PHAROS
Research

Citadel Capital
Old Business, New Player

Date	22 November 2009
Sector	Financials
No. Shares	661.6 m
INITIAL LISTING	

Citadel Capital is a Cairo based private equity firm established in 2004 with a geographic focus on frontier markets in the Middle East and Africa. In its short history, the company was able to build a strong track record by exiting a number of investments at healthy returns. Citadel Capital's strongest attribute is an entrepreneurial and experienced management with a wide regional network. Such quality is pivotal for a private equity firm, where the skill of sourcing and exiting investments is key to success. Citadel Capital is a classic high risk / high return investment. Higher than average returns, which are typical of early stage investments in frontier markets, are usually associated with high risks. Market related risks are political instability and unpredictable economic and regulatory environments. Business specific risk is the Greenfield nature of a number of Citadel Capital's investments where management track record remains limited. The business model is composed of principal investments and asset management where third party funds are deployed alongside Citadel Capital's own capital for a fee. Our fair value estimate of the company is derived through valuing each business line separately. We estimated the net asset value (NAV) of the investment portfolio by using market prices, management guidance and our own valuation, where applicable. The asset management business was valued by looking at the ratio of market capitalization to assets under management of publicly listed private equity groups, which is currently at 20.0%. We also incorporated the book multiple of the peer group in our valuation. Based on the two methods, our median fair value estimate of Citadel Capital came out at EGP 13.5 per share.

Citadel Capital's investment strategy centers around identifying sectors that are expected to benefit from economic liberalization, while possessing natural competitive advantages such as low labor and raw material costs in markets with supply deficiencies and large populations. The strategy is to a large extent thematic and partly opportunistic. Opportunistic investments lie outside the thematic strategy in sectors with dynamics and trends pointing to higher than average future growth prospects. Both investment strategies are executed through Egyptian based platform companies with regional add-on investments. A management team with strong industry background is assembled for each platform company to manage the operational aspect of the investment. In all its investments, Citadel Capital enters as a control investor.

The company's strongest attributes are its management team and track record. Citadel Capital's management is composed of seasoned bankers with strong entrepreneurial skills and regional networks, both of which are essential aspects in sourcing and exiting investments. The company's track record is short by international standards but stands out amongst other private equity firms in the region where the industry is still at infancy. Since inception, the company has fully exited three investments while partially exiting two others, all at an IRR of over 95.0%.

Financial Data (EGP m)	2007A	2008A	Q2-2009A
Revenues	750.4	270.2	37.4
Net Income	599.9	23.3	32.9
EPS	0.9	0.04	0.05
DPS	0.9	-	-
BVPS	2.6	4.3	4.7
Total Assets	2,093	3,814	4,026
Cash	150.6	125.7	141.5
Outstanding Debt	184.6	814.6	823.9
Total Liabilities	357.0	966.8	896.5
Total Shareholder's Equity	1,736	2,848	3,130
Assets Under Control (US$ m)	**5,097**	**7,839**	**8,311**

**Source: Citadel Capital, Pharos Research.*

We classify the risks associated with Citadel Capital as market, track record, business model and asset risks. Market risk relates to the macro political, economic and regulatory environments in Citadel Capital's target markets. Track record risk lies in management's limited experience in successfully developing seed companies into mature operating entities. Historic returns were achieved through investing in operationally mature companies during economic and liquidity peak times. The business model risk is the start up nature of investments, which make them inherently risky especially in the company's target markets. Asset risk lies in Citadel Capital's largest investment, ASEC Holding, which forms 26.3% of the portfolio's NAV. Excluding the cement production operation, the rest of the business continues to be distressed four years following the acquisition.

We valued the two lines of business separately. The NAV of the company's proprietary investment portfolio was estimated using comparable multiples, management guidance and our own valuation of some of the portfolio's constituents. For the asset management business, we used the ratio of market capitalization to assets under management of listed private equity firms. We also incorporated the average book multiple of the peer group at 3.6x in our valuation but assigned it a lower weight. The resulting median fair value estimate of Citadel Capital is EGP 13.5 per share, translating into an implied book multiple of 2.8x.

* Pharos Holding for Financial Investments is a majority owned subsidiary of Citadel Capital through Finance Unlimited.

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Shareholders' Structure

Citadel Capital Partners	40.0%
Shareholders owning more than 0.5% each	44.0%
Others	16.0%

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Business Model

Cairo-based Citadel Capital was established as a private equity firm in 2004 with a geographic focus on the Middle East and Africa. The company has US$ 8,311m of committed investments in a combination of debt and equity, of which US$ 785.0m is committed by Citadel Capital as a principal investor. The company's business model therefore consists of asset management through deploying third party funds, in addition to proprietary investments. In making investments, Citadel Capital acts in the two capacities as follows:

1) Investment Company. In each investment, Citadel Capital has a minimum participation as a principal investor of 10.0% with a target participation of 20.0%. The participation range varies depending on the nominal size of the investment where the company has a minimum investment ticket of US$ 20.0m and a maximum of US$ 100.0m,

2) Asset Management. The balance of the investment amount in each transaction is funded by third party investors and debt. Citadel Capital charges the standard fees charged by private equity managers of 1.0% management fee p.a. on total drawn capital, and a carry of 20.0% above a hurdle rate of 12.0% on third party equity investments.

Strategy

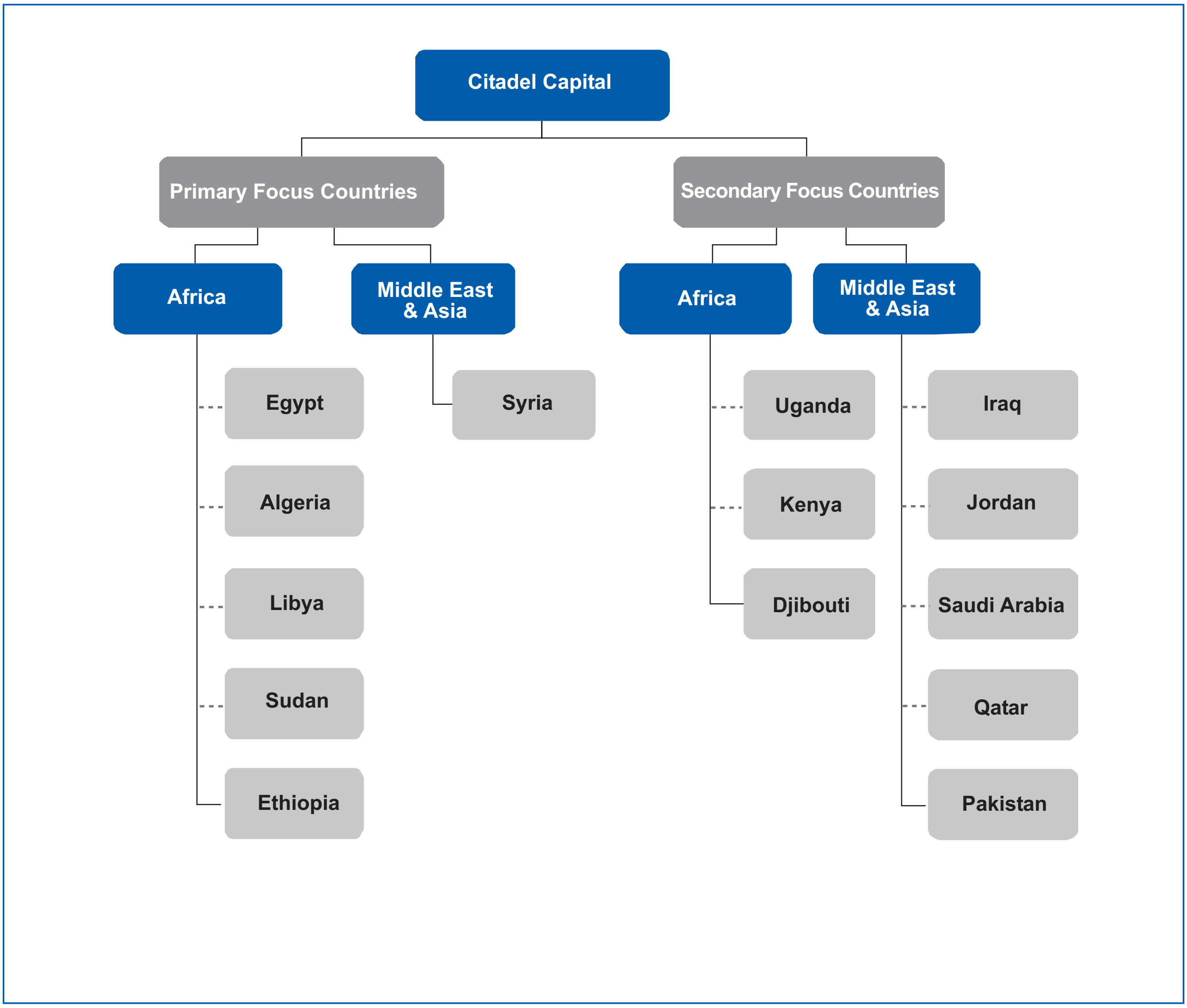
The company's geographic focus is on frontier markets in the Middle East and Africa. The criteria in choosing markets are supply defficiency and large populations where strong domestic demand dynamics underlie the case for growth. The rationale is to capitalize on the natural advantages and evolving trends in these markets such as strategic location, low labor costs and availability of cheap raw materials and energy sources such as oil and gas, as well as ongoing privatization and deregulation.

Citadel Capital's strategy can be classified as both thematic and opportunistic. From an industry perspective, the focus is on areas that are expected to benefit from overall economic growth, resulting in higher consumer demand in sectors that are currently undersupplied. The strategy nonetheless is flexible, leaving room for opportunistic investments that do not necessarily fall under the realm of an underlying industry theme. Another fundamental aspect of Citadel Capital's strategy is to be a control investor. No minority investments are made by the company unless there is a visible and contractual path to a controlling stake.

Geographic Mandate

Through 17 platform companies Citadel Capital's geographic reach extends well into the Middle East, Africa and Asia. Its primary focus markets are those in Egypt, Sudan, Algeria, Libya, Ethiopia, and Syria, while secondary markets include Saudi Arabia, Pakistan, and Iraq.

Figure 1 : Geographic Focus

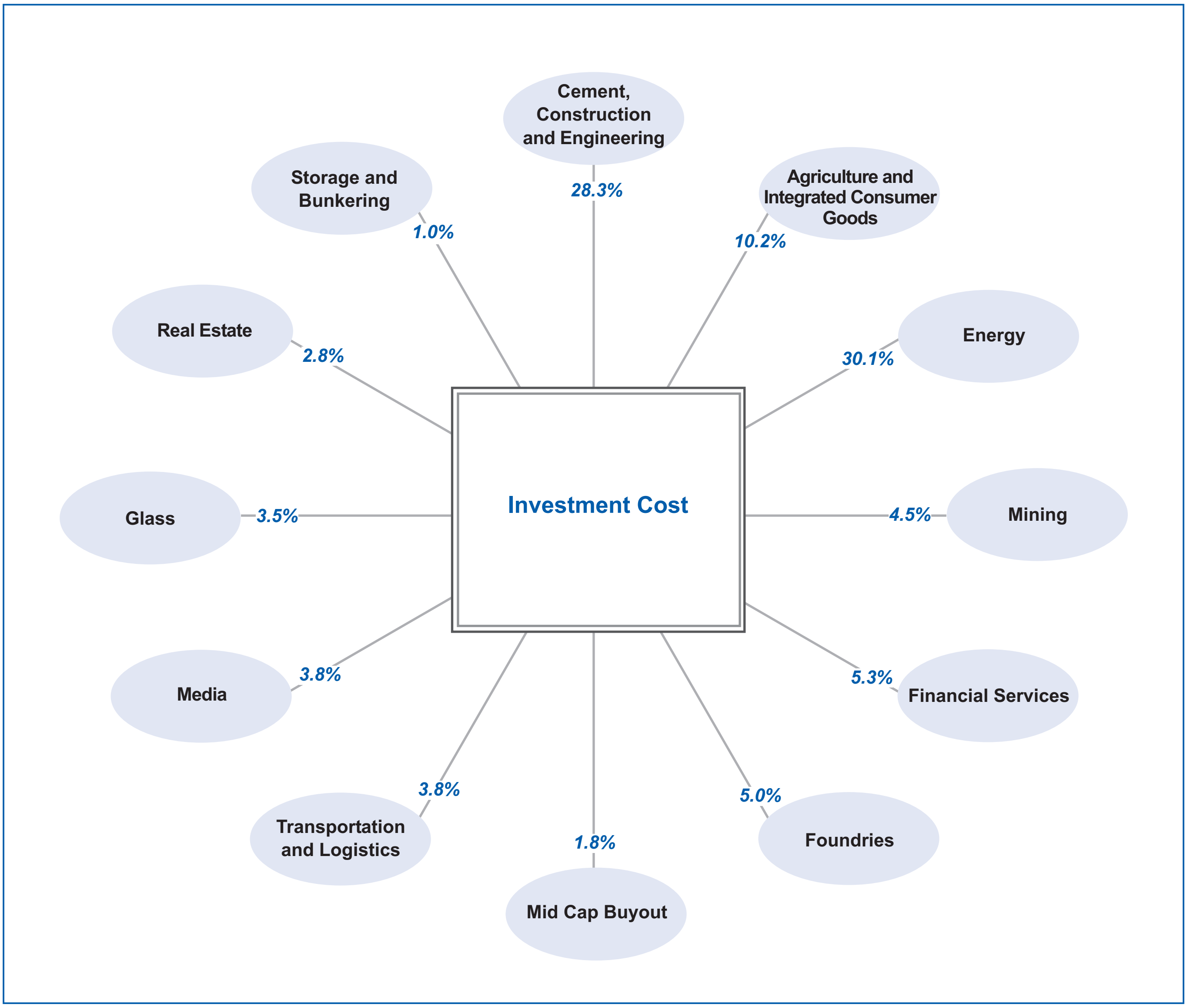


** Source: Citadel Capital, Pharos Research.*

Sector Focus

Citadel Capital's investments span across over 12 industries, including but not limited to building materials & construction, energy, food & agriculture, transportation & logistics as well as financial services.

