



KSA Real Estate Outlook H1 2021

المركز
MARKAZ

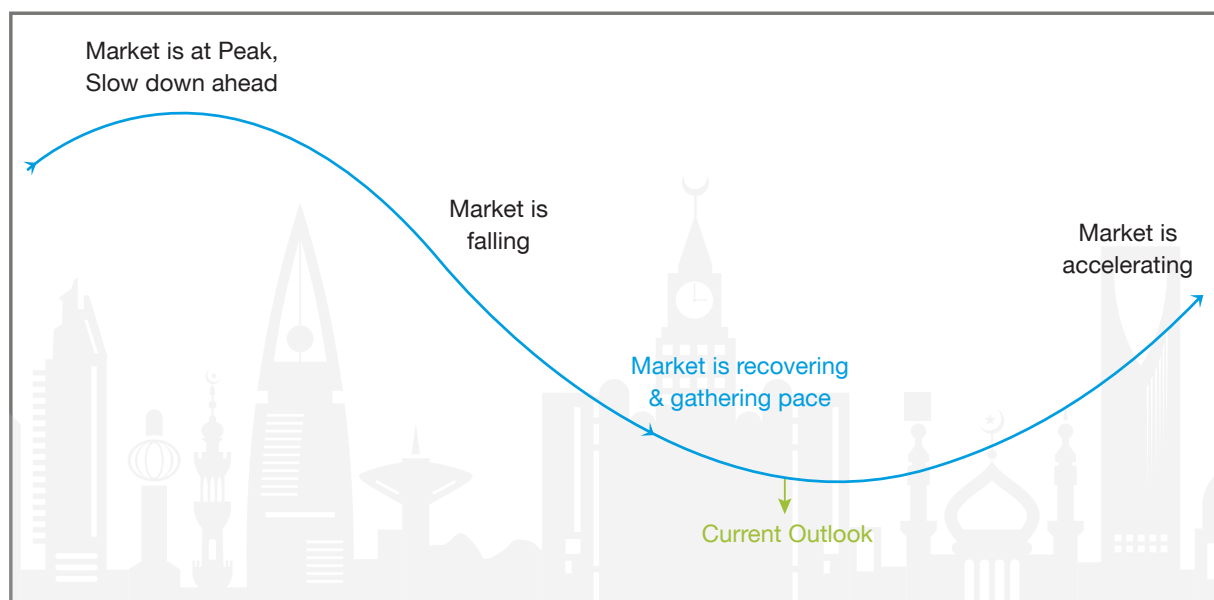
Table of Contents

- Executive Summary 3
- Saudi Arabia: Macroeconomic Update 5
 - a. Economic growth to rebound in 2021 on the back of rising oil prices 5
 - b. Housing rental prices have seen YoY decrease every month since March 2017 7
 - c. Real estate loan growth has registered robust growth since 2018 8
 - d. Population growth has been steady at above 2% since 2015 10
- Real Estate prices have steadily declined since 2015 11
- Real Estate Saudi Arabia – Major News/Laws 19
- Markaz Real Estate Macro Index 21
- Conclusion 24

1. Executive Summary

- Saudi Arabia's GDP growth is expected to rebound in 2021 and 2022 primarily on the back of increasing oil prices and higher production.
- Government spending on infrastructure projects as a part of the Vision 2030 program is expected to boost non-oil GDP growth as well. The fiscal balance, which was severely dented due to Covid-19, is expected to improve in 2021 & beyond.
- Investments are expected to pick up as the Government initiates major projects like Neom City. Steady growth in the native population, government subsidies and change in mortgage laws enabling banks to increase the number of mortgage loans extended to customers are expected to increase demand for the residential sector.
- Real estate prices, which have been on a decline since 2015 are expected to stabilize due to this increased demand. Saudization policies are expected to increase job creation which are another positive for the real estate sector. The reopening of offices and tourism is expected to boost the office and commercial Real estate sector.
- Based on our assessment of various macroeconomic factors, we believe that the real estate sector in Saudi Arabia is recovering and gathering pace with a solid outlook for the coming few years.

Saudi Arabia Real Estate Market Outlook



Source: Marmore Research

Saudi Arabia Macroeconomic Views

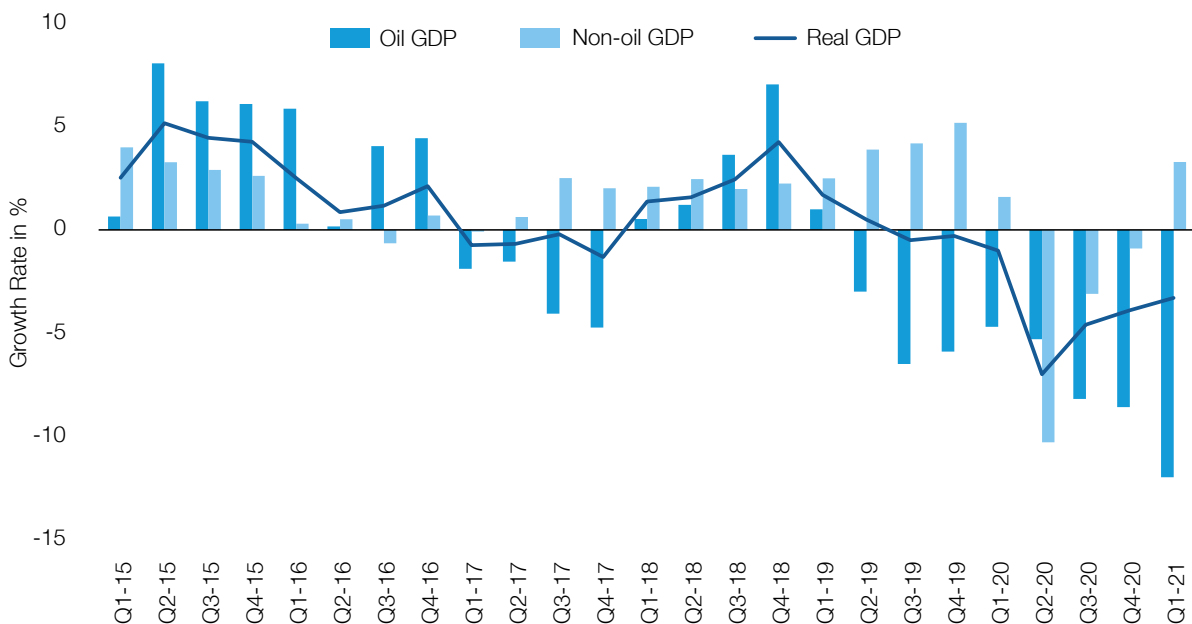
Economic Factors	Our take	Economic Factors
 Oil (Real) GDP Growth	Neutral	Stable to moderately higher Oil prices expected to boost Oil GDP in 2021 and 2022
 Non-Oil (Real) GDP Growth	Moderate	Government spending on infrastructure projects as a part of the Vision 2030 program is expected to boost non-oil GDP growth
 Fiscal Balance	Neutral	Expected to improve in 2022 due to increased revenues
 Investments	Moderate	Expected to pick up due to major projects like Neom City
 Money Supply, M2	Neutral	Expected to be stable due to central bank's accommodative monetary policy
 Inflation	Neutral	Hike in VAT rate in 2020 expected to keep inflation elevated
 Yearly Population Growth	Neutral	Population growth expected to be steady in the next few years
 Job creation	Moderate	Saudization polices to be a boost for job creation

2. Saudi Arabia: Macroeconomic Update

a. Economic growth to rebound in 2021 on the back of rising oil prices

Saudi Arabian economy is expected to rebound in Q2 2021 after contraction in previous quarters due to Covid-19 and the oil price crash. The rise in oil prices in 2021 due to global demand recovery and enhanced production from OPEC members and its allies could improve economic activity late 2021.

