

Maris Capital

MARIS AFRICA FUND

Q3 2013



First Closing	9th June, 2009
Final Closing	8th December, 2010
Commitments	\$26m
Fund Domicile	Cayman Islands
Structure	1 General Partner, 55 Limited Partners

This was an encouraging quarter for our lodging and warehousing investments: in Tete OSS Mozambique and Mulitani completed key phases of construction and our new accommodation compound in Pemba will be complete by the year end. We have also broken ground on the Acacia Village expansion in Juba. Occupancy levels remain encouragingly high and all our developments have benefited from land appreciation. We are increasingly confident in the outlook for this sector.

Our service companies have also had a strong quarter: by Q3 MTA (JCB Angola) had outperformed FY12 results, MTT (JCB Tanzania) has increased its market share from 5% to 28% and Network Support Services looks set to pay a further dividend in Q4. After three challenging years, Afritise's market leading position in a rebounding South Sudanese economy is yielding encouraging results.

While property development and service businesses remain the core of the portfolio, our resource opportunities are also promising. This quarter saw gold production at Karebe Gold Mining exceed total production in 2012 and the mine is performing significantly ahead of forecast. Managing Director David May has commenced operations at a second gold tailings project in Zimbabwe and we look forward to growing production significantly from both sites in 2014. After a very challenging summer, Equatoria Teak Company Managing Director Ian Paterson has shut down illegal logging and has stabilised production and sales. He is working to replicate this turnaround at Central Equatoria Teak Company.

There were also major new developments for the team: a move to Nairobi for Charlie Tryon and his family and weddings for Andrew Fimister and Johannes Gunnell.

While portfolio growth remains our priority, this quarter we have worked closely with our Investment Committee and Advisory Board to finalise a proposal for the next phase of Maris. Thanks to the support of brave investors we have developed strongholds in some of Africa's most exciting markets: our next challenge is to capitalise on this early advantage. We are presenting Limited Partners with a proposal to transform the fund into a holding company, which will seek to roll out the fund's successes and grow its three sectors significantly. We have been in touch with you individually and this month we will circulate a formal proposal outlining the proposed transformation and the rationale behind it. This will be accompanied by a valuation audited by Grant Thornton.

This report comes mid way through the consultation process and we are available for further conversation at any time.

PORTFOLIO COMPANIES AT 30/09/13*

EQUITY (US\$m)

DEBT (US\$m)

TOTAL (US\$m)

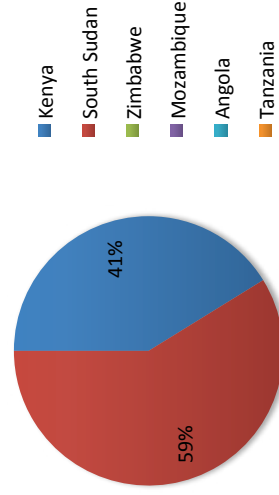
Date	Company	Country	Equity Sector	Cost	Unrealised Gains	Fair Value	Fair Realised Gains	% of Cost	Loan	Fair Value	Loan Repaid	% of Cost	Total Cost	Total Proceeds/Valuation	% of Cost	Valuation Basis
Jun-09	KGML	Kenya	80% Gold Mining	1.45	4.18	5.62	-	389%	0.49	0.68	0.20	129%	1.93	6.51	337%	Revaluation
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	1.53	0.39	188%	-	-	-	-	1.02	1.92	188%	Revaluation
Sep-09	Afritise	South Sudan	30% Advertising	0.20	-	0.20	-	100%	0.04	0.05	-	136%	0.24	0.25	106%	Cost
Apr-11	Untu	Zimbabwe	19% SME Banking	0.53	-	0.53	-	100%	0.10	0.11	-	109%	0.63	0.64	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	MT Angola	Angola	50% Dealership	0.77	0.49	1.26	-	163%	-	-	-	-	0.77	1.26	163%	Revaluation
Apr-12	Tatepa	Tanzania	18% Agriculture	0.77	-	0.77	-	100%	-	-	-	-	0.77	0.77	100%	Cost
Apr-12	Multitani	Mozambique	48.5% Lodging	1.25	-	1.25	-	100%	-	-	-	-	1.25	1.25	100%	Cost
Jun-12	ETC / CETC	South Sudan	67% Forestry	2.87	5.19	8.06	-	281%	-	-	-	-	2.87	8.06	281%	Market price
Oct-12	Select / Metals	Moz / Tanzania	<10% Exploration	0.36	-	0.36	-	100%	-	-	-	-	0.36	0.36	100%	Cost
Oct-12	MMO (Eixo)	Mozambique	75% Serviced Offices	0.16	-	0.16	-	100%	0.15	0.15	-	100%	0.31	0.31	100%	Cost
Oct-12	QSS	Mozambique	49% Lodging	2.00	-	2.00	-	100%	-	-	-	-	2.00	2.00	100%	Cost
Feb-13	MT Tanzania	Tanzania	50% Dealership	0.31	-	0.31	-	100%	0.48	0.48	-	100%	0.79	0.79	100%	Cost
Mar-13	Equator Drilling	Moz / Tanzania	100% Mining Support	1.00	-	1.00	-	100%	-	-	-	-	1.00	1.00	100%	Cost
Jul-13	Mayjel Mining	Zimbabwe	67% Gold Mining	0.12	-	0.12	-	100%	-	-	-	-	0.12	0.12	100%	Cost
Total				16.71	12.73	29.44	1.26	184%	1.25	1.47	0.20	115%	17.96	32.37	180%	

FUND SUMMARY (US\$m)*

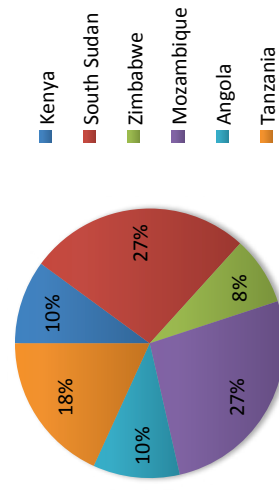
Capital Committed	26.10
Capital Called	23.49
Advisory Fee since first close	(3.08)
Establishment, Administration & Deal Costs	(0.67)
Late Entry Interest Payments	0.10
Gain on Revaluation	12.95
Dividends accrued	1.46
Value of Fund	34.24
Fair-Value of Fund / Capital called	1.46x
Capital Distributed	-
Reserved for follow on	1.60
Available for drawdown	2.61