Figure 2: Industry Breakdown (% of Proprietary Equity Investments)



** Source: Citadel Capital, Pharos Research.*

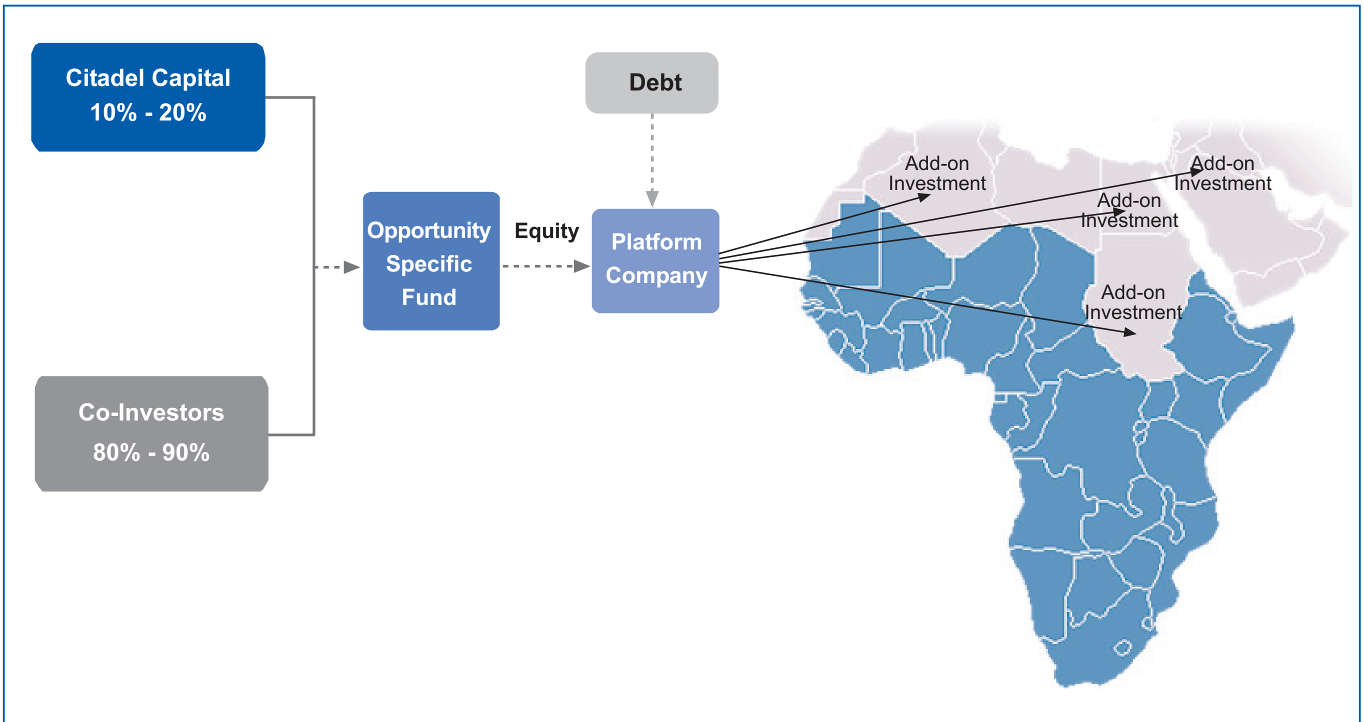
Strategy Execution

Citadel Capital makes regional investments via platform companies, all of which are based in Egypt. An opportunity specific fund (OSF) is set up on a deal-by-deal basis, under which a platform entity is established to act as a holding company where additional investments are made either locally or in neighboring countries. The company currently has 17 platform companies collectively branching into 52 add-on investments throughout the target region. Add-on investments can be in the form of a greenfield investment and/or an existing operation.

Execution through a platform structure has a number of advantages highlighted as follows:

- Allowing multilateral investments and providing the necessary flexibility to secure expansion/consolidation opportunities,
- Better risk management, especially when entering new markets,
- Each OSF/platform company is industry specific. In terms of deal sourcing, co-investors can be solicited on a deal-by-deal basis, according to the investment appetite and strategy of each prospective investor. This contrasts to the more traditional method of private equity/asset management business models, where industry selection does not typically take place and co-invested funds are deployed with no discretion,
- Risk and return diversification, and
- Facilitating exit since all platform companies are based in Egypt. Exit is generally targeted at the platform rather than the individual investment level.

Figure 3: Sample Structure of an Investment



** Source: Citadel Capital, Pharos Research.*

Adding Value

Citadel Capital's platform structure of investments serves as a launch pad for the horizontal integration of a branched network of operating entities across a number of markets within a given industry. Expansion provides for economies of scale that are leveraged through local investments. In terms of transactional structure, the platform vehicle of execution is one that allows for value accretion at the level of operating entities that are positioned to benefit from the resulting synergies of this assimilation. Furthermore, the finance sourcing capacity of add-on investments is amplified through this structure, as well as by the backing of Citadel Capital.

Organic and vertical growth is catalyzed by sourcing top-quality management and industry experts. Citadel Capital's objective is not to be involved in the day-to-day operations of each platform company, but rather to put in place a management team with the expertise required to spearhead expansion, efficiencies and improvements at the operating level. Citadel Capital's role mostly involves monitoring and closely overseeing the platform operation to ensure efficiencies and proper implementation of business plans.

Deal Sourcing

The combined experience of Citadel Capital's management team has provided the company with an extensive network throughout the region, which is a primary tool in deal sourcing. To date, the majority of completed transactions were sourced in-house and through management's networks. Competitive processes are rarely entered into for acquisition purposes. Although the company thematically targets to benefit from liberalization and deregulation in the region as part of its strategy, it does not appear to be focused on intentionally seeking assets slated for privatization as part of its deal sourcing initiative.

Investment Horizon and Exit

The timing of an exit is primarily dictated by an asset's return levels, which in large part is governed by the maturity of the investment. The objective is to capture the high rates of return generated during the early years of operation/turnaround. Exit is targeted once the return rate on an investment begins to decelerate, indicating the end of the high growth phase and business maturity. Management indicated that as a general guideline, an exit is sought once growth slows to around 10.0% to 15.0% per annum.

Since several of the company's current investments is in Greenfield operations, it is fair to assume that the investment timeframe for the existing portfolio of assets is medium to long term, anywhere between three to five years at a minimum. Management, however, did not rule out exiting an investment prior to its maturity if offered an attractive price.

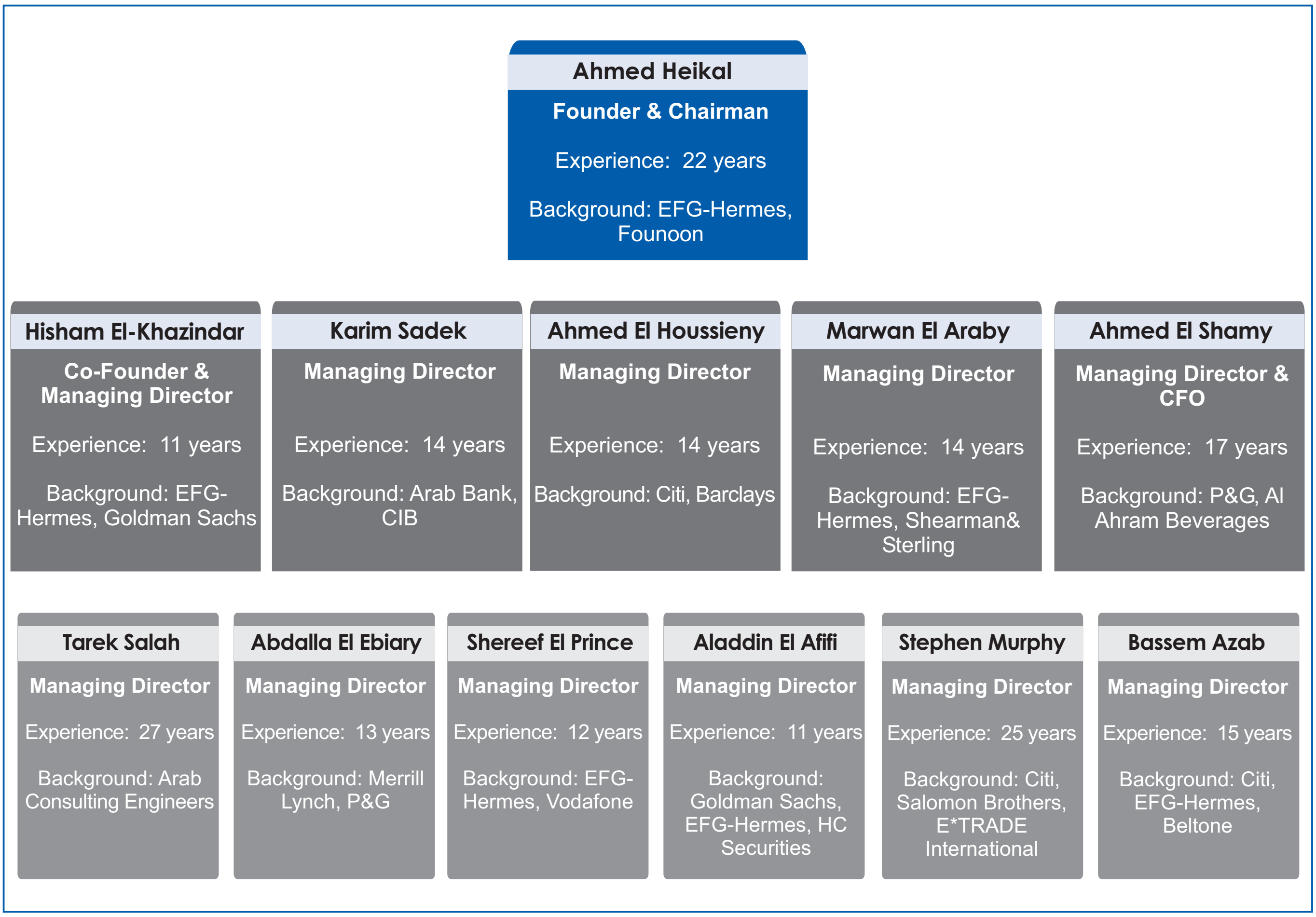
Exit is targeted at the platform rather than the individual operation's level, which facilitates the process of off-loading investments. Divesting of a single asset based in Egypt which has a relatively more developed market than the rest of Citadel Capital's focus markets, is thought to be easier than exiting a multitude of separate entities, each operating in different regulatory and risk profile environments.

The platform vehicle is an attractive set up for both strategic and financial investors. Strategic investors would benefit from longer-term industry consolidation and integration. The platform structure also allows for a public listing as a means of partial or full exit.

Management Team

Overall, as a private equity firm Citadel Capital possesses strong attributes namely its track record and management team. Management is renowned for its entrepreneurial skills backed by the collective experience and strong regional network of its members. The company's executive committee includes six members, headed by the company's founder and chairman, Ahmed Heikal, who has over 22 years of experience in the field. Second in line is Citadel Capital's co-founder and managing director, Hisham El-Khizandar with 11 years of experience. Three members of the executive committee manage a number of transaction teams, which are supported by both equity and debt raising teams.

Figure 4 : Management Structure



** Source: Citadel Capital, Pharos Research.*

Track Record

Although short by international standards, Citadel Capital has an established and strong track record by regional standards. The private equity industry is young in the Middle East and North Africa (MENA) region. It is only in the past five years that local equity markets across the region developed, and international strategic investors made serious efforts in penetrating those markets as a result of higher oil prices and economic liberalization. Such factors are fundamental for a private equity investment, which explains the short history of the industry in the region. In this context, Citadel Capital's track record looks rich. To date, the company has returned US$ 2.4bn to its shareholders and co-investors through five successful exits. Three investments were fully exited, while two were partially exited.

