

MENA PE Deal Space – May 2017

Private Equity (PE) deal activity in MENA gained significant momentum in the month of May, both in terms of volume and value. Six deals worth USD 90.3 million were recorded during the month, compared to no deals recorded in April. The MENA PE market is poised for significant growth as there are efforts from various sectors that attempt to shape its future in the region. The regional landscape is changing and regional businesses are opening up ever more to PE investors, both domestic and foreign. Most notably, sectors such as Healthcare, e-commerce, FinTech and other technology driven businesses have been drawing considerable attention in the region. As per a latest IMF report, MENA is poised to become the third fastest-growing region in the world over the next five years, with the UAE & Saudi Arabia leading in PE investments. As oil prices continue to stabilize, and government initiatives foster greater economic certainty, PE players are feeling more optimistic that the economic conditions are right to return to deal making. Furthermore, the recent reversal of certain austerity measures in the GCC will result in more confidence in deal making.

On a comparative basis, May 2017 recorded the highest deal value since 2012, while the volume was remained the same compared to last two years. On a YTD basis, there were 22 deals recorded in 2017 worth USD 250.4 million, as per disclosed values, compared to 36 deals worth USD 476.4 million during the same period in 2016. There was one exit deal recorded in MENA during May. On a YTD basis, there were three exit deals recorded in the region.

The MENA IPO market 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. The combination of revived oil prices, favourable government initiatives, and strong investor appetite to generate returns is likely to facilitate more exits via the IPO route in the near term. Moreover, GCC governments' plans to garner revenue from the divestment programme (privatisation of state owned enterprises), and the recent trend of listing family-owned businesses could lead to some mid-sized IPOs going forward. The IPO pipeline in Saudi Arabia, in particular, looks strong with some interesting names listing on the Nomu exchange, which focuses on SMEs. In the meantime, authorities are speeding reforms to make the country's market more attractive to foreign investors. In Egypt, the government is looking to embark on a large privatization process, starting with the banking sector, with Banque du Caire and the Arab African International Bank likely to be the first candidates. This year, Egypt could witness a large number of IPOs, as the economy is expected to stabilize, partly because the government allowed the pound to float last year, a move that has increased the attractiveness of local stocks for foreign investors. Overall, favourable equity valuations are the catalyst for the region's growth, while governments remain keen to resolve liquidity concerns by boosting listings on their exchanges and thereby increasing investor confidence.

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

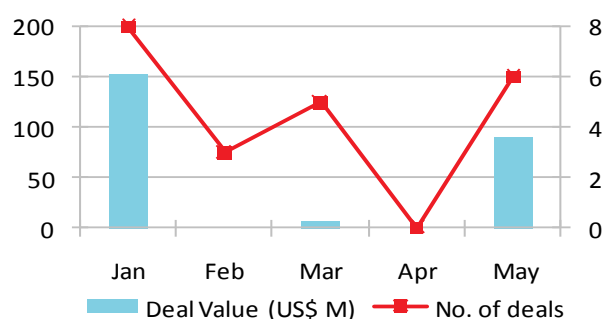
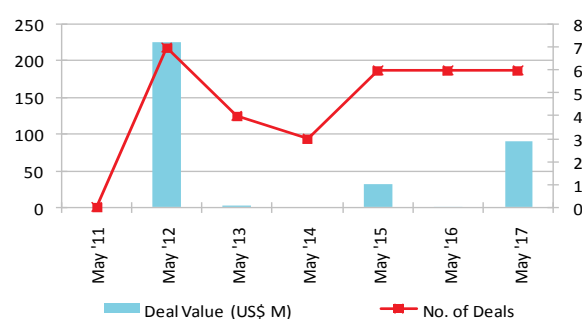


Exhibit 2: PE Deal Value (US\$ M) & Volume



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

Exhibit 3: Deals in MENA PE Space – May 2017

| Company Name | Date | Company Nation | Deal Value (US\$ Million) | Sector | Firm/Fund |
|---------------------------------------------|--------------|----------------|---------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GoodsMart | May 3, 2017 | Egypt | 0.75 | E-commerce/ Marketplace | Algebra Capital |
| Global Product Solutions Commercial Brokers | May 11, 2017 | UAE | - | Broker (Services) | Ardian SA |
| Fetchr | May 16, 2017 | UAE | 41.00 | Transport & Logistics | New Enterprise Associates, Nokia Growth Partners, Raed Ventures, Iliad Partners, BECO Capital, YBA Kanoo, Venture Souqand Swicorp, Majid Al Futtaim Holding |
| MS Pharma | May 17, 2017 | Jordan | 45.00 | Pharmaceutical | IFC |
| GHI Formwork's MENA | May 21, 2017 | UAE | - | Engineering | NA |
| Compareit4me.com | May 24, 2017 | UAE | 3.50 | Financial Services/ FinTech | Wamda Capital, STC Ventures, Saned Fund |

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

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

MENA PE Deal Space – May 2017

On May 3, Egyptian online grocery service provider, GoodsMart, raised USD 750,000 in funding from Algebra Ventures, which will go towards growing its operational capacity, increasing service coverage in Cairo and raising awareness. The GoodsMart mobile application allows customers to browse thousands of premium grocery and home products from a variety of shops and suppliers from across Cairo. The investment from Algebra Ventures, which claims to be the largest fund in Egypt to date after it raised USD 40 million to invest in local tech startups, will see the firm's managing partner join the GoodsMart board alongside head of retail conglomerate MARAKEZ. The Algebra Ventures fund plans to invest in up to 25 technology and technology-enabled startups in different areas including FinTech, industry platforms, core tech, e-commerce, business software and consumer internet. The investments will predominantly be in the range of USD 500,000 to USD 4million.

