

BREAKFAST ROUNDTABLE MEETING WITH SAUDI SHEIKH ABDULLAH ALIREZA

Tuesday, April 25, 2017
8:00 – 10:15am

EisnerAmper LLP
750 Third Avenue, 16th Floor
New York, NY 10017

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Agenda

- 8:00** Registration, Breakfast and Networking
- 8:35** Greetings – Charles Weinstein, CEO, EisnerAmper
- 8:40** Introduction of our Guest Speaker – Paul Homsy, Esq.
- 8:45** Keynote Speaker – Sheikh Abdullah Alireza
- 9:00** Interactive Group Discussion
- 9:45** Post event Networking
- 10:15** Event Concludes

Keynote Speaker



HE Sheikh Abdullah A. Alireza

After nine years serving as a Saudi Minister (Minister of State, 2003-2008, and Minister of Commerce, 2008-2012), Sheikh Abdulla Alireza returned to the private sector with a particular focus on the corporate growth of Xenel Industries, one of Saudi Arabia's leading businesses, and related enterprises associated with his long-established family business.

He remains actively involved at the highest levels on matters related to Saudi-US relations. and looks forward to informative discussions while in New York City on his upcoming visit.

Abdullah Alireza most recently served as Minister of Commerce and Industry from March 2008 to January 2012. Previously, he served as a Minister of State without portfolio when he was appointed by King Fahd in 2003. He has been a Member of the Supreme Economic Council since 2005 and serves on the Board of Trustees of King Abdulaziz and his Companions Foundation for the Gifted.

During the last twenty years, Sheikh Abdulla has been Chairman of multiple businesses and organizations, including the Saudi Services & Operating Company, Saudi Energy Services Company Limited, Saudi Trade & Export

Development Company, and the Jeddah Chamber of Commerce. In addition, he is a former Chairman of the Council of Saudi Chambers of Commerce & Industry. Mr. Alireza has been Co-Chairman of the National U.S. Arab Chamber of Commerce since 1999, and is a member of the Commission for Industrial Cities & Technology Parks, and the Human Resource Development Fund.

Sheikh Abdullah works closely with academic institutions and non-profit organizations around the world promoting education and cross-cultural understanding. He obtained his B.A. in Political Science from Whittier College in California, and performed graduate work at Washington, D.C.'s American University and Georgetown University.

Our Hosts



CHARLES WEINSTEIN
Chief Executive Officer
EisnerAmper LLP

Charles Weinstein is the Chief Executive Officer of EisnerAmper LLP and a member of the firm's Executive Committee. With over 35 years of experience in the field of public accounting, Charly has held leadership positions throughout his entire career. Prior to the formation of EisnerAmper LLP, Charly was Managing Partner of Eisner LLP. The combination of Eisner LLP and Amper, Politziner & Mattia, which Charly oversaw, was recognized as "Deal of the Year" by the Association for Corporate Growth. Charly directed the merger of San Francisco-based accounting firm Harb, Levy & Weiland into EisnerAmper and has been instrumental in leading both merger-related and organic growth ever since.

In addition to his leadership position at EisnerAmper, Charly holds a number of corporate, industry and charitable positions. He helped to found and form EisnerAmper Global, an international network of independent member firms created to address the specialized needs of the financial services industry. Charly is an active member of the American Institute of Certified Public Accountants (AICPA), where he served on the Board of Directors and was Chair of the Major Firms Group. He is past-chairman of its Personal Liability Insurance Program and served on the Nominating Committee.

He is an active member of the New York State Society of Certified Public Accountants (NYSSCPA). For what is now the 5th year in a row, Charly has been selected for the National Association of Corporate Directors' "NACD Directorship 100," a grouping of the most influential people in corporate governance and the boardroom. Charly was previously named Accountant of the Year by the Association for Corporate Growth.

Charly serves on the Boards of Directors of the Legal Aid Society of New York City, where he is Chair of the Audit Committee and The Partnership for New York City. He is the author of *Establishing a Financial Framework For Your Company*, is a frequent speaker before professional audiences and has lectured at universities on the topic of ethics in public accounting. He served on the faculty for The Learning Annex, where he taught a course on accounting.

Charly is a cum laude graduate of the State University of New York at Binghamton, where he received his B.S. in Accounting.

