

# **GCC & Europe: Strong Investment Flow Prospects**

---

**Presented by Alexandre Markarov**

**Managing Director - Millennium Finance Corporation**

March 14, 2008

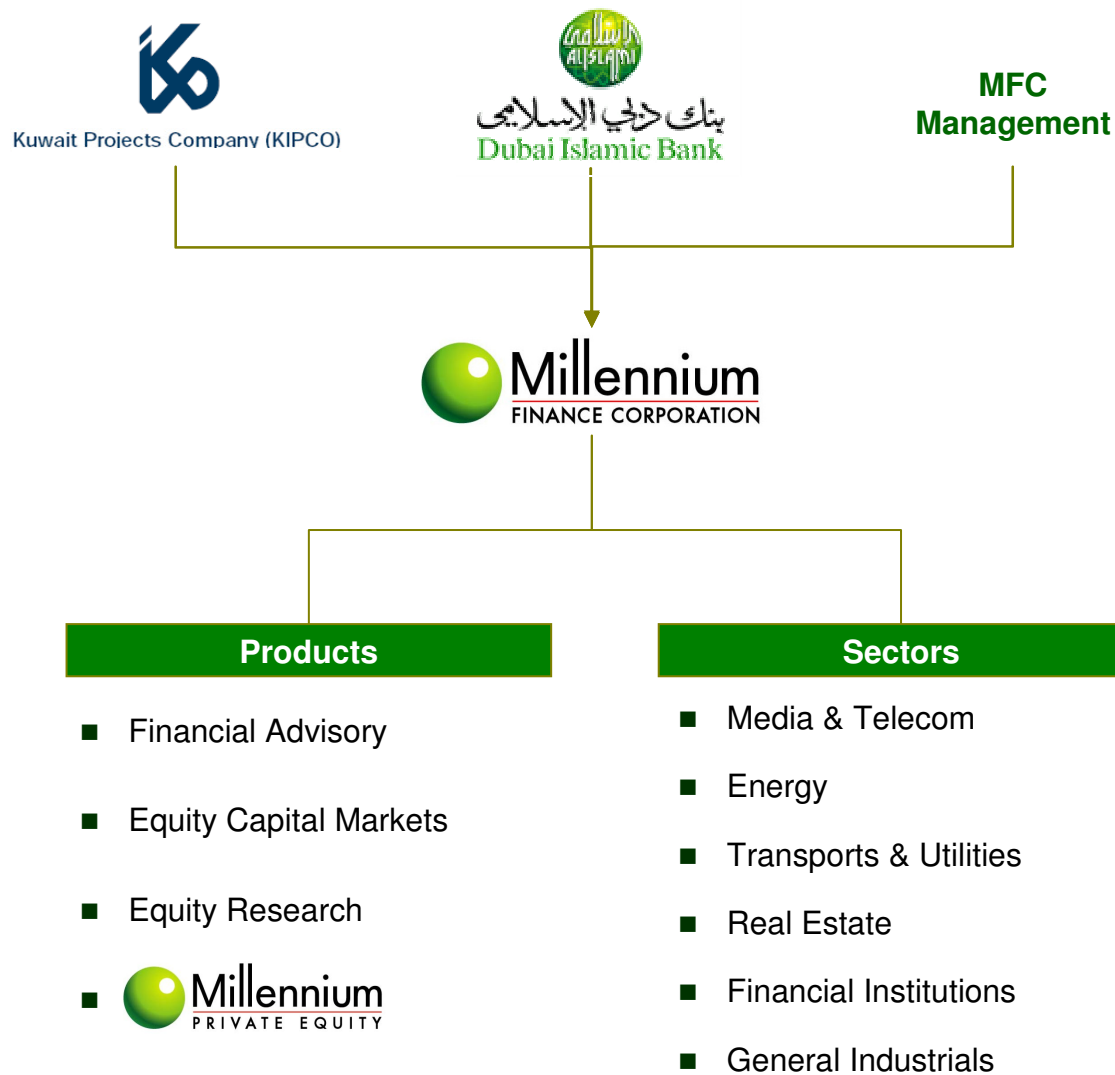
<b>Introduction to MFC</b>	<b>1</b>
Why GCC is attractive to Foreign Investors	2
GCC interest in European Companies	3
Appendix	

# Who Are We?

A credible alternative to international investment banks for blue chip institutions from the Middle East, Africa and Asia

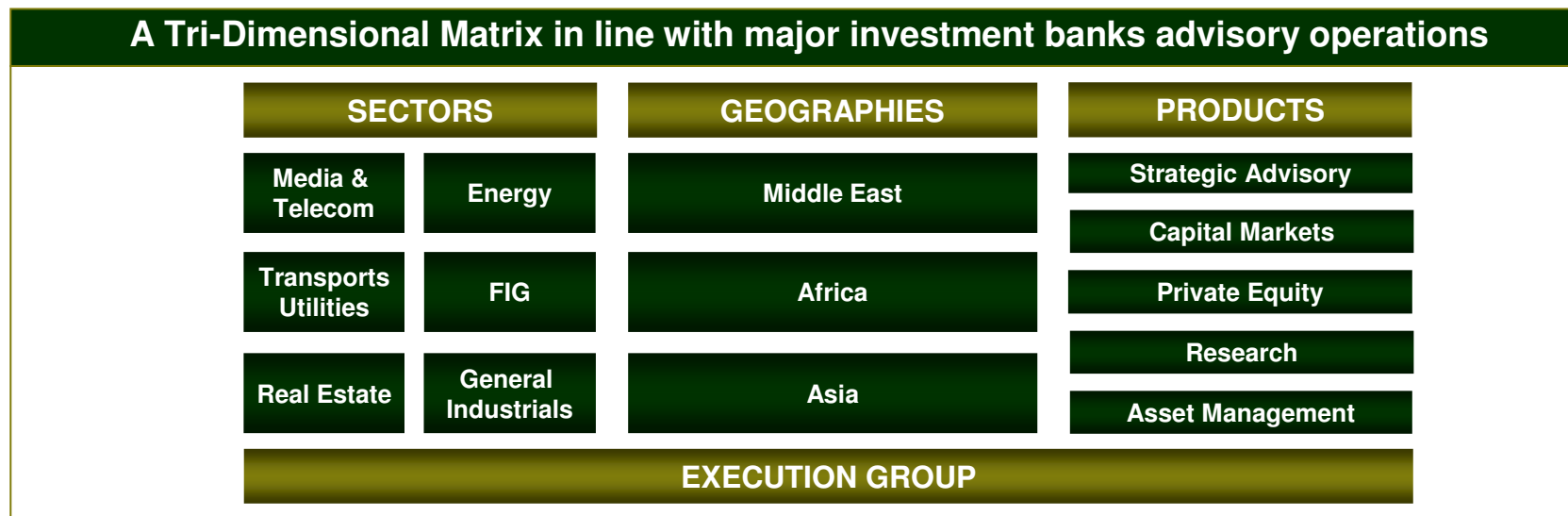
A differentiated sector driven organisation focusing on key industries

A team of experienced professionals from leading international investment banks



# Our Organizational Structure and Products

MFC activity is structured in a tri-dimensional matrix according to Sectors, Products and Geographic region



MFC is structured in five main business lines to provide the full range of investment banking advisory services to its clients

## MFC Products

- **Strategic Advisory :**
  - M&A, Privatisation, Restructuring, Private Placements, Financing Advisory
- **Capital Markets:**
  - IPO, Secondary offerings / Secondary listings, Convertibles and other equity linked offerings
  - Debt Capital Markets: Advisory, Sukuks and debt related offerings
  - Sales & Trading with a priority on sales activities
- **Private Equity :**
  - Private equity funds covering strategic sectors such as telecoms, oil & gas, etc.
- **Research :**
  - Supports Strategic Advisory and Capital Markets activities and tremendous marketing tool
- **Asset Management**

# Achievements to Date

## Strategic Advisory

More than 15 cross-border M&A transactions with blue chip institutions, namely:

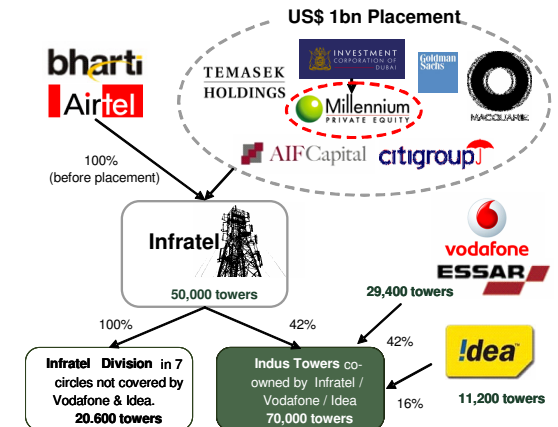
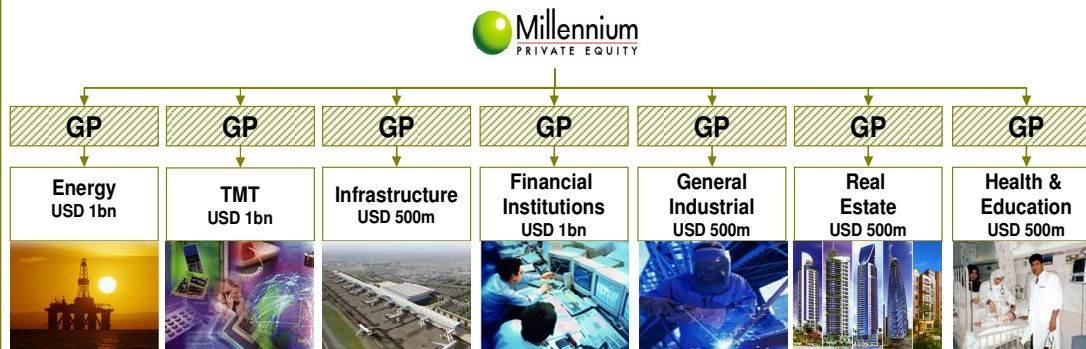


## Capital Markets

- US\$ 4.96 billion IPO of DP World on the DIFX – The largest IPO in Middle-East history (Nov. 2007)
- US\$ 871 million IPO of DEYAAR on the DFM (May 2007)
- US\$ 2.2 billion integrated mining project for Mittal Arcelor in Senegal (2007)
- US\$ 375 million acquisition of Indago Petroleum by RAK Petroleum
- Share issue with convertible notes for Anzon Energy (AIM) – US\$ 75m (October 2006)
- Half a dozen of private placements and equity-related transactions under execution