On May 11, France-based Ardian agreed to acquire a 60% stake in the global product solutions division (Global Product Solutions Commercial Brokers, UAE) of publicly listed engineering group Assystem. The global solutions division specializes in product engineering and post-development services for clients in the aerospace, automotive, transportation and manufacturing industries. Assystem aims to allow GPS to remain one of the main players in the ongoing consolidation of the R&D outsourcing market. By cooperating with the private independent investment company Ardian, the group gives GPS access to the resources and expertise that Ardian deploys to support the growth of its holdings, particularly through identification and financing of acquisitions. The agreement consists in an offer made by Ardian to benefit Assystem, including the organization and financing of the GPS division acquisition, allowing Assystem to own 40% of the share capital of the acquisition vehicle.

On May 16, UAE-based Fetchr, a delivery-business and consumer technology app dedicated to disrupting shipping by eliminating the need for a traditional address using its patented mobile technology solutions, raised USD 41 million in a Series B financing round led by New Enterprise Associates Inc. (NEA), to continue expanding globally and developing its proprietary technology. The interest from regional investors including Majid Al Futtaim Holding, a leading regional group with a portfolio of companies including the largest malls, retail and leisure brands is a testament to the expected changes in the retail environment that Fetchr will continue to facilitate. Other investors in the round include Nokia Growth Partners, Raed Ventures, Iliad Partners, BECO Capital, YBA Kanoo, Venture Souqand Swicorp. Fetchr tackles the 'no address problem' in emerging markets, typically encountered by traditional companies delivering packages to customers. In a region where more than 80% of users have smart phones, Fetchr is tackling delivery challenges by going directly to customers' phone and capturing the geo-location for package deliveries. In August 2016, Fetchr launched its on-demand delivery service 'NOW' that allows customers to receive door-to-door deliveries within an hour. Fetchr is currently operational in the UAE, Saudi Arabia, Egypt and Bahrain, with plans to expand its footprint in MENA and beyond. Fetchr is also engaging in strategic partnerships with governmental organizations like Oman Post to deliver the technology-backed delivery solutions.

On May 17, MS Pharma, the fast growing Jordanian-based pharmaceutical company operating across the META (Middle East, Turkey and Africa) region, announced a USD 45 million equity investment from the IFC, a member of the World Bank Group. This investment will support MS Pharma's expansion into new markets and promote access to affordable generic pharmaceuticals and healthcare products across the region. This investment follows a recent USD 50 million investment by the European Bank for Reconstruction and Development (EBRD) in MS Pharma. Currently, it exports to over 20 countries across the Middle East, Africa and Europe, and specializes in medication for chronic diseases which are experiencing high growth rates across the region. The company has a commercial presence in 12 countries and recently launched its operations in Turkey after acquiring a dedicated injectables facility there. IFC is the world's largest multilateral investor in private healthcare, managing an active portfolio of about USD 1.3 billion worth of health investments. IFC investments in service providers, pharmaceuticals and medical technology are aimed at promoting greater access to affordable, high-quality healthcare.

On May 21, a three-strong consortium of PE companies finalized the acquisition of GHI Formwork's MENA division, GHI Formwork FZCO. Incorporated in Dubai's Jebel Ali Free Zone (Jafza), GHI Formwork FZCO conducts formwork and shoring operations in the UAE, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain, and Egypt. The consortium comprised a North American PE outfit, which led the buyout, and two additional UK-headquartered PE firms. The acquisition formed part of the PE firms' efforts to expand their GCC and MENA portfolios. While GHI Formwork FZCO did not disclose the value of the acquisition, it stated that the deal's structure was leveraged as a complete buyout. Negotiations and due diligence began in November, 2016, and the deal was finalized in April 2017.

On May 24, Compareit4me.com secured USD 3.5 million from existing investors including Wamda Capital, STC Ventures, Dubai Silicon Oasis Authority and Saned Partners, in its latest phase of funding. The money raised is part of an initial closing ahead of a larger, Series B round of funding to be concluded in the coming months. The majority of the investment has come from existing investors STC Ventures and Wamda Capital, which first backed Compareit4me in the company's Series A in 2015. The round also includes further investment from Dubai Silicon Oasis Authority and Saned Partners. To date, Compareit4me has raised over USD 9 million in total. Since its launch in March 2016, company's insurance business has grown to sell USD 1.5 million worth of insurance policies per month, with the expectation of reaching USD 5 million per month by the end of 2017. Further, with the launch of its online insurance comparison in Saudi Arabia, the company is looking to capitalize on pent-up demand for the ability to compare prices and buy policies online.

Exhibit 4: Exit Deals in MENA PE Space – May 2017

| Company Name | Date | Company Nation | Deal Value (US\$ Million) | Sector | Firm/Fund |
|------------------------------------|--------------|----------------|---------------------------|------------|-----------------------------------------|
| Proficiency Healthcare Diagnostics | May 22, 2017 | UAE | - | Healthcare | Anglo Arabian Healthcare (Waha Capital) |

MENA PE Exit Deals – May 2017

On May 22, Waha Capital, a leading Abu Dhabi-based investment company, through its UAE healthcare subsidiary, Anglo Arabian Healthcare (AAH), signed definitive documentation to sell its full equity stake in Proficiency Healthcare Diagnostics (PHD) to Al Borg Medical Laboratories, the GCC's largest chain of private laboratories. The transaction is expected to be completed within three months, once certain customary conditions are satisfied, including the obtaining of regulatory and third party approvals. AAH acquired a 70% stake in PHD in April 2013 and has since increased its stake in the business to 93%. During the holding period, PHD solidified its position as a leading independent diagnostic services provider in the UAE. Anglo Arabian Healthcare, which is a seed asset in Waha Capital's PE business, operates multiple healthcare platforms with 35 healthcare assets across Abu Dhabi, Dubai, Sharjah, Ajman and Ras Al Khaimah.