Table 1 : Landmark Transactions

Transaction Name	Description	Initial Investment (US$ m) **	IRR (%)	Entry Date	Exit Date
Helwan Cement	Full Exit	418	287.0%	Dec-04	Aug-05
Egyptian Fertilizer Company	Full Exit	392	96.8%	Jul-05	Jun-07
Citadel Capital Cement Holding	Full Exit	13.0	1000.4%	Dec-04	May-05
ASEC Holding	Partial Exit	N/A	150.0%***	Dec-04	N/A
ASCOM Geology & Mining	Partial Exit	14.5	125.0%	Dec-04	Jul-08

**Source: Citadel Capital, Pharos Research. ** Includes debt.*
**** As reported by Citadel Capital. Investmnet figures were not available*

Risk Factors

Market Risks

Similar to its markets, Citadel Capital is a high risk / high return investment. As its track record demonstrates, returns on investments can be substantial and are unlikely to be matched in more mature markets. But the risks associated should not be overseen. From a market perspective, the company's investments are concentrated in frontier markets which are politically and economically unstable. Although liberalization efforts are underway in a number of these economies, this does not guarantee that these markets have been put on the right track indefinitely. Equally important is unpredictable and in most cases vague regulatory environments, which can be detrimental for exits and profit repatriation. In other words, while capturing opportunities during early liberalization stages often yield attractive returns, the risk associated with investment is high as foreign investment laws and regulatory frameworks are often young, and subject to unexpected changes.

Track Record Risk

A limited track record should also be taken into consideration. Citadel Capital has operated at a time when the region was going through unprecedented economic growth backed by reforms and high oil prices. Coupled with strong acquisition appetite by strategic investors, the company was able to exit investments at substantial returns. Management has therefore yet to prove its ability to exit and realize healthy returns in less favourable economic climates.

Another related risk is liquidity. The company's exists were all made at a time when the markets were flushed with liquidity. Such allowed the company to demand a premium on its exited investments. Additionally, it also provided accessible funding for future expansion and business plan execution at the investees companies' levels. A tighter Liquidity could present a risk to exit or delay which would dilute returns. It could also jeopardize expansion plans of the investments.

Business Model Risks

Another risk in our opinion is a business model risk. So far, exits have been made in operationally mature and profitable companies. The current portfolio of assets is mostly made of Greenfield investments, which are inherently risky regardless of which market they operate in. In this area, the company's business model has not been tested. As yet, Citadel Capital has no history in establishing start-up units either locally or throughout the region, and successfully turning them into full-fledged profitable operational entities.

Asset Risk

The asset risk lies in the company's largest investment to date, ASEC Holding, which represents 28.3% of total invested capital. The company includes ASEC Cement, which is a holding company of Greefield investments across a number of Citadel Capital's markets, and other companies offering supplementary services. According to management, the non cement producing businesses are distressed assets. Citadel Capital has been invested in ASEC Holding since May 2005 and a turnover in the non cement business is yet to materialize.

Assets under Management (AUM)

Citadel Capital has US$ 8,311m of committed investments in a combination of debt and equity, of which, US$ 4,357m have been drawn down to date. The balance of US$ 3,954m is expected to be fully drawn and invested during 2010. Out of total committed investments, over 50.0% (or US$ 4,261m) is in debt.

Of the total amount of committed equity investments, around 81.0% are fee generating. Fee generating investments include funds committed by co-investors and management fees paid by platform companies on paid up capital including Citadel Capital's portion.

Non fee generating funds are those committed by Citadel Capital and by earlier investors where fees were waived due to lack of track record. Part of the total capital under management is represented by minority contributions, which are investments made by co-investors directly at the operating company level. Monitory contributions do not earn fees.

Citadel Capital has committed US$ 785.0m of its own equity to portfolio investments, of which US$ 730.0m (based on an exchange rate at the time when the funds were invested) has been drawn as last reported. As such, the company's commitment on the capital of existing platform companies is US$ 55.0m.

Table 2 : Invested Capital Composition (US$ m)

Type	Total	Drawn	2010E Drawdown	Management Fee Structure	Carry
Equity	**3,665**	**3,076**	**589**		
Fee Generating	**2,969**				
Citadel Capital Paid-In Capital of Platform Companies	543			1.0% p.a	
Co-Investors	2,426			1.0% p.a	20.0% over a 12.0% hurdle rate**
Non Fee Generating	**696**				
Citadel Capital Portion	145				
Co-Investors Portion***	287				
NDT Adjustments****	168				
Citadel Capital Investments*****	97				
Committed Minority Contribution	**384**	**157**	**227**		
Debt	**4,261**	**1,123**	**3,138**		
Total Invested Assets	**8,311**	**4,357**	**3,954**		

** Source: Citadel Capital, Pharos Research.*

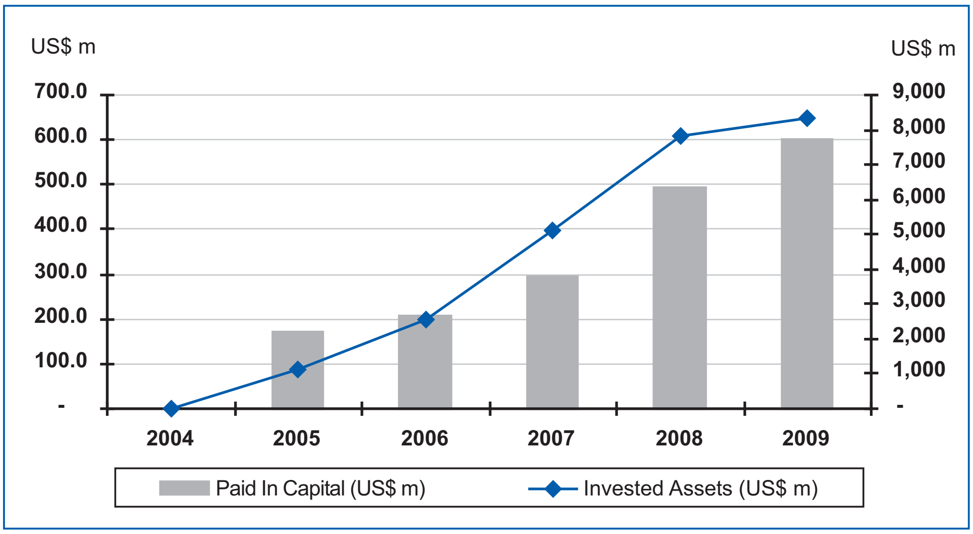
*** In some cases, Citadel Capital Charges a 15.0% carry over a 15.0% hurdle.*

**** Early investments where fees were waived for lack of track record. Others include inter-company investments and therefore do not charge management fees.*

***** NDT minority shareholders' share in ACH and NDT capitalized debt in ACH, NDT is National for Development andTrading, the official name of ASEC Holding*

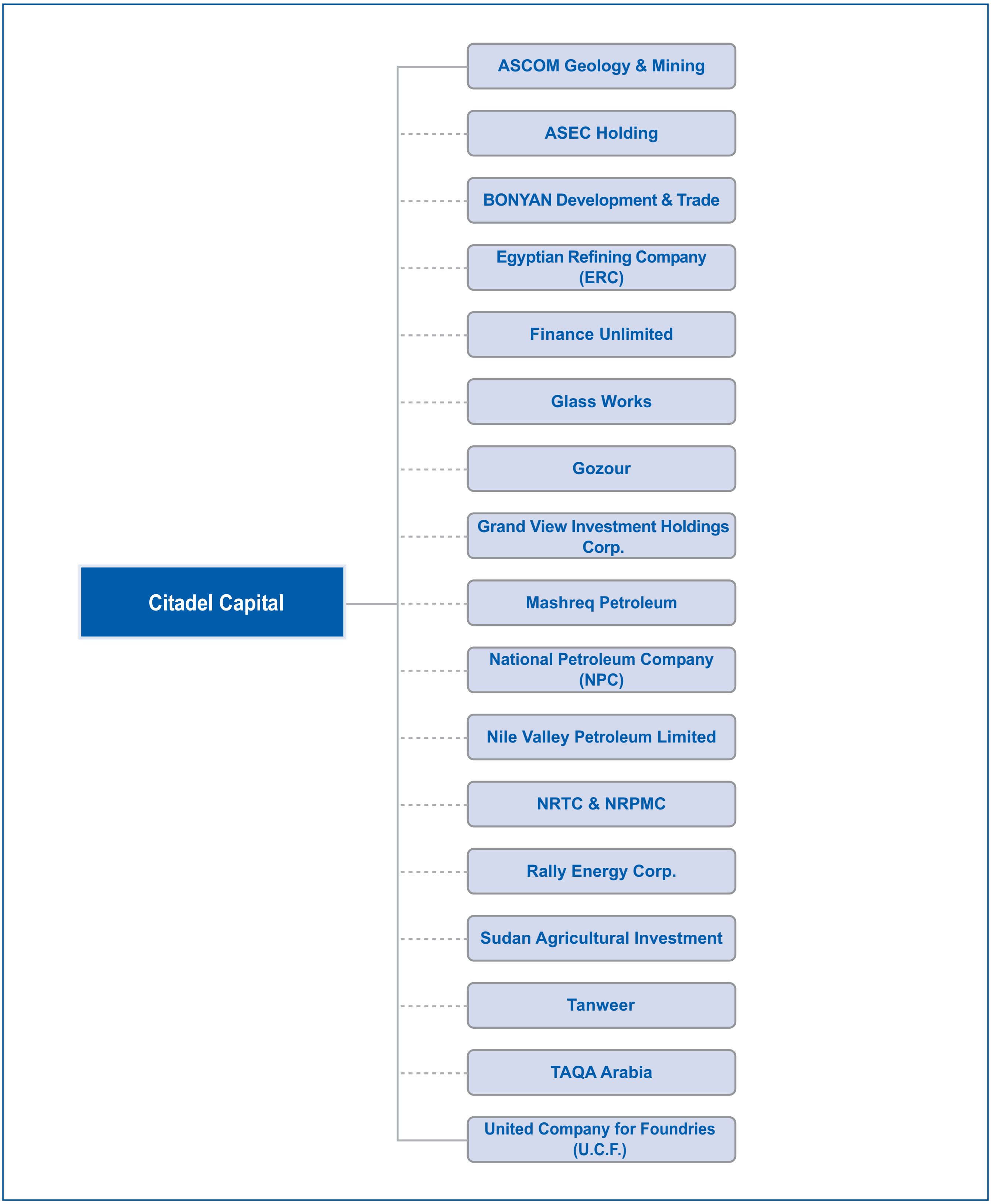
****** Citadel Capital investments that do not include co-investors.*

Figure 5 : Citadel's Paid-in Capital and Growth in Assets Under Management



** Source: Citadel Capital, Pharos Research.*

Figure 6 : Existing Investment Portfolio



** Source: Citadel Capital, Pharos Research.*

Financial Review and Analysis

As a private equity firm, the financial metrics typically used to assess historical and expected performance differ from that of other operating companies. To recap on the company's business model, the means by which revenues are generated are as follows;

1) Management fees: 1.0% per annum on drawn down equity. As last reported, the company's drawn down capital was US$ 4,357m, of which US$ 3,076m was drawn equity,

2) Capital appreciation/loss on investment: realized in the year that the company exits a particular asset,

3) Carried interest: realized on exit, at an average of 20.0% over a 12.0% hurdle rate,

4)No dividend income is assumed due to the start up nature of investments.

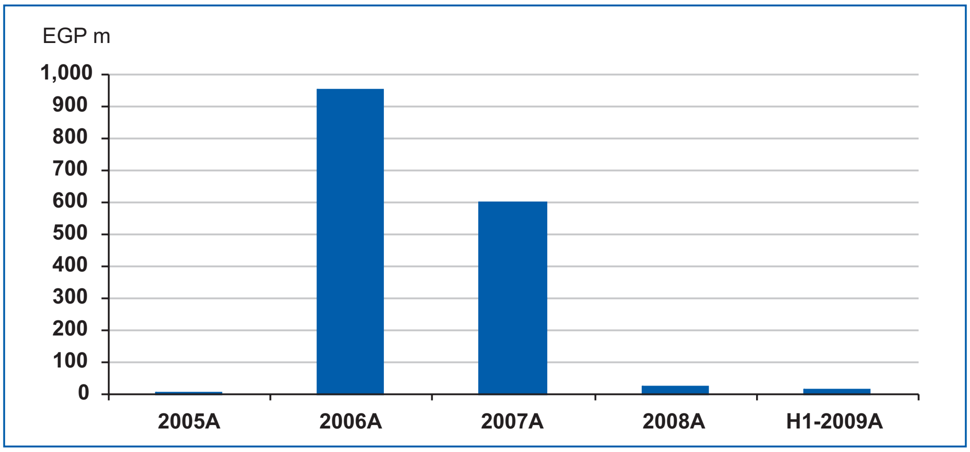
Recurring revenues are sourced solely from management fees during years in which no investments are exited or dividends are paid. Trend analysis at both the top and bottom line levels is therefore distorted from a historical viewpoint.

