



Earnings Presentation

2021

المركز
MARKAZ

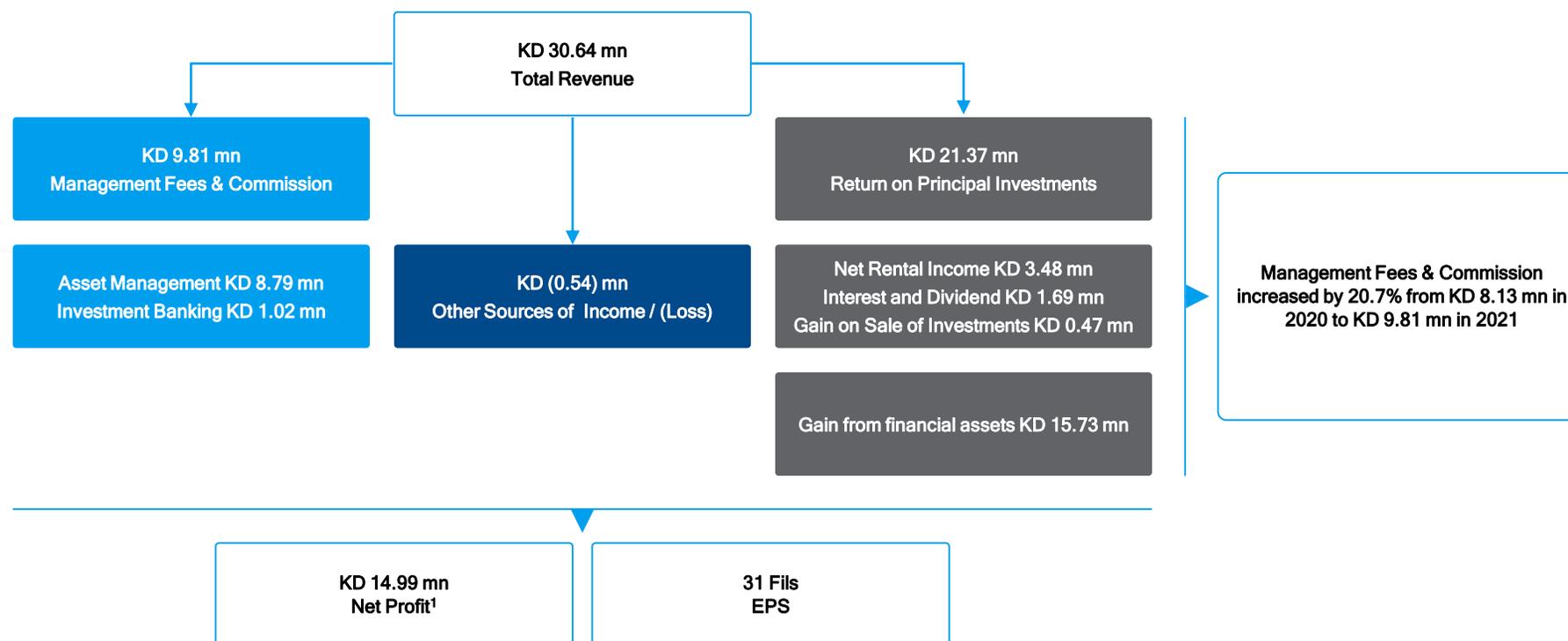
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2021 Performance Highlights

Markaz Assets Under Management of KD 1,041 million, an increase of 6.4% from Dec 2020

Profit and Loss Highlights



1. Net profit attributable to the owners of the parent company

2021 Performance Highlights

*Markaz ended 2021 on a strong note with Net Profit attributable to shareholders of KD 14.99 million
Management Fees and Commission up by 21% y-o-y
AUM increased to KD 1,041 million, up by 6.4% from December 2020*

Kuwait Financial Centre “Markaz” reported its financial results for 2021 with total revenues of KD 30.64 million, as compared to KD 13.16 million in 2020. Markaz delivered a Net Profit attributable to shareholders of KD 14.99 million, as compared to a loss of KD 1.72 million in 2020, and Earnings Per Share of 31 Fils as of 31 December 2021.

Mr. Diraar Yusuf Alghanim, Chairman stated: “In 2021, we saw a quicker than expected recovery around the world and it was much needed after the pandemic induced a financial crisis in 2020. The broad based recovery was visible across GCC countries, most industries and various asset classes. However, in last quarter of 2021, growth decelerated with the risk arising from the new Covid-19 variant Omicron. During the year, Markaz has not only successfully navigated through the pandemic effects, but has emerged stronger than before. Overall, I am proud of all my colleagues at Markaz, who have shown great determination in delivering high quality asset management and investment banking services to clients and remaining the partner of choice in wealth creation. In recognition of these efforts, Markaz team has been awarded five prestigious industry awards during the year 2021 and it gives me honor to note this external recognition of how Markaz is meeting the client objectives and responding to an ever-evolving competitive landscape.”

