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H1 2026

MENA Private Capital Breakdown

Contents

Institutional Research Group

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Introduction

Dealmaking

Despite the challenges facing the Middle East and North Africa (MENA) region, PE deal activity is pacing marginally down from the record 2025 run rate. If the pace set in H1 2026 were to continue through H2 2026, we would have the second-strongest showing in the past decade by year-end—a clear indication that PE deals have not collapsed amidst the macroeconomic backdrop. Therefore, it is too early to tell whether the geopolitical situation is hampering long-term PE investment flows in the region.

Renewable energy has remained a focus in H1 2026 as countries prioritise energy security, given the geopolitical landscape. By country, Turkey claimed the top spot in terms of PE deal value in H1 2026. While Turkey's deal value was boosted, Saudi Arabia's Public Investment Fund (PIF) remains the key PE investor in MENA transactions. However, the fallout from the Iran war and economic challenges are clear factors shaping priorities in the PIF's strategy, which focuses on selected projects and away from costlier, less-profitable ventures. After reaching a new record in 2025, PE cross-border flows have remained relatively robust in H1 2026.

Despite the sharp fall in VC deal counts, value has held up strongly. This is the pattern of the current cycle: capital concentrating into fewer, larger cheques while the long tail of smaller deals thins out. 2025 was a bright year for Saudi VC. However, H1 2026 marked a resurgence in UAE VC deal activity, and it has already surpassed the 2025 annual figure, with two-thirds of MENA deal value in the UAE this year.

Exits

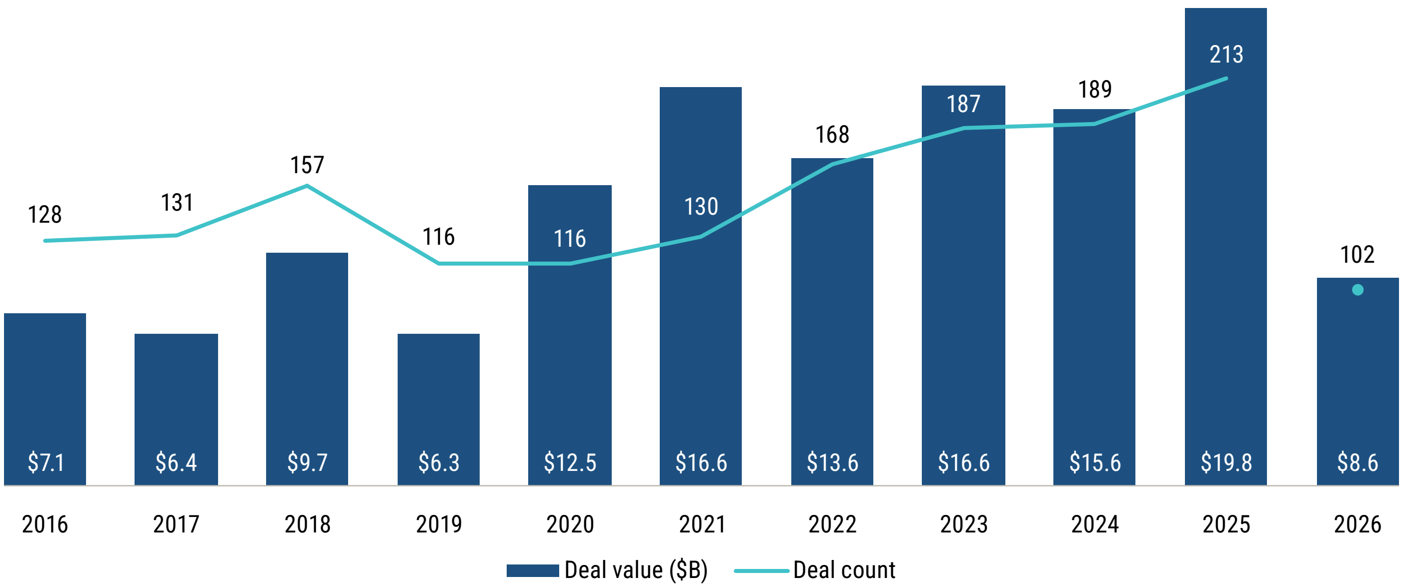
While PE and VC dealmaking have shown signs of resilience, exits are displaying weakness. This is a stark contrast to 2025, when exit markets were reaching near-record levels. At current run rates, we are on course for the lowest exit value since 2017. On the surface, the decline can be attributed to the geopolitical issues facing the region. But wider issues facing private markets, such as valuation mismatches between buyers and sellers, AI-driven disruption to businesses, and public market fears, are all feeding into a hesitant exit market.

Fundraising

With dealmaking offering resilience and exits showing weakness, fundraising paints a mixed picture through H1 2026. Fewer, larger funds with concentrated pools of capital are a constant narrative in private markets, and we are seeing that theme play out in the MENA region. The vast majority of capital raised came from PE funds in H1 2026. Mixed fundraising signs were also evident with the median fund size and close time in H1 2026. The median time to close a MENA private market fund remained steady, while the median fund size dipped. We expect the challenging environment to persist in the coming quarters.