OUR HOSTS



NICHOLAS TSAFOS

Partner

EisnerAmper LLP

Nicholas Tsafos is an Audit Partner with 25 years of diversified accounting and auditing experience. His practice is primarily devoted to hedge funds, private equity funds, broker-dealers in securities, registered investment companies and investment advisors. He also works with public companies and public offerings, as well as complex private companies. Nick is the Director and Chairman of the Board of EisnerAmper Global.

Nick provides accounting and auditing services to hedge funds, commodity funds, funds of funds, mutual funds, broker-dealers, investment advisors, and other financial services entities. He also assists investment partnerships in structuring their limited partnership agreements and offering memorandums. He is experienced in IPOs and other registrations, as well as the continuing reporting requirements of public companies. In addition, Nick has assisted international clients with the design and implementation of operational and internal control systems, and with due diligence and strategic acquisitions.

Nick is the author of “Selecting and Managing Service Providers,” published in Private Equity International’s The US Private Real Estate Fund Compliance Guide. He is a frequent speaker before professional audiences and is quoted in many professional publications.

OUR HOSTS



PAUL C. HOMSY

Partner

Eaton & Van Winkle

Paul Homsy has more than 30+ years of experience in the Middle East (in the Arabian Gulf countries in particular) and additional experience in cross-border transactions. Paul is also a senior advisor to the Volaw Group, a leading trust and wealth structuring firm in Jersey, the Channel Islands. Paul assists clients with business development and capital access through his consulting firm Noonmark Capital Partners and the New York law firm of Eaton & Van Winkle where he is a partner. Paul is considered one of the leading authorities on Islamic finance and Middle East law. He was previously a partner at Sidley & Austin and served as the managing partner of its Riyadh office for five years. He has developed a network of contacts with ultra-high net worth investors (both royal and non-royal), family offices, asset managers, banks, and sovereign wealth funds throughout the Arabian Gulf.

He also co-founded Integration Capital & Trade (ICT Oman), an investment bank with offices in Muscat, Oman and is Special Counsel to the law firm of Johnson & Pump/Mohamed Al Sharif in Riyadh. Paul served on the Board of Advisors of the Middle East Institute at Harvard University's John F. Kennedy School of Government and the Board of Directors and Executive Committee of the Arab Bankers Association of North America, and has chaired the American

Bar Association's Middle East Law Committee. He has appeared frequently as a Middle East commentator on CNBC Television, Bloomberg Television, Reuters TV, and other networks and has lectured on Islamic Law at a number of forums including Harvard University, the University of Pennsylvania, and King Saud University in Riyadh, Saudi Arabia.

OUR HOSTS



HARRY DUBLINSKY

EisnerAmper LLP

Harry Dublinsky is a Managing Director in the Real Estate and Construction Services Group with over two decades in business advisory and accounting. Harry has been extensively involved in many high-profile and complex transactions; advising clients, providing due diligence, and crafting creative solutions for transactions ranging from the launch of start-up companies to a \$6 billion REIT transaction. Harry has advised and provided assurance services to many leading enterprises including real estate organizations, technology firms, and startup companies.

As an avid networker, Harry has developed strong, working relationships with key industry leaders, public officials, global companies, investment banks, entrepreneurs, family offices, and high net worth individuals, often bringing together his client base at private forums to present new investment opportunities.

Harry routinely gathers the brightest business minds to participate at various business events, ranging from intimate roundtables to co-founding the marquee EisnerAmper Real Estate Private Equity Summit which draws more than 500 attendees.

In recognition of his achievements, Harry was elected to The Counselors of Real Estate (CRE), an exclusive nationwide organization of real estate advisors. He is a past chairman of the Real Estate Committee of The New York State Society of CPAs. Over the course of his career, Harry spent six years at Big 4 firms and more than seven years in private industry.

Network & Event Partner

CollabNet is pleased to coordinate today's **Breakfast Roundtable with Saudi Sheikh Abdullah Alireza**. This networking event is a testament to the informative experience that we curate in facilitating a "roundtable exchange of ideas" between industry leaders and senior peer professionals.

We partner with sponsoring organizations like EisnerAmper LLP and Eaton & Van Winkle LLP to collaborate and actively promote these type of exclusive events which are hosted in a collegial and discreet setting conducive to a candid exchange of actionable ideas.

