

# Citadel Capital Reports Second Quarter 2010 Results

Leading private equity firm reports the start of operations at four greenfields, 5.3% growth in TNAV since FY09 and rising invested assets under management quarter-on-quarter

## CCAP.CA on the Egyptian Stock Exchange

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## 21 August 2010

(Cairo, Egypt) — Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa, announced today its standalone financial results for the second quarter of 2010. The firm reported the start of operations at four greenfield projects as well as a 1.7% rise in portfolio net asset value (PNAV) and a 12.5% rise in asset management value (AMV), the combined effect of which was a 5.3% rise in total net asset value per share (TNAVPS) of Citadel Capital<sup>1</sup> as at 30 June 2010.

“The second quarter of 2010 was about delivering on our promises to investors,” said Chairman and Founder Ahmed Heikal. “In our last Business Review, we pledged to fine-tune our balance sheet by recovering loans that we had extended to Platform Companies to bridge LP delays in answering capital calls. We also set targets to close the debt package for the Egyptian Refining Company, to deliver four more greenfield projects and to achieve first close on the MENA and Africa Joint Investment Funds. We have delivered on all fronts.”

With no exits in the second quarter, the firm reported net income of US\$ 0.05 million (EGP 0.3 million) on revenues of US\$ 6.8 million (EGP 38.5 million) on a standalone basis.<sup>2</sup>

### Highlights of 2Q10 include:

- The delivery of four greenfield projects, in addition to the first-quarter completion of two others. Investments announcing the launch of operations at greenfields in the second quarter included:
  1. Designopolis (the Middle East and Africa’s first home furnishings destination under platform company Bonyan).
  2. Berber for Electrical Power (a power-generation plant in Sudan under platform company TAQA Arabia).
  3. ASEC Ready Mix (concrete production and distribution in Upper Egypt under platform company ASEC Holding).
  4. Al-Takamol Cement (cement production in Sudan, also under ASEC Holding).<sup>3</sup>
- As part of the ongoing fine-tuning of its balance sheet, Citadel Capital recovered significant bridge financing extended to platform investments. Loans to Platform Companies thus declined 48.8% to EGP 221.7 million, with loans to ASEC Holding, the convertible in the National Petroleum Company (NPC) and ASCOM being completely recovered. The firm will continue to adjust the distribution of its investments in 2H10 as final close is reached on the MENA and Africa Joint Investment Funds, which will then invest in certain warehoused investments. This will allow Citadel Capital as a principal investor to redirect some currently invested funds to other Platform Companies and / or new investments.

<sup>1</sup> The total net asset value (TNAV) captures i) the present value of Citadel Capital’s principal investments in the 19 Opportunity-Specific Funds that it controls as well as ii) the asset-management component of the business. Citadel Capital publishes its TNAV twice annually at the half-year and full-year marks.

<sup>2</sup> Citadel Capital views its standalone financial results as the ideal vehicle through which to view the firm’s financial performance. Standalone results focus squarely on revenues derived from private equity investing, not on the performance of the platform companies in which the firm invests. As such, Citadel Capital believes the consolidated picture — which it must report to the Egyptian Exchange by law — is more appropriate to a conglomerate than to a private equity firm whose revenue streams gains from the sale of principal investments and the asset management business.

<sup>3</sup> Final firing of Al-Takamol’s kiln to full operational temperatures was completed in mid-July 2010.



- The firm made new equity investments in platforms including Wafra, Nile Logistics, East Africa Railways and the Egyptian Refining Company, among others.
- Total assets under management (committed equity) at the end of 2Q10 were stable quarter-on-quarter in dollar terms at US\$ 3.7 billion (EGP 20.9 billion), as the first close of the MENA and Africa Joint Investment Funds was a material event taking place after the end of the reporting period. The firm had total investments under control<sup>4</sup> of US\$ 8.3 billion (EGP 45.5 billion) as at 30 June 2010.
- Total invested AUM as at 30 June 2010 rose a net 2.3% (or EGP 366.7 million) to US\$ 2.9 billion (EGP 16.6 billion). Total third-party AUM rose US\$ 58.3 million (EGP 328.8 million) to US\$ 2.1 billion (EGP 12.1 billion), an increase of 2.8%. Total invested AUM included US\$ 1.9 billion (EGP 10.7 billion) of third-party fee-earning assets under management, a rise of 1.3% from the end of 1Q10.<sup>5</sup>

### **Material Events After the Reporting Period:**

- Citadel Capital announced the signature of a US\$ 2.6 billion debt package for the Egyptian Refining Company (ERC), one of the largest private sector industrial development projects in Africa. The International Finance Corporation had earlier announced it would make a US\$ 100 million equity investment in ERC. The signing of the debt package paves the way for the finalization of the equity component of the investment, which will add US\$ 1 billion in fee-earning AUM to Citadel Capital's total assets under management when it closes in the fourth quarter of 2010.
- The firm's base of third-party fee-earning AUM is also expected to rise with the combined US\$ 500 million final close of the MENA and Africa Joint Investment Funds targeted for early 2011. The sister funds achieved a US\$ 140 million first close in July 2010 with committed and circled funds from leading global institutional investors.
- The United States Overseas Private Investment Corporation (OPIC) has extended a US\$ 100 million financing facility which will be invested alongside select investments of Citadel Capital and of the firm's MENA and Africa Joint Investment Funds.

Management's discussion of operational performance as well as details of Citadel Capital's 2Q10 standalone financials are below; full financials are available for download at [www.citadelcapital.com](http://www.citadelcapital.com).

<sup>4</sup> Management considers total investments under control (defined as committed debt + committed equity for all platform investments) as an appropriate indicator of the firm's scope.

<sup>5</sup> Third-party fee-earning assets under management are a sub-set of total third-party invested assets under management (drawn equity) of US\$ 2.16 billion (EGP 12.17 billion). Management notes that an historical agreement structured in 2004 entitles anchor limited partners to 34.8% of the carried interest and advisory fees from Citadel Capital's Opportunity-Specific Funds. Management is presently in negotiations for Citadel Capital to buy back the right to these asset management fees.

**Performance Highlights**

<b>Financial Highlights</b> (in EGP mn)	<b>FY09</b>	<b>1Q10</b>	<b>2Q10</b>
Revenue	438.9	42.3	38.5
EBITDA	213.2	-10.8	-3.8
Net Income	211.4	1.5	0.29
<b>Principal Investments (own balance sheet)</b>			
Total Principal Investments	4,250	4,415	4,455
Of which Equity	3,284	3,520	3,833
Of which Loans	441	433	221.7
Of which Convertibles	525	463	400.2
New Investments in the Period	866	165	37.8
Gains from Sale	272.5	9.6	0.0
Portfolio NAV (PNAV)	6,840	not issued	6,957
<b>Asset Management</b>			
Total AUM	20,350	20,350	20,883
Invested AUM	15,886	16,223	16,590
Invested Third-party AUM	11,636	11,808	12,137
Third-party Fee-earning AUM	10,450	10,535	10,670
New Invested AUM	1,083	337	336.7
Revenue from Advisory Fees	103.7	24.8	25.4
Revenue from Carried Interest	-	-	-
Asset Management Value (AMV)	3,420	not issued	3,846
<b>Net Asset Value</b>			
Total NAV (TNAV)	10,260	not issued	10,803
TNAV per Share (in EGP)	15.50	not issued	16.32

**Second Quarter 2010 in Brief****I. Citadel Capital as a Principal Investor (Own Balance Sheet)**

- **Total principal investments** (including convertibles and interest-bearing loans to Platform Companies) stood at US\$ 788.9 million (EGP 4.5 billion)<sup>6</sup> at the end of 2Q10, a 0.9% rise over the previous quarter as the firm targeted a declining balance of loans while increasing its equity investments.
  - **Equity investments by Citadel Capital as a principal investor** in 2Q10 rose 8.9% to US\$ 679.3 million (EGP 3.8 billion), all in existing Platform Companies.
  - **Interest bearing loans to platform and portfolio companies** declined 48.8% to EGP 221.7 million.
  - **Convertibles in platform and portfolio companies** declined 13.6% to EGP 400.2 million.
- **The portfolio net asset value (PNAV)** of Citadel Capital's principal investments in the 19 Opportunity-Specific Funds (OSFs) it controls rose 1.7% from year-end 2009 to US\$ 1.2 billion (EGP 7.0 billion).
- **PNAV per share (PNAVPS)** stood at US\$ 1.86 (EGP 10.51) at the half-year mark.
- **Gains from the sale of principal investments** were nil 2Q10, as the firm did not execute exits in the quarter, compared with EGP 9.58 million in 1Q10.

<sup>6</sup> Figures relating to financial results in 2Q10 are converted using spot rate of EGP 5.644 : US\$ 1.00. Historical figures have been re-stated using the same exchange rate. Citadel Capital typically analyzes its own financial statements in EGP and investments in US\$.



## II. Asset Management Business

- **Total assets under management (committed)**<sup>7</sup> in Citadel Capital's 19 Opportunity-Specific Funds (OSFs) were unchanged in 2Q10 from US\$ 3.7 billion (EGP 20.9 billion) at the end of the first quarter of 2010. First close of the MENA and Africa Joint Investment Funds and the OPIC financing were material events after the quarter.
- **Total invested AUM** rose 2.3% quarter-on-quarter to US\$ 2.9 billion (EGP 16.6 billion).
- **Total invested third-party AUM** rose 2.8% in 2Q10 to US\$ 2.1 billion (EGP 12.1 billion). New LP investments in the period were weighted toward agriculture and consumer foods, oil and gas and convertibles.
- **Total third-party fee-earning AUM** stood at US\$ 1.9 billion (EGP 10.7 billion) at the end of 2Q10, a rise of 1.3% quarter-on-quarter
- **Revenue from advisory fees**<sup>8</sup> stood at US\$ 4.51 million (EGP 25.4 million), up 2.7% on the previous quarter.
- **Revenue from Citadel Capital's carried interest** in its limited partners' proceeds from exited or partially-exited investments was nil, as it was in 1Q10.
- **Asset management value (AMV)**, which captures the present-day value of Citadel Capital's asset management business, stood at US\$ 681.4 million (EGP 3.8 billion) at 1H10, a rise of 12.5% from US\$ 606.0 million (EGP 3.4 billion) at year-end 2009. The increase reflects significant progress on the fundraising front in the first half of 2010.
- **Asset management value per share (AMVPS)** stood at US\$ 1.03 (EGP 5.81) at the half-year point.

## III. Total Net Asset Value

- **Total net asset value (TNAV)** of Citadel Capital, which captures both the value of the firm's principal investments (PNAV) and of the asset management business (AMV), was US\$ 1.9 billion (EGP 10.8 billion) for the period ending 30 June 2010, a rise of 5.3% from 31 December 2009, when the TNAV was last published.
- **Total NAV Per Share (TNAVPS)** was US\$ 2.89 (EGP 16.32) at the end of 1H10.

## IV. Financial Highlights

- **Citadel Capital revenue** in 2Q10 reached US\$ 6.8 million (EGP 38.5 million), an 8.8% dip from US\$ 7.5 million (EGP 42.3 million) the previous quarter. The firm sold no investments and recorded a 2.7% rise in income from advisory fees.<sup>9</sup>
- **EBITDA** for the three months ending 30 June 2010 stood at negative US\$ 0.7 million (EGP 3.8 million) compared with a negative US\$ 1.9 million (EGP 10.8 million) the previous quarter, an improvement (despite the lack of revenue from sale of investments) that reflects declining OPEX.
- **Net income after taxes** in 2Q10 was US\$ 0.05 million (EGP 0.3 million).
- **Debt-to-equity ratio** stood at 22% as at 30 June 2010, unchanged from 31 March 2010. Across the firm's platform investments, the average debt-to-equity ratio at the end of the first half of 2010 stood at 65% (excluding both Citadel Capital and the Egyptian Refining Company).

<sup>7</sup> Following international practices, Citadel Capital defines Assets Under Management (AUM) as committed amounts, not amounts drawn.

<sup>8</sup> Citadel Capital earns a 1% advisory fee on fee-earning assets under management. See III. Asset Management and IV. Financial Performance for a discussion of its composition in this quarter.

<sup>9</sup> Due to the nature of private equity investing, revenues and earnings fluctuate significantly depending on the number and frequency of exits and of gains on investments. Revenues and profits in any particular period are not necessarily indicative of future results.

**Citadel Capital at a Glance**

(for the quarter ending 30 June 2010 unless otherwise indicated)

**Asset Management Business**

Total investments under control	EGP 45.5 billion	US\$ 8.3 billion
Total assets under management	EGP 20.9 billion	US\$ 3.7 billion
Total invested assets under management	EGP 16.6 billion	US\$ 2.9 billion
Total invested third-party AUM	EGP 12.1 billion	US\$ 2.1 billion
Third-party fee-earning assets under management	EGP 10.7 billion	US\$ 1.9 billion
Total Citadel Capital principal investments (own balance sheet)	EGP 4.5 billion	US\$ 780 million

**Track Record**

Investments made since 2004 (acquisitions and new company formations)		54
Number of Platform Companies as at 30 June 2010		19
Total number of countries in which Citadel Capital invests		14
Number of industries in which Citadel Capital invests		15
Total equity raised and invested since 2004	EGP 24.3 billion	US\$ 4.3 billion
Cash returns to shareholders and LPs since 2004 (on equity investments of US\$ 650 million)	EGP 14.1 billion	US\$ 2.5 billion

**Shareholder Structure**

Citadel Capital Partners (CCP) <sup>10</sup>		40%
Board members other than CCP		15%
Shareholders owning more than 1%		15%
Others		30%
Number of shares outstanding		661,625,000
Paid-in capital of Citadel Capital	EGP 3.3 billion	US\$ 0.6 billion

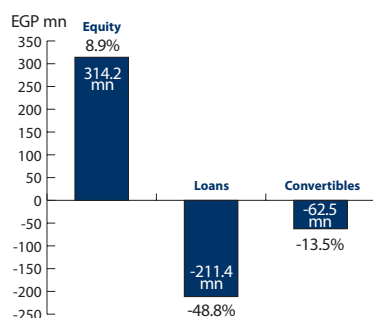
**Valuations (as at 30 June 2010)**

Total net asset value (TNAV)	EGP 10.8 billion	US\$ 1.9 billion
Total net asset value per share (TNAVPS)	EGP 16.32	US\$ 2.89
Portfolio net asset value (PNAV)	EGP 7.0 billion	US\$ 1.2 billion
Portfolio net asset value per share (PNAVPS)	EGP 10.51	US\$ 1.86
Asset management value (AMV)	EGP 3.8 billion	US\$ 0.7 billion
Asset management value per share (AMVPS)	EGP 5.81	US\$ 1.03

<sup>10</sup> CCP has transferred shares to the Citadel Capital Scholarship Foundation as part of its endowment to the Foundation. The partnership had acquired those shares on the open market. The bulk of CCP's holding remains subject to a lock-up agreement.