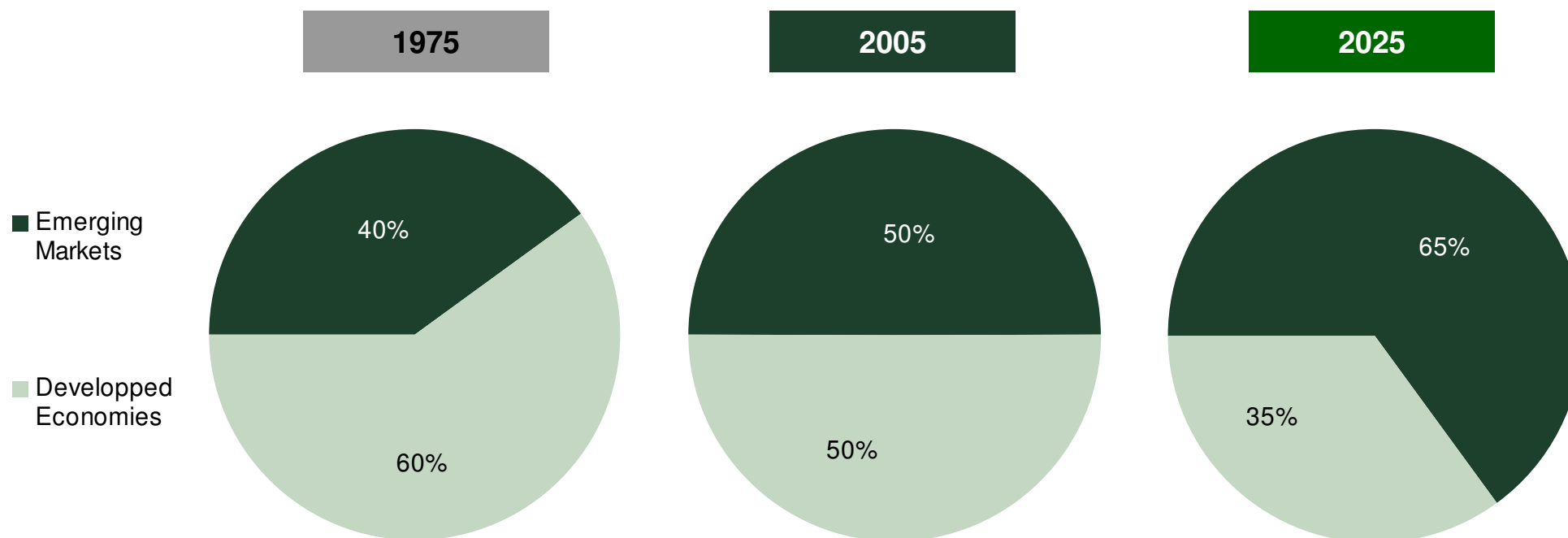
## Private Equity

- Launch of a US\$ 5bn family of private equity funds (approximately US\$ 1 billion already committed)
- Anchor investors / sponsors are: DIB, Dubai World, KIPCO, KFH and Islamic Development Bank
- First investment of US\$ 100 million in Bharti Infratel alongside with Temasek, Goldman Sachs, MIIF and other first-class international investors (Sponsor: Investment Corporation of Dubai)



## Established in a High-Growth Region

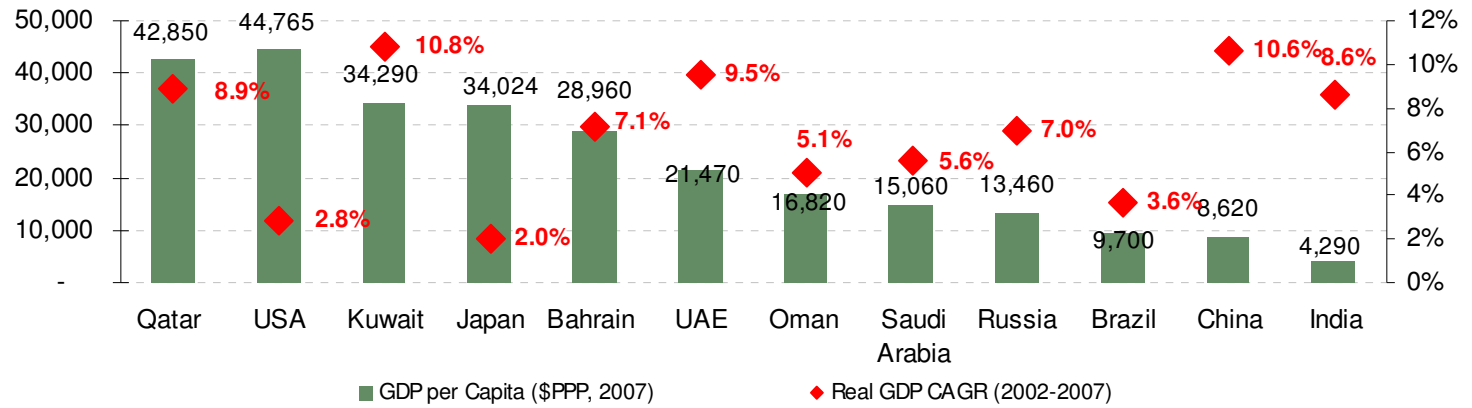
- Emerging Markets to lead world GDP:



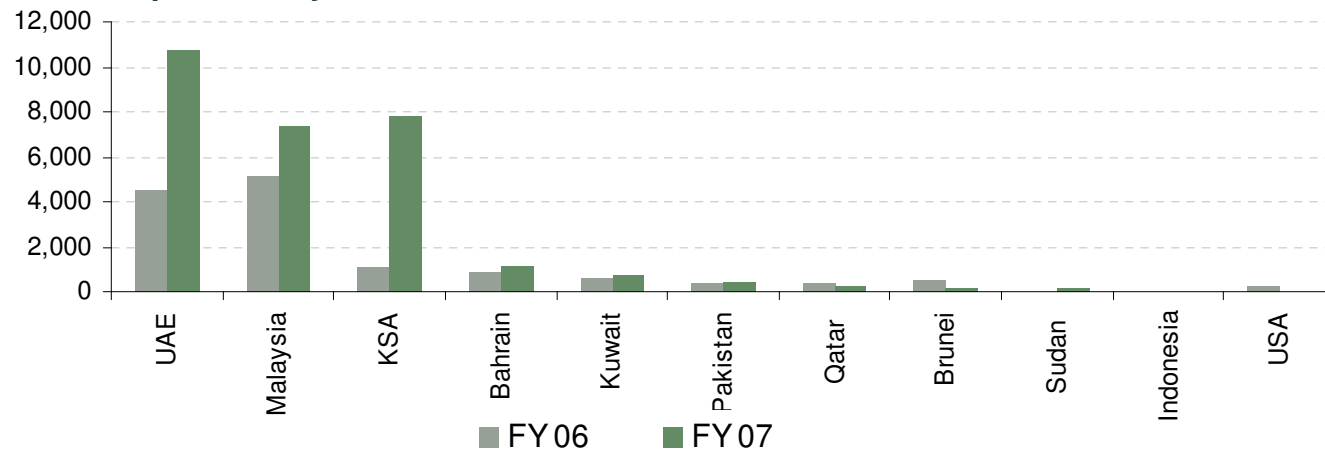
Introduction to MFC	1
<b>Why GCC is attractive to Foreign Investors</b>	<b>2</b>
<b>Strong Macroeconomic Indicators</b>	
Attractive Capital Markets	
GCC interest in European Companies	3
Appendix	

## GCC Macroeconomic Indicators

GDP per Capita (\$PPP) 2007 & Real GDP Growth CAGR (2002-2007)