*Unaudited

Investment Geographical Spread Q4 2009

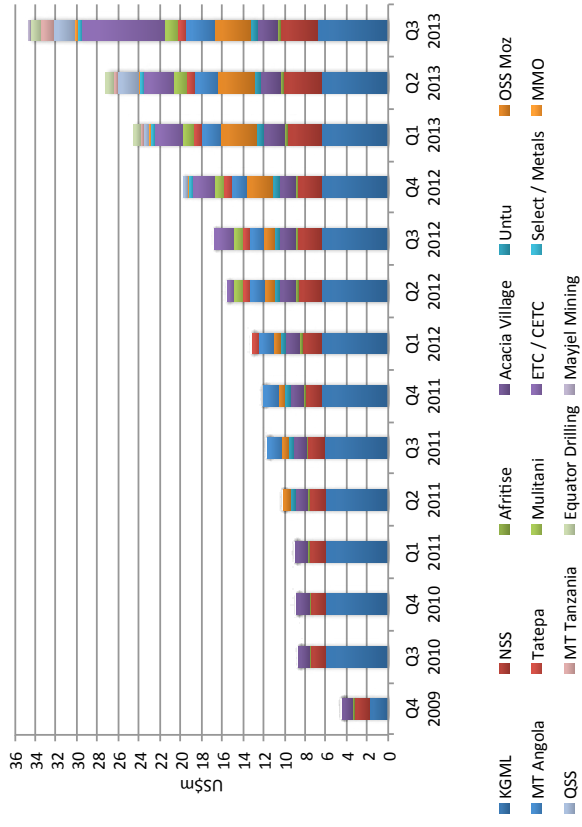


Investment Geographical Spread Q3 2013

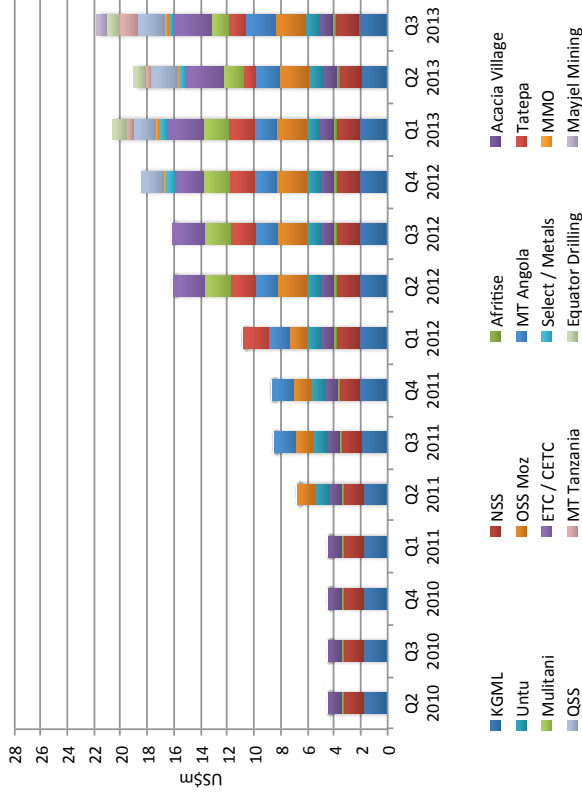


PORTFOLIO DEVELOPMENT

Total Value / Proceeds

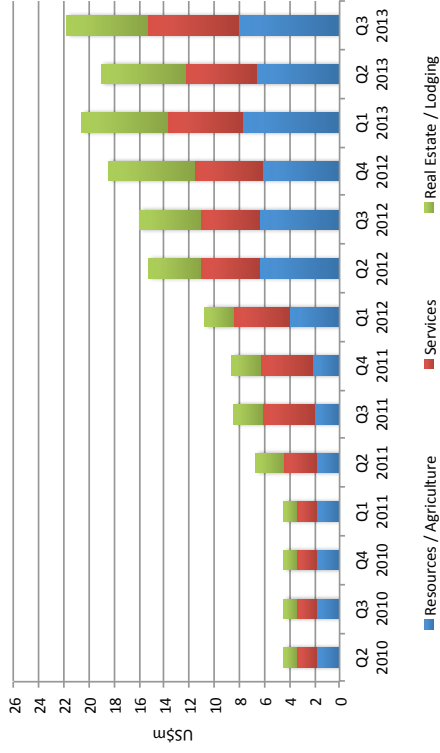


Total Invested + Reserved for Follow On

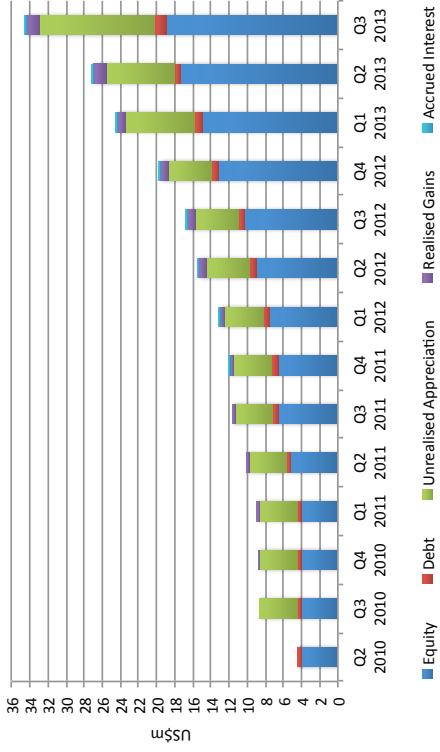


PORTFOLIO DEVELOPMENT

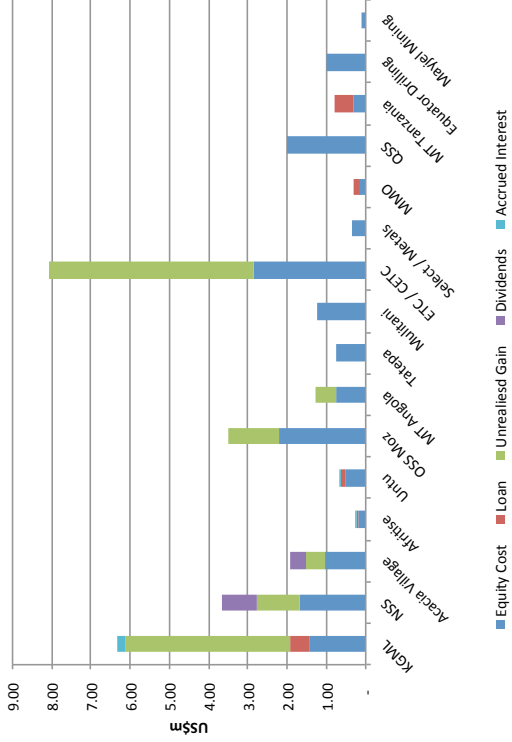
Total Invested & Follow on - Sector



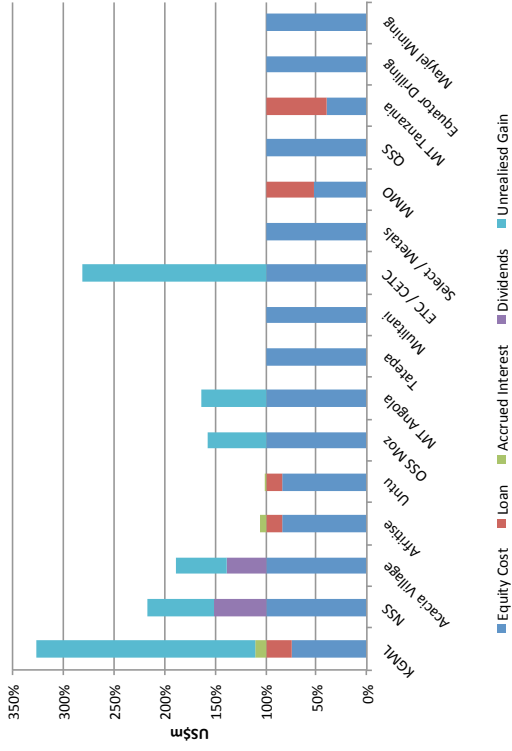
Total Value / Proceeds



Valuation & Proceeds



Valuation & Proceeds as % of Cost



MTA has an exclusive dealership license to sell JCB machines, spare parts and after-sales service within Angola. MTA is managed by Pedrio Salbany, who drove its impressive turnaround in 2012.



INVESTMENT DATE	07/11	COST	\$771,765
FUND EQUITY	50%	VALUATION	\$1,259,245
TRADE GUARANTEE	\$1,500,000		

FINANCIALS US\$000	9M 12A	9M 13A		9M 13E	9M 13A		FY 12A
Revenues	3,250	4,460	37%	3,974	4,460	12%	5,234
EBITDA	416	486	17%	293	486	66%	669
Net Income	253	321	27%	200	321	60%	395

Highlights

Outperforming 2012
70% overheads covered from spare parts and services

Lowlights

Angola GDP growth revised down from 7.3% to 5.1%
Government spending constrained

After seeing an improvement in business activities in late H1, MTA continued the trend. By the end of Q3, 36 machines and 6 gensets had been retailed, against 24 and 3 for the same period last year. This was against a backdrop of slower than expected economic activity in Angola, with a GDP growth projection for 2013 being revised from 7.3% to 5.1% by the government. Furthermore the government allocated just 21.4% of its annual budget in H1 compared to 50% for the same period last year. MTA’s operational efficiencies, however, are improving and 69% of overheads this quarter were met by profit from its spares and services departments against 53% as a YTD average. EBITDA figures doubled versus 2012. Despite a slow start, the Power Division began to show an increase in activity, tapping into the energy supply deficit which will continue to constrain Angola’s growth for years.

MTT



MTT has an exclusive dealership license to sell JCB machines, power products, spare parts and after-sales service within Tanzania.



INVESTMENT DATE	02/13	COST	\$310,031
FUND EQUITY	50%	SHAREHOLDER LOAN	\$479,268
TRADE GUARANTEE	\$250,000	VALUATION	\$789,299

FINANCIALS US\$000	9M 12A	9M 13A		9M 13E	9M 13A		FY 12A
Revenues	-	3,181		2,496	3,181	27%	-
EBITDA	-	380		24	380	1,478%	-