Mr. Ali H. Khalil, Chief Executive Officer, stated: “Our performance was underpinned by a worldwide economic recovery and buoyant global equity markets, which delivered strong returns to investors. In these market conditions, Markaz remained focused on offering innovative investment solutions and diligently monitoring risk positions, to deliver consistent returns to its clients.

During 2021, Markaz Asset Management fees reached to KD 8.79 million, growth of 17% year-on-year, due to the growth in our Assets Under Management, which reached KD1,041 million in 2021, compared to KD 979 million in 2020, and by the successful exit gains from US and Europe Real Estate projects. Investment Banking fees increased to KD 1.02 million, up by 67% as compared to last year with the execution of high-profile Capital Markets and Advisory Mandates. Total Revenues also include gains from investments of KD 15.50 million as compared to a loss of KD 2.08 million in 2020.

2021 Performance Highlights (cont'd)

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AUM increased to KD 1,041 million, up by 6.4% from December 2020*

Our MENA Equity team actively managed our Markaz equity funds to maximize the risk-adjusted returns, and to benefit from the special market conditions marked by high liquidity and the participation of foreign investors. As a result, Markaz flagship funds recorded solid returns in 2021. Markaz also launched its Market Making services covering five clients. In addition, occupancy, rental rates, and rent collection continue to improve driving performance across our real estate properties in the MENA region.

Looking ahead, we have started the year on a mixed note due to rising inflation and interest rates, placing pressure on the economic outlook. We remain well positioned to benefit from emerging trends; our liquidity is high, and our balance sheet is well capitalized and flexible. Internally, our business departments' mindset revolves around three pillars: Growth, Efficiency, and ongoing Transformation. As always, maintaining and enhancing internal controls remains a priority along with fiscal discipline to drive sustainable growth and create in the long-term wealth for our shareholders."

Markaz Overview

One of the leading financial institutions in the region delivering consistent shareholders returns



Leading market position

As one of the region's leading asset management and investment banking firm, Markaz offers custom investment solutions with exceptional track record



Sustainable long-term shareholder returns

Generates sustainable long-term returns driven by robust operations and consistent dividend payouts



Building a sustainable economy in Kuwait

Endeavors to actively participate in community service and contribute to building a sustainable economy in Kuwait



Our Team - cornerstone of our success

A team of 150+ employees spread over offices across Middle East, US and India

- Established in 1974 and listed on Bursa Kuwait in 1997, is an asset management and investment banking institution
- Consistently outperformed the relevant benchmarks on its equity funds and managed portfolios
- Real estate investments across MENA and International, with a key focus on income generating assets
- Efficiently delivering MENA focused research reports, and consulting through its research subsidiary - Marmore

At Markaz, our reputation is our biggest asset. We have been voluntarily operating under strict guidelines long before corporate governance was the norm

Markaz Overview (cont'd)

Delivering International Investment Reach to our Clients



Markaz Overview (cont'd)

One of the most recognized and well awarded brands across the MENA region

 <p>Best Asset Manager in Kuwait</p> <p>By: EMEA Finance</p>	 <p>Best Investment Bank in Kuwait</p> <p>By: Global Finance</p>	 <p>MENA Real Estate Asset Manager of the Year</p> <p>By: Global Investor Magazine</p>	 <p>Most Innovative Investment Bank</p> <p>By: EMEA Finance</p>
 <p>Best Investment Bank in Kuwait</p> <p>By: EMEA Finance</p>	 <p>Best Equity House</p> <p>By: EMEA Finance</p>	 <p>Sustainability and CSR</p> <p>By: EMEA Finance</p>	 <p>Research Firm of the Year</p> <p>By: Global Investor</p>



Business Highlights

Total AUM of KD 1,041 billion, an increase of 6.4 % from Dec 2020



Asset Management

GCC Equity Funds, Fixed Income Fund, Others:

Total AUM of KD 732 million

- Asset management continues to implement Markaz's long term bottom up investment approach along with active liquidity management

GCC Equities AUM of KD 653 million

- Markaz Investment & Development Fund (MIDAF), Markaz Forsa, Markaz Fund for Excellent Yields (MUMTAZ) recorded yearly returns of 28.3%, 27.6% and 26.2% respectively. Markaz Islamic Fund (MIF), a Sharia compliant fund, also recorded strong returns of 24.8%
- Markaz continues to offer its clients access to the GCC fixed income market through the Markaz Fixed Income Fund (Private Placement)

MIDAF - MUMTAZ - Forsa Financial - Markaz Arabian Fund - Markaz Islamic Fund - Markaz Fixed Income - Private Portfolios - Oil & Gas / PE



Real Estate Investments

Middle East and North Africa, International:

Total AUM of KD 309 million

MENA Real Estate - AUM of KD 230 million

- Managing part of the National Real Estate Portfolio with a value up to KD 250 million
- Strong operational performance across the income generating portfolio despite the market conditions
- Markaz Real Estate fund with AUM of KD 67 million across 17 properties
- Collections recovered from last year lows and occupancy have surpassed pre-covid levels in KSA and UAE

