president and CEO of Al Fardan, Qatar's long-term development strategy equates to many near-term competitive advantages:

"Qatar has taken a different path than other Gulf countries. Qatar will be similar to Switzerland and Singapore. It is going to be a service, knowledge kind of country which will host multinationals and local

companies. Between hydrocarbon and other disciplines that the government has invested in - education, health, and culture - they have created a pool of good attractions."

He's right, it's not only infrastructure - Vision 2030 has also driven a surge in spending on health and education, supporting development of world-leading social infrastructure. This adds to the benefits of doing business in Qatar, according to Ibrahim Jassim Al-Othman Fakhro, president and CEO of United Development Company:

"We have security, infrastructure, a good medical system, an excellent education system, an international airport, ports, and a free-zone. All of these attract international investors and create a healthy environment. This country is very rewarding in terms of business. All these factors combined are very positive for investors that come to Qatar. The risk factor here is minimal."

With global energy demand rising and the state set on a clear path towards diversification, authorities are now ready to resume development on the North Field. In April 2017, authorities announced the end of the North Field moratorium, and in August this year the government awarded an engineering, procurement and construction contract for the two-phase North Field expansion project, which will boost Qatar's LNG output by 64% to 126 million tonnes per annum by 2027.

The fiscal future looks bright, as does the broader outlook for long-term development, and Qatar's strategic approach to growth will keep the state on track to meeting its Vision 2030 objectives, according to Al Thani:

"Proactive thinking and speed of adaptation to various variables has constituted a fundamental pillar to achieve progress in our development plans and programs, especially by promoting self-reliance as much as possible in vital fields, adopting economic diversification, supporting the private sector, and stimulating investment to achieve our national vision."

Taleb Group - Growing together with Qatar

Rising energy prices, major LNG projects moving forward, and strengthening regional relations are three key drivers catalysing Qatar's recovery from the covid-19 crisis, according to a July 2021 report by PWC. The international professional services firm further noted developing trends that are boosting Qatar's global competitiveness, including ongoing private sector development, effective fiscal management, digitisation, sustainability, and increased value creation.

This economic transformation is distinctively visible in the education arena: indeed, the constitution enshrines education as a pillar of social progress and development. The 2021 budget allocates \$4.8bn to the education sector, which contributes a growing share to GDP as well as providing the basis for Qatar's long-term development.

As one of Qatar's leading companies, Taleb Group is playing a major role in this transformation. Under the visionary entrepreneurial leadership of its Managing Director Mr. Mohammed Taleb Al Khauri, Taleb Group is already active in the school's segment, and is preparing to enhance the spectrum of learning with higher education plans. "We are going to open an affordable university with world-class standards in Qatar and students are awarded the International Degree in Qatar," says Mr. Al Khauri. "We are interested in forming a partnership with an international university."

Taleb Group has its roots in the real estate sector, but is much more than that. It now develops properties from schools to hotels, and retains a stake in the



Mohammed Taleb Al Khauri
Managing Director - Taleb Group

businesses after completion, giving it a diversified income stream in a range of fast-growing sectors.

Taleb Group, with all its deep roots in the real estate sector in Qatar, adopted a novel business model where in the land bank is converted into long lasting business/joint ventures of repute which is accepted and appreciated by the cross section of society. Some of the key ventures in operations are in the Education, Hospitality and Health sectors, which are ventures of socio-economic significance and of service to society.

The university will have a captive audience in the Group's own schools and also others in Qatar, including Qatar's large expatriate population. Taleb Group set up its first Cambridge

School in 2002 and now has five schools. It is also looking to expand in the nursery segment and to bring US curriculum to its schools, in addition to the International Baccalaureate, UK Curriculum and Indian Curriculum it already offers.

The university which is in the anvil, will thus have a captive market in Qatar with a range of multi curriculum schools including those schools of The Group.

Taleb Group is particularly interested in joining hands with universities with an Engineering and Business focus. The Qatari company represents an ideal partner in the regional market, as a family business established by Mr. Al Khauri's father in 1955 with strong roots in the State, and a long track record of working with international counterparts, including Malaysia's Holiday Villa Hotel chain.

"We're very well-known and acknowledged internationally for our experience and honouring our commitments," says Mr. Al Khauri. Entrants to the Qatari market can benefit from the country's stability, burgeoning growth, and leadership. "We have a caring Ruler who upholds the welfare of the people of Qatar. The Amir of Qatar is proactive and we appreciate this hugely. This leadership ensures stability and burgeoning strength," says Mr. Al Khauri. "We have everything we need. Now Qatar is contributing to global Innovation, Research & Development, and becoming known globally for this contribution."



United Development Company

Delivering value to shareholders is a key commitment of our growth strategy

Qatar's economy continues to expand, despite the pandemic, with the country recording a 4% year-on-year growth in the second quarter of 2021, according to official data. Meanwhile, Qatar's construction sector is forecast to grow by a compound annual rate of 10.54% over the next five years, to reach \$76 billion, according to market intelligence and advisory firm Mordor Intelligence.

This is welcome news for property developers operating in the country. "Our financial results show an excellent improvement. We have met the targets we set, and in terms of achievements we're developing at a good pace," says Ibrahim Jassim Al-Othman, President, CEO and Member of The Board of Qatar-based United Development Company (UDC), a leading Qatari public shareholding company and one of the region's leading real estate developers.

For the first nine months of 2021, UDC saw its revenues increase by an impressive 90%, compared to the same period of 2020, to roughly US\$445 million. Revenues related to urban development more than doubled, to US\$324 million.

