

Maris Africa Fund

Q3 2012

First Closing	9th June, 2009
Final Closing	8th December, 2010
Commitments	\$26 million
Fund's domicile	Cayman Islands
Structure	One General Partner 55 Limited Partners
Investment focus	Sub Saharan Africa

Highlights

Sale of OSS Mozambique warehousing
Offshore gas services investments, Moz
JCB Angola achieves full yr forecasts

Lowlights

Insecurity in South Sudan affecting forestry
Zimbabwe liquidity concerns
Kenya introduces new tax/local ownership

Mozambique now has the second largest proven gas reserves of any sub-Saharan African country, after Nigeria, and ahead of Angola and Equatorial Guinea, the region's two other LNG producers. The major gas discoveries by Anadarko and ENI are located within the Rovuma Basin, served by the commercial sea port of Pemba, a town that lacks basic infrastructure but that is growing by 50% a year. This quarter the fund made a new investment in Pemba, in the oil and gas services sectors. Qurimbas Support Services will offer serviced offices and accommodation, and we are working on an affiliated investment that will offer more specialized project management in the area. The Mozambique investment case, led by Andrew Fimister, was bolstered this quarter by the sale of the fund's first warehousing complex in the booming coal mining hub of Tete to South African company Aveng.

Offshore oil and gas discoveries are also driving strong economic growth in Tanzania and last year saw machinery sales increase by 50%. The fund is seeking to conclude buying a 50% stake in the Tanzanian JCB dealership alongside our MTA partners, the Muscat Overseas Group. We aim to gain the 20% market share that JCB dealership MTA has achieved in Angola. MTA has been one of the star performers in the portfolio, where forecast sales for 2012 have already been exceeded under the guidance of Managing Director Pedro Salbany.

These investments benefit from a strong oil price and we have witnessed the difficulties in South Sudan when oil revenues dry up - the World Bank described the oil shut down as the most 'catastrophic' shock to an economy that it has witnessed. In a highly volatile environment Network Support Services and Acacia Village have both performed impressively, and ahead of forecast, but the security concerns that we predicted have intensified. Equatoria Teak Company, our sustainable forestry investment in Western Equatoria is progressing well towards production in Q1 2013 but sister companies Central Equatoria Teak Company and Green Environ Teak Company have suffered looting and invasion that we are working to counter. To some relief, the Government of South Sudan announced that it would start pumping oil in November.

An intrepid group of limited partners travelled to Juba and the plantations in the Western corner of South Sudan bordering the Central African Republic and the DRC. They then flew on to Karebe Gold Mining in Western Kenya. Two years after the first due diligence visit the mine's underground capacity has been doubled, the processing facility is running smoothly and production is a steady 6kg/mo as the team focuses on development at two further sites.

Closer to home, Johannes Gunnell has developed an encouraging model of internships for practically minded potential managers who are looking to work in some of Africa's more frontier towns: we welcome referrals.

PORTFOLIO COMPANIES AT 31/09/12 (Unaudited) *

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EQUITY (US\$m)

Invest Date	Name	Country	Equity	Sector	Cost	Fair Value	Realised Gains/Divs	% of Cost
06/09	KGML	Kenya	80%	Gold Mining	1.45	5.71	-	395%
06/09	NSS	S Sudan	72%	Telecoms	1.69	1.73	0.50	133%
06/09	Afritise	S Sudan	30%	Advertising	0.13	0.13	-	100%
09/09	OSS	S Sudan	47%	Lodging	1.02	1.18	0.38	153%
04/11	Untu	Zimbabwe	19%	SME Banking	0.51	0.51	-	100%
05/11	OSS M	Mozambique	50%	Mining Support	0.86	1.00	-	116%
06/11	MTA	Angola	33%	Construction	1.39	1.39	-	100%
03/12	Tatepa	Tanzania	18%	Agriculture	0.67	0.67	-	100%
04/12	Mulitani	Mozambique	49%	Lodging	0.89	0.89	-	100%
06/12	ETC/CETC	S Sudan	85%	Forestry	1.84	1.84	-	100%
Total					10.44	15.04	0.89	153%

DEBT (US\$m)

Invest Date	Name	Country	Interest Rate	Sector	Cost	Fair Value	Interest Paid	% of Cost
06/09	KGML	Kenya	10%	Gold mining	0.69	0.83	-	118%
09/09	Afritise	S Sudan	10%	Telecoms	0.04	0.05	-	120%
Total					0.73	0.88	-	118%

TOTAL INVESTMENT (US\$m)

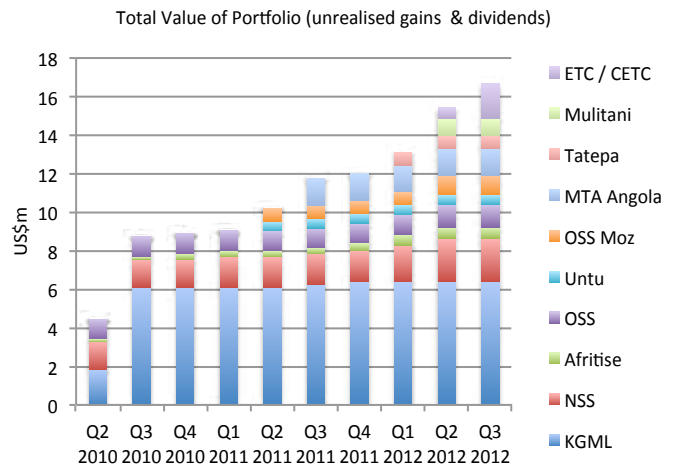
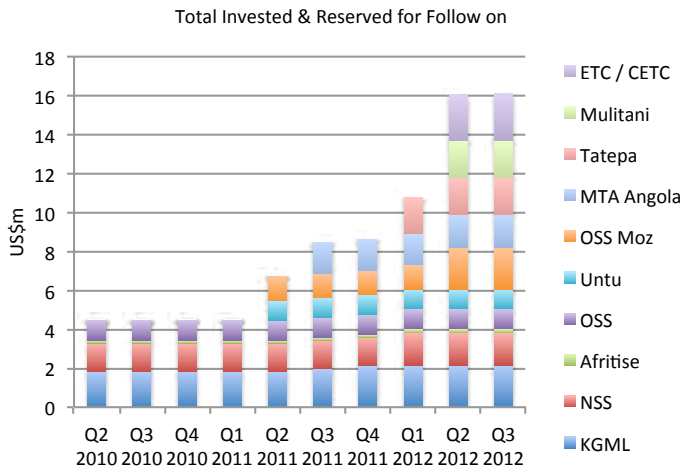
Invest Date	Name	Country	Equity	Sector	Cost	Fair Value	Realised Gain	% of Cost	Total Approved
06/09	KGML	Kenya	80%	Gold Mining	2.13	6.55	-	307%	2.13
06/09	NSS	S Sudan	72%	Telecoms	1.69	1.73	0.50	133%	1.69
06/09	Afritise	S Sudan	30%	Advertising	0.17	0.17	-	104%	0.21
09/09	OSS	S Sudan	47%	Lodging	1.02	1.18	0.38	153%	1.02
04/11	Untu	Zimbabwe	19%	SME Banking	0.51	0.51	-	100%	1.01
05/11	OSS M	Mozambique	50%	Mining Support	0.86	1.00	-	116%	1.90
06/11	MTA	Angola	33%	Construction	1.39	1.39	-	100%	1.66
03/12	Tatepa	Tanzania	18%	Agriculture	0.67	0.67	-	100%	1.90
04/12	Mulitani	Mozambique	49%	Lodging	0.89	0.89	-	100%	1.92
06/12	ETC/CETC	S Sudan	85%	Forestry	1.84	1.84	-	100%	2.36
Total					11.16	15.92	0.89	151%	15.80

