2011
Abraaj Capital
Annual Review

ABRAAJ CAPITAL


London
Istanbul
Dubai
Mumbai
Nairobi
Singapore
Abraaj Capital's presence post Aureos acquisition
Regional Hubs. A seventh hub will be established in Latin America
INVESTING ACROSS THE WORLD'S GROWTH MARKETS

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ABOUT ABRAAJ CAPITAL

The Abraaj Capital group is a leading private equity manager investing in growth markets. Since inception in 2002, the group has raised over US$ 7 billion and distributed in excess of US$ 3 billion to investors. With over US$ 6 billion in assets under management, the group has helped accelerate and facilitate the growth of more than 50 companies in 15 countries in the Middle East, North Africa and South Asia (MENASA) region in sectors as diverse as healthcare, education, energy, aviation and logistics.

Employing over 95 investment professionals, the group is headquartered in Dubai and has a presence in Algiers, Amman, Beirut, Cairo, Casablanca, Istanbul, Karachi, London, Mumbai, Ramallah, Riyadh, Singapore and Tunis. Funds managed by the Abraaj Capital group have holdings in over 35 companies including Air Arabia, the Middle East's leading low cost carrier, Network International, the largest independent payment solutions provider in the Middle East and Africa, IHH Healthcare Berhad, one of the largest private healthcare groups in growth markets and Al Borg Laboratories, the Middle East's largest privately owned medical testing laboratory.

In 2011, Abraaj Capital was ranked the largest private equity firm in emerging markets worldwide by Private Equity International. In addition, Abraaj Capital has won many regional and international awards, including the 'Middle Eastern Private Equity Firm of the Year' for seven consecutive years, awarded by Private Equity International.

With the completion of the Aureos Capital acquisition in 2012, Abraaj Capital has a presence in more than 30 countries across growth markets, over 150 investments managed by a dedicated team of investment professionals and approximately US$ 7.5 billion in assets under management.

Abraaj Capital Limited, a member of the Abraaj Capital group, is licensed by the Dubai Financial Services Authority (DFSA).

Investment Track Record

Investments	Exits*	Multiple of Cost**	
50	23*	2.8x	
Average Realized IRR	**AUM**	**Capital Returned**	**Cumulative Funds Raised**
74%	US$ 6 Bln+	US$ 3 Bln+	US$ 7 Bln+

Note to readers: Unless otherwise stated, all references to "Abraaj," "Abraaj Capital" or the group in this document should be interpreted to mean the "Abraaj Capital group." Abraaj Capital Limited (a member of the Abraaj Capital group) is regulated by the Dubai Financial Services Authority (DFSA). All data and content in this Annual Review relates to that of the Abraaj Capital group as of 2011, unless stated otherwise.

**Includes those undertaken by senior management within Abraaj Capital's predecessor entity, Cupola. This also includes the Acibadem partial exit.*
***Fully realized exits only.*

OUR YEAR

BOARD OF DIRECTORS' STATEMENT

It is easy to forget that just a decade ago, Abraaj Capital had US$ 60 million under management in one fund. In the intervening 10 years, the Firm has raised over US$ 7 billion and facilitated the growth of more than 50 companies across the MENASA region.

Following the completion of the Aureos Capital acquisition in 2012, the Firm has approximately US$ 7.5 billion in assets under management, a presence in over 30 countries across fast-growing markets in Asia, Africa, Latin America and the Middle East, and over 150 investments.

The last three years of this decade of growth by Abraaj Capital have been the most challenging in recent memory. This is true globally, since the collapse of the sub-prime market in the United States in August 2007 burst the financial bubble in 2008, triggering an economic crisis in 2009, and leaving us, three years later, with unresolved global imbalances and deep structural challenges, unsustainable public debt and high unemployment in most advanced economies, and stagnant growth in Europe and Japan, despite a highly facilitative monetary policy in both Washington and Frankfurt.

It has also been true in the MENA region, where uprisings against corrupt and autocratic regimes in late 2010 and throughout 2011 have brought some political change – though repression continues in Syria – but mostly no economic relief. High levels of youth unemployment and the disruption of economic activity in the Levant demand attention, though opportunities for restructuring abound and a combination of programs to drive entrepreneurship and provide vocational training for employment holds real promise.

On a global scale, growth markets will continue to be engines of financial recovery for the foreseeable future, as they were in 2011, when GDP growth was six percent on average, while developed countries achieved only 1.4 percent. Three factors in particular make a continuation of this path most probable: far higher population growth rates and younger populations in growth economies, though China will soon slow; rapid urbanization and continued high GDP growth opportunities in the transition from agrarian to urban industrial economies; and debt levels of no more than a third, on average, of those in the developed economies, with very significant foreign exchange holdings in China and the GCC.

While China's growth will slow in 2012, perhaps to about 8 percent, due to lower demand in the developed economies, and may average only 6.6 percent on average over the next two decades, a recent report, *China 2030: Building a Modern, Harmonious, and Creative High-Income Society*, by the World Bank and the China State Council indicates that this will still cause it to become a high income country before 2030, and pass the United States in total economic size, although its per capita income will, of course, still be a fraction of that of the advanced countries.

Having identified these geo-economic trends several years ago, and in line with its ethos of investing in foresight, the Abraaj Capital group has expanded its presence into other global growth markets.

In August 2011, Abraaj acquired the US$ 161 million Kantara Fund, which invests in small and mid-cap companies (SMCs) in Morocco, Algeria, Tunisia and Egypt, thereby complementing the group's existing Riyada Enterprise Development (RED) platform by expanding into the Maghreb. Prior to Kantara's integration, RED had already made eight investments.

In 2012, Abraaj announced and subsequently completed the acquisition of Aureos Capital, a private equity fund management group focused on investment in small and mid-cap companies across Asia, Africa and Latin America. These acquisitions, following the decision early in 2011 to establish a presence in Singapore and Mumbai, have given Abraaj Capital exceptional coverage across new growth markets and created opportunities for expansion and consolidation.

Meanwhile, Abraaj Capital has continued to develop its position in the MENA region, not least by establishing a US$ 500 million investment vehicle in the Kingdom of Saudi Arabia (KSA) focused on private equity, small and mid-cap companies, real estate and public equities.

Significant returns were created for Abraaj's investors in challenging circumstances over the past year. A notable event was the sale of Abraaj Capital's stake in Acibadem, a Turkish private healthcare provider, to IHH Healthcare Berhad, a Malaysia-based integrated healthcare service provider with assets in East Asia, India and Turkey, and interests in Abu Dhabi and Central and Eastern Europe. Abraaj Capital is now a shareholder in IHH Healthcare Berhad, giving the group a significant presence in South East and East Asia and the ability to capitalize on increasing economic ties between MENASA and these regions.

The group has continued to invest in improving the quality of its governance. Meaningful progress was made in strengthening the risk management function with the assistance of the Board Committee on Compliance and Risk, and reporting on environmental, social and governance (ESG) performance has commenced. A robust ESG program has been developed and implemented in Abraaj Capital and six partner companies which the Firm has reported on in this Annual Review. ESG principles and values will be further embedded in all operations in 2012.

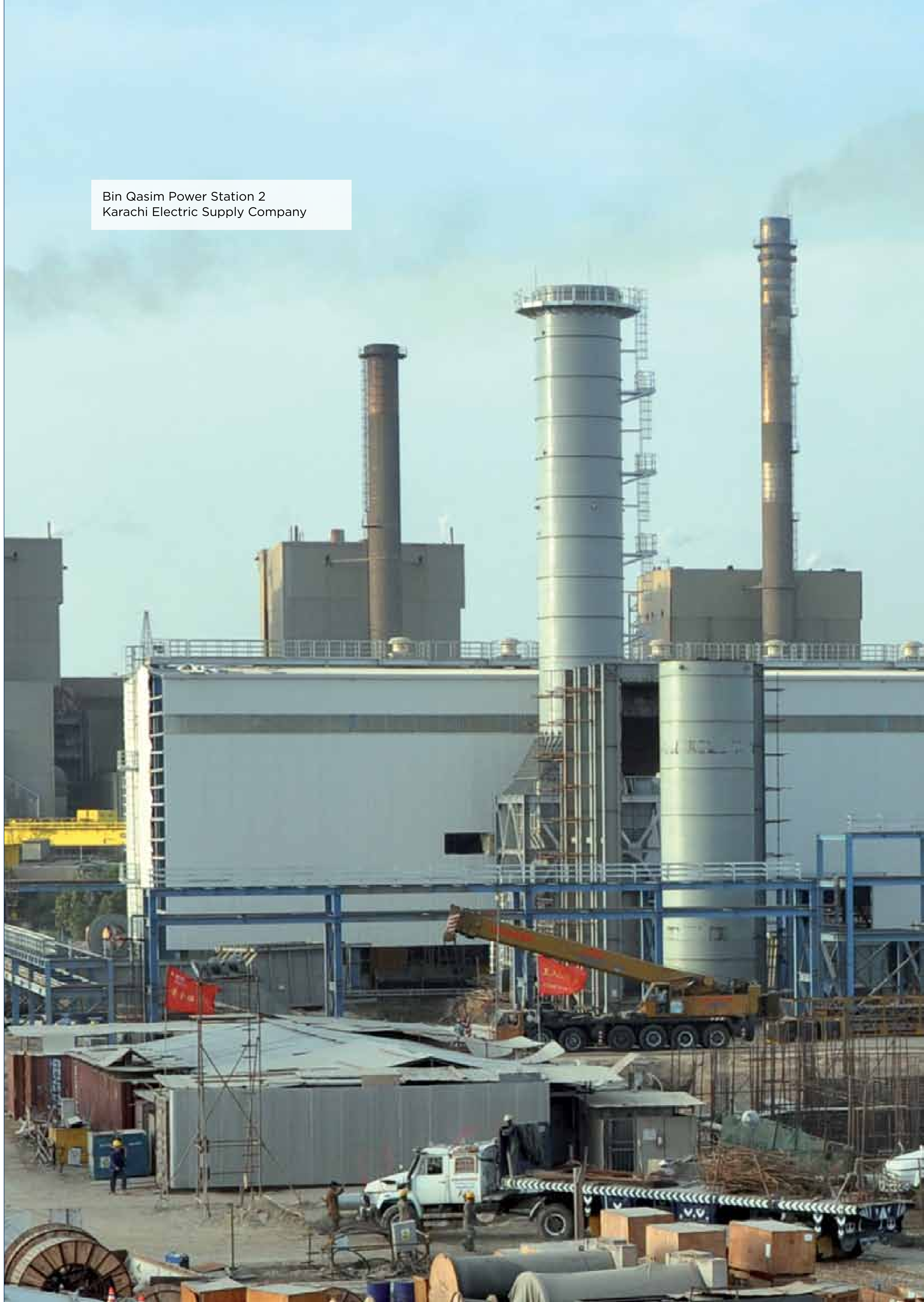
Further steps to strengthen the compliance and risk management functions are underway in the aftermath of the new acquisitions. Integrated systems across the group, backed with deep knowledge of local circumstances and the requirements of regional regulators, will ensure that the group's wider exposure across growth markets does not increase its risk profile. The risk management teams of Abraaj Capital and Aureos Capital have already engaged in the first phase of this process.

Abraaj Capital has long believed in the need to invest in and engage with the communities in which it does business, on several levels. This ethos informs all aspects of the Abraaj Sustainability and Stakeholder Engagement Track (ASSET). Recognizing that the companies in which Abraaj has invested, affect the lives of millions of people, the group undertakes and supports programs of many different sorts, to promote sustainable change in the communities around it.

In addition to highlighting the evolution of Abraaj Capital from being a MENASA focused Firm to one operating across global growth markets in the private equity and small and mid-cap investing space, this Annual Review marks the transition to a new Board of Directors. Throughout the first decade of Abraaj's evolution, the Board provided invaluable guidance and support. A new Board has now been elected that more accurately reflects the geographic footprint of Abraaj and its growth aspirations in the coming years.

The systemic crisis through which we have just passed highlighted the need for companies to demonstrate responsible corporate citizenship in the environments in which they invest. The demands for human dignity, political voice and economic opportunity that echoed across Tahrir Square last year, differ little from the frustrations expressed by demonstrators in 1,000 cities around the world on October 15, 2011 under the banner of *United for Global Change*, to denounce 'an intolerable situation' in which the gains and the wealth that flowed from speculation were concentrated in the hands of the few, while the losses that incurred when the banks collapsed, were laid on all citizens. The protestors were denouncing the rigidity and inequity of the systems to which ordinary people felt subjected.

Present levels of unemployment, both in the MENASA, other growth markets and the advanced economies, will pose serious social and political risks unless means are found to resolve them. The Abraaj Capital group has warned of these risks in its previous Annual Reviews, at its Investor Conferences, and in many presentations around the world. It has also chosen to act, individually, and wherever possible, with others, to address some of these challenges, and will do so on a still larger scale in the years ahead.

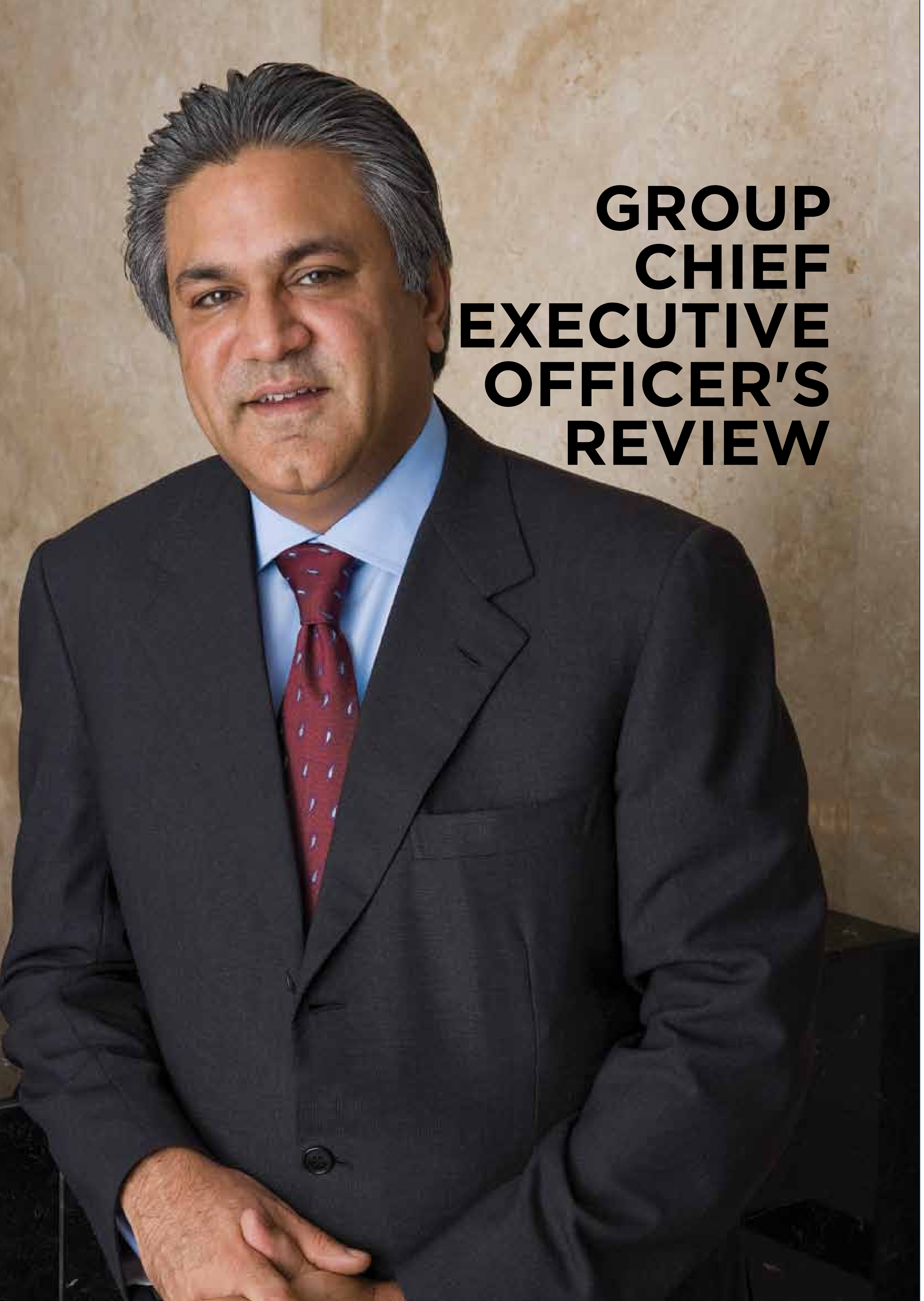


Bin Qasim Power Station 2
Karachi Electric Supply Company

OUR PARTNERS

From L to R: Purshotam Ramchandani, Abdullah Shahin, Frederic Sicre, Mohamed Semary, Matteo Stefanel, Omar Syed, Mounir Husseini, Selcuk Yorgancioglu, Arif Naqvi (Founder and Group Chief Executive)

From L to R: Mustafa Abdel-Wadood (Chief Executive Officer, Abraaj Capital Ltd.), Ahmed Badreldin, Waqar Siddique, Hossam Radwan, Wahid Hamid, Omar Lodhi, Narayanan Rajagopalan, Ashish Dave, Tom Speechley



GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

2011 was another momentous year in the evolution of Abraaj Capital. It was around this time ten years ago that we laid the seeds for the establishment of the Firm when we consummated the first investment for our inaugural private equity fund. Over the ensuing decade, we have been pioneers in the private equity landscape in many of our target markets, have achieved industry leading returns for our investors, and have increased our assets under management 100-fold – from about US$ 60 million in 2002 to over US$ 6 billion in 2011.

At the end of 2011, Abraaj Capital was one of the leading growth markets focused private equity firms with a presence in 14 countries and targeting investments in many of the fastest growing economies in the world.

Our expansion strategy was dramatically accelerated in 2012 through the acquisition of Aureos Capital, a leading private equity fund management group focusing on small and mid-cap companies in Asia, Africa and Latin America. As a result of this acquisition, we now have an operational and physical presence in over 30 countries across Asia, Africa, Latin America and the Middle East, providing us with unparalleled access to some of the most exciting investment opportunities in 20 of the 25 fastest growing countries across the globe.

As we mark a decade of our operations, we see this milestone not as a destination but as another important marker in our journey. Our progress would not have been possible without the support of our stakeholders – and we see this moment of reflection as an opportunity to thank them for their contribution to our success.

During 2011, we opened another chapter in our expansion and for us, the lodestar in this journey was our intent to participate in the enormous growth opportunities that exist in the markets of East Asia and Sub-Saharan Africa. Accordingly, and as mentioned in our last Annual Review, we established a presence in Singapore and Mumbai in early 2011 and seeded it with senior members of our Firm.

This has not been an easy journey by any measure – and it has come during some of the most challenging economic times in living memory and during an age of unprecedented socio-economic and political change. Having practiced our trade in difficult markets at very challenging times, we have emerged a stronger Firm – proud of our heritage and achievements. That said, our philosophy is not to rest on our laurels. It is one of humility, absolute integrity, hard work, intelligence and of relentlessly seeking opportunity and growth.

Unfortunately, but unsurprisingly, the macroeconomic environment prevailing in most developed markets continues to remain challenging and exigent. Deep structural challenges facing the global economy created unprecedented uncertainty among governments and their citizens in 2011 as the aftershocks of the great recession continued to reverberate around the world. As I mentioned in my letter last year, there are no short-term solutions to the macroeconomic problems facing us today – and these problems have been exacerbated, in my opinion, by a crisis of leadership.

We are in the early stages of a deleveraging cycle within the developed and highly leveraged economies. The US has seen an ostensible and notable reduction in levels of debt within the private sector (financial institution leverage as % of GDP is back to 2000 levels; the housing sector has deleveraged by 15% in relation to disposable income; and a large part of the deleveraging has come through defaults on mortgages) more than many other developed countries. These variables, combined with positive

Our Year

data on unemployment reduction in the US, have led many market participants to replace the dirty "r" word (recession) with the more comforting "r" word (recovery).

But in my opinion, the still highly leveraged 'developed economies' are still not out of the woods. Overall debt levels remain at unsustainable levels and it may be too early to rejoice in the signs of recovery. The Eurozone continues to be in a state of flux as policy makers try and make decisions at a supra-national level while trying to balance the priorities and objectives of the Eurozone with those of the member countries. The Eurozone crisis, austerity measures and soaring unemployment created a combustible atmosphere on the streets of Athens, Madrid and London, prompting fears of a crisis of democracy, as the struggle for economic and inclusive growth stretched the social fabric of nations.

Disenchantment was not restricted to the West. The implications of the "revolution" that so momentously found its voice in 2010 in the Arab world continued to resound as governments in Tunisia, Egypt and Libya transitioned to new regimes.

These are extraordinary times, where the interconnections between the economic, political and social spheres have never been so complex, where the world's economic power base is rebalancing, and where the function of societies and businesses is being redefined in front of our eyes.

No one can predict with true certainty what the world will look like a decade or two from now, but what is certain is that growth markets are going to outpace the developed economies for some time to come. Recognizing and capitalizing on this opportunity will require a shift in mindset and the adoption of a pragmatic approach when working in new markets and new cultures. We believe we have people throughout our business who understand these dynamics, and who are excited about the wealth of opportunity ahead.

INVESTING IN GROWTH MARKETS

In 1987 growth markets made up 16% of global GDP. Today, they account for over 30% of global GDP, a doubling of economic significance in under a quarter of a century. The Economist Intelligence Unit forecasts that by 2015, 41% of the world's GDP will come from countries that are currently defined as emerging markets.

These emerging markets, or 'growth markets' as we call them are expected to generate close to two-thirds of global economic growth in the next five years on the back of favorable demographics and increasing wealth. Growth markets are expected to reap the benefits of a demographic dividend as the middle class in these markets expands from around 400 million in 2005 to 1.2 billion people by 2030. The emergence of this middle class is expected to create a shift in the concentration of global wealth. In 2000, 80% of the world's income went to 20% of the world's population living in the OECD countries. It is estimated that by 2050 the OECD will represent just 35% of the world's income. All of this will result in a substantial increase in demand for goods and services across a broad spectrum of sectors and will spur innovative solutions – be it in business models or technology - to meet this growing demand.

While the developed economies stagnate, the resilience of these growth markets has been demonstrated by their superior performance over the past 12 months, and is further evidence of a 'multi-speed' growth model that has become accepted thinking.

I'm cautious of merely accepting this as status quo – after all one can't be an island of excellence in an ocean of turbulence – but I am convinced this trend is here to stay. Furthermore, not all of these markets are on the radar of investors or fit neatly into acronyms or groupings. The markets of the Middle East, North Africa, Turkey, South East Asia and Sub-Saharan Africa are going to be just as relevant to shaping our world as those of the BRICS.

Abraaj Capital is no stranger to this setting. We have dedicated the past 10 years to leading our unique brand of private equity in the Middle East, North Africa, Turkey and South Asia. The lessons learned and experience gained from 10 years of working in these markets emboldens us for the opportunities ahead.

ACCELERATING OUR GROWTH STRATEGY

We realized many years ago that we needed to be rooted in the knowledge flow of the countries in which we invest. Being part of the local terrain is vital and private equity remains for us a very local game. As I mentioned earlier, to support this goal and to help drive our expansion into new markets – namely Asia – we established a presence in Singapore and Mumbai. Our goal of expanding into new markets was accelerated through the acquisition of Aureos Capital, a leading SMC (high growth small and mid-cap investments) focused private equity fund management group in 2012.

Aureos brings outstanding local insight and on-the-ground expertise that has enabled its senior management to complete some 250 deals over the past two decades in Latin America, South East Asia and Sub-Saharan Africa.

We are similar firms, with similar thinking and similar people doing similar things – but in different markets. The acquisition is a natural evolution of our story and has enabled us to propel our strategy by creating the world's largest growth markets focused private equity group, unrivalled in its reach, with approximately US$ 7.5 billion in assets under management, and more than 150 investments with a local presence in over 30 countries.

Aureos will remain true to its roots and will continue to invest in high growth small and mid-cap businesses complementing our own SMC investing platform, Riyada Enterprise Development (RED). The expanded platform will retain its structure and team within the Abraaj group under the Aureos brand and all Aureos Funds will continue according to their existing fund mandates and investment guidelines. Needless to say, we are very excited about the opportunities for growth and consolidation that this acquisition provides.

While the Aureos acquisition represented a critical milestone for the Firm in accelerating its growth journey, we saw other landmark achievements that deepened our footprint in key markets. Although no one can predict where and when the drive for political reform will end in the Middle East and North Africa, we believe that if the transitions are dealt with positively over the next 12 to 18 months the medium to long-term future is bright for markets within the Maghreb and the GCC. As the region evolves politically, we believe these economies will be well positioned to fully embrace their potential.

To partake of these opportunities over the long-term, Abraaj acquired in August 2011 the US$ 161 million Kantara Fund. Kantara's core mandate is to invest growth capital into small and mid-cap companies in Morocco, Algeria, Tunisia and Egypt, particularly those that have benefited from first-mover advantage, and that will be primary targets for regional or international consolidation.

It is a strategy that complements our existing SMC investment strategy and the RED platform. Prior to acquiring Kantara, RED had offices and teams on the ground across MENA, but was not present in the Maghreb. The combined RED and Kantara platform gives us a geographical footprint right across the region, including in Jordan, Palestine, Lebanon, Morocco, Algeria and Tunisia.

> "The Aureos acquisition has created the world's largest growth markets focused private equity group"

Our Year

Our confidence in the GCC economies was underlined by our plans to establish a US$ 500 million investment entity dedicated exclusively to investing in the Kingdom of Saudi Arabia (KSA) focused on a variety of asset classes, including private equity, SMCs, real estate and public equities.

We have made significant progress in the creation of this entity. We have completed the legal process to establish the company and it is now fully operational. By mid-2012, we expect it to be running at 100 percent capacity.

In May 2011 we appointed a highly experienced CEO to the Saudi-focused investment platform. We firmly believe that Abraaj Capital's Saudi operations will capitalize on the favorable macroeconomic landscape and solid investment opportunities that exist in the Kingdom, and of which we have been an early proponent. The first-mover advantages inherent in setting up an extensive presence within the Kingdom's investment landscape can be seen in the phenomenal response we have received from our investors.

Our Saudi entity is also breaking new ground in the area of governance. Its unique corporate structure – in which all shareholders will be Saudi nationals, will be represented on the Board and will be involved in all key strategic decisions of the Firm – opens a new chapter in the evolution of governance frameworks in the private equity industry.

As pioneers of the alternative asset management space, we see it as our responsibility to demonstrate leadership in governance within our region. A number of initiatives over the past year, including the strengthening of our investor relations team, the establishment of dedicated fund managers and fund-specific investment committees, have refined and underlined our commitment to transparency.

As we recalibrate ourselves for the future, reporting on our environmental, social and governance (ESG) performance is imperative. 2011 saw the development of a robust ESG program implemented throughout our Firm and extended to six of our partner companies. We will continue to drive ESG principles and values forward in 2012 and indeed, the publication of our first integrated sustainability report for 2010 is proof of our commitment to embed sustainability principles into the core of our business and report transparently on them. I am pleased to report that we have followed the same principle this year and in line with the Global Reporting Initiative (GRI) guidelines, we have self-declared this report as GRI Level B+ after transparently reporting on over 50 performance indicators. The report has been subjected to a third party limited assurance by KPMG and application grade check by GRI in order to achieve the independent rating of B+. For more information on the KPMG assurance, please refer to page 111. For more information on the GRI verification statement, please refer to page 113.

While working for the benefit of all our stakeholders, we continue to strive for and to generate significant returns for our investors. Among the most notable exit from a number of investments in 2011 was the sale of our stake in Acibadem, the Turkish private healthcare provider, to IHH Healthcare Berhad, a Malaysia-based provider of integrated healthcare services.

Under the stewardship of Abraaj Capital, Acibadem grew to become one of Turkey's largest private healthcare groups. Operationally, its presence grew from 6 to 14 hospitals and 750 to 1,850 beds in just four years. EBITDA more than tripled and 5,000 new jobs were created. This operational strength demonstrates the power of good businesses to grow however difficult the international economic backdrop might be. The value delivered to our shareholders validates the confidence they have placed in us and underpins our strategy of investing in high growth regions and high impact sectors.

EBITDA growth in 2011

23%
across 30 partner companies

With the conclusion of this transaction, Abraaj Capital has become a shareholder in IHH Healthcare Berhad, which has assets in Malaysia, Singapore, India, Turkey and an operating presence in China, Brunei, Abu Dhabi and Central and Eastern Europe. The partnership with IHH Healthcare Berhad significantly expands Abraaj Capital's footprint into East Asia and is the first fruit of our strategy to capitalize on increasing trade, investment flows and economic ties between MENASA and East Asia.

Other notable transactions this year include the conversion of our equity stake in Global Education Management Systems (GEMS), a UAE-based provider of private education in the MENASA region, into an exchangeable loan instrument. The transaction has led the way for the Varkey family, the founder of GEMS, to merge their regional MENASA and international education businesses to create an integrated global education platform while allowing us to participate in the GEMS growth story with downside protection.

2011 also saw us exit our stake in BMA Capital Management, one of the leading financial services companies in Pakistan, to a strategic investor for a share consideration and cash.