Net Income	-	253		(21)	253	n/a	-

Highlights

Market share risen from 5% to 28%
Strong sales in core products

Lowlights

Increased competition from China and India
Pressure on pricing

MTT had a solid third quarter with strong sales across its key product lines - JS200 excavators and 3DX and 4CX backhoe loaders. The facilities and showroom also underwent a refurbishment and the new upgrades were advertised at an MTT Open Day for customers in early October. The company hired a new service manager who was previously at JCB. Service & part availability will be key to cementing MTT’s strong start. Total cost of ownership is a critical factor in customers’ decisions and downtime due to lack of parts or qualified technicians costs clients money. MTT is facing increased competition from a variety of established brands and new Chinese & Indian entrants, both in terms of price & payment terms. However overall market share has risen from 5% last year to 28%, which is a very impressive start from management and the company is performing ahead of expectations.

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

INVESTMENT DATE	06/09	COST	\$1,685,891
FUND EQUITY	71.25%	REALISED RETURN	\$865,879
		VALUATION	\$2,778,750



FINANCIALS US\$000	9M 12A	9M 13A		9M 13E	9M 13A		FY 12A
Revenues	7,828	9,059	16%	4,651	9,059	95%	10,346
EBITDA	872	883	1%	516	883	71%	1,028
Net Income	862	734	-15%	361	734	103%	860

Highlights

Revenues exceed forecast and previous year
Net Income on track to surpass \$1m in 2013

Lowlights

Contract negotiation period looms
Zain's site build-out slowing

NSS has 157 sites under management in 9 of the 12 states in South Sudan. The company has had a routine quarter with some concerning signs that Zain's roll out programme will stall until market conditions improve. There is constant pressure to reduce rates and as a consequence service levels. It is evident that the Zain network is progressing from a state of expansion to one of consolidation and pressure on NSS's pricing will continue. As part of a diversification plan, the company is bidding on contracts with other operators. NSS is also set to establish a specialist dealership offering generator sales and after-sales service, as well as considering alternative renewable power solutions.

AFRITISE



Afritise Limited (Afritise) is the dominant outdoor advertising company in South Sudan with coverage in 11 cities and towns and is headquartered in Juba. The company has constructed over 6,800m² of billboard space.

