# Maris Africa Fund

## Fund Summary
## June 2010

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|---|---|
| First Closing | 8th June 2009 |
| Final Closing | July 2010 |
| Commitments | $15 million |
| Target Final Commitments | $23 million |
| Fund's domicile | Cayman Islands |
| Legal Form | Limited Partnership |
| Structure | One General Partner<br>47 Limited Partners |
| General Partner | Maris Africa (GP) |
| Advisor | Maris Capital Limited |
| Investment focus | Early Stage<br>Development capital<br>Buy-out investments |
| Investment focus by geography | Sub Saharan Africa<br><br>The fund has developed a pipeline of investments in South Sudan and Kenya; Mozambique, Zimbabwe; Sierra Leone and Liberia. |

## FUND UPDATE AND OVERVIEW

The Maris Africa Fund ("the fund") held its first close on 8th June 2009 and has commitments of $15 million, of which it has drawn down 30%. Following a due diligence trip to all portfolio companies in South Sudan and Kenya, the fund has received final approval from FMO's Massif Fund and Proparco's FISEA fund for an additional investments of $7 million. We are processing these, and one other, commitment towards a final close of $23m, and the Massif Fund and FISEA have both joined the Advisory Boards of the Maris Africa Fund.

When we first started fundraising, we pencilled in Q1 2010 for a final close date. This turned out to be an optimistic timetable for instutional investors but thanks to our broad, international Limited Partner base, we have exceeded our initial target, and we are looking forward to concentrating on growing our portfolio.

The management team now includes Charlie Tryon, Andrew Fimister, Coco Ferguson and Keith Gardner, who divide their time between London (UK), Maputo (Mozambique) and our target geographies.

## PORTFOLIO SUMMARY

The fund has invested in or acquired interests in four companies for a total value of $4,440,558:

i) The fund has made an investment of $1.9 million in Karebe Gold Mining Limited (KGML) in western Kenya. Production commenced in September 2009 and stands at 20 kg. KGML's production has been held back by delays on the completion of the mill, which is now in transit from South Africa.

ii) The fund holds interests in three profitable companies in South Sudan: Network Support Services (cell phone infrastructure services), Operational Support Services (hotel & business services, and logistics) and Afritise (outdoor advertising).

NSS and OSS are performing ahead of forecast. Afritise is behind forecast due to advanced payments in 2009 for building projects, but looks likely to achieve its overall 2010 forecast.

## ADVISORY BOARD

Iwan Meister of the Massif Fund (FMO), and Kamal Dadi of the FISEA fund (Proparco) will join the Maris Africa Fund's Advisory Board.

## VALUATION

The Advisory Board of the Maris Africa Fund will conduct a valuation of portfolio companies on 6th July, 2010.

## INVESTMENT PIPELINE

The fund is considering investments in a number of sectors including outdoor advertising, machinery leasing, hotels, financial services and agribusiness. The fund's next investments are likely to be in Mozambique and Zimbabwe. In line with the fund's investment guidelines no single country or sector should represent more than 20 - 25% of the fund. The fund is not planning significant further investments in South Sudan.

## MARKET OVERVIEW

Africa outperformed expectations following the financial crisis, and its robust growth prospects and value opportunities are attracting new emerging market investors (including those from the Gulf and Asia). Zimbabwe's anticipated recovery is attracting attention, and Juba is welcoming more commercial visitors as managers look beyond next year's referendum on South Sudan independence. Asian demand for Africa's natural resources is a clear growth driver, but increased inter African trade, deregulation and the development of its domestic markets are  less acknowledged, but equally important, sources of growth. For detailed market overview please see appendices.

## OUTLOOK

Over the next few months we will focus on diversifying our portfolio geographically, while growing existing companies, with investments in scaleable companies in Southern and West Africa. These investments will aim to broaden our portfolio and diversify its political risk, while serving as cornerstone investments for the fund in new markets.