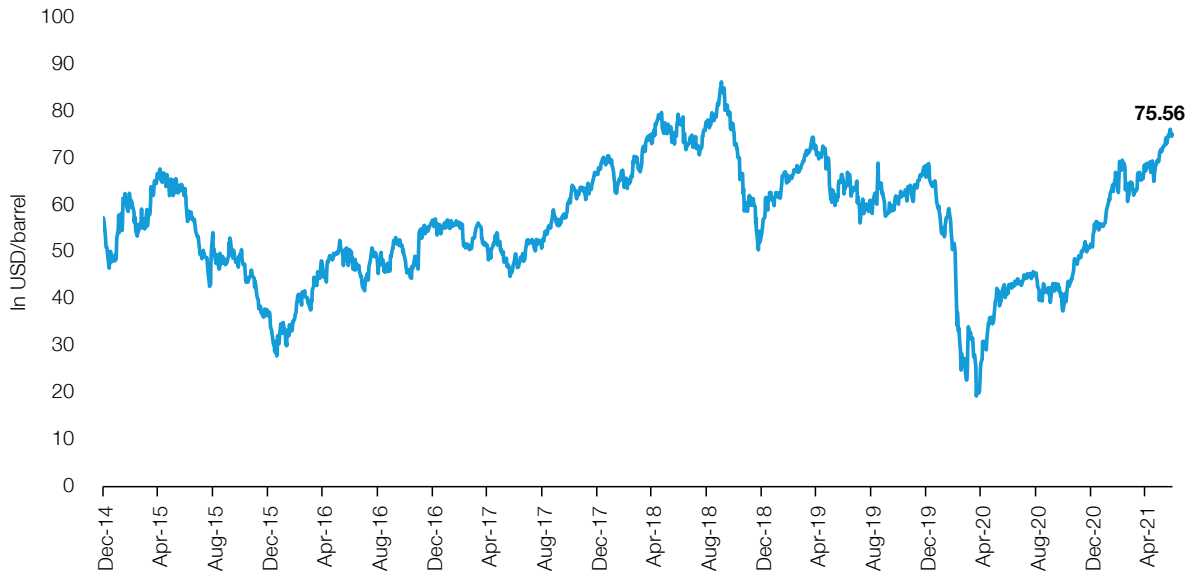
Saudi Arabian Oil, Non-Oil and Real GDP Growth Rate (in percent)



Source: IMF

Oil Prices have recovered from the lows seen in March 2020 during the height of the Covid-19 crisis on back of prudent OPEC+ initiatives to curb supply and only marginally raise production as demand recovered.

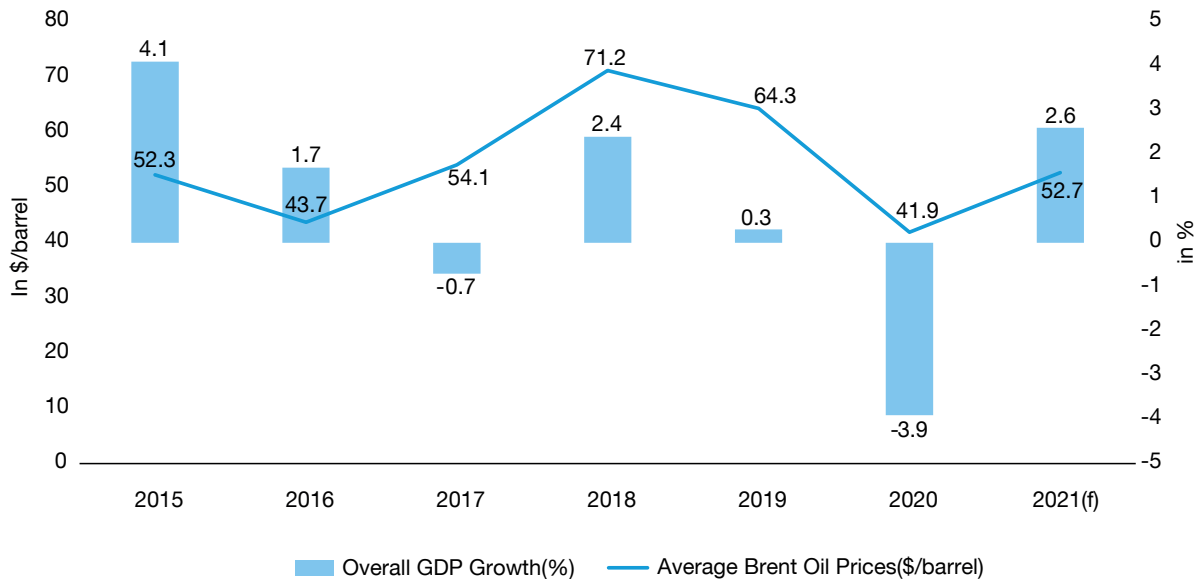
Month-End Brent Oil Prices (Dec 2014 – June 2021)



Source: IMF

Saudi Arabia’s GDP growth is highly correlated with oil prices. Higher the average oil prices in a year, the higher the GDP growth for that year.

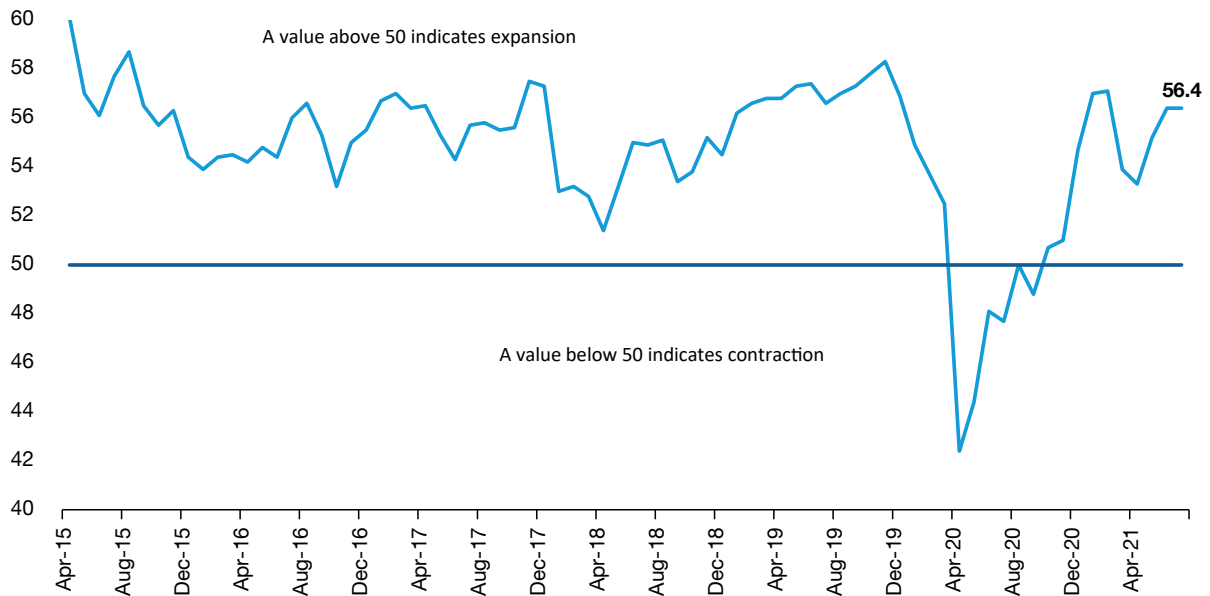
GDP Growth (in %) and Average Brent Oil Prices (2015-2021)



Source: IMF, US EIA

The Composite Purchasing Managers Index (PMI) for Saudi Arabia has been above the key level of 50, which indicates expansion every month since September 2020 when coronavirus restrictions were lifted.