INVESTMENT DATE	06/09	COST	\$198,949
FUND EQUITY	30%	SHAREHOLDER LOAN	\$39,000
		VALUATION	\$251,956



FINANCIALS US\$000	9M 12A	9M 13A		9M 13E	9M 13A		FY 12A
Revenues	393	594	51%	433	594	37%	556
EBITDA	65	280	331%	146	280	92%	89
Net Income	(6)	187	n/a	89	187	110%	(4)

Highlights

Afritise continues to expand ahead of the competition
Revenues and earnings far exceed 2012 and forecasts
Profitability sustained and growing through the year

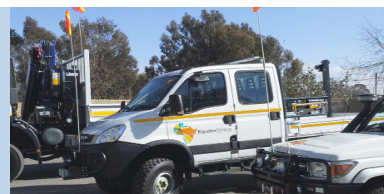
Lowlights

Uncertainty around the airport contract
Competition from Target Media affecting pricing

Afritise is performing well ahead of 2012 and forecasts and we hope that the company can post EBITDA of \$330k this year. Afritise is building a large number of sites in Rumbek, Bentiu and Yambio and will be adding additional billboards to the existing locations. Though the airport contract has expired the Airport Authority is in disarray and the company continues advertising and strengthening its position on site. Other goals into 2014 include the defence of margins through superior service levels to customers and adding larger and better quality structures.

Founded in 2013 by Bruce Olivier, Equator Drilling is a core focused drilling contractor that offers exploration drilling services to the African resource sector.

INVESTMENT DATE	03/12	COST	\$1,000,020
FUND EQUITY	100%	VALUATION	\$1,000,020



Highlights

*Won drilling contract from Baobab Resources
Pipeline for 2014 improving*

Lowlights

*Bureaucracy delayed start of operations
Exploration spending remains subdued*

Equator Drilling has finally secured the business approvals that it requires for operations in Mozambique. The length of time that this start-up has taken raises concerns about the burden of bureaucracy in Mozambique. The delays were partly a function of the system and partly due to taking poor legal advice. The company is, however, now fully compliant and all our equipment has been imported and is ready for action. A regrettable result of these delays was that Equator missed an opportunity to drill for exploration company Metals of Africa. It is in final negotiations over a contract in Tete that should generate the first cashflow for the business in Q4. Advanced discussions are ongoing with a number of mining companies for drilling work in Q1 following the wet season.

The mining exploration sector is showing signs of life after a very depressed 2012/13. 2014 looks to be a better year for exploration drilling companies and Manager Bruce Olivier is working to secure a large contract in Q1-2 2014.

UNTU



Untu was founded in 2009 by CEO Clive Msipha to meet the growing demand for credit from small businesses and entrepreneur. Untu has a book of \$2.5m and offers loans, micro housing and insurance products from its five branches in Harare, Chitungwiza, Gokwe, Gweru and Bulawayo.

INVESTMENT DATE	04/11 100K	COST	\$512,000
FUND EQUITY	19%	VALUATION	\$638,589



FINANCIALS US\$000	9M 12A	9M 13A		9M 13E	9M 13A		FY 12A
Operating Income	968	1,096	13%	1,136	1,096	-4%	1,283
Operating Expenses	803	1,024	28%	712	1,024	44%	1,111
Impairment provisions	168	47	-72%	203	47	-77%	163
Net Income	(26)	25	197%	177	25	-86%	(14)

Highlights

*Received funding from wholesale facility
Cost cutting programme continuing*

Lowlights

*Zimbabwe liquidity constrains ongoing
PAR remains above 10% required by key funders*

Untu achieved cost cutting of \$25,000 in September, and should achieve similar monthly savings throughout 2014. This cost cutting should not impede loan book growth or quality and stems from an acknowledgement by management that the company must succeed as a lending business before any investment is made in the transformation to a deposit taking institution. Untu has been guided in this cost cutting by Kenya microfinancier Costa Malai, who joined Untu as part of a transformative Technical Assistance programme. Untu has agreed a \$500,000 debt facility with the Zimbabwe Wholesale Facility and has signed term sheets and started due diligence with regional funders. Management are working to achieve the <10% PAR required to release this attractive funding.

Acacia Village is Juba's leading long-stay hotel and has been Trip Advisor's No.1 rated Juba hotel since 2009. Acacia Village is a 39 room residential compound with serviced office space and storage facilities.

INVESTMENT DATE	06/09	COST	\$1,021,186
FUND EQUITY	47%	REALISED RETURN	\$389,787
		VALUATION	\$1,527,500



FINANCIALS US\$000	9M 12A	9M 13A		9M 13E	9M 13A		FY 12A
Revenues	1,251	1,385	11%	1,049	1,385	32%	1,680
EBITDA	530	576	9%	320	576	80%	637
Net Income	323	446	38%	202	446	121%	187

Highlights

Results have exceeded 2012 and forecasts
Expansion development underway

Lowlights

Security in Juba remains concerning

Revenues are ahead of both forecast and YOY results and are expected to reach c\$1.6m for 2013, rising to c\$2.4m for 2014 given the expansion project. Power costs continue to hit profitability due to the complete reliance on diesel generators. Nevertheless earnings are growing steadily and the company is performing well. Acacia has just commenced building an additional 17 apartments at a cost of \$800k from cash held within the business. It is anticipated that the new units will be available from Q2 2014 at a rate of \$4,500/mo. Demand remains strong, reflected in occupancy rates over 95% for a fourth year.

OSS MOZAMBIQUE



OSS Mozambique provides warehouses and related mining services in Tete, northern Mozambique. Phase 1 saw the successful construction and sale of our first compound of warehouses and offices. Phase 2 is a development in Moatize, closer to Tete's major coal mines and major traffic routes. OSS is managed by Giovanni Sforza.

INVESTMENT DATE	05/11	COST	\$2,271,765
FUND EQUITY	100%	VALUATION	\$3,500,000



FINANCIALS US\$000	9M 12A	9M 13A		FY 12A
Revenues	39	238	510%	66
EBITDA	(74)	155	n/a	(166)
Net Income	(76)	153	n/a	(166)

Highlights

Warehouse complete and occupied under 10 yr lease
Second warehouse scheduled for Q4 completion

Lowlights

Low coal price depressing outlook for Tete

In Q3 OSS Mozambique completed a warehouse unit of 600m² with 300m² of office space for an international mining company. The site comes with a specialist bunker for the storage of low-level radiation materials which are used to produce a radiography of the underground for mineral exploration purposes. The company has signed a ten year lease contract for the premises. By the end of November 2013 OSS will also have completed a second warehouse of 1,200m² and 480m² of offices. Looking ahead, OSS Mozambique aims to secure land in Nacala and Palma, both areas undergoing major growth.

QSS offers serviced accommodation in Pemba, Mozambique, to clients associated with the recent offshore gas discoveries. The first phase of the Kaia Village compound is on track to complete construction in Q4 2013 and open to clients in January 2014.



