

MENA PE Deal space – March 2015

Private equity (PE) deal activity in the MENA region remained steady in March. Two deals were struck in March (the same number as in February). The financial terms of these deals were not disclosed. In Q1 2015, five deals were signed in the MENA region. Saudi Arabia witnessed the highest PE deal activity, bagging four of the five deals struck during the quarter. The deals were signed across a range of sectors. No particular PE fund or firm garnered more than one transaction. Moreover, the first dual listing of a company for the year was completed in March, when Orascom Construction Limited listed on NASDAQ Dubai and the Egyptian Exchange.

The MENA PE market continues to be attractive. Although the UAE and Saudi Arabia would remain dominant in terms of attracting PE activity, the Egypt market is set to witness a strong revival. We expect significant PE interest in consumption-led sectors, such as healthcare, education, retail, and food and beverage, which are relatively less impacted by changes in oil prices.

Exhibit 1: PE Deal Value (US\$ M) & Volume—2014

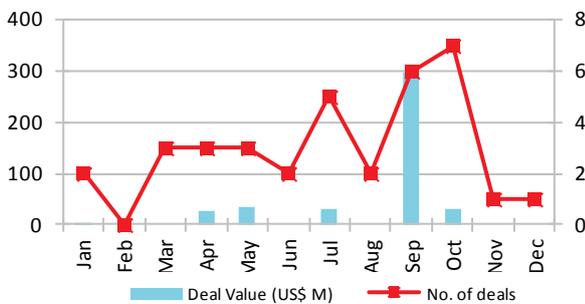
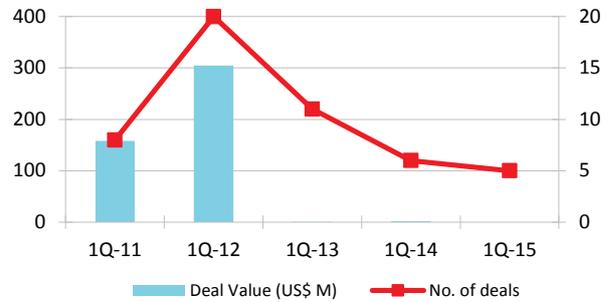


Exhibit 2: PE Deal Value (US\$ M) & Volume



Source: Zawya, Thomson ONE Banker, Al Masah Capital Research

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On March 23, Jadwa Investment announced the acquisition of a majority stake in Saudi Mechanical Industries (SMI) for an undisclosed amount. The Arab Petroleum Investments Corporation (APICORP) joined Jadwa Investment in the deal. Jadwa acted through the Jadwa Mechanical Opportunities Fund. Founded in 1982, Saudi Arabia-based SMI is an engineering company, which manufactures a variety of products with a focus on fluid flow and control equipment. The product range includes engineering components, pumps, gear drives, and steel and bronze bars for use in industries including oil & gas, infrastructure, automotive, agriculture and mining. Established in 2005, Saudi Arabia-based Jadwa Investment is an investment management and advisory firm with assets under management (AuM) worth more than US\$5 billion in public equity, PE, real estate and fixed income. Founded in 1975, Saudi Arabia-based APICORP is an investment company aiming to drive development in the Arab world's energy industries through equity and debt finance.

On March 19, First Equity Partners (FEP) announced the acquisition of 67% stake in White House Securities (WHS). FEP acted through its affiliate FEP Egypt Direct Investment and Asset Management. Established in 1995, Egypt-based WHS is an intermediary that enables small and medium companies to list on the NILEX (Nile Stock Exchange). Founded in 2011, Bahrain-based FEP engages in private equity, enterprise development, corporate finance, business advisory and mergers and acquisitions (M&As), focusing on buyouts, growth capital and distressed turnarounds. It has AuM worth over US\$3 billion.