Dealmaking

PE deal activity



Source: PitchBook • Geography: MENA • As of 30 June 2026

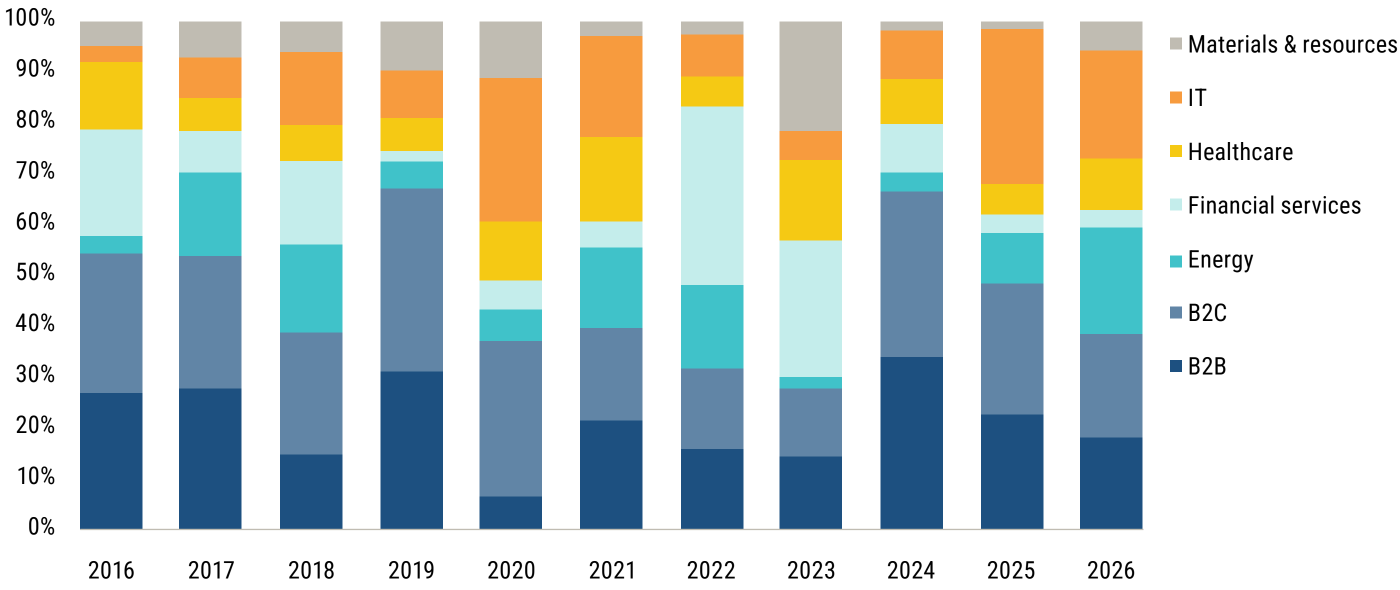
Conflict increases focus on the MENA region

In H1 2026, MENA private capital stakeholders had to manage one of the most disruptive macro backdrops the region has faced this decade. A conflict involving Iran that began in late Q1 effectively shut down transit through the Strait of Hormuz, and crude oil and petroleum liquids moving through the strait averaged 4.9 million barrels per day (b/d) in Q2 2026, down from 21.6 million b/d in Q4 2025 before the conflict began.[1] Brent crude averaged $103 per barrel in Q2, briefly topping $115 in April before easing as a ceasefire took hold, injecting a sustained risk premium into a market that runs on sovereign and cross-border capital.[2] This volatility has created uncertainty that has rippled through deal confidence, exit timing, and allocator appetite. The path to a swift resolution appears unclear now, with ceasefire talks ending and strikes resuming, adding further challenges for individuals, businesses, and governments looking to deploy capital.

PE deals resilient after setting a new high

2025 saw a record amount of capital invested in PE-backed businesses in the MENA region in a calendar year. And despite the challenges facing the MENA region, PE deal value reached $8.6 billion across 102 transactions in H1 2026. A contraction was expected given market conditions, but at the halfway stage of 2026, PE deal activity is pacing marginally down from the 2025 run rate. Quarterly PE deal value oscillates considerably, and while Q2 2026 dropped 54.5% QoQ, Q1 2026 rose 120.2% QoQ. Therefore, it is too early to tell whether the geopolitical situation is hampering long-term PE investment flows in the region. It is also worth noting that large transactions skew quarterly headline figures. When analysing previous annual PE deal activity figures, if the run rate set in H1 2026 were to continue through H2 2026, we would have the second-strongest showing in the past decade by year-end. This is a clear indication that PE deals have not collapsed amid the macro backdrop.

Share of PE deal value by sector



Source: PitchBook • Geography: MENA • As of 30 June 2026

Energy security on the agenda

Reliance on oil is a key theme associated with MENA nations, and private investments in future-proofing energy resources have attracted capital. Renewable energy has remained a focus in H1 2026, with $1.6 billion invested in United Solar, one of the largest transactions of the year so far. This deal is notable for several reasons. First, the breadth of investors involved showcases the diversified type of financing providers available for private market projects. Oman Investment Authority's Future Fund Oman invested $260 million; IFC, $200 million; and the OPEC Fund for International Development, $50 million; as well as $230 million from banks, including Abu Dhabi Commercial Bank, Al Ahli Bank of Kuwait, Commercial Bank of Dubai, and First Abu Dhabi Bank. Funding a major polysilicon plant in the MENA region also provides an alternative supplier, reducing reliance on China. The Chinese polysilicon industry produced 93.5% of global output in 2024.[3] That level of dominance adds a geopolitical angle to the investment, as countries look to compete with China for market share. Finally, the plant's location in Oman is noteworthy, as most Gulf Cooperation Council industrial megaprojects are in Saudi Arabia and the UAE. The investment is anchored by Oman's sovereign wealth fund, further highlighting a focus on diversifying away from oil that we have seen proliferate in Riyadh and Abu Dhabi.

