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MARKAZ

H1 | 2022

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IN THIS ISSUE

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MARKAZ NEWS

Markaz delivers a Net Profit attributable to Shareholders of KD 2.43 million for H1-2022

Markaz reported its financial results for the first half of 2022 ended 30 June, 2022, with Total Revenues of KD 9.88 million, as compared to KD 19.06 million in H1 2021, a decrease of 48%, primarily due to the negative trend of gulf and global equity markets during Q2-2022. Markaz delivered a Net Profit attributable to Shareholders of KD 2.43 million, as compared to KD 10.41 million in H1 2021, and Earnings Per Share of 5 fils in H1 2022.

- **AUM stood at KD 1,161 million, an increase of 12.0% y-o-y**
- **Management Fees and Commissions of KD 6.0 million; up by 20.3% and Rental Income of KD 1.8 million; up by 7.3%**
- **Total Revenue excluding Gain from Investments at fair value was KD 8.05 million, up by 5.8%**
- **Strengthening product offerings in line with the markets' recovery witnessed in July**

Chairman Diraar Yusuf Alghanim stated: "In H1-2022, Markaz's financial results were negatively impacted by the economic challenges due to the ongoing Russian-Ukranian war, the rising inflation caused by the disruption in the international supply chain, and the rise in oil and gas prices, which contributed to a decline in investors' confidence and a drop in global equities indices upon central banks raising interest rates. S&P 500 Index fell by 22% and Barclays US Aggregate Bond Index by 10.35% in H1-2022. The Kuwaiti and GCC stock markets were affected by these factors; the S&P GCC index declined by 12.96% in Q2-2022. The decline was across sectors and indices.

Growth was led by strong increase in Management Fees & Commissions, which rose 20.3% to KD 6.0 million compared to KD 4.99 million in H1-2021

In this evolving landscape and the markets' recovery witnessed in July, Markaz remains committed to its disciplined approach in asset and risk management. We continue to strengthen our product offerings, deepen customer segmentation to provide relevant products and services, enhance customer experience, and improve overall asset management services."

In terms of the Company's results in H1-2022, Markaz registered Total Revenues excluding Gain from Investments at fair value of KD 8.05 million, up by 5.8% y-o-y. The growth was led by a strong increase in Management Fees and Commissions, which increased by 20.3% to KD 6.0 million compared to KD 4.99 million in H1-2021. Our Net Rental Income was KD 1.85 million, compared to KD 1.72 million in H1 2021, an increase of 7.3% y-o-y driven by gradual improvement in occupancy levels at our key real estate assets portfolios.

Markaz continues to maintain a strong liquidity position with quick ratio of 14.08% and Net Debt to Equity ratio of 0.40x. Our Asset Under Management stood at KD 1,161 million at the end of June 2022, an increase of 12.0% y-o-y.

Markaz was awarded "Best Investment Bank in Kuwait for 2022" from Global Finance, reflecting Markaz's capabilities in fulfilling the clients' needs and responding to an ever-evolving competitive landscape.

MARKAZ NEWS

Markaz: 2021 marks a year of achievements despite challenges, driven by expertise, innovation & ongoing progress

AGM and EGM held on 27 March, 2022.

Markaz recorded an extraordinary financial performance for 2021, with total revenues soaring from KD 13.16 million in 2020 to KD 30.6 million

Kuwait Financial Centre "Markaz" held its ordinary and extraordinary General Assembly meetings on Sunday, 27 March 2022, with a (75.9%) attendance. The assembly approved all items of the agendas, including the Board of Directors' recommendation to distribute cash dividends of 10% per nominal value of the share or 10 fils per share, and bonus shares of 5% per paid capital, in addition to increasing the authorized and issued capital.

Markaz recorded an extraordinary financial performance for 2021, with total revenues soaring from KD 13.16 million over the previous year to KD 30.6 million. The shareholders' net profit reached KD 14.9 million compared to the shareholders' net loss of KD 1.72 million in the previous year. The profit per share increased to 31 fils for 2021, where Total Assets under Management recorded an increase for the fifth subsequent quarter, to reach of KD 1.04 billion on December 31, 2021.

Commenting on the results, Markaz's Chairman, Mr. Diraar Yusuf Alghanim said: "The positive financial results recorded for the year ended 31 December, 2021, are testament to the management's technical ability to identify local and international investment opportunities that generated these outstanding results, in line with the policies established by the Board of Directors and its committees. The results also reflect the executive management's dedication, in the midst of a competitive environment.

"Despite the challenges resulting from the Covid-19 pandemic, Markaz continued its trading operations with absolute flexibility, focusing on fulfilling the company's long-term goals. This was supported by a diverse business model and our extended geographical investments, financial discipline and solid capital structure, to maintain a prominent position that qualifies us to proceed with our development plans in the forthcoming years. Our performance throughout 2021 emphasized our capabilities to provide our clientele with tangible values and further develop our operations, despite the challenging operational conditions." Alghanim added.

Business strategy

Alghanim added: "The progressive and rapid development of the market's dynamics are reshaping the market scene. There is no doubt that companies adjusting to the varying demands and reassessing their strategies accordingly, are bound to benefit from emerging opportunities. That said; strategic planning within Markaz follows a dynamic and organized approach to guarantee a sustainable position within the markets we operate. Moreover; at Markaz, we believe that digital transformation will play a major role in the financial services sector, hence we are working diligently on improving our capacities to be up to the competition in this field. Our utmost goal is to reinforce our current record in order to create shareholder value."

Strategic campaigns

Khalil added: "In spite of the uncertainties seen over the past year across the markets, Markaz continued to focus on growth, and the review and update of its strategy. Our teams also continued to develop high quality investment products and offer advisory services in the investment banking sector, further supporting it by funding specific deals with the company's capital, in addition to reinforcing our capabilities in wealth management and raising efficiency levels through digital transformation."

"We aim at increasing revenues in coming years and increasing assets under management, by offering attractive investment opportunities, setting an innovative operational framework and granting access to client in Kuwait and across the region. Accordingly, Markaz established solid relationships and alliances since inception, in the United States of America, Europe, and the GCC. In turn, Markaz's client database organically developed, creating the need for innovation and dynamism when catering to the ever-changing needs and expectations of these clients, with a focus on risk management. Accordingly, our processes and systems were driven by resilience; the key factor that contributed to Markaz's competitive ability to manage various asset classes across different countries." Khalil concluded.

Markaz continues to gain the trust of financial experts

In 2021, Markaz received five new prestigious awards in the financial services sector, in the field of asset management and investment banking services, as presented to its clients across the MENA region. These awards recognize Markaz's innovative practices, sustained growth and positive performance, despite the ramifications brought about by the pandemic, in addition to its geographic presence across 13 countries and last but not least, the trust of its clients.

Among the prominent awards received by Markaz in the previous year, were 'Best Investment Bank in Kuwait', "Best Asset Manager in Kuwait" for the ninth consecutive year and the winner of the "MENA Sustainability Award"; as presented by EMEA Finance. Markaz also took home Global Investor's 2021 "MENA Real Estate Asset Manager of the Year" award, and "Best Investment Bank" for the tenth consecutive year from Global Finance.

Although the Covid-19 mutations continue to pose a threat, and geopolitical tensions continue to rise, we remain cautiously optimistic

A solid presence across markets… fortified by experience and creativity

From an operational perspective, Markaz provided various services in the field of Asset Management and Investment Banking, while ensuring effective communications with all stakeholders through interactive digital solutions.

Equities: In 2021, Markaz managed to execute its investment policy in risk management and encountering variable trends in the regional and global markets, while taking advantage of the post-pandemic recovery phase through asset management strategies. Markaz MIDAF Fund, Forsa Financial Fund, and Markaz Mumtaz Fund each recorded return of 28.3%, 27.6%, and 26.2% respectively. Markaz Islamic Fund, in accordance with provisions of Islamic Sharia, recorded returns of 24.8%.

Reaffirming its leading position in the Capital Markets as a whole, and the Kuwaiti Capital Market in specific, Markaz proceeded to offer its specialized services in market making with the aim of increasing the volume of trading, hence boosting the trading of its clients' shares in Boursa Kuwait. Throughout 2021, Markaz was Market Maker on the shares of five leading companies within their fields.

International Real Estate: Markaz executed several deals that contributed to the growth of its real estate portfolio. These investments mainly focused on the logistics sector in the USA and Europe, in addition to the residential sector in the USA. Moreover; Markaz succeeded in identifying the ideal time to exit specific deals which contributed to enriching its track record in these markets. One of the key exit deals was the sale of a logistics project to Amazon in Germany.

In 2021, Markaz received five new prestigious awards in the financial services sector, in the field of asset management and investment banking services

MENA Real Estate: Occupancy levels in Markaz's real estate projects in the Kingdom of Saudi Arabia and the United Arab Emirates have exceeded the pre-pandemic levels, which resulted in growth in income from rental deals during the year.

Sales efforts across the main residential properties within the company's portfolio in the UAE continued with solid and growing momentum in 2021. Markaz's Real Estate Fund maintained high occupancy and collection levels, by adopting a pragmatic integrated approach to the day-to-day management of assets, despite the effects of the pandemic on some sectors, such as the residential, office and retail sector.

Investment Banking Services: Markaz managed to conclude four deals in the Capital Markets field, including two issuances of second tier bonds of two banks, and two deals for subscription in rights issues. In addition, Markaz executed a range of consultancy deals in the food and beverage, construction, insurance, and technology sectors.

Interactive and Innovative Digital Communications: One of the prominent achievements for Markaz in 2021 was the launch of the new website, as part of its efforts to leverage digital technology to offer best-in-class investment information and opportunities to its clients looking to embark on an investment journey. The new website provides many interactive features, a richer and more dynamic experience for its visitors, through an easy-to-use interface, and advanced technologies that respond to the needs and aspirations of customers and investors in particular, and visitors in general, in accordance with the latest international trends and standards in website design and development.

Human capacity…one of Markaz's key assets: In the midst of all the challenges witnessed throughout 2021, Markaz's key priority was the safety of its PG 34

MARKAZ NEWS

National Industries Group Holding successfully completes capital increase of KD 104 million

'Markaz' acts as Lead Manager and Subscription Agent.

National Industries Group Holding (NIGH) and Markaz announced, in a joint statement, the successful completion of NIGH's capital increase, raising a total value of KD 104 million through the issuance of 524,733,305 ordinary shares at a subscription price of 200 Kuwaiti fils per share, representing 35% of the issued and paid-up capital of the company. The subscription period for the rights issue ran from 3 April to 21 April 2022, which witnessed a large turnout, as demand exceeded the number of shares offered with a subscription coverage rate of 348%.

Preemption rights were traded on Boursa Kuwait from 3 to 14 April 2022, at a reference price of 81 Kuwaiti fils per right on the first day of trading, which resulted in the trading of a total of 55,899,476 preemption rights with a total value of KD 3,501,648, reflecting the high demand for subscription by shareholders and other investors who benefited from the trading of preemption rights.

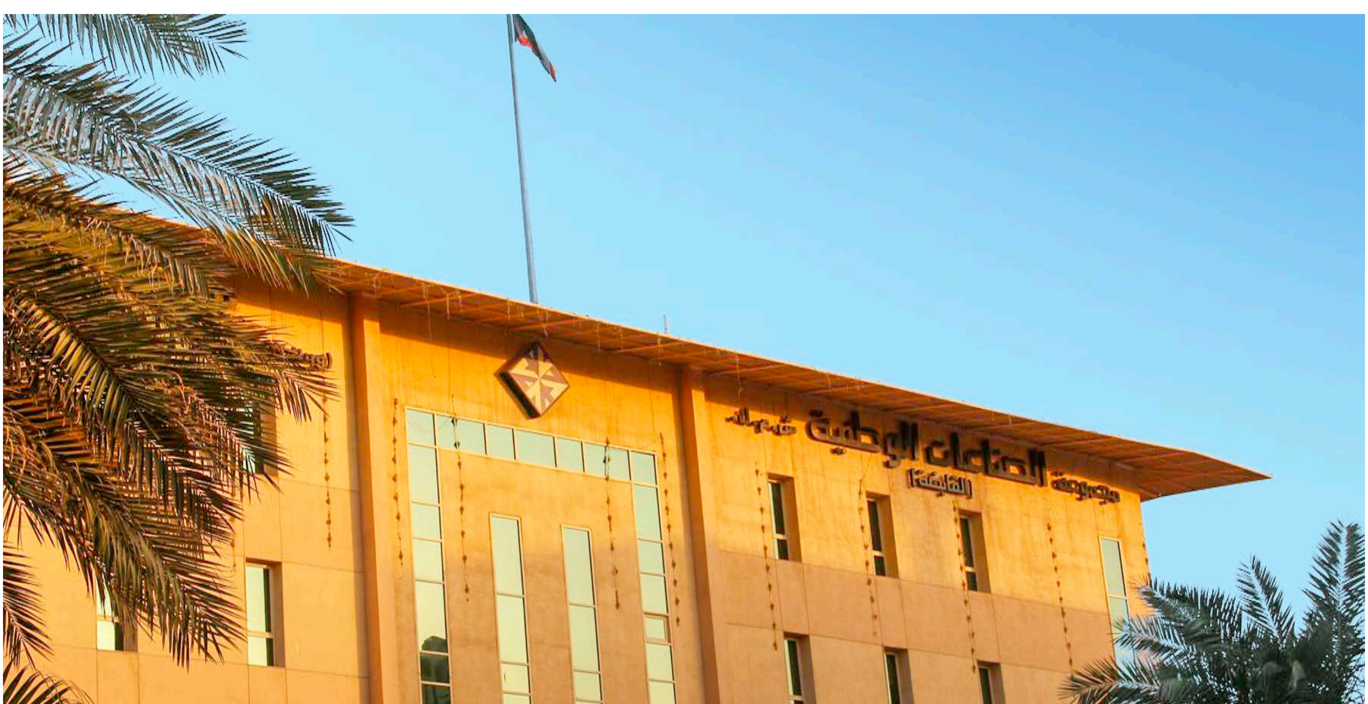
Mr. Ahmed Mohamed Hassan, Chief Executive Officer of National Industries Group Holding, expressed his contentment with the success of the subscription process and the notable turnout of shareholders, which reflects their confidence in the group's quality, performance, and reputation, and manifest likewise the professionalism of Markaz in managing the subscription. Mr. Hassan stated that the subscription process fulfilled all the necessary legal requirements for the capital increase process, and the proceeds from the capital increase will support the group's business development, revenue growth and its future plans and objectives.

We take pride in the success of the subscription and our role as the Lead Manager and Subscription Agent which contributed to this success, as demand surpassed the subscription offering by more than three times

Further, Mr. Hassan commented, "We appreciate the roles of both, Boursa Kuwait and the Kuwait Clearing Company, in the capital increase process, and we are grateful for Markaz's role in managing the subscription with the utmost professionalism."

