

Economic Overview

In July 2015, IMF lowered global growth forecast to 3.3% from 3.5% due to subdued economic activity in advanced economies, particularly North America, during the first quarter. However, IMF expects a gradual pick in advanced economies and a slowdown in emerging and developing economies for the remainder of 2015. The outlook for advanced economies reflects signs of improvement, owing to strong boost in disposable incomes from lower oil prices, continued support from accommodative monetary policy stances, and moderate fiscal adjustments. In the US, underlying growth remains solid with the economy being resilient to the weaker external conditions and strengthening dollar, but investment still has to recover. In the Eurozone, IMF believes that growth is more robust in European advanced economies outside the Euro area. In the emerging and developing economies, IMF expects growth to slowdown due to lower commodity prices, higher external financial conditions, structural bottlenecks and economic distress related to geopolitical factors. Nevertheless, IMF expects global growth to strengthen in 2016 and reach 3.8%.

Despite a slump in oil prices and increasing regional conflicts, the economic activity in MENA region is expected to pose modest recovery in 2015. The IMF expects growth in the oil-exporting countries to remain steady at 2.4% in 2015, while the growth in the oil-importing countries will strengthen from 3.0% in 2014 to 4.0% in 2015, supported by a gradual recovery in the Eurozone, improved domestic confidence and more accommodative policies. Growth forecast for GCC is 3.4%, while the non-GCC MENA countries are expected to register 2.0% growth in 2015. The robust growth in non-oil sectors in the GCC, driven by government's diversification strategy, will help partially offset the decline in oil prices.

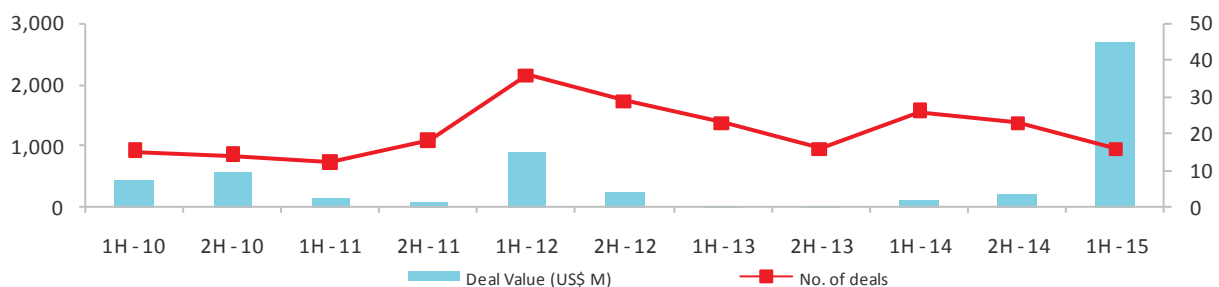
PE Activity

The global PE activity remained buoyant in 1H 2015. According to Preqin, 1,616 deals amounting to USD 199 billion were concluded in 1H 2015 compared to 1,476 deals worth USD 159 billion¹ in 1H 2014. The total value of deals reported in 1H 2015 was the largest since 2H 2007. In terms of number of deals, industrial sector led with 384 deals amounting to USD 19 billion, whereas in terms of value, Food & Agriculture sector witnessed deals worth of USD 45 billion, both accounting for around one-fourth of the total in 1H 2015. In terms of geography, the US reported 874 PE deals amounting to USD 111 billion, around 55% of global deals both in terms of volume and value during the period.

The MENA region witnessed sixteen PE deals worth USD 2,677.3 million¹ during 1H 2015 compared to twenty-six deals worth USD 128.7 million¹ in 1H 2014. Although the number of deals were lower, the deal value was higher compared to the same period of the previous year. Excluding the USD 2.64 billion deal in Algeria, the total value of deals in MENA was USD 34.25 million¹ in 1H 2015. In terms of volume, 1H 2015 recorded the lowest number of deals since 1H 2011. The UAE and Saudi Arabia witnessed the largest number of deals in 1H 2015, while Algeria led in terms of value.

Slowdown in regional PE activity can largely be attributed to lower oil prices and intensifying conflicts. Additionally, the deal size has also declined considerably compared to same period of previous year. However, with stabilization in oil prices, the PE activity during 2H 2015 should pick up, especially in consumption-led sectors such as Healthcare, Education, Retail and F&B. The UAE, Saudi Arabia, Lebanon and Egypt are expected to be frontrunners in PE activity during 2H 2015.

