

Maris Capital

Maris Africa Fund Report Q1 2013

TABLE OF CONTENTS

SUMMARY

Maris Africa Fund Summary	3
Portfolio & Fund Valuation	4
Portfolio Development	5
Company Valuations / Sector Investments	6

PORTFOLIO INVESTMENTS

RESOURCES / AGRICULTURE

Karebe Gold Mining Limited, mining (Kenya)	7
Equatorial Teak Companies, forestry (South Sudan)	8
Tatepa, tea & avocados (Tanzania)	9
Select / Metals / Express , exploration (Mozambique & Tanzania)	9

SERVICES

Network Support Services, telecoms services (South Sudan)	10
Eixo, serviced offices (Mozambique)	10
Máquinas e Tractores de Angola, dealership (Angola)	11
Machines & Tractors Tanzania, dealership (Tanzania)	11
Equator Drilling, drilling services (Tanzania)	12
Afritise, outdoor advertising (South Sudan)	12
Untu , SME Banking (Zimbabwe)	13

LODGING / REAL ESTATE

Acacia Village, serviced accommodation (South Sudan)	14
Quirimbas Support Services, serviced accommodation (Mozambique)	14
OSS Mozambique, warehousing (Mozambique)	15
Mulitani, serviced accommodation (Mozambique)	15

MARKET OVERVIEW

South Sudan	16
Tanzania	16
Kenya	17
Mozambique	17
Zimbabwe	18
Angola	18

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	Start-up Development capital Buy-out investments Sub Saharan Africa

Since 2009 the fund has made 15 investments across three main sectors: resources & agriculture, lodging & real estate and services. We have invested in ten start up companies, three turnaround opportunities, and two growth companies. Ten of our investments are early stage and remain valued at cost. In a Q1 valuation review, Network Support Services, MTA (JCB Angola), Acacia Village, and OSS Mozambique saw their fair value increase by a total of \$3.48m. After four years of close mentoring our companies are all moving in the right direction, albeit at different speeds. The same could also be said for our target markets - yet again Africa has outperformed gloomy forecasts. South Sudan did not return to war, Kenyan presidential elections were peaceful - if only 2013 could see Zimbabwe defy election turmoil predictions.

On 5th May, South Sudan's main oil field restarted production after a 16 month stoppage. This pause was one of the largest self-inflicted economic shocks any country has experienced – GDP contracted by 52% in 2012 and the government lost 98% of its revenues. By slashing government spending in half and tripling non oil revenues, the South Sudan government managed to stay afloat long enough to agree a revenue sharing and political arrangement with the north. Nor did Juba see any civil unrest in reaction to the stoppage. By 2014 South Sudan estimates that production will be back to 2011 levels of over 350,000 barrels a day.

Nevertheless, it has been a very challenging year – security has worsened, foreign exchange has been severely limited, and inflation has been highly volatile. State governments have fared considerably worse than the capital, which has strained federal relationships and driven up ad hoc levies and taxes for local operators. Despite this environment, Network Support Services and Afritise had record years. In addition, Acacia Village has retained occupancy levels of over 95% and Equatoria Teak Company has successfully commissioned South Sudan's only operating sawmill facility.

Further South, Karebe Gold Mining had a record year in 2012, and production levels in Q1 2013 are on track to double net income this year. Operations at the two mines are running smoothly, grades are higher than forecast and recent underground discoveries continue to extend the life of the mine. The fall in the gold price from a high of \$1,900 to \$1,386 has been disappointing, though we remain relaxed as our valuation is based on a \$900 gold price and our cost per Oz significantly below that. We are exploring opportunities in Kenya and Zimbabwe for a second gold investment overseen by Karebe Manager David May.

Africa's oil industry, well established in Angola, but at a much earlier stage in East Africa, continues to attract international investment and demand for related services continues to strengthen. MTT (JCB Tanzania) has seen stronger than forecast sales in Q1 and there looks to be strong demand for our housing development in Pemba, which will be the home for Mozambique's offshore gas developments. MTA (JCB Angola) saw a seasonally slow first quarter, but enjoys a strong pipeline for Q2/Q3. Not all Africa's resource stories have been positive – Rio Tinto wrote down its coal asset in Tete, Northern Mozambique, by \$3bn in January citing logistical challenges, and a smaller coking coal resource than anticipated. This coincided with the sacking of the company's CEO, and Mozambique Director. Despite this upset, Tete's coking coal is among the lowest on the global cost curve and demand for warehousing and housing remains strong. However, exploration investment has slowed across the world, which is impacting our drilling services company. Our Mozambique serviced offices are full, and represent an opportunity that we want to develop across Africa. Overall, we remain confident in the scale of the general service opportunity in Africa.

As we near the end of our investment period, we have started a consultation with Limited Partners over the next stage for Maris's Africa investment strategy - we have been heartened by support from our investors and look forward to presenting a proposal to our Advisory Board in Q2.