Turkey bounces back with help from the PIF

Breaking out PE deal value by country in H1 2026 sees Turkey claim the top spot. The main driver was Loom Games' $1 billion buyout by Scopely via its financial sponsors Next Round Capital Partners and Unicorn Venture Partners. Scopely now holds a majority stake in Loom Games, and Scopely itself is a wholly owned subsidiary of Savvy Games Group, which is owned by Saudi Arabia's PIF. While the deal boosts Turkey's deal value, the PIF remains the key PE investor in the region and has participated in more than 50 MENA transactions since 2020. The PIF is also a strong investor in non-MENA deals and has contributed to 70 transactions on the international stage. It has been reported that ByteDance is in talks to sell Moonton, another gaming company, to Savvy Games Group for $6 billion to $7 billion.

Top five MENA investors in PE deals in the MENA region by count since 2020

Investor	Deal count	Median deal value ($M)	HQ country
Saudi Arabia's Public Investment Fund	51	$500.0	Saudi Arabia
ADQ	30	$740.0	UAE
Mubadala Investment Company	29	$945.0	UAE
AfricInvest	15	$9.6	Tunisia
Yas Holding	14	$307.0	UAE

Source: PitchBook • Geography: MENA • As of 30 June 2026

Top five MENA investors in PE deals outside the MENA region by count since 2020

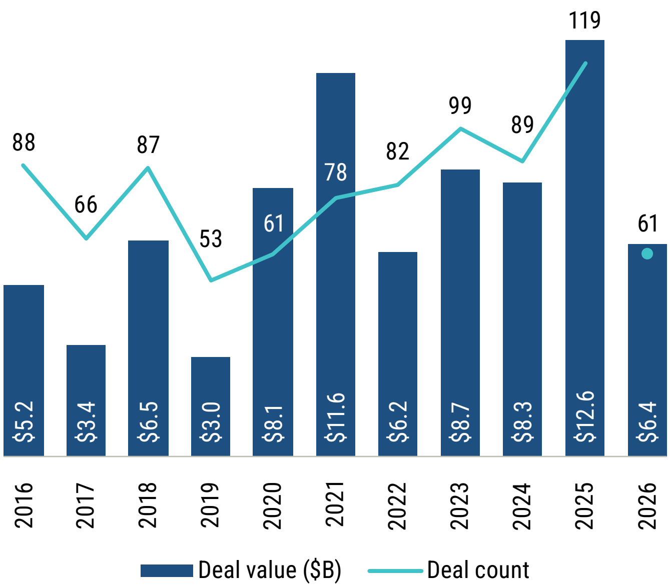
Investor	Deal count	Median deal value ($M)	HQ country
Mubadala Investment Company	559	$307.3	UAE
Abu Dhabi Investment Authority	430	$151.8	UAE
Investcorp	184	$54.3	Bahrain
Qatar Investment Authority	71	$300.0	Qatar
Saudi Arabia's Public Investment Fund	70	$206.0	Saudi Arabia

Source: PitchBook • Geography: MENA • As of 30 June 2026

Cross-border flows hold steady

After reaching a new record in 2025, PE cross-border flows have remained relatively robust in H1 2026, with $6.4 billion invested across 61 deals. This reflects 74.3% of value and 59.8% of count, respectively. One major cross-border transaction in H1 2026 was the $250 million investment by Blackstone, Raya Holding, NRT Technology, and Sightline Payments to establish Advanced Digital Gaming Technology (ADGT) through a strategic partnership. This was one of Blackstone's first investments in the UAE since the start of the Iran war and underscores that PE heavyweights remain confident about the region's opportunities. Moreover, after several years of prohibition, the UAE is gradually building out a regulated commercial gaming framework and, in September 2023, established its regulator, the General Commercial Gaming Regulatory Authority. ADGT is currently the only licensed platform that supports both physical venues and online platforms, and the industry is expected to grow in the coming years if additional approvals are granted.

Cross-border PE deal activity



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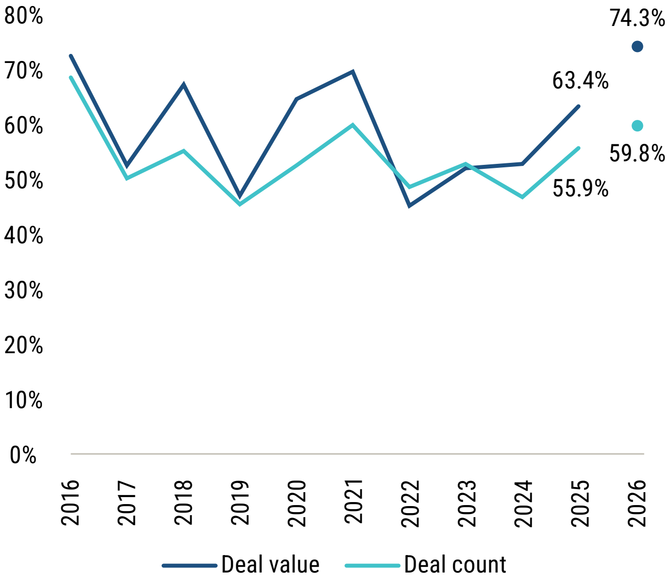
Sports and entertainment capture attention

One transaction that caught attention in H1 2026 was the PIF's sale of a 70% stake in the Saudi Pro League (SPL) football team Al Hilal to Kingdom Holding Company for $223.7 million. This marks a pivot in the PIF's strategy in the SPL, when it acquired stakes in the league's big four—Al Nassr, Al Hilal, Al Ahli, and Al Ittihad—in 2023. Fast-forward to 2026, and after the league has attracted some of football's biggest names on lucrative contracts, the PIF is now looking to realise value. This fits with the broader narrative reported across the sports and entertainment spaces, where value creation rather than rapid growth has emerged as the focus. Nonetheless, Electronic Arts' $55 billion take-private was a blockbuster deal, and the PIF was the official 2026 FIFA World Cup tournament supporter, building on its 2034 World Cup hosting rights and Club World Cup partnership last year. This year, SURJ Sports Investment joined Live Nation and Oak View Group to launch radia, a venture targeting sports and events infrastructure, a sector the PIF forecasts will exceed $22 billion by 2030.[4] However, there are areas facing pullback: the PIF ended funding for LIV Golf, the Esports World Cup relocated to Paris, and the IOC cancelled its 12-year deal to host the Olympic Esports Games in Riyadh. The fallout from the Iran war and economic challenges are clear factors shaping priorities in the PIF's recently announced 2026 to 2030 strategy, which focuses on selected projects and away from costlier, less-profitable ventures.