National Real Estate Portfolio - Real Estate Fund

International Real Estate - AUM of KD 79 million

- Markaz has successfully exited from five projects during the year, generating strong returns
- 16 development projects across the US and Europe with a total capital commitment of USD 220 million
- Assessing several projects across the US and Europe with a focus on the industrial and residential sectors

Note: The difference between total AUM and sum of individual departmental AUM is due to exclusion of certain Group's proprietary assets

Business Highlights (Cont'd)

Adding significant value to clients through high quality advisory services and research



Investment Banking

M&A, Advisory, Equity & Debt Capital Markets, IPOs and restructuring:

- GCC IPO and M&A activity recovered during the year
- Acted as Joint Lead Manager and Subscription Agent for two Subordinated Tier II bonds issued by Gulf Bank and Al Ahli Bank of Kuwait with a total size of KD50 Mn each.
- Acted as Lead Manager and Subscription Agent for the KD 10 million Rights' Issue for Jazeera Airways Company.
- Acted as Joint Lead Manager and sole Underwriter for Burgan Bank's KD 71.25 million Rights' Issue.
- Investment banking team continues to closely work with our corporate clients and is building a strong deal pipeline for the coming quarters



Research

Mena focused Research, Consulting Services:

- Publishes MENA focused research reports and bespoke consulting services for over a decade
- Operates through Marmore, a subsidiary of Markaz
- Established in 2010, with offices in India and Kuwait
- Reports published in 2021 include 'ESG in GCC: Practical Issues to Think About', 'GCC Banks - Making Them Digital Ready', 'Discretionary Portfolio management and Private Investment Funds in Saudi Arabia', 'Kuwait Healthcare', and 'GCC Asset Management
- In 2021, Marmore published over 40 reports on its research web portal providing timely, comprehensive coverage on topics of interest in the GCC region

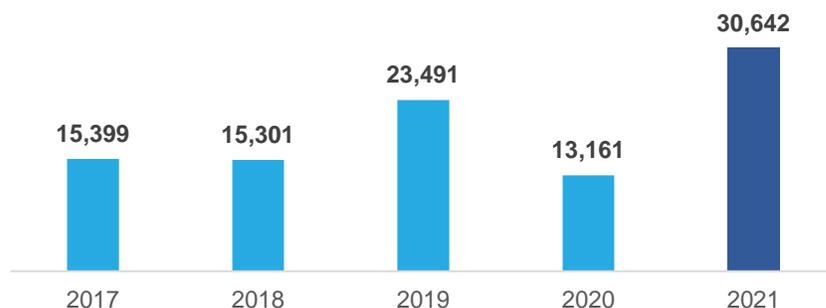
Research Themes: Capital Markets, Industry, Policy, Economic, Infrastructure, Regulatory, Periodic

Financials Trend

2021 Revenues growth on y-o-y basis

- Total Revenue increase of 133% was primarily driven by gain arising from financial assets fair value and strong recovery in Asset Management Fees and increase in Rental Income
- Management Fees & Commissions increased by 21% on y-o-y basis
- Income from Principal Investments increase on y-o-y basis primarily due to gain arising from financial assets at fair value through P&L of KD 15.50 mn as compared to loss of 2.01 mn in 2020
- Net rental income increased by 43% to KD 3.48 mn

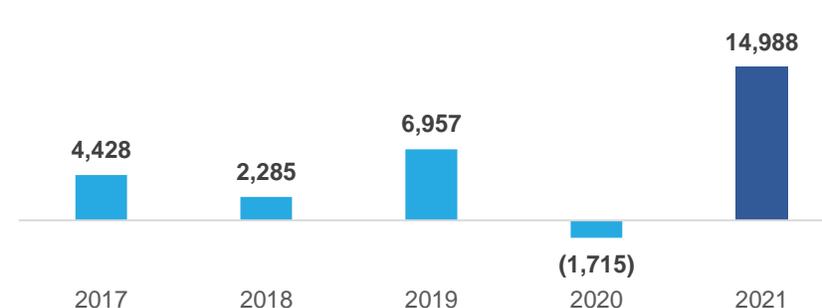
Total Revenue (KD 000's)



2021 Net Profit (KD 000's)

- The net profit increased due to increase in revenues and positive fair value adjustment of financial assets
- 2021 profitability is driven by increase in asset managements fees, rental income and gain from fair value of investments of KD 15.50 mn

Net Profit¹ (KD 000's)