**Breakdown of New Citadel Capital Investments in 2Q10**

(Equity, interest-bearing loans, convertibles)

**I. Business Activity in 2Q10**

As it did in 1Q10, Citadel Capital continues to carefully oversee Platform Company business plans amid broadly improving macroeconomic conditions across the firm's 14-country Middle East and Africa footprint. This came despite a bearish second quarter for capital markets that saw regional trading volumes off an average of more than 50% in 2Q10 compared with the same quarter of last year amid signs that the global economic recovery may be faltering. Nonetheless, economic growth in Egypt (where the majority of Citadel Capital's platforms are based) continued to accelerate in 2Q10, growing 5.9% in the quarter compared with 5.8% the previous quarter and 4.9% in 4Q09. Growth was underpinned by rising real consumption and higher non-hydrocarbon exports, developments that underscore the solid fundamentals of Citadel Capital's overall investment strategy.

In this climate, four greenfield operations (beyond Sphinx Glass' EGP 1.1 billion float glass factory and the National River Port Management Company's Tanash Port near Cairo, as noted in the 1Q10 Business Review) reported the start of operations in the quarter just past, including Portfolio Companies of Bonyan, ASEC Holding and TAQA Arabia.

- TAQA Arabia and ASEC Cement announced that operations had begun at Berber for Electrical Power, their Sudanese power-generation joint venture. The captive 42 MW Berber plant marked a major milestone for TAQA Arabia's power-generation business and will provide all of the electricity needs for Al-Takamol Cement Company, Sudan's most technologically advanced and environmentally friendly cement producer.
- ASEC Cement announced that it had begun operations at ASEC Ready Mix, which will provide ready-mix product to the under-served governorates of Upper Egypt, where significant demand is driven by the growing real estate and infrastructure markets.
- ASEC Cement finished in June pre-operational testing at Al-Takamol Cement Company; furnaces reached full operating temperature and began producing clinker in mid-July. Al-Takamol's annual production of 1.6 MTPA will effectively reduce by half Sudan's 3 MTPA deficit for cement.
- Bonyan had officially launched operations at the Middle East and Africa's first retail furnishings and design center, Designopolis, by June. The 55,000 square-meter leasable-area destination will ultimately house up to 300 regional and international brands, with some 80 brands having joined the now completely-leased first phase. In addition, Bonyan signed an agreement for additional land to execute its next phase, which will bring total leasable area to 70,000 square meters.

In other Platform and Portfolio news, Sudanese agriculture platform Wafra announced in 3Q10 that Portfolio Company Sabina had closed a US\$ 6.03 million Shariah-compliant financing facility with funds earmarked for repairs, maintenance, working capital and infrastructure works, among other uses.

Throughout the global financial crisis, Citadel Capital had extended financing (in the form of loans and convertibles) to select platform investments to bridge gaps between LPs answering capital calls. The firm is now targeting a declining balance of loans as part of its stated policy of fine-tuning its own-balance-sheet investments. The firm thus reported a declining balance of both interest-bearing loans (down 48.8% to EGP 221.7 million) and convertibles (down 13.6% to EGP 400.2 million) to Platform and Portfolio Companies.

Having recovered EGP 211.4 million in loans, Citadel Capital subsequently increased its equity investment in some platform companies in the quarter just past by 8.9% to a total of US\$ 679.3 million (EGP 3.8 billion). (see II. Citadel Capital as a Principal Investor for details).

With a very healthy debt-to-equity ratio of 22% at the end of the second quarter (unchanged from the end of 1Q10), the firm continued negotiations for a restructured financing facility at





the Citadel Capital level that will ensure the firm's balance sheet has ample liquidity to support the planned pace and tenor of investments. The facility, which as previously noted will not see Citadel Capital surpass a debt-to-equity ratio of 50%, is expected to be concluded in 4Q10. Meanwhile, Citadel Capital's platform investments reported an average debt-to-equity ratio of 65% at the end of 1H10 (excluding both Citadel Capital and the Egyptian Refining Company).

Although management does not normally take note of awards and similar distinctions in Business Reviews, we do note that the annual Private Equity International 300 ranking of the world's 300 largest PE firms (as defined by private equity assets under management in the period 2005-2010) again confirmed Citadel Capital as the largest private equity firm in Africa by a wide margin.

### **Material Events After the Reporting Period**

Management reports that the firm has made very significant progress on fundraising in the past year, the results of were announced to the market in July and early August.

- Citadel Capital announced on 9 August 2010 that it had reached financial close on a US\$ 2.6 billion financing package for the Egyptian Refining Company (ERC), Citadel Capital's US\$ 3.7 billion second-stage oil refinery, which stands as one of the largest private-sector industrial development projects ever executed in Africa. The package includes US\$ 2.35 billion of senior debt and US\$ 225 million of subordinated debt. Institutions participating in the senior debt package include the Japan Bank for International Cooperation (JBIC), Nippon Export and Investment Insurance (NEXI), the Export-Import Bank of Korea (KEXIM), the European Investment Bank (EIB) and the African Development Bank (AfDB). First drawdown under the senior debt facilities is expected this fall. Mitsui & Co., which is part of the consortium of contractors building the refinery, is providing US\$ 200 million of subordinated debt financing. The African Development Bank is providing an additional US\$ 25 million of subordinated debt financing.
- The International Finance Corporation announced that it was investing US\$ 100 million in ERC, which officials noted would be the first Egyptian refinery to produce European-grade diesel and international standard jet fuel. ERC, the IFC noted, meets World Bank environmental and social standards and will have a strong positive impact on the national economy as a substantial import-substitution play.
- Also in relation to ERC, Citadel Capital has agreed with its limited partners in the platform to capitalize its expenses and advisory fees over the coming five years while continuing to maintain its 10% ownership in the company. This capitalized sum will form part of the equity investment of Citadel Capital, which will allow the firm to reduce its cash commitments to ERC over the period in question.
- In July, Citadel Capital marked the first close of the MENA and Africa Joint Investment Funds. Combined, the sister funds recorded more than US\$ 140 million in committed and circled funds from institutional investors. Participants in the first close include some of the most experienced emerging markets investors globally, among them the International Finance Corporation (IFC), the African Development Bank (AfDB), the Netherlands Development Finance Company (FMO), Société de Promotion et de Participation Pour la Coopération Economique (Proparco), Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), and the European Investment Bank (EIB).

The MENA and Africa Joint Investment Funds, which will target a combined final close of US\$ 500 million, are sister funds that focus on the same types of opportunities in slightly different geographies. Egypt will be one of the most important markets for both funds, while other target geographies will include the Middle East, North Africa and East Africa.

Citadel Capital will invest equity of US\$ 1 for every US\$ 2 invested by the new funds, which will only invest in new platform investments in which Citadel Capital invests. Management notes the firm will also continue to raise equity on a deal-by-deal basis through the highly flexible single-industry Opportunity-Specific Funds.



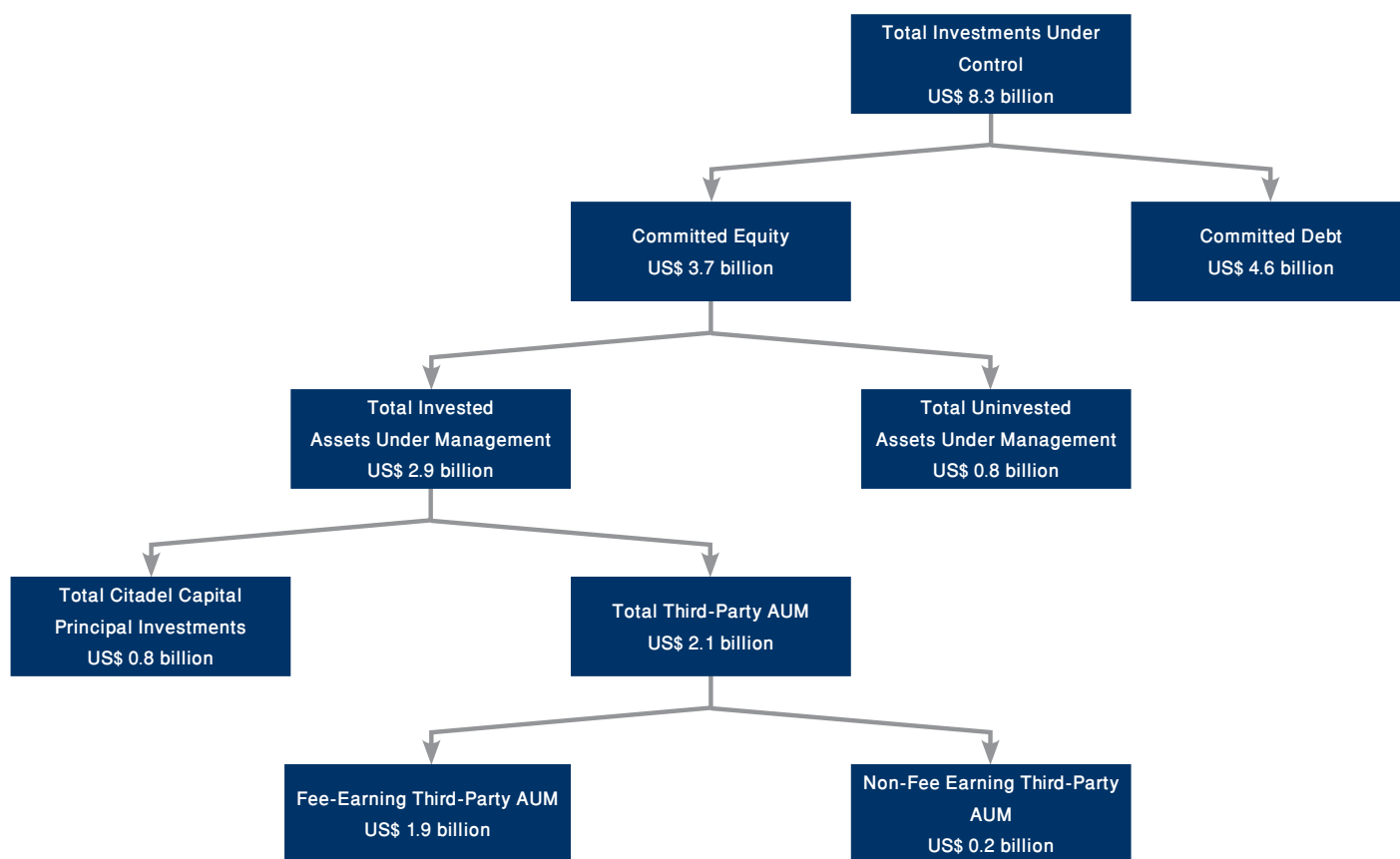
- Finally, the firm also announced that it had been granted a US\$ 100 million financing facility from the United States Overseas Private Investment Corporation (OPIC), which will be invested alongside select investments of Citadel Capital and of the MENA and Africa Joint Investment Funds. Of the 87 applications received by OPIC, only Citadel Capital and four others attracted investment.





## II. Citadel Capital as a Principal Investor

Citadel Capital raises Opportunity-Specific Funds (OSFs) to control a Platform Company in a specific industry. Each Platform Company may, in turn, control one or more Portfolio Companies. As a principal investor, Citadel Capital typically contributes 10-20% of the equity in each of its OSFs under shareholder agreements that give the firm management control. Gains from the eventual sale of these investments constitute one of two Citadel Capital revenue streams, the other being asset management related: advisory fees and carried interest (see below).



Citadel Capital controlled total investments of US\$ 8.3 billion (EGP 46.8 billion) at the end of 2Q10, representing both committed equity and committed debt.

### A) Principal Investments

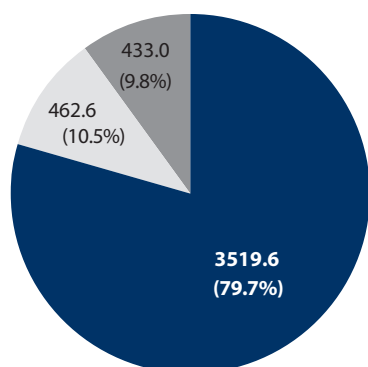
Citadel Capital's total principal investments (including convertibles and interest-bearing loans to its Platform Companies) stood at US\$ 788.9 million (EGP 4.5 billion) at the end of 2Q10, a 0.9% rise from US\$ 782.3 million (EGP 4.4 billion) the previous quarter.

Citadel Capital's US\$ 55.6 million (EGP 313.87 million) in new equity investments in the quarter were directed toward transportation and logistics (EGP 108.3 million in total, split between Nile Logistics and East Africa Railways), mining (EGP 34.0 million, where the firm participated in an ASCOM capital increase), and construction, engineering and cement (EGP 103.6 million). (See table, below, of Citadel Capital Principal Investments as at 30 June 2010.)

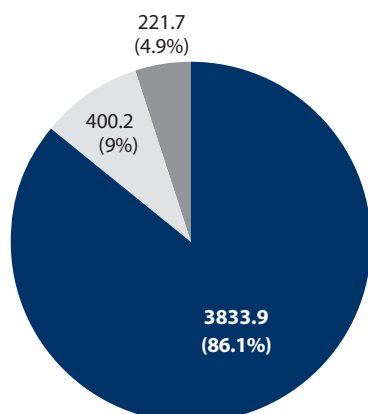


### Total Citadel Capital Investments in EGP mn (% of total investments)

As at 31 March 2010



As at 30 June 2010



Equity Convertible Bonds Loans

In FY08 and FY09, Citadel Capital extended loans to a number of Platform and Portfolio Companies to bridge short-term funding gaps resulting from co-investor delays on outstanding capital calls. Although the firm will continue to extend bridge financing as needed to ensure platform and portfolio business plans remain fully on track, management has aimed since 1Q10 to substantially reduce this balance over the medium term. Accordingly, total outstanding loans declined to EGP 221.7 million at the end of 2Q10, down 48.8% from the previous quarter. Similarly, convertibles fell 13.6% quarter-on-quarter to EGP 400.2 as at 30 June 2010.

