

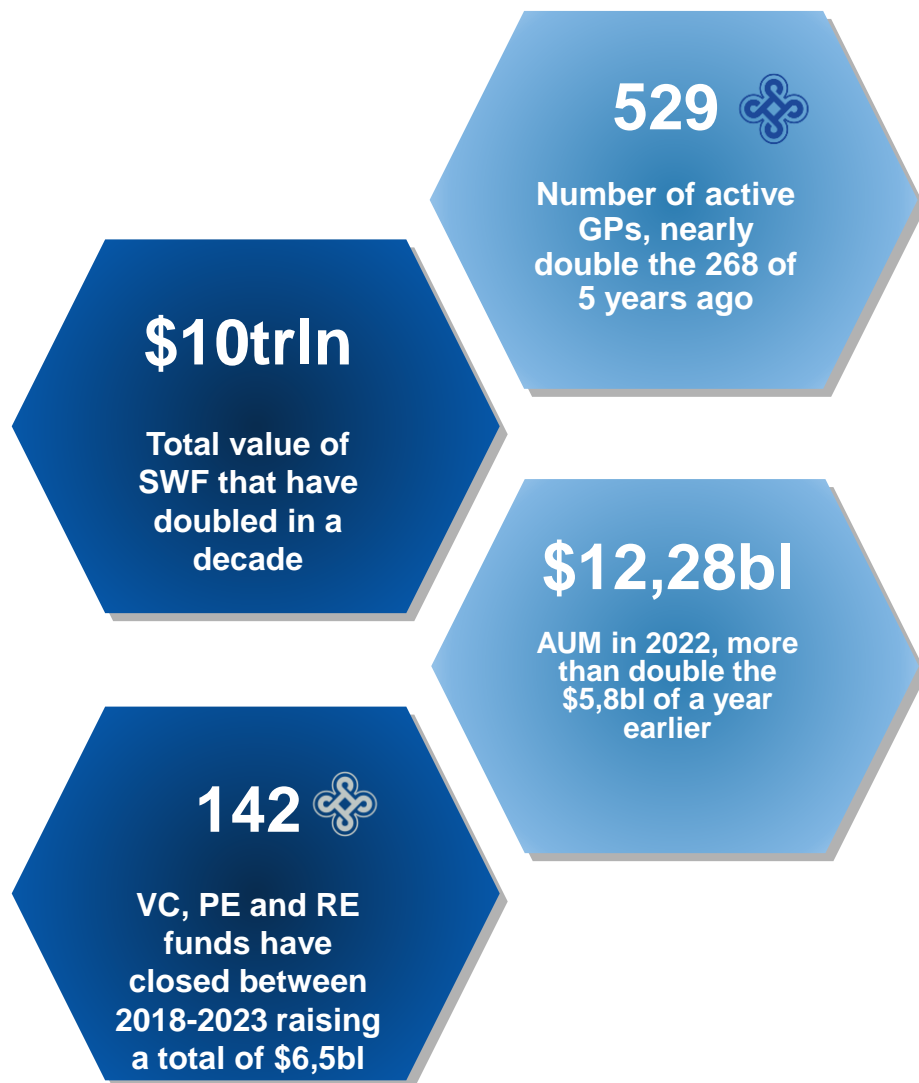


GCC Renaissance: Tapping Rising Investment Opportunities

Part 5: Alternatives Market

The GCC, once seen primarily as a capital source, is now increasingly recognized for promising investment opportunities in the global alternatives industry

GCC Private Capital Market Highlights



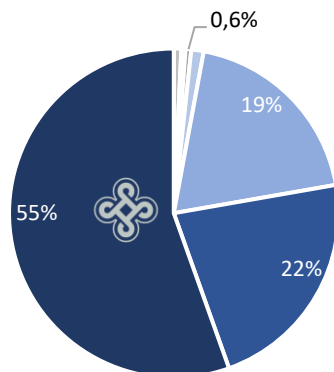
ME Venture Capital Market 2023 results



Private capital raising in the Middle East region accounted for \$86billion in 16-year period, still need funding acceleration to get larger spot on the global capital markets

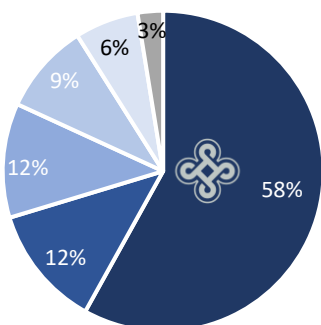
Private Capital Raised globally in 2008-Q32023
(%) by region