Evolution of CPI per country



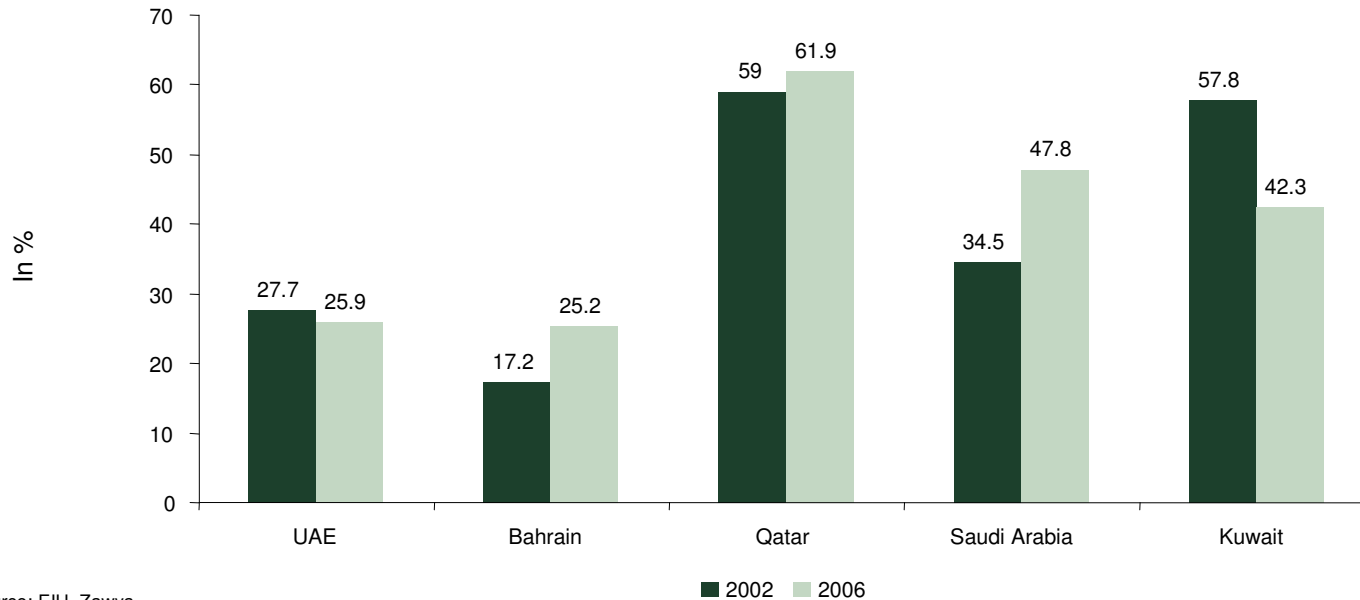


## Sustained high contribution of oil to GCC countries' economies

**Crude Oil Prices Evolution (USD/BBL) 2002-2008**



**Contribution of Oil & Gas to GCC Countries GDPs (in %)**



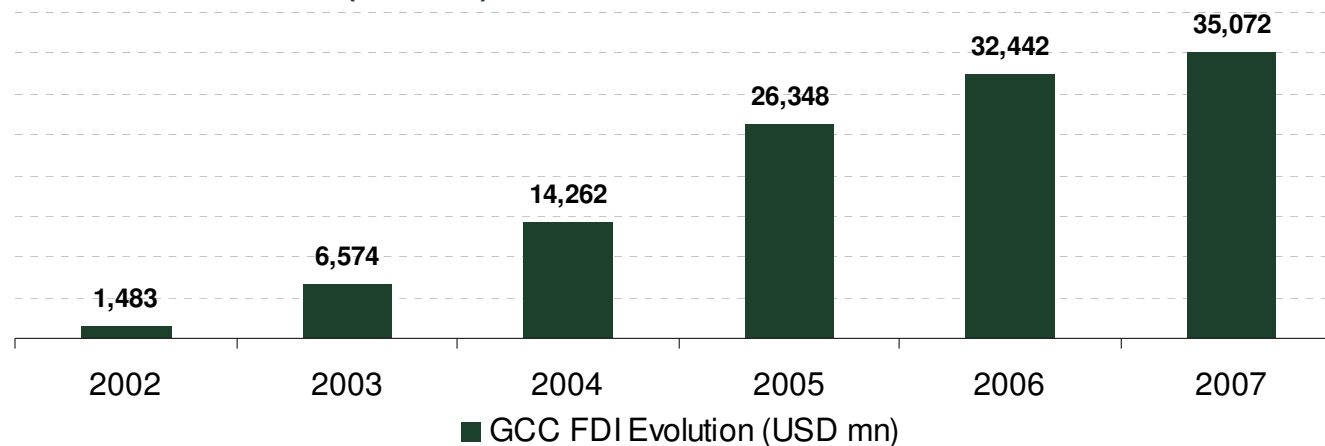
Source: EIU, Zawya

## GCC opening doors to Foreign Investors

### Overview

- WTO and Government regulations have accelerated foreign investments into the GCC economies
- We predict an increased role of the international players in:
  - Privatizations through consortiums with local players
  - Regional capital markets driven by their increased regulation and sophistication

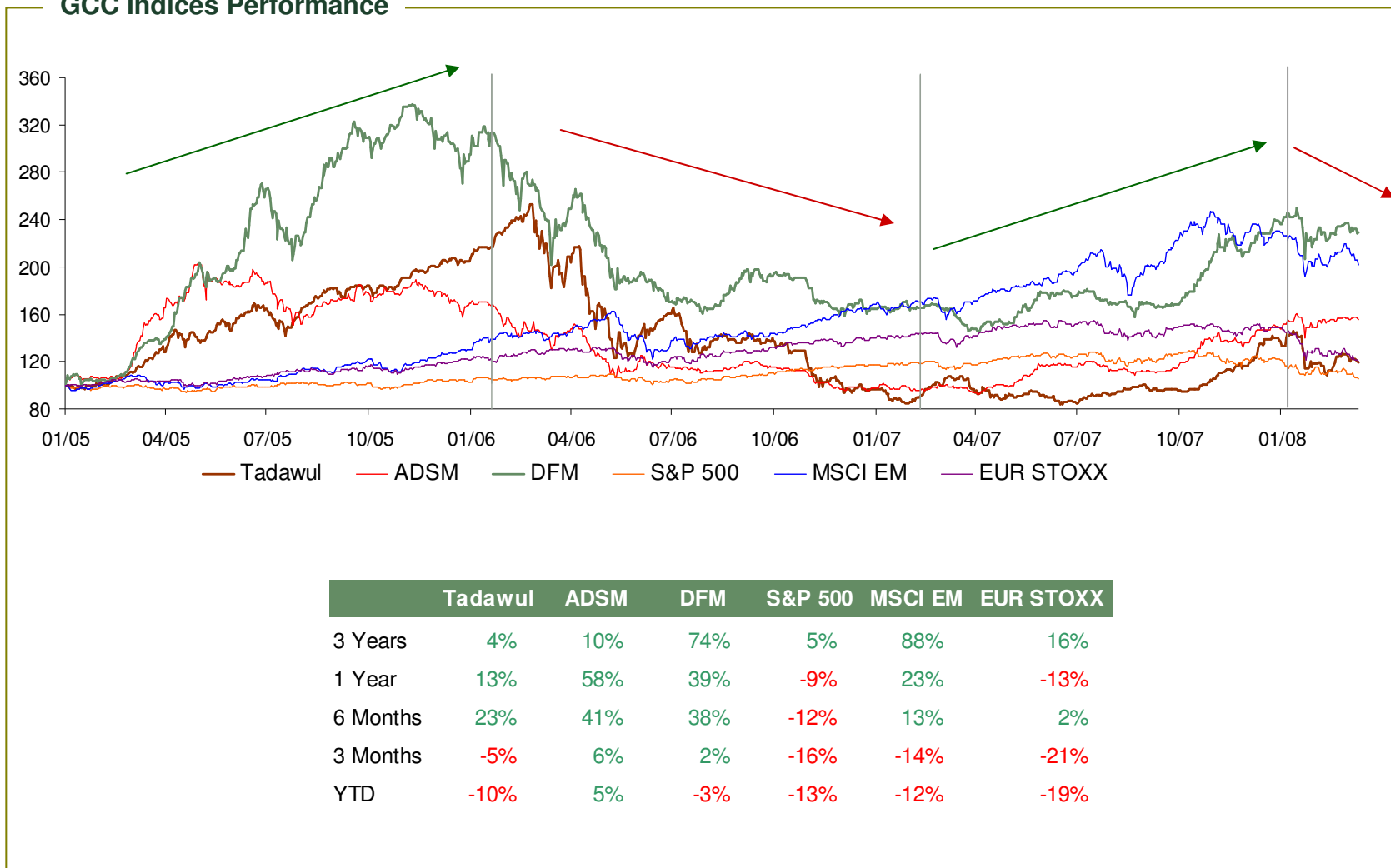
### Evolution of FDIs in the GCC (USD mn)



Introduction to MFC	1
<b>Why GCC is attractive to Foreign Investors</b>	<b>2</b>
Strong Macroeconomic Indicators	
<b>Attractive Capital Markets</b>	
GCC interest in European Companies	3
Appendix	

## Strong Secondary Markets and Resistant to Sub-Prime Effect

GCC Indices Performance

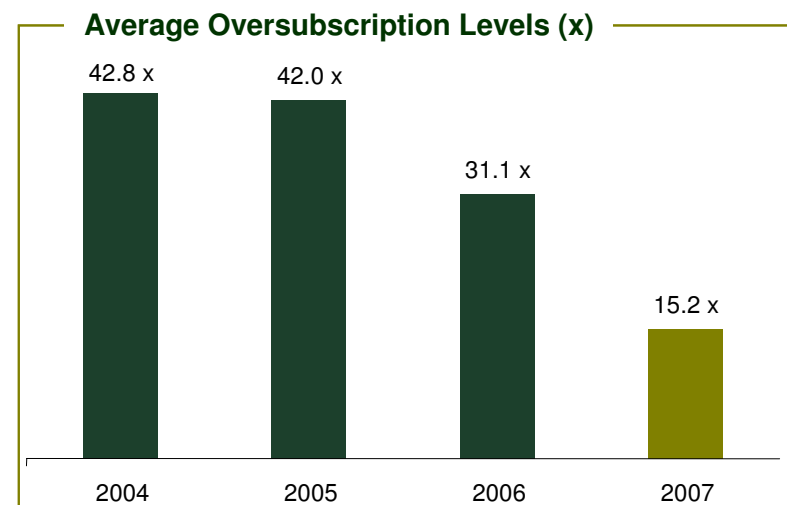
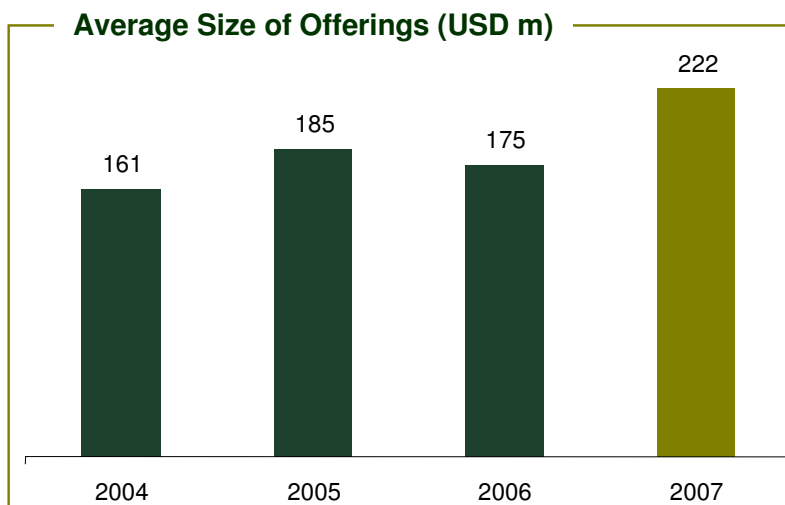
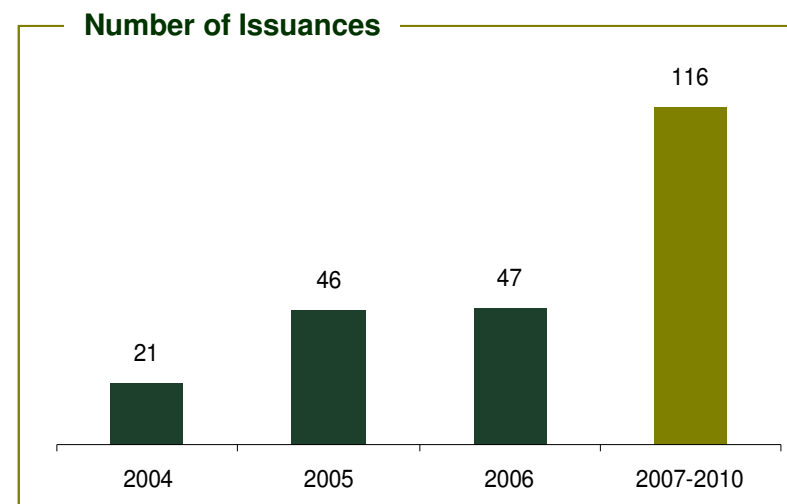
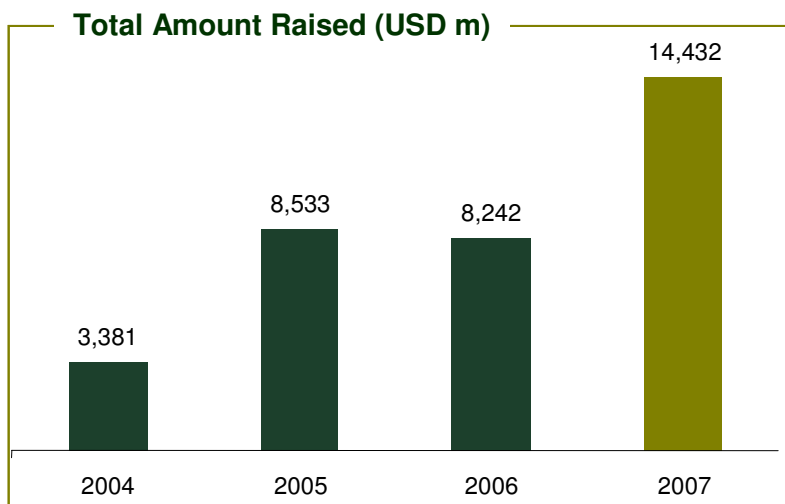