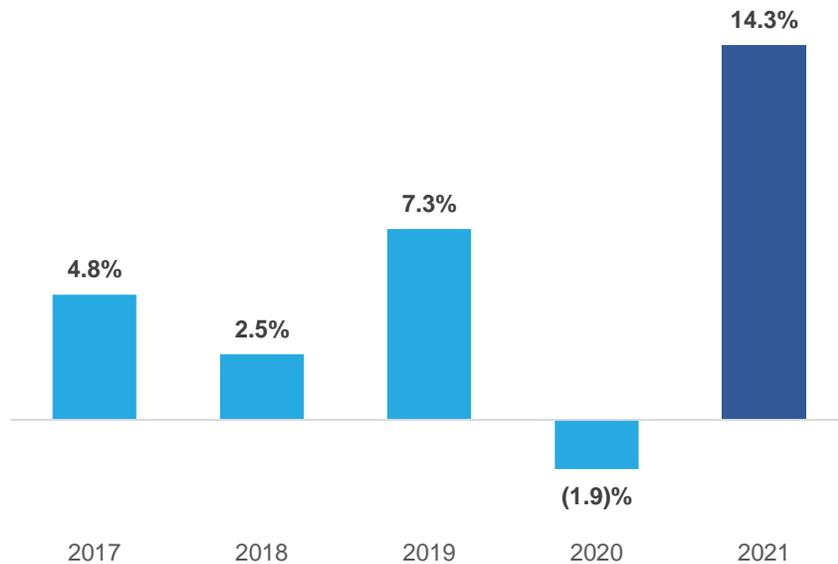


1. Net Profit attributable to the owners of the parent company

Financials Trend (Cont'd)

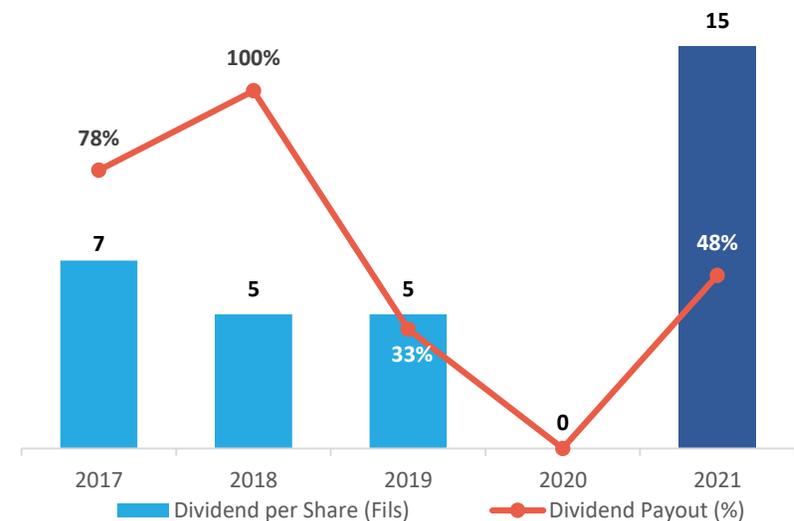
Return on Equity¹

- Return on Equity of 14.3% in 2021 was primarily due to a gain arising from financial assets at fair value through P&L



Dividend Per Share and Payout

- Board of Directors proposed a cash dividend of 10 Fils per share and 5% bonus shares. Total dividend of 15 Fils per share with a payout of 47.9% on the EPS
- In 2020, the Board of Directors did not propose dividend due to the Covid-19 pandemic

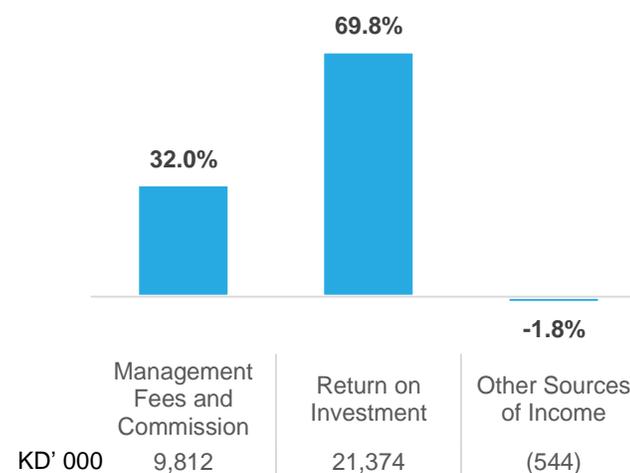


1. Return on Equity % = LTM Net Profit attributable to the owners of the parent company / shareholder's equity

Profit & Loss Key Metrics

(KWD 000's)	Period Ended		Y-o-Y Growth (%)
	2021	2020	
Management Fees and Commission	9,812	8,131	20.7%
Interest income	477	552	(14%)
Dividend income	1,216	1,002	21%
Gain/(loss) from investments at fair value through P/L	15,497	(2,077)	-
Change in fair value through P&L	218	0	-
Gain from Investments at Fair Value through OCI	4	20	(80%)
Share of results of associate and joint venture	11	(93)	(112%)
Gain on sale of investment properties	472	1,258	(62%)
Net rental income	3,479	2,428	43%
Other sources of (loss)/income	(544)	1,940	(128%)
Total revenue	30,642	13,161	133%
Operational expenses	12,099	10,822	12%
EBIT	18,543	2,339	-
Margin (%)	61%	18%	
Finance costs	2,655	2,658	(0%)
(Reversal) / Impairment	(1,722)	2,072	-
Provision for Directors' Remuneration	175	-	-
Contribution to KFAS, NLST, Zakat	706	-	-
Net profit /(loss)	16,729	(2,391)	-
Margin (%)	55%	(18)%	
Net profit /(loss) attributable to the owners of the parent company	14,988	(1,715)	-
Net profit /(loss) attributable to Non-Controlling Interests	1,741	(676)	-
Earnings /(loss) per share (Fils)	31	(4)	-