Table 3 : Historical Revenue Breakdown

Revenues Breakdown** (EGPm)	2005A	2006A***	2007A***	2008A***	H1-2009A
Advisory Fee	-	-	9.3	72.7	54.4
Carried Investments	17.6	-	350.8	-	-
Gain from Sale of Investments	-	1,065	378.5	197.5	8.0
Dividends	-	-	11.8	4.7	-
Financing Income	-	-		-	4.3
Other Income	-	-	50.0	-	39.1
Total Revenues	**17.6**	**1,065**	**800.4**	**275.0**	**105.8**
Growth (%)		*5,951%*	*(24.8%)*	*(65.7%)*	*(61.5%)*

**Source: Citadel Capital, Pharos Research. **Based on unconsolidated financial statements*
**** Represent years during which investments were fully/partially exited. Carry exercised only on full exit.*

Figure 7 : Profits After Tax (2005A - H1-2009A)**



**Source: Citadel Capital, Pharos Research. ** Based on unconsolidated financial statements.*

Return evolution demonstrated in the chart and table above are indicative of the limitations of historical analysis and the irrelevance of looking at revenues and income growth due to the nature of the business. We opted not to forecast the income statement as this will be a highly subjective exercise based on uncertain assumptions. The company is relatively young, operating in less developed markets for private equity through start up investments. Accordingly, most assumptions on investment timeframe, dividends and exit multiples will not be based on historic and / or industry precedence. With most of the platform operations being Greenfield, and with a relatively young track record, we argue that it becomes difficult to speculate on expected financial returns and exits, let alone a successful implementation of the business plan. In addition, with no identified timeframe, and little visibility on future market conditions, forecasted profits will carry little weight. Other assumptions that would make the exercise theoretical rather than practical are add-on investments and industry specific dynamics at the time of exit. For all those reasons, we have not attempted to forecast Citadel Capital's financial performance as part of our analysis.

The most important indicators of the financial worth and performance of a company such as Citadel Capital are the net asset value of its portfolio and total assets under management, which is what we used to derive the value of the company.

Table 4 : Citadel Capital Consolidated Financial Indicators

	2007A	2008A	H1-2009A
Total Assets (EGP m)	6,807	9,275	9,733
Total Cash (EGP m)	1,131	1,158	805.6
Total Debt (EGP m)	1,067	1,822	1,855
Total Equity (Exc. Minority, EGP m)	1,945	2,944	3,200
D/E (X)	54.9%	61.9%	58.0%
ROE (%)**	31.2%	(1.7%)	0.2%
ROA (%)**	8.9%	(0.5%)	0.1%
EPS (EGP)	0.9	(0.1)	0.1
DPS(EGP)	0.9	-	-
BVPS (EGP)	2.9	4.4	4.8
CF Per Share (EGP)	0.3	(0.8)	(0.5)

Source: Citadel Capital, Pharos Research.* * Based on annualized net profits after minority interest.*

Revenue & Income Generation

Citadel Capital's revenues are composed of fees earned on third party equity investments and revenues generated from gains on its principal investments.

- Fee income is typical of other equity funds and is composed of management fees and a carry as follows:

  i. Advisory/management fees of 1.0% p.a. charged on paid up capital of platform companies including Citadel Capital's portion (fee generating equity).

ii. A carry of 20.0% over a hurdle rate of 12.0% (in some cases the company charges a 15.0% carry over a hurdle rate of 15.0%).

- Capital gains:

iii. Return on Citadel Capital's invested equity in a given transaction (ROIC) i.e capital gains/losses on investments.

Accordingly, in the years prior to exit, earnings are generated from management fees which generally has the lowest contribution to total fees in any given transaction assuming a successful exit at the average targeted internal rate of return (IRR) of 35.0%. The progression of revenues should therefore not be viewed as an indicator of financial performance. In fact, an early exit in order to sustain a healthy bottom line can result in a destruction of shareholders' value. In addition, given that the majority of Citadel Capital investments are start ups and Greenfield operations, dividend income should be ruled out in the short term.

Return Objectives

The company's average return threshold for investments, based on a target IRR, is 35.0%. Naturally this varies depending on the use of debt and fee structure. Assuming a successful exit, the use of debt can boost the returns significantly. Similarly, the use of debt in a losing investment can maximize losses. We used an example provided by management to demonstrate the revenue composition of a standard transaction and the implied IRR. The parameters used are those provided by the company's strategy guidelines as follows:

- Citadel Capital's participation at 20.0%,
- Management fee of 1.0% per annum,
- A carried interest of 20.0% over a 12.0% hurdle,
- Exit timeframe is four years,
- Management assumed exit multiple.

On an initial investment of US$ 100.0m, an annual management fee of US$ 1.0m will be earned by Citadel Capital for three years. An assumed gross IRR of 35.0% on a US$ 100.0m investment over three years yields an exit value of US$ 332.2m, of which US$ 66.4m is Citadel Capital's share in capital gains. The carried interest earned on the transaction using these assumptions is US$ 28.0m. Although the deal’s gross IRR is 35.0%, effective and realized IRR by Citadel Capital is over 50.0%.

Table 5 : Demonstrative Example

			Yr0	Yr1	Yr2	Yr3	Yr4 (Exit)
Assumptions		Year End Value of Investment (US$ m)	**(100.0)**	135.0	182.3	246.0	**332.2**
Assumed Gross IRR	35.0%	Gross IRR (%)					**35.0%**
Gross Investment (US$ m)	100.0						
Advisory Fee p.a (%)	1.0%	Year End Value of Investment (US$ m)	**(100.0)**	112.0	125.4	140.5	**157.4**
Carry Fee (%)	20.0%	Gross IRR (%) at Hurdle Rate					**12.0%**
Hurdle Rate (%)	12.0%						
		Return Over Hurdle (US$ m)					**174.8**
		Net of Citadel's Stake (US$ m)					**139.8**
		Carried Interest (US$ m)					**28.0**
		C.C Return on Invested Capital (US$ m)					**66.4**
		Total Return on Citadel Investment (US$ m)					**94.4**
		C.C Effective IRR					**50.5%**

**Source: Citadel Capital, Pharos Research.*

A similar demonstrative example shows how the use of debt can enhance investment returns further. Assume an investment of US$ 1,000m, of which US$ 850.0m is equity, while the balance of US$ 150.0m is in debt, and for simplicity, we assumed no interest payments. At an assumed IRR of 50.5% annually, the investment will be exited at US$ 5,130m. Net of the principle debt repayment, the levered equity IRR becomes 56.7%.

Capital Structure

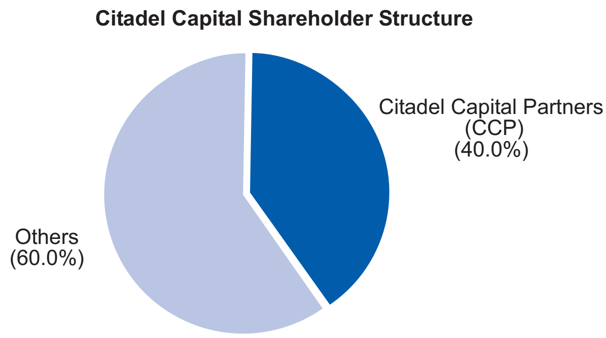
Citadel Capital has a current paid-in capital of EGP 3,308m distributed over 661.6m shares. Out of the total number of outstanding shares, 25.0% are preference shares held by senior management. Each preferred share has the voting power of three ordinary shares, which is how control is retained by management. Citadel Capital Partners (CCP) is Citadel Capital's single largest shareholder, and is 100.0% owned by the company's senior management. The remaining 60.0%, includes 44.0% that is held by shareholders owning more than a 0.5% stake each.

Table 6 : Citadel Capital

Company Details	
Paid in Capital (EGP m)	3,308
Number of Shares (m)	661.6
Par Value per Share (EGP)	5.0

**Source: Company Reports, Pharos Research.*

Figure 8 : Shareholders' Structure



**Source: Citadel Capital, Pharos Research.*

Citadel Capital Partners (CCP), which currently owns a 40.0% stake in Citadel Capital, is in a lock-up period for seven years as of August 2007. CCP was permitted to sell down 20.0% in August 2007 and a further 20.0% in May 2008. As of May 2009, CCP was allowed to sell down up to 10.0% annually up until May 2014. On the current number of shares outstanding, this represents the possible sale of around 26.5m shares every year, or 4.0% of the total outstanding shares of the company.

Management Compensation

CCP has an earn-out fee of 10.0% annually of Citadel Capital's net distributable profits. This comes as part of the compensation they receive in return for management duties provided to Citadel Capital. The management contract was approved by the company's General Assembly meeting held on 12 May, 2008. As pointed out earlier, CCP owns a 40.0% stake in Citadel Capital and is owned by the company's senior management team.

Employee Stock Option Plan

An employee stock option plan (ESOP) was approved at the General Assembly of Citadel Capital in February 2008. The plan, which has not been implemented to date, will allocate 1.95% of the company's capital per annum to its employees, board of directors, and executive committee, in the form of share options. The ESOP shares will be granted by issuing new shares through the capitalization of retained earnings, resulting in a capital increase. As a result, equity dilution is expected once the plan is implemented.

Valuation

Our model values the two businesses of the company separately, namely principal investments and asset management. In the former, we use management's guideline on net asset value (NAV) estimate for some investments as the basis of our valuation. Where possible, we valued the largest subsidiaries, independently.

All in all, with the financial information made available to the market, we find management's NAV estimate fair and for the most part conservative. Nevertheless, there is a discrepancy between our NAV calculation and that provided by Citadel Capital for the following reasons;

1) When estimating the NAV of Citadel Capital's proprietary portfolio we used the following method:

   I. We valued large assets independently using comparable multiples and discounted cash flows (DCF). This method represented 43.0% of the NAV of the portfolio,

   II. We used management guidance on other assets where financial data were not provided. This portion generated 44.2% of the NAV of the portfolio,

   III. Assets included at cost by management were also put down at cost in our calculation. Investments included at cost represent 12.7% of the NAV of the portfolio.

2) We have excluded the present value (PV) of the expected carried interest from our NAV estimates. Management has calculated the present value of carried interest using certain assumptions on exit multiples and timeframe. As we feel such assumptions carry a high degree of uncertainty, we chose to value it differently,

3) To value Citadel Capital's asset management business, we used market capitalization as a percentage of assets under management (Market Cap/AUM) of a peer group of six companies. Comparable peers were selected from advanced countries, since the number of listed private equity firms in the MENA region is limited, as is the availability of financial disclosures relevant to our purposes. We feel that this method captures the potential of the management fee and carried interest since markets are valuing other private equity firms similarly.

a) Net Asset Value (NAV)

We have conducted independent estimates for asset values where disclosed financial information allowed us to do so. Although the discrepancy in NAV estimates seem wide in some cases, part of the difference is due to excluding the PV of the carried interest which is captured in our valuation of the asset management business. For assets where our independent valuation was conducted, the following assumptions were used:

- ASEC Cement Holding (ACH): Estimated EV/ton of US$ 234.3, with the implied equity value of each ACH subsidiary discounted back based on the year when the factory is expected to become operational,
- ASEC Engineering: basic DCF analysis, based on financial guidance provided by management,

- ARESCO: median fair value estimate derived from DCF analysis based on financial guidance provided by management and peer group multiples. Average multiples are 15.0x 2010F earnings, and 8.5x 2010F EV/EBITDA,
- Gozour Holding: regional peer group average multiple of revenues at 1.3x and 1.2x for 2009E and 2010F respectively,
- Finance Unlimited: sum of parts valuation, (ROE versus P/BVPS regression analysis for banking sector, earnings multiples, and cost)

Table 7 : Fair Value Estimate of Seleted Subsidiaries (Citadel Capital vs Pharos Research)

Investment	Citadel Capital NAV Estimate**	Method	Pharos NAV Estimate ***	Method
ASEC Holding	EGP 2,508m	10x 2014 Earnings, discounted @ 20.0% p.a	EGP 1,562m	SoP ASEC Cement Holding, ASEC Engineering, ARESCO, and other subsidiaries
Gozour Holding	EGP 596.0m	10x 2014 Earnings, discounted @ 20.0% p.a	EGP 385.4m	Peer Group Multiples
ASCOM Mining	EGP 330.0m	Stock price as of 3 October 2009	EGP 306.4m	Stock Price as of 18 November 2009
Finance Unlimited	EGP 308.0m	SoP Sudanese Egyptian Bank, Pharos, and Tanmeyah held at cost	EGP 299.7m	Peer group multiples, earnings multiples, and cost

Source: Citadel Capital, Pharos Research.* ***Includes NPV of carried interest.* ** Excluding NPV of Carried interest.*

Impact on NAV Estimates

Our estimated NAV per share for Citadel Capital is around 18.2% lower than that estimated by the company’s management. The difference stems mainly from the elimination of the NPV of the carried interest from our estimates, as well as the lower NAV estimate of ASEC Holding. However, excluding the effect of the carried interest elimination, the discrepancy between Pharos's NAV estimate and that provided by management is around 9.2%. Using Citadel Capital’s management estimates of ASEC Holding (EGP 2,093m excluding NPV of carried interest), would add 9.0% to our NAV estimates.