Saudi Composite PMI (Apr 2015-Jul 2021)

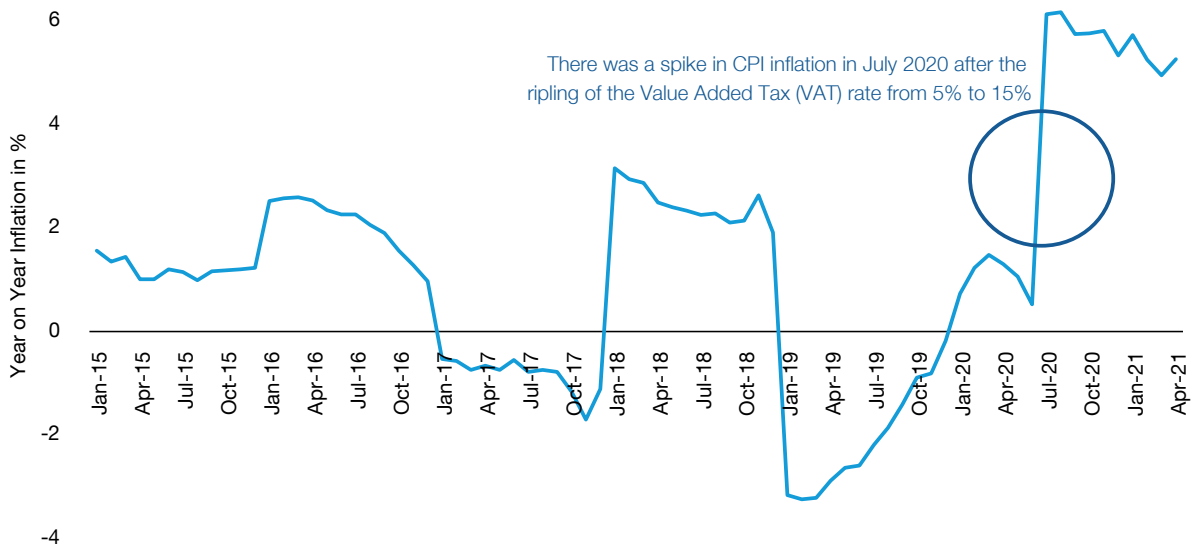


Source: IHS Markit; Note: Saudi PMI data available only from April 2015

b. Housing rental prices have seen YoY decrease every month since March 2017

Consumer Price Index (CPI) inflation in Saudi Arabia was below 2% for the first half of 2020 before rising in July 2020 as the economy reopened and coronavirus restrictions were relaxed.

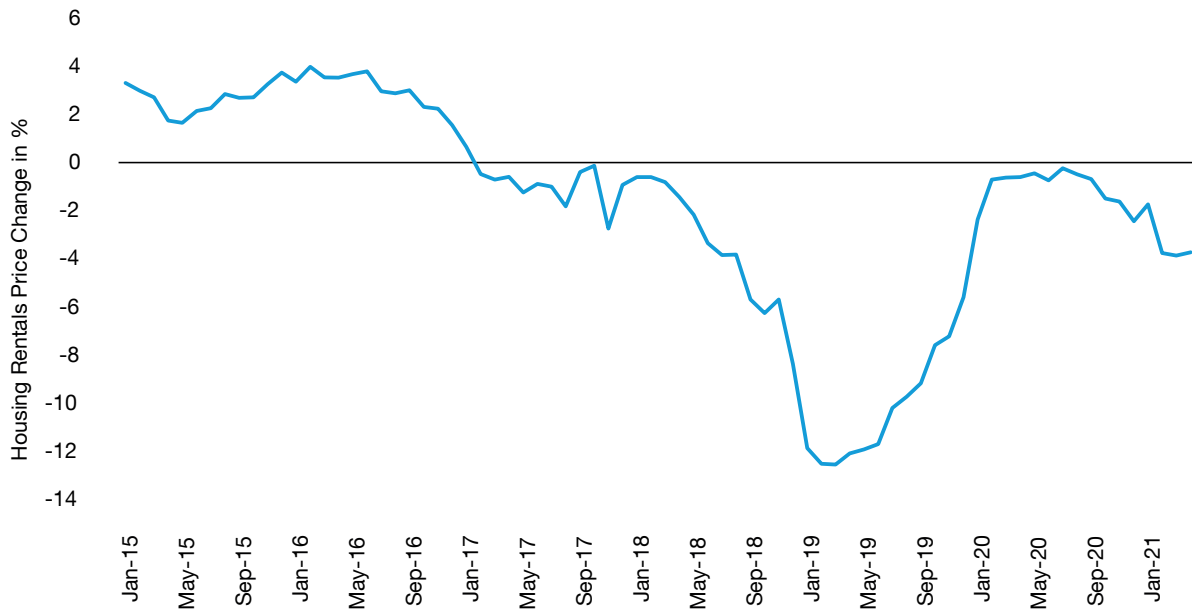
Consumer Price Index Inflation (Jan 2015- Apr 2021) in %



Source: SAMA

The largest component of the CPI was Housing rental prices comprising 21% of the total weightage. Housing Rental prices have been decreasing YoY every month since March 2017.

Housing Rentals Price Change (Jan 2015 - Apr 2021) (YoY change in %)