*Revaluations subject to final advisory board review

FUND SUMMARY (US\$m)

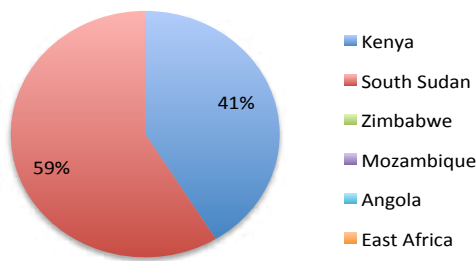
Capital committed	26.10
Capital called	14.42
Advisory fee since first close	(2.19)
Establishment and operating costs	(0.29)
Late entry interest payments	0.10
Gain on revaluation	4.61
Dividends accrued	0.89
Value of fund	17.53
Fair Value/Capital called	1.22x
Capital distributed	-
Reserved for follow on	4.00
Available for drawdown	11.67

PORTFOLIO DEVELOPMENT

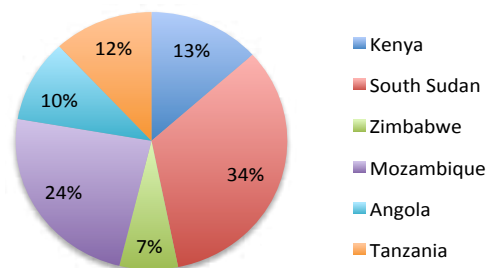


GEOGRAPHICAL DEVELOPMENT

Investment Geographical Spread Q1 2011



Investment Geographical Spread Q3 2012



INVESTMENT PIPELINE

We are looking to conclude an investment in the JCB dealership in Tanzania, MTT. We are also finalising an investment in exploration services connected to a Mozambique/Tanzania mineral exploration project. Other pipeline investments include an affiliated machinery opportunity in Angola, further mining services, a set of diversified mining prospects and an investment in the renewable energy space.

NEW INVESTMENT

QUIRIMBAS SUPPORT SERVICES - MOZAMBIQUE

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QSS plans to offer serviced accommodation on the outskirts of Pemba for clients associated with the offshore gas discoveries in the nearby Rovuma Basin. Further opportunities include the leasing of cars/machinery and the construction of office space, storage and warehousing.

MARIS AFRICA FUND COMMITMENT

Transaction Date	October 2012
Development Stage	Start-Up
Fund Ownership	48%
Total Equity Cost	\$1,720,000
Follow On	\$530,000
Fund Board Membership	A Fimister

QSS Mozambique has finalized the purchase of a 9Ha plot of prime land, situated 8km from Pemba city centre and less than 5km from both the airport and the operational headquarters for various oil and gas majors, including Schlumberger, Baker Hughes and Weatherford. A further 2Ha plot of road frontage land, adjacent to the main plot and less than 500m from the Anadarko HQ, is also under negotiation and will significantly increase the value of the project. The main intention is to develop the land into 32 single room apartments, with the option of replicating the strategy at further coastal locations.

Fencing and securing the land with a wall, gate and guardhouse is now a priority. We are also finalising the plans for the accommodation construction. There are further supply-chain prospects that are also being explored, including the purchase and leasing of high quality 4x4 cars and/or heavy machinery, given the high demand in the area. Such small-scale operations offer rapid payback and help support initial cashflow. Manager, Harry Minter, will be working closely with both Andrew Fimister and Alcino Pinheiro, our local Mozambican partner in QSS, to develop these business opportunities whilst finalizing negotiations on the land development.

The gas discoveries in the nearby Rovuma Basin remain a prime mover for broader economic and social development in the Pemba area. Gas reserves could equal as much as 30-40x current Mozambican GDP. Under the new Natural Gas Master Plan, government estimates reserves on explored acreage at 130tcf with a maximum future potential of 280tcf. Maputo has therefore planned for development of a total of 10 LNG trains (Liquefied Natural gas production facilities). Moreover, Anadarko and ENI are now in talks on teaming up on a \$15bn construction of a deep-water port and two LNG trains. We anticipate that the demand for serviced accommodation and further business opportunities in Pemba will continue to strengthen as these types of story play out.



NEW INVESTMENT



EIXO SERVICED OFFICES

Eixo is a start-up managed office company providing serviced office space to companies located in Maputo, Mozambique. Eixo is expanding its business into new premises in Maputo and is catering to both the local SME market and international corporates.

MARIS AFRICA FUND COMMITMENT

Transaction Date	October 2012
Development Stage	Start-Up
Fund Ownership	75%
Total Equity Cost	\$150,000
Fund Board Membership	J Gunnell

Eixo had successfully trialled the serviced office concept on a floor of a small building and achieved 100% occupancy within six weeks of opening. Given the high demand, Eixo decided to look for new potential office space and seek equity capital to expand. The company managed to secure an option on a 5-year lease for a floor at the Global Alliance Insurance building at an attractive rate. The building is in a good location with high quality tenants on the other floors. The total space is 400m2, which will be refurbished and converted into 11, 2-4 person offices and a separate boardroom. The new office is on the main ring road around Maputo's coastline, host to numerous diplomatic residences.

Serviced offices remain a fairly novel concept in the Mozambican market and demand continues to outstrip supply. Maputo Business Centre, owned and managed by a real estate company, functions as a similar serviced office facility but it mainly caters to the Portuguese market.