2021 Revenue Analysis



Notes:

- Management Fees & Commissions include Asset Management and Investment Banking Fees
- Other sources of income include foreign currency transaction and other income
- Return on principal investments include investments in GCC & International Equities, Fixed Income, Real Estate, International Investments and Private Equity

Balance Sheet Key Metrics

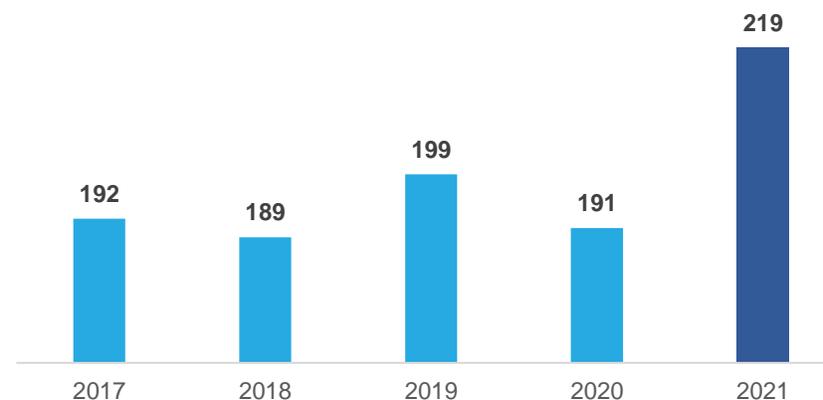
(KWD 000's)	Dec 2021	Sep 2021	Dec 2020
ASSETS			
Cash and bank balances	10,497	7,024	9,951
Time deposits	106	5,044	9,483
Investments at fair value through profit or loss	111,618	107,069	90,101
Investments at fair value through OCI	-	-	410
Investments carried at amortized cost	2,167	774	4,988
Investment properties	75,092	74,125	75,401
Accounts receivable and other assets	6,753	6,578	6,663
Loans to customers	625	525	505
Investments in associate and joint venture	2,875	3,397	3,415
Right of use assets	1,104	124	328
Equipment	729	763	928
Total Assets	211,556	205,423	202,173
LIABILITIES and EQUITY			
Liabilities			
Due to banks	457	1,303	649
Accounts payable and other liabilities	15,077	12,374	10,299
Bank borrowings	25,280	13,337	21,081
Bonds issued	35,000	44,350	44,350
Total Liabilities	75,814	71,364	76,379
EQUITY			
Equity attributable to the owners of the Parent Company	104,523	103,870	91,226
Non-controlling interests	31,229	30,189	34,568
Total Equity	135,752	134,059	125,794
Total Liabilities and Equity	211,566	205,423	202,173