INVESTMENT DATE	10/12	COST	\$2,000,000
FUND EQUITY	48%	VALUATION	\$2,000,000

Highlights

*Construction on track to complete 2013
Competition enjoy high occupancy rates*

Lowlights

*Concern over political stability in Mozambique
Recent kidnappings raise security concerns for Northern Mozambique*

The exploration phase for offshore gas discoveries in the nearby Rovuma Basin is complete and related ‘Engineering, Procurement & Construction’ contracts will get underway in Q2-3 of 2014. Average hotel occupancy in Pemba is already over 85% and this will see a surge in the number of multinational seeking accommodation. Construction is underway at QSS on a residential complex that will offer 16 two-bed apartments spread over two blocks and 16 studio rooms in a third block. Further to this, there will be a fully serviced restaurant, commercial kitchen, bar and swimming pool. With a total of 48 beds, first phase units are expected to turn over approximately USD 100,000 per month in revenues. QSS has also acquired two JCB 3DXs and a Bobcat Skidsteer, which will can be leased out to generate extra revenue once Kaia Village is complete.



MULITANI

Mulitani is a secure, serviced accommodation compound in Tete, northern Mozambique. The first phase of ten houses was completed in August 2013 and 100% occupancy was achieved by September 1st.



INVESTMENT DATE	04/12	COST	\$1,249,754
FUND EQUITY	49%	VALUATION	\$1,249,754

Highlights

*Phase 1 construction complete
100% occupancy achieved
Phase 2 underway, underpinned by contract*

Lowlights

*Low coal price depressing outlook for Tete
Weak transport links continue to impede growth*

All Phase 1 houses have been rented to a mine service provider on a two year lease: the rental achieved was 50% ahead of budget. Mulitani’s anchor clients have signed additional contracts to rent a further eleven houses; these are now under construction as part of Phase 2 and the rental is ahead of our original estimates. Mulitani has also benefited from an increase in land prices in Tete: between 2010 and 2013 the price of land has increased by over 100%. Mulitani is currently using 1.5 hectares of its 5.8 hectare site, while Phase 2 will see this footprint expand to roughly 2 hectares. This will still leave ample opportunity for further growth and Mulitani is already exploring the option of building offices for a security provider on the site. Management is exploring opportunities to replicate Mulitani in other urban centres in the region.

MMO is a serviced office business in Maputo catering to the rapidly expanding businesses and professionals arriving in Mozambique. MMO currently offers serviced offices, independent workstations and multiple conference rooms over three different areas of Maputo: 24 de Julho, Marginal and the JAT building.

INVESTMENT DATE	10/12	INVESTMENT COST	\$160,035
FUND EQUITY	75%	SHAREHOLDER LOAN	\$150,000
		VALUATION	\$310,035



FINANCIALS US\$000 Q3 13A

Revenues	417
EBITDA	129
Net Income	107

Highlights

*Excellent new premises opened
Strong occupancy from blue chip clients*

Lowlights

International competition entering the market

On October 1st, MMO opened a new set of offices in the premier business district of Maputo, the JAT complex. MMO has subleased a floor in the Vodacom building and created 12 new private offices for clients. These offices are by a clear margin the premium managed offices in Maputo and are now occupied by top tier clients, including GE. MMO now has offices across three locations and has achieved occupancy of over 90% at these sites. In just 1 year, MMO has undergone a rapid and highly successful expansion under the leadership of Evy Van Weezendonk with a tripling of floorspace and quadrupling of revenues. New competition is entering the market, but with MMO's premium locations, excellent management and strong client base we feel confident in the company's market leading position.

Karebe Gold Mining Limited is located near Kisumu in Western Kenya and is the only operating gold mines in the country. Since we broke ground in 2009 Karebe has produced 5,905 oz or 184 kilograms of gold, totalling \$8.5m to date. Monthly production currently exceeds 480 oz (15kg) per month.



INVESTMENT DATE	06/09	LOAN REPAYMENT Q3	\$200,000
FUND EQUITY	80%	SHAREHOLDER LOAN	\$486,110
COST	\$1,447,576	VALUATION	\$6,569,426

FINANCIALS US\$000	9M 12A	9M 13A		9M 13E	9M 13A		FY 12A
Revenues	1,390	3,072	121%	2,438	3,072	26%	2,548
EBITDA	297	1,318	344%	795	1,318	66%	946
Net Income	140	1,281	816%	695	1,281	84%	731

Highlights

*KGML reaches record monthly production
Year on Year revenues up over 100%*

Lowlights

*Land disputes continue with local landowners
New mining act looks bad for mining*

Gold production in Q3 reached 1,350 oz, which exceeded production for the previous two quarters. Sales were \$1.9m for the quarter with production in September reaching in excess of 20kgs (700oz). Head grades to the mill have increased from 20g/ton to almost 50g/ton during the quarter as the company has started to mine some high grade ore bodies between levels 3 and 4. Mine development has extended down to level 5 and mining operations are progressing well. Grades on stopes between levels 3 and 5 look extremely encouraging with over 18 months of very high grade ore reserves now available. Production looks set to range between 10 and 20kgs per month, which at the current gold price should result in very strong years for 2013 and 2014. Total revenues are expected to reach c\$4m for 2013, rising to c\$5.6m for 2014 as production at the Boma Mine commences.

ZIMGOLD

Zimgold is a private gold company managed by Karebe Managing Director, David May. Zimgold has established a tailings processing operation at the dormant Commoner Mine in the Midlands region, which is estimated to produce 6,500-7,000 oz of gold within three years.



INVESTMENT DATE	07/13	COST	\$116,900
FUND EQUITY	67%	VALUATION	\$116,900

Highlights

*Deal concluded to buy out New Dawn claims
Samples indicate better than expected results*

Lowlights

*Illegal mining activity requires resolution
Progress on site slower than anticipated*

A small plant is in operation at the Commoner tailings site and should commence limited production in Q4 with a first pour in Q1 2014. Management is working to scale up the processing plant and install the Carbon In Leach (CIL) treatment site that will increase production from 1,000-ton/month-plant to 20,000-ton/month. There is an opportunity to regrind and treat local artisanal tailings and waste rock piles surrounding the old mine sites, which will both improve results for the project and bring social benefit to the surrounding community. The company has made an offer to New Dawn Mining PLC for certain prospective claims surrounding Commoner. This will consolidate the company's position and allow it to expand operations locally. We are very encouraged by initial samples and prospects on Bee and Pamela claims, both in close proximity to Commoner.