Mr. Ali H. Khalil, Chief Executive Officer (CEO) at Markaz, stated on this occasion, "we take pride in the outstanding success of the subscription and our role as the Lead Manager and Subscription Agent to contribute to this success, as demand has surpassed the subscription offering by more than three times, which emphasizes the shareholders' confidence in the group's performance. We are thankful to National Industries Group Holding for its valuable trust in Markaz's expertise to manage the subscription for its capital increase. We were keen on performing our role as the Lead Manager and Subscription Agent with the utmost commitment and efficiency, achieved through our team's capabilities and experience in the capital markets sector".

Mr. Khalil added: "The outstanding success reinforces the position of "Markaz" today as one of the most credible and experienced investment banking institutions, locally and regionally. We strive to introduce unprecedented capabilities and potential supported by our specialized teams, to be able to fulfill our clients' diversified demands in the investment banking sector since Markaz embarked on its journey in 1997."



Markaz named ‘Best Investment Bank in Kuwait’ by Global Finance for 11th time

Award cements Markaz’s standing as one of the most reliable investment banking institutions due to its consistent performance.

Markaz announced that it has been named the ‘Best Investment Bank in Kuwait’ for 2022 by Global Finance magazine. It marks Markaz’s 11th winning of this prestigious award in 12 years and cements its standing as one of the most reliable investment banking institutions due to its consistent performance despite varying market conditions. Global Finance’s annual Best Investment Banks awards are evaluated by its editors, with input from industry experts. The jury scores and selects the winners based on a proprietary algorithm and extensive criteria that include market share, number and size of deals, service and advice, structuring capabilities, distribution network, efforts to address market conditions, innovation, pricing, after-market performance of underwritings and market reputation—to score and select winners.

The award cements Markaz’s reputation for fostering excellence in investment banking transactions and services spanning equity capital markets and debt capital markets, IPOs, listings, capital structure advisory, restructuring, disposition services, and mergers and acquisitions advisory. Since 1997, it has successfully executed investment banking transactions of over USD 5.80 billion (KD 1.76 billion) as of 31 December 2021 with the execution of high-profile capital markets and advisory mandates.

A highly qualified team of investment banking professionals with extensive experience, outstanding technical execution capabilities, and in-depth industry knowledge has remained the bedrock of Markaz’s continued success. The team’s proven expertise spans a wide spectrum of different industries such as financial services, real estate, light and medium manufacturing, retail, oil & gas, and logistics, among others.

Our track-record enforces our clients’ trust in our investment banking services and encourages us to continue providing innovative solutions tailored to our clients’ needs

Commenting on the achievement, Ms. Rasha Othman, Executive Vice President, Investment Banking (Capital Markets and Fixed Income) stated: “We are proud that Markaz has been consecutively recognized by the financial community as a leading service provider locally and regionally in an extremely competitive investment banking landscape. The coveted Global Finance award consolidates our distinguished standing as a well-founded and trustworthy investment banking institution that reports sustained business growth despite operating in a highly cyclical sector, and is a testament to the capabilities of our investment banking experts who have led Markaz from strength to strength.”

Mr. Abdulrazzaq T. Razooqi, VP, Investment Banking (Advisory) said: “Our track-record enforces our clients’ trust in our investment banking services and encourages us to continue providing innovative solutions tailored to our clients’ needs. This award is the result of Markaz’s successful completion of several transactions across spectrum of investment banking services it offers in addition to the team’s extensive business development efforts, industry expertise and professionalism.”

Markaz’s research-driven culture has enabled it to constantly improve its offerings and help clients meet their investment objectives through well-informed decision-making. In addition to investment banking, Markaz offers full-fledged services in asset management, real estate investment, wealth management, and research and consulting.

Over 47 years since its establishment, Markaz has been recognized by dozens of prestigious industry awards. The many awards it won over the past year include ‘Best Investment Bank’ by Global Finance and ‘Best Investment Bank in Kuwait’, ‘Best Asset Manager in Kuwait’ for the ninth consecutive year, and the ‘Sustainability Award in the Middle East’ at EMEA Finance magazine’s Middle East Banking Awards 2021.

MARKAZ NEWS

Kalexco auction

Markaz was mandated by Kuwait Aluminum Extrusion Company ("KALEXCO"), a local aluminum extrusion company, in 2020 to conduct a company valuation in preparation for sale of 100% equity stake through a public auction. Markaz was involved in liaising among multiple regulatory entities, and conducting auction. A public auction was held in mid-2022 but received limited interest from buyers due to limited licensed activities. Markaz expects another auction to be held later this year with possibility of adding additional licensed activities to enhance the marketability of the company.

KALEXCO was established in 1977 and is considered the first aluminum extrusion plant in Kuwait and the GCC. The plant has a capacity of 4,500 MT per year

KALEXCO was established in 1977 and is considered the first aluminum extrusion plant in Kuwait and the GCC. The plant has a capacity of 4,500 MT per year and is situated on 15,000 sqm of industrial land in Sabhan leased from the Public Authority for Industry.

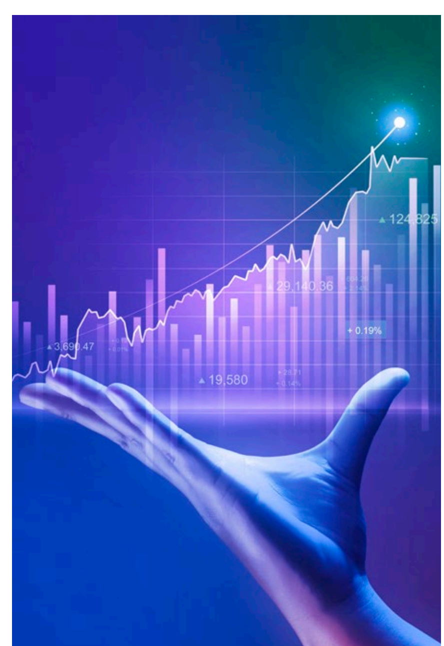
The company is primarily engaged in producing various type of customized profiles based on the buyer's needs. In addition, KALEXCO also offers an array of services that span across the entire extrusion process including billet casting, die design & fabrication, anodizing & polishing and powder coating.

With over 45 years of experience, KALEXCO has continued its commitment to investing in new equipment and capabilities to meet current and future markets demands.

Securities Lending Service by "Markaz" in final launching stages

Markaz announced that it has received final approval from the Capital Markets Authority (CMA) to offer Securities Lending services. Markaz will be offering this new service through the Forsa Financial Fund, and in accordance with the rules and regulations stipulated by the Kuwait Clearing Company, Boursa Kuwait and the CMA, and in collaboration with the Middle East Financial Brokerage Company (MEFBC) as a lending and borrowing broker.

The Securities Lending Service is a tool targeted towards traders in the Kuwaiti market. It contributes to the development and efficiency of the market, while adding to the diversity of tools available to investors and traders alike, ultimately supporting investment continuity. The tool is also considered a cornerstone to facilitate the process of short selling.



MARKAZ NEWS

Markaz shared insights on evolving market dynamics during Doha Bank's webinar

Markaz participated in a webinar hosted by Doha Bank. Held under the theme 'Bilateral & Synergistic Opportunities between Qatar and Kuwait', the virtual knowledge-sharing session took place on the 23rd of February and delved deep into the changing market dynamics of the Kuwaiti economy and banking sector.

Mr. M. R. Raghu, Chief Executive Officer of Marmore MENA Intelligence, the research arm of Markaz, was a guest speaker during a special panel discussion exploring potential synergies and business opportunities between Kuwait and Qatar in the post-Covid-19 business environment. During the webinar, Mr. Raghu shared detailed insights on the recovery of Kuwait's economy and banking sector from the pandemic and emphasized why digitization is a key strategic objective for Kuwaiti banks. He also shed light on the outlook for interest rates in 2022 and evaluated the potential impact of rate hikes on the banking sector and businesses in Kuwait.

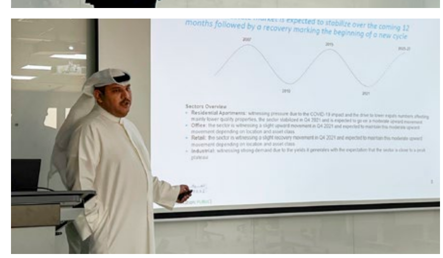
Markaz's contribution to the webinar comes as part of its commitment to further strengthening its strategic collaborations with partners and other key stakeholders across the region. The webinar also featured insights from Dr. R. Seetharaman, Chief Executive Officer of Doha Bank, together with distinguished representatives from Ooredoo Kuwait and KAMCO Investment Company.

Markaz's participation underlines its ongoing drive to contribute to the goals of Kuwait's 2035 Vision, which aims to transform the country into a financial and trade hub and make it more attractive to regional and global investors. Markaz's strong track record and positive performance have helped to establish the Company as an industry thought-leader that has earned the trust of clients through the professional, research-driven approach of its teams.

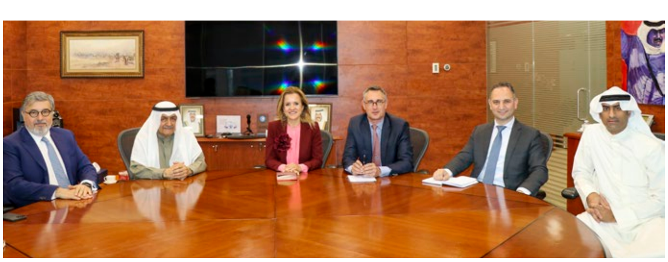
MENA Real Estate conducts a training session on MREF and MGREF at Gulf Bank

In line with its commitment to providing the best services to its clients, and to ensure highest level of knowledge about Markaz real estate funds, the MENA Real Estate Team at Markaz conducted a training session for the sales team at Gulf Bank, one of our funds' distributors, introducing the Markaz Real Estate Fund (MREF) and the Markaz Gulf Real Estate fund (MGREF).

The training sessions covered key information about the funds' performance and track-record and introduced the value of the funds to the new relationship managers at Gulf Bank. This training allows the new Relationship Managers to grasp detailed knowledge about both products, enabling them to select the best fund based on clients' needs.



Markaz welcomes the French Embassy delegation

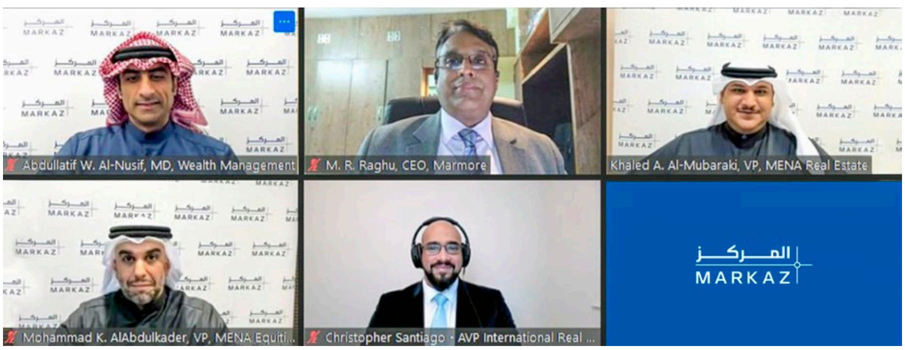


Mr. Diraar Yusuf Alghanim, Markaz Chairman, Mr. Ali H Khalil, CEO, and Mr. Abdulltaif W. Al-Nusif, MD, Wealth Management and Business Development, welcomed H.E Claire Le Flecher, the Ambassador of France to Kuwait, Mr. Rabih Soufangi, Head of the Trade Commission and Mr. Bruno Zanghelni, Head of the Economic Department, to discuss a number of topics of interest to both parties. The meeting was held at Markaz on 4th of April, 2022.

MARKAZ NEWS

Markaz hosted "House Views 2022: Navigating the Markets" investment webinar

Markaz hosted its investment webinar, titled 'Markaz House Views 2022: Navigating the Markets', which focused on new and emerging trends and developments in the market such as the key themes and dominant performance drivers for various asset classes over the coming months. Moderated by Abdullatif W. Al-Nusif, Managing Director, Wealth Management and Business Development at Markaz, the discussion saw experts from Markaz address the questions that are top of mind for investors and share their viewpoints on a range of issues that they should watch closely.



For 2022, growth in traditionally robust sectors is declining. Covid-19 is accelerating growth in emerging and fast-growing sectors such as data centers and distribution facilities

M. R. Raghu, Chief Executive Officer of Marmore MENA Intelligence, a subsidiary of Markaz, discussed market performance in the past year and set out the opportunities and challenges awaiting investors in 2022. Raghu outlined the macro perspective including the outlook for oil, which is critical for GDP growth in the region as well as government spending. Uncertainties over central bank support, the scale of interest rate hikes, the threat of new variants of coronavirus, and the strength of economic recovery amid subsequent pandemic waves were some of the risks highlighted.

Kuwait equities

2021 proved to be a good year for Kuwait equities as they returned over 30% amid healthy participation from both domestic and foreign investors, noted Mohammad K. AlAbdulkader, Vice President, Buy Side Research, MENA Equities at Markaz. However, the business environment remained challenging in 2021 causing low revenue growth. As a result, earnings growth has lagged the index rise leading to rich valuations. Credit offtake remains healthy, supported by strong growth in the retail category while corporate credit demand remained tepid. Revival in project awards on the back of government spending holds the key. For 2022, higher oil prices and reform initiatives such as the mortgage law bode well for a positive outlook. As per Markaz's analysis, favorable demographics of Kuwait could support housing demand beyond the government plan that should have a significant positive impact on many sectors in Boursa Kuwait

MENA real estate

Khaled A. Al-Mubaraki, Vice President, MENA Real Estate reiterated the positive impact of the mortgage law on residential real estate in Kuwait. While the disruptions caused by the Covid-19 pandemic are expected to smoothen in the near-term owing to rapid vaccination, the outlook is still unclear and depends on the government's policy to balance population composition in the coming years. Government spending on infrastructure projects could provide a boost to the real estate sector.

The real estate market in Saudi Arabia has benefited from government initiatives like the Sakani and Wafi programs. Mr. Khaled stated that the outlook for 2022 for the Saudi real estate market looks positive based on various macro indicators, and the infrastructure projects envisioned as part of Vision 2030 program could provide further impetus.

The UAE economy, which opened its trade and travel sectors, witnessed a rebound in 2021. Targeted government policies to buoy the private sector and Expo 2020 Dubai supported the growth of the real estate market. Going ahead in 2022, the performance of the UAE real estate market is expected to depend on asset class (residential, retail, office, hospitality) and location.

International real estate

Commenting on the performance of international real estate markets, Christopher Santiago, Assistant Vice President, International Real Estate, Markaz, stated that commercial real estate benefited from rising inflation expectations. At the sector level, the industrial segment continued to benefit from robust demand and asset values rose about 25% in 2021. Multifamily maintained its status as the most liquid asset type in the U.S. in the third quarter, while complementary segments such as single-family residential attracted increased attention.

In Europe, investor interest in multifamily, along with single-family and affordable housing, continues unabated. Confidence in the student housing investment market is slowly improving. On the other hand, hotels and hospitality sectors – most impacted by the pandemic – witnessed a slow rebound in Q3, 2021.