Exhibit 1: MENA PE Deal Value & Volume (Half yearly)



Source: Zawya, ThomsonOne Banker

¹ Disclosed value of deals

Top Countries in MENA PE Deal Activity – 1H 2015

In terms of volume, the UAE and Saudi Arabia reported four PE deals each in 1H 2015, followed by Lebanon with three deals, Jordan and Egypt with two deals each. In terms of value, Algeria reported the largest deal size during 1H 2015, with VimpelCom and its subsidiary Global Telecom Holding (GTH) closing the sale of its 51% stake in Omnimium Telecom Algeria SpA (formerly, Orascom Telecom Algérie SpA) to the Algerian National Investment Fund for USD 2.64 billion.

The four deals in the UAE were worth USD 5.4 million. Out of which, three deals amounting to USD 3.75 million were concluded by Middle East Venture Partners in Retail, Healthcare and IT sectors. The deals in Egypt, Lebanon and Jordan were worth USD 25 million, USD 3.1 million, and USD 0.8 million respectively. The values for the four deals struck in Saudi Arabia were not disclosed.

Exhibit 2: Top Countries by Deal Value (USD M)

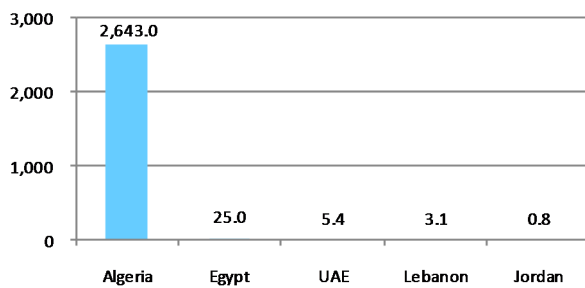
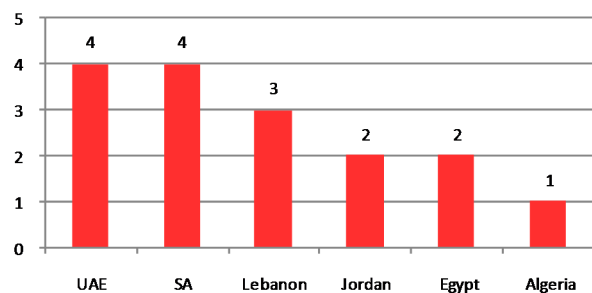


Exhibit 3: Top Countries by Number of Deals



Source: Zawya

Top Sectors in MENA PE Deal Activity – 1H 2015

In terms of number of deals, around two-thirds were concluded in IT, Retail and Healthcare sectors during 1H 2015. Telecom, Financial Services, Industrial Manufacturing, Food & Agriculture, Oil & Gas and Media witnessed one deal each during the period.

In terms of value, top two deals worth USD 2.6 billion and USD 25 million were recorded in Telecom and Oil & Gas sector, respectively. Five deals in IT were valued at USD 5.95 million while three deals in Retail worth USD 2.2 million and two deals in Healthcare worth USD 1.1 million, were struck during 1H 2015.

Middle East Venture Partners was involved in all the five IT deals through its MEVF II and IMPACT Funds. Out of the five deals, three deals were concluded in Lebanon and one each in UAE and Jordan.

Exhibit 4: Top Sector by Deal Value (USD M)

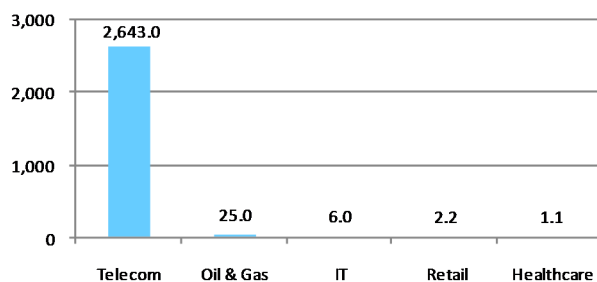
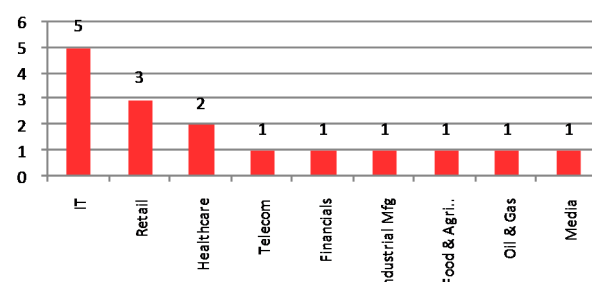


Exhibit 5: Top Sector by Number of Deals



Source: Zawya

MENA PE Exit Deals – 1H 2015

A total of four exit deals were reported during 1H 2015, with Egypt, Jordan, Lebanon and the UAE witnessing one deal each. Of the four exit deals, two deals, worth USD 36.21 million, were in Real Estate sector while the values for one deal each in Education and Healthcare sectors were not disclosed.