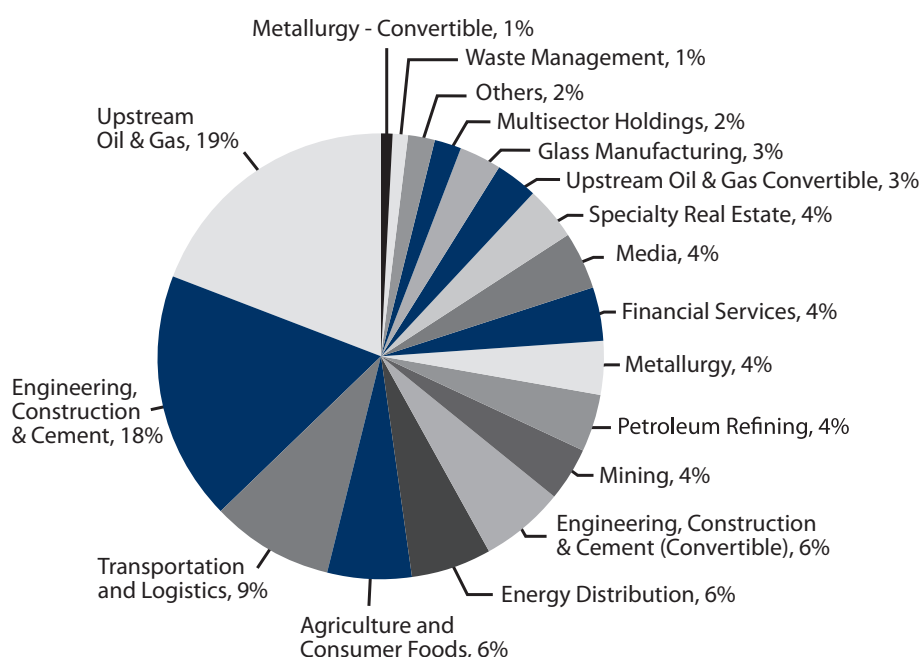
Of the EGP 211.4 million in loans recovered in the quarter, EGP 75.37 million were to ASEC Holding while EGP 39.24 million had been to ASCOM. Meanwhile, loans of EGP 35.05 million to United Foundries Company were restructured into convertibles with a total investment cost of EGP 43.04 million.

On the convertibles front, Citadel Capital sold US\$ 20.5 million in ASEC Holding Convertible to a limited partner as part of a still-in-progress transaction. Although the sale has reduced Citadel Capital's holding in the convertible to 45.5% as at 30 June 2010, the final stage of this transaction will see Citadel Capital as the sole subscriber to an ASEC Holding Convertible capital increase. The firm's ultimate target is a 49.8% holding in the convertible.

The firm's total principal investments at the end of 2Q10 break down as 86.1% equity, 9.0% convertible notes, and 4.9% loans extended to Platform Companies, compared with 79.7% equity, 10.5% convertibles and 9.8% loans the previous quarter as loans were capitalized as equity investments.

Citadel Capital's total principal investments are weighted toward Engineering, Construction and Cement (24% of all Citadel Capital investments when convertibles are included), Upstream Oil and Gas (22%), transportation and logistics (9%), agriculture and consumer foods (6%), and energy distribution (6%).

### Citadel Capital Principal Investments by Industry





## Citadel Capital Principal Investments as at 30 June 2010

Platform Company	Industry	1Q10 Invest. Cost (in EGP mn)	2Q10 Invest. Cost (in EGP mn)
ASEC Holding	Engineering, Construction and Cement	668.2	771.8
ASEC Holding (Convertible)	Engineering, Construction and Cement	338.1	232.6
ASCOM Mining & Geology	Mining	149.0	183.1
Nile Logistics	Transportation and Logistics	139.3	208.0
East Africa Railways	Transportation and Logistics	144.4	184.0
Gozour	Agriculture and Consumer Foods	186.4	186.4
Wafra	Agriculture	58.4	80.5
National Petroleum Company	Upstream Oil and Gas	323.2	323.2
National Petroleum Company (Convertible)	Upstream Oil and Gas	52.4	52.4
NOPC / Rally Energy Group	Heavy Oil	359.1	359.1
NOPC / Rally Energy Group (Convertible)	Heavy Oil	72.1	72.1
Nile Valley Petroleum	Upstream Oil and Gas	124.3	127.0
Egyptian Refining Company	Petroleum Refining	175.7	186.8
TAQA Arabia	Energy Distribution	212.4	207.0
Mashreq	Energy Distribution	34.0	39.4
GlassWorks	Glass Manufacturing	119.4	119.4
Finance Unlimited	Financial Services	165.9	174.9
Bonyan	Specialty Real Estate	147.3	154.1
Tawazon	Solid Waste Management	48.1	48.5
Tanweer	Media	155.4	159.0
United Foundries Company	Metallurgy	174.5	177.3
United Foundries Company (Convertible)	Metallurgy	0.00	43.0
Grandview	Mid-Cap / Multisector	69.9	69.9
Funds and Others	Various	64.9	74.6
Total Principal Investments		3,982.2	4,234.0
Loans to Platforms		433.0	221.7
Total Citadel Capital Investments		4,415.3	4,455.7

### B) Portfolio Net Asset Value (PNAV)

Citadel Capital disseminates a total portfolio net asset value (TNAV) semi-annually at the first half and full-year marks that consists of i) the portfolio net asset value (PNAV) of its principal investments in the companies controlled by its Opportunity-Specific Funds and ii) an asset management value (AMV) that values the asset-management component of the business.

The net asset value of Citadel Capital's principal investments in its OSFs stood at US\$ 1.2 billion (EGP 7.0 billion) as at 30 June 2010, a rise of 1.7% since the last PNAV was issued at the end of FY09. PNAV per share (PNAVPS) stood at US\$ 1.86 (EGP 10.51) at the half-year mark against US\$ 1.83 (EGP 10.33) at the end of FY09.



## Portfolio Net Asset Value Comparison: FY09 vs 1H10

(all figures in EGP mn)

Platform Company	Industry	Targeted % CC Ownership	Multiple as at 31 December 2009	Pro Forma Investment Value as at 31 December 2009	Multiple as at 30 June 2010	Pro Forma Investment Value as at 30 June 2010
ASEC Holding	Engineering, Construction and Cement	49.8	3.1x	2,384	2.6x	2,007
ASEC Holding (Convertible)	Engineering, Construction and Cement	49.8	4.0x	1,116	4.5x	1,445
ASCOM Mining & Geology	Mining	39.2	1.4x	236	0.9x	164
Nile Logistics	Transportation and Logistics	25.0	1.0x	150	1.0x	150
East Africa Railways	Transportation and Logistics	20.0	1.0x	83	1.0x	189
Gozour	Agriculture and Consumer Foods	20.0	2.1x	423	2.0x	463
Gozour Real Estate	Agriculture and Consumer Foods	20.0	3.5x	264	5.7x	289
Wafra	Agriculture and Consumer Foods	37.5	1.0x	57	1.0x	81
National Petroleum Company	Upstream Oil and Gas	14.9	0.4x	140	0.4x	140
National Petroleum Company (Convertible)	Upstream Oil and Gas	n/a	1.0x	52	1.0x	52
NOPC / Rally Energy Group	Heavy Oil	10.4	0.5x	180	0.5x	180
NOPC / Rally Energy Group (Convertible)	Heavy Oil	n/a	1.0x	72	1.0x	72
Nile Valley Petroleum	Upstream Oil and Gas	15.0	1.0x	28	1.0x	66
Egyptian Refining Company	Petroleum Refining	8.2	1.0x	141	1.0x	163
TAQA Arabia	Energy Distribution	34.6	1.8x	375	2.3x	475
Mashreq	Energy Distribution	27.3	1.0x	38	1.0x	38
GlassWorks	Glass Manufacturing	20.0	1.4x	199	1.6x	218
Finance Unlimited	Financial Services	100.0	1.5x	308	2.0x	343
Bonyan	Specialty Real Estate	32.1	1.7x	245	1.8x	273
Tawazon	Solid Waste Management	33.3	1.0x	38	1.0x	48
Tanweer	Media	100.0	1.0x	148	1.0x	159
United Foundries Company	Metallurgy	49.9	1.2x	222	1.0x	178
United Foundries Company (Convertible)	Metallurgy	49.9	-	-	1.9x	130
Grandview	Mid-Cap / Multisector	13.0	2.2x	154	2.4x	168
<b>TOTAL</b>				7,052		7,493
Cash and Other Assets				468.1		402.6
Due to CCP				(305.1)		(391.9)
Net Due to / from Platform Companies and Related Parties				432.8		253.6
Bank Debt				(807.9)		(800.9)
<b>Total</b>				(212.1)		(536.6)
<b>Portfolio NAV (PNAV)</b>				6,840		6,957
<b>PNAV Per Share</b>				10.33		10.51



Breakdown of Citadel Capital's principal investments by method of valuation:

Valuation Method	% FY09 PNAV (by invest cost)	% 1H10 PNAV (by invest cost)
Cost	20%	24%
Market Value	34%	4%
Fair Value	28%	55%
Impaired	18%	17%

ASEC Holding, which represented 34.8% of Citadel Capital's FY09 PNAV and 27.3% of the firm's 1H10 PNAV, has been moved from the market value category to an investment held at fair value. Management maintains a conservative policy on investments held at market value and accordingly reclassifies any investment if no transaction has been executed in the six-month period between which TNAV estimates are published. As a result, ASEC Holding is now carried as a fair-value investment at a multiple of 2.6x against the previous multiple of 3.1x.

Counter-balancing this effect is the rise in value of Citadel Capital's investment in the ASEC Holding Convertible, which appreciated in value despite a stake sale to a limited partner. In the next and final phase of an ongoing transaction, Citadel Capital will be the sole subscriber to an ASEC Holding Convertible capital increase. The PNAV is thus based on the full value (US\$ 112 million) of the firm's investment in the convertible, not the US\$ 90 million figure used in the FY09 PNAV.

Similarly affecting PNAV is the firm's investment in ASCOM (a listed company having a market value) where the valuation was impacted by the net impact of changes in share price since the end of 2009 and by a capital increase executed in 2Q10 to which Citadel Capital subscribed. ASCOM shares were trading at EGP 11.90 at 30 June 2010 (and had risen to EGP 13.20 per share at time of writing). As a result, ASCOM was carried in the FY09 PNAV at 1.4x the investment value, but is carried here at 0.9x.

Partially counter-balancing the effects of ASCOM and ASEC Holding on PNAV is the compression of the discounting period (working backward from 2014) by the six months that have passed between the FY09 PNAV and the current estimate.

As is the case with ASEC Holding, TAQA Arabia was carried in the FY09 PNAV as an investment having a market value as a result of a small transaction executed in 4Q09 at a price that management noted in the FY09 Business Review did not adequately reflect TAQA Arabia's growth potential. With no transaction in the intervening six months, TAQA Arabia is now carried at a fair value multiple of 2.2x versus 1.8x in the previous PNAV.

The appreciation in East Africa Railways, Nile Logistics and Tawazon owes to new equity investments made in 2Q10. Management notes that both East Africa Railways and Tawazon are currently 100% owned by Citadel Capital, but equity in each has been warehoused for the MENA and / or Africa Joint Investment Funds.

Management also notes that it has opted to maintain impairments on both NOPC / Rally Energy and the National Petroleum Company (NPC) owing to challenges in maintaining the stability of production at NOPC's Egyptian assets.

Please see Annex 1 for a discussion of the methodology used in the calculation of PNAV and TNAV.



### **III. Asset Management Business**

In addition to gains on the sale of its Principal Investments, Citadel Capital generates revenues from advisory fees on the total invested assets under management (drawn equity) it has under control as well as from a carried interest over a hard hurdle on capital gains it makes for the limited partners in its OSFs.

Citadel Capital's 19 OSFs recorded total assets under management (committed by Citadel Capital and limited partners) of US\$ 3.7 billion at 30 June 2010, unchanged from the end of the previous quarter. AUMs split as 20.3% committed by Citadel Capital as a principal investor and 79.7% from the limited partners in its OSFs.

Total invested AUM (drawn equity) stood at US\$ 2.9 billion (EGP 16.6 billion) at the end of the second quarter, a rise of US\$ 72.3 million (EGP 408.1 million). Invested third-party AUM stood at US\$ 2.1 billion (EGP 12.1 billion), a rise of 2.8% from 1Q10. The balance represents Citadel Capital principal investments of US\$ 788.9 million (EGP 4.5 billion).

Third-party fee-earning assets under management stood at US\$ 1.9 billion (EGP 10.7 billion) at the end of the quarter, a rise of 1.3%.

LPs invested new equity in agriculture platforms as well as in convertibles in both oil and gas (more than US\$ 28.2 million) and engineering, construction and cement (US\$ 20.5 million). The latter, an ASEC Holding Convertible, comes as part of an in-progress transaction on ASEC Holding noted in previous Business Reviews.

Citadel Capital recorded revenues of US\$ 4.5 million (EGP 25.4 million) in 2Q10 from the 1% advisory fee it earns on fee-earning assets under management, a rise of 2.7% from the previous quarter. Management again notes that inflows into ERC as well as the MENA and Africa Joint Investment Funds were events that occurred after the close of the current reporting period and so are not reflected in this analysis.

In the absence of a significant exit, revenue from the carried interest was nil in 2009, as it was in 2008.<sup>11</sup>

Including equity drawn into exited funds, Citadel Capital has raised a total of US\$ 4.3 billion in equity since inception and has generated cash returns of US\$ 2.5 billion to shareholders and limited partners on investments of US\$ 650 million.

#### **B) Asset Management Value**

To provide guidance on an appropriate valuation for Citadel Capital, management disseminates a total net asset valuation on a semi-annual basis that captures the present-day value of both Citadel Capital's principal investments and of the asset management component of the business. The latter, referred to as the Asset Management Value (AMV) estimates the present value of the firm's carried interest in the capital gains of the limited partners in its funds, as well as of the advisory fees Citadel Capital earns on the private equity assets it has under management.

