
Boutique Hotel Acquisition Dubai, UAE

UAE Hospitality Asset Purchase

Sector: Hospitality | Deal Type: Acquisition

Location: Dubai Marina, UAE

Investor: Asia-Pacific Hospitality Fund

Report ID: GCI-2026-03-6WRECQ | March 2026

STRICTLY CONFIDENTIAL

Investment Conviction Report | March 2026

Key Investment Metrics

| | | | |
|----------------|-----------------|-------------|-----------------|
| AED 22M | Month 22 | 61% | AED 6.2M |
| INVESTMENT | BREAKEVEN | OCC. TARGET | YR3 EBITDA |

PROCEED WITH CONDITIONS

Subject to: management contract renegotiation and occupancy verification

SECTION 01

EXECUTIVE SUMMARY

Gulf Capital Intelligence presents this conviction report on the proposed acquisition of a 48-room boutique hotel in Dubai Marina. The asset is currently operating at 54% occupancy under a third-party operator whose contract expires in nine months. The acquiring fund seeks to reposition the property upmarket, install a boutique brand, and target 65-72% occupancy within 18 months of takeover.

The Dubai hospitality market continues to outperform regional peers. International visitor arrivals exceeded 18 million in 2025, driven by MICE traffic, transit tourism, and growing leisure demand from South and Southeast Asia. Average daily rates in the 4-star boutique segment have increased 11% year-on-year. The target asset is well-positioned physically but underperforming relative to its competitive set by approximately 8-12 percentage points on occupancy.

SECTION 02**INVESTMENT OVERVIEW**

The proposed acquisition of AED 22M covers the freehold title to the property, existing FF&E, and operational goodwill. The current operator is contracted through Q4 2026 and has expressed willingness to exit early for a settlement of approximately AED 800,000. The fund intends to appoint a boutique management company specialising in the 80-150 room segment.

Capital allocation: AED 22M acquisition price, AED 3.2M refurbishment and FF&E upgrade, AED 1.1M brand setup and pre-opening costs, AED 800K operator settlement, AED 500K working capital reserve. Total committed capital: AED 27.6M. Exit strategy targets a hotel investment fund trade sale at a projected 14-16x EBITDA multiple in year 5.

SECTION 03**MARKET CONTEXT AND COMPETITIVE LANDSCAPE**

Dubai Marina and the adjacent JBR waterfront form one of Dubai's three primary hospitality clusters. The submarket contains 34 hotel properties ranging from 3-star to 5-star luxury. The boutique and lifestyle segment (40-120 rooms, independent or soft-brand) is underrepresented, with only 6 properties in this category. Average RevPAR in the boutique segment was AED 520 in 2025, compared to the all-segment average of AED 380 for the Marina submarket.

Primary competitors for the repositioned asset include The Retreat (72 rooms, 71% occupancy), Canvas Boutique (55 rooms, 68% occupancy), and three international soft-brand properties. The target occupancy of 67% in year 2 sits within the achievable range based on current competitive benchmarks. Rate positioning at AED 680-720 ADR would place the property at the upper end of the boutique tier without competing directly with 5-star flagships.

SECTION 04**REGULATORY AND COMPLIANCE**

Dubai hotel ownership and operation is regulated by the Department of Economy and Tourism (DET). Key compliance requirements include: DET Hotel Classification Certificate (renew annually), Dubai Tourism Dirham (DTD) registration, food and beverage licensing for any F&B; outlets, and Dubai Land Department transfer procedures for the freehold title.

Foreign ownership of hotel real estate in designated freehold zones (of which Dubai Marina is one) is permitted without restriction. The fund's Cayman Islands structure is eligible to hold title directly. Stamp duty equivalent (DLD transfer fee) is 4% of the transaction value, payable at transfer. No withholding tax on repatriation of capital or profits under current UAE corporate tax rules applicable to investment holding structures qualifying for the 0% rate.

SECTION 05

FINANCIAL MODEL

Base case assumes AED 650 ADR in year 1 growing to AED 710 by year 3, occupancy of 58% (year 1), 65% (year 2), 69% (year 3). Revenue per available room (RevPAR) of AED 377, AED 462, AED 490 respectively. Gross operating profit margin stabilising at 61% by year 3.

Three-scenario analysis: Downside (52% occupancy, AED 600 ADR) yields AED 3.1M EBITDA year 3, breakeven month 28, IRR 11%. Base case yields AED 6.2M EBITDA year 3, breakeven month 22, IRR 18%. Upside (73% occupancy, AED 740 ADR) yields AED 8.4M EBITDA year 3, breakeven month 16, IRR 26%. All scenarios produce positive EBITDA by month 30 at minimum.

SECTION 06

RISK MATRIX

| Risk Factor | Level | Assessment |
|--------------------------|---------------|---|
| Operator transition risk | HIGH | Current operator may resist exit or delay handover. Mitigate with legally binding settlement agreement and 90-day transition plan before acquisition close. |
| Occupancy ramp risk | MEDIUM | Boutique repositioning requires 12-18 months to build brand awareness and OTA rank. Budget for below-breakeven trading in first two quarters post-launch. |
| Rate compression | MEDIUM | New luxury supply entering Dubai Marina 2026-2027 (two 5-star openings) could compress ADR across the submarket by 5-8% in year 2. |
| Refurbishment overrun | LOW | Scope is limited (FF&E; and soft refurbishment only, no structural work). Recommend fixed-price contract with 10% contingency. |
| Regulatory change | LOW | DET classification standards are well-established. No anticipated material changes to hotel licensing requirements. |

SECTION 07**LOCATION ANALYSIS**

Dubai Marina benefits from direct metro access (DAMAC Metro Station), proximity to JBR Beach (8-minute walk), and high footfall from The Walk retail and dining precinct. The target property sits on a secondary street off the Marina promenade, reducing frontage premium but also reducing noise and improving operating cost efficiency.

The immediate catchment has a permanent residential population of approximately 85,000 and receives an estimated 12 million tourist visits annually. Corporate demand is moderate (no major DIFC or financial cluster proximity) but is partially offset by MICE demand from the Habtoor Grand and JW Marriott Marquis clusters. Recommended positioning: leisure-led boutique with secondary MICE capability.

SECTION 08

DILIGENCE ACTIONS

- 1 Operator settlement agreement:** Obtain and review the draft settlement agreement from the current operator's legal counsel. Confirm exit timeline, key handover obligations, and any post-exit non-compete clauses before signing the SPA.
- 2 Occupancy and RevPAR verification:** Request 36 months of audited occupancy, ADR, and RevPAR data from the operator. Cross-reference against DET's market data if available. The current 54% claimed occupancy must be independently verified.
- 3 Title and charge search:** Confirm freehold title is unencumbered. Run a DLD title search and instruct UAE real estate counsel to confirm no mortgage, lien, or restriction is registered against the property.
- 4 FF&E; condition assessment:** Commission a hotel technical services consultant to assess the condition and remaining useful life of existing FF&E.; Refurbishment budget of AED 3.2M should be stress-tested against actual condition findings.

DISCLAIMER**Important Notices**

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