Table 8 : NAV Estimates (Pharos Research)

Platform Company	Industry	C.C** Ownership	Investment Cost (EGP m)	Valutation Guidance	Investment Value (EGP m)	Valutaion Method	% of Valuation	Value / Share (EGP) ***
ASEC Holding	Cement, Construction and Engineering	55.3%	894	Fair Value	1,562	SoP	26.3%	2.4
ASEC Holding (Convertible)	Cement, Construction and Engineering	66.8%	221	C.C Guidance	934	Conversion in 2014F at par, discount rate 17.0% p.a	15.7%	1.4
Gozour	Agriculture and Integrated Consumer Goods	20.0%	234	Fair Value	385	Peer Group Multiple	6.5%	0.6
Gozour Real Estate	Real Estate	20.0%	50	Market Value C.C	264	Total land area of 40.0m sqm valued at EGP 30.0/ sqm	4.5%	0.4
TAQA Arabia	Energy Distribution	33.4%	202	Market Value C.C	364	Value based on recent transaction	6.1%	0.6
ASCOM Mining	Mining	46.0%	177	Market Price	306	Market price of shares based on 18 November, 2009	5.2%	0.5
Finance Unlimited	Financial Services	100.0%	207	Fair Value	300	Peer Group Multiples, earnings multiples and cost	5.1%	0.5
Glass Works	Glass	20.0%	139	C.C Guidance	199	10X 2014F earnings, discounted @ 20.0% p.a	3.4%	0.3
Bonyan	Specialty Real Estate	24.0%	112	C.C Guidance	191	10X 2013F earnings, discounted @ 20.0% p.a	3.2%	0.3
United Foundries	Metallurgy and Foundry	55.3%	196	C.C Guidance	212	10X 2014F earnings, discounted @ 20.0% p.a	3.6%	0.3
Rally	Upstream Oil and Gas	10.4%	359	C.C Guidance	180	Multiple of 2P reserves, using applicable comparables	3.0%	0.3
Rally (Convertible)	Upstream Oil and Gas	N/A	75	Cost C.C	75	Cost	1.3%	0.1
GrandView	Mid-Cap Buyout Fund	13.0%	70	C.C Guidance	154	10X 2014F earnings, discounted @ 20.0% p.a	2.6%	0.2
NRTC & NRPMC	Transportation and Logistics	25.0%	150	Cost C.C	150	Cost	2.5%	0.2
Tanweer	Media and Publishing	100.0%	148	Cost C.C	148	Cost	2.5%	0.2
Egyptian Refining Company (ERC)	Refining	8.2%	148	Cost C.C	148	Cost	2.5%	0.2
National Petroleum Company (NPC)	Upstream Oil and Gas	14.9%	323	C.C Guidance	125	Multiple of 2P reserves, using applicable comparables (Inc. Rally)	2.1%	0.2
National Petroleum Company (NPC) (Convertible)	Upstream Oil and Gas	N/A	52	Cost C.C	52	Cost	0.9%	0.1
Sudan Agricultural Project	Agriculture	30.0%	116	Cost C.C	116	Cost	2.0%	0.2
Mashreq Petroleum	Energy Distribution	27.3%	38	Cost C.C	38	Cost	0.6%	0.1
Nile Valley Petroleum	Upstream Oil and Gas	10.0%	28	Cost C.C	28	Cost	0.5%	0.0
Total			**3,939**		**5,931**		**100.0%**	**9.0**

Source: Citadel Capital, Pharos Research.* * C.C Refers to Citadel Capital.* **** Number of Shares is 661.6m.*

Table 9 : NAV Estimates (Citadel Capital)

Platform Company	Industry	C.C Ownership	Investment Cost (EGP m)	Method	Investment Value (EGP m)	Valutaion Method	Multiple	PV of Carry (EGP m)	Total Value (EGP m)	% of Valuation	Value/Share (EGP)**
ASEC Holding	Cement, Construction and Engineering	55.3%	894	Fair Value	2,093	10X 2014F earnings, discounted @ 20.0% p.a	2.3	415	2,508	34.6%	3.8
ASEC Holding (Convertible)	Cement, Construction and Engineering	66.8%	221	Fair Value	934	Conversion in 2014 at par, discount rate 17.0% p.a	4.2	N/A	934	12.9%	1.4
Gozour	Agriculture and Integrated Consumer Goods	20.0%	234	Fair Value	423	10X 2014F earnings, discounted @ 20.0% p.a	1.8	173.0	596	8.2%	0.90
Gozour Real Estate	Real Estate	20.0%	50	Market Value	264	Total land area of 40.0m sqm valued at EGP 30.0/ sqm	5.3	37.0	301	4.2%	0.45
TAQA Arabia	Energy Distribution	33.4%	202	Market Value	364	Value based on recent transaction executed Oct. 4, 2009	1.8	5.0	369	5.1%	0.56
ASCOM Mining	Mining	46.0%	177	Market Value	330	Stock price as of October 3,2009	1.9	N/A	330	4.6%	0.50
Finance Unlimited	Financial Services	100.0%	207	Fair Value	308	SoP of Sudanese Egyptian Bank and Pharos (Tanmeya is Valued at Cost)	1.5	N/A	308	4.2%	0.47
Glass Works	Glass	20.0%	139	Fair Value	199	10X 2014F earnings, discounted @ 20.0% p.a	1.4	57.0	256	3.5%	0.39
Bonyan	Specialty Real Estate	24.0%	112	Fair Value	191	10X 2013F earnings, discounted @ 20.0% p.a	1.7	29.0	221	3.0%	0.33
United Foundries	Metallurgy and Foundry	55.3%	196	Fair Value	212	10X 2014F earnings, discounted @ 20.0% p.a	1.1	N/A	212	2.9%	0.32
Rally	Upstream Oil and Gas	10.4%	359	Fair Value	180	Multiple of 2P reserves, using applicable comparables	0.5	N/A	180	2.5%	0.27
Rally (Convertible)	Upstream Oil and Gas	N/A	75	Cost	75	Cost	1.0	N/A	75	1.0%	0.11
GrandView	Mid-Cap Buyout Fund	13.0%	70	Fair Value	154	10X 2014F earnings, discounted @ 20.0% p.a	2.2	N/A	154	2.1%	0.23
NRTC & NRPMC	Transportation and Logistics	25.0%	150	Cost	150	Cost	1.0	N/A	150	2.1%	0.23
Tanweer	Media and Publishing	100.0%	148	Cost	148	Cost	1.0	N/A	148	2.0%	0.22
Egyptian Refining Company (ERC)	Refining	8.2%	148	Cost	148	Cost	1.0	N/A	148	2.0%	0.22
National Petroleum Company (NPC)	Upstream Oil and Gas	14.9%	323	Fair Value	125	Multiple of 2P reserves, using applicable comparables (Inc. Rally)	0.4	N/A	125	1.7%	0.19
National Petroleum Company (NPC) (Convertible)	Upstream Oil and Gas	N/A	52	Cost	52	Cost	1.0	N/A	52	0.7%	0.08
Sudan Agricultural Project	Agriculture	30.0%	116	Cost	116	Cost	1.0	N/A	116	1.6%	0.18
Mashreq Petroleum	Energy Distribution	27.3%	38	Cost	38	Cost	1.0	N/A	38	0.5%	0.06
Nile Valley Petroleum	Upstream Oil and Gas	10.0%	28	Cost	28	Cost	1.0	N/A	28	0.4%	0.04
Total			**3,937**		**6,531**			**716.0**	**7,247**		**11.0**
Cash and Other Assets									460.0	6.6%	0.70
Due to CCP									(87.0)	-1.3%	(0.13)
Net due to Platform Companies and Related Parties									150.9	2.2%	0.23
Bank Debt									(826.6)	-11.9%	(1.25)
Total									(302.7)	-4.4%	(0.46)
Net Asset Value									**6,944**	**100.0%**	**10.5**

Source: Citadel Capital, Pharos Research.* * Number of Shares is 661.6m.*

b) Asset Management Segment

Our estimate of the NAV only applies to the investment portfolio and does not capture the value generated by management fees and carried interest. We valued the asset management business using market value as a percentage of total assets under management. We chose a global group of listed private equity firms as a base for comparison. Excluding outliers, the average market capitalization to assets under management for listed private equity firms is currently at 20.0%. We have used this as the basis of our valuation for Citadel Capital's asset management business and the implied NPV of the carried interest.

Table 10 : Peer Group Valuation Multiples

Company	Price As of 18 Nov. 2009	Bloomberg Ticker	Country	Currency	Market Cap (m)	AUM (m)	Market Cap / AUM (%)	Price to Book (X)
BlackStone Group	15.6	BX US	USA	US$	17,183	93,505	18.4%	3.5
Fortress Investment Group	4.3	FIG US	USA	US$	1,954	31,000	6.3%	7.6
Onex	23.4	OCX CN	Canada	CAD	2,852	7,063	40.4%	1.4
KKR and Co L.P	9.0	KKR NA	Netherlands	US$	1,844	37,500	4.9%	0.4
Partners Group Holding AG	136.6	PGHN SW	Switzerland	CHF	3,647	24,900	14.6%	7.6
3i Group	2.9	III LN	UK	GBP	2,820	8,019	35.2%	1.0
Average							**20.0%**	**3.6**

**Source: Company Reports, Bloomberg, Pharos Research.*

Table 11: AUM Segment Valuation

Citadel Capital	
Total Fee Generating Equity (US$ m)	2,969
Less Citadel Stake on which no Carry is Charged (US$ m)	543.0
Net Fee Generating Equity (US$ m)	**2,426**
Peer Group Average Market Cap/AUM (%)	20.0%
Implied Market Capitalization (US$ m)	484.4
Implied Market Capitalization (EGP m)	2,664
Number of Citadel Capital Shares (m)	661.6
Value per Share of AUM Segment (EGP)	**4.0**

**Source: Citadel Capital, Pharos Research.*

Citadel Capital Valuation

Citadel Capital's geographic mandate is the frontier markets in the Middle East and Africa, where downside risks are arguably higher than companies operating in developed economies, but then again so is the upside of possible rewards which is incorporated into the company's fee structure. Having conducted an independent analysis on the valuation of major subsidiaries, including ASEC Holding which accounts for nearly one third of Citadel Capital's NAV, we believe that the risk factor associated with investing in emerging markets is fairly factored into our estimated net asset value.

Based on our valuation methods, the combined value of Citadel Capital's two business segments is estimated at EGP 8,293m, translating into EGP 12.5 per share. As a secondary valuation method, we also looked at the average price to book multiple of listed private equity groups, which are currently trading at 3.6x book. However, we found a wide variation between the price to book multiples of these individually listed companies, most likely due to differences in the underlying quality of their assets and fee structure, and therefore assigned this method a lower weight in the final valuation.

Our median fair value estimate is EGP 13.5 per share, which was derived by a weighted average of the two valuation methods. For the reasons explained above, we assigned a low weight of 20.0% to the value derived using price to book multiples. An 80.0% weight was given to the sum of the parts approach reached by combining the NAV estimate of the portfolio and the asset management business. Our fair value estimate of EGP 13.5 per share implies a price to book of 2.8x, 21.8% below the average for the listed peer group.

Table 12 : Citadel Capital Valuation

Citadel Capital (SoP)	
Pharos NAV per Share Estimate before Adjustments (EGP)	9.0
AUM Segment per Share Estimate (EGP)	4.0
Adjustments (per share)	
Cash and Other Assets (EGP)	0.7
Due to CCP (EGP)	(0.1)
Net due to / from Platform Companies and Related Parties (EGP)	0.2
Bank Debt (EGP)	(1.2)
Total Adjustments per Share (EGP)	(0.5)
Citadel Capital Value per Share (EGP)	**12.5**
Citadel Capital (Price to Book Multiple)	
Peer Group Average P/BVPS (x)	3.6
Citadel Capital BVPS (June 2009) (EGP)	4.8
Implied Value per Share (EGP)	**17.2**
Median FV Estimate (EGP)	
Valuation Method	
NAV + Market Cap/AUM Valuation (Weight 80.0%)	12.5
P/BVPS Multiple Valuation (Weight 20.0%)	17.2
Median Fair Value Estimate per Share (EGP)	**13.5**

**Source: Citadel Capital, Company Reports, Bloomberg, Pharos Research.*

Other Valuation Considerations

- Given the nature of Citadel Capital's business model, profile of its investments and markets, conducting a valuation exercise is bound to be subjective due to the high level of uncertainty related to almost every valuation related assumption. Three assumptions are necessary to conduct accurate valuation, namely the investment timeframe, exit value and growth of the underlying business, all of which cannot be predicted with certainty. We have tried to minimize such assumptions and use market related data and comparable analysis where possible to eliminate some of the uncertainty,

- The high risk / high return nature of Citadel Capital's investments is not captured in the valuation. We have used market multiples where possible in part of the valuation without applying a market discount to capture risk or premium to account for higher than average returns,

- The high risk / high return nature of the business model is also not captured in the valuation. From a risk perspective, in large part the valuation assumes that the company will be able to successfully implement the business plan of the subsidiaries and exit at a profit. Naturally, such assumptions could be challenged by the fact that the majority of investments are start ups where management track record is limited. A counter argument in favor of applying a premium is that such investments are start ups and are in less developed markets and therefore returns could be substantially higher than average,

- In valuing the asset management business using Market Cap/AUM we did not apply a discount or a premium. There is a strong argument for and against applying a business specific discount / premium. Citadel Capital is a young company with limited track record that operates in unpredictable economic and political environments which could justify a discount. On the other hand, given its early entry and the growth potential of such markets, Citadel Capital's returns could be significantly higher than those realized by other private equity firms operating in more mature markets,

- Using the price to book value we also used the average for the peer group without applying a market or business specific discount or premium. Given the high risk profile of Citadel Capital markets and thus investments one could argue that they should not command the same multiple as less risky investments. By contrast, the potential of book value expansion for Citadel Capital could be higher given the higher return profile associated with emerging market investments.