## PORTFOLIO COMPANIES



| Company | Sector | Stage | Investment/ transfer date | % Equity Holding | Transfer cost | Funded commit-ment as of 25/01/01 |
|---|---|---|---|---|---|---|
| Karebe Gold Mining Ltd, Kenya | Small scale gold mining | Start-up | Jan 2009 | 80% | - | $1,878,339 |
| Network Support Services, South Sudan | GSM infrastruc-ture construction and maintenance | Expansion | Oct 2009 | 60% | $1,460,891 | - |
| Operational Support Services, South Sudan | Hotel services and logistics | Expansion | Sept 2009 | 47% | $1,021,185 | - |
| Afritise, South Sudan | Outdoor adver-tising | Early stage | Sept 2009 | 30% | $96,000 | - |
| **Total** | | | | | **$2,578,056** | **$1,878,339** |

Valuations are at cost pending a meeting of the Advisory Board on 6th July to review valuations.

## PORTFOLIO COMPANY: KAREBE GOLD MINING LIMITED

Karebe Gold Mining Limited, Kenya ("KGML") is a newly formed Kenyan gold mining company. KGML's license includes tailings resources and two existing disused mines, Equatorial Mine and Rock Corry Mine, last worked in the 1950's. Production on the tailings resource has commenced with production standing at 20kgs or 640 ounces. Underground mining and production will commence in Q3 2010, three months later than expected. KGML is headquartered in Kisumu, Kenya.

## MARIS AFRICA FUND COMMITMENT

| | |
|---|---|
| Investment Date | January 2009 |
| Development Stage | Start-up |
| | |
| Fund Commitment | $1.89 million |
| | |
| Commitment Structure | |
| Equity | $1,200,000 |
| Shareholders loan @ 10% per annum | $690,000 |
| | |
| Valuation | $1.89 million |
| Basis - cost | |
| Equity Investors | Equity stake (%) |
| Maris Africa Fund | 80 |
| Management (David May) | 20 |
| | 100 |
| | |
| Fund Board Membership | 2 board seats |

| Financial Year Summary | 2010 Forecast | to 30th April |
|---|---|---|
| Revenues | $3,104,028 | $372,809 |
| EBITDA | $2,100,817 | $103,740 |
| Net Income | $1,767,926 | $103,740 |

Note: depreciation/tax/amortization is applied annually in December

### BACKGROUND

KGML was established in 2008 by Manager David May and the Maris Africa Fund. Production commenced in October 2010 on KGML's 40,000 ton tailings resource. To date the company has sold 20kg of bullion and is due to commence underground mining operations in July 2010, three months behind schedule.

KGML hosted FMO and Proparco's due diligence visit in April, which included an environmental and social impact assessment. The report was favourable and after much scrutiny KGML was given the green light by both FMO and Proparco.

### BUSINESS

KGML tailings production is slightly ahead of our forecast to the end of April 2010. We anticipated revenues of $587K to the end of May and have surpassed this with $625K in bullion sales to date. The mine is currently producing approximately 3.5kg (108oz) per month on two shifts. We have scaled back production from three 8-hour shifts to allow for more focus on construction of our workers' housing and underground mine work.

However, with the manufacture of our mill delayed by over three months our revenues for the first half of the year will be less than expected. We anticipate that the mill will be in operation by the end of July, after which point we hope to increase production and make up for the delays by the end of the year. We remain committed to meeting our revenue forecast for 2010, boosted by a gold price that is now trading at 30% above our forecast figure.

## OPERATIONS

Tailings production has been hampered slightly by a lack of water within the mine and work commitments elsewhere on the mine. We have scaled production back from 24 hour production to 2 8-hr shifts until we commence underground operations in July.

The Equatorial Mine has been re-opened and made safe on the first three levels. The company should begin test milling in July and in August will commence milling of loose ore carrying low values (6-9 grams/ton). Thereafter the company will blend higher grade ore after testing the milling circuit before gradually phasing ore grades upwards to 20g/ton by Q4.

The company has hired over 100 staff, including welders, drivers, machine operators, mechanics and casual laborers, who have been hired where possible from the local community. A further 80-100 staff will be hired over the next 12 months once underground mining operations increase.

## FUTURE PLANS

Over the remainder of 2010 we shall strive to commence underground mining in Equatorial Mine and milling operations and increase production levels towards our capacity of 1,000 tonnes of ore milled per month. This should yield up to 15kgs/mo (467oz) of gold as we scale up the grades towards the end of the year.

A thorough geological survey will be carried out once the remaining areas within the mine are made safe and the entire mine structure is accessible. KGML is continuing to develop further small scale mining opportunities in Western Kenya. We maintain that the most appropriate exit strategy is either a listing on the Kenyan Stock Exchange or a private sale.