## Middle Eastern IPO Dynamics

IPO Issuance in the Middle East has gone up significantly both in terms of number of issuances and size of offerings.

Largest three offerings accounted for around 50% of the total offerings for year 2007 – DP World (\$4.96bn), Saudi Kayan Petrochemicals (\$1.8bn) and Deyaar (\$883m)

Despite DP World being oversubscribed nearly 15x, year 2007 has seen reduction in the average oversubscription levels compared to prior years

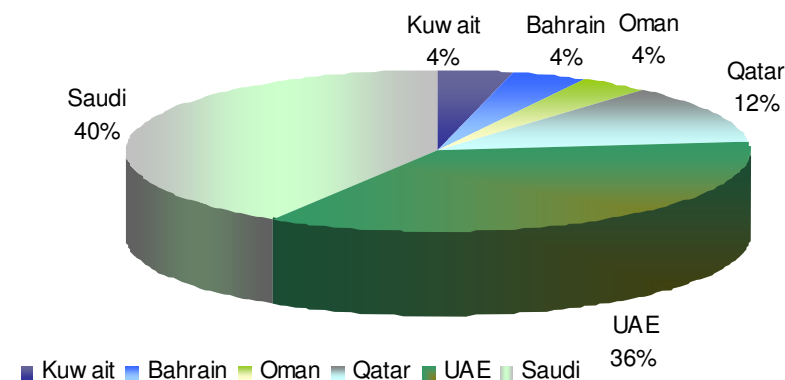


## Key Regional IPO Indicators

### Top Ten IPO Issuances in the GCC

Issuer	Country of domicile	Sector	Size of offering (USD mn)	Equity offered
DP World	UAE	Transport	4,963.4	23.00%
Saudi Telecom	Saudi Arabia	Telecoms and IT	2,720.0	30.00%
Saudi Kayan Petrochemical Company	Saudi Arabia	Oil and Gas	1,799.9	45.00%
Masraf Al Rayan	Qatar	Financial Services	1,172.9	55.00%
Deyaar Development Company	UAE	Real Estate	882.6	55.00%
Kingdom Holding Company	Saudi Arabia	Financial Services	860.9	5.00%
Qatar Gas Transport Company	Qatar	Oil and Gas	769.3	50.00%
Air Arabia	UAE	Transport	713.0	55.00%

### GCC IPO Market Comparison (2007)



## Recent GCC IPOs' Performances

Issuer	Exchange	Listing date	Oversubscribed	1st Day	1st Month	Since floatation	Benchmark Index since floatation
DAMAC Real Estate Development Jordan Company	Amman SE	24Feb08	72.20 x	131.00%	-	307.00%	7.10%
Model Restaurants Company	Amman SE	11Feb08	60.96 x	68.00%	44.00%	44.00%	10.89%
Al Sagr Cooperative Insurance Company	Saudi SE	10Feb08	5.55 x	332.50%	322.50%	307.50%	4.44%
Trade Union Insurance Company	Saudi SE	09Feb08	7.39 x	332.50%	297.50%	290.00%	4.44%
Arabia Insurance Cooperative Company	Saudi SE	04Feb08	8.21 x	680.00%	355.00%	325.00%	2.61%
Rabigh Refining and Petrochemical Company	Saudi SE	27Jan08	3.48 x	148.81%	133.33%	134.52%	5.83%
United Cable Industries Company	Amman SE	16Jan08	11.68 x	31.00%	30.00%	38.00%	4.88%
Société de Production Agricole de Tébolba	Tunisian SE	31Dec07	1.03 x	-1.82%	-2.09%	-2.09%	0.77%
Microdata	Casablanca SE	31Dec07	13.32 x	-6.46%	-8.33%	-30.21%	16.00%
Dar Al Arkan Real Estate Development Company	Saudi SE	29Dec07	4.23 x	34.82%	25.00%	22.77%	-13.22%
Salafin	Casablanca SE	17Dec07	33.78 x	19.70%	37.91%	23.58%	17.69%
Royal Jordanian	Amman SE	17Dec07	1.41 x	1.95%	-2.60%	17.86%	20.12%
Qatar and Oman Investment Company	Doha SM	12Dec07	4.28 x	145.63%	66.02%	56.31%	8.28%
Al Khaleej Training and Education	Saudi SE	10Dec07	5.51 x	178.46%	151.92%	98.08%	-1.26%
Middle East Specialized Cables Company	Saudi SE	08Dec07	2.04 x	95.65%	72.28%	82.61%	0.14%
Stokvis Nord-Afrique	Casablanca SE	03Dec07	60.92 x	32.88%	32.03%	20.34%	15.40%
Jabal Omar Development Company	Saudi SE	01Dec07	3.09 x	70.00%	167.50%	162.50%	4.66%
Talaat Mostafa Group	Cairo SE	28Nov07	41.40 x	23.18%	7.09%	9.73%	15.57%
Jordan and Emirates Dimensions for Commercial Investment	Amman SE	26Nov07	10.76 x	33.00%	15.00%	20.00%	19.82%
DP World	DIFX	26Nov07	15.00 x	4.62%	-9.23%	-37.69%	-
Société Nationale d'Electrolyse et de Pétrochimie	Casablanca SE	07Nov07	88.32 x	33.04%	12.00%	7.68%	11.72%
First Jordan Investment Company	Amman SE	06Nov07	3.74 x	21.00%	16.00%	6.00%	26.67%
Galfar Engineering and Contracting	Muscat SM	24Oct07	14.81 x	61.79%	99.50%	168.61%	35.29%
Baton for Blocks and Inter Locking Tiles	Amman SE	24Oct07	15.17 x	73.00%	50.00%	23.00%	28.08%
Compagnie d'Assurances et de Réassurance Atlanta	Casablanca SE	16Oct07	103.53 x	33.08%	53.75%	16.00%	11.10%
Al Ahlia Cooperative Insurance Company	Saudi SE	06Oct07	7.97 x	607.50%	682.50%	747.50%	27.57%
Gulf Union Cooperative Insurance Company	Saudi SE	11Sep07	4.94 x	662.50%	350.00%	325.00%	24.35%
Deyaar Development Company	Dubai FM	05Sep07	14.00 x	87.26%	87.26%	147.06%	33.78%
Saudi Arabian Cooperative Insurance Company	Saudi SE	03Sep07	10.07 x	997.50%	920.00%	775.00%	24.01%
United International Transportation Company	Saudi SE	01Sep07	10.35 x	223.08%	119.23%	123.56%	20.41%
First Insurance	Amman SE	27Aug07	4.70 x	17.00%	13.00%	6.00%	53.22%
Allied Cooperative Insurance Group	Saudi SE	27Aug07	8.08 x	997.50%	1012.50%	760.00%	21.81%
Saudi Indian Company for Cooperative Insurance	Saudi SE	25Aug07	8.00 x	997.50%	890.00%	770.00%	22.46%
Tuhama for Financial Investment	Amman SE	20Aug07	11.87 x	54.00%	104.00%	130.00%	52.89%
Alahli Takaful Company	Saudi SE	18Aug07	11.18 x	997.50%	1650.00%	1192.50%	25.38%
Compagnie Générale Immobilière	Casablanca SE	10Aug07	1.41 x	32.98%	165.02%	141.18%	20.49%
Tunisie Profilés Aluminium	Tunisian SE	09Aug07	5.77 x	23.81%	19.05%	17.62%	5.56%
Al Khaliqi Commercial Bank	Doha SM	01Aug07	2.28 x	14.15%	8.29%	25.85%	35.29%
Seef Properties	Bahrain SE	29Jul07	3.46 x	12.00%	8.00%	84.00%	14.05%
Kingdom Holding Company	Saudi SE	29Jul07	2.64 x	19.51%	9.76%	21.95%	31.23%
Saudi Fransi Cooperative Insurance Company	Saudi SE	23Jul07	5.93 x	997.50%	1720.00%	1160.00%	34.01%
Sanad for Cooperative Insurance and Reinsurance	Saudi SE	21Jul07	4.00 x	410.00%	680.00%	352.50%	32.05%
TIMAR	Casablanca SE	17Jul07	2.59 x	15.73%	14.57%	23.71%	28.43%
Saudi United Cooperative Insurance Company	Saudi SE	17Jul07	3.50 x	370.00%	597.50%	350.00%	33.05%
Air Arabia	Dubai FM	17Jul07	1.50 x	8.82%	23.53%	102.94%	26.98%
Saudi Printing and Packaging Company	Saudi SE	15Jul07	1.36 x	126.14%	113.64%	42.05%	31.46%
GB Auto	Cairo SE	09Jul07	3.96 x	10.84%	9.24%	80.00%	35.32%
M2M Group	Casablanca SE	04Jul07	92.24 x	11.60%	16.44%	-16.99%	27.76%
Housing Loan Insurance Company	Amman SE	02Jul07	4.45 x	78.00%	67.00%	24.00%	48.05%
Arabian Shield Cooperative Insurance Company	Saudi SE	26Jun07	4.50 x	537.50%	485.00%	347.50%	39.48%
Saudi Kayan Petrochemical Company	Saudi SE	23Jun07	5.00 x	30.00%	22.50%	160.00%	41.07%