For 2022, growth in traditionally robust sectors is declining. Covid-19 is accelerating growth in emerging and fast-growing sectors such as data centers and distribution facilities. Rising construction costs, supply chain disruption, and skilled labor shortages are quickly becoming the most significant barriers to industry growth.

Concluding the webinar, Al-Nusif commended the initiative taken by Markaz to disseminate its research-backed insights to a wider audience of investors. Over the past years, Markaz has been at the forefront in leading a knowledge-based discourse in the global and regional markets to enable investors to take optimal decisions backed by sound research.

GCC economy market update

By: Fay Al Bader, Analyst, Advisory and M&A, Investment Banking

GCC economies entered 2022 strong, demonstrating growth and a strong path to recovery after emerging out of 2021, where they were rattled by the effects of Covid-19 and swarmed with uncertainty.

These respective markets welcomed such growth on the backhand of a rise in international oil prices and global demand for energy. This was further supported by the decline in Covid-19 cases and the elimination of all related restrictions, which have paved the way for a gradual return to a pre-Covid environment. Collectively, these factors have continued to strengthen investor confidence across the Gulf which is evident based on the growing number of GCC M&A transactions in addition to the substantial level of fundraising that was raised by GCC startups and/or injected by the region's largest investors.

In addition, there was a noticeably

There was a noticeably higher number of tenders and contracts that were either announced or awarded throughout the first five months of 2022

higher number of tenders and contracts that were either announced or awarded throughout the first five months of 2022. However, we only examine those that have been awarded to or by Kuwaiti companies.

Kuwait M&A

The local market recorded a total of 35 transactions throughout the first five months of 2022, of which 21 closed and 14 remained announced. Collectively, these transactions were valued at approximately KD 625.4 million. At first glance, this appears to be significantly lower compared to the total transaction value for the first five months of 2021, which equated to KD 1.3 billion. However this value was heavily influenced by Agility Public Warehousing Company's ("Agility") divestment to DSV Panalpina. To put this into perspective, the total transaction value for the period would've amounted to KD 111.1 million if the Agility transaction was omitted. With that being said, it is worth noting that these figures do not reflect the total value of these transactions for the period as many parties do not disclose the full terms.

Furthermore, the largest transaction recorded during the period was once again led by Agility who submitted an all-cash offer to acquire 100.0% of John Menzies PLC ("Menzies") at £0.608 per share, which values the company at KD 228.0 million on a fully diluted basis, and at KD 304.0 million on an enterprise value basis. In addition, Menzies' board and respective shareholders have voted in favor of the offer and will proceed with the next steps outlined. It is worth noting that Agility has secured a KD 191.0 million loan from Barclays Bank PLC to fund the deal, which is expected to close by Q3 2022.

Al Khair National for Stocks & Real Estate Company reigned in the second largest transaction for the period as it successfully divested an 11.4% stake, equivalent to 128.4 million shares, in Egypt Kuwait Holding Company to Jassim Louay Al Kharafi for a total consideration of KD 54.6 million, at KD 0.425 per share. Upon completing this transaction, Al Khair National reduced their stake to ~ 6.7%. Following this is Boubyan Petrochemical Company, who sold all 160.0 million of its shares in Gulf Bank, equivalent to ~5.0%, for a total consideration of KD 51.2 million, at an average of 320 fils per share. Moreover, Barwa Real Estate Company divested its 24.4% stake, equivalent to 276.6 million shares, in Al Imtiaz Investment Group Company for KD 30.4 million, at 110 fils per share. Lastly, Kuwait Telecom Company (STC) announces it has successfully acquired 100.0% of E-Portal Holding Company and its local subsidiaries for a total consideration of KD 23.0 million

Kuwait contracts/public tenders

Moreover, there was a substantial number of tenders and contracts that have been awarded or announced throughout the first five months of the year, involving various services including but not limited to commercial development, construction, infrastructure services, leasing vehicles/equipment and oil extraction, pro- PG 12

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GCC economy market update

duction & related services. The total value of the 32 respective tenders and contracts that were either announced or awarded throughout the period amounted to KD 1.8 billion, compared to KD 2.2 billion for 33 tenders and contracts during the relative period in 2021.

The largest of these tenders was spearheaded by Kuwait Oil Company ("KOC") who issued a tender to purchase 63 oil drilling rigs for a total value of KD 1.4 billion, marking one of the largest tenders the company has issued for drilling rigs. KOC has divided the tender into four individual contracts which were to a total of 26 companies, 24 of which are international, while the remaining two companies are local companies. Note, each contract will be signed for a period of five years each. The next largest tender involves Heavy Engineering Industries & Shipbuilding Company (HEISCO) and its consortium member, Mitsubishi Power Limited, who have submitted the lowest bid for a tender issued by the Ministry of Electricity & Water. The companies are to replace the turbines and generators for eight units located throughout the power generation & water distillation station in Subiya for a total consideration of KD 91.0 million. In addition. KOC disclosed it has finalized the list of winning bidders who will supply the oil giant with drilling pipelines. The company has split the tender into nine contracts, which are collectively worth KD 56.0 million however, they have yet to sign the contracts with the respective companies. HEISCO reigned in another one of the top tenders when it announced that its subsidiary, Gulf Dredging & General Contracting Company, and its consortium member, Hyundai Contracting & Engineering Limited, have been awarded a tender issued by Kuwait Ports Authority at a price of KD 48.7 million. The consortium is to rehabilitate seven of the authority's ports based in Mina Al Shuwaikh and has submitted the lowest bid. Lastly, Gulf Insurance Group secured a KD 43.5 million extension for its existing contract with the Ministry of Health. Note, this contract is directly related to Afya, the company's health insurance program that is tailored for retired citizens.

There was a noticeably higher number of tenders and contracts either announced or awarded throughout the first five months of 2022

GCC M&A

In taking a wider look at the region, the remaining GCC countries also attracted a strong level of M&A activity throughout the first five months of 2022. Overall, there were a total of 49 closed transactions with 58 transactions in the pipeline. Collectively, these transactions were valued at approximately KD 12.4 billion, compared to KD 8.0 billion for the first five months of 2021. Once again, these figures do not reflect the total value of these transactions as many parties do not disclose the full terms of the respective transactions.

The Saudi Arabian Oil Company (Aramco) led the largest of these transactions as it successfully sold a 49.0% stake in Aramco Gas Pipelines to a consortium led by BlackRock Real Assets and Hassana Investment Company for a total value of KD 4.7 billion. It is worth noting that Aramco leased the usage rights in its gas pipelines network to Aramco Gas Pipelines Company for a 20-year period, prior to formally completing the transaction. Simultaneously, Aramco Gas Pipelines Company granted Aramco exclusive rights to use, operate and maintain the gas pipeline network during the 20-year period for a quarterly tariff. The second largest transaction was taken on by Emirates Telecommunications Group Company ("e&"), who acquired a 9.8% stake, or 2.8 billion shares, in Vodafone Group for a total consideration of KD 1.3 billion. In addition, the group also submitted a letter to Etihad Etisalat Company expressing its interest in acquiring an additional stake in the company for SAR 47 per Mobily share. If successful, e& would raise its holdings to from 28.0% to 50.0% plus one share by means of a preconditional partial tender offer for an implied value of KD 642.5 million. Moreover, Al Salam Bank successfully acquired Ithmaar Bank's consumer banking division and other assets for a total consideration of KD 673.1 million. The transaction includes the bank's consumer banking division in addition to a 55.9% stake in Solidarity Group Holding and a 26.2% stake in Bank of Bahrain and Kuwait, as well as a number of other assets including a 1.0% stake in The Benefit Company, MasterCard Inc. shares, and a portfolio of Sukuk and liquid assets. Finally, Kingdom Holding Company disclosed it has finalized all procedures related to it partial divestment of its shares in Four Seasons Holding Company. The Saudi-based company successfully sold half of its shares, or a 23.8% stake, through its affiliate, Kingdom Investment Company, to FS Washington Acquisition Corporation for a total consideration of KD 672.7 million. Note that the buyer is an affiliate of Cascade Investment L.L.C., a private investment vehicle owned by Bill Gates.

GCC startups

On another note, GCC startups attracted a great level of activity throughout the first five months of 2022 during which there was a total of USD 981.3 million raised across 70 GCC startups, which fairs very well compared to the USD 514.4 million raised throughout the relative period in 2021. Moreover, there wasn't a particular sector that attracted a greater level of interest relative to other sectors however there was demand for tech-enabled companies, a trend that has persisted for the last few consecutive quarters.

Furthermore, details regarding the largest rounds of funding closed between January-May 2022 is shown below.

Startup	Funding raised	Round	Lead investors	Primary activity
Foodics	USD 170 million	Series C	Prosus; Sanabil Investments	Payment platform for restaurants
Rain	USD 110 million	Series B	Kleiner Perkins; Paradigm	Cryptocurrency platform
TruKKer	USD 96 million	Series B	ADQ; Saudi Telecom Company	Digital freight platform
Tabby	USD 54 million	Series B	Sequoia Capital - India	Buy-now-pay-later platform
Nana	USD 50 million	n/a	FIM; STV	Digital grocery platform

INFORMED OPINION

GCC bonds and sukuk market survey

By: Abdulaziz Al-Roumi, Assistant Manager, Capital Markets and Fixed Income, Investment Banking

A research report prepared to highlight the trends pertaining to bonds and sukuk primary issuances in the GCC region during the first six months of the year.

Primary issuances of bonds and sukuk amounted to USD 44.1 billion during H1-2022, marking a decrease of 50% year-on-year from USD 89.1 billion raised during H1-2021.

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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 H1-2022, raising a total of USD 29 billion, or representing 66% of the total value raised in the GCC, through 21 primary issuances. The UAE followed with 22% and Qatar with 6% of the total value raised. Moreover, Kuwaiti entities raised a total of USD 0.6 billion, representing 1% of the total value raised during the first half of 2022.

Sovereign vs. corporate: Sovereign issuances by GCC entities amounted to USD 25 billion during H1-2022, down 32% year-on-year from USD 36.9 billion raised during H1-2021. Corporate issuances on the other hand amounted to a total value of USD 19.1 billion during H1-2022, down 63% year-on-year from USD 52.2 billion raised during the same period last year.

Conventional vs. sukuk: Conventional issuances decreased during H1-2022 by 77% year-on-year, where a total of USD 12.4 billion was raised in H1-2022, representing 28% of the total value of primary issuances in the GCC. On the other hand, sukuk issuances decreased by 10% year-on-year basis to reach USD 31.7 billion during H1-2022, compared with USD 35.1 billion raised in H1-2021, representing 72% of the total value of issuances.

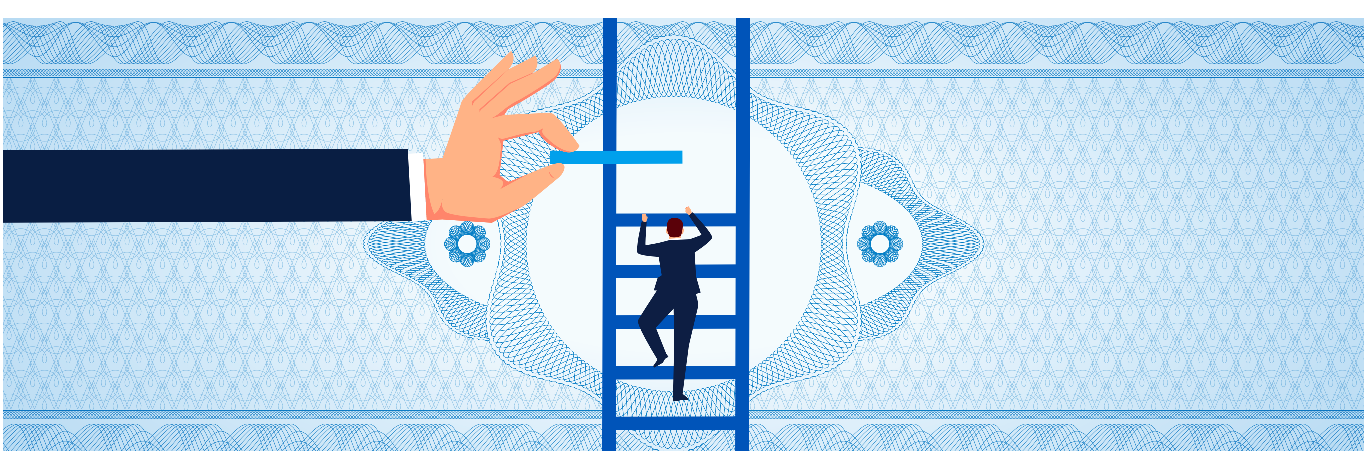
Sector allocation: The Government sector accounted for the largest amount of primary debt issuances by value, raising a total of USD 25 billion, or 57% of the total value of issuances in the GCC in H1-2022. The Financial sector was second in its contribution to the total value of primary issuances in the region, raising a total value of USD 15.4 billion and representing 33% of the total market.

Maturity profile: Issuances with tenors of 5-10 years dominated the GCC debt capital markets by total value, raising a total of USD 15.9 billion, or 36% of the total value of issuances, through 14 issuances. Issuances with tenors of less than 5 years came in second with a total value raised of USD 12.5 billion through 102 issuances.

Issue size profile: The size of GCC bonds and sukuk issuances ranged from USD 5 million to USD 7.9 billion. Issuances with principle amounts less than USD 100 million raised the largest amount totaling USD 36.4 billion, representing 82% of the total primary issuances.

Currency profile: Saudi Riyal (SAR) -denominated issuances led the GCC bonds and sukuk market in H1-2022, raising a total of USD 24.7 billion or 56% of the total value of issuances, through 11 issuances. The second largest issue currency was the US Dollar, where a total of USD 13.1 billion or 30% of the total value of issuances in the GCC was raised through 55 issuances.

Rating: In terms of value, a total of 23% of GCC Conventional and sukuk bonds were rated as Investment Grade in H1-2022 by either one of the following rating agencies: Standard & Poor's, Moody's, Fitch and/or Capital Intelligence.



INFORMED OPINION

Kuwait's inflation hits decade high as food prices soar

By: Marmore MENA Intelligence

Marmore MENA Intelligence, a subsidiary of Markaz, released on 14th of March, 2022, a report titled 'Kuwait's inflation hits decade high', identifying the inflationary trends in Kuwait and analyzing the reason behind its rise.

The report stated that Kuwait's inflation has climbed quickly over time and has now become one of the highest inflation rates among GCC countries. Consumer Price Index (CPI) rose 4.3% year-on-year (y/y) in December 2021–its highest since October 2011 and a sharp increase from the 0.1% (y/y) registered in December 2018. The high inflation is mainly driven by a rise in food and beverage prices. The core inflation excluding food and beverage rose 3.7% (y/y) in December 2021, with most components recording a rise in prices. Housing Services, which has the highest weightage of 33.21%, rose to 2.35% (y/y) in December 2021 from being flat since the beginning of 2019.

What drives inflation?

The Housing Services component turned positive from being flat due to a rise in rents and maintenance costs. Even though the price rise is lower for Housing Services than other components, the weight of this component makes it a significant factor. Rents and maintenance costs rose because of increased demand following travel relaxations from Covid-19 restrictions.