This growth has been aided by UDC's flagship project, The Pearl-Qatar, a mixed-use, man-made island located 350 meters off the coast of Doha's prestigious West Bay District. With over 25,000 residential units, it is one of the largest real estate developments in the Gulf to date. "The Pearl is



Mr. Ibrahim Jassim Al-Othman
UDC President & CEO and Member of The Board

a state-of-the-art development, and this shows in the positive returns that come from investing in this island," says Al-Othman. The project is

also proving to be a major draw for international investors, who, with an investment of US\$200,000, can gain permanent residency in Qatar.

In addition, UDC is in the process of developing Gewan Island, located adjacent to The Pearl, which is set to be another world-class residential, commercial and entertainment destination, as well as multiple residential, retail and hospitality projects at The Pearl Island including three luxury villa compounds, Corinthia Yacht Club, Giardino Mall, Floresta Galleria and United School International, which will all be completed in 2022.

The steady growth of UDC over the years has ensured solid returns, with the company always paying dividends to its shareholders. "One of the most important success factors is integrity, we live in a very transparent world and we have always had integrity high on our list of values," says Al-Othman. The company was first listed on Qatar Exchange in June 2003, four years after being established.

When it comes to Qatar, Al-Othman says that the country is highly rewarding in terms of business development. "The government has created the infrastructure to attract both international and local investors," he adds.



Alfardan Group

Taking Qatar's success story global

One of the world's highest levels of GDP per capita, a flexible public finance structure, and large sovereign net foreign assets are key factors supporting Qatar's high-grade credit rating, ratings agency Fitch stated in a June 2021 review of the Gulf country. Fitch affirmed Qatar's high-grade status with stable outlook, despite the impact of the Covid-19 pandemic and lowering of energy prices. The State balanced its budget in 2020, a feat achieved by few developed economies worldwide, and will return to surplus this year. External debt to GDP is set to fall thanks to the governments' proactive policy of paying down maturities, and the expected economic boon of the North Field gas project, anticipated to come onstream in 2025.

In this excellent macro-economic environment, and given the country's wealth, it is perhaps little surprise that Qatar has the world's fastest-growing luxury market, according to a recent report by Mordor Intelligence. The market intelligence and advisory company stated that the luxury industry has "huge potential to grow in the country", with expenditure on luxury goods resilient to temporary fluctuations in GDP per capita. The State's rapidly growing population and stronger consumer purchasing power are the two main drivers behind the sector's buoyant outlook. Not only is the domestic market booming; Qatari companies are increasingly participating in the development of the global luxury industry.

Alfardan Group is at the front and centre of these developments. One of Qatar's - and the region's - leading family-owned conglomerates, it has created new benchmarks of excellence in its diverse portfolio of businesses, which now span jewellery, exchange, automotive, property and hospitality, agriculture, marine services, and investment sectors. Originally founded as a pearl trading company, it is now leading the drive for Qatari success stories across the region and well beyond.

"When you do something well and successful, it's the natural thing to replicate it in other countries," says Omar Hussain Alfardan, the company's president and CEO. "We do this with partners which carry and believe in the same values we have. It's not just about numbers and figures, but a passion for what you do. At Alfardan, we live the lifestyle, and form partnerships with companies that want to develop a lifestyle beyond offering a mere product or service."

Typical of these relationships is Alfardan's partnership with Sotheby's, the international fine arts and luxury brand. In March 2021, Alfardan launched a chapter of Sotheby's International Realty in Oman. Sotheby's International Realty is a global leader in real estate franchising and brokerage firm, and the Oman branch will be operated by Alfardan. The business will give buyers and investors exclusive access to exceptional properties around Oman and beyond, and provides a new opening for high net-worth investors in the Sultanate, a strategically-located country with a stable and growing economy. Alfardan will support Sotheby's International Realty with its



65 years of experience operating in the region, and its extensive network and client pool.

Alfardan is also leading the global expansion of high-end restaurant brand Hakkasan. In early 2021, Hakkasan announced the launch of two new branches in Turkey, at the Mandarin Oriental Bodrum, and the Mandarin Oriental Bosphorus in Istanbul, in partnership with Alfardan Group. Alfardan already operates two Hakkasan restaurants in Doha and Muscat, and Hakkasan stated that the partnership has a "proven track record for creating restaurants that exude confidence and allow diners to transcend to a different world enveloped in intrigue, mystery and excitement".

Indeed, Alfardan's partners include other leading restaurant brands such as Nozomi, as well as such luxury businesses as Rolls-Royce, Aston Martin, Ferrari and BMW. "We feel that whatever we market as a product here needs to be an international standard product," says Omar Hussain Alfardan. "At the same time, we are redefining what the Qatari brand means internationally."

Alfardan is bullish about the outlook for business, observing sustained appetite from consumers, and double-digit growth across the company's portfolio. But its success is not only

founded on the strength of the market, but Alfardan Group's own ethos and way of doing business.

"Our company values are the same whichever way you approach us - trust, credibility, and passion," Omar Hussain Alfardan says. "My father is 88 years old, and he comes to the office every day. We are customer-centric and invest attention and time in deepening our customers' knowledge about our products and services through various communication channels. We value our heritage and culture, and are passionate to continue doing what we do best."

Alfardan sees his company's home market as developing in a similar way to Switzerland and Singapore - service and knowledge-based economies that are bywords for quality, efficiency, and hosting the world's leading multinationals. And his company is playing a leading role in taking Qatar's unique strengths to the world.

"We see Qatari businesspeople are actively looking for new investment opportunities in the region and beyond," he says. "Doha's success has helped us expand globally. Like the Qatari economy, businesses are diversifying and growing."