## GCC IPO Pipeline – UAE Example

Status	Issuer	Expected Time	Country	Sector	Size (USD)	Equity Offered %
Announced	Abraaj Capital	2008	UAE	Financial Services	-	-
Announced	Abu Dhabi Holding	2008	UAE	Financial Services	-	-
Announced	Al Nahda International Education Company	Q1 2008	UAE	Services	214M	38.50%
Announced	Al Qudra Holding	Q1 2008	UAE	Conglomerates	-	30.00%
Announced	DAMAC Holding	2009	UAE	Conglomerates	-	-
Announced	Damas Jewellery	H1 2008	UAE	Consumer Goods	272M	25.00%
Announced	DEPA United Group	Q2 2008	UAE	Construction	500M	-
Announced	Dubai Bank	2008	UAE	Financial Services	-	-
Announced	Emirates Airline*	2008	UAE	Transport	-	20.00%
Announced	Emirates Post*	2008	UAE	Transport	-	49.00%
Announced	International Petroleum Investment Company*	2008	UAE	Financial Services	700M -	-
Announced	Middle East Broadcasting Corporation	2008	UAE	Media	-	-
Announced	Nakheel	2009	UAE	Real Estate	-	-
Announced	Palm District Cooling	2008	UAE	Power and Utilities	-	-
Announced	RAK Petroleum	2008	UAE	Oil and Gas	-	-
Announced	Rasmala Investments Holdings	2008	UAE	Financial Services	-	-
Announced	Rotana Hotel Management Corporation	2010	UAE	Travel and Tourism	-	-
Announced	Showtime Arabia	2008	UAE	Media	-	-
Announced	Thuraya Satellite Telecommunications Company	2008	UAE	Telecoms and IT	-	-
Rumored	Abu Dhabi Securities Market	2008	UAE	Financial Services	-	-
Rumored	Abu Dhabi Vegetable Oil Company	2008	UAE	Agriculture and Food	-	-
Rumored	Al Mansoori Specialized Engineering	2008	UAE	Oil and Gas	-	-
Rumored	Dubai Aerospace Enterprise*	2008	UAE	Transport	-	-
Rumored	Emirates Central Cooling Systems Corporation	2008	UAE	Power and Utilities	-	-
Rumored	The National Investor	2009	UAE	Financial Services	-	-

**UAE has a strong pipeline for the 2008 with planned IPO's in most sectors, mainly financial services**

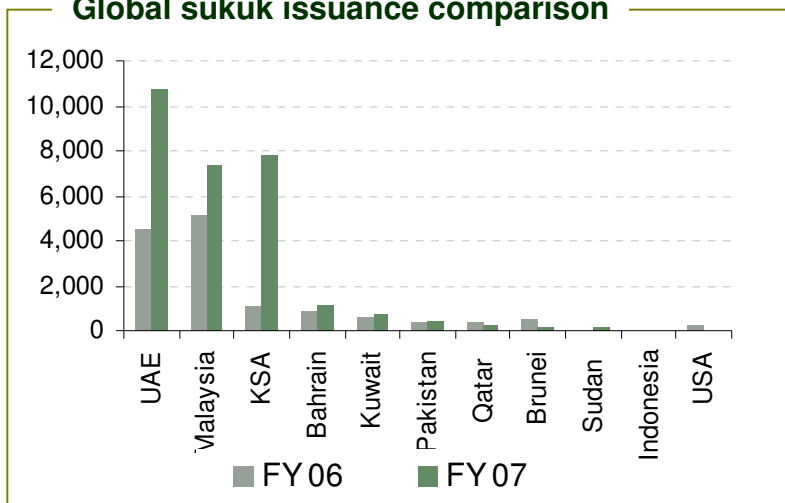


## New Sources of Financing – Global Sukuk Market Overview

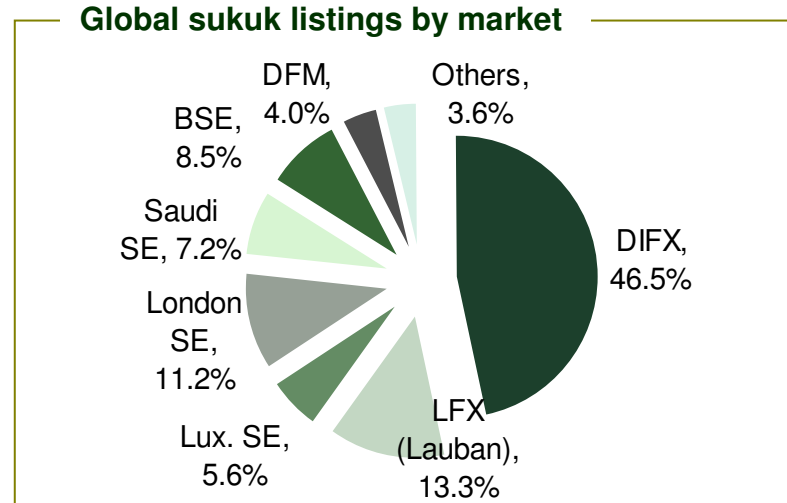
### Global sukuk listing - facts

- Size of listing Sukuks across the globe amounts to USD 25.7 bn
- DIFX constitutes 47% of this with USD 13.8 bn
- Of the total 39 listed Sukuks globally, Ijarah Sukuks constitute 21 with a total size of USD 12.9 bn followed by Musharaka and Modarabah with 11 (USD 7.6 bn) and 5 (USD 4.4 bn) issues, respectively
- Among GCC markets, Sukuks are listed in Bahrain (USD 2.5 bn), Saudi (USD 2.1 bn) and DFM (USD 1.2 bn)

### Global sukuk issuance comparison



### Global sukuk listings by market

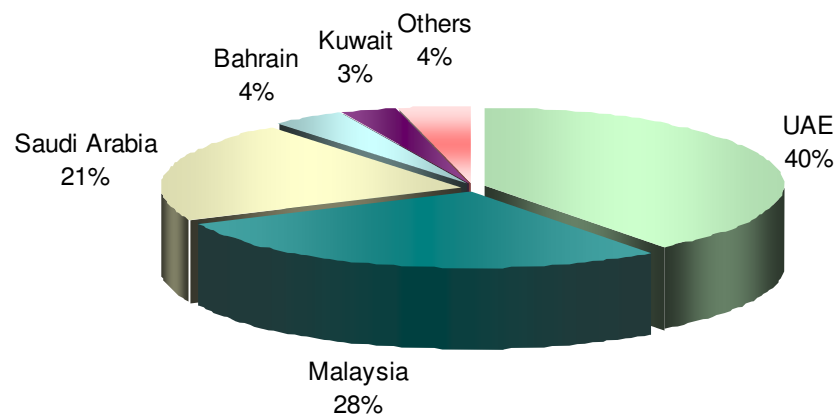


## New Sources of Financing – Global Sukuk Market Overview

### Top listed Sukuks by issue size

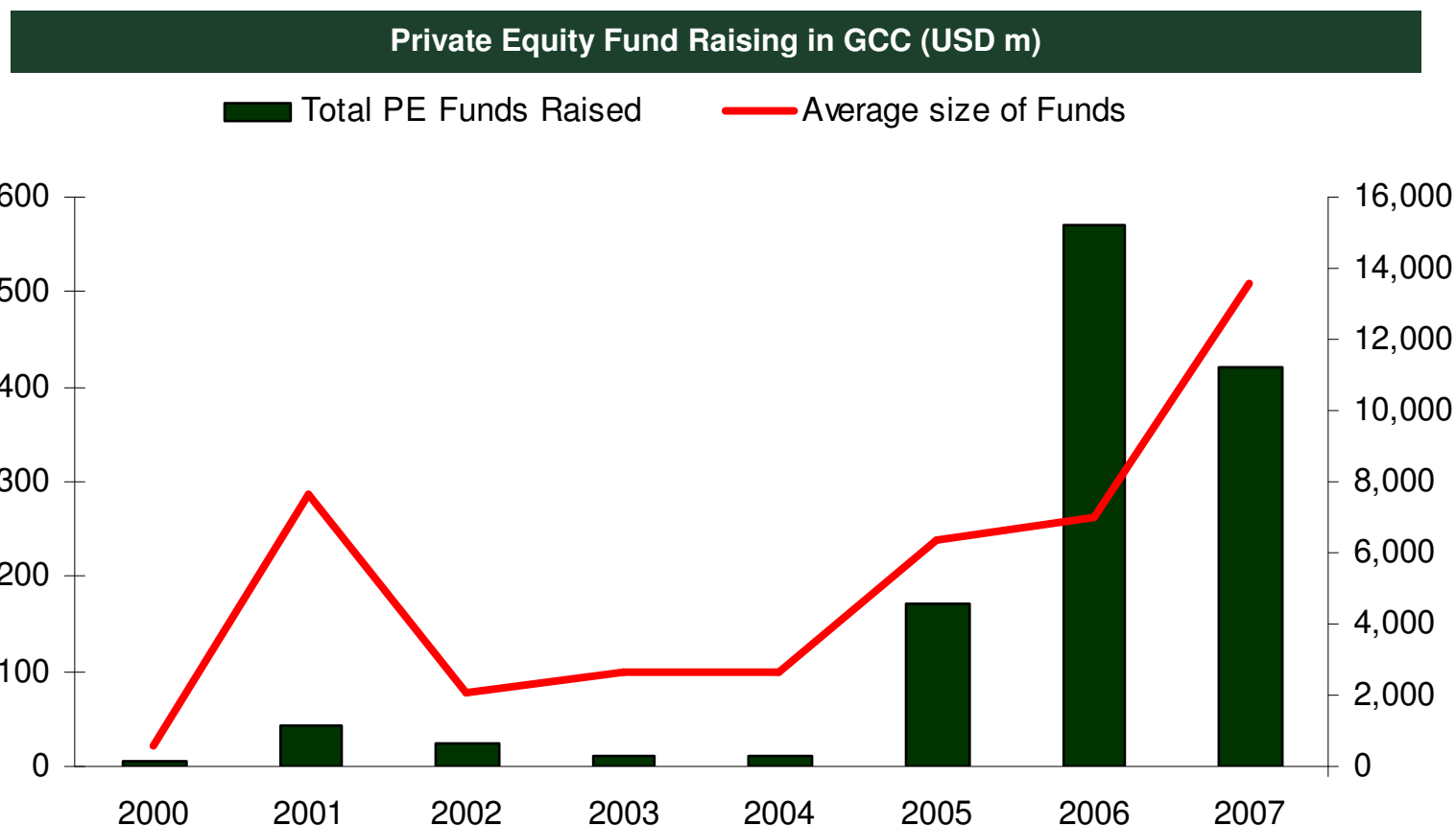
Exch.	Issuer	Structure	Country	Subscription Date	Bid/Ask Price	Bid/Ask Yield	Margin (Coupon)	Issue (USD mn)
DIFX	Nakheel	Ijarah	UAE	Dec06 - 14Dec06	105.400 / 105.900	4.850 / 4.650	6.35%	3,520
DIFX	Ports Customs and Free Zone Corporation	Musharaka	UAE	14Jan06 - 3Jan06	116.075 / 116.575	-10.063 / -12.77	-	3,500
Saudi SE	Saudi Basic Industries Corporation	Ijarah	KSA	11Jul07 - 5Jul07	NA	NA	SIBOR + 38 bps	2,133
DIFX	DP World	Modarabah	UAE	Jun07 - 02Jul07	96.749 / 97.436	6.700 / 6.600	6%	1,500
DIFX	DIFC	Modarabah	UAE	01Jun07 - 13Jun07	95.400 / 96.200	6.600 / 6.400	3 months LIBOR + 37 bps	1,250
LSE	Dana Gas	Modarabah	UAE	4-Oct-07	106.750 / 108.000	5.910 / 5.628	7.50%	1,000