The CPI rose 4.3% y/y in December 2021–its highest since October 2011 and a sharp increase from 0.1% registered in December 2018, mainly driven by food and beverage prices

Food & Beverage prices shot up to a peak value of 11.5% (y/y) in June 2021 and continue to grow at 7.2% (y/y) as of December 2021. The prices of meat, fish, and fruits have continuously raised significantly since May 2020. Kuwait's food & beverage imports form 17% of total imports as of Q2 2021. The rise in the prices of food and beverage is due to the surge in international food prices on the back of strong demand and disruptions in the supply chain. This will further be aggravated by the ongoing geopolitical conflict between Russia and Ukraine, which has pushed up all commodity prices even higher.

The Transportation component reached a high of 5.5% (y/y) in June 2021 and continues to grow at 4.3% (y/y) as of December 2021. Major sub-components that moved inflation were increases in the price of automobile spare parts and air travel. Clothing and Footwear rose to 6.2% (y/y) at the end of 2020 and remains flat since then. The price increase is attributable to several global issues that have an impact on the supply chain, including weak global production and supply, high land and sea transportation costs.

The Education component of CPI was flat until August 2021 and rose 18% (y/y) in September 2021, the highest of all the components. The rise in education fees of pre-primary, primary, and high school education is the reason for this surge as the schools switched from online to offline education.

At present, food price is the major factor that is driving inflation. Food prices have increased due to several reasons including labor shortage, supply chain issues, and heightened consumer demand. It is worth noting that the outlook for food prices remains unfavorable.

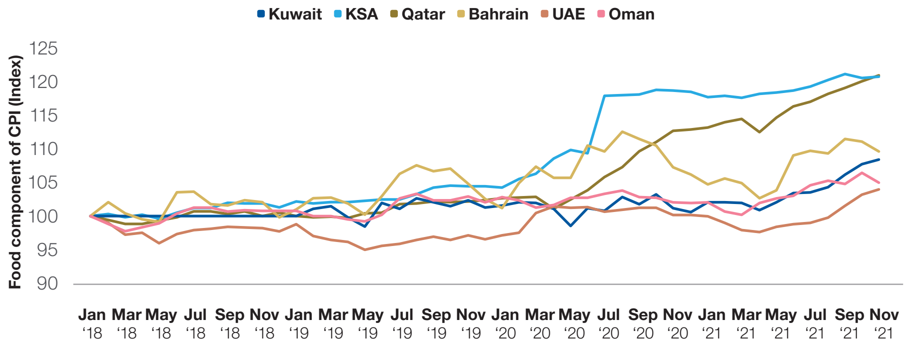
Food price is the major factor driving inflation. Prices have increased due to labor shortage, supply chain issues, and high consumer demand–and the outlook remains unfavorable

Among the GCC countries, Kuwait and Saudi Arabia experienced inflation in food prices from the start of 2020 on the back of a rise in international food prices. However, the remaining GCC countries mostly experienced flat food prices. Prices of food products in Kuwait and its other GCC peers depend on international markets' prices and the costs of importing (trading efficiencies). Nevertheless, GCC nations are trying to reduce their food dependency by investing in agricultural land and technology in their own country and foreign countries.

In line with Saudi Arabia's food security plan, Saudi Agricultural and Livestock Investment Co, also known as SALIC, imported 355,000 tons of wheat from Ukraine, Canada, and Australia in 2021, which accounted for 10% of the country's demands. Likewise, Hassad Food, Qatari sovereign wealth fund's agricultural arm, has purchased land in Sudan and Australia, as well as plans to invest hundreds of millions of dollars in agricultural projects in Kenya, Brazil, Argentina, Turkey, and Ukraine. Meanwhile, Kuwait Investment Authority is prioritizing developing food security and diversifying Kuwait's food supply chain and is planning to invest in agricultural lands abroad.

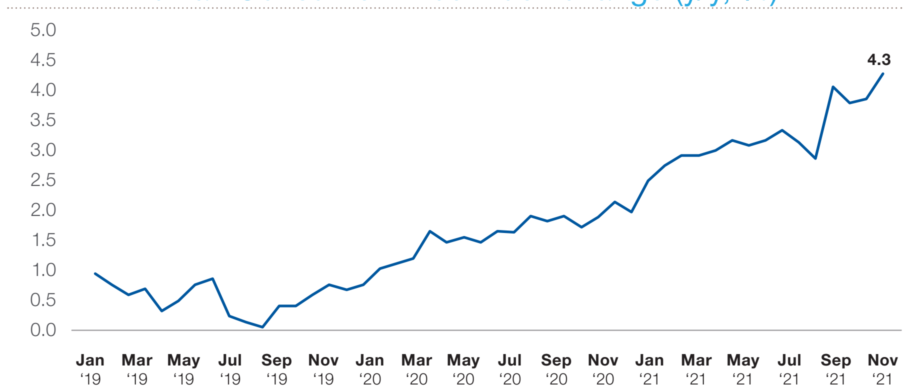
Housing Services prices that largely remained near zero have risen by 2.4% (y/y) in the latest reading. Residential rents are on the rise with demand from expatriates surging amid a relaxation of travel restrictions and subsiding Covid-19 wave. Considering the above and the geopolitical factors, the inflationary pressures could persist in the short term and the IMF inflation estimate of 3% for 2022 in Kuwait offers no solace.

Kuwait and Saudi Arabia have faced high food inflation among GCC



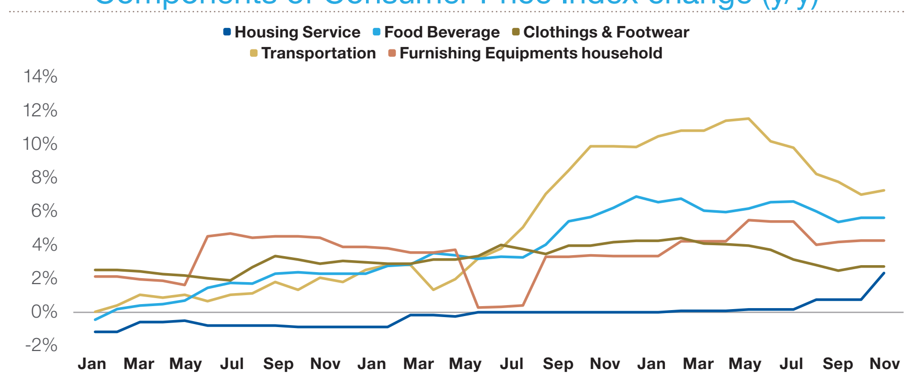
Source: Marmore Research - Central Statistical Bureau

Kuwait Consumer Price Index change (y/y, %)



Source: Marmore Research - Central Statistical Bureau

Components of Consumer Price Index change (y/y)



Source: Marmore Research; Note: All indexes are rebased to 100 at the start of the year 2018

INFORMED OPINION

Rising popularity of food delivery platforms in the UAE

By: Marmore MENA Intelligence

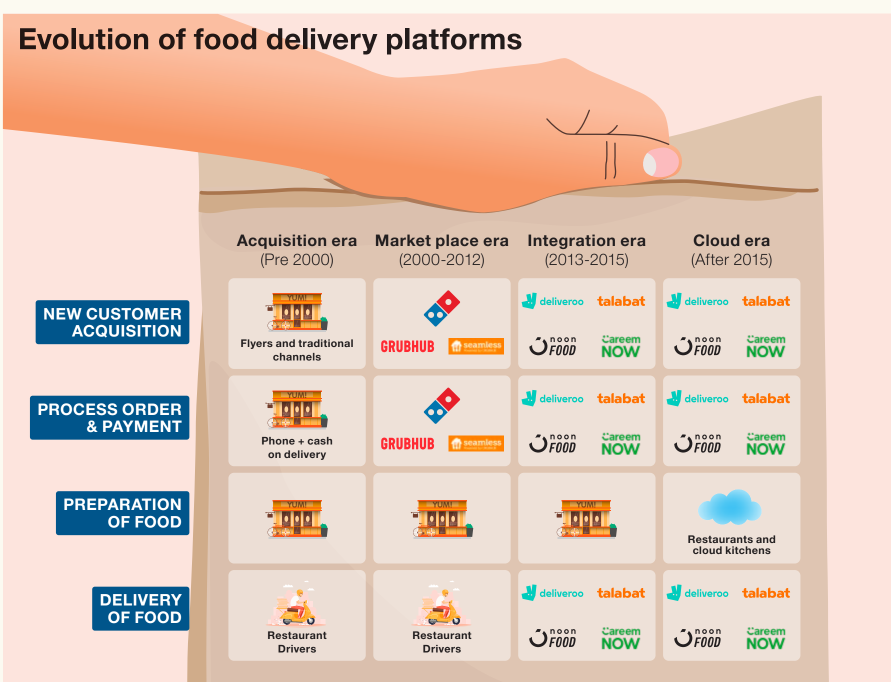
Over the last ten years, the food delivery sector in the United Arab Emirates has undergone a transformation, fueled by rising Internet/smartphone usage, adoption of digital payments, changing preference of customers to order online, and the rise of delivery platforms.

The traditional business model of having only dine-in and takeout options has evolved over time, with many customers now preferring to consume their food at the convenience of their homes. The change in customer preference has to be largely attributed to the impact of Covid-19 and the success of food delivery players in the market. Today, technological advancements have empowered every organization, including the restaurant industry. New technological tools help restaurants interact with their customers, and satisfy their needs by allowing them to place orders online and have the food delivered to their homes.

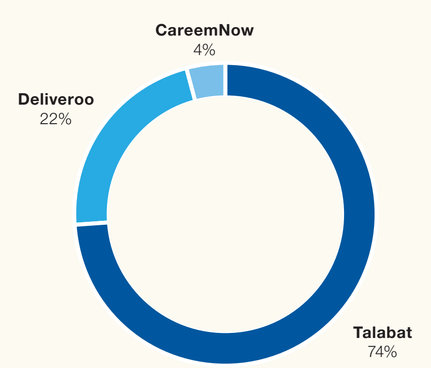
Third-party platforms, also called food aggregators, play an important role in the food and beverage sector of the UAE now, very similar to many developed countries. A majority of these restaurants now collaborate with these food aggregators to enhance their reach and visibility, and these restaurants and food aggregators are working hard to stand out from the competition.

During the Decentralized Era i.e. pre-2000, customers usually order food with the help of restaurant flyers and menu cards, and then the in-house workers deliver the food and collect the money in cash. When companies like Domino's and Grubhub moved the process of food ordering, payment and delivery process online in the early 2000s, the business model of restaurants and food delivery changed. This was the first generation of food delivery. First generation food delivery platforms assisted restaurants in gaining new customers at a fair cost, as traditional marketing methods had low return on investments (ROIs). In 2012, Talabat started its operation in the UAE, bringing in the second generation of food delivery. The company provided delivery services through independent contractors, allowing restaurants without in-house delivery services to compete. Most restaurant owners who did not consider delivery to be a primary activity outsourced their online delivery operations to such third-party suppliers.

> ***When companies began moving the food ordering, payment and delivery process online in the early 2000s, the business model of restaurants and food delivery changed***



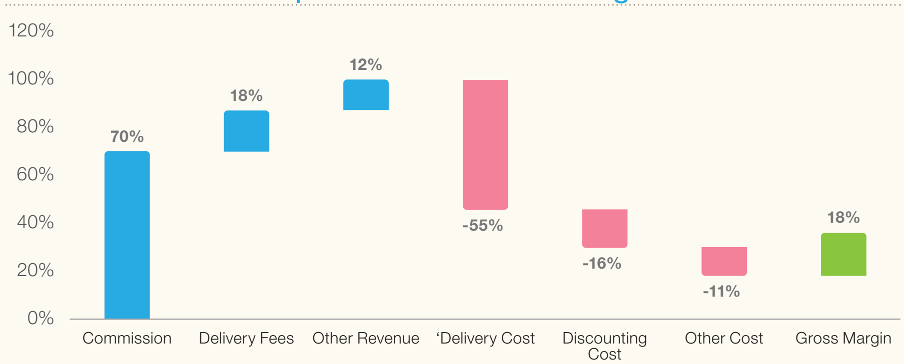
Market share of food delivery platforms in the UAE - 2021



Source: measurable.ai

Talabat, Deliveroo, and CareemNow have all experienced revenue increases in the UAE over the last two years. Due to an increase in average order frequency and customer volume, Talabat's YOY growth in 2020 and 2021 is much higher

Unit economies of food delivery companies in the MENA region



Source: RedSeer

compared to previous years. Deliveroo has also had tremendous growth in the UAE, progressively putting itself in the second position since the second quarter of 2020. Talabat maintains a market share of around 74%. Deliveroo, on the other hand, has been steadily boosting its market share in recent months.

The four key areas involved in the delivery and cloud kitchen business to make profits are providing a good menu, delivery, packaging and increasing the utilization of existing resources (unit economics).

The unit economies of the food delivery companies comprise the revenue and expanses of the food aggregators. The

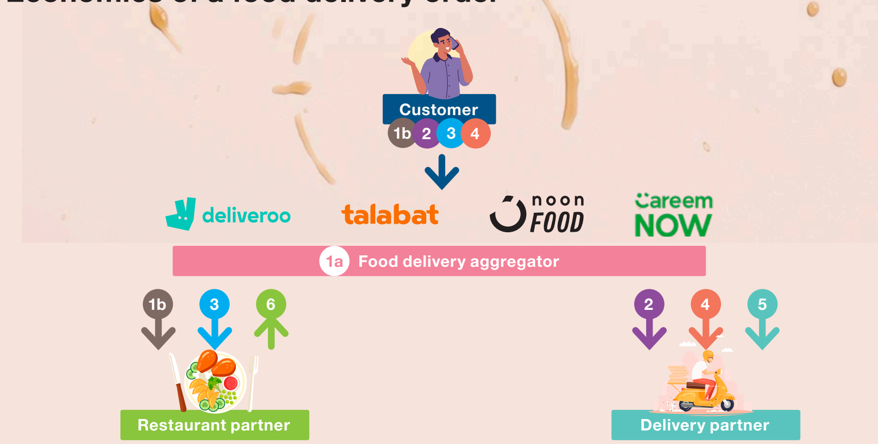
Talabat, Deliveroo, and CareemNow have all experienced revenue increases in the UAE over the last two years, due to an increase in order frequency and volume

revenue is mostly from the commissions and delivery fees. The expenses of the food aggregators involve the delivery cost and other discounted costs. The commission is the amount paid by the restaurants to the food aggregators for delivering the food. The commission will be at a certain rate of the total cost of the food to be delivered. The gross margin is the difference between revenue and expense. The gross margin of food delivery companies in the UAE is generally higher than in any other part of the world.

Food delivery companies have been experimenting with various strategies to boost their margins, like changing their operational models, extending out into other verticals, and building dark stores/kitchens. We expect that these additional activities will help in accelerating the progress toward profitability.