Exhibit 3: Deals in MENA PE space – March 2015

Company Name	Date	Company Nation	Deal Value (US\$ Million)	Sector	Firm/Fund
Saudi Mechanical Industries	March 23, 2015	Saudi Arabia	-	Industrials	Jadwa Investment
White House Securities	March 19, 2015	Egypt	-	Financials	First Equity Partners

Source: Zawya, Al Masah Capital Research

MENA PE exit deals – March 2015

On March 10, the Abraaj Group announced that it sold its majority stake in Egypt-based ECCO Outsourcing to the Saham Group for an undisclosed amount. Abraaj had invested in ECCO Outsourcing in April 2013. Established in 2002, ECCO Outsourcing offers BPO, customer relationship management, human resource outsourcing, IT outsourcing and training services. It is one of Egypt's leading BPO firms, employing over 3,000 people across delivery centers in Egypt and Qatar. Founded in 2002, Dubai-based Abraaj Group is a PE firm with AuM worth more than US\$7.5 billion.

On March 9, the Markaz Real Estate Opportunities Fund announced the sale of its full stake (38.5%) in Jordan Commercial for US\$3.99 million. The fund had invested US\$3.47 million in Jordan Commercial in 2008. The transaction realized an IRR of 2.81%. Established in 2006, Bahrain-based Markaz Real Estate Opportunities Fund invests in real estate projects in the MENA region.

Exhibit 4: Deals in MENA PE space – March 2015

Company Name	Date	Company Nation	Deal Value (US\$ Million)	Sector	Firm/Fund
ECCO Outsourcing	March 10, 2015	Egypt	-	Business Services	Abraaj Group
Jordan Commercial	March 9, 2015	Jordan	3.99	Others	Markaz Real Estate Opportunities Fund

Source: Zawya, Al Masah Capital Research

MENA PE News Wrap-up

Bahrain-based Investcorp announced that it signed an agreement to acquire Nobel Learning in partnership with Mumtalakat. The financial terms of the deal were not disclosed. Founded in 1984, Nobel Learning is a US-based private education firm that operates a network of 176 schools across 18 states. It has about 5,000 teachers and staff, and 25,000 students. Established in 1982, Investcorp is a manager of alternative investment products for private and institutional clients with AuM worth over US\$11 billion. Founded in 2006, Mumtalakat is the sovereign wealth fund of Bahrain with AuM worth over US\$7 billion. (March 30, 2015)

Shuaa Capital and the Cayan Group signed an agreement to set up a real estate development fund. The AED1 billion fund is aimed at the construction of a residential and hotel apartment project in Dubai. Established in 2003, Saudi Arabia-based Cayan Group is a property developer and real estate investment group with a portfolio including residential complexes, commercial towers and centers, hospitality projects and multipurpose gated communities. Founded in 1979, Shuaa Capital is a Dubai-based financial services provider focused on asset management, investment banking and capital markets. It has AuM worth more than US\$250 million. (March 26, 2015)

Middle East Venture Partners (MEVP) and Greenstone Equity Partners entered into a partnership to raise about US\$15 million for the MEV2 II fund. The fund is expected to leverage the large digital market, which is driven by rapidly changing consumer preferences including smartphone adoption, e-commerce and internet usage. Established in 2010, MEVP is a Lebanon-based venture capital firm that invests in the early and growth stages of innovative companies. It primarily focuses on consumer technology, consumer products, digital companies, internet start-ups and enterprise companies. MEVP has over US\$100 million worth of AuM. Greenstone Equity Partners is a MENA-focused boutique investment and advisory firm specializing in multi-sector, advisory, fund placement, investment, consulting and deal structuring transactions. (March 24, 2015)

Dubai Investments announced that it entered into a joint venture partnership (50:50) with RED House SAL to manage and operate real estate development projects across Saudi Arabia. Established in 2005, RED House SAL is a Lebanon-based real estate company that specializes in real estate projects across MENA and emerging markets. Founded in 1995 and listed on the Dubai Financial Market, Dubai Investments is an investment company focused on financial investments, real estate development and M&As. Its portfolio includes Glass LLC, Dubai Investments Industries, Masharie Company LLC, Dubai Investment Park, Dubai Investments International, DI Real Estate Company and Al Taif Investment. (March 22, 2015)