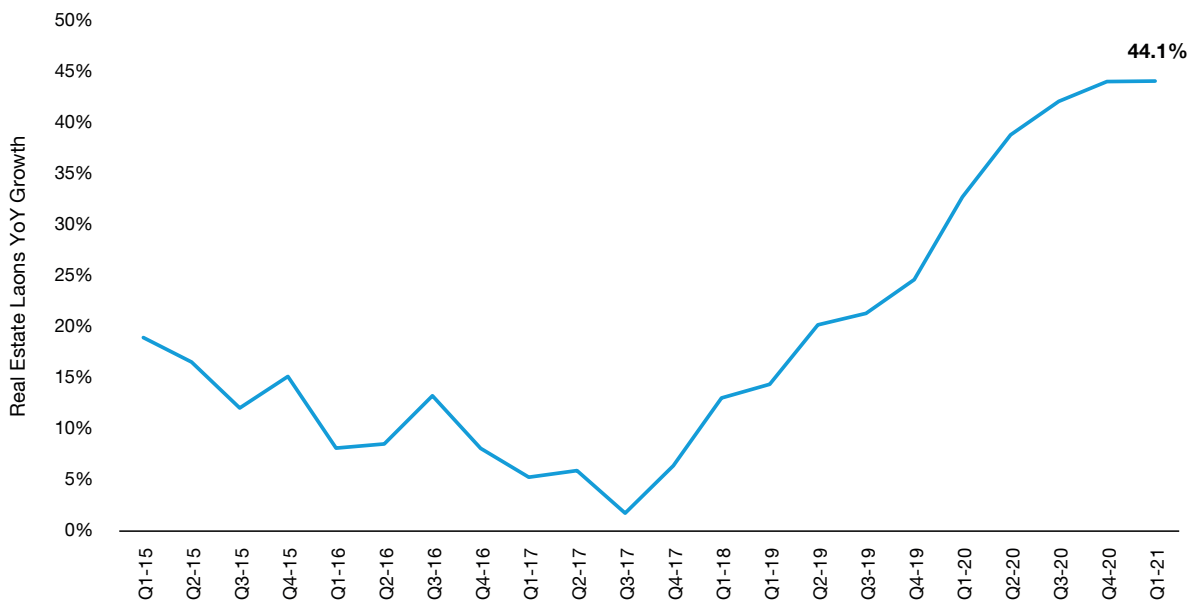


Source: SAMA

c. Real estate loan growth has registered robust growth since 2018

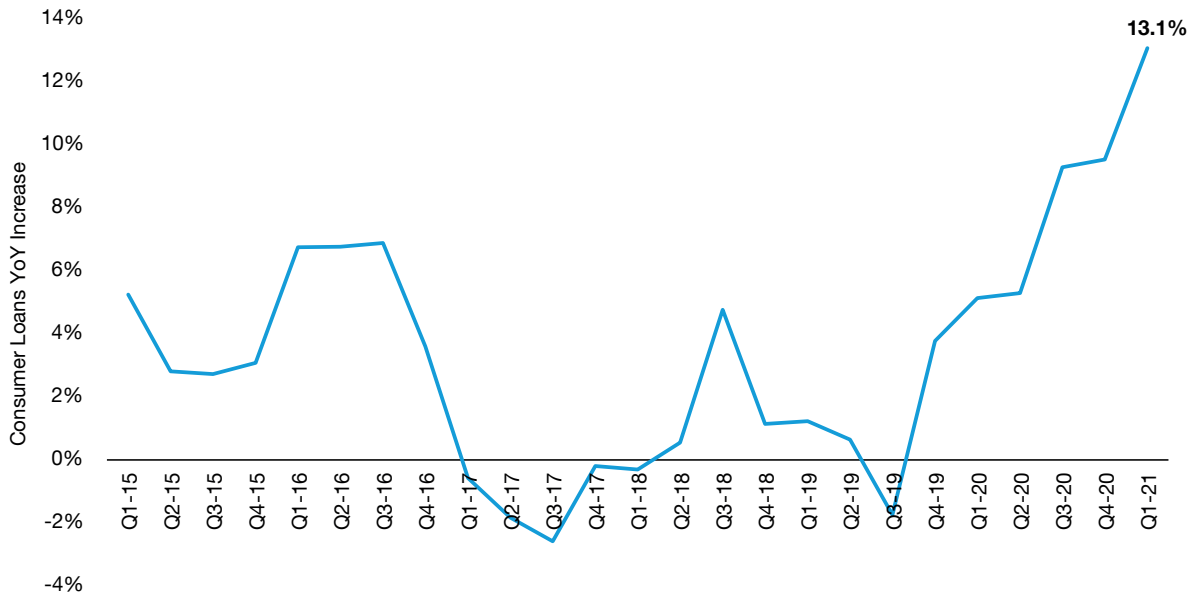
Real estate loans saw a steep YoY growth of 44.1% in Q4-2020 and Q1 2021 due to an increase in mortgage loans by the Saudi Real Estate Refinance Co. (SRC)

Credit Growth (Real Estate loans) in percentage



Source: SAMA

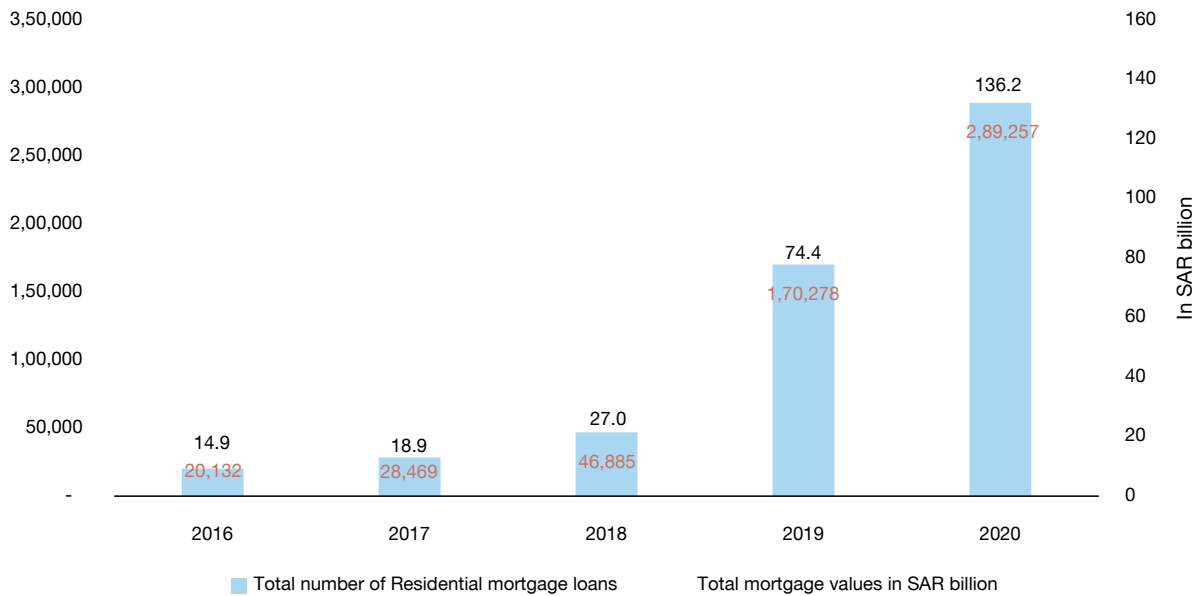
Credit Growth (Consumer loans) in percentage



Source: SAMA

2020 saw a huge increase in both the total number of residential mortgage loans and value, due to the change in the mortgage law, which enabled Saudi Banks to significantly increase the number of mortgage loans.

Total no of residential mortgage loans and total loan value in SAR billion

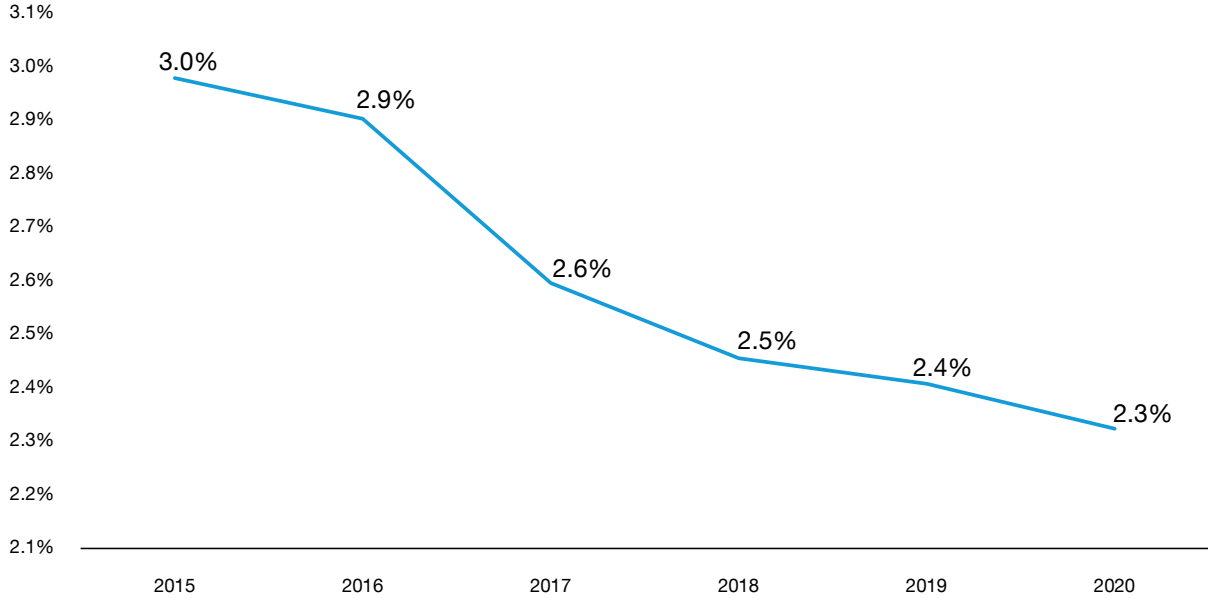


Source: SAMA; Note: Data available only from 2016

d. Population growth has been steady at above 2% since 2015

Despite Covid-19, the population increased by 2.3% in 2020 indicating that KSA did not see a huge exodus of expats compared to other GCC countries, which is a positive for the Real estate market.

