

## Vantage Capital backs Compass Capital to acquire a portfolio of grade A office buildings in East Cairo

23 March 2022



*Cairo, Egypt* – Vantage Capital, Africa’s largest mezzanine fund manager, announced today that it has provided \$10 million of mezzanine debt funding to Compass Capital, a leading Egyptian private equity firm, to acquire six grade A office buildings in East Cairo. The acquisition is being made by Compass Capital’s existing real estate company, Bonyan for Development and Trade, which owns and operates the Walk of Cairo, an outdoor retail boulevard in West Cairo.

The office buildings were acquired from Namaa for Development and Real Estate Investment, a private real estate developer and operator owned by the Sallam family. Located in the heart of New Cairo’s central business district, the properties have an aggregate gross leasable area of 47 200 square metres and are fully tenanted by multinationals (including Nestlé, General Electric, Johnson & Johnson and Lafarge Cement) as well as large local Egyptian corporates.

The Walk of Cairo, the existing real estate asset owned by Bonyan, is located in Sheikh Zayed City, West Cairo and commenced operations in December 2020. The open-air mall provides an extensive range of unique entertainment and experiential offerings such as the Museum of Illusions, a wax museum and an amphitheatre where weekly events are held. The mall also offers a wide selection of food and beverage, lifestyle and retail outlets, hosting popular brands that include Natuzzi, McCafé, Espresso Lab and Core Gym.

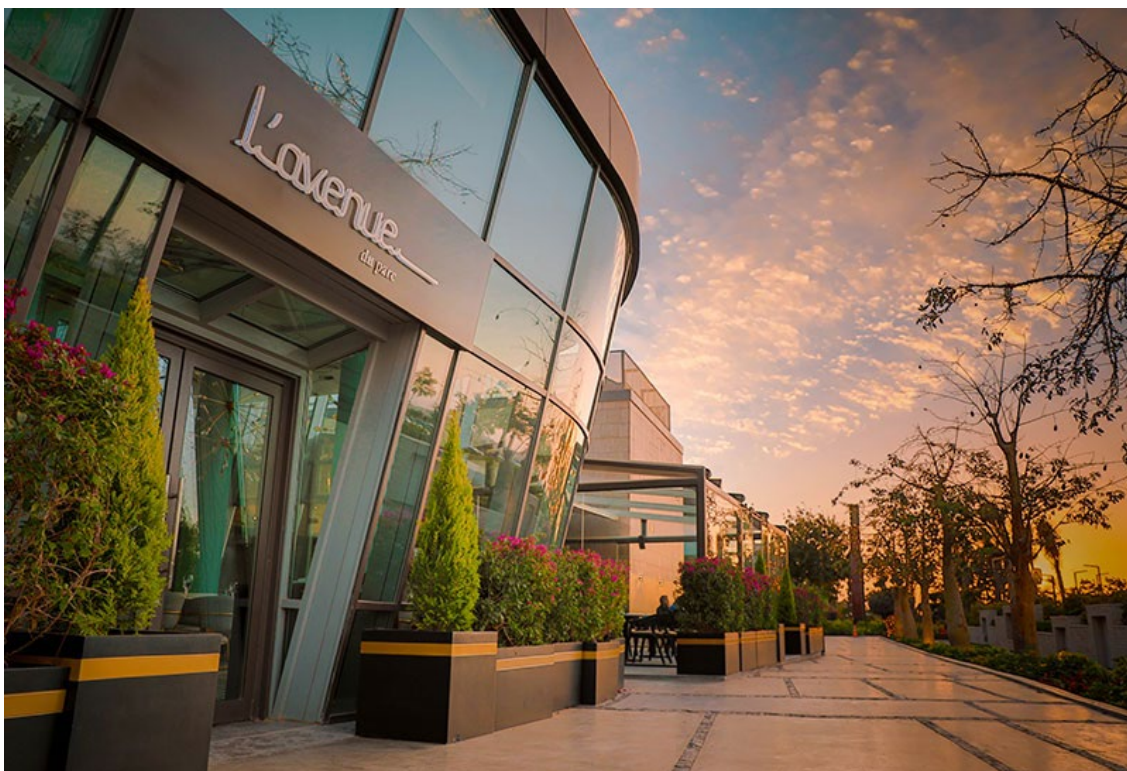
Founded in 2010, Compass Capital is a leading Cairo-based private equity firm with a hands-on management approach. Over the past twelve years, the firm has built an attractive portfolio of investments across pharmaceuticals, financial services and real estate.

