THE ABRAAJ GROUP

presence capability experience consistency

ANNUAL REVIEW 2012

Contents

About The Abraaj Group

$7.5bn
Assets under management

150+
Partner companies

200,000+
Partner company employees

31
Country offices

The Abraaj Group is a leading investor operating in the growth markets of Asia, Middle East and North Africa, Turkey and Central Asia, Sub-Saharan Africa and Latin America.

In 2012, it completed the merger and integration of Aureos Capital, thereby creating a deep bench of private equity experience across growth markets.

Employing over 300 people, the Group has 31 country offices spread across six regional hubs in Dubai, Istanbul, Mexico City, Mumbai, Nairobi and Singapore. Local presence across these markets provides the Group with unmatched expertise, know-how, proprietary transactional access and the ability to grow partner businesses across borders.

The Abraaj Group currently manages US$ 7.5 billion, which encompasses private equity (majority and significant minority investments with ticket sizes of between US$ 10 million to US$ 100 million) and real estate (primarily yield-generating) investments.

The Group has set the standard for private equity investing in growth markets, across a range of companies that have emerged as today's regional champions and tomorrow's global challengers.

The Group's current partner companies include industry leaders such as Network International, the largest independent payment solutions provider in the Middle East and Africa; NEP Holding, with its Diamond brand and a market leader in the residential filtration market of Malaysia (with a growing presence in Singapore, Hong Kong, Taiwan and Southern China); Brookside Dairy, the leading dairy in East Africa; and IasaCorp, a long-established family run women's retail business in Peru.

Sustainable impact

The Abraaj Group is committed to the highest environmental, stakeholder engagement and corporate governance standards. The Group is a signatory to the United Nations-backed Principles for Responsible Investment and the United Nations Global Compact. The Group's Founder, Arif Naqvi, was appointed to the United Nations Global Compact Board by UN Secretary-General Ban Ki-moon in 2012.

Through its social investing program, The Abraaj Group has supported best-in-class organizations focused on entrepreneurship and job creation, healthcare, education and community engagement, thereby enabling a deep-rooted and sustainable impact on the economic landscape of the markets in which it operates.

Note to readers: Unless otherwise stated, all references to "Abraaj" or "the Group" in this document should be interpreted to mean "The Abraaj Group". All data in this report is as of December 31, 2012, unless stated otherwise.


6
Regional hubs
ISTANBUL
DUBAI
MUMBAI
MEXICO CITY
NAIROBI
SINGAPORE

Arif Naqvi, Founder and Group Chief Executive
The Abraaj Group

Letter from the Group Chief Executive

With each passing year, growth markets have become an increasingly popular topic among investors. Having been born in these markets and having built one of the most relevant investment platforms focused solely on them, we view this with a sense of pride and satisfaction - as it validates our longstanding belief in their potential.

Markets many used to consider “frontier” - from Mexico and Indonesia to Nigeria and Turkey among many others - are increasingly becoming mainstream investment destinations and more people are starting to replace the phrase emerging markets with the far more accurate label that we at Abraaj have long advocated: growth markets.

While people have recently come to understand the opportunity before us, it is worth reiterating that this is not a temporary or short-lived trend. We are in the middle of one of the great socioeconomic transformations of human history. By 2025, two-thirds of global GDP, 19 of the world’s 30 largest economies, and 1.4 billion new middle class consumers will come from growth markets.

These countries are growing more than three times as fast as developed economies, and include many countries beyond the BRIC. In fact, only China and India are among the world’s ten fastest growing economies and, as The Economist points out, Africa has grown faster than East Asia in eight of the last ten years.

The Abraaj Group has always been focused on this opportunity, and the firm was purpose-built to invest effectively in and across these markets. We view ourselves as a local global private equity firm.

That is why the acquisition of Aureos Capital was such a highlight last year and why we invested significantly in developing and integrating our combined platform throughout 2012. We did this by networking our offices into a hub and spoke model, adopting a standardized competency matrix across all functions to ensure Group-wide alignment and consistency within our organizational structure, connecting our staff worldwide through a common information backbone, establishing clear processes and policies to deliver the consistent results we are known for, and continuing to set the pace of leadership in terms of our work on value creation, stakeholder engagement, and sustainability.

We did all this while going on with the business of making solid investments, helping companies grow, and delivering strong exits. Last year, we deployed US$ 460 million into 22 investments in 19 countries and exited 20 companies fully or partially.

Meanwhile, combined EBITDA at our partner companies grew at 40% and many partner companies achieved important milestones.

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In 2008, for the first time in human history, the majority of people became city-dwellers and the trend is only accelerating. By 2050, there will be 2.6 billion new urban residents.

The big picture

It is important to emphasize that we believe the rise of growth markets is not a temporary blip. What we are witnessing today is an axial shift. By the end of this decade, more than half of global GDP will come from growth markets. The last time that was true, the United States - the most powerful economic force in modern history - was being torn apart by a crippling Civil War. We have, in short, gone over the precipice into a very different world than the one in which we grew up.

Decades from now, when people discuss the most important trends of our lifetime, the rise of an urbanized middle class will stand out. From a social and economic standpoint, so much of what is happening today - economic growth, climate change, resource scarcity, and increased productivity - is related to the fact that people are moving into cities.

In 2008, for the first time in human history, the majority of people became city-dwellers and the trend is only accelerating. By 2050, there will be 2.6 billion new urban residents. To put that in perspective, the world is adding almost one million city-dwellers every five days.

Moreover, they are moving into cities in the southern hemisphere. Right now, seven New York City’s worth of people are moving into growth market cities each year. Some places, like many parts of Latin America have already undergone a major wave of urbanization. However, other regions like Africa and Asia are in the midst of a great migration. Across the modern world, cities are the centers of economic life and contribute disproportionately to GDP.

This matters to investors like us because, in countries that have taken the right steps toward social and economic reforms, urbanization is correlated with economic growth, rising incomes, growing private consumption, and an expanding middle class. This is creating opportunities across a range of sectors. From the demand for infrastructure and infrastructure-related businesses to the need for financial services, housing, healthcare, education, and the desire for consumer goods, the rise of growth markets is creating a whole host of opportunities for the private sector.

Just the potential to address shortfalls, let alone new demand, is staggering. Consider financial services in Africa: less than 3% of the population has a credit card, only 25% has a bank account, and on a per capita basis the U.S. spends 300 times as much on insurance premiums.

There are literally more people with credit cards in Italy than in all of Sub-Saharan Africa. This in a continent that already has more middle class households than India. One could cite similar examples in every sector and in every growth market.

Meanwhile, if you visit almost any city in the South - from Bogotá to Jakarta - you will spend some time sitting in a car that isn’t moving. Next time you are stuck in one of Mexico City’s famous traffic jams, consider that just a third of the country’s roads are even paved. The demand for infrastructure, which will feed a demand for infrastructure services, is enormous. From water treatment and power generation to roads and bridges, trillions of dollars need to be invested to address the shortfall in infrastructure at a time when the demand for it is only growing.

As cities across the southern hemisphere continue to grow, so will trade between these cities and the rest of the world. South-South trade now exceeds North-South trade, and continues to grow. Over time, this has given growth markets a strong and sustainable competitive edge within the global economic landscape, and we believe that this theme alone will provide investors with robust and favorable investment opportunities for a long time to come.

These are jarring numbers - billions of people, trillions of dollars - but they speak to the scale of the shift happening in the world today. Private equity investing - at least when it relies on growth rather than leverage - has to be driven by an investment thesis guided by the clarity of having a long view that can be segmented into specific investment strategies.

Investing in growth markets is different from investing in developed markets, and Abraaj was designed from the beginning to address this challenge. Even as Abraaj has grown over the years, we have stayed absolutely true to four principles which we believe are both necessary for investing in growth markets and key factors in the success of our own firm: presence, capability, experience, and an overarching focus on consistency.

Presence

Today, we have one of the largest physical footprints of any private equity firm worldwide. I do not say this lightly because maintaining such an expansive office network is not an inexpensive proposition, and let me say bluntly that we would not do it if we did not believe that this presence is absolutely vital to an effective investment strategy.

Private equity investing is a deeply local business that needs to be informed by local knowledge, insights, and management. Having a strong local presence is why so many of our investments are derived from proprietary deal flow. This local knowledge also helps us foresee and manage the risks inherent in markets that are still developing where there are information gaps, reputational risks, and sometimes challenging political circumstances.

Our network of 31 country offices across six regions is organized into an explicit hub and spoke system. The six regional hubs provide strong centralized functions, including execution capabilities, portfolio management and environmental, social and governance (ESG) resources while country offices provide local sourcing, management, and insights.

Our local offices are not just dots on a map, but reflect a conscious decision that being embedded in the community leads to better investments. At the same time, we have learned that having only local offices is not ideal either because it leads to sub-scale value creation, relearning of lessons already learned in other geographies, and inconsistencies in approach. That is the value of embedding these offices within a global platform that prioritizes collaboration and knowledge-sharing, enables value creation across the firm's investments, and delivers a consistent set of policies and processes. We believe this model delivers the best blend of local and global while avoiding the pitfalls of over-centralization or a franchise approach.

Several partner companies chose to work with us precisely because of this mix, which means they get the benefits of a local team that can not only offer world-class resources aimed at creating value but can also help them to grow regionally if not globally.

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Our investment in technological improvements is significant but we believe it is an investment worth making for the returns it will deliver: enhanced performance, increased value creation, and greater transparency.

Capability

To further improve our ability to leverage knowledge, experience, and expertise across the firm, we embarked on a series of major projects to further enable this through technology improvements whose twin goals are to improve access and mobility.

The cornerstone of this infrastructure is a proprietary web-based platform we call Opera that provides staff with single-point access to a whole suite of applications covering everything from real-time access to partner company financial information to a library of expertise across Abraaj.

Additionally, we are rolling out two major technology solutions that will enable unprecedented mobility among our employees, standardize a range of back-office systems, and increase the ease with which our investors and partners interact with us. In short, these investments will set new standards for how a private equity firm enables collaboration - both internally and externally.

Our investment in technological improvements is significant but we believe it is an investment worth making for the returns it will deliver: enhanced performance, increased value creation, and greater transparency.

Experience

This past year was a unique opportunity to reflect on the history of The Abraaj Group. It was, after all, the tenth anniversary of the Group’s creation. This is an important milestone, but it is also worth recalling that the decision to establish Abraaj was itself a reflection of more than a decade of experience investing in growth markets. The same was true of Aureos Capital, which was formed out of a conscious deliberation about the best way to invest in markets that - at the time - were just starting to show real potential.

Every step we have taken over the last two decades - from the very creation of Aureos and Abraaj to their integration into The Abraaj Group last year - has been shaped by our experience in these markets and a careful consideration of the most effective way to access the growth taking place in them.

We have conviction around these decisions - the fundamental focus on local expertise and the equally strong insistence on embedding it within a global firm, the evolution of our investment strategies in lockstep with the progression of different markets, the longstanding belief in value creation over financial engineering, and an overarching emphasis on stakeholder engagement and sustainability.

We have conviction around these decisions because they are shaped by our experiences in these markets. They reflect lessons we have learned over two decades of actively investing in these markets, and many more decades of relevant experience living and working in them.

Consistency

Consistency is an essential hallmark of a superior private equity firm, which is why it is a theme that cuts across every part of our firm. There is little value in having a unique platform if you cannot ensure consistency of strategy and execution from one office to the next. Abraaj has focused on managing this challenge throughout its growth and expansion.

That is why our offices are connected by company-wide platforms, governed by group-wide committees, enabled by centralized resources, and united by a common investment process and approach.

This was further reinforced over the last year during the integration of Aureos, and we have arrived at a set of values, processes, and policies that ensure a common approach to our business across the firm.

This consistency is driven and governed by a group of committees focused on Investment, Management, Risk, and Portfolio Review. Composed of relevant individuals from across the firm, these committees ensure we are applying a common standard to the selection of investments, the operations of our business, the management of risk at multiple levels, and value creation.

We have an established Investment Committee that combines very senior permanent members who ensure the same high standards are followed worldwide as well as regional members who are able to provide the relevant local perspective.

To ensure that lessons in value creation are consistently shared and applied across our portfolio of partner companies, we established a Partner Company Review Committee (PRC) composed of every regional head as well as the leaders of the Abraaj Performance Acceleration Group (APAG).

The firm is governed by a Management Executive Committee, which sets clear processes, policies and procedures on operational matters and is responsible for ensuring high levels of reporting and accountability from our regional teams and for implementing the Group’s annual business plan and strategy.

Consistency is something you design for, and that is exactly what we have focused on doing. A culture of collaboration combined with the incentives, tools, and processes enables us to combine the insights of local presence across growth markets with the oversight, resources, and macro-view that are only possible at a central level.

A global firm with local roots

Abraaj is not just an investor in growth markets, but an outcome of them. Leaving our footprint aside, Abraaj has employees from over 50 nationalities who live in the same communities where we invest.

From the outset, we have held a strong conviction that the relationship between business and society - just like the relationship between business and finance - should be both mutually beneficial and value accretive. This is why I believe private equity firms in growth markets belong alongside other businesses that generate profits by creating real value.

This is also why Abraaj has focused so emphatically on engaging a wide range of stakeholders in any community where we invest or operate. We believe this is not a luxury or a distraction, but a core part of investing in growth markets where many outcomes depend on collaboration between multiple stakeholders - specifically business, government and civil society. Through our Abraaj Strategic Stakeholder Engagement Track (ASSET) program, Abraaj seeks to both engage and collaborate with these actors with the goal of demonstrating both our relevance and commitment to the communities where we operate.

During the past four years, Abraaj has increasingly focused on establishing multi-stakeholder collaboration around our core skill set - nurturing and supporting the entrepreneurial ecosystem in the markets in which we are present. In 2012, we continued to do this through our long-term

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Over the last year we have arrived at a set of values, processes, and policies that ensure a common approach to our business across the firm.

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I remain totally confident that the best is yet to come. In every one of the six regions we operate in, economies are growing, middle classes are expanding, cities are booming, and a variety of sectors - from infrastructure and healthcare to consumer goods and financial services - are going to benefit.

support of entrepreneurial and educational initiatives such as Endeavor, Injaz Al Arab (Junior Achievement) and Ruwwad.

In 2012, we also decided to involve various stakeholders in our commitment to sustainable investing and to help communicate the importance of effective giving. As a result, we have established a Sustainability Council as an independent advisory body comprising ten eminent figures from a cross-section of disciplines to advise the Group’s Board on our sustainability initiatives and help ensure we continue to be pioneers in this field, which bridges across our work on ESG and stakeholder engagement.

For the past two years, the Group developed an integrated sustainability report that was subjected to a third party limited assurance by KPMG and an evaluation by the Global Reporting Initiative in order to achieve an independent rating of B+. We are pleased to note that Abraaj successfully achieved the B+ rating in both years after transparently reporting on over 50 performance indicators.

This year, we have decided to take a different approach. With the proliferation of reporting standards and the creation of our independent Sustainability Council, we will ask the Council to oversee our Annual Sustainability Report using a variety of reporting standards as benchmarks and identify the best way of sharing it with the broader responsible investing community.

Conclusion

Whenever I consider the evolution of Abraaj and the markets we operate in, I am always reminded that the private equity industry on the whole is relatively young.

The private equity business model is still being refined, if not defined. Nowhere is this more true than in growth markets. These are very different markets from the ones where the private equity industry first developed or even from one another - and they are evolving at a rapid pace.

This is why we have insisted on being a learning organization that adopts international best practices while also generating a ground-up view of the best way to approach these different markets.

As a result, the firm we have built over the years is a reflection of entrepreneurial thinking guided by a clear-eyed view of the opportunity and tempered by experience and institutional knowledge about dozens of markets.

I remain totally confident that the best is yet to come. In every one of the six regions in which we operate, economies are growing, middle classes are expanding, cities are booming, and a variety of sectors - from infrastructure and healthcare to consumer goods and financial services - are going to benefit.

As a firm born in and designed for these next generation markets, Abraaj remains entirely focused on evolving a private equity model that encompasses our on the ground presence, value creation capability, consistency of approach and institutional experience necessary to seize this opportunity.

Last but not least, we are grateful to all - our investors, our partner companies, our advisers, our colleagues, our friends and our team - who have made our journey such an exciting and fulfilling one.

2012 Highlights

22
New investments

$460mn
Deployed

20
Full and partial exits[1]

40%
Partner company EBITDA growth

60%
Increase in female employees in partner companies in 2012

Select Investments

Viking
Oil and Gas
MENA & Turkey

Saham Finances
Financial Services
MENA

Acurio Restaurantes
Consumer Discretionary
Latin America

UAP
Financial Services
Sub-Saharan Africa

Orca Global
Education
South East Asia

Select Exits

Acibadem
Healthcare
Turkey

Golden Lay
Consumer Staples
Sub-Saharan Africa

IHH Healthcare Berhad
Healthcare
South East Asia

Avance Ingenieros
Consumer Discretionary
Latin America

Aqua Packaging
Materials
South Asia

Awards

Named the *African Private Equity Investor of the Year* by Africa CEO Forum Awards

Named the *MENA Private Equity Firm of the Year* by Private Equity International

Golden Lay, an Abraaj partner company, won *Private Equity International's inaugural Operational Excellence Award*

Porini Holdings Limited, an Abraaj partner company, was named the *Community Conservancy of the Year* by Eco-Warriors

[1] 20 exits include three deals negotiated for exit but not consummated in 2012

presence
capability
experience
consistency

We believe a proven combination of investment and performance acceleration skills, and our collective knowledge gained across 200+ investments in over 45 countries, set us apart. From Mexico City to Singapore, we have a common set of values, principles and processes that ensure a consistent approach as we build growing businesses in growth markets.

Robust Investment Decision-Making

Deep experience and wide-ranging expertise ensure that investment decision-making at The Abraaj Group is focused, disciplined and rigorous.

The investment process within The Abraaj Group is at the heart of our business. The process has been embedded within the Group culture through continuous regional engagement with all levels of investment professionals, ensuring that the investment philosophy is consistently applied from region to region. Each investment decision, and the associated opportunities and risks, is always taken within the context of the local environment. Combining local knowledge with global oversight ensures that we always maintain consistency and a disciplined approach.

Our significant investment in organizational infrastructure and people, who themselves are embedded within the wider stakeholder communities in their respective regions, enables us to understand and appreciate the culture and dynamics of each market, and to make informed investment decisions.

Our deep-rooted local insight coupled with our global network, and together with our standardized process ensure that the discipline and rigor of our investment decision-making is a ‘one firm, one philosophy’ applied throughout the Group.

Investment process

Abraaj adheres to a structured, consultative and accountable decision-making process combining our hub and spoke model within our regional teams and the global functions which include the Global Investment Office (GIO), Abraaj Performance Acceleration Group (APAG), and the Risk and Compliance unit. Deal teams proposing investments submit papers to the Investment Committee (IC) at the initial screening and final approval stage. In the final approval stage, the validation of the diligence findings, final proposed structure and terms of the transaction are debated.

Prior to the papers being submitted to the IC, the GIO is mandated to ensure that there is consistency in the process and to stress-test the hypothesis of transactions based on information provided by the deal teams. Common themes running across IC papers include the assumptions surrounding the key commercial hypotheses, value creation plans and their implementation, and the critical success factors underpinning the investment case.

Collective experience

Through the process operated by the IC, our collective global and regional experience is harnessed in each investment and divestment decision.

The role of the IC, which oversees all transactions, is not to replicate the work of the regional investment teams but to enshrine Group-wide best practices. Four of the permanent members - Arif Naqvi (Chair), Sev Vettivetpillai, Mustafa Abdel-Wadood and Wahid Hamid - are among the most experienced deal makers and senior executives in the Group.

Having transacted more than 200 deals in growth markets, the Committee has the experience to take an objective view of each deal and its origins. While the regional teams know their region, it is the IC's role to provide ideas, ensure key aspects of the deal are adequately addressed and bring to bear the collective experience of the senior team unemotionally and objectively.

'Partnership' based investing

Each transaction is founded on the relationship with the partner company management and the deal is built from there.

Often we work with entrepreneurs who have grown their business over a number of years; the business is close to their hearts and their way of living. That is why they need to trust us as genuine partners.

