

# engage

Q2 | 2021

## Sustainable evolution

Markaz reported net profit of KWD 10.41 million in H1 2021

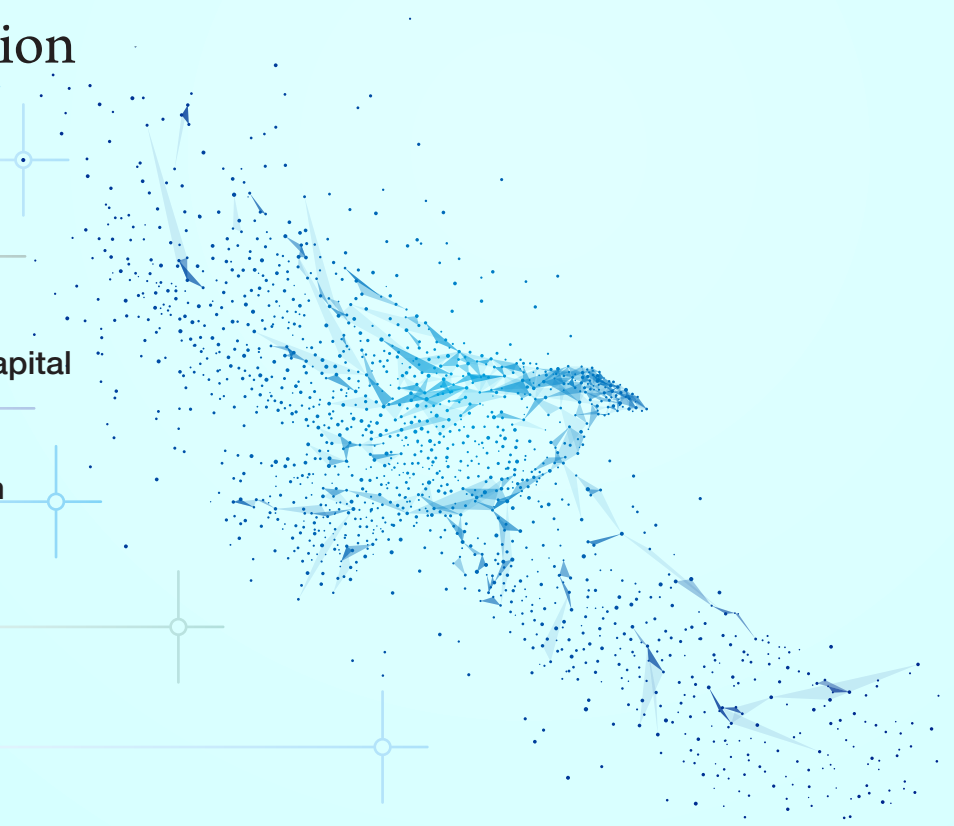
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Issue 19, Q2 2021

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# Markaz reports net profit of KWD 10.41 million in H1 2021

- **Management fees and commission outperformed with growth of 42% y-o-y**
- **AUM increased for a third consecutive quarter to KWD 1,037 million**

Kuwait Financial Centre “Markaz” reported its financial results for the first half of 2021 with total revenues of KWD 19.06 million, as compared to a loss of KWD 1.71 million in the same period last year. Markaz achieved a net profit of KWD 1.04 million, as compared to a loss of KWD 10.05 million in H1 2020, and Earnings Per Share (EPS) of 22 fils for the half year ended June 30, 2021.



Mr. Diraar Yusuf Alghanim, Chairman stated: “I am pleased to report that Markaz has continued to deliver positive financial performance with improved profitability in H1 - 2021. The world economy is experiencing an exceptionally strong recovery from the coronavirus-induced recession. Global growth is set to reach 5.6% in 2021, its strongest post-recession pace in a long time, underpinned by the accelerated global movement to overcome the COVID-19 pandemic. Markaz has successfully implemented its investment policy to face the circumstances of the regional and global

***Markaz successfully implemented policies to face the circumstances of regional and global markets, and is poised to benefit from the post-Covid recovery***

markets, and is well poised to benefit from the post-pandemic recovery, supported by our dynamic risk management and asset management strategies.”

Mr. Ali H. Khalil, Chief Executive Officer stated: “As a result of implementing a conservative investment policy and meeting

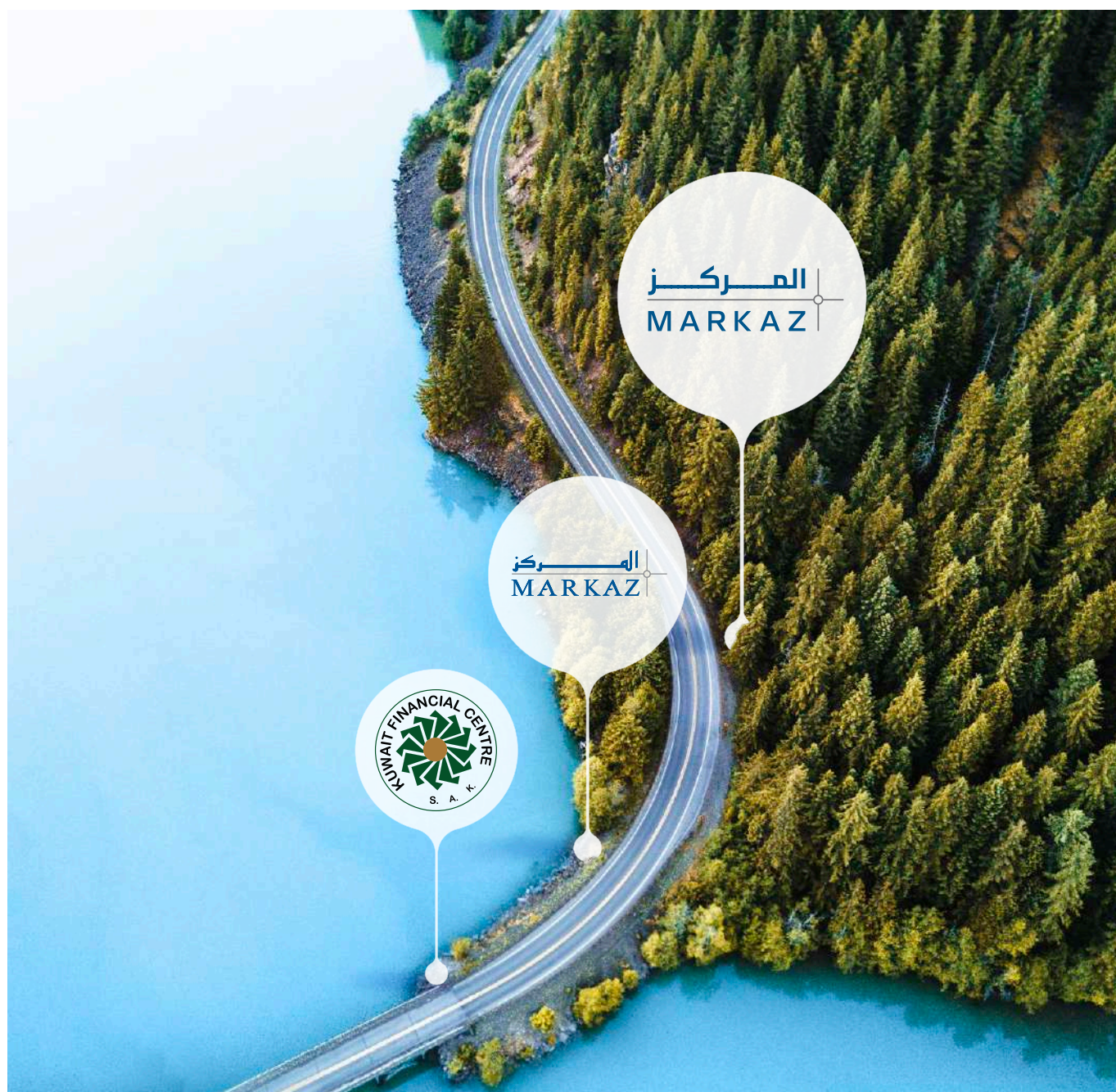
the market needs for innovative financial services, Markaz’s asset management fees have reached KWD 4.53 million in H1 - 2021, a 39% y-o-y growth. Investment Banking fees increased by 78% y-o-y to KWD 0.46 million. H1 - 2021 real estate rental income increased by 20% to KWD 1.72 million, reflecting the high quality of our real estate portfolio, which was well poised to benefit from the market recovery. Total revenues also include gains from investments of KWD 11.45 million as compared to a loss due to the pandemic of KWD 10.2 million in H1 - 2021. This solid and consistent financial performance is a result of the efficiency of our team, the diversity of our activities, prudent asset allocation, and research-based investment selection. The Markaz balance sheet remains robust and liquid, and our net debt to equity ratio stands at 0.37 times, enabling us to seize emerging attractive opportunities. Our Assets Under Management increased for a third consecutive quarter to KWD 1,037 million at the end of June 2021.”