The firm now forecasts that third-party fee-earning assets under management will rise to US\$ 3.9 billion by early 2011, adding US\$ 1 billion in presently-undrawn equity commitments (largely related to the Egyptian Refining Company, the debt package for which is now signed), US\$ 500 million for the MENA and Africa Joint Investment Funds (US\$ 140 million first close already

<sup>11</sup> Management notes that while Citadel Capital typically earns a carried interest of 20% on LP capital gains over a hard hurdle rate of 12% on most investments, some older investment vehicles have a carried interest of 15% over a hurdle of 15%. See also footnote #1 for a related disclosure item..





achieved), and a further US\$ 500 million in potential equity commitments based on identified needs of existing platform investments.

This base of third-party fee-earning AUM is then forecast to grow at a CAGR of 8%, providing a view on the anticipated value of advisory fees generated by the Asset Management business. The anticipated value of the carried interest is then estimated based on a model Citadel Capital transaction that assumes a gross equity IRR of 35% and a carried interest of 20% over a hard hurdle of 12%. The firm applies a 20% discount rate to this Gross AMV calculation and subtracts from the Gross AMV the projected value of OPEX and of the management earn-out, among other factors, to arrive at a net value of the Asset Management business.

For the period ending 30 June 2010, the asset management value (AMV) as estimated by the firm's management stood at US\$ 0.7 billion (EGP 4.0 billion), a rise of 12.5%. Asset management value per share (AMVPS) for the period stood at US\$ 1.03 (EGP 5.81).

### Assumptions

Third Party Fee Earning Assets by Year-end 2010	<b>US\$ 3.9 billion</b>
Cumulative Aggregate Growth Rate (CAGR)	<b>8%</b>
Gross Equity IRR	<b>35%</b>
Hurdle Rate	<b>12%</b>
Carried Interest	<b>20% over hurdle rate</b>
Discount Rate	<b>20%</b>

#### Gross Value of Asset Management Business

**US\$ 1,202 million**

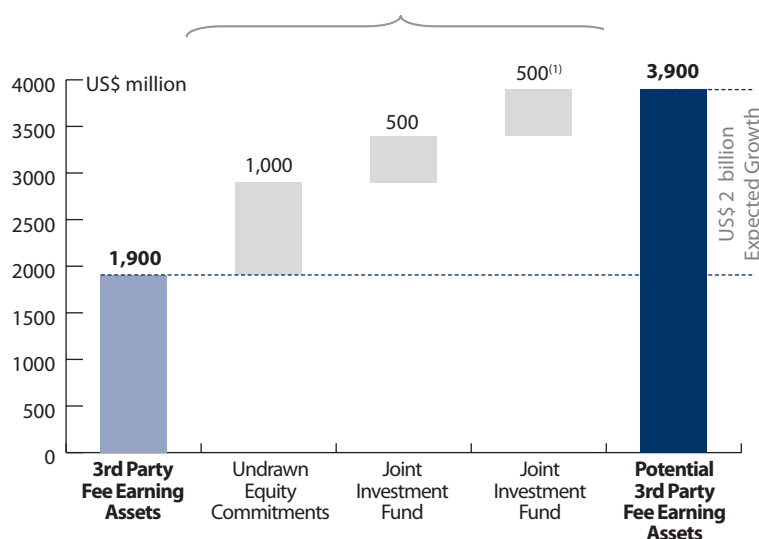
Less:

Acquisition of 3rd Party share of AM fees stream	<b>US\$ 125 million</b>
PV of OPEX	<b>US\$ 150 million</b>
PV of Management Earn-out	<b>US\$ 246 million</b>

#### Net Value of Asset Management Business

**US\$ 681 million**  
**EGP 5.81 per share**

### Expected Fee-Earning AUM Growth in 2010



(1) Potential Equity Commitments are based on identified needs of existing projects.

Annex 1(b), below, carries a detailed discussion of AMV as well as factors Management believes distinguish Citadel Capital's AMV from the AMV of a traditional fund manager.



#### **IV. Total Net Asset Valuation (TNAV)**

Citadel Capital disseminates semi-annually a total NAV (TNAV) that captures i) the portfolio net asset value (PNAV) of the firm's principal investments and ii) the present value of the Citadel Capital's carried interest in the capital gains of the limited partners in its funds, as well as of the advisory fees Citadel Capital earns. This is referred to as the asset management value (AMV).<sup>12</sup>

As at 30 June 2010, management estimated a PNAV of US\$ 1.2 billion (EGP 7.0 billion) and an AMV of US\$ 681.4 million (EGP 3.8 billion). (See sections II(b) and III(b) above for more information on the calculation of the PNAV and AMV).

Accordingly, the total net asset value (TNAV) of Citadel Capital was US\$ 1.9 billion (EGP 10.8 billion) as at the end of 1H10. TNAVPS was US\$ 2.89 (EGP 16.32).

The TNAV table follows (overleaf). Please see Annex 1 for a detailed discussion of the methodologies used in its calculation.

<sup>12</sup> See Annex 1 for a detailed description of PNAV, AMV and TNAV methodologies, including an outline of the model transaction that factors into the calculation of the TNAV.



(EGP million)

### Citadel Capital Portfolio and Total Net Asset Value as at 30 June 2010

Platform Company		Pro-forma Investment Cost		Citadel Capital Portfolio and Total Net Asset Valuation				
		Investment Cost	Ownership	Method	Investment Value	Multiple	% Valuation	Value / Share
ASEC Holding	Engineering, Construction & Cement	772	49.8%	Fair Value	2,007	2.6x	29.6%	3.0
ASEC Holding (Convertible)	Engineering, Construction & Cement	288	49.8%	Fair Value	1,445	4.5x	19.2%	2.0
ASCOM Mining & Geology	Mining	183	39.2%	Market Value	164	0.9x	2.4%	0.2
Nile Logistics	Transportation and Logistics	150	25.0%	Cost	150	1.0x	2.2%	0.2
East Africa Railway	Transportation and Logistics	189	20.0% *	Cost	189	1.0x	2.8%	0.3
Gozour	Agriculture and Consumer Foods	232	20.0%	Fair Value	463	2.0x	6.8%	0.7
Gozour Real Estate	Real Estate	51	20.0%	Fair Value	289	5.7x	4.3%	0.4
Wafra	Agriculture	81	37.5%	Cost	81	1.0x	1.2%	0.1
National Petroleum Company	Upstream Oil & Gas	360	14.9%	Impaired	140	0.4x	2.1%	0.2
NPC (Convertible)	Upstream Oil & Gas	52	N/A	Cost	52	1.0x	0.8%	0.1
NOPC / Rally Energy Group	Upstream Oil & Gas	359	10.4%	Impaired	180	0.5x	2.7%	0.3
NOPC / Rally Energy Group (Convertible)	Upstream Oil & Gas	72	N/A	Cost	72	1.0x	1.1%	0.1
Nile Valley Petroleum	Upstream Oil & Gas	66	15.0%	Cost	66	1.0x	1.0%	0.1
Egyptian Refining Company	Petroleum Refining	163	8.2%	Cost	163	1.0x	2.4%	0.2
TAQA Arabia	Energy Distribution	208	34.6%	Fair Value	475	2.3x	7.0%	0.7
Mashreq	Energy Distribution	38	27.3%	Cost	38	1.0x	0.6%	0.1
GlassWorks	Glass Manufacturing	136	21.0%	Fair Value	218	1.6x	3.2%	0.3
Finance Unlimited	Financial Services	175	100.0%	Fair Value	343	2.0x	5.1%	0.5
Bonyan	Specialty Real Estate	154	32.1%	Fair Value	273	1.8x	4.0%	0.4
Tawazon	Solid Waste Management	48	33.3% *	Cost	48	1.0x	0.7%	0.1
Tanweer	Media	159	100.0%	Cost	159	1.0x	2.3%	0.2
United Foundries Company	Metallurgy	177	49.9%	Fair Value	178	1.0x	2.6%	0.3
United Foundries (Convertible)	Metallurgy	69	49.9%	Fair Value	130	1.9x	1.9%	0.2
Grandview	Mid-Cap / Multisector	70	13.0%	Fair Value	168	2.4x	2.5%	0.3
Total Investments		EGP 4,253			EGP 7,493	1.7x	107.9%	11.05
Cash and Other Assets					402.6		5.9%	0.61
Due to CCP					(391.9)		-5.8%	(0.59)
Due from Platform Companies and Related Parties					439.3		6.4%	0.66
Due to Platform Companies and Related Parties					(185.7)		-2.7%	(0.28)
Bank Debt					(800.9)		-11.8%	(1.21)
Total					(536.6)		-7.9%	(0.81)
Portfolio Net Asset Valuation					6,957		100%	10.51
Asset Management Business					3,846			5.81
Total Net Asset Valuation					10,803			16.32

\* Expected ownership in the platform after all the funds are raised and invested. Citadel Capital's current ownership of these platforms is 100%.

**V. Financial Performance****(A) Standalone Results**

Management again notes that standalone results provide the best indicator of the financial health of Citadel Capital as a firm, believing that consolidated results are better suited for benchmarking a conglomerate than a private equity firm that takes discrete stakes in a range of investments which it controls to grow value before exit (see below, “Consolidated Results,” for discussion). This is particularly the case when investments span the gamut from greenfields to brownfields, from mature enterprises to growth-phase concerns.

As is the case with any private equity firm or investment company, Citadel Capital’s financial performance is highly dependent on any exits from current investments the firm may execute in a given period. At exit, Citadel Capital may record both capital gains on its principal investments and a carried interest in the capital gains it makes for the limited partners in its OSFs.

With the second quarter of 2010 not having witnessed significant exits, Citadel Capital’s profits were accordingly limited; as a result, the firm posted net income of US\$ 0.05 (EGP 0.3 million) on a standalone basis on revenues of US\$ 6.8 million (EGP 38.5 million). With the bulk of revenues generated on advisory income, it is germane to note that in the coming six months third-party fee-earning AUM are expected to rise substantially as equity from ERC and the MENA and Africa Joint Investment Funds enters the AUM base.

- Advisory fees stood at US\$ 4.5 million (EGP 25.4 million) in 2Q10, a rise of 2.7% from the previous quarter that outpaced the 1.3% quarter-on-quarter rise in third-party fee-earning AUM.
- Gains on the sale of investments were zero in 2Q10, compared with US\$ 1.7 million (EGP 9.58 million) the previous quarter from the sale of ASCOM shares.
- Other operating income of US\$ 2.3 million (EGP 13.1 million) relates predominantly to the recovery of pre-operating expenses previously defrayed at platform investments by Citadel Capital.
- EBITDA improved from a negative EGP 10.8 million in 1Q10 to a negative EGP 3.8 million in the second quarter, despite the absence of gains from the sale of investments.
- Operating expenses (OPEX) of US\$ 7.3 million (EGP 40.1 million) in 2Q10 relates primarily to the second half of deferred employee bonus payments (non-board, non-executive) first reported in 1Q10. The bonus paid in 1Q10 was part of a deferred bonus payment dating to 2008, while the bonus payment reported here is that of the full year 2009. The remainder of the deferred 2008 bonus is yet to be paid. The 2008 bonus payments were deferred owing to economic conditions prevailing at the time.

**Operating Expenses (in EGP mn)**

<b>Element</b>	<b>1Q10</b>	<b>2Q10</b>	<b>1H09</b>	<b>1H10</b>
Salaries and Bonuses	30.8	34.4	34.5	65.2
Travel	5.4	3.1	12.7	8.5
Consultancy Fees, Audit Fees, Publications and Events	8.4	2.9	14.3	11.3
Others	4.8	-0.3	3.9	4.5
<b>Total</b>	<b>49.5</b>	<b>40.1</b>	<b>65.4</b>	<b>89.5</b>

- Net interest income declined to EGP 6.4 million in 2Q10 from EGP 14.0 million the previous quarter as the firm recovered loans previously extended to platform investments and their portfolio companies.



- Management notes a continued reduction in Dues from Related Parties on Citadel Capital's balance sheet to US\$ 24.3 million (EGP 137.4 million) at the end of 2Q10 from US\$ 24.7million (EGP 139.2 million) at the end of 1Q10 and US\$ 34.2 million (EGP 188.0 million) at the end of last year. This was in line with the firm's effort to recover receivables from Platform Companies, thereby strengthening Citadel Capital's balance sheet. The balance sheet should further improve with the reduction in Dues from Related Parties over the course of the year.
- As previously noted, loans to Platform Companies declined from US\$ 76.7 million (EGP 433.0 million) at 31 March 2010 to US\$ 39.3 million (EGP 221.7 million) at the end of 2Q10, a development that also reflects the ongoing restructuring of the firm's balance sheet. This trend is expected to continue in the coming period as limited partners meet new capital calls and investments warehoused for the MENA and Africa Joint Investment Funds are met.
- Cash on the balance sheet rose 79.4% to EGP 150.5 million in 2Q10.
- The total debt of Citadel Capital (as distinct from that of its Platform Companies) stood at US\$ 141.9 million (EGP 801.0 million) as at 30 June 2010 with a debt-to-equity ratio of 22% (compared with EGP 800.2 million and a ratio of 22% at 31 March 2010). Debt is primarily in the form of a four-year dollar bullet loan. The firm is currently in negotiations to add leverage at the Citadel Capital level to ensure the balance sheet has the liquidity it needs to support the planned pace and tenor of investment. The firm will not exceed a debt-to-equity ratio of 50%. Management expects the facility to be finalized in 3Q10.

## **(B) Consolidated Results**

As required by law, Citadel Capital reports both its standalone and consolidated financial results each quarter. However, management believes that the standalone financials better reflect the company's financial performance, noting that consolidated statements are a more apt reflection of the performance of a conglomerate, something that Citadel Capital most emphatically is not.

Furthermore, it is Management's view that Citadel Capital's consolidated results are disproportionately affected by the fact that many of Citadel Capital's investments are either in the start-up phase or are greenfields, a factor whose influence is further exaggerated by the cautious pace of build-out achieved during the financial crisis. In late 2007 and throughout the recent global financial crisis, Citadel Capital made the prescient decision not to make significant acquisitions, but rather to create regional champions largely through greenfields as well as through mixed consolidation-greenfield plays. Management believes today, as it did at the time, that the pre-crisis asset bubble and the mismatch between buyer and seller expectations throughout the financial turmoil resulted in significantly mispriced assets.