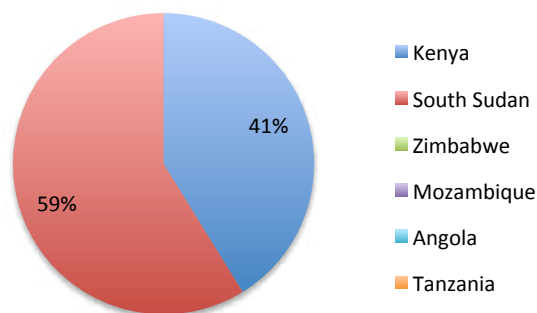
PORTFOLIO COMPANIES AT 10/04/13*

					EQUITY (US\$m)					DEBT (US\$m)				TOTAL (US\$m)			
Date	Company	Country	Equity	Sector	Unrealised Cost	Unrealised Gains	Fair Realised Value	Fair Realised Gains	% of Cost	Cost	Fair Interest Value	Interest Paid	% of Cost	Total Proceeds/ Cost	Total Proceeds/ Valuation	% of Cost	Valuation Basis
Jun-09	KGML	Kenya	80%	Gold Mining	1.45	4.18	5.62	0.19	389%	0.69	0.85	-	124%	2.13	6.67	313%	Revaluation
Sep-09	NSS	South Sudan	71%	Telecoms	1.69	1.09	2.78	0.87	216%	-	-	-	-	1.69	3.64	216%	Revaluation
Sep-09	Acacia / OSS	South Sudan	47%	Lodging	1.02	0.51	1.65	0.39	199%	-	-	-	-	1.02	1.92	188%	Revaluation
Sep-09	Afritise	South Sudan	30%	Advertising	0.20	-	0.20	-	100%	0.04	0.05	-	130%	0.24	0.25	105%	Cost
Apr-11	Untu	Zimbabwe	19%	SME Banking	0.53	-	0.53	-	100%	0.10	0.10	-	104%	0.63	0.63	101%	Cost
May-11	OSS Moz	Mozambique	100%	Mining Support	2.22	1.28	3.50	-	158%	-	-	-	-	2.22	3.50	158%	Revaluation
Jul-11	MTA Angola	Angola	33%	Dealership	0.35	0.49	0.83	-	241%	-	-	-	-	0.35	0.83	241%	Revaluation
Apr-12	Tatepa	Tanzania	18%	Agriculture	0.77	-	0.77	-	100%	-	-	-	-	0.77	0.77	100%	Cost
Apr-12	Mulitani	Mozambique	97%	Lodging	1.05	-	1.05	-	100%	-	-	-	-	1.05	1.05	100%	Cost
Jun-12	ETC / CETC	South Sudan	85%	Forestry	2.68	-	2.68	-	100%	-	-	-	-	2.68	2.68	100%	Cost
Oct-12	Exploration	Moz / Tanzania	<10%	Exploration	0.35	-	0.35	-	100%	-	-	-	-	0.35	0.35	100%	Cost
Oct-12	Eixo	Mozambique	75%	Serviced Offices	0.19	-	0.19	-	100%	-	-	-	-	0.19	0.19	100%	Cost
Oct-12	QSS	Mozambique	49%	Lodging	0.52	-	0.52	-	100%	-	-	-	-	0.52	0.52	100%	Cost
Feb-13	MTT	Tanzania	50%	Dealership	0.31	-	0.31	-	100%	-	-	-	-	0.31	0.31	100%	Cost
Mar-13	Equator Drilling	Moz / Tanzania	100%	Mining Support	0.60	-	0.60	-	100%	-	-	-	-	0.60	0.60	100%	Cost
Total					13.92	7.54	21.58	1.45	164%	0.83	1.01	-	122%	14.74	23.92	162%	

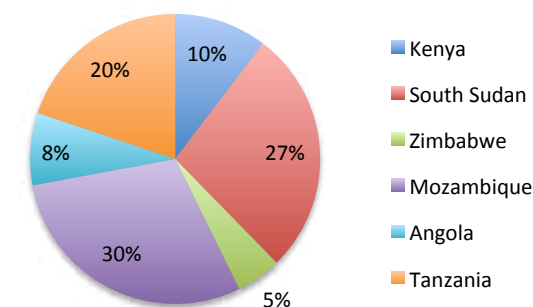
FUND SUMMARY (US\$m)*

Capital Committed	26.10
Capital Called	19.57
Advisory Fee since first close	(2.68)
Establishment, Administration & Deal Costs	(0.50)
Late Entry Interest Payments	0.10
Gain on Revaluation	7.66
Dividends accrued	1.26
Value of Fund	25.59
Fair Value of Fund / Capital called	1.31x
Capital Distributed	-
Reserved for follow on	4.12
Available for drawdown	6.52