# A journey of transformation and evolution

Over the last 47 years, the Markaz brand has grown and evolved to become one of the most successful financial brands in the region. We are proud of our rich history, deep roots, and strong values. However, in the last few years, we have moved forward on a journey of transformation to meet the dynamic markets changes and the needs of all our stakeholders.

The evolution of Markaz logos tells an interesting story about how we are determined to strengthen our relationship with all stakeholders. The design of our new logo reflects the honesty we uphold and the trust that we enjoy. We retained our core brand elements, yet provided a modern, crisp facelift to match who we are, our values and how we look.



# Jazeera Airways successfully completes capital increase of KWD 10 million, with a subscription coverage rate of 210%

- Transaction marks first rights offering including tradable preemptive rights in Kuwait
- Markaz acts as Lead Manager and Subscription Agent
- Subscription coverage rate reaches 210%



Kuwait Financial Centre “Markaz” and Jazeera Airways “Jazeera” announced, in a joint statement, the successful completion of the capital increase subscription process with a total value of KWD 10 million through the issuance of 20 million shares at a subscription price of 500 fils per share, representing 10% of the issued and paid-up capital of the company.

The subscription coverage rate of the capital increase stood at 210%, as announced by both companies, marking the completion of the first tradable preemptive rights in Kuwait, which ran for 21 days – from 15 June to 5 July. Preemptive rights were traded on Bursa Kuwait from 15 to 28 June, at a reference price of 143 fils per right for the first day of trading and an average price of 165 fils per right, which resulted in the trading of approximately KWD 460,000 worth of preemptive rights. The subscription coverage rate reflects the high demand for the company’s shares by shareholders and investors who benefited from the trading of preemptive rights.

On this occasion, Mr. Rohit Ramachandran, Chief Executive Officer of Jazeera Airways, stated that the subscription process fulfilled all legal requirements, and witnessed the issuance of tradable rights securities for the first time on Bursa Kuwait. This was done in an effort to compensate shareholders who did not subscribe to the capital increase, and fulfill regulatory requirements, while supporting Jazeera Airways’ future operations.

Mr. Ramachandran added that Jazeera

Airways seeks to increase the number of its destinations, from the current 35 to 65 destinations within the next three years, after adding 13 new aircraft, bringing its fleet to a total of 30. He noted that during the pandemic, the company launched 10 new routes including Addis Ababa, Colombo, Tbilisi, Bodrum, Trabzon, London Heathrow, Bishkek, Tashkent, Antalya, and Kiev.

Mr. Ramachandran also stated that allowing vaccinated expatriates to travel and return to Kuwait starting from August and gradually reopening the airport, is an important step towards restoring the balance from a health and economic perspective. Ramachandran also said that Jazeera Airways is looking forward to resuming a number of flights that were stopped during the pandemic. He indicated that the company has requested the resumption of 8 destinations in August, and that it is currently integrating systems in preparation for the beginning of August, as travelers must show proof of vaccination when booking flights on the company’s website.

***The subscription coverage rate of the capital increase stood at 210%, marking the completion of the first tradable preemptive rights in Kuwait***

#### **A great success**

Jazeera Airways appointed Markaz to act as the Lead Manager and the Subscription Agent, due to Markaz’s extensive experience and track record in this field.

Mr. Ali H. Khalil, Chief Executive Officer of Markaz, expressed his contentment with the success of the subscription process. He stated: “We take pride in being the Lead Manager of this issuance, considering it is the first tradable preemptive rights to date in Kuwait, and in collaboration with a prominent company

such as Jazeera Airways, which seeks to benefit from the recovery of the global economic situation post the pandemic”.

Mr. Khalil added: “We recognize the importance of capital markets in supporting the stability of an economy, and hence, at Markaz, we are keen to contribute to the development of Kuwaiti capital markets and provide shareholders with various investment opportunities through the management of capital increase subscriptions, in addition to bonds, sukuk and others.”

Mr. Khalil expressed his sincere gratitude to the Capital Markets Authority and Bursa Kuwait for introducing new investment tools such as preemptive rights, marginal trading and others, to enrich capital markets and benefit shareholders. He also thanked the Kuwait Clearing Company for its continuous support.

#### **A solid financial foundation**

At a time when challenges increased due to the pandemic, Jazeera Airways maintained its balance and stability due to its solid financial foundation. The company’s cash balance at the end of March amounted to KWD 17.5 million, in addition to the proceeds of KWD 10 million raised through the recent capital increase. The company is also currently in the process of collecting a total of KWD 6 million in receivables, further strengthening the liquidity of the company and enabling it to deal with any developments, on the back of the company’s solid financial position.