In June 2015, the largest exit deal was announced by Markaz Real Estate Opportunities Fund as they sold 100% stake in Clemenceau for USD 32.22 million. The fund had invested USD 19.97 million in Clemenceau in March 2006, resulting into an IRR of 9.97%. Established in 2006, Bahrain-based Markaz Real Estate Opportunities Fund primarily invests in Real Estate projects in the MENA region. Clemenceau operates in the Lebanese Real Estate sector.

In February 2015, CedarBridge High Growth Fund sold its 5% stake in Egypt-based, Cairo for Investment & Real Estate Development for an undisclosed amount, with the transaction realizing an IRR of 28%. The fund primarily invests in SME opportunities across Retail, Healthcare and Education sectors. Cairo for Investment & Real Estate Development owns and operates elementary, secondary, K-12 schools and universities along with providing civil contracting services for commercial buildings.

In June 2015, TVM Healthcare MENA I's 38% stake in ProVita International Medical Center LLC was sold to NMC Health plc at an undisclosed amount. The fund primarily invests in Healthcare and Pharmaceutical sector in the MENA region. ProVita International Medical Center LLC is an operator of Abu Dhabi-based medical clinic.

In March 2015, Markaz Real Estate Opportunities Fund announced the sale of its full stake (38.5%) in Jordan Commercial for USD 3.99 million, realizing an IRR of 2.81%. The fund had invested USD 3.47 million in Jordan Commercial in 2008.

Exhibit 6: MENA PE Exit Deals during 1H 2015

Company Name	Date	Company Nation	Deal Value (USD M)	Sector	Fund/Company Name
Cairo for Investment & RE Development S.A.E.	February 19, 2015	Egypt	-	Education	CedarBridge High Growth
Jordan Commercial	March 9, 2015	Jordan	3.99	Real Estate	Markaz Real Estate Opportunities Fund
Clemenceau	June 9, 2015	Lebanon	32.22	Real Estate	Markaz Real Estate Opportunities Fund
ProVita International Medical Center LLC	June 15, 2015	UAE	-	Healthcare	TVM Healthcare MENA I

Source: Zawya

MENA Fund Raising Activity—1H 2015

In 1H 2015, six regional PE funds announced plans to raise a total of USD 2 billion. Among the six PE funds, FourWinds Capital Infrastructure Fund announced plans to raise USD 1.0 billion while CedarBridge High Growth II and Auvest MENASA Opportunities Fund I L.P. plan to raise USD 500 million and USD 300 million respectively. Other notable fund raising activities during the period involved Leap Ventures Fund I, Sawari Ventures II, and Middle East Venture Fund II (MEVF II) with a target size of USD 90 million, USD 50 million and USD 15 million respectively.

FourWinds Capital Management, the financial services and asset management arm of FourWinds Group of Companies, establishment a USD 1.0 billion new fund dedicated to infrastructure investments in Egypt. The company views this fund as a milestone in its quest to be part of Egypt's economic development, thereby expanding its scope in the region. The FourWinds Group of Companies was founded in 2005, as a specialized group focusing on investments and projects in Infrastructure, Industry, Natural Resources and Real Estate.

In 1Q 2015, CedarBridge announced plans to raise funds for its CedarBridge High Growth II Fund with an initial target size of USD 500 million and an expected return of approximately 30%. CedarBridge High Growth II was launched in 2013 and primarily invests in SME opportunities across the Retail, Healthcare and Education sectors.

On 15 May 2015, the Abraaj Group, a leading investor operating in global growth markets, announced its commitment of USD 30 million to the Auvest MENASA Opportunities Fund I L.P. Through this investment, Abraaj established its role of a cornerstone investor in the fund, which intends to raise approximately USD 300 million to invest in the small and medium enterprise (SME) sector across the Middle East, North Africa and South Asia (MENASA) region. The commitment by Abraaj also marks the formal launch of the fund, which is sponsored and managed entirely by the Auvest Group.