Delivery service is here to stay, and it appears to be becoming a more significant driver of development for F&B firms, owing to a mix of push and pull reasons. This transformation in the F&B sector will continue to be driven by consumers' need for convenience, as well as businesses' demand for alternative channels and technology improvements. The economics of the delivery service will be reviewed and tested more closely as the food delivery industry expands and operators begin to analyze segmental profitability. Food technology firms might benefit from collaborating with operators to establish a win-win situation. If delivery economics do not stack up, or if delivery margins tighten, it won't be long before operators start searching for new ways to grow and profit.

Economics of a food delivery order



1. Cost of food paid by the customer (includes discounts provided by aggregators)
   1a. Commission retained by aggregator minus discounts provided
   1b. Amount transferred to restaurants for the food
2. Delivery charges paid by customers (pass-through to delivery partners)
3. Packaging charges (pass-through to delivery partners)
4. Tips (if any) (pass-through to delivery partners)
5. Additional fare (fuel and performance allowance, etc.)
6. Advertisement revenue (the amount aggregator charges to advertise the restaurant in the app)

Source: Zomato Report

INFORMED OPINION

H1 2022 global economics & real estate market outlook

By: Abdulaziz AlAjeel, Trainee, International Real Estate Department

The US economy hit an unexpected bump in the first quarter with GDP contracting at a negative 1.4% annualized rate. Key contributors to the Q1 2022 slowdown included the growing gap between US imports and exports, declining inventory purchases, supply chain challenges and falling levels of fiscal support.

Consumer spending rose by 2.7%; a 20 basis points increase from Q4 2021 and above the 10-year pre-pandemic average. In the UK CPI inflation rose by 7% in the 12 months to March the highest level recorded in over 30 years, and it also saw a 10% year-over-year rise in volumes. Overall performance was robust in the major markets of western Europe.

The war between Russia and Ukraine has significantly influenced global growth and is intensifying supply chain issues and inflationary pressures. The conflict will impact real estate markets with higher interest rates and increased raw material prices.

H1 2022 real estate market update

In the US, the Industrial sector continues to benefit from robust demand and asset values rose about 25% and a vacancy rate of just 3.1%. The average asking rent increased 3.7% quarter-over-quarter and 11.8% YoY to a record high of $8.94 per sq ft. In Europe, prime industrial rents increased 4.3%, and prime yields increased 12 bps over the quarter in the UK. According to CBRE, the Industrial market posted its strongest Q1 ever in 2022, with investment volumes up by 39% in Q1 2021 and 52% in Q1 2020. Investor interest

Investors will continue to allocate money to real estate, but the most significant risk is what's happening in Ukraine and Russia and the impact of energy prices on inflation

is supported by expectations of rental growth resulting from low vacancy rates and continued occupier demand.

The office sector has shown continued improvement in leasing volume, a 35% increase compared to Q1 2021. The average gross asking rent increased by 1.2% YoY to $35.10 per sq ft, and the average lease term has moved up to the eight-year mark, driven by large-scale relocations to new supply. Europe office market investment is stronger compared to the last two years, up 78% from Q1 2021 and 5% from Q1 2020. In addition, it has reached the highest in Q1 ever in the following countries: Czech Republic, Slovakia, Italy and Poland. Poland attracted the top 3 transactions in the CEE area with a volume higher than EUR 300 million represented by office and retail properties. Office sector prime rents rose 1.2%, and prime yields decreased 3bps.

Multifamily investment volume in Q1 2022 increased by 56% YoY to $63 billion and vacancy rate fell by 20 basis points QoQ and 2.5% YoY to a record low of 2.3%. In addition, the average net effective rent increased by 15.5% YoY. In Europe, the residential sector reached a record-high investment volume of 102.6 billion euros, a 42% increase over the previous record of 72.5 billion in 2020. The geographic scope of opportunity is highest in mature countries like Germany, Sweden and Netherlands but will become increasingly so in smaller markets. Mostly, the residential sector remained extremely strong, resulting in high rental growth and yield compression.

Retail sales in the US continued to grow in Q1 despite lower consumer sentiment due to high inflation, with in-store retail sales showing higher growth than e-commerce retail sales. Real estate fundamentals continued to improve in Q1 2022 with strong absorption, rising rents, and a lower overall availability rate.

The hotel sector in the US improved across the board YoY in Q1 2022. Demand increased by 17.2%, occupancy gained 15.9%, revenue per available room (RevPAR) jumped 61.3% and the average daily rate (ADR) grew by 39.1% leasing up by 39%. In Europe, hotel investment volumes reached 17.6 billion EUR, the UK hotel market has seen pricing recover to near pre-pandemic levels. However, potential difficulties are expected throughout 2022 from higher operating costs, including wage inflation.

2022 current impact and outlook

Investors are increasingly interested in residential and Industrial/logistics assets with a combined market share accounting for over 50% of all standing investment activity. Q1 2022 Europe investment volumes reached 15.6 billion EUR, up by 10% compared to 2021 and in line with the 10-year Q1 average. Over 6 billion EUR was transacted in the Office sector, more than double the corresponding 2021 figure of 2.5 billion EUR, with most of the activity recorded in London (5.6 billion EUR). Private investors play a more significant role in markets, representing more than 43% of volumes.

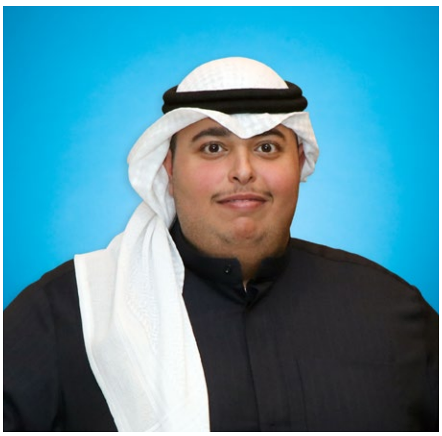
Investors will continue to allocate money to real estate, but the most significant risk is what's happening in Ukraine and Russia and the impact of energy prices on inflation. However, this will vary by market and asset class. Overall, the real estate market is showing maturity in its ability to react to new pricing norms to sustain investment activity.

INFORMED OPINION

2022: the year to start incorporating private equity in your portfolio

By: Khaled Al-Saleh, Analyst, International Advisory Department

War, inflation, and oil being up more than 40% year to date has contributed to the events we are witnessing today. The markets are experiencing their most turbulent time since the Global Financial Crisis in 2008.



At the time of writing, both the S&P 500 and the Nasdaq are now in a bear market, identified as a 20% decline or more in price, with the Nasdaq being down more than 30% year to date, thanks to its constituents of low profitable growth stocks. While the Dow Jones has fared better, it is still on the doorsteps of a bear market.

The Federal Reserve having to raise rates by 150 bps in less than 100 days, taking the Federal Fund Rate to 1.50% - 1.75% in response to trying to combat the highest levels of inflation seen in 40 years, has been the major catalysts for the downfall seen in markets. Federal Reserve Chairman Jerome Powell indicates that the Fed aren't going to let their foot off the gas anytime soon. With the target benchmark rate ending at ~3.5% in 2022, according to the midpoint of the target rate from the Federal Open Market Committee members expectations, and close to 4% in 2023. A long way away from the 0.00% – 0.25% rate we witnessed during the Covid bull market.

With equity markets being in a bear market and U.S. bonds are down 12% this year according to the Bloomberg U.S. Aggregate Bond Index - which tracks an array of U.S. government bonds, corporate bonds, and mortgage-backed securities– marking its worst performance going back to 1976, investors may be wondering

Building a private equity portfolio is a long-term process which differs greatly from a public equity or fixed income portfolio. It is a long-term process in an illiquid market

where they can invest their money to keep up with these inflation numbers we haven't seen for decades.

Thanks to the current environment where return expectations for most asset classes are lower than previously used to, investors have begun flocking to private equity to boost their future overall portfolio returns. However, building a private equity portfolio is a long-term process which differs greatly from a public equity or fixed income portfolio. It is a long-term process in an illiquid market where access to the most popular managers are often constrained.

A typical private equity fund life is 10 years. However, unlike other asset classes, it takes investors a few years to be fully deployed thanks to the drawdown mechanism embedded in private equity funds. The first few years of the fund life is the investment phase where the fund manager takes time to find, due diligence

and execute deals. This ensures short-term diversification for investors, as they are not caught in market downturns as they are fully deployed, capturing all ends of the market cycle, both in downturns and in moments of growth.

Private equity has quickly become the place to be for investors, as fundraising was up by nearly 20% year on year in 2021, reaching almost $1.2 trillion while assets under management for private equity fund managers reached an all-time high of ~$10 trillion, compared to $7 trillion in 2020.

The key to a successful private equity portfolio is twofold, 1) Investing with the right manager 2) Consistently reinvesting across vintages. According to McKinsey, the 20 firms that have gained the greatest share of new capital raised over the last five years have done so predominantly by raising larger and more frequent flagship vehicles. These firms more than doubled the size of their flagship funds over the preceding half decade and raised every three years, on average. This ties in to the point of diversifying across vintages to better capture all aspects of the market cycle.

According to a report by McKinsey, institutional investors have continued to increase allocations to private markets at the expense of public markets, driven principally by private markets' outperformance. CEM Benchmarking notes an average allocation to private markets of 18.5 percent as of 2020, up nearly five percentage points since 2012.

Fund vintages between 2005 – 2007 fared much worse than investments made during 2008 and 2009, as they were often fully invested as the market started to sell off. On the other hand, some of the best performing funds have been raised during market downturns, giving them large amounts of capital ready to invest as valuations decline, which is why we suggest allocating some capital from your portfolio into private markets, specifically private equity.

INFORMED OPINION

Impact of UAE corporate tax on real estate

By: Khaled AlDousari, Senior Analyst, MENA Real Estate Department

Key highlights

- **UAE announced plans to introduce corporate tax at a rate of 9% to be levied for companies on net income greater than AED 375,000 from June 01, 2023. The proposed tax rate is competitive and is comparable to global low tax hubs.**
- **Corporate tax would not apply on individual's investment in real estate. It would also not apply on investment returns earned by foreigners and income from real estate for individuals.**
- **Businesses including those in Real Estate sector would be directly impacted as it entails payment of a share of income to government.**
- **Because of lower post-tax profit, businesses could choose to mitigate the impact through several measures or the impact could be absorbed across the value chain, with a portion of it passed on to end-users.**
- **Due to second order effects, material prices, construction costs, labour services could witness upticks. With interest rates set to raise in 2022, funding could get tighter for new real estate projects.**
- **On the other hand, introduction of taxes could result in greater transparency of business operations. This would be a huge positive for banks as they could better assess the credit and eventually it could lower the cost of capital for various business operations.**
- **From the government perspective, revenue streams would be diversified and it could enable the government to pursue additional investments in developing the infrastructure – a significant positive for real estate.**
- **Overall, though the move could portend a marginal negative impact in the short-term, enhanced transparency of business operations and increased infrastructure investments bode well for the real estate sector in the long-term.**

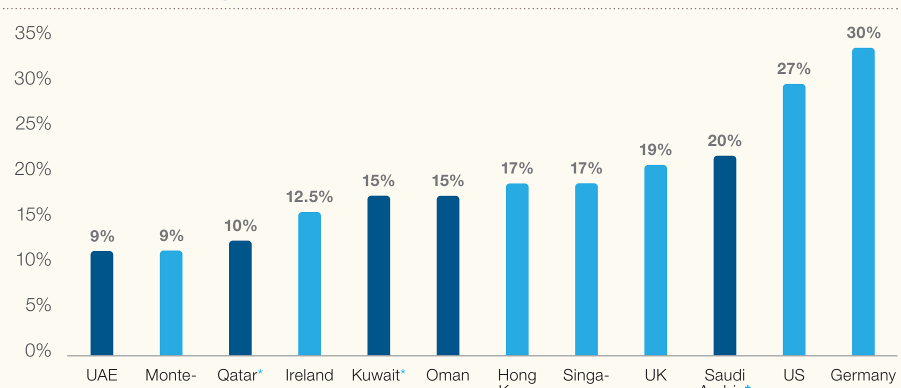
The UAE has announced its plans to introduce corporate tax at a rate of 9% from June 1, 2023. The move aimed at bringing the country in line with international standards for tax transparency, would improve its fiscal position by lowering dependency on oil revenue. The tax would broadly be levied as below,

- Tax rate of 9% for companies on profits above AED 375,000 with businesses below this threshold being exempt from taxation.
- In the backdrop of OECD's initiative to implement a global minimum tax rate, a different tax rate would be applicable for multinationals that meet criteria according to "Pillar Two" of the OECD Base Erosion and Profit Shifting project.
- Free zones that comply with all regulations and do not conduct business with mainland UAE companies would be exempt from the tax.

The corporate tax would apply for businesses for the financial year starting on or after June 1, 2023. For example, a business with financial year ending on December 31 would be liable to pay corporate tax from January 1, 2024.

While introduction of the tax would certainly boost state finances, with the revenue generated estimated at about 14-15% of government's total non-oil revenue[1], it could affect profitability of businesses and in turn lower investment plans. However, with Kuwait, Qatar and Saudi Arabia already levying corporate tax on non-GCC foreign companies, Oman levying tax on all companies and UAE's proposed tax rate being comparable to other low tax hubs, the move might not have a significant effect on UAE's attractiveness as a business destination.[2]

Corporate taxes across some countries



Source: KPMG, CNBC; Note: Among GCC countries Bahrain is yet to introduce corporate taxes;
* Kuwait, Qatar and Saudi Arabia levy corporate tax only on non-GCC foreign companies.

Scope of corporate tax in real estate sector

With real estate being a key sector in the non-oil economy, contributing to about 8.2% of Dubai's GDP[3], the impact of corporate tax on real estate is of interest. Businesses that would be liable to pay corporate tax include real estate management, construction, development, agency and brokerage activities.

The impact would be direct for businesses as it entails payment of a share of income to government. Because of lower post-tax profit, businesses could choose to mitigate the impact through several measures or the impact could be absorbed across the

Impact of corporate tax in real estate segments

Segment	Impact
Residential	■ Demand is likely to remain stable; individual investments are not subject to corporate tax ■ However, given the recent pick-up in residential demand, developers could choose to increase prices to partly mitigate the impact of corporate tax on their business
Office	■ Given the low tax rate, its implementation might not significantly alter UAE's attractiveness as business destination. Factors such as recent weekend switch would also aid in demand for office spaces ■ However, implementation of corporate tax might influence demand through business' decisions on office spaces, rentals etc in the short-term
Retail	■ By affecting liquidity and profitability of businesses, introduction of corporate tax could affect rent payments and demand for retail real estate ■ Though retail occupiers are slowly emerging from Covid-19, there are reportedly requests for rent-free periods, revenue share options, etc. citing uncertain economic climate. Against this backdrop, owners of malls might find it hard to raise rents
Industrial	■ The tax move might lower capital investments and affect demand in the segment

Source: Marmore Research

Net profit margins of UAE real estate sector firms (AED million)

Year	2017	2018	2019	3yr avg	Net margins post 9% tax
Construction materials					
Total Revenues	6,597	6,390	5,898		
Net Income	530	266	294		
Net profit margins	8.0%	4.2%	5.0%	5.7%	5.2%
Real Estate Development firms					
Total Revenues	43,037	54,852	49,370		
Net Income	13,467	18,230	13,450		
Net profit margins	31%	33%	27%	31%	28.2%

Source: Refinitiv

value chain, with a portion of it passed on to end-users.