Saudi Population Growth in percentage (2015-2020)

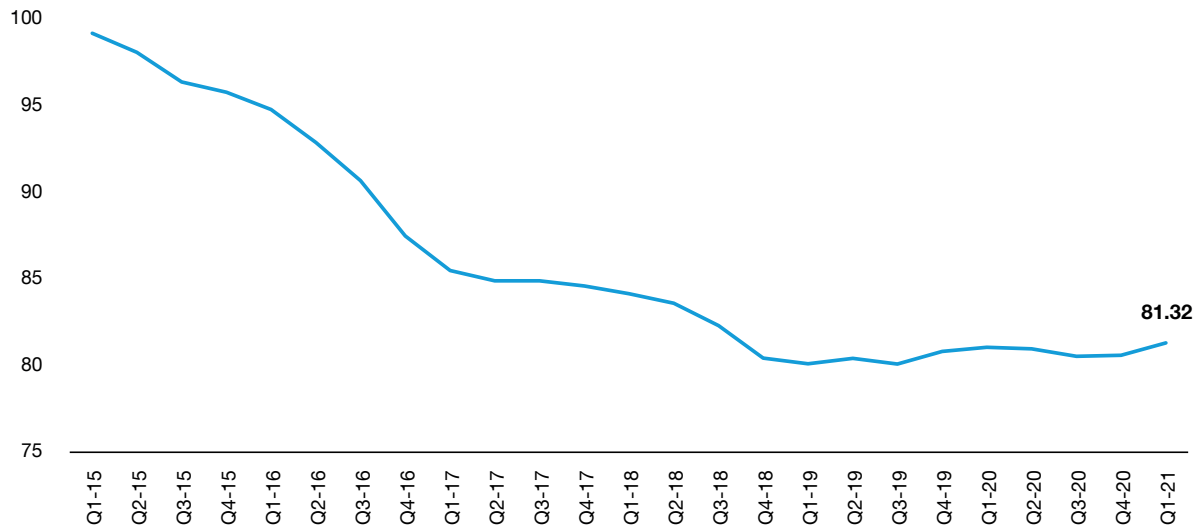


Source: General Authority on Statistics

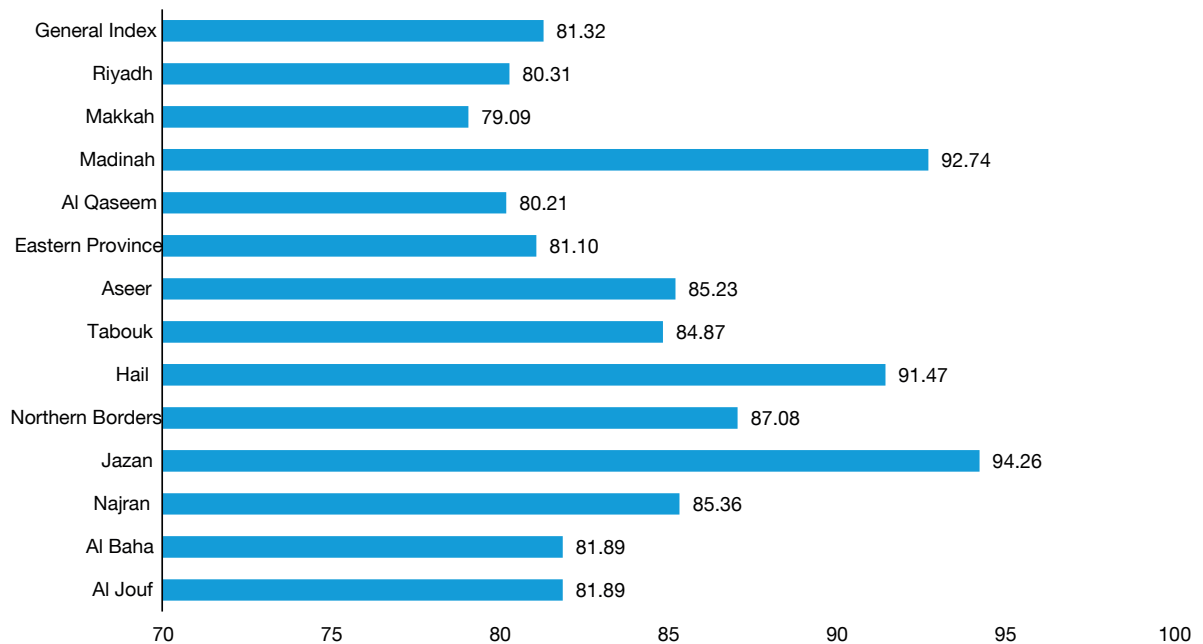
3. Real Estate prices have steadily declined since 2015

Real Estate prices in KSA have been on a decline since 2015; however, prices have been flat since Q4-2018.

Saudi Real Estate Price Index has steadily declined since 2015

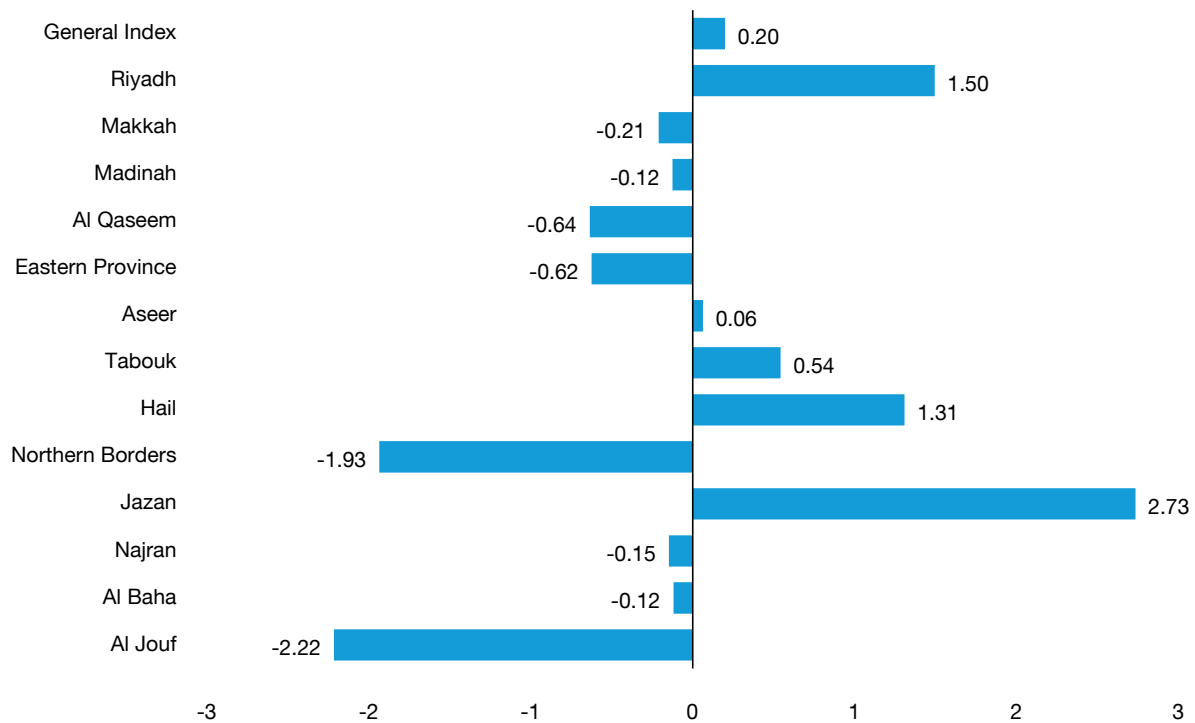


Real Estate Price Index by Administrative Region, Q1-2021(2014=100)



Source: General Authority on Statistics

Real Estate Price Index (YoY change in %) by region – Q1 2021



Source: General Authority on Statistics

Updated VAT Guidelines for Real Estate Sector

The Zakat, Tax and Customs Authority ('ZATCA') issued a new version [version 2.0] of the real estate guide. The guide exempted real estate supplies from VAT (effective 4 October 2020) and implementing a 5% real estate transaction tax ("RETT", effective from 4 October 2020).