## MANAGEMENT

The company is managed by Zimbabwean David May, who has 38 years' mining experience and built Kenya's only other operating mine. He is supported by an experienced senior management team of Kenyan and Zimbabwean miners. The fund holds two board seats and Charlie Tryon sits on the management committee and is Chairman of the company.

KGML site, April 2010

## PORTFOLIO COMPANY: NETWORK SUPPORT SERVICES

Network Support Services Limited, South Sudan, ("NSS") is the dominant GSM infrastructure construction and maintenance business in South Sudan. The company has a 30% share of the GSM site construction market and a 50% share of the site support and maintenance market. NSS's main customers are Zain (formerly Celtel), the largest GSM operator in Sudan and South Sudan and Nokia Siemens Networks. NSS is headquartered in Juba, has regional offices in Wau, Rumbek and Tambura and a support office in Nairobi, Kenya. NSS has 55 employees.

## MARIS AFRICA FUND COMMITMENT

| | |
|---|---|
| Transfer Date | October 2009 |
| Transaction Type | Non-cash share transfer |
| Development Stage | Expansion |
| Fund Ownership | 60% |
| | |
| Transfer cost | $1,460,891 |
| Unfunded commitment | 0 |
| | |
| Valuation at time of transfer | $2,434,819 |
| Basis - 2x forecast EBITDA 2009/2010 | |

| Equity Investors | Equity stake (%) |
|---|---|
| Maris Africa Fund | 60 |
| Aspen Wind Corporation | 25 |
| Management | 15 |
| | 100 |

| | |
|---|---|
| Fund Board Membership | 1 board seat - C Tryon |

| Financial Year Summary (Y/E 31 Dec) | 2010 Forecast | to 30th April |
|---|---|---|
| Sales | $3,641,256 | $1,469,651 |
| EBITDA | $738,239 | $388,041 |
| Net Income | $349,920 | $388,041 |

Note: depreciation/tax/amortization is applied annually in December

### BACKGROUND

NSS was established in 2007 to service the nascent telecommunications industry in South Sudan. NSS has built 14 GSM sites and is currently building a further 3 sites and maintaining 67 sites for Zain. NSS also holds contracts with Nokia Siemens Networks (NSN.) NSS is Zain's largest contractor in South Sudan providing services from site survey work to site maintenance and construction work.

### BUSINESS

NSS has performed well ahead of forecast to the end of April with net income 653% up on forecast. Revenues are down 11% on forecast but operating costs were 32% lower than anticipated as a result of tower construction costs being booked later in 2010. The results are therefore positively skewed.

The company is adding 4 - 5 sites per month to its existing base ans still hopes to service 100 sites by the end of the year, though this is dependent on Zain's expansion plans. Currently Zain plans to expand its existing network rollout schedule, which should result in more sites being offered to

NSS in 2011 than initially forecast. NSS's growth is limited by Zain's difficult payment schedule, often over 120 days after invoicing but with three years' experience in working with Zain, the company is increasingly able to plan around it.

## FUTURE PLANS

NSS has received approval from Zain to work with alternative GSM providers in South Sudan. Site maintenance work will develop, as will installation work with NSN. NSS expects to manage over 100 base station and trunk network sites by Q4. Going forward the company's focus will be on cutting costs, improving efficiency and looking to expand services within Sudan and into neighbouring countries.

## MARKET

South Sudan remains a highly underdeveloped mobile telephone market in comparison with other African markets. Investment within South Sudan has been slower than scheduled and significant growth potential remains. Network build out plans have been restricted by Zain's cashflow constraints, however we anticipate that all GSM operators will seek to expand their networks in 2010/11 and NSS anticipates considerable growth in the site maintenance sector thereafter.

## MANAGEMENT

Gary Ensor was recently recruited from Vegpro, one of Kenya's largest vegetable export businesses to take over as CEO of NSS. Charlie Tryon has a board seat and is Chairman of NSS.

NSS-built GSM lattice masts, South Sudan

# PORTFOLIO COMPANY: OPERATIONAL SUPPORT SERVICES

Operational Support Services Limited, South Sudan, ("OSS") is a camp services and logisitics provider. OSS owns 100% of Acacia Village, a 31-room apart-hotel, and 75% of OSS Trucking. Acacia Village offers long-term accommodation, office and storage facilities to the private sector and NGO community in Juba, South Sudan. OSS Trucks and Workshop is a machinery leasing and servicing business.