Corporate tax would not apply on investment in real estate by individuals in their personal capacity provided the individual is not required to obtain commercial license for the activity in UAE. It would also not apply investment returns earned by foreigners and to income from real estate for individuals. This would help maintain pace of investments by individuals in real estate.

To assess the impact on real estate development companies and construction materials providers in UAE, we evaluated the net profit margins of listed players in aggregate. We considered the financials for pre-Covid years (2017 to 2019) to get a better sense.

As seen in the above table, businesses operating in construction materials segment operate on low single digit margins. These firms may find it hard to increase the material prices due to low bargaining power. On the other hand, real estate developers that enjoy high margins could either take the impact or may use their competitive positioning and increase the prices of real estate units for the customers to preserve their profit margins.

Based on the latest available results for listed firms, real estate development firms and construction suppliers together account for AED 10billion in profits (last twelve months). Imposing a tax rate of 9% would yield AED 900million in revenues for the government from the real estate sector.

Being an important sector in non-oil economy, while implementing VAT in 2018, real estate sector saw some exemptions such as non-taxation of sale of leased commercial property. According to the Federal Tax Authority and Dubai Land Department, the implementation of VAT had a limited impact on real estate sector. Given corporate tax's effect on businesses across sectors, its introduction could have some impact on real estate sector across segments. With interest rates set to raise in 2022, funding could get tighter for new real estate projects.

Stronger government finances could increase capital spending by the government especially in the infrastructure segment. Such infrastructure investments have high multiplier effect and would have a significant positive impact on the economy in the long run. The resulting improved infrastructure could aid in increasing domestic and foreign investments, boosting demand for real estate. Overall, though the introduction of corporate tax could portend a marginal negative impact in the short-run in terms of profitability, salaries etc., enhanced transparency of business operations and increased infrastructure investments bode well for the real estate sector in the long-term.

Impact of corporate tax on real estate stakeholders

Developer	Service providers & banks	Contractor	Individual buyer	Corporate buyer
■ Lower profitability and liquidity could translate to slower rate of project expansion. ■ Could see increase in project costs owing to increase in material and construction costs. ■ May be able to partly lessen the impact of taxation by increasing prices for units and by reducing other expenses such as salary.	■ Service providers: reduction in net profit induce an increase in services costs, leading to passing some costs to end users/investors. ■ Banks and lenders: introduction of taxes could result in greater transparency of the borrowers' business operations. This would be a huge positive for banks as they could better assess the credit and eventually it could lower cost of capital.	■ Increase in cost of materials ■ Increased capex by the government on the back of higher revenue from corporate tax could result in rise infrastructure project awards to contractors.	■ As income and capital gains are exempt for individuals, the pace of investments is likely to be maintained. ■ Might witness rise in property prices if developers choose to increase unit prices to mitigate impact.	■ Since only capital gains and dividends from qualifying shareholding are exempt, real estate investments by corporates could be affected. ■ Might witness rise in property prices if developers choose to increase unit prices to mitigate impact.

Source: Marmore Research

Footnote 1: Marmore Research; **2:** PwC, KPMG ,Reuters; **3:** Dubai Land Department, H1 2021

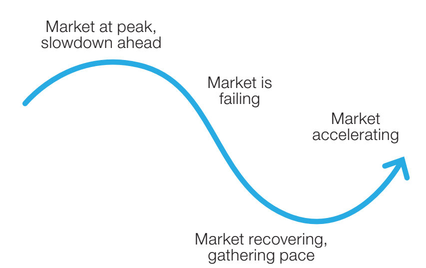
INFORMED OPINION

Leaving pandemic blues behind: Understanding Kuwait's growing real estate market

By: Mr. Abdulrahman AlSanad, Assistant Manager, MENA Real Estate Department at Markaz

The last two years have seen the real estate sector in Kuwait navigate a myriad of unforeseen ebbs and flows against the backdrop of market instability due to the Covid-19 pandemic. However, with the introduction of government legislation to ease health restrictions, the formation of new businesses and the expansion of existing enterprises, investors' confidence has steadily risen across the local real estate landscape during H1 2022. In subsequent reaction to optimism regarding improvements in economic activity, upward trends have been reported in the market due to increased transactions in both the commercial real estate and investment (residential apartment) segments.

Market cycles



Price corrections and investor confidence bring stability to market

As occupancy rates climb across the country and corrections in prices forecast a stable market, regional trust in the Kuwaiti real estate sector is witnessing its gradual ascent. Currently, the rental rates in nearly all sectors have stabilized, particularly in high-demand areas and prime locations. In regard to occupancy levels, grade A offices have reported the highest rates while low-grade investment areas have had the lowest. This is attributed to an investment sector contingent upon market activity and government regulations regarding expatriates in Kuwait. The commercial and industrial sectors have had the highest returns among all other sectors, as private residential housing sales have dropped due to affordability issues within the subsector.

Residential prices over the past 2 years rose to record levels; regions close to Kuwait City between the 2nd and 6th Ring Roads posted an average value of KD 1,200 - 1,500 per m2

Shrinking expatriate population weighs on investment sector

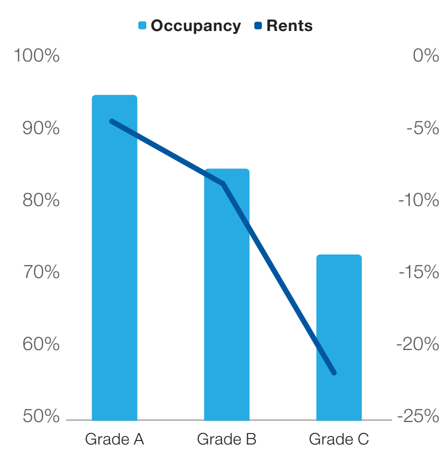
Two primary factors have attributed to notable shifts in the domestic real estate market in Kuwait. The government's decision to reduce the number of expatriates in order to facilitate a population balance, and the pandemic's impact on household jobs and incomes have both significantly affected all sectors, including real estate. Due to these factors, Kuwait's real estate market has seen a drop in rental prices between 5 to 10 per cent in grade A and B areas while maintaining high occupancy levels between 85 and 100 per cent. As for grade C areas, the rent drop was between 20 to 30 per cent with an average occupancy level of 65 to 80 per cent depending on location. Cap rates for the investment sector ranged between 6.5 per cent and 8.75 per cent contingent on properties' location and building quality.

The commercial sector, especially the retail sub-sector, struggled during the pandemic due to a decline in customers' purchasing power. This shift in commercial flows affected the real estate sector, causing property owners to provide temporary rent discounts to avoid steep eviction rates. On account of sustained demand for commercial properties, rental prices were mostly stable with minor drops between 5 to 10 per cent for grade A and B buildings and steadily high occupancy levels were posted between 85 and 95 per cent. Cap rates ranging between 7 per cent and 7.75 per cent were also reported dependent upon the location of properties.

High demand and low supply drive Kuwait City offices

Rental rates and occupancy levels within the office sector remained high in Kuwait City during 2022 due to the limited development of new projects, given the presumed risk project builds could hold. Grade A buildings reported a 5 per cent rent increase with 90 per cent to 95 per cent occupancy levels, while grade B buildings had a noticeable increase in rental prices between 5 per cent to 10 per cent with occupancy levels exceeding 90 per cent. Cap rates for office buildings ranged between 6.25 per cent and 7.25 per cent depending on building quality and location within the capital city.

Occupancy vs. rent



Surging demand from investors in the industrial sector resulted in a major increase in prices, reflected by a decline in cap rates. Whereas the cap rates before two to three years were between 10 per cent and 12 per cent, current rates are reported to be within the range of 7.75 per cent and 9.25 per cent. Rental rates are mostly stable for prime locations across Kuwait, while secondary locations had a minor drop in rental prices by 5 per cent to 10 per cent. In consideration of occupancy levels, grade A locations are fully occupied except for mezzanine units and grade B locations reported standard occupancy levels between 80 to 90 per cent.

Private residential areas at peak level prices

Conversely, private residential sector prices during the past 2 years have risen to unprecedented levels across most areas. Regions in close proximity to Kuwait City between the 2^{nd} and 6^{th} Ring Roads posted an average land value between KD 1,200 and 1,500 per square meter, depending on area and street location. In comparison to figures reported during the last 2 to 3 years, this marks an increase of 40 to 50 per cent in prime land evaluation. Newly developed areas in the south of the country, such as AlMassayel and Abu Futaira, have an average land value between KD 1,000 to 1,200 per square meter dependent upon their specific location, marking a considerable increase of 85 to 100 per cent over the course of the last 2 to 3 years.

Kuwait's chalet sector also registered considerable growth rates. Within government leasehold areas from Mina Abdullah to Khairan, prices reached between KD 38,000 and 75,000 per waterfront meter depending on the area and its location. Bnaider and Julia'a are reported as the highest-priced regions and Mina Abdullah the most inexpensive.

The upward trend of leasehold area valuations is exhibited by an increase in prices between 40 to 50 per cent within the past 2 years. As for the freehold areas, which include the newly developed Khairan Zones 1 to 5, waterfront land prices are situated between KD 570 and 600 KD per square meter depending on location and zone, marking an increase between 50 to 60 per cent within the past 2 years.

Government support and sector reforms raise hopes

Several government actions have fostered healthy development in the real estate sector within the country, including the government's allocation of KD 2.1 billion to fund the South Saad Al Abdullah Town smart city project, the tightening of procedures against defaulting contractors by the Public Authority for Housing Welfare and the parliament of Kuwait's approval to increase capital for Kuwait Credit Bank. In addition, a draft law on real estate rental has been referred to the National Assembly and a draft law on granting residency for real estate owners for a period of 10 years has been approved by the Interior and Defense Affairs Committee.

Markaz Real Estate Fund

As Kuwait's Real Estate market is mildly accelerating, supported by a positive economic outlook on the back of elevated oil prices and recovering non-oil economic activity, there is a window of opportunity to invest in the local real estate market. Markaz offers Markaz Real Estate Fund (MREF), the oldest and largest open ended real estate fund in Kuwait, investing in income generating properties with the aim of generating stable income and returns through prudent acquisition, management and disposal of properties in the most promising segments of the real estate market in Kuwait. MREF has generated stable and consistent returns through its operation spanning several market cycles and economy crises with a diverse and balanced portfolio consisting of 17 quality, income-generating properties located in low risk and high concentration areas.

For more information about the fund's performance, please refer to the latest fund factsheet available on the Markaz website. Or download a PDF version.

CSR ACTIVITIES

Markaz supports SpeakUp Kuwait program as Gold Sponsor

Markaz participated as a Gold Sponsor in the closing ceremony of SpeakUp Kuwait, a non-profit self-developmental program organized by DEEP Consultancy. The program, which was launched in February, aims to help senior university students and fresh graduates enhance their public speaking skills through a multi-week mentorship scheme based on business psychology. The closing ceremony was held on 19 March 2022 at Dar al-Athar al-Islamiyyah, where the "Speaker of Kuwait 2022", Sarah Al Shammari, was announced and honoured.

Markaz's sponsorship of SpeakUp Kuwait falls in line with its corporate social and economic responsibility strategy and its broad-ranging initiatives aimed at empowering youth by providing them opportunities to acquire skills and capabilities critical for the success of their careers.

Abdullatif W. Al-Nusif, Managing Director, Wealth Management & Business Development at Markaz, commented: "Empowering youths by nurturing and strengthening their skills allows them to be better versions of themselves and excel in different environments in their workplaces and in life in general. Public speaking skills are particularly considered a competitive advantage in the corporate world and can attract better opportunities in the job market. We at Markaz are pleased with our support to the SpeakUp Kuwait program as it aligns with our strategy and initiatives for youth development."

Dina Al-Weheab, Organizational Psychologist and Founder of DEEP Consultancy, said: "We believe that a motivational work environment is created by capable and articulate leaders who can influence and inspire. Public speaking mastery is a fundamental skill, and effective communication and public speaking skills improve several areas of individuals' personal lives and careers. The SpeakUp Kuwait program is unique in its way of teaching public speaking by applying psychological research. We would like to thank Markaz for its support of the program."

Featuring 7 final participants and four mentors, the SpeakUp Kuwait program was offered through a total of 12 sessions with two per week. Ten best-performing trainees were given public speaking opportunities to share their stories at the award night held at Dar Al-Athar Al-Islamiyyah. The speeches were evaluated by a panel of judges from different fields, and the best speaker was named the Speaker of Kuwait 2022. The public event also included music and entertainment by the Kuwaiti band "Sons of Yousef" and stand-up comedian "Shaikha AlKhaldi".

Markaz extends support to Soroptimist Kuwait's online corporate directors program

Markaz announced that it sponsored the International Finance Corporation (IFC) program, the Corporate Directors Program (CDP), organized by Soroptimist Kuwait, in association with EIG – Tamayyaz. The program is the first of its kind in the region and was designed to provide participants with tools to improve corporate governance practices, which positively impact good governance practices, procedures and sustainable growth by enabling corporate boards to fulfill their roles and responsibilities, while also tackling the issue of gender diversity in boardrooms. The first cycle of the program was held between 18 January and 21 April, 2022.

In a strong endorsement of the purpose and principles of the initiative, three of Markaz's senior members participated in the online program. Through its sponsorship and participation, Markaz reiterates its commitment to fostering and promoting good corporate governance and advancing gender diversity and the empowerment of women in Kuwait in line with its corporate social and economic responsibility strategy and the New Kuwait Vision 2035's key goals.

As an organization that strives for excellence in its offerings and is committed to playing a key role in Kuwait's development as a global leader on all fronts, Markaz has always remained keen on adopting and promoting global best practices in corporate governance, diversity and inclusion. Markaz's support for the CDP helps in accelerating national efforts to build a thriving private sector that will lead the development of an equal and prosperous society.

The Online Corporate Directors Program and Gender Diversity Program consist of five parts; namely: Part 1: Introduction to Corporate Governance and the role, responsibilities and duties of the board of directors, Part 2: Practical Tools, Part 3: The Internal Control Framework, Disclosure and Transparency, Part 4: The Role of the Board in Protecting Shareholders Rights, and Part 5: Gender Diversity on Boards.

The Corporate Directors Program (CDP) enabled participants to strengthen their commitment and knowledge on good governance; understand the board's role, responsibilities and duties, as well as enabling appropriate structures and composition so as to optimize the board's efficiency.

CSR ACTIVITIES

Markaz celebrated key Kuwaiti entrepreneurs on social media

In line with Markaz's CSR strategy to building human capacity and supporting SMEs and entrepreneurs, Markaz launched a social media campaign, shedding light on key enterprises founded by Kuwaiti entrepreneurs. Dabdoob, Tap, Baims, and Brandatt were some of the Kuwaiti based companies that Markaz interviewed in the video campaign, highlighting their talents, their business lifecycle, the challenges they faced and their expansion plans.

