

FUND FINANCE FRIDAY

Further Details Emerge on Abraaj

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The scope of issues at the Abraaj Group continues to grow as new information comes to light, a point recently highlighted on the cover of the *Wall Street Journal*. Key details added by the *Journal* on Oct. 16 underscored the scale of commingling between funds and the parent—at least \$660 million in capital reportedly moved out of the funds to Abraaj Holdings, \$200 million of which may have ended up in the hands of the company's founder and people close to him.

By way of background, the Abraaj Group is a Dubai-based private equity firm that rapidly gained prominence over the past two decades by combining social impact investment with emerging market returns. After using multiple layers of leverage to cover operating cash losses, the firm became subject to Cayman Islands insolvency proceedings in June.

For the subscription facility market, the more pertinent update appeared in *Private Equity International* on Oct. 17, reporting that LPs in the APEF VI fund are challenging a capital call to cure a June 25 default under the fund's subscription facility, while LPs in another fund met capital calls that may have paid off that facility.

The ultimate impact of Abraaj on the subscription facility market is simply very difficult to gauge at this point. The firm's finances are murky and the likelihood of investor losses unclear. The audit lapses at the Dubai firm appear rather idiosyncratic. All the same, this will be a high-profile test case that will play out in the headlines in coming months.

[WSJ Update on Abraaj](#)