Fewer VC deals taking place but value holding up

Only 287 VC deals were completed in H1 2026, marking a significant decline in investment rates, given that 824 rounds took place in 2025. Despite the fall in deal counts, value has held up strongly, with $2 billion invested in H1 2026, following $4.5 billion raised in 2025. This is the pattern of the current cycle: capital concentrating into fewer, larger cheques while the long tail of smaller deals thins out. Between 2021 and 2025, $4.5 billion was invested, on average, each calendar year, so we are currently pacing just below that figure if we extrapolate the H1 2026 figure through the year. As was the case in the PE ecosystem, we have not seen a collapse in dealmaking in the MENA region despite uncertainty. In fact, VC deal activity was similar between Q1 and Q2—$0.9 billion across 160 deals versus $1.1 billion across 127 deals.

Cross-border PE deal activity as a share of all PE deal activity



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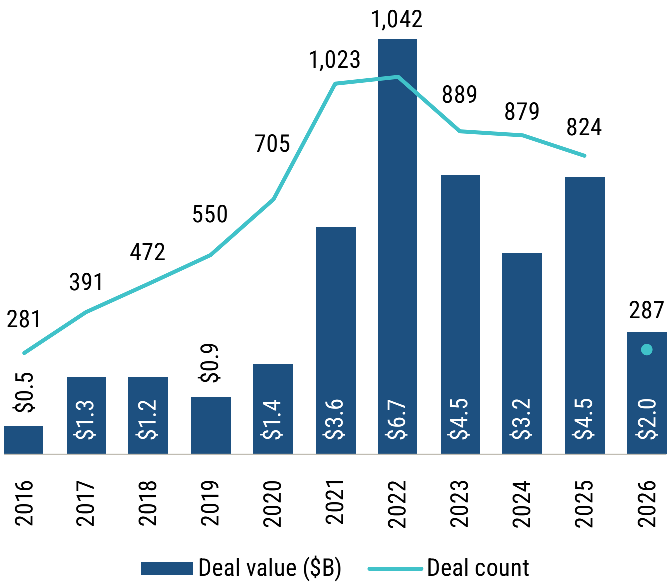
VC deal activity



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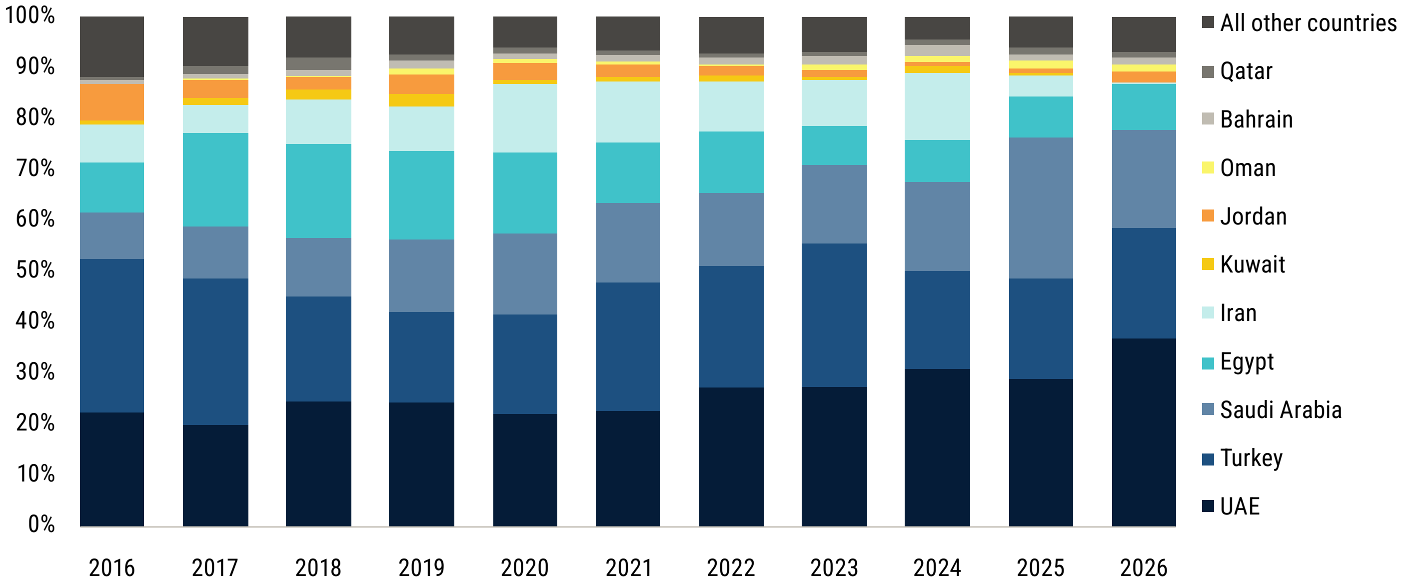
Perhaps this is an indication of a lack of impact from the war in Iran or that deals may have been agreed to before the crisis broke out. Nevertheless, it does not detract from the fact that MENA VC deal activity peaked in 2022, and we have seen a steady decline in counts while value has fluctuated.