We made significant efforts to build new relationships with new partners in 2011 and we are now seeing that hard work coming to fruition. Most recently, we announced a US$ 125 million investment in Saham Finances, a Morocco-based insurance holding company that has operations across 10 countries in Africa, where insurance penetration rates are extremely low. Saham Finances currently operates across Francophone West Africa under three subsidiaries – CNIA Saada, Colina and Isaaf.

We are also in exclusive talks to acquire Viking – a fully integrated oilfield services company that operates in Turkey, Bulgaria and Romania. We are excited by Viking's plans to expand into geographically strategic, underserviced growth markets and look forward to facilitating this expansion.

We further announced a strategic investment in Kuwait Energy Company, one of the fastest growing independent upstream oil and gas exploration and production companies in the Middle East. Our investment will enable Kuwait Energy's ongoing growth and development plans and facilitate its emergence as a regional independent exploration and production (E&P) pioneer with world-class expertise.

These investments will be made through our fourth buyout fund, Abraaj Private Equity Fund IV, which made its inaugural transaction during the past year, the acquisition of a 49 percent stake in Network International, the leading independent payment solutions provider in MENA.

Several other deals in a range of sectors in the exciting and growing markets of Turkey, South East Asia, India and Africa are in the Fund's pipeline and we look forward to making further announcements in the coming months. This year we will also continue our commitment to reward investors for their faith in Abraaj Capital's experience and expertise, as we seek to consummate a number of interesting exit opportunities in 2012. Based on the overall positive performance of our partner companies over the past year which saw EBITDA growth of 23% across 30 companies, we believe we have some very attractive prospects to offer potential buyers.

We appreciate that our model of partnership and of value creation sets us apart and is the philosophy that will sustain us during the next stage of our journey. We understand the importance of local presence more than most and our bigger, more diverse family, now based around six global hubs in Dubai, Istanbul, London, Mumbai, Nairobi, Singapore and a seventh to be established in Latin America, excites us. It is a family bound by a culture that rewards success, which values hard work, integrity, entrepreneurialism and the pursuit of excellence with a passion.

NEW THINKING

From day one we have sought to redefine the role of private equity in growth markets. That meant fundamentally altering the manner in which we look at businesses. For so many years there was a blinkered obsession with shareholder value creation: those traditional models and thinking are no longer applicable. The corporate world must adopt a multi-stakeholder mentality in order to achieve sustainable long-term growth. Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, recognized as much in Davos: "We have to make capitalism and the free market much more responsive to social needs. If business is not serving society, then business is not sustainable."

While there is consensus on the systemic issues that brought developed economies to the brink, there is a devastating paralysis on how to deal with them. Meanwhile, the divisive inequality gap continues to widen in the developing and developed world. This economic disenchantment is at the core of what is unfolding throughout parts of the Middle East region. The opportunity to improve an individual's life and that of his or her family is not a path that everyone can see clearly. The demonstrations and occupations seen in London and New York are not too dissimilar from those in Tahrir Square in Cairo, targeting a system that concentrated wealth in the hands of the few, socialized the losses and spread them across the population.

Over the next decade, 600 million new jobs will need to be created for today's jobless and there will be 400 million new entrants to the workforce. Even then, the International Labor Organization estimates some 900 million workers will be living with their families below the poverty line. For those above it, the days of debt and consumption will be replaced by prudency and pragmatism.

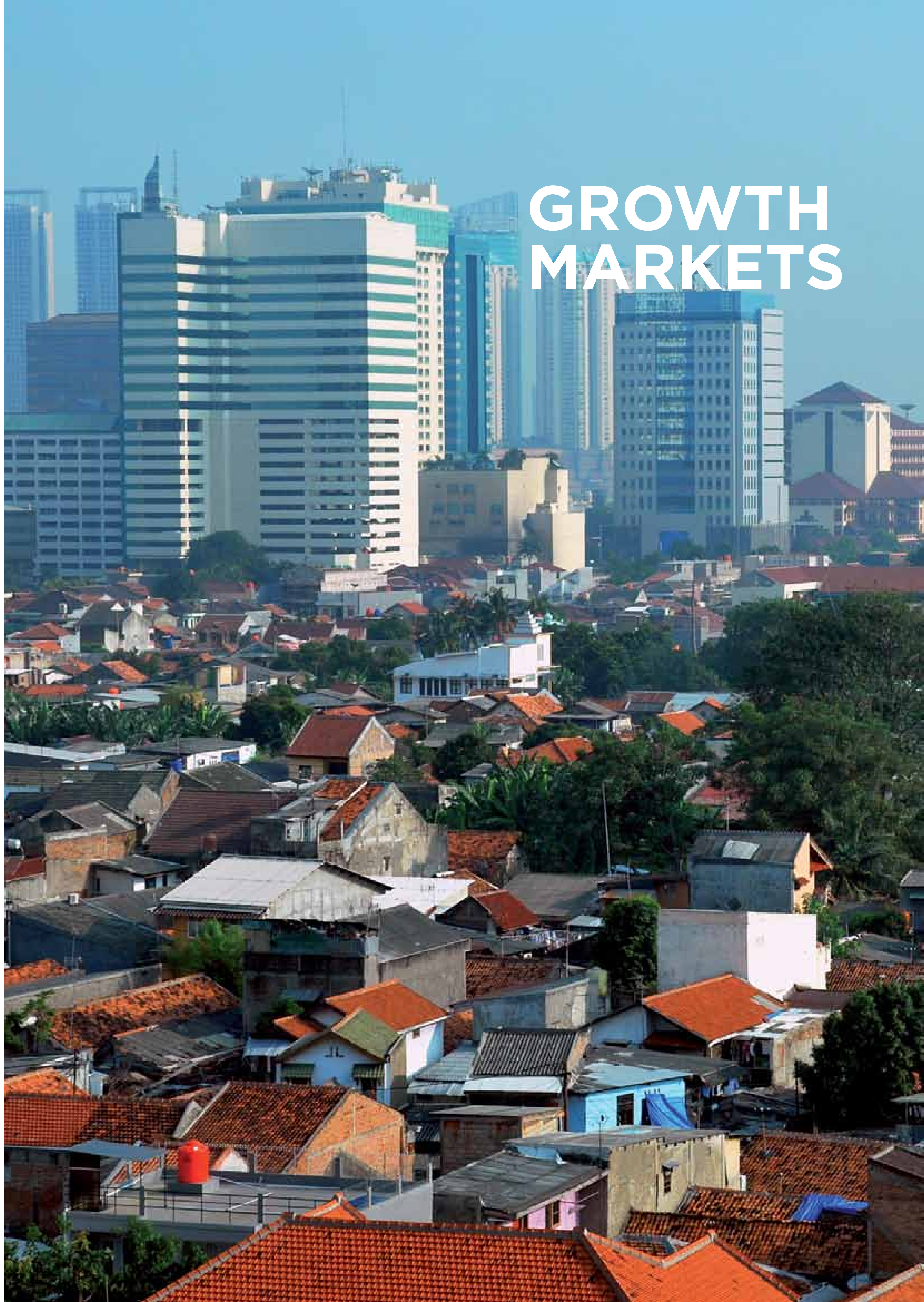
This is why we believe in engaging communities on multiple levels. Our community development activities have always been about more than just philanthropy. Thinking in this way has now become second nature to our people. This mindset has been institutionalized in our business through the Abraaj Sustainability and Stakeholder Engagement Track (ASSET) program. It means viewing a business through its spheres of influence, recognizing that millions of individuals are touched by Abraaj-invested companies and that "shared value" goes beyond just maximizing earnings.

This philosophy courses through our veins and when applied to our partner companies today can become the industry standard tomorrow, so that even after divestment, the beliefs are sustainable and can grow. This is the positive impact business can and needs to have on the world around it.

Meanwhile a key area of our social investing program is closely aligned with our own objectives as an organization: to promote entrepreneurship. Entrepreneurship leaves the world a better place; it spurs thinking, creativity and employment. We passionately believe in the value of entrepreneurship and indeed Abraaj Capital's investment in SMCs over the past decade demonstrates our belief in the opportunities this space provides, the power of enterprise to foster innovation, and the ability to create meaningful employment opportunities in growth markets.

The past 12 months have given Abraaj a new vantage point from which to look at opportunities within growth markets. The integration and interplay between those markets gives us great optimism and excitement for the next ten-year stage of our journey.

It is a journey that would not have been possible without the support of all our partners and stakeholders. We are grateful to all – our investors, our partner companies, our advisers, our colleagues, our friends and our team – who have made the first decade such an exciting and fulfilling one. We are proud of what we have achieved together over the past 10 years, but we look forward with optimism to what we can achieve together in the decade to come.



ABRAAJ CAPITAL
A DECADE OF INVESTING IN MENASA

2002

Assets Under Management (US$ million)
60

Abraaj Capital is founded by Arif Naqvi

Completes first ever public to private transaction on NASDAQ

Raises its first fund (ABOF)

2003

27 Employees

Final close of ABOF with commitments of US$ 116 million

2004

ABOF invests in Spinneys, a leading supermarket retailer

Abraaj Real Estate Fund closes with commitments of US$ 113.5 million

2005

3 Funds

Completes the first ever private equity backed IPO in the region

Investment in Maktoob which becomes the largest portal in the Arab world

One of the first private equity firms to create a public affairs department

2006

115 Employees

Assets Under Management (US$ billion)
2.1

Abraaj Capital Limited regulated by the DFSA

Abraaj Capital Holdings Limited capitalized at US$ 1 billion

Acquires a 25% stake in EFG-Hermes

2007

Raises the largest regional private equity fund at US$ 2 billion

Completes acquisition of Egyptian Fertilizers Company, the largest ever leveraged buyout in the region

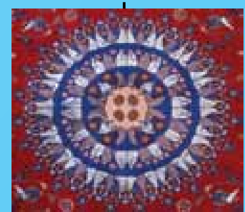
2008

135 Employees

5 Funds

Exits two investments at a gross IRR of 67%

Establishes the Abraaj Capital Art Prize



2009

Launch of Riyada Enterprise Development (RED) & ASAS

Abraaj Capital Holdings Limited capitalized at US$ 1.5 billion

First private equity firm in the MENA to endorse UNPRI

Establishes US$ 10 million Mustaqbali Foundation

2010

Celebration of Entrepreneurship launched bringing together a community of 2500+

Launches Wamda, an online portal to connect and empower entrepreneurs

Establishes Abraaj Academy with Harvard's Dr. Josh Lerner as Dean

Endows LSE to create an MSc program in Finance and Private Equity

ASAS announces first investment in The 47th, New Cairo

2011

EBITDA growth in 30 partner companies
23%

Assets Under Management (US$ billion)
6+

Arif Naqvi named one of the 100 most influential in private equity

Announces exit of Acibadem and acquisition of a stake in IHH Healthcare Berhad

Acquires 49% stake in Network Intenational

RED invests in 13 SMCs across 9 countries and 8 industries

Acquisition of US$ 161 million Kantara Fund

Offices **1** (2002)

Offices **2** (2006)

Offices **5** (2008)

Offices **14** (2011)

Forging Ahead
TAPPING THE MARKETS OF ASIA AND AFRICA

Abraaj has a decade long history of investing in growth markets. It would be fair to say that our 'license to operate' in new growth markets is shaped by the experience we have gained in MENASA, which to a very large extent has influenced the Firm's growth markets DNA and operating philosophy. Towards the end of 2009, recognizing the similarities amongst, and differences between, markets in MENASA and other growth markets, we began to study the prospect of expanding our footprint beyond the MENASA region to cover the markets of East Asia and Sub-Saharan Africa.

Structural changes in the nature of global trade and investment have transformed growth markets into significant participants that are now engines for the global financial recovery. Today, growth market players are no longer exclusively seeking bilateral agreements with their developed counterparts, but rather are seizing opportunities within their own contiguous trade corridors and forging long-term partnerships to enhance connectivity, facilitate regional integration and enable the flows of foreign direct investment with their neighbors.

As mentioned in our last Annual Review, early in 2011 the Firm embarked on an ambitious expansion strategy into the new growth markets of Sub-Saharan Africa and East Asia, and further strengthened its focus on the Indian sub-continent by establishing a physical presence in India's financial center, Mumbai. The initial organic rollout into East Asia, through our Singapore office, was soon to be followed by a similar expansion strategy into Sub-Saharan Africa. Concurrent with this organic expansion, we remained open to the right strategic opportunity that would help accelerate the Firm's expansion into new markets.

The opportunity to acquire Aureos Capital (Aureos) emerged midyear in 2011. Immediately on prospecting their business, the value proposition was evident to us – the opportunity to acquire and integrate a high quality management team operating in the growth markets of not just Africa and Asia but also Latin America with a culture and ethos that we would be proud to call our own. The Aureos acquisition has accelerated our growth strategy in a dramatic and expedient manner and extended our reach into new and exciting markets.

While the Aureos acquisition and the synergies it provides Abraaj will be explored in greater depth later in this Annual Review, we assess the Firm's investment focus in Asia and Africa in this section.

STRONG ECONOMIC FUNDAMENTALS AND GROWTH TRENDS

We believe that there are distinct parallels in the corporate landscape of our legacy markets of MENASA with those of East Asia and Sub-Saharan Africa. The most striking is the sheer scale and size of opportunity that exists in growth markets today. The premise to pursue investments in these markets is underpinned by strong macro-economic fundamentals, a rapidly expanding middle class, positive demographics, economic liberalization and an increasingly participatory socio-political landscape.

In addition to these broader economic factors, the market for hard and soft infrastructure services are supply constrained amid growing demand and consumer spending, which present attractive growth investment opportunities for our Firm.

Commercial buildings in downtown Nairobi, the most populous city in East Africa

Concurrently, under-penetration in core industrial and economic sectors coupled with deepening capital markets only serves to enhance the overall attractiveness of this region.

The economies of East Asia, Sub-Saharan Africa and the Indian sub-continent have experienced sustained and diversified economic growth over the past decade. 12 of the world's 30 fastest growing countries are in Sub-Saharan Africa and accelerated urbanization and demographic trends will result in this region having the third largest work force globally by 2020 after China and India.

The resilience of these economies has been enabled largely by the robust internal demand for goods and services (more than 2 billion people live in these geographies) and increased domestic investment. Domestic demand in these markets has been propelled by sustainable drivers including rapid urbanization and corollary infrastructure spend, rising employment, adoption of market oriented policies and an improved socio-economic environment. Strong export driven revenue earnings have been a contributor of growth for a number of Asian economies (Indonesia is the largest producer of crude palm oil globally and the largest exporter of thermal coal) while Sub-Saharan Africa's abundant resource base has accounted for a sizeable 25% of its growth.

In Asia, a rapidly growing middle class with high levels of disposable income and an increasing propensity to consume goods and services has created a much more sustainable and equitable growth environment. According to the World Bank, the middle class of South and East Asian economies accounted for 1.4% of the global population and 2.1% of the global income in 2000. By 2030, the World Bank forecasts this same group to account for 8.9% of the population and 7.7% of global income – figures that represent an upward and positive trend in middle class growth.

> "12 of the world's 30 fastest growing countries are in Sub-Saharan Africa"

> The market opportunity available to investors in growth markets today is a dynamic one and the ability to secure proprietary investments is high

A similar pattern is seen in Sub-Saharan Africa where households spent a combined US$ 550 billion in 2008. That number is expected to rise to US$ 900 billion by 2020. The growth largely centers around three key regions of East, West and Southern Africa (representing up to 70% of the continent's GDP) and can be broadly attributed to the continent's rich natural resource wealth, commodities boom, mass market access to financial services, affordable telecommunication services and a partially exploited 'green revolution' in the agricultural sector.

Complementing these factors is the increase of capital flows into the continent, largely through new investments made in extractive industries and infrastructure, which in turn have stimulated employment, increased consumer demand and accelerated the process of urbanization, thereby completing a virtuous cycle of opportunity.

Looking inwards, most countries across Asia and Africa have continued to strengthen their economies by implementing prudent policies to ensure the long-term sustainability of their financial system and markets. While most Western economies (and by extension banking systems) have faced turbulent times during the last financial crisis, Asian and African banks have emerged relatively unscathed due to their limited exposure to sub-prime and exotic derivative instruments. Moreover, since the Asian financial crisis of the 1990s, Asian banks have proactively reduced legacy bad assets, managed credit risk effectively and become better capitalized, as part of the structural adjustment programs led by the International Monetary Fund and the World Bank.

In addition to favorable banking policies, sovereign debt levels across Asia and Africa have become more sustainable driven primarily by prudent fiscal policies. While the overall public debt levels across Asia have declined only slightly, Asian countries are looking to keep debt at sustainable levels while growing foreign exchange reserves.

For the Firm's focus markets in Sub-Saharan Africa, the past decade saw sustained macro-economic improvements that supported progressive policies. For example, Nigeria, a resource rich country, was able to eliminate the overhang of its external debt, while other countries saw increased delegation to the private sector with attendant institution building and diversification of the economies resulting in reduced reliance on donor and multilateral funding. In addition, the World Bank's role of eliminating legacy external debt built up from the 1970s and 1980s through the HIPC (Heavily Indebted Poor Countries) initiative was instrumental in allowing African debtor countries to use their resources for growth initiatives as opposed to being trapped in a debt cycle.

For these and other factors, we believe that the market opportunity available to investors in growth markets today is a dynamic one. With relatively low levels of competition and a niche group of sophisticated investors operating in the market, the ability to secure proprietary investments is high.

Further, lingering misperceptions of the African continent in particular, have often masked the strong economic fundamentals, regional diversity and compelling investment opportunities that can be harnessed by seasoned private equity investors such as ourselves. Adding impetus to the entry of private investors is the favorable position adopted by governments in Asia and Africa that recognize, and indeed embrace, the role of the private sector in stimulating growth, aiding job creation and fostering competitiveness. Recent policies to encourage private sector growth including the sale of government assets, creation of public-private partnerships in sectors historically controlled by the state and formulation of more transparent regulatory frameworks to attract foreign capital, have only served to enhance investor appetite in these markets.

CONTINENTS OF OPPORTUNITY

A recent Economist Intelligence Unit survey of 158 institutional investors ranging from private banks, wealth managers, hedge funds and pension funds identified Africa and Asia as holding the greatest investment potential of all growth markets globally.

The same group of investors indicated that their strategy in Africa, for example, would be underpinned by a long-term investing outlook rather than a speculative short-term view. Further, the group opined that energy and natural resources, agriculture and agribusiness, construction and real estate would offer the best prospects for investment returns in Africa over the next five years. However, the one theme that unifies investors in Africa and Asia around the most attractive aspect of investing in growth markets is the predominance of an emergent, young and 'hungry' middle class.

View of the Petronas Towers, Kuala Lumpur

Our investments will be geared to resonate with the needs of this consumer class in sectors that enable and support domestic economic growth. This is evident in our investment selection in Asia where we are focusing on the high growth markets of Indonesia, Malaysia, Thailand, Singapore and the Indian sub-continent in the healthcare, consumer retail, industrials, food, agriculture, natural resources, education and tourism sectors. Similarly, in Sub-Saharan Africa we believe that consumer facing and infrastructure driven industries such as oil and gas services, agro-processing, steel and cement, healthcare and education demonstrate excellent investment potential, can yield a high return for investors and critically, create a long-term developmental impact.

> Our model of active ownership, operational excellence and value creation lends itself well to growth markets

> The recent divestment of our shareholding in Acibadem and acquisition of a significant stake in IHH Healthcare Berhad is a classic example of growth market synergies

We have deliberately chosen to initially focus on a small number of countries in both these geographies recognizing the scale and heterogeneity of the region. We believe that value is created by committing greater resources to a smaller number of investments which would allow us to consolidate our position and subsequently use it as a springboard for investment into other countries in the region over time. This approach further allows us to deploy significant pools of capital through mid-market transactions that are often the least penetrated segments in each market and consequently the ones which afford the greatest opportunity.

Our journey of investing in growth markets started a decade ago in the MENASA region. Over this time, we were attentive to the strong historical and cultural ties that bind the Middle East with Asia and Sub-Saharan Africa and found it opportune to capitalize on the cultural, trade and capital flows between the two regions. Today, as we leverage our expertise by expanding into adjacent high growth economies with similar dynamics to our legacy markets, we recognize the potential this creates for both regions.

Given our established networks in MENASA, we will play an active role in identifying high impact businesses that are looking for regional expansion into East Asia, Sub-Saharan Africa and the Indian sub-continent, and vice versa. We will leverage this expansion not only for new investments that we make but also for our existing partner companies that operate in sectors similar to those of interest to us in our new growth markets.

Indeed, the recent divestment of our shareholding in Acibadem and acquisition of a significant stake in IHH Healthcare Berhad with its pan Asian footprint, is a classic example of growth market synergies and highlights the increasing scope for collaboration among growth market participants.

We will continue to pursue such opportunities within our focus countries as well as in the emergent trade corridors that promote regional and cross border transactions and investments. It is our view that such an approach can be successful in strengthening intra trade flows between growth market players and ultimately yield rich returns for our shareholders and stakeholders.

PetroTiger, an Aureos partner company, providing oil and gas equipment and services in Latin America

AUREOS CAPITAL

A DECADE OF INVESTING IN GROWTH MARKETS

43 Employees

Assets under management (US$ million) **72**

2001

Aureos Capital is founded as a joint venture between CDC Group plc and Norfund

Manages a legacy portfolio of 139 investments

2002

Legacy portfolio exits realized **70+**

2003

Launches 3 regional Africa Funds

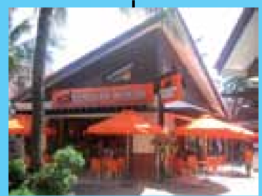
Completes first cross border M&A acquisition in Aureos portfolio which sets the tone for current buy and build strategy

2004

Raises the first regional South East Asia Fund

Legacy portfolio exits realized **115**

2005



106 Employees

2006

Launches 3 Funds:

- Aureos China Fund
- Emerge Central America Growth Fund
- Kula Fund II

Aureos employees acquire **26.5%** of the company from the original institutional shareholders

2007

Aureos and World Bank launch initiative to boost SMC sustainability in growth markets

Closes US$ 25 million Malaysia Fund

Secures stake in Ghanaian airport service provider

2008

100% management buyout of Aureos from CDC, FMO and Norfund led by Sev Vettivetpillai

HIV/AIDS Risk Management Program launched for East African partner companies

Aureos Central Asia Fund raises US$ 70.4 million at final close

Africa Health Fund reaches (US$ million) **57** in first close

2009

Africa Health Fund invests in Nairobi Women's Hospital

Partners with Commonwealth Secretariat to promote investment in Africa

122 Investments in growth markets

2010

Aureos China Fund recognized for active environmental investment

Singapore office established

158 Employees

Assets under management (US$ billion) **1.3**

2011

Africa Fund closes fundraising at US$ 381.1 million

Launches US$ 250 million India Fund

Offices **10**

Offices **23**

Offices **27**

Consolidation and Growth

CREATING A GLOBAL PRIVATE EQUITY FIRM

After a decade of successfully investing in the MENASA region, the acquisition of Aureos Capital (Aureos) in 2012 marked a new chapter for Abraaj Capital and accelerated our journey of becoming a truly global growth markets focused private equity firm.

Aureos Capital is a global private equity fund management group investing in high growth small and mid-cap companies (SMCs) across Asia, Africa and Latin America. It has an operational presence in over 20 countries, US$ 1.3 billion in funds under management and has completed over 250 deals in the SMC segment over the past two decades.

The acquisition of Aureos was a pivotal moment for Abraaj as it consolidated our position in the growth markets of Asia, Sub-Saharan Africa and Latin America across the larger scale buyout and SMC investing space. The transaction created the single largest SMC focused private equity firm in growth markets with c. US$ 2 billion in funds, a presence in over 30 countries and a current portfolio of 126 investee companies.

We believe this acquisition provides investors with a unique and unmatched opportunity to invest in a growth markets SMC platform for the first time. The creation of this integrated platform, which operates under the brand name of Aureos and in line with existing fund mandates and governance structures, will enable regional interaction between our partner companies, sharing of best practices across the group and result in long-term operational synergies.

It is our view that the combined business will strongly benefit from Aureos' track record of managing over 100 partner companies in highly differentiated markets as well as from its extensive experience and focus on Environmental, Social and Governance (ESG) best-practices. The latter will be particularly beneficial to our SMC platform as a whole in further refining our post-acquisition governance model. In turn, being part of the Abraaj group will provide Aureos with access to dramatically increased resources, including our wide network of stakeholders, thereby enabling it to consolidate its predominant position across the high growth markets of Asia, Latin America and Africa.

This acquisition unites two organizations that share a common philosophy of combining investor returns with an appreciation of the long-term social and economic benefits that SMC investing delivers. Abraaj and Aureos are leading protagonists in the growth markets story and have both witnessed economic and political liberalization, rising consumer demand and institutional change in the markets in which they operate. The Firms share a similar philosophy in terms of maintaining a strong local presence in the countries in which they invest and are ably supported by a network of local teams and investment professionals whose in-depth knowledge stimulates high quality and proprietary deal flow and drives partner company performance.

The Aureos acquisition completes our vision of creating a truly global growth markets private equity firm. Indeed, following this acquisition we now have a presence in over 30 countries across virtually all growth markets, over 150 investments overseen by a seasoned team of investment professionals and approximately US$ 7.5 billion in assets under management.

"A near 20 year history of understanding and investing in small and mid-cap businesses in growth markets provides deep insight into when and where Aureos can deliver the most valuable support"

Sev Vettivetpillai
Chief Executive Officer, Aureos Capital

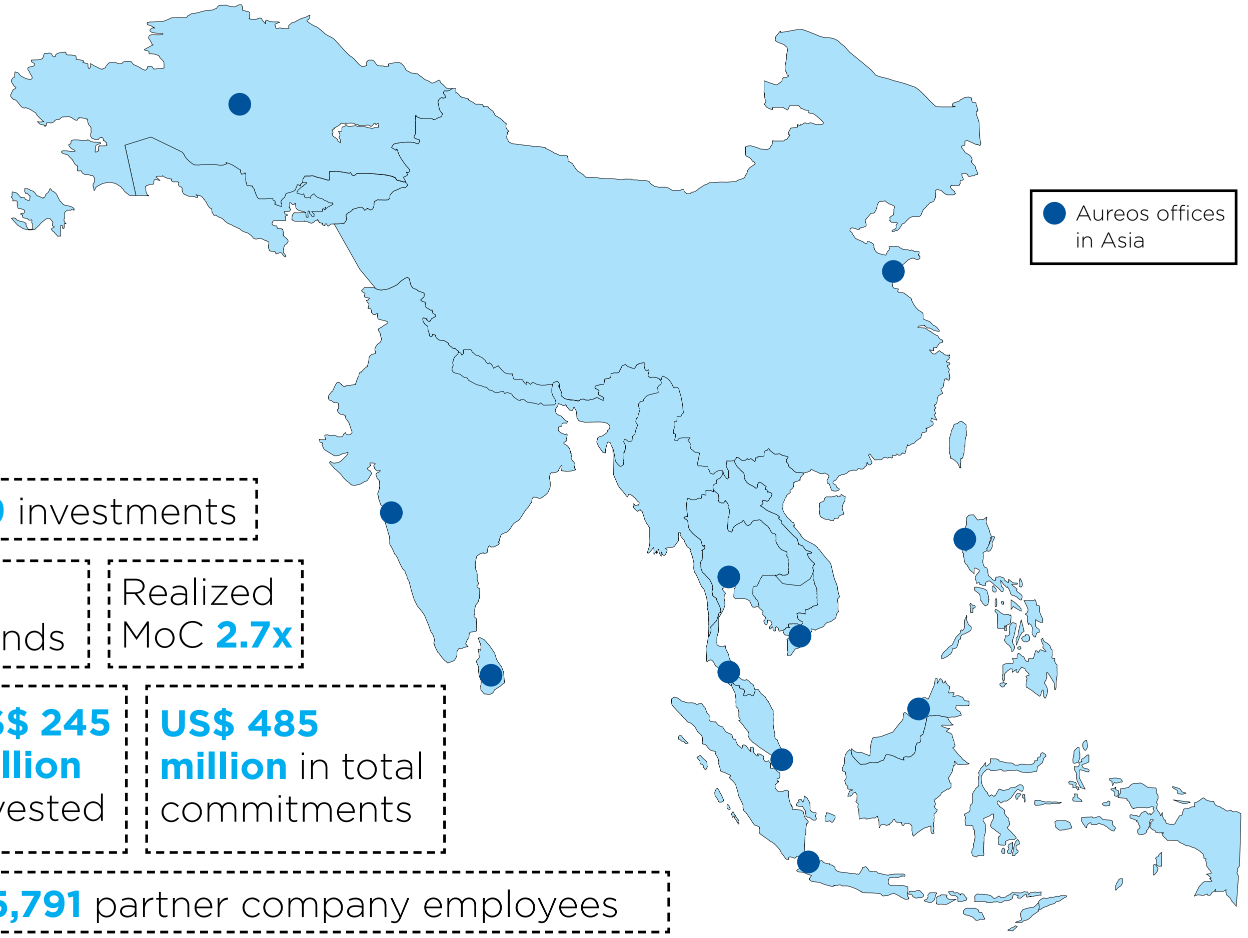
About Aureos

Aureos is a global private equity fund management group with a management team that has a two-decade history of providing risk capital to high growth small and mid-cap businesses (SMCs) in growth markets. Aureos was established in July 2001 as a joint venture between CDC Group plc (CDC) and the Norwegian Investment Fund for Developing Countries (Norfund) in order to manage an existing US$ 72 million portfolio of 139 investments originally made by CDC from 1992 onwards in Sub-Saharan Africa, South Asia, Central America and the Pacific Islands. Senior Aureos employees had previously managed the portfolio within CDC in what was known as the 'legacy portfolio'. Aureos has been successful in divesting this portfolio and achieving a multiple of over 1.8 times cost. In December 2008, Aureos employees, led by Sev Vettivetpillai, Chief Executive Officer of Aureos, completed a management buyout of Aureos from its shareholders, CDC, Norfund and FMO.

