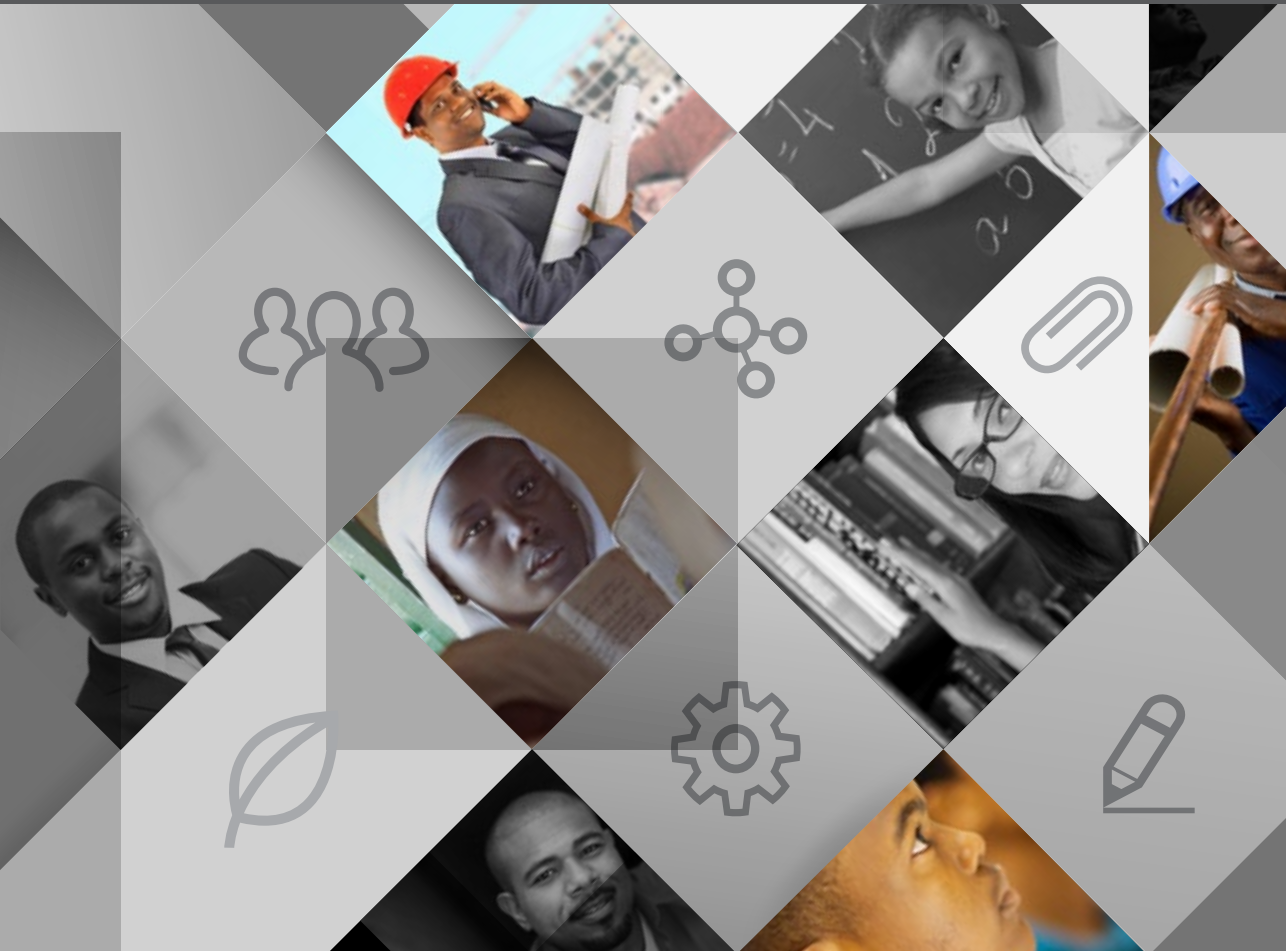


RESPONSIBLE INVESTING



Energy | Cement | Agrifoods | Transportation & Logistics | Mining

“ At Qalaa Holdings we firmly believe that we have a duty to leave the communities in which we do business better than we found them. We place special emphasis on the necessity of education and preserving the environment as the keystones for a sustainable future for generations to come. ”

**Ahmed Heikal
Chairman & Founder**

RESPONSIBLE INVESTING

Innovation, value creation and sustainability are key with all our investments, as we ultimately aim to make a lasting impact on the communities in which we do business. In addition to looking for financial returns commensurate with risks, we are always looking to make a targeted, positive and measurable impact on the communities and the environment in which we operate.