Source: Zawya, Thomson Reuters, Al Masah Capital Research

MENA PE News Wrap-up

Bahrain Telecommunications Company, Batelco, has made a non-binding bid for USD 1.4 billion in Singapore wireless carrier M1. The other bidders are a coal producer based in China's Shanxi province, China Broadband Capital and some PE funds. Additionally, Shanxi Meijin Energy Co. and China Broadband have submitted first-round offers. M1 Ltd's three biggest shareholders were evaluating selling their combined stakes worth more than USD 813.5 million. Axiata has a 29% stake in M1, while Keppel has a 19% holding and Singapore Press owns 13%. (May 1, 2017)

The Islamic Corporation for the Development of the Private Sector (ICD), the private sector arm of IDB Group, in partnership with Ibdar Bank, Bahrain-based wholesale Islamic Investment Bank and Labor Fund 'Tamkeen', as part of the investment committee, announced the launch of the USD 100 million Bahrain SME fund. The Bahrain SME Fund is a Shariah compliant mezzanine PE fund which will target SMEs with high growth potential in consumer, industrial, ICT, education and healthcare sectors. (May 2, 2017)

Saudi Arabia's Ministry of Health (MoH) received at least six bids to act as financial adviser for the privatization of 55 primary healthcare centers in Riyadh. The privatization, which is expected to run into billions of Riyals, is part of the government's plan to ease the strain on state coffers from low oil prices. Albilad Capital, NCB Capital, Gulf International Bank Capital, KPMG, PwC and Banque Saudi Fransi all submitted bids by the deadline of April 26 to act as financial adviser for the programme. The government views health care as the sector with the best potential for privatizations and is studying whether to sell off all public hospitals and 200,000 pharmacies. (May 2, 2017)

Omani PE firm - Al Anwar Holdings entered into a shareholders' agreement with Hormozgan Cement Co of Iran to establish Hormuz Al Anwar Cement SAOC for the construction of a greenfield grinding plant in the port town of Duqm, Oman. The new facility will have a slated capacity of 0.6-1Mta and is expected to involve an investment of OMR 10.5m (USD 27.3 million). Commissioning of the project is subject to approval from the relevant regulatory authorities and required funding from banking institutions in Oman. (May 3, 2017)

Qatar Holding, part of Qatar Investment Authority, SWF, raised its voting rights stake in media group Lagardere to 16.7%, crossing the 15% threshold. It holds 13% of Lagardere's share capital and could increase its stake further, but has no plans to gain control of it. It is eyeing strategic partnerships that could boost Lagardere's long-term value and is considering seeking representation on its supervisory board. (May 3, 2017)

The Bahrain Mumtalakat Holding Company acquired a significant minority stake in German executive jet specialist, Axtmann Aviation Holding (AAH). Nuremberg-based AAH operates the FAI Aviation Group whose subsidiaries FAI Rent-A-Jet (IFA, Nuremberg) and FlyAlpha (Nuremberg) specialize in fixed-wing air ambulance, charter and aircraft management, as well as full MRO services. AAH will expand FAI as the leading player in the sector and increase its share in the General Aviation Market in the Middle East. FAI's fleet consists of 23 aircraft, and employs a full-time staff of 190 people. FAI operates satellite offices in Dubai and Miami as well as line stations in Bamako and Dakar. (May 8, 2017)

QInvest, Qatar's leading PE group, collaborated with a GCC institutional investor to create and launch the Magnolia Real Estate Fund which completed its first acquisition of an outstanding asset in Colorado, US. The acquisition was funded using an Ijarah property debt structure provided by Freddie Mac. The Magnolia Fund is focused on investing in the fast-growing, income-generating multifamily residential market in the US, which is experiencing its seventh consecutive year of growth. The Fund is building a portfolio of assets in the sector and plans to make more acquisitions during 2017. The newly acquired asset is projected to yield net cash in excess of 8% annually and a net IRR in the range of 12-13%. (May 10, 2017)

Source: Zawya, Thomson Reuters, Al Masah Capital Research

MENA PE News Wrap-up (Contd.)

A recent study by the Jordan Strategy Forum (JSF) recommended drawing up a clear legal framework to organize the work of investment funds in Jordan to ensure a better financial, technical and logistic support for SMEs. The forum also noted that small businesses are unable to access financial markets, therefore making investment funds, such as VC and PE funds, the best instruments to support starting and struggling enterprises. The recommended legal framework should define the relationship between the state and investors in a way that protects the interests of both sides and facilitates the work of the private sector in order to enable it to actively contribute to economic growth. It should also ensure the independence of investment funds and encourage their diverse operations, while setting up rules to guarantee good governance. The study also cited several obstacles that investment funds face, including the Companies Law, which does not organize the work of investment funds according to the best international practices and lists unflavored types of companies for people who wish to establish investment funds. (May 11, 2017)

According to the 2017 Preqin SWF Review, the proportion of SWFs investing in real estate, especially in the Middle East, continues to grow steadily. Overall, 63% of SWFs currently hold allocations to real estate, up from 62% in 2016 and 59% in 2015. Consequently, more SWFs invest in real estate and infrastructure than any other asset class. They are primarily looking to invest directly in real estate projects, with more funds indicating a preference for direct investment than for real estate funds. The total AUM of SWFs currently stands at USD 6.59 trillion, up 1% Y-o-Y. While just over a third (36%) of SWFs smaller than USD 1 billion allocate to the asset class, all SWFs larger than USD 100 billion and 67% of those with USD 50-99 billion in AUM invest in real estate. Asia and the Middle East-based funds represent the largest proportion of SWFs allocating to real estate. Each region accounts for 27% of investors, while just under a fifth (19%) are based in North America. (May 11, 2017)