New location at Global Alliance Building



Reception at existing Eixo serviced offices

NEW INVESTMENT

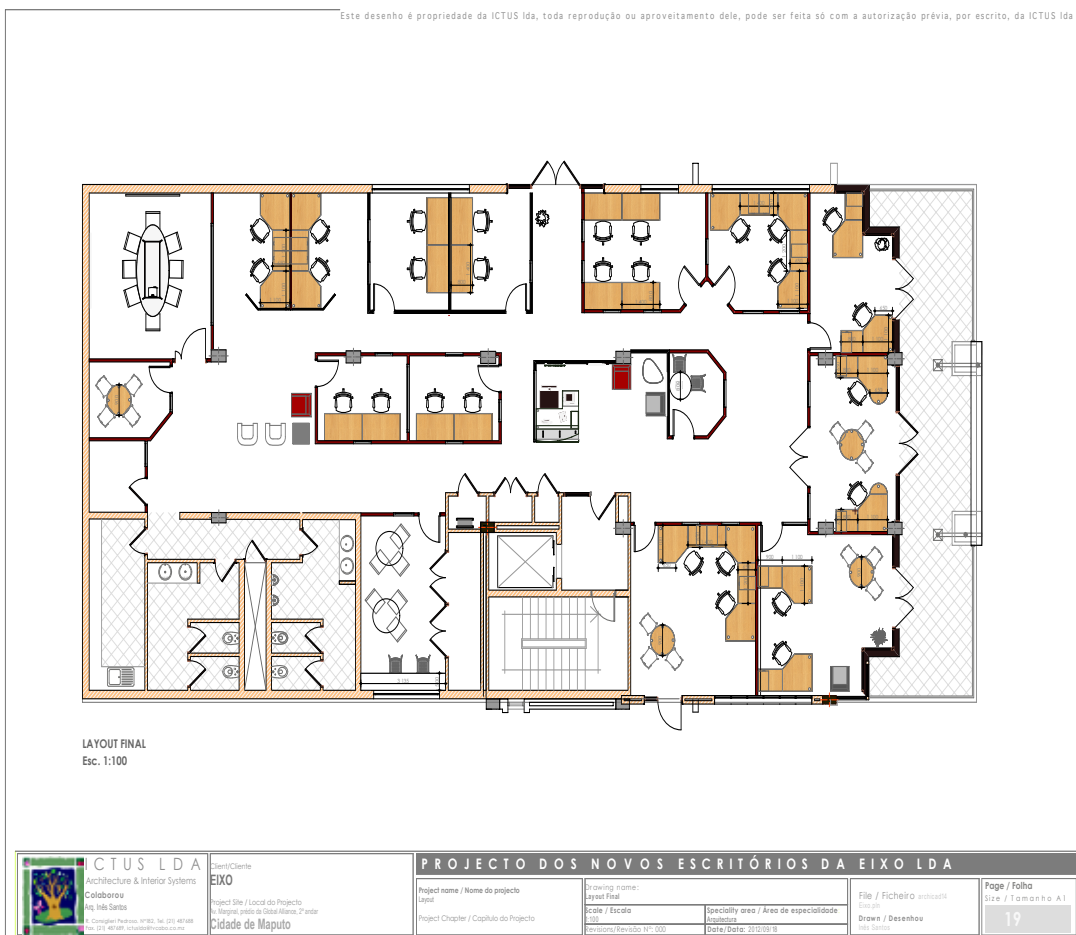


EIXO SERVICED OFFICES

Refurbishment on the Global Alliance floor is already underway and Eixo plans to welcome its first clients in January. The marketing effort has been strong and the floor is already fully presold to high quality clients, including General Electric, Diageo & Deloitte. Eixo's existing client base includes Baker Hughes and Petro SA and mainly consist of international companies that are establishing a Mozambique office. There is also demand from NGOs, particularly if they are working on projects with a limited time horizon.

Evy van Weezendonk, a Dutch national, is the founder and manager of the business. She has a 25% stake in the business and has three years of experience working in logistics consulting in Mozambique and an additional five years in international development in low-income countries.

We believe there is strong potential to roll out the Eixo serviced office concept to other cities in Mozambique, such as Tete and Pemba, where Maris already has a presence and Eixo's clients are looking to expand. We also see expansion opportunities in our other target countries and Maris Capital already has 100% occupancy rate at its 8 serviced office units in Acacia Village, South Sudan.



Provisional Floor Plan and interior layout at new Global Alliance building

PORTFOLIO COMPANY

MULITANI

Mulitani will offer serviced accommodation on the banks of the Zambezi to serve demand from clients associated with the major coal developments in Tete, Northern Mozambique. Phase 1 will include 32 single bedroom apartments and we will increase capacity in phase 2.

MARIS AFRICA FUND COMMITMENT

Transaction Date	April 2012
Development Stage	Start-Up
Fund Ownership	48.5%
Total Equity Cost	\$885,250
Follow On	\$1,035,000
Fund Board Membership	A Fimister

Mulitani is at an exciting juncture in its development. After months of wrangling with the local government, permission to build on the land has finally been granted. We are now in final negotiations with Comstruct, the Zimbabwean building firm identified for the project. We are set to break ground by the middle of November. We are fortunate that despite the growth in Tete we have very little in the way of direct competition. A number of four-star hotels have been built or are under construction, but are less focussed on long term serviced accommodation. There are also a number of serviced housing units that rent to the mines but these are either of poor quality or in a bad location - normally both. Oasis, which provides over 100 units to Vale is inland, about 20 kms from Tete town and made up of prefabricated buildings that rent for \$150 a night. Mulitani will be superior to these in finish, build quality and location. We anticipate renting one-bedroom apartments for the same price, or slightly higher.

Our key customer market will be the large mines being developed by companies such as Rio Tinto, ENRC, Vale and Jindale. However, we are also keen to exploit the contractor market that provides services to the mines such as Weatherford, Barloworld, Kemp and Capital Drilling. Weatherford have already indicated they are interested in taking a number of apartments.

The three major challenges the Mulitani project has faced so far has been securing permission to build, agreeing a contract with the builders and the risk of laying foundations in the rainy season. We do now finally have a contract with adequate protections, at a reasonable price, and in the year since we bought the land, prices in Tete have at least tripled. In September 2012 we hired manager, Tim Albone, who previously worked in Sierra Leone and Afghanistan. Mulitani will be fully operational by September next year, however the apartments will open in stages with the first coming online in April 2013.



Zambezi River



Moatize Coal Mine

PORTFOLIO COMPANY



OSS MOCAMBIQUE

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OSS Moçambique, S.A, is a start-up mining support services venture, concentrating on warehouse provision and related mining services in the Tete area, northern Mozambique. Phase 1 saw the successful construction and sale of our first set of warehouses & offices. The second phase will see further build and rental of 2 small industrial parks, comprising of warehousing, offices and laydown yards.

MARIS AFRICA FUND COMMITMENT

Transaction Date	May 2011
Development Stage	Start-Up
Fund Ownership	50%
Equity Cost	\$861,109
Valuation	\$1,000,000
Follow On Commitments	c\$1,000,000
Fund Board Membership	A Fimister

Financials (US\$000s)	9m 11A	9m 12A		9m 12E	9m 12A	2011A
Revenues		39	n/a		39	n/a 1,558
EBITDA		-74	n/a		-74	n/a 360
Net Income		-76	n/a		-76	n/a 125

A = Actual / E = Estimate

OSS Mozambique has concluded the sale of its Tete warehousing complex to South African company Aveng for \$3.18m. The complex includes 4 acres of land, four warehousing units and office facilities. Our build cost for 50% of the site was \$760,000. We have agreed to use part of the proceeds from the sale to buy out our 50% partners in the company. However, combined with some anticipated extra funds, we will use the majority of our proceeds from the sale to reinvest in further warehousing opportunities in Tete, where growth remains strong. The JV with our partners has been successful but one that has been time consuming to manage: 100% ownership will give us greater flexibility. Excluded from the sale to Aveng were steels for a second warehouse that are ready to use. We aim to replicate the warehousing complex at two separate sites in the Tete area and estimate a 5 month construction schedule for the new facilities.