As a result of having taken the greenfield route, Citadel Capital will not begin seeing strong returns at those assets until they leave the gestation stage and post break-even financials.

Significant steps in this direction were taken in 1H10 with the launch of six greenfields, as noted above. In the meantime, the high proportion of greenfields impacts Citadel Capital's consolidated financials strongly in the Share in Associates' Results (a negative EGP 34.6 million in 2Q10 vs. a negative EGP 6.7 million in 1Q10) and OPEX (expenditure of EGP 85.9 million in the quarter just ended vs. EGP 75.6 million the previous quarter) line items.

Citadel Capital has substantial exposure to greenfield projects across its footprint, from river transportation to specialty real estate. As was the case in 1Q10, Management notes the substantial impact on Citadel Capital's consolidated financials of its share in ASEC Holding's two greenfield projects (Al-Takamol in Sudan, the delivery of which was delayed from March / April 2010, and Djelfa in Algeria) and one brownfield (Zahana in Algeria, where the effects of a three-month work stoppage for upgrades and maintenance spilled over into 2Q10). The consolidated results of 2Q10 also reflect ASEC Holding's now-completed turnaround at ARESCO, its turnkey



engineering contractor in its portfolio. The turnaround, led by a highly experienced Citadel Capital managing director on secondment to ARESO specifically for this purpose, has seen ARESO provision heavily in 2Q10 for a pending claim against a contractor in the amount of US\$ 12 million (EGP 67.7 million).

Citadel Capital management forecasts a number of greenfields turning cash-positive over the course of the coming 24 months, including ASEC Holding, Tanmeyah (the firm's microfinance investment), Bonyan (specialty real estate) and Nile Logistics.

As in the standalone results, Citadel Capital notes that its top line has been impacted by the absence of gains from the sale of investments (which had contributed EGP 12.9 million in 1Q10).

Accordingly, management believes that standalone results together with the total net asset value (TNAV) reported semi-annually at the 1H and FY marks are better reflections of the firm's financial performance and value.

Consolidated financials paint an adequate picture of the health of a group of companies that is operated as a group which aims to magnify the net profit of the whole group, but does not take into account the unique features of a private equity firm's business model which has the ultimate target of generating profits through the buying and selling of businesses.

As a private equity firm, Citadel Capital does not invest across a broad segment of industries with the objective of enhancing dividends that are consolidated and paid at the Citadel Capital level. Instead, Citadel Capital invests in platform companies with the aim of creating long-term value at each of these investments. The firm's targeted income stream is not dividends, but the realization of (a) advisory fees collected on fee-earning third-party AUM during the lifetime of the investment; (b) capital gains on Citadel Capital's principal investment in a platform realized at exit; (c) a carried interest in the capital gains of the limited partners in Citadel Capital's OSFs, also realized at exit. Exits may take the form of a sale to a strategic investor or through a listing on a national stock exchange.

Moreover, Citadel Capital and its portfolio companies benefit from synergies realized via an arm's-length relationship. Profits from those operations are eliminated at the consolidated level, but are in fact considered added value at the Platform Company level. One current example is TAQA Arabia (Citadel Capital's energy distribution platform), a subsidiary of which has built and is now running a power-generation station for Al-Takamol in Sudan. The subsidiary also holds a significant equity stake in the power-generation venture.

Simply stated, Citadel Capital is in the business of generating revenues from investing in and then selling companies, not from running those businesses on a long-term basis. In this respect, the firm may — for example — realize substantial profits from selling a greenfield enterprise that is not itself making profits at the time of sale due to it being in an advanced start-up phase.





## VI. Summary Financials

### Income Statement – Stand Alone

<i>EGP mn</i>	<b>1H 2009</b>	<b>1H 2010</b>	<b>1Q 2010</b>	<b>2Q 2010</b>
Advisory fee	54.42	50.23	24.78	25.45
Carry	0.00	0.00	0.00	0.00
Gain from sale of investments	7.97	9.58	9.58	0.00
Dividends income	0.00	2.40	2.40	0.00
Other income	39.10	18.59	5.49	13.10
<b>Total Revenues</b>	<b>101.49</b>	<b>80.79</b>	<b>42.25</b>	<b>38.54</b>
OPEX	-65.43	-89.55	(49.45)	(40.10)
Management earn out*	-1.40	-0.20	(0.17)	(0.03)
Forex & Others	-6.01	-5.69	(3.46)	(2.23)
<b>EBITDA</b>	<b>28.65</b>	<b>-14.64</b>	<b>(10.83)</b>	<b>(3.81)</b>
Depreciation	-4.02	-4.34	(2.17)	(2.17)
<b>EBIT</b>	<b>24.63</b>	<b>-18.98</b>	<b>(13.00)</b>	<b>(5.98)</b>
Net interest	-11.75	20.44	14.00	6.44
<b>Profit/Loss BT</b>	<b>12.88</b>	<b>1.46</b>	<b>0.99</b>	<b>0.47</b>
Income Tax	-1.26	0.00	0.52	-0.52
Deferred Tax	0.97	0.35	0.00	0.35
<b>Profit/Loss AT</b>	<b>12.59</b>	<b>1.80</b>	<b>1.51</b>	<b>0.29</b>

### Balance Sheet -- Stand Alone

<i>EGP mn</i>	<b>FY 2009</b>	<b>1Q 2010</b>	<b>2Q 2010</b>
Fixed assets (net)	83.90	81.86	79.82
Investments**	3,284.42	3,519.63	3,833.87
Convertibles	524.84	462.61	400.15
Deferred Taxable Assets	0.69	1.21	1.03
<b>Total Non Current Assets</b>	<b>3,893.85</b>	<b>4,065.31</b>	<b>4,314.87</b>
Due from Related Parties & Other Debit Balances	187.98	139.20	137.46
Related Parties - Loans	440.69	433.03	221.67
Cash & cash equivalent	248.43	138.46	150.51
<b>Total Current Assets</b>	<b>877.10</b>	<b>710.70</b>	<b>509.63</b>
<b>Total Assets</b>	<b>4,770.95</b>	<b>4,776.01</b>	<b>4,824.50</b>
Paid in capital	3,308.13	3,308.13	3,308.13
Reserves	62.13	68.56	64.38
Retained Earning	22.15	222.93	222.93
Current year profit / Loss	211.35	1.51	1.80
Dividends Distribution			
<b>Total equity</b>	<b>3,603.75</b>	<b>3,601.13</b>	<b>3,597.23</b>
LT Borrowing	807.86	800.22	800.95
Others			
<b>Total non current liabilities</b>	<b>807.86</b>	<b>800.22</b>	<b>800.95</b>
ST Borrowing			
Due to CCP	305.13	332.33	391.85
Accrued, Provision & Other Liabilities.	54.24	42.33	34.47
<b>Total Current Liabilities</b>	<b>359.36</b>	<b>374.66</b>	<b>426.32</b>
<b>Total Equity &amp; Liabilities</b>	<b>4,770.97</b>	<b>4,776.01</b>	<b>4,824.50</b>

\* Citadel Capital pays Citadel Capital Partners a management incentive fee equal to 10% of the firm's net profits. This agreement has been effective since 1 January 2008 and will remain in effect so long as Citadel Capital Partners owns 15% or more of the preferred shares of Citadel Capital.

\*\* Citadel Capital's investments are recorded in its official audited 2Q10 standalone financial statements as submitted to EGX under the following line items: Available-for-sale investments (EGP 26.4 million), Investments in Subsidiaries and Associates (EGP 2.78 billion), Payments for Investments (EGP 1.15 billion), and Long-Term Debt Receivables (EGP 275.66 million). This results in total investments of EGP 4.23 billion (investments + convertibles).



## Consolidated Income Statement

<i>EGP mn</i>	<b>1H09</b>	<b>1H10</b>	<b>1Q10</b>	<b>2Q10</b>
Advisory fee	39.54	45.52	22.93	22.59
Gain from sale of investments	68.09	12.92	12.92	0.00
Share in associates' results	16.90	-41.25	-6.65	-34.60
Other income	3.24	0.00	4.69	-0.16
<b>Total Revenues</b>	<b>127.77</b>	<b>17.19</b>	<b>33.89</b>	<b>-12.17</b>
OPEX	-70.04	-153.85	-75.82	-85.94
Other expenses	-4.66	-0.93	-1.43	-1.18
<b>EBITDA</b>	<b>53.07</b>	<b>-137.60</b>	<b>-43.37</b>	<b>-99.29</b>
Depreciation	-4.05	-4.93	-2.72	-2.21
<b>EBIT</b>	<b>49.02</b>	<b>-142.53</b>	<b>-46.09</b>	<b>-101.50</b>
Net finance income (expense)	-20.57	18.56	11.94	6.59
<b>Profit BT</b>	<b>28.45</b>	<b>-123.97</b>	<b>-34.15</b>	<b>-94.91</b>
Deferred tax	-1.40	0.35	0.47	-0.12
<b>Profit AT from continued operations</b>	<b>27.05</b>	<b>-123.62</b>	<b>-33.68</b>	<b>-95.03</b>
Net results from discontinued operations	-21.36	-5.09	0.00	
<b>Profit</b>	<b>5.70</b>	<b>-128.71</b>	<b>-33.68</b>	<b>-95.03</b>
Attributable to:				
Majority shareholders	3.13	-126.09	-31.34	-94.75
Non-controlling shareholders	2.56	-2.62	-2.34	-0.28
<b>Net (loss) profit for the period</b>	<b>5.70</b>	<b>-128.71</b>	<b>-33.68</b>	<b>-95.03</b>

## Consolidated Balance Sheet

<i>EGP mn</i>	<b>FY09</b>	<b>1Q10</b>	<b>2Q10</b>
Fixed assets (net)	101.25	94.61	80.57
Intangible assets	2.08	.00	0.00
Investments	3297.87	3434.89	3666.66
Convertibles	543.13	489.24	437.92
Deferred tax assets	0.28	1.21	1.04
<b>Total Non Current Assets</b>	<b>3944.62</b>	<b>4019.95</b>	<b>4186.19</b>
Inventories	0.98	0.00	0.00
Investments	4.85	5.10	3.92
Due from Related Parties & Other Debit Balances	572.77	459.29	207.16
Related parties - loans	129.62	149.91	367.43
Cash & cash equivalent	268.59	152.37	158.85
<b>Total Current Assets</b>	<b>976.82</b>	<b>766.67</b>	<b>737.36</b>
<b>Total Assets</b>	<b>4921.44</b>	<b>4786.63</b>	<b>4923.55</b>
Paid in capital	3308.13	3308.13	3308.13
Reserves	33.79	10.71	73.30
Retained Earning	93.30	238.84	299.16
Net (losse) profit for the period	159.11	-31.34	-126.09
<b>Total equity attributable to the majority shareholders</b>	<b>3594.33</b>	<b>3526.34</b>	<b>3554.49</b>
<b>Total equity attributable to the non-controlling shareholders</b>	<b>31.91</b>	<b>15.19</b>	<b>11.02</b>
<b>Total equity</b>	<b>3626.24</b>	<b>3541.53</b>	<b>3565.51</b>
LT borrowings	808.03	800.40	800.95
LT liabilities	58.53	52.70	49.11
<b>Total non current liabilities</b>	<b>866.56</b>	<b>853.11</b>	<b>850.06</b>
ST Borrowing	2.38	0.04	0.00
Due to CCP	305.13	332.33	391.85
Due to Related Parties & Other Credit Balances	101.63	43.69	101.82
Provisions	19.50	15.92	14.31
<b>Total Current Liabilities</b>	<b>428.63</b>	<b>391.99</b>	<b>507.98</b>
<b>Total Equity &amp; Liabilities</b>	<b>4921.44</b>	<b>4786.63</b>	<b>4923.55</b>



## VII Outlook

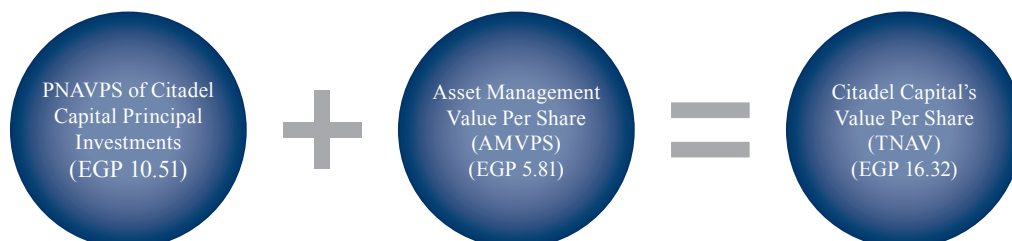
In Citadel Capital's 1Q10 business review, Management set six goals that will figure heavily in the firm's agenda through year's end. We are pleased to note substantial progress on all fronts, including:

- 1 Closing the financing package for the Egyptian Refining Company (ERC),** our greenfield petroleum refinery in the Greater Cairo Area. This US\$ 2.6 billion debt package was finalized in August 2010, paving the way for financial close during the fourth quarter of this year.
- 2 First close on the MENA and Africa Joint Investment Funds,** our first standing funds. This was successfully completed in July 2010 with more than US\$ 140 million committed or circled by leading global institutional investors, paving the way for a targeted final close of US\$ 500 million.
- 3 We will continue to fine-tune our balance sheet.** While we are committed to providing bridge financing as necessary to our platform and portfolio investments, Citadel Capital is not a bank. We thus target a declining balance of loans. Management will also restructure Citadel Capital's current US\$ 145 million in debt into a larger facility that will better match our investment plans without exceeding a debt-to-equity ratio of 50%. Management expects to conclude this facility in 4Q10.
- 4 We will continue to explore compelling new investments.** In the second half of the year, the firm will continue to adjust the distribution of its investments as final close is reached on the MENA and Africa Joint Investment Funds, which will then invest in warehoused investments of approximately US\$ 30 million. This will allow Citadel Capital as a principal investor to redirect some of its currently invested funds toward other platform companies and / or new investments. Among the possible recipients of new investment are:
  - ASCOM, where promising results at ASCOM Precious Metals (APM) sees Citadel Capital willing to make new investments in APM's exploration and development program;
  - TAQA Arabia, which is pursuing opportunities with attractive terms in power generation that warrant investment;
  - Gozour, where strong growth has seen the platform reach the limits of its current production capacity, thereby prompting it to plan new capacity expansions;
  - Finance Unlimited, where microfinance venture Tanmeyah is fast growing; the new management of Finance Unlimited has also enhanced Citadel Capital's confidence to invest in the platform as a whole.
- 5 We will continue to closely monitor business plans at the platform and portfolio levels.** An unwavering focus on execution has allowed us to bring two greenfield projects to launch in 1Q10 and a further four in 2Q10 while making substantial progress at our brownfields. We will continue to maintain focus on completing the restructuring of upstream oil and gas platform NOPC / Rally's debt in 4Q10. Post-acquisition value enhancement is at the heart of what Citadel Capital does, and this process is ongoing. In addition to regular management reviews, the firm is rigorous in the standards of governance it requires at quarterly Platform Company board meetings.
- 6 We will continue to evaluate opportunities to exit at least one relatively mature investment** at a lucrative valuation should market conditions hold up. We will aim to execute the IPO of TAQA Arabia in the first half of 2011 should market conditions permit.
- 7 We will continue to pay attention to share price** and attract wider exposure to the firm by participating in roadshows while building the list of global research houses that cover our shares.
- 8 Management expects to finalize this year the purchase of legacy agreements** dating to 2004 that give anchor LPs 34.8% of the carried interest and advisory fees from Citadel Capital's OSFs.