Once invested, the businesses we have partnered with go through transformation and in some cases scenarios develop which were not originally envisaged. It is for these reasons that Abraaj uses the diligence and negotiation process as building blocks in developing a sense of shared values, partnership and alignment with the management team, which are critical for a successful outcome.

The Abraaj Group has transacted

200+

deals in growth markets

Mustafa Abdel-Wadood
Partner and Chair of the Management Executive Committee
The Abraaj Group

Sev Vettivetpillai
Partner and Chair of the Partner Council
The Abraaj Group

"The Abraaj Group is trusted to ensure proper diligence, to be principled and to deliver on our commitments. Our long-term success depends not only on the success of our track record, but also critically, on how we conduct ourselves as a Group.

Value Creation

Value creation is part of the DNA of our business. The instinctive desire to create value is embedded in the mindset of our people and in the particular combination of skills we have gathered across the Group.

Our team of more than 170 investment and operating professionals bring a range of varied yet complementary skills to the table; many are entrepreneurs, some are deal makers, while others possess excellent commercial and operating experience and acumen. They all share one thing in common - an entrepreneurial mindset backed by a keen understanding of the need for rigor in the way businesses operate.

Every deal is owned and managed by the deal team. The team pulls in the Group's resources throughout the investment cycle of each deal to actively realize value. This enables us to create value in our partner companies (ParCos) by helping them reach their full potential, through growth and innovation, in a disciplined manner. Our goal is to help them achieve success in their own geographies and go on to become regional champions.

Our growth markets heritage

We focus on performance driven by value creation in the real economy through growing businesses in growth markets, not through financial engineering. This often requires overcoming a set of challenges that are unique to growth markets: a paucity of reliable market data; under-developed governance standards; a lack of infrastructure and official systems and processes; and the need to manage extremely rapid growth.

Our heritage and experience in these markets mean we know how to jump these hurdles successfully, and we can do so with sensitivity to local customs, cultures and circumstances. Our teams on the ground comprise homegrown professionals who can provide investors and partner companies with a unique combination: our Group-wide approach to sustained value creation coupled with deep local expertise that can only come from years of working on the ground.

We help partner companies clearly identify their path to growth and create synergies by harnessing the power of our global network, including our 150+ like-minded partner companies operating in six regions spanning the globe.

> We focus on performance driven by value creation in the real economy through growing businesses in growth markets, not through financial engineering.

Wahid Hamid
Partner and Chair of the ParCo Review Committee, The Abraaj Group

Tarek Kabil
Partner, The Abraaj Group

Close collaboration with our partner companies is critical to help them reach their full potential. For example, through direct engagement with one of our ParCos, a leading insurance player in Nigeria, we have focused the business towards building an e-commerce platform and improving the sales model to maximize cross sell opportunities and effectively enhance returns.

Driving performance

Today, a strong mix of financial, commercial and operational skills is required to create value through the investment lifecycle. The Abraaj Performance Acceleration Group (APAG) works hand-in-hand with our investment teams to offer that full complement of skills, helping partner companies achieve their potential.

It does this in three ways.

Firstly, it equips our investment teams with a strong set of tools and best practice standards to help them identify and effect operational improvements in our partner companies.

Secondly, APAG, together with the deal team, works directly with our partner companies to drive value creation. We firmly believe that the future of our investments is determined by the actions we take with our partner companies early in the investment lifecycle. Our ParCo Review Committee is responsible for ensuring that value creation continues throughout the investment period in each of our investments.

And thirdly, APAG identifies synergies across our partner company network that can help individual businesses to develop faster, expand regionally and become more efficient.

Setting the standard

APAG is responsible for setting a correct and consistent set of standards and processes, required to create value across our partner companies. This includes:

> Effective due diligence: the development of value creation plans, including a plan for the first 100 days of investment, which use a rigorous methodology and meet strict criteria; and standardized back-end processes such as a common financial reporting platform;
> Ensuring ESG considerations are taken into account at every stage of the investment lifecycle to create value. For this reason, our ESG team is embedded within APAG;
> Taking advantage of synergies across our entire investment portfolio by sharing information about best practice, capitalizing on business development opportunities and making beneficial connections;
> Giving partner companies access to shared services and benefits that will aid their growth, such as helping them access working capital through The Abraaj Group's banking relationships.

Value creation standards

Sustainable Investing

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Most of our partner companies, through our efforts and impetus, have integrated ESG decisions into their business which has fundamentally enhanced their underlying value.

Ashish Patel
Managing Director
The Abraaj Group

We work in partnership with the businesses in which we invest to realize mutual and inextricably linked goals of being commercially successful and sustainable.

The markets in which we invest are the markets from which we hail. We seek to transform our partner companies in Asia, MENA, Central Asia and Turkey, Sub-Saharan Africa and Latin America into inclusive businesses. These businesses function with sound corporate governance, uphold the international labor convention, train and incentivize employees and are cognizant of global environmental challenges.

The management teams realize the very real implications of these challenges to their businesses. And there are many of our partner companies who seek to go further, turning these challenges into opportunities, through a "value creation" lens. Such businesses we find yield direct benefits to their economies and give rise to positive externalities.

Most of our 150+ partner companies, through our efforts and impetus, have integrated ESG decisions into their business. Some ways in which they have done so are through inclusive supply chains, inviting labor unions to set up offices on their premises, and engaging in collective procurement negotiations with formal and informal stakeholders.

Private sector engagement

As a member of the private sector, we actively participate in the dialogue around sustainability. We believe that we hold a unique position as a Group, with a long history of investing in over 200 businesses in highly diverse growth markets. Our perspective on sustainability is informed by this depth of investing experience when we participate as members of the Principles for Responsible Investment (PRI) Private Equity Committee, on the Global Impact Investing Network's Investors' Council, on the United Nations Global Compact Board and as a Strategic Partner of the World Economic Forum.

The private sector's voice on sustainability is a commonly heard one but the private equity voice is newly emerging. They are both converging with the agreement

Embedding sustainability in our partner companies

Porini
Porini is a hospitality company operating in Kenya. It leases land from local Maasai tribes for the purpose of establishing community-based conservancies. The additional income Porini brings to local communities through conservancy fees has diversified income streams for families while spurring micro enterprises. Local employees have managed to break the cycle of key wage earners needing to work in cities to support families back home. As a result, more families are able to live together and disposable income has increased due to the lower cost of living in the conservancies relative to the cities.

that the private sector is essential to the development of sustainable economies and capable of generating outputs to sustain the needs and potential of a rapidly growing population. In this ecosystem, our ability to maintain high sustainability standards across multiple sectors and geographies allows for a rapid and consistent spread of best practice.

To accomplish ESG at scale, we have over time developed and refined ESG tools which reflect value enhancement principles aimed at creating tangible outputs in our partner companies that ultimately strengthen the value of the investment. We further embed sustainability in the heart of our own business - and have done so since inception - thereby making the practice of ESG formally a part of each deal team.

The Abraaj Sustainability Index

Measuring sustainability impact is not simple and measures are not always immediate or visible. To ensure that we can effectively track the sustainability progress in our partner companies, we work with our bespoke proprietary development index, the Abraaj Sustainability Index (ASI), to measure over 70 quantitative and qualitative indicators.

In our experience, six segments affect the sustainability of our partner companies: Financial Performance, Economic Linkages, Socio-economic Impact, Private Sector Development, Management and Governance and finally, Health, Safety, Environmental and Social.

The ASI allows us to capture the sustainability impact in our partner companies. It gives us the discipline to manage our engagement with our partner companies, firstly, benchmarking them to themselves and secondly, seeing how they perform over time as compared to their sector peers elsewhere.

We believe that this has been a unique approach in our industry, where there is a strong practice of rigorous financial valuation but not much by way of looking at valuing sustainability. The ASI has aided us by giving us a framework with which to help our partner companies and monitor their success. It further demonstrates our dedication to the space and our ability to truly add a multi-dimensional positive impact to growth market businesses.

Since inception, we have focused on consistency of approach to get core values embedded in our business and in our partner companies. Justly so, our focus on ESG as being value accretive has been a guiding framework since inception and we will continue to identify and develop new quantifiable ESG value-added opportunities with our partner companies going forward.

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At The Abraaj Group, we have committed to driving value through the life of our investments. We do that by championing ESG as members of APAG. In this manner, we not only value ESG at the point an investment is made, instead, we commit to it through the entire investment cycle.

Geetha Tharmaratnam
Director, The Abraaj Group

Case Study

Brookside Dairy

Investment Year 2009
Sector Consumer Staples
Growth Market Kenya

“The success behind Brookside has really been about leadership and a team that is committed to quality and efficiency, in order to achieve sustainable development.

Peter Njoka
Managing Director
The Abraaj Group

17%

CAGR in Brookside's milk intake between 2009-2012

145,000+

Local subsistence farmers and cooperatives provide 95% of the milk supply to Brookside

Brookside Dairy Limited (Brookside) is a Kenyan dairy founded in 1993, one year after the deregulation of the Kenyan dairy sector. At the time of investment, the company's sponsors had nearly 30 years of large-scale dairy farming experience. With the dairy industry poised for rapid growth following the deregulation of the sector, they recognized the opportunity to expand downstream into the processing and packaging of milk.

We supported our partner company, Brookside Dairy Limited (Brookside) in the 100% acquisition of Kenya's third largest private dairy, Spin Knit Dairy Limited (SDL) in February 2009. The acquisition has since transformed Brookside into Kenya's largest dairy by intake volume due to the combined farmer and customer network of Brookside and SDL.

In 2011, Brookside recorded its highest milk intake to date. In addition to selling to the domestic Kenyan market, Brookside now exports to Tanzania, Uganda, Rwanda, Burundi, Egypt and Mauritius.

A multi-dimensional development impact

Since investment, Brookside's milk intake has increased by a CAGR of 17% to 600,000 liters per day through its increased outreach to small-scale suppliers in the informal sector. As a result, its suppliers grew by a CAGR of 35% between 2008 and 2011 to more than 145,000. In fact, Brookside sources 95% of its milk from these 145,000+ local subsistence farmers, cooperatives and farmer groups on a daily basis.

In order to facilitate the collection of fresh milk across a large region with limited refrigeration facilities, Brookside has developed an extensive collection infrastructure including the use of local "bicycle boys" to efficiently source milk from a large and diverse base. Brookside has also reached out to small shop owners and currently supports livelihoods for over 200,000 people in Kenya and a further 10,000 in Tanzania and Uganda who work for the company's regional distribution network.

Health, safety & environment

The company's management has demonstrated its commitment to improving safety and environmental performance. It has also been diligently pursuing environmental, health and safety, and quality certifications, thus mitigating risks in these areas while ensuring the integrity of Brookside's product base.

The company has mandatory firefighting, emergency response and preparedness training for all staff in its factory, with dedicated firefighting equipment on site. Furthermore, it conducts first aid training for its staff.

Socio-economic impact

Brookside was the first dairy company in Kenya to introduce guaranteed pricing contracts, thus providing farmers with pricing transparency and a guaranteed market for their milk. Through its sustainability program, Brookside has also worked to improve many roads and bridges in local areas, thereby improving access to its suppliers.

The company sponsors training field days which are attended by up to 6,000 local farmers. These field days are used to spread best practice in livestock management

200,000+
Livelihoods supported

$5.65mn
Expenditure on new technology

and provide networking opportunities for geographically isolated smallholders.

Brookside and its staff are deeply involved in their local communities. Staff participate in events such as the Dettol Heart Run and Freedom from Hunger Walks. The company is involved in providing food, clothing, cash donations and helping develop infrastructure for children's homes and other community-based programs. Promotion of a healthy lifestyle is a common theme in Brookside's products, and something they extend to their philanthropic efforts through their standing sponsorship of the Kenyan Secondary School Sporting Association since 2006.

Private sector development

Brookside has commenced construction of a new powder plant adjacent to its main plant. The plant has been specially designed to meet international standards and therefore safeguards have been built in to ensure the workers' occupational health and safety while mitigating the possible pollution of the environment.

The powder plant is expected to help smoothen out volatility of milk production by increasing the storage life of the milk product. This is critical as increasingly unpredictable climatic changes result in cycles of milk glut and scarcity.

As Brookside's markets have expanded, the company has introduced new technologies to the region. Brookside has been instrumental, through marketing and the introduction of new machinery, in expanding the availability and sales of ultra high temperature (UHT) milk in Kenya.

Making a difference

Capital invested by the Group has enabled Brookside to expand its product line from fresh milk to include long-life milk, flavored milk and high-value products such as butter, cream, yoghurt and ghee. The company's products are exported to all East African countries and as far afield as MENA and the Indian Ocean islands.

This has, in turn, enabled the creation of jobs with Brookside currently employing 2,894 people, up nearly 20% from 2009. With ASI data stating that each wage earner has on average five dependents, Brookside is effectively able to indirectly impact another 10,000 individuals. Brookside's expansion has also enabled it to increase linkages between rural and urban economies, and provide a sustainable route out of poverty for approximately 200,000 Kenyans.

Brookside is a truly inclusive and well-integrated sustainable business, profitably sharing positive externalities between the company and its stakeholders, functioning as an exemplary Kenyan brand.

"

Brookside sponsors training field days to spread best practice in livestock management, which are attended by up to 6,000 local farmers.

Mitigating Risk

Prudent risk-taking is an integral part of our business. The primary objectives of our risk management strategy are to protect the capital of our investors, financial strength of our business and partner companies, safeguard our reputation, promote risk transparency and accountability across the Group, and ensure the integrity of risk management and control processes.

The risk management function is responsible for embedding risk management principles and practices into the organization in order to help the Group achieve its strategic objectives and enhance value. Risk management contributes to the Group's success by promoting a risk-aware culture. The function ensures that systems are maintained and procedures are in place to mitigate strategic, financial, operational, compliance and external risks to which the Group is exposed.

Risk management framework

Our framework identifies and manages risks through the adoption of both top-down and bottom-up approaches. Our 'Top Risk Assessment' process is used to gain an understanding and agreement on the organization's key risks and how they are managed. This is complemented by the more granular analysis of risk across five risk categories and 36 risk types within our Group risk registers.

Risk management works side-by-side with risk owners throughout the business to provide them with the tools and techniques to effectively manage situations that arise on a day-to-day basis. Any incidents or near misses arising across the Group are reported through our formal incident management mechanism which enables issues to be managed in a timely and efficient manner.

The biggest mitigant to risk is our local presence, which enables us to identify issues early on and to manage these as appropriate. Our framework promotes a risk-aware culture in which all functional, regional and country heads take ownership and manage risks in line with the Group's risk management operating principles:

> To discuss risk in an open and transparent manner thus promoting a healthy risk culture;
> To use a systematic and structured approach to risk management rather than just relying on intuition;
> To make risk management an integral part of decision-making processes; and
> To promote intelligent and informed risk taking with appropriate monitoring and management of those risks.

Holistic Compliance and Governance Framework

We recognize that our long-term corporate success depends not only upon the business in which we engage but also upon the manner in which we conduct that business. Accordingly, we have created a Holistic Compliance and Governance Framework, which describes the Group's regulatory compliance standards and corporate governance principles and processes.

Our Group has 13 regulatory relationships across the various jurisdictions in which we operate and our policy is to adopt the most demanding regulatory compliance standard to which any member of our Group may be subject.

This standard is the default for all companies that are part of the Group and is applied, where relevant, to both our investors and partner companies. To ensure that all employees are fully aware of the existence, scope and content of the compliance policies and procedures, employees are required to provide a monthly declaration that they are aware of, understand and agree to adhere to these policies. In addition, each employee is required to follow the Personal Account Transaction procedure to trade in listed companies.

Risk management and compliance are complementary functions and interact closely with all disciplines within the organization to ensure that the Group and its partner companies (to the extent to which it is responsible for these entities) adopt the highest standards of corporate governance and ethical conduct, and remain compliant with appropriate Group standards and relevant regulatory codes, rules and regulations. Our Risk and Compliance Committee, which is accountable to the Group Chief Executive, provides guidance on and oversight of risk and compliance related matters across the Group.

Value creation

The Group's Target Portfolio (as referenced earlier in the report) is a tool used to mitigate risks from a portfolio perspective, considering factors such as asset allocations, deal structures and investment types.

Risk identification, assessment and mitigation are an integral part of the value creation planning process for our partner companies.

The value creation plan (VCP) consists of both strategic initiatives (those that directly deliver the revenue and earnings growth objectives outlined in the investment thesis), as well as enabling initiatives (those that build the organization's infrastructure and capability to deliver and manage growth). These initiatives are the critical success factors that positively impact value creation.

The risk framework associated with the VCP identifies the threats to the critical success factors, assesses their likelihood and impact of occurrence, prompting management to conduct scenario analysis and planning to identify appropriate responses to counter these threats should they materialize.

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The biggest mitigant to risk is local presence. This allows us to detect issues early on and manage them accordingly. Our global risk management function in turn adds a critical layer of context.

Waqar Siddique
Partner and Chair of the Risk and Compliance Committee
The Abraaj Group

Tom Speechley
Partner, The Abraaj Group

Risk management practices include regional diversification, optimal target portfolio construction, focus on later stage investments and appropriate deal structuring

One Firm, One Culture, One Team

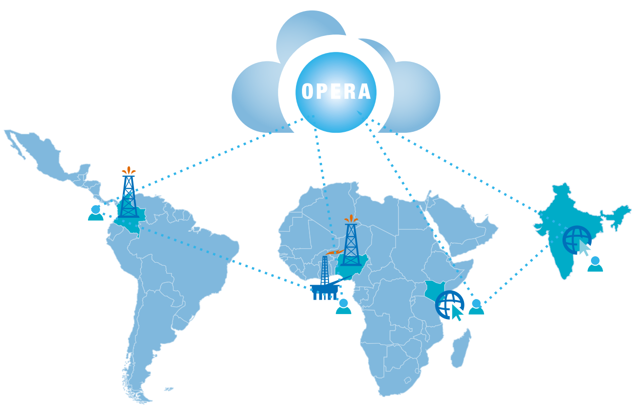
As we have grown The Abraaj Group to new geographies, our resolve to maintain and strengthen our unique culture has been at the forefront of our strategic objectives.

Collectively, the Group possesses an extensive level of expertise in building businesses in growth markets. With 51 nationalities speaking 32 languages, embracing and operating in local communities and markets are second nature to our people.

Not only do we work in a stimulating environment, but we also pride ourselves on our exacting culture, holding ourselves to rigorously high standards. We work and live in a performance-driven environment, built on learning from the collective experience and expertise of our colleagues.

Having the right attitude is essential. Mutual trust, respect, and the ability to see beyond individual silos are vital to the success of the Group. We constantly seek to collaborate across sectors, geographies and functions.

The Abraaj Finance and Support Services Group (AFSS) leads the Group's initiatives that allow our people to manage their business in a streamlined manner with best-in-class tools and resources. The team is responsible for managing Finance, Fund Administration, Legal, HR, IT and Administration services.



Our people

The Abraaj Group is among the leading investors in growth markets that seeks to create positive economic impact and long-term value for our investors, the companies we invest in and the communities in which we operate. We do this through the commitment and expertise of our people.

Our high performance culture is augmented by our collaborative approach and entrepreneurial mindset institutionalized through the active development of our people.

To nurture this development, we established the Abraaj Academy, headed by Professor Josh Lerner of Harvard Business School, bringing together leading academic institutions and industry practitioners to provide bespoke training and development to our professional staff.

The objective of the Academy is threefold: to build a broad awareness of the challenges faced by private equity groups as they evolve, to serve as a valuable learning tool that will help the Group retain its professionals and attract future employees, and to develop specific tailor-made learning sessions through case studies based on real investments made by the Group. At the heart of the Academy is the ethos that recognizes individual development and continuous learning.

Leading technologies

In 2012, we embarked on a series of 'smart' technology related initiatives designed to enhance Group-wide communication and collaboration and provide more efficient access to resources and knowledge. Today, 'on-the-go' technologies facilitate information consumption and decision-making irrespective of location or device with complete information from an application suite that provides for a single 'source of truth'.

The Group's knowledge management platform - Opera - brings the best of Abraaj to each decision-making process.