Swicorp, a leading PE and investment banking firm with a specific focus on the MENA region, successfully raised SAR 152 million (USD 40.6 million), including SAR 76 million (USD 20.3 million) in equity and SAR 76 million (USD 20.3 million) in a loan facility from a local bank for Ewan Al Maali Real Estate Development Fund. The fund was established in partnership with Retal Urban Development Company, a fast-growing urban developer in Saudi Arabia. Retal announced plans to develop and sell 76 luxury villas in Al Khobar, Eastern Province, Saudi Arabia. (May 11, 2017)

Investcorp, a global provider and manager of alternative investment products, was named the 'Best Private Equity firm in MENA' at the Banker Middle East Industry Awards 2017. The award comes following a very successful period for Investcorp and its clients, which saw the firm double its AUM to ~USD 22 billion, and make distributions to Investcorp and its clients totaling USD 1.1 billion in the six months to Dec. 31, 2016, a 123% increase Y-o-Y. Further, Gulf Capital, one of the largest and most active alternative asset managers in the Middle East, won the 'Best Alternative Investment Firm 2017'. It manages over AED 14.7 billion (USD 4 billion) of assets across 10 funds and investment vehicles. (May 14, 2017)

The Financial Services Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM) introduced a risk-proportionate regulatory framework for managers of VC funds, the first of such framework in the MENA region. With immediate effect on 15 May 2017, VC managers will not be subject to any base capital requirement or expenditure based capital. The tailored regulatory framework simplifies the applicable regulatory requirements while maintaining the necessary safeguards to ensure that they operate in a safe and sound manner. As part of ADGM's wider efforts in fostering a vibrant ecosystem for FinTech firms and SMEs, the framework is a further enhancement to ADGM's funds regime that includes among others, a comprehensive platform for REITs as well as a boutique licensing framework for fund managers in the MENA region. The FSRA will regularly review and update its financial services rules and regulations to maintain a robust and highly efficient investment platform. (May 14, 2017)

US-based FogHorn Systems raised additional Series A funding from Dell Technologies Capital and Saudi Aramco Energy Ventures (SAEV). The extended funding brings FogHorn's total Series A round to USD 15 million, excluding the conversion of USD 2.5 million in seed funding. Dell Technologies Capital added to its initial Series A investment, while Saudi Aramco Energy Ventures is a new investor in the company. FogHorn is the leading developer of edge analytics and machine learning software for Industrial Internet of Things (IIoT) application. The company technology is ideally suited for OEMs, systems integrators and end customers in manufacturing, oil and gas, power and water, transportation, renewable energy, mining and agriculture, as well as Smart Building, Smart City and connected vehicle applications. (May 15, 2017)

Swiss trading giant Glencore and US PE investor Carlyle Group teamed up in an attempt to buy Morocco's only oil refinery, hoping to recoup about USD 600 million (Pound 465.2 million) in loans they issued to the plant before it went bankrupt. According to industry sources, the Moroccan government wanted at least USD 2 billion for the plant at Mohammedia, on the Atlantic coast near Casablanca. However, no decision on any sale is imminent, due partly to its complex debts. The 200,000 barrel per day refinery fell foul of the global oil price crash. It stopped operating in August 2015 after the government froze the bank accounts of its loss-making operator, Samir, seeking AED 13 billion (USD 3.5 billion) in unpaid taxes. If the deal goes through, it would become Glencore's first oil refinery and allow the plant to restart production, a crucial condition for repaying debts to a wide group of foreign creditors. A Moroccan court ruled last year that Samir should be liquidated despite attempts to restart production by the company, which was controlled by the Corral Petroleum Holdings group. On top of the unpaid taxes, several large oil companies and trading houses, including Glencore, are owed around USD 1 billion by Samir. (May 16, 2017)

MENA PE News Wrap-up (Contd.)

Canada-based Nymi, creator of the Nymi Band, closed a USD 15 million Series B round of funding, led by new investor GII Tech from Dubai, with participation from Nymi's Series A investors, Relay Ventures and Ignition Partners. It has made significant progress in the last two years, delivering on its vision of wearable, Always On Authentication. This new round of financing provides the company with the necessary resources to enter the next phase of scaled deployments. Founded in 2011 and backed by 10 years of research at the University of Toronto, Nymi launched the Nymi Band wearable authenticator in 2014. The company has recently focused on Industrial Internet of Things (IoT) applications and aims to deploy at scale later this year. Since its Series A funding in September of 2014, Nymi's Always On Authentication technology has gained significant momentum in the industrial IoT space with customer deployments scaling throughout 2017. (May 16, 2017)

Mubadala Investment Company, created after the merger of Mubadala Development Company and International Petroleum Investment Company, began operations with the company unveiling its new logo. The new company has total assets of USD 125 billion (AED 459 billion), 68,000 employees with business partnerships and presence in more than 30 countries globally. According to Mubadala, the work includes the development of global industrial champions in sectors such as aerospace, ICT, semi-conductors, metals & mining and renewable energy, and the management of diverse financial holdings. It will build on legacy expertise in oil and gas to invest across the hydrocarbon spectrum, and enhance the UAE's growth potential through investments in healthcare, real estate and defense services. (May 16, 2017)