CollabNet was founded by Mark Pearlman & colleagues to create the Next Generation Professional Network. Harry Dublinsky and Paul Homsy are senior advisors to Collabnet.

Mark and his group have extensive industry experience in launching and developing organizations with strong expertise in marketing, media, finance, event planning and client engagement. As participants in professional and investor groups, they have always wanted the opportunity to belong to a collaborative network that truly met their needs and provided an experience with which they would be proud to associate with. CollabNet is just that organization. With your participation and candid input, we seek to offer a unique mix of valuable content and peer networking in a stimulating collegial environment.

Come Collab with us

We welcome your feedback on today's event. Please suggest topics, leaders and companies that you recommend. CollabNet is looking to offer the best possible events and professional network. Please feel free to Contact Mark Pearlman via www.thecollabnet.com or call 212.650.0123.

Mark Pearlman

Mark Pearlman has 30+ years of experience as a marketing and business strategy executive with extensive expertise in financial management, direct investing and organizational development & leadership. As a HNW investor and charity donor, he participates in a wide range of investment, family office and nonprofit conferences and meetings.



Mark collaborates with a select number of investment firms to develop and execute market-changing strategies to generate AUM and build a leadership position for the partnering firm. Currently, he collaborates with one of the largest China-based Asset Management firms to develop and execute a rollout strategy to build a market leadership position in the United States.

Mark was part of the original executive team that launched the Fox News Channel under Roger Ailes. Previously, he held numerous upper management positions at CBS.



Saudi Vision 2030

Opportunities and Challenges

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Introduction

Saudi Arabia has begun a transformation from an economy dominated by public sector spending and oil export revenues to a diversified economy, where the private sector will take over as the main engine of economic growth. The goals and objectives are set forth in two documents recently approved by the Saudi Government, namely Saudi Vision 2030 (Vision 2030) and the National Transformation Program 2020 (NTP). This ambitious transformation will bring with it challenges and opportunities in the coming years.

Background

Saudi Arabia has developed rapidly over the last eighty years since the discovery of oil in 1939. During the first few decades of this period oil prices remained relatively low but starting in the mid 1970's oil prices increased which led to the economic boom of the 1970's and 1980's, the construction of a modern infrastructure, growth of the urban centers, the increase in Saudi oil production, and the establishment of numerous joint ventures between Saudi and foreign companies. This growth was accomplished by a massive inflow of foreign workers while Saudi nationals were primarily employed in the public sector.

Oil prices collapsed in 1986 and 1987 which led to a slow down but again rose rapidly during the 2003 to 2014 oil price boom. During this period, Saudi Arabia's GDP doubled and Saudi Arabia became the 19th largest economy in the world. Like the first oil boom, the Saudi Government invested in infrastructure, healthcare, and transportation. Defense spending continued to account for a significant portion of Government allocations.

There were several important differences between the first oil boom and the second one which have greatly affected the

direction of Saudi Arabia's national transformation program as described in Vision 2030 and the NTP. First, Saudi Arabia experienced rapid population growth. Despite high oil prices, Saudi Arabia, with one of the highest percentages of youth populations in the world, experienced a dramatic increase in youth unemployment. Second, the late King Abdullah started Saudi Arabia down the path of increasing liberalization with women entering the work force and Saudi Arabia liberalized access to its economy by joining the World Trade Organization and opening many of its business sectors to 100% foreign ownership. Third, Saudi Arabia developed a dynamic stock market and started opening Saudi listed companies to foreign ownership. Fourth, the Arab Spring and subsequent regional turmoil has brought about a rethinking of traditional ways of doing business and government policies.

Challenges: Declining Oil Prices and Fiscal Deficits

Oil prices dropped from a high of \$110 per barrel in 2014 to a low of around \$28 in January 2015, which has partially recovered to the \$40 to \$50 range. While Saudi Arabia's goal over the last few decades has been economic diversification, the economy still depends heavily on oil revenues which account for 90% of total government revenues (See " Moving Saudi Arabia's Economy Beyond Oil", McKinsey Global Institute, December 2015 ("McKinsey Report")).