## Annex 1: Valuing Citadel Capital

Citadel Capital disseminates semi-annually (at 1H and FY marks) a total NAV (TNAV) that captures i) the portfolio net asset value (PNAV) of the firm's principal investments and ii) the present value of the Citadel Capital's carried interest in the capital gains of the limited partners in its funds, as well as of the advisory fees Citadel Capital earns.



### A) Portfolio Net Asset Value

For the purposes of the PNAV calculation, Management divides Citadel Capital's principal investments into four categories:

#### 1. Investments Held at Cost

These are investments that are not yet operational or are at a very early stage of development and which are accordingly held at cost. Examples include Nile Logistics, the Egyptian Refining Company (ERC), Wafra, Mashreq Petroleum and Nile Valley Petroleum. While some of these investments have already begun operations (notably Nile Logistics, which is serving contracts from an evolving network of ports using refurbished barges while it builds out its own custom-designed fleet), the firm has opted to hold them at cost in the interest of being conservative.

#### 2. Investments Having a Market Value

These include investments that are listed on the Egyptian Exchange (EGX), such as ASCOM, for which the NAV uses the closing share price on the date at which the NAV is calculated. This category also includes investments on which there has been a transaction in the previous six months, but which are not listed. Examples of this latter category had included TAQA Arabia and ASEC Holding in the FY09 PNAV. With no new transaction having been initiated in the past six months, both of those have since been reassigned to the fair value category.

#### 3. Investments at Fair Value

Those are investments which are in a mature stage of development and which have fully funded business plans. Examples include Gozour, GlassWorks, United Foundries, Bonyan, TAQA Arabia, ASEC Holding and Grandview. Management has calculated an NAV for these investments using the following assumptions:

1. Applying a 10x multiple to 2014 earnings for all investments (10x being an average of the industry averages).
2. Discounting the resultant figure by 20% annually.

The fair value method uses the current business plans of the underlying companies and does not incorporate any future enhancements of those plans that might result in great improvements in Platform Company profitability.

#### 4. Impaired Investments

Citadel Capital has run an impairment on two upstream oil and gas investments, namely the National Oil Production Company (NOPC / Rally Energy Group) and the National Petroleum Company (NPC) as a result of delays in the expected performance of the underlying assets. Management notes that these impairments remain unchanged from the 9M09 NAV despite notable increases in production at both investments. Citadel Capital management will continue to monitor the progress of the assets over the course of 2010.



## B) Asset Management Business

The asset management value (AMV) estimates the present value of the Citadel Capital's carried interest in the capital gains of the limited partners in its funds, as well as of the advisory fees Citadel Capital earns on the private equity assets it has under management.

The AMV calculation begins by projecting a base of third-party fee-earning assets under management as of early 2011. In the FY09 AMV estimate, management adopted a conservative approach as regards fundraising rather than fully incorporating into the asset base the anticipated close by late 2010 and early 2011 of several key fundraising activities. At the end of FY09, third-party fee-earning assets under management (which are at the core of the AMV), stood at US\$ 1.9 billion. The firm now forecasts that this figure will rise to US\$ 3.9 billion by early 2011, with the rise accounted for by US\$ 1 billion in presently-undrawn equity commitments (largely related to the Egyptian Refining Company, the debt package for which is now signed), US\$ 500 million from the MENA and Africa Joint Investment Funds (US\$ 140 million first close already achieved), and a further US\$ 500 million in potential equity commitments based on identified needs of existing platform investments.

This base of third-party fee-earning AUM is then forecast to grow at a CAGR of 8%, providing a view on the anticipated value of advisory fees generated by the asset management business.

The anticipated value of the carried interest is then estimated based on a model Citadel Capital transaction that assumes a four-year investment horizon, a gross equity IRR of 35% and a carried interest of 20% over a hard hurdle of 12%. The firm applies a 20% discount rate to calculate the Gross AMV calculation and then subtracts from the Gross AMV the projected value of OPEX and of the management earn-out to arrive at a net value of the asset management business. Also subtracted to arrive at the net AMV is the projected cost of acquiring some limited partners' shares of the firm's asset management income stream. As previously noted, an historical agreement structured in 2004 entitles anchor limited partners to 34.8% of the carried interest and advisory fees from Citadel Capital's Opportunity-Specific Funds. Management is presently in negotiations for Citadel Capital to buy back the right to these asset management fees.

Management again notes there are several important key differentiators between Citadel Capital as a private equity asset manager and a traditional asset manager, including the fact that Citadel Capital manages long-term funds with no redemptions. Furthermore, the firm's AUM are privately held assets that are insulated from market fluctuations. Citadel Capital's performance fees are US-dollar based (hedging against FX volatility), and these fees are moreover earned on an investment-by-investment basis.



### About Citadel Capital S.A.E.

Citadel Capital (CCAP.CA on the Egyptian Stock Exchange) is the leading private equity in the Middle East and Africa. Citadel Capital focuses on building regional platforms in select industries through acquisitions, turnarounds, and greenfields executed via Opportunity Specific Funds. Citadel Capital's 19 OSFs now control Platform Companies with investments worth more than US\$ 8.3 billion in 14 countries spanning 15 industries, including mining, cement, transportation, food and energy. Since 2004, the firm has generated more than US\$ 2.5 billion in cash returns to its co-investors and shareholders, more than any other private equity firm in the region. Citadel Capital is the largest private equity firm in Africa by PE assets under management (2005-2010, as ranked by Private Equity International). For more information, please visit [www.citadelcapital.com](http://www.citadelcapital.com).

### Forward-Looking Statements

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of the Citadel Capital. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Citadel Capital may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Citadel Capital is subject to risks and uncertainties.





**Annex 2: Recent News**

## **A Selection of Recent News Releases**

Citadel Capital regularly posts all of its news releases to its newsroom:

[www.citadelcapital.com/newsroom/press-releases/](http://www.citadelcapital.com/newsroom/press-releases/)

Business Reviews and Financial Information may be found at:

<http://www.citadelcapital.com/investor-relations/financial-statements/>

Press Release

Cairo, Egypt: March 22, 2010

## Citadel Capital Inks Sudan Rail Agreement

*A right-of-way agreement with Sudanese Railway Corporation sets the groundwork for Nile Valley Railways to enter Sudan's cargo transport market*

Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa with US\$ 8.3 billion in investments under control, announced today that it has signed a right-of-way agreement with the Sudanese Railway Corporation, the first step in fledgling rail operator Nile Valley Railways' entry into the promising Sudanese market.

"This agreement will allow Nile Valley Railways (NVR) to proceed with the purchase of rolling stock, including wagons and locomotives, that will run on existing infrastructure in which the Sudanese Rail Corporation is making substantial investments," said Karim Sadek, Managing Director at Citadel Capital, which controls investments in 15 industries spanning 14 countries.

The agreement, on which due diligence is now being finalized, will allow Nile Valley Railways to offer cargo transport services on Sudanese Railway Corporation's rail lines under a revenue-sharing agreement. Sudanese Railway Corporation operates more than 4,500 kilometers of track linking the key coastal city of Port Sudan to Khartoum, Wadi Helfa on Egyptian border to South Sudan. A rehabilitated line reopened just last week now links Babanusa in central Sudan with the southern town of Wau.

The Sudanese agreement is just the latest development to arise from Citadel Capital's focus on rail investments in Africa. Earlier this month, the firm announced the acquisition of a 49% stake in Sheltam Railways, which is the largest shareholder and lead investor in Rift Valley Railways (RVRI) of Kenya-Uganda. RVRI holds a 25-year concession to operate some 2,000 kilometers of track linking the port of Mombasa with the interiors of both Uganda and Kenya.

"Nile Valley Railways will grow in lock-step with Sudan's considerable export potential," said Sadek. "This is an exciting greenfield venture, and we remain open to further investment both in Sudan's transport sector and further afield in Africa."

Citadel Capital's other investments in Sudan include Nile Logistics (which operates Keer Marine, a unique river-transportation venture) as well as investments in the financial services, cement production, agrifoods and mining sectors. Citadel Capital is among the leading Arab investors in Sudan, where it will operate more than US\$ 900 million worth of investments by the end of 2010.

—Ends—

Joint Press Release

March 23, 2010

## Investors Agree to Restructuring of Rift Valley Railways

*Lead investors in the vital national railway of Kenya and Uganda agree a way forward that includes US\$ 250 million in much-needed capital expenditure to upgrade both infrastructure and rolling stock*

Trans-Century Limited, the fastest growing African Investment Company based in Kenya focused on making high growth investments across Sub-Saharan Africa, and Ambience Ventures Ltd, a subsidiary of Citadel Capital, the leading private equity firm in the Middle East and Africa with US\$ 8.3 billion in investments under control, have agreed to a joint solution for the restructuring of Rift Valley Railways.

Upon the closing of this transaction, expected mid-April 2010, the shareholding structure in Rift Valley Railways will be 51% to Ambience Ventures Ltd, 34% to Trans-Century and 15% to the Ugandan investor.

Both companies appreciate the importance of Kenya's and Uganda's national railway and are committed to executing a successful turn-around of Rift Valley Railways. The two companies have thus agreed to work in close partnership to secure:

- The required capital injection to fund investment in much-needed capital expenditure;
- The development of a sustainable business and investment plan, which includes a capital expenditure program of USD250 million to rehabilitate the infrastructure and rolling stock;
- Strengthening of the company's management and the provision of required technical expertise;
- Leadership of the negotiations with the Governments of Kenya and Uganda, to revitalise the concession and facilitate the development of the standard gauge railway that the Governments are desirous of building.

Both Trans-Century and Citadel Capital realise that the Joint Railways Concession is critical for the economic development of the region and have agreed to a negotiated solution to help fast-track the turnaround of Rift Valley Railways for the benefit of the peoples of Kenya and Uganda.

Trans-Century and Citadel Capital are committed to ensuring that the railway service that is such a crucial part of our region's infrastructure is able to deliver on its promise.

Finally, both companies would like to extend their gratitude to the Governments of Kenya and Uganda for both their patience and for their foresight in providing the necessary time and circumstances to allow for this understanding to have been reached by both parties.

Ambience Ventures Ltd. presently holds a 49% stake in Sheltam Railways, the largest single shareholder in Rift Valley Railways (RVR), giving it an effective 17.5% stake in RVR. Trans-Century holds a 20% direct stake in RVR.

—Ends—

#### **About Citadel Capital**

***Citadel Capital** (CCAP.CA on the Egyptian Stock Exchange) is the leading private equity in the Middle East and Africa. Citadel Capital focuses on building regional platforms in select industries through acquisitions, turnarounds, and greenfields executed via Opportunity Specific Funds. Citadel Capital's 19 OSFs now control Platform Companies with investments worth more than US\$ 8.3 billion in 14 countries spanning 15 industries, including mining, cement, transportation, food and energy. Since 2004, the firm has generated more than US\$ 2.5 billion in cash returns to its co-investors and shareholders (on investments of US\$ 650 million), more than any other private equity firm in the region. Citadel Capital is the largest private equity firm in Africa by PE assets under management (2004-2009, as ranked by Private Equity International). For more information, please visit [www.citadelcapital.com](http://www.citadelcapital.com).*

#### **About Trans-Century Limited**

***Trans-Century Limited** (Public Investment Company Traded on the OTC market in Nairobi). Thirteen years ago, Trans-Century was founded on a very basic but compelling principle of pooling financial and entrepreneurial resources among a group of like-minded investors. Starting from an initial investment base of Kshs 29 million (US\$365K), the company's investment portfolio has grown to a fair value of over Kshs 8.6 billion (US\$114 million) as at 30 June 2009. TCL shareholder funds multiple of invested funds is 34x and since 2003 Trans-Century has generated an internal rate of return in excess of 145% making it the fastest growing Investment Company in Africa. Trans-Century focuses on turning around high value under-performing businesses across Sub-Saharan Africa predominantly in the diversified industrials, infrastructure, consumer goods and financial services sectors. Trans-Century's portfolio of companies span over 10 countries with key operating assets in Kenya, Tanzania, Zambia, Democratic Republic of Congo, and South Africa. For more information, please visit [www.transcentury.co.ke](http://www.transcentury.co.ke)*

News Release

Cairo, Egypt: March 23, 2010

## Citadel Capital Notches Two Awards to Start 2010

*emeaFinance recognizes Citadel Capital as Africa's Best Private Equity House for the third consecutive year, while the firm's innovative transport and logistics investment is named African Infrastructure Deal of the Year by Infrastructure Investor*

Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa with more than US\$ 8.3 billion in investments under control has been awarded *Infrastructure Investor* magazine's African Infrastructure Deal of the Year for its investment in Nile Logistics, the firm's Platform Company in the logistics, river transport and port management sector in Egypt and Sudan.

Citadel Capital, which controls investments in 14 countries spanning 15 industries, was also named Best Private Equity House in Africa for the third year running by *emeafinance*, the emerging Europe, Middle East and Africa finance magazine.

"We are proud to be building a project that is critical to improving the efficiency and capacity of transport in Egypt and Sudan," said Citadel Capital Chairman and Founder Ahmed Heikal, referring to *Infrastructure Investor*'s recognition of Nile Logistics. "Our growing transportation and logistics operations will not only facilitate national and international trade, but also help catalyze faster growth in the region by unlocking the latent potential that is currently constrained by poor infrastructure and high transportation costs."