Since 2001, Aureos has raised and managed 17 regional private equity funds totaling US$ 1.3 billion in commitments primarily focusing on growth capital opportunities across Asia, Africa and Latin America. These funds are managed through a network of over 20 offices worldwide by a seasoned team of investment professionals who combine world-class financial and operational expertise with unrivalled local knowledge and experience. Aureos currently has investments in 113 portfolio companies across several industries including financial services, construction and engineering, manufacturing, FMCG and TMT (Technology, Media and Telecom).

As evident from its track record, Aureos has been successful in executing its strategy of creating long-term sustainable value in partner companies while generating superior returns for its investors. Since 2001, it has realized US$ 260 million from its investments including 32 full exits and partial exits, achieving a multiple of 2.4 times cost.

Aureos in Asia



59 investments

9 Funds

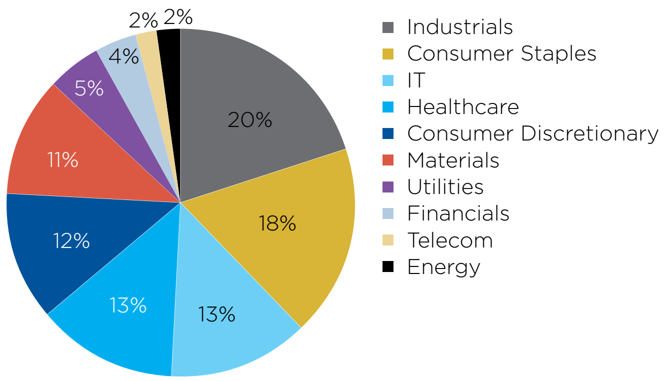
Realized MoC **2.7x**

US$ 245 million invested

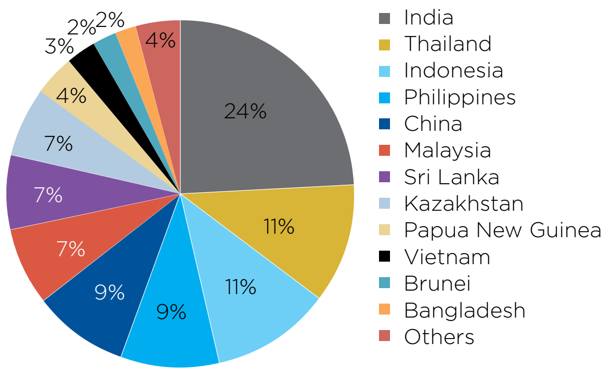
US$ 485 million in total commitments

65,791 partner company employees

Sector Breakdown



Investment Breakdown by Country



Aureos Partner Company, Asia

Yupi Indo Jelly Gum, Indonesia

Yupi is the leading South East Asian gummy candy manufacturer. It was founded in the mid 1990s, initially as a joint venture (JV) involving a German manufacturer of gummy. It now produces a wide range of gummy candy under the Yupi brand name and private label, for domestic consumption and export.

Since Yohanes Teja took over the role of CEO in late 2007, he and his management team have worked closely with Aureos to identify and address a range of opportunities and challenges. The aim has been to make the leading gummy confectionery manufacturer in Indonesia more progressive and more efficient, equipping it for lasting, long-term success.

According to Yohanes Teja, "Yupi represents a big opportunity for a strong brand. But it was clear to me that there was much that could be improved. Sales volumes had been slowly declining for a number of years and there seemed to be inefficiencies throughout the system."

Aureos' Senior Partner for South East Asia, Hanjaya Limanto concurs: "We saw a quality product, 10 years of heritage and leadership, profitability, world class facilities and independence. But potential for greater things. Perfect for investment."

Initial analysis established that the main areas for attention included distribution, sales and marketing, human resources and production costs. Training and development programs, structured performance targets and incentive schemes were established that subsequently resulted in a highly motivated workforce.

From relying on a single, third party distributor, Yupi now has a dedicated, countrywide network of 20 plus distributors. Yupi introduced a new product every two months or so and started adding higher value products to the mix. Targeted marketing programs got the product message out to millions of consumers. The company drove unnecessary costs out of the business by rationalizing production runs and packaging and shifting its focus towards its own brand.

This has led to impressive results. Volume growth has risen by 85 % from 2007 to 2011, while revenues over the same period have risen by 160%. Further, the more profitable own label production for export has risen from 40% of the total to over 70%.

So after such a period of growth and positive change, what lies ahead for Yupi and how will Aureos continue to be involved?

Yohanes Teja says: "We want to focus on really developing our presence in selected export markets such as the US, Canada, Middle East and ASEAN countries."

He added: "We see exciting times ahead. With Aureos at our side, I am confident in a bright future for our business, both in Indonesia and the wider world."

Aureos investment: Yupi Indo Jelly Gum, Indonesia

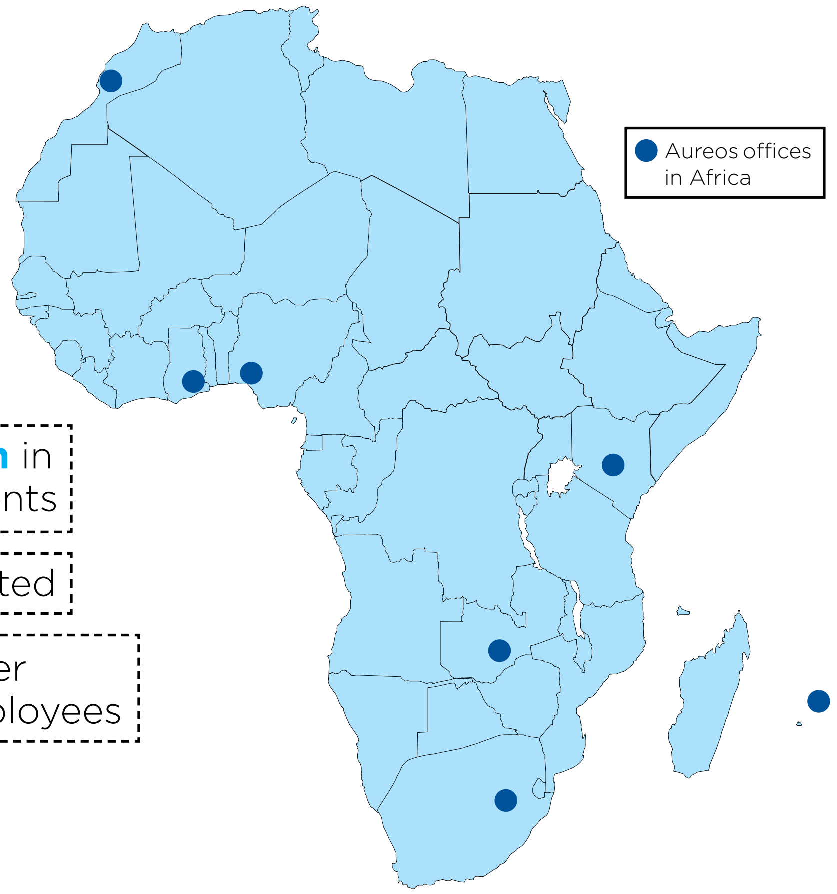
2007 to **2011**

Volume growth **85%**

Revenue increase **160%**

Own label production from **40%** to **+70%**

Aureos in Africa



54 investments

5 Funds

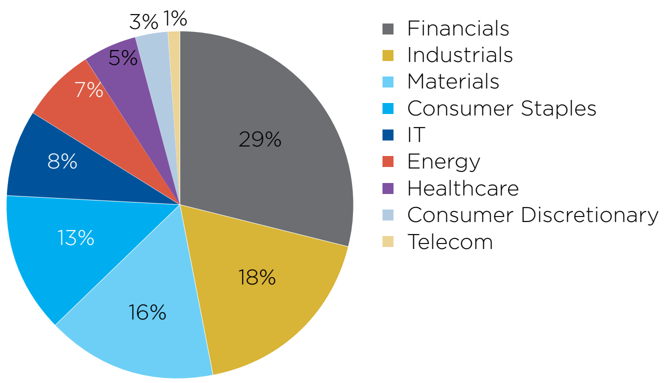
US$ 627 million in total commitments

US$ 354 million invested

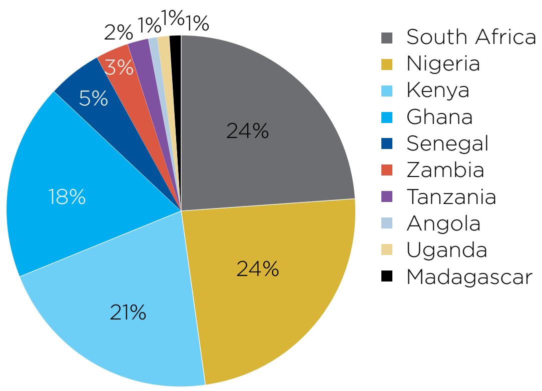
28,094 partner company employees

Realized MoC **2.2x**

Sector Breakdown



Investment Breakdown by Country



Aureos Partner Company, Africa

Southey Holdings, South Africa

Southey had been in existence for some 70 years when CEO Barry Wickins joined them. Originally involved in industrial painting and contracting for mining and heavy industries, the group diversified over the years through acquisition and organic growth.

A dozen companies now form part of the Southey group, in areas including ship repair, blast cleaning, refrigeration and contract services for a range of industry sectors. Although based in South Africa, Southey now also operates from permanent bases throughout Africa and the Middle East, servicing an international marketplace.

"With so much history behind us and such a range of strong, decentralized businesses operating under the group, you could argue that we haven't got much to learn. What could be the benefit of bringing in an outside party? Well for me the answer to that is clear. We needed a partner who could help us develop more strategically, with more rigor and help us to realize international opportunities," said Wickins.

With its international office network and local capability, particularly in Africa, Aureos Africa Fund seemed a good fit and in July 2009, Aureos took a shareholding of just under 50% in Southey, with two seats on the board.

Aureos' Partner for Africa, Ron den Besten, also saw the opportunity for Aureos: "There was a real alignment of interest here. Southey is a great name, with a great reputation, strong companies and talented people. There are real growth prospects both within South Africa, Africa and internationally. Aureos can help realize this potential."

Aureos infrastructure and contacts are opening up opportunities in other parts of the world for Southey, including forging links in the shipping industry in South East Asia. Increased rigor and structure are also being brought to areas such as corporate governance, acquisitions and finance.

Progress in the company's health, safety and environmental commitment has also been impressive. A full time HS&E manager reports to the CEO and full auditing and training is carried out across the group to ensure it meets and exceeds international standards.

Wickins concluded, "Aureos is helping us plan ahead, put structures in place that are fit for purpose and providing access to business and financing in other markets that we otherwise would not have had. That gives me real confidence for the future - a future where we will have to balance our growth with my desire to ensure we remain true to our values, ideals and philosophy."

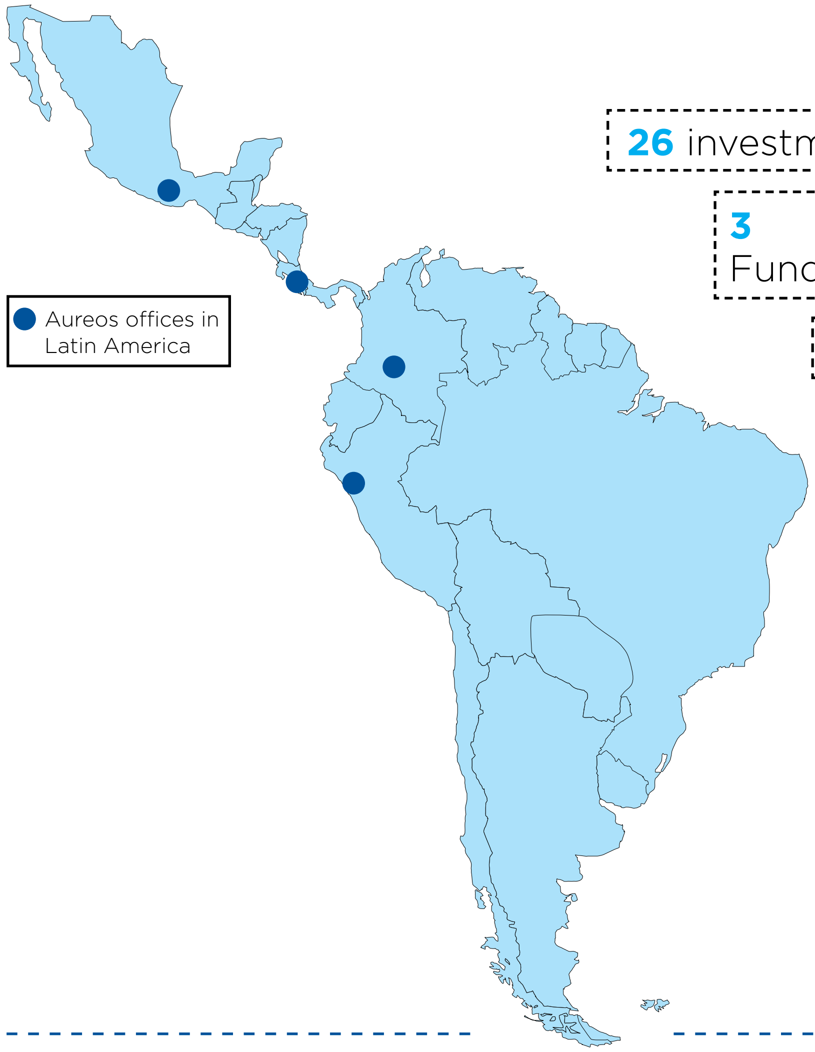
Aureos investment: Southey Holdings, South Africa

2009 to **2011**

Revenue growth **12%**

Increase in net assets **58%**

Aureos in Latin America



26 investments

3 Funds

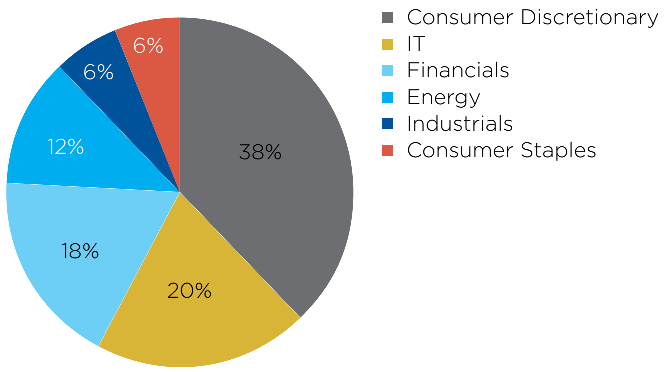
US$ 241 million in total commitments

US$ 158 million invested

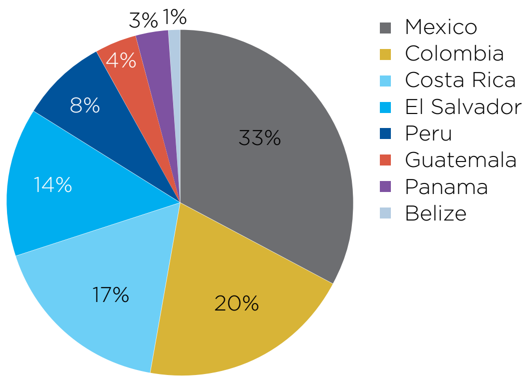
6,852 partner company employees

Realized MoC **1.4x**

Sector Breakdown



Investment Breakdown by Country



Aureos Partner Company, Latin America

Iasacorp, Peru

A long established, successful family business, Peruvian retailer, Iasacorp International S.A. had reached a point a few years ago that will be familiar to small and mid-cap companies across the world. How to deal with succession planning, while securing the future success of the business?

THE RIGHT PARTNER

With then-CEO, Alfredo Benavides, due to hand over the reins of Iasacorp to his children, it had become clear that, for the business to move to the next level, it needed an injection of both rigor and finance. The search was on for a partner – and this was eventually found in the shape of Aureos in 2009. Following a US$ 4 million investment in July 2009 from the Aureos Latin American Fund, the fundamentals for transformation have been put in place.

Iasacorp Group had an almost 10 year pedigree in the retail business and had become one of the leading retailers of women's accessories in Peru. A network of over 100 points-of-sale (POS) had been established throughout the country and into neighboring Chile and strong relationships built up with staff and all parts of the supply chain.

So David Benavides, CEO, was particularly keen that any external support brought in had a natural fit with the company's ethics and values, would help preserve what had been so carefully built up, but would also provide the knowledge and resources to allow it to expand.


Aureos investment: Iasacorp, Peru

"Although we looked at banks and other private equity firms, it was clear that they could not provide what we wanted in terms of a fit with our principles and way of doing business," says David Benavides.

"On the other hand, Aureos showed real interest in the long-term health of the business and the communities we serve. It became clear very early on in the process that for them it was not just about making money – they had a real vision for Iasacorp and what we could be and wanted to be a part of that," added Benavides.

Aureos' Partner for Peru, Héctor Martínez, shared the same view: "I had my eye on Iasacorp for a long time. It is a business that has been built from scratch and shows impressive growth and returns. It has great value built into it by owning its own brands and managing top level international licenses such as Disney and Mattel. And most important of all, it has great people. All the ingredients for a fruitful partner company investment."

Dialogue between the two was quickly concluded and Aureos made an initial US$ 4 million investment in July 2009 followed by a further US$ 1 million in mid 2010, representing a total stake of 27%. The Board was restructured to comprise the original Iasacorp director team, two Aureos directors and two independent advisors.

Despite the relatively recent nature of the deal, significant positive changes have already been made. Corporate governance has been strengthened, reporting systems improved and an innovative sustainability program put in place.

"Things have moved pretty fast and we're already seeing positive effects," says David Benavides. "This really is a case of a minority investment working out well. The Aureos team have brought real professionalism to our company, introducing practices which, as a typical family firm, we were not so strong at. So we now have more structured processes and information management, including a financial reporting system that allows real-time analysis of the business and subsequent immediate intervention. All of this adds a professional edge to our business that is noticed and appreciated by investors and partners."

As a consumer-facing business with a large retail footprint, Iasacorp is very aware of its societal responsibilities.

It has strengthened its work in this area, running a number of pioneering programs aimed at minimizing waste and resources. These include shopper-targeted initiatives (including the launch of 100% biodegradable and reusable bags) and operational measures including company-wide ink cartridge recycling, waste recycling and employee training programs.

"This is a further element of improving our governance. Iasacorp is committed to taking care of the environment around us and making sure our business minimizes its footprint. It is a fundamental part of our strategy and we have instigated these measures to deliver against this commitment. This is quite unusual for small and medium sized companies in Latin America," comments David Benavides.

WHERE NEXT FOR IASACORP?

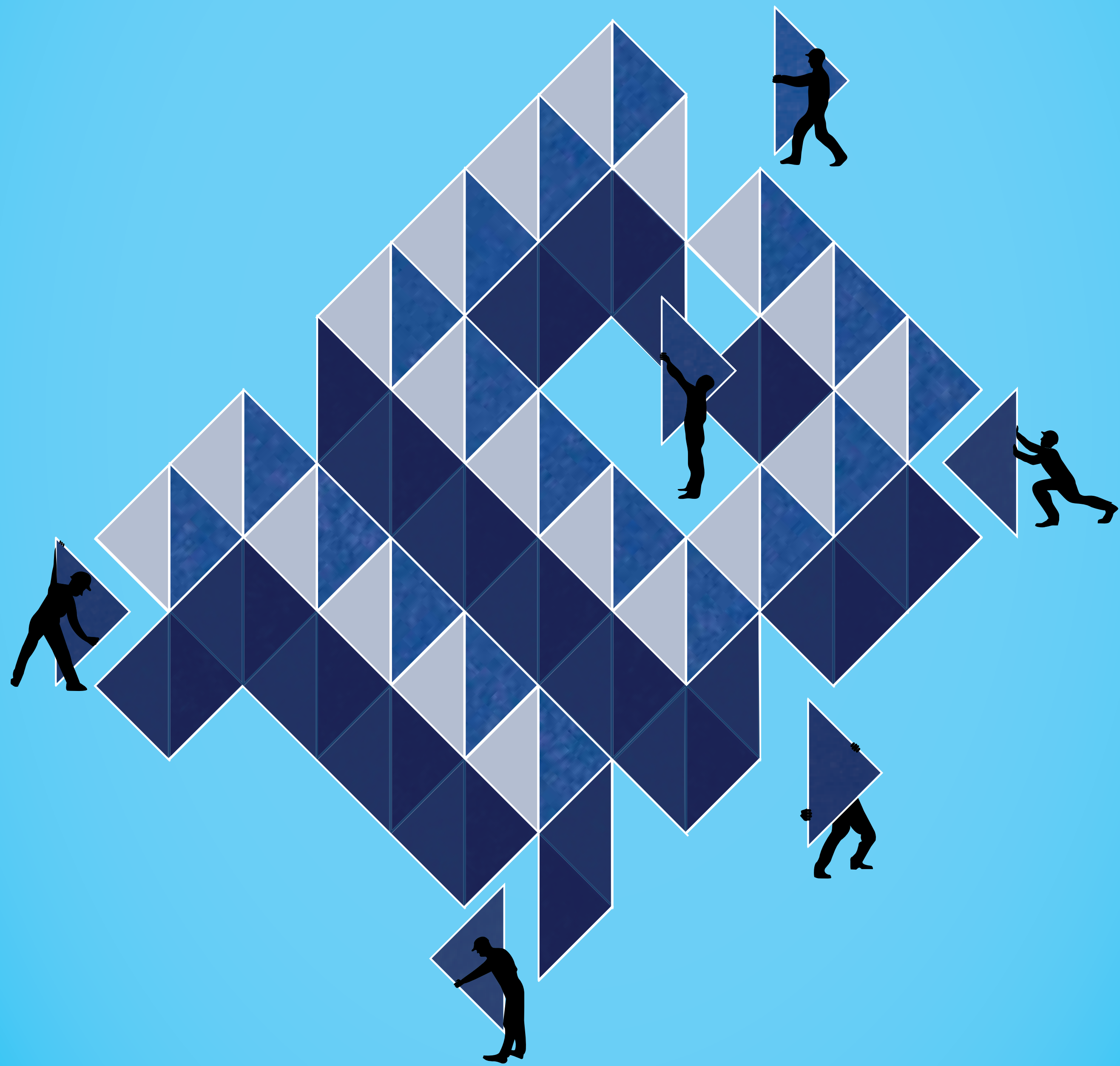
David Benavides concludes: "First and foremost we need to continue consolidating our position in our three core markets. We have exciting partnership plans with Walmart's Supermercados Lider brand in Chile, which could lead to 100 new outlets for our products. We are opening more stores in Colombia and we are looking to broaden our geographical presence by expanding into a new large market."

"Finally, but importantly, we are also developing our presence in other Latin American countries such as Ecuador and Venezuela through franchising agreements. The business environment is always dynamic, always changing, but we are in a good position to be able to adapt and target the best opportunities for us."

2008 to **2011**

CAGR revenue growth **26%**
CAGR EBITDA growth **41%**
CAGR POS growth **29%**

THE ABRAAJ WAY



Abraaj Sustainability and Stakeholder Engagement Track (ASSET)

SHAPING THE STAKEHOLDER MODEL

2011 saw the global private equity industry firmly wake up to the new expectations of stakeholders on private sector institutions. Environmental, Social and Governance (ESG) principles are now unavoidable for any private equity investor that aims to remain relevant in the 21st century. Enlightened GPs are finally acknowledging that it's time for them to "catch up" in areas such as meeting social responsibilities and improving stakeholder engagement.

At Abraaj Capital, our stakeholder approach to doing business lies at the core of our values. Since inception in 2002, we have evolved strong models focused on youth education, community upliftment projects, employment generation programs and nurturing entrepreneurship. We have built our business with the conviction that financial value creation is primary and can be achieved whilst creating sustainable and positive change in the economic landscape of our markets.

The ability of a business to shape the world around it should never be under-estimated. We have been consistent in this belief since 2002 as it represents an integral part of our Firm's culture and one which the ASSET team is responsible for driving through the ranks of our employees and partner companies. We believe it is incumbent upon each management team and each staff member to seize the opportunity which the ASSET vision presents to us as a group and as individuals to make a positive difference to the world in which we live.

Over the year in review, ASSET projects continued to be resourced through our 5+5+5 model. This represents 5 percent of net management fee revenue that helps finance our initiatives, the five days per year that each employee sets aside for volunteering in the community (3 days of which are paid for by Abraaj Capital) and 5% of the annual bonus we encourage each employee to donate. During the course of 2011, we evolved our initiatives along 5 tracks and achieved marked progress on each front.

> "In 2011, Abraaj volunteers dedicated 2,464 hours to our community organizations"

In particular, ASSET was the enabler for ESG employee training conducted for over 40 colleagues and led the development of social and environmental assessments for 6 of our partner companies. Equally, ASSET coordinated the implementation of an ESG screen which has become an integral part of our SMC investment process and is being applied across the board for all new investments. An in-depth analysis of our ESG initiatives can be found later in the Annual Review for ease of reference and increased transparency.

In this vein we spent considerable time and effort reporting our ASSET initiatives officially to the United Nations Principles for Responsible Investment (UNPRI), taking pride in being the first private sector company in the Arab world to have signed onto this global best practice initiative. Further, our 2010 Annual Review represented the first time that we submitted an integrated sustainability report for which we were awarded a B+ rating from the Global Reporting Initiative (GRI). We have continued with our commitment to sustainability reporting and this Annual Review contains a dedicated section that reports and documents progress on our ESG initiatives.

In the context of the private equity industry we know ASSET to be unique. It goes to the heart of our original ambitions – when the Firm was launched a decade ago – to be different and to create our own path for the development of what will become a global franchise as we move into Africa, Latin America and the greater part of Asia.

Over the next decade we anticipate numerous firms will develop their approaches to social programming and strategic philanthropy. Those that will succeed are firms that will not consider such activities solely for the purpose of public relations. Embedding into their business models stakeholder engagement programs will increasingly be the norm for any business operating in developed or growth markets. In private equity, this will become an industry standard very quickly and more importantly models will evolve, as indeed will ours, as the world around us changes and as the future shape of the private equity industry emerges with greater clarity.

THE 5 TRACKS OF ASSET IN 2011

ESG: Promoting and implementing ESG principles throughout our business activities and key relationships

Strategic Engagement Platforms: Engaging and communicating with stakeholders concerned with long-term value creation in the global growth markets in which we operate. In 2011, our colleagues took part in more than 78 speaking engagements and participated in more than 100 industry related events

Social Investing: Two distinct channels: Abraaj Community Partner Organizations (ACPO) and our Community Impact Program (CIP). During 2011, 86 volunteers from Abraaj dedicated 2,464 hours - equivalent to 317 days - to our community organizations

Thought Leadership and Communications: Upholding standards of thought leadership as it shapes our industry and our region and implementing a best in class integrated communications strategy. During 2011, we organized various events to present perspectives on the future to our investors, colleagues and associates. Our engagement with the media continued with more than 90 in depth interviews conducted with national, regional and international media

Partner Company Engagement: Engaging companies we invest in to embed the ASSET thinking and approach. In 2011, we supported a number of our partner companies around implementing ESG programs alongside conceptualizing brand, digital and communication strategies

INSPIRING MOMENTS

Over the last three years an increasing focus of ASSET programs has been related to nurturing and supporting the entrepreneurial ecosystem in the markets in which we are present. This has been a core activity for Abraaj since its inception 10 years ago as it lies at the core of our skill set. As we invest across global growth markets, the challenge of generating employment can best be met through the development of entrepreneurship and as such this will remain a key subject for us and one we feel we have a duty to lead on.

ASSET set itself the challenge to create a sustainable structure to serve the entire entrepreneurial community in the MENASA region. This led to the development of a multi-million dollar program to support innovators and creators in both commercial and social enterprises. Wamda was launched in November 2010, when we convened the CoE, a Celebration of Entrepreneurship, when close to 3,000 youth and budding entrepreneurs gathered under our auspices to connect, inspire and empower one another.

Frederic Sicre, Partner, moderating a session at the Abraaj Investor Forum, 2011

In the course of 2011, we focused on the development of Wamda 2.0 and welcomed an acknowledged digital entrepreneur Habib Haddad as the first CEO of Wamda. Under his leadership, innovative programs such as Wamda Webinars and Wamda Angels have been developed which invest and support those just beginning their entrepreneurial journeys. As part of its evolution, Wamda is now taking a 360-degree approach to filling the gaps in the regional entrepreneurship ecosystem, through three primary platforms, including a revamped media site, a Wamda Fund investing in early stage start-ups in the MENA region and compelling programs and products that help firms to set up and run their business.

In an exciting and often tumultuous year, our Strategic Engagement Platforms provided a time for introspection and informed debate. In September 2011, we hosted in Istanbul a private gathering for our investors and stakeholders, inviting some of the world's foremost thinkers, such as Larry Summers, Joseph Stiglitz, Josh Lerner and Niall Ferguson, to stimulate our thinking as we discussed what the future business environment might look like in view of the Eurozone crisis and the economic uncertainties facing the United States. In particular we wanted to examine the conventional wisdom related to the unemployment issues of our region, test philosophies focused on what countries with large numbers of young people need to do, and create a platform for dialogue and debate.

