MENA PE Newsletter – April 2017

Sunday, May 21, 2017

MENA PE Deal Space – April 2017

Private Equity (PE) deal activity in MENA remained muted in the month of April, after witnessing a relative upbeat activity during the first three months of 2017. There were no deals recorded during the month, compared to three deals worth USD 6.6 million recorded in March. However, the Mena PE industry is poised for significant growth, primarily led by the GCC, in light of intensified MENA-wide economic diversification and development efforts. Regional governments' strong initiatives to strengthen local entrepreneurship and promote SMEs, coupled with the region's young demographics, increasing wealth, and recent important economic reforms, are making the region highly attractive to PE investors. Further, the region is growing as an attractive option to major international PE firms, as the governments are taking steps to boost international investments and attract liquidity to the markets. The economic diversification away from oil has resulted in more room for expansion in vital sectors. Healthcare is attracting healthy interest among PE investors along with entrepreneurial and technology driven businesses, education, F&B, real estate, and hospitality. PE investors prefer the UAE, Morocco, and Saudi Arabia where they expect to get high returns and an opportunity to diversify, while Egypt, Jordan, Tunisia and Lebanon have carved a niche for themselves.

On a comparative basis, April 2017 recorded the lowest number of deals, both in terms of value and volume, since 2011. On a YTD basis, there were 13 deals recorded in 2017 worth USD 159.3 million, as per disclosed values, compared to 30 deals worth USD 476.1 million during the same period in 2016. There were no exit deals recorded in MENA during April. On a YTD basis, there was just one exit deal recorded in the region during January.

The MENA IPO market activity has started to show signs of renewed confidence as most of the companies are eyeing listing in 2017 and beyond on the back of improved market conditions and investor sentiments. With volatility relatively low compared to that of the previous year and with easing measures firmly in place, conditions are expectedly healthy for raising equity financing going forward. To confirm the positive trends for floatation, a series of smaller IPOs have quietly given the region's exchanges their busiest start to a year in a decade. Bulk of the activity has happened in Saudi Arabia, with a string of listings on the newly-launched Nomu, which is a new market having lighter listing requirements, aimed at opening new investment possibilities for a wide range of companies including SMEs. GCC governments have been swift in implementing a host of measures aimed at increasing listing activity and strengthening regional capital markets. Further privatisation of state owned enterprises may provide the catalyst, as regional governments are keen to resolve liquidity concerns which have impacted equity market activity, by boosting listings on their exchanges and thereby increasing investor confidence. Accordingly, favourable equity valuations, government-sponsored maiden offers for SOEs, and initiatives undertaken by regional governments will be the key to the GCC IPO market to get back on track.

Exhibit 1: PE Deal Value (US$ M) & Volume - 2017

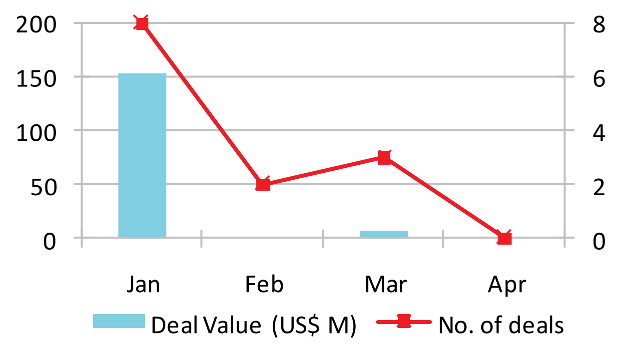
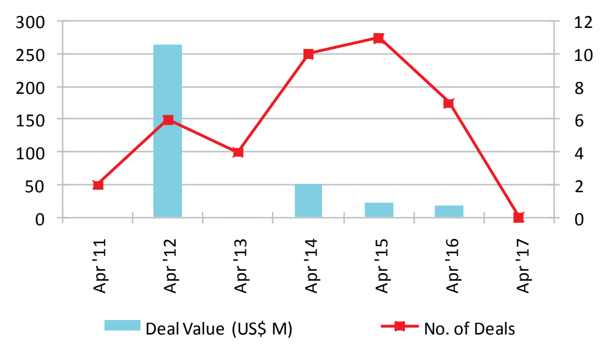


Exhibit 2: PE Deal Value (US$ M) & Volume



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

MENA PE Deal Space – April 2017

There were no PE deals reported in the MENA region during April 2017.

MENA PE Exit Deals – April 2017

There were no exit deals reported in the MENA region during April 2017.

Kindly note that the Al Masah Capital MENA PE Newsletter for April 2017 also includes some of the deals which went unreported previously in the March newsletters due to delayed reporting by Zawya and Thomson Reuters.