According to 'The Arabnet Conference State of Digital Investments in MENA', more than USD 1 billion in investment funds for technology start-ups will be raised in the UAE this year. The boom comes after a bumper year of investment, with USD 918 million flow into the digital sphere across the MENA region in 2016. Three new funds of over USD 300 million each will be launched this year by a government entity, a corporate giant and government-run company. More than 30 funds had been launched annually over the past two years. Of the three funds, two of the funds will be mandated to focus on tech start-ups and tech investment in the MENA region. These are aside from the funds raised by the Emaar chairman and founder of the e-commerce venture Noon.com. Mubadala, the Abu Dhabi government's strategic investment company, is thought to be one of the entities as it recently revealed plans to start two technology VC funds in June to invest in companies with an annual revenue of between USD 1-10 million. Dubai SME, the government agency that oversees SME development, is also looking at how it may become involved in the tech start-up space. It will be a private fund deployed in 2018 focusing on early-stage and seed-round investments. (May 17, 2017)

QNB Suisse SA, a subsidiary of Qatar National Bank, selected Société Générale Securities Services (SGSS) in Ireland to help establish and support QNB Global Funds ICAV, its European UCITS-compliant umbrella fund. The ICAV, an Irish collective asset-management vehicle, currently offers two fully segregated sub-funds: QNB ZyFin India Consumption UCITS ET and QNB MENA Fund. The ANB ZyFin India Consumption UCITS ETF is Europe's first physically replicated Indian consumption ETF, the sub-fund tracks the performance of the ZyFin India Consumption Index which comprises equities of companies that are likely to benefit, directly or indirectly, from the expansion of consumption led demand in India. Meanwhile, the QNB MENA Fund is a sub-fund that is designed to provide long term capital appreciation through investments in equity securities on recognized markets located in the MENA. It seeks to outperform the benchmark index, which tracks the performance of large and mid-cap stocks from 11 pan Arab equity markets, by investing primarily in equity securities listed on recognized markets in Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia and the UAE. (May 19, 2017)

As per reports, the Saudi government will determine terms of ownership for the coming wave of state privatizations one by one. It will have separate laws for each sector, and will deal with them based on private-sector appetite and market conditions at the point of time. The Saudi government is preparing to privatize 16 government entities and launch more than 100 public-private partnerships (PPP) in sectors including sports, electricity and healthcare, a process expected to raise more than USD 200 billion. It is keen to draw PE for the sales, but the government has not yet clarified its position on the size or terms for stakes it will sell in state-owned companies. (May 20, 2017)

UAE health operator NMC Health, asset manager Ashmore Group and Dallah Health, are separately considering bids for the Jeddah-based medical services business of Saudi Arabian Airlines (Saudia) which could fetch USD 500 million. Saudia has sent out a request for proposals for the sale of the business through its financial adviser Jadwa Investment as it seeks to reduce non-core assets. Other Saudi healthcare companies may look at the business as well as healthcare groups such as Saudi German Hospital and Dr. Sulaiman Al Habib Medical Group. Conversations are at an early stage of the process and a final list of bidders will only emerge when first round bids are submitted. After initial expressions of interest, Saudia is expected to shortlist three or four bidders for the process. NMC, among the beneficiaries from substantial growth in the region's healthcare sector, has been seeking to expand in Gulf markets. Ashmore's interest could be among the first of PE companies to focus on Saudi Arabia's privatization programme, one of the world's biggest, as the kingdom seeks to raise around USD 200 billion from the sale of stakes in everything from hospitals to airports. Saudia Medical Services, the unit for sale, owns a major hospital in Jeddah and is seen as an attractive growth business. The business is a major healthcare provider to Saudia and a number of its group companies, providing outpatient services such as occupational and aviation medicine in Jeddah. Saudia has been spinning off some subsidiaries through stock market listings. It listed Saudi Airlines Catering in 2012. The sale of Jeddah medical business would be a complete exit. (May 20, 2017)

MENA PE News Wrap-up (Contd.)

US PE firm Blackstone and Saudi Arabia's main SWF plans to create a USD 40 billion vehicle to invest in infrastructure projects, mainly in the US. The Saudi Public Investment Fund (PIF) would commit USD 20 billion, with a similar amount raised from other investors. With leverage, Blackstone expect to invest more than USD 100 billion altogether through a permanent capital vehicle. Blackstone and PIF have signed a non-binding MoU and negotiations are continuing. The agreement was one of a number of big-ticket deals unveiled during President Donald Trump's visit to Saudi Arabia, although discussions began in May 2016. PIF will ramp up its overseas investments only slowly. The fund, having ~USD 183 billion assets, currently has more than 90% of its portfolio within KSA, largely in the form of stakes in state-affiliated companies. (May 20, 2017)

Softbank-Saudi Tech Fund, the world's largest PE fund, backed by Japan's Softbank Group and Saudi Arabia's main SWF, raised over USD 93 billion to invest in technology sectors such as artificial intelligence (AI) and robotics. Softbank, a telecommunications and tech investment group, revealed plans for the fund last October and since then it has obtained commitments from some of the world's most deep-pocketed investors. In addition to Softbank and Saudi Arabia's Public Investment Fund (PIF), the new fund's investors include Abu Dhabi's Mubadala Investment, which has committed USD 15 billion, Apple Inc, Qualcomm, Taiwan's Foxconn Technology and Japan's Sharp Corp. PIF did not disclosed committed amount to the fund, but previously announced it would invest up to USD 45 billion over five years. Softbank is investing USD 28 billion. The new fund would seek to buy minority and majority interests in both private and public companies. It expects to obtain preferred access to long-term investment opportunities worth USD 100 million or more. Other sectors in which the fund may invest include mobile computing, communications infrastructure, computational biology, consumer internet businesses and financial technology. The fund aims for USD 100 billion of committed capital and expects to complete its money-raising in six months. (May 22, 2017)