The platform enhances the ability of our professionals to connect with internal experts on deals, share knowledge through discussion forums and collaborate on projects and initiatives. So whether someone wants to find a colleague with experience in a particular region or sector, or wants to share a valuable piece of information with the rest of the Group, Opera allows them to do this quickly and effectively.

Thanks to Opera, our investment managers in Nigeria with expertise in oil and gas can help a colleague in Latin America close a deal in the same sector. Two Partners managing technology investments in Kenya and India can share what they have learned to help their respective partner companies grow.

Opera will become an evolving archive of our intellectual property, available to all employees to help them and the Group excel at what we do best - building sustainable businesses in growth markets. We believe it is a strong differentiator that provides us with a distinctive competitive advantage in our market.

During 2012 we redesigned our global internal processes and embarked upon the implementation of a leading enterprise resource planning (ERP) solution for finance and human resources. This enables the Group to adopt consistent, re-engineered and efficient processes. It further allows us to exercise standardized controls across regions and obtain relevant and timely management information required for decision-making at multiple levels within the organization.

The infrastructure that supports our initiatives is being transitioned from the traditional in-house data center to a world-class private cloud environment. The move provides us connectivity between the multiple devices that we use today from desktops and laptops to tablets and smartphones. It allows us to access relevant data on the move, offers a consistent user experience across different offices and, at the same time, further improves our information security and disaster management infrastructure.

AFSS initiatives are designed to deliver significant autonomy to regional teams thereby enabling them to take better decisions with greater transparency. This level of independence is essential for the smooth and effective functioning of each region as an independent business unit.

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We are a geographically diverse firm, so we have to effectively collaborate with each other, to understand how we grow as a business. This is a real opportunity for us to deploy smart infrastructure so that we can enable collaboration across the Group.

Narayanan Rajagopalan
Chief Financial Officer
The Abraaj Group

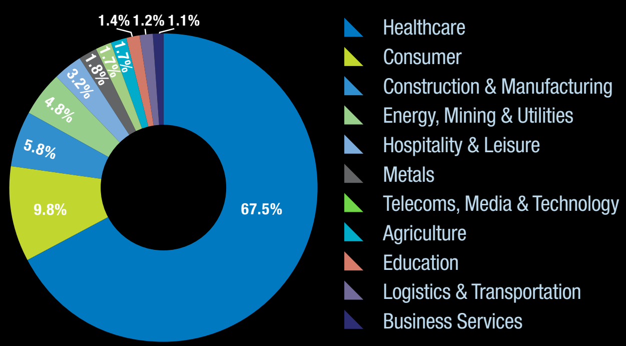
Mounir Husseini
Partner, The Abraaj Group

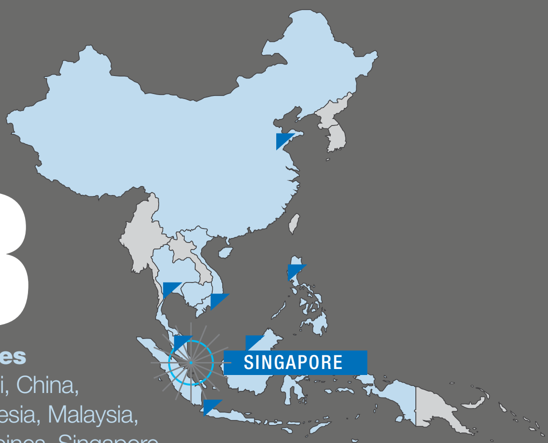
investing in growth markets

To truly understand a business culture, you need to be embedded in regional markets. To make the most of the opportunities within each country and region, you need the right network and knowledge. This is what we mean by local intelligence.

$422mn
Invested to date

Industry Sectors





8
Offices
Brunei, China, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

South East Asia

Successfully Investing in the Consumption Story

While the BRIC countries have been the most widely covered and well known investment stories and destinations in Asia over the past decade, South East Asia is increasingly attracting global investor attention.

Strategically located at the center of Asia Pacific, the region today, unlike any period in the past, is favorably positioned for strong, sustainable and broad-based growth over the next decade.

The region's growth is attributable to a few key underlying factors. The pursuit of economic reform post the 1997 Asian Financial Crisis and governments' general willingness to open up their economies through relaxing foreign ownership rules have encouraged foreign investment inflows into the region boosting growth.

More important however, is the region's potential for domestic consumption-led growth, a theme prevalent in growth markets more generally. Domestic consumption remains a key driver of the region, contributing on average 50% to 60% of GDP and representing a major component of the region's strong growth.

Post 2010, consumption growth has outpaced the broader economy and this trend is expected to continue, with real consumption set to grow at a 6.5% CAGR to 2025, boosted by rapid population growth, that is twice as fast as the OECD countries.

Consumer trends

This consumption-driven growth story presents investment opportunities along a number of nascent, under-developed and/or fragmented industries such as organized retail, consumer products, healthcare, education, logistics and transportation.

The Abraaj Group identified this potential early on, and since 2005, has committed over US$ 400 million in 15 investments[1] across South East Asia in consumer and consumer related operations (including healthcare and education services).

On the premise that a growing, more affluent middle class population would have a greater propensity to consume basic yet higher value-added services and products, Abraaj identified and invested in three separate casual dining platforms across the region.

Real consumption in South East Asia is set to grow at a 6.5% CAGR to 2025, boosted by rapid population growth that is twice as fast as the OECD countries.

We identified the consumption potential in the region early on and partnered with entrepreneurial businesses. Buoyed by rising consumer trends and supported by our regional network, these businesses have today emerged as leaders in their industry.

Omar Lodhi
Partner and Head of South East Asia
The Abraaj Group

Hanjaya Limanto
Partner, The Abraaj Group

1 Including co-investments

“

The Abraaj Group has committed over US$ 400 million in 15 investments across South East Asia in consumer and consumer related operations (including healthcare and education services).

3x

Expansion in Pancake House outlets since Abraaj's investment

15%

CAGR of average monthly customers as of end 2012 in Champ Resto

Investments in food and beverage

Our 2005 investment in Pancake House Group, a multi-brand casual dining chain operator with international food offerings in the Philippines, was based on the brand's ability to target the young and rising middle class population (growing at 9% annually) on the back of expanding remittance inflows and evolving lifestyles.

Since Abraaj's investment, leveraging our regional network and capabilities, the company's management has been able to expand into multiple new countries and has successfully acquired two key brands resulting in the tripling of outlets to 278 and growing EBITDA by over 20% year-on-year as of year-end 2012.

Similarly, during 2010, tapping on the expected doubling of Indonesia's middle class by 2020, the Group invested in PT Champ Resto, an Indonesia-based middle income focused casual dining chain with 40 outlets across Greater Jakarta and Bandung.

Since our investment and under the management of a newly inducted team, outlets are expected to double by the end of 2013 while average customers per month have grown at a CAGR of 15% as of year-end 2012, driving same stores sales growth (in local currency terms) of 8.6% and 11.3% in 2011 and 2012 respectively.

During the year, the Group also validated its sector thesis by successfully completing the exit of Hot Pot, its third casual dining investment in the region, through an initial public offering (IPO) which was three times oversubscribed on the Thailand Stock Exchange. Our investment in Hot Pot during 2006 was premised on better positioning the company to capture a more meaningful share of the rising urbanization trends prevalent in Thailand specifically, but across the region more generally.

Over the investment period, strengthening and supplementing management capabilities, supply chain, operational processes and management information systems, including setting up a centralized kitchen and cold storage facilities, resulted in the doubling of outlets to 126 while achieving over 25% year-on-year growth in revenues. The Hot Pot investment was a clear demonstration of our ability to contribute value to businesses even in minority positions through strong alignment with incumbent shareholders.

Creating regional champions

Abraaj's 'consumption' investments across South East Asia transcend beyond the traditional FMCG and food and beverage businesses. Education is a highly fragmented yet essential consumer sector for the development and growth of the region.

In mid-2012, the Group invested in Orca Global, a Singapore-headquartered young children focused English language training education provider. Owning and operating the "I Can Read" brand across growth markets, the company has 48 centers (as of year-end 2012) teaching English through a trademarked and copyrighted methodology that has served over 100,000 students to date.

A market leader in Singapore with nascent operations across the region, the investment is premised on replicating high quality private English language education to underserved markets across South East Asia. This investment demonstrates our strategy of assessing critical sectoral gaps within regional macroeconomic themes - low but growing literacy levels with close to one-third of the population below 14 years of age - and supporting sound business models and strong management to create local and regional champions.

Leveraging the planned creation of a common single market by 2015 - the ASEAN Economic Community 2015 (AEC 2015) - that aims to achieve free movement of goods, services, investment, skilled labor and free flow of capital, the Group invested in Crossland Logistics (Crossland) in 2012.

The hypothesis of our investment in Crossland, a Thailand-based cross-border trucking operator, is related to the cross-border economic liberalization that AEC 2015 shall bring about, directly expanding intraregional trade and investment. Today, the company serves all markets between Singapore and South China, providing door-to-door logistics solutions for consumer electronics and perishable consumables.

Amid the turmoil and uncertainty in today's markets, South East Asia is a region epitomized by growth and optimism in an ever-changing world economic environment.

We remain excited and confident that equipped with our enhanced platform, deep local expertise and far-reaching access within the region, there exists tremendous opportunity for Abraaj to partner with strong companies and ride on the region's consumption-led growth.

"

Abraaj's investment in Orca Global is premised on supporting sound business models to create local and regional champions.

PT Yupi Indo Jelly Gum
FMCG

"Over the past five years, The Abraaj Group's team has made Yupi more progressive and efficient, equipping it for long-term success. This was a case of a real partnership and achieved by proactively engaging with our management. We are now well positioned to take Yupi to the next level of growth.

Yohanes Teja
Chief Executive Officer, Yupi

In 2006, The Abraaj Group completed a leveraged buyout of Yupi from an Indonesia-based consumer goods business group controlled by a German entrepreneur. At the time of Abraaj's successful exit from Yupi in 2012 via a trade sale to financial investors, Yupi was a recognized market leader in Indonesia's domestic gummy candy market with an estimated market share of 90%.

Abraaj's original investment in Yupi was predicated on the favorable demographics of Indonesia, which has a population of 238 million, 29% of which is in the age range of 0-14 years with a median age of 26 years. The trend in consumption per capita in confectionery generally tracks consumer purchasing power, and in Indonesia and South East Asia, the rising middle class contributed to the prospective growth of the industry.

However, Yupi was facing several challenges. Despite strong brands, its sales volumes had been stagnant for a number of years and inefficiencies permeated the system. It was clear that while the company had potential for greater things, much could be improved.

Hanjaya Limanto, Abraaj's Partner in Indonesia and a seasoned veteran in the fast moving consumer goods (FMCG) industry, said: "This was a profitable company with a strong record of export sales and a high market share in a region with significant untapped growth opportunities. We believed we could implement operational improvements in the business that would add significant value."

The initial investment analysis determined that the main area for attention included establishing a new strategic senior management team post the spin-off from Yupi's original management. In addition, sales and marketing, distribution, production costs and human resources needed to be optimized. Production lines were only operating at 65% capacity due to stagnant demand.

Targeted marketing

Together with the management team, Abraaj helped to formulate and implement strategic initiatives to increase Yupi's penetration in new markets and across existing clients. Management focused on in-house product innovations in order to increase its appeal amongst customers.

Yupi introduced a new product every two months or so and started adding higher value products to the mix, such as vitamin gummies for children, and limited releases of licensed TV themed gummies. Targeted marketing programs also got the product message out to millions of consumers.

85%
Sales volume growth from 2006-2012

160%
Revenue increase from 2006-2012

Yupi's distribution model was further improved through adding new distributors, streamlining the network and standardizing distribution policies. As a result, Yupi grew from relying on a single, third party distributor into one with a dedicated countrywide network of over 30 distributors reaching into low-income distributional chains.

Unnecessary costs were driven out of the business by optimizing production runs and shifting the focus towards Yupi's own higher margin brands. Abraaj discovered that 400 stock keeping units (SKUs) caused inefficient capacity utilization which resulted in higher production costs, and hence sought to reduce the number of SKUs to about 200.

The reduction of SKUs resulted in a focus on higher value products and fewer switches in the production lines thereby reducing wastage and leading to greater efficiency and margins. This also created a ripple effect as the increased volumes translated into higher economies of scale in areas such as packaging.

Internally, a management information system (MIS) was implemented which enhanced data integrity within Yupi's accounting and reporting functions. This allowed management to better track performance on a timely basis.

Training and development programs, structured performance targets and incentive schemes were also established which subsequently resulted in a highly motivated workforce.

Accelerated performance

All of the above initiatives led to impressive results. Sales volume grew by 85% from investment to the time of exit in 2012. Revenues over the same period rose by 160%. Further, the more profitable own label production for export rose from 40% to over 70% of total export sales.

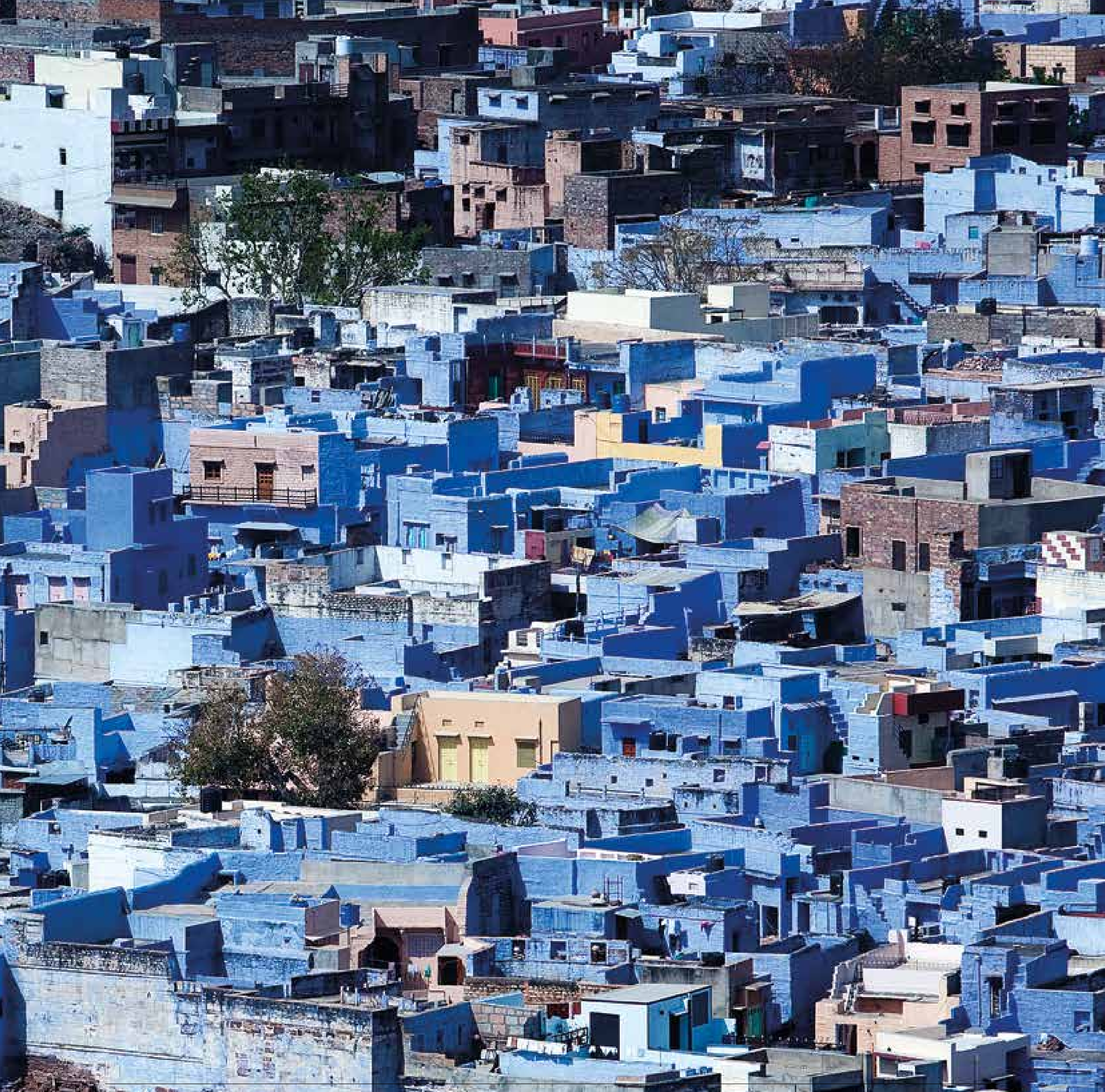
Underpinning the growth of the company was the need to ensure the right management team was in place. Through the investment period, several management changes occurred. Abraaj instituted a process of incentivizing management through key performance indicators linked to management performance and company goals. Through this process, Yupi increased productivity, performance and total remuneration.

90%
Market share in Indonesia

30
Dedicated countrywide distributors

“

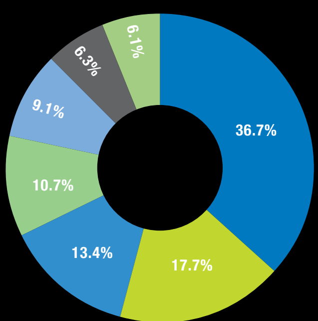
Together with the management team, Abraaj helped to formulate and implement strategic initiatives to increase Yupi's penetration in new markets and across existing clients.



$164mn

Invested to date

Industry Sectors



- Construction & Manufacturing
- Business Services
- Healthcare
- Telecoms, Media & Technology
- Consumer
- Logistics & Transportation
- Energy, Mining & Utilities

3 **Offices**
India

South Asia
Building Businesses in Growth Cities

The Abraaj Group's investment philosophy in South Asia is premised, within the overall context of rapid urbanization, on the growth of Tier-II and Tier-III cities.

The growth in these cities is likely to be driven by the combined effect of factors such as urbanization, lower-cost labor, affordable real estate and growing infrastructure.

In India, Tier-II and III cities, defined as cities with populations of 1-4 million and 0.5-1 million respectively, account for 7.2% of the country's population and have a literacy rate of 76.7%, according to the National Census of 2011. The Census recorded 45 urban areas each with a population of more than one million, 67% more than the number in 2001, and compared to a total of 35 across Europe.

The scale and speed of urban transformation in India is unrivaled across the world, with the exception of China. Urban India's contribution to the country's GDP is expected to increase from approximately 58% in 2008 to 70% in 2030.

With rapid urbanization, many of these cities have reached, or are on the cusp of reaching, critical mass resulting in significant unmet demand for consumer and business-to-business focused products and services.

Improving living standards

Fast growing Tier-II and III cities will drive an increase in per capita income across India, with urban per capita disposable income estimated to grow from US$ 1,333 in 2008 to US$ 5,310 in 2030, almost quadrupling within a generation. A growing urban population, with high aspiration levels and disposable incomes, is expected to spur growth across diverse sectors.

The gradual migration of industries to these cities, coupled with the increase in disposable income has resulted in increased living standards, and accordingly demand for healthcare services and access to education. In 2009, we invested in BSR, an integrated healthcare services provider operating three hospitals and 16 imaging diagnostics centers across secondary and tertiary cities in Central and East India, a region with per capita income 30% below the national average.

"Urban India's contribution to the country's GDP is expected to increase from approximately 58% in 2008 to 70% in 2030.

Ashish Dave
Partner and Head of South Asia
The Abraaj Group

"Rapid urbanization is and will continue to be a primary driver for economic development in the region. In particular, and within the context of accelerated metropolitan growth, Tier-II and III cities are at the core of this investment thesis, shaped by improving infrastructure, higher disposable income, changing consumer lifestyles and the need to provide goods and services to tap into emerging aspiration driven demand.

We have been early and committed investors in this space and have partnered with entrepreneurial businesses that have recognized and acted on the growth opportunity these cities provide. We look forward to maintaining this investment momentum in the future.

"

Studies estimate that 70% of all net new jobs created by 2030 will be generated in urban areas, and will account for over 70% of the country's GDP.

4x

Increase in urban per capita disposable income expected between 2008-2030 in Tier-II and III cities

The investment approach involved targeting underserved cities, in order to improve quality and more importantly healthcare accessibility. Since our investment, BSR has augmented its hospital beds by 50%, doubled the number of patients served, and tripled the presence of its diagnostic centers.