Snapshot of Citadel's Portfolio Industries

Industry :
Construction and Engineering

Platform Company :
ASEC Holding (NDT)

Citadel Capital Ownership
55.3%

No. of Subsidiaries :
Six (including cement production unit)

Industry Dynamics

- Construction activity, industrial development, and public spending on infrastructure in the MENA region,
- Foreign Direct Investments (FDIs),
- Availability of mid-level management and skilled labor in less developed countries,
- Medium and long-term economic growth outlook,
- Access to funding sources for turnkey projects,
- Privatization and deregulation.

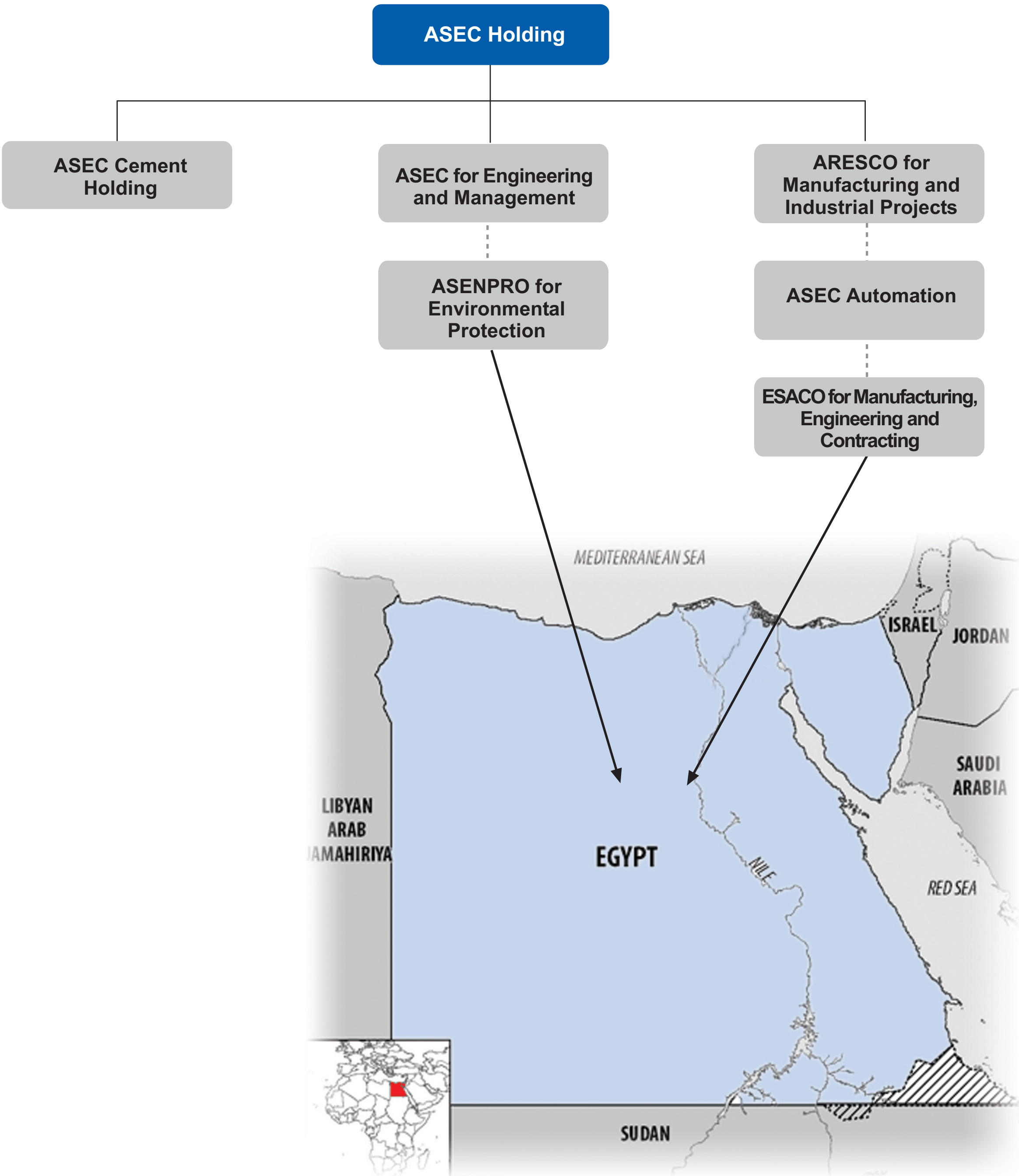
Growth Drivers

- Favorable medium-term economic growth outlook,
- Expected state budget allocations to infrastructure spending and industrial development in the short and medium-terms,
- Affiliation to Citadel Capital favorably positions ARESCO to be awarded ASEC Cement Holding turnkey project contracts,
- Affiliation to Citadel Capital favorably positions ASEC engineering to be awarded ASEC Cement Holding cement management contracts,
- Expected increase in regional cement production capacities in the medium-term through both expansion and Greenfield ventures,
- The majority of ASEC Engineering's existing cement plant management contracts do not expire before the end of 2012, positioning it to capitalize on expected growth prospects in the regional cement industry, especially Egypt.

Risk Factors

- Strong competitive landscape in the fabrication and contractual segments, from both regional and international players,
- Indirect competition in the technical management segment, as some privately owned cement plants are managed by parent companies that are internationally based and renowned; the risk of which could be further accelerated by longer-term privatization prospects in the cement industry,
- Future growth highly reliant on sister-company development plans (ASEC Engineering),
- Prospects for regional expansion outside of Egypt appear weak.

Citadel Capital's Construction & Engineering Assets



Industry :
Cement

Platform Company :
ASEC Holding

Citadel Capital Ownership
27.5%

No. of Subsidiaries :
Seven

Industry Dynamics

- Medium and long-term economic growth outlook,
- State budget allocations to public spending projects in the medium-term,
- Industry liberalization, deregulation, and market competition,
- Foreign Direct Investments (FDIs),
- Oil prices and power supply,
- Social development and urbanization,
- Housing demand, industrial and tourism development.

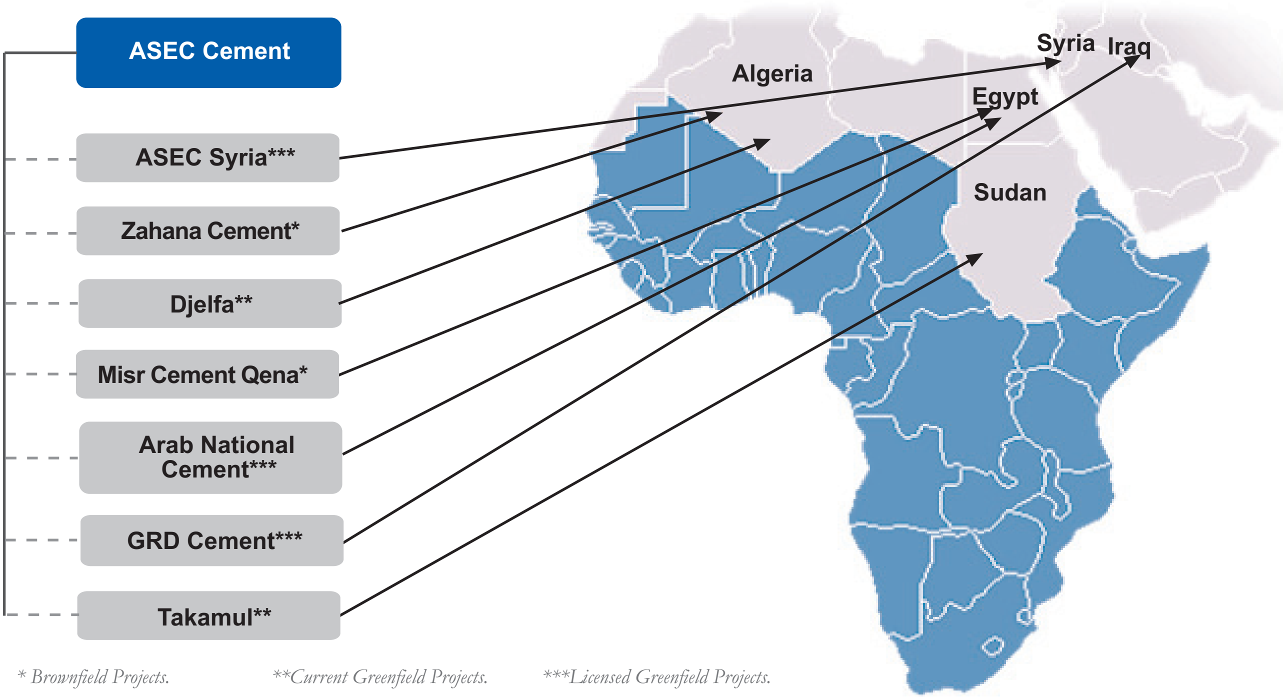
Growth Drivers

- Favorable regional economic growth prospects in the medium-term, which is likely to support growth in overall consumer demand levels,
- Regional cement supply deficit, traditionally filled by imports,
- Demand push driven by infrastructure spending and construction activity, underpinned by high population growth, macroeconomic development and underserviced middle income housing needs,
- Low per capita cement consumption,
- Strong environmental regulations in developed markets continue to shift cement capacity requirements to the emerging world,
- Low cost of raw materials and energy relative to other regions in the world due to natural abundance.

Risk Factors

- Uncertain political outlook in some countries, which could compromise short and medium-term economic prospects,
- Over supply in the medium to long-term due to new capacities coming on stream at the regional and country specific levels,
- Short and medium-term regulatory risks, with many of regional markets being newcomers to the liberalization process,
- Possible delay in start-up of Greenfield operations,
- Access to funding for Greenfield operations,
- Operational risks such as security concerns and lack of power supply in some countries,
- The dependence of some governments on oil as a dominant source of revenues. Oil price volatility could therefore change budget allocations to public spending works, slowing down construction and development activities.

Citadel Capital's Cement Assets



** Brownfield Projects.* ***Current Greenfield Projects.* ****Licensed Greenfield Projects.*

Table 13 : Cement Industry Indicators

Country	Cement per capita Consumption (Kg)	Per Capita Income (US$)
Algeria	472.0	4,588
China	1,002	3,315
Egypt	470.0	2,161
Ethiopia	50.0	324.0
India	146.0	1,016
Iraq	274.0	2,989
Kenya	56.0	857.4
Libya	950.0	16,115
Morocco	420.0	2,748
Pakistan	124.0	1,044
Serbia	345.0	6,782
South Africa	295.0	5,693
Sudan	83.0	1,519
Tunisia	652.0	3,907
Turkey	601.0	10,472
Ukraine	297.0	3,920
Average	**389.8**	**4,216**

**Source: International Cement Review, IMF, Pharos Research.*

Industry :
Agriculture and Integrated Consumer Goods

Platform Company :
Gozour Holding

Citadel Capital Ownership
20.0%

No. of Subsidiaries :
Eight

Industry Dynamics

- Population growth,
- Per capita income levels, income distribution disparities, and consumer demand growth,
- State subsidies,
- Cultivable land, agricultural and irrigational developments,
- Inflation and consumer price sensitivity,
- Food and consumer staples security,
- Regulations on food imports and ingredients.

Growth Drivers

- High population growth,
- Underserviced demand for basic food requirements due to high levels of population growth and limited production capacity,
- High percentage of household spending on food, beverages, and tobacco,
- Positive economic growth outlook expected to boost domestic demand in Egypt, and the region allowing future expansion in neighboring countries,
- Expanding middle class segments,
- Synergies leveraged from consolidation within a fragmented market place, creating a competitive advantage against smaller players,
- Government's efforts to increase food supply to reduce price inflation and reliance on imports,
- Weak competition in some sub segments due to low quality,
- Strong commercial presence/branding in the local market,
- Higher awareness of quality among middle-class consumer segments,
- Government's efforts to increase cultivable land in the longer-term,
- Dairy consumption (as indicated by milk consumption liter/capita) expected to grow over the medium-term, due to improved affordability.