As a recurring theme of engaging with our stakeholders through strategic platforms, we continued to actively participate and contribute at the World Economic Forum (WEF) where we are a Strategic Partner. 2011 commenced with our annual representation at Davos where our Founder and Group Chief Executive participated in a panel on the 'Future of Investing' to address the opportunities and challenges for investors in a post-crisis world.

In June 2011, we engaged with the East Asian business and political community at WEF Jakarta which provided an outstanding opportunity to reflect on and contribute to the key issues facing East Asian markets. This had particular resonance for us given the establishment of an Abraaj presence in Asia earlier in the year.

In October 2011, two of our Senior Partners participated in the WEF Global Agenda Council on entrepreneurship and private capital flows held in Abu Dhabi as part of a collaborative exercise to identify key trends, address knowledge gaps and suggest recommendations to address specific sector challenges. We were present at the WEF Jordan Summit where we debated solutions to overcome constraints in SMC investing and availed of the opportunity to announce the launch of the Jordan Growth Capital Fund, Abraaj Capital's US$ 50 million Fund supporting high growth small and mid-cap companies, in the presence of His Majesty King Abdullah.

We were delighted that Habib Haddad, CEO of Wamda was able to join us in Jordan where he played an inspiring role as Co-Chair of the Forum and delivered an impassioned message to young entrepreneurs across the region.

We continued to strengthen our relationship with the Emerging Markets Private Equity Association (EMPEA), one of the industry's seminal groups whose mission is to catalyze private equity and venture capital in global growth markets, and worked closely with them to convene the first 'Capital Impact and Private Equity in Africa Leadership Summit' in London. This was an exciting moment for the industry at large and African private equity in particular, given the massive opportunity that exists within the continent, and where Abraaj will be playing a leading role as a growth markets investor.

The inspirational and educational role of our thought leadership program continued in 2011 and was demonstrated through op-eds on the SMC sector published in leading newspapers in Pakistan and Saudi Arabia, case studies on the Karachi Electric Supply Company (KESC), Celebration of Entrepreneurship, Wamda, and essays for the MIT Journal and Alliance magazine on entrepreneurship and the role of the private sector in enabling democratic transitions.

In particular, the KESC case study which was developed on separate occasions with Harvard Business School, London Business School and EMPEA reflected Abraaj's pioneering role in implementing the ASSET vision within investee companies through an investment in social programs, stakeholder engagement, environmental transformation and the use of social and digital media.

ARTISTS AS CULTURAL ENTREPRENEURS

The Abraaj Capital Art Prize (ACAP), a core initiative of ASSET, flourished in 2011. The award, which was established to empower talented artists with the resources to realize ambitious projects, has grown year upon year and we are proud to watch it diversify and see our winners attain further success on global platforms.

ACAP is uniquely positioned in the global art world for a number of reasons. It is the only art prize specifically created for the MENASA region and rewards proposals rather than the completed works of art. After being selected by an international selection committee from an open call, the winning artists go on to develop the works alongside a guest curator. For 2011, the guest curator position was filled by Sharmini Pereira, Founder of Raking Leaves, an independent not-for-profit art publishing house.

'Flying Carpets', Nadia Kaabi-Linke, ACAP winner 2011

It was a defining year for the Art Prize. In March 2011 at Art Dubai we unveiled the artworks from our third edition of winners: Hamra Abbas from Pakistan, Jananne Al-Ani from Iraq, Shezad Dawood from India/Pakistan, Nadia Kaabi-Linke from Tunisia and Timo Nasseri from Iran.

Our winners have gone on to achieve further accolades, for example having work bought by museum collections such as MOMA, New York, The Centre Pompidou, Paris and Tate, London. 'Flying Carpets' by Kaabi-Linke and 'Shadow Sites II' by Al-Ani were exhibited in Venice at the 54th Biennale as part of the Biennale's first ever pan-Arab exhibition 'Future of a Promise' for which Abraaj Capital was the principal patron.

The exhibition achieved critical acclaim and was seen as a seminal moment in the 100 year history of the Biennale. Later in the year, the inspiring artwork from ACAP 2010 winner Hala Elkoussy from Egypt, was displayed at London's City Hall as part of *Shubbak*, the first celebration of contemporary Arab culture promoted by the Mayor of London.

THE POWER OF SOCIAL INVESTING

2011 was a year of many initiatives that stretched from Morocco in North Africa to Pakistan in South Asia but it was also a year of re-evaluating our strategy and assessing the impact and outcome of past initiatives. Impact continues to be of utmost importance in driving our Social Investing Program.

This is precisely why the focus of the Social Investing Program shifted into areas that are more aligned with our business, namely entrepreneurship, employment and income generation. It is only by focusing our efforts and aligning our financial and human capital resources to our business that we can achieve optimal impact and identify synergies.

Our work in the past year demonstrates our ongoing commitment to making a difference in the communities and markets in which we operate. We strengthened our partnerships with the four Abraaj Community Partner Organizations (ACPOs) namely Injaz Al Arab, Ruwwad, Endeavor Global and the Welfare Association. These are trusted organizations with a proven track record for efficient engagement and high levels of accountability with whom we have entered into a long-term partnership to support their exemplary work. We continue to be on the lookout for similar organizations that meet our Social Investing Program objectives.

Our experience of working with these organizations has been mutually rewarding. While it would be impossible to highlight all the initiatives conducted in 2011 under our Social Investing Program, we illustrate some of the initiatives that took place with our support.

2011 saw our partnership with Injaz Al Arab strengthened through supporting and closely working with the organization in Egypt, Tunisia, Lebanon, UAE and Turkey. In Egypt, our support enabled 300 students in Masr El Gedida school to participate in an environmental program where they were taught about sustainability and encouraged to create products out of reused and recycled materials. Abraaj also participated in the Injaz Young Entrepreneur Competition where university students competed for seed-funding for their business ideas. RecycloBekia, an e-waste recycling start up, won the Abraaj award and is currently receiving support from the Abraaj team in Cairo on every aspect of executing their business plan. Through Injaz Lebanon, we supported programs that reached 500 students and in Tunisia our support enabled the re-launch of the operations post-revolution and enabled 120 students to join Injaz programs. The year ended with an Abraaj-led initiative that culminated in the launch of Injaz Pakistan.

Mustafa Abdel-Wadood, CEO Abraaj Capital Limited, and Linda Rottenberg, CEO Endeavor, at the launch of the Abraaj and Endeavor partnership

Our strategic partnership with Endeavor, a global organization that promotes high impact entrepreneurs in growth markets, lies at the core of the Social Investing Program's objective of fostering entrepreneurship. The partnership has gone from strength to strength since we started work together in 2010. With our support, Endeavor has been able to identify 25 high impact entrepreneurs in the MENA region who have generated a combined revenue of US$ 80 million and employed 2,500 people across innovative businesses that are expected to generate a top line growth of 25% per year. We were also able to play an active role in the expansion of Endeavor offices and its affiliates in Egypt through financial support, networks and the active involvement of colleagues who sit on the national Endeavor Boards. Finally, we are immensely proud of the fact that Abraaj colleagues continue to play active mentorship roles for Endeavor entrepreneurs across different locations.

2011 saw our partnership with Ruwwad (an organization that has been doing exemplary work in Amman focused on community upliftment and youth empowerment) move beyond Jordan and into Egypt through the expansion of Ruwwad into Izzbet Khairallah. This exciting step of taking Ruwwad's unique model of community empowerment and volunteerism and implementing it in one of Cairo's most marginalized and underprivileged communities will not only empower young people and equip them with the tools for a better future but also tackle one of today's most pressing issues, which is that of youth unemployment in our region.

One of our largest initiatives to date, the US$ 10 million Mustaqbali Foundation in Palestine was established in 2009 and is fully funded by Abraaj Capital. The 22 year program primarily focuses on the education of 1741 children and youth orphaned as a direct consequence of the war in Gaza which occurred between December 2008 and January 2009. Abraaj's partner in this initiative is the Welfare Association, a reputable, non-governmental organization with proven political neutrality.

Together with the Welfare Association, our Foundation has achieved quite an impact in a relatively short time. In addition to its focus on the education and well-being of children, the Foundation has seen 675 children participate in remedial educational sessions with 57% showing remarkable improvement in their overall performance and the rest improving at least in one subject. Through the Mustaqbali Foundation and the implementation of its different programs, 130 job opportunities were created in Gaza.

LOOKING FORWARD

Over the past five years we have worked hard to embed and execute the ASSET thinking within our Firm, our partner companies and our diverse community of stakeholders. We now have a greater and more ambitious mandate as we collaborate on developing a shared ASSET approach with Aureos.

We are excited by the truly ground breaking opportunity this offers. Aureos has an outstanding ESG track record, footprint and platform for future growth and we look forward to expanding the ASSET program into Latin America, Africa and Asia, It will be a busy year ahead for ASSET as we seize the opportunity to venture into new markets and collaborate with a new community of stakeholders. We look forward to updating you next year on the progress we have made.

OUR PEOPLE, OUR CULTURE

"At Abraaj, we work hard and we work smart. I love what I do and enjoy every day. My work gives me energy - my brain has been hardwired that way." *Waqar Siddique, Managing Partner - Risk and Internal Audit, Abraaj Capital*

Much of our efforts in 2011 have been on expanding our operations into new markets. Striking the balance between creating these new centers and maintaining a cohesive culture is a challenge for the year ahead.

It has been said that we started life as a small family. It still feels like a family today, just a much larger one. We're confident that the foundations laid in those early years will stand us in good stead as we expand into new markets.

In August of last year we made a significant acquisition in the small and mid-cap sector through the US$ 161 million Kantara Fund. The success of this acquisition, with 11 people from offices in Egypt, Algeria, Tunisia and Morocco now fully integrated and enthusiastic members of the Abraaj family, proved the strength of those foundations.

Private equity is, above all else, a people business. From our first day of operations 10 years ago through to today we have worked hard to develop a culture that allows people to grow, as professionals and as members of the wider community.

Our people represent

27 nationalities

It is a culture that rewards success, which values hard work, integrity, entrepreneurialism and the pursuit of excellence with a passion. It is a culture that encourages creativity and diversity – a culture that makes a commitment to our stakeholders and community.

This is something of which we are rightly proud, and it defines who we are as an organization. This vision has been absolutely core to our business success. It allows us to grow as we have done over the last 12 months with the conviction that we are creating value not just for our investors but for the societies in which we work.

STRENGTH IN DIVERSITY

We view diversity as a key factor in our success. Our teams comprise people from many different backgrounds and different cultures. As our business extends its reach across the globe, this diversity encourages creativity and innovation and provides us with an enviable talent pool. Our diversity not only comes through in the nationalities of our people but in the industries they represent. Establishing a deep bench is important for the growth of our Firm and we have actively sought out people with rich experience in other industries to private equity, such as investment banking, management consulting, public affairs and law.

Private equity is a very local game and for us to be truly successful, it is vital to have people on the ground who really understand and are connected to the markets in which we operate. We are fortunate that we have people throughout the business who embrace different cultures as this enables us to build teams perfectly suited to the challenges of a global firm.

Over the past few years we have hired many great new people. From interns to senior management, our new people have always added to, not detracted from, our vision and conviction.

INVESTING IN PEOPLE

It is clear we have much to achieve, and we need the very best team in place to realize our ambitions. We are in a position of strength where we can attract the very best. Yet we can't become complacent. We operate in a fluid market, and we must work hard to ensure our people are achieving their ambitions with us.

Our cornerstone training initiative, Abraaj Academy, grew in strength in 2011. Led by the Academy's Dean, Professor Josh Lerner – also Jacob H. Schiff Professor of Investment Banking at Harvard Business School – the Academy provides Abraaj people with an array of courses, from elements of an MBA curriculum for junior and mid level staff to more strategic and organizational courses for senior professionals. The Academy draws upon the expertise of leading business schools such as Harvard, INSEAD, London School of Economics and MIT.


Members of the Abraaj Real Estate team

We also encourage our people to undertake skill-specific training. We have worked with technical training providers such as Wall Street Prep and Training the Street, and developed specific leadership skills for individuals where required, to ensure our people achieve their full potential.

Our summer internship program, now in its fifth year, underlines the growing strength of our business. It provides a 10-12 week summer placement for MBA students from the world's top business schools between their first and second years. In 2011, we received around 229 applications for the program's 11 places.

We believe that given the right environment, people excel. We already have a number of employees who began their relationship with Abraaj during a summer internship program. And we have watched with pride as others have grown from analysts to Partners to serving on the boards of investee companies.

Our ASSET program places the creation of sustainable economic value at the heart of everything we do. It is at the core of our identity as a business. While this was part of the original vision for the Firm back in 2002, the development of our activities in this area is testament to the enthusiasm and commitment of our people. We are all proud to work for an organization that sees itself as part of the communities in which it works.

Thinking in this way has now become second nature. Our people explore beyond the limits of private equity to create thought leadership pieces and to work with local and regional NGOs committed to fostering entrepreneurship. In 2011, Abraaj staff contributed over 2400 hours of their time to volunteer. Every person we bring on board embraces this culture. Our colleagues in Maghreb who became a part of Abraaj in 2011 through the Kantara acquisition have become enthusiastic ambassadors of our 5+5+5 program.

Anas Guennoun, Principal

Anas joined Abraaj as part of the Kantara Fund acquisition in August 2011.

"As a new member of the Abraaj team, impressive is the word I would use to describe the Firm. Yet, located as I am in Casablanca, away from the center, it is the way everything fits together that is truly impressive.

The Abraaj Sustainability and Stakeholder Engagement Track (ASSET) and the 5+5+5 promise is vital – it reinforces the senior management's vision of who we are, their ambition to be something more than a typical private equity firm. It is inspiring and it builds cohesion across the business, which is crucial as we grow our offices around the world.

I sit on the Board of Education for Employment, an NGO that provides young people with the tools to find new jobs. And we are very proud of our recent effort to raise funds to purchase 50 bikes - bikes that allow students to get to schools that were otherwise too far away.

And this strong culture, this sense of our wider role, pays off – it helps us grow our business. On the ground here in Morocco, I work with and meet entrepreneurs who are eager to partner with Abraaj not only because of our financial expertise, but because of our culture – they want to be a part of what we are building."

Culture is not a static thing. By exposing ourselves to new business practices, to new countries and by attracting the best people, we will evolve as an organization. The past 12 months have been a success. Now we look forward to the next stage, new discoveries and new challenges for our people.

OUR INVESTMENTS

Portfolio Management
ENGAGING FOR GROWTH

Through 2010, our clear focus was on operational enhancements within our partner companies, through a combination of revenue growth initiatives, cost efficiency strategies and improvements in the management of working capital. Notwithstanding the continued uncertainty at both global and regional levels throughout 2011, we focused on supporting our partner companies in implementing their growth plans.

As a result, our businesses had already set themselves on a growth path, based on solid underlying fundamentals, focused towards optimizing the cost base and anticipating and effectively managing soft and medium-term cash flow needs. The unforeseen events around the Arab Spring since January 2011 and both the domino effect and magnitude of that regional uprising had a relatively marginal impact on them.

At end 2011, we are confident that our core active portfolio management model will yield long-term gains that outweigh any short-term impact, now or in the future.

Additionally, our investment strategy, focused on demand oriented sectors, is proving to be robust and representative of true underlying growth trends in the region. By year-end, as stability began to return, there was clear evidence of a revival in demand but one where customers articulated their demand for value more stridently.

Four aspects govern our approach to long-term portfolio value creation:

GOVERNANCE

It is clear that firms with good governance have, over time, outgrown and outperformed peers that have adopted lower standards. There are five compelling factors in favor of continuous investment in effective corporate governance: access to capital and attracting investors; improving employee motivation; risk management; managing growth; family succession planning.

Over 2011, we helped Boards to become more effective by embedding in them industry expertise and global insights. Industry experts joined the Boards of Byco, JorAMCo, Karachi Electric Supply Company and MS Forging, adding deeper expertise to complement the core competencies of incumbent management.

Additional external industry insight will prove to be invaluable in solidifying the companies' growth strategies and reinforcing adaptability particularly in leaner times.

Initiatives in 2011 included comprehensive operational reviews of each partner company against the "new risk" backdrop, benchmarking against industry standards in developed markets, establishing operational efficiency goals and providing partner company access to group wide contacts for business development.

PARTNER COMPANY SYNERGIES

One clear advantage of increasing portfolio size is the greater access to partner company strategic and sales synergies. An example from 2011 is that of OMS and Al Borg Laboratories. OMS is a regional IT consulting and services company, with hubs in Egypt and Dubai. It focuses on the design and implementation of complex multi-vendor IT infrastructure, business intelligence and business technology optimization for large enterprises.

Al Borg Laboratories is one of the largest private medical laboratory and health diagnostic groups in the region. It has served more than 19 million patients and conducted more than 55 million tests since inception. The company is the local market leader in molecular and genetics diagnosis.

We facilitated the introduction of OMS and its capabilities to Al Borg. A tendering and evaluation process conducted by Al Borg resulted in OMS becoming the chosen partner to implement a new IT revamp program that entailed the upgrade of its IT infrastructure, online offering and firm-wide ERP system for the group.

EXPANSION

Spinneys, founded in 1924, is one of the region's truly great home-grown brand names, with a known market strength in Lebanon and Egypt and operating in the hypermarket, supermarket and convenience store formats. It broke new ground in 2011 with four store openings – one each in Qatar, Lebanon, Egypt and Jordan.

Spinneys' consolidation and growth strategy positions it superbly for further expansion in geography and format across existing and new markets. We have facilitated the implementation of this expansion plan by augmenting management, providing access to our network and by engineering appropriate financing mechanisms. The new stores are located in the Pearl-Qatar in Doha, the Cityscape Mall in Cairo, the Taj Mall in Amman and the Hazmieh locality of Beirut. The Beirut store is the company's single largest investment in the region.

With 14 stores, Spinneys' continued growth has delivered results in both top line sales and geographic diversity in challenging times. The brand is well positioned to deliver to its value proposition of great prices matched by a superior shopping experience.

EXECUTION CAPABILITY

Speed to market is a growth dynamic that is the hallmark of modern business. Technology-centric businesses have an added advantage – and a necessity – to move nimbly to execute their core strategic goals.

Following the acquisition of a 49% stake in Network International, the leading payment-processing company in the MENA region at the end of 2010, a business with almost half the market in outsourced card management and processing - and a dominant position in the UAE market for merchant acquiring – we have rapidly embarked upon a series of operational, developmental and inorganic activities to help support the company's growth plans.

Network International is geared towards geographic expansion and has already made inroads into Egypt, with a focus on the customer acquisition side for its processing business. Over 2011, its team has been quick to execute on a regional-wide value creation plan in coordination with us. In its human resource strategy, additions to the management team were swiftly integrated to build on the strategic vision of the company and to position it for long-term, sustained growth.

The underlying medium-to long-term fundamentals in the MENASA region are strong and our aim is to continue working closely with our partner companies to help them capitalize on the exciting opportunities that lie ahead.

Spinneys, Jordan

ABRAAJ CAPITAL FUNDS

Fund Name	Vintage Year	Fund Size (US$ Mln)	Investment Focus	Geographic Focus	Deployment Status
Abraaj Buyout Fund L.P.	2002	116	Buyout & Growth Capital	Principally GCC* & Levant**	Fully Deployed
Abraaj Real Estate Fund L.P.	2004	113.5	Real Estate	Principally GCC, Levant & South Asia	Fully Deployed
Abraaj Buyout Fund II L.P.	2005	500	Buyout & Growth Capital	MENASA & Turkey	Fully Deployed
Infrastructure & Growth Capital Fund L.P.	2007	2,000	Buyout & Growth Capital	MENASA & Turkey	Fully Deployed
Abraaj Private Equity Fund IV L.P.[1]	2008	1,600	Buyout & Growth Capital	MENASA & Turkey***	Investing
ASAS L.P.	2010	250	Income-Generating Real Estate	MENA & Turkey***	Fundraising / Investing
Riyada Enterprise Development Growth Capital Fund	2011	650	Small & Mid-Cap Companies	MENASA & Turkey	Fundraising / Investing

Gulf Cooperation Council – Saudi Arabia, UAE, Kuwait, Qatar, Oman and Bahrain
***Levant – Egypt, Lebanon and Jordan*
****Includes defined allocation for other growth markets*

[1] *Fund closing in April 2012; in addition, a specific corporate structure has been incorporated in Saudi Arabia for investments in that country totaling US$ 500 million. This takes the quantum available in the current investment cycle in private equity to US$ 2.1 billion.*

ABRAAJ BUYOUT FUND L.P. (ABOF)

Our first buyout fund closed in June 2003 with commitments of US$ 116 million. The Fund was fully deployed by the end of 2004 through eight investments. At closing, it was the largest pure-play private equity fund in the Middle East, North Africa and South Asia (MENASA) structured in a traditional Limited Partner/General Partner structure, with a focus on buyout and growth capital. To date, ABOF has exited six transactions at a gross IRR in excess of 64 percent and a gross multiple-of-cost of over three-and-a-half times. The Fund's six exits clearly demonstrate our capacity to source and execute transactions in several geographies in the MENASA region, add value through an active partnership model and successfully exit through various mechanisms, including initial public offerings, trade sales and management buyouts. These have resulted in ABOF investors realizing profits well in excess of their original investment. The two remaining investments operate in the retail and aviation sectors.

Partner Companies

Name of Company	Date of Investment	Geography	Industry
JorAMCo	Jan-05	Jordan	Aviation (MRO)
Spinneys	Apr-04	MENA	Retail

Jordan Aircraft Maintenance Limited, Jordan
Aviation (MRO)

JORDAN AIRCRAFT MAINTENANCE LIMITED

Jordan Aircraft Maintenance Limited (JorAMCo) is an aircraft maintenance, repair and overhaul facility, performing all levels of airframe maintenance, based in Amman, Jordan. Since Abraaj's acquisition of an 80% stake in the company in 2005 through its Fund, the company has more than doubled its capacity through the construction of a state-of-the-art hangar in addition to increasing its capabilities from being able to service 5 types of aircraft to 10 today and creating over 200 jobs in the process. JorAMCo has also managed to grow its customer base and reduce its dependency on its previous parent company, Royal Jordanian Airlines, which now contributes to c. 30% of JorAMCo's total revenue versus over 50% in 2005. JorAMCo's in-house training academy, established in 2007 with the aim of nurturing talented workers, graduated its first class in 2011.

Spinneys, Lebanon, Egypt, Qatar & Jordan
Retail

Spinneys is one of the leading premium supermarket retailers operating 14 hypermarkets, supermarkets and convenience stores across the MENA region. Since Abraaj's investment in 2004 through its Fund, the company has successfully achieved its expansion strategy outside of Lebanon by entering the Egypt market in 2006 and subsequently commencing operations in Qatar and Jordan in 2010 and 2011 respectively, offering finished retail space of over 46,000 square meters. The company has also implemented significant operational improvement programs through its 'Spinneys 2010' initiative which has resulted in superior store ambience and service. The company is now focusing on scaling up operations in existing markets to achieve cost synergies and improving its operating margins.

Realization Summary

Partner Company	Date of Sale	Holding Period (Mnths)	Exit Method
BMA	Dec-11	90	Trade Sale
Maktoob	Dec-07	32	Trade Sale
Septech	Sep-07	36	Trade Sale
Amwal	Dec-06	42	Trade Sale
Aramex	Jun-05	41	IPO
ONIC	Apr-04	11	Trade Sale

Focus on Spinneys

Spinneys, established in 1924 in Egypt, has over the years developed into one of the premium supermarket retailers in the Middle East and North Africa region.

Over the last ten years, Spinneys has focused exclusively on retailing through multiple formats such as hypermarkets, supermarkets and convenience stores, which has allowed it to establish and maintain a dominant position in the retail space. The Spinneys brand is now on par with international peers due to the highest quality of finished retail space in its stores and superior customer service. Spinneys currently operates 14 stores across the region with a presence in several countries including Lebanon, Egypt, Qatar and Jordan, in addition to operating in the UAE under a franchise agreement.

Since Abraaj's investment in Spinneys in 2004 through its Fund, the company has undertaken an aggressive expansion strategy with the objective of diversifying its operations outside of Lebanon. Spinneys delivered on this expansion strategy, in a phased approach, by first establishing a flagship store in Egypt in 2006. Today, Spinneys operates four stores in Egypt providing a total retail selling area of 20,000 square meters and generating sales of over US$ 150 million. In 2010, Spinneys opened its first store in Qatar in a local residential community in Doha. In fiscal year 2011/2012, Spinneys made further strides in achieving its expansion plans


Spinneys, an Abraaj Capital partner company

by launching four additional retail outlets and increasing its portfolio from 10 to 14 stores. In October 2011, Spinneys opened its seventh store in Lebanon in Hazmieh, a premium residential and commercial neighborhood, providing a retail selling area of 6,000 square meters.

Spinneys subsequently opened its first store in Jordan in December 2011 in the Taj Mall, a 4,000 square meter retail space, employing over 500 staff and providing a boost to the local economy. In December 2011, Spinneys also opened its doors to the public and residents of The Pearl, through the first of two Spinneys outlet located in The Pearl, Qatar. The second store in The Pearl, scheduled to open in 2012, will be a full service supermarket covering a space of 4,000 square meters. Spinneys has plans to open three additional outlets across its existing markets by the end of 2012.

Since the time of Abraaj Capital's investment, Spinneys has focused on operational improvements across its stores. It initiated a qualitative enhancement of the business under the theme 'Spinneys 2010' which has yielded a quantum improvement in store ambience and service, as well as in a number of other unique selling points.

In 2012, Spinneys will focus on consolidating and ramping up its operations across its existing markets to achieve a higher level of fixed cost absorption and secure more favorable terms with local suppliers. Spinneys will also seek to improve its operating margins by rationalizing its cost structure across new and existing markets.

Spinneys has set itself on a high growth trajectory with the new stores expected to contribute significantly to the company's profitability going forward, along with enhancing the Spinneys brand at a regional level.

Construction activity on the Samarah Dead Sea Resort, a mixed-use real estate development

ABRAAJ REAL ESTATE FUND L.P. (AREF)

AREF closed in December 2004 with commitments of US$ 113.5 million and is now fully invested. It has acquired stakes in real estate assets that are differentiated from the mainstream, such as convention centers, marina management, leisure and niche hospitality facilities, as well as more traditional investments in property development and construction. To date, AREF has exited three investments at a gross IRR of 74 percent, against a target IRR of 15% and a gross multiple-of-cost of more than three-and-a-half times.

Partner Companies

Name of Company	Date of Investment	Geography	Industry
EHDC	Sep-05	UAE	Leisure Development
Enshaa	May-05	UAE	Property Development & Hospitality
DSC	Sep-04	Jordan	Conferences & Exhibitions

Emirates Heights Development Company, UAE
Leisure Development

Emirates Heights Development Company (EHDC) was established to create a world-class golf resort on a 600-acre site in Ras Al-Khaimah called Tilal Resort. The resort was conceived as a landmark leisure destination designed to capitalize on growing demand for real estate in the Northern Emirate and was to include an 18-hole golf course, 900 residential units, a hotel and other associated facilities.

Enshaa, UAE
Property Development, Hospitality

Enshaa is a UAE- based real estate development and investment company established to develop premium-quality commercial, residential and hospitality projects in the MENA region. Enshaa's portfolio includes Palazzo Versace Dubai, D1 residential tower in Dubai, Emirates Financial Towers in Dubai, and Signature Clubs International.

Dead Sea Touristic & Real Estate Investment Company, Jordan
Conferences & Exhibitions, Hospitality and Real Estate Development

The Dead Sea Touristic & Real Estate Investment Company (DSC) developed the King Hussein Bin Talal Convention Center on Jordan's Dead Sea shore. The company has strengthened its position in the business and leisure-tourism industry with the addition of a Hilton hotel being developed alongside, and with its newest project – the Samarah Dead Sea Resort – a residential and mixed-use real estate development overlooking the Dead Sea.

Realization Summary

Partner Company	Date of Sale	Holding Period (Mnths)	Exit Method
ART Marine	Dec-08	47	Trade Sale
Arabtec	Dec-07	39	Trade Sale
Abanar	Dec-07	32	Trade Sale

ABRAAJ BUYOUT FUND II L.P. (ABOF II)

ABOF II closed in December 2005 with commitments of US$ 500 million and was fully deployed by the end of 2008. The Fund follows a similar theme to its predecessor fund, ABOF, with a focus on buyout and growth capital investments in the MENASA region. To date, ABOF II has exited three investments. The first two being Saudi Arabia's National Air Services (NAS) and Egyptian Fertilizers Company (EFC), while the third was Acibadem's partial exit in January 2012. The Fund divested its entire stake in Acibadem Healthcare, APlus and Acibadem Project Management to IHH Healthcare Berhad and Khazanah, the investment holding arm of the Malaysian government. The combined entity is now one of the largest healthcare services firms in growth markets. Acibadem Insurance remained outside the scope of this transaction. ABOF II distributed US$ 47 million as capital to its Limited Partners from this transaction. The two fully realized exits, NAS and EFC, achieved a gross IRR of 67 percent and more than two times gross multiple of cost. The Fund's unrealized portfolio comprises nine investments in sectors ranging from healthcare and energy to steel forging and pharmaceuticals.