### Country-wise sukuk issue - YTD



## New Source of Financing – Private Equity

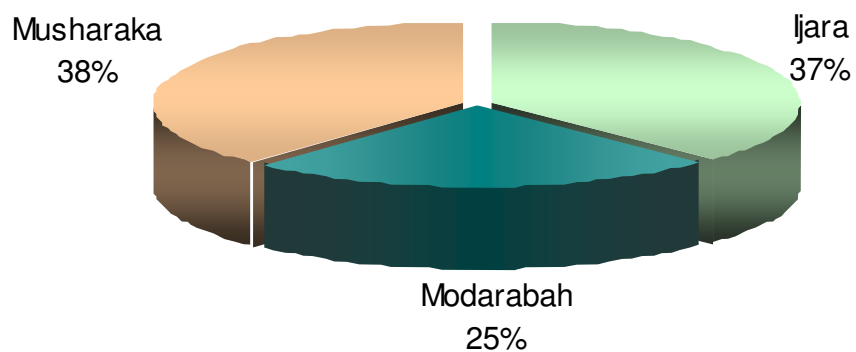
- Private Equity has witnessed significant growth across the region
- There has been increasing variety in the products offered including Sharia Funds, Private Equity and Hedge Funds



## DIFX as a Sukuk Destination

Issuer	Structure	Country	Issue size (USD mn)	Margin (Coupon)	Tenor
Nakheel Development Limited	Ijarah	UAE	3,520	0.06345	3 years
Ports Customs and Free Zone Corporation	Musharaka	UAE	3,500	-	2 years
DP World Sukuk Limited	Modarabah	UAE	1,500	0.06	10 years
DIFC investments	Modarabah	UAE	1,250	3 months LIBOR + 37 bps	5 years
Khazanah Nasional Berhad	Musharaka	Malaysia	850	0.05	5 years
Dar Al Arkan Real Estate	Ijarah	Saudi Arabia	600	3 months LIBOR + 200 bps	3 years
Aabar Sukuk Limited	Modarabah	UAE	460	0.06894	4 years
International Investment Group	Modarabah	Kuwait	200	0.0675	5 years
The Investment Dar Company	Musharaka	Kuwait	150	LIBOR + 125 bps	5 years
Dar Al Arkan Real Estate Development	Ijarah	Saudi Arabia	1,000	3 months LIBOR + 225 bps	5 years
DIB Sukuk Company Limited	Musharaka	UAE	750	3 months LIBOR + 33 bps	5 years

### DIFX listings by structure



## Attractiveness to Foreign Investors

### Middle Eastern Companies Listed in London

Company	Size (US\$m)	Date listed	Country	Type
Orascom Telecom Holdings	2,434	Jul-00	Egypt	GDRs
Qatar Telecom	2,424	Jul-99	Qatar	GDRs
Orascom Constructions	1,867	Sep-02	Egypt	GDRs
Hikma	1,202	Oct-05	Jordan	Ordinaries
Investcom	875	Oct-05	UAE	GDRs
Telecom Egypt	682	Dec-05	Egypt	GDRs
Kingdom Hotel Investments	397	Feb-06	Saudi Arabia	GDRs
EFG Hermes	174	Aug-98	Egypt	GDRs
Lebanese Co for dev. and reconstruction of Beirut	166	Dec-96	Lebanon	GDRs
Bank Muscat	160	Oct-05	Oman	GDRs
Suez Cement	100	Dec-96	Egypt	GDRs
Commercial International Bank (Egypt)	85	Jul-96	Egypt	GDRs
Lecico Egypt	85	Nov-04	Egypt	GDRs
Bank Audi Sal	59	Oct-97	Lebanon	GDRs
Arab Insurance	56	Dec-97	Bahrain	GDRs
MISR International Bank	42	Jul-97	Egypt	GDRs
Paints & Chemical Industries	14	Oct-97	Egypt	GDRs
EL EZZ Steel Rebars	9	Jun-99	Egypt	GDRs

Besides significant growth in regional equity markets and issuances, several regional companies have tapped into global liquidity by listing in LSE

### Foreign Investments in UAE companies (Dubai)

Companies	GCC %	Arab %	Foreign %	Total Non-National
Arabtec	11.99%	1.96%	34.98%	48.93%
Aramex	8.87%	15.76%	23.15%	47.78%
Shuaa Capital	22.84%	4.73%	19.94%	47.51%
Air Arabia	5.25%	3.80%	28.55%	37.60%
Tabreed	5.90%	8.14%	18.25%	32.29%
Emaar	8.84%	2.04%	14.40%	25.28%
Amlak	8.59%	5.12%	8.29%	22.00%
Islamic Arab Insurance	0.94%	1.40%	19.09%	21.43%
Dubai Investment	4.74%	3.16%	9.32%	17.21%
Tamweel	1.96%	2.67%	7.57%	12.20%

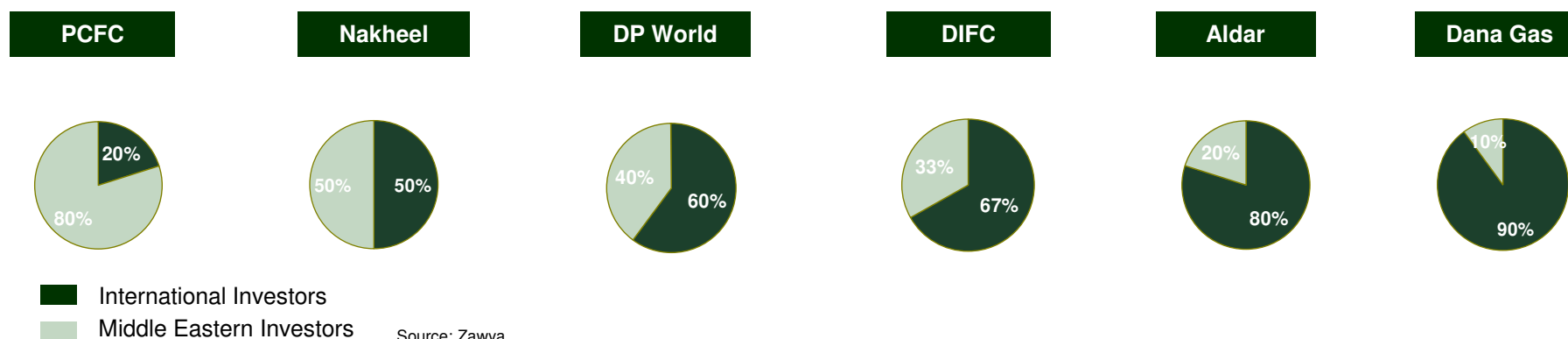
## Growing International Interest in Issuances from Middle East

- The issuances are accelerating in number, volume and diversification highlighting increasing depth of Middle Eastern equity-linked market

### Convertible Sukuk Issuances

Name	Sector	Country / Emirate	Size	Date	Profit Rate / Coupon	Premium	Maturity
Dana Gas	Oil & Gas	Sharjah	USD 1,000m	31 Oct, 2007	7.500%	10%	31 Oct 2012
IIG	Financial Services	Kuwait	USD 200m	10 Jul, 2007	6.750%	45%	10 Jul, 2012
Aldar Funding	Real Estate	Abu Dhabi	USD 2,530m	08 Mar 2007	5.767%	37%	10 Nov 2011
Nakheel	Real Estate	Dubai	USD 3,520m	14 Dec 2006	6.345%	5% discount to QPO price	Dec 2009
Aabar Petroleum	Oil & Gas	Abu Dhabi	USD 460m	28 Jun 2006	6.894%	-	28 Jun 2010
PCFC Development	Transport	Dubai	USD 3,500m	14 Jan 2006	zero	-	23 Jan 2008

- There is an increasing appetite among International Investors, in particular European, for Middle Eastern Issues



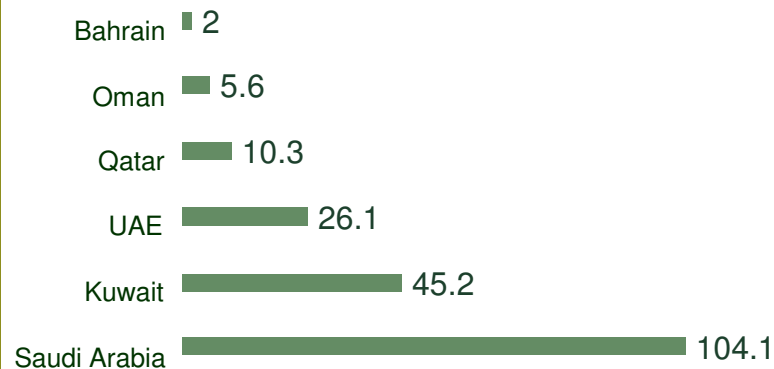
Introduction to MFC	1
Why GCC is attractive to Foreign Investors	2
<b>GCC interest in European Companies</b>	<b>3</b>
Appendix	