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

MENA PE News Wrap-up

Oman Investment Corporation (OIC), a leading PE in Oman, announced selling 2.86% of its shares in Sembcorp Salalah Power and Water Company (SSPWC) to the Ministry of Defense Pension Fund (MDPF). The step is part of OIC's investment strategy where it plans profitable exit strategy. In 2009, OIC joined hands with Sembcorp Utilities, a subsidiary of Singapore's Sembcorp Industries to win a 15 year contract to supply power and water to the Oman Power & Water Procurement Company for Dhofar region and established SSPWC. As a result, OIC became the first local company to own a 40% shareholding in a power and water project in Oman since the sector's privatization in 1997. OIC has previously divested from 21% of its shares in SSPWC during the IPO of the company in 2013, followed by series of sales to private investors. Following the share sale to the MDPF, OIC continues to hold a 16.1% shareholding in SSPWC. (April 1, 2017)

The government of India is in advance talks with multilateral agencies and sovereign wealth funds (SWFs) for equity participation in The national Investment and Infrastructure Fund (NIIF). Officials indicated that a British company and a UAE-based SWF have shown interest in investing in the country's road sector. The government wants its share in NIIF to be restricted to 49%. In December 2015, the government set up the NIIF as an investment vehicle for funding commercially viable new, existing and stalled projects. While the Centre will invest USD 3.1 billion in NIIF, the remaining will come from private domestic and foreign investors who can invest in the umbrella fund or smaller projects or specific funds within it. Last year, the government had announced setting up two sub-funds under NIIF - a clean energy fund for renewable energy and another focusing on highway projects. (April 2, 2017)

Bahrain's latest three financial laws were the focus of an outreach programme introduced by the Economic Development Board (EDB) in partnership with the Central Bank of Bahrain (CBB). The programme aims to explain the importance of the Trusts Law, the Investment Limited Partnership and the Protected Cells Companies law to financial institutions and banks in the kingdom, while also promote discussion to support in further enhancing the sector's performance. These new laws offer innovative forms of structures and financing that complement the range of existing structures available in the kingdom. They work together to enhance Bahrain's competitiveness in financial services and make it easier to raise finance, conventional and Islamic, for investment activities. Bahrain has become the first country in the GCC region to integrate this type of laws into its legal system nationwide. The Limited Partnership Law is expected to provide a strong boost to the sector, supporting growth in real estate funds, private equity funds, venture capital and technology funds, startups, and Shariah compliant funds, as well as captive insurance. The introduction of the Trusts Law aims to regulate the creation of a trust and its liabilities, as well as allowing establishment of a trust for charitable and non-charitable purposes. Meanwhile, the Protected Cell Companies law is looked to allow strengthening investors' rights in separating their private assets from company running the fund, as well as lowering running costs. (April 4, 2017)

Qatar Investment Authority (QIA) sold 2.5% of Banco Santander Brazil SA for BRL 2.3 billion (USD 737 million) in a restricted offering after banks exercised an option to buy extra units. Investors paid BRL 25 each for the 80 million units initially offered, including both common and preferred shares and extra allotment of 12 million units. QIA and banks underwriting the deal had suggested a price of BRL 27 per unit, but investors baulked at the price and pushed for a lower level. Investors placed bids worth 2.5-3x the amount of units in Brazil's fourth biggest bank on offer. QIA took advantage of an 18-month rally that doubled the price of Santander to cash out after seven years as the second biggest shareholder in the Brazilian unit of Spain's Banco Santander. (April 6, 2017)

Oman's Bank Muscat successfully closed an Additional Equity Tier (AET) 1 Capital transaction for the first time for OMR 130 million (USD 337.7 million) on a private placement basis, which is set to increase the capital adequacy ratio of the Bank by ~1.4%. It will further enable the Bank to utilize different capital instruments and enhance the capital base for supporting business growth and improving return on equity. (April 6, 2017)

NBK Capital plans to launch its MENA Real Estate investment vehicle (MREIV) that is currently in the final stages of registration with the Central Bank of Bahrain (CBB). The platform will augment the highly successful MENA PE and Private Credit investment businesses under the alternative investments division at NBK Capital Partners, a wholly-owned subsidiary of NBK Capital. NBK Capital chose the CBB's Collective Investment Undertaking framework for the launch of it's latest investment vehicle, given their longstanding relationship and positive experience with the regulator, it's suitability for the intended investment strategy, and the familiarity of regional investors with Bahrain-based funds. (April 7, 2017)

The SWF of Bahrain, Mumtalakat, and Investcorp announced signing an agreement to sell PRO Unlimited to Harvest Partners, a leading middle-market PE. As part of the recapitalization, Investcorp and Mumtalakat will re-invest in the company, taking a minority stake in the new capital structure and partner with new investor Harvest Partners. Financial terms of the transaction were not disclosed. First purchased in October 2014, PRO has continued to grow with an expanded international presence. In the time since, its net revenues have increased by over 40% and its EBITDA have almost doubled. Founded in 1991, PRO Unlimited delivers a full range of services to address procurement, management and compliance issues related to contingent workers, including independent contractors, consultants, temps and freelancers. It operates in 52 countries and provides services to some of the world's largest and most prestigious companies through its integrated, vendor-neutral software and services platform. The transaction is expected to close in May 2017 subject to customary corporate approvals. BofA Merrill Lynch and SunTrust Robinson Humphrey acted as financial advisors to PRO Unlimited, and William Blair acted as financial advisor to Harvest Partners. Investcorp's legal advisor was Gibson Dunn & Crutcher, and Harvest Partners' legal advisor was White & Case. (April 7, 2017)

Source: Zawya, Thomson Reuters, Al Masah Capital Research

MENA PE News Wrap-up (Contd.)