Partner Companies

Name of Company	Date of Investment	Geography	Industry
IHH Healthcare Berhad	Jan-12*	Malaysia	Healthcare
Mediaquest	Mar-09	UAE	Media
ART Marine	Sep-08	UAE	Marine & Leisure Services
Numarine	Aug-08	Turkey	Luxury Yacht Manufacturing
Osian's	Mar-08	India	Art
Tadawi	Jan-08	Saudi Arabia	Healthcare
Acibadem Insurance	Nov-07	Turkey	Insurance
MSF	Jun-07	Pakistan	Steel Forging
SMG	May-07	UAE	Marine Oil & Gas

**Acibadem Healthcare exit consideration in newly issued IHH Healthcare Berhad shares.*

IHH Healthcare Berhad, Malaysia
Healthcare

IHH Healthcare Berhad is one of the largest premier integrated healthcare services providers focused on growth markets with a footprint covering South East Asia, India and Turkey, and a growing presence in China and the Middle East. The group operates 30 hospitals and 80 clinics / medical centers with over 5,000 beds and owns a number of leading healthcare chains including Parkway Healthcare in Singapore, Pantai Hospitals in Malaysia, Acibadem in Turkey, as well as a stake in Apollo Hospitals of India. Through the investment, Abraaj will strategically assist the management to extract synergies across the combined group and explore, identify and execute organic and inorganic growth opportunities in current and new markets.

Mediaquest, UAE
Media

Set up in 1998 by brothers Julien and Alexandre Hawari, Mediaquest is a regional media house involved in publishing magazine titles, providing online media networks and managing events. There are four business divisions: publishing, media representation, conference services and online media. The publishing division produces 17 Arabic and English language titles, including Trends, Gulf Marketing Review, Haya MBC, Communicate, Saneou al Hadath, Autocar, F1 Middle East, Policy and The KippReport online magazine, plus 12 supplements and subtitles. Its online platform, dotmena, is fast becoming the network of choice for advertisers and publishers targeting luxury segments to expand their reach in the region. However, the investment performance has been affected due to an overall slowdown in the print media industry and slower than expected ramp up for Mediaquest's new titles. Accordingly, Abraaj has marked down the value of its investment in this business.

ART Marine, UAE
Marine & Leisure Services

ART Marine, UAE Marine and Leisure Services ART Marine is the exclusive agent in the Middle East for several leading luxury boat and yacht brands such as Azimut, Benetti, Atlantis, Riviera, Four Winns and Grady White. ART Marine provides comprehensive after sales, yacht charter and marina-management services. ART Marine has been recognized through prestigious industry awards including 'Arabian Gulf Yachting Awards 2010', among others. The luxury marine industry has however been exposed to global economic challenges. Abraaj has been closely involved in ART Marine's strategy to help refine its business model and enable the company to adjust to the difficult operating environment.

Numarine, Turkey
Luxury Yacht Manufacturing

Founded in 2002, Numarine is a leading manufacturer of luxury-performance yachts. Based in a modern, 35,000-square-meter factory outside Istanbul, Numarine produces five sizes of luxury motor-yachts (55 feet, 68 feet, 78 feet, 102 feet and 130 feet) for local and international markets. The company has built a solid infrastructure for producing premium-quality yachts and employs advanced manufacturing processes including assembly-line techniques and vacuum-assisted infusion molding technology. Following its investment in 2008 through its Fund, Abraaj has helped Numarine expand its sales network to other geographies, strengthen its senior management team and enhance its corporate governance structure. Numarine's carrying value is however maintained below its book cost as the company's performance was adversely impacted by the downturn experienced in the luxury yacht industry following the global financial crisis.

Osian's, India
Art

Osian's was founded in 2000 as India's first integrated and self-supporting arts institution. The company operates several complementary business lines: an auction house; an art advisory service providing authentication, insurance, valuation and partner advice; a center for archiving, research and documentation and a publishing and design house. In line with our conservative valuation approach, we have written down our investment in Osian's to appropriately reflect the performance of the business, which has been severely affected by the decline in the value of the Indian art market.


Offshore vessel built by Grandweld (Stanford Marine Group)

Tadawi, Saudi Arabia
Healthcare

Tadawi was established in April 2005 as a result of a merger between its independent retail and wholesale operations. In 2006, Tadawi operated 91 pharmacies across the Kingdom of Saudi Arabia and served over 1,500 wholesale clients with nationwide distribution capability. Tadawi was actively acquisitive throughout 2007 and 2008 and with the support of Abraaj had grown from 91 stores to 385 by the end of 2011, thereby becoming the second largest retail pharmacy chain as well as the largest wholesaler in the country.

Acibadem Insurance, Turkey
Insurance

Acibadem Insurance is one of the four largest health insurance companies in Turkey (based on 2011 market share). The company has an insured population of over 200,000 in health insurance comprising blue-chip corporate and individual clients. The company's product portfolio also includes life and personal accident products giving Acibadem Insurance a strong foothold in the Turkish insurance market. Since the investment through its Fund, Abraaj has significantly enhanced the capabilities of the senior management team and the company's performance in underwriting, distribution and other key areas. This has yielded strong positive results as gross written premiums nearly doubled in Turkish Lira terms and the company achieved profitability after generating a loss in 2008 and 2009.

Mannan Shahid Forgings, Pakistan
Steel Forging

Mannan Shahid Forgings (MSF) is a premier manufacturer of forged and machined components in Pakistan. The company produces carbon and alloy steel components for the automotive industry and exports approximately half its production to Europe and the US. During the year, MSF continued to focus on its sales efforts and participated in several global automotive trade exhibitions which established several new relationships for MSF in Europe and added four new export clients. Since the investment in MSF through its Fund, Abraaj has considerably strengthened the management team by hiring key senior staff members including the CEO, CFO and Head of Production. The team has been instrumental in the execution of continuous operational improvements in the company's core forging processes, increasing share of business in higher value added segments and expanding the global client-base.

Stanford Marine Group, UAE
Marine Oil & Gas

Stanford Marine Group is a leading regional marine business headquartered in Dubai, UAE comprising Stanford Marine and Grandweld. Today, following an aggressive rejuvenation and growth plan further to Abraaj's investment in 2007 through its Fund, Stanford Marine is a dominant marine-hire services player which owns and operates a diverse fleet of 35 offshore support vessels, deployed on long-term contracts across the GCC, South East Asia and more recently, East Africa. Grandweld is the group's fully integrated ship-building and ship-repair unit which has recently increased and modernized its facility by relocating from Al Jadaf to a brand new state-of-the-art facility in Dubai Maritime City. The group also owns Gallagher, a crane rental business that operates a fleet of 40 mobile cranes and provides lifting solutions to customers in different industries across Dubai and more recently, Abu Dhabi.

Realization Summary

Partner Company	Date of Sale	Holding Period (Mnths)	Exit Method
Acibadem Healthcare	Jan-12	54	Trade Sale
NAS	May-08	26	Trade Sale
EFC	Mar-08	10	Trade Sale

Our Investments

Acibadem and IHH Healthcare Berhad

Following an extremely successful partnership that began in 2007, Abraaj and Mr. Mehmet Ali Aydinlar, Chairman and Chief Executive of Acibadem, completed the sale of a 75% shareholding in Acibadem to IHH Healthcare Berhad and Khazanah Nasional in January 2012. The acquisition (which does not include Acibadem Insurance) involving part cash and part share consideration in the form of newly issued IHH Healthcare Berhad shares has created one of the largest healthcare services firms in growth markets with a geographic presence across key markets from Turkey through to China. Post completion, both Abraaj and Mr. Mehmet Ali Aydinlar have emerged as new shareholders in IHH Healthcare Berhad and joined its Board.

Abraaj's original investment in Acibadem in 2007 through its Fund was predicated on its long held belief that the rapid demographic changes occurring across the region, coupled with rapidly rising incomes and the subsequent emergence of a middle class, would lead to increasing demand for quality healthcare – which the public sector alone could not provide.

Over the past 4 years, through both organic growth and strategic acquisitions, Acibadem grew into the largest healthcare services provider in Turkey, increasing the total number of hospitals from 6 to 14 and more than doubling the number of beds from 770 to 1,850. Over the same period, Acibadem

Acibadem hospital, Turkey

created more than 5,000 new jobs across its hospital network, creating significant value for all stakeholders across the country.

Following Abraaj's expansion into South East Asia through the opening of its Singapore office in January 2011, Abraaj identified an opportunity to create a growth markets focused healthcare platform together with IHH Healthcare Berhad.

IHH Healthcare Berhad, whose shareholders include Khazanah Nasional and Mitsui & Co., owns and operates leading healthcare chains in important Asian markets including Parkway Healthcare in Singapore and Pantai Hospitals in Malaysia. In addition, the company has a growing presence in the Middle East, China and India.

Together, IHH Healthcare Berhad and Acibadem have formed one of the largest healthcare services providers which is globally focused on growth markets and operates over 80 healthcare facilities with over 5,000 beds across Asia. The consolidated platform opens up exciting opportunities along with numerous synergies that can be leveraged across the combined group.

Abraaj remains optimistic about growth markets healthcare and specifically the ability of IHH Healthcare Berhad to capture this opportunity in the healthcare services space. Together with its new partners - Khazanah and Mitsui - Abraaj looks forward to adding value in what will be a new and dynamic chapter in the growth of IHH Healthcare Berhad.

Air Arabia, an Abraaj Capital partner company

INFRASTRUCTURE & GROWTH CAPITAL FUND L.P. (IGCF)

IGCF closed in December 2007 with total commitments of US$ 2 billion, making it the largest private equity fund focused on the MENASA region. The Fund has made 12 investments, fully deploying its total capital. To date, the Fund has distributed US$ 500 million to its Limited Partners, equivalent to 25 percent of its capital. The Fund continued to perform well during 2011 with a positive net asset value as of December 31, 2011. This was in part due to partner companies operating in fundamentally strong and defensive sectors, such as healthcare, energy and education that continued to benefit from structural undersupply and pent-up demand. In January 2012, the Fund divested its entire stake in Acibadem Healthcare, APlus and Acibadem Project Management to IHH Healthcare Berhad and Khazanah, the investment holding arm of the Malaysian government. The combined entity is now one of the largest healthcare services firms in growth markets. Acibadem Insurance remained outside the scope of this transaction. The Fund distributed US$ 190 million as capital to its Limited Partners from this transaction.

Partner Companies

Name of Company	Date of Investment	Geography	Industry
IHH Healthcare Berhad	Jan-12*	Malaysia	Healthcare
KESC	May-09	Pakistan	Utilities
Man Infraconstruction	Dec-08	India	Construction Services
Ramky Infrastructure	Dec-08	India	Construction Services
ECI	Dec-08	India	Construction Services
Tadawi	May-08	Saudi Arabia	Healthcare
Al Borg	May-08	Egypt	Healthcare
Byco	Feb-08	Pakistan	Oil Refining, Petrochemicals
Air Arabia	Dec-07	UAE	Aviation
OCI	Dec-07	Egypt	Fertilizer & Construction
GEMS	Dec-07	UAE	Education
Acibadem Insurance	Nov-07	Turkey	Insurance

**Acibadem Healthcare exit consideration in newly issued IHH Healthcare Berhad shares.*

IHH Healthcare Berhad, Malaysia
Healthcare

IHH Healthcare Berhad is one of the largest premier integrated healthcare services providers focused on growth markets with a footprint covering South East Asia, India and Turkey, and a growing presence in China and the Middle East. The group operates 30 hospitals and 80 clinics / medical centers with over 5,000 beds and owns a number of leading healthcare chains including Parkway Healthcare in Singapore, Pantai Hospitals in Malaysia, Acibadem in Turkey, as well as a stake in Apollo Hospitals of India. Through the investment, Abraaj will strategically assist the management to extract synergies across the combined group and explore, identify and execute organic and inorganic growth opportunities in current and new markets.

Karachi Electric Supply Company, Pakistan
Utilities

Karachi Electric Supply Company (KESC) is a vertically integrated power utility with exclusive franchising rights to serve Karachi, Pakistan's largest city, with a population of over 18 million. Since its investment through its Fund, Abraaj has brought about transformational change in KESC, which was an underinvested, operationally weak company with misalignment amongst various stakeholders. Over the last three years, Abraaj has added 1000 MW of new efficient generation capacity, reduced aggregate technical and commercial losses to less than 24% in two thirds of the city and achieved a positive EBITDA for the first time since privatization. As it continues on its multi-dimensional strategy, Abraaj, despite significant challenges, is not only on target to make the company profitable, but also continues to drive positive change in the energy sector dynamics of the country.

Man Infraconstruction Limited, India
Construction & Infrastructure Services

Man Infraconstruction Limited (MIL), based in Mumbai, is a key player in India's infrastructure and real estate construction and development industry. MIL's competencies are in providing construction services for residential, industrial, commercial, road, and port infrastructure projects. In the residential sector, MIL provides contracting services for the construction of townships and high rise buildings whilst in the commercial and industrial space, MIL caters to shopping malls, IT parks, warehouse and industrial facilities, hospitals and schools. In addition, MIL also undertakes projects in the roads sector, port related infrastructure and sewage systems. In the port infrastructure sector, MIL provides services for the construction of onshore container terminals, freight stations, operational buildings and workshops, and repair and maintenance services.

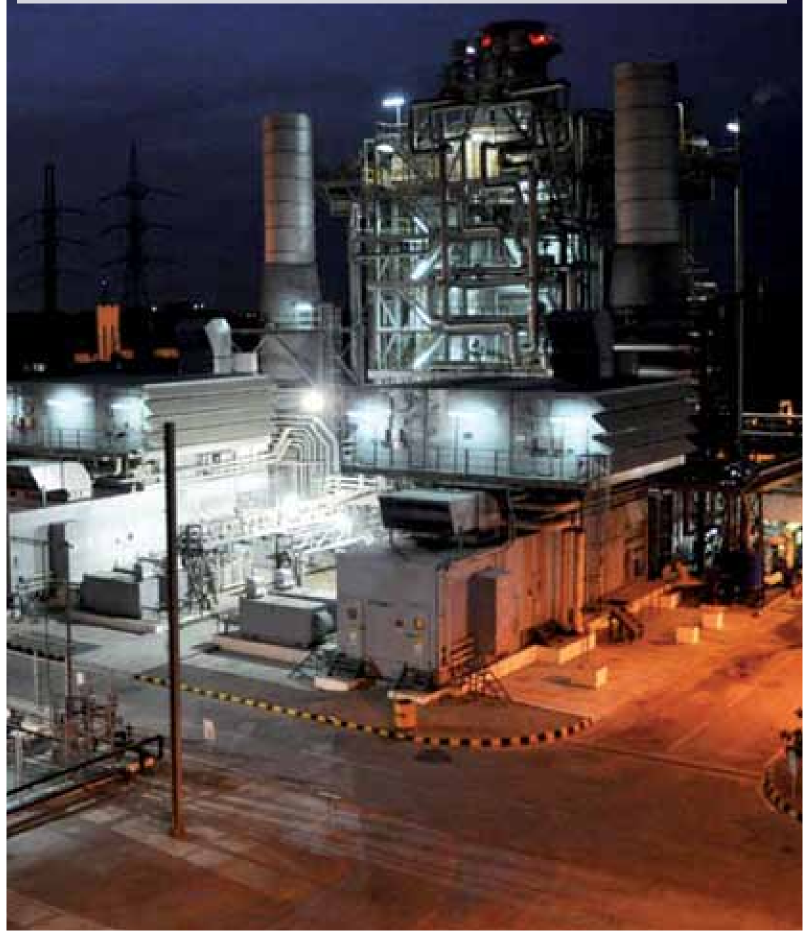
Ramky Infrastructure Limited, India
Construction & Infrastructure Services

Ramky Infrastructure Limited (RIL), based in Hyderabad, is a dominant player in the Indian infrastructure construction and development industry and provides contracting services in the construction of roads, highways, industrial buildings, housing, irrigation canals, water and drainage systems, power transmission and distribution projects. RIL's developer segment focuses on four major sectors, which include industrial parks, roads, integrated townships and transport terminals. Additionally, RIL offers consultancy services in the areas of infrastructure development, waste management, environment and property development. RIL's clientele includes a diverse cross section of public and private sector institutions.

Our Investments

Karachi Electric Supply Company

Karachi Electric Supply Company, an Abraaj Capital partner company



The Karachi Electric Supply Company (KESC) serves a population of over 18 million through 2.3 million billing points across the residential, commercial and industrial sectors of what is Pakistan's primary commercial hub. KESC is one of the few remaining vertically-integrated power utilities globally and provides Abraaj with a unique challenge – and an opportunity – to make a 360-degree transformation in a business that underpins daily life in a city that is amongst the most populous on the globe.

Abraaj Capital acquired management control of the business in September 2008, alongside an equity commitment of US$ 361 million, deployed over a three year period. The Government of Pakistan is the second largest shareholder of KESC, with 25.66% shareholding after core shareholders Abraaj Capital, the Al Jomaih Group and National Investor Group (NIG) of Kuwait.

Through a mix of strategic investment in a decaying infrastructure, operational efficiency, labor improvements and internal alignment, supply chain solutions and a stakeholder engagement strategy that is already a unique case in global private equity, the business has undergone a clear transformation: the addition of over 1000 MWs of new power by 2012 (in a business where no new generation capacity was added since 1997), transmission (grid) system enhancements, distribution loss reduction, customer service upgrade and ESG programming and stakeholder outreach strategies that have transformed public perceptions of a once broken organization.

The latest capital project is the state of the art 560MW Bin Qasim II plant which will be fully operational in 2012. KESC has taken a lead role in redefining the future fuel strategy of the energy sector of Pakistan. From biogas to coal and LNG, the company is investing in fuel options with low carbon impact. As part of Karachi's Sustainable Development Strategy, KESC is also exploring establishment of the world's largest Bio Waste-to-Energy plant in the Landhi Cattle Colony.

ECI Engineering & Construction Limited, India
Construction & Infrastructure Services

ECI Engineering & Construction (ECI), based in Hyderabad, is a mid-sized infrastructure development company operating in the Engineering, Procurement and Construction (EPC) space. ECI is the largest EPC player in the railways overhead electrification / signaling segment and is the only Indian firm to have executed 12 traction sub stations. Post acquisition, Abraaj's shareholding in ECI has enabled the company to raise bank financing in an expedient manner. The company has also developed an entry strategy into the Middle East and Africa with the assistance of Abraaj, in addition to establishing robust financial reporting and corporate governance practices.

Tadawi, Saudi Arabia
Healthcare

Tadawi was established in April 2005 as a result of a merger between its independent retail and wholesale operations. In 2006, Tadawi operated 91 pharmacies across the Kingdom of Saudi Arabia and served over 1,500 wholesale clients with nationwide distribution capability. Tadawi was actively acquisitive throughout 2007 and 2008 and with the support of Abraaj had grown from 91 stores to 385 by the end of 2011, thereby becoming the second largest retail pharmacy chain as well as the largest wholesaler in the country.

Al Borg Laboratories, Egypt
Healthcare

Al Borg Laboratories is the largest private laboratory group in the Middle East, having served more than 19 million patients and conducted more than 55 million tests since its inception in 1991. Since Abraaj's investment through its Fund, and with the ambition to transform itself into one of the largest growth markets integrated diagnostics players in the world, Al Borg embarked on an aggressive investment plan, growing its branch network from 60 to 100, closing five acquisitions that expanded its product offering and geographical footprint into Jordan and Sudan, and investing heavily to upgrade its IT and logistics infrastructure. With over 1,600 group employees, including 200 experienced physicians and doctors, and 600 chemists and technologists, Al Borg covers all specialties of laboratory medicine.

Byco, Pakistan
Oil Refining, Petrochemicals

Byco Group is Pakistan's emerging energy group engaged in the businesses of oil refining, petroleum marketing, chemicals manufacturing and petroleum logistics. Byco currently operates a 35,000 barrels per day (bpd) refinery and is expanding its complex by setting up another refinery with a capacity of 115,000 bpd. The new refinery is now 92% complete with expected commissioning in 2012. Byco is also establishing the country's first petrochemicals plant with a capacity of 17,100 bpd and a one of its kind floating port in the country. Byco also operates 230 branded fuel stations through its petroleum marketing business. With active support from Abraaj, Byco has been successful in raising over US$ 100 million of non-recourse project debt. Abraaj has also been actively involved in strengthening the Byco management team with top professionals being hired at all levels.

Air Arabia, UAE
Aviation

Based at Sharjah International Airport in the UAE, Air Arabia is the Middle East's first and leading low-cost carrier. The company started operating in 2003 with a fleet of two aircraft to five destinations. It has since grown to 29 Airbus A320s serving 69 destinations in the Middle East, North Africa, Asia and Europe from three hubs – the UAE, Morocco and Egypt. It has won recognition for its achievements with various prestigious industry awards such as the 'Middle East's leading low-cost airline' for three consecutive years at the Aviation Business Awards. The company went public in 2007.

Al Borg Laboratories

Al Borg Laboratories was established in 1991 and has grown quickly to become the largest private laboratory group in the Middle East, having served more than 19 million patients and conducted 55 million tests since inception. Through its network of 117 branches covering Egypt, Jordan and Northern Sudan, Al Borg caters to walk-in patients, large corporations, professional unions and insurance companies, as well as lab-to-lab clients. With over 1,600 group employees, including 200 experienced physicians and doctors, Al Borg covers all specialties of laboratory medicine.

In 2008, Abraaj Capital's Infrastructure and Growth Capital Fund acquired 76 percent of Al Borg, subsequently increasing its stake to 90 percent through a series of share buybacks funded through Al Borg's excess cash balance. With low but rising annual medical tests per capita in the Middle East, a unique competitive position, track record of growth and a scalable business model, Abraaj Capital saw the potential to transform Al Borg from a local leader into a regional champion.

Since acquisition, Abraaj has supported Al Borg's aggressive investment plan, benefiting from its un-leveraged balance sheet and strong cash-generating capabilities, to fast track its organic as well as acquired growth. Five acquisitions have been completed to date, expanding Al Borg's product portfolio to include molecular and genetic testing and expanding its footprint into

Al Borg Laboratories, an Abraaj Capital partner company

Jordan and Sudan. Over a span of four years, the number of Al Borg branches has almost doubled from 60 to 117 and pro-forma consolidated Revenue and Operating Income advanced by over 100% through the end of 2011.

To complement Al Borg's growth initiative, Abraaj has supported it in expanding its core management team, boosting its human capital and filling key positions, such as Chief Financial Officer, Chief Operating Officer and Directors for Business Development, IT, Human Resources and Sales and Marketing. The focus on enhancing human capital was developed in parallel with a group wide compensation restructuring exercise targeted at positioning Al Borg as the employer of choice within its industry and attracting leading talent. Through this restructuring exercise, Al Borg's workforce saw their salaries increasing by an average of 25-30% per annum for the second consecutive year, adoption of a company-wide grading matrix, and introduction of new employee benefits and development plans.

Heading towards 2012, and despite political turbulence in its countries of operations, Abraaj is confident about Al Borg's ability to maintain its strong growth trajectory. Having grown its revenues and profitability by double digit rates in 2011, while still enjoying an unleveraged balance sheet and over US$ 11 million of cash balance, Al Borg is in a unique position to explore profitable growth opportunities across the Middle East and Africa region. It is in advanced stages of negotiations for a new acquisition in the radiology business as well as two joint-ventures in African markets. Organically, the core focus will lie in the integration of recently completed acquisitions, revamping of its IT infrastructure and online offering, and expansion of Al Borg's branch network in Sudan and Jordan.

Orascom Construction Industries, Egypt
Fertilizer & Construction

Orascom Construction Industries (OCI) is a leading international fertilizer producer and construction contractor based in Egypt and is one of the region's largest corporations with projects and investments across Europe, Middle East, North Africa and North America. OCI successfully entered the fertilizer segment through the initial strategic acquisitions of EBIC and EFC in 2008 and has managed over the course of 5 years through a combination of acquisitions, green field investments and organic expansion to grow from a single plant producing 1.3 million metric tons of urea to being ranked one of the top five global nitrogen fertilizer producers with an annual production capacity of 7.3 million metric tons in 2012. The Construction Group ranks among the leading global contractors and undertakes large industrial, infrastructure and select commercial projects for public and private customers principally in Europe, the Middle East and North Africa.

GEMS, UAE
Education

GEMS is a leading global provider of private K-12 education with more than 40 years of experience in managing and operating schools. Abraaj acquired a 25% stake in GEMS in 2007 through its Fund and subsequently in January 2012, restructured its equity stake in GEMS into a three year convertible loan instrument with full downside protection. Since Abraaj's investment in 2007, GEMS' performance has increased significantly with EBITDA more than doubling during the holding period. Abraaj has played a vital role in helping the company introduce key systems and processes as well as bringing on board a strong management team to drive the growth of the company since acquisition. Abraaj has also leveraged its relationships with international financiers to help GEMS raise long-term financing in 2010 which was used to finance the development of new schools and fund the acquisition of Everonn Education in 2012, which is one of the largest listed education services company in India.

Acibadem Insurance, Turkey
Insurance

Acibadem Insurance is one of the four largest health insurance companies in Turkey (based on 2011 market share). The company has an insured population of over 200,000 in health insurance comprising blue-chip corporate and individual clients. The company's product portfolio also includes life and personal accident products giving Acibadem Insurance a strong foothold in the Turkish insurance market. Since its investment through its Fund, Abraaj has significantly enhanced the capabilities of the senior management team and the company's performance in underwriting, distribution and other key areas. This has yielded strong positive results as gross written premiums nearly doubled in Turkish Lira terms and the company achieved profitability after generating a loss in 2008 and 2009.

Distribution Summary

Partner Company	Distribution Date	Geography	Industry
Acibadem Healthcare	Feb-12	Turkey	Healthcare
Al Nouran*	Jan-10	Egypt	Sugar
OCI**	Jul-08	Egypt	Fertilizer & Construction

**Full Realization*
***Recapitalization*

ABRAAJ PRIVATE EQUITY FUND IV L.P. (APEF IV)*

APEF IV is the fourth in Abraaj Capital's series of buyout funds, with commitments of US$ 1.6 billion. In line with the investment strategy of its predecessors, the Fund seeks to make control-themed investments, primarily in defensive growth-oriented sectors. APEF IV completed its inaugural transaction in March 2011 with the landmark acquisition of a 49 percent stake in Network International. Three significant transactions of approximately US$ 400 million were also announced in early 2012. The three transactions include Saham Finances, a leading insurance holding company in Africa; Viking, an integrated oilfield services business operating mainly in Turkey, Poland and Kurdistan; and Kuwait Energy Company, a regional independent exploration and production company. These investments will be covered in more detail in our 2012 Annual Review. APEF IV's pipeline remains extremely robust and we expect to execute several transactions through the course of 2012. The Fund has already drawn down 50% of its committed capital.

Partner Companies

Name of Company	Date of Investment	Geography	Industry
Network International	Mar-11	UAE	Financial Services

Network International, UAE
Financial Services

Network International (NI) is the leading provider of payment services in the MENA region. It covers almost half the market in outsourced card management and processing services in the region and is the largest merchant acquirer in the UAE with a 60% market share. Since Abraaj's stake acquisition last year through its Fund, the company has made notable progress in the implementation of its post-acquisition value creation plan. NI has successfully identified and executed key acquisitions and strategic partnerships during the year, including the acquisition of a 50% stake in Transguard Cash, which provides it with access to 85% of all ATMs in the UAE, and the strategic partnership with China UnionPay, which leverages the growing trade activities between China and the UAE. NI is also currently in the advanced stages of introducing new pioneering products to the market that will help the company expand its service offering and geographical presence. The company has also significantly enhanced its senior leadership team with the recruitment of four executives with extensive global payments expertise, including a Chief Financial Officer, Head of Sales, Head of Product and Marketing Management and Head of Human Resources.

**Previously named Abraaj Buyout Fund IV L.P. (ABOF IV). The name of the Fund was changed to better reflect its mandate.*

Network International

In March 2011, Abraaj Capital completed the acquisition of a 49% stake in Network International LLC (Network International).

Established in 1994, Network International is the leading provider of payment services in the MENA region covering almost half the market in outsourced card management and processing. The company maintains a dominant position in the UAE market for merchant acquiring with a market share of over 60%.

Through its merchant acquiring division, Network International provides card acquiring solutions, point-of-sale terminal management and other value-added services to over 24,000 merchant outlets in a wide range of industries, including travel, electronics, hospitality, retail and supermarkets. Through its issuer processing division, it offers comprehensive card management and transaction processing solutions to over 60 banks and financial institutions in eight countries in the Middle East and North Africa region. It also services more than 3,000 ATMs and is one of the very few third party payment processors globally to have a principal membership agreement with Visa and MasterCard.


Network International, an Abraaj Capital partner company

In 2011, Network International identified and executed key strategic partnerships and acquisitions to enhance its geographic and product reach. One such partnership was realized in March 2011 between Network International and China UnionPay, which leveraged the growing trade activities between China and the UAE, while benefiting over 3,000 Chinese companies registered in the UAE and 200,000 Chinese consumers living and working in the UAE. Additionally, as part of its expansion strategy, Network International successfully completed the acquisition of a 50% stake in Transguard Cash Management Services providing it access to 85% of all ATMs in the UAE.

Network International has further strengthened its leadership team over the course of 2011 by recruiting four senior executives with global expertise to fill key positions such as the Chief Financial Officer, Head of Product and Marketing Management, Head of Sales and Head of Human Resources.