Manager Giovanni Sforza has located a 2.5Ha plot adjacent to the entrance of Rio Tinto’s Benga mines and has started negotiations with potential clients. OSS has also secured land in Moatize and is in advanced negotiations with Weatherford to build them a high specification facility. They pulled out of a prior potential contract, but their previous partner was unable to deliver on expectations and thus they are seeking a 10-year contract with OSS for a bespoke 3,000m3 facility.



PORTFOLIO COMPANY



MTA - MAQUINAS E TRACTORES DE ANGOLA

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Máquinas e Tractores de Angola (MTA) has a dealership license to sell JCB machines, spare parts and after-sales service within Angola. The company is a joint venture between Maris Capital, Muscat Overseas Group (owner of multiple machinery dealerships across the region) and Portuguese construction company Soares da Costa.

MARIS AFRICA FUND COMMITMENT

Transaction Date	July 2011
Development Stage	Distressed Refinancing
Fund Ownership	33%
Equity Cost (incl \$1m bank guarantee)	\$1,388,244
Valuation	\$1,388,244
Follow On Commitments	\$200,000
Fund Board Membership	A Fimister

Financials (US\$000s)	9m 11A	9m 12A		9m 12E	9m 12A		2011A
Revenues		3,250	n/a	2,555	3,250	27%	n/a
EBITDA		416	n/a	155	416	169%	n/a
Net Income		253	n/a	89	253	185%	n/a

A = Actual / E = Estimate

MTA has witnessed a striking turnaround since Maris's entry as a shareholder in July 2011. Previous to Maris entry as shareholders, the business lost c2 million euros over two and a half years and sold only 9 machines, 7 of which were to one of the shareholders, Soares da Costa. MTA has sold 50 machines in 2012 alone and has been profitable for the first time in its history. The previous poor performance of the business was largely down to poor management, a lack of understanding of the dealership business in Africa and a poor relationship with OEM JCB. Having addressed all of these issues, MTA is now on a much firmer footing and is well on the way to becoming one of the Angolan market's top construction machinery dealerships.

MTA has continued to grow through Q3 and has already surpassed its 2012 budget of 40 machines. Most notably by the end Q3 the company had concluded negotiations for the sale of 13 units to Mota Engil, a Portuguese construction company who also happens to be a co-owner of MTA's competitor Cimertex, the Komatsu dealer in Angola.

As backhoe loader (BHL) sales become more predictable (MTA has achieved a market share of 20%), the business will seek to shift attention from BHL sales to service, parts and other products. Telehandlers, and 20 to 36 tonne excavators are a major focus for the immediate future, as are generators. JCB has agreed to significant price support to MTA in order to kick start growth in these other products and generators. The business expects to not only increase its market share in BHL to around 45 to 50%, but to also increase market share in telehandlers and crawler excavators to around 15% and 10% respectively.

Investment will be required shortly in the form of new vehicles, equipment, ERP software, marketing materials and capital expenditure on an appropriate facility for the business. Maris & Muscat Overseas, our fellow shareholder, are also aiming to buy out Soares da Costa's 34% stake in the company.

PORTFOLIO COMPANY



TATEPA

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Tatepa is the holding company for a group of companies active in the Tanzanian agriculture and agroprocessing sector. Two of the companies grow, package and market loose leaf black tea, while Rungwe Avocado Company is a start-up venture exporting avocados to Europe.

MARIS AFRICA FUND COMMITMENT

Transaction Date	March 2012
Development Stage	Buy Out / Development
Fund Ownership	18%
Equity Cost	\$668,000
Valuation	\$668,000
Follow on Commitments	\$1,150,000
Fund Board Membership	J Gunnell

Financials (US\$000s)	H1 11A	H1 12A		H1 12E	H1 12A		2011A
Revenues		7,127	n/a		7,127	n/a	9,010
EBITDA		313	n/a		313	n/a	121
Net Income		45	n/a		45	n/a	-313

A = Actual / E = Estimate (Tatepa reports every 6months)



By the end of Q3 2012, Maris Africa Fund had bought just over 18% in Tatepa, a diversified agricultural business operating in Tanzania. We also anticipate a potential rights issue over the next year which should enable the fund to further increase its holding.

Currently Tatepa operates a core tea estate and processing facility, Wakulima Tea Company (WTC), near Mbeya in South Tanzania. On the production side, WTC production levels have been revised upwards, partly as a result of good estate management but also a new green leaf system designed to increase direct payments to the smallholders. This further improves WTC's position versus a competing tea factory owned by Mohammed Enterprises, which buys around c10% green leaf in the area.

PORTFOLIO COMPANY



TATEPA

World tea prices have also been rising since early 2012 with the benchmark price remaining strong throughout the year at c\$3 per kg. This has benefited WTC and we continue to see long-term structural drivers supporting the tea price and tea estate transaction prices.

The avocado trees continue to flourish in the fertile Rungwe soil and logistics preparations are being readied for the critical January-April harvest & export season. Cashflow remains tight at Rungwe Avocado Company (RAC) but the quality of avocados, the key to price, has been good and our UK wholesale distributors are very supportive in ensuring we secure good prices.



KTPC which sells and distributes loose leaf tea under the Chai Tausi brand has rapidly established itself as a consumer tea brand in Tanzania. While KTPC sales and profits are currently fairly low, sales to Dar Es Salaam and Mwanza are improving and are set to rise as KTPC employs the use of more marketing in the regions.

Other highlights include a visit to Tapeta’s factory by the British High Commissioner. DFID also visited the Rungwe area to investigate potentially part funding the Suma Hydro project, a proposed mini-hydro scheme Tatepa has been examining.



PORTFOLIO COMPANY



KAREBE GOLD MINING LIMITED

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Karebe Gold Mining Limited, Kenya (KGML) is one of two gold mining companies in Kenya. Underground mining commenced in September 2010. KGML is headquartered in Kisumu, Kenya.