As a leading African investment company, we build businesses in core industries including energy, cement, agrifoods, transportation & logistics, and mining. The nearly 39,000 employees in our subsidiaries work each day to deliver energy to consumers and businesses, to grow and manufacture safe, healthy food, to provide reliable, fuel efficient transportation solutions, to add value to natural resources, and to help build critical national infrastructure.

Qalaa Holdings (previously Citadel Capital) has always pursued transformative investments that we believe will act as engines of growth in Africa and the Middle East. Our investments create jobs and help make economies more efficient, more sustainable and more globally competitive.



THE DOUBLE BOTTOM LINE

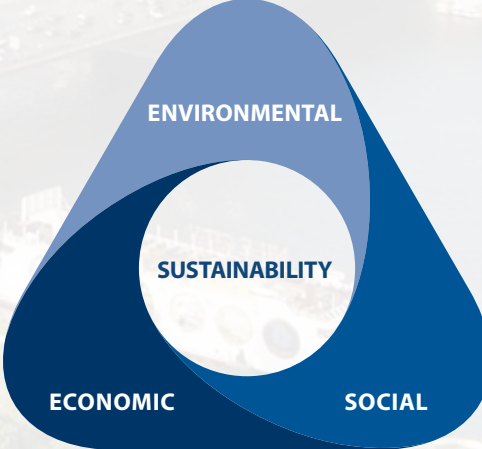
Responsible investments function as a self-regulating mechanism whereby we can monitor and ensure that our policies and actions have a positive impact on our environment, employees, communities and stakeholders.

“The Double Bottom Line,” is a term coined to measure a company’s success based on both positive social impact and financial performance. At Qalaa Holdings, the double bottom line is taken into consideration with every investment decision.

Building on our heritage as an African leader in private equity, Qalaa Holdings’ themes remain grounded in the continent’s promising demographics and the harnessing of natural resource wealth. Ensuring that the African growth story is sustainable demands that we be accountable for positive change.

Today, as we transform our business model from a private equity firm to an investment holding company, we have even more opportunity to make a positive impact given the longer-term nature of our investments.

The focus of our sustainability initiatives is based on six pillars: education, human capital development, vocational training, community engagement, environmental sustainability and community development.



A sustainable business is one that is responsible, transparent and accountable, while at the same time balancing economic, social and environmental value creation.

SUSTAINABLE INVESTMENTS IN STRATEGIC SECTORS

Qalaa Holdings' core industries include energy (from refining to distribution), cement (including cement and construction & management), agrifoods (from cash crops and fresh produce to packaged foods), transportation & logistics (rail and water), and mining (particularly value-added products). These span our entire footprint, from Egypt to East and North Africa.

Qalaa Holdings' projects create an ecosystem for job creation and sustainable

economic growth. The magnitude of such projects creates a trickle-down effect that will support the overall economic development of the countries in which we do business.

We strive to develop human capital across our footprint from our scholarship foundation in Egypt which supports Egypt's new generation of leaders to our new management training project carried out through Rift Valley Railways in Kenya and Uganda.



Energy: Our energy investments provide solutions that truly tackle the energy problems that the region faces today. TAQA Arabia, our energy distribution subsidiary, has provided gas connections to more than 800,000 Egyptian households. The company also seeks to make a positive contribution on a broader level by waiving fees for the delivery of gas to impoverished residential customers.



Cement: Our companies in the cement sector produce high-quality building materials that meet international environmental standards. Our subsidiary ASEC Cement also contributes to the development of communities around its plants in Egypt and Algeria.