Oman's Foreign Capital Investment Law, got revamped to bring it into line with modern trends and developments. The new law, according to the Central Bank of Oman, aims to address major concerns and shortcomings in the existing regulations. Additionally, it will enshrine and embed the rights and obligations of foreign investors. The proposed investment law provides dispute resolution and includes international arbitration. Given the fact that Oman is a free economy, there is no restriction on remittances abroad of equity, debt, capital, interest, dividends, profits and personal savings. A key objective of this policy, is to aid investment inflows into the country by providing a robust regulatory framework to facilitate such inflows. (April 15, 2017)

Jadwa Investment, a leading investment management and advisory firm in Saudi Arabia, announced the conclusion of the public offering of its first Shariah-compliant Real Estate Investment Traded Fund, Jadwa REIT Al Haramain Fund, which will invest in real estate properties in the holy cities of Makkah and Madinah. The REIT, which has an initial size of SAR 660 million (USD 176 million), offered SAR 360 million (USD 96 million) worth of units (36 million units with nominal value of SAR 10 per unit) to the general public through an IPO during the period of April 3— April 9, 2017. The REIT received an overwhelming response from the investing public as over 5,800 individual and intuitional investors subscribed for SAR 4.53 billion (USD 1.2 billion) during the offer period, resulting in a 1,257% coverage of the offered units. The initial portfolio of the REIT will comprise of two hospitality assets, a four-star hotel and a pilgrim accommodation. Both properties are located in Makkah with a combined capacity of 984 hotel rooms. At its initial offer price of SAR 10 per unit, the REIT offers net initial yield of 5.2%, which is an attractive yield when compared with other similar investment opportunities focusing on Makkah and Madinah. (April 16, 2016)

The Saudi-based Islamic Development Bank (IDB) plans to take at least a 10% stake in Turkey's state-run stock exchange as the multilateral lender ramps up activities in the country. IDB expects to finalize negotiations with Borsa Istanbul in two to three months as part of wider efforts to develop Islamic finance in Turkey. IDB and Borsa Istanbul signed a cooperation agreement in November, with discussions currently ongoing to decide on a specific size and time frame for the stake. The bourse has a share capital of TRY 423 million (USD 115.6 million), implying a value of TRY 42.3 million for a 10% stake. The exchange is majority-owned by the Turkish government via its SWF, but also includes a 10% stake from the European Bank for Reconstruction and Development and a 7% stake from NASDAQ. Created in 2013, Borsa is the merger of the Istanbul Stock Exchange, Gold Exchange and Derivatives Exchange. (April 16, 2017)

Saudi Arabia will transfer airports to its SWF by mid-2018, as part of a nationwide privatization drive spurred by low oil prices. Airports will be turned into companies before being handed over to the Public Investment Fund, to help improve accountability. The transfer will also boost oversight as the General Authority of Civil Authority will no longer be both an operator and regulator. The kingdom aims to win investment in airports as its seeks to revive an aviation industry that's been dwarfed by competitors in nearby Dubai and Qatar. It's also looking at privatizing seaports as depressed crude prices weigh on state spending plans. The wealth fund will take over Saudi Civil Aviation Holding, which will act as an umbrella company for the airport operators and will be worth billions of dollars. The kingdom also has plans to transfer ownership of oil giant Saudi Arabian Oil Co. and proceeds from that company's IPO to the fund. Airport stakes will be sold off when the operating companies have become stabilized, which could be before they are handed over to the wealth fund. A variety of privatization options are under consideration, including IPO and private stake sales. Different airports may be sold in different ways, and the government is yet to decide what stakes it will retain. PWC and E&Y are advising on the sale process and on turning operators into companies. The country intends to convert Dammam airport into a company by July 1, followed by smaller airports and the Saudi Academy of Civil Aviation, a training provider, in the Q4. (April 18, 2017)

GFH Capital, the PE subsidiary of Bahrain-based GFH Financial Group, invested an undisclosed sum into two data centers in Virginia, USA. The investment was made in partnership with the USD 5 billion Corporate Office Properties Trust (COPT), which will manage the assets and invest 20% of the funds. COPT expects to provide investors with semi-annual cash distributions at an annual rate averaging 9.5% over the investment period and an internal rate of return of 12%. (April 18, 2017)