Lebanon's FFA Private Bank (FFA) prepares to launch a structured investment vehicle (SIV) to channel investments to power generation and other infrastructure projects. The initial objective is to reach USD 1 billion of investments in the short-to-medium term, over two to three years. Solar, wind, and hydraulic power projects will be mostly targeted, as well as waste-to-energy projects and waste treatment projects. Most of the large projects will be PPPs. This financing vehicle, called 'Lebanon Infrastructure Fund', is very advanced in terms of financial sophistication, and is the first of its kind in the country. The financing could take different shapes whether debt or equity financing. It could include bonds, bank loans, and vendor financing. The funding could also be in the form of multilateral financing obtained from international organizations such as the IFC, German state-owned development bank KfW, and French development finance institution, Proparco. The 'Lebanon Infrastructure Fund' will own the assets of the projects, while operators will manage the business against fees and a share in profits. FFA is in the process of writing the documentation of the fund and expects to get the approval of the Capital Markets Authority (CMA) within two months. They are in talks with all the parties that will be involved in the fund including investors, operators, and the Central Bank (BDL). (May 23, 2017)

Dubai plans to create a USD 1 billion investment fund focused on shipping to develop the Gulf city's maritime sector and ride out a global industry downturn. The Dubai Maritime City Authority, the government entity responsible for developing the maritime industry in the emirate, is examining ways to establish a fund to provide financial investment support to Dubai-based firms. There had been initial discussions so far, and a tender could be issued by the authority in the coming months to hire an adviser. The funds would not replace financing from banks, but could be used to help companies buy ships or stage transactions such as IPO and mergers. The fund could either be financed by private investors or state-owned banks, or both, with the loans it provided likely to be guaranteed by the government. If the fund gets established quickly, it could be used to support a bid to acquire United Arab Chemical Carriers (UACC), a shipping firm whose biggest shareholder, Dubai-run United Arab Shipping Company, is trying to sell it as part of conditions for a merger with German container line Hapag Lloyd. UACC has been estimated to be valued at USD 200 million. The need for an investment fund had arisen due to difficulties that shipping-related ventures faced accessing bank capital and export credit financing in the UAE as a whole. (May 24, 2017)

As per a latest release, Abu Dhabi Fund for Development (ADFD) financed 17 projects worth AED 5.6 billion (USD 1.52 billion) in 2016, of which AED 3.9 billion (USD 1.06 billion) were concessionary loans to four countries, and AED 1.7 billion (USD 0.46 billion) were government grants to finance 13 projects across seven countries. Established in 1971, ADFD provides concessionary loans to finance sustainable development projects along with other long-term investments and direct contributions. To date, it has financed projects worth AED 80 billion (USD 21.78 billion) across 83 countries. ADFD's company and PE fund investments amounted to ~AED 3 billion (USD 0.82 billion). (May 24, 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 Capital, a principal investment group focusing on the Subcontinent, Asia, and MENA (collectively, the SAMENA region), plans to close its third PE fund in the next 12 to 18 months. The company is working on five deals, targeting investments in India, Myanmar, Indonesia, Vietnam, Sri Lanka and China. The company, backed by investors that include members of the ruling families of Abu Dhabi, Qatar and Bahrain, is turning its attention to Asia after oil prices slumped by more than half since 2014. Samena has already raised more than USD 350 million for the close-ended fund since it started earlier last month. It may increase its size to USD 800 million if there's enough investor demand. It has raised USD 1.1 billion of assets since 2008 and returned about USD 500 million in capital from more than 40 full and partial exits. Backed by Value Partners Group Ltd. and Noble Group Ltd., it plans as many as seven exits in the next year, including an IPO in India. (May 25, 2017)

MENA PE News Wrap-up (Contd.)

Gulf Islamic Investments (GII) set up a Sharia-compliant REIT that is to be registered at the Dubai International Financial Centre (DIFC). The launch is said to be imminent, and both the REIT and the manager will be regulated by the Dubai Financial Services Authority, subject to regulatory approvals being in place. This REIT will be the first in GCC that starts giving out monthly dividends. It will target annual dividend payments between 7-10% p.a. or higher, on an underlying asset class - real estate. It has received commitments from investors willing to seed the REIT's strategy, with some AED 500 million (USD 136.1 million) being for rent-generating existing properties. A further AED 500 million will go into Sharia-compliant hotels and office buildings, and discussions are expected to conclude in the next few weeks. GII expects to raise further assets, in cash or kind, from other institutional and sophisticated investors, before it goes for IPO in next 12 to 18 months time. (May 30, 2017)

Carlyle Group, one of the world's largest PE, sees two buying opportunities in Egypt this year after a commodity rout depressed prices in the region. It's USD 700 million Sub-Saharan Africa Fund will spend USD 30-100 million on each, making the fund about 80% invested. (May 31, 2017)

Source: *Zawya, Thomson Reuters, Al Masah Capital Research*

MENA IPO News

Saudi Arabia's Bodymasters is in talks with banks and weighing its 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. The process is in its early stages, and no details of valuation or what percentage of shares could be floated, have been disclosed. 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. (May 1, 2017)

The Saudi Stock Exchange (Tadawul) completed its long-awaited transition to a T+2 settlement cycle for all listed securities, in a move that further eases foreign investor access. T+2 allows investors to settle any acquisition or purchase of stock on the exchange up to two days after signing the transactions, as per international custom. Until the change of rule in April, investors in Saudi shares had to settle their transactions immediately. Many shied away from Tadawul as a result, even though it is the largest equity market in the MENA, with a market capitalization of over USD 400 billion. Market participants see it as just the latest in a series of changes that may lead to Saudi's inclusion in the MSCI Emerging Markets index. The Kingdom's long hoped-for inclusion would lead to a large influx of funds from international institutional investors. (May 1, 2017)