Dabdoob

Mr. Sulaiman AlAnjeri, Founder of Dabdoob stated that every newly founded business will have to face risks, challenges and hard decisions. Dabdoob's biggest challenge faced was when their product storage room flooded by 2 meters due to heavy rainfall in Kuwait, which lead to the damaging of their products. The event had incurred a huge loss especially since they were still in the beginning of their business journey. Luckily, they were able to bounce back and are now one of the most successful kids store apps in Kuwait. AlAnjeri highlighted that Dabdoob's strategy in their first three years was growth rather than profit, which played a massive role in their success today.

Tap Payments

During the interview, Mr. Faisal Al-Haroon, Managing Director of Tap Payments. highlighted that the biggest challenges Tap Payments faced were during the Covid pandemic. They faced a huge increase in demand due to business owners wanting to transition their business into an online model in order to survive during the crisis. Tap Payments successfully met the challenge and activated payment services for thousands of businesses in and outside of Kuwait during that time, and they are active in their expansion plans.

Brandatt

Mr. Mubarak AlBader, Founder and Chairman of Brandatt, highlighted that Brandatt focuses on a customer-centric approach. They believe that the customers of Brandatt are considered partners, which drives the company to constantly look at their needs and wants, and tailor actions accordingly. The biggest challenge faced by Brandatt was during the pandemic, which necessitated transitioning the company from one building to another, but they were able to overcome the obstacles and are one of the most successful Kuwaiti e-commerce platforms today.

Baims

Mr. Yousef Al-Husaini, Co-Founder of Baims, explained that the idea of Baims came to life when his co-founder and himself were students in Kuwait University. They noticed that the biggest issue they faced was getting access to teachers at convenient timings, which sparked the idea of filming courses and charging 70% less than private tutors. The biggest challenge they faced was convincing both teachers and students during the pre-Covid era of the benefits of online teaching and studying. However, they overcame that challenge and now have their courses available in Kuwait, Saudia Arabia, Bahrain and Jordan.

CSR ACTIVITIES

Markaz welcomes 2022 Graduate Development Program intake with special gathering

Markaz held a special gathering on the 17th of March, for the high-potential young professionals who have enrolled in its 2022 Graduate Development Program (MGDP). The event was held at Al-Nada Tower, a state-of-the-art real estate development by Markaz. The meet and greet event provided opportunities for the new Kuwaiti graduates to network with alumni from previous batches of the program, as well as meet key executives including the CEO, Mr. Ali H. Khalil, who gave these talented young people an encouraging and motivational welcome to the Markaz family.

In keeping with Markaz's culture of innovation, the new MGDP participants had a chance to bond as a group through fun and creative challenges. They also had the benefit of former participants who succeeded in being employed by Markaz sharing their own experiences of what they learned, gained and valued in the program, which was first established in 2017. Since its inception, Markaz has trained 42 graduates and hired 38% of all participants, while the program also helped them build a strong foundation, besides providing empowering recommendations, to launch careers elsewhere.

Peter Kelly, Executive Vice President, Human Resources at Markaz, commented: "The Markaz Graduate Development Program creates an opportunity to share our expertise and contribute to the growth of rewarding careers for the nation's brightest talents. This comes as part of our continuing drive to support the Vision 2035 goal of transforming Kuwait into a regional financial and trade hub. We believe that building sustainable success hinges on elevating the skills of individuals and remain committed to enhancing the capabilities of high potential graduates and inspiring and empowering them to become the leaders of tomorrow."

Since its inception, Markaz has trained 42 graduates and hired 38% of all participants, with the rest provided empowered recommendations to launch careers elsewhere

Bibi Maqames, HR Officer at Markaz, said: "We are pleased that the Markaz Graduate Development Program continues its success with another group of competitively selected graduates embarking on their journey of learning. As it forms part of our corporate social responsibility initiatives to build human capabilities and promote youth development in Kuwait, we are committed to ensuring the program delivers on its objectives effectively, providing participants with the best training and development platform to build promising careers in the financial services sector. We are confident that the graduates will greatly benefit from their practical experience and their productive engagement with our experts who have extensive experience across wide-ranging business sectors."

The annual program, which commences in February each year, is designed to enable fresh Kuwaiti graduates to gain positive work experience and develop their skills through an extensive one-year immersion in Markaz. Participants are fully exposed to real work tasks and responsibilities across all the company's functions, before being allocated to a specific department for an extended placement following an assessment of the career path that will most leverage their capabilities, education and personal goals. They benefit from an engaging mixture of direct and online training, and practical, hands-on work activities, throughout the program.

The special meet and greet session for this year's participants was hosted at Al-Nada Tower, one of the real estate development projects within the Markaz Real Estate Fund (MREF). The premium residential tower offers an attractive location with panoramic views of Kuwait City and the Arabian Gulf Road. In a first for Kuwait, the development also features three floors of underground car parking and multiple-floor swimming pools within a single residential tower.

Testimonials from past to current members

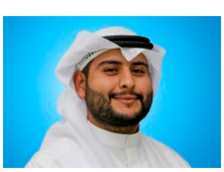
1 Munirah AlMailam
Former Trainee – Current Assistant Analyst at Post Acquisition and Middle Office

"I really found my time at Markaz to be an enjoyable and valuable experience. We started our journey with rotations that gave us an idea of a typical day in various departments and what their work was like. Unfortunately, our time in office was cut short due to the pandemic and we were sent home. Markaz was incredibly flexible and adapted swiftly to the changing situation due to Covid-19 and worked with us to continue our training program online. We had online soft skills & technical skills training. This was beneficial as it helped us gain an understanding of relevant topics, review what we should know, & fill in the gaps of knowledge. After everything settled, we went back into the office into our respective departments. I was placed in the Post Acquisition department, which was quite interesting. Under the guidance of Alex and Salman, I was encouraged to continue developing new skills such as financial modeling. In addition to learning new skills, I got the opportunity to fine-tune other skills through my day-to-day tasks. I entered this program with the intention of exploring my options career-wise & to get a taste of what working in different departments is like. I came out of this program with a higher level of knowledge & skills, an understanding of the different departments, & most importantly, time well spent."

2 Mansour AlRukaibi
Former Trainee – Current Analyst at Capital Markets

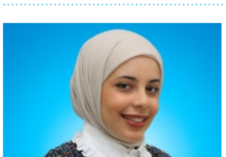
"Markaz Graduate Development Program has aided my professional development and posed real world challenges that required us to evolve with different environments and adapt to the changing market landscape and conditions."

3 Abdulaziz AlAjeel
Current Trainee at International Real Estate



"From investment management training to presentation and communication skills workshop, our mentors have helped us to be more articulate about our strengths and weakness. The MGDP program have not only facilitated our approach to operating effectively as individuals and as a team, but also gave us the skills and direction to independently run this process for the future."

4 Noor AlMuhanna
Current Trainee at Compliance

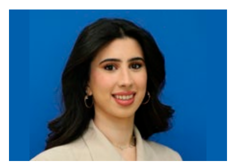


"I have learned so much during the Graduate Development Program and I have developed many skills, which will benefit me in my career and future. I feel fortunate to have this experience and I am looking forward to continue learning and progressing."

5 Mishal AlRefaie
Current Trainee at MENA Real Estate

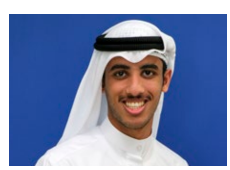
"Simply, the MGDP has been great so far! I have learned so much in the program! The hands on experience was very eye opening and given me a new perspective on how I view the financial world. I believe that the rotation has also helped in giving me a holistic view on how a successful investment company runs. Each department is an integral piece into making the complete picture. There were incredibly valuable experiences in each department that can help me perform adequately at my work today. As I am continuing this program, I truly believe that the MGDP has given me the opportunity of a lifetime."

6 Noor Al Jeraisy
Current Trainee at Wealth Management



"I am honored to be a part of 2022's MGDP group, this program has been an extremely valuable experience. It has shaped me in ways I can't even begin to explain. I have experienced major self development since the start of the program. I hope I come out this program with a major understanding of investment banking and what being a wealth manager entails. I feel like Markaz is the best place to build a strong foundation which will kickstart my professional career!"

7 Thunayan AlThunayan
Current Trainee at Advisory



"I am so glad to be able to be a part of an insightful training program at such a reputable firm like Markaz. Working with professional team members has allowed me to grasp the necessary skill sets and concepts that will hopefully enable me to grow in the industry"

8 Taiba AlFulaij
Current Trainee at MENA Equities

"The MGDP training program gave me the chance to dive deeper into the designated career field I wish to pursue. The program kick-started with a 2 month rotational program, getting me exposed me to the entire functionality of an investment bank and allowing me to meet industry professionals from various fields and backgrounds. Upon completion, I was positioned to work with a specific department at Markaz. This is where, in my opinion, I gained the most both in terms of technical and soft skills. Most importantly, I highly admired Markaz's ever friendly, forthcoming and flexible work culture. As a newly fresh graduate, being part of a work environment where I was able to discuss and ask as many questions played a crucial role in steering my career in the right direction. To sum up, the MGDP training program was an enlightening experience. It gave me the opportunity to meet new people, acquire new knowledge, and strengthen my business acumen."

CSR ACTIVITIES

Markaz renews its humanitarian partnership with Kuwait Red Crescent Society for 2022

Markaz announced the renewal of its collaboration with the Kuwait Red Crescent Society, as a “Humanitarian Partner”, and the extension of its support to the organization’s activities in relation to education, healthcare and underprivileged families. The collaboration compliments Markaz’s efforts towards community service, building human capacity by collaborating with longstanding credible and active NGOs, and stems from its keenness to contribute to the positive impact made by such organizations towards targeted segments of society.

The renewal of this humanitarian partnership is a result of the joint journey that both Markaz and KRCS embarked on many years ago together, brought on by the realization that both organizations share the same vision and values, in terms of developing communities, instilling the spirit of volunteerism and empowering the less fortunate inside and outside of Kuwait. Moreover; Markaz’s efforts fall in line with its CSR strategy that is built around three main pillars: building human capacity, aligning the business environment with the principles of sustainable development, and promoting good governance in the business environment.

We are proud to have contributed to various KRCS campaigns, such as basic education, where Markaz donated part of tuition fees for 18,000 students between 2015-2021

Commenting on this humanitarian partnership, Mr. Abdullatif W. Al-Nusif, Managing Director, Wealth Management and Business Development at Markaz said: “We take great pride in our partnership with KRCS, as one of the active NGO’s that plays a vital role in establishing and developing humanitarian and voluntary work inside and outside of Kuwait, in addition to offering support to segments in dire need, specifically in relation to healthcare services, education and supporting underprivileged families. We are also proud to have contributed to the success of the organization’s various campaigns across different fields, such as the provision of basic education as part of a campaign that was launched in 2015, whereby Markaz took on the responsibility to cover part of the tuition fees for 18,000 students up until 2021. It also covered the tuition fees for 100 university students, and offered full higher education scholarships to financially underprivileged students. In terms of healthcare, Markaz supported KRCS’s contribution to low-income families by covering the cost of expensive medication and medical supplies. In addition, the organization worked towards providing underprivileged families with electrical appliances and food parcels, empowering women and youth of needy families, supporting people with special needs, and other life-changing charitable programs.”

“Markaz is keen to continue supporting KRCS’s mission, stemming from its belief in the role played by the private sector in supporting organizations that work towards developing segments of society in need. We are continuously looking forward to collaborating and partnering with significant charitable institutions that have a solid voice and positive impact on various humanitarian and social causes that will change the future for generations to come.” Al-Nusif added.

From his end, Dr. Hilal Al-Sayer, Chairman of the Board of Directors of the Kuwait Red Crescent Society, said: “Markaz is one of our key supporters whose contributions have boosted many of the organization’s activities and overall role in society. This in turn reflects the positivity and generosity of Kuwait and its people.”

Al-Sayer expressed his appreciation for Markaz’s humanitarian contributions, and strongly believes that it stands as the ideal example for the private sector as a whole. “I would like to thank Markaz for its unwavering support, especially in key areas of education, healthcare and helping underprivileged families, and we look forward to further fruitful collaborations in the near and far future.”

Al-Sayer highlighted that the humanitarian responsibility is mounting and requires amplified efforts in order to be able to offer relief to those affected by the existing crises in the region and the world at large. He also stressed on the fact that KRCS in its capacity as a humanitarian organization is committed to fortifying relations with the Kuwaiti civil society and the private sector as well, to formulate humanitarian partnerships in an effort to alleviate the suffering of victims and those effected, with a special attention to children.






MARKAZ FAMILY

Markaz's first internal Padel Tournament

Further strengthening its commitment to creating the ideal work environment, Markaz successfully held its first internal Padel Tournament. It was well received by its employees who enthusiastically participated in the fun-filled competitions. The tournament comes as part of Markaz's efforts to promote staff wellness and encourage sports activities by inspiring healthy lifestyle choices among employees and improving engagement and collaboration among them.

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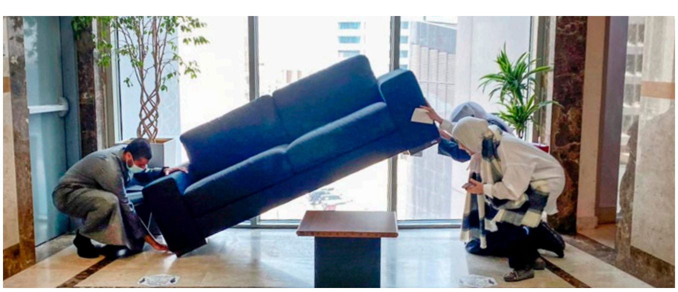
National Day celebration




In honor of our nation's rich history and heritage that has always been rooted in finding wealth and treasures in its lands and seas, Markaz channeled these traditions into its very own treasure hunt. A unique riddle was created with clues to find the treasure. Clues were hidden in the floors that help Markaz and its clients thrive, thus reflecting Markaz's strength, know-how and expertise.

Riddle me this

Find the land and sea, in which the treasure could be!
Follow the clues in the text, and take action with speedy steps!
Which floor could it be? A factor of 1, 2 or 3?
Three services they provide, to help Markaz and its clients strive
Reflecting Markaz's strength, know-how and expertise
Picture the floor that embeds the letters of these leads

MARKAZ FAMILY

Graish the Markaz way

As every year, Markaz family gathered before Ramadan, celebrating a traditional Graish event. Everyone contributed with delicious dishes allowing the staff to enjoy the meal while socializing and enjoying their time.

Markaz's annual Ghabga

It's our first post-pandemic Ghabga!

In celebration of the holy month of Ramadan, the highly anticipated annual Ghabga was held at the Symphony Hotel on the 20th of April. The event saw Markaz teams and their families enjoy a wide range of recreational activities and fun-filled competitions, including raffles, performances and more. The Ghabga's proceedings were led by Kuwaiti TV presenter Mr. Abdulaziz Darwish, whose enthusiasm and energy helped make the evening truly memorable for all in attendance.