## Availability of Excess Liquidity in the GCC Markets

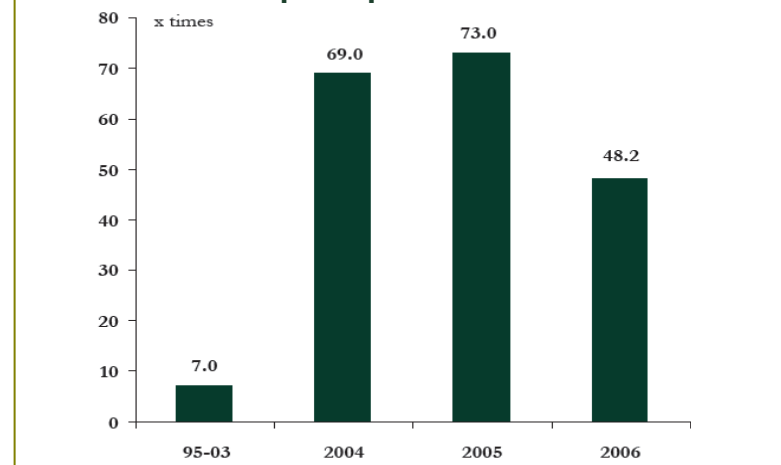
■ Governments' sovereign funds originally invested only in risk free assets, are now invested in:

- International equities
- Take minority stakes in multinational companies
- Recently looking at companies with a view to take majority stakes or control

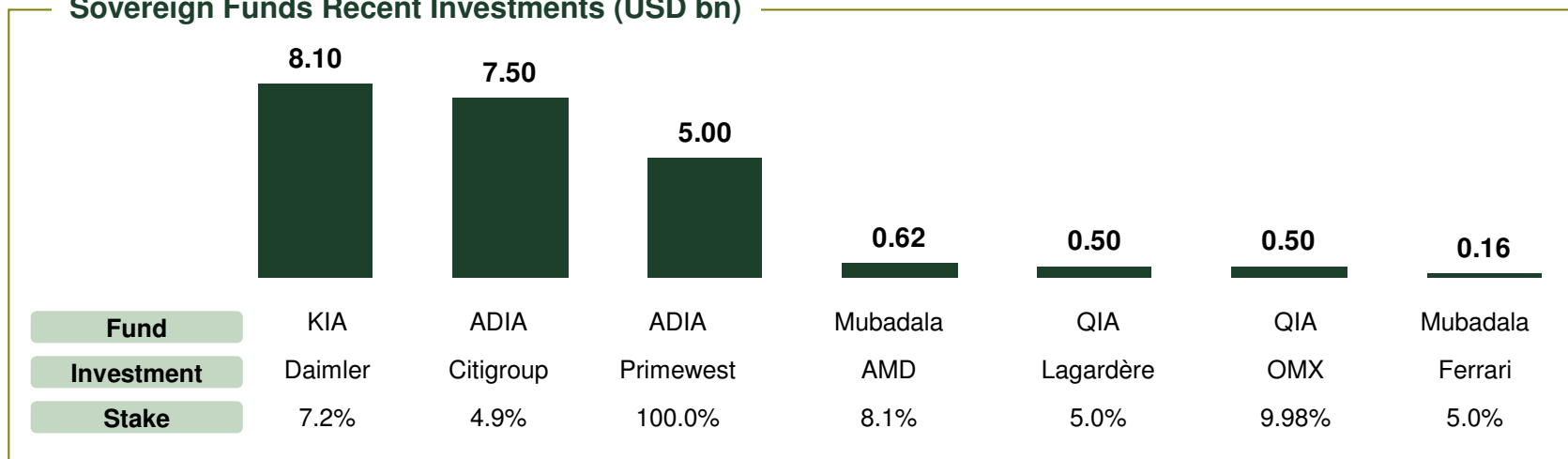
Current Account Surplus of the GCC (2006)



Over-Subscription per IPO Evolution

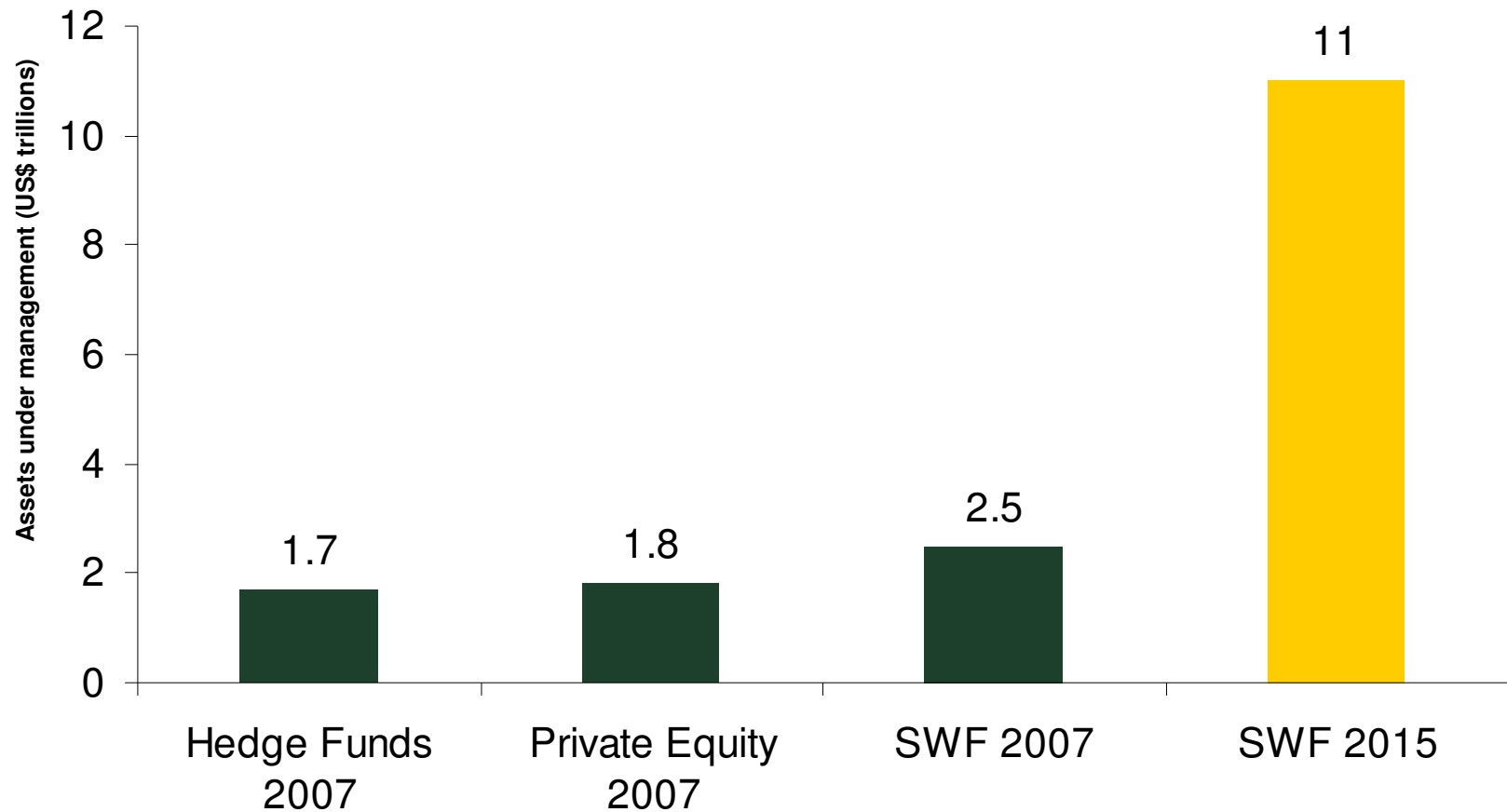


Sovereign Funds Recent Investments (USD bn)





## Sovereign Wealth Funds – A Considerable Source of Liquidity



- An emerging source of liquidity that should be particularly beneficial for international equities
- Analysts expect approx. USD 160 billions in net purchases of European equities p.a. over the next seven years from SWFs

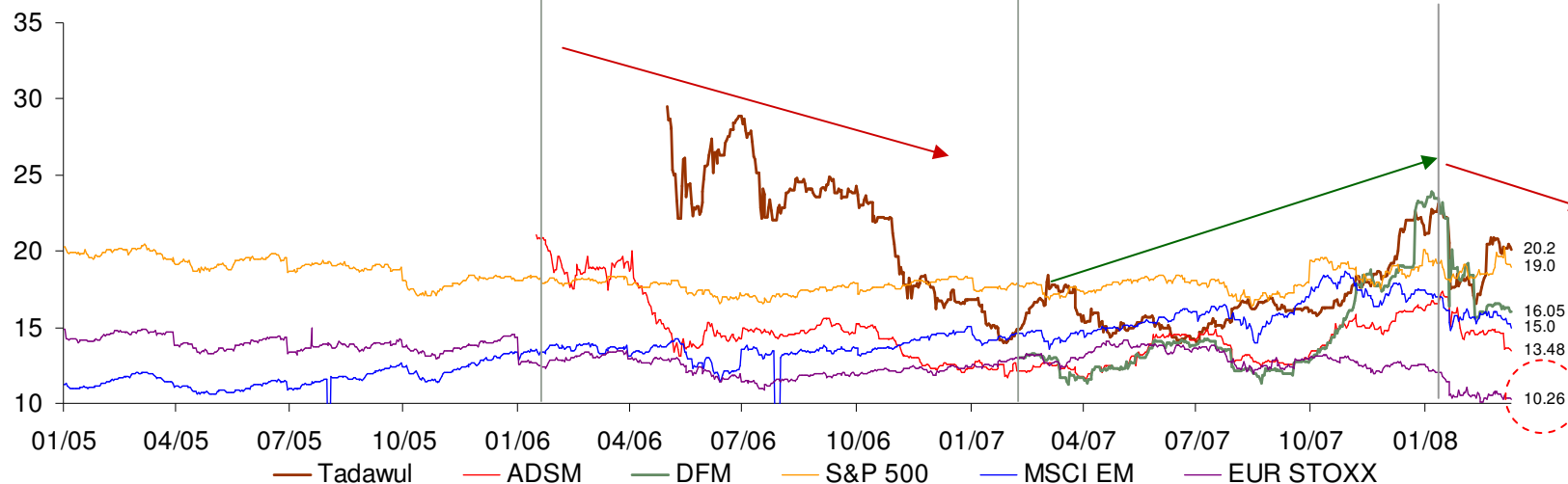
## SWFs – Natural Equity Investors

	Norway	USA (Alaska)
Date of inception	1990	1976
<b>Asset class</b>		
Equities	60%	54%
Bonds	40%	26%
Alternatives		20%
Real Estate		10%
Private Equity		4%
Infrastructure		2%
Hedge Funds		4%