Saudi Arabia's billionaire Olayan family, which runs one of the nation's biggest conglomerates, hired Saudi Fransi Capital as financial adviser for the planned share sale of some of its local assets. Olayan Financing Co., which controls the family's investments in the Middle East, may set up a new holding company for as many as 20 of its units, which could be worth as much USD 5 billion. Shares in the holding company would be sold to the public and listed on Saudi Arabia's Tadawul stock exchange. An IPO would be the first time Olayan Financing has sold shares in one of its Saudi businesses since at least 2000. Founded by Suliman Olayan in 1947, Olayan Group was valued at more than USD 10 billion by the Bloomberg Billionaires Index in 2015. Olayan Financing manages more than 40 businesses in the Middle East. (May 1, 2017)

Nama Holding plans to invite Omani institutional investors to sell shares in its subsidiary, Muscat Electricity Distribution Company (MEDC), followed by an IPO for retail investors, which will be the second phase of the share offer. In line with the government's directives concerning the privatization of Muscat Electricity Distribution, Nama Holding will start the divestment of a minority portion of MEDC's share capital in association with Ubhar Capital as a financial advisor for the privatization process, BankDhofar, represented by the Investment banking section for the subscription process and Al Busaidy, Mansoor Jamal & Co. as the legal advisor. (May 3, 2017)

National oil firm Saudi Aramco plans to cut its stake in Sadara Chemical Co, a JV with US company Dow Chemical, via an IPO of shares. Aramco has a stake of 65% in Sadara and they want to become equal with Dow, which has a 35% stake. According to a source, IPO would occur after the planned IPO of Aramco itself, which is due to take place in 2018. (May 3, 2017)

Exploration and production company Kuwait Energy plc plans to seek an IPO on the main market of the London Stock Exchange. It is working with Bank of America that could value the Middle East-focused group at USD 1 billion. It intends to apply for admission of ordinary shares to the premium listing segment of LSE. It expects the admission to take place in June 2017, post which it will be eligible for inclusion in the FTSE UK Indices. Kuwait Energy expects to raise gross primary proceeds of around USD 150 million, and would use most of the proceeds to continue developing its assets, especially those in Iraq that are seen as contributing significantly to growth. Should the IPO be successful, Kuwait Energy will become Kuwait's first company to have been listed in London. The Group's revenue stood at USD 138.9 million in 2016, down from USD 155.6 million in 2015, and operating cash flow before movement in working capital was at USD 77.2 million, compared to USD 79 million in 2015. (May 3, 2017)

Source: *Zawya, Thomson Reuters, Al Masah Capital Research*

MENA IPO News (Contd.)

Saudi Aramco appointed advisory firm Brunswick to join FTI Consulting in running media and investor relations for its IPO. The decision to split the role underscores the mammoth task facing Saudi Arabia's national oil giant which hopes to list in 2018 in several countries around 5% of the company in a share sale which could raise USD 100 billion. Brunswick was recently appointed to run the external and media communications for the IPO while US-based FTI will focus on managing investor relations. (May 5, 2017)

Bahrain Bourse's (BHB) newly-launched Bahrain Investment Market (BIM), an equity market for growing business ventures in Bahrain and the wider MENA region, recently gave members of the Bahrain Association of Banks (BAB) an up-close look at the investment opportunities. The BIM's innovative trading platform unlocks previously untapped and potentially lucrative opportunities for institutional and individual investors around the world to invest in proven businesses that are ready to take the next step in their growth and share in their future success. BHB gives the private sector an even broader range of capital-raising solutions to select from in order to fuel its future growth and development. BIM was officially launched in March 2017 and is specifically designed for companies who are looking to raise capital to fund their future growth, such as entrepreneurial ventures and mature family businesses. Among its numerous benefits are easier admission and financial disclosure rules, access to global investors, guidance services through specialized advisory firms, and a dedicated Tamkeen support programme. (May 7, 2017)

Egypt's financial advisor NI Capital plans to complete listing 24% of state-owned oil firm Enppi's shares on the local stock market between 6-9 months. It had earlier invited local and international investment banks to submit their technical offers in order to win the management of Enppi's IPO. The presidency announced in January 2016 that Egypt would soon offer shares of successful state-owned companies and banks on the local bourse - its first public offering of government-owned firms since 2005, when it offered shares in Telecom Egypt, AMOC. Established in 1978, Enppi has a paid in capital of USD 220 million. The state-run Egyptian General Petroleum Corporation (EGPC) is the principal shareholder owning 97% of the total shares. Enppi is a major EPC contractor that provides full integrated EPC supervision, and project management services for oil and gas, chemical, petrochemicals, power sectors and other related industries in MENA and South America. (May 8, 2017)

Global financial centers from London to New York and Hong Kong are vying for a piece of the action. In pitch documents, the Toronto Stock Exchange' talks up a customized regulatory environment for resource issuers, its leading position in oil and gas equity capital raising, and strong trading interest from outside the country. On the other hand, while LSE pulls out all the stops to woo Saudi Aramco, some leading British fund managers who would be among potential investors have expressed reservations about the oil titan's corporate governance and valuation. The LSE is working on a new type of listing structure that will be more attractive for Aramco by allowing it to avoid the most onerous corporate governance requirements of a primary listing. London's premier rules require firms to list at least 25% of their shares, while Aramco has so far indicated it will list no more than 5%. On the other hand, the NYSE does not have a minimum percentage float requirement, but companies must comply with strict rules on financial disclosure and reporting methods. No decision has been made on the venue of the listing abroad yet, but according to the industry sources, KSA is now leaning more towards listing in London and Hong Kong and possibly Tokyo as favored options rather than New York. It is expected to list on Tadawul, and at least one major international stock market. (May 10, 2017)