MARIS AFRICA FUND COMMITMENT

Transaction Date	January 2009
Development Stage	Start-Up
Fund Ownership	80%
Equity Cost	\$1,447,576
Shareholder Loan	\$686,163
Valuation	\$6,525,798
Fund Board Membership	C Tryon

Financials (US\$000s)	9m 11A	9m 12A		9m 12E	9m 12A		2011A
Revenues	890	1,445	62%	1,839	1,445	-21%	1,558
EBITDA	87	339	359%	753	339	-47%	360
Net Income	87	165	90%	476	165	-65%	125

A = Actual / E = Estimate

Revenues at Karebe fell 63% from \$1.05m to \$386k in Q3. This was due to our handling of stock - we postponed the sale of our next bullion bar to Q4. It is likely that we will see a strong final quarter as production from August and September was blended into October sales. Revenues are up 62% year on year, but 21% behind forecast, however we remain confident we will end the year close to our full year forecasts

Expenditure to the end of Q3 has been 47% ahead of forecast. This is attributable to the company accelerating development work at Equatorial Mine and adjusting our mining plan to incorporate a larger tonnage in the longer term. Operational expenditure is expected to remain fairly constant at \$160k/mo while capital expenditure will fall in Q4 at our existing mine. We have opened up an additional set of old workings 1km to the East of our mine on the same strike. The new mine's development is still at a very early stage. Exploration work has begun to better understand the opportunity and the Boma Mine will be developed over the next 6 months through existing cashflow. Very little is known about the old mine, but preliminary investigations are encouraging and we anticipate that useful additional tonnage will compliment Equatorial Mine.

The company is facing a challenge to its license tenure at Rock Corry, situated between Equatorial Mine and the new Boma Mine. The disputed land is within our license area and we will follow the due legal process to resolve this issue and our long-standing land dispute over the next few months. We have also sought legal advice on recently drafted mining laws that seek to mandate local ownership in Kenyan resource companies. At this stage, it is unclear whether the 35% local shareholding will be implemented retrospectively, or even at all.

2014 should be an exciting year for the mine. We should see production increase from its steady state of 6kg/200oz of gold per month driving operating profits up from current levels of \$150k/mo. With a second and possibly third mine in operation Karebe will be very well placed to scale up production.

PORTFOLIO COMPANY



KAREBE GOLD MINING LIMITED



PORTFOLIO COMPANY



EQUATORIA & CENTRAL EQUATORIA TEAK COMPANY

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The fund owns 85% of three companies: Equatoria Teak Company, "ETC", Central Equatoria Teak Company, "CETC", and Green-Environ Teak Company, "GETC", which own extensive mature teak plantations and associated processing facilities in South Sudan.

MARIS AFRICA FUND COMMITMENT

Transaction Date	June 2012
Development Stage	Refinancing / Development
Fund Ownership	85%
Total Equity Cost	c\$1,360,000
Shareholder Loan	c\$400,000
Fund Board Membership	C Ferguson, C Tryon

Equatoria Teak Company

The company's new harvesting machinery is on route to Nzara in Western Equatoria and we look forward to starting harvesting in Q4. Our new sawmilling equipment leaves South Africa at the end of November and we anticipate production commencing February 2013. We aim to work up gradually to 300–500m³ per month in 2013. Main target markets for furniture grade material include Indian, Chinese and Taiwanese manufacturers who process on behalf of European and American retailers. We have had significant interest from hardwood agents and furniture companies and price indications are in line with expectations. Transport to Mombasa (2,800km from the sawmill) remains a challenge, but an anticipated one. Managing Director Darryl Shaw is preparing an expanded nursery for the planting season in March 2013 and ETC will host a Forestry Stewardship Council audit in January 2012. The Secondary School constructed by the former management is proving popular and we are planning improvements and new projects through the company's Community Fund.

Central Equatoria Teak Company

In October Loka plantation, the largest teak plantation in South Sudan was taken over at gunpoint by the local Commissioner Hon. Huda Michael Laila and our Manager Fred Mugisa was expelled from the town. Our 17 forest guards were dismissed and our equipment store was looted. A visit to Loka provided evidence of foreign logging firms operating in the area. The company has lodged an injunction and sought a remedy from the office of the Vice President, with strong support from the UK, French and Dutch Embassies. After an initial refusal to intervene the Ministry of Forestry has agreed to try to resolve the dispute. The plantation is large but the marginal growing conditions mean that it is a less attractive proposition than Equatoria Teak Company.

Green Environ Teak Company

In August, looters working with local government officials dismissed the Company's guards, entered one of GETC's plantations and felled approximately 6,000 trees (c.1% of the total ETC/CETC/GETC standing timber). The Governor of Western Equatoria State intervened and shut down the plantation with the support of the army, the SPLA. Since that time the remaining 2,700 stems have lain safe but inaccessible within a cordon. The company has launched a compensation claim and will deduct lost revenues from future royalty payments, but the incident illustrates the challenges faced by the management of 10 plantations spread over a wide area and connected by poor infrastructure.

PORTFOLIO COMPANY



EQUATORIA TEAK COMPANY



MANAGER DARRYL SHAW AND MARINE GRADE TEAK
After Christopher's excellent barbecue, we reviewed ETC's sawmilling facilities and stores. The former management exported marine grade FSC certified product to Europe.

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 is managed by Gary Ensor and headquartered in Juba. NSS is Huawei's preferred partner in South Sudan.

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MARIS AFRICA FUND COMMITMENT

Transaction Date	September 2009
Development Stage	Development Capital
Fund Ownership	71.25%
Equity Cost	\$1,685,891
Valuation	\$1,734,808
Dividends	\$502,688
Fund Board Membership	C Tryon

Financials (US\$000s)	9m 11A	9m 12A		9m 12E	9m 12A		2011A
Revenues	4,770	7,828	64%	4,651	7,828	68%	7,059
EBITDA	884	872	-1%	516	872	69%	1,021
Net Income	821	862	5%	361	862	139%	895

A = Actual / E = Estimate

Despite the volatile operating conditions this year and a more challenging working relationship with Huawei, NSS has bucked the economic trend. Revenues were 61% above the first three quarters of last year and the company outperformed forecasts by 68%. Profits are up 14% on the same period last year and 139% ahead of forecast.

Revenue for Q3 was up 5% on the previous quarter, whilst earnings were up 182%. NSS accrued significant revenues from site building works and telecom installation activities for which costs were incurred costs in Q2, making Q3 the most profitable quarter ever.

We have been in long negotiations with Huawei over an extension of the site maintenance contract for two years. After significant pressure we have agreed to reduce our rates based on a sliding scale linked to an increase in GSM sites. In the near term we anticipate margin erosion, but the addition of 40-80 sites in 2013 on top of our 120 sites today should mitigate this effect.

Managing Director Gary Ensor has led the company into a very strong position. From Q3 he will take on a wider country manager remit for our South Sudan investments and Phil Taylor, current Afritise Manager, will take on the running of NSS.

The South Sudanese pound has clawed back some ground over the past few months and this has supported the particularly strong quarter. Despite the encouraging fundamentals, we are increasingly nervous of the local politics. Reduced oil revenues have driven more disturbing forms of corruption and only last month, the leading telecoms operator Zain's entire senior management team were arrested in a politically motivated attack. Senior politicians appear to be sponsoring a monopolistic tower management and ownership business, though it is not yet operational.