The MENA region continues to display attractive macroeconomic fundamentals as consumers shift from cash to electronic payments. The UAE's electronic transaction throughput is expected to grow at 15% over the course of 2012, while the number of cards in the region is expected to grow by 10%. Against this backdrop, Network International is seeking to further strengthen its merchant relationships by continuing to offer value added services such as Dynamic Currency Conversion and Loyalty Programs. Dynamic Currency Conversion allows international card users to pay in the currency of their home country thereby providing a revenue stream for the merchant.

Looking ahead, Network International will continue to expand its product suite and geographic coverage, both organically and through acquisitions, to allow the company to become a growth markets payments leader.

ASAS L.P.

ASAS is Abraaj Capital's income-generating real estate fund targeting high-quality real estate assets across the MENA region including Turkey. In the calendar year 2011, the Fund provided its investors with an annualized net yield of 8.75% (measured on Acquisition Cost of Investments) in a low global interest rate environment. Although the Arab Spring led to a lull in transaction volume at the beginning of 2011 with market participants sitting on the sidelines given geo-political uncertainties, ASAS witnessed a pick-up in activity in the second half of the year. Looking forward, as business and investor confidence continues to return, we expect to witness an increasing number of attractive opportunities across the region, particularly in ASAS' larger markets of Saudi Arabia and Turkey. The region's market dynamics continue to drive the opportunities for ASAS and provide the potential to achieve superior returns relative to developed markets. These dynamics include the under-supply of certain key real estate sectors driven by accelerating demand from rapid economic growth as well as a shift in the corporate mindset away from owning real estate.

Investments

Name of Company	Date of Investment	Geography	Asset Type
The 47^{th}	Dec-10	Egypt	Office Building

The 47^{th}, Egypt
Office Building

The 47^{th} is a new, fully operational Grade 'A' office building in Cairo, with high-quality, multinational tenants. The investment performed in line with expectations in 2011, despite the wider socio-political events that took place in Egypt, and rental payments were received on schedule.

New Cairo, where the building is located, has been relatively unscathed by the wider turmoil that hit Egypt. The 47^{th} maintains a full security team on site on a 24/7 basis and its insurance cover has been further enhanced with the addition of a 'political violence' insurance policy as a precaution. After a lull in the leasing market amidst the climate of political uncertainty, there has been a relative improvement in the second part of the year. Through a sustained and targeted leasing strategy, the entire ground floor which was vacant at the time of acquisition of the property has been leased out. As a result the occupancy in the building has increased from 84% at the time of acquisition to 96%.

At the end of 2011, an independent professional third party valuer opined that the building had retained its valuation at the same level as at the end of 2010.

The objective of ASAS is to produce stable cash flows by investing in regional opportunities. Investments are based on the specific conditions in each real estate sector within the different regional markets. ASAS focuses on operationally essential real estate such as logistics warehouses, schools, hospitals, supermarkets, big box retail, low to middle income and corporate housing, head offices and infrastructure assets, including through sale and leaseback or finance and lease transactions, in under-penetrated sectors where there is a lack of institutional capital. ASAS also purchases high quality real estate including in the office and retail sectors where there are large supply-demand gaps. Additionally, ASAS invests in real estate through alternative investment structures that provide stable cash flows.

Abraaj's dedicated private equity real estate investment team leverages its unrivalled network across the region to generate consistent proprietary deal flow. Saudi Arabia and Turkey in particular are performing strongly and represent the majority of ASAS' current pipeline. A number of these transactions are in advanced stages of discussion and we expect to consummate these opportunities in 2012.

The 47th, Cairo

ASAS has achieved its first close of US$ 100 million and has seen strong investor interest during 2011 given the Fund's proven track record of delivering attractive quarterly net cash returns to its investors in a low interest rate environment. The Fund is still targeting a final close amount of US$ 250 million.

RIYADA ENTERPRISE DEVELOPMENT GROWTH CAPITAL FUND (RED)

2011 was a critical year in the evolution of RED. Our local presence expanded from 5 to 8 countries and we now have SMC-dedicated offices in Tunisia, Morocco and Algeria, in addition to UAE, Egypt, Jordan, Lebanon and Palestine. Our investment team expanded from 16 to 29 professionals with a reach that now extends across the broader MENA region, including the GCC, North Africa and Levant. Our partner companies increased from 5 to 13, with the total amount invested by RED in this respect having increased to c. US$ 90 million. These investments cover 9 different industries and are spread across 8 countries. In 2012, RED announced an investment in The Entertainer, a boutique consumer services company offering two-for-one discount vouchers for a variety of quality merchants. RED's investor base has also expanded to include new development finance institutions (DFIs) and investors for our flagship Regional Fund as well as the underlying Country Funds. In all, the total capital committed to the RED platform now stands at c. US$ 360 million, putting us in a strong position to reach our final target size of c. US$ 650 million by the end of 2012.

Partner Companies

Name of Company	Date of Investment	Geography	Industry
d1g.com	Sep-11	Jordan	Social Media
Teshkeel	Sep-11	Kuwait	Media and Entertainment
Thimar	Sep-11	Palestine	Agribusiness
Nymgo	Aug-11	Lebanon	VoIP / Telecommunications
Mani Foods	Jun-11	UAE	Packaged Foods / FMCG
Online Modern Solutions	May-11	Egypt	Information Technology Services
Unimed	Apr-11	Tunisia	Pharmaceuticals
AgroCorp	Jan-11	Egypt	Agribusiness
E3	Dec-10	UAE	Healthcare Technology Services
Gallus	Dec-09	Tunisia	Food Processing
Opalia Pharma	Jun-09	Tunisia	Pharmaceuticals
Oksa Maroc	Nov-08	Morocco	Utility Services
Emteyco	Oct-08	Morocco	Utility Services

A critical feature of RED is its two-tier structure, comprising a regional head office in Dubai that, in addition to spearheading efforts in the GCC, supports the various local country offices and facilitates access to the broader Abraaj platform.

During 2011, RED expanded its local presence by acquiring control of the Kantara Fund, a North Africa focused private equity fund that was launched in 2006, and includes among its investors leading institutions such as CDC, European Investment Bank, PROPARCO, Kuwait Investment Authority and the Arab Fund for Social & Economic Development. The Kantara platform included an existing team of local investment professionals and a portfolio of 5 partner companies. This acquisition provided RED with an immediate footprint in the Maghreb region (covering Tunisia, Algeria and Morocco) and also strengthened RED's existing presence in Egypt. Expanding into North Africa was a key objective in 2011 and this acquisition now enables RED to benefit from a truly pan-regional MENA platform. The Kantara Fund is now fully integrated into the RED platform. With the completion of the Aureos acquisition, RED will now benefit from the synergies of a common platform and operate under the single brand, Aureos. Aureos and RED Funds will continue according to their existing fund mandates and investment guidelines.

In 2011, the RED investment portfolio expanded to include 13 partner companies in 8 countries. An interesting aspect of these investments is that they represent a diverse set of high growth, high impact businesses that have a unique and oftentimes leading position in their respective markets. The investments include for example the leading artichoke producer/processer in Egypt, the second largest producer of poultry products in Tunisia, and the leading manufacturer of branded sterile form pharmaceuticals in North Africa. The growth potential of these companies, both in terms of the existing markets they service as well as through regional expansion opportunities, is tremendous. On average, these 13 companies grew by 41% in 2011 despite this being a turbulent year in the region.

RED has been able to support the growth of its partner companies through facilitating access to the broader Abraaj platform. For instance, our pharmaceutical manufacturing business in Tunisia is now in discussions with an Abraaj partner company to list its products in the Saudi market and our dried fruits and nuts business in the UAE is in discussions with an Abraaj partner company to produce private label products in the Levant and North Africa. As our partner company portfolio and geographical presence expands, value creation opportunities will continue to emerge for these SMCs to benefit from.

Today, RED's investor base includes a unique combination of both commercially-oriented and double-bottom line driven investors. It is important to note that while the RED platform was created with the primary purpose of generating attractive returns (30%+) for investors, the early cornerstone investors in RED included international development finance institutions as well as regional governments such as those in Palestine and Jordan. The confluence of these investors has come about due to the multiple benefits associated with investing in SMCs in MENA - for instance, commercial investors see a large, untapped segment of the market that is starved of capital and yet capable of producing high returns, while double-bottom line driven investors see the opportunity to invest in a critical segment of regional economies that has the potential to create jobs in a young and increasingly restless population. Importantly, these two factors reinforce each other - the greater the amount of capital targeting SMCs the more potential there is to create jobs, and the best way to direct sustainable capital flows to SMCs is to demonstrate the potential of generating attractive returns in this segment of the market. Through RED, we look forward to helping to achieve these dual goals.

In summary, 2011 was a formative year in terms of substantiating the underlying investment thesis of RED. RED was conceived in 2008 and launched in 2009 on the basis that there existed a large number of institutionally investable high impact, high growth entrepreneurial businesses in the MENA region. To be sure, some doubted the potential of this market, arguing that: "there are not enough entrepreneurs in MENA" (note: RED sourced over 400 deals in 2011); "SMCs are all family-run" (note: of the 13 deals in which RED invested, there is not one family business); "entrepreneurs won't let you in" (note: RED has on average acquired a c. 40% stake in these businesses with strong investor rights); and "there are not enough high growth, high impact SMCs" (note: RED partner companies include a number of market leaders in their respective fields). We believe that the pace of our activity in 2011 puts such arguments to rest, and we look forward to a robust and equally active 2012.

Dr. Alya El Hedda, Co-Founder and Chief Executive Officer of Opalia Pharma, at the company's headquarters in Tunis. Dr. Hedda established Opalia Pharma in 1988 with Co-Founder Marco Montanari.

d1g.com, Jordan
Social Media

d1g.com is an Arabic-language social networking platform that enables users to create, customize, share, manage and monetize their social networks and communities. The investment in d1g.com was made in 2011 which was a consolidation year for the company in a fast evolving online Arabic content segment. Since RED's investment, the company has increased its monthly unique users base by 60% to 4 million, quadrupled its page views to more than 42 million and doubled its ad impressions to over 100 million per month. With over 60% of users between the ages of 15 and 25, d1g.com has concentrated its efforts towards offering rich media services such as video, photo, and audio sharing.

Teshkeel, Kuwait
Media and Entertainment

Teshkeel is a global media and entertainment company that has developed unique children's content centered on a collection of superheroes, branded THE 99, which has its origins in Middle Eastern culture and values. Since RED's investment, the company has completed and delivered 26 episodes of THE 99 TV animated series with another 26 episodes in production. In a major development for the company, Teshkeel successfully signed broadcasters for Season 1 in Turkey, Australia, Ireland, Africa, South America, the Middle East and Cartoon Network for extensive parts of Asia. In all, 68 countries are now covered under existing broadcast licenses with plans to air Season 1 in 2012. A made-from-TV movie 'THE 99: Unbound' was premiered at the recent New York and Dubai film festivals and will soon be released in motion picture theaters throughout the GCC.

Thimar, Palestine
Agribusiness

Thimar is a producer of natural herbs and vegetables in the Jordan Valley within the Palestinian Territories. The investment by RED in 2011 has enabled the company to expand cultivable land to 500,000 square meters for cultivation of vegetables and 300,000 square meters for cultivation of fresh herbs. Thimar has also been able to increase its workforce by 120 workers, including providing employment for 30 women, and is expected to add a further 60 jobs by the peak cultivation season in 2013. The company has utilized the Abraaj platform to access the GCC market and will be selling its product for the first time in these markets in 2012. A packaging facility will also be established which will enable the fresh produce to be packaged locally thereby enabling the company to capture a higher portion of the value chain.

Nymgo, Lebanon
VoIP / Telecommunications

Nymgo is a telecom provider of low cost and high quality international Voice over IP (VoIP) services, focused on targeting various immigrant communities. Since the investment, the RED team has worked closely with the Founder/CEO to enhance the core operations of the business. This has included hiring a new marketing director, supporting the launch of a marketing campaign with Google and hiring a technical consultant to assist in launching a new custom platform for the Android and MAC operating systems. The Nymgo application is now available on the Apple App Store for the first time. RED also worked with the company and local banks to put in place a new working capital facility.

Mani Foods Industry LLC, UAE
Packaged Foods / FMCG

Mani Foods produces a range of premium quality dried fruits and nuts that are marketed and sold under the MANI® brand. In conjunction with RED's investment, Mani has taken significant steps to refocus its business on retail sales of its own branded products as well as expanding its institutional customer base. Over the past 9 months, Mani has signed new agreements with leading distributors in five territories across the MENA region, positioning the company for future growth in the retail segment. On the institutional side, in addition to key customers such as Emirates Airlines and Oman Air, Mani has also begun supplying its products to Etihad, Fly Dubai and Abela & Co. Further to supporting the company's sales growth, the support of RED was critical in enabling Mani to obtain new working capital and equipment finance facilities.

Online Modern Solutions, Egypt
Information Technology Services

OMS is a regional IT enterprise solutions and consulting services company. OMS specializes in IT infrastructure, Business Technology optimization, Analytics and Business Intelligence solutions. OMS currently employs over 130 IT experts and serves a client base across 20 countries. Since our investment, the RED team has worked closely with the Founder and management team to build-up the institutional foundation of the company to support further growth. This included legal restructuring, restructuring the finance and planning function and hiring a new Human Resources Director and Chief Financial Officer. Our team is also assisting the company in revising its growth strategy, with a strong focus on packaging and productizing its IP (including solution modules and project templates). Additionally, the company is also in the process of opening an office in Qatar this year, to be followed by a Saudi office next year.

Unimed, Tunisia
Pharmaceuticals

Unimed is a market leader in the production of branded sterile form products covering mainly liquid injectables, powder injectables and eye drops. Unimed is engaged in contract manufacturing for international pharmaceutical firms such as Pfizer, Mylan and Thea. Since RED's investment in Unimed in April 2011, the company more than doubled its production capacity in injectables and eye drops. During 2011, the company reached 130 product registrations in Tunisia and 76 in Africa (Algeria, Burkina Faso, Cameroon, Democratic Republic of Congo, Ivory Coast and Senegal) which has enabled it to increase sales by 22.5% in 2011, despite a year of political volatility. Unimed is also working closely with the RED team to diversify its export base by targeting GCC countries.

AgroCorp, Egypt
Agribusiness

AgroCorp is an integrated agriculture company focusing on the farming and processing of artichokes in Egypt. AgroCorp is the largest dedicated artichoke plantation and the biggest buyer of artichokes in the Egyptian market. RED's investment has enabled the company to meet operational demands from both a functional and corporate governance perspective. RED and AgroCorp are also jointly executing plans to vertically expand across the artichoke value chain, as well as exploring expansion opportunities across other complementing fruit and vegetable products.

E3, UAE
Healthcare Technology Services

E3 is a leading provider of full-suite healthcare software applications and services in the MENA region, including Enterprise Resource Planning (ERP) and specialized healthcare solutions. Since RED's investment in 2010, the company has signed ERP deals at two of the most important healthcare organizations in the region: Sidra Medical and Research Centre, Doha and Cleveland Clinic, Abu Dhabi and signed a Business Intelligence implementation deal for Hamad Medical Corporation in Doha. In 2011, the company focused on developing a strong and lean professional service team and set up a full support team in Jordan. It also strengthened its product portfolio by establishing a new partnership with CBORD for dietary software solutions and extended its exclusivity arrangement with Lawson, a global leader in healthcare technology, till 2017.

Gallus, Tunisia
Food Processing

Gallus is an integrated poultry processing business engaged in the rearing of poultry and the production of chicken and turkey-based food products. Since RED's investment in the company, Gallus has almost doubled its revenues from USD 23.3 million in 2009 to USD 45.9 million in 2011. The company has built up its operations by recruiting a Business Development Manager, Chief Financial Officer and two senior industry experts as consultants. In the process, the business has invested in new product lines thereby transforming the company to an integrated food processor engaged across the value chain. Gallus operates best in class industrial assets that meet European quality processing requirements and is the second largest player in the overall Tunisian poultry market with increasing exports to neighboring countries.

Opalia Pharma, Tunisia
Pharmaceuticals

Opalia Pharma is a pharmaceutical company that makes generic drugs under its own brand name. It specializes in liquid and semi-liquid dosage forms and its therapeutic areas of expertise include dermatology, the respiratory system and the cardiovascular system, among others. Post investment, RED has been working closely with the company and facilitated the appointment of senior industry experts to Opalia's Board to provide strategic advice. RED has also supported the company in implementing a new accounting and procurement system to improve financial reporting and operational efficiencies. Opalia Pharma is also in dialogue with RED to identify new markets for its products in Algeria and the GCC.

Oksa Maroc, Morocco
Utility Services

Oksa SA (Oksa) is an electrical services company operating in three main areas: improvement of the performance of electrical networks through the detection of fraud and technical problems, preventive maintenance of electrical transformers through chemical analysis and diagnosis of electrical networks through infrared cameras. In 2011, a new CEO was identified with the objective of developing new business activities and revamping the management structure. Oksa further expanded its markets by winning a contract for the creation of a fraud detection department within an electricity distribution company in Abidjan (Ivory Coast). RED is also facilitating discussions between Oksa and an Abraaj partner company in Pakistan for the provision of various optimization solutions.

Emteyco, Morocco
Utility Services

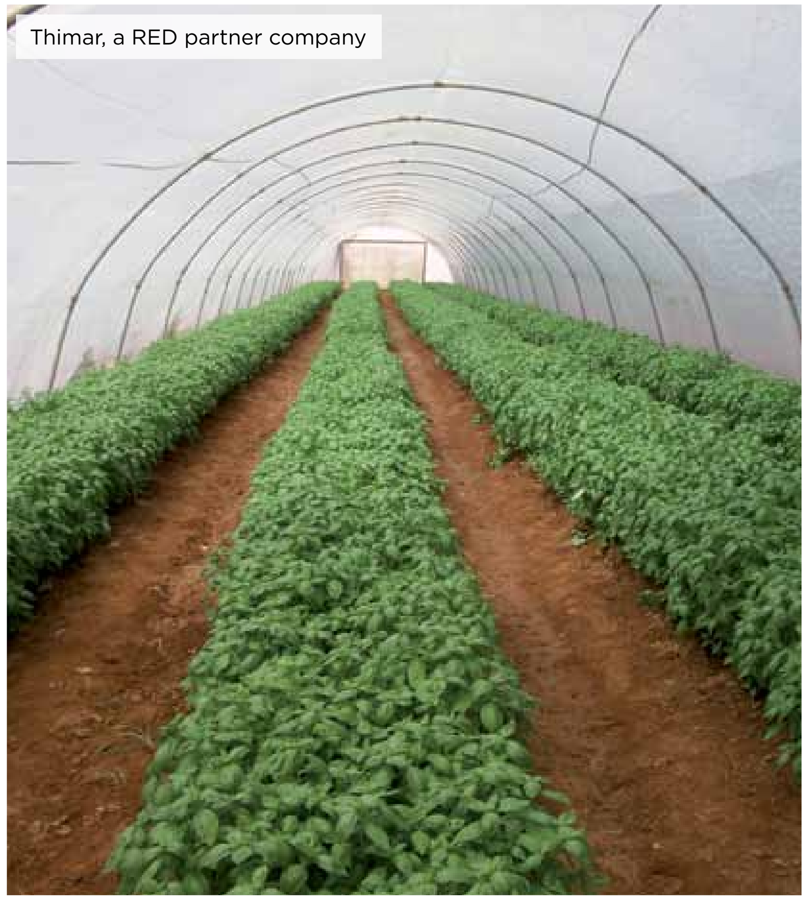
Emteyco is an electrical engineering group that operates in the following areas: low and medium voltage electrification, production of electrical towers (metal and concrete) and production of metal parts for construction and turn-key projects. Since RED's acquisition, the company has successfully managed to diversify its offering from pure electrification services to turn-key project services, and has accordingly expanded its client base.

Thimar

In 2011, RED signed its first deal in Palestine with an investment in Nature's Produce for Agricultural Investment and Marketing (Thimar). Thimar was established by the Nussiebeh family in 2008 focusing on herb and fresh produce farming in the Palestinian territories. The Nussiebeh family has over 70 years of experience in the farming and agriculture sector in Palestine. The family started with planting bananas and citrus fruits and with time became one of the main producers and exporters of these fruits.

Today, Thimar has expanded its herb farm to over 3 times its 2010 capacity, and currently plants and cuts over 8 different varieties of herbs that are exported to the United States and Europe. Thimar has also ventured into the cultivation of fresh produce, serving the Palestinian market with the intent to export to the larger markets of the GCC.

Thimar envisages further expansion in both its herb and fresh produce farm. In 2012, the company plans to establish post harvest plants and invest in further upgrades to its infrastructure in a move that will reduce its dependence on intermediaries and service providers. The company plans to create 15 new full time jobs with contract labor envisaged to increase from 45 workers as of 2009 to 240 workers by 2013. Thimar will also create approximately 30 new jobs for women from the surrounding villages.


Thimar, a RED partner company

Upon completion of this project, Thimar will have reclaimed about 500,000 square meters of land and extended irrigation, water and electricity networks to remote plots in the village of Oja. With unique product qualities, ideal climate conditions and an experienced labor force, Thimar possesses a competitive advantage over its international counterparts as it continues to command premium prices over its local competitors.

RED's investment, together with its regional presence and experience, will support Thimar's market expansion. RED is driving the institutionalization of the business by converting it into a corporate structure with modern systems and processes that will improve controls, drive performance standards and enable management to keep pace with the rapid expansion of the operations.

Unimed

In April 2011, the Kantara Fund acquired an influential minority stake in Unimed, a leading generics pharmaceutical company in North Africa.

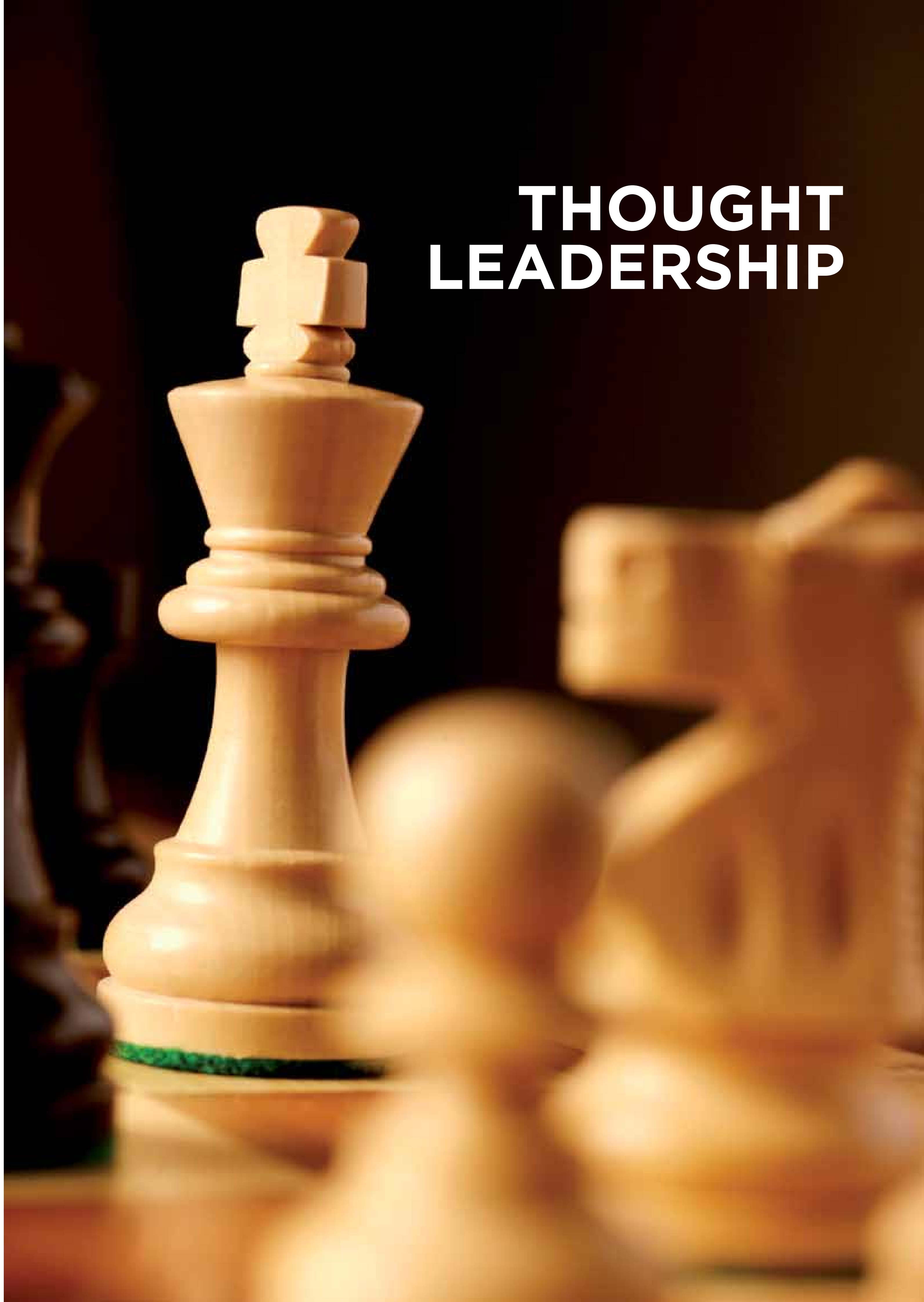
Established in 1989 by Ridha Charfeddine, Unimed is a market leader in the production of branded sterile form products covering mainly liquid injectables, powder injectables and eye drops. In addition to extensively covering the domestic market through sales to hospitals and private drug stores, Unimed exports its products to 17 countries in North Africa, West Africa, Europe and the Middle East. Unimed is also engaged in contract manufacturing for international pharmaceutical firms such as Pfizer, Mylan and Thea, to name a few.

Unimed, a RED partner company

Unimed generics are manufactured in compliance with best in class European quality certification standards, including ISO 9001 and AFSSAPS (Agence Francaise de Securite Sanitaire des Produits de Sante) at the company's production facilities in Sousse, Tunisia. The company employs more than 350 people, 190 of whom are women, and includes qualified pharmacists and engineers.

The generics pharmaceutical industry in Tunisia is one of the most dynamic in North Africa and is growing at 15% per year providing upto 50% of the needs of the local market. The industry is crucial to the development of the Tunisian economy as it helps keep drug prices affordable and accessible and creates employment opportunities for skilled labor at a time of rising unemployment.

The acquisition of a significant stake in Unimed by the Kantara Fund is consistent with its strategy of taking influential minority positions in small and mid-cap companies that combine operational management and leading products with a high growth trajectory. The investment in Unimed has enabled the firm to expand its production capacity, maintain its leadership position in quality and product development through ambitious capital expenditure plans and recruit skilled and professional staff to support its growth plans.



THOUGHT LEADERSHIP

From theory to reality
WHY ESG MATTERS

"What I see is a crisis of leadership – a lack of imagination in looking at old problems with fresh eyes – and a lack of urgency as the clock keeps ticking down." These are the words of UN Secretary-General Ban Ki-moon, as he addressed a corporate sustainability summit in early 2012.

Set against the backdrop of the volatile financial markets of recent years, stakeholders – investors, legislators, partners, customers, citizens and employees – increasingly demand reassurance that businesses are structured for sustainable and long-term growth.

For businesses in geographies where others factors come into play – such as chronic (even graduate) unemployment, wealth distribution gaps and lack of social empowerment – there is an even greater role to play to transform financial into social and economic impact.

Governance, creating shared value and what makes a good business good are principles that are being constantly reappraised. At Abraaj, we believe global business is at a tipping point in recognizing its wider responsibilities and we firmly believe that collective and sustained action can deeply transform the landscape in many of our markets.

The findings of a 2011 McKinsey survey, *The Business of Sustainability*, would suggest that an increasing number of corporate executives believe in the positive contribution sustainability programs can make to short and long-term business value.

But as McKinsey's Sheila Bonini and Stephan Görner state, how companies interpret that value can be very different: "Companies can choose to see this agenda as a necessary evil – a matter of compliance or a risk to be managed while they get on with the business of business – or they can think of it as a novel way to open up new business opportunities while creating value for society."

Abraaj training hours on ESG compliance and value creation in 2011

80

A recent study - *The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance* - by Robert G Eccles, Ioannis Ioannou and George Serafeim at Harvard Business School, tracked the performance of 180 companies over 18 years. It found those who had embedded sustainability within their practices "significantly outperform their counterparts over the long-term, both in terms of stock market and accounting performance."

The authors found that what they deemed "high-sustainability companies" paid particular attention "to their relationships with stakeholders – such as employees, customers and NGOs representing civil society – through active processes of engagement."

They were left in little doubt: "The argument about sustainability is over. It is the key to creating value for shareholders and all other stakeholders over the long-term, thus ensuring the sustainability of the company itself."

BEYOND FINANCIAL RETURNS

For Abraaj, focusing on the community has been at the very heart of our approach since our foundation in 2002. We believe we have sought to show leadership from the outset in how our industry needs to contribute to society and integrate effectively and deeply with all of its stakeholders.

Instances such as our partnership with Endeavor, the global organization that has helped pioneer approaches to maximizing the skill sets of high-impact entrepreneurs, show our ability to nurture a culture of entrepreneurial partnership in our markets.

Our work with Ruwwad, established to assist disadvantaged youth (initially in Jordan), enhances lives in marginalized communities. This ability to identify and then nurture high-value social partnerships is a central theme in how we execute our social programming.