Agrifoods: Our investments in agrifoods include multiple solutions that provide safe, healthy and affordable food while tackling the issue of rising populations. In Sudan our agriculture subsidiary, Wafra, has developed a business model that is sustainable and profitable for both the company and the local communities. In addition to the ongoing transfer of knowledge, Wafra works to rehabilitate schools and healthcare facilities in local villages.



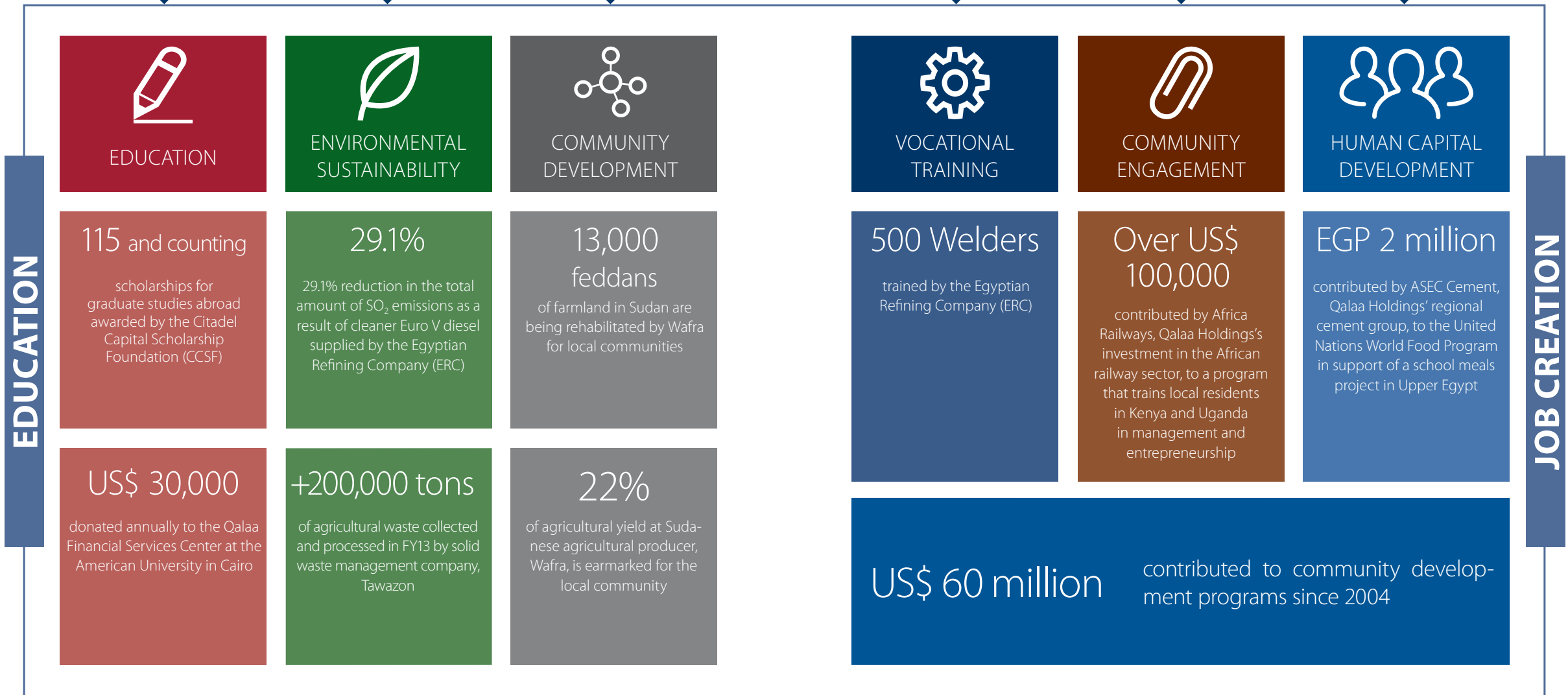
Transportation & Logistics: Our investments in railway and river transport provide affordable and reliable solutions that can become engines of national and regional growth. RVR also provides vocational training and health and safety awareness for local communities in Kenya.



Mining: Our investments in the mining sector focus on the production of value-added products rather than pure extraction and export. Our mining subsidiary GlassRock, is playing an important role in the conservation of energy through its production of environmentally friendly insulation materials (glasswool and rockwool) that are a key component of greener buildings.