Infrastructure growth

In order to achieve economic growth, developing India's infrastructure will be critical; hence the Indian government has set an infrastructure budget of US$ 1.2 trillion for the period 2012-2017. It is expected that the majority of the infrastructure spend will be committed to Tier-II and III cities.

Our investments in Ramky Infrastructure (Ramky) and ECI Engineering and Construction (ECI) are examples of the Group actively supporting businesses which have made significant progress in developing infrastructure particularly across secondary locations in the country.

Ramky, a leading mid-size infrastructure company, is currently executing projects worth approximately US$ 1.6 billion across Tier-II and III cities. Most of these projects are located in relatively lesser developed states including Jammu and Kashmir, Uttar Pradesh, Meghalaya and Madhya Pradesh. The company is focused on building connectivity and providing infrastructure, including dams, irrigation facilities and public transportation, in these states.

Additionally, ECI, an infrastructure development company operating in the engineering, procurement and construction space, is executing a road project worth US$ 250 million in the state of Arunachal Pradesh. The project once completed will not only connect the rural areas of the state to the capital city of Itanagar, but will also connect the strategically important North Eastern part of India to the rest of the country.

Enabling connectivity

Continental Warehousing (Continental), an integrated logistics provider and an Abraaj partner company, demonstrates how logistics businesses thrive on leveraging the network effect across multiple locations that are becoming larger economic centers and increasingly interconnected. Continental provides express cargo services across multiple sectors in over 40 secondary and tertiary cities.

As a result of our investment in Continental, the company is implementing a regional expansion plan to grow the company's product offering to include air cargo and express cargo services.

Additionally, Continental has enhanced its third party logistics services and currently provides warehouse management services to major retail, cement, fertilizer and consumer durable companies. This deep penetration and presence across cities have driven Continental's ability to grow its revenue base by 23% since the time of our investment and maintain its EBITDA margins over this period of expansion.

Stakeholder and shareholder impact

Our investments in India-based Auro Mira and Sri Lanka-based Watawala Plantations are examples of the synergistic effects of a company benefiting from low-cost labor and the community benefiting from the employment and business opportunities created as a result of the investment.

In 2010, we invested in Auro Mira, a renewable energy generation company comprising three bio-mass plants and a small-hydro plant located in Pudukkottai, Kallupatti, Tirunelveli and Sonathi in Southern India. Auro Mira offers employment opportunities and competitive wages to the local community.

In addition, the company's operations have significantly increased regional household incomes through the sourcing of almost 700 tonnes of fuel per day from local farmers and contractors.

Auro Mira's operations are opening up rural economies and generating significant multiplier effects in the local and regional communities. Over the course of our investment, employment has increased by 43%.

Another such example is our investment in Watawala Plantations, which manages tea, rubber and palm oil plantations covering 12,500 hectares in the Watawala, Hatton, Lindula and Udugama regions in Sri Lanka. The company has provided livelihoods for a significant section of the rural population in and around the plantation areas.

Employing close to 11,000 people, and assuming a family of five members, it is estimated that Watawala provides a livelihood to approximately 50,000 individuals. Additionally, the company has made significant investments in providing education and healthcare to the plantation worker community, filling gaps left by the public sector in these areas.

Staying local

Out of the 300 private equity deals done in India between 2008 and 2011, 42% were in companies that were located outside the metropolitan cities, yet 75% of the private equity firms are based in metropolitan cities and work out of a single office.

43%

Increase in direct employment in Auro Mira following Abraaj's investment

50,000

Livelihoods supported by Watawala Plantations

Recognizing the need to stay local, together with the conviction that the next generation of high growth companies in India will emerge from Tier-II and Tier-III cities, The Abraaj Group is one of the few investors to have three offices in India - Mumbai, Kolkata and Chennai.

Each of these offices is augmented with senior members of the team, to establish a first-mover advantage in sourcing and consummating investments.

The key focus of the teams is to identify and source proprietary investment opportunities in rapidly growing cities, which is facilitated by working out of strategic hubs covering East, West and Southern India.

We believe by staying local and building regional teams across the country, we will be able to forge stronger relationships, based on trust and comfort, with local companies, promoters and government authorities.

These associations, coupled with access to local information, will enhance the team's knowledge and ability to target leading companies and strong regional brands at attractive entry valuations, given the absence of local private equity competition.

Staying in close proximity and dedicating direct resources to our partner companies will enable us to closely monitor and enhance value-addition across our investments.

The Abraaj Group is one of the few investors to have three offices in India - Mumbai, Kolkata and Chennai. This enables us to secure a first-mover advantage in sourcing and consummating investments.

BSR Healthcare Group
Healthcare

BSR Healthcare Group (BSR), founded in 1992 by Dr M K Khanduja, is an integrated healthcare services provider. The company is headquartered in Bhilai, an industrial town in the state of Chhattisgarh, and operates across Tier-II and Tier-III cities in Central India, including Bhilai, Raipur and Nagpur. BSR currently has three hospitals in the Bhilai region; a 175-bed tertiary care hospital under a franchise agreement with Apollo Hospitals (a leading Indian hospital chain), a 50-bed cancer care hospital and a 50-bed secondary care hospital. Additionally, BSR manages a chain of imaging diagnostic centers with CT scan / MRI facilities across secondary and tertiary cities in Central India.

Tapping growth opportunities

Having reached a particular scale by 2009, BSR was keen to further capitalize on the vast untapped growth opportunities across the Central and East India states. Concurrently, The Abraaj Group was evaluating investment opportunities across Central India. After spending close to 11 months with Dr Khanduja and BSR's senior management team preparing the five-year business plan, Abraaj invested in BSR in November 2009 and subsequently in January 2012 with a follow-on investment.

An initial analysis of the business identified the key areas that the company needed to address. One of the major issues recognized at the onset was a completely fragmented company structure with multiple smaller group entities. Secondly, the Abraaj team identified further challenges faced by BSR given limited management bandwidth and location in a Tier-III city. These included access to bank financing and senior banker relationships, attracting and retaining quality manpower, and adhering to best-in-class governance standards.

Working together with Abraaj, BSR has enhanced its management information systems, allowing for greater business oversight and early risk identification. In augmenting BSR's efforts to improve the quality of its facilities, Abraaj accelerated the purchase of key medical equipment for cancer treatment including the Linear Accelerator LINAC and Brachy. This has resulted in a significant increase in cancer patients from around the region who previously had to travel to metropolitan cities in India to avail of such facilities.

Abraaj's strong local networks have facilitated introductions for BSR with leading financial institutions such as Axis Bank for term debt financing in order to fund new projects. In addition to funding the expansion, Axis Bank has acquired (at better terms) the initial debt availed from local branches of other banks, resulting in significant interest expense savings for BSR.

The results

To complement BSR's growth initiatives, Abraaj has expanded its core senior management team and helped fill key positions, such as Company Secretary, Executive Director Projects and General Manager Finance. The focus on augmenting human capital and further professionalizing the senior management team was targeted at positioning BSR as the employer of choice in the region, thereby offering attractive employment options to leading talent.

The focus on strategic and operational improvements at BSR has resulted in impressive growth over the past three years. BSR has increased the number of diagnostics centers from six to 22, hospital beds have been augmented by 50% and patient inflow has significantly improved from 2,600 patients per month through 2010 to 5,200 patients per month currently.

"BSR has been profitably operating in secondary and tertiary cities for the last two decades.

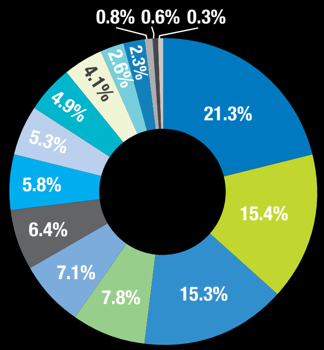
Abraaj has been an exceptional partner as we execute on our growth plans, providing us with the strategic and operational tools to help us plan ahead, improve our service offerings and secure long-term financing to grow our operations further.

Dr M K Khanduja
Founder, BSR Healthcare

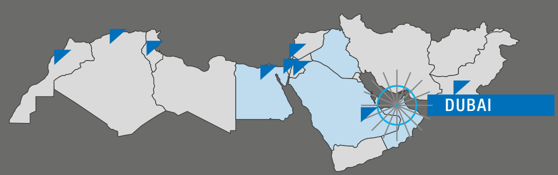
50%
Increase in hospital beds since 2009

$2.4bn
Invested to date

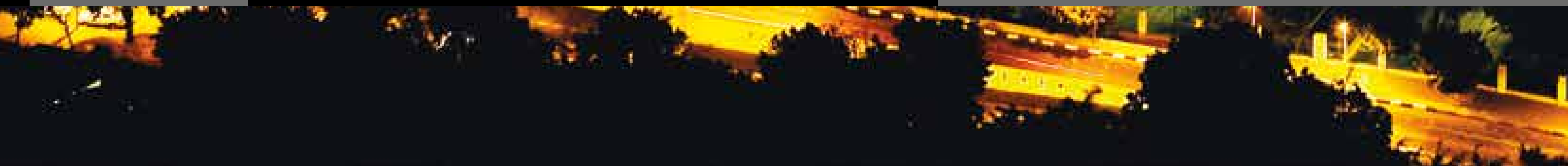
Industry Sectors



- Construction & Manufacturing
- Energy, Mining & Utilities
- Healthcare
- Chemicals
- Aviation
- Business Services
- Financial Services
- Real Estate
- Education
- Agriculture
- Consumer
- Marine
- Telecoms, Media & Technology
- Logistics & Transportation
- Hospitality & Leisure



10 **Offices**
Algeria, Dubai, Egypt, Jordan, Lebanon, Morocco, Pakistan, Palestine, Saudi Arabia, Tunisia



Middle East and North Africa

Scaling Businesses

The Middle East and North Africa (MENA) region has gone through a transformation over the last decade with governments beginning to plant the seeds of growth through reform and inward investment in local economies.

The Abraaj Group has been an early investor in the MENA and has consummated some of the leading transactions in the region. This is due to the model we have adopted which has been one of partnering with local businesses and helping them gain scale and relevance in regional markets.

We have always believed that a leading local business could be transformed into a leading regional business leveraging the close ties among MENA countries which have developed through historical, trade and economic imperatives. This philosophy is anchored on the shared demographic profiles of countries within our region and the accumulated experience and knowledge that we have captured through our investing experience in the MENA region.

Our investment teams spread across regional and local hubs in the Maghreb, Levant and the Gulf Cooperation Council (GCC) have helped our partner companies in realizing their growth ambitions. In doing so, we have leveraged our institutional relationships for the benefit of our partner companies and adopted a hands-on approach in securing adequate financing, sourcing growth opportunities, and fostering ties with local partners across the region.

We have deliberately chosen to focus on sectors that are defensive yet growth oriented such as healthcare and education which have a favorable demand-supply dynamic. We like regional brands that customers can relate to, we like products that have a cross-border appeal and we like investing in local platforms that can be scaled up at a regional level. We believe that having the right management team and putting in place effective systems and processes are fundamental to the long-term success of our partner companies.

Retail

Our investment in Spinneys in 2004 was premised on backing a regional brand established in 1924 with almost a century-long history in North Africa and more recently the Levant region. At the time of our investment, Spinneys had a single local presence in Lebanon but over time and

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The Abraaj Group has been an early investor in the MENA and has consummated some of the leading transactions in the region.

“

We have taken a structured, yet opportunistic, view to value creation and worked closely with our partner companies to achieve shared value. Our understanding of regional markets has helped us to achieve our strategy that was set out at inception.

Ahmed Badreldin
Partner and Head of MENA
The Abraaj Group

Hossam Y Radwan
Partner, The Abraaj Group

"

Spinneys is an established brand, blending international standards with regional pedigree. Our combination of product quality, trust, attention to and knowledge of our customers, has laid the foundation for our expansion in existing territories and launch in new markets.

Michael Wright
Chief Executive Officer, Spinneys

5x

Spinneys increase in sales to US$ 400 million over the past five years

together with the management team, we transformed Spinneys into a thriving and scalable regional operation.

We achieved this by first introducing a series of operational improvements across the business. We subsequently strengthened the management team by appointing Michael Wright as the Chief Executive, an industry veteran with 25 years of experience, to execute our growth strategy.

Today, Spinneys has grown in size and scale with operations spread across five countries - Egypt, Qatar, Lebanon, Jordan and the UAE (under a franchise agreement) - store portfolio has quadrupled to 16, and sales have increased by almost five times to US$ 400 million over the past five years.

Going forward, Spinneys plans to expand its presence in existing markets through additional store openings in Qatar and Egypt. The company is also looking to enter new markets, such as Saudi Arabia, Kuwait, Iraq and North Africa. Spinneys is currently in advanced discussions with a potential partner in Kuwait and is looking at securing locations in the Libyan cities of Tripoli and Benghazi where it aims to commence operations in 2014.

In a bid to further strengthen customer offerings, Spinneys is in the process of introducing online retail services across the region, starting with Lebanon. The move to online shopping demonstrates how retailers are developing targeted marketing campaigns and using innovative technologies to strengthen customer loyalty.

Spinneys' well-established track record has helped nurture and reinforce a highly trusted brand name and built strong consumer appeal across the region.

Oil and gas

Stanford Marine Group (SMG), an offshore supply vessel chartering business, was a US$ 20 million EBITDA business five years ago and was formed originally as a grouping of four disparate divisions.

Subsequent to our investment, the company disposed of its non-core business lines such as fabrication and focused on the high growth segments of offshore marine and shipbuilding and repair. SMG went through multiple rounds of debt financing and grew aggressively by firstly capitalizing on its shipbuilding capabilities to rejuvenate its fleet by selling old vessels and building new vessels, secondly by taking advantage of market dislocation between asset prices and day rates to acquire secondhand vessels, and thirdly by acquiring an operator in South East Asia (Minnow Marine Projects Limited) at the end of 2010.

SMG has capitalized on its asset base and balance sheet to secure financing for its next growth phase and will continue to deploy vessels across its target operating regions, including the GCC and beyond. As a result of this growth strategy, SMG's EBITDA has increased by three times over the last five years and its fleet has increased by 17 during the same period. The company is now well positioned to IPO on an international stock exchange.

FMCG

When Abraaj invested in Moulin d'Or in late 2012, the investment was based on providing financial and strategic support to a leading baked goods company in Tunisia with a 41% market share. The Founders of Moulin d'Or had an ambitious vision for the company and sought a partner of choice who could help them achieve that vision.

Since the investment, Abraaj has become a significant shareholder of Moulin d'Or and has appointed two senior team members to its Board. Abraaj and Moulin d'Or's management have developed a value creation plan that includes building state-of-the-art operations, strengthening sales and marketing functions and developing an international expansion strategy.

A few months after the investment, Abraaj's involvement has demonstrated positive results. The company established an Algerian subsidiary and is considering further regional expansion in North Africa. Looking ahead, Moulin d'Or is on track to achieve a strong year of significant revenue growth in 2013 in line with its projected average growth rate of 25% per annum.

Financial services

In mid-2012, we invested in Saham Finances, an insurance holding company with controlling stakes in three operating subsidiaries that cover over five million insured clients in Morocco and 14 countries in Sub-Saharan Africa.

Abraaj's investment was aimed at supporting one of the best industry management teams in Morocco to execute an ambitious growth plan, favoring the emergence of a leading insurance player in the high growth markets of Africa and the Middle East.

In line with our operating approach, we have made our management expertise and deep regional network available to Saham Finances. Since our investment, Saham Finances has made major acquisitions in the Middle East and Sub-Saharan Africa. With our support, the business is targeting growth opportunities in new geographies such as Kenya and Nigeria and is on track to execute an ambitious development plan over the next three years.

Growth markets will be the engine behind global expansion over the next few decades and the MENA region will be an increasingly important contributor to economic growth. Even in the most challenging of times our businesses in the MENA have continued to grow, driven by increasing consumer demand, the strength of local and regional networks, and our consistent approach to sustainable value creation.

“

With our support, Saham Finances is targeting growth opportunities in new geographies such as Kenya and Nigeria and is on track to execute an ambitious development plan over the next three years.

5mn

Saham Finances' insured clients in Morocco and Sub-Saharan Africa

41%

Moulin d'Or market share in the baked goods segment in Tunisia

Integrated Diagnostics Holdings
Healthcare

“The Abraaj Group has proven to be the partner of choice for us as they are focused on driving operational and strategic improvements that build fundamental business value.

We look forward to working closely with Abraaj as we jointly implement our strategy of geographic expansion across the region and introduce improved business performance measures in our company for the benefit of our customers, employees and stakeholders.

Dr Hend El Sherbini
Chief Executive Officer, IDH

242

IDH branches across Egypt, Saudi Arabia, Jordan and Northern Sudan

In 2012, the two leading diagnostics laboratories in Egypt, Al Borg and Al Mokhtabar, announced a merger to create the largest medical diagnostics business in the Middle East and a market leader in the Egyptian diagnostics market. The merger, which was facilitated by The Abraaj Group, represented a milestone in the development of the regional healthcare sector.

In May 2008, The Abraaj Group acquired a 76% stake of Al Borg Laboratories that was later raised to 90% through a series of company-funded share buybacks and a subsequent take-private transaction in 2010.

Al Borg, which was established in 1991, had grown quickly to become the largest private laboratory group in the Middle East, having served more than 18 million patients and having conducted more than 50 million tests since inception. A new holding company, Integrated Diagnostics Holdings (IDH), was later established by Abraaj to retain its investment in Al Borg and manage follow-up transactions in the diagnostics space across the Middle East and Africa.

Since the acquisition, Abraaj has supported IDH's expansion by investing in a fast-track branch roll out strategy to reach 100 branches in Egypt by the end of 2011 versus 62 branches at the end of 2008. Local specialty labs such as Molecular Diagnostics Center, Medical Genetics Center and El Ansary Labs were acquired to expand its test menu and augment in-house expertise. Abraaj also led IDH's regional expansion into Jordan and Northern Sudan through the acquisition of Biolab and Ultra Lab, the two leading local laboratory chains.

In August 2012, Abraaj led IDH's merger with Al Mokhtabar Laboratories, Al Borg's main competitor in the Egyptian market, in an all-share transaction. The transaction effectively doubled the size of IDH, which currently operates 242 branches spread across Egypt, Saudi Arabia, Jordan and Northern Sudan. The combined entity has a unique opportunity to grow its share of the overall medical diagnostics market through investing in new quality service offerings, IT-enabled services and expanding further throughout the MENA region.

Five million patients

By combining resources and specialist capabilities, a range of powerful synergies have been created that have significantly enhanced IDH's ability to provide world-class healthcare solutions across a range of rapidly growing countries.

Moreover, with over 3,000 group employees and by building upon the combined specialism, IDH is uniquely positioned to meet the needs of over five million patients. IDH offers customers a wide range of diagnostics testing services that will materially impact patient and community wellbeing and ultimately capture further value-added opportunities in the healthcare space.

The Chief Executive Officer and promoter of Al Mokhtabar, Dr Hend El Sherbini, assumed the role of IDH Group Chief Executive following the merger and a new management team was identified. Abraaj has worked in close collaboration with Dr El Sherbini to lay down a detailed integration plan which is currently under execution, alongside spearheading IDH's business development initiatives to expand further into the region.

In the wake of the Arab Spring, IDH's business continues to grow, boosted by a number of factors, including increased migration from government healthcare facilities to private providers, as budgetary constraints in Egypt make it challenging for governments to provide comprehensive healthcare services to its citizens.

Viking Services
Oil and gas services

Viking Services (Viking) was established in 2008 as the captive services arm of U.S. listed Transatlantic Petroleum (TransAtlantic), offering oilfield services in Turkey, Northern Iraq and Central and Eastern Europe. Operating from three bases in Istanbul and another in Erbil, Viking offers a wide range of services including drilling, well completion, seismic, work-over and underbalanced services. In addition, Viking provides equipment rental and stimulation services to its anchor client Transatlantic Petroleum, and other third party clients in Northern Iraq, Poland, Hungary and Serbia.

In June 2012, The Abraaj Group concluded a 50/50 partnership with Malone Mitchell III, an industry veteran based in Dallas, Texas to acquire Viking and capitalize on its modern fleet, internationally experienced management team and steady revenue stream from Transatlantic Petroleum.