## MARIS AFRICA FUND COMMITMENT

| | |
|---|---|
| Transfer Date | September 2009 |
| Transaction Type | Non-cash share transfer |
| Development Stage | Expansion |
| Fund Ownership | 47% |
| | |
| Transfer cost | $1,021,185 |
| Unfunded commitment | 0 |
| | |
| Valuation at time of transfer | $2,172,735 |
| Basis - 3x forecast EBITDA 2009/2010 | |
| | |
| Equity Investors | Equity stake (%) |
| Maris Africa Fund | 47 |
| Long Range Limited | 53 |
| | 100 |
| | |
| Fund Board Membership | 2 board seats - C Tryon, K Gardner |

| OSS Consolidated Summary | 2010 Forecast | to 30th April |
|---|---|---|
| Sales | $1,273,420 | $818,809 |
| EBITDA | $695,000 | $382,131 |
| Net Income | $558,327 | $382,131 |

Note: depreciation/tax/amortization is applied annually in December

### BACKGROUND

OSS Ltd was founded in 2008 by an international consortium of investors. Acacia Village was completed in October 2008. OSS Trucking began operations in 2009 to serve Acacia Village clients and international development agencies and construction companies. The Maris Africa fund took an equity position in the company in Q3 2009 and received a dividend of $100,000 in 2009. We are planning to establish OSS Trucking and Workshop as separate companies and will account for the different entities from July 2010.

### 1. ACACIA VILLAGE

| Financial Year Summary (Y/E 31 Dec) | 2010 Forecast | to 30th April |
|---|---|---|
| Sales | $ 846,420 | $461,732 |
| EBITDA | $ 534,970 | $243,492 |
| Net Income | $ 427,497 | $243,492 |

## BUSINESS

Acacia Village has performed strongly, running at near 100% occupancy, with continual demand for the luxury rooms. During Sudan's elections the company's tents were at 100% occupancy; this is unusual and consideration is being given to the expansion of luxury rooms to replace tents in part or wholly. Acacia's facilities (swimming pool, tennis court, garden, bar and dining) continue to attract long-stay clientele.

Acacia is currently running ahead of forecast, predominantly due to higher than expected occupancy, coupled with efficiency savings. These savings will compound throughout the year.

## FUTURE OPERATIONS

The sale of Acacia has fallen through due to the buyer's insufficient funds. We are considering an expansion to the hotel. This is under review, but a decision will be reached before the end of June to enable a building project to be completed in time for the referendum build-up in late 2010.

## OSS TRUCKS AND WORKSHOP

| Financials | 2010 Forecast | 30 April 2010 |
|---|---|---|
| Sales | $ 423,000 | $357,077 |
| EBITDA | $ 151,330 | $138,639 |
| Net Income | $ 121,330 | $138,639 |

## BUSINESS

OSS Trucks had an excellent start to the year by winning the major contract to distribute election materials, which was not forecast. Overall OSS Trucks has already exceeded its 2010 net income forecasts.

Over the course of four weeks, OSS Trucks distributed large volumes on behalf of Kuehne Nagel and UNDP. Work also continued for ongoing contracts with Zain and Sudan-based NGO's. OSS Workshops had a slower start to the year, as many NGO's pulled out during the elections. We anticipate work to pick up post elections as NGO's return and distributions begin again.

## FUTURE OPERATIONS

We will continue to expand contracts for OSS Trucks and Workshops. We expect to see a similar distribution phase during the later part of 2010 with the build up to the 2011 referendum over independence.

Acacia Village, Juba, South Sudan

## PORTFOLIO COMPANY: AFRITISE

Afritise Limited, South Sudan ("Afritise") is the dominant outdoor advertising company in South Sudan. Afritise offers a turnkey media solution to local and international clients: services include graphic design, high quality printing and billboard displays from small street finder signs to the construction and installation of large scale billboards. The proposed exit is to a regional advertising company that is looking to enter new domestic markets. Afritise is headquartered in Juba, South Sudan and has eleven full-time employees.