UAE pulls ahead in VC

2025 was a bright year for Saudi VC, with $2.1 billion invested and knocking the UAE off the top spot. However, H1 2026 marked a resurgence in UAE VC deal value, reaching $1.3 billion and already surpassing the 2025 annual figure. Two-thirds of H1 MENA deal value was in the UAE. The three largest deals in H1 2026 also belonged to UAE-based companies, with $275 million for Cadena, $250 million for CargoX AI, and $230 million for Mal. On the deal count front, the gap widened as well. In 2025, Saudi VC deal counts were 229, while 240 took place in the UAE, the closest it has been in the past decade. But in H1 2026, 106 VC transactions took place in the UAE, nearly double the Saudi total. Saudi Arabia overtook Turkey in VC deal counts for the first time in 2025 as well, but that trend reversed in H1 as Turkey registered 62 versus 55 in Saudi Arabia. Saudi VC dealmaking appears to be slowing after an outlier year in 2025.

Share of VC deal count by 10 most active countries



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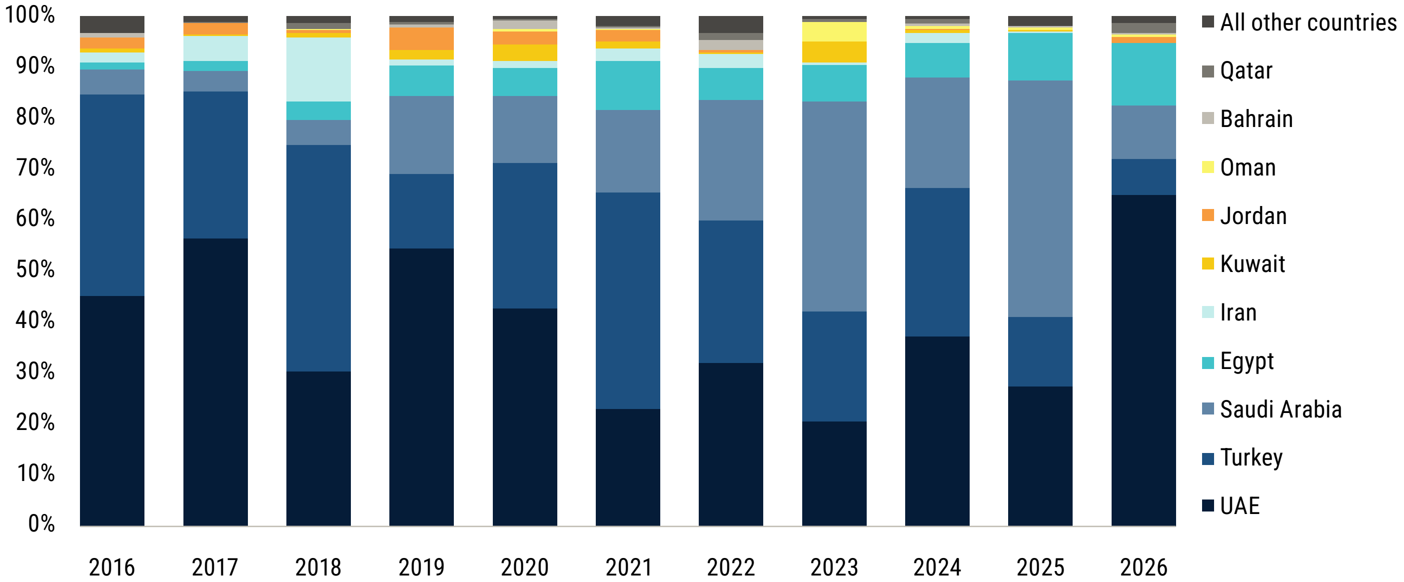
Share of VC deal value by 10 most active countries



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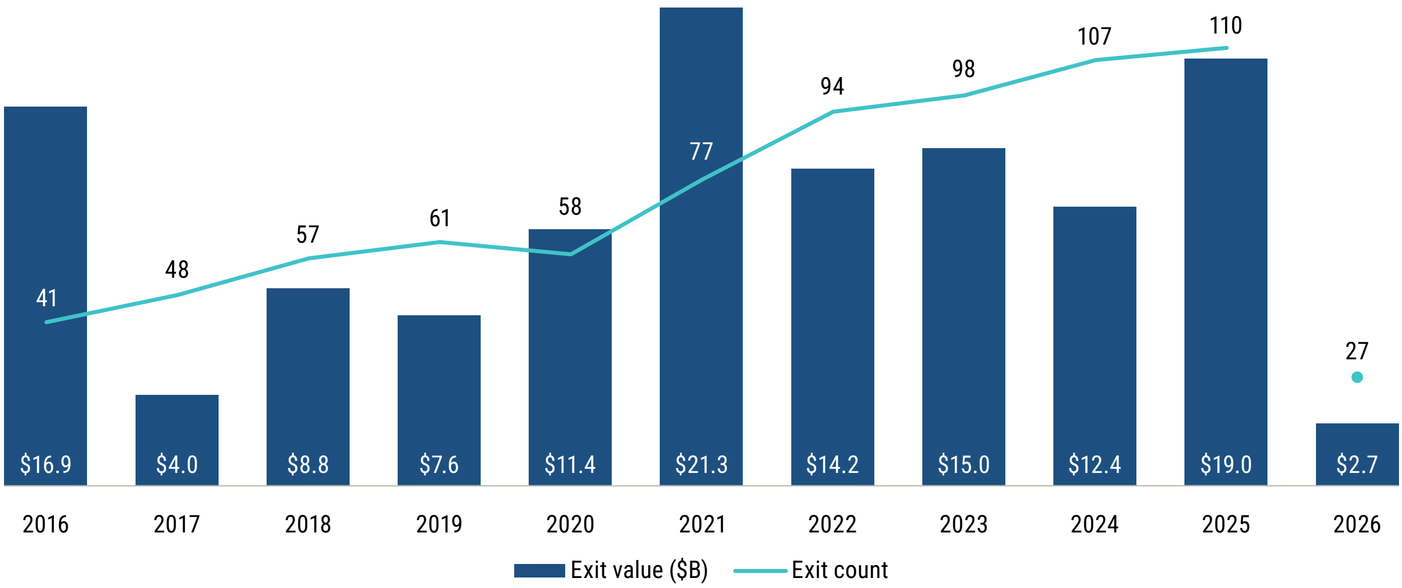
Exits