The acquisition will create a fully integrated, high quality oilfield services provider to avail of the attractive opportunity in both the unconventional and conventional segments across Turkey, Central and Eastern Europe and North Africa.

Aggressive expansion

Since Abraaj's investment, Viking has initiated an aggressive expansion strategy to ramp up its presence in existing markets, diversify its customer base and expand its fleet, geographic footprint and service lines with the objective of mobilizing the company for a premium listing on the London Stock Exchange in 2014-15.

Viking has embarked on this expansion strategy with the support of Abraaj, having secured an expansion facility from Goldman Sachs, which will be used primarily to finance oilfield services equipment purchases and acquisitions. The fleet expansion together with a continued ramp up of current fleet utilization will drive the company's growth.

To reinforce the presence of Viking in Central and Eastern Europe, BXR Group (BXR), an international private investment group with a strategic focus on Central and Eastern Europe, was brought on board as co-investors in Viking.

The strong sponsorship of Abraaj and BXR has provided Viking with a regionally influential and competent shareholder base to support its development plans in target growth markets. Viking's strategy for Central and Eastern Europe is to establish an on the ground presence in these markets and work with major national oil companies that have acquired substantial acreage positioning to exploit the unconventional shale gas potential.

With TransAtlantic comprising 65% of Viking's 2012 revenues, the company still maintains customer relationships with a diverse group of established regional and international exploration and production players. These relationships are supported by long-term contracts and master service agreements (MSAs). Since June 2012, Viking has restructured the marketing and business development department to be focused by service line. This has yielded leads in new markets such as Romania, Saudi Arabia, Albania and Tunisia. The drilling division has been able to contract rigs to Hunt Oil, Afren Energy, and Perenco.

Abraaj is confident that Viking is well positioned to deliver a strong growth trajectory going forward. In 2013, Viking will continue to move towards its target of becoming a leading multi-service provider through organic and acquisitive campaigns, while developing critical mass in key markets.

“Since the acquisition, Abraaj has demonstrated their dedication to our vision of the continual establishment of Viking as the leading multi-service provider in its region.

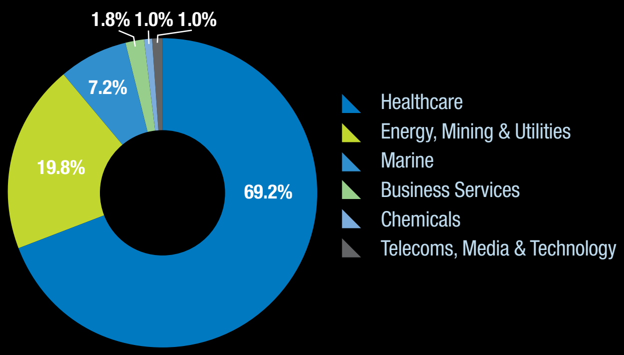
Their commitment to value creation has been integral to the growth of our business and in our quest for market leadership. Abraaj's established presence throughout many of the markets we seek to enter reduces our learning curve on country matters and enables us to jointly execute on our shared vision.

Malone Mitchell III
Chairman of the Board, Viking

$542mn

Invested to date

Industry Sectors



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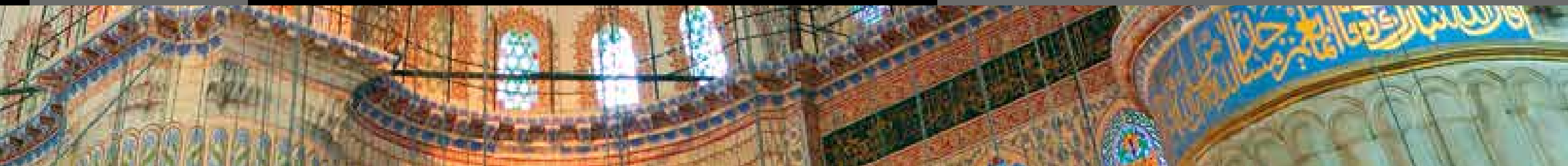
Offices

Kazakhstan, Turkey



Central Asia and Turkey
Building Regional Champions

Turkey's track record as a prime investment destination over the last decade speaks for itself as there are only a handful of countries in the world that have recovered as quickly from the global downturn in 2009 and grown GDP by nearly three times (in US$ terms) over the last decade.

The economic fundamentals for Turkey remain promising, strengthened by key competitive advantages such as economic and political stability, a solid banking sector, low household debt, strong regulatory bodies, and increasing liquidity in the public and private markets that enable investors to harvest their returns.

We have been present in the country with a strong local team since 2006. Over the last five years, we have made six investments in Turkey.

The signature exit from the Acibadem Group (Acibadem) in 2012 was the most significant given the size and unique structure of the transaction developed by our on the ground teams in Istanbul and Singapore. In a transaction that highlights the increasing scope of collaboration among players in growth markets and synergies between South-South participants, we sold our stake in Acibadem Healthcare, APlus and Acibadem Project Management to the Malaysian Government's investment arm, Khazanah Nasional (Khazanah), and IHH Healthcare Berhad (IHH) through a combination of cash and stock.

Following the sale of our stake to Khazanah and IHH, we worked in close collaboration with the shareholders and management on the IPO of IHH.

The IHH listing, a US$ 2 billion IPO was a dual and concurrent listing on the Kuala Lumpur and Singapore stock exchanges in July 2012 and was ranked the third largest IPO in 2012 after Facebook and Felda Global. The IPO made IHH the world's second largest publicly traded healthcare company with a market capitalization of US$ 7.8 billion as of the listing date.

“There are several factors that make Turkey a uniquely attractive market for investment enabling investors like The Abraaj Group to transform local companies into regional and, ultimately, global champions.

Selçuk Yorgancioglu
Partner and Head of Central Asia and Turkey
The Abraaj Group

“The Abraaj Group has been present in the region since 2006 working with high growth businesses. What differentiates us from our counterparts is our hands-on approach to working with our partner companies. Each and every company benefits from our expertise, global connections, and ability to fast-track consolidation activity.

Our commitment to the development of our partner companies, as well as the regions we operate in, make us a real partner, rather than a procedural or bureaucratic one.

19,000

International patients visited Acibadem in 2011 compared to 220 in 2007

3.8x

EBITDA growth for Acibadem between 2008-2012

Another fast growing and important market for The Abraaj Group is Central Asia, particularly Kazakhstan. We have made four investments in the region since establishing a presence in 2008 in Kazakhstan, a country which is the world's largest producer of uranium (17% of world's uranium deposits), the seventh largest exporter of grain, and has the third fastest growing economy after China and Qatar. Kazakhstan's GDP has grown by approximately nine times in the last decade, reaching US$ 233 billion and accounting for 58% of Central Asia's combined GDP.

Political stability combined with continued robust economic growth, as evidenced in Kazakhstan's investment grade rating, makes the country an attractive investment location for The Abraaj Group, and a base from where we can expand our operations across Central Asia.

Enabling regional growth

There are several factors that make Turkey a uniquely attractive market for investment.

However, some of the most compelling are the inherent market dynamics such as underpenetrated industries that enable long-term investors like ourselves to transform local companies into regional and, ultimately, global champions.

We have experienced this firsthand via our investment in Acibadem, a local healthcare provider which at the time of our investment in 2007 had six hospitals. Within a four year investment period and following a robust value creation program developed in conjunction with Acibadem's Founder, Mehmet Ali Aydinlar, Acibadem was transformed into a regional healthcare service provider.

Given the growth potential that lay in transforming Acibadem from a local to a regional institution, we embarked on an aggressive geographical expansion strategy starting in 2008.

This was supported by our own investment as well as CAPEX facilities raised from local banks. At the time of our investment, Acibadem had six hospitals with four located in Istanbul and two located in Bursa and Kocaeli, cities in the vicinity of Istanbul.

During the investment period, Acibadem added eight hospitals to its network expanding its presence to three new cities (Adana, Kayseri and Eskisehir) in Central and Southern Turkey. Two additional hospitals were in construction in Ankara, the capital, and Bodrum, a prime holiday destination, at the time of our exit in 2012. In 2011, Acibadem acquired a 50% stake in Sistina hospital in Macedonia, which became the first Acibadem hospital outside of Turkey.

During the same time period, revenue and EBITDA grew by 2.6x and 3.8x and the number of inpatients by 3.6x. At the end of our investment, Acibadem was a regional, if not globally known brand, attracting the attention of a global healthcare institution such as IHH that owns and operates leading healthcare chains in key Asian markets such as Singapore and Malaysia and enjoys a growing presence in the Middle East, China and India.

Turkey's leading role

Acibadem is just one example among many Turkish companies that have successfully evolved into regional and global firms.

We believe that there are two key and complementary factors to Turkey's success in cultivating regional and global champions. The first factor is the underpenetrated nature of sectors such as healthcare, which are poised to grow as a result of continuing wealth creation in the country, changing demographics and increasing consumer demand.

For example, the healthcare sector, in which we invested through Acibadem has grown at 10% on average per annum between 2009 and 2011, reaching 19.2 billion Turkish Lira, and is expected to continue growing at 11% between 2012 and 2016.

However, despite its double digit growth track record, Turkey's US$ 668 healthcare expenditure per capita and 8.7% healthcare expenditure as a percentage of GDP is still much below the OECD countries' average of US$ 4,286 and 12.7%, respectively. The opportunities for private healthcare service providers in meeting this gap are therefore profound.

However, a growing local market is just one piece of the equation for becoming a regional champion. The second key factor is a country's political aspirations in playing its part in the regional and global arena.

Over the last decade and as a result of the current government's expansionist policies, Turkey has increasingly integrated into the wider region and assumed a leading role, especially post the Arab Spring. Many local companies have benefited from Turkey's approach to look 'East' as well as from the region's growing demand for a role model such as Turkey.

This trend of internationalization has extended across a variety of sectors and is not just limited to healthcare. Today, well-known Turkish brands can be found on the supermarket shelves across countries such as Iraq, construction companies are active in winning large-scale infrastructure contracts in the Middle East and Russia, and Turkish soap operas are streamed across the region's television networks.

In addition to Turkey's effort of exporting more products and services, its growing international profile also helps attract more people into the country which has created new industries such as medical tourism. Although nearly all of Acibadem's hospitals are located in Turkey, Acibadem has been in the best position to attract medical tourists from Africa, the Middle East, the Balkans, and Russia given its recognized regional excellence in healthcare.

The next goal in Acibadem's evolution is strengthening its global presence and brand equity, which has already started with the integration into IHH. We believe that, as in the case of Acibadem, there are other local businesses in Turkey that can be transformed into regional players with the right framework, an enabling environment, and hands-on institutional investor support that encourages their growth ambitions.

> We believe that there are strong local businesses in Turkey that can be transformed into regional players with the right framework and hands-on institutional investor support that encourages their growth ambitions.

3x

Growth in Turkey's GDP (in US$ terms) over the last decade

Acibadem Insurance
Life and health insurance

Acibadem Insurance has come a long way over the last two years.

We managed to transform the company into one of the fastest growing and most profitable health insurers in Turkey by shying away from price-based competition and channeling our focus to our group and individual customers via new products and customized services.

Gokhan Gurcan
Chief Executive Officer, Acibadem Insurance

The Acibadem Group expanded into the health insurance sector in Turkey through Founder Mehmet Ali Aydinlar's acquisition of Bayindir Health and Life Insurance from the Turkish Government in 2004. The company was subsequently named Acibadem Insurance.

The Abraaj Group acquired a 50% stake in Acibadem Insurance in late 2007 as part of its overall investment in the Acibadem Group. Abraaj has remained investors in the insurance business, after exiting from Acibadem Healthcare, APlus and Acibadem Project Management in early 2012 through a sale of its stake to IHH Healthcare Berhad (IHH) and Khazanah of Malaysia.

Abraaj retains a 50% stake in Acibadem Insurance along with Acibadem Founder Mehmet Ali Aydinlar who owns the remaining 50%.

Acibadem Insurance is a provider of health, personal accident, and life insurance products in Turkey. The company today is the third largest health insurance provider with a market share of 10.3%.

Additionally, it is one of the fastest growing companies in Turkey, outgrowing competitors in the last two years and, importantly, remaining the most profitable health insurer in the market with a current combined ratio (key profitability matrix that includes losses, commission and administrative expenses) of c. 92%.

Challenging start

Acibadem Insurance today has a strong position in the market and an excellent financial performance. Nevertheless, the investment was off to a challenging start initially as the company was a loss-making business with a combined net income loss of US$ 10 million between 2008 and 2010.

However, Abraaj, together with its partner Mehmet Ali Aydinlar, had a strong view on the positive long-term growth dynamics of the health insurance sector in Turkey. This outlook was based on income per capita that has nearly doubled over the last decade, increasing private healthcare spending in Turkey that has grown at 10% per annum between 2009 and 2011, and potential new products that are yet to come to the market such as top up insurance and long-term care.

Mehmet Ali Aydinlar and Abraaj weathered some challenging times but always stayed loyal to the value creation plan and implemented tough, but necessary, changes such as replacing the management team of the company in 2010.

205,000
Insured customers

10.3%
Market share in 2012

Dynamic sales force

After two years, the result is clear. Acibadem Insurance is one of the fastest growing and most profitable companies in the sector thanks to the combined efforts of the new management team led by Chief Executive Officer Gokhan Gurcan.

As a result of the changes implemented in pricing, underwriting, and product strategy, the company increased its market share to 10.3% as of the end of 2012, up from 6.7% at the end of 2006, grew gross written premiums by 210% between 2008 and 2012, reaching 237 million Turkish Lira at the end of 2012, and increased its network to an insured base of 205,000 customers.

Acibadem Insurance today is a preferred provider to several blue chip companies such as Turkish Airlines and international financial services companies such as ING and Citibank because of its differentiated product offering and service-oriented culture.

The company has a dynamic direct sales force through which it can control the customer experience, customize products and services, and cross-sell non-life and life insurance products.

Looking ahead, the outlook for the health insurance industry in Turkey is bright. Acibadem Insurance is a strong local player with a growing presence and the infrastructure to further penetrate the market.

10%
Increase in annual private healthcare expenditure between 2009-2011

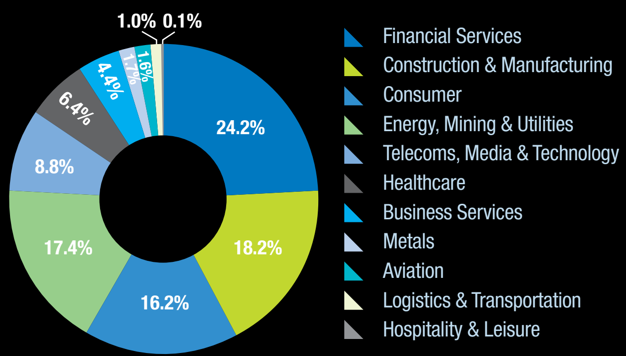
210%
Growth in gross written premiums between 2008 and 2012

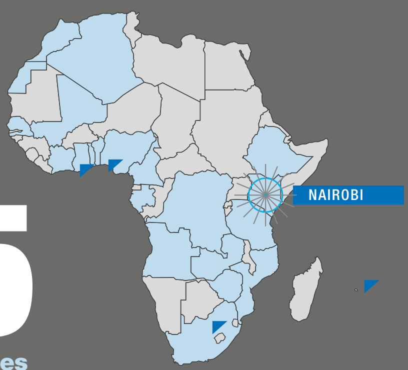
> **Acibadem Insurance today is a preferred provider to several blue chip companies such as Turkish Airlines and international financial services companies such as ING and Citibank because of its differentiated product offering and service-oriented culture.**

$408mn

Invested to date

Industry Sectors





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Offices

Ghana, Kenya, Mauritius, Nigeria, South Africa

Sub-Saharan Africa
Accelerating Growth Via 'Buy and Build'

The Abraaj Group's investment philosophy in Africa has evolved over the last 20 years. Abraaj's investment professionals initially focused on transactions that were primarily targeted at helping businesses grow organically and sustainably.

Today, our experience demonstrates that businesses that have grown successfully still need further strategic support in order to emerge as regional champions. This realization has led to the inclusion of a buy and build strategy as a core part of our investment thesis.

The evolution of this thinking was a response to the limitations of organic growth in some of our operating markets in Sub-Saharan Africa. Moreover, our early experience in the continent taught us that a buy and build strategy, if executed properly, could be used as an effective means to accelerate the growth of partner businesses.

We understood that the adoption of this strategy could generate enhanced financial returns, help build diversified and stable businesses and ensure an inclusive development impact, thereby benefiting the widest number of stakeholders.

Over the years and having seen the commercial benefits of adopting such an approach, ten out of 18 Abraaj partner companies have actively executed a buy and build strategy across such diverse sectors as packaged goods, oil and gas services, manufacturing and financial services.

Regional diversity

We recognize that buy and build strategies in the continent need to be tailored for regional markets. For example, in East Africa, these strategies are often driven by the need to enhance procurement channels and consolidate the production of complementary products.

The Abraaj Group provided acquisition financing to Athi River Steel Plant Limited (Athi Steel) to support the 100% acquisition of Great Kenfast Works Limited. The acquisition was driven by the strategic need to diversify the product range of Athi River to include cold rolled steel.

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The Abraaj Group's ability to help partner companies execute buy and build strategies effectively is derived from our deep local knowledge, relationships and our hands-on approach to active partner company management.

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Through buy and build strategies, we have been able to fast-track the trajectory of select partner businesses by helping them acquire key products, provide them access to know-how, widen their customer networks and pursue opportunities to consolidate within an industry.

Davinder Sikand
Partner and Head of Sub-Saharan Africa
The Abraaj Group

Jacob Kholi
Partner, The Abraaj Group

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C&I expanded into Ghana through the acquisition of Leasafric in order to better service its regional clients. This transaction enabled C&I to role out other services such as fleet management and operational leasing.

44%

CAGR in C&I from 2006-2012

The acquisition, combined with an annual melting and rolling production capacity of 122,640 MT and 138,700 MT respectively, transformed the company into one of the leading steel manufacturers in the East African region.

We supported our partner company, Brookside Dairy Limited (Brookside), in the 100% acquisition of Kenya's third largest private dairy, Spin Knit Dairy Limited (SDL), in February 2009. The acquisition has since transformed Brookside into Kenya's largest dairy by intake volume due to the combined farmer and customer network of Brookside and SDL.

The Abraaj Group's recent buy and build experience in West Africa covers a range of sectors from industrials with C&I Leasing (C&I), financial services with Custodian and Allied Insurance (Custodian) and oil and gas services with AOS-Orwell. The success of the buy and build strategy in West Africa has been largely premised on extending the acquiring company's expertise to a broader customer base.

This strategy is well illustrated by C&I Leasing's two-stage acquisition of a controlling stake in Leasafric, another partner company of The Abraaj Group based in Ghana. As Nigeria's largest and only listed leasing company, C&I decided to grow across borders in order to better service its multinational and regional clients by expanding into Ghana.

Since executing the transaction, the platform has also enabled C&I to roll out other services such as fleet management and operational leases which have proven to be growth oriented and resilient product lines in Nigeria. Overall, since the first investment in C&I in 2006, the company has grown sixfold at a 44% CAGR through 2012.

Doubling revenues

We have been part of a similar story in the oil and gas services sector. Our partner company in Nigeria, AOS-Orwell, has become one of the country's largest indigenous oil services company. The company's transformation into a national champion was driven by the Abraaj-mediated and funded merger of AOS and Orwell to form AOS-Orwell.

Since the initial transaction in 2011, the company has executed two further acquisitions, approximately doubling revenues. Furthermore, AOS-Orwell has significantly deepened its service offering, expanding from its core business of drilling services to providing services in the production, construction, maintenance and modification sub-sector of the oil services industry.

However, the most recent and one of the most compelling buy and build success stories in the West Africa region is the acquisition - nearing completion as of the second quarter of 2013 - of Crusader Nigeria Limited (Crusader) by Custodian, an Abraaj partner company. Abraaj's on the ground investment team worked with the senior management of both Custodian and Crusader to help arrive at terms which were acceptable to both parties.