PORTFOLIO COMPANY



OPERATIONAL SUPPORT SERVICES

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Operational Support Services Limited, South Sudan (OSS), is a camp services and logistics provider. OSS owns 100% of Acacia Village, a 36-room apart-hotel.

MARIS AFRICA FUND COMMITMENT

Transaction Date	September 2009
Development Stage	Start-Up
Fund Ownership	47%
Equity Cost	\$1,021,186
Valuation	\$1,175,000
Dividends	\$383,450
Fund Board Membership	C Tryon

Financials (US\$000s)	9m 11A	9m 12A		9m 12E	9m 12A		2011A
Revenues	1,015	1,251	23%	1,049	1,251	19%	1,408
EBITDA	398	530	33%	320	530	66%	551
Net Income	323	401	24%	202	401	99%	394

A = Actual / E = Estimate

Once again Acacia Village has proved itself to be the most robust performer in the portfolio. Revenues have and surpassed our forecast and outperformed the equivalent period in 2011. Net income was 24% higher year on year and 99% above forecast.



Fuel has seen the single largest cost increase over the year. To date we have incurred over \$200,000 in electricity costs, mainly diesel for our generators. Efforts are well underway to reduce this through energy efficiency improvements and we may introduce a solar system to supplement or replace our hugely expensive power solution.

After much consideration we have agreed a two phase expansion plan, commencing with four rooms and four new double office units, followed by 10 - 20 apartments depending on the availability of well priced debt financing. This should feed through to our bottom line and boost earnings by \$35k per month from Q2 2014.

Demand for rooms and office space has stayed very strong: long-term clients are turned away almost daily. This said, large numbers of apartments have recently come onto the market in Juba, though the quality, security provision and upfront payment terms are putting off many clients. With the planned expansion Acacia should counter certain competitive threats within the market.



PORTFOLIO COMPANY



AFRITISE

18

Afritise Limited (Afritise) is the dominant outdoor advertising company in South Sudan with coverage in 11 cities and towns. Afritise is headquartered in Juba and has the exclusive license to advertise at the airport. The company has 9 full-time employees.

MARIS AFRICA FUND COMMITMENT

Transaction Date	September 2009
Development Stage	Start-Up
Fund Ownership	30%
Equity Cost	\$126,171
Shareholder Loan	\$39,000
Valuation	\$173,974
Fund Board Membership	C Tryon

Financials (US\$000s)	9m 11A	9m 12A		9m 12E	9m 12A		2011A
Revenues	325	393	21%	433	393	-9%	424
EBITDA	74	65	-12%	146	65	-55%	35
Net Income	5	-6	n/a	89	-6	n/a	-90

A = Actual / E = Estimate

It may be premature to say that Afritise has turned the corner but green shoots are in evidence and supported by three consecutive months of profitability. Monthly revenues now consistently average over \$40k and EBITDA marginally over \$10k.

Earnings are lower than in 2011 and well below forecast, a position that should be reversed somewhat by the year-end. Revenues and EBITDA has grown for 3 quarters in a row and with the company investing the modest surplus cashflow in more signage, this trend should continue.

Demand for larger prime billboard space continues to grow and Afritise is under pressure to expand its offering. If the company is to seize its early stage advantage, it must look to capitalize the business with further investment and boost sales. Additional investment would be entirely in adding billboard capacity and should add very little marginal overheads to the business. We will commence negotiations with our partners in Q4 and look to add additional equity funding to the business thereby increasing our stake.

Over a year behind schedule Juba's new airport nears completion. As it does, our modest grip on airport advertising will be challenged. The airport authorities have contravened our existing contract and undermined agreed plans and with the contract up for renewal we will review strategy.

The future is looking increasingly promising for Afritise, which benefits from strong operations in a difficult environment. Deputy Manager, Osborne Buhere, will take over Management control from Phil Taylor, who will become a Director of Afritise in addition to his role as Manager of NSS. This will reduce costs and serve to promote a capable young manager into a role we feel he can comfortably handle.

PORTFOLIO COMPANY



UNTU HOLDINGS

Untu Holdings Limited, Zimbabwe (Untu), is a microfinance institution that was founded in 2009 by CEO Clive Msipha to meet the growing demand for credit from small businesses and entrepreneurs. Untu offers loans, savings and insurance products from its branches in Harare and in towns across southern Zimbabwe.

MARIS AFRICA FUND COMMITMENT

Transaction Date	April 2011
Development Stage	Start-Up / Development
Fund Ownership	19%
Equity Cost	\$512,000
Valuation	\$512,000
Follow On Commitments	\$500,000
Fund Board Membership	C Ferguson

Financials (US\$000s)	9m 11A	9m 12A		9m 12E	9m 12A		2011A
Operating Income	775	968	25%	1,136	968	-15%	1,052
Operating Expenses	527	803	52%	712	803	13%	753
Impairment Provisions	316	168	-47%	203	168	-17%	262
Net Income	-87	-26	n/a	177	-26	n/a	18

A = Actual / E = Estimate

The liquidity crisis affecting the Zimbabwean banking sector continues, with deposits falling to \$3.6bn, and non-performing loans rising. According to the latest report from the African Development Bank, the overall loan to deposit ratio in the country saw a rise from 87.5% in July to 91.2% in August. Furthermore, the mix of deposits is unfavourable. Of the total bank deposits of \$3.59bn in August 2012: \$1.93bn is in demand deposits, \$1.14bn is short-term deposits and only \$0.45bn in long-term deposits. Banks may struggle to meet the demand for cash in the festive season of Q4, and any mass withdrawals connected to 2013 election concerns could bring about a more urgent crisis.

This difficult environment has seen the emergence of opportunistic microfinance lenders capitalising on high rates but very little serious competition in the sector that Untu is seeking to serve: microfinance banks that meet Reserve Bank requirements with the controls and systems to take deposits and meet international reporting standards. In Q3 monthly interest income increased to the highest level of the year and is in line with budget, and the loan book value has expanded 60% since January. The challenging environment has made collections more difficult but management are confident in the quality of new loans written and have put in place strategies that will result in the collections rate rising.

The key reason behind this quarter's disappointing figures include impairment charges driven by a write down of four accounts from Grade D (50% provision) to Grade E (100%) provisions. These accounts, which are a legacy of previous lending practices are in the legal recovery process and management took a conservative view on the outcome. In the past Untu has recovered significant portions of Grade E accounts through the Zimbabwean courts, and the credit quality of newer loans has increased. Costs rose in the last quarter through the addition of staff such as a new Finance Manager, Credit Analyst and additional trainee loan officers, who Management viewed as essential components to the growth plans of the company. September administration costs were particularly high due to the effect of non-recurring expense items such as the company's share of the Technical Assistance programme that honed credit and loan officer training systems. Management are focusing on cost saving measures and a move to new premises in Q4 will save on rental charges.