- SWFs have natural long term investment horizon and favour hence holding equities aiming to earn the risk premium associated with this class of asset
- According to Analysts, ADIA also suggests an allocation to equities in the range of 50% to 60% in addition to 5% to 10% in Private Equity

## ... And in Less Expensive Stocks

GCC vs International Indices - Historical P/E Performance



	Tadawul	ADSM	DFM	S&P 500	MSCI EM	EUR STOXX
H1 2006	25.8x	16.9x	na	17.8x	13.3x	12.7x
H2 2006	21.7x	14.1x	na	17.6x	13.6x	11.9x
H1 2007	15.6x	12.8x	12.9x	17.8x	14.8x	13.2x
H2 2007	17.2x	14.2x	15.0x	18.1x	16.6x	12.7x
Current	20.2x	13.5x	16.1x	19.0x	15.0x	10.3x

## Conclusion

- We expect continued stronger ties between Europe and the GCC in the future
- We expect increasing investments from Europe into the GCC through:
  - Increased investment into the GCC capital markets by European institutional investors especially given the flow of IPOs in the future
  - Potential dual listing of European companies on the DIFX, and listing of GCC companies on major European stock exchanges
  - Increased European participations in privatizations and Joint-Ventures
- We also expect more dynamic investments of GCC institutions in European equities through:
  - Acceleration of sovereign funds participations
  - Investment by asset management desks in European equities and structured products
- We believe the regional investment banks to play a bigger role in cross border transactions and to increase the sophistication of local capital markets

# THANK YOU

## **Appendix**

# **Regulatory Framework**

**1**

## IPO and Listing Requirements

	DFM	DIFX
Description	<ul style="list-style-type: none"> <li>Local Stock Exchange</li> <li>Authorities: Min. of Econ. and ESCA</li> <li>Listing to take place through creation of a PJSC</li> </ul>	<ul style="list-style-type: none"> <li>New stock exchange: <ul style="list-style-type: none"> <li>Opened in September 2005</li> </ul> </li> <li>Listing rules in line with LSE</li> <li>DIFX Market Authority / DFSA</li> <li>Public offering of shares on DIFX</li> </ul>
Financial Accounts	<ul style="list-style-type: none"> <li>Audited financial accounts for the <b>past 2 years</b></li> <li>Minimum annual Net Profit exceeding 10% of paid-up capital</li> <li>Minimum dividend distribution of 10% of paid-up capital for the 2 years prior to listing</li> <li>Greater than AED 10m of existing capital</li> </ul>	<ul style="list-style-type: none"> <li><b>3 full years</b> of audited accounts</li> <li>IFRS preferably; other recognized accounting standards may be considered</li> </ul>
Offering Terms	<ul style="list-style-type: none"> <li>Offering of <b>at least 55%</b> of authorized shares (founders should retain not less than 20%)<sup>(1)</sup></li> <li><b>2 year lock up</b> for founders</li> <li>Offering costs to be paid by investors</li> <li>Offering in UAE Dirhams</li> <li>Maximum 49% non-UAE ownership</li> </ul>	<ul style="list-style-type: none"> <li>Minimum <b>25% free float</b> on DIFX</li> <li>Minimum US\$ 50m in market cap</li> <li>Offering in USD</li> <li>Lock-up in line with international market practice</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>Board of Directors to have UAE majority</li> <li>Chairman to be UAE national</li> </ul>	<ul style="list-style-type: none"> <li>Separation ownership / management</li> <li>At least one third of the Board of Directors should not be executives, of which at least 2 must be independent</li> </ul>

(1) Exceptions have been made

## Reporting Considerations

	DFM	DIFX
Reporting Accounting Standards	<ul style="list-style-type: none"> <li>■ US GAAP, however increasing focus on IFRS reporting</li> </ul>	<ul style="list-style-type: none"> <li>■ IFRS for audited annual accounts and semi-annual accounts               <ul style="list-style-type: none"> <li>■ Other standards may be accepted (e.g. US GAAP)</li> </ul> </li> <li>■ Where appropriate, Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) standards apply</li> </ul>
Audit Committee Rules	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>	<ul style="list-style-type: none"> <li>■ Governing Body must appoint at least 2 independent non-executive Directors               <ul style="list-style-type: none"> <li>■ At least one of them should have financial expertise</li> </ul> </li> </ul>
Reporting Requirements	<ul style="list-style-type: none"> <li>■ <b>On an annual basis</b> <ul style="list-style-type: none"> <li>■ Audited annual financial statements,</li> <li>■ Management report on the business activities,</li> <li>■ Elements to be submitted within 90 days of the FYE</li> </ul> </li> <li>■ <b>On a quarterly basis</b> <ul style="list-style-type: none"> <li>■ Un-audited quarterly statements,</li> <li>■ Management report on the business activities,</li> <li>■ Elements to be submitted within 30 days of the QE</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Annual report and annual financial statements</b> <ul style="list-style-type: none"> <li>■ Audited annual financial statements,</li> <li>■ Review of operations during the year,</li> <li>■ Details of any significant changes in the Reporting Entity's state of affairs during the financial year</li> <li>■ Likely developments in the Reporting Entity's operations in future financial years (with expected results)</li> <li>■ Elements to be disclosed within 90 days of the FYE</li> </ul> </li> <li>■ <b>Interim financial statements</b> <ul style="list-style-type: none"> <li>■ Semi-annual financial statements</li> <li>■ If audited or reviewed by auditors, comments to this effect should be included</li> </ul> </li> </ul>

## Continuing Obligations

	DFM	DIFX
Financial statements	<ul style="list-style-type: none"> <li>■ <b>Audited annual</b> financial statements to be submitted within 90 days of the year end</li> <li>■ <b>Un-audited quarterly</b> statements to be submitted within 30 days of the quarter end</li> <li>■ Management report on the business activities for the period</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Annual report with audited annual</b> financial statements, review of operations during the year, to be disclosed within 90 days of the year end</li> <li>■ <b>Interim financial statements</b>, at least semi-annual, with auditors' comments if the accounts have been audited</li> </ul>
Regular updates on the company's life	<ul style="list-style-type: none"> <li>■ Update on <b>any crucial development</b> which may affect the price of the security</li> <li>■ Yearly update on the board members' shareholding position in the company</li> <li>■ Notify the Market: <ul style="list-style-type: none"> <li>■ Before any announcements of dividend, profit or losses</li> <li>■ About the details of the sale or purchase of some significant assets</li> </ul> </li> <li>■ Updates on the names of shareholders holding more than 5%</li> <li>■ Notify the Authority and Market about any changes in the Board of Directors and / or in the executive management</li> </ul>	<ul style="list-style-type: none"> <li>■ Prompt market disclosure of <b>all price sensitive information</b></li> <li>■ Public disclosure to be made through DIFX's Company Announcement Platform</li> <li>■ If Secondary listing, disclosures in DIFX simultaneous as to Primary Regulator / Exchange</li> <li>■ DIFX / DFSA discretion to impose additional obligations</li> </ul>



## Corporate Governance Considerations

	DFM	DIFX
Controls & Procedures	<ul style="list-style-type: none"> <li>■ No specific prescriptions regarding Corporate Governance implementation</li> </ul>	<ul style="list-style-type: none"> <li>■ A company must provide in the annual report a statement of how the Reporting Entity has applied the principles of Corporate Governance, and where it has not, provide an explanation</li> </ul>
Management Certification	<ul style="list-style-type: none"> <li>■ The Board of Directors of any listed company or company applying for listing will individually and collectively accept full responsibility for the completeness and accuracy of all information submitted to the ESCA and DFM</li> </ul>	<ul style="list-style-type: none"> <li>■ The Directors must, in the annual report               <ul style="list-style-type: none"> <li>■ Acknowledge their responsibility for the accounts</li> <li>■ State whether or not, in their opinion, the business of the Reporting Entity is a going concern, with supporting assumptions or qualifications as necessary</li> </ul> </li> </ul>
Board of Directors and Director Independence & Oversight	<ul style="list-style-type: none"> <li>■ Board of Directors to have a majority of UAE nationals</li> <li>■ Chairman to be UAE national</li> </ul>	<ul style="list-style-type: none"> <li>■ A Reporting Entity must appoint               <ul style="list-style-type: none"> <li>■ An effective Board of Directors (BoD) to lead and control the Reporting Entity</li> <li>■ A Chairman responsible for leadership of the BoD (anyone but the CEO of the Reporting Entity)</li> </ul> </li> <li>■ At least one third of the BoD must comprise non -executive Directors, of which at least two non -executive Directors must be independent</li> <li>■ A Director must submit himself to election by shareholders at the first general meeting after his appointment</li> <li>■ Re-election thereafter at intervals of no more than three years</li> </ul>

This presentation has been prepared by Millennium Finance Corporation for informational purposes only. Although the information contained in this presentation has been obtained from sources which Millennium Finance Corporation believes to be reliable, it has not been independently verified and no representation or warranty, express or implied, is made and no responsibility is or will be accepted by Millennium Finance Corporation as to or in relation to the accuracy, reliability or completeness of any such information.

The information and opinions contained in this presentation are not intended to be the sole basis upon which the implementation of the operation contemplated herein (the "Operation") can be decided. It is therefore advisable for the recipient(s) to make its/their own judgement and assessment of the information and the Operation contained in this presentation.

Opinions expressed herein reflect the judgement of Millennium Finance Corporation as of the date of this presentation and may be subject to change without notice if Millennium Finance Corporation becomes aware of any information, whether specific to the Operation or general, which may have a material impact on any such opinions.

Millennium Finance Corporation is regulated by the Dubai Financial Services Authority. This presentation is directed to wholesale investors only. Millennium Finance Corporation will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained herein or for any omission.

This presentation is confidential and may not be reproduced (in whole or in part) nor summarised or distributed without the prior written permission of Millennium Finance Corporation. The recipient(s) of this report agree(s) to keep its content strictly confidential and undertake(s) not to disclose the information contained herein to any person other than those of its/their employees who strictly need access to it for the purpose of the Operation.