Following the acquisition, the new entity will become one of the top three insurance companies in Nigeria by premiums written. It will achieve greater portfolio breadth considering its ownership of a Life business, a larger General business and a professionally managed Pension Fund Administrator. The customer base will also be diversified, to comprise both corporate clients and a growing retail base, which will be targeted and expanded through innovative marketing channels and customer relationship management strategies.

Our experience in executing buy and build strategies in Southern Africa has been equally rewarding. Allied Catering Equipment, a South African company was funded by Abraaj through the Southern Africa Fund to acquire MARS, a manufacturer of specialized industrial cooking pots. The acquisition of MARS allowed Allied Catering Equipment to enhance its existing product range through MARS's design capabilities and existing products.

SA Block, another South African partner company, was funded to complete a 100% acquisition of Clinker Supplies from Eskom (South Africa's electricity public utility) in order to secure its source of raw materials used in manufacturing bricks.

The Group provided Shelys Pharmaceutical, a leading pharmaceutical business in Tanzania, acquisition financing to acquire 100% of Beta Healthcare, a pharmaceutical drug manufacturer in Kenya. This transaction transformed Shelys into a leading manufacturer and distributor of pharmaceutical drugs in the East African region.

The investment also enabled the construction of Shelys' state-of-the-art pharmaceutical manufacturing plant in Tanzania. The plant is WHO-GMP (World Health Organization Good Manufacturing Practice) certified and equipped with technology for the manufacture of anti-malaria and HIV drugs which are widely sold across the continent.

Through our extensive business networks, Shelys was introduced to Aspen Pharmacare, Sub-Saharan Africa's largest pharmaceutical manufacturer. Consequently, Shelys' leading position in the East African region encouraged Aspen to acquire a controlling stake in the business as part of its African expansion plans.

Buy and build strategies will continue to be a key component of our strategy in Africa. This approach demonstrates that it is indeed possible to accelerate growth across borders and enable today's national champions to emerge as tomorrow's regional leaders.

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The Abraaj Group has developed a positive working relationship with Wole Oshin, Chief Executive of Custodian, and worked with him on growth strategies with M&A being identified as a key driver from the start.

As a result of this relationship, the Crusader transaction will be concluded in 2013 and the combined entity will become one of the top three private insurers in Nigeria.

Southey Holdings
Industrial conglomerate

“We believed that we could take advantage of Southey’s historical growth and market-leading position and use our presence in various markets across Africa and other growth markets to create new opportunities for the business.

As we have seen over the last few years, Southey’s management team has embraced this opportunity, expanded into several new markets and grown its market position accordingly.

Ron den Besten
Managing Director
The Abraaj Group

20%
CAGR of Southey Holdings’ revenue growth from 2009-2012

The Abraaj Group invested in Southey Holdings (Southey) in 2009 when it acquired a 49.4% stake in the business. Southey management, led by Chief Executive Barry Wickins, had identified the need to bring in a third party to assist the business in moving to the next stage of its growth trajectory and was looking for a partner who could help realize international expansion opportunities. The Abraaj Group proved to be that partner for Southey as it brought a combination of deep local knowledge in Africa and an extensive global presence bolstered by on the ground teams across Asia, MENA, Latin America and Turkey.

Southey was originally involved in industrial painting and contracting for mining and heavy industries, but subsequently diversified its operations 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, oil and gas services including rig repair and maintenance, refrigeration, manufacture of oil and gas tankers and contract services for a range of industry sectors.

Although based in South Africa, Southey plays a broader regional role, as it operates from permanent bases throughout Africa and the Middle East, servicing an international marketplace. Over its 73 year history, Southey has grown to become the largest company of its kind in Southern Africa.

Recognized leaders
Over the time of Abraaj’s investment in Southey, many growth capital opportunities have been realized in the business, including expanding Southey’s contracting arm in Kenya, Nigeria, Angola, Democratic Republic of Congo (DRC), Zambia and Oman.

Today, Southey businesses are recognized leaders in their respective market segments in Southern Africa, and offer a platform to extend their services into other African markets on the strength of Abraaj’s geographical footprint and their own commercial credentials.

The impact of Abraaj’s investment and hands-on operational approach is evident in Southey’s financial performance. Since Abraaj’s investment in 2009, revenues have grown at a CAGR of 20% to 2012, with EBITDA growing at 16% CAGR over the same period.

Assisted by Abraaj’s African and global partnership networks, Southey has expanded its non-South African operations considerably, from a US$ 6.8 million turnover business (mainly in DRC and Zambia) at the time of the investment to US$ 30.5 million, comprising Zambia, DRC, Oman, Mauritius, Angola, Botswana, Gabon, Ghana and Tanzania, representing a 65% CAGR over the investment period.

Specifically, Abraaj’s networks and global reach have opened up potential commercial opportunities for Southey, especially in terms of forging links in the shipping industry in South East Asia.

Stronger governance
Through representation at the Board, Abraaj has ensured best practice corporate governance is observed in the business. This involved assisting the Board in moving from the King II to King III Code of Corporate Governance Principles, setting up various sub-committees to focus on compliance, IT governance and risk management, and improving integrated reporting and disclosure, risk governance and stakeholder management.

Southey has made conscious efforts to adopt Abraaj’s Business Principles and the IFC Performance Standards with a specific focus on health and safety, which has further entrenched a culture of ESG practices in the business.

Golden Lay
Consumer staples

In 2006, The Abraaj Group concluded a management buy-in (MBI) transaction in Golden Lay Limited (Golden Lay), a poultry operation involved in the production and distribution of table eggs. Following a six year holding period, Abraaj successfully exited Golden Lay in March 2012 through a sale of its shares to an agriculture-focused private equity fund.

At the time of exit, Golden Lay had diversified its client base to include the formal market through two of the three largest supermarket chains in Zambia.

Golden Lay, previously trading as Flamingo Farms Limited, was originally managed by a Greek family looking to leave Zambia. At the time of investment, Flamingo Farms Limited did not maintain audited accounts, had no governance structure in place, lacked environmental controls and placed insufficient focus on managing social issues, including health and safety.

However, it was a cash generative business where demand exceeded supply, and Abraaj believed in the growth potential of the business.

Value creation
A robust value creation plan for Golden Lay was developed in collaboration with the management team. Corporatization of the business was the main focus and this was ensured by installing a fully-fledged accounting system that allowed for annual audited accounts to be created. A Board of Directors and two sub-committees were established that met every quarter. ESG matters became part of the agenda of Board meetings on a regular basis.

To support the growth of the business, Abraaj introduced a number of value-added initiatives including the raising of third party debt to help fund the expansion program from Saturnia Regna (a local pension fund manager), and NORSAD (a financier supporting small and mid-cap businesses).

Abraaj also leveraged its strong networks to introduce the management of Golden Lay to environmental consultants who assisted with the preparation of environmental project briefs and environmental management plans. Industry experts were introduced for technical advice on poultry nutrition and placement cycles and social experts for HIV/AIDS awareness programs. In addition, experts from PwC supported Golden Lay on tax advisory work.

The technical expertise gained by Golden Lay as a result of these external partnerships enabled it to achieve compliance of four key regulations issued by the Zambia Environmental Management Agency, namely in Air Pollution Control, Hazardous Waste Management, Environmental Impact Assessment and Pesticides and Toxic Substances.

Meeting high demand
Capitalizing on the high demand for their product, the management at Golden Lay invested in doubling the number of growing houses used to nurture young chicks and tripled the number of production houses. As a result of this investment, the company's production capacity grew from 36 million eggs per annum in 2006 to 89 million eggs per annum in 2012.

This allowed Golden Lay to increase its revenue by 268% and EBITDA by 235% during Abraaj's investment holding period. During the investment, Golden Lay also upgraded its bio-security system by creating a quarantine facility and a new rearing site two kilometers away from the existing farm and in line with best practice.

Today, Golden Lay is the leading producer and distributor of table eggs in Zambia, supplying mainly to the informal sector in the Copperbelt, Central and Lusaka provinces of Zambia as well as in the Katanga province of DRC.

"The Abraaj Group contributed far more than just capital and drew on its vast networks and associates to ensure our business was financially stable and robust.

With a personal touch from each member of its experienced team, it made our journey together a rewarding and profitable experience that I would gladly undergo again.

Fletcher Broad
Chief Operating Officer
Golden Lay

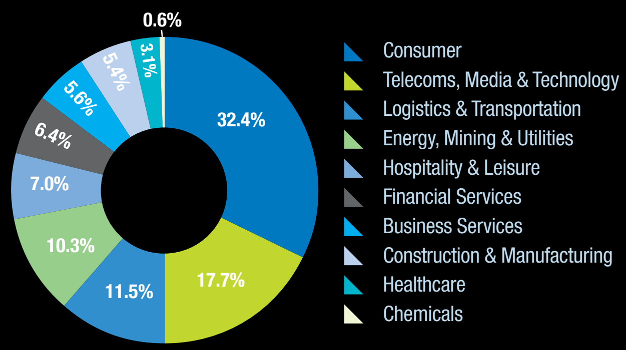
89mn
Eggs produced per annum in 2012 up from 36 million in 2006

268%
Increase in revenue from 2006-2012

$181mn

Invested to date

Industry Sectors



4

Colombia, Costa Rica
Mexico, Peru

Latin America

Enabling Regional Opportunities Through Local Networks

Regional integration opportunities and strong local growth prospects were two of the key underlying assumptions when The Abraaj Group first began investing in Latin America.

Since then, numerous bilateral and multilateral trade agreements have lent more weight to the assumption that regional cooperation and coordination are key to developing and augmenting the role of the region in the global economy.

Five of Abraaj's 13 partner companies have executed regional strategies, whereas the majority of the remainder operate with a countrywide presence.

The growth of regional market activity and enhanced access to the world's largest markets through trade agreements have accelerated expansion and consolidation for select small and medium companies in Latin America.

Intra-regional development has created opportunities for roll-up and roll-out strategies, where effective exploitation of opportunities in North America has required companies in the region to specialize further, build scale and move up the value chain.

Condor Travel, a tour operator in Peru and an Abraaj partner company, illustrates how a regional platform added value to its product assortment - offering both local and regional travel packages and thereby increasing its market share within the Latin American region.

Condor has strengthened its regional presence by migrating from a franchise model to company owned operations. Chile is the first country where an acquisition has been made in this process, and it is expected that further acquisitions will follow in Brazil and Colombia.

We have developed a highly distinctive and disciplined investment strategy tailored to local markets. Through this knowledge and experience, we help partner businesses to scale up by using local and regional expertise to align interests with company management and sponsors, in order to fulfill the potential of these businesses.

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Abraaj's involvement in Condor was key in our first step towards the regionalization of our company through the acquisition of *Chile Always* in Chile. As we continue implementing our regional expansion plan, The Abraaj Group's support and geographical platform will be crucial for successful execution.

Sammy Niego
Chief Executive Officer
Condor Travel

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Latin America has been a rising star within growth markets. This is due to a combination of factors including strong macroeconomic growth, a demographic sector that is young and aspirational and increasing political stability across the region.

Erik Peterson
Partner and Co-Head of Latin America
The Abraaj Group

Miguel Olea
Partner and Co-Head of Latin America
The Abraaj Group

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Redit is a good example of how an investor can leverage a company’s growth platform and take it to the next stage in its development.

When Abraaj first invested in the company, Redit was transitioning from being a last mile connectivity supplier for carriers to co-location services in data centers. In five years, Redit has become one of the leading companies in virtualization, cloud computing and managed services in Mexico.

As an example, one of our partner companies in Peru, IasaCorp, a women’s accessories retailer, has been able to execute its international expansion plan with the support and involvement of different Abraaj Group team members in other countries where we are present. Today, IasaCorp has a presence in five countries (Peru, Chile, Colombia, Ecuador and Venezuela) with more than 400 points of sale and is about to open stores in Mexico and Central America, also with the help of our local teams in those countries.

In the region, we have developed a reputation over time as a hands-on and credible partner, which allows our investment team members the latitude to frequently visit partner companies’ top management and be perceived as a trusted counselor in terms of the company’s strategy and expansion plans.

ITS InfoCom, an IT services company based in Costa Rica, is an example of this interaction, where the company has used our extensive global network to enable discussions with several strategic players, following up on a referral from our team in Singapore to a proprietary contact through our team in Costa Rica.

Local networks

The Abraaj Group has been able to assist companies to expand within the local domestic markets, as is demonstrated by several of the partner companies in which we have invested.

Rentandes, a renting company in Colombia, with an initial presence in the country’s capital, Bogotá, has now grown to five other regions within the country (Cali, Medellin, Barranquilla, Santander and the Coffee Region). The company has maintained a CAGR of more than 40% since the initial investment in 2008. This expansion would not have been possible without the capital, corporate infrastructure and governance which was implemented following our investment.

In a similar fashion, hard discount retailer D1 started its operations initially in the Medellin region, and has expanded over time to the coffee-growing region (Pereira and Manizales), finally entering the Bogotá market in 2012.

In Mexico, Redit is another example of local expansion, where Abraaj’s first investment in 2009 was used to acquire a local data center, followed by an additional investment shortly thereafter to acquire a data center in San Diego aiming to cater to the demand in the northern region of Mexico.

Redit has also received a major capital injection of US$ 68 million from two international players to boost its portfolio of services and value-added products. As a result, the company now has an even stronger presence in the Mexican market and is well positioned to leverage this.

The Latin American region bears distinct similarities in terms of language, culture and overall economics. This supports the rationale of continuing with a regional expansion strategy and leveraging synergies. While some of the markets are large enough to take advantage of a growing middle-income population and increasing acquisition power, other countries in the region like Peru and Colombia will need to adopt a regional approach to reach the next level of growth.

Given our presence, investments and networks in these markets, we will continue to leverage our geographical platform and support partner companies in their regional growth aspirations.

Analistas de Recursos Globales
Consumer finance

Analistas de Recursos Globales S.A. de C.V. (ARG) is a supplier of transportation solutions for mid-sized companies and individuals in Mexico. It has also expanded, selectively, to financing industrial equipment for AAA clients. As part of its product offering, ARG has introduced to Mexico the concept of renting, an innovative full-service leasing solution, including preventive maintenance, documentation, armoring, GPS and fleet management services.

ARG is an important supplier of trailer box financing for small fleets through Remex, a specialized company acquired by ARG. Through its fleet management division, ARG provides integral vehicle management solutions including basic maintenance to its customers and corporate clients.

The Abraaj Group invested in 2008 in ARG with the objective to invest in a business with high growth potential in the small and mid-cap (SMC) sector. Given the lack of bank financing available for SMCs in Mexico, the investment provided an excellent opportunity for a global investor such as Abraaj to bring its expertise, resources and network of contacts to a promising business.

Building value

ARG was well suited for private equity investment as it provided excellent downside capital protection given that its assets - contracts that generate a predictable cash flow over fixed periods of time - are easy to value and have a good secondary market.

Following its investment in 2008, Abraaj developed a value creation plan in collaboration with management, to identify opportunities to strategically grow ARG's business. As part of this plan, ARG developed a detailed strategy map and a corporate balanced scorecard. One of the key recommendations from the value creation plan was to concentrate ARG's growth in the transportation industry: a major success achieved in this regard was the acquisition of Remex in 2008.

This acquisition represented an important milestone in ARG's growth trajectory as it was a lucrative diversification opportunity, which has since increased ARG's revenues.

Capital infusion

To strengthen ARG's capital base and allow it to access bank financing to fund its expansion plans, Abraaj invited a Mexico-based private equity fund manager, Alta Growth, to make a capital investment at a slight premium to reinforce ARG's equity base. This capital infusion ensured that ARG was able to continue with its growth and diversification plans, employ and retain high quality sales and management staff, and expand its customer relationship management team.

In a US$ 40 million transaction in the summer of 2012 (the largest in the Mexican public markets for a leasing company) ARG was able to securitize its portfolio of receivables, including residual values, and obtained an AAA rating from two local agencies.

ARG today runs on a sophisticated ERP system and has been able to tap the local capital markets in addition to securing bank credit lines in amounts sufficient to bankroll its expected growth. A capable management team that has worked closely with the Board of Directors has been instrumental in steering the company on a day-to-day basis in the very challenging Mexican market.

"ARG and Abraaj enjoy an extremely successful partnership and one that has enabled us to acquire a leading position in the market.

At the end of the day, we are committed to building better businesses, and today we have achieved that through a steady focus on customer service, sales management, financial discipline and best-in-class corporate governance.

Juan Garibay
Chief Executive Officer, ARG

sector expertise

Across the Group, we harness our industry-specific expertise and experience to map trends and opportunities. We use our specialist knowledge to dig deeper and find sectors and businesses with genuine growth potential.

The Healthcare Paradigm in Growth Markets

Over the next three decades the lion's share of global economic growth is expected to come from growth markets. The healthcare sector, long dominated by developed markets, is no exception to this global mega-trend.

Growth markets are a diverse and varied group of countries at different stages of economic, social and political development. However, with few exceptions, they are all plagued by relatively poor social infrastructure.

This is especially true when it comes to healthcare. The numbers speak for themselves - growth markets lag developed markets in almost every aspect, whether it is input metrics such as hospital beds per 1,000 population (0.87 in South Asia compared to an OECD average of 5.23), physicians per 1,000 population (0.29 in Sub-Saharan Africa compared to an OECD average of 2.65) or output metrics such as infant and maternal mortality rates (24.1 in MENA and 0.80 in Latin America respectively compared to OECD averages of 6.47 and 0.19).

The public sector, which was traditionally seen as the natural provider of healthcare in most growth markets, has typically been resource constrained and more often than not has failed at delivering results even when adequate funds have been available, as in the case of many natural resource-rich markets.

As a result, the private sector has taken on an increasingly central role in the provision of healthcare services. Macro trends such as high overall economic growth has resulted in increasing wealth driving a surge in demand for better access to quality healthcare products and services. At the same time, innovations in products, services and financing have driven costs down, dramatically increasing affordability of healthcare.

The first half of the past decade saw the development of major private generic pharmaceutical manufacturers in growth markets, especially India. These companies changed the paradigm in the global pharmaceutical sector, opening up large new growth markets and generating new demand in increasingly price-sensitive developed markets reeling under the rapid escalation of healthcare costs. This first wave was followed up with the emergence of healthcare delivery and services groups

Purshotam Ramchandani
Partner, The Abraaj Group

"As the standard of living in growth markets improves, people seek to enhance their quality of life with better access to healthcare, healthcare products and infrastructure. The shortfall in current delivery mechanisms present compelling opportunities for long-term investors such as The Abraaj Group, given both our track record in, and familiarity with, the healthcare sector in growth markets.

Pharmaceutical and healthcare companies estimate of global revenue to come from growth markets by 2017

40%

such as Acibadem in Turkey, Fortis and Apollo in India, and IHH Healthcare Berhad in South East Asia that succeeded in attaining substantial scale and becoming globally relevant businesses.

Additionally, companies such as Integrated Diagnostics Holdings in North Africa and Dr Lal's in India leveraged opportunities in key sub-sectors within the healthcare delivery value chain, rapidly generated scale and established themselves as successful companies in their respective geographies.

Global trends in healthcare

The investment opportunity for healthcare is compelling as a result of substantial demand overhang due to historic underinvestment complemented by growing affordability across most growth markets.

There are certain common global trends that apply across these markets which, will be important to understand in order to effectively access the investment opportunities in the sector going forward.

The cost puzzle

Over 5.7 billion people live in growth markets, most of who belong to middle or low-income households and are severely underserved from a healthcare perspective. A substantial portion of these people are paying for their own healthcare costs at present.

Business models and innovations that are able to crack the 'cost puzzle' will have a market of unprecedented scale open to them. While frugal cars, computers and mobile phones have rapidly become entrenched in middle or low-income countries, there has been a tendency within healthcare, until recently, to view these large population pools as un-addressable.

It would be reasonable to expect a process of 'reverse innovation' in the area of frugal healthcare business models and products, to emerge from growth markets over the next decade and get exported to more developed markets.

Urbanization

One-third of the world's population, about 2.6 billion people, live in growth market cities. By 2030, the number of these urban dwellers will increase by an additional 1.3 billion, with another 371 growth market cities exceeding the 500,000 population mark. This trend will have a major influence on both disease patterns as well as the viability of healthcare models. The success of healthcare companies in these markets will depend largely on their ability to adapt to and take advantage of this developing urban landscape.