Exhibit 7: Fund Raising in MENA during 1H 2015

Fund Name	Status	Announced Date	Fund Manager	Target Size (USD M)
FourWinds Capital Infrastructure Fund	Announced	March 2015	Four Winds Capital Management	1,000
CedarBridge High Growth II	Fund Raising	Q1 2015	Cedar Bridge	500
Auvest MENASA Opportunities Fund I L.P.	Fund Raising	May 15, 2015	Auvest Partners Limited	300
Leap Ventures Fund I	Fund Raising	March 2015	Leap Ventures	90
Sawari Ventures II	Fund Raising	April 2015	Sawari Ventures	50
Middle East Venture Fund II (MEVF II)	Investing	April 2015	Middle East Venture Partners	15

Source: Zawya

According to Preqin, global private equity fundraising in 1H 2015 was lower, with the closing of 457 funds, raising an aggregate USD 233 billion, vis-à-vis 580 funds, raising USD 272 billion in 1H 2014. Blackstone Real Estate Partners VIII was the largest fund to close during the period, securing USD 14.5 billion.

MENA IPO Activity—1H 2015

During 1H 2015, the MENA region witnessed sixteen IPOs worth USD 914.9 million. In terms of size, Egypt-based Industrial Manufacturing firm—ASEC Company for Mining, raised the largest amount of USD 150 million. This was followed by Saudi Company for Hardware (USD 134.4 million) and GB Auto S.A.E. in Egypt (USD 127.1million).

Country-wise, Egypt witnessed seven IPOs, the largest during the period, followed by four in Saudi Arabia. In terms of value, Egypt and Saudi Arabia led with IPOs worth USD 304.1 million and USD 279.7 million respectively. Sector-wise, Financial services led in terms of volume and value, with six IPOs worth USD 294.5 million, followed by Industrial Machinery with four deals worth USD 294.3 million.

Exhibit 8: IPO Value & Volume, by Country

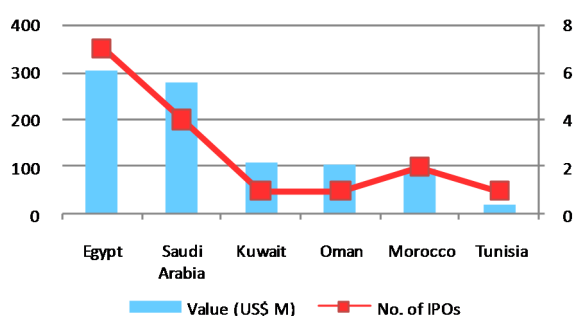
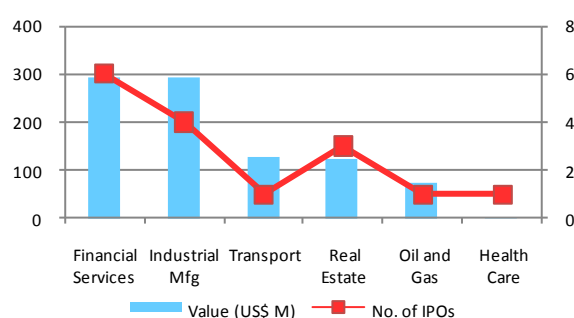


Exhibit 9: IPO Value & Volume, by Sector



Source: Zawya

Exhibit 10: Major IPOs Closed in MENA – 1H 2015

Company Name	IPO Close	Company Nation	Size (USD M)	Sector	Advisors
ASEC Company for Mining	April 9, 2015	Egypt	150.00	Industrial Manufacturing	-
Saudi Company for Hardware	April 28, 2015	Saudi Arabia	134.40	Industrial Manufacturing	HSBC Saudi Arabia Limited
GB Auto S.A.E.	April 30, 2015	Egypt	127.08	Transport	-
Investors Group Holding Company K.S.C.	March 23, 2015	Kuwait	107.98	Real Estate	-
Bank Sohar S.A.O.G.	April 29, 2015	Oman	104.01	Financial Services	-
Total-Maroc	May 15, 2015	Morocco	73.90	Oil and Gas	Attijariwafa Bank, Societe Generale Maroc
Saudi United Cooperative Insurance Co	May 19, 2015	Saudi Arabia	64.00	Financial Services	-

Source: Zawya

In terms of fundraising, global IPO activity continued to show strength. Data compiled by E&Y suggests that USD 103.7 billion was raised from 631 IPOs during 1H 2015 compared to USD 118 billion from 588 IPOs during the same period of the previous year. Although, the number of IPOs increased by 6%, the total capital raised was down by 13% compared to 1H 2014. The average deal size was USD 164.3 million in 1H 2015 compared USD 200.6 million in 1H 2014.