Nile Logistics, formerly known as the National River Transportation Company, will capitalize on the region's underdeveloped and underutilized river transport sector as limited investment in river infrastructure combined with government fuel subsidies have led to a dependency on other forms of transport, particularly trucking. At present, less than 1% of goods in Egypt and Sudan are transported by river, whereas more developed countries with major waterways such as the Netherlands, Germany and Belgium rely on river transport for between 15-45% of their needs.

Citadel Capital's investments in river transportation and logistics are only one part of its broad focus on high-potential industries across the Middle East and Africa. Recognition as *emeafinance* magazine's Best Private Equity House in Africa highlights the firm's strategic investment activity across a number of sectors over the past year, despite difficult economic conditions as fallout from the global economic crisis spilled over into the region.

Citadel Capital significantly expanded operations and capacity at Gozour, its regional agriculture and consumer foods platform, acquiring Enjoy (a leading Egyptian milk and juice producer) and Al-Musharraf (Sudan's largest confectionery brand). Gozour also opened a greenfield investment that stands as the region's most advanced jam and tomato paste factory. Also last year, Wafra, Citadel Capital's Platform Company for agricultural production, acquired more than 500,000 feddans of agricultural land in Sudan.

Among other developments in 2009, the firm launched Tanmeyah, a greenfield micro credit company that already has a nation-wide presence in Egypt and is now preparing to expand throughout the region. The company's branches in the Greater Cairo Area and the Delta presently employ more than 200 people across seven of Egypt's governorates. By year-end 2009, Tanmeyah had opened a total of 48 branches and grown its portfolio of outstanding loans to US\$ 9.1 million across 32,000 clients.

Citadel Capital finalized last year the acquisition of two technically advanced solid waste management companies, ECARU and ENTAG, with substantial operations in Egypt as well as international experience that includes work in Malaysia, Sudan and Libya. The two now form the core of Tawazon, Citadel Capital's eighteenth platform company.

The emeaFinance and Infrastructure Investor awards are a strong start to this year's awards season. In 2009, the firm was named MENA Private Equity House of the Year by both *Private Equity World MENA / Terrapinn* and *Acquisitions Monthly* and Best Private Equity House in Africa by *emeaFinance*, *African Banker* and *Global Investor* magazines.

Citadel Capital is the largest private equity firm in Africa as independently ranked by *Private Equity International's* PEI300, the annual ranking of the largest international private equity firms based on funds raised in the previous five years

—Ends—

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## **Production Up 80% Since December at NOPC / Rally Energy Group**

*Production is up sharply at operations in Egypt as part of an ongoing program to maximize value at Citadel Capital's heavy oil platform*

The National Oil Production Company (NOPC), which is 15% owned by Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), and subsidiary Rally Energy have announced an 80% increase in production since December 2009 to 6,100 barrels of oil equivalent per day (BOEPD) from both the Egyptian and Pakistani operations.

In Egypt, the Issaran field operated by Scimitar Production Egypt Ltd., a fully owned subsidiary of NOPC, recorded progress on a number of fronts in recent months. Production from the field has increased from 3,000 BOPD in December 2009 to its current level of 5,000 BOPD. This strong increase is a direct result of key achievements made by NOPC's management team in the following areas:

- 1- Enhancing production from the Zeit Sands project;
- 2- Switching to steamflooding and carefully increasing the volume of steam injected, which led to an increase in core production in the South area of the field to 2,600 BOPD from a previous level of 2,000 BOPD at the end of December 2009.

"We have reason to believe that the steamflooding method that was implemented six months ago is showing promising signs of success. It is expected to open the potential for exploitation of the reserves base in the coming period," said NOPC Chief Reservoir Officer Dr. Mohsen Rizkallah, adding, "Based on the dynamic model results, the next step is to plan a new steamflood pilot in North Issaran to further enhance the existing oil recovery."

Added NOPC Chief Executive Officer Mohamed Farid, "Moreover, since drilling the first successful pilot well in the Zeit Sand formation in August 2009, the company has drilled 20 new Zeit Sand wells that are presently producing approximately 1,000 BOPD. Building on this success, NOPC is planning to expand and drill a second pilot of 20 wells in 2010 to appraise a new area in the South. Drilling will start in July 2010, which will further enhance Issaran's production level. NOPC's management team will continue to explore means of optimizing production."

"We are encouraged by the continued production growth we are seeing in the Egyptian asset and its sustainability and we look forward to continued production growth over the next six

months through the development of the promising Northern Issaran block and the Zeit Sands formation,” said Citadel Capital Managing Director Shereef El-Prince.

—Ends—

*The **National Oil Production Company (NOPC)** is a Cairo-based upstream oil and gas exploration and production company with a MENA footprint. In 2007, NOPC acquired 100% of Canada’s Calgary-based Rally Energy, which has a 100% operating interest in the Issaran oilfield, a significant heavy oil development opportunity in Egypt. Rally also holds a 30% stake in the Safed Koh block in Pakistan, where it is participating in the development of a natural gas discovery. NOPC is a Citadel Capital platform company with paid-up capital of US\$ 626 million.*

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Press Release

Cairo, Egypt: May 24, 2010

## **TAQA Arabia and ASEC Cement Inaugurate Sudanese Power-Generation Joint Venture**

*The captive 42 MW Berber plant marks major milestone for TAQA Arabia's power generation business while powering Sudan's most technologically advanced and environmentally friendly cement producer*

ASEC Cement and TAQA Arabia, both companies of Citadel Capital, the leading private equity firm in the Middle East and Africa with US\$ 8.3 billion in investments under control, announced today the official inauguration of Berber for Electrical Power.

Berber for Electrical Power's 42 megawatt power generation operation is now providing all of the electricity needs of Takamol, ASEC Cement's 1.6 million ton per annum greenfield cement plant in Sudan, under a 20-year offtake agreement. Takamol is located 14 kilometers west of Fahalb on the west bank of the River Nile.

Fifty-one percent of Berber, a US\$ 67 million facility, is held by Global Energy (TAQA Arabia's power arm), which brings in its technical knowhow and management expertise as a licensed company for power generation and distribution.

"I am very pleased to announce that Global Energy is inaugurating Berber for Electrical Power on time and on budget," noted TAQA Arabia Chief Executive Officer Khaled Abubakr. "This is an important component of our regional expansion strategy, and it has been a delight to work with our counterparts at ASEC Cement on this important project. I would like to extend special thanks and appreciation to the Sudanese government for its assistance."

TAQA Arabia has already established a footprint across several MENA countries through its gas arm, Abubakr added. TAQA Arabia is Citadel Capital's Platform Company for investment in the energy distribution sector across the Middle East and Africa, with a focus on gas and electricity distribution as well as the storage and distribution of refined products.

Dr. Magdy Saleh, Managing Director of Global Energy, noted that the company's engineers will continue to operate and maintain the heavy-fuel-oil-fired plant. The agreement is the first major milestone in Global Energy's regional expansion drive, and the company will continue to look for attractive regional investment opportunities going forward.

"Our now-operating clinker line is powered by Berber, and we look forward to bringing the entire plant on stream in June 2010," said ASEC Cement CEO Giorgio Bodo. "Locking in our energy supply with a trusted partner such as TAQA Arabia has given us considerable peace of mind as we have concluded operational testing and begun the commissioning process."



ASEC Cement, a Portfolio Company of ASEC Holding, is Citadel Capital's platform investment for a leading regional cement production group that will control 12 million tons of cement per annum by 2013 in six countries spanning from Algeria to Iraq-Kurdistan.

Takamol is the most technologically advanced cement production plant in Sudan and will focus on serving significant un-met demand in that nation's fast-growing cement market.

—Ends—

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**TAQA Arabia** is a full-service energy solutions group operating in six countries in the region, with activities ranging from energy distribution, engineering and contracting to operation and maintenance. With 22 companies and 3400 employees TAQA Arabia is delivering quality services via three distinct operating arms; the storage and marketing of fuel products, power generation and transmission and gas distribution and transmission.. TAQA Arabia now has operations in Egypt, Libya, Qatar, the United Arab Emirates, Syria Jordan and Sudan.

**ASEC Cement** is Citadel Capital's platform investment for cement production in the emerging cement markets of the Middle East and Africa. Created by Citadel Capital and a group of leading co-investors, ASEC Cement is growing into a leading regional cement production group that will have a combined production capacity of approximately 12 million tons per annum in 2012 spanning six countries from Algeria to Iraq-Kurdistan. ASEC Cement is a portfolio company of ASEC Holding.



News Release

Cairo, Egypt: May 26, 2010

## ASEC Ready Mix Begins Operations

*A joint venture between leading regional producer ASEC Cement and Egypt's Misr Qena Cement will cater to the under-served Upper Egyptian building and infrastructure markets.*

Leading regional cement producer ASEC Cement announced today that it has launched operations at ASEC Ready Mix, which will have points of presence in the significantly under-served Upper Egyptian cities of Minya, Assiut and Qena.

ASEC Ready Mix is a joint-venture between ASEC Cement, a Portfolio Company of Citadel Capital's ASEC Holding, and Misr Qena Cement. It has an annual production capacity of more than 200,000 cubic meters of concrete.

"This EGP 43 million project is an outstanding partnership with Misr Qena that will create some 100 new jobs in Upper Egypt while supplying high-quality ready mix concrete to a market in significant deficit, giving us an important first-mover advantage," said ASEC Cement Chairman and Chief Executive Officer Giorgio Bodo.

While smaller construction operations typically mix concrete on-site from cement, sand, aggregates and water, ready mix concrete is created off-site and delivered in large quantities to construction venues. Mixed by specialists, ready mix product may be sold from a standard recipe or custom-tailored to the needs of an individual contractor, allowing for more aggregate or special curatives to be added, for example.

ASEC Cement owns 55% of the new venture, while Misr Qena Cement owns the balance.

"The market opportunity in Upper Egypt is substantial, not just because it has long been under-served, but also due to the rapid growth in both public and private spending on infrastructure, real-estate and other concrete-intensive projects," Bodo added.

ASEC Ready Mix will also contribute to vertical integration at ASEC Cement's under-construction 1.7 million tons per annum greenfield cement plant in Minya.

Production at the Minya plant begins this month, while Qena will follow in early June. Operations will begin at the Assiut plant soon afterward. Each station can produce up to 110 cubic meters of ready mix per hour of operations.

ASEC Cement owns a 27.55% stake in Misr Qena Cement.

—Ends—



*ASEC Cement is Citadel Capital's platform investment for cement production in the emerging cement markets of the Middle East and Africa. Created by Citadel Capital and a group of leading co-investors, ASEC Cement is growing into a leading regional cement production group that will have a combined production capacity of approximately 14 million tons per annum in 2014 spanning six countries from Algeria to Iraq-Kurdistan. ASEC Cement is a portfolio company of ASEC Holding. Citadel Capital owns a 30% stake in ASEC Cement.*

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## Designopolis Launches the Region's First Furnishings and Design Retail Center

*Eighty local and international brands are set to open their doors as the first phase of Designopolis, a one-of-a-kind home furnishings and design retail center, makes its debut*

Bonyan for Development and Trade has launched phase 1 of its Designopolis furnishings, design and home accessories mall in Sixth of October City. Designopolis will eventually house a total of 300 local and international furniture and design brands as well as complementary services and attractions in an attractive, modern setting that has already won the praise of design enthusiasts around the world.

On June 9<sup>th</sup>, Designopolis hosted a launch event at The Terrace restaurant, the first of several food venues that are scheduled to open within the next three months. The Terrace, named after its attractive outdoor seating area, will feature the culinary talents of award winning chef Ferrier Richardson, the former Scottish Chef of the Year and gold medal winner of the Frankfurt Culinary Olympics.

The first phase of the 116,824 square-meter open-air mall is fully leased with an impressive list of tenants that include major local and international retailers, architectural and interior design consultancies and art galleries.

“Designopolis is more than just a mall for high-end international brands like Alessi, Cassina and Natuzzi. We are also giving the best home-grown interiors concepts an attractive new venue where their products and services can be showcased side-by-side with the world's best designers,” said Nader Lahzi, Managing Director of Bonyan.

Talented local designers and architects such as Shahira Fahmy, Mona Hussein, Eklego and Alchemy will all be present at Designopolis along with well-known Egyptian brand names like Amr Helmy, Duravit, Tanis, Three Brothers, Jawhara and Shatex.

Designopolis' Sixth of October location was designed by the renowned architectural firm Skidmore, Owings and Merrill, and will be Egypt's first Leadership in Energy and Environmental Design (LEED) certified construction project. The indoor-outdoor site integrates the natural environment with 60,000 square meters of shopping space and capacity to host 300 brand outlets. It is conveniently located just off the Cairo-Alexandria Desert Road, 7 km after the toll station and easily accessible from all areas of Cairo through a new network of roads.

“Egypt's commercial and residential real estate market continues to expand on the strength of a rapidly growing population and increased earning power,” said Lahzi. “Housing demand continues to exceed supply by some 350,000 units annually as Egypt's population grows and



the benefits of development find their way into the broader society. Designopolis will showcase a wide range of brands at one location to capitalize on the highly fragmented industry that now serves this sector.”

When complete, Designopolis’ Sixth of October location will house attractions such as art galleries, an auction house, exhibition hall, interior design school, amphitheater and public design library. Designopolis’ first art gallery, The Articulate Baboon, which just opened its doors last month, has already received critical acclaim for its avant guard exhibits.

The mall’s complementary service offerings provide personal shopping and concierge services, a resources bureau, an interior design consultancy, movers and packers, mortgage companies and insurance services.

“From products to services and sources of inspiration, Designopolis honors creativity and vision. It is a destination for professionals and families alike, a place to explore ideas, find unique and world-class items or simply appreciate the possibilities of designed interiors,” adds Lahzi. “We believe that the mall will be a catalyst for job creation and will encourage further investment in the field of interior design and home furnishings.”

Bonyan for Development and Trade continues steady development on Designopolis’ second phase, which will include an additional 42 shops that are scheduled to launch in November 2010. Designopolis’ Phase 3 “Gallery Level” scheduled for completion in the first quarter of 2011 will have the flexibility of providing smaller retail spaces and will therefore be able to accommodate approximately 150 shops.