Risk pooling

A high percentage of healthcare spending in growth markets is funded from private sources ranging from 44% in China to 50% in Indonesia and c. 60% in India and Nigeria. Additionally, most of this private spending is out-of-pocket with negligible private insurance coverage barring a few exceptions such as Brazil. Increasing penetration of private risk pooling is going to be a key driver of affordability and therefore demand growth in these markets, many of which are already seeing extremely high growth in private insurance coverage.

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The investment opportunity for healthcare is compelling as a result of substantial demand overhang due to historic underinvestment complemented by growing affordability across most growth markets.

60%

Value of private funding for healthcare in India

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The Abraaj Group has been an early investor in the healthcare space. Since 2003, the Group has executed 27 transactions across Asia, MENA, Central Asia and Turkey, Sub-Saharan Africa and Latin America.

c.$1bn

Value of healthcare transactions made by The Abraaj Group

Increased government intervention

Informed policy making is critical to shape the future of the healthcare sector and to further encourage private players to participate in the sector. The most important development in this space has been the relatively recent initiative by some governments to expand government-funded coverage for large segments of their populations.

China and Indonesia have announced their intention to implement universal healthcare coverage and India has plans for government coverage programs for low-income families which have already been implemented in some states. There are many challenges that will need to be overcome before these plans are substantially realized. However, even a partial implementation will have far-reaching implications for healthcare provision and access for the bottom of the pyramid populations and therefore businesses catering to this segment in these countries.

Doing good by doing well

Last, but certainly not the least, is the emergence of social investors such as non-governmental organizations and foundations as key investors of risk capital focused on the development and implementation of private sector, for profit and affordable healthcare solutions in growth markets.

The idea that sustainable social impact is most successfully achieved through commercial, for profit initiatives that are by definition self-sustaining in the long term, appears to be one gaining widespread acceptance. The ability of such investors to take a longer-term view than mainstream commercial investors and their tolerance for higher risk in the quest for achieving their social objectives allows for the development of innovative investment models specifically designed to address the need and opportunity that present themselves in these markets.

Our experience in healthcare

As demonstrated through the examples below, The Abraaj Group has been an early investor in the healthcare space. Since 2003, the Group has executed 27 transactions, committing c. US$ 1 billion across Asia, MENA, Central Asia and Turkey, Sub-Saharan Africa and Latin America.

Our experience in the healthcare sector in Asia started in 2007 when we invested in STS Holdings (STS), the owner and operator of Apollo Hospital Dhaka, the first privately owned, international-class and only Joint Commission International (JCI) accredited tertiary medical facility in Bangladesh.

The investment in STS was premised on the largely untapped healthcare sector in Bangladesh. Additionally, given the low number of beds - three per 10,000 people compared to nine per 10,000 people in India - there was an opportunity to cater to the largely unmet domestic demand for quality healthcare in Bangladesh.

Our investment has resulted in the hospital's bed capacity expanding by 40% to reach 350 operational beds with a robust organic and inorganic expansion strategy being implemented across Dhaka and Chittagong.

Similarly in 2009, we co-invested in Sri Lanka's Central Hospital (CH) alongside Sri Lanka's largest conglomerate (John Keells Holdings). The company was promoted by a large corporate group (Asiri) who had a strong track record of operating a well managed hospital group in Sri Lanka, with occupancy rates of over 85% across its hospital network.

CH was a 256-bed greenfield private tertiary care hospital in Colombo that during its first year of operations generated operating profits and continues to outperform expectations year on year.

Our investments in the Philippines-based Daniel O. Mercado Medical Center (DMMC) and India-based BSR Healthcare are examples of the Group actively supporting commercially viable business models with a social impact strategy. This approach involves targeting underserved secondary and tertiary cities, in order to improve quality and more importantly healthcare accessibility in the countries we operate in.

In 2009, we launched the Africa Health Fund with support from the International Finance Corporation, the Bill and Melinda Gates Foundation, DEG and the African Development Bank. The Fund's objective is to help low-income Africans gain access to affordable, high quality health products and services through targeted investments in private health companies across various sectors including health services, pharmaceuticals and risk pooling.

In December 2009, Abraaj acquired a stake in Nairobi Women's Hospital. Since the investment, Nairobi Women's Hospital has expanded from one 61-bed facility to a network of three hospitals and 226 beds.

Subsequent investments include C&J Medicare Hospital (C&J), a healthcare provider in Accra, Ghana, and the Avenue Group, which is the only healthcare provider in Kenya to combine healthcare cover with the delivery of affordable medical services at both the outpatient and inpatient levels. The Avenue Group has opened six outpatient facilities in Kenya since investment and is expected to open its 65-bed hospital in Kisumu in mid-2013, doubling its inpatient capacity in Kenya.

We have been active and hands-on investors in the healthcare space in the Middle East and North Africa. Our partner companies cover diagnostics laboratories, pharmacies and pharmaceutical manufacturers, as well as healthcare technology firms. Abraaj led the merger of partner company Al Borg Laboratories with Al Mokhtabar Laboratories, its closest competitor in the Egyptian market, in an all-share transaction that has effectively created the largest diagnostics business in the Middle East and North Africa serving five million patients.

Similarly, our investment in Opalia Pharma, a branded generic pharmaceutical company in Tunisia, will enable the company to expand its offering into new regional markets in North Africa as well as in the GCC.

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In 2009, we launched the Africa Health Fund with support from the International Finance Corporation, the Bill and Melinda Gates Foundation, DEG and the African Development Bank.

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Healthcare investments made by Abraaj

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Through an active value creation plan executed during our investment, Vejthani was able to achieve JCI accreditation by tripling the number of original specialties, adding 80 additional doctors, as well as training and upgrading its medical support staff.

A return on healthcare

While our longstanding experience in the healthcare sector has enabled us to create operational improvements in our partner companies, it has also seen us deliver outstanding returns for our investors. 2012 saw us successfully exit two healthcare investments in Asia.

In our first healthcare divestment in 2012, we exited our investment in Malaysia-based IHH Healthcare Berhad (IHH), the largest private and growth markets focused healthcare provider with a dominant presence in Malaysia, Singapore and Turkey.

Our investment in IHH, through rolling up of the Group's ownership in one of Turkey's largest private healthcare providers, Acibadem, was premised on creating a global champion. Our investment in Acibadem resulted in the hospital group more than doubling its facilities and beds, and tripling its operating earnings in four years.

The Group's IHH exit was followed by the divestment of our stake in Thailand-based Vejthani, a multi-specialty hospital in Bangkok with 22 clinics. The exit garnered substantial strategic and financial sponsor interest, with KPJ Healthcare, a regional South East Asia healthcare group and the market leader in Malaysia, acquiring our shareholding.

Our investment was premised on enhancing the availability of quality medical treatment and capturing a greater share of the growing healthcare tourism market. Through an active value creation plan executed during our investment, Vejthani was able to achieve JCI accreditation by tripling the number of original specialties, adding 80 additional doctors, as well as training and upgrading its medical support staff.

These operational enhancements resulted in the share of foreign patients growing to 45%, compared to 10% during 2007, and simultaneously tripling profitability, an illustration of our ability to achieve measurable value enhancement in our partner companies.

Healthcare today is rapidly emerging as a vibrant investment space. According to the *Bain Global Healthcare Private Equity Report 2012*, healthcare is expected to be a prime sector for investment, capturing as much as 20% of total global private equity investment dollars in a given year. We remain excited about the opportunities presented by the healthcare sector in growth markets and are well poised to strengthen our leadership position in this space given our scale and expertise.

Developing Infrastructure in Urban Cities

Infrastructure comprises the vast assets that help support everyday life and forms the foundation of an economy's ability to compete in a continuously changing world.

It includes all the elements of a country's physical foundation: roads and bridges, railways, airports, essential utilities and services, such as water, sewage, electricity and energy storage, communication networks of towers and wires, hospitals, schools and other social services facilities.

As an asset class, infrastructure is an attractive and relatively stable proposition due to its potential to generate consistent returns and stable cash yields that exhibit little correlation to equity and fixed income returns.

Infrastructure assets tend to operate under the jurisdiction of governments or regulators and, once up and running, tend to be rather immune to normal business cycles since demand for their services is largely inelastic. Further, the regulated nature of revenues for many infrastructure assets generally provides for a built-in hedge for inflation.

Infrastructure trends

The pressing need to address failing infrastructure in the developed world and to build infrastructure in growth markets will demand substantial investment over the next 20 years.

In the advanced economies, renewed economic vitality is dependent on expanding critical infrastructure, much of which was built more than a half century ago. The demand for new infrastructure is most pronounced in growth markets where favorable macro drivers such as demographics, a rising middle class and urbanization coupled with historic underinvestment have significantly increased the need for infrastructure investments in a wide variety of sectors.

Urbanization is one of the key themes for infrastructure investment in growth markets. Urban infrastructure needs in growth markets are huge, ranging from housing to sanitation, from power supply to water supply, and from road networks to mass transport systems. Additionally, cities are witnessing the growth of soft or social

Tabish Gauhar
Partner, The Abraaj Group

"The demand for new infrastructure is most pronounced in growth markets where favorable macro drivers such as demographics, a rising middle class and urbanization have increased the need for infrastructure investments.

Number of people that are born within or migrate to cities in growth markets each week

1 million

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The current infrastructure needs in growth markets, while extremely challenging, represent a compelling investment opportunity.

$30-40trn

Hard infrastructure expenditure required in growth markets over the next two decades

infrastructure that focuses on investments in healthcare, education, food security and low-income housing.

Globalization is also an important factor driving the growing demand for infrastructure development - as markets become more global and interconnected, improved railway, port, airport and other transportation services are needed to facilitate growing business and trade.

The current infrastructure needs in growth markets, while extremely challenging, represent a compelling investment opportunity. Estimates of hard infrastructure expenditure required in the next two decades in these markets range from a massive US$ 30-40 trillion.

The most serious infrastructure deficits in many of these markets are in water and basic sanitation and growing water scarcity will only exacerbate the problem. There are about 1.2 billion people across the globe who lack access to safe drinking water and 40% of people in Africa have no access to sanitation. Spending on improving and expanding water treatment (and sanitation) will comprise approximately 30% of hard infrastructure expenditure.

Electricity consumption per capita in growth markets is significantly lower than in the developed markets (8 MWh per capita in OECD countries compared to 0.5 MWh per capita in Sub-Saharan Africa) but is likely to increase in tandem with rising income levels. It is estimated that 60% of the global generating capacity added through 2030 will be built in growth markets. Renewable energy and off grid solutions will increasingly take center stage.

In the transportation sector, an estimated US$ 5 trillion of investment is needed to sustain current levels of economic growth.

Investment opportunity

Infrastructure investment has historically been the domain of the public sector, but over the last few decades, both hard and soft infrastructure has benefited from the involvement of private sector players.

The private sector brings an entrepreneurial, innovative and results-driven approach to infrastructure. Complementing the role of government, market-based solutions can expand the provision of essential services on a timely basis, at affordable rates, improving the quality of life in local communities in measurable ways-often through Public Private Partnerships (PPPs).

PPPs have been proven to be effective forms of delivering infrastructure projects but remain a small share of the total spend (even in the EU, PPP spend only amounts to 12%). PPPs are typically structured with concession agreements backed by government where the private sector player will, either, or all of, build, operate, own and transfer the infrastructure asset.

Governments across growth markets are encouraging private sector investment in infrastructure projects to bridge funding gaps in markets and sectors as below:

> Mexico, the second largest economy in Latin America, needs significant infrastructure investment to maintain growth. It is estimated that US$ 400 billion is expected to be invested between 2013 and 2018 under the new National Infrastructure Plan (power and water infrastructure targeted for the bulk of new investments). The government plans to use PPPs to execute a large portion of these.

> Colombia has also outlined a US$ 20 billion transport infrastructure plan with over 50% of the contribution coming from the private sector.

> With historical underinvestment in infrastructure and significant funding gaps, several African countries have initiated mega infrastructure plans. The Kenyan government has put forward the Kenya Vision 2030 Program that envisions US$ 60 billion in infrastructure spending over the next eight years.

> A PPP Bill passed in 2011 allows the private sector to participate in public services through capital investments, management skills and technology provision. South Africa will spend more than US$ 93 billion on new power stations, road networks, dams, water supply pipelines, rail and port facilities, schools and hospitals over the next three years. Nigeria is another key growing economy where significant infrastructure investments are being planned.

As governments around the world grapple with severe financial pressures, PPPs have increasingly become the norm for the funding of infrastructure, expanding the opportunities available to private sector companies and to investors.

> Opportunities to participate in the infrastructure space are also available through direct investments in infrastructure-related companies or in businesses providing ancillary services to the industry.

Our experience in infrastructure

The Abraaj Group has been a pioneering investor in the infrastructure space, investing in both hard (such as utilities and oil and gas) and soft infrastructure (such as healthcare and education).

The investment in GEMS, a leading provider of K-12 education, is an example of the Group's ability to identify and capitalize on evolving infrastructure trends. Since the Group's investment in 2007, the GEMS portfolio of owned and managed schools has grown to 60, providing education to over 80,000 students across the region.

In 2009, The Abraaj Group invested in KESC, Pakistan's only remaining vertically integrated power utility company supplying power to the largest city, Karachi. When Abraaj took control of the business, the company was suffering from a multitude of issues, including severe underinvestment, operational weaknesses and misalignment among various stakeholders.

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PPPs have increasingly become the norm for the funding of infrastructure, expanding the opportunities available to private sector companies and to investors.

KESC is an example of how Abraaj upgraded and improved an existing asset through a turnaround strategy focused on broad multi-stakeholder engagement, apart from capital injection.

In 2012, KESC became profitable for the first time in 17 years, achieving an additional 1,000 MW of generation capacity, significantly reducing transmission and distribution losses (from an estimated 40% to 28.6%), and providing uninterrupted power supply to over half the city.

Realizing the massive opportunity in the ancillary oil and gas service space, The Abraaj Group recently invested in Viking Services, which offers a wide range of services including drilling, well completion, seismic, work-over and underbalanced services in Northern Iraq, Poland, Hungary and Serbia.

Since the Group's investment, Viking has initiated an aggressive expansion strategy to ramp up its presence in existing markets, diversify its customer base and expand its fleet, geographic footprint and service lines.

Infrastructure will continue to attract significant investment globally in the years ahead. Accelerated spending in the short-term - combined with the secular demand for infrastructure development and repair over the long-term - support the investment opportunity in infrastructure. Rapid urbanization and rising prosperity make it all but inevitable in growth markets.

With our established presence in growth markets and track record of investing and managing infrastructure investments, we are well positioned to capitalize on the expanding infrastructure opportunity.

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KESC is an example of how Abraaj upgraded and improved an existing asset through a turnaround strategy focused on broad multi-stakeholder engagement, apart from capital injection.

Capturing the Real Estate Opportunity

The unprecedented speed and scale of urbanization in growth markets is generating compelling real estate opportunities, which The Abraaj Group, with its deep local knowledge and network, together with its dedicated Real Estate Investment Team, is uniquely positioned to capture.

Real estate has always been an important asset class, given its relative and absolute size, but it is becoming an increasingly essential component of a well-diversified investment portfolio. The value of global commercial real estate is estimated at over US$ 26 trillion, with around US$ 400 billion traded annually. This compares to global listed equities valued at over US$ 54 trillion and global listed bonds valued at over US$ 93 trillion.

Real estate has become more attractive as it gives investors exposure to an income-producing asset with yields well above current treasuries in a low-interest rate environment. Additionally, real estate provides an excellent hedge against inflation, as rental rates, especially for office and retail, usually incorporate CPI-linked escalation clauses. Although inflation may not be perceived as an immediate global threat, the unprecedented scale of monetary stimulus undertaken in the wake of the global financial crisis will almost certainly lead to inflationary pressures over time, with a similar impact on interest rates as a consequence. Real estate values generally have a negative correlation to rate rises; however, the current large gap between property yields and interest rates will act as a valuation buffer.

A recent trend has also seen institutional investors increasing their exposure to the real estate space, as financial disintermediation provides a unique opportunity for those with patient and flexible capital to fill funding gaps across the debt and equity capital structures.

The Commercial Mortgage Backed Securitisation and Residential Mortgage Backed Securitisation market, which has underpinned the liquidity in the real estate sector in the U.S. and Europe has been on life support since the financial crisis, falling by over 90% since the market peaked in 2007.

Liquidity is being further squeezed as traditional banks are becoming increasingly selective regarding real estate lending due to more stringent capital requirements and a need to reduce overexposure to the sector. This is severely impacting the

Matteo Stefanel
Partner, The Abraaj Group

"Real estate has become more attractive as it gives investors exposure to an income-producing asset with yields well above current treasuries in a low-interest rate environment. Growth markets especially are witnessing attractive investment and development opportunities across all sectors.

The Abraaj Group has been an early investor in the real estate sector, and combined with its presence in 31 countries, is in a unique position to capture a range of opportunities, which are increasingly available.

Estimated value of global commercial real estate

$26 trn+

> The confluence of favorable demographics, rapid urbanization, and strong economic activity across growth markets act as strong fundamental demand drivers for real estate.

44,000 sq.km

New office and residential space needed in growth cities by 2025

capital available for real estate investments and developments, particularly in growth markets, as Western banks retrench to national markets under intense political pressure to focus capacity on supporting their domestic private sector. This has resulted in less competition and an improved risk-reward balance for real estate investments.

Supportive trends and characteristics

The confluence of favorable demographics, rapid urbanization, and strong economic activity across growth markets act as strong fundamental demand drivers for real estate.

Growth markets are undergoing a wave of rapid urbanization at an unprecedented speed and scale. It is estimated that 423 emerging cities will account for over 45% of global GDP growth from 2007 to 2025, including 20 mega cities (such as Istanbul in Turkey, Sao Paulo in Brazil and Lagos in Nigeria).

As a result of these trends, cities in growth markets are estimated to require over 44,000 square kilometers of new office and residential floor space by 2025, requiring real estate to be developed at a staggering rate.

The real estate opportunity in growth markets is underpinned by three main characteristics.

Firstly, the asset class has historically witnessed low levels of institutional ownership and investment. Institutional ownership is negligible in many of these markets, whereas over half of commercial real estate in the United States and the United Kingdom is estimated to be held by institutions. This provides an attractive investment landscape.

Secondly, positive regulatory reforms (such as the new mortgage law in the Kingdom of Saudi Arabia and relaxation of foreign ownership restrictions in Turkey) are changing the landscape for real estate investment by improving transparency and the ease of doing business.

Thirdly, the historical underinvestment coupled with the rapid rise in pent-up demand, has created undersupply across a number of sectors, for example:

Affordable housing

There are chronic shortages of affordable housing in a number of markets including 500,000 units in the Kingdom of Saudi Arabia, 1.5 million units in Egypt, 3.2 million units in Nigeria, 3 million units in Mexico and 7.5 million units in India. This provides a compelling opportunity for investors who can partner with the right stakeholders (public and private) and create sustainable business models that deliver profit while providing opportunities for scale.

In 2008, The Abraaj Group invested in Regimanuel Gray Limited (RGL), a company that operates across the construction value chain in the rapidly growing West African real estate sector including affordable housing and other residential segments. To date RGL has successfully developed eight master-planned communities in Ghana (which has a shortfall of 1.5 million units) and another one in Sierra Leone.

As part of the strategy to address the housing shortage and come up with an economically viable model, RGL has pioneered expandable starter houses, which were delivered for as low as US$ 25,000. These housing solutions allow potential homeowners to purchase two-bedroom units and add additional rooms at their own pace, thereby transforming communities.

Office

The rapid expansion of local companies and the increasing importance of growth markets to multinationals, is resulting in an undersupply of high quality office space in certain cities like Jakarta, where rents rose an astonishing 36% in 2012. Indonesia is estimated to be the seventh largest contributor to global commercial real estate growth from 2011 to 2020 adding US$ 563 billion.

A similar trend in Grade-A office space under-supply is prevalent in Egypt, where Abraaj leveraged its local presence and real estate network to acquire a high quality office building in Cairo. Since acquisition, proactive management by the Real Estate Investment Team has driven the occupancy up to 96%, significantly increasing the asset value in US$ terms, despite a volatile economic environment.

