



KUWAIT: Al-Safat Investment Company Chairman of the Board of Directors Abdullah Hamad Al-Terkait (center) during the general assembly meeting on Thursday.

Al-Terkait: Al-Safat Investment, Cap Corp merger promising step with positive effect

Company plans to expand and seize meaningful opportunities locally and regionally

KUWAIT: Al-Safat Investment Company's Chairman of the Board of Directors Abdullah Hamad Al-Terkait said during the company's general assembly meeting Thursday that the merger between Al-Safat Investment Company and Cap Corp Investment Company is a "promising step that will leave a positive effect". "Al-Safat enjoys a stable financial position, and it prepares to enter a new phase with its merger with Cap Corp," Al-Terkait said.

The ordinary general assembly of Al-Safat Investment Company approved all the items on the agenda, including the reports of the board of directors, auditors and other items, while the approval of the merger between Al-Safat and Cap Corp, which is on the agenda of the extraordinary assembly, was postponed until the end of next week.

Al-Terkait said on the sidelines of the assembly, which was held with an attendance of 56.7 percent of total shareholders, that "the company was able to deal with the challenges facing the market in general with experience that reflects its ability to face any developments, and perhaps its success in structuring its financial conditions and re-entering the market is a good proof of the success of its strategy followed during the previous period".

A new stage

Al-Terkait added that Al-Safat is on the verge of a new stage, where it has developed promising strategies complementary to its goals and investment mission. "One of the priorities of the board of directors and the executive management will be to focus and support everything that maximizes shareholders' rights, as Al-Safat intends to move forward with a sustainable vision towards a prudent strategic plan to seize investment opportunities and develop them by targeting certain local and regional expansions, enabling it to achieve strong profits and financial results, and then look forward to new horizons that enhance its presence and durability," he said.

The merger process

Regarding the future aspirations of Al-Safat, Al-Terkait said it is prosperous and based on a package of key steps, most important of which is the merger with Cap Corp, which is expected to be approved by the extraordinary assembly during the next meeting, as the process will result in higher operational efficiency in terms of revenue, cost and financial balance, which will create a financial entity with a positive impact on the company's value and position in the local market.

Al-Terkait said the targeted merger process requires raising the capital of Al-Safat Investment Company by 35.3 percent, equivalent to KD 10 million, which will lead to an increase in the company's authorized, issued and paid-up



Abdullah Hamad Al-Terkait

capital to reach KD 38.3 million divided by 383.27 million shares.

Expected results after completion of merger

Based on this, it is expected that equity will reach approximately KD 37 million, which will contribute to increasing the company's book value by 19 percent after the completion of the merger, while Al-Terkait confirmed that Al-Safat is looking to form a larger and stronger investment entity through which it will be able to increase its market share, which will reflect positively on its market value and provide greater value to its shareholders.

According to Al-Terkait's statements, the company is targeting a wider customer base through this merger to increase fees and commission revenues for clients' portfolios by 20 percent. He pointed out that the merged entity benefits from a balanced and diversified income-generating asset portfolio, including investments in associates that are active in the investment, real estate and information technology sectors, and this creates a more stable income flow.

Al-Terkait expected the company's assets to rise to about KD 51 million, which is equivalent to an increase of 39 percent. This results in an increase in managed assets to a total of \$250 million, with a growth rate equivalent to 48 percent.

"After the merger, Al-Safat Investment Company will enjoy an increase in its human resources with specialized experienced cadres who are expected to play an effective role in achieving the company's goals and strategic direction in the future," Al-Terkait said.

Market maker

In a related context, Al-Terkait confirmed that the board of directors agreed to complete the necessary requirements to enable Al-Safat Investment Company to obtain a market maker license, noting the executive management's efforts to complete the requirements of the Capital Markets Authority and obtain the necessary approvals to start applying the market maker activity.