Equatoria Teak Company (ETC) and Central Equatoria Teak Company (CETC) make up South Sudan's leading sustainable forestry company and the second largest teak grower in Africa. The companies manage over 3,220 ha of mature plantations (av. 45 yrs).

INVESTMENT DATE	03/12	COST	\$2,871,686
FUND EQUITY	ETC 70.25%/ CETC 65.94%	VALUATION	\$8,057,515



FINANCIALS US\$000	ETC 9M 13A	CETC 9M 13A
--------------------	------------	-------------

Revenues	172	
EBITDA	(740)	(30)
Net Income	(940)	(31)

Highlights*Strong demand from Asia**Good new Managing Director**Production volumes 25 cbm/day*Lowlights*State sponsored looting and interference**Sales behind forecasts**Production delayed from CETC*

This quarter has been both turbulent and promising; recovery rates are ahead of expectations and daily production volumes are growing; the quality of our wood is superior to other sustainable products in Asia, confirmed by a successful marketing trip to Vietnam, Thailand and Indonesia. Operational costs are below expectations and our new Managing Director, Ian Paterson, is improving efficiencies.

Under Engineer Robert Torr average daily production reached a steady 25 cbm of squares in September, with peak production of 40 cbm a day. We have altered our product mix to produce larger, rougher squares for the Asian market, and recovery rates are over 70%, against a budgeted 30%. Pricing for these rough squares is \$800 - 1,000/cbm FOB Mombasa. This is 20% under budget, but is more than offset by the increased recovery rate.

While we produced nearly 1,000 cbm to the end of Q3, we actually sold a total of 171 cbm for revenues of \$159,101, at an average selling price of \$928/cbm. The reason for these sales was not the market, but interference from Western Equatoria State Government, who impounded our trucks throughout August and into September. This was the final move in a looting saga that is now concluded. Since the end of the quarter we have exported over half of this stock from South Sudan.

We have planted out 25,000 seedlings in the expanded 4ha nursery, and planted out 1,200 stumps, the largest planting programme in the country; these seedlings will build on the 110 ha of new planting completed by former owners Actis, and leave us ahead of the government's replacement requirements of 5 trees planted for 1 cut down.

We now employ 180 staff, 92% of whom are South Sudanese. Our ongoing consultancy with KVTC in Tanzania, Africa's largest teak grower, has been hugely beneficial – in addition to operational advice, KVTC is marketing our product internationally alongside their younger product.

We paused our roll out at CETC while we managed the looting shutdown and handover to Ian Paterson but we are installing wood mizers for the processing of rough squares at CETC and will add this production to the orders received by ETC.

Tatepa is the holding company for a group of companies active in the Tanzanian agriculture and agro-processing sector, managed by a highly experienced team. Two of the companies grow, package and market loose-leaf black tea. Meanwhile, Kymbila Tea Packing Company (KTPC) is the owner of Chai Tausi, a mass-market brand.



INVESTMENT DATE	04/12	COST	\$770,000
FUND EQUITY	18%	VALUATION	\$770,000

Highlights

*Strong growth in Chai Tausi sales
Cost reduction plan in place*

Lowlights

*Tea price subdued
Weather impacted production at Wakulima*

After a brief rally, global tea prices have remained subdued as a strong Kenyan crop and the build up of inventories at customers continues to impact the market. Wakulima Tea Company has also suffered from lower production this year, partly due to poor rainfall. Combined with no devaluation of the Tanzanian Shilling and general wider inflation, the company has seen a sharp margin squeeze. The company is planning to put in a significant cost reduction plan to deal with the lower tea price and stronger exchange rate environment. Chai Tausi continues to see strong growth in sales, mainly driven by a strong pick-up in sales in new towns / regions. The company is now conducting most of its own distribution and the fleet of new trucks, combined with successfully marketing and roadshow campaigns is reaping benefits.

SELECT / METALS OF AFRICA



The fund has made a small strategic investment in two prospective mining exploration companies, Select Exploration and Metals of Africa, both listed on the Australian Stock Exchange. These companies hold mineral exploration licenses in Tanzania and Mozambique; both are potential clients for Equatoria Drilling.



INVESTMENT DATE	10/12	COST	\$359,105
FUND EQUITY	<10%	VALUATION	\$359,105

Highlights

*Acquisition of Rio Mazowe Limited mining rights
Successful fundraising for MTA Q3*

Lowlights

Coal price subduing prospects for Select coal claims

Since incorporation in July 2011 Metals of Africa Limited has acquired Rio Mazowe Limited, a Mauritius-based company and thereby the mining rights to tenements of Afriminas Minerais Limitada. More recently Metals of Africa has further broadened its prospective resource target by merging with Express Resource, an affiliated exploration company with large license holdings in Tanzania and Mozambique. Metals undertook a fund raising in September and October and plans to drill their highly prospective Rulio Prospect in Mozambique. The anomaly hosts elevated zinc, lead, copper, manganese, phosphorus and other elements which suit the Broken Hill-type (BHT) mineralisation. Waiting in the wings are 3 majors who wish to form joint ventures on the licenses. Exploration is ongoing, with soil sampling and geological mapping to defining drill targets; a 1,500m diamond drill program testing priority targets is also scheduled in Q4. Select Exploration, meanwhile, has struggled in current market conditions. Coal prices have weakened and the lack of interest in exploration has resulted in the company looking to refocus its exploration efforts towards base metals whilst keep the prospective coal license ticking over.

SOUTH SUDAN KEY FACTS

South Sudan GDP \$9.4 bn; GDP contraction 55% (2012)
Population 10.8 m (0.5 m Juba)
CPI Inflation 47.2% (2012)
Ease of doing business index 159 of 185*

KEY SECTORS

Oil (70% GDP); Construction; Forestry; Agriculture; Foreign Aid

KEY DYNAMICS & UPDATES

In October South Sudan revised down its oil output estimate by 50,000 barrels per day (bpd) to 190,000 bpd, citing a clerical error. South Sudan has been exporting crude since March, and avoided a second threatened shutdown thanks to a successful September summit with Khartoum. In 2011 South Sudan was producing 300,000 bpd and the oil ministry aims to increase production back up to 250,000 bpd this year. This is proving challenging as some of the oil wells were damaged during insecurity in 2012, but the economic situation is significantly improved. Should the oil keep flowing, the IMF is forecasting economic growth of 30% this year, up from a very low base in 2012.