Ruwwad, an Abraaj Community Partner Organization

Businesses that undertake the path of engagement and open communication as outlined by Serafeim and his colleagues' study do so at the very least with the understanding that it is in their own self-enlightened interest, and at the very best to contribute to a better world.

But just as companies have to adjust to the new reality so we believe private equity must as an industry underline its commitment to eradicate short-termism and related perception risks. On paper at least the signs of new intentions, if not necessarily attitude, among some of the leading global firms are encouraging.

PwC's 2011 survey of 17 international private equity companies revealed that 93% of respondents believe ESG measures can be a source of value.

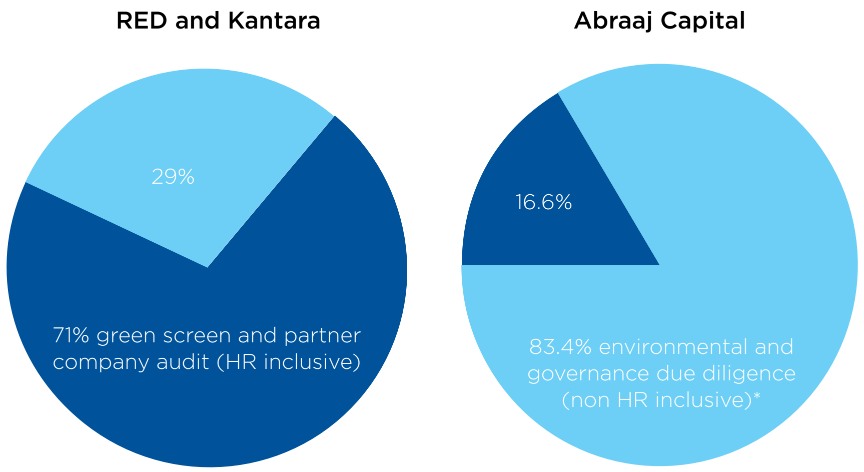
According to a survey from the BVCA, which has more than 500 member firms worldwide, more than 60% of private equity and venture capital firms now have ESG policies and/or principles in place within their firms, up from just 24% in 2009.

The attitude is shared in growth markets, according to the EMPEA/Coller Capital Private Equity Survey, where 78% of LPs outside North America say ESG considerations materially impact their fund selection process.

The rise in recruitment of ESG specialists to work in-house is further evidence of an industry paying more than lip service. Pre-investment, these firms want to include ESG criteria to identify potential risks and opportunities before taking the plunge.

In 2011, we enlisted Ahead of the Curve, an Egypt-based consultancy to design an ESG screening process to be applied at the due diligence phase of each of our investments. This includes investments through Abraaj's Riyada Enterprise Development (RED) platform, which invests in high growth small and mid-cap companies across the region.

CURRENT STATUS OF ESG COMPLIANCE AND VALUE CREATION REVIEWS AND ASSESSMENTS



2011 marked an intense collaboration between ASSET and the Firm's Executive Committee to support the integration of ESG within the Firm through the provision of extensive training, an updated ESG screening process and drafting of an internal BoD handbook on ESG. The development of an impact measurement study to capture Abraaj's wider economic and social footprint is also under way and will be completed in 2012. The Firm's ESG practice is now embedded in the Portfolio Management and Operations Group and is overseen by a team of dedicated and senior professionals.

Research by consultancy Mercer in 2011 revealed that only 9% of more than 5,000 investment strategies in their database achieved the highest ESG ratings. But the same Mercer study showed that private equity had the highest proportion of highly rated ESG strategies of any asset class, led by those companies in growth markets.

Given the growth of the private equity industry in the economies that will dominate the world's growth over the next decade, this is either a promising sign or an overdue wake-up call.

PORTFOLIO PRINCIPLES

Commitment to sustainability means a responsibility to drive principles adopted at a group level through to our partner companies. We see this crucial issue of management as core to maintaining our position as pioneers within the industry.

In light of this commitment, Abraaj developed an Ethical Framework for Investment for each of its partner companies. Based in part on the United Nations Global Compact (the 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption), the Ethical Framework for Investment was created to guide partner companies towards implementing ethical principles throughout their activities.

At OMS (an IT enterprise solutions and consulting services company) we have begun the first steps, through the setting up of an ESG Task Force, fully empowered by the CEO, to establish regional leadership in ESG practices within the IT enterprise sector, within twelve months.

Meanwhile, Spinneys (a premium supermarket retailer in the MENA region) has also taken part in Abraaj's ESG assessment process and begun work on an Operational Management Trainee program, as an extension of its current university outreach and work placement programming in Lebanon. Over time, we see real potential in the discipline of retail management becoming university level course material and leading to the pipeline of qualified retail management executives coming out of academic institutions in MENASA.

Given Abraaj's partnerships with institutions such as the American University in Cairo (AUC), that goal is realistic. As Al Gore and David Blood attest in their manifesto for sustainable capitalism, a new way of thinking must be all-encompassing: "Such sustainable capitalism applies to the entire investment value chain – from entrepreneurial ventures to large public companies, seed-capital providers to institutional investors, employees to CEOs, activists to policymakers. It transcends borders, industries, asset classes and stakeholders."

BUILDING THE ESG NETWORK

The question for every business and industry is how to turn a sustainable philosophy into action, from company to company, from country to country, from region to region. Answers lie in bringing a more joined-up and collaborative working approach. For an industry to play a seminal role, collective and participatory action is key.

In a region of developing social awareness, and one that is hungry for innovation and new products, there is a great need to instill and evolve best practice ethical standards. Those standards don't mean box-ticking exercises in transparency, risk and corruption, but the ability to act with boldness and imagination – to think of new ways to engage, to go beyond investment.

For us that has meant the principle of 5+5+5, as mentioned earlier in this Annual Review. This means dedicating 5% of the Firm's management fee income towards developing sustainable and philanthropic partnerships, with zero impact on our LP Funds, and harnessing five days of each employee's time, driven by a core team of professionals working within our ASSET program.

Our ambition is to instill this mentality in our partner companies so that even after divestment, the philosophy is sustainable and can grow. By doing this, we hope to create a network of hundreds of companies, dedicating capital and time by hundreds of senior and talented professionals who can address the social issues hindering progress in their communities.

Abraaj is fortunate to have a position of leadership in a region of economic vibrancy. With that comes a responsibility to lead and to look at the world's new realities with fresh and open eyes.

Global Reporting Initiative

There are more than 900 signatories to the UN Principles for Responsible Investment (PRI), managing assets up to US$30 trillion, and this includes at least 100 private equity firms.

In its report on its first five years, the PRI suggested that "the tanker is turning": 71% of signatories asked companies to integrate ESG information into their financial reporting.

Many of these are using the Global Reporting Initiative (GRI) to report on their environmental, social and governance commitments. The GRI, which provides guidance on sustainability and integrated reporting, will launch its fourth generation of such advice, the G4, in 2013.

**Abraaj Capital Limited applies a materiality sensitive approach in which the environmental component for due diligence is only applied to companies with relevant environmental materiality.*

Thought Leadership

Redressing the balance
A NEW WORLD ORDER

Picture three contrasting scenes: Sir Richard Branson examining figures in Virgin's office in Switzerland; executives in the Bahrain offices of BNP Paribas reviewing growth opportunities in the Middle East; China's state-backed industrial giants analyzing where to source the raw materials they need to drive their growth.

All three are proof positive that the world is finding a new equilibrium and that we are witnessing a shift in the tectonic plates of the global economic landscape. In an increasingly interconnected world, each country and region is meant to deploy its competitive advantage to stay ahead. In the current cycle, it is growth economies with their formidable armory of natural and human resources that are dominating discussions at the board table.

At the end of 2011, Branson told his leadership team to head to Latin America for a new generation of opportunities. BNP Paribas has merged its African operations with its Middle Eastern ones to follow the growing trade flows between the regions. And China's endless quest for resources drives its demand for Australasian and African iron ore.

Most people have read or heard about (or indeed experienced!) an eastward movement in the economic center of gravity– it's now a decade since Jim O'Neill gave the world a new acronym in his seminal paper on growth markets, *Building Better Global Economic BRICs* – but less considered and thought through are the world's other pivot points.

In 2011, the BRIC countries invited South Africa to join their club, and now O'Neill prefers to talk about the Next 11 of growth markets, which include Nigeria, Mexico and Indonesia among their number. It may have taken 500 years, and the rise and fall of empires but the economic, political and cultural power that had rested predominantly with the Northern Hemisphere or the "western world" is shifting.

By 2020, Euromonitor predicts that five 'emerging' countries, including Mexico, will be in the list of the top 10 largest economies. Of the 423 cities that together are expected to account for more than 45 percent of global GDP growth between 2007 and 2025, none are in Europe or the US.

The McKinsey Global Institute's (MGI) report, *Urban world: Mapping the economic power of cities*, notes that only 600 urban centers currently generate about 60 percent of global GDP. By 2025 that won't change, but 'this group will have a very different membership.' According to MGI, 136 new cities are expected to enter the top 600, all of them from growth markets.

No wonder Robert Ward, Global Forecasting Director for the Economist Intelligence Unit (EIU), prefers to talk about the CIVETS of Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa. He says: "These economies are promising because they have sophisticated financial systems, controlled inflation and a soaring young population. Never bet against demographics."

According to the EIU, CIVETS will have healthy yearly growth rates of 4.9 percent for the next 20 years, while G7 countries are predicted to have only 1.8 percent yearly growth rates. It's important to bear in mind that economic expansion in growth markets is expected to outpace their counterparts in the 'developed' world regardless of whether developed economies experience healthy growth or recessions.

THE CENTRAL AND LATIN AMERICAN DECADE?

The region has undergone a period of economic stabilization since the debt crisis of the 1980s paved the way for better fiscal policies and reduced government intervention. Strengthened governance of the financial system, more flexible exchange rates, and a rise in the middle class – according to the UN it has increased by 56 million since 1999 – make the promise of Central and Latin America particularly exciting for investors.

There is significantly more to the opportunity than Brazil, which understandably has dominated the headlines given its role within the BRIC acronym. Subsequently, the country has been invited to host the 2014 FIFA World Cup and 2016 Olympic Games.

Just as the Chinese government used the 2008 Olympics as its own coming out party to the world, many foresee the scale of opportunity in the region being projected to the world around these sporting events.

There are, however, no shortage of other centers where opportunities are growing. From smaller style economies such as Costa Rica and Panama, which hug both the Atlantic and Pacific Oceans through to Mexico, Argentina, Chile, Colombia and Peru, the growth flows are significant.

The region has many entrepreneurs who can inspire, grow businesses and make a positive impact on their societies. Perhaps Carlos Slim is the continent's greatest. Born to a Lebanese father, who came to Mexico in 1902 where he met Slim's mother and whose own parents came from the Levant, he has developed a series of businesses to become the world's richest man.

When Slim overtook Bill Gates to take the mantle, it was the first time in two generations that the accolade had gone to someone from outside the United States.

What is particularly exciting for the region's entrepreneurs is the growth of domestic and

Dialing up growth in Latin America: A Virgin Mobile case study

Mobile phone penetration exceeded 100 percent in Latin America in 2011. This does not mean everyone in the region has a phone – in fact, there are still more than 150 million people without – but the majority have at least one and the numbers with two or more have grown rapidly.

This is the backdrop for Virgin Mobile, the telecoms arm of the world-famous branded firm, as it seeks to grow market share throughout the region. It has announced plans to launch networks in Colombia and Chile in 2012, focusing its efforts on youth markets in countries with favorable demographics.

Peter Macnee, Chief Executive of Virgin Mobile, says: "When you have a high mobile penetration, the challenge for big network operators is to be all things to all people. We want to focus on one thing: the youth market that is driving the future in Latin America."

regional markets to target. At one time, the domestic absorptive capacity in these markets was simply not large enough to build significant businesses. No more. Demographics of the region are supporting spurting economies that also have the ability to increase the volume and value of trade with each other. It is a classic example of a virtuous circle of growth that will help fuel the development of many small and mid-cap companies in decades to come.

One of the biggest issues is that the inflow of capital, which is thanks partly to the strong demand for the region's commodities, has put significant strains on exchange rates. This, in turn, puts pressure on non-commodity exporters. It will be important that reform continues in order to keep this part of the economy competitive.

SEA CHANGE

The economies of South-East Asia share some historical parallels with Latin America. Lessons learnt from the 1997-1998 economic crisis enabled these countries to emerge stronger from the global recession of 2008. Continuing political reform in a notoriously conservative region and growing cooperation among the Association of Southeast Asian Nations (ASEAN) provides potential investors with optimism.

The region has much else in its favor, too. Indonesia made the cut as one of the Next 11 economies because, like the other 10, it is most likely to experience rising productivity together with favorable demographics and, therefore, a faster growth rate than the world average. Its local rival, the Philippines, is slated to follow in its footsteps, with the OECD predicting an average of 4.6 percent GDP growth between now and 2015, while Malaysia is aiming to achieve an annual GDP growth of 6% until 2020 in order to meet its target of becoming a high-income nation.

With a population of 238 million, Indonesia has long been touted to join the list of the world's biggest economies. In its long-term outlook for the country, the EIU outlined why: "Given that it will start from a relatively low level of GDP per head, it has the potential to maintain a rapid rate of economic expansion, averaging real GDP growth of 5.4 percent a year in 2011-30."

The EIU also notes, however, that "steady progress in improving the business environment, and notably in reducing corruption, will encourage investment and increase productivity."

Indonesia, like other growth markets, will have a huge impact on its region if it can fulfill its potential, which in turn relies on successful reform of political systems and bureaucracies. Political change has its biggest impact when reforms filter down to businesses in the form of doing away with corruption and

> With the globe turning East and South, perhaps your children will be seeking their fortunes elsewhere

improving corporate governance. Improvement leads to greater investor acceptance and feeds a virtuous circle.

Another of the Next 11, Turkey, has shown the way. Recent economic progress – Turkey's GDP grew 8.9 percent in 2010 – can be attributed at least in part to structural reforms introduced early in the decade that enhanced the role of the private sector, boosted the efficiency of the financial sector and put the social security system on a sound foundation. The reform process has been encouraging and the government has set the ambitious goal of making Turkey's economy one of the world's 10 largest by 2023, the 100th anniversary of the Republic, with a GDP target for that year of US$ 2 trillion.

AFRICA COMES OF AGE

This Annual Review has already covered the opportunities within Africa. The continent's improved prospects were also recognized by a widely cited McKinsey Global Institute report, *Lions on the Move*, which concluded that the opportunities in Africa as a whole are comparable to those in the BRIC economies.

The progress has been impressive and the potential is astonishing, according to data from the World Bank, McKinsey and others. Africa was the third fastest growing continent in terms of GDP growth in 2000-2008, led principally by a commodities boom. During that period, BRIC-Africa trade grew eightfold, to US$ 166 billion. However, trends suggest that Africa will be less reliant on commodities for future growth. For example, its population is the world's fastest growing and youngest, with the number of working-age Africans set to more than double to 1.1 billion by 2040, which is expected to give rise to increasingly consumer-oriented economies. The African continent has rising stars – among them, Nigeria, with 20% of Africa's population and enviable growth prospects bolstered by strong domestic demand.

There remain issues of governance and reform but, despite the political obstacles, McKinsey still believes that the development path is too impressive to ignore. One of the notable statistics it presents is that African telecom companies since 2000 have added 316 million new subscribers – more than the entire US population.

INCLUSIVE GROWTH

The tectonic shift in the world economy as these growth economies come to the fore is "the most significant development of our generation," says O'Neill. "It is hard to see a parallel in recent memory, not since the first days of the US starting to develop. Hundreds of millions of people are being taken out of poverty and the world economy growth trend is actually rising because of what is going on in these countries."

But it certainly won't be an unfettered march to the sunny upland hills. There will inevitably be many obstacles along that path, not least the growing inequalities in the distribution of wealth and the ability of politicians to provide stability for their citizens. The overriding challenge for each nation, whether in Africa, Latin America or South-East Asia, is to achieve a model of inclusive growth.

Today one can argue the world's center of gravity sits somewhere in the Middle East. It provides a perfect location to interact with so much of the world. But in 20 to 30 years? With the globe turning East and South, perhaps Branson – and your children – will be seeking their fortunes elsewhere.

ANNEX
GRI DISCLOSURE & PERFORMANCE INDICATORS

The Global Reporting Initiative (GRI) framework sets out the principles and performance indicators that organizations can use to measure and report their economic, environmental and social performance.

ABOUT THE REPORT

Scope
This Report marks our second release of an integrated reporting solution that combines data on our financial, economic, governance, social and environmental performance. The incorporated data is measured and based on our performance in 2011, with the exception of economic impact data which is based on the completed financial audit of consolidated accounts carried out by KPMG for the financial year ending December 31, 2010.

Parameters
This Report covers in full the operations, policies and systems of Abraaj Capital Holdings Ltd. and its consolidated subsidiaries. Performance indicators exclude information from Funds, which are not consolidated in Abraaj Capital Holdings Ltd.'s financial statements. In addition to the parameters covered last year, this Report details our initial approach to analyze, mitigate and/or manage the extended impact of our investments. A key focus in 2011 was to better evaluate our extended impact through assessing our partner companies. To this end, we partially met our commitment for last year through conducting ESG assessments of 6 of our partner companies.*

Dissemination
The Report is a reflection of our commitment to report to stakeholders on an annual basis. With this in mind, the Report will be disseminated to all of our stakeholders and will be available upon request. Through direct stakeholder consultation sessions run by independent institutions, our stakeholders will also have the opportunity to offer feedback and recommendations to us.

Guidelines & reporting principles
We follow the GRI G3.1 guidelines in report issuance and, as such, self declare this Report as level B+ with third party limited assurance carried out by KPMG.

Note to readers
Abraaj Capital Holdings Ltd. is the holding company at the apex of the Abraaj Capital group of companies. Abraaj Capital Ltd. ("ACLD") is a holding company within the group, licensed by the Dubai Financial Services Authority ("DFSA") to provide investment services in or from the Dubai International Financial Centre.

ABRAAJ CAPITAL VALUES

Personal and professional integrity
Our reputation and integrity is the key to our success, and we adhere in an uncompromising way to the highest, globally recognized professional and ethical standards at all times and without question.

Commitment to value creation
Pursuing profitable businesses is the key factor in remaining relevant in our industry. We pursue a relentless process to drive significant long-term value for our investors in the businesses we manage – while retaining market leadership in our areas of expertise – through continuously out-performing our competitors.

Striving for excellence
We take great pride in the professional superiority of our people with continuous learning being a core asset of our business at all levels. We respect and empower our colleagues; we focus on our core competencies; we uphold teamwork; and we excel as role models – while retaining our humility at all times.

Rewarding professional entrepreneurship
We encourage strong conviction and business creativity in our people and the taking of calculated risk to produce superior returns, within a rigorous framework of appropriate mitigation. We reward hard work and commitment through compensation systems that are aligned to long-term reward structures and that mirror our business model.

Engaging our stakeholders
We blend strategic philanthropic capital, our personal time and the Firm's thought leadership initiatives to act as catalysts for sustainable development and inclusive growth in the communities that we touch.

All of the above, while having fun
As each of us defines it for ourselves!

**The ESG assessment is a rigorous review exercise that maps a company's governance, social, environmental, labor and product responsibility performance against global, national and industry standards. The review is designed to analyze and establish a road map for enhanced compliance and value creation through an implementation program.*

GRI 3.1 DISCLOSURE AND PERFORMANCE INDICATORS

Indicator	Description	Section / Comment	Page	Level of Reporting
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	– Group Chief Executive Officer's Review	9-14	Full
1.2	Description of key impacts, risks and opportunities	– Group Chief Executive Officer's Review – Forging Ahead: Tapping the Markets of Asia and Africa	9-14 18-23	Full
2. Organizational Profile				
2.1	Name of the organization	– About Abraaj Capital	2	Full
2.2	Primary brands, products and/or services	– About Abraaj Capital	2	Full
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	– About Abraaj Capital – Map	2	Full
2.4	Location of organization's headquarters	– About Abraaj Capital	2	Full
2.5	Number of countries where the organization operates	– About Abraaj Capital – Map	2	Full
2.6	Nature of ownership and legal form	– About Abraaj Capital – About the Report	2 89	Full
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	– About Abraaj Capital – Map – Our Investments	2 46-78	Full
2.8	Scale of the reporting organization	– About Abraaj Capital – About the Report	2 89, 103, 104	Full
2.9	Significant changes during the reporting period regarding size, structure, ownership and changes in the operation	– Board of Directors' Statement – Group Chief Executive Officer's Review	3 9-14	Full
2.10	Awards received in the reporting period	– About Abraaj Capital	2	Full
3. Report Parameters				
3.1	Reporting period (e.g., fiscal, calendar, year) for information provided	– About the Report	89	Full
3.2	Date of the most recent previous report	July 2011 (Version 2.0)	-	Full
3.3	Reporting cycle (annual, biennial, etc.)	– About the Report	89	Full
3.4	Contact point for questions regarding the report or its contents	Frederic Sicre, Partner (frederic.sicre@abraaj.com) Mitali Atal, VP (mitali.atal@abraaj.com)	-	Full
3.5	Process for defining report content	– About the Report	89, 100	Full
3.6	Boundary of the report	– About the Report	89	Full
3.7	State any specific limitations on the scope or boundary of the report	– About the Report	89	Full
3.8	Basis of reporting on joint ventures, subsidiaries, leased facilities and outsourced operations	– About the Report	89	Full
3.9	Data measurement techniques and the basis of calculation, including assumptions and techniques	The formula used for the CO2 calculator is based upon the official 2011 guidelines from the United Kingdom's Department of Environment, Food and Rural Affairs (Defra), originally published in 2001	107	Full
3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reason for such re-statement	None	-	Full
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	– About the Report	89	Full
3.12	Table identifying the location of the standard disclosures in the report	– GRI Disclosure & Performance Indicators	90-100	Full
3.13	Policy and current practice with regards to seeking external assurance for the report	– About the Report	89	Full
4. Governance, Commitments and Engagements				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	– Governance & Compliance	105-106	Full
4.2	Indicate whether the chair of the highest governance body is also an executive officer	No	106	Full
4.3	For organization that has a unitary board structure, state the number of members of the highest governance body that are independent and /or non-executive members	– Governance & Compliance	105-106	Full
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	– Governance & Compliance	106-107	Full
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	None	-	Full

4.6	Process in place for the highest governance body to ensure conflicts of interest are avoided	– Governance & Compliance	107	Full
4.7	Process for determining the qualification and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics	– ASSET: Shaping the Stakeholder Model – From Theory to Reality: Why ESG Matters	36-41 80-83	Full
4.8	Internally developed statements of mission or values, code of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	– Abraaj Capital Values	89	Full
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance	– ASSET: Shaping the Stakeholder Model – Management Approach	36-37 101-102	Full
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	None	-	Full
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Abraaj follows a risk based approach to due diligence and where appropriate the company undertakes independent assessments. A more structured approach is followed for RED - the small and mid-cap (SMC) division of the business. An ESG screen is applied and this addresses and explores ways to mitigate risks associated with ESG factors – ASSET: Shaping the Stakeholder Model – From Theory to Reality: Why ESG Matters	36 80-83	Full
4.12	Externally developed economic, environmental and social charter, principles or other initiatives to which the organization subscribes or endorses	– ASSET: Shaping the Stakeholder Model – Management Approach	36 101-102	Full

4.13	Membership in association (such as industry associations) and/or national/ international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	– ASSET: Shaping the Stakeholder Model – Stakeholder Engagement	36 102-103	Full
4.14	List of stakeholder groups engaged by the organization	– ASSET: Shaping the Stakeholder Model – Stakeholder Engagement	36-41 102-103, 107	Full
4.15	Basis for identification and selection of stakeholders with whom to engage	– ASSET: Shaping the Stakeholder Model – Stakeholder Engagement	36-41 102-103, 107	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	– Stakeholder Engagement	102-103	Full
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	– Stakeholder Engagement	102-103	Full
Economic Performance Indicators				
DMA EC Disclosure on Management Approach EC				
Aspect: Economic Performance				Full
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	Financial Results	103	Full
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	None measured	-	Full
EC3	Coverage of the organization's defined benefit plan obligations	Financial Results (Employee Salaries and Benefits)	103	Full
EC4	Significant financial assistance received from government	None	-	Full

Aspect: Market Presence				Full
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	The comparison to a minimum wage level is of low materiality to Abraaj Capital. The company operates in a business sector in which the required work force is primarily composed of professionals and industry experts. To this end, the company provides very competitive salaries	-	Full
EC6	Policy, practice and proportion of spending on locally based suppliers at significant locations of operations	Suppliers	108	Full
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Abraaj Capital promotes recruitment of local nationals in the region where it operates. However, the management recognizes the need for specialized experience and hence hires the most qualified employees, regardless of nationality	-	Partial
Aspect: Indirect Economic Impacts				Partial
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	– Our Investments	51, 59, 63, 65, 68	Partial
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Currently we are in the process of studying our extended impact and we commit to reporting on this by 2012-2013	-	Partial
Environmental Performance Indicators				
DMA EN Disclosure on Management Approach EN				
Aspect: Materials				Partial
EN1	Materials used by weight and volume	Environmental Performance	108	Partial
EN2	Percentage of materials used that are recycled input materials	None	-	Full
Aspect: Energy				Partial
EN4	Indirect energy consumption by primary energy source	The current lease agreements do not provide access to itemized data relating to energy and water. To the extent possible, we are committed to working with the DIFC to collect data and establish better measurement processes	-	Partial
EN5	Energy saved due to conservation and efficiency improvements			
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives			
EN7	Initiatives to reduce indirect energy consumption and reduction achieved			

Aspect: Water				Partial
EN8	Total water withdrawal by source	The current lease agreements do not provide access to itemized data relating to energy and water. To the extent possible, we are committed to working with the DIFC to collect data and establish better measurement processes	-	Partial
Aspect: Biodiversity				Non Material
Aspect: Emissions, Effluents and Waste				Full
EN17	Other relevant indirect greenhouse gas emissions by weight	Environmental Performance	108	Full
Aspect: Products and Services				Partial
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Currently we are in the process of studying our extended impact and we commit to reporting on this by 2012-2013	-	Partial
Aspect: Compliance				Full
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	-	Full
Aspect: Transport				Full
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Environmental Performance	108	Full
Aspect: Overall				Non Material
Labor Practices and Decent Work Performance Indicators				
DMA LA Disclosure on Management Approach LA				
Aspect: Employment				Full
LA1	Total workforce by employment type, employment contract and region broken down by gender	Workforce	104	Full
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	Workforce	104	Full
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	Does not apply. We do not have any part-time or temporary employees for this reporting period	-	Full

Aspect: Labor/Management Relations				Full
LA4	Percentage of employees covered by collective bargaining agreements	Collective bargaining agreements are not required by the UAE national labor laws where Abraaj Capital is headquartered	-	Full
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	A minimum of a month's notice period is required to terminate any employment contract, unless otherwise stated in the employment contract. For changes in policies, a minimum of 7 days will be given for changes to be applicable	-	Full
Aspect: Occupational Health and Safety				Full
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Workforce	105	Full
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender	There have been no incidents during this reporting period	-	Full
Aspect: Training and Education				Partial
LA9	Health and safety topics covered in formal agreements with trade unions	Abraaj Capital operates in a safe office environment within the DIFC. Five staff members are certified in basic firefighting and basic first aid including CPR, by Eurolink Safety Services, which is approved by the Ministry of Labor and Social Affairs	-	Full
LA10	Average hours of training per year per employee by gender, and by employee category	Workforce	105, E.I. table 105	Full
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	– Our People, Our Culture	43-44	Partial
LA12	Percentage of employees receiving regular performance and career-development reviews	100% of professional staff	-	Full

Aspect: Diversity and Equal Opportunity				Full
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	Workforce	105-106	Full
LA14	Ratio of basic salary and remuneration of men to women by employee category, by significant location of operations	The ratio is 1:1 across all employees and grades and there is no difference between genders	-	Full
Human Rights Performance Indicators				
DMA HR Disclosure on Management Approach HR				
Aspect: Investment and Procurement Practices				Full
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	– From Theory to Reality: Why ESG Matters	82	Full
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Partner company screening has been the focus till date. However, developing and implementing a suppliers screen is a priority for 2012	-	Full
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	– Asset: Shaping the Stakeholder Model – From Theory to Reality: Why ESG Matters	36 80	Full
Aspect: Non Discrimination				Full
HR4	Total number of incidents of discrimination and actions taken	There have been no incidents during this reporting period	-	Full
Aspect: Freedom of Association and Collective Bargaining				Full
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Abraaj is a signatory to the UN Global Compact and abides by its principles. Labor rights is one of the factors taken into consideration during the due diligence process. However, in most GCC countries, collective bargaining is prohibited by host country law but Abraaj ensures its employees are well looked after. Employee welfare is a priority for the Firm	-	Full

Aspect: Child Labor				Full
HR6	Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor	Abraaj has zero tolerance towards child labor and there are no operations at the Abraaj level which have significant risks of incidents of child labor. Abraaj applies an ESG screen to its SMC partner companies and has not identified any partner companies that employ child labor either. The Firm works with its partner companies to advocate the prohibition of child labor, in every way possible, including through supply chain screening	-	Full
Aspect: Forced and Compulsory Labor				Full
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor	Abraaj has zero tolerance towards forced or compulsory labor. There is no risk of forced or compulsory labor in this business	-	Full
Aspect: Security Practices				Non Material
Aspect: Indigenous Rights				Full
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	None. This issue is considered in our due diligence screen under Land Acquisition considerations	-	Full
Society Performance Indicators				
DMA SO Disclosure on Management Approach SO				
Aspect: Community				Partial
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	– ASSET: Shaping the Stakeholder Model – From Theory to Reality: Why ESG Matters	38-41 82-83	Partial
S09	Operations with significant potential or actual negative impacts on local communities	None	-	Full
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	– ASSET: Shaping the Stakeholder Model – From Theory to Reality: Why ESG Matters	38-41 82-83	Partial
Aspect: Corruption				Full
SO2	Percentage and total number of business units analyzed for risks related to corruption	100%	-	Full

SO3	Percentage of employees trained in organization's anti corruption policies and procedures	Abraaj Capital holds 100% training coverage on anti money-laundering. This year new programs are being launched that include anti-bribery and anti-corruption training for all professional staff in order to reach 100% coverage by 2012	-	Full
SO4	Actions taken in response to incidents of corruption	No such incidents have occurred or been reported	-	Full
Aspect: Public Policy				Full
SO5	Public policy positions and participation in public policy development and lobbying	– ASSET: Shaping the Stakeholder Model	36-41	Full
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	None	-	Full
Aspect: Anti-Competitive Behavior				Full
SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	None	-	Full
Aspect: Compliance				Full
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance laws and regulations	None	-	Full
Product Responsibility Indicators				
DMA PR Disclosure on Management Approach PR				
Aspect: Customer Health and Safety				Non Material
Aspect: Product and Service Labeling				Non Material
Aspect: Marketing Communications				Full
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Abraaj Capital has created a Holistic Compliance and Governance Framework which contains, among other documents, a Procedural Document to describe the prevailing rules concerning advertising and marketing and the procedures that should be adopted to ensure adherence to these rules	-	Full
Aspect: Customer Privacy				Full
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None	-	Full

Aspect: Compliance				Full
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None	-	Full

MATERIALITY REALIZATION

Abraaj Capital Ltd. is constantly engaged in a rigorous process, with the support of third party experts, to capture the core concerns, issues and recommendations regarding our impact and sustainability performance. The information was captured through reviewing the series of annual internal assessments as well as external stakeholder engagement events and fora that we participated in. The process resulted in the realization of the following materiality concept. This year featured an additional focus on partner companies to maximize the current understanding of our company's indirect impact.