## MARIS AFRICA FUND COMMITMENT

| | |
|---|---|
| Transfer Date | September 2009 |
| Transaction Type | Non-cash share transfer |
| Development Stage | Early stage |
| Fund Ownership | 30% |
| | |
| Transfer cost | $96,000 |
| Unfunded commitment | 0 |
| | |
| Valuation at time of transfer | $320,000 |
| Basis - 2x forecast EBITDA 2009/2010 | |

| Equity Investors | Equity Stake (%) |
|---|---|
| Pan African Advertising | 70 |
| Maris Africa Fund | 30 |
| | 100 |

| | |
|---|---|
| Fund Board Membership | 1 board seat - C Tryon |

| Financial Year Summary (Y/E 31 Dec) | 2010 | 2010 Forecast |
|---|---|---|
| Revenues | $419,610 | $122,214 |
| EBITDA | $203,810 | $21,308 |
| Net Income | $149,664 | $21,308 |

Note: depreciation/tax/amortization is applied annually in December

### BACKGROUND

Afritise was established in February 2008 and has since developed into South Sudan's premier outdoor advertising company. The company has 164 billboard panels in two sizes ranging from 6m x 3m to 8m x 4m and over 130 street panels. With coverage in 11 cities and towns Afritise is the best established outdoor advertising company in South Sudan.

### BUSINESS

Afritise has two core rolling contracts with telecoms operator Vivacell, and an international NGO, Population Services International. The companyrecently signed with telecoms company Zain for an initial contract of 18 billboard panels ($4,480 per month) – although we expect this to grow at a similar scale to Vivacell. The company is in talks with a number of companies to expand its service offerings and to broaden its customer base (such as KCB and UAP insurance).

2010 will continue to be a challenging year, but we are on track to see revenues grow to nearly

$500,000 due to the expected growth of the Zain contract, coupled with the securing of the airport and revenues from renting prime billboard space at this location. We also have several other potential contracts, which will greatly boost our revenues if signed as predicted.

The current accounts should not project an incorrect picture of the state of finances for Afritise – much of this year's revenue from PSI contract was paid in advance to assist the building program late in 2009.

## FUTURE PLANS

The continued presence of a major competitor (Magnate/TFMS) in South Sudan presents a very real competition and threat to Afritise. Afritise is continuing its efforts to secure key sites and locations (such as Juba Airport) in order to cement our position within the market. The management and local partner in Sudan are continuing to work with the Ministry of Information and Culture to put in place legislation that will seek to regulate the outdoor industry.

## MANAGEMENT

Keith Gardner, who has been living and working in South Sudan for the past two years has handed over the reigns of the company to Nielson Stewart, from Zimbabwe. The staff within the company otherwise remain unchanged, although we shall be looking to develop our sales team further and improve our sales force. Afritise has 11 full time employees and 20 - 25 part time contractors for sign construction and maintenance.


Population Services International Bilboard


Vivacell Billboard

# APPENDIX 1 MARKET OVERVIEWS

## SOUTHERN SUDAN

| | |
|---|---|
| Population | 8m (approx.) |
| GDP 2008 | US$ 1.5 bn |
| GDP growth (all Sudan) | 2007:10% |
| | 2008:7% |
| | 2009:4%* |
| | 2010:5%* |

*forecast

Source: IMF World Economic Database

April's Presidential and local elections in Southern Sudan were broadly peaceful with the exception of pockets of resistance where a few senior members of the local Sudan People's Liberation Army (SPLA) lost seats and refused to accept the election result. In the oil rich Upper Nile State sporadic violence has broken out on a number of occasions since April.

With Presidents Salva Kiir and Bashir holding their respective southern and northern territories and the increasing agreement by the Khartoum based Government of National Unity (GoNU), led by Bashir, to abide by the Comprehensive Peace Agreement (CPA) of 2005, South Sudan may still hold the much awaited referendum over independence in 2011.

Within the subdued world of South Sudanese politics things are changing. The political and military elite who established themselves in the aftermath of the CPA are in turn being replaced within government by younger, more politically adept adversaries. The returning diaspora, educated overseas, is increasingly featuring in the new South.

Whilst the changing of the old military guard is preferable in many ways, we see this as a significant risk to the political stability of South Sudan. Many of the SPLA's senior officers are being sidelined in favour of younger, more assertive, non-military players; this combined with tribal and ethnic divisions could spark conflict amongst opposing factions. Perhaps too much is made of the North-South divide given the increasing ethnic and tribal tensions between Southerners.

Almost no data exists on the South Sudanese economy. If the fund's holdings and the Government budget are any indication, then 2010 has seen strong GDP growth supported by a strengthening Sudanese Pound.