Rest of world Africa Middle East Oceania Asia Europe North America

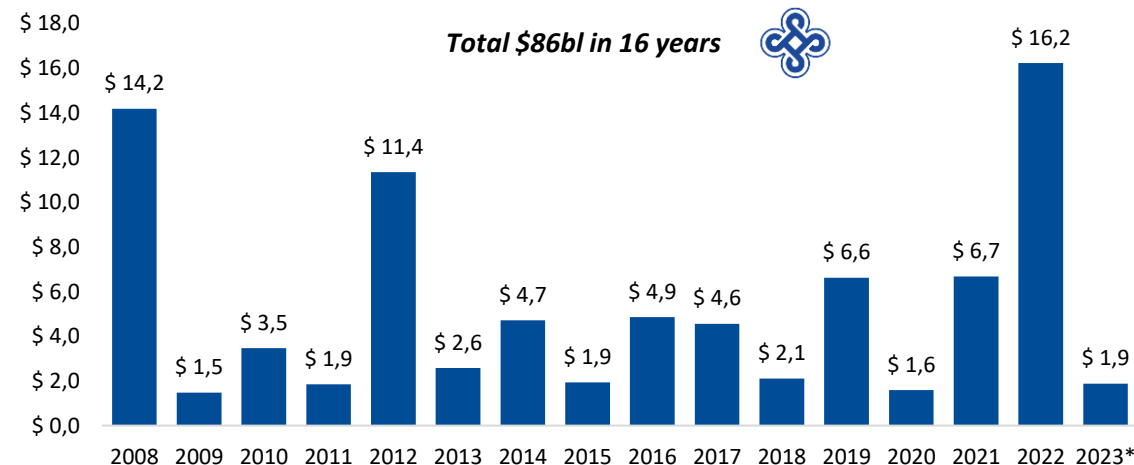


Private capital raised in the Middle East
in 2008-Q32023 by types, %

Private Equity Venture Capital Real Estate Real Asset Debt FoF



Private capital raised in the Middle East, \$bl

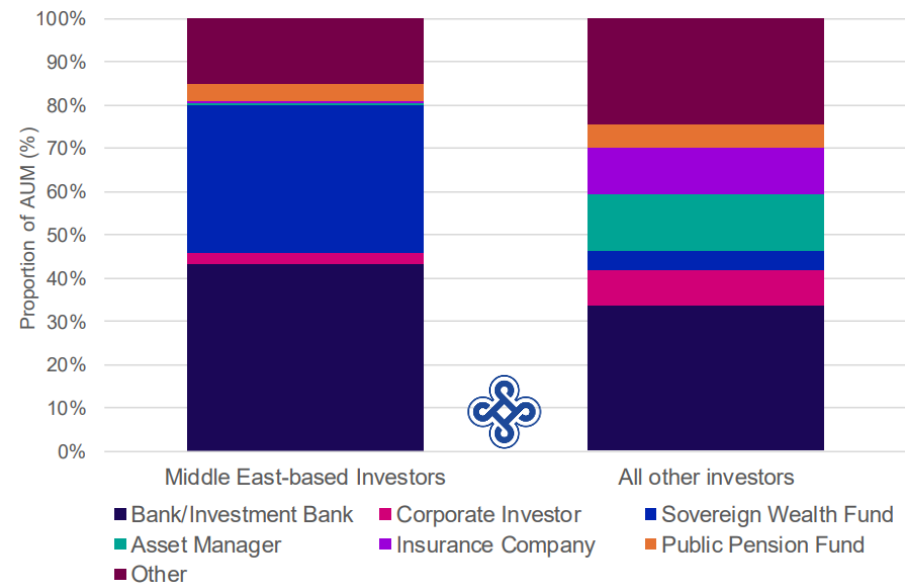


- During 16-year period (2008-Q3 2023) globally the private capital raised \$15,3 trillion. **North America (55%), Europe (22%) and Asia (19%) remain as the most attractive regions for fund raising.**
- Middle East, mainly GCC and Egypt markets, accounts for **low of 0,6% of the market, i.e. \$86bl in 16 years.**
- The largest portions of private capital in the ME was attracted by the **PE, VC and RE. PE is overallocated compared to global average (58% vs 37%), while VC is under allocated (12% vs 17%).** This shows less willingness to invest in riskier assets and more reliance on conservative PE investments. However, due to Saudi 2030 vision and strategic plans of UAE to rely on innovation and digitalization, we **expect more fund allocation towards VC in the nearest future.**
- According to PitchBook data, **VC activated in the ME since 2011 and reached \$10bl in 2023**, and in 2022 the highest capital of \$3,9bl was raised.