MATERIALITY CONCEPT

The following table illustrates the concept of materiality as currently adopted by Abraaj Capital Ltd.:*

Impact		
High	EC1, EC2, EC3-EC4, EC6-EC9, HR1, HR4, S02-SO8, PR6, PR8, PR9, LA1-LA5,LA10-LA14	EN3, EN9-EN15, EN19-EN21, EN23-EN25, EN27, PR1-PR5, PR7
Medium	HR2, HR5-HR7, HR9, SO1, EN16-EN18, EN22, EN 29-EN30	
Low	EC5, EN1, EN2, EN4, EN5-EN8, HR3, HR8, LA6-LA9, EN26	
Relevance	Yes	No

A special case needs to be highlighted with respect to obtaining data on water and electricity usage, which due to the nature of our business is minimal. The current contractual agreements with our landlords are based on a total rental fee package including all service usage. Accordingly, this data is not available for us or the landlords who have total usage data for the full establishment and not office specific information.

Given the nature of the business, our current view is that our economic performance, the responsible attitude towards our investments, the privacy and rights of our customers as well as the welfare and capacity of our staff constituted the highest level of materiality for Abraaj Capital. On the other hand, given the current limitation whether in terms of management intervention and legal boundaries, the extended impacts of our partner companies as well as the environmental footprint of our offices are currently areas of medium materiality.

The indicators featured in the table refers to the GRI G3.1 performance indicators.

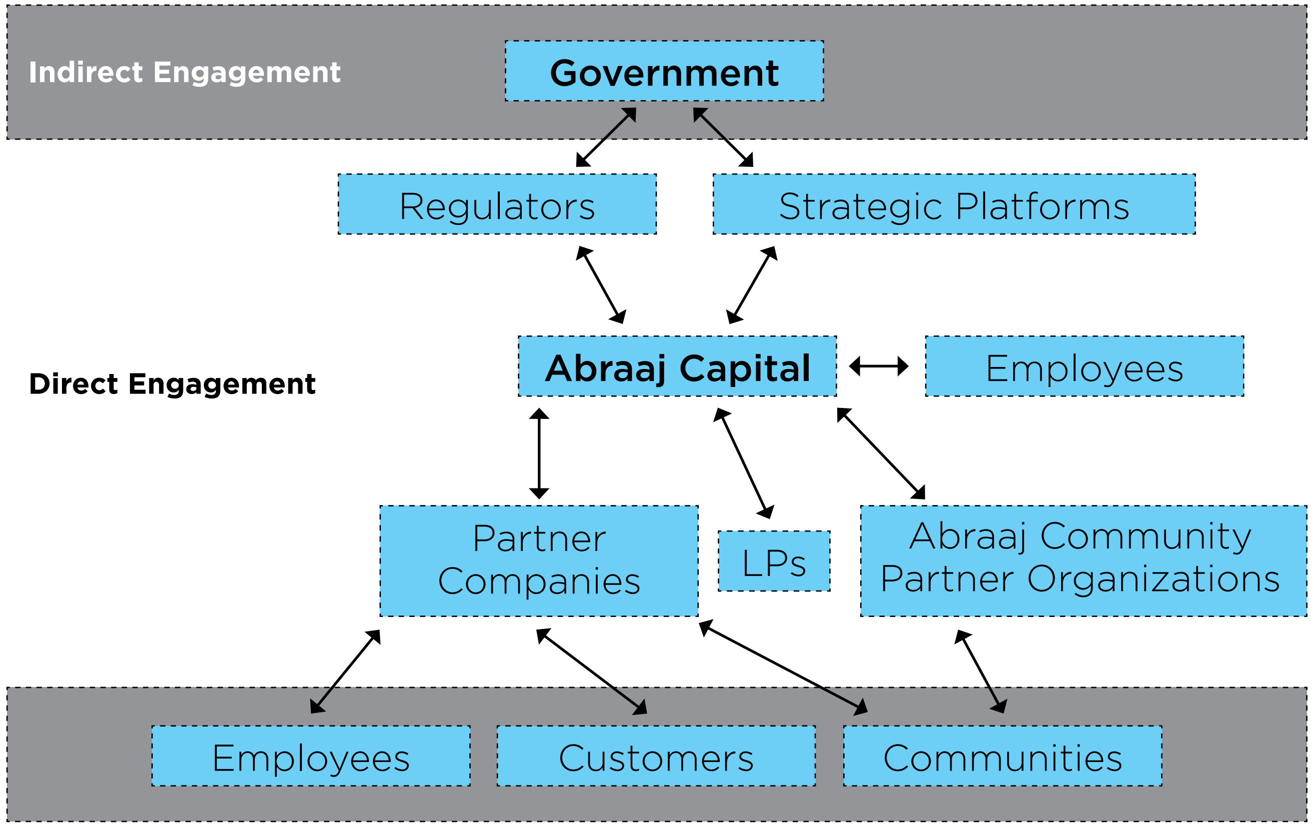
MANAGEMENT APPROACH

The Abraaj Capital management approach to the material areas of GRI performance indicators is captured here and throughout the content of this Annual Review. In the table below excerpts from the Annual Review are noted against specific GRI indicator areas.

Focus Area	Approach
Economic Performance	– The group's investment philosophy is very much based on acquiring control-themed equity stakes and taking those investments to the next level of development, with the ultimate aim of generating superior returns for our investors – Financial value-creation sits at the core of an investment philosophy aimed at driving truly sustainable, economic value creation in the region in which we operate. A dynamic where shareholder returns are primary, but where the ability to create sustainable change in the economic landscape of our markets is critically important, has become as important a performance benchmark for us as pure financial returns
Human Rights and Social Impact	– This year Abraaj Capital applied an intensive program to enhance its approach to ESG both in terms of risk as well as value creation. The interventions included improving our ESG due diligence processes, reviewing ESG initiatives in our partner companies, and increasing the capacity and skills of our staff on the subject matter. In addition, training sessions for Board Directors and members of the Executive Committee who sit on the Board have been conducted – Abraaj Capital was the first private company in the MENA region to sign the United Nations Principles for Responsible Investment (UNPRI). It is also a signatory to the UN Global Compact (UNGC) – Prior to signing the UNPRI, Abraaj Capital developed its own Ethical Framework for Investment to guide partner companies in their approach to Human Rights, Social and Environmental issues. This approach is representative of our commitment to embedding best practice throughout our stakeholder community – Abraaj Capital's social investing program is underpinned by the '5+5+5' program. This represents the 5 percent of net management–fee revenue that helps finance the program, the five days per year that each employee sets aside for volunteering in the community (three days of which are paid by Abraaj Capital) and the 5 percent of the annual bonus we encourage each employee to donate – Abraaj is proud to maintain a clean record in terms of corruption or anti-competitive behavior which is a result of a rigorous internal compliance system that ensures adherence to national and international standards of ethical practice
Human Resource Development	– We have long given priority to hiring highly talented professionals and, once aboard, to giving our staff the training and support they need to take them to the next level of professional development – Our commitment to developing a world-class team of professionals with strong local expertise is unwavering. The Abraaj Academy is a bespoke training program created in 2010 in conjunction with leading global academic institutions such as Harvard Business School, INSEAD and London School of Economics – Abraaj is committed to the provision of a healthy and non-discriminatory work place. Management is keen to focus on performance as the main pillar for evaluation. In order to ensure adequate follow up on this issue, management ensures that all employee surveys and grievance systems applied have a featured window for reporting on any discriminatory behavior

Product and Client Responsibility	– Our focus on quality permeates every aspect of our business, especially our investment approach. In developing an extraordinary network of contacts and business relationships over the years, the group seeks to identify high-quality investment opportunities on a proprietary basis. With rigor, we then work to identify, assess and mitigate risks – Client privacy is an important pillar for Abraaj and managed through a rigorous system of compliance, legal and communication reviews. Management applies a zero tolerance policy with regards to this aspect
Environmental Footprint	– In 2011, Abraaj Capital focused on enhancing the environmental review within its ESG processes to ensure the maximum protection to the environment prior to making any investments. Discussions have been initiated with partner companies in order to realize their current environmental impact

STAKEHOLDER ENGAGEMENT



As part of the Abraaj group's stated mission and values, ASSET has focused on identifying a strategic and participatory process for stakeholder engagement. As a private equity firm, our first commitment must be to our investors. They are, along with our employees and our partner companies, our greatest priorities among our stakeholder community. However, our ability to best serve this group is closely linked to the strength of our engagement with governments and civil society, regulatory bodies, academic institutions and the communities in which we are based. To ensure an increasing level of engagement among stakeholders, the Abraaj group will hold a series of joint consultations inviting various stakeholders to an open discussion on the group's sustainability performance. The following tables outline current methods of stakeholder engagement.

Stakeholder	How we Engage	Priority Issues
Employees	All-staff meetings at least once a year, group CEO meeting with each group of employees by designation, Executive Committee and Partner meetings, quarterly skill building through Abraaj Academy, employee satisfaction surveys (completed anonymously and administered by an independent third party), 360 degree peer reviews, performance appraisals every six months, management retreats, Employee Handbook, email updates and an intranet portal	Communication of corporate strategy and culture, opportunity for skill building and career advancement, job security, empowerment, salary and benefits, and knowledge sharing
Investors	Regular face-to-face visits, quarterly fund reports, Annual Investor Conference, newsletters, press releases and Annual Review	Communication of fund performance and strategy
Partner Companies	Regular meetings between the Abraaj Capital investment management teams and partner company management, quarterly reports including an ESG review	Knowledge sharing, resource development, development and performance against investment plan
Communities & Society	ASSET initiatives, 5+5+5 program, thought leadership through research, reports, editorials, and speaking engagements at key conferences, social investing program and engagement with Abraaj Community Partner Organizations (ACPO) and wamda.com, an online portal to connect the entrepreneurial community	Contribution to the sustainable development of the region through social investing, thought leadership and communications, participation in strategic platforms, discussion with regional governments on public-private partnerships and providing a range of social and cultural platforms to further engage others in related meaningful dialogue

FINANCIAL RESULTS

The economic performance indicator figures in table EC1 relate to the consolidated financial statements of Abraaj Capital Holdings Ltd. for the year ending December 31, 2010. As the holding company of the Abraaj group, these are the financial accounts audited by KPMG, and relevant to the reporting of direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

(All figures are in US$ '000)

Revenues	Net sales plus revenues from financial investments and sales of assets	134,163
Operating costs	Payments to suppliers, non-strategic investments, royalties and facilitation payments	44,407
Employee salaries & benefits	Total monetary outflows for employees (current payments, not future commitments)*	62,524
Payments to providers of capital	All financial payments made to the providers of the organization's capital and dividends etc	-
Payments to governments	Gross taxes	-
Community investment	Voluntary contributions and investment of funds in the broader community (includes donations)	3,506
Economic value retained	Investments, equity release, etc.	23,726

**The above figure represents the total value of Abraaj Capital's employee salaries as well as the total cost of employee benefits accessible for all levels. The benefits comprise medical insurance for employee, spouse and children below 18, corporate life insurance for employees, 50% or up to US$ 500 of healthclub membership and annual fees, and full subscription fee for one professional society annually.*

WORKFORCE

Total Workforce

Location	Full time permanent employees	Male	Female
Egypt	9	6	3
India	5	4	1
Jordan	5	2	3
Lebanon	5	3	2
Morocco	4	3	1
Pakistan	8	8	
Palestine	3	2	1
Saudi Arabia	8	6	2
Singapore	6	4	2
Tunisia	4	3	1
Turkey	8	5	3
UAE	110	84	26
Total	**175**	**130**	**45**

The total number of new hires from the last reporting year is 32.

Turnover

Location	Employees leaving employment	<30 years old	30-50 years old
UAE	Male	3	3
	Female		6
Saudi Arabia	Male		
	Female		
Turkey	Male		
	Female		
Egypt	Male		
	Female		
Singapore	Male		
	Female		3
India	Male		
	Female		
Morocco	Male		
	Female		
Tunisia	Male		
	Female		
Pakistan	Male		
	Female		
Jordan	Male		2
	Female		
Lebanon	Male		
	Female		
Palestine	Male		
	Female	3	

Remuneration

The Firm's remuneration policy is based on two components – the first of which is fixed and the second variable. The variable element is determined by an appraisal process that assesses the actual performance of each individual. The reward system is based upon the audited performance of the Firm. No commission is payable. The performance appraisal of each staff member is primarily the responsibility of that person's line manager. Any indications that an individual's approach is inappropriate would be dealt with as part of this process. Performance is also reviewed by the Executive Committee annually and by the CEO on an ongoing basis. The Executive Committee makes the final decision regarding bonus payments and salary increases on the basis of the appraisal process.

Safety

We operate in a highly safe environment and we implement all recommendations we get from our facility management companies in the locations. In addition, five staff members are certified in Basic Firefighting and Basic First Aid, including CPR, by Eurolink Safety Services, approved by the Ministry of Labor & Social Affairs. To this end, we do not utilize the health and safety committee functions as it doesn't meet our materiality case.

Average training hours

Employee Category	Average training hours
Principals and above	21
Vice Presidents and below (investment professionals only)	35

Breakdown of Employee Information

Age	Employee category														
	Partners		Principals				Vice Presidents				Other Staff				
	Male		Male		Female		Male		Female		Male		Female		
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	**Total**
< 30 yrs old											23	13%	11	6%	**34**
30-50 yrs old	15	9%	31	18%	3	2%	17	10%	3	2%	33	19%	28	16%	**130**
> 50 yrs old	3	2%	3	2%							5	3%			**11**
Total	**18**		**34**		**3**		**17**		**3**		**61**		**39**		**175**

GOVERNANCE AND COMPLIANCE

Abraaj has developed a Holistic Compliance and Governance Framework. The Framework reflects relevant parts of the UK's Combined Code of Corporate Governance (the "Combined Code") – since replaced by the new UK Corporate Governance Code ("the Code" - published by the Financial Reporting Council in June 2010).

The Framework consists of 3 components – the first of which is a principles-based Code of Governance - referred to as Abraaj's Principles of Governance ("The Principles"). The Principles refer to the Code (on which it is based) and to the recommended guidelines and drafts published by the Institute of Chartered Secretaries and Administrators. These two "Documents" provide the context for the Principles. The Principles focus particularly on Board Matters, Committees, Procedures and Internal Controls.

The second component consists of numerous "procedural documents" in what is called the Compliance Compendium. These procedural documents address issues such as Anti-Money Laundering and Combating the Financing of Terrorism, Ethics and Standards, Conflicts of Interest and Insider Dealing.

The third component of the Framework is an automated monthly declaration system where employees confirm that they have read and abide by the Procedural Documents in the Compendium and are aware of their obligations. It also confirms that nothing has changed to alter the employee's fit and proper status.

At Abraaj, a strong governance framework in our portfolio is considered a key pillar for value creation. Governance, in its broadest sense, is the exercise of judgment and authority and the use of resources to further the objectives of an organization. In a corporate environment, that judgment and authority is exercised by several participants – shareholders, the Board of Directors (both collectively and individually), management and other functionaries within the organization. Accordingly, Abraaj has implemented corporate governance structures in partner companies that govern the behavior of each of these participants.

Board Structure of Abraaj Capital Holdings Ltd.

As at 31 December 2011, the Abraaj Capital Board of Directors is made up of 13 male members, 9 of whom are non-executive members including 4 independent. The Board meets at least three times a year.

There are 3 Board Committees to cover all aspects of the group. They are the:

- Audit and Corporate Governance Committee;
- Compensation Committee;
- Compliance and Risk Committee;

Additionally, there is an Executive Committee consisting of the senior most members of management.

The Board is also responsible for the overall performance management review and setting the group's standards and values. A Directors' Handbook has been prepared to show how the Board responds to the following matters, which are among those reserved for the Board: ruling on any perceived, implied or explicit conflicts of interest as may arise during the course of the group's business or in the formation or acquisitions of any subsidiaries; monitoring corporate performance against the strategic, financial and business plans, including overseeing the operating results on a regular basis to evaluate whether the business is being properly managed; reviewing and approving the group's financial objectives, plans and actions, including significant capital allocations and expenditures (i.e., capital expenditures, deal-related exposure, underwriting or guaranteeing commitments exceeding pre-determined amounts). The Directors' Handbook also stipulates how the Board of Directors are compensated for their services.

Board Composition of Abraaj Capital Holdings Ltd.

Since our inception in 2002, we have sought to ensure a balanced Board embracing the virtues and key values of non-executive shareholders, executive directors and independent directors. The composition of the Board has been defined through the following key legal provisions:

- Article 113 provides that there shall be a Board of Directors and that the business of the Company shall be managed by it;
- Article 114 provides that the Board shall comprise the CEO and not less than four, and not more than 16 other persons. There must be at least one Independent Director. If there are eight or more Directors, other than the CEO, at least two – or a quarter of the total number (rounded down) – must be Independent Directors;
- The Chair is a non-executive member of the Board;
- Of the total number of Directors, two – the CEO and one other – shall be Executive Directors. If there are eight or more Directors (other than the CEO) at least two – or a quarter of the total number (rounded down) – must be Executive Directors.

The respective roles of the CEO and Chairman have been separated. This creates an appropriate balance of power, to increase accountability and to enhance the capacity for independent decision making.

Accessibility

Shareholders are represented at the Board. An investor conference is held every year and all investors/ shareholders are invited to attend.

Abraaj is the only private equity firm to sponsor Dubai's Hawkamah Institute of Corporate Governance. In order to engage more specifically with the private equity industry on the issues of corporate governance we have been keen supporters and extremely involved in supporting the Hawkamah Institute for Corporate Governance (Hawkamah) situated in the DIFC. Together and with the participation of other private equity houses in the region we launched a MENA Task Force on Corporate Governance for the Private Equity industry which is developing Corporate Governance Principles and Practice Guidelines. The objective of this initiative is to encourage private equity firms to appraise (or to re-appraise as the case may be) their corporate governance status and to adopt best practice standards.

Compliance

Abraaj has prepared a Directors' Handbook which describes Abraaj's culture, standards and its approach to corporate governance including governance in respect of conflicts of interest. The Procedural Document on Conflicts of Interest which forms a part of the Compliance Compendium describes the measures that Abraaj will adopt to prevent conflicts of interest arising in the first place and what procedures to be followed when the company finds itself in a conflicting situation.

Eligibility

The members of the Board of Directors are selected according to the extent to which they satisfy the criteria we have set to measure their ability to provide entrepreneurial leadership within a framework of prudent and effective control that enables risk to be assessed and managed. It determines the strategic objectives of the Firm and ensures that appropriate resources – financial and human – are available to the Firm to meet its objectives.

Engagement

The Compliance Unit conducts frequent presentations to enhance the employees' understanding of Compliance and Corporate Governance within the Firm. This includes for example, induction training for new employees, annual anti-money laundering training, ad-hoc training on technical matters such as sanctions and focused training on Abraaj's Holistic Compliance and Governance Framework.

The Abraaj Academy is a bespoke training program created in 2010 in conjunction with leading global academic institutions such as Harvard Business School, INSEAD and London School of Economics. Case studies include corporate governance and corporate social responsibility issues.

Abraaj is a signatory to the UN Global Compact as well as the UN Principles for Responsible Investment. The principles therein are communicated across the group. Abraaj has also developed its own Principles of Governance which forms a part of "Abraaj's Holistic Compliance and Governance Framework." The Principles represent the group's Code of Good Practice.

ENVIRONMENTAL PERFORMANCE

We work hard to mitigate our impact on the environment as we fully recognize that sustainable financial performance and environmental performance are complementary and in the best interest of the business and our stakeholders. In order to better understand and manage our environmental footprint at Abraaj Capital, we have focused on the following topics due to their relevance to the nature of our day-to-day business practice and activities.

Our carbon footprint is generated mainly through business travel and transport. The nature of the private equity industry demands a substantial amount of travel for face-to-face meetings and negotiations. However, we take the environmental consequences of our travel seriously. In future, we aim to reduce our indirect carbon emissions wherever possible and offset the remainder. The formula used for the CO2 calculator is based upon the official 2011 guidelines from the United Kingdom's Department of Environment, Food and Rural Affairs (Defra), originally published in 2001.

Abraaj Capital was one of the first companies in the DIFC to join an initiative to recycle paper, plastic and cans, and make a concerted effort to control our waste. Measurement of our recycled goods has been carried out by the Emirates Environmental Group (EEG). EEG was the first environmental NGO in the world to be ISO 14001 certified in 2001, and the only organization of its kind in the UAE. It has accredited status on the United Nations Environment Programme (UNEP)'s Governing Council, and the International Union for Conservation of Nature. We have committed to reducing our consumption of paper, and wherever possible, to re-using paper not printed on both sides. We also use recycled paper and stationery.

Emission from travel

Net CO2 emissions from business travel (tons)	2137

Total amount of used materials

Recycled Material	2011
Paper (kg)	2800
Plastic (kg)	376
Cans (kg)	16

Total amount of waste sent for recycling

Material	2011
Paper (kg)	1805
Plastic (kg)	243
Cans (kg)	10

We seek to create a central model of excellence for sustainability within Abraaj Capital that can be integrated in our partner companies. To further support this objective, we commit to working closely with our partner companies on social and environmental issues and will conduct sustainability assessments in nine partner companies by the end of 2012.

Suppliers

Abraaj Capital is committed to operating a fair and competitive process for the provision of needed supplies. In situations where quality, reliability and competitiveness exist, preference is granted for locally based products and services. The table below is indicative of the applied process:

Total supplier payments (US$)	Dubai	Singapore	Egypt	Turkey	India	Pakistan
Local	14,162,072	2,190,059	544,343	2,405,918	448,723	252,121
International	32,937,858	21,962	-	271,544	-	-

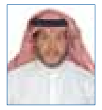
Abraaj Capital commits to reporting on its environmental, social and economic performance on an annual basis.

SENIOR MANAGEMENT

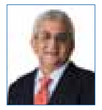
Abraaj Capital

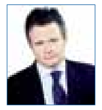

Arif Masood Naqvi
Founder and Group Chief Executive Officer


Mustafa Abdel-Wadood
Chief Executive Officer
Abraaj Capital Limited


Hossam Yousef Radwan
Senior Partner
Kingdom of Saudi Arabia
Country Head
Abraaj Partners Holdings

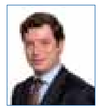

Hilton McCann
Partner
Chief Compliance Officer

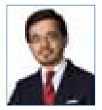

Waqar Siddique
Managing Partner – Risk and Internal Audit


Tom Speechley
Senior Partner
Chief Executive Officer
Riyada Enterprise Development

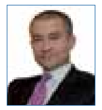

Narayanan Rajagopalan
Partner


Ahmed Badreldin
Senior Partner


Matteo Stefanel
Senior Partner


Purshotam Ramchandani
Partner


Ashish Dave
Senior Partner
Chief Financial Officer

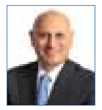

Selcuk Yorgancioglu
Senior Partner
Turkey, Iraq and Central Asia Regional Head

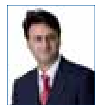

Mohamed Semary
Partner


Wahid Hamid
Senior Partner
Head of Portfolio Management and Operations Group


Andrew Chvatal
Partner


Abdullah Shahin
Partner


Mounir Husseini
Senior Partner
Head of Corporate Business Development


Tabish Gauhar
Partner

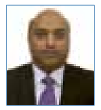

Frederic Sicre
Partner


Omar Lodhi
Senior Partner
Asia Regional Head


Faisal Khan
Partner


Omar Syed
Partner

Aureos Capital



Sivendran Vettivetpillai
Chief Executive Officer

Jacob Kholi
Senior Partner - Africa

Bharat Dighe
Partner - India

Raj Morjaria
Partner - MENA

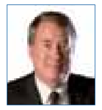
Hanjaya Limanto
Senior Partner - South East Asia

GV Kumar
Partner - India

Peter Njoka
Partner - East Africa

Miguel Angel Olea
Senior Partner - Latin America

Sandeep Khanna
Partner - Southern Africa



Chris Roling
Partner – Portfolio Management and Operations Group

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Senior Partner - Latin America

Talgat Kukenov
Partner - Kazakhstan

Ravi Sharma
Partner - West Africa

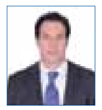
Davinder Sikand
Senior Partner - Africa

Danny Lizares
Partner - Philippines

Balaji Srinivas
Partner – Regional Fund Manager

Kodjo Aziagbe
Partner - Francophone West Africa

Chye Lin Loh
Partner - Malaysia



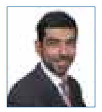
Daniel Wasserman
Partner - Colombia

Ron Den Besten
Partner - Africa

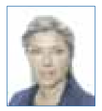
Hector Martinez
Partner - Peru

Nissanka Weerasekera
Partner - Sri Lanka and Bangladesh

Srisant (Op) Chitvaranund
Partner - Thailand and Vietnam



Shakir Merali
Partner - Healthcare Africa



Yelena Yunussova
Partner - Kazakhstan

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Independent Limited Assurance Report

To the Board of Directors of Abraaj Capital Holdings Limited

Purpose and Scope

We were engaged by Abraaj Capital Holdings Limited (the "Company") to provide limited assurance on selected indicators in its Annual Review 2011 (the "Review") for the year ended 31 December 2011. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether anything has come to our attention that causes us to believe that the selected economic, environmental and social performance indicators for the period from 1 January 2011 to 31 December 2011 included in Annex and Annex Figures of the Review (the "Indicators") are not prepared and presented, in all material respects, in accordance with the G3.1 Sustainability Reporting Guidelines of the Global Reporting Initiative (the "GRI G3.1 Guidelines").

The Indicators covered by our limited assurance engagement are:

GRI performance indicator	Description	Page
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	103
EN17	Other relevant indirect greenhouse gas emissions by weight	108
LA1	Total workforce by employment type, employment contract, and region broken down by gender	104
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	105
LA10	Average hours of training per year per employee by gender, and by employee category	105
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	99

Management is responsible for the preparation and presentation of the Review in accordance with the GRI G3.1 Guidelines, and the information and assertions contained within it; for determining the Company's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed.

Independent Limited Assurance Report *(continued)*

Criteria

The Company prepares and presents the Review in accordance with the GRI G3.1 Guidelines as described in page 89 of the Review. We used these criteria to evaluate the Indicators.

The selection and suitability of the criteria is the responsibility of management and our engagement did not include an assessment of the appropriateness of the criteria to meet the needs of the users of the Review.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board.

The limited assurance engagement on the Review consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Review, and applying analytical and other procedures, as appropriate. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Review.
- Inquiries of the Company's responsible personnel to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups.
- With respect to the Indicators,
  - obtaining an understanding of the systems used to generate, aggregate and report the Indicators, and of the internal controls at corporate and site level.
  - examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculation of the Indicators.
  - performing analytical reviews of the Indicators aggregated at corporate level.
  - making visits to the Company's headquarters office in Dubai.
  - evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Review are not prepared and presented, in all material respects, in accordance with the GRI G3.1 Guidelines.

KPMG
Dubai, United Arab Emirates
2 May 2012

KPMG

GRI VERIFICATION STATEMENT

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Abraaj Capital** has presented its report "2011 Abraaj Capital Annual Review" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 15 May 2012

B+
GRI REPORT
GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because Abraaj Capital has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

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