FAST FACTS ABOUT
OUR RESPONSIBLE
INVESTMENTS





EDUCATION

Qalaa Holdings is committed to providing African youth with the opportunities they deserve. Our education initiatives are helping build youth-led economies that support entrepreneurship, employment and human capital development.

Qalaa Holdings' history as a start-up established by young entrepreneurs reaffirms our belief that entrepreneurs are the backbone of our economy. Bridging the knowledge gaps that currently exist in our region will require multiple initiatives. Whether it's the awarding of post graduate scholarships through the Citadel Capital

Scholarship Foundation (CCSF), vocational training in cooperation with local centers or mentorship programs championed by our own executives and employees, our ultimate goal is to grow the talent pool and unlock the hidden potential within the economies of the region.

CCSF has grown to become one of the largest private-sector funded scholarship programs in Egypt.

The private sector must take on initiatives to support education with a new emphasis on in-demand skill sets, critical thinking, problem solving and communication.

As Egypt and the region stand at a critical crossroads, there has never been a more important time to turn our attention to education.

We believe education must have a national impact that is felt beyond major urban centers and are honored to have sponsored scholars from 11 different governorates.



GIVING EGYPTIAN STUDENTS ACCESS TO THE WORLD'S TOP SCHOOLS



مؤسسة القلعة للمنح الدراسية

The Citadel Capital Scholarship Foundation (CCSF)

(Soon to be renamed Qalaa Scholarship Foundation)

In 2007, Qalaa Holdings established the Citadel Capital Scholarship Foundation as its flagship CSR project. The firm has endowed the Foundation to grant academic scholarships to talented young Egyptian men and women interested in pursuing Master's degrees and PhDs at international universities. Fifteen to twenty students each year receive generous scholarships to follow their dreams at some of the most prestigious educational institutions worldwide. The only condition: They must return to work in Egypt upon graduation.

CCSF has grown into one of Egypt's largest private-sector funded scholarship programs. So far, the Foundation has assisted 115 of Egypt's most talented and promising students to achieve their potential. Scholarship recipients study across all disciplines including filmmaking, anthropology, art, human rights and law, business, engineering, architecture, development and medicine. The ultimate aim of the Foundation is to provide Egypt with high caliber, internationally competitive professionals across all fields.

Scholarship recipients have come from 11 governorates across Egypt, including Cairo, Giza, Alexandria, Menoufia, Ismailia, Assiut, Minya, Qaliubeyya, Daqqahleyya and Aswan. Since its inaugural year in 2007, the Foundation has granted scholarships to support 100 Masters degrees and 15 PhDs.

Recipients of the CCSF scholarships have attended institutions including Harvard, Stanford and Columbia universities in the United States, Oxford, Cambridge and University College London in the United Kingdom, Lund University in Sweden, University of Heidelberg in Germany, University of Helsinki in Finland and ESADE Business School in Spain, in addition to other world-class institutions.



CREATING THE NEXT GENERATION OF FINANCIERS

In November 2006, Qalaa Holdings established the Citadel Capital Financial Services Center (CCFSC) at the American University in Cairo (AUC). The center is the Middle East's first institution dedicated to providing financial and analytical education that prepares students for careers in securities trading, risk management and asset allocation. Qalaa Holdings donated US\$ 250,000 to start CCFSC in November 2006 and has further donated US\$ 30,000 annually to cover operating costs.

The CCFSC's hands-on training program is equipped with an array of advanced financial software and tools, including a simulated trading room linked directly to the Egyptian Exchange. Beyond data and technology, the CCFSC strives to provide students, researchers and professionals with the knowledge and skills to lead the region's emerging financial services industry.