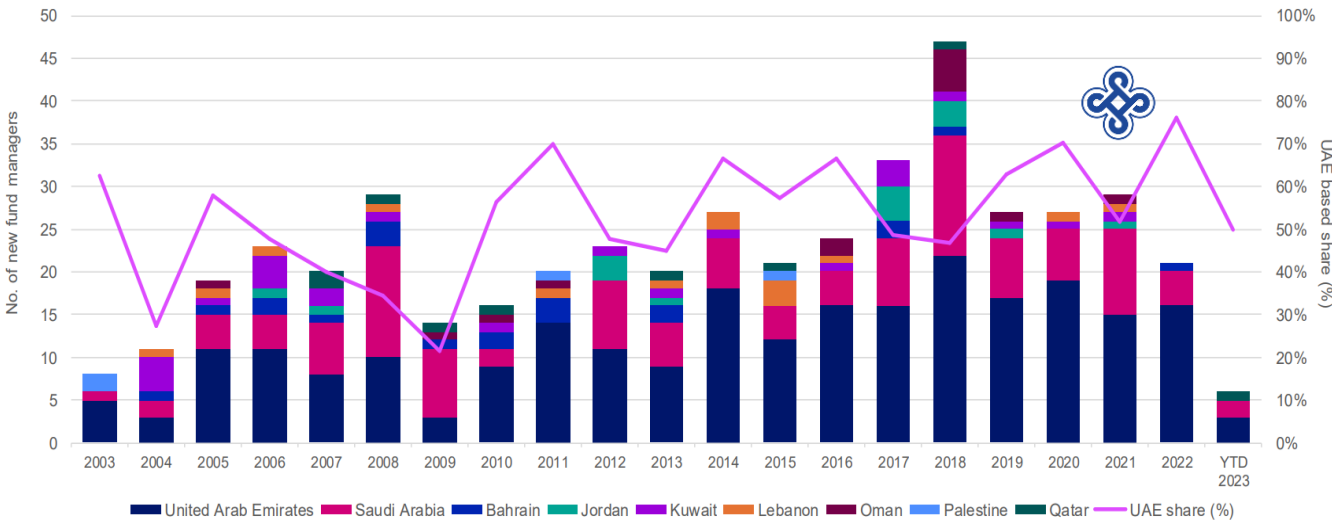
UAE, KSA and Bahrain are the most attractive regions for fund establishment, while SWFs are ecosystem enablers that facilitate private capital market development



Private capital investor AUM by type:
Middle East vs. All global Investors



Newly established ME-based fund managers by location and year established (2003 - 2023 YTD)

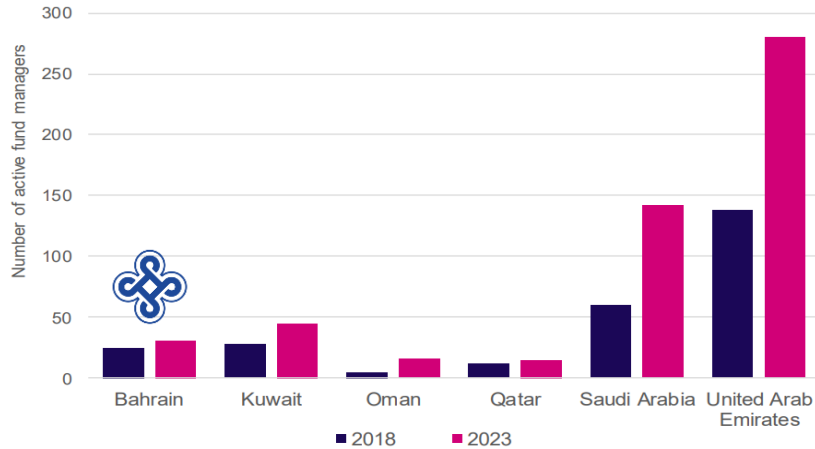


- Considering undeveloped private capital market, **banks and SWF currently play crucial role (43% and 35%)** in allocation of capital in the ME. **This is a unique specific of the ME** compared to global market structure.
- Thus, it is very usual to see that **PE or VC funds are backed by the largest SWF** and their subsidiaries established to support the ecosystem and develop private capital markets.
- **SWF vary considerably in their strategic asset allocation.** Some may have 20%, some 70% of alternatives in portfolio distribution depending on goals set by country leaders.