The September summit with Khartoum was highly significant and followed the ousting by President Salva Kiir of many SPLM leaders from senior government posts. They were replaced by a Cabinet that is seen as more Sudan friendly, and the changes were welcomed by Khartoum. In addition to an agreement to maintain oil production, the two countries signed an MoU over border crossings. While these agreements are being applauded by the international community, the President has created enemies among the ousted Cabinet members. They pose a credible threat to him as do disgruntled senior military figures who were dismissed in January of this year.

After a prolonged period of lawlessness in 2012/2013 that saw wholesale looting of available resources, from NGO vehicles and funds, to timber, the oil exports are helping Juba to resume its role as paymaster, and reestablish its authority over rogue State Governments. At Equatoria Teak Company this has seen looting come under control this quarter thanks to a long overdue intervention by National Security Services.

In other sectors, the new mining act that was passed by Parliament this year is attracting new investment in mineral exploration from Australian and Chinese companies. South Sudan sits atop the Congo Craton, the gold field that straddles the border with the DRC, and which is home to Kibali, a joint venture between RandGold and AngloGold Ashanti. Kibali has reserves of 11m oz of gold and resources of 21m oz and aims to produce 60,000 oz of gold a year. It poured its first gold in September of this year.

KENYA KEY FACTS

Kenya GDP \$41bn; GDP growth 4.2% (2012)
Population 42.7m (3.1m Nairobi)
2011 FDI \$ 335m
CPI Inflation 9.6% (2012)
Ease of doing business index 121 of 185

KEY SECTORS

Agriculture; Tourism; Construction; Services; Oil and Gas potential

KEY DYNAMICS & UPDATES

The attack in late September on the Westgate Centre has reverberated through all areas of Kenyan life. This high end shopping mall was a symbol of Kenya's success, but the mismanagement of the disaster, and the wholesale looting of ATM's and shops by the defence forces has raised serious questions about Kenya's security. Many questions connected to Al Shabaab and the intelligence services remain unanswered, but the disaster has shifted the landscape in Kenya, not least in connection to President Uhuru Kenyatta and the International Criminal Court. His trial, due to start on 12th November, has been delayed to February. The African Union has been lobbying intensely for the trial to be delayed until after the President has left office.

The impact of Westgate on the economy is harder to gauge. Moody claimed that Kenya's GDP growth rate would be reduced by 0.5% as a result of the attack and Kenya's 'worsened security risk profile'. Certainly tourism, which makes up 12% of GDP, is likely to suffer, but Kenya has faced serious challenges in the past and continued to grow resiliently. Before Westgate the World Bank estimated 5.7% growth in 2013: this is likely to fall to under 5%, but is still encouraging, and an increase on 2012. Less encouragingly inflation was up to 8.3% in September from 6.5% in August, driven by rising consumer goods prices. This follows a hugely unpopular VAT Act which eliminated exempt status on many goods items. Fuel, oil and electricity prices have also been rising.

Westgate eclipsed a more worrying trend in Kenya of rising violent crime that may be connected to this VAT rise. The country is dividend on the ability of the current government to govern effectively, a point well emphasised by the shambolic actions of the new Cabinet Secretary for Mining. The government is trying to force through a new mining act that will impose levies heavier than anywhere else in Africa on the few mining and exploration companies in Kenya. This emphasis on short term revenues will keep major investors out of this underdeveloped sector.

Elsewhere, Kenya has had a promising quarter with Tullow Oil striking 'useful' quantities of oil in three out of four wells drilled in North East Kenya, with a fourth Turkana discovery announced in late September. The Government has yet, however, to develop a robust framework for managing such finds.

ANGOLA KEY FACTS

Angola GDP \$117bn; GDP growth 7.9% (2012)
Population 20 million (5.9m Luanda)
2012 FDI \$9bn (mostly pre-salt oil exploration)
CPI Inflation 10.3% (2012)
Ease of doing business index 172 of 185

KEY SECTORS

Oil & gas; Mining; Agriculture and Construction

KEY DYNAMICS & UPDATES

GDP growth has fallen behind expectations for 2013 and was revised down by Government from 7% to 5% for 2013. Government spending for 2013 was conservative, with only 20% of the government budget allocated in H1 2013, compared to over 50% during the same period in 2012.

The reason for this curb in Government spending is unclear but it may simply be due to inadequate management. The Ministers of Finance and Construction were fired from their posts by the President on 6th May for mismanagement of public debt. It may also be linked to overspending in the 2012 election year. Public spending has, however, risen since July, which has benefitted fund company MTA.

Non-energy investment and private consumption continue to expand their share of GDP, however reliance on energy exports does leave the economy exposed to oil price fluctuation. We may see a reduction from 2014's 8% projected GDP growth to something closer to the IMF's 6% projection.

Public investment, aided by a surge in oil-related FDI, has helped the construction sector to secure impressive growth of 21.8% in 2012 - up from an already strong growth rate of 12% in 2011. The sector is forecast to grow at a more modest but promising 7% in 2013. Furthermore, rising incomes have encouraged international retailers to enter the domestic market, which has generated additional construction activity.

Meanwhile, Angola's infrastructure continues to develop. Work is progressing on the \$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.

Growth in both agriculture and manufacturing has been fairly strong, however, both sectors continue to perform below their potential. Agriculture, which employs 65-70% of the Angolan labour force, grew by a relatively robust 7.3% in 2012, but remained below its 10-year average rate of 13%.

The political situation remains stable following the 2012 landslide victory of the ruling Popular Movement for the Liberation of Angola (MPLA).

MOZAMBIQUE KEY FACTS

Mozambique GDP \$15bn; GDP growth 7.4% (2012)
Population 24.5m (1.8m Maputo)
2012 FDI \$5.2bn (with \$4.3bn gas & mining)
CPI Inflation 2.7% (2012)
Ease of doing business index 146 of 185

KEY SECTORS

Agriculture; gas; mining

KEY DYNAMICS & UPDATES

Mozambique's economy continues to grow at an impressive rate, though after nearly a decade of positive headlines, there may be some less welcome news from the political sector. Mozambique has recently experienced a degree of instability which has worried investors. There has been a spate of kidnappings among the Mozambican Indian community, the cause of which is as yet unclear. This has led to nervousness within the country and Rio Tinto has made the decision to send the families of employees home as a cautionary measure. Up country, the old rebel movement of Renamo has clashed with government forces (FRELIMO is the incumbent ruling party). Renamo is becoming increasingly intransigent and bitter at its exclusion from the extraordinary wealth creation enjoyed by the ruling party over the last decade. It is unlikely that this friction will develop any further into open conflict. Renamo is no longer a major force and is being sidelined as the lead opposition party by the likes of MDM. However, the instability and increased crime wave are symptoms of an increasing dissatisfaction with the incumbent leader Armando Guebuza and his monopolisation of business opportunities for himself. One other possibility is that insecurity is being promoted by the President as a justification for him to extend his term in power. Either way, we anticipate concerning headlines from Mozambique over the next year, but this will not derail growth.