However, services related to construction, design, maintenance or operation of a real estate are subject to VAT at standard rate of 15% provided that these services do not involve/not part of the transfer of ownership of the real estate property. Most importantly, the government would meet the cost of the new real estate transaction tax for up to SAR 1 million for Saudis buying their first home.

The VAT and RETT treatment related to sale/lease of real estate properties are summarized in the table below:

Updated VAT Guidelines for Real Estate Sector

Nature of supply	Residential Real Estate	Commercial Real Estate
Lease	Exempt from VAT	Subject to VAT at standard rate of 15%
Sale	Exempt from VAT. Subject to 5% RETT.	Exempt from VAT. Subject to 5% RETT.

Source: ZATCA, PwC

How different sectors fared in Q1-2021 in the key markets of Riyadh and Jeddah?

Sector-wise performance of KSA Real Estate

Asset Class	City	Total Stock at end of Q1-2021	Price Action in Q1-2021
Office	Riyadh	4.4 million sqm of GLA	Average Grade A & B rents fell 2% YoY
	Jeddah	1.1 million sqm of GLA	Average Grade A & B rents fell 8% YoY
Residential	Riyadh	1.1 million units	Average Sales price rose 2% YoY
	Jeddah	838,000 units	Average Sales price fell 1% YoY
Retail	Riyadh	3 million sqm of GLA	Average rental rates fell 3% YoY
	Jeddah	1.6 million sqm of GLA	Average rental rates fell 1% YoY
Hospitality	Riyadh	18,500 keys	Occupancy levels fell 51% in the YT February 2021, while Average Daily Rates (ADR's) declined to reach USD 151 and Revenue per Available Room declined to USD 77
	Jeddah	14,200 keys	Occupancy levels fell 38% in the YT February 2021, while Average Daily Rates (ADR's) declined to reach USD 183 and Revenue per Available Room declined to USD 70

Source: JLL

Covid-19 has caused a paradigm shift in Real Estate

Impact on Residential sector

- The impact of COVID-19 has shed light on staff and labor accommodation projects, influencing space requirements and increased focus on filling the market gap for quality product featuring sufficient facilities and amenities.
- Establishment of the ROSHN Real Estate Company by the PIF aims to strengthen the quality of life by developing quality residential districts within community living environments.
- Increased demand witnessed across major markets for smaller residential typologies, with increased focus on community living environment. Developers are responding by introducing greater proportion of apartments and townhouses within their mega projects.
- Millennials emerging as a key consumer class, with reconfiguration of residential spaces expected as well as increased demand for digitally enabled homes and larger unit sizes to accommodate home offices.
- Ministry of Rural Affairs & Housing leading the transformation and growth of the residential sector, by offering financing and housing solutions for both investors and end-users, with the aim of supporting the Vision 2030 objective of increasing the homeownership rate to 70% by 2030.

Impact on Office Sector

- Recent government initiatives for regional HQ's to be based in the kingdom will force regional occupiers to review their office footprint across the Middle East and start planning for the long term. The KSA will undoubtedly benefit from increased market share of office occupiers in the region.
- Evolution of a 'traditional' to 'hybrid' workforce via work-from anywhere to ensure Business Continuity. Occupiers are still working on their long term future occupational strategies across their regional portfolio.
- Physical offices here to stay; portfolio optimization via the right mix of traditional, flexible spaces and any relevant remote working strategy.
- Increased flexibility from local property owners to be critical to future success. Rapid move away from traditional lease terms and structures to improve leasing



absorption and remain competitive with other dominant office markets in the region.

- Development is expected to continue to move away from standalone office towers to mixed-use communities, which offer vibrant and accessible live-work-play settings such as Digital City and the upcoming King Abdullah Financial District.
- Significant increase in new Grade-A supply expected to be delivered in the next 12-24 months resulting in a flight to quality for occupiers and will set new benchmarks for developers in the Kingdom.
- Environmental, Social and Corporate Governance (ESG), health and wellness likely to be at the forefront of CRE strategies as well as future supply in line with recently announced government initiatives.

Impact on Industrial & Logistics Sector

- The Kingdom's National Industrial Development and Logistics Program sets out a broad plan to transform Saudi Arabia into a global industrial and logistics hub. Through a range of investment programs and regulatory changes, the program is looking to develop the country's Energy, Mining, Industry and Logistics sectors.

- Major infrastructure improvement projects targeting air, rail and road infrastructure, combined with plans to establish eight special economic zones by 2030, will underpin demand for institutional quality industrial and logistics real estate.
- Focus on food security and cold storage space is expected to form a key component of speculative development in the industrial and logistics market.
- Given the relatively nascent nature of the sector in the Kingdom, particularly for occupiers focusing on its domestic market, we are likely to see less of a requirement for lease flexibility as we are seeing on a global basis.
- Substantial growth in the e-commerce sector and an ever-growing list of regional and international pure play and multi-channel retailers entering the Saudi market will drive demand for fulfilment and distribution facilities.
- As the market matures, we expect market performance to fragment significantly. Secondary assets and assets which are not refurbished or redeveloped to cater to more sophisticated demand, will face significant pressures on occupancy and rental rates.



Impact on Retail Sector

- Property owners will be expected to provide increased flexibility to remain successful – flexible lease terms, schemes with flexible, convertible and open spaces to witness greater retailer interest going forward.
- Accelerated growth in e-commerce expected; QSRs, grocery, F&B, electronics and homeware segments to lead retail recovery while local e-commerce providers continue to increase market share.
- An increased focus on reinventing the “experience”; realignment of existing spaces expected as emphasis on outdoor and open areas to increase. New stores to adopt more global guidelines and synergies with store size optimization expected to allow for faster recovery and better profitability.
- New wave of supply is expected to force retailers to transform their business led by technologies that improve the customer experience, allow cost optimization and enable agility.
- Signature assets due to be delivered in the Kingdom over the next 12-24 months are expected to elevate the positioning of the KSA’s retail supply, driving change throughout the investor portfolio by embracing technology and innovation to create more attractive leasing opportunities for brands.
- Rapid growth of online shopping is likely to result in more omni-channel retail; however, preserving the “physical experience” will be a critical component of these omnichannel strategies, particularly in the KSA.

Impact on Hospitality Sector

- Slower recovery compared to regional neighbors due to the prolonged closure of borders to international tourists until May 17th 2021, this particularly impacted religious tourism and to a lesser extent corporate tourism. The closure of borders and restrictions on travel for Saudi nationals has provided significant support for domestic tourism.
- Hoteliers have made cost reductions, mainly through salary cuts and efficiency creation. Whilst salaries are reverting to normal, reductions and rationalizations are here to stay as they have had little or no impact on a guests’ experience, but do contribute to higher Gross Operating Profits.

- Pre-COVID challenges have not dissipated and issues such as recruitment of adequately skilled Saudi nationals will continue to provide challenges for the sector in the short to medium term.
- Government-led projects are expected to become the powerhouse of the tourism sector in KSA once fully completed. The delivery of the first phases of projects such as the Red Sea or AIUla will participate in the creation of a new perception of the KSA as a leisure tourism destination.
- Despite the current challenges of the industry, investors' confidence in the country's potential remains high, bolstered by government-led initiatives and projects. Investment activity is driven mainly by new developments and few hotel transactions happen.

Source: CBRE KSA

How are the different sectors in real estate expected to fare in 2021 vs 2020?