Rift Valley Railways (RVR), the struggling operator of the Kenya-Uganda railway, is in discussion with several investors for the proposed sale of controlling stake by Egypt's Qalaa Holdings. This follows the decision by Emerging Capital Partners (ECP), pan-African PE firm, to pull the plug on negotiations to acquire Qalaa's 80% stake in RVR. As far as RVR is concerned, ECP has been involved in due diligence of RVR business through their agents, while RVR is currently reviewing its various options and is in close communication with both KRC (Kenya Railways Corporation) and URC (Uganda Railways Corporation) with a view to achieving the best possible outcome to all the railway stakeholders. (April 19, 2017)

Mubadala Capital, an arm of Abu Dhabi's state fund Mubadala, conducted a PE transaction with European PE, Ardian, worth USD 2.5 billion. It is the first time that Mubadala is accepting capital from third-party investors. The deal has two components— Ardian is acquiring an interest in a PE portfolio currently managed by Mubadala Capital and will also be a lead investor in a new PE fund established by Mubadala. (April 20, 2017)

Source: Zawya, Thomson Reuters, Al Masah Capital Research

MENA PE News Wrap-up (Contd.)

Russian Direct Investment Fund (RFPI) together with Mubadala Development Company and other leading Middle East Foundation announced a new investment in the creation of cancer centers in the Moscow region. The agreement provides for the construction, commissioning and service center in Podolsk and Balashikha. Cancer center project in the Moscow region is realized according to the scheme of PPP between the Government of the Moscow region and specially created project company. The consortium also announced Platform extension for investment in logistics infrastructure Professional Logistics Technologies (PLT) and investments in new projects. PLT logistics platform was established by RFPI, Mubadala and other co-investors in 2016 to invest in Russian logistics centers Class A and meet demand from Russian and foreign companies in high-quality infrastructure. Investments are made in two modern logistic complex in Novosibirsk and Moscow regions, designed to ensure the needs of Russian and foreign companies to build effective supply chains. Upon completion of the transaction PLT will be the owner and operator of logistics infrastructure. The investors are planning to build a portfolio of PLT projects across the country, creating a leading player in the market of logistical services of the Russian Federation. The consortium along with the Baring Vostok Private Equity agreed to acquire a 25% stake in the company Thalita Trading Limited (Thalita) from VTB Capital. Thalita is a holding company of the consortium Northern Capital Gateway (VVSS) and the management company Pulkovo airport. As a result the share transaction, VTB Capital in Thalita decreased to 25.01%, Fraport and Qatar Investment Authority retained a share of 25% and 24.99% respectively. (April 20, 2017)

Three Lines Shipping, a UAE-based transportation and logistics company, scouting for an investor to help boost its regional expansion and grow its brand for USD 15-20 million investment in return for a majority stake. The company is looking for an investor with good understanding of the business and practices in the logistics sector. It has been approached by PE firms but no deal has been agreed so far. (April 21, 2017)

Government-controlled Dubai Aerospace Enterprise Ltd (DAE) plans to acquire Dublin-based AWAS, the world's tenth biggest aircraft lessor, that will add over 200 planes to its fleet and more than double the size of its current business. Reuters reported in December last year that AWAS had been put up for sale in an auction that could value it at USD 7 billion, including debt. DAE signed a definitive agreement to buy AWAS from PE firm Terra Firma Capital Partners and Canadian Pension Plan Investment Board (CPPIB), but did not disclose financial terms. DAE, the largest aircraft lessor in the Middle East with a portfolio of 112 planes, will have an owned, managed and committed fleet of 394 planes worth over USD 14 billion, post acquisition. It will have more than 110 airline customers spread across 55 countries. The transaction will be financed by DAE's's internal resources and committed debt financing. The deal is subject to regulatory approvals and is expected to be completed in the Q3 2017. The latest sale marks the exit of Terra Firma and CPPIB from AWAS, in which they first put in money in 2006. DAE was advised by Freshfields Bruckhaus Deringer and Morgan Stanley along with KPMG and Latham and Watkins. Goldman Sachs is financial adviser to the seller. (April 21, 2017)

Samena Capital, an investment firm managing about USD 650 million, plans to raise as much as USD 700 million for a special situations fund to invest in India and Asia. Samena, which focuses on emerging markets with offices in London, Dubai and Hong Kong, plans to close its third PE fund in the next 12—18 months. Backed by investors that include members of the ruling families of Abu Dhabi, Qatar and Bahrain, the company is turning its attention to Asia after oil prices slumped by more than half since 2014. It is working on five deals, targeting investments in India, Myanmar, Indonesia, Vietnam, Sri Lanka and China. It has already raised more than USD 350 million for the close-ended fund since it started earlier this month and may increase its size to USD 800 million if there's enough investor demand. Abraaj Capital, which Samena founder co-founded in 2002, is planning a first close of as much as USD 4.5 billion for its largest-ever investment fund. Samena has raised USD 1.1 billion of assets since 2008 and returned USD 500 million in capital from more than 40 full and partial exits. It is planning as many as seven exits in 2018. (April 26, 2017)