#### **Thanks and appreciation**

Ramachandran acknowledged the Capital Market Authority’s role in managing the rights offering request, and its swift response and support during the process of increasing Jazeera Airways’ capital, expressing his appreciation to both the Bursa Kuwait and the Kuwait Clearing Company for their role in implementing the rules concerning the trading of preemptive rights, which took place seamlessly.

MARKAZ NEWS

# Gulf Bank successfully completes issuance of KWD 50 million bonds

Markaz and Kamco Invest jointly manage issuance process.



On this occasion, Gulf Bank’s CEO, Mr. Tony Daher, said: “We are proud of our successful issuance of KD 50 million bonds. These instruments have received great interest, as reflected by their demand volume reaching 157%, and indicate overall market confidence in the performance, position and strategic plans of Gulf Bank. We are confident that this issuance will contribute to enhancing Gulf Bank’s capital adequacy, in compliance with Basel III frameworks, and will serve our upcoming investment plans towards making Gulf Bank the bank of the future.”

Gulf Bank has announced it has successfully completed its issuance of KWD 50 million Subordinated Tier 2 Bonds. The bond issue was oversubscribed 1.57 times, with the total value of subscriptions amounting to KWD 78.5 million.

***Our participation in the Bonds transaction was met with great attention by investors in view of the excellent reputation of Gulf Bank and the professional expertise of Markaz***

Gulf Bank issued the subordinated Tier 2 bonds in Kuwaiti Dinars, with a tenure period of 10 years, callable after 5 years, and of KWD 50 million. The bonds were rated BBB+ by Capital Intelligence.

The bond issuance process was jointly managed by both Kuwait Financial Centre “Markaz” and Kamco Invest.

These bonds offer rewarding returns for holders of both fixed-interest bonds and variable-interest bonds. The KWD 25 million Fixed Rate bonds offer a 4% interest, and the KWD 25 million Floating Rate bonds offer a rate of 2.25% above the Central Bank of Kuwait’s discount rate. The interest will be paid in quarterly installments, with payments commencing on September 10, 2021.

Commenting on the latest bond issuance, Mr. Ali H. Khalil, CEO of Markaz, said: “Our participation in the Bonds transaction has been met with great attention by investors in view of the excellent reputation of Gulf Bank and the professional expertise of Markaz and the other lead managers in providing a variety of investment opportunities to the clients. Markaz assisted several local companies from various sectors in issuing bonds and sukuk to obtain the financing required to support their businesses. We value our solid partnership with Gulf Bank and seek to maintain and reinforce this relationship through the continuous cooperation between us.”

Mr. Faisal M. Sarkhou, Kamco Invest’s CEO, said: “We are proud of the efforts and cooperation portrayed by all involved parties who played a pivotal role in successfully completing this bond issuance. This transaction marks yet another milestone that will pave the path for additional issuances that will strengthen the local and regional debt markets. Gulf Bank’s financial position and clear vision have helped in closing the issuance in a short period with oversubscription. We look forward to managing more bond and sukuk issuances through our Debt Capital Markets team, who have spared no efforts in delivering the best possible outcome for all our valued clients.”



# Markaz 'Market Maker' for shares of Boursa Kuwait and Aleid Foods Company

In line with its role as a partner in the development of the Kuwaiti financial market and improvement of the trading environment.



Markaz announced that it is currently a Market Maker for the shares of two listed companies, Boursa Kuwait and Aleid Foods Company, with the aim of increasing the volume of trading, hence boosting the trading of their shares on the Kuwaiti stock exchange, Boursa Kuwait. In its capacity as Market Maker, Markaz will be supporting Boursa Kuwait's growth rates and increasing stability by contributing to the improvement of liquidity levels in general. Markaz's provision of Market Maker services on these two stocks follows the licensing of the company by the Capital Markets Authority as a Market Maker on

Boursa Kuwait, reaffirming its prominent and leading position in the capital markets in general, and in the Kuwaiti financial market in particular.

Commenting on Markaz's position as a Market Maker service provider, Mr. Azzam Al-Otaibi, Assistant Manager, MENA Equities at Markaz, said: "We view Markaz as a partner of Boursa Kuwait in the development of the Kuwaiti capital markets, hence we work closely with other market makers to support the stock exchange operator in its quest to improve levels of liquidity.

***In its capacity as Market Maker, Markaz will be supporting the Boursa growth rates and increasing stability by contributing to the improvement of liquidity levels in general***

Markaz will work towards expanding the provision of orders to continuously buy and sell the shares of the two companies, in order to increase trading opportunities for these two securities amongst traders, by providing more suitable buying and selling prices, which will have a positive impact on their liquidity. Markaz also seeks to reduce buying and selling prices

to create the much-needed balance, in case there is a high supply of shares and low demand, and vice versa".

Mr. Al-Otaibi highlighted that Markaz will provide Market Maker services in line with international best practices by adopting the best operating systems that will be managed by a team of trading experts and specialists. Mr. Al-Otaibi added, "As leading asset managers, we will focus on the inflow of liquidity into small stocks, contributing to the diversification of investment options offered to our clients, while enabling us to find more alternatives".

Mr. Al-Otaibi also explained that the Market Maker services also aim to create a continuous balance between supply and demand, in addition to bridging the gap between the buying and selling prices, which may lead to greater inflows into the listed companies that are offered these services. This, in turn, will have a positive impact on the companies' borrowing costs and may enhance the value of the company shares and support their trading at fairer values. It is worth highlighting that Market Maker services motivate other companies to list their shares on the exchange, which serves to support the overall development of the Kuwait economy



# Markaz installs electric vehicle charging stations in its apartment buildings in Kuwait

Underlining its commitment to meeting evolving needs of its clients and promoting sustainability.



**Markaz places sustainability at the heart of its business model, and the charging stations demonstrate how it permeates through our operations**

performance of our assets. Putting customers at the heart of our business, we develop commercial and residential real estate solutions that match the current and future needs of our valued tenants. We also attach great importance to making improvements to our offerings in line with new trends in the market and to the fullest satisfaction of our customers to maintain longer tenancy, lower turnover, and higher occupancy.”

AlDousari added: “Markaz has placed sustainability at the heart of its business model and the electric vehicle charging stations at our properties demonstrate how it permeates through various aspects of our business and operations. We hope the new facilities, which represent our contribution towards achieving net-zero carbon footprint in Kuwait through our smart, environmentally friendly, and sustainable properties, will inspire our tenants and our stakeholders to adopt electric vehicles and embrace renewable

solutions to reduce carbon emissions.”

Growing environmental concerns means that Corporate Social Responsibility has become more important than ever. The integration of social and environmental concerns in business operations and interaction with stakeholders will achieve a balance of economic, environmental and social imperatives, while at the same time addressing the expectations of clients and stakeholders.