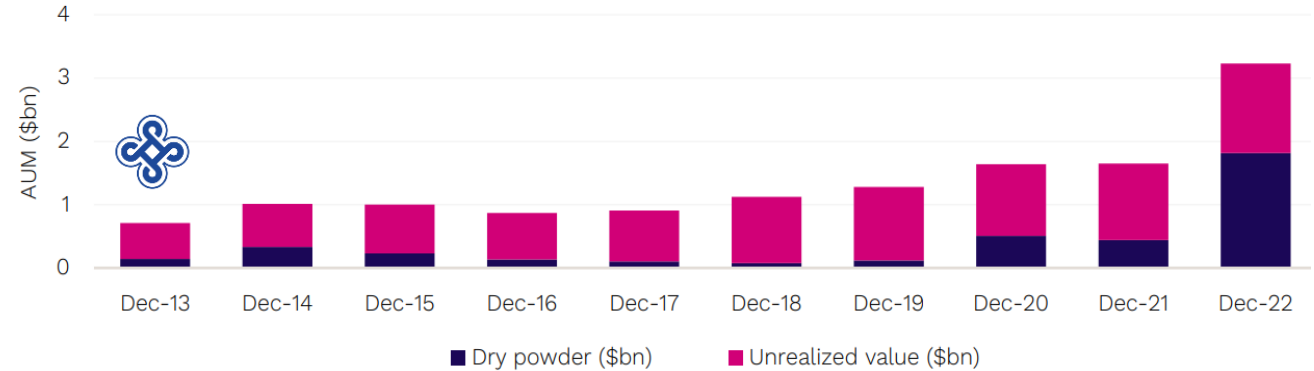
- The frequency of ME-based fund managers establishment remain stable at the average level of 20 funds annually.
- **UAE, KSA and Bahrain are the most attractive countries** selected by managers for fund establishment. **The dominating role of the UAE is unquestionable as up to 70% of newly created funds landed here.** UAE is a market that reached its maturity in the fund raising due to favorable for foreign companies due to its western standard ecosystem and legislation (DIFC, ADGM).

The GCC is undergoing a transformation, evidenced by a significant increase in active GPs in the UAE and KSA, nearly doubling between 2018 and 2023

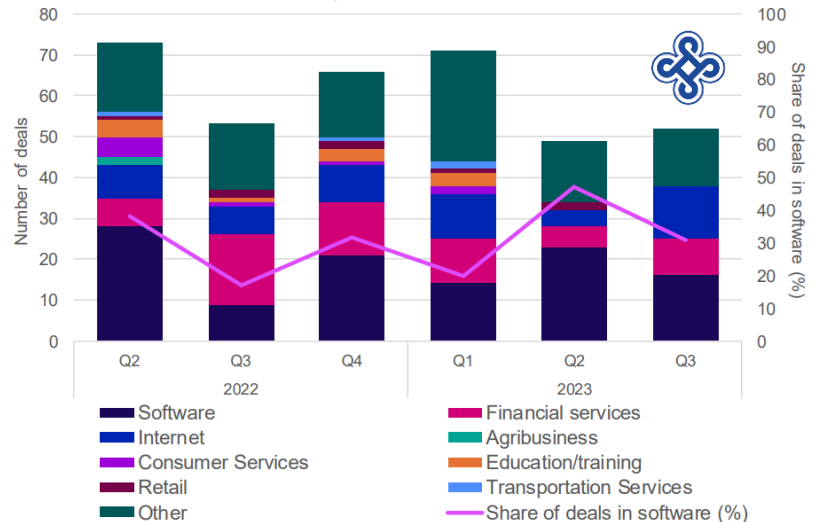
Number of active GPs by country (2023 vs 2018)



VC asset class by unrealized value and dry powder, 2013 - 2022



VC deals in the ME by primary industry, Q22022-Q32023



- Major deals involving investors like **Blackstone, CVC Capital Partners, Silver Lake, and Apollo** reflect the changing perception of the GCC as an **attractive destination for deploying capital**.
- GCC's venture capital scene has witnessed significant growth, reaching \$2.9bn in AUM by Dec 2022, compared to \$1.5bn in Dec 2021.
- Uber's acquisition of Careem for \$3.1bn in 2020** was a pivotal moment, hailed by CEO Mudassir Sheikha as a **"milestone" and a catalyst for the region's tech ecosystem**. The region's tech sector had been hindered by a perception that exits were challenging, but the Careem acquisition changed this sentiment.
- The positive shift in perception has attracted capital to VC funds**, leading to a fourfold increase in dry powder, rising from \$400mn in Dec 2021 to \$1.63bn by the end of 2022.