Singapore SWF, GIC and Abu Dhabi Investment Authority plans to acquire minority stake in contract research firm Pharmaceutical Product Development (PPD), which is being recapitalised by its existing owners Hellman & Friedman (H&F) and The Carlyle Group. The enterprise value of PPD is estimated to be USD 9.05 billion and the deal is expected to close in the Q2 2017. Carlyle and H&F had acquired PPD, which provides integrated drug development, laboratory and lifecycle management services, in December 2011 for USD 3.6 billion. GIC and ADIA, long-time investors in Carlyle and H&F, will be direct investors in PPD post the deal. H&F will assume majority ownership and Carlyle will retain a substantial minority position, both investing substantial equity from new funds. Goldman Sachs, J.P. Morgan, and Centerview Partners acted as financial advisors. Latham & Watkins and Simpson Thacher & Bartlett acted as legal advisors. Following the transaction, PPD expects to raise ~USD 550 million through the issuance of new senior unsecured holdco notes. The total proceeds will be used to finance the recapitalisation. (April 28, 2017)

The Qatari owners of Banque Internationale a Luxembourg SA (BIL) are considering a sale of their controlling stake in the private bank, which could fetch about USD 1.5 billion. Precision Capital, the investment vehicle of Qatar royal family members including former Qatari Prime Minister, is weighing a sale of the bank. BIL could interest large private banks in Europe seeking to expand their business. Precision is not running a formal sale process and is holding preliminary discussions with potential buyers. No final agreements have been reached and the owners may decide against a sale. The royals bought into the European private banking scene in 2012, acquiring a 90% stake in BIL from Dexia SA as part of a bailout of the Franco-Belgian bank. The Luxembourg government bought the remaining 10%. Founded in 1856, BIL had EUR 35.5 billion (USD 38.7 billion) of AUM at the 2015-end. Its net income for H1 2016 dropped to EUR 45 million (USD 49.1 million) from EUR 108 million (USD 117.8 million) in H1 2015 in a challenging market environment. (April 28, 2017)

Source: Zawya, Thomson Reuters, Al Masah Capital Research

MENA IPO News

Egyptian real estate developer Misr Italia Group is seeking to raise about EGP 1.5 billion (USD 82.5 million) from a share sale on the country's stock exchange that is expected to take place by May. The Cairo-based company plans to sell 20—25% of its shares and has hired Beltone Financial as the IPO manager. The road show for the sale is planned to take place in April in Persian Gulf countries. The company will use the proceeds to complete some ongoing projects as well as new ones. (April 2, 2017)

The Saudi Arabian government approved a new tax regime for oil and natural gas producers which will see the tax rate applied to Saudi Aramco fall to 50% from 85%. This move was anticipated as talks with the government were underway to lower its taxation in order to prepare it for the sale of shares to the public next year. The slashing of Aramco's income tax rate will bring in more cash to the inventors and increase its net income by 300%, according to Bernstein research firm. This will be positive for the company's valuation, which the government already estimated at USD 2 trillion. It will also bring Aramco closer to its global peers. The average income tax rate for oil producers is around 35%. (April 3, 2017)

Aster DM Healthcare Ltd, which runs hospitals in India and West Asia, plans to re-file its draft share sale documents because of concerns over the valuation of its overseas operations, from which the company derives a large part of its revenue. It had filed its DRHP for an IPO in June and received approval from the Securities and Exchange Board of India (Sebi) in November. The move has been prompted by the current market condition of its overseas business, especially in Saudi Arabia, which has been impacted by the fall of oil prices. In order to counter this, the company said it was exploring other business opportunities in Saudi Arabia, including increasing its share of private insurance and walk-in patients. However, the re-filing of DRHP will happen with a reduced valuation and a likely reduced offer size. (April 4, 2017)

Egypt's Naeem Holding started a private placement for a real estate fund worth EGP 1 billion (USD 56 million). The placement will take place over one month and will be followed by an IPO for the fund before Ramadan, due to start at the end of May. The fund's duration was three years and it was expected to make a profit of at least 26% a year. The minimum investment for the private placement is EGP 10 million (USD 0.6 million) and for the public offering EGP 50,000 (USD 2,759). The firm also plans to launch another real estate fund before the end of the year. (April 5, 2017)

The IPO for MM Group got covered around 19.27 times, while the private placement was more than nine times over subscribed. MM Group for Industry & International Trade distributes several international brands in Egypt including Vodafone, Samsung Electronics, Jaguar, Land Rover and Ferrari. The company had set a share price of EGP 5.96 (USD 0.33) in the private and public share offerings, and raised EGP 708 million (USD 39.1 million) from selling 30% of its shares. (April 6, 2017)