Markaz has always been keen on doing business responsibly and sustainably and has adopted the best standards, processes, and procedures to ensure that its operations and offerings generated meaningful impacts on people, clients, the community, and the environment. In keeping with this commitment, the company launched its second Sustainability Report in November 2020, covering the reporting period of 2018 and 2019. The report, which is in alignment with the United Nations Development Program’s Sustainable Development Goals and the Kuwait National Development Plan (KNDP), was aimed at measuring and evaluating its sustainability performance and reporting the results transparently to both its internal and external stakeholders.





# Market cycles and private equity: Does long-term buy and hold strategy still hold significance?

By: Khaled Al-Saleh, Assistant Analyst, Investment Advisory



Some investors are worried that the markets have reached an interim top, evident by the number of hedges that have been increasing exponentially in recent months. This had led to investors diversifying their portfolios into other asset classes that might benefit once the stock market takes a breather. Some of these asset classes include commodities like oil, gold, and natural gas. Others prefer diversifying into real estate, while yet others are piling into bonds behind a backdrop of rising inflation and talks of the U.S. Federal Reserve tapering their

During times of extreme euphoria and irrational exuberance, investors sometimes tend to forget that markets move in cycles, irrespective of whether it is a bear or a bull market. We are currently in the midst of the strongest bull market ever witnessed by investors. The S&P 500—which tracks the largest 500 companies in the U.S. market—is up 90.35% from its pandemic lows back in March 2020.

***Global private equity funding in the first half of 2021 saw more than USD 288 billion invested, up by over USD 100 billion compared to the previous half-year record of 2020***

bond purchasing program.

One asset class that has been quietly amassing a record number of investors is Private Equity (PE). Global private equity funding in the first half of 2021 saw more than USD 288 billion invested, according to Crunchbase. That is up by over USD 100 billion compared to the previous half-year record that was set in the second half of 2020. Another 250 companies have joined the Crunchbase Unicorn Board,

compared to 161 new unicorns for the whole of 2020. We at Markaz value the aspect of diversification and the benefits associated with it through our investments in selective PE investments.

We have recently invested in the Fintech company Klarna, and are also in the process of identifying potential venture capital funds investments as well as early and growth stage private equity funds investments. As such, we continue to expand our pool of private equity investments here at Markaz, targeting a long-term investment horizon in which we avoid tactical and behavioral errors. History has shown that applying a long-term buy and hold strategy is more lucrative and usually yields higher returns than short-term frequent transactions.



# Primary issuances of Bonds and Sukuk in GCC see value rising 18% to \$83.7 billion in H1 2021

Sukuk issuances double y-o-y to \$30.0 billion to account for 36% of total value of issuances.

In its recent research report titled "GCC Bonds and Sukuk Market Survey H1-2021," Markaz highlighted the trends pertaining to bonds and sukuk primary issuances in the GCC during the first six months of the year. The report showed that primary debt issuances continue to see significant activity in the region.

Primary issuances of bonds and sukuk amounted to USD 83.7 billion during H1-2021, marking a year-on-year growth of 18% when compared with the USD 70.8 billion raised during H1-2020. The implications of Covid-19 have resulted in added strain on regional economies in terms of budget deficits and tightening liquidity. In addition, the total number of primary issuances during the first half of the year reached 201, compared to 176 issuances during the same period in the previous year.

## GCC bonds and sukuk market

The bonds and sukuk market within the GCC consists of bonds and sukuk issued by governments or corporations for financing purposes and are denominated in either local or foreign currencies.

**Geographical allocation:** Saudi-based issuers led the GCC bonds and sukuk market during H1-2021, raising a total of USD 31.9 billion through 21 primary issuances, which represented 38% of the total value raised in the GCC. The UAE and Oman followed with 34% and

**The total number of primary issuances during the first half of the year reached 201, compared to 176 issuances during the same period in 2020**

10% respectively, while Kuwaiti entities raised a total of USD 3.4 billion, or 4% of the total value raised during the first half of 2021.

**Sovereign vs. corporate:** Sovereign issuances by GCC entities amounted to USD 32.4 billion during H1-2021, down 23% year-on-year from the USD 42.3 billion raised during H1-2020. Meanwhile, corporate issuances amounted to a total value of USD 51.4 billion during H1-2021, an increase of 80% on the USD 28.6 billion raised during the same period last year.

**Conventional vs. sukuk:** Conventional issuances decreased by 3% year-on-year during H1-2021. A total of USD 53.7 billion was raised during this period, representing 64% of the total value of primary issuances in the GCC. Conversely, Sukuk issuances doubled on a year-on-year basis to reach USD 30.0 billion during H1-2021, as compared with USD 15.2 billion raised in H1-2020, representing 36% of the total value of issuances.

**Sector allocation:** The Government sector accounted for the largest amount

of primary debt issuances by value, raising a total of USD 32.4 billion, or 39% of the total value of issuances in the GCC in H1-2021. The Financial sector was second in its contribution to the total value of primary issuances in the region, raising a total value of USD 28.7 billion and representing 34% of the total market.

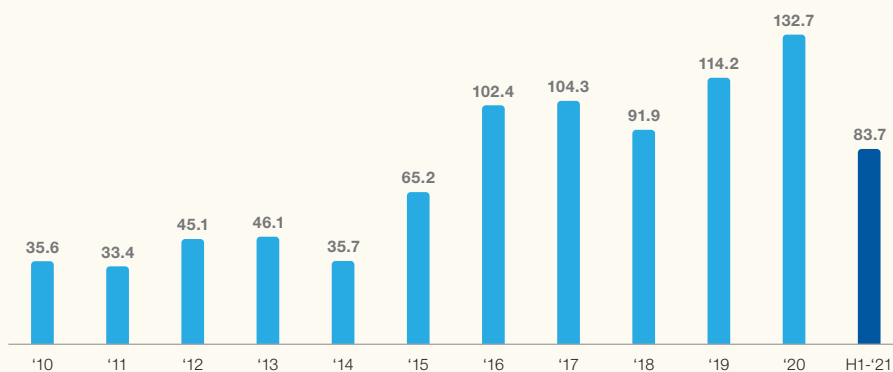
**Maturity profile:** Issuances with tenors of 5 to 10 years dominated the GCC debt capital markets by total value, raising a total of USD 30.2 billion or 36% of the total value of issuances through 67 issuances. Issuances with tenors of 10-30 came in second, with a total value raised of USD 28.1 billion through 33 issuances.

**Issue size profile:** The size of GCC bonds and sukuk issuances ranged from USD 5 million to USD 4.4 billion. Issuances with principle amounts greater than or equal to USD 1 billion raised the largest amount, totaling USD 44.1 billion and representing 53% of the total primary issuances.