PE and VC exit activity



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Exits frozen in the MENA region

While PE and VC dealmaking have shown signs of resilience, exits are displaying weakness. Exit value dropped to $2.7 billion from 27 PE and VC exits in H1 2026. This is a stark contrast to 2025, when exit markets were reaching near-record levels. At current run rates, we are on course for the lowest exit value since 2017. On the surface, the decline can be attributed to the geopolitical issues facing the region, but wider challenges facing private markets, such as valuation mismatches between buyers and sellers, AI-driven disruption to businesses, and public market fears, are all feeding into a hesitant exit market. It is worth reiterating that a single large exit can change the narrative, and several will be needed in H2 to turn the tide.

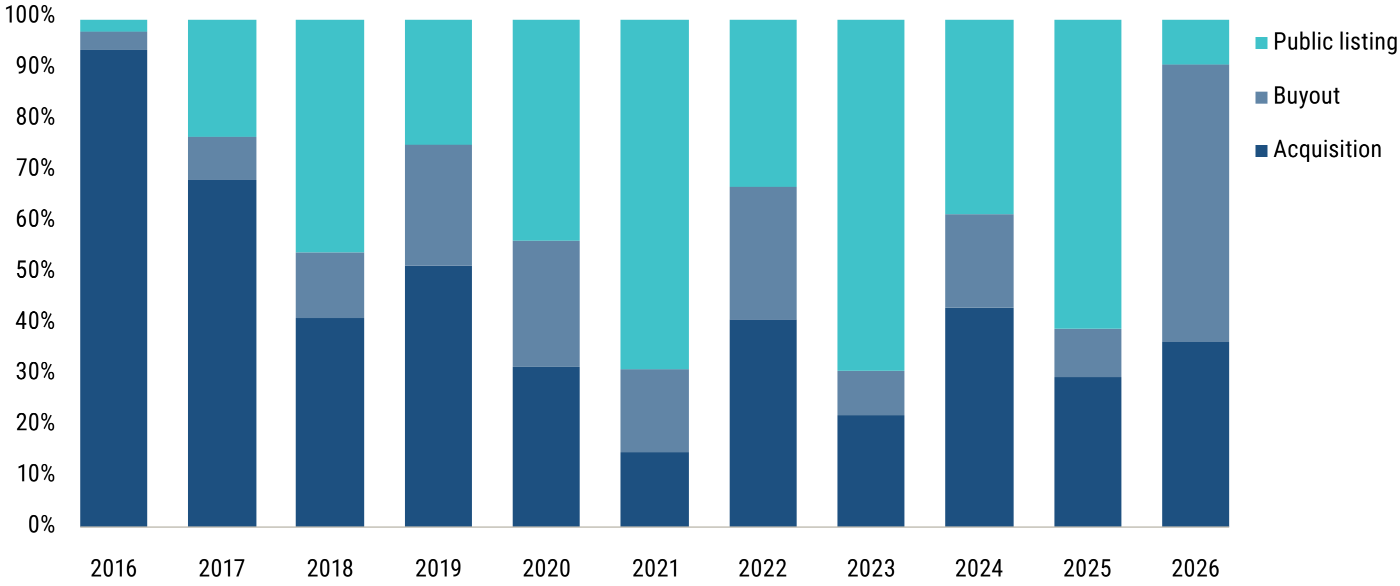
Liquidity from listings off the table

In H1 2026, only 8.9% of PE exit value was generated from public listings, as they have remained out of favour this year. By comparison, 60.8% of PE exit value in 2025 came from public listings, with a large chunk coming from the Flynas IPO at a $3.3 billion valuation. Flynas' market cap sat at around $2.2 billion as of 28 August. While valuations can change quickly, tough market conditions have made it tricky for formerly privately backed companies to grow in public markets. This was heightened for businesses directly affected by travel disruption in recent quarters, which have not had to contend with such issues in previous years. Moreover, how recent listings perform will influence the appetite for future debuts from both a company- and an investor-demand standpoint. Flows of public listings decline when investor demand does not align with companies' IPO valuations.

Gaming offers a bright spot

One major exit in H1 2026 was Turkey-based Loom Games, which was sold to Scopely for $1 billion. The exit is notable, given that Loom Games is only a 20-person gaming studio founded in 2025. The rapid growth of the company has coincided with the shipping of its popular first game Pixel Flow in late 2025. It is already being played by more than 10 million people and has entered the top 20 highest-grossing mobile games in the US. The game, its developer, and the valuation all point to how tech-enabled, VC-backed companies can grow rapidly and exit despite headwinds across financial markets. And the gaming sector has been showing positive momentum in Turkey in recent years. One of the largest exits in 2025 was the $2.5 billion buyout of Dream Games by CVC. This followed Zynga's $1.9 billion purchase of Peak in 2020. In fact, Dream Games was developed by former Peak employees and illustrates how the cyclical nature of VC can fuel future investment.