Investment Geographical Spread Q4 2009



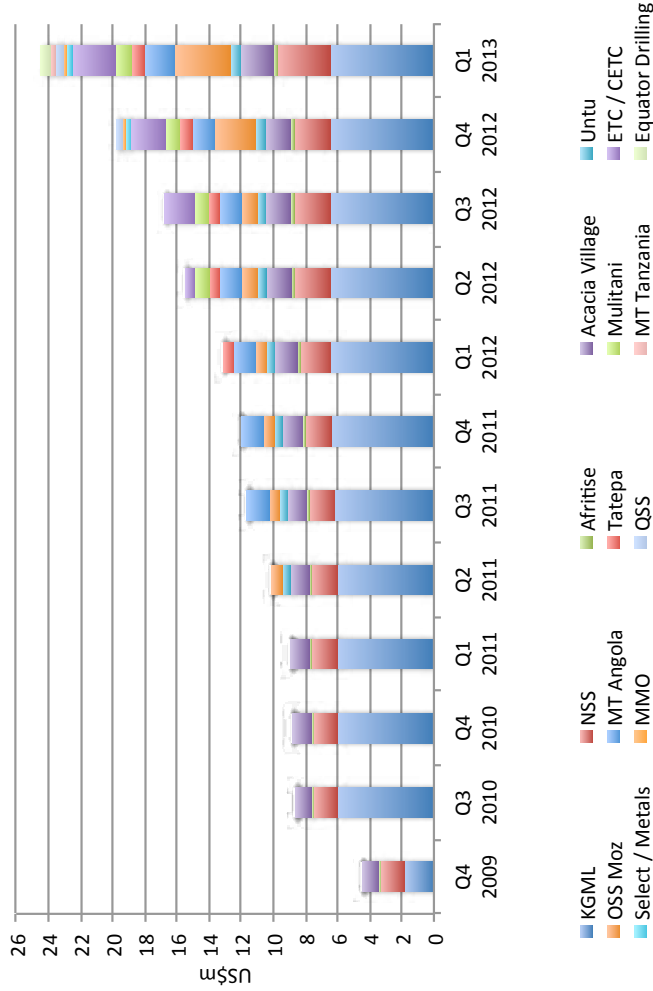
Investment Geographical Spread Q1 2013



*Unaudited

PORTFOLIO DEVELOPMENT

Total Value / Proceeds



Total Invested + Reserved for Follow On

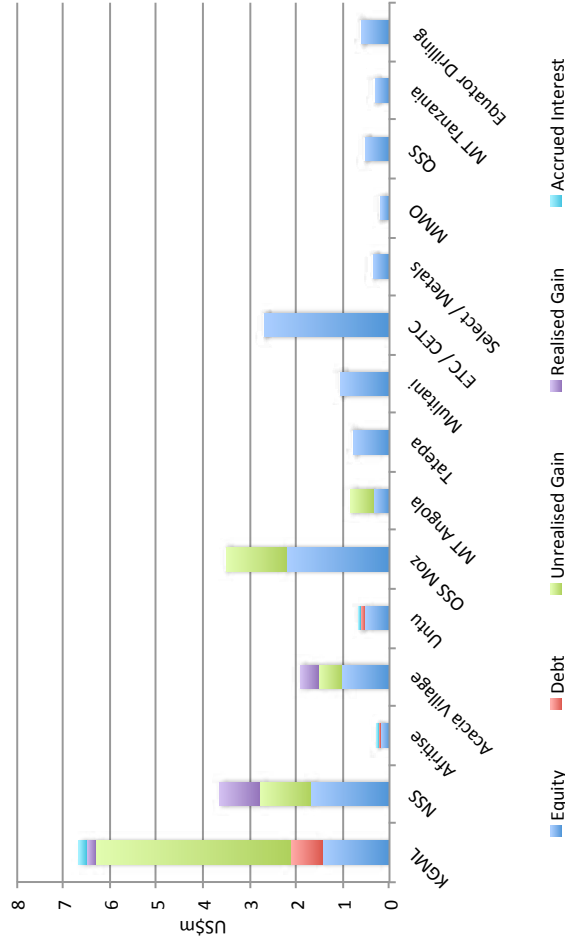


INVESTMENT PIPELINE

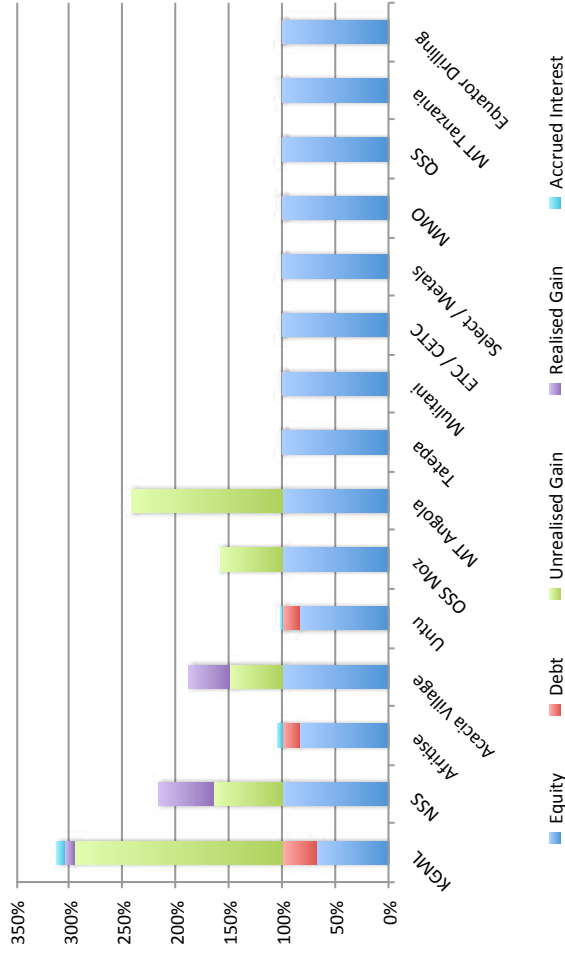
We are working to expand several of our service offerings to new East African geographies and we hope to expand our machinery dealerships, serviced offices, and serviced accommodation in new countries. We are also looking to expand our gold offering in partnership with the same management team.

COMPANY VALUATIONS / SECTOR INVESTMENT / PORTFOLIO DEVELOPMENT

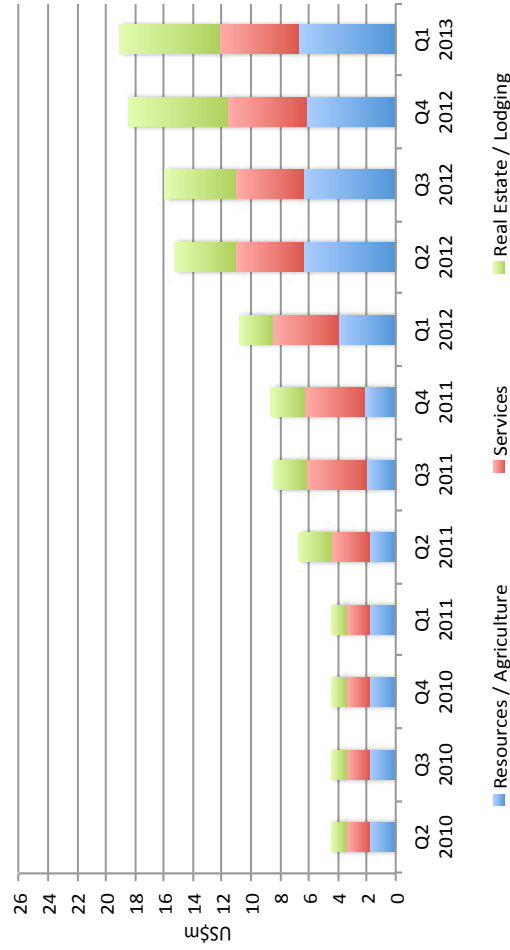
Proceeds / Valuation



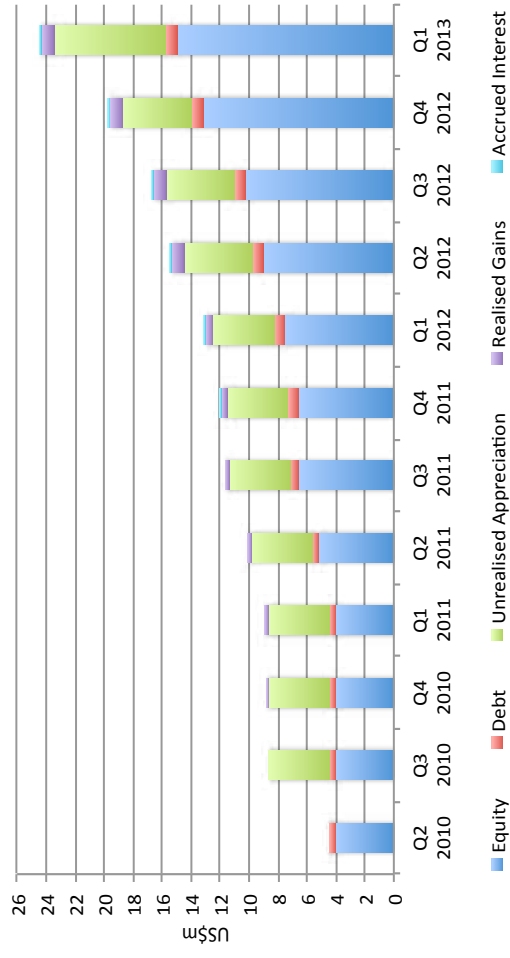
Proceeds / Valuation as % of Cost



Total Invested & Follow on - Sector



Total Value / Proceeds



RESOURCES / AGRICULTURE

KAREBE GOLD MINING LIMITED



Karebe Gold Mining Limited, Kenya (KGML) is one of two gold mining companies operating in Kenya. Karebe has produced a modest 3,770oz Au since we broke ground in September 2010, equating to 117 kg of gold at a value of \$5.5m. The company employs over 150 staff, many of who had no formal employment record, and is headquartered in Kisumu, Kenya.

Transaction Date	January 2009
Development Stage	Start-Up
Fund Ownership	80%
Equity Cost	\$1,447,576
Shareholder Loan	\$686,163
Valuation	\$ 6,453,425
Fund Board Membership	C Tryon

Financials (US\$000s)	Q1 12A	Q1 13A		Q1 13E	Q1 13 A		2012A
Revenues	6	*686	>1000%	1,171	*686	-41%	2,548
EBITDA	-360	85	n/a	541	85	-84%	946
Net Income	-360	52	n/a	488	52	-89%	731

A = Actual / E = Estimate Revenue accounting is on a cash basis and does not factor into account gold inventory

Highlights

Average tonnage hauled now > 1,000 t/month
 Significant improved grades at depth (levels 3-4)
 Capacity increasing in line with forecasts
 \$195k returned to the fund

Lowlights

Gold price falls 15% since our last report
 Land dispute at Rock Corry continues
 Mill bearing failure impacts production in April

Advances underground have been impressive and the company is gaining momentum. On average the underground mining team are making 150m of advances in a month (raises, drives, the shaft and slyping advances.) Ore handling has also improved with over 1,000 tonnes being hauled to surface each month from a single shaft. Grades have increased dramatically and between levels 3 and 4 we are encountering "bonanza" grades (>200g/ton) in situ on reef. As our sampling and development of the mine improves we are increasingly encouraged by the depth and characteristics of the mine. The mine development is sufficiently advanced that we now have blocks available and identified for 2013-15 without extending the mine at depth.