Risk Factors

- Wide income gap in Egypt and most other markets in the MENA region,
- Satisfaction of basic food needs will remain dependant on state subsidies in the short and medium terms,
- Weakened purchasing power amid lower income and middle class segments due to high inflationary environment,
- Potential competition from high quality imports in the upper class segment, which is less price sensitive than lower spending segments,
- Competition from loose milk distributors due to affordability,
- Rising local competitive landscape in the dairy and juice segments, emphasizing the

importance of product quality, brand differentiation, marketing and commercial presence, which may increase medium-term operational costs in highly price-sensitive consumer base,

- Limitations on expansion of cultivable land in the short and medium-term in Egypt, and lack of visibility on ability to secure farmland elsewhere in the region,
- Local and export-related distribution inefficiencies with regards to the transportation of certain food categories such as frozen consumer goods,
- General sector risks associated with agriculture, such as low quality crop harvests, weather conditions, irrigational supplies, fertilizer prices, global food sector trends…etc.

Citadel Capital's Agriculture and Food Assets

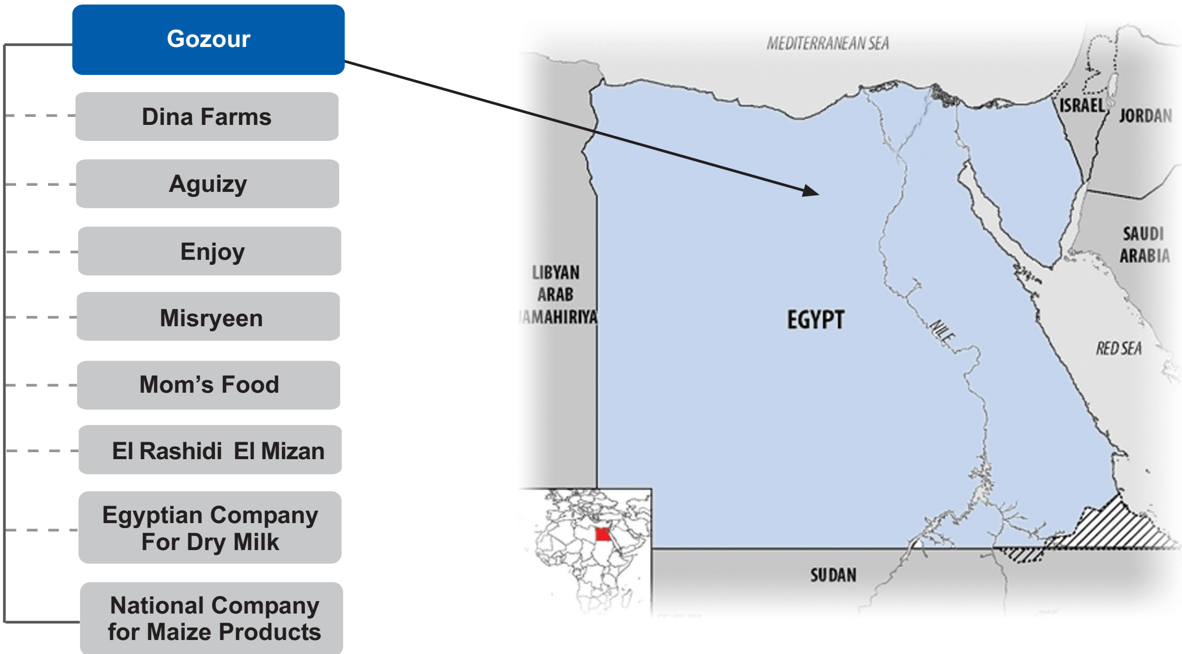
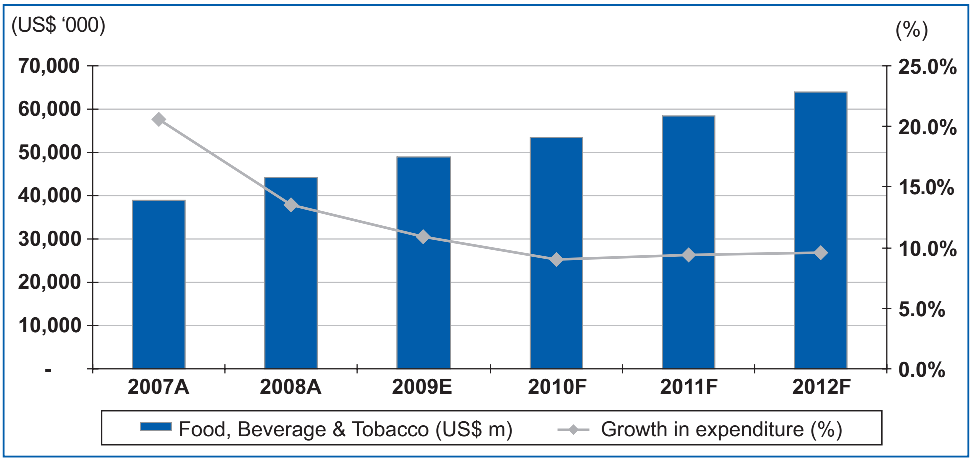


Figure 8 : Aggregate Consumer Expenditure on Food, Beverages, and Tobacco (Egypt)



Source: Zawya, EIU, Pharos Research.

Industry :
Building Materials & Precious Metals Mining, Quarry Management, Geological Research and Manufacturing

Platform Company :
ASEC Company For Mining (ASCOM)

Citadel Capital Ownership
46.0%

No. of Subsidiaries :
Eight

Industry Dynamics

- Growing number of cement players in Egypt,
- Rising demand for building materials i.e. aggregates,
- Industrial development and infrastructure spending,
- Foreign Direct Investments (FDIs),
- The Ministry of Oil and Petroleum calls for mining and exploration of other metals.

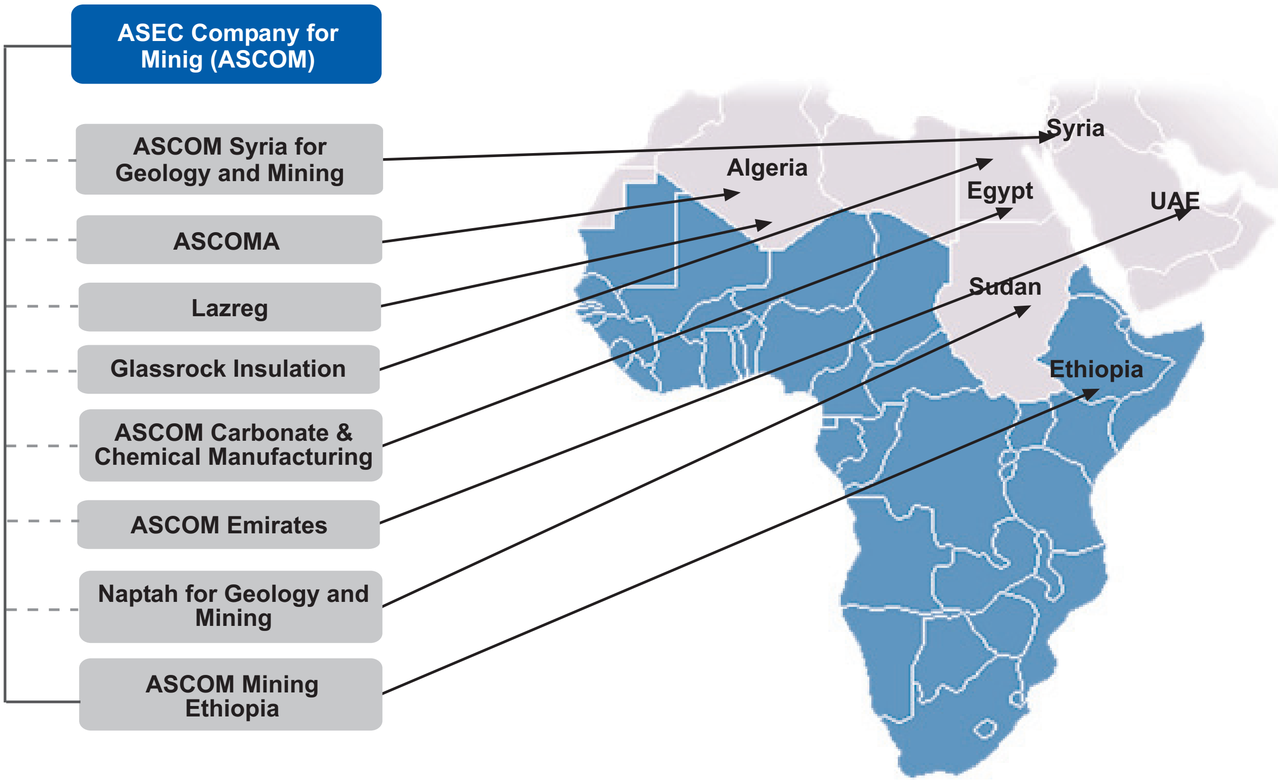
Growth Drivers

- Historical track record and technical expertise, position ASCOM as a strong mining player,
- ASCOM serves seven of the twelve cement producers in Egypt and is undergoing negotiations with the majority of new cement players,
- Regional presence in key markets in the MENA region and further expansion in Africa with a main focus on gold mining,
- Consumption of ground calcium carbonate (GCC) is expected to witness double digit growth in 2010,
- Egypt enjoys the second highest purity of GCC deposits in the world,
- Solid expansion in quarry management, ground calcium carbonate and rock wool & glass wool plant,
- Glass rock insulation capacity is expected to come on board mid-2010,
- ASCOM gold secured five locations in Ethiopia for gold mining and is undergoing negotiations in Sudan as well as neighboring countries.

Risk Factors

- A slowdown in construction and infrastructure spending,
- Penetration of uneconomical precious metal concessions,
- Failure to renew existing quarry contracts with cement plants. ASCOM usually enters into 3-5 years quarry contracts with a cement plant on a per ton basis.

Citadel Capital's Mining Assets



Industry :
Energy Distribution

Platform Company :
Arab Company for Energy (TAQA Arabia)

Citadel Capital Ownership:
33.4%

No. of Subsidiaries :
Eighteen

Industry Dynamics

- Rising population coupled with double digit consumption growth rates for both oil products and electricity,
- Industrial development and infrastructure spending,
- Foreign Direct Investments (FDIs),
- Government's call for private sector participation in large infrastructure projects through Public Private Partnership (PPP) and Build Operate and Transfer (BOT) contracts, particularly in the sector.

Growth Drivers

Gas Segment

- Liberalizing natural gas prices in industries operating in free zones, which may increase investment flows in the oil and gas sector,
- TAQA owns four licenses for natural gas distribution in 11 Egyptian governorates with a combined distribution capacity of 3.7 Billion Cubic Meter per Year (BCM/Y), which is expected to reach 9.1 BCM/Y by 2012,
- Expanding the existing concession in Upper Egypt,
- Physical operations in five countries in the MENA region.