—Ends—

***Bonyan for Development and Trade*** is a company established by Citadel Capital and a group of co-investors to invest in retail and commercial developments in the Middle East and North Africa. Bonyan currently owns land in Sixth of October City (West Cairo where it is developing and operating a state-of-the-art design, furniture and home accessories mall under the Designopolis brand name. The Sixth of October City Designopolis soft launched in late 2008 and has now fully leased its first phase. **Citadel Capital** (CCAP.CA on the Egyptian Stock Exchange) is the leading private equity firm in the Middle East and Africa. Citadel Capital’s 19 OSFs now control Platform Companies with investments worth more than US\$ 8.3 billion in 14 countries spanning 15 industries, including mining, cement, transportation, food and energy.

News Release

Cairo, Egypt: June 28, 2010

## Citadel Capital Named “African Business of the Year”

*The leading private equity firm in Middle East and Africa receives prestigious industry award that recognizes the achievements of outstanding African businesses that are contributing to the economic growth and development of the continent*

Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa, has been named African Business of the Year at a gala awards ceremony attended by the Prime Ministers of Cameroon and Togo in London on 21 June 2010. The award recognizes Citadel's outstanding financial performance coupled with its positive impact on the industry, community and economy.

The prestigious title was received at the African Business Awards, the key annual event for the African business world, whose accolades are much sought after by Africa's leading companies and entrepreneurs.

The firm was selected to win by a distinguished panel of independent judges covering all regions of Africa, each of whom was selected for his or her “experience, business acumen and expertise.” Other finalists included South Africa's De Beers, Kenya's Safaricom, pan-African bank Ecobank and oils producer Bidco.

“It is truly an honor to have been chosen as African Business of the Year from such a distinguished group of nominees,” said Citadel Capital Chairman and Founder Dr. Ahmed Heikal. “Founded little more than five years ago with an initial investment of just US\$ 400,000, we are very proud of the growth that we have achieved. Citadel Capital continues to pursue investment opportunities throughout the continent that will allow us to transform promising national companies into regional champions.”

With US\$ 8.3 billion in investments covering 15 industries spanning 14 countries, Citadel Capital is independently ranked by Private Equity International as the continent's largest private equity firm. Since its founding in 2004, the firm has generated US\$ 2.5 billion in cash returns for shareholders and co-investors on investments of US\$ 650 million.

The African Business of the Year award is given annually to a company that has demonstrated outstanding financial performance and significant development of new market segments, together with “innovative working techniques and employment of staff from the communities in which it operates.” Winners must have high standards of good corporate citizenship and have contributed significantly to changing the perceptions of Africa in global markets.

“Citadel Capital seeks out national companies with the potential to become regional champions, then deploys the human and monetary capital needed to make that transformation happen,” said Citadel Capital Managing Director and Co-Founder Hisham El-Khazindar.

“Over the past 12 months, the firm has closed a significant number of transactions in what we believe will be an excellent vintage year for private equity investing.”

In reaching its decision, the awards committee took note of several recent developments at Africa’s leading private equity firm, including its acquisition of a controlling stake in Rift Valley Railways of Kenya and Uganda, the build-out of an environmentally friendly river transportation network stretching from the Mediterranean port of Alexandria to southern Sudan, the construction of Sudan’s most technologically advanced and environmentally friendly cement plant, the acquisition of the nuclei of a solid waste management platform, and substantial fundraising progress on the MENA and Africa Joint Investment Funds.

The 2010 African Business Awards were organized by IC Publications (publishers of Africa Business) and the Commonwealth Business Council. They provide a platform to celebrate excellence and best practices in African business, recognizing those who have driven Africa’s rapidly transforming economy. This year’s awards ceremony included more than 500 attendees including African ministers, senior government and business officials and diplomats.

The African Business of the Year award follows Citadel Capital’s earlier 2010 achievements, including Infrastructure Investor magazine’s African Infrastructure Deal of the Year and recognition by emeaFinance as Africa’s Best Private Equity House.

—Ends—

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News Release

Cairo, Egypt: July 1, 2010

## IFC Invests US\$ 120 million in Egyptian Refining Company

*Funding from International Finance Corporation marks an important step toward financial close on Citadel Capital's US\$ 3.7 billion second-stage refinery*

Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa with US\$ 8.3 billion in investments under control, announced today the International Finance Corporation (IFC) has agreed to invest US\$ 120 million in the Egyptian Refining Company (ERC).

ERC is building a state-of-the-art US\$ 3.7 billion second-stage oil refinery in the Greater Cairo Area that will produce over 4 million tons of refined products when completed, including 2.3 million tons of EURO V diesel, the cleanest fuel of its type in the world.

ERC's production will be directed to the Egyptian market, which has a deficit of lighter fuel products.

"We are delighted with the IFC's participation in ERC as we proceed toward financial close on one of the largest private-sector industrial development projects in Africa. This project will have a notable effect on both Egypt's economy and on the environment, particularly in the Greater Cairo Area, and has therefore enjoyed the full backing and support of the Government of Egypt and, in particular, of the Ministry of Petroleum," said Citadel Capital Managing Director Marwan Elaraby.

"This project has the potential to optimize the use of Egypt's petroleum product infrastructure, elevate the environmental and social standards within the refining industry, and create significant employment opportunities," said Somit Varma, IFC Global Head of Oil, Gas, Mining, and Chemicals. "IFC is very pleased to support the project and to help catalyze new private sector investments through our strong partnership with Citadel Capital and the Government of Egypt."

The refinery, to be located in the Greater Cairo district of Mostorod, will sell its production to the state-owned Egyptian General Petroleum Corporation (EGPC) under a 25-year offtake agreement at international prices.

As a principal investor, Citadel Capital owns approximately 8.2% of ERC.

—Ends—



**Local Insight  
Regional Footprint  
World-Class Expertise**

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News Release

Cairo, Egypt: July 6, 2010

## OPIC Commits US\$ 100 million in Financing to Citadel Capital Funds

*Citadel Capital is the sole African private equity firm selected by the US institution following OPIC's call for proposals in October 2009, which generated 87 applicants*

The Board of Directors of the U.S. Overseas Private Investment Company (OPIC) has approved up to US\$ 100 million in financing for new investments by Citadel Capital and its Joint Investment Funds. Citadel Capital (CCAP.CA on the Egyptian Stock Exchange) is the leading private equity firm in the Middle East and Africa with US\$ 8.3 billion in investments under control.

“We are delighted with OPIC’s decision to commit up to US\$ 100 million in financing for new investments by our firm,” said Citadel Capital Managing Director and Co-Founder Hisham El-Khazindar, who described OPIC’s selection of Citadel Capital as another “vote of confidence in our firm’s strategy.”

Stephen Murphy, Managing Director of Institutional Relations at Citadel Capital, said that OPIC’s funds will be invested alongside Citadel Capital and its targeted US\$ 500 million MENA and Africa Joint Investment Funds, across selected deals ranging from traditional buyouts to turnarounds, greenfields and growth capital opportunities throughout the Middle East, North Africa, and East Africa.

“Sectors of interest to Citadel Capital and its Funds include waste management, transportation and logistics, manufacturing, and alternative energy. We will invest a significant amount of capital in Egyptian companies, which will be used as platform investments to expand throughout the region,” Murphy noted.

—Ends—

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News Release

Cairo, Egypt: July 20, 2010

## ASEC Cement Begins Production at Greenfield Plant in Sudan

*The most technologically advanced plant in Sudan will satisfy fast-growing domestic demand, helping Sudan ease cement imports that currently stand at 3 million tons per annum*

ASEC Cement, which will control more than 12 million tons of annual cement production capacity by 2013 in five countries spanning from Algeria to Iraq-Kurdistan, announced today that it has begun production at Takamol, its greenfield cement plant on the left bank of the River Nile some 320 km north of the Sudanese capital of Khartoum.

The total investment cost for Al-Takamol Cement stands at USD 252.7 million.

"This was a very challenging plant," said ASEC Cement Chairman and CEO Giorgio Bodo. "Takamol is in a remote area on the left bank of the Nile, and the location was dictated by its proximity to the limestone quarries that give the plant an important competitive advantage. Although we are accustomed to working in remote locations and to dealing with intense heat, the challenges at Takamol were compounded by the fact that the two banks of the Nile were only recently connected by a bridge. Until a few months ago, we had been working with pontoons."

ASEC Cement is a Portfolio Company of ASEC Holding, Citadel Capital's Platform Company for investments in the regional engineering and construction industry.

At Takamol, ASEC Cement built 15 km of roads to connect the plant to government roads, erected a water treatment station connected to the plant by a 15-km-long pipeline, and contracted to build its own 42 MW captive power plant, which now provides all of Takamol's electricity needs.

"This tremendous effort gives us an important advantage over other factories now under construction in Sudan," Bodo noted.

The plant, built with leading-edge technology that meets or exceeds national environmental standards, has a nominal capacity of 1.45 million tons per annum (MTPA) of clinker and 1.6 MTPA of cement.

The Takamol plant will directly employ 450 staff and help create the same number of indirect jobs. In line with ASEC Cement policy, Takamol is already running a training program for Sudanese nationals and will prioritize the hiring of local staff. All ASEC Cement plants aim to replace Egyptian management and line personnel with highly trained local staff as operations come on-stream.

ASEC Cement's Takamol plant will reduce by half Sudan's annual cement deficit of 3 MTPA, allowing the country to save hard currency for other uses.

—Ends—



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Egyptian Refining Company

الشركة المصرية للتكرير

News Release

Cairo, Egypt: August 9, 2010

## Citadel Capital Announces US\$ 2.6 bn Debt Package for Refinery

*One of Africa's largest project finance deals reaches the signing of a US\$ 2.6 billion debt package with the participation of key development finance institutions and export credit banks*

The Egyptian Refining Company (ERC) announced today that it has signed a debt package of US\$ 2.6 billion to finance construction of its state-of-the-art US\$ 3.7 billion second-stage oil refinery in the Greater Cairo Area.

The refinery will produce over 4 million tons of refined products per annum when completed, including 2.3 million tons of EURO V diesel, the cleanest fuel of its type in the world.

“We are delighted to announce the debt package for what we believe stands as one of the largest project finance deals ever assembled in Africa,” said Citadel Capital Managing Director Marwan Elaraby. “ERC has won outstanding backing from leading global institutions because it will have a notable effect on both Egypt’s economy and on the environment, particularly in the Greater Cairo Area. It has similarly enjoyed the full backing and support of the Government of Egypt and, in particular, of the Ministry of Petroleum.”

“That this project remained on track through the deepest financial crisis in living memory is a testament to ERC’s solid economic fundamentals,” added Citadel Capital Managing Director Ahmed El-Houssieny. “Iron-clad fundamentals and strong support from both legislators and regulators are exactly what financial institutions look for when considering which projects to back.”

The debt package includes US\$ 2.35 billion of senior debt and US\$ 225 million of subordinated debt. Institutions participating in the senior debt package include the Japan Bank for International Cooperation (JBIC), Nippon Export and Investment Insurance (NEXI), the Export-Import Bank of Korea (KEXIM), the European Investment Bank (EIB) and the African Development Bank (AfDB). First drawdown under the senior debt facilities is expected in the coming two months.

Mitsui & Co., which is part of the consortium of contractors building the refinery, is providing US\$ 200 million of subordinated debt financing. The African Development Bank is providing an additional US\$ 25 million of subordinated debt financing.



Egyptian Refining Company

الشركة المصرية للتكرير

News of the debt package came just weeks after the International Finance Corporation (IFC) announced it would invest equity of US\$ 100 million in the project.

The refinery, to be located in the Greater Cairo district of Mostorod, will sell its production to the state-owned Egyptian General Petroleum Corporation (EGPC) under a 25-year offtake agreement at international prices.

ERC is a partnership between Citadel Capital (CCAP.CA on the Egyptian Stock Exchange, the leading private equity firm in the Middle East and Africa with US\$ 8.3 billion in investments under control), its co-investors and the state-owned Egyptian General Petroleum Corporation (EGPC). EGPC owns 15% of the project; its Cairo Oil Refinery Company (CORC), the nation's largest refinery with 20% of Egypt's current refining capacity, will provide ERC with fuel oil as feedstock.

“Considering the operational, financial and regulatory complexity of building a refinery today, the signing of ERC's debt package has come together remarkably quickly,” said Tom Thomason, Chief Executive Officer of ERC. “ERC will improve the environment of greater Cairo by preventing on an annual basis approximately 93,000 tons of sulfur from being released into the atmosphere. It will also invest in improvements to CORC's environmental performance, particularly the emission of greenhouse gases.”

ERC has obtained all regulatory and environmental approvals and signed a lump-sum turnkey contract with GS Engineering & Construction / Mitsui & Co. The project's builders expect to complete construction and operational testing of ERC in the second half of 2014 in time for operations to begin in 2015.

Citadel Capital owns approximately 10% of the Opportunity-Specific Fund (OSF) that controls ERC. Citadel Capital has management control of ERC through shareholder agreements with the limited partners who have been invited to invest in the OSF.

—Ends—

*The **Egyptian Refining Company** is building a state-of-the-art US\$ 3.7 billion greenfield second-stage oil refinery in the Greater Cairo Area, which will produce over 4 million tons of refined products per annum, including over 2.3 million tons of EURO V diesel, the cleanest fuel of its type in the world. ERC's production will be sold to the Egyptian General Petroleum Corporation (EGPC) under a 25-year offtake agreement at international prices.*

***Citadel Capital** (CCAP.CA on the Egyptian Stock Exchange) is the leading private equity firm in the Middle East and Africa. Citadel Capital focuses on building regional platforms in select industries through acquisitions, turnarounds, and greenfields executed via Opportunity-Specific Funds. The firm's 19 OSFs now control Platform Companies with investments worth more than US\$ 8.3 billion in 14 countries spanning 15 industries, including mining, cement, transportation, food and energy. Since 2004, Citadel Capital has generated more than US\$ 2.5 billion in cash returns to its co-investors and shareholders (on investments of US\$ 650 million), more than any other private equity firm in the region.*



Egyptian Refining Company

الشركة المصرية للتكرير

*Citadel Capital is the largest private equity firm in Africa by PE assets under management (2005-2010, as ranked by Private Equity International). For more information, please visit [www.citadelcapital.com](http://www.citadelcapital.com).*