Share of PE exit value by type



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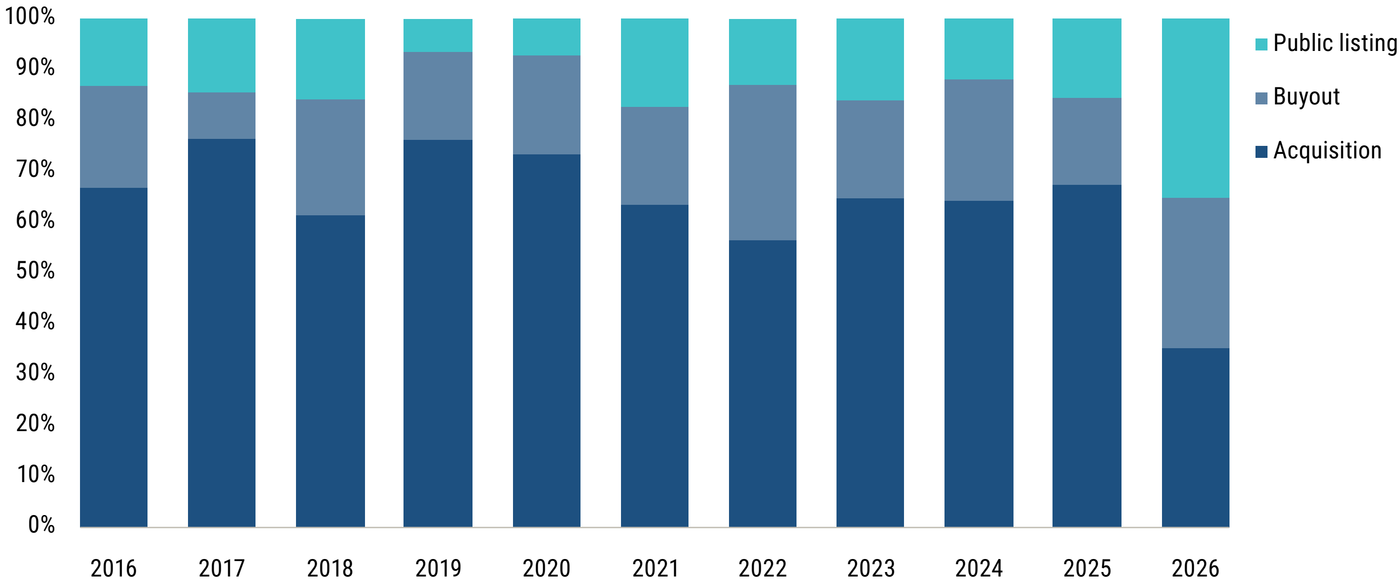
Share of PE exit count by type



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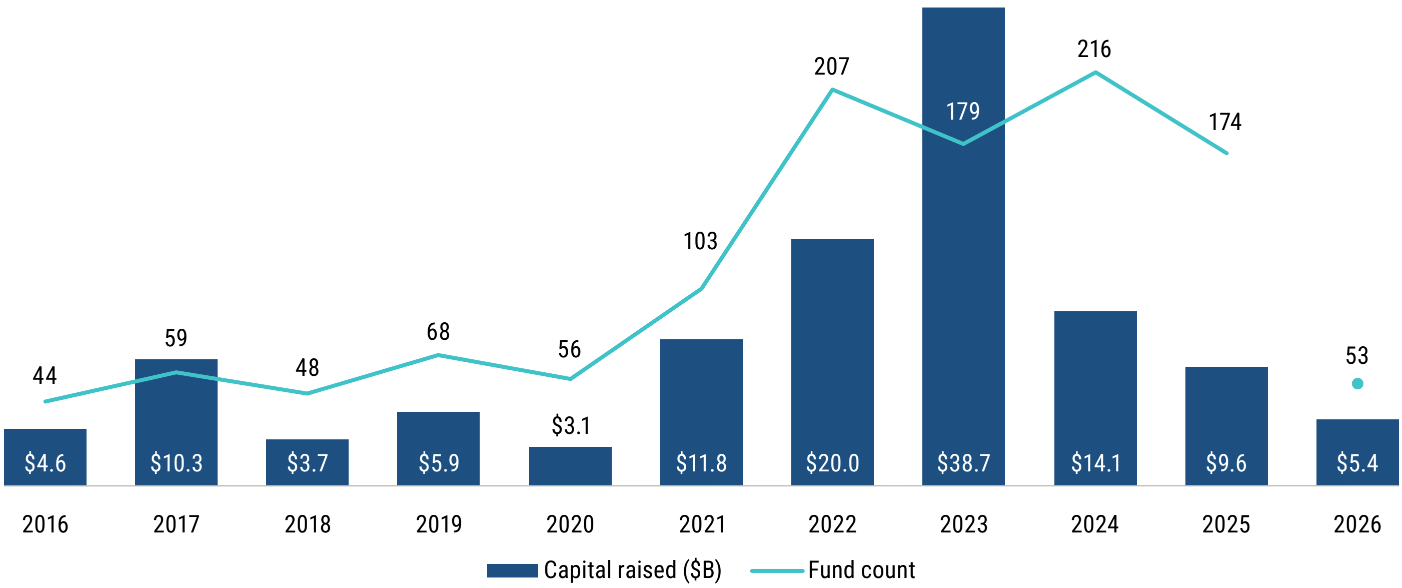
Fundraising