**Currency profile:** US Dollar-denominated issuances led the GCC bonds and sukuk market in H1-2021, raising a total of USD 55.0 billion through 108 issuances, or 66% of the total value of issuances. The second-largest issue currency was the Saudi Riyal (SAR), with 9 issuances raising a total of USD 14.8 billion, or 18% of the total value of issuances in the GCC.

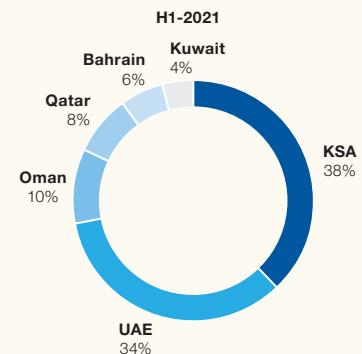
## GCC primary bonds and sukuk issuances - historical trend

in USD billions



## GCC primary bonds and sukuk issuances

Geographical allocation



**Rating:** In terms of value, a total of 58% of GCC Conventional and sukuk bonds were rated as Investment Grade in H1-2021 by at least one of the following rating agencies: Standard & Poor's, Moody's, Fitch, and Capital Intelligence.

**Listing:** During H1-2021, 150 issuances of a total of 201 issuances of Bonds and Sukuk were listed with an equivalent value of USD 78.4 billion. London Stock Exchange was the listing exchange with the greatest traded value of GCC primary issuances during H1-2021, which totaled USD 37.8 billion through 69 issuances.

**Bonds and sukuk total amount outstanding in the GCC:** As at 30<sup>th</sup> June 2021, the total amount outstanding for Corporate

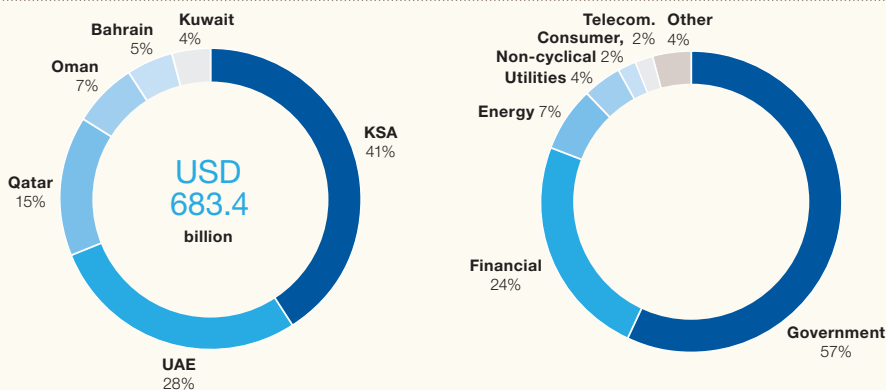
**London Stock Exchange had the greatest traded value of GCC primary issuances during H1-2021, totalling USD 37.8 billion through 69 issuances**

and Sovereign bonds and sukuk issued by GCC entities was USD 683.4 billion. Government issuances made up 57% of this total. The Financial sector was the second sector to lead the Corporates, with 24% of the total amount.

Of the amount outstanding as at 30 June 2021, USD 278.1 billion, or 41%, was issued by Saudi Arabian entities. bonds and sukuk issued by Kuwaiti entities accounted for only USD 26.2 billion, or 4% of the total amount of outstanding debt in the GCC.

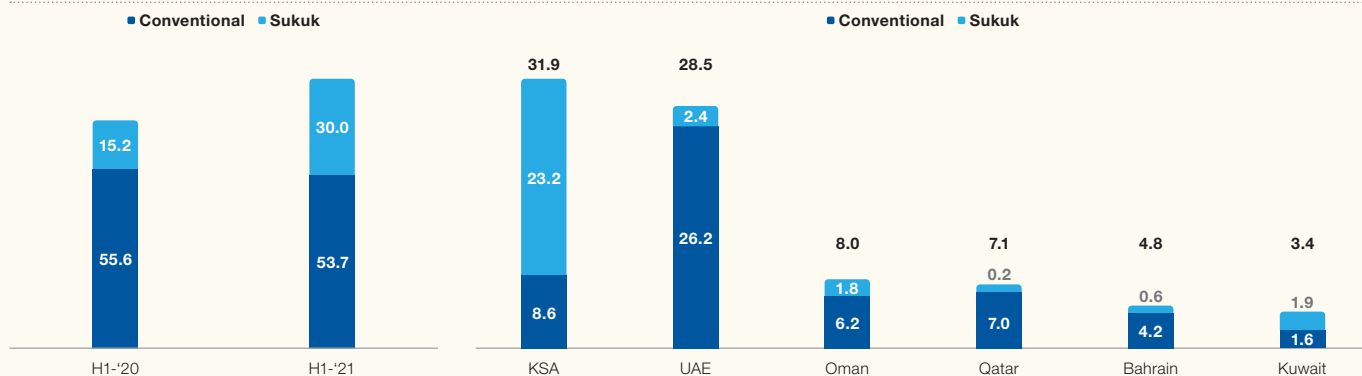
### Outstanding GCC Bonds and Sukuk Issuances - H1-2021

Geographic Allocation & Sector allocation



### GCC primary bonds and sukuk issuances - H1-2021

in USD billions



# GCC M&A market update: 70 transactions valued at around KWD 7.1 billion in Q2 2021

By: Fay Al-Bader, Analyst, Advisory

Following a quarter of improved activity, GCC economies continued to demonstrate growth with a firm path to recovery, backed by a rise in international oil prices and global energy demand. This is further supported by the ongoing rollout of the vaccine and the gradual elimination of Covid-19 related restrictions. Collectively, these factors have continued to strengthen investor confidence across the Gulf which is evident from the growing number of GCC M&A transactions as well as the substantial level of funds raised by GCC startups and/or injected by the region's largest investors.



Moreover, a noticeably higher number of tenders and contracts were awarded throughout the quarter; however, we only examine those that have been awarded to/or buy Kuwaiti companies.

## Kuwait economy

The local market recorded a total of 32 transactions during the second quarter of 2021, of which 18 were closed, and 14 remained announced. Collectively, these transactions were valued at approximately KWD 1.4 billion, which is significantly higher compared to Q1 2021 during which the total value of transactions that closed or were announced amounted to KWD 46.5 million. With that being said, it is worth noting that these figures do not reflect the total value of the transactions as many parties do not disclose the full terms of the respective transactions.

