

Private Equity in the Middle East



UIB Capital Inc.

**Presented by:
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ACG
Breakfast Panel
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Presentation Outline

- **UIB Capital Overview**
- **Shariah Compliant Private Equity**
- **Middle East Finance Demographics**
- **Middle East Private Equity in the U.S.**
- **Sample of US Portfolio Companies**

Firm Overview

- **UIB Capital is a private equity firm focused on making buyout investments in the lower middle market in North America**
- **Our approach is to foster an equal partnership with the managers and owners of businesses we invest in, seeking to build value through a combination of sound business strategy, proper operational execution, and reasonable leverage.**
- **We are a subsidiary of Bahrain-based Unicorn Investment Bank (UIB), which has offices in Bahrain, Dubai, Kuala Lumpur and Istanbul**
- **Our capital is raised primarily from investors in the Middle East. Our sources of capital consist of the following:**
 - **Dedicated Private Equity fund**
 - **Unicorn's balance sheet**
 - **Limited Partners for large investments**
(Middle East institutions & high net-worth investors)
- **We are differentiated from other lower middle market private equity firms primarily via our Shariah investment philosophy**

Shariah Investment Philosophy

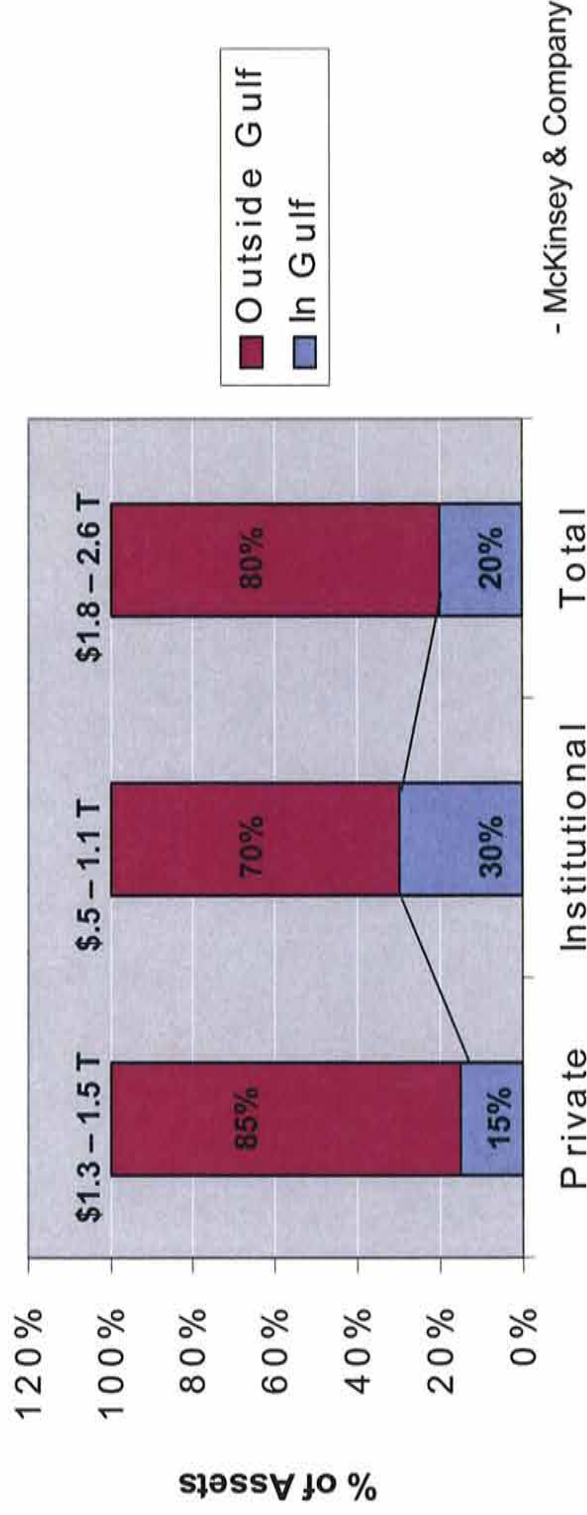
- Our Shariah investment philosophy is based upon an equal partnership with the management and owners of the companies we invest in
- As such, the following aspects of our investment philosophy are viewed favorably by managers and/or owners:
 - We invest in common stock only
 - We do not use participating stock
 - We do not use liquidation preference
 - Our investments are structured with reasonable or no leverage
 - Our investments are structured with reasonable or no dividends and management fees
 - We offer significant equity retention for management

Middle East Finance Demographics

- **The worldwide Muslim population is 1.3 billion (19% of total)**
(Corecap Merchant Bank, Qatar)
- **Middle East HNW population exceeds 400,000 individuals and grew at a rate of 15.6% from 2006 to 2007, which was the highest growth rate in the world during that period.**
(Merrill Lynch Capgemini World Wealth Report 2008)
- **Their wealth increased from \$1.3 trillion in 2005 to over \$1.7 by 2007 and is expected to grow to \$3.4 trillion by 2012.**
(Merrill Lynch Capgemini World Wealth Report 2008)
- **Gulf region has \$1.5 trillion in excess liquidity**
(Ernst & Young)
- **Sovereign wealth funds control \$2.5 trillion worldwide**
(International Monetary Fund)
- **Global Islamic finance industry assets are over \$800 billion**
(Corecap Merchant Bank, Qatar)

Despite great regional wealth in the GCC, much is invested abroad

Geographic Distribution of GCC Assets



It is estimated that \$20 billion is invested in the US by Middle East investors each year

Middle East PE Funds Raised






- In the past most funds from the Middle East were invested on a deal-by-deal basis from a group of LPs
- The concept of committed funds have recently begun to take form:
 - A progression of dollar values of PE funds raised in the Middle East:
 - 1994 to 2005: **\$5.8 billion***
 - 2004 to 2007: **\$1.1 billion***
 - 2006: **\$10 billion***
 - 1H2007: **\$9 billion***

This only includes figures for PE funds raised and not individual deals that were not part of a fund.

Source: *The Impact of Private Equity in the GCC.* Edition 1, Dow Jones Private Equity, 2007.

Middle East Private Equity in the U.S.

Competitive Environment:


























- UIB Capital (Chicago)  Bahrain parent
- Wafra Partners (New York)  Kuwait parent
- Arcapita (Atlanta)  Bahrain parent
- Isthmar World (Dubai)
- Investcorp (New York)  Bahrain parent
- Gulf Investment House (Kuwait)
- TransOcean (Boston)  Kuwait parent

Portfolio Companies of M.E. Private Equity: Arcapita



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Portfolio Companies of M.E. Private Equity: Investcorp

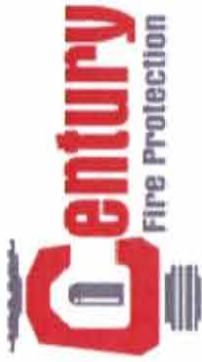
				
				
				
				
				

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Portfolio Companies of M.E. Private Equity: Wafra Partners



Mitchell Gold
+ Bob Williams



MICRODYNAMICS
GROUP.



Portfolio Companies of M.E. Private Equity: Istithmar World



LOEHMANN'S

**BARNEYS
NEW YORK**

**PERELLA
WEINBERG
PARTNERS**



TimeWarner

Portfolio Companies of M.E. Private Equity: UIB Capital





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