CCSF SCHOLARSHIP RECIPIENTS



Reem Kamel Bedair
MSc in Diagnostic Imaging
Oxford University
Class: 2009/2010



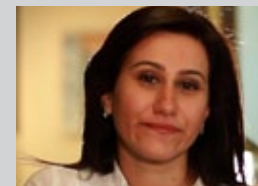
Hesham Wahby
MBA
Wharton
Class: 2007/2008



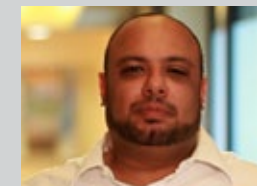
Aly Atef
MA in Anthropology
Columbia
Class: 2008/2009



Perihan AbdelGhali
MSc in Development
Manchester University
Class: 2009/2010



Radwa Khater
MSc in Development Studies
SOAS, Univ. of London
Class: 2008/2009



Amr Rakha
MBA
UCLA
Class: 2007/2008



ENVIRONMENTAL SUSTAINABILITY

Efficient design and cleaner production are a part of the operational added-value that we introduce to our investments. Qalaa Holdings is one of the leading promoters of environmental sustainability through its investments in its core industries ranging from energy and waste management to transportation and the production of environmentally friendly building materials.

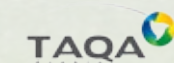


In the alternative energy sector, our subsidiary company Tawazon, which invests in the solid waste management industry, is converting agricultural and municipal waste into fuel for industry as well as compost and animal fodder.

play an important role in the conservation of energy in a wide range of industries. By helping reduce waste energy, they curb the use of fuels that contribute to climate change through the emission of greenhouse gases.



Rising awareness of the importance of energy conservation both globally and regionally has opened up a new market for environmentally friendly building materials. GlassRock Insulation, a portfolio company of ASCOM, our subsidiary company for investment in the mining sector, is now producing thermal, acoustic and fireproof insulation materials from its US\$ 70 million greenfield facility in Egypt. The products that the plant produces are for both domestic and export markets, and



Qalaa Holdings' energy distribution subsidiary company TAQA Arabia has converted numerous factories from fuel oil to natural gas and pioneered the conversion of thousands of motor vehicles from gasoline to the greener compressed natural gas. TAQA Arabia's construction arm has also to date connected over 830,000 Egyptian households to the natural gas grid, almost three quarters of which were previously using hazardous liquid propane gas.



ENVIRONMENTAL SUSTAINABILITY

ERC

The Egyptian Refining Company (ERC), Qalaa Holdings' US\$ 3.7 billion second-stage oil refinery in the Greater Cairo Area, will be filling the supply gap for high value EURO V diesel (the cleanest fuel of its type in the world). ERC's feedstock is fuel oil, which is currently consumed as fuel. The refining process to produce lighter products such as diesel removes sulfur from the fuel oil. ERC will thus prevent the release of 93,000 tons of sulfur that is currently being emitted into the air and accordingly represents a reduction of 186,000 tons in annual SO2 emissions. This equates to a 29.1% reduction in the total amount of SO2 currently emitted in Egypt from the burning of sulfur-containing fuels such as fuel oil and diesel.

than trucking, they also have much lower carbon footprints than road transport. For example, each Nile Logistics river barge has the carrying capacity of 1,200 tons or the equivalent of 45 trucks.



Climate change and the scarcity of natural resources are among top challenges facing the region. Since inception in 2004, Qalaa Holdings has been committed to rationalizing consumption with all of its investments, especially water. Dina Farms, Egypt's largest dairy producer and a part of Qalaa Holdings' agrifoods subsidiary Gozour, is, for example, using the world's top irrigation systems for maximum water efficiency on its 9,500 feddans of land in Egypt.



Qalaa Holdings' transportation & logistics, subsidiary companies Africa Railways (railway) and Nile Logistics (river transportation) aim to provide affordable, reliable, fuel-efficient and environmentally-friendly logistics solutions that can become an engine of national and regional growth and help to dismantle barriers to cross-border trade in Africa. Rail and river transportation are not only more economically viable



By encouraging environmental sustainability through investments in river transport, recycling and cleaner energy, Qalaa Holdings has proven to be more than simply a profit-oriented enterprise — we are demonstrably a driving force for positive social and economic development in Egypt and the region.



COMMUNITY
DEVELOPMENT

SABINA

Sabina creates new jobs, rehabilitates schools and transfers knowledge to local communities.

Sabina, Qalaa Holdings' subsidiary for investment in Sudanese agricultural production, has developed a business model that is sustainable and profitable for both the company and the local communities in which it is investing.