The largest transaction recorded during Q2 2021 was led by Agility Public Warehousing Company which announced the receipt of its board's approval to sell its global integrated logistics business to DSV Panalpina A/S (DSV) for an equity value of KWD 1.2 billion. Under the terms of the agreement, DSV will acquire the business through

an all-share transaction whereby it will issue 19.3 million shares, representing 8.0% of DSV's share capital post-transaction. Note that this transaction drove up the total value of M&A transactions for the quarter by a tremendous amount, accounting for 87.0% of the value. In addition, Wafra Capital Partners (WCP), alongside Quilam Partners, led the second largest transaction with a KWD 66.5 million investment in ThinCats, a UK-based company that supports and serves local, small, and medium-sized businesses by granting them funding, backed by institutional investors. WCP will become a significant minority investor following its investment. Moreover, Bareeq Holding acquired Iden Capital for Gulf Investments (Iden Capital), an Emirati real estate company, for a total consideration of KWD 15.1 million. Iden

***The local market recorded a total of 32 transactions in Q2 2021 valued at approximately KWD 1.4 billion, significantly higher than the 46.5 million in transactions recorded in Q1***

Capital primarily manages real estate and currently holds a portfolio of properties that span 1.2 million sqm of land throughout Ahu Dhabi.

Furthermore, multiple companies announced they would be conducting a capital increase/decrease throughout the quarter due to various reasons. The most prominent transaction was led by United Projects Company for Aviation Services (UPAC), which announced the receipt of shareholder approval to raise the company's authorized share capital by a significant 196.1%, from KWD 38.3 million to KWD 113.3 million. Following UPAC was the Kuwait Projects Com-

pany, which increased its authorized share capital from KWD 200.0 million to KWD 300.0 million. On another note, Hilal Cement Company and Ajwan Gulf Real Estate Company intend to slash their share capital by 50.7% and 28.6%, which would subsequently bring their share capital down to KWD 5.0 million and KWD 15.0 million, respectively. Both these companies have received their shareholders' approval to proceed with the capital reductions.

## Kuwait contracts/public tenders

In addition, a substantial number of tenders and contracts were awarded or announced throughout the quarter, involving various services including but not limited to construction, cleaning, insurance, leasing vehicles/equipment and oil extraction, and production and related services. The total value of the 25 respective tenders and contracts amounted to KWD 1.5 billion, which is significantly higher compared to the previous quarter, during which 16 tenders and contracts were awarded for a total value of KWD 811.3 million. The largest tenders awarded during the quarter were issued by Kuwait Oil Company (KOC), beginning with the tenders awarded under its mega environment project designed to treat and clean its polluted soil. The tenders were awarded to a number of local and international companies for a total value of KWD 1.0+ billion. In addition, KOC also announced that it received multiple bids for phases 4 and 5 of its Jurassic Gas Field Development Project, disclosing upon review that SPETCO International Petroleum Company (SPETCO) submitted the lowest bid at KWD 293.7 million. The winning bidder will be handed over the reins of the project and will take over KOC's production facilities to test, process,

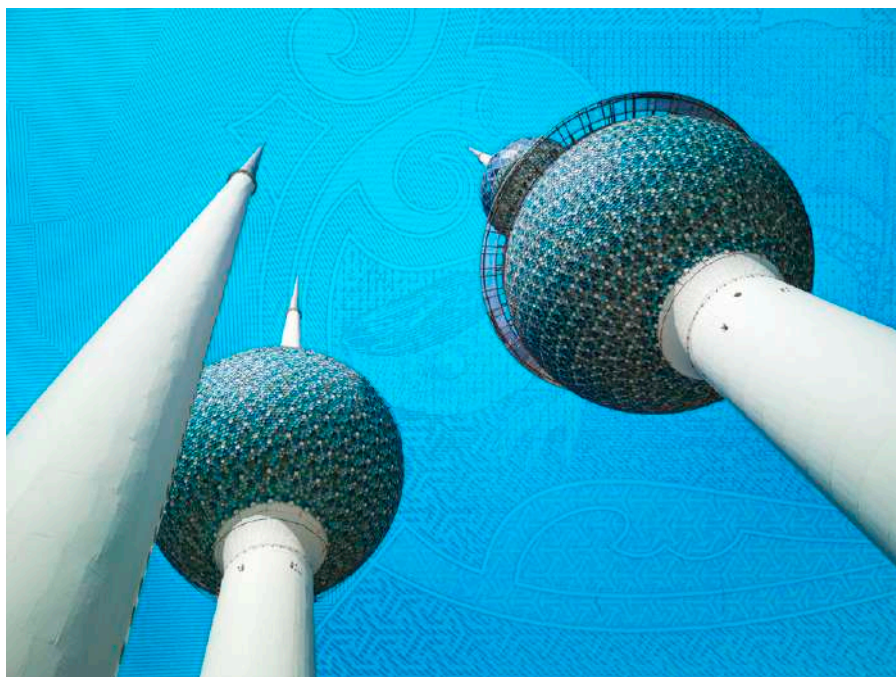
and handle the hydrocarbon well fluids within the company's Jurassic fields. Following this announcement, KOC signed an amendment to its contract with SPETCO, which involves additional contracting services for the third phase of its Jurassic Development Project, commonly referred to as JPF-3. SPETCO is expected to complete all additional works over the next 16 months at a total cost of USD 117.8 million. It is worth noting that KOC initially signed a USD 377.0 million contract with SPETCO for the development back in July 2016 and commenced production within the West Al Rawdatain field in December 2019.

### Regional economy

The other GCC countries also experienced an active quarter full of M&A activities during which 37 transactions were closed and 33 transactions were announced. Collectively, these transactions were valued at approximately KWD 7.1 billion, compared to KWD 2.1 billion in Q1 2021. Once again, these figures do not reflect the total value of the transactions as many parties do not disclose the full terms of the respective transactions.

**Other GCC countries also had an active Q2 with 37 transactions closed and 33 announced, collectively valued at KWD 7.1 billion, compared to KWD 2.1 billion in Q1**

The largest of these transactions was led by EIG Global Energy Partners, which alongside its consortium partners, China's Silk Road Fund and Hassan Investment Company, acquired a 49.0% stake in Aramco Oil Pipelines Company for a total consideration of KWD 3.7 billion, with the Saudi Arabian Oil Company retaining the remaining 51.0% stake. ADQ led the second-largest transaction with its own offer for a potential amalgamation of its subsidiary, Abu Dhabi National Exhibitions Company (ADNEC), with Abu Dhabi National Hotels Company (ADNH). The key terms of the offer state that ADQ will transfer its shares in ADNEC to



ADNH in consideration for the issuance of a convertible instrument that would convert into over 1.2 billion shares or ~ 55.0% in ADNH. At a fixed price of AED 3.930 per share, this implies a total transaction value of approximately AED 4.8 billion, or KWD 392.0 million. General Holding Company (Senaat) executed the next transaction with an offer to combine its wholly-owned subsidiary, Emirates Steel Industries, with Arkan Building Materials Company (Arkan). The key terms of the offer state that Senaat will transfer full ownership of Emirates Steel Industries to Arkan in exchange for the issuance of a convertible instrument that would grant Senaat 5.1 billion shares in the latter company. With each share priced at AED 0.798, this would imply a transaction value of AED 4.1 billion, or

KWD 332.5 million. Upon closing, Senaat would hold an 87.5% stake in Arkan.