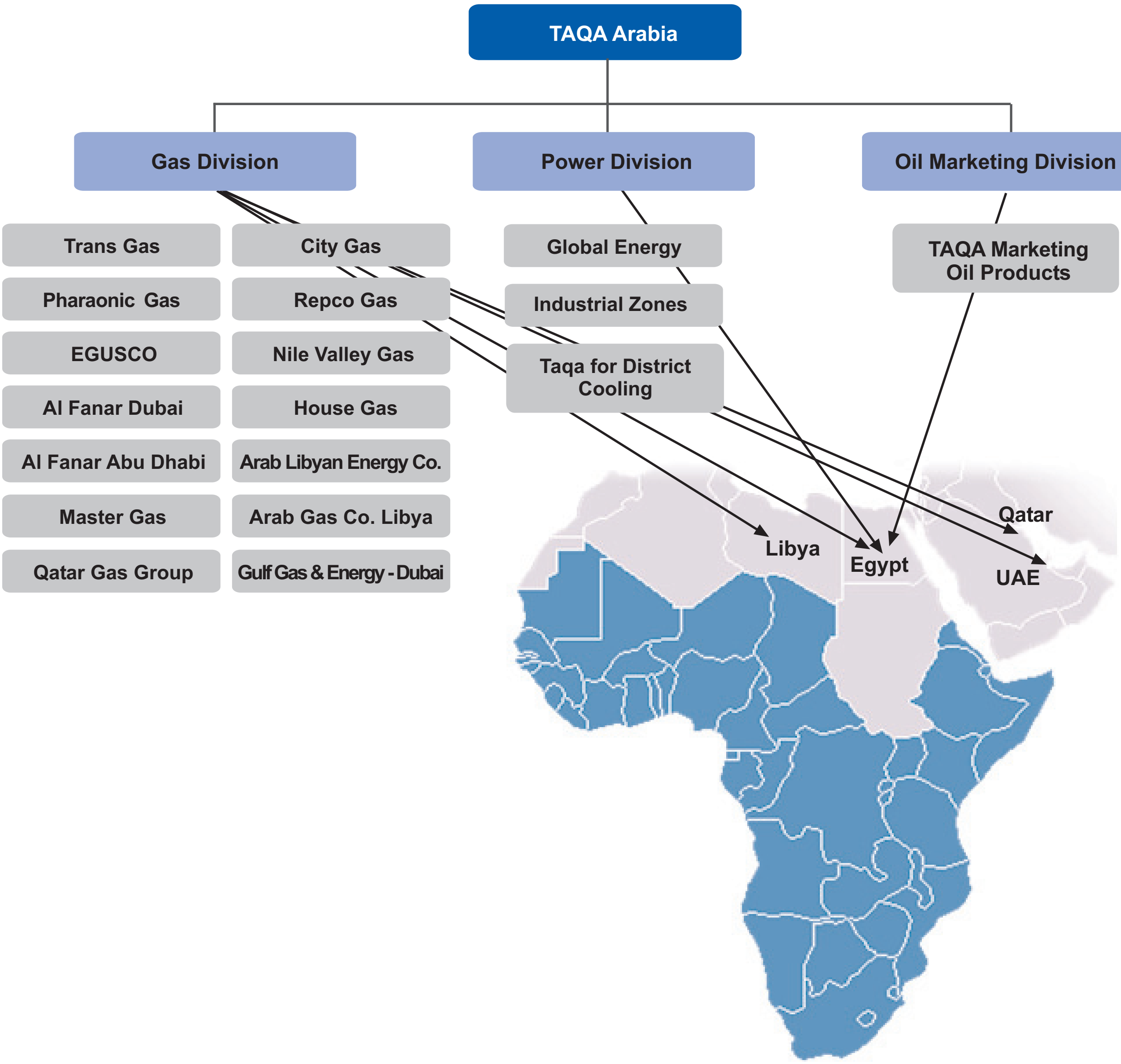
Power Segment

- According to the Egyptian Minister of Electricity, installed power capacity will be more than tripled by 2027 through adding 5.8 GW to the existing 22.5 GW. This will cost between US$ 100.0bn and US$ 120.0bn. During the periods 2003-2008, Egypt installed electricity capacity grew by a CAGR of 5.7%,
- TAQA Power group has an stalled generation and distribution capacity of 95 MW with an additional backlog of 240 MW. The group has a license for power and wind energy generation and power distribution,
- TAQA business model entails purchasing power from the government at the exit of substation and selling it through its own distribution networks to end customers.

Risk Factors

- A drop in oil and natural gas prices,
- The company may face competition particularly in wind energy generation given the Egyptian government’s call to generate 20.0% of energy consumption through wind energy by 2020.

TAQA Arabia


TAQA Arabia
Gas Division
Power Division
Oil Marketing Division
Trans Gas
Pharaonic Gas
EGUSCO
Al Fanar Dubai
Al Fanar Abu Dhabi
Master Gas
Qatar Gas Group
City Gas
Repco Gas
Nile Valley Gas
House Gas
Arab Libyan Energy Co.
Arab Gas Co. Libya
Gulf Gas & Energy - Dubai
Global Energy
Industrial Zones
Taqa for District Cooling
TAQA Marketing Oil Products
Libya
Egypt
Qatar
UAE

Industry :
Refining

Platform Company :
Arab Refining Company (ARC)

Citadel Capital Ownership
8.2%

No. of Subsidiaries :
One

Industry Dynamics

- Economic growth, consumption, and industrial expansion,
- Demand for refined oil products,
- Regional supply of refining capacities,
- Public and private sector investments in refining capacities,
- Private Public Partnerships (PPP),
- Sources of industrial and power generation facilities,
- International market prices of crude and refined oil products,
- Environmental and developmental considerations,
- Import substitution initiatives.

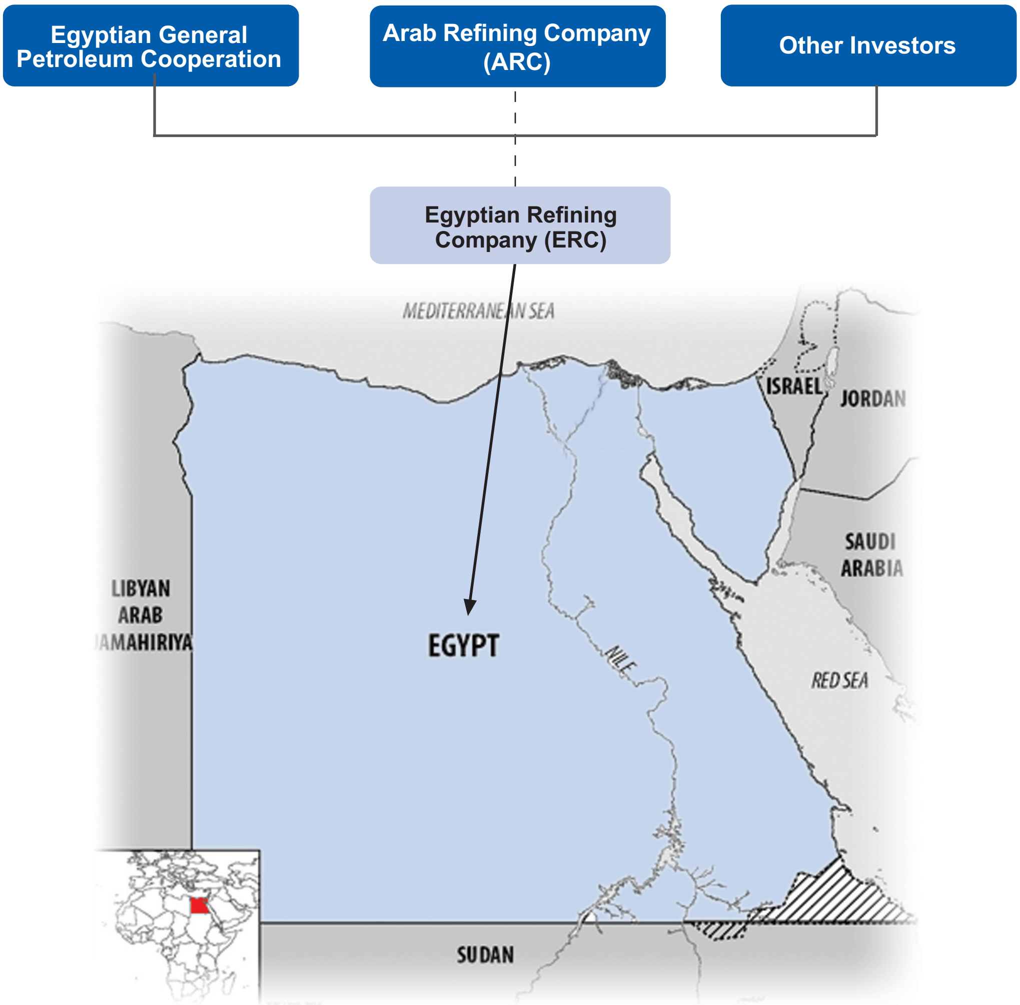
Growth Drivers

- Medium-term economic growth and industrial expansion prospects, stimulating a demand push for general energy consumption levels,
- Supply deficit in the Egyptian diesel market (estimated at 3.0m tons) and gasoline, typically compensated by refined product imports,
- Expected incremental growth in refined petroleum consumption in the medium-term,
- Government push towards fuel oil to natural gas substitution as a source of energy generation freeing up fuel oil for refining,
- Output guaranteed by Public Private Partnership (PPP) agreement; refined product sales from ERC to EGPC to be implemented through an off-take agreement at international prices (payment to be made to ERC in US dollar terms),
- Capitalizing on a unique location of the only Cairo-based refining facility,
- Proven technology, non-experimental and straightforward.

Risk Factors

- Decline in oil prices and demand,
- Medium to long-term over supply from other refining capacities expected to come on stream,
- Construction and operational launch delays.

Refining Assets



Industry :
Upstream Oil & Gas

Platform Company :
National Oil Production Company (NOPC)

Citadel Capital Ownership
10.4%

No. of Subsidiaries :
Two

Industry Dynamics

- Long-term global and regional economic growth outlooks,
- Demographic trends and productivity growth,
- Global oil prices,
- Global and regional oil demand and supply,
- Exploration technologies and investment expenditures,
- Estimated oil reserves and oil recovery considerations,
- State energy policies.

Growth Drivers

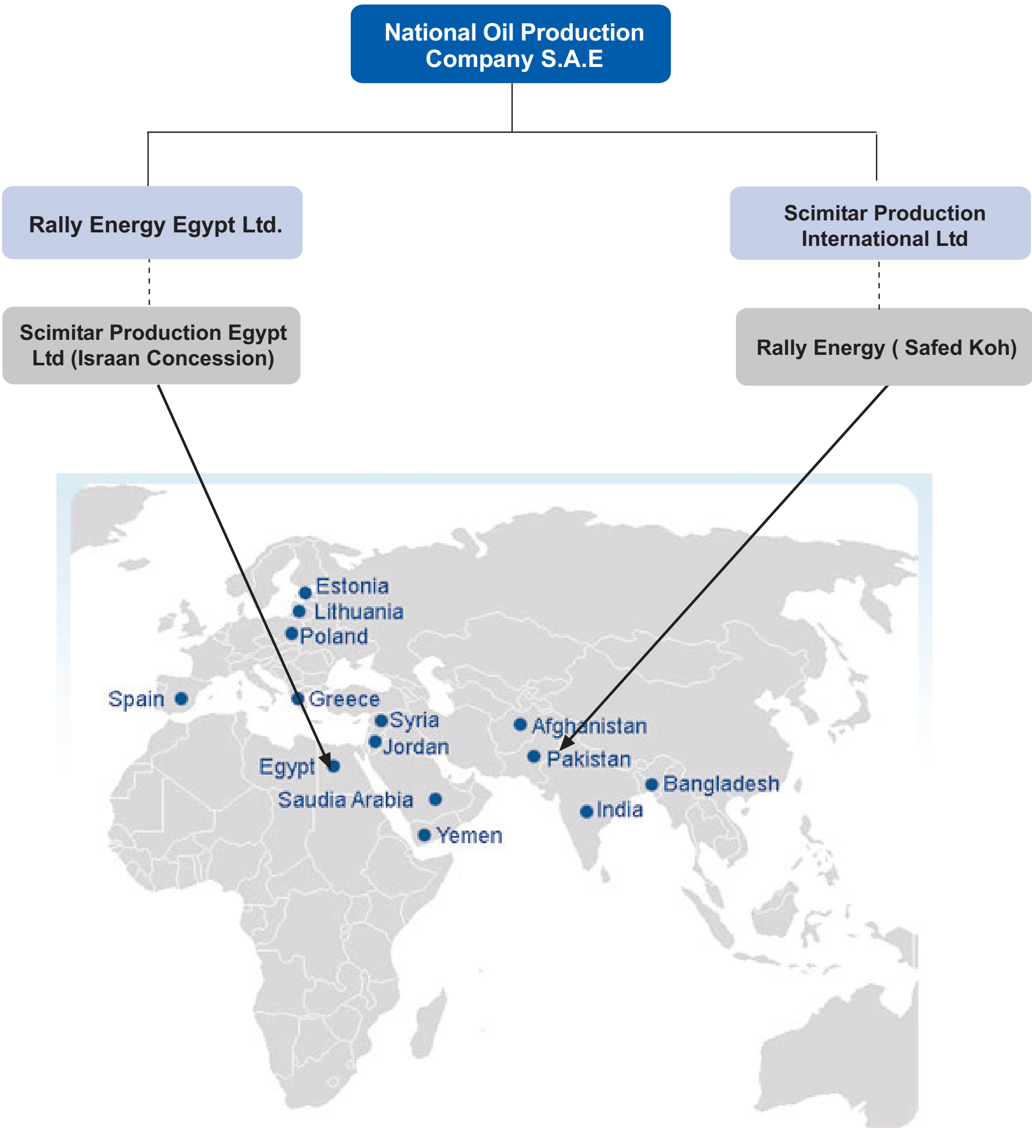
- Overall long-term energy use is expected to continue to rise according to industry sources, especially in emerging economies where population and economic growth rates are expected to be higher,
- Fossil fuels are expected to satisfy the majority of energy needs over the medium and long-term,
- Healthy prospects for oil demand in the MENA region on the back of general economic growth and expansion in industrial activity,
- Demographic trends support energy demand growth over the medium and long-terms,
- Doubling proven reserves which are expected to continue to rise through further 3D Seismic acquisitions if the oil is recoverable (from 2P and 3P to 1P),
- Ability to lower OPEX and raise fees,

Risk Factors

- Slowdown in oil demand,
- Cyclical and non-cyclical fluctuations in oil prices can limit access to financial (debt and equity) markets especially for smaller-sized exploration companies in non-OPEC countries,
- The resulting impact of low oil pricing environment on profitability and cash flows,
- Longer-term uptake in biofuel use and renewable energy sources, especially in the developed world, and the resulting impact on global oil demand and pricing environment beyond the medium-term,
- Government energy price controls in Egypt,
- Shift to natural gas,
- Egyptian crude is heavy, therefore the bulk of output is refined domestically,
- Energy prices are still controlled by the government at a discount to international prices,
- Removal of gas subsidies, as intended, will increase price charged to companies by the government,

- Success of the company depends on the success of the steam pilot project (SAGD), thus no visibility,
- High Cost of oil extraction testing,
- Group 1P reserves account for only around 21.8% of total group reserve.

Upstream Oil & Gas Assets



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