Private market fundraising activity



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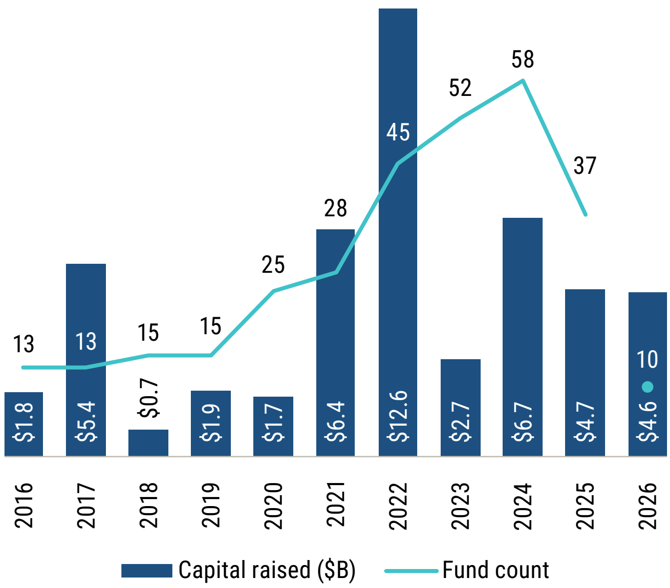
Fundraising picture mixed

With dealmaking offering resilience and exits showing weakness, fundraising paints a mixed picture through H1 2026. $5.4 billion was raised, on track to beat the $9.6 billion raised in 2025. Contrastingly, there were only 53 fund closures, on course to fall short of the 174 funds in 2025. Fewer, larger funds with concentrated pools of capital are a constant narrative in private markets, and we are seeing that theme play out in the MENA region. The vast majority of capital raised came from PE funds, and they accounted for $4.6 billion, equivalent to 85.6% of the total in H1 2026. And H1 2026 PE fundraising is already on a par with the full-year 2025 figure. Meanwhile, VC funds raised only $190.1 million, and venture capital raised could fall well short of the $1 billion mark, a figure that has been reached every year since 2021.

PE fundraising activity



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BlueFive Capital leads fundraising efforts

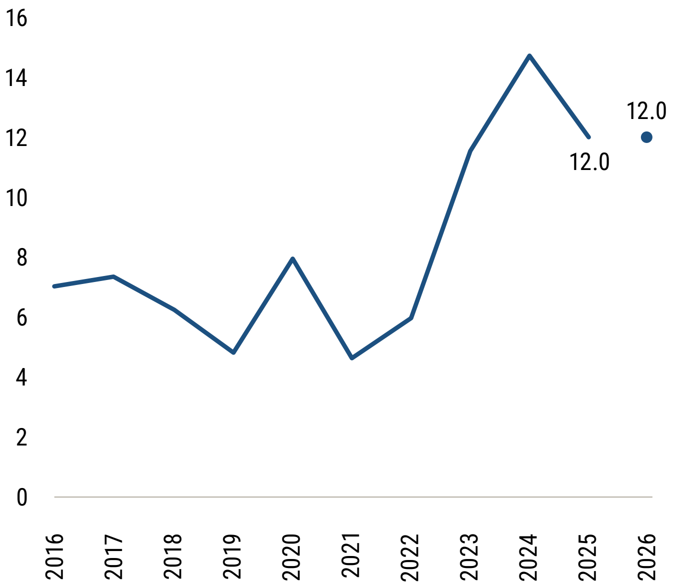
BlueFive Capital's $3 billion Onyx Fund I was the standout fundraise in H1 2026. The fund will invest in European and US tech and biotech businesses and underscores how MENA investors are targeting international private capital transactions. Onyx Fund I follows BlueFive Reef Private Equity Fund I in 2025, which raised $2 billion. Having been founded in 2024, BlueFive Capital now manages $15 billion in AUM and has emerged as a major investor in the MENA region. Notable transactions in H1 2026 include participation in CargoX AI's $250 million round and Mal's $230 million round, two of the largest VC deals so far in 2026.

Median fund size and close times

Mixed fundraising signs were also evident with the median fund size and close time in H1 2026. The median time to close a MENA private market fund remained steady at 12 months through H1 2026, having peaked at 14.7 months in 2024. Time to close has steadily risen from 2021 to 2024 before easing, coinciding with tougher capital availability.

The private market median fund size was $68 million in H1 2026, based on only 11 disclosed fund sizes, so this could pick up in the second half of the year. Median fund size has also steadily grown, rising from $49.1 million in 2020 to $120 million in 2025. It is worth noting that these median figures can move around throughout the year, as new funds can skew figures.

Median time (months) to close a private market fund



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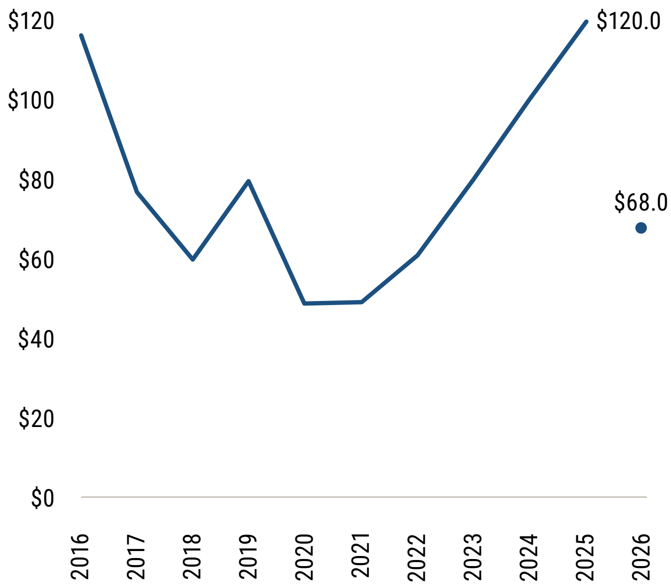
Median private market fund size ($M)



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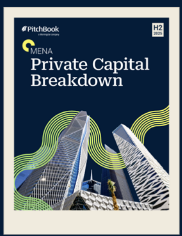
Additional research:



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