In a bid to strengthen liquidity at UAE equity markets, the Securities and Commodities Authority developed new regulations enabling SMEs to trade at the secondary market launched by the Abu Dhabi Securities Exchange, and Dubai Financial Market, two years ago. The new regulations, premised to incentivize SMEs, stipulate that SMEs which take the form of limited liability companies at financial market have to change their status to stock companies as per Ministry of Economy's regulations in order to trade their shares at the new market. However, only the founders of these companies will be eligible for trading during the first year following the status change and then all their investors will have the right to trade in conformity with the ownership restrictions envisaged by each company's statutes. The Commercial Companies' Law states that a private stock company should not have more than 200 stockholders with a minimum capital of AED 5 million each (USD 1.4 million). (May 10, 2017)

Investment Holding Group's (IHG) shares are expected to be listed on Qatar Stock exchange (QSE), following IHG's Constituent General Assembly Meeting, where the Assembly officially approved to convert IHG from a limited liability company to a Qatari shareholding company. The IPO is a first in the Qatari market for a family business and a step towards expanding the Group's number of shareholders. More than 10,000 new shareholders joined the Group's shareholders' base through the IPO. (May 10, 2017)

EFG Hermes became Sole Global Coordinator and Joint Bookrunner for the transaction, which saw shares in ADES, a leading provider of offshore and onshore oil and gas drilling and production services in the MENA, admitted to trading on the main market of London Stock Exchange with a standard listing. ADES raised gross proceeds of USD 170 million in the primary tranche of the offering and will use the net proceeds primarily to fund capital expenditures related to the scale-up of the Group's operations in Egypt, Saudi Arabia and Algeria; and to fund ventures into new markets including GCC countries in the belief that this will create substantial risk-adjusted returns for shareholders. Total demand raised for the offering was USD 526 million, covering the book 1.88x. The offering was priced at USD 16.5 per share and the market capitalization of the company at admission was USD 696 million. ADES' IPO is the first time a MENA-based investment bank has served as sole global coordinator for an IPO on LSE. ADES is pre-qualified in several markets across the world, and through its nearly 1,300 employees serves clients including major national oil companies such as Saudi Aramco and Sonatrach as well as global majors including BP and Eni. (May 14, 2017)

Source: Zawya, Thomson Reuters, Al Masah Capital Research

MENA IPO News (Contd.)

Saudi Arabia-based power and water project developer, ACWA Power plans to conduct an IPO in late 2018, listing on a big foreign market as well as the Saudi bourse. The company, which operates in 11 countries across the Middle East, Africa and Southeast Asia, focuses on renewable energy projects. The company is owned by a number of international and Saudi conglomerates as well as by Sanabil Direct Investment Co, which in turn is owned by the Public Investment Fund (PIF) and the Saudi Public Pensions Agency. ACWA plans to consider bidding for many assets offered by the privatization scheme, which could help to make Saudi Arabia the company's largest market for renewable energy by 2030. ACWA, which raised USD 814 million in May with a debut bond issue, plans to raise debt later this year or early 2018. (May 20, 2017)

Saudi Arabian sports and fitness business Leejam Sports Co targets an IPO in the Q4 2017 in a share sale expected to raise SAR 1 billion (USD 266.65 million). The company hired the investment banking arm of Samba Financial Group and Rothschild last year to arrange its share sale, which will see 30% sold to the public and a listing on the Tadawul stock exchange of Saudi Arabia's. Established in 2007, Leejam operates 120 locations across Saudi Arabia and Dubai under the brand name Fitness Time. Much of the shares put up for sale will likely come from Bahraini alternative investment firm Investcorp, which acquired a 25% stake in the firm in 2013. (May 23, 2017)

Egypt expects to raise EGP 7.2 billion (USD 400 million) through an IPO of Banque Du Caire by 2018. The Egyptian state-run lender had earlier planned to list its shares in H1 2017, as part of the government's plan to sell some state assets to buoy the stock market and attract investors. (May 23, 2017)

Egypt expects to raise EGP 5-7 billion (USD 276-387 million) through IPO of state-owned companies during the 2017-2018 fiscal year beginning in July. That is lower than the EGP 7.2 billion that the ministry in a draft budget for the 2017-18 fiscal year said it expected to raise through an IPO of Banque Du Caire. The last time state-owned companies were listed on the exchange was in 2005 when shares were floated in Telecom Egypt and oil companies Sidi Kerir Petrochemicals and AMOC. (May 23, 2017)

Aster DM Healthcare plans an IPO next year as the Dubai-based medical provider seeks to take advantage of improved market sentiment for the Persian Gulf. The company aims to sell 10% of shares by October 2018, with a listing either in Mumbai or London. Proceeds will be used to pay debt and expand, including through acquisition. Kotak Mahindra Capital will be lead manager of the issue. Aster DM filed a draft prospectus for an IPO last year. It operates clinics, hospitals and pharmacies in the UAE, Oman, Qatar, Bahrain and Saudi Arabia and competes with Abu Dhabi-based NMC Health Plc, which has seen its shares jump 41% this year in London trading. Aster, which also has medical facilities in India and Philippines, is looking to expand in Nigeria, Kenya, Ethiopia and elsewhere in Africa. (May 28, 2017)

Saudi Arabia's Power and Water Company, Marafiq, is considering plans for an IPO in 2019 on the Saudi stock exchange Tadawul. The company hasn't decided on the size of the stake it will sell or how much it plans to raise from the offering. Marafiq, whose shareholders include the Public Investment Fund (PIF), Saudi Arabian Oil Co. and Saudi Basic Industries Corp., is currently seeking to appoint a financial adviser to work on plans to acquire power plants in the kingdom, and the company will likely use the same adviser to help it prepare for the IPO. Marafiq is the main power provider for the industrial cities of Jubail and Yanbu. It supplies energy for oil and petrochemical facilities owned by companies including Aramco and Sabic. (May 31, 2017)



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