### GCC startups

The GCC startup world experienced a high level of activity throughout the quarter, during which there was a total of USD 835.9 million raised by 58 GCC startups. This is significantly greater than the KWD 309.3 million raised throughout the previous quarter across 40 GCC startups. As witnessed in Q1, there wasn't a particular sector that attracted a greater level of interest relative to other sectors. However, there was an increased demand for tech-enabled companies.

Details regarding the largest rounds of funding closed throughout Q2 2021 can be found in the table below.

Startup	Funding raised (USD million)	Round	Lead investors	Primary activity
Kitopi	415.0	Series C	Softbank	Cloud kitchen
Tamara	110.0	Series A	Checkout.com	Buy now pay later
Tabby	50.0	N/A - Debt Financing	Partners for Growth	Buy now pay later
iWire	34.0	Series A	Noor Capital	Develops telecommunication networks
Sary	30.5	Series B	VentourSouq	Wholesale grocery platform

# Dubai 2040 Urban Master Plan: the future is here

By: Khaled Al-Dousari, Analyst, MENA Real Estate



Recently, the Dubai 2040 Urban Master Plan - the seventh development plan since 1960 - was announced. The plan is beyond every possible imagination, and it is expected to completely transform everything about Dubai.

## What Is the Dubai Urban Master Plan 2040?

It is a comprehensive view of what Dubai will look like in the near future, specifically in the year 2040. It is designed to make Dubai a world-class city with the best quality of lifestyle while providing the highest possible standards of urban infrastructure and facilities. This plan is said to be aligned with the vision of the UAE for the next five decades, focusing on enhancing people's happiness and quality of life. It also emphasizes strengthening the competitiveness of the city to strengthen its reputation as a global destination by providing a wide range of lifestyle and investment opportunities for citizens, residents, and visitors in the next two decades.

## What does the plan entail?

The massive plan has a detailed strategy, taking into consideration ways to enhance the economy and transform Dubai into a global destination. Here are the main ideas included in Dubai 2040:

- Dubai's urban districts will see great development with new projects focusing on health, safety, and inclusion.
- Resources will be utilized in an efficient manner to accomplish a 'green' approach.
- 60% of the entire area of Dubai will

As cities around the world evolve, we always see Dubai leading the pack. Usually, as cities progress, opportunities get unlocked. In Dubai's case, this is especially true with the recently announced Dubai 2040 Master Plan. Investors, companies, professionals, skilled workers, engineering consultants in Dubai, and other individuals who want to be part of the city's innovative engineering and construction industry now have great opportunities ahead of them. Dubai has gone a long way on the journey of sustainability and innovation and has proven to the world that the capability of a country determined to succeed has a significant impact on its future endeavors and goals.

## *It is designed to make Dubai a world-class city with the best quality of life and the highest possible standards of urban infrastructure and facilities*

- be dedicated to nature reserves and natural spaces.
- Public parks will double in size.
- Hotels and tourist areas will increase by 134% in 2040.
- The area for commercial services in Dubai will have an additional 168 sq. km. of land.
- Sustainable mobility in Dubai will be developed tremendously by connections between residential communities and service areas; this will include bicycle and walking lanes and easy access to

means of transportation.

- The land dedicated to education and health services and facilities will increase by 25%.
- Public beaches will undergo a major upgrade by 2040 with an increase in their total length by 400%.
- A legislation and planning governance model will be developed.
- The Hatta Development Plan is part of Dubai 2040, which includes promoting tourism to Dubai's favorite destination for outdoor activities while protecting its natural environment.

## Which areas are included in the Dubai 2040 plan?

The development plan will cover specific areas of the emirate, including:

- Business Bay



## “Markaz” supports displaced families in collaboration with the United Nations High Commissioner for Refugees

- Deira
- Bur Dubai
- Downtown
- Dubai Marina
- JBR
- Expo 2020 Centre
- Dubai Silicon Oasis Centre.

### What are the expected achievements of the Dubai Master Plan 2040?

Here are the expected achievements once the plan is complete:

- The number of residents in Dubai will increase to 5.8 million, from 3.3 million in 2020.
- The daytime population in the emirate will reach 7.8 million in 2040, compared to 4.5 million in 2020.
- The economy will receive a much bigger boost, and investors will be attracted to various new sectors in the emirate.
- The Dubai 2040 sustainability plan encourages more sustainable housing complexes in future projects, which will attract more residents to Dubai.
- Dubai’s urban districts, highlighting the emirate’s heritage and culture, will be protected.

With the Dubai EXPO 2020 site awaiting its grand opening this year, and looking forward to welcoming 190 participating countries and millions of visitors from across the globe in the latter part of 2021, Dubai is set to become a leading urban center of the future. The Dubai 2040 Urban Master Plan will continue to promote exhibitions and events at EXPO as well as Dubai Silicon Oasis Center, acting as an incubator of knowledge, innovation, and advanced technologies to attract the best talents and minds.

The future is looking as bright as ever for Dubai. With a plan of this magnitude, the road has been paved for Dubai to cement its place as the best city on the planet. It is apparent that the economy as well the demographics are maturing, and with the new local laws being introduced, expatriates now have opportunities like never before. This pioneering plan will bring new opportunities to homeowners looking to retire in Dubai, as well as to those looking to make investments with the potential to generate high regular rental yields.

Markaz recently partnered with the United Nations High Commissioner for Refugees (UNHCR) to support the needs of refugee communities. Markaz’s support covered the needs of over 300 of the most vulnerable refugees, demonstrating the company’s profound humanitarian responsibility and support to the UNHCR’s initiatives.



Mr. Diraar Yusuf Alghanim, Markaz Chairman, received a plaque from Dr. Samer Haddadin, Representative of UNHCR Kuwait Office, in recognition of Markaz’s endeavor to include the welfare of refugees in the company’s CSR program. Dr.

Haddadin lauded Markaz’s role in setting an example towards humanitarian giving.

Commenting on Markaz’s intervention to sustain refugees with a dignified life, Mr. Abdullatif W. Al-Nusif, Managing Director – Wealth Management and Business Development at Markaz, said: “We are proud of our partnership with UNHCR to help refugee families to overcome their hardships, through the unique initiatives of the organization in the field of sustainable humanitarian activities in the region.”

Markaz considers corporate social responsibility a full-fledged activity and an ongoing commitment. Its CSR strategy aims to fulfill its role towards society and the national economy. The strategy is founded on three pillars, namely, building human capacity, aligning Markaz’s business environment with the principles of sustainable development, and promoting good governance in the business environment. Markaz’s CSR initiatives include human capacity building, publishing research, achieving sustainable economic progress, developing the investment services sector in Kuwait, and promoting the performance of the public sector to drive economic development.