The event also served as an opportunity for Markaz to honor its veteran team members of 25 years or more. The year 2022 also marks the 25th anniversary of Markaz being listed on the Kuwait stock market, which reflects Markaz's commitment towards its stakeholders and affirms its institutional excellence in the investment and financial sectors.

Markaz Ghabga event has long been one of the year's most important events. It brings together staff from every department, allowing them to genuinely connect and build rapport. The organic cross-departmental communication that this evening facilitates is what truly fuels the success of Markaz's long-term strategy. The company's efforts to promote sustained employee communication, through the annual Ghabga and other events and initiatives, reflect its commitment to human capital development and a sustainable human resources policy. The aforementioned is a key pillar of Markaz's corporate social responsibility strategy.

Advisory and M&A Team is up to date with best practices with comprehensive training programs

Business valuation

Members from the Advisory and Mergers & Acquisitions team attended a 4-day intensive workshop on January, 2022, focused on Business Valuation with valuation guru, Aswath Damodaran. The comprehensive workshop touched upon several key points including categorizing and responding to uncertainty, which was highly relevant due to the pandemic. A worldwide market overview was demonstrated through the lens of the Covid effect. The workshop also included several valuation topics and evaluating risks in terms of cost of capital on a global scale.

M&A modeling

The Union of Investment Companies, Investment Studies Center and Wall Street Prep organized an M&A modeling course which was attended by members of the Advisory and M&A team. Jesse Milligan, Director of Business Development and Strategy from Medtronic, instructed the sessions. Key points included building a robust merger model and tax considerations. During the workshop, best practices in preparing financial reports and models, and preparing future forecasts, were highlighted. The preparation of models in evaluating M&A were also studied using a hands on approach via Excel.

MARKAZ FAMILY

Markaz organizes Strategic Marketing Communications masterclass by leading branding expert

Markaz has organized a masterclass for its executive and senior management leaders as part of the company's efforts to drive further growth and expansion building on the success of its well-established brand. Held as its half-yearly Executive and Management Learning Event, the masterclass was titled "Strategic Marketing for Niche Services" and was delivered by renowned branding and marketing expert, Fergus Wallace.

Markaz is implementing strategies recently refreshed with its Board of Directors, and the stimulating masterclass was designed to expand the toolbox Markaz leaders and managers will have at their disposal to achieve these goals. Mr. Wallace explored how the highly successful Markaz brand can be leveraged to feed and inform an overall strategy that resonates with clients and stakeholders, ensuring their expectations even more closely drive business goals.

Peter Kelly, Executive Vice President, Human Resources at Markaz commented: "Over nearly five decades, Markaz has grown into a well-established business and our commitment to excellence has earned us a good reputation. As we are well known in our markets and networks and our service offerings are trusted and sought after, we recognize that this invaluable brand holds tremendous potential to accelerate Markaz's journey of success. The masterclass reflects our strong desire to enable Markaz to stimulate its planned growth through specialized strategic marketing and add measurable value to our existing strength in communicating our brand, while also exploring where greater impact with our clients and partners can help steer, inform and accelerate our business strategy."

Mr. Wallace delved deep into the centricity of marketing communication and branding within strategic management processes achieving goals

During his insightful and engaging masterclass, Mr. Wallace delved deep into the centricity of marketing communication and branding within strategic management processes and the key role of marketing methodologies in achieving and exceeding strategic goals with a focus on integrated marketing communications strategies. He also explored how to harness the power of the brand and leverage it to reveal hidden strengths and values of an organization.

Mr. Wallace is Managing Director and owner of Brandstorm, an international corporate communications agency. Since graduating with honors in 1987 at Dublin City University in International Marketing and Languages, Mr. Wallace has developed a profound knowledge of sales and marketing in various sectors, having managed senior roles in multinational corporations and in private companies. He develops and delivers advanced management training and university courses in mass communications theory, integrated marketing communications, strategic marketing, sales, branding and general management at the European School of Economics, SAA Business School, and the University of Turin.

Markaz teams attend Capital Market Training organized by Boursa Kuwait

بورصة الكويت
BOURSA KUWAIT

Boursa Kuwait, in collaboration with the International Capital Market Association (ICMA), organized Capital Market training, in an effort to contribute to the development and education of asset management firms through sharing the latest updates of financial instruments and products implemented across the world.

Markaz capital markets and asset management team members attended the training to explore an array of topics ranging from Equity Analysis, Securities Lending and Borrowing, Bond Fundamentals, Bond Market Risk, Mechanics of Repo Agreements, Portfolio Construction and Attribution Analysis.

MARKAZ FAMILY

Celebrating the women of Markaz

In honor of International Women's Day on March 8th, bouquets were distributed to the strong women of the Markaz Family. This year's theme is "Break the Bias" to get away from stereotyping women, to actively seek out and really listen to women's opinions, and most importantly, to implement their ideas, encourage their growth and celebrate their successes.

World Environment Day internal initiative

The World Environment Day advocates for collective, transformative action on a global scale to protect and restore our planet by implementing systems in our daily lives that make sustainable living our default option. Small daily actions compound to great future results. Therefore, Markaz distributed personalized mugs designed to fit the theme as a part of its initiative to limit the consumption of single use plastic and paper. Plantable cards were also included to encourage everyone to do their part to make a greener planet. There is only one Earth. Our Earth is our responsibility, everyday should be environment day.

MARKAZ FAMILY

Wealth Management refresher on KYC protocols

Markaz takes the requirement to regularly update our people on key business principles very seriously. We bring our Front, Middle and Back Office teams together for these sessions, to ensure a seamless application of all due diligence, given the high regulatory and ethical importance of Anti-Money Laundering measures. The session emphasized the key purpose of KYC day-to-day activities, and discussed practical ways to approach clients for smooth collection of information and documents, and how to review and validate KYC information. The session was led by Mr. Cherrie Oomen, a senior auditor from Protiviti, one of the leading global business and risk consulting firms advising on risk, governance, internal controls, compliance and related training. Wealth Management's mission is to increase clients' wealth within a completely compliant and properly safeguarded business.

CONTINUED FROM PG 5

2021 marks a year of achievements despite challenges

employees by keeping them informed regarding safety and security measures. The Company was also keen to apply the highest levels of care to protect its people, and no cases of transmission of the Covid-19 virus was recorded inside the offices.

Markaz has always placed special emphasis on its employees, as the cornerstone of the company. In turn, the company seeks to create a work environment centered around their professional and personal growth. The company is characterized by a collaborative environment among teams, recruitment and retention of talent in an environment that ensures the participation of every individual, and provides an equal opportunity for career advancement.

Markaz constantly focuses on development and education programs that help nurture both its employees and the business. With that said; Markaz led several initiatives as part of its endeavor to enhance its business, improve the work environment and the culture of innovation among its employees. Markaz is committed to equipping its people with the skills and knowledge that enable them to innovate and develop the best investment opportunities for its clients.

Various programs and initiatives that contributed to building human capacity within Markaz were launched in 2021. The most prominent of which was the launch

With the changing demographics of the investment community, more millennial clients and Generation Zs will place greater priority on environment, social and governance practices

of training programs in the field of negotiation, promoting a culture of innovation and effective communication with international experts and consultants.

Community Service: Markaz continuously strives to play a positive role within the communities it operates in. It remains committed to deploying its capabilities to empower the various segments of society, especially with regard to the development and rehabilitation of youth, empowering women, and enhancing human capacities in general. These initiatives stem from Markaz's CSR strategy, which are built around three main pillars: building human capacity, aligning the business environment with the principles of sustainable development, and promoting good governance in the business environment.

Markaz continued to roll out one of its prominent initiatives; the Markaz Graduate Development Program (MGDP) for 2022, where 10 Kuwaiti graduates were accepted into the program, in an effort to hone their skills, develop their knowledge and support their career paths.

Emerging trends: The year 2022 began with fluctuations in the performance of the markets as a result of high levels of inflation and interest rates, which contributed to putting some pressure on the future outlook of the markets. However, Markaz is fully qualified to benefit from emerging trends, especially with the high levels of liquidity and the resilience of its financial position. Markaz's business plan is built around three pillars: growth, efficiency, and digital transformation, and it will continue to maintain and enhance internal controls as one of its priorities, along with financial discipline to achieve sustainable growth and build wealth for its shareholders over the long term.

It is also likely that some of the major trends in the investment sector, such as environment, social and governance (ESG) practices, digital transformation, and relatively new asset classes, will continue to influence investment decisions positively in 2022. With the changing demographics of the investment community, more and more millennial clients and the generation to follow (Generation Z) will place greater priority on important factors such as (ESG), and innovative products that best suit them. It is critical that asset managers have a high degree of flexibility, in order to meet the changing needs of the market. Markaz is committed to providing innovative investment solutions, in line with its vision to be the ideal partner in wealth creation.

Financial crime and its impact

By Sameera Khan, Manager - Internal Controls, Compliance & Risk Department

Be aware…connect with care and if you suspect deceit, hit delete.

Financial crime poses significant challenge to banks, financial institutions, and individuals. They put our financial systems, customers, and society at risk.

Financial crime is any kind of criminal conduct relating to money or to financial services or markets, including any offence involving:

1. Fraud or dishonesty; or
2. Misconduct in, or misuse of information relating to, a financial market; or
3. Handling the proceeds of crime; or
4. Financing of terrorism

Financial crime ranges from basic theft or fraud committed by ill-intentioned individuals to large-scale operations masterminded by criminals and the ecosystem is rapidly evolving and have a footprint in every continent. They exploit the complex nature of financial transactions and makes detection and prevention difficult. Famous financial crimes cases around the globe are Enron, Charles Ponzi, Madoff etc.

According to the United Nations Office on Drugs and Crime, it is estimated that up to $2 trillion of illicit funds are laundered through global financial networks every year.

The following below are considered as financial crime offence:

- Fraud/forgery
- Embezzlement/misuse of money entrusted
- Tax evasion
- Cybercrime: identity fraud, theft of corporate data, phishing mails
- Money laundering/terrorist financing
- Bribery and corruption
- Market manipulation/Insider dealing
- Securities fraud/Ponzi schemes

How are financial crime committed?

- Hackers sending out phishing emails asking for passwords and credit card numbers.
- Organized criminals, terrorist groups, perpetrating large-scale frauds to fund their operations.
- Corrupt officials using their position and powers to misappropriate public funds.
- Fraudster colluding with an employee.

Impact of financial crime on individuals?

- Erosion of trust.
- Decreased inclination to use online payment modules on websites etc.
- Social and psychological effects such mental illness, depression, guilt etc.
- Less stringent cybercrime regulations in certain jurisdictions.
- Property prices are affected and difficult to sell property.
- Pay higher prices for goods and services.

Impact of financial crime on countries?

- Country's ability to attract foreign investment decreases.
- Slowdown of the economy.
- Unpredictability of capital flows and exchange rates.
- Sanctions imposed by regulators.

According to the United Nations Office on Drugs and Crime, it is estimated that up to $2 trillion of illicit funds are laundered through global financial networks every year

How can financial crimes be prevented?

- Transparent client relationships: Strict identification of clients (KYC, the know-your-client principle, *see the following Adequate client onboarding article*).
- Training: Staff training on the latest regulations and developments in financial crimes, especially on how to identify unusual and suspicious transactions.
- Monitoring of client data, transactions, and accounts: Robust system to detect and closely analyze any potentially suspicious activities.
- Implementing adequate internal controls: Policies and procedures, segregation of duties, audits, etc.

Future of financial crime?

As regulatory pressures continue to mount around the globe making the marketplace more competitive, financial institutions need to be agile.

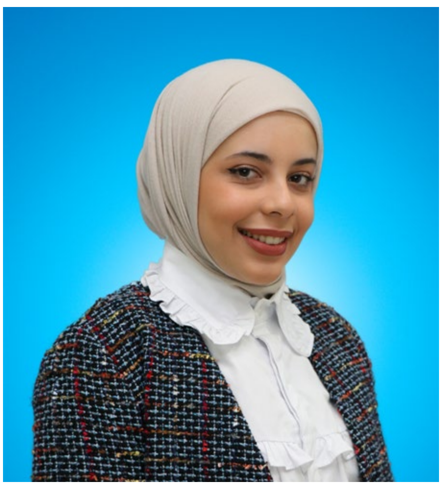
Financial Institutions worldwide to focus on automation and systems such as Artificial Intelligence to prevent and detect financial crimes. Financial crimes can be reduced with closer collaboration between the different regulators worldwide.

LAWS & REGULATIONS

Adequate client onboarding

By Noor AlMuhanna, Trainee, Compliance Department

In light of the recent know-your-client training held by Protiviti, it seems relevant to revisit the fundamentals of client onboarding, particularly in the financial sector, and common themes that frequently arise regarding this topic. An adequate client onboarding process is majorly tilted towards standardized set of rules and procedures that ensure compliance with the requirements imposed by the regulatory body.



It is important for financial institutions to adopt internal corporate policies that align with the company's objectives and core values to ensure performance beyond the bare minimum. This sets a significantly higher threshold that requires internal practices to be carried out with the utmost care as well as allowing the company to remain competitive within the industry. Such practices include customer due diligence, risk assessment procedures, transaction monitoring, reporting and analysis to name a few.

The standard of the client onboarding measures is what determines the quality and efficiency of the process. Although it is important to have a streamlined and standardized process of onboarding clients, that isn't time consuming or costly, one should note that it is possible to come across unique cases where the prescribed set of rules do not apply, no matter how meticulous and up to date they are. Despite having detailed checklists and criteria that clients must satisfy to be onboarded, it is difficult to prepare for all scenarios; therefore, it is necessary to perform a review assessment to ascertain the risk of taking on a client. The assess-

It is important to maintain the client's experience during the onboarding process while remaining compliant with the policies and procedures

ments through vigilant review of client information may require further enhanced due diligence, and documents which subsequently increase the threshold of what is required for client onboarding, as stated previously in the standardized checklists. The idea is to meet the minimum standard of satisfying the requirements set by the regulator, as a matter of obligation, then in turn raising that standard in situations where an ambiguity exists, as a matter of principle. Though it can be challenging to achieve this balance, it is attainable by frequently consolidating the onboarding procedures and checklists while acting with adequate discretion when reviewing a potential client's scenario. The prescribed checklists may not fit all scenarios, thus each case may be treated individually and reviewed accordingly with the view of maintaining a prudent and adequate standard to client onboarding.

Another common issue faced is that there could be incidents of conflicts between extracting enough information about the client, as required by the regulator, and inconveniencing the client. Although the company should always strive to provide the optimal customer experience to its clients, this cannot be at the expense of complying with rules, regulations and internal policies, as it can result in the imposition of penalties against the company.

Ultimately, there is a balance that can be struck to ensure that the procedures are not too stringent to the point of burdening clients with the difficulty of meeting onboarding requirements, while simultaneously maintaining a high standard that satisfies internal and external regulatory requirements. This balance is dependent on the risk assessment done by the company when onboarding the client, which indicates that a level of judgment is required on top of satisfying the required procedures. It is important to maintain the client's positive experience during the onboarding process while remaining compliant with the policies and procedures.

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