

Date: 11-10-2017

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السيد/ حسن عبد الرحمن السركال المحترم
نائب رئيس أول
رئيس تنفيذي العمليات
سوق دبي المالي
دولة الامارات العربية المتحدة

Subject: Results of the General Assembly Meeting of Marka P.J.S.C

الموضوع: نتائج اجتماع الجمعية العمومية لشركة ماركة ش.م.ع

Kindly be advised that the General Assembly Meeting of Marka P.J.S.C was held on Wednesday the 11th of October 2017 at 5:00pm at the Meydan Hotel, Dubai, UAE

الرجاء أخذ العلم بأنه قد تم انعقاد إجتماع الجمعية العمومية لشركة ماركة ش.م.ع. وذلك في يوم الأربعاء الموافق في 11 أكتوبر 2017 في تمام الساعة الخامسة مساءً، وذلك في فندق ميدان في دبي .

With a quorum being present the following decisions were taken:

وبحضور النصاب القانوني تم إتخاذ القرارات التالية:

1. Approval by a special resolution the continuity of the Company's operations according to the requirements of article (302) of the UAE Federal law (2) of 2015 concerning Commercial Companies.
2. Approve to authorize the Company's elected Board of Directors to undertake all necessary procedures and steps to duly implement the resolutions stated herein in accordance with the applicable provisions of Commercial Companies Law and to delegate any or all its powers in this regard to any of its members.

1. الموافقة بموجب قرار خاص في استمرارية أنشطة الشركة وفقاً لمتطلبات المادة 302 من القانون الاتحادي رقم (2) لسنة 2015 بشأن الشركات التجارية.

2. الموافقة على تفويض مجلس الإدارة المنتخب اتخاذ كافة الاجراءات والخطوات اللازمة لتنفيذ القرارات المذكورة أعلاه طبقاً للأصول ووفقاً لأحكام قانون الشركات التجارية والموافقة على تفويض أحد أعضائه ببعض أو كافة صلاحياته بهذا الخصوص.

Best Regards

Siba Itani
Legal Counsel & Compliance
officer/Rapporteur



وتفضلوا بقبول فائق الإحترام والتقدير

صبا عيتاني
مستشار قانوني وضابط امتثال / مقرر الاجتماع

סקר
מדיקה

Shareholder meeting – 11 October 2017

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Section 1 – Summary of historical financial performance

Historical results



Financial performance overview

- Following incorporation in 2014, Marka quickly sought to establish its retail portfolio through a number of acquisitions across the Hospitality, Sport and Fashion segments in the UAE. As part of the expansion plan, Marka rapidly grew from an initial headcount of 14 to over 1,000 by the end of FY16.
- The expansion of Marka coincided with a general economic downturn across the UAE driven by the global oil price crash. The performance of a number of Marka's brands deteriorated during this time, particularly in new acquisitions in the Sport and Fashion segment.
- Accumulated losses at 30 June 2017 totalled AED 361.3m. A breakdown of the accumulated losses, as reported in the Company's annual audited/reviewed accounts and shared with shareholders is summarised below:

FY14/15	FY16	H1 FY17	Total
AED 56.9m	AED 150.5m	AED 153.9m	AED 361.3m

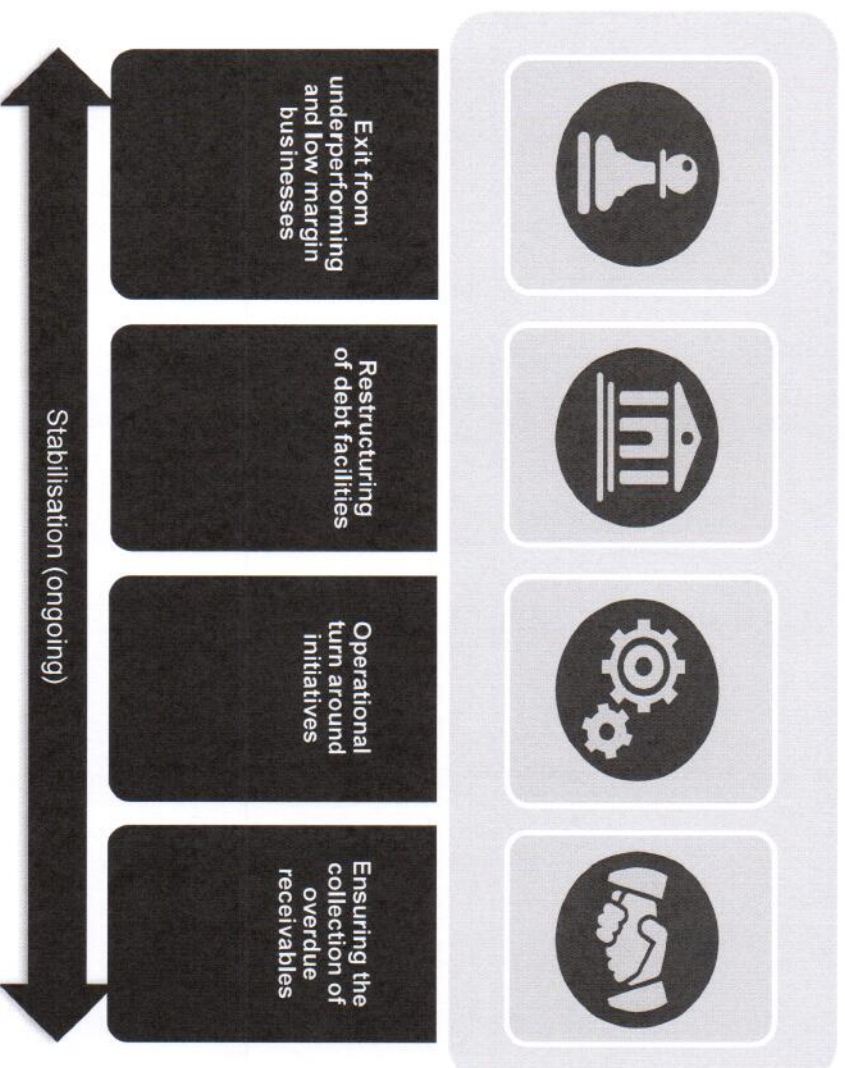
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Section 2 – Action Plan