Asset Under Management

December 2021 AUM
KD 1,041 million

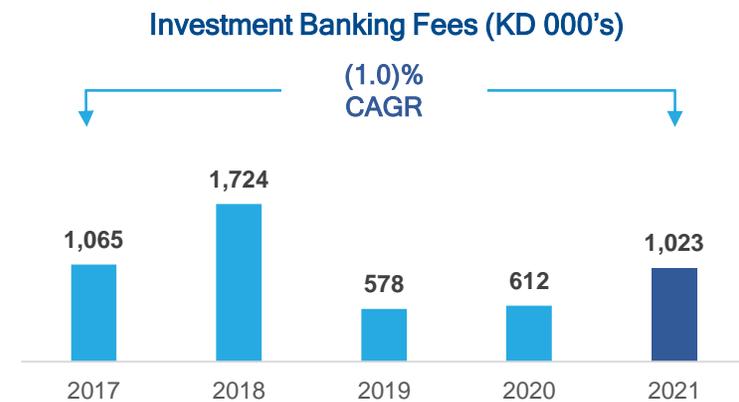
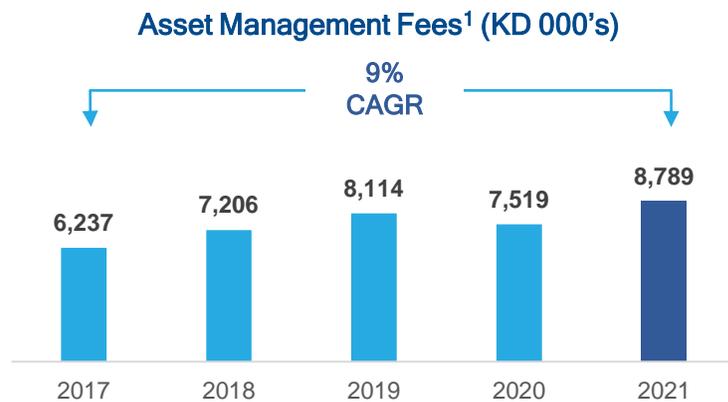
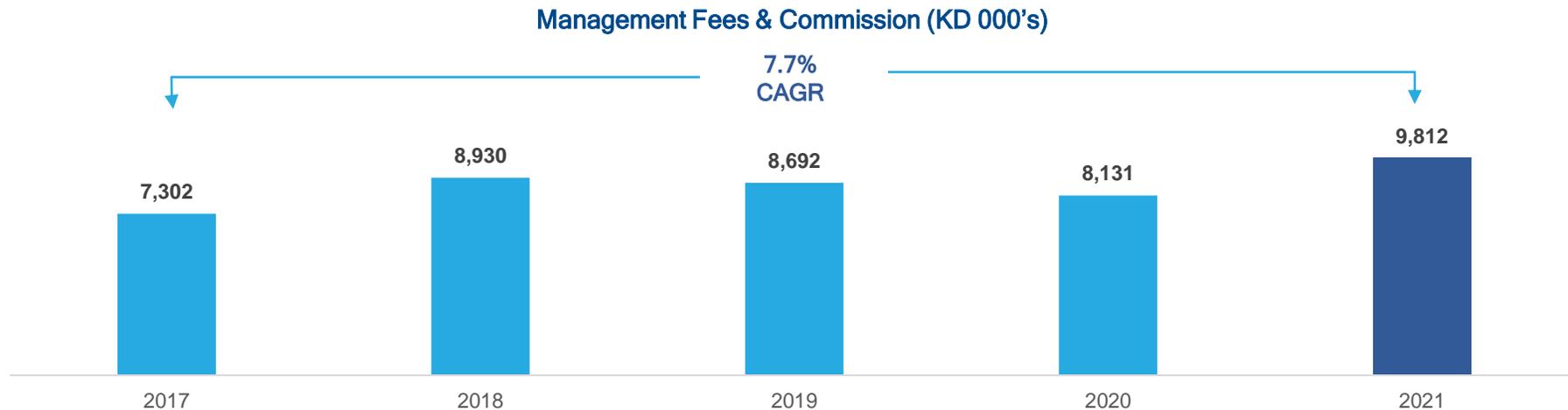
Dec 2020 AUM
KD 979 million

Book Value per Share (Fils)



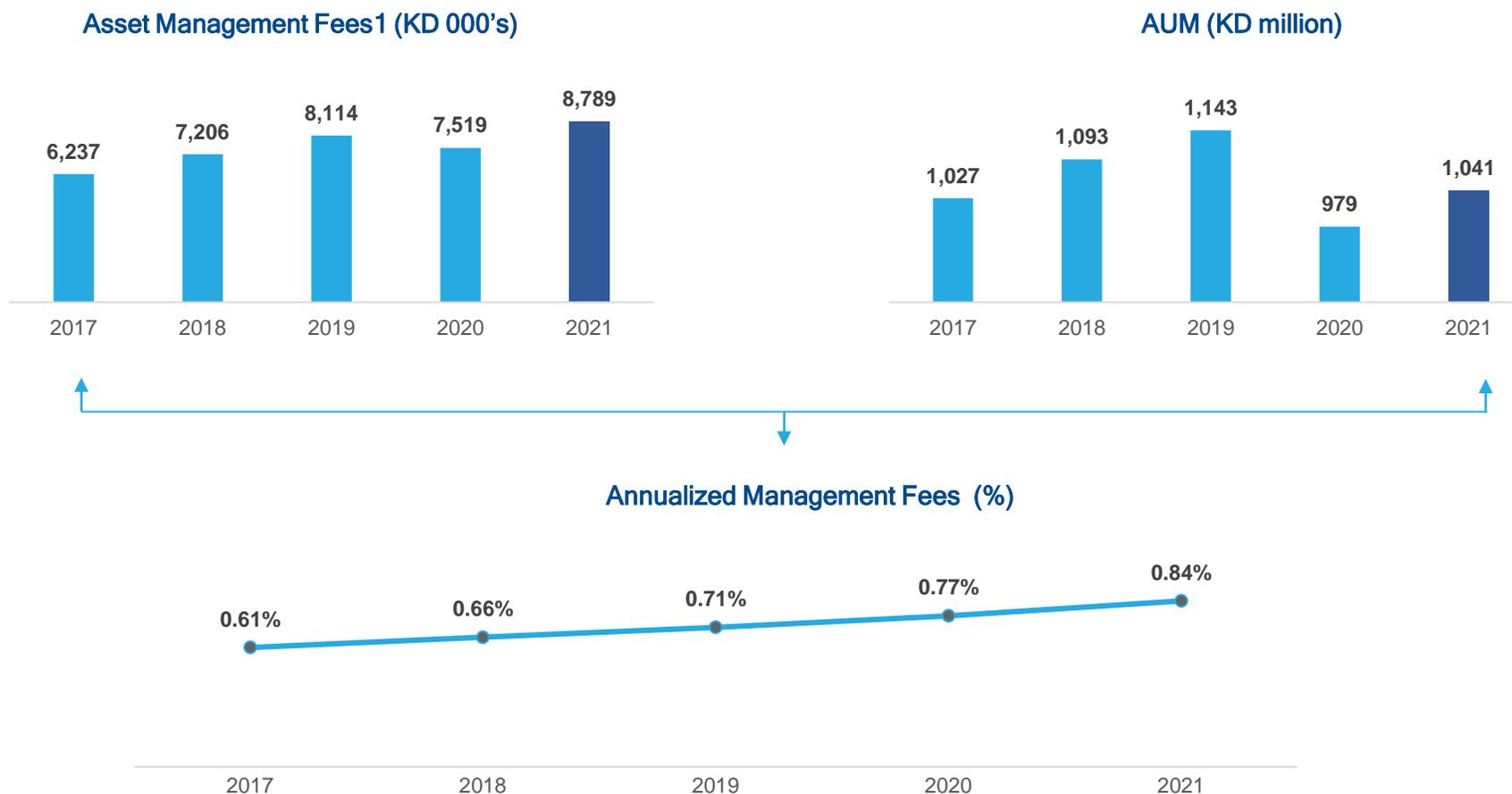
- Book value increased due to the net increase in the Retained Earnings. Net profit during the year was KD 14.99 million resulting in strong increase in BVPS