Emirates NBD Capital Ltd (EMCAP), the investment banking division of Emirates NBD, successfully completed its role in the IPO of ENBD REIT, which started trading on Nasdaq Dubai last March 23. EMCAP acted as Listing Advisor to ENBD REIT, as well as Joint Global Coordinator and Joint Book runner. ENBD REIT issued 94,594,595 ordinary shared at a price of USD 1.11 per share (7.5% discount on NAV), which climbed to USD 1.17 (up 5.17%) on the first day of trading. The IPO was Dubai's first since Dubai Parks & Resorts floated in December 2014. ENBD REIT's offer was well over-subscribed with commitments from a mix of investors representing both financial institutions and family offices across the GCC. EMCAP's role in the transaction was part of a wider, group-level involvement by Emirates NBD in the incorporation and listing of ENBD REIT. Emirates NBD Asset Management, a wholly-owned subsidiary of the Bank, is the fund manager for the REIT. Meanwhile, in November 2016, the fund agreed a USD 190.6 million Shariah-compliant finance facility with Emirates NBD, on attractive commercial terms. (April 9, 2017)

Saudi Aramco's board will meet in China in May for the first time in seven years, as it seeks to lure Chinese and Asian investors to its giant share offering. It would discuss the firm's business plans, investments and preparations to sell up to 5% of Aramco in 2018. It has appointed international banks with access to Chinese investors to advise on the IPO. As per Saudi officials, Chinese companies were interested in investing in the Aramco IPO as Beijing seeks to secure crude supplies from them. According to industry sources, there is a serious push from Aramco for Chinese investors to become cornerstone investors in the IPO. Talks were at an early stage and any Chinese investment in the company would likely be in coordination with the Beijing government. Industrial and Commercial Bank of China International Holdings and China International Capital Corporation are among Chinese banks pitching for a role in the IPO. Chinese participation in the IPO could strengthen Riyadh's hand in other Chinese investment decisions. Aramco has been in talks for years to invest in refineries in China so it can sell more of its crude to China. (April 10, 2017)

Egypt's EFG Hermes announced that they would be advising on 5-6 IPOs and acquisitions through 2017. The IPOs and acquisitions are valued at USD 500-700 million and are in the consumer goods, health, banking and other sectors. (April 10, 2017)

Abu Dhabi Financial Group (ADFG) plans to launch Etihad REIT, a Sharia-compliant real estate investment trust. The REIT comprises a seed portfolio of 10 income producing assets situated in the UAE. It expects to raise further capital through an IPO on a stock exchange in the UAE at an appropriate time and subject to regulatory approvals. It is the most diversified REIT in the UAE, with holdings in a variety of real estate sub-sectors including residential, retail, warehousing and staff accommodation. Shuaa Capital and National Bank of Abu Dhabi have been appointed as lead financial advisers, global coordinators, and joint book runners for the planned IPO. ADFG has AUM of USD 5 billion. Through its subsidiaries, ADFG is focused on growth and value creation across financial services and real estate. (April 11, 2017)

Source: Zawya, Thomson Reuters, Al Masah Capital Research

MENA IPO News (Contd.)

Oman's National Life & General Insurance Company (NLGI) plans to offer 25% of its shares through an IPO before August this year. The company has already initiated a process by forming a committee. The IPO is in line with a government stipulation for national insurance firms in Oman to float shares before August this year and the Sultanate's market regulator Capital Market Authority (CMA) had recently approved a request from national insurance companies to offload a 25% stake of promoters, instead of the normal 40% disinvestment made during such IPOs. In 2014, the Omani government had asked national insurance firms to float shares on the MSM within three years, besides raising their minimum capital to OMR 10 million (USD 26 million) from OMR 5 million (USD 13 million). Apart from NLGI, four other insurance firms—Al Ahlia Company, Oman and Qatar Insurance, Vision Insurance and Arabia Falcon Insurance Co. are expected to float shares on the Muscat Securities Market (MSM) within four to five months. The share offer will be a premium issue, however, the premium is yet to be decided. Also, the company is yet to submit its IPO prospectus to CMA. Although the Sultanate has 22 insurance companies (11 locally incorporated and 11 branch operations of foreign firms), only four companies—Dhofar Insurance, Oman United Insurance, Al Madina Takaful and Takaful Oman, are listed. (April 11, 2017)

Saudi Arabia's privatization drive will likely result in around 100 new stock market listings in sectors including mining, healthcare and retail, according to the HSBC. It did not give a time frame for the listings but said they were part of Saudi plans to diversify its economy beyond oil by 2030. Close to 180 companies are already listed on the Saudi market and HSBC is advising the stock exchange on its planned listing of its own shares, while the bank will also play a key advisory role in the upcoming IPO of Saudi Aramco, joining peers including JPMorgan Chase and Morgan Stanley. (April 18, 2017)