Mozambique remains very well placed for exports to Asia, hence the increasing number of Asian state-backed companies purchasing strategic stakes in various blocks. ONGC, the Indian state-owned oil and gas producer, now has a 10% stake in the Anadarko block; CNPC, the Chinese equivalent, now has a 20% stake in the ENI block; whilst Inpex, a Japanese corporation, now have a 25% stake in the Statoil blocks. Anadarko is in talks with both Shell and ExxonMobil regarding the sale of a 10% stake in their block.

Around Pemba the nascent gas industry is starting to ramp up with both Anardako and ENI increasing their presence in the area. The agricultural sector is also progressing steadily. Over 65% of the country is classified as agricultural and the country ranks sixth in the world for available, under-utilised cropland. In the communications sector, meanwhile, the mobile sub-sector has experienced excellent growth rates too, due in part to opening services up to competition. Internet usage in the country has also started to accelerate following the introduction of various kinds of broadband services. The lower cost of bandwidth has already started to trickle down to lower consumer prices in some service segments.

ZIMBABWE KEY FACTS

Zimbabwe GDP \$7.4bn; GDP growth 4.4% (2012)
 Population 13.0m (2.1m Harare)
 2011 FDI \$ 387 mn
 CPI Inflation 5.1% (2012)
 Ease of doing business index 170 of 185

KEY SECTORS

Mining; Agriculture; Manufacturing

KEY DYNAMICS & UPDATES

After the 4.4% uptick in GDP growth recorded in 2012, projections for 2013 have been revised downwards by the World Bank to 3%. Growth performance has been undermined by continued slowdown of the key sectors of the economy amidst easing of international commodity prices, low investment, tight credit conditions, and policy uncertainty after the July elections in which Zanu PF regained control of the government.

One caveat, however, is that World Bank figures are unlikely to capture the true value of the diamond and gold production in Zimbabwe, two key drivers of localised growth.

According to the World Bank, agriculture has negatively impacted growth in 2013. This is due to a drought season impacting maize and cotton yields, but also due to a lower hectareage of areas planted. Cotton, which survived Zimbabwe's 'lost decade' between 1998 and 2008 slumped in 2013 to 30% of 2012's production.

Meanwhile Zimbabwe remains undercapitalised, with this strain being felt in the financial sector. Average loan-to-deposit ratios for banks have steadily increased since 2009, and have risen further throughout 2013 amidst rising levels of non-performing loans, a tight liquidity situation and rising credit risks especially in smaller banks. The Reserve Bank of Zimbabwe has, however, intervened, and signed a memorandum of understanding with banks, requiring banks to set lending interest rates not more than 12.5% above their weighted average cost of funds and reduce bank charges.

The mining sector, however, continues to make a significant contribution to Zimbabwe's economy. The average share of mining in GDP grew from 10.2% in the 1990s to 16.9% from 2009 onward. Mineral exports, meanwhile, rose by about 230% over the 2009 -11 period, making mining the leading export sector. In 2011 mineral exports accounted for 47% of total exports - led by platinum (43%), gold (28%) and diamonds (20%). This figure rose to 64% in 2012.

In terms of gold yield per square kilometre, Zimbabwe is the most productive of its kind in the world. It has been estimated that 700 tonnes of gold - about a third of the country's historical production - were mined crudely between the seventh century and the start of modern mining activity at the turn of the 20th century. Since 1999 very little grass roots exploration for gold has been undertaken. Although the country has a long mining history there are many areas that have not been scientifically investigated.

TANZANIA KEY FACTS

Tanzania GDP \$50 bn; GDP growth 6.4% (2012)
Population 47.7m (4.4m Dar es Salam)
2012 FDI \$1.1bn
CPI Inflation 16.1% (2012)
Ease of doing business index 146 of 185

KEY SECTORS

Construction; Trade ; Telecommunications; Gas potential.

KEY DYNAMICS & UPDATES

GDP growth in Q3 was up on the same period in 2012, despite a slow down in the mining and manufacturing sector. The financial sector, power and construction are enjoying faster growth than last year, and are driving this impressive performance. Good rainfall this year has also seen strong performance in agriculture, the industry that employs 80% of Tanzanians. The Government has also launched an expanded agriculture subsidy programme that is yielding results.

Mining is down nearly 20% on 2012 results: this is against a backdrop of weakened commodity prices that have impacted most countries in Africa. In H1 gold production in Tanzania was down 12% on 2012 figures. Analysts blame rising costs and a fall in the gold price. Gold is Tanzania's largest foreign exchange earner, bringing in \$2.115 billion in 2012.

The construction sector in 2013 has been more impressive, growing at 3x the rate of 2012, a trend that has benefitted our JCB dealership. Major construction works like Kigamboni Bridge, and a new bus network in Dar es Salaam are driving part of this growth.

This year has, however, seen major investments in utilities and the increased generation of electricity from thermal and gas plants. Tanzania's energy supply has long constrained its growth potential and this development is particularly welcome. In Q3 the Government announced a highly ambitious plan to follow South Africa's lead and transform Tanzania into a gas powered economy. Through the plan, the country hopes to lift its electricity production from the current 97kWh to 236kWh per capita once it goes into full gas production. In addition to its internal demand, Tanzania sits on natural gas reserves estimated at double Europe's annual demand and is in a race with Mozambique to export gas from Africa's East Coast. Britain's BG Group and Ophir Energy have been at the forefront of exploration in Tanzania, while energy majors Exxon Mobil and Statoil have also found gas. BG and Statoil said in March they planned to build a \$10 billion LNG terminal, and Government Minister are applying pressure to ensure that any terminal is built onshore, to benefit the local population.

Tanzania held an oil and gas licensing round in October, offering seven deepwater offshore blocks and one onshore. The Government also announced that it would take a stake of up to 75 percent in each of the new production-sharing contracts.



Maris Capital

Please contact Coco Ferguson

coco.ferguson@mariscapital.com
20 Conduit Street, London W1S 2XW
+44 207 499 0321

*Strictly Private
and Confidential*