The Saudi economy doubled in size from 2003 and 2013 during the second oil boom. Economic growth depended on oil exports and government public sector spending (McKinsey Report). However, in 2015, Saudi Government expenditures reached \$260 billion while the deficit reached \$98 billion. Unless oil prices return to oil boom levels, Saudi Arabia, without the transformation program, could face the rapid depletion of its monetary reserves to cover fiscal deficits.

Unemployment

Saudi unemployment is around 12% while unemployment among youth (15-25 years old) is around 43%. Unemployment among Saudi women is even higher as many more Saudi women are receiving higher education and entering the work force. According to Vision 2030, the private sector will need to employ 4.1 million Saudis by 2030 and create a total of 8 million jobs in the public and private sector by that year (see "Arab News", August 7, 2016).

Overdependence on Foreign Labor

The second oil boom during 2003 to 2013 was accompanied by a rapid increase of foreign workers and their families, which now comprise one third of the Saudi population. Despite Saudization efforts going back to the 1980s, foreign workers, mostly from South Asia, comprise over half of the total workforce. It is no simple matter to substitute Saudis for these foreign workers as many of them are employed in low pay unskilled jobs. Saudis are mostly employed in the public sector, where salaries are higher than the private sector.

Broad Goals and Commitments of Saudi Vision 2030

Vision 2030 sets forth, in broad strokes, various goals, and commitments to shift the Saudi economy from oil dependence and the domination of the public sector to a more diversified economy, less reliant on oil exports, and more focused on the private sector. There will be a particular emphasis on developing sectors that have the maximum potential for employing Saudis and on growing businesses that can compete within Saudi Arabia and globally. Behind these efforts is an overall goal of knowledge transfer and creating an entrepreneurial culture.

Prince Mohammed Bin Salman, the Saudi Deputy Crown Prince, announced that Vision 2030 is based on three pillars:

1. Saudi Arabia is the "heart of the Arab and Islamic worlds".
2. Saudi Arabia will become a "global investment powerhouse which will be used to stimulate our economy and diversify our revenues".
3. Saudi Arabia is strategically located and can be a hub for global trade among Europe, Asia, and Africa.

Public Investment Fund and Aramco

Aramco is the economic crown jewel of Saudi Arabia. Aramco

controls the world's largest oil reserves and has a value of up to \$3 trillion. Key to Saudi Arabia's transformation is converting Aramco from an oil production and export company "into a global industrial conglomerate" and making the Saudi Public Investment Fund (PIF) the world's largest sovereign wealth fund by transferring ownership of Aramco to PIF. The first step in unlocking value from Aramco would be to publically list five percent of Aramco on one or more stock exchanges and allow foreigners to subscribe to this IPO. Such an IPO is expected to yield \$150 billion to PIF.

PIF was established in 1971 to invest in projects that are strategic to the development of Saudi Arabia's economy. PIF has about \$160 billion in assets and holds stakes in Saudi Telecom, Saudi Basic Industries Corp., one of the world's largest petrochemical manufacturers, Tadawul (Saudi stock exchange), and the National Commercial Bank, the largest Saudi bank. PIF has also made some significant overseas investments including the purchase of a 38% stake in South Korea's POSCO Engineering and Construction Co. for \$1.1 billion and a 5% stake in Uber.

PIF would become more actively involved in making acquisitions around the world and encourage international expansion of Saudi companies by investment in such companies. Saudi Arabia is also planning to tap global debt markets through a series of international bond sales. PIF will also invest in emerging technologies on a global basis and broaden foreign access to Saudi Arabian capital markets while building a sophisticated financial system and market for equity, debt, and derivatives. Saudi Arabia will also broaden its relationships with countries in the Middle East and internationally to facilitate trade and technology transfer. It appears that PIF intends to expand its foreign investments from 5% currently to 50% by 2020.

Mining Sector

Saudi Arabia has substantial mineral resources besides oil, which include aluminum, phosphate, gold, copper, and uranium. The NTP has targeted this sector to contribute about \$28 billion to Saudi GDP and create 90,000 jobs. Saudi will adopt various structural reforms and new licensing procedures to encourage private investment in this sector including partnerships with international mining companies which will have a side benefit of increasing the competitiveness and productivity of Saudi companies. A key challenge to expansion of the mining sector, as well as a

business opportunity for construction and finance companies, will be creating the internal infrastructure to transport and ship the raw materials or refined products to export markets. Given Saudi Arabia's low cost of energy, it can be expected that much of the metals will be smelted or refined in Saudi Arabia.