Asset Management & Investment Banking



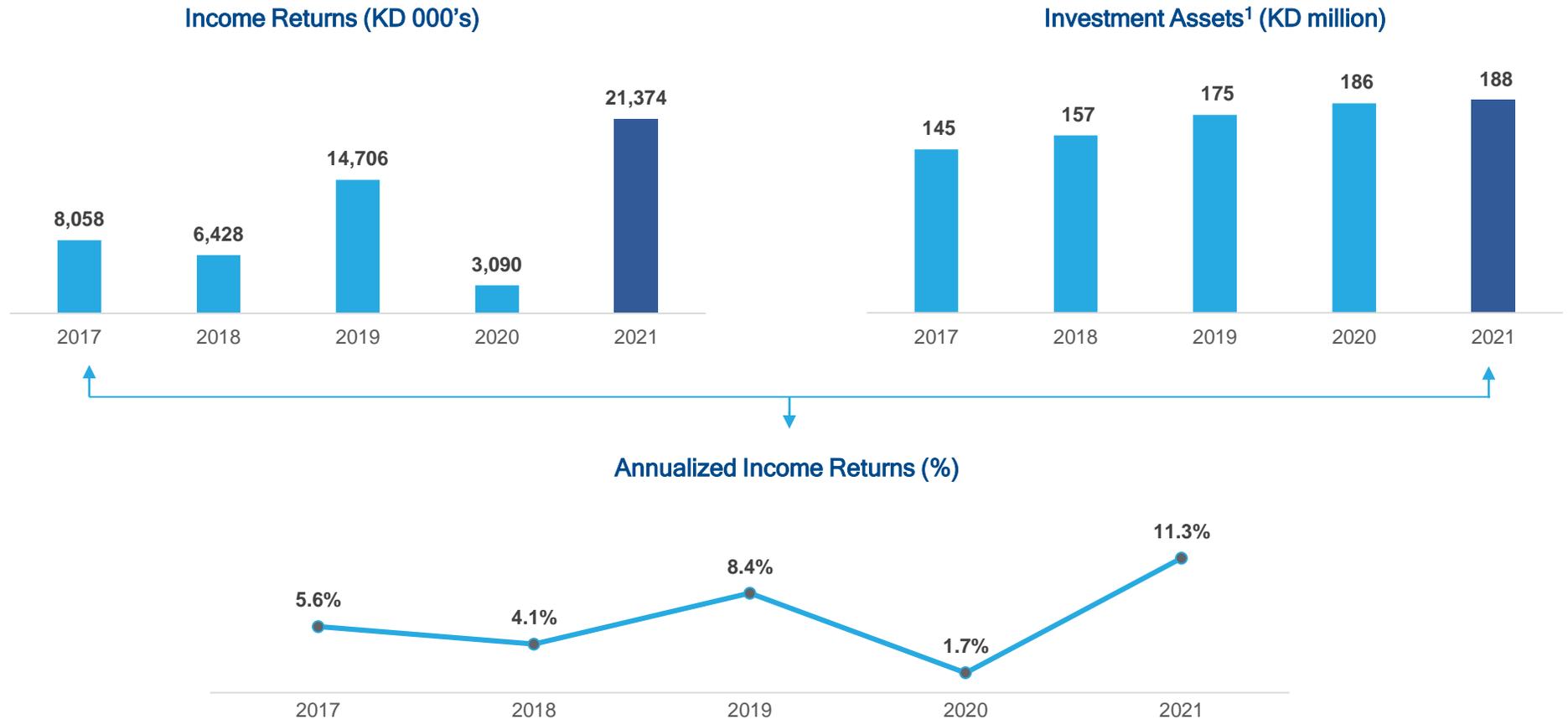
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Asset Management Fees Returns