The company has put in place a US\$ 1.58 million fund for social infrastructure improvements near Kosti in Sudan's White Nile State where the company has obtained a 99-year lease on 300,000 feddans of land. Under the terms of the agreement, an average of 22% of Sabina's agricultural yield is earmarked for the local community to improve their livelihoods and provide much needed commodities to the local market.

Following the completion of Sabina's operations, 33% of the existing irrigation schemes and 15% of the land will be handed back to local farmers. Thus far, approximately 7,000 feddans of community irrigation canals have been rehabilitated.

Sabina will not only create employment but will also become engaged in education and support the local community in the villages of Om Hany, El Zuleit, El Sabaa and El Ghazala.

Approximately US\$ 395,000 has been allocated each year for several years to rehabilitate schools in the local communities and establish vocational training programs for the farmers in a range of jobs including electricians, plumbers and mechanics. Three schools have already been renovated and the fourth is in progress.

Sabina has recently completed demarcation on its 300,000 feddans of farmland. The clearly defined lines on both topographical maps and on the ground will ensure that all stakeholders are aligned.

A Sudanese girl learns at a school that has been renovated by Sabina



VOCATIONAL TRAINING



ERC commits to sustainable business practices in line with international social and environmental standards and sector best practices.

The Egyptian Refining Company (ERC), Qalaa Holdings' state-of-the-art US\$ 3.7 billion greenfield second-stage oil refinery, will produce over 4 million tons of refined products when completed, 2.3 million tons of which will be EURO V diesel, the cleanest fuel of its type in the world. ERC's feedstock is fuel oil, which is currently consumed as fuel. The refining process to produce lighter products such as diesel removes sulfur from the fuel oil. ERC will thus prevent the release of 186,000 tons of sulfur dioxide that is currently being emitted into the air and accordingly represents a significant reduction in annual SO₂ emissions for Egypt.

In addition to state-of-the-art environmental management, ERC is committed to providing a decent working environment for the project workforce, generating employment for neighboring communities and actively engaging with these communities to address their concerns and provide social economic development.

Two Community Development Centers have been established to engage with neighboring communities, assess available skills, and understand community needs and concerns.

Thus far, ERC has also carried out vocational training for 100 pipe fitters, 40 me-

chanics and 15 electricians, and provided computer classes for 45 people, mostly women. Programs established by ERC in cooperation with the Egyptian Welding Academy and Cairo Oil Refining Company's (CORC) Welding Training Center in Mostorod have trained more than 500 welders.

In the last two years, ERC has completed two comprehensive school refurbishment projects that saw it upgrade facilities including school grounds, buildings, and classrooms of local schools benefiting more than 5,000 students.

In the period between financial close and the start of construction ERC has been carrying out a community needs assessment and stakeholder mapping to be able to design strategic and culturally appropriate interventions. ERC views the building of strong relationships with neighboring communities as a long-term effort which will be ongoing throughout the construction phase and into the operational phase.

All future projects undertaken by ERC will be needs-based with active participation from members of the community and will include the development and renovation of much needed health care facilities as well as the refurbishment of additional schools in the area.



COMMUNITY ENGAGEMENT



Rift Valley Railways engages with communities in Kenya and Uganda to create jobs and promote safety.

Rift Valley Railways (RVR), the primary investment of Africa Railways, Qalaa Holdings' subsidiary company for investment in the African railway sector, has launched community engagement programs to promote the health and safety of employees and the public, encourage environmental stewardship and foster collaborative relationships with the communities it serves in Kenya and Uganda.

RVR, the national railway of Kenya and Uganda, has strengthened historic ties with the communities living along the railway in Kenya through a program called, "Transforming Lives in Africa with Every Move." The program is carried out at the local level through 59 Community-Based Organizations, each with between 30 and 50 members on average. Through this initiative, RVR provides much-needed job opportunities to those living in communities near the railroad and its associated operational corridor, with positions ranging from custodial services to maintenance support.

RVR also offers training programs in management and entrepreneurship to further encourage sustainable development and private enterprise in the neighboring communities. Participants learn important skills, such as how to register with govern-

ment bodies, open bank accounts, and manage their cash flow.

