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In conversation with Man Capital's founder, Mohamed Mansour

By James Williams 6th October 2022

For some family offices, the allure of investing with a wide range of talented fund managers is less strong than simply doing direct deals and taking satisfaction from the fact. One such family office is Man Capital, the private investment arm of Mohamed Mansour, one of Africa's richest people. The family office has gained a reputation as one of the most dynamic, and Mohamed Mansour says they may be looking to invest with other family offices – "with a firm that shares our values…"

According to *Forbes*, the Egyptian businessman Mansour is worth $2.5 billion, making him the 12 richest person in Africa. Since 1976 he has been running the Mansour Group, which his father, Loutfy Mansour, established in 1952. Its roots go back to cotton exporting before pivoting in 1975 to partner with General Motors.

Al-Mansour Automotive is now one of the world's leading distributors of GM vehicles, while Mantrac Group handles the distribution of Caterpillar earthworks machinery across 12 countries. Mansour-Maghraby Investment and Development Company invests in real estate and other sectors within Egypt with an eye on ESG and ethical business considerations. Group revenue runs to billions of dollars.

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Man Capital, whose CEO is Loutfy Mansour, the son of Mohamed Mansour, uses dividend proceeds from its ownership stake in Mansour Group to fund the family's personal investment portfolio, which itself spans several different sectors, including technology, real estate, logistics, education and sport. The family focuses on direct investments to promote sustainability and impact.

Last year, it invested with Right to Dream, a network of football academies and educational establishments in Ghana, Egypt and Denmark, with plans to expand globally, which also owns the Danish football club, FC Nordsjælland. These investments reflect the family's commitment to supporting communities across Africa. Indeed, they are a family of football fans, with Mansour's uncle, Mostafa, having represented Egypt in the 1934 World Cup. The group is unrelated to Sheikh Mansour, owner of Manchester City FC.

Up until 2010, the majority of Mansours' portfolio investments were done through traditional bank relationships simply because, as the patriarch and the chairman of a successful conglomerate, Mansour had limited time to think of an alternative way to invest.

"I was too involved in my business activities with the Mansour Group in Egypt or with my work as Minister of Transport for Egypt (from 2006 to 2009) to manage my own investments," Mohamed Mansour tells *Family Capital*. "When I left that government role in 2009, I said to myself, 'If banks can do it, why can't we?'

"I went to the US and Europe, where I visited some family offices and concluded that we should establish our own investment firm and could find great men and women to give us all the support and investment knowledge we needed. That was the ethos behind setting up Man Capital in 2010."

The purpose of Man Capital was to do two things. One was to manage Mansour's personal trust. The second was to invest the family's capital, generated by Mansour Group's core businesses each year, and take strategic long-term positions in various sectors.

Crucially, and perhaps a hallmark of what separates Man Capital from other family offices, many of its investments are direct deals; the family invests with a handful of prominent global GPs, but these types of investments are the exception than the rule.

On average, the family oversees one or two investments a year. In the logistics space, for example, Man Capital made a 100%acquisition of Vanguard Logistics Services – one of the world's biggest freight operators – a decade ago and still owns it. That patient approach to sourcing investments continues to stand it in good stead. Unsurprisingly, energy is an important focus for the family given the value it places on ESG, with key investments in Venterra, who operate offshore wind farms, and renewable energy provider Infinity.

Establishing 1984 Ventures

To tap into the vast opportunity set within the technology sector, Man Capital decided the best approach would be to set up its own venture capital business. In 2017, 1984 Ventures was born.

"I attended a seminar back in 2005/2006 that Caterpillar had set up," recalls Mansour. "The speaker talked about what tech would do to the world. As a business leader, my job has always been in driving the strategic direction of the businesses, recognising how to take things forward and keep the Group ahead of the curve."

By 2009, Mansour was still receiving tech investment ideas from Goldman Sachs, one of which suggested making an investment in Facebook.

"We also invested pre-IPO in Airbnb, Spotify, Twitter and others. I started going to Silicon Valley to understand what was happening with all these new technology companies, I was fascinated with how things were changing.

"From 2014 onwards, I was visiting two or three times a year until I decided it was time to do something ourselves. We found the right guy, a tech entrepreneur called Ramy Adeeb, and in 2017 we founded the VC firm 1984 Ventures to gain access to early-stage technology businesses," says Mansour.

Ripe for disruption

The VC firm focuses on enterprise software opportunities in real estate, logistics, healthcare and financial services.

"We feel that it's an opportunity to go after antiquated-type industries that are really ripe for disruption. We've done 50 investments in seed and early-stage start-ups, and 50% of those companies have gone from first to second round fundraise, which is a great batting average for a VC fund," he says.

While acknowledging that Artificial Intelligence, autonomous vehicles and clean tech are exciting areas of innovation and change, Mansour confirms these investment themes are not currently being explored.

Despite the sharp correction in technology stocks and VC-owned companies in 2022, this has not deterred the family from continuing to invest in technology for the long term. While growth might have peaked, "we feel it is still an attractive ecosystem in which to invest".

It operates like an investment manager in many respects, taking a bottom-up fundamental approach to how it sources and prosecutes deals. This has also led to pull back in both public and private markets in 2022, as Man Capital – and 1984 – wait to deploy cash when valuations start to look encouraging again.

"That has been the thesis of how we think, and I think it's been the right approach so far. My personal belief is it's going to take another 12 months. Inflation is going to challenge a lot of businesses," says Mansour.

Real estate is one such sector. "We are still a major property investor. However, with interest rates rising and mortgages affected, I think it will be a challenging time for the sector, and returns could be sluggish for the forthcoming period."

The family has invested in approximately one million square feet of real estate in the US, including residential housing, office buildings, cinemas, restaurants and shopping malls in St. Louis, Missouri and a major retail development in East Peoria, Illinois.

"We have also invested in London office buildings, such as 21 St James's Square. That investment opportunity came to us from the asset manager, Columbia Threadneedle. The mixed-use development in St. Louis we sourced ourselves, it was a greenfield area," says Mansour.

Smart city vision

Real estate is one of the pillars of Mansour Group's business division. In 2005, Mansour-Maghraby Investment and Development Company established the real estate company, Palm Hills Developments. It is currently developing a smart city project 20 kilometres west of Cairo, called "Badya", which will provide housing for 200,000 residents.

"As a family, we are proud to be carving a city out of the desert. It is likely to be the first city in North Africa and the Middle East to be built in full accordance with the UN Sustainable Development Goals.

"There will be lots of green space, and 40%renewable energy will power the city. We are building a new university, which will be the greenest on the planet. There will be wind corridors and the latest in water reuse and recycling," says Mansour.

Asked whether the family office was open to partnering with other families, Mansour says:

"Unfortunately, up to this point, we haven't, but it is something that we have always been open to in principle. The right opportunity has not yet come along to do this in practice. Were this to happen, we would wish to invest with a firm that shares our values and can add something where we do not have the expertise or coverage already."

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