The local and Presidential elections in early April sparked a surge of economic activity across many sectors with the international community and the Government of South Sudan increased spending in support of the elections. More significantly the recovery of the oil price, which underpins approximately 90% of GoSS's budget has seen an influx of foreign currency and increased local government spending. Small scale local (East Africa) private investment has also increased and infrastructure investment continues with road construction being core to the government's plans over the next few years.

This promising economy remains extremely vulnerable to the oil price, the whims of the GoNU in remitting oil revenues, and to the security situation in the South. Any easing of tensions is dependent on international support, especially from the US and China in ensuring harmony remains between the two states of Sudan, and within them, in the run up to the referendum.

# KENYA

| | |
|---|---|
| Population | 36m |
| GDP 2008 | US$ 30 bn |
| GDP growth | 2007:7% |
| | 2008:2% |
| | 2009:3%* |
| | 2010:5%* |

*forecast

Source: IMF World Economic Database


2010 has hailed a minor break through in the petulant world of Kenyan politics. The country has finalized a broadly popular draft Constitution, approved by Parliament after 180 amendments and many walkouts by MP's. The draft now awaits approval by the country in a referendum scheduled for July, though the turnout is feared to be a disappointing 20%, impacted by voter apathy after the turbulent 2007 elections.

The Kenyan government remains beset by corruption allegations. They recently voted through a pay rise, including nontaxable allowances of a little over USD $200,000 per annum. Kenya now ranks 3rd out of 53 African states in the African corruption league and given that the country is now under scrutiny for having spent (USD) $360 million on unaccounted arms, Kenya's international reputation is not improving.

The International Criminal Court, through the Chief Prosecutor Luis Ocampo continue their hunt to bring perpetraitors of the post election violence in 2007/2008 to justice. Reports are increasing in the Kenyan press of witness intimidation and of those responsible slipping through the net. It will be very interesting to see if the ICC can bring those responsible to justice.

The Kibaki (PNU) Odinga (ODM) coalition appears fractious, as do relationships within the parties themselves. The polls indicate the ODM have 43% of the popular vote versus 21% for the PNU. For now Kenya is walking a political tight rope with a fractious coalition at loggerheads, land issues remain a polemical point and with ethnic and tribal tension simmering Kenya's next election in 2012 looms ominously.

After a troubled 2009, during which Kenya saw almost no significant foreign investment, the economy appears to be showing signs of life, regardless of the political situation and the stock market is recovering after a turbulent 2008. Interest rates are stable and inflation has fallen to 4% from 5.3% in Q1 of 2010.

As one might expect, the financial services sector have performed well as too has the IT and telco sector, the same cannot be said for most other sectors. The agricultural sector comprising 25% of the Kenyan economy has fared particularly badly. Cash crop prices have weakened and Kenya's flagship flower industry has felt the impact of the global economic downturn and was badly impacted by the ash cloud that plagued Europe in April.

In conclusion, business tries to get on with the task at hand in spite of Kenya's politics. There are glimmers of economic hope with large scale investments planned in the energy and transport sectors but it remains a potentially volatile environment.

## MOZAMBIQUE


| | |
|---|---|
| Population | 21m |
| GDP 2008 | US$ 10 bn |
| Forecast GDP growth | 2007:7% |
| | 2008:7% |
| | 2009:5%* |
| | 2010:6%* |

*forecast

Source: IMF World Economic Database

Mozambique remains dependent on foreign backed mega investments and levels of foreign investment have recovered following the slow-down in 2008/9. Recent encouraging announcements include the acceleration of the production schedule for the Benga coal project in Tete, involving Riversdale and Tata; the announcement by Vale to export iron ore from Monapo in Nampula province to Oman and China, amounting to 1 million tonnes per annum. There are encouraging signs from several infrastructure projects, with the go-ahead given to the Catembe-Maputo bridge, the expansion of Maputo port, the construction of the international airport at Nacala, the Chimoio-Espungabera road rehabilitation and the All African games village in Maputo.

The country's currency (Metical) has recently lost 15% of its value due to a structural shortage of US$ within the market and the central bank is currently attempting to remedy the problem by injecting US$ into the market. However, the longer term outlook relative to the US$ is favourable to the Metical, based on strengthening commodity prices.