*We are proud of our partnership with UNHCR in helping refugee overcome their hardships through humanitarian activities in the region*

# Markaz participates in “AlJawhar” program closing ceremony as LOYAC’s strategic partner

In line with its CSR strategy that aims at supporting the development of youth, Markaz participated as a strategic partner in the closing ceremony of “AlJawhar” program, which was organized by LOYAC at the Four Points by Sheraton Kuwait, and via zoom. The event witnessed the participation of high-profile media figures from across the region virtually.



 The “AlJawhar” program aims at training youth on Media Dialogue Management Skills by prominent Kuwaiti and Arabic media professionals and providing them with opportunities to conduct and manage fruitful dialogues with distinguished leading national and Arab personalities.

Mr. Diraar Yusuf Alghanim, Chairman of Markaz, attended the ceremony and was presented with an honorary plaque from Ms. Fareah Al Saqqaf, Chairperson of LOYAC and Managing Director of LOYAC Academy of Performing Arts (LAPA), in recognition of Markaz’s support to the “AlJawhar” program as well as LOYAC’s various social and cultural activities. The event was also attended by Mr. Ali H. Khalil, Chief Executive Officer of Markaz, and Mr. Abdullatif W. Al-Nusif, Managing Director of Wealth Management and Business Development at Markaz, who expressed his appreciation for the tireless efforts made by the leaders of LOYAC and their commitment towards developing youth’s skills, unleashing their potential and empowering them through the experiences of media veterans through the “AlJawhar” training program.

During his speech at the closing ceremony, Mr. Al-Nusif said: “Setting an example for organizations of all kinds, LOYAC has been playing an indisputable role in enriching the skills of Kuwaiti and Arab youth through its programs and initiatives. Today, as we stand here at the closing ceremony of the “Al-Jawhar” program, I cannot but express our contentment at

the presence of this effective platform that attracts our young people and promotes their overall development encompassing professional, artistic, sports, and scientific competencies. I would also like to extend my sincere appreciation to all the distinguished national and Arab personalities who dedicatedly imparted their expertise and knowledge to the youth participating in the “AlJawhar” program and for providing them with the opportunity to benefit from their extensive practical experiences”.

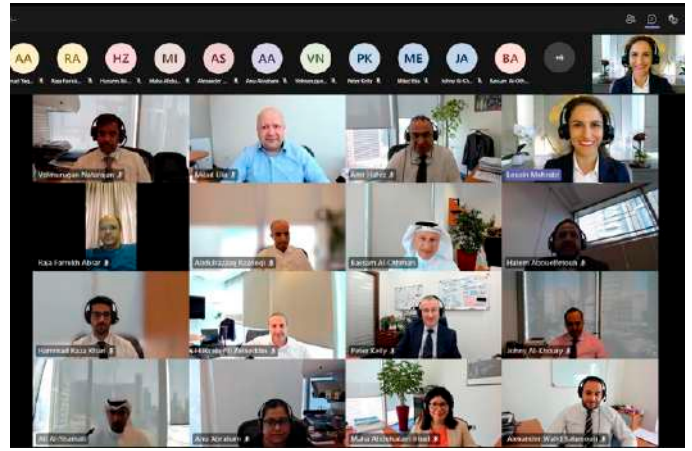
“As a people-driven organization, Markaz has long identified human capacity building as a key pillar of our CSR program, and we place special emphasis on empowering the next generation of leaders through the development of their skills. In our efforts, we have found a trusted partner in LOYAC who shares our vision for a more prosperous Kuwait and world. Being a part of this constructive initiative, which has contributed to training more than 60 aspiring participants on media dialogue skills, makes us proud and we are confident that LOYAC will create a sustainable positive impact on our communities with this vibrant social and cultural initiative,” Mr. Al-Nusif added.

Markaz’s participation falls in line with the company’s CSR strategy, which focuses on three key pillars, namely, human capacity building, aligning Markaz’s business environment with the principles of sustainable development, and promoting good governance in the business environment.



# Markaz hosts renowned negotiation expert for “Expanding our Mindset on Negotiation” training webinar

Underlining its commitment to further equipping its professionals to meet the aspirations of clients, Kuwait Financial Centre “Markaz” hosted Ms. Lousin Mehrabi, Global Head of Training at ADN Group, an agency of professional negotiators, at the “Expanding our Mindset on Negotiation” training webinar. The internationally renowned negotiation expert worked with more than 40 employees from Markaz’s Investment Banking, Asset Management and Real Estate and other key business functions to help them reevaluate and add extra dimensions to their core skills and competencies in negotiations.



Delving deep into the various aspects of effective negotiation, Ms. Mehrabi shed light on the methods used by professional negotiators in high stake situations. She provided negotiators at Markaz with a highly interactive experience in conducting structured and fruitful negotiations and offered her insights into the importance of preparation for a negotiation, defining and prioritizing objectives to create a favorable context as the way each party can reach an agreement that is satisfying for all involved.

Stressing the importance of putting clients at the heart of negotiations, Ms. Mehrabi highlighted that even though a win-win situation is a frequently desired outcome, it is often hard to come by, and therefore, negotiators should focus instead on shared common objectives, the things both parties can

***We are pleased that we hosted Lousin Mehrabi, who challenged us with a frank rethinking of assumptions that can hinder desired results for all parties***

agree that they want, even if for different reasons of their own. She emphasized that a negotiation bears fruit when the negotiator understands and strives for the goals shared by both sides.

Peter Kelly, Executive Vice President - Human Resources at Markaz, said: “The underlying driver of success at Markaz is our guiding principle that all products and services should add value to our clients and deliver returns to our shareholders. We are extremely pleased that we hosted Lousin Mehrabi, who leveraged her extensive experience to challenge us with a frank rethinking of assumptions that can hinder desired results for all parties. We are confident that her valuable insights will enable our already seasoned negotiators to build even more successful agreements in all their future dealings.”

## New employees *Welcome all!*



**Mufarrej Al Mufarrej**  
Assistant Dealer Treasury  
Treasury



**Jean Raffoul**  
Consultant Legal Associate  
Legal (Lebanon Office)



## Crowned with Trust



Throughout the past decade, Kuwait Financial Centre “Markaz” won more than 50 awards from prestigious financial institutions and publications. These awards reflect “Markaz’s” reliable performance and constant endeavor to achieve excellence in the investment banking and asset management fields.

With commitment towards wealth creation for its clients, dedication in offering innovative financial solutions and professionalism in all that it offers, Markaz has proudly gained the trust of its clients and international experts, who remain a key priority at Markaz.

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