Asset Class	2021 vs 2020	Key Driver
Residential	Similar to 2020	Residential demand to be driven and supported by government initiatives led by Ministry of Housing & Rural Affairs
Office	Similar to 2020	Occupiers to benefit from downward pressure on performance, expected to remain in the short-term, with property owners expected to increasingly offer incentives to support occupancy.
Industrial & Logistics	Better Than 2020	Local and foreign investors to continue expanding operations within the KSA, increasing demand for quality warehousing
Retail	Better Than 2020	<ul style="list-style-type: none"> • Physical retailers expected to increasingly offer an integrated experience through merging of e-commerce and B&M • Tourism expected to gradually recover in the long run • Residents' F&B & entertainment expenditure continue to grow
Hospitality	Better Than 2020	Rise in domestic tourism and upcoming key events, coupled with gradual easing of travel restrictions expected to boost demand for hospitality

Source: CBRE KSA



Invest in Markaz Real Estate Fund

**Total return
annualized:**

6.34%

**Average annual
distribution since
inception:**

5.09%

Fund Performance

Total Return (Jan 03-Dec 03)	17.80%
Total Return (Jan 03-Dec 05)	40.02%
Total Return (Jan 06-Dec 08)	32.10%
Total Return (Jan 09-Dec 11)	4.60%
Total Return (Jan 12-Dec 14)	21.10%
Total Return (Jan 15-Dec 17)	2.10%
Total Return (Jan 18-Dec 20)	2.70%
Total Return (Jan 03 – Sep 21)	148.85%
Capital Gain since Inception	22.76%
Income Distribution since Inception	126.09%
Total Return Annualized	6.34%
Average Annual Yield (Cash)	4.80%
Volatility (3 year)	2.06%

The Markaz Real Estate fund, established in 2003, is considered the first open-ended real-estate investment fund in Kuwait, and stands as a testament to Markaz's innovation in the financial services field. This is reflected through the ongoing development of unique investment tools that cater to investors' needs. Markaz Real Estate Fund is Sharia compliant and aims to achieve stable and recurring returns, through investing in income generation properties in Kuwait.

Important info:

- Fund manager: Kuwait Financial Centre K.P.S.C. Universal Tower, Ahmad Al-Jaber Street, Sharq, Kuwait, Tel: +965 2224 8000, P.O. Box 23444, Safat 13095, State of Kuwait
- Fund Executive Committee Members: Bassam Al-Othman, Milad Elia, Khaled Al-Mubarak, Abdullatif Al-Nusif
- To get a copy of the Fund's Articles of Association, the subscription form, and the financial statement of the fund, please visit our website: www.markaz.com
- The Total Return consists of the Capital Gain and the Dividend Yield after deducting all fees and expenses

Disclaimer: This announcement has been prepared for promotional purposes and has been approved by Markaz. Investments in funds are subject to market risks. There can be no assurance or guarantee that the investment will produce any returns. Prospective Investors must therefore be aware of and understand that such investment carries a significant degree of risk of loss of their capital; and the dividend rate cannot be predicted or guaranteed. Past performance is not a reliable indicator of future performance. Before investing, prospective investors must carefully examine the Articles of Association and all Fund's related documents to be aware of the investment methods, including the merits and risks involved.



markaz.com
+965 2224 8000



4. Real Estate Saudi Arabia – Major News/Laws

Saudi Arabia to build 53,000 new residential units in Riyadh

- Saudi Crown Prince HRH Muhammad Bin Salman has announced plans to build 53,000 new residential units in the north of capital Riyadh as a part of an initiative to increase the percentage of Saudi families' home ownership to 70% in the next 10 years as part of Kingdom Vision 2030 programme. This allocation aims to increase the residential area of Al Jawan suburb from 10 million sq m to 30 million sq m in partnership with the private sector.

Listed Saudi companies can own real estate in Makkah, Madinah

- The Council of Ministers approved changes to Real Estate law under which listed Saudi companies are exempted from the prohibition of non-Saudis owning real estate within the borders of Makkah and Madinah. It is also stipulated that such real estate be invested within five years from its acquirement.

NEOM City

- NEOM City is a planned cross-border city in the Tabuk Province of northwestern Saudi Arabia. It

will be fully funded and owned by the Public Investment Fund (PIF). It is planned to incorporate smart city technologies and function as a tourist destination. The development work of the project's first phase would include constructing the airport at Sharma, which would operate regular commercial flights between Riyadh and Neom. In January 2021, the project unveiled plans for The Line, a 170 km long linear city within the Neom area that is supposed to have 1 million citizens without conventional cars.

Tourism and Infrastructure development

- Saudi Arabia has set an ambitious target to welcome 100 million visits to the country by 2030, made up of a 45 million international and 55 million domestic visitors for leisure, work and religious stays. Saudi Arabia is also investing some \$ 810 billion in huge giga-projects designed to completely transform the tourism industry, including AlUla, Diriyah, the Red Sea Development, Amaala, Qiddiya and Neom. These new mega tourism projects will occupy an area in excess of 64,634 sq km, with the PIF and Saudi Commission for Tourism and National Heritage (SCTH) leading the transformation. Tourism will be a key pillar of the economy in the future, especially considering the reforms aimed at weaning the country off its reliance on oil revenue.

Abha City in Aseer Province

- Abha is a city in the Asser Province in Southern part of Saudi Arabia known for its cooler climate, natural beauty as well as historical, social and cultural sites. The Tourism Authority is keen to use the city's elevation above sea level to turn it into a place for winter vacations. The Real Estate market in the city and the Asser region has great potential for the future as the city and region is developed into a major tourist destination

5. Markaz Real Estate Macro Index

'Markaz Real Estate Macro Index' helps investors in identifying the current state of real estate market using a list of economic indicators such as Oil and non-Oil GDP growth, inflation, new jobs generated etc. The past seven years data along with estimates for 2021 were considered and a qualitative rating (strong, moderate, neutral, weak & poor) was assigned considering the historical information and the current environment.

Macro-Economic factors that matter

Economic Factors	Weight Assigned	Rationale
GDP Growth (Oil & Non-Oil)	20%	Strong economic activity bodes well for real estate. Higher economic growth usually leads to demand for commercial real estate and growing incomes would spur activity on the residential segment.
Inflation	15%	Real estate acts as a natural hedge against inflation, as rents typically increase during times of inflation. Strong, stable inflation is generally positive for real estate.
Money (M2) Supply Growth	15%	Higher growth in money supply is a leading indicator of economic activity.
Jobs created	15%	Number of jobs created serves as an useful indicator for real estate demand
Population Growth	15%	Increasing population is directly related to real estate growth and residential demand
Jobs created	15%	Investment serves as a proxy for project activity and infrastructure development that shall directly stand to influence the real estate markets through job creation, and increased economic activity.
Population Growth	15%	Expansionary fiscal policy signifies active role of government to support the economy through increased investments. A positive for real estate and government spending entails improvement to physical & social infrastructure and unlocks the value of nearby lands.

Source: Marmore research

For each of the qualitative score, a quantitative score was assigned with 'Strong' being assigned a top score of '5' and 'Poor' assigned a value of '1'. A weighted average score was computed based on the weights as provided in the below table.