1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Return on Principal Investments



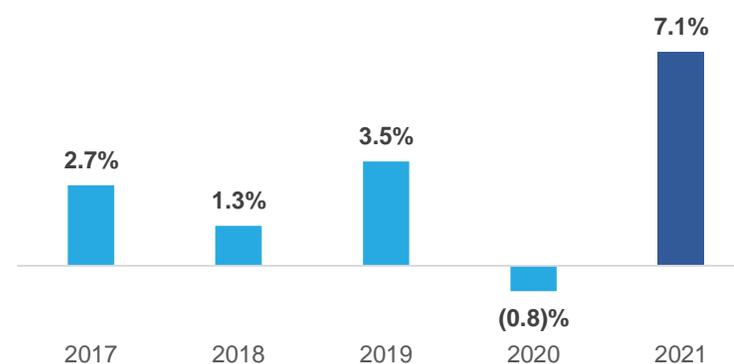
1. Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JV + Investment Properties + Loans to Customers

Capital Structure and Returns

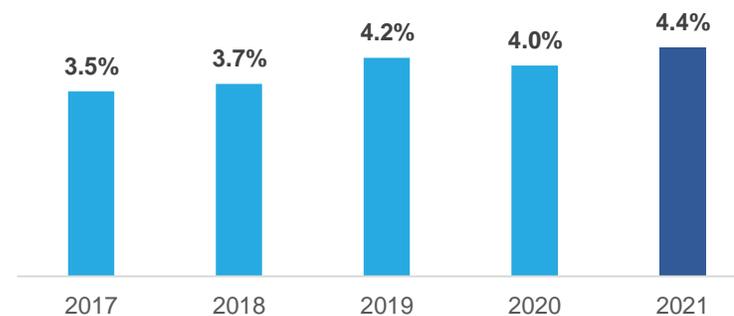
Markaz Net Debt to Total Equity reduced to 0.37x

(KD 000's)	Dec 2021	Sep 2021	Dec 2020
Bank borrowings	25,280	13,337	21,081
Due to Banks	457	1,303	649
Bonds Issued	35,000	44,350	44,350
Total Debt	60,737	58,990	66,080
Cash and Bank Balance	10,497	7,024	9,951
Time Deposits	106	5,044	9,483
Total Cash including Time Deposits	10,603	12,068	19,434
Net Debt	50,134	46,922	46,646
Shareholders Equity	104,523	104,091	91,226
Total Equity	135,752	134,500	125,794
Net Debt / Total Equity	0.37x	0.35x	0.37x

Return on Assets¹ (%)



Interest / Total Debt (%)



1. Return on Assets (%) = LTM Net profit attributable to the owners of the parent company / Total Assets

Shareholders Information

Focused on sustainable value creation for shareholders

Major Shareholders

Major Shareholders	Type	% Holding
Kuwait Pillars for Financial Investment	Direct	29.70%
Al Mubader Co	Direct	5.13%
Kuwait Financial Centre K.P.S.C / Clients	Direct	5.09%

Effective Governance Structure



Corporate Information

Market Segment Listing	Main Market - Boursa Kuwait (Sec Code: 213)
2021 Proposed Dividends*	Cash Dividend - 10 Fils Per Share Bonus Issue - 5% (5 Shares for every 100 shares)
Bonds Issued	KWD 35,000,000 unsecured debenture bonds
No. of shares outstanding	478,201,747 shares
Authorized share capital	KWD 48,080,174.700
Issued share capital	KWD 48,080,174.700
Auditors	Grant Thornton (Al-Qatami, Al-Aiban & Partners) and Deloitte (Al-Wazzan & Co.)
Company website	https://www.markaz.com/

*The Board of Directors, in its meeting on 16th February, recommended the stated dividend and bonus shares, which is subject to approval by the General Assembly Meeting.

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Investor Relations Contact



Deena Yousef Al-Refai

SVP - Investor Relations, Wealth Management and Business Development

+965 2224 8000 (Ext. 2503)

drefai@markaz.com



Ravi Gothwal

Churchgate Partners

+971 4313 2432

markaz@churchgatepartners.com



Thank you.



+965 2224 8000 | info@markaz.com

markaz.com