SOUTH SUDAN

20

After months of negotiation in Addis Ababa, Sudan and South Sudan surprised onlookers by reaching a deal on border security and oil production. August's agreement will allow oil exports from South Sudan through Sudan to resume. The deal involves a transit fee of just under US \$10 per barrel of Southern oil exported to the North. In addition, South Sudan agreed to a one-off \$ 3 billion cash transfer to Sudan to be paid over three and a half years. On the heels of this agreement the South Sudanese pound started to stabilise and in September was back at 4.2 to the USD, down from 6.

In order to become less reliant on Sudan, South Sudan has frequently mentioned its commitment to construct an alternative pipeline via Kenya. The LAPSSET project, a joint undertaking between Kenya, Ethiopia and South Sudan would see oil exported through Lamu. Announcements of construction commencing on a new oil refinery, a joint venture with Texan firm Venntech, underline South Sudan's determination to end its dependence on the north. Another positive development in the relations between South Sudan and Sudan is the agreement between both sides to resume direct flights between Juba and Khartoum.

Infrastructure remains a key challenge for the government, that is planning a US\$4 billion building project to construct a 7,000 road network. The Juba-Nimule road, 192km, is the country's largest infrastructure project to date and the planned scale up is daunting.

While South Sudan waits for its oil dollars, civil servants and business have been hit hard by the shortfall. In October, South Sudan's only daily newspaper The Citizen Newspaper announced that it was suspending operations as it had been hard-pressed to secure enough hard currency to purchase printing paper. Radio serves as the main of information for most of South Sudan's nine million inhabitants as poor infrastructure hinders adequate distribution of newspapers.

More concerningly the last few months have seen troubling developments within what is effectively a one party state. In October South Sudan expelled the UNMISS Human Rights representative, to the horror of the donor community, following on the heels of an Amnesty report condemning 'shocking' cases of rape and killing of civilians by South Sudan's security forces. Juba is also struggling to assert its dominance over regional state governments - when border tax levying powers were moved from Central Equatorial State government to Juba the Governor threatened to declare independence.

MARKET OVERVIEWS

KENYA

21

Kenya's \$34 billion economy, which earns most of its foreign exchange from tea and tourism, is forecast to withstand the global slowdown and expand at 5% this year, up from 4.4% in 2011. After severe droughts, abundant rains this year have curbed inflation to 6.1% in August 2012 from a 20% peak in November 2011, and maize and wheat prices have declined.

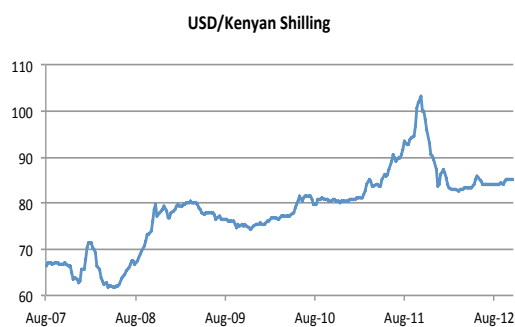
Recent progress include monetary policy discipline slowly restoring lost confidence in the Kenyan Shilling after the dramatic declines earlier in the year. Policymakers have made efforts to convince the market that it will support the KES, which may result in gradual appreciation moving ahead.

Like its East Africa neighbours, Kenya is experiencing an exploration boom, with onshore oil exploration in Northern Kenya, and offshore gas exploration (some of which is in waters disputed by Somalia). The arrival of mining companies such as African Barrick Gold and oil companies such as Tullow Oil has led policy makers to propose new capital gains taxes on resource companies, though details remain vague. Kenya is also looking to capitalise on oil developments elsewhere in the region by creating a hub at Lamu to service Uganda, South Sudan and Ethiopian discoveries. Ambitious projects such as the Kenya/Uganda Rift Valley Railway revival point to a brighter future for East Africa's dismal transport infrastructure.

Kenyan politics remains chaotic. Recent outbreaks along the coast of Kenya and in the north-eastern part of the country have sparked fears that 2013 may see a rerun of 2007 election violence. Lawmakers continue to see any opportunity possible to increase their pay packages, leaving high levels of distrust between the MPs and the electorate. In October, hundreds of demonstrators marched to the Parliament in Nairobi, protesting against the \$120,000 bonuses that MP's awarded themselves.

The death of Ethiopia's Prime Minister Meles Zenawi has led to hopes that the tightly controlled economy may open up, which would benefit Kenya. Meanwhile the ongoing conflict in Somalia has given rise to a swelling influx of refugees. In October, Kenyatta University inaugurated a new campus in Dadaab, the largest refugee camp in the world, in order to house and provide higher education for refugees.

Nairobi has also hosted a notable tech-boom has with Nairobi quickly becoming Africa's "Silicon Savannah". Kenya's exports of technology-related services were a paltry \$16m in 2002. By 2010, the value has rocketed to around \$360m. Kenya's biggest bank, Equity Bank, also wants to get its foot into the mobile start-up arena with its plans to open an "innovation centre" by the end of the year.



MARKET OVERVIEWS

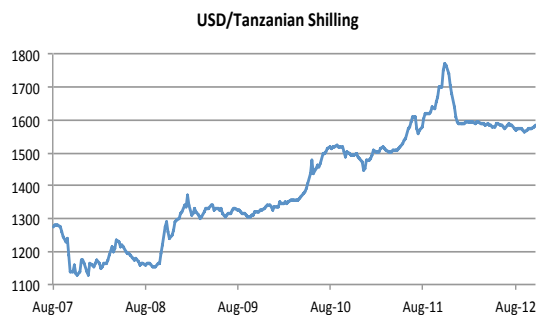
TANZANIA

According to the World Bank, Tanzania is well-placed to continue its strong run of growth, forecasted at 6.5-7% in 2012. A sizable portion of FDI comes from South Africa, however China and Korea are increasing their presence in Tanzania, notably in the farming sector. Other investments include infrastructure projects such as the Sino-Tanzania Joint Shipping Company.

Gas exploration, a key sector in the Tanzanian economy, now extends to the rift valley and is dominated by European and American companies. Norway’s Statoil, Ophir Energy and BG Group have made significant offshore natural gas discoveries. In response to growing international involvement, Tanzania’s energy minister has also ordered a review of existing contracts with oil and gas exploration companies by November 30th. Plans have also been announced to launch a sovereign wealth fund to ring fence potential earnings from large gas discoveries.

One of the world’s fastest growing cities, Dar es Salaam has launched its first-ever commuter train service to ease road congestion. This marks the first stage of a government scheme to transform the transport network in the capital city. The new rail system will be composed of two tracks, one operated by Tanzanian Rail Limited (TRL) and the other by Tazara Railways, which currently runs a major line linking Tanzania to neighboring Zambia.

On a macroeconomic level, inflation has passed the 16% mark in spite of tight monetary policy implemented by the Bank of Tanzania. Food prices have borne a large burden of the price increases. Recent weakness in the TZS has been largely caused by a gaping trade deficit. Oil imports as well as the growth of capital goods, especially transport equipment, has contributed to the deficit.