To date, RVR has contributed more than US\$ 100,000 to the project and created more than 2,000 jobs, positively impacting over 6,000 community members in Kenya. Plans are currently underway to roll out an identical program in Uganda.

RVR in partnership with a local youth group, the "Dandora Youth Forum for Change," has also debuted a community policing initiative on the Nairobi commuter train line in Kenya to address safety concerns for trains and commuters.

Since the initiative began in January 2012 there has been a marked improvement in safety with zero reports of commuters riding on the roofs or hanging from the train doors. Thanks to the collaboration between RVR and the Dandora Youths, there has been a reduction of incidents on the line, and commuters once again feel safe.

RVR's investments, which include the replacement of unsafe tracks and the installation of GPS control and signaling systems, have also helped to significantly reduce the accident rate by more than 30%.





HUMAN CAPITAL
DEVELOPMENT



ASEC Cement partners with the World Food Program and Minya University.

With a strong belief that an investment to improve the livelihoods and skills of the communities in which it does business is the first step on the road to achieving desired production targets, ASEC Cement is committed to helping support communities in need.

ASEC Cement portfolio company ASEC Minya has undertaken two major initiatives in 2013 to alleviate hunger and promote education in the Upper Egyptian governorate of Minya where the company has launched its newest greenfield cement plant.

ASEC Minya donated EGP 2 million to the United Nations World Food Program (WFP) in support of its school meals program in Minya. The initiative provides nutritious mid-day snacks accounting for a quarter of daily nutritional needs for more than 3,000 children in 133 one-classroom community schools, as well as take-home rations for their families. The program will benefit close to 13,000 people in some of the poorest areas of Minya.

The take-home rations are a particularly innovative dimension of the campaign in that they not only help feed impoverished families but they also help keep children in school. Many subsistence families experience a real economic burden in terms of

lost potential wages when children attend school in lieu of working. These rations, which account for roughly 20% of a family's monthly food expenditure, help alleviate that burden and encourage families to keep their children enrolled in school.

ASEC Minya further contributed to the communities of Minya through a partnership agreement signed with Minya University. The first-of-its-kind partnership aims to promote the exchange of scientific and technical knowledge, as well as improving student skills by offering training programs to those enrolled in the chemistry and geology departments of the University's Faculty of Science.

ASEC Minya will also sponsor training workshops and seminars to discuss topical issues for the construction materials sector. The primary goal of the program is to help prepare students with the necessary skills and knowledge for entry into the labor market.

The two initiatives in Minya are a part of an integrated corporate engagement strategy that aims to make positive environmental and social contributions to local communities.

GLOBAL AFFILIATIONS

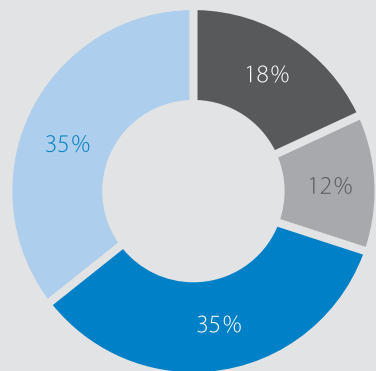


Qalaa Holdings is a member of the Global Impact Investing Network (GIIN), a non-profit organization dedicated to increasing the effectiveness of for-profit investing that addresses social and environmental challenges. Impact investments are investments made into companies, organizations and funds with the intention to generate measurable social and environmental impact alongside financial return.

As GIIN members we are part of a diverse network of global for-profit and non-profit organizations including investors, asset managers, advisors and other industry service providers from over 15 countries.

Our membership in GIIN helps us to select and apply social, environmental and financial performance metrics, including metrics commonly used to assess performance in our core industries.

Being part of such a diverse group of like-minded organizations gives us an excellent platform from which we can exchange ideas, benchmark our progress and contribute to the successful development of the impact investing community.



Targeted Net Internal Rate of Return (IRR) of Impact Investment Funds

35% of 176 impact investment funds that were assessed in April 2013 target IRR above 20%.

■ Greater than 20%
 ■ 20% - 11%
 ■ 10% - 6%
 ■ Less than 6%

Source: GIIN, ImpactBase, Deloitte Analysis

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