Appendix 1: MENA PE Deals during 1H 2015

Company Name	Date	Company Nation	Deal Value (USD M)	Sector	Fund/Company Name
Dokkan Afkar	January 10, 2015	Saudi Arabia	-	Retail	Mobily Ventures VC Fund
Tradelux LLC	January 20, 2015	UAE	2.20	Retail	MENA Venture Investments; ME Venture Partners
Orascom Telecom Algeria SpA	January 26, 2015	Algeria	2,643.00	Telecom	Algerian National Investment Fund
EED Group	February 16, 2015	Saudi Arabia	-	Healthcare	Alkhabeer Healthcare PE Fund I
White House Securities	March 10, 2015	Egypt	-	Financials	FEP Egypt Direct Investment and Asset Management
Saudi Mechanical Industries Co.	March 23, 2015	Saudi Arabia	-	Industrial Manufacturing	Jadwa Mechanical Opportunities Fund
Kudu Corp	April 9, 2015	Saudi Arabia	-	Food & Agriculture	Abraaj Capital Ltd.
Lamsa	April 20, 2015	Jordan	0.75	IT	ME Venture Partners (MEVF II)
Altibbi	April 20, 2015	UAE	1.10	Healthcare	ME Venture Partners (MEVF II)
YouGotAGift.com	April 20, 2015	UAE	2.10	IT	ME Venture Partners (MEVF II)
Scriptr	April 21, 2015	Lebanon	0.50	IT	ME Venture Partners (IMPACT Fund)
SpEED BDD	April 21, 2015	Lebanon	0.60	IT	ME Venture Partners (IMPACT Fund)
Box & Automation Solutions	April 21, 2015	Lebanon	2.00	IT	ME Venture Partners (IMPACT Fund)
Carbon Holdings Ltd.	May 25, 2015	Egypt	25.00	Oil & Gas	Gulf Capital Credit Opportunities Fund
Jamalon	June 24, 2015	Jordan	-	Retail	Wamda MENA Ventures I
News Group International FZ	June 24, 2015	UAE	-	Media	Wamda MENA Ventures I

Source: Zawya

Kindly note that the Al Masah Capital MENA PE Newsletter for 1H 2015 also includes some of the deals which went unreported previously in the semi annual newsletters due to delayed updating by Zawya and ThomsonOne Banker.

Appendix 2: IPOs in MENA during 1H 2015

Company Name	IPO Close	Company Nation	Size (USD M)	Sector	Advisors
El-Obour Co for Real Estate Investment	January 26, 2015	Egypt	3.15	Real Estate	-
Misr Chemical Industries	February 2, 2015	Egypt	8.50	Industrial Manufacturing	-
Investors Group Holding Company K.S.C.	March 23, 2015	Kuwait	107.98	Real Estate	-
ASEC Company for Mining	April 9, 2015	Egypt	150.00	Industrial Manufacturing	-
Nile City Investment	April 14, 2015	Egypt	13.12	Real Estate	-
International Co For Medical Industries	April 21, 2015	Egypt	0.86	Health Care	-
Middle East Glass Manufacturing Co S.A.E.	April 23, 2015	Egypt	1.35	Industrial Manufacturing	-
Saudi Company for Hardware	April 28, 2015	Saudi Arabia	134.40	Industrial Manufacturing	HSBC Saudi Arabia Limited
Arabia Insurance Cooperative Company	April 28, 2015	Saudi Arabia	53.33	Financial Services	-
WAFA Insurance	April 28, 2015	Saudi Arabia	28.00	Financial Services	-
Bank Sohar S.A.O.G.	April 29, 2015	Oman	104.01	Financial Services	-
GB Auto S.A.E.	April 30, 2015	Egypt	127.08	Transport	-
Total-Maroc	May 15, 2015	Morocco	73.90	Oil and Gas	Attijariwafa Bank, Societe Generale Maroc
Saudi United Cooperative Insurance Co	May 19, 2015	Saudi Arabia	64.00	Financial Services	-
La Societe Tunisienne de Reassurance	June 5, 2015	Tunisia	20.32	Financial Services	-
Maghrebail SA	June 24, 2015	Morocco	24.87	Financial Services	-

Source: Zawya

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