MARKET OVERVIEWS

ZIMBABWE

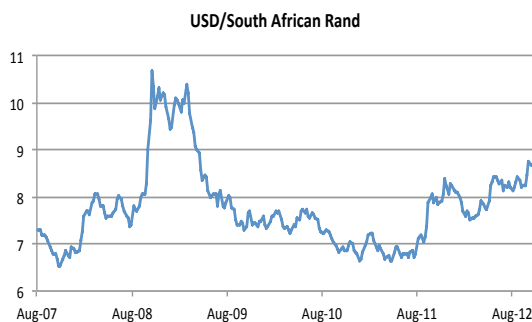
23

Zimbabwe's Global Political Agreement (GPA) gave rise to the country's power-sharing government following the disputed 2008 presidential election. This agreement stipulated a referendum on Zimbabwe's constitution; as of yet, no such referendum has materialised. As Zimbabwe heads towards elections in 2013, there is growing concern that President Robert Mugabe of the incumbent ZANU-PF party will seek to hamper free and fair elections, especially following the incarceration of supporters of Prime Minister, Morgan Tsvangirai's MDC party.

Despite political disarray, the economy has enjoyed healthy growth since the formation of the unity government in early 2009. On October 12, Zimbabwe's finance ministry announced in a pre-Budget statement that Zimbabwe's economy is projected to grow 8.9 percent in 2013. The IMF, in its annual review of Zimbabwe, stated that growth will moderate over the medium-term to average about 4 percent. It also highlighted problems of poor power supply and tight liquidity conditions that could pose obstacles in the path to growth.

Zimbabwe's current indigenization policy which stipulates that foreigners should relinquish 51% of their investments to indigenous companies has proved a major brake on investment in the crucial mining industry.

Another worry is the heavy debt burden, which as of September stood at \$10.7 billion. In order for growth to be sustainable, Zimbabwe will need to alleviate its national debt as well as improve its agricultural production, which is the main engine of its economy.



MARKET OVERVIEWS

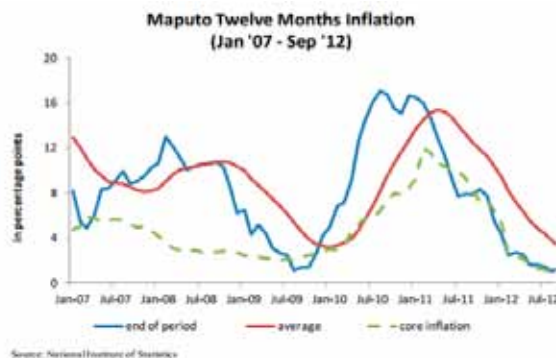
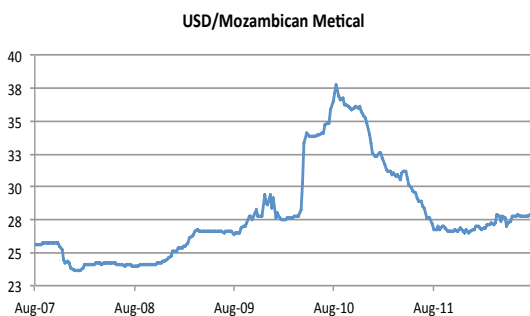
MOZAMBIQUE

Mozambique’s economy is going through a period of sustained and solid growth, achieving 7.1% in 2011, and accelerating to 8.1% in the final quarter, with an average of 7% between 2007 and 2011. The country, riven by civil war for 15 years, is set to become the world’s biggest coal exporter within the next decade. The remote Tete province boasts possibly the last big coking coal mine in the world. The giant Brazilian mining firm Vale, which began shipping from there in September 2011, is spending billions on operations including a coal terminal and railways. It aims to double capacity from 11m tonnes a year to 22m by 2014.

The recent discovery of two giant offshore gas fields in the Rovuma Basin has turned the region into an energy hotspot and suggests that the area will experience strong and sustained growth for decades to come. Esperança Bias, Minister of Mining and Resources, recently announced that when production of gas starts within the next 6 years, its contribution to GDP would rise from the current 1.7% to 13%. Furthermore, the national currency, the metical, was the best performing in the world against the dollar through 2011 and inflation currently stands at 2.28% y/y (Jun-12), down from a peak of 17.4% y/y in Dec-10. Pressure on inflation is likely to remain limited, due to improving support for the local currency, falling food prices on the back of relatively good harvests, and exchange rate stability. This offers room for the Bank of Mozambique to further support economic growth by cutting rates from 11.5%.

FDI inflows more than doubled to over \$2bn in 2011 and are likely to continue to grow on the back of strong private investment in infrastructure and mining. Planned projects include the construction and expansion of energy production (via the 2,075MW Cahora Bassa scheme and untapped hydro potential in Tete, Manica, and Niassa provinces), a north-south railway, and a second larger port in the northern city of Pemba. Strong capital and financial flows continue to support Mozambique’s balance of payments. Net FX reserves were equal to \$2.26bn mid-Jun, up from \$2.1bn mid-Apr. In mid-May of this year, Minister Esperança Bias, revealed that the government is planning to offer new acreage for coal, oil, and gas licences in the hope of making further discoveries.

Mozambique’s new growth model remains based on extractive industries. Two Industrial Free Zones (IFZs) were created in Nacala in 2011, followed by five more IFZs and one Special Economic Zone (SEZ) to be set up before 2014. All offer various tax incentives and infrastructure support. The extent to which this model will create spill-over effects that benefit the population is yet to be proven, after the government’s failure to promote domestic manufacturing and services around existing mega-projects. The Moatize-Nacala corridor has nevertheless the potential to have a large impact on the economy. Nam-pula and Zambezia provinces have considerable agricultural potential and large populations, and exchanges with landlocked Malawi, Zambia and Zimbabwe could be exploited.



MARKET OVERVIEWS

ANGOLA

Presidential and Parliamentary elections in August led to a significant slowdown of business activity during a month of intense political campaigns and cautiousness among mostly foreign businesses. However, the election process was smooth, with the ruling party winning 71% of the vote, down 10% points from last elections. and activity has picked up once again.

A crippling drought has frustrated micro-credit development, impacted on agricultural output, and contributed to a power crisis through low water volumes at hydroelectric power plants. This has also had an impact on efforts to diversify the economy, which remains dependent on oil and vulnerable to oil price drops.

Angola remains set to achieve GDP growth of 8% in 2012, with projections of more than 5% for 2013. Increased state expenditure has been committed to infrastructure, such as electricity, water supply and suburban and rural roads, providing a positive outlook for JCB products in Angola in the immediate future.

However, continued dependence on oil, with high production costs in ultra-deep waters, a continued Euro Zone crisis, slow USA recovery and lower Chinese demand, may lead to decreased spending as government places emphasis on shoring net foreign currency reserves to maintain a target of 9-month import coverage. Since July this has stood below USD 30.5 billion, or less than seven months' coverage.