Comparison with the company's result for the same period in 2012 and forecasts do not appreciate the irregularity with which the company sells bullion. The company is performing better than last year and in line with forecast, despite the numbers suggesting otherwise! This is a consequence of holding 12 kg of gold in stock over the quarter end. Despite some modifications made to the mill due to a bearing wearing through we are confident of catching up production, reducing ore dilution to the mill and reaching our forecast for the year. In Q1 the fund received \$200,000 in the form of a loan repayment and is anticipating a further payment in Q2.



Ball mill



New ore washing facility



Underground planning

RESOURCES / AGRICULTURE

EQUATORIA & CENTRAL EQUATORIA TEAK COMPANY



The fund owns 85% of Equatoria Teak Company, "ETC" and 81% of Central Equatoria Teak Company, "CETC", which have extensive mature teak plantations and associated processing facilities in South Sudan. They are South Sudan's leading sustainable forestry companies and are two of the country's largest employers, with a combined workforce of 200 people.

Transaction Date	June 2012
Development Stage	Refinancing / Development
Fund Ownership	85%
Total Equity Cost	\$2,681,126
Valuation	\$2,681,126
Fund Board Membership	C Ferguson, C Tryon

Highlights

Sawmill commissioned and in production
 Strong international demand for teak
 Silviculture consultancy agreed

Lowlights

Road infrastructure poor after austerity budget
 Insecurity linked to illegal logging
 Internal defects linked to lack of pruning

Equatoria Teak Company (ETC) shipped a container of existing stock to the USA and started trial production in Q1. The new sawmill arrived from South Africa in January; we have rectified a manufacturing fault with the initial break down saw and the sawmill is now running smoothly. This plantation teak produces a honey coloured, fine textured product owing to its unusual age (45 – 60 yrs); the company has received orders for trial shipments from the US, Europe, India and Indonesia. Initially the company will produce two main products:

- Fine European Quality (FEQ) furniture grade teak - The price range is higher than initial forecasts although recovery rate is slightly lower, owing to defects in the teak as a result of a lack of thinning.
- Squared logs - the most simple product after round logs. Initial pricing indications are just below forecast, but the recovery rate is proving to be higher, so on balance we are comfortable with our forecasts.

As local skills and productivity improve we will develop a higher grade product range. In January the market price for finished marine decking was over \$20,000/cbm, and though we will not focus on this niche market, it illustrates the demand for teak products. We have quadrupled the size of the nursery and have agreed a consulting arrangement with a former sister company in Tanzania, who are Africa's leading teak growers. We have also reconstituted the local Social Fund and have made our first contributions from royalties. We look forward to developing a community charcoal distribution scheme from teak offcuts later in 2013.

Initially we had hoped to develop operations at ETC, and then build out a processing facility and nursery at sister company Central Equatoria Teak Company (CETC). Given the local desire for employment opportunities and social development we have instead committed to an accelerated timetable for nursery construction and production at CETC. To achieve this, and also to meet working capital requirements at ETC, we commenced a fundraising process for the company in Q1 that we will seek to close in Q2. Global demand for teak is high owing to a logging ban imposed in 2013/2014 in Myanmar. Over 75% of global plantation teak is less than 20 years old, thus the demand for ETC and CETC's teak is high. Getting to market remains a challenge, given the state of the road network after a year of no investment by the Government, but a partnership with one of East Africa's largest transporters, who are serving the Randgold/Anglogold Ashanti Kibali mine, in nearby DRC, is proving viable but will be fully tested in Q2.



RESOURCES / AGRICULTURE

TATEPA*



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. Kymbila Tea Packing Company is the owner of Chai Tausi, a mass-market tea brand in Tanzania.

Transaction Date	March 2012
Development Stage	Buy Out / Development
Fund Ownership	18%
Equity Cost	\$ 770,000
Valuation	\$770,000
Fund Board Membership	J Gunnell



*Tatepa is a plc and reports on a semi-annual basis

Highlights

Tea prices remain buoyant
Chai Tausi brand sales continue to rise

Lowlights

Dar distribution network remains underdeveloped

Tea prices remained strong throughout Q1 and witnessed a mini-spike to record levels as buyers stocked up in anticipation of the elections in Kenya. While India is the biggest producer and consumer of black tea, Kenya is the largest exporter and the swing producer determining global tea prices. Concerns around disruptions to supply due to potential post-election violence saw loose leaf stocks increase at global blenders. Since the successful and calm elections tea prices have dropped off again. However, tea prices remain at historically high levels and pricing in the mid range grades, such as those of Tatepa's estates and outgrowers, have proved particularly robust. Avocado harvesting took place during Q1 and the first containers left the packshed towards the end of Q1. Containers are being shipped to the UK and France and the company awaits pricing indications later in Q2. Chai Tausi, the retail tea brand owned by Tatepa, continues to build market presence and sales. Sales have been strong outside of Dar, particularly in the Arusha area, however the focus is now on boosting market share in the capital.

RESOURCES / AGRICULTURE

SELECT EXPLORATION / METALS OF AFRICA / EXPRESS RESOURCES



The fund has invested in a group of four exploration companies that hold numerous licenses across Mozambique, Zimbabwe and Tanzania: Select Exploration Ltd (ASX), Metals of Africa Ltd (ASX), Express Resources (private), and Niassa Resources (private). Licenses include precious and base metals, with a particular focus on coal, gold and uranium. These projects build on the management team's successful track record in East Africa.

Transaction Date	October 2012
Development Stage	Start-Up
Fund Ownership	<10%
Total Equity Cost	\$ 347,826
Valuation	\$ 347,826
Fund Board Membership	None

Highlights

Thermal coal, lead, zinc, copper, silver found
Depressed market allows for cheap acquisitions

Lowlights

Low prices due to weak resources market

Select exploration commenced an initial drill program on the company's best coal prospect in Tanzania at Ruhuhu. Drilling started late and only one test hole was completed before the onset of the wet season. Encouragingly, thermal coal was intersected in two structures giving the company a firm resource target to work with. However, with the weakness in coal prices and the resource market in a suppressed state the company has decided to refrain from further drilling until such time as the market will be more receptive. The board have launched an aggressive cost saving plan and are also looking to acquire new prospective ground whilst the market is depressed.

Metals of Africa has successfully completed 2,580m of diamond core drilling in 14 drill holes on its ex BHP exploration properties. Of these 4 have yielded encouraging results with Lead (Pb), Zinc (Zn), Copper (Cu) and Silver (Ag) all found in visible quantities. The maiden hole drilled intersected 0.75m high grade mineralization containing 21.8% Lead/Zinc (Pb/Zn) and Silver (Ag) at 29g/ton. Further drilling and geophysics will be required once the dry season commences. Express Resources, a privately held company with exploration licenses in Tanzania and Mozambique has encountered a Copper (Cu), Gold (Au) anomaly in Tanzania. Test drilling revealed a 6km anomaly which requires further drilling.