Action Plan

Performance improvement initiatives have already been implemented in key areas

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ACTION PLAN

Marka Management have identified and implemented a number of new measures which will stabilise the performance of the Company in the short term and provide a platform for sustainable, long term growth.

These initiatives are focused around 4 key areas:

1. **Exit from underperforming and low margin** Fashion and Sport segments
2. **Restructure debt facilities** to be in line with the underlying cash flows of the business
3. **Implement new operational turn around initiatives** to decrease costs, increase revenue, improve efficiency and
4. **Ensuring the collection of receivables** to improve the level of cash available for business operations

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Action Plan

We are divesting from the Sports and Fashion segments following continued losses



THE DIVESTMENT PROGRAMME WILL ALLOW MARKA TO FOCUS ON F&B

Marka is focused on becoming a leader in the Hospitality market. To achieve this, a decision has been taken to move away from Sport and Fashion segments, which have historically contributed to losses and have diverted Management's attention from the performance of the F&B business. The divestment of a number of sport and fashion assets is already underway and is expected to be completed by the end of FY17.



Collection of disposal proceeds is ongoing

+13 other outlets

- Marka has already recognised a number of one-off provisions totalling AED 64m which primarily relate to management's estimate of the expected closure costs for the businesses to be exited.
- The Company may report further losses at 2017 year end as there is likely to be some inherent delay between the initiatives being implemented and the full effect of these initiatives being reflected in the company's results.

Action Plan

We retain a portfolio of businesses to drive future growth with a focus on hospitality

OUR BUSINESSES



Kreem Al Bahmani



Action Plan

Debt restructuring – negotiations are ongoing to reschedule Marka's debt obligations



RESTRUCTURING FACILITIES IS CRITICAL TO IMPROVE OUR CASH POSITION

Marka is in the final stages of negotiation with its lenders to reschedule loan repayments to better reflect our debt service capacity.

Debt rescheduling

- Remaining debt obligations are in the process of being rescheduled, including negotiations on improved principal and interest repayment terms to help reduce the cash burden on the company.

Debt repayment

- Asset disposal proceeds have helped de-leverage the Company and reduced future interest costs through the reduction of secured debt.
- Delevering the company is critical to improve stability and free up cash for the underlying business.

Management initiatives

Operational improvements - A number of initiatives implemented to improve profitability, quality, consistency and service



Initiative	Background
Cost cutting	Substantially cut down our head office costs having reduced staff costs by c.50% during 2017
Close down of non-performing stores	Identified and closed down non-performing stores
Stock control	Improved consistency of portion sizes and reduced stock losses through better controls and retraining of staff
Quality control	Recently hired a new chef from Abd El Wahab to improve the quality of our food and reinstate Reem Al Bawadi's brand
Catering	Leverage our state of the art central kitchen capacity to tap into the catering market
New Business Development team	Hired an experienced business development staff member with a focus on new initiatives to improve sales

Recent initiatives have had a proven positive effect. July 2017 showed an EBITDA loss of only c.AED 3m compared to an average monthly EBITDA loss of AED 12m from July 2016-June 2017

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Section 3 – Next steps

Summary of key messages



- Marka's total accumulated losses to date of AED 361m can be largely attributed to:
 - **the lower margin fashion and sport segments;** and
 - **the rapid expansion of the back office support functions in the initial years of operations which contributed to an unsustainable level of overhead costs.**
- **During FY17, the board has taken steps to sell or close the vast majority of fashion and sport brands, whilst also undertaking a significant reduction in overhead costs (staff costs have reduced by broadly 50%).**
- **Operational turnaround initiatives** focused on quality, consistency and improving profitability have been implemented across the remaining businesses, which now primarily comprises of Reem Al Bawadi and a number of smaller hospitality brands.
- Recent initiatives have had a proven positive effect. July 2017 showed an EBITDA loss of only c.AED 3m compared to an average monthly EBITDA loss of AED 12m from July 2016-June 2017.
- **The Reem Al Bawadi brand** is strong and this needs to be leveraged in the medium/long term strategy.

Next steps



Business stabilisation

- The immediate focus of the Board and the management team remains on the turn around initiatives already identified and implemented
- These initiatives will ensure Marka has a solid platform from which it can continue to grow

Debt restructure

- Finalise debt restructuring discussions with lenders to better reflect the debt service capacity of the business based on forecast financial performance

Cash

- Improving working capital through the collection of outstanding receivables and reduction in unnecessary overheads
- Improving store reporting procedures to obtain better visibility on forecast cash requirements

Business plan

- A medium-long term business plan will need to be formulated to reflect the strategy for the company once the stabilisation phase has completed