Defense Industry

Saudi Arabia currently has the third largest annual defense budget in the world (approximately \$87 billion) after the United States and China. Only 2% of this budget is spent within Saudi Arabia. Saudi Arabia intends to develop its local defense sector source 50% of its military equipment within Saudi Arabia by 2030, including sophisticated equipment such as military aircraft. Such a program will present various opportunities for joint ventures, and technology transfer agreements with foreign military contractors.

Retail Sector

Saudi Vision wants to expand the retail sector by opening this sector to modern and international brands with the expectation that this sector can employ one million Saudis. The Saudi retail sector is relatively undersupplied and there is substantial room for growth by foreign retailers and mall developers, especially outside the main urban centers of Jeddah, Riyadh, and Dammam/Al Khobar. E commerce will also be increased.

Renewable Energy

Saudi domestic consumption of oil has increased dramatically and now accounts for 25% of total Saudi oil production ("Wall Street Journal", July 2, 2015). Vision 2030 targets the development of a local renewable energy industry, including nuclear, solar, as well as natural gas, in order to increase the amount of crude oil for export.

Tourism, Culture, and Entertainment

Currently, the only tourism allowed is religious tourism, i.e. pilgrimages to the Holy Cities of Mecca and Medina. Approximately 8 million Muslim pilgrims visited Saudi Arabia in 2015. Saudi Arabia would like to increase the capacity to receive pilgrims to 15 million by 2020 by improving related services and infrastructure.

Vision 2030 also contemplates the expansion of the entertainment and cultural sectors, with local and international investors and entertainment companies as well

as an increase in the number of libraries, museums, and cultural events.

Healthcare

Despite low oil prices, the Saudi Government increased the 2015 health budget by 48% to approximately \$42 billion. Vision 2030 mentions that public corporations will have the primary role in developing healthcare although they will also help prepare for a shift to privatization in the long term.

The Saudi healthcare market is expected to expand at a CAGR (Compound Annual Growth Rate) of 11.4% through 2018 (see "Oxford Business Group Report" on Saudi Healthcare Sector). Saudi Arabia will continue to prioritize the healthcare sector even with low oil prices. Saudi Arabia is expected to also try to attract more outside investors into the pharmaceutical production sector as well as other parts of the Saudi healthcare sector.

Miscellaneous Other Initiatives

Vision 2030 calls for a number of other goals and initiatives including the following:

1. Better utilization of the extensive Saudi subsidies for food, fuel, water, and electricity by "redirecting them towards those in need".
2. Emphasis in education on vocational training, technology, and entrepreneurship.
3. Improving access to funding for small and medium size business.
4. Equal opportunity for men and women.
5. Improving working and living conditions for non-Saudis including ownership of real estate.
6. Establishing special economic zones including logistic, tourist, industrial, and financial zones.
7. Restructuring the Saudi economic cities and the King Abdullah Financial City.
8. There will be no taxes on income or wealth of Saudi citizens and the emphasis will be on more "efficient spending by the government".

Key NTP Initiatives

The NTP provides a number of interim objectives to be accomplished by 2020 in order to facilitate the goals of Vision 2030, which include the following:

1. A balanced budget through improved financial governance.
2. Creation of more than 450.000 jobs.
3. Private sector takeover of 40% of the funding of the NTP goals through private/public sector partnerships and privatisations.
4. Redirect or change government spending programs and projects.
5. Increase the supply of residential housing through incentives to real estate developers, improved licensing procedures, and the like.
6. Increase vocational training and improve the overall education system.
7. Increase non- oil exports from approximately \$55 billion to \$100 billion.
8. Increase value add domestic production of imported products and increase the sourcing of local products and services for Aramco and other purchasers.

Vision 2030 and the NTP call for major transformations that touch every aspect of the Saudi economy and society in general. These broad goals will require time and detailed planning and legislative changes for implementation. While these transformations re designed to make Saudi Arabia more self-reliant in terms of human resources and the growth of local industry, Saudi Arabia will also adopt changes to broaden access to foreign technology, expertise, and capital.