Hex office for small projects

Regarding small businesses, Al-Terkait said, "We are in the initial stages of transforming the Hex Office project from a joint office headquarters of our company to an incubator that contributes to the development, upbringing and success of small and medium enterprises in Kuwait, through obtaining official accreditation from the National Fund for Small and Medium Enterprise Development. Hex Office contributes to helping entrepreneurs develop their idea into a successful project by creating a modern innovative technological environment.

Economic conditions

In terms of economic conditions, Al-Terkait said: "The year 2022 was characterized by uncertainties that overwhelmed most of the world's economies, which led to a decrease in vision, along with fluctuations and resulting challenges".

Among these challenges, inflation rates exceeded their levels during previous decades, which resulted in tightening monetary policy by raising the interest rate in an attempt to curb inflation, which reached record levels. Accordingly, the Central Bank of Kuwait increased the dis-

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The Ahmadi project

Al-Terkait reviewed the Ahmadi project as one of the company's achievements in the real estate sector, which is one of the economic pillars in which Al-Safat Investment Company invests. "Al-Safat Investment Company was able to develop a multipurpose complex specialized in craft and industrial activities for medium and small enterprises located in east Ahmadi, with warehouses, shops and of-

cooperation with Al Salam International Hospital to spread the preventive health culture among all employees and visitors at Al-Safat Tower during November, a month dedicated globally to men's health awareness, not to mention the charitable work represented by a donation campaign contributed by the company's employees and all employees in the tower. This campaign was directed to collect the largest amount of clean used clothes and donate them to the needy in Kuwait and around the world in cooperation with the Humanitarian Excellence Society.

Acknowledgements

Terkait thanked the shareholders for their constant support, as well as the employees for continuing to work with full flexibility in light of the challenging business environment, as well as for their efforts to focus on achieving the long-term goals of the company in line with its strategies, seeking to achieve a better future for the company based on solid foundations.

Regulatory authorities

Terkait thanked the various regulatory authorities in Kuwait (Capital Mar-

- The merger requires raising the capital of Al-Safat by 35.3%, equivalent to KD 10 million
- The company is in the process of completing the necessary requirements for obtaining a market maker license.
- The real estate sector is one of the vital economic pillars that Al-Safat Investment Company pays great attention to in its investment strategies.
- Sincere greetings and thanks to the Capital Markets Authority and regulatory authorities for their cooperation in completing the merger process positively.

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Financial statements 2022

The total combined operating and investment revenues of the group amounted to KD 2.8 million, compared to last year's KD 4.5 million, a decrease of 38 percent. Al-Terkait explained this decrease is due to the decline in the fair value of real estate investments from KD 19.6 million in 2021 to KD 17.4 million, which resulted in KD 1.3 million unrealized book losses. "These declines remain book based as long as we do not exit these investments, and with the return of markets rising again, there will be the possibility of compensating for all these declines," he said.

"Despite this, operating revenues amounted to KD 3.4 million compared to last year's KD 3.2 million, which represents

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Social responsibility

As for social responsibility of Al-Safat Investment Company, Al-Terkait stressed that Al-Safat considers social responsibility of the company an integral part of its mission, which is reflected in the activities and events organized throughout the year, the most important of which was the empowerment of women and the knights of industry program on youth awareness by introducing them to what investment is and its importance in the development and emergence of the state economy and improving the level of per capita income.

Health culture

Al-Safat also pays great attention to the dissemination of health culture, as the company established a health corner in

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Shareholders of Al-Safat and Cap Corp

The merger is expected to be in the interest of the shareholders of Al-Safat and Cap Corp, as it will entail the formation of a leading entity in the investment and Islamic financial services sector, in light of the focus on efforts related to the provision of investment products and services provided. It will lead to the creation of greater added value at the level of the customer base and shareholders by both companies in the framework of supporting the future direction locally and regionally, especially in light of the maximum utilization of operational capabilities and professional human resources to achieve the goals and visions of the company strategy.