Student housing

Higher education penetration in Turkey has increased from 10% to 33% in the last ten years driven by demographics and increasing wealth, a trend expected to continue as Turkey moves towards a service-based economy. Supply of student housing on the other hand has severely lagged this growth.

There are currently 58,000 dormitory beds available for 385,000 students studying in Istanbul, most of which are 100% occupied despite being of poor quality. This is a space in which Abraaj has a keen interest in and is considering investment opportunities.

Growth opportunities

The real estate trends and characteristics within growth markets are creating investment and development opportunities across all sectors. Strong pent-up demand where lack of supply exists will lead to robust rental growth and capital appreciation. Furthermore, continued improvement of economic fundamentals, enhancement of transparency and increased investment activity, should result in yields trending downwards (i.e. multiple expansion) increasing valuations.

Real estate investing requires local knowledge supported by local presence to fully understand crucial factors such as the quality of the location, shifting preferences and city trends, and to efficiently assemble and execute a transaction. Selection and management of local partners are also essential and require strong networks and experience.

The Abraaj Group has a strong presence across its network of 31 country offices, which are staffed with experienced local investment professionals, and is therefore in a unique position to capture the real estate opportunities, which are increasingly available.

In addition, given the deficit in key sectors prevalent in growth markets, and to capture attractive risk-reward opportunities, the Group's Real Estate Investment Team also expects to participate in select development opportunities in under-supplied sectors where there is demonstrable end user demand.

“Real estate investing requires local knowledge supported by local presence to fully understand crucial factors such as the quality of the location, shifting preferences and city trends, and to efficiently assemble and execute a transaction.

building sustainable communities

We have built our stakeholder engagement efforts within an innovative framework that encourages strategic partnerships, thought leadership, academic engagement and community outreach.

Shaping the Stakeholder Model

At The Abraaj Group, our stakeholder approach to doing business lies at the core of our values and culture.

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 The Abraaj Group with the conviction that financial value creation is primary and can be achieved while creating sustainable and positive change in the economic landscape of our markets.

Over the last four years an increasing focus of the Abraaj Strategic Stakeholder Engagement Track (ASSET) programs has been related to nurturing and supporting the entrepreneurial ecosystem in the markets in which we are present. We accomplish this either through collaborative platforms or by initiating our own projects.

We believe that businesses have the responsibility to help shape the markets in which they operate. We have been consistent in this belief since inception as it represents an integral part of our Group's culture and one which the ASSET team is responsible for driving through the ranks of our employees and partner companies.

Over the year in review, ASSET projects continued to be resourced through our 5+5+5 model. This represents 5% 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 (three days of which are paid for by The Abraaj Group) and 5% of the annual bonus we encourage each employee to donate. Over the past three years, over 8,000 hours of volunteering time have been invested by our employees.

In the context of the private equity industry, we know ASSET to be unique. It goes to the heart of our original ambitions of evolving our own model, to be different and to create our own path for the development of our global operations. Embedding stakeholder engagement programs into business models 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.

Our 5+5+5 model

5

5% net management fee

5

Each employee volunteers 5 days per year

5

5% of the annual bonus we encourage each employee to donate

Frederic Sicre
Managing Director, The Abraaj Group

"ASSET aims to engage all employees and companies in which we invest to be actors of positive social change in the communities in which we are operating.

Volunteering hours invested by Abraaj employees over the past three years

8,000

Engagement Tracks

Global Sustainability Initiatives

The Abraaj Group Sustainability Council

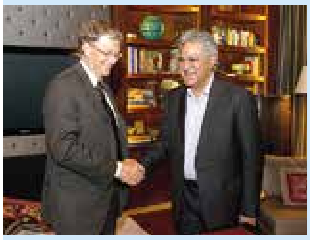
We established The Abraaj Group Sustainability Council to provide strategic insights to the Board of Abraaj and to the Group Chief Executive in global best practices, operational excellence, impact measurement, performance benchmarking and innovation with regards to sustainability in our Group and our partner companies.

The independent advisory body comprises ten eminent figures and experts from industry, academia, government, global institutions and the corporate sustainability field. Each member has been appointed for their personal and professional integrity, superior insight and expertise. The Council members are: Graham Wrigley, Jose Maria Figueres, Jane Nelson, Ian Goldin, Dr Nathalie von Siemens, Linda Rottenberg, Helene Gayle, Joe Wanjui, Sev Vettivetpillai and Frederic Sicre.

Global Impact Investing Network

In 2012, we were accepted as a Member of the Investors' Council of the Global Impact Investing Network (GIIN). GIIN is a non-profit organization dedicated to increasing the scale and effectiveness of impact investing. GIIN is a sponsored project of the Rockefeller Philanthropy Advisors and offers The Abraaj Group the ability to participate in the ever increasing debate around sustainability in investments.

The GIIN Investors' Council itself is an exclusive leadership group for active large-scale impact investors. Comprised of asset owners and asset managers with diverse interests across sectors and geographies, the Investors' Council provides a forum for experienced impact investors to strengthen the practice of impact investing and accelerate learning about new areas in the field. As leaders, Investors' Council members also participate in field-building activities such as infrastructure development and research to advance the broader impact investing industry.



Bill Gates and Arif Naqvi at the signing of a framework partnership agreement

Philanthropy Age

The Abraaj Group and the Bill and Melinda Gates Foundation have launched a new initiative designed to change the nature of philanthropy in the Middle East, North Africa and South Asia region. *Philanthropy Age* is a quarterly publication in English and Arabic intended to move people into changing the nature of their giving and to think about how and where they are giving. It is distributed on a highly targeted basis to philanthropists and influential leaders who might be considering philanthropy, philanthropic organizations, government bodies, foundations, and other individuals interested in the concept of giving.

Philanthropy Age is a call to action, widening the regional debate about philanthropy and encouraging thoughtful giving that delivers a demonstrable return.

United Nations Global Compact

The United Nations Global Compact (UNGC) is a strategic policy initiative designed to mobilize businesses that share a commitment to ten universally accepted principles, which encompass human rights, labor, environment, sustainability and anti-corruption. In 2012, our Founder and Group Chief Executive Arif Naqvi was appointed to its Board, the UN's highest level advisory body involving business, civil society, labor and employers' organizations by United Nations Secretary General, Ban Ki-moon. He joined 13 other business leaders from around the world. At the Global Compact's Rio+20 Corporate Sustainability Forum, in connection with the UN Conference on Sustainable Development, The Abraaj Group was invited to share its unique models and experiences in effective stakeholder engagement practices.

Pearl Initiative

The Pearl Initiative, developed in collaboration with the United Nations Office for Partnerships in 2010, is a GCC-based, private sector-led, not-for-profit organization set up to foster a corporate culture of transparency and accountability in the Arab world.

The research report *Accountability and Transparency,* the first in the Pearl Initiative Series on GCC Corporate Good Practices, was launched in November 2012 and demonstrates that there are integrity-related and reporting good practices within companies in the GCC. Eight case studies are highlighted, including one on The Abraaj Group's responsible investment principles. The case studies are being used as benchmarks by the business community and as teaching material in universities across the region.

Strategic Platforms

President Olusegun Obasanjo at the Abraaj Annual Forum 2012

Abraaj Annual Forum

Every year we invite our key relationships and stakeholders for a one day retreat on the shores of the Bosphorus in Istanbul. The Abraaj Annual Forum provides a unique opportunity for the senior management of the Group to interact with investors and international business leaders on the critical trends emerging over the forthcoming year. Our discussions are led by eminent thinkers and economic architects. In 2012, the Abraaj Annual Forum was opened by Paul Krugman, the 2008 Nobel Prize Winner for Economic Sciences, and the closing was a memorable discussion with President Bill Clinton a few weeks before the U.S. Presidential elections. Former Heads of State and Ministers of Finance from Asia, Latin America, Africa and MENA along with captains of industry participated in our 2012 Forum, which is rapidly becoming a recognized "must attend" event on the yearly calendar of the Abraaj community.

Raed Yassin's prize winning exhibit 'China' at Art Dubai, 2012

The Abraaj Group Art Prize

The Abraaj Group Art Prize is the flagship of our arts patronage program. It is the world's only art prize to reward proposals rather than completed works or previous exhibitions. Every year, we invite promising artists to apply for a share of this award which is one of the world's most generous in terms of financial contribution.

All of the winning pieces become part of The Abraaj Group Art Collection. Since launching in 2008, the collection has grown to 21 works of art. In 2012, we exhibited the collection at Art Dubai of which The Abraaj Group is the Principal Partner. The exhibition called 'Spectral Imprints', was curated by art critic and curator Nat Muller from Holland. Works commissioned by The Abraaj Group Art Prize were also requested over 2012 by leading museums and galleries throughout the world, including the Victoria & Albert Museum in London and the Smithsonian's Museums of Asian Art in Washington D.C.

Entrepreneurship, Education and Community Engagement

EFE alumna at a group training session

Education for Employment

Education for Employment (EFE) operates across the Middle East and North Africa. The network of locally run non-profit organizations aims to provide youngsters with the skills and opportunities necessary to build careers.

In 2012, The Abraaj Group's support for EFE had a significant impact on young entrepreneurs and jobseekers across MENA. It provided boot camp training to 100 entrepreneurs in North Africa and English language training for unemployed youth in Tunisia, ensuring EFE-Tunisia continued its 100% job placement rate for graduates. Our support also helped EFE reach a milestone in 2012, placing 3,000 young people in jobs and providing employability and entrepreneurship skills to 5,800 additional young men and women since launch.


Endeavor mentors and entrepreneurs at a 'Global Connections' session in Silicon Valley

Endeavor
Our partnership with Endeavor - a non-profit organization dedicated to encouraging 'high-impact entrepreneurship' in growth markets - entered its second full year in 2012. With our support, Endeavor opened a new office in the Kingdom of Saudi Arabia.

In March, we hosted an Endeavor International Selection Panel in Dubai. More than 100 business leaders and entrepreneurs from growth markets attended the event, where they competed to be selected as Endeavor Entrepreneurs.

Access to an extensive business mentor network is a key benefit for Endeavor Entrepreneurs. In 2012, 23 Abraaj executives served as advisors and mentors. We also participated in Endeavor's Investor Network program, which brings high-impact entrepreneurs and investors together at events that help startups raise capital. In Asia, Endeavor's executive for global expansion works from our hub in Singapore with plans to open operations in Malaysia, the Philippines, Thailand and Vietnam between 2013 and 2015.

News and content on the Wamda site

Wamda
Wamda is a platform designed to empower entrepreneurs across the Middle East and North Africa. It aims to accelerate the region's entrepreneurship ecosystem by providing entrepreneurs with the support they need to survive and thrive. Wamda operates across four channels: Wamda.com, a site dedicated to content about starting and running your own company; the Wamda Capital Fund, which invests in early stage startups; a range of programs and products designed to help startups set up, run and grow; and a think tank that produces research papers about the state of the ecosystem.

Visits to Wamda.com rocketed from 7,000 to hundreds of thousands per month between September 2011 and November 2012, with 220 Facebook fans, 33,000 Twitter followers and 360,000 Google Plus members. With 3,000 pieces of original content and growing, it is the largest entrepreneurship website in the Arab world. The Wamda Capital Fund continues to source potential investments. By the end of 2012, it had reviewed more than 200 startups and closed eight deals, with an average investment of US$ 200,000.


Remedial classes conducted by the Mustaqbali Foundation

Mustaqbali Foundation
In 2009, The Abraaj Group established and endowed the US$ 10 million Mustaqbali Foundation in Palestine, in partnership with the Welfare Association. The Foundation's mission is to empower the war orphans of Gaza through education so they can live a normal, fulfilling life. In 2012, the Foundation enabled 274 children to attend kindergarten, 1,068 pupils to return to school and 103 students to attend higher education classes. Just over 860 children participated in its remedial education project, with 73% demonstrating improvement in specific subjects such as English and Mathematics.

The Foundation also helped many young entrepreneurs realize their business ambitions. It helped 42 startups over the year in Gaza itself, ranging from bookshops to takeaway restaurants.

Aman Foundation
The Aman Foundation was established in 2008 by our Group Founder Arif Naqvi and his family with seed capital of US$ 100 million. The Foundation is a social sector enterprise that aims to champion dignity and choice for the underserved focusing on areas of health, education and nutrition. Since inception, the Foundation has made more than 400,000 interventions in healthcare through the AMAN**AMBULANCE** program, delivered over 2 million nutritious meals to low-income community schools through AMAN**GHAR**, started a community health worker program targeting to cover 60% of Karachi's low income population, and established a modern vocational training institute AMAN**TECH** for 5,000 students providing technical education and soft skills to Karachi's youth.

In 2012, the Aman Foundation signed a five year framework partnership agreement with the Bill and Melinda Gates Foundation, leveraging its on the ground knowledge in family planning and maternal and child health in Pakistan.


Literacy classes held by Dubai Cares

Dubai Cares
Dubai Cares was established in 2007 by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai, to give children access to quality primary education. Dubai Cares works in countries with major deficiencies in primary education to implement development programs that target the underlying causes preventing children from accessing quality education. In 2012, the organization reached 1.5 million new children, taking the total number of youngsters it has helped to 7 million. As a result of its reputation in successfully developing and executing programs, other leading organizations, including UNICEF, have approached Dubai Cares for advice and assistance in preparing their own initiatives. Gordon Brown, former Prime Minister of the United Kingdom, has also called on Dubai Cares to be one of seven organizations to sit on the UN Secretary General's Technical Advisory Group for the "Education First" project.


Injaz student winners at a ceremony in Cairo

Injaz Al Arab (Junior Achievement)
Injaz Al Arab provides education and training to students across the MENASA region with the ambition of inspiring them to become entrepreneurs. In 2012, Injaz Al Arab touched the lives of 289,450 students across 15 countries. The Abraaj Group contributed to this work through three major developments.

With our support, Injaz Al Arab established a presence in Pakistan and, over the next three years, the organization hopes to train more than 6,000 students there.

In Egypt, we provided seed funding and mentoring for the first student-led startup in the MENA region. RecycloBekia is the brainchild of a group of students and is the first e-waste recycling company in Egypt. Just one year into operation, the company has 23 employees and is worth US$ 400,000.

With our efforts, Injaz restructured its Tunisian chapter after the 2011 revolution. A new Chairman and interim Board were appointed and a MoU with the Tunisian Ministry of Education gave the organization access to schools and vocational training centers. As a result, Injaz Tunisia reached 1,880 students across 20 universities.


Students attending soccer practice as part of the Shake the Net initiative

Shake the Net
In 2012, The Abraaj Group joined forces with partner companies OMS and Spinneys to launch the 'Shake the Net' soccer program in Cairo, with the aim of helping underprivileged children develop educational and life skills.

In Cairo, the community is already seeing the benefits. When the children, who range from eight to 11 in age, first attended the sessions, most were illiterate and able only to write their names. Now all of them know the alphabet and can write simple words. This program is piloted in Stabi Antar in Egypt, where residents live in extreme poverty and school drop-out rates are high.

Since launching in October 2012, participants have completed 64 hours of football training and 64 hours of literacy classes, during which both their physical fitness and their literacy levels have seen considerable improvement.


Ruwwad participants at a community empowerment event

Ruwwad
Ruwwad is a non-profit community empowerment organization that helps disadvantaged communities overcome marginalization through youth activism, civic engagement and education, initially focused on Jordan. The Abraaj Group has been a major contributor to this organization since its inception and has provided many hours of volunteering time to its various programs.

Through the Mousab Khorma Youth Education and Empowerment Fund, 170 students receive scholarships every year, and to date 659 students have had the opportunity to further their studies thanks to Ruwwad. The organization also has a strong focus on children offering workshops in creative arts, sciences and sports where up to 150 children are welcomed on a daily basis.

This model of taking a deep dive into a local community and engaging with community leaders to undertake social programming has proven itself in East Amman where basic services are lacking for more than 54,000 needy persons. Activities are now being scaled to other areas of Jordan as well as Cairo, Palestine and Lebanon.

Academic Engagement

American University in Cairo

In May 2012, we invested US$ 1.1 million in launching the Abraaj Group Professorship in Private Equity at the American University in Cairo's School of Business. The Professorship will be the cornerstone of the University's MSc in Finance, launched last fall. We also created a US$ 100,000 endowment fund to strengthen research in private equity, venture capital and investment management at the University.

London School of Economics

The Abraaj Group holds a longstanding relationship with the London School of Economics and Political Science (LSE). The Group has established and funds the Private Equity Professorship in the Department of Finance. Students of the Masters in Finance course also benefit from receiving guest lectures from senior Abraaj members, as well as case studies of the Group's portfolio companies. The first Abraaj Group Reader in Finance and Private Equity is Dr Ulf Axelson, tasked with evolving the program into research on private equity.

INSEAD

In Singapore, we are partnering with INSEAD, the leading international business school, as a founding member of the Global Private Equity Initiative (GPEI). The initiative seeks to work closely with private equity firms to produce relevant, timely and thought-provoking research and insight for both Limited and General Partners. The GPEI's research aims to enhance the productivity of private equity capital and facilitate the sharing of ideas and best practice within the sector.

IMD

We have been long-term partners with IMD, one of the leading schools in executive education in Europe. With the view of orchestrating change management and innovation, we have run a series of executive education programs for a selection of partner companies. The Abraaj Group is a learning partner of IMD and our Founder and Group Chief Executive, Arif Naqvi, sits on the Foundation Board of IMD along with 50 CEOs of the world's best known companies.

In addition to the above partnerships, we work very closely with leading universities such as Harvard, Stanford, MIT, Wharton, Duke and London Business School, among others, to jointly develop case studies on our partner companies across the growth markets in which we operate. A number of these case studies now form part of the teaching curriculum in the MBA programs. A recent example includes a case study prepared by Harvard Business School and Harvard Kennedy School on the Karachi Electric Supply Company, the first such joint case study to be prepared for a private firm.

ASSET in Our Partner Companies
Karachi Electric Supply Company (KESC)

We are finding that our external stakeholders are increasingly attracted to working with us because of the strong set of values we live by and our commitment to creating positive change for the long term.

This commitment is enshrined in the way we screen our investments for their fit with global ESG standards and monitor performance in these areas through our proprietary Abraaj Sustainability Index.

To assist partner companies climb the index, we encourage them to create socially positive value. The Karachi Electric Supply Company (KESC), in Pakistan, is a case in point. Stakeholder engagement is an integral part of KESC's business strategy. ESG value creation is an essential part of KESC's economic value creation model.

Under its Social Investment Program (SIP), KESC has launched a unique "Empowerment Program" to provide relief to social welfare organizations in health and education sectors by providing free electricity. The program is aimed at extending support to various vital healthcare and educational institutions serving over two million underprivileged people on purely humanitarian grounds.

Whether its grassroots football development, promotion of thought leadership or even knowledge exchange programs in partnership with leading educational institutions, KESC's commitment to ESG is unequivocal. This was further reinforced in 2012 when it secured a level 'A' rating from the Global Reporting Initiative (GRI) for its Integrated Sustainability Report, making KESC the first power utility in Pakistan to achieve such a rating.

In recognition of its remarkable performance in corporate social responsibility (CSR), KESC was awarded the 'CSR Business Excellence Award' by the National Forum for Environment and Health (NFEH), a program being run in collaboration with the United Nations Environment Program (UNEP).

People and planet

In the environmental sphere KESC is currently working on creating the world's largest bio-waste-to-energy plant near the Landhi cattle colony in Karachi. The impact on the local environment including the water ecosystem will be tremendous. The plant, which will have the capacity to generate 22 MW of renewable energy, will daily use up to 4,200 tons of biodegradable waste and 4,000 tons of cattle waste from the local area.

KESC has also rightfully considered its own employees and workforce as a key stakeholder. The company's leadership launched the *AZM* (Resolve) change management program in 2012. The program, arguably the largest such undertaking by Pakistan's corporate sector, has provided the much needed impetus to KESC's 11,400 employees. The *AZM* program has successfully instilled a sense of pride, direction and resolve among KESC's workforce to transform it into a customer-centric power utility in line with customers' aspirations.

"Under its Social Investment Program (SIP), KESC has launched a unique "Empowerment Program" to provide relief to social welfare organizations in health and education sectors by providing them free electricity.

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