SERVICES

Network Support Services



Network Support Services Limited (NSS) is the dominant GSM infrastructure construction and maintenance business in South Sudan. The company is managed by Phil Taylor and is headquartered in Juba. NSS is Huawei's preferred partner in South Sudan.

Transaction Date	September 2009
Development Stage	Development Capital
Fund Ownership	71.25%
Equity Cost	\$1,685,891
Valuation	\$2,778,750
Realised return	\$502,688
Fund Board Membership	C Tryon



Financials (US\$000s)	Q1 12A	Q1 13A		Q1 13E	Q1 13A		2012A
Revenues	2,115	2,512	19%	2,817	2,512	-11%	10,346
EBITDA	192	264	37%	446	264	-41%	1,028
Net Income	192	164	-14%	404	164	-59%	860

A = Actual / E = Estimate

Highlights

Continued growth in sites
Valuation increase approved

Lowlights

Profits hit by foreign exchange writedowns
Cashflow affected by delayed client payments

NSS had a challenging quarter due to delayed payments from its key client. However, the payment timetable has improved in Q2. The fall in profitability versus forecast and the previous year is a product of taking significant foreign exchange write downs on receivables. We have also suffered from our major client's own cashflow constraints, but the situation is improving. These operational challenges aside, NSS is continuing to add sites at a steady rate and the business continues to grow well under the new management of Phil Taylor. In April the company achieved a profit of \$147k for the month which sets the company firmly back in line with forecasts for the year. After holding NSS at cost since the fund acquired its stake, the advisory board agreed to increase the company's valuation in light of 2012 trading results and increased sites under maintenance in 2013.

SERVICES

Mozambique Managed Offices (formerly Eixo)



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

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



Highlights

Continued growth and expansion
Marginal office occupancy remains at 100%

Lowlights

Increasing competition

Mozambique Managed Offices saw further growth in Q1 and expanded into a 150m2 office in the centre of Maputo (in the same building as the first office). The setup offers four fully serviced and equipped offices, which were all contracted before its formal opening on 1 February. Occupancy on the marginal office continued at 100%, with some short term projects making use of the conference facilities and hotdesks. This provided an additional boost to the company's brand name and services. The eight hotdesks on the 24 de Julho Office have also displayed a significantly higher occupancy rate.

Evy Van Weezendonk, the MD has proven highly successful in attracting clients and the business has a solid foundation. The local project team continues to look for additional office space in order to be able to support its own growth and that of its existing client base.

SERVICES

MTA - Máquinas e Tratores de Angola



Máquinas e Tratores 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.

Transaction Date	July 2011
Development Stage	Distressed Refinancing
Fund Ownership	33%
Equity Cost	\$1,388,244
Valuation	\$1,388,244
Fund Board Membership	A Fimister



Financials (US\$000s)	Q1 12A	Q1 13A		Q1 13E	Q1 13A		2012A	A = Actual / E = Estimate
Revenues	872	965	11%	1008	965	-4%	4,761	
EBITDA	104	52	-50%	37	52	41%	416	
Net Income	76	24	-68%	12	24	100%	253	

Highlights

Launch of generators and rentals services
Public spending and investment to rise

Lowlights

Slowdown in state projects during Q1
Q1 results below expectations

MTA faced a slower than projected first quarter, with nine retails to end March. Profitability was hit by lower gross margins due to currencies and increased spend on salaries, recruitment & site/office rental costs - necessary investment for future growth. Sales were impacted by usual seasonal factors but also a temporary slowdown in state-spending as the new budget was formulated. However, the new budget now forecasts a 58% increase in public investment. MTA also launched two new areas - generators and rentals. Generator sales tap into the robust Angolan power market, where an expanding economy has outpaced an already hopelessly inadequate energy infrastructure. Plant rental was launched with a test unit on a medium-term contract with one of the largest contractors in Angola. MTA plans to increase this activity during the year. Soares da Costa has also agreed to sell its remaining 34% stake in the business to Maris and its fellow shareholders with share transfers expected shortly.

SERVICES

MTT - Machines & Tractors Tanzania



MTT (Machines and Tractors Tanzania) has an exclusive licence to sell JCB machines, spare parts and after-sales service within Tanzania. The company is a joint venture between Maris Capital and Muscat Overseas Group (owner of multiple machinery dealerships across the region), and builds on a successful partnership in MTA (Máquinas e Tratores de Angola).

Transaction Date	Feb 2013
Development Stage	Turnaround/Refinancing
Fund Ownership	50%
Equity Cost	\$310,031
Valuation	\$310,031
Fund Board Membership	J Gunnell



Financials (US\$000s)	Q1 12A	2m 13A		Q1 13E	2m 13A		A = Actual / E = Estimate
Revenues		639			639		
EBITDA		50			50		
Net Income		46			46		

Highlights

Demand remains strong versus last year
Investment in workforce company infrastructure

Lowlights

Delays at port / customs authorities

MTT has made a good start to the year. The company officially started trading on February 4th and has already sold 6 machines into the close of Q1. Economic growth remains robust in Tanzania and despite some pressure on government finances, infrastructure activity continues to be strong. MTT primarily sells into the construction and road building sector and both the real estate market and civil construction sector are faring well. The company also sells a selection of excavators and backhoe loaders into the agricultural and mining sector and demand here also remains strong. Plans are underway to refurbish and upgrade the main facility in Dar Es Salaam during the summer, combined with a reopening of another branch in Mwanza. MTT has purchased new 4x4 vehicles for the service department so the company can provide more effective call-out service response for clients across Tanzania. The service technicians are also undergoing further training to improve their skills and MTT expects to upgrade its IT system in the near future to provide better stock management and parts availability.

SERVICES

EQUATOR DRILLING - MOZAMBIQUE AND TANZANIA



Equator Drilling is a start up drilling business which offers explorative geological testing, specialising in the remote areas of Mozambique and Tanzania. The company's cornerstone client is a group of exploration companies in Tanzania and Mozambique with extensive licenses pending exploration drilling. From this base the company will expand its fleet and client list regionally.