Naeem Holding Company plans to inject new investments worth EGP 4 billion (USD 0.22 billion) in acquisitions and direct investment funds during the current year. As per the company, one of those acquisitions will likely be implemented in May, and the deal will represent a quantum leap for Naeem Holding due to the importance of the targeted company and its size in the market. Naeem is planning to expand its activities through targeted acquisitions and will also focus this year on the launch of a direct investment fund, along with a series of real-estate funds that are planned to be launched, including a fund that will invest in schools and another in hospitals. On the other hand, the first two contracts of the IPO of the Naeem Real Estate Fund are worth EGP 97 million (USD 5.4 million): the Allianz Insurance Company with EGP 52 million and the Employees Fund in the Sidi Kerir Company with EGP 45 million). Other contracts will be signed during the current month within the private IPO of the fund at a total value of EGP 500 million (USD 27.7 million), to be followed by opening the door of the EGP 500 million (USD 27.7 million) public IPO segment mid-May. The fund is targeting various types of institutions led by insurance companies. (April 16, 2017)

Minister of Public Health inaugurated expansion works and new production lines of Qatar Pharma which includes addition of eight new production lines bringing the existing number to 14 which manufacture various types of pharmaceutical products. Qatar Pharma is a leader in infusion therapy and clinical nutrition supplier in the Gulf region. Meanwhile, Qatar Pharma shares will be shortly listed on Qatar Stock Exchange. The company is in the process of issuing IPO. It will start selling 15% shares as a foundation and 40% will be for the public. (April 20, 2017)

Oman plans to offer shares in some state-owned downstream energy companies to the public, partly to raise money as low oil prices pressure its finances. The companies include Salalah Methanol Co and a drilling company. Oman has been considering privatization of a wide range of state firms for several years but has not yet moved ahead with the programme. Salalah Methanol, founded in 2006, is owned 90% by state-run Oman Oil Co and 10% by Takamul Investment Co, and has a methanol production capacity of 3,000 tonnes per day. (April 20, 2017)

India's newest petrochemicals maker plans to sell half its USD 4.6 billion facility to Saudi Arabian Oil Co. Formal talks between ONGC Petro additions Ltd (OPaL). and the world's biggest oil exporter, Saudi Aramco, will start soon. OPaL's earlier talks with a unit of Kuwait Petroleum Corp. about investing in the project stalled last year. The investment could help Saudi Aramco strengthen its hand in the world's largest oil consuming region as it prepares for its IPO. Saudi Aramco, the biggest supplier of crude oil to India, has shown interest in a proposed 60 million tonnes-a-year refinery and petrochemicals project being planned by Indian state refiners on the nation's west coast. OPaL's INR 300 billion petrochemical project is a dual-feed cracker with a capacity to produce 1.1 million tonnes a year of ethylene and 400,000 tonnes of propylene. Located at the Dahej Special Economic Zone, it started production last year and aims to capture 13% of India's polymer sector by next year. While investment in OPaL will allow Aramco to access India's growing market, the Indian company will be able to use the Saudi company's export channels to push products in the international market. ONGC intends to hold 26%, with state utility GAIL India Ltd owning 15.5%, after half of OPaL is sold. (April 20, 2017)

Qatar's Ooredoo Q.S.C. plans to list Ooredoo Maldives shares on the Maldives Stock Exchange on 30 April 2017, and will offer 40% of the company shares for subscription. Since its launch in 2005, Ooredoo has helped transform the telecommunication industry in the Maldives. With significant investments in both infrastructure and technologies, it has enjoyed notable growth, especially over the past five years. It operates across the Middle East, North Africa and Southeast Asia. Serving consumers and businesses in 10 countries, Ooredoo delivers the leading data experience through a broad range of content and services via its advanced, data-centric mobile and fixed networks. It served 138 million customers and generated revenues of QAR 33 billion (USD 9.1 billion) in 2016. Its shares are listed on the Qatar Stock Exchange and the Abu Dhabi Securities Exchange. (April 22, 2017)

Source: Zawya, Thomson Reuters, Al Masah Capital Research

MENA IPO News (Contd.)

