

First PE fund dedicated to Palestine closes at over \$60 million

By: Staff Writer

Massar International has announced a first closing of the Siraj Palestine Fund I; Siraj expects a final close at \$80 million in a few months.

Total commitments in the fund on the closing date of February 3, 2011 exceeded \$60 million. The fund is expected to catalyse increased private sector investment and as a result to play a significant role in Palestinian economic growth.

The fund's initial capital is composed of commitments from a diversified group of participants from around the world, including the Overseas Private Investment Corporation (OPIC), the Soros Economic Development Fund, the Pension Boards of the United Church of Christ and Crescent Investments in addition to other prominent international investors. Several Palestinian companies and individuals including the fund sponsor, Massar International, also participated in the initial close.



The fund's investments to aid Palestinian small-and-medium sized enterprises (SMEs) by promoting technological advancement, job creation and by addressing the acute shortage of equity capital for local businesses due to years of political turmoil.

"We at OPIC are very pleased that the Siraj Palestine Fund I has generated a strong first closing. This indicates welcome progress in the development of the Palestinian territories' financial infrastructure, and a growing belief among investors that capital placed in the region will yield positive returns," said OPIC President and CEO Elizabeth Littlefield. "This fund will support Palestinian-owned small and medium sized businesses, which are an important engine of growth and employment in the region."

According to Bashar Masri, founder and chairman of Massar International, "The strong response received from local and international investors underscores a clear determination to revive the Palestinian economy as well as to encourage direct foreign investment. We hope to see additional funds launched in the near future targeting Palestine."

Stewart Paperin, President of Soros Economic Development Fund, said, "We are pleased to invest in this important private equity venture that will help to build strong and sustainable businesses in Palestine. We think that Palestine provides world class resources including first rate infrastructure and a large pool of highly educated and highly skilled workers. We look to Siraj as the catalyst to expand existing businesses and build new ones."

Siraj will create a well-diversified portfolio of companies with manageable levels of risk. The fund will utilise its position to help shepherd businesses in a range of sectors crucial to the local economy towards long-term profitability and more importantly, sustainability. Masri added, "Palestine's private sector is thirsty for an infusion of cash and managed expansion. Siraj Palestine Fund I is the ideal investment vehicle for the predominantly family-owned businesses in Palestine as they are more inclined to pursue the Fund as an investor. We'll get in, make companies more operationally effective and more profitable, and then exit."

Massar International established the Siraj Fund Management Company several years ago to manage Siraj Palestine Fund I. Siraj prides itself in recruiting top Palestinian and international investment talent with strong knowledge of the local market and comprehensive analytical and quantitative skill sets to lead its funds.

The current deal pipeline consists of several companies in advanced stages of negotiations. Sectors include manufacturing, agriculture, ICT, healthcare, transportation & logistics, among others. The fund also expects to invest in the construction industry to capitalise on the heightened demand for construction materials emanating from the national shortage of residential housing units. Numerous real estate projects have sprung up across the West Bank, including the first Palestinian planned city, Rawabi.

In addition to capital infusions for cash-strapped businesses, the fund's investment strategy also offers a developmental component. The fund will present portfolio companies with corporate restructuring opportunities and provide access to the technical assistance and

training needed to expand and improve governance structures. As such, the fund offers a strong value proposition - not only to its investors, but also to its portfolio companies.