Transaction Date	Q1 2013
Development Stage	Start-Up
Fund Ownership	100% - reducing to 51%
Total Equity Cost	\$1,000,000
Valuation	\$1,000,000
Fund Board Membership	C Tryon, A Fimister



Highlights

Well positioned to weather market downturn

Lowlights

Low commodity prices

Challenging market conditions

Equator drilling continues to progress from the start-up drawing board, through the procurement and planning stage. Much of the necessary equipment has now been sourced and prepared for deployment. Company registration is completed and offices and accommodation secured in Mozambique. The wider mining and exploration market is currently suffering as a consequence of falling commodity prices and extremely tight market conditions within the mining sector. Rio Tinto's announcement of job cuts in Tete and a sale of its assets in Mozambique have sent shock waves through the market in Mozambique. The impact has been noticeable in the drilling and mining services industry which has seen a sharp downturn in recent months. Whilst the macro perspective looks bleak for Equator Drilling, we believe that the larger drilling companies with significant overheads will face a greater challenge than smaller more dynamic companies with low fixed overheads. A number of strong sales leads are being followed up with a view to launching services in June. Developing from a lean base as the resource sector recovers is a preferable entry point to launching services as the market falls and demand for drill falls off. Despite the chronic market conditions we feel small drilling companies are likely to win more business conducting smaller drill programs. The next 6-12 months look challenging and the company will be careful to consider a care and maintenance strategy should market conditions worsen.

SERVICES

Afritise



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 a license to advertise at the airport. The company has 9 full-time employees.

Transaction Date	September 2009
Development Stage	Start-Up
Fund Ownership	30%
Equity Cost	\$ 198,949
Valuation	\$249,485
Shareholder Loan	\$39,000
Fund Board Membership	C Tryon



Financials (US\$000s)	Q1 12A	Q1 13A		Q1 13E	Q1 13A		2012A	A = Actual / E = Estimate
Revenues	113	192	70%	157	192	23%	2,512	
EBITDA	16	93	478%	55	93	68%	264	
Net Income	10	90	835%	15	90	492%	164	

Highlights

Increased market activity and demand
Strongest quarterly results so far

Lowlights

Currency fluctuations

Afritise is continuing to perform strongly and capitalize on our early mover position in the market. Activity in the outdoor advertising market is increasing significantly both in terms of new entrants, investment and demand from advertisers. In order to keep abreast of demand the shareholders extended their loans to the company and provided a further \$100k for the building of new large monopole signs. Afritise has had the strongest quarter yet versus the previous trading period and our forecast. The improved profitability is partially down to an appreciation in the South Sudanese Pound, but more importantly a consequence of some cost cutting and a fall in the maintenance cost of signs as the company shift to larger signs. All in all a very strong first quarter and the company at last appears to be achieving its early promise.

SERVICES

Untu



Untu Holdings Limited, Zimbabwe (Untu), is a microfinance institution that was founded in 2009 by CEO Clive Msipna to meet the growing demand for credit from small businesses and entrepreneurs.

Transaction Date	April 2011
Development Stage	Start-Up / Development
Fund Ownership	19%
Equity Cost	\$529,511
Debt	\$100,000
Fund Board Membership	C Ferguson



Financials (US\$000s)	Q1 12A	Q1 13A		Q1 13E	Q1 13A		2012A
Operating Income	244	317	30%	464	317	-32%	1,283
Operating Expenses	158	310	96%	369	310	-16%	1,111
Impairment Provisions	50	18	-64%	65	18	-72%	163
Net Income	27	(10)	n/a	30	(10)	n/a	-14

A = Actual / E = Estimate

Highlights

Interest free loans/grants received
Strategic partnerships formed with key suppliers

Lowlights

Increasing competition
Uncertainty around 2013 elections

Having build a robust operational platform in 2012 that can support a much larger loan book, Untu's key aim is to grow responsibly. While loan book quality continues to improve, Untu has struggled with sales and 2012 started slowly following a closure of disbursements during the Christmas period. Q1's figures are disappointing but the company has seen performance improve in April/May. In February Untu established a sales team to build brand awareness and drive loan book growth. They have also launched strategic partnerships with key suppliers which are starting to yield results. In Q1 Untu received support in the form of interest free loans and grants from the African Enterprise Challenge Fund, and has signed term sheets with key regional microfinance funders who are seeking to support the sector in Zimbabwe. The arrival of a new Chairman, Livingstone Gwata, is improving governance and providing support to the CEO so that the company can build from what is now a strong base.

LODGING / REAL ESTATE

Acacia Village



Acacia Village is a camp services and logistics provider in Juba that remains Trip Advisor's leading Juba residence. Acacia Village comprises a 34-room apart-hotel with associated storage and office facilities.

Transaction Date	September 2009
Development Stage	Start-Up
Fund Ownership	47%
Equity Cost	\$1,021,186
Valuation	\$1,645,000
Dividends	\$393,787
Fund Board Membership	C Tryon



Financials (US\$000s)	Q1 12A	Q1 13A		Q1 13E	Q1 13A		2012A	A = Actual / E = Estimate
Revenues	412	392	-5%	419	392	-6%	1,680	
EBITDA	145	158	9%	166	158	-5%	637	
Net Income	-97	157	n/a	90	157	74%	187	

Highlights

Average occupancy rate of 95%

Lowlights

Increasing competition

Acacia continues to perform well. Demand for both office space and accommodation remains strong and occupancy rates continue to average 95%. During Q1 three containerised rooms were replaced with four additional rooms in two large cottages bringing the total number of rooms on permanent let to 34. In addition to staff rooms and those reserved for short term occupancy there are now 39 accommodation units and 9 office units.

Work has commenced on 17 new single self-contained apartments. The apartments should be completed in November and will increase the number of rooms available to 51. At a time when there is an increasing number of hotel and other residential options Acacia is planning to leverage its strong brand and continue to offer the best in long-stay serviced accommodation.

LODGING / REAL ESTATE

Quirimbas Support Services



Quirimbas Support Services (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.

Transaction Date	October 2012
Development Stage	Developmental Capital
Fund Ownership	48%
Total Equity Cost	\$521,395
Follow on Commitments	\$1,198,605
Fund Board Membership	J Gunnell, A Fimister



Highlights

Favourable demand/supply dynamics
Licensing and registration complete

Lowlights

High cost environment
Complex logistics management

QSS has now completed the arduous process of obtaining all the necessary licensing and registration to become operational in Mozambique. The build configuration and design for the compound has been finalised and will include a communal area (restaurant, bar, kitchen, office, swimming pool), two blocks of 8 double apartments and one block of 16 studio rooms. The total development will therefore accommodate a maximum of 48 people once this first phase is complete. The first phase plans to utilise 50% of a 3.5Ha plot, while the remaining 5.5Ha will be used for phases two and three in a couple of years time.

An increasing number of companies continue to arrive and set up operations in Pemba. However there remains a severe short-fall in the supply of good accommodation. Hotels are fully booked and house rental prices are very high. The housing that is currently available fails to meet the stringent HSE and security standards required by the IOCs. QSS remains confident in demand for this compound. Ground has been broken and the civil work has begun: the first phase of the development will be complete by November 2013.

LODGING / REAL ESTATE

OSS Mozambique



OSS Mozambique offers warehouse provision and related mining services in the Tete area, northern Mozambique. Phase 1 saw the successful construction and sale of our first compound of warehouses and offices. We are now building the headquarters of a major mining services company, having secured a 10 year lease contract with them. Furthermore, we are building a second 1,200 sqm warehouse and offices, and are on the verge of starting a third warehouse.