Oman's state-owned energy producer Oman Oil plans to sell some of its assets and list on the local stock market, following the planned Saudi Aramco's IPO. It is reportedly seeking advice from banks on the IPO because it wants to give a boost to the local stock market, and wants to see more foreign direct investments coming to the country. Oman Oil owns stakes in Hungarian oil and gas company MOL Group, Oman Gas, German logistics service provider Oiltanking and the Musandam power plant. In a move to go beyond refining, the company agreed to buy chemicals manufacturer Oxea from Advent International four years ago. The government is not going to sell shares in state-owned Petroleum Development Oman (PDO), which accounts for more than 70% of the country's crude production and almost all of its natural gas supply. (April 23, 2017)

UAE's ADES International Holding Ltd plans to raise up to USD 170 million by issuing new shares through an IPO with the aim of entering the Main Market of the London Stock Exchange in May. Based in the Dubai International Financial Centre, it is a provider of offshore and onshore oil and gas drilling and production services in the Middle East and Africa. It plans to issue new shares priced between USD 16.9—19.6 each. In addition, an existing shareholder plans to sell existing shares, taking the total offer to 40% of the post-capital-increase share capital. With over 1,200 employees serving clients, ADES currently has a fleet of nine jack-up offshore drilling rigs, three onshore drilling rigs, a jack-up barge, and a mobile offshore production unit, which includes a floating storage and offloading unit. The company's diversified backlog at December-end was split 48% to Saudi Arabia, 44% in Egypt and 8% in Algeria. Adjusted EBITDA has grown annually by 46% on average between 2014 and 2016, with an average return on equity of 38%. EFG Hermes is sole global coordinator and joint book runner for the offering. Citigroup Global Markets Ltd is joint book runner. White & Case is counsel to the company, while Baker McKenzie is counsel to the EFG Hermes and Citigroup. (April 24, 2017)

Emaar Hospitality Group, a wholly-owned subsidiary of Dubai-based global property developer Emaar Properties PJSC, plans not to consider listing its hotels business. The developer raised USD 1.6 billion after it sold a 15.4% stake in its retail unit Emaar Malls Group in an IPO in September 2015. A listing for Emaar Hospitality was due to follow as soon as possible depending upon market conditions. It is currently focusing on its development, on increasing the value of the company, that's a clear objective, and to ensure that it aims to provide fantastic experiences in all its hotels. Emaar's strategy is to make its business segments independent listed companies. This approach aims to provide the businesses with appropriate financial and operational means to grow faster and become among the most successful companies in their industries. (April 25, 2017)

Kuwait Energy, an oil and gas company with assets in the Middle East, plans for an IPO in London that could value the group at about USD 1 billion. Set up in 2005, it has operations in Egypt, Iraq, Yemen and Oman and is planning to raise USD 250 million through IPO, which will test investor appetite for assets in countries that have been struck by geopolitical difficulties in recent years. Proceeds will be used to accelerate the company's growth plans, particularly in Southern Iraq. Bank of America Merrill Lynch, EFG Hermes and Numis are advising Kuwait Energy on the IPO. The company has talked about listing in London in the past, but the Arab Spring uprisings and then the oil price crash in 2014 forced it to delay its plans. The group's key oil producing asset, called Block 9, is in Southern Iraq in the Basra province, and produces about 17,000 barrels of oil equivalent a day. Kuwait Energy is the operator of the block and has a 60% interest, with Dragon Oil holding 30% and Egyptian General Petroleum Corporation the remaining 10%. Average daily production across all of Kuwait Energy's assets is close to 28,000 barrels per day. (April 26, 2017)

French oil and gas major Total is considering taking a stake in the planned listing of part of Saudi Arabia's Aramco. Currently it is all premature as the market is still awaiting details on how the IPO will be done, but it can be a meaningful partnership for Total in Saudi Arabia. (April 27, 2017)

Shares in Raya Contact Center Co will start trading on April 27 after the company sells a 49% stake to investors with the aim of raising EGP 808.5 million (USD 45 million). Founded in 2001, the company provides outsourcing services to Europe and the Middle East, and closed its private placement on April 12 after it was oversubscribed four times. The IPO is due to close on April 20. Financial advisors set a fare share price of EGP 17.91 (USD 1) per share for the issue. The company aims to double revenues and profit within two years as it expands in Egypt and the region. It expects revenue to increase 33% this year and profit by more than 40%. It's profit for 2016 exceeded EGP 110 million (USD 6.1 million), while its revenue was EGP 500 million (USD 27.6 million) in 2016. (April 27, 2017)

Saudi Arabia's Bodymasters is weighing listing on Saudi Arabia's new parallel market, Nomu. The gym brand is currently owned through a 60:40% split by two funds run separately by Saudi-based PE firms Amwal Al Khaleej and MEFIC Capital. Shareholders have been speaking to investment banks and the process is in its early stages. A process to invite banks to pitch for arranging the sale was launched at the end of last year. The percentage of shares that could be floated were not disclosed but the Nomu market requires companies to offer at least 20% to the public. Bodymasters has 35 gyms, mostly in Riyadh but also in Qassim, Dammam and Khamees Mushait. The shareholders were in informal talks with four potential buyers in January last year to sell the company in a private sale but have not disclosed the talk conclusions. The transaction was said to be worth SAR 500 million (USD 133 million). (April 30, 2017)

Source: Zawya, Thomson Reuters, Al Masah Capital Research

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