## ZIMBABWE


| | |
|---|---|
| Population | 12m |
| GDP 2008 | US$ 3.5bn (approx.) |
| GDP 1997 | US$ 9bn |
| Forecast GDP growth | 2007:-7% |
| | 2008: -14% |
| | 2009: 4%* |
| | 2010: 6%* |

*forecast

Source: IMF World Economic Database

The Zimbabwean government remains a fragile political alliance between Zanu-PF and MDC. There have been growing concerns with regards to a new indigenisation law passed in March 2010, obliging majority indigenous shareholdings within five years in all new and existing companies worth over US$500,000 in net asset value. This has led to increased nervousness on the part of foreign investors. Fortunately, the law's ambiguity and a growing realisation within the GNU of how damaging the law will be in its existing form, and of how black empowerment can be better achieved, have led to proposals for watered down versions that are more favourable to foreign investors, based on the South African model of social credits.

The elevated political risk has lead to more favourable asset valuations for potential investors.

## SIERRA LEONE


| | |
|---|---|
| Population | 6m |
| GDP 2008 | US$ 2bn |
| Forecast GDP growth | 2007:7% |
| | 2008:6% |
| | 2009:6%* |
| | 2010:7%* |

*forecast

Source: IMF World Economic Database

The fund is considering investments in Sierra Leone.

Sierra Leone has enjoyed almost a decade of peace following the civil war of 1991 – 2002, which resulted in tens of thousands of deaths and the displacement of about one-third of the population. Since 2001 GDP has grown at approximately 9% annually and the IMF predicts that Sierra Leone will maintain a growth rate of twice the African average over the next few years. With no stock exchange, private equity is one of few ways to access Sierra Leone's growth.

Priorities of the new government, which depends on foreign aid for about 60% of its budget, include creating jobs, attracting foreign investment and stamping out corruption. New anti – corruption laws were introduced in 2008 and the Mo Ibrahim Governance Index ranked Sierra Leone as the most improved country in Africa for the last two years.

Sierra Leone produces rice, cocoa, coffee, sugar and oil palm though over 90% of Sierra Leone's arable land remains uncropped. Agriculture employs around 60% of the population – though it only accounts for 42% of GDP. Mineral exports remain Sierra Leone's principal foreign exchange earner and include diamonds, rutile, gold, platinum and bauxite. Investments like the Bumduna hydroelectric dam (50MW), completed in 2009 by Italian firm Salini Construttori, are improving Sierra Leone's battered infrastructure, while foreign investment is starting to branch out to sectors with strong growth potential like tourism and fisheries - EU approval for Sierra Leone's packing facilities, expected in 2010, would give the sector a significant boost.

In 2009 a consortium led by US oil group Anadarko revealed significant potential for oil off the coast of Sierra Leone, with explorations expected in 2010. This discovery and the developments of Sierra Leone's diamond, gold and iron ore assets are attracting new investment to the country.

Maris Capital is considering investments in agribusiness and in certain services sectors.

## LIBERIA

| | |
|---|---|
| Population | 4m |
| GDP 2008 | US$ 1bn |
| GDP growth | 2007:9% |
| | 2008:9% |
| | 2009:10%* |
| | 2010:13%* |

*forecast

Source: IMF World Economic Database


The fund is considering investments in Liberia.

For a few years in the 1970s, Liberia's per capita income was equivalent to that of Japan. The Liberian Civil War in 1989-96 destroyed much of the economy, especially the infrastructure in and around Monrovia. Liberia is now ranked by the World Bank as among the very poorest countries in the world, though like its neighbour Sierra Leone, GDP is growing at twice the African average.

In the war many businesses fled the country, taking capital and expertise with them, but with the conclusion of fighting and the installation of a democratically-elected government in 2006, some have returned. Richly endowed with water, mineral resources, forests, and a climate favorable to agriculture, Liberia is a producer and exporter of basic products. Before the war the economy relied heavily on the mining of iron ore but raw timber and rubber are now Liberia's largest exports.

President Johnson Sirleaf, a Harvard-trained banker and administrator, has taken steps to reduce corruption, build support from international donors, and encourage private investment and embargos on timber and diamond exports have been lifted. The reconstruction of infrastructure and economic recovery remains dependent on financial and technical assistance from donor countries though the recent announcements of offshore oil discoveries by the Liberian government may see a rapid inflow of foreign investment into the country.

Maris is concentrating on investments in advertising, agribusiness, fisheries and mining services.