Transaction Date	May 2011
Development Stage	Start-Up
Fund Ownership	100%
Equity Cost	\$ 2,218,000
Valuation	\$ 3,500,000
Fund Board Membership	A Fimister



Highlights

Construction works on schedule
Full occupancy anticipated

Construction of the international mining service company's HQ is proceeding well, and is on target. Construction is scheduled to be completed at the end of August, and in September we will hand over the site to the client. By the end of August another 1,200 sqm warehouse will be completed, and by October a second similarly sized warehouse should also be completed. The land is extremely well situated, within 500m of the main rail head where transloading of the coal takes place from the Rio Tinto mine.

Lowlights

General slowdown in coal related developments

We anticipate full occupancy on our warehousing following completion of each unit - this should generate substantial revenues across all three facilities. Moreover, we will only have used 1.5 hectares of our land to achieve these revenues, leaving the company with a further 2.3 hectares left to develop. The company is managed by Giovanni Sforza who is performing well thanks to the operational freedom created by the 2012 buyout of the company's 50% shareholders.

LODGING / REAL ESTATE

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 the construction of 25 bedrooms spread across various configurations of houses, followed by construction of further houses and apartments on specific requests from companies operating in the area.

Transaction Date	April 2012
Development Stage	Start-Up
Fund Ownership	48.5%
Total Equity Cost	\$1,049,745
Valuation	\$1,049,745
Fund Board Membership	A Fimister



Highlights

Construction works ahead of schedule
Strong demand forecast

Lowlights

General slowdown in coal related developments

Mulitani has benefited from securing a reliable and efficient building partner for the project in Tete, and construction is currently significantly ahead of schedule. The building of the first ten houses started in January. The first four of these will be ready for rental in June; the next three will be finished in July and the final three in August. The company will utilise 1Ha during this first phase, leaving another 5Ha left to develop.

Interest in the houses has been significant and we are already negotiating deals on two of the first four. A mining client is interested in 58 houses and a provider of construction equipment is interested in around 35. Mulitani has started conversations with banks about using the houses to raise debt and invest in further building. Despite the write down of Rio Tinto's coal asset, large-scale developments are continuing. Tete is set to get even busier with the development of two coal power stations later this year, as well as construction of the \$7bn Mpanda Nkuwa dam downstream from the existing Cahora Bassa dam.

MARKET OVERVIEWS

SOUTH SUDAN

South Sudan has restarted pumping from its main oil field. The first cargo is anticipated in Port Sudan by the end of May and initial production should be between 150,000 and 200,000 bpd. Delays are anticipated for a return to 2011 production levels of 350,000 barrels per day thanks to damage to the pipeline during clashes in 2012. The main buyers for South Sudan's production are China (40%), Malaysia (30%) and India (25%). This is the first step towards the close of an extraordinary chapter in South Sudan's history in which the world's newest country turned off 98% of government revenues and saw its economy contract by 52%: South Sudan held its nerve and negotiated a reasonable agreement with the north over oil revenue sharing and a political deal over security and the border. Significant points remain unresolved, including the future of Abyei, but South Sudan appears to be back on the road to growth and its population seems to have taken this huge economic shock in its stride.

It has created a very challenging business environment with the government effectively out of funds, road improvement projects stalled and no access to foreign exchange. Some companies, like airline Jetlink, cancelled services to South Sudan. Other providers such as the telecoms operators, or SAB Miller, which has invested \$100m since 2007 in the country's largest brewery, took these challenges in their stride and used the last year to increase their distribution networks and further cement their position. Nor did foreign investment stop; indeed 2012 saw significant new players in the banking industry who are following on the heels of Kenya Commercial Bank's seven branch network. Following the ratification of a new mining law Eastern and Central Equatoria has seen the arrival of exploration companies who are greatly encouraged by artisanal mining findings.

Politically, in his boldest move since Independence, President Salva Kiir fired 35 Generals in January, demoted others and fired the Governor of Lake States. He followed this in April by stripping the Vice President, Riek Machar, of his executive powers when Machar sought to run for leadership of the Sudan People's Liberation Movement, the country's main political party. One impact of the oil stoppage has been to strain relations between Juba and State Governments - and the rhetoric at a May conference of the three Equatoria States underlined the weaknesses in the current federal system. This relationship between Central and State governments impacts all our companies, but takes a particular toll on Equatoria and Central Equatoria Teak Companies, through increasingly onerous and overlapping import levies, royalty sharing and taxation requirements at State and Government level. The situation should improve once revenues once again flow from Juba out to the states and vital road and other infrastructure improvements are resumed.

TANZANIA

While Tanzania has maintained its impressive 2012 growth rate of around 7%, this has been accompanied by relatively high inflation. The government budget is in severe deficit, leading to the Central Bank taking up an IMF credit facility of \$117m to address balance of payment issues.

There have been positive developments in infrastructure, with the continuation of improvements at Dar-es-Salaam port and on the central railway line. There is also a considerable amount of construction work being undertaken in Dar on the Rapid Transit Bus system, a project financed by the World Bank.

Industrial activity continues to grow, although unreliable electricity and transport problems have impeded progress. Agriculture has also experienced rapid development due to involvement from government, aid organisations and NGOs. However, it is expected to suffer in the near future due to low rainfall forecast for the two-month rainy season.

The main areas of investor interest are the mining and gas sectors. Gold exploration is continuing all over the country, with Barrick planning on increasing production. There are numerous confirmed sources of uranium, although many obstacles remain to be overcome before extraction can commence. The pace of development in the gas sector remains slow, due to uncertainty regarding prices and future demand for LNG.

Many foreign investors continue to be frustrated by the government's attitude towards them. Influenced by its socialist past, the government still views them with suspicion. This can sometimes result in slow progress when trying to conduct business. However, in spite of these challenges, Tanzania received around \$1.1 bn in FDI in 2012. Trade with India grew to over \$1.7 bn, and several Indian companies now operate in the country, including TATA, Airtel and Kamal Steel. As one observer put it, "despite the best attempts of the government to destroy itself, Tanzania is booming and there is still great hope for growth and consumption."

MARKET OVERVIEWS

KENYA

News from Kenya has been dominated by the recent elections, which saw Uhuru Kenyatta confirmed as President following a closely fought campaign. Despite dire predictions, there was none of the violence that marred the 2007 poll in which 1,200 people died, and the majority of foreign governments see the result as a fair reflection of Kenyatta's well funded and well executed campaign. It is hoped that this is symbolic of a decrease in the tribalism that has historically plagued Kenya.

In 2012 Kenya's GDP grew by 4.7%, which is slightly lower than the earlier prediction of 5.1%, but still strong. Kenyatta's new administration, bolstered by young, talented technocrats, is seeking to achieve 8% growth in 2014 as part of its five year strategy: Kenya should certainly see a boost as investment delayed for elections comes through.

