

Dear Ajeej Investors and Friends:

We trust the first few months of 2021 have been on an improved trajectory relative to a year ago, as we all look forward to continued improvements to the worldwide overhang.

Across a much-changed global landscape, in MENA we find ourselves in a relatively "good place" relative to others. Firstly, the political picture is not only stable, but is in fact improving. The Abraham Accords, end to the Qatar blockade, de-escalation on the Saudi-Yemen boarder and even rumours of side-line talks between Saudi and Iranian officials, have in aggregate dramatically reduced the geopolitical risk factor for investing in the region. Moreover, the markets are positively developing further, whether in reference to the Saudi and Egyptian economies overall, or to the Qatar capital markets with the recent lifting of FOLs, or to the increased social liberalism that is being pushed through in the UAE. So, with all these positive macro factors, we'd like to run through some interesting tit bits (or tid bits, depending on which side of the Atlantic you are from) to shed some colourful light on the current picture in MENA:

#### UAE:

- 9th Feb: The United Arab Emirates' Hope spacecraft entered Martian orbit, making it the fifth agency to successfully reach the red planet's gravitational zone, and marking a first as a MENA endeavour.
- During the past couple of weeks there have been significant rumours going around Dubai that there will be an announcement soon (after Ramadan) that will bring Dubai closer in line with other modern cities such as Singapore, Las Vegas, and Macau to name a few. We have yet to corroborate any of these rumours, and in fact the government has officially negated the chatter; but if the further opening of leisure tourism is on the cards (no pun intended) then it will certainly have a significant positive impact on the emirate.
- The UAE maintains its position as the second most successful country in the world in terms of vaccination roll out, with over 10m jabs administered (in a country of fewer than 10m people).
- The UAE and Israel are planning a quarantine-free travel corridor to boost bilateral exchange following the Abraham Accords in conjunction with two highly successful vaccination drives. The travel corridor, which will apply to passengers who are fully vaccinated against COVID-19, plans to boost travel for commercial, tourism and official purposes.
- The Securities and Commodities Authority has mandated that all public companies in the UAE must have at least one female director on their boards. The new requirement came into force in mid-March; however, it is less clear how long the grace period is for the necessary changes to be implemented. The SCA's official comment: "[it] is a priority for the SCA and its board during the coming period and we will work with all partners to enhance the local investment environment and support its legal infrastructure to meet the UAE Vision 2021 and the targets of the next 50 years".
- The UAE resumes elective surgeries as COVID-19 cases drop. Private hospitals have been permitted to resume elective surgeries as of the end of Q1. Although, by definition, these may not be vital (elective procedures include physiotherapy as well as cosmetic surgery), the move certainly signifies a stronger return to normalcy than has been achieved in many other countries.
- In a bid to attract white collar expats, the UAE announced the introduction of a residence permit for remote workers. It was announced that overseas remote working professionals could live in the UAE while

continuing to work for their employers in their home country. The one-year visa allows individuals to enter the country under self-sponsorship scheme. Furthermore, the government also announced that it would start issuing multi-entry tourist visas for all nationalities, therefore improving access overall. The new tourist visa structure will entail five-year multi-entry visas, allowing tourists to remain in the country for 90 days on each visit, which can be extended for another 90 days upon application.

## SAUDI:

- Saudi Arabia announced that it will finally allow its citizens to start travelling abroad (albeit with strict limitations) after the Eid Al-Fitr holidays, starting 17th May. The economy has been benefitting from increased captive domestic demand because of the travel restrictions imposed last year due to the COVID-19 pandemic, and the government is cognisant of the pent-up desire to travel for many – hence the controlled opening. It seems that most neighbouring countries will not be included in the permitted destinations list once travel restrictions are initially lifted.
- Foreign investor interest continues to increase in the region's largest economy. Total foreign investments in Saudi crossed the 2 trillion riyals mark for the first time by the end 2020 despite the pandemic (that's over half a trillion dollars). About half of that figure came in the form of FDIs (45%), whilst equity, fund and debt portfolio investments accounted for 29% of the total number.
- On the lighter side: Anaam Holding (the cattle trading company that was suspended in 2007 due to losses exceeding 90% of capital) announced that it is diversifying into toys and slides for kids. Does anyone remember this company?
- The Saline Water Conversion Corporation (SWCC) has done it again, setting a new Guinness World Record for the lowest energy-consuming desalination plant in the world. Previously in 2019 it won the Guinness World Record for the biggest water desalination plant with a production of 5.6 million cubic meters of water a day (which incidentally meant that it broke its 2018 world record of 5 million cubic meters). The new plant operates at 2.27 kilowatt per hour per cubic meter of desalinated water. SWCC said it aims to "strengthen its global leadership in the desalination industry, continue its plans to achieve the goals of the Kingdom's Vision 2030, and enable local content in all its current and future development projects."
- The government is starting to enforce deadlines for having employees vaccinated. So far, they are requiring bus drivers, workers at restaurants, hotels, beauty salons to be vaccinated by May 13th (just after Ramadan), otherwise they must take a PCR tests every 7 days. The vaccination drive is maintaining its strong upward trajectory, having crossed the 8 million doses mark (on a daily range of 150k to 200k doses).
- Not a lot of detail on this news item, but it is important: The CMA chairman said that the Saudi regulator has received more than 30 requests from companies seeking to list shares on Tadawul and they are currently under review. This marks the highest number of requests in the CMA's history driven by higher market turnover.
- Crown Prince Mohammed bin Salman announced the launch of the Soudah Development Company in the Asir region, with expected investments exceeding 11 billion riyals. The company aims to invest in infrastructure development with more than 20 projects with the aim of attracting two million local and international visitors annually by 2030. In numbers, Soudah will be developing 2,700 hotel rooms and 1,300

housing units, in addition to developing the commercial and entertainment sectors. The photo below is an aerial shot of the stunning Asir landscape:



#### EGYPT:

- Despite considerably lower official statistics, a recent report issued by Baseera (a state-owned public opinion centre) estimates that nearly 5% of Egyptian adults may have been infected with the virus that causes COVID-19. This is roughly equivalent to 3 million adults. The new number, which dwarfs the official count of +200k cases, was extrapolated from a series of telephone surveys. Accordingly, the highest incidence of cases occurred last November and December with an estimated 864k people infected in those two months alone. 72% of respondents said a physician confirmed their diagnosis, with 61% having had blood tests, 56% undergone chest scans, and only 23% taking a PCR test. Worryingly 1.3% were diagnosed by “other” methods.
- Recent figures show that Egypt is the world's second most banknote-reliant country and has the third highest percentage of unbanked adults at 67% of the target population (Morocco and Vietnam are marginally higher at 71% and 69% respectively). Only 45% of payments in Egypt are cashless transactions and the credit card penetration rate currently stands at a meagre 3%. The country also boasts the third-lowest number of ATMs per capita (20 per 100k adults), coming in just above Kenya and Nigeria. The room for growth in addressing these shortcomings is frankly huge.
- On the international front Egypt made headlines on two fronts over Q1, which we won't bore you with as they have been very well covered in the international press. The first was the Ever Given disrupting global supply chains after getting lodged on the banks of the Suez. The second, which is still playing out, is the issue of the GERD and the tensions between Egypt and Ethiopia.
- We will be issuing an Egypt specific note soon. We are pushing for structural reform at the highest levels, that hopefully will improve the regulatory framework, price discovery and ultimately institutional investor interest in the market.