Saudi Arabia Macro-Economic Factor Assessment										
Economic Factors	2014	2015	2016	2017	2018	2019	2020	2021f	Qualitative Take	Quantitative Score
Oil (Real) GDP Growth	1.5%	5.3%	3.6%	-3.1%	-0.1%	-3.6%	-7.2%	1.6%	Neutral	3
Non-Oil (Real) GDP Growth	5.0%	3.2%	0.2%	1.1%	2.2%	3.3%	-2.0%	3.9%	Moderate	4
Fiscal Balance, % of GDP	-3.4%	-15.8%	-17.2%	-9.3%	-5.9%	-4.5%	-11.1%	-3.8%	Neutral	3
Investments (as % of GDP)	27.8%	35.1%	30.9%	27.9%	26.7%	26.5%	26.1%	26.9%	Moderate	4
Money Supply, M2 (YoY)	12.0%	2.6%	0.8%	0.2%	2.7%	7.1%	8.3%	6.4%	Neutral	3
Inflation	1.9%	1.3%	1.2%	-1.1%	2.5%	-2.1%	3.4%	2.7%	Neutral	3
Yearly Population Growth	2.1%	3.0%	2.9%	2.6%	2.5%	2.4%	2.3%	2.1%	Neutral	3
Jobs created (in '000s)	509	387	448	521.0	503.9	518.0	534.1	549.4	Neutral	4
									Overall Score	3.4

Source: IMF, GAS, Marmore research

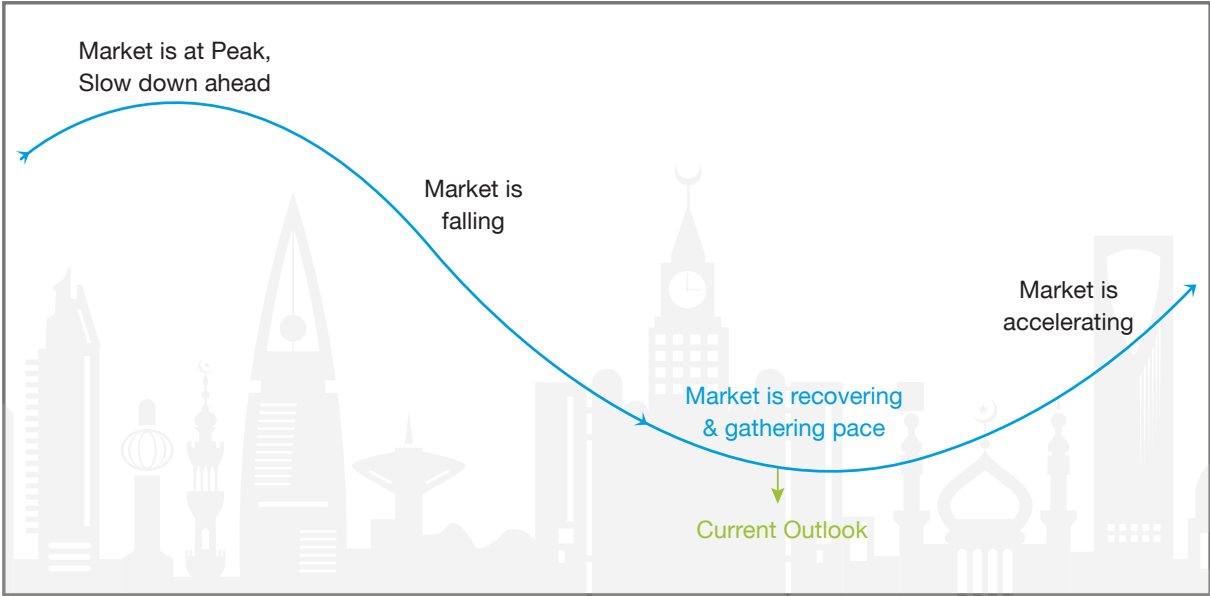
The state of real estate market was categorized into four distinct phases as shown below.

Market Phases

From	To	Market Phase
4.3	5.0	Market is at peak, slowdown ahead
3.5	4.3	Market is accelerating
2.8	3.5	Market is recovering & gathering pace
Less than 2.8		Market is Falling

Source: Marmore research

Markaz Real Estate Outlook based on Macro Economic Indicators









Source: Marmore Research

Conclusion

Saudi Arabia's GDP growth is expected to rebound in 2021 and 2022 primarily on the back of increasing oil prices. Government spending on infrastructure projects as a part of the Vision 2030 program is expected to boost non-oil GDP growth as well. The fiscal balance, which was severely dented due to Covid-19, is expected to improve in 2021. Investments are expected to pick up as the Government initiates major projects like Neom City. Change in mortgage laws enabling banks to increase the number of mortgage loans extended to customers is expected to increase demand for the residential sector. The reopening of offices and tourism is expected to boost the Office and Real estate sector. Based on our assessment of various macroeconomic factors, we believe that the real estate sector in Saudi Arabia is expected to recover in 2021 and beyond.

Summary – KSA Markaz Real Estate Macro Index

Macro indicators	Future Outlook (2021 & beyond)	Quantitative Score
 Oil Real GDP Growth	Neutral	3
 Non-Oil Real GDP Growth	Moderate	4
 Fiscal Balance	Neutral	3
 Investments	Moderate	4
 Money Supply, M2 (YoY)	Neutral	3
 Inflation	Neutral	3

Macro indicators	Future Outlook (2021 & beyond)	Quantitative Score
 Population growth	Neutral	3
 Jobs created	Moderate	4
Overall Score	Market is recovering (consolidating) and gathering pace	3.4

Source: Marmore Research

What reports to expect soon?



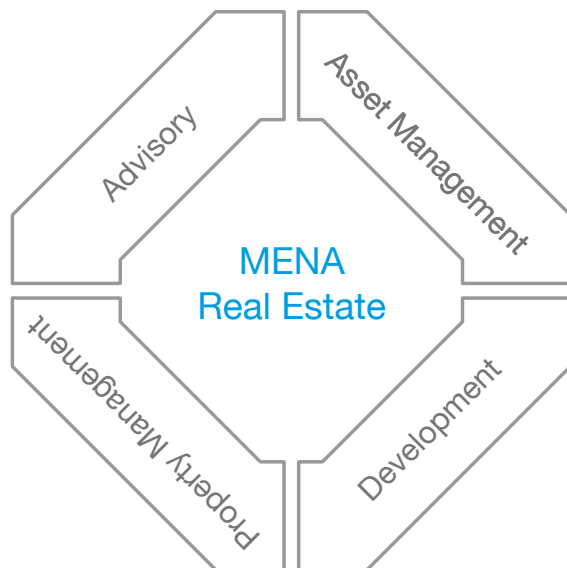
UAE Real Estate Outlook H1 2021



Kuwait Real Estate Outlook H1 2021

Markaz Real Estate Capabilities: Management Team

With a team of 27 professionals, Markaz MENA Real Estate provides a fully integrated insights and services to managing real estate funds



Team of 27

- Investment
- Project Management
- Financial Management
- Administration

Kuwait HQ

- Riyadh KSA - 2006
- Khobar KSA - 2006
- Abu Dhabi - 2010
- Dubai - 2014

Markaz provides great value through:

- Governance
- Experience
- On the ground presence
- Hands-On approach
- Developed Systems covering
 - Operations,
 - Maintenance,
 - Financial management, &
 - Administration
- Software Support

Disclaimer

This report has been prepared by Marmore MENA Intelligence, a fully owned subsidiary of Kuwait Financial Centre K.P.S.C (Markaz). Markaz is regulated by the Capital Markets Authority and the Central Bank of Kuwait. The report is owned by Markaz and is privileged and proprietary and is subject to copyrights. Sale of any copies of this report is strictly prohibited. This report cannot be quoted without the prior written consent of Markaz. . Any user after obtaining Markaz permission to use this report must clearly mention the source as "Markaz ". The report is intended to be circulated for general information only and should not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction.

The information and statistical data herein have been obtained from sources we believe to be reliable but no representation or warranty, expressed or implied, is made that such information and data is accurate or complete, and therefore should not be relied upon as such. Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinion of Markaz and are subject to change without notice. Markaz has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn.

This report may not consider the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors are urged to seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and to understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Investors should be able and willing to accept a total or partial loss of their investment. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily indicative of future performance.

Kuwait Financial Centre K.P.S.C (Markaz) may seek to do business, including investment banking deals, with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of Markaz, Markaz has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to Markaz's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or Markaz's website shall be at your own risk.

For further information, please contact 'Markaz' at P.O. Box 23444, Safat 13095, Kuwait; **Email: research@markaz.com**, Tel: 00965 1804800; Fax: 00965 22450647.