The office buildings acquisition is facilitating the expansion and diversification of Compass Capital’s real estate portfolio. **Tarek Abdel-Rahman**, Co-Managing Partner of Compass Capital, explained, *“There is currently no easy way for investors to gain exposure to a diversified portfolio of stable, yielding real estate assets in Egypt despite this being a major and fast-growing sector of the economy. Our vision is therefore to build such a real estate portfolio with a view to listing it on the Egyptian Stock Exchange. Through accessing public capital, further real estate acquisitions could be then made over time, enabling the portfolio to keep expanding and diversifying.”*

This listing would be the third for Compass Capital, who have previously achieved a partial exit of Rameda Pharmaceuticals and a full exit of CI Capital through initial public offerings on the Egyptian Stock Exchange.

Tarek added, *“Vantage Capital has played an important role in supporting our vision and their funding has enabled Compass to retain its existing equity stake in the real estate portfolio.”*

**David Kornik**, Partner at Vantage Capital, noted, *“The real estate market in Egypt is buoyant and exhibiting robust growth, notwithstanding the onset of Covid. In particular, East and West Cairo have been expanding rapidly as residents move out of central Cairo to escape the congestion and improve their quality of life. The population of West Cairo alone has grown four-fold over the past four years, from 440,000 residents in 2017 to 1.8 million today and forecasts are for this to reach 6.7 million by 2027. Similarly high rates of growth are being seen in East Cairo, which currently has an estimated 8 million residents. This has fuelled strong demand growth for both retail and office space in these areas, supporting the real estate assets in Compass’ portfolio.”*



The transaction represents Vantage Capital’s 33<sup>rd</sup> investment across four generations of mezzanine funds, with its portfolio spread across eleven countries in Africa. **Warren van der Merwe**, Managing Partner at Vantage Capital, added, *“The transaction with Compass Capital marks our second investment into Egypt in as many years. With a population in excess of 100 million and an economy delivering resilient growth, it is a country with significant potential and a key target market for our firm as we look to deploy our newly-raised fourth mezzanine fund.”*



Africa’s growing population and urbanisation are spurring significant investment into property developments across the continent. Over the years, Vantage has provided substantial financial support to the sector. This includes funding two neighbourhood shopping malls in Nigeria and Kenya, two mixed-use developments in Lagos and on the west coast of Mauritius, a hotel & commercial property group in Namibia, a leading owner & operator of hotels across Egypt’s Red Sea, as well as two residential property developments in South Africa.

Matouk Bassiouny & Hennawy (in Cairo and Dubai) and Werksmans Attorneys (in Johannesburg) acted as legal counsel.

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### **About Vantage Capital**

Vantage Capital is an Africa-focused fund manager with offices in Johannesburg and Cape Town. The business was founded in 2001 and has raised funds of over \$1.4 billion. Since 2006, Vantage Capital’s Mezzanine division has made 33 investments across four funds into 11 African countries, making it the largest and most experienced independent mezzanine funder on the continent. In addition, Vantage Capital’s GreenX division has made 14 senior debt investments into South African solar and wind energy projects across two funds.

Vantage Capital targets mezzanine debt opportunities of US\$ 10-40m across 14 key African markets. Mezzanine debt is an intermediate form of risk capital, which is situated between senior debt, the least risky tranche of the capital structure, and equity, the most risky. It combines elements of both

debt and equity thereby providing companies with long-term funding on terms which are less dilutive to shareholders than pure equity.

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