

# GLOBAL CAPITAL MANAGEMENT Ltd.

Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town  
Grand Cayman KY1-9002, Cayman Islands

Dear Esteemed Investors,

We are writing in our capacity as the Investment Manager (the “IM”) of Global MENA Financial Assets (the “GMFA” or the “Fund”).

We are all living in unprecedented times with the widespread effect of the Corona virus (COVID-19) pandemic, constantly unfolding. Most of our very normal daily activities are becoming extraordinary and the world is mostly into a lock down mode. While all of us are keeping our best hopes and prayers for the end to this pandemic, yet the timing and the impact this would have on the world and the regional economies, continues to evolve and is uncertain. These are the times that we need to react very quickly to all hourly/ daily developments and adapt to the immense changes that we are facing.

Given the unprecedented nature of the situation, the IM believes that it is prudent to take proactive measures to mitigate the impacts of COVID-19. The safety and well-being of our employees, management teams, suppliers, customers, business partners, and communities is our first priority, so we are carefully monitoring developments and taking appropriate steps across our portfolio companies. Kamco Invest, the owner of Global Capital Management Ltd, has a strong foundation, an experienced and dedicated team to manage through this challenging, and uncertain period.

We would like to provide a brief update on our focused and dedicated activities before the COVID-19 pandemic. Having completed Al Manar exit and announced the dividend, which you might have received by now, the Gulf Takaful Insurance exit was in the final stage with a binding offer in place. The sale purchase agreement was under negotiations, since the exit involved multiple shareholders, therefore coordination was an important aspect. Following the 12-hour curfew situation in Kuwait and Gulf Cooperation Council (“GCC”), there is likely to be a delay in the signing of the Sale Purchase Agreement. Also, the offered price of 25 fils is revised to 22 fils by the bidder.

The Yum Yum Tree (“YYT”) is expected to be hit significantly by the 12-hour curfew and the semi lockdown situation which in certain countries might slide into a full lockdown. In line with the local regulatory guidelines, YYT is only engaged in food delivery and takeaway. There is

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a marked decline in the daily sales, since there is a general customer preference for homemade food. The YYT management and the Board has responded to the current situation and taken counter measures involving reduction in operational and support staff, negotiating with landlords, banks and regulators for the relief and restructuring. Some of the relief is granted. Already in the month of March 2020 when there was no semi-curfew, the impact got apparent since the number of customers visiting malls and food courts had reduced tremendously. We are watching the situation closely with the management. The YYT was in J Curve of the recovery with the active liquidity support of GMFA for closing the loss-making stores and rationalizing the cost base. The current pandemic has added new multi-dimensional and unprecedented challenges for the YYT.

Regarding Olgarlar, all stores except the online stores were closed starting from 19 March 2020. Online stores sales are performing extraordinarily, hence closing some portion of the sales gap due to closure of retail stores. During March 2020, the revenue for online stores tripled in TL terms compared to the same period last year. Some personnel have been made redundant and the company applied for the short-term working allowance (the financial support provided by the Turkish government). Moreover, the company is expected to benefit from the government's recently launched economic stability shield program. The program is expected to help the Turkish companies including Olgarlar to manage the liquidity bottlenecks throughout the period. Incentives include postponement of tax payments, principal and interest deferrals for the existing loans and availability of new credit lines through credit guarantee fund.

The real estate portfolio comprising of Dorrat Al Sofouh, Olgana Units and First Qatar is likely to witness a decline in the valuation in line with the general slowdown in the markets. Given the current situation and the liquidity challenges Abyaar was facing, even prior to the current pandemic, the handover of Olgana Units is expected to be pushed to next year. We disclosed the unauthorized mortgage on the underlying asset of Dorrat Al Sofouh to you, early this year, the settlement process whereby the other shareholder/s are expected to take away the mortgage, is in good process. A personal guarantee is secured on the mortgage from the other shareholder and the manager of Dorrat Al Sofouh while the settlement agreement is expected to be signed soon. After departure of the major tenant, the parties are cooperating to re-rent the building soon. There have been good level of interest on this.

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For the Industrial Bank of Kuwait, wherein the GMFA holds a minority stake and don't receive regular updates, the short term impact is not clear, however the valuation is expected to decline in line with the overall expected decline in the banking sector performance due to expected loan write offs and installment waivers/deferrals expected in the banking sector. The performance of the banking sector is expected to invariably impact the valuation multiples.

With a challenging environment for Mergers and Acquisitions in the upcoming few months and the closure of all government entities in Kuwait and slowdown in all of our operating geographies, it will be realistically impossible to complete the exits of all GMFA assets before the twelfth AGM of the fund (Sept/October 2020). The GMFA Board may consider formally extending the fund, as it has the discretion for two one-year extensions. This might help with realizing orderly exits.

Kamco Invest's leadership team has met early March 2020 to officially kick off the Business Continuity Planning (BCP) implementation plan which was devised and been tested periodically throughout the years. The systems are fully functional, and we can operate from two locations in Kuwait and we also have backups and access points via our office in DIFC (Dubai). The teams will be operating from home and from the regional offices and will meet physically in the office as required and if legally possible.

In terms of the private equity team and the team involved in the GMFA management in particular, all members will be working from home but will be on call to the office when required and if legally possible. The team has access to the required data folders. Operations and back office teams have assured us of the continued and uninterrupted services. As such, we do not envision any 'major' issues with regards to fulfilling duties to our funds.

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We would like to certainly assure you that investors' economical interest will be our utmost priority in these uncertain times. We are doing our best and utilizing all of our resources to manage the situation. We will keep you posted on our proposed continuity plan once we progress and we would like to wish you all the best of health during these extraordinary times.

Please stay safe



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**Ihsan Jancay**  
**Global Capital Management Ltd.**  
**Managing Partner**