Inflation is slowly rising, with dry weather and consequent food price increases an important factor. In February the inflation rate stood at 4%, up from 3.6% in January and 3.2% the month before. The Kenyan shilling has remained firm although there are potential risks here due to the Central Bank's policy of intervention. There are also concerns relating to the country's rapidly rising debt, caused by high levels of government spending coupled with inefficient tax collection.

The performance of Kenyan businesses has been mixed. Banking and communications have performed strongly, but construction, manufacturing and retail have all slowed. Agriculture, a key sector, has had mixed results. As demonstrated by Tullow Oil's successful strikes in northern Kenya, the most promising sector for private investors remains natural resources. Oil and offshore gas have already been discovered, and work continues on establishing the size of known reserves of iron ore, coal, zinc, rare earths and gold. Although Kenya remains an appealing destination for natural resource investment in comparison to many other countries in the region, there remain some concerns. These are related to the unexpected introduction of a withholding tax on share transfers between companies in the extractive sector, as well as the lack of regulatory institutions and balanced legislation in this area.

There has also been concrete progress on two large-scale infrastructure projects. The first of these is Konza City, a new-build technology zone 60km from Nairobi, on which development has now begun. The second is the new JKIA passenger terminal for which \$650 million has already been raised. Tenders have been put out and Chinese companies are at the forefront of bidders, with contract signings now imminent.

MOZAMBIQUE

The IMF describes Mozambique's continued growth as "buoyant" despite a difficult global environment. Standard Chartered say the country's impressive growth was "barely hit" by the financial crisis of 2008/2009.

The extractive industry, which grew by over 39 per cent in 2012, was the main driver of economic growth. Impressively, real GDP grew by 7.2 per cent in the first half of 2012 and was expected to rise by 7.5 per cent by the end of last year. This pace of growth was expected to continue in 2013. In real GDP terms Mozambique is currently performing better than other African frontier economies and the sub-Saharan average (see below).

Mozambique has also seen inflation fall quicker than expected. Year-on-year consumer price inflation fell by 1.5 per cent by the end of 2012, the lowest in the Southern African Development Community.

There have, however, been setbacks, most notably the \$3bn write down by Rio Tinto of its Tete coal asset. Rio cited transportation problems, and a smaller resource than was previously anticipated. For now, all coal goes via a single-gauge railway to Beira. However, these problems look set to be resolved by 2015 when Vale will open a railway to Nacala. This will eventually see capacity rise from 3-4 million tons, on the current Beira line, to 17 million tons on the Nacala line.

While there have been positive developments regarding coal deposits in Tete province, these fields are likely to be superseded by the large gas deposits currently being explored in northern Mozambique. Estimates suggest that the find is larger than the proven reserves of Norway, Iraq, Australia or China, making Mozambique home to one of the largest natural gas deposits in the world.

There is some concern regarding elections due next year after an outbreak of violence in Sofala province. The attack occurred after Renamo rebels, disgruntled with what they called Frelimo oppression, attacked a police post killing four. However Frelimo have been in power since independence and have been largely untroubled at the polls.

MARKET OVERVIEWS

ZIMBABWE

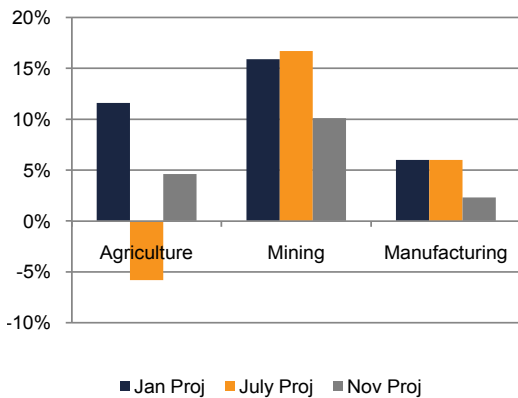
The official results of the March referendum have been released, with an overwhelming majority of citizens voting to approve the adoption of Zimbabwe's new constitution. The new constitution will only become fully effective after the national elections later this year. The key changes it will implement include the creation of an independent prosecuting authority and anti-corruption commission, a limit of two five-year terms for future presidents, and greater devolution of power to the provincial level.

GDP growth estimates for 2013 have been downgraded from 9% to around 5%, reflecting the fragility of the country's post-dollarization recovery. An increasing reliance on commodity exports means that Zimbabwe is more vulnerable to price volatility. There are also concerns regarding possible disruption during and following the elections. Inflation remains subdued at around 3%. A growing trade deficit that now stands at \$773m has exacerbated local liquidity problems. The most feasible solution to this imbalance is a recovery in domestic manufacturing financed by foreign investors, although this is highly reliant on a peaceful resolution to the presidential elections.

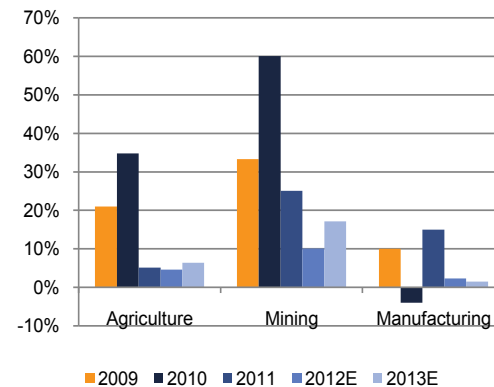
March earnings announcements were consistent with a general slowdown in the pace of growth and increasing pressure on consumers, partly due to increasing levels of consumer debt. A representative example is that of diversified consumer goods company Innscor which reported a 6% increase in 1H13 revenue against initial expectations of 15%.

Zimbabwe currently relies on expensive energy imports from Mozambique due to the gap between its current power generating capacity and its consumption. The government hopes to close this gap, with Chinese investors playing a key role. The Guangdong Bureau of Coal Geology announced plans to invest \$3.5bn in the construction of a 1,200-megawatt coal-fired thermal power plant, and Sinohydro is investing in the hydroelectric KaribaSouth extension project.

Revisions to 2012 sector growth:



Sector growth, 2009-2013E



ANGOLA

GDP growth in 2013 is forecast to remain robust at a rate of almost 9%, as major new oilfields come online. While investment and private consumption will continue to expand their share of GDP, the economy's overall reliance on oil will leave headline growth subject to production delays and disruptions. However, soaring exports and production mean that oil prices would need to fall dramatically in order to have a significant impact upon the economy. Oil currently accounts for more than 60% of domestic output, and 97% of export earnings.

The political situation remains stable following the August 2012 landslide victory of the ruling Popular Movement for the Liberation of Angola (MPLA). Despite some claims of irregularities, President Dos Santos obtained a healthy 72% of the vote and there was little civil unrest in the run up, or the aftermath, of the elections. This has not had any discernible impact on policy direction and continuity is expected to be the order of the day for 2013. The government has approved a budget that will see state spending double from its amount of two years ago, with large increases earmarked for education, health and social security.

In infrastructure, work continues on the US\$1.2bn expansion of the commercial port of Lobito, which includes a new import and export terminal for mining products. There are also a number of construction projects underway in the transport and housing sectors, with the construction sector expected to grow by 14.2% in 2013.