Flat6Labs and ArabNet announced the launch of a new seed fund in Lebanon to run Flat6Labs Beirut's seed investments as well as to make selective early- and growth-stage investments. Flat6Labs Beirut would be Flat6Labs' fourth start-up accelerator. Established in 2011, Egypt-based Flat6Labs is a regional start-up accelerator program that fosters and invests in bright and passionate entrepreneurs with cutting-edge ideas. It has more than 180 mentors and speakers, in addition to over 30 local, regional and global partners to cater to its entrepreneurs, with over 7,000

Source: Zawya, Others

MENA PE News Wrap-up (cont.)

hours of training over the past three years. Founded in 2009, Lebanon-based ArabNet promotes growth in the web and mobile sectors in the Arab world. It aims to build business bridges across the MENA region, drive growth of the Arab digital knowledge economy, and support the creation of businesses and job opportunities. (March 18, 2015)

BLOMINVEST Saudi Arabia announced that it signed an agreement with SinoGulf to develop an industrial logistics park in Riyadh through a private fund (worth SAR1.15 billion) to be managed by BLOMINVEST. The project would cover an area of 1.1 million sq. m. and involve the development of warehouses, office space and labor camps over four years. Founded in 2008, BLOMINVEST Saudi Arabia is an investment company that specializes in asset management, financial advisory services and PE investments. Established in 2003, Saudi Arabia-based SinoGulf forms strategic partnerships with Saudi-based companies to facilitate project execution and for the development of real estate in Saudi Arabia. (March 18, 2015)

Investcorp announced that its US-based real estate arm acquired a portfolio of residential properties in Washington D.C., Orlando, San Diego and Baltimore for approximately US\$300 million. The four properties have a total area of over 2.1 million sq. ft., with approximately 1,900 multi-family and student housing units. As of December 31, 2014, Investcorp's real estate group had AuM worth approximately US\$1.5 billion. (March 17, 2015)

The Chief Executive of Alkhabeer Capital announced that the firm plans to apply for listing on the Saudi Stock Exchange later this year. Founded in 2004, Saudi Arabia-based Alkhabeer Capital is an asset management and investment banking firm with a focus on the PE, real estate and capital markets. It has more than US\$660 million worth of AuM. (March 4, 2015)

The Abraaj Group announced that it has partnered with three financial institutions to set up the North Africa Hospital Holdings Group, a US\$200 million healthcare group focused on Egypt and Tunisia. Abraaj would be the main investor with US\$145 million of investment. Founded in 2002, Dubai-based Abraaj Group is a PE firm with more than US\$7.5 billion worth of AuM. (March 2, 2015)

Gulf Capital announced that it is likely to complete four to six acquisitions this year. The firm is focusing on sectors such as healthcare, retail, food and education, as consumer-driven sectors in the Gulf are expected to grow despite low oil prices. Founded in 2006, Abu Dhabi-based Gulf Capital has more than US\$3.3 billion worth of AuM across PE, credit and real estate. (March 1, 2015)

Source: Zawya, Others

MENA IPO news

Orascom Construction Limited listed on NASDAQ Dubai and the Egyptian Exchange. The company raised US\$185 million through the issue of 12.98 million shares (11% stake). The IPO was oversubscribed 5.1 times. On NASDAQ Dubai, the shares listed at a premium of 2.9% to the issue price. On the Egyptian Exchange, the shares listed at a discount of 0.92%. CI Capital Holding, EFG-Hermes and HSBC Bank Middle East were the lead managers. Orascom Construction is an engineering, procurement and construction firm, incorporated in the DIFC. (March 9, 2015)

Source: Zawya, Others



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